

# MISSISSIPPI ECONOMIC OUTLOOK

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## SHORT-TERM FORECASTS IMPROVE, RECESSION NOT EXPECTED

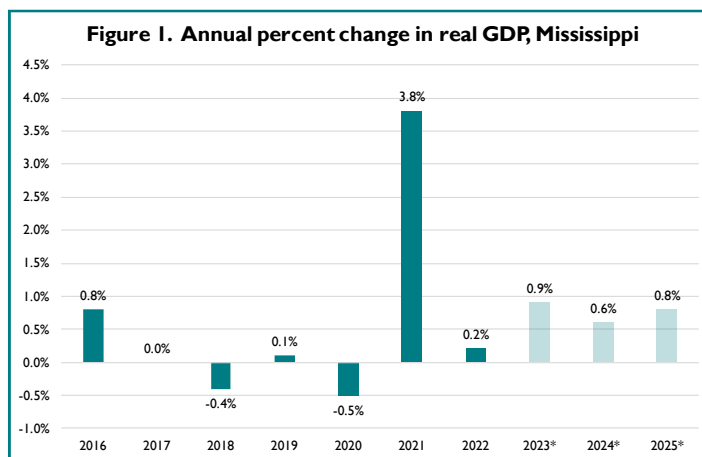
Real gross domestic product (GDP) for Mississippi will increase by 0.9 percent in 2023 according to the latest forecast by URC. Compared to the forecast of the previous quarter, this estimate represents an increase of 0.4 percentage point. Much of this improvement to the forecast for Mississippi real GDP in 2023 results from stronger growth than previously expected in both the national and state economies in the first half of this year. Mississippi's economy is projected to expand 0.6 percent in 2024 in the latest forecast, a decline of 0.2 percentage point from the forecast of the previous quarter. In 2025, real GDP for Mississippi is expected to increase 0.8 percent, which reflects a decrease of 0.3 percentage point from the forecast of the previous quarter. Figure 1 below depicts the actual and projected annual changes in Mississippi real GDP from 2016 to 2025.

The latest forecast by S&P Global Market Intelligence projects U.S. real GDP will increase 1.9 percent in 2023 as seen in the fourth section of Table 1 on page 3. This estimate is up 0.4 percentage point from the forecast of the previous quarter. As noted above, the improvement to the forecast of U.S. real GDP growth in 2023 results from stronger growth in the first half of the year than expected, including more robust consumer spending and employment. Specifically, U.S. real GDP is now anticipated to expand at an annualized rate of 1.3 percent in the second quarter, an increase of 1.7 percentage points from the previous quarter's forecast. However, U.S. real GDP is projected to expand 1.2 percent in 2024, which represents a decrease of 0.3 percentage point from the forecast of the previous quarter. The Federal Reserve is expected to raise the federal funds rate target by another 50 basis points in 2023, and the reduction in real GDP growth in 2024 reflects the financial tightening that will result. Similarly, in 2025 U.S. real GDP is expected to expand 1.5 percent, which denotes a decrease of 0.4 percentage point from the previous quarter's forecast.

As seen in the second section of Table 1, URC projects payroll employment in Mississippi will increase 1.1 per-

cent in 2023. Compared to the forecast of the previous quarter, this estimate is an improvement of 0.3 percentage point. In 2024 URC expects employment in Mississippi will decline 0.4 percent. This estimate denotes an increase of 0.2 percentage point from the forecast of the previous quarter. The latest forecast estimates employment in Mississippi will fall 0.8 percent in 2025, which represents a decrease of 0.3 percentage point from the forecast of the previous quarter.

URC forecasts personal income in Mississippi will grow 4.5 percent in 2023 as seen in the third section of Table 1. This rate is unchanged from the forecast of the previous quarter. The latest forecast projects personal income in the state will grow 3.7 percent in 2024, a decrease of 0.4 percentage point from the forecast of the previous quarter. The tightening of financial conditions expected next year results in lower estimates for both wages and salaries and transfer receipts in 2024 compared to the previous quarter. In turn, these lower estimates contribute to the reduction in the forecast of personal income growth. Personal income in Mississippi will increase 3.9 percent in 2025 according to URC's latest forecast, which represents a decrease of 0.1 percentage point from the forecast of the previous quarter.



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

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## SHORT-TERM FORECASTS

Output is expected to expand in a majority of sectors of the Mississippi economy in 2023 as seen in the first section of Table 1. Real GDP in the Information sector is projected to expand 6.7 percent in 2023, the largest increase among all sectors. The largest decrease in real GDP among all sectors is forecast for Construction, which is expected to contract 3.1 percent. Manufacturing, the state’s largest sector in terms of real GDP in 2022, is forecast to contract 2.1 percent in 2023.

A similar number of sectors in the state are expected to expand in output in 2024. Real GDP in the Information sector is expected to increase 5.8 percent in 2024, again the largest expansion among all sectors. In 2024 output in the Leisure and Hospitality sector is forecast to contract 1.4 percent, the largest decrease among all sectors. Notably, Manufacturing and Government, the two largest sectors in Mississippi in terms of real GDP, are projected to contract in output in 2024.

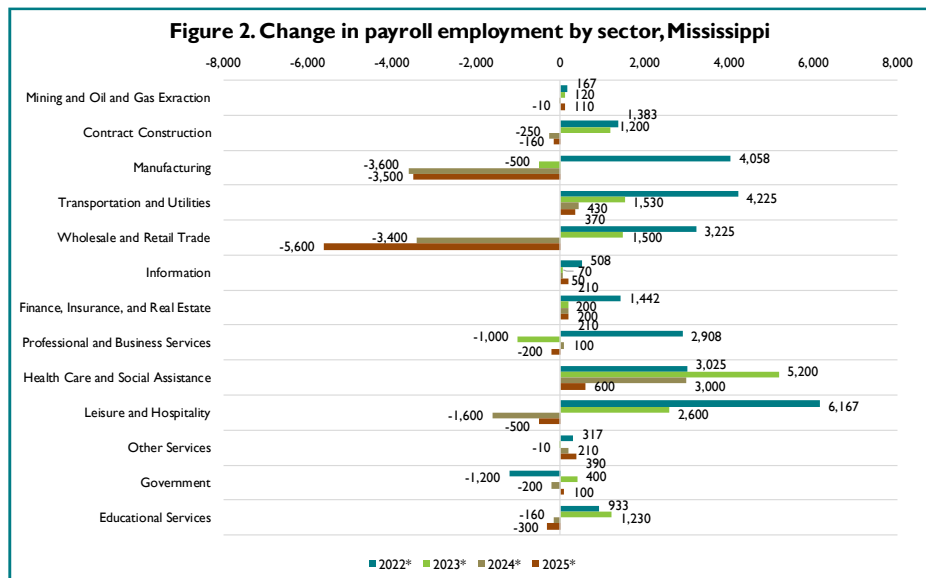
In 2025 most sectors in the state are projected to expand in output. Real GDP in the Information sector is forecast to expand 6.7 percent, once again the largest percentage increase among all sectors. The largest decrease in real GDP among all sectors in 2025 is the 0.6 percent contraction forecast for Government. The only other sectors in the state projected to contract in output in 2025 are Leisure and Hospitality and Construction. In addition, the Construction sector is the only sector in Mississippi where real GDP is expected to contract each year from 2023 through 2025.

The change in employment by industry in Mississippi for 2022 and URC’s forecasts for 2023, 2024, and 2025 are illustrated in Figure 2. The percentage changes by sector are listed in the second section of Table 1. In 2023 most sectors in the state are expected to add jobs. Employment in the Educational Services sector is forecast to grow 9.6 percent, the largest percentage increase

among all sectors and an addition of 1,230 jobs. The Health Care and Social Assistance sector is projected to add 5,200 jobs in 2023, the most among all sectors and an increase of 4.0 percent. The Leisure and Hospitality sector is expected to add 2,600 jobs, the next largest increase and an increase of 1.9 percent. Manufacturing and Professional and Business Services are the only sectors in the state projected to lose jobs in 2023. Together these two sectors are forecast to lose 1,500 jobs.

A majority of sectors in Mississippi are forecast to lose jobs in 2024. Employment in the Health Care and Social As-

fewer sectors are expected to lose jobs in 2025, despite a larger decrease in total employment than in 2024. Employment in the Information sector is forecast to grow 2.0 percent in 2025, the largest percentage increase in employment among all sectors and a gain of 210 jobs. The Health Care and Social Assistance sector is projected to add 600 jobs, the most among all sectors and an increase of 0.4 percent. The largest expected percentage decrease in employment among all sectors in Mississippi in 2025 is the 3.2 percent decrease forecast for Wholesale and Retail Trade. The sector is projected to



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

istance sector is expected to increase 2.2 percent, the largest percentage increase among all sectors and an addition of 3,000 jobs, also the most among all sectors in the state. Employment in the Transportation and Utilities sector is expected to grow by 430 jobs, a gain of 0.6 percent and the next largest increase. Employment in the Manufacturing is forecast to decline 2.4 percent, the largest decrease among all sectors and a loss of 3,600 jobs, also the most among all sectors in the state. This decline is closely followed by the Wholesale and Retail Trade sector, which is expected to lose 3,400 jobs in 2024.

lose 5,600 jobs, the most among all sectors in the state. The Manufacturing sector is forecast to lose 3,500 jobs in 2025, the next largest decrease. Notably, Manufacturing is the only sector in Mississippi projected to lose jobs each year from 2023 through 2025. This sector, along with Construction, is particularly impacted by higher interest rates and the financial tightening expected to continue into next year. Higher interest rates make financing the large capital purchases required in the Manufacturing and Construction industries more expensive, which increases costs to firms in these sectors.

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

Variable	2022		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2023	2024	2025	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1
<b>Mississippi Forecast</b>													
Gross State Product (millions of current \$)	138,740	9.0	5.2	3.4	3.3	4.4	3.6	3.5	3.2	3.3	3.2	3.1	3.2
Gross State Product (millions of 2012 \$)	104,535	0.2	0.9	0.6	0.8	1.1	0.6	0.4	0.6	0.4	0.7	0.7	0.8
Agriculture, Forestry, Fishing, and Hunting	2,952	4.9	3.2	0.1	0.5	1.6	-2.5	0.7	0.4	0.1	0.0	0.4	0.9
Mining, Quarrying, and Oil and Gas Extraction	901	-17.0	5.0	1.6	2.6	1.4	-1.1	0.3	2.4	3.7	1.7	2.0	0.6
Construction	2,604	-7.5	-3.1	-0.2	-0.3	1.7	-0.9	-0.5	0.0	-0.3	-0.4	0.2	-1.1
Manufacturing	17,720	1.5	-2.1	-0.1	0.6	-0.8	-0.1	-0.4	-0.2	0.2	0.7	0.2	1.0
Durable Goods	10,163	4.7	0.0	0.3	0.9	0.4	0.1	-0.4	0.6	0.1	1.1	0.6	1.0
Nondurable Goods	7,537	-2.2	-4.5	-0.4	0.2	-1.8	-0.7	-0.5	-0.4	-0.2	0.1	-0.4	0.6
Transportation and Utilities	6,473	-1.8	1.7	0.4	1.0	0.6	0.0	-0.5	0.5	0.5	1.0	1.0	1.1
Wholesale and Retail Trade	13,969	-1.9	4.2	0.9	1.1	2.0	1.2	1.8	1.2	-0.4	0.7	0.0	1.8
Information	3,402	12.4	6.7	5.8	6.7	2.3	5.0	6.3	6.6	5.7	5.6	7.0	7.2
Finance, Insurance, Real Estate, Rental, and Leasing	15,961	-1.4	-2.5	0.7	1.1	-0.3	0.8	0.6	0.4	1.2	0.9	0.8	1.6
Professional and Business Services	8,683	4.1	1.0	1.0	0.6	0.2	2.3	1.0	1.3	0.6	0.1	0.7	0.6
Health Care and Social Assistance	8,219	-0.1	4.3	2.0	1.5	1.4	2.9	0.7	3.0	1.7	1.9	1.5	1.2
Leisure and Hospitality	4,653	5.8	0.0	-1.4	-0.2	-0.3	-1.1	-2.0	-2.7	-0.7	-0.7	0.0	-0.8
Educational Services	675	2.6	5.7	3.0	1.3	3.9	5.1	1.9	4.2	2.5	0.9	1.5	1.5
Other Services	2,015	-2.4	-1.1	0.0	0.4	-1.7	-0.2	-0.3	0.8	0.0	0.1	0.2	0.7
Government	16,572	0.1	1.1	-0.9	-0.6	0.6	-1.3	-0.9	-1.6	-0.4	-0.7	-0.3	-1.1
<b>Payroll Employment (thousands)</b>													
Residents	1,202.0	1.2	-0.2	-0.8	-0.9	3.0	-1.4	-0.6	-1.3	-0.9	-1.0	-0.9	-1.0
Payroll	1,166.0	2.4	1.1	-0.4	-0.8	0.4	0.3	0.0	-0.7	-0.9	-0.7	-1.0	-0.9
Mining and Logging	6.0	2.8	1.9	-0.1	1.7	-2.4	-1.2	-1.7	0.4	1.6	0.6	1.1	1.6
Construction	46.3	3.1	2.6	-0.5	-0.3	-1.5	0.5	0.2	-0.6	-1.8	-0.7	0.8	-2.0
Manufacturing	148.1	2.8	-0.4	-2.4	-2.4	-1.3	-0.6	-2.0	-2.8	-3.9	-1.9	-3.6	-2.4
Durable Goods	97.8	3.0	0.9	-2.8	-3.1	0.3	-0.2	-2.6	-3.3	-5.2	-2.1	-4.8	-3.2
Nondurable Goods	50.3	2.4	-2.8	-1.4	-1.2	-4.3	-0.8	-0.6	-1.7	-1.1	-1.4	-1.0	-1.1
Transportation and Utilities	69.6	3.2	2.2	0.6	0.5	2.1	0.1	0.4	1.3	0.4	0.1	0.0	0.9
Wholesale and Retail Trade	174.1	1.9	0.8	-2.0	-3.2	0.4	-0.1	1.0	-2.9	-3.9	-3.6	-4.0	-3.8
Information	10.3	5.2	0.7	0.4	2.0	-0.7	-1.8	1.8	1.2	0.8	-2.1	3.0	4.8
Financial Activities	44.1	3.3	0.5	0.5	0.5	-0.7	0.8	0.3	0.5	0.7	0.6	0.2	0.5
Professional and Business Services	118.5	2.5	-0.8	0.1	-0.2	0.3	1.3	-0.1	0.3	-0.4	-0.4	0.0	-0.3
Health Care and Social Assistance	131.5	2.4	4.0	2.2	0.4	3.9	3.6	1.8	2.3	2.1	1.6	0.5	-0.1
Leisure and Hospitality	132.5	4.9	1.9	-1.2	-0.4	-0.9	-1.0	-0.9	-3.1	0.0	-0.1	-0.2	-0.8
Private Educational Services	12.8	7.8	9.6	-1.1	-2.2	12.1	-5.6	0.5	-1.3	-1.5	-4.7	-0.3	-2.6
Other Services	39.3	0.8	0.0	0.5	1.0	-0.2	0.8	0.1	1.1	0.6	0.5	-0.6	2.8
Government	232.9	-0.5	0.2	-0.1	0.1	-0.1	-0.4	-0.3	-0.1	0.1	0.0	0.2	-0.1
Unemployment Rate (%)*	3.9	-1.6†	-0.2	0.8	0.6	-0.4	0.4	0.2	0.3	0.2	0.2	0.2	0.2
<b>Personal Income (millions of current \$)</b>													
Wages and Salaries	60,400	8.7	5.1	3.2	3.0	3.8	4.2	3.4	2.9	3.0	3.1	2.8	3.0
Supplements to Wages and Salaries	14,136	5.7	4.6	3.2	3.0	3.5	3.3	3.4	3.3	3.0	2.9	2.9	3.0
Proprietors' Income	11,056	8.9	1.6	0.3	4.0	-2.0	-2.3	-0.7	-1.3	2.4	5.3	1.7	5.1
Farm Proprietors'	2,661	94.1	-9.7	-9.0	7.4	-11.0	-28.2	-20.5	-14.4	13.9	7.4	8.7	12.8
Non-farm Proprietors'	8,395	-4.4	4.9	2.6	3.7	1.3	3.6	3.4	1.8	2.6	3.6	1.3	4.3
Dividends, Interest, and Rent	20,505	3.1	4.1	5.6	4.3	4.1	4.2	5.0	6.6	6.1	6.1	4.6	4.3
Personal Current Transfer Receipts	35,925	-14.6	4.6	4.7	5.1	3.8	3.2	2.6	9.4	3.4	3.4	4.0	7.7
Less: Contributions for Government Social Insurance	10,435	8.0	5.3	3.6	3.6	3.9	3.6	3.5	4.2	3.3	3.8	2.2	4.9
Plus: Adjustment for Residence	4,385	11.0	5.3	3.9	4.0	2.5	5.3	4.1	3.1	3.7	5.0	4.3	3.2
Equals: Total Personal Income	135,972	0.5	4.5	3.7	3.9	3.1	3.5	3.3	4.3	3.7	3.7	3.6	4.5
Less: Personal Current Taxes to Federal Government	10,013	23.9	-8.6	0.3	1.7	-1.3	2.7	0.1	-1.8	0.7	3.1	-1.0	-0.3
Less: Personal Current Taxes to State and Local Governments	2,833	5.9	-6.5	5.5	3.9	31.5	3.6	4.3	4.4	2.8	5.4	2.8	4.7
Equals: Disposable Personal Income	123,127	-1.2	5.9	4.0	3.9	3.4	3.7	3.3	5.1	4.0	3.8	3.7	4.6
Per Capita Personal Income (thousands of \$)	46,248	0.8	4.7	3.8	4.0	3.3	3.7	3.4	4.4	3.8	3.8	3.7	4.6
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	5.9	3.9	3.9	4.7	4.1	3.9	3.6	4.0	3.8	3.8	4.0
Gross Domestic Product (billions of 2012 \$)	20,014	2.1	1.9	1.2	1.5	1.5	1.3	0.9	1.1	1.2	1.3	1.5	1.5
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	127.2	7.0	4.0	2.7	2.3	3.0	2.7	3.0	2.5	2.8	2.4	2.3	2.4
Total Employment, Residents (millions)*	158.3	3.7	1.6	0.1	-0.2	0.3	0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.1
Total Payroll Employment (millions)*	152.6	4.3	2.3	0.3	-0.2	1.9	1.5	0.6	-0.1	-0.2	-0.3	-0.3	-0.3
Unemployment Rate (%)*	3.6	-1.7‡	-0.1	0.5	0.5	0.0	0.1	0.0	0.1	0.2	0.2	0.1	0.2
Personal Income (billions of current \$)	21,809	2.4	5.1	4.9	4.6	4.2	4.8	4.5	5.5	4.8	4.7	4.4	5.1
Per Capita Personal Income (thousands of \$)	65.4	2.0	4.6	4.3	4.1	3.7	4.1	4.0	5.0	4.3	4.2	3.9	4.6
Consumer Price Index (1982-84 = 100)	2.93	8.0	4.1	2.7	2.6	2.9	2.8	3.5	1.9	3.0	2.7	1.7	3.2
Prime Rate (%)	4.85	1.6‡	3.4	0.0	-1.6	0.5	0.2	0.3	0.1	-0.2	-0.5	-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).

## ALTERNATIVE FORECASTS

The pessimistic alternative scenario has a probability of 25 percent in the latest forecast by S&P Global Market Intelligence. This probability is unchanged from the forecast of the previous quarter. Consumer spending is less in the pessimistic scenario compared to the baseline forecast, which leads to a two-quarter recession in the second half of 2023. Under this scenario the peak-to-trough decrease in real GDP is 0.3 percent. Credit-related spending falls under this scenario due to tighter financial conditions because of greater instability in the banking sector compared to the baseline. U.S. real GDP expands 1.5 percent in 2023 under this scenario,

grows only 0.2 percent in 2024, and accelerates to expand 1.3 percent in 2025. For the 2023 to 2027 period, U.S. real GDP increases by an average of 0.3 percentage point less per year compared to the baseline forecast. The pessimistic scenario has little effect on the Mississippi economy, as real GDP expands at approximately the same rate per year from 2023 through 2027 as in the baseline forecast.

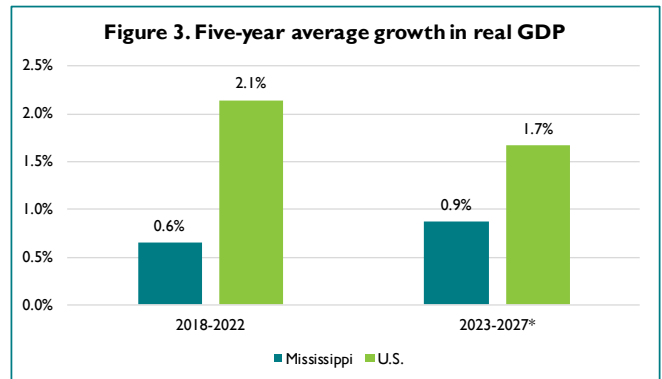
S&P Global Market Intelligence assigns a probability of 20 percent to its latest optimistic scenario, which is also the same as in the forecast of the previous quarter. Both consumer spending and productivity grow more under this scenario than in the

baseline forecast. The disruption in the banking sector is better contained in this scenario, which means credit expands more than in the baseline forecast. The Infrastructure Investment and Jobs Act also affects economic activity more positively under the optimistic scenario compared to the baseline forecast. Over the next five years, U.S. real GDP expands at an average annual rate under this scenario that is 0.2 percentage point higher compared to the baseline forecast. Mississippi real GDP expands at an average annual rate over the next five years under this scenario that is approximately 0.1 percentage point higher compared to the baseline forecast.

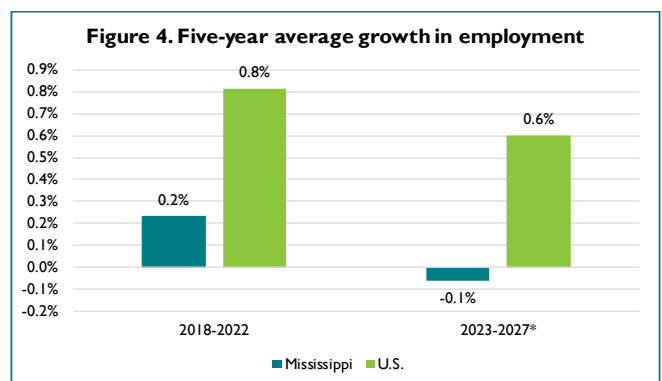
## FIVE-YEAR FORECASTS

Real GDP for Mississippi is forecast to expand by an average of 0.9 percent per year from 2023 through 2027 as seen in Figure 3. Compared to the forecast of the previous quarter, this estimate reflects a decrease of 0.1 percentage point per year. Similarly, the U.S. economy is expected to expand by 1.7 percent per year over the next five years, which represents a decrease of 0.1 percentage point per year from the forecast of the previous quarter. U.S. real GDP is projected to grow more than Mississippi real GDP by an average of 0.8 percentage point per year over the next five years. Between 2018 and 2022, the U.S. economy grew at an average rate that was 1.5 percentage points more per year than the growth rate of the Mississippi economy.

Figure 4 indicates annual payroll employment in Mississippi is projected to decrease by an average of 0.1 percent per year from 2023 to 2027. Compared to the forecast of the previous quarter this estimate represents a decrease of 0.1 percentage point per year. Annual payroll employment for the U.S. is forecast to grow by an average of 0.6 percent per year over the next five years. This rate is unchanged from the forecast of the previous quarter. U.S. employment is expected to increase by an average of 0.7 percentage point more per year over the next five years compared to the change in Mississippi employment. U.S. employment grew by an average of 0.6 percentage point more per year than Mississippi employment over the 2018 to 2022 period.



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



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