

# MISSISSIPPI ECONOMIC OUTLOOK

VOLUME 9, ISSUE 4 FALL 2023

A Publication of the University Research Center, Mississippi Institutions of Higher Learning

## 2023 FORECAST IMPROVES; SLOWDOWN BUT NO RECESSION IN 2024 AND 2025

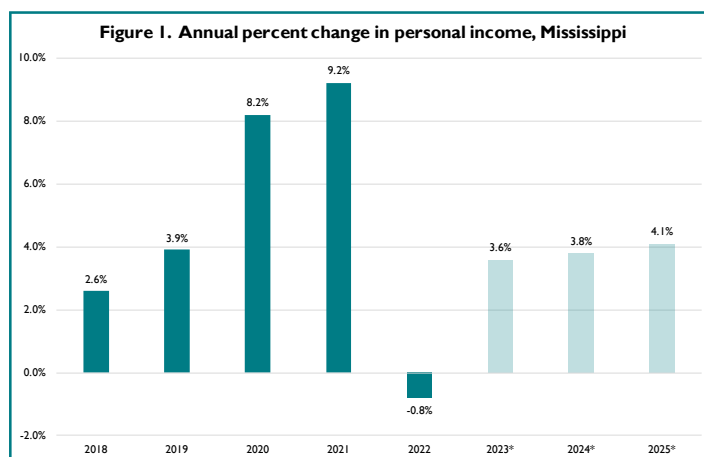
According to URC's latest forecast, real gross domestic product (GDP) for Mississippi will increase 1.3 percent in 2023. This estimate represents an increase of 0.4 percentage point from the forecast of the previous quarter. The improvement in the forecast for the national economy in 2023, as discussed below, is responsible for much of this upward revision. URC projects Mississippi's economy will expand 0.9 percent in 2024 in the latest forecast, an increase of 0.3 percentage point from the forecast of the previous quarter. Real GDP for Mississippi is expected to increase 0.7 percent in 2025, which represents a decrease of 0.1 percentage point from the forecast of the previous quarter.

U.S. real GDP will expand 2.5 percent in 2023 according to the latest forecast by S&P Global Market Intelligence as seen in the fourth section of Table 1 on page 3. Compared to the forecast of the previous quarter, this estimate is 0.6 percentage point higher. The upward revision to the forecast of U.S. real GDP growth in 2023 arises from stronger consumer spending through the first eight months of the year as well as an upturn in net exports. U.S. real GDP is projected to grow at an annualized rate of 5.3 percent in the third quarter—3.8 percentage points higher than in the previous quarter's forecast. In 2024 U.S. real GDP is forecast to increase 1.6 percent, an increase of 0.4 percentage point from the forecast of the previous quarter. Most of this upward revision results from higher growth expected in the second half of 2023. The latest forecast by S&P Global projects U.S. real GDP will expand 1.2 percent in 2025. Compared to the previous quarter this forecast is down 0.3 percentage point as the slowdown caused by the tightening of financial conditions takes longer to realize than previously expected.

Payroll employment in Mississippi will increase 0.8 percent in 2023 in URC's latest forecast as seen in the second section of Table 1. This estimate represents a decrease of 0.3 percentage point from the forecast of the previous quarter. URC projects employment in Mississippi will fall 0.3

percent in 2024. Compared to the forecast of the previous quarter, this estimate represents an increase of 0.1 percentage point. In 2025 the latest forecast by URC determines employment in the state will decrease 0.8 percent, an estimate that is unchanged from the forecast of the previous quarter.

Figure 1 below depicts the actual and projected annual changes in personal income in Mississippi from 2018 to 2025. URC projects personal income in the state will increase 3.6 percent in 2023, a rate that is down 0.9 percentage point from the forecast of the previous quarter. This downward revision results from lower estimates of wages and salaries, farm proprietors' income, and transfer payments compared to the forecast of the previous quarter. In 2024 URC's latest forecast estimates personal income in Mississippi will rise 3.8 percent, a 0.1 percentage point increase from the forecast of the previous quarter. The latest forecast by URC determines personal income in Mississippi will increase 4.1 percent in 2025, an increase of 0.2 percentage point from the forecast of the previous quarter. Higher estimates of both farm proprietors' income and dividend, interest, and rent income resulted in this upward revision.



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

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## SHORT-TERM FORECASTS

URC's latest forecast projects a majority of sectors of the Mississippi economy will expand in output in 2023 as seen in the first section of Table 1. The Information sector is forecast to increase in output by 7.8 percent in 2023, the largest percentage gain among all sectors. Real GDP in the Mining, Quarrying, and Oil and Gas Extraction sector is forecast to expand 7.0 percent, the next largest increase. Output in the Construction sector is expected to contract 2.9 percent in 2023, the largest decrease in real GDP among all sectors in the state. The next largest decrease is the 2.5 percent contraction forecast for the Finance, Insurance, Real Estate, and Leasing sector.

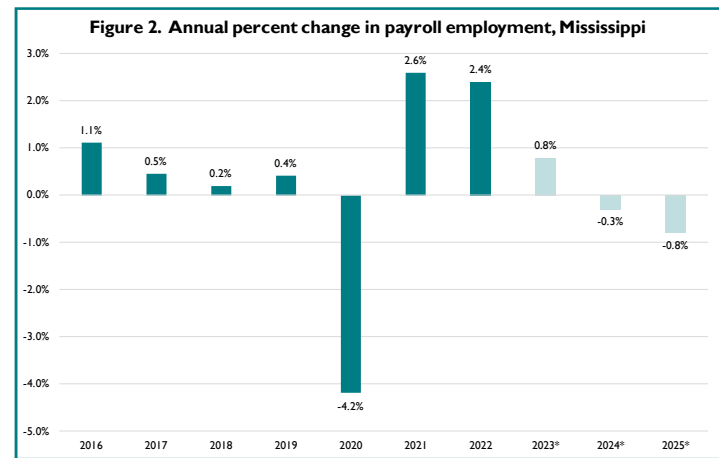
In 2024 all but three sectors in the state are forecast to expand in output. The largest increase in real GDP is expected once again for the Information sector, which is forecast to expand by 6.5 percent. Real GDP in the Mining, Quarrying, and Oil and Gas Extraction sector is projected to expand 4.2 percent in 2024, the next largest increase. The Leisure and Hospitality sector is forecast to contract in output by 0.8 percent, the largest decrease among all sectors. Real GDP in the Government and Other Services sectors is expected to contract 0.6 percent and 0.5 percent, respectively, the only other sectors forecast to decrease in output in 2024.

All but three sectors in the state are projected to expand in output once again in 2025. As in 2023 and 2024, the largest percentage increase in real GDP is forecast for Information sector, which is expected to expand 7.2 percent. The Mining, Quarrying, and Oil and Gas Extraction sector is forecast to increase in output by 3.2 percent in 2025, the next largest increase. The largest projected decreases in real GDP among all sectors in 2025 are the 0.6 percent contractions expected in both the Government and Leisure and Hospitality sectors. The only other sector in the state projected to contract in output in 2025 is Manufacturing, which is forecast to fall 0.1 percent.

The annual changes in payroll employment in Mississippi from 2016 through 2022 along with URC's forecasts for 2023, 2024, and 2025 are seen in Figure 2. A majority of sectors in the state are projected to add jobs in 2023.

The largest percentage increase in employment is forecast for the Private Educational Services sector, which is expected to grow 11.2 percent. This increase represents an additional 1,400 jobs. Employment in the Health Care and Social Assistance sector is projected to increase 5.1 percent in 2023, the next largest increase and a gain of 6,700 jobs. The largest decrease in employment is forecast for the Professional and Business Services sector, which is expected to fall 2.6 percent. This decrease represents a loss of 2,700 jobs. Employment in the Other Services sector is projected to fall 0.8 percent in 2023, the next largest decrease among all sectors and a loss of 150 jobs.

In 2024 employment is expected to decrease in a majority of sectors in Mississippi. The largest percentage increase in employment among all sectors is forecast for Health Care and Social Assistance. The projected increase of 2.7 percent represents an additional 4,100 jobs. Employment in the Construction sector is expected to grow 0.4 percent, the next largest increase and a gain of 440 jobs. The largest percentage decrease in employment among all sectors in the state in 2024 is forecast for both the Manufacturing and Wholesale and Retail Trade sectors. Employment in both sectors is projected to fall 1.8 percent, which represents a loss of 2,200 jobs in Manufacturing and 2,700 jobs in Wholesale and Retail



Trade. The next largest decrease in employment among all sectors is forecast for Private Educational Services. Employment is projected to fall 1.0 percent, a loss of 190 jobs.

Although only three sectors in Mississippi are forecast to lose jobs in 2025, these decreases are relatively large and more than offset the relatively small increases expected in all other sectors. The largest increase in employment among all sectors is projected in the Mining, Quarrying, and Oil and Gas Extraction sector. Employment is expected to grow 2.4 percent, a gain of 140 jobs. Employment in the Information sector is expected to grow 2.0 percent in 2025, the next largest increase among all sectors and an addition of 220 jobs. The largest decrease in employment among all sectors in the state is forecast for Manufacturing. The decline of 3.6 percent represents a loss of 4,800 jobs. Employment in the Wholesale and Retail Trade sector is projected to fall 3.1 percent, the next largest decrease among all sectors in the state. This sector is forecast to lose 4,500 jobs for the year. The only other sector in Mississippi expected to lose jobs in 2025 is Private Educational Services. Employment in the sector is forecast to decrease 2.7 percent, a loss of 290 jobs. Notably, Manufacturing is the only sector in Mississippi projected to lose jobs each year from 2023 to 2025.

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

Variable	2022		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2023	2024	2025	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2
<b>Mississippi Forecast</b>													
Gross State Product (millions of current \$)	138,740	9.0	5.1	3.3	3.0	2.8	0.8	0.2	0.6	0.5	0.7	0.6	0.7
Gross State Product (millions of 2017 \$)	114,153	0.0	1.3	0.9	0.7	1.1	0.6	0.4	0.6	0.4	0.7	0.7	0.8
Agriculture, Forestry, Fishing, and Hunting	1,961	-22.9	3.7	3.5	4.1	6.1	3.3	3.0	4.1	4.3	4.5	4.1	4.1
Mining, Quarrying, and Oil and Gas Extraction	708	-16.1	7.0	4.2	3.2	7.0	6.4	3.5	3.2	1.6	4.0	3.3	2.3
Construction	3,488	-8.6	-2.9	0.1	0.0	0.4	-0.5	-0.1	0.1	0.0	0.5	-0.9	0.8
Manufacturing	16,580	0.0	-1.1	0.6	-0.1	1.8	0.6	0.2	0.0	0.6	-0.5	-0.5	0.2
Durable Goods	10,437	5.7	0.9	1.4	0.1	2.8	1.5	1.1	1.2	0.8	-0.3	-0.4	0.0
Nondurable Goods	7,537	-7.1	-3.7	-0.4	-0.3	0.5	-0.3	-1.0	-1.2	-0.1	-0.9	-0.8	0.3
Transportation and Utilities	7,558	-2.8	2.1	0.0	0.6	-2.1	0.3	-0.5	0.1	0.4	0.7	0.6	0.7
Wholesale and Retail Trade	14,593	-5.4	4.2	1.0	0.9	3.6	1.1	0.4	0.4	0.2	0.8	0.9	0.5
Information	3,138	6.8	7.8	6.5	7.2	8.2	5.8	6.6	6.4	5.0	7.9	7.6	6.3
Finance, Insurance, Real Estate, Rental, and Leasing	18,975	0.7	-2.5	0.6	0.8	0.8	1.0	0.6	0.2	0.7	0.6	0.6	1.4
Professional and Business Services	9,649	7.9	1.4	0.8	0.5	1.5	0.5	0.4	0.7	0.3	1.1	0.6	0.4
Health Care and Social Assistance	9,326	5.8	5.3	2.6	1.6	7.6	3.1	1.3	1.7	1.9	1.1	1.6	1.6
Leisure and Hospitality	5,705	7.2	0.9	-0.8	-0.6	-0.8	0.5	-3.0	-0.9	-0.4	-0.3	-0.7	-1.3
Educational Services	785	8.5	6.0	2.3	1.3	5.2	2.1	2.3	1.5	0.1	1.5	2.3	1.0
Other Services	2,680	8.3	-1.0	-0.5	0.0	-0.9	-0.5	-0.4	-0.5	-0.5	0.0	0.3	-0.2
Government	19,485	1.5	1.6	-0.6	-0.6	2.0	-1.3	-1.8	-0.4	-0.6	-0.4	-1.2	-0.4
<b>Payroll Employment (thousands)</b>													
Residents	1,202.0	1.2	-0.1	-0.6	-1.0	-1.1	0.1	-1.2	-1.0	-1.2	-1.0	-1.0	-1.0
Payroll	1,166.0	2.4	0.8	-0.3	-0.8	-0.9	1.1	-0.1	-0.7	-0.7	-1.2	-1.1	-0.7
Mining and Logging	6.0	2.8	1.2	-0.6	2.4	-1.7	0.0	-1.0	0.8	0.4	1.7	2.8	2.3
Construction	46.3	3.1	2.6	0.4	0.6	-1.6	1.2	1.1	0.3	0.1	1.6	-0.7	1.2
Manufacturing	148.1	2.8	-0.5	-1.8	-3.6	-2.2	0.7	-0.9	-3.1	-3.2	-4.9	-4.7	-2.9
Durable Goods	97.8	3.0	1.0	-1.7	-4.0	-0.6	0.8	-1.3	-3.7	-2.9	-5.3	-5.7	-3.0
Nondurable Goods	50.3	2.4	-3.5	-1.8	-2.9	-6.0	1.5	0.2	-1.8	-3.6	-4.0	-3.0	-3.0
Transportation and Utilities	69.6	3.2	1.0	-0.2	0.6	-6.7	1.0	1.7	0.3	-0.1	0.2	1.5	0.8
Wholesale and Retail Trade	174.1	1.9	0.5	-1.8	-3.1	0.3	0.1	-2.0	-3.5	-3.2	-3.9	-3.2	-3.6
Information	10.3	5.2	-0.3	0.0	2.0	-4.5	1.0	2.0	0.7	-1.5	3.2	4.7	1.3
Financial Activities	44.1	3.3	0.1	0.2	0.4	-4.1	1.4	1.2	0.3	0.3	0.7	0.2	0.7
Professional and Business Services	118.5	2.5	-2.6	-0.2	0.6	-3.3	1.7	0.3	0.7	0.9	1.0	0.8	0.4
Health Care and Social Assistance	131.5	2.4	5.1	2.7	0.1	6.6	4.3	1.1	1.5	1.3	-0.6	-0.3	0.1
Leisure and Hospitality	132.5	4.9	1.0	-0.8	0.0	-5.1	2.3	-1.4	-0.1	0.6	0.4	-0.2	-0.3
Private Educational Services	12.8	7.8	11.2	-1.0	-2.7	-0.9	-2.5	-1.2	-3.0	-3.3	-2.9	-2.1	-3.0
Other Services	39.3	0.8	-0.8	-0.1	0.4	-3.4	0.3	1.2	0.1	0.2	0.3	0.5	0.3
Government	232.9	-0.5	0.3	0.1	0.1	0.3	-0.4	0.1	0.2	0.3	0.1	-0.1	0.0
Unemployment Rate (%)*	3.9	-1.6†	-0.3	0.6	0.5	0.5	0.2	0.2	0.1	0.1	0.1	0.1	0.1
<b>Personal Income (millions of current \$)</b>													
Wages and Salaries	59,849	7.2	4.9	3.2	2.8	3.8	4.2	3.4	2.9	3.0	3.1	2.8	3.0
Supplements to Wages and Salaries	14,056	3.4	3.6	3.0	2.4	3.5	3.3	3.4	3.3	3.0	2.9	2.9	3.0
Proprietors' Income	9,782	-9.2	-4.0	2.5	4.0	-2.0	-2.3	-0.7	-1.3	2.4	5.3	1.7	5.1
Farm Proprietors'	1,023	-30.4	-71.7	1.1	52.4	-11.0	-28.2	-20.5	-14.4	13.9	7.4	8.7	12.8
Non-farm Proprietors'	8,759	-5.8	3.9	3.0	2.6	1.3	3.6	3.4	1.8	2.6	3.6	1.3	4.3
Dividends, Interest, and Rent	22,142	7.4	5.4	5.7	5.7	4.1	4.2	5.0	6.6	6.1	6.1	4.6	4.3
Personal Current Transfer Receipts	36,756	-13.2	2.4	3.8	5.1	3.8	3.2	2.6	9.4	3.4	3.4	4.0	7.7
Less: Contributions for Government Social Insurance	10,570	8.4	4.9	3.4	2.9	3.9	3.6	3.5	4.2	3.3	3.8	2.2	4.9
Plus: Adjustment for Residence	4,317	9.9	8.0	4.4	4.0	2.5	5.3	4.1	3.1	3.7	5.0	4.3	3.2
Equals: Total Personal Income	136,330	-0.8	3.6	3.8	4.1	3.1	3.5	3.3	4.3	3.7	3.7	3.6	4.5
Less: Personal Current Taxes to Federal Government	9,534	15.6	-13.4	2.2	2.5	-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	2,668	2.5	-14.2	4.2	6.0	31.5	3.6	4.3	4.4	2.8	5.4	2.8	4.7
Equals: Disposable Personal Income	123,982	-1.9	5.3	3.9	4.1	3.4	3.7	3.3	5.1	4.0	3.8	3.7	4.6
Per Capita Personal Income (thousands of \$)	46,370	-0.4	3.7	3.9	4.2	3.3	3.7	3.4	4.4	3.8	3.8	3.7	4.6
Population (thousands)	2,940	-0.3	-0.1	-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 \$)	25,744	9.1	6.1	4.0	3.6	7.8	3.7	3.0	3.8	3.6	3.8	3.5	3.5
Gross Domestic Product (billions of 2017 \$)	20,333	1.9	2.5	1.6	1.2	5.3	1.7	0.5	1.0	1.1	1.3	1.2	1.3
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	126.6	7.0	3.5	2.4	2.4	2.3	2.0	2.5	2.8	2.5	2.5	2.3	2.2
Total Employment, Residents (millions)*	158.3	3.7	1.8	0.6	-0.2	0.3	0.4	0.1	0.1	-0.1	-0.1	-0.1	-0.1
Total Payroll Employment (millions)*	152.6	4.3	2.4	0.7	-0.3	1.7	1.6	0.4	0.0	-0.3	-0.3	-0.3	-0.3
Unemployment Rate (%)*	3.6	-1.7‡	0.0	0.2	0.5	0.2	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Personal Income (billions of current \$)	21,848	2.0	5.3	5.0	4.8	3.7	4.6	5.7	5.5	5.0	4.9	5.2	4.5
Per Capita Personal Income (thousands of \$)	65.4	1.6	4.7	4.4	4.3	3.0	4.0	5.2	5.0	4.5	4.4	4.6	3.9
Consumer Price Index (1982-84 = 100)	2.93	8.0	4.1	2.4	2.2	3.4	2.4	1.3	2.6	3.1	2.7	1.7	1.6
Prime Rate (%)	4.85	1.6‡	3.3	0.3	-1.3	0.3	0.1	0.2	0.0	-0.2	-0.3	-0.4	-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

S&P Global Market Intelligence estimates the probability of the pessimistic alternative scenario in its latest forecast is 30 percent. This probability is up 5 percentage points from the forecast of the previous quarter. In this scenario credit-related spending falls because of tighter financial conditions that result from more volatility in the banking sector compared to the baseline. Consumer spending falls in the fourth quarter of 2023 and grows less in the first quarter of 2024 in the pessimistic scenario compared to the baseline, and the U.S. narrowly avoids a recession. In this scenario U.S. real GDP expands 2.3 percent in 2023, grows only 0.9 percent in

2024, and expands 1.3 percent in 2025. U.S. real GDP increases by an average of 0.2 percentage point less per year over the 2023 to 2027 period compared to the baseline forecast. Total growth in real GDP for Mississippi from 2023 through 2027 is only 0.2 percentage point less under the pessimistic scenario compared to the baseline forecast; average annual growth is essentially the same in both scenarios.

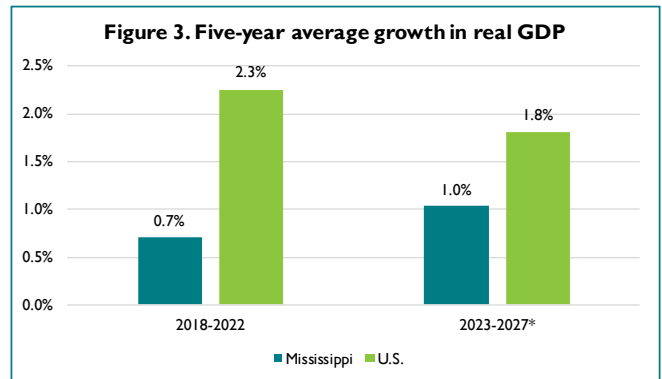
The probability of the optimistic scenario in the latest forecast by S&P Global Market Intelligence is 15 percent, which is down 5 percentage points from the forecast of the previous quarter. Compared to the baseline forecast both consumer

spending and productivity are stronger under this scenario. Credit is more available in this scenario as the banking sector is assumed to be more stable than in the baseline forecast. International conflicts are resolved more quickly under the optimistic scenario, which leads to lower energy prices and higher corporate profits. In this scenario U.S. real GDP increases at an average annual rate that is 0.3 percentage point higher compared to growth in the baseline forecast. Like the pessimistic scenario, the average annual growth rate in Mississippi real GDP over the next five years under the optimistic scenario is essentially the same as in the baseline forecast.

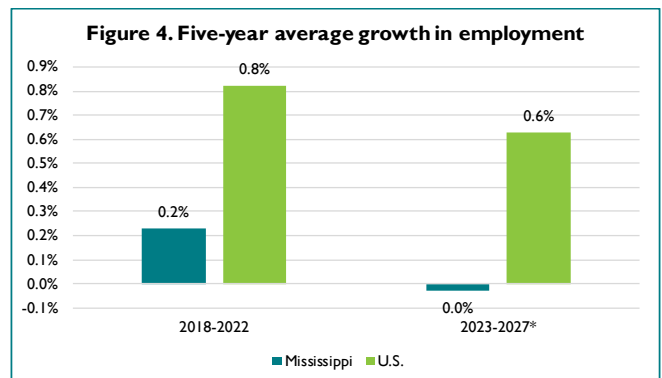
## FIVE-YEAR FORECASTS

Figure 3 indicates URC forecasts real GDP for Mississippi will expand by an average of 1.0 percent per year from 2023 through 2027. This average rate represents an increase of 0.1 percentage point per year compared to the forecast of the previous quarter. Over the next five years the U.S. economy is projected to expand by 1.8 percent per year, which also represents an increase of 0.1 percentage point per year from the forecast of the previous quarter. Real GDP for Mississippi is expected to grow by an average of 0.8 percentage point less per year over the next five years than U.S. real GDP. After recent revisions by BEA, the U.S. economy grew at an average rate between 2018 and 2022 that was 1.6 percentage points more per year than the growth rate of the Mississippi economy.

Annual payroll employment in Mississippi is forecast to remain essentially unchanged from 2023 to 2027 as seen in Figure 4. This estimate represents an increase of 0.1 percentage point per year compared to the forecast of the previous quarter. Over the next five years U.S. annual payroll employment is forecast to grow by an average of 0.6 percent per year, a rate unchanged from the forecast of the previous quarter. Compared to Mississippi employment, over the next five years U.S. employment is expected to grow by an average of 0.6 percentage point more per year. During the 2018 to 2022 period, U.S. employment grew by an average of 0.6 percentage point more per year than Mississippi employment.



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



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