



ECONOMY AT A GLANCE

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

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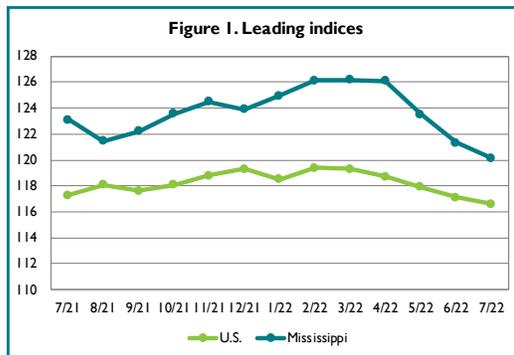
Figure 1 indicates the value of the Mississippi Leading Index (MLI) decreased 0.9 percent in July. Compared to one year earlier the value of the MLI for the month was 2.4 percent lower.

In July the value of the Mississippi Coincident Index (MCI) rose 0.3 percent as Figure 2 indicates. The value for the month was up 3.4 percent compared to one year ago.

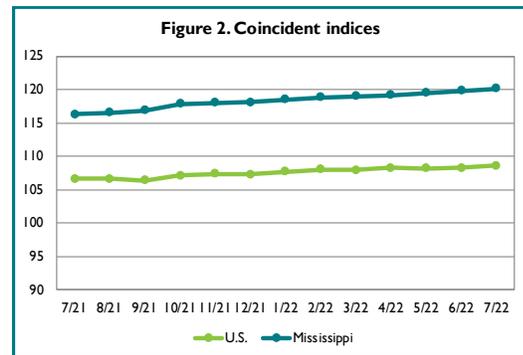
In its second estimate of the change in U.S. real GDP in the second quarter of 2022, the U.S. Bureau of Economic Analysis (BEA) reported a decrease of 0.6 percent at a seasonally-adjusted, annualized rate. This estimate represents an increase of 0.3 percentage point from BEA's initial estimate. The increase was the result of upward revisions to consumer spending and private inventory investment, which were partly offset by a downward revision

to residential fixed investment. The contraction in real GDP in the second quarter resulted from decreases in private inventory investment, residential fixed investment, and federal, state, and local government spending.

Following data revisions, the MLI fell in value for a fourth consecutive month in July. Building permits in the state had their worst month in almost four years. The drop was likely due to a decrease in demand in response to rising interest rates. Initial unemployment claims pulled down the MLI as well, as the number of claims rose for the fourth month in a row. However, the labor market in Mississippi continues to hold its own, as employment was up slightly in July. While both the U.S. and state economies are slowing, neither appeared to reflect a recessionary environment as of July.



Sources: University Research Center and The Conference Board



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

Notes: The Mississippi Coincident Index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2012. The index is based on changes in nonfarm employment, the unemployment rate, average manufacturing workweek length, and wage and salary disbursements. The Mississippi Leading Index is constructed by the Mississippi University Research Center. The U.S. Indices are from The Conference Board. All series are indexed to a base year of 2012.

MISSISSIPPI'S BUSINESS**MISSISSIPPI LEADING INDEX, JULY 2022**

For the fourth consecutive month the value of the **Mississippi Leading Index of Economic Indicators** (MLI) decreased in July as seen in Figure 3. The value fell 0.9 percent for the month. The value of the MLI in July was down 2.4 percent compared to one year earlier. Over the last six months the value of the MLI decreased 3.9 percent.

In July, three of the seven components of the MLI decreased in value and one was unchanged. Building permits made the largest negative contribution for the month. Each component is discussed below in order of smallest to largest contribution.

The value of **Mississippi residential building permits** (three-month moving average) sank 10.4 percent in July as seen in Figure 4. The monthly decline was the largest since September 2018 and the value decreased for the fourth consecutive month. Compared to one year earlier the value for the month was 12.1 percent lower. The number of units in the state fell 3.6 percent in July. Compared to one year earlier the number of units in the state for the month was up 4.2 percent, however. The number of privately-owned housing units authorized by building permits in the U.S. in July decreased 1.3 percent from the revised June rate. The number of units in the U.S. in July was 1.1 percent higher compared to one year earlier.

The number of seasonally-adjusted **initial unemployment claims** in Mississippi increased in July for the fourth consecutive month. As seen in Figure 5, the value surged 28.4 percent for the month. Nevertheless, the value in July was 29.0 percent lower compared to one year ago. The number of seasonally-adjusted continued unemployment claims in Mississippi also climbed 21.6 percent in July as seen in Figure 16 on page 6, the largest monthly increase since May 2020. Compared to one year earlier the number of continued unemployment claims in the state in July was down 60.7 percent. The unemployment rate for Mississippi decreased 0.2 percentage point in July to 3.6 percent as seen in Figure 17 on page 6. This rate represents yet another series low for the state in the BLS data that go back to 1976. The rate in July was down 2.0 percentage points compared to one year earlier.

The value of **Mississippi income tax withholdings** (three-month moving average) fell for the third consecutive month in July. As seen in Figure 6 the value decreased 1.4 percent for the month. Compared to one year earlier the value of withholdings in July was up 0.9 percent, the smallest year-over-year gain since December. The value of

income tax withholdings in Mississippi declined 1.2 percent over the last six months.

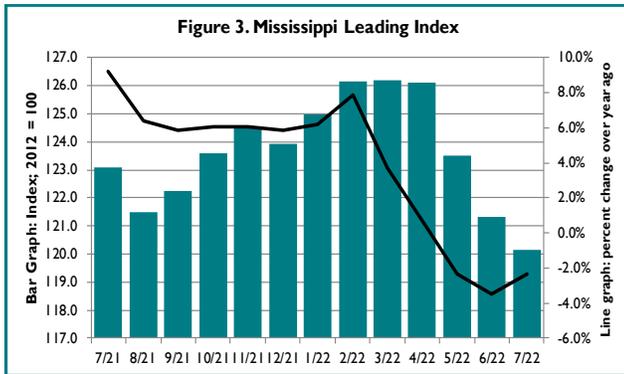
In August the value of the **ISM Index of U.S. Manufacturing Activity** was unchanged as seen in Figure 7. The last increase in the value of the Index occurred in May. The value in August was 11.9 percent lower compared to one year earlier. The largest increase among all components occurred in Employment, as this component moved into expansion territory for the first time since May. The only other component to increase was New Orders. The largest decrease among all components occurred in Inventories. The prices paid index fell in August for the fifth consecutive month. Price decreases were reported for aluminum, copper, and crude oil, among others.

As seen in Figure 8 the value of **U.S. retail sales** was essentially unchanged in July. Compared to one year earlier, the value of retail sales in July was up 10.3 percent. Sales excluding automobiles and gasoline were 0.8 percent higher for the month. The largest decreases in sales for July were at gasoline stations and in motor vehicles and parts. The only other segments that decreased in sales in for the month were General Merchandisers and Clothing and Accessories. The largest increase among all segments occurred in Nonstore Retailers, followed by Building Materials. The performance of some individual segments in July indicates consumer demand remains vital despite increases in the price level.

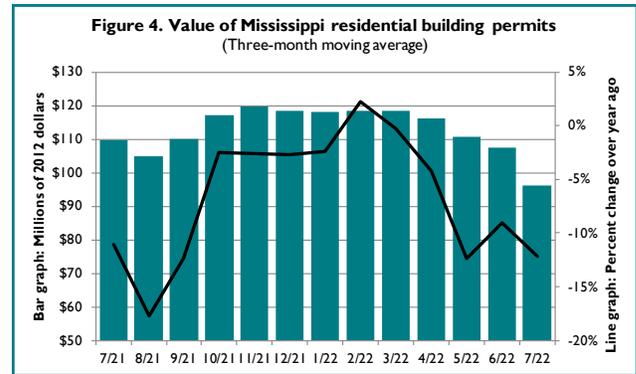
The value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) increased in July for the first time since November 2021. The value rose 1.9 percent for the month as seen in Figure 9, the largest monthly increase since May 2021. Compared to one year earlier the value in July was down 32.9 percent. Lower gasoline prices and a rally in stock markets likely led to improved expectations in the most recent survey. The Fed is closely watching inflation expectations. Short-term (one-year) inflation expectations decreased in the most recent survey while long-term (five-year) inflation expectations were unchanged.

Figure 10 indicates the value of the **Mississippi Manufacturing Employment Intensity Index** rose 1.9 percent in July, the largest monthly increase since February. Compared to one year earlier the value for the month was up 7.8 percent. Although Manufacturing employment in the state decreased in July, this decline was more than offset by the 2.3 percent increase in the average weekly hours of production employees in Mississippi.

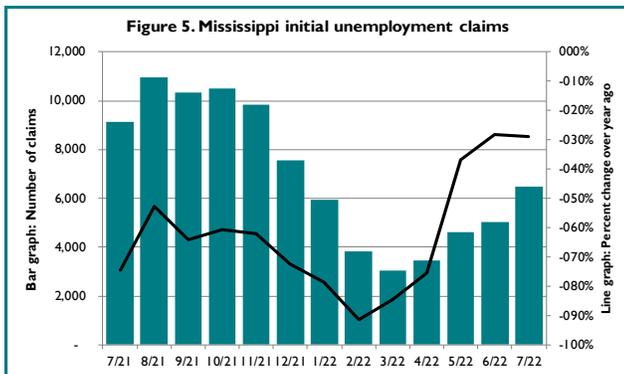
MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



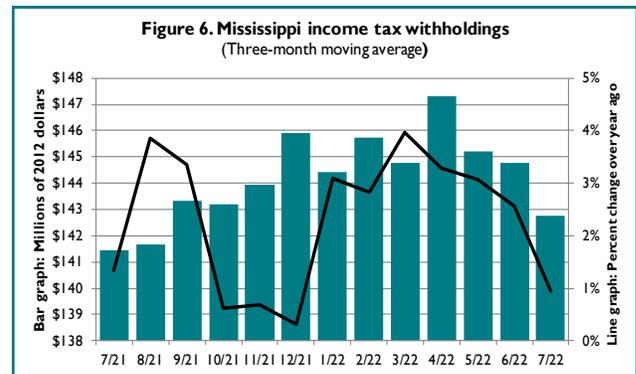
Source: University Research Center



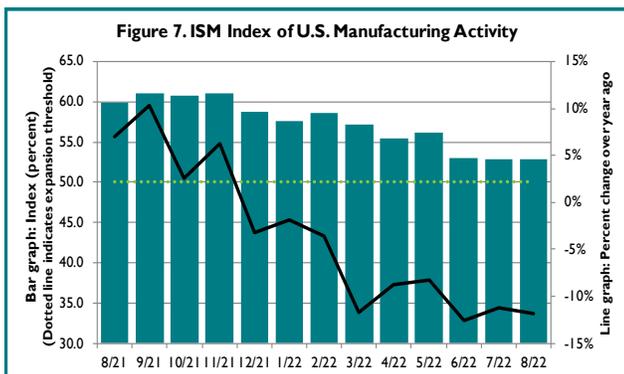
Source: U.S. Bureau of the Census; seasonally adjusted



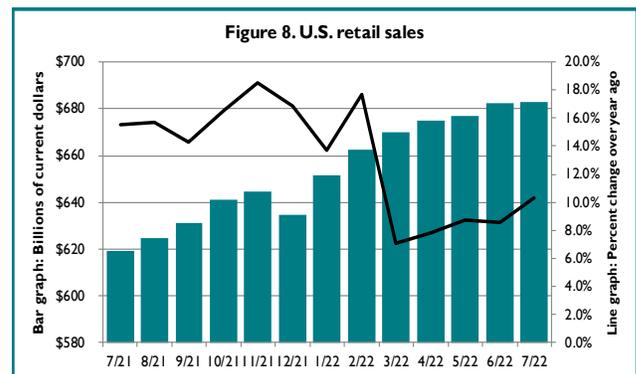
Source: U.S. Department of Labor; seasonally adjusted



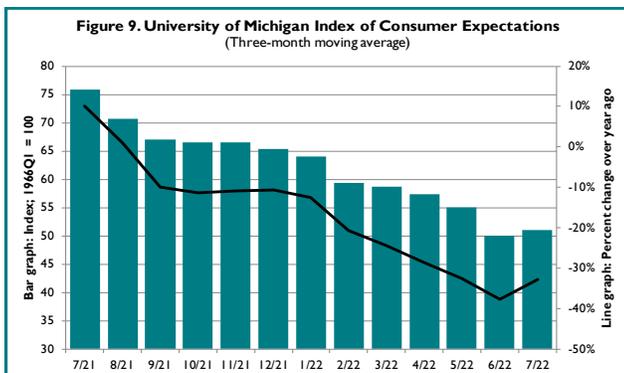
Source: Mississippi Department of Revenue; seasonally adjusted



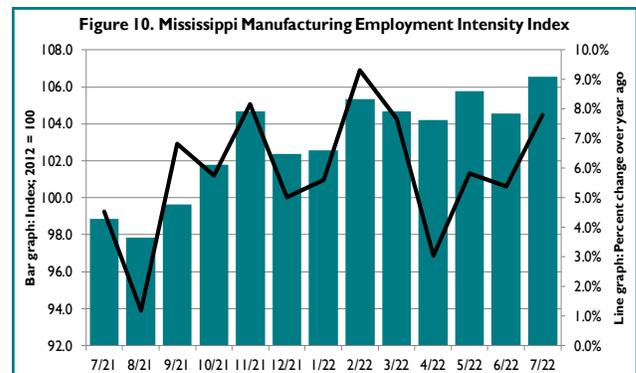
Source: Institute for Supply Management



Source: U.S. Bureau of the Census



Source: Thomson Reuters/University of Michigan Surveys of Consumers



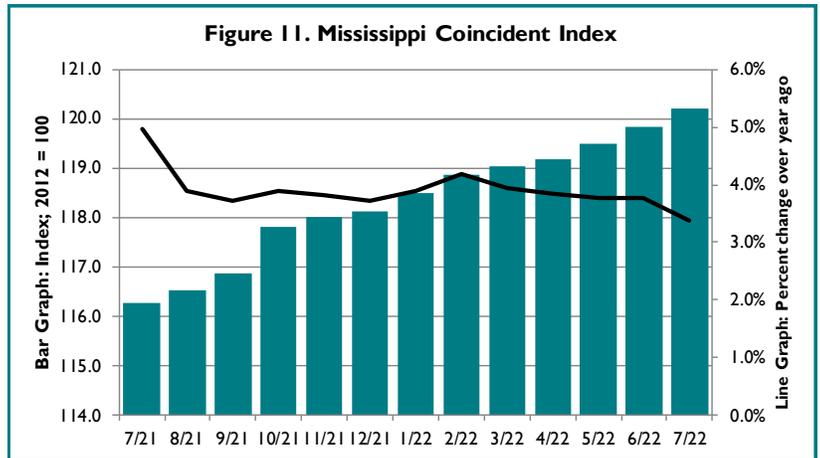
Source: URC using data from U.S. Bureau of Labor Statistics

MISSISSIPPI'S BUSINESS

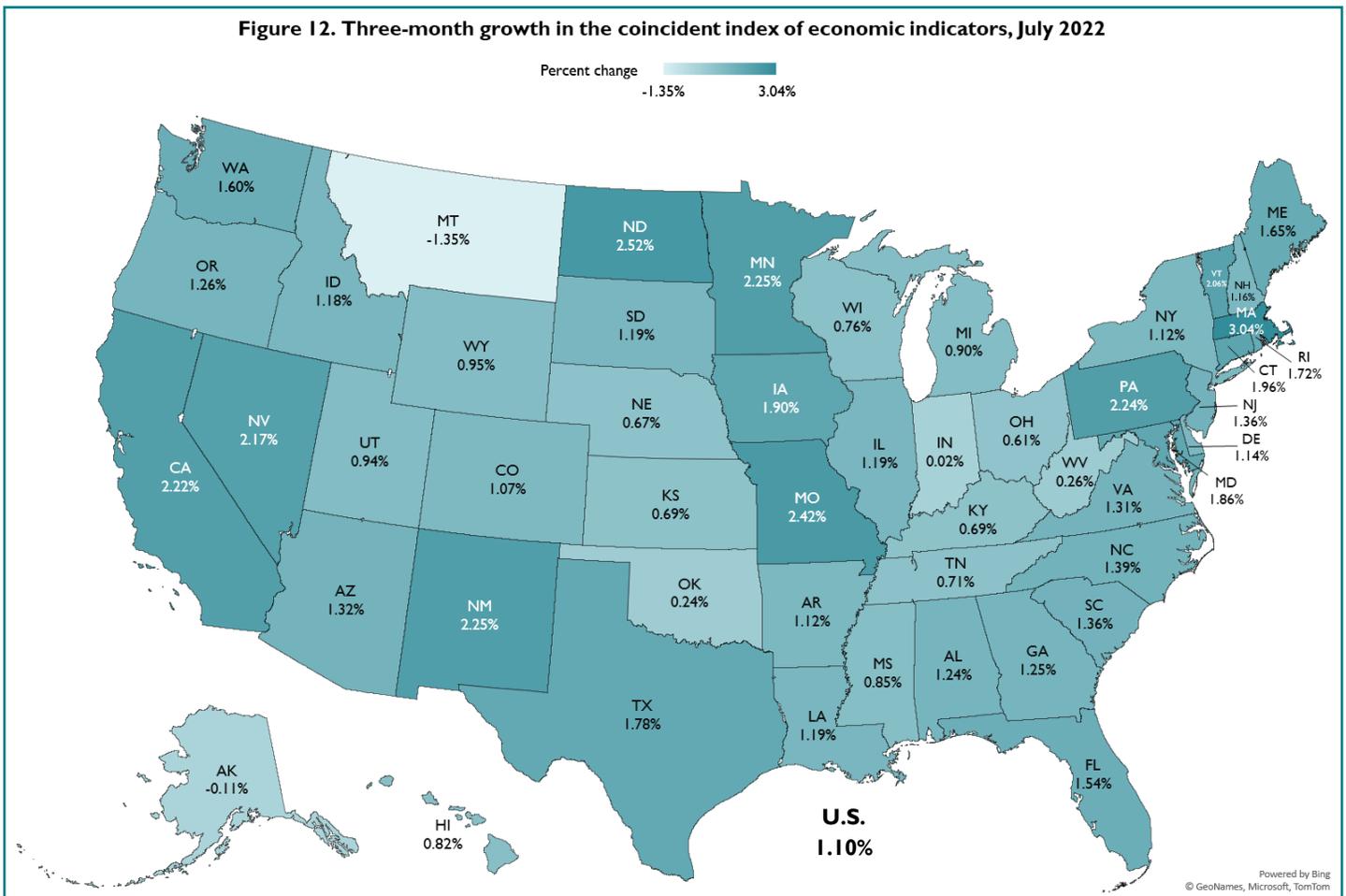
MISSISSIPPI COINCIDENT INDEX, JULY 2022

The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.3 percent in July according to the Federal Reserve Bank of Philadelphia as seen in Figure 11. Compared to one year earlier the value of the MCI in July was up 3.4 percent.

Figure 12 indicates the values of the coincident indices in forty-eight states increased in July compared to three months earlier. Massachusetts once again led all states, as the value of its coincident index rose slightly more than 3.0 percent over the last three months. In eight states the values of coincident indices increased between 2.0 and 3.0 percent in July compared to April. The values of the coincident indices increased between 1.0 percent and 2.0 percent over the last three months in twenty-six states. In fourteen states including Mississippi the values of the coincident indices rose less than 1.0 percent over the last three months. As in June the values of the coincident indices in Alaska and Montana decreased in July compared to three months earlier.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

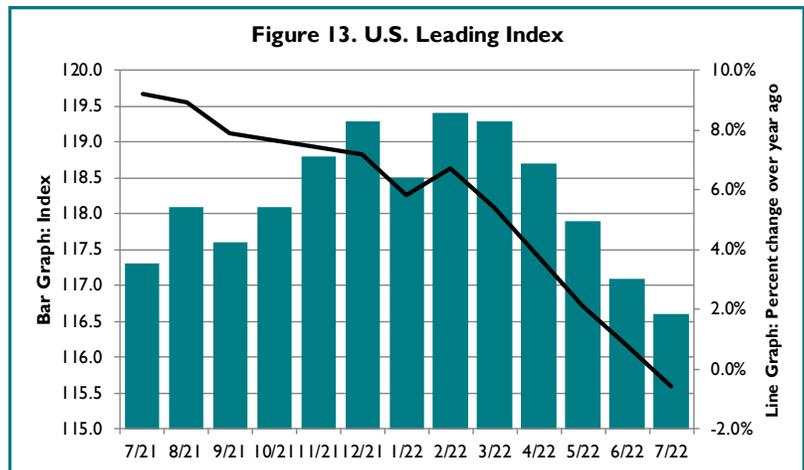
NATIONAL TRENDS

The value of the U.S. Leading Economic Index (LEI) fell 0.4 percent in June according to The Conference Board as seen in Figure 13. July marked the fifth consecutive monthly decrease in the value. The value of the LEI in July was down 0.6 percent compared to one year earlier, the first year-over-year decrease in the value since February 2021. Six of the ten components of the LEI made positive contributions in July and the largest contribution came from the spread on interest rates. Over the last six months the LEI lost 1.6 percent of its value.

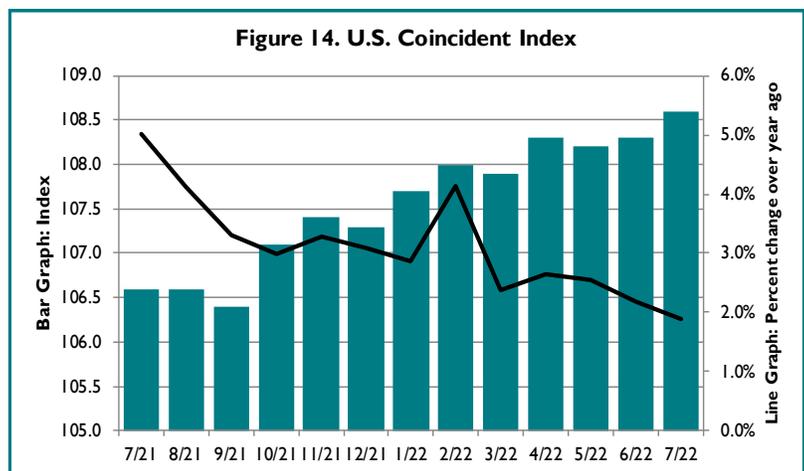
As seen in Figure 14 the value of the U.S. Coincident Economic Index (CEI) increased 0.3 percent in July according to The Conference Board. The value of the CEI for the month was 1.9 percent higher compared to one year earlier. All four components of the CEI made positive contributions in July and the largest contribution came from nonfarm payrolls. The value of the CEI increased 0.8 percent over the last six months.

In July the value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index rose 0.4 percent as seen in Figure 15, its first monthly increase since December 2021. The value of the Index in July was 9.8 percent lower compared to one year earlier. The “plans to increase employment,” “plans to increase inventories,” “expect economy to improve,” and “now is a good time to expand” components each increased slightly. The “plans to raise prices” measure fell to its lowest level since April 2021.

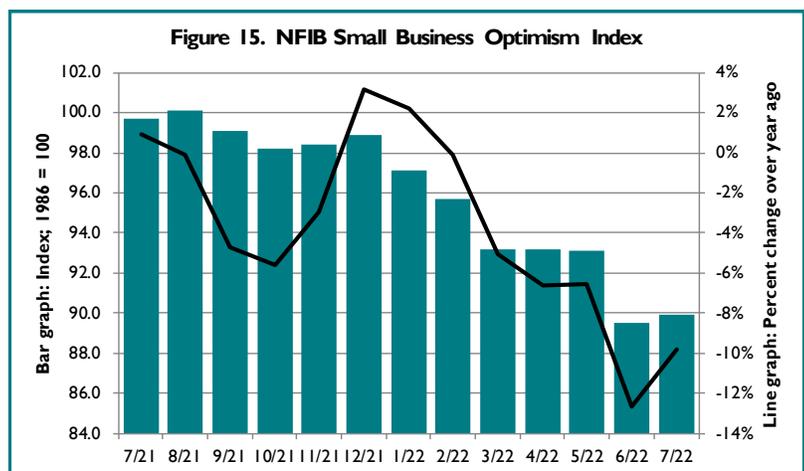
Speaking at the annual Jackson Hole Economic Symposium last month, Federal Reserve Chair Jerome Powell noted, “While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses.” He gave no indication what the Federal Open Market Committee (FOMC) will do at its meeting later this month, but most analysts believe the FOMC will raise the benchmark federal-funds rate target by likely another 75 basis points. The Personal Consumption Expenditures price index, favored by the Federal Reserve, was up 6.3 percent year-over-year in July, compared to a 6.8 percent year-over-year increase in June.



Source: The Conference Board



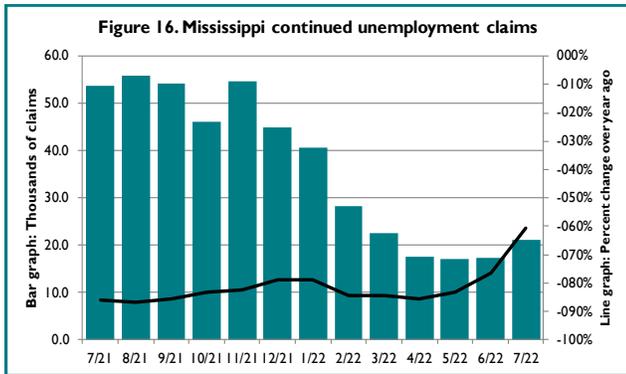
Source: The Conference Board



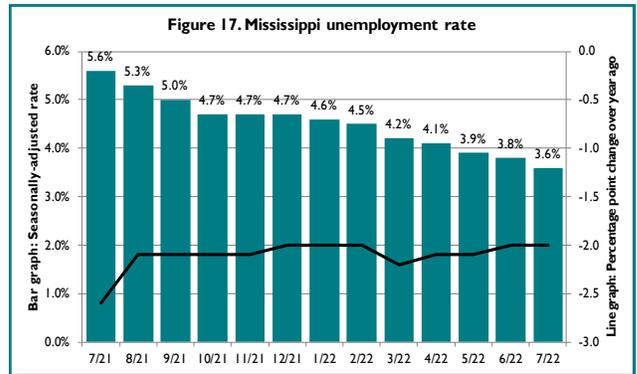
Source: National Federation of Independent Businesses

MISSISSIPPI'S BUSINESS

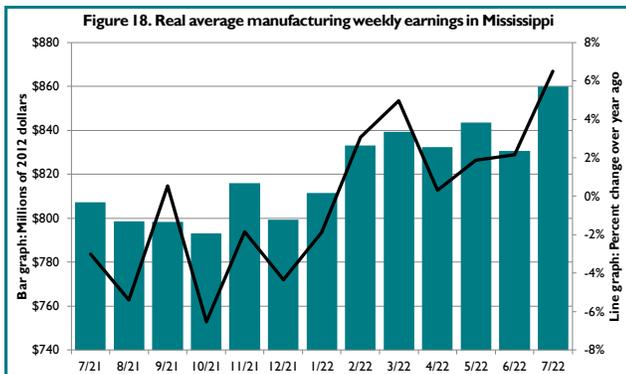
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



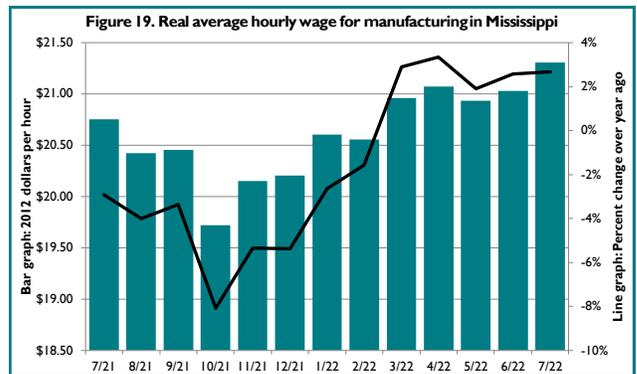
Source: U.S. Department of Labor; seasonally adjusted



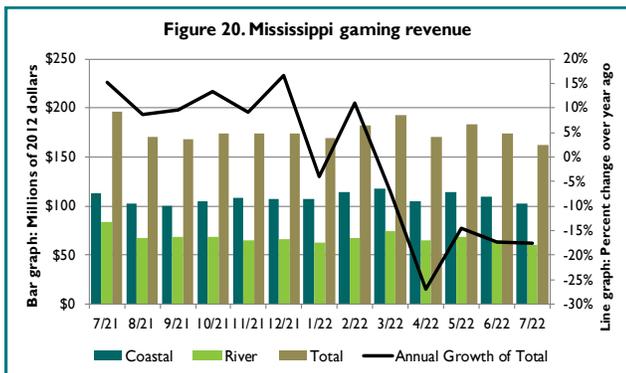
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



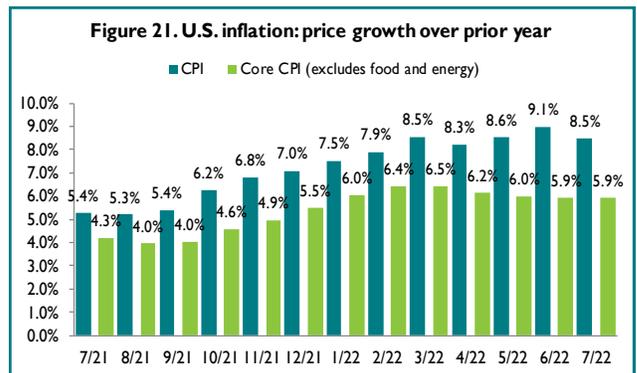
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



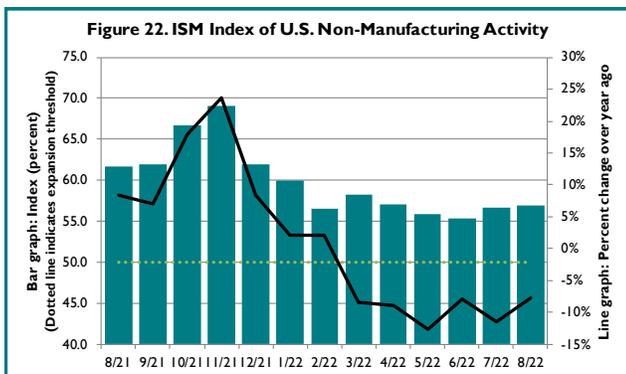
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



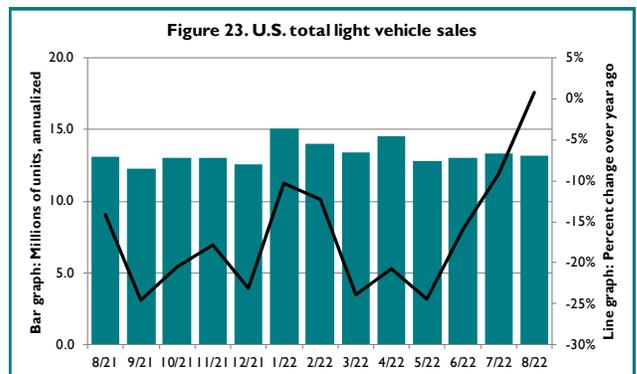
Source: Mississippi Department of Revenue; seasonally adjusted



Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



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

TABLE I. SELECTED ECONOMIC INDICATORS

Indicator	July	June	July	Percent change from	
	2022	2022	2021	June 2022	July 2021
U.S. Leading Economic Index 2012 = 100. Source: The Conference Board	116.6	117.1	117.3	▼0.4%	▼0.6%
U.S. Coincident Economic Index 2012 = 100. Source: The Conference Board	108.6	108.3	106.6	▲0.3%	▲1.9%
Mississippi Leading Index 2012 = 100. Source: University Research Center	120.2	121.3	123.1	▼0.9%	▼2.4%
Mississippi Coincident Index 2012 = 100. Source: Federal Reserve Bank of Philadelphia	120.2	119.8	116.3	▲0.3%	▲3.4%
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	6,473	5,042	9,114	▲28.4%	▼29.0%
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Bureau of the Census	96.3	107.5	109.6	▼10.4%	▼12.1%
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Mississippi Department of Revenue	142.8	144.8	141.4	▼1.4%	▲0.9%
Mississippi Manufacturing Employment Intensity Index 2012 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	106.6	104.5	98.9	▲1.9%	▲7.8%
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	50.9	50.0	75.9	▲1.9%	▼32.9%
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	52.8	52.8	59.9	◀▶0.0%	▼11.9%
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	682.8	682.6	620.6	◀▶0.0%	▲10.3%
U.S. Consumer Price Index (CPI)	128.6	128.6	118.6	◀▶0.0%	▲8.5%
U.S. Core CPI (excludes food and energy) 2012 = 100. Source: URC using data from Bureau of Labor Statistics	128.5	128.1	121.3	▲0.3%	▲5.9%
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	3.6%	3.8%	5.6%	▼0.2	▼2.0
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	21,081	17,344	53,616	▲21.6%	▼60.7%
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	56.9	56.7	61.7	▲0.4%	▼7.8%
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	5.50%	5.40%	2.92%	▲0.10	▲2.58
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	21.31	21.03	20.75	▲1.3%	▲2.7%
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	859.81	830.50	807.25	▲3.5%	▲6.5%
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	89.9	89.5	99.7	▲0.4%	▼9.8%
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	13.18	13.33	13.09	▼1.1%	▲0.7%
Gaming revenue	162.40	174.36	196.8	▼6.9%	▼17.5%
Coastal counties	102.44	109.40	113.1	▼6.4%	▼9.4%
River counties Seasonally adjusted; millions of 2012 dollars. Source: Mississippi Department of Revenue	59.96	64.95	83.7	▼7.7%	▼28.4%

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

The U.S. Bureau of Labor Statistics (BLS) reported Mississippi gained 500 jobs in July, a less than 0.1 percent increase. BLS revised June total nonfarm employment in the state down by 900 jobs. Compared to one year earlier, employment in Mississippi was higher by 17,400 jobs, an 1.5 percent increase.

According to BLS, in July total nonfarm employment increased in twenty states, decreased in two states, and was essentially unchanged in twenty-eight states and the District of Columbia. The largest increase in employment among all states occurred in California, which added 84,800 jobs for the month. Employment rose 1.3 percent in Hawaii, the largest percentage increase in employment among all states. Tennessee lost 12,400 jobs in July, a decrease of 0.4 percent, while Kentucky lost 11,400 jobs, a 0.6 percent decline.

Over the past twelve months employment increased in forty-three states and the District of Columbia and was essentially unchanged in seven states. California added 740,000 jobs over the last twelve months, the most among all states, closely followed by Texas, which added 736,700 jobs. Texas also had the largest percentage increase in employment among all states compared to one year ago of 5.8 percent.

The largest increase in employment among all sectors in Mississippi in July was the 1,000 jobs added in the Professional and Business Services sector. The largest percentage increase in employment among all sectors in the state occurred in Construction, where employment rose 1.1 percent. The largest decrease in employment among all sectors in the state in July occurred in Health Care and Social Assistance, which lost 1,300 jobs for the month. The largest percentage decrease in employment for the month among all sectors was the 1.6 percent decline in Mining and Logging.

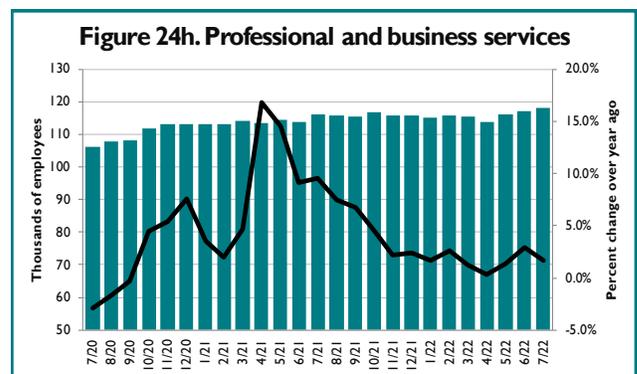
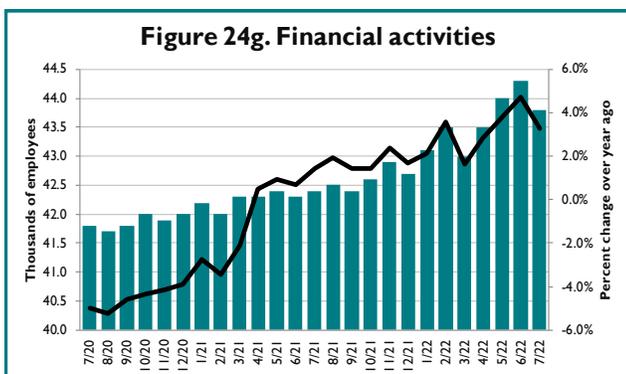
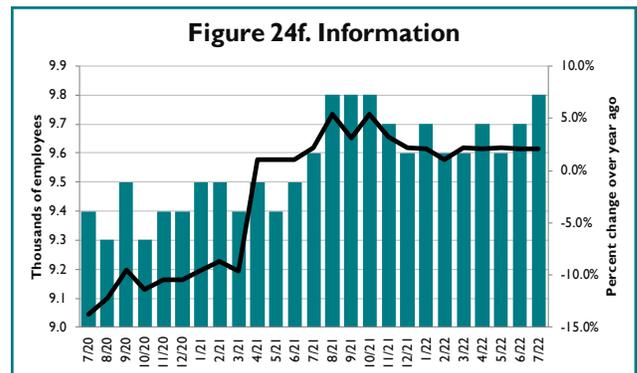
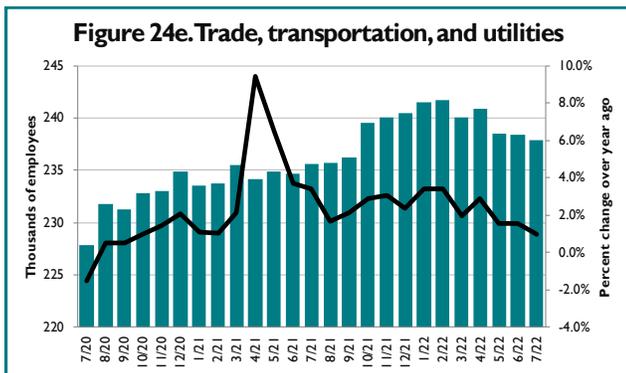
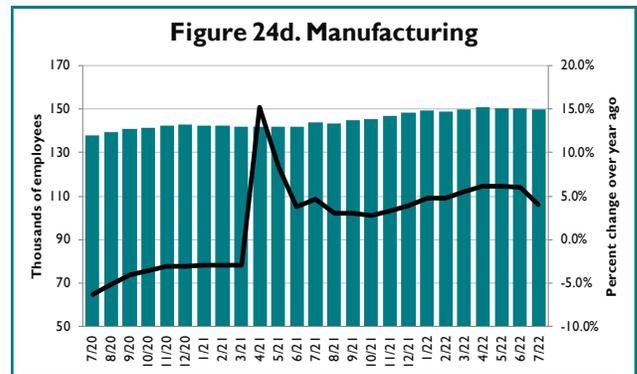
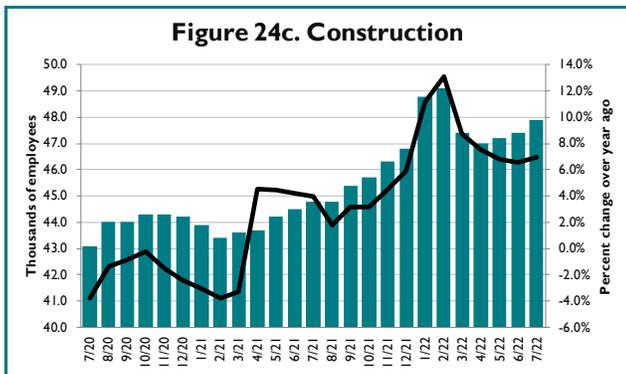
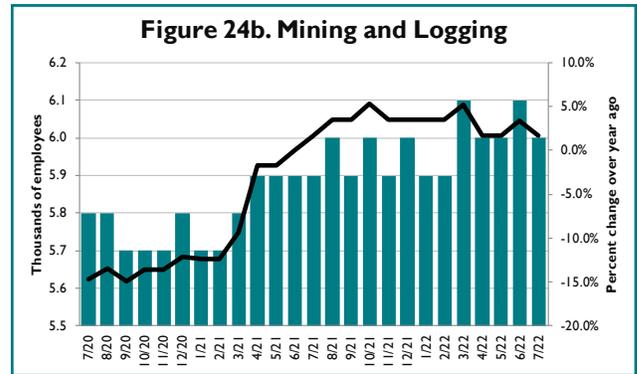
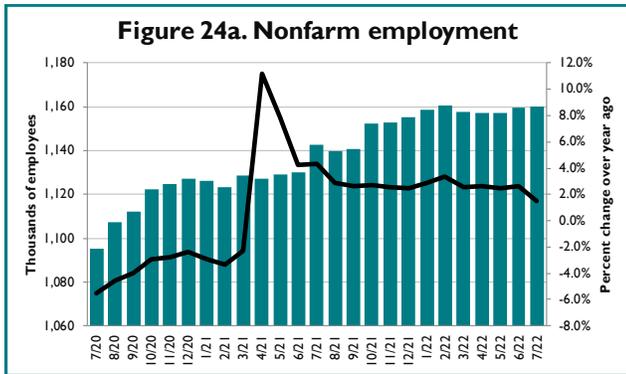
The largest increase in employment among all sectors in Mississippi over the last twelve months again occurred in Manufacturing, which has added 5,700 jobs since July 2021. The next largest increase was the 4,400 jobs added in Accommodation and Food Services. The largest percentage increase in employment among all sectors in the state over the last twelve months was the 7.5 percent increase in the Educational Services sector. The Health Care and Social Assistance sector lost 1,700 jobs over the last twelve months, the most among all sectors in the state. Employment in the Arts and Entertainment sector fell 4.4 percent over the last twelve months, the largest percentage decrease among all sectors in Mississippi.

Table 2. Change in Mississippi employment by industry, July 2022

	Relative share of total ^a	July 2022	June 2022	July 2021	Change from June 2022		Change from July 2021	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,160,100	1,159,600	1,142,700	▲500	◀▶0.0%	▲17,400	▲1.5%
Mining and Logging	0.5%	6,000	6,100	5,900	▼100	▼1.6%	▲100	▲1.7%
Construction	4.1%	47,900	47,400	44,800	▲500	▲1.1%	▲3,100	▲6.9%
Manufacturing	12.8%	149,800	150,300	144,100	▼500	▼0.3%	▲5,700	▲4.0%
Trade, Transportation & Utilities	20.7%	237,900	238,400	235,600	▼500	▼0.2%	▲2,300	▲1.0%
Retail Trade	11.9%	134,900	135,800	136,200	▼900	▼0.7%	▼1,300	▼1.0%
Information	0.8%	9,800	9,700	9,600	▲100	▲1.0%	▲200	▲2.1%
Financial Activities	3.7%	43,800	44,300	42,400	▼500	▼1.1%	▲1,400	▲3.3%
Services	36.9%	430,000	429,100	425,200	▲900	▲0.2%	▲4,800	▲1.1%
Professional & Business Services	10.1%	118,100	117,100	116,200	▲1,000	▲0.9%	▲1,900	▲1.6%
Educational Services	1.1%	12,900	12,900	12,000	◀▶0	◀▶0.0%	▲900	▲7.5%
Health Care and Social Assistance	11.1%	128,000	129,300	129,700	▼1,300	▼1.0%	▼1,700	▼1.3%
Arts and Entertainment	0.8%	8,600	8,600	9,000	◀▶0	◀▶0.0%	▼400	▼4.4%
Accommodation and Food Services	10.6%	123,800	123,000	119,400	▲800	▲0.7%	▲4,400	▲3.7%
Other Services	3.4%	38,600	38,200	38,900	▲400	▲1.0%	▼300	▼0.8%
Government	20.4%	234,900	234,300	235,100	▲600	▲0.3%	▼200	▼0.1%

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

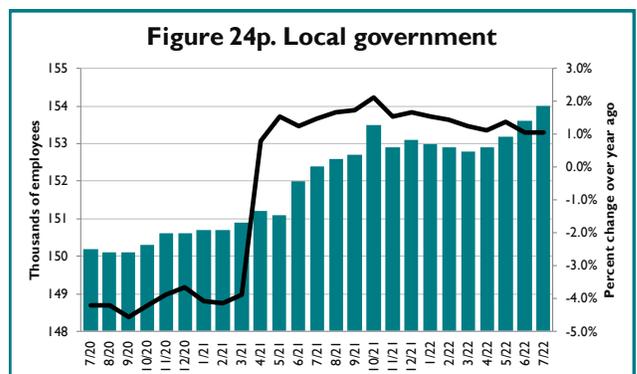
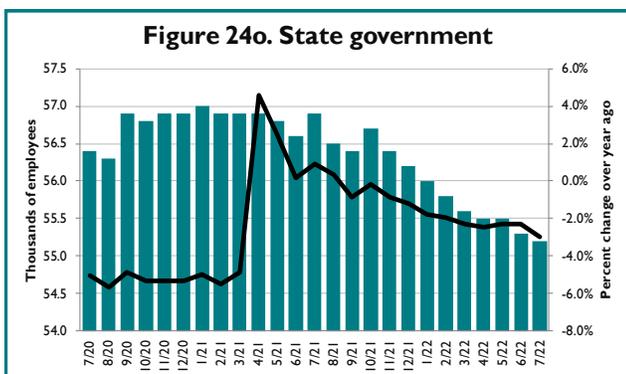
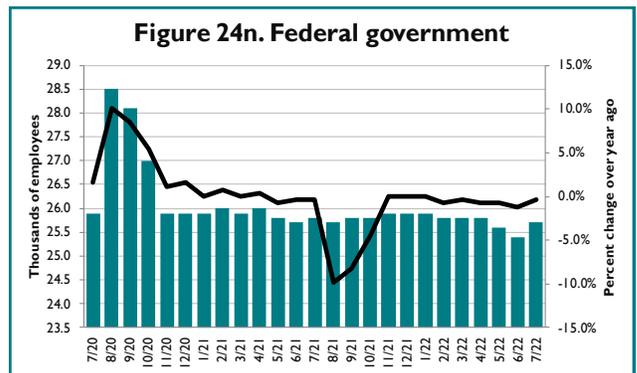
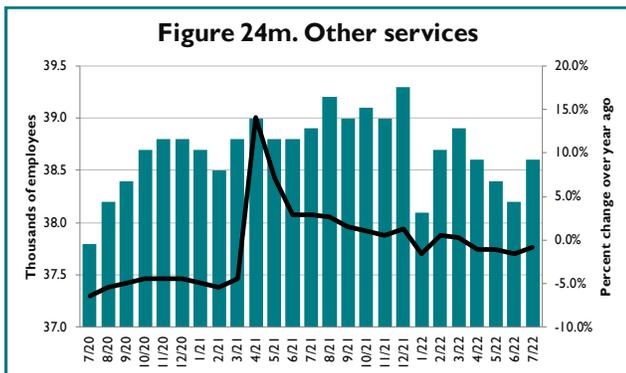
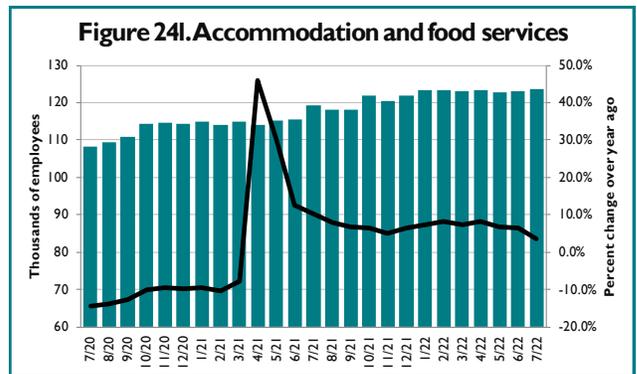
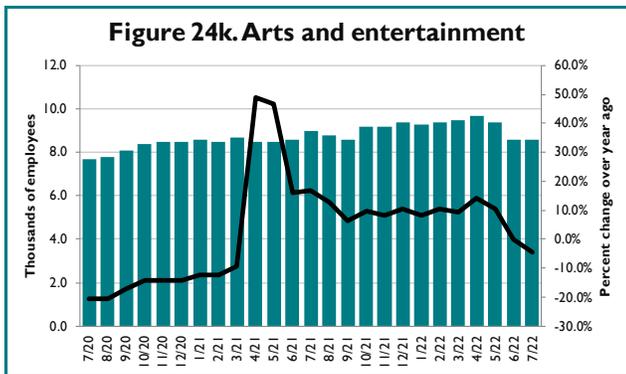
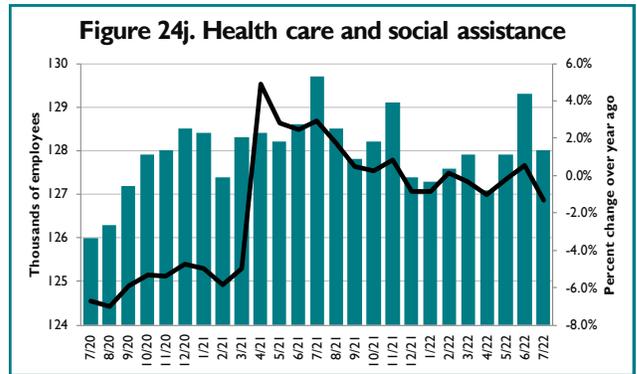
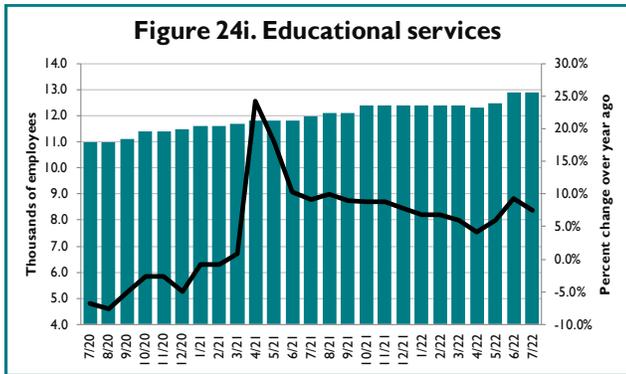
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

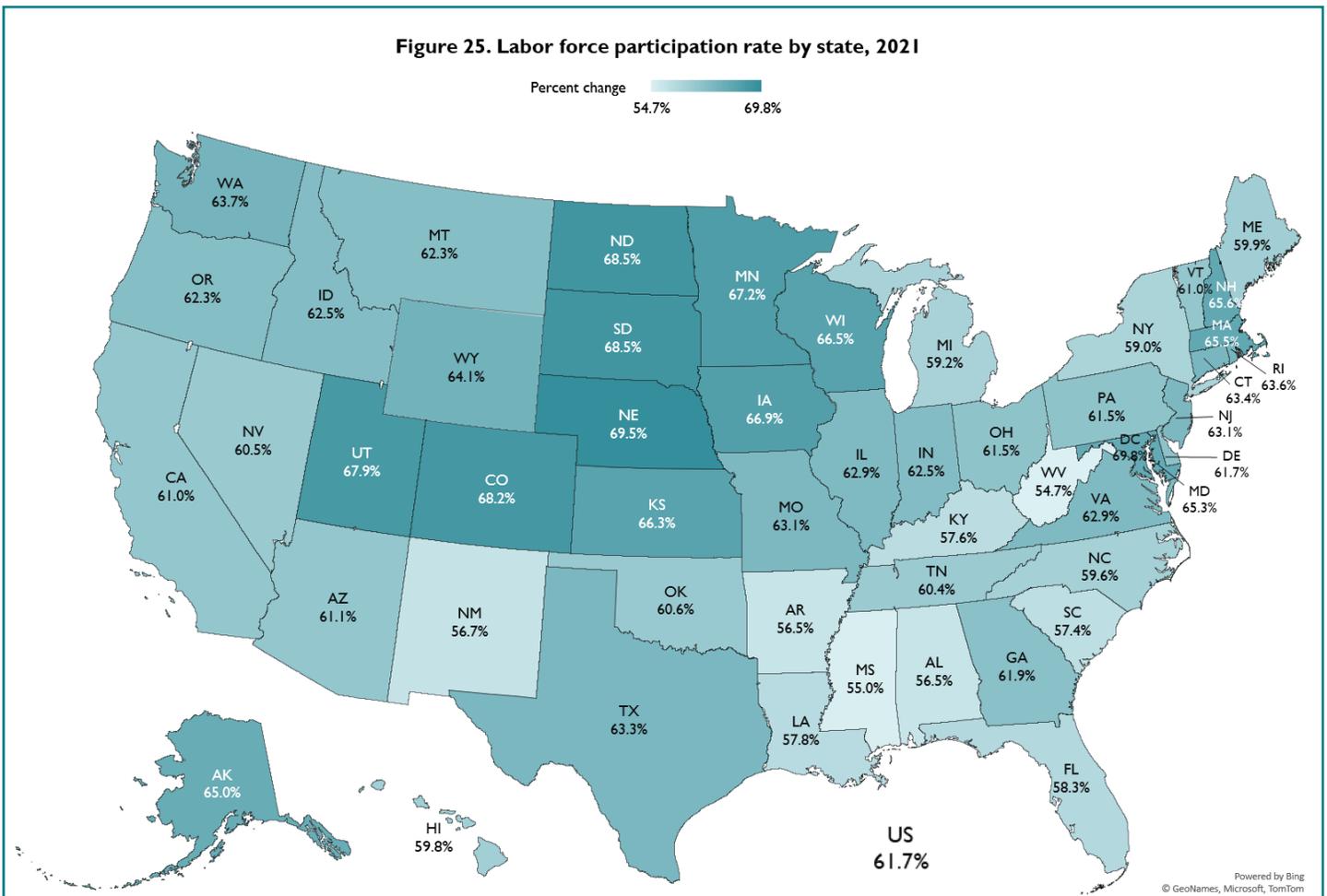


Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

CHANGE IN LABOR FORCE PARTICIPATION RATE BY STATE IN 2021

Labor force participation rates in 2021 increased in twenty-two states and the District of Columbia, decreased in twenty-three states, and did not change in five states according to the U.S. Bureau of Labor Statistics (BLS). Alaska and Oregon were the only states with a higher labor force participation rate in 2021 than in 2019. The rate for the U.S. in 2021 was 61.7 percent, unchanged from 2020 and 1.4 percentage points lower than the rate in 2019. The labor force participation rate in Mississippi increased 0.4 percentage point in 2021 to 55.0 percent, but remained 1.0 percentage point below the rate in 2019.

As seen in Figure 25 below, the highest labor force participation rate among all states in 2021 was the 69.5 percent rate in Nebraska. This rate was unchanged from 2020 and was 0.7 percentage point below the state's 2019 rate. Thirteen states and the District of Columbia had labor force participation rates of 65.0 percent or more in 2021. A majority of these states were located in the Midwest. The lowest labor force participation rate among all states in 2021 was the 54.7 percent rate in West Virginia. The rate for Mississippi was the next lowest. A total of fourteen states had rates below 60.0 percent in 2021. Most of these states were located in the Southeast. The only states in the southeast region with rates above 60.0 percent were Oklahoma, Tennessee, Texas, and Virginia. Notably, Arkansas, Louisiana, and New Mexico were the only states west of the Mississippi River with labor force participation rates below 60.0 percent in 2021.



Source: U.S. Bureau of Labor Statistics

MISSISSIPPI'S BUSINESS

CHANGE IN LABOR FORCE PARTICIPATION RATE BY STATE IN 2021, CONTINUED

The changes in labor force participation rates across states reflected the uneven nature of the recovery of the job market. For example, two states hardest hit by the pandemic and the associated recession were Hawaii and Nevada, as the economies of both states rely heavily on tourism. Yet in 2021 the labor force participation rate in Hawaii increased and the labor force participation rate in Nevada decreased. While the labor force participation rate in Mississippi rose 0.4 percentage point in 2021, the rates in Alabama, Arkansas, and Tennessee all decreased for the year. The rate in

Louisiana rose 0.2 percentage point. In some states the labor force participation rate remained historically low in 2021. In New York, for example, the rate in 2020 was 59.1 percent and in 2021 was 59.0 percent, which mark the first years the state's labor force participation rate fell below 60.0 percent on an annual basis since 1984.

Figure 26 depicts the monthly labor force participation rate for the U.S. and Mississippi since January 2020. The rate in Mississippi in January 2020 was 55.9 percent, which fell to 52.8 percent in April 2020, then slowly increased over the next year to 55.3 percent. Since April 2021, the rate decreased to 54.8 percent in December 2021 and gradually increased in the first half of 2022. The U.S. labor force participation rate fell from 63.4 percent in January 2020 to 60.2 percent in April 2020. The rate rose to 61.7 percent in August 2020 and remained in a relatively narrow range until January 2022, when the labor force participation rate rose above 62.0 percent. As articles in previous issues of *Mississippi's Business* have noted, the labor force participation rate in Mississippi is likely closer to its pre-pandemic level for several reasons. First, the decrease in employment in the state was relatively smaller than for the U.S., which likely led to the initial smaller decrease in the labor force participation rate for Mississippi. Second, Mississippi's economy employs a smaller proportion of its workforce in service sectors than the U.S. economy. These sectors were harder hit by the recession and are taking longer to recover. Third, Mississippi's economy fully reopened sooner than the nation as a whole, as states such as California and New York did not completely reopen until well into 2021.

Nevertheless, as noted previously the labor force participation rate has returned to its 2019 level in only two states. Economists are unsure as to why the U.S. labor force remains smaller than its February 2020 level by around 623,000 workers as of July 2022. Factors such as concerns about the pandemic and availability of child care have largely dissipated, and most COVID-19-related financial assistance from the federal government ended in 2021. A more likely factor is the number of workers who retired early because of the pandemic and who have not returned to the workforce. Another potential factor is the reduction in the number of immigrants entering the U.S. that began under the more restrictive policies of the Trump administration and continued through the pandemic. Thus, these factors combined with the demographic factors that were causing a downward trend in the labor force participation rate prior to 2020 may mean the rate will not return to its pre-pandemic level for the foreseeable future.

