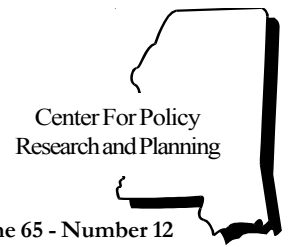


MISSISSIPPI'S BUSINESS



December 2007

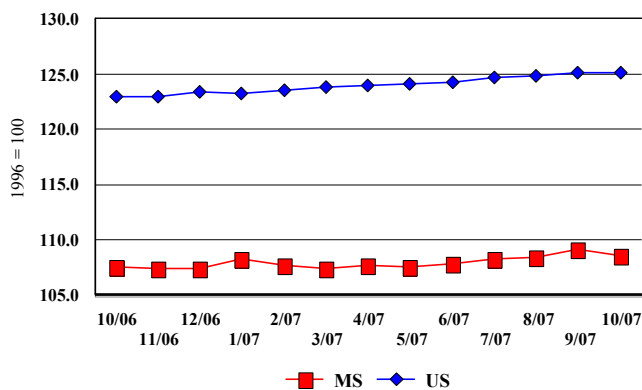
Monitoring the State's Economy

Volume 65 - Number 12

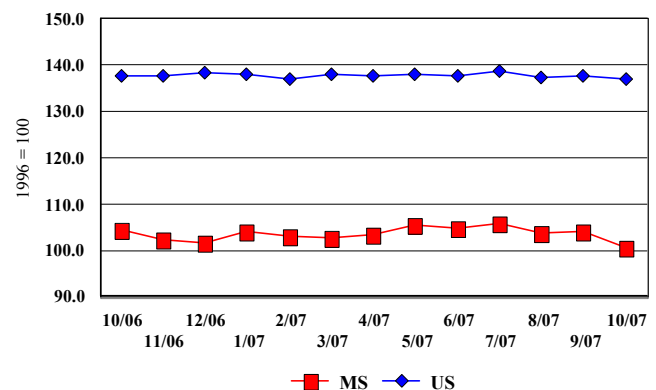
ECONOMY AT A GLANCE

Both the Mississippi Index of Coincident Economic Indicators and the Index of Leading Economic Indicators declined in October relative to September. The decline in the leading index was especially sharp and was broadly supported by all five components. The National Index of Leading Indicators declined as well while the national Index of Coincident Indicators held steady. The weakness of the housing industry is taking a toll on the economy. With the national economy slowing and the indices heading downward the state's economic outlook is for modest growth at best.

Index of Coincident Indicators



Index of Leading Indicators



MISSISSIPPI'S BUSINESS

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In This Issue

Economy at a Glance 1

Visit us on the web

<http://www.ihl.state.ms.us/urc/planning/econdept.htm>

The last twelve issues of Mississippi Business are available on our web site. On this web site you will also find copies of some of our other publications, including *Population Projections*, *Mississippi Economic Review and Outlook*, and *The Handbook of Selected Data*. You will also find links to other useful data sources.

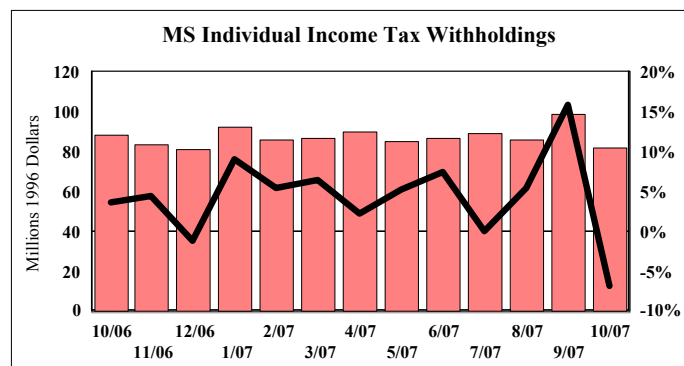
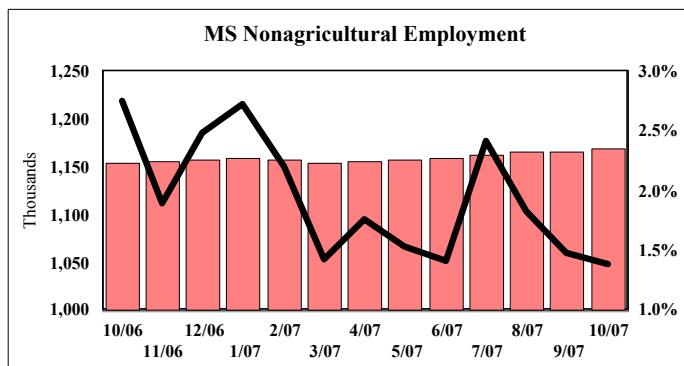
Coincident Indicators

The October Mississippi Index of Coincident Indicators was 108.5 or 0.6 percent below the revised September level. The decline erased the gain made in September. Despite the decline the series remains at an historically high level. This was the first decline since May 2007.

The decline in the coincident index was the result of falling individual income tax withholdings. The series fell 16.7 percent in October relative to September. The series had spiked upwardly in September. Smoothing the data reveals a gradual upward trend. It is too early to determine if the October decline will mark and end to that trend or is just a temporary dip.

Nonagricultural employment rose 0.3 percent in October relative to September. Employment in Mississippi is at an historically high level. The state added 3,485 jobs in October relative to September. The majority of these jobs were in the leisure and hospitality industry (1,665). Professional and business services accounted for 753 jobs while construction accounted for 722 jobs. Manufacturing employment has been fairly flat in recent months. In October the manufacturing industry lost 201 jobs, a modest decline. Rebuilding from Katrina remains the driving force behind much of the state's economic activity.

Mississippi Index of Coincident Indicator Components



NOTE:

The bar graphs above represent the seasonally adjusted monthly series and correspond to the left-hand axis. The line graphs represents the growth rate over the prior year's value and correspond to the right-hand axis.

SOURCES:

Mississippi Employment Security Commission.
Mississippi State Tax Commission.

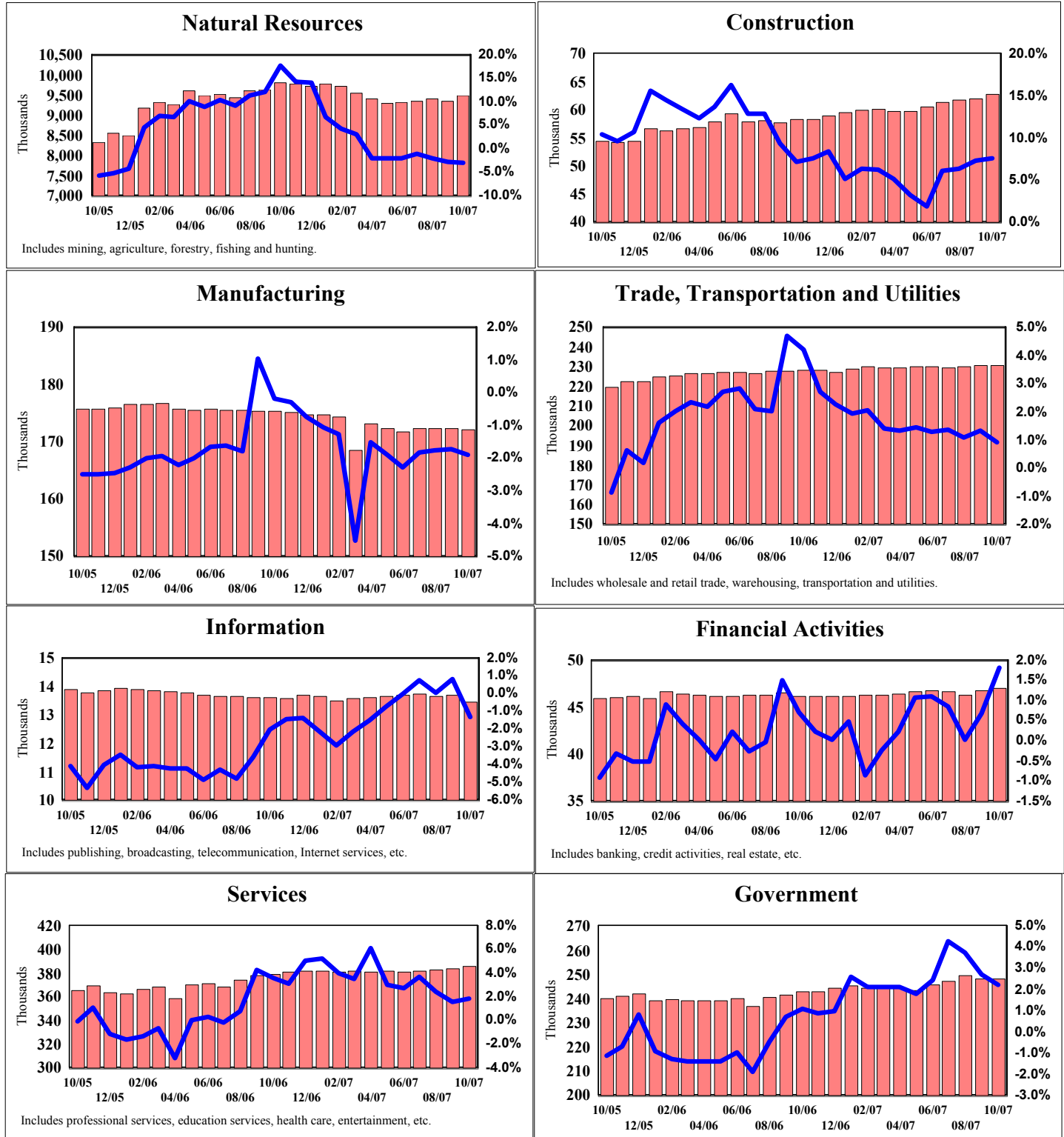
Mississippi Employment By Sector

	Seasonally Adjusted						
	October 2007	September 2007	October 2006	Change from Last Month		Change from Last Year	
				# of Emp.	%	# of Emp.	%
Non farm Employment	1,169,451	1,165,966	1,153,519	3,485	0.3%	15,932	1.4%
Natural Resources	9,504	9,352	9,804	152	1.6%	(300)	-3.1%
Construction	62,675	61,953	58,306	722	1.2%	4,369	7.5%
Manufacturing	172,020	172,221	175,382	(201)	-0.1%	(3,362)	-1.9%
Trade, Transportation and Utilities	230,500	230,695	228,446	(195)	-0.1%	2,054	0.9%
Retail	144,435	144,280	143,617	155	0.1%	818	0.6%
Information	13,443	13,702	13,626	(259)	-1.9%	(183)	-1.3%
Financial Activities	47,059	46,818	46,217	241	0.5%	842	1.8%
Services	385,484	383,665	378,401	1,819	0.5%	7,083	1.9%
Professional and Business Services	98,601	97,848	94,288	753	0.8%	4,313	4.6%
Education and Health Services	124,421	125,068	124,591	(647)	-0.5%	(170)	-0.1%
Leisure and Hospitality	125,162	123,497	122,342	1,665	1.3%	2,820	2.3%
Other Services	37,300	37,252	37,180	48	0.1%	120	0.3%
Total Government	248,081	247,971	242,662	110	0.0%	5,419	2.2%
Federal	26,008	26,235	26,180	(227)	-0.9%	(172)	-0.7%
State	59,743	59,629	58,884	114	0.2%	859	1.5%
Local	162,291	162,089	157,556	202	0.1%	4,735	3.0%

Data may not add due to rounding.

Source: Mississippi Department of Employment Security

Mississippi Employment Trends



NOTE:

The bar graphs above represent the seasonally adjusted monthly series and correspond to the left-hand axis. The line graphs represent the growth over the prior year's value and correspond to the right-hand axis.

SOURCE:

Mississippi Employment Security Commission.

Leading Indicators

The Mississippi index of Leading Economic Indicators fell 3.4 percent in October relative to September. The decline was significant. The October level of 100.6 is the lowest since April 2006. Additionally, the decline was broadly supported by all five components.

The strongest contributor to the decline in the leading index was the sharp drop in the value of residential building permits. This series fell an amazing 34.3 percent in the month of October relative to September. The series is at the lowest level since December 2002. Obviously, the housing market woes are being felt in Mississippi.

The trouble in the housing industry and the accompanying media coverage is a likely contributor to the 5.4 percent decline in the U.S. Index of Consumer Expectations. Rising fuel prices also contributed to the increased pessimism. Consumer expectations have trended downward throughout most of 2007. The October level is the lowest since August 2006.

Mississippi Manufacturing workweek length declined to 40.6 hours in October. The September level was 41.0 hours. This marks the first time the series has been below 41 hours since May 2007. Based on the workweek length, the state's manufacturing activity was strong during the summer months. The length peaked in July and has gradually declined since. The October level remains high by the standard of the past few years. The longer hours have not translated into new hires. As already indicated, employment among Mississippi manufacturers has been flat through the summer months.

The Institute for Supply Management (ISM) Index of U.S. Manufacturing Activity fell a slight 0.2 percent in November relative to October. The November ISM index is used in the October Index of Leading Economic Indicators. The ISM index of 50.8 remains above 50, indicating an expanding industry. The November index is the lowest since January 2007.

Initial unemployment claims increased 3.4 percent in October relative to September. The series had been

trending downward, falling five of the most recent seven months. The October increase is relatively small and could be a brief departure from the declining trend. Continued claims declined as well, breaking with the declining trend observed since May. The initial unemployment claims represent the number of individuals filing a claim for unemployment compensation and does not reflect the true number of people actually receiving benefits. The continued claims however, show those actually receiving benefits. The initial claims is considered an early signal for unemployment activity.

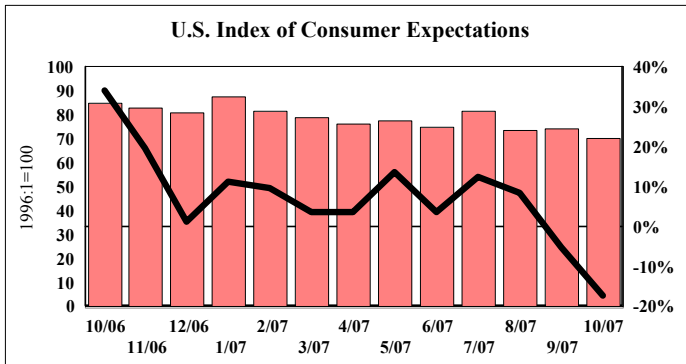
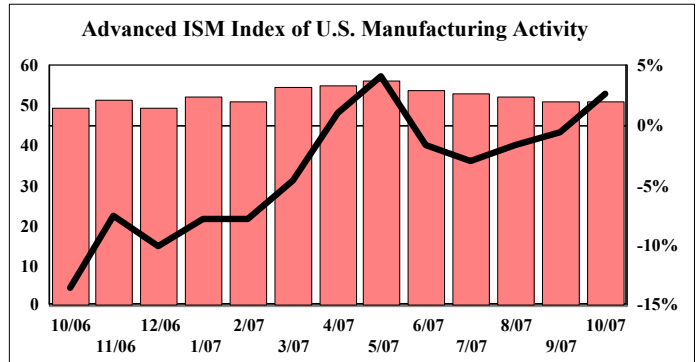
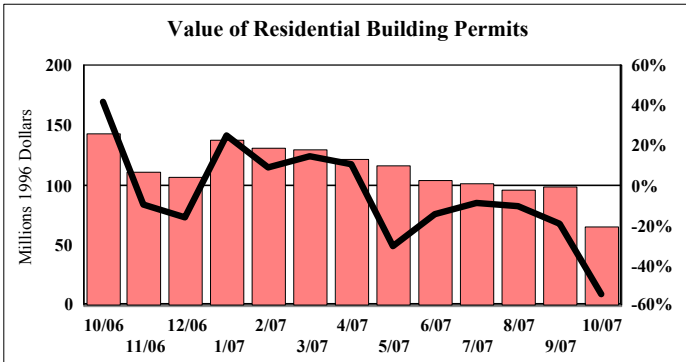
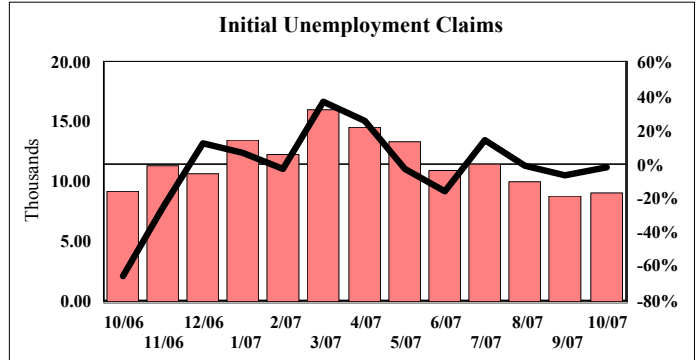
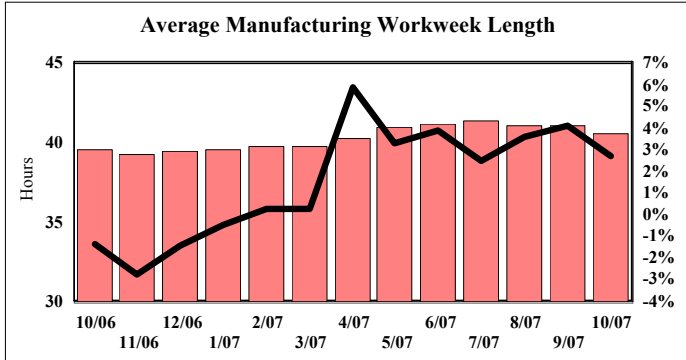
U.S. Economy

The U.S. Index of Coincident Indicators was unchanged in October relative to September. The series has experienced a general increase during 2007.

The Index of Leading Indicators fell a sharp 0.5 percent in October relative to September. The decline was widespread with most of the components contributing to the decline. As with the Mississippi index, declining building permits led the falling index. The index of leading indicators has been essentially flat through much of 2007. As of October, the series is basically at the level it was in August 2006.

The Conference Board views the indices as pointing to continued slow growth in the National economy. The economy remains at risk to economic weakness. Indeed this appears to be the attitude of the Fed which lowered the federal Funds rate by another 25 basis points to 4.25%. In lowering the rate, the Fed acknowledged a (1) slowing economy as a result of the housing correction, (2) softening in business and consumer spending and (3) increased strain in the financial markets. The Fed was less concerned with inflation, recognizing that core inflation has improved modestly in 2007.

Mississippi Index of Leading Indicator Components



NOTE:

The bar graphs above represent the seasonally adjusted monthly series and correspond to the left-hand axis. The line graph represents the growth rate over the prior year's value and corresponds to the right-hand axis.

SOURCES:

- Bureau of Labor Statistics.
- Bureau of the Census.
- The Conference Board.
- The Institute for Supply Management.

Quips and Quotes:

“Econometrics is the art of drawing a crooked line from an unproven assumption to a foregone conclusion”

-- Peter Kennedy

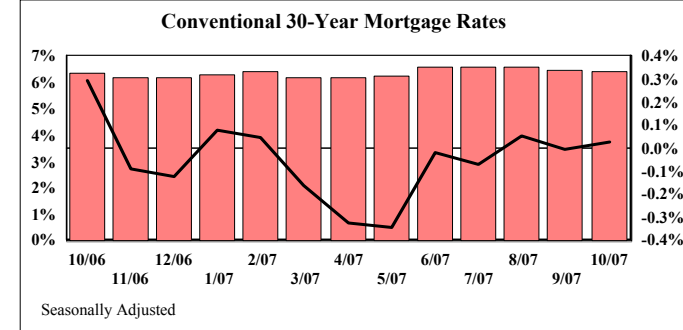
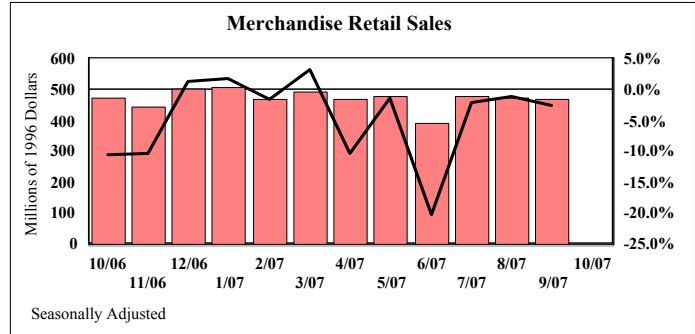
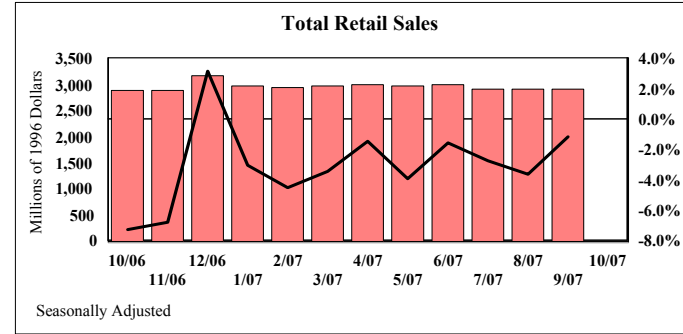
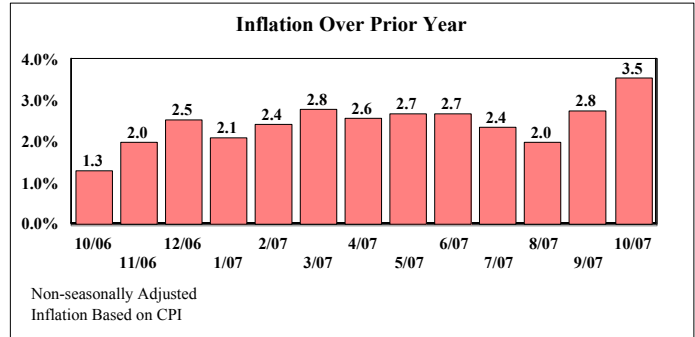
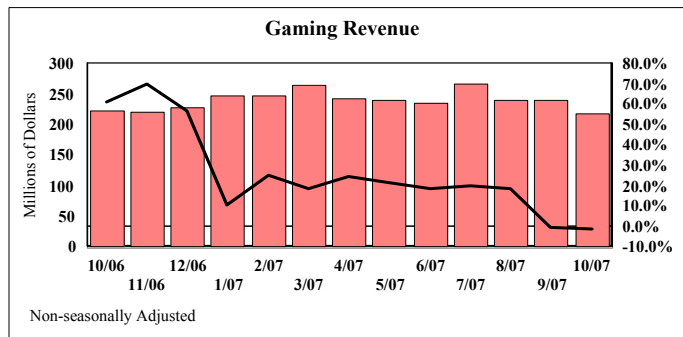
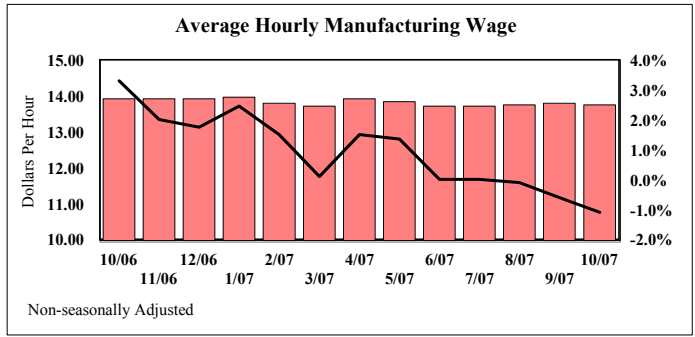
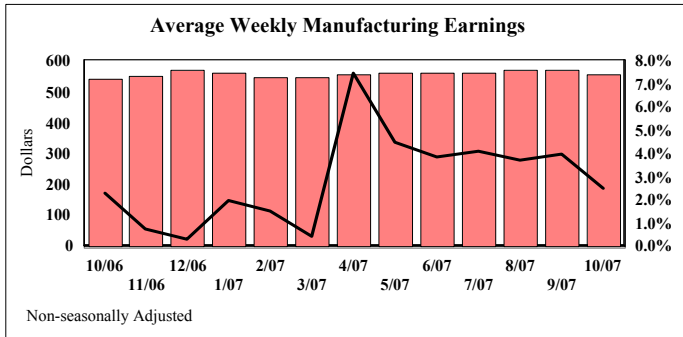
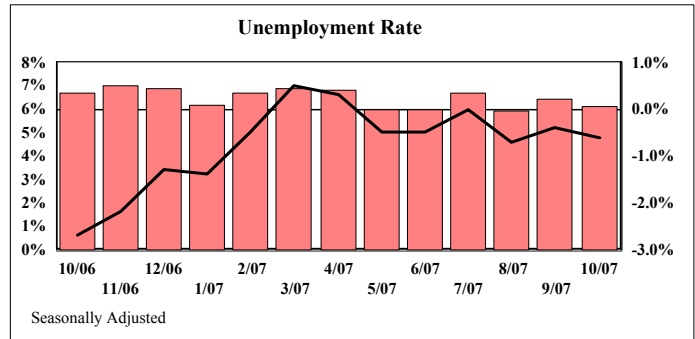
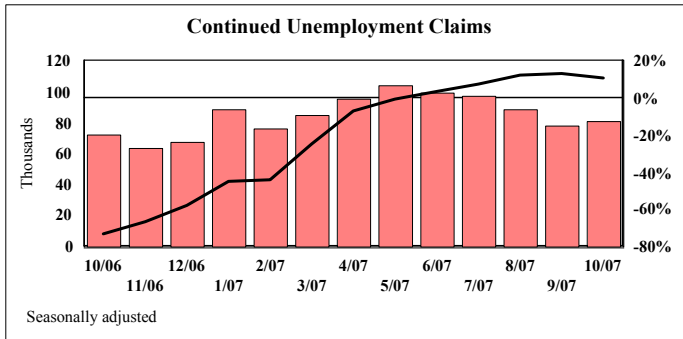
SELECTED MISSISSIPPI ECONOMIC INDICATORS

	October 2007	September 2007	October 2006	Percent Change From Last Month Last Year	
Coincident Indicator Index	108.5	109.2	107.5	-0.6%	1.0%
Nonagricultural Employment (thousands)	1,169.5	1,166.0	1,153.5	0.3%	1.4%
Individual Income Tax Withholdings (millions of 1996 \$)	82.0	98.5	88.1	-16.7%	-6.9%
Leading Indicator Index	100.6	104.2	104.4	-3.4%	-3.6%
Initial Unemployment Claims	9,029	8,730	9,166	3.4%	-1.5%
Value of Residential Building Permits (millions of 1996 \$)	64.5	98.2	143.4	-34.3%	-55.0%
Average Manufacturing Workweek Length (hours)	40.6	41.0	39.5	-1.1%	2.7%
Advanced ISM Index of U.S. Manufacturing Activity Index is advanced one month. Thus, the September index is reported for August.	50.8	50.9	49.5	-0.2%	2.6%
U.S. Index of Consumer Expectations	70.1	74.1	84.8	-5.4%	-17.3%
Miscellaneous					
Consumer Price Index U.S. (1996=100)	133.2	132.9	128.7	0.2%	3.5%
Unemployment Rate (percentage)					
Non-seasonally adjusted	5.9%	6.1%	6.1%	-0.2%	-0.2%
Seasonally adjusted	6.1%	6.4%	6.7%	-0.3%	-0.6%
Continued Unemployment Claims	80,343	78,128	72,315	2.8%	11.1%
Average Manufacturing Wage (Non-seasonally adjusted)					
Current Dollars per Hour	13.79	13.80	13.94	-0.1%	-1.1%
1996 Dollars per Hour	10.35	10.38	10.83	-0.3%	-4.5%
Average Weekly Manufacturing Earnings (Non-seasonally adjusted)					
Current Dollars	554.36	568.56	540.87	-2.5%	2.5%
1996 Dollars	416.16	427.74	420.39	-2.7%	-1.0%
U.S. Mortgage Rates (30-year conventional)	6.4%	6.5%	6.4%	-0.1%	0.0%
Gaming Revenues (Non-seasonally adjusted)					
Coast counties (millions of current \$)	97.4	111.7	92.2	-12.8%	5.6%
River counties (millions of current \$)	120.6	127.4	129.2	-5.3%	-6.7%
Total	218.0	239.1	221.4	-8.8%	-1.5%

Note: The data are seasonally adjusted unless otherwise noted.

Unless otherwise noted all data refer to Mississippi.

Miscellaneous Economic Indicators



NOTE:
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SOURCES:
Mississippi Employment Security Commission.
Mississippi State Tax Commission.
Mississippi Gaming Commission.
Federal Home Mortgage Corporation.
Bureau of Labor Statistics.