



## ECONOMY AT A GLANCE

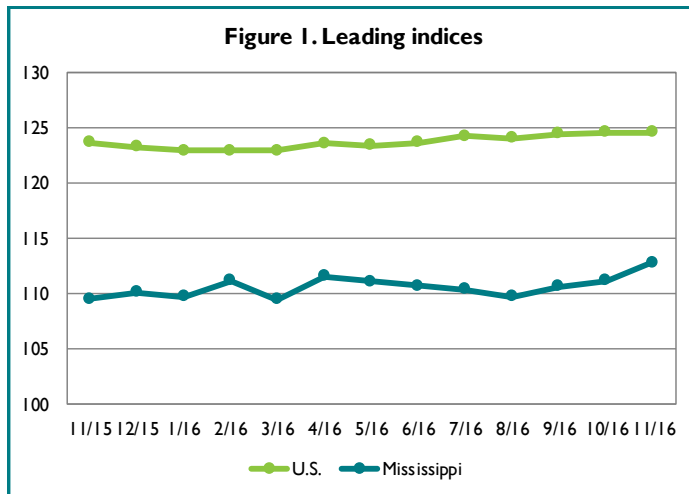
For the third consecutive month the Mississippi Leading Index (MLI) increased in value in November. As seen in Figure 1 below the value climbed 1.4 percent. The value of the MLI was 3.0 percent higher in November compared to one year ago. Over the last six months the value of the MLI rose 3.1 percent.

Figure 2 below indicates the value of the Mississippi Coincident Index (MCI) increased 0.1 percent in November for the second consecutive month. This value was 1.3 percent higher compared to one year ago.

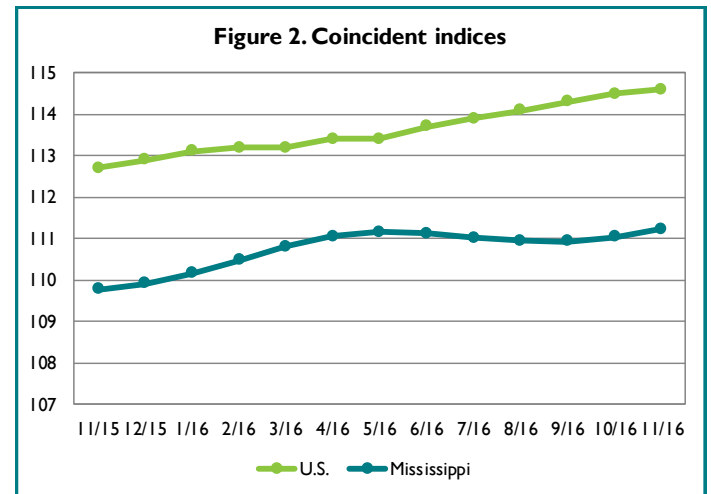
The U.S. Bureau of Economic Analysis (BEA) reported in its third estimate of the change in U.S. real gross domestic product (GDP) in the third quarter an increase of 3.5 percent. This estimate was 0.3 percentage point higher than its second estimate. BEA stated greater than previously

estimated nonresidential fixed investment, consumer spending, and state and local government spending led to the upward revision. The gain was the largest increase in real GDP for a quarter since the third quarter of 2014.

The MLI experienced its largest gain in November since April, driven in large part by a relatively large increase in building permits for the month. Nevertheless, gains were relatively widespread across most of the components as national-level indicators such as the ISM Manufacturing Index and consumer expectations continued to grow. Alternatively, employment growth in Mississippi in the second half of 2016 has been relatively weak, as the last increase occurred in July. The first few months of 2017 should reflect if the state's economy can benefit from the rebound in U.S. manufacturing and increased optimism among consumers.



Sources: University Research Center and The Conference Board



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

**Notes:** The Mississippi Coincident Index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2004. The Index is based on changes in nonfarm employment, the unemployment rate, average manufacturing workweek length, and wage and salary disbursements. The Mississippi Leading Index is constructed by the Mississippi University Research Center. The U.S. Indices are from The Conference Board. All series are indexed to a base year of 2004.

### Inside this issue:

Mississippi Leading Index, November 2016	2
Mississippi Coincident Index, November 2016	4
National Trends	5
Changes in County Personal Income for 2015	11

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## MISSISSIPPI'S BUSINESS

## MISSISSIPPI LEADING INDEX, NOVEMBER 2016

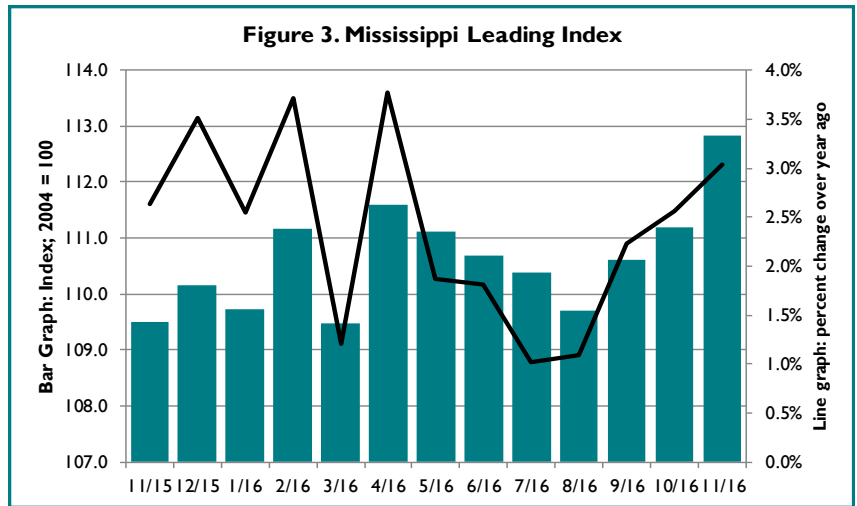
The value of the **Mississippi Leading Index of Economic Indicators (MLI)** increased for the third consecutive month in November. As Figure 3 indicates, the value rose 1.4 percent to its highest level of 2016. For the month the value of the MLI was 3.0 percent higher compared to one year ago. Similarly, the MLI increased in value by 3.1 percent over the last six months.

Six of the seven components of the MLI contributed positively in November. Building permits made the largest contribution, while only initial unemployment claims contributed negatively. Each component is discussed below in order of largest to smallest contribution.

As Figure 4 indicates, the value of **Mississippi residential building permits** (three-month moving average) surged in November, the second consecutive monthly increase. The value increased 16.4 percent from the previous month. The year-over-year change in the value moved positive following the November increase to 9.9 percent. The seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi climbed in November as well, rising 8.9 percent. However, compared to one year ago the number of units for the month remained 3.0 percent lower. In contrast, the number of privately-owned housing units in the U.S. authorized by building permits was 4.7 percent lower in November from the revised October value. Compared to one year ago the number of units in the U.S. for the month was 6.6 percent lower.

For the second consecutive month, the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) increased by more than 2.0 percent. As seen in Figure 5, in November the value of the Index rose 2.8 percent. Moreover, compared to one year ago the value of the Index was 1.5 percent higher for the month, the largest year-over-year increase since October 2015. Consumers continue to look favorably on the future of the U.S. economy following the election. Both short- and long-term expectations for inflation fell for the month.

The value of the **Mississippi Manufacturing Employment Intensity Index** rose 1.1 percent in November as seen in Figure 6. However, compared to one year ago the value of the Index remained 1.0 percent lower. Both manufacturing employment in the state and the average weekly hours of production employees increased in November.



Source: University Research Center

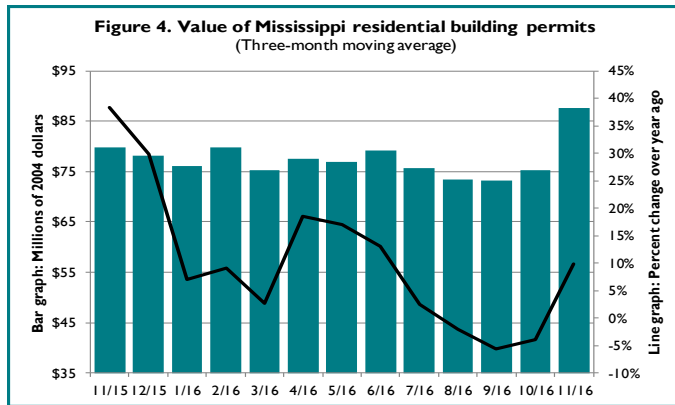
Figure 7 indicates the value of **U.S. retail sales** edged higher in November by 0.1 percent. The previous month was revised slightly lower. Compared to one year ago U.S. retail sales for the month were up 3.8 percent. Sales were up 0.2 percent excluding automobiles and gasoline, as automobiles were one of two components that declined in November. The largest percentage decline occurred in sporting goods stores. The largest gain for the month occurred in food service and drinking places. Notably, electronics and appliance stores eked out a slight gain in November, the first increase in the component since May.

The value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** rose for the fourth consecutive month in December. As seen in Figure 8, the value increased 2.8 percent and reached its highest level since December 2014. The value of the Index in December was 14.0 percent higher compared to one year ago. The largest increase in the components of the Index occurred in New Orders, while Inventories and Supplier Deliveries were the components that declined. As conditions in the manufacturing sector strengthen, more gains in the Index should occur. However, some uncertainty exists over the incoming administration, particularly with regard to actions it make take on trade.

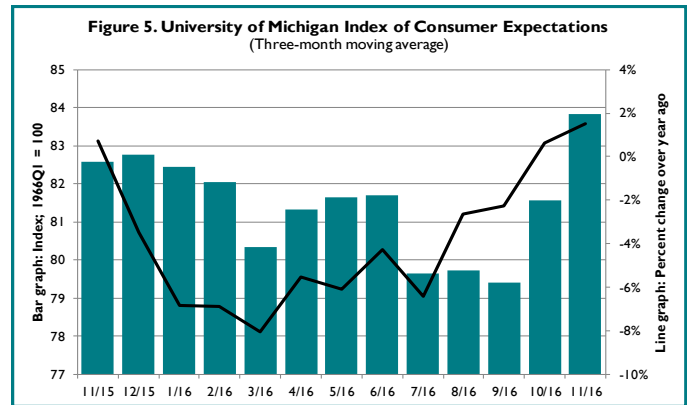
As seen in Figure 9, the value of **Mississippi income tax withholdings** (three-month moving average) increased 0.8 percent in November, the third increase in the last four months. Compared to one year ago the value of withholdings in November was 0.3 percent higher. The

(Continued on page 4)

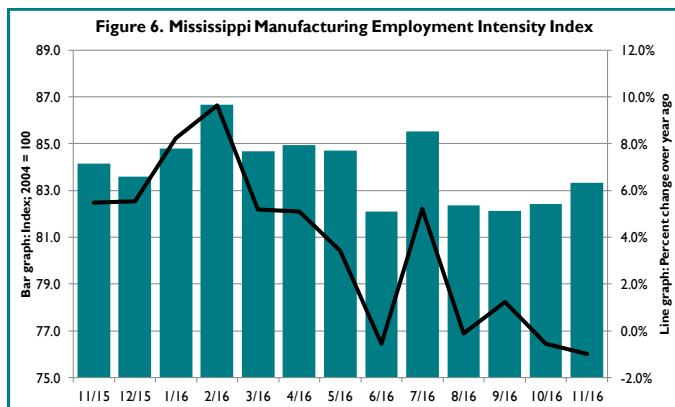
# COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



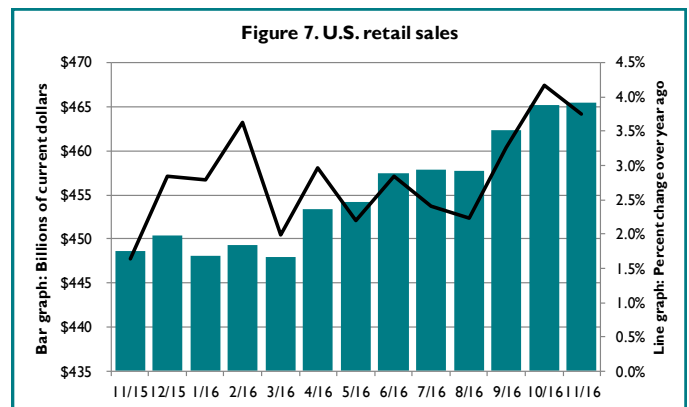
Source: Bureau of the Census; seasonally adjusted



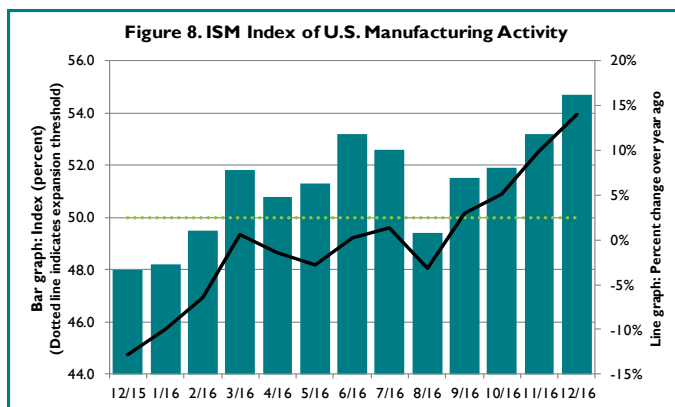
Source: Thomson Reuters/University of Michigan Surveys of Consumers



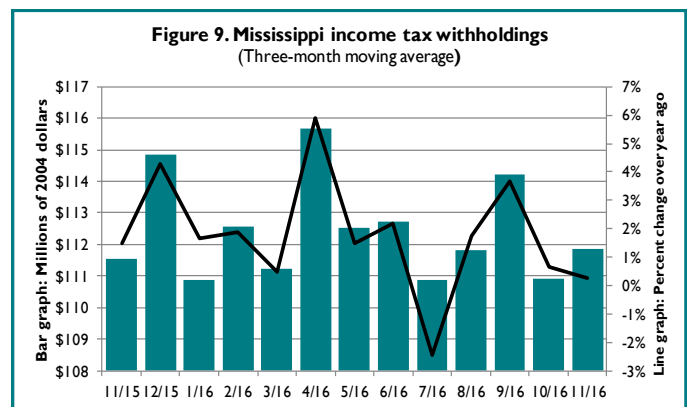
Source: URC using data from Bureau of Labor Statistics



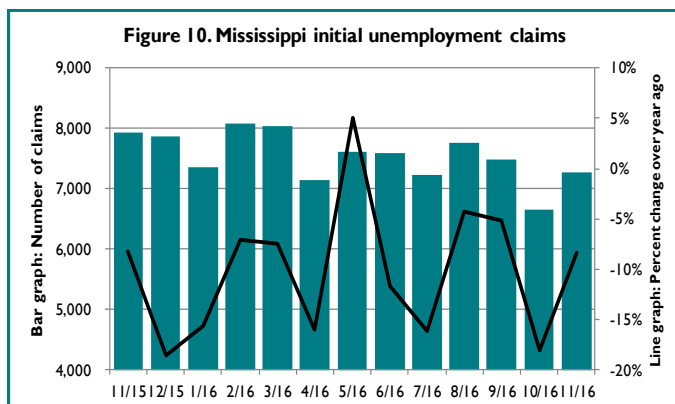
Source: Bureau of the Census



Source: Institute for Supply Management



Source: Mississippi Department of Revenue; seasonally adjusted



Source: U.S. Department of Labor; seasonally adjusted

*The value of the Mississippi Leading Index (MLI) rose 1.4 percent in November, its third consecutive monthly increase.*

**MISSISSIPPI'S BUSINESS**

**MISSISSIPPI LEADING INDEX, NOVEMBER 2016 (CONTINUED)**

three-month moving average of withholdings over the last six months was down 0.6 percent.

The value of seasonally-adjusted **initial unemployment claims** in Mississippi climbed 9.2 percent in November, the first increase since August. As Figure 10 indicates, compared to one year ago this value was 8.4 percent lower. The number of seasonally-adjusted continued unemployment claims in Mississippi declined 5.8 percent in No-

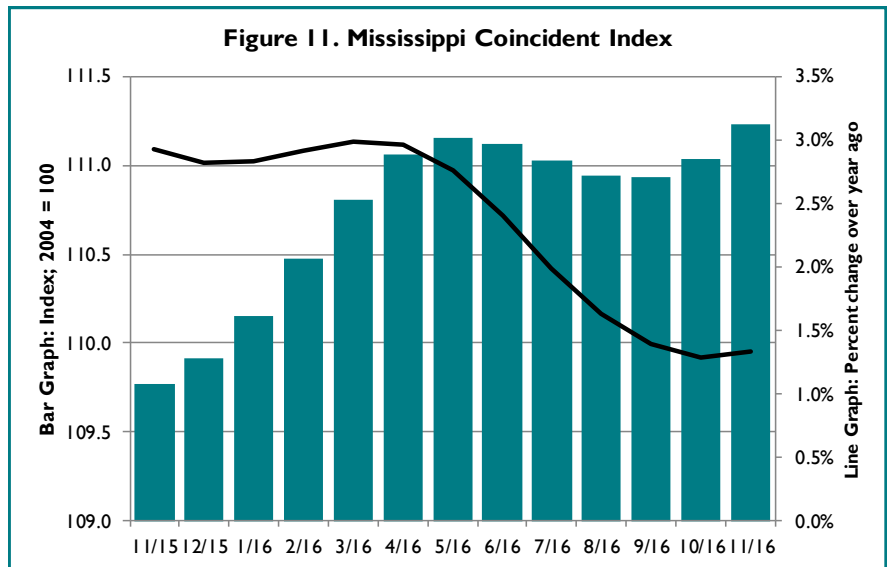
vember, the third decrease in the last four months. The number of continued claims in Mississippi in November compared to one year ago was down 19.3 percent. Mississippi's seasonally-adjusted unemployment rate in November decreased by 0.2 percentage point to 5.7 percent as seen in Figure 15 on page 6. This rate was the lowest since February 2004 and was down 0.9 percentage point compared to one year ago.

**MISSISSIPPI COINCIDENT INDEX, NOVEMBER 2016**

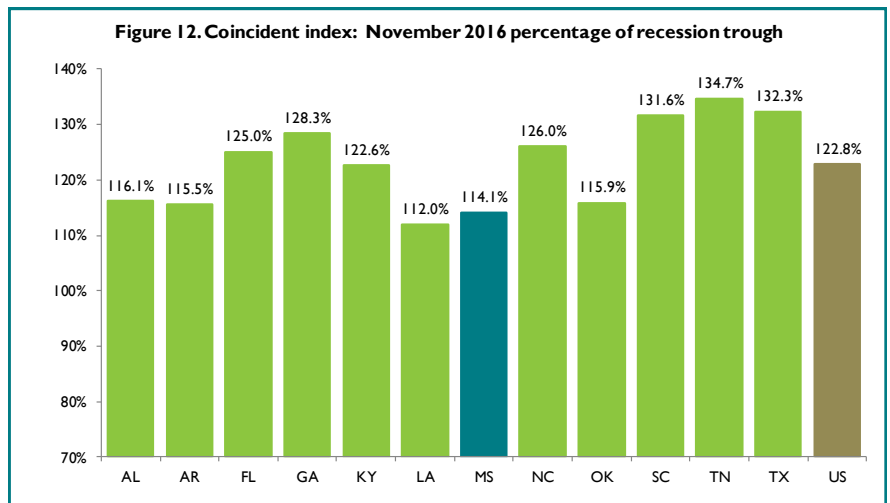
According to the Federal Reserve Bank of Philadelphia the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.1 percent in November as seen in Figure 11, the second consecutive month with an increase. The value of the MCI for the month was 1.3 percent higher compared to one year ago.

The value of the coincident index for Mississippi was 14.1 percent above its recession trough in November as Figure 12 indicates. The increase was the second smallest among states in the Southeast. As in previous months, the increase in the value of the coincident index for Louisiana from its recession trough was the smallest among southeastern states. Tennessee maintained the largest increase from its recession trough among all states in the Southeast as of November, up 34.7 percent.

As Figure 13 on page 5 indicates the values of the coincident indices increased in forty-four states in October compared to three months prior. The values of the coincident indices increased more than 0.5 percent in twenty-nine states in November. Mississippi was one of fifteen states where the value of the coincident indices increased by less than 0.5 percent compared to three months prior. The value of the coincident index fell between 0.0 and 0.5 percent in five states while in Alaska the value of the coincident index fell by more than 0.5 percent in November over August.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

## NATIONAL TRENDS

Following revisions to the previous month, the value of the U.S. Leading Economic Index (LEI) did not change in November according to The Conference Board as seen in Figure 1 on page 1. Compared to one year ago the value of the Index was 0.7 percent higher for the month. The interest rate spread made the largest contribution as seven of the ten components made positive contributions in November. Over the last six months the value of the LEI rose 1.0 percent.

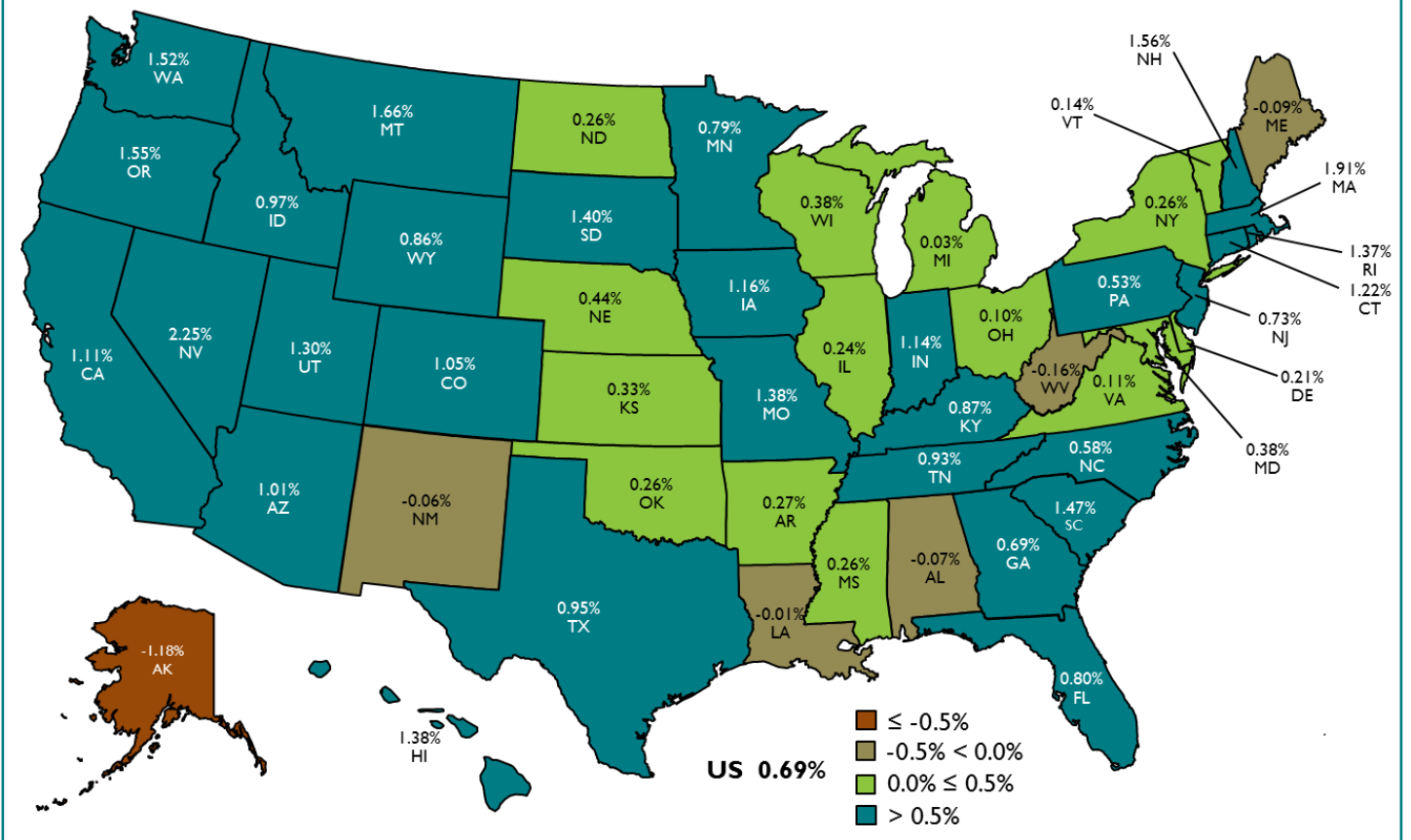
The Conference Board reported the value of the U.S. Coincident Economic Index (CEI) rose 0.1 percent in November. The value was up 1.7 percent for the month compared to one year ago as seen in Figure 2 on page 1. All four of the components of the Index increased in November and the largest contribution came from employees on nonagricultural payrolls. The value of the CEI is up 1.1 percent over the last six months.

The value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index surged in November, rising 3.7 percent from the previous month as

seen in Figure 20 on page 6. The value reached its highest level since December 2014. Moreover, the year-over-year change in the value of the Index was 3.8 percent in November, the first such positive change since June. A relatively large advance in the “expect economy to improve” component was responsible for much of the increase; the presidential election likely resulted in this gain. All components of the Index increased in November with the exception of the “plans to make capital expenditures” component, which fell for the first time since July.

The Federal Reserve raised its key interest rate in December. The Federal Open Market Committee (FOMC) raised the federal funds rate by 0.25 basis points to 0.75 percent. The hike was only the second in the last decade and came one year since the last increase. The FOMC indicated the next increase will come sooner and that it expects as many as three rate hikes in 2017. However, Fed officials projected multiple increases in 2016 as well but ultimately raised rates only once, citing economic conditions and geopolitical events among their reasons for postponing their actions on rates.

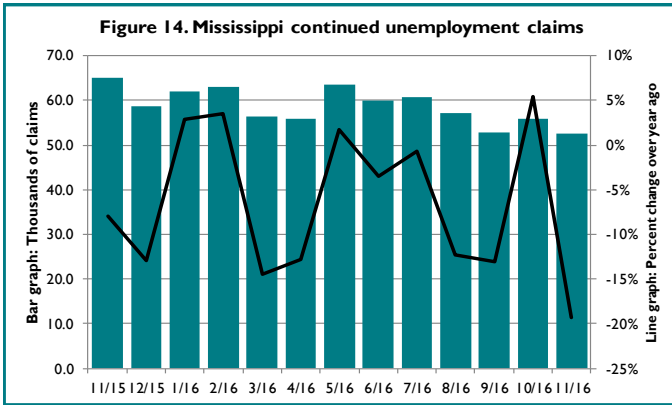
Figure 13. Three-month growth in the coincident index of economic indicators by state, November 2016



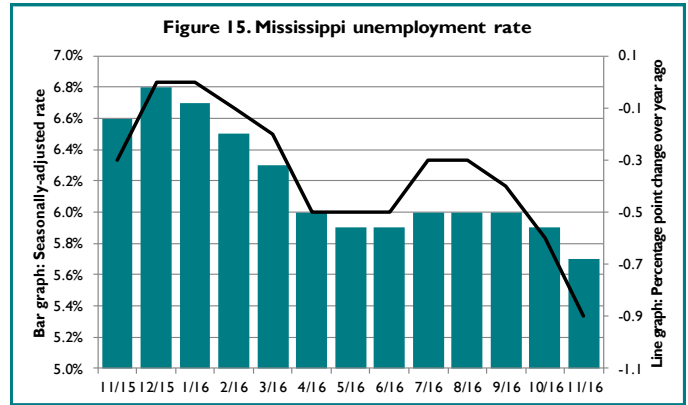
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

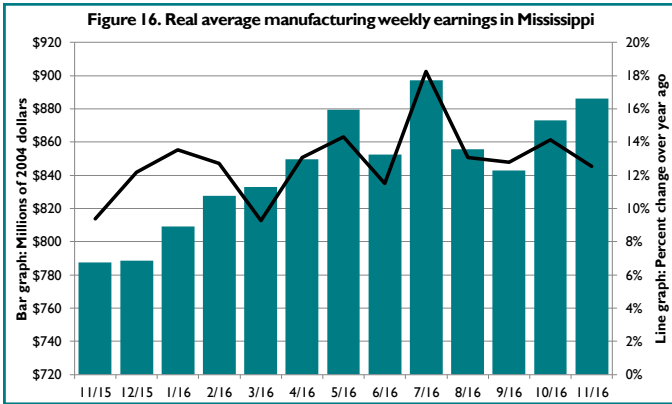
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



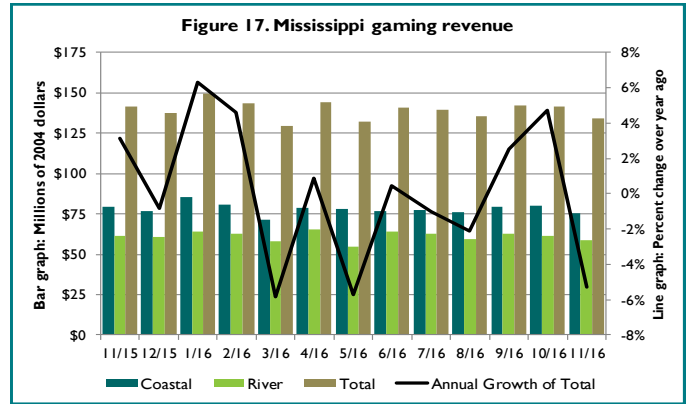
Source: U.S. Department of Labor; seasonally adjusted



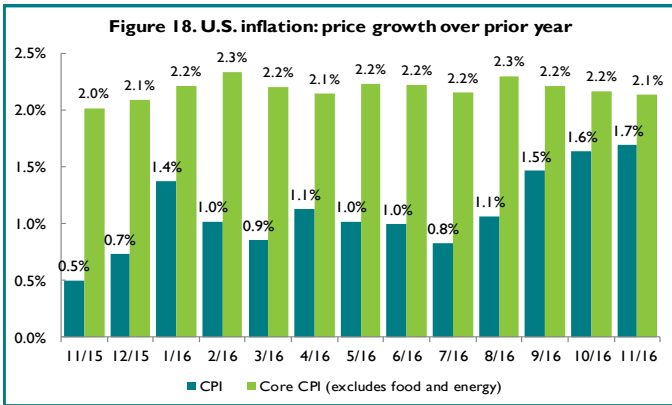
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



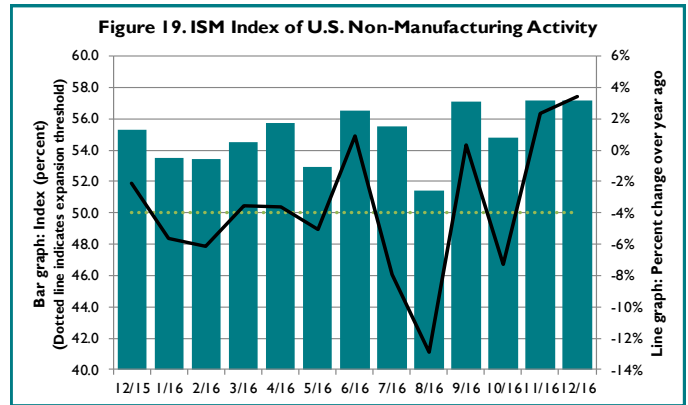
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



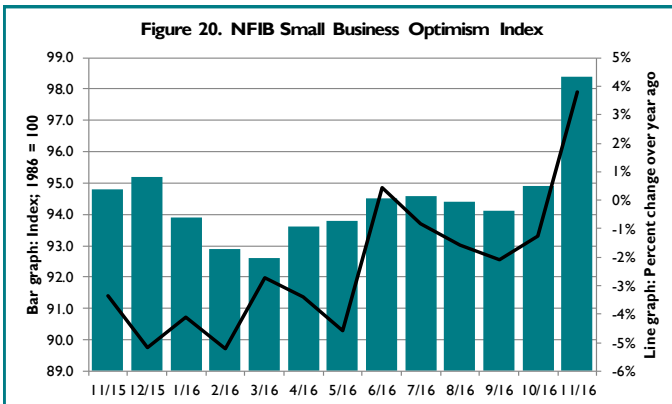
Source: Mississippi Department of Revenue; seasonally adjusted



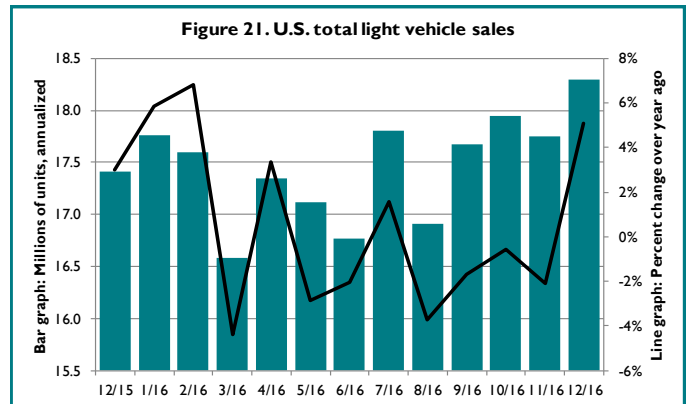
Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: National Federation of Independent Businesses



Source: Bureau of Economic Analysis; seasonally adjusted at annual rates



TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	November	October	November	Percent change from		
	2016	2016	2015	October 2016	November 2015	
<b>U.S. Leading Economic Index</b> 2004 = 100. Source: The Conference Board	124.6	124.6	123.7	↔0.0%	▲0.7%	Economic Indices
<b>U.S. Coincident Economic Index</b> 2004 = 100. Source: The Conference Board	114.6	114.5	112.7	▲0.1%	▲1.7%	
<b>Mississippi Leading Index</b> 2004 = 100. Source: University Research Center	112.8	111.2	109.5	▲1.4%	▲3.0%	
<b>Mississippi Coincident Index</b> 2004 = 100. Source: Federal Reserve Bank of Philadelphia	111.2	111.1	109.8	▲0.1%	▲1.3%	
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	7,263	6,653	7,926	▲9.2%	▼8.4%	Components of the Mississippi Leading Index
<b>Value of Mississippi residential building permits</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	87.6	75.2	79.7	▲16.4%	▲9.9%	
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	111.9	110.9	111.5	▲0.8%	▲0.3%	
<b>Mississippi Manufacturing Employment Intensity Index</b> 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	83.3	82.4	84.2	▲1.1%	▼1.0%	
<b>University of Michigan Index of Consumer Expectations</b> Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	83.8	81.6	82.6	▲2.8%	▲1.5%	
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	53.2	51.9	48.4	▲2.5%	▲9.9%	
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	465.5	465.1	448.7	▲0.1%	▲3.8%	
<b>U.S. Consumer Price Index (CPI)</b>	127.8	128.0	125.7	▼0.2%	▲1.7%	
<b>U.S. Core CPI (excludes food and energy)</b> 2004 = 100. Source: URC using data from Bureau of Labor Statistics	126.8	126.6	124.2	▲0.2%	▲2.1%	
<b>Mississippi unemployment rate</b> Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	5.7%	5.9%	6.6%	▼0.2	▼0.9	
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	52,530	55,769	65,073	▼5.8%	▼19.3%	Miscellaneous Indicators
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	57.2	57.2	55.3	↔0.0%	▲3.4%	
<b>U.S. mortgage rates</b> Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	3.75%	3.50%	3.93%	▲0.26	▼0.18	
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	21.07	21.01	18.58	▲0.3%	▲13.4%	
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	886.15	872.98	787.49	▲1.5%	▲12.5%	
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	98.4	94.9	94.8	▲3.7%	▲3.8%	
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	18.29	17.75	17.41	▲3.1%	▲5.1%	
<b>Gaming revenue</b>	133.9	141.7	141.4	▼5.5%	▼5.3%	
<b>Coastal counties</b>	75.4	80.3	79.7	▼6.1%	▼5.3%	
<b>River counties</b> Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	58.5	61.4	61.8	▼4.7%	▼5.3%	

## MISSISSIPPI'S BUSINESS

## MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi was down by 0.1 percent in November according to the U.S. Bureau of Labor Statistics (BLS), a decline of 900 jobs. Table 2 below also indicates October employment in the state was revised up by 700 jobs. Employment in Mississippi in November compared to one year ago was down by 2,400 jobs, a decline of 0.2 percent.

Statistically significant increases in total nonfarm employment occurred in nine states in November according to BEA. Florida, Indiana, and South Carolina experienced the largest gains for the month while the largest percentage increase in employment occurred in West Virginia. BEA reported two states, Virginia and Colorado, experienced statistically significant decreases in employment in November. The larger percentage decrease occurred in Colorado. Compared to one year ago statistically significant increases in employment occurred in thirty-one states and the District of Columbia. Wyoming was the only state where employment was statistically significantly lower compared to one year ago, down 3.1 percent.

Jobs were added in five sectors in Mississippi in November. Accommodation and Food Services added 2,100 jobs

for the month, the most among all industries. The largest percentage increase in employment in the state in November occurred in Educational Services, which rose by 2.4 percent, an addition of 300 jobs. The largest decrease in employment for the month occurred in Health Care and Social Assistance, which lost 4,700 jobs, which was also the largest percentage decline of 3.5 percent.

The largest gain in employment compared to one year ago occurred in Accommodation and Food Services, which added 4,000 jobs. This gain was also the largest percentage increase of 3.4 percent. As in the previous month the largest decrease in employment in November compared to one year ago among all industries in Mississippi occurred in Professional and Business Services, down by 6,200 jobs. This decline was also the largest percentage decrease among all sectors in the state for the month, a fall of 5.9 percent from November 2015. For the second consecutive month employment across all service sectors in Mississippi was down compared to one year ago, a loss of 800 jobs or 0.2 percent. Year-over-year employment in Manufacturing was also down 0.8 percent, or 1,100 jobs.

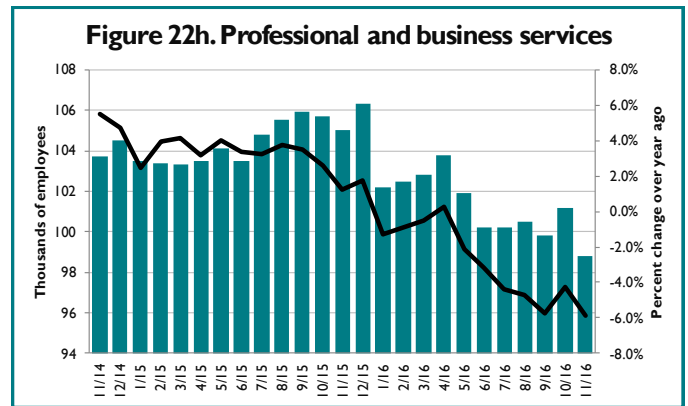
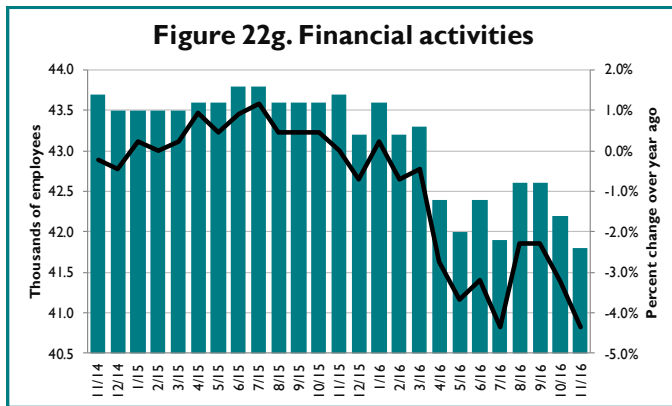
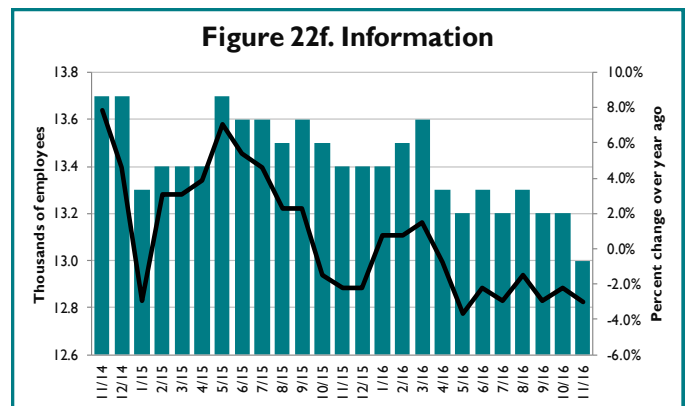
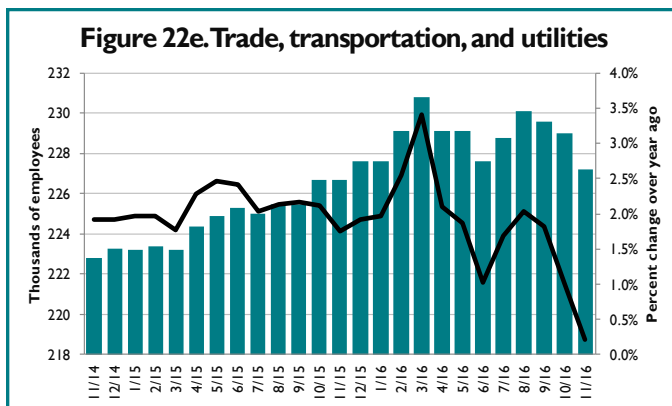
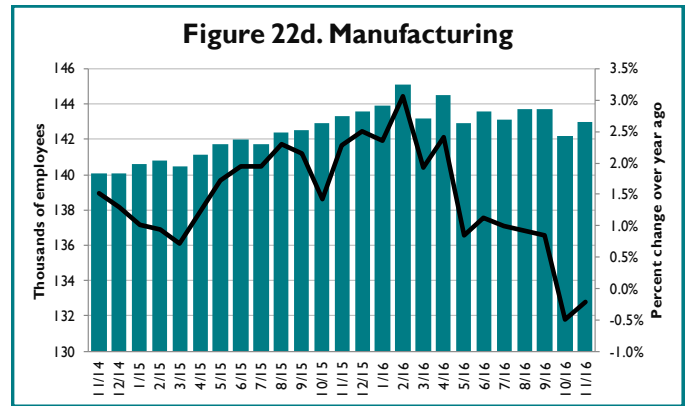
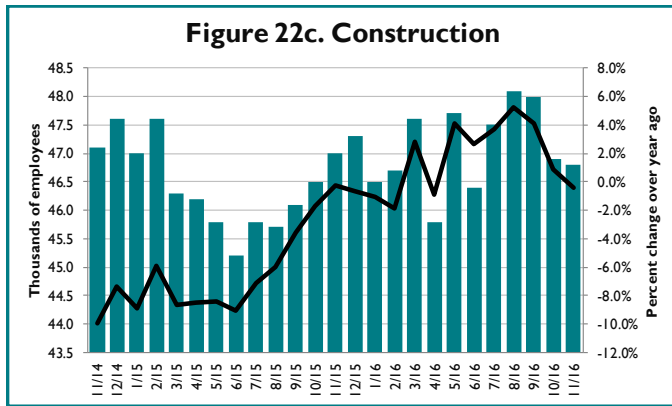
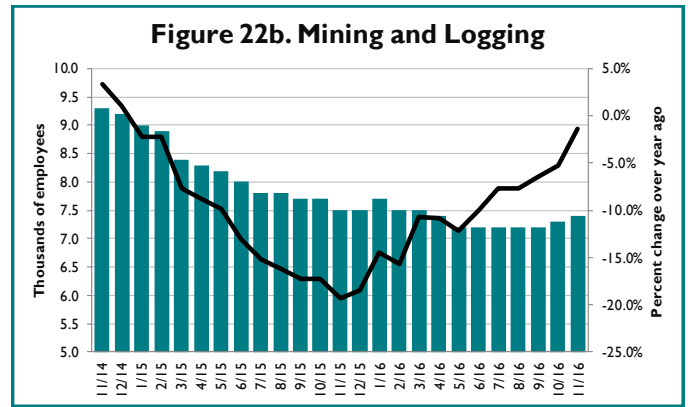
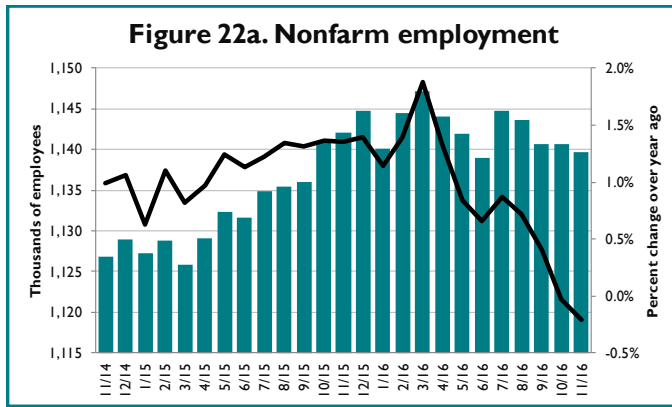
**Table 2. Change in Mississippi employment by industry, November 2016**

	Relative share of total <sup>a</sup>	November 2016	October 2016	November 2015	Change from October 2016 Level	Change from October 2016 Percent	Change from November 2015 Level	Change from November 2015 Percent
Total Nonfarm	100.0%	1,139,700	1,140,600	1,142,100	▼900	▼0.1%	▼2,400	▼0.2%
Mining and Logging	0.6%	7,400	7,300	7,500	▲100	▲1.4%	▼100	▼1.3%
Construction	4.1%	46,800	46,900	47,000	▼100	▼0.2%	▼200	▼0.4%
Manufacturing	12.6%	143,000	142,200	143,300	▲800	▲0.6%	▼300	▼0.2%
Trade, Transportation, & Utilities	20.0%	227,200	229,000	226,700	▼1,800	▼0.8%	▲500	▲0.2%
Retail Trade	12.4%	138,800	141,300	139,700	▼2,500	▼1.8%	▼900	▼0.6%
Information	1.2%	13,000	13,200	13,400	▼200	▼1.5%	▼400	▼3.0%
Financial Activities	3.7%	41,800	42,200	43,700	▼400	▼0.9%	▼1,900	▼4.3%
Services	36.2%	413,800	418,200	414,600	▼4,400	▼1.1%	▼800	▼0.2%
Professional & Business Services	8.9%	98,800	101,200	105,000	▼2,400	▼2.4%	▼6,200	▼5.9%
Educational Services	1.1%	13,000	12,700	12,900	▲300	▲2.4%	▲100	▲0.8%
Health Care & Social Assistance	11.2%	127,700	132,400	125,900	▼4,700	▼3.5%	▲1,800	▲1.4%
Arts & Entertainment	1.0%	11,800	11,800	11,800	◀0	◀0.0%	◀0	◀0.0%
Accommodation and Food Services	10.5%	122,700	120,600	118,700	▲2,100	▲1.7%	▲4,000	▲3.4%
Other Services	3.5%	39,800	39,500	40,300	▲300	▲0.8%	▼500	▼1.2%
Government	21.6%	246,700	246,700	245,900	◀0	◀0.0%	▲800	▲0.3%

<sup>a</sup>Relative shares are for the most recent twelve-month average. Source: U.S. Bureau of Labor Statistics



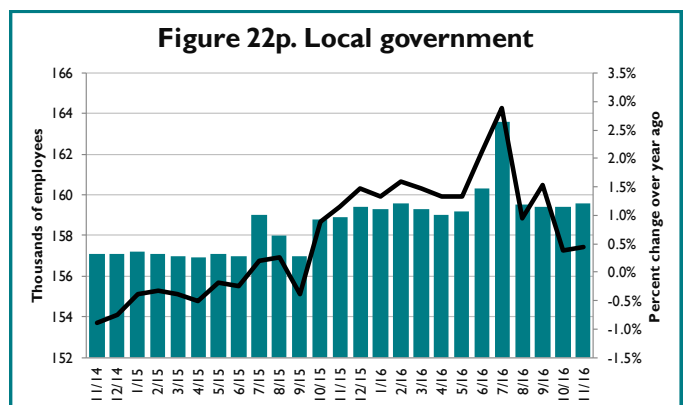
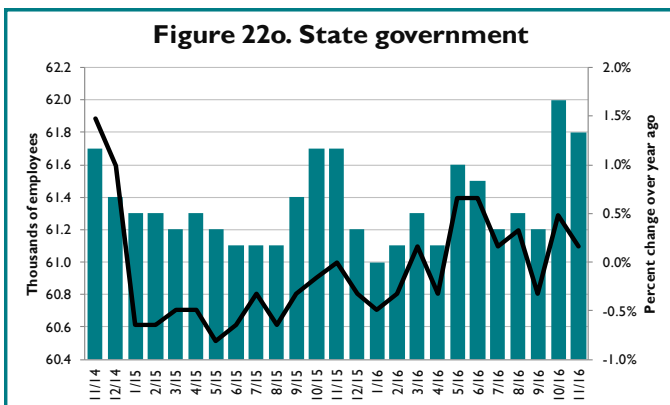
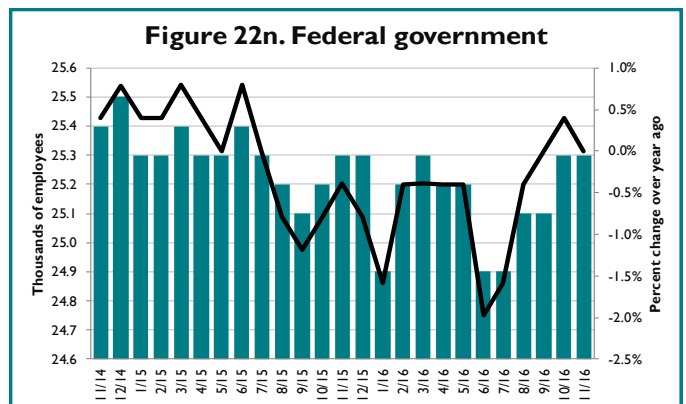
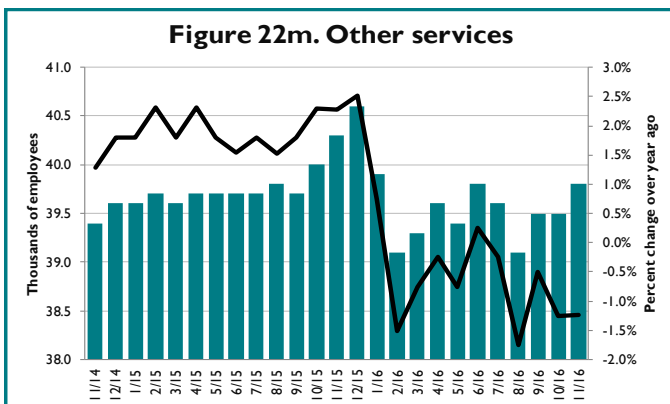
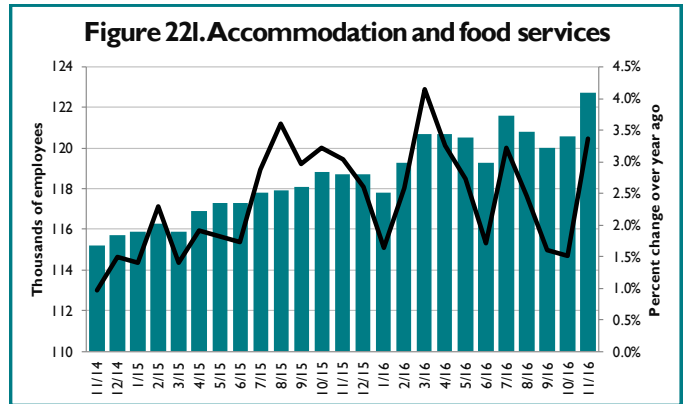
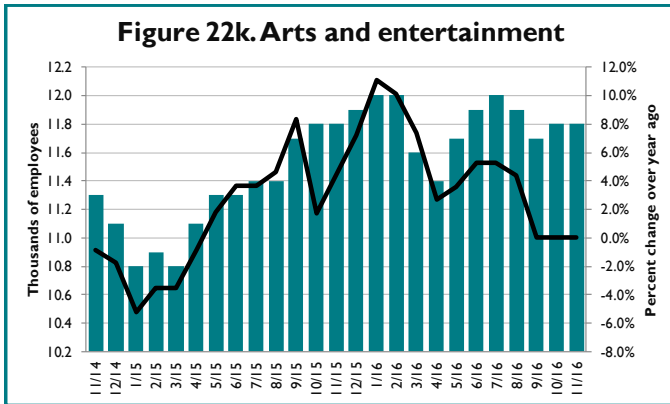
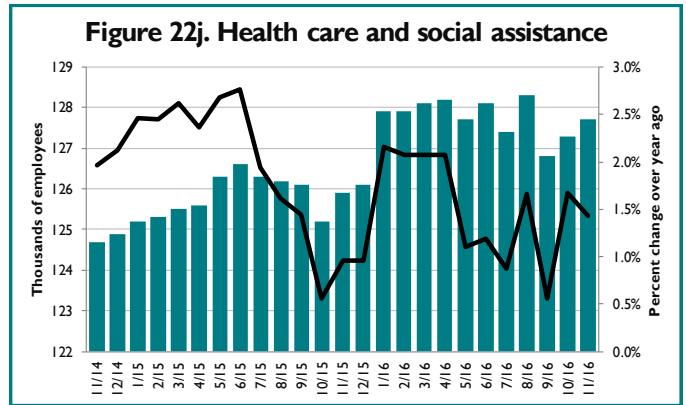
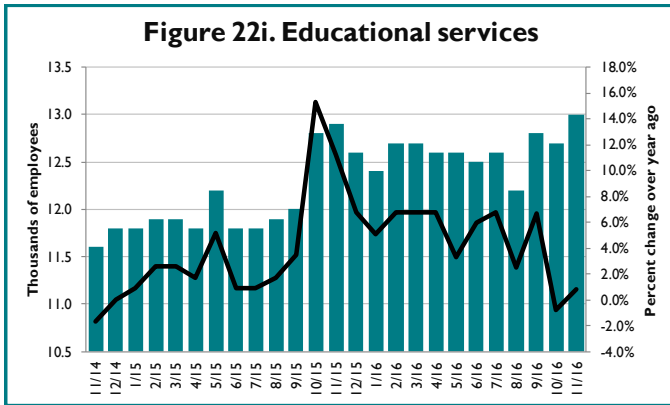
# MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

MISSISSIPPI'S BUSINESS

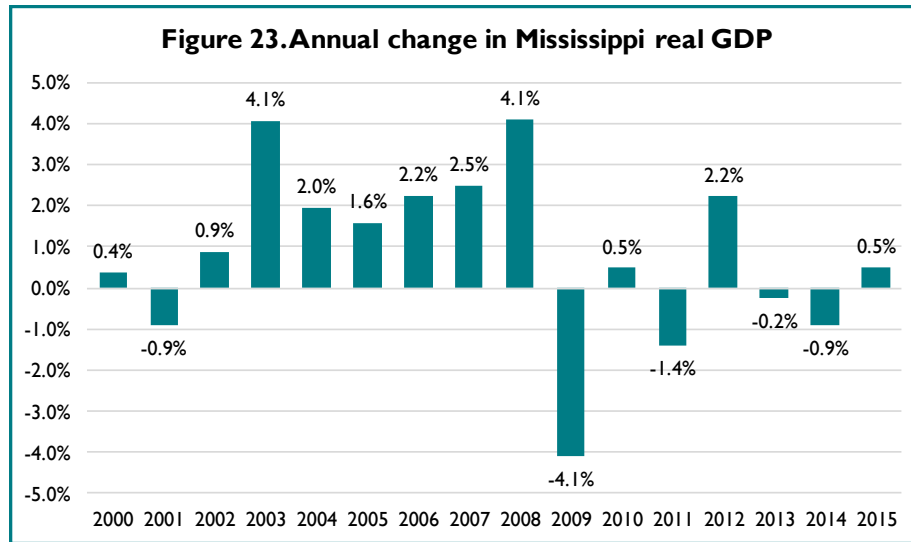
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

## BEA RELEASES STATE REAL GDP ESTIMATES

In December, the U.S. Bureau of Economic Analysis (BEA) reported estimates of real GDP growth by state for the second quarter of 2016 as well as revised estimates of annual real GDP by state from 1997-2015. The annual change in real GDP for Mississippi since 2000 is depicted in Figure 23 below. For most of the years included in Figure 23, the revisions by BEA reduced the annual growth in the state's economy. BEA now reports the change in annual real GDP



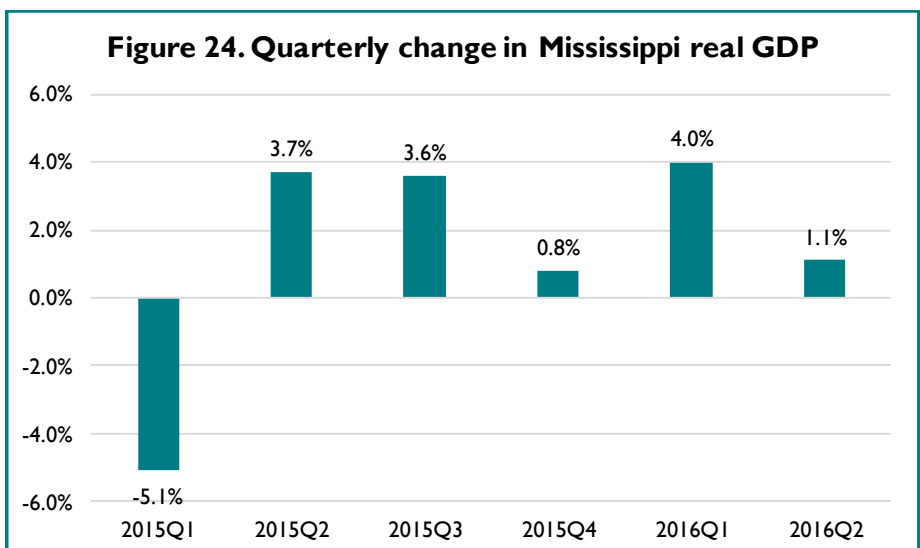
for Mississippi in 2015 was 0.5 percent, a slight reduction from its June estimate. This rate of growth ranked forty-fifth among all states for 2015, tied with Arkansas. Similarly, as a result of the revision the decline in the state's real GDP in 2014 was 0.9 percent, considerably larger than the 0.3 percent contraction previously reported. Other notable revisions include 2012, as BEA reduced the growth in real GDP from 3.1 percent to 2.2 percent; nevertheless, 2012 remains the year with the largest growth in Mississippi's economy since the end of the Great Recession.

Source: U.S. Bureau of Economic Analysis

The 2009 change in real GDP was reduced further as well to a contraction of 4.1 percent from the 3.3 percent previously reported. The revisions may have shifted growth to 2008, which BEA reports was 4.1 percent, a sizable increase from the 1.0 percent increase in real GDP previously reported. In sum, the latest revisions by BEA indicate Mississippi's economy grew less than previously thought both during and since the end of the Great Recession.

For the second quarter of 2016, BEA reported real GDP for the state increased 1.1 percent. This growth ranked thirtieth among all states in the second quarter. Figure 24 depicts the change in Mississippi's real GDP by quarter for 2015 and 2016.

The second quarter growth of 1.1 percent marked a decrease from growth in the first quarter of 2016 of 4.0 percent. However, real GDP for the state has increased for five consecutive quarters since the first quarter of 2015, when it declined 5.1 percent. That first quarter decrease offset much of the growth for the rest of 2015, resulting in the relatively small increase of 0.5 percent for the year. The largest contributor to growth in Mississippi's economy in the second quarter of 2016 was the Agriculture, Forestry, Fishing, and Hunting sector, which was responsible for



Source: U.S. Bureau of Economic Analysis

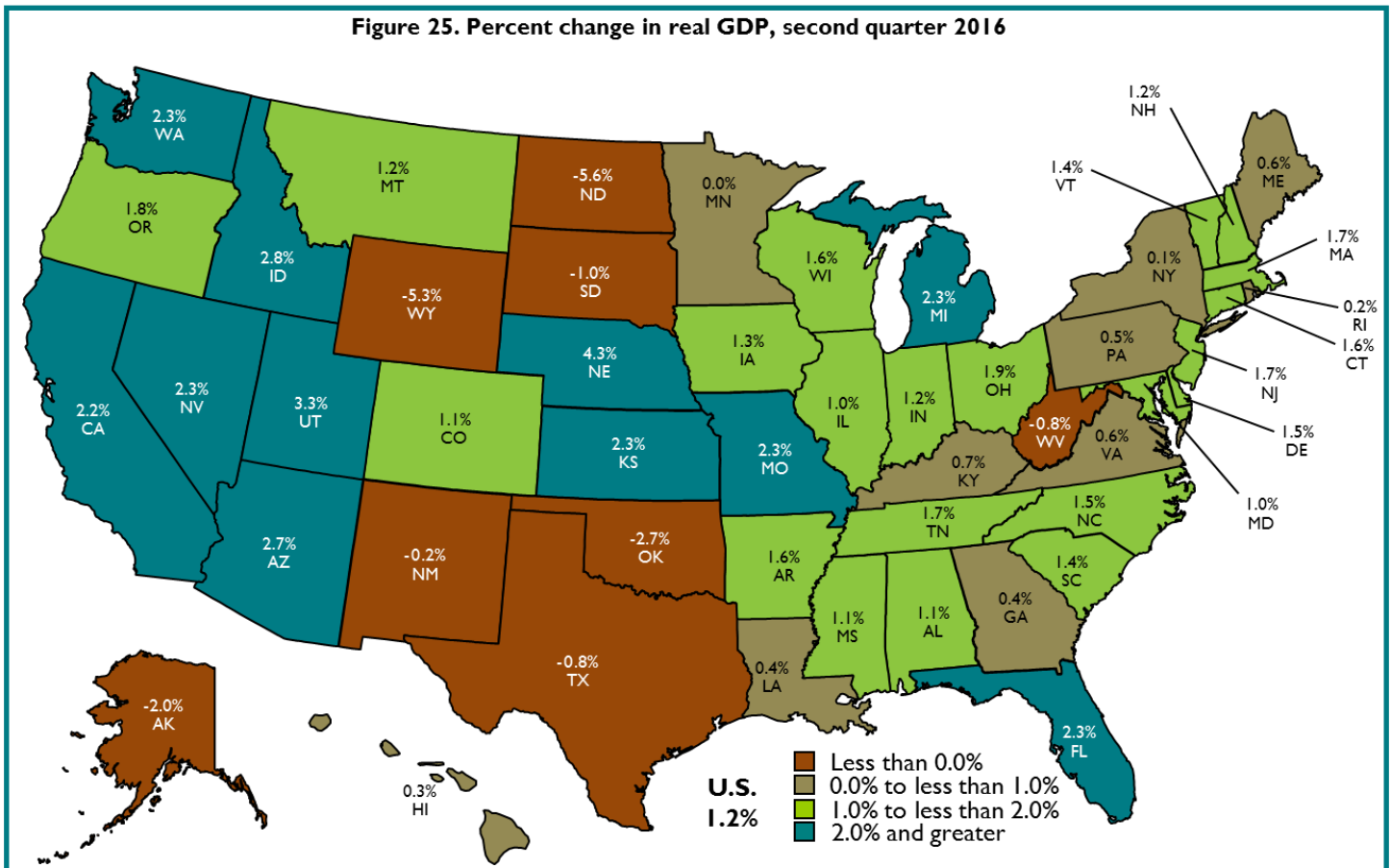
## MISSISSIPPI'S BUSINESS

## BEA RELEASES STATE REAL GDP ESTIMATES, CONTINUED

0.77 percentage point of the 1.1 percent increase. The other relatively large contributor to the second quarter real GDP increase was the Transportation and Warehousing sector, which added 0.58 percentage point to overall growth. The largest negative contribution to the change in real GDP in the second quarter came from the Construction industry, which subtracted 0.44 percentage point from overall growth. Other relatively large negative contributions came from the Retail Trade and Finance and Insurance sectors, which reduced overall growth by 0.31 and 0.26 percentage point, respectively. The Mining sector did not make a positive contribution to any state in the second quarter. However, in Mississippi the industry reduced overall growth by 0.11 percentage point, considerably smaller than in a number of other states.

Finally, Figure 25 below depicts the change in real GDP in the second quarter for all states. Notable in this figure is how most of the states with economies that contracted in the second quarter have a relatively large energy sector such as North Dakota, the state with the largest decline in real GDP in the second quarter. Alternatively, the state with the largest increase in real GDP in the second quarter was Nebraska, which grew 4.3 percent primarily because of the relatively large contribution made by its Agriculture, Forestry, Fishing, and Hunting sector. Nationally, the Health Care and Social Assistance sector contributed positively in all states in the second quarter. Transportation and Warehousing and Professional, Scientific, and Technical Services both made positive contributions to the economies of forty-seven states in the second quarter. In addition to the Mining sector, the Retail Trade sector made negative contributions to the economies of all states in the second quarter with exception of New Hampshire.

Figure 25. Percent change in real GDP, second quarter 2016



Source: U.S. Bureau of Economic Analysis