

## ECONOMY AT A GLANCE

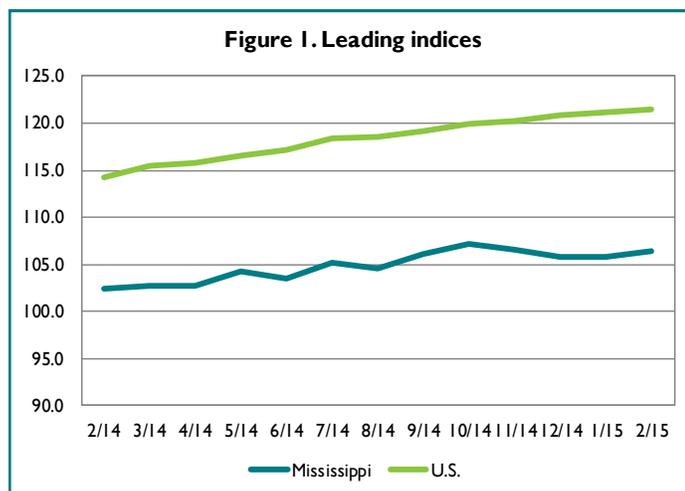
The value of the Mississippi Leading Index (MLI) rose 0.6 percent in February as seen in Figure 1 below. Based on revised data, the increase was the first since October 2014. Compared to one year ago, the value of the MLI was 3.9 percent higher in February.

Values for the Mississippi Coincident Index were not available at press time. According to the Philadelphia Federal Reserve Bank, "The recent benchmark data revisions from the Bureau of Labor Statistics produced greater changes to [our] estimating methodology than are typical." Thus, Figure 2 depicts only the U.S. Index, as the Bank's economists are reviewing their procedures and will not release any estimates for 2015 until their review is complete.

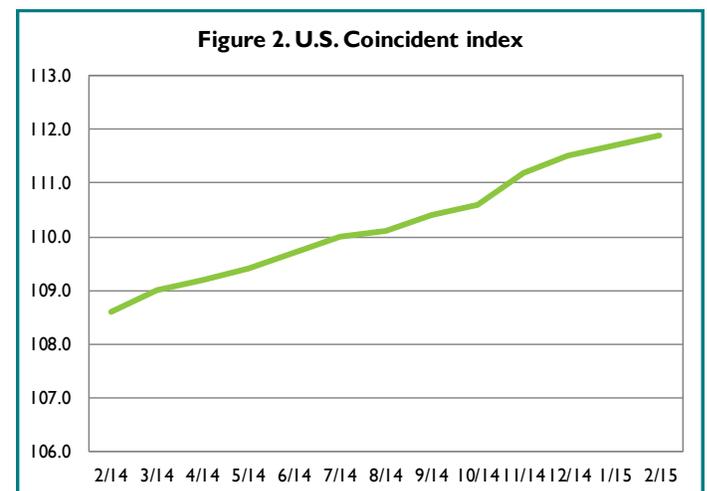
The final estimate of the U.S. Bureau of Economic Analysis (BEA) for the change in real U.S. gross domestic product (GDP) for the fourth quarter remained identical to its

second estimate of 2.2 percent. The upward revisions to consumer spending and exports for the quarter effectively canceled out the reductions in inventories and government spending. Therefore, BEA's estimate of the annual increase in U.S. real GDP for 2014 also stayed at 2.4 percent. A stronger dollar and weaker demand internationally appear to have offset the gains in U.S. consumer spending that began in late 2014. As a result, most economists expect a weaker first quarter of 2015 in terms of the change in GDP. However, many also expect stronger growth later in the year will lead to a slightly higher change in real U.S. GDP for all of 2015.

Mississippi's economy appears to have weathered the recent downturn in U.S. manufacturing rather well, as this month's data suggest. Employment growth remains languid but not dissimilar from the most recent U.S. jobs report.



Sources: University Research Center and The Conference Board



Source: 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.

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## MISSISSIPPI'S BUSINESS

## MISSISSIPPI LEADING INDEX, FEBRUARY 2015

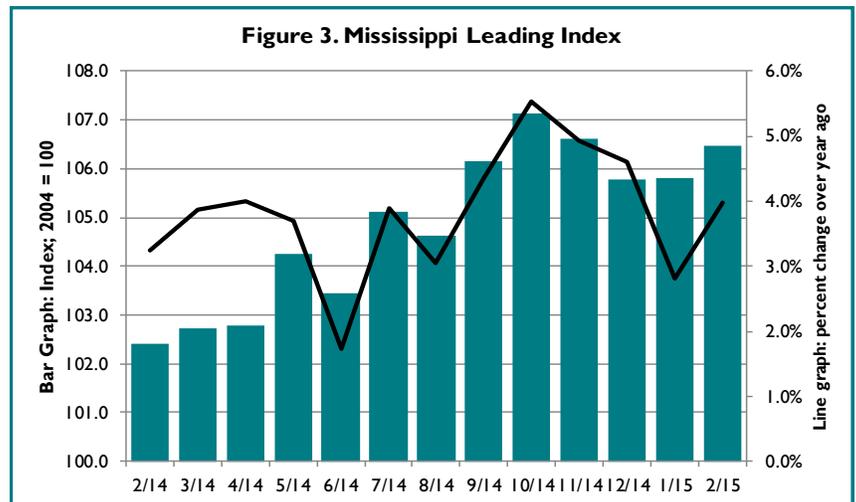
The value of the **Mississippi Leading Index of Economic Indicators (MLI)** climbed 0.6 percent in February as Figure 3 indicates. The January value of the MLI was revised lower, however, reflecting no change from December. Thus, the February increase in the MLI was the first since October 2014. The value of the MLI was 3.9 percent higher in February compared to one year ago.

For the month, three of the seven components of the MLI increased. Discussion of each component appears below in order of largest to smallest contribution.

After three consecutive months of declines, the **Mississippi Manufacturing Employment Intensity Index** increased in February. As Figure 4 indicates, the value of the Index rose 1.7 percent for the month. The January value was revised slightly lower, however, and the value of the Index was 1.3 percent lower compared to February 2014. Employment in manufacturing in Mississippi and average weekly hours of production employees both increased in February, leading to the higher value of the Index. Nevertheless, the value of average weekly hours of production employees remains near its lowest level in four years.

As Figure 5 indicates, the value of **Mississippi income tax withholdings** (three-month moving average) rose 1.7 percent in February. The increase was the largest since October 2014 and only the second gain in the last four months. The value of withholdings in February was 1.6 percent higher compared to one year earlier. The average monthly value of withholdings over the last six months is 3.9 percent higher than for the previous six months.

The **value of Mississippi residential building permits** (three-month moving average) continued its recent run in February as it increased for the fourth consecutive month. As Figure 6 indicates, the value climbed 4.1 percent from January. Compared to one year ago the value of permits for the month was 38.6 percent higher. Similarly, for the third consecutive month the seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi rose in February, increasing by 2.9 percent. The number was also 4.6 percent higher than one year ago. For the U.S., the number of privately-owned housing units authorized by building permits increased by 3.0 percent over the February level.



Source: University Research Center

This value was 7.7 percent higher compared to one year ago.

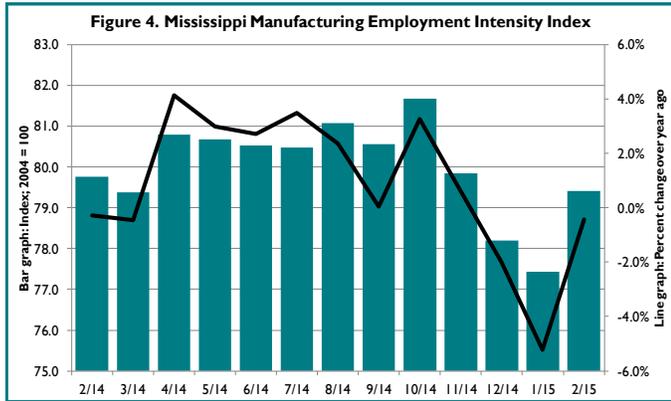
After increasing for six consecutive months, the **University of Michigan Index of Consumer Expectations** (three-month moving average) slipped in value in February as seen in Figure 7. The value of the index fell 0.4 percent from January but remained only slightly below its highest level in ten years. Lower-income consumers concerned about increasing gasoline prices and bad weather in much of the country drove most of the February decline. Compared to one year ago the February value remained 23.6 percent higher. The share of consumers concerned about rising short- and long-term inflation also increased in February for the second consecutive month.

As seen in Figure 8, seasonally-adjusted **initial unemployment claims** in Mississippi climbed 4.0 percent in February. Compared to one year ago, the value of total initial claims was 6.6 percent lower for the month. Similarly, the number of seasonally-adjusted continued unemployment claims in the state rose 1.4 percent in February. As Figure 11 on page 5 indicates, the increase was only the second since August 2014. Nevertheless, the number of continued claims remained 32.2 percent lower than the level of one year ago. The seasonally-adjusted unemployment rate in Mississippi decreased 0.1 percentage point in February to 7.0 percent, the lowest level since June 2008.

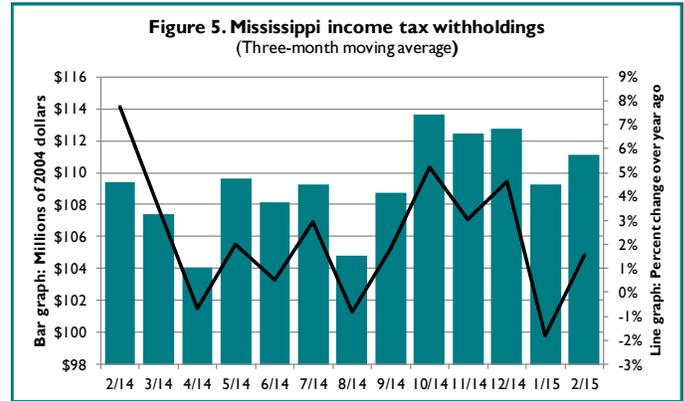
**U.S. retail sales** fell in February as indicated in Figure 9. The value declined by 0.6 percent from the previous month but remained 1.7 percent higher compared to one

(Continued on page 4)

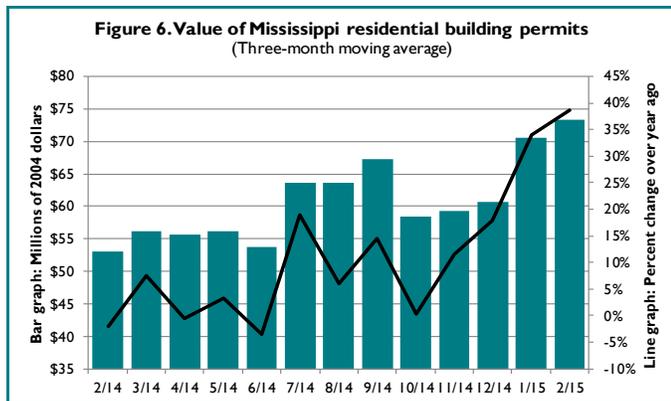
# COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



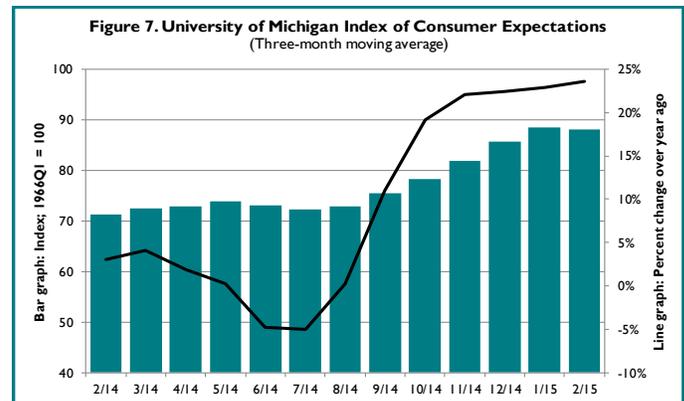
Source: URC using data from Bureau of Labor Statistics



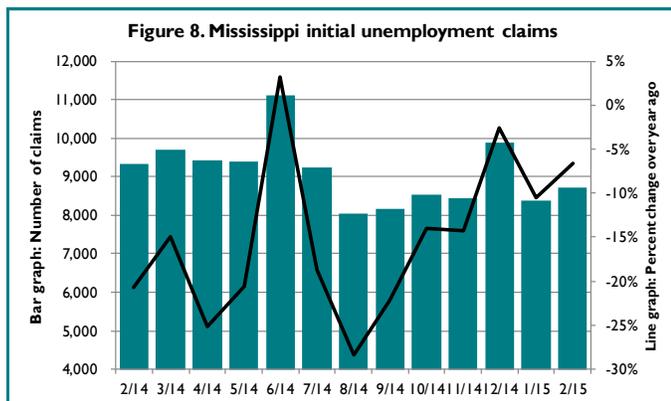
Source: Mississippi Department of Revenue; seasonally adjusted



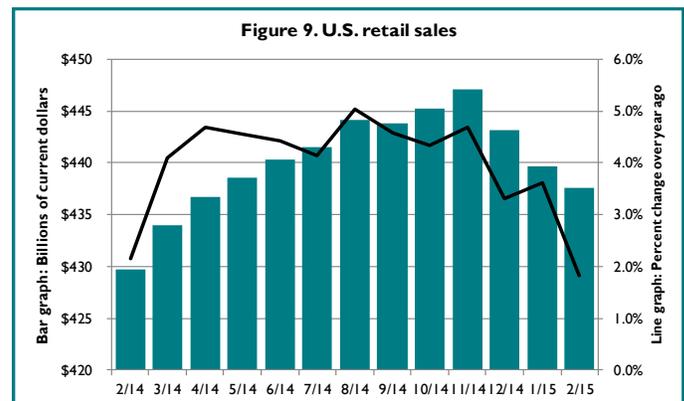
Source: Bureau of the Census; seasonally adjusted



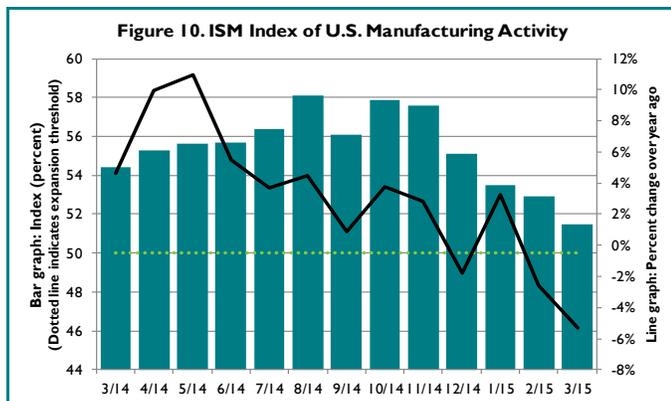
Source: Thomson Reuters/University of Michigan Surveys of Consumers



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



Source: Bureau of the Census



Source: Institute for Supply Management

*While only three of the seven leading economic indicators rose in February, the MLI still increased in value by 0.6% for the month.*

## MISSISSIPPI'S BUSINESS

### MISSISSIPPI LEADING INDEX, FEBRUARY 2015 (CONTINUED)

year ago. Lower automobile sales drove most of the decrease; however, sales excluding automobiles also fell 0.1 percent. For the first time since last May, sales at gasoline stations rose in February, climbing 1.5 percent. Bad weather in some parts of the country most likely played a role in the February drop in sales.

For the fifth consecutive month, the value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** declined in February. As Figure 10 indicates, the Index decreased in value by 2.6 percent for

the month. Compared to one year ago, the value was 5.3 percent lower in February and dropped to its lowest level since April 2013. The level of the Index fell to 51.5, moving closer to the threshold level of 50.0. Values above 50 indicate U.S. manufacturing is expanding, while values below 50 signify the industry is contracting. Poor weather and labor disputes at West Coast ports hurt the industry this winter, as well as a stronger dollar. Unfortunately for U.S. manufacturing, the latter is expected to continue for several more months.

### NATIONAL TRENDS

For the sixth consecutive month, the U.S. Leading Economic Index (LEI) as reported by The Conference Board increased in February. The value of the LEI rose 0.2 percent in February. Compared to one year ago, the value of the LEI was 6.2 percent higher. From August 2014 to February 2015, the value of the LEI rose 2.4 percent, a slower rate of growth than the 3.7 percent gain of the previous six months. Seven of the ten components increased for the month. The interest rate spread primarily contributed to the increase in the LEI in February along with the other financial components and building permits. Notably, the three components that contributed negatively were initial unemployed claims, average weekly manufacturing hours, and the ISM New Orders Index.

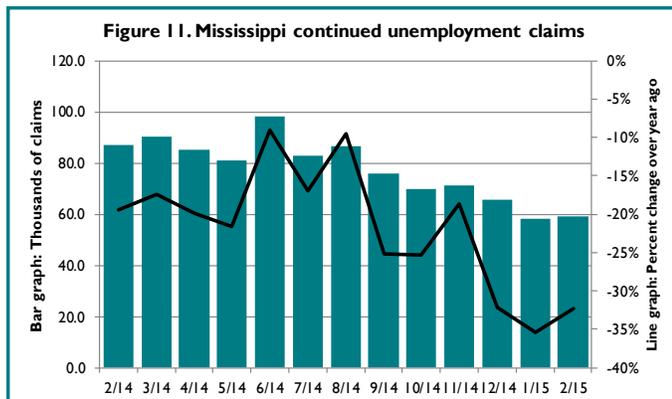
The value of the U.S. Coincident Economic Index (CEI) also increased 0.2 percent in February according to The Conference Board. Values of the CEI for January and December were revised higher as well, to increases of 0.2 percent and 0.3 percent, respectively. All four components of the Index rose for the month and the largest contribution came from employees on nonagricultural payrolls. The value of the CEI in February was 3.0 percent higher compared to one year ago. Over the last six months, the value of the CEI increased 1.6 percent, slightly higher than the 1.4 percent gain of the previous six months. According to The Conference Board, “. . . the moderating growth in the LEI and steady, but not accelerating, growth in the CEI suggest that the expansion in economic activity should continue, but the pace is not likely to pick up considerably in the months to come.”

The National Federation of Independent Businesses (NFIB) Small Business Optimism Index rose slightly in February. While the gain was only 0.1 percent, the Index

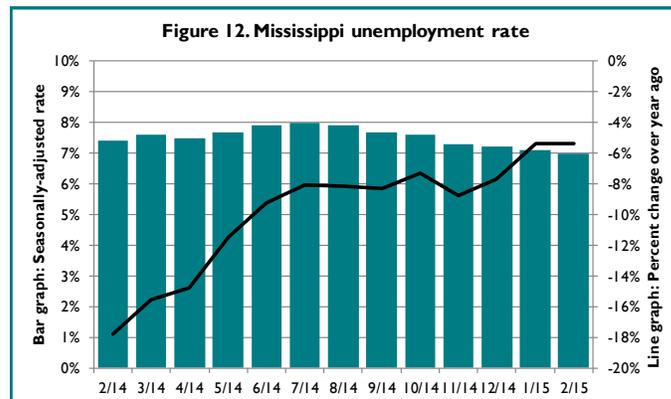
remained near its eight-year high reached last December. In addition, the value for February was 7.2 percent higher compared one year ago. The percentage of firms reporting lower earnings over the previous three months remained the same as in January, but this level lingers near a post-recession high. The share of respondents reporting at least one “hard to fill” position open in February reached 29 percent, the highest level in nine years. However, the share of firms with “plans to increase employment” dropped slightly. In addition, the share of those who believe the economy will improve in the next six months fell by 1.0 percent.

As was widely expected, the U.S. Federal Reserve removed the word “patient” from its forward guidance statement in March. With its latest statement, the Federal Open Market Committee (FOMC) stands ready to raise short-term interest rates for the first time since 2006. The timing of the increase in 2015 appears dependent on the movement of employment and, more significantly, inflation. For the past several months most analysts had pointed to the June 2015 meeting as the most likely date for a rate hike. However, following the lackluster employment report in March, the consensus among most Fed watchers is an increase in September appears most likely. Given the almost non-existent inflation thus far in 2015, a slowdown in the economy may be enough to convince FOMC members to delay a rate hike by a few months. Similarly, a slowing economy may reduce the size of rate increases once the FOMC decides to begin the process of “normalizing” interest rates. Most likely because of the relative lack of inflation, the Federal Reserve seems to prefer erring in increasing interest rates too late rather than too early.

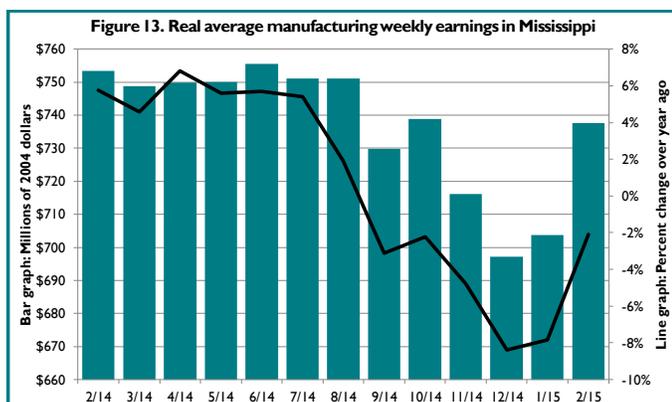
# MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



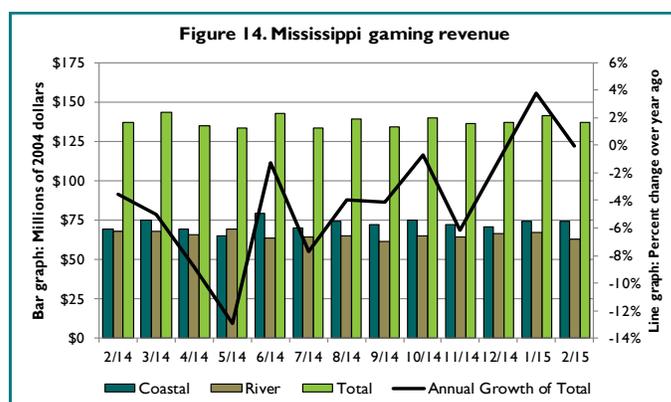
Source: U.S. Department of Labor; seasonally adjusted



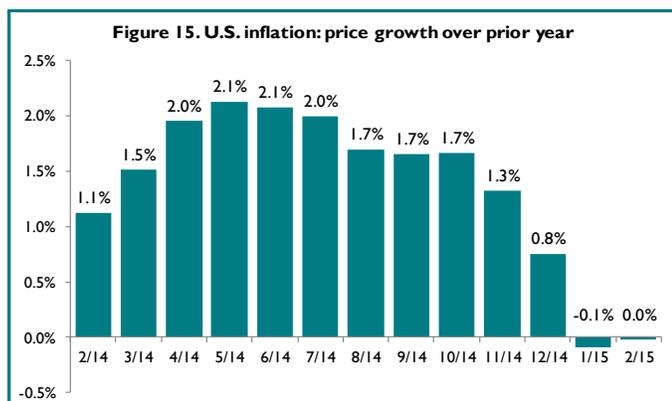
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



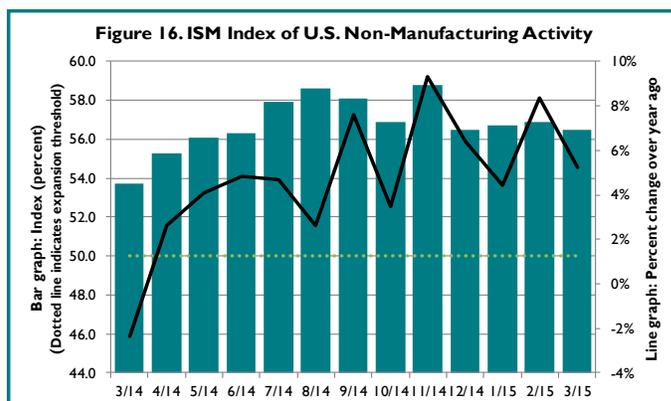
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



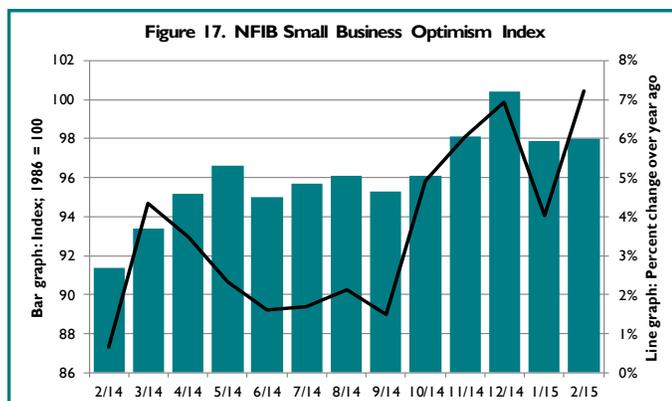
Source: Mississippi Department of Revenue; seasonally adjusted



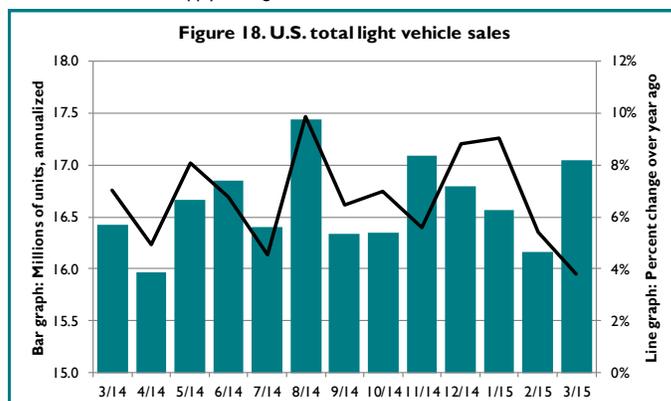
Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: National Federation of Independent Businesses



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

## MISSISSIPPI'S BUSINESS

TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	February	January	February	Percent change from		
	2015	2015	2014	January 2015	February 2014	
<b>U.S. Leading Economic Index</b> 2004 = 100. Source: The Conference Board	121.4	121.1	114.3	▲0.2%	▲6.2%	Economic Indices
<b>U.S. Coincident Economic Index</b> 2004 = 100. Source: The Conference Board	111.9	111.7	108.6	▲0.2%	▲3.0%	
<b>Mississippi Leading Index</b> 2004 = 100. Source: University Research Center	106.4	105.8	102.4	▲0.6%	▲3.9%	
<b>Mississippi Coincident Index</b> 2004 = 100. Source: Federal Reserve Bank of Philadelphia	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	8,722	8,383	9,335	▲4.0%	▼6.6%	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	73.4	70.5	53.0	▲4.1%	▲38.6%	
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	111.1	109.2	109.4	▲1.7%	▲1.6%	
<b>Mississippi Manufacturing Employment Intensity Index</b> 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	78.7	77.4	79.8	▲1.7%	▼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	88.1	88.5	71.3	▼0.4%	▲23.6%	
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	51.5	52.9	54.4	▼2.6%	▼5.3%	
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	437.0	439.6	429.7	▼0.6%	▲1.7%	Miscellaneous Indicators
<b>U.S. Consumer Price Index</b> 2004 = 100. Source: URC using data from Bureau of Labor Statistics	124.3	123.7	124.3	▲0.4%	◀0.0%	
<b>Mississippi unemployment rate</b> Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	7.0%	7.1%	7.4%	▼1.4%	▼5.4%	
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	59,101	58,275	87,222	▲1.4%	▼32.2%	
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	56.5	56.9	53.7	▼0.7%	▲5.2%	
<b>U.S. mortgage rates</b> Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve	3.74%	3.77%	4.32%	▼0.7%	▼13.5%	
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	18.08	17.68	18.25	▲2.3%	▼0.9%	
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	737.67	703.79	753.38	▲4.8%	▼2.1%	
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	98.0	97.9	91.4	▲0.1%	▲7.2%	
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.05	16.16	16.42	▲5.5%	▲3.8%	
<b>Gaming revenue</b>	137.5	141.6	137.3	▼2.9%	▲0.2%	
<b>Coastal counties</b>	74.4	74.5	69.5	▼0.2%	▲7.0%	
<b>River counties</b> Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	63.1	67.1	67.8	▼5.9%	▼6.9%	

## MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi edged 0.3 percent higher in February according to the U.S. Bureau of Labor Statistics (BLS). However, the agency revised total employment for January lower, below total employment for December. As Table 2 below indicates, the state's economy added 3,500 jobs in February. Compared to one year ago, employment in Mississippi was 0.9 percent higher in February with 9,700 additional jobs.

Nonfarm employment increased in thirty-six states and the District of Columbia in February, including Mississippi. California, Georgia, and New York added the most jobs for the month while Connecticut, Rhode Island, and West Virginia reported the most jobs lost. For the first time since October 2008, North Dakota did not have the lowest unemployment rate in the U.S. in February. Nebraska had the lowest rate at 2.7 percent, while the rate in North Dakota edged up to 2.9 percent. The highest unemployment rate occurred in Nevada at 7.1 percent.

Employment in Mississippi's Leisure and Hospitality sector increased the most in February, adding 1,700 jobs, a 1.3 percent gain. The Construction industry experienced the largest percentage increase in employment in February,

rising 3.1 percent for the month—its first increase in employment in over a year. Employment in Construction remained 8.7 percent below one year ago, however. The largest percentage and absolute decreases in employment in February occurred in Professional & Business Services, which lost 1,600 jobs, a decrease of 1.6 percent. Compared to one year ago, employment in the sector remained 1.7 percent higher. Government employment fell by 100 jobs for the month and remains relatively flat, up 0.5 percent compared to February 2014. Manufacturing added 1,300 jobs in Mississippi in February, an increase of 0.9 percent. Compared to February 2014, employment in the industry is up 0.8 percent or an additional 1,100 jobs.

Total nonfarm employment in Mississippi continues on a relatively small upward trend, one that is uneven and subject to lulls and upsurges. The total jobs added by specific industries slightly offset the jobs shed by others, leading to the relatively low growth rate. Even so, Mining and Logging and Construction were the only two industries in the state in February reporting lower employment compared to one year ago; moreover, these two sectors combined account for only 5.1 percent of Mississippi's total employment.

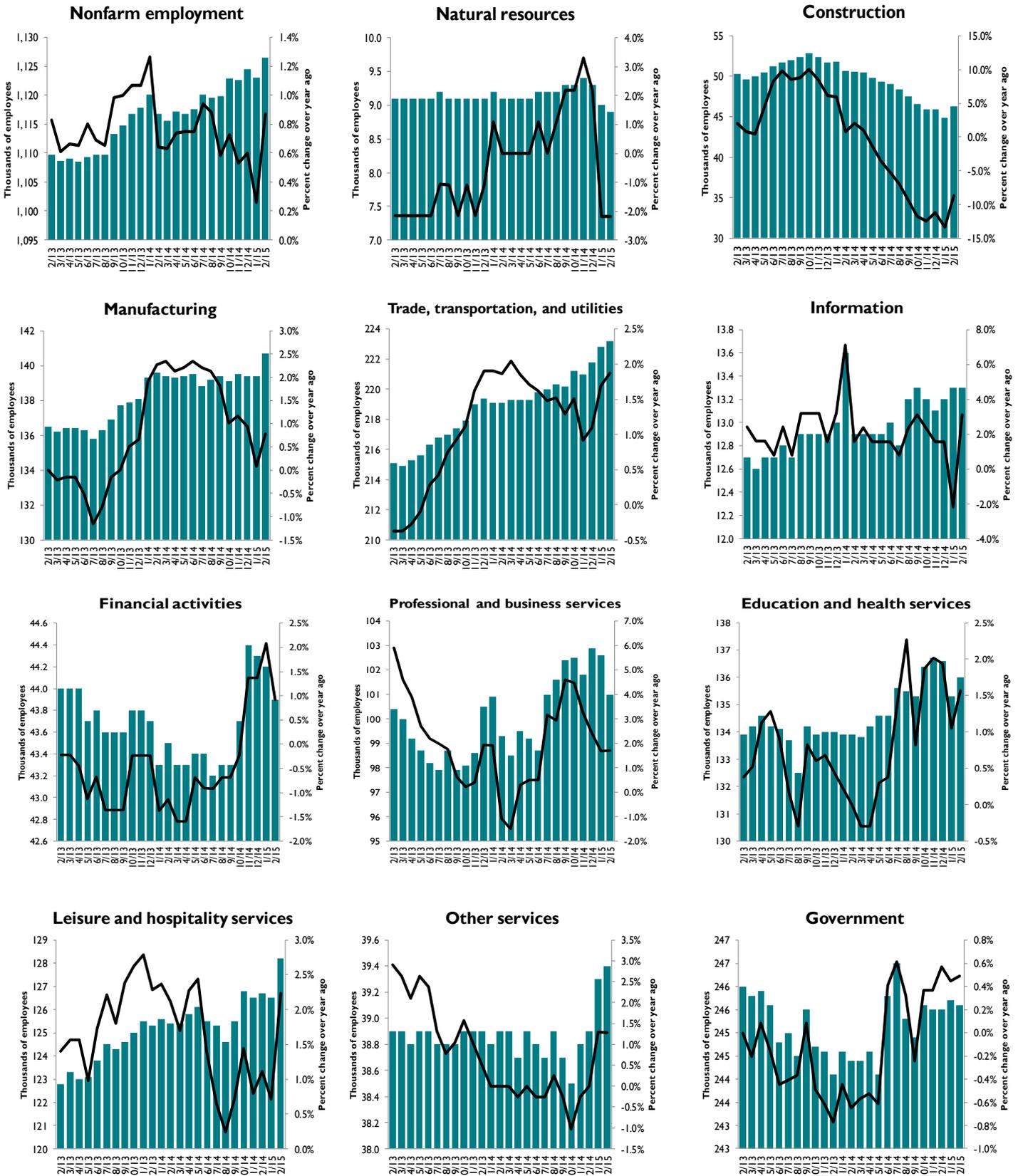
**Table 2. Change in Mississippi employment by industry, February 2015**

	Relative share of total <sup>a</sup>	February 2015	January 2015	February 2014	Change from January 2015 Level	Change from January 2015 Percent	Change from February 2014 Level	Change from February 2014 Percent
Total Nonfarm	100.0%	1,126,500	1,123,000	1,116,800	▲3,500	▲0.3%	▲9,700	▲0.9%
Mining and Logging	0.8%	8,900	9,000	9,100	▼100	▼1.1%	▼200	▼2.2%
Construction	4.3%	46,300	44,900	50,700	▲1,400	▲3.1%	▼4,400	▼8.7%
Manufacturing	12.5%	140,700	139,400	139,600	▲1,300	▲0.9%	▲1,100	▲0.8%
Trade, Transportation, & Utilities	19.7%	223,200	222,800	219,100	▲400	▲0.2%	▲4,100	▲1.9%
Retail Trade	12.1%	137,200	136,200	135,400	▲1,000	▲0.7%	▲1,800	▲1.3%
Information	1.2%	13,300	13,300	12,900	◀0	◀0.0%	▲400	▲3.1%
Financial Activities	3.9%	43,900	44,200	43,500	▼300	▼0.7%	▲400	▲0.9%
Services	35.8%	404,600	403,700	397,500	▲900	▲0.2%	▲7,100	▲1.8%
Professional & Business Services	9.0%	101,000	102,600	99,300	▼1,600	▼1.6%	▲1,700	▲1.7%
Education & Health Services	12.1%	136,000	135,300	133,900	▲700	▲0.5%	▲2,100	▲1.6%
Leisure & Hospitality	11.3%	128,200	126,500	125,400	▲1,700	▲1.3%	▲2,800	▲2.2%
Other Services	3.5%	39,400	39,300	38,900	▲100	▲0.3%	▲500	▲1.3%
Government	21.9%	245,600	245,700	244,400	▼100	◀0.0%	▲1,200	▲0.5%

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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

## MISSISSIPPI PERSONAL INCOME TRENDS IN 2014

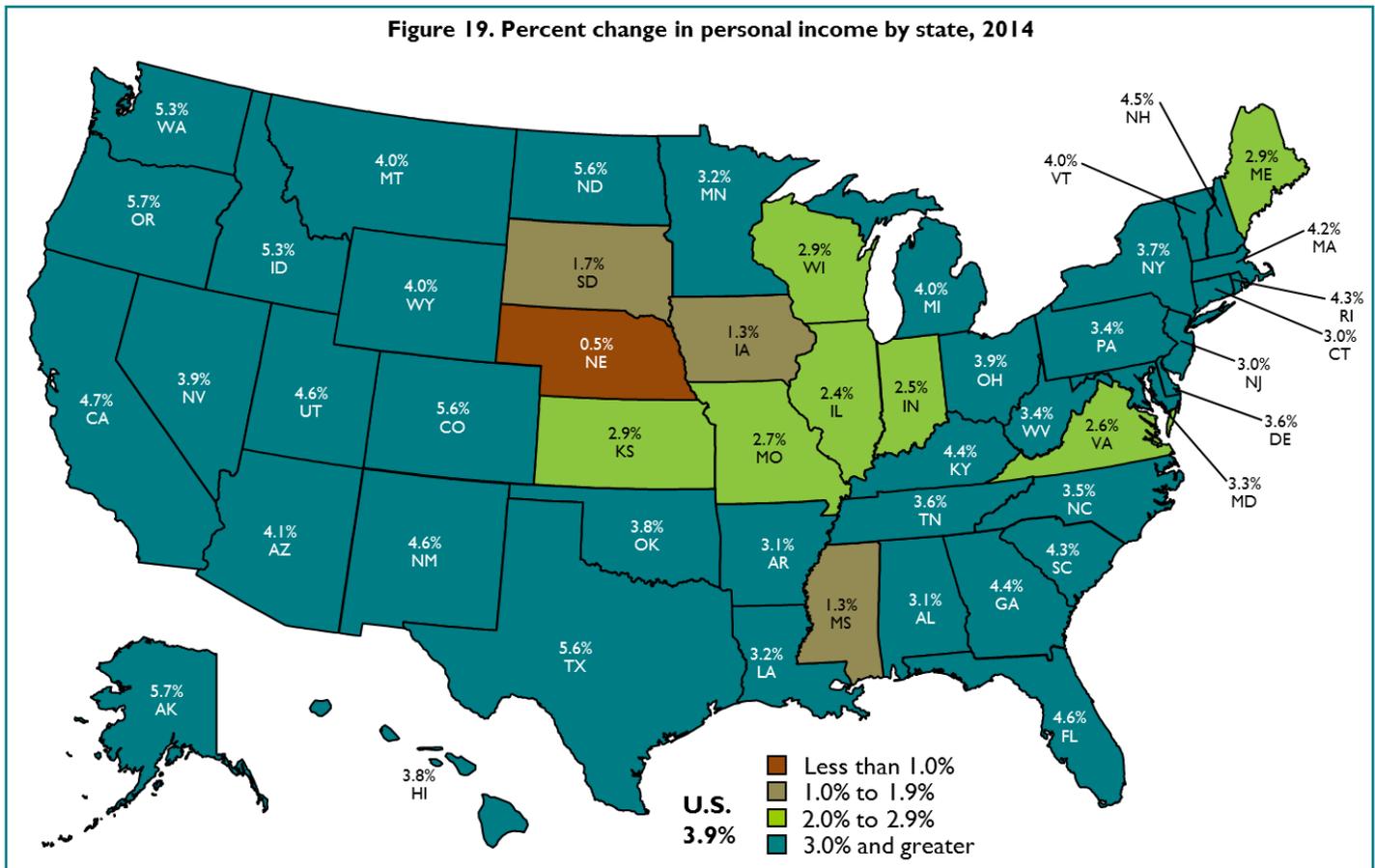
In March the U.S. Bureau of Economic Analysis released data on income growth for the U.S. and all states for 2014. The income growth rate for the U.S. in 2014 reached 3.9 percent, almost double the revised growth rate of 2.0 percent for 2013. Across the country, income grew 3.0 percent or more in thirty-nine states in 2014, a considerable improvement from 2013 when only three states experienced growth rates of 3.0 percent or more. Similarly, in 2013 twenty states had income growth rates less than 2.0 percent; in 2014, only four states experienced income growth of less than 2.0 percent. However, these four states included Mississippi, which along with Iowa had the second-lowest income growth rate among all states of 1.3 percent, down slightly from the revised 2013 rate of 1.6 percent. Only Nebraska experienced a lower income growth rate of 0.5 percent in 2014. As seen in Figure 19 below, income in all states in the Southeast except Mississippi grew at rates over 3.0 percent in 2014.

The highest income growth rates among all U.S. states occurred in Alaska and Oregon, where incomes in both states grew 5.7 percent in 2014. Colorado, North Dakota, and Texas closely followed with rates of 5.6 percent. In 2013, North Dakota was the only state with a negative revised income growth rate.

Total per capita income in Mississippi in 2014 equaled \$34,333, ranking last among all states as it did in 2013. The value increased 1.2 percent from the previous year. Mississippi per capita income was 74 percent of the U.S. average, down from 76 percent in 2013. The highest per capita income among all states in 2014 was found in Connecticut, where it totaled \$62,467—135 percent of the U.S. average.

The composition of personal income in Mississippi in 2014 is found in Figure 23 on page 10. For the year, 59.7 percent of total personal income was derived from net earnings. This share is slightly smaller than those of the south-

Figure 19. Percent change in personal income by state, 2014



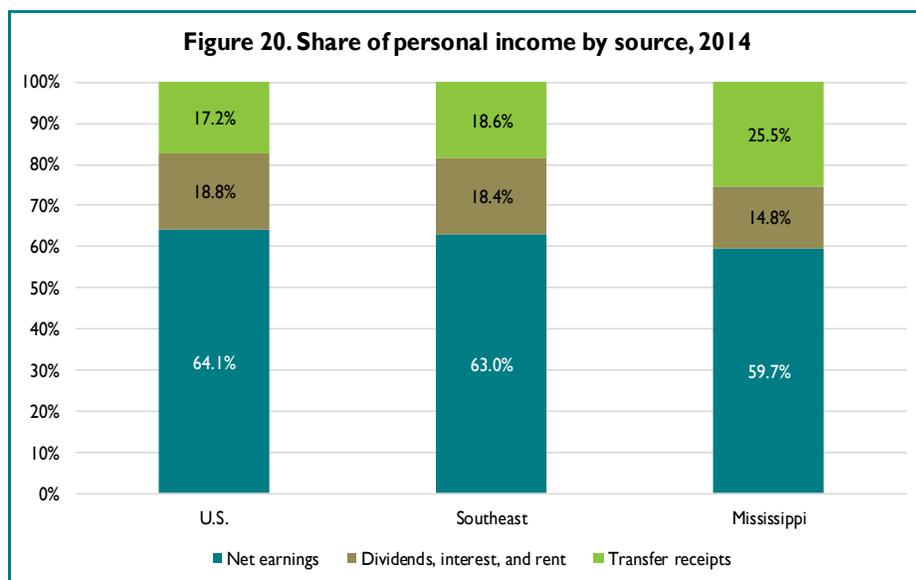
Source: U.S. Bureau of Economic Analysis

## MISSISSIPPI'S BUSINESS

## MISSISSIPPI PERSONAL INCOME TRENDS IN 2014, CONTINUED

east region and the U.S, which equaled 63.0 percent and 64.1 percent, respectively. Transfer receipts were considerably higher in Mississippi compared to the region and the nation, resulting in 25.5 percent of personal income in the state in 2014. Transfer receipts were 18.6 percent of personal income in the Southeast and 17.2 percent of U.S. personal income. Thus, dividends, interest, and rent accounted for less than 15 percent of personal income in the state in 2014 compared to 18-19 percent for the Southeast and U.S.

Net earnings in Mississippi grew 0.1 percent in 2014. A primary reason for the near-zero growth in earnings was the decline in farm earnings, which fell 42.5 percent in 2014 as seen in Table 3. This decrease was slightly offset by the growth in non-farm earnings in the state, which increased 1.6 percent. Earnings from Government, the largest single source of earnings in Mississippi, also declined slightly in 2014, falling 0.7 percent. Earnings in the Construction sector, another significant source of earnings in Mississippi, fell 2.3 percent from 2013. The Construction industry in Mississippi contracted in 2014 as a number of large projects that added to employment in 2013 reached completion. Although not a major component of total earnings, the second-largest percentage decline in earnings in 2014 occurred in the Arts, Entertainment, and Recreation industry, which decreased 2.4 percent. The largest source of earnings growth in Mississippi in 2014 was Manufacturing, primarily durable goods, which grew 4.1 percent. Closely following Manufacturing as a source of earnings growth was the Health Care and Social Assistance sector, which increased 2.0 percent. While a smaller component of total earnings, the Forestry, Fishing, and Related Activities sector experienced the largest percentage growth in 2014, increasing 24.5 percent.



Source: U.S. Bureau of Economic Analysis

**Table 3. Earnings growth by sector in Mississippi, 2014**

Industry	2014 percent change
Forestry, fishing, and related activities	24.5%
Mining	5.8%
Manufacturing	4.1%
Administrative and waste management services	4.0%
Real estate and rental and leasing	2.7%
Transportation and warehousing	2.5%
Professional, scientific, and technical services	2.4%
Accommodation and food services	2.4%
Information	2.4%
Retail trade	2.3%
Wholesale trade	2.2%
Other services, except public administration	2.2%
Health care and social assistance	2.0%
Utilities	1.6%
Educational services	0.9%
Finance and insurance	-0.1%
Government	-0.7%
Management of companies and enterprises	-1.0%
Construction	-2.3%
Arts, entertainment, and recreation	-2.4%
Farm	-42.5%

Source: U.S. Bureau of Economic Analysis