

ECONOMY AT A GLANCE

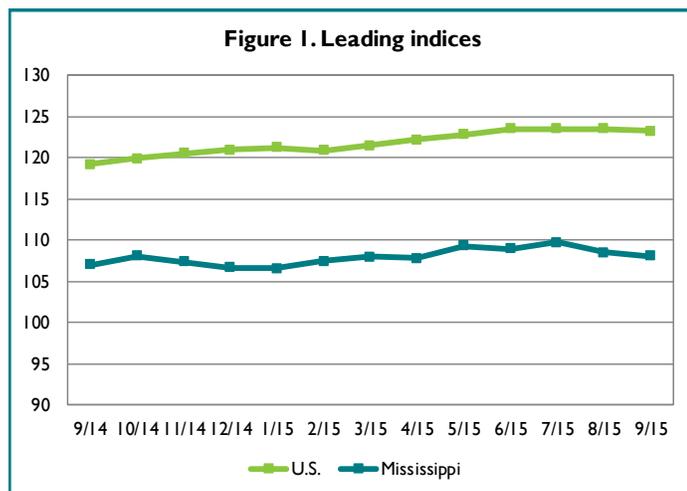
For the second consecutive month, the value of the Mississippi Leading Index (MLI) declined in September as seen in Figure 1 below. The MLI fell 0.5 percent for the month to its lowest level since April. Compared to one year ago the value of the MLI was 0.9 percent higher in September, the smallest year-over-year increase since December 2013.

The value of the Mississippi Coincident Index (MCI) rose 0.6 percent in September as Figure 2 below indicates. The value of the MCI was 4.2 percent higher for the month compared to one year ago, the largest year-over-year increase in almost nine years.

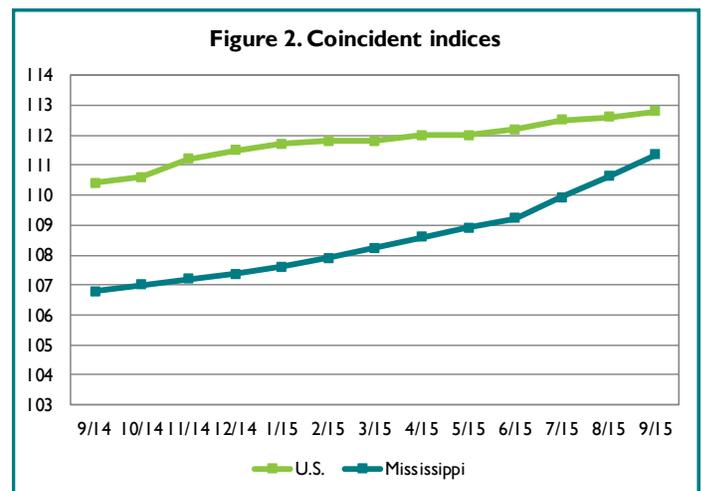
The change in real U.S. gross domestic product (GDP) for the third quarter was 1.5 percent according to the initial estimate of the U.S. Bureau of Economic Analysis (BEA).

The estimate for the third quarter was less than half of the change in real GDP in the second quarter of 3.9 percent, primarily due to a reduction in accumulated inventories. An increase in imports also inhibited real GDP growth. The primary driver of the increase in the third quarter was personal consumption expenditures, which were not as strong as in the second quarter. Expectations for the change for all of 2015 remain around 2.5 percent.

The Mississippi economy could not escape the struggles of U.S. manufacturing in September, as the average weekly hours of production employees and manufacturing employment both tumbled. On a positive note, building permits in the state continued to exhibit relatively robust growth. How well the state's economy can withstand the downturn in the nation's industrial sectors may well determine its performance in the coming months.



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, SEPTEMBER 2015

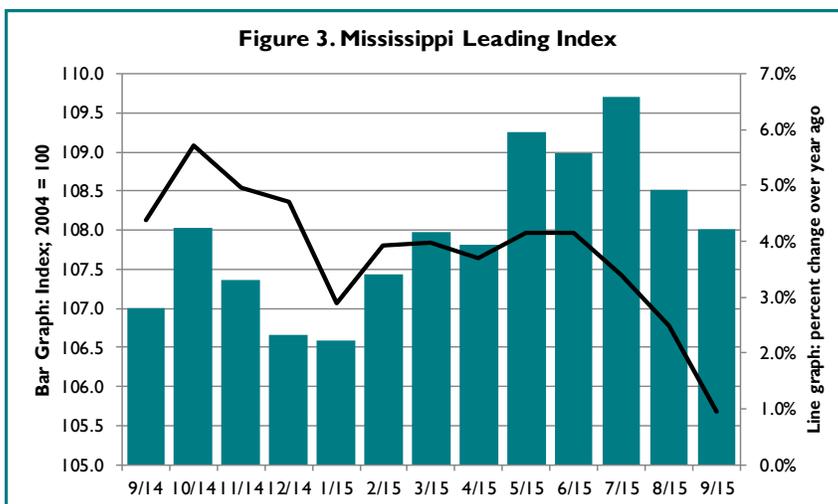
As Figure 3 indicates, the value of the **Mississippi Leading Index of Economic Indicators (MLI)** declined 0.5 percent in September, its second consecutive monthly decline. Compared to one year ago the value of the MLI was 0.9 percent higher for the month. The value of the MLI is up 0.1 percent over the last six months following the decrease in September.

Although only three of the seven components of the MLI contributed negatively in September, a relatively large decline in the value of the Mississippi Manufacturing Employment Intensity Index pulled down its value. Discussion of each component appears below in order of smallest to largest contribution.

As Figure 4 on page 3 indicates the value of the **Mississippi Manufacturing Employment Intensity Index** sank 4.1 percent in September. Following the decline the Index was 2.6 percent lower compared to one year ago. The average weekly hours of production employees in Mississippi fell by 1.4 hours in September, while employment in manufacturing fell by 1,200 jobs.

In September the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) fell for the fourth consecutive month, slipping 0.8 percent as seen in Figure 5. The value was 7.7 percent higher in September compared to one year ago, the smallest year-over-year increase since August 2014. Consumers were concerned about weakness in U.S. job growth in recent months. However, inflation expectations declined, as the Federal Reserve signaled interest rates will not rise until December at the earliest.

For the fourth consecutive month, the value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** fell in October as seen in Figure 6. While the value edged down by only 0.2 percent, compared to one year ago the Index was 13.5 percent lower for the month. More significantly, the level of the Index declined to 50.1, the minimum level to classify the Index in expansion territory. The value of 50.1 was the lowest since May 2013. As in previous months, a relatively strong U.S. dollar, a lack of both foreign and domestic demand for manufactured goods, and a downturn in the energy sector continue to buffet the U.S. manufacturing industry. None of these trends is expected to abate in the near term. The automobile industry and vehicle sales remain one of the few positives in U.S. manufacturing.



Source: University Research Center

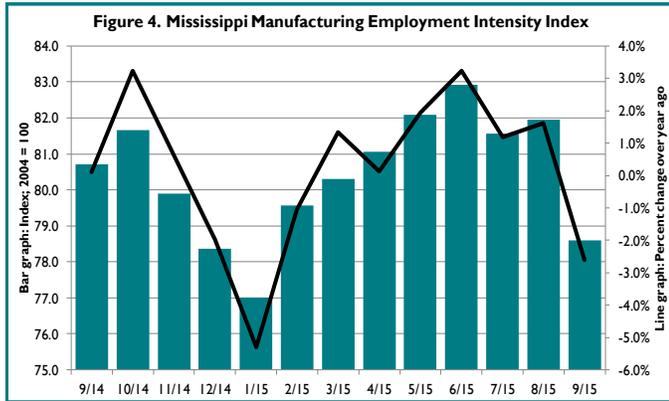
The value of **U.S. retail sales** edged higher by 0.1 percent in September as seen in Figure 7. The August value was revised lower to reflect essentially no change from the previous month. The value of retail sales was 2.4 percent higher in September compared to one year ago. The year-over-year increase in retail sales has been below 3.0 percent for eight consecutive months. Lower gasoline prices continued to weigh on sales in September, while vehicle sales boosted the value. However, the two components effectively canceled each other out as the value of sales excluding automobiles and gasoline was unchanged. After vehicles, growth occurred in clothing and accessories, sporting goods and hobbies, and food services.

The value of seasonally-adjusted **initial unemployment claims** in Mississippi declined 4.5 percent in September as seen in Figure 8. Following the decrease the value was 7.7 percent lower compared to one year ago. Total initial claims have fallen for three consecutive months. The number of seasonally-adjusted continued unemployment claims in Mississippi dropped by 10.2 percent in September. Compared to one year ago the value was 21.8 percent lower in September as seen in Figure 14 on page 6. The number of continued claims reached its lowest level since January. Mississippi's seasonally-adjusted unemployment rate for September fell 0.2 percentage point to 6.1 percent for the first time since February 2008.

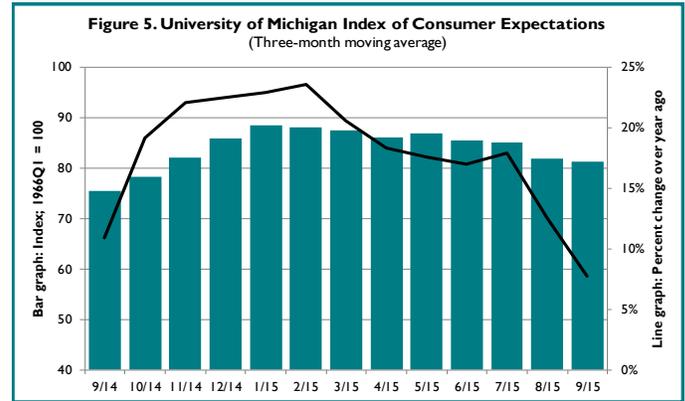
The value of **Mississippi income tax withholdings** (three-month moving average) increased 1.0 percent in September as seen in Figure 9. The value for September

(Continued on page 4)

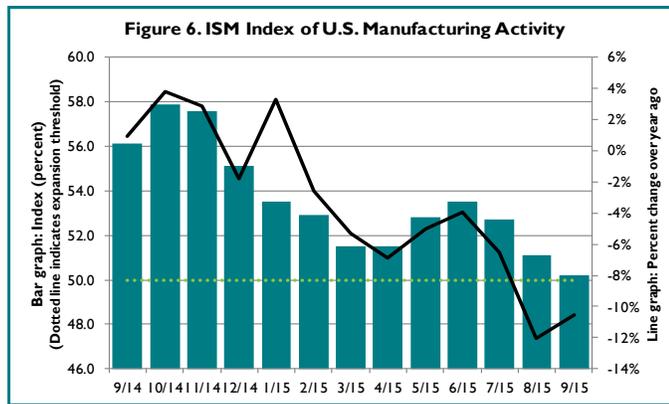
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



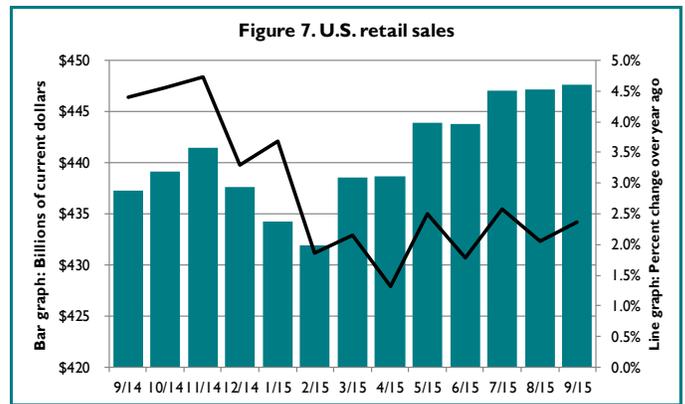
Source: URC using data from Bureau of Labor Statistics



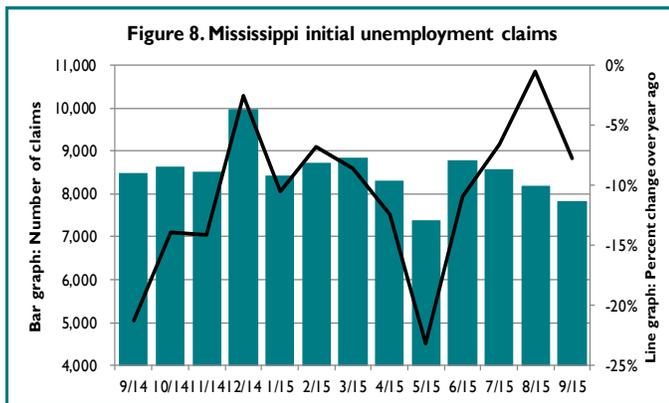
Source: Thomson Reuters/University of Michigan Surveys of Consumers



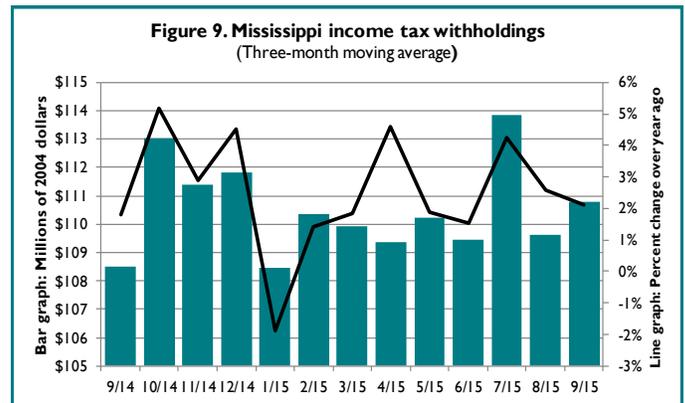
Source: Institute for Supply Management



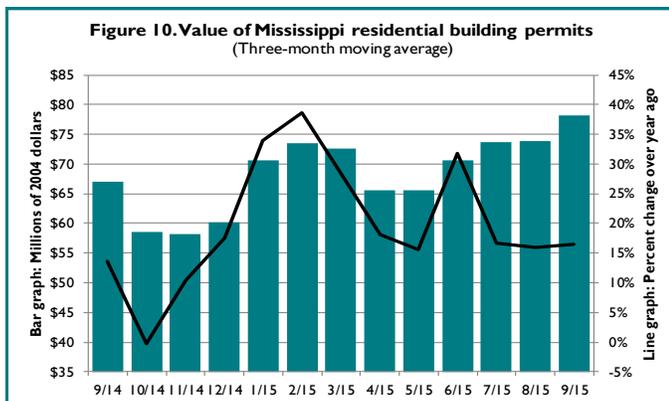
Source: Bureau of the Census



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



Source: Mississippi Department of Revenue; seasonally adjusted



Source: Bureau of the Census; seasonally adjusted

The value of the Mississippi Leading Index (MLI) fell 0.5% in September, its second consecutive monthly decline.

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MISSISSIPPI LEADING INDEX, SEPTEMBER 2015 (CONTINUED)

was 2.1 percent higher compared to one year ago. Over the last six months, the three-month moving average of withholdings is 0.8 percent higher.

As seen in Figure 10, the value of **Mississippi residential building permits** (three-month moving average) climbed 5.8 percent in September, continuing its relatively strong performance in 2015. Compared to one year ago the September value of permits was 16.5 percent higher. For the sixth consecutive month the seasonally-

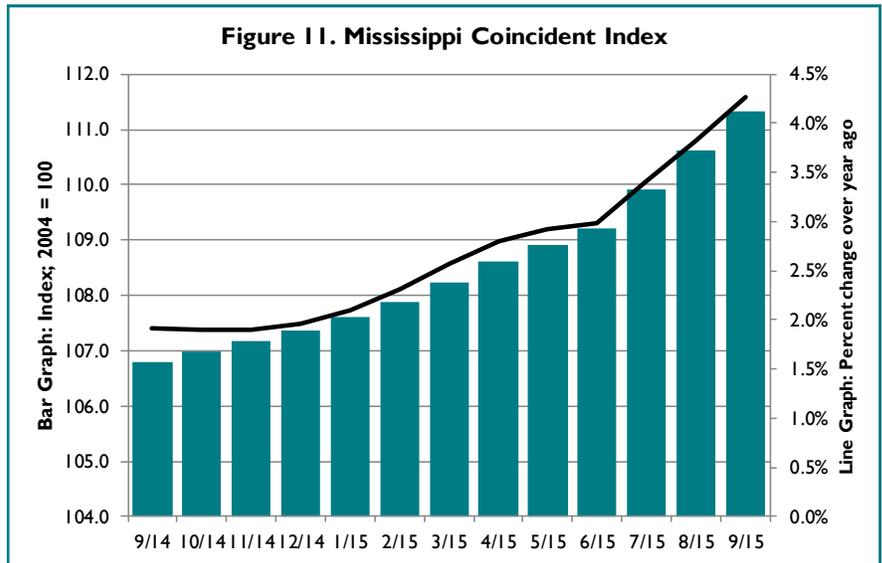
adjusted number of units for which building permits were issued (three-month moving average) in Mississippi increased, rising 9.7 percent in September from the previous month. Compared to one year ago the number of units was 13.6 percent higher in September. For the U.S. the number of privately-owned housing units authorized by building permits in September fell 5.0 percent below the revised August value. However, the number was 4.7 percent higher compared to the September 2014 value.

MISSISSIPPI COINCIDENT INDEX, SEPTEMBER 2015

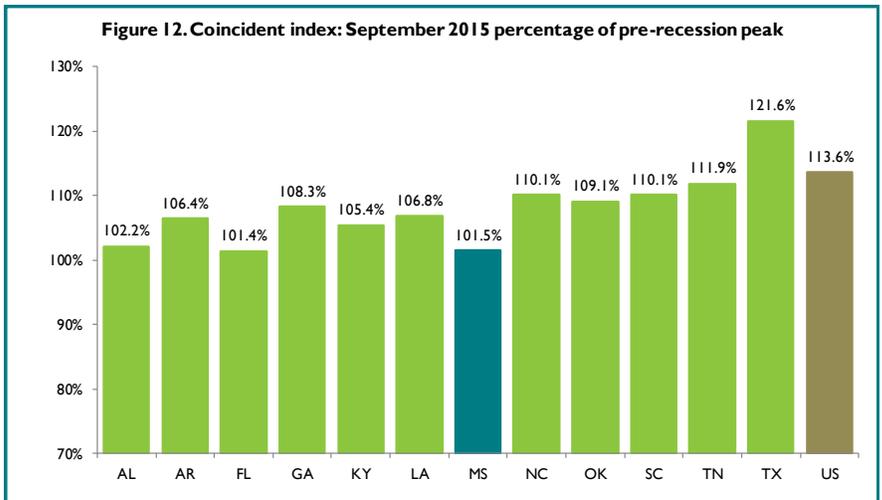
According to the Federal Reserve Bank of Philadelphia, the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.6 percent in September as seen in Figure 11. Compared to one year ago the value of the MCI was 4.2 percent higher in September.

Figure 12 indicates the values of the coincident indices for all states in the Southeast region were above 100 percent of their pre-recession peaks in September for the sixth consecutive month. While the coincident index for Florida held the lowest value at 101.4 percent of its pre-recession peak, the value of the coincident index for Mississippi was only slightly higher at 101.5 percent. Mississippi's coincident index thus had the second-lowest value in the region, as the coincident index for Alabama reached 102.2 percent in September. All other states in the Southeast had coincident indices with values at least 105.0 percent of their pre-recession peaks.

Compared to three months prior the value of the coincident indices in forty-three states increased in September as seen in Figure 13 on page 5. The coincident indices of thirty-three states, including Mississippi, increased more than 0.5 percent in value relative to June. Values of the coincident indices for Alaska and Wyoming declined by more than 0.5 percent while the value of the coincident index for North Dakota decreased by more than 1.0 percent.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

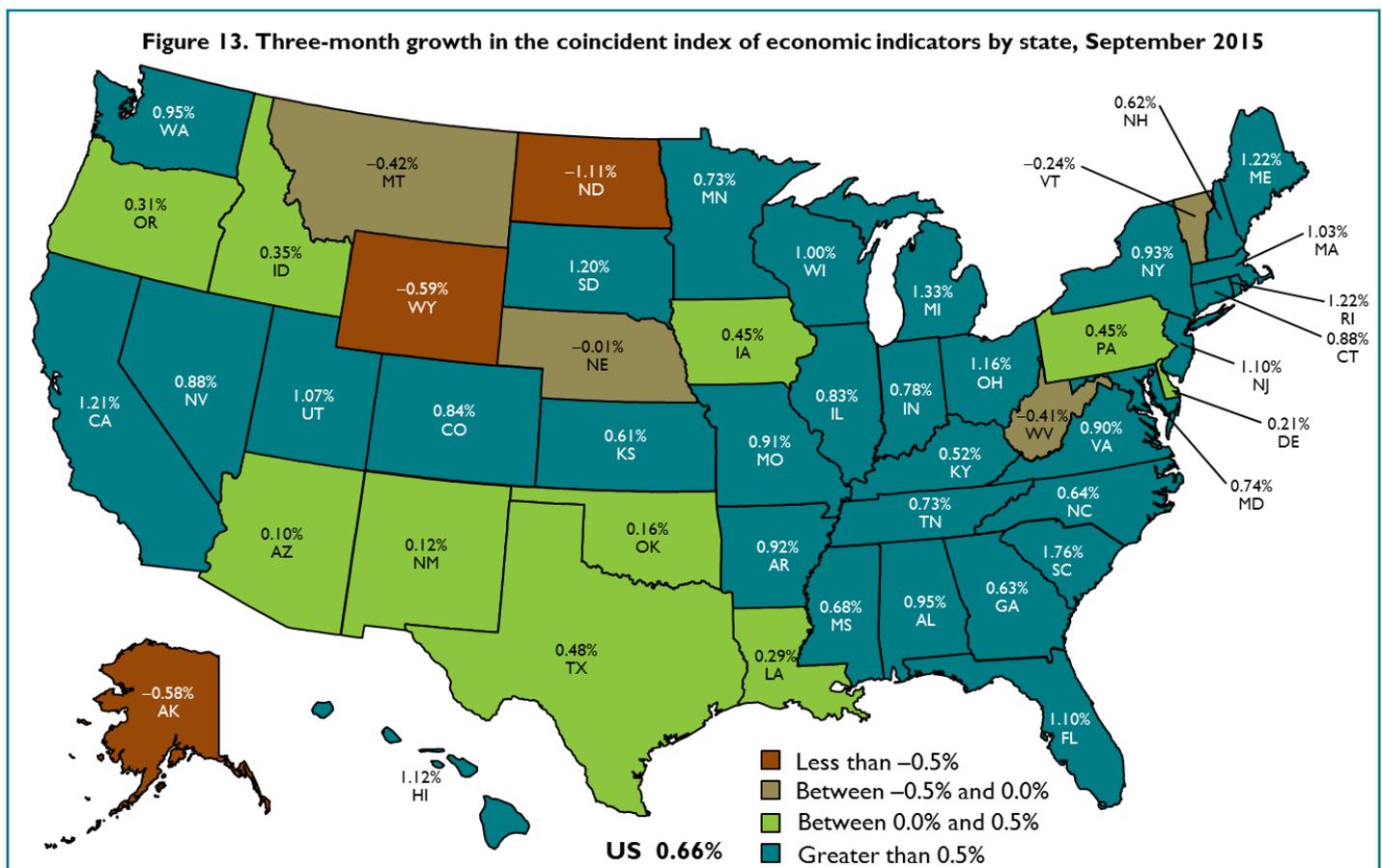
The value of the U.S. Leading Economic Index (LEI) decreased by 0.2 percent in September according to The Conference Board. As seen in Figure 1 on page 1, the decline in the LEI was the first since February. The values for each of the previous four months were revised slightly lower. Nevertheless, the value of the LEI was 3.4 percent higher in September compared to one year ago. Although six of the ten components of the LEI increased in value for the month, stock prices, building permits, average weekly manufacturing hours, and the ISM new orders index all made relatively large negative contributions.

As Figure 2 on page 1 indicates, the value of the U.S. Coincident Economic Index (CEI) increased 0.2 percent in September according to The Conference Board. Compared to one year ago the September value of the CEI was 2.2 percent higher. As in August, three of the four components of the CEI increased in September and the largest contribution came from employees on nonagricultural payrolls.

The National Federation of Independent Businesses (NFIB) Small Business Optimism Index increased in Sep-

tember for the third consecutive month. The value moved higher by 0.2 percent to 96.1 as seen in Figure 20 on page 6. For the first time since May, the value increased compared to one year ago as the value was 0.8 percent higher than in September 2014. While the share of respondents that expects the economy to improve and that plans to increase capital expenditures both rose, the shares reporting current job openings and plans to increase employment both declined. The September NFIB Small Business Optimism Index indicates most small businesses have maintained their ability to obtain credit despite recent turmoil in financial markets.

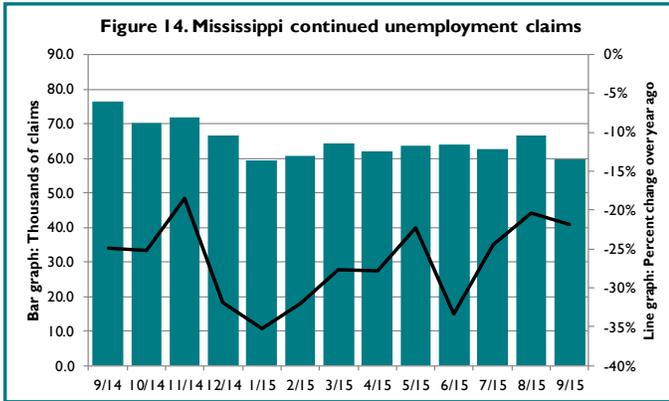
With no new information on the U.S. labor market and essentially no signs of inflation in the economy, to no one's surprise the Federal Reserve took no action on interest rates at its meeting in October. Some Fed watchers maintain a December interest rate hike remains a possibility; however, more analysts believe unless new data indicate stronger growth in employment or inflation than in previous months, a move on interest rates will not occur until 2016 at the earliest.



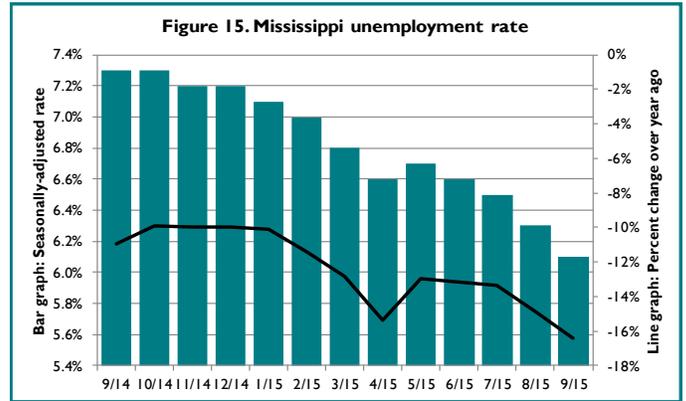
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

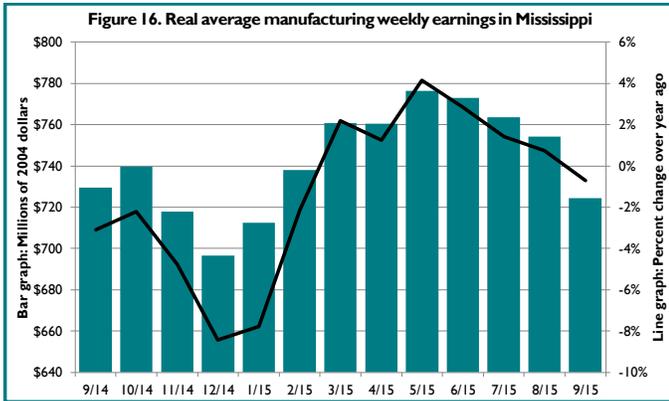
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



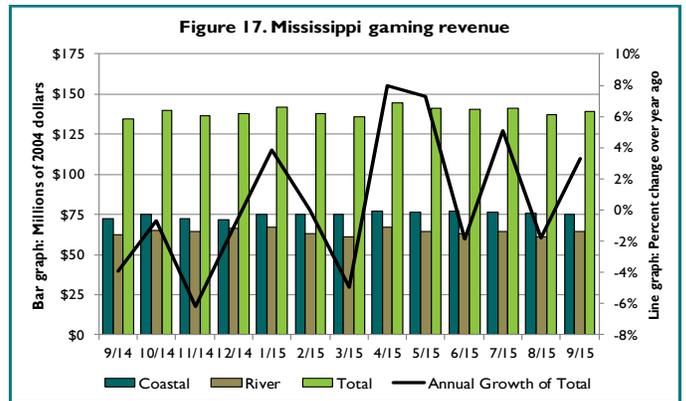
Source: U.S. Department of Labor; seasonally adjusted



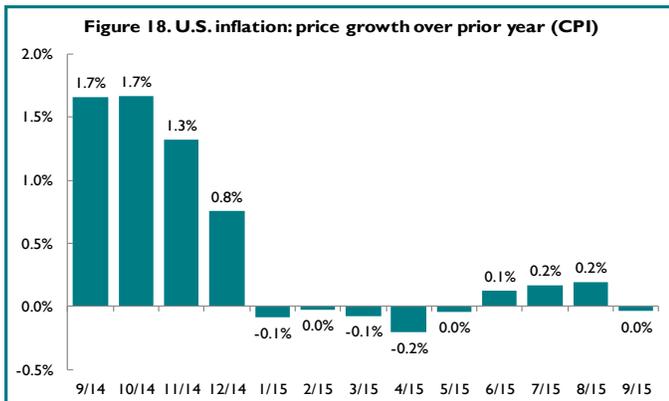
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



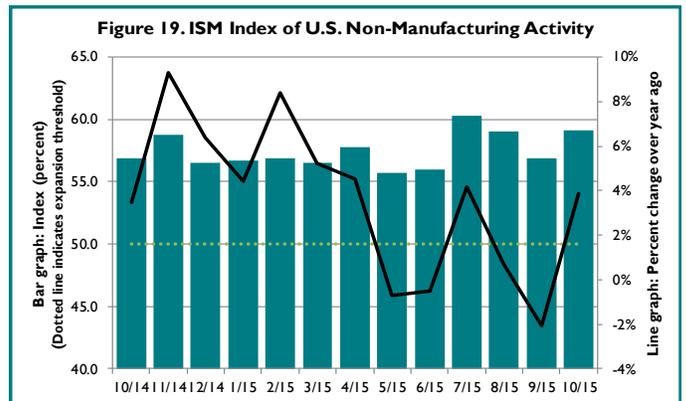
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



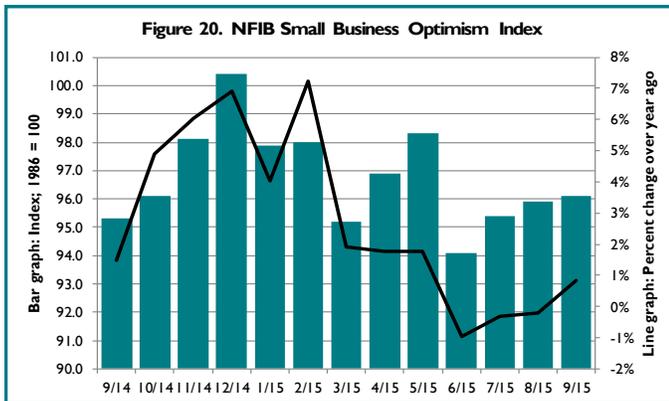
Source: Mississippi Department of Revenue; seasonally adjusted



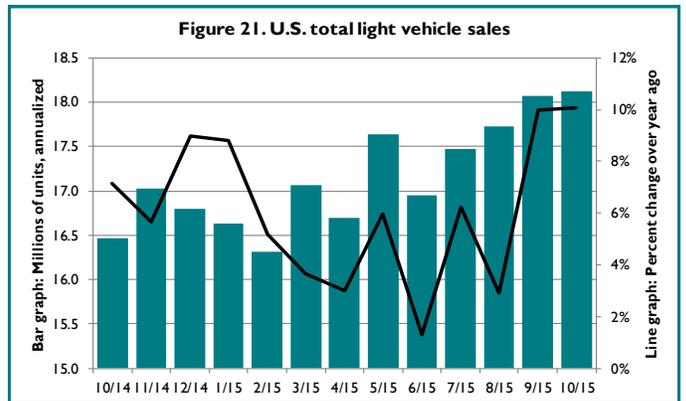
Source: U.S. Bureau of Labor Statistics



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	September	August	September	Percent change from		
	2015	2015	2014	August 2015	September 2014	
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	123.3	123.5	119.2	▼0.2%	▲3.4%	Economic Indices
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	112.8	112.6	110.4	▲0.2%	▲2.2%	
Mississippi Leading Index 2004 = 100. Source: University Research Center	108.0	108.5	107.0	▼0.5%	▲0.9%	
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	111.3	110.6	106.8	▲0.6%	▲4.2%	
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	7,823	8,195	8,477	▼4.5%	▼7.7%	Components of the Mississippi Leading Index
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	78.1	73.8	67.0	▲5.8%	▲16.5%	
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	110.8	109.6	108.5	▲1.0%	▲2.1%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	78.6	81.9	80.7	▼4.1%	▼2.6%	
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	81.2	81.9	75.4	▼0.8%	▲7.7%	
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	50.1	50.2	57.9	▼0.2%	▼13.5%	Miscellaneous Indicators
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	447.7	447.2	437.3	▲0.1%	▲2.4%	
U.S. Consumer Price Index 2004 = 100. Source: URC using data from Bureau of Labor Statistics	126.0	126.2	126.0	▼0.2%	◀0.0%	
Mississippi unemployment rate Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	6.1%	6.3%	7.3%	▼3.2%	▼16.4%	
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	59,736	66,524	76,412	▼10.2%	▼21.8%	
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	59.1	56.9	56.9	▲3.9%	▲3.9%	
U.S. mortgage rates Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve	3.79%	3.82%	4.07%	▼0.8%	▼6.9%	
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	18.10	18.04	17.60	▲0.3%	▲2.9%	
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	754.13	763.49	748.49	▼1.2%	▲0.8%	
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	96.1	95.9	95.3	▲0.2%	▲0.8%	
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	18.12	18.06	16.46	▲0.3%	▲10.1%	
Gaming revenue	139.1	137.2	134.6	▲1.4%	▲3.3%	
Coastal counties	75.0	75.8	72.2	▼1.1%	▲3.8%	
River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	64.1	61.4	62.5	▲4.4%	▲2.7%	

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MISSISSIPPI EMPLOYMENT TRENDS

As seen in Table 2 below, total nonfarm employment in Mississippi did not change in September according to the U.S. Bureau of Labor Statistics (BLS). Revisions to total nonfarm employment in the state for August added 500 jobs. Compared to one year ago total employment in Mississippi was 1.1 percent higher in September, which also marked the fifth consecutive month the year-over-year gain in employment in the state reached 1.1 percent or more. The state's economy has added 7,200 jobs through the first nine months of 2015.

Twenty-seven states experienced a decline in total nonfarm employment in September according to BLS. Mississippi was one of three states where employment did not change. Missouri, Pennsylvania, and Michigan experienced the largest month-over-month decreases in employment in September, while the largest increases occurred in Texas, New York, and Georgia. The largest percentage decrease, as in the previous month, occurred in Hawaii. The largest percentage increases took place in Delaware and Kansas, where employment rose by 0.4 percent. North Dakota, West Virginia, Wyoming, and Alaska all employed fewer people in September compared to one year ago.

The largest absolute increase in employment among all industries in Mississippi in September occurred in Professional and Business Services, which added 1,500 jobs for the month. The largest absolute decrease in employment in September took place in the Retail Trade sector, which lost 1,400 jobs for the month, a decline of 1.0 percent.

The largest percentage increase in employment in Mississippi in September occurred in Other Services, which rose 1.6 percent, a gain of 600 jobs. Professional and Business Services also increased by 1.4 percent.

Educational Services experienced the largest percentage decrease in employment in the state in September as it fell 5.8 percent, a loss of 700 jobs. Employment in the Mining and Logging sector also declined 2.4 percent. Compared to one year ago employment in the industry is down 10.8 percent, a decrease of 1,000 jobs.

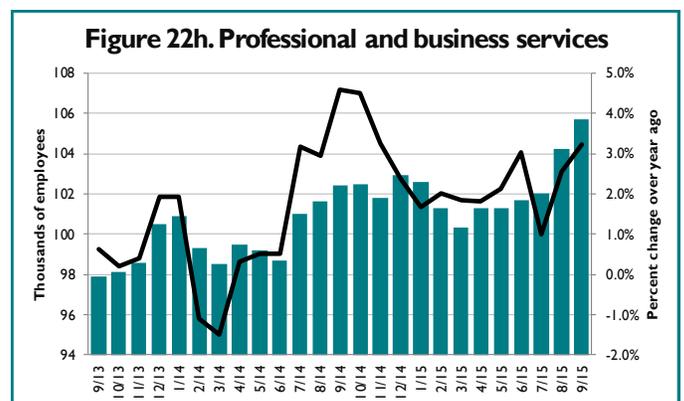
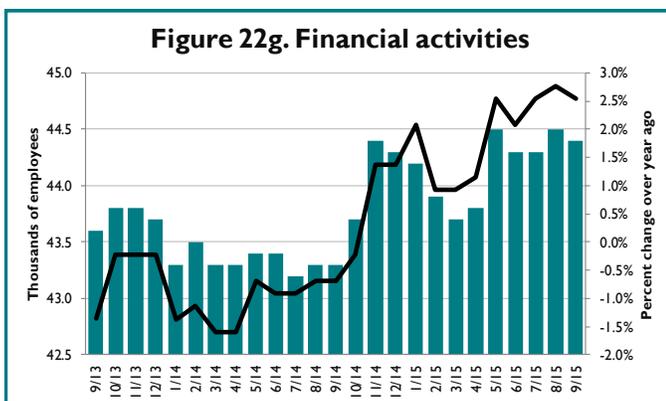
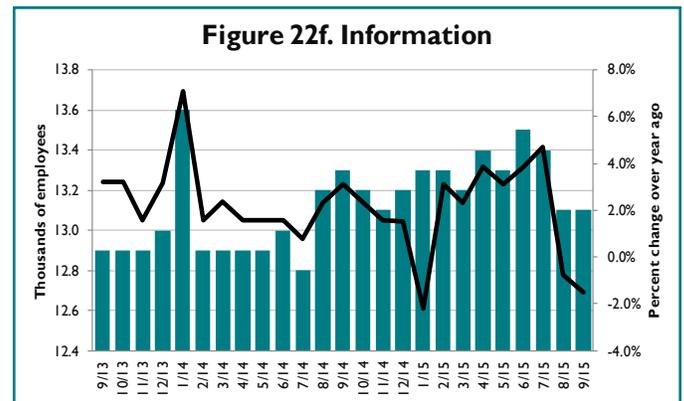
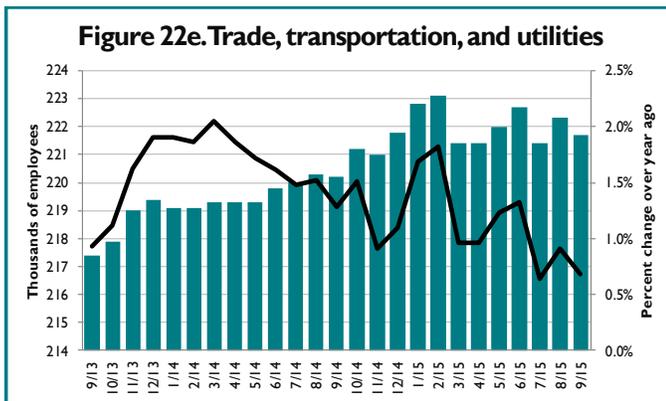
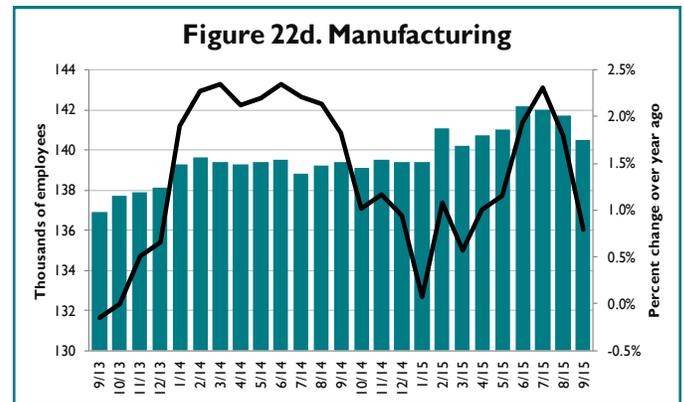
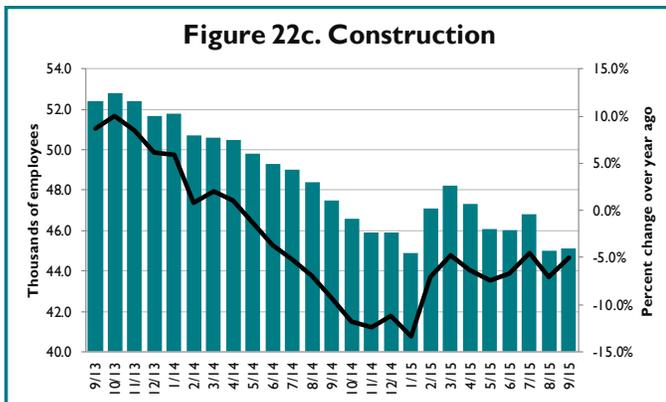
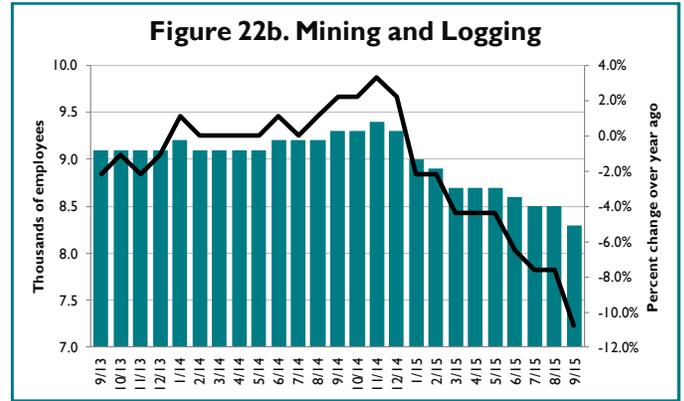
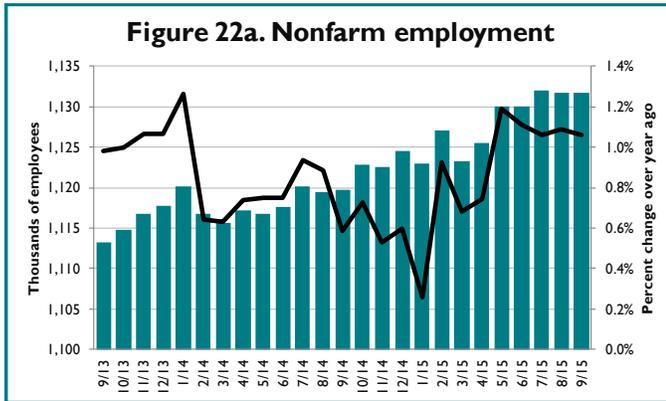
Six industries in Mississippi employed fewer people in September compared to one year ago. These industries were Mining and Logging, Construction, Retail Trade, Information, Educational Services, and Other Services. Employment in the Arts and Entertainment sector was unchanged.

Table 2. Change in Mississippi employment by industry, September 2015

	Relative share of total ^a	September 2015	August 2015	September 2014	Change from August 2015		Change from September 2014	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,131,700	1,131,700	1,119,800	—	◆0.0%	▲11,900	▲1.1%
Mining and Logging	0.8%	8,300	8,500	9,300	▼200	▼2.4%	▼1,000	▼10.8%
Construction	4.1%	45,100	45,000	47,500	▲100	▲0.2%	▼2,400	▼5.1%
Manufacturing	12.5%	140,500	141,700	139,400	▼1,200	▼0.8%	▲1,100	▲0.8%
Trade, Transportation, & Utilities	19.7%	221,700	222,300	220,200	▼600	▼0.3%	▲1,500	▲0.7%
Retail Trade	12.1%	135,000	136,400	135,600	▼1,400	▼1.0%	▼600	▼0.4%
Information	1.2%	13,100	13,100	13,300	—	◆0.0%	▼200	▼1.5%
Financial Activities	3.9%	44,400	44,500	43,300	▼100	▼0.2%	▲1,100	▲2.5%
Services	36.0%	410,200	409,200	401,900	▲1,000	▲0.2%	▲8,300	▲2.1%
Professional & Business Services	9.1%	105,700	104,200	102,400	▲1,500	▲1.4%	▲3,300	▲3.2%
Educational Services	1.1%	11,300	12,000	11,600	▼700	▼5.8%	▼300	▼2.6%
Health Care & Social Assistance	11.1%	125,500	125,200	123,700	▲300	▲0.2%	▲1,800	▲1.5%
Arts & Entertainment	1.0%	10,900	11,100	10,900	▼200	▼1.8%	—	◆0.0%
Accommodation and Food Services	10.4%	118,900	119,400	114,600	▼500	▼0.4%	▲4,300	▲3.8%
Other Services	3.4%	37,900	37,300	38,700	▲600	▲1.6%	▼800	▼2.1%
Government	21.9%	248,400	247,400	244,900	▲1,000	▲0.4%	▲3,500	▲1.4%

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

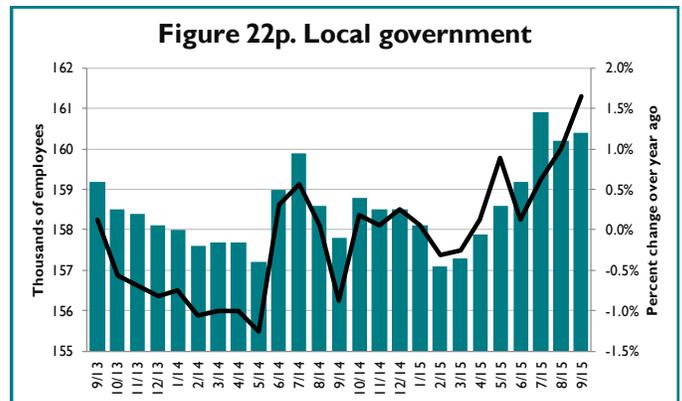
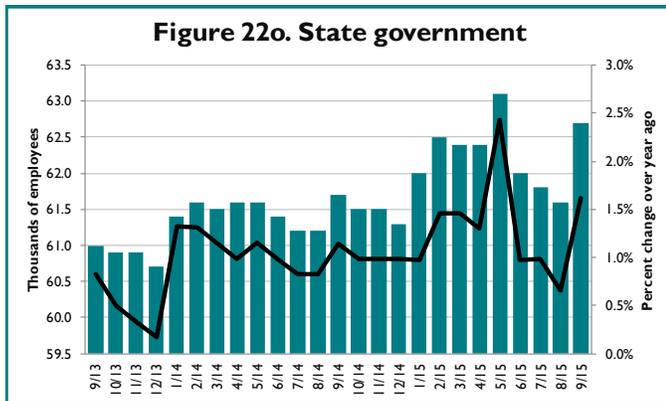
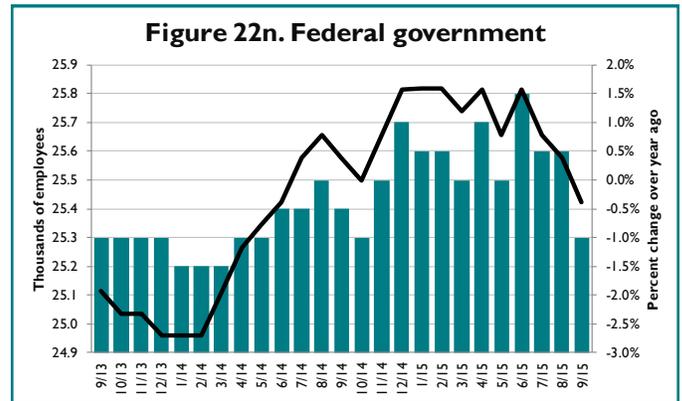
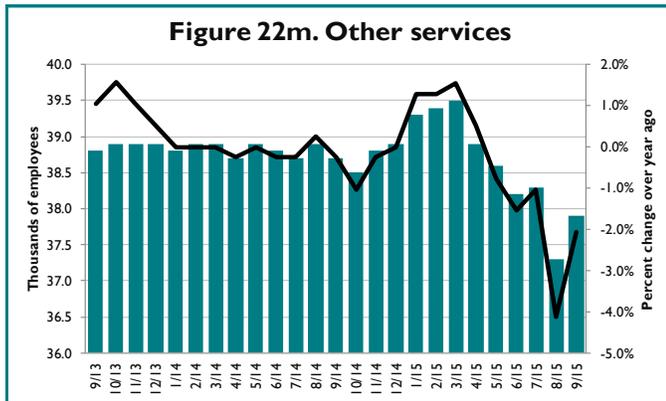
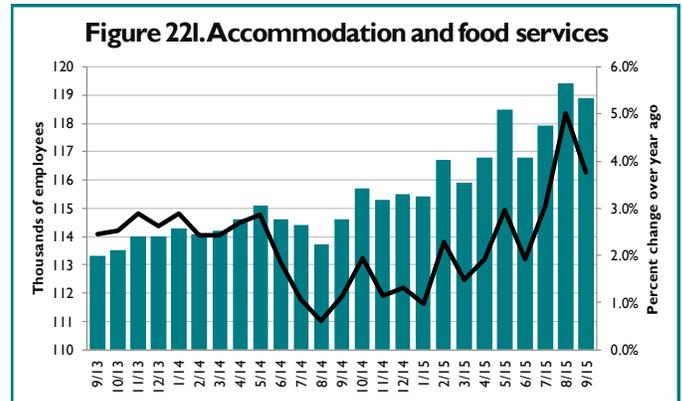
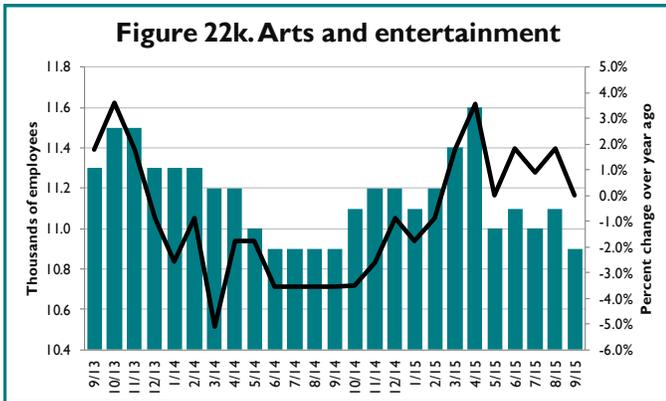
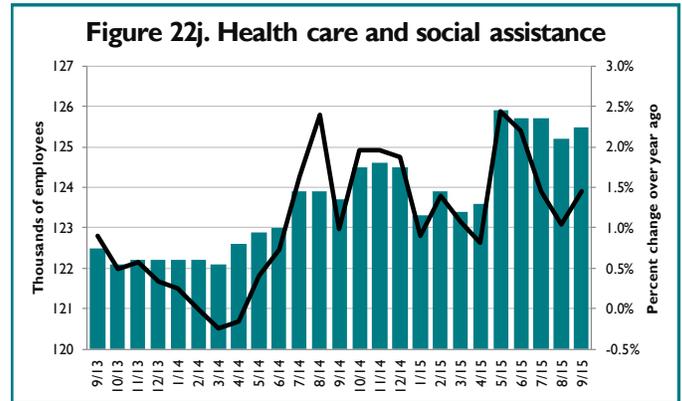
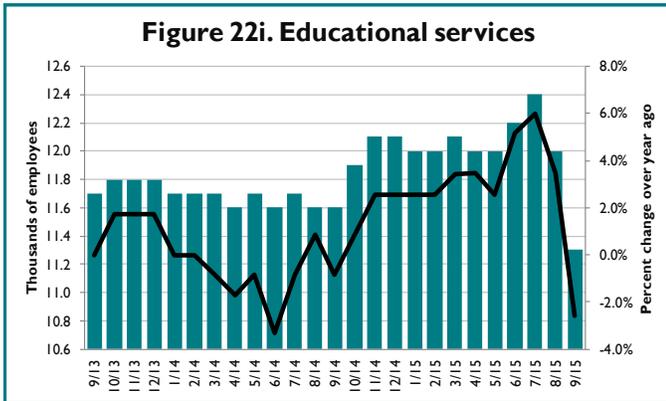
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

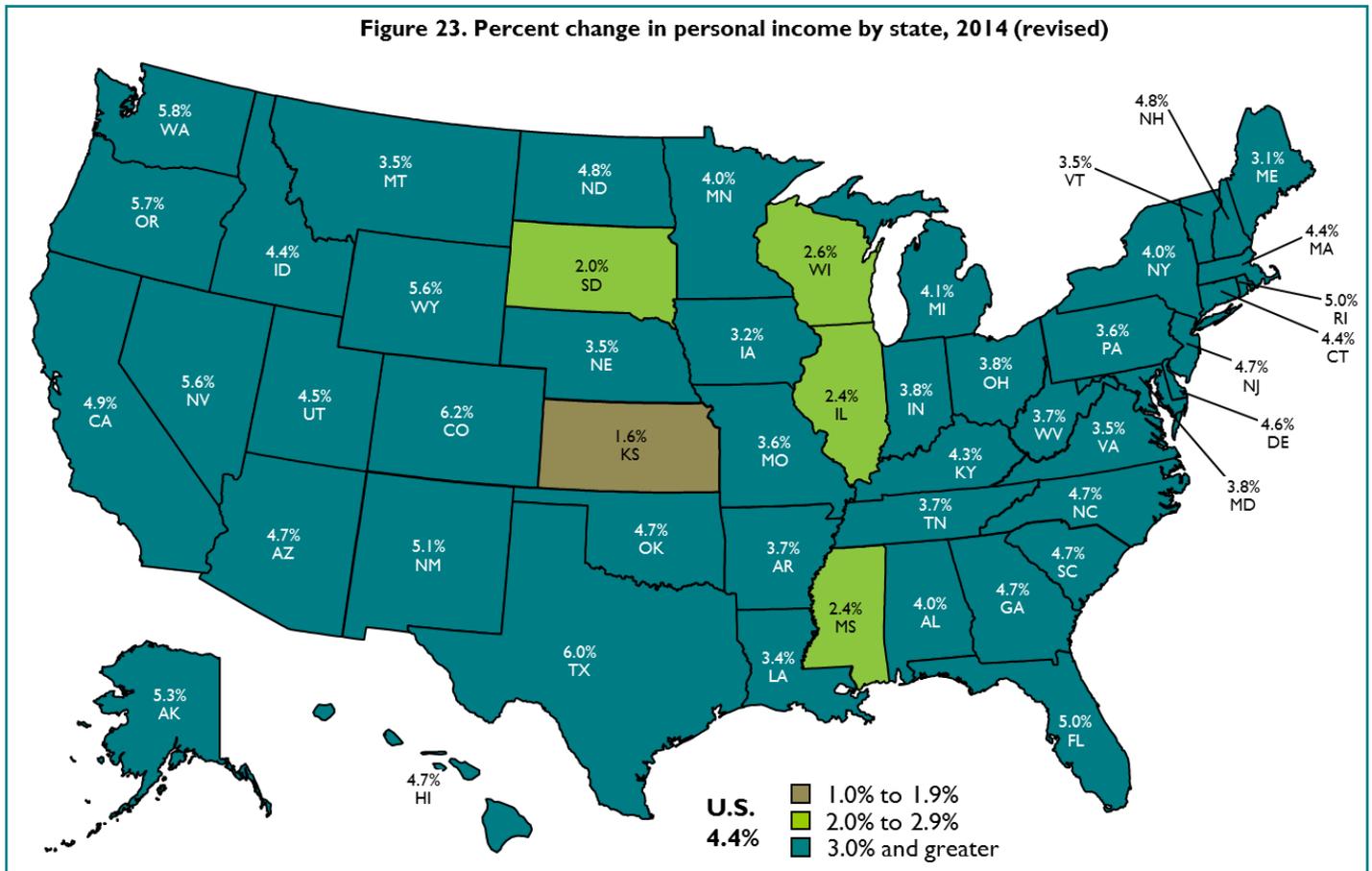


Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

REVISIONS TO PERSONAL INCOME FOR 2014

On September 30 the U.S. Bureau of Economic Analysis (BEA) released revisions to its annual estimates of state personal income for 2014. BEA used more complete and detailed data than were available when its initial estimates were released, which were reported in the April 2015 issue of *Mississippi's Business*. These estimates have not been adjusted for inflation and are not the same as the change in real income reported in the August 2015 issue. As a result of these revisions, personal income in Mississippi grew by 2.4 percent in 2014, an increase of 1.1 percentage point from the March 2015 estimate. The growth rates in personal income in 2014 for forty states were revised upward in September. Despite the relatively large revision to the value, Mississippi remained among those states with the smallest growth in personal income in 2014. In fact, only South Dakota and Kansas reported smaller changes in personal income, while the personal income growth rate in Illinois equaled the rate of 2.4 percent for Mississippi. As seen in Figure 23 below, a total of forty-five states experienced growth in personal income of at least 3.0 percent in 2014. The largest growth rate of 6.2 percent occurred in Colorado, closely followed by Texas at 6.0 percent. Four states, including Mississippi, experienced personal income growth of 2.0 percent to less than 3.0 percent, while the smallest growth occurred in Kansas at 1.6 percent.

The growth in U.S. personal income was revised up in September from 3.9 percent to 4.4 percent. Regionally, western states experienced the largest growth in personal income 2014. The increases in the Southwest, Rocky Mountains, and Far West regions all exceeded 5.0 percent. The smallest changes in personal income in 2014 occurred in the Great Lakes and Plains regions, where growth rates were 3.4 percent. All other regions, including the Southeast, experienced growth in personal income of at least 4.0 percent in 2014. The growth rate in personal income in Mississippi was more than 1.0 percentage point less than that of any other state in the Southeast, and was less than half the rates of growth in Florida and Texas.



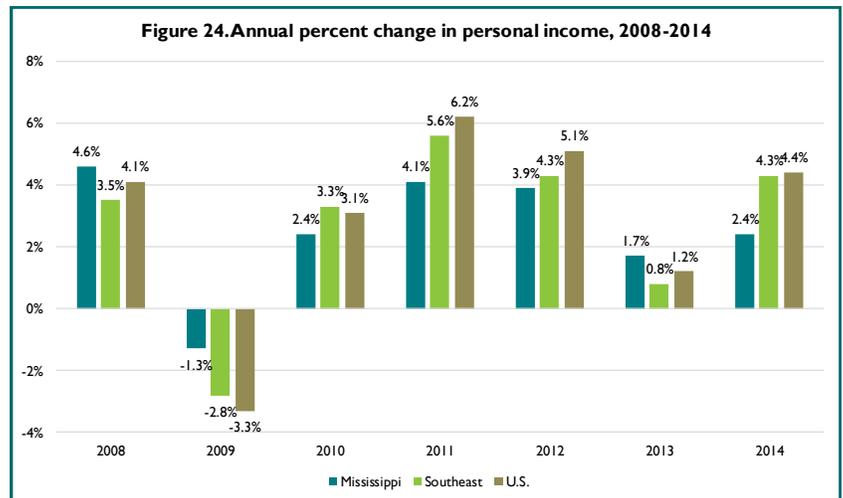
Source: U.S. Bureau of Economic Analysis

MISSISSIPPI'S BUSINESS

REVISIONS TO PERSONAL INCOME FOR 2014, CONTINUED

With the latest revisions to 2014 complete, Figure 24 allows for a comparison of the changes in personal income in Mississippi, the Southeast, and the U.S. As the graphs indicate, growth in personal income in Mississippi generally has not kept pace with the region or the nation. Although the decline in personal income experienced in 2009 was not as large in Mississippi as for the Southeast or the U.S., in four of the five years since the rate of increase has been smaller. The one exception was 2013, when the state outpaced regional and national growth—all of which were relatively low rates of growth for an economic expansion. The comparison to 2014 is particularly stark, as the growth in personal income in Mississippi was slightly over half the growth experienced in the Southeast and the U.S. as a whole.

As the U.S. economy continues to expand, monitoring changes in personal income in Mississippi represents another method of comparing economic growth in the state to the region and the rest of the country.



Source: U.S. Bureau of Economic Analysis.

CORRECTION AND CLARIFICATION

In the October issue of *Mississippi's Business*, the article "Food Deserts and Food Insecurity in Mississippi" incorrectly reported statistics regarding food deserts in the state. The author erred in calculations using the data for Mississippi.

Based on the corrected computation, approximately 25.9 percent of the state's population lived in a food desert in 2010. This calculation uses only the distance parameters from the food desert definition found in the 2008 farm bill; therefore, an urban area is designated a food desert if a significant number of residents are located at least 1 mile from a supermarket, while a rural area is classified as a food desert if a significant number of residents are located at least 10 miles from a supermarket. The "significant number" in these definitions is 500 people or 33 percent of a census tract's population.

While 54.3 percent of the state's population lived in census tracts designated as rural according to the U.S. Census Bureau, around 76.7 percent of the individuals who lived in food deserts in 2010 lived in urban areas. Viewed another way, the likelihood of living in a food desert is much greater for the urban population of Mississippi. Based on these data 43.5 percent of Mississippi's urban population lived in food deserts in 2010, while only 11.2

percent of the rural population lived in a food desert. The definition of the Census Bureau states, "A census tract is urban if the geographic centroid of the tract is in an area with more than 2,500 people; all other tracts are rural."

In terms of counties, no individuals were found living in food deserts in Covington County or Tishomingo County in 2010. In addition, less than 5 percent of the total populations of four other counties lived in a food desert. At the other extreme, the highest percentage of a county's population living in a food desert occurred in Montgomery County, where 73.4 percent of the population lived in a food desert area in 2010. However, the next highest percentage was 53.2 percent in Hancock County. The population living in food deserts in three other counties exceeded 50 percent.

A notable aspect about the share of residents who live in food deserts in Mississippi relates to the urban versus rural breakdown. Although a majority of the state's population lives in rural areas, most of the individuals who live in food deserts live in urban areas. Clearly, if food deserts reflect a problem in Mississippi, they represent a much larger problem for urban areas. This situation has important implications for multiple areas of public policy in the state.