

MISSISSIPPI ECONOMIC OUTLOOK

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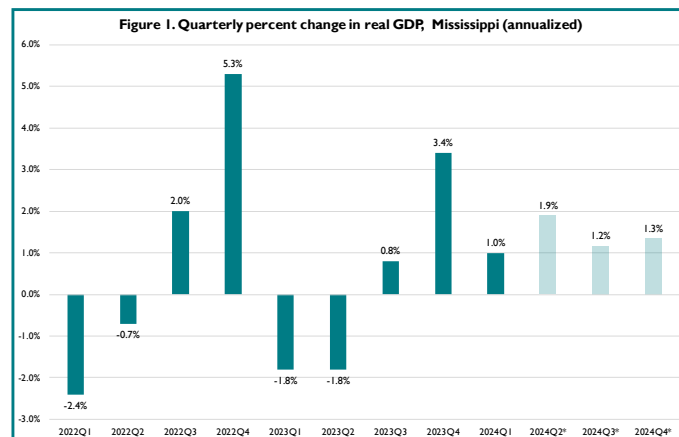
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2024, 2025 FORECASTS IMPROVE AS SLOWDOWN TAKES LONGER TO REALIZE

Despite expectations of softer labor markets and a slowing national economy, real gross domestic product (GDP) for Mississippi is projected to expand 1.5 percent in 2024. This estimate represents an increase of 0.9 percentage point compared to the forecast of the previous quarter. Figure 1 indicates real GDP for Mississippi expanded at an annualized rate of 1.0 percent in the first quarter of 2024; the latest forecasts for the second, third, and fourth quarters all exceed 1.0 percent. Driving this forecast are higher projected growth rates in 2024 over 2023 for two of the state's largest sectors in terms of real GDP: Manufacturing and Wholesale and Retail Trade. Notably, the Manufacturing sector in the state contracted 2.1 percent in 2023. URC's latest forecast projects the Mississippi economy will grow 1.0 percent in 2025. Compared to the forecast of the previous quarter this estimate represents an increase of 0.6 percentage point. In 2026 real GDP for Mississippi is expected to expand 0.5 percent, which represents a decrease of 0.3 percentage point from the forecast of the previous quarter. The projected slowdown in the state and national economies is taking longer to realize than previously expected, which has pushed forecasts of lower real GDP growth rates further out into the future.

The fourth section of Table 1 on page 3 indicates the latest forecast projects U.S. real GDP will expand 2.4 percent in 2024. This estimate is 0.1 percentage point less than in the forecast of the previous quarter. The U.S. economy is projected to grow 1.6 percent in 2025, which is a decrease of 0.2 percentage point from the forecast of the previous quarter. Somewhat weaker consumer spending in the first half of this year, along with more inventory buildup, resulted in the slight downward revisions to the U.S. forecasts for 2024 and 2025. The latest forecast projects U.S. real GDP will increase 1.7 percent in 2026, an estimate that is unchanged from the previous quarter's forecast.

Personal income in Mississippi is expected to grow 4.3 percent in 2024 according to URC's latest forecast. This estimate is unchanged from the forecast of the previous quar-



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

ter. In 2025 personal income in the state is forecast to grow 4.3 percent, which is an increase of 1.1 percentage points from the forecast of the previous quarter. Wages and salaries in the state are projected to grow 3.1 percent in 2025, an increase of 2.1 percentage points from the forecast of the previous quarter. URC anticipates personal income in Mississippi will grow 4.5 percent in 2026, a projection that is unchanged from the forecast of the previous quarter.

URC's latest forecast expects payroll employment in Mississippi will rise 1.0 percent in 2024. Compared to the forecast of the previous quarter this estimate represents a 1.1-percentage-point increase. If this forecast is realized, employment in Mississippi will grow more than 1.0 percent annually for four consecutive years for the first time since 1996 to 1999. In 2025, payroll employment in the state is expected to remain unchanged, an improvement of 1.6 percentage points from the forecast of the previous quarter. URC projects total employment in Mississippi will decrease 0.4 percent in 2026, an estimate that is that is up 0.2 percentage point compared to the forecast of the previous quarter.

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SHORT-TERM FORECASTS

Output is projected to increase in a majority of sectors in the Mississippi economy in 2024 according to URC’s latest forecast. As seen in the first section of Table 1, real GDP in the Mining and Oil and Gas Extraction sector is forecast to expand 6.7 percent, the largest increase among all sectors. The largest decrease in real GDP among all sectors is forecast for the Agriculture, Forestry, Fishing, and Hunting sector, which is forecast to contract 12.3 percent in 2024.

In 2025 real GDP is forecast to expand in the same number of sectors. Output in the Agriculture, Forestry, Fishing, and Hunting sector is projected to expand 19.9 percent, the largest increase among all sectors. Because of movements in prices and weather, this sector can experience volatile changes in the value of real GDP. Real GDP for the Educational Services sector is forecast to contract 4.7 percent, the largest decrease among all sectors.

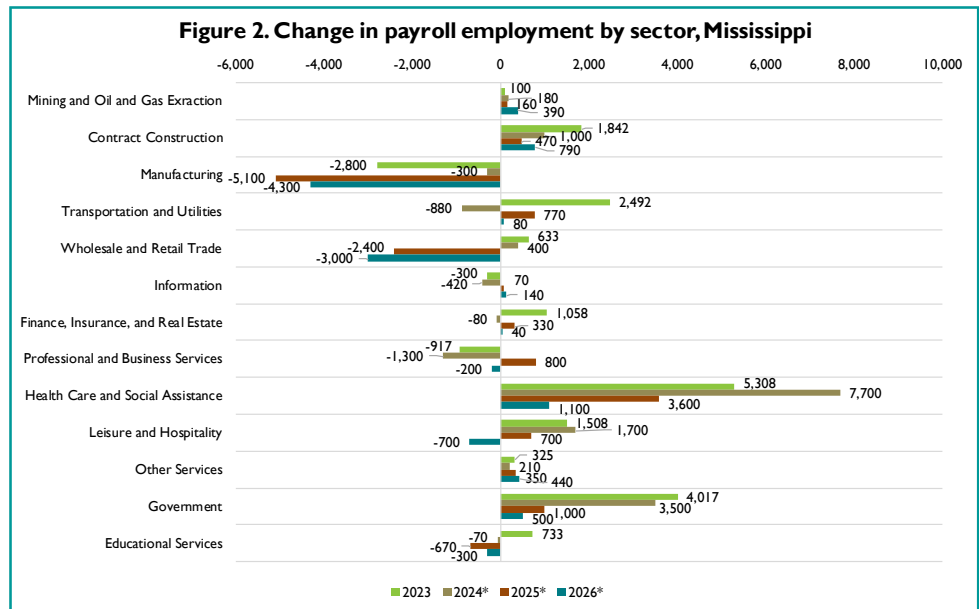
Fewer sectors are forecast to expand in 2026 than in 2024 or 2025. Once again the largest percentage increase in real GDP among all sectors is expected in the Agriculture, Forestry, Fishing, and Hunting sector, a gain of 13.4 percent. The largest contraction again is projected for the Educational Services sector, as real GDP for the sector is forecast to decrease 1.5 percent.

Figure 2 depicts the change in employment by industry in Mississippi for 2023 and URC’s forecasts for 2024, 2025, and 2026. The second section of Table 1 lists the percentage changes by sector. A majority of sectors are expected to add jobs in 2024. Employment in the Health Care and Social Services sector is projected to increase 5.7 percent for the year, the largest percentage growth among all sectors and a gain of 7,700 jobs, also the most among all sectors. The Mining and Oil and Gas Extraction

sector is forecast to increase in employment by 3.0 percent, the next largest increase and a gain of 180 jobs. Employment in the Information sector is projected to fall 4.3 percent, the largest percentage decrease among all sectors and a loss of 420 jobs. The Professional and Business Services and Transportation and Utilities sectors are both forecast to decrease in employment by 1.2

percent, a loss of 5,100 jobs. The only other sector in the state forecast to lose jobs in 2025 is Wholesale and Retail Trade, which is projected to lose 2,400 jobs, a decrease of 1.4 percent.

In 2026, a majority of sectors in Mississippi are projected to add jobs, despite a forecast of a decrease in overall employment. Employment in the Mining



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

percent, the next largest percentage decreases and a combined loss of 2,180 jobs.

Only three sectors are projected to lose jobs in 2025, despite a forecast of no change in employment. The Mining and Oil and Gas Extraction sector is expected to increase in employment by 2.6 percent, the largest percentage increase among all sectors and a gain of 160 jobs. Employment in the Health Care and Social Assistance sector is forecast to increase 2.5 percent in 2025, the next largest increase among all sectors and a gain of 3,600 jobs. The largest percentage decrease in employment in 2025 is expected in the Educational Services sector, which is forecast to fall 5.0 percent, a loss of 670 jobs. The Manufacturing sector is projected to decrease in employment by 3.5 per-

cent, a loss of 5,100 jobs. The only other sector in the state forecast to lose jobs in 2025 is Wholesale and Retail Trade, which is projected to lose 2,400 jobs, a decrease of 1.4 percent. In the 2024 to 2026 period, five sectors are projected to add jobs every year. In contrast, only the Manufacturing and Educational Services sectors are forecast to lose jobs each year from 2024 through 2026.

and Oil and Gas Extraction sector is expected to increase 6.0 percent, once again the largest percentage increase among all sectors and a gain of 390 jobs. The Construction sector is forecast to increase in employment by 1.6 percent, the next largest increase and an addition of 790 jobs. The Manufacturing sector is projected to decrease in employment by 3.1 percent, the largest percentage decrease among all sectors. The Manufacturing sector is expected to lose 4,300 jobs in 2026, also the most among all sectors.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2023 Percent Value Change	Annual Forecasts			Annualized Quarterly Forecasts								
		2024	2025	2026	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	
Mississippi Forecast													
Gross State Product (millions of current \$)	146,401	4.6	3.7	3.5	2.9	4.2	3.3	3.7	3.5	3.3	3.2	3.2	2.6
Gross State Product (millions of 2017 \$)	114,950	0.7	1.5	1.0	0.5	1.9	1.2	1.3	0.7	0.9	0.9	0.8	0.0
Agriculture, Forestry, Fishing, and Hunting	1,248	-36.4	-12.3	19.9	13.4	23.9	23.2	21.7	18.8	19.9	17.2	15.1	12.8
Mining and Oil and Gas Extraction	786	11.1	6.7	6.2	7.6	11.5	0.6	2.4	7.4	7.7	9.1	8.1	7.1
Contract Construction	3,432	-1.6	4.2	-2.1	-1.3	-1.9	-2.6	-0.9	-3.9	-0.8	-1.8	-2.2	-1.6
Manufacturing	16,237	-2.1	2.4	0.2	0.0	4.0	1.2	1.1	-0.5	-0.6	-0.6	-0.6	-0.2
Durable Goods	10,388	-0.5	2.9	0.1	-0.4	5.6	1.6	1.3	-0.9	-1.2	-1.3	-1.2	-0.4
Nondurable Goods	5,971	-4.3	1.7	0.5	0.4	1.8	0.6	0.7	0.1	0.3	0.5	0.3	0.1
Transportation and Utilities	7,975	5.5	1.1	1.8	1.1	5.5	2.5	1.5	1.5	1.5	1.3	0.9	0.7
Wholesale and Retail Trade	15,045	3.1	3.5	1.1	0.4	3.4	1.7	1.5	0.8	0.1	0.8	0.7	-0.1
Information	3,345	6.6	4.6	9.4	8.9	7.6	8.7	10.8	9.5	7.6	10.6	11.6	9.6
Finance, Insurance, and Real Estate	18,972	0.0	0.1	0.8	0.2	-1.3	0.3	0.7	1.7	0.6	0.8	0.6	0.5
Professional and Business Services	10,087	4.5	0.0	1.1	-0.1	-0.9	0.6	1.0	1.5	1.7	1.2	0.9	-0.9
Health Care and Social Assistance	9,688	3.9	5.2	2.4	1.1	7.6	3.0	2.8	1.5	1.8	2.1	1.3	1.1
Leisure and Hospitality	5,625	-1.4	-1.2	1.1	0.3	-3.5	0.8	1.9	1.3	2.7	-0.1	0.7	-1.5
Educational Services	787	0.3	-2.5	-4.7	-1.5	-10.2	-3.6	-5.1	-4.3	-4.8	-4.4	-1.6	-0.2
Other Services	2,633	-1.8	-2.1	-1.4	-0.8	0.6	-2.1	-1.3	-1.6	-1.5	-1.1	-1.2	-0.4
Government	19,722	1.2	1.0	-0.2	-0.3	0.3	0.1	0.1	-1.5	0.5	0.3	0.7	-2.0
Payroll Employment (thousands)													
Residents	1,192.0	-0.7	0.3	-0.5	-0.6	2.1	-1.1	0.2	-0.9	-0.9	-0.8	-0.6	-0.6
Payroll	1,179.8	1.2	1.0	0.0	-0.4	1.6	1.1	0.3	-0.5	-0.4	-0.6	-0.3	-0.7
Mining and Oil and Gas Extraction	6.2	1.7	3.0	2.6	6.0	6.5	-2.1	0.1	3.2	3.7	5.2	5.4	5.9
Contract Construction	48.1	4.0	2.1	1.0	1.6	0.2	0.5	3.2	-1.4	2.4	1.1	1.1	1.5
Manufacturing	144.6	-1.9	-0.2	-3.5	-3.1	0.6	-0.5	-2.5	-5.1	-4.7	-4.7	-4.2	-2.7
Durable Goods	93.6	-3.4	1.3	-4.3	-3.7	2.5	-0.6	-3.3	-6.6	-5.5	-6.1	-5.3	-3.2
Nondurable Goods	51.0	0.9	-3.0	-2.0	-1.8	-3.1	-0.1	-1.0	-2.2	-3.2	-2.1	-2.0	-1.9
Transportation and Utilities	72.7	3.5	-1.2	1.1	0.1	8.7	1.8	-0.4	1.6	0.1	0.1	-0.4	0.4
Wholesale and Retail Trade	174.8	0.4	0.2	-1.4	-1.7	2.7	0.7	-1.0	-2.1	-3.4	-2.0	-1.3	-2.3
Information	9.9	-2.9	-4.3	0.8	1.5	-2.5	-0.1	2.1	1.4	-1.5	1.5	5.0	3.2
Finance, Insurance, and Real Estate	45.3	2.4	-0.2	0.7	0.1	-1.9	0.7	0.6	2.1	0.4	0.4	0.1	1.1
Professional and Business Services	117.1	-0.8	-1.2	0.8	-0.2	-4.7	0.5	0.9	1.8	1.4	0.4	1.2	-0.6
Health Care and Social Assistance	137.4	4.0	5.7	2.5	0.7	10.6	3.9	3.2	1.1	1.5	1.4	0.8	0.7
Leisure and Hospitality	134.0	1.1	1.3	0.5	-0.5	-3.7	1.0	1.0	0.9	1.6	-0.6	-0.3	-2.5
Educational Services	13.4	5.8	-0.5	-5.0	-2.4	-11.2	-2.1	-5.5	-4.6	-5.5	-5.2	-2.3	-1.3
Other Services	39.6	0.8	0.5	0.9	1.1	5.6	1.5	0.8	0.2	0.2	0.9	0.2	1.6
Government	236.7	1.7	1.5	0.4	0.2	1.7	1.2	0.5	-0.2	0.4	0.1	0.8	-0.1
Unemployment Rate (%)*, †	3.2	-0.6	-0.1	0.9	0.7	-0.3	0.3	0.2	0.3	0.4	0.2	0.2	0.2
Personal Income (millions of current \$)													
Wages and Salaries	63,054	5.4	4.9	3.1	3.2	6.1	4.2	3.2	2.3	2.7	2.6	3.1	3.2
Supplements to Wages and Salaries	14,604	3.9	3.8	2.7	2.9	3.5	2.9	2.8	2.7	2.3	2.6	2.7	3.5
Proprietors' Income	9,387	-4.0	3.8	7.3	10.1	10.5	4.3	4.4	8.1	8.0	8.6	11.5	10.8
Farm Proprietors'	144	-85.9	-66.8	273.8	182.6	-179.8	19.3	29.8	37.5	29.8	36.3	42.6	33.5
Non-farm Proprietors'	9,243	5.5	4.9	4.8	4.9	1.9	3.6	3.1	6.1	5.9	5.2	6.1	5.0
Dividends, Interest, and Rent	23,230	4.9	3.6	6.6	6.3	1.1	4.6	6.8	7.4	8.2	7.0	6.2	6.9
Personal Current Transfer Receipts	37,631	2.4	4.3	4.3	4.6	5.9	3.0	2.4	8.0	3.1	3.1	3.5	8.2
Less: Contributions for Government Social Insurance	11,105	5.1	5.0	3.5	3.3	5.2	3.2	3.6	3.6	3.5	2.8	2.6	4.2
Plus: Adjustment for Residence	4,627	7.2	4.2	4.8	3.3	5.7	6.8	7.5	3.4	3.6	3.5	4.2	1.9
Equals: Total Personal Income	141,428	3.7	4.3	4.3	4.5	5.3	4.0	3.7	5.0	4.0	3.9	4.3	5.6
Less: Personal Current Taxes to Federal Government	8,206	-13.9	9.7	3.6	3.7	5.2	4.5	3.7	3.2	3.5	3.2	3.6	3.9
Less: Personal Current Taxes to State and Local Governments	2,501	-11.2	6.0	4.5	3.9	16.0	4.7	4.0	3.4	3.7	3.4	3.9	4.1
Equals: Disposable Personal Income	130,628	5.4	3.9	4.3	4.6	5.1	3.9	3.7	5.2	4.0	3.9	4.4	5.7
Per Capita Personal Income (thousands of \$)	48.11	3.7	4.0	4.0	4.3	4.9	3.6	3.3	4.7	3.7	3.6	4.1	5.4
Population (thousands)	2,940	0.0	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
U.S. Forecast													
Gross Domestic Product (billions of current \$)	27,361	6.3	4.9	4.0	4.0	4.6	3.8	3.8	4.0	4.1	4.1	4.2	4.2
Gross Domestic Product (billions of 2017 \$)	20,850	2.5	2.4	1.6	1.7	2.1	1.6	1.4	1.5	1.7	1.6	1.8	1.7
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	131.2	3.6	2.5	2.4	2.3	2.4	2.3	2.3	2.5	2.4	2.4	2.4	2.5
Total Employment, Residents (millions)*	161.0	1.7	0.2	0.3	0.2	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.1
Total Payroll Employment (millions)*	156.1	2.3	1.6	0.6	0.1	1.6	1.4	0.8	0.4	0.2	0.1	0.1	0.1
Unemployment Rate (%)*, †	3.6	0.0	0.3	0.4	0.3	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Personal Income (billions of current \$)	22,961	5.1	4.8	5.1	5.0	4.6	4.9	4.8	5.7	5.0	5.0	5.0	5.7
Per Capita Personal Income (thousands of \$)	67.9	4.0	3.7	4.2	4.4	3.5	3.9	3.9	4.8	4.2	4.2	4.3	5.0
Consumer Price Index (1982-84 = 100)	3.1	4.1	3.0	2.1	2.6	3.0	1.9	1.9	1.9	2.0	2.4	2.8	3.0
Prime Rate (%)*†	8.2	3.3	0.3	-0.8	-1.7	0.0	-0.2	-0.3	-0.3	-0.5	-0.5	-0.3	-0.3

*Seasonally-adjusted. †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 its latest pessimistic alternative scenario is 25 percent, down from 30 percent in the forecast of the previous quarter. The probability of the baseline scenario remains 55 percent. Compared to the baseline forecast, consumer spending is somewhat weaker in the pessimistic scenario. The pessimistic scenario is characterized by tighter financial conditions, which reduce credit-related consumer spending and business investment. Energy prices are higher under this scenario as conflicts in the Middle East and Ukraine deteriorate. U.S. real GDP increases by an average of 1.6 percent per year from 2024 to

2028 in the pessimistic scenario, compared to an average of 1.9 percent per year in the baseline forecast. The average annual change in real GDP for Mississippi over the next five years is essentially the same in the pessimistic scenario as in the baseline forecast.

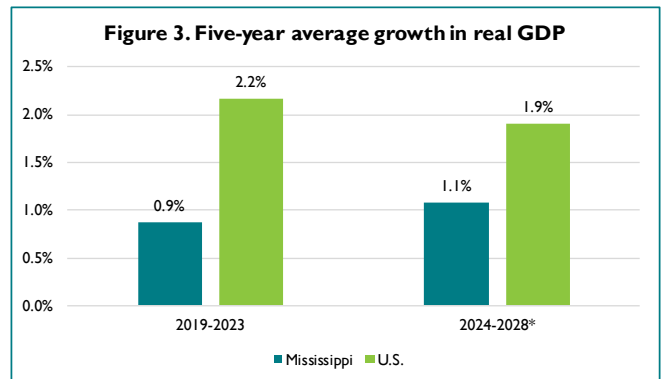
The probability of the latest optimistic scenario by S&P Global Market Intelligence is 20 percent, 5 percentage points higher than in the previous quarter's forecast. In the optimistic scenario, financial institutions are able to maintain lines of credit, which supports consumer spending more than in the baseline forecast. An easing of the conflicts in Ukraine and the Middle East leads to lower

energy prices, which improves consumer spending as well as credit. The Infrastructure Investment and Jobs Act has a greater impact in the optimistic scenario, which fosters more overall growth. Workers are also more productive in the optimistic scenario relative to the baseline forecast, which increases corporate profits. Over the next five years, U.S. real GDP expands at an average annual rate of 2.2 percent under the optimistic scenario, 0.3 percentage point more per year than in the baseline forecast. Mississippi real GDP expands at an average annual rate from 2024 to 2028 under the optimistic scenario that is essentially the same as in the baseline forecast.

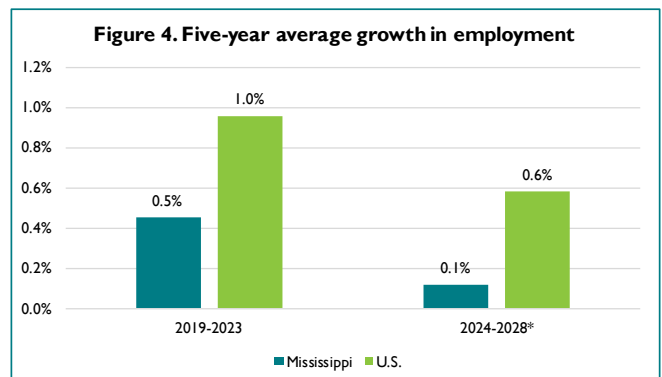
FIVE-YEAR FORECASTS

As seen in Figure 3, real GDP for Mississippi is projected to expand by an average of 1.1 percent per year over the next five years in the latest forecast. Compared to the forecast of the previous quarter, this estimate represents an increase of 0.2 percentage point per year. Over the next five years the U.S. economy is forecast to expand by an average of 1.9 percent per year, an estimate that is down 0.1 percentage point from the forecast of the previous quarter. Despite the expected slowdown in the U.S. economy from 2024 to 2028 compared to 2019 to 2023, growth is still projected to exceed the expansion of Mississippi real GDP by an average of 0.8 percentage point per year.

Payroll employment in Mississippi is forecast to increase by an average of 0.1 percent per year over the next five years as Figure 4 indicates. Compared to the forecast of the previous quarter, this estimate represents an average increase of 0.4 percentage point per year. However, this estimate represents a decrease of 0.4 percentage point per year compared to the 2019 to 2023 period. Similarly, from 2024 through 2028 U.S. payroll employment is expected to increase by an average of 0.6 percent per year. This estimate represents an average increase of 0.1 percentage point per year compared to the forecast of the previous quarter. In the 2024 to 2028 period, the average annual change in U.S. employment is projected to exceed the average annual change in Mississippi employment by 0.5 percentage point per year.



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



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