Overview and Outlook for Mississippi’s Economy

Corey Miller
Economic Analyst
University Research Center
Mississippi Institutions of Higher Learning

October 10, 2018
Introduction

• Mississippi’s economy should maintain its relatively slow but steady growth in 2018, similar to recent years

• Stronger U.S. economy has lifted Mississippi economy to some degree

• Employment in Mississippi grew relatively slowly post-recession, but picked up in 2015 and in late 2017

• Revenues expected to make or exceed current estimate for FY2019
FY2019 Revenues

• At this point no reason to expect cuts to budgets due to low revenues
• Obviously early in FY2019, but trends look favorable for revenues so far
  • Low revenues not expected to impact transfers
• Performance of state and national economies can affect revenues
FY2019 Revenues

• Revenues up first three months of FY2019
  • Current estimate represents relatively low threshold
  • Economy better now than when estimate completed
    • Revenue Estimating Group meets next week

• Specifically, sales taxes and income taxes have performed well
  • Inflation up in 2018, which helps in meeting estimates
    • Sales tax revenues in particular benefit from inflation
Change in Annual U.S. Real GDP
Change in Annual Mississippi Real GDP

1998: -2.6%
1999: 2.8%
2000: 0.4%
2001: 0.9%
2002: 2.0%
2003: 4.1%
2004: 1.6%
2005: 2.2%
2006: 2.5%
2007: 4.1%
2008: 4.1%
2009: -4.1%
2010: 0.5%
2011: 2.2%
2012: 0.6%
2013: 0.1%
2014: -1.0%
2015: 2.0%
2016: 0.3%
2017: -5%
Change in Annual Real GDP for Southeastern States
Change in Annual Real GDP for Southeastern States
Annual Change in Personal Income

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Mississippi</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>3.6%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2004</td>
<td>5.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>2005</td>
<td>5.7%</td>
<td>5.6%</td>
</tr>
<tr>
<td>2006</td>
<td>6.7%</td>
<td>6.2%</td>
</tr>
<tr>
<td>2007</td>
<td>7.3%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2008</td>
<td>6.2%</td>
<td>3.6%</td>
</tr>
<tr>
<td>2009</td>
<td>-1.6%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>4.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>2011</td>
<td>5.1%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2012</td>
<td>5.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2013</td>
<td>2.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2014</td>
<td>1.9%</td>
<td>2.6%</td>
</tr>
<tr>
<td>2015</td>
<td>2.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>2016</td>
<td>4.4%</td>
<td>4.9%</td>
</tr>
<tr>
<td>2017</td>
<td>4.4%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>
Annual Change in Personal Income for Southeastern States
Year-over-year Monthly Percent Change in Employment

|      | Aug-05 | Dec-05 | Apr-06 | Dec-06 | Apr-07 | Dec-07 | Apr-08 | Dec-08 | Apr-09 | Dec-09 | Apr-10 | Dec-10 | Apr-11 | Dec-11 | Apr-12 | Dec-12 | Apr-13 | Dec-13 | Apr-14 | Dec-14 | Apr-15 | Dec-15 | Apr-16 | Dec-16 | Apr-17 | Dec-17 | Apr-18 | Dec-18 |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| US   | -6%    | -5%    | -4%    | -3%    | -2%    | -1%    | 0%     | 1%     | 2%     | 3%     | 4%     | 5%     | 6%     | 7%     | 8%     | 9%     | 10%    | 11%    | 12%    | 13%    | 14%    | 15%    | 16%    | 17%    | 18%    | 19%    |
| MS   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |

UNIVERSITY RESEARCH CENTER
Annual Change in Employment for Southeastern States

The chart illustrates the annual change in employment for various Southeastern states from 2014 to 2017. Each bar represents the percentage change in employment for that year, with positive values indicating an increase and negative values indicating a decrease.
Change in Mississippi employment by sector, 2007-2017

- Education & Health Services: 18,042
- Professional & Business Services: 15,083
- Accommodation and Food Services: 11,317
- Trade, Transportation, & Utilities: 4,583
- Other Services: -508
- Government: -1,392
- Information: -1,817
- Financial Activities: -2,183
- Mining and Logging: -2,583
- Construction: -15,383
- Manufacturing: -25,492

Y-axis: -30,000 to 25,000
X-axis: -30,000 to 25,000
Change in employment by county, 2017

Employment increased in 46 counties
Employment decreased in 36 counties
University of Michigan Index of Consumer Expectations (three-month moving average)
NFIB Small Business Optimism Index
Annual Change in Mississippi Sales Tax Transfers to the General Fund

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.7%</td>
<td>4.2%</td>
<td>6.1%</td>
<td>17.2%</td>
<td>10.0%</td>
<td>-1.3%</td>
<td>0.5%</td>
<td>3.6%</td>
<td>3.0%</td>
<td>2.3%</td>
<td>1.4%</td>
<td>-4.1%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Annual Change in Mississippi Income Tax Withholdings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>9.7%</td>
<td>8.5%</td>
<td>5.5%</td>
<td>1.8%</td>
<td>0.9%</td>
<td>4.3%</td>
<td>4.9%</td>
<td>6.5%</td>
<td>8.6%</td>
<td>8.7%</td>
<td>3.0%</td>
<td>1.4%</td>
<td>2.6%</td>
<td>2.7%</td>
<td>5.2%</td>
<td>4.3%</td>
<td>1.9%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Bar chart showing the annual change in Mississippi income tax withholdings from 1998 to 2017.
Mississippi Manufacturing Employment and Average Weekly Hours

[Graph showing employment and average weekly hours over time]
Annual Mississippi Gaming Revenues, Real

Millions of 2004 dollars

Coast: $1,601,349,671
Mississippi Building Permits, Number of Units (three-month moving average)
Change in Annual U.S. Real GDP, Including IHS Markit Projections

-4% -3% -2% -1% 0% 1% 2% 3% 4% 5% 6%


-0.1% 2.8% 2.7% 3.8% 4.4% 4.3% 3.9% 0.9% 1.8% 2.6% 3.5% 3.2% 2.7% 1.5% 1.5% -0.5% -2.7% 1.4% 2.0% 2.4% 2.7% 2.1% 2.9% 2.7% 2.0%
Change in Annual Mississippi Real GDP, Including URC Projections
Change in Annual U.S. Nonfarm Employment, Including IHS Markit Projections
Change in Annual Mississippi Nonfarm Employment, Including URC Projections
Some perspective

• U.S. economy last grew at an annual rate of 3.0% or more in 2005

• Three consecutive years of growth in real GDP from 2015-2017 first since 2006-2008
  • Mississippi real GDP in 2017 smaller than in 2008

• Employment in Mississippi grew 0.5% in 2017
  • 1.2% in 2015 and 1.1% in 2016—first years of more than 1.0% growth since 1999
Percent change in population, 2010-2017

- Less than 0.0%
- 0.0% up to 10.0%
- 5.0% up to 10.0%
- 10.0% and greater

U.S. 5.3%

Less than 0.0%
0.0% up to 5.0%
5.0% up to 10.0%
10.0% and greater
Percent change in Millennial population (born 1981-1996), 2010-2017
Key Points

• Mississippi’s economy is growing, but at a slower rate than Southeast or U.S.
• Recovery generally stronger in urban areas of U.S. than rural areas
• Stronger national economy has helped state growth
• Swings in energy sector impact state economies, including Mississippi
Questions?

- University Research Center, Mississippi Institutions of Higher Learning
- Corey Miller, Economic Analyst
  - cmiller@mississippi.edu
  - (601)432-6353

- To subscribe to our publications, e-mail Janna Taylor at jtaylor@mississippi.edu
- Visit our website for state- and county-level economic data: www.mississippi.edu/urc
- Follow us on Twitter @MississippiURC