



2021 AND 2022 REAL GDP FORECASTS WEAKEN FOR MISSISSIPPI, IMPROVE FOR U.S.

The latest forecast by URC projects real gross domestic product (GDP) for Mississippi contracted 4.3 percent in 2020. Compared to the forecast of the previous quarter, this estimate represents an improvement of 0.7 percentage point. This projection, if realized, would mark the largest annual decline in real GDP for Mississippi since the 4.5 percent contraction in 2009.

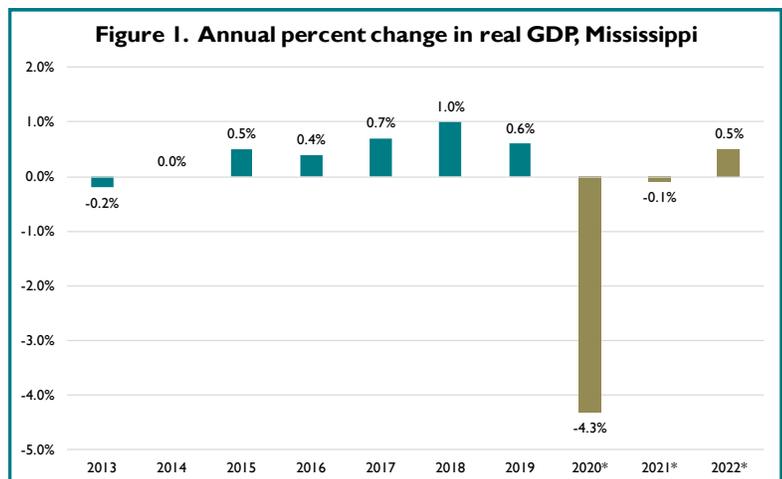
URC estimates Mississippi's economy will contract 0.1 percent in 2021 as seen in the first section of Table 1 on page 3. This forecast is 2.0 percentage points lower than the forecast of the previous quarter. If the 2020 and 2021 forecasts are realized, the estimates would mark the first consecutive years of annual decreases in real GDP for Mississippi in data back to 1978. In 2022 the state's economy is expected to expand by 0.5 percent, which reflects a drop of 1.0 percentage point from the forecast of the previous quarter. Real GDP for the state is projected to expand by 1.0 percent in 2023, which if realized would equal the largest annual increase since 2008. The annual changes in real GDP for Mississippi since 2013 along with projections through 2022 are depicted in Figure 1 below.

As seen in the fourth section of Table 1 on page 3 the latest estimate of the change in U.S. real GDP in 2020 is a contraction of 3.6 percent. This projection is unchanged from the forecast of the previous quarter. In 2021 U.S. real GDP is expected to grow 4.0 percent, which represents an increase of 0.3 percentage point from the forecast of the previous quarter. This forecast, if realized, would mark the largest annual expansion of U.S. real GDP since 2000. The U.S. economy is projected to grow 3.9 percent in 2022, which reflects an increase of 0.7 percentage point from the forecast of the previous quarter. In 2023 U.S. real GDP is forecast to increase 2.5 percent.

Figure 2 on page 2 depicts the change in personal income in Mississippi since 2013 and the projected changes through 2022. Personal income in the state is forecast to increase 8.3 percent in 2020, which

represents a decrease of 1.3 percentage points from the forecast of the previous quarter. As noted in previous issues of the *Outlook*, a surge in personal income in the state for 2020 is expected due to the transfers from the federal CARES Act. The 29.3 percent jump in transfer payments projected for 2020 as seen in Table 1 largely reflects these transfers. In 2021 personal income is projected to grow 1.9 percent, an increase of 0.9 percentage point from the forecast of the previous quarter. Personal income in Mississippi is forecast to grow 2.8 percent in 2022, which represents a decline of 0.5 percentage point from the forecast of the previous quarter. The expected change in personal income for 2023 is 4.0 percent.

The second section of Table 1 projects payroll employment in Mississippi fell 3.6 percent in 2020. Compared to the forecast of the previous quarter this estimate is 0.9 percentage point larger. The expected change in employment in 2021 is an increase of 0.5 percent, up 0.3 percentage point from the forecast of the previous quarter. In 2022 payroll employment is forecast to remain unchanged, which represents a decrease of 0.5 percentage point from the forecast of the previous quarter. Payroll employment in the state is expected to fall 0.6 percent in 2023.



*Projected. Sources: U.S. Bureau of Economic Analysis and URC

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MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

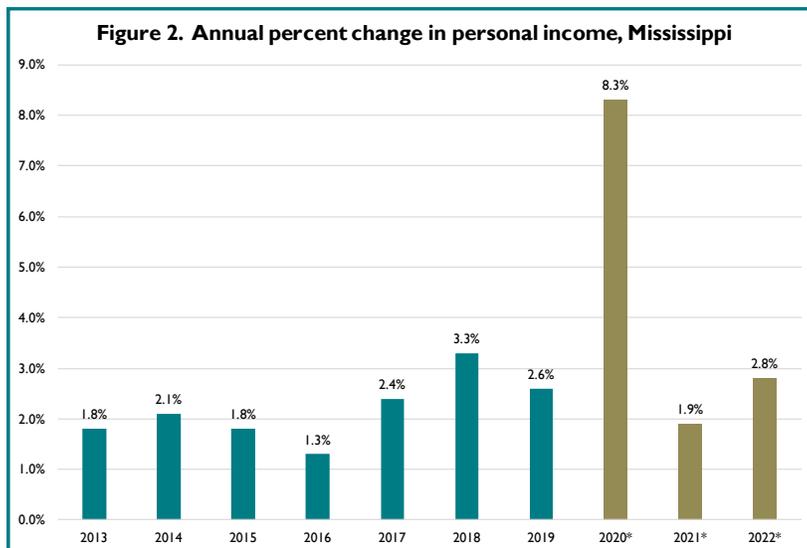
Table I indicates output likely contracted in all sectors of the Mississippi economy in 2020. However, in the forecast of the previous quarter neither Mining nor Finance, Insurance, and Real Estate were included with these sectors. As in the previous quarter the largest decline expected among all sectors in the state in 2020 is in Leisure and Hospitality. The 24.4 percent decrease projected for the sector is 2.5 percentage points higher than in the forecast of the previous quarter. The only other double-digit contraction expected among all sectors in the state in 2020 is the 10.9 percent decrease forecast for Other Services.

Although the state's economy is projected to contract slightly in 2021, a majority of sectors is forecast to expand. The Information sector is expected to grow 6.4 percent, the most among all sectors. As in 2020, the largest decrease in output among all sectors in 2021 is forecast for Leisure and Hospitality, which is expected to shrink 9.4 percent. The next largest decrease in output is expected in Mining, which is projected to contract 6.7 percent. Notably, the Manufacturing sector in Mississippi is anticipated to contract 0.8 percent in 2021, which represents a decrease of 7.2 percentage points from the forecast of the previous quarter.

In 2022 more sectors of the Mississippi economy are forecast to expand. The largest increase in output is projected for Mining, which is expected to expand 5.6 percent. The Information sector is forecast to increase 5.0 percent. The largest decrease is once again expected in Leisure and Hospitality, which is forecast to contract 3.5 percent. This estimate represents a decrease for the sector of 2.4 percentage points from the forecast of the previous quarter. Other sectors for which output is forecast to contract in 2022 include Manufacturing, which is expected to decline 1.1 percent, and Government, which is expected fall by 1.0 percent.

Only four sectors in the state are forecast to contract in 2023. The largest expected increase in output among all sectors is the 4.7 percent expansion forecast for Information. The largest decrease is again expected in Leisure and Hospitality, which is forecast to contract 2.9 percent. Notably, Leisure and Hospitality, Agriculture, and Government are all forecast to contract in output each year from 2020 to 2023.

As mentioned on page 1, payroll employment in Mississippi is forecast to decrease 3.6 percent in 2020. All sectors



*Projected. Sources: U.S. Bureau of Economic Analysis and URC.

are expected to lose jobs. The largest decrease in employment in 2020 is the 10.7 percent decline expected in Leisure and Hospitality. The 10.0 percent decrease in employment in the Information sector closely follows. The smallest decline in employment across all sectors expected in 2020 is the 0.5 percent decrease in Wholesale and Retail Trade jobs. In 2021 employment in the state is projected to increase 0.5 percent and most sectors are expected to add jobs. Employment in Wholesale and Retail Trade is forecast to increase 4.5 percent, the largest gain among all sectors. Information employment is expected to fall 5.7 percent, the largest decline among all sectors. Employment in Leisure and Hospitality is forecast to decrease 4.3 percent in 2021.

Employment in the state is expected to remain unchanged in 2022. The largest increase in employment is forecast for Information, which is expected to grow 3.8 percent. Transportation and Utilities employment is projected to increase 3.3 percent. The largest decrease in employment in 2022 is the 2.1 percent decline forecast for Wholesale and Retail Trade, closely followed by the 2.0 percent decrease expected in Leisure and Hospitality. In 2023 employment in Mississippi is projected to fall 0.6 percent. Employment in Wholesale and Retail Trade is forecast to decrease 5.2 percent, the largest decline among all sectors. The largest increase in employment among all sectors in the state is expected in Mining, which is forecast to grow 2.0 percent, closely followed by the 1.8 percent increase in employment forecast for Transportation and Utilities.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2020† Percent		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Change	2021	2022	2023	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3
Mississippi Forecast													
Gross State Product (projected)													
In current dollars	112,482	-3.0	1.6	2.4	3.2	-15.1	10.9	-2.6	4.4	1.1	3.1	2.6	3.0
In millions of 2012 dollars	98,290	-4.3	-0.1	0.5	1.0	-16.6	9.7	-4.6	2.8	-0.7	1.1	0.6	0.9
Agriculture, Forestry, Fishing, and Hunting	2,633	-8.1	-6.2	-0.4	-0.9	-34.7	9.2	-6.2	-3.8	1.6	1.5	-0.4	-0.5
Mining and Oil and Gas Extraction	1,107	-8.5	-6.7	5.6	2.3	-10.3	8.3	-18.5	11.8	8.7	9.2	5.1	4.1
Contract Construction	3,205	-2.2	2.0	-0.2	1.6	-6.7	10.4	2.7	-4.4	-1.2	0.4	0.7	1.2
Manufacturing	17,149	-2.1	-0.8	-1.1	0.2	-12.6	-3.0	-4.9	-0.6	-2.6	-0.6	-0.5	-0.1
Durable Goods	9,101	-3.0	1.5	-1.6	-0.4	2.5	-6.8	-1.6	-3.6	-2.6	-1.3	-0.7	-0.5
Nondurable Goods	8,062	-0.9	-3.5	-0.6	0.9	-27.7	1.7	-8.7	3.1	-2.5	0.2	-0.2	0.2
Transportation and Utilities	6,605	-0.4	0.7	-0.7	0.0	18.5	0.4	-11.7	2.2	0.3	-0.4	-0.8	-0.1
Wholesale and Retail Trade	13,552	-3.8	1.9	0.9	2.5	-18.3	16.2	-5.9	3.7	-1.2	1.6	1.6	1.5
Information	2,726	-4.4	6.4	5.0	4.7	-30.6	58.9	-5.0	9.5	6.6	3.6	5.6	5.4
Finance, Insurance, and Real Estate	13,843	-2.7	-1.3	1.7	2.0	-28.3	15.1	1.8	2.9	0.6	1.4	2.2	2.0
Professional and Business Services	7,312	-1.1	4.9	3.4	2.0	-12.1	18.5	1.3	10.1	1.1	4.2	1.9	2.7
Health Care and Social Assistance	7,625	-9.0	1.6	2.4	2.3	-20.6	13.6	-5.0	8.5	-1.1	4.5	1.5	2.7
Leisure and Hospitality	3,204	-24.4	-9.4	-3.5	-2.9	-62.3	46.7	-22.0	7.9	-5.5	-2.0	-4.0	-3.5
Educational Services	678	-8.3	-0.1	1.5	1.6	-4.8	3.9	0.8	0.8	1.4	2.0	1.5	1.7
Other Services	2,014	-10.9	-0.5	0.2	0.2	-3.7	-1.7	0.4	0.2	-0.1	0.3	0.0	0.3
Government	16,746	-2.2	-2.0	-1.0	-0.7	-10.2	2.7	-5.1	0.5	-2.0	-0.3	-1.0	-0.6
Payroll Employment (thousands)													
Residents†	1,141	-5.5	4.4	3.4	0.6	0.0	8.1	3.0	6.4	4.5	3.8	2.4	1.4
Payroll†	1,116	-3.6	0.5	0.0	-0.6	-5.1	4.6	-0.6	1.7	-0.1	-0.4	0.1	-0.3
Mining and Oil and Gas Extraction	6.3	-8.4	-4.0	0.2	2.0	0.7	2.0	-6.1	0.3	-1.6	0.9	0.7	2.6
Contract Construction	41.6	-6.1	0.5	0.0	0.8	-0.3	4.1	2.1	-1.5	-0.5	0.0	0.5	0.7
Manufacturing	144.1	-2.0	1.4	0.5	-0.2	2.2	3.1	-0.5	0.1	1.0	1.2	0.3	-0.1
Durable Goods	92.4	-4.5	0.1	0.5	0.1	4.9	0.9	0.0	-2.2	2.6	0.8	0.4	-0.1
Nondurable Goods	51.7	2.9	3.7	0.5	-0.6	-2.2	6.9	-1.4	4.1	-1.8	1.8	-0.1	0.1
Transportation and Utilities	59.0	-2.7	3.1	3.3	1.8	10.2	3.0	4.1	1.7	3.6	3.0	2.4	7.4
Wholesale and Retail Trade	169.6	-0.5	4.5	-2.1	-5.2	4.7	4.6	4.4	4.2	0.4	-2.2	-5.5	-6.5
Information	9.7	-10.0	-5.7	3.8	-0.3	-9.5	0.0	5.5	3.6	5.3	5.7	4.9	-0.9
Finance, Insurance, and Real Estate	43.3	-2.9	-1.4	1.6	1.1	-0.2	2.2	-5.5	-0.7	-0.5	3.3	4.2	4.1
Professional and Business Services	103.2	-4.6	0.4	-0.7	0.0	-6.9	3.1	-2.0	-0.2	-1.3	-0.6	-0.5	-0.2
Health Care and Social Assistance	130.3	-3.5	3.0	2.2	1.4	5.4	6.2	4.2	5.7	0.8	-2.6	7.7	3.0
Leisure and Hospitality	121.6	-10.7	-4.3	-2.0	-1.5	-42.0	23.8	-13.3	4.2	-3.3	-1.1	-2.2	-1.9
Educational Services	11.1	-7.4	1.0	1.0	0.8	1.3	1.3	1.2	1.1	1.1	1.0	0.9	0.9
Other Services	40.3	-0.7	0.0	-0.3	0.0	-0.9	-0.1	-1.0	-0.3	-0.4	-0.3	-0.2	-0.1
Government	236.3	-2.3	-1.4	-0.2	0.0	-2.9	-1.2	-0.5	-0.4	-0.3	-0.2	-0.1	-0.1
Unemployment Rate (%)†, ‡	8.7	3.3	-1.2	-1.4	-0.1	9.4	8.0	7.9	7.2	6.7	6.3	6.1	6.0
Personal Income (millions of current \$)													
Wages and Salaries	51,250	0.2	3.6	2.7	2.5	-3.2	8.2	0.5	4.6	2.5	3.1	2.3	2.1
Other Labor Income	12,515	0.1	4.1	2.7	2.4	2.0	6.5	1.9	3.8	2.7	3.0	2.4	2.1
Proprietors' Income	8,985	10.3	21.1	6.1	5.6	28.1	5.8	13.7	8.3	6.5	4.9	5.2	3.7
Farm Proprietors	417	-51.0	-49.4	-2.9	-3.4	-85.0	16.6	-24.8	-16.0	7.2	2.6	-1.9	-2.3
Non-farm Proprietors	8,571	17.5	24.4	6.3	5.8	36.3	5.5	14.7	8.8	6.5	4.9	5.3	3.9
Property Income	18,358	-1.3	-1.5	-0.1	2.3	-7.0	11.6	-11.5	2.1	-3.6	2.5	0.5	2.2
Transfer Payments	39,672	29.3	-3.6	3.3	6.7	44.3	-22.1	7.1	-6.9	3.8	4.7	2.8	5.2
Less: Social Security Payments	9,011	1.6	4.5	2.7	2.4	-2.9	12.4	0.4	3.9	2.0	4.5	2.0	1.8
Plus: Residence Adjustment	3,624	0.5	6.8	5.2	3.9	9.2	5.5	5.4	7.7	6.2	5.3	4.2	3.4
Equals: Total Personal Income	125,393	8.3	1.9	2.8	4.0	12.2	-2.5	1.9	1.1	2.5	3.6	2.6	3.2
Less: Individual IRS Collections	6,835	-1.2	1.3	2.0	1.9	-5.2	1.7	-0.1	5.5	2.5	0.2	2.3	2.0
Less: Individual State and Local Taxes	2,380	3.3	5.5	4.1	4.0	0.7	8.1	2.8	5.0	3.9	4.7	3.8	3.7
Equals: Disposable Personal Income	116,178	9.0	1.9	2.9	4.2	13.6	-2.9	2.0	0.7	2.5	3.8	2.6	3.3
Per Capita Personal Income (thousands of \$)	42.3	8.7	2.3	3.0	4.0	12.7	-2.1	2.3	1.3	2.7	3.7	2.6	3.3
Population (thousands)	2,965	-0.4	-0.4	-0.1	0.0	-0.5	-0.4	-0.3	-0.3	-0.2	-0.1	-0.1	-0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	20,921	-2.4	5.7	5.9	4.6	5.1	3.6	5.2	7.4	6.6	6.2	5.3	4.7
Gross Domestic Product (billions of 2012 \$)	18,411	-3.6	4.0	3.9	2.5	3.0	2.4	3.5	5.5	4.8	4.2	3.4	2.7
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	113.6	1.2	1.7	1.8	2.0	2.0	1.2	1.6	1.8	1.8	1.9	1.9	1.9
Total Employment, Residents (millions)†	147.8	-6.2	3.7	3.2	0.8	10.4	1.5	4.6	6.0	4.4	3.4	2.1	1.1
Total Payroll Employment (millions)†	142.3	-5.7	3.0	3.3	0.7	5.1	3.7	4.5	5.9	4.6	3.4	2.2	1.2
Unemployment Rate (%)†, ‡	8.12	121.9	-35.8	-25.0	4.1	6.8	6.0	5.6	4.9	4.3	4.0	3.8	3.9
Personal Income (billions of current \$)	19,718	6.3	1.6	2.0	4.2	-7.2	22.9	-13.9	0.2	1.5	4.8	4.0	3.7
Per Capita Personal Income (thousands of \$)	59.8	5.8	1.5	1.5	3.7	-7.3	22.7	-14.0	-0.1	1.2	4.4	3.5	3.2
Consumer Price Index (1982-84 = 100)	2.59	1.2	1.9	2.7	2.2	2.2	1.8	1.7	2.9	2.7%	2.7	2.2%	2.1
Prime Rate (%)†	3.54	-33.0	-8.2	0.0	0.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3

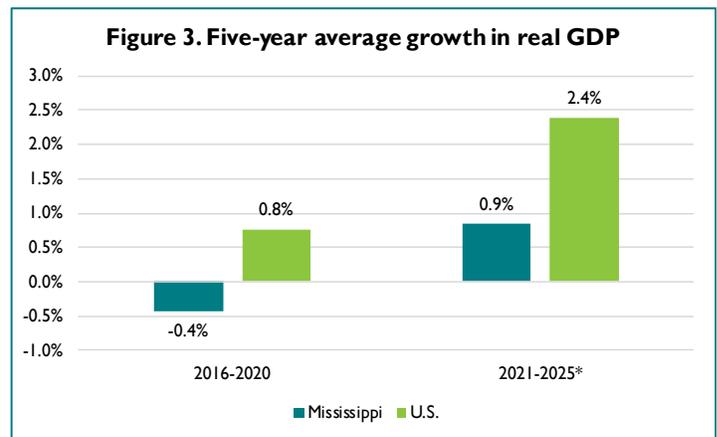
†Seasonally-adjusted. ‡Projected rates. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (levels), and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

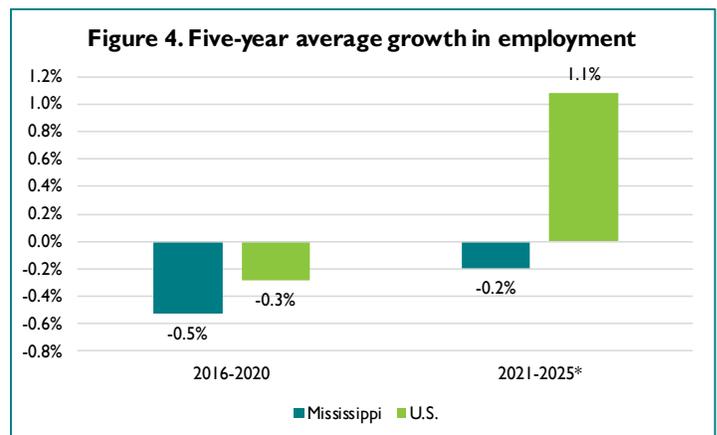
FIVE-YEAR FORECASTS

Real GDP in Mississippi is forecast to expand an average of 0.9 percent per year from 2021 to 2025. As Figure 3 indicates, this rate of growth represents an average increase of 1.3 percentage points per year compared to the previous five years. The U.S. economy is forecast to expand by an average rate of 2.4 percent per year over the next five years. This rate of growth represents an average increase of 1.6 percentage points per year compared to the 2016 to 2020 period. U.S. real GDP was expected to outgrow Mississippi real GDP by an average of 1.2 percentage points per year from 2016 to 2020; from 2021 to 2025 the U.S. economy is forecast to outpace the Mississippi economy by an average of 1.5 percentage points per year.

Employment in Mississippi is forecast to decrease an average of 0.2 percent per year from 2021 to 2025 as seen in Figure 4. Nevertheless, this rate represents an improvement of an average of 0.3 percentage point per year compared to the previous five years. In contrast, U.S. employment is projected to increase an average of 1.1 percent per year over the next five years. This rate represents an improvement of an average of 1.6 percentage points per year compared to the 2016 to 2020 period. On average the decrease in U.S. employment was 0.2 percentage point less per year than in Mississippi from 2016 to 2020. Over the next five years U.S. employment growth is forecast to exceed Mississippi employment growth by an average of 1.3 percentage points per year.



*Projected. Sources: Bureau of Economic Analysis; URC



*Projected. Sources: Bureau of Labor Statistics; URC

ALTERNATIVE FORECASTS

The firm IHS Markit estimates a 30 percent probability of its latest pessimistic alternative scenario. Under this scenario the recovery is slower than under its baseline forecast, largely due to worsening COVID-19 case numbers that result in tighter containment measures that in turn reduce consumer spending. Compared to the previous quarter the probability of this scenario is unchanged. Consumers become more cautious under this scenario due to the increasing number of infections, and first quarter spending falls. U.S. real GDP does not surpass its pre-recession level until the fourth quarter of 2021, one quarter later than in the baseline forecast. Nevertheless, the average annual growth in U.S. real GDP over the next five years under this scenario is only about 0.1 percentage point less per year compared to the baseline forecast. Similarly, the Mississippi economy also expands at an average rate that is only 0.1 percentage point less per year over the next five years in this pessimistic scenario compared to the baseline forecast.

As in the previous quarter IHS Markit assumes a probability of 20 percent for its optimistic scenario. Under this scenario the recovery occurs faster than under the baseline forecast. A key assumption of this scenario is that the administering of COVID-19 vaccines that began in December 2020 occurs more widely than in the baseline forecast. Consumers are also assumed to more closely follow social distancing measures, which reduces case numbers and prevents a tightening of restrictions. As a result consumer spending returns to its pre-recession and pre-pandemic patterns sooner than in the baseline forecast, leading to a faster recovery. U.S. real GDP grows at an average annual rate over the next five years that is 0.2 percentage point higher compared to the baseline forecast, the same as in the optimistic scenario of the previous quarter. From 2021 to 2025 the Mississippi economy expands at an average rate per year that is 0.1 percentage point higher under this optimistic scenario compared to the baseline forecast.