

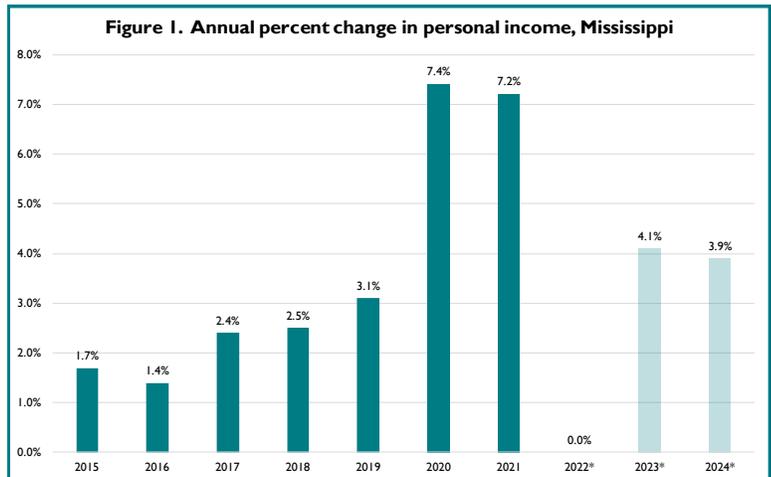


FORECASTS FOR MISSISSIPPI REAL GDP WEAKEN

URC projects real gross domestic product (GDP) for Mississippi will increase 1.4 percent in 2022, a slight decrease of 0.1 percentage point from the forecast of the previous quarter. Real GDP for the state is forecast to remain unchanged in the first quarter of 2022, down from the 1.1 percent increase at an annualized rate estimated in the forecast of the previous quarter. In 2023 real GDP for Mississippi is expected to expand 0.8 percent, a decrease of 0.4 percentage point from the forecast of the previous quarter. URC forecasts real GDP for the state will grow 0.9 percent in 2024, which represents a decrease of 0.3 percentage point from the forecast of the previous quarter.

U.S. real GDP is projected to expand 3.0 percent in 2022 as seen in the fourth section of Table 1 on page 3. This estimate represents a decrease of 1.1 percentage points from the previous quarter's forecast. The U.S. economy is forecast to grow 2.8 percent in 2023, which reflects an increase of 0.3 percentage point from the estimate of the previous quarter. In 2024 U.S. real GDP is expected to increase 2.7 percent, which represents an increase of 0.2 percentage point from the forecast of the previous quarter. The reductions in the forecast of real GDP growth in 2022 for the U.S. and Mississippi result from weaker U.S. data for net exports in the first quarter and weaker data for final sales in the second quarter. A more aggressive schedule of interest rate increases by the Federal Reserve also will result in moderate reductions in consumer spending beginning in 2023. The forecasts of this quarter do *not* reflect any impacts to the national or state economies stemming from the war in Ukraine.

Payroll employment in Mississippi is expected to increase 1.9 percent in 2022 in the latest forecast by URC as seen in the second section of Table 1 on page 3. This estimate represents an increase of 0.4 percentage point from the forecast of the previous quarter. If this forecast is realized Mississippi will experience two consecutive years of annu-



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

al employment growth over 1.0 percent for the first time since 2015 and 2016. In 2023 employment in the state is projected to fall 0.4 percent, which reflects a decrease of 0.6 percentage point from the previous quarter's forecast. URC forecasts Mississippi employment will decrease 0.3 percent in 2024, a decrease of 0.3 percentage point from the estimate of the previous quarter.

Figure 1 above depicts the change in personal income in Mississippi since 2015 and the projected changes through 2024. The latest forecast by URC is that personal income in Mississippi in 2022 will remain unchanged. This estimate represents an increase of 0.3 percentage point from the forecast of the previous quarter. The forecasts of both wages and salaries and transfer payments in 2022 improved compared to the previous quarter. However, transfer payments are still expected to decrease 11.2 percent in 2022. Personal income in Mississippi is expected to increase 4.1 percent in 2023, a decrease of 0.2 percentage point compared to the forecast of the previous quarter. URC projects personal income will grow 3.9 percent in 2024, which reflects a slight decrease of 0.1 percentage points from the previous quarter's forecast.

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MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

Most sectors of the Mississippi economy are expected to expand in output in 2022 as seen in the first section of Table 1. Real GDP in the Mining and Oil and Gas Extraction sector is forecast to expand 12.3 percent in 2022, the largest percentage increase among all sectors. This projection is up 4.2 percentage points from the forecast of the previous quarter. Output in the Information and Educational Services sectors in 2022 is expected to grow 7.6 percent and 7.5 percent, respectively, the next largest increases among all sectors in the state. Real GDP in the Construction sector is forecast to contract 2.2 percent in 2022, the largest decline in real GDP among all sectors in Mississippi. This estimate is a decrease of 3.3 percentage points from the forecast of the previous quarter. Other sectors in the state projected to contract in output in 2022 include Wholesale and Retail Trade, Leisure and Hospitality, and Government.

The largest projected percentage increase in real GDP among all sectors in Mississippi in 2023 is again in Mining and Oil and Gas Extraction. Output in the sector is forecast to expand 4.8 percent, closely followed by the 4.7 percent increase in real GDP expected in the Information sector. The Leisure and Hospitality sector is forecast to contract in output by 2.4 percent in 2023, the largest decrease in real GDP among all sectors in the state. Agriculture, Forestry, Fishing, and Hunting; Manufacturing; Transportation and Utilities; and Government are all projected to contract in output in 2023.

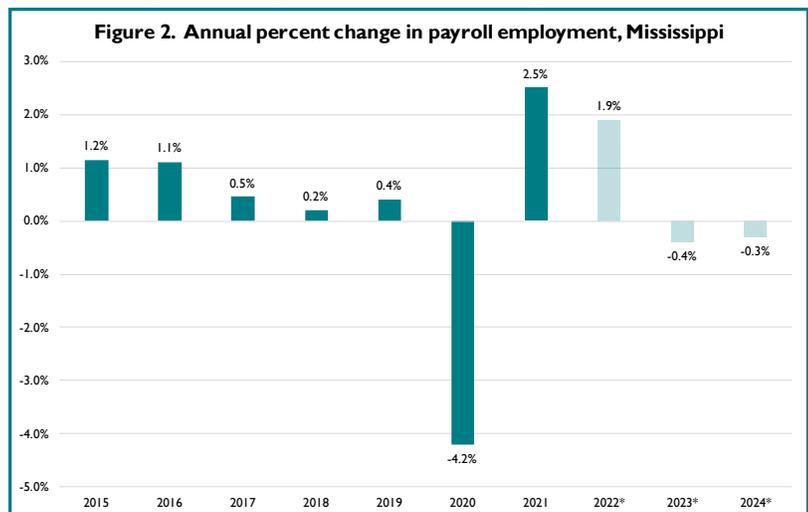
In 2024 the forecasted changes in real GDP across all sectors of the Mississippi economy are similar to those in 2023. Real GDP in the Information sector is expected to expand by 4.5 percent in 2024, the largest percentage increase among all sectors. Output in the Finance, Insurance, and Real Estate sector is projected to grow 2.7 percent, the next largest increase, closely followed by the 2.6 percent increase in real GDP forecast for the Health Care and Social Assistance sector. Real GDP in the Leisure and Hospitality sector is projected to contract 1.0 percent in 2024, the largest decrease among all sectors. Notably, output in the Leisure and Hospitality sector and the Government sector is projected to contract each year from 2022 through 2024 in the latest forecast by URC.

As noted on page 1 payroll employment in Mississippi is forecast to increase 1.9 percent in 2022. All sectors are projected to add jobs in 2022. Employment in the Mining and Oil and Gas Extraction sector is expected to increase 7.7 percent, the largest

percentage increase among all sectors. The smallest percentage increase in employment among all sectors is forecast for Government, which is expected to increase 0.1 percent. Employment in the Other Services sector is projected to increase 0.3 percent in 2022, the next smallest increase among all sectors.

The largest increase in employment in 2023 is again forecast for Mining and Oil and Gas Extraction, which is projected to increase 8.8 percent. Employment in the Wholesale and Retail Trade sector is expected to decrease by 2.1 percent in 2023, the largest decrease among all sectors. The Leisure and Hospitality sector is forecast to decrease in employment by 1.6 percent, the next largest decrease among all sectors. The decreases in employment in these two sectors, combined with the relatively small increases in other major sectors, result in the overall decline in employment in Mississippi forecast for 2023.

The changes in employment across sectors forecast for 2024 are similar to those in 2023. Employment in the Mining and Oil and Gas Extraction sector is expected to increase 2.0 percent in 2024, again the largest percentage increase among all sectors. The next largest increase is the 1.5 percent growth in employment forecast for Health Care and Social Assistance. A 2.7 percent decrease in employment is forecast for the Wholesale and Retail Trade sector, again the largest decrease among all sectors as in 2023. Similarly, employment in the Leisure and Hospitality sector is forecast to decrease 0.8 percent, the next largest decrease among all sectors in Mississippi. Notably, Mining and Oil and Gas Extraction, Transportation and Utilities, Information, Professional and Business Services, and Health Care and Social Assistance are all projected to add jobs each year from 2022 through 2024.



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

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

| Variable | 2021 | | Annual Forecasts | | | Annualized Quarterly Forecasts | | | | | | | |
|---|---------|----------------|------------------|------|------|--------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | Value | Percent Change | 2022 | 2023 | 2024 | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | 2023Q1 | 2023Q2 | 2023Q3 | 2023Q4 |
| Mississippi Forecast | | | | | | | | | | | | | |
| Gross State Product (millions of current \$) | 125,110 | 9.9 | 7.9 | 4.0 | 3.6 | 6.9 | 7.7 | 4.0 | 4.3 | 3.6 | 3.7 | 3.6 | 3.6 |
| Gross State Product (millions of 2012 \$) | 104,010 | 4.4 | 1.4 | 0.8 | 0.9 | 0.0 | 1.7 | 0.3 | 1.2 | 0.7 | 0.7 | 0.8 | 0.9 |
| Agriculture, Forestry, Fishing, and Hunting | 3,061 | 33.9 | 5.3 | -0.5 | 0.0 | 20.9 | -1.4 | -0.5 | -2.1 | 0.6 | -0.5 | 0.0 | -0.1 |
| Mining and Oil and Gas Extraction | 1,278 | -5.9 | 12.3 | 4.8 | -0.5 | 11.5 | 24.6 | 14.2 | 9.0 | 2.7 | -0.3 | -2.6 | -2.1 |
| Contract Construction | 2,731 | -1.2 | -2.2 | 0.1 | -0.1 | 0.0 | 2.7 | 0.9 | 0.1 | -0.1 | -0.1 | -0.4 | -0.3 |
| Manufacturing | 17,241 | 7.9 | 1.2 | -0.9 | -0.3 | -1.8 | -0.3 | -1.7 | -0.3 | -1.1 | -1.0 | -0.8 | -0.4 |
| Durable Goods | 9,423 | 9.9 | 0.9 | -0.3 | -0.3 | -1.4 | -0.4 | -0.9 | 1.1 | -0.3 | -0.9 | -0.9 | -0.6 |
| Nondurable Goods | 7,779 | 4.7 | 2.1 | -1.5 | -0.3 | -0.6 | -0.2 | -2.6 | -2.0 | -1.9 | -1.1 | -0.7 | -0.1 |
| Transportation and Utilities | 6,746 | -1.4 | 0.4 | -0.1 | 0.1 | 1.5 | -0.3 | -0.8 | -0.2 | -0.1 | 0.1 | 0.0 | 0.1 |
| Wholesale and Retail Trade | 13,946 | 1.1 | -1.1 | 1.0 | 1.1 | -4.6 | 1.9 | 0.2 | 0.8 | 1.1 | 1.0 | 1.1 | 1.2 |
| Information | 2,582 | 1.4 | 7.6 | 4.7 | 4.5 | 2.7 | 5.4 | 4.7 | 5.9 | 4.0 | 4.4 | 4.6 | 4.7 |
| Finance, Insurance, and Real Estate | 16,607 | 5.1 | 0.9 | 2.6 | 2.7 | -1.8 | 1.0 | 1.8 | 2.9 | 2.8 | 2.8 | 2.8 | 2.8 |
| Professional and Business Services | 8,121 | 9.4 | 3.7 | 2.3 | 1.8 | -6.2 | 5.9 | 1.2 | 3.5 | 1.4 | 1.9 | 2.1 | 2.0 |
| Health Care and Social Assistance | 8,277 | 5.8 | 5.3 | 3.0 | 2.6 | 0.7 | 8.5 | 1.0 | 4.0 | 2.2 | 3.1 | 2.3 | 2.7 |
| Leisure and Hospitality | 3,996 | 15.3 | -0.9 | -2.4 | -1.0 | -4.0 | -5.5 | -3.0 | -2.4 | -2.3 | -2.1 | -1.4 | -1.2 |
| Educational Services | 654 | -0.1 | 7.5 | 3.5 | 2.0 | 8.0 | 9.0 | 7.1 | 4.1 | 2.5 | 2.1 | 1.8 | 1.9 |
| Other Services | 2,055 | 1.9 | 2.2 | 0.1 | 0.3 | -0.4 | 0.2 | 0.0 | 0.0 | 0.2 | 0.4 | 0.2 | 0.4 |
| Government | 16,891 | 0.5 | -1.0 | -0.7 | -0.6 | -1.1 | -0.4 | -0.7 | -0.5 | -0.8 | -0.7 | -0.6 | -0.6 |
| Payroll Employment (thousands) | | | | | | | | | | | | | |
| Residents | 1,184 | 3.4 | 1.4 | 0.5 | 0.1 | 1.7 | 1.3 | 1.0 | 0.7 | 0.3 | 0.3 | 0.0 | 0.3 |
| Payroll | 1,137 | 2.5 | 1.9 | -0.4 | -0.3 | 0.7 | 1.0 | 0.3 | -0.7 | -1.0 | 0.0 | -0.7 | 0.0 |
| Mining and Oil and Gas Extraction | 5.9 | -1.7 | 7.7 | 8.8 | 2.0 | 6.2 | 12.4 | 11.4 | 12.4 | 10.1 | 6.7 | 4.1 | 3.5 |
| Contract Construction | 44.8 | 2.1 | 5.3 | 0.5 | -0.3 | 4.0 | 3.4 | 1.9 | 0.8 | 0.2 | -0.2 | -0.5 | -0.5 |
| Manufacturing | 143.8 | 3.0 | 4.2 | 0.1 | -0.2 | 3.3 | 3.6 | 3.0 | 2.1 | -2.9 | -1.1 | 0.3 | -0.8 |
| Durable Goods | 94.7 | 4.4 | 4.3 | 0.1 | 0.0 | 2.2 | 3.2 | 2.8 | 3.4 | -3.7 | -0.6 | 0.5 | -0.7 |
| Nondurable Goods | 49.1 | 0.4 | 4.0 | -0.2 | -0.4 | 6.1 | 3.9 | 3.3 | -0.2 | -1.5 | -1.3 | -0.7 | -0.5 |
| Transportation and Utilities | 65.7 | 6.1 | 4.9 | 0.6 | 0.9 | 4.7 | 2.1 | 0.8 | 0.7 | 1.7 | -1.1 | -0.1 | 0.9 |
| Wholesale and Retail Trade | 170.5 | 2.2 | 2.0 | -2.1 | -2.7 | 3.5 | 2.1 | 0.9 | -6.7 | -4.6 | 1.9 | -1.9 | -0.2 |
| Information | 9.6 | -0.5 | 2.0 | 0.6 | 0.4 | 2.1 | 2.1 | -2.4 | 4.2 | 1.6 | 2.9 | -5.5 | -4.0 |
| Finance, Insurance, and Real Estate | 42.4 | 0.3 | 1.2 | -0.2 | 0.1 | 1.2 | 0.5 | 0.0 | 0.6 | 0.6 | -1.8 | -1.1 | -0.5 |
| Professional and Business Services | 114.8 | 6.7 | 0.7 | 0.2 | 0.3 | -2.4 | 0.7 | -0.3 | 0.7 | 0.0 | 0.0 | 0.3 | 0.3 |
| Health Care and Social Assistance | 128.3 | -0.2 | 0.9 | 0.6 | 1.5 | 1.3 | 2.8 | 1.6 | 0.0 | 0.3 | 0.0 | 0.9 | 1.2 |
| Leisure and Hospitality | 126.2 | 6.9 | 1.8 | -1.6 | -0.8 | -2.4 | -3.6 | -2.5 | -1.6 | -1.6 | -1.3 | -1.3 | -0.6 |
| Educational Services | 12.0 | 8.4 | 2.9 | -0.8 | -0.6 | -1.0 | -1.0 | -1.0 | -0.6 | -0.6 | -1.0 | -0.7 | -0.7 |
| Other Services | 40.9 | 4.6 | 0.3 | -0.4 | -0.2 | -0.2 | -0.4 | -0.7 | -0.3 | -0.4 | -0.4 | -0.3 | -0.2 |
| Government | 233.9 | -0.9 | 0.1 | -0.3 | -0.1 | -0.5 | -0.5 | -0.5 | -0.3 | -0.3 | -0.3 | -0.2 | 0.0 |
| Unemployment Rate (%)*, † | 5.6 | -2.3‡ | 5.0 | 5.1 | 5.2 | 4.9 | 5.0 | 5.0 | 5.0 | 5.1 | 5.1 | 5.1 | 5.2 |
| Personal Income (millions of current \$) | | | | | | | | | | | | | |
| Wages and Salaries | 55,957 | 7.2 | 6.8 | 4.0 | 3.3 | 3.5 | 5.7 | 4.4 | 4.4 | 3.8 | 3.6 | 3.4 | 3.3 |
| Other Labor Income | 13,424 | 4.7 | 3.7 | 3.3 | 2.7 | 3.0 | 4.3 | 3.7 | 3.6 | 3.2 | 3.0 | 2.8 | 2.7 |
| Proprietors' Income | 10,209 | 21.7 | 1.9 | 3.2 | 3.1 | 12.9 | 3.8 | 3.6 | 3.0 | 3.2 | 3.3 | 3.1 | 3.0 |
| Farm Proprietors | 1,687 | 80.0 | 8.7 | -0.4 | 0.1 | 40.2 | -1.1 | -0.7 | -1.7 | 0.9 | -0.4 | 0.0 | 0.0 |
| Non-farm Proprietors | 8,521 | 14.4 | 0.6 | 4.0 | 3.7 | 7.8 | 4.9 | 4.5 | 4.1 | 3.6 | 4.1 | 3.7 | 3.6 |
| Property Income | 18,590 | 0.4 | 2.8 | 3.4 | 3.5 | 2.3 | 3.3 | 3.2 | 3.4 | 3.3 | 3.6 | 3.5 | 3.5 |
| Transfer Payments | 41,914 | 8.0 | -11.2 | 4.7 | 5.1 | -1.5 | -0.3 | 1.7 | 6.7 | 7.0 | 2.9 | 6.0 | 3.7 |
| Less: Social Security Payments | 10,011 | 7.4 | 6.0 | 3.8 | 3.2 | 4.9 | 4.8 | 3.7 | 3.6 | 5.0 | 3.0 | 2.9 | 2.7 |
| Plus: Residence Adjustment | 3,957 | 11.9 | 8.9 | 6.2 | 5.3 | 7.8 | 7.4 | 6.9 | 6.5 | 6.2 | 5.8 | 5.7 | 5.2 |
| Equals: Total Personal Income | 134,041 | 7.2 | 0.0 | 4.1 | 3.9 | 2.6 | 3.5 | 3.5 | 4.8 | 4.5 | 3.5 | 4.2 | 3.5 |
| Less: Individual IRS Collections | 7,813 | 18.2 | 8.1 | 3.7 | 2.9 | 0.1 | 7.3 | 5.4 | 5.4 | 0.2 | 4.3 | 4.1 | 3.8 |
| Less: Individual State and Local Taxes | 2,796 | 15.2 | 8.3 | 5.2 | 4.9 | 5.1 | 5.6 | 5.3 | 5.2 | 5.3 | 4.9 | 4.9 | 4.7 |
| Equals: Disposable Personal Income | 123,432 | 6.5 | -0.7 | 4.1 | 3.9 | 2.7 | 3.2 | 3.3 | 4.8 | 4.8 | 3.4 | 4.2 | 3.4 |
| Per Capita Personal Income (thousands of \$) | 45.5 | 7.5 | 0.3 | 4.3 | 3.9 | 2.9 | 3.8 | 3.8 | 5.1 | 4.7 | 3.6 | 4.3 | 3.6 |
| Population (thousands) | 2,948 | -0.3 | -0.3 | -0.2 | -0.1 | -0.4 | -0.3 | -0.3 | -0.3 | -0.1 | -0.1 | -0.1 | -0.1 |
| U.S. Forecast | | | | | | | | | | | | | |
| Gross Domestic Product (billions of current \$) | 22,996 | 10.1 | 8.9 | 5.8 | 5.2 | 7.1 | 7.9 | 6.2 | 5.8 | 5.5 | 5.6 | 5.5 | 5.2 |
| Gross Domestic Product (billions of 2012 \$) | 19,427 | 5.7 | 3.0 | 2.8 | 2.7 | 0.2 | 2.4 | 2.7 | 2.9 | 2.8 | 2.9 | 2.9 | 2.8 |
| GDP Deflator (Nominal GDP ÷ Real GDP × 100) | 118.5 | 4.2 | 5.7 | 3.0 | 2.4 | 6.4 | 5.6 | 3.2 | 2.9 | 2.5 | 2.9 | 2.5 | 2.5 |
| Total Employment, Residents (millions)* | 152.6 | 3.2 | 4.4 | 1.3 | 0.5 | 6.9 | 3.6 | 1.8 | 1.5 | 1.0 | 1.0 | 0.5 | 0.5 |
| Total Payroll Employment (millions)* | 146.1 | 2.8 | 4.0 | 1.5 | 0.6 | 4.9 | 3.2 | 2.7 | 1.6 | 1.3 | 0.8 | 0.8 | 0.8 |
| Unemployment Rate (%)*, † | 5.4 | -2.8 | 3.6 | 3.6 | 3.9 | 3.8 | 3.5 | 3.5 | 3.5 | 3.5 | 3.6 | 3.6 | 3.7 |
| Personal Income (billions of current \$) | 21,077 | 7.4 | 2.3 | 5.6 | 5.4 | 3.4 | 5.3 | 6.0 | 5.6 | 5.1 | 5.9 | 5.7 | 5.3 |
| Per Capita Personal Income (thousands of \$) | 63.5 | 7.3 | 1.9 | 5.1 | 4.9 | 3.2 | 5.1 | 5.1 | 5.0 | 4.9 | 5.5 | 5.4 | 4.2 |
| Consumer Price Index (1982-84 = 100) | 2.71 | 4.6 | 6.6 | 2.8 | 2.0 | 10.5 | 5.7 | 2.8 | 2.8 | 2.8 | 1.4 | 1.4 | 2.7 |
| Prime Rate (%)‡ | 3.25 | -0.3 | 4.1 | 6.0 | 6.1 | 3.3 | 3.9 | 4.5 | 5.0 | 5.5 | 6.0 | 6.3 | 6.3 |

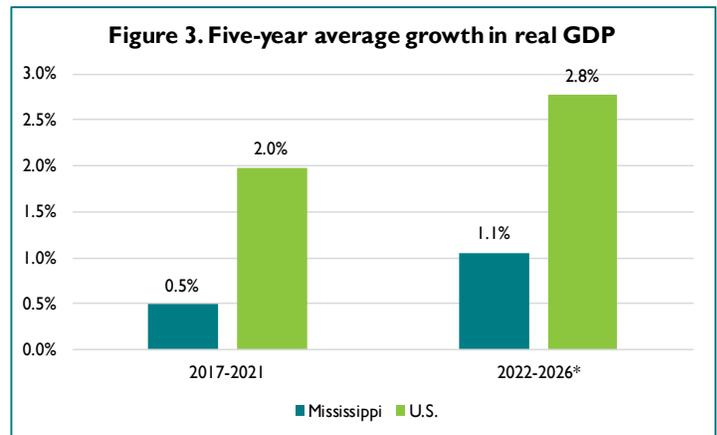
*Seasonally-adjusted. †Projected rates. ‡Percentage point change. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

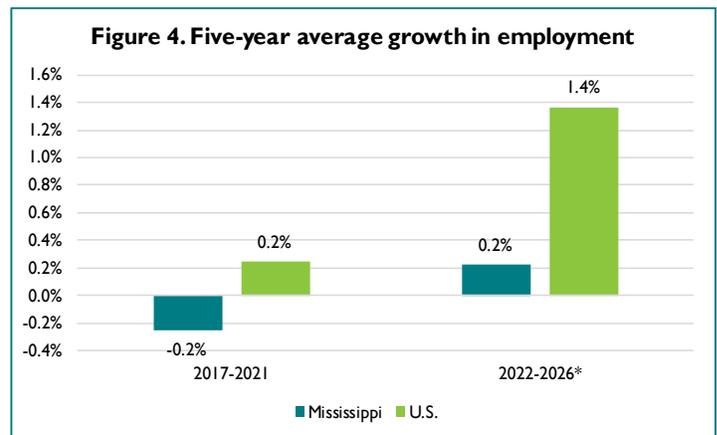
FIVE-YEAR FORECASTS

Figure 3 indicates real GDP for Mississippi is projected to expand by an average of 1.1 percent per year from 2022 to 2026. This rate of growth represents an average decrease of 0.2 percentage point per year compared to the forecast of the previous quarter. U.S. real GDP is forecast to increase by an average of 2.8 percent per year over the next five years. Compared to the forecast of the previous quarter, this rate of growth represents an average decrease of 0.2 percentage point per year. Between 2017 and 2021, U.S. real GDP grew by an average of 1.5 percentage points more per year compared to Mississippi real GDP. Over the next five years the U.S. economy is expected to expand by an average of 1.7 percentage points more per year than the Mississippi economy.

Employment in Mississippi is forecast to increase an average of 0.2 percent per year from 2022 to 2026. Compared to the forecast of the previous quarter, this rate represents a decrease of an average of 0.2 percentage point per year. U.S. employment is forecast to grow an average of 1.4 percent per year from 2022 to 2026, a rate that is unchanged from the forecast of the previous quarter. U.S. employment is forecast to grow by an average of 1.2 percentage points more per year than Mississippi employment from 2022 to 2026.



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



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

ALTERNATIVE FORECASTS

IHS Markit estimates a 35 percent probability of a weaker recovery compared to its baseline forecast in its latest pessimistic alternative scenario. The probability of this scenario is up 5.0 percentage points from the previous quarter. The negative impacts from this scenario largely result from a lack of a resolution to the conflict between Russia and Ukraine, which leads to higher energy prices and supply chain constraints that persist for a longer period. U.S. real GDP expands by an average of 0.6 percentage point less per year compared to the baseline forecast. In contrast, the average annual growth rate in real GDP for Mississippi from 2022 to 2026 under this pessimistic scenario is only 0.1 percentage point less per year compared to the baseline forecast. Notably, while U.S. real GDP growth is less in this latest pessimistic forecast, IHS Markit does not anticipate a recession during the 2022 to 2026 period.

IHS Markit estimates the probability of its latest optimistic scenario at only 15 percent, a decrease of 5.0 percentage points from previous quarter. Consumer spending grows more rapidly and productivity improves more under this scenario, which leads to a faster recovery compared to the baseline forecast. Also under this scenario the Infrastructure Investment and Jobs Act generates a greater growth response in the later years of the outlook compared to the baseline forecast. The conflict between Russia and Ukraine is resolved more quickly under this scenario, which means compared to the baseline forecast energy prices do not rise as high. The lower energy prices in this scenario in turn allow for a larger increase in consumer spending compared to the baseline forecast. Under the optimistic scenario the average annual rate of U.S. real GDP growth is 0.3 percentage point more per year from 2022 to 2026 relative to the baseline forecast. The Mississippi economy is little impacted by the optimistic scenario, as average annual growth rate in the state's real GDP from 2022 to 2026 is essentially the same as in the baseline forecast.