



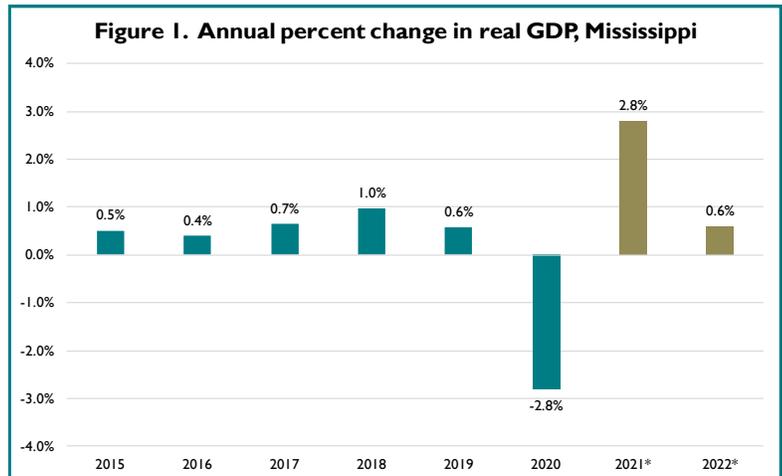
FEDERAL STIMULUS LIFTS NEAR-TERM FORECASTS FOR U.S., MISSISSIPPI

Real gross domestic product (GDP) for Mississippi is expected to expand by 2.8 percent in 2021 according to the latest forecast by URC. This estimate represents an improvement of 2.9 percentage points from the forecast of the previous quarter. If realized, this projection would mark the largest annual gain in real GDP for Mississippi since the 4.1 percent increase in 2008.

As the first section of Table 1 on page 3 indicates, URC estimates Mississippi's economy will expand 0.6 percent in 2022. Compared to the forecast of the previous quarter this projection is 0.1 percentage point higher. Real GDP for the state is expected to grow 0.9 percent in 2023, which represents a decrease of 0.1 percentage point from the forecast of the previous quarter. Figure 1 depicts the annual changes in real GDP for Mississippi since 2015 along with projections through 2022. The improvements to the forecasts for real GDP for both the U.S. and Mississippi, particularly in 2021, stem from the federal stimulus enacted in March in the form of the American Rescue Plan as well as the increase in consumer spending expected in the second half of the year as COVID-19 vaccinations rise.

U.S. real GDP is anticipated to expand by 6.2 percent in 2021 as seen in the fourth section of Table 1 on page 3. This estimate reflects an increase of 2.2 percentage points from the forecast of the previous quarter. This rate of growth, if realized, would mark the largest annual increase in U.S. real GDP since 1984. The U.S. economy is expected to grow 4.3 percent in 2022, which represents an increase of 0.4 percentage point from the previous quarter's forecast. In 2023 the U.S. economy is projected to increase 2.2 percent, a decrease of 0.3 percentage point from the forecast of the previous quarter.

The annual percentage changes in payroll employment in Mississippi since 2015 along with the projected changes through 2022 are depicted in Figure 2 on page 2. Total nonfarm employment in the state is expected to grow by



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

1.8 percent in 2021, which represents an increase of 1.3 percentage points from the forecast of the previous quarter. If realized, this forecast would mark the largest annual increase in employment in Mississippi since 1998, and the first increase of 1.0 percent or more since 2016. In 2022 payroll employment in the state is expected to remain unchanged, which is the same estimate as in the forecast of the previous quarter. Total nonfarm employment is projected to decrease 0.2 percent in 2023, an improvement of 0.4 percentage point from the forecast of the previous quarter.

Personal income in Mississippi is forecast to decline 0.2 percentage point in 2021, a decrease of 2.1 percentage points from the forecast of the previous quarter. Notably, this decrease is projected to follow the 6.9 percent gain in personal income in the state in 2021, which was due in large part to the federal assistance received in response to the COVID-19 pandemic. In 2022 personal income in the state is expected to grow 2.2 percent, a decrease of 0.6 percentage point from the previous quarter's forecast. An increase in personal income of 3.2 percent is projected for 2023, which represents a decrease of 0.8 percentage point from the previous quarter's forecast.

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MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

Most sectors of the Mississippi economy are projected to expand in output in 2021 as seen in Table 1. The largest increase in real GDP among all sectors is expected in the Agriculture sector, as output is forecast to expand 8.8 percent for the year. The next largest increase in real GDP is expected in Information, as output in the sector is projected to grow 8.1 percent. Output in the Mining sector is forecast to contract 5.6 percent in 2021, the largest decrease in real GDP among all sectors. The other sectors expected to contract in output in 2021 are Transportation and Utilities and Government.

Growth in real GDP across sectors is expected to be less in 2022 and more sectors are forecast to contract in output. The largest increase in output among all sectors is forecast for the Information sector, which is expected to expand 4.6 percent. The next largest increases in output among all sectors are forecast for Health Care and Social Assistance, which is expected to grow 2.5 percent, and Professional and Business Services, which is projected to expand 2.4 percent. Real GDP in the Construction sector is projected to contract 1.2 percent in 2022, the most among all sectors, closely followed by Leisure and Hospitality. Output in the sector is expected to shrink 1.1 percent. Government and Manufacturing are also among the sectors forecast to contract in 2022.

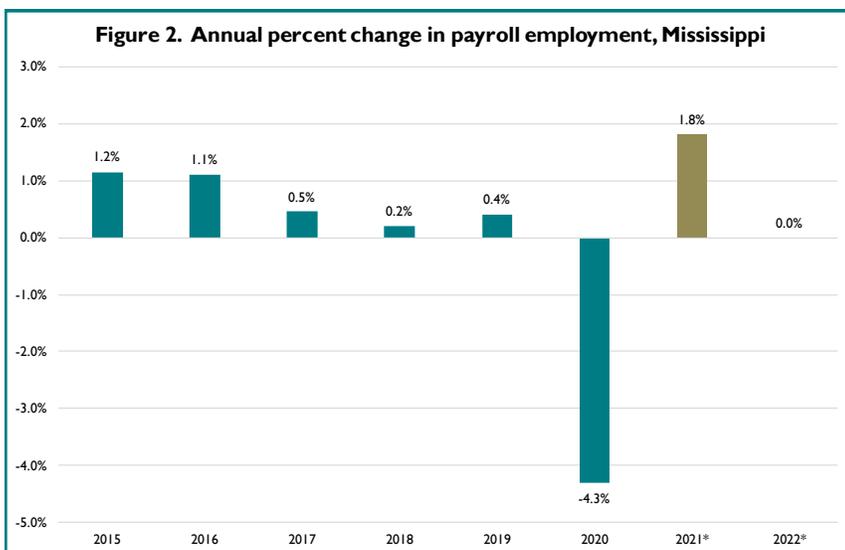
The projected changes in output across the sectors of the Mississippi economy are similar in 2023. Information is again expected to experience the largest increase in output among all sectors of 4.4 percent. The largest decrease in output is forecast for the Mining sector, which is anticipated to contract 2.5 percent. The Agriculture sector is

forecast to decrease 1.4 percent in output in 2023. Notably, real GDP in the Mining, Transportation and Utilities, and Government sectors is expected to contract each year from 2021 to 2023.

Payroll employment in Mississippi is forecast to increase 1.8 percent in 2021 as mentioned on page 1. Most sectors are expected to add jobs for the year and the largest gain is expected in Transportation and Utilities, as employment in the sector is forecast to increase 6.0 percent. The next largest increases in employment are expected in Manufacturing and Leisure and Hospitality, both of which are projected to grow 3.4 percent. Employment in Mining is forecast to fall 3.3 percent in 2021, the largest decrease among all sectors. The only other sectors expected to lose jobs for the year are Finance, Insurance, and Real Estate and Government.

Nonfarm employment is forecast to remain unchanged in 2022 and job growth across sectors is expected to be mixed. The largest increase in employment is projected for the Information sector, which is forecast to grow 6.3 percent. Transportation and Utilities employment is expected to increase 3.0 percent, the next largest gain. The largest decrease in employment among all sectors is forecast for Wholesale and Retail Trade, which is expected to decline 3.1 percent. Other sectors projected to lose jobs in 2022 include Construction, Professional and Business Services, and Leisure and Hospitality.

Despite the overall decrease in employment forecast for Mississippi in 2023, a smaller number of sectors is anticipated to lose jobs for the year. Employment in the Information sector is expected to rise 1.9 percent for the year, again the largest increase among all sectors. Health Care and Social Assistance employment is forecast to increase 1.3 percent, the next largest increase among all sectors. As in the previous year Wholesale and Retail Trade is projected to experience the largest decrease in employment among all sectors of 3.0 percent. The only other sector anticipated to lose jobs in 2023 is Manufacturing; employment in the sector is forecast to decrease 0.4 percent. Additionally, employment in the Other Services sector and Government is expected to remain unchanged for the year. Notably, the Government sector, which employed the largest number of Mississippians in 2020, is expected to either lose jobs or not add jobs from 2021 to 2023.



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

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2020		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2021	2022	2023	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4
Mississippi Forecast													
Gross State Product (millions of current \$)	114,201	-1.5	5.3	2.6	3.2	2.7	4.5	1.0	2.4	2.6	2.9	2.7	3.2
Gross State Product (millions of 2012 \$)	99,757	-2.8	2.8	0.6	0.9	-0.6	1.7	-0.5	0.5	0.6	0.8	0.6	0.9
Agriculture, Forestry, Fishing, and Hunting	2,903	1.3	8.8	1.4	-1.4	-37.1	3.4	-3.8	3.1	4.7	0.6	-1.4	-0.9
Mining and Oil and Gas Extraction	1,122	-7.3	-5.6	-0.2	-2.5	10.5	-35.2	20.8	5.1	3.6	-3.6	-4.8	-4.4
Contract Construction	3,251	-0.8	3.3	-1.2	1.6	1.7	1.6	-7.6	-5.1	0.4	1.5	0.8	2.8
Manufacturing	17,328	-1.1	3.6	-0.3	0.3	-1.2	-0.9	-0.6	-1.3	-0.3	0.2	0.3	0.3
Durable Goods	9,123	-2.7	3.5	-1.2	-0.4	-2.3	-2.0	-2.7	-2.5	-0.8	-0.3	-0.1	-0.3
Nondurable Goods	8,217	1.0	3.6	0.6	1.0	0.3	0.3	1.8	0.1	0.3	0.8	0.7	1.0
Transportation and Utilities	6,529	-1.6	-0.3	-0.5	-0.1	2.9	-0.1	-1.5	-0.4	-0.8	-0.1	-0.1	-0.1
Wholesale and Retail Trade	13,771	-2.3	3.4	0.8	1.9	-2.6	2.7	-0.8	0.2	0.4	1.7	1.1	1.9
Information	2,783	-2.3	8.1	4.6	4.4	27.1	2.9	2.2	9.1	3.9	3.2	5.1	4.2
Finance, Insurance, and Real Estate	14,161	-0.5	2.5	1.5	1.7	0.6	3.8	0.3	1.6	1.4	1.9	1.3	1.6
Professional and Business Services	7,426	0.4	3.4	2.4	1.6	-9.6	12.8	-1.6	3.1	2.5	2.0	1.4	1.5
Health Care and Social Assistance	7,776	-7.2	4.6	2.5	2.4	-3.3	2.2	5.0	1.2	2.7	2.4	2.1	2.3
Leisure and Hospitality	3,382	-20.2	1.3	-1.1	0.2	-5.7	5.7	-4.1	0.2	-2.5	-1.3	-0.8	0.3
Educational Services	677	-8.4	0.0	1.3	1.1	4.3	2.0	2.9	1.0	1.2	1.0	0.9	0.8
Other Services	2,260	-10.4	2.1	0.3	0.3	2.4	0.1	0.5	0.0	0.4	0.2	0.3	0.2
Government	16,853	-1.5	-0.5	-0.9	-0.7	-1.9	-0.9	-1.2	-0.7	-0.9	-0.8	-0.8	-0.7
Payroll Employment (thousands)													
Residents†	1,157	-4.3	3.8	2.5	1.3	-0.5	3.7	3.8	3.0	2.1	2.0	1.8	1.5
Payroll†	1,108	-4.3	1.8	0.0	-0.2	-0.2	2.2	0.7	0.2	-0.9	0.1	-0.3	-1.1
Mining and Oil and Gas Extraction	5.9	-13.0	-3.3	2.7	0.5	1.9	2.6	8.4	3.5	3.3	1.3	-0.5	-1.6
Contract Construction	43.9	-1.2	2.9	-0.4	0.5	3.7	1.3	-2.1	-2.3	-0.2	0.7	0.3	1.2
Manufacturing	139.3	-5.1	3.4	1.1	-0.4	2.0	3.4	3.0	4.4	-0.2	-0.2	-1.4	-0.5
Durable Goods	90.5	-6.6	3.2	1.3	-0.6	0.5	3.2	3.1	7.1	-0.9	-0.1	-2.0	-0.5
Nondurable Goods	48.9	-2.3	3.7	0.7	-0.1	4.8	3.7	3.0	-0.4	1.1	-0.4	-0.1	-0.3
Transportation and Utilities	61.7	1.4	6.0	3.0	1.4	2.3	4.9	2.5	2.9	2.6	2.1	5.7	0.8
Wholesale and Retail Trade	166.3	-2.4	2.3	-3.1	-3.0	1.1	3.2	1.5	-1.7	-4.4	-5.3	-5.2	-6.3
Information	9.6	-10.1	2.1	6.3	1.9	3.3	10.6	8.5	10.8	9.0	-1.4	5.1	0.7
Finance, Insurance, and Real Estate	43.0	-3.5	-1.7	1.8	0.2	-0.4	0.5	-0.1	-0.3	3.0	3.9	2.9	0.1
Professional and Business Services	106.2	-2.0	1.3	-0.5	0.3	-3.4	1.4	-2.3	-0.7	-0.5	-0.2	0.0	0.2
Health Care and Social Assistance	128.5	-4.7	1.1	1.3	1.3	0.9	4.2	4.1	-0.8	-3.1	7.2	2.4	-2.0
Leisure and Hospitality	117.9	-13.5	3.4	-0.7	0.1	-3.8	3.2	-1.9	-0.1	-1.5	-1.0	-0.6	0.1
Educational Services	11.0	-7.7	1.6	1.1	0.8	1.4	1.3	1.2	1.1	1.1	1.0	0.9	0.9
Other Services	39.1	-3.5	2.9	-0.2	0.0	-1.1	0.0	-0.3	-0.5	-0.2	-0.1	0.0	0.0
Government	236.1	-2.4	-0.6	-0.2	0.0	-1.3	-0.4	-0.4	-0.3	-0.2	-0.1	-0.1	0.0
Unemployment Rate (%)*, †	8.1	2.6‡	7.0	6.1	5.6	7.4	7.1	6.8	6.5	6.3	6.2	6.0	5.8
Personal Income (millions of current \$)													
Wages and Salaries	51,551	0.8	5.0	2.7	2.9	2.2	5.4	2.7	2.5	2.4	2.5	2.5	2.9
Other Labor Income	12,564	0.4	4.7	2.6	2.7	3.2	4.6	2.9	2.5	2.3	2.3	2.3	2.6
Proprietors' Income	8,604	5.6	6.4	2.8	3.4	6.4	-1.9	-0.6	2.6	4.6	4.3	3.1	3.7
Farm Proprietors	608	-28.6	40.9	2.9	-4.8	-55.3	15.8	-15.7	14.6	8.3	2.9	-5.9	-3.7
Non-farm Proprietors	8,000	9.7	3.7	2.8	4.2	17.5	-3.5	1.1	1.4	4.2	4.4	4.0	4.5
Property Income	18,452	-0.7	4.2	0.3	2.6	31.0	-13.4	5.0	-5.5	4.0	0.7	3.5	2.1
Transfer Payments	38,140	24.3	-12.1	2.0	3.7	1.4	-8.9	-1.9	0.5	6.0	1.6	3.7	7.4
Less: Social Security Payments	9,054	2.1	4.4	2.6	2.8	2.9	4.6	2.2	2.1	3.2	2.1	2.1	2.4
Plus: Residence Adjustment	3,593	-0.3	7.2	5.4	4.8	6.8	9.7	7.9	5.9	4.4	4.3	4.6	4.5
Equals: Total Personal Income	123,850	6.9	-0.2	2.2	3.2	6.5	-2.2	1.7	0.8	3.8	2.2	3.1	4.1
Less: Individual IRS Collections	6,875	-0.6	3.9	2.2	2.3	-0.2	6.6	2.7	2.6	-0.1	2.6	2.5	3.0
Less: Individual State and Local Taxes	2,396	4.0	7.1	4.1	4.2	4.0	5.6	4.0	3.9	4.2	4.0	3.9	4.1
Equals: Disposable Personal Income	114,579	7.5	-0.6	2.2	3.2	7.0	-2.9	1.6	0.7	4.0	2.1	3.1	4.2
Per Capita Personal Income (thousands of \$)	41.8	7.4	0.2	2.4	3.2	7.0	-1.9	2.0	1.0	3.9	2.3	3.2	4.1
Population (thousands)	2,965	-0.4	-0.4	-0.1	0.0	-0.4	-0.3	-0.3	-0.2	-0.1	-0.1	-0.1	0.0
U.S. Forecast													
Gross Domestic Product (billions of current \$)	20,937	-2.3	8.6	6.4	4.4	9.1	9.9	10.2	7.4	5.8	4.5	4.5	4.3
Gross Domestic Product (billions of 2012 \$)	18,426	-3.5	6.2	4.3	2.2	5.3	7.9	8.1	5.3	3.8	2.5	2.4	2.1
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	113.6	1.2	2.3	2.0	2.2	3.4	1.8	1.9	2.0	1.9	2.0	2.0	2.2
Total Employment, Residents*	147.8	-6.2	3.9	2.9	1.4	1.6	7.1	4.9	3.1	2.2	2.2	1.9	1.7
Total Payroll Employment (millions)*	142.3	-5.7	3.1	3.1	1.5	2.1	8.1	5.3	3.3	2.3	2.2	2.0	1.7
Unemployment Rate (%)*, †	8.1	4.4‡	5.2	3.8	3.6	6.2	5.5	4.8	4.3	4.1	3.9	3.7	3.6
Personal Income (billions of current \$)	19,691	6.1	5.6	0.7	4.1	61.0	-23.5	-3.2	-1.4	5.7	4.8	4.8	4.0
Per Capita Personal Income (thousands of \$)	59.8	5.8	5.4	0.3	3.6	60.8	-23.7	-3.5	-1.8	5.3	4.4	4.4	3.4
Consumer Price Index (1982-84 = 100)	2.59	1.2	2.4	1.5	1.8	3.5	1.8	1.8	1.6	1.4	1.2	1.5	1.9
Prime Rate (%)†	3.54	-1.7‡	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3

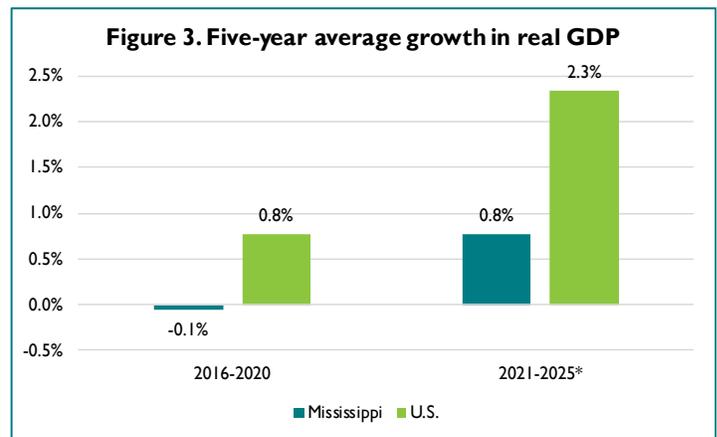
*Seasonally-adjusted. †Projected rates. ‡Percentage point change. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

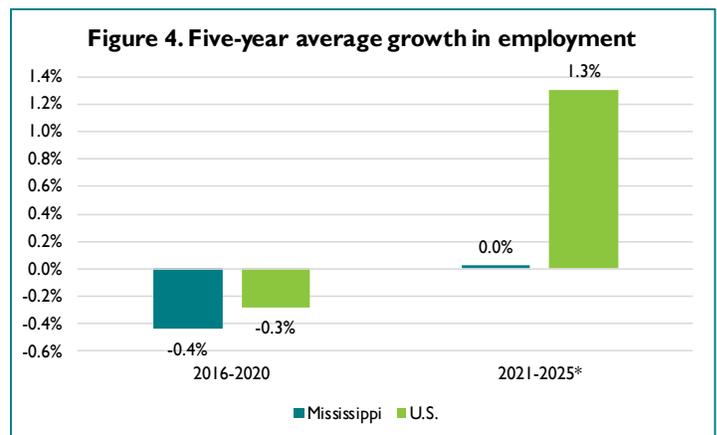
FIVE-YEAR FORECASTS

Figure 3 indicates real GDP in Mississippi is forecast to expand an average of 0.8 percent per year from 2021 to 2025. This estimate represents a decrease of 0.1 percentage point compared to the forecast of the previous quarter. Nevertheless, this rate of growth represents an average increase of 0.9 percentage point per year compared to the previous five years. U.S. real GDP is forecast to expand by an average annual rate of 2.3 percent over the next five years, also a decrease of 0.1 percentage point from the forecast of the previous quarter. Compared to the 2016 to 2020 period this rate of growth represents an average annual increase of 1.5 percentage points. Real GDP for the U.S. outgrew real GDP for Mississippi by an average of 0.9 percentage point per year from 2016 to 2020. The U.S. economy is forecast to grow an average of 1.5 percentage points more per year than the Mississippi economy from 2021 to 2025.

Annual payroll employment in Mississippi is expected to remain unchanged from 2021 to 2025 as seen in Figure 4. This forecast represents an increase of 0.2 percentage point per year compared to the forecast of the previous quarter. U.S. payroll employment is projected to increase an average of 1.3 percent per year from 2021 to 2025. Compared to the forecast of the previous quarter, this forecast represents an increase of 0.2 percentage point per year. The forecasts for employment growth from 2021 to 2025 for both Mississippi and the U.S. represent an improvement compared to the previous five years.



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



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

ALTERNATIVE FORECASTS

In its latest pessimistic alternative scenario the firm IHS Markit estimates a 25 percent probability of a weaker recovery compared to its baseline forecast. This probability is down from 30 percent in the previous quarter. In this scenario a fourth wave of COVID-19 case infections hits the country, including variants, that results in tighter containment measures. Consumers become more cautious, which, along with the stricter containment measures, reduces consumer spending. Instead of U.S. real GDP surpassing its pre-recession level in the second quarter of 2021 as in the baseline forecast, output does not fully recover until the fourth quarter. Despite a slower recovery, 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. The average annual rate of growth in Mississippi real GDP over the next five years is also 0.1 percentage point less per year under this pessimistic scenario compared to the baseline forecast.

IHS Markit assumes a probability of 25 percent for its optimistic scenario, up from 20 percent in the previous quarter. The recovery occurs at a faster pace under this scenario compared to the baseline forecast. This scenario assumes that COVID-19 vaccinations occur more quickly than in the baseline forecast and that people follow social distancing measures more closely. These factors lead to a loosening of containment measures, which results in an increase in consumer spending in 2021 that speeds up the recovery compared to the baseline forecast. However, the impacts of this scenario remain relatively modest. The average annual rate of U.S. real GDP growth over the next five years is 0.3 percentage point higher under the optimistic scenario compared to the baseline forecast. Similarly, Mississippi real GDP expands at an average annual rate that is 0.1 percentage point higher under this optimistic scenario compared to the baseline forecast.