



U.S., MISSISSIPPI REAL GDP FORECASTS FOR 2021 WEAKEN

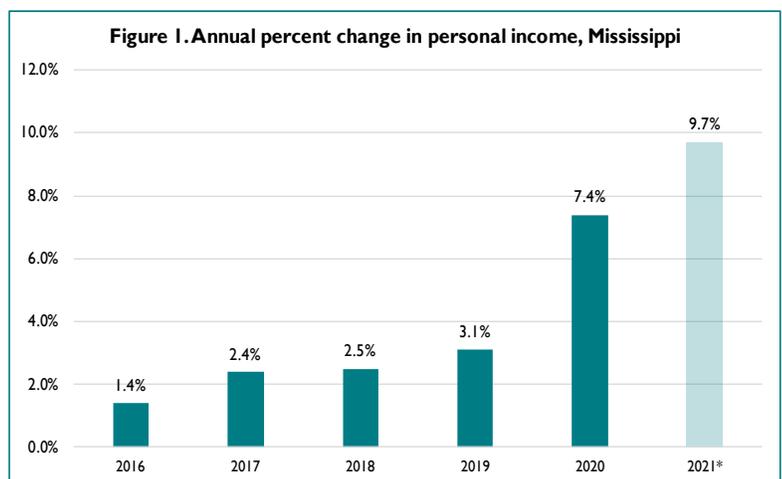
Real gross domestic product (GDP) for Mississippi is projected to increase 3.9 percent in 2021, a decrease of 2.7 percentage points from the forecast of the previous quarter. If this forecast is realized the gain will represent the largest annual increase in real GDP for the state since the 4.3 percent increase in 2003. The downward revision to the 2021 forecast stemmed from an expected decrease in consumer spending in the third quarter of the year as a result of a surge in COVID-19 cases due to the delta variant. Both of the forecasts for the change in wages and salaries in the state and for the change in transfer payments from the federal government were revised down as seen in the third section of Table 1 on page 3, which reduced the expected change in consumer spending. Supply chain issues—particularly for new vehicles—that are anticipated to persist through the end of the year also reduced the forecast of the change in real GDP in 2021. In 2022 real GDP for Mississippi is expected to expand by 0.4 percent, a reduction of 1.5 percentage points from the forecast of the previous quarter. Real GDP for the state is forecast to grow 0.6 percent in 2023, which represents a decrease of 0.7 percentage point from the forecast of the previous quarter.

U.S. real GDP is projected to expand by 5.4 percent in 2021 as seen in the fourth section of Table 1 on page 3. This estimate represents a reduction of 1.2 percentage points from the forecast of the third quarter. The U.S. economy is expected to grow 4.3 percent in 2022, which reflects a decrease of 0.7 percentage point from the forecast of the previous quarter. In 2023 U.S. real GDP is anticipated to expand by 2.8 percent, which reflects an increase of 0.7 percentage point from the previous quarter's forecast.

The second section of Table 1 indicates payroll employment in Mississippi is forecast to increase 1.7 percent in 2021. Compared to the forecast of the previous quarter, this rate represents an increase of

0.4 percentage point. In 2022 payroll employment in the state is projected to increase 0.6 percent, which reflects an increase of 0.8 percentage point from the forecast of the previous quarter. Total employment is expected to grow 0.8 percent in 2023, an increase of 1.2 percentage points from the previous quarter's forecast.

Figure 1 below depicts the annual change in personal income in Mississippi since 2016 along with the projected change for 2021 according to the latest URC forecast. Personal income is expected to grow 9.7 percent in 2021, a decrease of 5.5 percentage points from the forecast of the previous quarter. Nevertheless, if this forecast is realized it will mark the largest annual increase in personal income in the state since 1981. This increase is due primarily to the wage growth anticipated in most sectors and the expansion in transfer payments for the year, which as noted previously are expected to be less than in the forecast of the previous quarter. Personal income in the state is projected to increase 2.8 percent in 2022, a decrease of 1.4 percentage points from the forecast of the previous quarter. In 2023 personal income is expected to grow 4.2 percent, a decrease of 1.0 percentage point from the previous quarter's forecast.



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

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MISSISSIPPI ECONOMIC OUTLOOK

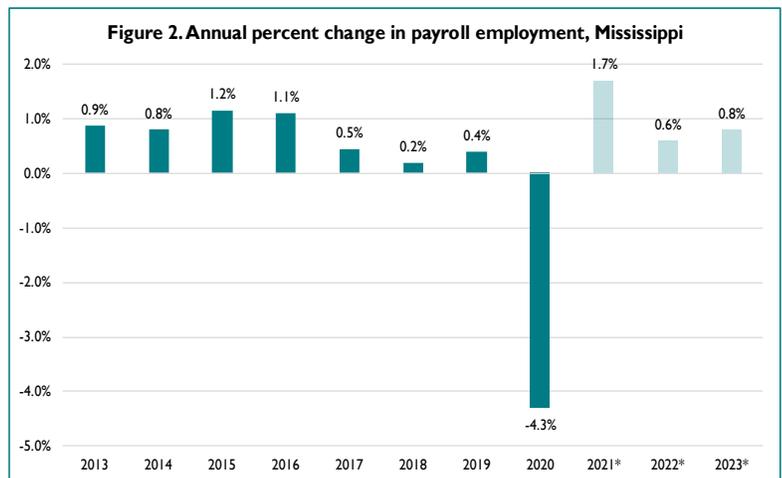
SHORT-TERM FORECASTS

As seen in the first section of Table I real GDP for a majority of sectors in the Mississippi economy is forecast to increase in 2021. Output in the Agriculture, Forestry, Fishing, and Hunting sector is forecast to expand 25.2 percent, the largest percentage increase among all sectors. This estimate is a decrease of 7.2 percentage points from the forecast of the third quarter. The Leisure and Hospitality sector is expected to expand in output by 13.3 percent in 2021, the next largest increase among all sectors in the state, followed by Professional and Business Services, which is forecast to expand in output by 9.3 percent. Real GDP for the Mining and Oil and Gas Extraction sector is forecast to contract 5.9 percent in 2021, the largest decrease among all sectors in the state. The next largest expected contraction in output in 2021 is the 3.8 percent decrease forecast for Educational Services.

More sectors in the state are expected to contract in output in 2022. The largest projected increase in real GDP among all sectors is the 10.1 percent increase forecast for Mining and Oil and Gas Extraction. Output in Educational Services is forecast to expand 4.9 percent in 2022, the next largest increase among all sectors. The largest decrease in output among all sectors is the 3.6 percent decline expected in Leisure and Hospitality. Real GDP in Wholesale and Retail Trade is projected to contract 2.8 percent in 2022, the second largest percentage decrease among all sectors.

The expected changes in real GDP in 2023 across sectors are similar to the forecast for 2022. The Information sector is expected to expand in output by 3.9 percent in 2023, the largest increase among all sectors. Output in Finance, Insurance, and Real Estate is forecast to expand 2.8 percent, the next largest increase among all sectors. As in 2022, the largest decrease in output is forecast for the Leisure and Hospitality sector, which is expected to contract by 2.9 percent. The next largest contraction in real GDP among all sectors is the 1.1 percent decrease forecast for the Mining and Oil and Gas Extraction sector. Notably, Construction and Transportation and Utilities are forecast to contract in output each year from 2021 through 2023.

The annual change in payroll employment in Mississippi since 2013 as well as URC's forecasts for 2021, 2022, and 2023 are seen in Figure 2 above. In 2021 employment in the state is projected to increase 1.7 percent, which if realized will equal the largest annual increase since 1999. The second section of Table I lists the percentage chang-



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

es by sector. In 2021 most sectors in the state are expected to add jobs and the largest percentage increase in employment among all sectors is the 7.8 percent increase expected in Transportation and Utilities. The next largest increase in employment among all sectors is expected in Government, which is forecast to increase 6.6 percent. The largest percentage decrease in employment in 2021 among all sectors is forecast for Mining and Oil and Gas Extraction, which is projected to fall 2.7 percent. Other sectors expected to lose jobs in 2021 are Information, Other Services, and Finance, Insurance, and Real Estate.

Most sectors in the state are expected to add jobs in 2022, but at lower rates than in 2021. Employment in Mining and Oil and Gas Extraction is expected to increase 4.3 percent in 2021, the largest gain among all sectors. The next largest increase in employment is projected for Transportation and Utilities, which is forecast to grow 3.7 percent. The largest percentage decrease in employment among all sectors expected in 2022 is the 1.4 percent decrease forecast for Wholesale and Retail Trade. The only other sectors expected to lose jobs for the year are Construction and Leisure and Hospitality.

As in 2022, most sectors in Mississippi are forecast to add jobs in 2023. The largest percentage increase in employment among all sectors is the 5.1 percent increase forecast for the Leisure and Hospitality sector. Employment in both Information and Professional and Business Services is forecast to increase 1.5 percent, the next largest increases. The largest percentage decrease in employment expected among all sectors in the state in 2023 is the 2.4 percent decline forecast for Wholesale and Retail Trade. The other sectors projected to lose jobs in 2023 are Construction and Government.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2020		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2021	2022	2023	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2
Mississippi Forecast													
Gross State Product (millions of current \$)	113,846	-0.8	8.7	3.6	3.0	3.5	5.5	1.0	3.4	2.1	3.3	2.8	3.3
Gross State Product (millions of 2012 \$)	99,667	-1.8	3.9	0.4	0.6	-1.1	1.8	-1.3	1.1	-0.2	1.0	0.4	1.0
Agriculture, Forestry, Fishing, and Hunting	2,286	-18.7	25.2	0.8	0.6	17.8	-3.7	5.5	-6.4	3.4	-0.3	1.8	0.1
Mining and Oil and Gas Extraction	1,358	-9.2	-5.9	10.1	-1.1	29.0	28.9	8.3	1.4	-3.1	-3.1	-1.7	0.3
Contract Construction	2,765	-1.1	-2.4	-1.0	-0.6	-12.8	7.8	-3.4	0.7	-2.2	-0.7	-0.7	-0.2
Manufacturing	15,984	-2.4	5.7	-2.2	-0.4	-7.3	0.0	-4.2	-1.1	-1.1	-0.4	-0.4	0.0
Durable Goods	8,571	-3.9	8.4	-1.6	-0.3	-6.2	0.3	-3.0	-0.8	-0.4	-0.5	-0.4	0.0
Nondurable Goods	7,428	-0.2	2.1	-2.5	-0.6	-6.6	-0.4	-5.7	-1.4	-2.0	-0.3	-0.4	-0.1
Transportation and Utilities	6,840	2.1	-0.9	-0.4	-0.2	1.6	0.8	-1.0	-0.4	-0.6	0.0	-0.2	-0.1
Wholesale and Retail Trade	13,794	-0.6	1.4	-2.8	0.1	-3.3	-2.5	-5.1	1.2	-2.8	1.6	-0.9	1.5
Information	2,547	-4.3	4.2	4.8	3.9	-1.9	6.6	1.9	7.8	1.7	4.7	3.7	3.8
Finance, Insurance, and Real Estate	15,806	7.0	6.9	2.7	2.8	1.5	2.8	1.8	3.6	2.5	3.2	2.8	2.8
Professional and Business Services	7,424	-0.9	9.3	4.5	2.0	18.8	-2.1	4.7	2.4	2.3	2.2	2.0	1.9
Health Care and Social Assistance	7,824	-7.2	1.8	3.1	2.3	1.4	8.2	0.2	4.2	1.3	3.1	1.7	2.5
Leisure and Hospitality	3,467	-19.1	13.5	-3.6	-2.9	-29.6	12.1	-14.5	0.9	-5.3	-2.1	-3.8	-2.6
Educational Services	654	-12.4	-3.8	4.9	1.8	4.3	7.9	6.2	2.7	1.9	1.7	1.6	1.7
Other Services	2,017	-8.1	-0.9	0.9	0.4	-1.4	0.8	0.0	0.2	0.4	0.4	0.4	0.4
Government	16,804	-1.6	0.6	-0.4	-0.7	-2.4	0.9	-1.1	-0.6	-1.2	-0.6	-0.8	-0.6
Payroll Employment (thousands)													
Residents†	1,157	-4.4	3.8	1.2	1.2	0.0	0.3	1.3	2.3	1.7	2.0	1.0	1.0
Payroll†	1,108	-4.3	1.7	0.6	0.8	1.1	0.4	0.4	1.1	0.0	1.8	0.7	1.1
Mining and Oil and Gas Extraction	5.9	-13.0	-2.7	4.3	0.8	10.2	8.5	4.1	2.0	0.7	-2.0	1.3	1.3
Contract Construction	43.9	-1.2	1.4	-0.4	-0.6	-1.5	0.5	-0.6	-0.7	0.2	-1.1	-0.5	-0.4
Manufacturing	139.3	-5.1	2.2	0.8	0.8	3.7	1.4	1.7	-1.4	-2.5	5.2	0.3	1.1
Durable Goods	90.5	-6.6	1.5	0.9	1.3	3.4	2.1	2.5	-0.9	-4.1	7.4	0.1	2.4
Nondurable Goods	48.9	-2.3	3.2	0.5	-0.1	4.5	0.9	-0.6	-2.0	0.6	1.1	-0.1	-0.7
Transportation and Utilities	61.7	1.4	7.8	3.7	0.9	7.7	3.1	1.5	3.7	7.2	0.2	1.3	-2.4
Wholesale and Retail Trade	166.3	-2.4	1.0	-1.4	-2.4	1.4	0.7	2.2	-6.4	-4.7	-6.9	-3.7	5.6
Information	9.6	-10.1	-0.8	1.7	1.5	7.4	6.9	-0.4	0.8	-2.4	-1.2	3.8	3.7
Finance, Insurance, and Real Estate	43.0	-3.5	-1.0	1.5	0.0	3.0	-1.0	-0.2	4.3	3.5	0.0	0.1	-2.6
Professional and Business Services	106.2	-2.0	2.7	1.5	1.5	-5.3	1.5	1.8	3.7	1.5	4.0	3.3	-1.1
Health Care and Social Assistance	128.5	-4.7	0.0	2.8	0.5	2.2	0.6	1.9	9.6	1.2	-1.2	0.6	-1.2
Leisure and Hospitality	117.9	-13.5	5.8	-0.9	5.1	2.6	-4.7	-4.7	0.0	-2.3	10.9	7.5	4.4
Educational Services	11.0	-7.7	3.6	1.2	0.6	3.5	-0.3	1.7	1.4	1.7	-1.3	-0.7	-2.7
Other Services	39.1	-3.5	-0.9	0.8	0.3	4.0	-0.6	-2.6	4.1	2.8	3.9	-0.1	-2.7
Government	236.1	-2.4	6.6	1.9	-1.0	0.7	0.5	1.9	0.9	0.0	1.0	0.3	-0.5
Unemployment Rate (%)*, †	8.1	2.6‡	6.2	5.8	5.3	6.1	6.1	6.1	5.9	5.7	5.5	5.4	5.3
Personal Income (millions of current \$)													
Wages and Salaries	52,220	1.7	4.7	4.0	3.2	4.5	4.7	2.9	3.9	2.9	3.5	3.1	3.2
Other Labor Income	12,827	2.3	4.0	3.3	2.7	3.9	4.0	2.7	3.2	2.6	2.9	2.7	2.7
Proprietors' Income	8,388	2.5	30.4	10.9	4.0	-5.6	11.6	6.1	2.9	4.8	4.1	4.5	3.4
Farm Proprietors	937	-8.2	44.4	9.6	0.9	15.5	-3.2	9.9	-5.8	3.0	-0.3	3.0	0.3
Non-farm Proprietors	7,451	4.0	28.7	11.1	4.5	-8.3	13.9	5.5	4.2	5.0	4.8	4.7	3.8
Property Income	18,513	-1.6	0.3	1.6	3.0	1.1	0.4	1.1	2.5	2.9	2.9	3.1	3.2
Transfer Payments	38,826	26.4	17.2	-0.3	6.1	95.7	-22.0	19.1	-1.5	11.1	5.7	8.1	3.0
Less: Social Security Payments	9,322	5.6	5.3	3.7	2.9	3.7	4.0	4.2	3.3	2.4	2.9	3.9	2.6
Plus: Residence Adjustment	3,536	-0.5	10.9	7.6	6.3	11.2	6.9	7.4	7.0	7.1	6.7	6.3	5.9
Equals: Total Personal Income	124,988	7.4	9.7	2.8	4.2	25.6	-4.7	7.8	2.0	5.7	4.2	4.8	3.2
Less: Individual IRS Collections	6,612	-1.2	15.5	4.8	2.6	5.3	5.6	0.3	4.4	2.8	3.8	0.4	3.3
Less: Individual State and Local Taxes	2,426	3.9	14.3	6.5	4.8	5.3	5.3	5.1	5.1	4.4	4.8	5.3	4.7
Equals: Disposable Personal Income	115,950	8.1	9.2	2.6	4.3	27.6	-5.5	8.4	1.7	5.9	4.3	5.1	3.2
Per Capita Personal Income (thousands of \$)	42.3	7.9	10.4	3.2	4.4	26.2	-4.3	8.1	2.3	6.0	4.4	5.0	3.3
Population (thousands)	2,954	-0.4	-0.6	-0.3	-0.2	-0.4	-0.4	-0.3	-0.3	-0.3	-0.1	-0.3	-0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	20,894	-2.2	9.5	7.5	5.1	7.2	8.9	7.3	6.8	6.0	5.1	4.6	4.6
Gross Domestic Product (billions of 2012 \$)	18,385	-3.4	5.4	4.3	2.8	1.4	5.2	4.9	4.5	3.8	3.0	2.3	2.4
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	113.7	1.2	3.9	3.1	2.1	5.6	3.4	2.4	2.3	2.0	2.0	2.3	2.3
Total Employment, Residents*	147.8	-6.2	3.1	3.4	2.2	4.6	3.2	3.7	3.4	3.1	2.8	2.0	1.5
Total Payroll Employment (millions)*	142.3	-5.7	2.6	3.6	1.9	6.2	2.7	3.3	3.5	2.9	2.4	1.8	1.3
Unemployment Rate (%)*, †	8.10	4.4‡	5.5	4.1	3.6	5.1	4.6	4.5	4.2	3.9	3.8	3.7	3.6
Personal Income (billions of current \$)	19,628	6.5	6.4	0.6	5.1	0.9	-2.3	1.3	6.1	6.0	4.6	4.9	5.0
Per Capita Personal Income (thousands of \$)	59.2	6.1	6.3	0.3	4.6	0.6	-2.6	0.6	6.0	5.2	4.5	4.4	4.4
Consumer Price Index (1982-84 = 100)	2.59	1.2	4.2	3.0	2.2	6.1	3.0	1.5	1.5	2.9	1.4	2.9	1.4
Prime Rate (%)†	3.54	-0.3‡	3.3	3.3	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.5

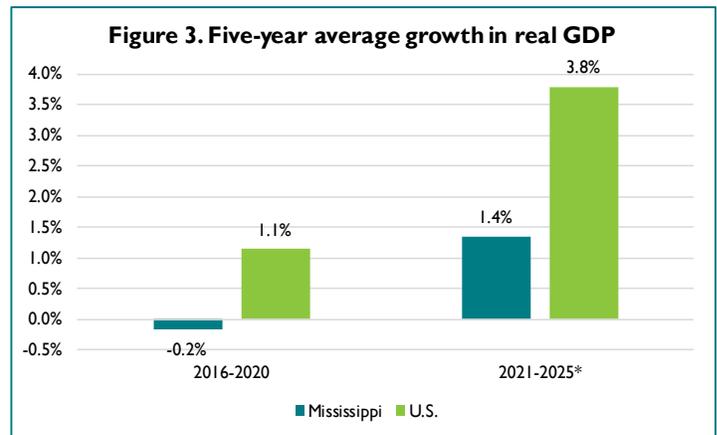
*Seasonally-adjusted. †Projected rates. ‡Percentage point change. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and URC (forecasts).

MISSISSIPPI ECONOMIC OUTLOOK

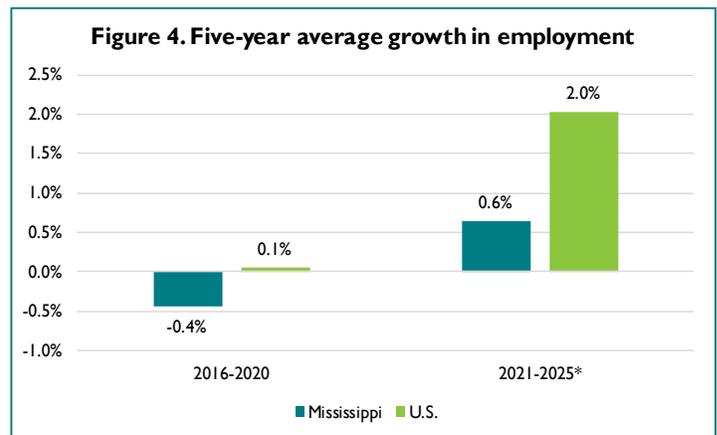
FIVE-YEAR FORECASTS

Figure 3 indicates real GDP for Mississippi is projected to expand by an average of 1.4 percent per year from 2021 to 2025. This estimate represents a reduction of 1.2 percentage points per year compared to the forecast of the third quarter. Compared to growth during the 2016 to 2020 period, the forecast for real GDP growth in Mississippi represents an increase of 1.6 percentage points in output per year. Over the next five years real GDP for the U.S. is forecast to increase by an average of 3.8 percent per year. This rate of growth is unchanged from the forecast of the previous quarter. The output of the U.S. economy is projected to grow an average of 2.7 percentage points more per year from 2021 to 2025 compared to the previous five years.

Annual payroll employment in Mississippi is expected to increase 0.6 percentage point per year from 2021 to 2025 as seen in Figure 4. Compared to the forecast of the previous quarter this projection represents an increase of 0.6 percentage point per year, and an increase of 1.0 percentage point per year compared to the previous five years. Over the next five years U.S. payroll employment is forecast to grow an average of 2.0 percent per year. Compared to the forecast of the previous quarter this estimate reflects a gain of 0.1 percentage point per year. U.S. employment is expected to grow 1.9 percentage points more per year from 2021 to 2025 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

In its latest pessimistic alternative scenario the firm IHS Markit estimates a 30 percent probability of a weaker recovery relative to its baseline forecast. This probability is up 10 percentage points compared to the previous quarter. Consumer spending is reduced under this scenario due to a surge in COVID-19 cases in the fall and winter. Consumers limit so-called “socially dense” activities because of the increase in virus cases. The supply chain issues also worsen in this scenario, leading to fewer available durable goods. The average growth in U.S. real GDP over the next five years in this scenario is 0.2 percentage point less per year compared to the baseline forecast. The Mississippi economy essentially is not impacted by this scenario over the course of the period, as the average annual growth rate in real GDP for the state from 2021 to 2025 is the same as in the baseline forecast.

IHS Markit estimates a probability of 20 percent for its latest optimistic scenario, a decrease of 10 percentage points from the previous quarter. Increases in vaccination rates and greater precautions again COVID-19 allow for more growth in consumer spending under this scenario than in the baseline forecast, which leads to a faster recovery. The Infrastructure Investment and Jobs Act, which in its forecasts IHS Markit assumes becomes law, results in more growth in the later years of the outlook than in the baseline forecast. Productivity and consumer spending rise sooner in this optimistic scenario compared to the baseline forecast, resulting in more growth. The average annual rate of U.S. real GDP growth is 0.5 percentage point more per year from 2021 to 2025 under the optimistic scenario compared to the baseline forecast. As with the pessimistic scenario, the Mississippi economy essentially is not impacted over the course of the next five years by the optimistic scenario. The average annual growth rate in real GDP for the state under the optimistic scenario from 2021 to 2025 is the same as in the baseline forecast.