



NEAR-TERM FORECASTS FOR MISSISSIPPI REAL GDP, EMPLOYMENT WEAKEN SLIGHTLY

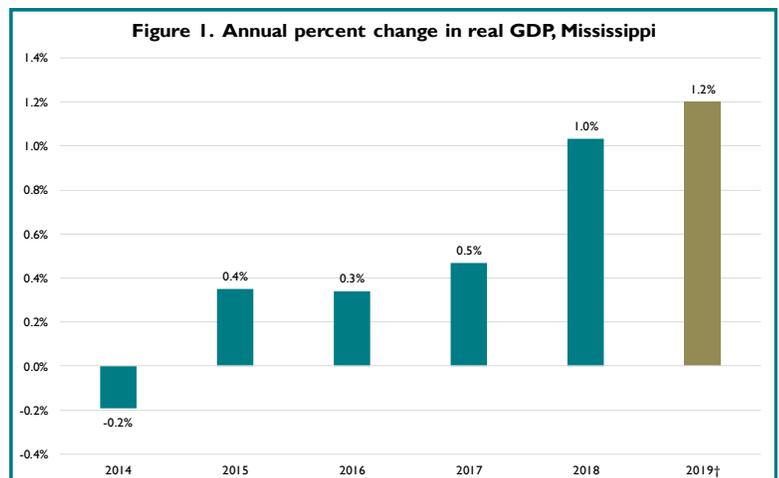
URC projects real gross domestic product (GDP) for Mississippi will grow 1.2 percent in 2019 as seen in Figure 1 below. Compared to the forecast of the previous quarter, this estimate reflects a reduction of 0.2 percentage point. However, this forecast represents an improvement of 0.2 percentage point from the growth of 1.0 percent in 2018 reported by the U.S. Bureau of Economic Analysis (BEA) in its most recent estimate released in May. As seen in Table 1 on page 3, URC estimates the Mississippi economy will expand by 1.1 percent in 2020, the same rate as in the forecast of the previous quarter. In 2021 real GDP for the state is projected to increase by 1.3 percent, which represents a slight increase of 0.1 percentage point from the previous quarter's forecast. This growth rate, if realized, would mark the largest annual increase in Mississippi real GDP since 2008 when the state's economy expanded by 4.2 percent.

The fourth section of Table 1 on page 3 indicates U.S. real GDP is projected to grow 2.6 percent in 2019, which reflects a increase of 0.3 percentage point from the previous quarter's forecast. However, this improvement to the forecast for the U.S. economy in 2019 effectively comes at the expense of growth in the following year; real GDP is expected to expand by 1.8 percent in 2020, a reduction of 0.3 percentage point from the forecast of the previous quarter. The U.S. economy is projected to slow further in 2021, as real GDP is forecast to increase 1.7 percent, a reduction of 0.2 percentage point from the previous quarter's forecast. The average annual growth rate of 2.1 percent forecast for 2019 to 2021, if realized, would mark the lowest average annual growth since 2011 to 2013, when the U.S. economy grew an average of 1.9 percent per year.

Payroll employment in Mississippi is expected to grow 0.7 percent in 2019 as seen in the second section of Table 1, a reduction of 0.2 percentage point from the forecast of the previous quarter. Neverthe-

less, if realized this increase would be the largest since 2016, when employment grew 1.1 percent. In 2020 payroll employment is projected to grow 0.3 percent, the same rate as in the forecast of the previous quarter. Payroll employment is expected to grow 0.2 percent in 2021, which represents an increase of 0.2 percentage point from the previous quarter's forecast. However, if realized this forecast would mark the smallest annual growth since 2011, when employment was unchanged.

The third section of Table 1 indicates personal income in Mississippi is forecast to grow 3.3 percent in 2019, a reduction of 0.3 percentage point from the forecast of the previous quarter. If realized this forecast would represent a decrease of 0.5 percentage point from personal income growth in 2018. URC forecasts personal income in the state will grow 3.7 percent in 2020, an increase of 0.2 percentage point from the forecast of the previous quarter. Finally, in 2021 personal income in Mississippi is projected to grow 4.1 percent, an increase of 0.3 percentage point from the forecast of the previous quarter. If realized this forecast would mark the highest rate of growth since 2011, when personal income in the state increased 4.3 percent.



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

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MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

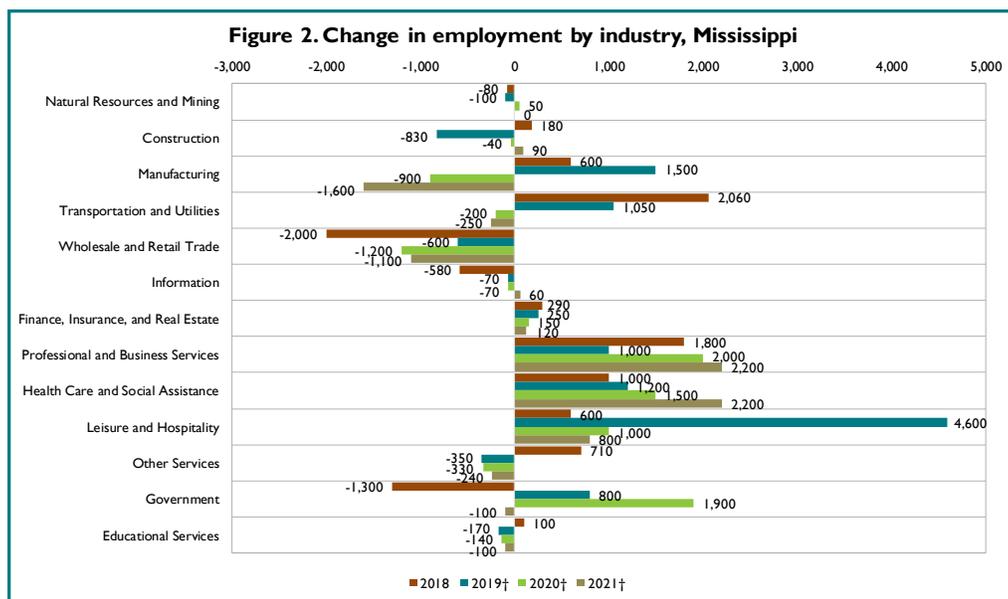
Output is expected to expand in most sectors of the Mississippi economy in 2019 as seen in the first section of Table 1. The largest increase is forecast for the Information sector, which is projected to grow 3.3 percent, closely followed by the Health Care and Social Assistance sector, expected to grow by 3.2 percent. The only sectors forecast to contract in 2019 are Natural Resources and Mining, expected to decrease 5.3 percent, and Construction, projected to fall 3.9 percent.

The forecast for 2020 is similar, as again most sectors in the state are expected to expand. Professional and Business Services is projected to grow 2.6 percent, the most among all sectors. Information is expected to increase by 2.3 percent. The only two sectors forecast to contract in 2020 are Other Services, expected to decline 0.4 percent, and Leisure and Hospitality, which is forecast to decrease 0.1 percent.

In 2021, the forecasts by sector are again comparable to the previous two years. The largest increase in output among all sectors is forecast for Information, which is expected to expand by 4.0 percent. Other Services is forecast to contract by 0.5 percent and Natural Resources and Mining is expected to contract by 0.3 percent, the only sectors in the state projected to decrease in output in 2021.

lowed by Government, which is forecast to add 1,900 jobs. Health Care and Social Assistance is expected to add 1,500 jobs. Wholesale and Retail Trade is expected to lose 1,200 jobs in 2020, the most among all sectors. The Manufacturing sector is forecast to lose 900 jobs.

The forecast for employment in 2021 is similar to 2020, as a majority of sectors are expected not to add jobs for the year. The largest increases in employment are projected for Professional and Business Services and Health Care and Social Assistance, as both sectors are forecast to add 2,200 jobs. The next largest increase is projected for the Leisure and Hospitality sector, which is forecast to add 800 jobs. The largest decrease in employment among



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

Figure 2 depicts the URC forecasts for the change in employment by industry in Mississippi for 2019, 2020, and 2021, along with the actual changes in 2018. Employment is expected to increase in most sectors in 2019. The Leisure and Hospitality sector is forecast to add 4,600 jobs in 2019—more than triple the next largest increase among all sectors. That next largest increase is forecast for the Manufacturing sector, which is expected to add 1,500 jobs. The largest decrease in employment among all sectors in 2019 is forecast for the Construction sector, which is projected to lose about 830 jobs. The Wholesale and Retail Trade sector is expected to lose 600 jobs in 2019.

A majority of sectors in Mississippi are projected to lose jobs in 2020. The largest increase in employment among all sectors is forecast for Professional and Business Services, which is expected to add 2,000 jobs, closely fol-

lowed by Government, which is forecast to add 1,900 jobs. Health Care and Social Assistance is projected to add 1,500 jobs. Wholesale and Retail Trade is expected to lose 1,200 jobs in 2020, the most among all sectors. The Manufacturing sector is forecast to lose 900 jobs. The forecast for employment in 2021 is similar to 2020, as a majority of sectors are expected not to add jobs for the year. The largest increases in employment are projected for Professional and Business Services and Health Care and Social Assistance, as both sectors are forecast to add 2,200 jobs. The next largest increase is projected for the Leisure and Hospitality sector, which is forecast to add 800 jobs. The largest decrease in employment among all sectors is forecast for Manufacturing; employment in the sector is expected to fall by 1,600 jobs in 2021. The next largest decrease is anticipated in the Wholesale and Retail Trade sector, which is projected to lose 1,100 jobs. Notably, URC forecasts Wholesale and Retail Trade, Educational Services, and Other Services to lose jobs each year from 2019 to 2021. The majority of sectors in the state are projected to lose jobs over the period. The Leisure and Hospitality sector is expected to add a net 6,400 jobs over the next three years, the most among all sectors. Over the same period, Professional and Business Services is forecast to add 5,200 jobs and Health Care and Social Assistance is projected to add 4,900 jobs. The forecast of the net change in employment among all other sectors from 2019 to 2021 is negative and more than offset by the growth expected in these three sectors.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2018 Percent		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Change	2019	2020	2021	2019Q2	2019Q3	2020Q4	2020Q1	2020Q2	2020Q3	2021Q4	2021Q1
Mississippi Forecast													
Gross State Product (projected)													
In current dollars	114,107	3.8	3.2	3.5	3.7	2.5	3.4	3.2	3.5	3.8	3.4	3.6	3.8
In millions of 2009 dollars	101,630	1.0	1.2	1.1	1.3	0.7	0.8	1.0	1.3	1.4	1.0	1.3	1.2
Natural Resources and Mining	3,980	5.7	-5.3	0.9	-0.3	2.2	1.6	0.6	1.1	0.9	0.7	-1.2	-1.3
Contract Construction	3,226	-1.1	-3.9	0.0	0.5	0.0	0.0	-1.2	0.0	0.5	0.6	0.3	0.8
Manufacturing	16,405	1.2	1.4	1.5	1.7	-0.4	1.0	2.2	2.1	1.1	1.2	1.5	1.9
Durable Goods	9,196	1.0	1.9	2.0	2.3	0.3	0.6	3.2	2.5	2.2	1.4	1.9	2.5
Nondurable Goods	7,155	1.4	1.1	1.0	0.9	0.3	1.8	1.2	1.2	0.3	0.7	1.0	1.1
Transportation and Utilities	6,336	0.7	0.6	0.3	0.5	0.6	0.1	-0.1	0.2	0.6	0.6	0.6	0.5
Wholesale and Retail Trade	14,756	2.4	2.1	1.6	1.8	1.4	1.9	1.6	1.4	1.6	1.8	1.8	2.0
Information	2,532	-1.0	3.3	2.3	4.0	0.8	2.5	0.3	2.9	2.4	4.2	2.1	5.6
Finance, Insurance, and Real Estate	14,511	0.2	0.7	1.0	1.2	1.1	0.6	0.4	1.0	1.2	1.4	1.3	1.2
Professional and Business Services	7,558	2.9	2.6	2.6	2.6	0.2	0.9	2.2	3.6	3.2	2.9	3.0	2.5
Health Care and Social Assistance	8,283	3.0	3.2	2.1	2.1	2.1	2.0	1.9	2.0	2.5	2.0	2.3	1.7
Leisure and Hospitality	4,206	-1.4	0.5	-0.1	0.1	-2.7	-1.2	1.3	-0.9	0.2	0.9	1.6	-1.3
Educational Services	788	0.3	1.4	1.0	1.1	1.9	1.7	0.8	0.6	0.9	1.0	0.2	1.8
Other Services	2,195	0.0	0.4	-0.4	-0.5	-0.7	-0.2	-0.4	-0.7	0.0	-0.4	-0.5	-0.5
Government	16,992	-0.1	1.6	0.1	0.3	-0.1	-0.5	0.0	0.2	1.0	-1.2	0.8	0.2
Payroll Employment (thousands)													
Residents†	1,215	0.0	-0.7	0.6	0.3	-1.7	0.3	0.7	0.7	1.3	0.3	0.7	0.0
Payroll†	1,155	0.3	0.7	0.3	0.2	0.7	0.3	0.3	0.3	1.0	-0.7	0.0	0.0
Natural Resources and Mining	7	-1.2	-1.5	0.7	0.0	-1.8	1.8	0.6	1.2	1.2	-0.6	-0.6	-0.6
Contract Construction	44	0.4	-1.9	-0.1	0.2	4.0	0.2	-0.6	-0.7	-0.1	-0.5	-0.1	0.9
Manufacturing	145	0.4	1.0	-0.6	-1.1	0.8	-0.8	0.5	0.3	-1.9	-1.9	-1.9	-1.1
Durable Goods	95	0.0	0.6	-0.3	-1.3	0.5	-0.6	1.1	0.9	-1.7	-2.3	-2.0	-1.4
Nondurable Goods	49	1.1	1.9	-1.0	-0.8	1.0	-0.6	-0.9	-1.0	-1.6	-1.5	-1.3	-0.6
Transportation and Utilities	59	3.6	1.8	-0.3	-0.4	0.1	1.4	-0.5	-0.9	-0.6	-0.4	-0.4	-0.2
Wholesale and Retail Trade	173	-1.1	-0.3	-0.7	-0.6	0.9	-0.5	-0.5	-1.4	-0.9	-0.5	-1.2	-0.2
Information	11	-5.0	-0.6	-0.6	0.6	-0.4	0.0	-3.3	-1.1	0.4	2.2	-0.4	1.5
Finance, Insurance, and Real Estate	44	0.7	0.6	0.3	0.3	5.4	-0.2	0.2	0.1	-0.4	0.4	0.4	0.0
Professional and Business Services	110	1.7	0.9	1.8	2.0	-2.2	-0.4	2.9	2.9	1.8	2.1	2.1	2.5
Health Care and Social Assistance	133	0.8	0.9	1.1	1.6	1.8	1.5	1.2	0.9	0.3	1.5	2.1	1.5
Leisure and Hospitality	135	0.4	3.4	0.7	0.6	2.3	-0.6	1.4	-1.1	2.9	0.3	0.6	-0.6
Educational Services	12	0.8	-1.4	-1.2	-0.8	0.3	0.0	-1.7	-1.7	-1.3	-0.7	-2.0	-0.3
Other Services	41	1.7	-0.8	-0.8	-0.6	-0.6	-0.3	-1.3	-0.8	-0.8	-0.8	-0.6	-0.6
Government	241	-0.5	0.3	0.8	0.0	0.2	0.3	0.3	1.2	4.3	-3.3	-0.5	0.2
Unemployment Rate (%)‡	4.8	-0.4	4.9	4.8	5.0	4.9	4.9	4.8	4.8	4.8	4.8	4.9	4.9
Personal Income (millions of current \$)													
Wages and Salaries	49,721	2.8	2.7	3.4	3.6	3.0	2.8	3.4	3.5	3.8	2.7	3.5	3.4
Other Labor Income	12,079	2.1	2.0	3.0	3.3	2.1	2.3	2.9	3.5	3.2	2.9	2.9	3.5
Proprietors' Income	8,650	17.0	-0.9	2.0	5.5	-10.3	-2.2	-1.0	4.3	4.2	6.7	6.4	4.6
Farm Proprietors	1,437	172.4	-21.4	-3.0	16.6	-83.9	-44.8	-39.1	59.5	0.8	20.5	22.8	14.0
Non-farm Proprietors	7,213	5.2	2.8	3.3	3.7	3.7	3.5	2.3	2.9	3.3	4.3	4.6	2.9
Property Income	18,672	3.5	2.6	4.1	3.6	6.1	4.1	3.4	4.3	4.1	3.9	3.6	3.7
Transfer Payments	29,388	2.6	6.5	4.4	4.7	5.3	3.9	3.8	4.9	3.9	4.3	4.3	6.0
Less: Social Security Payments	8,573	3.3	2.8	3.1	3.4	1.7	2.8	2.5	4.3	3.0	2.8	2.6	4.3
Plus: Residence Adjustment	3,532	5.2	3.5	5.0	4.5	4.2	4.8	5.1	5.2	5.0	4.3	4.9	4.2
Equals: Total Personal Income	113,469	3.8	3.3	3.7	4.1	3.1	3.0	3.4	4.0	3.8	3.9	3.9	4.6
Less: Individual IRS Collections	7,047	-0.2	4.1	3.4	3.9	4.6	2.7	3.7	2.2	4.0	3.3	5.1	2.2
Less: Individual State and Local Taxes	2,166	3.3	2.6	4.2	4.4	4.8	3.4	3.8	4.4	4.4	4.2	3.8	4.6
Equals: Disposable Personal Income	104,375	4.2	3.3	3.7	4.1	2.9	3.0	3.4	4.2	3.8	4.0	3.9	4.6
Per Capita Personal Income (thousands of \$)	37,994	3.9	3.3	3.6	3.9	3.1	3.0	3.3	3.9	3.7	3.8	3.6	4.4
Population (thousands)	2,987	-0.1	0.0	0.1	0.2	0.0	0.0	0.1	0.1	0.1	0.1	0.3	0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	20,494	5.2	4.4	4.2	4.1	4.0	4.3	4.2	4.0	4.1	4.0	4.1	4.2
Gross Domestic Product (billions of 2009 \$)	18,566	2.9	2.6	1.8	1.7	2.1	1.7	1.9	1.7	1.9	1.7	1.8	1.7
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	110	2.2	1.8	2.3	2.3	1.8	2.5	2.5	2.1	2.1	2.4	2.1	2.8
Total Employment, Residents (millions)†	156	1.6	0.8	1.0	0.6	0.0	1.3	1.0	1.0	1.5	0.0	0.5	0.5
Total Payroll Employment (millions)†	149	1.7	1.5	1.0	0.7	1.1	1.3	1.1	1.1	1.6	0.3	0.5	0.5
Unemployment Rate (%)‡	3.9	-10.6	3.6	3.7	3.9	3.6	3.5	3.5	3.6	3.6	3.7	3.8	3.8
Personal Income (billions of current \$)	17,570	4.4	4.1	4.7	4.5	4.9	4.6	4.4	4.8	4.7	4.5	4.3	4.8
Per Capita Personal Income (thousands of \$)	54	3.7	3.4	4.0	3.8	4.4	3.6	3.6	4.3	4.2	3.5	3.5	4.1
Consumer Price Index (1982-84 = 100)	251.0	2.4	2.0	2.0	2.3	3.2	3.1	1.6	3.1	1.5	1.5	1.5	3.0
Prime Rate (%)‡	4.9	19.5	5.4	5.3	5.5	5.5	5.3	5.3	5.3	5.3	5.3	5.5	5.5

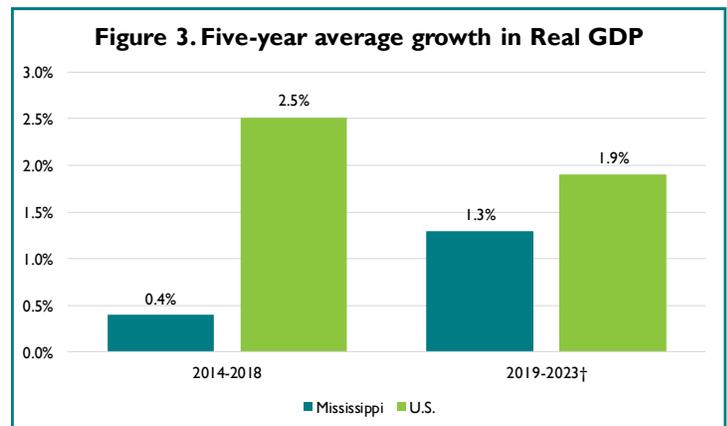
†Seasonally-adjusted. ‡Projected rates. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (levels), and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

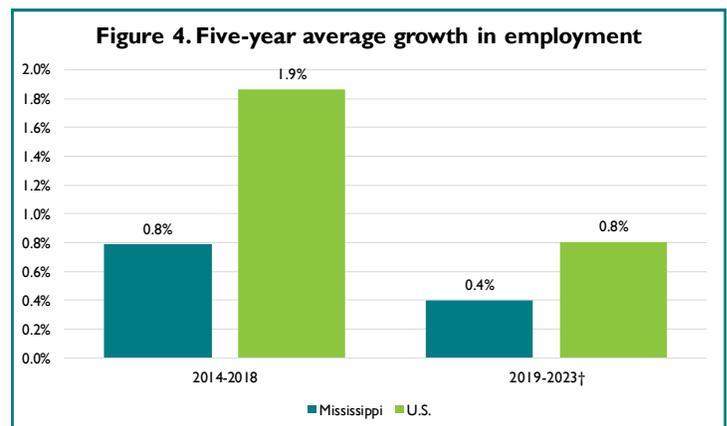
FIVE-YEAR FORECASTS

The long-term forecasts for real GDP and employment for both Mississippi and the U.S. are little changed from the forecasts of the previous quarter. Figure 3 indicates U.S. real GDP is projected to grow an average of 1.9 percent per year from 2019 to 2023, a decrease of 0.1 percentage point from the forecast of the previous quarter. The forecast of the average annual change in real GDP for Mississippi from 2019 to 2023 is an increase of 1.3 percent, an increase of 0.1 percentage point from the forecast of the previous quarter. Compared to the 2014 to 2018 period, this forecast, if realized, represents an average increase of 0.9 percentage point per year.

U.S. employment is expected to grow an average of 0.8 percent per year from 2019 to 2023 as seen in Figure 4, a rate unchanged from the forecast of the previous quarter. This forecast, if realized, represents an average decrease in employment growth of 1.1 percentage point per year compared to the previous five years. The forecast for the change in employment in Mississippi over the next five years is an average increase of 0.4 percent per year, an increase of 0.1 percentage point from the forecast of the previous quarter. This rate, if realized, represents half of the average annual growth rate experienced from 2014 to 2018 of 0.8 percent.



†Projected. Sources: Bureau of Economic Analysis; URC



†Projected. Sources: Bureau of Labor Statistics; URC

ALTERNATIVE FORECASTS

The probability of a recession transpiring in the second quarter of 2020 is 35 percent according to the most recent pessimistic scenario by the firm IHS Markit. This probability is up from 30 percent in the alternative forecast of the previous quarter. A recession persists for three quarters under this scenario. Consumer spending and many types of investment fall under this scenario due to a widespread crisis of confidence and investors who seek to avoid as much risk as possible. Because of decreasing demand, inflation slows under this scenario. Business fixed investment falls under this scenario and the housing market undergoes a correction. Average annual growth in U.S. real GDP over the next five years slows by just over 0.7 percentage point per year compared to the baseline forecast as the economy contracts slightly in 2020. The Mississippi economy, in contrast, is only modestly impacted by the national recession under this pessimistic scenario. Compared to the baseline forecast real GDP for Mississippi expands at an average rate that is 0.2 percentage point less per year over the next five years.

IHS Markit assigns a probability of 10 percent to its latest optimistic scenario, the same as in the alternative forecast of the previous quarter. Improvements in productivity drive a real GDP expansion under this scenario, as it has in the firm's previous optimistic scenarios. Despite the productivity gains inflation remains subdued under the optimistic scenario due to the assumption of a lower non-accelerating inflation rate of unemployment. The U.S. economy grows an average of over 0.9 percentage point more per year from 2019 to 2023 compared to the baseline forecast. Analogous to the pessimistic scenario, the upside risk to Mississippi's economy under the optimistic scenario is considerably less compared to the U.S. economy. Real GDP for Mississippi grows by an average of 0.2 percentage point more per year under the optimistic scenario compared to the baseline forecast.