



NEAR-TERM EMPLOYMENT, INCOME FORECASTS FOR MISSISSIPPI IMPROVE

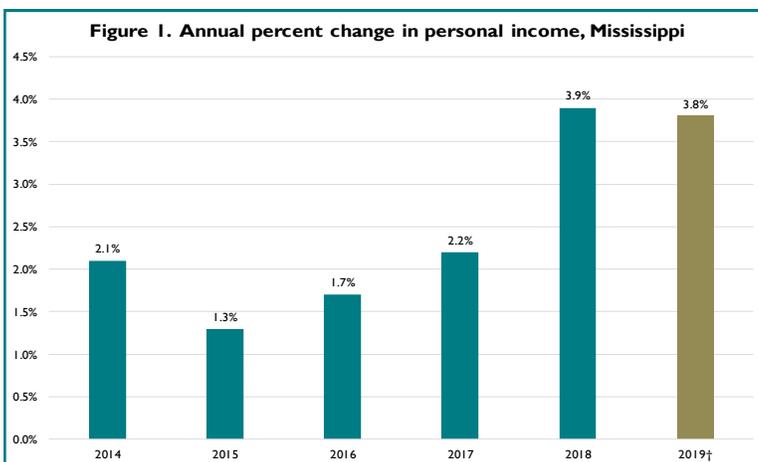
Real gross domestic product (GDP) for Mississippi will grow 1.2 percent in 2019 according to the latest URC forecast. This estimate is unchanged from the forecast of the previous quarter. If realized this projection would represent a gain of 0.2 percentage point from the 1.0 percent increase in 2018 reported by the U.S. Bureau of Economic Analysis (BEA) and would mark the largest annual growth in Mississippi real GDP since 2008 when the state's economy expanded by 4.2 percent. However, this estimate does not incorporate the negative impacts of floods in the south Delta and elsewhere in the state earlier this year, which are discussed in more detail on page 2. URC projects Mississippi's economy will expand by 1.0 percent in 2020 as seen in Table 1 on page 3, a slight reduction of 0.1 percentage point from the forecast of the previous quarter. Real GDP for the state in 2021 is expected to grow 1.2 percent, which also reflects a reduction of 0.1 percentage point from the forecast of the previous quarter.

The latest estimate of the change in U.S. real GDP in 2019 is an increase of 2.3 percent as seen in the fourth section of Table 1 on page 3. This forecast represents a decrease of 0.3 percentage point from the forecast of the previous

quarter. However, most of the reduction is recaptured in 2020, when the U.S. economy is projected to grow 2.0 percent, an increase of 0.2 percentage point from the forecast of the previous quarter. In 2021 the U.S. economy is expected to maintain this 2.0 percent growth rate. This estimate represents an increase of 0.3 percentage point from the forecast of the previous quarter. Nevertheless, the forecast of average annual growth of 2.1 percent from 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.

Figure 1 below depicts the change in personal income in Mississippi since 2014 and includes the projected change for 2019. URC forecasts personal income will grow 3.8 percent in 2019, an increase of 0.5 percentage point from the forecast of the previous quarter. However, the latest estimate of the change in personal income in the state in 2020 is 3.4 percent, a reduction of 0.3 percentage point from the forecast of the previous quarter. In 2021 personal income in Mississippi is expected to grow 3.7 percent, 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 forecast to increase 1.0 percent in 2019, a gain of 0.2 percentage point from the forecast of the previous quarter. However, this projection is primarily based on the employment data reported by the Bureau of Labor Statistics (BLS) for 2019; these data are subject to revision and BLS has revised employment data for Mississippi down substantially in recent years. Payroll employment is anticipated to grow 0.3 percent in 2020, the same rate as in the forecast of the previous quarter. Similarly, in 2021 payroll employment is projected to increase 0.2 percent, the same as the forecast of the previous quarter. If the 2021 forecast is realized, it would mark the smallest job growth in Mississippi since 2011, when employment did not change.



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

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MISSISSIPPI ECONOMIC OUTLOOK

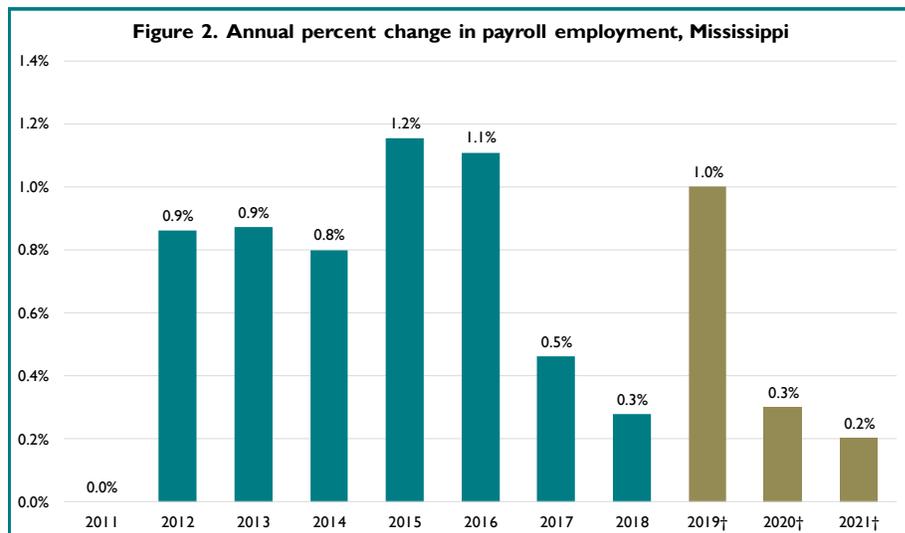
SHORT-TERM FORECASTS

The first section of Table I indicates output is expected to expand in most sectors of the Mississippi economy in 2019. The Information sector is forecast to expand 4.5 percent in 2019, the largest increase among all sectors. The Health Care and Social Assistance sector is expected to grow by 3.8 percent, the next largest increase. The largest decrease in output among all sectors forecast in 2019 is the 8.7 percent decline in Natural Resources and Mining. Other sectors expected to decrease in output include Construction, which is projected to contract 5.2 percent, and Other Services, expected to decrease 0.6 percent.

As noted on page 1, the forecast of the change in real GDP in Mississippi in 2019 does not incorporate estimates of losses due to floods that occurred earlier in the year. The south Delta area was hardest hit, resulting in significant decreases in economic activity due to lost agricultural production. Preliminary estimates place the value of these decreases between \$250 million and \$300 million. Therefore, based on these preliminary estimates, the URC forecast of a 1.2 percent increase in real GDP in 2019 could be reduced by as much as 0.3 percentage point.

In 2020 the forecast is similar, as again most sectors in Mississippi are expected to expand. The Information sector is projected to increase by 3.8 percent in 2020, the most among all sectors. Again the Health Care and Social Assistance sector is expected to experience the next largest increase in output of 2.7 percent. The largest decrease in output among all sectors anticipated in 2020 is the 1.4 percent decline expected in Leisure and Hospitality. Output in the Construction sector is forecast to contract 1.1 percent and the Government sector is projected to decrease 0.2 percent.

The largest increase in output among all sectors in 2021 is once again forecast for Information, which is expected to expand by 4.4 percent. As in 2020, the Health Care and Social Assistance sector is expected to grow 2.7 percent, the next largest increase among all sectors. The Natural Resources and Mining sector is expected to contract by 0.8 percent in 2021, the largest decrease in output among all sectors. Output in the Leisure and Hospitality sector is forecast to decrease 0.4 percent and the Government sector is projected to contract 0.2 percent in 2021.



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

The annual change in payroll employment in Mississippi since 2011, along with the forecasts for 2019 to 2021 as discussed on page 1, are depicted in Figure 2 above. The second section of Table I on page 3 lists the forecasts for the change in employment by sector. The largest growth in employment among all sectors in 2019 is forecast for Leisure and Hospitality, which is expected to increase 3.5 percent. The next largest increase in employment is the 1.9 percent growth expected in Transportation and Utilities. Employment in Natural Resources and Mining is projected to decrease 2.6 percent in 2019, the largest decline among all sectors.

In a change from the forecast of the previous quarter, employment in most sectors in the state is anticipated to increase in 2020. The largest increase is expected in Health Care and Social Assistance, which is projected to grow 1.8 percent. Finance, Insurance, and Real Estate is expected to experience the next largest increase of 1.5 percent. The largest decrease in employment in 2020 is again forecast for Natural Resources and Mining, which is expected to fall 1.3 percent. Other sectors projected to lose jobs in 2020 include Manufacturing and Leisure and Hospitality.

More sectors in Mississippi are expected to lose jobs in 2021. Health Care and Social Assistance is again expected to experience the largest increase in employment among all sectors of 1.6 percent. Employment is expected to decline in six sectors in 2021, led by the 1.2 percent decrease forecast in Manufacturing. Natural Resources and Mining is the only sector in the state forecast to lose jobs each year from 2019 to 2021.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2018 Percent		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Change	2019	2020	2021	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
Mississippi Forecast													
Gross State Product (projected)													
In current dollars	114,107	3.8	3.4	3.6	3.8	3.3	3.1	4.1	3.9	3.6	3.6	3.8	3.9
In millions of 2012 dollars	101,630	1.0	1.2	1.0	1.2	0.8	0.2	1.5	1.3	1.0	1.2	1.3	1.3
Natural Resources and Mining	3,980	5.7	-8.7	1.3	-0.8	5.1	-0.1	2.1	2.3	-0.7	-1.2	-1.2	-1.5
Contract Construction	3,226	-1.1	-5.2	-1.1	0.1	-1.8	-3.3	-0.3	0.4	-0.8	-1.3	0.4	0.8
Manufacturing	16,405	1.2	1.4	0.8	1.1	-2.9	2.1	1.7	0.7	0.6	1.4	1.5	1.1
Durable Goods	9,196	1.0	0.5	1.2	1.9	-4.0	2.5	2.2	1.3	1.4	2.2	2.6	1.9
Nondurable Goods	7,155	1.4	3.0	0.7	0.1	1.4	1.5	1.1	0.0	-0.4	0.4	0.3	0.1
Transportation and Utilities	6,336	0.7	0.3	0.1	0.7	0.6	-1.8	0.7	0.7	0.4	0.4	0.9	0.9
Wholesale and Retail Trade	14,756	2.4	2.7	2.1	2.1	2.7	1.6	2.2	2.3	2.0	2.1	2.2	2.1
Information	2,532	-1.0	4.5	3.8	4.4	2.6	0.3	7.1	4.3	3.2	4.5	4.6	4.7
Finance, Insurance, and Real Estate	14,511	0.2	0.5	0.9	1.7	0.4	-0.4	1.5	1.3	1.7	1.5	1.8	1.8
Professional and Business Services	7,558	2.9	2.1	1.2	2.2	0.6	-1.6	2.4	2.7	1.5	1.8	2.4	2.6
Health Care and Social Assistance	8,283	3.0	3.8	2.7	2.7	3.1	2.4	2.7	2.8	2.7	2.7	2.4	2.9
Leisure and Hospitality	4,206	-1.4	0.2	-1.4	-0.4	-4.1	-1.8	-0.8	-1.4	-0.2	-0.1	-0.6	-0.7
Educational Services	788	0.3	1.2	2.1	1.9	3.1	1.9	1.9	2.8	2.2	1.4	2.0	1.5
Other Services	2,195	0.0	-0.6	0.1	0.1	0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Government	16,992	-0.1	1.7	-0.2	-0.2	-0.1	-0.6	-0.2	-0.2	-0.1	-0.3	-0.1	-0.3
Payroll Employment (thousands)													
Residents†	1,215	0.0	-0.8	0.2	0.3	-0.7	0.0	0.3	1.0	0.3	0.3	0.3	0.3
Payroll†	1,155	0.3	1.0	0.3	0.2	0.3	0.0	0.7	0.7	-0.7	-0.3	0.3	0.3
Natural Resources and Mining	7	-1.2	-2.6	-1.3	-0.5	-3.0	-2.4	-0.6	-0.6	0.6	-1.2	-1.8	0.0
Contract Construction	44	0.4	-0.9	0.3	0.1	1.1	-0.9	-0.2	-0.4	-0.6	-0.6	0.3	0.5
Manufacturing	145	0.4	1.3	-0.5	-1.2	0.5	0.0	0.3	-1.6	-2.5	-1.9	-1.4	-0.3
Durable Goods	95	0.0	1.0	-0.1	-1.0	0.5	0.3	0.4	-0.5	-2.1	-1.6	-1.5	-0.2
Nondurable Goods	49	1.1	1.9	-1.3	-1.5	0.6	-0.7	-0.2	-3.2	-3.5	-2.3	-1.3	-0.5
Transportation and Utilities	59	3.6	1.9	0.3	-0.1	0.7	0.6	0.7	-0.6	-0.1	-0.1	0.3	-0.1
Wholesale and Retail Trade	173	-1.1	0.2	0.0	-0.4	0.5	0.2	-0.7	-0.5	-0.2	-0.5	-0.2	-0.2
Information	11	-5.0	0.3	0.8	0.2	1.8	0.7	-0.7	0.7	2.5	-0.4	0.4	-0.4
Finance, Insurance, and Real Estate	44	0.7	1.3	1.5	0.5	1.6	1.2	0.9	0.9	1.1	0.4	0.4	0.3
Professional and Business Services	110	1.7	0.9	0.5	1.3	-1.1	0.0	1.1	1.1	0.7	1.4	1.4	1.1
Health Care and Social Assistance	133	0.8	1.4	1.8	1.6	2.7	2.1	1.8	1.2	1.2	1.7	1.7	1.4
Leisure and Hospitality	135	0.4	3.5	-0.1	0.2	-1.1	-1.1	0.0	-0.3	0.0	0.3	0.3	0.3
Educational Services	12	0.8	-0.7	0.0	-0.1	-0.3	0.0	-0.3	0.0	-0.3	0.0	-0.3	0.0
Other Services	41	1.7	-0.8	0.0	0.1	-0.5	0.0	0.0	0.1	0.1	0.2	0.1	0.2
Government	241	-0.5	0.2	0.6	-0.2	0.5	-0.2	1.0	4.3	-3.3	-1.2	0.3	0.2
Unemployment Rate (%)‡	4.8	-0.4	4.9	4.9	4.8	5.0	5.0	4.9	4.9	4.8	4.8	4.8	4.8
Personal Income (millions of current \$)													
Wages and Salaries	49,816	2.8	3.6	3.3	3.2	2.8	2.3	3.6	3.7	2.9	3.0	3.3	3.2
Other Labor Income	12,285	3.4	3.2	3.0	2.8	3.1	2.4	2.9	3.2	2.8	2.7	2.9	2.8
Proprietors' Income	8,186	3.9	2.6	3.8	5.5	4.2	4.2	4.8	3.6	5.5	5.5	5.6	5.4
Farm Proprietors	1,022	-2.8	-4.4	-4.1	1.1	2.0	-0.7	6.7	1.1	0.1	0.5	3.2	0.7
Non-farm Proprietors	7,163	4.9	3.6	4.8	6.0	4.5	4.8	4.6	3.9	6.2	6.0	5.9	6.0
Property Income	18,553	7.0	2.4	2.5	2.8	0.8	3.1	2.1	2.6	2.5	2.6	3.2	2.8
Transfer Payments	29,276	3.5	5.2	4.0	4.7	3.4	3.9	3.8	3.5	5.4	5.0	4.6	4.4
Less: Social Security Payments	8,538	2.3	3.7	3.4	3.3	2.6	2.2	4.7	3.4	2.7	2.8	4.2	3.0
Plus: Residence Adjustment	3,414	4.6	6.0	5.5	5.3	5.0	5.2	5.9	5.9	5.0	5.3	5.2	5.2
Equals: Total Personal Income	112,992	3.9	3.8	3.4	3.7	2.9	3.1	3.4	3.5	3.8	3.7	3.7	3.6
Less: Individual IRS Collections	7,098	-1.8	4.3	2.6	2.9	3.1	2.5	0.9	4.4	3.3	3.4	0.7	3.6
Less: Individual State and Local Taxes	2,105	2.1	8.8	5.8	4.1	4.0	3.4	3.7	4.9	4.0	4.1	3.6	4.4
Equals: Disposable Personal Income	103,789	4.4	3.6	3.4	3.8	2.8	3.1	3.6	3.4	3.8	3.7	3.9	3.6
Per Capita Personal Income (thousands of \$)	37,840	4.0	3.8	3.3	3.6	2.9	3.0	3.3	3.4	3.6	3.4	3.6	3.5
Population (thousands)	2,986	-0.1	0.0	0.1	0.2	0.0	0.1	0.1	0.1	0.1	0.3	0.1	0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	20,580	5.4	4.2	4.5	4.4	3.8	4.6	4.2	4.7	4.6	4.4	4.3	4.3
Gross Domestic Product (billions of 2012 \$)	18,638	2.9	2.3	2.0	2.0	1.6	1.9	1.8	2.2	2.2	2.1	1.9	1.8
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	110	2.4	1.9	2.5	2.4	2.1	2.8	2.5	2.4	2.4	2.1	2.4	2.4
Total Employment, Residents (millions)†	156	1.6	1.0	1.0	0.6	2.0	0.8	1.0	1.3	0.3	0.5	0.8	0.8
Total Payroll Employment (millions)†	149	1.7	1.5	1.0	0.7	1.1	1.1	1.1	1.3	0.3	0.5	0.8	1.0
Unemployment Rate (%)‡	3.9	-10.6	3.7	3.5	3.6	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.6
Personal Income (billions of current \$)	17,819	5.6	4.8	4.2	4.4	3.5	4.3	4.1	4.0	4.2	4.2	4.7	4.3
Per Capita Personal Income (thousands of \$)	54	5.0	4.0	3.4	3.8	2.8	3.5	3.5	3.5	3.4	3.4	4.0	3.3
Consumer Price Index (1982-84 = 100)	251.0	2.4	2.0	2.0	1.9	1.6	3.1	3.1	1.5	1.5	1.5	1.5	1.5
Prime Rate (%)‡	4.9	19.5	5.3	4.8	5.1	5.3	5.0	4.8	4.8	4.8	4.8	5.0	5.0

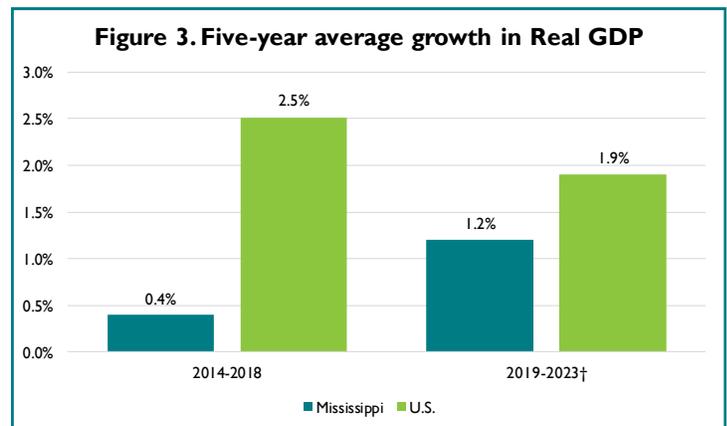
†Seasonally-adjusted. ‡Projected rates. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (levels), and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

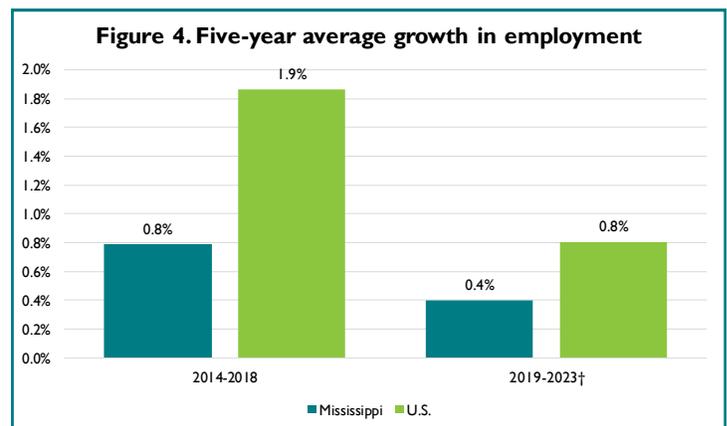
FIVE-YEAR FORECASTS

The forecasts for five-year average annual growth in real GDP changed only slightly from the previous quarter as seen in Figure 3. The forecast of U.S. real GDP is the same as in the previous quarter, growth of an average of 1.9 percent per year from 2019 to 2023. If realized, this forecast represents a decrease of 0.6 percentage point annually from the previous five years. Real GDP in Mississippi is expected to grow an average of 1.2 percent annually from 2019 to 2023, a decrease of 0.1 percentage point from the forecast of the previous quarter. Nevertheless, if realized, this forecast represents an average increase of 0.8 percentage point per year compared to the previous five years.

The forecasts of average annual employment growth over the next five years for both Mississippi and the U.S. as seen in Figure 4 are unchanged from the previous quarter. Expected growth of employment in Mississippi remains an average of 0.4 percent per year from 2019 to 2023, which, if realized, represents an average decrease of 0.4 percentage point per year compared to the previous five years. U.S. employment is expected to grow 0.8 percent per year over the next five years, which, if realized, represents a decrease of 1.1 percentage point per year compared to the average annual growth rate experienced from 2014 to 2018.



†Projected. Sources: Bureau of Economic Analysis; URC



†Projected. Sources: Bureau of Labor Statistics; URC

ALTERNATIVE FORECASTS

The firm IHS Markit estimates the probability of a recession in 2020 at 35 percent according to its most recent pessimistic alternative scenario. This probability is unchanged from the alternative forecast of the previous quarter. Under this scenario a recession commences in the third quarter of 2020 and continues for three quarters. As in its previous alternative forecasts, IHS Markit assumes consumer spending and many types of investment decline as a result of a loss of confidence throughout the economy and an increased aversion to risk. Business fixed investment remains below the baseline forecast through the first quarter of 2021 in this scenario. Inflation also remains below the baseline forecast under this scenario due to a decrease in demand. Over the next five years the average annual growth in U.S. real GDP is almost 0.5 percentage point less per year under this scenario compared to the baseline forecast. The national recession under this pessimistic scenario only moderately affects the Mississippi economy. From 2019 to 2023, Mississippi real GDP expands at an average rate 0.2 percentage point less per year compared to the baseline forecast.

The probability of the latest optimistic scenario by IHS Markit is 10 percent, the same as in the alternative forecast of the previous quarter. Under this scenario as in previous optimistic forecasts, real GDP growth is fueled by improvements in productivity. The optimistic scenario also assumes a lower non-accelerating inflation rate of unemployment, which means the average annual rate of inflation is slightly less than under the baseline forecast. Compared to the baseline forecast the U.S. economy grows an average of slightly more than 0.8 percentage point more per year over the next five years. Much like the pessimistic scenario, the Mississippi economy has considerably less upside risk under the optimistic scenario compared to the U.S. economy. Under the optimistic scenario real GDP for Mississippi increases by an average of 0.2 percentage point more per year compared to the baseline forecast.