



ECONOMY AT A GLANCE

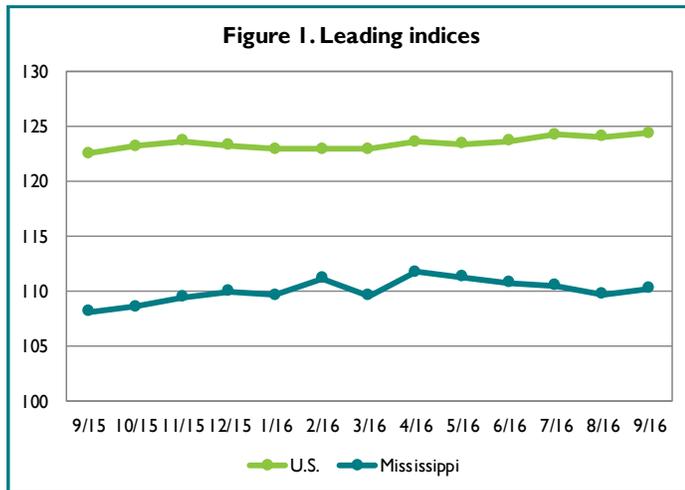
The value of the Mississippi Leading Index (MLI) increased in September, its first gain since April. As Figure 1 indicates, the value increased 0.5 percent for the month. The increase in income tax withholdings in September was responsible for most of the gain. The value of the MLI was up 2.0 percent for the month compared to one year ago. Over the last six months the value of the MLI is up 1.3 percent.

Figure 2 below indicates the value of the Mississippi Coincident Index (MCI) rose 0.1 percent in September. Compared to one year ago the value of the MCI in September was 1.7 percent higher.

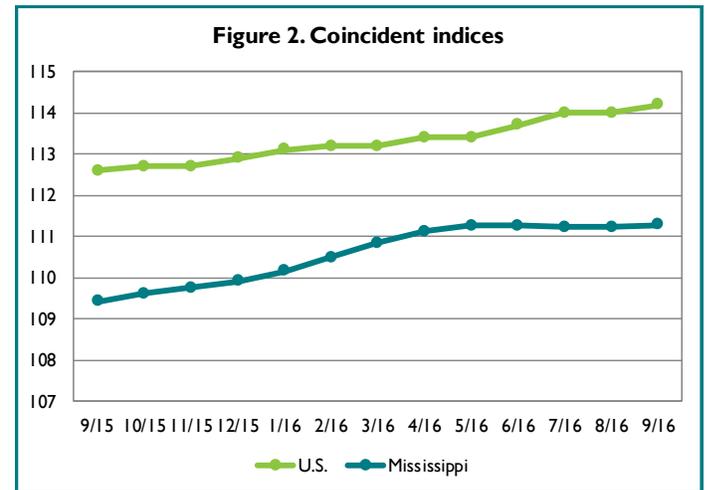
The U.S. Bureau of Economic Analysis (BEA) reported in its first estimate of the change in U.S. real gross domestic product (GDP) in the third quarter an increase of 2.9 per-

cent. The gain was the largest for a single quarter since the third quarter of 2014. Increases in inventories and exports led to the better-than-expected real GDP growth in the third quarter and more than offset a decline in consumer spending. Despite the improvement in the third quarter, most analysts continue to expect the U.S. economy will grow between 1.5 and 2.0 percent in 2016.

After four months of declines, the MLI increased in September primarily due to growth in income tax withholdings. This gain, along with an increase in U.S. retail sales, overcame the relative weakness in the Mississippi Manufacturing Employment Intensity Index and building permits in September. Thus, the performance of the state's economy remains mixed. Nevertheless, recent data on employment and income indicate both will likely experience growth in 2016 over 2015.



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 2016

After four consecutive months of declines, the value of the **Mississippi Leading Index of Economic Indicators (MLI)** increased 0.5 percent in September. As seen in Figure 3 the increase was only the third in 2016. Compared to one year ago the value of the MLI was 2.0 percent higher in September. The MLI rose 1.3 percent in value over the last six months.

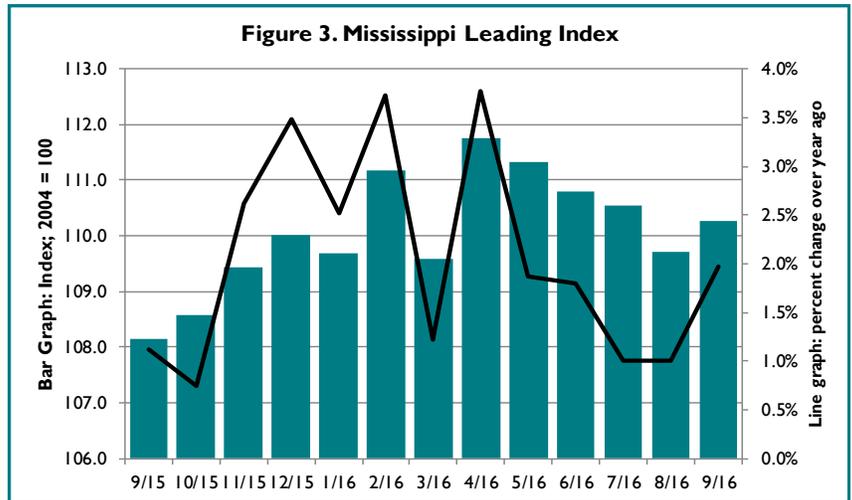
Four of the seven components of the MLI contributed positively in September. The largest contribution came from income tax withholdings. Each component is discussed below in order of largest to smallest contribution.

Figure 4 indicates the value of **Mississippi income tax withholdings** (three-month moving average) increased in September for the second consecutive month. The value rose 2.2 percent for the month, the largest increase since April. Compared to one year ago the value of withholdings in September was higher by 3.7 percent. The three-month moving average of withholdings rose 2.2 percent over the last six months.

U.S. retail sales rose 0.6 percent in value in September as seen in Figure 5, the first substantial increase since June. The value of the previous month was revised slightly higher. Sales excluding automobiles and gasoline rose 0.3 percent for the month as gasoline sales experienced their largest increase since April. Compared to one year ago U.S. retail sales were up 2.8 percent in September. After gasoline stations, the largest percentage gains for the month occurred in building materials and sporting goods stores. The only components that declined in September were sales from electronics and appliance stores and general merchandisers.

For the second consecutive month, the value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** increased in October. As Figure 6 indicates, the value rose 0.8 percent. Compared to one year ago the value of the Index was 5.1 percent higher, the largest year-over-year increase since May 2014. Despite the overall increase in the value of the Index, both the New Orders and Inventories components declined in October, as the latter remains in contractionary territory. The October increase in the Index represents another sign the U.S. manufacturing sector is slowly improving.

Figure 7 indicates the value of seasonally-adjusted **initial unemployment claims** in Mississippi fell 3.2 percent in



Source: University Research Center

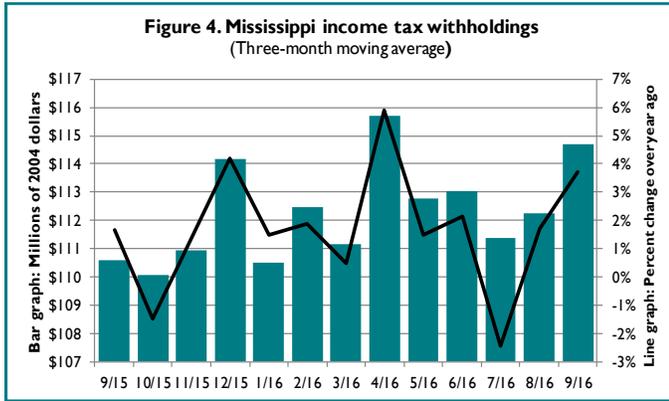
September. This value was 4.9 percent lower compared to one year ago. Similarly, Figure 14 on page 6 indicates the number of seasonally-adjusted continued unemployment claims in Mississippi decreased 7.3 percent in September. The number of continued claims in the state in September compared to one year ago declined 13.1 percent. Mississippi's seasonally-adjusted unemployment rate remained at 6.0 percent in September for the third consecutive month as seen in Figure 15 on page 6. Compared to one year ago this rate was 0.4 percentage point lower.

For the fourth time in the last five months, the value of **Mississippi residential building permits** (three-month moving average) fell in September as seen in Figure 8. The value declined 0.9 percent for the month. In addition, compared to one year ago the value was 5.7 percent lower, the second consecutive month with a year-over-year decrease. The seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi also decreased 0.9 percent in September. Compared to one year ago the number of units was 14.0 percent lower for the month. The number of privately-owned housing units in the U.S. authorized by building permits rose 6.3 percent in September from the revised August value. Compared to one year ago the number of units in the U.S. for the month was up 8.5 percent.

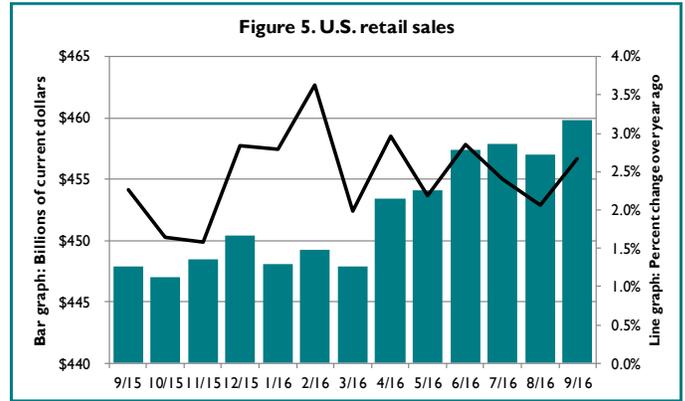
As Figure 9 indicates, the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) fell 0.4 percent in September. The Index reached its lowest value since October 2014 and

(Continued on page 4)

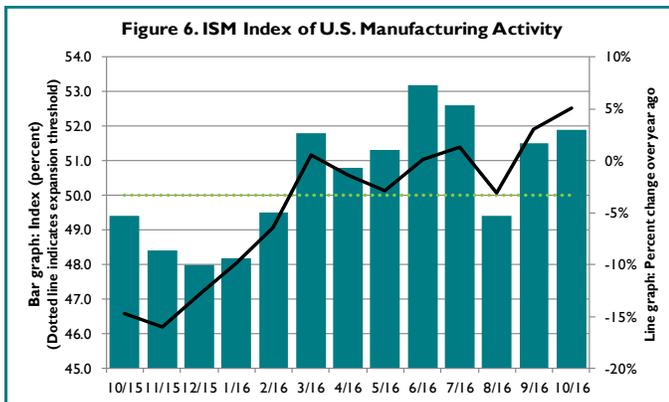
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



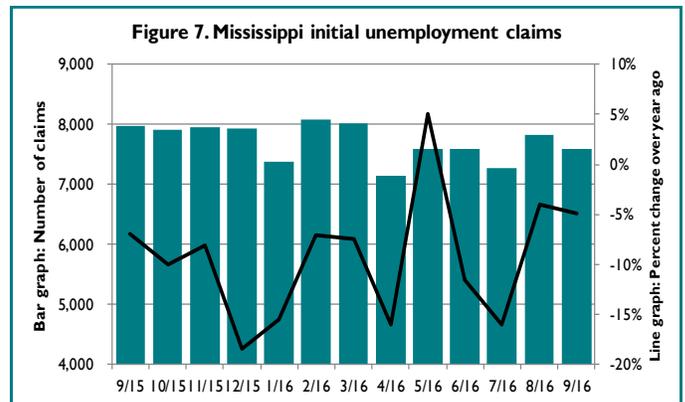
Source: Mississippi Department of Revenue; seasonally adjusted



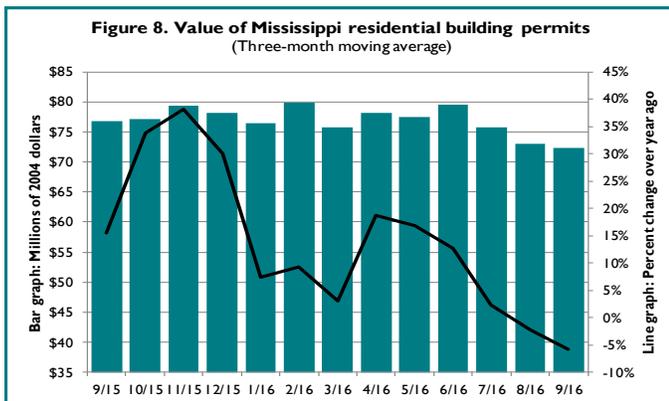
Source: Bureau of the Census



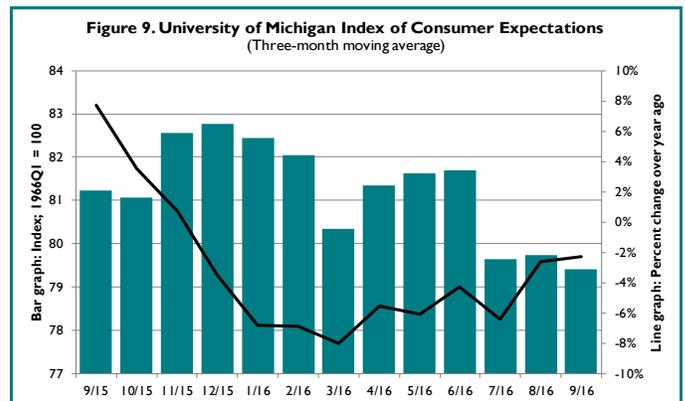
Source: Institute for Supply Management



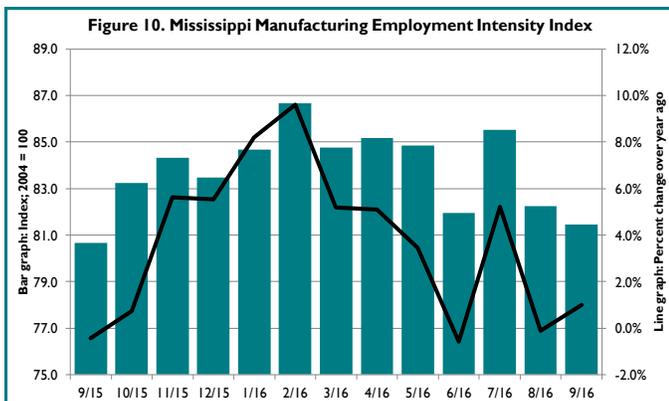
Source: U.S. Department of Labor; seasonally adjusted



Source: Bureau of the Census; seasonally adjusted



Source: Thomson Reuters/University of Michigan Surveys of Consumers



Source: URC using data from Bureau of Labor Statistics

The value of the Mississippi Leading Index (MLI) increased 0.5% in September, its first gain since April.

MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, SEPTEMBER 2016 (CONTINUED)

this value was down 2.3 percent compared to one year ago. Much of the decline resulted from a relatively large increase in the share of respondents who expect business conditions will not improve or will deteriorate in the next twelve months. Similarly, the share of respondents who think the country will experience good times over the next year also declined, possibly a result of the uncertainty surrounding the outcome of the November elections.

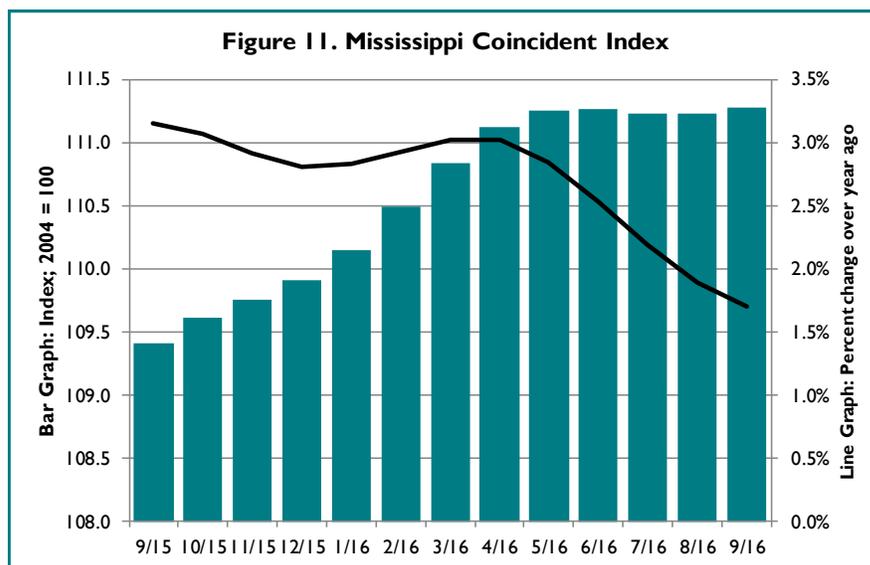
The value of the **Mississippi Manufacturing Employment Intensity Index** fell 1.0 percent in September as seen in Figure 10. Compared to one year ago, the value of the Index was 1.0 percent higher for the month. The value fell 3.9 percent over the last six months to its lowest level since September 2015. Manufacturing employment in the state increased only slightly for the month while average weekly hours of production employees fell 1.0 percent, which more than offset this gain and led to the decline in the Index.

MISSISSIPPI COINCIDENT INDEX, SEPTEMBER 2016

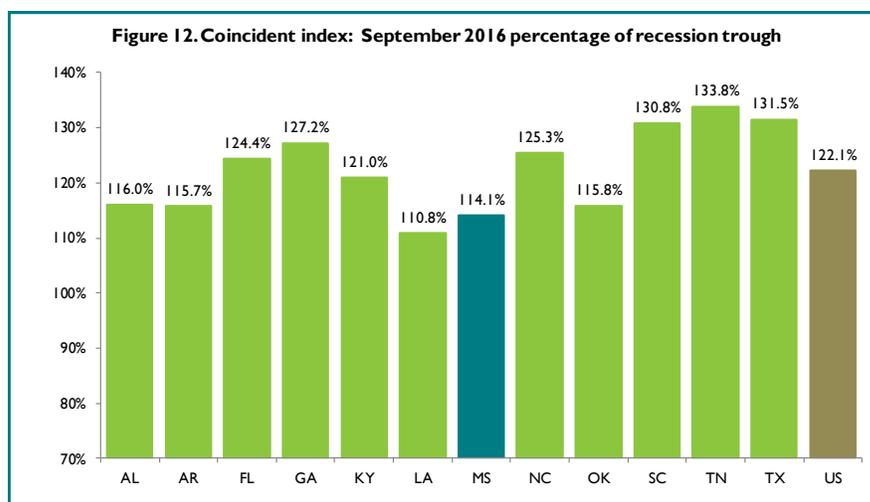
The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** rose 0.1 percent in September according to the Federal Reserve Bank of Philadelphia. As seen in Figure 11 the value of the MCI for the month was 1.7 percent higher compared to September 2015.

The value of the coincident index for Mississippi maintained the second smallest increase from its recession trough among states in the Southeast at 14.1 percent. The value of the coincident index for Louisiana fell closer to its respective recession trough in September, up 10.8 percent, the least among southeastern states. As in previous months, growth in the respective coincident indices of Louisiana, Mississippi, Arkansas, Alabama, and Oklahoma remained considerably less than the growth of other states in the region.

In forty-one states the value of the coincident indices increased in September compared to three months prior as seen in Figure 13 on page 5. The values of the coincident indices in twenty-six states increased more than 0.5 percent in September. Mississippi was one of fifteen states where the value of the coincident indices increased by less than 0.5 percent compared to three months prior. However, for Mississippi the change was only 0.01 percent. The value of the coincident indices in four states fell less than 0.5 percent; the values of the coincident indices in five states fell by more than 0.5 percent in September over June.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

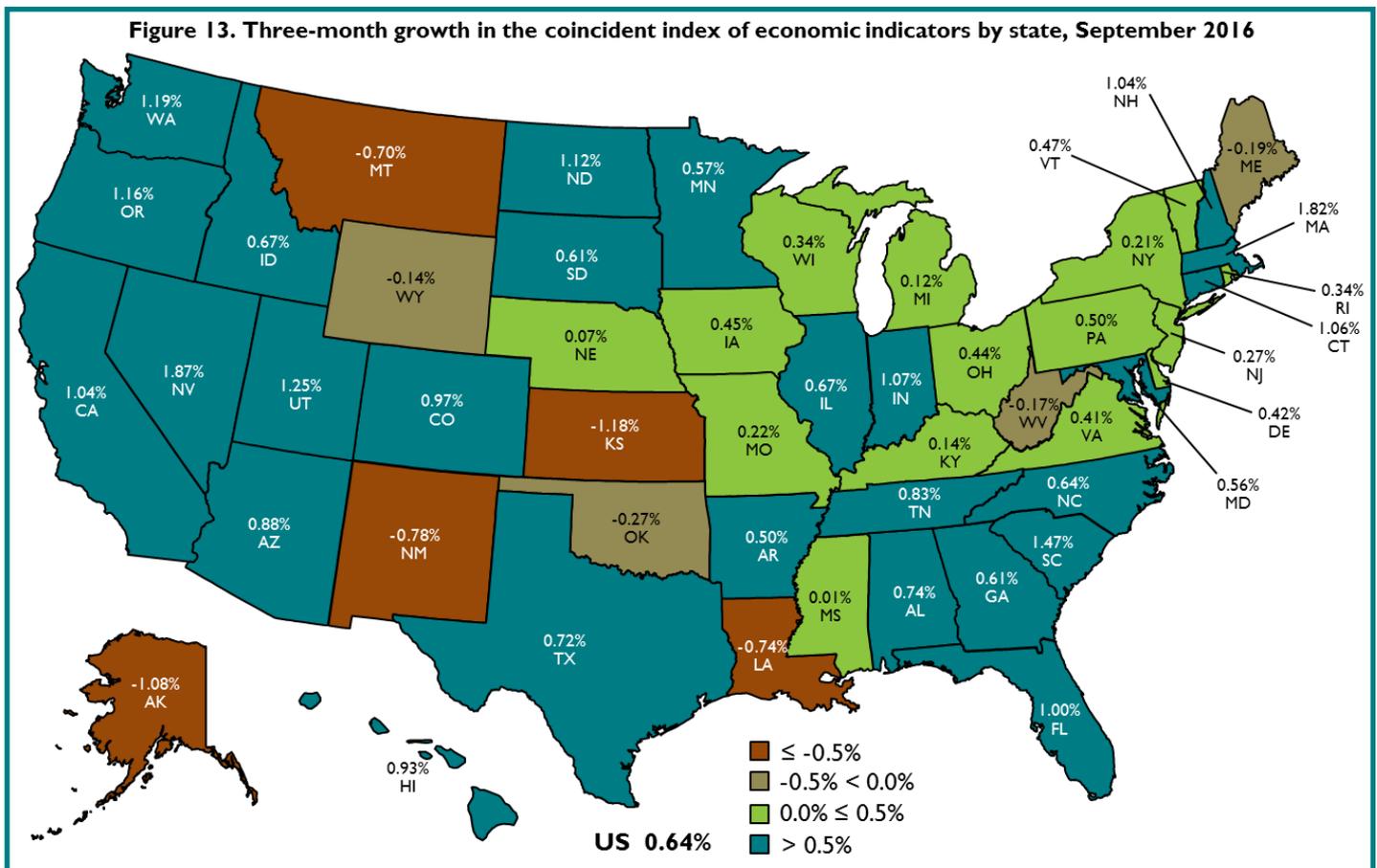
The U.S. Leading Economic Index (LEI) rose 0.2 percent in value in September according to The Conference Board as seen in Figure 1 on page 1. The increase more than offset the previous month's decline. Compared to one year ago the value of the Index was 1.5 percent higher in September. The largest positive contribution to the LEI came from building permits as five of the ten components made positive contributions for the month. Over the last six months the value of the LEI is up 1.1 percent.

The Conference Board reported that the value of the U.S. Coincident Economic Index (CEI) also increased 0.2 percent in September. The value was up 1.4 percent compared to one year ago as seen in Figure 2 on page 1. Employees on nonagricultural payrolls made the largest contribution as all four of the components of the CEI made positive contributions in September. The value of the CEI is up 0.9 percent over the last six months.

The value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index declined slightly in September for the second consecutive month.

As seen in Figure 20 on page 6 the value fell 0.3 percent from the previous month. Compared to one year ago the value of the Index was down 2.1 percent in September. Both the "plans to increase inventories" and "current inventories" components decreased for the month. The share of firms that reported at least one hard to fill position fell to 24 percent, its lowest level of 2016. However, the "expect economy to improve" and "expect real sales higher" components both rose in September.

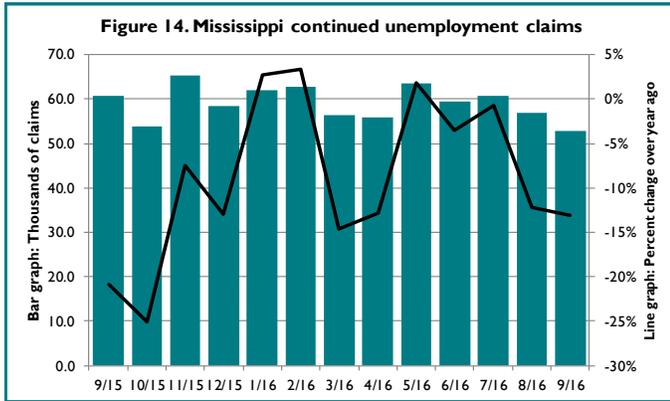
The Federal Open Market Committee (FOMC) did not take action on interest rates at its November meeting as most observers expected with a national election less than a week away. Nevertheless, the stage appears set for an increase in December. Recent data on employment and real GDP growth in the third quarter appear to indicate the U.S. economy is making the progress Federal Reserve officials want to see before raising rates. While inflation in the U.S. remains below the 2.0 percent annual rate sought by the FOMC, the price level has moderately accelerated in 2016 and is moving closer to this target.



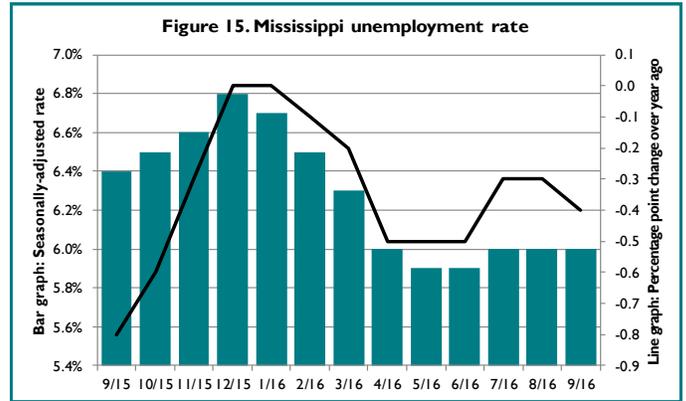
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

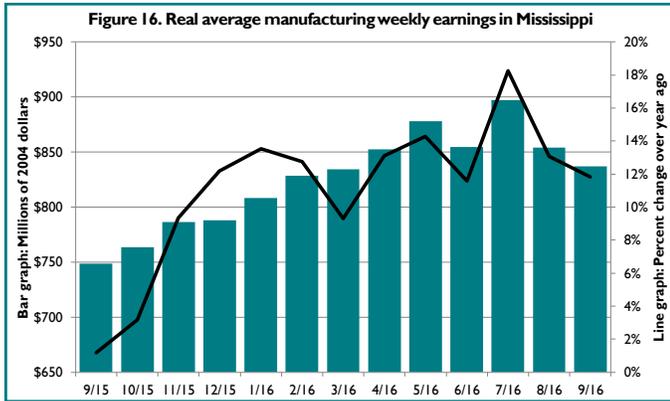
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



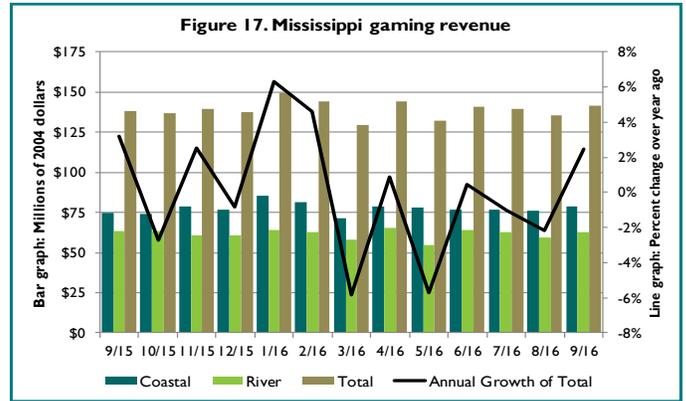
Source: U.S. Department of Labor; seasonally adjusted



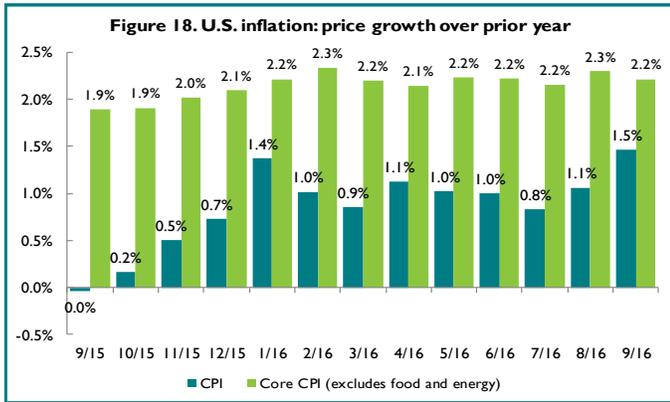
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



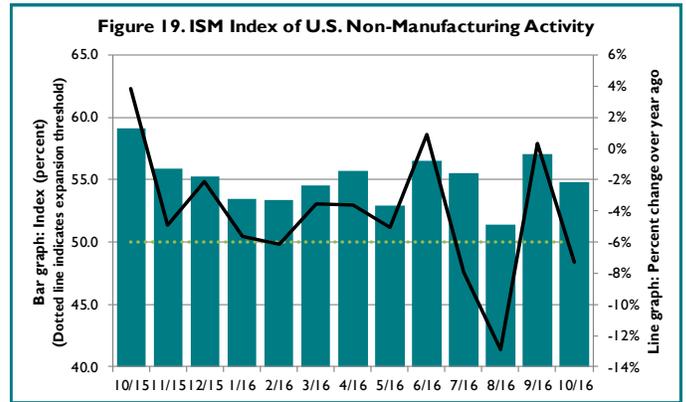
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



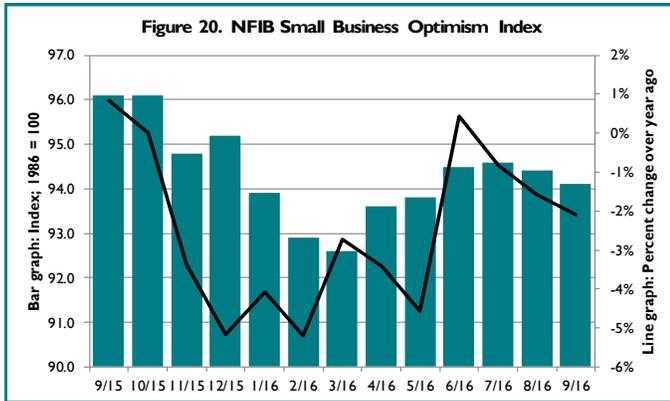
Source: Mississippi Department of Revenue; seasonally adjusted



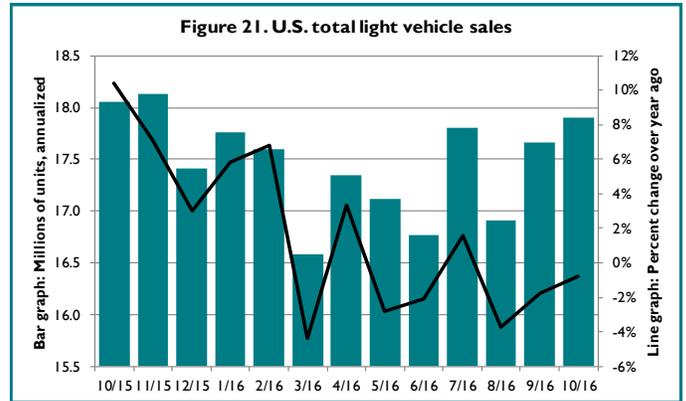
Source: U.S. Bureau of Labor Statistics



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		
	2016	2016	2015	August 2016	September 2015	
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	124.4	124.1	122.6	▲0.2%	▲1.5%	Economic Indices
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	114.2	114.0	112.6	▲0.2%	▲1.4%	
Mississippi Leading Index 2004 = 100. Source: University Research Center	110.3	109.7	108.1	▲0.5%	▲2.0%	
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	111.3	111.2	109.4	▲0.1%	▲1.7%	
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	7,584	7,831	7,977	▼3.2%	▼4.9%	Components of the Mississippi Leading Index
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	72.3	73.0	76.7	▼0.9%	▼5.7%	
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	114.7	112.3	110.6	▲2.2%	▲3.7%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	81.5	82.2	80.7	▼1.0%	▲1.0%	
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	79.4	79.7	81.2	▼0.4%	▼2.3%	
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	51.9	51.5	49.4	▲0.8%	▲5.1%	
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	459.8	457.0	447.9	▲0.6%	▲2.7%	
U.S. Consumer Price Index (CPI)	127.8	127.5	126.0	▲0.2%	▲1.5%	
U.S. Core CPI (excludes food and energy) 2004 = 100. Source: URC using data from Bureau of Labor Statistics	126.4	126.3	123.7	▲0.1%	▲2.2%	
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	6.0%	6.0%	6.4%	◀0.0	▼0.4	
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	52,832	57,014	60,783	▼7.3%	▼13.1%	Miscellaneous Indicators
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	54.8	57.1	59.1	▼4.0%	▼7.3%	
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve	3.37%	3.37%	3.79%	◀0.0	▼0.42	
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.43	20.69	18.30	▼1.3%	▲11.6%	
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	837.01	854.23	748.52	▼2.0%	▲11.8%	
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	94.1	94.4	96.1	▼0.3%	▼2.1%	
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.91	17.66	18.05	▲1.4%	▼0.8%	
Gaming revenue	141.9	135.3	138.5	▲4.9%	▲2.5%	
Coastal counties	78.8	75.9	74.8	▲3.9%	▲5.4%	
River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	63.1	59.5	63.7	▲6.1%	▼1.0%	

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi essentially did not change in September according to the U.S. Bureau of Labor Statistics (BLS). As Table 2 below indicates, only 200 jobs were added for the month. However, August employment was revised down 0.3 percent, a decrease of 3,800 jobs. Total employment in Mississippi in September compared to one year ago was 0.7 percent higher, an increase of 7,900 jobs.

Statistically significant increases in total nonfarm employment occurred in fourteen states in September. The largest increases in employment in September occurred in Texas, California, and Florida. In percentage terms, the largest increases in employment for the month occurred in Kentucky and Washington. Wisconsin, Alabama, and New Mexico experienced statistically significant decreases in employment in September. The largest percentage decreases in employment for the month also occurred in these three states. Thirty-five states and the District of Columbia experienced statistically significant increases in employment in September compared to one year ago. Wyoming was the only state with a statistically significant decline in employment compared to one year ago.

Government added the most jobs among all industries in Mississippi in September as employment rose by 2,100 jobs. The largest percentage increase in employment for the month occurred in Educational Services, which rose 5.7 percent, an increase of 700 jobs. The largest absolute decrease in employment among all sectors in the state in September was in Health Care and Social Assistance, which lost 5,800 jobs. It was also the largest percentage decrease among all industries, a decline of 4.4 percent.

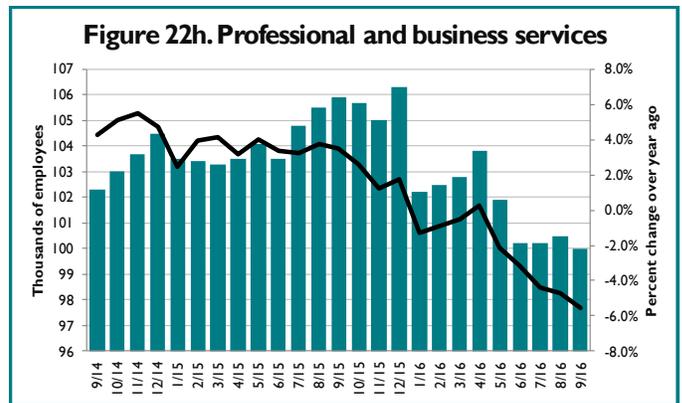
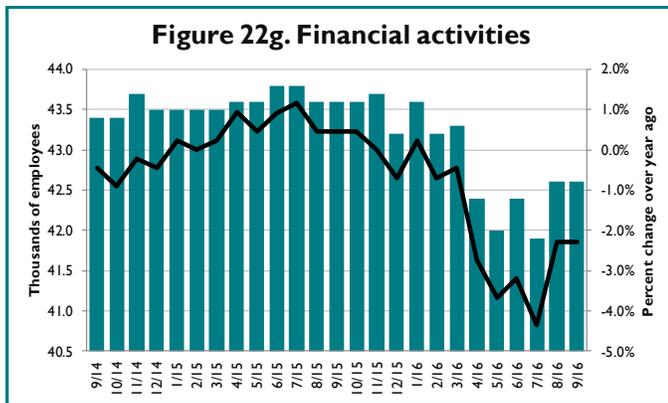
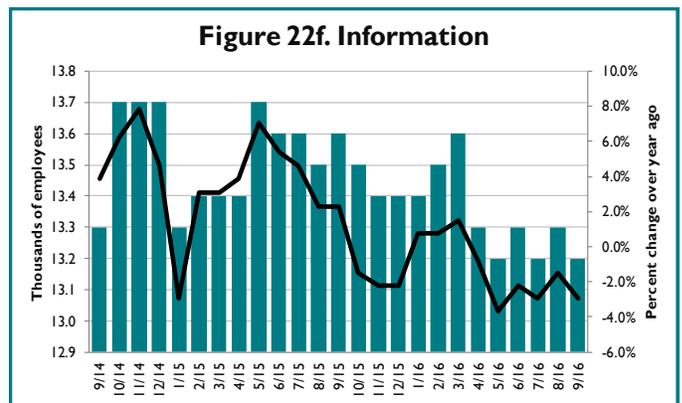
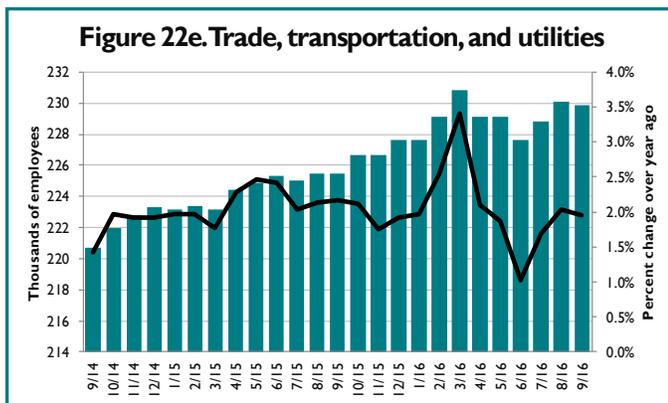
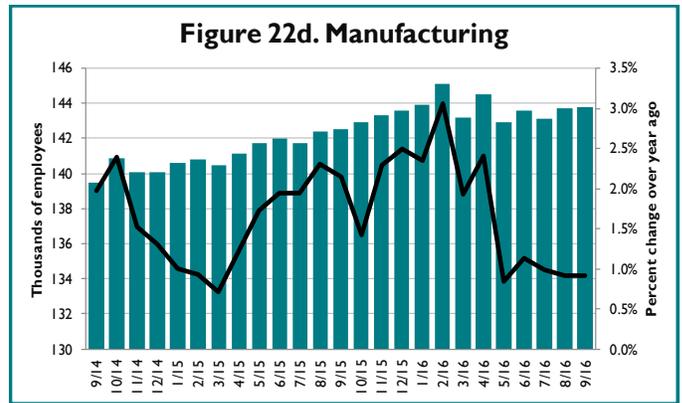
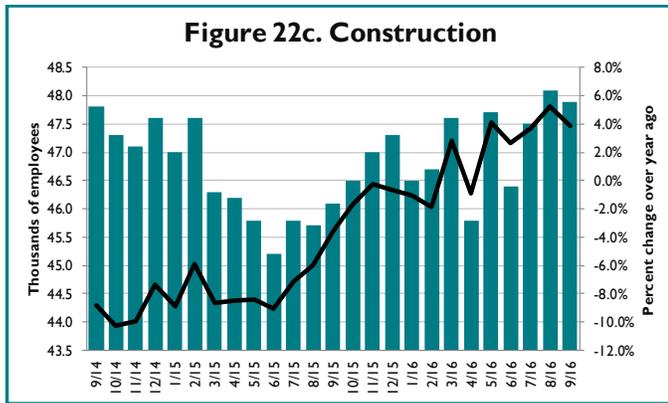
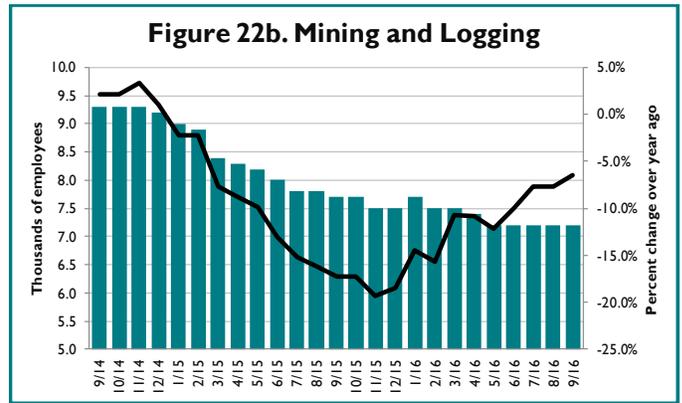
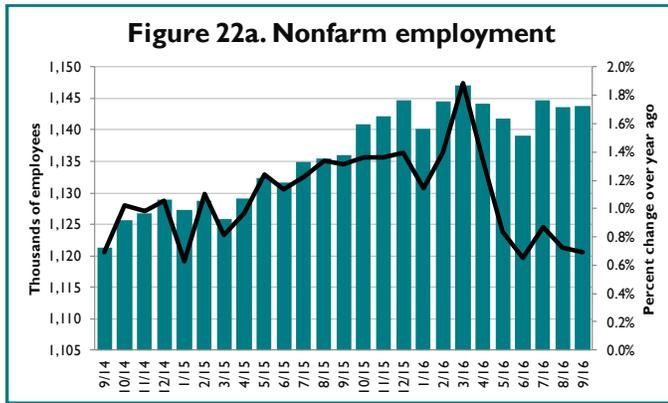
For the third consecutive month, five sectors in Mississippi employed fewer people in September compared to the previous year. The largest percentage decrease in employment compared to one year ago remained in Mining and Logging, down 6.5 percent. The largest absolute decrease in employment among all sectors in September compared to one year ago again occurred in Professional and Business Services, down by 5,900 jobs. Government experienced the largest absolute increase in employment compared to one year ago, as jobs in the sector rose by 4,900. The largest percentage increase in employment among all industries in the state occurred in Educational Services, which rose 7.5 percent, a gain of 900 jobs.

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

	Relative share of total ^a	September 2016	August 2016	September 2015	Change from August 2016		Change from September 2015	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,143,900	1,143,700	1,136,000	▲200	◆0.0%	▲7,900	▲0.7%
Mining and Logging	0.6%	7,200	7,200	7,700	◆0	◆0.0%	▼500	▼6.5%
Construction	4.1%	47,900	48,100	46,100	▼200	▼0.4%	▲1,800	▲3.9%
Manufacturing	12.6%	143,800	143,700	142,500	▲100	▲0.1%	▲1,300	▲0.9%
Trade, Transportation, & Utilities	20.0%	229,900	230,100	225,500	▼200	▼0.1%	▲4,400	▲2.0%
Retail Trade	12.3%	142,100	142,900	138,300	▼800	▼0.6%	▲3,800	▲2.7%
Information	1.2%	13,200	13,300	13,600	▼100	▼0.8%	▼400	▼2.9%
Financial Activities	3.8%	42,600	42,600	43,600	◆0	◆0.0%	▼1,000	▼2.3%
Services	36.2%	411,300	417,200	413,500	▼5,900	▼1.4%	▼2,200	▼0.5%
Professional & Business Services	9.0%	100,000	100,500	105,900	▼500	▼0.5%	▼5,900	▼5.6%
Educational Services	1.1%	12,900	12,200	12,000	▲700	▲5.7%	▲900	▲7.5%
Health Care & Social Assistance	11.1%	126,900	132,700	126,100	▼5,800	▼4.4%	▲800	▲0.6%
Arts & Entertainment	1.0%	11,800	11,900	11,700	▼100	▼0.8%	▲100	▲0.9%
Accommodation and Food Services	10.5%	120,100	120,800	118,100	▼700	▼0.6%	▲2,000	▲1.7%
Other Services	3.5%	39,600	39,100	39,700	▲500	▲1.3%	▼100	▼0.3%
Government	21.6%	248,000	245,900	243,500	▲2,100	▲0.9%	▲4,500	▲1.8%

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

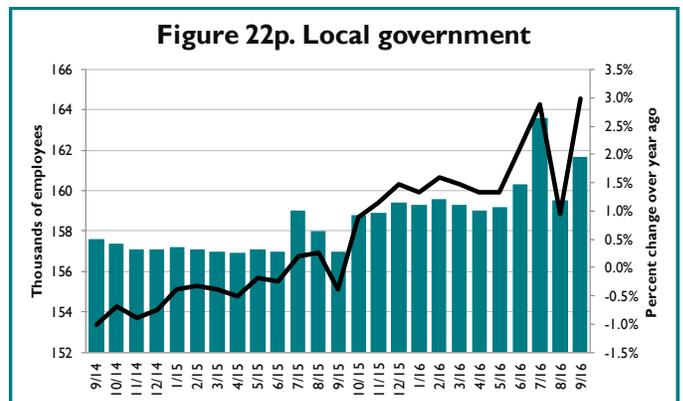
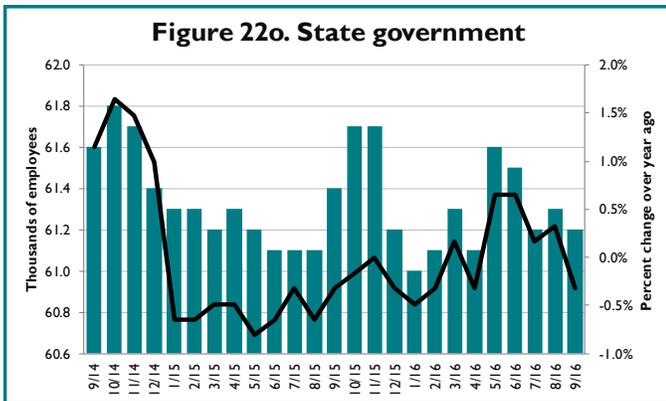
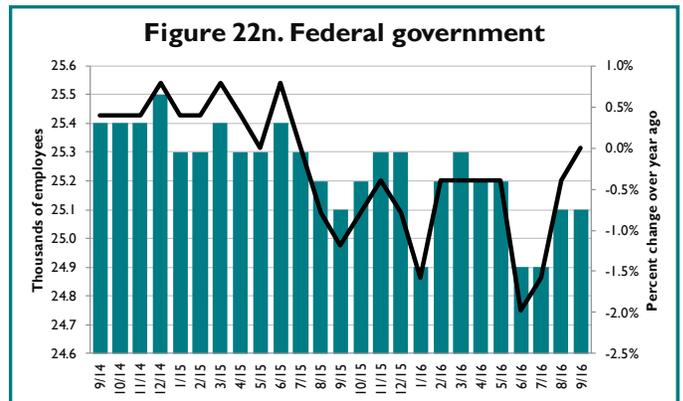
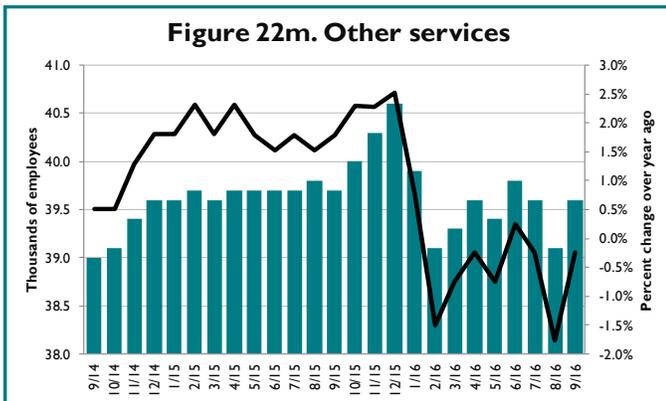
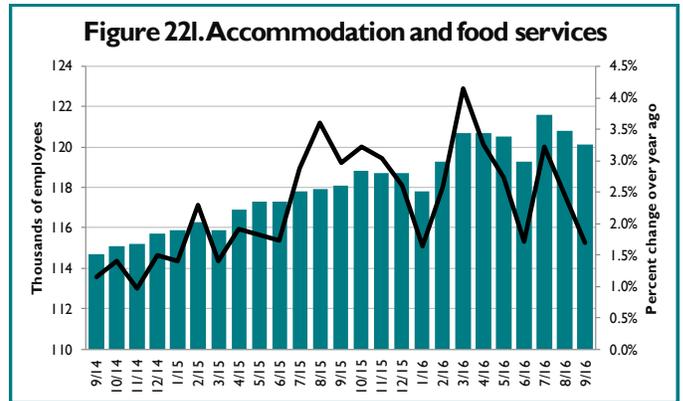
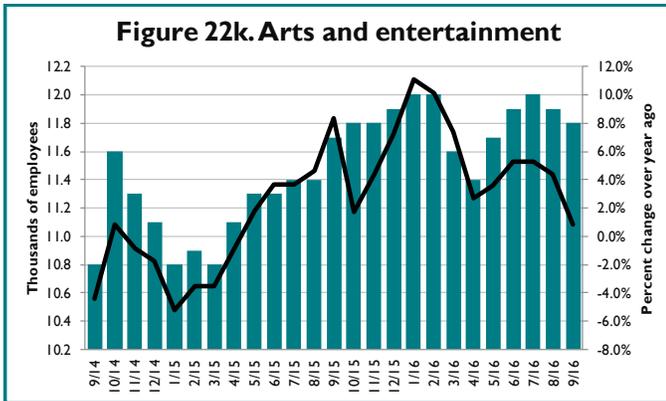
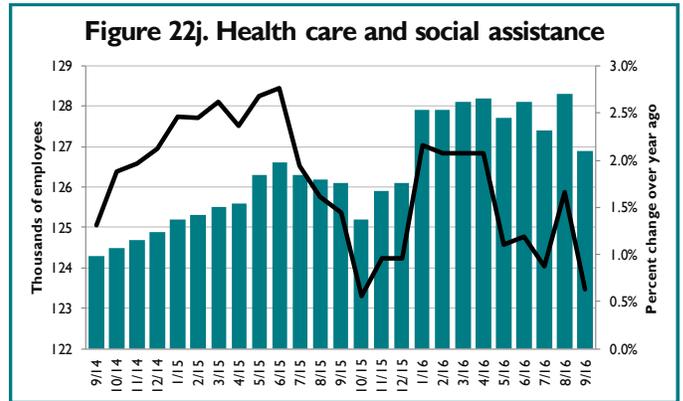
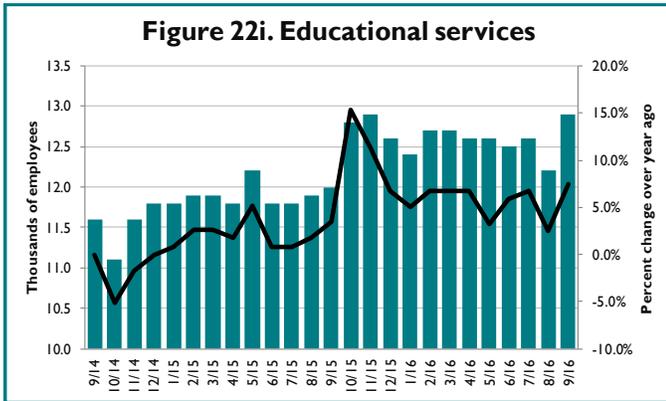
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

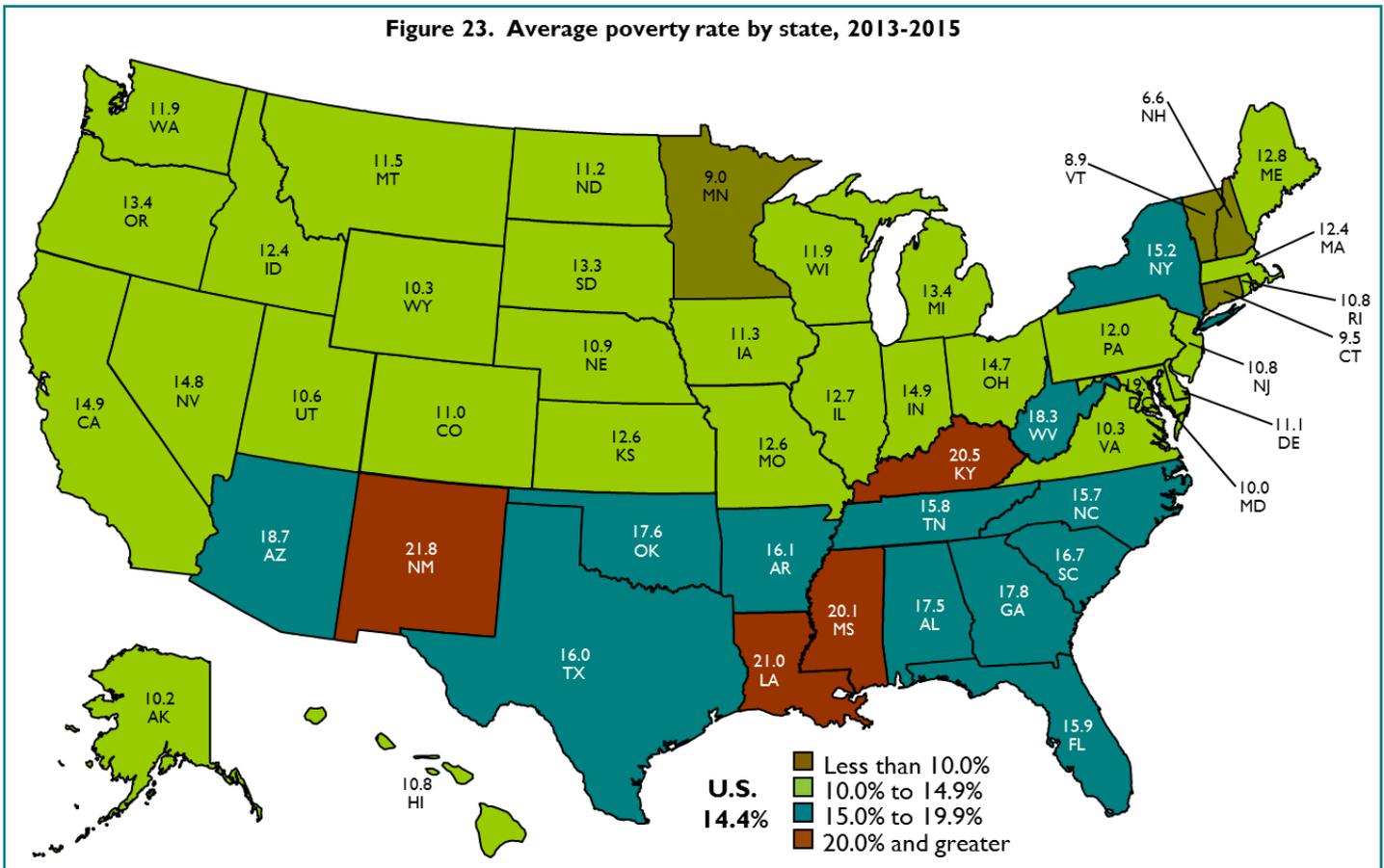


Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

POVERTY RATES IN THE U.S.

Data on poverty in the United States through 2015 were recently released by the U.S. Census Bureau. The agency reported the three-year average U.S. poverty rate for 2013-2015 was 14.4 percent, down from the three-year average for 2012-2014 of 14.9 percent. The total number of people in the U.S. living in poverty fell by more than 3.5 million in 2015 compared to 2014 according to the Census Bureau. However, the total number of people living in poverty in the U.S. in 2015 exceeded the total of 2007, the last year prior to the Great Recession, by more than 5.8 million.

In Mississippi, the Census Bureau reported the three-year average poverty rate for 2013-2015 was 20.1 percent, down from the three-year average for 2012-2014 of 22.2 percent. The total number of people in the state living in poverty in 2015 according to the Census Bureau was 563,000, down by 91,000 compared to 2014. Unlike the U.S., however, the total number of people in the state living in poverty in 2015 was less than the total number in 2007 by 92,000. As Figure 23 below indicates, the three-year average poverty rate for 2013-15 in Mississippi remained one of the highest among all states and the District of Columbia. Mississippi was one of four states with a three-year average poverty rate of 20.0 percent or more; however, the rates for Kentucky, Louisiana, and New Mexico all exceeded the rate for Mississippi. Perhaps most striking about Figure 23 is of the sixteen U.S. states with average three-year poverty rates of 15.0 percent or more, all but three are located in the southern third of the country. Most of these states contain significant populations of minorities, who have historically experienced chronically higher rates of poverty compared to the rest of the population. Conversely, the three-year average poverty rates from 2013-2015 were under 10.0 percent



Source: U.S. Bureau of Economic Analysis

MISSISSIPPI'S BUSINESS

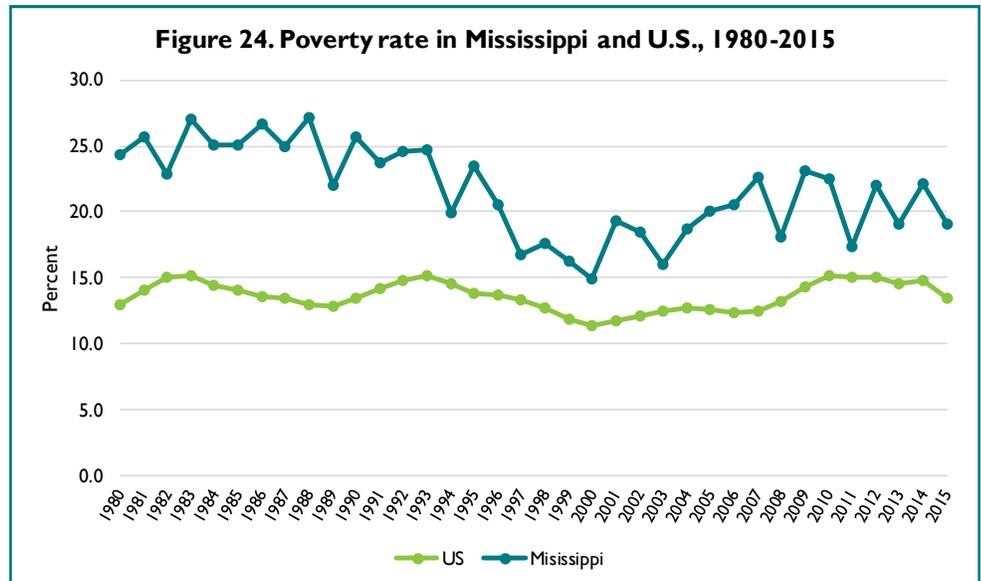
POVERTY RATES IN THE U.S., CONTINUED

in four states. Three of these four states were relatively small states in the Northeast, along with Minnesota. New Hampshire had the lowest three-year average poverty rate from 2013-15 among all states of 6.6 percent.

Figure 24 at right depicts the annual poverty rates for Mississippi and the U.S., again according to the Census Bureau. This figure indicates that from 1980 until about 2000, the annual poverty rates for both the U.S. and Mississippi in particular generally followed a downward trend. Since 2000, however, rates for both locations have gradually risen, reaching similar levels of poverty experienced in the early 1990s. Both locations experienced substantial declines in poverty rates in 2015; however, in Mississippi rates have experienced more volatility.

Table 3 depicts how poverty rates differed by type of family in 2015. The poverty rate for married-couple families in the U.S. in 2015 was only 5.4 percent. In contrast, the rate for male-only householders in 2015 was 14.9 percent and the rate for female-only householders was 28.2 percent. All of these rates were lower in 2015 compared to 2014 by at least 0.5 percentage point.

Finally, Table 4 depicts poverty rates by race and origin in the U.S. for 2015. As has been true for a number of years, rates for non-Hispanic whites and Asians are considerably lower than the overall rate. Rates for blacks and Hispanics, on the other hand, are much higher than the overall poverty rate. The poverty rates for all races declined in 2015 compared to the previous year. Both blacks and Hispanics experienced declines in poverty rates of 2.2 percentage point from 2014.



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements

Table 3. Poverty in the U.S. by family type, 2015

Type of family	Number (000s)	Number below poverty (000s)	Percent below poverty
Married-couple	60,258	3,245	5.4
Male householder, no	6,311	939	14.9
Female householder,	15,630	4,404	28.2
Totals	82,199	8,588	10.4

Source: U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement

Table 4. Poverty in the U.S. by race and origin, 2015

Race and origin	Number (000s)	Number below poverty (000s)	Percent below poverty
White, not Hispanic	195,450	17,786	9.1
Black	41,625	11,041	24.1
Asian	18,241	2,078	11.4
Hispanic (any race)	56,780	12,133	21.4
Totals	312,096	43,038	13.8

Source: U.S. Census Bureau, Current Population Survey, 2016 Annual Social and Economic Supplement