

# MISSISSIPPI ECONOMIC OUTLOOK

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## RECESSION NO LONGER IN FORECAST, BUT RISK REMAINS ELEVATED

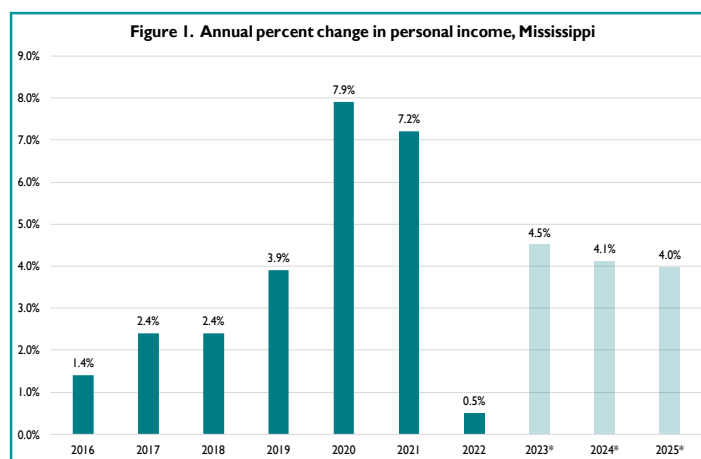
URC's latest forecast projects real gross domestic product (GDP) for Mississippi will increase 0.5 percent in 2023 as seen in the third section of Table 1 on page 3. This estimate represents an improvement of 0.3 percentage point from the forecast of the previous quarter. The forecasts for Mississippi real GDP growth in the first and second quarters of 2023 increased from the previous quarter, which more than offset slight decreases to the forecasts for real GDP growth in the third and fourth quarters. The improvement in the 2023 forecast for real GDP in Mississippi results from stronger consumer spending in the U.S. economy in the first quarter of 2023 than previously expected. In 2024 the Mississippi economy is expected to expand 0.8 percent in the latest forecast, which represents a decrease of 0.2 percentage point from the forecast of the previous quarter. Similarly, real GDP for Mississippi is projected to increase 1.1 percent in 2025, a decrease of 0.2 percentage point from the forecast of the previous quarter.

As seen in the fourth section of Table 1 on page 3, U.S. real GDP is expected to expand by 1.5 percent in 2023 according to the latest forecast. This estimate represents an increase of 1.0 percentage point from the forecast of the previous quarter and reflects an improvement in growth in the first quarter as noted above. The latest forecast projects U.S. real GDP will contract in only the second quarter of 2023, thereby removing a recession from the forecast for the current year. The U.S. economy is projected to grow 1.5 percent for all of 2024 as well, which represents a decrease of 0.3 percentage point from the forecast of the previous quarter. This latest estimate reflects a shift in some of the slowdown in growth expected in 2023 to 2024. U.S. real GDP is expected to expand 1.9 percent in 2025, a decrease of 0.1 percentage point from the previous quarter's forecast.

Personal income in Mississippi is expected to grow 4.5 percent in 2023 according to URC's latest forecast as seen in Figure 1. This rate represents a 0.9 percentage point increase from the forecast of the previous quarter.

URC forecasts wages and salaries in the state will grow 5.2 percent in 2023, an increase of 1.6 percent from the forecast of the previous quarter. Personal income in the state is projected to rise 4.1 percent in 2024, an increase of 0.1 percentage point from the forecast of the previous quarter. URC forecasts personal income in Mississippi will grow 4.0 percent in 2025, an estimate unchanged from the forecast of the previous quarter.

The latest forecast by URC projects payroll employment in Mississippi will grow 0.8 percent in 2023. This rate represents an increase of 1.3 percentage points compared to the forecast of the previous quarter. The projected rate for 2023 of 0.8 percent follows two consecutive years of annual employment growth in the state of more than 2.0 percent. Employment in the state is projected to decrease 0.6 percent in 2024. This estimate represents an increase of 0.1 percentage point from the forecast of the previous quarter. URC forecasts total employment in Mississippi will decrease by 0.5 percent in 2025, a decline of 0.4 percentage point from the forecast of the previous quarter. The decrease in employment caused by tighter financial conditions is expected to occur later than previously thought.



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

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## SHORT-TERM FORECASTS

In 2023 real GDP is expected to expand in a majority of sectors in Mississippi as seen in the first section of Table 1. Output in the Mining, Quarrying, and Oil and Gas Extraction sector is forecast to increase 7.9 percent in 2023, the largest expansion among all sectors. Real GDP in the Educational Services sector is forecast to expand 6.2 percent, the next largest increase. Both of these sectors are relatively small in terms of output, however. The largest expected decrease in output is the 5.0 percent contraction forecast for the Construction sector. Notably, the state's largest sector in terms of real GDP, Manufacturing, is forecast to contract 1.6 percent in 2023.

Real GDP is projected to expand in more sectors in the state in 2024. The Mining, Quarrying, and Oil and Gas Extraction sector is expected to grow 6.5 percent in 2024, again the largest expansion among all sectors, closely followed by the 6.3 percent increase forecast for the Information sector. Output in the Leisure and Hospitality sector is expected to contract 2.2 percent in 2024, the largest decrease among all sectors. The only other sectors forecast to contract in output in 2024 are Manufacturing, which is expected to decrease 0.3 percent, and Government, which is projected to decrease 0.1 percent.

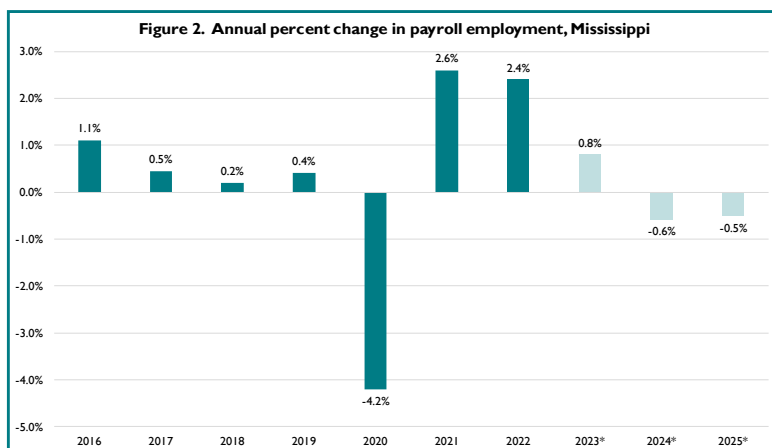
Almost all sectors in the state are projected to expand in output in 2025. The Information sector is forecast to increase in output by 7.2 percent, the largest percentage increase among all sectors. Output in the Mining, Quarrying, and Oil and Gas Extraction sector is forecast to expand 3.5 percent in 2025, the next largest increase in real GDP, followed by the 2.0 percent increase in real GDP expected in the Health Care and Social Assistance sector. The only sector where real GDP is projected to contract in 2025 is the Leisure and Hospitality sector. Output in the sector is expected to decrease 1.0 percent. Leisure and Hospitality also is the only sector projected to contract in output each year from 2023 to 2025.

Figure 2 below indicates URC forecasts payroll employment in Mississippi will increase 0.8 percent in 2023. The second section of Table 1 lists the percentage changes by sector. Most sectors in the state are expected to add jobs. The largest percentage increase in employment among all sectors is forecast for the Private Educational Services sector, a gain of 6.4 percent. This sector is relatively small in terms of employment, however. The next largest increase in employment is expected in the Health Care and Social Assistance Sector, which is expected to grow 4.1 percent. The largest percentage de-

crease in employment in 2023 are Professional and Business Services and Other Services as employment in these sectors is forecast to decrease 0.2 percent and 0.1 percent, respectively.

More sectors in the state are expected to lose jobs in 2024 and total employment is forecast to fall 0.6 percent. Employment in the Mining and Logging sector is forecast to rise 3.1 percent in 2024, the most among all sectors in Mississippi. However, this sector has relatively few employees. The Health Care and Social Assistance sector is expected to increase in employment by 2.8 percent, the next largest increase. The largest decrease in employment among all sectors is forecast for the Manufacturing sector, which is projected to fall by 3.8 percent. Employment in the Wholesale and Retail Trade sector is projected to fall 2.6 percent in 2024, the next largest decrease.

In 2025 total employment in Mississippi is forecast to decrease 0.5 percent and the sectors expected to lose jobs are the same as in 2024. Employment in the Information sector is expected to rise 2.0 percent, the largest increase among all sectors in the state, followed by Mining and Logging employment, which is forecast to rise 1.3 percent. Employment in Wholesale and Retail Trade is projected to decline 2.7 percent in 2025, the largest decrease among all sectors. The next largest decrease in employment among all sectors is forecast for Private Educational Services, a decline of 2.5 percent. The Manufacturing sector closely follows with an expected decrease in employment of 2.3 percent. Notably, Manufacturing is the only sector in the state forecast to lose jobs each year from 2023 through 2025. Conversely, the Mining and Logging, Transportation and Utilities, Information, Financial Activities, Health Care and Social Assistance, and Government sectors are all expected to add jobs each year from 2023 through 2025, despite the decreases in total employment forecast for 2024 and 2025.



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

**TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS**

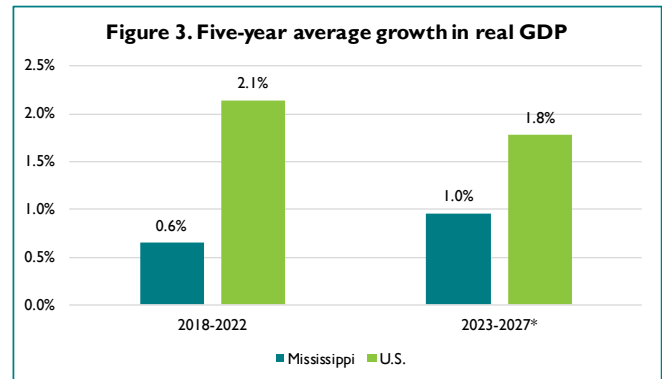
Variable	2022		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2023	2024	2025	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4
<b>Mississippi Forecast</b>													
Gross State Product (millions of current \$)	138,740	9.0	5.2	3.7	3.6	5.6	3.2	3.8	3.9	3.8	3.7	3.5	3.6
Gross State Product (millions of 2012 \$)	104,535	0.2	0.5	0.8	1.1	1.3	-0.4	0.4	0.9	0.8	1.0	1.1	1.1
Agriculture, Forestry, Fishing, and Hunting	2,952	4.9	5.8	0.4	0.8	3.0	-0.8	-0.1	0.8	0.6	0.2	0.3	0.7
Mining, Quarrying, and Oil and Gas Extraction	901	-17.0	7.9	6.5	3.5	6.8	5.1	7.4	10.9	7.2	5.6	2.0	2.3
Construction	2,604	-7.5	-5.0	0.3	0.1	0.0	-1.6	-0.8	1.5	0.4	0.3	0.0	0.6
Manufacturing	17,720	1.5	-1.6	-0.3	0.7	-1.2	-1.5	-0.4	-0.7	-0.3	-0.2	0.3	0.8
Durable Goods	10,163	4.7	-0.1	-0.1	0.9	-0.2	-0.8	0.0	-0.3	-0.4	0.0	0.6	0.8
Nondurable Goods	7,537	-2.2	-3.4	-0.6	0.5	-2.4	-2.3	-0.9	-0.9	-0.4	-0.6	0.0	0.8
Transportation and Utilities	6,473	-1.8	0.4	0.7	0.9	0.5	-0.7	-0.3	0.7	1.2	1.0	0.8	1.0
Wholesale and Retail Trade	13,969	-1.9	2.7	1.2	1.5	2.7	0.4	0.8	2.5	0.4	1.1	1.4	1.7
Information	3,402	12.4	4.9	6.3	7.2	1.1	3.8	6.6	4.9	7.2	6.9	6.0	7.4
Finance, Insurance, Real Estate, Rental, and Leasing	15,961	-1.4	-1.2	1.1	1.7	0.8	-0.4	0.3	0.0	1.8	1.8	1.7	2.0
Professional and Business Services	8,683	4.1	0.8	1.1	1.5	0.5	-0.3	-0.2	0.7	2.2	0.9	1.5	1.5
Health Care and Social Assistance	8,219	-0.1	2.4	2.7	2.0	0.9	0.4	2.6	2.7	4.0	2.1	2.8	1.5
Leisure and Hospitality	4,653	5.8	-1.9	-2.2	-1.0	-2.7	0.7	-0.6	-3.5	-3.1	-2.3	-1.1	-2.1
Educational Services	675	2.6	6.2	3.1	0.8	4.3	2.0	3.4	4.6	4.5	2.2	0.6	0.7
Other Services	2,015	-2.4	-0.8	0.3	0.4	-1.0	-2.7	-0.5	0.8	1.2	0.4	0.3	0.4
Government	16,572	0.1	0.0	-0.1	0.0	1.7	-1.7	-0.2	0.3	-0.6	0.3	0.1	0.3
<b>Payroll Employment (thousands)</b>													
Residents	1,202.0	1.2	-1.1	-0.8	-0.4	0.6	-0.9	-0.9	-0.9	-0.8	-0.7	-0.7	-0.5
Payroll	1,166.0	2.4	0.8	-0.6	-0.5	1.1	-0.2	-0.5	-0.5	-0.9	-0.6	-0.5	-0.7
Mining and Logging	6.0	2.8	3.3	3.1	1.3	10.8	1.6	2.2	4.5	4.2	3.4	1.1	1.0
Construction	46.3	3.1	1.4	-0.8	-0.3	6.5	-1.6	-1.8	0.9	-1.2	-1.5	-1.1	0.9
Manufacturing	148.1	2.8	-0.7	-3.8	-2.3	1.2	-1.8	-2.0	-4.3	-5.2	-4.1	-3.2	-3.2
Durable Goods	97.8	3.0	-0.5	-4.7	-2.9	3.4	-2.4	-2.6	-5.2	-6.3	-4.9	-4.0	-4.0
Nondurable Goods	50.3	2.4	-1.2	-2.1	-1.2	-2.8	-1.2	-0.5	-2.2	-2.9	-2.5	-1.9	-1.5
Transportation and Utilities	69.6	3.2	1.8	0.7	0.6	1.2	-0.1	-0.9	0.9	1.9	1.1	0.1	-0.5
Wholesale and Retail Trade	174.1	1.9	0.6	-2.6	-2.7	1.8	-0.1	-1.1	-0.9	-3.8	-4.0	-3.0	-3.5
Information	10.3	5.2	1.0	0.8	2.0	-2.3	1.2	2.0	-2.3	2.4	1.8	-1.4	2.7
Financial Activities	44.1	3.3	0.5	0.1	0.6	-0.2	0.7	-1.1	-1.5	0.3	1.4	0.6	0.7
Professional and Business Services	118.5	2.5	-0.2	0.3	0.7	-1.3	1.3	-1.2	-0.3	1.0	0.4	0.5	0.7
Health Care and Social Assistance	131.5	2.4	4.1	2.8	0.8	4.8	3.4	3.1	2.5	3.6	2.5	2.3	0.7
Leisure and Hospitality	132.5	4.9	1.0	-1.6	-0.7	3.8	-2.6	-1.8	-0.8	-4.5	-0.2	0.8	-0.1
Private Educational Services	12.8	7.8	6.4	-1.2	-2.5	4.3	-2.6	-0.2	-0.6	0.4	-3.6	-1.0	-3.4
Other Services	39.3	0.8	-0.1	0.5	0.4	-1.9	-2.1	0.9	0.8	1.0	0.4	0.1	0.4
Government	232.9	-0.5	0.2	0.2	0.1	0.0	-0.1	0.1	0.3	0.3	0.3	0.2	0.0
Unemployment Rate (%)*	3.9	-1.6†	0.5	0.7	0.3	-0.1	0.4	0.2	0.2	0.2	0.2	0.1	0.1
<b>Personal Income (millions of current \$)</b>													
Wages and Salaries	60,400	8.7	5.2	3.3	3.3	4.9	4.0	3.5	3.3	3.1	3.2	3.3	3.1
Supplements to Wages and Salaries	14,136	5.7	3.7	3.3	3.3	3.8	3.5	3.3	3.2	3.5	3.3	3.3	3.1
Proprietors' Income	11,056	8.9	3.1	0.2	3.7	-2.3	-3.6	-0.8	-4.0	0.6	5.1	-0.2	3.3
Farm Proprietors'	2,661	94.1	2.5	-6.9	4.8	-13.6	-22.2	-11.9	-27.5	6.2	0.0	0.3	10.8
Non-farm Proprietors'	8,395	-4.4	2.5	2.5	4.2	3.2	-0.7	2.0	2.6	2.4	4.4	1.3	3.3
Dividends, Interest, and Rent	20,505	3.1	4.6	4.6	3.8	4.2	5.9	4.3	4.2	5.4	5.0	3.6	3.5
Personal Current Transfer Receipts	35,925	-14.6	3.8	6.5	5.5	7.2	2.5	5.2	6.0	10.8	5.2	5.1	4.9
Less: Contributions for Government Social Insurance	10,435	8.0	4.9	3.4	3.6	6.1	3.9	2.4	2.9	4.3	3.7	2.5	3.3
Plus: Adjustment for Residence	4,385	11.0	6.6	3.8	3.9	5.3	3.1	4.0	4.4	2.5	4.8	3.9	4.4
Equals: Total Personal Income	135,972	0.5	4.5	4.1	4.0	4.7	3.2	3.8	3.5	5.3	4.0	3.8	3.8
Less: Personal Current Taxes to Federal Government	10,013	23.9	-1.2	-0.5	0.9	-10.4	2.6	-1.4	-0.7	-0.3	1.9	-4.7	-0.3
Less: Personal Current Taxes to State and Local Governments	2,833	5.9	1.8	3.8	4.0	5.8	3.7	3.2	3.4	4.1	4.0	4.0	3.7
Equals: Disposable Personal Income	123,127	-1.2	5.5	4.5	3.9	8.5	2.4	3.3	5.4	5.6	4.2	4.2	3.4
Per Capita Personal Income (thousands of \$)	46,248	0.8	4.7	4.2	4.0	4.9	3.4	4.0	3.7	5.4	4.1	3.9	3.9
Population (thousands)	2,940	-0.3	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
<b>U.S. Forecast</b>													
Gross Domestic Product (billions of current \$)	25,463	9.2	5.5	4.2	4.2	5.8	2.8	4.1	4.5	4.4	4.4	4.2	4.3
Gross Domestic Product (billions of 2012 \$)	20,014	2.1	1.5	1.5	1.9	1.9	-0.4	0.8	1.5	1.7	1.8	1.8	2.0
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	127.2	7.0	4.0	2.8	2.2	3.8	3.3	3.2	3.0	2.7	2.6	2.3	2.3
Total Employment, Residents (millions)*	158.3	3.7	1.3	-0.1	0.1	1.5	0.0	0.0	-0.1	-0.1	0.0	0.0	0.1
Total Payroll Employment (millions)*	152.6	4.3	2.0	0.0	0.1	2.8	1.2	-0.1	-0.3	-0.2	-0.1	0.0	0.1
Unemployment Rate (%)*	3.6	-1.7‡	0.1	0.6	0.2	-0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Personal Income (billions of current \$)	21,809	2.4	5.3	4.7	4.6	4.3	3.8	4.5	4.6	5.5	4.5	4.4	4.4
Per Capita Personal Income (thousands of \$)	65.4	2.0	4.8	4.2	4.1	3.8	3.3	4.0	4.0	5.0	3.9	3.8	3.9
Consumer Price Index (1982-84 = 100)	2.93	8.0	4.5	2.7	2.2	4.0	3.9	4.3	2.6	2.1	2.3	2.6	2.6
Prime Rate (%)	4.85	1.6‡	3.2	-0.6	-1.4	0.9	0.4	0.1	0.0	0.0	-0.4	-0.5	-0.5

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

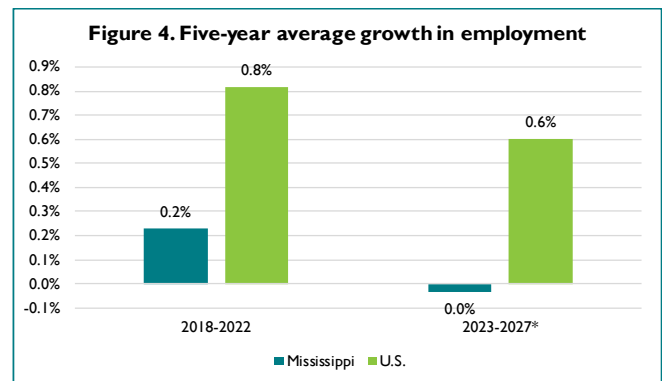
## FIVE YEAR FORECASTS

Figure 3 indicates the Mississippi economy is forecast to expand by an average of 1.0 percent per year from 2023 through 2027. This estimate represents an increase of 0.1 percentage point per year from the forecast of the previous quarter. Similarly, U.S. real GDP is projected to increase by 1.8 percent per year over the next five years, which represents an increase of 0.3 percentage point per year over the forecast of the previous quarter. The U.S. economy is projected to grow by an average of 0.8 percentage point per year more than the Mississippi economy over the next five years. This rate represents a decrease from the 1.5 percentage point difference per year between the U.S. and Mississippi from 2018 to 2022.

Annual payroll employment in Mississippi is expected to remain unchanged from 2023 to 2027 as seen in Figure 4. This estimate represents an increase of 0.3 percentage point per year compared to the forecast of the previous quarter. U.S. payroll employment is expected to increase by an average of 0.6 percent per year over the next five years, which also represents an increase of 0.3 percentage point per year compared to the forecast of the previous quarter. The average change in U.S. employment is expected to exceed the change in Mississippi employment over the next five years by an average of 0.6 percentage point per year. This difference is the same as in the 2018 to 2022 period.



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



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

## ALTERNATIVE FORECASTS

S&P Global Market Intelligence (formerly IHS Markit) assigns a probability of 25 percent to the pessimistic alternative scenario in its latest forecast. This probability is unchanged from the forecast of the previous quarter. Consumer spending and business investment are weaker in the pessimistic scenario compared to the baseline forecast, which results in a two-quarter recession in the middle of 2023. The peak-to-trough decrease in real GDP under this scenario is 0.4 percent. Financial conditions tighten more under this scenario compared to the baseline due to the recent disruption in the banking sector, which results in less credit-related spending. U.S.

real GDP expands 1.0 percent in 2023 under this scenario. Over the next five years U.S. real GDP increases by an average of 0.3 percentage point less per year compared to the baseline forecast. The Mississippi economy is less negatively impacted by the pessimistic scenario, as real GDP expands by an average of 0.1 percentage point less per year from 2023 through 2027 compared to the baseline forecast.

The probability S&P Global Market Intelligence assigns to its latest optimistic scenario is 20 percent, the same as in the forecast of the previous quarter. Consumer spending and productivity are stronger under this scenario than in the baseline fore-

cast. This scenario also assumes the Infrastructure Investment and Jobs Act stimulates more economic activity by businesses and consumers compared to the baseline forecast. Credit conditions are looser under this scenario as well, although loans still occur at higher interest rates. U.S. real GDP under this scenario expands at an average annual rate from 2023 to 2027 that is 0.1 percentage point higher compared to the baseline forecast. Real GDP for Mississippi expands at an average annual rate over the next five years that is approximately the same as in the baseline forecast.