



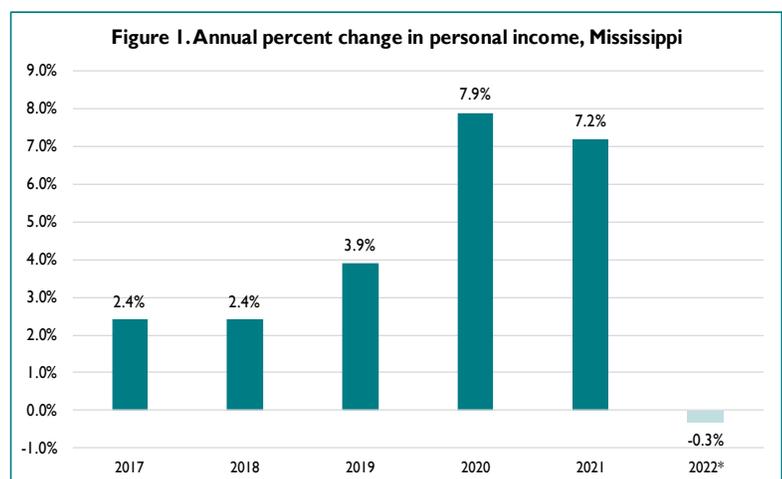
## U.S., MISSISSIPPI ECONOMIES EXPECTED TO ENTER RECESSION

In 2022 real gross domestic product (GDP) for Mississippi will increase 0.2 percent according to URC's latest forecast. This estimate represents a reduction of 0.5 percentage point from the forecast of the previous quarter. The 2022 forecast for Mississippi reflects a labor market in the state that has stalled since the first of the year. At its meeting in September, the Federal Open Market Committee released the median forecasts of Federal Reserve officials for the federal funds rate target. These latest median forecasts project the upper end of the range will reach 4.5% by December and 4.75% in early 2023. Because these projections are higher than previous forecasts assumed, demand is expected to weaken more. The forecast for the Mississippi economy in 2023 is a contraction of 0.4 percent. This projection represents a reduction of 1.1 percentage points from the forecast of the previous quarter. The downgrade in the 2023 forecast for Mississippi real GDP reflects a shift in prospects for the U.S. economy, which is expected to enter a recession in the fourth quarter of 2022. This relatively mild recession is anticipated to persist for three quarters, concluding after the second quarter of 2023. In 2024, real GDP for Mississippi is projected to increase 0.8 percent, a decrease of 0.3 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 is forecast to increase 1.7 percent in 2022. Compared to the forecast of the previous quarter, this estimate represents an increase of 0.3 percentage points. This revision primarily reflects a temporary surge in inventory investment and net exports in the third quarter. In 2023 the U.S. economy is projected to contract 0.5 percent as recession takes hold. This forecast represents a decrease of 1.8 percentage points from the forecast of the previous quarter. U.S. real GDP is expected to expand 1.3 percent in 2024, a decrease of 0.6 percentage point from the previous quarter's forecast.

The second section of Table 1 indicates payroll employment in Mississippi is expected to increase 1.8 percent in 2022. This rate represents a decrease of 0.3 percentage point compared to the forecast of the previous quarter. Employment in the state is projected to decrease 0.7 percent in 2023, a decrease of 0.8 percentage point from the estimate of the previous quarter. In 2023 URC forecasts total employment in Mississippi will decline by 0.8 percent, which represents a decrease of 0.4 percentage point from the forecast of the previous quarter.

As seen in Figure 1 below, personal income in Mississippi is projected to fall 0.3 percent in 2022. Compared to the forecast of the previous quarter this rate represents a decrease of 0.4 percentage point. Personal income is anticipated to decline despite an expected increase in wages and salaries in the state of 7.9 percent in 2022, as transfer payments are forecast to fall 14.5 percent. In 2023 personal income in the state is projected to increase 3.3 percent, a decrease of 0.7 percentage point from the forecast of the previous quarter. The forecast of the change in personal income in Mississippi in 2024 is an increase of 4.0 percent, a slight increase of 0.1 percentage point from the forecast of the previous quarter.



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

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## MISSISSIPPI ECONOMIC OUTLOOK

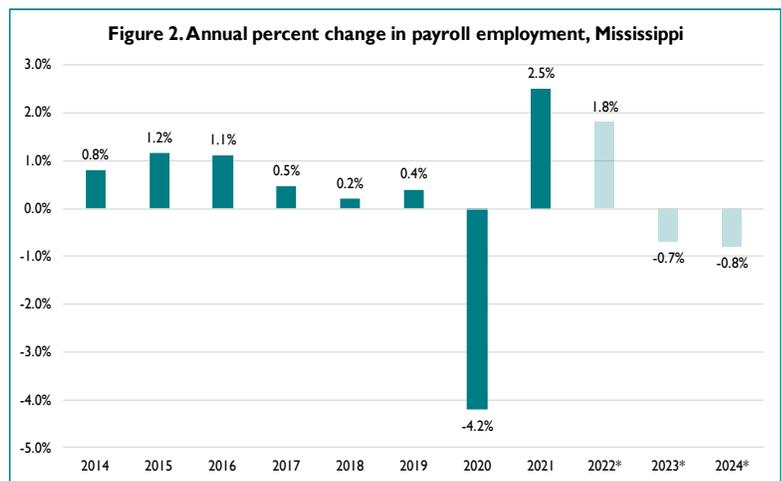
## SHORT-TERM FORECASTS

Output is forecast to contract in a majority of sectors of the Mississippi economy in 2022 as seen in the first section of Table I. The largest percentage decrease among all sectors is the 18.0 percent contraction projected in the Mining and Oil and Gas Extraction sector; however, this sector is relatively small in terms of output. Real GDP in the Construction sector is forecast to contract 4.9 percent in 2022, the next largest decrease. The largest increase in real GDP among all sectors in 2022 is forecast for Information, as output in the sector is expected to expand by 4.9 percent. This sector is also relatively small, however. The Leisure and Hospitality sector is projected to expand in output by 6.1 percent, the next largest increase among all sectors.

Less than half of the sectors in the state are expected to expand in output in 2023. Construction is forecast to contract in output by 3.9 percent in 2023, the largest decrease among all sectors. The next largest decrease is the 2.1 percent contraction projected for the Manufacturing sector. Manufacturing was the largest sector in Mississippi in terms of output in 2021. Real GDP in the Mining and Oil and Gas Extraction sector is forecast to expand 2.7 percent in 2022, the largest increase among all sectors.

Most sectors in the state are projected to expand in output in 2024. The Mining and Oil and Gas Extraction and the Information sectors are both forecast to increase in output by 3.8 percent in 2024, the largest percentage increases among all sectors. Output in the Educational Services sector is forecast to expand 2.4 percent, the next largest increase in real GDP. Real GDP in Construction is expected to contract 1.3 percent in 2024, the largest decrease in output among all sectors. Notably, Construction and Government are the only sectors in Mississippi projected to decrease in output each year from 2022 through 2024. Real GDP in the Nondurable Goods Manufacturing subsector is also forecast to contract in 2022, 2023, and 2024.

URC's forecasts of the annual change in employment in Mississippi for 2022, 2023, and 2024 along with the annual changes since 2014 are depicted in Figure 2. The second section of Table I lists the percentage changes by sector. In 2022 almost all sectors in the state are expected to add jobs. The Construction sector is forecast to increase in employment by 6.3 percent, the largest percentage increase among all sectors. Employment in the Educational Services sector is projected to increase 5.2 percent, the next largest increase. The only sectors in the state forecast to lose jobs in 2022 are Other Services and Govern-



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

ment. Employment in these sectors is projected to decrease 1.4 percent and 0.3 percent, respectively.

Employment in most sectors of the state is projected to decrease in 2023. The Construction sector is forecast to decrease in employment by 3.6 percent in 2023, the most among all sectors in Mississippi. Employment in the Manufacturing sector is expected to fall 2.7 percent, the next largest decrease. Employment in the Health Care and Social Assistance sector is projected to increase 2.3 percent in 2023, the largest increase among all sectors. Mining and Oil and Gas Extraction employment is forecast to increase 1.8 percent, the next largest increase. The only other sectors in the state projected to add jobs in 2023 are Leisure and Hospitality and Government.

In 2024 a smaller number of sectors in Mississippi are forecast to lose jobs, despite the projection for a larger decrease in total employment than in 2023. Employment in the Manufacturing sector is expected to fall 3.4 percent, the largest decrease among all sectors in the state. Wholesale and Retail Trade employment is forecast to decline 2.1 percent, the next largest decrease. Employment in both Construction and Professional and Business Services is projected to fall 2.0 percent, the next largest decreases. Mining and Oil and Gas Extraction employment is forecast to grow 2.3 percent, the largest increase among all sectors. Employment in Health Care and Social Assistance is projected to grow 1.8 percent, the next largest increase among all sectors. The increases in employment forecast for all other sectors in 2024 are less than 1.0 percent. Notably, Mining and Oil and Gas Extraction and Health Care and Social Assistance are the only two sectors forecast to add jobs each year from 2022 through 2024.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2021		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2022	2023	2024	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2
<b>Mississippi Forecast</b>													
Gross State Product (millions of current \$)	127,308	10.6	9.0	4.4	3.3	5.7	5.4	3.8	2.9	3.0	3.3	3.3	3.2
Gross State Product (millions of 2012 \$)	104,353	3.8	0.2	-0.4	0.8	0.5	-0.8	-1.2	-0.3	0.3	0.8	0.8	1.1
Agriculture, Forestry, Fishing, and Hunting	2,816	15.8	4.1	1.9	0.9	-4.7	6.5	-4.1	1.5	1.0	1.4	0.8	0.4
Mining and Oil and Gas Extraction	1,278	-28.0	-18.0	2.7	3.8	10.9	3.0	-1.3	4.2	5.4	4.4	2.9	6.0
Contract Construction	2,814	3.5	-4.9	-3.9	-1.3	1.1	-1.5	-4.7	-3.2	-2.4	-1.2	-1.4	-0.7
Manufacturing	17,460	9.8	1.6	-2.1	0.1	-2.4	-2.0	-2.6	-0.6	-0.9	-0.8	0.7	0.4
Durable Goods	9,705	9.7	4.9	-1.2	0.4	-0.6	-0.8	-2.2	-0.2	-1.4	-1.4	1.3	1.0
Nondurable Goods	7,704	9.8	-2.2	-3.3	-0.4	-4.0	-3.7	-3.2	-1.4	-0.4	-0.5	-0.2	-0.3
Transportation and Utilities	6,593	-3.0	-1.1	1.2	1.6	4.4	-0.3	0.0	0.1	1.7	2.4	1.9	1.6
Wholesale and Retail Trade	14,245	3.4	-3.0	0.0	1.3	0.6	-0.6	-0.2	0.7	0.0	2.3	1.3	1.2
Information	3,025	11.4	10.7	1.6	3.8	4.5	-0.4	0.8	3.0	2.3	2.1	4.5	5.3
Finance, Insurance, and Real Estate	16,187	2.2	-0.8	-0.4	1.5	1.1	-0.2	-1.6	-2.0	1.8	2.0	1.4	1.9
Professional and Business Services	8,345	10.5	3.9	-1.4	-0.5	1.7	-0.9	-0.9	-4.8	-2.1	-3.7	0.9	1.1
Health Care and Social Assistance	8,230	0.0	-0.9	0.9	2.1	0.5	-0.6	2.0	-0.2	2.6	0.9	2.8	2.2
Leisure and Hospitality	4,399	18.1	6.1	-0.1	-0.8	-1.7	-2.9	-1.8	2.1	3.6	-1.9	-2.0	0.3
Educational Services	658	1.5	2.3	2.1	2.4	11.3	1.8	1.0	-1.1	3.5	2.9	3.8	1.8
Other Services	2,065	-1.0	-3.0	-1.5	0.1	-1.4	-3.2	-1.9	-1.1	0.0	0.7	0.1	-0.2
Government	16,554	-0.5	-0.1	-0.9	-0.2	-1.8	-1.4	-1.8	0.0	0.7	0.3	-1.1	-0.2
<b>Payroll Employment (thousands)</b>													
Residents†	1,184.0	3.4	2.5	-1.6	-1.2	1.2	-1.3	-2.4	-3.2	-3.3	-2.4	-1.0	0.2
Payroll†	1,137.0	2.5	1.8	-0.7	-0.8	-0.3	0.7	-0.5	-1.3	-2.3	-1.9	-0.6	0.4
Mining and Oil and Gas Extraction	5.9	-1.7	2.5	1.8	2.3	3.3	-3.4	2.4	3.9	2.0	2.3	3.0	3.3
Contract Construction	44.8	2.1	6.3	-3.6	-2.0	0.8	-0.1	-6.0	-4.2	-5.3	-0.8	-2.0	-1.9
Manufacturing	143.8	3.0	4.5	-2.7	-3.4	-0.5	0.9	-3.5	-4.1	-7.4	-6.7	-1.5	-1.9
Durable Goods	94.7	4.4	4.3	-3.7	-4.1	-2.0	1.4	-4.5	-5.3	-9.0	-8.1	-2.0	-2.0
Nondurable Goods	49.1	0.4	4.7	-0.6	-2.2	1.9	1.1	-1.4	-1.8	-4.6	-3.4	-1.5	-1.3
Transportation and Utilities	65.7	6.1	3.8	-1.2	0.2	1.4	0.1	-1.5	-3.3	-1.5	0.3	1.2	1.1
Wholesale and Retail Trade	170.5	2.2	0.5	-1.2	-2.1	-1.6	0.5	-0.8	1.1	-5.7	-2.1	-1.8	-2.6
Information	9.6	-0.5	1.1	-0.9	0.4	6.1	-4.8	-1.9	0.5	-0.9	-4.0	1.1	3.4
Finance, Insurance, and Real Estate	42.4	0.3	3.2	-1.1	0.5	0.7	-0.1	-3.1	-4.5	-0.3	0.9	0.7	1.9
Professional and Business Services	114.8	6.7	0.8	-2.2	-2.0	0.8	-0.3	-0.5	-6.0	-4.8	-5.5	-2.0	1.1
Health Care and Social Assistance	128.3	-0.2	0.3	2.3	1.8	2.6	3.8	4.1	0.0	0.9	-0.2	2.5	3.8
Leisure and Hospitality	126.2	6.9	4.9	0.8	-0.8	0.2	-1.2	-0.2	5.2	2.5	-1.9	-2.5	-0.2
Educational Services	12.0	8.4	5.2	-0.4	-0.9	6.2	-3.4	-0.4	-3.2	-1.0	-0.5	0.6	-2.1
Other Services	38.9	1.4	-1.4	-0.7	0.5	-1.1	0.0	-1.0	-1.1	-0.1	0.8	0.4	1.1
Government	234.5	-0.4	-0.3	0.3	0.4	-2.5	1.2	0.8	0.6	0.7	0.6	0.6	0.2
Unemployment Rate (%)*, †	5.6	-2.3‡	-1.6	1.5	0.9	-0.2	0.5	0.5	0.6	0.6	0.5	0.2	0.0
<b>Personal Income (millions of current \$)</b>													
Wages and Salaries	55,575	6.3	7.9	2.6	3.2	4.2	3.7	2.1	1.4	1.3	1.9	3.7	4.3
Other Labor Income	13,379	5.7	5.5	2.4	2.9	4.2	3.7	2.5	0.7	1.1	1.8	3.6	3.9
Proprietors' Income	10,153	17.3	3.6	-1.0	1.7	-26.6	6.6	-0.3	-3.0	4.5	3.7	-4.1	3.4
Farm Proprietors	1,371	134.4	52.7	-19.5	4.2	-74.2	-28.8	2.6	-27.4	23.8	-21.8	3.4	27.4
Non-farm Proprietors	8,782	8.8	-4.4	1.9	3.0	2.6	0.5	-0.1	1.7	6.2	6.0	-0.4	2.1
Property Income	19,895	1.8	3.0	4.5	4.5	3.2	3.2	5.0	5.4	5.2	4.2	5.5	4.8
Transfer Payments	42,057	8.5	-14.5	4.9	5.8	1.9	4.2	6.5	5.6	7.3	5.5	8.2	4.2
Less: Social Security Payments	9,660	3.8	7.5	2.2	3.0	4.5	2.5	2.5	0.5	0.5	1.8	4.5	4.2
Plus: Residence Adjustment	3,950	7.1	9.7	3.9	4.0	7.8	4.3	3.3	0.9	3.6	3.6	4.0	5.1
Equals: Total Personal Income	135,347	7.2	-0.3	3.3	4.0	-0.1	5.0	3.9	2.2	4.0	3.6	4.9	4.2
Less: Individual IRS Collections	8,084	18.6	23.8	-2.5	-6.2	2.9	3.5	-9.9	-1.1	-6.9	-4.6	-13.4	-8.7
Less: Individual State and Local Taxes	2,676	10.2	6.5	3.2	4.0	2.0	4.3	3.1	2.4	2.8	2.9	4.7	4.9
Equals: Disposable Personal Income	124,588	6.4	-2.0	4.1	4.7	0.0	5.1	5.3	3.4	5.2	4.3	6.2	4.7
Per Capita Personal Income (thousands of \$)	45.9	7.4	-0.2	3.5	4.2	0.0	5.2	4.0	2.4	4.1	3.7	5.0	4.3
Population (thousands)	2,948	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
<b>U.S. Forecast</b>													
Gross Domestic Product (billions of current \$)	23,315	10.7	9.0	4.0	3.6	7.2	4.5	2.3	2.4	3.9	3.7	3.5	3.6
Gross Domestic Product (billions of 2012 \$)	19,610	5.9	1.7	-0.5	1.3	2.3	-1.2	-2.4	-0.7	1.2	1.2	1.2	1.6
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	118.9	4.5	7.2	4.5	2.3	4.7	5.8	4.7	3.2	2.7	2.4	2.2	1.9
Total Employment, Residents*	152.6	3.2	3.8	-0.8	-0.3	1.3	0.5	-1.0	-2.5	-2.3	-1.8	0.3	1.3
Total Payroll Employment (millions)*	146.1	2.8	4.0	-0.4	-0.5	3.1	1.2	-1.1	-2.7	-2.6	-1.9	-0.1	1.0
Unemployment Rate (%)*, †	5.35	-2.8‡	-1.7	1.4	0.6	3.5	3.7	4.1	4.8	5.5	6.0	6.0	5.8
Personal Income (billions of current \$)	21,295	7.4	2.1	3.7	4.6	5.0	4.9	2.2	2.7	4.2	4.1	5.3	4.7
Per Capita Personal Income (thousands of \$)	64.1	7.2	1.9	3.3	4.1	4.6	4.5	1.8	2.3	3.7	3.6	4.8	4.2
Consumer Price Index (1982-84 = 100)	2.71	4.6	8.1	4.2	2.5	5.4	5.0	4.2	2.3	2.7	2.8	2.6	2.0
Prime Rate (%)†	3.25	-0.3‡	1.6	2.9	-0.5	5.4	6.7	7.4	7.8	7.8	7.8	7.8	7.7

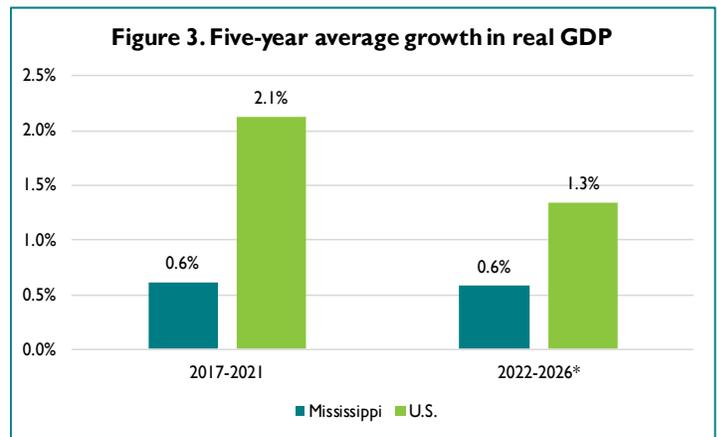
\*Seasonally-adjusted. †Projected rates. ‡Percentage point change. Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, and URC (forecasts).

## MISSISSIPPI ECONOMIC OUTLOOK

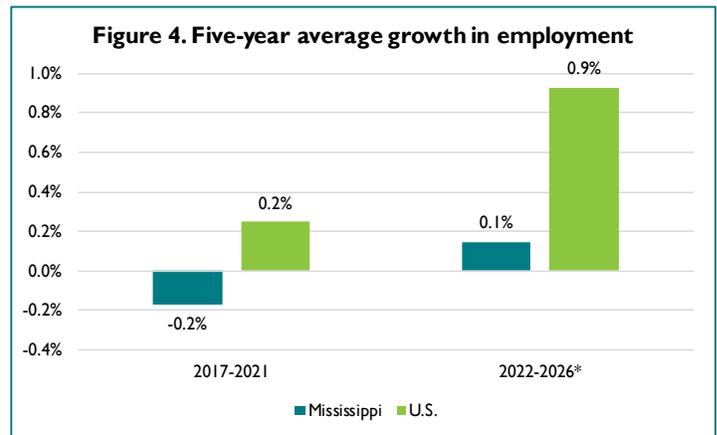
### FIVE-YEAR FORECASTS

Figure 3 indicates the Mississippi economy is forecast to expand by an average of 0.6 percent per year from 2022 through 2026. Compared to the forecast of the previous quarter this estimate represents a decrease of 0.5 percentage point per year. U.S. real GDP is projected to increase by 1.3 percent per year over the next five years. Compared to the forecast of the previous quarter this rate of growth represents a decrease of 0.6 percentage point per year. The average annual increase in U.S. real GDP forecast from 2022 through 2026 represents a decrease of 0.8 percentage point per year compared to the previous five years, while the forecast for Mississippi real GDP is unchanged from the previous five years.

Annual payroll employment in Mississippi is expected to grow 0.1 percent per year from 2022 to 2026 as seen in Figure 4. This projection represents a decrease of 0.3 percentage point per year compared to the forecast of the previous quarter. Nevertheless, the forecast for employment growth in Mississippi from 2022 to 2026 represents an increase of 0.3 percentage point per year compared to the previous five years. Over the next five years U.S. payroll employment is expected to increase by an average of 0.9 percent per year. Compared to the forecast of the previous quarter this estimate represents a decrease of 0.3 percentage point per year. From 2022 to 2026 U.S. employment is expected to increase 0.7 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

For its latest pessimistic alternative scenario the firm IHS Markit estimates a probability of 30 percent. Notably, the probability of the baseline scenario is 55 percent, up 5 percentage points from the previous quarter. Relative to the baseline forecast the pessimistic scenario represents weaker consumer spending and real GDP growth. Under this scenario the Russia-Ukraine conflict lasts longer, which results in higher prices for energy, commodities, and grains. Higher commodity prices in turn lead to slower global growth and supply chain disruptions likely take longer to resolve. Under this scenario U.S. real GDP contracts 1.5 percent in 2023, a full percentage point more than in the baseline forecast. Compared to the baseline forecast U.S. real GDP increases by 0.3 percentage point less per year over the next five years under this scenario. Real GDP for Mississippi expands by an average of approximately 0.6 percent per year from 2022 through 2026 under this scenario, essentially the same as under the baseline forecast.

The probability of the latest optimistic scenario from IHS Markit is estimated at 15 percent, an increase of 10 percentage points from the previous quarter. Consumer spending and productivity are stronger under this scenario than in the baseline forecast. This scenario assumes that the Infrastructure Investment and Jobs Act stimulates more economic activity by businesses and consumers than under the baseline forecast. In addition, the optimistic scenario assumes a resolution to the Russia-Ukraine conflict is achieved more quickly, which leads to lower energy prices. Under this scenario U.S. real GDP expands at an average annual rate that is 0.2 percentage points more per year from 2022 to 2026 than in the baseline forecast. Under the optimistic scenario real GDP for Mississippi expands at an average annual rate over the next five years that is essentially the same as in the baseline forecast.