



NEAR-TERM REAL GDP, EMPLOYMENT FORECASTS FOR MISSISSIPPI WEAKEN

URC projects in its latest forecast real gross domestic product (GDP) for Mississippi will contract 5.0 percent in 2020. This estimate represents a decrease of 0.9 percentage point from the forecast of the previous quarter. If realized this forecast would represent the largest annual contraction in the state's economy in data reported by the U.S. Bureau of Economic Analysis (BEA) since 1978.

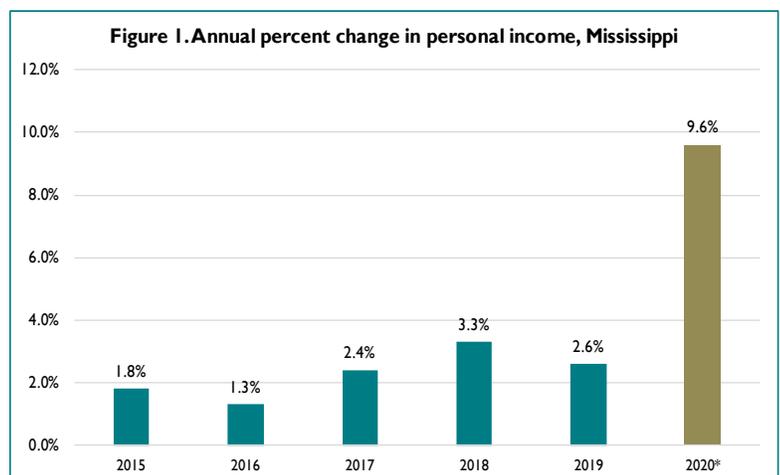
As seen in the first section of Table 1 on page 3, URC estimates Mississippi's economy will expand by 1.9 percent in 2021. This forecast represents a decrease of 1.3 percentage points from the forecast of the previous quarter. Nevertheless, if realized this estimate would mark the largest annual increase in real GDP for Mississippi since 2008. The state's economy is projected to grow 1.5 percent in 2022, which reflects a reduction of 0.7 percentage point from the forecast of the previous quarter.

The fourth section of Table 1 on page 3 indicates the latest estimate of the change in U.S. real GDP in 2020 is a decrease of 3.6 percent. This forecast represents an improvement of 2.5 percentage points from the forecast of the previous quarter. If realized this forecast would mark the first annual contraction in the U.S. economy since 2009. U.S. real GDP is expected to expand 3.7 percent in 2021, the same rate as in the forecast of the previous quarter. If realized this forecast would represent the largest annual growth in U.S. real GDP since 2004. In 2022 the U.S. economy is projected to grow 3.2 percent, which represents a decrease of 0.4 percentage point from the forecast of the previous quarter. However, if the forecasts for 2021 and 2022 are realized, U.S. real GDP will grow at least 3.0 percent in consecutive years for the first time since 2004 and 2005.

The change in personal income in Mississippi since 2015 and the projected change for 2020 are depicted in Figure 1. URC's latest forecast projects personal income will grow 9.6 percent in 2020, an increase of

4.9 percentage points from the forecast of the previous quarter. Despite the relatively large contraction in the state's economy expected for 2020, personal income is forecast to climb for the year due to the transfers from the federal CARES Act. These transfers are reflected in the 38.8 percent surge in transfer payments projected for 2020 as seen in Table 1. Personal income is forecast to grow 1.0 percent in 2021, which represents an increase of 1.0 percentage point from the forecast of the previous quarter. In 2022 personal income in Mississippi is expected to increase 3.3 percent, a decrease of 0.7 percentage point from the forecast of the previous quarter.

Payroll employment in Mississippi is expected to fall 4.5 percent in 2020 as seen in the second section of Table 1. This forecast represents a decrease of 1.5 percentage points from the forecast of the previous quarter. In 2021 payroll employment is forecast to grow 0.2 percent, a decrease of 3.0 percentage points from the forecast of the previous quarter. Payroll employment is projected to increase 0.5 percent in 2022, which reflects an increase of 0.3 percentage point from the forecast of the previous quarter. If realized this forecast would equal the largest annual increase in employment in the state since 2017.



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

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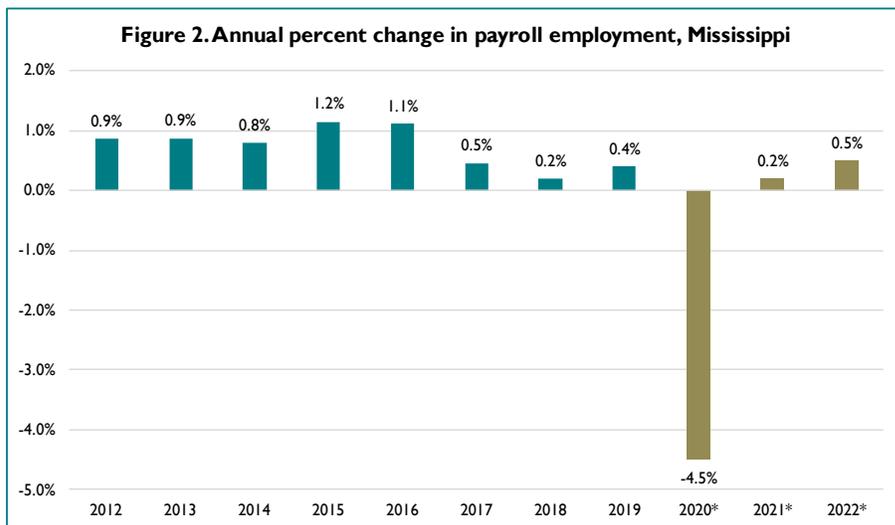
MISSISSIPPI ECONOMIC OUTLOOK

SHORT-TERM FORECASTS

Output is expected to contract in most sectors of the Mississippi economy in 2020 as seen in the first section of Table 1. However, unlike in the forecast of the previous quarter, two sectors are projected to expand for the year. Mining is forecast to grow 2.2 percent while Finance, Insurance, and Real Estate is forecast to grow 0.6 percent. The largest decrease in output among all sectors in the state in 2020 is expected in Leisure and Hospitality, which is forecast to contract 26.9 percent. This estimate represents a decrease of 16.4 percentage points from the forecast of the previous quarter. Double-digit decreases in output are also forecast for the Agriculture, Health Care and Social Assistance, and Other Services sectors in 2020, all of which reflect decreases from the forecasts of the previous quarter.

In 2021 a majority of sectors in the state's economy are projected to expand. The largest increase in output is forecast for the Manufacturing sector, which is expected to grow 8.0 percent, mostly due to an increase in nondurable goods output. The Information sector is forecast to expand by 6.7 percent, the next largest expected increase in output. The largest decrease in output among all sectors in 2021 is forecast for Agriculture, which is expected to contract by 13.3 percent. The Leisure and Hospitality sector is projected to contract by 10.6 percent, the next largest decrease in output. Significantly, this forecast represents a decrease of 28.7 percentage points from the forecast of the previous quarter. Other sectors anticipated to decline in output in 2021 include Health Care and Social Assistance, Mining, Other Services, and Transportation and Utilities.

Almost all sectors of the Mississippi economy are forecast to expand in 2022. The only sector expected to contract is Leisure and Hospitality, which is projected to decrease 1.1 percent and represents an improvement of 2.6 percentage points from the forecast of the previous quarter. Leisure and Hospitality is the only sector in the state forecast to decrease in output each year from 2020 to 2022. The largest increase in output is expected in Information, which is projected to grow 5.7 percent, followed by Mining, which is forecast to expand 5.0 percent. Noticeably, Finance, Insurance, and Real Estate is the only sector in the state projected to expand in output each year from 2020 to 2022.



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

Figure 2 above depicts the annual change in payroll employment in Mississippi since 2012 along with the forecasts for 2020 to 2022 as discussed on page 1. This figure also indicates annual employment growth in the state has not exceeded 0.5 percent since 2016. The projected changes in employment by sector are listed in the second section of Table 1 on page 3. All sectors in the state are expected to lose jobs in 2020. The largest decrease in employment among all sectors is forecast for Leisure and Hospitality, which is expected to decline 11.6 percent. This estimate reflects a decrease of 6.4 percentage points from the forecast of the previous quarter. The smallest decrease in 2020 is the 1.4 percent decline projected for Wholesale and Retail Trade.

In 2021 seven sectors in the state are projected to lose jobs while six sectors are expected to add jobs. The largest increase in employment is forecast for the Information sector, which is expected to grow 4.2 percent. The largest decrease in employment is expected in the Mining sector, which is forecast to decline 7.2 percent, followed by the 6.8 percent decrease projected for Leisure and Hospitality. The latter forecast represents a decrease of 18.3 percentage points from the forecast of the previous quarter.

Most sectors in the state are forecast to add jobs in 2022. The largest increase is expected in Transportation and Utilities, which is forecast to grow by 3.7 percent. The largest decrease is forecast for Wholesale and Retail Trade, which is expected to fall 1.8 percent. Notably, Mining, Construction, and Leisure and Hospitality are all forecast to lose jobs each year from 2020 to 2022.

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
Mississippi Forecast													
Gross State Product (projected)													
In current dollars	115,971	2.1	-3.8	3.4	3.1	-33.7	23.6	2.0	8.7	1.9	3.1	2.2	3.6
In millions of 2012 dollars	102,656	0.6	-5.0	1.9	1.5	-32.9	19.4	0.7	6.7	1.2	1.5	0.8	1.9
Agriculture, Forestry, Fishing, and Hunting	2,866	-17.1	-18.9	-13.3	0.6	-93.9	74.6	-23.1	26.9	-4.2	0.3	1.5	-0.8
Mining and Oil and Gas Extraction	1,210	4.7	2.2	-0.1	5.0	-37.7	84.5	15.2	-22.5	-3.1	-0.1	-4.1	22.5
Contract Construction	3,276	-2.7	-2.4	0.9	0.1	-23.0	17.7	-0.9	-0.7	4.5	0.8	-1.1	0.7
Manufacturing	17,524	2.1	-3.7	8.0	1.7	-34.0	21.7	28.0	8.2	6.6	0.8	0.2	2.0
Durable Goods	9,379	1.3	-10.5	2.1	3.8	-44.0	-15.4	31.9	3.5	8.8	2.3	2.5	3.3
Nondurable Goods	8,134	3.2	4.4	13.9	0.2	-18.4	67.2	25.8	14.5	2.1	0.4	-0.9	1.5
Transportation and Utilities	6,632	1.4	-4.3	-0.6	0.7	-39.4	2.5	-9.0	16.4	3.1	-1.6	0.4	2.3
Wholesale and Retail Trade	14,091	0.7	-5.4	0.7	1.4	-27.4	15.0	0.7	1.9	0.6	1.4	1.1	2.1
Information	2,850	8.8	-4.2	6.7	5.7	-3.8	2.4	-17.6	36.4	8.7	2.7	7.2	4.2
Finance, Insurance, and Real Estate	14,230	0.7	0.6	4.4	2.0	-14.7	21.5	-2.4	11.0	-1.6	1.2	1.5	2.9
Professional and Business Services	7,395	-0.1	-2.0	2.4	3.6	-28.2	20.3	-6.9	10.8	2.3	3.6	1.4	6.7
Health Care and Social Assistance	8,379	1.8	-13.2	-2.5	0.9	-51.5	9.6	2.3	0.8	-1.4	8.4	-4.2	-0.6
Leisure and Hospitality	4,238	-0.4	-26.9	-10.6	-1.1	-81.1	76.9	-22.3	0.7	-5.7	-4.8	-6.4	4.7
Educational Services	739	-0.5	-8.5	1.2	2.9	-38.2	16.9	1.2	4.5	3.2	0.5	5.7	3.5
Other Services	2,260	1.5	-15.6	-4.9	1.1	-52.4	-1.1	-3.2	0.3	2.6	0.4	2.1	1.2
Government	17,118	0.5	-0.2	1.5	0.6	-14.7	25.1	-1.4	-0.2	-0.5	0.9	0.7	-0.2
Payroll Employment (thousands)													
Residents†	1,207	-0.1	-7.7	1.9	3.9	-40.7	12.5	2.9	7.7	3.5	4.2	3.3	4.9
Payroll‡	1,158	0.3	-4.5	0.2	0.5	-26.7	5.3	7.4	0	0.8	0.2	0.4	0.4
Mining and Oil and Gas Extraction	7	-0.9	-8.3	-7.2	-0.2	-25.1	-8.3	-6.1	-11.5	-0.6	-0.5	-1.4	-0.3
Contract Construction	44	1.0	-5.9	-0.1	-0.4	-17.9	5.6	1.8	-0.9	2.1	1.3	-2.0	-0.4
Manufacturing	147	1.4	-3.0	-0.7	1.1	-21.0	6.4	0.9	-2.3	2.7	-1.5	2.0	1.6
Durable Goods	97	1.2	-5.6	-2.0	1.9	-27.6	1.3	1.2	-3.7	4.0	-3.3	5.4	1.8
Nondurable Goods	50	1.7	2.2	1.2	-0.6	-7.4	17.2	-0.4	-1.2	1.0	1.1	-4.3	-0.3
Transportation and Utilities	61	2.8	-3.0	0.6	3.7	-19.9	6.3	2.6	-1.1	3.9	-1.3	7.5	3.8
Wholesale and Retail Trade	171	-1.2	-1.4	2.4	-1.8	-15.1	10.1	5.8	3.7	1.0	-1.1	2.8	-1.0
Information	11	-2.3	-7.5	4.2	2.5	-16.6	-17.8	6.4	16.9	15.4	-0.5	1.2	0.7
Finance, Insurance, and Real Estate	45	0.1	-2.6	-0.4	2.5	-11.5	0.1	3.3	2.3	-3.2	-2.5	2.2	4.7
Professional and Business Services	108	-1.0	-6.4	0.6	2.9	-23.4	1.3	10.4	1.5	1.3	-3.2	1.3	8.1
Health Care and Social Assistance	135	1.6	-3.6	2.6	0.3	-27.8	8.2	6.7	5.3	0.1	15.7	-10.2	-3.7
Leisure and Hospitality	136	1.0	-11.6	-6.8	-1.3	-66.0	72.7	-13.3	-10.8	-0.4	-3.7	-9.2	1.4
Educational Services	12	-1.1	-9.4	-0.8	2.7	-39.0	6.4	2.7	1.7	2.4	-0.4	6.0	2.8
Other Services	41	-1.1	-1.6	0.5	1.7	-20.5	5.1	5.2	0.5	1.6	-2.2	4.8	3.0
Government	242	0.4	-2.0	-0.4	0.9	-15.1	5.8	0.8	-1.7	-0.1	1.3	1.3	0.8
Unemployment Rate (%)†, ‡	5.4	0.6	9.0	7.6	6.3	11.9	9.8	9.3	8.1	7.7	7.4	7.2	6.8
Personal Income (millions of current \$)													
Wages and Salaries	51,152	2.7	-1.2	3.1	3.7	-24.2	14.9	3.3	4.2	3.7	4.3	2.9	4.1
Other Labor Income	12,508	2.4	-1.0	3.1	4.2	-16.2	7.9	3.1	5.6	3.4	3.7	4.3	5.1
Proprietors' Income	8,146	0.0	-5.8	-7.1	5.2	-51.1	14.1	-16.5	-8.8	5.2	4.6	-1.0	7.1
Farm Proprietors	852	-28.4	-55.2	-11.2	44.1	-100.0	10,691.3	2,479.4	126.1	75.6	73.0	52.5	60.7
Non-farm Proprietors	7,294	4.8	0.1	-6.6	3.0	-14.3	10.9	-23.1	-9.3	0.0	4.3	-4.2	5.8
Property Income	18,591	1.1	-1.0	-2.0	0.6	-5.5	-5.5	4.8	-8.4	3.6	-2.1	-0.6	1.9
Transfer Payments	30,683	4.5	38.8	2.7	3.3	418.0	-37.1	74.1	-36.2	0.6	4.7	-4.1	7.3
Less: Social Security Payments	8,870	3.4	0.5	3.2	3.7	-16.0	13.3	-1.4	7.6	3.2	2.8	2.9	5.3
Plus: Residence Adjustment	3,605	3.2	-2.3	2.4	6.8	-28.3	17.1	4.4	5.1	-1.9	2.6	8.5	7.9
Equals: Total Personal Income	115,814	2.6	9.6	1.0	3.3	40.2	-2.7	14.7	-14.6	1.5	1.3	3.9	2.8
Less: Individual IRS Collections	6,918	4.0	-2.5	2.1	3.7	-31.9	14.8	3.2	3.4	4.1	3.8	3.0	3.3
Less: Individual State and Local Taxes	2,303	5.6	3.1	5.3	4.4	-0.4	12.8	3.9	5.7	4.3	4.3	3.8	4.7
Equals: Disposable Personal Income	106,593	2.5	10.4	0.9	3.3	47.3	-5.5	17.3	-16	1.4	1.3	3.5	3.1
Per Capita Personal Income (thousands of \$)	38.92	2.8	9.7	1.0	3.2	40.2	-2.6	14.6	-14.6	1.4	1.3	3.8	2.7
Population (thousands)	2,976	-0.2	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	21,433	4.0	-2.4	5.3	4.9	-32.8	38.2	5.3	4.9	3.9	4.1	4.4	5.4
Gross Domestic Product (billions of 2012 \$)	19,092	2.0	-3.6	3.7	3.2	-31.4	33.2	3.7	3.4	2.5	2.5	2.7	3.7
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	112.3	2.0	1.1	1.5	1.6	-0.5	3.6	1.5	1.5	1.3	1.6	1.7	1.6
Total Employment, Residents (millions)†	157.5	1.0	-9.8	5.0	4.3	-12.8	27.2	9.6	5.1	2.5	2.4	2.4	3.4
Total Payroll Employment (millions)‡	150.9	1.0	-5.5	3.3	2.6	-12.0	22.9	9.7	5.6	2.7	2.1	2.1	3.1
Unemployment Rate (%)†, ‡	3.7	-0.2	4.6	-1.9	-1.4	9.2	-4.2	-1.6	-0.6	-0.2	-0.2	-0.3	-0.5
Personal Income (billions of current \$)	18,552	4.0	7.4	-2.4	4.4	7.6	-13.2	20.6	-25.5	3.8	3.8	3.2	5.6
Per Capita Personal Income (thousands of \$)	56	3.0	6.8	-3.1	3.7	7.5	-13.7	19.8	-26	3.0	3.0	2.5	4.9
Consumer Price Index (1982-84 = 100)	256.0	2.0	1.3	2.6	2.3	-0.9	5.2	2.2	3.2	2.7	2.9	2.7	2.2
Prime Rate (%)‡	5.3	0.4	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3

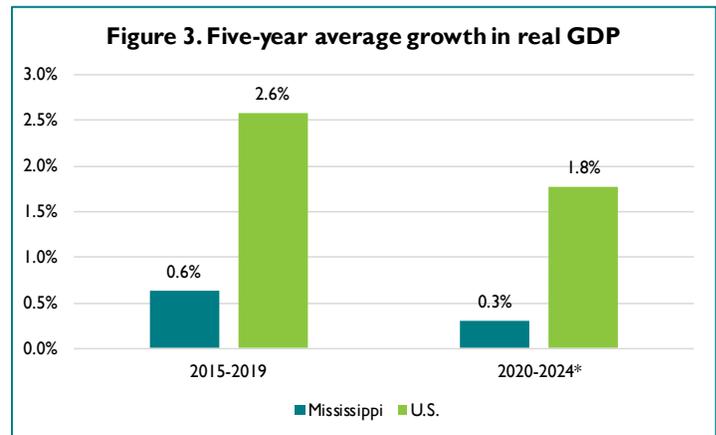
†Seasonally-adjusted. ‡Projected rates. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (levels), and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

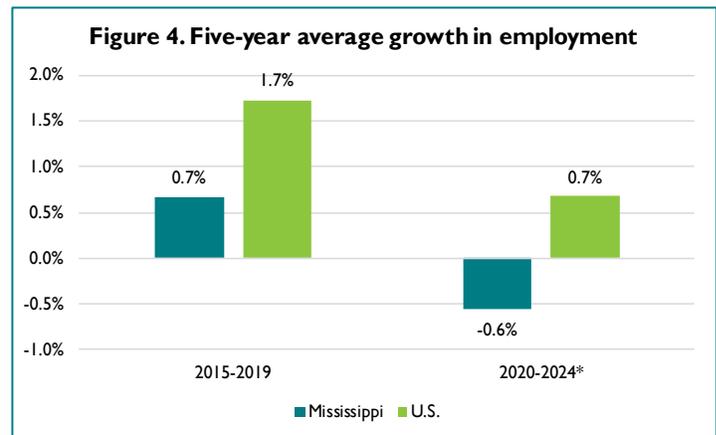
FIVE-YEAR FORECASTS

Compared to the previous quarter, the latest forecast for five-year average annual growth in real GDP in Mississippi is 0.8 percentage point less per year. As seen in Figure 3, the state's economy is projected to grow an average of 0.3 percent annually from 2020 to 2024—half the rate from 2015 to 2019. The average annual growth of real GDP in Mississippi from 2015 to 2019 was revised down to 0.6 percent from 0.8 percent following downward revisions to real GDP by BEA. Conversely, U.S. real GDP is expected to expand an average of 1.8 percent per year from 2020 to 2024. This forecast represents an increase of 0.3 percentage point per year from the forecast of the previous quarter.

As seen in Figure 4, the forecasts of average annual employment growth over the next five years for both Mississippi and the U.S. are lower compared to the previous quarter. In Mississippi employment is projected to decrease an average of 0.6 percent per year from 2020 to 2024, a reflection of the outsized decline expected in 2020. If realized this forecast represents a decrease in employment growth of 1.3 percentage points per year compared to the previous five years. U.S. employment is expected to grow 0.7 percent per year over the next five years, which, if realized, represents a decrease of 1.0 percentage point per year compared to average annual growth from 2015 to 2019.



*Projected. Sources: Bureau of Economic Analysis; URC



*Projected. Sources: Bureau of Labor Statistics; URC

ALTERNATIVE FORECASTS

In its latest pessimistic alternative scenario, the firm IHS Markit estimates a 30 percent probability that the recovery slows compared to its baseline forecast. The probability of this scenario is unchanged from the previous quarter. The assumptions of this scenario include a surge of COVID-19 cases around the country that slows the process of “opening up” the economies of a number of states. Moreover, this scenario assumes the increased level of COVID-19 cases leads consumers to spend less in the fourth quarter of 2020, which leads to a slower start to growth in 2021. The change in business fixed investment becomes negative in the fourth quarter of 2020 and the first quarter of 2021, a difference from the increases expected in these same periods in the baseline forecast. Thus, the recovery endures a slower start under this scenario. As a result the average annual growth in U.S. real GDP over the next five years under this scenario is about 0.2 percentage point less per year compared to the baseline forecast. In this pessimistic scenario the Mississippi economy contracts at an average rate of 0.5 percent per year over the next five years. Compared to the baseline forecast the annual rate of change in the state's real GDP from 2020 to 2024 is 0.1 percentage point lower.

IHS Markit assumes a probability of 20 percent that the recovery speeds up under its optimistic scenario. This probability is unchanged from the forecast of the previous quarter. This scenario assumes the number of new COVID-19 cases declines at a faster rate compared to the baseline forecast. As a result state economies open up more quickly and fully, and the recovery improves. Under this scenario U.S. real GDP grows at an average annual rate over the next five years that is 0.2 percentage point higher compared to the baseline forecast. The Mississippi economy expands at an average rate per year from 2020 to 2024 under this optimistic scenario that is essentially unchanged relative to the baseline forecast.