

# MISSISSIPPI'S BUSINESS

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## ECONOMY AT A GLANCE

As seen in Figure 1, the value of the Mississippi Leading Index (MLI) decreased 0.3 percent in December. Compared to one year earlier the value of the MLI for the month was 1.7 percent higher. The value of the Mississippi Coincident Index (MCI) decreased 0.2 percent in December as seen in Figure 2. Compared to one year ago the value for the month was up 1.7 percent.

U.S. gross domestic product (GDP) increased at a seasonally-adjusted, annualized rate of 2.3 percent in the fourth quarter of 2024 according to the first estimate of the U.S. Bu-

reau of Economic Analysis (BEA). The growth in the fourth quarter resulted from increases in consumer spending, exports, and federal, state, and local government spending, which were partially offset by a decrease in investment. For all of 2024, U.S. real GDP increased 2.8 percent, similar to the 2.9 percent growth for all of 2023.

The MLI exhibited clear signs of a slowing economy in Mississippi in December. Both initial and continued unemployment claims continued to trend higher, but remain near 2019 levels. For the first time in over a year, payroll employ-

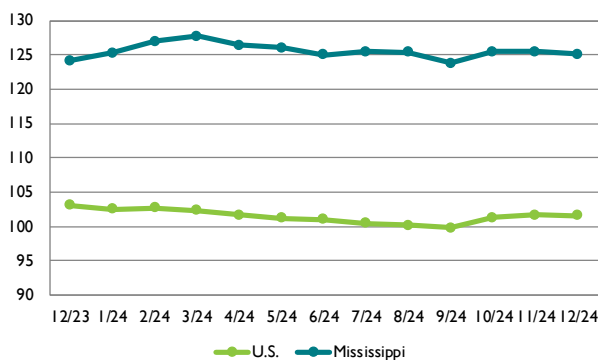
ment in the state decreased for two consecutive months. The Mississippi Manufacturing Employment Intensity Index also continued its downward trend in December. On a positive note, U.S. retail sales rose for the fourth consecutive month and building permits in the state increased for the first time in five months. The latter move likely resulted from recent interest rate cuts by the Federal Reserve. Overall the narrative for the state and national economies remains largely the same: both are expected to slow in 2025 but neither is expected to enter a recession.

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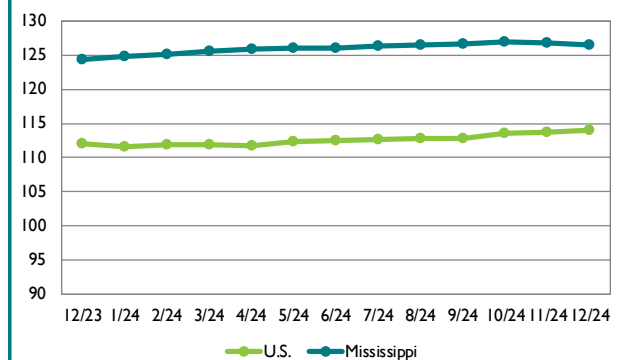
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Figure 1. Leading indices



Sources: University Research Center and The Conference Board

Figure 2. Coincident indices



Sources: Federal Reserve Bank of Philadelphia and The Conference Board

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

## MISSISSIPPI LEADING INDEX, DECEMBER 2024

In December the value of the **Mississippi Leading Index of Economic Indicators (MLI)** fell 0.3 percent as seen in Figure 3. Following data revisions the November value of the MLI did not change. The value of the MLI for December was 1.7 percent higher compared to one year earlier. Over the last six months the value of the MLI rose 0.1 percent.

As in the previous month four of the seven components of the MLI decreased in value in December. The ISM Manufacturing Index made the largest positive contribution while initial unemployment claims made the largest negative contribution. Each component is discussed below in order of smallest to largest contribution.

As seen in Figure 4, the number of seasonally-adjusted **initial unemployment claims** in Mississippi climbed 16.9 percent in December, the largest monthly increase since July 2022. Compared to one year earlier, the value for the month was 8.2 percent higher. Similarly, the number of seasonally-adjusted continued unemployment claims in Mississippi rose 15.5 percent in December as seen in Figure 16 on page 6. Compared to one year earlier, the number of continued unemployment claims in the state for the month was 5.7 percent higher. The unemployment rate in Mississippi was 3.3 percent in December, its highest level since February 2023 and an increase of 0.2 percentage point from November. Compared to one year earlier the rate in December was up 0.1 percentage point, as Figure 17 on page 6 indicates.

Figure 5 indicates the value of the **University of Michigan Index of Consumer Expectations** (three-month moving average) decreased 2.1

percent in December, its second consecutive monthly decline. Compared to one year earlier the value in December was up 9.0 percent. As in the previous month, political uncertainty likely drove much of the decrease in expectations; stock markets and rising gasoline prices were also probably contributors to the decrease. Short-term (one-year) inflation expectations climbed in the most recent survey to their highest level in over a year. Long-term (five-year) expectations also rose in the most recent survey.

The value of the **Mississippi Manufacturing Employment Intensity Index** fell 0.9 percent in December, its second consecutive monthly decrease. As seen in Figure 6, compared to one year earlier the value for the month was down 5.3 percent. Both Manufacturing employment in Mississippi and the average weekly hours of production employees in the state decreased in December, which resulted in the decline in the Index.

**Mississippi income tax withholdings** (three-month moving average) decreased in value by 0.4 percent in December as seen in Figure 7. The value of withholdings for the month was 2.2 percent lower compared to one year earlier. Over the last six months the value of income tax withholdings in Mississippi declined 3.8 percent.

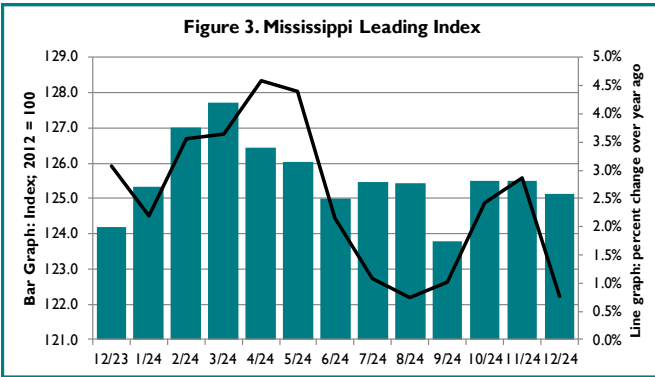
The value of **U.S. retail sales** rose 0.4 percent in December as seen in Figure 8, the fourth consecutive monthly increase. The December value was 3.9 percent higher compared to one year earlier. Sales excluding automobiles and gasoline increased 0.3 percent in December. Sales at Miscellaneous Store Retailers had the largest increase among all segments. The largest decrease in sales for the month among all seg-

ments occurred in Building Materials. The only other segments with decreases in sales in December were Food Service and Drinking Places and Health and Personal Care.

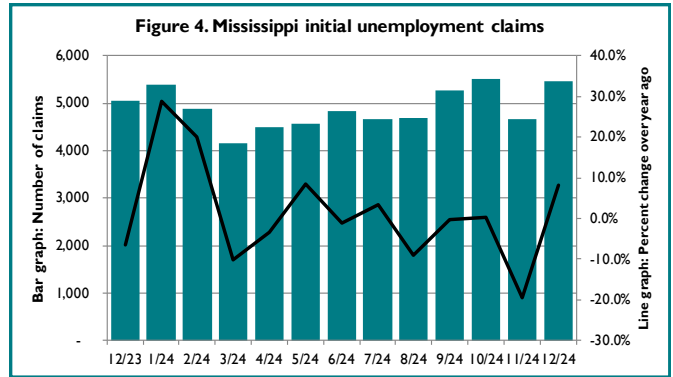
For the first time since July, the value of **Mississippi residential building permits** (three-month moving average) increased in December. As seen in Figure 9, the value rose 2.8 percent in December. The value for the month was 3.1 percent higher compared to one year ago. The number of units in the state climbed 7.4 percent in December, its largest monthly increase since June. Compared to one year earlier the number of units in the state for the month was up 5.4 percent. In contrast, the number of privately-owned housing units authorized by building permits in the U.S. dipped 0.7 percent in December from the revised November rate. The number of units in the U.S. in December was 3.1 percent compared to one year earlier.

The value of the **ISM Index of U.S. Manufacturing Activity** climbed 3.5 percent in January as seen in Figure 10. Notably, the value of the Index reached expansion territory—above 50.0—for the first time since October 2022. Compared to one year earlier the value in January was up 3.7 percent. The Employment component had the largest increase for the month while Inventories was the only component to decrease. Inventories was also the only component not in expansion territory in January. The prices paid index increased 2.4 percent for the month. Aluminum, industrial gases, steel, and natural gas were among the commodities reported with higher prices in January, while plastic resins and solvents were among the commodities reported down in price for the month.

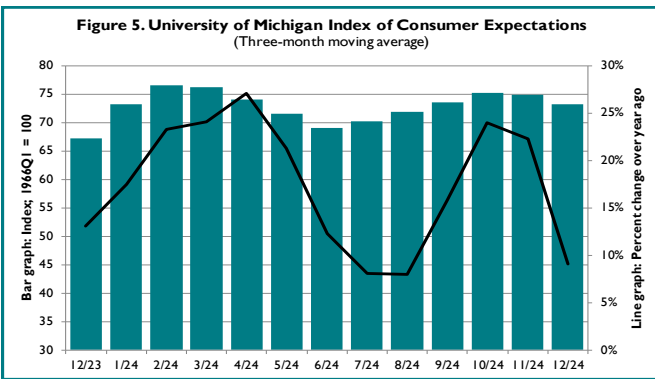
# MISSISSIPPI LEADING INDEX AND COMPONENTS, IN FIGURES



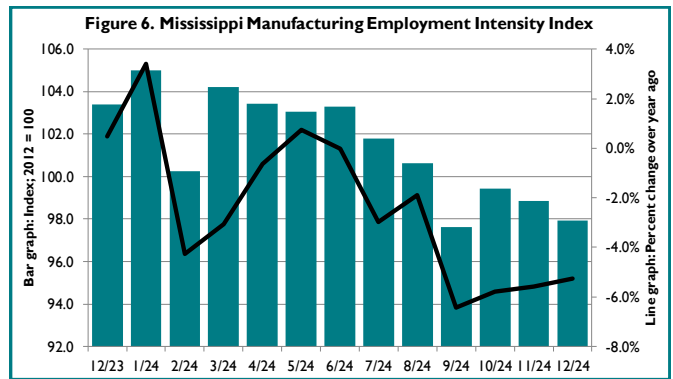
Source: University Research Center



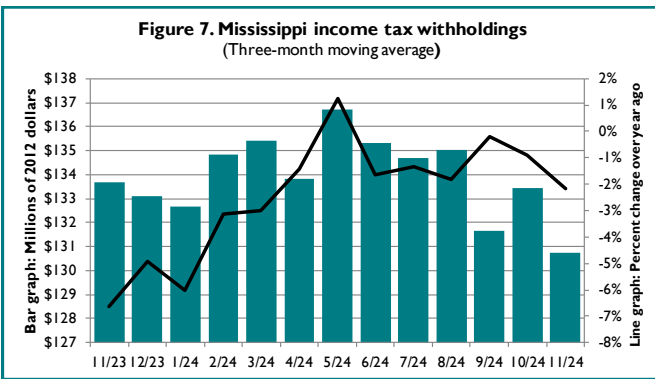
Source: U.S. Department of Labor; seasonally adjusted



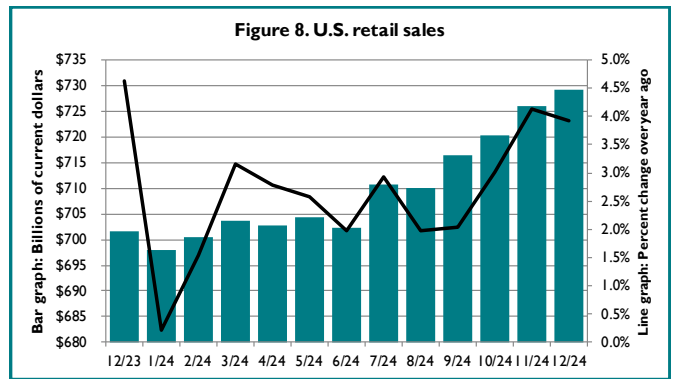
Source: Thomson Reuters/University of Michigan Surveys of Consumers



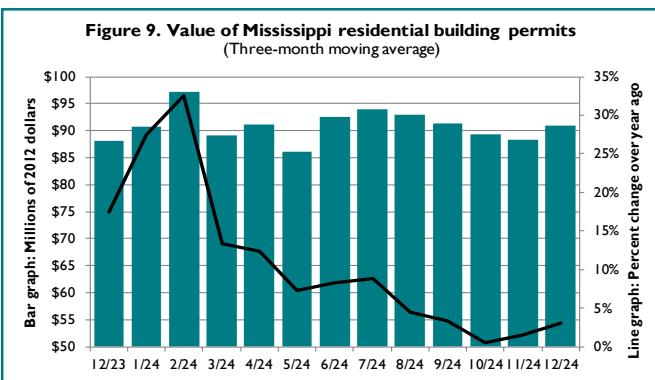
Source: URC using data from U.S. Bureau of Labor Statistics



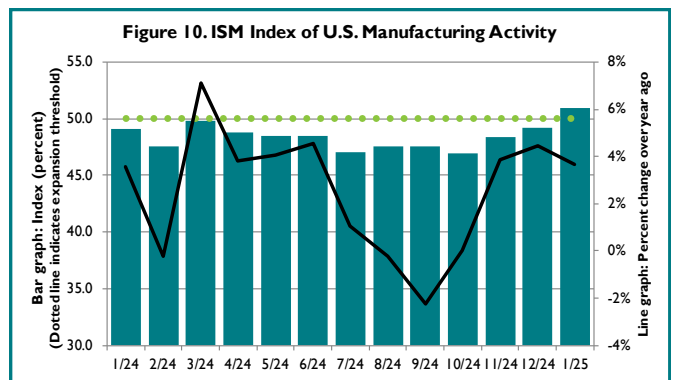
Source: Mississippi Department of Revenue; seasonally adjusted



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



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



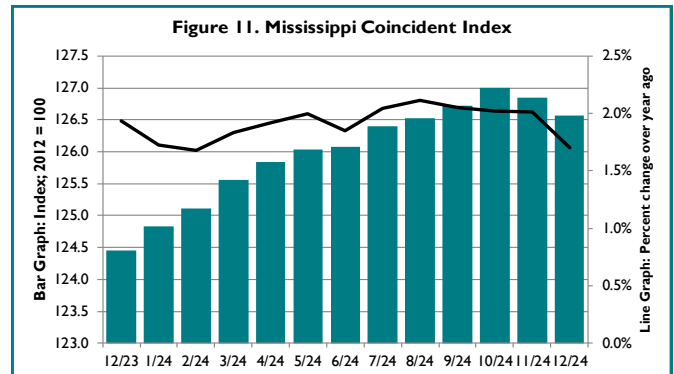
Source: Institute for Supply Management

## MISSISSIPPI COINCIDENT INDEX, DECEMBER 2024

According to the Federal Reserve Bank of Philadelphia, the value of the **Mississippi Coincident Index of Economic Indicators (MCI)** decreased 0.2 percent in December as seen in Figure 11. It was the second consecutive monthly decline in the MCI. For the month the value of the MCI was up 1.7 percent compared to one year earlier.

The Federal Reserve Bank of Philadelphia reported the values of the coincident indices increased in thirty-nine states in December compared to September as seen in Figure 12. The value of the coincident index for Delaware rose more than 1.8 percent over the last three

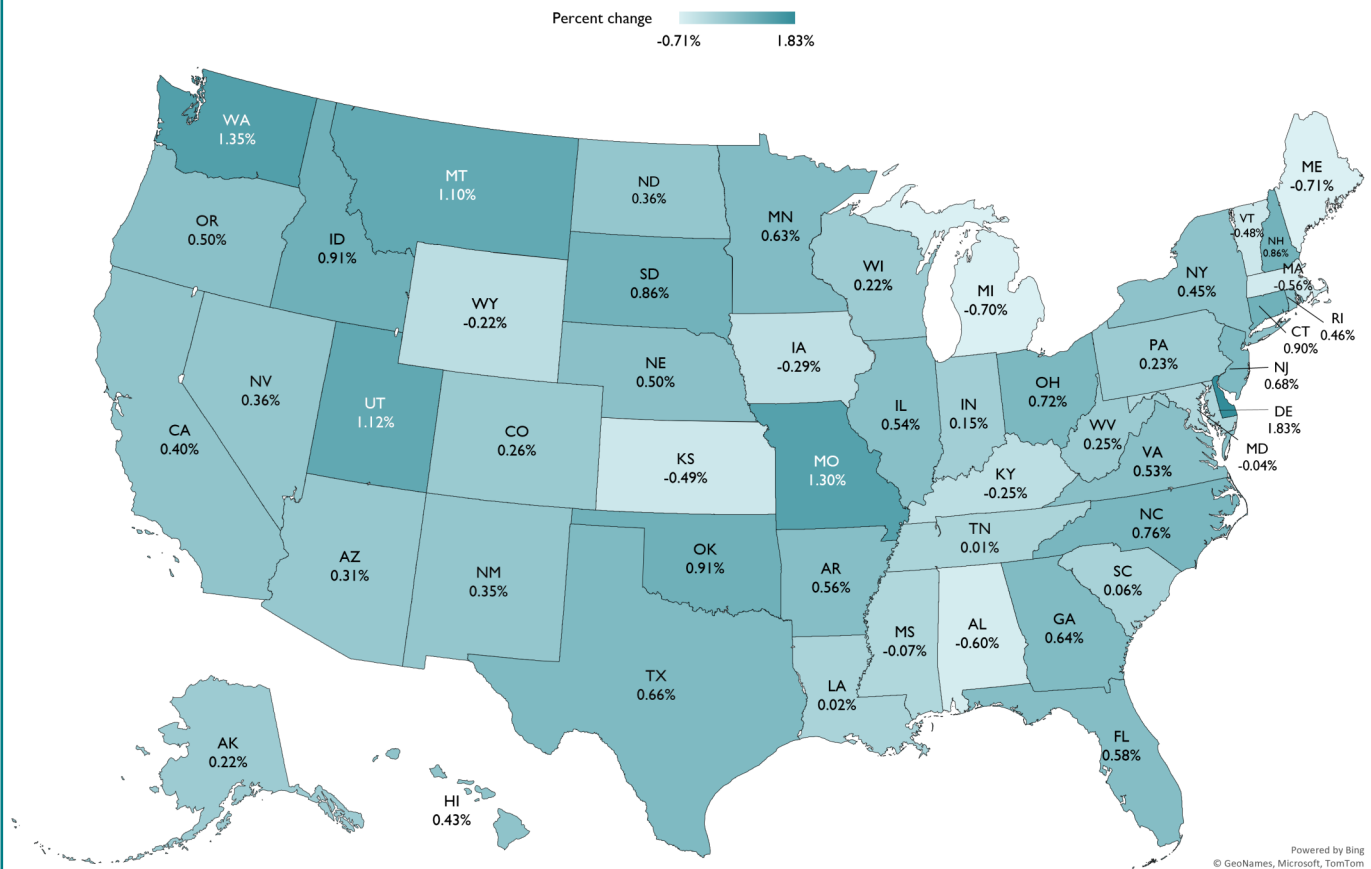
months, the largest increase among all states. The values of the coincident indices in five states rose more than 1.0 percent in December compared to September. In seventeen states the values of coincident indices increased from 0.5 percent to less than 1.0 percent over the last three months. The values of coincident indices increased less than 0.5 percent over the last three months in seventeen states. Mississippi was one of eleven states where the val-



Source: Federal Reserve Bank of Philadelphia

ues of coincident indices decreased in December compared to September. In Michigan and Maine the values of the coincident indices fell more than 0.7 percent over the last three months, the largest decreases among all states.

Figure 12. Three-month growth in the coincident index of economic indicators, December 2024



Source: Federal Reserve Bank of Philadelphia

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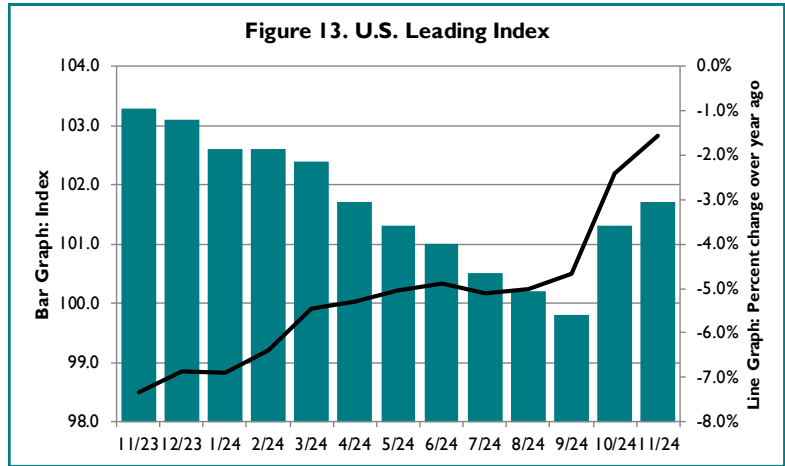
## NATIONAL TRENDS

In December the value of the U.S. Leading Economic Index (LEI) fell 0.1 percent according to The Conference Board as seen in Figure 13. Compared to one year ago the value for the month was 1.5 percent lower. In December five of the ten components of the LEI made positive contributions. The largest positive contribution was made by the leading credit index while the largest negative contribution was made by the ISM® New Orders Index. The value of the LEI declined 1.3 percent over the last six months.

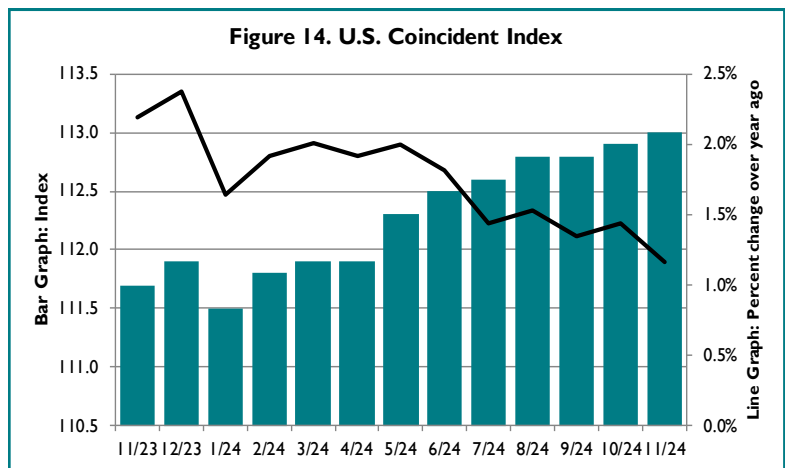
The Conference Board reported the value of the U.S. Coincident Economic Index (CEI) climbed 0.4 percent in December. Compared to one year earlier the value of the CEI was 1.9 percent higher. All four components of the CEI made positive contributions in December. The largest positive contribution was made by industrial production. Over the last six months the value of the CEI increased 0.9 percent.

The value of the National Federation of Independent Businesses (NFIB) Small Business Optimism Index increased 3.3 percent in December as seen in Figure 15. Compared to one year earlier the value of the Index was 14.4 percent higher. Seven of the ten components of the Index increased for the month and one was unchanged. As in the previous month the largest increase among all components occurred in the “expect economy to improve” component, which reached its second-highest level in the history of the Index.

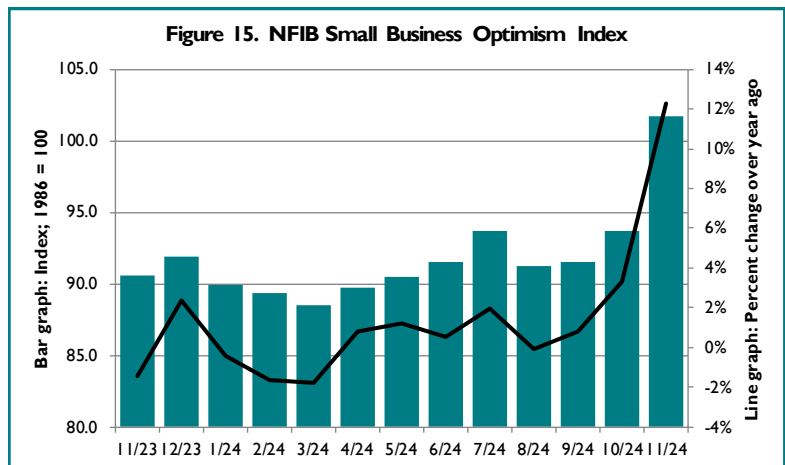
At its January meeting the Federal Open Market Committee (FOMC) did not change the benchmark federal funds rate target, which was widely expected. The federal funds rate target remained in the range of 4.25 to 4.5 percent. At a press conference following the meeting, Federal Reserve Chairman Jerome Powell stated, “we do not need to be in a hurry to adjust our policy stance,” a comment that indicates a majority of members believe the current rate target is restrictive enough. Powell’s statement also signals the Federal Reserve is likely to keep rates at the current level at the next FOMC meeting in March, barring some unexpected development in the economy.



Source: The Conference Board

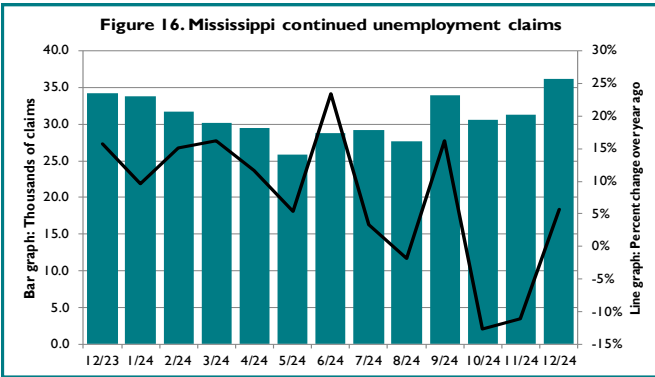


Source: The Conference Board

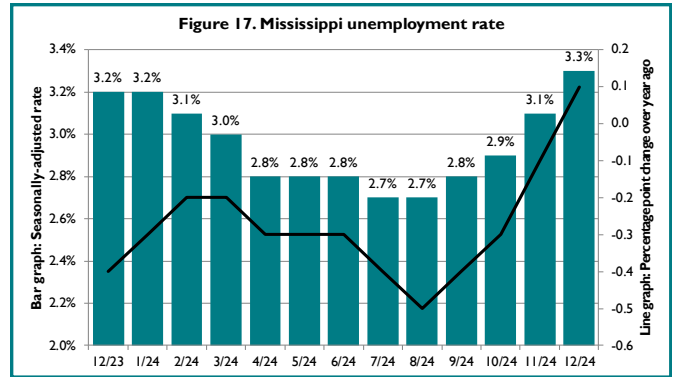


Source: National Federation of Independent Businesses

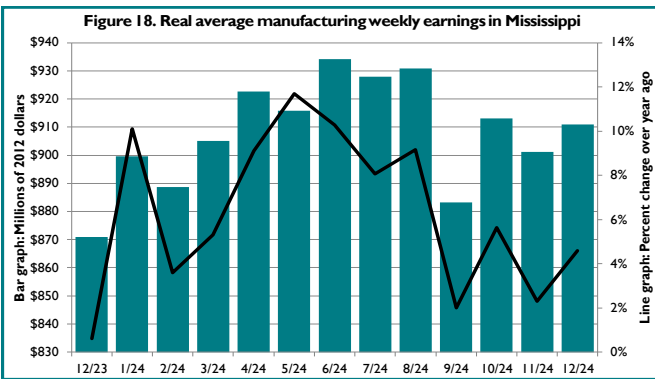
# MISCELLANEOUS ECONOMIC INDICATORS, IN FIGURES



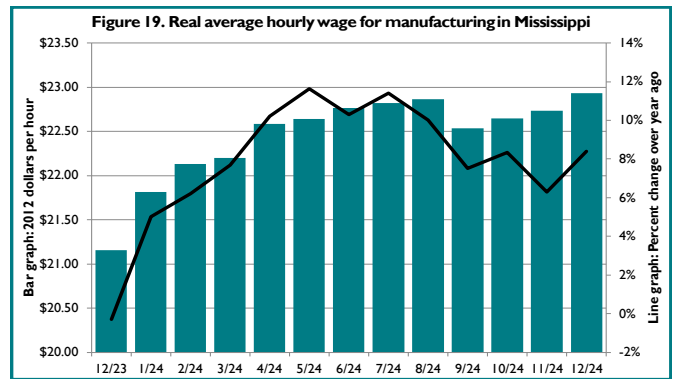
Sources: U.S. Department of Labor, URC (seasonal adjustment)



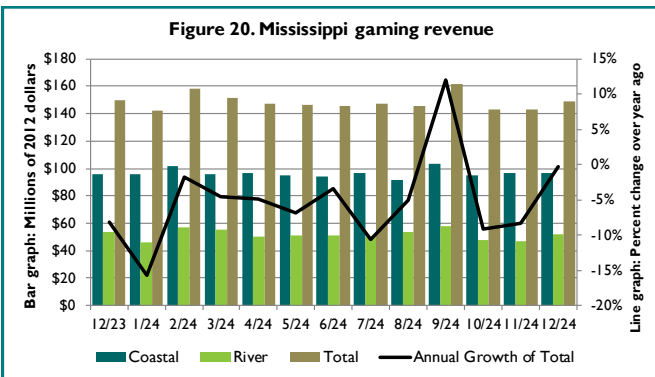
Source: U.S. Bureau of Labor Statistics



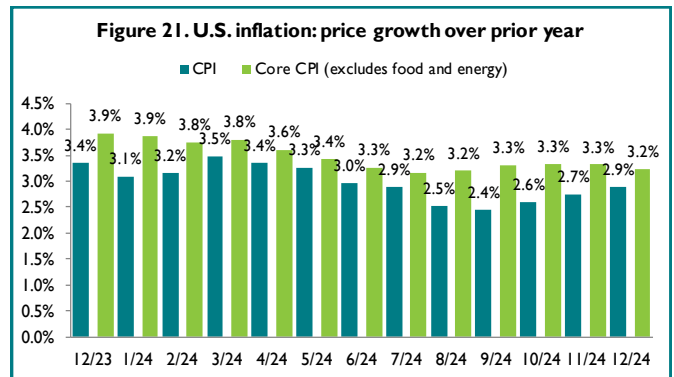
Sources: U.S. Bureau of Labor Statistics, URC (seasonal adjustment)



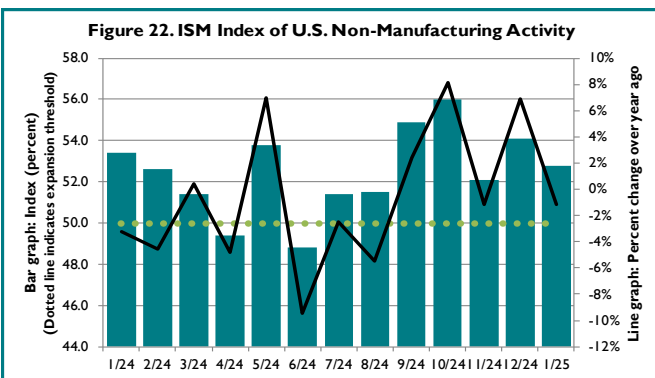
Sources: U.S. Bureau of Labor Statistics, URC (seasonal adjustment)



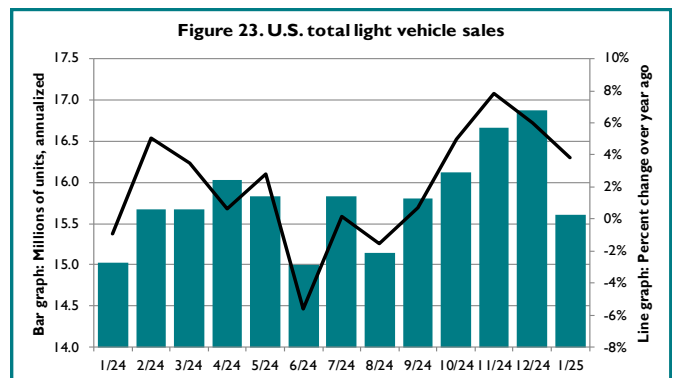
Source: Mississippi Department of Revenue, URC (seasonal adjustment)



Source: U.S. Bureau of Labor Statistics



Source: Institute for Supply Management



Source: U.S. Bureau of Economic Analysis

**TABLE I. SELECTED ECONOMIC INDICATORS**

Indicator	December	November	December	Percent change from	
	2024	2024	2023	November 2024	December 2023
<b>U.S. Leading Economic Index</b> 2012 = 100. Source: The Conference Board	101.6	101.7	103.1	▼0.1%	▼1.5%
<b>U.S. Coincident Economic Index</b> 2012 = 100. Source: The Conference Board	114.1	113.7	112.0	▲0.4%	▲1.9%
<b>Mississippi Leading Index</b> 2012 = 100. Source: University Research Center	125.1	125.5	124.2	▼0.3%	▲0.7%
<b>Mississippi Coincident Index</b> 2012 = 100. Source: Federal Reserve Bank of Philadelphia	126.6	126.9	124.5	▼0.2%	▲1.7%
<b>Mississippi initial unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	5,465	4,673	5,049	▲16.9%	▲8.2%
<b>Value of Mississippi residential building permits</b> Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Bureau of the Census	90.9	88.4	88.2	▲2.8%	▲3.1%
<b>Mississippi income tax withholdings</b> Three-month moving average; seasonally adjusted; millions of 2007 dollars. Source: Mississippi Department of Revenue	130.2	130.7	133.1	▼0.4%	▼2.2%
<b>Mississippi Manufacturing Employment Intensity Index</b> 2012 = 100. Source: URC using data from U.S. Bureau of Labor Statistics	97.9	98.9	103.4	▼0.9%	▼5.3%
<b>University of Michigan Index of Consumer Expectations</b> Three-month moving average; index 1966Q1 = 100. Source: Thomson Reuters/University of Michigan Surveys of Consumers	73.2	74.8	67.1	▼2.1%	▲9.0%
<b>ISM Index of U.S. Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	50.9	49.3	49.1	▲3.2%	▲3.7%
<b>U.S. retail sales</b> Current dollars, in billions. Source: Bureau of the Census	729.2	725.9	701.7	▲0.4%	▲3.9%
<b>U.S. Consumer Price Index (CPI)</b>	315.6	315.5	306.7	◀▶0.0%	▲2.9%
<b>U.S. Core CPI (excludes food and energy)</b> 1982-84 = 100. Source: URC using data from Bureau of Labor Statistics	322.0	321.9	311.9	◀▶0.0%	▲3.2%
<b>Mississippi unemployment rate</b> Percentage point change. Seasonally-adjusted. Source: U.S. Bureau of Labor Statistics	3.3%	3.1%	3.2%	▲0.2	▼0.1
<b>Mississippi continued unemployment claims</b> Seasonally adjusted. Source: U.S. Department of Labor	36,197	31,336	34,256	▲15.5%	▲5.7%
<b>ISM Index of U.S. Non-Manufacturing Activity</b> Advanced one month. Source: Institute for Supply Management	52.8	54.1	53.4	▼2.4%	▼1.1%
<b>U.S. mortgage rates</b> Percentage point change. Seasonally adjusted; 30-year conventional. Source: Federal Home Loan Mortgage Corporation	6.99%	6.50%	7.09%	▲0.49	▼0.10
<b>Mississippi average hourly wage for manufacturing</b> Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	22.93	22.73	21.16	▲0.9%	▲8.4%
<b>Mississippi average weekly earnings for manufacturing</b> Seasonally adjusted; 2012 dollars. Source: U.S. Bureau of Labor Statistics	910.89	901.24	870.87	▲1.1%	▲4.6%
<b>NFIB Small Business Optimism Index</b> 1986 = 100. Source: National Federation of Independent Businesses	105.1	101.7	91.9	▲3.3%	▲14.4%
<b>U.S. total light vehicle sales</b> Millions of units seasonally adjusted at annual rates. Source: U.S. Bureau of Economic Analysis	15.60	16.87	15.03	▼7.5%	▲3.8%
<b>Gaming revenue</b>	149.26	143.18	149.8	▲4.2%	▼0.3%
<b>Coastal counties</b>	97.05	96.44	96.3	▲0.6%	▲0.8%
<b>River counties</b>	52.20	46.74	53.5	▲11.7%	▼2.4%
Seasonally adjusted; millions of 2012 dollars. Source: Mississippi Department of Revenue					

Economic Indices

Components of the Mississippi Leading Index

Miscellaneous Indicators

## MISSISSIPPI EMPLOYMENT TRENDS

The U.S. Bureau of Labor Statistics (BLS) reported total nonfarm employment in Mississippi fell by 1,500 jobs in December, a decline of 0.1 percent. As seen in Table 2, compared to one year ago, total employment in the state was higher by 11,400 jobs, an increase of 1.0 percent. For all of 2024, average monthly nonfarm employment in the state increased by 11,850 jobs, a gain of 1.0 percent. However, this total will likely change when BLS releases its annual revisions to employment in March.

According to BLS nonfarm employment increased in two states in December and was essentially unchanged in forty-eight states and the District of Columbia. Texas added 37,500 jobs and Missouri added 11,200 jobs. Missouri had the larger percentage increase of 0.4 percent.

BLS reported thirty-three states added jobs over the last twelve

months as of December while employment was essentially unchanged in seventeen states and the District of Columbia. Texas added 284,200 jobs, the most among all states, followed by California, which added 180,500 jobs, and Florida, which added 147,900 jobs. Employment rose 3.6 percent in Idaho, the largest percentage increase in employment among all states over the last twelve months as of December.

The change in employment was mixed across sectors in Mississippi in December. The Health Care and Social Assistance sector added 400 jobs for the month, the most among all sectors and an increase of 0.3 percent. The largest percentage increase in employment in the state among all sectors in December was the 1.6 percent gain in Educational Services, an addition of 200 jobs. The Trade, Transportation, and Utilities sector lost 1,300 jobs for the month, the most among all sec-

tors in the state. The Construction sector had the largest percentage decrease in employment among all sectors in Mississippi in December of 2.2 percent.

Over the past twelve months as of December the largest increase in employment among all sectors in the state occurred in Health Care and Social Assistance, which added 6,100 jobs. The Arts and Entertainment sector had the largest percentage increase in employment among all sectors over the last twelve months of 7.0 percent, a gain of 700 jobs. The largest decrease in employment among all sectors in the state over the last twelve months as of December occurred in the Manufacturing sector, which lost 1,600 jobs. Employment in the Educational Services sector fell 6.6 percent over the last twelve months as of December, the largest percentage decrease in employment among all sectors in the state.

**Table 2. Change in Mississippi employment by industry, December 2024**

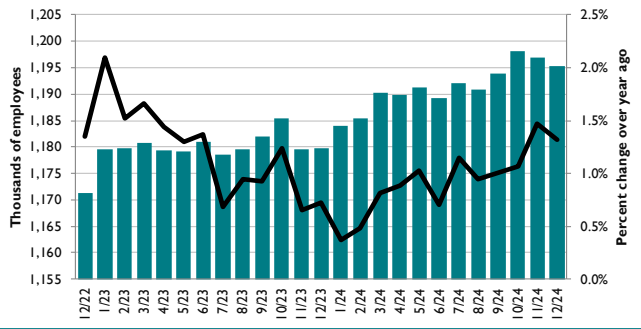
	Relative share of total <sup>a</sup>	December 2024	November 2024	December 2023	Change from November 2024 Level	Change from November 2024 Percent	Change from December 2023 Level	Change from December 2023 Percent
Total Nonfarm	100.0%	1,195,300	1,196,900	1,183,900	▼1,600	▼0.1%	▲11,400	▲1.0%
Mining and Logging	0.5%	6,400	6,400	6,200	◀▶0	◀▶0.0%	▲200	▲3.2%
Construction	4.2%	49,200	50,300	47,700	▼1,100	▼2.2%	▲1,500	▲3.1%
Manufacturing	12.0%	142,100	143,000	143,700	▼900	▼0.6%	▼1,600	▼1.1%
Trade, Transportation & Utilities	20.8%	246,400	247,700	245,300	▼1,300	▼0.5%	▲1,100	▲0.4%
Retail Trade	11.8%	139,800	140,600	139,000	▼800	▼0.6%	▲800	▲0.6%
Information	0.8%	9,200	9,100	9,700	▲100	▲1.1%	▼500	▼5.2%
Financial Activities	3.8%	45,200	45,000	45,200	▲200	▲0.4%	◀▶0	◀▶0.0%
Services	37.8%	455,300	454,100	443,400	1,200	▲0.3%	▲11,900	▲2.7%
Professional & Business Services	9.9%	119,600	119,400	115,100	▲200	▲0.2%	▲4,500	▲3.9%
Educational Services	1.1%	12,700	12,500	13,600	▲200	▲1.6%	▼900	▼6.6%
Health Care and Social Assistance	12.1%	146,500	146,100	140,400	▲400	▲0.3%	▲6,100	▲4.3%
Arts and Entertainment	0.9%	10,700	10,700	10,000	◀▶0	◀▶0.0%	▲700	▲7.0%
Accommodation and Food Services	10.5%	125,900	125,600	124,800	▲300	▲0.2%	▲1,100	▲0.9%
Other Services	3.3%	39,900	39,800	39,500	▲100	▲0.3%	▲400	▲1.0%
Government	20.1%	241,500	241,300	238,500	▲200	▲0.1%	▲3,000	▲1.3%

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

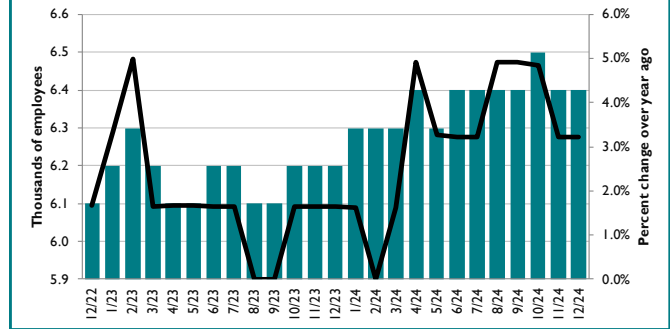


# MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES

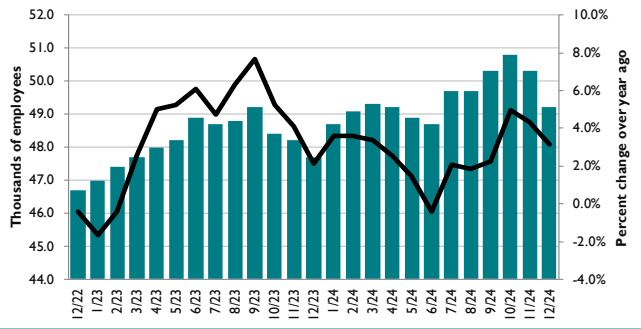
**Figure 24a. Nonfarm employment**



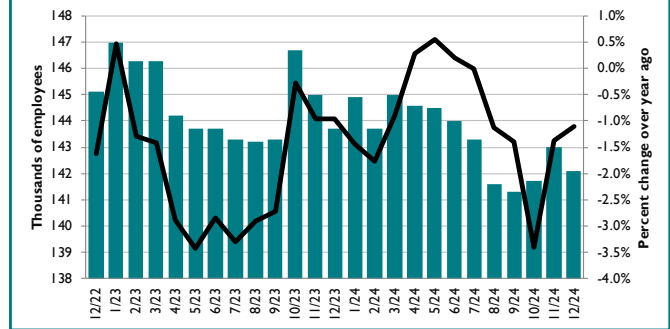
**Figure 24b. Mining and Logging**



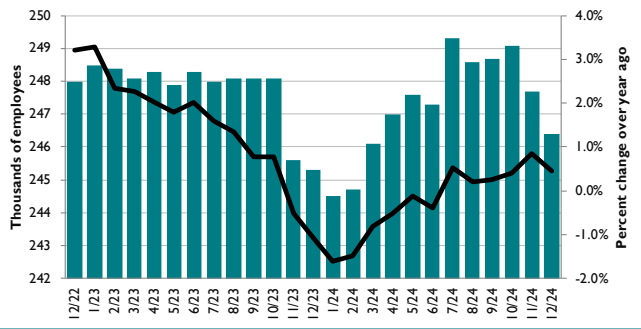
**Figure 24c. Construction**



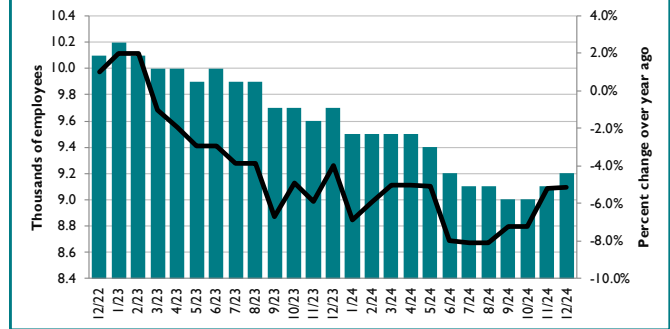
**Figure 24d. Manufacturing**



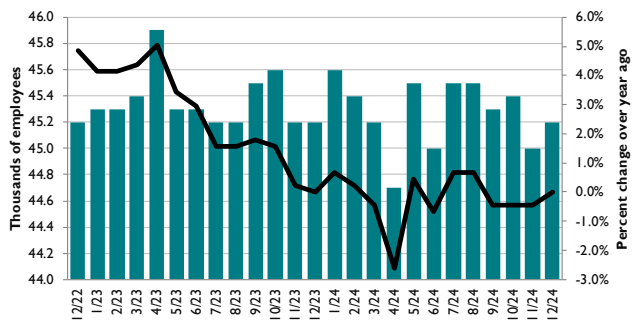
**Figure 24e. Trade, transportation, and utilities**



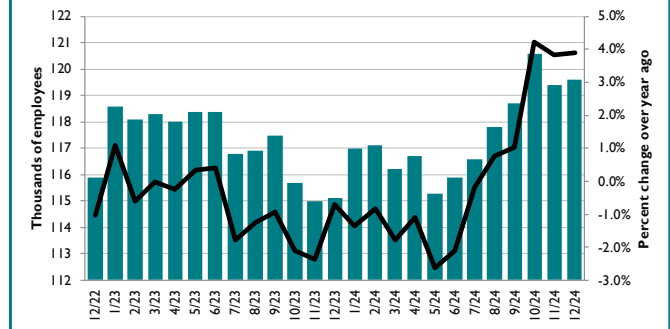
**Figure 24f. Information**



**Figure 24g. Financial activities**

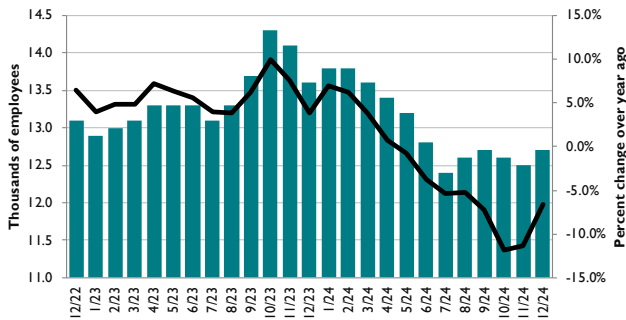


**Figure 24h. Professional and business services**

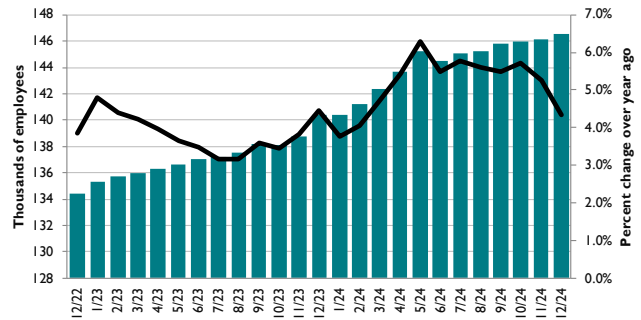


## MISSISSIPPI EMPLOYMENT TRENDS BY SECTOR, IN FIGURES (CONTINUED)

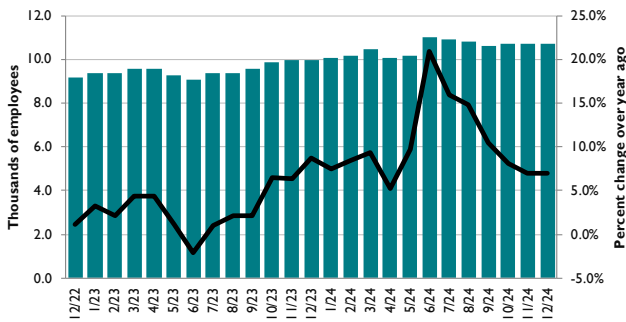
**Figure 24i. Educational services**



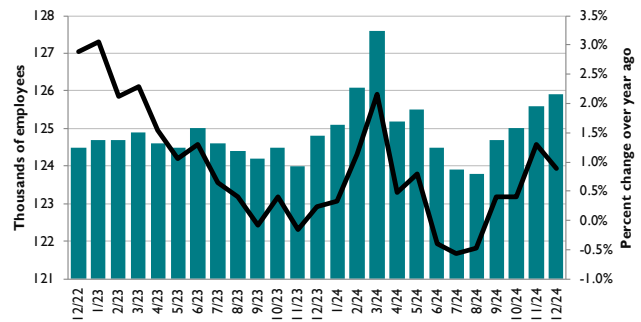
**Figure 24j. Health care and social assistance**



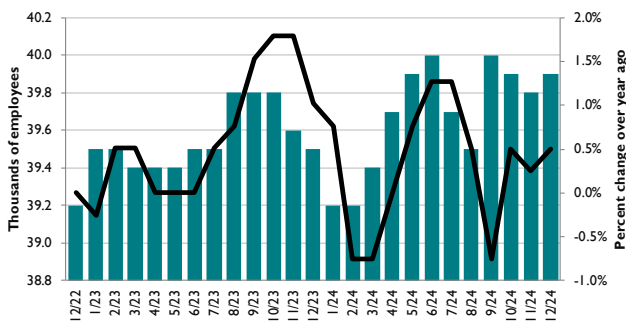
**Figure 24k. Arts and entertainment**



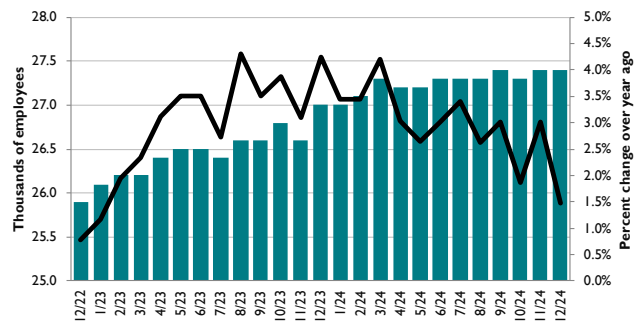
**Figure 24l. Accommodation and food services**



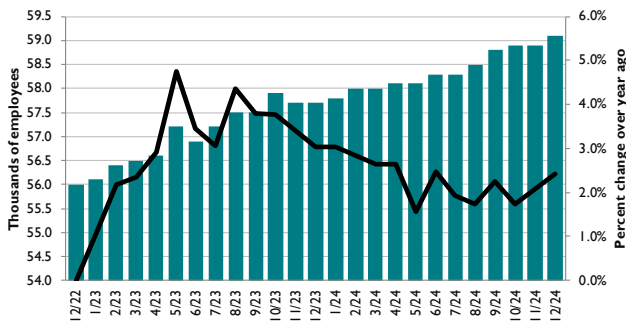
**Figure 24m. Other services**



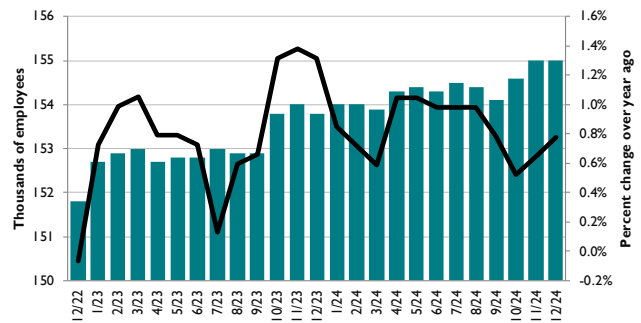
**Figure 24n. Federal government**



**Figure 24o. State government**



**Figure 24p. Local government**



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

## CHANGE IN REAL INCOME BY STATE IN 2023

Real income in Mississippi grew 1.5 percent in 2023 according to the latest estimate from the U.S. Bureau of Economic Analysis (BEA). The increase in 2023 followed the decline of 7.2 percent in 2022. The growth of 1.5 percent in 2023 ranked thirty-second among all states. U.S. real income increased 2.1 percent in 2023, up from the 3.2 percent decline in 2022. Figure 25 indicates real income increased in forty-six states in 2023 and the largest increase was the 6.0 percent growth in Vermont, closely followed by the 5.9 percent growth in Maine. Real income decreased in four states in 2023, and Iowa had the largest decrease of 2.0 percent. Notably, one of the four states where real incomes decreased in 2023 was neighboring Alabama, where real income fell 0.5 percent. Mississippi was one of fifteen states where the increase in real income in 2023 was 1.5 percent or less.

BEA also released regional price parities (RPPs) for 2023 along with the real income data. RPPs account for differences in the price level across states each year. By construction the value of the RPP for the U.S. equals 100.0 and the values for each state are expressed as percentages of the U.S. value. Therefore, RPPs represent a method of measuring the relative cost of living in each state.

Table 3 at right lists the values of the RPPs for each state for 2023. The relative RPP rankings among most states typically change little from the previous year. A few states saw notable changes, however. For the second consecutive year, California had the highest RPP among all states in 2023. The value of its RPP was essentially

unchanged from 2022. The RPP value of 112.6 for California means that, on average, all items sold in the state in 2023 cost 12.6 percent more than the U.S. average. For the second consecutive year, Mississippi did not have the lowest RPP value among all states. The state with the lowest RPP value in the nation was once again Arkansas. The value of the RPP for Arkansas in 2023 equaled 86.5, which was a decrease of 0.4 percentage points from the previous year. This value means that on average all items sold in Arkansas in 2023 cost 13.5 percent less than the U.S. average, analogous to the interpretation of the RPP for California relative to the U.S. The value of the RPP for Mississippi was 87.3 and was the next lowest after Arkansas, forty-ninth among all states. The value of the RPP for Mississippi in 2023 was essentially unchanged from the previous year. Other southeastern states with relatively low RPPs in 2023 included Louisiana and Oklahoma. As in most years, Florida had the highest-valued RPP among all southeastern states, and its ranking rose to eleventh among all states. Sixteen states had RPPs with values greater than 100.0 in 2023, two less than in the previous year. The RPP values for these states indicate their relative cost of living was higher than the U.S. average. Neighboring Louisiana had one of the largest movements among all states, falling from thirty-eighth in 2022 to forty-sixth in 2023. Similarly, the rank of Vermont fell from seventeenth in 2022 to twenty-fifth in 2023. Conversely, neighboring Alabama's ranking rose from forty-eighth in 2022 to forty-first in 2023.

**Table 3. Regional price parities by state, 2023**

California	112.6
New Jersey	108.9
Hawaii	108.6
Washington	108.6
Massachusetts	108.2
New York	107.6
New Hampshire	105.3
Oregon	104.7
Maryland	104.0
Connecticut	103.7
Florida	103.5
Alaska	101.7
Colorado	101.4
Rhode Island	101.4
Arizona	101.1
Virginia	100.7
Delaware	99.3
Illinois	98.9
Minnesota	98.4
Pennsylvania	97.5
Texas	97.2
Maine	97.1
Nevada	97.0
Georgia	96.7
Vermont	96.6
Utah	95.0
Michigan	94.2
North Carolina	94.1
South Carolina	93.2
Wisconsin	93.1
Tennessee	92.5
Indiana	92.2
Missouri	91.8
Ohio	91.8
Idaho	91.4
Wyoming	90.8
Kentucky	90.5
Nebraska	90.4
New Mexico	90.4
Montana	90.2
Alabama	90.0
Kansas	90.0
West Virginia	89.8
Iowa	88.8
North Dakota	88.6
Louisiana	88.3
Oklahoma	88.3
South Dakota	88.1
Mississippi	87.3
Arkansas	86.5

Source: U.S. Bureau of Economic Analysis.

## CHANGE IN REAL INCOME BY STATE IN 2023 (CONTINUED)

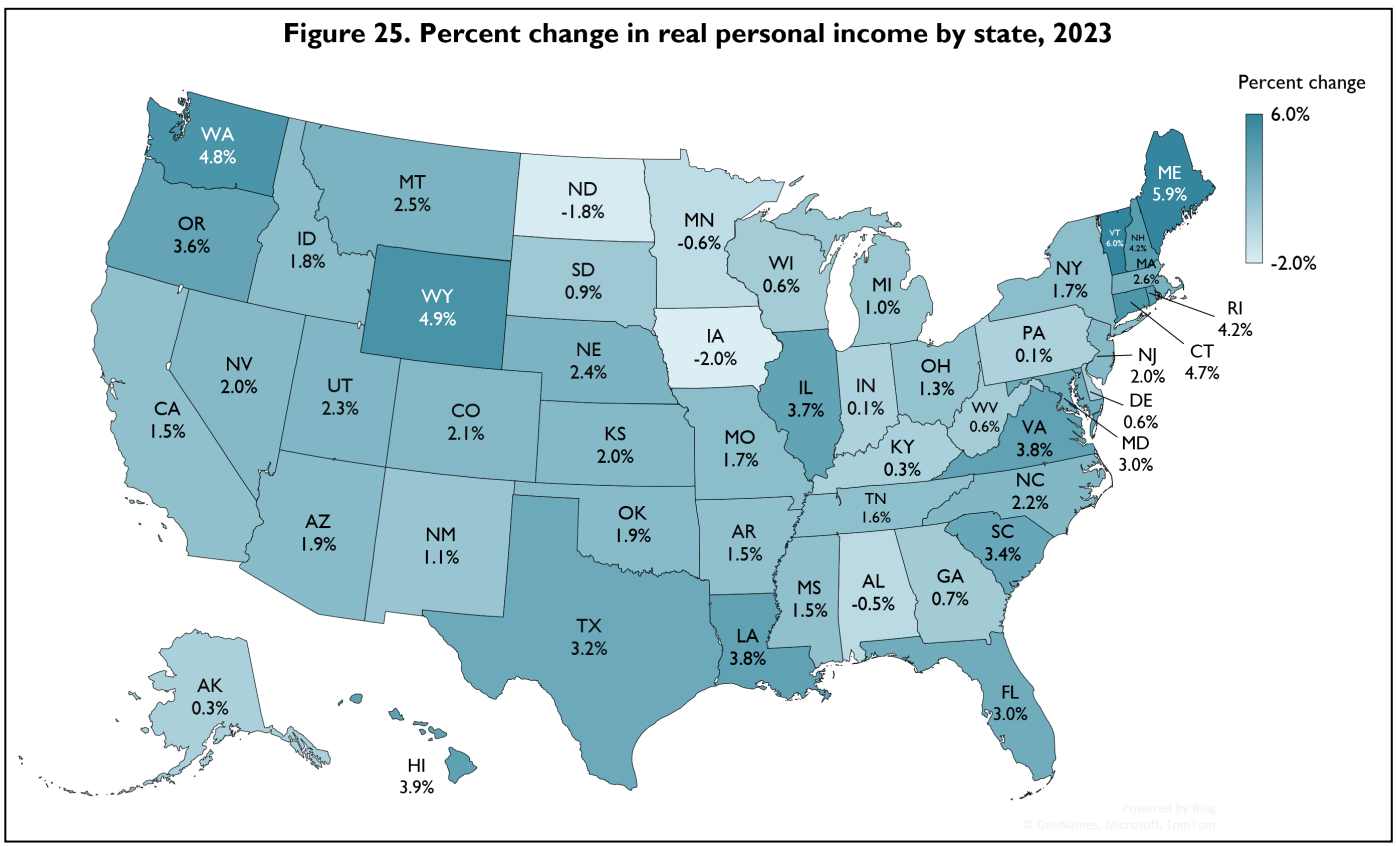
States with some of the largest metropolitan areas in the country tend to have the highest RPP values because of the way BEA computes the RPP. The RPP calculation assigns weights to the values making up an individual’s total expenditures, and in general housing costs represent an individual’s largest single expenditure. The primary reason the cost of living is relatively higher in states with large metropolitan areas, therefore, is that the cost of housing in these areas is higher. More rural states like Arkansas and Mississippi tend to have lower housing costs, which result in lower total RPP values compared to other states.

Once BEA adjusts the incomes in each state for RPPs, the agency adjusts these incomes for inflation using the national Personal Consumption Expenditures (PCE) price index. The PCE is similar to the better known Consumer Price Index (CPI) but is generally considered more comprehensive. The PCE uses more expenditures compared to the CPI and weights their values according to surveys of businesses as opposed to consumers. In general, the value of the CPI runs higher than the value of the PCE.

Another measure of regional cost BEA includes in the data for each state is the implicit regional price deflator (IRPD). The IRPD for a

state is found by multiplying its RPP by the U.S. PCE, which results in a price index for that state. Viewed over time, the IRPD essentially represents a measure of regional inflation through its adjustments of the PCE for each state. The IRPD value for the U.S. remains the same as its PCE of 2.5. The IRPD is considered an indirect measure of inflation because it is calculated from two existing values. In 2023 the value of the IRPD for Mississippi was 105.2, indicating regional inflation increased 3.7 percent from the previous year. This rate was somewhat higher than the rate for the U.S.

Figure 25. Percent change in real personal income by state, 2023



Source: U.S. Bureau of Economic Analysis.