

# MISSISSIPPI ECONOMIC OUTLOOK

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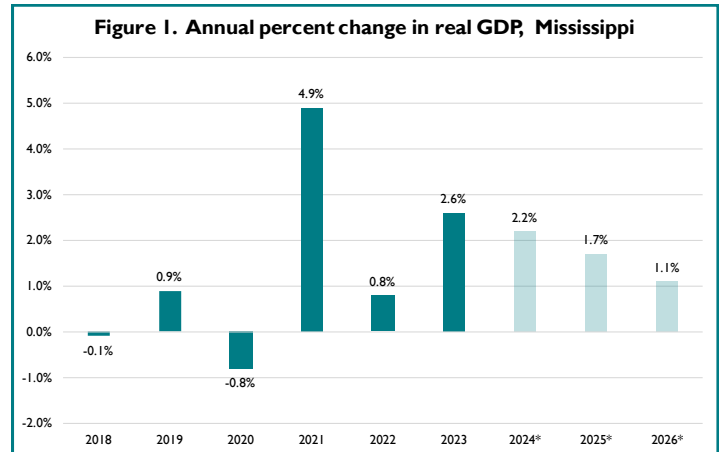
A Publication of the University Research Center, Mississippi Institutions of Higher Learning

## LONG-TERM FORECASTS SOFTEN AMID POLICY UNCERTAINTY

Real gross domestic product (GDP) for Mississippi increased 2.2 percent in 2024 according to the latest forecast by URC as seen in Figure 1. This estimate represents an increase of 0.4 percentage point from the forecast of the previous quarter. A stronger expansion in the state's economy in the third quarter than previously expected primarily led to this higher estimate. In the most recent estimates by the U.S. Bureau of Economic Analysis, real GDP for Mississippi expanded at an annualized rate of 5.1 percent in the third quarter. The Mississippi economy is expected to expand 1.7 percent in 2025 in the latest forecast. Compared to the forecast of the previous quarter this projection represents a decrease of 0.2 percentage point. In 2026 real GDP for Mississippi is projected to increase 1.1 percent, which represents a decrease of 0.2 percentage point from the forecast of the previous quarter.

The fourth section of Table 1 on page 3 indicates U.S. real GDP expanded 2.8 percent in 2024 according to the latest forecast by S&P Global Market Intelligence. This estimate represents a slight increase of 0.1 percentage point from the forecast of the previous quarter. U.S. real GDP is forecast to expand 2.0 percent in 2025, a decrease of 0.1 percentage point from the forecast of the previous quarter. In 2026, U.S. real GDP is forecast to grow 1.7 percent, which reflects a decrease of 0.1 percentage point from the forecast of the previous quarter. The latest forecasts by S&P Global assume the U.S. will soon impose a 10 percent universal tariff on imports as well as impose a 30 percent tariff on imports from China. Furthermore, these forecasts assume the Federal Reserve will reduce the federal funds rate target by 25 basis points in March and again in June and then pause for a year before enacting further reductions.

Personal income in Mississippi grew 5.1 percent in 2024 according to URC's latest forecast as seen in Figure 2 on page 2. This rate is down 0.1 percentage point from the forecast of the previous quarter and reflects a decline in the forecast for wages and salaries in the state. In 2025 personal income in the state is projected to increase 4.3 percent, a



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

decrease of 0.1 percentage point from the forecast of the previous quarter. URC forecasts personal income in Mississippi will grow 4.5 percent in 2026, an estimate that is 0.3 percentage point higher than in the forecast of the previous quarter. This upward revision reflects an improvement in the forecasts for wages and salaries as well as transfer payments to the state in 2026.

Payroll employment in Mississippi increased 0.8 percent in 2024 according to URC's latest forecast. This rate represents a decrease of 0.1 percentage point compared to the forecast of the previous quarter. Employment in the state is projected to rise 0.1 percent in 2025, an estimate that is 0.4 percentage point less than in the forecast of the previous quarter. URC forecasts total employment in Mississippi will decrease by 0.3 percent in 2026, a projection that is down 0.5 percentage point from the forecast of the previous quarter. The reductions in the employment forecasts for 2025 and 2026 reflect the higher level of interest rates that is expected to persist over the next two years, as well as inflation that may remain elevated following the imposition of U.S. tariffs that is projected to occur later this year.

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## SHORT-TERM FORECASTS

URC projects real GDP likely expanded in a majority of the sectors of the Mississippi economy in 2024 as seen in the first section of Table 1. The largest increase is expected in the Agriculture, Forestry, Fishing, and Hunting sector, which likely expanded 9.9 percent. The next largest increase in real GDP is forecast for the Construction sector, which likely expanded 7.7 percent in 2024. The largest decrease in output is expected in the Mining, Quarrying, and Oil and Gas Extraction sector, which URC forecasts contracted 5.3 percent. URC expects real GDP in the Other Services sector contracted 4.5 percent in 2024, the next largest decrease.

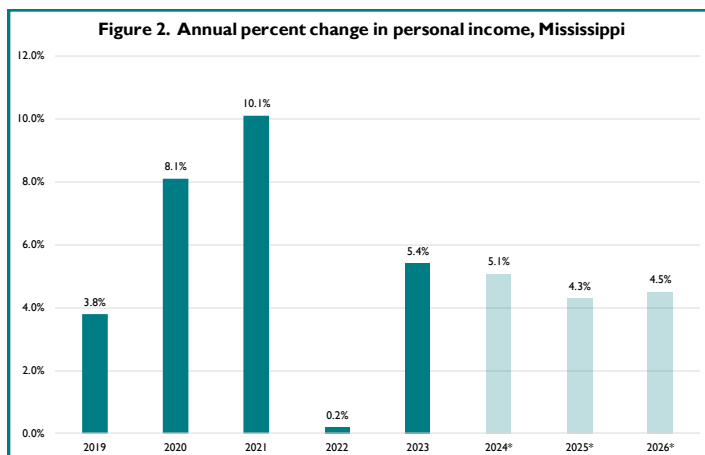
In 2026 the same number of sectors in the state is projected to expand in output. The Information sector is forecast to increase in output by 4.2 percent, the largest percentage increase among all sectors. Output in the Health Care and Social Assistance sector is forecast to expand 3.3 percent, the next largest increase in real GDP. Real GDP in the Leisure and Hospitality sector is expected to contract 2.8 percent in 2026, the largest decrease in output among all sectors. The next largest decrease is forecast for the Mining, Quarrying, and Oil and Gas Extraction sector, which is expected to contract 0.8 percent. Notably, Leisure and Hospitality is the only sector in the state forecast to contract

in output each year from 2024 to 2026.

URC forecasts payroll employment in Mississippi increased 0.8 percent in 2024, and the second section of Table 1 lists the percentage changes by sector. In 2024 a majori-

ty of sectors in the state likely added jobs. The largest percentage increase in employment among all sectors is forecast for the Health Care and Social Assistance sector, which URC projects grew 5.2 percent. The next largest increase in employment of 3.2 percent is forecast for the Mining and Logging sector. The largest decrease in employment among all sectors in the state forecast for 2024 is the 6.6 percent decline in Information. URC forecasts employment in the Private Educational Services sector fell 3.2 percent in 2024, the next largest decrease. The forecast for the change in employment in 2025 is an increase of 0.1 percent. However, only four sectors in the state are forecast to lose jobs in 2025. The largest increase in employment is expected in the Health Care and Social Assistance sector, which is projected to grow 3.1 percent. Employment in the Construction sector is expected to grow 2.2 percent in 2025, the next largest increase, followed by the Mining and Logging sector, where employment is forecast to increase 1.0 percent. The largest decrease in employment among all sectors in 2025 is forecast for the Private Educational Services sector, which is projected to decline by 4.1 percent. Employment in the Leisure and Hospitality sector is projected to fall 2.6 percent in 2025, the next largest decrease. The only other sectors forecast to lose jobs in 2025 are Information, where employment is expected to fall 2.3 percent, and Manufacturing, where employment is forecast to decline 1.7 percent.

Like U.S. payroll employment, payroll employment in Mississippi is forecast to decrease in 2026. Payroll employment in the state is expected to fall 0.3 percent. Employment in the Mining and Logging sector is expected to grow 1.9 percent, the largest increase among all sectors in the state. Health Care and Social Assistance employment is forecast to rise 1.7 percent, the next largest increase. Employment in Manufacturing is projected to drop 2.0 percent in 2026, the largest decrease among all sectors. The next largest decrease in employment among all sectors is forecast for Leisure and Hospitality, a decline of 1.9 percent. Employment in Wholesale and Retail Trade is also projected to fall 1.0 percent in 2026, the next largest decrease. Notably, Mining and Logging, Construction, and Health Care and Social Assistance are the only sectors in Mississippi projected to add jobs each year from 2024 through 2026. Conversely, the Manufacturing and Private Educational Services sectors are the only sectors in the state forecast to lose jobs each year from 2024 through 2026.



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

A similar number of sectors in the state is forecast to expand in output in 2025. Real GDP in the Agriculture, Forestry, Fishing, and Hunting sector is expected to increase by 5.0 percent, once again the largest growth among all sectors. Output in the Wholesale and Retail Trade sector is expected to grow 4.1 percent in 2025, the second-largest increase among all sectors. The largest decrease in output in 2025 is expected in the Leisure and Hospitality sector, which is forecast to contract 3.5 percent. The next largest decreases in real GDP among all sectors are forecast for Manufacturing and Other Services, as both sectors are expected to contract 0.2 percent.

ty of sectors in the state likely added jobs. The largest percentage increase in employment among all sectors is forecast for the Health Care and Social Assistance sector, which URC projects grew 5.2 percent. The next largest increase in employment of 3.2 percent is forecast for the Mining and Logging sector. The largest decrease in employment among all sectors in the state forecast for 2024 is the 6.6 percent decline in Information. URC forecasts employment in the Private Educational Services sector fell 3.2 percent in 2024, the next largest decrease.

The forecast for the change in employment in 2025 is an increase of 0.1 per-

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

Variable	2024† Percent Value Change	Annual Forecasts			Annualized Quarterly Forecasts								
		2025	2026	2027	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	
<b>Mississippi Forecast</b>													
Gross State Product (millions of current \$)	157,222	4.0	5.0	4.8	3.4	3.9	3.9	5.8	5.8	5.6	5.9	2.9	3.4
Gross State Product (millions of 2017 \$)	122,195	2.2	1.7	1.1	1.1	1.0	1.3	1.1	1.1	1.1	1.1	1.1	1.1
Agriculture, Forestry, Fishing, and Hunting	2,620	9.9	5.0	-0.4	-0.3	-23.8	6.1	-2.4	0.7	-0.5	-0.3	-0.4	-0.4
Mining, Quarrying, and Oil and Gas Extraction	888	-5.3	0.4	-0.8	3.9	-1.7	2.0	0.7	-0.4	-2.0	-4.1	-2.8	6.3
Construction	3,767	7.7	1.0	0.9	0.8	2.2	-0.1	0.5	0.7	1.0	1.0	0.9	0.8
Manufacturing	18,166	1.5	-0.2	0.0	0.0	-1.6	-0.7	0.1	-0.1	-0.1	-0.1	0.0	0.1
Durable Goods	10,902	-1.4	0.3	0.2	0.2	-0.8	-0.7	0.5	0.1	0.1	0.1	0.1	0.2
Nondurable Goods	7,395	5.6	-0.6	-0.3	-0.2	-1.2	-0.7	-0.5	-0.4	-0.4	-0.3	-0.1	-0.1
Transportation and Utilities	8,132	2.0	1.1	0.6	0.7	0.4	-0.4	0.4	0.8	0.7	0.5	0.6	0.6
Wholesale and Retail Trade	16,663	6.9	4.1	2.0	1.5	2.1	4.5	1.7	2.5	1.9	2.1	2.0	1.7
Information	2,834	-1.1	4.3	4.2	4.2	4.3	4.5	3.6	4.2	4.2	4.2	4.2	4.3
Finance, Insurance, Real Estate, Rental, and Leasing	20,714	1.6	2.3	2.3	2.6	2.0	2.3	2.6	2.1	2.3	2.4	2.1	2.6
Professional and Business Services	10,431	2.7	2.1	1.6	1.5	1.2	2.2	1.2	1.6	1.6	1.7	1.6	1.6
Health Care and Social Assistance	9,996	2.2	3.0	3.3	2.9	2.4	0.0	4.8	2.9	3.5	3.0	3.6	2.6
Leisure and Hospitality	5,252	-1.9	-3.5	-2.8	-2.3	-10.6	0.3	-3.5	-2.4	-3.1	-2.8	-2.8	-2.7
Educational Services	761	-3.0	0.5	2.9	2.3	2.0	2.4	2.2	2.9	3.4	2.9	3.1	2.8
Other Services	2,382	-4.5	-0.2	0.2	0.3	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.2
Government	19,850	0.2	-0.1	-0.3	-0.3	-0.7	-0.2	-0.3	-0.4	-0.2	-0.3	-0.3	-0.2
<b>Payroll Employment (thousands)</b>													
Residents†	1,202.0	0.8	-0.5	-0.7	-0.3	-2.3	-1.3	-1.1	-0.9	-0.8	-0.7	-0.6	-0.5
Payroll†	1,190.0	0.8	0.1	-0.3	-0.2	-0.5	0.5	-0.3	-0.3	-0.4	-0.5	-0.2	-0.2
Mining and Logging	6.4	3.2	1.0	1.9	1.0	1.1	1.0	-1.0	1.0	1.5	1.5	3.3	4.0
Construction	49.5	2.8	2.2	1.0	0.8	2.8	1.1	1.0	1.2	1.4	0.9	0.9	0.8
Manufacturing	143.1	-1.1	-1.7	-2.0	-1.4	-2.2	-0.4	-0.2	-1.7	-2.0	-3.5	-1.7	-1.2
Durable Goods	94.2	0.6	-1.1	-2.1	-1.7	-1.8	0.3	0.9	-1.3	-1.8	-4.3	-1.6	-1.0
Nondurable Goods	48.9	-4.3	-3.0	-2.0	-0.8	-3.1	-1.5	-2.4	-2.4	-2.4	-2.2	-1.9	-1.4
Transportation and Utilities	71.6	-1.6	0.5	0.3	0.2	0.3	0.3	0.0	0.1	-0.3	0.5	0.4	0.6
Wholesale and Retail Trade	176.0	0.6	0.1	-1.0	-0.3	0.4	0.4	-2.3	-1.3	-0.9	-1.6	-0.5	-0.3
Information	9.2	-6.6	-2.3	0.6	-2.4	-2.1	1.0	-1.7	-0.2	3.4	3.0	-0.3	-2.9
Financial Activities	45.4	0.0	0.9	0.8	0.3	1.3	0.4	0.8	1.1	0.7	1.1	0.6	0.3
Professional and Business Services	117.0	-0.2	0.9	0.3	0.3	-0.3	0.9	0.3	0.5	0.3	0.2	0.2	0.2
Health Care and Social Assistance	144.4	5.2	3.1	1.7	1.4	3.4	3.2	2.5	1.9	1.1	1.8	2.0	1.4
Leisure and Hospitality	134.9	0.6	-2.6	-1.9	-1.6	-6.6	-1.0	-2.0	-1.7	-2.0	-2.0	-1.9	-1.8
Private Educational Services	13.0	-3.2	-4.1	-0.8	-0.6	-1.0	-0.9	-0.9	-0.8	-0.8	-0.7	-0.7	-0.7
Other Services	39.6	0.2	0.0	0.0	0.0	-0.7	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Government	239.8	1.3	0.1	-0.2	-0.2	0.0	0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2
Unemployment Rate (%)*	3.0	-0.2‡	1.0	0.5	0.2	0.7	0.3	0.3	0.2	0.2	0.1	0.1	0.1
<b>Personal Income (millions of current \$)</b>													
Wages and Salaries	65,586	4.7	3.8	3.8	2.5	3.9	3.7	3.9	4.5	4.5	4.6	3.3	1.8
Supplements to Wages and Salaries	15,809	5.3	3.5	3.1	2.0	3.4	3.1	3.1	3.5	3.6	3.7	2.9	1.8
Proprietors' Income	10,215	0.9	6.3	5.0	4.7	-1.0	6.0	4.8	5.6	5.4	5.3	4.7	4.1
Farm Proprietors'	628	-38.5	21.4	-1.0	-0.8	-56.0	10.3	-7.1	2.3	-1.4	-0.5	-1.3	-1.1
Non-farm Proprietors'	9,587	5.3	5.3	5.4	5.0	6.2	5.7	5.8	5.8	6.0	5.7	5.2	4.5
Dividends, Interest, and Rent	25,484	4.1	2.5	4.0	3.8	2.9	2.5	3.8	3.7	4.0	4.3	4.0	3.7
Personal Current Transfer Receipts	42,646	6.6	5.4	5.9	5.6	7.4	2.2	6.7	5.1	6.3	6.7	5.0	5.6
Less: Contributions for Government Social Insurance	11,396	3.5	3.5	3.6	2.4	3.2	4.7	3.2	3.7	3.7	5.9	2.7	1.5
Plus: Adjustment for Residence	5,060	7.1	6.4	6.3	4.0	6.6	5.9	6.7	7.8	7.6	7.9	5.4	2.6
Equals: Total Personal Income	153,404	5.1	4.3	4.5	3.8	4.4	3.2	4.8	4.7	5.1	5.1	4.0	3.4
Less: Personal Current Taxes to Federal Government	8,841	5.0	3.8	3.2	1.9	4.4	0.8	4.4	5.3	5.2	1.2	3.5	1.5
Less: Personal Current Taxes to State and Local Governments	3,087	6.9	7.2	5.0	4.3	4.6	6.0	4.6	4.8	4.8	6.7	4.3	3.8
Equals: Disposable Personal Income	141,477	5.1	4.3	4.6	3.9	4.4	3.2	4.8	4.7	5.1	5.3	4.1	3.5
Per Capita Personal Income (thousands of \$)	52,130	5.1	4.4	4.6	3.9	4.5	3.2	4.9	4.8	5.2	5.3	4.2	3.5
Population (thousands)	2,943	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
<b>U.S. Forecast</b>													
Gross Domestic Product (billions of current \$)	29,178	5.3	5.1	5.1	3.8	4.4	4.2	6.1	5.9	5.7	6.1	3.5	3.7
Gross Domestic Product (billions of 2017 \$)	21,705	2.8	2.0	1.7	1.6	1.8	1.8	1.8	1.6	1.5	1.8	1.9	1.7
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	134.4	2.4	3.0	3.3	2.1	2.6	2.3	4.2	4.2	4.1	4.3	1.6	2.0
Total Employment, Residents (millions)*	161.3	0.2	0.4	0.1	0.0	-0.1	0.2	0.2	0.1	0.0	0.0	0.0	0.0
Total Payroll Employment (millions)*	158.6	1.6	0.9	-0.1	-0.1	1.1	1.1	0.8	0.2	-0.1	-0.3	-0.2	-0.1
Unemployment Rate (%)*	4.0	10.9	10.0	5.1	2.9	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personal Income (billions of current \$)	24,696	5.5	5.1	5.5	4.8	5.5	5.2	5.9	5.9	5.6	6.6	5.1	3.9
Per Capita Personal Income (thousands of \$)	72,500	4.6	4.6	5.3	4.6	4.8	4.6	5.4	5.5	5.4	6.4	4.9	3.7
Consumer Price Index (1982-84 = 100)	3.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prime Rate (%)	8.3	0.1‡	-1.1	-0.3	-0.6	-0.6	-0.4	-0.3	-0.2	0.0	0.0	0.0	-0.2

\*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 a probability of 25 percent for its latest pessimistic alternative scenario, unchanged from the forecast of the previous quarter. The probability of the baseline scenario is 50 percent, a decrease of 5 percentage points from the forecast of the previous quarter. The imposition of tariffs in this scenario is assumed to result in higher inflation, which leads the Federal Reserve to keep interest rates higher for longer. Tighter limits on immigration are assumed as well, which lowers population growth and, in turn, economic output. No recession occurs in this scenario, but growth remains below the baseline forecast. In the pessimistic scenario U.S. real GDP expands 1.7 percent in 2025, and grows only 1.0 percent in 2026. U.S. real GDP increases by an average of 0.5 percentage point less per year over the 2025 to 2029 period compared to the baseline forecast. Real GDP for Mississippi expands at an average annual rate over the next five years in the pessimistic scenario that is 0.1 percentage point less than in the baseline forecast.

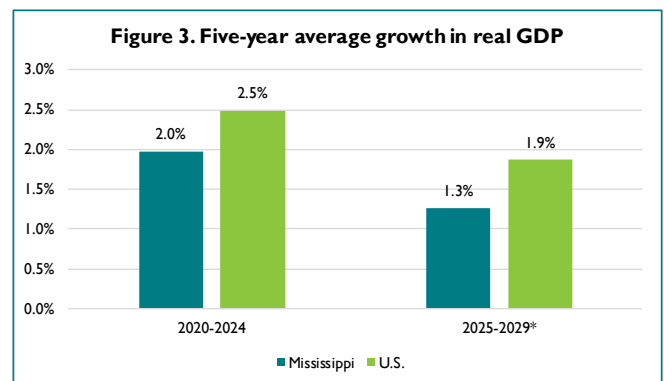
S&P Global Market Intelligence estimates the probability of its latest optimistic scenario at 25 percent, an increase of 5 percentage points from the forecast of the previous quarter. The optimistic scenario assumes lower tariffs than in the baseline

forecast as well as less retaliation by other countries. Inflation eases more quickly in this scenario and the terminal federal funds rate for the current business cycle is 25 basis points lower. Lower interest rates are also associated with financial conditions that are not as tight as in the baseline forecast. Looser immigration policy limits population growth less in this scenario, which contributes to economic growth. U.S. real GDP increases at an average annual rate that is 0.3 percentage point higher compared to growth in the baseline forecast. The average annual growth rate of Mississippi real GDP over the next five years under the optimistic scenario is essentially the same as in the baseline forecast.

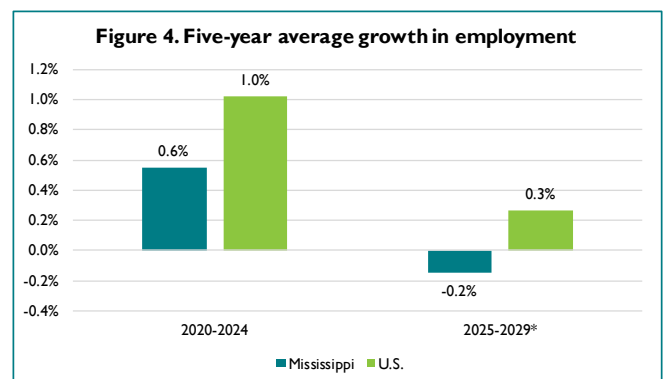
## FIVE-YEAR FORECASTS

**A**s seen in Figure 3, the Mississippi economy is forecast to expand by an average of 1.3 percent per year from 2025 through 2029. This estimate is 0.7 percentage point less than the average annual increase expected for the 2020 to 2024 period. U.S. real GDP is projected to increase by 1.9 percent per year over the next five years, which represents a decrease of 0.6 percentage point per year compared to the 2020 to 2024 period. Despite this expected decline, the U.S. economy is projected to grow by an average of 0.6 percentage point per year more than the Mississippi economy over the next five years. Estimated U.S. real GDP growth exceeded Mississippi real GDP growth by an average of 0.5 percentage points per year from 2020 to 2024.

Payroll employment in Mississippi is expected to decrease by an average of 0.2 percent per year from 2025 to 2029 as seen in Figure 4. This estimate represents a decrease of 0.8 percentage point per year compared to the average increase of 0.6 percent per year from 2020 to 2024. U.S. payroll employment is expected to increase by an average of 0.3 percent per year over the next five years. This estimate represents a decrease of 0.7 percentage point per year compared to the 2020 to 2024 period. The average annual change in U.S. employment is expected to exceed the average annual change in Mississippi employment over the next five years by 0.5 percentage point per year compared to 0.4 percentage point per year during the 2020 to 2024 period.



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



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