



ECONOMY AT A GLANCE

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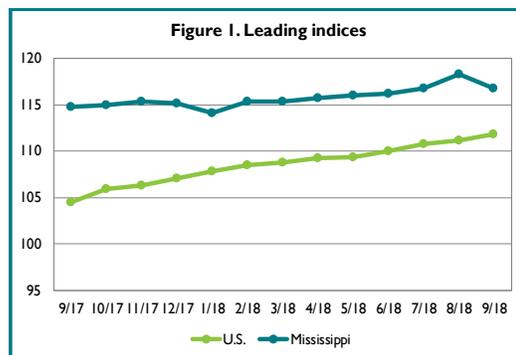
The value of the Mississippi Leading Index (MLI) decreased 1.3 percent in September as seen in Figure 1 below. The decline was the first since January. The value of the MLI was 1.7 percent higher for the month compared to one year ago.

Figure 2 indicates the value of the Mississippi Coincident Index (MCI) increased 0.1 percent in September. The value for the month was 2.2 percent higher compared to one year ago.

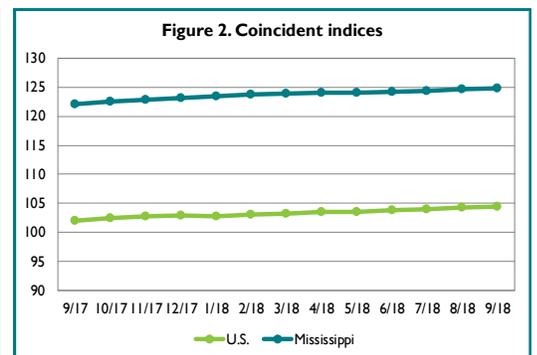
The U.S. Bureau of Economic Analysis (BEA) reported in its initial estimate of the change in U.S. real gross domestic product (GDP) in the third quarter of 2018 an increase of 3.5 percent. The second quarter estimate remained an increase of 4.2 percent. The decrease from the previous quarter primarily resulted from fewer exports and a decline in non-

residential fixed investment. Consumer spending increased in the third quarter at its highest rate in almost four years.

The MLI had its worst performance of 2018 in September as the value declined more than 1.0 percent for the month. Losses were broad-based and led by withholdings, which gave back most of its relatively large gain in August. Building permits also drove the MLI lower as the measure experienced its largest monthly decline in over a year. However, employment in the state increased in September and initial unemployment claims moved closer to historical lows. Thus, while the gains in the MLI in August were largely erased in September, areas of the Mississippi economy still exhibited growth. If the volatility in the data of the past two months proves transitory, then 2018 can end with moderate growth for the year.



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 work-week 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.

Photo credit: "Cooper Falls, Tishomingo County, Mississippi" by Natchez Trace Parkway, U.S. National Parks Service available at https://www.fhwa.dot.gov/byways/uploads/asset_files/000/000/272/12-Tishomingo_CooperFalls.jpg. Public domain.

MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, SEPTEMBER 2018

After five consecutive months of increases the value of the **Mississippi Leading Index of Economic Indicators** (MLI) fell 1.3 percent in September as seen in Figure 3. The decline gave back the gain of the previous month and marked the largest monthly decrease since August 2010. The value for September was 1.7 percent higher compared to one year ago. Over the last six months the value of the MLI increased 1.2 percent.

Five of the seven components of the MLI decreased in value in September. The largest decline was in the value of income tax withholdings. Each component is discussed below in order of smallest to largest contribution.

Figure 4 indicates the value of **Mississippi income tax withholdings** (three-month moving average) fell 3.3 percent in September. Following the outsized increase of August, the decline was the largest monthly decrease since January 2016. Nevertheless, the value for the month was 1.5 percent higher compared to one year ago. Over the last six months the value of withholdings increased 0.8 percent.

After five consecutive months of increases the value of **Mississippi residential building permits** (three-month moving average) fell 8.1 percent in September as seen in Figure 5. The value for the month was 5.5 percent lower compared to one year ago, the first year-over-year decline since May. Similarly, the seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi fell 6.3 percent in September. The number of units for the month was down 3.9 percent compared to one year ago. The number of privately-owned housing units in the U.S. authorized by building permits in September fell 0.6 percent from the revised August value. The number of units in the U.S. in September was 1.0 percent lower compared to one year ago. Neither decrease was statistically significant, however.

For the third time in the last four months the value of the **ISM Index of U.S. Manufacturing Activity** decreased in October. As seen in Figure 6, the value declined 3.5 percent for the month. The value was 1.4 percent lower in October compared to one year ago. Supplier Deliveries was the only one of the five components of the Index that increased in October; the largest decrease occurred in the New Orders component. Notably, the value of the prices paid index increased in October for the first time since May.

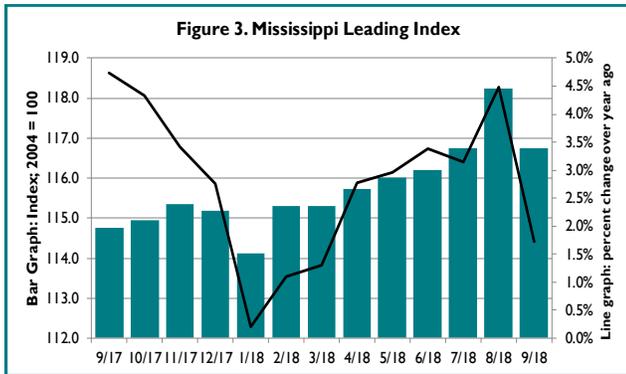
As seen in Figure 7 the value of the **Mississippi Manufacturing Employment Intensity Index** fell 1.1 percent in September, its sixth decline in the last seven months. Compared to one year ago the value in September was down 2.6 percent, the largest year-over-year decrease since January. While Manufacturing employment in the state grew in September, average weekly hours of production employees fell to its lowest level since January, which more than offset the increase in employment.

For the eighth consecutive month the value of **U.S. retail sales** increased in September as seen in Figure 8. The value increased 0.1 percent from the previous month and was 4.7 percent higher in September compared to one year earlier. The August value was revised down slightly. The largest increases occurred in furniture and home furnishings and nonstore retailers. The largest decrease for the month occurred in food service and drinking places, and the only other segment that declined in September was gasoline stations. The decreases in these segments may have resulted at least in part from the effects of Hurricane Florence on the Southeast in September.

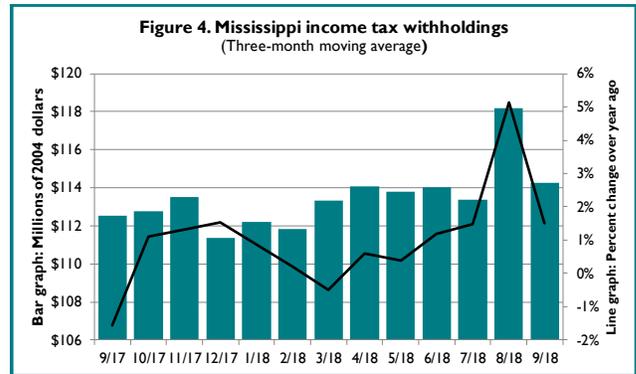
Figure 9 indicates the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) increased in September for the second consecutive month. For the month the value increased 0.8 percent. The September value was 1.6 percent higher compared to one year ago. In the most recent survey the share of consumers who believe the country will have continuous good times over the next twelve months fell slightly. Short-term (twelve-month) inflation expectations increased in the most recent survey while long-term (five-to ten-year) expectations fell from the previous month.

The value of seasonally-adjusted **initial unemployment claims** in Mississippi fell 12.2 percent in September as seen in Figure 10. The value represents the lowest number of claims in the state since September 1973. The value for the month was down 29.4 percent compared to one year ago. Figure 14 on page 6 indicates the value of seasonally-adjusted continued unemployment claims in Mississippi increased 0.5 percent in September. The number of continued unemployment claims in Mississippi for the month was down 22.0 percent compared to one year ago. The seasonally-adjusted unemployment rate in Mississippi held steady in September at 4.8 percent as seen in Figure 15 on page 6. The unemployment rate for the state in September was 0.2 percentage point lower compared to one year ago.

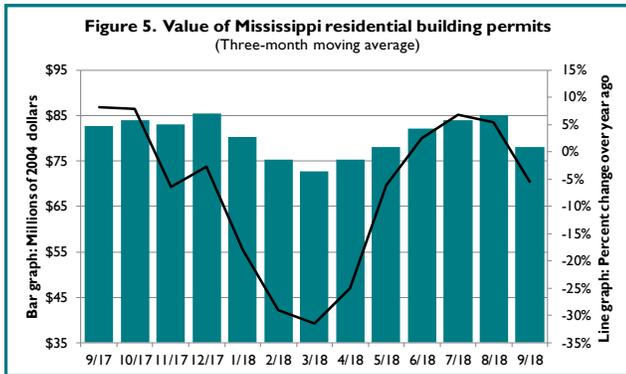
MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



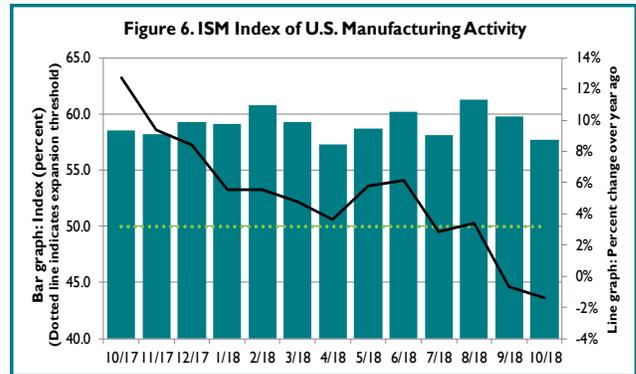
Source: University Research Center



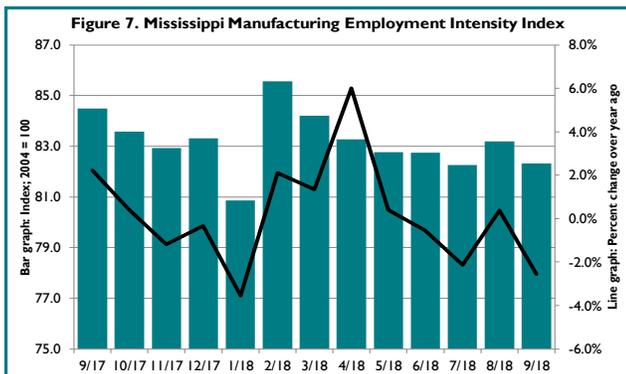
Source: Mississippi Department of Revenue; seasonally adjusted



Source: U.S. Bureau of the Census; seasonally adjusted



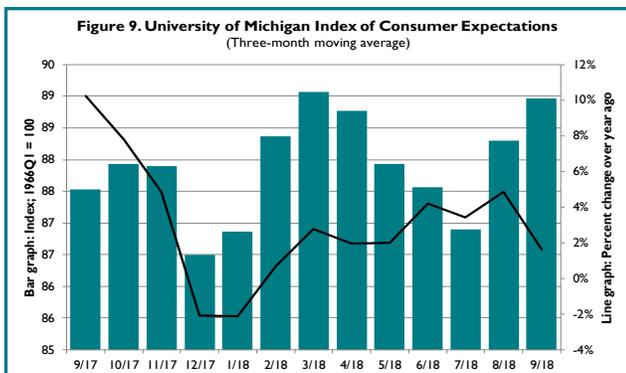
Source: Thomson Reuters/University of Michigan Surveys of Consumers



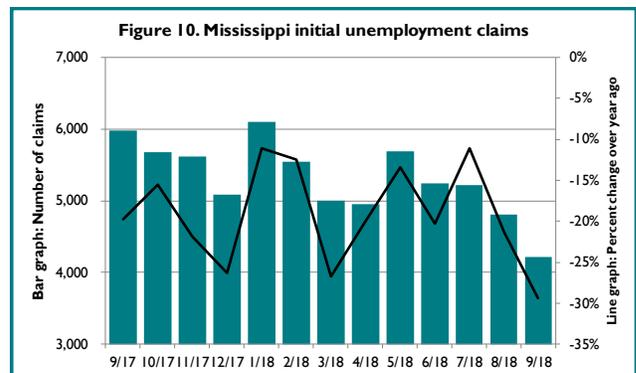
Source: URC using data from U.S. Bureau of Labor Statistics



Source: U.S. Bureau of the Census



Source: Institute for Supply Management



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

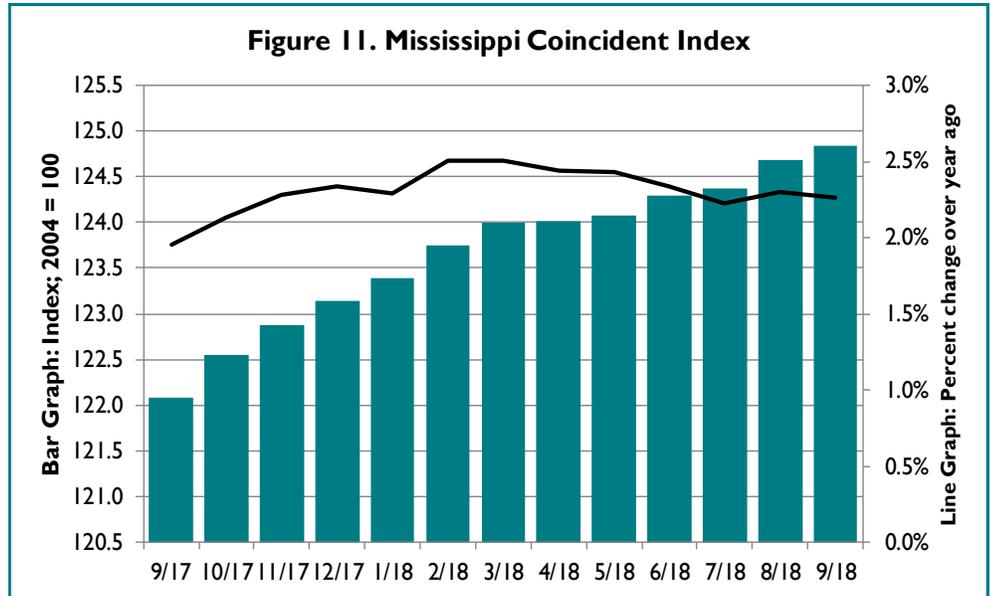
MISSISSIPPI'S BUSINESS

MISSISSIPPI COINCIDENT INDEX, SEPTEMBER 2018

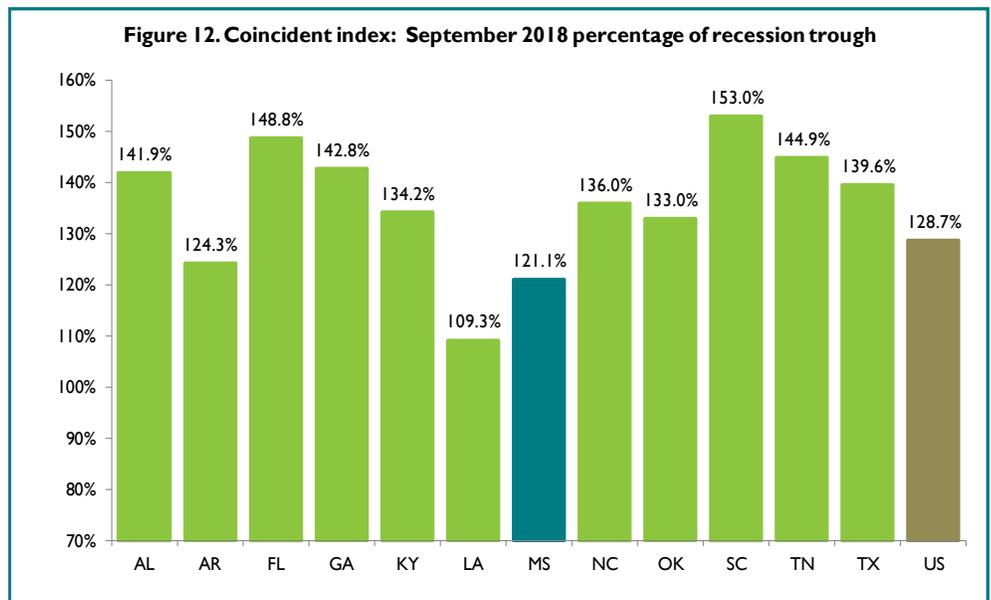
The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** edged higher by 0.1 percent in September according to the Federal Reserve Bank of Philadelphia. As seen in Figure 11 the value of the MCI for the month was 2.2 percent higher compared to one year ago.

As of September the smallest increase in the value of a coincident index from its recession trough among southeastern states was in Louisiana as seen in Figure 12. This value fell 0.1 percent from the previous month. The second-smallest increase in the value of a coincident index from its recession trough among southeastern states in September again occurred in Mississippi. The value rose 0.2 percentage point from the previous month to 21.1 percent. Once again Arkansas was the only other state in the Southeast where the value of its coincident index was up less than 30.0 percent from its respective recession trough as of September. South Carolina maintained the largest increase in the value of a coincident index from its recession trough among southeastern states in September, as the coincident index was up 53.0 percent.

In September the values of the coincident indices increased in forty-four states compared to three months prior as seen in Figure 13 on page 5. In ten states including Mississippi the values of the coincident indices increased by less than 0.5 percent. The values of the coincident indices increased by more than 0.5 percent in September compared to June in thirty-four states. As in the previous month Maine was the only



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia; URC calculations

state where the coincident index fell by more than 0.5 percent compared to three months prior.

NATIONAL TRENDS

The Conference Board reported the value of the U.S. Leading Economic Index (LEI) climbed 0.5 percent in September as seen in Figure 1 on page 1. The value of the LEI was up 7.0 percent for the month compared to one year ago. Eight of the ten components of the LEI increased in value for the month, led by average consumer expectations for business conditions. Over the last six months the LEI increased in value by 2.8 percent.

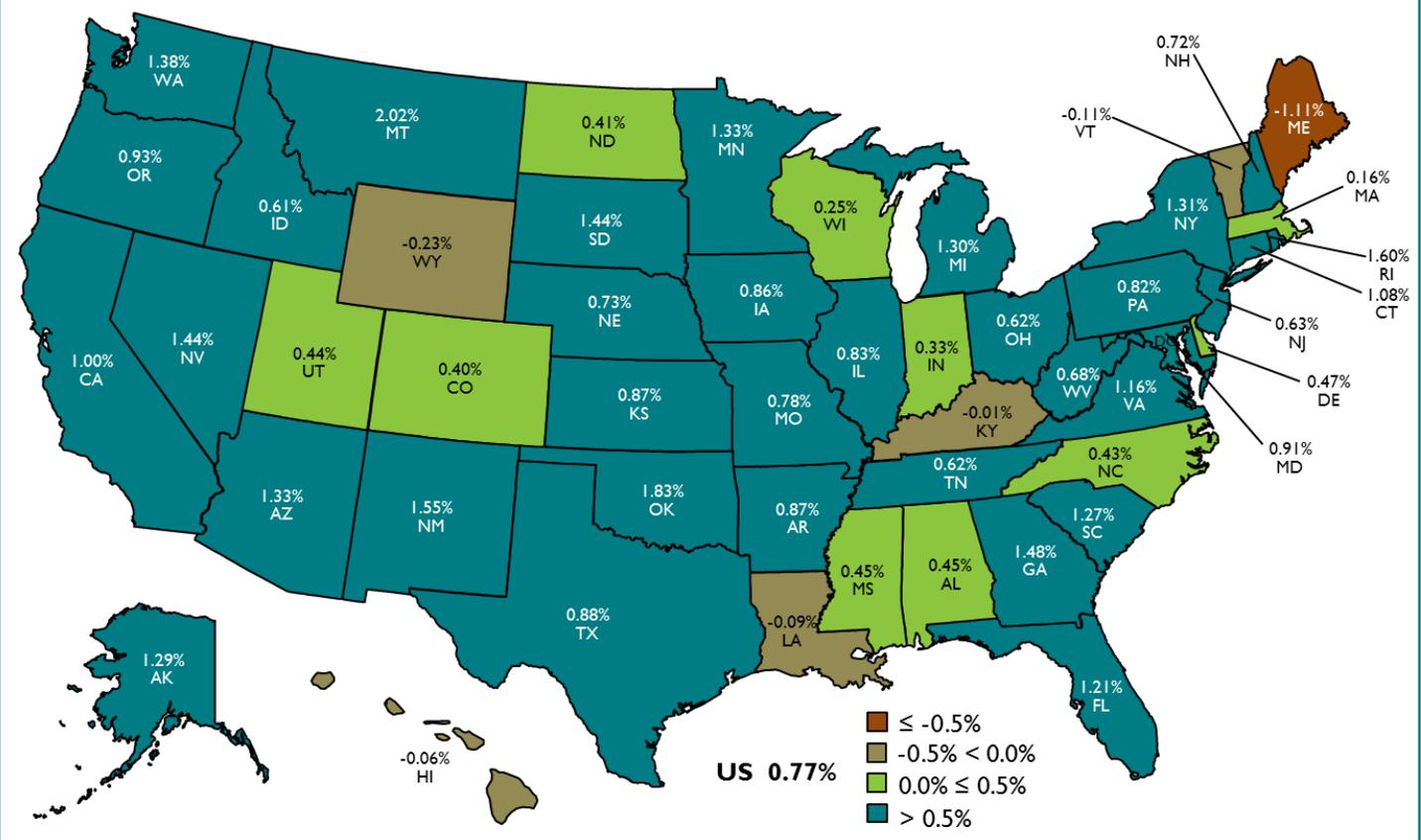
The value of the U.S. Coincident Economic Index (CEI) rose 0.1 percent in September according to The Conference Board. As Figure 2 on page 1 indicates the value of the CEI was 2.4 percent higher for the month compared to one year ago. In September all four components of the CEI increased and the largest contributor was personal income less transfer payments. The value of the CEI rose 1.1 percent over the last six months.

Figure 20 on page 6 indicates in September the National Federation of Independent Businesses (NFIB) Small Business Optimism Index gave back all of its gains of the previ-

ous month and returned to its July level. Nevertheless, the value of the Index remains at a relatively high level. The value fell 0.8 percent for the month but was 4.8 percent higher compared to one year ago. Most components of the Index fell in September, and the largest decline occurred in the “plans to increase inventories” component. The “expect real sales higher” and “current inventory” components both increased, however. The “plans to raise prices” component was unchanged for the fifth straight month.

The Federal Open Market Committee (FOMC) is widely expected to raise the federal funds rate target by 0.25 basis points at its December meeting, which would mark the fourth such increase of 2018. Despite receiving some criticism that additional rate increases may stifle economic growth, the Federal Reserve continues to signal it intends to gradually push interest rates up to about 3.0 percent. The Fed views this rate as “neutral” in the sense that it neither stimulates nor inhibits economic growth.

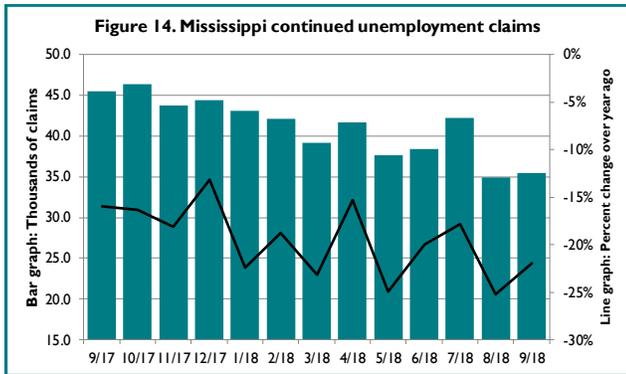
Figure 13. Three-month growth in the coincident index of economic indicators by state, September 2018



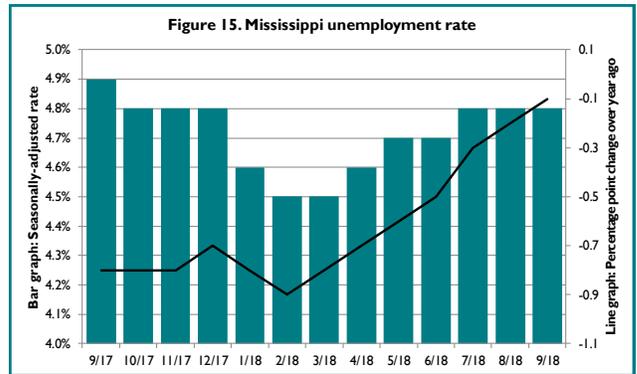
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

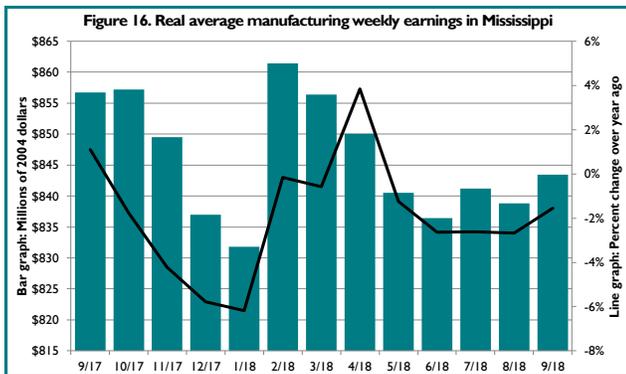
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



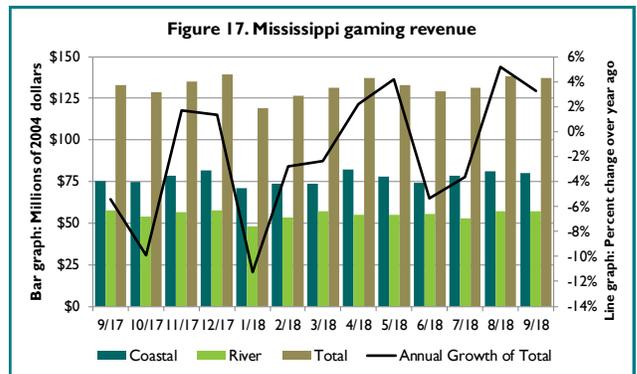
Source: U.S. Department of Labor; seasonally adjusted



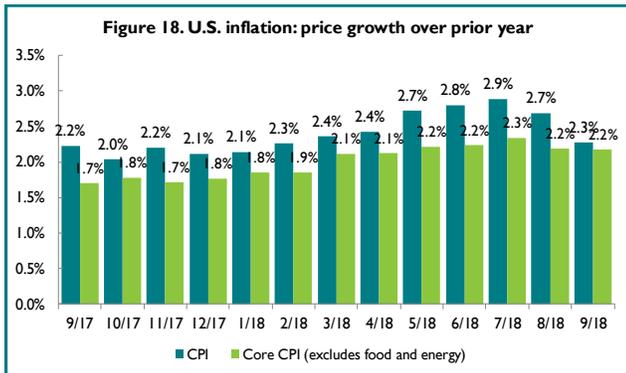
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



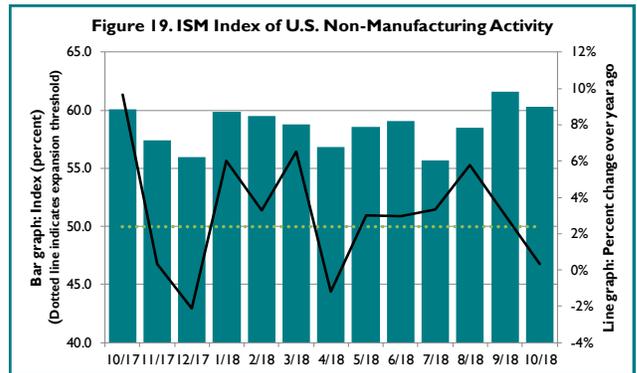
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



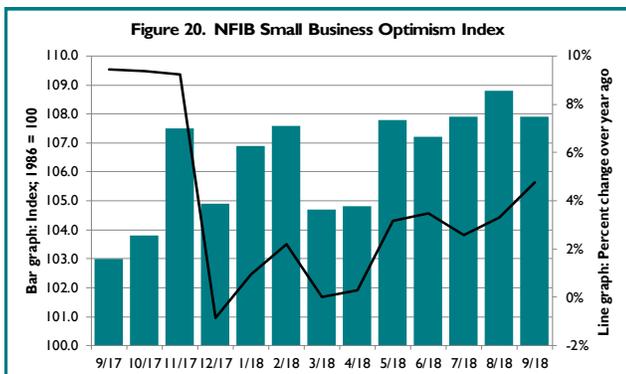
Source: Mississippi Department of Revenue; seasonally adjusted



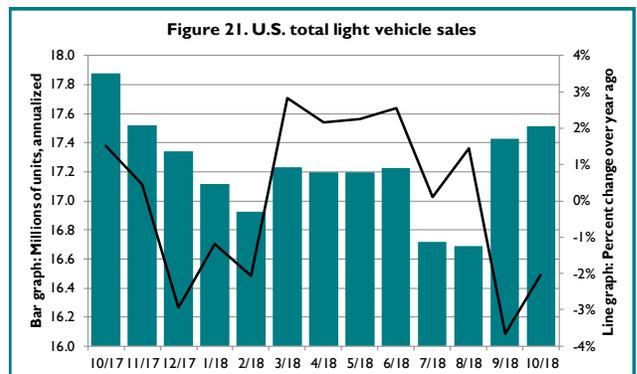
Source: U.S. Bureau of Labor Statistics



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	
	2018	2018	2017	August 2018	September 2017
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	111.8	111.2	104.5	▲0.5%	▲7.0%
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	104.4	104.3	102.0	▲0.1%	▲2.4%
Mississippi Leading Index 2004 = 100. Source: University Research Center	116.7	118.3	114.8	▼1.3%	▲1.7%
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	124.8	124.7	122.1	▲0.1%	▲2.2%
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	4,221	4,810	5,976	▼12.2%	▼29.4%
Value of Mississippi residential building permits Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Bureau of the Census	78.2	85.0	82.7	▼8.1%	▼5.5%
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	114.2	118.2	112.5	▼3.3%	▲1.5%
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	82.3	83.2	84.5	▼1.1%	▼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	89.0	88.3	87.5	▲0.8%	▲1.6%
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	57.7	59.8	58.5	▼3.5%	▼1.4%
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	509.0	508.5	486.2	▲0.1%	▲4.7%
U.S. Consumer Price Index (CPI)	133.4	133.3	130.4	▲0.1%	▲2.3%
U.S. Core CPI (excludes food and energy) 2004 = 100. Source: URC using data from Bureau of Labor Statistics	131.4	131.3	128.6	▲0.1%	▲2.2%
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	4.8%	4.8%	5.0%	◆0.0	▼0.2
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	35,470	34,964	45,460	▲1.4%	▼22.0%
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	60.3	61.6	60.1	▼2.1%	▲0.3%
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	4.77%	4.65%	3.91%	▲0.12	▲0.86
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.84	20.34	20.42	▲2.5%	▲2.1%
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	843.48	838.80	856.73	▲0.6%	▼1.5%
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	107.9	108.8	103.0	▼0.8%	▲4.8%
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.51	17.43	17.88	▲0.5%	▼2.0%
Gaming revenue	137.2	138.2	132.9	▼0.7%	▲3.3%
Coastal counties	80.2	81.0	75.3	▼0.9%	▲6.5%
River counties	57.0	57.2	57.6	▼0.3%	▼0.9%
Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue					

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

The Mississippi economy added 600 jobs in September according to the U.S. Bureau of Labor Statistics (BLS). Total nonfarm employment rose 0.1 percent for the month as seen in Table 2 below. Total employment in Mississippi was 1.8 percent higher in September compared to one year ago; in four of the last five months the state added jobs.

Georgia was the only state with a statistically significant increase in total nonfarm employment in September according to BLS. The state added 15,000 jobs for the month, an increase of 0.3 percent. Statistically significant decreases in employment occurred in three states in September: North Carolina, South Carolina, and Kansas. North Carolina lost the most jobs at 21,900 while the largest percentage decrease in employment of 0.7 percent occurred in South Carolina. The Carolinas were the area primarily impacted by Hurricane Florence in September.

BLS reported higher employment in thirty-seven states in September compared to one year ago. Florida, Texas, and California added the most jobs over the last year among all states. The largest percentage increase in employment in September compared to one year ago occurred in Florida, where employment rose 4.8 percent.

The most jobs added among all sectors in Mississippi in September occurred in Health Care and Social Assistance, which added 1,300 jobs. Employment in Government also increased by 1,000 jobs. Educational Services experienced the largest percentage increase in employment in September of 1.7 percent, a gain of 200 jobs. The largest decrease in employment among all sectors in September occurred in Financial Activities, which lost 800 jobs. The Arts and Entertainment sector experienced the largest percentage decrease in employment in September of 2.1 percent, a loss of 200 jobs.

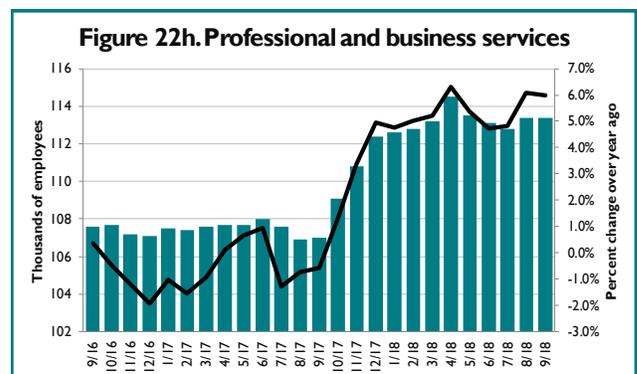
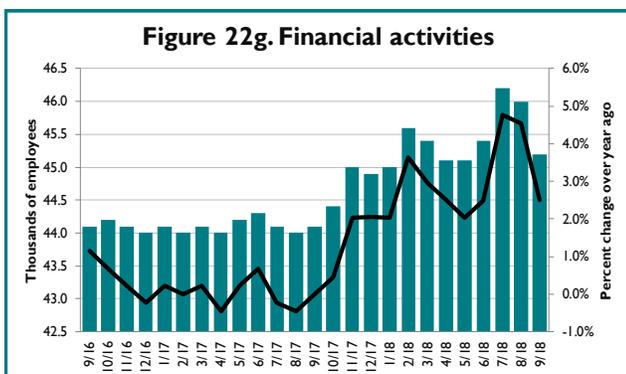
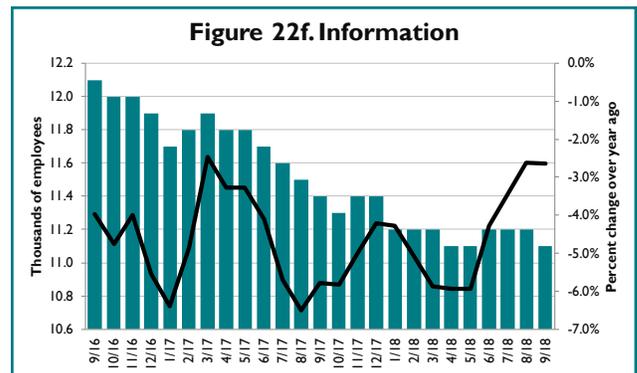
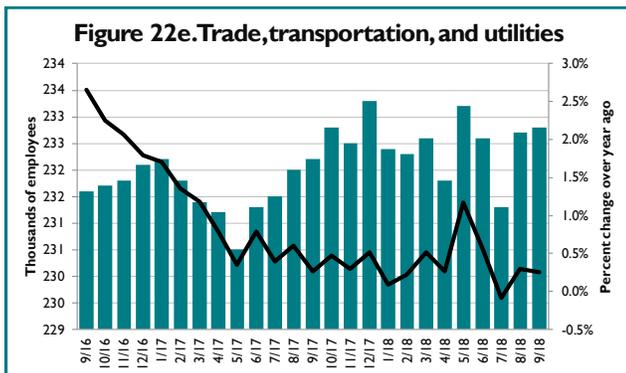
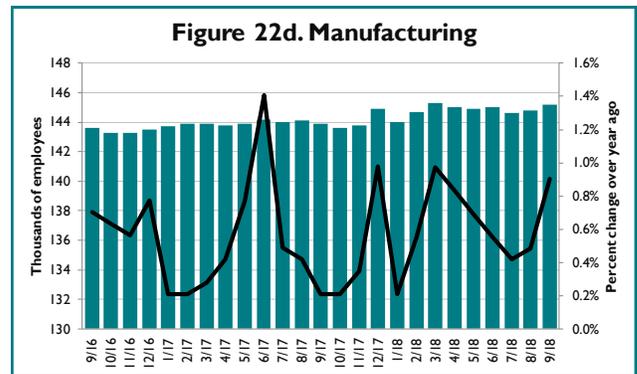
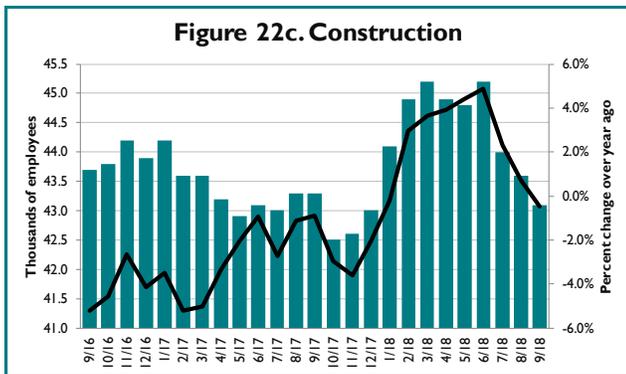
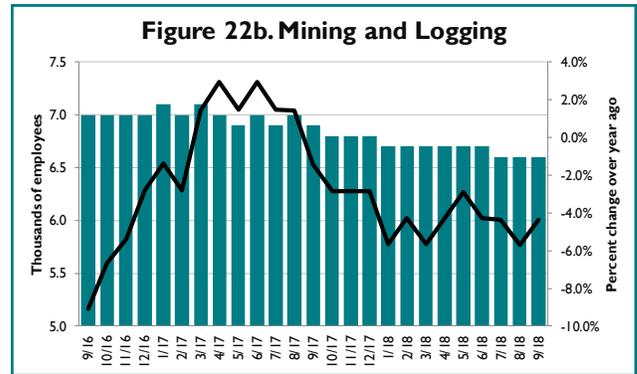
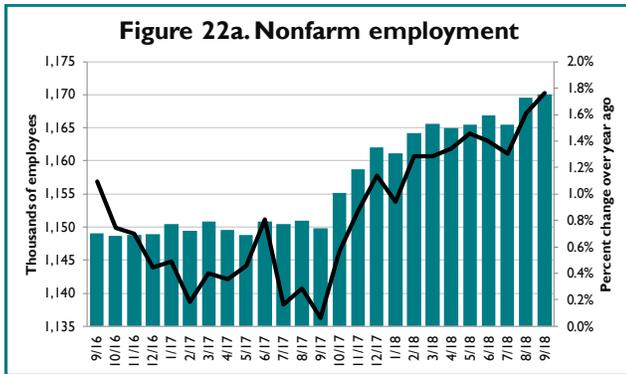
Professional and Business Services once again added the most jobs among all sectors over the past year as of September, as employment in the sector was up by 6,400 jobs. The largest percentage increase in employment over the last twelve months of 6.0 percent also occurred in this sector. The most jobs lost among all sectors compared to one year ago as of September again occurred in the Retail Trade subsector, which was down by 600 jobs. Mining and Logging experienced the largest percentage decrease in employment for the month compared to one year ago of 4.3 percent. Employment in the state in Construction, Information, and Arts and Entertainment was also down compared to one year ago as of September.

Table 2. Change in Mississippi employment by industry, September 2018

	Relative share of total ^a	September 2018	August 2018	September 2017	Change from August 2018		Change from September 2017	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,170,100	1,169,500	1,149,800	▲600	▲0.1%	▲20,300	▲1.8%
Mining and Logging	0.6%	6,600	6,600	6,900	◀0	◀0.0%	▼300	▼4.3%
Construction	3.8%	43,100	43,600	43,300	▼500	▼1.1%	▼200	▼0.5%
Manufacturing	12.4%	145,200	144,800	143,900	▲400	▲0.3%	▲1,300	▲0.9%
Trade, Transportation & Utilities	20.0%	232,800	232,700	232,200	▲100	0.0%	▲600	▲0.3%
Retail Trade	12.1%	140,600	140,500	141,200	▲100	▲0.1%	▼600	▼0.4%
Information	1.0%	11,100	11,200	11,400	▼100	▼0.9%	▼300	▼2.6%
Financial Activities	3.9%	45,200	46,000	44,100	▼800	▼1.7%	▲1,100	▲2.5%
Services	37.5%	440,900	440,400	425,600	▲500	▲0.1%	▲15,300	▲3.6%
Professional & Business Services	9.7%	113,400	113,400	107,000	◀0	◀0.0%	▲6,400	▲6.0%
Educational Services	1.1%	12,300	12,100	12,200	▲200	▲1.7%	▲100	▲0.8%
Health Care and Social Assistance	11.5%	135,700	134,400	132,700	▲1,300	▲1.0%	▲3,000	▲2.3%
Arts and Entertainment	0.8%	9,200	9,400	9,300	▼200	▼2.1%	▼100	▼1.1%
Accommodation and Food Services	11.0%	129,600	130,100	123,900	▼500	▼0.4%	▲5,700	▲4.6%
Other Services	3.5%	40,700	41,000	40,500	▼300	▼0.7%	▲200	▲0.5%
Government	20.9%	245,200	244,200	242,400	▲1,000	▲0.4%	▲2,800	▲1.2%

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

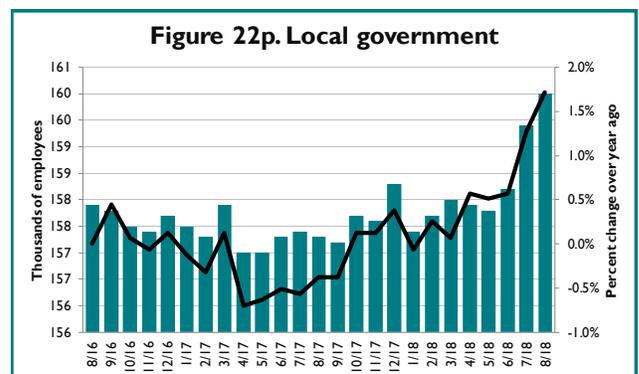
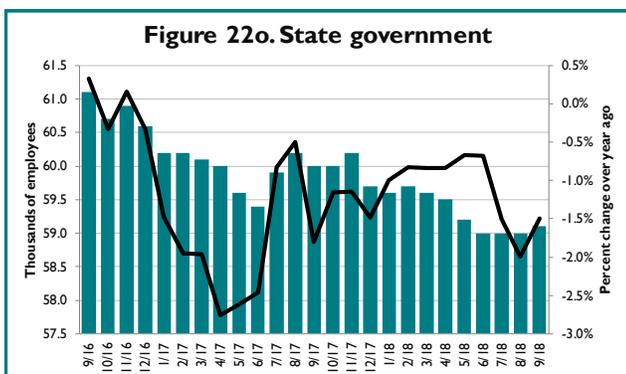
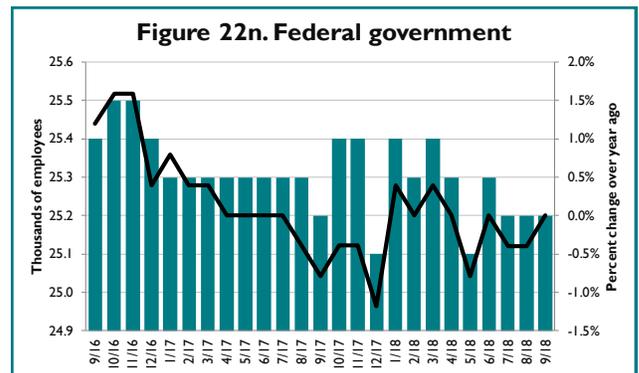
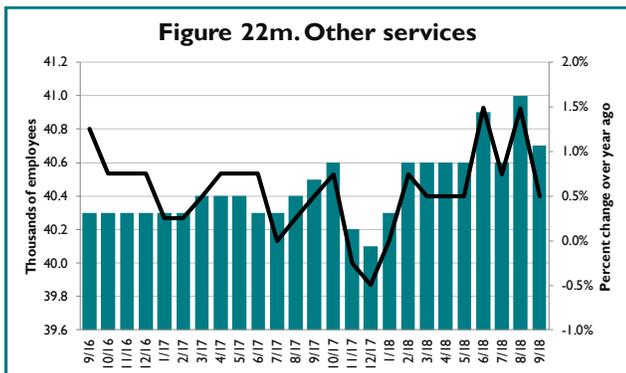
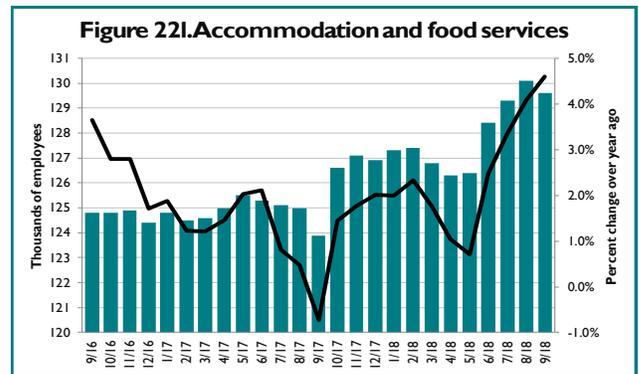
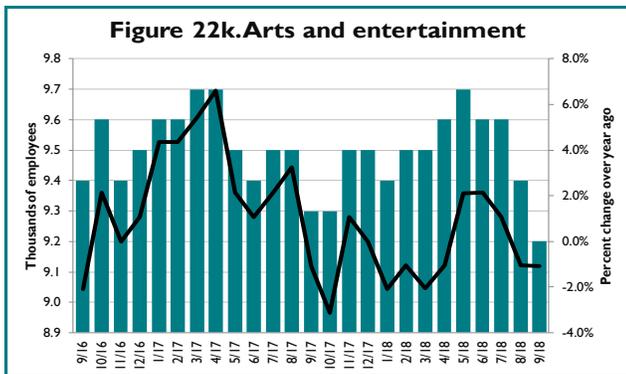
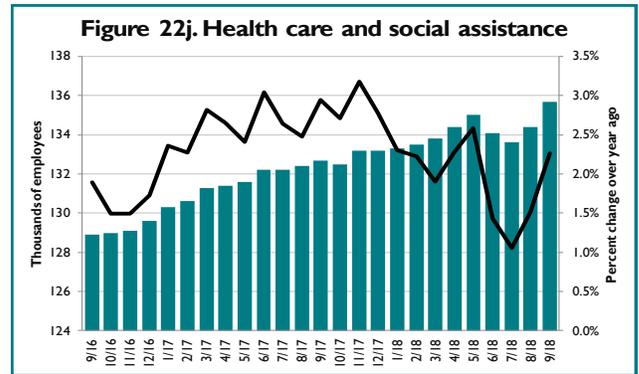
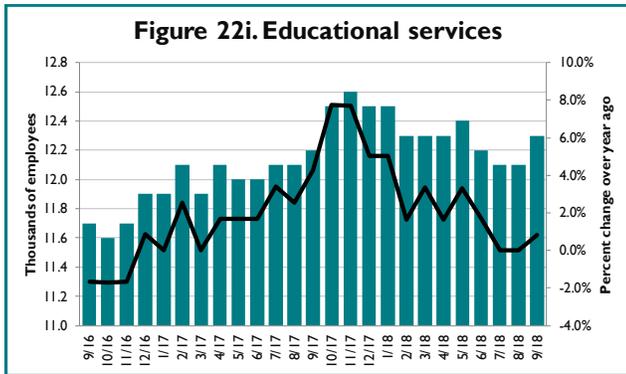
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

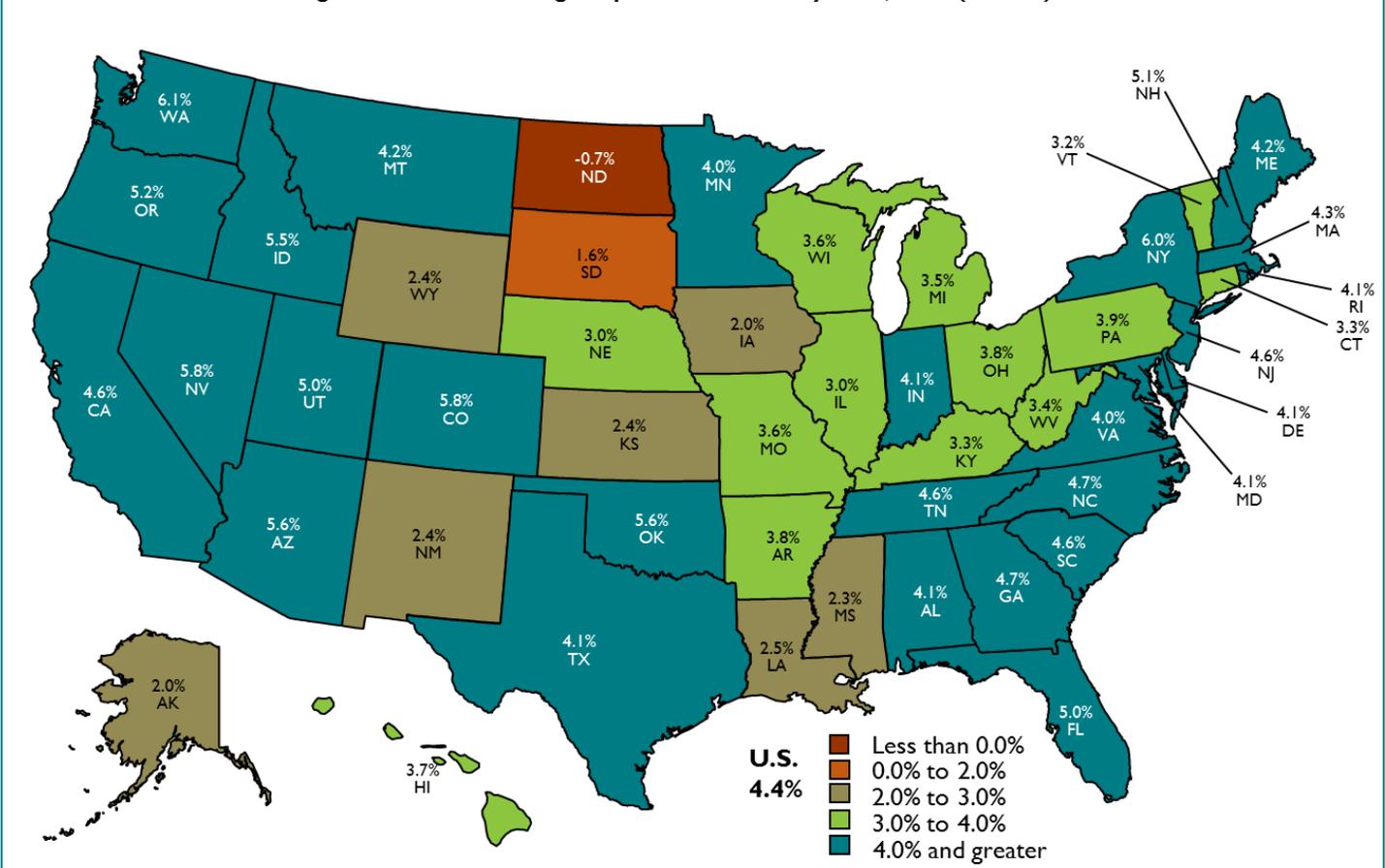


Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

REVISIONS TO PERSONAL INCOME FOR 2017

In late September the U.S. Bureau of Economic Analysis (BEA) released revisions to the annual estimates of state personal income for 2017. BEA incorporated more complete and detailed data than were available when its initial estimates were released, updated seasonal factors, and a comprehensive update of the National Income and Product Accounts from earlier this year. The April 2018 issue of *Mississippi's Business* reported the initial estimates released in March. The revised estimates have not been adjusted for inflation and therefore differ from BEA's estimates of the change in real income reported in the June 2018 issue, which were for 2016. The change in personal income in Mississippi for 2017 remained 2.3 percent, unchanged from the initial estimate in March. BEA reduced the estimate of the change in personal income in Mississippi for 2016 as a result of the revisions, down from 2.1 percent to 1.9 percent. In its September revisions BEA increased the estimates of the change in personal income in 2017 for forty-seven states. As a result the change in personal income for the U.S. for 2017 rose 1.3 percentage point from the March estimate to 4.4 percent. Other than the unchanged estimate for Mississippi, the estimates of the change in personal income were reduced for Louisiana and North Dakota. Figure 23 below indicates Mississippi was one of seven states that experienced increases in personal income in 2017 of 2.0 percent up to 3.0 percent. The smallest increase of 1.6 percent occurred in South Dakota. Thirteen states experienced increases in personal income ranging from 3.0 percent up to 4.0 percent, and in twenty-eight states personal incomes rose more than 4.0 percent. BEA reported increases in personal income of 5.0 percent or more in eleven states. The largest gain among all states was the 6.1 percent increase in Washington, closely followed by the 6.0 percent increase in New York.

Figure 23. Percent change in personal income by state, 2017 (revised)



Source: U.S. Bureau of Economic Analysis

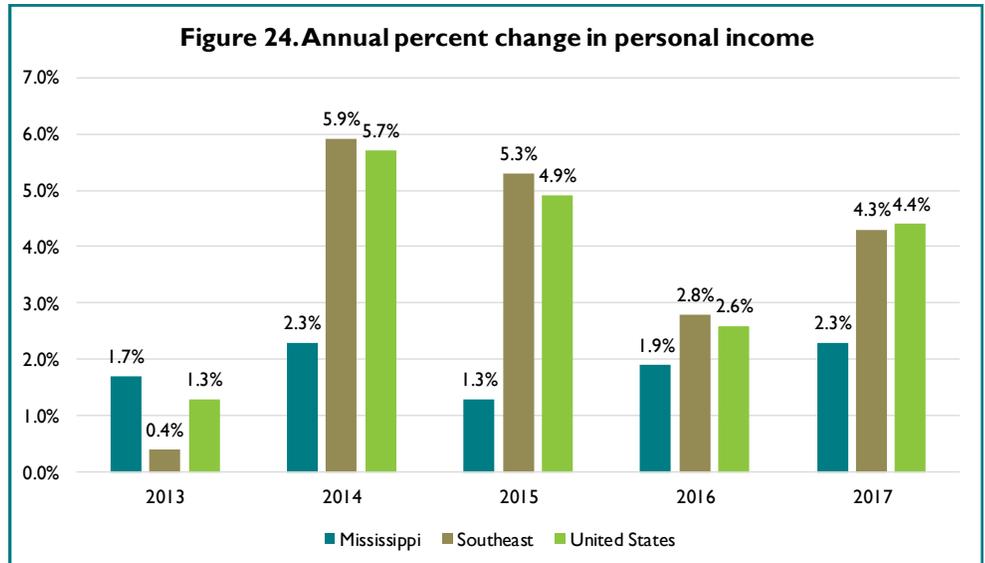
MISSISSIPPI'S BUSINESS

REVISIONS TO PERSONAL INCOME FOR 2017, CONTINUED

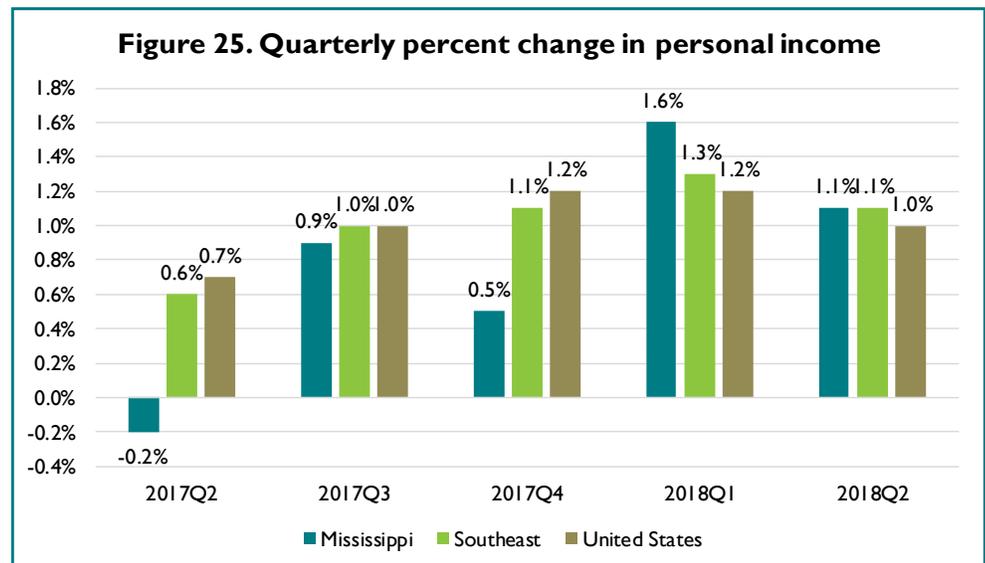
Figure 24 depicts the annual percent change in personal income for each of the last five years for Mississippi, the Southeast[†], and the U.S. according to BEA. Personal income growth in Mississippi exceeded the Southeast and the U.S. rate only in 2013 during this period. The rates for the U.S. and Southeast were more than 1.0 percentage point higher than the rate for Mississippi in each of the other years. The rates of personal income growth in the Southeast and the U.S. exceeded the rate of personal income growth in Mississippi by more than 3.0 percentage point in both 2014 and 2015. The rate of growth in personal income in Mississippi last reached 3.0 percent or more in 2012, a reflection of how relatively little income growth the state has experienced during the current economic expansion.

In its latest release BEA also reported its most recent 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 2017 through the second quarter of 2018 for Mississippi, the Southeast, and the U.S. The estimate for the second quarter of 2018 is preliminary. While income growth for the

fourth quarter of 2017 in Mississippi was less than half that of the Southeast or the U.S., in the first quarter of 2018 the rate of income growth in state exceeded that of the region and the nation. The increase of 1.6 percent in the first quarter of 2018 was the largest quarterly increase in personal income in Mississippi since the third quarter of 2013. In the second quarter of 2018 personal income in Mississippi grew at the same rate as the Southeast and slightly higher than the U.S. 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

[†]BEA defines "Southeast" as the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.