



REAL GDP FORECASTS FOR MISSISSIPPI MOVE HIGHER

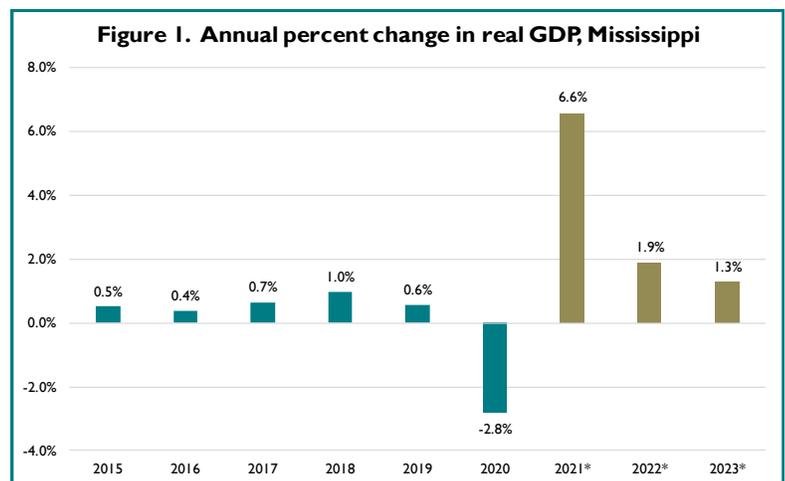
URC's latest forecast projects real gross domestic product (GDP) for Mississippi will increase by 6.6 percent in 2021. Compared to the forecast of the previous quarter this estimate reflects a gain of 3.8 percentage points. Moreover, if this projection is realized the gain would represent the largest annual increase in real GDP for the state since 1994, when the economy grew 6.8 percent. Figure 1 depicts the annual changes in real GDP for Mississippi since 2015 along with projections through 2023. The increase to the 2021 forecast resulted from greater growth in the first quarter of the year than anticipated, stronger wage disbursements expected in the near term, and a larger increase in expected transfer payments from the federal government for the year. Wages and salaries in the state are anticipated to grow 8.5 percent in 2021 while transfer payments from the federal government are projected to swell by 36.9 percent in 2021, forecasts that are listed in the third section of Table 1 on page 3. The Mississippi economy is expected to expand by 1.9 percent in 2022. This projection is up 1.3 percentage points from the forecast of the previous quarter. Real GDP for the state is expected to increase 1.3 percent in 2023, which reflects an increase of 0.4 percentage point from the forecast of the previous quarter.

As seen in the fourth section of Table 1 on page 3, U.S. real GDP also is expected to expand by 6.6 percent in 2021. Compared to the forecast of the second quarter this estimate reflects an increase of 0.4 percentage point. In 2022 the U.S. economy is projected to grow 5.0 percent, an increase of 0.7 percentage point from the forecast of the previous quarter. U.S. real GDP is forecast to expand 2.1 percent in 2023, which reflects a slight decrease of 0.1 percentage point from the previous quarter's forecast.

Payroll employment in Mississippi is forecast to increase 1.3 percent in 2021 as seen in the second section of Table 1. This rate represents a decrease

of 0.5 percentage point from the forecast of the previous quarter. This change to the forecast for 2021 reflects slower growth in employment in the first half of the year. The state is projected to see a slight reduction in payroll employment in 2022 of 0.2 percent, a decrease of 0.2 percentage point from the estimate of the previous quarter. In 2023 total employment is expected to decline by 0.4 percent, a decrease of 0.2 percentage point from the previous quarter's forecast.

The third section of Table 1 indicates personal income in Mississippi is projected to climb 15.2 percent in 2021, an improvement of 15.4 percentage points from the forecast of the previous quarter. The stronger wage growth anticipated in most sectors and the expected rise in transfer payments for the year are responsible for this increase to the forecast for personal income. In 2022 personal income in the state is expected to increase 4.2 percent, which represents an improvement of 2.0 percentage points from the forecast of the previous quarter. Personal income in 2023 is anticipated to grow 5.2 percent, also an increase of 2.0 percentage points from the previous quarter's forecast.



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

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MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

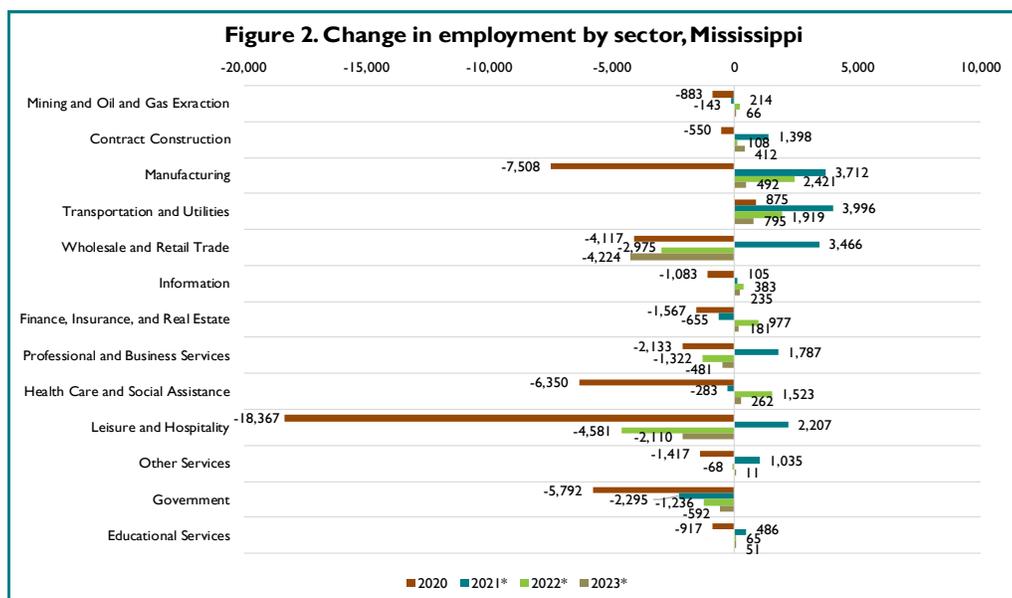
Output in most sectors of the Mississippi economy is expected to expand in 2021 as seen in the first section of Table I. Real GDP in the Agriculture, Forestry, Fishing, and Hunting sector is projected to surge 32.4 percent, the largest percentage increase among all sectors. The next largest increase in real GDP is projected for the Wholesale and Retail Trade sector, which is expected to expand 13.1 percent. The largest decreases in real GDP among all sectors are forecast for Other Services and Government, both of which are expected to contract by 0.4 percent. The Mining sector is expected to decrease in output by 0.1 percent in 2021, the only other sector projected to contract.

While a similar number of sectors in the state is expected to expand in output in 2022, growth is forecast at lower rates in most sectors. Real GDP in Wholesale and Retail Trade is projected to expand 6.4 percent in 2022, the largest percentage increase among all sectors, followed by the 5.8 percent increase expected in Mining. Output in Leisure and Hospitality is projected to decrease 5.8 percent in 2022, the most among all sectors. Other sectors anticipated to contract are Agriculture, Forestry, Fishing, and Hunting, and Government.

In 2023 once again a similar number of sectors in the state is expected to expand, but at lower rates compared to the previous year. The Information sector is forecast to grow 4.5 percent in output, the largest percentage increase among all sectors. The next largest increase in real GDP is anticipated in Wholesale and Retail Trade at 3.8 percent. As in 2022, the largest decrease in output is forecast for the Leisure and Hospitality sector, which is expected to contract by 2.7 percent. Agriculture, Forestry, Fishing, and Hunting as well as Transportation and Utilities and Government are projected to contract in 2023. Notably, Government is the only sector in the state expected to contract in output each year from 2021 through 2023.

Figure 2 depicts the change in employment by industry in Mississippi for 2020 as well as URC's forecasts for 2021, 2022, and 2023. The second section of Table I lists these percentage changes. Most sectors in the state are ex-

pected to add jobs in 2021 and employment in the Transportation and Utilities sector is forecast to increase 6.5 percent, the largest percentage increase among all sectors. Notably, Transportation and Utilities was the only sector in the state to add jobs in 2020. The largest percentage decrease in employment in 2021 is expected in Mining, which is forecast to fall 2.4 percent. Finance, Insurance, and Real Estate as well as Health Care and Social Assistance and Government are expected to lose jobs in 2021.



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

Despite the slight decrease in total employment forecast for 2022, most sectors in the state are expected to add jobs. The largest increase is projected for Information at 3.9 percent, closely followed by Mining at 3.7 percent. Employment in Leisure and Hospitality is expected to fall 3.8 percent in 2022, the largest percentage decrease among all sectors. Wholesale and Retail Trade, Professional and Business Services, Other Services, and Government are all expected to lose jobs for the year.

The employment forecast for 2023 across sectors is similar to that for 2022. Again, the largest percentage increase in employment is for the Information sector at 2.3 percent. Employment in Transportation and Utilities and Mining is forecast to grow 1.2 percent and 1.1 percent, respectively, the next largest increases. The largest percentage decrease in employment expected in 2023 is the 2.5 percent decline forecast for Wholesale and Retail Trade. Other sectors projected to lose jobs in 2023 are Professional and Business Services, Leisure and Hospitality, and Government.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2020		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2021	2022	2023	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1
Mississippi Forecast													
Gross State Product (millions of current \$)	114,201	-1.5	11.0	4.3	3.6	18.5	2.3	5.3	2.5	4.0	3.0	3.6	3.7
Gross State Product (millions of 2012 \$)	99,757	-2.8	6.6	1.9	1.3	11.0	-0.8	3.5	0.5	1.9	0.9	1.3	1.4
Agriculture, Forestry, Fishing, and Hunting	2,903	1.3	32.4	-1.6	-1.1	-11.0	-8.5	-4.9	4.6	0.1	0.7	-0.7	-1.3
Mining and Oil and Gas Extraction	1,122	-7.3	-0.1	5.8	0.7	-30.4	33.3	21.1	2.6	1.7	-0.7	-0.2	0.9
Contract Construction	3,251	-0.8	8.3	0.2	2.1	23.6	-5.5	-1.2	-1.9	0.4	1.0	2.1	3.1
Manufacturing	17,328	-1.1	7.7	0.2	0.5	4.4	-1.0	0.6	-1.0	0.5	0.2	0.4	0.6
Durable Goods	9,123	-2.7	9.7	-0.2	0.0	0.9	-1.8	-0.1	-0.4	0.1	0.3	-0.1	-0.1
Nondurable Goods	8,217	1.0	5.3	0.7	1.1	9.9	-0.1	1.4	-1.6	0.8	0.2	1.0	1.4
Transportation and Utilities	6,529	-1.6	1.4	0.2	-0.1	3.7	-0.3	0.6	-0.6	0.1	-0.3	0.1	-0.1
Wholesale and Retail Trade	13,771	-2.3	13.1	6.4	3.8	39.0	-0.5	12.6	1.7	5.9	2.7	3.9	4.0
Information	2,783	-2.3	6.4	5.4	4.5	8.7	-0.9	14.9	1.8	6.2	3.6	4.4	4.4
Finance, Insurance, and Real Estate	14,161	-0.5	6.0	3.2	2.3	16.8	0.7	3.4	2.2	3.1	2.2	2.3	2.5
Professional and Business Services	7,426	0.4	7.8	3.0	1.8	2.1	1.8	3.8	3.6	3.7	1.4	1.8	1.6
Health Care and Social Assistance	7,776	-7.2	5.2	2.7	2.4	2.2	3.8	2.9	2.0	3.2	1.8	2.7	2.2
Leisure and Hospitality	3,382	-20.2	3.3	-5.8	-2.7	-7.0	-19.6	3.0	-7.0	-3.7	-4.5	-2.7	-2.5
Educational Services	677	-8.4	2.7	2.7	1.6	1.9	3.8	4.5	2.5	1.6	1.5	1.5	1.6
Other Services	2,260	-10.4	-0.4	0.6	0.3	1.1	1.9	0.3	0.5	0.3	0.3	0.3	0.3
Government	16,853	-1.5	-0.4	-1.0	-0.8	-1.8	-1.2	0.2	-1.5	-0.9	-1.1	-0.8	-0.8
Payroll Employment (thousands)													
Residents†	1,157	-4.3	3.9	2.0	1.6	0.3	-0.1	3.4	2.3	2.3	2.2	2.0	1.6
Payroll†	1,108	-4.3	1.3	-0.2	-0.4	0.6	-0.5	1.1	-1.1	-0.1	-0.4	-1.2	-0.6
Mining and Oil and Gas Extraction	5.9	-13.0	-2.4	3.7	1.1	6.2	7.7	6.6	3.6	1.3	0.8	-1.1	2.1
Contract Construction	43.9	-1.2	3.2	0.2	0.9	9.8	-1.3	-0.5	-0.9	0.0	0.6	0.9	1.2
Manufacturing	139.3	-5.1	2.7	1.7	0.3	1.5	2.8	2.8	2.7	-0.2	0.2	1.4	0.6
Durable Goods	90.5	-6.6	2.7	2.3	0.6	1.6	3.6	3.9	3.5	-0.3	0.1	2.6	1.0
Nondurable Goods	48.9	-2.3	2.6	0.6	-0.2	1.4	1.2	0.8	1.1	0.0	0.3	-0.9	-0.1
Transportation and Utilities	61.7	1.4	6.5	2.9	1.2	0.1	2.8	1.6	3.5	2.9	6.4	0.9	1.4
Wholesale and Retail Trade	166.3	-2.4	2.1	-1.8	-2.5	2.7	4.9	4.1	-4.9	-5.3	-4.9	-5.9	-3.7
Information	9.6	-10.1	1.1	3.9	2.3	6.0	9.9	5.9	4.1	-1.1	5.9	-4.0	5.3
Finance, Insurance, and Real Estate	43.0	-3.5	-1.5	2.3	0.4	0.5	0.6	0.6	3.3	4.2	3.5	0.7	0.4
Professional and Business Services	106.2	-2.0	1.7	-1.2	-0.5	-1.7	-3.9	-0.8	-1.1	-0.4	-0.8	-0.6	-0.5
Health Care and Social Assistance	128.5	-4.7	-0.2	1.2	0.2	1.4	1.7	1.3	-2.9	7.1	2.0	-2.3	-0.4
Leisure and Hospitality	117.9	-13.5	1.9	-3.8	-1.8	-2.4	-12.9	0.1	-3.9	-2.7	-3.0	-2.0	-1.7
Educational Services	11.0	-7.7	4.4	0.6	0.4	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4
Other Services	39.1	-3.5	2.6	-0.2	0.0	-0.3	-0.2	0.0	-0.4	-0.1	0.0	0.0	0.1
Government	236.1	-2.4	-1.0	-0.5	-0.3	-0.8	-0.7	-0.6	-0.5	-0.5	-0.4	-0.3	-0.2
Unemployment Rate (%)*, †	8.1	2.6‡	6.7	6.4	5.9	6.7	7.1	6.8	6.7	6.5	6.3	6.2	6.0
Personal Income (millions of current \$)													
Wages and Salaries	51,551	0.8	8.5	4.1	3.3	9.3	3.7	6.0	2.7	3.7	3.0	3.4	3.5
Other Labor Income	12,564	0.5	7.0	3.8	2.9	8.1	4.2	5.1	2.9	3.2	2.8	2.9	3.0
Proprietors' Income	8,604	5.6	2.1	2.6	3.9	1.5	-0.6	1.8	3.3	3.6	3.7	3.9	4.1
Farm Proprietors	604	-29.0	-0.7	-10.2	-4.0	-40.1	-32.4	-19.9	7.9	0.3	3.0	-3.2	-2.2
Non-farm Proprietors	8,000	9.7	2.3	3.5	4.4	5.8	2.1	3.3	3.1	3.8	3.7	4.4	4.5
Property Income	18,452	-0.7	-1.5	0.0	2.5	-6.2	-1.5	-1.6	0.7	1.7	2.3	2.3	2.6
Transfer Payments	38,140	24.3	36.9	5.9	8.5	-26.9	16.5	0.3	12.1	6.3	8.5	11.8	8.6
Less: Social Security Payments	9,054	2.1	8.1	3.8	3.1	7.8	3.1	5.1	3.7	3.1	2.5	2.8	4.5
Plus: Residence Adjustment	3,593	-0.3	9.0	6.4	5.0	6.9	9.1	7.8	5.6	5.6	5.3	5.2	5.0
Equals: Total Personal Income	123,850	6.9	15.2	4.2	5.2	-8.0	7.4	2.7	5.8	4.4	5.0	6.4	5.2
Less: Individual IRS Collections	6,875	-0.6	7.0	4.0	2.7	11.8	4.1	7.3	0.0	4.1	3.2	3.7	0.3
Less: Individual State and Local Taxes	2,396	4.0	12.6	5.0	4.6	7.7	4.6	5.9	4.8	4.6	4.2	4.4	5.4
Equals: Disposable Personal Income	114,607	7.5	15.7	4.2	5.3	-9.3	7.6	2.4	6.2	4.4	5.1	6.6	5.5
Per Capita Personal Income (thousands of \$)	41.8	7.3	15.9	4.5	5.4	-7.5	7.8	3.1	6.2	4.7	5.3	6.6	5.4
Population (thousands)	2,966	-0.4	-0.6	-0.3	-0.2	-0.5	-0.4	-0.4	-0.4	-0.3	-0.2	-0.2	-0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	20,937	-2.3	10.2	7.4	4.2	14.7	11.0	10.0	5.7	5.5	4.5	4.4	4.1
Gross Domestic Product (billions of 2012 \$)	18,426	-3.5	6.6	5.0	2.1	8.0	7.6	8.2	3.8	3.4	2.4	2.2	1.9
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	113.6	1.2	3.4	2.3	2.1	6.0	3.2	1.7	1.8	2.0	2.0	2.1	2.1
Total Employment, Residents*	147.8	-6.2	3.2	3.6	1.8	2.9	4.3	5.2	3.3	3.2	2.8	2.3	1.7
Total Payroll Employment (millions)*	142.3	-5.7	2.8	3.7	1.7	4.7	6.6	4.7	2.9	2.8	2.5	2.1	1.6
Unemployment Rate (%)*, †	8.1	4.4‡	4.2	3.6	3.6	5.9	5.5	4.9	4.6	4.3	4.0	3.8	3.6
Personal Income (billions of current \$)	19,691	6.1	6.9	0.9	4.2	-20.3	-4.8	1.8	3.2	5.6	4.9	3.9	4.0
Per Capita Personal Income (thousands of \$)	59.8	5.8	6.7	0.6	3.7	-20.4	-5.0	1.5	2.8	5.2	4.4	3.4	3.5
Consumer Price Index (1982-84 = 100)	2.59	1.2	3.7	2.4	2.1	7.7	2.8	1.8	2.0	2.0	2.0	2.0	2.1
Prime Rate (%)†	3.54	-1.7‡	-8.3	0.0	2.1	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3

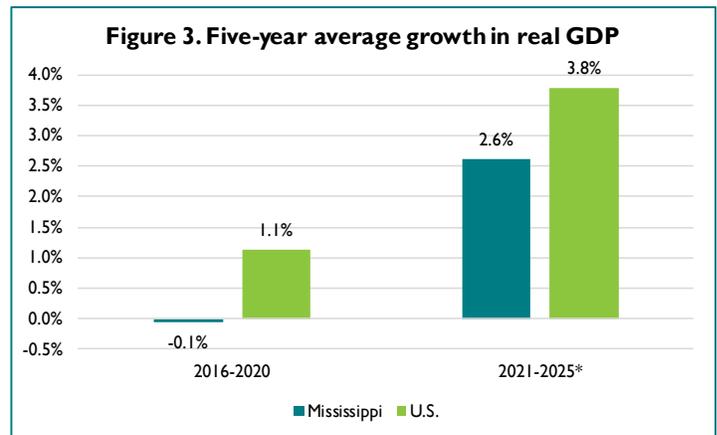
*Seasonally-adjusted. †Projected rates. ‡Percentage point change. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

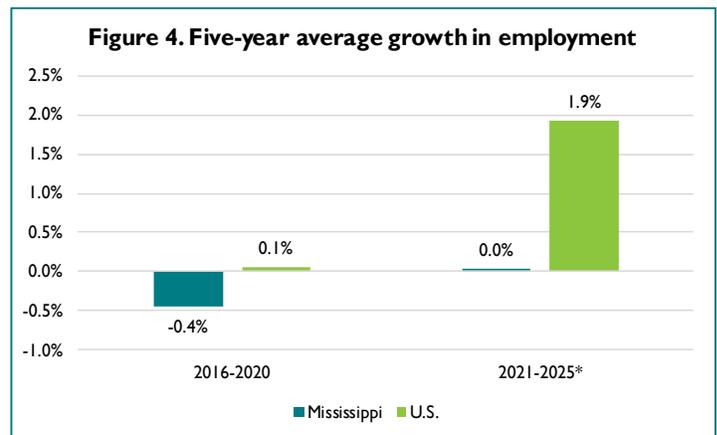
FIVE-YEAR FORECASTS

Real GDP for Mississippi is forecast to expand by an annual average of 2.6 percent from 2021 to 2025 as seen in Figure 3. Compared to the forecast of the previous quarter, this estimate represents an increase of 1.8 percentage points per year. Similarly, real GDP for the U.S. is projected to increase by 3.8 percent per year over the next five years. This rate of growth represents an increase of 1.5 percentage points per year from the forecast of the previous quarter. Both the U.S. and Mississippi forecasts for real GDP represent an increase of 2.7 percentage points in output per year compared to growth during the 2016 to 2020 period. Nevertheless, the U.S. economy is projected to grow an average of 1.2 percentage points more per year than the Mississippi economy from 2021 to 2025, the same as in the previous five years.

Figure 4 indicates annual payroll employment in Mississippi is expected to remain unchanged from 2021 to 2025. This projection is the same as in the forecast of the previous quarter. The forecast for employment in Mississippi from 2021 to 2025 represents an increase of 0.4 percentage point per year compared to the previous five years. U.S. payroll employment is expected to grow an average of 1.9 percent per year from 2021 to 2025. This forecast represents a gain of 0.6 percentage point per year compared to the forecast of the previous quarter. U.S. employment is expected to grow 1.8 percentage points more per year 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

The firm IHS Markit in its latest pessimistic alternative scenario estimates a 20 percent probability of a weaker recovery relative to its baseline forecast. Compared to the previous quarter this probability is down 5 percentage points. The slowing pace of vaccinations as well the emergence of more virulent strains of COVID-19 underlie this scenario. A rise in COVID-19 cases delays the opening of schools across the country in this scenario, which results in more workers staying at home to care for children rather than entering or remaining in the workforce. Consumer spending also decreases under this scenario as consumers become more guarded and reduce some types of consumption. Under this scenario the average annual growth in U.S. real GDP is 0.5 percentage point less over the next five years compared to the baseline forecast. The Mississippi economy is less impacted under this scenario than the U.S. economy, as the average annual growth rate in real GDP for the state is 0.1 percentage point less from 2021 to 2025.

The latest optimistic scenario from IHS Markit assumes a probability of 30 percent, an increase of 5 percentage points from the previous quarter. Under this scenario consumer spending increases more than in the baseline forecast, driving a faster recovery. COVID-19 vaccinations become more prevalent in this scenario than in the baseline forecast, leading to fewer new cases and deaths. Consequently consumers become more confident and move closer to their pre-pandemic spending levels sooner than in the baseline forecast, driving a faster recovery. In this optimistic scenario U.S. real GDP grows at an average annual rate that is 0.3 percentage point more from 2021 to 2025 compared to the baseline forecast. The upside is similar for the Mississippi economy, as real GDP for the state under the optimistic scenario is an average of 0.2 percentage point more per year over the next five years compared to the growth in the baseline forecast.