



ECONOMY AT A GLANCE

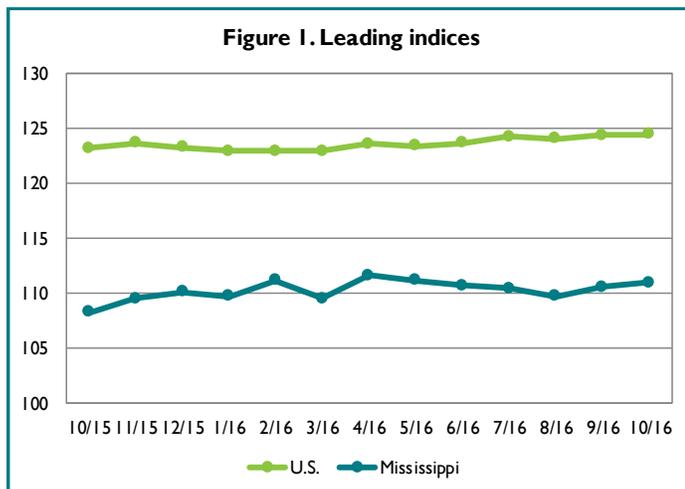
The Mississippi Leading Index (MLI) increased in value in October for the second consecutive month. The value increased 0.4 percent as seen in Figure 1 below. Compared to one year ago the value of the MLI was 2.5 percent higher in October. However, the value of the MLI is down 1.2 percent over the last six months.

The value of the Mississippi Coincident Index (MCI) increased 0.1 percent in October as seen in Figure 2 below. The value of the MCI in October was 1.4 percent higher compared to one year ago.

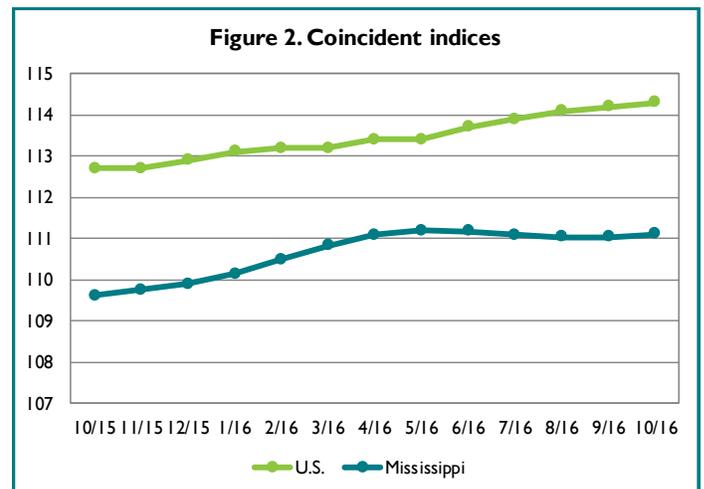
In its second estimate of the change in U.S. real gross domestic product (GDP) in the third quarter, the U.S. Bureau of Economic Analysis (BEA) reported an increase of 3.2 percent. This second estimate reflects an increase of 0.3 percentage point from the previous estimate. Nota-

bly, BEA stated the primary reason for the upward revision was greater consumer spending than previously estimated. This higher spending more than offset the larger than previously thought declines in nonresidential fixed investment and private inventory investment.

Despite a relatively large decline in withholdings, the MLI increased in value in October, the fourth increase in 2016. While this increase in the MLI is welcome news, nonfarm employment in Mississippi declined for the fourth month in a row, a sign of the mixed performance of the state's economy of late. The U.S. manufacturing sector shows signs of expansion, yet the Mississippi Manufacturing Employment Intensity Index declined for the third month in a row. Together these factors indicate a general lack of momentum in the state's economy as 2016 comes to a close.



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 2016

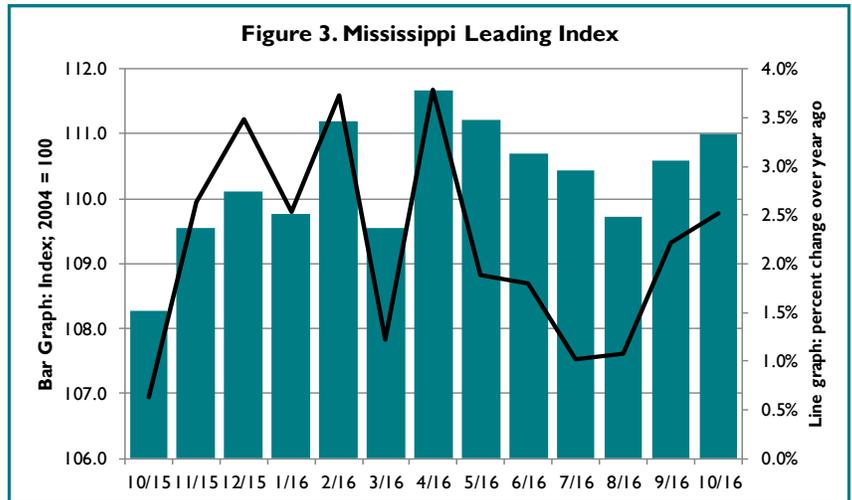
Figure 3 indicates the value of the **Mississippi Leading Index of Economic Indicators** (MLI) increased for the second consecutive month in October, rising 0.4 percent. The back-to-back monthly increases were the first since November and December of 2015. The value of the MLI was 2.5 percent higher in October compared to one year ago. Over the last six months the MLI declined in value by 1.2 percent.

In October, five of the seven components of the MLI contributed positively. The largest contribution came from U.S. retail sales. Each component is discussed below in order of largest to smallest contribution.

The value of **U.S. retail sales** climbed 0.8 percent in October as seen in Figure 4, the second consecutive monthly increase. Moreover, the value of the previous month was revised higher to an increase of 1.0 percent, the largest increase since April. Excluding automobiles and gasoline, sales were up 0.6 percent in October as the increase in gasoline sales was the largest among all components. U.S. retail sales for the month were up 4.3 percent compared to one year ago, the largest year-over-year increase since November 2014. The largest percentage gains for the month after gasoline stations occurred in nonstore retailers and sporting goods stores. Sales at furniture and home furnishing stores and food service and drinking places were the only components that declined in October.

The value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) surged 2.7 percent in October as seen in Figure 5. Compared to one year ago the value of the Index was up 0.6 percent in October—the first year-over-year increase since November 2015. The end of the presidential campaign likely boosted consumers' attitudes; however, whether the improvement in mood will translate into increased consumer spending remains to be seen.

For the second consecutive month, the value of seasonally-adjusted **initial unemployment claims** in Mississippi declined in October as Figure 6 indicates. The value fell 10.9 percent for the month to its lowest level of 2016. Compared to one year ago this value was down 18.0 percent. Figure 14 on page 6 indicates the number of seasonally-adjusted continued unemployment claims in Mississippi in October, in contrast, climbed 6.9 percent, the first



Source: University Research Center

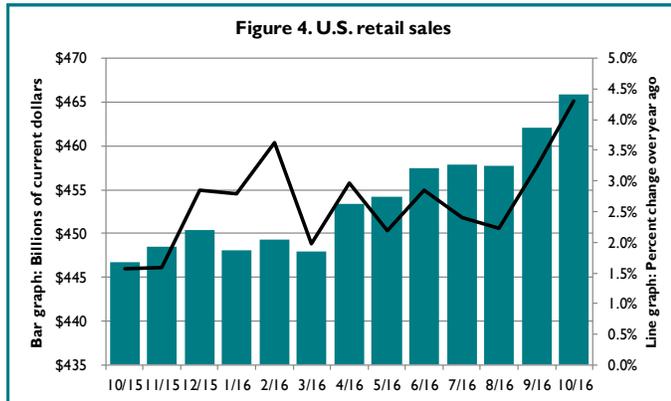
increase since July. Compared to one year ago the number of continued claims in the state in October was 5.5 percent higher. The seasonally-adjusted unemployment rate in October for Mississippi fell 0.1 percentage point to 5.9 percent as seen in Figure 15 on page 6. This rate was 0.6 percentage point lower compared to one year ago.

As seen in Figure 7, the value of the **Institute for Supply Management Index of U.S. Manufacturing Activity** increased in November for the third consecutive month. The value climbed 2.5 percent, matching its highest level of 2016. Compared to one year ago the value of the Index was 9.9 percent higher in November. All of the components of the Index improved with the exception of employment. While the manufacturing sector should continue to improve as inventories decline and oil prices stabilize, the strengthening of the dollar may hinder the sector's progress.

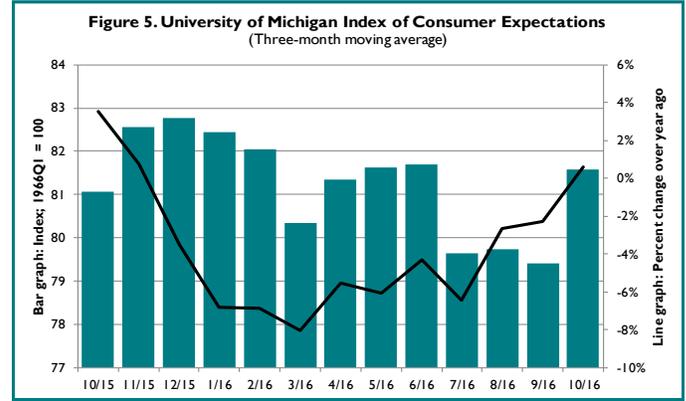
The value of **Mississippi residential building permits** (three-month moving average) increased in October for the first time since June as seen in Figure 8. For the month, the value rose 2.3 percent. Despite the increase the value remained 3.9 percent lower compared to one year ago. Similarly, the seasonally-adjusted number of units for which building permits were issued (three-month moving average) in Mississippi increased for the first time since June, rising 2.3 percent in October. The number of units remained 11.6 percent lower for the month compared to one year ago. The number of privately-owned housing units in the U.S. authorized by building permits edged higher by 0.3 percent in October from the revised

(Continued on page 4)

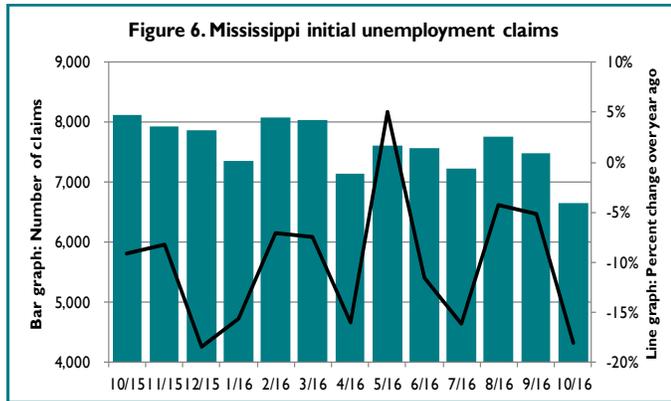
COMPONENTS OF MISSISSIPPI LEADING INDEX, IN FIGURES



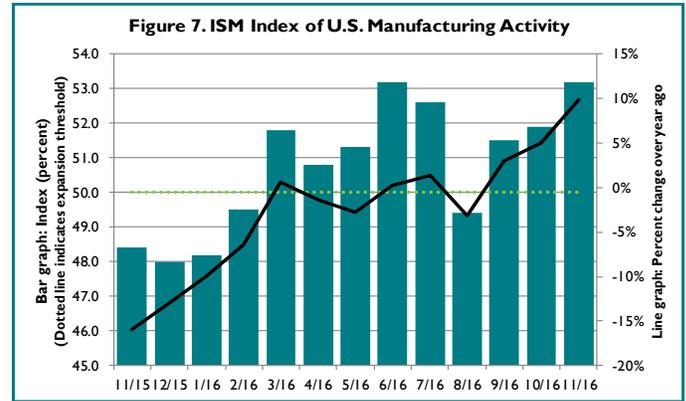
Source: Bureau of the Census



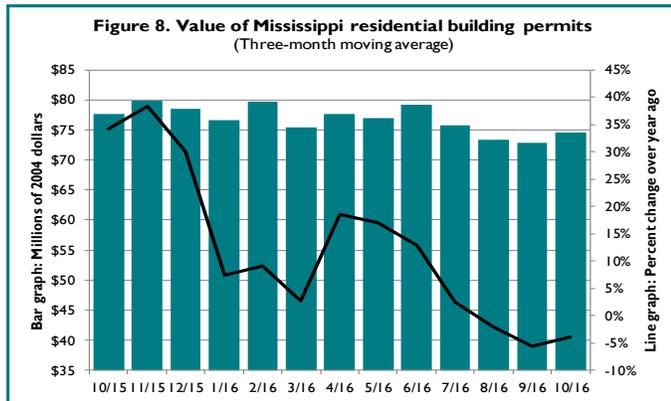
Source: Thomson Reuters/University of Michigan Surveys of Consumers



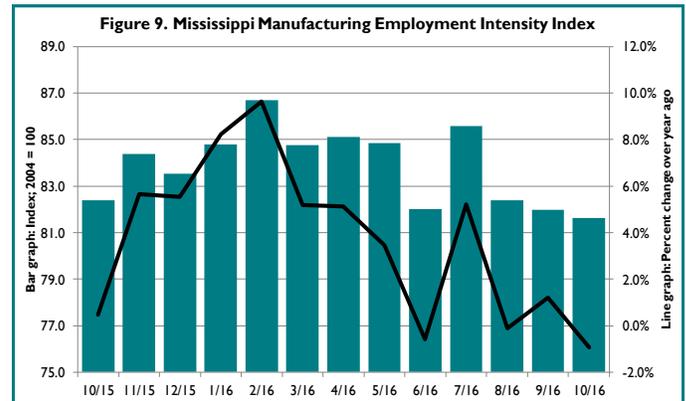
Source: U.S. Department of Labor; seasonally adjusted



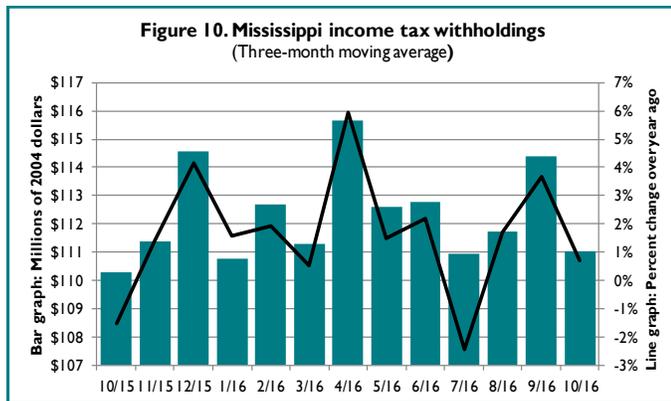
Source: Institute for Supply Management



Source: Bureau of the Census; seasonally adjusted



Source: URC using data from Bureau of Labor Statistics



Source: Mississippi Department of Revenue; seasonally adjusted

The value of the Mississippi Leading Index (MLI) increased 0.4% in October, the first back-to-back monthly gains in 2016.

MISSISSIPPI'S BUSINESS

MISSISSIPPI LEADING INDEX, OCTOBER 2016 (CONTINUED)

September value. The number of units in the U.S. for the month was up 4.6 percent compared to one year ago.

For the third consecutive month, the value of the **Mississippi Manufacturing Employment Intensity Index** fell in October. As seen in Figure 9 the value fell 0.4 percent for the month. Notably, the value of the Index was 0.9 percent lower in October compared to one year ago. Manufacturing employment in the state fell 1.3 percent for the month, more than offsetting the 0.9 percent in-

crease in the average weekly hours of production employees.

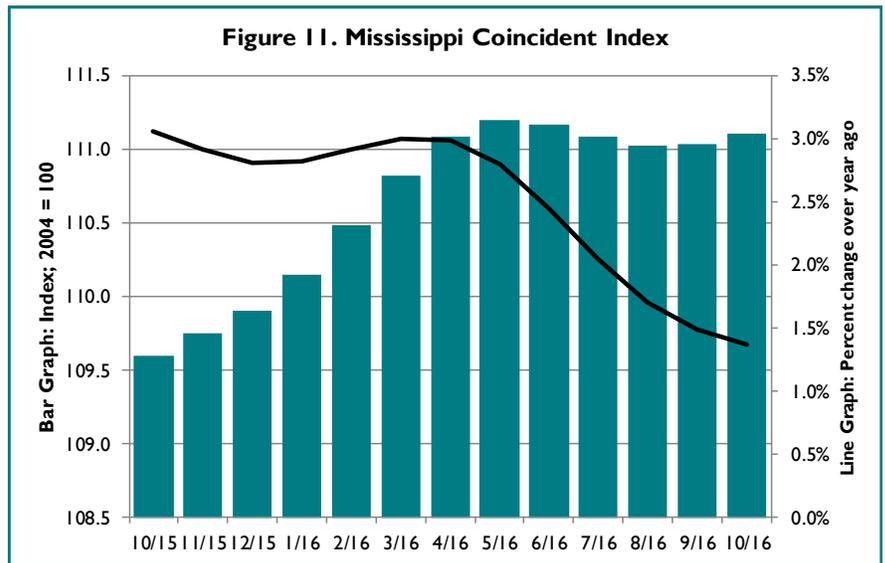
The value of **Mississippi income tax withholdings** (three-month moving average) fell 2.9 percent in October after increasing in August and September as seen in Figure 10. The value of withholdings in October compared to one year ago was higher by 0.7 percent. Over the last six months the three-month moving average of withholdings decreased by 4.0 percent.

MISSISSIPPI COINCIDENT INDEX, OCTOBER 2016

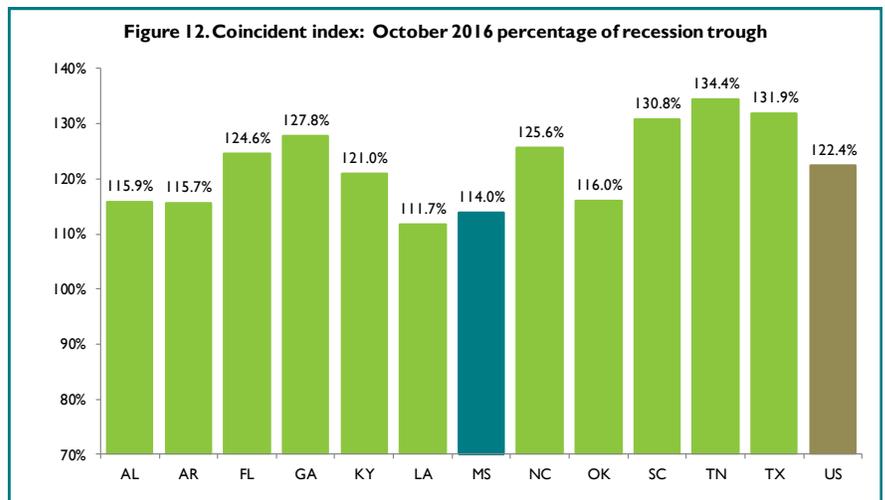
As Figure 11 indicates, according to the Federal Reserve Bank of Philadelphia the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** increased 0.1 percent in October. Compared to one year ago the value of the MCI for the month was 1.4 percent higher.

Figure 12 indicates the value of the coincident index for Mississippi was 14.0 percent above its recession trough in October, the second smallest increase among states in the Southeast. The value of the coincident index for Louisiana had the smallest increase above its recession trough among southeastern states. The coincident index for Tennessee has increased the most from its recession trough among all southeastern states as of October, up 34.4 percent.

The values of the coincident indices increased in forty-two states in October compared to three months prior as Figure 13 on page 5 indicates. In twenty-four states the values of the coincident indices increased more than 0.5 percent in October. In eighteen states, including Mississippi, the value of the coincident indices increased by less than 0.5 percent compared to three months prior. The increase in Mississippi was only 0.02 percent, however. In five states the value of the coincident index fell less than 0.5 percent while in three states the value of the coincident index fell by more than 0.5 percent in October over July.



Source: Federal Reserve Bank of Philadelphia



Source: Federal Reserve Bank of Philadelphia

NATIONAL TRENDS

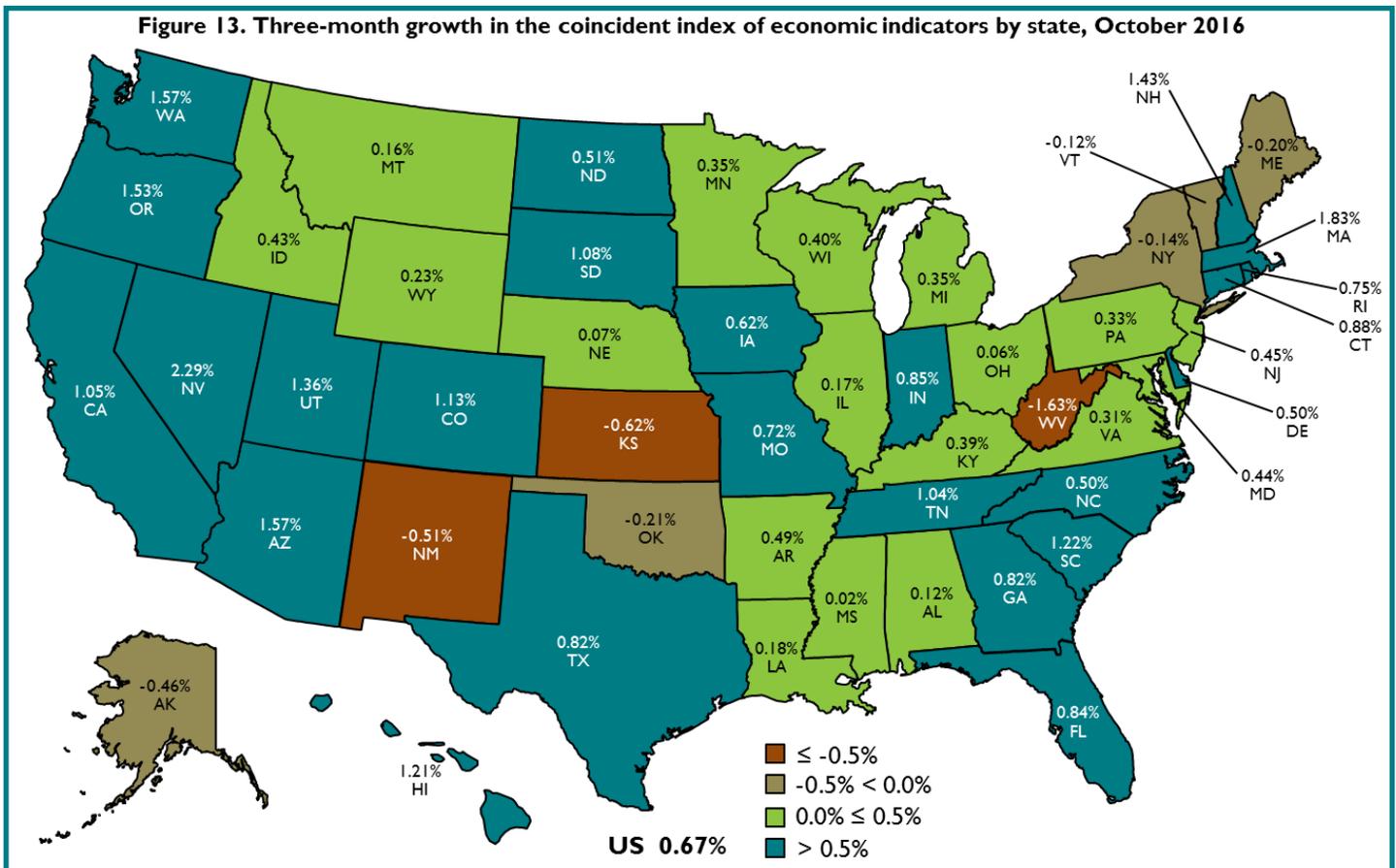
The Conference Board reported the U.S. Leading Economic Index (LEI) edged higher by 0.1 percent in value in October as seen in Figure 1 on page 1. The value of the Index was 1.1 percent higher for the month compared to one year ago. Six of the ten components made positive contributions in October, led by the interest rate spread. The value of the LEI is up 0.7 percent over the last six months.

The value of the U.S. Coincident Economic Index (CEI) also increased 0.1 percent in October according to The Conference Board. As Figure 2 on page 1 indicates the value was up 1.4 percent for the month compared to one year ago. The largest contribution came from employees on nonagricultural payrolls as the values of all four of the components of the Index increased in September. Over the last six months the value of the CEI is up 0.8 percent.

For the first time since July, the value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index increased in October. Figure 20 on page 6 indicates the value rose 0.9 percent from the previous

month and the Index reached its highest level since December 2015. Nevertheless, the value of the Index was down 1.2 percent in October compared to one year ago. The “plans to increase inventories” component improved markedly from the previous month, its best showing in 2016. However, both the “expect economy to improve” and “expect real sales higher” components fell in October. Small firms continue to report difficulties in filling a number of positions.

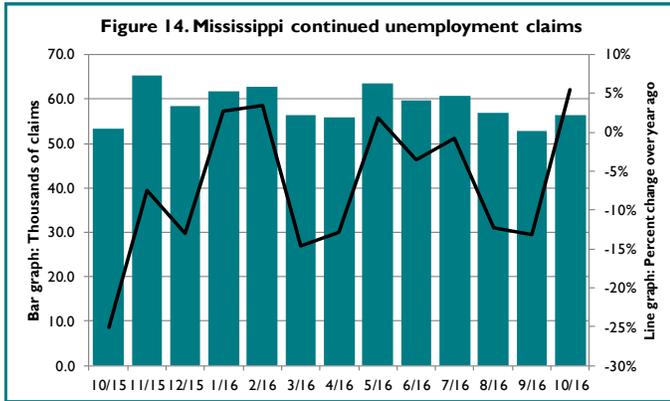
The Federal Reserve is widely expected to raise its key interest rate in December, its first such increase in a year. Most observers anticipate the Federal Open Market Committee (FOMC) will raise the federal funds rate by 0.25 basis points, bringing the rate to 0.75 percent. Although multiple rate increases were expected in 2016, the performance of the economy in the first half of the year along with the presidential election resulted in the FOMC standing pat through November. If the signs of growing inflation persist, the FOMC may act again relatively early in 2017.



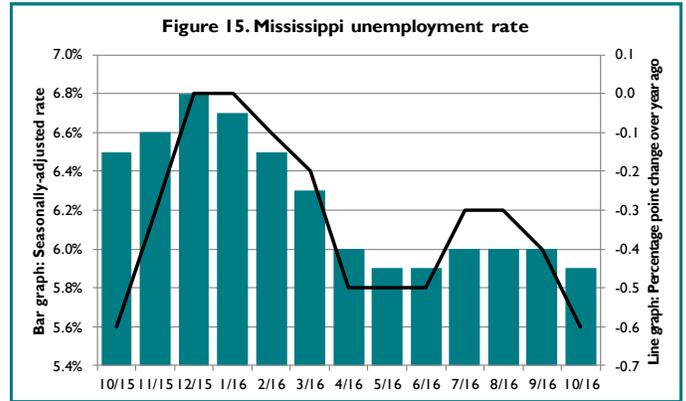
Source: Federal Reserve Bank of Philadelphia

MISSISSIPPI'S BUSINESS

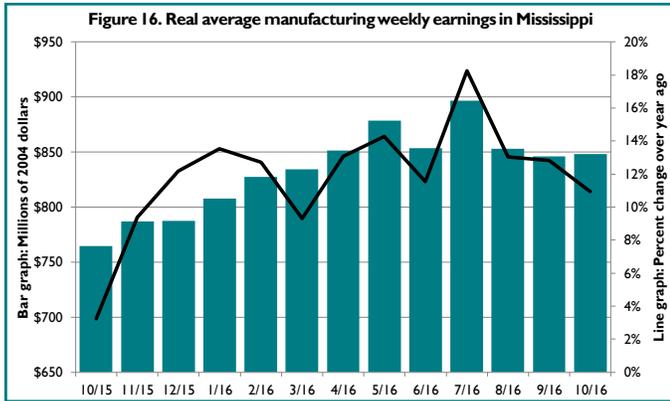
MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



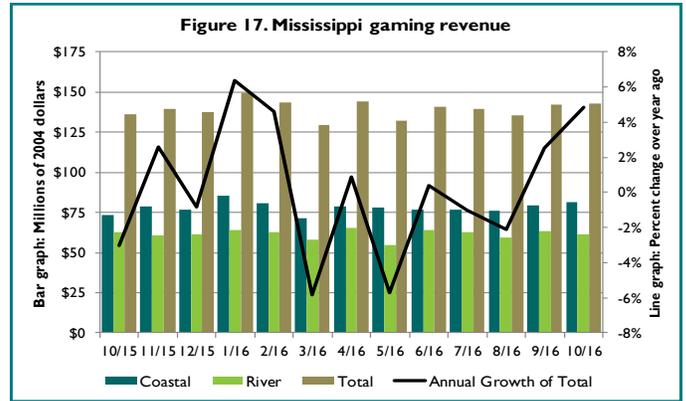
Source: U.S. Department of Labor; seasonally adjusted



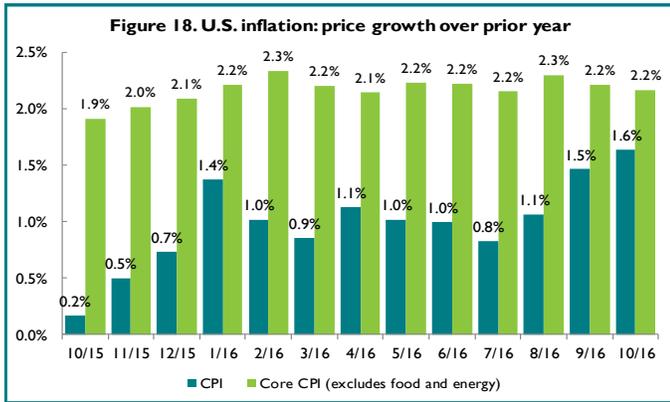
Source: U.S. Bureau of Labor Statistics; seasonally adjusted



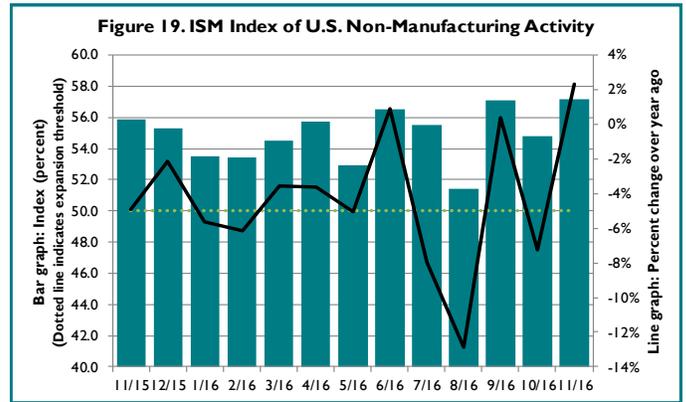
Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted



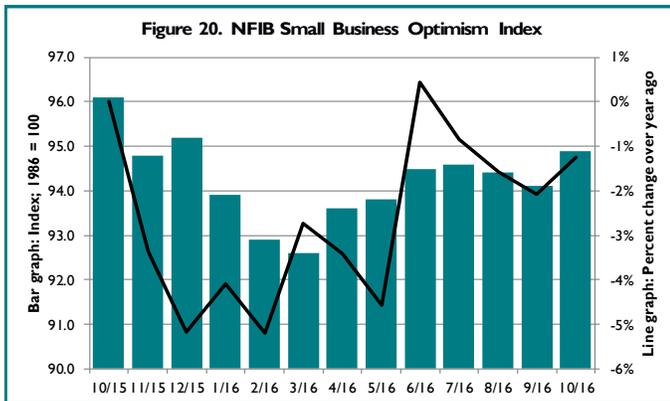
Source: Mississippi Department of Revenue; seasonally adjusted



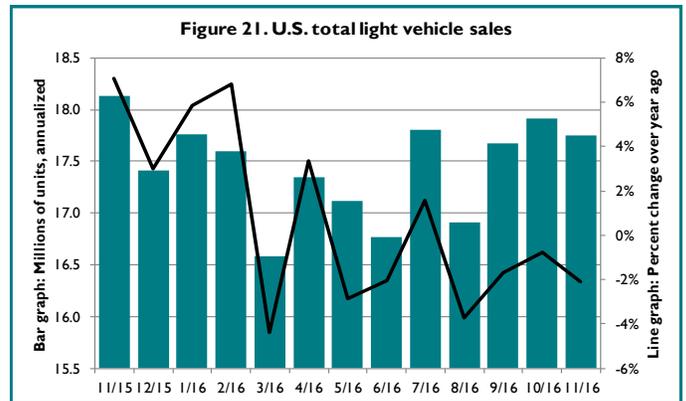
Source: U.S. Bureau of Labor Statistics



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	October	September	October	Percent change from		
	2016	2016	2015	September 2016	October 2015	
U.S. Leading Economic Index 2004 = 100. Source: The Conference Board	124.5	124.4	123.2	▲0.1%	▲1.1%	Economic Indices
U.S. Coincident Economic Index 2004 = 100. Source: The Conference Board	114.3	114.2	112.7	▲0.1%	▲1.4%	
Mississippi Leading Index 2004 = 100. Source: University Research Center	111.0	110.6	108.3	▲0.4%	▲2.5%	
Mississippi Coincident Index 2004 = 100. Source: Federal Reserve Bank of Philadelphia	111.1	111.0	109.6	▲0.1%	▲1.4%	
Mississippi initial unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	6,661	7,477	8,125	▼10.9%	▼18.0%	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	74.6	72.9	77.6	▲2.3%	▼3.9%	
Mississippi income tax withholdings Three-month moving average; seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	111.0	114.4	110.3	▼2.9%	▲0.7%	
Mississippi Manufacturing Employment Intensity Index 2004 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	81.6	82.0	82.4	▼0.4%	▼0.9%	
University of Michigan Index of Consumer Expectations Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	81.6	79.4	81.1	▲2.7%	▲0.6%	
ISM Index of U.S. Manufacturing Activity Advanced one month. Source: Institute for Supply Management	53.2	51.9	48.4	▲2.5%	▲9.9%	
U.S. retail sales Current dollars, in billions. Source: Bureau of the Census	465.9	462.1	446.7	▲0.8%	▲4.3%	
U.S. Consumer Price Index (CPI)	128.0	127.8	125.9	▲0.1%	▲1.6%	
U.S. Core CPI (excludes food and energy) 2004 = 100. Source: URC using data from Bureau of Labor Statistics	126.6	126.4	123.9	▲0.1%	▲2.2%	
Mississippi unemployment rate Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	5.9%	6.0%	6.5%	▼0.1	▼0.6	
Mississippi continued unemployment claims Seasonally adjusted. Source: U.S. Department of Labor	56,367	52,735	53,420	▲6.9%	▲5.5%	Miscellaneous Indicators
ISM Index of U.S. Non-Manufacturing Activity Advanced one month. Source: Institute for Supply Management	57.2	54.8	55.9	▲4.4%	▲2.3%	
U.S. mortgage rates Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	3.48%	3.39%	3.83%	▲0.10	▼0.34	
Mississippi average hourly wage for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	20.45	20.57	18.42	▼0.6%	▲11.0%	
Mississippi average weekly earnings for manufacturing Seasonally adjusted; 2004 dollars. Source: U.S. Bureau of Labor Statistics	848.17	846.08	764.60	▲0.2%	▲10.9%	
NFIB Small Business Optimism Index 1986 = 100. Source: National Federation of Independent Businesses	94.9	94.1	96.1	▲0.9%	▼1.2%	
U.S. total light vehicle sales Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	17.75	17.91	18.13	▼0.9%	▼2.1%	
Gaming revenue	142.9	142.4	136.3	▲0.3%	▲4.9%	
Coastal counties	81.2	79.3	73.3	▲2.4%	▲10.8%	
River counties Seasonally adjusted; millions of 2004 dollars. Source: Mississippi Department of Revenue	61.7	63.1	63.0	▼2.3%	▼2.1%	

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS

According to the U.S. Bureau of Labor Statistics (BLS), total nonfarm employment in Mississippi edged lower by 0.1 percent in October, a loss of 700 jobs. Moreover, as Table 2 below indicates, BEA revised employment in the state for September down by 3,300 jobs, a decrease of 2.9 percent. Thus, total employment in Mississippi decreased in seven of the first ten months of 2016. Significantly, employment in October compared to one year ago was lower by 0.1 percent, a decrease of 1,000 jobs.

BEA reported statistically significant increases in total nonfarm employment in eleven states in October. The largest gains occurred in California, Michigan, and Washington. The largest percentage increase in employment occurred in Montana. Five states experienced statistically significant decreases in employment in October. The largest losses occurred in Minnesota, South Carolina, and Connecticut. The largest percentage decreases in employment for the month occurred in Vermont, Maine, and South Carolina. Statistically significant increases in employment compared to one year ago occurred in thirty-one states and the District of Columbia, as only Wyoming and North Dakota experienced statistically significant decreases.

Most sectors in Mississippi lost jobs in October. The largest increase occurred in Professional and Business Services, which added 1,900 jobs and was also the largest percentage increase of 1.9 percent. The largest absolute and percentage decrease in employment in the state for the month occurred in Health Care and Social Assistance, which lost 4,000 jobs, a decline of 3.0 percent.

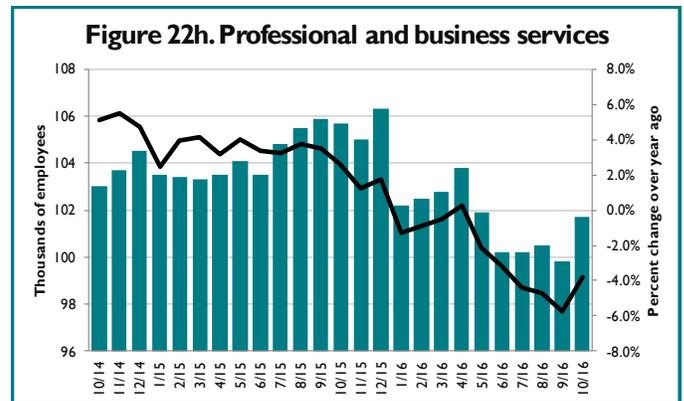
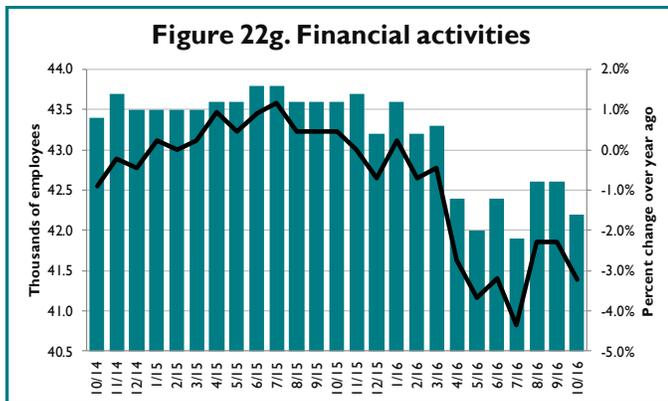
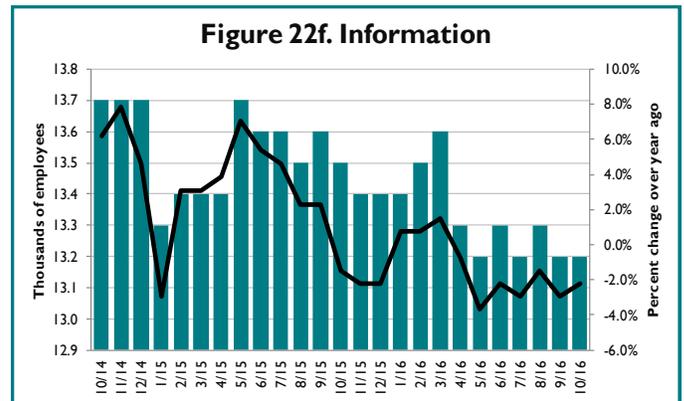
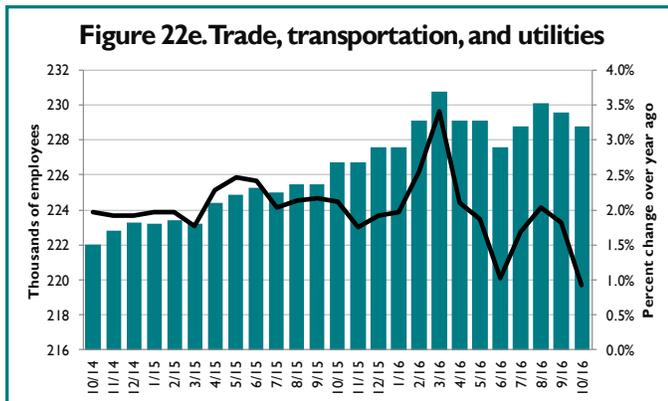
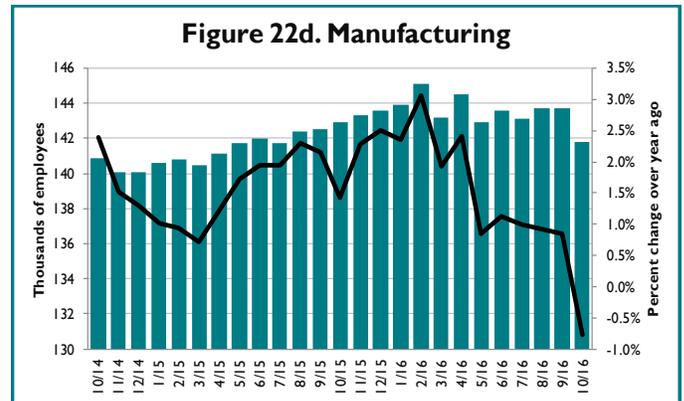
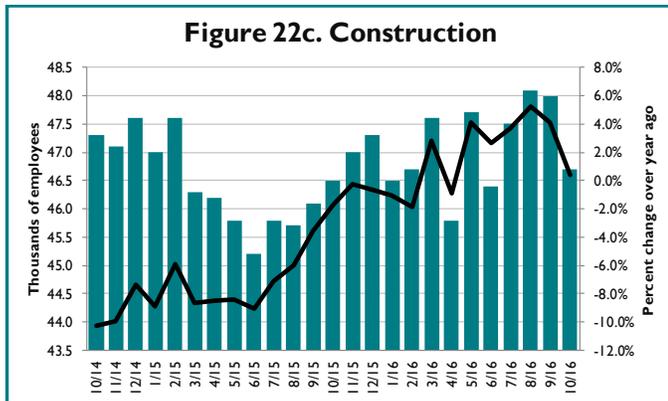
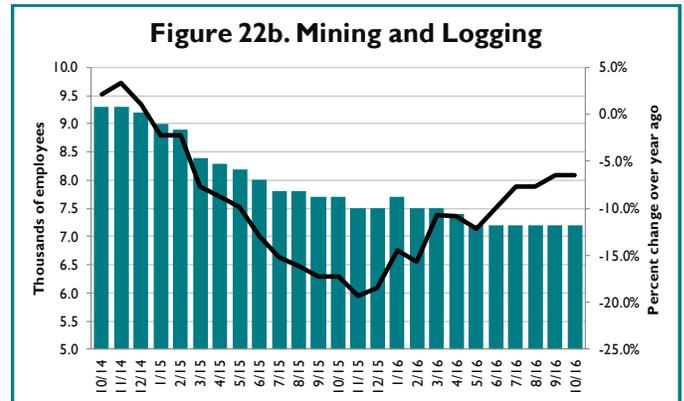
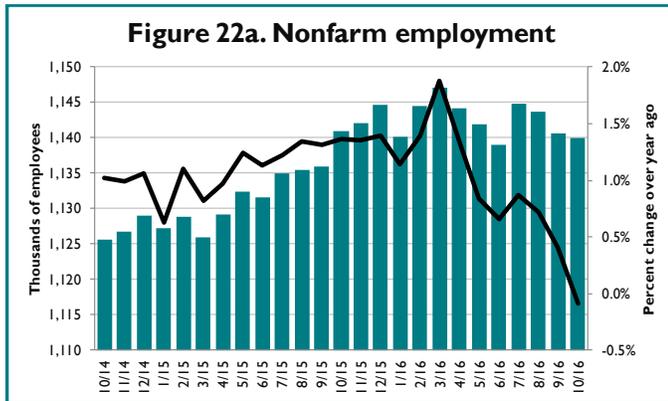
Compared to one year ago, Health Care and Social Assistance added 2,500 jobs as of October, the most among all sectors in the state. The gain was also the largest percentage increase of 2.0 percent. The largest decrease in employment in October compared to one year ago among all industries in Mississippi was in Professional and Business Services, which lost 4,000 jobs over the past twelve months. The largest percentage decrease among all sectors in the state for the month remained in Mining and Logging, down 6.5 percent compared to October 2015. However, total employment in the sector has not changed since May. Additionally, employment across all service sectors in Mississippi was down 0.1 percent or 600 jobs compared to one year ago. Year-over-year employment in Manufacturing was also down 0.8 percent, or 1,100 jobs.

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

	Relative share of total ^a	October 2016	September 2016	October 2015	Change from September 2016		Change from October 2015	
					Level	Percent	Level	Per-
Total Nonfarm	100.0%	1,139,900	1,140,600	1,140,900	▼700	▼0.1%	▼1,000	▼0.1%
Mining and Logging	0.6%	7,200	7,200	7,700	◀0	◀0.0%	▼500	▼6.5%
Construction	4.1%	46,700	48,000	46,500	▼1,300	▼2.7%	▲200	▲0.4%
Manufacturing	12.6%	141,800	143,700	142,900	▼1,900	▼1.3%	▼1,100	▼0.8%
Trade, Transportation, & Utilities	20.0%	228,800	229,600	226,700	▼800	▼0.3%	▲2,100	▲0.9%
Retail Trade	12.4%	141,200	142,200	139,000	▼1,000	▼0.7%	▲2,200	▲1.6%
Information	1.2%	13,200	13,200	13,500	◀0	◀0.0%	▼300	▼2.2%
Financial Activities	3.7%	42,200	42,600	43,600	▼400	▼0.9%	▼1,400	▼3.2%
Services	36.2%	413,700	415,500	414,300	▼1,800	▼0.4%	▼600	▼0.1%
Professional & Business Services	8.9%	101,700	99,800	105,700	▲1,900	▲1.9%	▼4,000	▼3.8%
Educational Services	1.1%	12,800	12,800	12,800	◀0	◀0.0%	◀0	◀0.0%
Health Care & Social Assistance	11.2%	127,700	131,700	125,200	▼4,000	▼3.0%	▲2,500	▲2.0%
Arts & Entertainment	1.0%	11,900	11,700	11,800	▲200	▲1.7%	▲100	▲0.8%
Accommodation and Food Services	10.5%	120,200	120,000	118,800	▲200	▲0.2%	▲1,400	▲1.2%
Other Services	3.5%	39,400	39,500	40,000	▼100	▼0.3%	▼600	▼1.5%
Government	21.5%	246,300	245,700	245,700	▲600	▲0.2%	▲600	▲0.2%

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

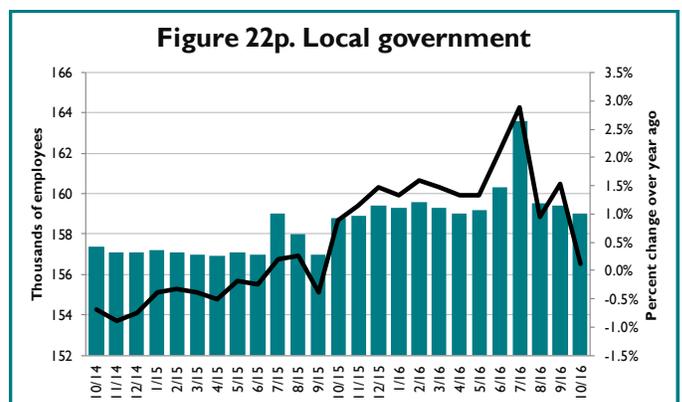
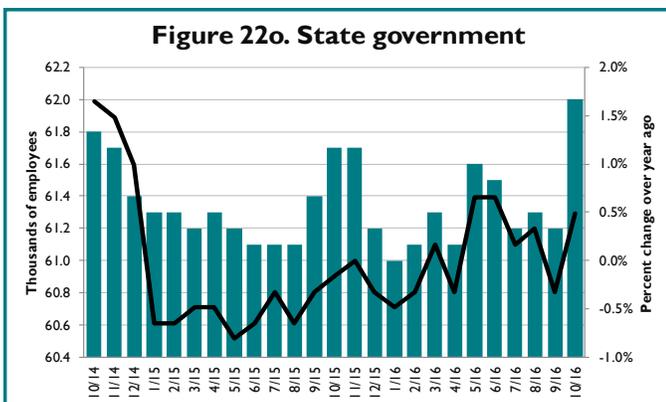
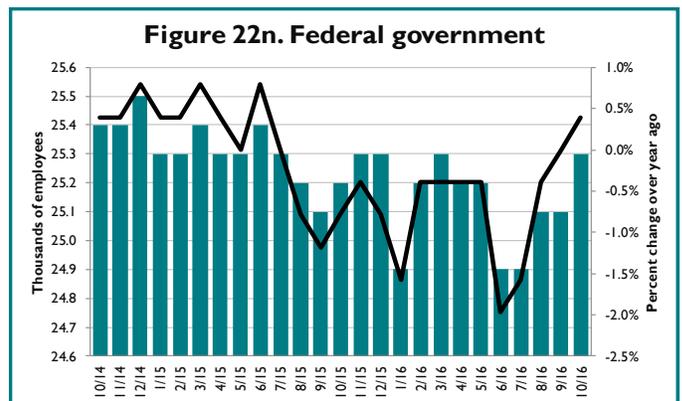
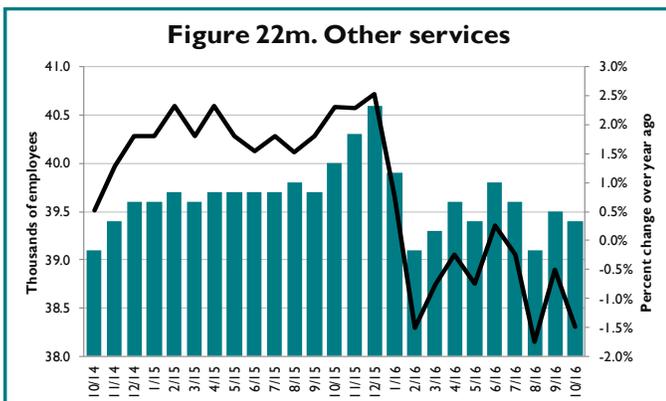
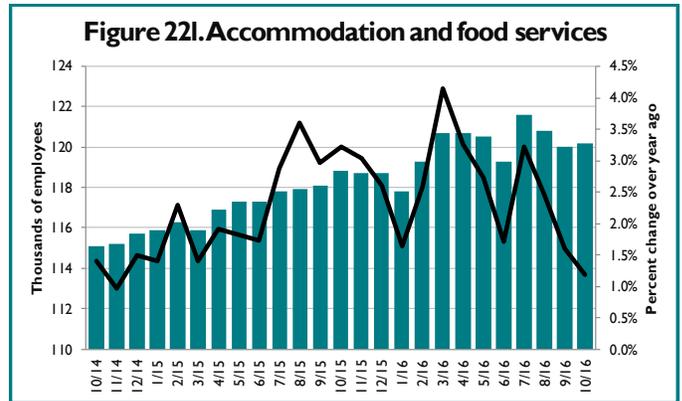
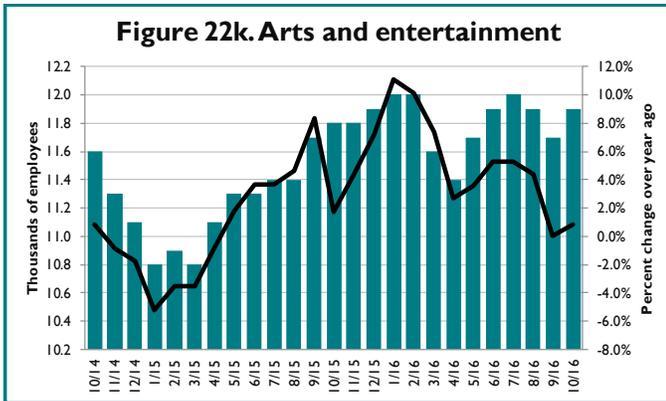
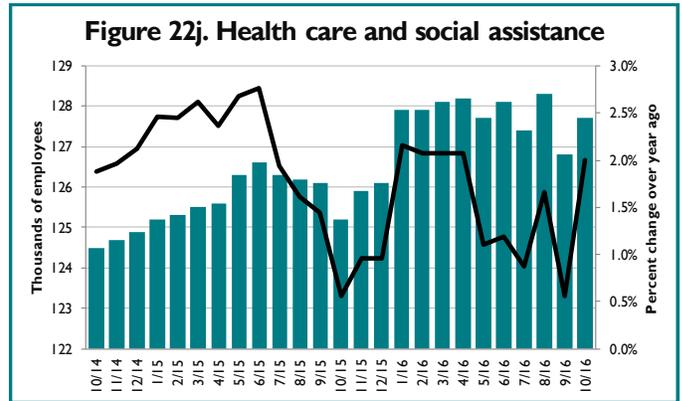
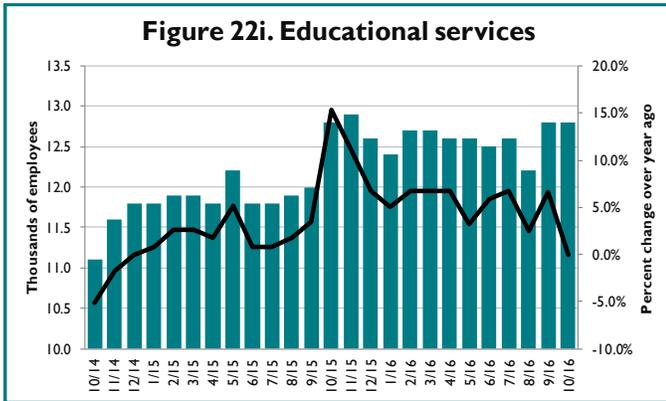
MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES



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

MISSISSIPPI'S BUSINESS

MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)



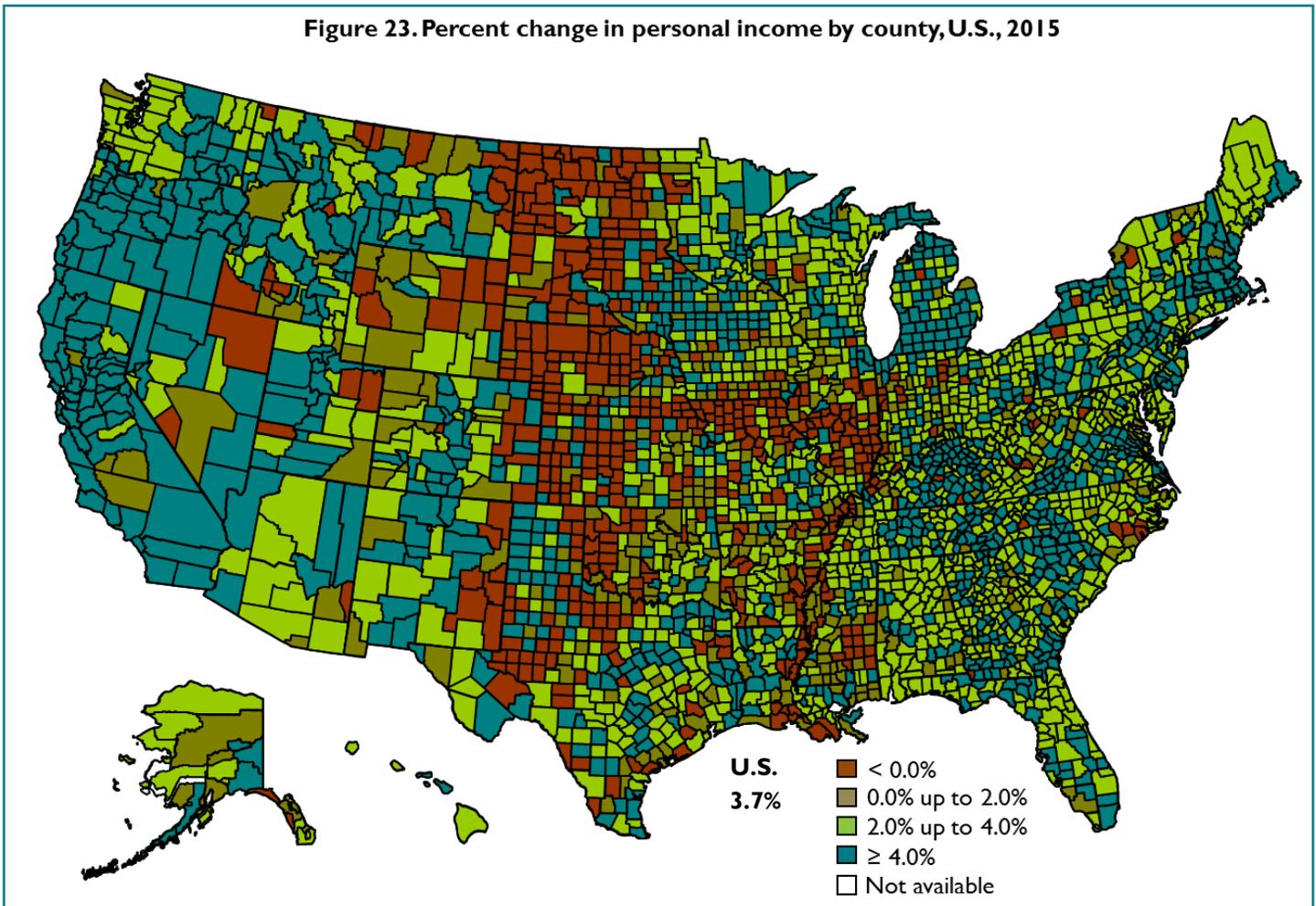
Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

MISSISSIPPI'S BUSINESS

CHANGES IN COUNTY PERSONAL INCOME FOR 2015, CONTINUED

notable for the differences in the change in income it depicts. Both of the east and west coast regions of the country experienced some of the largest increases in income in 2015. On the other hand, a large section of the middle of the country, running roughly from north to south, saw incomes decline in 2015. The west coast experienced some of the best income growth in the nation in 2015 as personal income in all of the counties in the three coastal states increased, most at rates of 4.0 percent or more. Similarly, income grew relatively strongly in the counties in the far southeast and northeast areas, as well as the state of Michigan. In contrast, most of the counties in several states in the Great Plains experienced declines in personal income in 2015. Income contracted in almost all of the counties in North Dakota in 2015, which was the only state where BEA reported an overall decrease in income for the year. The state felt the brunt of the decline in oil prices that began in late 2014. Most of the counties in South Dakota, Nebraska, and Kansas experienced decreases in income in 2015, although each of these states reported overall increases in personal income for the year. Agriculture is a significant industry in the economies of these states, and a fall in commodity prices in 2015 may account for the decrease in incomes. Similarly, the fall in agricultural commodity prices may explain the decrease in income in a number of counties running eastward through Missouri and Illinois. Finally, the downturn in oil prices likely explains why a number of counties in western Oklahoma and northwest Texas experienced declines in personal income in 2015.

Figure 23. Percent change in personal income by county, U.S., 2015



Source: U.S. Bureau of Economic Analysis