



ECONOMY AT A GLANCE

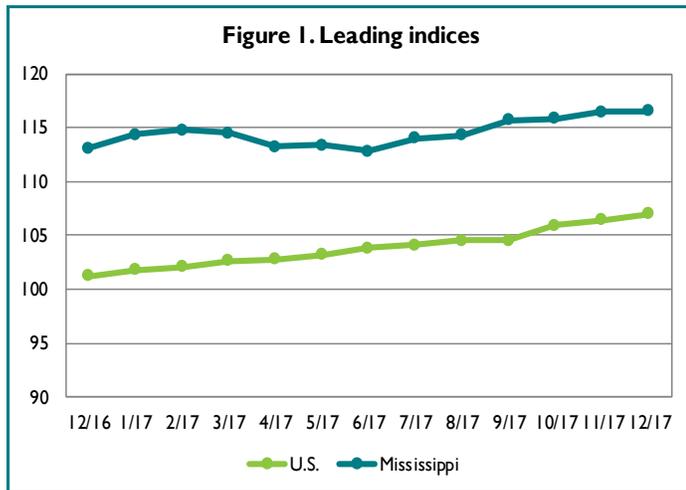
The value of the Mississippi Leading Index (MLI) essentially did not change in December as seen in Figure 1 below. Compared to one year ago the value of the MLI was 3.0 percent higher for the month.

The value of the Mississippi Coincident Index (MCI) gained 0.6 percent in December as seen in Figure 2 below. This value was 3.0 percent higher for the month compared to one year ago.

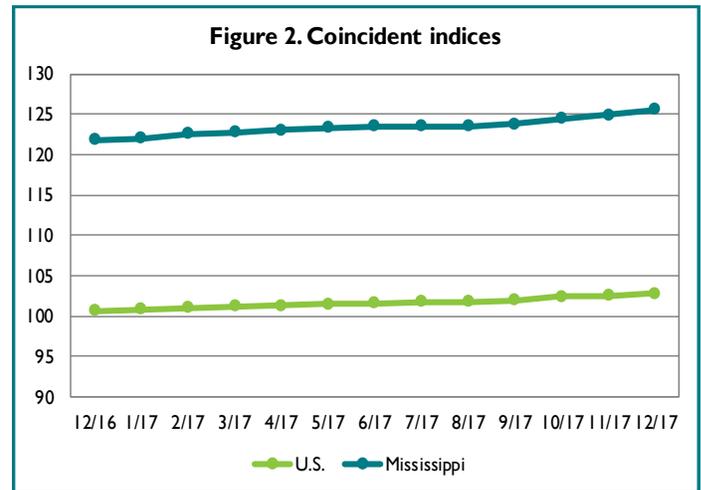
The U.S. Bureau of Economic Analysis (BEA) reported in its first estimate U.S. real gross domestic product (GDP) increased 2.6 percent in the fourth quarter. This estimate represents a decline of 0.6 percentage point from the increase in the third quarter of 3.2 percent. BEA reported consumer spending grew in the fourth quarter but imports did as well, leading to the overall decline in real

GDP growth from the third quarter. Based on BEA's initial fourth quarter estimate, U.S. real GDP increased 2.3 percent in 2017, an increase of 0.8 percentage point from 2016.

A relatively large decline in income tax withholdings kept the value of the MLI basically flat in December. The withholdings decrease, along with a fall in consumer expectations, essentially offset the gains in building permits and initial unemployment claims for the month. While the strengthening U.S. economy apparently is boosting some aspects of Mississippi's economy, at the same time longstanding systemic issues are likely holding the performance of the state economy below that of the nation and the surrounding region. Nevertheless, in the longer term a stronger national economy will lift the Mississippi economy, all else equal.



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, December 2017	2
Mississippi Coincident Index, December 2017	4
National Trends	5
Change in Mississippi Real GDP in 2017Q3	11

Follow the University Research Center on Twitter:



MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, DECEMBER 2017

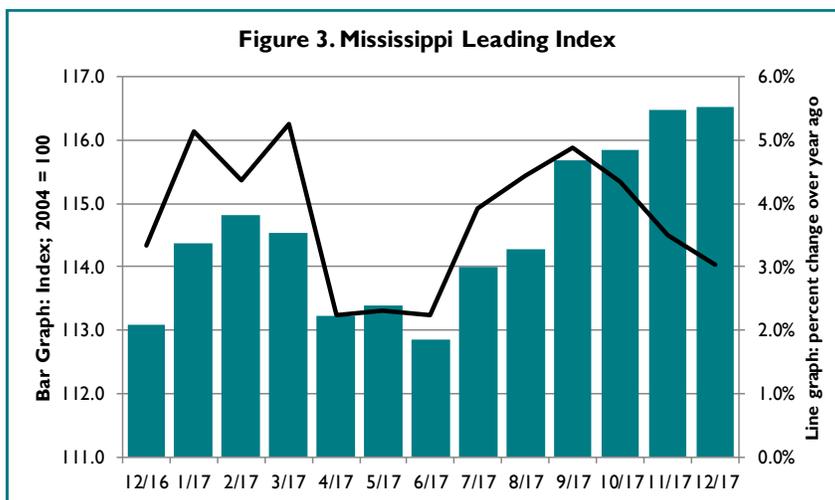
Figure 3 indicates the value of the **Mississippi Leading Index of Economic Indicators (MLI)** was essentially unchanged in December. The value of the MLI was 3.0 percent higher for the month compared to one year ago. The value of the MLI increased 3.3 percent over the last six months.

Despite no change in the overall value of the MLI, four of its seven components contributed positively in December. The largest contributor was building permits while withholdings had the largest negative impact. Each component is discussed below in order of largest to smallest contribution.

For the third consecutive month, the value of **Mississippi residential building permits** (three-month moving average) increased in December. As seen in Figure 4, the value climbed 5.5 percent from the previous month. Despite this increase, the value for December compared to one year ago was 2.5 percent lower, the second consecutive month with a year-over-year decline. The seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi increased 2.1 percent in December. The number of units for the month was 3.0 percent lower compared to one year ago. The number of privately-owned housing units in the U.S. authorized by building permits was 0.1 percent lower in December from the revised November value. The number of units in the U.S. in December was 2.8 percent higher compared to one year ago.

The value of seasonally-adjusted **initial unemployment claims** in Mississippi decreased in December for the fourth consecutive month. As seen in Figure 5 the value fell 9.2 percent for the month. Compared to one year ago the value for December was 26.3 percent lower. The value of seasonally-adjusted continued unemployment claims in Mississippi rose 1.5 percent in December as seen in Figure 14 on page 6. The number of continued claims in Mississippi was 13.1 percent lower for the month compared to one year ago. The seasonally-adjusted unemployment rate in Mississippi fell 0.2 percentage point to 4.6 percent in December, another all-time low in the series dating back to 1976. The rate was 0.9 percentage point lower for the month compared to one year ago.

The value of **U.S. retail sales** increased for the fourth consecutive month as seen in Figure 6. The value climbed



Source: University Research Center

0.4 percent in December. Sales for the previous two months were revised higher as well. Over the last six months retail sales increased 4.4 percent. The value of December U.S. retail sales was 5.2 percent higher compared to one year ago. The largest increases occurred at nonstore retailers and in building materials. Sales in sporting goods and hobbies experienced the largest decline.

The **Mississippi Manufacturing Employment Intensity Index** increased in value by 0.2 percent in December as seen in Figure 7. Compared to one year ago the value for the month was up 0.7 percent. Manufacturing employment in Mississippi increased 0.8 percent in December, which more than offset the decline in the average weekly hours of production employees for the month.

As seen in Figure 8 the value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** fell 1.0 percent in January, its third decline in the last four months. Nevertheless, compared to one year ago the value of the Index was 5.5 percent higher for the month. The only components that did not decline for the month were Supplier Deliveries and Inventories, and the latter was not expected to increase. The Employment component decreased for the fourth straight month. Despite the recent declines, the manufacturing index is well into expansion territory and should remain there in 2018.

Figure 9 indicates the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) fell 1.6 percent in December. Notably, the value of the Index was 2.1 percent lower for the

(Continued on page 3)

MISSISSIPPI LEADING INDEX, DECEMBER 2017 (CONTINUED)

month compared to one year ago, the first year-over-year decline since September 2016. In the most recent survey short-term inflation expectations were unchanged, while longer-term expectations increased slightly.

The value of **Mississippi income tax withholdings** (three-month moving average) fell 1.6 percent in Decem-

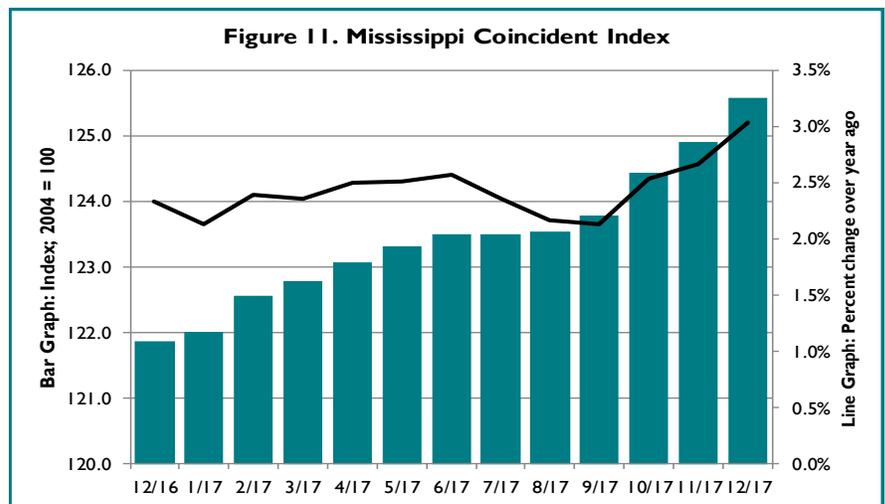
ber as seen in Figure 10. The decline for the month was the largest since December 2016; however, despite the decrease the value was 1.6 percent higher compared to one year ago. Over the last six months the value of income tax withholdings fell 1.3 percent.

MISSISSIPPI COINCIDENT INDEX, DECEMBER 2017

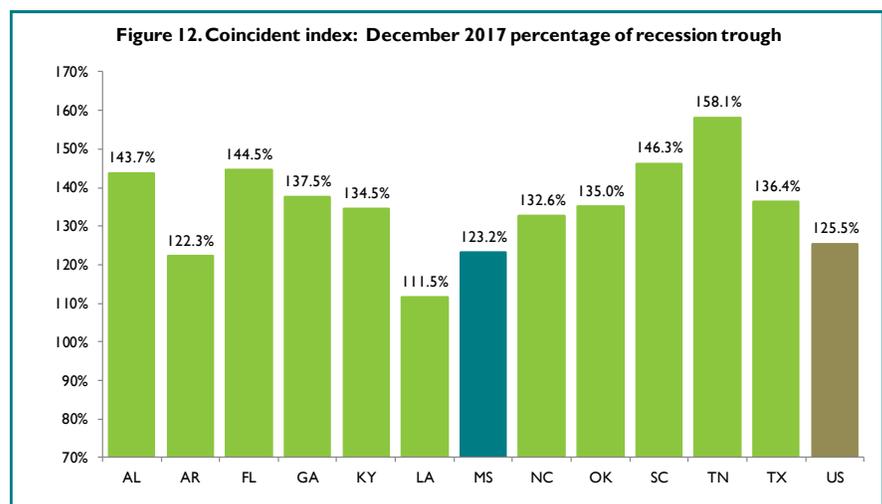
The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.6 percent in December according to the Federal Reserve Bank of Philadelphia as seen in Figure 11. For the month the value of the MCI was 3.0 percent higher compared to one year ago.

Louisiana maintained the smallest increase in the value of its coincident index from its recession trough among southeastern states in December as Figure 12 indicates. The gain was only 11.5 percent, slightly more than half of the next largest increase found in Arkansas, which rose 22.3 percent. The increase in the value of the coincident index for Mississippi was the next highest at 23.2 percent.

The values of the coincident indices increased in forty-two states in December compared to three months prior as seen in Figure 13 on page 5. The values of the coincident indices increased more than 0.5 percent compared to three months prior in thirty-six states including Mississippi. In six states the values of the coincident indices increased by less than 0.5 percent. In four states including Arkansas the values of coincident indices declined between 0.0 and 0.5 percent in December compared to September. The coincident indices for Alaska, Michigan, North Dakota, and West Virginia all declined in value by more than 0.5 percent in December compared to three months prior.



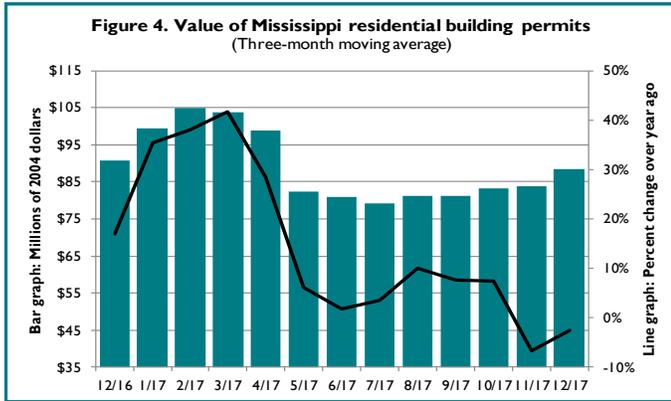
Source: Federal Reserve Bank of Philadelphia



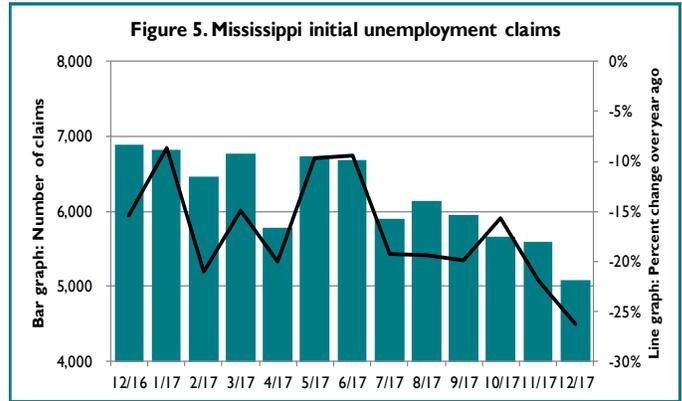
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

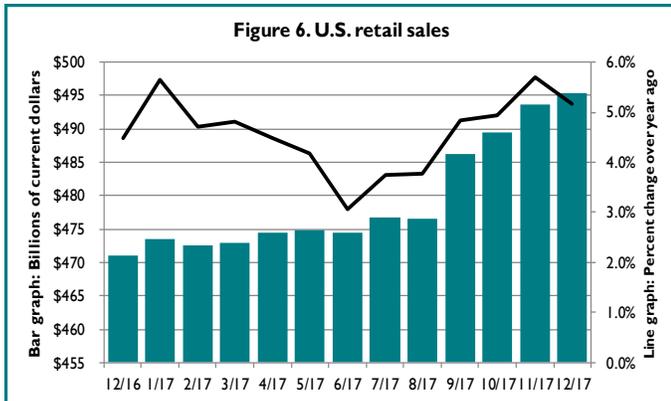
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



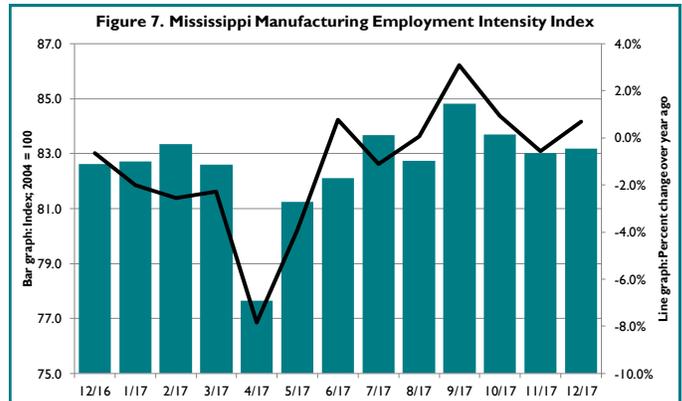
Source: Bureau of the Census; seasonally adjusted



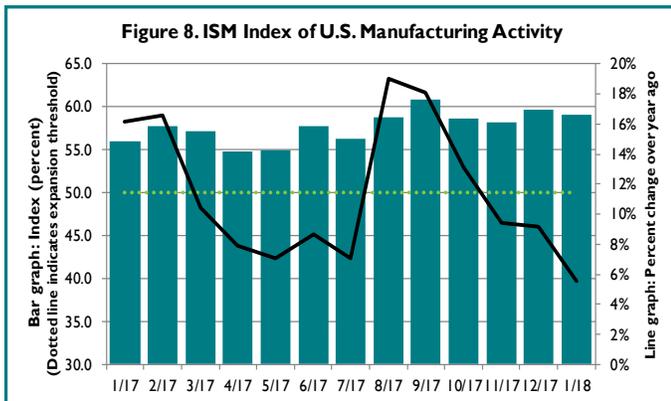
Source: U.S. Department of Labor; seasonally adjusted



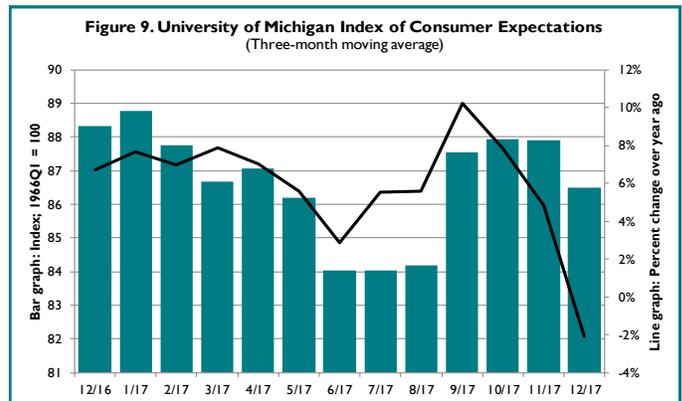
Source: Bureau of the Census



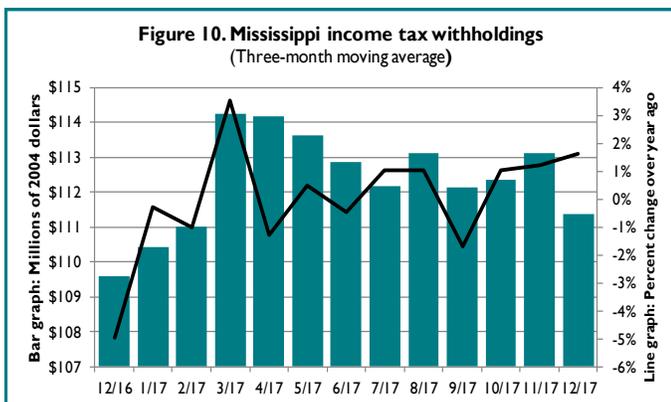
Source: URC using data from Bureau of Labor Statistics



Source: Institute for Supply Management



Source: Thomson Reuters/University of Michigan Surveys of Consumers



Source: Mississippi Department of Revenue; seasonally adjusted

The value of the Mississippi Leading Index (MLI) did not change in December.

NATIONAL TRENDS

As seen in Figure 1 on page 1 The Conference Board reported the value of the U.S. Leading Economic Index (LEI) climbed 0.6 percent in December following its annual benchmark revisions. As in November the value of the LEI was 5.7 percent higher in December compared to one year ago, the largest year-over-year increase since January 2015. Seven of the ten components of the LEI increased in value in December and the largest contribution came from the ISM New Orders Index. The value of the LEI rose 3.1 percent over the last six months.

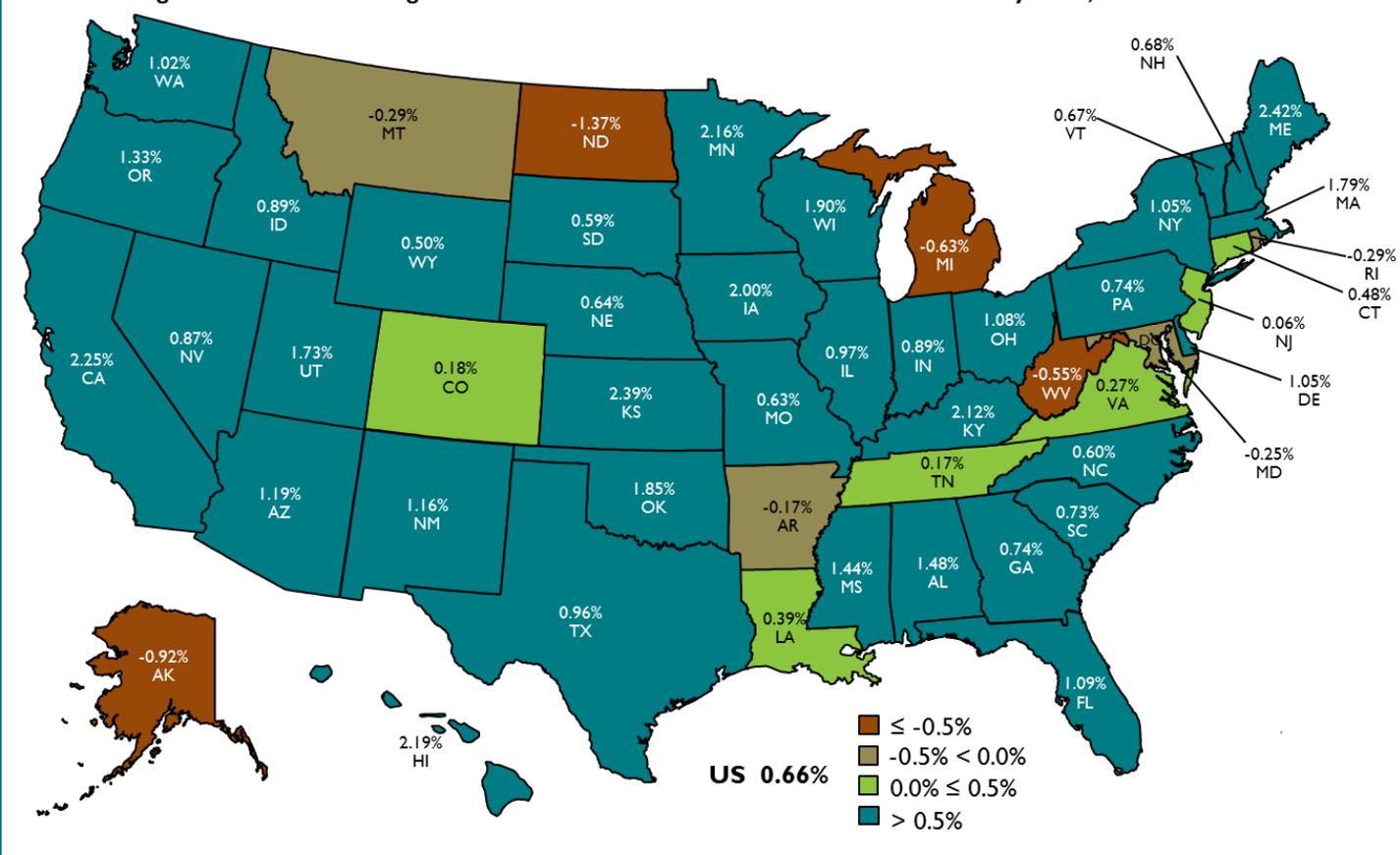
The value of the U.S. Coincident Economic Index (CEI) increased 0.3 percent in December according to The Conference Board and as seen in Figure 2 on page 1. For the month the value of the CEI was 2.1 percent higher compared to one year ago. All four components of the CEI increased in December and industrial production made the largest contribution.

As seen in Figure 20 on page 6, the value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index fell in December from the all-time

high reached the previous month. The value of the Index lost 2.4 percent for the month and compared to one year ago was 0.9 percent lower in December. This year-over-year decline was the first since October 2016 and indicates how much the Index has climbed since the 2016 election. Despite the decline both the “plans to make capital expenditures” and “current job openings” components increased slightly. The largest decrease occurred in the “expect economy to improve” component.

At the last meeting of the Federal Open Market Committee (FOMC) presided over by Janet Yellen, no changes were made to interest rate targets as was widely expected. On January 25, the U.S. Senate confirmed Jerome Powell as the next Chair of the Federal Reserve, and he began serving a four-year term on February 3. Most analysts expect the FOMC will next raise rates at its late March meeting, and nothing in its statement following the January meeting ran counter to those predictions. While the Fed anticipates implementing three rate hikes in 2018, a fourth increase is a possibility if growth in inflation accelerates.

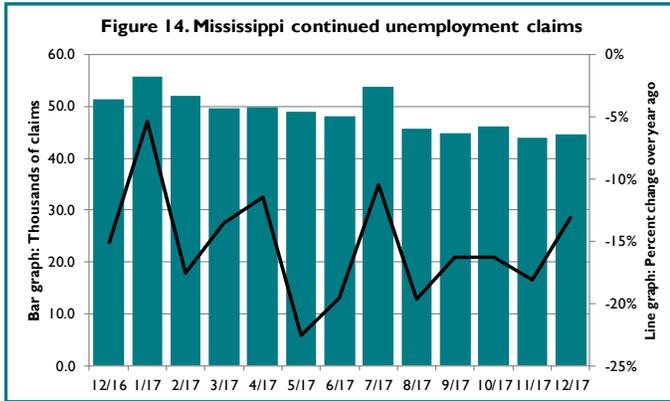
Figure 13. Three-month growth in the coincident index of economic indicators by state, December 2017



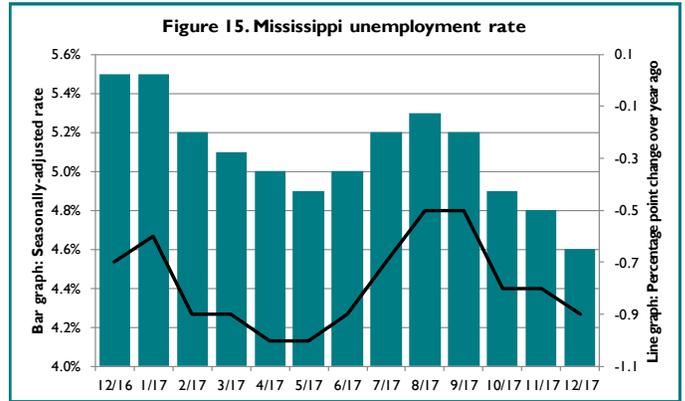
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

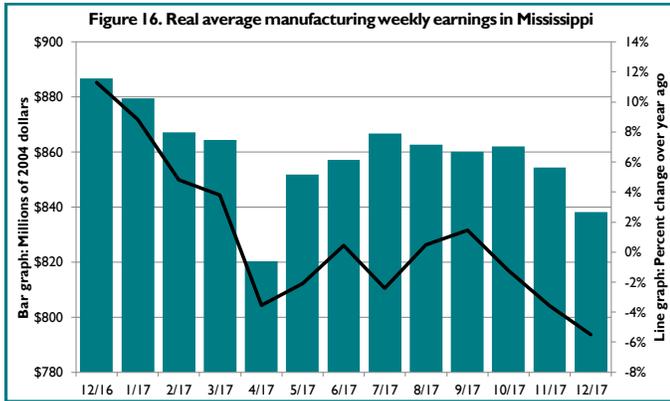
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



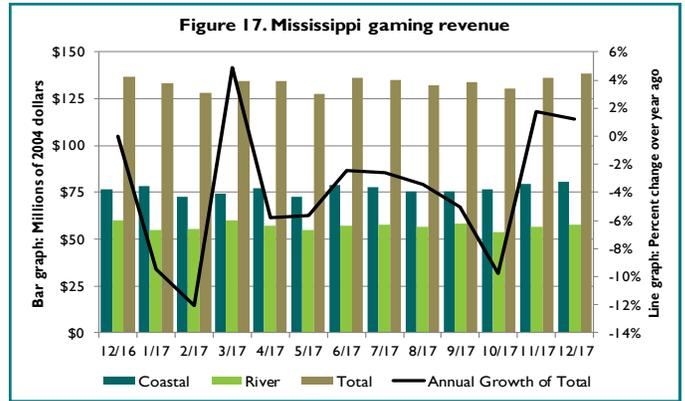
Source: U.S. Department of Labor; seasonally adjusted



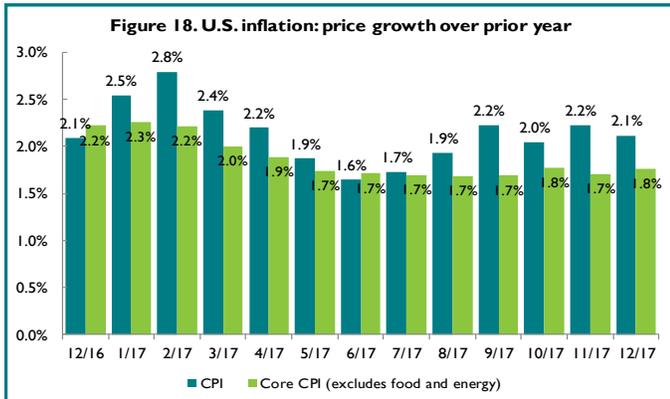
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



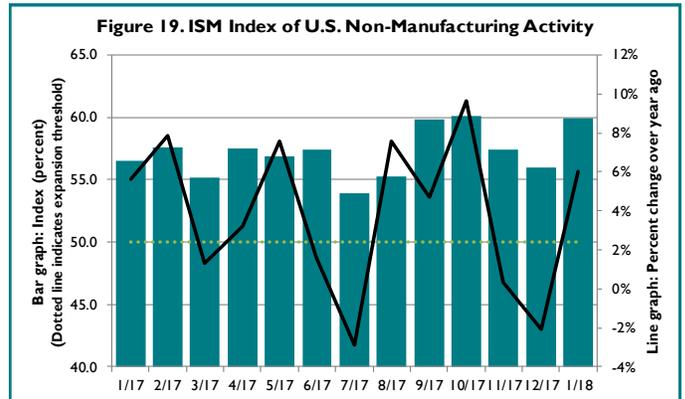
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



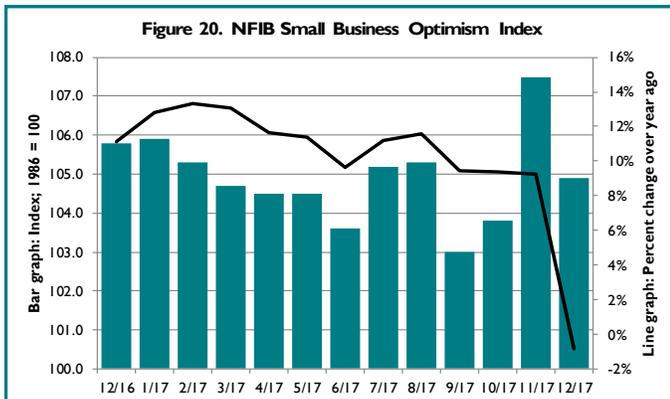
Source: Mississippi Department of Revenue; seasonally adjusted



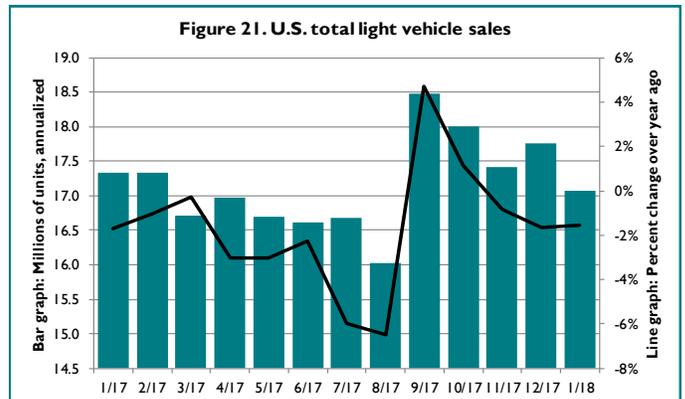
Source: U.S. Bureau of Labor Statistics



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	December	November	December	Percent change from		
	2017	2017	2016	November 2017	December 2016	
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	107.0	106.4	101.2	▲0.6%	▲5.7%	Economic Indices
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	102.8	102.5	100.7	▲0.3%	▲2.1%	
Mississippi Leading Index 2004 = 100. Source: University Research Center	116.5	116.5	113.1	◀0.0%	▲3.0%	
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	125.6	124.9	121.9	▲0.6%	▲3.0%	
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	5,080	5,594	6,897	▼9.2%	▼26.3%	Components of the Mississippi Leading Index
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	88.5	83.9	90.8	▲5.5%	▼2.5%	
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	111.4	113.1	109.6	▼1.6%	▲1.6%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	83.2	83.0	82.6	▲0.2%	▲0.7%	
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	86.5	87.9	88.3	▼1.6%	▼2.1%	
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	59.1	59.7	56.0	▼1.0%	▲5.5%	
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	495.4	493.6	471.0	▲0.4%	▲5.2%	
U.S. Consumer Price Index (CPI)	131.3	131.1	128.5	▲0.1%	▲2.1%	
U.S. Core CPI (excludes food and energy) 2004 = 100. Source: URC using data from Bureau of Labor Statistics	129.4	129.0	127.1	▲0.3%	▲1.8%	
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	4.6%	4.8%	5.5%	▼0.2	▼0.9	
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	44,606	43,937	51,351	▲1.5%	▼13.1%	Miscellaneous Indicators
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	59.9	56.0	56.5	▲7.0%	▲6.0%	
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	3.85%	3.89%	4.11%	▼0.04	▼0.26	
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.16	20.46	21.04	▼1.5%	▼4.2%	
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	838.12	854.40	886.65	▼1.9%	▼5.5%	
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	104.9	107.5	105.8	▼2.4%	▼0.9%	
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.07	17.75	17.34	▼3.8%	▼1.5%	
Gaming revenue	138.7	136.1	137.0	▲2.0%	▲1.2%	
Coastal counties	80.8	79.3	76.8	▲1.8%	▲5.1%	
River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	57.9	56.7	60.2	▲2.2%	▼3.7%	

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi increased 0.3 percent in December according to the U.S. Bureau of Labor Statistics (BLS). As Table 2 below indicates, employment rose by 2,900 jobs. As a result for the first time monthly employment in the state surpassed the pre-recession peak reached in February 2008. Compared to one year ago total employment in Mississippi was 1.6 percent higher in December. Average annual employment in Mississippi in 2017 reached its highest level since 2007.

BLS reported statistically significant increases in total nonfarm employment occurred in ten states in December. The largest gains occurred in California, Florida, and Oregon, while the largest percentage increases occurred in Wyoming, followed by Montana and Oregon. Employment in Maryland, Arkansas, and New Hampshire experienced a statistically significant decrease in December.

Employment increased in twenty-five states in December compared to one year ago. For the third consecutive month California, Texas, and Florida added the most jobs over the past year. The largest percentage increase occurred in Nevada. No state experienced a statistically significant decline in employment over the past year.

Professional and Business Services added 2,200 jobs in December, the largest increase in employment among all industries in the state. The sector also experienced the largest percentage increase of 2.0 percent. Government experienced the largest decline in employment for the month as the sector lost 900 jobs. The largest percentage decline, however, occurred in Arts and Entertainment, as employment in the industry fell 3.0 percent in December, a loss of 400 jobs.

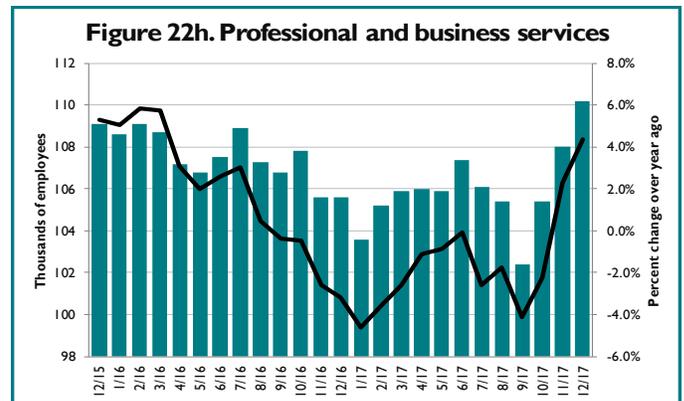
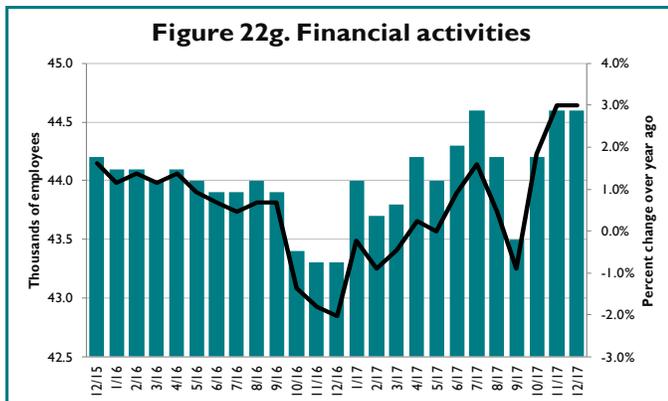
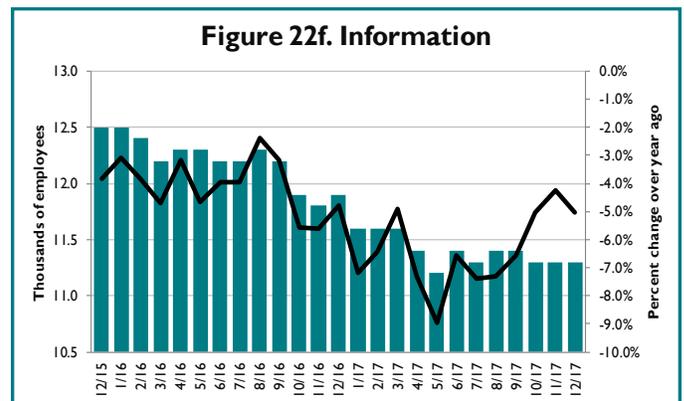
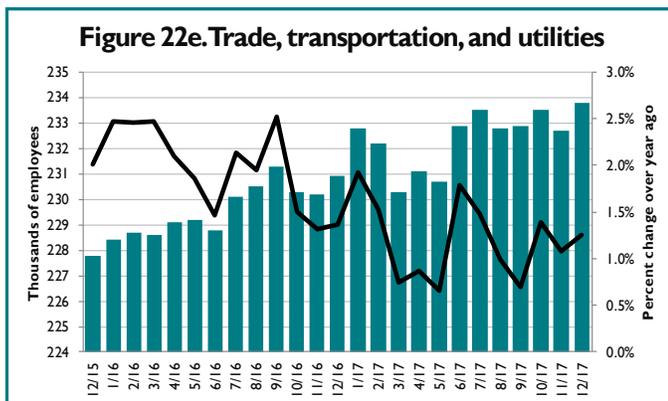
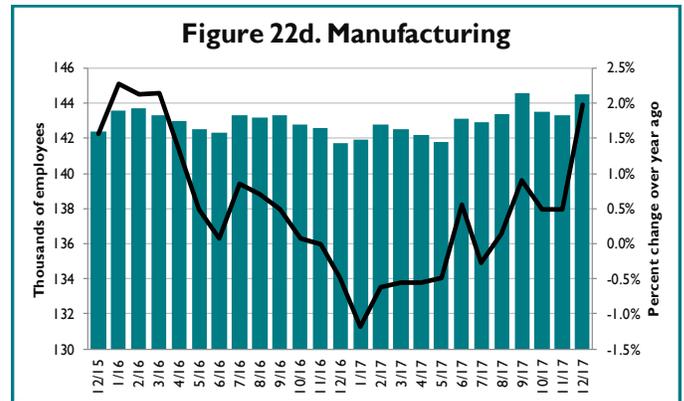
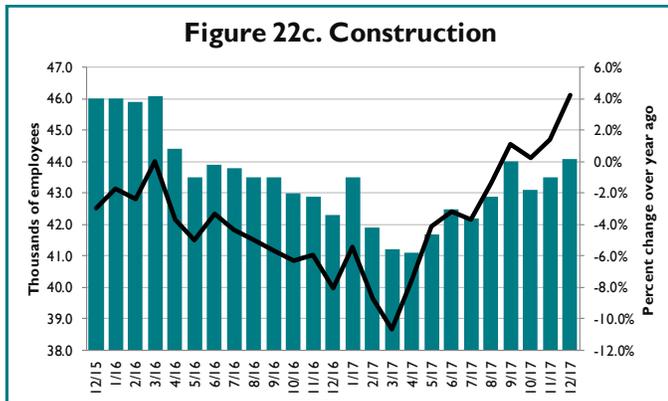
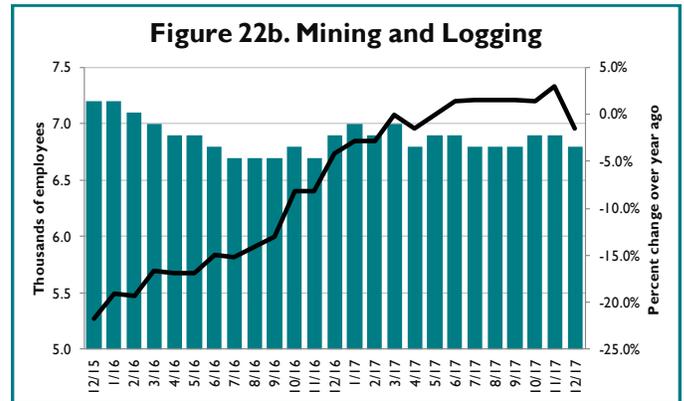
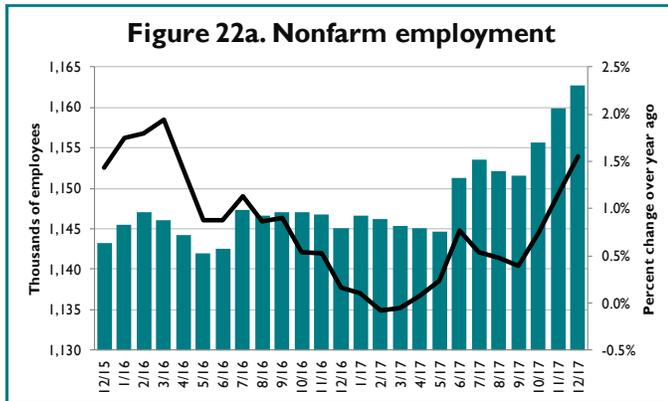
Professional and Business Services also added the most jobs in the state in December compared to one year ago. Employment in the sector rose by 4,600 jobs, followed by the 4,100 jobs added by Health Care and Social Assistance. The largest percentage increase in employment in the state over the past year occurred in Arts and Entertainment, a gain of 11.2 percent. The largest decline in employment in Mississippi in December compared to one year ago was a tie between Government and Retail Trade, as both sectors lost 1,100 jobs over the past twelve months. The Information sector experienced the largest percentage decrease in employment compared to one year ago of 5.0 percent, a decline of 600 jobs.

Table 2. Change in Mississippi employment by industry, December 2017

	Relative share of total ^a	December 2017	November 2017	December 2016	Change from November 2017		Change from December 2016	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,162,800	1,159,900	1,145,000	▲2,900	▲0.3%	▲17,800	▲1.6%
Mining and Logging	0.6%	6,800	6,900	6,900	▼100	▼1.4%	▼100	▼1.4%
Construction	3.7%	44,100	43,500	42,300	▲600	▲1.4%	▲1,800	▲4.3%
Manufacturing	12.4%	144,500	143,300	141,700	▲1,200	▲0.8%	▲2,800	▲2.0%
Trade, Transportation, & Utilities	20.2%	233,800	232,700	230,900	▲1,100	▲0.5%	▲2,900	▲1.3%
Retail Trade	12.1%	139,000	138,300	140,100	▲700	▲0.5%	▼1,100	▼0.8%
Information	1.0%	11,300	11,300	11,900	◆0	◆0.0%	▼600	▼5.0%
Financial Activities	3.8%	44,600	44,600	43,300	◆0	◆0.0%	▲1,300	▲3.0%
Services	37.0%	433,900	432,900	423,100	▲1,000	▲0.2%	▲10,800	▲2.6%
Professional & Business Services	9.2%	110,200	108,000	105,600	▲2,200	▲2.0%	▲4,600	▲4.4%
Educational Services	1.1%	12,500	12,700	12,000	▼200	▼1.6%	▲500	▲4.2%
Health Care & Social Assistance	11.4%	133,200	133,100	129,100	▲100	▲0.1%	▲4,100	▲3.2%
Arts & Entertainment	1.1%	12,900	13,300	11,600	▼400	▼3.0%	▲1,300	▲11.2%
Accommodation and Food Services	10.7%	124,600	125,200	124,900	▼600	▼0.5%	▼300	▼0.2%
Other Services	3.5%	40,500	40,600	39,900	▼100	▼0.2%	▲600	▲1.5%
Government	21.3%	243,800	244,700	244,900	▼900	▼0.4%	▼1,100	▼0.4%

^aRelative shares are for the most recent twelve-month average. Source: U.S. Bureau of Labor Statistics

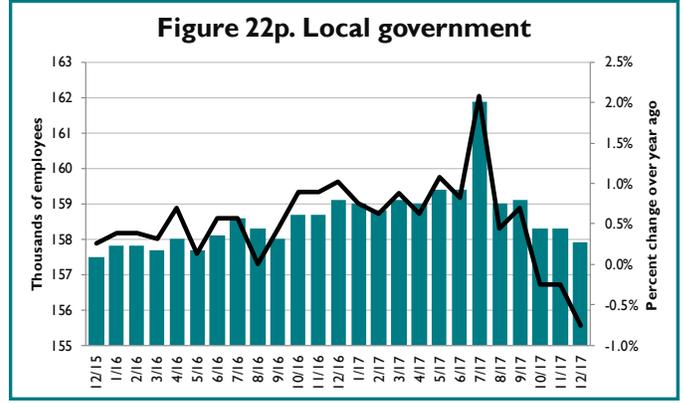
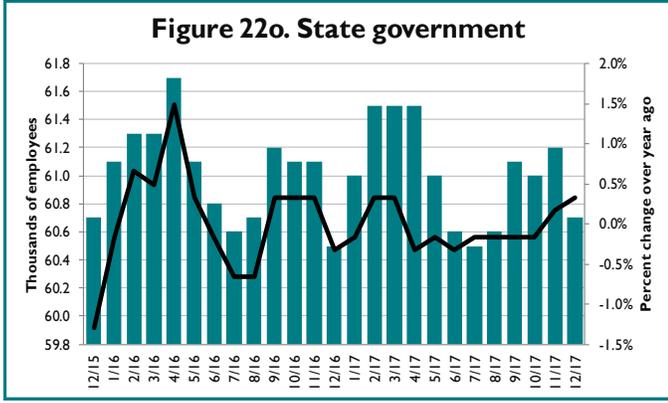
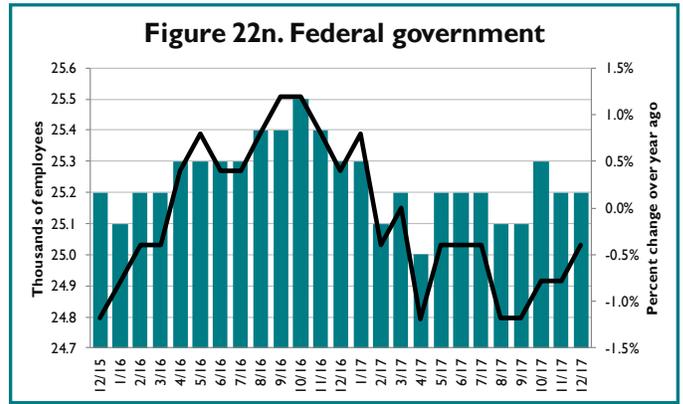
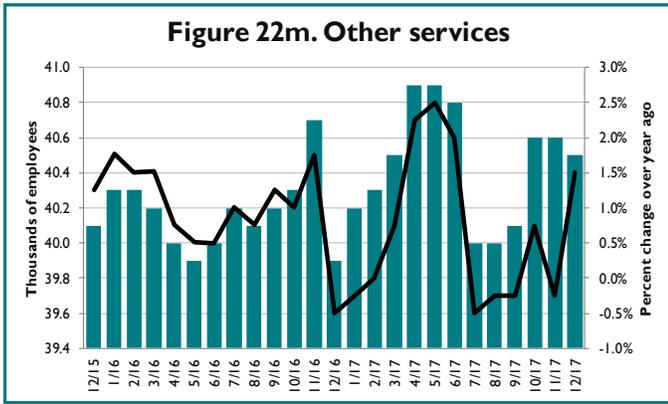
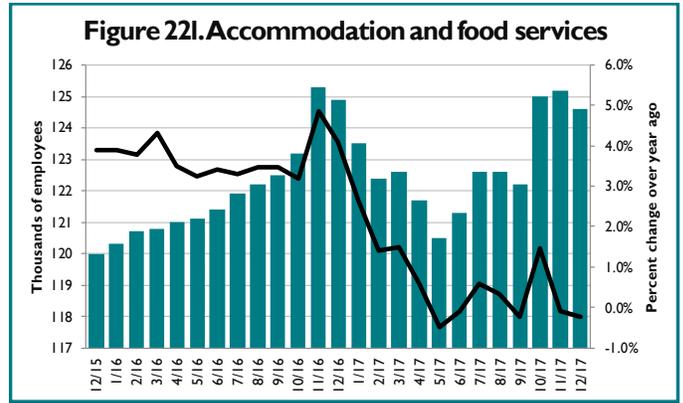
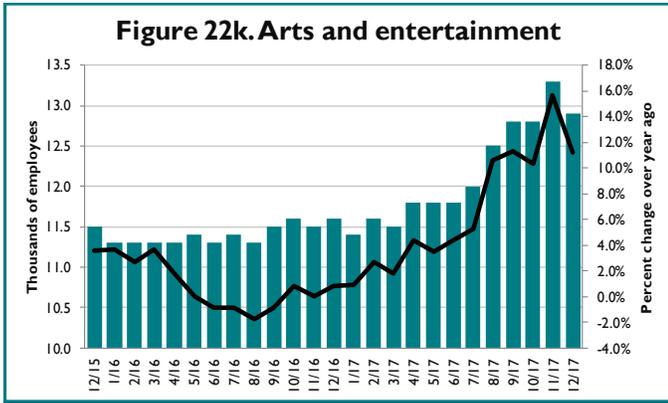
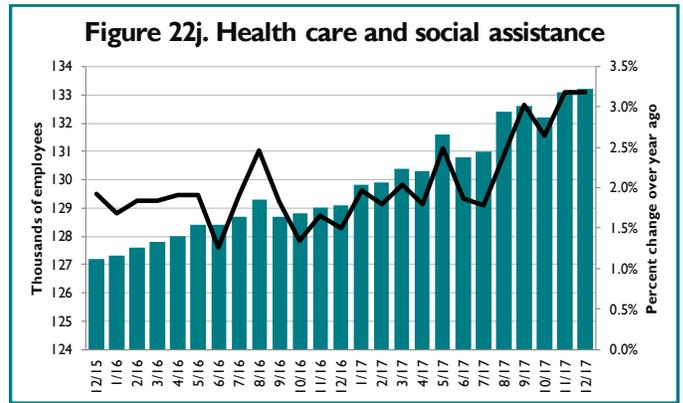
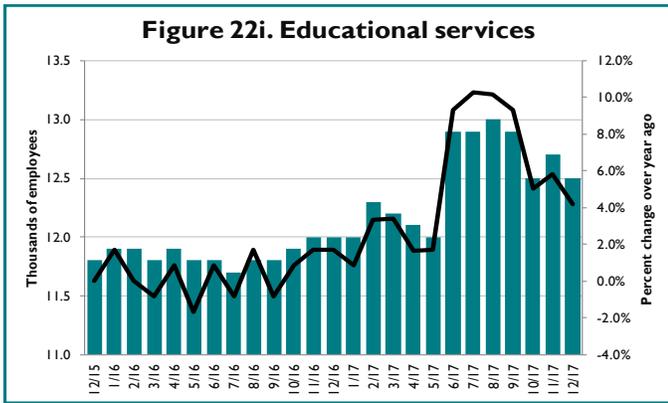
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

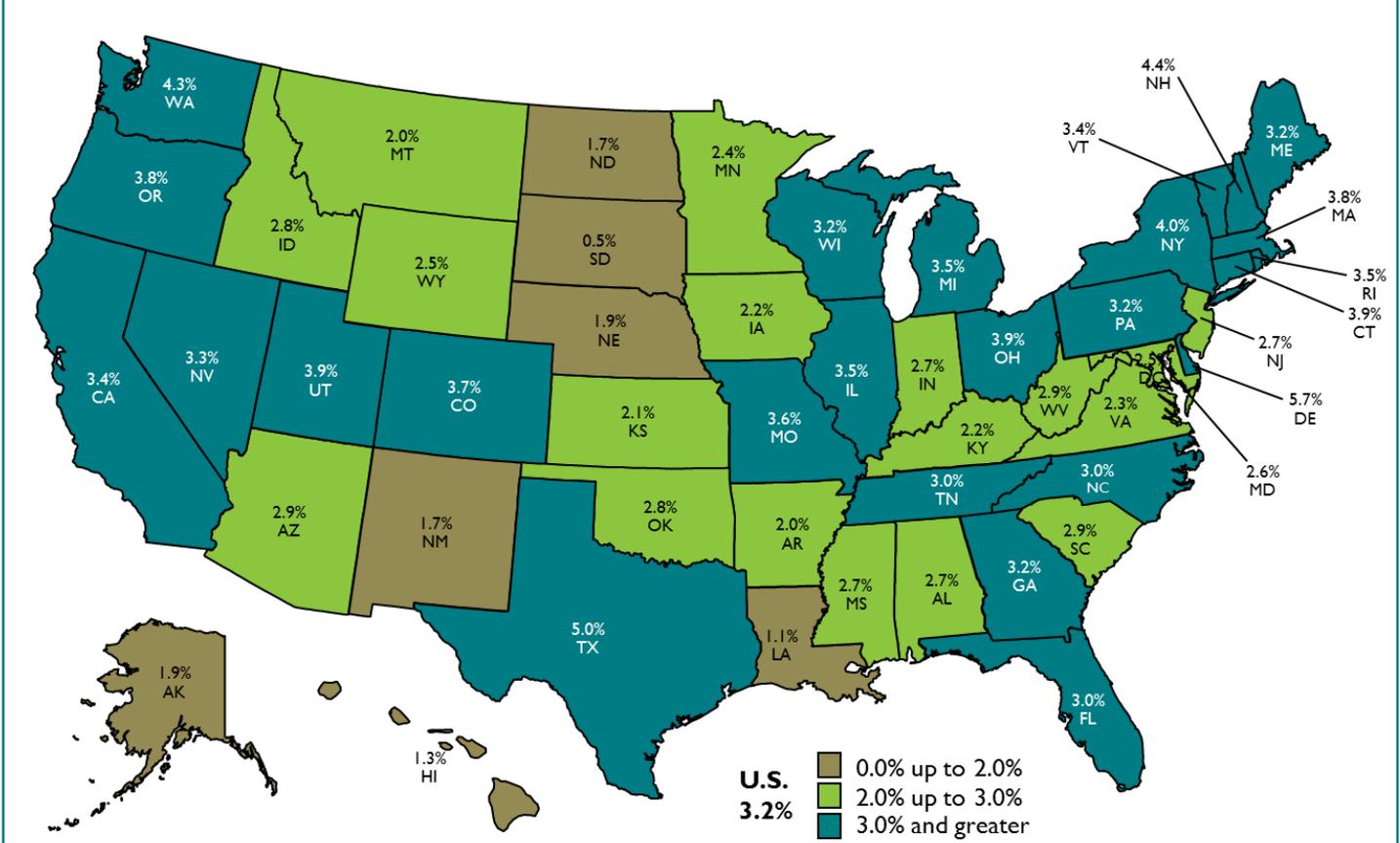
CHANGE IN MISSISSIPPI REAL GDP IN 2017Q3

According to the U.S. Bureau of Economic Analysis (BEA) real gross domestic product (GDP) for Mississippi increased at an annualized rate of 2.7 percent in the third quarter of 2017. This rate of growth ranked thirty-fourth among all states and was below the increase in U.S. real GDP of 3.2 percent in the third quarter. The rate also marked a decline from the second quarter, when real GDP in the state increased at an annualized rate of 3.0 percent.

Figure 23 below indicates real GDP increased in every state in the third quarter of 2017, an improvement over both the first and second quarters of the year. In twenty-five states, real GDP increased at annualized rates of 3.0 percent or more. The largest growth in the third quarter occurred in Delaware, where real GDP expanded at an annualized rate of 5.7 percent. The next largest rate of growth was the 5.0 percent increase in real GDP in Texas. Mississippi was one of eighteen states along with the District of Columbia where real GDP increased at an annualized rate of 2.0 percent to less than 3.0 percent. In the remaining seven states, real GDP grew at rates of less than 2.0 percent. The lowest rate of growth occurred in South Dakota, where real GDP expanded by only 0.5 percent. No other state grew by less than 1.0 percent in the third quarter. The next smallest rate of growth occurred in Louisiana, where real GDP increased at an annualized rate of 1.1 percent in the third quarter. Louisiana was the only southeastern state where real GDP increased less than 2.0 percent in the third quarter. As seen in Figure 23, the states with the highest rates of growth in the third quarter were generally found in the Northeast and West.

The largest contributor to U.S. real GDP growth in the third quarter was the Finance and Insurance sector, which added 1.04 percentage points to the total increase. This contribution was more than double that of the next largest contributors, the Information and Health Care and Social Assistance sectors, both of which added 0.36 percentage point to the total increase. The smallest contribution came from the Utilities sector, which reduced real GDP by 0.1 per-

Figure 23. Percent change in real GDP (chained 2009 dollars) by state, third quarter 2017



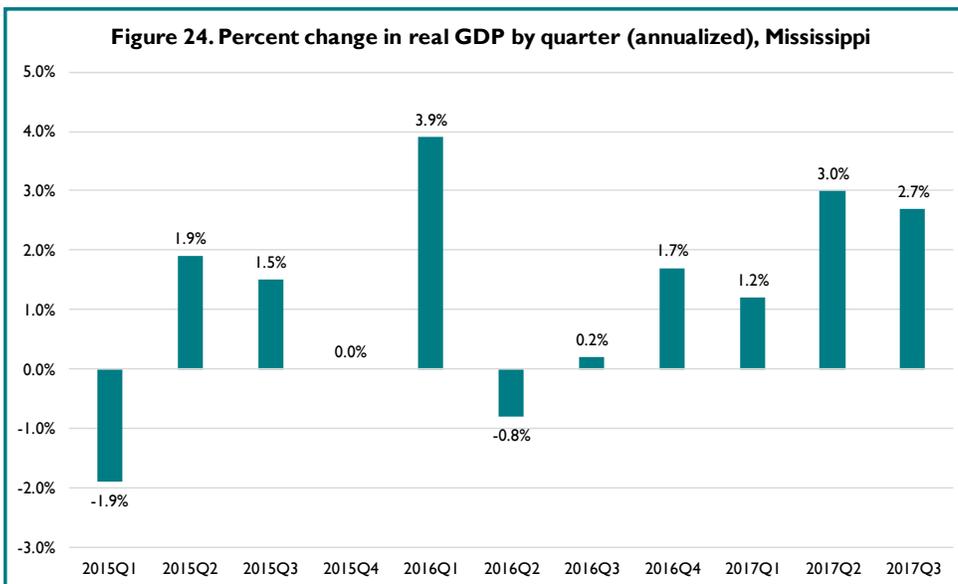
Source: U.S. Bureau of Economic Analysis

MISSISSIPPI'S BUSINESS

CHANGE IN MISSISSIPPI REAL GDP IN 2017Q3, CONTINUED

centage point. The only other negative contributions came from Construction and Agriculture, Forestry, Fishing, and Hunting, which added -0.05 and -0.03 percentage points, respectively, to the total increase. The Finance and Insurance sector was also the largest contributor to growth in thirty-three states in the third quarter, most notably Delaware, where the sector added 4.57 percentage point to the increase in the state's real GDP. In a number of states the contribution of this sector in the third quarter exceeded 1.0 percentage point. The contribution of the Utilities sector was negative in all states except Hawaii and Washington, where it added less than 0.1 percentage point to real GDP growth. Similarly, the contribution of the Construction sector was negative in thirty states in the third quarter.

In Mississippi, the largest contributor to the increase in real GDP in the third quarter was essentially a tie between Finance and Insurance and Retail Trade, which added 0.57 and 0.56 percentage point to growth, respectively. The Manufacturing sector closely followed, as it added 0.48 percentage point to the increase in real GDP. The sectors that made the smallest contribution to real GDP growth in the third quarter were Utilities and Real Estate and Rental and Leasing, both of which reduced real GDP by 0.17 percentage point. The only other sector that contributed negatively to real GDP growth in Mississippi in the third quarter was Agriculture, Forestry, Fishing, and Hunting, which reduced real GDP by 0.11 percentage point.



Source: U.S. Bureau of Economic Analysis

Figure 24 depicts the change in Mississippi real GDP by quarter since 2015. The graph indicates the relative volatility of the change in real GDP in 2015 and 2016; for example, the decline of 1.9 percent in the first quarter of 2015 was followed by an increase of 1.9 percent in the second quarter. However, the most notable aspect of Figure 24 is likely that real GDP in the state has increased for five consecutive quarters; moreover, this growth has exceeded 1.0 percent for the most recent four quarters. The last time real GDP in Mississippi increased for five consecutive quarters was in the second quarter of 2011 through

the second quarter of 2012. In 2012 Mississippi real GDP increased 2.2 percent and in 2016 the state's real GDP increased 1.2 percent. Those two years mark the only times annual real GDP for the state has expanded by more than 1.0 percent since 2008. Thus, if growth in real GDP in the fourth quarter is similar to the first three quarters of the year, then 2017 should mark another year of an increase greater than 1.0 percent. Mississippi's economy is also on track to expand for the third consecutive year, which last happened over the 2006-2008 period. BEA is scheduled to release preliminary data for the fourth quarter and annual 2017 real GDP for states in early May.

In summary, the strength of the national economy since the first quarter of 2017 likely lifted the economic performance of most states, including Mississippi. Data over the past year appear to indicate the state's economy is less subject to the swings in real GDP that have characterized the years following the Great Recession. However, important caveats include economic growth in most states continues to outpace the Mississippi economy and the BEA data are subject to revision.