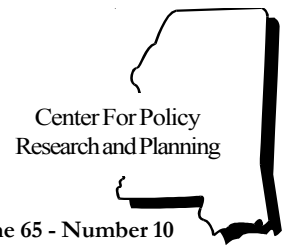


MISSISSIPPI'S BUSINESS



October 2007

Monitoring the State's Economy

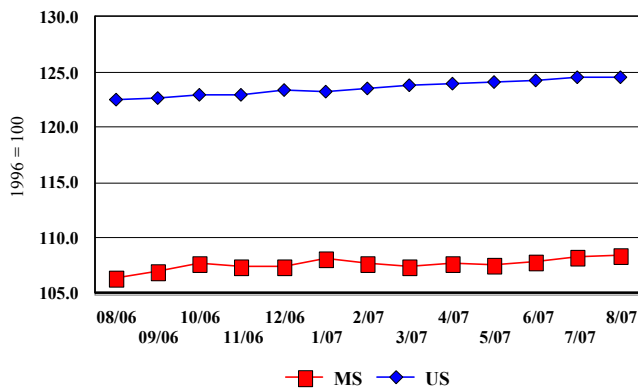
Volume 65 - Number 10

ECONOMY AT A GLANCE

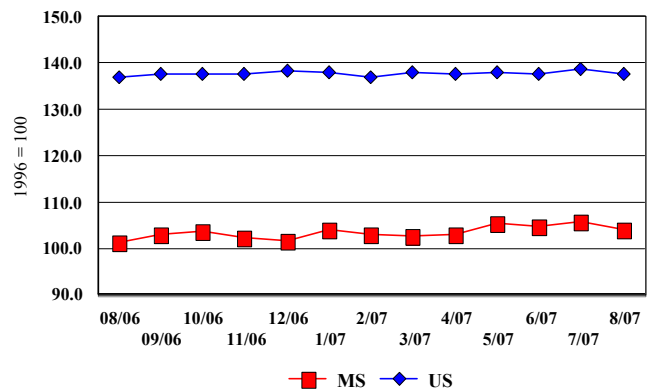
The Mississippi Index of Coincident Economic Indicators rose slightly in August relative to July. The index has been rising steadily since May. The Mississippi Index of Leading Economic Indicators declined sharply in August relative to July. The decline was broadly supported, with only one component contributing positively, initial unemployment claims.

Like the state, the U.S. Index of Coincident indicators rose slightly while the Index of Leading Indicators declined. Low consumer expectations are having a particularly strong impact on the national economy. The subprime market troubles are undoubtedly contributing to the relatively pessimistic outlook. In recent years the housing industry has propped-up an otherwise weak economy, The industry is now having a dampening effect on growth. This trend is not expected to change in the near future as housing foreclosures are expected to rise in the coming months.

Index of Coincident Indicators



Index of Leading Indicators



MISSISSIPPI'S BUSINESS

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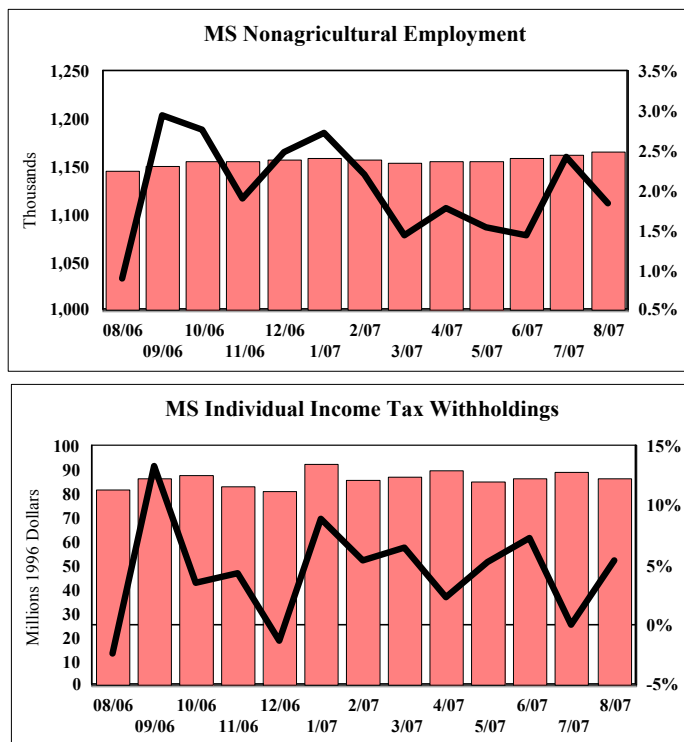
Coincident Indicators

The August Mississippi Index of Coincident Indicators was 108.5, 0.2 percent above the revised July index. The August increase continues the slow steady rise that has taken place over the past few months. With these increases, the index is at an historically high level. The two components of the index were split in terms of their contribution to August increase.

Nonagricultural employment rose 0.4 percent in August over July. The series has increased in each of the last three months. On average, employment is up 1.9 percent for the first eight months of the year, relative to the same period of 2006. This represents the strongest annual growth the state has experienced since 1998. In terms of the monthly gain in employment, the industry with the strongest gain was local government, followed by professional business services and construction. The manufacturing sector increased for the second consecutive month in August. This series declined steadily between April 2006 and June 2007.

The individual income tax withholdings declined 2.9 percent in August relative to September. The monthly fluctuations can be confusing. The six-month moving average growth rate has been around 4.5 percent for much of this year. This is strong

Mississippi Index of Coincident Indicator Components



NOTE:

The bar graphs above represent the seasonally adjusted monthly series and correspond to the left-hand axis. The line graphs represent the growth rate over the prior year's value and correspond to the right-hand axis.

SOURCES:

Mississippi Employment Security Commission.
Mississippi State Tax Commission.

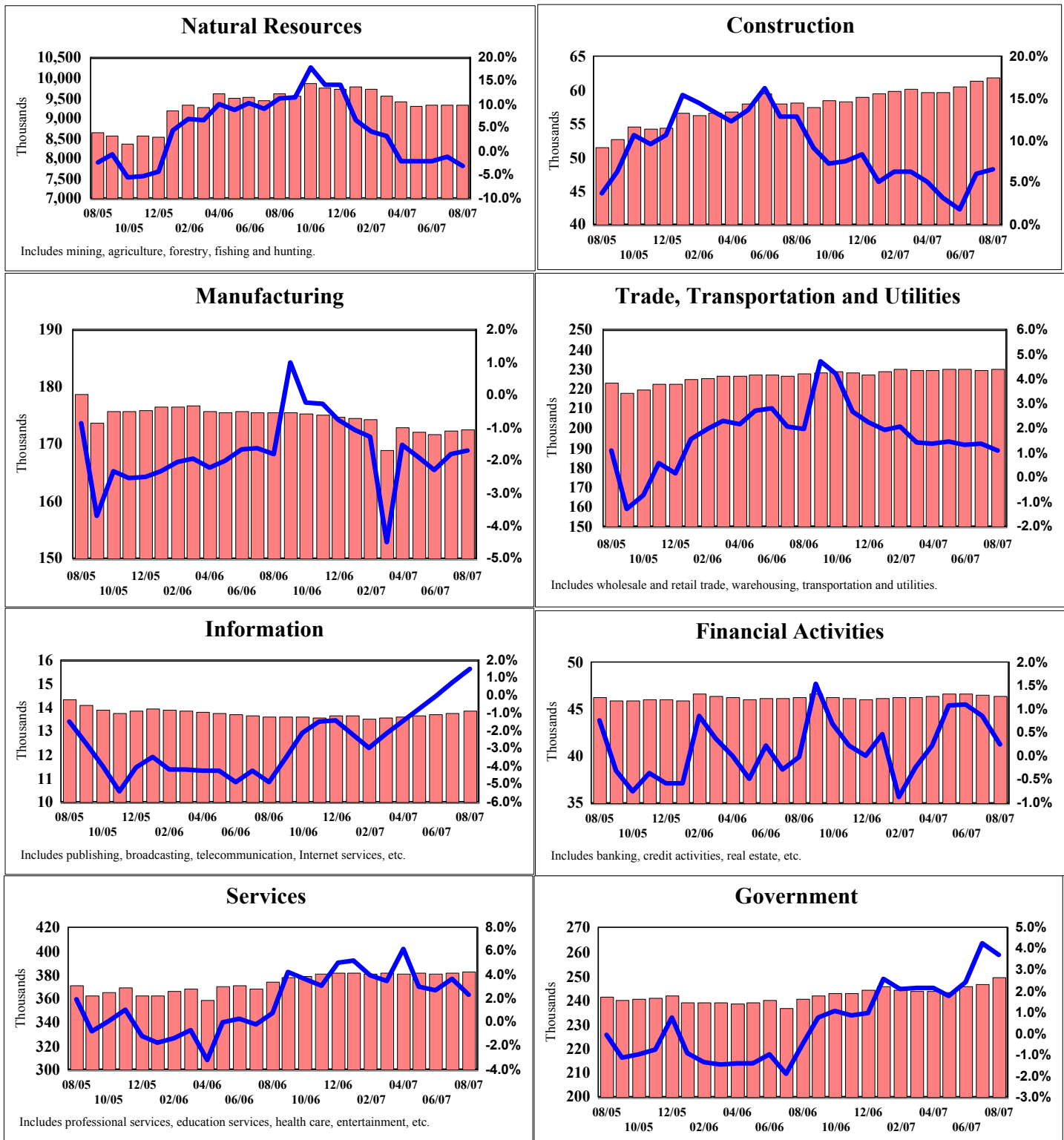
Mississippi Employment By Sector

	August 2007	July 2007	Seasonally Adjusted		Change from Last Year	
			August 2006	Change from Last Month # of Emp. %	# of Emp.	%
Non farm Employment	1,165,959	1,161,480	1,144,920	4,479 0.4%	21,039	1.8%
Natural Resources	9,326	9,333	9,612	(7) -0.1%	(286)	-3.0%
Construction	61,871	61,371	58,071	500 0.8%	3,800	6.5%
Manufacturing	172,551	172,346	175,498	205 0.1%	(2,947)	-1.7%
Trade, Transportation and Utilities	229,928	229,517	227,439	411 0.2%	2,489	1.1%
Retail	143,884	143,594	143,253	290 0.2%	631	0.4%
Information	13,826	13,769	13,617	57 0.4%	209	1.5%
Financial Activities	46,449	46,572	46,330	(123) -0.3%	119	0.3%
Services	382,386	381,954	373,802	432 0.1%	8,584	2.3%
Professional and Business Services	97,651	96,927	94,337	724 0.7%	3,314	3.5%
Education and Health Services	125,137	125,692	123,117	(555) -0.4%	2,020	1.6%
Leisure and Hospitality	122,194	121,864	119,146	330 0.3%	3,048	2.6%
Other Services	37,404	37,471	37,202	(67) -0.2%	202	0.5%
Total Government	249,415	246,772	240,410	2,643 1.1%	9,005	3.7%
Federal	26,122	26,351	26,308	(229) -0.9%	(186)	-0.7%
State	59,919	60,043	58,370	(124) -0.2%	1,549	2.7%
Local	163,390	160,533	155,713	2,857 1.8%	7,677	4.9%

Data may not add due to rounding.

Source: Mississippi Department of Employment Security

Mississippi Employment Trends



NOTE:

The bar graphs above represent the seasonally adjusted monthly series and correspond to the left-hand axis. The line graphs represent the growth over the prior year's value and correspond to the right-hand axis.

SOURCE:

Mississippi Employment Security Commission.

growth relative to what we have experienced over the past few years.

Leading Indicators

The Mississippi Index of Leading Economic Indicators declined a substantial 1.7 percent in August relative to July. The August index was 104.2. In July the index increased slightly on the strength of only one component. Again this month, there is only one component contributing positively, but the gain is not enough to offset the negative trends in the remaining four components.

Initial unemployment claims declined 12.9 percent in August relative to July. This series had increased in July. The August decline was large and brings the series to the lowest level since October 2006.

The value of residential building permits continued its steady decline which has occurred throughout 2007. The subprime mortgage issue is undermining confidence and dampening demand for housing both nationally and in the state. Experts believe the housing industry has not yet hit bottom. Foreclosures are expected to rise in the remainder of 2007 and into 2008.

Mississippi average manufacturing workweek length dipped slightly in August. The decline is insignifi-

cant, and the series remains at a relatively high level.

The Institute for Supply Management declined in August. The index has fallen in each of the last three months. Despite the declines the series continues to show an expanding national manufacturing industry.

The U.S. Index of Consumer Expectations fell in August, erasing the gains made in July. Last month this series was the only positively contributing component to the July leading index. With the August decline the index is at the lowest level since July 2006. Energy prices, and the housing market woes are contributing to the declining expectations.

U.S. Economy

The U.S. coincident index rose 0.1 percent in August relative to July. The index grew 0.9 percent from February to August, a 1.8 percent annual rate. This is down from the 2.5 percent average annual growth observed in 2006. Industrial production and employment gains have been driving the growth in recent months. The leading index fell sharply in August relative to July. Between February and August the series was up 1.0 percent on an annual basis. Consumer expectations and increased initial unemployment claims are the largest contributors to the August decline. The conference board continues to expect a slow growth for the near term.

2007 MISSISSIPPI ECONOMIC OUTLOOK CONFERENCE

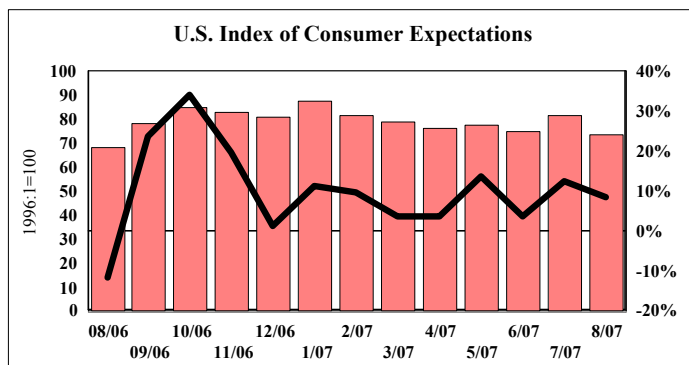
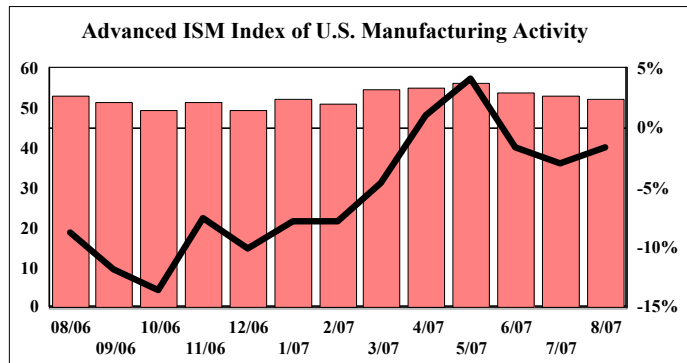
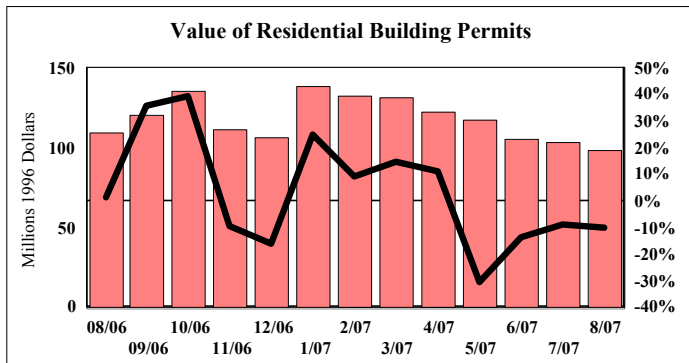
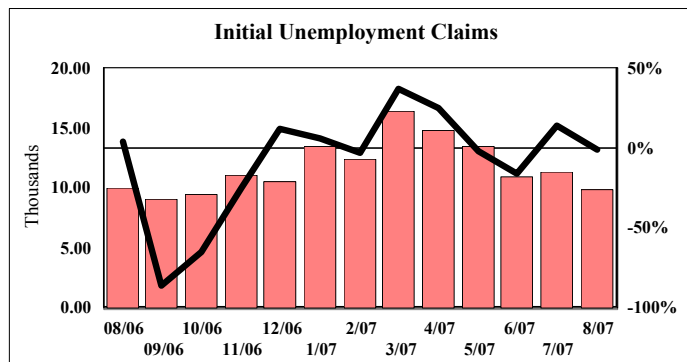
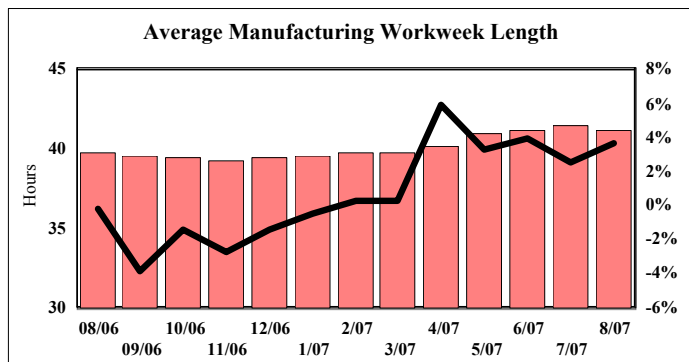
The Center for Policy Research and Planning hosted the 14th Annual Economic Outlook Conference on October 23, 2007. This event brings together academics, business and government leaders to discuss the outlook for the economy.

This year, Dr. Ken Cyree discussed the subprime market troubles and the possible implications for Mississippi. Dr. Sami Dakhliya presented the challenges and opportunities for Mississippi in a globalized economy. Dr. Nigel Gault, with Global Insight, gave the national economic outlook, while Dr. Marianne Hill gave her outlook for the state. The group held a working lunch in which tax reform for Mississippi was discussed.

It was clear from the discussions throughout the conference, that the troubles in the subprime mortgage market are having a dampening effect on the both the state and national economy. The National economy is expected to be slow for the remainder of 2007 and into 2008. The State may fair somewhat better due to Katrina related building.

Dr. Dakhliya pointed out that the falling dollar will mean increased exports and increased foreign investment in the United States. Mississippi is well positioned to benefit from this trend.

Mississippi Index of Leading Indicator Components



NOTE:
The bar graphs above represent the seasonally adjusted monthly series and correspond to the left-hand axis. The line graph represents the growth rate over the prior year's value and corresponds to the right-hand axis.

SOURCES:
Bureau of Labor Statistics.
Bureau of the Census.
The Conference Board.
The Institute for Supply Management.

Quips and Quotes:

“If all economists were laid end to end, they would not reach a conclusion.”

-- George Bernard Shaw

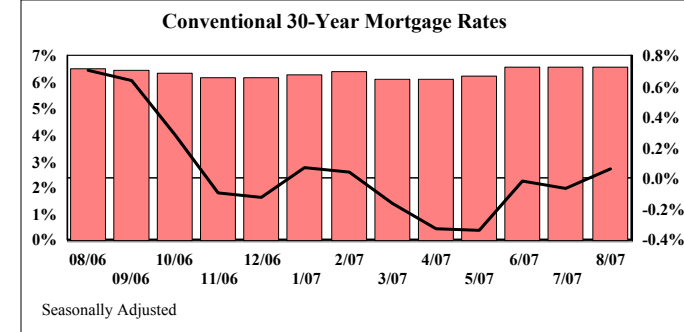
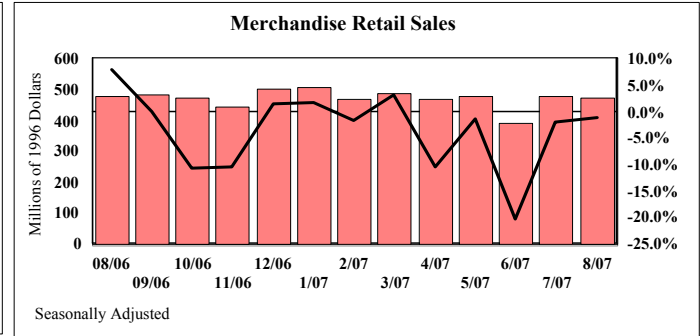
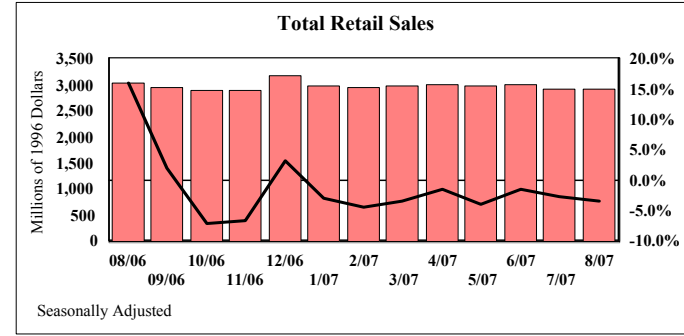
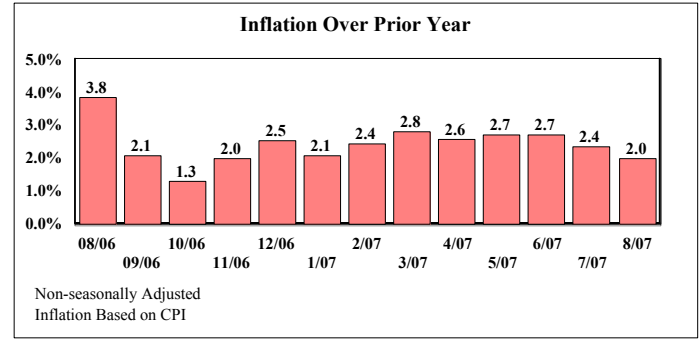
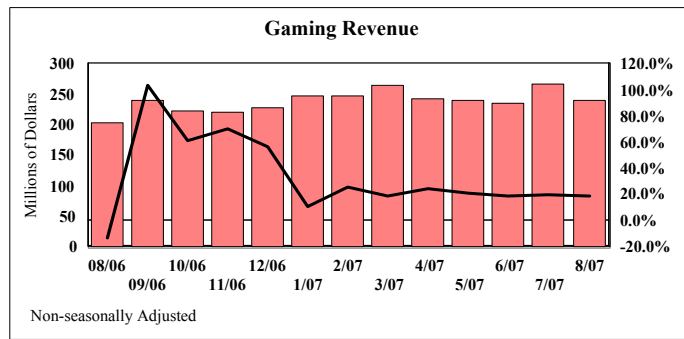
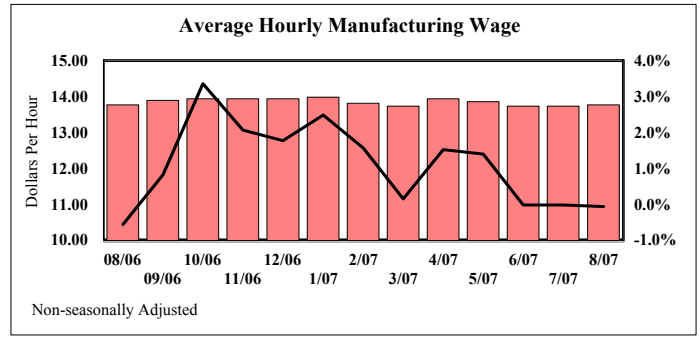
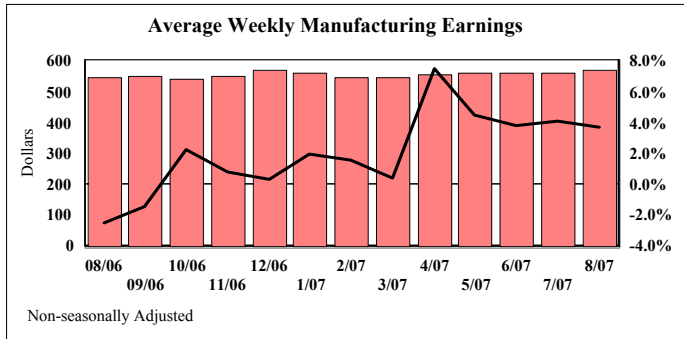
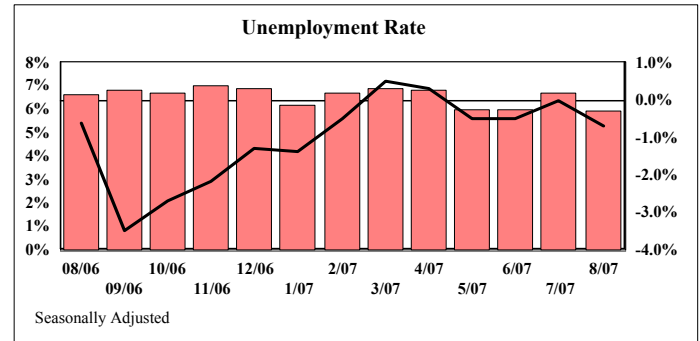
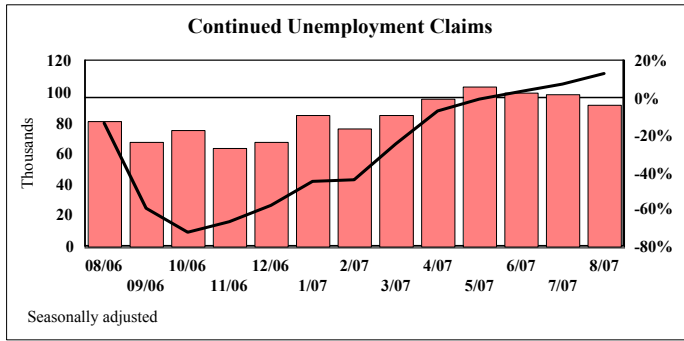
SELECTED MISSISSIPPI ECONOMIC INDICATORS

	August 2007	July 2007	August 2006	Percent Change From Last Month Last Year	
Coincident Indicator Index	108.5	108.2	106.3	0.2%	2.0%
Nonagricultural Employment (thousands)	1,166.0	1,161.5	1,144.9	0.4%	1.8%
Individual Income Tax Withholdings (millions of 1996 \$)	86.1	88.7	81.7	-2.9%	5.4%
Leading Indicator Index	104.2	106.0	101.4	-1.7%	2.7%
Initial Unemployment Claims	9,897	11,365	9,952	-12.9%	-0.6%
Value of Residential Building Permits (millions of 1996 \$)	97.9	102.9	108.9	-4.9%	-10.1%
Average Manufacturing Workweek Length (hours)	41.2	41.4	39.7	-0.6%	3.6%
Advanced ISM Index of U.S. Manufacturing Activity Index is advanced one month. Thus, the September index is reported for August.	52.0	52.9	52.9	-1.7%	-1.7%
U.S. Index of Consumer Expectations	73.7	81.5	68.0	-9.6%	8.4%
Miscellaneous					
Consumer Price Index U.S. (1996=100)	132.6	132.8	130.0	-0.2%	2.0%
Unemployment Rate (percentage)					
Non-seasonally adjusted	5.9%	7.2%	6.8%	-1.3%	-0.9%
Seasonally adjusted	5.9%	6.7%	6.6%	-0.8%	-0.7%
Continued Unemployment Claims	91,204	98,419	80,823	-7.3%	12.8%
Average Manufacturing Wage (Non-seasonally adjusted)					
Current Dollars per Hour	13.75	13.74	13.76	0.1%	-0.1%
1996 Dollars per Hour	10.37	10.35	10.58	0.3%	-2.0%
Average Weekly Manufacturing Earnings (Non-seasonally adjusted)					
Current Dollars	566.50	560.59	546.27	1.1%	3.7%
1996 Dollars	427.36	422.13	420.22	1.2%	1.7%
U.S. Mortgage Rates (30-year conventional)	6.6%	6.6%	6.5%	0.0%	0.1%
Gaming Revenues (Non-seasonally adjusted)					
Coast counties (millions of current \$)	108.9	124.7	66.5	-12.7%	63.7%
River counties (millions of current \$)	130.9	143.0	135.2	-8.4%	-3.2%
Total	239.8	267.7	201.7	-10.4%	18.9%

Note: The data are seasonally adjusted unless otherwise noted.

Unless otherwise noted all data refer to Mississippi.

Miscellaneous Economic Indicators



NOTE:
The bar graphs above represent the monthly series and correspond to the left-hand axis. The line graphs represents the growth rate over the prior year's value and correspond to the right-hand axis.

SOURCES:
Mississippi Employment Security Commission.
Mississippi State Tax Commission.
Mississippi Gaming Commission.
Federal Home Mortgage Corporation.
Bureau of Labor Statistics.

POPULATION CHANGES IN MISSISSIPPI: 2000 TO 2006

By Barbara J. Logue, Ph.D.

This report looks at population changes in the state and its counties that occurred between the most recent decennial census (April 1, 2000) and July 1, 2006. It incorporates the first "official" intercensal estimates from the U.S. Census Bureau since Hurricane Katrina hit the Gulf Coast in August, 2005.

The state as a whole grew very modestly since the last census – only 2.3 percent. The total state population was 2,910,540 in 2006, representing less than 1.0 percent of the national total. The state continues to have more outmigrants than immigrants.

County Population Changes

As the table shows, county rates of growth and decline were more dramatic than change at the state level. Of the state's 82 counties, 46 lost population, 35 gained, and one was unchanged. DeSoto County in the Memphis metropolitan area was by far the largest population gainer, with 35.0 percent more people in 2006 than in 2000. Tunica County, now also part of the Memphis metropolitan area, increased its population by 12.9 percent. Smaller gains occurred in Tate County and Panola County, situated within commuting distance of new casino jobs in Tunica County.

In the Jackson metropolitan area, Madison County and Rankin County continued to grow rapidly, with gains of 17.1 percent and 17.8 percent, respectively. Hinds County, in contrast, lost population, due mainly to continuing movement out of the capital city. Copiah County and Simpson County, both recently added to the Jackson metropolitan area, experienced small gains.

Nine counties around the state gained between 5.0 percent and 9.9 percent over the six-year period: Covington, Forrest, Lafayette, Leake, Lee, Neshoba, Pontotoc, Tate, and Union.

As expected, the three coastal counties most impacted by Hurricane Katrina suffered net population losses.

Harrison County experienced the worst percentage loss (9.3 percent), Hancock County was intermediate with a 5.9 percent downturn, while Jackson County, with an estimated loss of 0.6 percent, was nearly unchanged from its Census 2000 count. Although the three counties clearly suffered weather-related population losses, they have rebounded from earlier post-Katrina losses. According to a special set of "unofficial" post-hurricane population estimates released by the U. S. Census Bureau for January, 2006, Hancock County had an estimated 35,129 residents, Harrison County had 155,817, and Jackson County 126,311.¹ By July 1, 2006, Hancock County's estimated population rose to 40,421, while Harrison County had 171,875 and Jackson County 130,577.² Population in the three coastal counties is likely to continue growing in coming years as rebuilding occurs.

Several counties inland from the coast gained population between Census 2000 and July 1, 2006. George, Lamar, Pearl River, and Stone all experienced double-digit increases. These counties were all growing more rapidly than the state average prior to the hurricane, but weather-induced population movements added even more new residents than would otherwise have arrived. While some of these may eventually return to their point of origin, others no doubt will prefer to remain in their new locale.

The greatest percentage loss in the state was experienced in Issaquena County, with an estimated one in five residents in 2000 leaving the county by mid-2006. Another Delta county, Sharkey, lost more than one in ten of its 2000 population. Continuing a long-term trend of movement out of the Delta, population losses of 5.0 to 9.9 percent occurred in eight Delta counties: Bolivar, Coahoma, Humphreys, Leflore, Quitman, Sunflower, Tallahatchie, and Washington. Smaller percentages losses (below 5.0 percent) were also reported in a string of counties along the Alabama border: Kemper, Lauderdale, Lowndes, Monroe, and Noxubee.

Table 1. COUNTY GROWTH RATES, MISSISSIPPI, 2000 TO 2006

	Population 2000	Population 2006	Growth/ Decline (%)		Population 2000	Population 2006	Growth/ Decline (%)
Adams	34340	32626	-5.0	Lincoln	33166	34404	3.7
Alcorn	34558	35589	3.0	Lowndes	61586	59773	-2.9
Amite	13599	13466	-1.0	Madison	74674	87419	17.1
Attala	19661	19644	-0.1	Marion	25595	25730	0.5
Benton	8026	7873	-1.9	Marshall	34993	35853	2.5
Bolivar	40633	38352	-5.6	Monroe	38014	37572	-1.2
Calhoun	15069	14647	-2.8	Montgomery	12189	11754	-3.6
Carroll	10769	10326	-4.1	Neshoba	28684	30125	5.0
Chickasaw	19440	18998	-2.3	Newton	21838	22413	2.6
Choctaw	9758	9401	-3.7	Noxubee	12548	12051	-4.0
Claiborne	11831	11487	-2.9	Oktibbeha	42902	41633	-3.0
Clarke	17955	17631	-1.8	Panola	34274	35427	3.4
Clay	21979	21210	-3.5	Pearl River	48621	57099	17.4
Coahoma	30622	28420	-7.2	Perry	12138	12132	0.0
Copiah	28757	29223	1.6	Pike	38940	40240	3.3
Covington	19407	20447	5.4	Pontotoc	26726	28887	8.1
DeSoto	107199	144706	35.0	Prentiss	25556	25615	0.2
Forrest	72604	76372	5.2	Quitman	10117	9289	-8.2
Franklin	8448	8269	-2.1	Rankin	115327	135830	17.8
George	19144	21828	14.0	Scott	28423	28790	1.3
Greene	13299	13103	-1.5	Sharkey	6580	5851	-11.1
Grenada	23263	22861	-1.7	Simpson	27639	27972	1.2
Hancock	42967	40421	-5.9	Smith	16182	15970	-1.3
Harrison	189601	171875	-9.3	Stone	13622	15608	14.6
Hinds	250800	249012	-0.7	Sunflower	34369	31833	-7.4
Holmes	21609	20866	-3.4	Tallahatchie	14903	13798	-7.4
Humphreys	11206	10393	-7.3	Tate	25370	26723	5.3
Issaquena	2274	1805	-20.6	Tippah	20826	21248	2.0
Itawamba	22770	23352	2.6	Tishomingo	19163	19112	-0.3
Jackson	131420	130577	-0.6	Tunica	9227	10419	12.9
Jasper	18149	18197	0.3	Union	25362	27008	6.5
Jefferson	9740	9194	-5.6	Walthall	15156	15543	2.6
Jeff Davis	13962	13184	-5.6	Warren	49644	49308	-0.7
Jones	64958	66715	2.7	Washington	62977	58007	-7.9
Kemper	10453	10108	-3.3	Wayne	21216	21087	-0.6
Lafayette	38744	40865	5.5	Webster	10294	10041	-2.5
Lamar	39070	46240	18.4	Wilkinson	10312	10239	-0.7
Lauderdale	78161	76724	-1.8	Winston	20160	19708	-2.2
Lawrence	13258	13457	1.5	Yalobusha	13051	13401	2.7
Leake	20940	22769	8.7	Yazoo	28149	27929	-0.8
Lee	75755	79714	5.2				
Leflore	37947	35752	-5.8	State	2844658	2910540	2.3

SOURCE: U.S. Census Bureau, Population Estimates Program, March, 2007.

Conclusion

When it comes to population changes, no trend lasts indefinitely. Sooner or later, rapidly growing areas become crowded, congested, noisy, and polluted. Lengthy commutes, busy roads, escalating housing costs, crowded classrooms, and perhaps rising crime rates attract fewer in-migrants and encourage some residents to move away. Whereas job opportunities, affordable housing, high-quality educational systems, and other amenities attract newcomers, their opposites spur job searches and for-sale signs.

An accumulation of negative changes, as in many Delta counties, can cause extended out-migration over decades, a trend that has proved difficult to stop or reverse. On the other hand, twenty years ago no one would have predicted a strong economic turnaround in Tunica County, nor its accompanying population expansion. In the months and years to come, Mississippi's Gulf Coast counties will continue to rebound. Already, casino revenues there are setting records while housing and transportation problems are being resolved, albeit slowly. A new rental housing development program there should help lower income families find affordable housing in the area, in turn allowing workers to reach their jobs without enduring a long commute.³ Monroe County and northeast Mississippi should benefit from a titanium production facility scheduled to open in 2010.⁴

And North Mississippi will be home to a Toyota plant now under construction, as well as to a \$200 million plant that will supply automotive parts.⁵ As always, population will respond to economic opportunity.

Notes:

1. Figures refer only to the population in households, not institutions such as nursing homes and jails. For more information, see Barbara J. Logue, "The Impact of Hurricane Katrina on Mississippi's Gulf Coast Population," *Mississippi's Business*, August, 2006, pp. 8-10.
2. Estimates include people in institutions.
3. "State's Casinos on Pace to Set Record," *Clarion-Ledger*, September 19, 2007; "Workforce Rental Housing Development Program OK'd," *Mississippi Business Journal*, September 3-9, 2007.
4. Jack Mazurak, "New Plant a Boon to NE Mississippi," *Clarion-Ledger*, September 19, 2007.
5. "Plant Site of Major Toyota Supplier Will Be Baldwin," *Northeast Mississippi Daily Journal*, September 25, 2007.