



REAL GDP FORECASTS FOR U.S., MISSISSIPPI REVISED LOWER

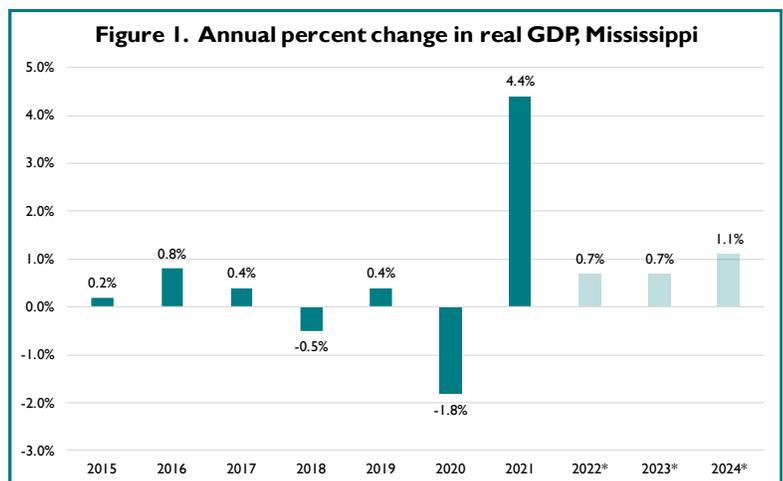
Real gross domestic product (GDP) for Mississippi is projected to increase 0.7 percent in 2022 according to URC's latest forecast. This estimate represents a decrease of 0.7 percentage point from the forecast of the previous quarter. Figure 1 depicts the annual changes in real GDP for Mississippi since 2015 along with projections through 2024. The reduction in the 2022 forecast corresponds to a downward revision to the U.S. forecast. Based on multiple reports for consumer spending, the forecast for U.S. real GDP growth in the second quarter was revised down to -1.8 percent at an annualized rate, which led to the reduction in the U.S. forecast for all of 2022. The Mississippi economy is forecast to expand by 0.7 percent again in 2023. This projection is down 0.1 percentage point from the forecast of the previous quarter. The slight reduction in the estimate for 2023 also reflects a downward revision to the U.S. forecast, due to more aggressive monetary policy by the Federal Reserve than assumed in previous forecasts. Real GDP for Mississippi is expected to increase 1.1 percent in 2024, an increase of 0.2 percentage point from the forecast of the previous quarter. This upward revision reflects a delay in expected growth from previous years into 2024.

The fourth section of Table 1 on page 3 indicates U.S. real GDP is expected to expand 1.4 percent in 2022. This estimate represents a decrease of 1.6 percentage points compared to the forecast of the second quarter. The 2022 forecast reflects a decrease in productivity as well as an increase in labor costs. The U.S. economy is projected to grow 1.3 percent in 2023, a decrease of 1.5 percentage points from the forecast of the previous quarter. U.S. real GDP is expected to expand 1.9 percent in 2024, which represents a decrease of 0.8 percentage point from the previous quarter's forecast.

Payroll employment in Mississippi is projected to increase 2.1 percent in 2022 as seen in the second section of Table 1. Compared to the forecast of the

previous quarter, this rate represents an increase of 0.2 percentage point. In 2023 employment in the state is projected to grow only 0.1 percent, but this rate represents an increase of 0.5 percentage point from the estimate of the previous quarter. Total employment is expected to decline by 0.4 percent in 2024, a decrease of 0.1 percentage point from the previous quarter's forecast. The reductions in employment growth in 2023 and 2024 reflect a slowdown in the national labor market as a result of more aggressive monetary policy as mentioned previously.

Personal income growth in Mississippi is projected to rise 0.1 percent in 2022 as seen in the third section of Table 1. This rate represents an increase of 0.1 percentage point from the forecast of the previous quarter. While wages and salaries in the state are forecast to grow 8.2 percent in 2022, transfer payments are expected to shrink 12.9 percent. In 2023 personal income in the state is projected to increase 4.0 percent, which represents a slight decrease of 0.1 percentage point from the forecast of the previous quarter. The forecast of the change in personal income in 2024 is an increase of 3.9 percent, the same as in the forecast of the previous quarter.



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

To download the current issue of *Mississippi Economic Outlook* as well as other URC publications, please visit:

www.mississippi.edu/urc/publications.asp

Follow the University Research Center on Twitter:

@MississippiURC 

MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

As seen in the first section of Table I, output is expected to expand in a majority of sectors of the Mississippi economy in 2022. Real GDP in the Agriculture, Forestry, Fishing, and Hunting sector is projected to expand 7.2 percent, the largest percentage increase among all sectors. The largest decrease in real GDP among all sectors is forecast for Mining and Oil and Gas Extraction, as output is expected to contract by 4.6 percent. Real GDP is also forecast to contract in the Construction, Wholesale and Retail Trade, Leisure and Hospitality, and Government sectors.

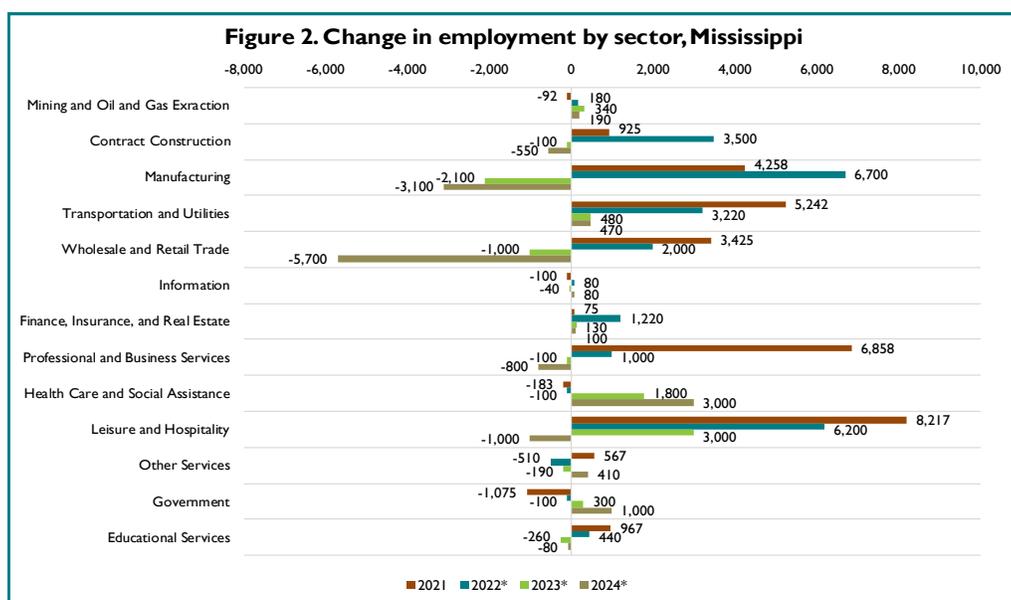
More sectors in the state are expected to expand in output in 2023. Real GDP in Leisure and Hospitality is projected to expand 3.5 percent in 2023, the largest percentage increase among all sectors, closely followed by the 3.3 percent increase expected in Mining and Oil and Gas Extraction. The largest decrease in output is the 1.2 percent contraction forecast for Other Services. Notably, Manufacturing and Government, the two largest sectors in Mississippi in terms of real GDP, are projected to contract in 2023.

In 2024 almost all sectors in the state are expected to expand in output. The Information sector is forecast to grow 4.2 percent in output, the largest percentage increase among all sectors. The next largest increase in real GDP is anticipated in Educational Services at 3.3 percent. Real GDP in Construction is forecast to contract 0.7 percent in 2024, the only sector in the state projected to decrease in output. Notably, Construction is the only sector in Mississippi expected to decrease in output each year from 2022 through 2024. Real GDP in the Nondurable Goods Manufacturing subsector is also projected to contract in 2022, 2023, and 2024.

Figure 2 depicts the change in employment by industry in Mississippi for 2021 and URC's forecasts for 2022, 2023, and 2024. The second section of Table I lists these percentage changes. Most sectors in the state are expected to add jobs in 2022. Employment in the Construction sector is forecast to increase 7.8 percent, the largest percentage increase among all sectors and an addition of 3,500 jobs. The Manufacturing sector is projected to add 6,700 jobs in 2022, the most among all sectors and a 4.7

percent increase. The Leisure and Hospitality sector is expected to add 6,200 jobs, the next largest increase and a gain of 4.9 percent. The only sectors projected to lose jobs in 2022 are Other Services and Health Care and Social Assistance. Together these two sectors are forecast to lose 610 jobs.

In 2023 a majority of sectors in the state are forecast to lose jobs. Employment in Mining and Oil and Gas Extraction is projected to grow 5.6 percent, the largest percent-



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

age increase among all sectors and an addition of 340 jobs. The Leisure and Hospitality sector is expected to add 3,000 jobs in 2023, the most among all sectors and an increase in employment of 2.3 percent. Employment in the Health Care and Social Assistance sector is expected to increase by 1,800 jobs, a gain of 1.4 percent. Employment in Educational Services is forecast to decrease 2.1 percent, the largest decrease among all sectors and a loss of 260 jobs.

A similar number of sectors is expected to lose jobs in 2024. The largest increase in employment among all sectors is the 3.0 percent gain forecast for Mining and Oil and Gas Extraction. The sector is expected to add 190 jobs. Health Care and Social Assistance is projected to add 3,000 jobs, the most among all sectors and a 2.3 percent increase. The largest absolute and percentage decreases in employment are forecast for Wholesale and Retail Trade. The sector is expected to lose 5,700 jobs, a decrease of 3.3 percent. The Manufacturing sector also is projected to lose 3,100 jobs, a 2.1 percent decrease.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2021		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2022	2023	2024	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1
Mississippi Forecast													
Gross State Product (millions of current \$)	125,110	9.9	8.6	4.5	3.5	7.4	6.4	4.7	4.0	3.6	3.5	3.7	3.4
Gross State Product (millions of 2012 \$)	104,010	4.4	0.7	0.7	1.1	-0.6	0.6	1.1	0.6	0.8	0.9	1.1	1.1
Agriculture, Forestry, Fishing, and Hunting	3,061	33.9	7.2	-0.5	0.6	-4.2	-2.8	-0.1	-0.7	0.7	0.7	0.9	0.7
Mining and Oil and Gas Extraction	1,278	-5.9	-4.6	3.3	3.1	2.0	9.3	2.6	0.3	3.3	5.2	3.5	3.8
Contract Construction	2,731	-1.2	-1.4	-0.2	-0.7	0.3	0.7	0.3	0.0	-0.6	-1.6	-0.3	-0.9
Manufacturing	17,241	7.9	0.2	-0.3	0.5	-3.0	-0.1	-0.4	-1.6	0.9	1.3	0.0	0.4
Durable Goods	9,423	9.9	2.3	0.4	0.8	-1.1	1.3	0.3	-1.1	1.2	2.3	0.4	0.7
Nondurable Goods	7,779	4.7	-2.3	-1.1	-0.1	-3.8	-1.9	-1.4	-1.7	0.3	0.5	-0.5	-0.2
Transportation and Utilities	6,746	-1.4	1.5	1.8	1.7	1.1	2.1	1.3	3.1	0.9	1.3	1.4	2.2
Wholesale and Retail Trade	13,946	1.1	-2.4	1.0	0.9	1.2	-0.3	2.0	0.2	2.1	0.3	1.8	0.5
Information	2,582	1.4	6.9	2.8	4.2	3.3	0.7	3.1	2.6	3.9	2.7	2.1	5.1
Finance, Insurance, and Real Estate	16,607	5.1	0.8	1.4	1.8	-0.7	1.0	2.7	1.8	0.4	1.2	1.8	2.3
Professional and Business Services	8,121	9.4	4.2	0.5	0.4	-2.2	1.8	2.0	0.7	0.2	-1.4	0.7	0.3
Health Care and Social Assistance	8,277	5.8	3.6	1.4	2.6	1.6	-0.3	2.3	0.9	2.0	0.7	3.0	4.1
Leisure and Hospitality	3,996	15.3	-2.1	3.5	0.5	-4.0	2.0	1.9	5.0	7.9	2.4	2.3	-4.9
Educational Services	654	-0.1	6.3	2.4	3.3	3.9	7.5	5.2	-0.3	-0.2	1.0	3.9	5.1
Other Services	2,055	1.9	1.5	-1.2	0.2	-1.7	-2.5	-1.7	0.2	-1.3	-1.5	0.4	0.6
Government	16,891	0.5	-0.8	-0.4	0.4	-3.5	-0.1	-0.3	-1.1	0.3	0.4	0.2	-0.1
Payroll Employment (thousands)													
Residents†	1,184.0	3.4	2.1	-0.2	-0.7	5.1	-1.6	0.3	-0.3	-0.7	-0.7	-1.0	-1.0
Payroll†	1,137.0	2.5	2.1	0.1	-0.4	0.0	1.0	0.3	-0.3	0.0	0.0	-0.3	-0.7
Mining and Oil and Gas Extraction	5.9	-1.7	3.1	5.6	3.0	4.8	3.4	2.7	8.8	6.5	5.8	5.1	3.7
Contract Construction	44.8	2.1	7.8	-0.2	-1.1	-3.5	2.3	0.7	0.2	-1.9	-0.7	0.1	-2.5
Manufacturing	143.8	3.0	4.7	-1.4	-2.1	4.4	0.8	-1.3	-5.5	-1.1	1.4	-2.1	-2.7
Durable Goods	94.7	4.4	4.9	-2.2	-2.5	3.4	0.4	-1.6	-7.3	-1.9	2.1	-2.8	-3.3
Nondurable Goods	49.1	0.4	4.4	0.1	-1.2	6.3	1.6	-0.9	-1.5	0.2	0.2	-0.5	-1.7
Transportation and Utilities	65.7	6.1	4.9	0.7	0.7	1.4	3.0	1.0	2.3	-2.2	-1.1	0.6	1.7
Wholesale and Retail Trade	171	2.2	1.2	-0.6	-3.3	-1.2	0.5	0.5	-3.0	2.8	-3.0	-0.5	-4.1
Information	9.6	-0.5	0.8	-0.4	0.8	3.8	-2.0	-0.4	0.0	0.8	-2.1	-4.1	2.1
Finance, Insurance, and Real Estate	42.4	0.3	2.9	0.3	0.2	5.2	-0.1	1.3	1.7	-2.6	-1.5	0.2	0.9
Professional and Business Services	114.8	6.7	0.9	-0.1	-0.7	0.3	1.4	0.7	0.3	-1.0	-1.4	-1.7	-1.0
Health Care and Social Assistance	128.3	-0.2	-0.1	1.4	2.3	0.6	1.6	2.5	1.6	0.0	1.6	2.5	3.1
Leisure and Hospitality	126.2	6.9	4.9	2.3	-0.7	-0.3	-1.2	0.0	5.2	4.6	3.3	-1.5	-5.8
Educational Services	12.0	8.4	3.7	-2.1	-0.7	0.6	0.3	0.0	-4.1	-4.2	-2.3	-1.6	1.3
Other Services	38.9	1.4	-1.3	-0.5	1.1	-1.6	-0.2	-0.8	0.5	-1.6	-0.7	0.5	2.4
Government	234.5	-0.4	0.0	0.1	0.4	-0.3	0.0	0.5	-0.2	0.3	0.2	0.3	0.0
Unemployment Rate (%)*, †	5.6	-2.3‡	-1.2	0.7	0.6	4.1	4.5	4.6	4.8	5.0	5.2	5.4	5.6
Personal Income (millions of current \$)													
Wages and Salaries	55,970	7.2	8.2	3.7	3.3	4.6	4.4	4.3	2.9	3.6	3.3	3.5	3.0
Other Labor Income	13,414	4.6	4.4	3.3	2.9	4.1	4.0	3.9	3.4	2.6	2.7	2.7	2.8
Proprietors' Income	10,178	21.3	0.9	-0.8	1.0	4.3	3.0	-0.8	-1.7	-2.8	-1.5	-2.6	3.9
Farm Proprietors	1,647	75.8	15.2	-17.4	-6.0	-3.3	-2.7	-15.4	-26.2	-19.2	-23.1	-10.0	17.4
Non-farm Proprietors	8,530	14.5	-1.9	2.6	2.8	6.1	4.4	2.0	3.1	1.1	1.9	1.4	3.4
Property Income	18,588	0.4	3.3	5.7	4.8	5.4	4.8	5.1	5.9	6.9	5.3	5.4	5.2
Transfer Payments	41,852	7.8	-12.9	4.3	5.6	1.2	2.9	4.7	5.1	4.1	5.1	3.9	8.1
Less: Social Security Payments	10,013	7.4	7.3	2.7	2.8	4.9	3.2	2.4	3.3	2.1	1.6	2.7	3.5
Plus: Residence Adjustment	3,956	11.9	8.8	4.4	3.9	3.9	7.3	5.0	4.3	2.1	4.9	4.0	3.1
Equals: Total Personal Income	133,945	7.2	0.1	4.0	3.9	3.7	4.1	4.1	4.3	3.7	3.9	3.5	4.1
Less: Individual IRS Collections	7,812	18.1	21.6	-0.9	-4.0	4.9	4.1	2.1	-1.0	-4.5	-3.9	-8.1	-3.3
Less: Individual State and Local Taxes	2,792	15.0	12.0	0.3	0.1	9.8	5.0	4.9	-5.6	-0.4	-1.4	-2.2	0.3
Equals: Disposable Personal Income	123,340	6.4	-1.6	4.7	4.3	3.5	4.1	4.2	5.5	4.8	5.0	4.5	3.8
Per Capita Personal Income (thousands of \$)	45.4	7.4	0.2	4.1	3.9	3.8	4.2	4.2	4.5	3.7	4.0	3.5	4.1
Population (thousands)	2,948	-0.3	-0.2	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	-0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	22,996	10.1	8.5	4.9	4.1	6.2	6.5	5.2	4.7	4.2	4.1	4.0	4.1
Gross Domestic Product (billions of 2012 \$)	19,427	5.7	1.4	1.3	1.9	-1.8	1.1	1.7	1.4	1.5	1.5	1.6	1.8
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	118.5	4.2	6.8	3.6	2.2	8.0	5.2	3.5	3.5	2.5	2.5	2.5	2.1
Total Employment, Residents*	152.6	3.2	3.9	0.6	0.1	1.0	1.0	1.5	0.8	0.3	0.0	-0.3	0.3
Total Payroll Employment (millions)*	146.1	2.8	3.9	0.9	0.0	3.2	2.1	1.3	0.5	0.3	-0.3	0.0	-0.3
Unemployment Rate (%)*, †	5.35	-2.8‡	-1.6	0.6	0.5	3.6	3.7	3.8	4.0	4.3	4.5	4.7	4.8
Personal Income (billions of current \$)	21,093	7.5	2.8	4.7	4.5	6.0	4.9	5.0	4.5	4.5	4.5	4.3	4.8
Per Capita Personal Income (thousands of \$)	63.5	7.3	2.5	4.3	4.0	5.8	4.4	4.3	4.3	3.6	4.2	3.6	4.1
Consumer Price Index (1982-84 = 100)	2.71	4.6	7.7	3.4	1.7	10.2	4.2	2.7	2.7	2.7	2.7	1.3	2.7
Prime Rate (%)†	3.25	-0.3‡	1.4	1.8	-0.3	3.9	5.3	6.2	6.5	6.5	6.5	6.5	6.5

*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

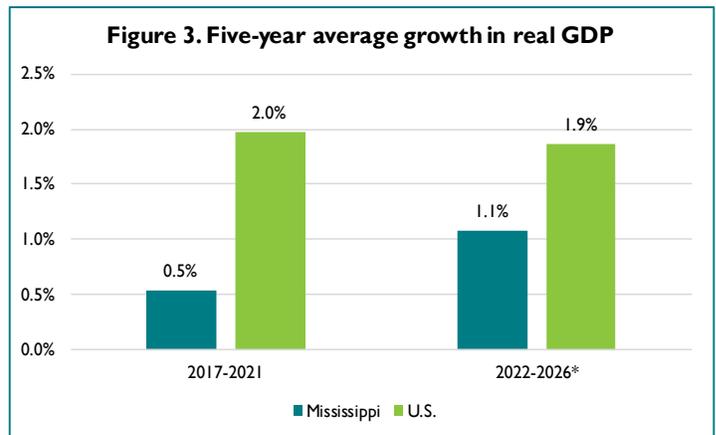
The Mississippi economy is forecast to expand by an average of 1.1 percent per year from 2022 to 2026 as seen in Figure 3. This estimate is unchanged from the forecast of the previous quarter. Real GDP for the U.S. is projected to increase by 1.9 percent per year over the next five years. This rate of growth represents a decrease of 0.9 percentage points per year from the forecast of the previous quarter. The forecast for Mississippi real GDP from 2022 to 2026 represents an increase of 0.6 percentage point in output per year compared to growth during the 2016 to 2020 period. In contrast, the U.S. economy is expected to grow by 0.1 percentage point less per year over the next five years compared to the 2016 to 2020 period.

Figure 4 indicates annual payroll employment in Mississippi is expected to grow 0.4 percent per year from 2022 to 2026. Compared to the forecast of the previous quarter this projection is an increase of 0.2 percentage point per year. The forecast for employment in Mississippi from 2022 to 2026 represents an increase of 0.6 percentage point per year compared to the previous five years. U.S. payroll employment is expected to grow an average of 1.2 percent per year over the next five years. This forecast represents a decrease of 0.2 percentage point per year compared to the forecast of the previous quarter. U.S. employment is expected to grow 1.0 percentage points more per year from 2022 to 2026 compared to the previous five years.

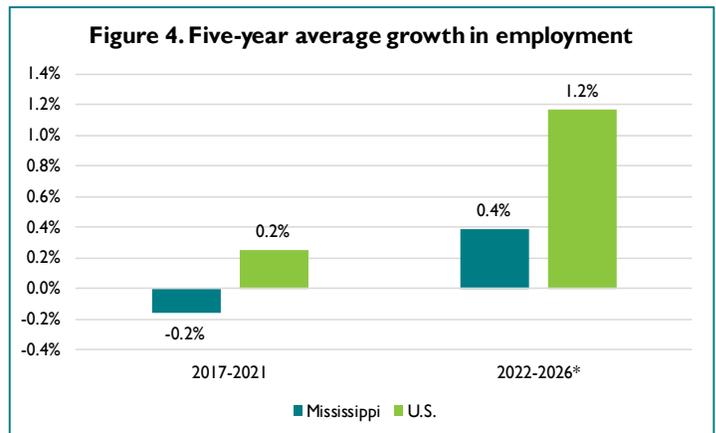
ALTERNATIVE FORECASTS

The firm IHS Markit estimates a 45 percent probability of its latest pessimistic alternative scenario. This probability is up 10 percentage points compared to the previous quarter. The pessimistic scenario is characterized by weaker consumer spending and real GDP growth relative to the baseline forecast. The Russia-Ukraine conflict lasts longer under this scenario, which leads to higher energy prices for a longer period. These higher energy prices result in slower global growth and increase the likelihood of more supply chain disruptions. U.S. real GDP increases only 0.6 percent in 2022 and contracts 0.9 percent in 2023 under this scenario, while real GDP growth in 2024 is 1.0 percent. U.S. real GDP increases by 0.9 percentage point less per year over the next five years under this scenario compared to the baseline forecast. Mississippi real GDP expands by an average of 0.9 percent per year from 2022 through 2026 under this scenario compared to an average increase of 1.1 percent per year over the next five years under the baseline forecast.

The latest optimistic scenario from IHS Markit assumes a probability of only 5 percent, a decrease of 10 percentage points from the previous quarter. Under this scenario consumer spending and productivity increase more than in the baseline forecast, driving a faster recovery. The Russia-Ukraine conflict is resolved sooner in this scenario, which means the increase in energy prices is smaller. The Infrastructure Investment and Jobs Act generates a greater growth response in the later years of this scenario compared to the baseline forecast. U.S. real GDP expands at a rate of 1.9 percent in 2022 under this scenario compared to 1.4 percent in the baseline forecast. In this optimistic scenario U.S. real GDP grows at an average annual rate that is 0.2 percentage point more from 2022 to 2026 compared to the baseline forecast. The Mississippi economy is little changed under the optimistic scenario over the next five years compared to the growth in the baseline forecast.



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



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