



Mississippi Economic Outlook

Fourth Quarter 2012

RAGGED RECOVERY SLOWS EMPLOYMENT GROWTH

- Employment continued to fall this year, as it has every year since 2007. In August, the number of persons on payroll, at 1.08 million, was the lowest it has been since early 1996. There was some increase in employment in September.
- The state's index of coincident indicators showed a recession in the second quarter (Q2). There was a slight improvement in the August index after another decline in July.
- State General Fund revenues in FY2012 were 6.0% higher than the previous year, but this fiscal year-to-date through August, the increase in revenues was only 2.5%, versus a year ago. (September numbers are affected by a systems change at the Department of Revenue.)
- Revisions to personal income data now indicate that personal income in Mississippi did not fall in the first quarter (Q1), but rose 1.0%, ranking the state 41st in the nation. The growth rate in Q2 was a slightly stronger 1.2%, which was above the national average of 1.0%.
- Residential building permits have risen sharply this year; retail sales have increased modestly. Manufacturing employment is up 0.8%, year-to-date, with several major new facilities beginning production in recent months. Gaming revenues are approaching 2010 levels, after dropping in 2011 due to flooding near the Mississippi River.
- New investments totaling \$1.4 billion have been announced since the start of the year. The largest on-going projects include Huntington Ingalls' \$2.4 billion contract with the

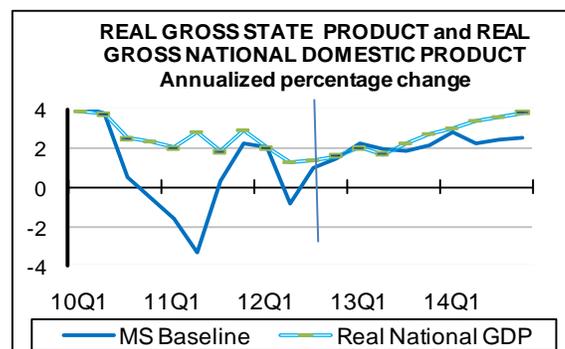
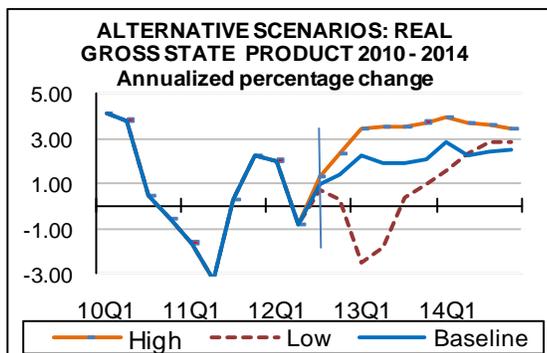
Navy and Chevron's \$1.4 billion expansion of its Pascagoula facilities.

- The growth rates of output and employment in Mississippi have been lower than the U.S. rates this year. The annual growth rate of real output in 2012 is expected to be under 1%, but will gradually accelerate in the coming years, reaching a peak of 2.7% in 2015. The growth rates of employment and personal income will follow a similar path.
- The risk of recession nationally is estimated at 20% by IHS Global Insight. The major uncertainties come from unsettled European markets and from the upcoming "fiscal cliff" that Congress must soon tackle.

State Economic Outlook

Employment in the state has fallen every year since 2007, and unfortunately no growth is expected in 2012 either. Although employment increased a bit in September, as of August, the number of persons on payroll was 1.08 million, the lowest it has been since early 1996. Mississippi is the only state in the nation for which this was true, although Rhode Island comes close. That state experienced its lowest employment level since 1998 this July.

Several factors are behind the lack of job growth, which has left employment 6.4% below levels at the start of the Great Recession. The industry mix here, with its heavy reliance on lower-skill workers, is more vulnerable to cuts, due both to competition from imports and to changing consumer pref-



erences, which are shifting towards technology-related services. The state’s heavy reliance on federal funds is another factor: stimulus funding is ending and federal discretionary spending is being scaled back. And while professional and business employment has expanded at rates of over 3% nationally since 2010, the growth here has turned negative, with the demand for professional, scientific and technical services hit especially hard.

On the brighter side, the housing market in the state is showing signs of recovery and retail sales continue to grow. The state’s index of coincident indicators rose slightly in August and there was a strong upturn in the index of leading indicators. State revenues are coming in above year-ago levels, and new production facilities have boosted manufacturing durables employment.

New investments totaling \$1.4 billion have been announced since the start of the year and will increase economic activity. Of these, the largest job creator will be Nissan’s \$20 million expansion, which will bring 1,000 additional jobs. Kior is building a \$350 million facility, generating 350 jobs, and the Hard Rock Hotel and Casino is adding a \$32.5 million expansion, with 90 new jobs. A \$570 million port upgrade at Gulfport and a \$1 billion natural gas pipeline (Spectra Energy and CenterPoint Energy) are underway.¹

On-going projects also include Huntington Ingalls’ \$2.4 billion contract with the Navy and Chevron’s \$1.4 billion expansion of its Pascagoula facilities. See the table for more information. The new Toyota auto plant is already in production, the Margaritaville casino is open, and expansions at Schultz Extruded (metallurgical pipes) and Severstal (steel) have been completed.

The growth rate of real gross domestic product (GDP) in Mississippi is estimated at 0.4% this year, and no increase in employment is expected. With growth in Europe and the rest of the world slowing, the forecast for next year is for modest growth, with employment rising 1.0% and real output 1.6%. The economic upturn is on more solid ground by 2014 and, in 2015, the state GDP will post the healthy growth rate of 2.7%.

Recovery in the housing market, both in Mississippi and nationally, appears to have begun. Housing starts have fluctuated from quarter to quarter, but the trend has been generally upward. In the second quarter (Q2), starts in the state were 18% higher than in 2011:Q2; nationally, they were up 28%. Home prices showed only a modest rise in the state but were up 6% nationally. Sales figures for this year are not available yet, but the latest data show double-digit growth rates both here and in the U.S. (2011:Q3). The upsurge in housing permits issued in the state also bodes well for the sector.

There were 2,200 fewer persons on payrolls in the state in the first eight months of 2012 than in the same period in 2011, for a drop of 0.2. The industry that has lost the greatest number of jobs is construction (down by 3,100 jobs), but wholesale trade, retail trade, accommodations, and professional/scientific/technical services also lost 1,200 jobs or more each.

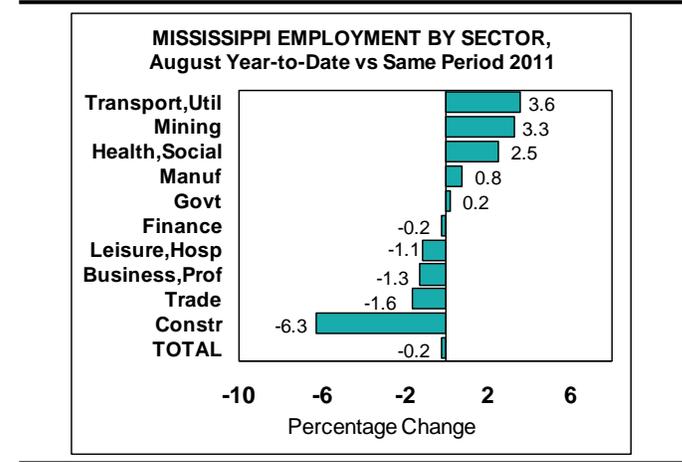
Employment gains were greatest in health care and social assistance (3,000 jobs), transportation & utilities (1,700 jobs), durable goods manufacturing (1,700 jobs) and local government (1,300 jobs). An accompanying chart shows the percentage growth of employment in each industry, year-to-date, as of August.

Payroll employment in the state was 5.4% lower than in 2008, and 5.9% than in 2000 – even taking into account the September increase in payrolls. The drop in employment has been greatest in rural areas of the state, but urban areas are affected as well. Payroll jobs in the Jackson metro area decreased 2.3% between 2008 and 2012 (year-to-date as of August), the smallest drop among the state’s four Metropolitan Statistical Areas (MSAs). Pascagoula suffered the greatest drop, 4.8%, due largely to decreases in the manufacturing and construction sectors. See figure.

The health care, transportation/utilities and government sectors are the only ones with positive growth since 2008 and, of these, health care alone averaged an annual growth rate over 1.0%.

MAJOR NEW & ON-GOING PROJECTS	
Huntington Ingalls	\$2.4 billion
Chevron	\$1.4 billion
HCL Cleantech	\$1.0 billion
Calisolar	\$600 million
Mississippi Power Co.	\$600 million
Port at Gulfport	\$570 million
KIOR	\$500 million
Stion	\$500 million

SOURCE: Mississippi Authority Development, October 2012.



Most counties in Mississippi had unemployment rates above 9.7% in August. The unemployment rate for the state was 8.5%, compared to a national unemployment rate of 8.2%. (These rates are not seasonally adjusted.) Rankin had the lowest unemployment rate at 5.0% and Clay the highest at 16.4%. At the same time, most counties (58 of 82) reported more persons employed this August than a year ago, as the map shows. Three counties with unemployment rates above 11% enjoyed strong job gains, namely, Benton, Greene and Panola. See map.

Overall, the number of Mississippi residents employed rose 1.4%, based on household survey information. Payroll employment data, which is reported by establishments, was used above in discussing employment by industry; this data, in contrast to the residence survey, found a drop in jobs of 0.2%. The residence survey data include the self-employed as well as Mississippians employed out-of-state, unlike establishment data. The divergence in trends between the two increases when the economy is in flux, as is currently the case.

Federal spending in Mississippi fell this year, due in part to efforts to reduce the federal deficit. There has been considerable fluctuation in the amount of funds allocated to the state over the past decade, due in part to natural disasters and including a spike in flood insurance payments last year, but a downward trend is likely over the coming years in all but health-related expenditures. In the federal fiscal year ending September 30, 2011, the state received \$39.1 billion in federal funds, but this year spending was down to \$27.4 billion.⁴ For comparison, gross state product was \$97.8 billion in 2011. (The potential flow of federal funds to the state if Mississippi opts to expand Medicaid is discussed in the long-term forecast section below.)

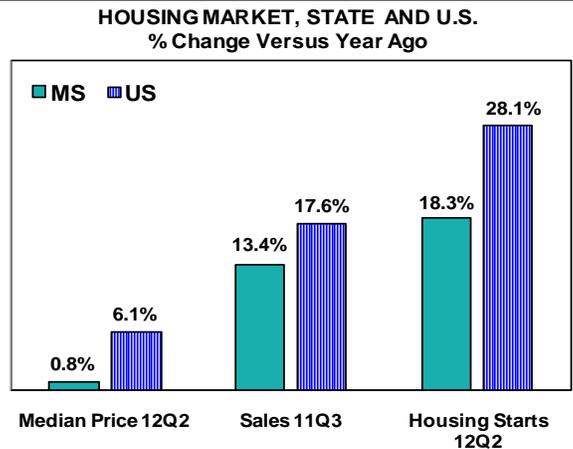
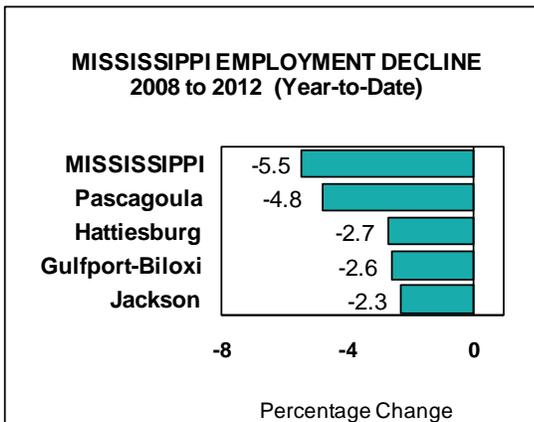
Bankruptcy rates skyrocketed both nationally and in the state as a result of the Great Recession. But many of the figures on Mississippi businesses, including the self-employed, show that firms here have been hit harder than those in other states. Between 2000 and 2010, business bankruptcies increased 129% in Mississippi versus 60% in the U.S.³ The number of small firms (fewer than 500 employees) dropped 5% in Mis-

issippi between 2000 and 2010, while nationally there was a 2% increase. The number of persons reporting themselves as self-employed dropped 27% here, versus an increase of 6% nationally. Quarterly establishment openings were down 7% in the state, but up 1% nationally. The total value of business loans under \$100,000 dropped 21% (to \$821 million) in Mississippi, while nationally there was an increase of 10% (Community Reinvestment Act loans only). (Data refer to 2000-2010 period).

Regional economic growth depends on a dynamic economic base – one that builds on local strengths and supports a stable, expanding workforce. While most jobs created are in firms with fewer than 500 employees, because of the high failure rates of small firms, slightly more persons are employed in larger firms -- 51% of total employment in both the U.S. and in Mississippi.

A healthy mix of firms includes large anchor institutions (such as hospitals and universities), rapidly growing start-ups (often technology-related), larger headquarter firms, and service and goods-producing industries with moderate turnover rates. Small firms are a critical part of the growth dynamic. While there are many programs supporting smaller businesses in the state, including several very active programs under the Small Business Administration, local firms could benefit from further attention. There are statistics indicating where further investment could pay off handsomely. For example, the 2010 New Economy Index of the Information and Technology Innovation Foundation ranks Mississippi at the bottom of the 50 states in terms of the ratio of venture capital invested to worker earnings, broadband access and scientists & engineers as a percentage of the workforce. The same index ranked Mississippi 35th in entrepreneurial activity and 36th in fastest-growing firms, indicating there is significant potential to be developed here.

The Eurozone remains in recession and the growth rate of China’s economy has slowed. Overall, the projected rate of GDP growth for the world is 2.6% this year and next.. These slower growth rates have put downward pressure on oil prices. The Department of Energy estimates that the price of crude oil to refineries will average \$100.64 this year, and IHS Global



Insight predicts a drop to \$88.50 in 2013. Any drop in the price of gasoline will have a positive impact on consumer spending in the state: in 2010 expenditures on gasoline in Mississippi averaged 7% of income.

The two presidential candidates have very different approaches to the federal deficit and health care. However, Congress must be on board for any substantive changes in either spending or taxes.

The Romney-Ryan ticket counts on cuts in spending on social programs as a major means of reducing the deficit. Romney advocates a switch from the current Medicare set-up to a voucher program and, for Medicaid, to block grants. The value of these proposed vouchers and grants would rise only slowly (presumably slower than the rate of inflation to ensure savings). Romney, however, predicts that increases in competition under vouchers would drive down the cost of medical services. Assuming that prices do indeed fall, whether or not the decrease would be sufficient to maintain services near current levels is open to debate. Traditional Medicare would remain an option that could be paid for by the voucher, with subsidies as needed to low-income individuals to ensure they continue to receive current levels of coverage. Romney would ask Congress to rescind the Affordable Care Act (ACA) as well.²

Whether Congress would support these proposals remains to be seen. Obama, on the other hand, would continue current programs, and implement the ACA, whose costs are covered by a slower growth of payments to providers, and by various taxes on health-related industries and on individuals with incomes over \$200,000. IHS Global Insight assumes that no matter who is elected, there will be significant increases in taxes – arguing that this is basic to reducing the deficit. As to health care reform, their national forecast presented here assumes that the Affordable Care Act is implemented.

Short-Term Forecast

The growth rate of gross domestic product (GDP) in Mississippi is forecast to be 0.4% this year, substantially lower

than the national growth rate of 2.1%. Improvement is expected in 2013, but the slowing momentum of the U.S. and international economies will keep growth rates both here and in the U.S. below 2.0%. By 2014, the real output in the state will be growing at a 2.4% rate and, by 2015, at 2.7%. The recovery peaks in 2015, with U.S. production that year expanding 3.4%.

Employment here stops its slide by the end of the year, and the zero growth rate estimated for 2012 will give way to a positive increase in employment of about 1.0% in 2013, 1.2% in 2014 and 1.3% in 2015. Nationally, payroll employment in 2012 grew an estimated 1.4% and will increase at approximately the same rate in 2013. A peak growth rate of 2.0% is forecast for the U.S. in 2015 by IHS Global Insight.

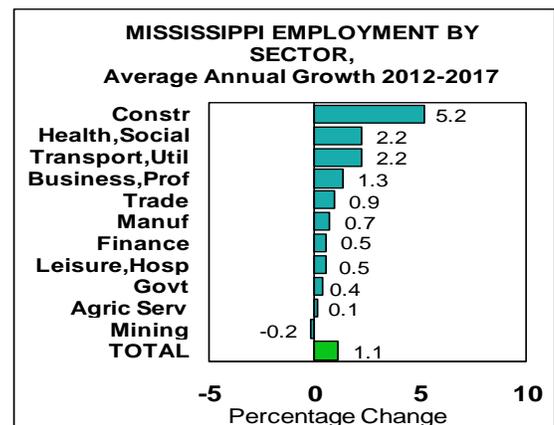
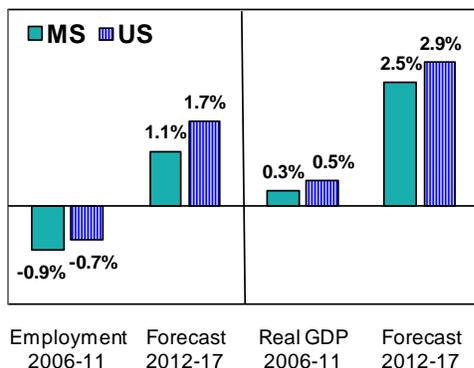
Personal income (in current dollars) rose a solid 4.1% in Mississippi in 2011, but will increase only an estimated 2.9% in 2012, due to the slow rate of increase in the first half of the year. Wages and salaries, however, have been growing more rapidly this year than in 2011 and further improvement in 2013 will boost personal income growth to 3.1%. As labor markets gradually tighten, the rate of wage increase hits 4.8% in 2016.

The growth of transfer payments has been lower than in 2011, due in large part to a sharp drop in BP compensatory payments. Over the next two years, as unemployment and food stamp benefits decline with the improving economy, the increase in transfer payments will remain below their long-term rate of increase.

Overall, the growth of personal income will gradually accelerate to a peak of 4.7% in 2016. Rising wages and incomes over the forecast period will translate into higher consumption, providing fuel for the economy’s growth. Over the last five years, real personal income rose only an average of 1.2% annually, and real wages fell 0.5%.

Inflation is expected to remain below 2.5% over the forecast period, whether measured by the consumer price index (national or South) or by the deflators used for gross state

GROWTH RATES OF EMPLOYMENT AND OUTPUT, MISSISSIPPI AND U.S.
Historical and Forecast



product and gross domestic product. Any substantial jump in oil prices would affect this forecast, however. Currently, an increase of 2.0% in the consumer price index is estimated for this year.

The projections presented here rest on assumptions regarding the national and international economies that are discussed below in the section on alternative projections.

Five-Year Forecast, 2012-2017

Improvements in housing, business investment and the world economy will provide the momentum for a sustained upturn in the recovery beginning in late 2013. But the recovery will be slow: payroll employment in the state is not forecast to regain 2007 levels until 2018, although nationally this milestone will be reached in 2015. A positive increase in employment is forecast annually throughout the forecast period, though, with the unemployment rate in the state dropping to 7.2% by 2017.

The growth rates of output and employment in Mississippi will be somewhat lower than in the U.S. over the five-year forecast period. This is linked to the slower growth rate of the population and labor force in the state, but also to the relative deficits here in skills and resources supporting key industries.

Mississippi will average an annual growth rate of real GDP of 2.5% over the next five years, versus a growth rate of 2.9% in the U.S. Over the same period, the growth rate of employment in the state will average 1.1%, with the highest rate of increase in 2015 (1.3%). The five-year average is below the 1.7% increase expected nationally, as indicated in the accompanying graph.

The rate of employment growth by sector is shown in the graph provided. The 5.2% growth rate of employment forecast for construction is the highest growth rate among the eleven sectors shown, but still leaves the industry with lower employment levels than in 2007. Health and social assistance, which maintained a positive rate of increase throughout the recession, will average an annual growth rate of about 2.2%; a

substantial lift is likely in 2014 as a number of health care reform measures go into effect.

Transportation and utilities, whose fate is closely linked to overall production, will experience a strong rebound, with an average growth rate of approximately 2.2%. Business, professional and other services, which has been underperforming relative to the nation, will average a growth rate of 1.3%. Wholesale and retail trade will expand employment at 0.9% annually, below the state average rate of 1.1%, as the industry regroups. Manufacturing employment will grow 0.7% annually, and government employment 0.4%. Agricultural services, forestry and fisheries employment will remain stable, with only modest growth (0.1%).

Construction, manufacturing, wholesale & retail trade, finance, leisure & hospitality and employment will remain below pre-recession levels even in 2017. The percentage of total employment in manufacturing will continue its long-run decline.

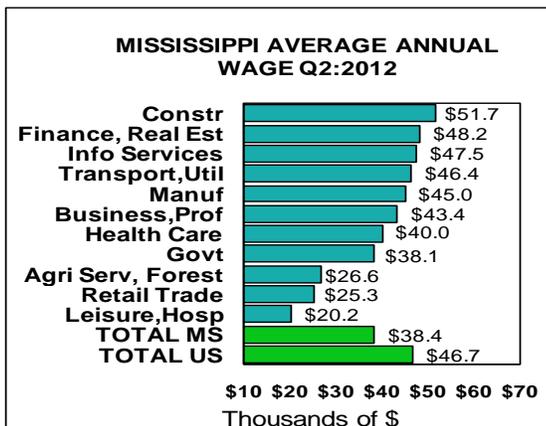
Possible Medicaid Expansion

The health care reform legislation scheduled to go into effect in 2014 offers states the option of expanding the number of persons covered by Medicaid. Such an expansion would impact output, employment and incomes. There would be up to an estimated 280,800 working age adults in Mississippi eligible for this expansion of Medicaid in 2014, depending on the eligibility requirements the state sets. By 2020, with a high participation rate, over \$1 billion annually would be coming to the state through this Medicaid expansion. However, there is a state matching requirement. It is phased in gradually, but by 2020, the state will be required to provide 10% of the cost of expanded services, or about 11 cents for every dollar of federal funds received.

A study by Dr. Bob Neal of this office available at: <http://www.mississippi.edu/urc/downloads/medicaid-oct-16.pdf> estimates the net fiscal burden on the state of expanding Medicaid coverage under three different scenarios, as well as the jobs, income and general fund revenues generated by the inflow of funds.

Under each of the scenarios, each federal dollar funding the Medicaid expansion will generate a bit over 5 cents in general fund revenues, revenues which could potentially be used to cover the required matching funds. (There will be special funds generated by these federal dollars as well, but their use is restricted by legislation to particular programs.)⁵

Overall, in 2018 and beyond, the state's costs exceed the additions to the General Fund. For example, in the year 2025, under the high participation rate scenario, it is expected that the state would spend \$159 million for the Medicaid expansion, while added revenues to the general fund would be about \$63 million.



Alternative Forecasts

The baseline forecast presented in the tables rests on the IHS Global Insight national forecast, which is built on assumptions made about developments in the Eurozone, U.S. fiscal policy, and more. There is a 20% probability that the assumptions behind the national forecast will prove to be overly optimistic and a 15% probability that they will prove to be unduly pessimistic, in the assessment of IHS. The two alternative forecasts for Mississippi in the table are in line with the alternative national scenarios.

In the pessimistic scenario (20% probability), the debt crisis in Eurozone countries worsens and Congress mishandles the “fiscal cliff”. Exports to Europe slow further. Congress delays addressing the fiscal crisis until after the January 1 deadline, and ends the current payroll tax cut. This sends the U.S. economy into recession in the first half of 2013; Mississippi also experiences a brief recession.

Efforts by Congress to stem the recession encounter a lack of support for either re-implementing payroll tax cuts or for increasing spending. Gridlock ensues. Declining profits and weak wage gains reduce final sales and planned business investment is cut, exacerbating the problem. Once the economy stabilizes again, growth is at a slow pace, as consumers remain spooked by the recurring economic insecurity. The Mississippi growth rate of GDP turns negative in the first half of 2013 but from the third quarter on rises at an increasing rate. By Q2 of 2014, the growth rate exceeds 2.0%.

In the optimistic scenario (15% probability), the national recovery re-ignites. The housing market takes off and credit conditions ease. Investors boost nonresidential construction and employment gains pick up. Decisions made by policymakers in the Eurozone prove to be effective in smoothing the way for stressed member countries to meet their debt obligations in an orderly fashion. Export markets expand. Business and consumer confidence increase, and the recession in Europe ends sooner than expected.

Although there is some increase in inflation, there is also a stronger growth of productivity and interest rates remain low. Under this scenario, the U.S. growth rate hits 2.3% this year, 3.5% in 2013 and 4.2% in 2014. Mississippi reaches a 2.4% growth rate in Q4 of 2012, and the annual growth rate in 2013

comes in above 3.0% and in 2014 above 3.5%. As the table shows, the most rapid increase in economic activity in the state is in late 2013 and early 2014.

Written by Marianne Hill, Ph.D., with input from members of the University Research Center.

Historical tables with data on Mississippi output, employment and income by sector as well as on other variables is available at www.mississippi.edu/URC. Go to Data Links.

Notes

1. Statement of the *Sun Herald* editorial board (10/13/2012): “An honest evaluation of how deep and wide the channel to the port can be, within what time frame and at what cost, (is needed). Contrary to the position suggested by MSPA (MS Port Authority) authorities, the question of whether the Port of Gulfport will be authorized to dredge to forty-five (45) feet is not a question of whether a funding source can be secured. Rather, it a question of whether the National Economic Development (NED) benefits to be derived from dredging both meet the requisite ratio and out-weigh the environmental damage caused by the dredging. Everyone in the maritime industry who is not in any way involved in the Port of Gulfport, understands that Gulfport has *less than zero chance* of being authorized to dredge to forty-five (45) feet in our lifetimes.

Once the Port of Mobile completes its privately-financed container terminal expansion, finishes its federally-financed port rail project, and obtains federal funding to dredge to the federally-authorized depth of fifty-five (55) feet, the Port of Gulfport will be faced with the impossible task of demonstrating that it can more efficiently serve a market served by a modern automated container terminal similar to the one depicted in the animation on the Port of the Future website.” Since HUD money intended for job recovery post-Katrina is involved, the cost-benefit ratio of job creation is also an issue. (Today’s containerized cargo operations employ fewer people than in the past).

2. There are no Medicare vouchers and no block grants under ObamaCare. The growth rate of payments to Medicare and Medicaid providers will be slowed in various ways, including through following recommendations of an expert panel that identifies inefficiencies in health care spending. Medicaid eligibility will be expanded and states will set up exchanges for private insurance, with eligible individuals receiving premium subsidies from the federal government. The goal is to make health care insurance available to every American.

BASELINE GROWTH RATES AND ALTERNATIVE SCENARIOS FOR GROSS STATE PRODUCT GROWTH

(Annualized percentage change)

	12 QII	12 QIII	12 QIV	13 QI	13 QII	13 QIII	13 QIV	14 QI	14 QII	14QIII	14 QIV
Gross State Product											
Baseline- 65% Probability	-0.8	0.9	1.4	2.2	1.9	1.9	2.1	2.8	2.2	2.4	2.5
Lower Growth - 20% Probability	-0.8	0.7	0.3	-3.0	-1.8	0.4	1.0	1.6	2.4	2.8	2.9
Higher Growth - 15% Probability	-0.8	1.3	2.3	3.4	3.5	3.5	3.7	3.9	3.7	3.6	3.4
Employment [baseline]	-0.5	-1.2	0.8	1.8	2.1	1.0	0.5	1.4	1.3	1.4	1.5
Personal Income [baseline]	4.8	3.1	3.4	3.4	2.1	3.1	3.3	4.3	5.2	3.4	4.2

SOURCE: University Research Center, October 2012.

The costs of expanded coverage under the Affordable Care Act are covered by newly-enacted taxes and cost-reducing measures, says the nonpartisan Congressional Budget Office. These include several taxes on health-related industries and a 0.9% payroll tax on individuals with adjusted gross incomes over \$200,000. These higher-income taxpayers will also pay a Medicare surtax of 3.8% on their capital gains income, bringing it closer to the tax on wage income. Those opting not to have health care coverage will be subject to a penalty of up to at most \$695 by 2016, depending on income level.

The average cost of a family premium through an employer last year was over \$15,000; 21% of working age adults lacked health insurance; and the percentage of employers providing coverage has been shrinking (fewer than half of employers in Mississippi provide coverage). [Most U.S. households have incomes at or below \$51,000, a level just enough for a family of three to get by without government assistance, according to national self-sufficiency standards.] The health care industry has not succeeded in reducing costs and expanding coverage yet; national policy initiatives offer the possibility of a solution to a problem that is hitting crisis stage.

3. This section uses the latest data available from the Small Business Administration, which pulls together data on businesses of all sizes by state at <http://www.sba.gov/advocacy/848/41391>.

4. According to USASpending.gov, total federal expenditures for the federal fiscal years 2007 to 2012 were as follows: \$15.8 billion, \$19.8 billion, \$33.2 billion, \$24.4 billion, \$39.1 billion, and \$27.4 billion. The state's gross domestic product is estimated at \$100.5 billion this year.

5. For every dollar of general fund revenues collected in FY2011, the Department of Revenue sent special funds of 9.0 cents to the Department of Transportation/ Four-Lane Hwy Project/State Aid Road Fund; 6.1 cents to the Education Enhancement Fund; 2.2 cents to the Departments of Environmental Quality/Wildlife Conservation/ Marine Resources; 2.2 cents to the Department of Mental Health and Trauma Care; and another 21.6 cents went to municipalities, counties and other governmental uses.

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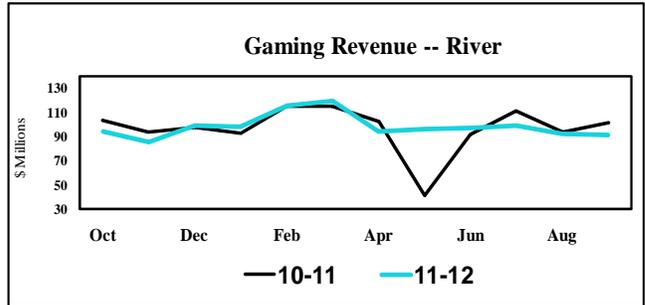
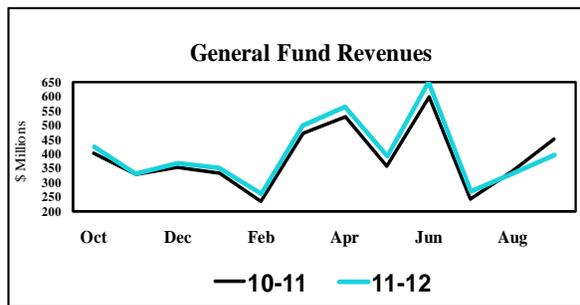
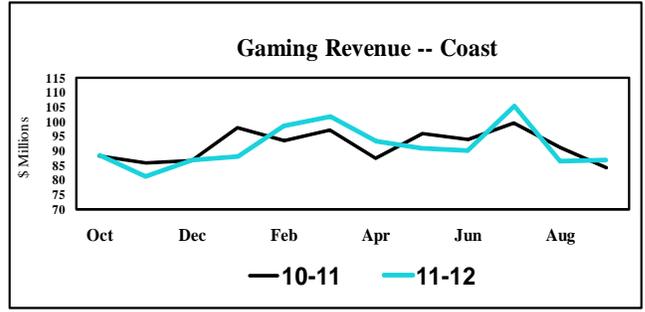
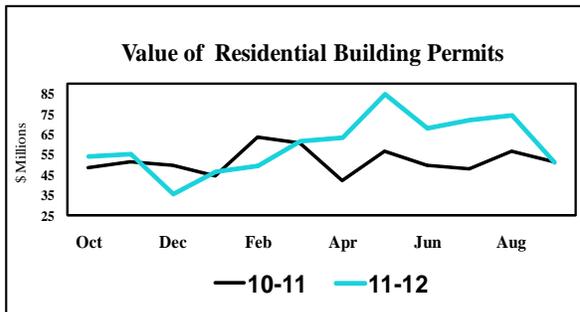
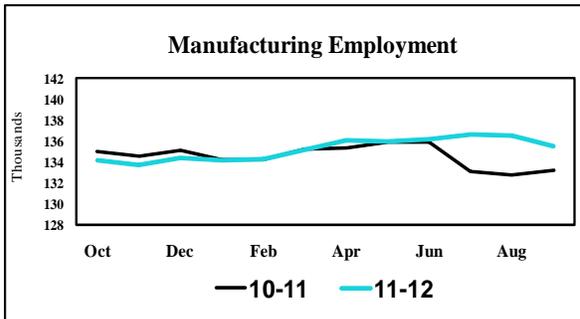
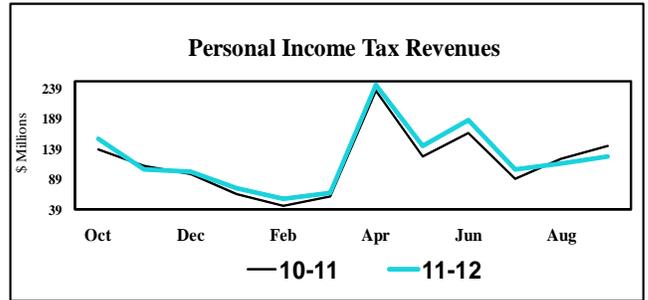
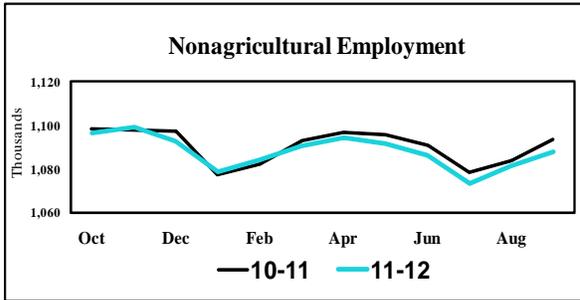
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A Graphic Overview



RECENT MISSISSIPPI TRENDS

(Annualized percentage change unless otherwise indicated)

	2011: QI	2011: QII	2011:Q III	2011: QIV	2012: QI ^P	2012: QII ^P	2010	2011	2011 Value
Gross State Product (millions \$)	1.6	0.5	4.7	4.4	3.9	0.4	3.6	2.4	\$97,810
Gross State Product (millions 2005\$)	-1.6	-3.3	0.3	2.2	2.0	-0.8	2.1	-0.8	\$84,272
GSP Price Index (2005=100)	3.2	3.8	4.4	2.2	1.9	1.2	1.4	3.2	116.1
Other Key Indicators									
Consumer Price Index (1983=100)	4.5	4.4	3.1	1.3	2.5	0.8	1.6	3.1	225.0
Average Annual Wage	6.5	1.4	2.9	-0.7	7.1	3.6	1.9	2.3	\$37,200
Median Price, Existing Homes	13.5	18.0	-1.0	4.8	-7.2	6.7	-3.2	-1.4	\$79,938
Housing Starts (thousands- not percent)	6.0	4.6	4.9	5.1	5.1	5.5	-19.7	-2.3	5.15
Index Coincident Indicators (2004=100)	0.4	-0.2	0.2	2.1	1.5	-0.8	0.2	0.6	101.6
Index Leading Indicators (2004=100)	6.6	-4.2	-8.5	10.2	12.5	0.9	2.4	0.6	94.4
Number Unemployed (thousands)	4.3	9.1	9.3	-11.2	-41.3	-33.9	13.9	3.8	143.3
Unemployment Rate (percent)	10.5	10.7	10.9	10.6	9.5	8.8	10.5	10.7	10.7
Employment, Residents (thousands)	2.4	0.3	0.4	2.6	2.6	1.0	0.8	1.8	1,200.6
Payroll Employment (thousands)	-0.2	-0.5	-0.5	1.0	-0.7	-0.5	-0.5	0.0	1,090.6
Manufacturing	2.2	0.0	-6.6	2.9	2.3	2.6	-3.6	-1.1	134.5
Durable Goods	4.0	2.9	-6.1	5.1	4.0	1.4	-3.6	-0.2	87.2
Nondurable Goods	-1.1	-5.2	-7.6	-1.1	-0.9	4.9	-3.5	-2.7	47.3
Contract Construction	-4.5	-5.1	-2.7	-2.7	-0.3	-25.4	-3.4	-1.2	48.8
Natural Resources, Mining	6.0	0.0	4.4	4.4	4.3	-2.9	3.7	3.9	9.1
Transportation, Utilities	2.3	1.1	1.4	2.2	6.9	3.0	0.1	2.2	47.9
Wholesale, Retail Trade	0.8	-0.2	-3.3	0.3	-4.9	0.2	-0.8	0.0	166.6
Finance, Insur, Real Estate	-0.9	-0.6	2.7	0.9	-1.8	0.9	-1.7	-1.4	44.8
Health Care & Social Assist.	1.9	0.9	6.3	5.8	0.1	-2.6	2.1	2.6	121.7
Leisure & Hospitality	0.9	1.0	-4.7	-6.4	0.8	7.9	-1.6	-0.4	117.7
Business & Other Services	0.6	-0.1	-1.3	5.4	-5.5	-7.0	5.5	2.0	93.8
Agriculture, Forestry & Fishing	-5.1	-4.3	-4.3	-4.3	2.0	2.0	3.3	-4.1	17.2
Government	-2.1	-1.5	2.2	0.7	0.4	-0.2	-0.3	-1.2	246.1
Personal Income (millions \$)									
Wages & Salaries	6.0	0.7	2.2	0.3	6.3	2.8	1.4	2.0	\$42,193
Other Labor Income	8.6	3.7	4.7	3.5	1.6	2.6	2.3	4.2	\$11,976
Proprietors' Income	-8.9	2.2	2.8	1.2	14.3	14.2	8.1	2.4	\$8,080
Farm Proprietors	-67.8	3.8	1.7	-15.2	16.6	100.5	-2.4	-9.6	\$936
Nonfarm Proprietors	0.5	2.0	2.9	3.4	13.9	3.2	9.9	4.2	\$7,145
Property Income	16.9	9.5	3.3	3.1	-2.2	8.5	-2.6	6.5	\$11,882
Transfer Payments	1.4	1.6	0.1	0.9	0.8	3.7	7.4	3.2	\$24,768
Less: Social Sec. Payments	-31.1	4.6	5.3	2.4	7.0	2.1	1.4	-6.0	\$6,494
Plus: Residence Adjustment	31.3	4.9	3.3	0.7	12.1	4.4	4.1	11.3	\$2,908
Equals: Total Personal Income	8.6	2.4	2.0	1.2	4.0	4.8	3.2	4.1	\$95,313
Less: Individual IRS Collections	64.8	2.8	2.9	1.3	16.3	4.9	14.2	18.3	\$5,687
Less: Individual State&Local Taxes	14.9	2.8	2.9	1.3	5.9	4.9	-3.7	5.3	\$1,718
Equals: Disposable Pers. Income	5.3	2.3	1.9	1.1	3.2	4.8	2.7	3.2	\$87,906
Per Capital Income (\$)	8.3	2.1	1.7	0.8	3.7	4.4	2.8	3.7	\$31,986
Population (thousands)	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.3	2,980

P = Preliminary

NOTE: The historical data in these tables, which are subject to revision, are from the U.S. Bureau of Economic Analysis, the U.S. Bureau of the Census, and the U.S. Bureau of Labor Statistics or are constructed from these sources by the University Research Center or IHS Global Insight, Inc. The index of coincident and of leading indicators for Mississippi are published monthly in *Mississippi's Business*, another publication of the University Research Center. Details about the indicators are provided there.

The forecast numbers in these tables represent the mathematical solution of the state econometric model in which future values of variables are predicted on the basis of past and current trends in the U.S. and Mississippi economies. The U.S. forecasts are the October IHS Global Insight, Inc. forecast. The state model is re-solved as new data becomes available.

RECENT NATIONAL TRENDS

(Billions of constant dollars unless otherwise indicated)

	2011: QII	2011: QIII	2011: QIV	2012: QI	2012: QII ^P	2010	2011	2011 Value (current\$)
National Product (billions constant \$)								
Gross Domestic Product	2.5	1.3	4.0	1.9	1.2	2.4	1.8	\$15,075.7
Consumer Expenditures	1.0	1.6	2.0	2.4	1.5	1.8	2.5	\$10,729.0
On Durable Goods	-2.3	5.3	13.2	11.1	-0.2	6.2	7.2	\$1,146.4
On Nondurable Goods	-0.3	-0.4	1.8	1.6	0.6	2.3	2.3	\$2,478.4
On Services	1.9	1.8	0.3	1.3	2.1	1.0	1.9	\$7,104.2
Gross Private Domestic Investment	12.0	5.7	30.3	6.0	0.7	13.7	5.2	\$1,855.0
In Equipment and Software	7.6	17.2	8.5	5.3	4.7	8.9	11.0	\$1,074.7
In Nonresidential Structures	31.3	19.2	11.0	12.3	0.6	-15.6	2.7	\$404.8
In Residential Structures	4.0	1.3	11.7	19.7	8.5	-3.9	-1.6	\$329.7
Change in Inventories	-37.0	-462.5	6958.1	-77.2	-109.0	136.6	-39.1	\$36.6
Government Purchases	-0.8	-3.0	-2.2	-3.0	-0.7	0.6	-3.1	\$3,059.8
Federal Purchases	2.7	-4.4	-4.5	-4.3	-0.2	4.5	-2.8	\$1,222.1
State & Local Purchases	-3.2	-2.0	-0.7	-2.2	-1.0	-1.8	-3.4	\$1,837.7
Net Exports of Goods & Services	16.3	1.7	-20.2	2.4	7.8	-18.2	2.8	-\$568.1
Exports	4.0	6.0	1.4	4.3	5.1	11.1	6.7	\$2,094.2
Imports	0.1	4.6	4.8	3.0	2.8	12.5	4.8	\$2,662.3
Other Key Indicators								
Total Employment, Residents (millions)	0.2	0.5	2.3	3.8	0.8	-0.6	0.6	139.9
Total Payroll Employment (millions)	1.7	0.9	1.4	2.1	1.0	-0.7	1.2	131.4
Private Sector Employment (millions)	2.3	1.4	1.8	2.6	1.3	-0.8	1.8	109.3
State and Local Govt. Employment (millions)	-1.4	-1.5	-0.7	-0.1	-0.7	-1.1	-1.4	19.2
Federal Employment (millions)	-1.3	-2.7	-1.1	-1.6	-1.6	5.1	-4.0	2.9
Number Unemployed (millions)	4.0	0.2	-14.8	-19.3	-2.8	3.6	-7.2	13.7
Unemployment Rate (percent)	9.0	9.1	8.7	8.3	8.2	9.6	9.0	9.0
Personal Income (billions \$)	-1.0	-1.2	0.2	4.0	3.3	3.8	5.1	\$12,947.3
Retail Sales (billions \$)	6.3	5.0	7.8	6.6	-1.0	5.5	8.0	\$4,652.3
Median Price Exist Single Home (% of 2007price)	75.7	75.8	72.7	71.0	81.1	77.3	73.8	73.8
Housing Starts (millions)	-7.3	28.9	41.9	21.4	11.8	5.7	4.5	0.61
Index of Industrial Production (2007=100)	1.2	5.5	5.0	5.8	2.6	5.4	4.1	93.7
Commercial & Industrial Loans (billions \$)	9.5	12.6	12.1	15.0	13.9	-13.6	5.6	\$1,335.5
Consumer Credit Outstanding (billions \$)	3.0	1.9	5.9	5.7	5.9	-1.8	6.1	\$2,631.7
After-Tax Profit (billions \$)	14.8	6.3	24.0	26.8	-1.4	23.2	2.2	\$1,475.1
West Texas Intermediate Oil (\$ per barrel)	\$102.6	\$89.7	\$94.0	\$102.9	\$93.5	\$79.4	\$95.1	\$95.1
Light Vehicle Sales (millions of units)	-17.2	15.6	26.3	20.4	-1.2	11.1	10.2	12.7
Prices and Wages								
GDP Price Index (2005=100)	2.6	2.9	0.4	2.0	1.5	1.3	2.1	113.4
Consumer Price Index (1983=100)	4.4	3.1	1.3	2.5	0.8	218.1	224.9	224.9
Producer Price Index (1982=100)	8.4	0.9	1.5	1.8	-7.2	184.8	201.0	201.0
Real After-Tax Hrly Compensation	-4.1	-1.9	-1.2	3.1	2.1	0.8	0.7	18.4
Financial Markets								
Prime Rate (%)	3.3%	3.3%	3.3%	3.3%	3.3%	3.3	3.3%	3.3%
Federal Funds Rate (%)	0.1%	0.1%	0.1%	0.1%	0.2%	0.2	0.1%	0.1%
Exchange Rate (\$ vs. Major Currencies)	0.83	0.83	0.86	0.87	0.88	0.9	0.85	0.85
S&P Index (% of Q2:2007 level)	88.1	82.1	81.9	90.0	90.2	76.1	84.8	84.8
Payroll Employment (millions)								
Manufacturing	2.3	1.4	0.7	3.6	2.0	-2.7	1.8	11.7
Contract Construction	1.1	1.1	1.2	2.2	-2.6	-8.2	-0.3	5.5
Transportation, Utilities	2.9	1.1	1.4	3.1	1.0	-1.2	2.2	4.8
Wholesale, Retail Trade	2.1	1.0	1.3	1.2	0.8	-1.1	1.4	20.2
Finance, Insur, Real Estate	0.6	-0.3	0.6	0.9	1.3	-1.5	0.4	7.7
Health & Social Assistance	2.1	2.3	2.0	2.3	2.0	1.7	1.6	16.6
Business & Professional Services	3.8	2.5	3.3	4.7	2.5	0.9	3.6	17.3
Leisure & Hospitality	3.0	1.5	2.5	3.5	1.2	-0.2	2.1	13.3
Government	-1.4	-1.7	-0.8	-0.3	-0.8	-0.3	-1.7	22.1
Total Payroll Employment	1.7	0.9	1.4	2.1	1.0	-0.7	1.2	131.4

P= projected or preliminary

MISSISSIPPI AND U.S. FORECASTS 2012 - 2017 (Annual Percentage Change)

	2011	2012	2013	2014	2015	2016	2017
MISSISSIPPI FORECAST							
Gross State Product (constant \$)	-0.8	0.4	1.6	2.4	2.7	2.6	2.4
Manufacturing	-0.5	1.5	3.8	4.0	3.8	3.1	3.2
Durable Goods	2.4	4.0	5.0	5.2	5.0	3.4	3.7
Nondurable Goods	-3.3	-1.6	2.0	2.4	2.2	2.7	2.4
Contract Construction	-2.1	-4.8	1.0	4.3	6.5	5.1	3.5
Natural Resources, Mining	14.8	3.2	1.5	0.1	2.1	1.4	-0.1
Agric, Forestry & Fishing	-16.2	3.6	2.7	2.1	2.4	2.5	2.1
Transportation, Utilities	-4.7	2.0	2.4	2.3	2.8	2.6	2.4
Wholesale, Retail Trade	1.0	0.7	1.1	2.2	2.6	2.8	2.7
Finance, Insur, Real Estate	-1.0	-0.5	1.0	1.9	2.1	2.2	1.9
Health Care & Social Assist.	2.0	2.1	2.4	3.3	3.4	3.2	2.9
Leisure & Hospitality	-0.4	-0.3	1.3	2.3	2.5	2.4	2.4
Business & Other Services	1.1	0.2	1.4	2.2	2.4	3.1	2.8
Government	-1.4	-0.2	0.2	0.7	1.1	1.2	1.3
Other Key Indicators							
Gross State Product (current \$)	2.4	2.8	3.3	3.9	4.3	4.3	4.1
GSP Price Index (2005=100)	3.2	2.4	1.6	1.6	1.6	1.7	1.7
Consumer Price Index (1983=100)	3.1	2.0	1.3	1.8	1.7	1.9	1.9
Employment, Residents (thousands)	1.8	1.1	1.0	1.0	1.1	1.2	1.0
Payroll Employment (thousands)	0.0	0.0	1.0	1.2	1.3	1.1	0.9
Unemployment Rate	10.7%	9.4%	8.9%	8.4%	7.9%	7.5%	7.2%
Payroll Employment							
Manufacturing	-1.1	1.0	1.3	1.0	0.8	0.3	0.0
Durable Goods	-0.2	2.0	2.1	1.5	1.1	0.3	0.4
Nondurable Goods	-2.7	-1.0	-0.2	-0.1	0.3	0.2	-0.8
Contract Construction	-1.2	-5.6	1.7	5.9	8.3	5.7	2.3
Natural Resources, Mining	3.9	2.1	2.6	1.0	-2.3	-2.2	-0.1
Transportation, Utilities	2.2	3.3	2.4	2.0	2.5	2.1	1.5
Wholesale, Retail Trade	0.0	-1.6	0.7	0.9	0.8	1.2	0.9
Finance, Insur, Real Estate	-0.4	-0.8	0.8	0.6	1.0	0.4	-0.2
Health Care & Social Assist.	2.6	1.7	2.0	2.3	2.0	1.9	2.1
Leisure & Hospitality	-0.4	1.0	1.0	0.8	0.2	0.0	0.5
Business & Other Services	0.5	-0.3	0.6	1.1	1.5	1.7	1.4
Government	-1.2	0.0	0.3	0.4	0.4	0.2	0.5
Personal Income (billions \$)							
Wages & Salaries	2.0	2.6	3.0	3.6	4.7	4.8	4.6
Other Labor Income	4.2	3.5	3.6	4.2	4.4	4.8	4.9
Proprietors' Income	2.4	6.0	2.4	4.8	5.9	4.7	4.4
Farm Proprietors	-9.6	17.6	-12.9	-2.0	6.2	0.8	2.3
Nonfarm Proprietors	4.2	4.5	4.7	5.6	5.9	5.1	4.6
Property Income	6.5	3.2	3.7	4.2	5.0	4.8	4.9
Transfer Payments	3.2	1.8	3.4	5.0	5.1	5.4	5.1
Less: Social Sec. Payments	-6.0	3.8	5.6	5.2	9.1	7.4	7.3
Plus: Residence Adjustment	11.3	5.0	4.7	4.5	3.2	3.6	3.9
Equals: Total Personal Income	4.1	2.9	3.1	4.1	4.5	4.7	4.5
Less: Individual IRS Collections	18.0	5.3	6.7	5.9	5.7	5.3	5.2
Less: Individual State and Local Taxes	5.3	3.8	4.1	4.6	4.8	4.9	4.8
Equals: Disposable Pers. Income	3.2	2.7	2.8	4.0	4.5	4.7	4.5
Per Capita Income	3.7	2.5	2.6	3.6	4.0	4.2	4.0
Population (thousands)	0.3	0.4	0.4	0.5	0.5	0.5	0.5
U.S. FORECAST 2012-2017							
Gross Domestic Product (billions \$)	4.0	4.0	3.5	4.5	5.0	4.6	4.3
Real Gross Domestic Product (billions constant \$)	1.8	2.1	1.8	2.9	3.4	2.9	2.6
GDP Deflator (2005=100)	2.1	1.9	1.6	1.5	1.6	1.6	1.6
Total Employment, Residents (millions)	0.6	1.7	0.9	1.3	1.6	1.4	1.1
Total Payroll Employment (millions)	1.2	1.4	1.3	1.8	2.0	1.8	1.3
Unemployment Rate (Percent)	9.0%	8.2%	8.0%	7.6%	6.9%	6.4%	6.2%
Personal Income (billions \$)	5.1	3.5	3.8	4.9	4.9	4.9	4.3
Per Capita Income	4.3	2.5	2.8	3.9	3.9	3.9	3.3
Consumer Price Index	3.1	2.0	1.3	1.8	1.7	1.9	1.9
Prime Rate (Percent)	3.3%	3.2%	3.2%	3.2%	3.7%	5.7%	7.0%