

# MISSISSIPPI'S BUSINESS

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## ECONOMY AT A GLANCE

The value of the Mississippi Leading Index (MLI) increased 1.8 percent in December as seen in Figure 1. Compared to one year earlier the value of the MLI for the month was 2.8 percent higher.

As seen in Figure 2 the value of the Mississippi Coincident Index (MCI) rose 0.1 percent in December. The value for the month was up 1.2 percent compared to one year ago.

U.S. gross domestic product (GDP) increased at a seasonally-adjusted, annualized rate of 3.3 percent in the fourth quarter of 2023 according to the first estimate of the U.S. Bureau of Economic Analysis

(BEA). The growth in the fourth quarter resulted from increases in consumer spending, exports, state and local government spending, nonresidential fixed investment, federal government spending, private inventory investment, and residential fixed investment. For all of 2023, U.S. real GDP increased 2.5 percent, up from the 1.9 percent growth in 2022.

The MLI had its best month in two and half years in December, thanks to a surge in consumer expectations. However, gains in the components were broad based as only the Mississippi Manufacturing Employ-

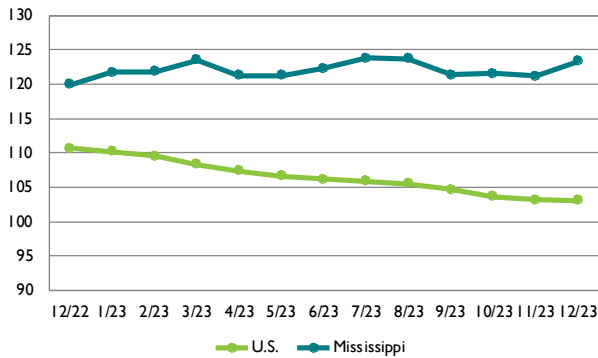
ment Intensity Index and income tax withholdings decreased. Notably, initial unemployment claims fell after four consecutive months of increases. Nevertheless, overall employment in Mississippi continued to lack momentum in December. The U.S. economy is expected to slow in 2024, but the initial fourth quarter real GDP report and the jobs gain in January were both stronger than most economists anticipated. Mississippi's economy likely will grow more slowly than the U.S. economy, but neither appears headed for recession in 2024.

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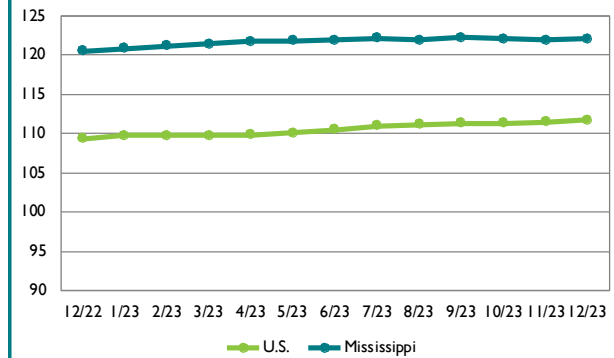
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Figure 1. Leading indices



Sources: University Research Center and The Conference Board

Figure 2. Coincident indices



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

**Notes:** The Mississippi Coincident Index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2012. The Index is based on changes in nonfarm employment, the unemployment rate, average manufacturing workweek length, and wage and salary disbursements. The Mississippi Leading Index is constructed by the Mississippi University Research Center. The U.S. Indices are from The Conference Board. All series are indexed to a base year of 2012.

## MISSISSIPPI LEADING INDEX, DECEMBER 2023

In December the value of the **Mississippi Leading Index of Economic Indicators (MLI)** climbed 1.8 percent seen in Figure 3, its largest monthly gain since April 2021. Compared to one year earlier the value of the MLI in December was 2.8 percent higher. The value of the MLI increased 0.8 percent over the last six months.

Five of the seven components of the MLI increased in value in December and two decreased. The University of Michigan Index of Consumer Expectations, with its largest monthly gain since 2011, made the largest positive contribution. The largest negative contribution came from income tax withholdings. Each component is discussed below in order of smallest to largest contribution.

The **University of Michigan Index of Consumer Expectations** (three-month moving average) surged in value in December to its highest level since September 2022. As seen in Figure 4 the value rose 9.7 percent in November, the largest monthly increase in twelve years. The value in December was up 13.1 percent compared to one year earlier. Short-term inflation expectations decreased in the most recent survey, and increases in expectations following the onset of the conflict in the Middle East have dissipated. Consumers' increased optimism about inflation apparently led to the gains in the survey in the last two months.

In January the value of the **ISM Index of U.S. Manufacturing Activity** increased 4.2 percent as seen in Figure 5. The value for the month was 3.6 percent higher compared to one year earlier, the first year-over-year increase since October 2021. The largest increase among all com-

ponents occurred in New Orders, which reached expansion territory for the first time since August 2022. The Production component also ended January in expansion territory. The only component that decreased in value was Employment. The prices paid index climbed 7.7 percentage points in January after eight consecutive months of decreases as new pricing agreements for many firms went into effect at the start of 2024.

For the first time since July, the number of seasonally-adjusted **initial unemployment claims** in Mississippi decreased in December. As seen in Figure 6, the value fell 12.8 percent for the month. The value in December was 4.4 percent lower compared to one year earlier. The number of seasonally-adjusted continued unemployment claims in Mississippi climbed 6.4 percent in December as seen in Figure 16 on page 6, the fourth consecutive monthly increase. Compared to one year earlier the number of continued unemployment claims in the state for the month was up 21.2 percent. As seen in Figure 17 on page 6, the unemployment rate in Mississippi was 3.3 percent in December, unchanged from the previous month. The rate was down 0.7 percentage point compared to one year earlier.

The value of **U.S. retail sales** rose 0.6 percent in December as seen in Figure 7. Compared to one year earlier the value of retail sales in December was 5.6 percent higher. Sales excluding automobiles and gasoline were also 0.6 percent higher in December. The largest increases in sales among all segments occurred in Non-store Retailers and Clothing and Accessories, as both rose 1.5 percent from November. Sales at Health and Personal Stores fell 1.4 percent, the largest decrease for the month

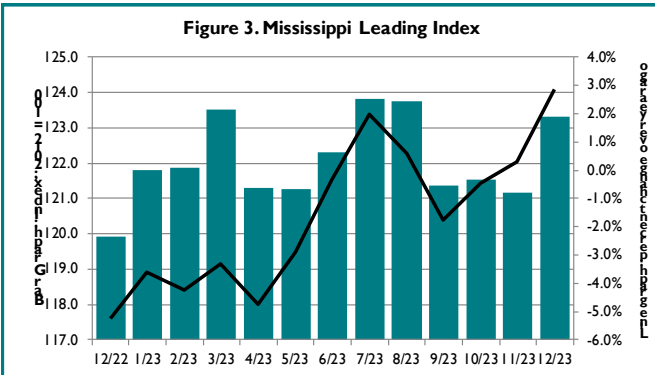
among all segments, closely followed by sales at Gasoline Stations, which declined for the third consecutive month.

Figure 8 indicates the value of **Mississippi residential building permits** (three-month moving average) rose 2.0 percent in December, the first increase since August. The value for the month was up 17.0 percent compared to one year earlier. The number of units in the state rose 3.6 percent, the largest monthly increase since August. The number of units in the state compared to one year earlier was 0.9 percent higher in December. The number of privately-owned housing units authorized by building permits in the U.S. rose 1.9 percent in December from the revised November rate. Compared to one year earlier the number of units in the U.S. was 6.1 percent higher in December.

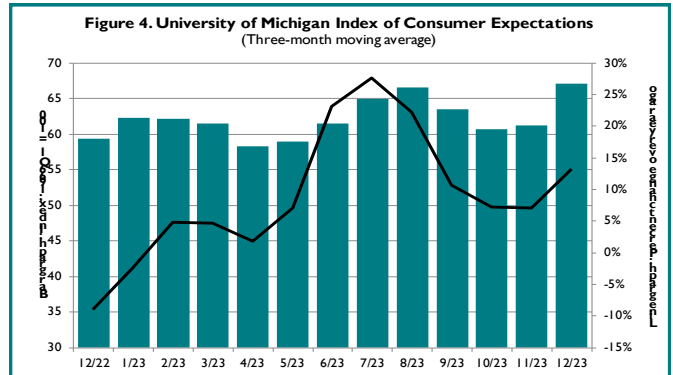
As seen in Figure 9 the value of the **Mississippi Manufacturing Employment Intensity Index** decreased 1.0 percent in December. The value for the month was down 1.2 percent compared to one year earlier. Manufacturing employment in the state fell in December while the average weekly hours of production employees were essentially unchanged, which led to the decrease in the value of the Index.

The value of **Mississippi income tax withholdings** (three-month moving average) declined 0.8 percent in December as seen in Figure 10, the third decrease in the last four months. The value of withholdings in December was 4.8 percent lower compared to one year earlier. Over the last six months the value of income tax withholdings in Mississippi fell 1.8 percent.

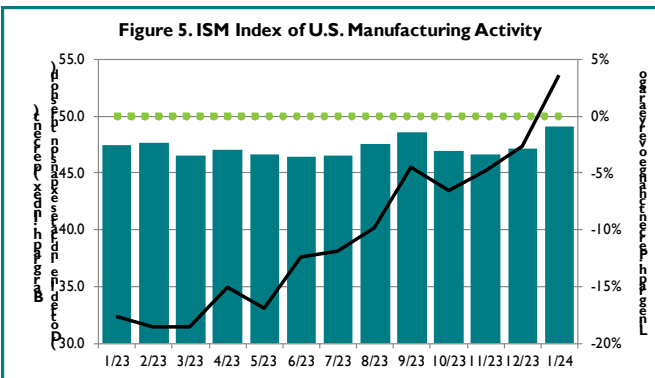
# MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



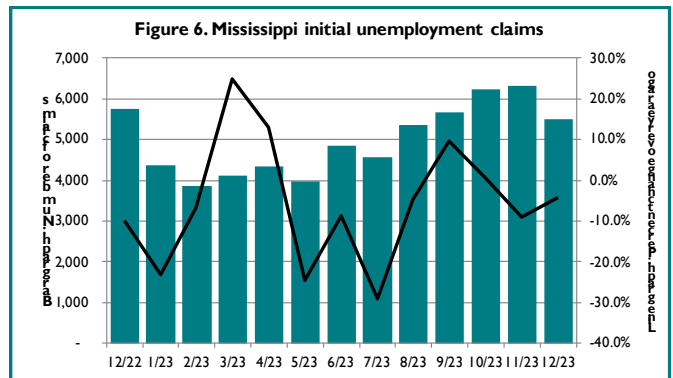
Source: University Research Center



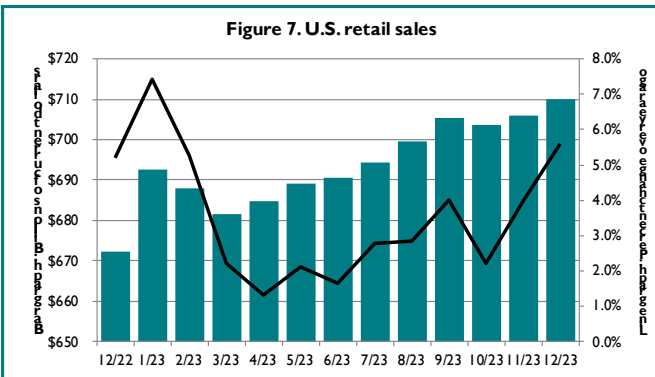
Source: Thomson Reuters/University of Michigan Surveys of Consumers



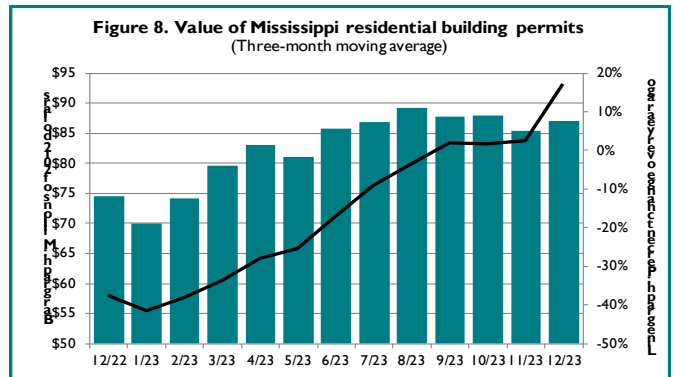
Source: Institute for Supply Management



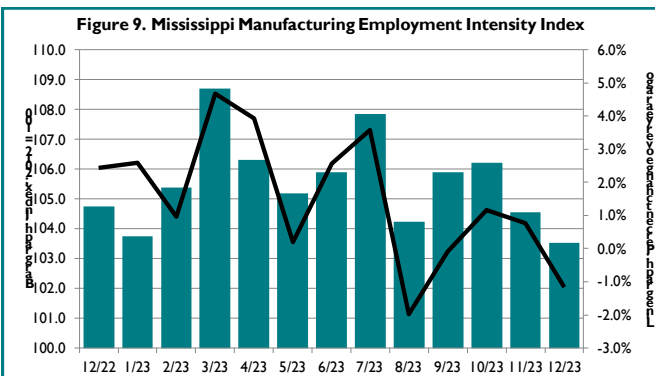
Source: U.S. Department of Labor; seasonally adjusted



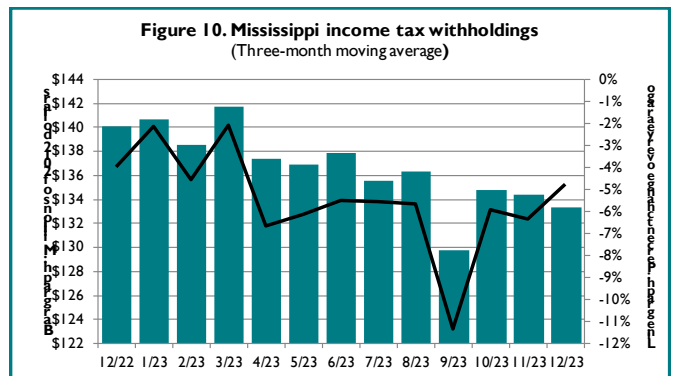
Source: U.S. Bureau of the Census; seasonally adjusted



Source: URC using data from U.S. Bureau of Labor Statistics



Source: URC using data from U.S. Bureau of Labor Statistics



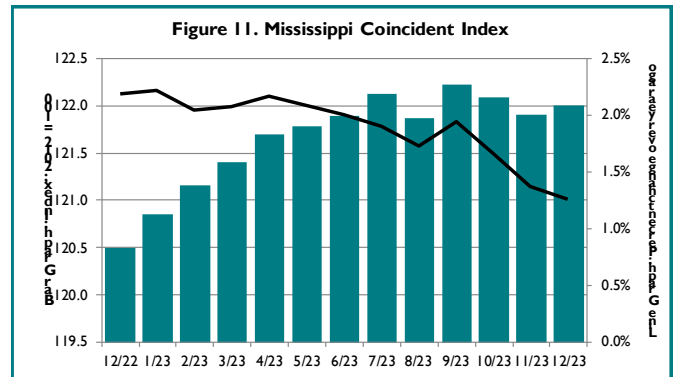
Source: Mississippi Department of Revenue; seasonally adjusted

## MISSISSIPPI COINCIDENT INDEX, DECEMBER 2023

The value of the **Mississippi Coincident Index of Economic Indicators (MCI)** rose 0.1 percent in December as seen in Figure 11. According to the Federal Reserve Bank of Philadelphia, the value of the MCI for the month was 1.2 percent higher compared to one year earlier.

Over the past three months the Federal Reserve Bank of Philadelphia reported the values of the coincident indices increased in twenty-nine states. The largest gain among all states occurred in Nevada, where the value of the coincident index increased 1.1 percent over the last three months. The values of coincident indices rose more than

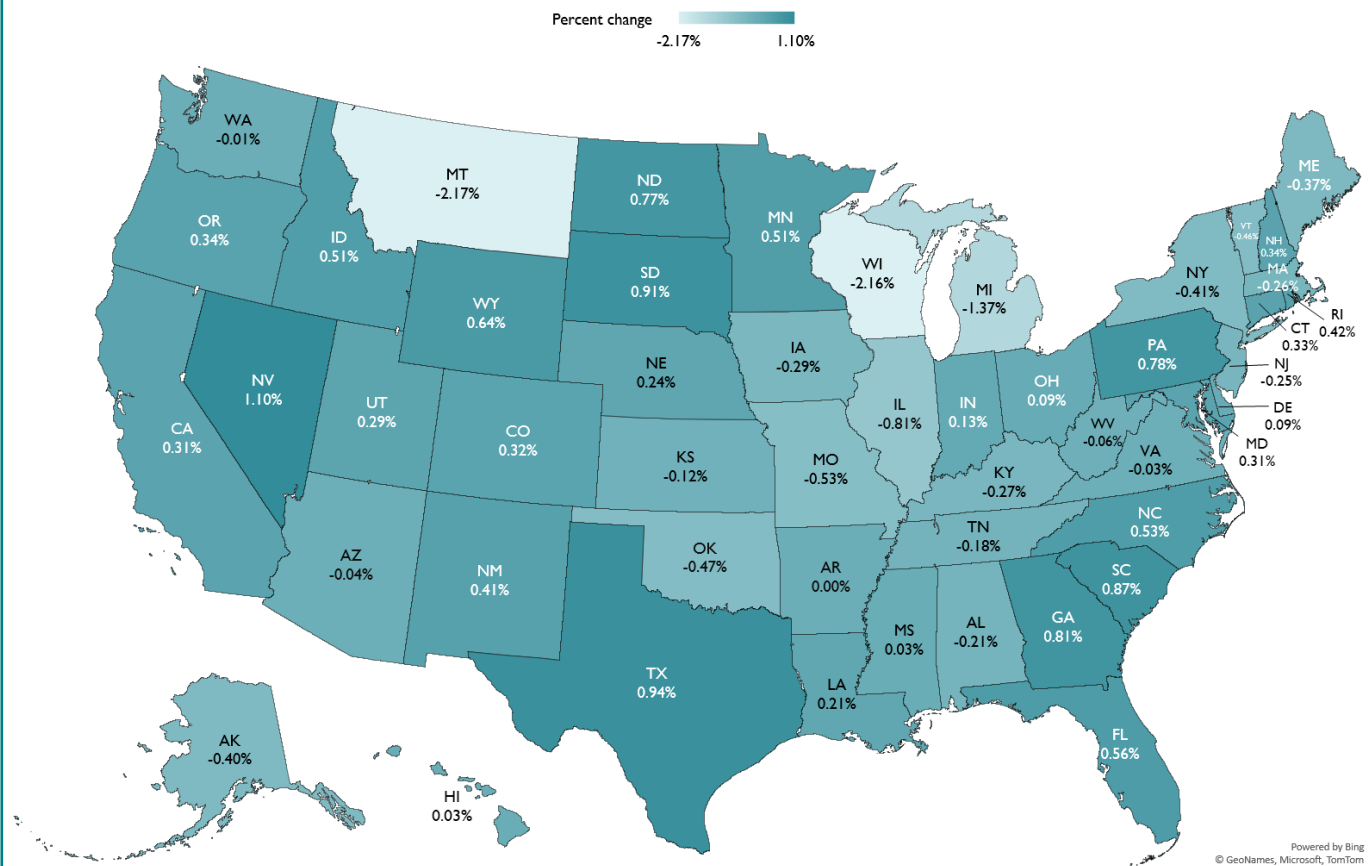
0.5 percent in December compared to September in thirteen states. In sixteen states including Mississippi the values of coincident indices increased less than 0.5 percent over the last three months. In Arkansas the value of the coincident index was unchanged over the last three months. The values of coincident indices decreased between 0.0 and 0.5 percent in December compared to September in sixteen



Source: Federal Reserve Bank of Philadelphia

states. In five states the values of the coincident indices decreased more than 0.5 percent over the last three months. The largest decreases occurred in Montana and Wisconsin, where the values fell just under 2.2 percent.

Figure 12. Three-month growth in the coincident index of economic indicators, December 2023



Source: Federal Reserve Bank of Philadelphia

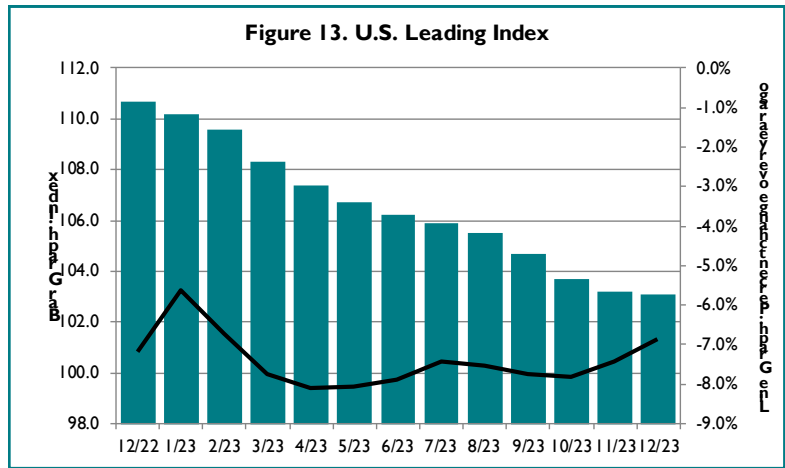
## NATIONAL TRENDS

The Conference Board reported the value of the U.S. Leading Economic Index (LEI) fell 0.1 percent in December as seen in Figure 13, the twenty-first consecutive month with a decrease. Compared to one year earlier the value for the month was 6.9 percent lower. Only four of the ten components of the LEI made negative contributions in December, and the ISM New Orders Index made the largest negative contribution. As in November the largest positive contribution was made by the S&P 500® Index of stock prices. The value of the LEI declined 2.9 percent over the last six months.

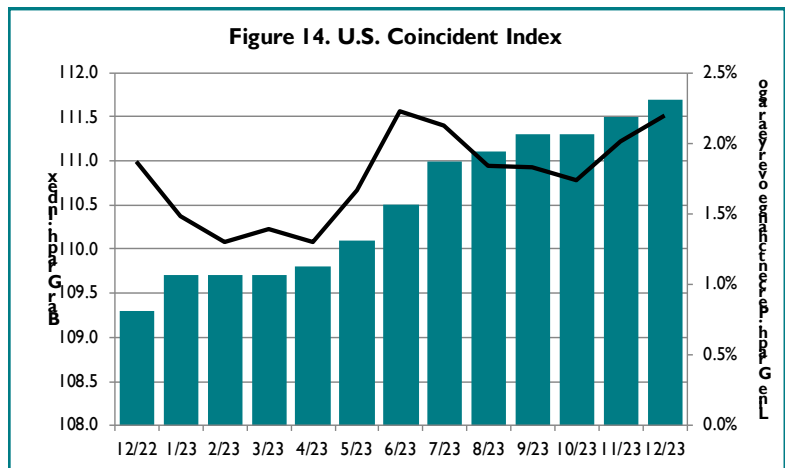
As seen in Figure 14 the value of the U.S. Coincident Economic Index (CEI) increased 0.2 percent in December according to The Conference Board. The value of the CEI for the month was up 2.2 percent compared to one year earlier. In November all four components of the CEI made positive contributions and personal income less transfers made the largest positive contribution. Over the last six months the value of the CEI rose 1.1 percent.

As seen in Figure 15, the value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index increased in December for the first time since July. The value rose 1.4 percent for the month. Compared to one year earlier the value of the Index in December was up 2.4 percent. The largest increase occurred in the “current job openings” component. Although the share improved from November, the “expect economy to improve” component had the largest decrease. The net share of respondents with plans to increase prices was down slightly.

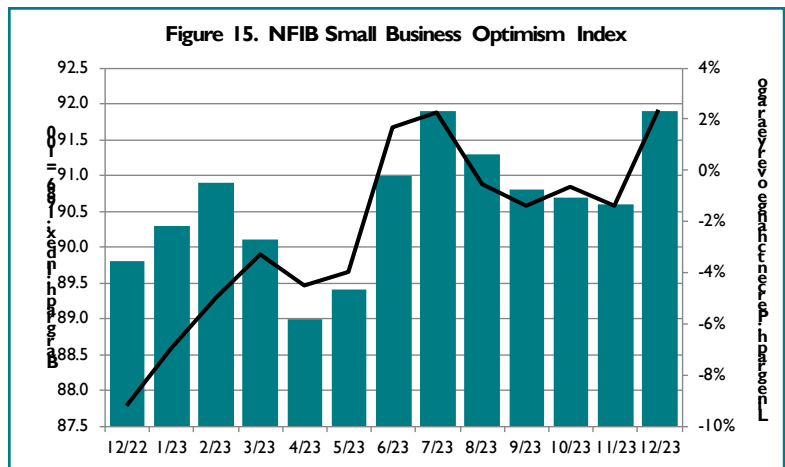
At its January meeting the Federal Open Market Committee (FOMC) kept the federal funds rate target in a range between 5.25 and 5.5 percent. The FOMC did not include language about “additional policy firming” in its statement following the meeting. However, the statement did note “The committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%.” That language indicates to some analysts cuts will not begin until the second half of 2024.



Source: The Conference Board

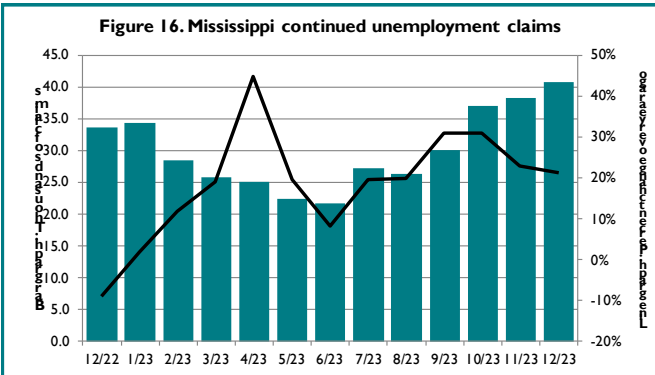


Source: The Conference Board

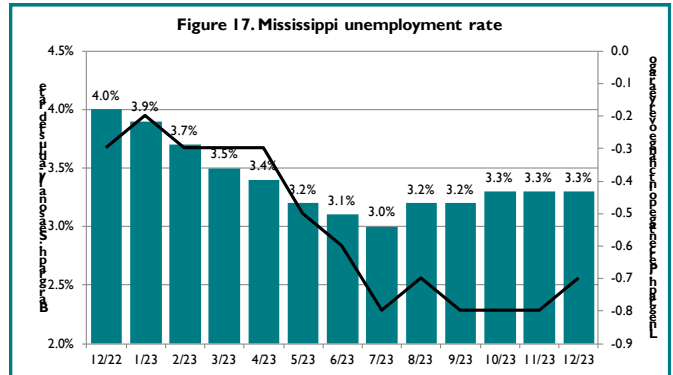


Source: National Federation of Independent Businesses

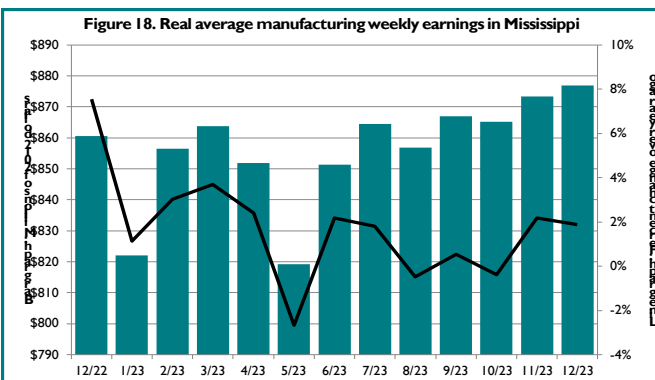
# MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



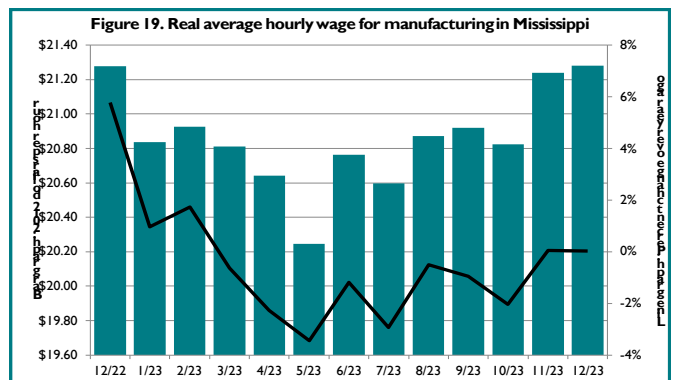
Sources: U.S. Department of Labor, URC (seasonal adjustment)



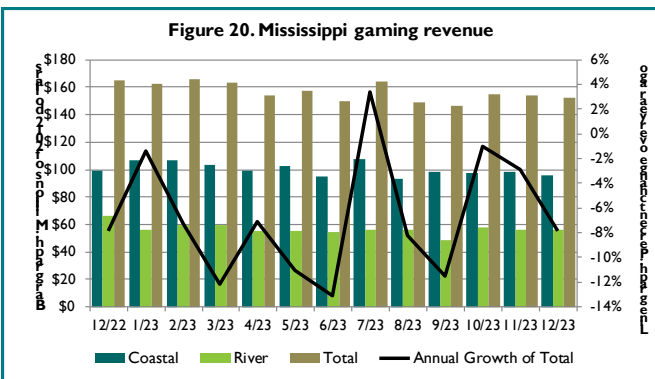
Source: U.S. Bureau of Labor Statistics



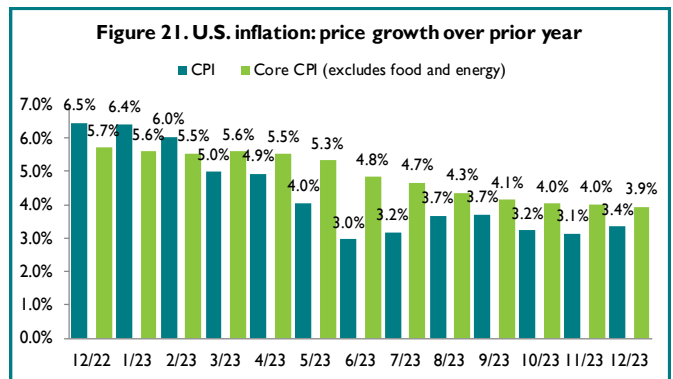
Sources: U.S. Bureau of Labor Statistics, URC (seasonal adjustment)



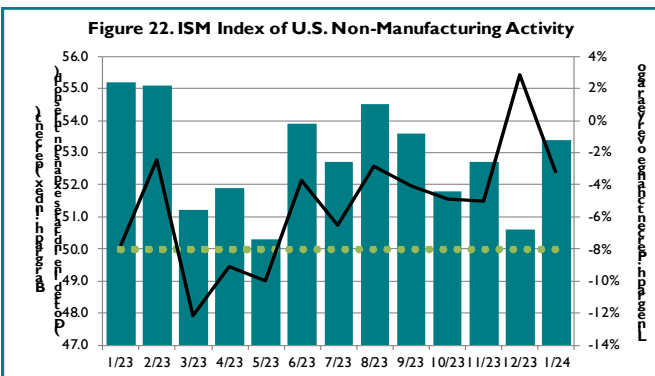
Sources: U.S. Bureau of Labor Statistics, URC (seasonal adjustment)



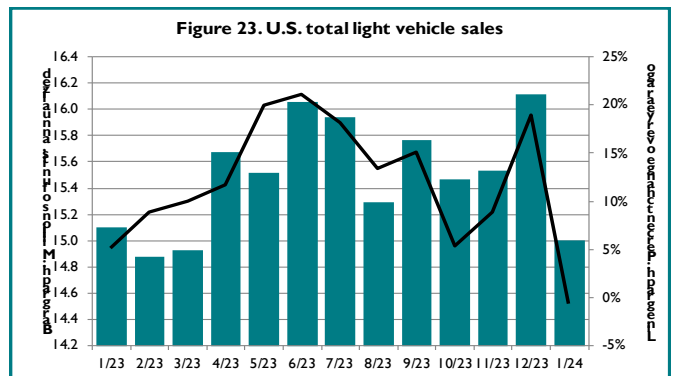
Source: Mississippi Department of Revenue, URC (seasonal adjustment)



Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: U.S. Bureau of Economic Analysis

**TABLE I. SELECTED ECONOMIC INDICATORS**

Indicator	December	November	December	Percent change from	
	2023	2023	2022	November 2023	December 2022
<b>U.S. Leading Economic Index</b> 2012 = 100. Source: The Conference Board	103.1	103.2	110.7	▼0.1%	▼6.9%
<b>U.S. Coincident Economic Index</b> 2012 = 100. Source: The Conference Board	111.7	111.5	109.3	▲0.2%	▲2.2%
<b>Mississippi Leading Index</b> 2012 = 100. Source: University Research Center	123.3	121.2	119.9	▲1.8%	▲2.8%
<b>Mississippi Coincident Index</b> 2012 = 100. Source: Federal Reserve Bank of Philadelphia	122.0	121.8	120.5	▲0.2%	▲1.2%
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	5,502	6,307	5,755	▼12.8%	▼4.4%
<b>Value of Mississippi residential building permits</b> Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Bureau of the Census	87.1	85.5	74.5	▲2.0%	▲17.0%
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Mississippi Department of Revenue	133.3	134.4	140.1	▼0.8%	▼4.8%
<b>Mississippi Manufacturing Employment Intensity Index</b> 2012 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	103.5	104.5	104.7	▼1.0%	▼1.2%
<b>University of Michigan Index of Consumer Expectations</b> Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	67.1	61.2	59.3	▲9.7%	▲13.1%
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	49.1	47.1	47.4	▲4.2%	▲3.6%
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	709.9	706.0	672.3	▲0.6%	▲5.6%
<b>U.S. Consumer Price Index (CPI)</b>	306.7	307.1	296.8	▼0.1%	▲3.4%
<b>U.S. Core CPI (excludes food and energy)</b> 1982-84 = 100. Source: URC using data from Bureau of Labor Statistics	311.9	311.6	300.1	▲0.1%	▲3.9%
<b>Mississippi unemployment rate</b> Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	3.3%	3.3%	4.0%	◀▶0.0	▼0.7
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	40,870	38,418	33,714	▲6.4%	▲21.2%
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	53.4	50.6	55.2	▲5.5%	▼3.3%
<b>U.S. mortgage rates</b> Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	7.21%	7.40%	6.77%	▼0.19	▲0.44
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	21.28	21.24	21.28	▲0.2%	◀▶0.0%
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	876.84	873.31	860.65	▲0.4%	▲1.9%
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	91.9	90.6	89.8	▲1.4%	▲2.3%
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	15.00	16.12	15.11	▼6.9%	▼0.7%
<b>Gaming revenue</b>	152.15	154.07	165.2	▼1.3%	▼7.9%
<b>Coastal counties</b>	95.69	98.18	99.3	▼2.5%	▼3.6%
<b>River counties</b> Seasonally adjusted; millions of 2012 dollars. Source: Mississippi Department of Revenue	56.45	55.89	66.0	▲1.0%	▼14.4%

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

## MISSISSIPPI EMPLOYMENT TRENDS

Employment in Mississippi rose by 200 jobs in December according to the U.S. Bureau of Labor Statistics (BLS), essentially unchanged in percentage terms. Total nonfarm employment in the state was down by 7,800 jobs compared to one year earlier as seen in Table 2 below, a decrease of 0.7 percent. Total employment in the state increased by 7,700 jobs for all of 2023, a gain of 0.7 percent. However, this total will likely change when BLS releases its annual revisions to employment in March.

BLS reported total nonfarm employment was essentially unchanged in all fifty states and the District of Columbia in December.

Over the last twelve months as of December employment increased in thirty states according to BLS and was essentially unchanged in twenty states and the District of Columbia. The largest increase in employment

among all states over the past twelve months occurred in Texas, which added 369,300 jobs, followed by California, which added 311,600 jobs, and Florida, which added 240,600 jobs. In Nevada employment increased 3.8 percent over the last twelve months as of December, the largest percentage increase in employment among all states.

As in November, most sectors in Mississippi saw little change in employment in December. The Health Care and Social Assistance sector added 1,500 jobs for the month, the most among all sectors. The largest percentage increase in employment in December among all sectors also occurred in Health Care and Social Assistance, a gain of 1.1 percent. Employment in the Manufacturing sector fell by 1,400 jobs for the month, the largest decrease among all sectors, followed by the loss of 400 jobs in the Professional & Busi-

ness Services sector. The largest percentage decreases in employment among all sectors of -1.0 percent occurred in the Manufacturing and Information sectors.

Over the past twelve months as of December the Health Care and Social Assistance sector in Mississippi added 9,500 jobs, the most among all sectors. Employment rose 15.6 percent in the Arts and Entertainment sector, the largest percentage increase among all sectors in the state over the past twelve months. The Manufacturing and Trade, Transportation, and Utilities sectors both lost 4,400 jobs over the past twelve months as of December, the largest decreases in employment among all sectors. Employment in the Professional & Business Services sector fell 6.5 percent over the last twelve months, the largest percentage decrease in employment among all sectors in the state.

**Table 2. Change in Mississippi employment by industry, December 2023**

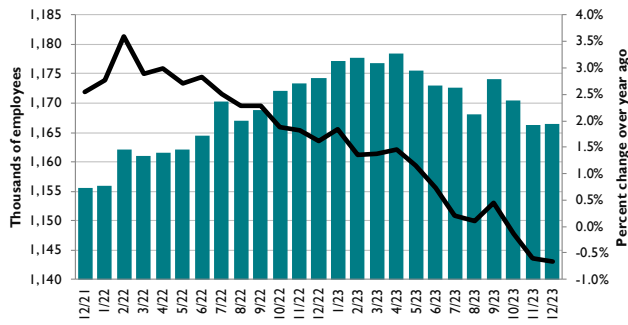
	Relative share of total <sup>a</sup>	December 2023	November 2023	December 2022	Change from November 2023		Change from December 2022	
					Level	Percent	Level	Percent
Total Nonfarm	100.0%	1,166,500	1,166,300	1,174,300	▲200	◀▶0.0%	▼7,800	▼0.7%
Mining and Logging	0.5%	5,900	5,900	6,100	◀▶0	◀▶0.0%	▼200	▼3.3%
Construction	4.0%	46,000	46,100	46,900	▼100	▼0.2%	▼900	▼1.9%
Manufacturing	12.5%	144,000	145,400	148,400	▼1,400	▼1.0%	▼4,400	▼3.0%
Trade, Transportation & Utilities	20.9%	241,400	241,600	245,800	▼200	▼0.1%	▼4,400	▼1.8%
Retail Trade	11.9%	139,200	138,400	139,600	▲800	▲0.6%	▼400	▼0.3%
Information	0.9%	10,000	10,100	10,500	▼100	▼1.0%	▼500	▼4.8%
Financial Activities	3.8%	44,500	44,500	44,400	◀▶0	◀▶0.0%	▲100	▲0.2%
Services	37.5%	440,300	438,100	439,000	▲2,200	▲0.5%	▲1,300	▲0.3%
Professional & Business Services	9.8%	110,300	110,700	118,000	▼400	▼0.4%	▼7,700	▼6.5%
Educational Services	1.2%	14,400	14,500	13,600	▼100	▼0.7%	▲800	▲5.9%
Health Care and Social Assistance	11.8%	143,500	142,000	134,000	▲1,500	▲1.1%	▲9,500	▲7.1%
Arts and Entertainment	0.8%	10,400	10,300	9,000	▲100	▲1.0%	▲1,400	▲15.6%
Accommodation and Food Services	10.5%	122,400	121,500	124,600	▲900	▲0.7%	▼2,200	▼1.8%
Other Services	3.3%	39,300	39,100	39,800	▲200	▲0.5%	▼500	▼1.3%
Government	20.0%	234,400	234,600	233,200	▼200	▼0.1%	▲1,200	▲0.5%

<sup>a</sup>Relative shares are for the most recent twelve-month average. Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

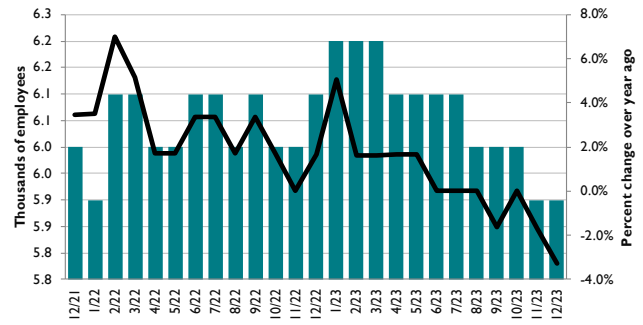


# MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES

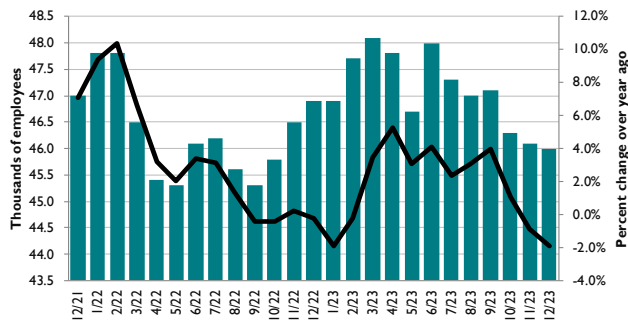
**Figure 24a. Nonfarm employment**



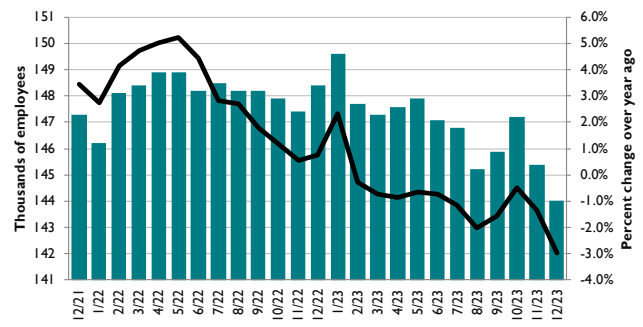
**Figure 24b. Mining and Logging**



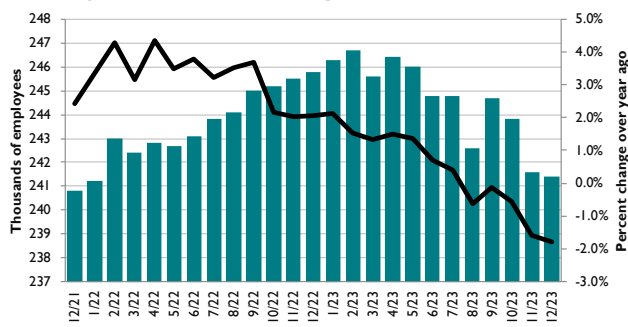
**Figure 24c. Construction**



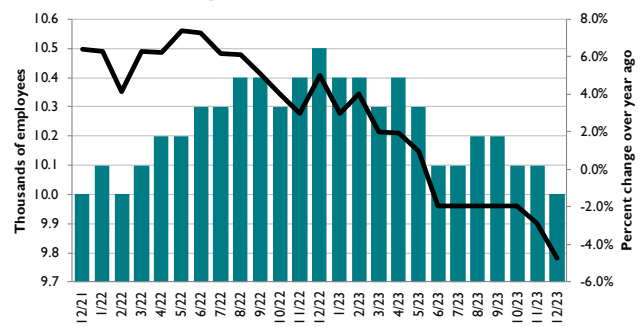
**Figure 24d. Manufacturing**



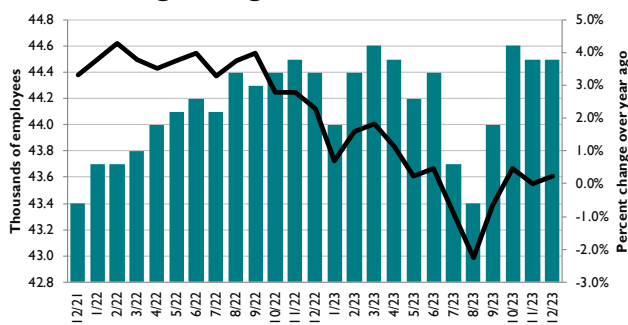
**Figure 24e. Trade, transportation, and utilities**



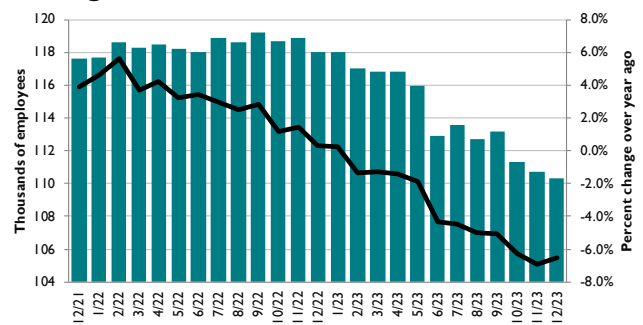
**Figure 24f. Information**



**Figure 24g. Financial activities**

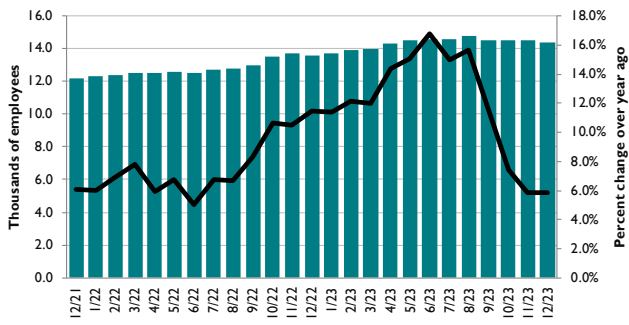


**Figure 24h. Professional and business services**

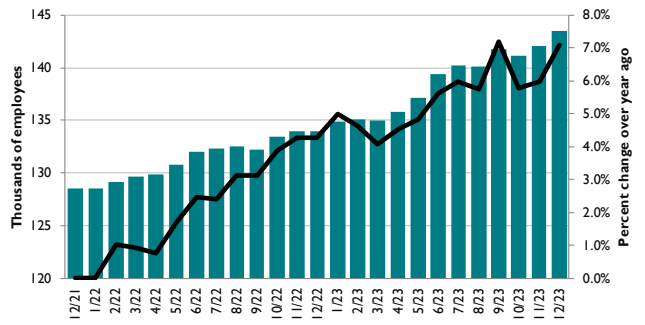


## MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

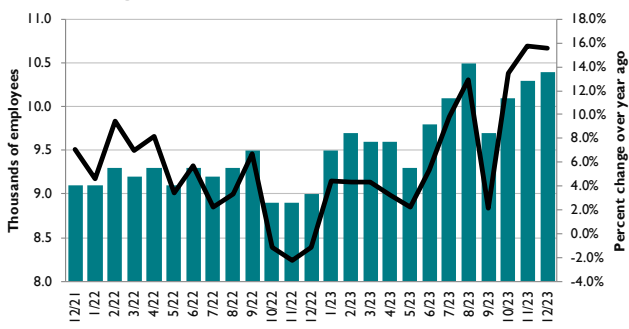
**Figure 24i. Educational services**



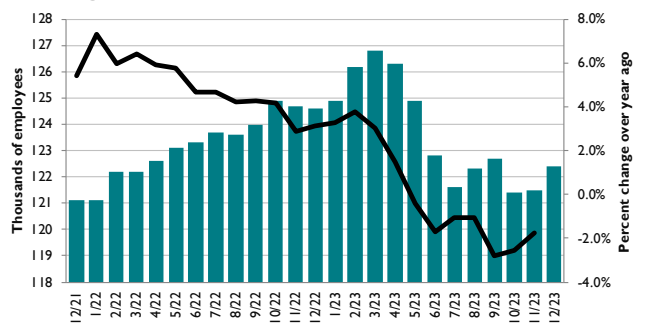
**Figure 24j. Health care and social assistance**



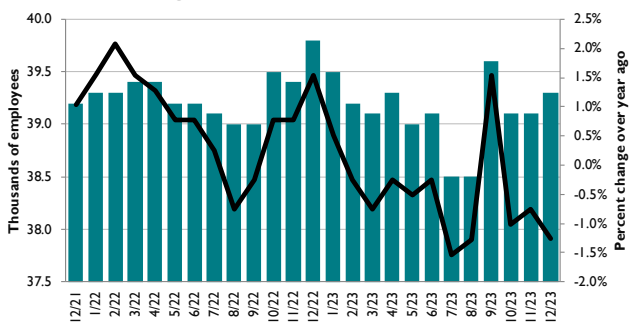
**Figure 24k. Arts and entertainment**



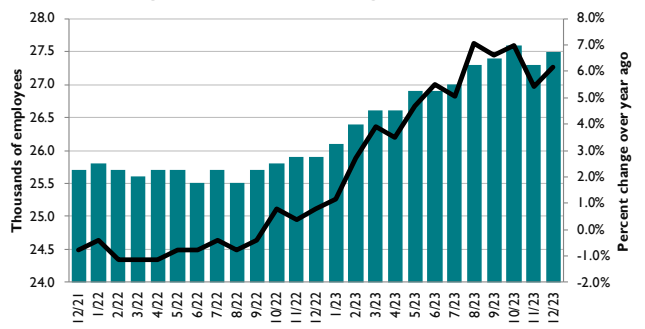
**Figure 24l. Accommodation and food services**



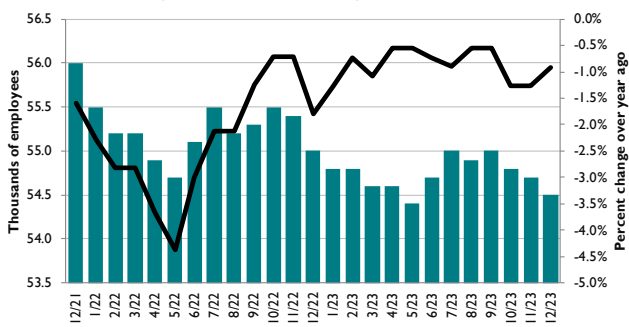
**Figure 24m. Other services**



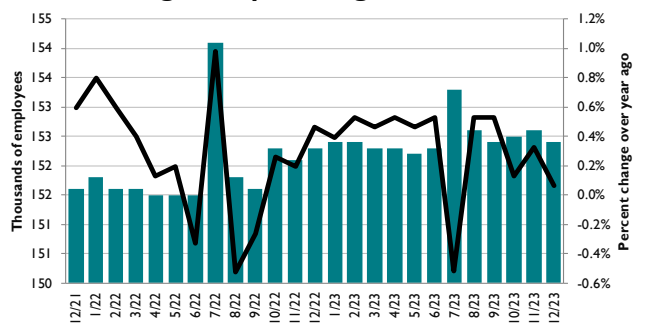
**Figure 24n. Federal government**



**Figure 24o. State government**



**Figure 24p. Local government**



Source: U.S. Bureau of Labor Statistics (all figures); seasonally adjusted

## CHANGE IN REAL INCOME BY STATE IN 2022

In 2022 real income in Mississippi sank 8.1 percent according to the latest estimate of the U.S. Bureau of Economic Analysis (BEA). The decrease in 2022 follows the 4.1 percent increase in 2021. Real income in Mississippi on an annual basis decreased for the first time since 2010. The decline of 8.1 percent in 2022 ranked forty-eighth among all states. U.S. real income decreased 4.2 percent in 2022, down from the 4.7 percent increase in 2021. U.S. real income decreased in 2022 for the first time since 2013. As seen in Figure 25, real income decreased in forty-five states in 2022 and the largest decrease was the 8.9 percent loss in Rhode Island. Among the five states where real income increased in 2022, North Dakota had the largest increase of 3.0 percent. Mississippi was one of four states along with the District of Columbia where the decrease in real income in 2022 was 8.0 percent or more.

Along with the real income data, BEA also released regional price parities (RPPs) for 2022. RPPs account for differences in the price level across states each year. By construction the value of the RPP for the U.S. equals 100.0 and the values for each state are expressed as percentages of the U.S. value. Therefore, RPPs represent a method of measuring the relative cost of living in each state.

The relative RPP rankings among most states changed little from the previous year but a few states saw notable changes. The values of the RPPs for each state for 2022 are listed at right in Table 3. California had the highest RPP among all states in 2022 for the first time since 2018. The

value of its RPP increased almost 0.6 percentage point to 112.5. The RPP value of 112.5 means that, on average, all items sold in California in 2022 cost 12.5 percent more than the U.S. average. For the first time since 2017, Mississippi did not have the lowest RPP value among all states. The state with the lowest RPP value in the nation was Arkansas. The value of the state's RPP for 2022 equaled 86.6, which was a decrease of 2.3 percentage points from the previous year. This value means that on average all items sold in Arkansas in 2022 cost 13.4 percent less than the U.S. average, analogous to the interpretation of the RPP for California relative to the U.S. The value of the RPP for Mississippi was 87.3 and was the next lowest after Arkansas, forty-ninth among all states. The RPP for Mississippi in 2022 increased in value by 1.1 percentage points from the previous year. Other southeastern states with relatively low RPPs in 2022 included Alabama and Oklahoma. As in most years, Florida had the highest-valued RPP among all southeastern states, up slightly to thirteenth among all states. Eighteen states had RPPs with values greater than 100.0 in 2022, two more than in the previous year. The RPP values for these states indicates their relative cost of living was higher than the U.S. average.

States with some of the largest metropolitan areas in the country tend to have the highest RPP values because of the way BEA computes the RPP. The RPP calculation assigns weights to the values making up an individual's total expenditures and in general housing costs represent an individual's largest single expenditure. Thus, the pri-

**Table 3. Regional price parities by state, 2022**

California	112.5
Hawaii	110.8
Washington	109.8
Massachusetts	109.4
New Jersey	108.8
New Hampshire	107.6
New York	107.6
Oregon	106.6
Connecticut	106.4
Maryland	105.0
Rhode Island	104.7
Colorado	102.3
Florida	102.1
Virginia	102.1
Alaska	102.0
Illinois	101.3
Vermont	101.1
Maine	100.8
Arizona	99.9
Delaware	98.0
Minnesota	97.7
Texas	97.5
Nevada	96.4
Pennsylvania	96.2
Georgia	95.8
Utah	94.5
North Carolina	94.2
South Carolina	93.6
Michigan	93.4
Wisconsin	92.3
Wyoming	91.9
Idaho	91.8
Indiana	91.8
Tennessee	91.8
Ohio	91.5
Missouri	91.1
New Mexico	91.0
Louisiana	90.6
Montana	90.3
Kansas	90.0
Nebraska	89.8
Kentucky	89.4
West Virginia	89.2
Oklahoma	88.8
North Dakota	88.7
Iowa	88.4
South Dakota	88.0
Alabama	87.8
Mississippi	87.3
Arkansas	86.6

Source: U.S. Bureau of Economic Analysis.

## CHANGE IN REAL INCOME BY STATE IN 2022 (CONTINUED)

mary reason the cost of living is relatively higher in states with large metropolitan areas is the cost of housing in these areas is higher. More rural states like Arkansas and Mississippi tend to have lower housing costs and therefore lower total RPP values.

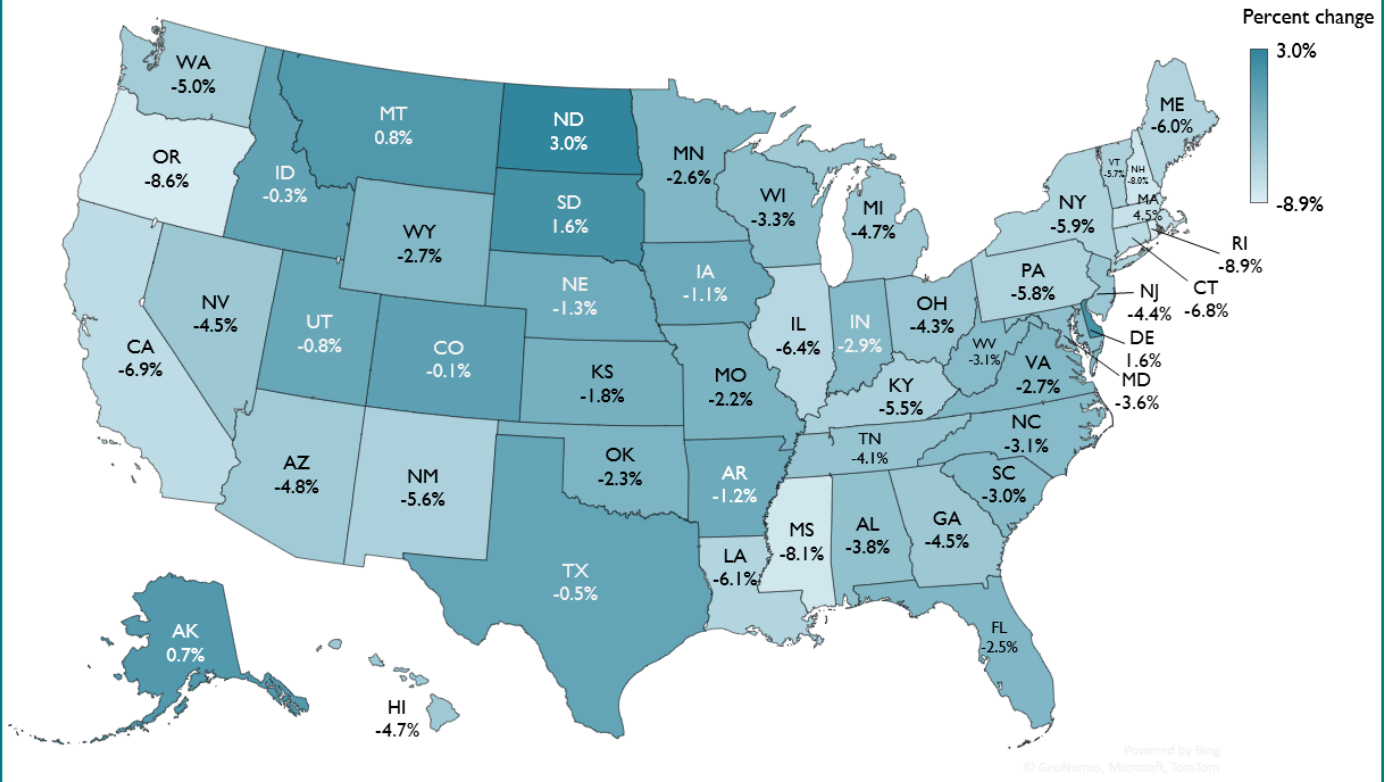
Once BEA adjusts the incomes for each state for RPPs, the agency adjusts the incomes for inflation using the national Personal Consumption Expenditures (PCE) price index. The PCE is similar to the better known Consumer Price Index (CPI) but is generally considered more comprehensive. The PCE uses more expenditures compared to the CPI

and weights their values according to surveys of businesses as opposed to consumers. In general the value of the CPI runs higher than the value of the PCE. To illustrate, the value of the PCE index for the U.S. increased 6.4 percent in 2022 while U.S. nominal income grew 2.0 percent. Therefore, the average decrease in real income of 4.4 percent for the U.S. is obtained after subtracting the change in the PCE index from the change in nominal income. This value is slightly different from the value mentioned previously due to rounding.

The only two states with larger decreases in real personal income

than Mississippi in 2022 were Oregon and Rhode Island; the District of Columbia also had a larger decrease.

**Figure 25. Percent change in real personal income by state, 2022**



Source: U.S. Bureau of Economic Analysis.