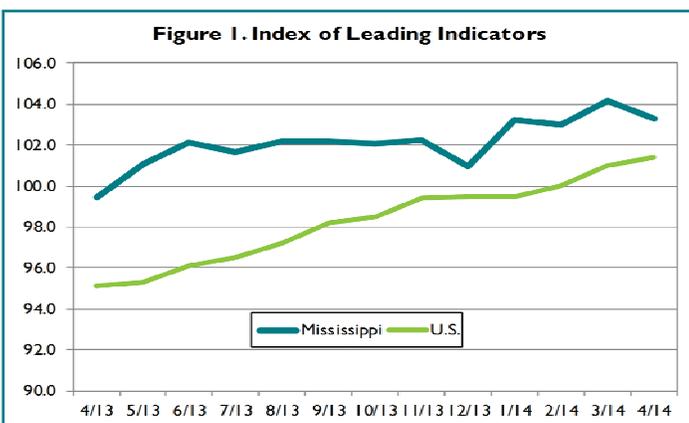


ECONOMY AT A GLANCE

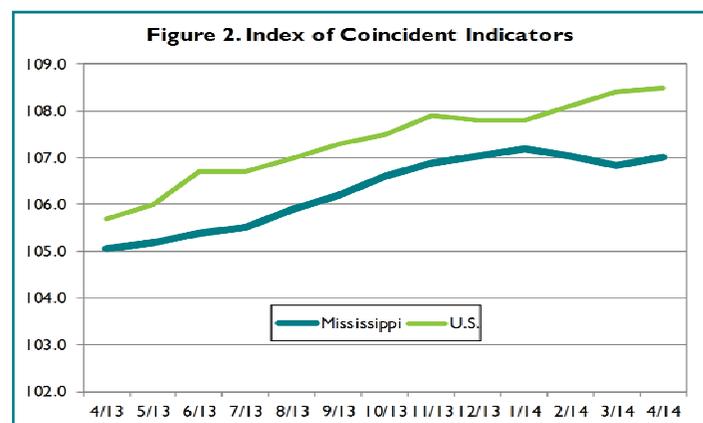
In April, the Mississippi Index of Leading Indicators lost 0.9 percent, partially offsetting the previous month's gain as seen in Figure 1 below. Figure 2 indicates the Mississippi Index of Coincident Indicators rose 0.2 percent in April, the first increase in two months. Also in April total non-farm employment in the state increased for the first time in 2014, a rise that likely contributed to the higher value of the coincident index (see page 8). Both initial and continued unemployment claims in Mississippi also fell in April.

Other key indicators fell in April, demonstrating the continued mixed performance of the state's economy in recent months. The value of income tax withholdings, new building permits, and the diesel fuel index all declined in April, and the hourly wage for manufacturing also dropped for the third straight month. Nonetheless, the state's economy continues to grow, albeit in an uneven manner as seen in Figure 1.

The second estimate of first quarter U.S. GDP released by the Bureau of Economic Analysis (BEA) found that real GDP shrank 1.0 percent. BEA initially estimated growth of 0.1 percent, but additional data determined the drop in private inventory investment reduced GDP more than first reported. A decrease in real exports also contributed negatively. The contraction last quarter was the first since the first quarter of 2011 and the second since the end of the recession. However, many economists maintain the first quarter contraction was more of an anomaly caused in part by a severe winter and that GDP will rally in the remainder of the year. In any event, 2014 now seems unlikely to be the year the economy finally takes off, as a number of analysts had hoped. Employment, income growth, and the housing market are among areas of the economy that continue to remain relatively weak.



Sources: University Research Center and The Conference Board



Source: Federal Reserve Bank of Philadelphia

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

LEADING INDICATORS, APRIL 2014

Figure 3 at right indicates the **Mississippi Index of Leading Economic Indicators** slumped 0.9 percent in April to a value of 103.3. However, the value of the March index was revised up to 104.2 and the January and February values were revised up as well. The index has risen 2.3 percent since December and the value is 3.8 percent higher than a year ago.

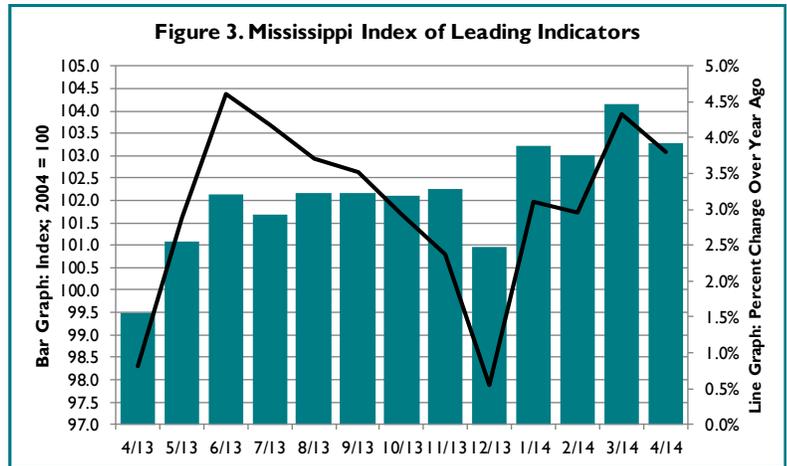
In April three of the eight components of the index contributed negatively, but these three more than offset the positive contributions of the other five components. Discussion of each component appears below in order of smallest to largest contribution.

Mississippi income tax withholdings (three-month moving average) declined for the third consecutive month in April. As seen in Figure 4, the average dropped 5.1 percent for the month. In addition, the value has increased in only one month since last October (January). Compared to one year ago, the value of withholdings in April was down 0.6 percent.

After a relatively large increase in March, the **Mississippi Diesel Fuel Consumption Index** fell 4.1 percent in April as indicated in Figure 5. However, the index remains 1.2 percent above its level of April 2013. According to the U.S. Energy Information Administration the price of a gallon of diesel fuel in the Gulf Coast district (which includes Mississippi) rose 0.1 percent last month. While this price increased for the fifth consecutive month in April, it remains 0.9 percent lower than one year ago.

The **value of Mississippi residential building permits** (three-month moving average) fell in April, the first decline since December. As indicated in Figure 6, the value of permits in April lost 1.3 percent from the previous month. Compared to one year ago, the value for April was also down 0.6 percent. In contrast, the seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi in April rose 2.3 percent. Nationwide, sales of new single-family homes rose 6.4 percent in April. Furthermore, sales data for March were revised up so that the April increase almost recovered the previous month's decline. Sales of new single-family homes remain well below levels prior to the recession, however.

U.S. retail sales edged up 0.1 percent in April, as seen in Figure 7. This essentially flat value for April was below



Source: University Research Center

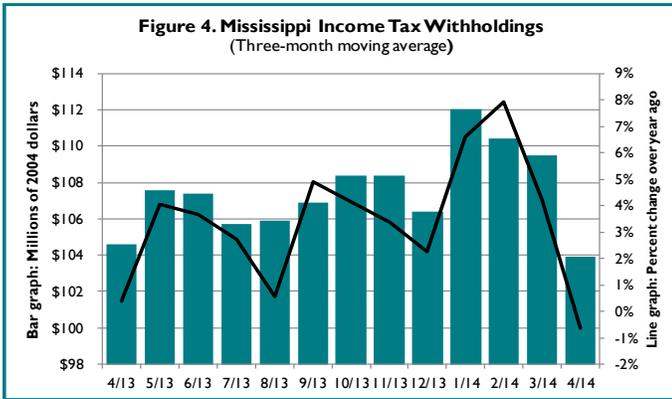
most analysts' expectations. However, revisions to the data indicate February sales rose 0.9 percent and March sales rose 1.5 percent, the latter marking the largest increase in retail sales in four years. Clothing sales increased the most among retail segments in April while the largest decline occurred in electronics and appliances. Despite the slight change in April, retail sales remain 4 percent higher than one year ago, partly as a result of the increases in February and March.

As indicated by Figure 8, the **U.S. Index of Consumer Expectations** (three-month moving average) edged slightly higher in April, increasing 0.5 percent from its March value. A number of economists had anticipated another substantial increase in the index following the rebound in April. However, other analysts noted that recent increases in food and gasoline prices combined with a lack of wage growth likely affected consumers' outlooks. Nevertheless, many economists believe an improving national employment situation will keep consumer attitudes generally positive for the remainder of 2014. The index stands 1.3 percent above its value of one year ago.

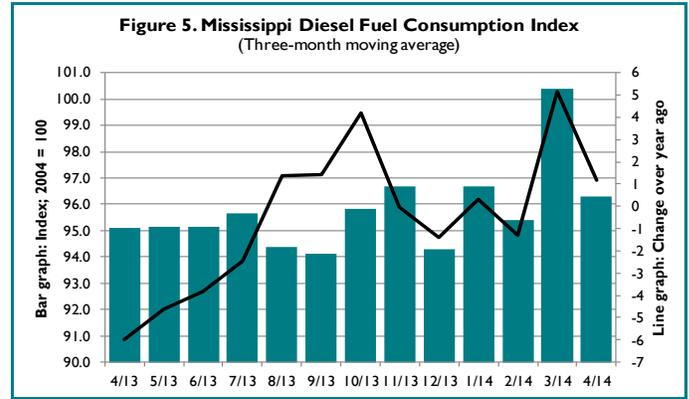
After increasing in each of the previous two months, the number of **initial unemployment claims** in Mississippi declined 2.5 percent in April as indicated in Figure 9. Continued claims in the state fell even more in April, dropping 7.7 percent for the month as seen in Figure 15 on page 6. While higher than the levels of both January and February, the number of initial claims in April remained 25.3 percent lower compared to one year ago. In addition, continued claims for April were down 20 percent from one year ago

(Continued on page 4)

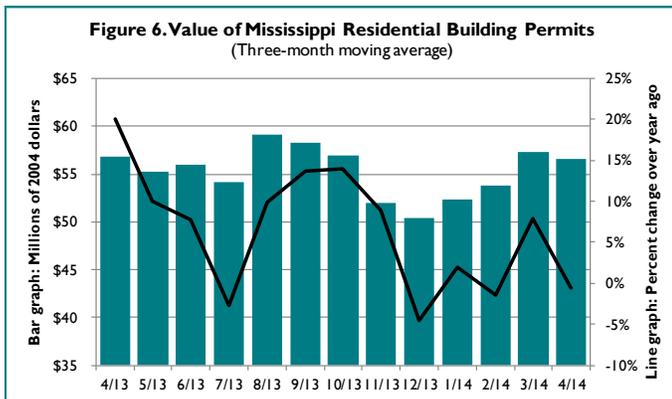
LEADING ECONOMIC INDICATORS, IN FIGURES



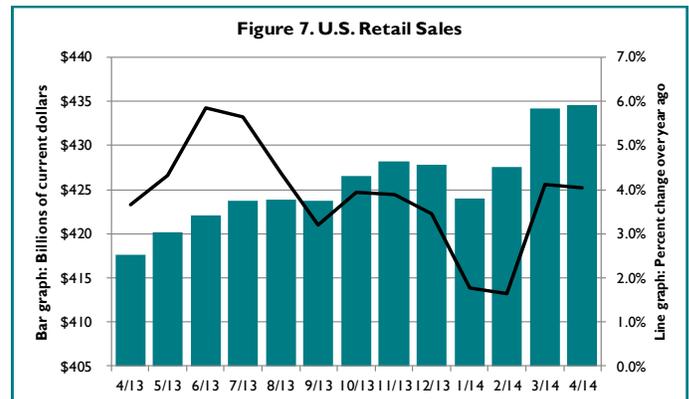
Source: Mississippi Department of Revenue



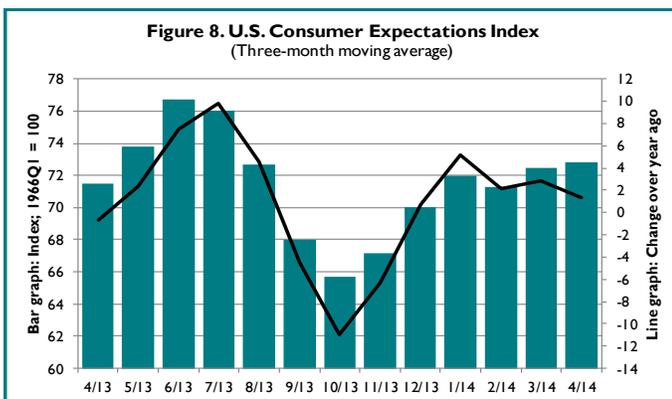
Source: URC using data from Mississippi Department of Revenue



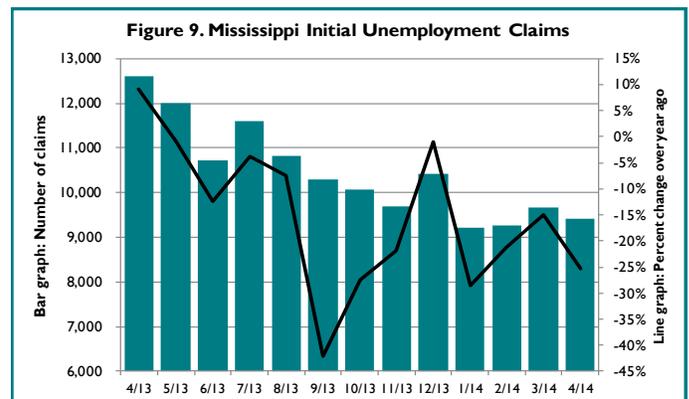
Source: Bureau of the Census



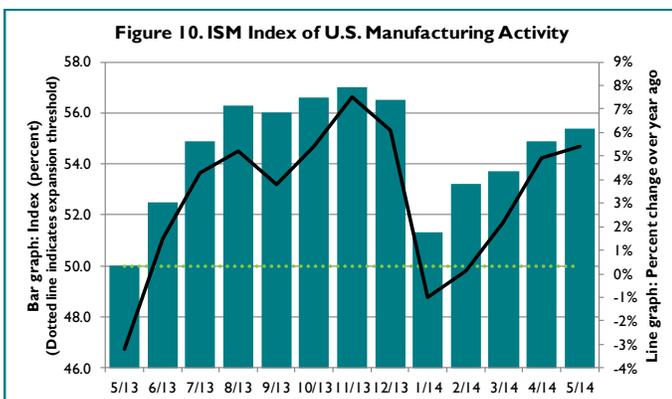
Source: Bureau of the Census



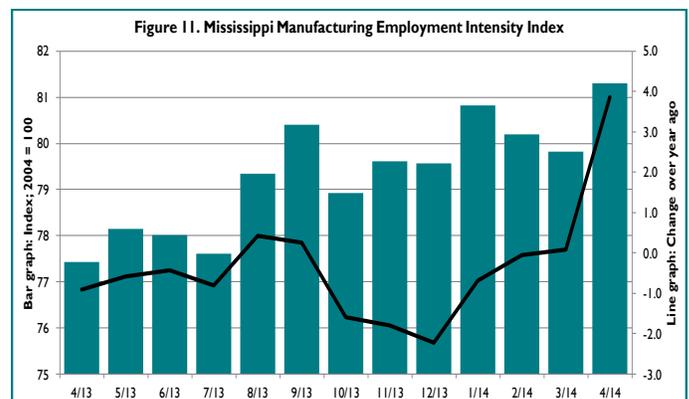
Source: University of Michigan Consumer Sentiment Survey



Source: Mississippi Department of Employment Security



Source: Institute for Supply Management



Source: URC using data from Bureau of Labor Statistics

MISSISSIPPI'S BUSINESS

LEADING INDICATORS, APRIL 2014 (CONTINUED)

and reached their lowest level in the state since May 2008. The seasonally-adjusted unemployment rate for Mississippi as indicated by Figure 16 on page 6 fell 0.1 percent to 7.5 percent. The rate remained slightly above its February level, however.

For the fourth consecutive month, the **Institute for Supply Management Index of U.S. Manufacturing Activity** increased, climbing 0.9 percent in May as seen in Figure 10. The production and new orders components of the index improved considerably but the employment component declined. While the value of the index continues to remain below its levels of the last five months of 2013, it stands 5.4 percent higher than one year ago.

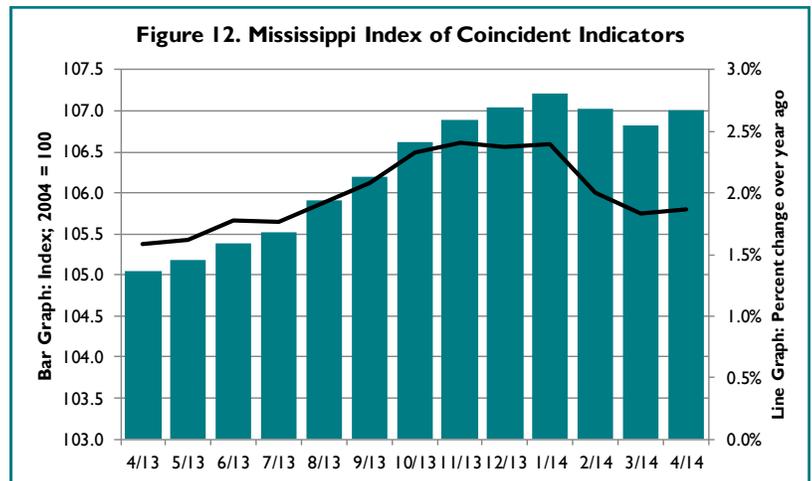
Figure 11 indicates the **Mississippi Manufacturing Employment Intensity Index** rose 1.8 percent in April. The index also reached its highest level since January 2013 last month, despite rising for only the second time since November. Both employment in the manufacturing sector and the average number of hours worked per week increased slightly during the month, pushing the index value higher.

COINCIDENT INDICATORS, APRIL 2014

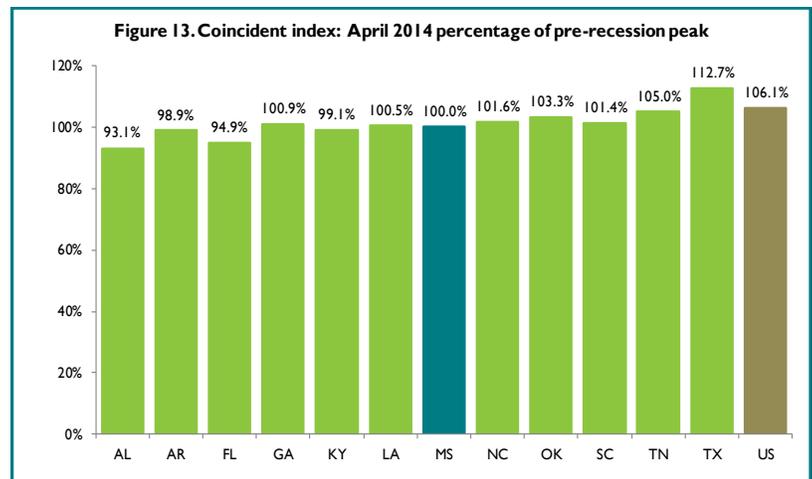
Following two consecutive months of declines, the Mississippi Index of Coincident Indicators rose 0.2 percent in April as indicated in Figure 12. Based on revised data, the index lost 0.2 percent in March.

Figure 13 indicates the value of the Mississippi Index of Coincident Indicators in April was exactly 100.0 percent of its pre-recession peak. Eight of the twelve southeastern states are fully recovered as of April. Alabama and Florida were the only two states in the region with coincident indices that lost value in April compared to their pre-recession peaks. The coincident index for Texas continues to demonstrate more growth post-recession than the rest of the southeast region as well as the U.S.

Despite last month's increase, Mississippi was also one of five states with a coincident index that lost value in April compared to three months prior as indicated by Figure 14. Including Mississippi the value of the indices in four of these states dropped between 0.0 and 0.5 percent in value. Alabama was the only state with a coincident index that declined more than 0.5 percent in April compared to the previous three months. Louisiana was the only other southeastern state with an index that lost value in April compared to January. In all other states the coincident indices increased in value in April relative to three months ago. The indices in eleven states rose by 0.1 to 0.5 percent, while the indices for all other states increased by more than 0.5 percent compared to the value for January.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

The Conference Board reported the U.S. Leading Economic Index (LEI) rose 0.4 percent in April. Following revisions to the data, April marked the third consecutive monthly increase in the LEI and over the last six months the Index is up 2.9 percent. According to the Board, the value of the LEI rose in April primarily from the contributions of the interest rate spread and building permits.

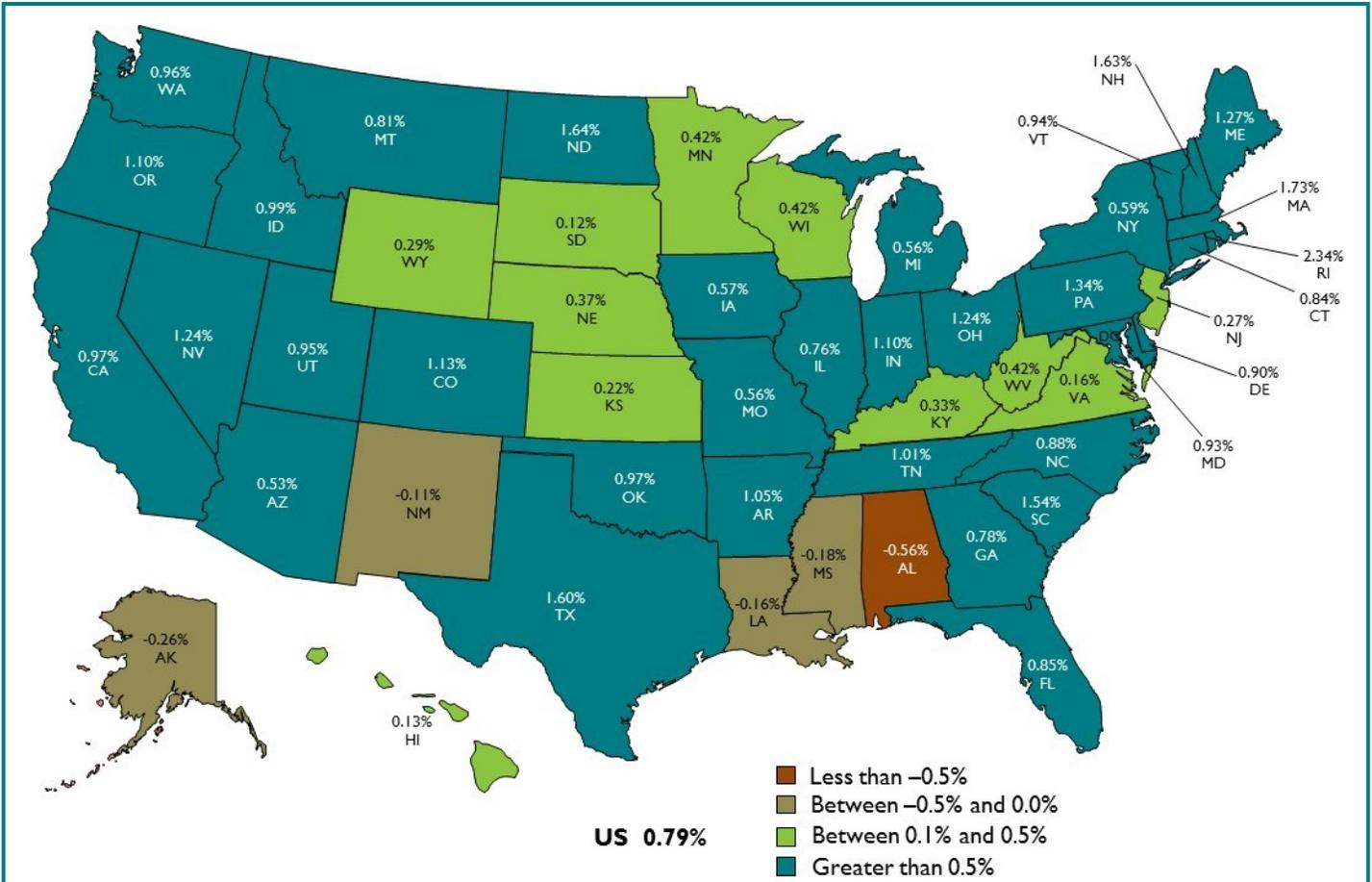
The Conference Board also reported the U.S. Coincident Economic Index (CEI) increased slightly in April, rising 0.1 percent. The primary contributor to the increase in the CEI in April was the number of employees on nonagricultural payrolls. The CEI is up 0.9 percent over the last six months, slightly below the increase of 1.1 percent over the previous six months.

The Small Business Optimism Index compiled by the National Federation of Independent Businesses (NFIB) increased 1.8 percent in April, reaching its highest level in

over six years. Significantly, the value for April equaled 95.2, the first time the index has exceeded the level of 95 since the end of the recession. The index is also up more than 4 percent from its February value. More business owners reported increases in sales over the last three months, leading to the increase in optimism reflected in the index.

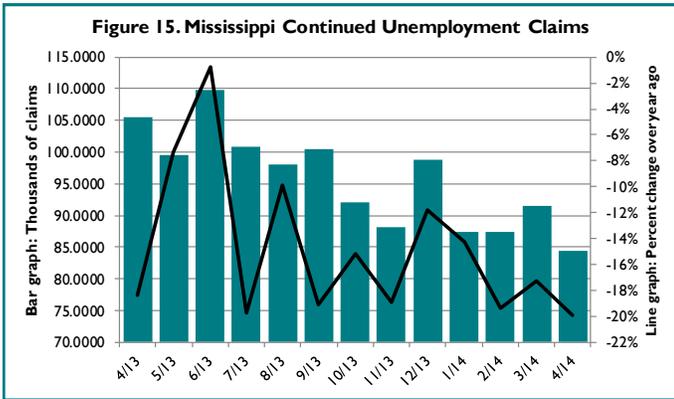
Also in April, inflation rose 0.3 percent for the month and is 2.0 percent higher compared to one year ago. This increase is relatively small but the largest since July 2013. While rising inflation is generally viewed as a negative for the economy, various economists as well as the Federal Reserve believe the rate of inflation has been too low to sustain economic growth. Thus, rising inflation up to a point may indicate an expanding economy. The annual U.S. rate of inflation in 2013 was only 1.1 percent. Thus far, the annual inflation rate in 2014 (through April) is 1.7 percent, slightly below the Federal Reserve's target rate of 2.0 percent annually.

Figure 14. Three-month growth in the index of coincident economic indicators by state, April 2014

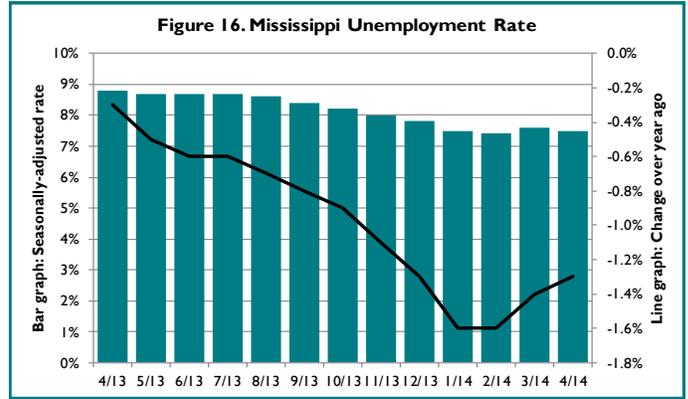


MISSISSIPPI'S BUSINESS

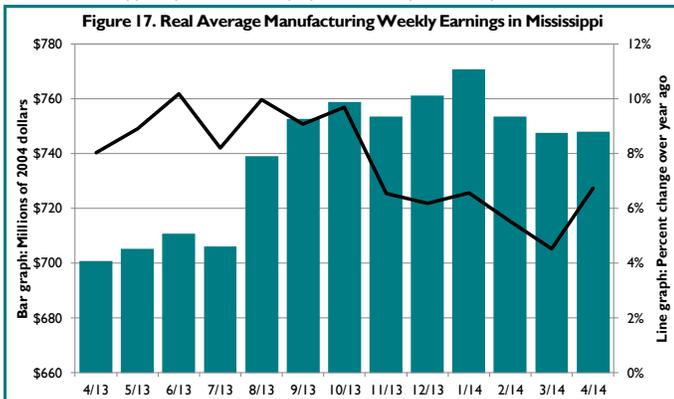
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



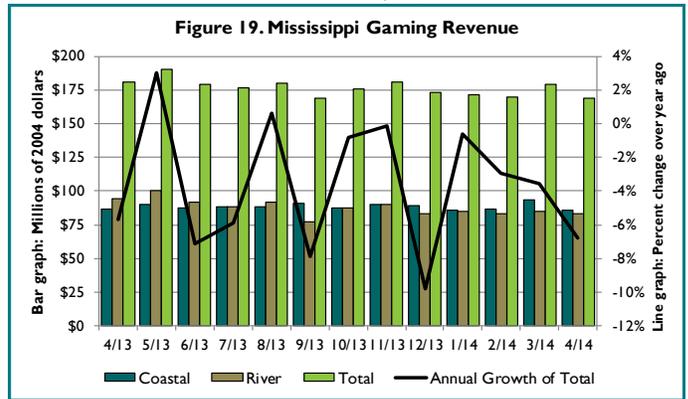
Source: Mississippi Department of Employment Security; Seasonally Adjusted



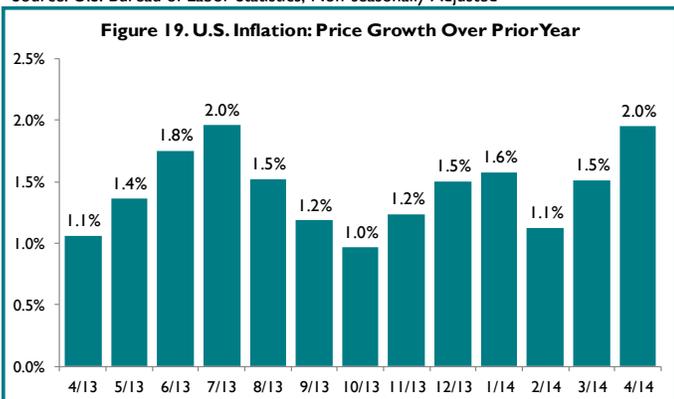
Source: U.S. Bureau of Labor Statistics; Seasonally Adjusted



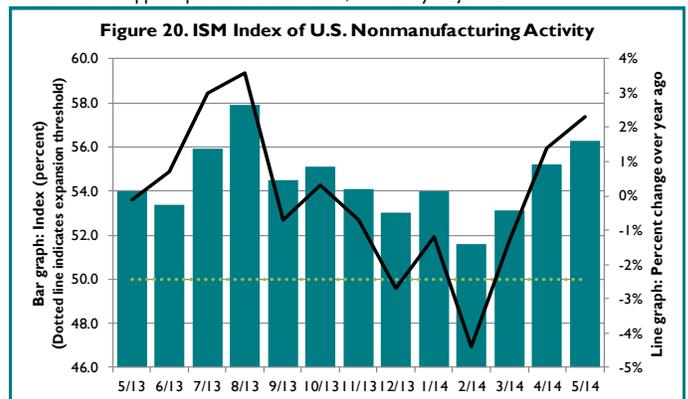
Source: U.S. Bureau of Labor Statistics; Non-seasonally Adjusted



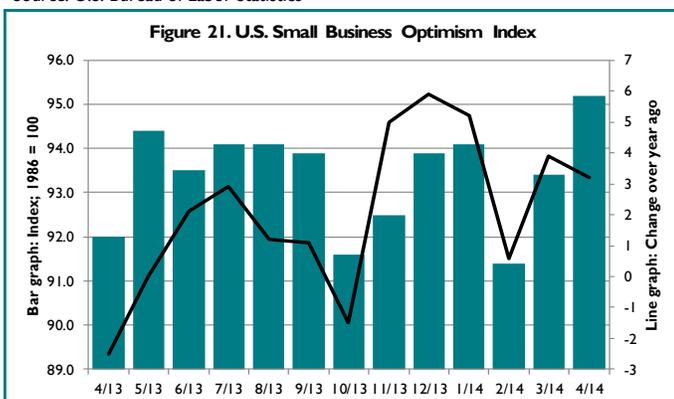
Source: Mississippi Department of Revenue; Seasonally Adjusted



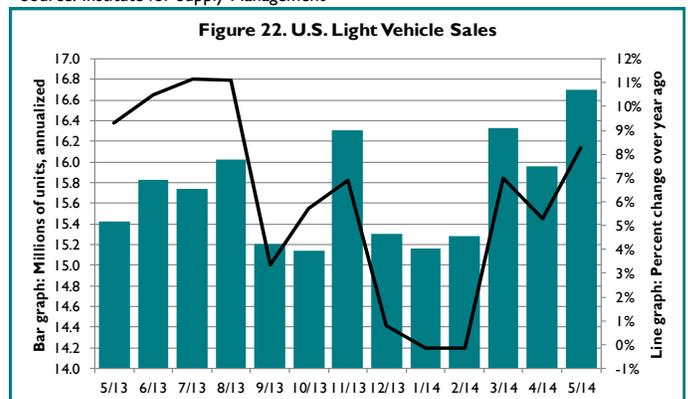
Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: National Federation of Independent Businesses



Source: Bureau of Economic Analysis; Seasonally Adjusted Annual Rate

TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	April 2014	March 2014	April 2013	Percent change from last month last year		
U.S. Index of Coincident Indicators 2004 = 100. Source: The Conference Board	108.5	108.4	105.7	0.1%	2.6%	Economic Indices
Mississippi Index of Coincident Indicators 2004 = 100. Source: Federal Reserve Bank of Philadelphia	107.0	106.8	105.0	0.2%	1.9%	
U.S. Index of Leading Indicators 2004 = 100. Source: The Conference Board	101.4	101.0	95.1	0.4%	6.6%	
Mississippi Index of Leading Indicators 2004 = 100. Source: University Research Center	103.3	104.2	99.5	-0.9%	3.8%	
Mississippi Initial Unemployment Claims Seasonally adjusted. Source: U.S. Department of Labor	9,415	9,658	12,602	-2.5%	-25.3%	Components of the Mississippi Index of Leading Indicators
Value of Mississippi Residential Building Permits Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	56.6	57.3	56.9	-1.3%	-0.6%	
Mississippi Income Tax Withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	103.9	109.5	104.6	-5.1%	-0.6%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from Bureau of Labor Statistics	81.3	79.8	77.4	1.8%	5.0%	
Mississippi Diesel Fuel Consumption Index Three-month moving average; 2004 = 100. Source: URC using data from Mississippi Department of Revenue	96.3	100.4	95.1	-4.1%	1.2%	
U.S. Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: University of Michigan Consumer Sentiment Survey	72.8	72.5	71.5	0.5%	1.9%	
U.S. ISM Index of Manufacturing Activity Advanced one month. Source: Institute For Supply Management	55.4	54.9	50.0	0.5%	5.4%	
U.S. Retail Sales Current dollars, in billions. Source: Bureau of the Census	434.6	434.2	417.7	0.1%	4.0%	
U.S. Consumer Price Index 2004 = 100. Source: URC using data from Bureau of Labor Statistics	125.5	125.1	123.1	0.3%	2.0%	
Mississippi Unemployment Rate Seasonally-adjusted. Source: Bureau of Labor Statistics	7.5%	7.6%	8.8%	-0.1%	-1.3%	
Mississippi Continued Unemployment Claims Seasonally adjusted. Source: U.S. Department of Labor	84,474	91,523	105,542	-7.7%	-20.0%	Miscellaneous Indicators
U.S. Mortgage Rates Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve	4.26%	4.30%	3.38%	-0.04%	0.9%	
Mississippi Average Hourly Wage for Manufacturing Seasonally adjusted; 2004 dollars. Source: Bureau of Labor Statistics	17.83	18.24	17.03	-2.2%	4.7%	
Mississippi Average Weekly Earnings for Manufacturing Seasonally adjusted; 2004 dollars. Source: Bureau of Labor Statistics	747.94	747.64	700.68	0.0%	6.7%	
Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	95.2	93.4	92.0	1.9%	3.5%	
Gaming Revenue	169.2	179.0	181.4	-5.5%	-6.7%	
Coastal Counties	85.9	93.7	86.8	-8.3%	-1.1%	
River Counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	83.3	85.3	94.5	-2.4%	-11.9%	

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

For the first time in 2014, total nonfarm employment in Mississippi increased in April, breaking a streak of four consecutive months of job losses. According to the U.S. Bureau of Labor Statistics, the number of individuals employed in the state rose by 4,900 in April, a 0.44 percent increase. As Table 2 below indicates, these job gains were widespread across industries with only the sub-category of Other Services losing positions during the month. The largest percentage gain during April occurred in the sub-category of Professional & Business Services, which increased 2.0 percent. Construction and the sub-category of Leisure & Hospitality closely followed with increases of 1.8 and 1.5 percent, respectively.

Compared to one year ago, employment in the state is up 0.9 percent, which represents a total of 10,000 jobs. In addition, most industries in Mississippi employed more people last month than in April 2013. Exceptions, however, include the information sector, which is 0.8 percent lower than in 2013, and the sub-categories of Other Services and Professional & Business Services are off 2.1 percent and 0.1 percent from a year ago, respectively.

The resurgence of manufacturing in Mississippi continues to be a positive and interesting development in employ-

ment, one that also appears consistent with trends in other regions of the country. The manufacturing sector has maintained or added jobs in the state for ten consecutive months. Furthermore, employment in manufacturing stands 3.0 percent higher compared to one year ago, which is a larger increase than in any of the other sectors in the state. The industry currently accounts for 12.4 percent of all nonfarm employment in Mississippi as seen in Table 2. While its job numbers can vary considerably from month to month, as of April employment in the construction industry stands 2.6 percent higher compared to one year ago. Construction, however, accounts for only 4.7 percent of total nonfarm employment in Mississippi. The service sector and government at all levels constitute the majority of jobs in the state, as combined they represented 57.6 percent of all nonfarm employment last month.

The April jobs report represents a welcome change from the previous four months, as nonfarm employment in Mississippi fell 0.6 percent from November to March. The next few months will determine if the job growth that began in the state last fall will resume now that winter no longer impacts the employment situation and the broader economy appears positioned to expand.

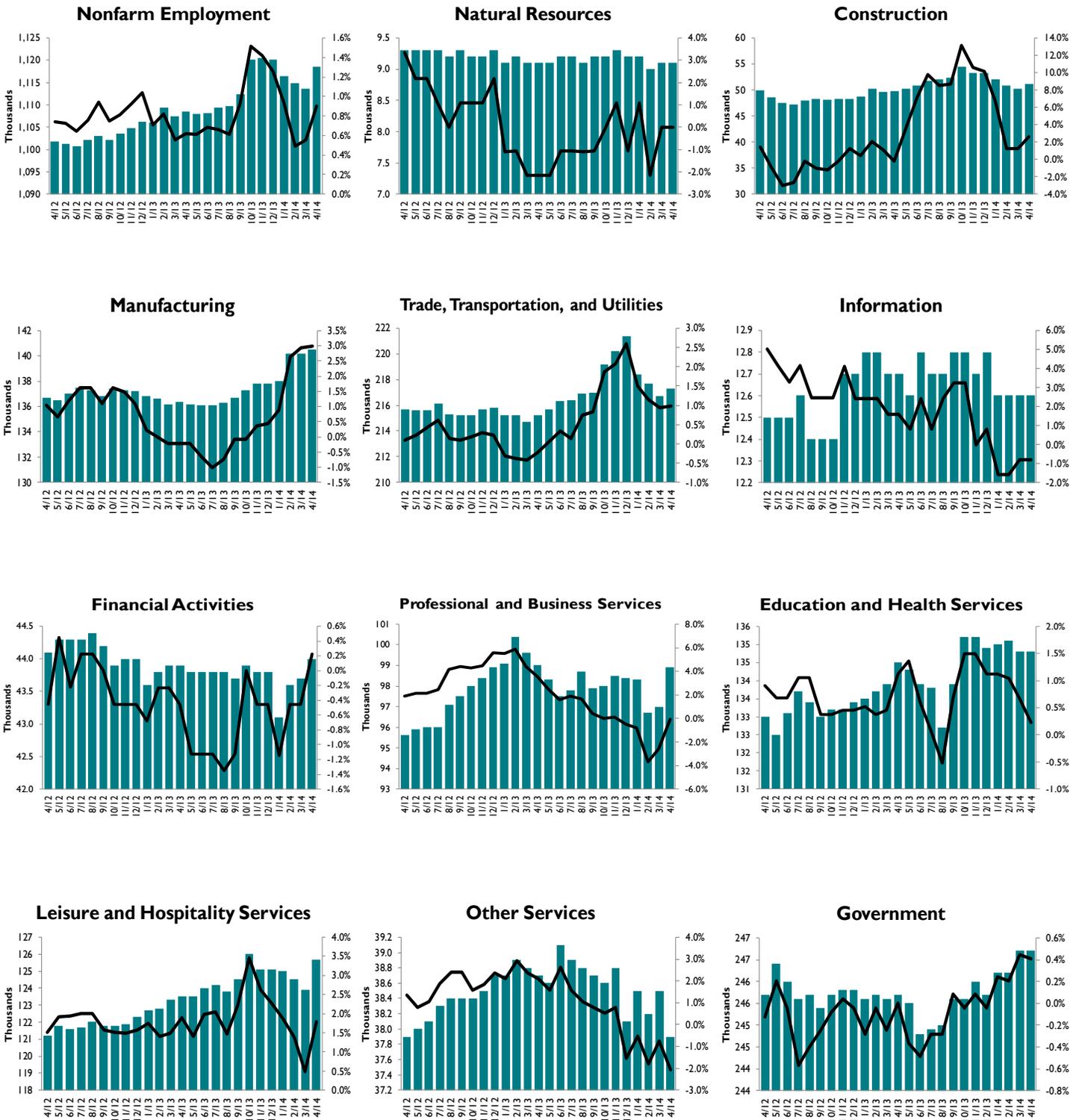
Table 2. Change in Mississippi Employment by Industry, April 2014

	Relative Share of Total ^a	April 2014	March 2014	April 2013	Change from Prior Month Level	Change from Prior Month Percent	Change from Prior Year Level	Change from Prior Year Percent
Total Nonfarm	100.0%	1,118,500	1,113,600	1,108,500	4,900	0.44%	10,000	0.9%
Mining and Logging	0.8%	9,100	9,100	9,100	—	0.0%	—	0.0%
Construction	4.7%	51,100	50,200	49,800	900	1.8%	1,300	2.6%
Manufacturing	12.4%	140,500	140,200	136,400	300	0.2%	4,100	3.0%
Trade, Transportation, & Utilities	19.5%	217,300	216,700	215,200	600	0.3%	2,100	1.0%
Retail Trade	12.0%	133,200	132,600	132,400	600	0.5%	800	0.6%
Information	1.1%	12,600	12,600	12,700	—	0.0%	(100)	-0.8%
Financial Activities	3.9%	44,000	43,700	43,900	300	0.7%	100	0.2%
Services	35.5%	397,300	394,200	395,700	3,100	0.8%	1,600	0.4%
Professional & Business Services	8.8%	98,900	97,000	99,000	1,900	2.0%	(100)	-0.1%
Education & Health Services	12.1%	134,800	134,800	134,500	—	0.0%	300	0.2%
Leisure & Hospitality	11.2%	125,700	123,900	123,500	1,800	1.5%	2,200	1.8%
Other Services	3.5%	37,900	38,500	38,700	(600)	-1.6%	(800)	-2.1%
Government	22.1%	246,700	246,700	245,700	—	0.0%	1,000	0.4%

^aRelative shares are for the most recent 12-month average.

Source: Bureau of Labor Statistics

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



Left axes: Bar graphs of employment levels Right axes: Line graphs of annual growth

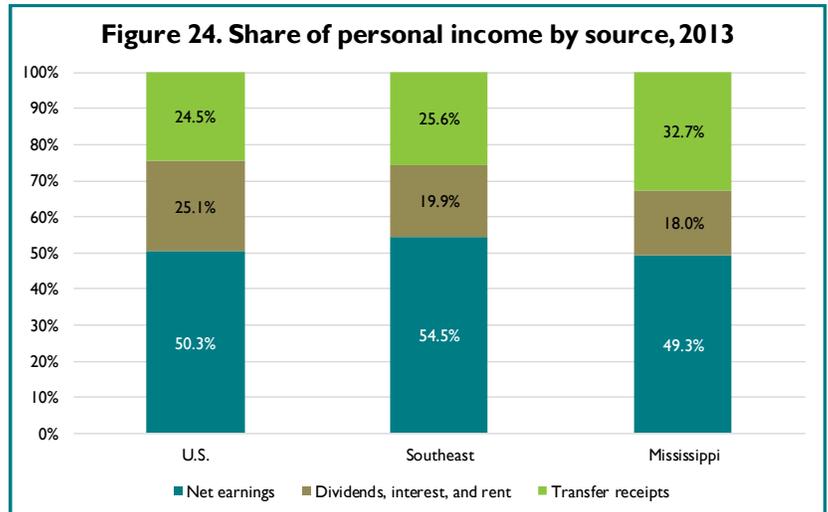
Source: Bureau of Labor Statistics (all figures)

MISSISSIPPI PERSONAL INCOME TRENDS IN 2013, CONTINUED

ceipts from government. As seen in Figure 24, on average about one fourth of personal income in the U.S. came from transfer receipts in 2013; the number was slightly higher for the southeastern states. In Mississippi, however, almost one third of personal income was derived from transfer receipts, indicating the disproportionate share of the state's population that receives social benefits from the federal government.

Table 3 provides information as to which industries drove the growth in net earnings in 2013, which totaled 2.39 percent. (These sectors contributed to the net earnings source only, not dividends, interest, and rent or transfer receipts.) The construction industry was the largest contributor to income growth in Mississippi in 2013 by far, as it was responsible for about 29 percent of the increase. The relatively large share attributed to construction likely results from the number of individuals employed in 2013 in building the coal-fired electric power plant located in Kemper County.

All other industries each accounted for less than 10 percent of earnings growth. The next largest contributor was administrative and waste management services, which accounted for just under 10 percent of the increase in earnings. The farm and health care sectors closely followed, as each was responsible for about 9 percent of the growth in earnings. The manufacturing industry also contributed substantially to earnings growth in 2013, accounting for 7.5 percent of the increase. The only sector to negatively impact earnings growth in 2013 was government, both at the federal and at the state and local levels. This negative contribution likely reflects the continued reduction in government payrolls that took place throughout much of 2013 as budgets remained tight at both the state and federal levels.



Source: U.S. Bureau of Economic Analysis

Table 3. Share of 2013 Mississippi net earnings growth by sector

Industry	Share of 2013 earnings growth
Construction	28.5%
Administrative and waste management services	9.6%
Farm	9.2%
Health care and social assistance	8.8%
Manufacturing	7.5%
Retail trade	5.0%
Finance and insurance	5.0%
Other services, except public administration	4.2%
Transportation and warehousing	3.8%
Accommodation and food services	3.8%
Wholesale trade	3.3%
Forestry, fishing, and related activities	2.5%
Professional, scientific, and technical services	2.5%
Utilities	2.1%
Mining	1.7%
Information	1.7%
Management of companies and enterprises	1.7%
Real estate and rental and leasing	1.3%
Educational services	1.3%
Arts, entertainment, and recreation	0.4%
Government	-3.3%

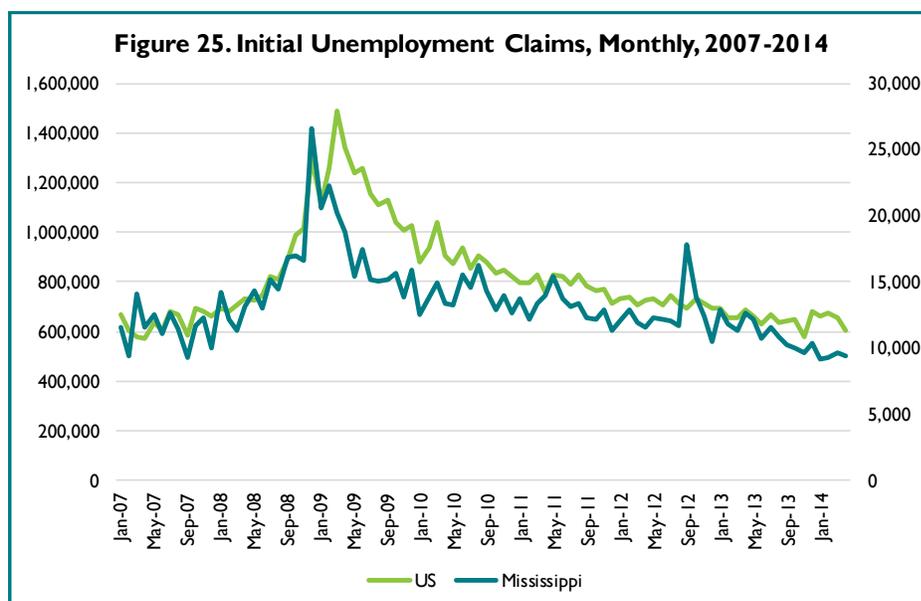
Source: U.S. Bureau of Economic Analysis

MISSISSIPPI'S BUSINESS

UNEMPLOYMENT CLAIMS AS AN ECONOMIC INDICATOR

Economists generally consider initial unemployment claims as a leading indicator because they signal what is happening with the nation's employment situation. The term *initial* is used because an initial claim represents an individual's first attempt at securing unemployment insurance benefits after becoming unemployed. Nationally, Initial claims are also most often reported as weekly data and tend to move around more than continued claims data because of challenges in seasonal adjustment. However, initial and continued claims generally trend in a similar manner. In a positive development for the economy, both have trended lower in recent months. Figure 25 depicts initial claims on a monthly basis for both Mississippi and the U.S. since 2007. As the figure indicates, initial claims in Mississippi in April are approximately at the same level as in January 2007, prior to the recession, and U.S. initial claims are slightly below this level.

Notably, Figure 25 indicates how initial claims in Mississippi both reached a peak and returned to pre-recession levels prior to the U.S. as a whole. In Mississippi seasonally-adjusted initial claims reached a high of 26,645 in December 2008 and began a generally downward trend thereafter; U.S. claims did not peak until March 2009. Initial claims in Mississippi have also trended down more than in the U.S. since early 2013. Similarly, the data for initial claims in Mississippi also exhibits more volatility than the U.S. over the same period. The spike in claims in Mississippi in September 2012 as seen in Figure 25 resulted from Hurricane Isaac, which while a significant event in Mississippi was not large enough to affect the level of U.S. claims.



Seasonally adjusted. Source: U.S. Department of Labor

The other form of unemployment claims in the U.S., continued claims, reached a milestone in the first week of May. The U.S. Department of Labor reported seasonally adjusted continued claims for the week ending May 10 fell to 2,653,000, the lowest level since December 2007. The number is significant because it marks the lowest level of continued claims reported since the end of the Great Recession. As noted on page 4, continued claims in Mississippi have performed similarly, falling to their lowest level in almost six years during the month of April. Continued claims, which the Department of Labor also refers to as *insured unemployment*, are the claims filed by individuals who have already filed initial claims in order to receive a subsequent week of unemployment benefits. Thus, continued claims do not represent a leading economic indicator but do provide one sign of the state of the economy.

Like most macroeconomic indicators, neither initial nor continued unemployment claims are used alone in assessing the health of the state or national economies. Rather, unemployment claims should be used in conjunction with other information to obtain a more comprehensive evaluation of the state of the economy. For example, in April the U.S. labor force participation rate declined to 62.8 percent, equaling the lowest level in 35 years. Thus, while the drop in continued unemployment claims in April represents a significant positive development for both the state and national economies, other data also reveal the labor market still retains considerable room for improvement.