



ECONOMY AT A GLANCE

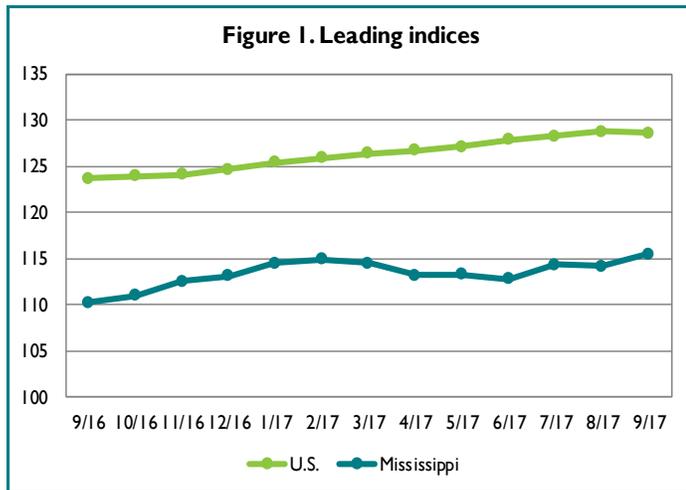
The value of the Mississippi Leading Index (MLI) increased 1.1 percent in September to its highest level of 2017. The value of the MLI was 4.8 percent higher for the month compared to one year ago.

Figure 2 below indicates the value of the Mississippi Coincident Index (MCI) increased 0.3 percent in September, its largest monthly gain since February. Compared to one year ago this value was 2.4 percent higher for the month.

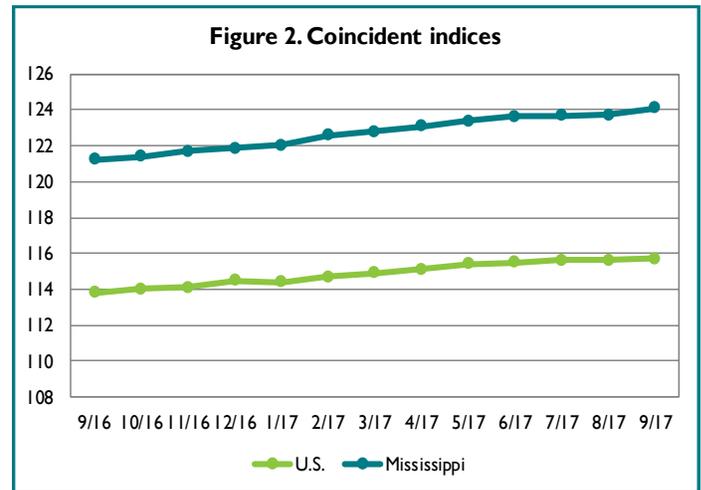
In late October the U.S. Bureau of Economic Analysis (BEA) released its initial estimate of the change in U.S. real gross domestic product (GDP) for the third quarter of a 3.0 percent increase. Combined with the 3.1 percent increase BEA reported for the second quarter, the estimate marks the first time U.S. real GDP increased at least 3.0 percent for two consecutive quarters since 2014. The

impacts on the economy from Hurricanes Harvey and Irma in September were more muted than expected. However, much of the growth in real GDP in the third quarter resulted from inventory investment, a factor that could prove temporary if firms were simply replacing existing inventories.

Thanks to relatively large increases in the Mississippi Manufacturing Employment Intensity Index, U.S. retail sales, and consumer expectations, the MLI reached its highest level of the year. However, building permits and withholdings both declined for the fifth time in the last six months and employment was essentially unchanged in October. Thus, notwithstanding the gains in some national indicators in October the Mississippi economy remained relatively lackluster as it has for much of 2017.



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 2017

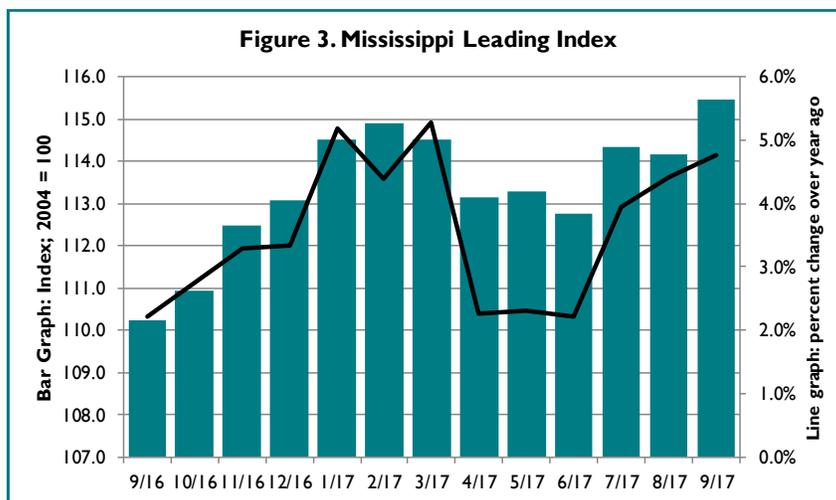
In September the value of the **Mississippi Leading Index of Economic Indicators** (MLI) climbed 1.1 percent as seen in Figure 3. Compared to one year ago the value of the MLI was 4.8 percent higher for the month. The value of the MLI increased 0.8 percent over the last six months.

Four of the seven components of the MLI increased in value in September. The largest contributors were the Mississippi Manufacturing Employment Intensity Index and U.S. retail sales. Each component is discussed below in order of largest to smallest contribution.

In September the value of the **Mississippi Manufacturing Employment Intensity Index** increased 2.9 percent as seen in Figure 4. The value was 3.3 percent higher compared to one year ago. Both the average weekly hours of production employees and manufacturing employment in Mississippi increased in September, leading to the rise in the value of the Index.

U.S. retail sales climbed 1.6 percent in value in September as seen in Figure 5. The value of August sales was revised up to a decline of 0.1 percent. Compared to one year ago the value of September U.S. retail sales was 4.3 percent higher. The September gain was the largest since March 2015. However, excluding automobiles and gasoline the increase was only 0.5 percent. Outside of those two categories, the largest increase in sales was in building materials. The gains in these three segments were likely due to the effects of Hurricanes Harvey and Irma. Sales of electronics and appliances declined for the fifth consecutive month, and furniture and sporting goods sales also declined in September.

The value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) surged 4.3 percent in September as seen in Figure 6, equaling its highest value since February. The value of the Index was 10.6 percent higher in September compared to one year ago, the largest year-over-year increase since February. The retreat in gasoline prices following their increase due to the hurricanes in September appeared to reassure consumers inflation will remain subdued. Short-term inflation expectations fell to their lowest level of the year while long-term expectations held steady for the third consecutive month.



Source: University Research Center

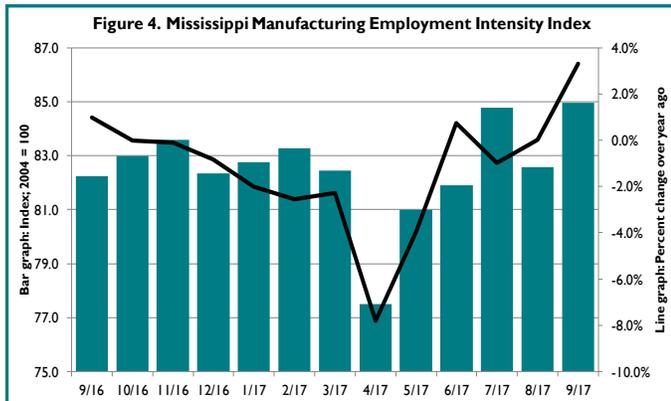
As seen in Figure 7 the value of seasonally-adjusted **initial unemployment claims** in Mississippi declined 3.2 percent in September. The value for the month was 19.8 percent lower compared to one year ago, the third consecutive month with a year-over-year decrease of more than 19.0 percent. The value of seasonally-adjusted continued unemployment claims in Mississippi also fell 1.4 percent in September as seen in Figure 14 on page 6. Compared to one year ago the number of continued claims in Mississippi was 16.3 percent lower in September. The seasonally-adjusted unemployment rate in Mississippi decreased 0.1 percentage point to 5.2 percent in September as seen in Figure 15 on page 6. The rate was 0.5 percentage point lower for the month compared to one year ago.

Figure 8 indicates **Mississippi residential building permits** (three-month moving average) fell 1.1 percent in value in September, the sixth decline in the last seven months. The value for September remained 7.4 percent higher compared to one year ago. In contrast the seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi increased 1.2 percent in September. Compared to one year ago the number of units for the month was 8.5 percent higher. The number of privately-owned housing units in the U.S. authorized by building permits declined 4.5 percent in September from the revised August value. The number of units in the U.S. for the month was 4.3 percent lower compared to September 2016.

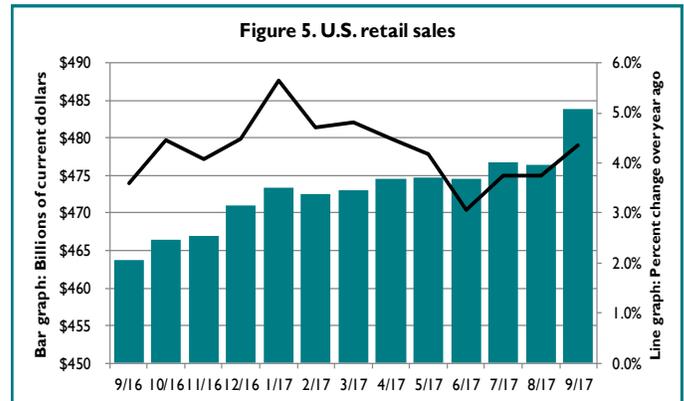
For the fifth time in the last six months, the value of **Mississippi income tax withholdings** (three-month mov-

(Continued on page 4)

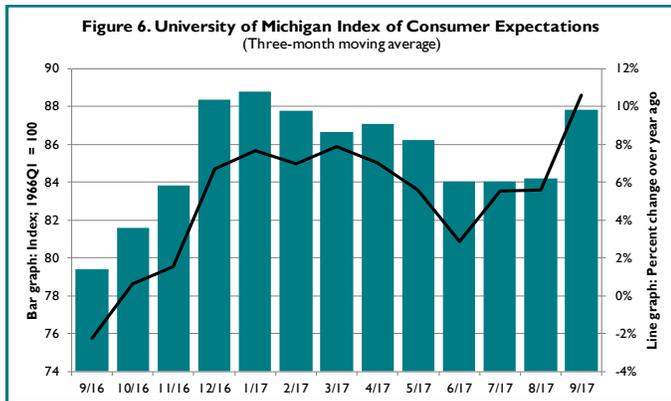
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



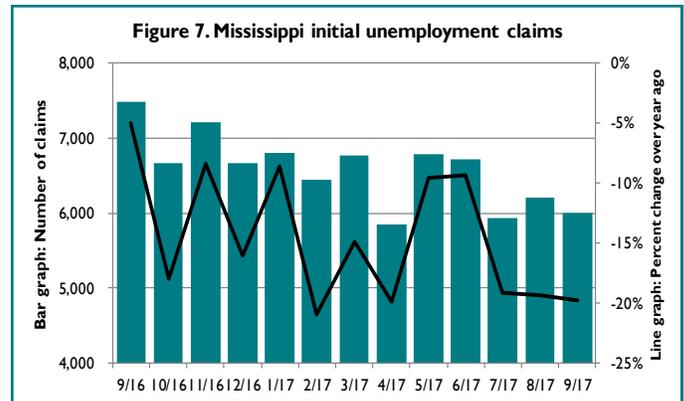
Source: URC using data from Bureau of Labor Statistics



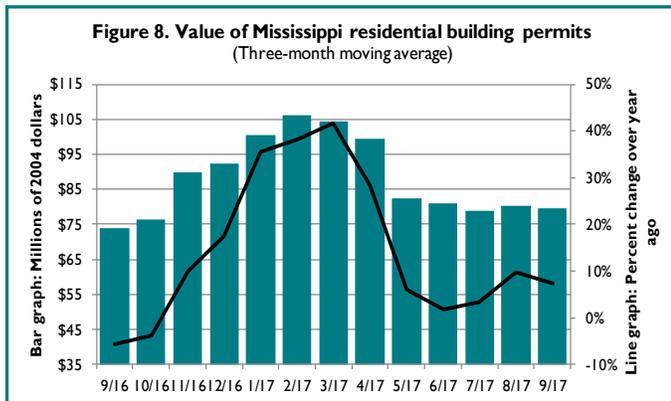
Source: Bureau of the Census



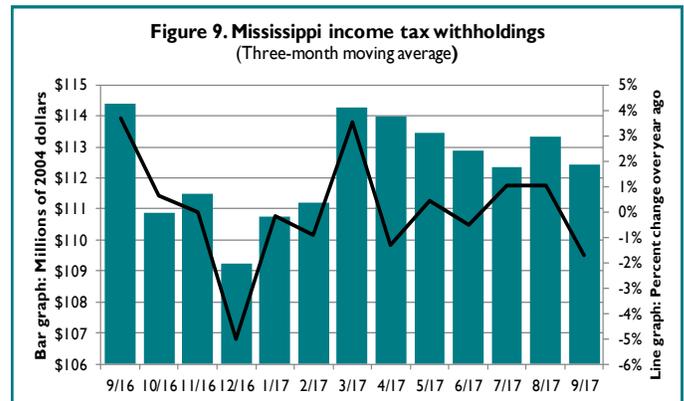
Source: Thomson Reuters/University of Michigan Surveys of Consumers



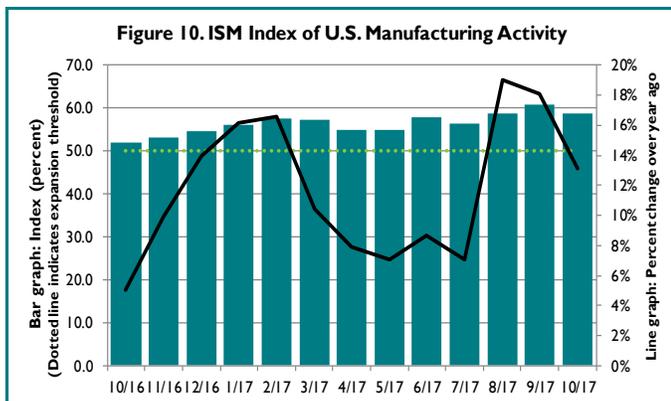
Source: U.S. Department of Labor; seasonally adjusted



Source: Bureau of the Census; seasonally adjusted



Source: Mississippi Department of Revenue; seasonally adjusted



Source: Institute for Supply Management

In October the value of the Mississippi Leading Index (MLI) gained 1.1 percent, its third-largest increase of 2017.

MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, SEPTEMBER 2017 (CONTINUED)

ing average) fell in September. The value fell 0.8 percent from the previous month as seen in Figure 9. In September the value was 1.7 percent lower compared to one year ago. Over the last six months the value declined 1.1 percent.

The value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** decreased 3.5

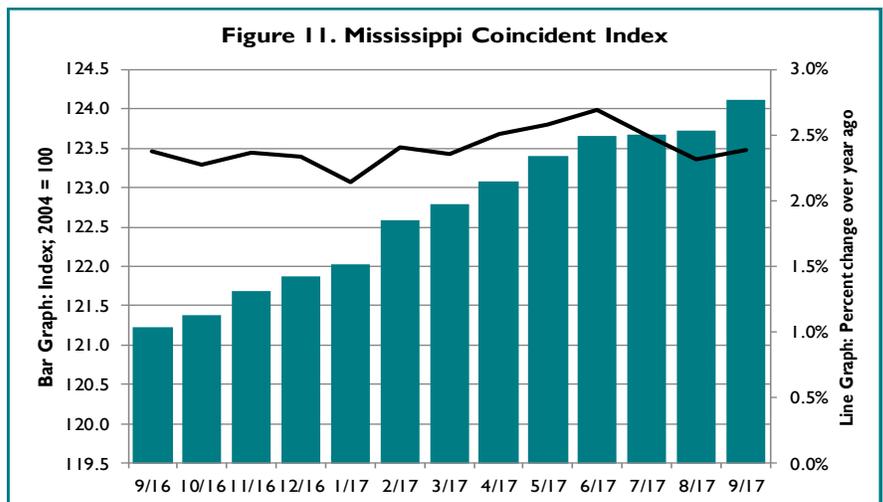
percent in October as seen in Figure 10. Compared to one year ago the value of the Index was 13.1 percent higher for the month. All components of the Index declined in value in October as the largest decrease occurred in the Inventories component. While the prices paid index declined after its rise likely due to September's hurricanes, the impact of the storms was still felt in some subsectors in October.

MISSISSIPPI COINCIDENT INDEX, SEPTEMBER 2017

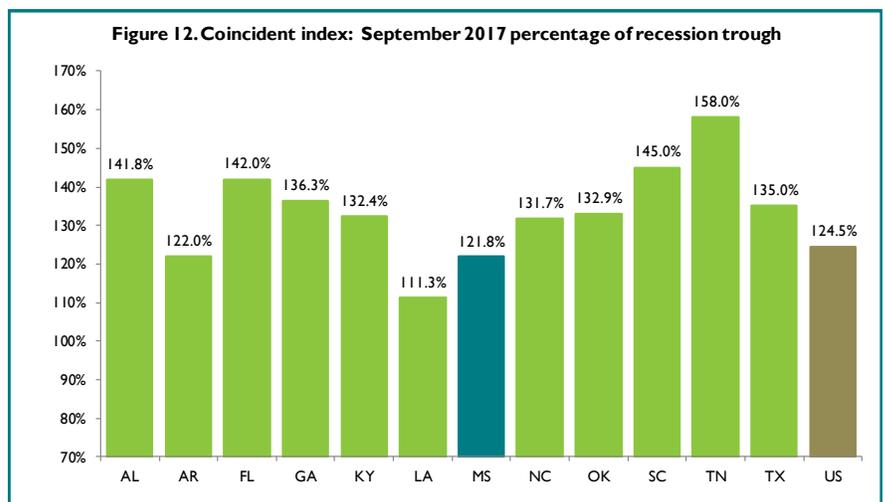
Figure 11 indicates the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.3 percent in September according to the Federal Reserve Bank of Philadelphia. The value of the MCI for the month was 2.4 percent higher compared to one year ago.

The smallest increase in the value of a coincident index from its recession trough among southeastern states in September once again occurred in Louisiana. As seen in Figure 12 this gain was only 11.3 percent. The coincident index for Mississippi had the second-smallest increase among southeastern states as of September, up 21.8 percent, slightly below the gain of Arkansas. The value of the coincident index for Tennessee was 58.0 percent higher in September compared to its recession trough.

As seen in Figure 13 on page 5, the values of the coincident indices in thirty-seven states increased in September compared to three months prior. In twenty-one states the values of the coincident indices increased more than 0.5 percent compared to three months prior. The values of the coincident indices increased by less than 0.5 percent in sixteen states, including Mississippi. In nine states the values of coincident indices declined between 0.0 and 0.5 percent in September compared to June. The coincident indices for Alaska, Maine, Michigan, and New York declined in value by more than 0.5 percent in September compared to three months prior.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

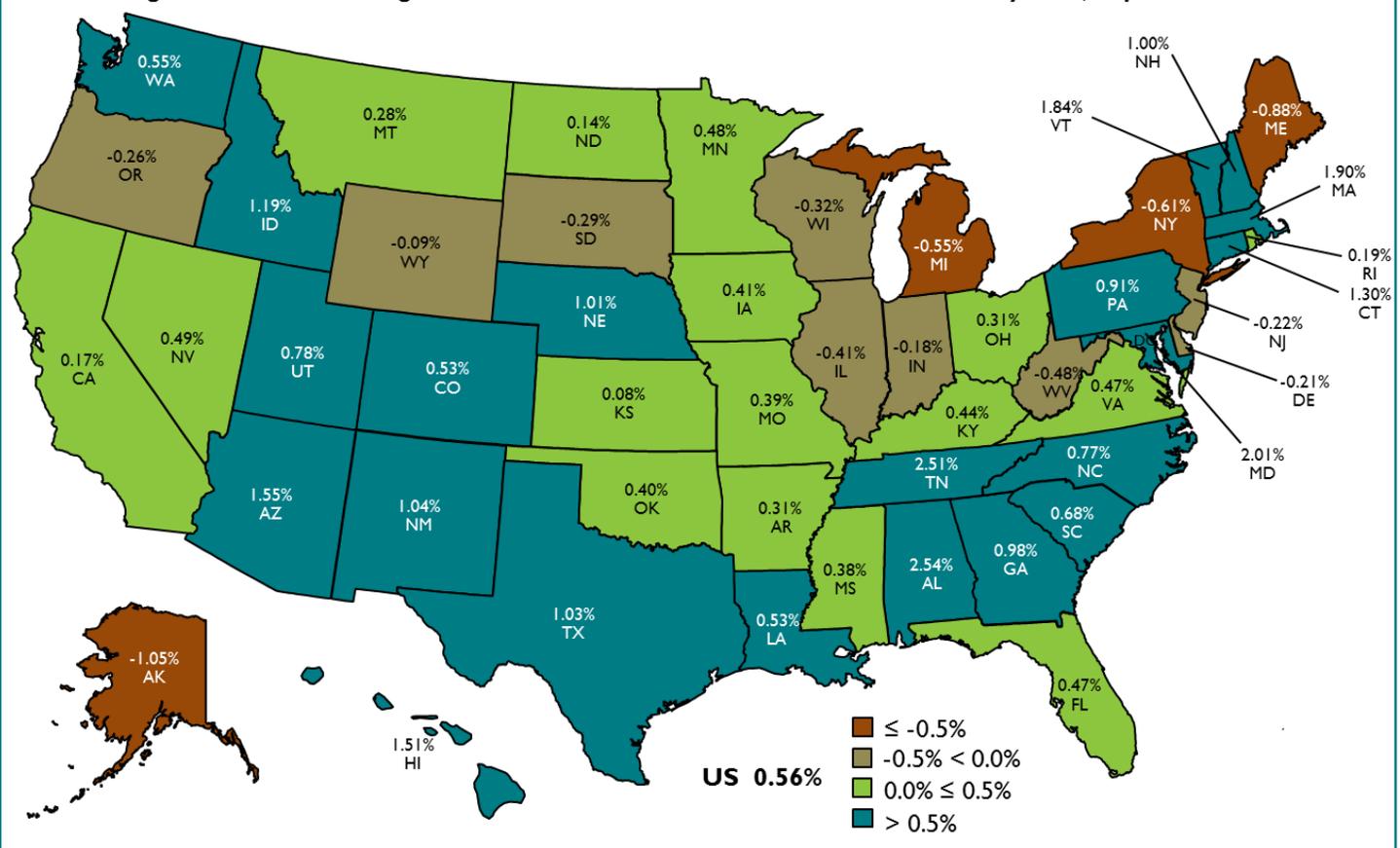
For the first time in over a year, the value of the U.S. Leading Economic Index (LEI) fell in September according to The Conference Board as seen in Figure 1 on page 1. The value of the LEI declined 0.2 percent for the month, but remained 4.0 percent higher compared to one year ago. While six of the ten components of the LEI increased in value in September, the largest negative contribution came from initial unemployment claims, which climbed largely as a result of Hurricanes Harvey and Irma. The value of the U.S. Coincident Economic Index (CEI) increased 0.1 percent in September according to The Conference Board as seen in Figure 2 on page 1. However, the values of the previous two months were revised slightly lower. The value of the CEI was 1.7 percent higher in September compared to one year ago. The largest contribution came from personal income less transfer payments while the only negative contribution came from employees on nonagricultural payrolls.

The value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index fell 2.2 per-

cent in September as seen in Figure 20 on page 6. While it declined to its lowest level of 2017, the value of the Index was 9.5 percent higher in September compared to one year ago. The largest decline occurred in the “expect real sales higher” component, followed by the “now is a good time to expand” component. The “credit is harder to get” measure doubled from the value it maintained for most of the year.

The Federal Open Market Committee (FOMC) remains widely expected to increase its federal funds rate target in December at its last meeting of 2017. A third rate hike for the year of 0.25 basis points would place the target at 1.50 percent to 1.75 percent. Looking forward, most analysts expect the FOMC to raise its rate target three times in 2018 as well, which would place its benchmark rate at just over 2.0 percent by the end of next year. Some analysts continue to express reservations about interest rate increases because annual inflation remains below the Federal Reserve’s target of 2.0 percent; however, the FOMC has shown no signs muted inflation is affecting their plans to gradually end “accommodative” monetary policy.

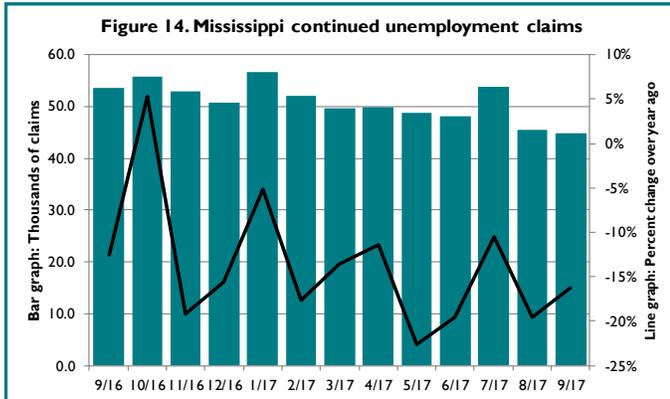
Figure 13. Three-month growth in the coincident index of economic indicators by state, September 2017



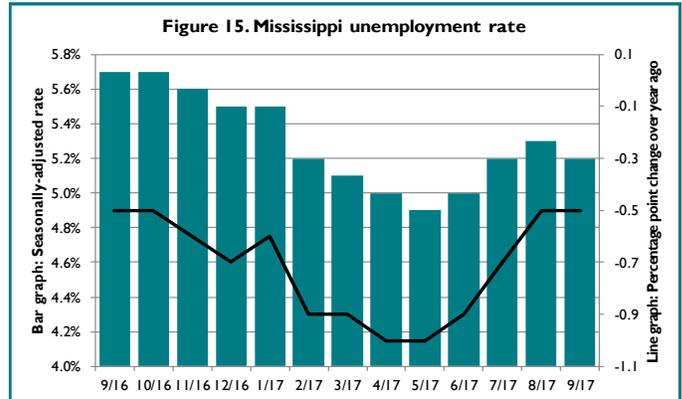
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

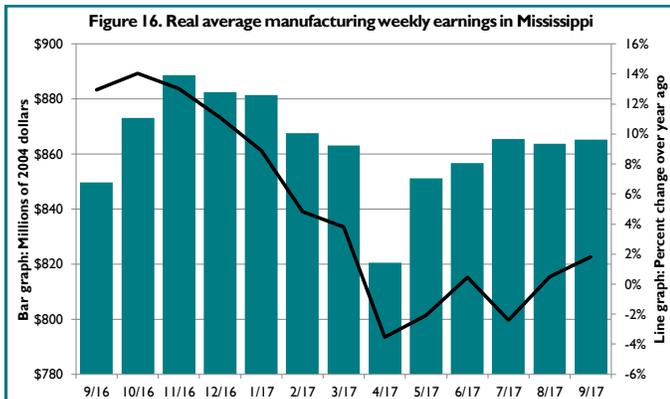
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



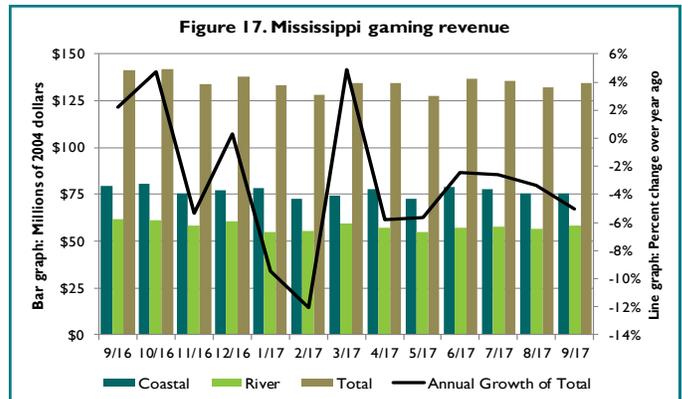
Source: U.S. Department of Labor; seasonally adjusted



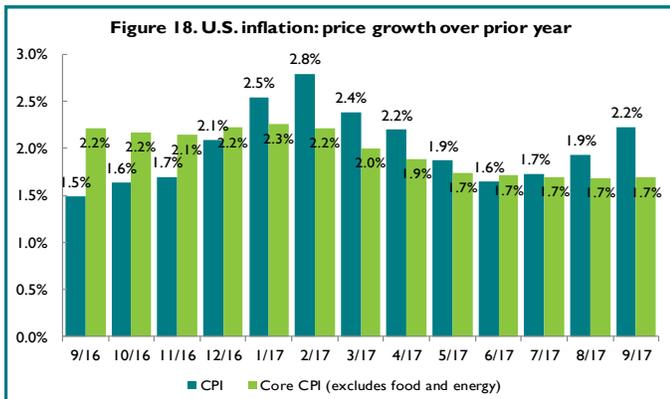
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



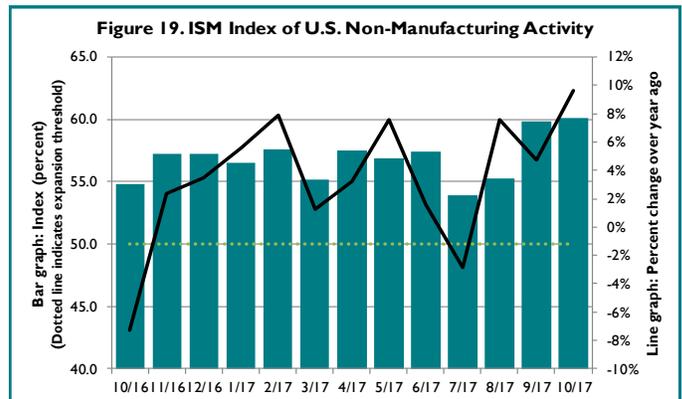
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



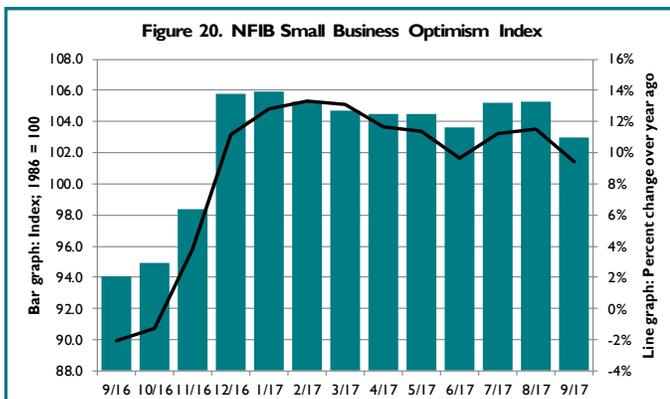
Source: Mississippi Department of Revenue; seasonally adjusted



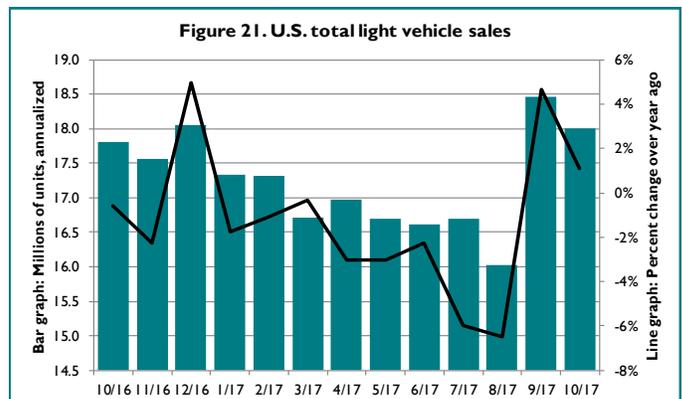
Source: U.S. Bureau of Labor Statistics



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		
	2017	2017	2016	August 2017	September 2016	
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	128.6	128.8	123.7	▼0.2%	▲4.0%	Economic Indices
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	115.7	115.6	113.8	▲0.1%	▲1.7%	
Mississippi Leading Index 2004 = 100. Source: University Research Center	115.5	114.2	110.2	▲1.1%	▲4.8%	
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	124.1	123.7	121.2	▲0.3%	▲2.4%	
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	6,006	6,203	7,487	▼3.2%	▼19.8%	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	79.4	80.3	73.9	▼1.1%	▲7.4%	
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	112.4	113.3	114.4	▼0.8%	▼1.7%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	85.0	82.6	82.2	▲2.9%	▲3.3%	
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	87.8	84.2	79.4	▲4.3%	▲10.6%	
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	58.7	60.8	51.9	▼3.5%	▲13.1%	
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	483.9	476.5	463.7	▲1.6%	▲4.3%	
U.S. Consumer Price Index (CPI)	130.4	129.7	127.6	▲0.5%	▲2.2%	
U.S. Core CPI (excludes food and energy) 2004 = 100. Source: URC using data from Bureau of Labor Statistics	128.6	128.4	126.4	▲0.1%	▲1.7%	
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	5.2%	5.3%	5.7%	▼0.1	▼0.5	
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	44,872	45,528	53,605	▼1.4%	▼16.3%	Miscellaneous Indicators
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	60.1	59.8	54.8	▲0.5%	▲9.7%	
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	3.89%	3.93%	3.51%	▼0.04	▲0.38	
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.49	20.81	20.60	▼1.6%	▼0.5%	
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	865.19	863.65	849.72	▲0.2%	▲1.8%	
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	103.0	105.3	94.1	▼2.2%	▲9.5%	
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	18.00	18.47	17.80	▼2.6%	▲1.1%	
Gaming revenue	134.3	132.2	141.3	▲1.6%	▼5.0%	
Coastal counties	75.6	75.7	79.6	▼0.1%	▼4.9%	
River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	58.6	56.5	61.8	▲3.7%	▼5.1%	

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

Table 2 below indicates total nonfarm employment in Mississippi rose 0.1 percent in September according to the U.S. Bureau of Labor Statistics (BLS). However, the agency revised employment in August slightly lower; therefore, following the September increase employment in the state was the same as in July. Total employment in Mississippi was 0.6 percent higher in September compared to one year ago.

BLS reported five states experienced statistically significant increases in total nonfarm employment in September. The largest increases occurred in California, Washington, and Indiana. Six states experienced a statistically significant decrease in jobs in September, led by Florida, which lost over 127,000 jobs largely as a result of Hurricane Irma.

Compared to one year ago employment increased in twenty-eight states in September. Texas, California, and New York added the most jobs over the past year. The largest percentage increases occurred in Nevada and Utah, followed by Maryland. For the third consecutive month, no state experienced a statistically significant decrease in employment over the previous year.

Government added 3,000 jobs in September, the largest increase in employment among all industries in the state. Construction and Manufacturing both added 1,200 jobs each in September, and Construction experienced the largest percentage increase of 2.8 percent. The largest job decrease in September occurred in Professional and Business Services, which lost 3,100 jobs for the month. The 2.9 percent decline in September was also the largest percentage decrease in employment among all industries in Mississippi.

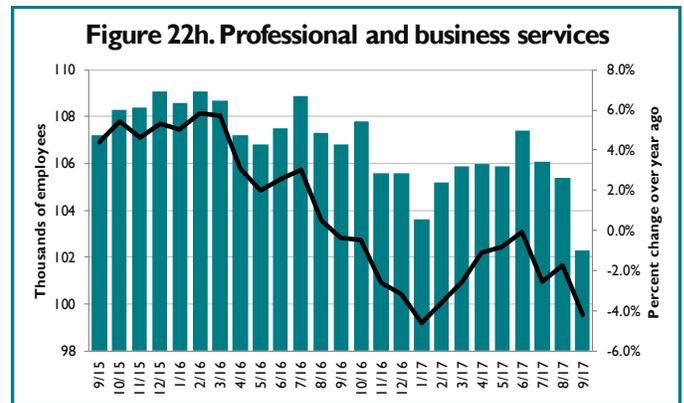
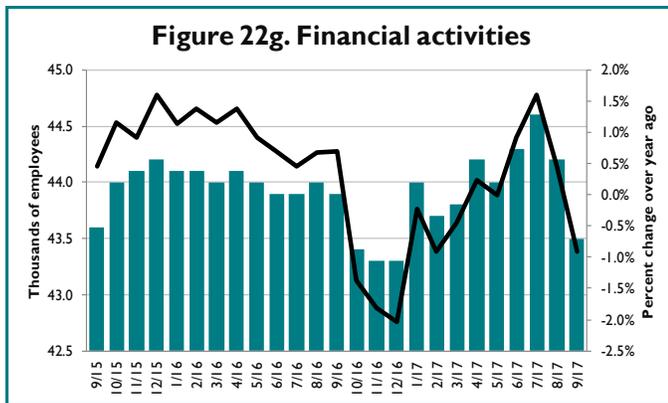
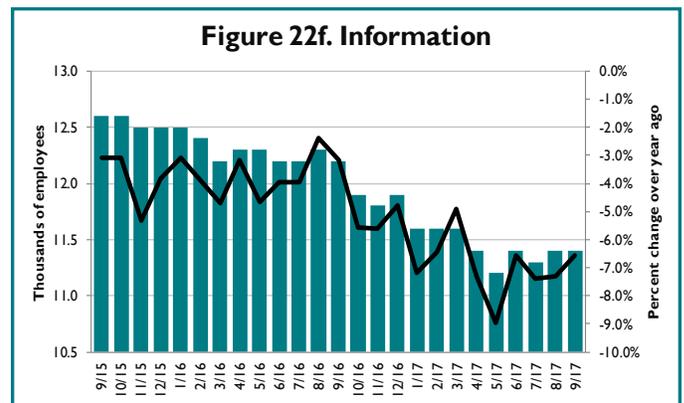
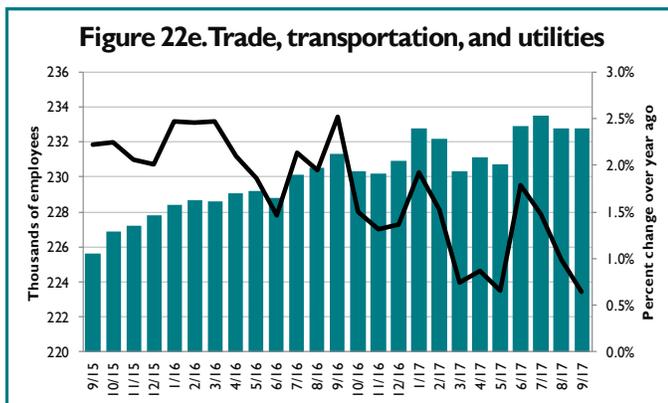
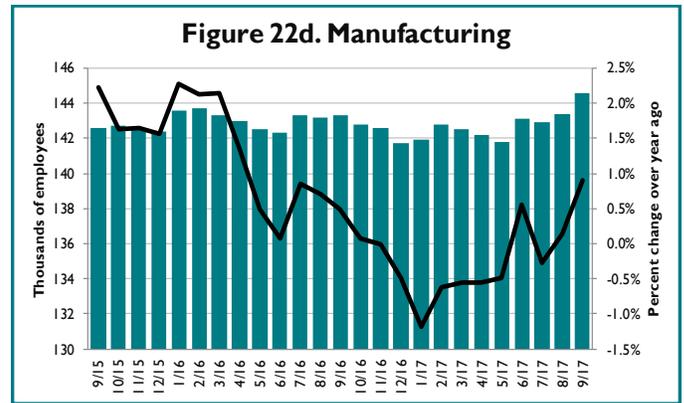
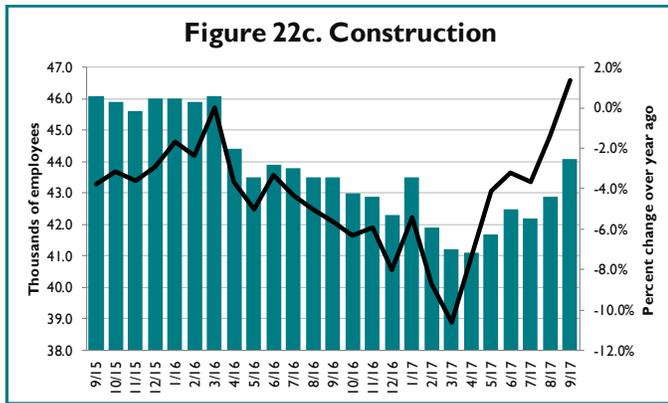
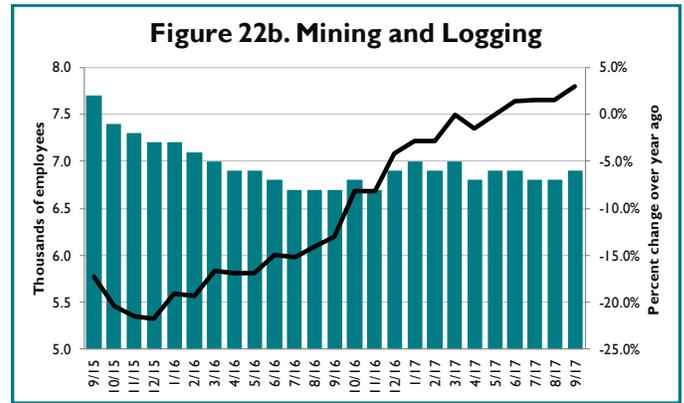
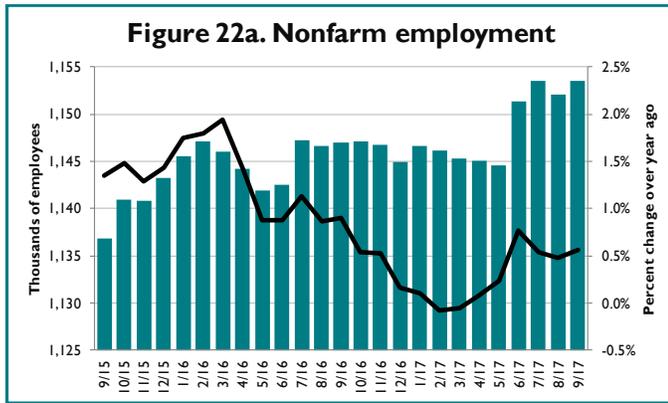
Employment in Health Care and Social Assistance was up by 3,400 jobs in September compared to one year ago, the most among all sectors in the state. Government closely followed with an increase of 3,100 jobs. The largest percentage increase in employment among all industries was in Arts and Entertainment, as the number of jobs in the sector rose 11.3 percent over the last twelve months. Professional and Business Services lost 4,500 jobs, the most among all sectors in Mississippi. However, the largest percentage decrease in employment compared to one year ago was in the Information sector, down by 6.6 percent, a decrease of 800 jobs.

Table 2. Change in Mississippi employment by industry, September 2017

	Relative share of total ^a	September 2017	August 2017	September 2016	Change from August 2017 Level	Change from August 2017 Percent	Change from September 2016 Level	Change from September 2016 Percent
Total Nonfarm	100.0%	1,153,500	1,152,100	1,147,000	▲1,400	▲0.1%	▲6,500	▲0.6%
Mining and Logging	0.6%	6,900	6,800	6,700	▲100	▲1.5%	▲200	▲3.0%
Construction	3.7%	44,100	42,900	43,500	▲1,200	▲2.8%	▲600	▲1.4%
Manufacturing	12.4%	144,600	143,400	143,300	▲1,200	▲0.8%	▲1,300	▲0.9%
Trade, Transportation, & Utilities	20.2%	232,800	232,800	231,300	◆0	◆0.0%	▲1,500	▲0.6%
Retail Trade	12.2%	139,600	139,600	141,700	◆0	◆0.0%	▼2,100	▼1.5%
Information	1.0%	11,400	11,400	12,200	◆0	◆0.0%	▼800	▼6.6%
Financial Activities	3.8%	43,500	44,200	43,900	▼700	▼1.6%	▼400	▼0.9%
Services	36.9%	422,500	425,900	421,500	▼3,400	▼0.8%	▲1,000	▲0.2%
Professional & Business Services	9.2%	102,300	105,400	106,800	▼3,100	▼2.9%	▼4,500	▼4.2%
Educational Services	1.1%	13,100	13,000	11,800	▲100	▲0.8%	▲1,300	▲11.0%
Health Care & Social Assistance	11.4%	132,100	132,400	128,700	▼300	▼0.2%	▲3,400	▲2.6%
Arts & Entertainment	1.0%	12,800	12,500	11,500	▲300	▲2.4%	▲1,300	▲11.3%
Accommodation and Food Services	10.7%	122,300	122,600	122,500	▼300	▼0.2%	▼200	▼0.2%
Other Services	3.5%	39,900	40,000	40,200	▼100	▼0.2%	▼300	▼0.7%
Government	21.4%	247,700	244,700	244,600	▲3,000	▲1.2%	▲3,100	▲1.3%

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

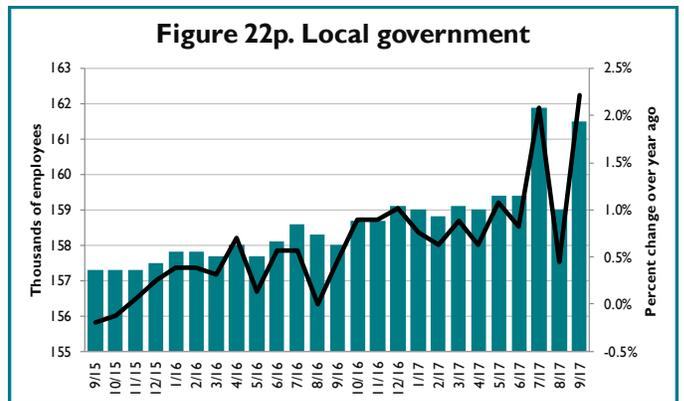
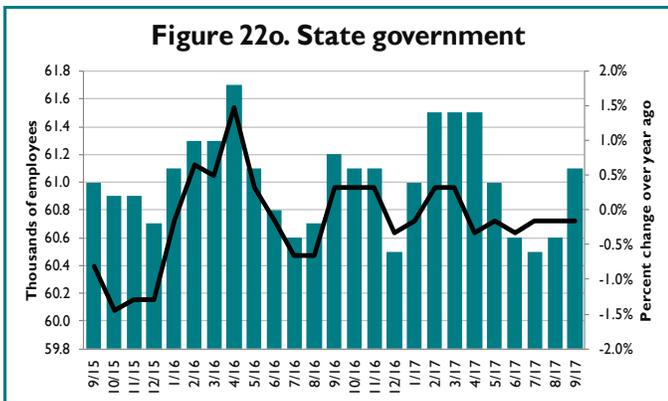
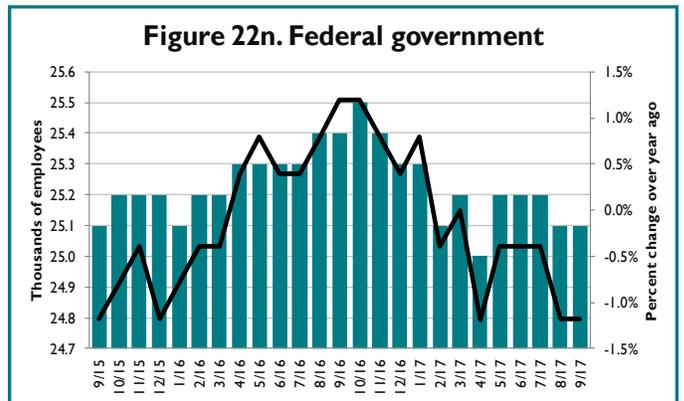
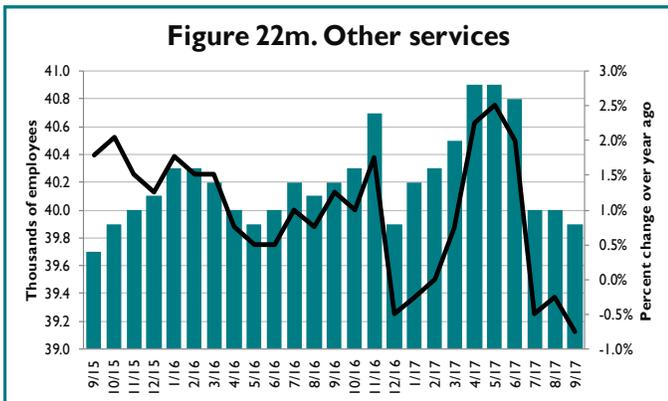
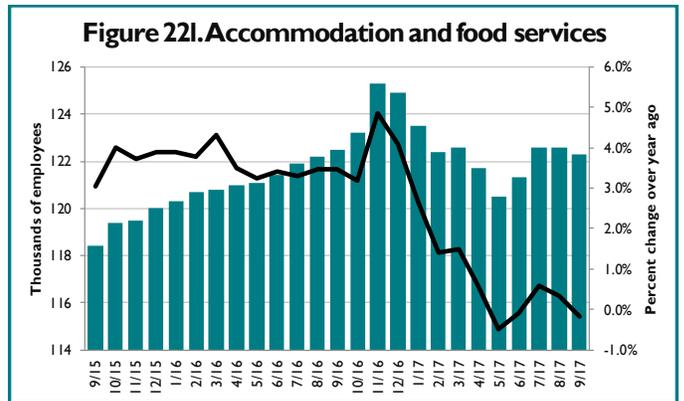
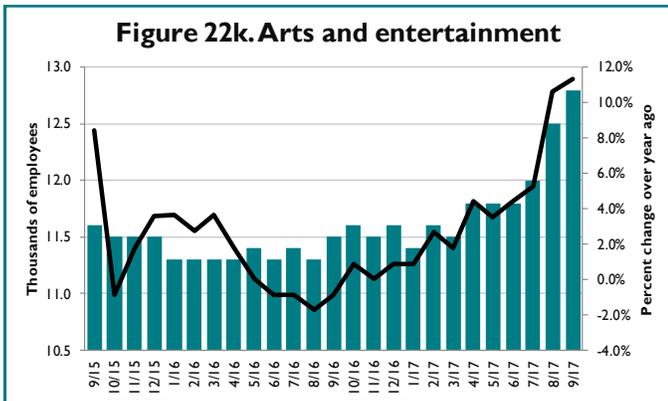
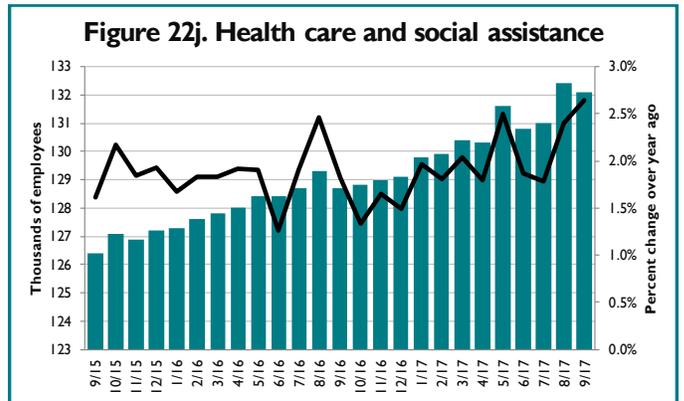
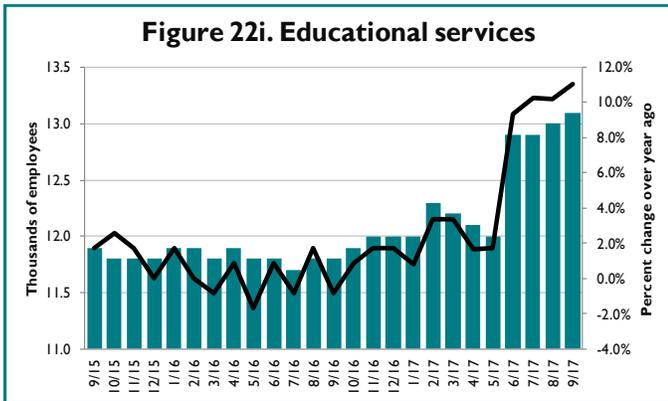
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

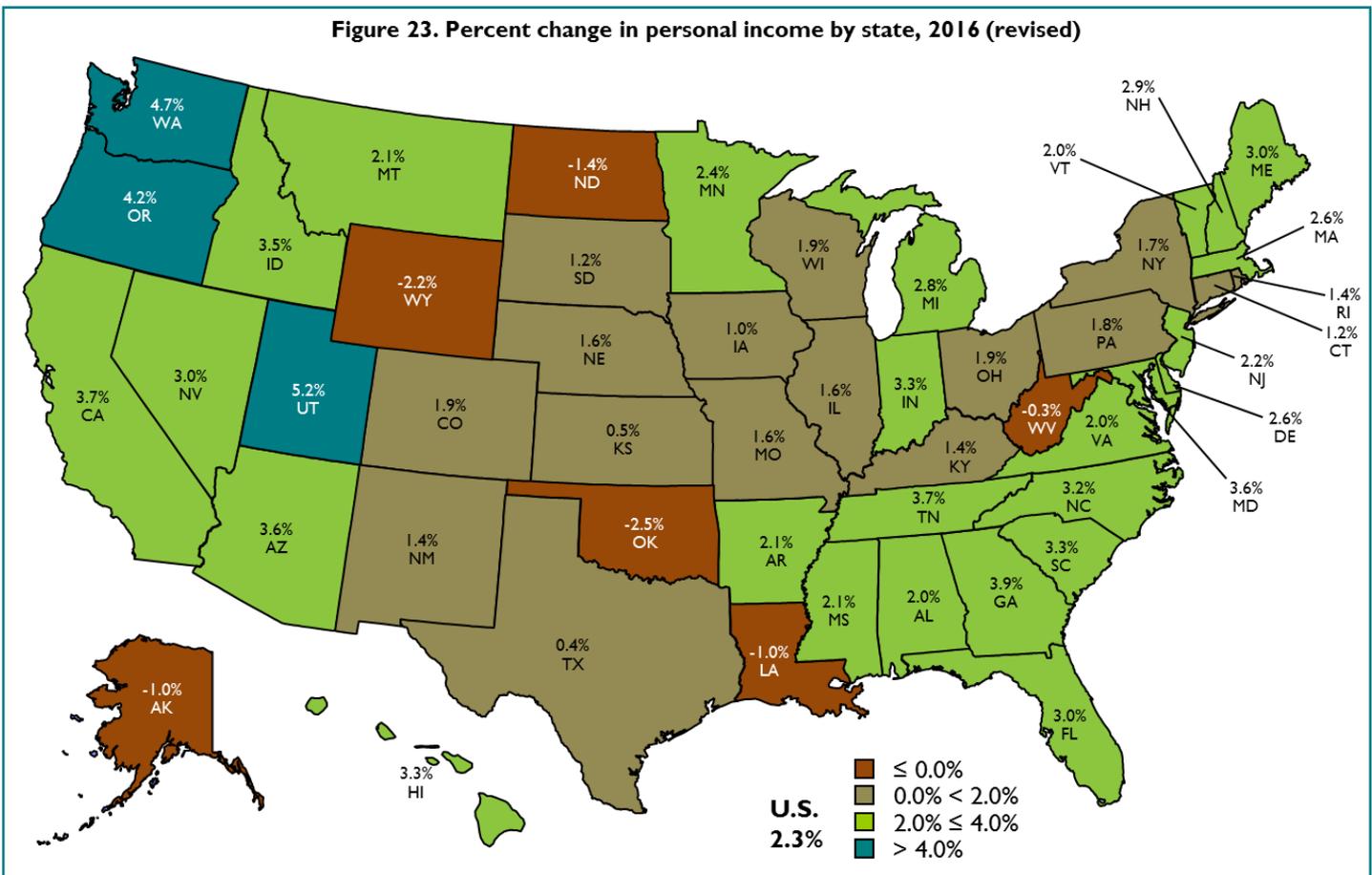
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



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

REVISIONS TO PERSONAL INCOME FOR 2016

Revisions to the annual estimates of state personal income for 2016 were released by the U.S. Bureau of Economic Analysis (BEA) in late September. BEA incorporated more complete and detailed data than were available when its initial estimates were released as well as updated seasonal factors. The initial estimates were released in March and reported in the April 2017 issue of *Mississippi's Business*. These revised estimates have not been adjusted for inflation and therefore differ from BEA's estimates of the change in real income reported in the August 2017 issue, which were for 2015. According to BEA's latest estimate, personal income in Mississippi grew by 2.1 percent in 2016, a reduction of 1.1 percentage point from the initial estimate in March. The estimate of the change in personal income in Mississippi for 2015 was also reduced as a result of the revisions, declining from 1.8 percent to 1.5 percent. In its revisions BEA reduced the estimates of the change in personal income in 2016 for thirty-three states in September. As a result the change in personal income for the U.S. for 2016 was also reduced by 1.3 percentage point from the March estimate to 2.3 percent. As seen in Figure 23 below, the percent change in personal income in Mississippi in 2016 ranked near the middle among all states, as BEA reported larger increases for twenty-one states. The 2.1 percent increase in personal income in Mississippi was equaled in Arkansas and Montana as a total of twenty-five states experienced increases in personal income of 2.0 to 4.0 percent. Sixteen states experienced increases in personal income of 0.0 to 2.0 percent. BEA reported increases of more than 4.0 percent in Oregon, Utah, and Washington; the 5.2 percent increase in Utah was the largest gain among all states. Figure 23 indicates personal income declined in six states in 2016 and the economies of all of these states have substantial energy sectors. The largest decline occurred in Oklahoma, where personal



Source: U.S. Bureau of Economic Analysis

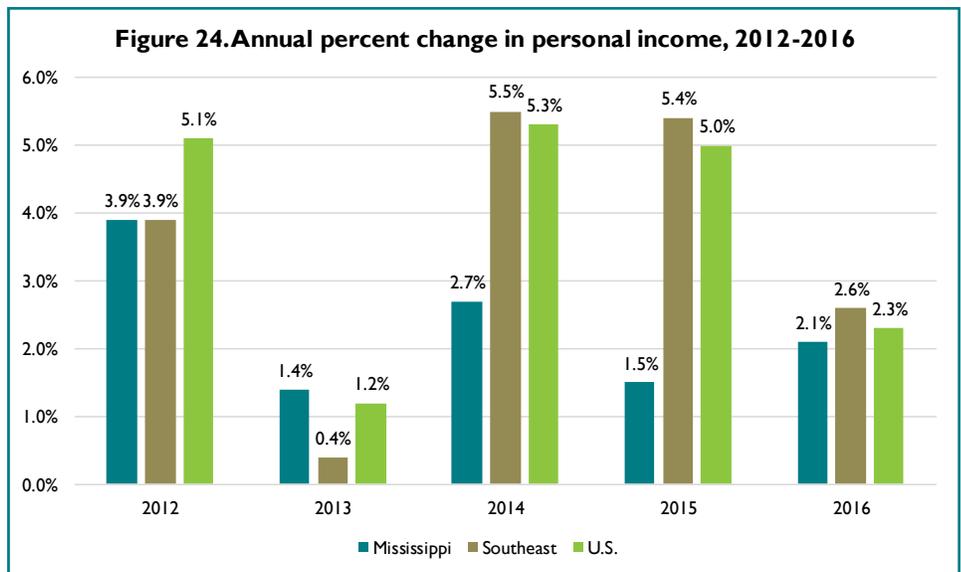
MISSISSIPPI'S BUSINESS

REVISIONS TO PERSONAL INCOME FOR 2016, CONTINUED

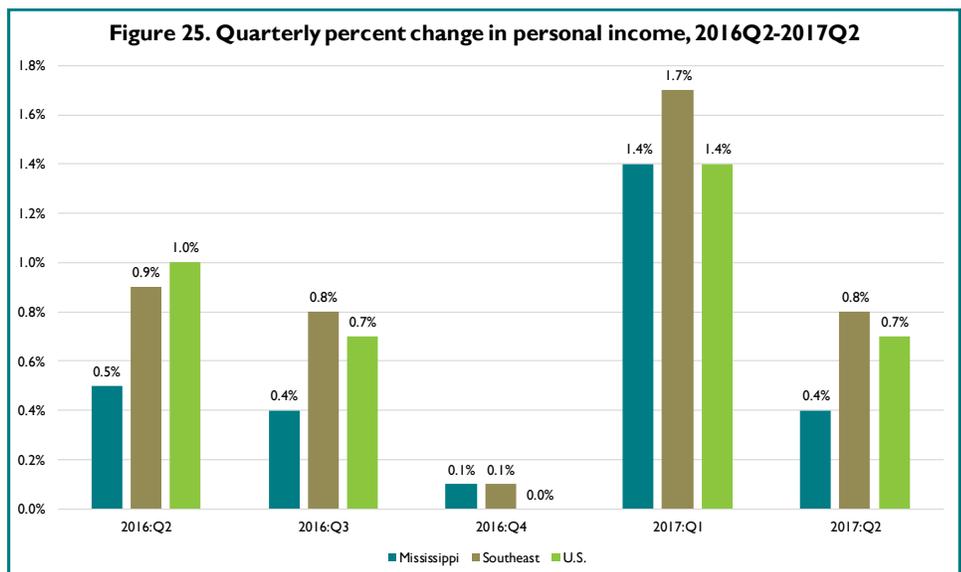
income fell 2.5 percent. Despite the size and diversity of its economy, the impact of the decline in energy prices was also felt in Texas as personal income increased only 0.4 percent in 2016.

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. according to BEA. As this graph indicates, 2013 marked the only year in this period when personal income increased at a higher rate in Mississippi than in the Southeast or the U.S. In 2016, personal income growth in Mississippi was the closest it has been to the U.S. and Southeast rates since 2013. The rate of personal income growth in the Southeast exceeded the rate of personal income growth in Mississippi by almost 2.0 percentage point in both 2014 and 2015. As Figure 24 also indicates, the rate of growth in personal income in Mississippi has not reached 3.0 percent or more since 2012, which reflects the relatively little income growth experienced by the state during the current economic expansion.

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 2016 through the second quarter of 2017 for Mississippi, the Southeast, and the U.S. The estimate for the second quarter of 2017 is preliminary. Income growth in the fourth quarters of 2016 slowed to essentially zero for the state, the region, and the nation. The rates for all three areas improved in the first quarter of the year, marking the highest quarterly gains for all three locations since the second quarter of 2015. However, the changes in personal income in the second quarter returned to the levels of growth experienced in recent years. All of the quarterly rates depicted in Figure 25 are subject to future revisions by BEA.



Source: U.S. Bureau of Economic Analysis



Source: U.S. Bureau of Economic Analysis