

MISSISSIPPI ECONOMIC OUTLOOK

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NEAR TERM FORECASTS IMPROVE AS SLOWDOWN TAKES LONGER TO DEVELOP

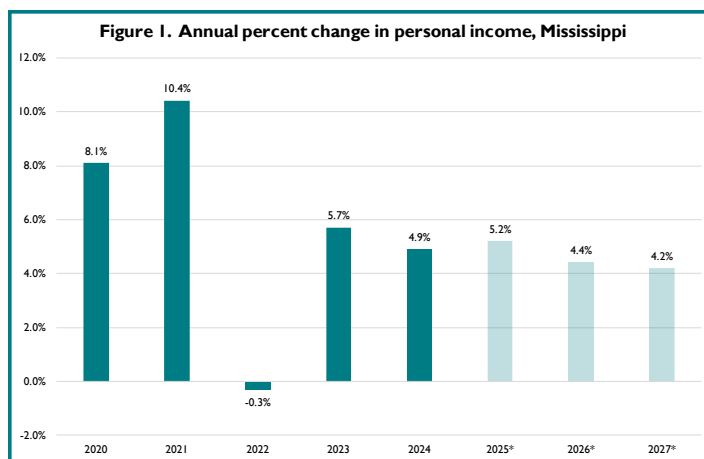
The latest forecast by URC projects real gross domestic product (GDP) for Mississippi will increase 1.5 percent in 2025. This estimate represents an increase of 0.3 percentage point from the forecast of the previous quarter. Most of this upward revision was the result of pulling growth forward; in 2026 URC forecasts Mississippi's economy will expand 1.1 percent. This estimate represents a decrease of 0.4 percentage point from the forecast of the previous quarter. Similarly, real GDP for Mississippi is expected to expand 1.1 percent in 2027, which reflects a downward revision of 0.2 percentage point from the forecast of the previous quarter.

The firm S&P Global Market Intelligence anticipates U.S. real GDP will expand 2.0 percent in 2025 as seen in the fourth section of Table 1 on page 3. This estimate is 0.6 percentage point higher compared to the forecast of the previous quarter. Like the forecast for Mississippi, some growth in the forecast is pulled forward into 2025. S&P Global projects inventory investment will adjust to its expected level, but that now this adjustment occurs over a longer period. S&P Global expects the U.S. economy will grow 2.2 percent in 2026, which represents an increase of 0.2 percentage point compared to the forecast of the previous quarter. In 2027, U.S. real GDP is projected to expand 1.8 percent, a forecast that is 0.1 percentage point higher than in the previous quarter.

Payroll employment in Mississippi is projected to increase 1.0 percent in 2025 in URC's latest forecast as seen in the second section of Table 1. This estimate represents an increase of 0.2 percentage point from the forecast of the previous quarter. URC expects employment in Mississippi will increase 0.2 percent in 2026. This estimate represents an increase of 0.1 percentage point compared to the forecast of the previous quarter. In 2027, URC forecasts employment in the state will increase 0.1 percent, a projection that is down 0.1 percentage point from the forecast of the previous quarter.

Figure 1 below depicts the actual and projected annual changes in personal income in Mississippi from 2020 through 2027. In the latest forecast URC estimates personal income in the state will increase 5.2 percent in 2025, a rate that is 0.2 percentage point higher than in the forecast of the previous quarter. Estimates for wages and salaries, supplements to wages and salaries, and dividend, interest, and rent income are all higher compared to the previous quarter, which contributed to the upward revision in personal income. In 2026 URC projects personal income in Mississippi will grow 4.4 percent, an increase of 0.1 percentage point from the forecast of the previous quarter. URC forecasts personal income in Mississippi will increase 4.2 percent in 2027, an estimate that represents a decrease of 0.3 percentage point from the forecast of the previous quarter. Slower growth in wages and salaries, proprietors' income, and dividend, interest, and rent income all contributed to this downward revision.

In addition, inflation is projected to increase 2.9 percent in 2026, which represents an increase of 0.5 percentage point from the forecast of the previous quarter as the impact of higher tariffs on prices is expected to take longer to realize.



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

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SHORT-TERM FORECASTS

A majority of the sectors of the Mississippi economy are expected to expand in output in 2025 according to URC's latest forecast. As seen in the first section of Table 1, the Construction sector is forecast to expand in output by 5.3 percent in 2025, the largest percentage increase among all sectors. Real GDP for the Information sector is forecast to expand 4.6 percent for the year, the next largest increase. Output in the Mining, Quarrying, and Oil and Gas Extraction sector is forecast to decrease 3.9 percent in 2025, the largest contraction in real GDP among all sectors in the state. The Leisure and Hospitality and Other Services sectors are both forecast to contract in output by 2.0 percent, the next largest decreases among all sectors.

Only three sectors of the Mississippi economy are forecast to contract in output in 2026. The largest increase in real GDP among all sectors is forecast for the Information sector, which is expected to expand in output by 4.3 percent. Output in the Mining, Quarrying, and Oil and Gas Extraction sector is forecast to increase 4.0 percent, the next largest increase in real GDP among all sectors. Real GDP for the Agriculture, Forestry, Fishing, and Hunting sector is projected to contract 3.5 percent in 2026, the largest decrease among all sectors. The Leisure and Hospitality and Other Services sectors are forecast to contract in output by 1.1 percent and 0.6 percent, respectively, the only other decreases.

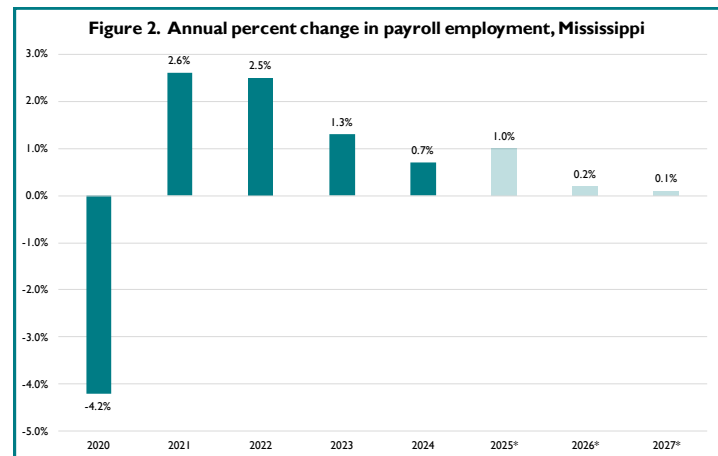
As in 2026, only three sectors of the Mississippi economy are expected to contract in output in 2027. Real GDP for the Information sector is projected to expand 4.0 percent, once again the largest increase among all sectors. The Health Care and Social Assistance sector is expected to expand in output by 2.9 percent, the next largest increase. Output in the Leisure and Hospitality sector is projected to contract 1.9 percent in 2027, the largest decrease among all sectors. Notably, Leisure and Hospitality is the only sector where

real GDP is forecast to contract each year from 2025 through 2027.

Figure 2 depicts the annual changes in payroll employment in Mississippi from 2020 through 2024 along with URC's forecasts for 2025, 2026, and 2027. All but

three sectors in the state are projected to add jobs in 2025. Employment in the Private Educational Services sector is projected to increase 5.7 percent in 2025, the largest increase among all sectors and a gain of 790 jobs. The Health Care and Social Assistance sector is projected to increase in employment by 4.1 percent in 2025, the next largest increase among all sectors and a gain of 5,900 jobs. The largest decrease in employment is forecast for the Mining and Logging sector, which is expected to fall 3.2 percent. This decrease represents a loss of 190 jobs.

In 2026 the Health Care and Social Assistance sector is projected to add 5,200 jobs, a 3.5 percent increase that is the largest among all sectors. Employment in the Information sector is projected to grow 1.5 percent, the next largest increase and a gain of 150 jobs. The Financial Activities sector is forecast to increase in employment by 1.1 percent, the next largest increase and an addition of 510 jobs. The largest percentage decrease in employment among all sectors in the state in 2026 is forecast for the Private Educational Services sector, which is expected to fall 2.4 percent. This projected decrease represents a loss of 350 jobs. The next largest decrease in employment among all sectors is forecast for Manufacturing and Government. Employment in both sectors is projected to fall 0.9 percent,



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

which represents losses of 1,300 jobs and 2,100 jobs, respectively. Mining and Logging is the only other sector projected to lose jobs in 2026. The expected decrease in employment in the sector is 0.7 percent, which represents a loss of 40 jobs.

More sectors in the state are projected to lose jobs in 2027. The largest increase in employment among all sectors is projected in the Health Care and Social Assistance and Mining and Logging sectors. Employment in these sectors is expected to grow 1.5 percent, which represents gains of 2,200 jobs and 80 jobs, respectively. Employment in the Financial Activities sector is expected to grow 0.9 percent in 2027, the next largest increase among all sectors and a gain of 420 jobs. The largest decrease in employment among all sectors in the state is forecast for Private Educational Services. The projected decrease of 1.9 percent represents a loss of 280 jobs. Employment in the Information sector is projected to fall 1.4 percent, the next largest decrease among all sectors in the state. This sector is forecast to lose 140 jobs for the year. Notably, the Manufacturing sector in Mississippi is projected to lose jobs each year from 2025 to 2027. The total expected number of Manufacturing jobs lost over the period is 3,700, which limits overall employment growth in the state.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2024 Percent		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Change	2025	2026	2027	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2
Mississippi Forecast													
Gross State Product (millions of current \$)	158,192	4.4	4.2	4.4	3.7	6.3	5.1	4.6	3.7	3.5	3.9	3.3	3.9
Gross State Product (millions of 2017 \$)	123,419	3.3	1.5	1.1	1.1	2.7	1.1	0.8	1.1	0.9	1.1	1.1	1.2
Agriculture, Forestry, Fishing, and Hunting	3,017	25.6	4.2	-3.5	-0.2	42.7	-13.0	6.0	-2.5	0.8	-0.9	0.2	-0.2
Mining, Quarrying, and Oil and Gas Extraction	752	-13.3	-3.9	4.0	2.8	5.8	3.2	2.5	0.8	4.0	3.8	2.3	1.9
Construction	3,873	6.9	5.3	1.0	0.9	0.1	1.4	1.3	1.5	0.6	0.9	0.9	0.9
Manufacturing	19,846	8.7	1.0	0.9	0.3	-2.3	1.6	0.7	0.4	0.3	0.2	0.3	0.4
Durable Goods	9,687	-1.2	-0.6	0.5	0.1	0.4	0.4	0.1	0.0	-0.1	-0.1	0.2	0.3
Nondurable Goods	9,948	19.4	3.7	2.4	0.5	3.3	2.7	1.2	0.8	0.7	0.6	0.5	0.4
Transportation and Utilities	7,724	-0.2	-1.5	0.8	0.7	3.0	3.1	0.9	0.1	0.5	0.7	0.7	0.7
Wholesale and Retail Trade	16,360	6.2	-0.2	0.2	1.4	-0.9	-0.7	0.8	0.8	1.4	1.3	1.5	1.4
Information	2,763	-3.2	4.6	4.3	4.0	2.4	4.7	4.1	3.7	3.5	4.0	4.5	4.2
Finance, Insurance, Real Estate, Rental, and Leasing	21,286	1.5	3.1	2.6	2.6	3.9	2.1	1.9	2.3	2.4	2.5	2.6	2.8
Professional and Business Services	10,286	1.4	3.5	1.3	1.5	0.2	1.8	0.7	1.5	1.1	1.3	1.7	1.7
Health Care and Social Assistance	10,030	2.9	3.1	3.1	2.9	0.8	8.6	-0.6	5.3	1.7	3.5	2.5	2.7
Leisure and Hospitality	5,164	-1.9	-2.0	-1.1	-1.9	6.4	-5.1	-0.9	-2.4	-1.6	-1.9	-1.8	-1.9
Educational Services	813	3.5	3.2	2.4	2.6	2.7	2.1	3.6	3.0	2.8	2.6	2.6	2.1
Other Services	2,381	-2.5	-2.0	0.0	0.1	0.0	0.3	0.0	0.0	0.0	0.1	0.1	0.0
Government	19,360	0.7	0.3	-0.6	-0.4	-0.4	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Payroll Employment (thousands)													
Residents	1,231.2	1.8	0.8	-0.5	-0.1	-0.3	-0.9	-0.8	-0.5	-0.3	-0.2	-0.1	0.0
Payroll	1,189.2	0.7	1.0	0.2	0.1	0.9	-0.5	0.3	0.5	0.0	0.0	0.2	0.1
Mining and Logging	5.9	-3.3	-3.2	-0.7	1.5	-3.8	-0.8	-1.1	0.7	2.5	1.8	0.5	1.5
Construction	50.5	4.1	2.5	0.0	0.7	-0.5	-0.4	0.6	0.5	0.3	0.5	0.7	0.8
Manufacturing	141.7	-1.6	-0.9	-0.9	-0.8	-0.5	-1.3	-0.5	0.6	-3.2	-1.6	-0.4	-0.5
Durable Goods	90.9	-2.4	-1.8	-1.6	-1.0	-1.2	-1.8	-1.6	1.1	-4.5	-1.8	-0.4	-0.6
Nondurable Goods	50.8	-0.4	0.7	0.2	-0.6	0.7	-0.3	1.5	-0.4	-1.0	-1.3	-0.2	-0.3
Transportation, Warehousing, and Utilities	72.5	-0.5	-0.9	0.9	0.5	1.1	1.4	1.1	0.8	1.3	1.3	0.2	0.1
Wholesale and Retail Trade	175.6	0.1	0.1	0.3	0.7	0.1	0.2	-0.1	0.1	1.3	0.6	0.8	0.8
Information	9.5	-4.0	0.3	1.5	-1.4	-0.7	1.4	2.2	3.0	0.8	-0.3	-1.1	-3.9
Financial Activities	45.2	-0.2	0.1	1.1	0.9	0.9	0.6	1.2	1.0	1.9	1.1	0.9	0.7
Professional and Business Services	117.7	-0.7	1.8	0.4	0.2	1.0	0.1	0.0	0.1	0.0	0.1	0.3	0.4
Health Care and Social Assistance	142.0	3.3	4.1	3.5	1.5	4.0	3.9	3.4	4.0	1.6	1.4	1.3	1.2
Leisure and Hospitality	135.6	0.7	1.4	-0.9	-1.3	4.0	-2.4	-1.1	-1.5	-1.2	-1.2	-1.2	-1.3
Private Educational Services	13.9	4.5	5.7	-2.4	-1.9	-2.4	-2.3	-2.2	-2.1	-2.1	-2.0	-1.9	-1.8
Other Services	39.6	0.0	1.1	0.5	0.1	0.7	0.2	0.3	0.1	0.1	0.1	0.1	0.1
Government	239.7	1.4	0.5	-0.9	-0.2	-0.8	-3.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Unemployment Rate (%)*	3.2	0.1†	0.9	0.6	0.2	0.0	0.3	0.2	0.1	0.1	0.1	0.0	0.0
Personal Income (millions of current \$)													
Wages and Salaries	65,364	4.5	5.2	3.6	3.4	3.5	3.7	3.4	3.1	3.3	3.5	4.2	3.1
Supplements to Wages and Salaries	15,794	3.9	5.2	3.1	2.7	3.7	3.1	2.8	2.5	2.6	2.8	3.2	2.6
Proprietors' Income	10,571	7.0	0.0	5.0	5.5	6.9	5.5	5.1	5.5	5.6	5.7	5.8	5.2
Farm Proprietors'	1,394	19.4	-50.0	-8.0	-0.4	41.3	-13.7	0.4	-0.6	-0.2	-0.2	-0.2	-0.6
Non-farm Proprietors'	9,178	5.4	5.6	5.6	5.7	5.4	6.5	5.3	5.8	5.9	6.0	6.1	5.5
Dividends, Interest, and Rent	26,314	4.6	4.6	3.3	3.9	3.5	2.7	3.8	3.5	3.8	3.8	4.2	3.8
Personal Current Transfer Receipts	42,176	5.7	6.2	6.1	5.6	2.5	5.8	7.1	6.6	6.0	6.2	5.6	4.9
Less: Contributions for Government Social Insurance	11,523	5.0	3.9	3.3	3.3	2.9	3.1	4.2	2.5	2.7	2.9	5.3	2.5
Plus: Adjustment for Residence	4,630	3.3	7.2	5.1	4.9	5.5	5.4	4.9	4.5	4.9	5.2	6.4	4.3
Equals: Total Personal Income	153,256	4.9	5.2	4.4	4.2	3.6	4.3	4.5	4.3	4.3	4.5	4.6	3.9
Less: Personal Current Taxes to Federal Government	9,784	5.4	5.2	3.0	2.7	3.8	4.2	0.6	3.2	3.6	3.9	0.9	3.2
Less: Personal Current Taxes to State and Local Governments	2,509	6.7	5.1	5.2	4.7	4.3	4.4	5.7	4.1	4.2	4.3	6.3	4.1
Equals: Disposable Personal Income	140,770	4.9	5.2	4.5	4.3	3.5	4.3	4.7	4.4	4.4	4.6	4.8	3.9
Per Capita Personal Income (thousands of \$)	52.07	4.9	4.9	4.1	4.0	3.2	4.0	4.2	4.0	4.1	4.3	4.4	3.7
Population (thousands)	2,943	0.0	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	29,298	5.3	4.8	5.2	4.2	6.2	5.0	5.5	4.8	4.8	4.6	3.7	4.1
Gross Domestic Product (billions of 2017 \$)	23,358	2.8	2.0	2.2	1.8	2.8	1.3	2.0	2.4	2.4	2.0	1.7	1.6
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	125.4	2.5	2.8	2.9	2.3	3.2	3.6	3.4	2.3	2.3	2.5	1.9	2.5
Total Employment, Residents (millions)*	161.3	0.2	1.3	0.2	0.3	-0.4	0.6	-0.1	0.3	0.4	0.3	0.4	0.3
Total Payroll Employment (millions)*	158.0	1.3	0.9	0.6	0.5	0.3	0.1	0.7	0.8	0.8	0.6	0.5	0.4
Unemployment Rate (%)*	4.0	0.4†	0.2	0.3	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Personal Income (billions of current \$)	24,906	5.6	5.0	5.4	5.5	3.4	4.0	6.9	6.0	5.1	5.7	6.1	5.2
Per Capita Personal Income (thousands of \$)	73.2	4.6	4.4	5.1	5.2	3.1	3.7	6.7	5.8	4.8	5.4	5.8	4.9
Consumer Price Index (1982-84 = 100)	313.7	2.9	2.8	2.9	2.5	3.3	3.2	3.0	2.8	2.7	2.6	2.0	2.6
Prime Rate (%)	8.31	0.1‡	-0.9	-0.8	-0.3	0.0	-0.4	-0.3	0.0	-0.3	-0.2	0.0	0.0

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

ALTERNATIVE FORECASTS

S&P Global Market Intelligence estimates the probability of the pessimistic alternative scenario in its latest forecast is 20 percent, a decrease of 5 percentage points from the forecast of the previous quarter. The probability of the baseline scenario remains 50 percent. In this scenario tariffs are higher and more nations respond in kind. This scenario therefore assumes higher inflation and tighter financial conditions, the latter of which slows the economy further. These factors lead to a relatively shallow recession as U.S. real GDP contracts in the fourth quarter of 2025 and the first quarter of 2026. In this scenario U.S. real GDP expands only 0.5 percent in 2026

and grows only 0.7 percent in 2027. U.S. real GDP increases by an average of 0.7 percentage point less per year over the 2025 to 2029 period compared to the baseline forecast. Total growth in real GDP for Mississippi from 2025 through 2029 is 0.1 percentage point less under the pessimistic scenario compared to the baseline forecast; average annual growth is essentially the same in both scenarios.

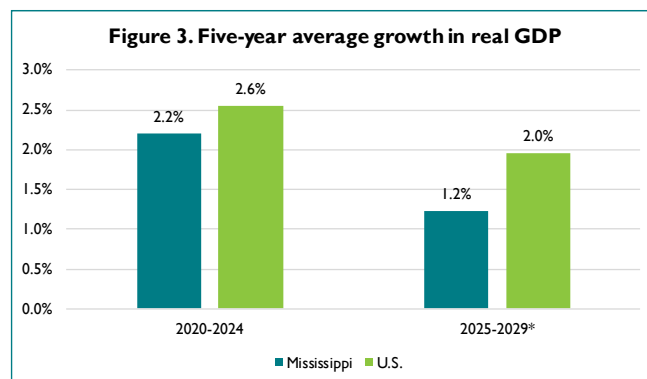
The probability of the optimistic scenario in the latest forecast by S&P Global Market Intelligence is 30 percent, an increase of 5 percentage points from the forecast of the previous quarter. Compared to the baseline forecast, tariffs are lower in

this scenario and fewer countries retaliate as a result. Inflation is assumed to fall faster in this scenario, which leads to a federal funds rate that is 25 basis points lower compared to the baseline forecast. Financial conditions are more favorable in this scenario, which also leads to more growth. In the optimistic scenario U.S. real GDP increases at an average annual rate that is nearly 0.3 percentage point higher compared to growth in the baseline forecast. The average annual growth rate in Mississippi real GDP over the next five years under the optimistic scenario is approximately 0.1 percentage point per year higher compared to the baseline forecast.

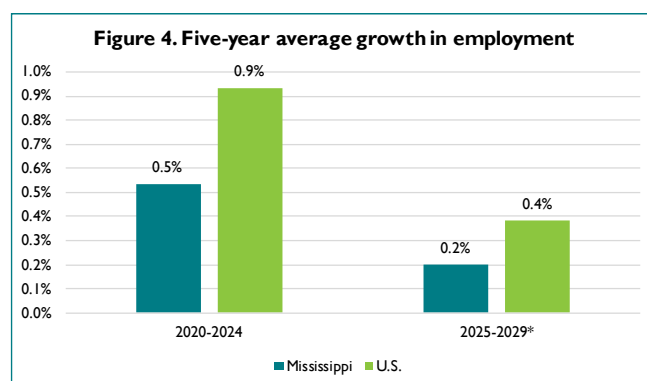
FIVE-YEAR FORECASTS

Real GDP for Mississippi will expand by an average of 1.2 percent per year from 2025 through 2029 according to URC's latest forecast as seen in Figure 3. Compared to the forecast of the previous quarter, this average rate represents a decrease of 0.1 percentage point per year. The U.S. economy is projected to expand by an average of 2.0 percent per year over the next five years, an increase of 0.3 percentage point per year from the forecast of the previous quarter. Real GDP for Mississippi is expected to grow by an average of 0.8 percentage point less per year over the next five years than U.S. real GDP. Following recent revisions by BEA, the Mississippi economy grew at an average rate of 2.2 percent per year from 2020 through 2024. Previously the Mississippi economy grew at an average rate of 2.0 percent per year.

Figure 4 indicates payroll employment in Mississippi is forecast to increase by an average of 0.2 percent per year from 2025 through 2029. This estimate represents an increase of 0.1 percentage point per year compared to the forecast of the previous quarter. U.S. payroll employment is forecast to grow by an average of 0.4 percent per year over the next five years, a rate that is down 0.1 percentage point from the forecast of the previous quarter. U.S. employment is expected to grow by an average of 0.2 percentage point more per year over the next five years compared to Mississippi employment; this difference was 0.4 percentage points per year in the forecast of the previous quarter.



*Projected. Sources: Bureau of Economic Analysis and URC (forecast).



*Projected. Sources: Bureau of Labor Statistics and URC (forecast).