

MISSISSIPPI ECONOMIC OUTLOOK

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FORECASTS IMPROVE AS SMALLER SLOWDOWN EXPECTED

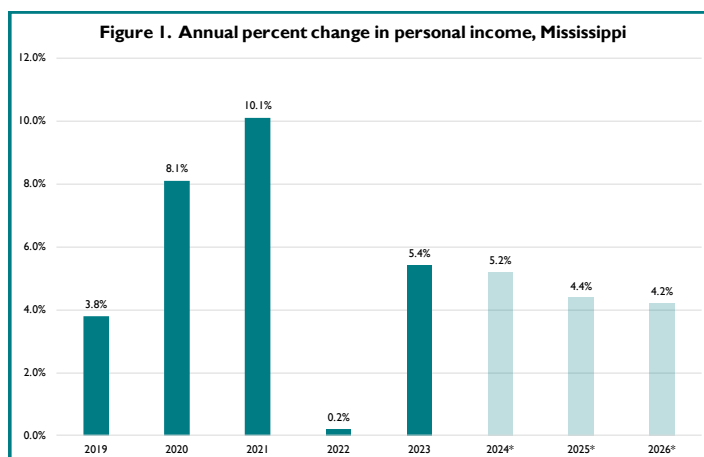
URC's latest forecast projects real gross domestic product (GDP) for Mississippi will increase 1.8 percent in 2024. This estimate represents an increase of 0.3 percentage point from the forecast of the previous quarter. A somewhat stronger forecast for the national economy in 2024, as discussed below, primarily led to this higher estimate. URC forecasts Mississippi's economy will expand 1.5 percent in 2025, which is an increase of 0.5 percentage point from the forecast of the previous quarter. In 2026, real GDP for Mississippi is expected to expand 1.3 percent, which represents an increase of 0.8 percentage point from the forecast of the previous quarter.

According to the latest forecast by S&P Global Market Intelligence, U.S. real GDP will expand 2.7 percent in 2024 as seen in the fourth section of Table 1 on page 3. This estimate is 0.3 percentage point higher compared to the forecast of the previous quarter. Contributing to this higher estimate are improved financial conditions as well as a relatively large upward revision to employee compensation in the first half of 2024 by the U.S. Bureau of Economic Analysis (BEA). In the latest forecast U.S. real GDP is projected to grow at an annualized rate of 2.8 percent in the third quarter, up 1.2 percentage points from the forecast of the previous quarter. U.S. real GDP is projected to increase 2.1 percent in 2025, an increase of 0.5 percentage point from the forecast of the previous quarter. The revisions to BEA's National Economic Accounts contributed to a more restrained slowdown in U.S. real GDP than in prior forecasts. S&P Global expects the U.S. economy will grow 1.8 percent in 2026, which represents an increase of 0.1 percentage point compared to the forecast of the previous quarter.

As seen in the second section of Table 1 payroll employment in Mississippi is projected to increase 0.9 percent in 2024 in URC's latest forecast. This estimate is down 0.1 percentage point from the forecast of the previous quarter. In 2025 URC projects employment in Mississippi will increase 0.5 percent. This estimate represents an increase

of 0.5 percentage point compared to the forecast of the previous quarter. URC anticipates employment in the state will increase 0.2 percent in 2026, an estimate that is 0.6 percentage point higher than in the forecast of the previous quarter.

The actual and projected annual changes in personal income in Mississippi from 2019 to 2026 are depicted in Figure 1 below. URC projects personal income in the state will increase 5.2 percent in 2024, a rate that is 0.9 percentage point higher than in the forecast of the previous quarter. This upward revision results from higher estimates of wages and salaries, proprietors' income, and personal current transfer receipts compared to the forecast of the previous quarter. URC's latest forecast estimates personal income in Mississippi will grow 4.4 percent in 2025, an increase of 0.1 percentage point from the forecast of the previous quarter. In 2026, URC forecasts personal income in Mississippi will increase 4.2 percent, an estimate that represents a decrease of 0.3 percentage point from the forecast of the previous quarter. Lower estimates for both proprietors' income and dividend, interest, and rent income resulted in this downward revision.



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

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SHORT-TERM FORECASTS

Most sectors of the Mississippi economy will expand in output in 2024 according to URC's latest forecast as seen in the first section of Table 1. The Construction sector is forecast to increase in output by 7.6 percent in 2024, the largest percentage gain among all sectors. The next largest increase in real GDP is forecast for the Wholesale and Retail Trade sector, which is expected to expand 5.3 percent. Output in the Mining, Quarrying, and Oil and Gas Extraction sector is forecast to contract 5.5 percent in 2024, the largest decrease in real GDP among all sectors in the state. The Other Services sector is forecast to contract in output by 4.3 percent, the next largest decrease.

In 2025, the only sector forecast to decrease in output is Mining, Quarrying, and Oil and Gas Extraction. Real GDP for this sector is projected to contract 1.7 percent. The largest increase in real GDP among all sectors is forecast for the Information sector, which is expected to expand in output by 4.0 percent in 2025. Output in the Agriculture, Forestry, Fishing, and Hunting sector is forecast to increase 3.5 percent, the next largest increase in real GDP among all sectors.

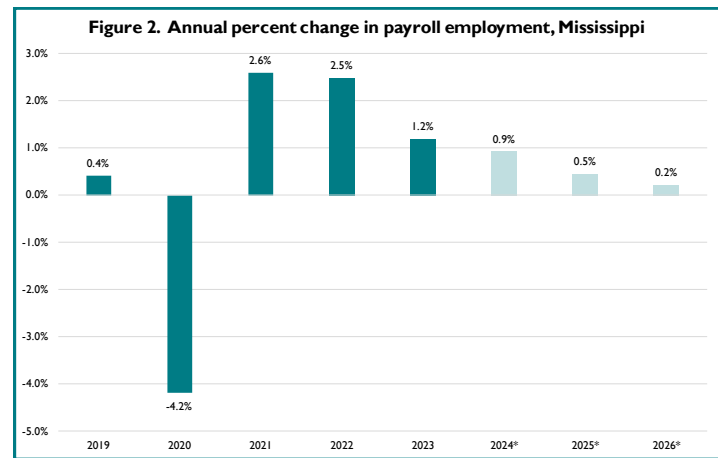
No sector in Mississippi is forecast to contract in output in 2026. Real GDP in both the Mining, Quarrying, and Oil and Gas Extraction and Information sectors is projected to expand 4.0 percent, the largest increases among all sectors. Output in the Health Care and Social Assistance sector is expected to expand 3.0 percent, the next largest increase. Notably, output in the Finance, Insurance, Real Estate, Rental, and Leasing sector, the Government sector, and the Manufacturing sector—the three largest sectors in Mississippi in 2023 in terms of real GDP—is forecast to increase each year from 2024 through 2026.

Figure 2 depicts the annual changes in payroll employment in Mississippi from 2019 through 2023 along with URC's forecasts for 2024, 2025, and 2026. A

slight majority of sectors in the state is projected to add jobs in 2024. Employment in the Health Care and Social Assistance sector is projected to increase 5.5 percent in 2024, the largest increase among all sectors and a gain of 7,500 jobs.

The largest decrease in employment is forecast for the Information sector, which is expected to fall 5.2 percent. This decrease represents a loss of 510 jobs. Employment in the Transportation and Utilities sector is projected to decline 1.5 percent in 2024, the next largest decrease among all sectors and a loss of 1,120 jobs.

Employment is forecast to increase in most sectors in Mississippi in 2025; however, the total number of jobs added is expected to be less than in 2024. The largest percentage increase in employment among all sectors is again forecast for Health Care and Social Assistance. Employment in the sector is projected to grow 3.0 percent, which represents an additional 4,400 jobs. Leisure and Hospitality sector employment is projected to grow 1.6 percent in 2025, the next largest increase and the addition of 2,200 jobs. The largest percentage decrease in employment among all sectors in the state in 2025 is forecast for the Manufacturing sector, which is projected to fall 2.7 percent. This projected decrease represents a loss of 3,900 jobs. The next largest decrease in employment among all sectors is forecast for Private Educational Services. Employment in this sector is projected to fall 2.6 percent, a loss of 340 jobs. Wholesale and Retail Trade is the only other sector projected to lose jobs in 2025. The expected decrease in em-



ployment in the sector is 0.8 percent, which represents a loss of 1,500 jobs.

In 2026, the sectors projected to add and lose jobs are the same as those in 2025. The largest increase in employment among all sectors is projected in the Mining and Logging sector. Employment in this sector is expected to grow 3.9 percent, a gain of 250 jobs. Employment in the Professional and Business Services sector is expected to grow 1.4 percent in 2026, the next largest increase among all sectors and a gain of 1,700 jobs. The largest decrease in employment among all sectors in the state is forecast for Manufacturing. The projected decrease of 1.9 percent represents a loss of 2,600 jobs. Employment in the Private Educational Services sector is projected to fall 1.3 percent, the next largest decrease among all sectors in the state. This sector is forecast to lose 160 jobs for the year. The only other sector in Mississippi expected to lose jobs in 2026 is Wholesale and Retail Trade. Employment in the sector is forecast to decrease 0.8 percent, a loss of 1,400 jobs. Notably, the Manufacturing sector in Mississippi is projected to lose jobs each year from 2024 to 2026. The total expected number of Manufacturing jobs lost over the period is 7,200, which limits overall employment growth in the state, particularly in 2025 and 2026.

TABLE I. BASELINE MISSISSIPPI AND U.S. FORECASTS

Variable	2023		Annual Forecasts			Annualized Quarterly Forecasts							
	Value	Percent Change	2024	2025	2026	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2
Mississippi Forecast													
Gross State Product (millions of current \$)	151,147	5.9	3.6	3.8	4.1	3.5	3.6	3.6	4.0	4.1	4.3	4.9	3.2
Gross State Product (millions of 2017 \$)	119,548	2.6	1.8	1.5	1.3	1.6	1.5	1.2	1.4	1.3	1.4	1.3	1.3
Agriculture, Forestry, Fishing, and Hunting	2,385	-5.8	3.7	3.5	4.1	11.6	-4.6	0.3	-0.2	-0.1	-0.1	-0.1	-0.2
Mining, Quarrying, and Oil and Gas Extraction	937	34.9	-5.5	-1.7	4.0	0.6	-2.1	-2.6	-4.0	-0.7	2.5	4.6	7.3
Construction	3,497	-0.4	7.6	0.7	0.6	1.8	0.1	0.5	0.3	0.6	0.6	0.6	0.6
Manufacturing	17,898	1.5	1.7	0.4	0.1	-2.1	-0.2	0.1	0.2	0.3	0.3	0.1	0.0
Durable Goods	10,902	0.1	-1.5	0.5	0.3	-1.6	-0.7	0.1	0.3	0.4	0.4	0.3	0.3
Nondurable Goods	7,004	3.3	6.1	0.5	-0.2	-1.1	0.5	0.2	0.2	0.2	0.0	-0.2	-0.4
Transportation and Utilities	7,974	4.6	1.3	0.5	0.4	1.1	-0.1	0.0	0.5	0.4	0.4	0.4	0.3
Wholesale and Retail Trade	15,584	7.1	5.3	1.5	1.7	1.7	0.7	2.1	1.4	1.7	1.6	1.7	1.7
Information	2,867	0.0	-1.6	4.0	4.0	3.4	5.2	4.4	4.0	4.1	4.0	4.0	4.1
Finance, Insurance, Real Estate, Rental, and Leasing	20,386	3.7	1.7	2.6	2.5	1.8	2.9	2.7	2.7	2.6	2.5	2.5	2.3
Professional and Business Services	10,156	2.7	2.1	1.6	1.5	-1.3	2.3	1.9	1.5	1.6	1.5	1.5	1.6
Health Care and Social Assistance	9,777	4.3	1.3	2.4	3.0	-3.8	6.8	0.1	3.8	2.4	3.2	3.0	3.6
Leisure and Hospitality	5,355	-1.3	0.1	2.9	0.9	7.1	1.9	3.4	2.3	1.8	1.5	1.0	0.5
Educational Services	784	1.9	-2.4	0.5	2.5	3.3	1.8	1.3	1.5	1.8	2.3	2.6	3.1
Other Services	2,495	-6.5	-4.3	0.1	0.3	0.7	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Government	19,813	1.1	0.1	0.4	0.2	0.1	0.8	0.2	0.4	0.3	0.3	0.2	0.2
Payroll Employment (thousands)													
Residents	1,192.0	-0.7	0.3	-0.5	-0.4	-0.6	-0.9	-0.8	-0.7	-0.6	-0.5	-0.4	-0.3
Payroll	1,180.0	1.2	0.9	0.5	0.2	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
Mining and Logging	6.1	1.8	3.0	0.4	3.9	1.2	0.5	-1.3	-0.5	1.5	2.7	4.6	6.2
Construction	48.2	3.9	2.0	1.3	1.3	2.1	1.9	0.9	1.1	1.3	1.5	1.3	1.3
Manufacturing	144.7	-1.9	-0.5	-2.7	-1.9	-1.8	-1.5	-4.6	-2.5	-2.4	-3.1	-1.8	-1.1
Durable Goods	93.7	-3.4	1.2	-2.9	-2.2	-1.6	-1.8	-5.8	-2.6	-2.6	-3.8	-2.2	-1.1
Nondurable Goods	51.1	0.9	-3.7	-2.1	-1.4	-2.1	-1.0	-2.3	-2.3	-2.0	-1.9	-1.1	-1.0
Transportation and Utilities	72.8	3.6	-1.5	0.8	0.4	0.5	-0.6	1.3	0.3	0.3	0.2	0.6	0.5
Wholesale and Retail Trade	174.9	0.5	0.1	-0.8	-0.8	0.2	-0.3	-1.5	-2.1	-1.0	-0.5	-1.3	-0.3
Information	9.9	-2.9	-5.2	0.8	0.7	-2.5	1.8	4.8	-1.4	-0.2	3.8	3.0	-0.4
Financial Activities	45.4	2.5	-0.6	0.5	1.2	-0.6	-0.3	0.9	1.5	1.5	1.3	1.5	1.0
Professional and Business Services	117.2	-0.7	-0.7	1.3	1.4	0.8	1.6	1.8	1.6	1.6	1.5	1.5	1.4
Health Care and Social Assistance	137.3	3.8	5.5	3.0	1.3	4.1	4.2	2.4	1.9	1.4	1.1	1.3	1.2
Leisure and Hospitality	134.1	1.2	1.8	1.6	0.6	4.0	1.7	2.0	1.6	1.2	1.0	0.7	0.3
Private Educational Services	13.4	5.7	-1.3	-2.6	-1.3	-1.7	-1.6	-1.5	-1.5	-1.4	-1.3	-1.2	-1.2
Other Services	39.6	0.8	0.4	0.4	0.0	0.2	-0.1	0.0	0.1	0.1	0.1	0.0	0.0
Government	236.7	1.7	1.3	0.6	0.3	0.6	0.7	0.5	0.4	0.4	0.3	0.3	0.2
Unemployment Rate (%)*	3.2	-0.6	-0.1	0.6	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1
Personal Income (millions of current \$)													
Wages and Salaries	62,621	4.9	5.2	3.6	3.4	3.5	3.7	3.4	3.1	3.3	3.5	4.2	3.1
Supplements to Wages and Salaries	15,015	6.3	5.2	3.1	2.7	3.7	3.1	2.8	2.5	2.6	2.8	3.2	2.6
Proprietors' Income	10,127	-2.8	0.0	5.0	5.5	6.9	5.5	5.1	5.5	5.6	5.7	5.8	5.2
Farm Proprietors'	1,021	-46.2	-50.0	-8.0	-0.4	41.3	-13.7	0.4	-0.6	-0.2	-0.2	-0.2	-0.6
Non-farm Proprietors'	9,107	6.9	5.6	5.6	5.7	5.4	6.5	5.3	5.8	5.9	6.0	6.1	5.5
Dividends, Interest, and Rent	24,486	10.2	4.6	3.3	3.9	3.5	2.7	3.8	3.5	3.8	3.8	4.2	3.8
Personal Current Transfer Receipts	40,002	4.8	6.2	6.1	5.6	2.5	5.8	7.1	6.6	6.0	6.2	5.6	4.9
Less: Contributions for Government Social Insurance	11,012	5.3	3.9	3.3	3.3	2.9	3.1	4.2	2.5	2.7	2.9	5.3	2.5
Plus: Adjustment for Residence	4,724	8.2	7.2	5.1	4.9	5.5	5.4	4.9	4.5	4.9	5.2	6.4	4.3
Equals: Total Personal Income	145,962	5.4	5.2	4.4	4.2	3.6	4.3	4.5	4.3	4.3	4.5	4.6	3.9
Less: Personal Current Taxes to Federal Government	8,423	-13.5	5.2	3.0	2.7	3.8	4.2	0.6	3.2	3.6	3.9	0.9	3.2
Less: Personal Current Taxes to State and Local Governments	2,697	-3.2	5.1	5.2	4.7	4.3	4.4	5.7	4.1	4.2	4.3	6.3	4.1
Equals: Disposable Personal Income	134,651	7.0	5.2	4.5	4.3	3.5	4.3	4.7	4.4	4.4	4.6	4.8	3.9
Per Capita Personal Income (thousands of \$)	49,652	5.3	4.9	4.1	4.0	3.2	4.0	4.2	4.0	4.1	4.3	4.4	3.7
Population (thousands)	2,940	0.0	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1
U.S. Forecast													
Gross Domestic Product (billions of current \$)	27,721	6.6	5.1	4.3	4.3	4.5	3.7	4.2	4.3	4.4	4.6	5.1	3.4
Gross Domestic Product (billions of 2017 \$)	2,124	2.9	2.7	2.1	1.8	2.8	1.9	2.0	1.9	1.8	1.9	1.9	1.7
GDP Deflator (Nominal GDP ÷ Real GDP × 100)	131.2	3.6	2.4	2.2	2.5	1.7	1.8	2.1	2.3	2.5	2.6	3.2	1.7
Total Employment, Residents (millions)*	161.0	1.7	0.3	0.4	0.2	0.2	0.4	0.2	0.1	0.0	0.2	0.1	0.1
Total Payroll Employment (millions)*	156.1	2.3	1.6	0.8	0.3	1.2	1.4	0.7	0.4	0.3	0.3	0.3	0.3
Unemployment Rate (%)*	3.6	-0.3	0.4	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personal Income (billions of current \$)	23,403	6.0	5.8	4.7	5.1	3.4	4.1	5.2	4.9	5.0	5.1	6.1	4.5
Per Capita Personal Income (thousands of \$)	69.2	4.9	4.7	3.8	4.4	2.5	3.1	4.3	4.1	4.2	4.4	5.5	3.9
Consumer Price Index (1982-84 = 100)	3.05	4.1	2.8	2.0	3.1	1.1	1.5	1.6	2.5	2.9	3.1	4.1	2.2
Prime Rate (%)	8.19	3.3	0.1	-1.4	-1.2	-0.1	7.8	-1.0	-0.6	-0.7	-1.0	-1.0	-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 probability of the pessimistic alternative scenario in the latest forecast by S&P Global Market Intelligence is 25 percent, the same as in the forecast of the previous quarter. The probability of the baseline scenario also remains 55 percent. In this scenario energy prices surge because of a worsening of conflicts in Ukraine and the Middle East. Higher energy prices lead to tighter financial conditions, and as a result credit-related spending and business activity fall considerably compared to the baseline. A shallow recession occurs as U.S. real GDP contracts in each of the first three quarters of 2025. In this scenario U.S. real GDP expands only 0.4 percent in 2025, and grows

1.4 percent in 2026. U.S. real GDP increases by an average of 0.3 percentage point less per year over the 2024 to 2028 period compared to the baseline forecast. Total growth in real GDP for Mississippi from 2024 through 2028 is 0.2 percentage point less under the pessimistic scenario compared to the baseline forecast; average annual growth is essentially the same in both scenarios.

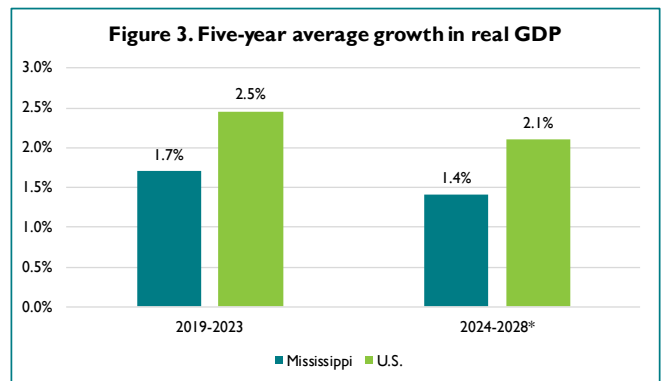
The probability of the optimistic scenario in the latest forecast by S&P Global Market Intelligence is 20 percent, which is the same as in the forecast of the previous quarter. Under this scenario both consumer spending and productivity are stronger compared to the baseline

forecast as equity markets outperform expectations. The conflicts in Ukraine and the Middle East ease, which leads to lower energy prices and higher corporate profits. The Infrastructure Investment and Jobs Act also has a greater long-term impact in this scenario, which improves growth. U.S. real GDP increases at an average annual rate that is nearly 0.3 percentage point higher compared to growth in the baseline forecast. As in 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.

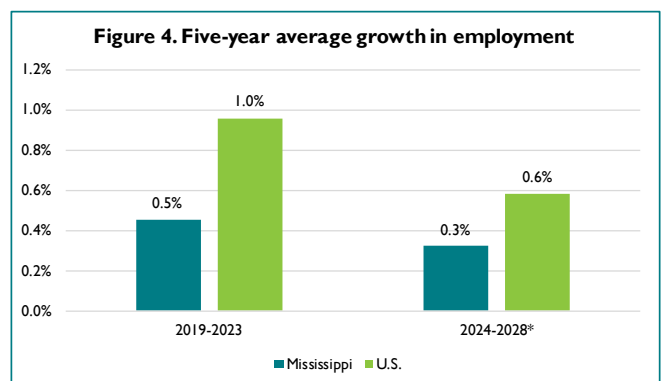
FIVE-YEAR FORECASTS

Figure 3 indicates URC forecasts real GDP for Mississippi will expand by an average of 1.4 percent per year from 2024 through 2028. This average rate represents an increase of 0.3 percentage point per year compared to the forecast of the previous quarter. The U.S. economy is projected to expand by 2.1 percent per year over the next five years, which represents an increase of 0.2 percentage point per year from the forecast of the previous quarter. Real GDP for Mississippi is expected to grow by an average of 0.7 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 2019 and 2023 that was 0.8 percentage points more per year than the growth rate of the Mississippi economy. Prior to the revision this difference was 1.3 percentage points.

Annual payroll employment in Mississippi is forecast to increase by an average of 0.3 percent from 2024 to 2028 as seen in Figure 4. This estimate represents an increase of 0.2 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. U.S. employment is expected to grow by an average of 0.3 percentage point more per year over the next five years compared to Mississippi employment. This difference was 0.5 percentage points per year from 2019 to 2023.



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



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