

# MISSISSIPPI'S BUSINESS

VOLUME 81, ISSUE 2      FEBRUARY 2023

A Publication of the University Research Center, Mississippi Institutions of Higher Learning

## ECONOMY AT A GLANCE

The value of the Mississippi Leading Index (MLI) fell 0.8 percent in December as seen in Figure 1. For the month the value of the MLI compared to one year earlier was 5.5 percent lower.

Figure 2 indicates the value of the Mississippi Coincident Index (MCI) increased 0.1 percent in December. Compared to one year ago the value for the month was 1.8 percent higher.

In its first estimate of the change in U.S. real gross domestic product (GDP) in the fourth quarter of 2022, the U.S. Bureau of Economic Analysis reported an increase of

2.9 percent at a seasonally-adjusted, annualized rate. The increase resulted from increases in private inventory investment, consumer spending, federal, state, and local government spending, and nonresidential fixed investment. These increases were partially offset by decreases in residential fixed investment and exports. The change in the third quarter remained an increase at an annualized rate of 3.2 percent. For all of 2022, U.S. real GDP expanded at a rate of 2.1 percent.

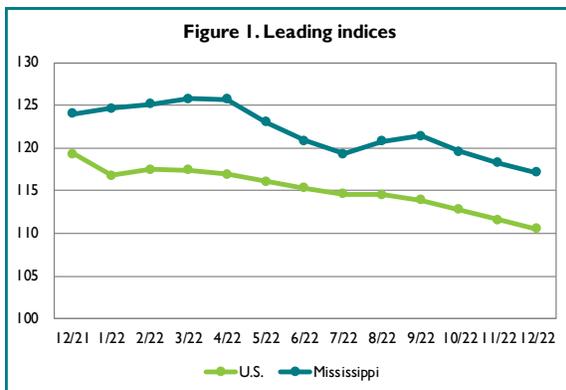
The Mississippi economy continued to show signs of slowing in December as the MLI

fell in value for the third consecutive month. Employment was once again a relative positive as the state added a small number of jobs and initial claims decreased. However, the real value of income tax withholdings had its largest decrease in almost two years as inflation outpaced wage growth. Building permits in the state set an eight-year low in December as higher interest rates quash housing demand. While Mississippi is not currently in a recession, a deterioration of the labor market in the coming months likely is all that is needed to push the state's economy into a downturn.

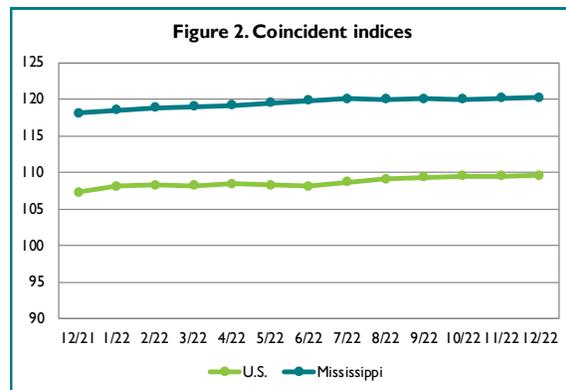
### Inside this issue:

Mississippi Leading Index, December 2022	2
Mississippi Coincident Index, December 2022	4
National Trends	5
Mississippi Employment Trends	8
Change in Mississippi Real Income in 2021	11

Corey Miller, State Economist  
 3825 Ridgewood Road  
 Jackson, MS 39211  
[cmiller@mississippi.edu](mailto:cmiller@mississippi.edu)  
[www.mississippi.edu/urc](http://www.mississippi.edu/urc)



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 2012. 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 2012.

## MISSISSIPPI LEADING INDEX, DECEMBER 2022

In December the value of the **Mississippi Leading Index of Economic Indicators (MLI)** decreased for the third consecutive month. As seen in Figure 3 the value fell 0.8 percent for the month. Compared to one year earlier the value of the MLI in December was down 5.5 percent. The value of the MLI fell 3.1 percent over the last six months.

As in November, five of the seven components of the MLI decreased in value in December. The largest negative contribution for the month came from income tax withholdings. Each component is discussed below in order of smallest to largest contribution.

The value of **Mississippi income tax withholdings** (three-month moving average) fell 2.9 percent in December as Figure 4 indicates, the largest monthly decline since January 2021. The value of withholdings for the month compared to one year earlier was down 4.0 percent, the first year-over-year decrease since March 2021. Over the last six months the value of income tax withholdings in Mississippi decreased 2.9 percent.

**Mississippi residential building permits** (three-month moving average) sank in value by 10.5 percent in December. As seen in Figure 5, the decline was the ninth in the last ten months. Compared to one year earlier the value for the month was down 37.7 percent, the largest year-over-year decrease since August 2010. The number of units in the state decreased 4.7 percent in December. The number of units in the state for the month was down 20.9 percent compared to one year earlier, the largest year-over-year decrease since April 2018. The number of privately-owned housing units authorized by building permits in the U.S. was down

1.6 percent in December from the revised November rate. Compared to one year earlier the number of units in the U.S. in December was 29.9 percent lower.

**U.S. retail sales** lost 1.1 percent in value in December as seen in Figure 6, the third decline in the last four months. The value of sales in November was revised down from a 0.6 percent decrease to a 1.0 percent decrease. Retail sales in December were up 6.0 percent compared to one year earlier. Although sales excluding automobiles and gasoline were down 0.7 percent for the month, sales declines were widespread in December. Building Materials and Sporting Goods and Hobbies were the only segments with slight gains for the month, while sales of Food and Beverages were unchanged.

For the fifth consecutive month, the value of the **ISM Index of U.S. Manufacturing Activity** fell in January. As seen in Figure 7 the value decreased 2.1 percent. Compared to one year earlier the value for the month was 17.7 percent lower. The New Orders component had the largest decrease among all components of the Index. Supplier Deliveries was the only component that increased in January. The prices paid index unexpectedly rose in January, its first increase since March. While supplies of electrical components remain limited, resulting in price increases, decreases in prices were reported January for aluminum, crude oil, natural gas, and other commodities.

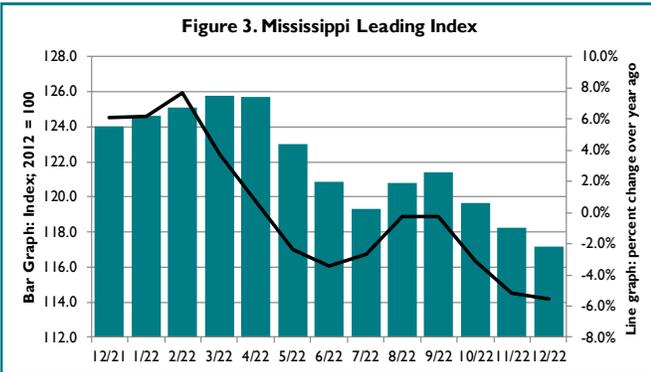
For the fourth consecutive month, the value of the **Mississippi Manufacturing Employment Intensity Index** decreased in December. As Figure 8 indicates, the value for the

month was down 0.4 percent. Compared to one year earlier the value in December was 1.3 percent higher. Although Manufacturing employment in the state increased in December, this increase was more than offset by a decrease in the average weekly hours of production employees in Mississippi.

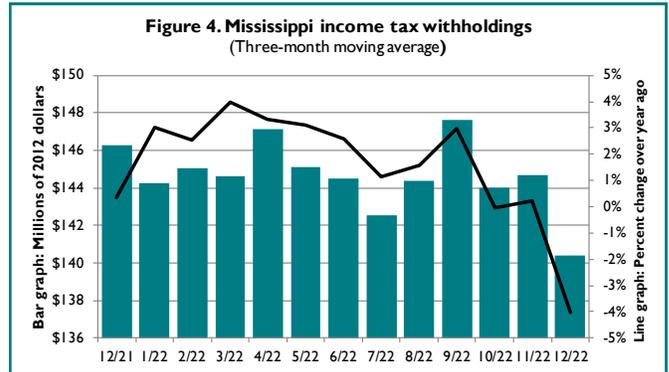
In December the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) increased 3.8 percent as seen in Figure 9. The increase was the fifth in the last six months. The value in December was down 9.0 percent compared to one year earlier. The most recent survey indicated consumers felt somewhat better about their personal finances. Short-term (one-year) inflation expectations decreased for third consecutive month in the most recent survey while long-term (five-year) inflation expectations did not change.

As seen in Figure 10 the number of seasonally-adjusted **initial unemployment claims** in Mississippi dropped 27.0 percent in November. Compared to one year earlier, the value for the month was 7.3 percent lower. The number of seasonally-adjusted continued unemployment claims in Mississippi rose 11.4 percent in December as seen in Figure 16 on page 6, the fourth consecutive monthly increase. The number of continued unemployment claims in the state in December was down 3.3 percent compared to one year earlier. The unemployment rate for Mississippi in December was 4.0 percent as seen in Figure 17 on page 6, up 0.1 percentage point from November. The rate was down 0.7 percentage point for the month compared to one year earlier.

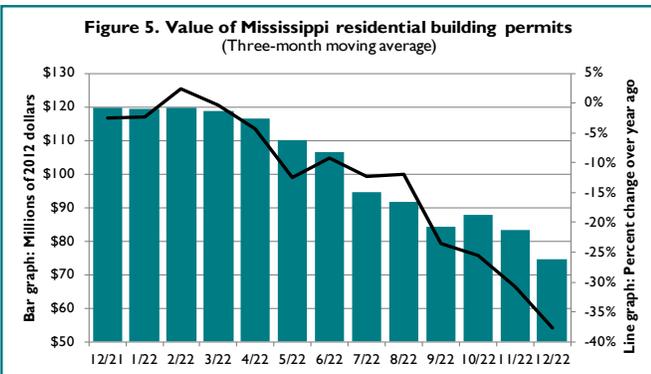
# MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



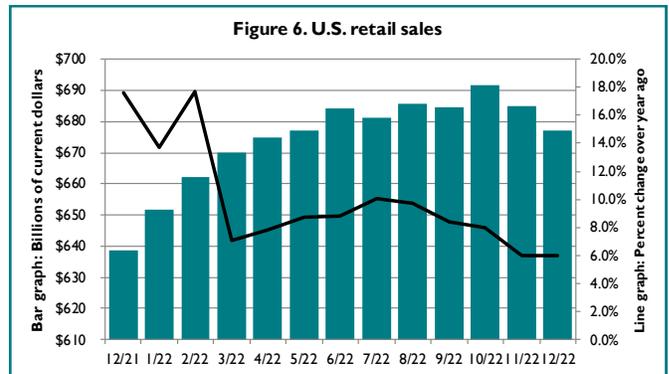
Source: University Research Center



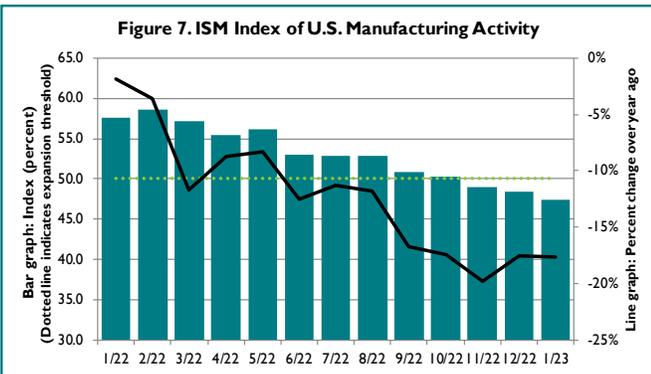
Source: Mississippi Department of Revenue; seasonally adjusted



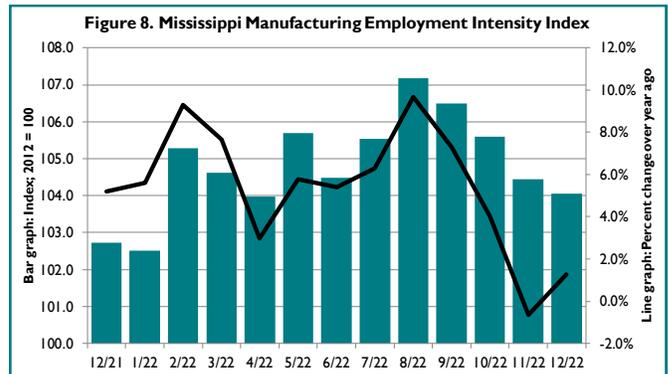
Source: URC using data from U.S. Bureau of Labor Statistics



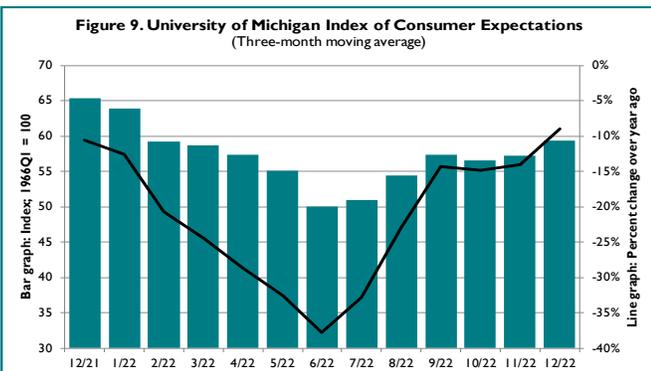
Source: U.S. Bureau of the Census; seasonally adjusted



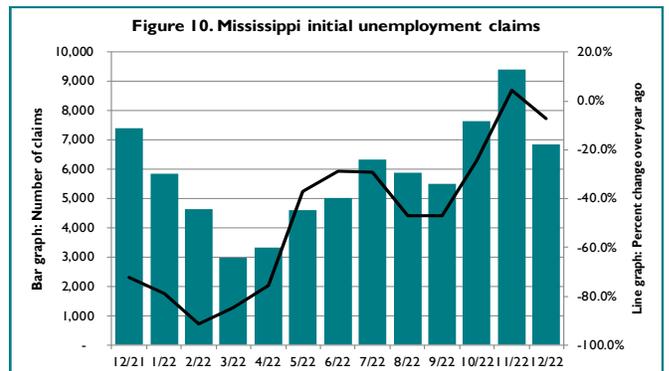
Source: Institute for Supply Management



Source: URC using data from U.S. Bureau of Labor Statistics



Source: Thomson Reuters/University of Michigan Surveys of Consumers



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

## MISSISSIPPI COINCIDENT INDEX, DECEMBER 2022

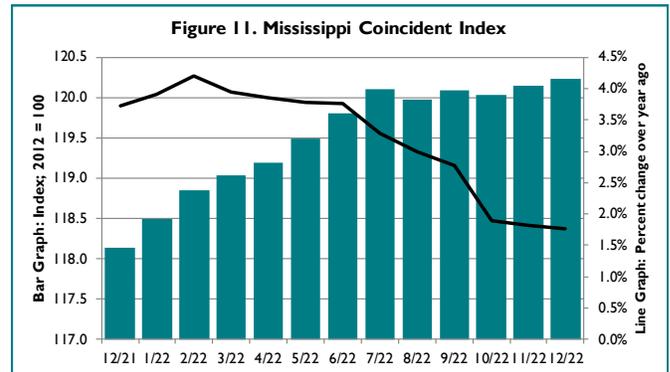
The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.1 percent in December as seen in Figure 11. For the month the value of the MCI was 1.8 percent higher compared to one year earlier.

Figure 12 indicates the values of the coincident indices rose in thirty-two states in December compared to three months earlier according to the Federal Reserve Bank of Philadelphia. As in recent months the largest increase among all states occurred in Hawaii, where the value rose more than 1.4 percent over the last three months. Seven states had increases of more than 1.0 per-

cent in December compared to September. The values of the coincident indices increased less than 1.0 percent over the last three months in twenty-five states, including Mississippi. In

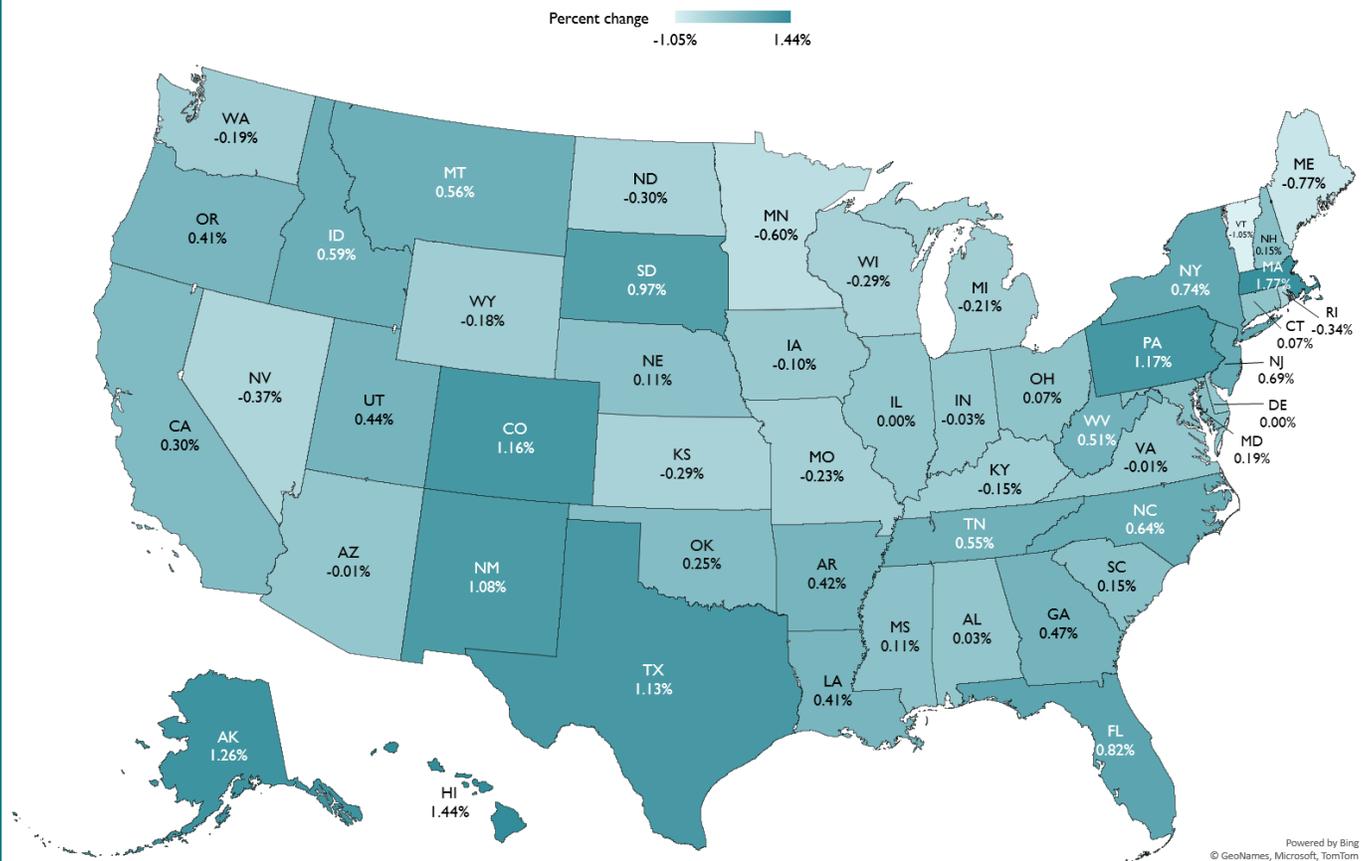
Delaware and Illinois the values of the coincident indices were unchanged over the last three months. In seventeen states the values of the coincident indices decreased in December compared to three months earlier. The largest decrease in the

value of a coincident index occurred in Vermont, where the value fell just over 1.0 percent in December compared to September. No other state had a decrease of more than 1.0 percent over the last three months.



Source: Federal Reserve Bank of Philadelphia

Figure 12. Three-month growth in the coincident index of economic indicators, December 2022



Source: Federal Reserve Bank of Philadelphia

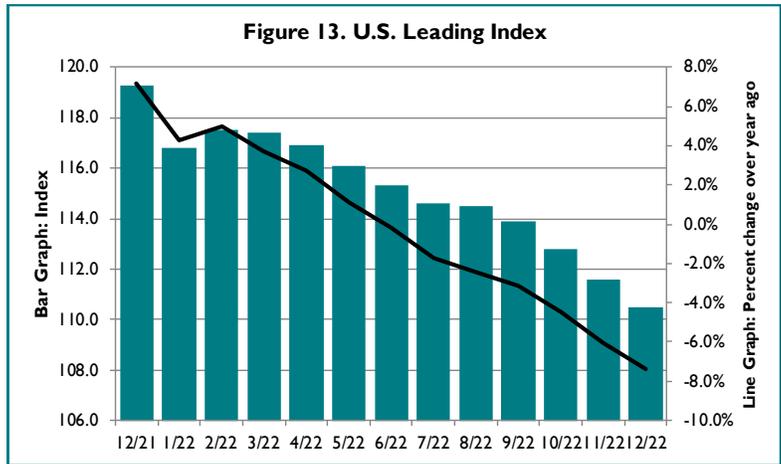
## NATIONAL TRENDS

For the tenth consecutive month, The Conference Board reported the value of the U.S. Leading Economic Index (LEI) decreased in December. As seen in Figure 13 the value of the LEI sank 1.1 percent for the month. Compared to one year earlier, the value in December was 7.4 percent lower. Eight of the ten components of the LEI made negative contributions in December. The larger positive contribution was made by manufacturers' new orders for nondefense capital goods. The ISM New Orders Index was the largest negative contributor. The value of the LEI decreased 4.2 percent over the last six months.

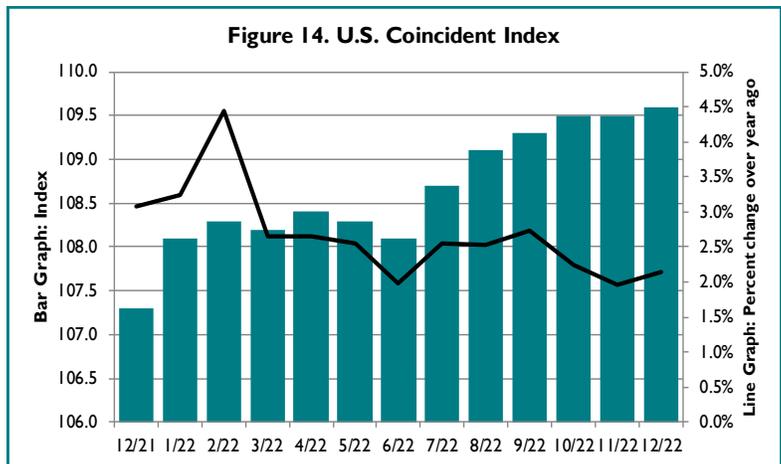
The value of the U.S. Coincident Economic Index (CEI) increased 0.1 percent in December according to The Conference Board as seen in Figure 14. Compared to one year earlier the value of the CEI for the month was 2.1 percent higher. In November three of the four components of the CEI made positive contributions. As in the previous month industrial production made the only negative contribution. Over the last six months the value of the CEI rose 1.4 percent.

As seen in Figure 15 the value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index fell 2.3 percent in December. The value of the Index for the month was 9.2 percent lower compared to one year earlier. The most important concern among respondents in December was inflation, as 32 percent reported it was the biggest challenge to their business. The share of respondents who reported hard to fill job openings in December was 41 percent, down 3 percentage points from the previous month.

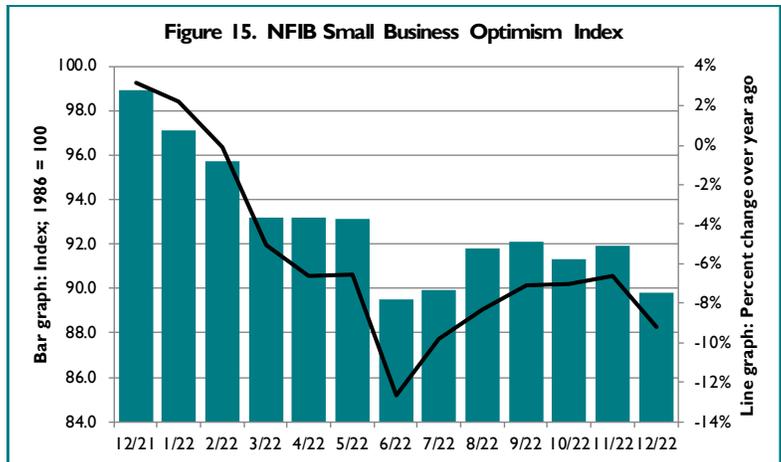
As most analysts expected, the Federal Open Market Committee (FOMC) raised the benchmark federal-funds rate target by 25 basis points at its February meeting. The rate target is now in the range of 4.5 and 4.75 percent. The FOMC statement following the meeting said, "ongoing increases in the target range will be appropriate." Most observers interpret that language to mean at least one more 25 basis point increase will occur at the March meeting, and possibly another in May.



Source: The Conference Board

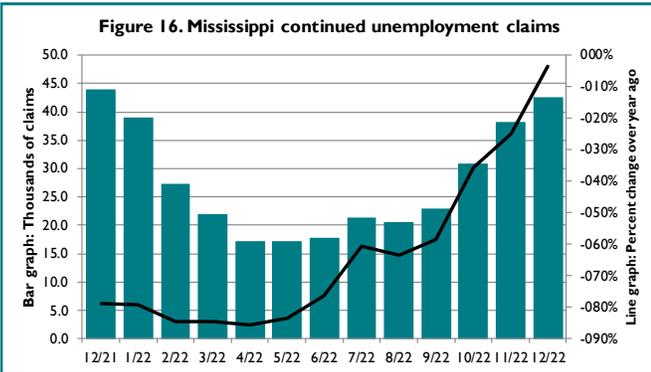


Source: The Conference Board

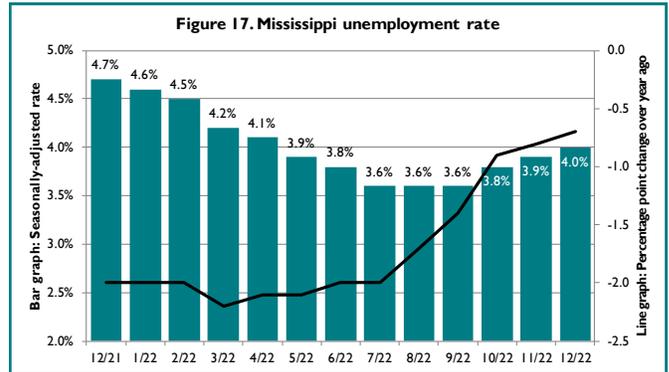


Source: National Federation of Independent Businesses

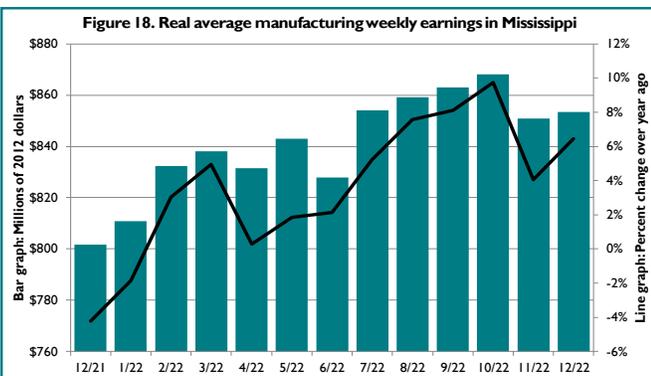
# MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



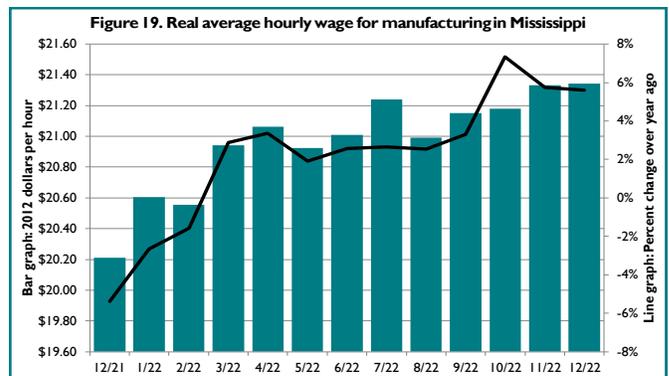
Sources: U.S. Department of Labor, URC (seasonal adjustment)



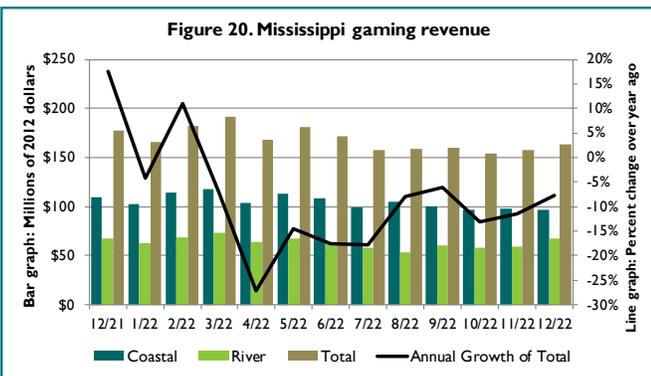
Source: U.S. Bureau of Labor Statistics



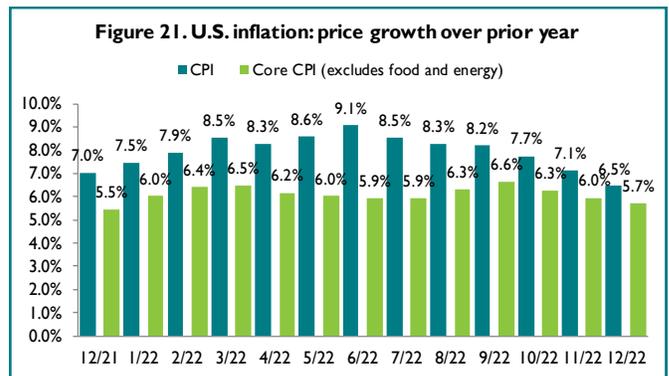
Sources: U.S. Bureau of Labor Statistics, URC (seasonal adjustment)



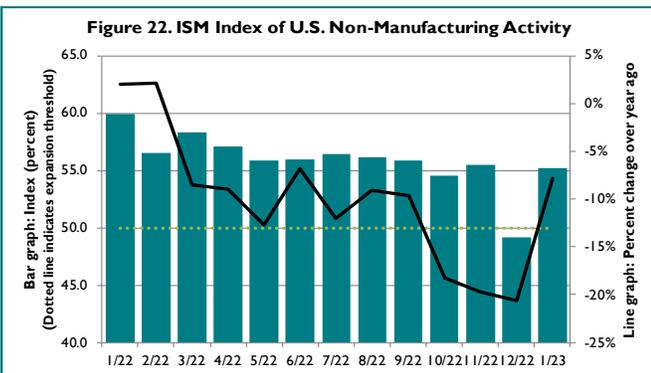
Sources: U.S. Bureau of Labor Statistics, URC (seasonal adjustment)



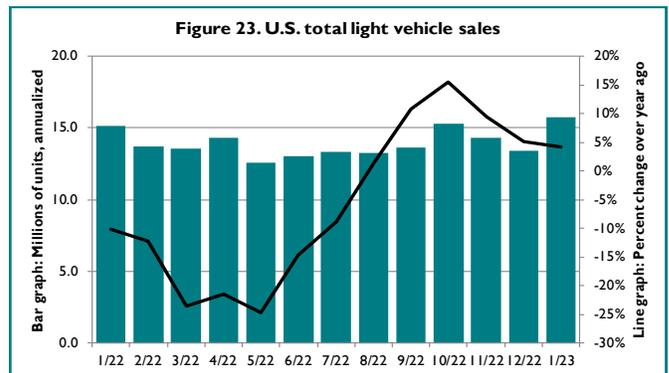
Source: Mississippi Department of Revenue, URC (seasonal adjustment)



Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: U.S. Bureau of Economic Analysis

**TABLE I. SELECTED ECONOMIC INDICATORS**

Indicator	December	November	December	Percent change from	
	2022	2022	2021	November 2022	December 2021
<b>U.S. Leading Economic Index</b> 2012 = 100. Source: The Conference Board	110.5	111.6	119.3	▼1.0%	▼7.4%
<b>U.S. Coincident Economic Index</b> 2012 = 100. Source: The Conference Board	109.6	109.5	107.3	▲0.1%	▲2.1%
<b>Mississippi Leading Index</b> 2012 = 100. Source: University Research Center	117.2	118.2	124.0	▼0.8%	▼5.5%
<b>Mississippi Coincident Index</b> 2012 = 100. Source: Federal Reserve Bank of Philadelphia	120.2	120.1	118.1	▲0.1%	▲1.8%
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	6,866	9,408	7,406	▼27.0%	▼7.3%
<b>Value of Mississippi residential building permits</b> Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Bureau of the Census	74.6	83.4	119.8	▼10.5%	▼37.7%
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Mississippi Department of Revenue	140.4	144.7	146.3	▼2.9%	▼4.0%
<b>Mississippi Manufacturing Employment Intensity Index</b> 2012 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	104.0	104.4	102.7	▼0.4%	▲1.3%
<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	59.4	57.2	65.3	▲3.8%	▼9.0%
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	47.4	48.4	57.6	▼2.1%	▼17.7%
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	677.1	685.0	638.7	▼1.1%	▲6.0%
<b>U.S. Consumer Price Index (CPI)</b>	296.8	297.7	278.8	▼0.3%	▲6.5%
<b>U.S. Core CPI (excludes food and energy)</b> 1982-84 = 100. Source: URC using data from Bureau of Labor Statistics	300.1	299.6	283.9	▲0.2%	▲5.7%
<b>Mississippi unemployment rate</b> Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	4.0%	3.9%	4.7%	▲0.1	▼0.7
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	42,512	38,172	43,980	▲11.4%	▼3.3%
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	55.2	49.2	59.9	▲12.2%	▼7.8%
<b>U.S. mortgage rates</b> Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	6.70%	6.94%	3.25%	▼0.24	▲3.45
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	21.34	21.33	20.21	▲0.1%	▲5.6%
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	853.42	850.87	801.62	▲0.3%	▲6.5%
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	89.8	91.9	98.9	▼2.3%	▼9.2%
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	15.74	13.37	15.11	▲17.7%	▲4.1%
<b>Gaming revenue</b>	163.84	157.34	177.7	▲4.1%	▼7.8%
<b>Coastal counties</b>	96.60	98.24	110.2	▼1.7%	▼12.3%
<b>River counties</b> Seasonally adjusted; millions of 2012 dollars. Source: Mississippi Department of Revenue	67.23	59.10	67.6	▲13.8%	▼0.5%

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

## MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi rose by 500 jobs in December according to the U.S. Bureau of Labor Statistics (BLS), essentially unchanged in percentage terms. November employment in the state was revised up by 800 jobs. As seen in Table 2, compared to one year earlier employment in the state in December was higher by 500 jobs, also essentially unchanged.

According to BLS total nonfarm employment was essentially unchanged in forty-nine states and the District of Columbia in December. West Virginia was the only state where employment fell in December as the state lost 9,700 jobs, a 1.4 percent decrease.

BLS reported employment increased in forty-two states and the District of Columbia over the past twelve months as of December and was essentially unchanged in eight

states. Texas added 650,100 jobs over the past twelve months, the largest increase among all states, followed by California, which added 621,400 jobs, and Florida, which added 440,000 jobs. The largest percentage increase among all states over the last twelve months occurred in Texas, where employment rose 5.0 percent, followed by the 4.8 percent increase in Florida.

The Trade, Transportation, and Utilities sector added 800 jobs in Mississippi in December, the largest increase among all sectors. The largest percentage increase in employment among all sectors was the 4.7 percent increase in Arts and Entertainment. The largest decrease in employment among all sectors in the state in December occurred in Health Care and Social Assistance, which lost 1,000 jobs. Employment in this sector and the Professional and Business Services sector fell 0.8

percent for the month, the largest percentage decreases among all sectors in the state.

Over the last twelve months as of December the Health Care and Social Assistance sector added 2,000 jobs, the most among all sectors in Mississippi. The Construction sector closely followed with 1,900 jobs added. The largest percentage increase in employment among all sectors in the state over the last twelve months occurred in the Educational Services sector, where employment rose 5.6 percent. The Trade, Transportation, and Utilities sector lost 4,600 jobs over the last twelve months, the largest decrease in employment among all sectors in Mississippi. The Arts and Entertainment sector had the largest percentage decrease in employment among all sectors in the state over the last twelve months of 5.3 percent, a loss of 500 jobs.

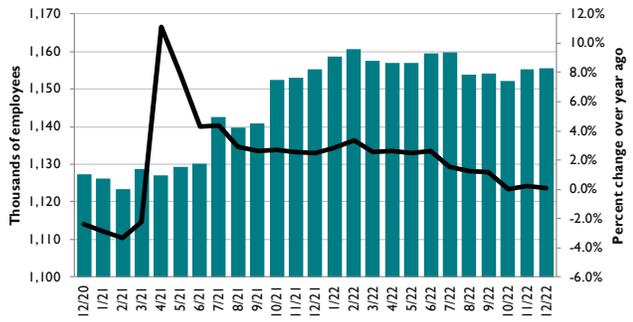
**Table 2. Change in Mississippi employment by industry, December 2022**

	Relative share of total <sup>a</sup>	December 2022	November 2022	December 2021	Change from November 2022		Change from December 2021	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,155,700	1,155,200	1,155,200	▲500	◀▶0.0%	▲500	◀▶0.0%
Mining and Logging	0.5%	6,100	6,100	6,000	◀▶0	◀▶0.0%	▲100	▲1.7%
Construction	4.1%	48,700	48,500	46,800	▲200	▲0.4%	▲1,900	▲4.1%
Manufacturing	12.9%	148,900	148,300	148,200	▲600	▲0.4%	▲700	▲0.5%
Trade, Transportation & Utilities	20.6%	235,900	235,100	240,500	▲800	▲0.3%	▼4,600	▼1.9%
Retail Trade	11.8%	134,400	134,200	137,600	▲200	▲0.1%	▼3,200	▼2.3%
Information	0.8%	9,700	9,700	9,600	◀▶0	◀▶0.0%	▲100	▲1.0%
Financial Activities	3.8%	43,900	44,000	42,700	▼100	▼0.2%	▲1,200	▲2.8%
Services	37.0%	428,400	429,700	426,200	▼1,300	▼0.3%	▲2,200	▲0.5%
Professional & Business Services	10.0%	115,800	116,700	115,700	▼900	▼0.8%	▲100	▲0.1%
Educational Services	1.1%	13,100	13,100	12,400	◀▶0	◀▶0.0%	▲700	▲5.6%
Health Care and Social Assistance	11.1%	129,400	130,400	127,400	▼1,000	▼0.8%	▲2,000	▲1.6%
Arts and Entertainment	0.8%	8,900	8,500	9,400	▲400	▲4.7%	▼500	▼5.3%
Accommodation and Food Services	10.6%	122,600	122,800	122,000	▼200	▼0.2%	▲600	▲0.5%
Other Services	3.3%	38,600	38,200	39,300	▲400	▲1.0%	▼700	▼1.8%
Government	20.3%	234,100	233,800	235,200	▲300	▲0.1%	▼1,100	▼0.5%

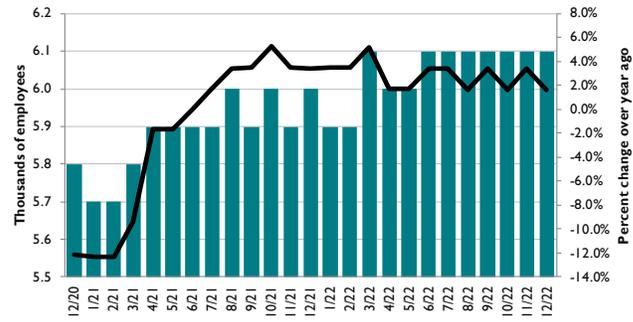
<sup>a</sup>Relative shares are for the most recent twelve-month average. Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

# MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES

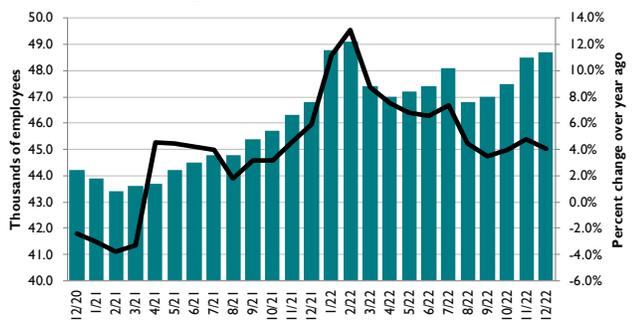
**Figure 24a. Nonfarm employment**



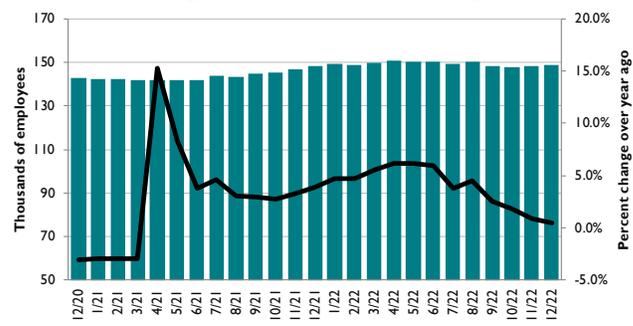
**Figure 24b. Mining and Logging**



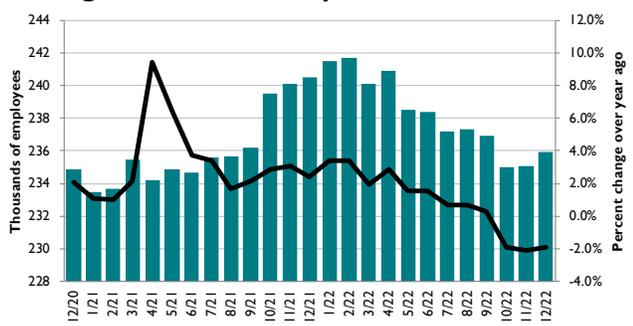
**Figure 24c. Construction**



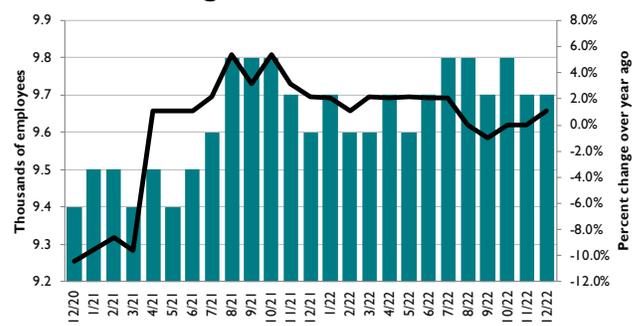
**Figure 24d. Manufacturing**



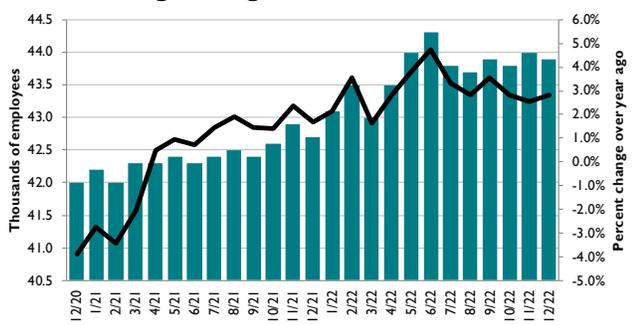
**Figure 24e. Trade, transportation, and utilities**



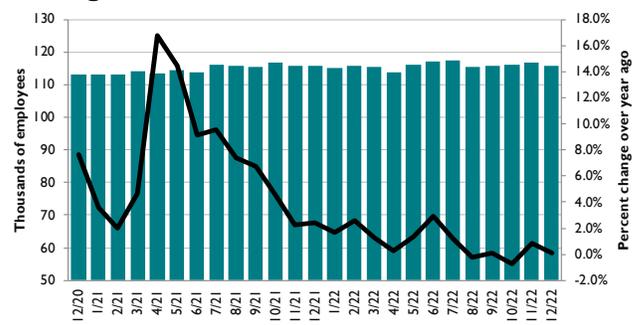
**Figure 24f. Information**



**Figure 24g. Financial activities**

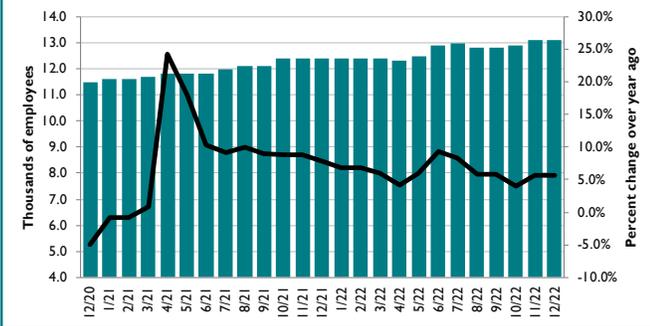


**Figure 24h. Professional and business services**

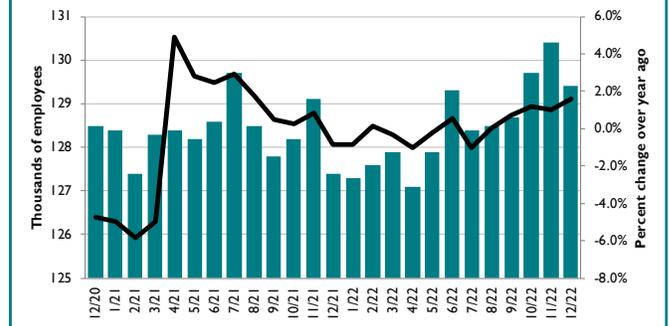


## MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

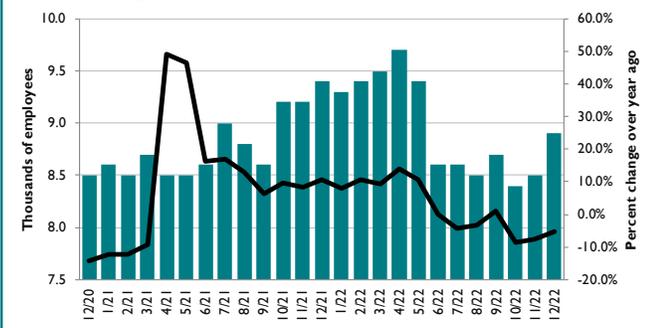
**Figure 24i. Educational services**



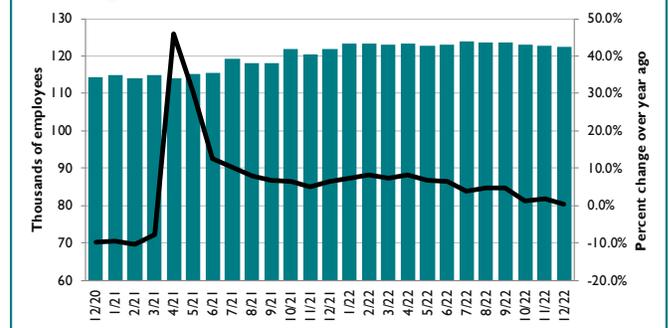
**Figure 24j. Health care and social assistance**



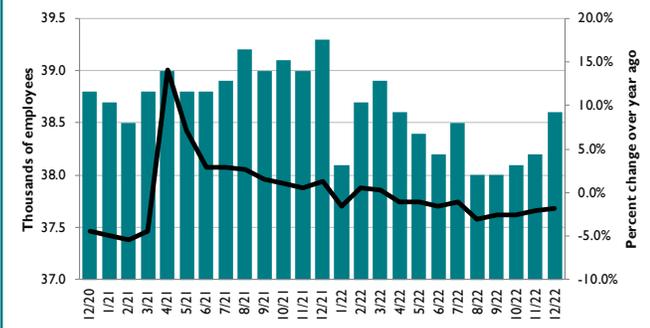
**Figure 24k. Arts and entertainment**



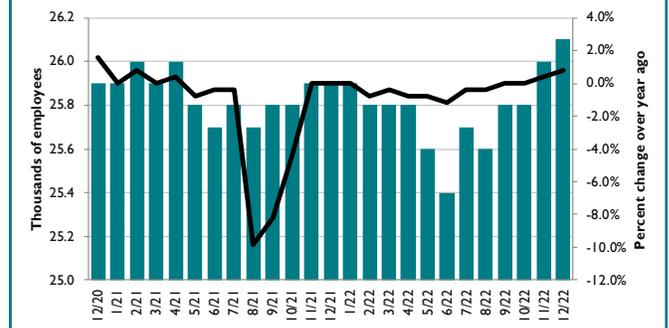
**Figure 24l. Accommodation and food services**



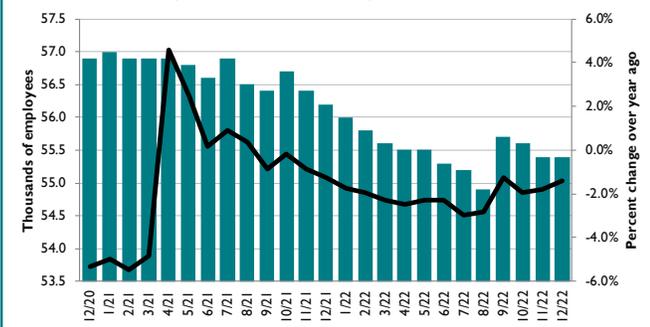
**Figure 24m. Other services**



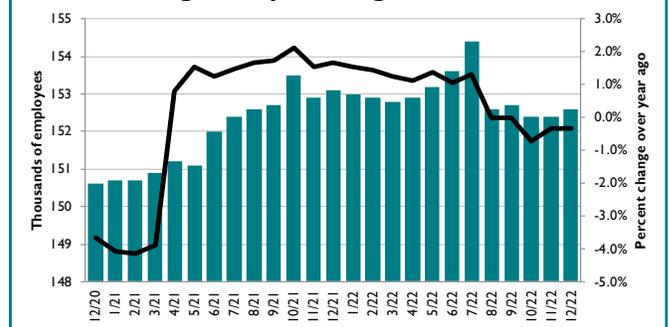
**Figure 24n. Federal government**



**Figure 24o. State government**



**Figure 24p. Local government**



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

## CHANGE IN MISSISSIPPI REAL INCOME IN 2021

Real income in Mississippi increased 2.1 percent in 2021 according to the latest estimate of the U.S. Bureau of Economic Analysis (BEA). The agency has moved up its release dates of real income estimates by state. The 2021 estimate for the state was down from the 2020 estimate of a 7.6 percent increase. Real income in Mississippi increased for the eighth consecutive year in 2021. The 2.1 percent increase in 2021 ranked thirty-ninth among all states. The increase in real income in Mississippi was less than the U.S. increase of 3.3 percent as seen in Figure 25 on page 12. U.S. real income growth decreased 2.3 percentage points from the revised growth rate in 2020 of 5.5 percent. Mississippi was one of thirteen states where real income increased between 2.0 percent and 3.0 percent in 2021. Real income increased in forty-eight states in 2021 and the largest increase was the 7.2 percent gain in Idaho. The two states where real income decreased in 2021 were West Virginia and Alaska, where real incomes fell 1.2 percent and 2.7 percent, respectively, from their 2020 levels.

BEA also released regional price parities (RPPs) for 2021 for all states with the real income data for the ninth consecutive year. RPPs account for differences in the price level across states each year. By construction the value of the RPP for the U.S. equals 100.0 and the values for each state are expressed as percentages of the U.S. value. RPPs therefore represent a way of measuring the relative cost of living in each state.

The relative RPP rankings among most states changed little from the previous year but a few states saw notable changes. Alaska dropped from the eighth highest RPP in 2020 to the fifteenth highest in 2021. The rankings of the RPPs of North Carolina and South Carolina rose from thirty-seventh and thirty-ninth, respectively, in 2020 to twenty-eighth and twenty-ninth, respectively, in 2021. The values of the RPPs for each state for 2021 are listed at right in Table 3. The state with the highest RPP in 2021 was once again Hawaii. The value of its RPP increased almost 0.4 percentage point to 113.2. The RPP value of 113.2 means that, on average, all items sold in Hawaii in 2021 cost 13.2 percent more than the U.S. average. The state with the lowest RPP value in the nation was again Mississippi. The value of the state's RPP for 2020 equaled 86.6, which reflected an increase of 0.9 percent from the previous year. This value means that on average all items sold in the state in 2021 cost 13.4 percent less than the U.S. average, analogous to the interpretation of the RPP for Hawaii relative to the U.S. The value of the RPP for Alabama of 88.1 was the next highest after Mississippi and ranked forty-ninth among all states. Other southeastern states with relatively low RPPs in 2021 include Arkansas and Kentucky. Florida had the highest-valued RPP among all southeastern states as in most years, up slightly to fifteenth among all states. Sixteen states had RPPs with values greater than 100.0 in 2020, one less than in the previous year, which means the relative cost of living in these states was higher than the U.S. average.

**Table 3. Regional price parities by state, 2021**

Hawaii	113.2
California	111.8
New York	109.5
New Jersey	109.1
Washington	108.9
Massachusetts	106.6
Maryland	106.2
Alaska	104.4
Colorado	103.0
Oregon	103.0
Connecticut	102.6
New Hampshire	102.5
Virginia	102.3
Rhode Island	102.1
Florida	101.4
Illinois	101.4
Vermont	98.7
Texas	98.5
Minnesota	98.4
Delaware	97.7
Maine	97.2
Arizona	96.7
Pennsylvania	96.4
Georgia	95.8
Nevada	95.5
Utah	94.6
Michigan	94.3
North Carolina	93.8
South Carolina	93.7
Wisconsin	93.3
Indiana	92.7
Ohio	92.5
Missouri	92.0
Idaho	91.8
Nebraska	91.8
Montana	91.6
Wyoming	91.4
Louisiana	91.3
Kansas	91.2
North Dakota	91.1
Tennessee	90.9
West Virginia	90.8
Oklahoma	90.3
South Dakota	90.1
New Mexico	89.9
Iowa	89.6
Arkansas	89.4
Kentucky	89.1
Alabama	88.1
Mississippi	86.6

Source: U.S. Bureau of Economic Analysis.

## CHANGE IN MISSISSIPPI REAL INCOME IN 2021 (CONTINUED)

States with some of the largest metropolitan areas in the country tend to have the highest RPP values because of the way BEA computes the RPP. The RPP calculation assigns weights to the values making up an individual's total expenditures and in general housing costs represent an individual's largest single expenditure. Thus, the primary reason the cost of living is relatively higher in states with large metropolitan areas is the cost of housing in these areas is higher. More rural states like Mississippi tend to have lower housing costs and therefore lower total RPP values.

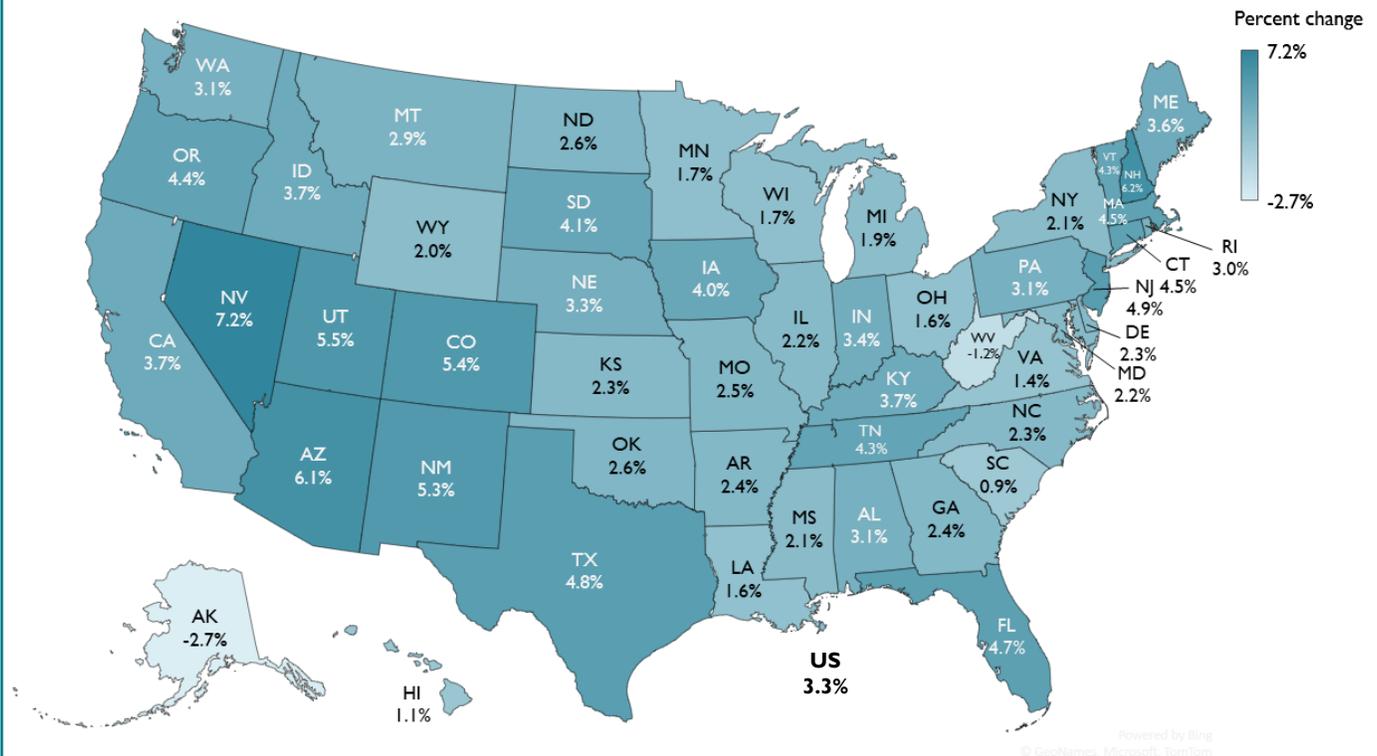
Once BEA adjusts the incomes for each state for RPPs, the agency ad-

justs the incomes for inflation using the national Personal Consumption Expenditures (PCE) price index. The PCE is similar to the better known Consumer Price Index (CPI) but is generally considered more comprehensive. The PCE uses more expenditures compared to the CPI and weights their values according to surveys of businesses as opposed to consumers. In general the value of the CPI runs higher than the value of the PCE. To illustrate, the value of the PCE index for the U.S. increased 4.0 percent in 2021 while U.S. nominal income grew 7.3 percent. Therefore, the average increase in real income of 3.3 percent for the U.S. mentioned above is

obtained after subtracting the change in the PCE index from the change in nominal income.

The increase in real personal income in Mississippi was the third-smallest among states in the Southeast in 2021, ahead of Louisiana, South Carolina, and Virginia.

**Figure 25. Percent change in real personal income by state, 2021**



Source: U.S. Bureau of Economic Analysis