

ECONOMY AT A GLANCE

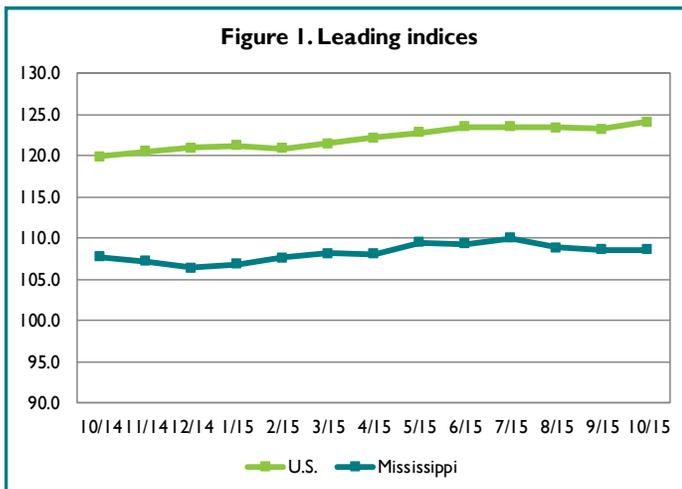
As Figure 1 below indicates, the value of the Mississippi Leading Index (MLI) did not change in October. After declines in August and September, the value of the MLI was 0.8 percent higher in October compared to one year ago. This increase represents the smallest year-over-year change since December 2013.

Figure 2 below indicates the value of the Mississippi Coincident Index (MCI) increased by 0.6 percent for the second consecutive month in October. Compared to one year ago the value of the MCI was 4.7 percent higher for the month.

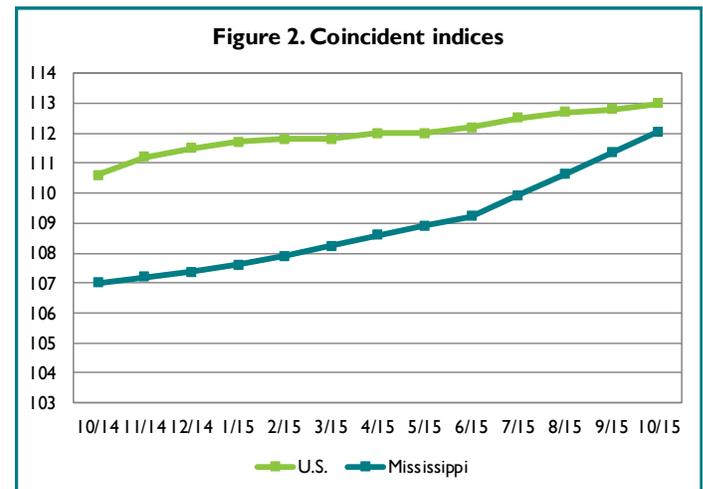
According to the second estimate of the U.S. Bureau of Economic Analysis (BEA), the change in real U.S. gross domestic product (GDP) for the third quarter was an increase of 2.1 percent. This second estimate marked an

improvement from the initial estimate of 1.5 percent growth. BEA stated the primary source of the upward revision was a larger value for private inventory investment than previously estimated. Nevertheless, the third quarter estimate still represents a considerable decline from growth of 3.9 percent in the second quarter.

The Mississippi economy was a mixed bag in October. Withholdings continued to show weakness and employment was essentially unchanged. Building permits increased for the second consecutive month and unemployment claims remained relatively low. However, the contraction in the U.S. manufacturing industry—at a minimum—will likely inhibit prospects for broader growth in the Mississippi economy given the sector's presence in the state.



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, OCTOBER 2015

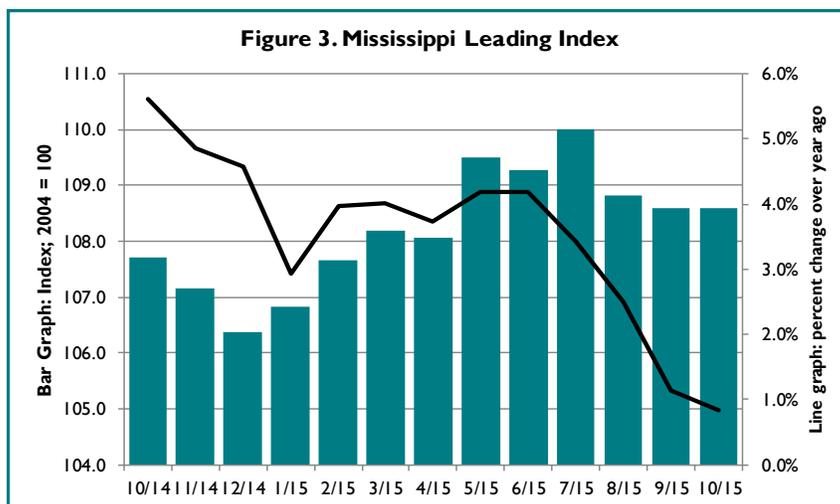
Following two consecutive monthly declines the value of the **Mississippi Leading Index of Economic Indicators (MLI)** did not change in October, as seen in Figure 3. The value of the MLI was 0.8 percent higher for the month compared to one year ago. Over the last six months the value of the MLI is up 1.0 percent.

Four of the seven components of the MLI contributed negatively in September, which were offset by the increases in the other three components. The largest decline occurred in the value of withholdings. Discussion of each component appears below in order of smallest to largest contribution.

Figure 4 indicates the value of **Mississippi income tax withholdings** (three-month moving average) fell 2.0 percent in October. Compared to one year ago the value of withholdings for October was down 1.6 percent. The three-month moving average of withholdings was 0.3 percent lower in October compared to six months ago.

The value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** declined for the fifth consecutive month in November, falling by 3.0 percent. As Figure 5 indicates, compared to one year ago the value of the Index was 15.6 percent lower in November. Significantly, the level of the Index dropped to 48.6, as the sector settled in contractionary territory for the first time since 2012. The Index decreased to its lowest level since May 2009. The same trends that have socked the U.S. manufacturing industry for most of the year—a strong dollar, the slumping energy sector, and weak global demand—continued in November. Little change is expected in these conditions in the short-term. While the Production, New Orders, and Inventories components of the Index all declined in November, the Employment component did increase to its highest level since July.

For the fifth consecutive month, the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) fell in October, edging lower by 0.2 percent as seen in Figure 6. Nevertheless, the value remained 3.5 percent higher compared to October 2014. Consumers appear to feel less than optimistic because of the continued lack of growth in U.S. wages. However, the improvement in recent employment numbers may bolster consumers' views about U.S. jobs.



Source: University Research Center

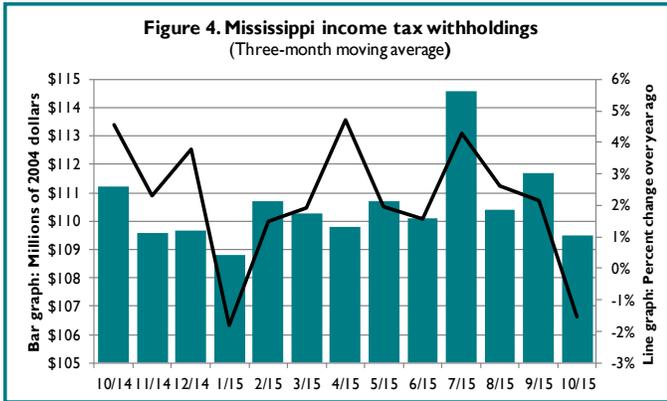
As seen in Figure 7 the value of seasonally-adjusted **initial unemployment claims** in Mississippi edged higher by 0.3 percent in October. While the increase was the first since June, compared to one year ago the value remained 10.2 percent lower. Figure 14 on page 6 indicates the number of seasonally-adjusted continued unemployment claims in Mississippi decreased 7.5 percent in October, the second consecutive monthly decline. The value was 25.0 percent lower in October compared to one year ago. For the first time since December 2007, the seasonally-adjusted unemployment rate in Mississippi was 5.9 percent in October, a decline of 0.2 percentage point from the previous month.

As seen in Figure 8, in October the value of **U.S. retail sales** edged higher by 0.1 percent. However, the values for the previous two months were revised slightly lower, indicating retail sales have been essentially flat for three consecutive months. Compared to one year ago the value of retail sales was 1.7 percent higher in October, the smallest year-over-year increase since April. Although the number of vehicles sold increased in October, automobile sales and lower gasoline prices pulled down the value of retail sales, which increased 0.3 percent excluding these two categories. The largest increase for the month occurred in nonstore retailers.

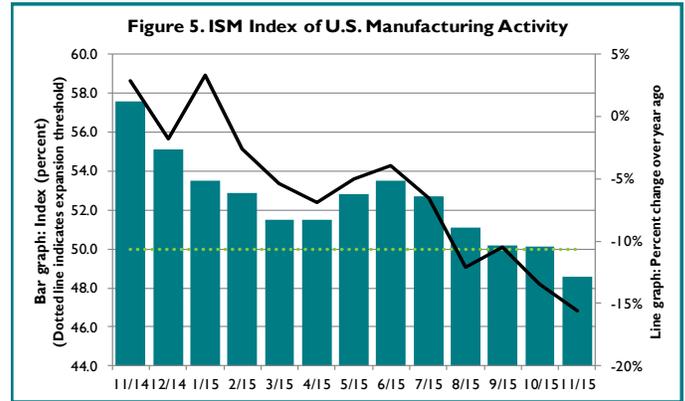
The value of **Mississippi residential building permits** (three-month moving average) rose 2.0 percent in October as seen in Figure 9. Compared to one year ago the value of permits was 35.1 percent higher in October. The value of permits in the state last declined in April. The

(Continued on page 4)

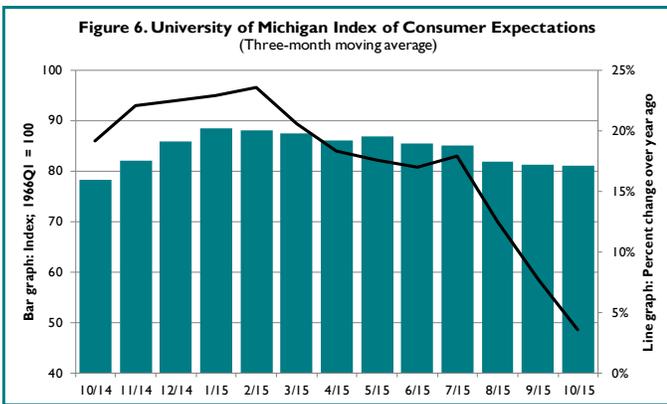
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



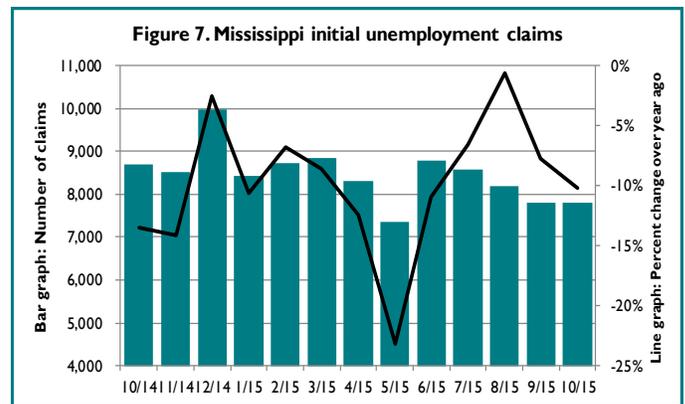
Source: Mississippi Department of Revenue; seasonally adjusted



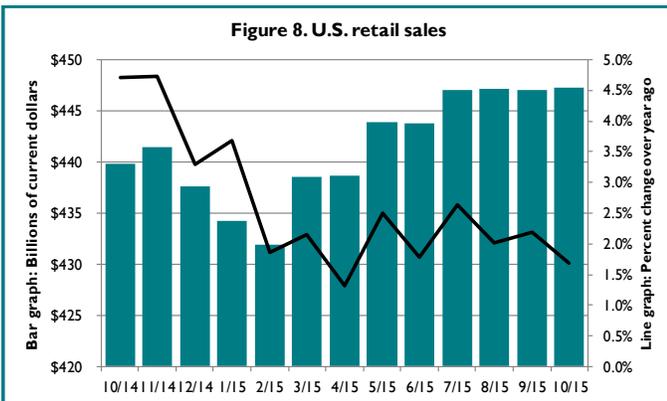
Source: Institute for Supply Management



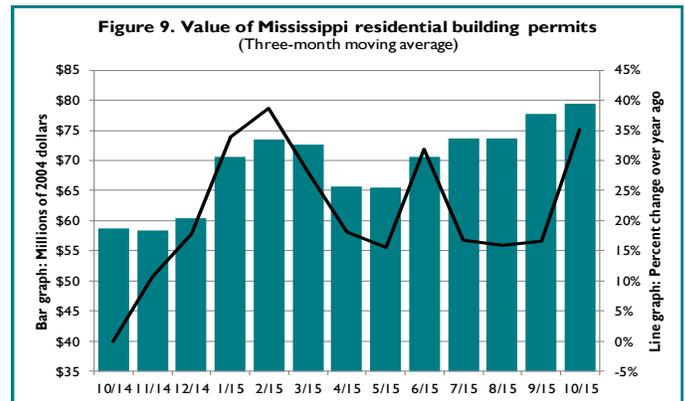
Source: Thomson Reuters/University of Michigan Surveys of Consumers



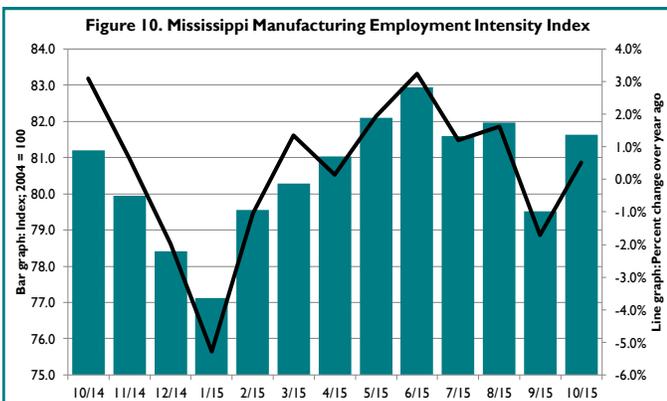
Source: U.S. Department of Labor; seasonally adjusted



Source: Bureau of the Census



Source: Bureau of the Census; seasonally adjusted



Source: URC using data from Bureau of Labor Statistics

The value of the Mississippi Leading Index (MLI) did not change in October.

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MISSISSIPPI LEADING INDEX, OCTOBER 2015 (CONTINUED)

seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi edged higher by 0.5 percent in October from the previous month. The number of units was up 43.4 percent in October compared to one year ago. The number of privately-owned housing units authorized by building permits for the U.S. in October rose 4.1 percent from the revised value for September. Compared to one year ago the October number was 2.7 percent higher.

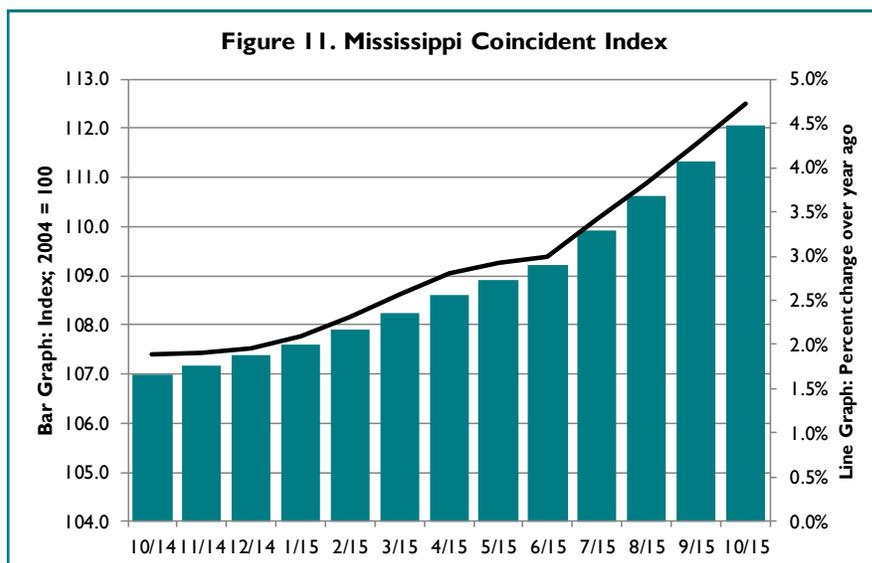
The value of the **Mississippi Manufacturing Employment Intensity Index** rose 2.7 percent in October, recapturing about two-thirds of the value it lost in the previous month. Figure 10 on page 3 indicates the Index was 0.5 percent higher in October compared to one year ago. Manufacturing employment in the state increased by 1,200 jobs for the month, and the average weekly hours of production employees in Mississippi rose by 0.73 hours.

MISSISSIPPI COINCIDENT INDEX, OCTOBER 2015

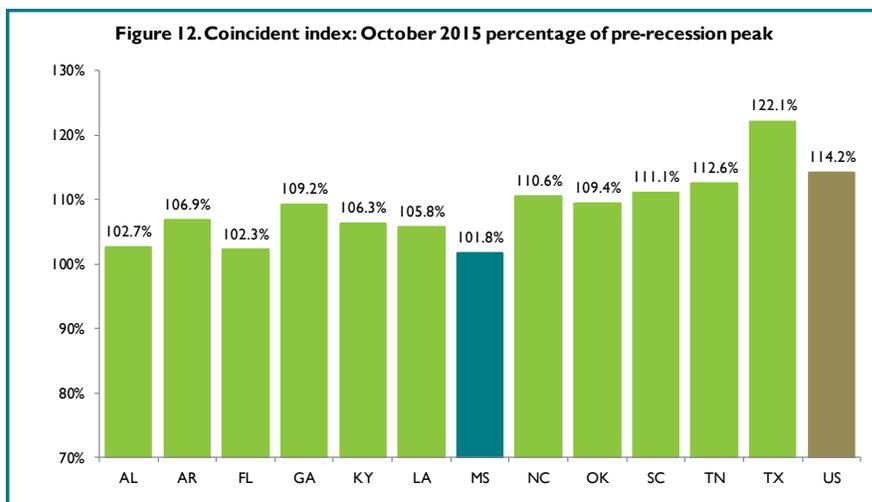
The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.6 percent in October according to the Federal Reserve Bank of Philadelphia, as seen in Figure 11. The value of the MCI was 4.7 percent higher in October compared to one year ago.

For the seventh consecutive month, the values of the coincident indices for all states in the Southeast region were above 100 percent of their pre-recession peaks in October as Figure 12 indicates. The value of the coincident index for Mississippi was the lowest in the region at 101.5 percent of its pre-recession peak. All other states in the Southeast had coincident indices with values more than 102.0 percent of their pre-recession peaks. The values of the coincident indices for all states in the region have remained above 100 percent of their pre-recession peaks for the last seven months; therefore, the next issue of *Mississippi's Business* will begin reporting growth in each state's coincident index since the end of the recession.

The value of the coincident indices in forty-three states increased in October compared to three months prior as seen in Figure 13 on page 5. Mississippi was among thirty-nine states with a coincident index that increased more than 0.5 percent in value relative to July. Values of the coincident indices for Alaska, Delaware, Louisiana, Montana, North Dakota, and Wyoming all declined in October.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

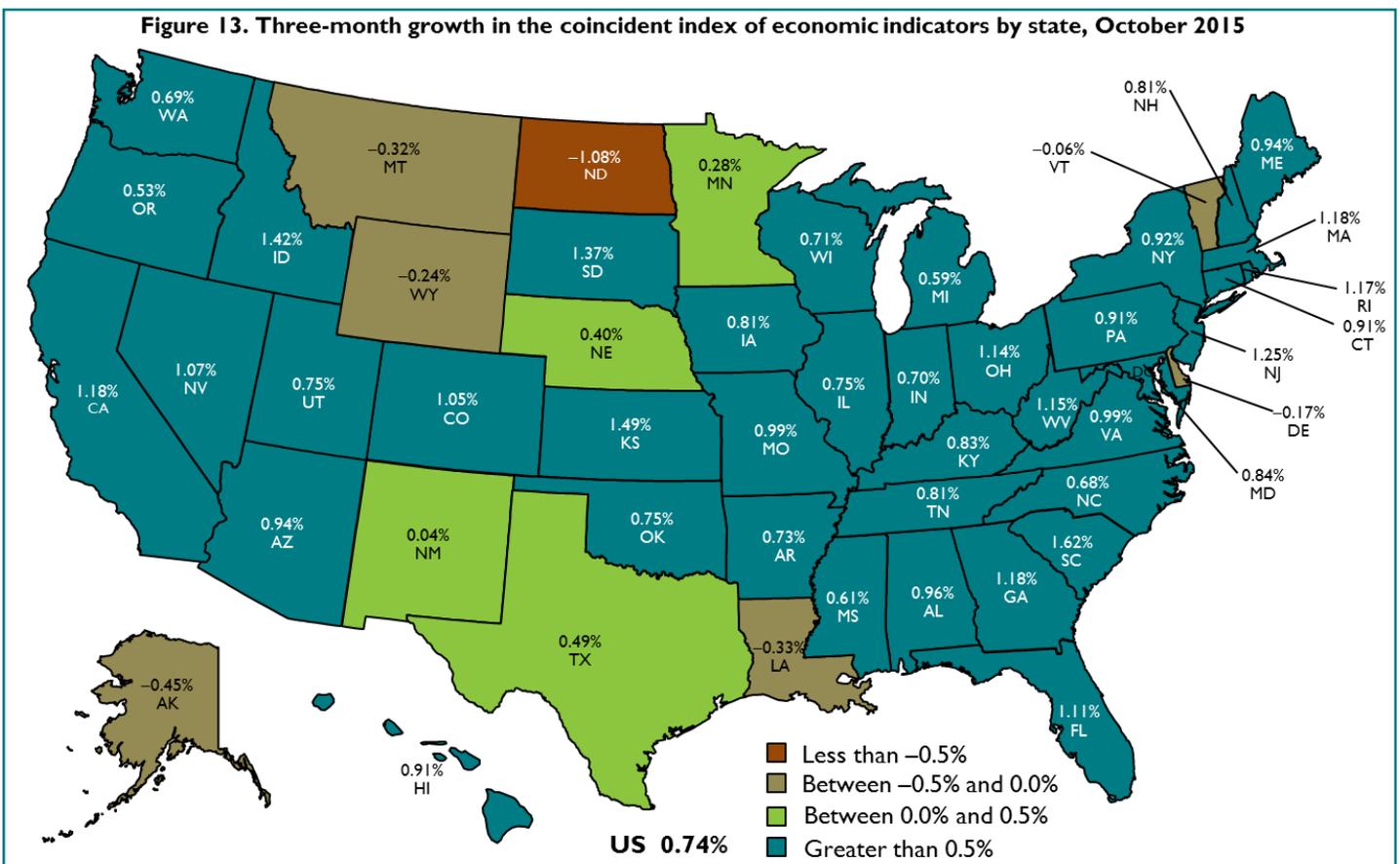
For the first time since June, the value of the U.S. Leading Economic Index (LEI) increased in September according to The Conference Board. The value grew by 0.6 percent as seen in Figure 1 on page 1. Compared to one year ago the value of the LEI was 3.5 percent higher in October. Nine of the ten components of the LEI increased in value for the month and the interest rate spread was the largest contributor. The lone component that decreased in value in October was the ISM new orders index.

The Conference Board reported the value of the U.S. Coincident Economic Index (CEI) also increased in October. The value rose 0.2 percent as Figure 2 on page 1 indicates. As in September, the October value of the CEI was 2.2 percent higher compared to one year ago. Three of the four components of the CEI increased in October. Employees on nonagricultural payrolls made the largest contribution while industrial production was the only component that decreased for the month.

After three consecutive months of increases, the National Federation of Independent Businesses (NFIB) Small Busi-

ness Optimism Index did not change in October. As seen in Figure 20 on page 6, the value remained at 96.1. Coincidentally, the value was also unchanged compared to one year ago. Most components of the Index changed little in October, although the share of respondents that expects higher real sales rose considerably from the previous month while the share with plans to increase inventories fell to its lowest level since July. The percentage of respondents who plan to raise prices and compensation both rose slightly.

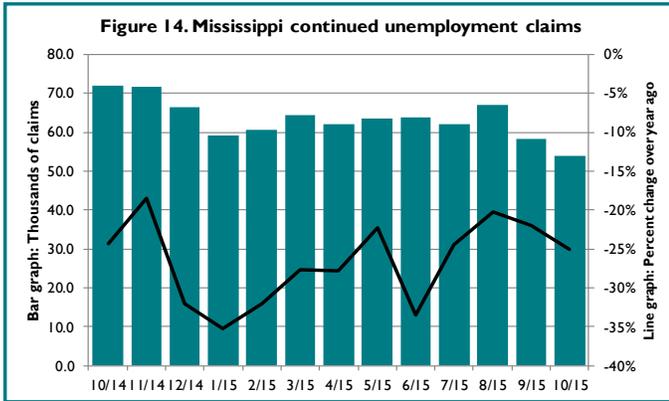
Is December the month the Federal Reserve finally acts on interest rates? All signs appear to point to “yes,” as employment growth in October and November did nothing to dissuade arguments for a rate increase. Members of the Federal Open Market Committee (FOMC) apparently think inflation, while below their target of 2.0 percent annually, is trending up. Thus, the minutes of the FOMC’s October meeting explicitly left open the possibility of a rate hike in December. However, as has occurred at previous meetings, changes in economic conditions could lead to yet another postponement of any increase.



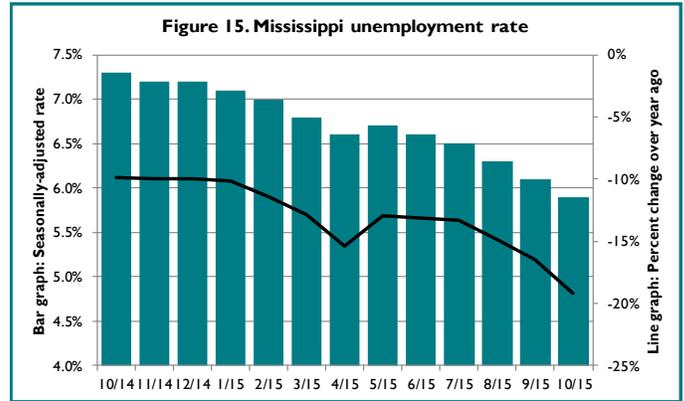
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

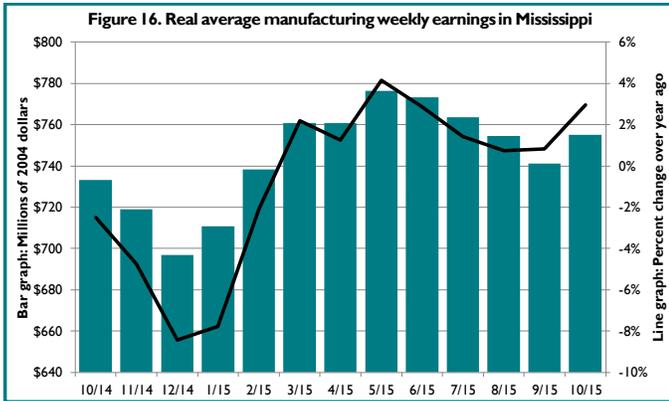
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



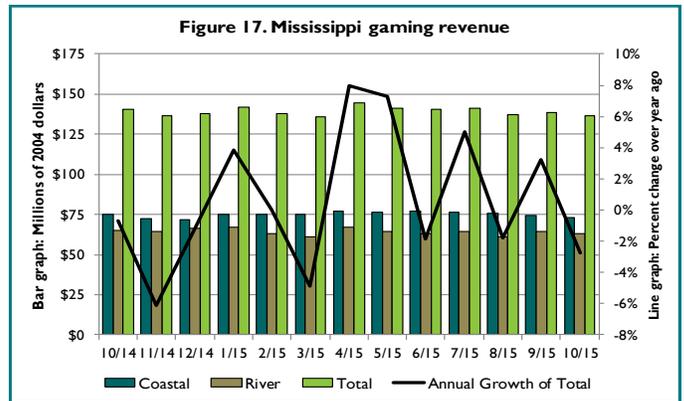
Source: U.S. Department of Labor; seasonally adjusted



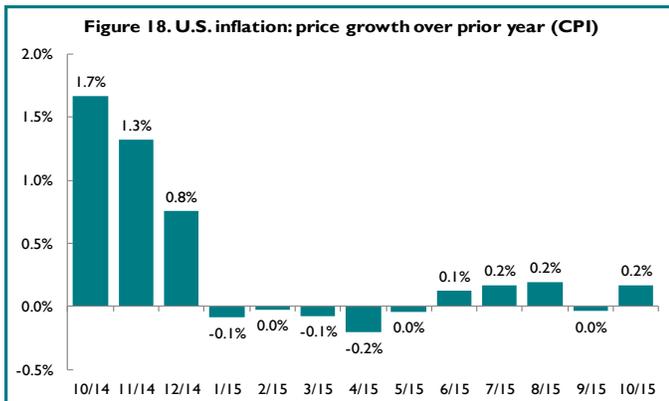
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



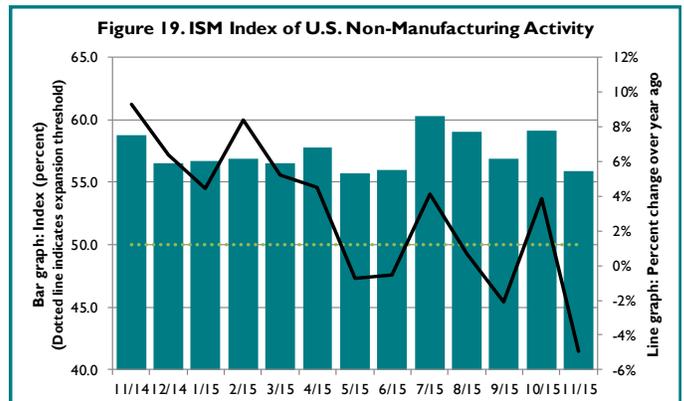
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



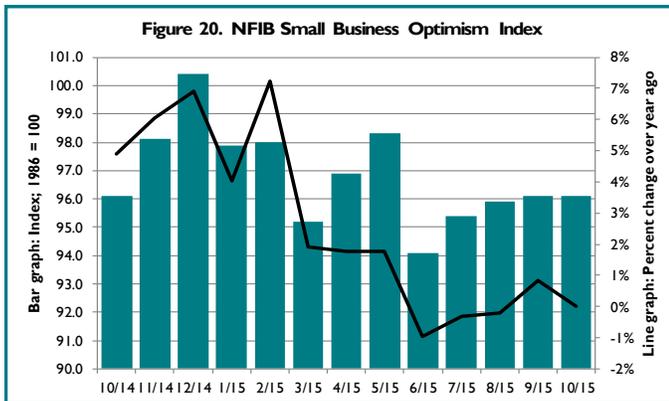
Source: Mississippi Department of Revenue; seasonally adjusted



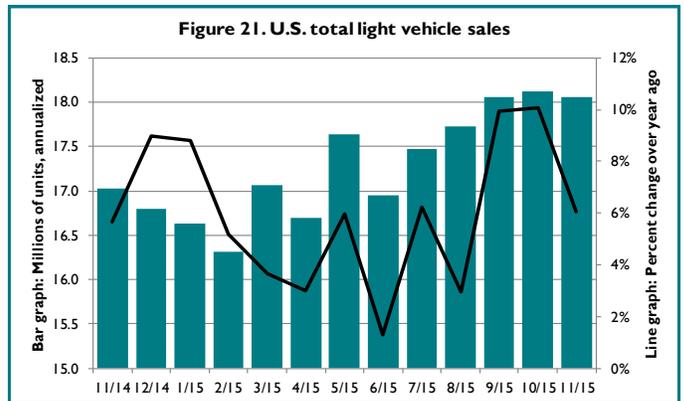
Source: U.S. Bureau of Labor Statistics



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 | October | September | October | Percent change from | | |
|--|---------|-----------|---------|---------------------|--------------|---|
| | 2015 | 2015 | 2014 | September 2015 | October 2014 | |
| U.S. Leading Economic Index 2004 = 100. Source: The Conference Board | 124.1 | 123.3 | 119.9 | ▲0.6% | ▲3.5% | Economic Indices |
| U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board | 113.0 | 112.8 | 110.6 | ▲0.2% | ▲2.2% | |
| Mississippi Leading Index 2004 = 100. Source: University Research Center | 108.6 | 108.6 | 107.7 | ◀0.0% | ▲0.8% | |
| Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia | 112.0 | 111.3 | 107.0 | ▲0.6% | ▲4.7% | |
| Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor | 7,815 | 7,793 | 8,703 | ▲0.3% | ▼10.2% | 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 | 79.3 | 77.8 | 58.7 | ▲2.0% | ▲35.1% | |
| Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue | 109.5 | 111.7 | 111.2 | ▼2.0% | ▼1.6% | |
| Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics | 81.6 | 79.5 | 81.2 | ▲2.7% | ▲0.5% | |
| University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers | 81.1 | 81.2 | 78.3 | ▼0.2% | ▲3.5% | |
| ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management | 48.6 | 50.1 | 57.6 | ▼3.0% | ▼15.6% | |
| U.S. retail sales Current dollars, in billions. Source: Bureau of the Census | 447.3 | 447.0 | 439.8 | ▲0.1% | ▲1.7% | Miscellaneous Indicators |
| U.S. Consumer Price Index 2004 = 100. Source: URC using data from Bureau of Labor Statistics | 125.9 | 126.0 | 125.7 | ◀0.0% | ▲0.2% | |
| Mississippi unemployment rate Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics | 5.9% | 6.1% | 7.3% | ▼3.3% | ▼19.2% | |
| Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor | 54,007 | 58,409 | 72,034 | ▼7.5% | ▼25.0% | |
| ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management | 55.9 | 59.1 | 58.8 | ▼5.4% | ▼4.9% | |
| U.S. mortgage rates Seasonally adjusted; 30-year conventional. Source: U.S. Federal Reserve | 3.84% | 3.79% | 4.09% | ▲1.3% | ▼6.1% | |
| Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics | 18.36 | 18.28 | 17.56 | ▲0.4% | ▲4.5% | |
| Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics | 741.10 | 754.51 | 735.01 | ▼1.8% | ▲0.8% | |
| NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses | 96.1 | 96.1 | 96.1 | ◀0.0% | ◀0.0% | |
| U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis | 18.05 | 18.12 | 17.02 | ▼0.4% | ▲6.1% | |
| Gaming revenue | 136.4 | 138.8 | 140.3 | ▼1.7% | ▼2.7% | |
| Coastal counties | 73.1 | 74.7 | 75.4 | ▼2.1% | ▼3.0% | |
| River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue | 63.3 | 64.1 | 64.9 | ▼1.3% | ▼2.5% | |

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

Total nonfarm employment in Mississippi edged higher by 200 jobs in October according to the U.S. Bureau of Labor Statistics (BLS), as seen in Table 2 below. September employment was revised downward by 700 jobs. Total employment in Mississippi was 0.7 percent higher in October compared to one year ago, the first month the year-over-year gain in employment in the state fell below 1.0 percent since April. Through October the state's economy has added *,+00 jobs in 2015.

According to BLS forty states and the District of Columbia experienced an increase in total nonfarm employment in October. Employment fell in nine states and remained unchanged in Delaware. The largest month-over-month increases in employment in September occurred in California, Florida, and Ohio; the largest decreases took place in Louisiana, Indiana, and North Carolina. On a percentage basis Idaho, Alaska, and Wyoming experienced the largest increases in employment in October, while Louisiana and North Dakota experienced the largest percentage declines in employment. In three states employment was lower in October compared to one year ago: North Dakota, West Virginia, and Louisiana.

Manufacturing experienced the largest absolute increase in employment among all industries in Mississippi in October as the sector added 1,200 jobs, an increase of 0.9 percent. Conversely, Health Care and Social Assistance incurred the largest absolute decrease in employment in October among all industries in the state, losing 6,100 jobs, a 4.7 percent decline.

Educational Services experienced the largest percentage increase in employment among all industries in the state in October, as the number of jobs in the sector rose by 4.2 percent. Health Care and Social Assistance incurred the largest percentage decrease in employment in Mississippi in October followed by Arts and Entertainment, which declined by 2.7 percent.

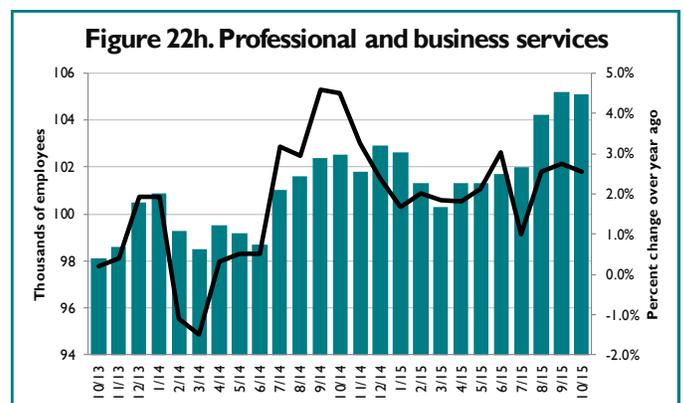
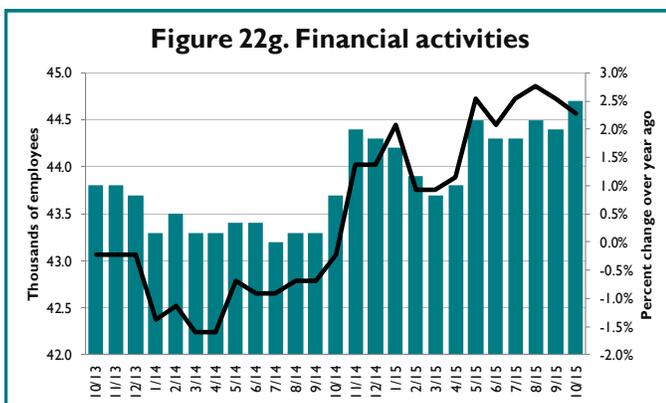
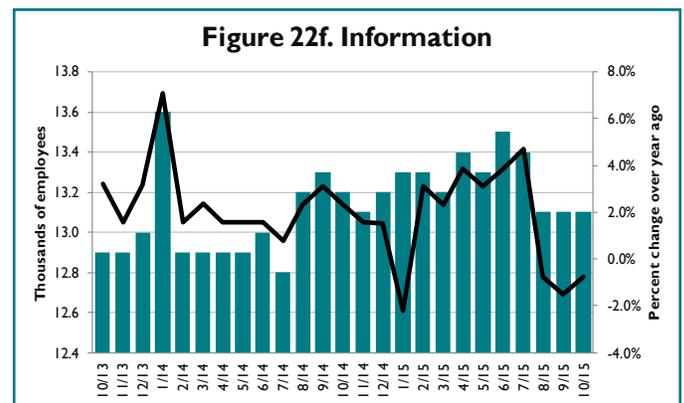
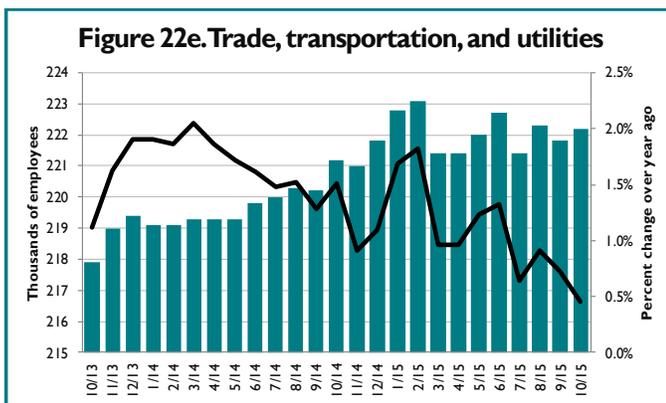
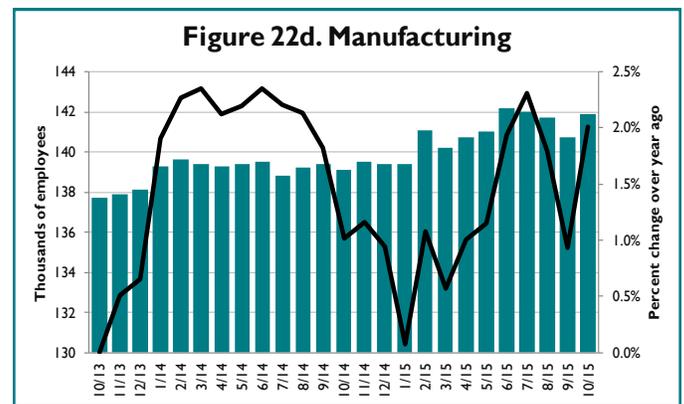
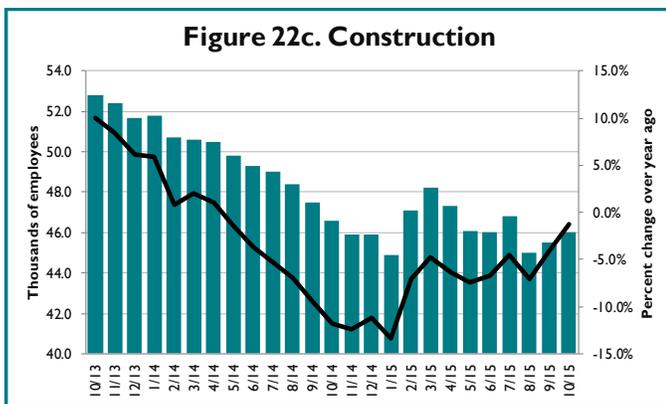
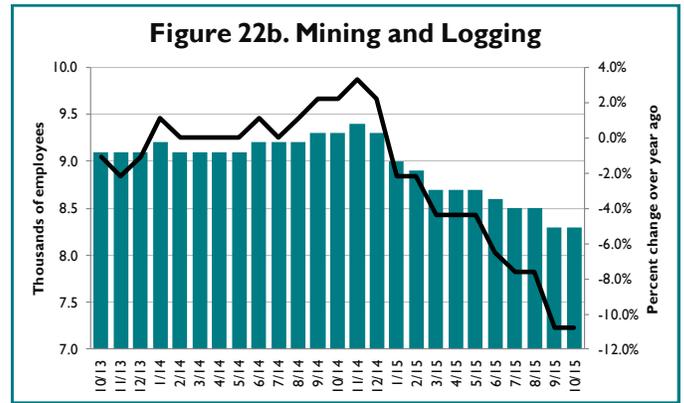
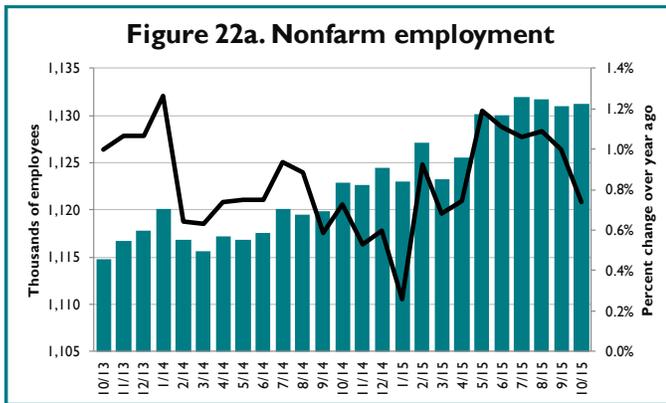
A total of seven industries in Mississippi employed fewer people in October compared to one year ago: Mining and Logging, Construction, Retail Trade, Information, Health Care and Social Assistance, Arts and Entertainment, and Other Services. Notably, Government—the sector employing the most Mississippians—was up only 0.1 percent for the month compared to October 2014.

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

| | Relative share of total ^a | October 2015 | September 2015 | October 2014 | Change from September 2015 | | Change from October 2014 | |
|------------------------------------|--------------------------------------|--------------|----------------|--------------|----------------------------|---------|--------------------------|---------|
| | | | | | Level | Percent | Level | Percent |
| Total Nonfarm | 100.0% | 1,131,200 | 1,131,000 | 1,122,900 | ▲200 | ◆0.0% | ▲8,300 | ▲0.7% |
| Mining and Logging | 0.8% | 8,300 | 8,300 | 9,300 | — | ◆0.0% | ▼1,000 | ▼10.8% |
| Construction | 4.1% | 46,000 | 45,500 | 46,600 | ▲500 | ▲1.1% | ▼600 | ▼1.3% |
| Manufacturing | 12.5% | 141,900 | 140,700 | 139,100 | ▲1,200 | ▲0.9% | ▲2,800 | ▲2.0% |
| Trade, Transportation, & Utilities | 19.7% | 222,200 | 221,800 | 221,200 | ▲400 | ▲0.2% | ▲1,000 | ▲0.5% |
| Retail Trade | 12.1% | 135,900 | 135,200 | 136,200 | ▲700 | ▲0.5% | ▼300 | ▼0.2% |
| Information | 1.2% | 13,100 | 13,100 | 13,200 | — | ◆0.0% | ▼100 | ▼0.8% |
| Financial Activities | 3.9% | 44,700 | 44,400 | 43,700 | ▲300 | ▲0.7% | ▲1,000 | ▲2.3% |
| Services | 36.0% | 409,200 | 414,900 | 404,200 | ▼5,700 | ▼1.4% | ▲5,000 | ▲1.2% |
| Professional & Business Services | 9.1% | 105,100 | 105,200 | 102,500 | ▼100 | ▼0.1% | ▲2,600 | ▲2.5% |
| Educational Services | 1.1% | 12,300 | 11,800 | 11,900 | ▲500 | ▲4.2% | ▲400 | ▲3.4% |
| Health Care & Social Assistance | 11.0% | 123,900 | 130,000 | 124,500 | ▼6,100 | ▼4.7% | ▼600 | ▼0.5% |
| Arts & Entertainment | 1.0% | 10,700 | 11,000 | 11,100 | ▼300 | ▼2.7% | ▼400 | ▼3.6% |
| Accommodation and Food Services | 10.4% | 119,000 | 119,000 | 115,700 | — | ◆0.0% | ▲3,300 | ▲2.9% |
| Other Services | 3.4% | 38,200 | 37,900 | 38,500 | ▲300 | ▲0.8% | ▼300 | ▼0.8% |
| Government | 21.8% | 245,800 | 247,100 | 245,600 | ▼1,300 | ▼0.5% | ▲200 | ▲0.1% |

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

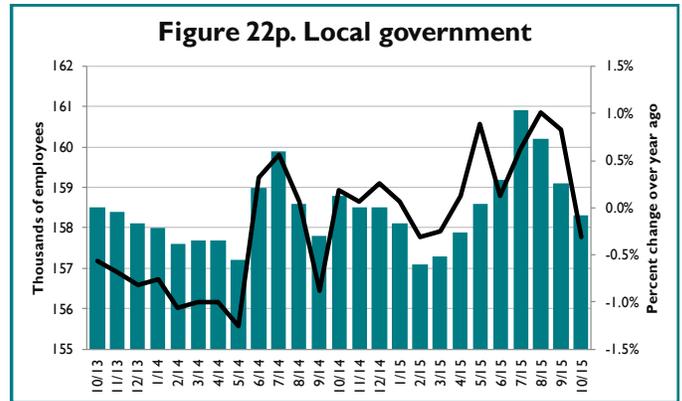
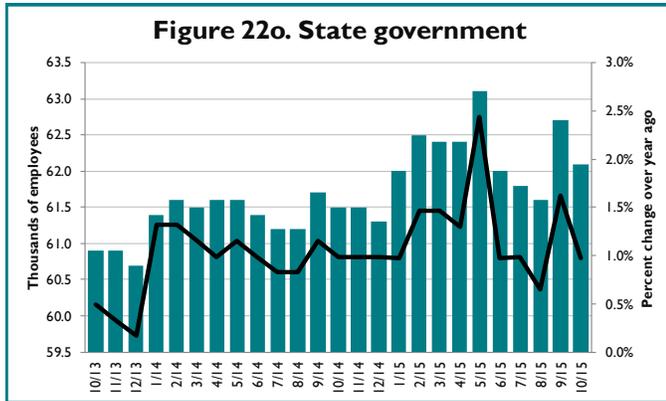
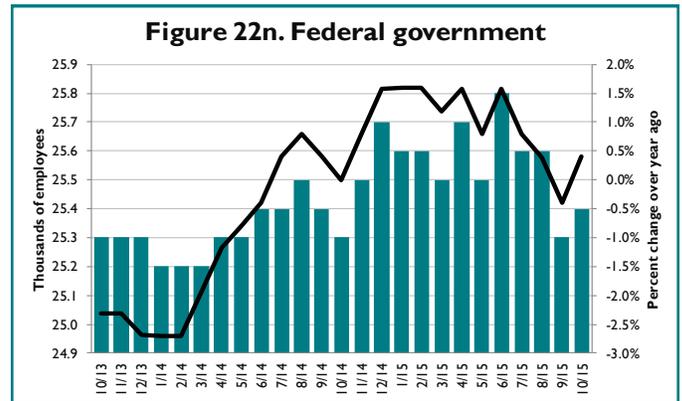
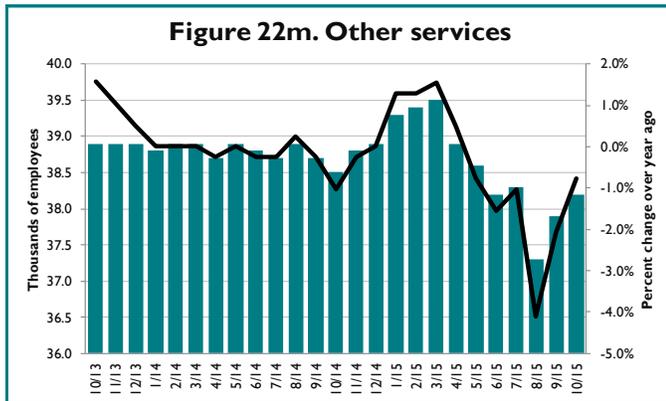
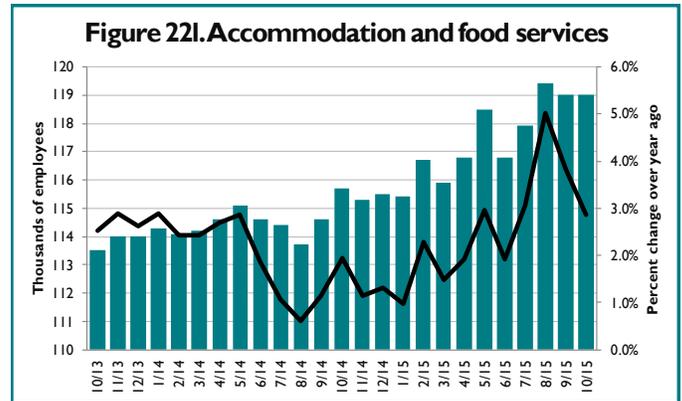
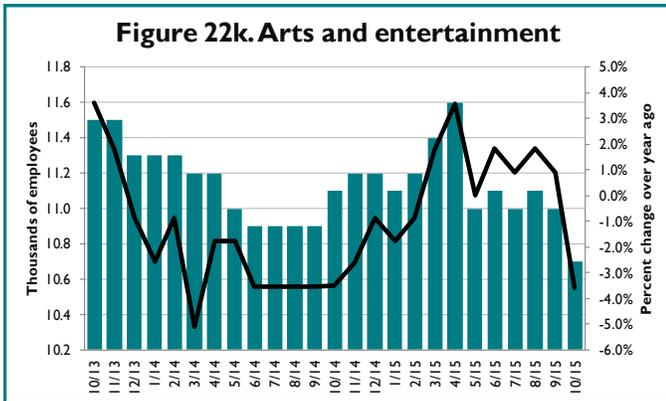
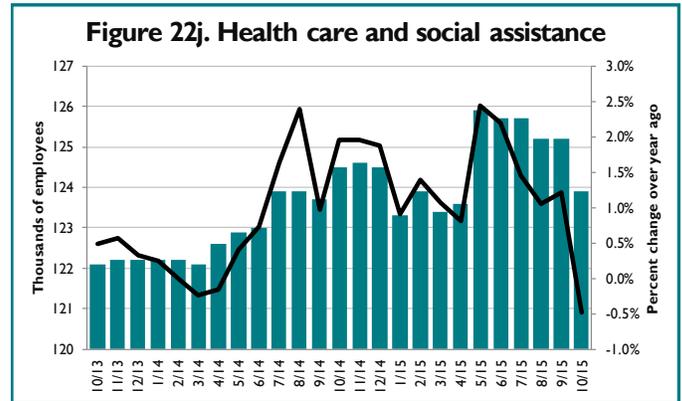
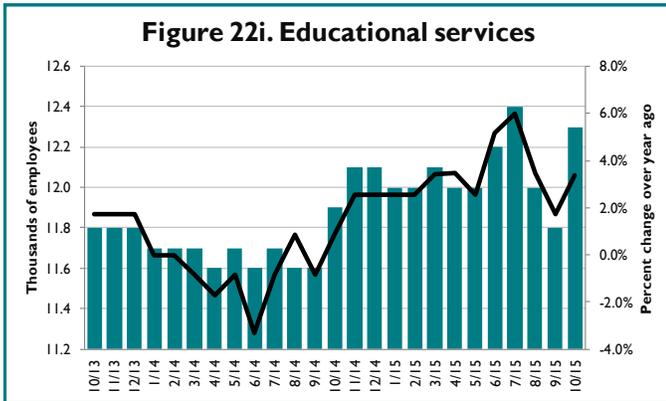
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

CHANGES IN COUNTY PERSONAL INCOME FOR 2014, CONTINUED

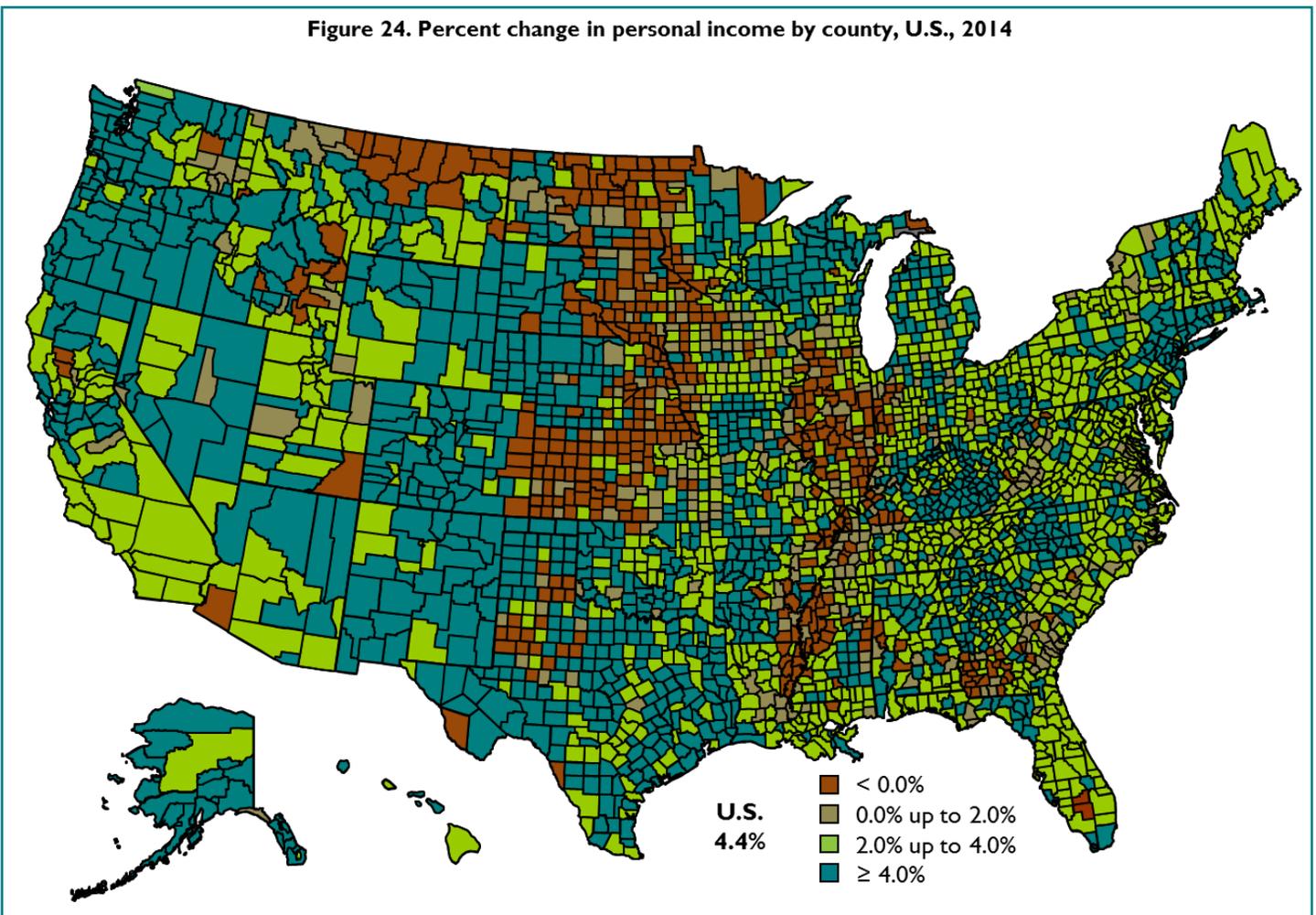
ner of Georgia saw decreases as well. Decreases in personal income elsewhere in the region were found in northwest Texas. However, most Texas counties experienced increases in income of 4.0 percent or more in 2014.

Elsewhere in the nation, most of the counties that experienced decreases in personal income in 2014 are located in states in the Midwest and Great Plains regions. Most of the counties in Kansas, Illinois, and North Dakota incurred decreases in personal income. Large groups of counties in Montana, Nebraska, and South Dakota also saw declines in personal income in 2014.

Counties with the largest growth in personal income in 2014—4.0 percent or more—were generally concentrated in states in the Far West. Almost every county in New Mexico, Oregon, and Wyoming experienced personal income growth of 4.0 percent or more. While counties in the Northeast region did not experience as much growth in personal income as counties in the western U.S., the area is notable because no counties where personal income decreased in 2014 are found in the area, and most counties saw growth in personal income of at least 2.0 percent.

Viewing the changes in personal income by county provides a way to look at where incomes are growing or declining not only within a state but also in specific regions of the U.S. Income growth is one statistic used in evaluating the economic conditions of a particular area or region.

Figure 24. Percent change in personal income by county, U.S., 2014



Source: U.S. Bureau of Economic Analysis.