



## FORECASTS FOR REAL GDP, EMPLOYMENT IMPROVE FOR MISSISSIPPI, WEAKEN FOR U.S.

Both the coronavirus pandemic and the responses to it have greatly disrupted the U.S. and Mississippi economies in a historically short period. The ensuing months have introduced high levels of uncertainty and volatility as governments impose and lift restrictions on numerous activities. Thus, while the forecasts presented in this publication are always based on the best available data and assumptions that are subject to change, this reality is even more probable in the current environment.

Figure 1 below depicts the annual percent change in real gross domestic product (GDP) for Mississippi since 2015, including the latest forecast for 2020. URC projects real GDP for the state will contract 4.1 percent in 2020. Nonetheless, this estimate represents an improvement of 1.7 percentage points from the forecast of the previous quarter. If realized this estimate will mark the first annual contraction in the Mississippi economy since 2011.

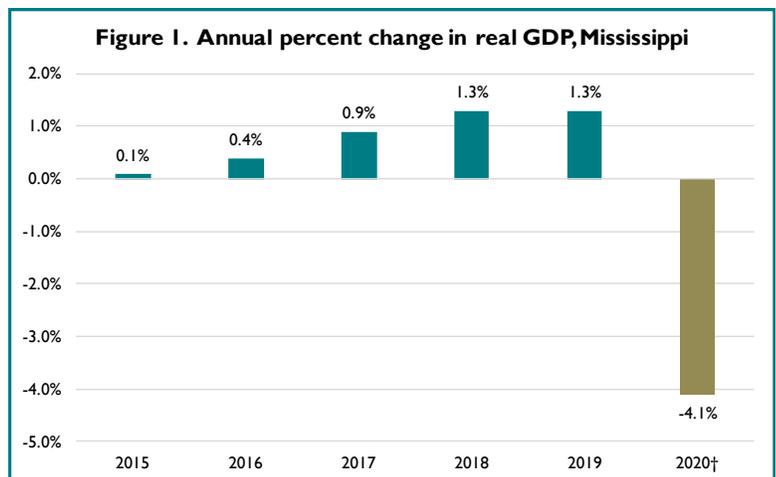
The first section of Table 1 on page 3 indicates URC estimates the Mississippi economy will expand 3.2 percent in 2021, which represents an increase of 0.2 percentage point from the forecast of the previous quarter. This rate of annual growth, if realized, would be the largest since 2008 when real GDP for the state increased 4.2 percent. The forecast for the state's economy in 2022 is an increase of 2.2 percent. Compared to the forecast of the previous quarter this projection is 0.7 percentage point lower.

As seen in the fourth section of Table 1, the U.S. economy is projected to contract 6.1 percent in 2020. This estimate represents a decrease of 0.7 percentage point from the forecast of the previous quarter. If realized, this decrease would be the largest annual contraction in U.S. real GDP since 1946. In 2021, the U.S. economy is expected to grow 3.7 percent, which represents a decrease of 2.6 percentage points from the forecast of the previous quarter. Nevertheless, if realized this increase would mark the largest annual growth in U.S. real GDP since 2004. The forecast for

the U.S. economy in 2022 is similar as real GDP is projected to increase 3.6 percent. This estimate represents a decrease of 0.4 percentage point from the forecast of the previous quarter.

The second section of Table 1 indicates payroll employment in Mississippi is expected to decline 3.0 percent in 2020. This rate represents an improvement of 3.3 percentage points from the forecast of the previous quarter. In 2021 employment in the state is projected to grow 3.2 percent—a marked change from the 1.8 percent decrease forecast in the previous quarter. Employment growth in 2022 is estimated at 0.3 percent, which represents a relatively large reduction of 3.9 percentage points from the forecast of the previous quarter.

Personal income in Mississippi is forecast to grow 4.7 percent in 2020 as seen the third section of Table 1. Compared to the forecast of the previous quarter this estimate is 1.8 percentage points higher. In 2021 personal income is projected to remain unchanged, a decrease of 2.4 percentage points from the forecast of the previous quarter. Finally, personal income in the state is expected to increase 4.0 percent in 2022, an estimate that is unchanged from the forecast of the previous quarter.



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

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## MISSISSIPPI ECONOMIC OUTLOOK

## SHORT-TERM FORECASTS

As the first section of Table I indicates, output in all sectors of the Mississippi economy is expected to contract in 2020. The largest decrease of 10.5 percent is forecast for the Leisure and Hospitality sector, which includes the Accommodation and Food Services subsector. The next largest contraction of 9.3 percent is expected for Educational Services. The smallest decrease in output is forecast for Wholesale and Retail Trade, which is projected to decline 1.0 percent.

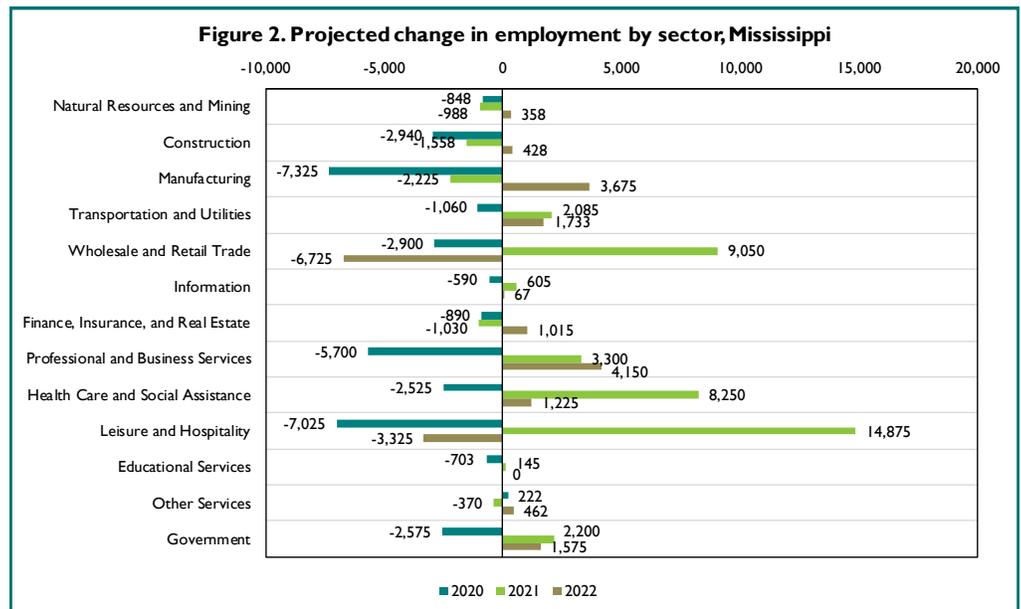
In 2021, gains in output are expected to be widespread across sectors. The Leisure and Hospitality sector is projected to rebound from the pandemic—and the Accommodation and Food Services subsector in particular—as output in the sector is forecast to increase 18.1 percent. The next largest increase of 7.8 percent is expected in the Information sector, followed by the 6.3 percent growth forecast for Wholesale and Retail Trade. The largest decrease in output of 2.7 percent is anticipated in Construction. The only other sectors forecast to contract in 2021 are Natural Resources and Mining, which is expected to contract 1.9 percent, and Other Services, which is forecast to decrease in output by 1.5 percent.

Although overall growth in the state's economy is expected to be smaller in 2022 than in 2021, output is projected to expand in more sectors. The largest increase in output is forecast for Professional and Business Services, which is expected to expand by 5.9 percent. The state's Manufacturing sector is forecast to experience the next largest increase in output of 5.0 percent, followed by the 4.4 percent increase in output in the Information sector. The largest decrease in output among all sectors is forecast for Leisure and Hospitality, which is expected to contract by 3.7 percent. Output in the Health Care and Social Assistance sector is forecast to fall 0.5 percent, the only other sector forecast to contract in 2022.

URC forecasts for the change in employment by industry in Mississippi for 2020, 2021, and 2022 are depicted in Figure 2 and in the second section of Table I. Employment is forecast to decrease in all sectors in the state in 2020 with the exception of Other Services, which is pro-

jected to increase 0.5 percent. The largest decrease in employment in 2020 is forecast for Natural Resources and Mining, which is expected to decline 12.4 percent. The next largest decrease is anticipated in Construction, which is forecast to fall 6.6 percent, followed by Educational Services, which is expected to decrease 5.9 percent.

Fewer sectors in the state are projected to lose jobs in 2021. The largest increase in employment of 11.5 percent



Source: URC.

is forecast for Leisure and Hospitality. The next largest increase in employment of 6.2 percent is expected in the Health Care and Social Assistance sector. As in the previous year, the largest decrease in employment in 2021 among all sectors in the state is anticipated in Natural Resources and Mining, as the number of jobs in the sector is projected to fall 16.5 percent. The next largest decrease in employment among all sectors is the 3.8 percent decline expected in Construction.

Most sectors in Mississippi are forecast to add jobs in 2022. Employment in Natural Resources and Mining is expected to increase 7.2 percent, the largest gain among all sectors. The next largest increase in employment is forecast for Professional and Business Services, which is anticipated to grow 3.9 percent. Employment in Wholesale and Retail Trade is expected to fall 3.8 percent in 2022, the largest decrease among all sectors. The only other sector in the state URC forecasts to lose jobs in 2022 is Leisure and Hospitality, as employment in the industry is projected to fall 2.3 percent.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2019 Percent		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Change	2020	2021	2022	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3	2021Q4	2022Q1
<b>Mississippi Forecast</b>													
Gross State Product (projected)													
In current dollars	118,780	3.4	-2.8	4.0	3.6	-25.1	15.7	2.9	7.1	5.5	4.3	2.7	2.9
In millions of 2009 dollars	104,209	1.3	-4.1	3.2	2.2	-25.8	14.8	2.8	6.4	4.5	3.0	1.0	1.6
Natural Resources and Mining	4,876	12.5	-2.5	-1.9	2.7	-47.8	25.3	9.1	-5.0	-2.9	-1.2	-2.3	8.3
Contract Construction	3,264	-2.1	-5.9	-2.7	0.1	-26.0	5.9	-5.2	0.0	-4.5	3.1	-0.9	1.8
Manufacturing	16,822	-0.5	-5.9	1.5	5.0	-25.1	4.2	-4.1	3.7	8.7	6.4	5.3	4.9
Durable Goods	9,258	-0.2	-6.8	1.9	6.4	-28.7	3.7	-5.1	4.2	11.7	8.6	7.1	6.1
Nondurable Goods	7,529	-1.0	-4.8	1.0	3.3	-20.4	4.9	-2.7	3.2	5.1	3.8	2.8	3.4
Transportation and Utilities	6,693	1.2	-3.7	2.7	0.6	-32.1	19.9	2.5	6.2	5.3	-0.6	0.3	0.9
Wholesale and Retail Trade	14,942	2.9	-1.0	6.3	0.8	-17.3	15.3	4.0	13.3	7.0	2.5	1.9	0.1
Information	2,562	3.0	-5.3	7.8	4.4	-30.8	11.8	5.1	25.2	8.9	0.6	4.2	3.7
Finance, Insurance, and Real Estate	14,927	1.9	-4.1	0.6	3.9	-17.0	6.6	-6.9	3.6	5.1	2.4	3.5	4.9
Professional and Business Services	7,771	2.4	-4.0	3.5	5.9	-27.3	11.9	-2.9	11.1	5.1	6.3	4.4	8.8
Health Care and Social Assistance	8,516	2.0	-5.0	4.8	-0.5	-33.0	26.2	11.3	11.0	-3.5	9.9	-10.9	-5.9
Leisure and Hospitality	4,297	-0.8	-10.5	18.1	-3.7	-56.6	117.9	27.6	23.1	20.4	-3.2	-3.9	-11.5
Educational Services	777	-0.9	-9.3	1.3	0.5	-47.9	27.9	24.2	9.4	-10.6	-14.5	3.2	3.7
Other Services	2,258	-0.1	-3.9	-1.5	0.6	-16.4	24.1	-4.6	-1.6	-4.7	-7.8	1.9	1.7
Government	16,936	0.4	-3.1	2.0	1.6	-23.4	12.0	10.0	-0.3	1.4	1.5	1.2	0.6
Payroll Employment (thousands)													
Residents†	1,207	-0.1	-6.4	2.2	2.4	-40.3	25.1	2.2	3.2	5.0	3.9	2.4	1.0
Payroll†	1,158	0.3	-3.0	3.2	0.3	-26.8	21.3	4.0	4.7	3.2	2.1	0.0	-0.7
Natural Resources and Mining	7	-0.9	-12.4	-16.5	7.2	-22.8	-33.6	-27.1	-19.1	-2.4	2.5	7.4	9.8
Contract Construction	44	1.0	-6.6	-3.8	1.1	-13.3	-5.4	-5.0	-4.0	-3.4	2.8	0.9	2.0
Manufacturing	147	1.4	-5.0	-1.6	2.7	-23.1	-4.0	-4.3	0.3	3.9	2.7	5.0	3.5
Durable Goods	97	1.2	-6.4	-2.6	4.0	-28.0	-1.8	-4.4	-2.3	2.0	1.2	9.9	5.6
Nondurable Goods	50	1.7	-2.2	0.8	0.2	-13.4	-8.6	-1.8	5.4	7.3	6.0	-2.7	-1.0
Transportation and Utilities	61	2.8	-1.7	3.5	2.8	-15.6	5.6	9.5	2.8	6.4	-0.5	5.4	2.3
Wholesale and Retail Trade	171	-1.2	-1.7	5.4	-3.8	-15.2	8.3	4.1	11.1	9.8	1.1	0.2	-4.0
Information	11	-2.3	-5.5	5.9	0.6	-20.7	5.4	7.8	20.1	5.7	-4.0	1.1	0.4
Finance, Insurance, and Real Estate	45	0.1	-2.0	-2.4	2.4	-10.8	7.5	-3.0	-5.4	-1.1	-3.5	0.8	5.7
Professional and Business Services	108	-1.0	-5.3	3.2	3.9	-22.8	16.3	0.8	6.8	1.9	4.6	3.4	6.9
Health Care and Social Assistance	135	1.6	-1.9	6.2	0.9	-29.2	22.8	14.7	11.3	-2.3	12.6	-9.4	-5.9
Leisure and Hospitality	136	1.0	-5.2	11.5	-2.3	-67.4	177.1	14.7	7.4	12.7	-4.6	-2.5	-5.7
Educational Services	12	-1.1	-5.9	1.3	0.0	-40.4	45.7	8.7	1.7	-6.4	-6.1	-0.7	2.9
Other Services	41	-1.1	0.5	-0.9	1.1	-22.6	34.6	-2.7	-4.0	-3.7	-7.4	3.7	2.8
Government	242	0.4	-1.1	0.9	0.7	-14.6	12.9	1.2	-0.3	0.7	0.5	1.2	0.7
Unemployment Rate (%)‡	5.4	0.6	8.7	7.0	6.1	12.3	9.0	8.3	7.6	7.1	6.7	6.7	6.5
Personal Income (millions of current \$)													
Wages and Salaries	51,207	2.8	0.1	6.6	3.0	-16.7	16.5	7.6	9.2	7.0	5.0	2.5	1.8
Other Labor Income	12,625	2.8	-0.6	6.0	3.2	-23.5	19.5	7.1	10.4	5.1	3.7	2.2	3.2
Proprietors' Income	8,720	6.5	-12.8	-4.3	10.8	-61.4	25.2	-42.0	17.7	18.7	19.2	1.0	12.5
Farm Proprietors	1,302	27.4	-42.9	17.9	51.9	-98.5	-52.2	55.1	102.3	199.7	175.6	90.9	50.4
Non-farm Proprietors	7,418	3.6	-7.5	-6.8	5.1	-40.9	34.0	-45.9	12.3	7.7	6.4	-9.2	6.4
Property Income	18,920	2.0	-3.1	-1.4	1.5	-13.3	-8.8	-0.4	2.4	0.8	0.6	-0.7	1.8
Transfer Payments	30,933	5.7	23.1	-8.3	5.1	496.0	-72.5	-21.5	2.0	4.1	5.5	7.2	7.9
Less: Social Security Payments	8,782	2.9	0.3	5.0	2.1	-20.1	20.1	4.4	9.7	3.1	2.7	0.2	2.0
Plus: Residence Adjustment	3,589	5.1	1.6	3.4	5.8	4.5	10.1	-3.7	2.2	4.6	3.6	13.1	5.9
Equals: Total Personal Income	117,211	3.7	4.7	0.0	4.0	50.3	-30.8	-6.7	6.4	5.9	5.3	3.7	4.4
Less: Individual IRS Collections	7,382	4.0	-8.4	7.5	6.8	-50.4	10.1	31.7	10.1	6.7	5.1	21.4	2.7
Less: Individual State and Local Taxes	2,202	4.6	-3.6	4.7	3.6	-25.3	10.7	4.1	9.5	7.4	5.0	2.7	2.9
Equals: Disposable Personal Income	107,627	3.7	5.7	-0.5	3.8	62.5	-33.1	-8.8	6.1	5.8	5.3	2.7	4.5
Per Capita Personal Income (thousands of \$)	39,390	3.9	4.7	0.0	3.9	50.3	-30.9	-6.7	6.4	5.9	5.1	3.7	4.3
Population (thousands)	2,976	-0.2	-0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
<b>U.S. Forecast</b>													
Gross Domestic Product (billions of current \$)	21,428	4.1	-5.0	4.7	5.1	-35.9	19.7	5.4	8.8	6.3	5.6	4.3	4.6
Gross Domestic Product (billions of 2009 \$)	19,073	2.3	-6.1	3.7	3.6	-35.5	17.7	5.1	8.0	5.2	4.1	2.6	3.1
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	112	1.7	1.2	1.0	1.5	-0.4	1.8	0.4	0.7	1.1	1.4	1.8	1.4
Total Employment, Residents (millions)†	158	1.1	-6.3	4.1	2.1	-42.0	27.4	7.0	8.6	4.6	2.9	1.3	1.3
Total Payroll Employment (millions)†	151	1.3	-5.2	4.5	2.0	-40.0	26.2	8.7	8.0	4.7	3.0	1.3	1.3
Unemployment Rate (%)‡	3.7	-5.9	8.6	6.3	5.3	13.0	9.3	8.3	6.9	6.3	5.9	5.9	5.8
Personal Income (billions of current \$)	18,608	4.4	3.2	0.7	4.0	26.7	-19.5	-6.0	6.9	4.8	4.2	2.0	4.3
Per Capita Personal Income (thousands of \$)	57	3.9	2.7	0.2	3.1	25.8	-20.0	-6.8	5.8	4.2	3.5	1.4	3.5
Consumer Price Index (1982-84 = 100)	256.0	2.0	0.8	1.9	1.9	-4.6	3.2	1.6	1.6	1.5	3.1	3.1	1.5
Prime Rate (%)‡	5.3	7.8	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3

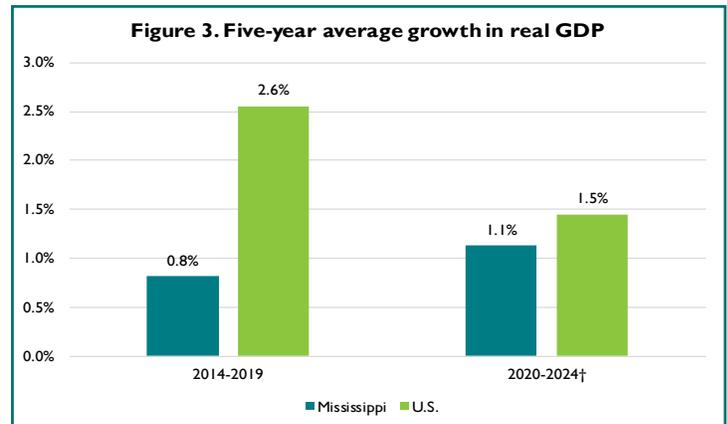
†Seasonally-adjusted. ‡Projected rates. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (levels), and URC (forecasts).

## MISSISSIPPI ECONOMIC OUTLOOK

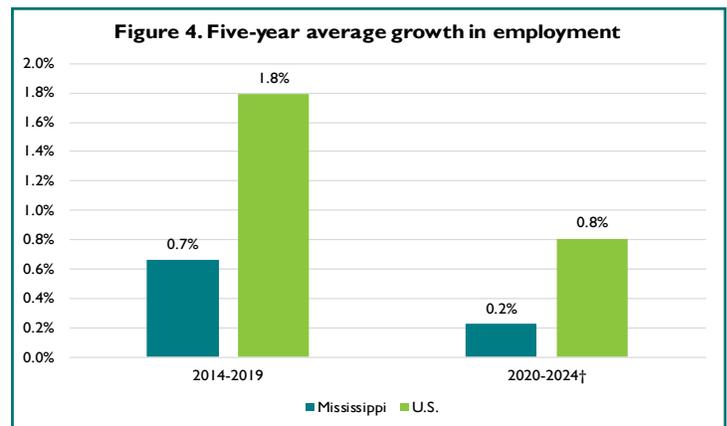
### FIVE-YEAR FORECASTS

Figure 3 indicates real GDP for Mississippi and the U.S. is projected to grow an average of 1.1 percent and 1.5 percent per year, respectively, from 2020 to 2024. The forecast of the average annual change in real GDP for Mississippi from 2020 to 2024 represents a decrease of 0.3 percentage point from the previous five-year forecast. Similarly, the forecast of the average annual change in real GDP for the U.S. over the same period reflects a decline of 0.4 percentage point. The forecast for Mississippi, if realized, represents an average increase of 0.3 percentage point per year compared to the previous five years. Conversely, the U.S. forecast, if realized, represents an average decrease of 1.1 percentage points compared to the 2015-2019 period.

Employment in Mississippi is projected to grow an average of 0.2 percent per year from 2020 to 2024 as seen in Figure 4, a slight improvement of 0.1 percentage point from the previous five-year forecast. U.S. employment is expected to increase an average of 0.8 percent per year over the same period. Compared to the previous long-term forecast, this estimate represents an increase of 0.3 percentage point. If the forecast for employment in Mississippi is realized, average annual growth will be 0.5 percentage point lower from 2020 to 2024 compared to the previous five years. If the U.S. forecast for employment is realized, average annual growth will be 1.0 percentage point lower from 2020 to 2024 compared to the previous five years.



†Projected. Sources: Bureau of Economic Analysis; URC



†Projected. Sources: Bureau of Labor Statistics; URC

### ALTERNATIVE FORECASTS

According to the National Bureau of Economic Research, which sets the official start and end dates for recessions, the U.S. entered a recession in February 2020. In both of its latest alternative scenarios IHS Markit assume this recession persists for two quarters. For its pessimistic scenario, IHS Markit sets the probability at 30 percent. Under this scenario consumer spending in the second quarter of 2020 was not as strong as previously thought. Additionally, a number of state economies struggle to reopen and face setbacks caused by the surge in COVID-19 infections, which further reduces consumer spending relative to the baseline forecast. Under this scenario U.S. real GDP grows an average of almost 0.4 percentage point less per year from 2020 to 2024 compared to the baseline forecast. U.S. payroll employment grows at an average annual rate that is 0.2 percentage point lower compared to the baseline forecast over the same period. The impact to the Mississippi economy under the pessimistic scenario is less severe as the state's real GDP grows at an average annual rate that is 0.2 percentage point less relative to the baseline forecast. Similarly, employment in the state grows at an average annual rate that is 0.1 percentage point less per year from 2020 to 2024 compared to the baseline forecast.

IHS Markit assigns a probability of 20 percent to its latest optimistic scenario. Consumer spending is stronger in 2020 under this scenario relative to the baseline forecast and the number of new COVID-19 infections decreases. The average annual increase in U.S. real GDP from 2020 to 2024 is the same as in the baseline forecast. Employment grows at an average annual rate that is slightly more than 0.1 percentage point higher compared to the baseline forecast. Under this scenario real GDP for Mississippi grows at an average annual rate that is 0.1 percentage point higher relative to the baseline forecast. Employment also grows at an annual rate from 2020 to 2024 that is 0.1 percentage point higher compared to the baseline forecast.