



SHORT-TERM FORECASTS FOR MISSISSIPPI REAL GDP, EMPLOYMENT IMPROVE

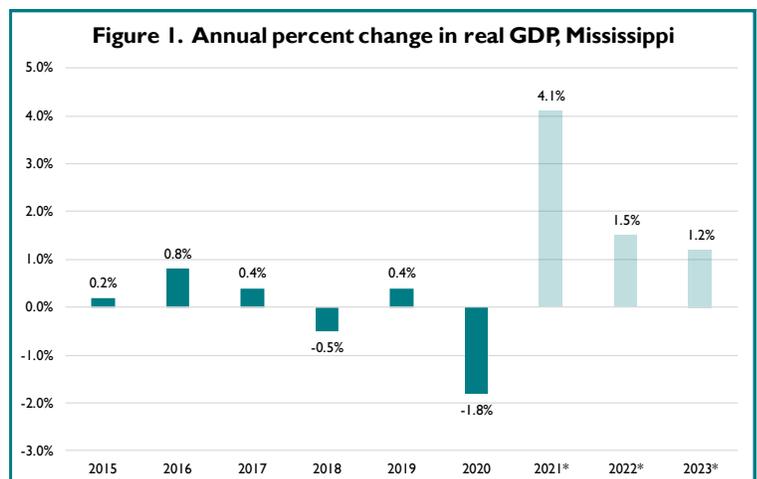
In our latest forecast, URC projects real gross domestic product (GDP) for Mississippi rose 4.1 percent in 2021, a slight increase of 0.2 percentage point from the forecast of the previous quarter. Although the Bureau of Economic Analysis (BEA) reported real GDP for the state increased at an annualized rate of 0.2 percent in the third quarter, URC forecasts real GDP growth improved to 2.3 percent in the fourth quarter of 2021. As seen in the third section of Table 1 on page 3, the latest forecast for the change in wages and salaries in the state is 5.9 percent, up 1.2 percentage points from the forecast of the previous quarter. The change in transfer payments from the federal government for 2021, however, was revised down 9.1 percentage points from the forecast of the previous quarter to 8.1 percent. Figure 1 below indicates real GDP for Mississippi is expected to expand 1.5 percent in 2022, an increase of 1.1 percentage points from the forecast of the previous quarter. In 2023 real GDP for the state is forecast to grow 1.2 percent, which represents an increase of 0.6 percentage point from the forecast of the previous quarter.

The fourth section of Table 1 on page 3 indicates the latest projection of the change in U.S. real GDP in 2021 is an increase of 5.7 percent. This estimate represents a increase of 0.3 percentage point from the forecast of the third quarter. In 2022 the forecast for the U.S. economy is an increase of 4.1 percent, a slight decrease of 0.2 percentage point from the estimate of the previous quarter. Supply chain issues are expected to slowly improve during the year and inventory investment is expected to contribute to growth in 2022. U.S. real GDP is projected to grow 2.5 percent in 2023, which represents a decrease of 0.3 percentage point from the forecast of the previous quarter.

Figure 2 on page 2 depicts the change in personal income in Mississippi since 2014 and the projected changes through 2023. The latest forecast of the change in personal income in Mississippi in 2021 is an

increase of 6.7 percent. This estimate represents a decrease of 3.0 percentage points from the forecast of the previous quarter. In 2022 personal income in the state is expected to decrease 0.3 percent as the effects of the federal transfer payments of the previous two years fade. This estimate represents a decrease of 0.9 percentage point from the forecast of the previous quarter. Personal income is projected to increase 4.3 percent in 2023, which reflects an increase of 0.1 percentage point from the forecast of the previous quarter.

The second section of Table 1 on page 3 projects employment in Mississippi rose 2.2 percent in 2021, an increase of 0.5 percentage point from the forecast of the fourth quarter. If realized this forecast will mark the largest annual increase in employment in the state since 1998. Employment in the state is expected to increase 1.5 percent in 2022, which represents an increase of 0.9 percentage point from the previous quarter's forecast. If this forecast is realized it will, for the first time since 2016, mark two consecutive years of employment growth in the state over 1.0 percent. In 2023 URC forecasts employment will grow 0.2 percent, a decrease of 0.6 percentage point from the estimate of the previous quarter.



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

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MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

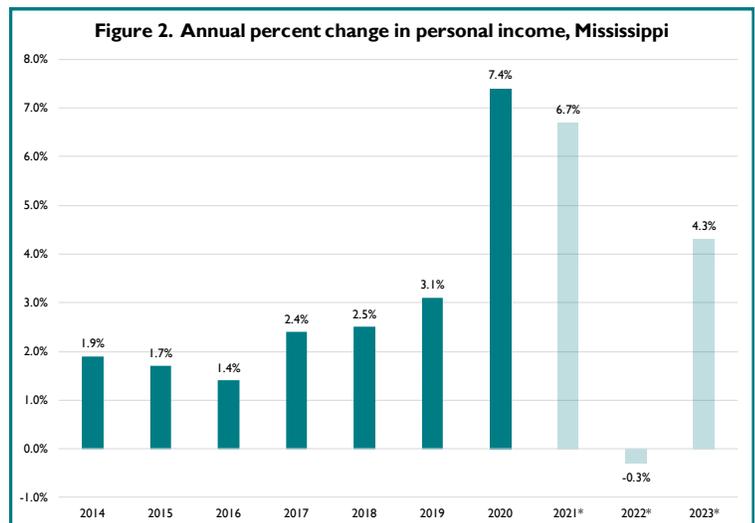
Real GDP likely increased in most sectors of the Mississippi economy in 2021 as seen in the first section of Table I. As in the previous quarter the largest expected growth among all sectors is the 26.3 percent increase in the Agriculture, Forestry, Fishing, and Hunting sector. Compared to the forecast of the fourth quarter this estimate is up 1.1 percentage points. The next largest increase among all sectors in the state is the 19.5 percent growth expected in the Leisure and Hospitality sector. The largest decline in real GDP projected among all sectors in 2021 is the 11.5 percent decrease in the Mining and Oil and Gas Extraction sector. This forecast is down 5.6 percentage points from the previous quarter's forecast. The other sectors in the state where real GDP likely contracted in 2021 include Educational Services and Transportation and Utilities.

In 2022 almost all sectors in the state are expected to expand in output. The largest projected increase in real GDP among all sectors in 2022 is the 8.1 percent increase forecast for Mining and Oil and Gas Extraction. The next largest increase in output is forecast for the Leisure and Hospitality sector, which is forecast to expand 5.7 percent. The only sector where real GDP is projected to decline in 2022 is Wholesale and Retail Trade, which is forecast to contract 2.7 percent.

As in 2022 almost all sectors of the Mississippi economy are expected to expand in 2023. The Information sector is expected to expand in output by 4.6 percent in 2023, the largest increase among all sectors. The next largest increase among all sectors is the 3.7 percent growth forecast for the Leisure and Hospitality sector. The only sector projected to decrease in output in 2023 is Mining and Oil and Gas Extraction, which is forecast to contract 0.7 percent.

Real GDP in the Information sector is forecast to expand 5.8 percent in 2024, the largest increase expected among all sectors. The next largest increase among all sectors forecast for 2024 is in Educational Services, which is expected to expand 2.4 percent. The Mining and Oil and Gas Extraction sector is forecast to contract in output by 1.5 percent in 2024, the largest decrease among all sectors. The only other decrease in real GDP expected among all sectors in 2024 is the 0.3 percent decrease in Construction.

Payroll employment in Mississippi is forecast to increase 2.2 percent in 2021 as noted on page 1. Employment in the Transportation and Utilities sectors is projected to



*Projected. Sources: U.S. Bureau of Labor Statistics and URC.

increase 8.9 percent, the largest increase expected among all sectors. The next largest increase is the 7.3 percent gain forecast for Educational Services, followed by the 6.5 percent increase projected for the Leisure and Hospitality sector. The Mining and Oil and Gas Extraction sector is expected to decrease in employment by 3.4 percent in 2021, the most among all sectors. Other sectors that likely lost jobs in 2021 include Information, Government, and Finance, Insurance, and Real Estate.

In 2022 nearly all sectors in the state are expected to add jobs. The largest increase in employment is again forecast for Transportation and Utilities, which is projected to increase 6.9 percent. The next largest increase is the 4.3 percent gain expected in Mining and Oil and Gas Extraction. The only sector forecasted to lose jobs in 2022 is Wholesale and Retail Trade, where employment is projected to fall 1.4 percent.

More sectors are anticipated to lose jobs in 2023. Employment in the Leisure and Hospitality sectors is forecast to grow 4.6 percent, the largest increase among all sectors. The 2.8 percent increase in employment forecast for the Mining and Oil and Gas Extraction sector is the next largest increase. The largest decrease in employment is again forecast for Wholesale and Retail Trade, where employment is expected to fall 4.5 percent.

Employment in the state in 2024 is projected to remain unchanged. The largest increase expected among all sectors is the 3.7 percent gain forecast for Information. Again the largest decrease in employment is anticipated in the Wholesale and Retail Trade sector, which is projected to decline 3.0 percent.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

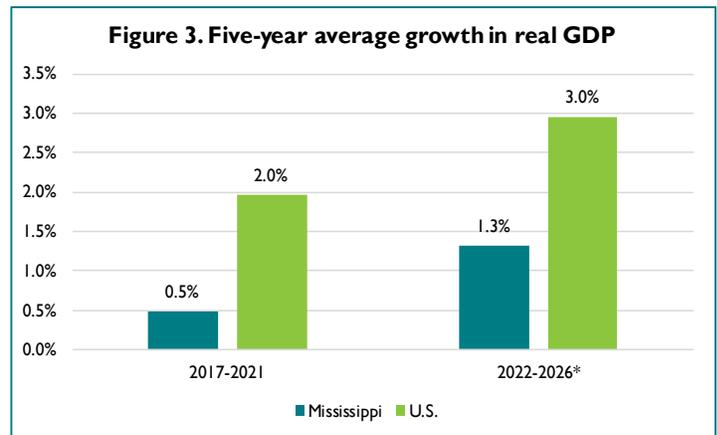
Variable	2021† Percent Value Change	Annual Forecasts			Annualized Quarterly Forecasts								
		2022	2023	2024	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	
Mississippi Forecast													
Gross State Product (millions of current \$)	124,668	9.5	5.9	3.5	3.7	8.7	4.0	4.1	3.9	3.3	3.2	3.7	3.3
Gross State Product (millions of 2012 \$)	103,766	4.1	1.5	1.2	1.2	2.3	1.1	1.3	1.4	1.3	0.9	1.2	0.9
Agriculture, Forestry, Fishing, and Hunting	2,887	26.3	2.9	0.9	0.3	-1.2	6.2	-2.0	1.2	1.1	1.5	1.0	0.8
Mining and Oil and Gas Extraction	1,203	-11.5	8.1	-0.7	-1.5	4.5	32.3	4.4	3.9	-1.0	-2.6	-1.7	-1.3
Contract Construction	2,703	-2.2	1.1	0.9	-0.3	5.8	1.6	3.1	1.2	0.7	1.5	0.6	-0.5
Manufacturing	17,028	6.5	0.9	1.4	1.2	3.1	0.7	0.4	-0.2	3.1	1.3	1.3	1.5
Durable Goods	9,353	9.1	2.0	2.1	1.4	6.3	1.5	1.3	2.0	4.3	2.4	0.8	1.8
Nondurable Goods	7,643	2.9	0.1	0.4	0.7	1.2	-0.8	-1.1	-0.5	1.1	0.2	0.5	0.8
Transportation and Utilities	6,822	-0.3	3.8	1.3	1.0	9.2	6.3	0.5	3.0	0.4	2.3	0.4	1.0
Wholesale and Retail Trade	13,858	0.5	-2.7	0.3	1.2	-0.7	-0.3	-2.3	0.6	-0.8	-1.2	3.1	0.5
Information	2,669	4.8	3.8	4.6	5.8	-0.9	1.8	4.6	2.2	3.8	4.7	5.6	4.9
Finance, Insurance, and Real Estate	16,905	7.0	1.5	0.8	1.6	0.5	0.5	2.0	1.9	0.5	0.8	-0.3	1.2
Professional and Business Services	8,083	8.9	5.0	2.0	1.9	6.4	2.1	3.8	3.5	1.6	3.0	0.8	0.8
Health Care and Social Assistance	7,978	2.0	3.5	1.8	1.9	6.0	1.9	4.5	2.7	0.3	2.1	1.1	2.2
Leisure and Hospitality	4,143	19.5	5.7	3.7	2.1	2.2	1.5	-5.0	3.7	18.2	-6.1	7.8	5.4
Educational Services	629	-3.9	4.5	1.6	2.4	3.6	4.5	5.1	3.2	1.3	1.2	-0.7	2.3
Other Services	2,020	0.2	2.6	0.6	0.8	1.7	-0.8	2.8	2.6	0.4	0.3	-0.6	0.4
Government	16,897	0.6	0.4	0.3	0.1	-1.1	-0.2	1.6	1.6	0.6	-1.0	0.2	0.3
Payroll Employment (thousands)													
Residents†	1,202	3.8	1.6	0.5	0.1	1.4	2.8	1.9	1.4	1.0	-0.1	0.2	0.0
Payroll†	1,132	2.2	1.5	0.2	0.0	2.7	1.4	0.5	0.3	-0.2	-0.3	1.2	0.1
Mining and Oil and Gas Extraction	5.7	-3.4	4.3	2.8	0.4	1.4	8.7	1.9	2.6	2.6	3.8	3.1	2.5
Contract Construction	44.9	2.1	1.9	0.0	-0.9	4.4	1.4	2.1	0.8	-0.1	-0.2	-0.4	-0.9
Manufacturing	142.8	2.5	1.5	-0.2	-0.6	2.6	2.5	0.1	-3.1	2.7	-1.4	1.3	-1.1
Durable Goods	92.2	1.9	1.6	0.4	-0.4	3.8	1.8	1.2	-4.3	4.9	-1.6	2.7	-0.7
Nondurable Goods	50.6	3.5	1.1	-1.1	-0.7	0.1	2.8	-1.9	-1.0	-1.4	-0.4	-1.9	-1.2
Transportation and Utilities	67.2	8.9	6.9	0.7	0.4	11.8	7.4	2.8	6.8	-0.7	1.9	-2.4	-1.2
Wholesale and Retail Trade	168.5	1.3	-1.4	-4.5	-3.0	2.6	1.8	-6.9	-6.4	-9.3	-6.2	2.6	-2.7
Information	9.5	-1.0	0.5	1.2	3.7	2.9	-3.6	2.0	-1.3	-0.5	1.2	3.2	0.8
Finance, Insurance, and Real Estate	42.8	-0.5	3.1	-0.4	-0.3	1.0	2.9	4.8	3.6	-0.4	-0.3	-3.8	-1.8
Professional and Business Services	109.8	3.4	1.7	0.8	0.5	6.3	-0.3	2.9	1.2	-0.3	1.7	0.8	-0.4
Health Care and Social Assistance	129.1	0.5	3.6	0.2	1.3	3.4	2.3	8.3	1.8	-2.4	0.0	-1.4	0.9
Leisure and Hospitality	125.5	6.5	2.0	4.6	1.3	1.1	0.1	-4.3	3.8	16.5	-3.3	9.7	3.5
Educational Services	11.8	7.3	2.1	-1.4	-0.9	-2.0	1.3	2.2	1.1	-1.7	-1.7	-3.0	-2.2
Other Services	40.9	4.6	2.3	0.1	0.3	1.1	-0.6	2.2	3.3	-0.3	-0.1	-1.1	-0.9
Government	233.9	-0.9	0.9	0.6	0.2	-0.8	1.6	2.1	1.5	1.5	0.0	0.3	-0.7
Unemployment Rate (%)*, †	5.9	-2.2‡	5.2	5.1	5.3	5.3	5.3	5.2	5.1	5.0	5.0	5.1	5.2
Personal Income (millions of current \$)													
Wages and Salaries	55,298	5.9	6.2	4.1	3.5	5.7	6.1	4.8	4.1	4.7	3.3	4.8	3.8
Other Labor Income	13,309	3.8	3.6	3.6	3.4	3.4	4.0	3.9	4.0	3.9	3.9	3.1	3.0
Proprietors' Income	10,069	20.0	3.1	2.8	3.6	-8.8	7.0	3.7	0.5	1.1	5.7	2.5	1.4
Farm Proprietors	1,489	59.0	-16.7	7.9	1.5	-51.1	-37.1	-12.9	-21.7	45.7	23.5	-6.1	15.4
Non-farm Proprietors	8,589	15.3	5.3	3.4	4.0	4.0	7.6	6.7	4.8	-0.1	5.3	2.7	2.6
Property Income	18,595	0.4	2.8	3.8	4.4	3.6	2.1	2.9	3.8	3.4	3.4	5.1	4.2
Transfer Payments	41,952	8.1	-12.1	5.2	4.7	3.3	-9.7	6.6	-0.6	5.6	9.4	3.4	5.7
Less: Social Security Payments	9,896	6.2	4.7	2.8	3.3	4.4	5.8	3.1	2.6	2.4	3.6	2.4	2.4
Plus: Residence Adjustment	3,959	11.9	6.8	5.3	4.3	6.0	5.3	3.6	8.5	5.6	5.6	3.5	5.0
Equals: Total Personal Income	133,360	6.7	-0.3	4.3	4.0	4.3	0.3	4.3	4.1	4.2	5.0	3.9	4.2
Less: Individual IRS Collections	7,687	16.3	6.6	4.0	3.9	5.5	2.9	5.7	5.0	3.9	1.7	6.8	3.6
Less: Individual State and Local Taxes	2,766	14.0	7.5	4.9	4.6	7.3	6.8	5.1	5.1	4.7	5.3	4.9	4.7
Equals: Disposable Personal Income	122,887	6.0	-1.0	4.3	4.1	3.9	-0.1	4.6	3.5	4.2	5.3	3.8	4.3
Per Capita Personal Income (thousands of \$)	45.22	7.0	-0.1	4.4	4.1	4.5	0.5	4.5	4.3	4.3	5.2	4.0	4.4
Population (thousands)	2,949	-0.2	-0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	22,980	10.0	8.2	4.8	5.0	13.3	7.0	6.1	5.9	4.6	4.5	4.4	4.7
Gross Domestic Product (billions of 2012 \$)	19,426	5.7	4.1	2.5	2.5	6.8	3.6	3.4	3.6	2.4	2.2	2.2	2.4
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	118.4	4.1	3.9	2.3	2.4	5.6	3.3	2.6	2.2	2.1	2.3	2.2	2.2
Total Employment, Residents (millions)*	152.5	152.5	158.1	160.2	161.4	154.9	156.6	157.8	158.7	159.3	159.7	160.0	160.3
Total Payroll Employment (millions)*	146.1	2.7	3.7	1.3	0.7	3.5	4.0	3.1	2.3	1.6	1.0	0.8	0.7
Unemployment Rate (%)*, †	5.4	-33.3	-32.3	-0.6	5.3	-47.6	-34.6	-19.5	-16.8	-8.4	5.6	9.7	10.1
Personal Income (billions of current \$)	21,043	7.2	1.3	4.8	5.1	0.8	1.6	5.3	5.8	3.9	4.9	4.8	4.8
Per Capita Personal Income (thousands of \$)	63.4	7.1	1.0	4.3	4.6	0.5	1.3	4.8	5.3	3.4	4.5	4.3	4.3
Consumer Price Index (1982-84 = 100)	2.71	4.7	4.2	2.2	2.1	8.0	1.4	3.2	2.3	2.3	2.4	1.8	2.1
Prime Rate (%)†	3.25	-8.3	9.6	22.9	12.0	0.0	0.0	20.7	35.7	28.0	28.2	13.4	20.6

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

MISSISSIPPI ECONOMIC OUTLOOK

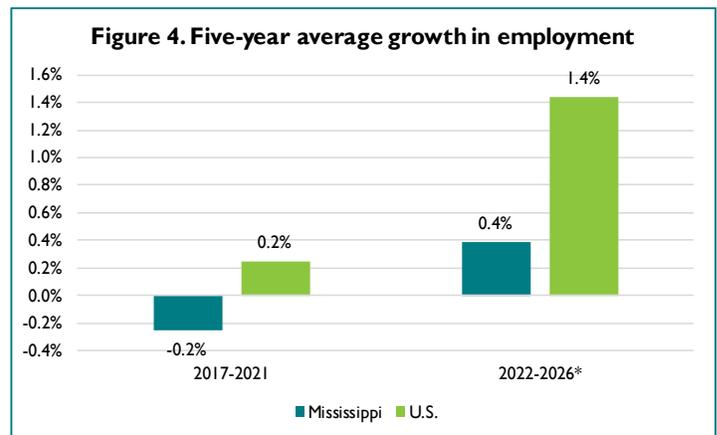
FIVE-YEAR FORECASTS

Real GDP for Mississippi is forecast to expand by an average of 1.3 percent per year from 2022 to 2026. As Figure 3 indicates, this rate of growth represents an average increase of 0.8 percentage point per year compared to the 2017-2021 period. The U.S. economy is forecast to expand by an average rate of 3.0 percent per year over the next five years. This rate of growth represents an average increase of 1.0 percentage point per year compared to the previous five years. U.S. real GDP was expected to grow more than Mississippi real GDP by an average of 1.5 percentage points per year from 2017 to 2021. The U.S. economy is projected to outpace the Mississippi economy by an average of 1.7 percentage points per year from 2022 to 2026.



*Projected. Sources: Bureau of Economic Analysis and URC (forecast).

Figure 4 indicates employment in Mississippi is expected to increase an average of 0.4 percent per year from 2022 to 2026. This rate represents an improvement of an average of 0.6 percentage point per year compared to the previous five years, which included the 2020 recession. U.S. employment is forecast to grow an average of 1.4 percent per year from 2022 to 2026. If realized, this rate of growth represents an average increase of 1.2 percentage points per year from the average annual growth in U.S. employment of 0.2 percent from 2017 to 2021. Over the next five years U.S. employment is forecast to grow by an average of 1.0 percentage point per year more than Mississippi employment.



*Projected. Sources: Bureau of Labor Statistics and URC (forecast).

ALTERNATIVE FORECASTS

The latest pessimistic alternative scenario from the firm IHS Markit estimates a 30 percent probability of a weaker recovery compared to its baseline forecast, the same probability as in the previous quarter. Under this scenario consumers become more guarded because of an upsurge in COVID-19 cases and hospitalizations and reduce their spending as a result. Similarly, consumers decrease so-called “socially dense” activities because of the rise in virus cases. In this scenario fewer durable goods are available as supply chain issues take longer to improve. In this scenario U.S. real GDP grows an average of 0.3 percentage point less per year compared to the baseline forecast. The impacts to the Mississippi economy under this scenario are less compared to the U.S., as the average annual growth rate in real GDP for the state from 2022 to 2026 is essentially the same as in the baseline forecast.

The probability of IHS Markit’s latest optimistic scenario is 20 percent, the same as in the previous quarter. Under this scenario consumer spending continues to grow as a result of more effective actions against rising COVID-19 cases, which leads to a faster recovery compared to the baseline forecast. The recently enacted Infrastructure Investment and Jobs Act results in more growth in the later years of the outlook under this scenario compared to the baseline forecast. Corporate profits are greater in this scenario compared to the baseline forecast as firms better utilize the productivity gains attained at the start of the pandemic. The average annual rate of U.S. real GDP growth is 0.4 percentage point more per year from 2022 to 2026 under the optimistic scenario compared to the baseline forecast. The difference between the optimistic scenario and the baseline scenario is considerably smaller for Mississippi. The average annual growth rate in the state’s real GDP from 2022 to 2026 under the optimistic scenario is only 0.1 percentage point more than in the baseline forecast.