Mississippi Economic Outlook

February 19, 2015
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A Quick Perspective on US Economy

• Positives
  – Strong Employment Growth
  – Lower Gas Prices Supporting Stronger Consumer Spending
  – Income Growth Beginning To Improve
  – Consumers & Business Relatively Upbeat
  – Investment Growth Remains Strong For Most Part
    • Investment in Oil & Gas Equipment/Structures is Moderating

• Negatives
  – Sluggish Global Economy
  – Exports are moderating
  – The housing sector still lacks momentum.

• Bottom line: Improved Growth in 2015 over 2014 (maybe 3%)
Average US Jobs Added By Month By Year

Average jobs added per month has gradually improved over the past four years. In 2014 the average was 259 Thousand. This is the strongest annual average since 1999.
An ISM Index above 50 says the industry is expanding. Below 50 indicates a contraction.
Real US Retail Sales

Adjusted for Inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg. Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3.8%</td>
</tr>
<tr>
<td>2011</td>
<td>4.2%</td>
</tr>
<tr>
<td>2012</td>
<td>3.0%</td>
</tr>
<tr>
<td>2013</td>
<td>2.7%</td>
</tr>
<tr>
<td>2014</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
Prices have fallen dramatically since mid-year. Low gasoline prices are especially beneficial to low income areas.
Very little upward momentum in the second half of 2014

The Mississippi Index of Coincident Indicators reflects economic conditions existing in a given month. The index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2004. The Index is based on changes in nonfarm employment, the unemployment rate, average manufacturing workweek length and wage and salary disbursements.
Regional Comparison
December Coincident Index as Percentage of Pre-recession Peak
The Leading Index improved significantly in 2014, but growth followed a up-down-up pattern throughout most of the year. The Index has now fallen for two consecutive months.

The Mississippi Index of Leading Indicators reflects economic conditions expected for the coming months. The index is constructed by the University Research Center and indexed to 2004. There are 8 components of the Index: MS Initial Unemployment Claims; MS Income Tax Withholdings; MS Value of Residential Building Permits; MS MFG Employment Intensity Index, MS Diesel Fuel Consumption Index; ISM Index of US MFG Activity; US Consumer Expectations Index and US Retail Sales.
Employment has improved in recent years but remains well below the peak observed in February 2008. Annual Job growth was 0.9% in 2012 and 2013. Growth was a slightly slower 0.7% in 2014. Note we remain 41,000 jobs below the pre-recession level.
Unemployment Claims
Three Month Moving Average

Initial Unemployment Claims
Continued Unemployment Claims
Where are the Jobs?
Mississippi added an average 8,000 jobs in 2014 over 2013

- Manufacturing: 3,900
- Leisure & Hospitality: 1,900
- Educational & Health Services: 1,700
- Trade, Transportation & Utilities: 900
- Government: 900
- Professional & Business Activities: 700
- Mining & Logging: 200
- Financial Activities: 0
- Information: -200
- Other Services: -600
- Construction: -1,300

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Year-Over-Year Growth in Real Personal Income Less Transfer Payments: Mississippi

by Quarter

Declines are characteristic of recessions. The series has been negative in five of the last six quarters.

Gray Areas Represent National Recessions.
Mississippi Income Tax Withholdings
Growth Over Prior Year, Inflation Adjusted

Growth in 2014 was much stronger than 2013, but less than 2012. The growth in 2014 was largely due to strong collections in the first quarter. The second and third quarters were especially weak.
Growth in Wage And Salary Disbursements, By State, 2013-2014*

* The first three quarters of each year are compared.

MS ranked 5th from the bottom.

U.S. Average 2.4%
The large gain in 2013 has disappeared in 2014 as some large projects came to a close.
Construction Employment is not declining as it did in early 2014.
Permits have yet to develop any significant upward momentum. Graph may understate improvement as permits are not required in the county.
Median Home Prices in MS

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After years of decline, MS MFG stopped declining and has begun to increase. Hours worked has improved in recent years as well.
Inflation Adjusted Average Hourly Manufacturing Earnings in Mississippi

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MS Gaming Revenue

![Line graph showing MS Gaming Revenue from Jan-07 to Jan-14. The y-axis represents Millions of 2004 $, and the x-axis represents Jan-07 to Jan-14. The graph compares the revenue for 'Coast' and 'River,' with 'Coast' in blue and 'River' in red. There is a decline in revenue over the years for both areas.](image-url)
## Hotel Occupancy Rates

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>56.7%</td>
<td>57.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Alabama</td>
<td>54.8%</td>
<td>56.7%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>50.0%</td>
<td>52.1%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>60.5%</td>
<td>63.4%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>57.9%</td>
<td>61.1%</td>
<td>5.5%</td>
</tr>
<tr>
<td>United States</td>
<td>62.2%</td>
<td>64.4%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Source: STR (Smith Travel Research, Inc.) 2014
Growth In Real MS GDP

Historical and University Research Center Projections

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Growth In MS Nonfarm Employment

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