



ECONOMY AT A GLANCE

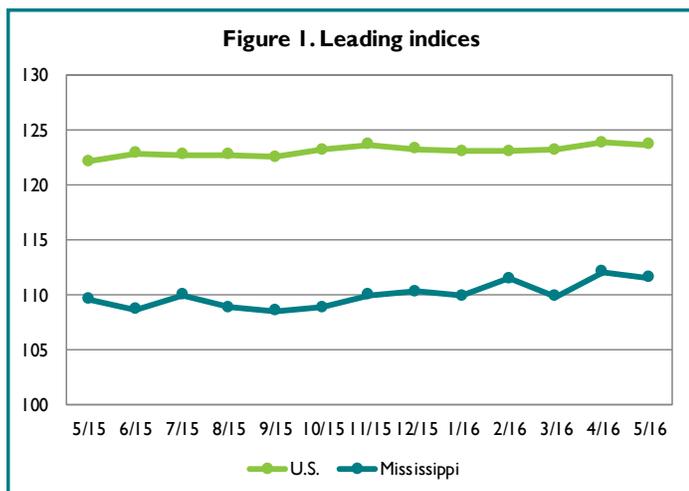
Figure 1 below indicates the value of the Mississippi Leading Index (MLI) fell 0.4 percent in May following the relatively large gain of the previous month. Four components of the MLI declined for the month and the largest negative contribution came from withholdings. Compared to one year ago the value of the MLI in May was up 1.8 percent.

Figure 2 below indicates the value of the Mississippi Coincident Index (MCI) increased 0.3 percent in May. Compared to one year ago the value of the MCI was 2.9 percent higher in May.

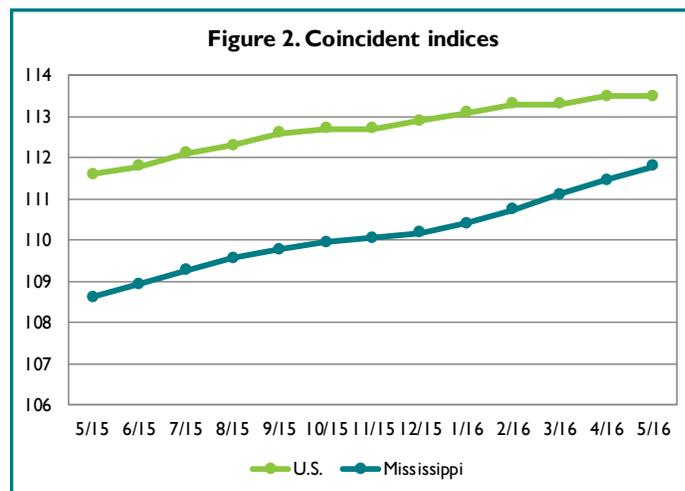
Last month the U.S. Bureau of Economic Analysis (BEA) released its third estimate of the change in real U.S. gross domestic product (GDP) for the first quarter of 2016 and again it marked an improvement from the previous esti-

mate. Real GDP grew 1.1 percent according to the third estimate of BEA, up from the 0.8 percent growth reported in its second estimate. The upward revision primarily resulted from higher values for both net exports and non-residential fixed investment than initially reported. However, of concern is consumer spending, which was revised lower from the second estimate and has fallen for three consecutive quarters.

The up-and-down movement of the MLI that began in early 2016 continued in May, although the change was smaller than in previous months. While the U.S. manufacturing industry demonstrated improvement, in Mississippi the sector showed some weakness in May. However, building permits in the state remain relatively strong. Nationally, economists await more data on employment and inflation to get an idea of the direction of the U.S. economy.



Sources: University Research Center and The Conference Board



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

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

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MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, MAY 2016

The value of the **Mississippi Leading Index of Economic Indicators (MLI)** lost 0.4 percent in May as seen in Figure 3. Following the decline the value of the MLI is essentially where it stood in February. Compared to one year ago the value of the MLI in May was 1.8 percent higher while over the last six months the value of the MLI is up 3.0 percent.

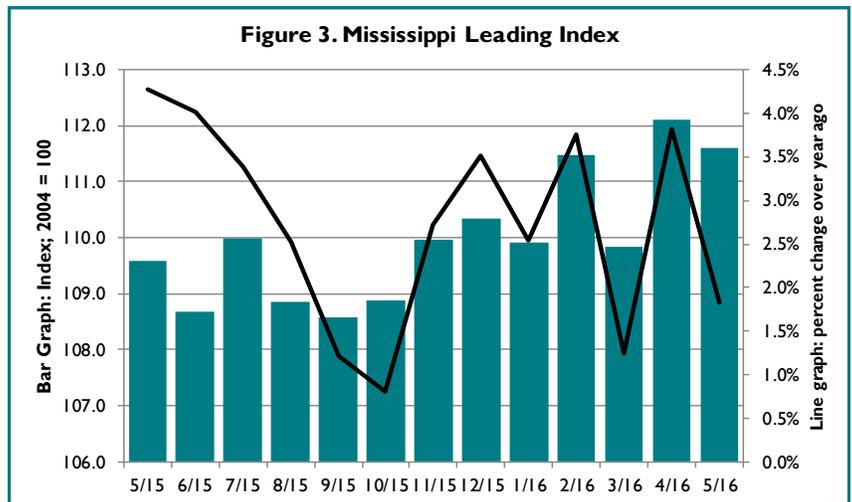
Four of the seven components of the MLI contributed negatively for the month. The largest negative contribution resulted from the decrease in withholdings. Each component is discussed below in order of smallest to largest contribution.

The value of **Mississippi income tax withholdings** (three-month moving average) fell 2.7 percent in May as Figure 4 indicates. The value of withholdings compared to one year ago in May was 1.5 percent higher. The three-month moving average of withholdings rose 0.9 percent over the last six months.

Figure 5 indicates the value of the **Mississippi Manufacturing Employment Intensity Index** declined for the second time in the last three months. The Index fell 1.1 percent in May. The value of the Index remained 2.5 percent higher for the month compared to one year ago. While the average weekly hours of production employees increased slightly, the 1.6 percent decrease in manufacturing employment in the state in May more than offset this gain.

Figure 6 indicates seasonally-adjusted **initial unemployment claims** in Mississippi rose 5.8 percent in May from the previous month. Notably, compared to one year ago the number of initial claims was 4.9 percent higher in May—the first year-over-year increase since June 2014. Similarly, as Figure 14 on page 6 indicates the number of seasonally-adjusted continued unemployment claims in Mississippi climbed 13.7 percent in May. The number of continued claims was 1.6 percent higher for the month compared to one year ago. Figure 15 on page 6 indicates the seasonally-adjusted unemployment rate in Mississippi declined in May for the fifth consecutive month. The rate fell 0.2 percentage point to 5.8 percent—the lowest unemployment rate in Mississippi since March 2004.

The value of **Mississippi residential building permits** (three-month moving average) fell slightly in May. As Figure 7 indicates, the value slipped 0.7 percent for the month. Nevertheless, the value of building permits in Mis-



Source: University Research Center

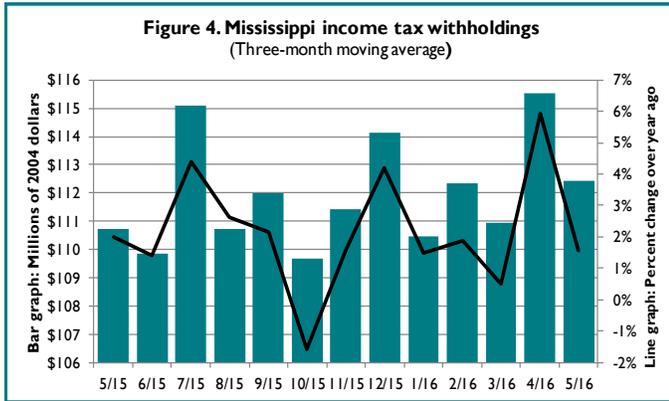
issippi remains relatively high as compared to one year ago the May value was up 16.9 percent. Similarly, the seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi fell 0.7 percent in May. Compared to one year ago the number of units was 19.6 percent higher for the month. Nationally, the number of privately-owned housing units authorized by building permits rose 0.7 percent in May from the revised value of the previous month; compared to one year ago, however, the number of units in the U.S. for May was down 10.1 percent.

For the second consecutive month, the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) increased in May. Figure 8 indicates the value of the Index edged higher by 0.4 percent for the month. Despite the increase, the value for the month remained 6.1 percent lower compared to one year ago. Fewer consumers anticipate much change in interest rates over the next year. However, both short- and longer-term inflation expectations increased slightly in the past month, and concerns about the labor market could weigh on consumers' outlooks.

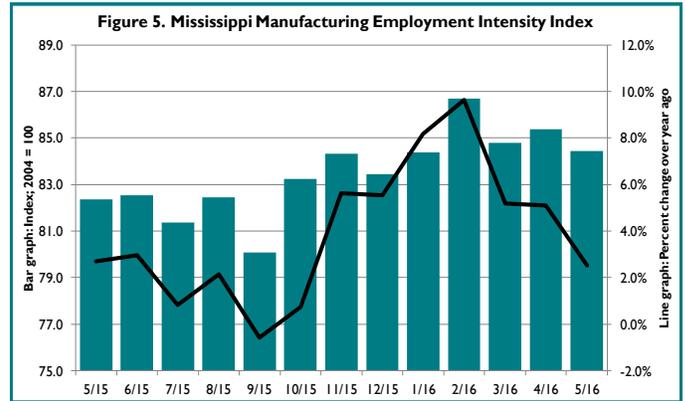
U.S. retail sales increased for the second consecutive month in May as seen in Figure 9. The value rose 0.5 percent from the previous month. Compared to one year ago the value of May sales was 2.5 percent higher. As in April, much of the gain in May resulted from increases in sales of gasoline. However, sales rose for the month in

(Continued on page 4)

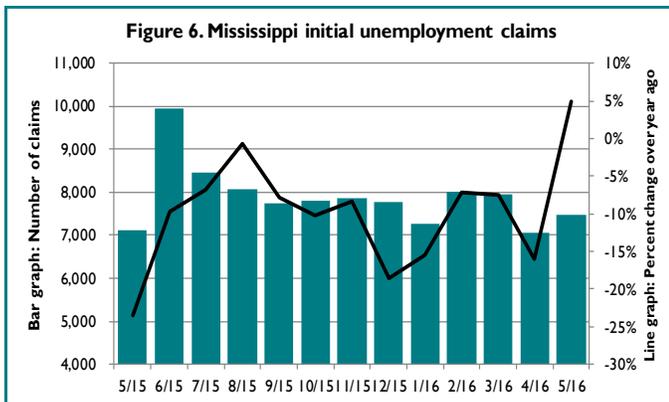
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



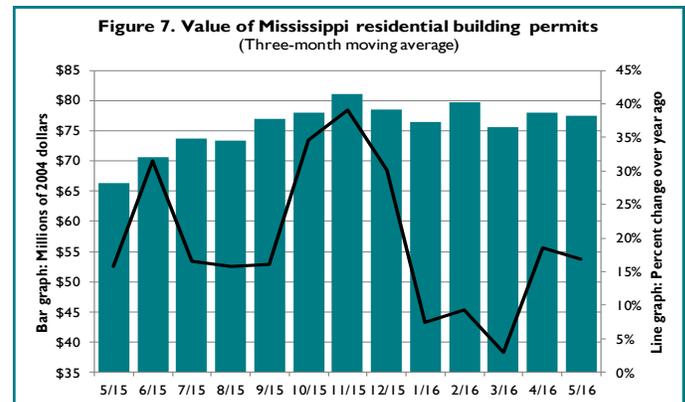
Source: Mississippi Department of Revenue; seasonally adjusted



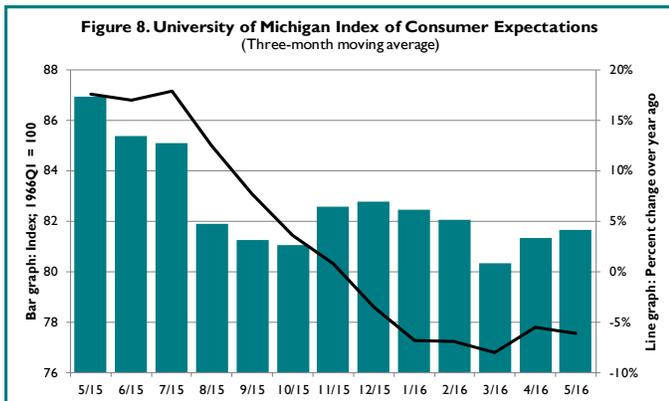
Source: URC using data from Bureau of Labor Statistics



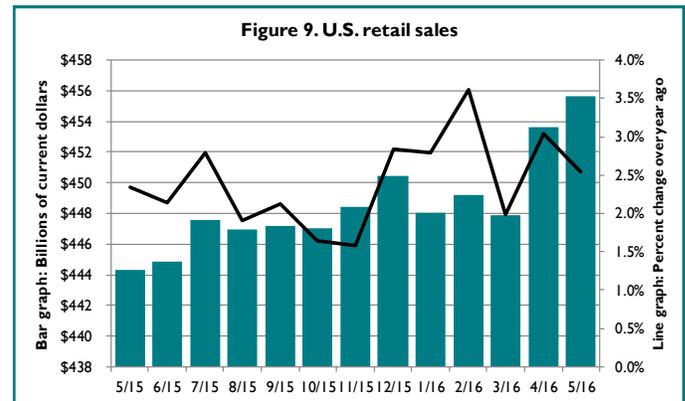
Source: U.S. Department of Labor; seasonally adjusted



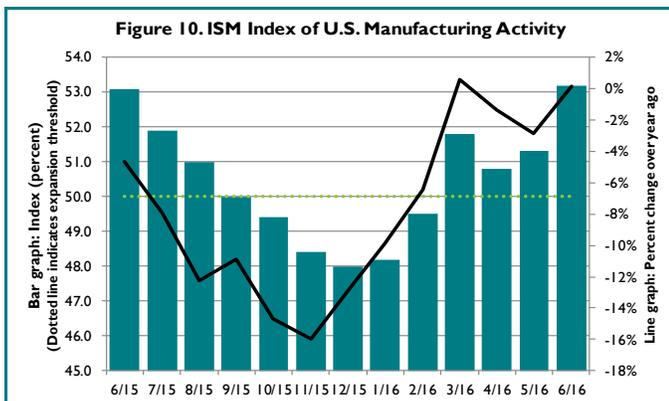
Source: Bureau of the Census; seasonally adjusted



Source: Thomson Reuters/University of Michigan Surveys of Consumers



Source: Bureau of the Census



Source: Institute for Supply Management

In May, the value of the Mississippi Leading Index (MLI) fell 0.4%.

MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, MAY 2016 (CONTINUED)

most categories. Nonstore retailers and Sporting Goods stores posted relatively strong gains as well. Building materials experienced the largest decline among all categories for the second consecutive month.

The value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** increased for the second consecutive month in June as seen in Figure 10. The Index increased 3.7 percent in value and reached

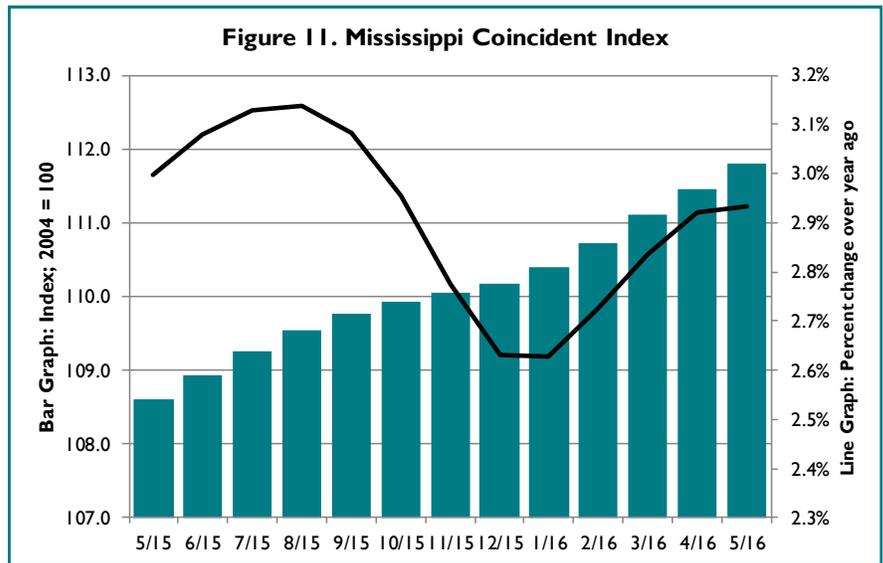
its highest level since December 2014. The year-over-year change moved positive, up 0.2 percent over June 2015. Both the New Orders and Production components increased considerably in June, and the Employment component moved into expansion territory for the first time since November 2015. The Inventory index equaled its highest level since September 2015.

MISSISSIPPI COINCIDENT INDEX, MAY 2016

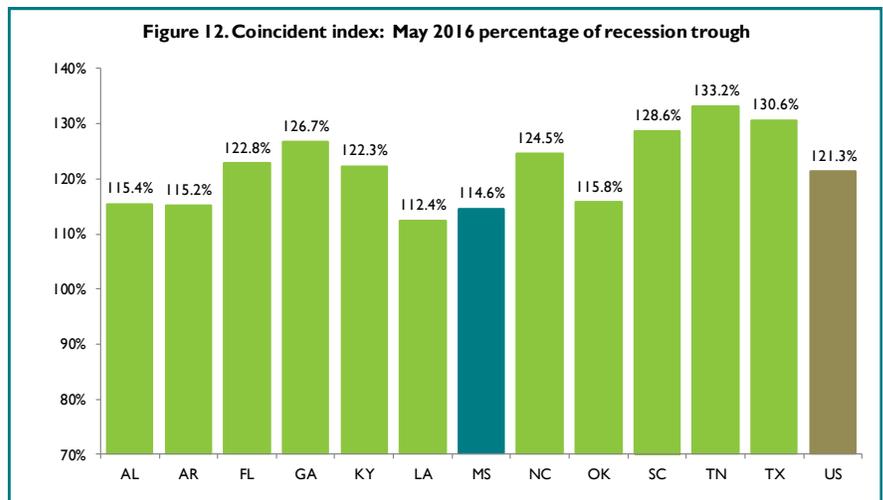
The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** rose 0.3 percent in May according to the Federal Reserve Bank of Philadelphia. As seen in Figure 11, the value of the MCI was 2.9 percent higher in May compared to one year ago.

Figure 12 indicates as of May the value of the coincident index for Louisiana has grown the least from its respective recession trough among all other states in the Southeast region. Louisiana's coincident index was up 12.4 percent from its trough, while the coincident index for Mississippi incurred the next smallest increase, up 14.6 percent through May. Notably, the coincident indices for five states in the region have increased less than 16.0 percent from their respective recession troughs while seven states have experienced increases of at least 22.0 percent. The values of the coincident indices for Tennessee and Texas are up more than 30.0 percent from their respective recession troughs.

Figure 13 on page 5 indicates the value of the coincident indices increased in forty-two states in May compared to three months prior. The coincident indices of thirty-five states grew more than 0.5 percent in May compared to three months prior. Eight states experienced increases in the value of their respective coincident indices of less than 0.5 percent, while in four states the coincident indices fell in value by more than 0.5 percent.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

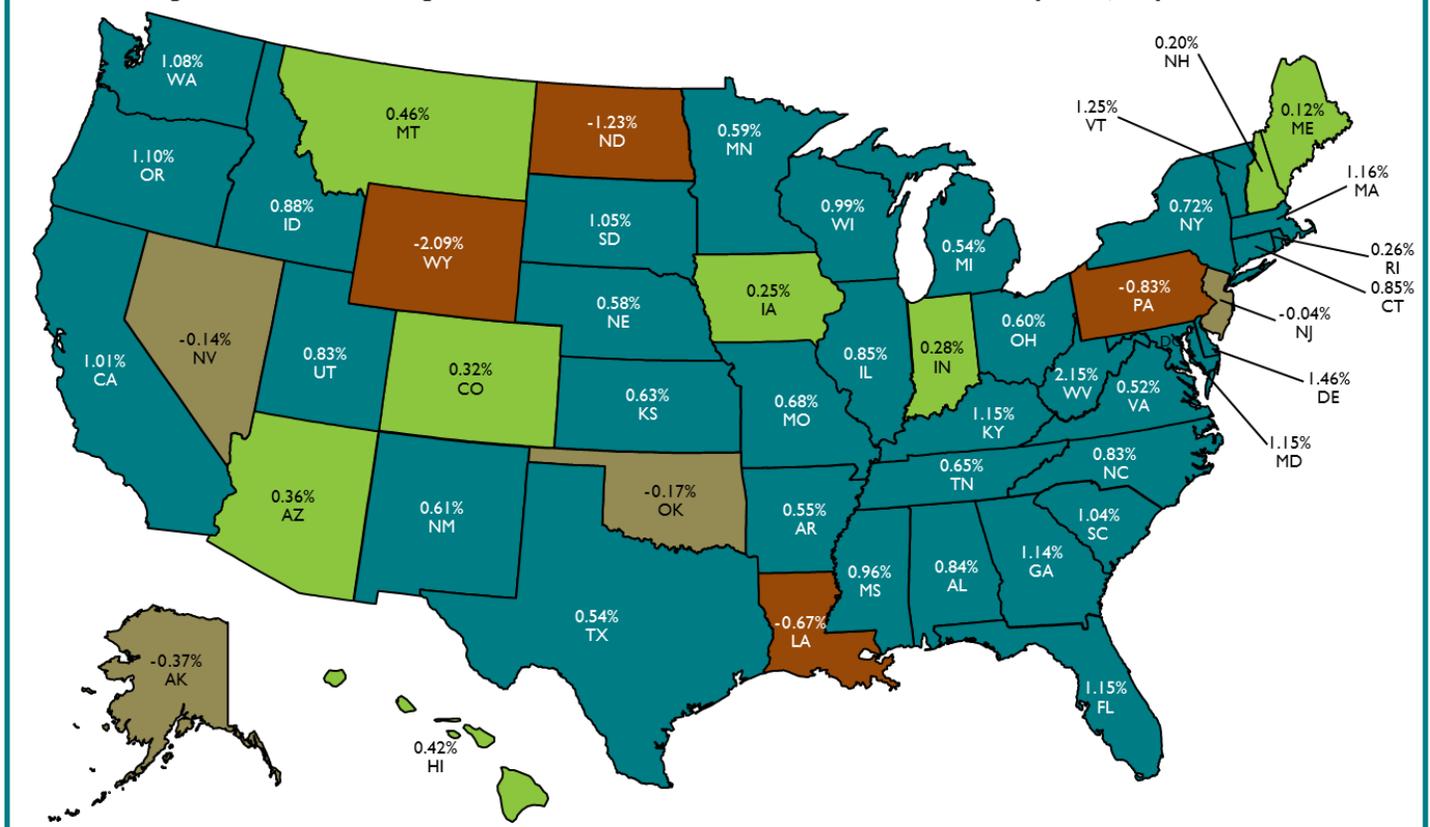
The U.S. Leading Economic Index (LEI) lost 0.2 percent of its value in May according to The Conference Board. As Figure 1 on page 1 indicates, the decrease was the first since January. The value of the LEI in May was 1.2 percent higher compared to one year ago. Although six of the ten components of the LEI increased in value for the month, a relatively large increase in average weekly initial claims for unemployment insurance (which the LEI inverts) led to an overall decline in the value of the LEI. Over the last six months the value of the LEI was unchanged.

As seen in Figure 2 on page 1, the value of the U.S. Coincident Economic Index (CEI) did not change in May according to The Conference Board. The April value was revised slightly lower. Three of the four of the components of the CEI increased in value for the month, but these gains were offset by a decline in the value of industrial production. The value of the CEI in May was 1.7 percent higher compared to one year ago. Over the last six months the value of the CEI is up 0.7 percent.

The value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index increased in May for the second consecutive month and only the second time in 2016. As Figure 20 on page 6 indicates the value rose 0.2 percent for the month. However, for the seventh consecutive month the year-over-year change in the Index remained negative, as compared to one year ago the value in May was lower by 4.6 percent. Notably, the “earnings trends” and “current job openings” components declined; however, the “expect economy to improve” component increased from the previous month.

To almost no one’s surprise, the Federal Open Market Committee (FOMC) took no action on interest rates at their June meeting. The somewhat surprising result of the national referendum in the United Kingdom that the nation will withdraw from the European Union has created considerable uncertainty in global financial markets. Coupled with the uncertainty about the direction of the U.S. economy, most analysts no longer believe an increase in July remains a real possibility.

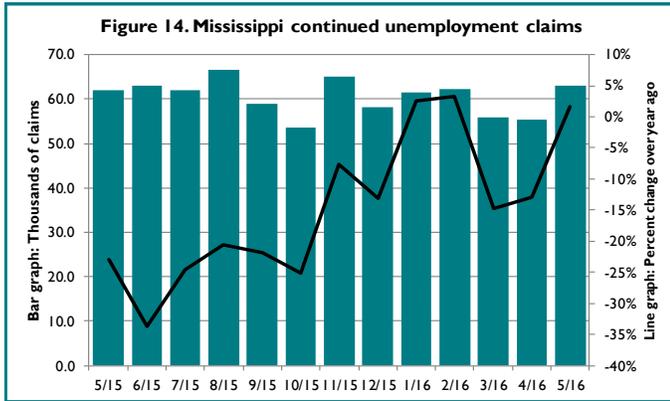
Figure 13. Three-month growth in the coincident index of economic indicators by state, May 2016



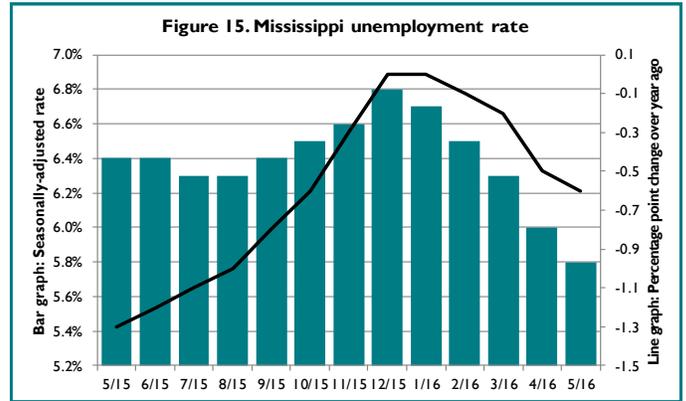
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

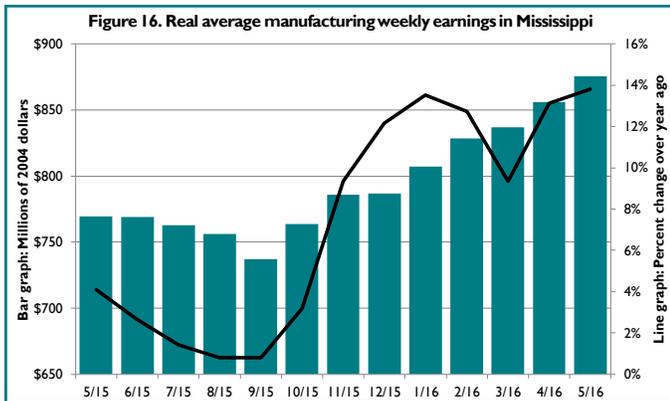
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



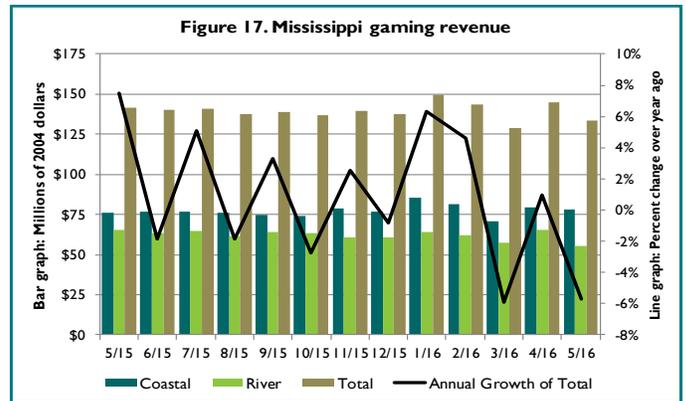
Source: U.S. Department of Labor; seasonally adjusted



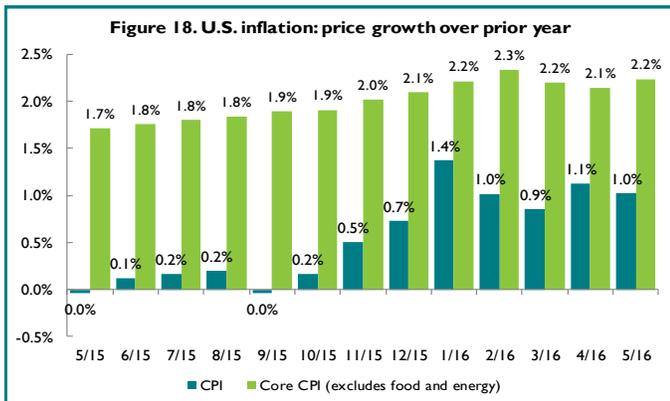
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



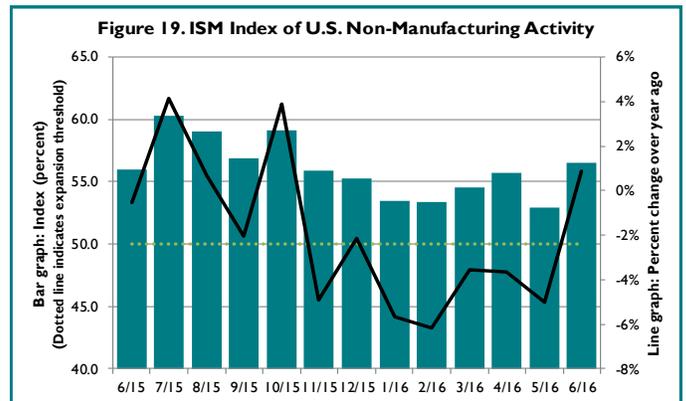
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



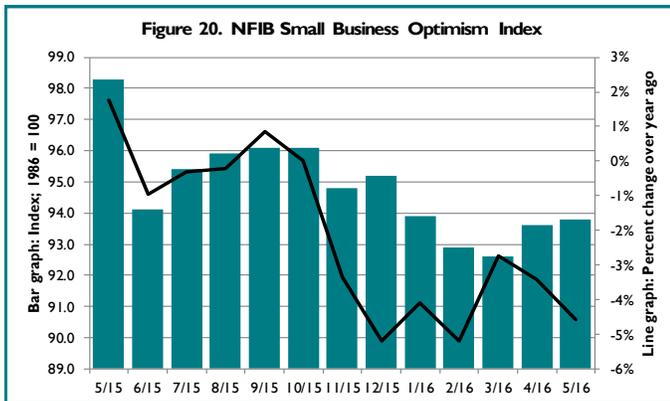
Source: Mississippi Department of Revenue; seasonally adjusted



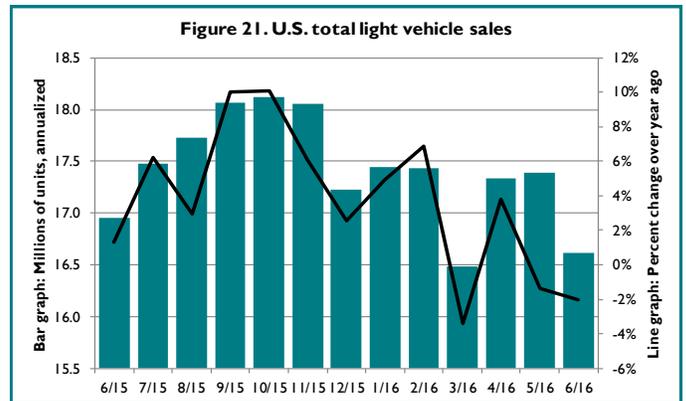
Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: National Federation of Independent Businesses



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

TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	May	April	May	Percent change from		
	2016	2016	2015	April 2016	May 2015	
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	123.7	123.9	122.2	▼0.2%	▲1.2%	Economic Indices
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	113.5	113.5	111.6	◀▶0.0%	▲1.7%	
Mississippi Leading Index 2004 = 100. Source: University Research Center	111.6	112.1	109.6	▼0.4%	▲1.8%	
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	111.8	111.5	108.6	▲0.3%	▲2.9%	
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	7,482	7,070	7,130	▲5.8%	▲4.9%	Components of the Mississippi Leading Index
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	77.5	78.0	66.3	▼0.7%	▲16.9%	
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	112.4	115.5	110.7	▼2.7%	▲1.5%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	84.4	85.4	82.4	▼1.1%	▲2.5%	
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	81.6	81.3	86.9	▲0.4%	▼6.1%	
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	53.2	51.3	53.1	▲3.7%	▲0.2%	
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	455.6	453.6	444.3	▲0.5%	▲2.5%	
U.S. Consumer Price Index (CPI) U.S. Core CPI (excludes food and energy) 2004 = 100. Source: URC using data from Bureau of Labor Statistics	127.2 125.6	126.7 125.4	125.9 122.9	▲0.4% ▲0.2%	▲1.0% ▲2.2%	
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	5.8%	6.0%	6.4%	▼0.2	▼0.6	
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	62,913	55,343	61,952	▲13.7%	▲1.6%	
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	56.5	52.9	56.0	▲6.8%	▲0.9%	Miscellaneous Indicators
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve	3.62%	3.65%	3.86%	▼0.03	▼0.24	
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.52	20.02	18.41	▲2.5%	▲11.5%	
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	875.38	855.84	769.25	▲2.3%	▲13.8%	
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	93.8	93.6	98.3	▲0.2%	▼4.6%	
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	16.61	17.39	16.95	▼4.5%	▼2.0%	
Gaming revenue	133.6	145.0	141.6	▼7.9%	▼5.7%	
Coastal counties	78.3	79.3	76.3	▼1.2%	▲2.6%	
River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	55.3	65.7	65.4	▼15.8%	▼15.4%	

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi declined for the second consecutive month in May. According to the U.S Bureau of Labor Statistics (BLS) total employment in the state fell 0.2 percent for the month. Table 2 below indicates total employment in Mississippi in May 2016 compared to one year earlier was 0.8 percent higher, a difference of 9,500 jobs.

BLS reported total nonfarm employment was essentially unchanged in forty-three states, decreased in four states, and increased in three states and the District of Columbia in May. (BLS began reporting only statistically significant changes in with its May release.) The largest absolute increase in employment for the month occurred in Florida while the largest percentage increases in employment in May occurred in the District of Columbia and West Virginia. The largest absolute decreases in employment for the month occurred in Tennessee and Michigan and the largest percentage decreases in employment occurred in Montana and New Hampshire. As in April, North Dakota and Wyoming were the two states reporting lower employment in May compared to one year ago.

The Retail Trade sector added 1,100 jobs in May, the most among all industries in Mississippi. Employment in the Arts and Entertainment sector experienced the largest percentage increase in employment in the state for the month, rising by 1.8 percent. Manufacturing lost the most jobs among all sectors in the state in May, falling by 2,300 jobs. The largest percentage decrease in employment in Mississippi in May occurred in Professional and Business Services, which fell 1.7 percent, a loss of 1,800 jobs.

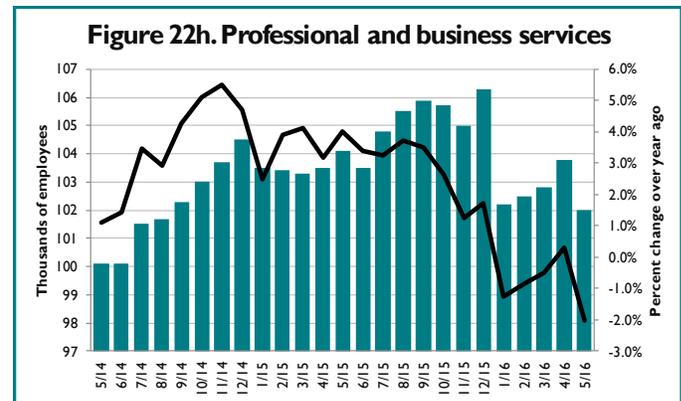
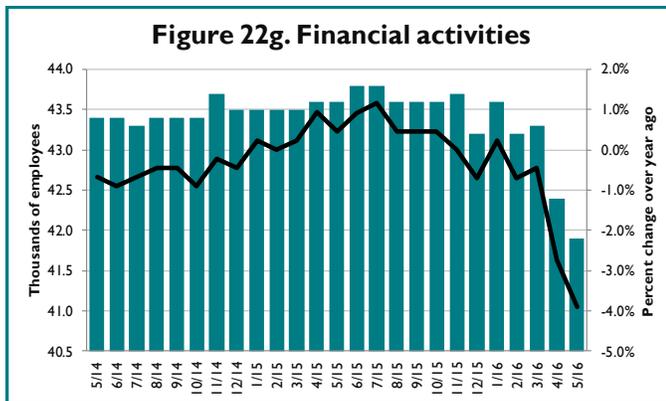
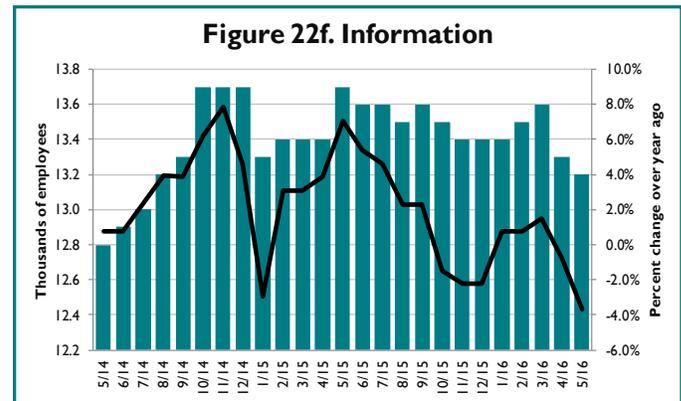
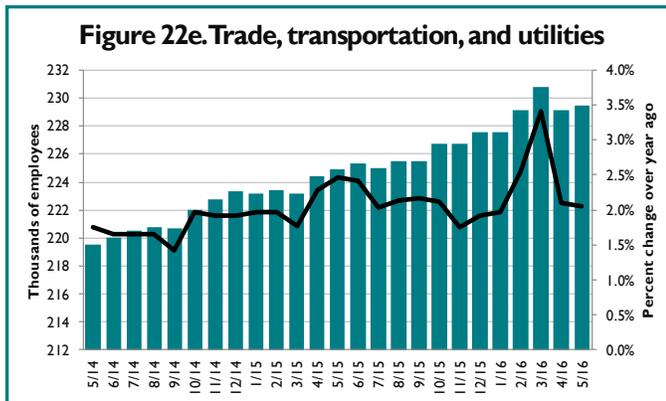
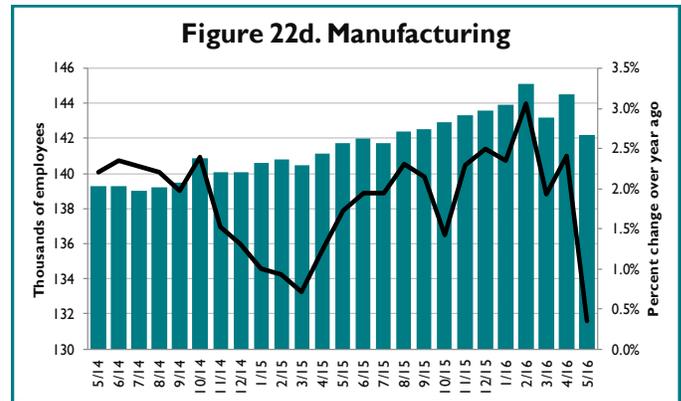
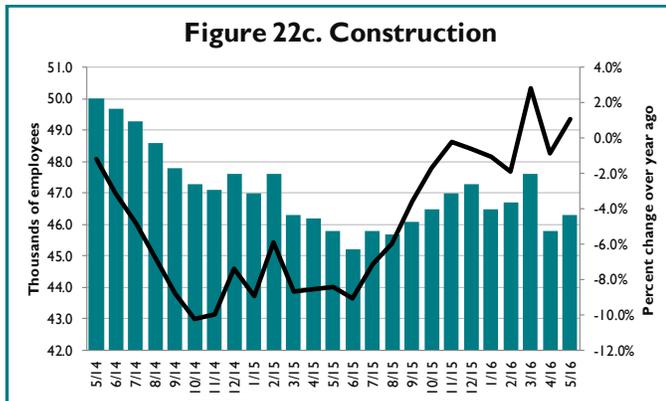
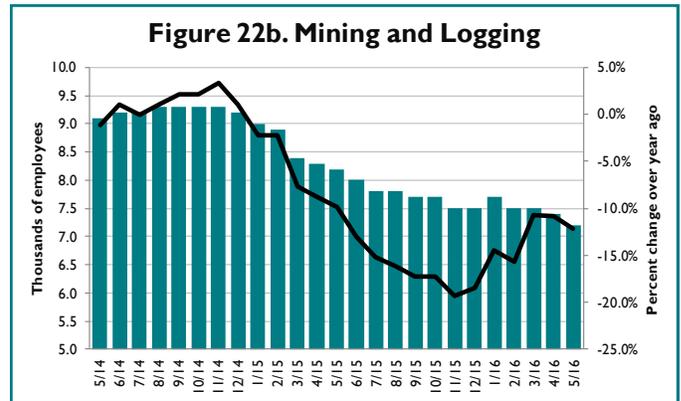
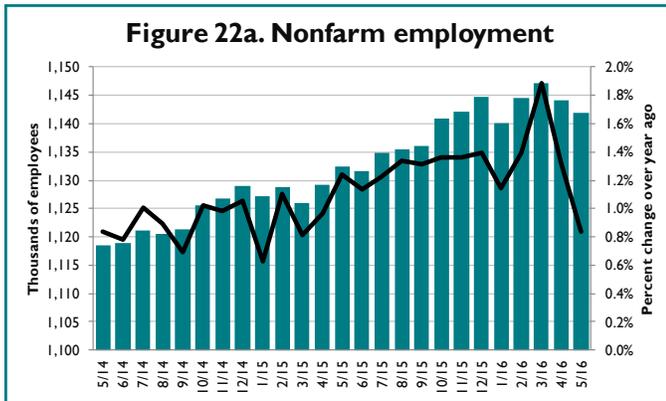
As in April, the Trade, Transportation, and Utilities sector added the most jobs among all industries in the state compared to one year ago with 4,600. All but 400 of these jobs were added in Retail Trade. The largest percentage increase in employment among all industries in Mississippi in May compared to one year ago occurred in Educational Services, which increased 4.9 percent. Mining and Logging remained the industry with the largest decrease in employment among all sectors in the state in May compared to one year ago, down by 1,000 jobs. The largest percentage decrease in employment for the month compared to one year ago also occurred in Mining and Logging, which was down 12.2 percent.

Table 2. Change in Mississippi employment by industry, May 2016

	Relative share of total ^a	May 2016	April 2016	May 2015	Change from April 2016		Change from May 2015	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,141,900	1,144,100	1,132,400	▼2,200	▼0.2%	▲9,500	▲0.8%
Mining and Logging	0.7%	7,200	7,400	8,200	▼200	▼2.7%	▼1,000	▼12.2%
Construction	4.1%	46,300	45,800	45,800	▲500	▲1.1%	▲500	▲1.1%
Manufacturing	12.6%	142,200	144,500	141,700	▼2,300	▼1.6%	▲500	▲0.4%
Trade, Transportation, & Utilities	19.9%	229,500	229,100	224,900	▲400	▲0.2%	▲4,600	▲2.0%
Retail Trade	12.3%	142,400	141,300	138,000	▲1,100	▲0.8%	▲4,400	▲3.2%
Information	1.2%	13,200	13,300	13,700	▼100	▼0.8%	▼500	▼3.6%
Financial Activities	3.8%	41,900	42,400	43,600	▼500	▼1.2%	▼1,700	▼3.9%
Services	36.3%	415,100	416,300	410,900	▼1,200	▼0.3%	▲4,200	▲1.0%
Professional & Business Services	9.1%	102,000	103,800	104,100	▼1,800	▼1.7%	▼2,100	▼2.0%
Educational Services	1.1%	12,800	12,600	12,200	▲200	▲1.6%	▲600	▲4.9%
Health Care & Social Assistance	11.1%	127,900	128,200	126,300	▼300	▼0.2%	▲1,600	▲1.3%
Arts & Entertainment	1.0%	11,600	11,400	11,300	▲200	▲1.8%	▲300	▲2.7%
Accommodation and Food Services	10.4%	121,100	120,700	117,300	▲400	▲0.3%	▲3,800	▲3.2%
Other Services	3.5%	39,700	39,600	39,700	▲100	▲0.3%	◀0	◀0.0%
Government	21.5%	246,500	245,300	243,600	▲1,200	▲0.5%	▲2,900	▲1.2%

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

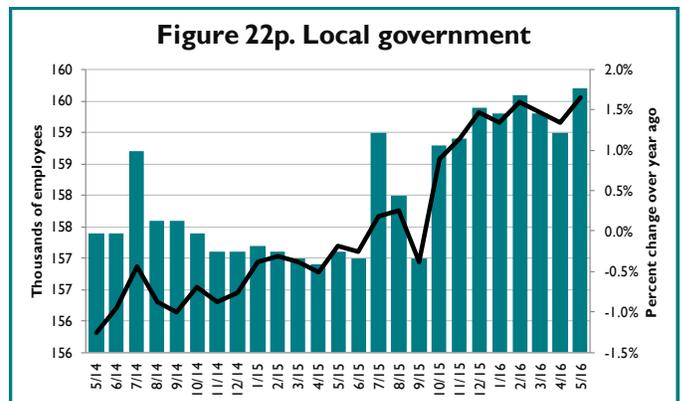
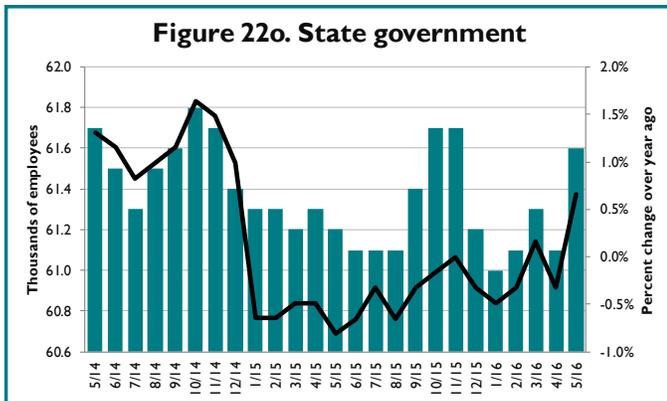
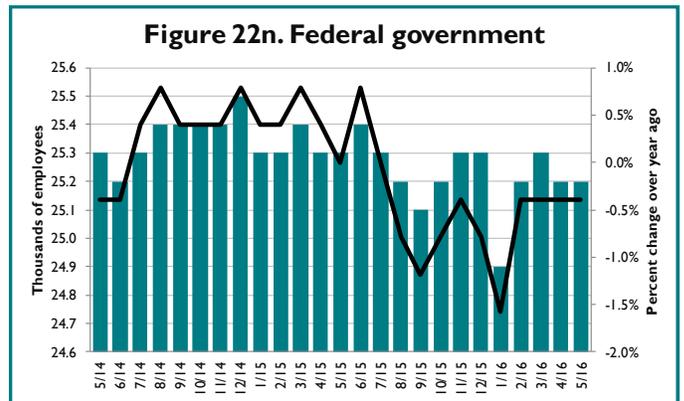
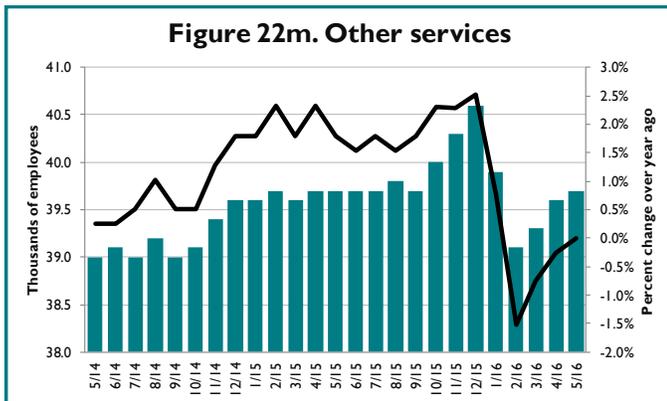
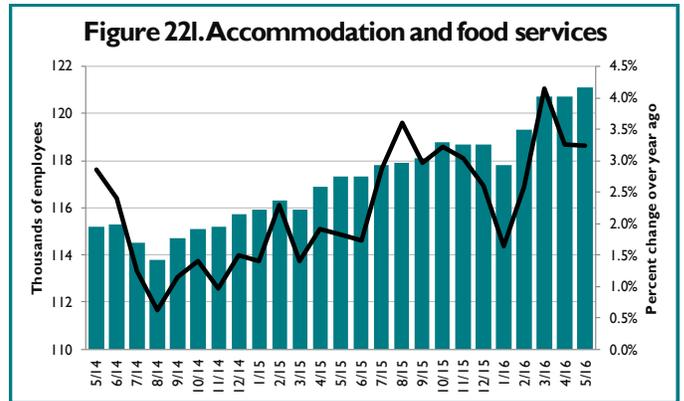
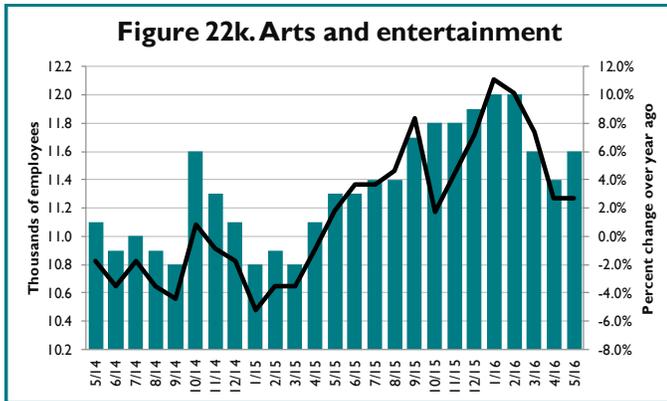
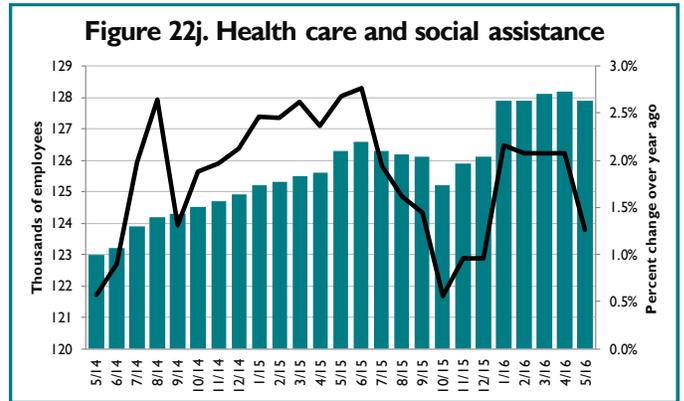
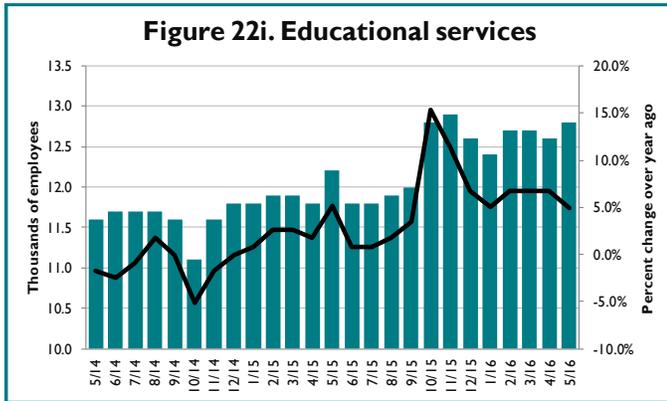
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



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

CHANGE IN MISSISSIPPI REAL GDP IN 2015

The preliminary estimate of the U.S. Bureau of Economic Analysis (BEA) released in June indicates the Mississippi economy expanded in 2015, the first such growth since 2012 when real GDP increased 3.1 percent. Based on BEA's estimate, real GDP in Mississippi grew 0.7 percent in 2015. However, real GDP for 2014 was revised down from no change to -0.3 percent. Thus, according to these latest data Mississippi's economy contracted in three of the last five years.

The contributions to the 0.7 percent increase in the state's real GDP by sector in 2015 are listed in Table 3 below. (BEA's preliminary estimates only include the changes in major industries.) A perfunctory examination of Table 3 indicates most of the growth in Mississippi's economy in 2015 came from two sectors: Agriculture, Forestry, Fishing, and Hunting and Manufacturing, both of which increased real GDP by 0.4 percent. Thus, the sum of the contributions of all other industries was negative. The next largest contributions came from Retail Trade and Health Care and Social Assistance, as each increased real GDP by 0.2 percent. Wholesale Trade and Administrative and Waste Management Services made the only other positive contributions to the growth in real GDP, raising the state's real GDP by 0.1 percent each. The remaining industries either did not contribute or contributed negatively. Government and the Construction industry reduced real GDP the most in 2015, as each sector's contribution equaled -0.2 percent. Both the Construction and Government sectors are relatively large employers in the state. Notably, since Government acted as a 0.2 percent drag on real GDP growth, Mississippi's private economy grew by 0.9 percent in 2015.

Mississippi's real GDP growth ranked forty-second among all states in 2015, tied with New Mexico. The state's economy expanded by the smallest percentage among all states in the southeast region. Real GDP in all other states in the Southeast grew by at least 1.3 percent, almost double the percent increase in Mississippi. The largest rates of growth in 2015 occurred in California and Oregon, as in both states real GDP increased by 4.1 percent. Real GDP contracted in two states in 2015, Alaska and North Dakota, both of which were impacted by the downturn in the energy industry.

Most of the states with the largest growth in real GDP in 2015 are located in the western U.S., with several states experiencing rates of growth over 3.0 percent, as Figure 23 on page 12 depicts. In contrast, no state in the Northeast region of the U.S. experienced a real GDP growth rate of more than 2.0 per-

Table 3. Contribution to percent change in Mississippi real GDP by sector, 2014-2015

Sector	Contribution
Agriculture, forestry, fishing, and hunting	0.4%
Natural Resources and mining	-0.1%
Utilities	-0.1%
Construction	-0.2%
Manufacturing	0.4%
Wholesale trade	0.1%
Retail trade	0.2%
Transportation and warehousing	-0.1%
Information	0.0%
Finance, insurance, real estate, rental, and leasing	0.0%
Professional, scientific, and technical services	0.0%
Management of companies and enterprises	0.0%
Administrative and waste management services	0.1%
Educational services	-0.1%
Health care and social assistance	0.2%
Arts, entertainment, and recreation	0.0%
Accommodation and food services	-0.1%
Other services, except government	0.0%
Government	-0.2%
Total[†]	0.7%

[†]Total may not add due to rounding. Source: U.S. Bureau of Economic Analysis

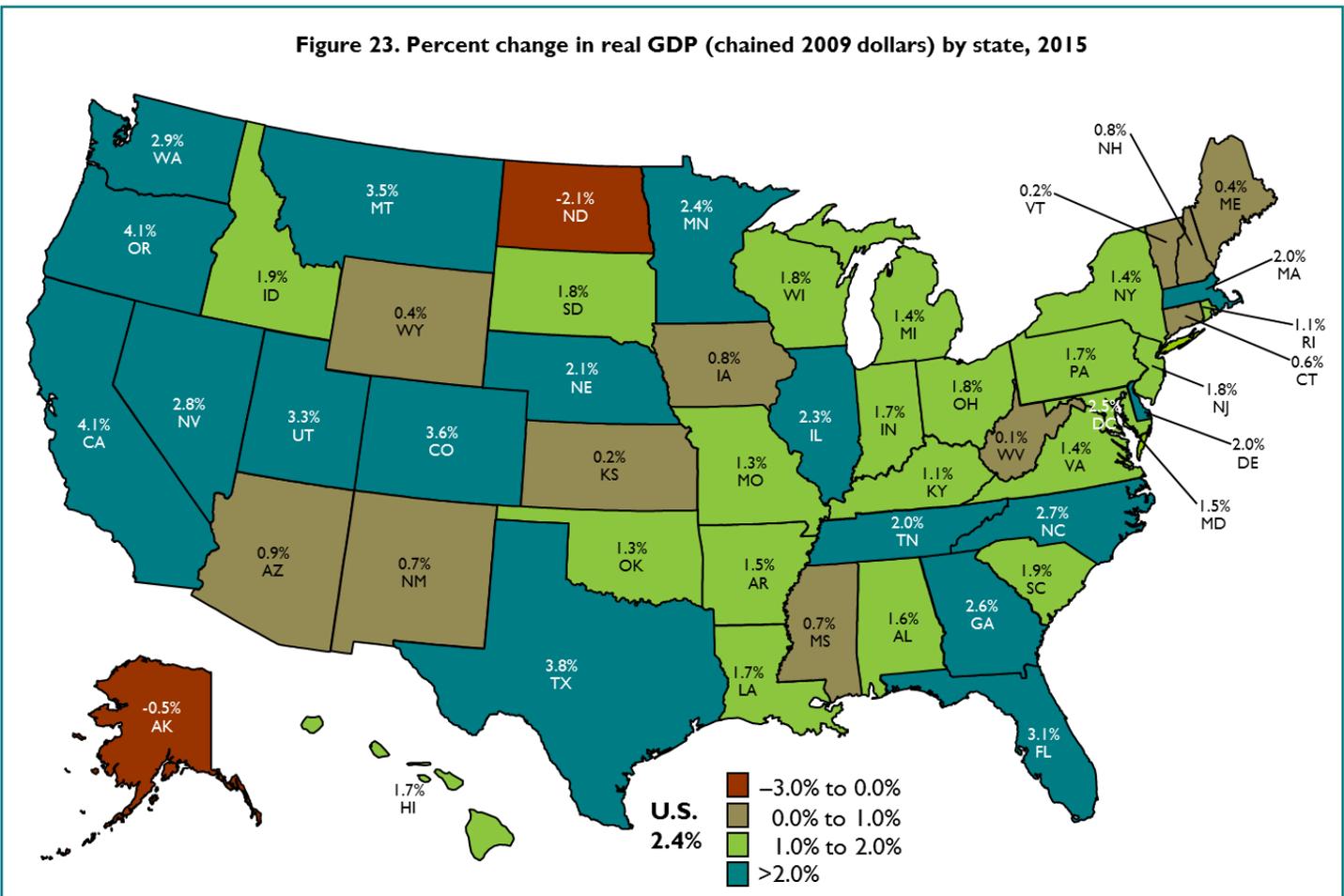
MISSISSIPPI'S BUSINESS

CHANGE IN MISSISSIPPI REAL GDP IN 2015, CONTINUED

cent in 2015. In the Southeast, Florida and Texas were the only two states in the region where real GDP grew by more than 3.0 percent in 2015; Georgia, North Carolina, and Tennessee experienced real GDP growth rates of at least 2.0 percent.

As is usually the case, the GDP data by state from BEA should be viewed with a couple of caveats. As previously noted the 2015 numbers represent a preliminary estimate and were based on a more limited set of data than the final estimates that will appear one year from now. The estimate for the change in real GDP for Mississippi for 2014, for example, was revised twice after its initial release. Also, state-level GDP is computed by BEA using a different methodology than the agency employs in its calculations of U.S. GDP. BEA's estimates of national GDP use spending on final goods and services, investment, and net foreign trade as a basis, the typical textbook definition of GDP. In contrast, state GDP is derived from incomes earned and costs of production. Mississippi is one of several states that has yet to experience substantial, consistent income growth in the years following the Great Recession, a fact the annual estimates of state real GDP reflect. States with economies that benefitted from the rise of the shale oil industry took a hit in 2015; North Dakota, for example, experienced the largest contraction in state GDP in 2015 while several other states saw real GDP growth reduced considerably from prior years.

Figure 23. Percent change in real GDP (chained 2009 dollars) by state, 2015



Source: U.S. Bureau of Economic Analysis