MISSISSIPPI ECONOMIC OUTLOOK 2011-2016

- NATIONAL TRENDS
- MISSISSIPPI TRENDS
  - EMPLOYMENT
  - HOUSING
  - SALES, REVENUES

......
National Economy: Not Out of the Woods

- Private sector jobs growing, if slowly
- Consumer spending, investment positive
- Net exports improving; inflation low
- Government spending falling
- EU woes slowing world economy
- Unemployment high, housing weak
- Toxic financial assets still on books
Mississippi Economy: Private Services Leading the Way

- Jobs, taxes ahead of 2010
- Major projects on-line
- Private service jobs leading way

- Rough patch slowing consumers, business
- Manufacturing lagging nation
- Stimulus funds gone
- Long-term challenges on hold
Recovery Has Far to Go

Employment is indexed to month of peak employment level.
Mississippi Parallels US Employment Index
2007 - 2012

Employment as % of 2007:Q1 Employment Level

MS Regains 2000 Employment In 2016

Employment as a Percentage of 2000 Employment Levels, U.S. & Mississippi

Mississippi Employment Growth Year-to-Date (August) vs. 2010

PERCENTAGE CHANGE IN EMPLOYMENT

- Business, Prof: 7.7%
- Health, Social: 2.8%
- Transport, Util: 2.6%
- Mining: 2.3%
- Leisure, Hosp: 1.7%
- Construction: 1.0%
- Trade: 0.5%
- Finance: -0.7%
- Govt: -2.1%
- Manuf: -2.3%
- TOTAL: 0.6%

Source: MS Dept of Employment Security. Private services employment up 2.2%.
Mississippi Employment Growth
August 2011 vs August 2010

PERCENTAGE CHANGE IN EMPLOYMENT

Business, Prof | 6
Health, Social | 3.9
Transport, Util | 2.8
Mining | 2.3
Leisure, Hosp | 0.2
Construction | -1
Trade | -0.4
Finance | 0.9
Govt | -0.1
Manuf | -3.5
TOTAL | 0.6

Construction Employment, Coast and Rest of Mississippi, 2005-11

August 2005 = 100

- Total
- Coast
- Rest of State
Mississippi Sectors vs. US (Percent)

**Unemployment Rates, Mississippi Urban Areas**

**UNEMPLOYMENT RATES, STATE AND MSAs, July 2010 & July 2011**

*(July 2011: U.S. 9.3%, MS 11.1% nsa)*

- **Mississippi**: 11.1% (Jul-10), 11.1% (Jul-11)
- **Gulfport-Biloxi**: 9.2% (Jul-10), 9.7% (Jul-11)
- **Hattiesburg**: 9.7% (Jul-10), 10.2% (Jul-11)
- **Jackson**: 9.0% (Jul-10), 8.7% (Jul-11)
- **Pascagoula**: 9.3% (Jul-10), 11.2% (Jul-11)

Payroll Employment Growth by City
August 2011 vs August 2010

0.6% MISSISSIPPI EMPLOYMENT GROWTH

Gulfport-Biloxi: 0.9%
Hattiesburg: 1.4%
Jackson: 0.6%
Pascagoula: -3.4%

Source: Data from MS Dept of Employment Security.
MS and US Housing Markets since 2007

% Change 2007:Q1 – 2011:Q1

<table>
<thead>
<tr>
<th>Sales Existing Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS</td>
</tr>
<tr>
<td>-13%</td>
</tr>
<tr>
<td>-33%</td>
</tr>
<tr>
<td>-65%</td>
</tr>
</tbody>
</table>

Value of Housing Building Permits
Mississippi, August 2009 - July 2011

Value of Residential Building Permits

Foreclosures and Past Due Payments
Mississippi Housing Market

Source: Mortgage Bankers Association. MS ranked 25 in foreclosures, Q2, 2011
Earnings appear to have reached the bottom. However, earnings are still well below historic levels. Nationwide banks are now outperforming the state.

Source: Brandon Roberts, Ph.D. Premier Insights, FDIC.

All commercial banks
Banks within MS appear to be working through credit issues that banks nationwide already have. The percentage of non-performing assets in the state is now above national levels.

Source: Brandon Roberts, Ph.D. Premier Insights, FDIC.
Loan volume has been falling and deposit volume increasing since 2008. The decline is due more to lack of demand than to tightening standards.

Source: Brandon Roberts, Ph.D. Premier Insights, FDIC.

All commercial banks
Transfers to General Fund
September 2009 to August 2011

Source: Mississippi Department of Revenue.
Growth in State General Fund Transfers FY2011

Percentage Change

<table>
<thead>
<tr>
<th>Tax Category</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>0.5</td>
</tr>
<tr>
<td>Indiv Income Tax</td>
<td>3.2</td>
</tr>
<tr>
<td>Corpor Income Tax</td>
<td>11.2</td>
</tr>
<tr>
<td>Use Tax</td>
<td>3.7</td>
</tr>
<tr>
<td>Insur Premium Tax</td>
<td>14.9</td>
</tr>
<tr>
<td>Gaming Fees&amp;Taxes</td>
<td>-5.3</td>
</tr>
<tr>
<td>TOTAL G.F. Revenue</td>
<td>3</td>
</tr>
</tbody>
</table>

SOURCE: MS Dept of Revenue, Sept 2011.
Growth in State General Fund Transfers
FY2012 vs. FY2011 (July and August)

REVENUE DEPARTMENT TRANSFERS TO GENERAL FUND, FISCAL YEAR-TO-DATE

- Sales Tax: -1.4%
- Indiv Income Tax: 6.6%
- Corpor Income Tax: 9.7%
- Use Tax: 9.3%
- Insur Premium Tax: 7.4%
- Gaming Fees&Taxes: -5.9%
- TOTAL G.F. Revenue: 2.9%

Percentage Change

SOURCE: MS Dept of Revenue., Sept 2011
Mississippi Index of Leading Indicators

Bar Graph: Index

Line Graph: % Change Over Year Ago

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Auto Plant</td>
<td>$1.3 billion</td>
</tr>
<tr>
<td>LNG Project</td>
<td>$1.1 billion</td>
</tr>
<tr>
<td>HCL CleanTech</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Calisolar</td>
<td>$600 million</td>
</tr>
<tr>
<td>Port at Gulfport</td>
<td>$570 million</td>
</tr>
<tr>
<td>Severstal Expansion</td>
<td>$550 million</td>
</tr>
<tr>
<td>Stion</td>
<td>$500 million</td>
</tr>
<tr>
<td>KiOR</td>
<td>$500 million</td>
</tr>
<tr>
<td>Schulz Extruded Products</td>
<td>$300 million</td>
</tr>
</tbody>
</table>

Source: Mississippi Authority Development, Sept 2011.
Economic Growth Rates 2011 (Percent Change)

Growth Rates, Mississippi and US, 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Mississippi</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>0.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Employment</td>
<td>0.5%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Personal Income</td>
<td>3.8%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Inflation</td>
<td>3.2%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Source: MS Center for Policy Research & Planning, Global Insight.
## Economic Forecast 2012
(Percent Change)

### GROWTH RATES, MISSISSIPPI AND U.S. 2012

<table>
<thead>
<tr>
<th></th>
<th>Output</th>
<th>Employment</th>
<th>Personal Income</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MS</strong></td>
<td>1.7%</td>
<td>1.1%</td>
<td>3.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>US</strong></td>
<td>1.8%</td>
<td>1.0%</td>
<td>3.6%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Source: MS Center for Policy Research & Planning, Global Insight.
Projected and Past Employment Growth
MS and US

Average Annual % Growth of Employment

Source: MS Center for Policy Research & Planning, Global Insight.
Projected and Past Output Growth
MS and US

Average Annual % Growth of GDP

Source: MS Center for Policy Research & Planning, Global Insight.
Forecast Growth Rate of Employment
2011 – 2016 Average Annual Rate

- Business, Other Services: 2.9%
- Health & Social Assistance: 2.4%
- Construction: 2.4%
- Transport & Utilities: 1.8%
- Trade: 1.2%
- Agric, Forest, Fish: 1.1%
- Manufacturing: 1.0%
- Leisure, Hospitality: 0.5%
- Government: 0.3%
- Finance, Real Estate: 0.3%
- Mining: -1.0%
- TOTAL: 1.3%

Source: MS Center for Policy Research and Planning.
State Rankings

- Percent of Population with College Degree: 19% (US 28%) 48
- Per capita income (2010) $31,186 50
- Federal $ per capita $10,481 7
- Patents per capita (2010) 50
- Gasoline used per capita (2007) 2
- $ damage hazardous weather (2010) 5

State Rankings

- Fastest-growing firms: 36
- Export focus of manufacturing & services: 32
- Business tax climate: 19
- Coincident indicators July (tied): 20
- Increase in personal income Q1: 7
- Acres in farms: 27

IN SUMMARY

- Mississippi Economic Outlook: Slow Growth
  - Employment back to 2000 level by 2016
  - US, world growth have hit rough patch
  - Major projects on-line in state

- Long-term policy challenges remain
  - Ability to innovate, compete
  - Education, research critical
  - State budget, health, social issues
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MISSISSIPPI’S BUSINESS at
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