



## ECONOMY AT A GLANCE

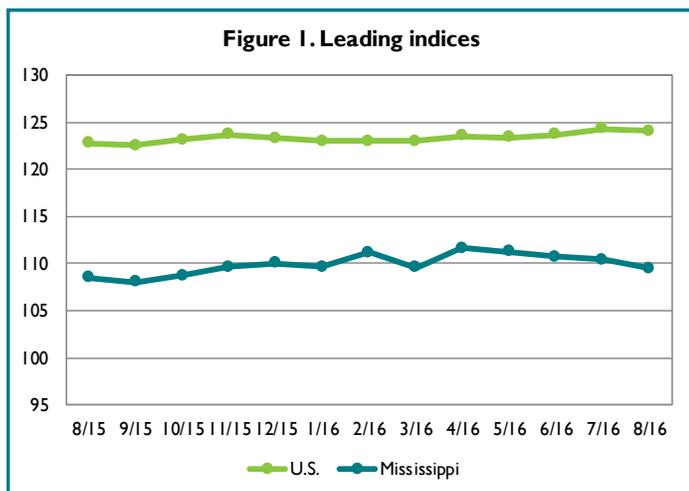
Figure 1 indicates the value of the Mississippi Leading Index (MLI) fell 0.8 percent in August, the fourth consecutive monthly decline. Much of the decline was driven by the decrease in the Mississippi Manufacturing Employment Intensity Index. Compared to one year ago the value of the MLI was up 0.9 percent for the month, while over the last six months the value of the MLI fell 3.0 percent.

The value of the Mississippi Coincident Index (MCI) increased 0.1 percent in August as seen in Figure 2 below. The value of the MCI in August was 2.4 percent higher compared to one year ago.

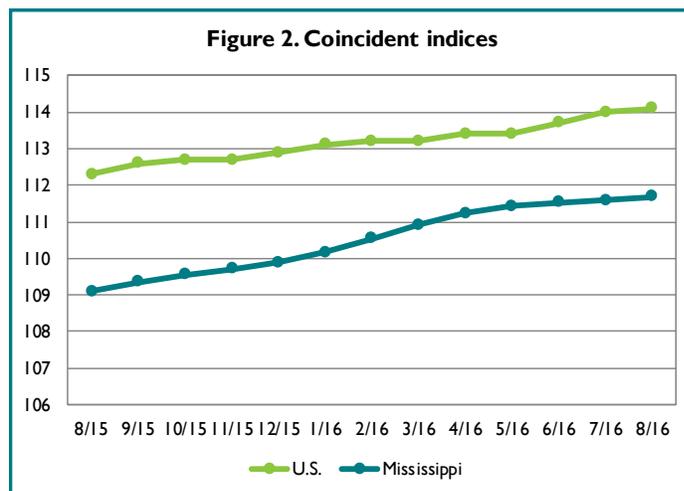
In its third estimate of the change in real U.S. gross domestic product (GDP) in the second quarter the U.S. Bureau of Economic Analysis (BEA) reported an increase of 1.4 percent. The third estimate is 0.3 percentage point

higher than BEA's second estimate of 1.1 percent. BEA stated the upward revision resulted primarily from an increase in nonresidential fixed investment, rather than the decrease reported in previous estimates. Given BEA's estimate of a change of 0.8 percent in the first quarter, in the first half of 2016 U.S. real GDP therefore grew 1.1 percent.

Through the first eight months of 2016 the value of the MLI is down 0.5 percent and has increased in only two months. While declines in withholdings have resulted in much of the weakness, in August the Mississippi Manufacturing Employment Intensity Index was the primary source of the decrease. With little or no growth in most of the components over the last several months, a relatively large decline in a single component can lead to a fall in the MLI.



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, AUGUST 2016

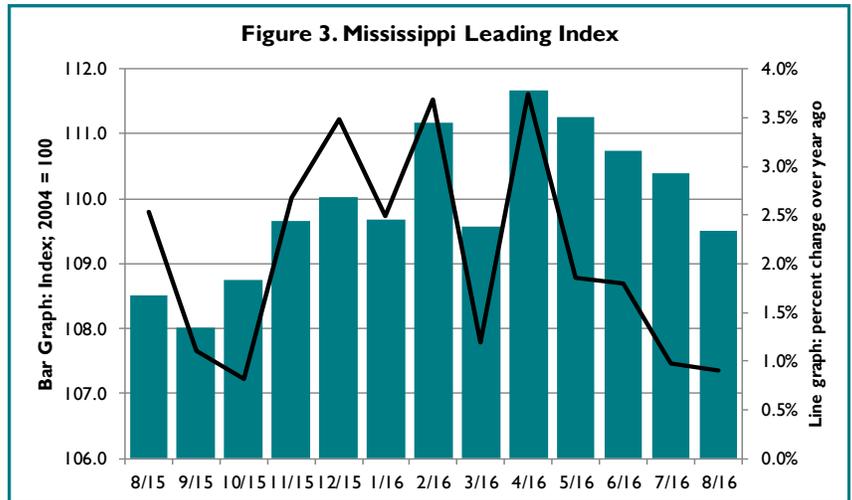
For the fourth consecutive month, the value of the **Mississippi Leading Index of Economic Indicators (MLI)** declined in August. As Figure 3 indicates the value fell 0.8 percent for the month to its lowest level of 2016. The value of the MLI in August was 0.9 percent higher compared to one year ago. Over the last six months the MLI fell 3.0 percent.

Of the seven components of the MLI, four contributed negatively in August. The value of the Mississippi Manufacturing Employment Intensity Index experienced the largest decline. Each component is discussed below in order of smallest to largest contribution.

As Figure 4 indicates, the value of the **Mississippi Manufacturing Employment Intensity Index** fell 3.8 percent in August. The value of the Index was 0.4 percent lower in August compared to one year ago. The value has fallen 5.2 percent over the last six months. Although manufacturing employment in the state rose by 900 jobs in August, the average weekly hours of production employees decreased 4.4 percent for the month, resulting in the relatively large decline in the Index.

**Mississippi residential building permits** (three-month moving average) decreased 3.4 percent in value in August as seen in Figure 5. The decline was the third in the last four months. Notably, the value was 2.1 percent lower compared to one year ago, marking the first year-over-year decrease since October 2014. The seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi decreased in August by 4.4 percent. The number of units was 3.8 percent lower for the month compared to one year ago. The number of privately-owned housing units in the U.S. authorized by building permits declined 0.4 percent in August from the revised July value. The number of units in the U.S. for the month compared to one year ago was 2.3 percent lower.

The value of seasonally-adjusted **initial unemployment claims** in Mississippi climbed 7.7 percent in August as seen in Figure 6. Compared to one year ago the August value was 4.1 percent lower. In contrast, the number of seasonally-adjusted continued unemployment claims in Mississippi declined 5.5 percent in August as seen in Figure 14 on page 6. Compared to one year ago the number of continued claims in August was down 12.1 percent.



Source: University Research Center

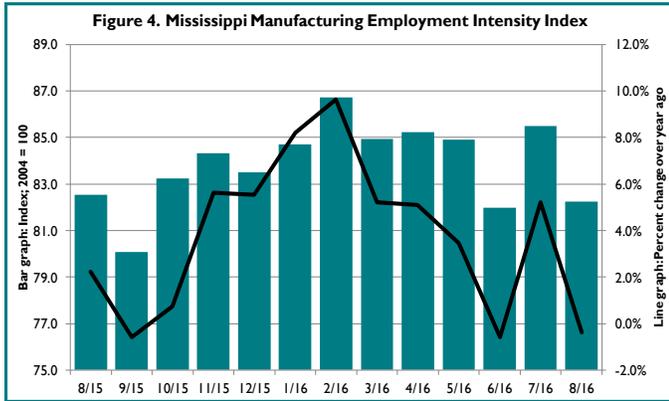
The seasonally-adjusted unemployment rate in Mississippi did not change in August and remained at 6.0 percent as seen in Figure 15 on page 6. This rate was 0.3 percentage point lower compared to one year ago.

Figure 7 indicates the value of **U.S. retail sales** fell 0.3 percent in August. In addition the June value was revised lower, leading to a 0.1 increase in July. Sales excluding automobiles and gasoline decreased 0.1 percent in August as gasoline sales declined for the second consecutive month. U.S. retail sales were 1.9 percent higher in August compared to one year ago, the smallest year-over-year increase since November 2015. The largest percentage declines occurred in building materials and sporting goods stores, as the latter decreased for the second consecutive month. The largest gain for the month occurred in sales at food and drinking places. The sales of clothing and accessories experienced their largest increase of the year in August.

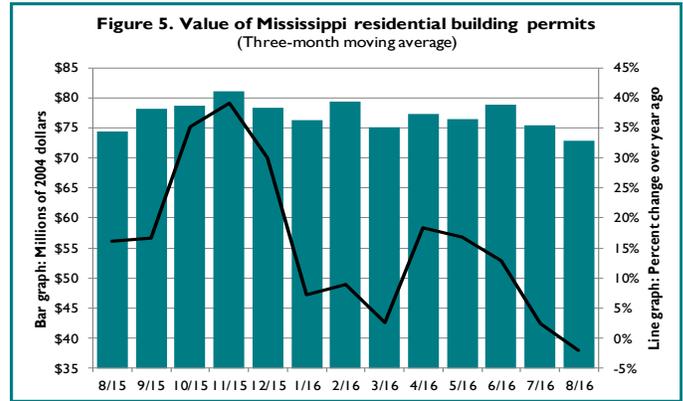
The value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) edged slightly higher in August as seen in Figure 8. The value increased 0.1 percent, remaining near its lowest level in almost two years. Compared to one year ago, the value for the month was down 2.6 percent. The share of respondents who expect their household finances to improve in the next twelve months was responsible for much of the increase. In addition, the three-month moving average of the value of the consumer sentiment index decreased in August for the second consecutive month, falling to its lowest level since November 2015.

(Continued on page 4)

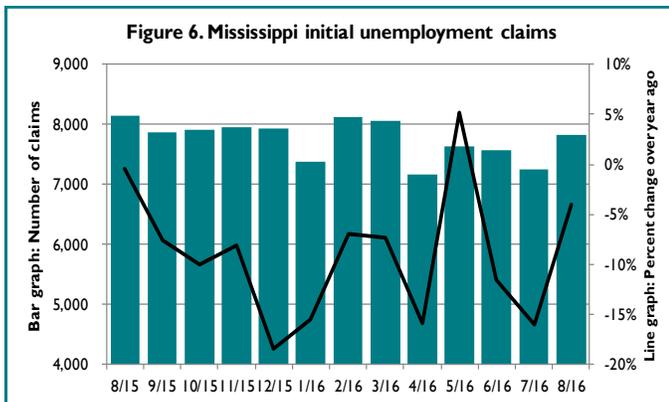
# COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



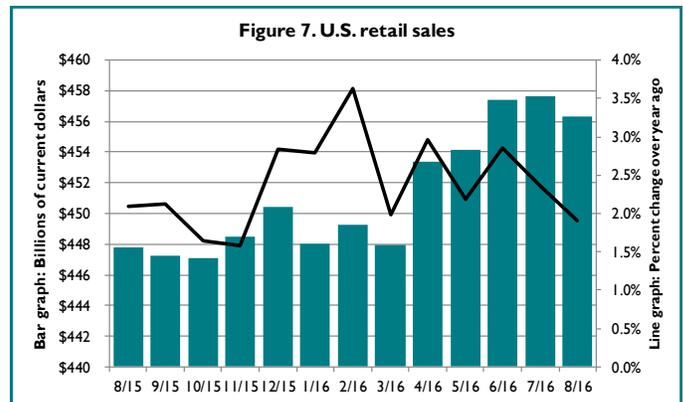
Source: URC using data from Bureau of Labor Statistics



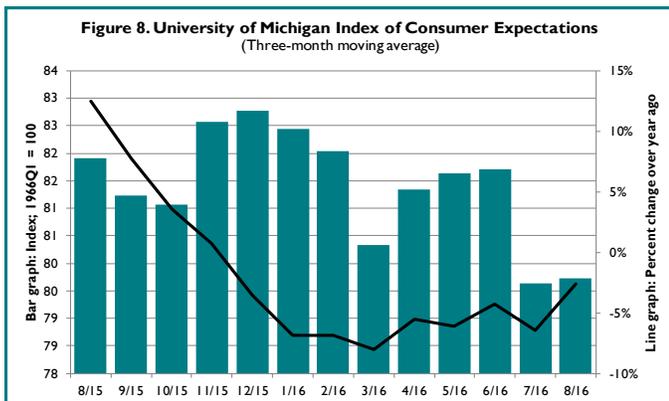
Source: Bureau of the Census; seasonally adjusted



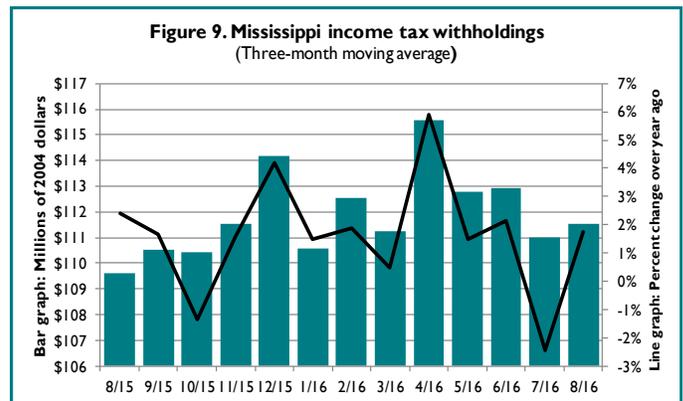
Source: U.S. Department of Labor; seasonally adjusted



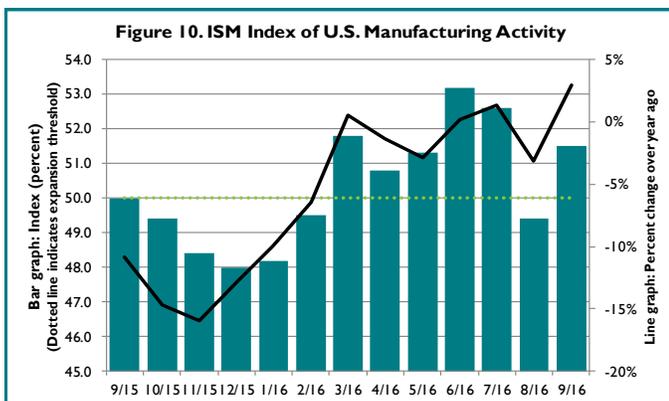
Source: Bureau of the Census



Source: Thomson Reuters/University of Michigan Surveys of Consumers



Source: Mississippi Department of Revenue; seasonally adjusted



Source: Institute for Supply Management

*For the fourth consecutive month the value of the Mississippi Leading Index (MLI) fell in August, decreasing 0.8%.*

**MISSISSIPPI'S BUSINESS**

**MISSISSIPPI LEADING INDEX, AUGUST 2016 (CONTINUED)**

The value of **Mississippi income tax withholdings** (three-month moving average) increased slightly in August. Figure 9 indicates the value rose 0.5 percent for the month. The value of withholdings compared to one year ago moved positive in August, rising by 1.8 percent. Over the last six months the three-month moving average of withholdings fell 0.9 percent.

As Figure 10 indicates, the value of the **Institute for Supply Management Index of U.S. Manufacturing**

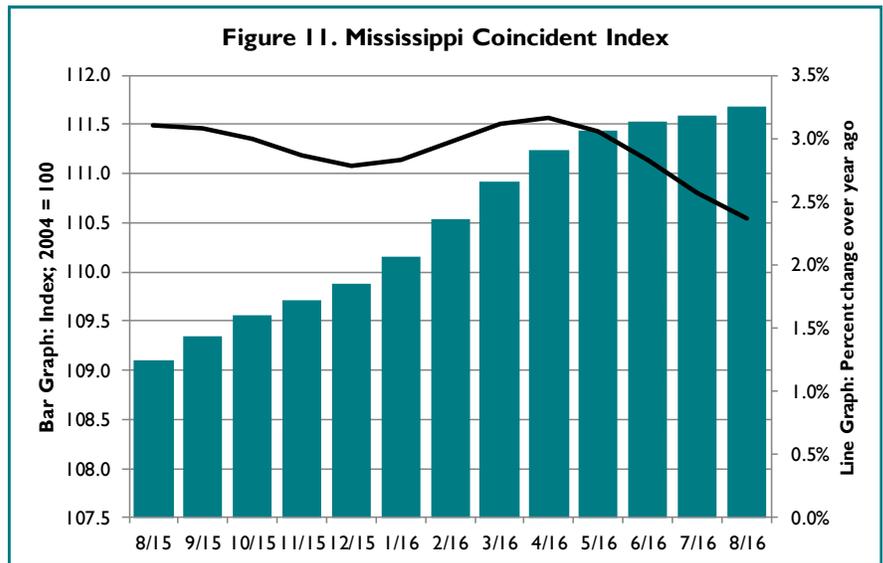
**Activity** rebounded in September, rising 4.3 percent. Significantly, the increase moved the value of the Index into expansionary territory. With the exception of Supplier Deliveries all components of the Index increased in September. However, the Inventories and Employment components remained slightly in contractionary territory. The value of ISM Index was 3.0 percent higher in September compared to one year ago. The U.S. manufacturing sector is slowly recovering as factors such as excess inventories improve.

**MISSISSIPPI COINCIDENT INDEX, AUGUST 2016**

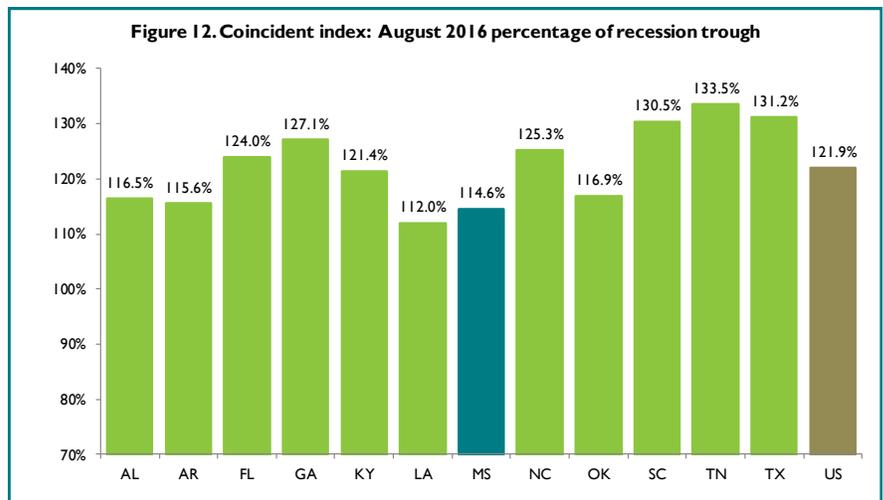
Figure 11 indicates the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.1 percent in August according to the Federal Reserve Bank of Philadelphia. Compared to August 2015 the value of the MCI for the month was 2.4 percent higher.

The value of the coincident index for Louisiana has grown 12.0 percent from its respective recession trough as of August, the least among southeastern states. The value of the coincident index for Mississippi experienced the next smallest increase among states in the Southeast, up 14.6 percent from its recession trough. Growth in the respective coincident indices of Louisiana, Mississippi, Arkansas, Alabama, and Oklahoma remained considerably lower than that of other states in the region, which have experienced growth of at least 21.4 percent from their recession troughs.

The value of the coincident indices in forty-two states increased in August compared to three months prior as seen in Figure 13 on page 5. In twenty-six states, the values of the coincident indices increased more than 0.5 percent. The value of the coincident indices in sixteen states, including Mississippi, increased by less than 0.5 percent in August compared to three months prior. Five states experienced declines in the value of their coincident indices of less than 0.5 percent, while in three states the values of the coincident indices fell by more than 0.5 percent in August over May.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

## NATIONAL TRENDS

The Conference Board reported the value of the U.S. Leading Economic Index (LEI) fell 0.2 percent in August. As seen in Figure 1 on page 1 this decrease marked the third monthly decline in 2016. The value of the index was 1.1 percent higher compared to one year ago. Six of the ten components of the LEI decreased in value for the month and average weekly manufacturing hours made the largest negative contribution, followed by the ISM New Orders Index. The value of the LEI is up 0.9 percent over the last six months.

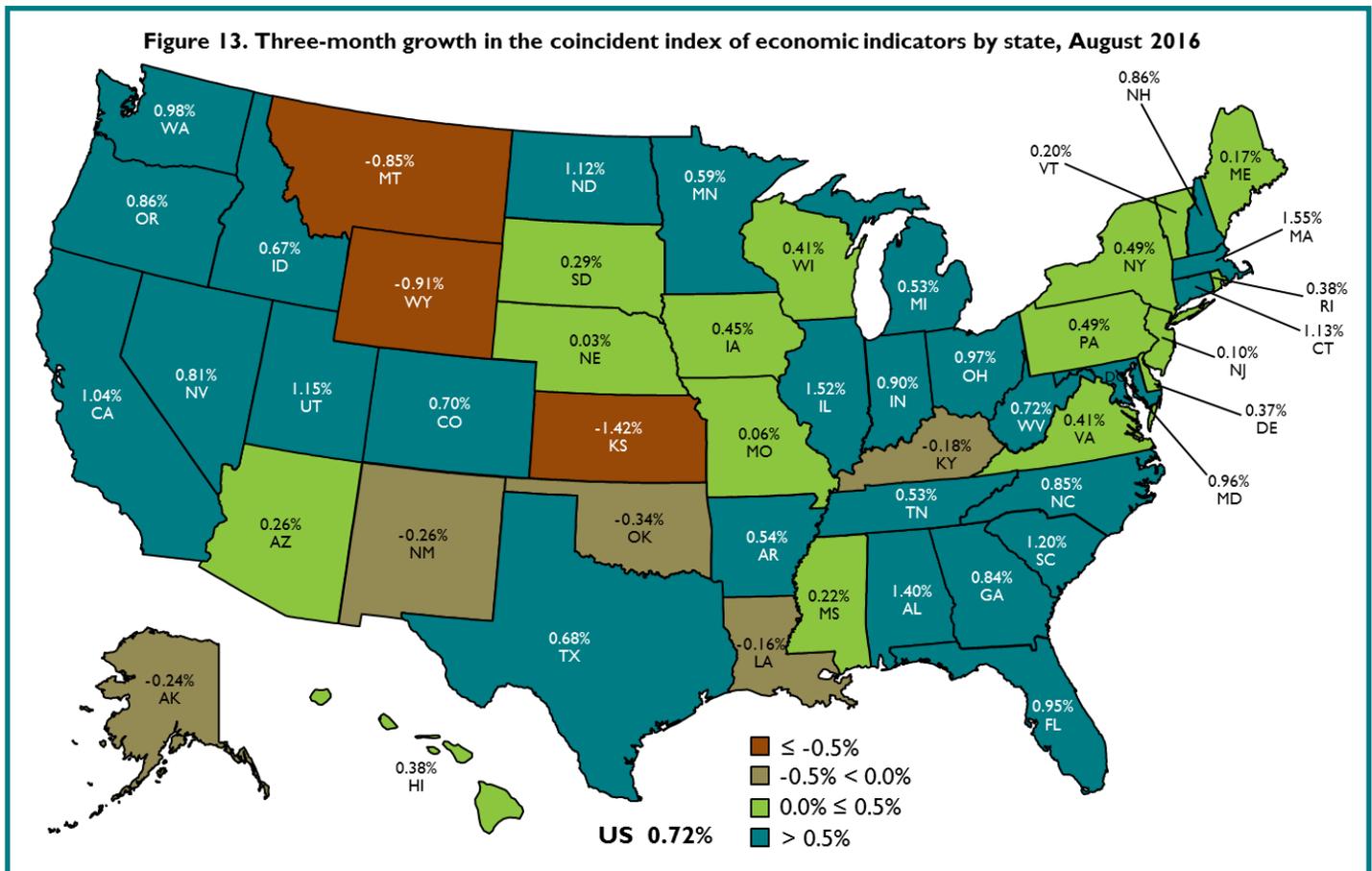
The value of the U.S. Coincident Economic Index (CEI) increased 0.1 percent in August according to The Conference Board. Compared to one year ago the value was up 1.6 percent as Figure 2 on page 1 indicates. Three of the four components of the CEI made positive contributions in August and the largest contribution came from employees on nonagricultural payrolls. The lone negative contribution came from industrial production. Over the last six months the value of the CEI is up 0.8 percent.

After four consecutive months of increases, the value of the National Federation of Independent Businesses (NFIB)

Small Business Optimism Index edged lower in August. Figure 20 on page 6 indicates the value fell 0.2 percent. The August value of the Index was down 1.6 percent compared to one year ago. The decline in the “expect economy to improve” component was the largest among all components and the “plans to increase employment” component fell to its lowest level since March. However, the “current job openings” component reached its highest level of 2016 and the “now is a good time to expand” component also improved slightly for the month.

The Federal Open Market Committee (FOMC) took no action on interest rates at its September meeting, which was widely expected. Notably, Federal Reserve Chair Janet Yellen in her comments stated that “the case for an increase had strengthened,” which was likely a reference to the recent improvements in the U.S. economy compared to the first six months of 2016. However, inflation continues to remain below the central bank’s target of 2.0 percent annually, which is another reason FOMC members are expected to wait until at least December before acting on the next rate increase.

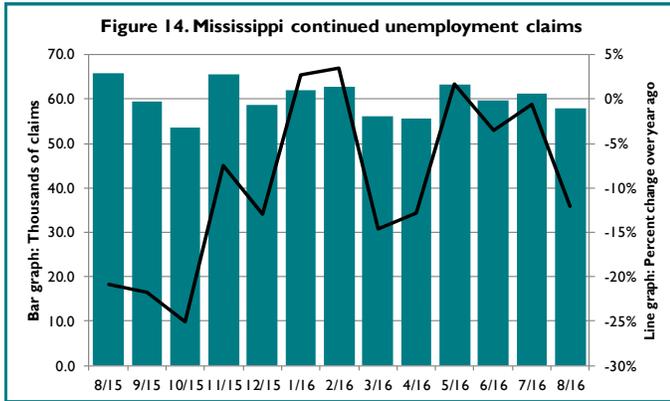
Figure 13. Three-month growth in the coincident index of economic indicators by state, August 2016



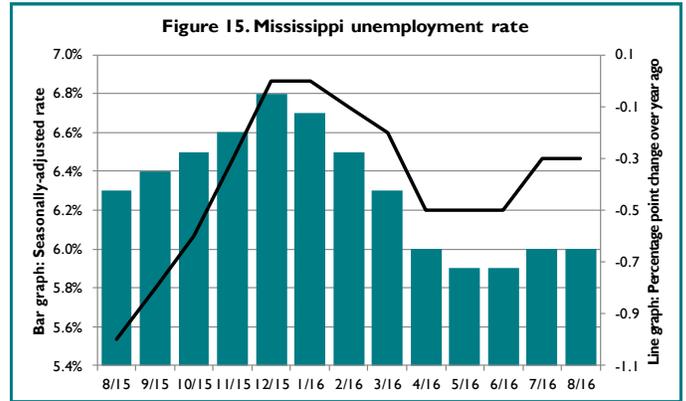
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

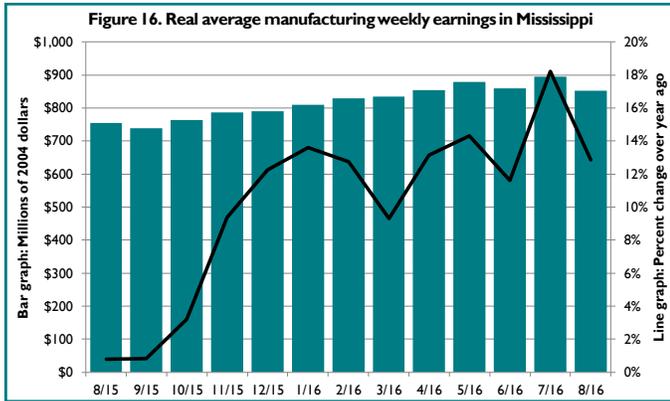
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



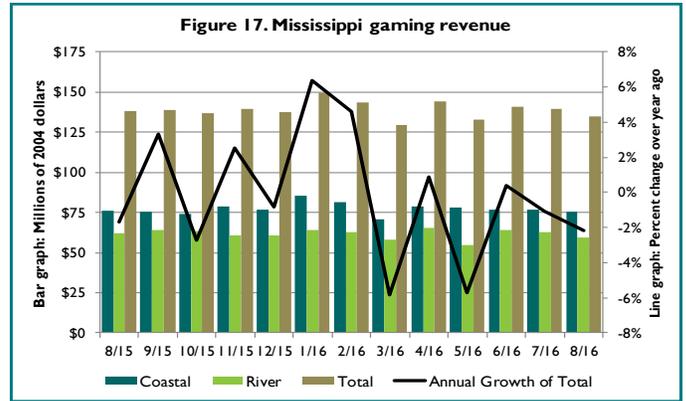
Source: U.S. Department of Labor; seasonally adjusted



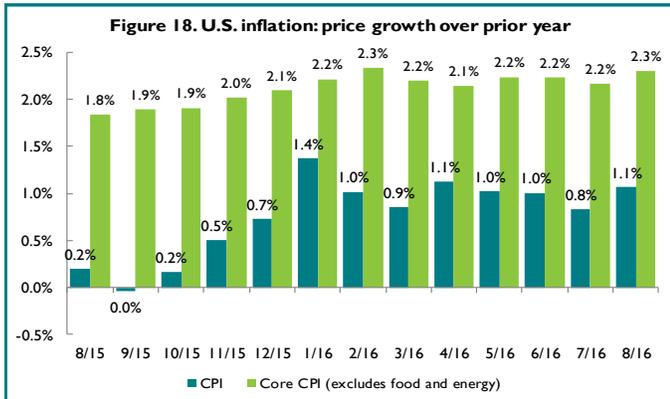
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



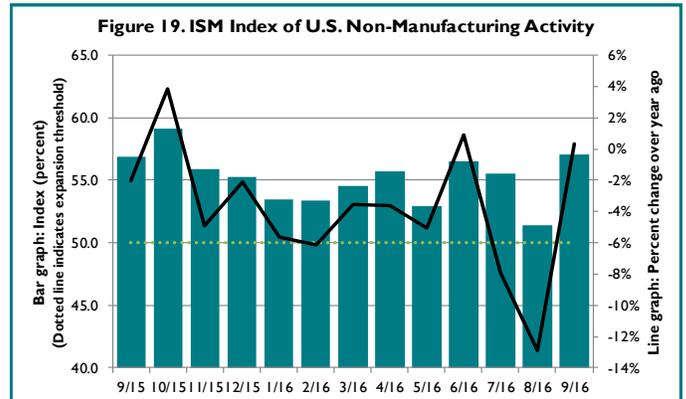
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



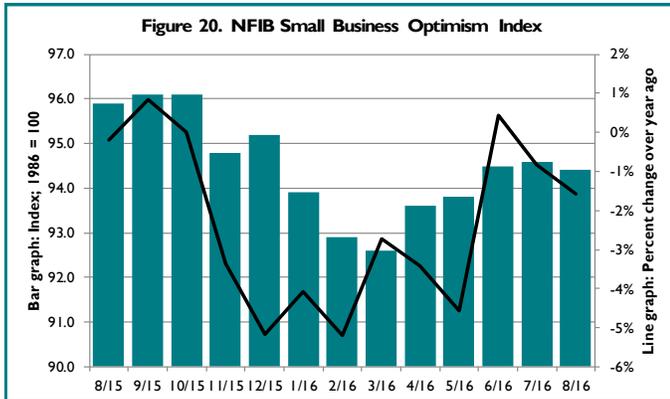
Source: Mississippi Department of Revenue; seasonally adjusted



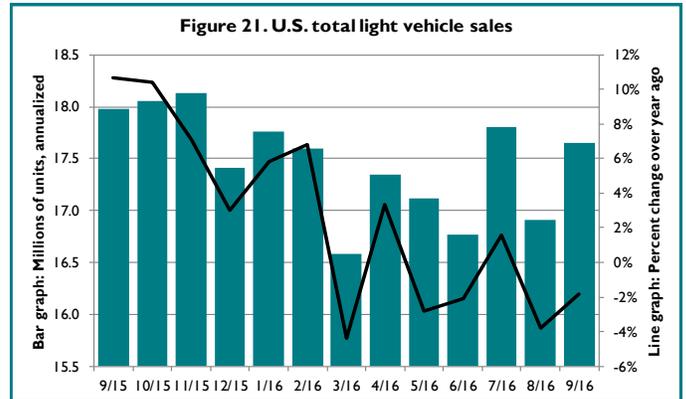
Source: U.S. Bureau of Labor Statistics



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	August	July	August	Percent change from		
	2016	2016	2015	July 2016	August 2015	
<b>U.S. Leading Economic Index</b> 2004 = 100. Source: The Conference Board	124.1	124.3	122.8	▼0.2%	▲1.1%	Economic Indices
<b>U.S. Coincident Economic Index</b> 2004 = 100. Source: The Conference Board	114.1	114.0	112.3	▲0.1%	▲1.6%	
<b>Mississippi Leading Index</b> 2004 = 100. Source: University Research Center	109.5	110.4	108.5	▼0.8%	▲0.9%	
<b>Mississippi Coincident Index</b> 2004 = 100. Source: Federal Reserve Bank of Philadelphia	111.7	111.6	109.1	▲0.1%	▲2.4%	
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	7,819	7,257	8,151	▲7.7%	▼4.1%	Components of the Mississippi Leading Index
<b>Value of Mississippi residential building permits</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	72.9	75.4	74.4	▼3.4%	▼2.1%	
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	111.6	111.0	109.6	▲0.5%	▲1.8%	
<b>Mississippi Manufacturing Employment Intensity Index</b> 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	82.2	85.5	82.5	▼3.8%	▼0.4%	
<b>University of Michigan Index of Consumer Expectations</b> Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	79.7	79.6	81.9	▲0.1%	▼2.6%	
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	51.5	49.4	50.0	▲4.3%	▲3.0%	
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	456.3	457.7	447.8	▼0.3%	▲1.9%	
<b>U.S. Consumer Price Index (CPI)</b>	127.5	127.4	126.2	▲0.1%	▲1.1%	
<b>U.S. Core CPI (excludes food and energy)</b> 2004 = 100. Source: URC using data from Bureau of Labor Statistics	126.3	126.0	123.4	▲0.3%	▲2.3%	
<b>Mississippi unemployment rate</b> Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	6.0%	6.0%	6.3%	↔0.0	▼0.3	
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	57,884	61,258	65,873	▼5.5%	▼12.1%	Miscellaneous Indicators
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	57.1	51.4	56.9	▲11.1%	▲0.4%	
<b>U.S. mortgage rates</b> Percentage point change. Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve	3.38%	3.37%	3.84%	▲0.01	▼0.46	
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.77	20.78	18.12	▼0.1%	▲14.6%	
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	852.22	895.31	755.22	▼4.8%	▲12.8%	
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	94.4	94.6	95.9	▼0.2%	▼1.6%	
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.65	16.91	17.98	▲4.4%	▼1.8%	
<b>Gaming revenue</b>	135.0	139.4	138.0	▼3.2%	▼2.2%	
<b>Coastal counties</b>	75.6	76.8	75.8	▼1.6%	▼0.3%	
<b>River counties</b> Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	59.4	62.6	62.2	▼5.1%	▼4.5%	

## MISSISSIPPI'S BUSINESS

## MISSISSIPPI EMPLOYMENT TRENDS

As Table 2 below indicates, total nonfarm employment in Mississippi increased in August for the second consecutive month according to the U.S. Bureau of Labor Statistics (BLS). In addition, employment for July was revised slightly higher. Total employment in the state increased 0.2 percent, a gain of 2,700 jobs. Compared to one year ago total employment in August in Mississippi was 1.1 percent higher, an increase of 12,000 jobs.

Four states and the District of Columbia experienced statistically significant increases in total nonfarm employment in August. The largest absolute increases in employment for the month occurred in California, Florida, and Virginia. The largest percentage increases in employment in August occurred in the District of Columbia. Statistically significant decreases in employment in August occurred in three states: Michigan, North Carolina, and Louisiana. These states also experienced the largest percentage decreases in employment for the month. Compared to one year ago, thirty-five states experienced statistically significant increases in employment in August. Only North Dakota and Wyoming experienced statistically significant decreases in employment compared to one year ago.

The largest absolute increase in employment in August in Mississippi occurred in Trade, Transportation, and Utilities, which added 2,000 jobs. Financial Activities experienced the largest percentage increase in employment for the month, increasing by 2.4 percent. Health Care and Social Assistance experienced the largest absolute decrease in employment among all sectors in the state in August, losing 6,000 jobs. Employment declined 4.5 percent in this sector, also the largest percentage decrease among all industries.

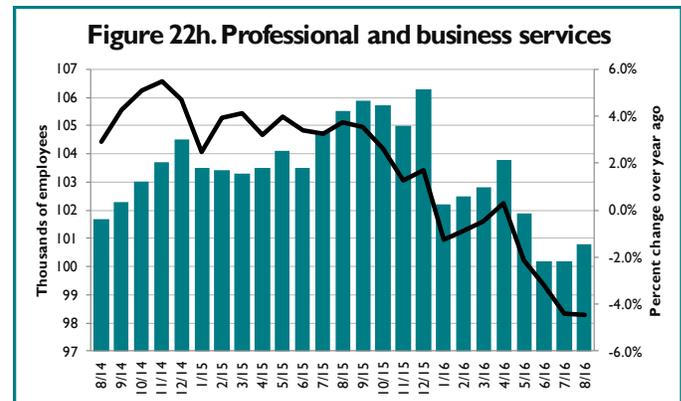
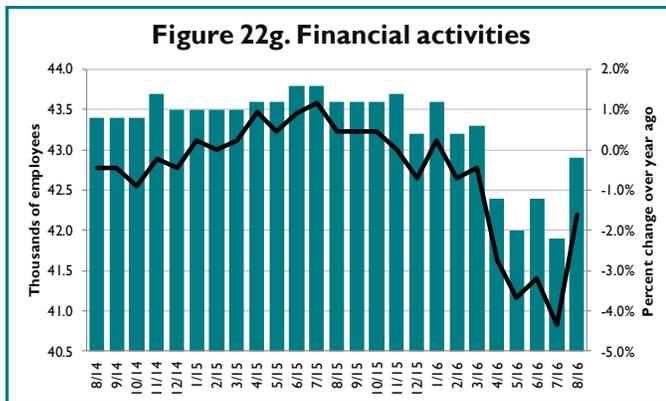
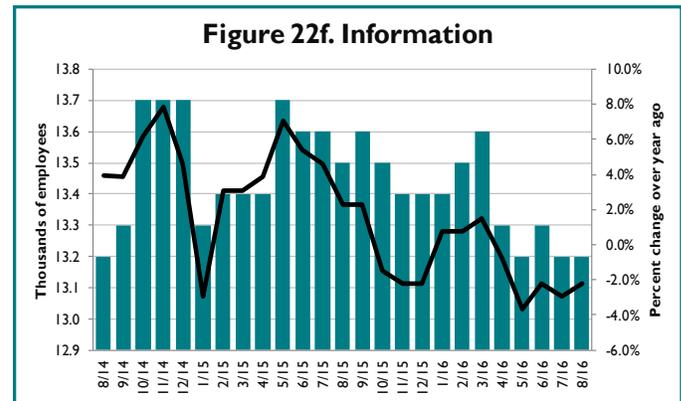
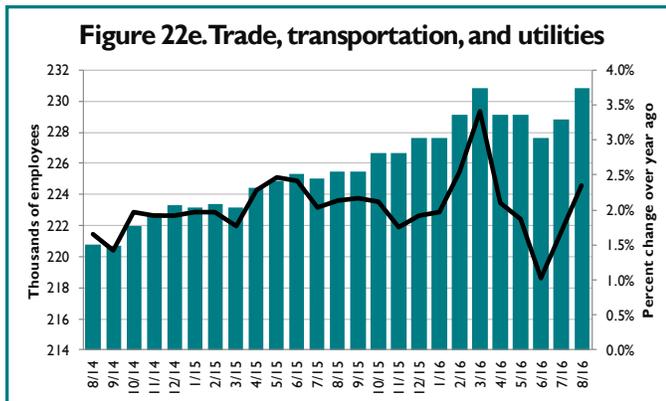
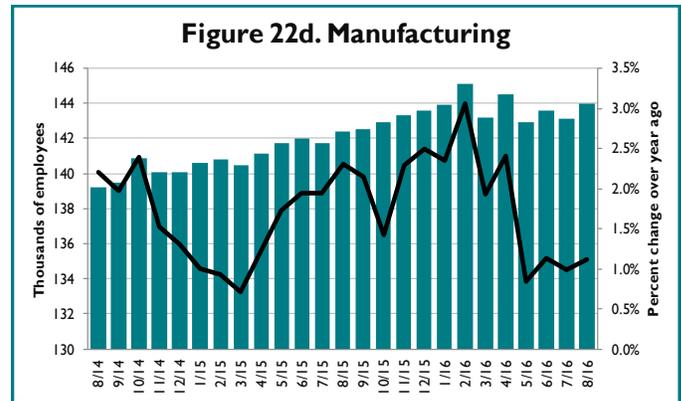
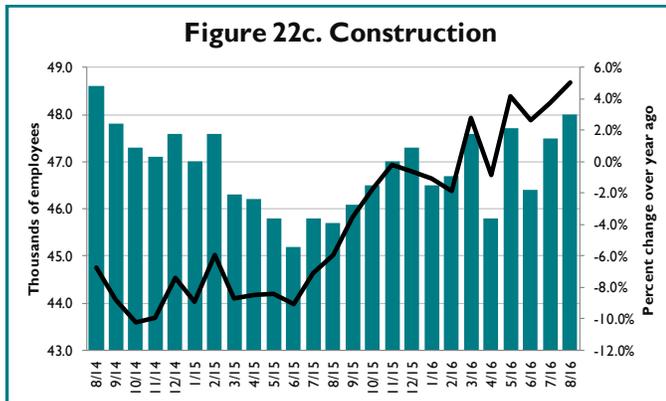
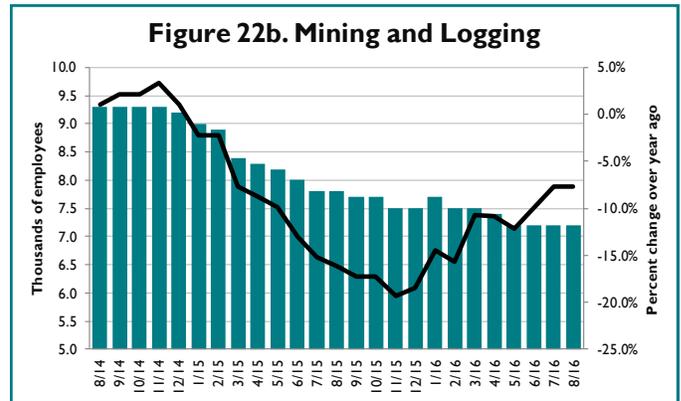
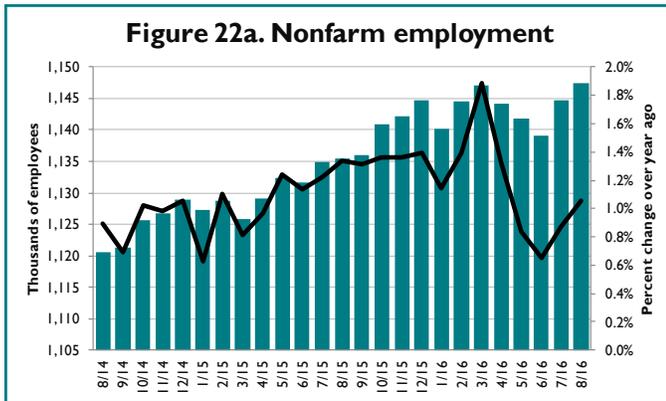
As in July, five sectors in Mississippi employed fewer people in August compared to the previous year. Mining and Logging maintained the largest percentage decrease in employment compared to one year ago, down 7.7 percent. Again as in July, the largest absolute decrease in employment among all sectors in August compared to one year ago occurred in Professional and Business Services, which was down by 4,700 jobs. The largest percentage increase in employment compared to one year ago occurred in Arts and Entertainment, which was up 6.1 percent. Trade, Transportation, and Utilities employment increased the most compared to one year ago, up by 5,300 jobs.

**Table 2. Change in Mississippi employment by industry, August 2016**

	Relative share of total <sup>a</sup>	August 2016	July 2016	August 2015	Change from July 2016		Change from August 2015	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,147,500	1,144,800	1,135,500	▲2,700	▲0.2%	▲12,000	▲1.1%
Mining and Logging	0.7%	7,200	7,200	7,800	◀0	◀0.0%	▼600	▼7.7%
Construction	4.1%	48,000	47,500	45,700	▲500	▲1.1%	▲2,300	▲5.0%
Manufacturing	12.6%	144,000	143,100	142,400	▲900	▲0.6%	▲1,600	▲1.1%
Trade, Transportation, & Utilities	20.0%	230,800	228,800	225,500	▲2,000	▲0.9%	▲5,300	▲2.4%
Retail Trade	12.3%	143,200	142,000	138,400	▲1,200	▲0.8%	▲4,800	▲3.5%
Information	1.2%	13,200	13,200	13,500	◀0	◀0.0%	▼300	▼2.2%
Financial Activities	3.8%	42,900	41,900	43,600	▲1,000	▲2.4%	▼700	▼1.6%
Services	36.2%	413,200	419,600	412,700	▼6,400	▼1.5%	▲500	▲0.1%
Professional & Business Services	9.0%	100,800	100,200	105,500	▲600	▲0.6%	▼4,700	▼4.5%
Educational Services	1.1%	12,100	12,600	11,900	▼500	▼4.0%	▲200	▲1.7%
Health Care & Social Assistance	11.1%	127,600	133,600	126,200	▼6,000	▼4.5%	▲1,400	▲1.1%
Arts & Entertainment	1.0%	12,100	12,000	11,400	▲100	▲0.8%	▲700	▲6.1%
Accommodation and Food Services	10.5%	121,500	121,600	117,900	▼100	▼0.1%	▲3,600	▲3.1%
Other Services	3.5%	39,100	39,600	39,800	▼500	▼1.3%	▼700	▼1.8%
Government	21.5%	248,200	249,700	244,300	▼1,500	▼0.6%	▲3,900	▲1.6%

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

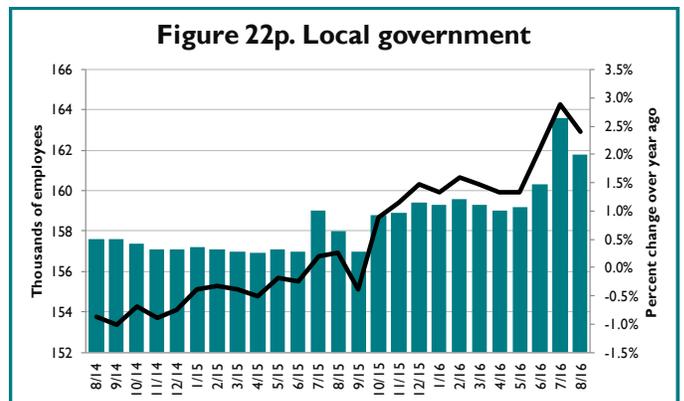
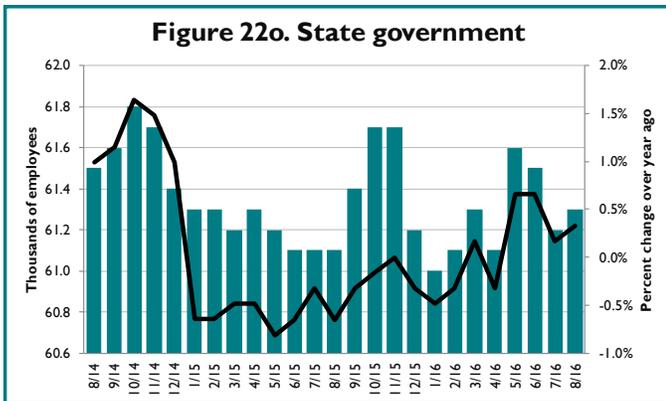
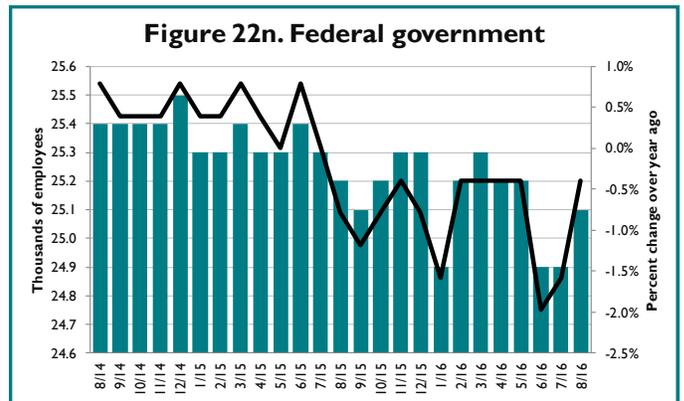
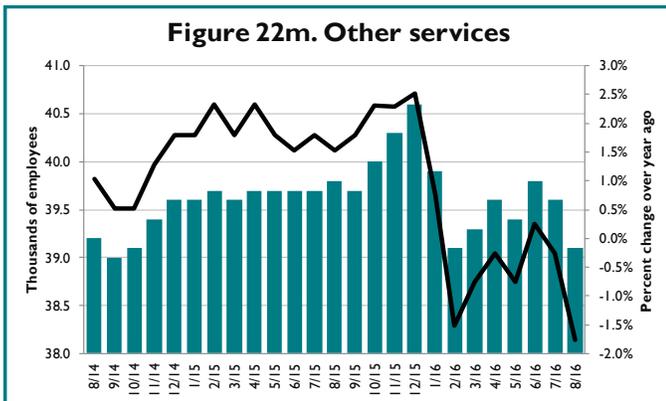
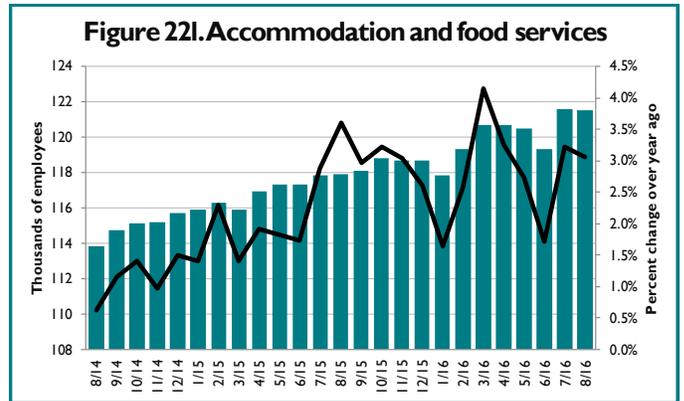
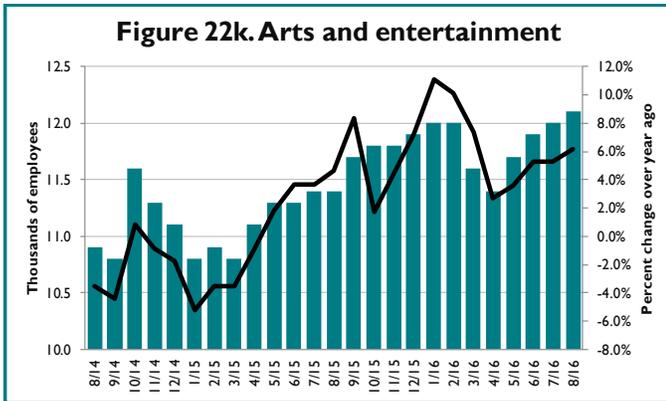
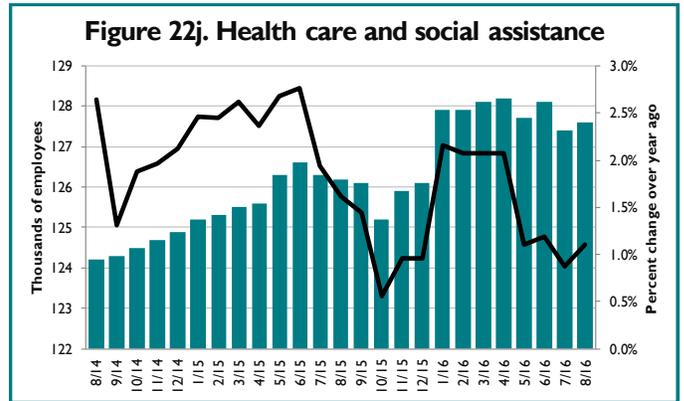
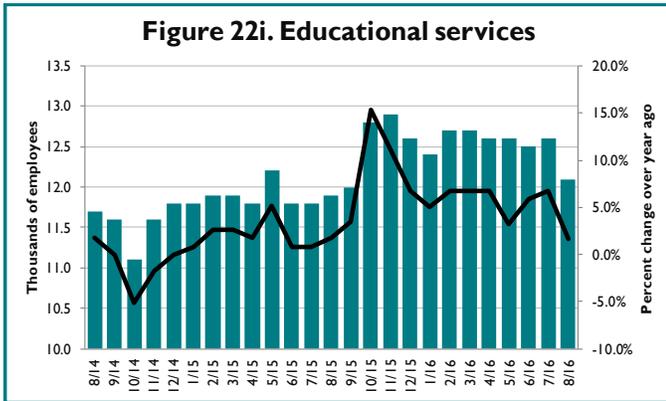
# MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

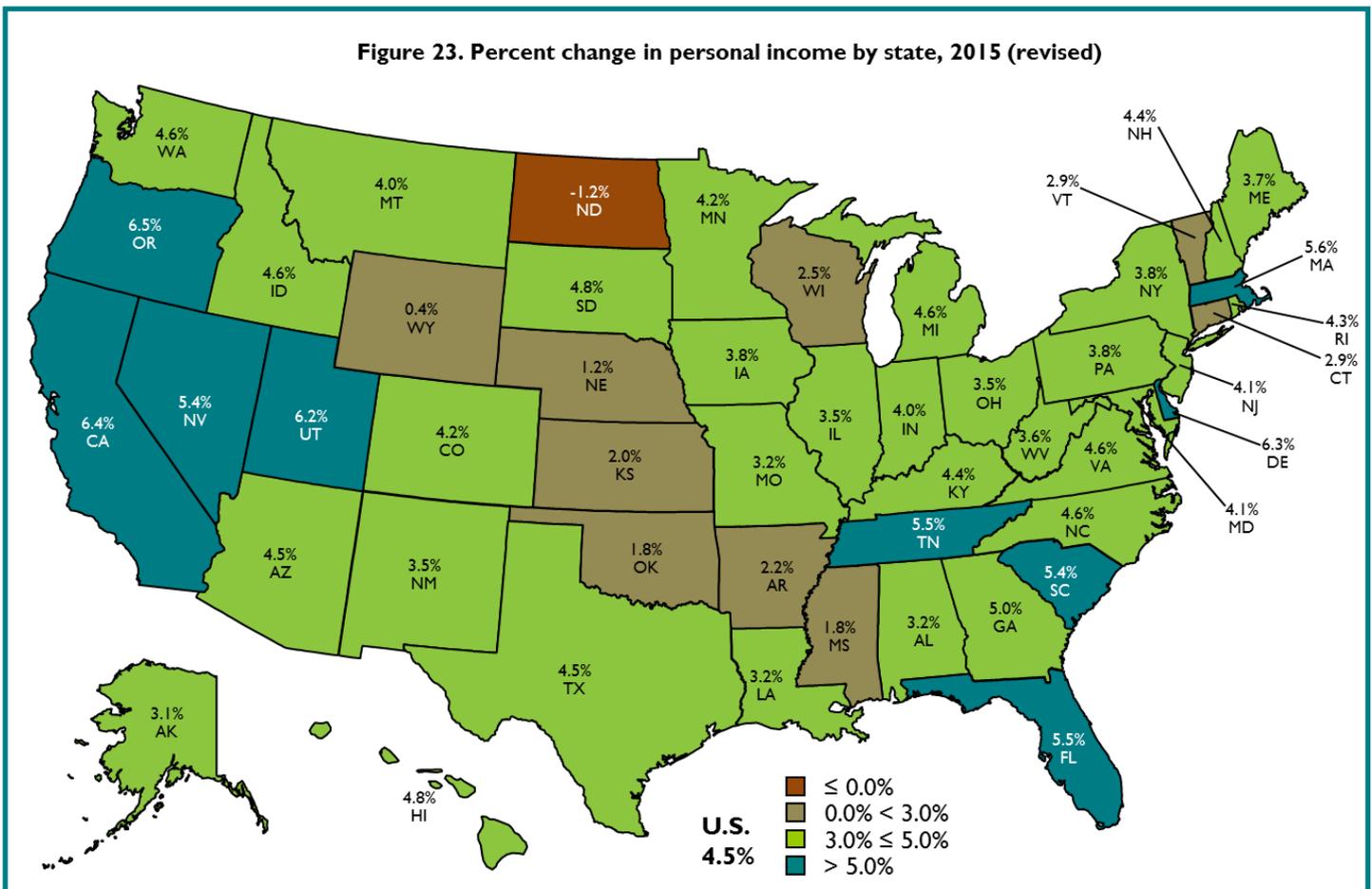
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



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

## REVISIONS TO PERSONAL INCOME FOR 2015

The U.S. Bureau of Economic Analysis (BEA) released revisions to its annual estimates of state personal income for 2015 in late September. In addition to incorporating more complete and detailed data than were available when its initial estimates were released, BEA also introduced changes to its methodology in estimating state personal incomes. The initial estimates were released in March and reported in the April 2016 issue of *Mississippi's Business*. These revised estimates have not been adjusted for inflation and therefore differ from the estimates of the change in real income reported in the August 2016 issue, which were for 2014. Based on these revisions, personal income in Mississippi grew by 1.8 percent in 2015, a reduction of 1.1 percentage point from the initial estimate in March. However, the estimate of the change in personal income in Mississippi for 2014 increased slightly as a result of the revisions, rising from 2.4 percent to 2.5 percent. BEA revised the change in personal income in 2015 upward for thirty-six states in September. The change in personal income for the U.S. also increased slightly, rising 0.1 percentage point from the March estimate to 4.5 percent. As seen in Figure 23 below, the change in personal income in Mississippi in 2015 remained one of the smallest among all states. The 1.8 percent increase in personal income was equaled in Oklahoma, and BEA reported smaller rates of change only in Nebraska, North Dakota, and Wyoming. North Dakota was the only state where BEA reported an annual decrease in personal income. As Figure 23 indicates, thirty-one states experienced increases in personal income in 2015 that ranged from 3.0 percent to 5.0 percent. Mississippi was one of nine states that experienced increases in personal income of less than 3.0 percent in 2015. Nine states also experienced



Source: U.S. Bureau of Economic Analysis

## MISSISSIPPI'S BUSINESS

### REVISIONS TO PERSONAL INCOME FOR 2015, CONTINUED

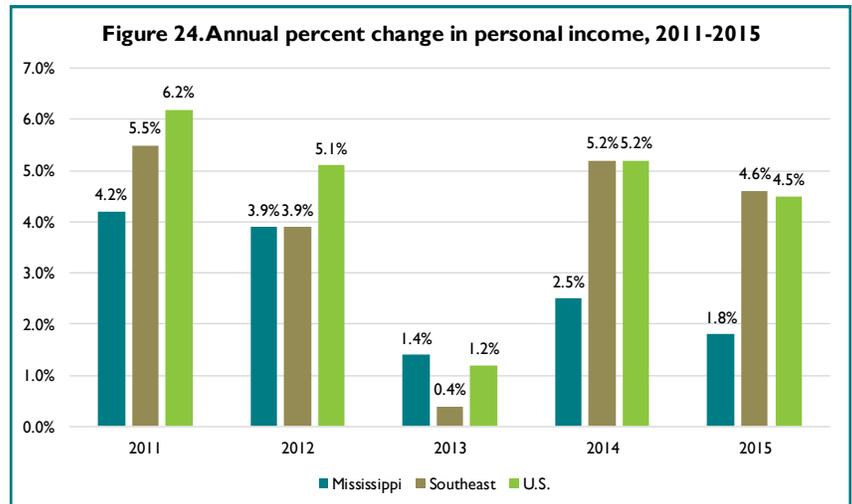
increases in personal income in 2015 of more than 5.0 percent; the largest growth rate of 6.5 percent occurred in Oregon, which was closely followed by California at 6.4 percent and Delaware at 6.3 percent.

Figure 24 at right depicts the annual percent change in personal income for each of the last five years for Mississippi, the Southeast, and the U.S. As these graphs indicate, 2013 was the only time in the last five years when personal income increased at a higher rate in Mississippi than in the Southeast or the U.S. In the other years, personal income growth in Mississippi trailed U.S. personal income growth

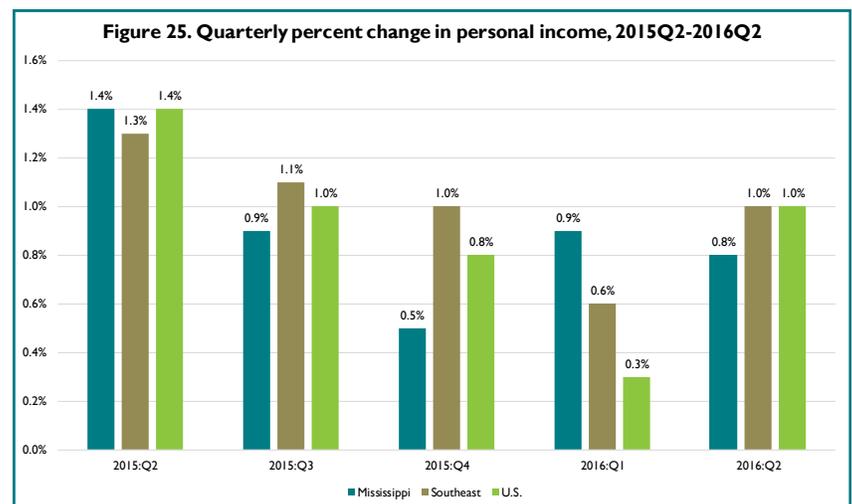
by more than 1.0 percentage point. The rate of personal income growth in the Southeast equaled the rate of personal income growth in Mississippi in 2012 and exceeded the rate by at least 2.0 percentage point in 2011, 2014, and 2015. The rates of growth in personal income in 2013 for the state, region, and nation were all relatively low, particularly so for an economic expansion. However, while growth in personal income for the Southeast and U.S. rebounded considerably in 2014 and 2015, the change in the rate of personal income growth in Mississippi substantially lagged both the region and the nation.

BEA also released its latest estimates of the quarterly change in personal income for the U.S., regions, and states. Figure 25 depicts these changes from the second quarter of 2015 through the second quarter of 2016. The estimate for the second quarter of 2016 is a preliminary estimate. Notably, income growth slowed in the third and fourth quarters of 2015 and the first quarter of 2016 for the Southeast and the U.S. In Mississippi, growth in personal income slowed in the third and fourth quarters of 2015, but improved in the first quarter of 2016. These declines coincided with the slowing of the U.S. economy over the same period as measured by the change in U.S.

real GDP, which also declined in each of the same quarters. Similarly, personal income growth improved in the second quarter of 2016 for the Southeast and U.S., as did the change in U.S. real GDP. Interestingly, the change in personal income in Mississippi over the last five quarters according to BEA represents an improvement over the annual rates of each of the last three years. However, all of the quarterly rates depicted in Figure 25 are subject to future revisions.



Source: U.S. Bureau of Economic Analysis.



Source: U.S. Bureau of Economic Analysis.