

MISSISSIPPI ECONOMIC OUTLOOK

VOLUME 11, ISSUE 2

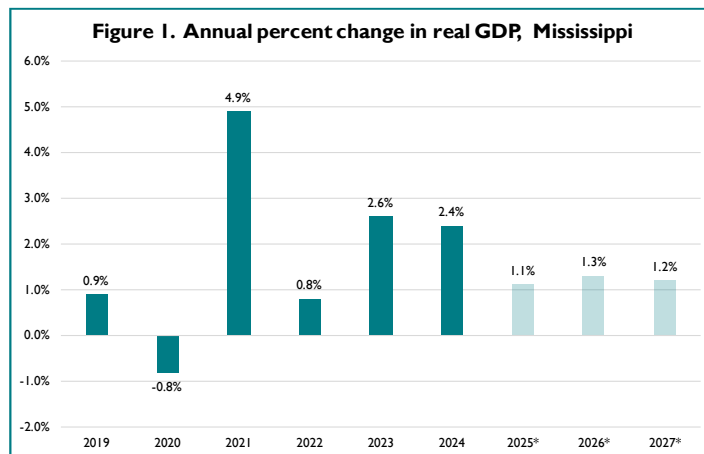
SPRING 2025

A Publication of the University Research Center, Mississippi Institutions of Higher Learning

FORECASTS FALL AS RECESSION ODDS RISE

In its latest forecast URC projects real gross domestic product (GDP) for Mississippi will expand 1.1 percent in 2025 as seen in Figure 1. Compared to the forecast of the previous quarter, this estimate represents a decrease of 0.6 percentage point. This forecast reflects slower growth in the state and national economies in the first quarter of 2025 following the announcement of tariffs by the Trump administration. Moreover, the declines in stock markets in recent weeks will likely reduce consumer spending later in the year, which represents another factor contributing to the downgraded forecast. The Mississippi economy is expected to grow 1.3 percent in 2026 according to URC's latest forecast. This estimate represents a decrease of 0.4 percentage point from the forecast of the previous quarter. Real GDP for Mississippi is projected to increase 1.2 percent in 2026, which represents an increase of 0.1 percentage point from the forecast of the previous quarter. The upward revision to the forecast for 2027 reflects in part improvements to the forecasts for Manufacturing and Wholesale and Retail Trade, two of the largest sectors in the state in terms of GDP.

As seen in the fourth section of Table 1 on page 3, U.S. real GDP is projected to grow 1.3 percent in 2025 according to the latest forecast. This estimate represents a decrease of 0.7 percentage point from the forecast of the previous quarter. The U.S. economy is expected to expand 1.5 percent in 2026, a decrease of 0.2 percentage point from the forecast of the previous quarter. In addition to the factors previously mentioned, the overall level of uncertainty about U.S. trade policy contributes to the reductions in the forecasts for real GDP growth. The estimate of the change in U.S. real GDP in 2027 is an increase of 1.5 percent, a decrease of 0.1 percentage point from the previous quarter's forecast. The firm S&P Global Market Intelligence projects the U.S. economy will remain in a "growth recession" through at least 2027, described as a period of below-potential real GDP growth and increased unemployment.



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

URC's latest forecast projects personal income in Mississippi will grow 4.3 percent in 2025. This rate is unchanged from the forecast of the previous quarter. Personal income in the state is projected to grow 4.3 percent in 2026 as well, a decrease of 0.2 percentage point from the forecast of the previous quarter. The forecasts for wages and salaries and transfer receipts in the state over 2025 and 2026 are little changed from the previous quarter. URC estimates personal income in Mississippi will grow 4.2 percent in 2027, which represents an increase of 0.4 percentage point from the forecast of the previous quarter.

The latest forecast by URC projects payroll employment in Mississippi will increase 0.2 percent in 2025 as seen in Figure 2 on page 2. This estimate represents a 0.1 percentage point increase from the forecast of the previous quarter. In the forecast for 2026 payroll employment in the state does not change, which is an improvement of 0.3 percentage point from the forecast of the previous quarter. URC forecasts total employment in Mississippi will decrease 0.1 percent in 2027, an estimate that is 0.1 percentage point higher compared to the forecast of the previous quarter.

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SHORT-TERM FORECASTS

As seen in the first section of Table 1, URC's latest forecast projects real GDP will expand in most sectors in Mississippi in 2025. The Information sector is projected to expand 7.8 percent, the largest increase among all sectors, followed by the Agriculture, Forestry, Fishing, and Hunting sector, which is forecast to expand 6.2 percent. The Government sector is forecast to contract 1.0 percent in 2025, the largest decrease among all sectors; in the previous quarter's forecast this contraction was 0.1 percent. The next largest decrease is the 0.7 percent contraction forecast for the Leisure and Hospitality sector. The only other sector in the state forecast to contract in output in 2025 is Other Services, which is expected to decrease 0.3 percent.

In 2026 a similar number of sectors in Mississippi are forecast to expand in output. Once again the Information sector is forecast to expand in output by 7.8 percent, the largest growth expected among all sectors. Output in the Mining and Oil and Gas Extraction sector is expected to increase 5.6 percent in 2026, the second-largest increase among all sectors. The largest decrease in output in 2026 is again forecast for the Government sector, which is expected to contract 0.5 percent. The Professional and Business Services sector closely follows with a projected contraction in real GDP of 0.4 percent. The only other sector forecast to contract in output in 2026 is Construction, which is expected to decrease 0.1 percent.

Nearly all sectors of the Mississippi economy are projected to expand in 2027. Real GDP in the Information sector is forecast to increase 6.2 percent, the largest increase among all sectors as in 2025 and 2026. The next largest increase in output is forecast for the Mining and Oil and Gas Extraction sector, which is expected to expand 3.9 percent. The only sector projected to contract in output in 2027 is the Agriculture, Forestry, Fishing, and Hunting

sector, where real GDP is expected to decrease 1.3 percent. Real GDP for the Government sector is forecast to remain unchanged in 2027. Notably, no sector in the state is forecast to contract in output each year from 2025 through 2027.

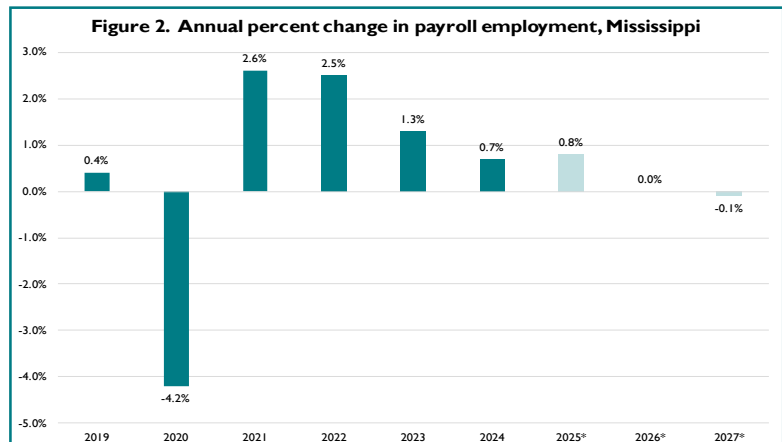
The latest URC forecasts of payroll employment in Mississippi by sector for 2025 through 2027 are listed in the second section of Table 1. In 2025 employment in the state is forecast to increase 0.2 percent. This estimate represents an increase of 0.1 percentage point from the forecast of the previous quarter. Employment in the Health Care and Social Assistance sector is forecast to grow 3.1 percent, the largest percentage increase among all sectors. Employment in the Information sector is forecast to increase 2.7 percent in 2025, the next largest increase. The largest expected decrease in employment among all sectors in the state is the 0.8 percent decline forecast for the Private Educational Services sector. Employment in the Government sector is forecast to fall 0.7 percent, the next largest decrease.

Payroll employment in the state is forecast to remain unchanged in 2026. The largest percentage increases in employment are forecast for the Mining and Logging sector and the Health Care and Social Assistance sector, which are both expected to increase 2.4 percent.

Employment in the Private Educational Services sector is forecast to decrease 3.0 percent, the largest decrease

among all sectors. The next largest decrease in employment is the 2.0 percent decline forecast for the Professional and Business Services sector.

In 2027 payroll employment in Mississippi is projected to decrease 0.1 percent. Employment in the Mining and Logging sector is expected to grow 2.6 percent, the largest increase among all sectors in the state. Health Care and Social Assistance employment is forecast to grow 1.4 percent, the next largest increase. This increase is followed by the 1.1 percent gain in employment expected in the Other Services sector. Employment in the Information sector is projected to fall 2.1 percent in 2027, the largest decrease among all sectors. The next largest decrease in employment among all sectors is forecast for Manufacturing, a decline of 1.7 percent, closely followed by the 1.6 percent decrease in employment in the Professional and Business Services sector, the next largest decrease. The Professional and Business Services sector, the Private Educational Services sector, and the Government sector are all expected to lose jobs each year from 2025 through 2027. The Mining and Logging, Construction, Transportation and Utilities, Financial Activities, Health Care and Social Assistance, and Other Services sectors are projected to add jobs each year from 2026 through 2027.



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

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2024 Percent Value Change		Annual Forecasts			Annualized Quarterly Forecasts							
	2025	2026	2027	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4		
Mississippi Forecast													
Gross State Product (millions of current \$)	157,491	4.2	5.3	4.1	3.1	4.9	7.8	4.6	4.1	4.6	2.6	3.3	3.4
Gross State Product (millions of 2017 \$)	122,438	2.4	1.1	1.3	1.2	1.2	0.9	1.0	1.3	1.5	1.4	1.3	1.1
Agriculture, Forestry, Fishing, and Hunting	2,760	15.7	6.2	3.0	-1.3	7.6	7.3	5.5	4.3	3.7	1.2	0.5	-1.6
Mining and Oil and Gas Extraction	893	-4.7	5.3	5.6	3.9	5.5	5.1	2.9	7.6	6.6	4.3	6.3	3.4
Construction	3,782	8.2	0.4	-0.1	0.2	2.6	0.2	-0.7	-0.4	0.2	-0.3	0.6	0.1
Manufacturing	18,216	1.8	0.9	1.4	1.0	-0.1	0.5	2.0	1.2	1.5	1.8	1.2	1.1
Durable Goods	10,764	-1.3	1.6	1.8	1.2	1.0	0.7	2.9	2.0	1.5	2.2	1.7	0.6
Nondurable Goods	7,421	6.0	0.3	1.0	0.8	-0.5	0.1	0.9	0.9	1.1	1.2	1.0	0.9
Transportation and Utilities	7,975	2.5	0.3	1.2	1.0	-1.0	0.6	0.6	1.3	1.6	1.0	1.3	1.6
Wholesale and Retail Trade	16,652	6.9	1.8	2.1	2.3	2.4	1.1	1.7	2.0	2.3	2.4	2.2	2.2
Information	2,834	-1.2	7.8	7.8	6.2	6.7	7.6	7.6	9.5	8.1	7.0	6.0	7.6
Finance, Insurance, Real Estate, Rental, and Leasing	20,709	1.6	0.5	1.5	1.7	-0.9	0.7	0.9	1.2	2.3	1.4	1.1	1.8
Professional and Business Services	10,441	2.8	0.1	-0.4	0.1	0.9	1.0	-0.6	-0.9	0.1	-1.2	0.2	-0.1
Health Care and Social Assistance	10,012	2.4	2.9	3.3	2.2	0.5	3.2	4.7	3.4	3.7	3.2	2.0	2.7
Leisure and Hospitality	5,291	-1.2	-0.7	0.9	1.3	-2.7	0.3	-1.4	1.1	3.0	0.0	0.7	0.6
Educational Services	761	-3.0	2.4	0.9	1.4	7.6	0.2	-0.1	1.8	1.8	-0.1	0.8	0.4
Other Services	2,374	-4.9	-0.3	0.2	0.3	-0.3	-0.6	-0.3	0.1	0.7	0.3	0.1	0.0
Government	19,912	0.5	-1.0	-0.5	0.0	0.0	-1.3	-1.7	-0.8	-0.6	0.5	0.4	-0.2
Payroll Employment (thousands)													
Residents	1,231.2	1.8	-0.7	-1.0	-0.5	0.8	-1.3	-1.2	-1.3	-1.0	-1.0	-0.7	-0.7
Payroll	1,189.2	0.7	0.2	0.0	-0.1	0.8	0.1	0.0	-0.1	-0.3	0.2	0.1	-0.1
Mining and Logging	5.9	-3.7	0.7	2.4	2.6	1.7	-0.7	0.3	1.6	2.9	3.8	3.8	2.9
Construction	50.6	4.2	2.5	0.5	0.4	6.5	2.5	0.7	0.4	0.6	-0.5	0.5	0.7
Manufacturing	141.7	-1.6	0.4	-0.5	-1.7	0.2	-0.3	1.8	-0.2	-2.3	0.6	-0.3	-2.3
Durable Goods	90.9	-2.3	0.6	0.0	-2.2	-1.2	-0.1	2.6	0.8	-2.5	1.6	0.2	-3.0
Nondurable Goods	50.8	-0.4	0.2	-1.4	-0.8	2.8	-0.2	0.3	-2.1	-2.1	-1.4	-1.2	-1.0
Transportation and Utilities	72.5	-0.5	0.6	0.8	0.6	0.8	1.3	0.1	0.2	0.9	0.9	1.3	1.5
Wholesale and Retail Trade	175.7	0.2	-0.3	-0.6	0.2	0.5	0.2	-1.1	-0.7	-1.1	-0.1	0.1	0.0
Information	9.5	-4.0	2.7	2.0	-2.1	0.7	3.2	1.2	5.8	3.6	0.7	-2.7	-1.8
Financial Activities	45.3	0.1	0.4	0.9	0.3	-0.9	0.3	1.2	0.8	1.6	0.7	0.0	0.2
Professional and Business Services	117.8	-0.1	-0.6	-2.0	-1.6	1.4	0.1	-1.5	-2.4	-2.0	-2.5	-2.1	-1.7
Health Care and Social Assistance	141.7	3.1	3.1	2.4	1.4	2.2	3.4	4.0	2.8	1.8	2.1	1.8	1.8
Leisure and Hospitality	135.8	0.9	-0.1	0.6	0.2	1.3	-2.5	-1.5	2.3	1.3	0.1	1.6	0.2
Private Educational Services	13.9	4.2	-0.8	-3.0	-1.4	7.9	-6.1	-2.7	-2.5	-2.5	-3.8	-2.5	-2.3
Other Services	39.6	0.0	0.6	0.4	1.1	0.9	0.9	0.2	0.4	0.5	0.2	-0.3	1.7
Government	239.5	1.3	-0.7	-0.5	-0.1	0.9	-1.7	-0.8	-1.3	-0.1	-0.1	-0.2	-0.5
Unemployment Rate (%)*, †	3.2	0.1	1.0	0.7	0.2	0.2	0.4	0.2	0.2	0.2	0.1	0.1	0.1
Personal Income (millions of current \$)													
Wages and Salaries	65,454	4.5	4.0	3.7	3.6	4.1	4.1	4.3	3.5	4.0	3.2	3.6	3.2
Supplements to Wages and Salaries	15,794	5.2	3.6	3.0	2.8	4.3	3.8	3.5	2.8	3.4	2.7	2.6	2.5
Proprietors' Income	10,293	1.6	1.7	5.0	3.2	-9.2	12.1	-2.2	6.1	7.7	3.9	4.7	3.9
Farm Proprietors'	717	-29.7	-0.9	8.2	7.9	-76.4	101.8	-36.4	7.2	14.4	17.0	9.3	9.2
Non-farm Proprietors'	9,576	5.2	4.3	5.0	2.8	4.9	4.5	1.5	6.1	7.8	3.1	4.9	3.6
Dividends, Interest, and Rent	25,482	4.1	2.8	3.1	4.7	4.4	3.0	2.6	1.3	2.2	5.0	4.3	4.3
Personal Current Transfer Receipts	42,407	6.0	5.7	5.3	4.7	13.0	0.5	3.1	6.1	9.2	3.7	4.1	4.0
Less: Contributions for Government Social Insurance	11,376	3.3	3.4	3.1	2.7	4.2	3.7	3.1	2.4	4.3	3.1	2.2	2.1
Plus: Adjustment for Residence	5,036	6.6	5.0	4.3	3.8	4.5	5.3	5.1	5.2	3.6	4.2	3.6	4.0
Equals: Total Personal Income	153,089	4.9	4.3	4.3	4.2	5.7	3.6	3.2	4.6	5.3	3.8	4.0	4.0
Less: Personal Current Taxes to Federal Government	8,846	5.0	-0.5	0.9	2.9	1.6	4.0	-9.8	2.0	1.5	3.8	2.1	3.8
Less: Personal Current Taxes to State and Local Governments	3,095	7.2	4.2	4.3	4.5	3.5	4.8	4.4	3.9	4.9	4.0	4.1	4.2
Equals: Disposable Personal Income	141,179	4.8	4.7	4.6	4.3	6.0	3.5	4.1	5.4	5.5	3.7	4.1	3.9
Per Capita Personal Income (thousands of \$)	52.02	4.9	4.4	4.4	4.3	5.8	3.7	3.4	4.7	5.5	4.0	4.1	4.1
Population (thousands)	2,943	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	29,185	5.3	5.0	4.3	3.5	3.9	7.0	4.3	4.4	5.0	3.0	3.5	3.7
Gross Domestic Product (billions of 2017 \$)	21,715	2.8	1.3	1.5	1.5	0.2	0.5	0.7	1.6	1.8	1.7	1.6	1.6
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	134.4	2.4	3.6	2.8	1.9	3.6	6.5	3.6	2.8	3.2	1.3	1.9	2.1
Total Employment, Residents (millions)*	161.3	0.2	1.2	-0.4	-0.1	1.3	0.0	-0.1	-0.2	-0.1	-0.1	-0.1	0.0
Total Payroll Employment (millions)*	158.0	1.3	0.9	0.0	0.0	1.4	0.8	0.0	-0.3	-0.2	-0.0	0.0	0.0
Unemployment Rate (%)*, †	4.0	0.4	0.4	0.5	0.2	-0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Personal Income (billions of current \$)	24,658	5.4	4.7	4.5	4.8	6.7	4.7	3.9	3.9	5.3	4.5	4.4	4.8
Per Capita Personal Income (thousands of \$)	72.4	4.4	4.1	4.3	4.5	6.2	4.2	3.6	3.6	5.1	4.3	4.1	4.5
Consumer Price Index (1982-84 = 100)	2.9	-1.2	3.6	2.8	1.9	4.0	5.7	3.6	2.7	3.0	1.6	2.6	2.6
Prime Rate (%)†	8.3	0.1	-0.8	-0.9	-0.6	-0.3	0.0	0.0	-0.1	-0.4	-0.3	-0.3	-0.3

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

ALTERNATIVE FORECASTS

The firm S&P Global Market Intelligence assesses the probability of its latest pessimistic alternative scenario is 35 percent, up 5 percentage points from the previous quarter. The probability of the baseline scenario is 50 percent, a 5-percentage-point decrease from the previous quarter. A brief, two-quarter recession occurs in the pessimistic scenario. Financial conditions in the U.S. continue to worsen following the imposition of tariffs in this scenario, which restrains consumer spending. Both business and consumer confidence weaken in this scenario. U.S. real GDP increases by an average of 0.1 percentage point less per year over the next five years

compared to the baseline forecast. Similarly, the average annual increase in real GDP for Mississippi from 2025 to 2029 in the pessimistic scenario is 0.1 percentage point less per year compared to the baseline forecast.

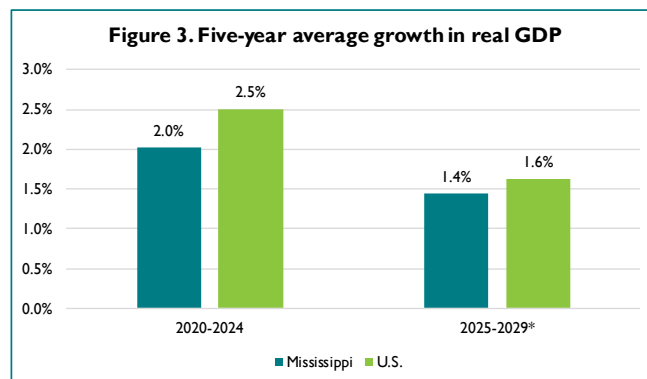
S&P Global Market Intelligence estimates the probability of its latest optimistic alternative scenario is 15 percent. Tariffs are lower under this scenario and retaliation by other countries is less compared to the baseline forecast. Inflation eases more quickly under this scenario, which leads to lower interest rates. These lower rates improve financial conditions, which leads to greater consumer spending and an overall

more robust U.S. economy compared to the baseline forecast. Deportations are fewer in the optimistic scenario and those that do occur happen more slowly. As a result, population growth is higher, which leads to greater economic output compared to the baseline scenario. U.S. real GDP expands by an average of 0.4 percentage point more per year from 2025 to 2029 under the optimistic scenario compared to the baseline forecast. Real GDP for Mississippi expands at an average annual rate over the next five years in the optimistic scenario that is essentially the same as in the baseline forecast.

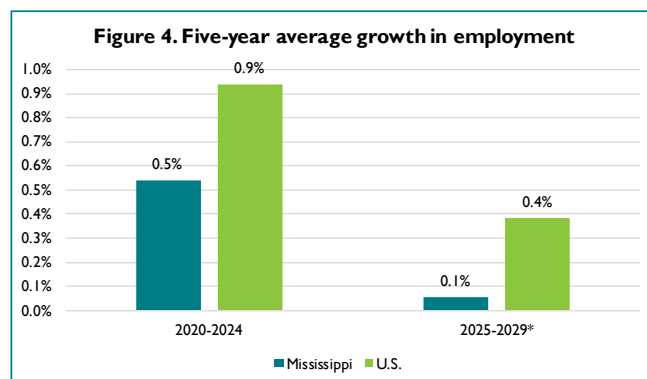
FIVE-YEAR FORECASTS

Real GDP for Mississippi is forecast to expand by an average of 1.4 percent per year from 2025 through 2029 as seen in Figure 3. This estimate is 0.6 percentage point less per year compared to the 2020 to 2024 period. The U.S. economy is forecast to expand by an average of 1.6 percent per year from 2025 through 2029, which represents a decrease of an average of 0.9 percentage point per year compared to the 2020 to 2024 period. While growth in both the U.S. and Mississippi economies is expected to slow over the next five years compared to the previous five years, growth in U.S. real GDP is still projected to exceed growth in Mississippi real GDP by an average of 0.2 percentage point per year.

Payroll employment in Mississippi is forecast to increase by an average of 0.1 percent per year from 2025 to 2029 as Figure 4 indicates. This estimate represents an average decrease of 0.4 percentage point per year compared to the 2020 to 2025 period. U.S. payroll employment is expected to increase by an average of 0.4 percent per year from 2025 through 2029. This estimate represents an average decrease of 0.5 percentage point per year compared to the 2020 to 2024 period. As with real GDP, employment in both Mississippi and the U.S. is expected to slow over the next five years, and the average annual change in U.S. employment is expected to exceed the average annual change in Mississippi employment by 0.3 percentage point per year.



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



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