



Legislative Economic Briefing

February 16, 2017

Mississippi University Research Center

Mississippi Institutions of Higher Learning

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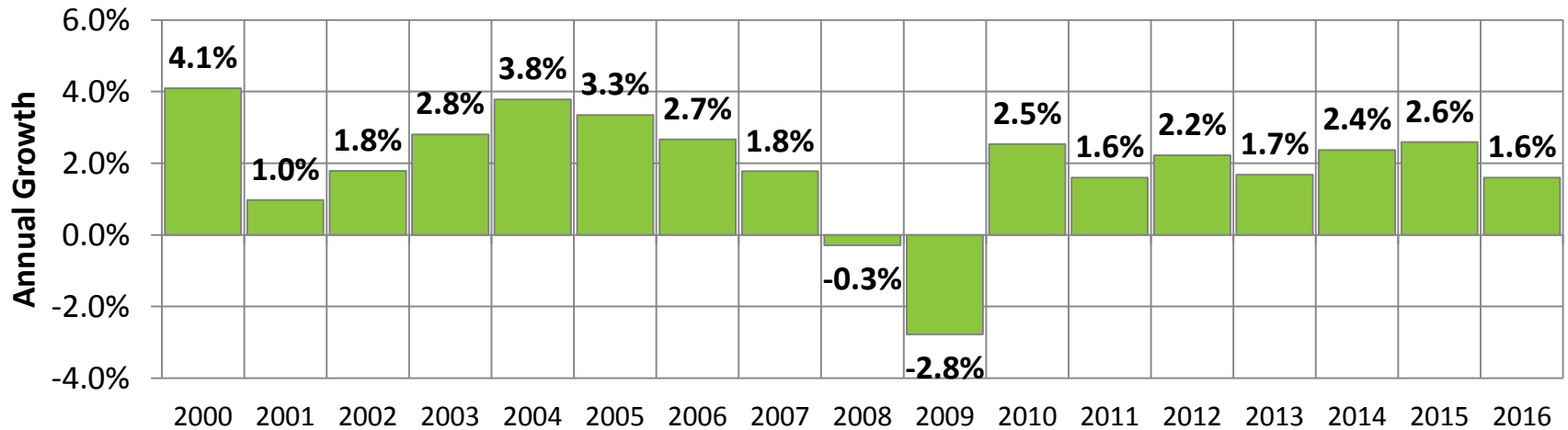
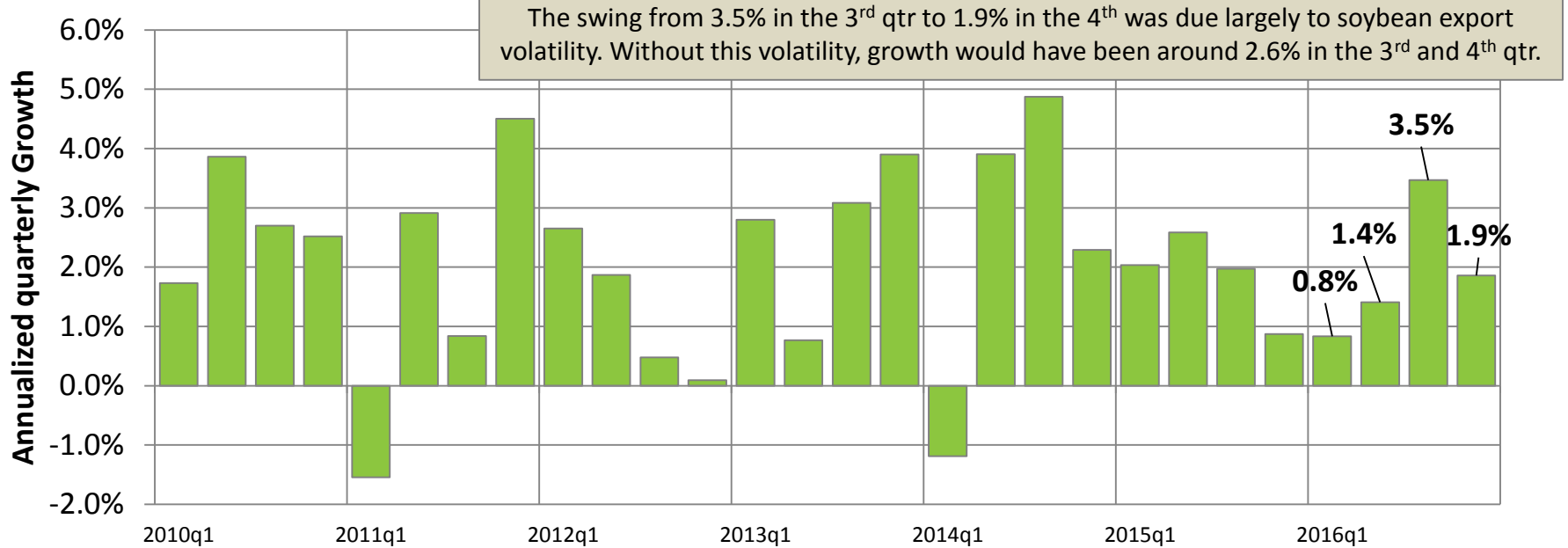
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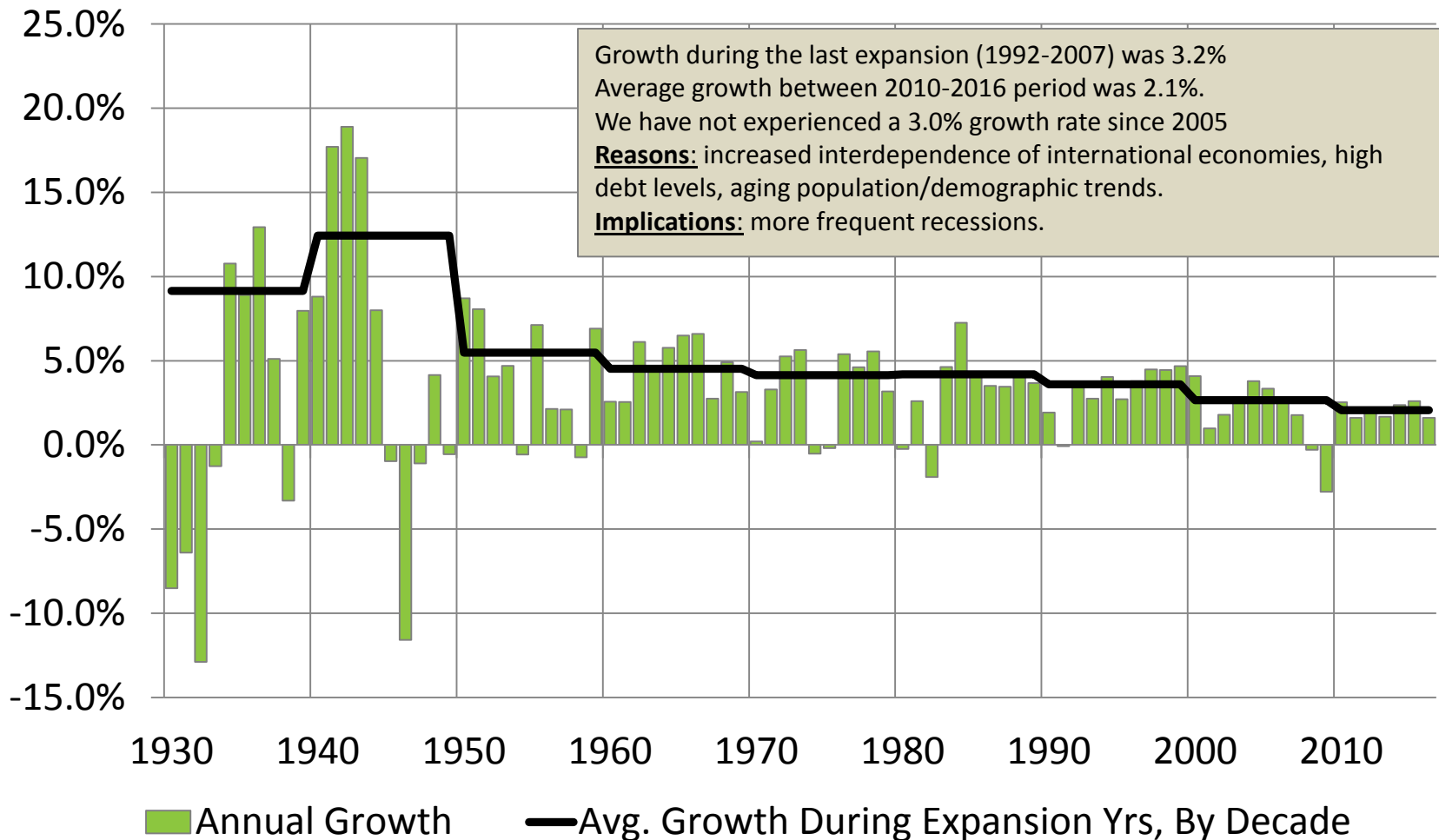
Overview

- US economy has momentum at the start of 2017
 - Rebound in energy-sector capital spending
 - Strong gains in single-family housing permits
 - Orders and shipments of core capital goods are growing again
 - January jobs gains were much improved
 - Inflation is picking up – signaling improved growth in the economy
 - One temporary headwind however is continuation of inventory drawdown in the first half of the year
- Signals are more mixed in Mississippi
 - Employment slowed considerably in the 4th quarter
 - Income growth appears to have likewise slowed in the 4th quarter
 - Transfers to GF have been weak, especially sales & income tax which are perhaps the revenue sources most closely connected to economic activity
 - Building permits are improving
 - Manufacturing workweek length remains high
 - Initial unemployment claims continue to decline

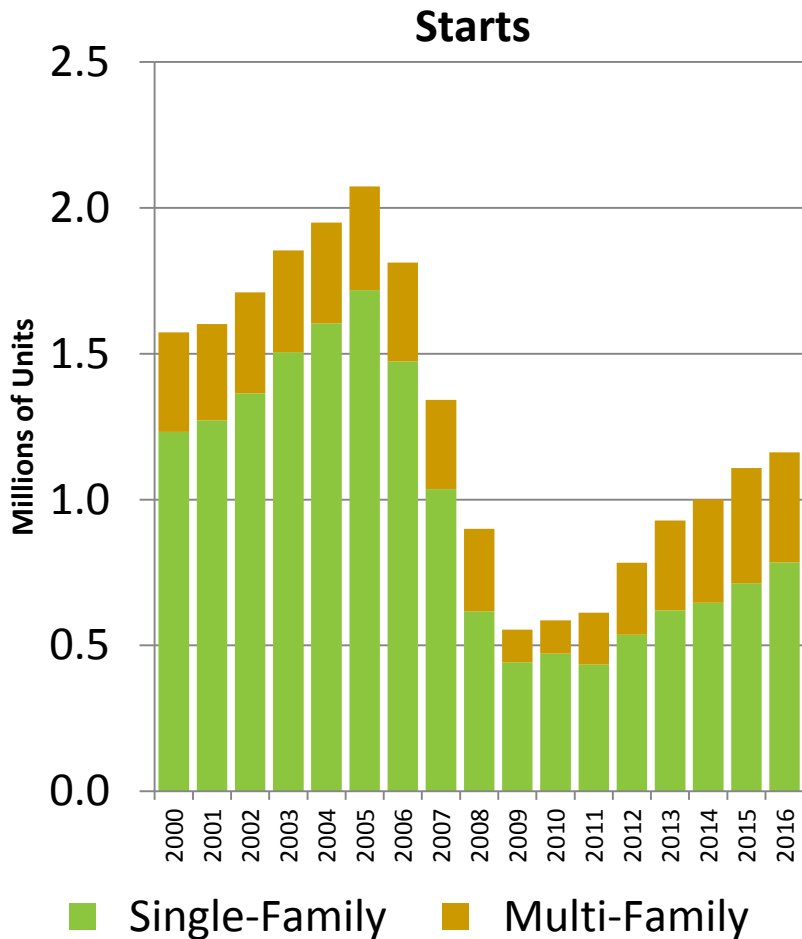
Growth in Real GDP in US



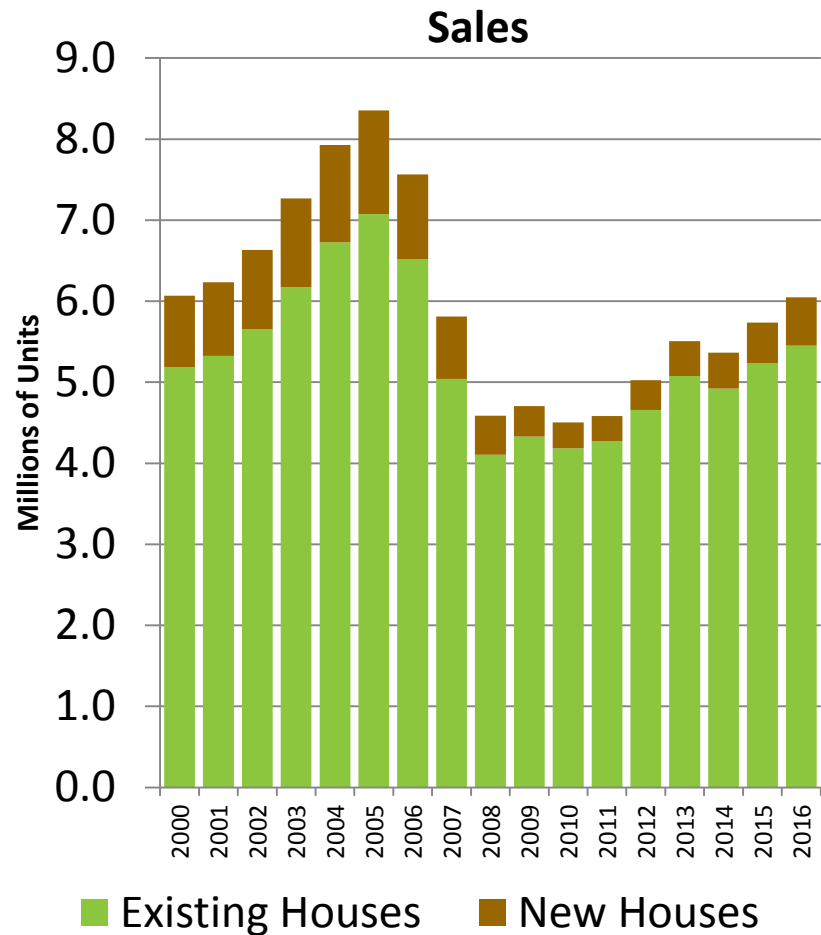
US Real GDP Growth is Slowing



US Housing Trends



73% decline in # of Units between 2005 & 2009
 2016 level is 43% below peak
 Weak recovery has been in single family units
 Tremendous improvement in 4th qtr for this segment

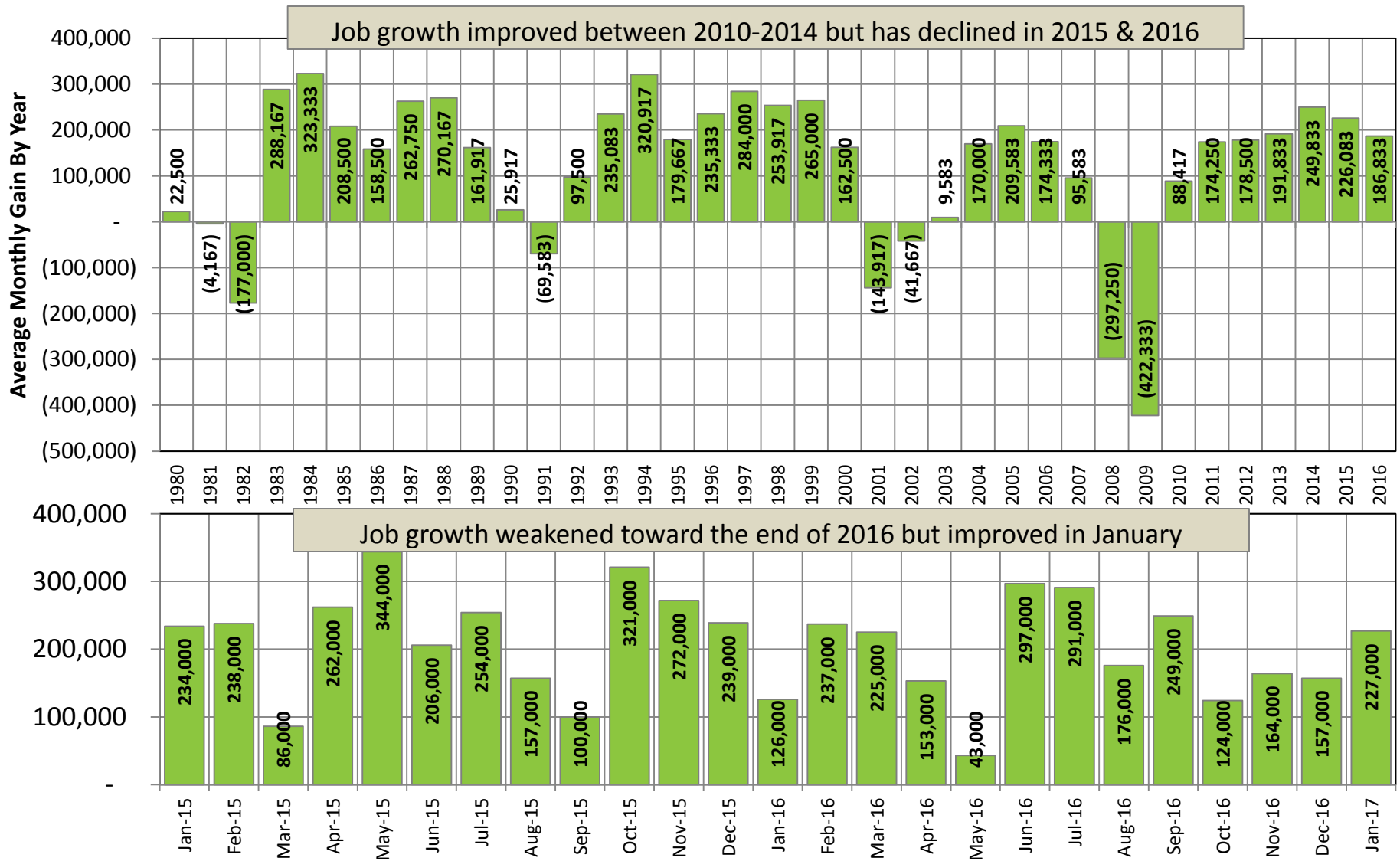


Both series are below pre-recession levels
 New home prices are above peak, Existing home prices are not; there remains a large inventory relative to household formation.

Housing Trends

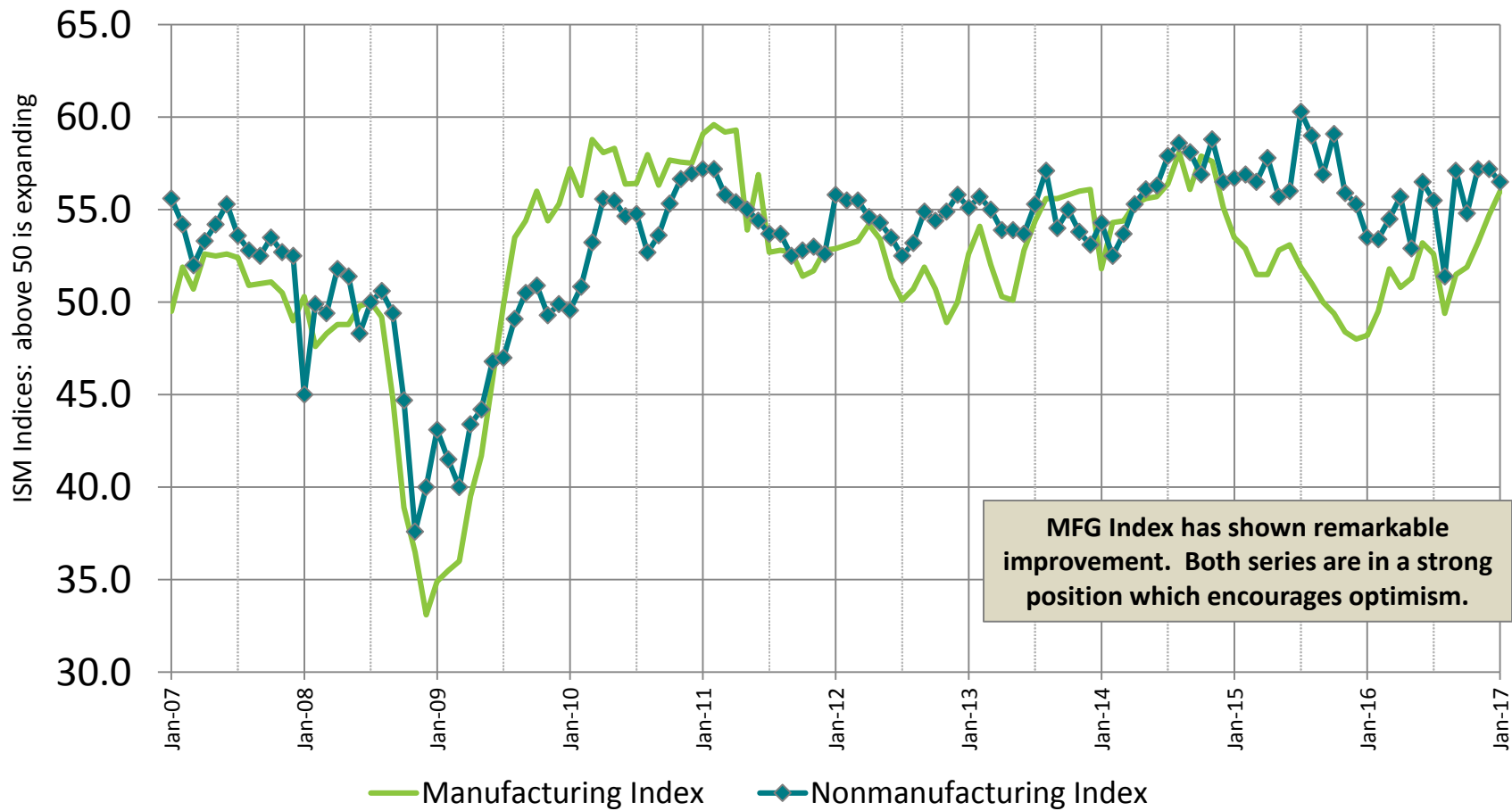
- People are renting rather than buying
- Reflects modest income growth
- Household formation is down
 - During boom years young adults were buying
 - Fueled by stronger income growth & easy mortgages
 - After bust young adults started living with others
 - Due in part to high student loan debt & decreased job opportunities
- At some point household formation will again track population growth & boost housing

US Jobs Added By Month



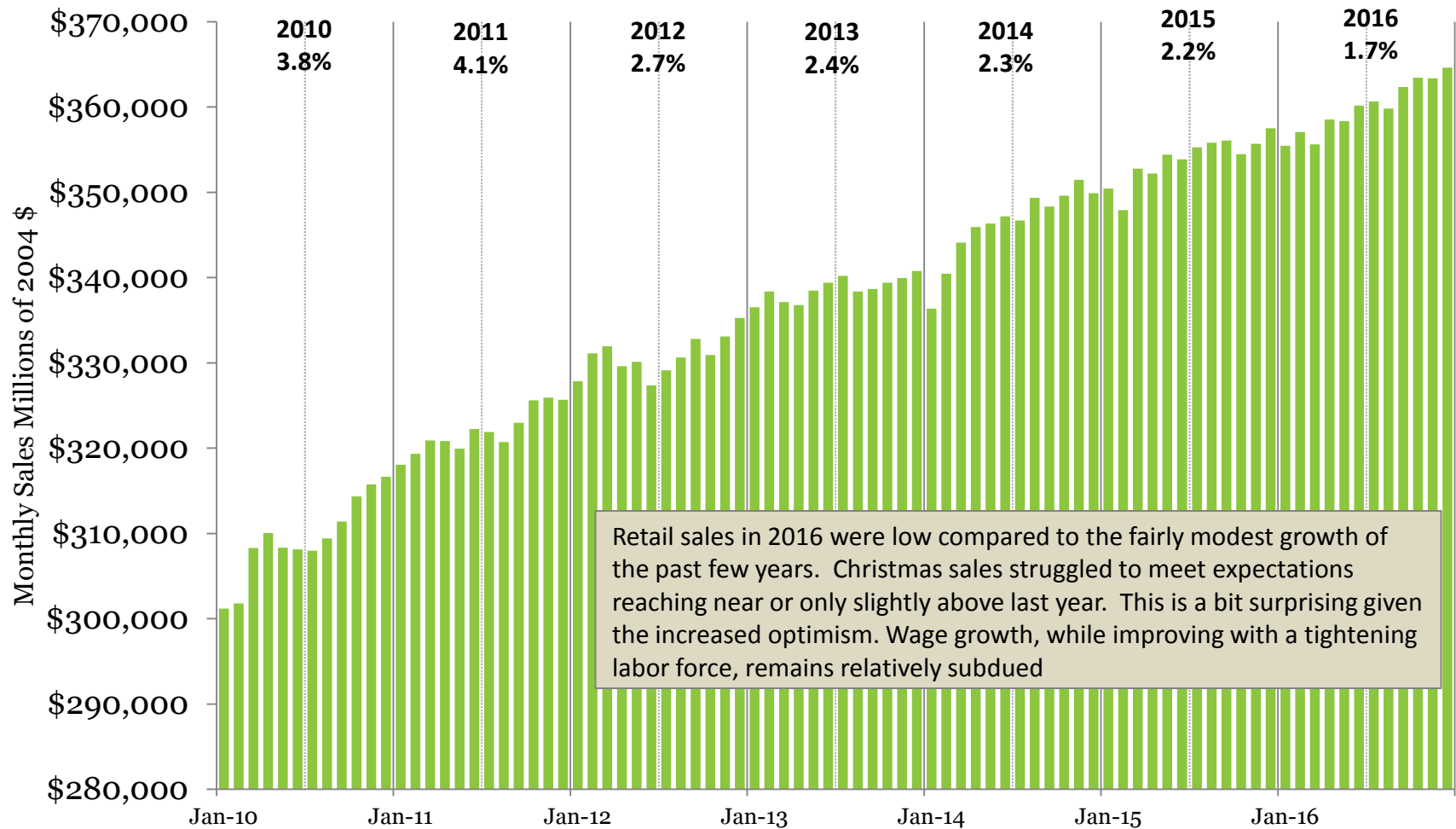
Institute For Supply Management Indices

An Index above 50 indicates expansion, below 50 a contraction



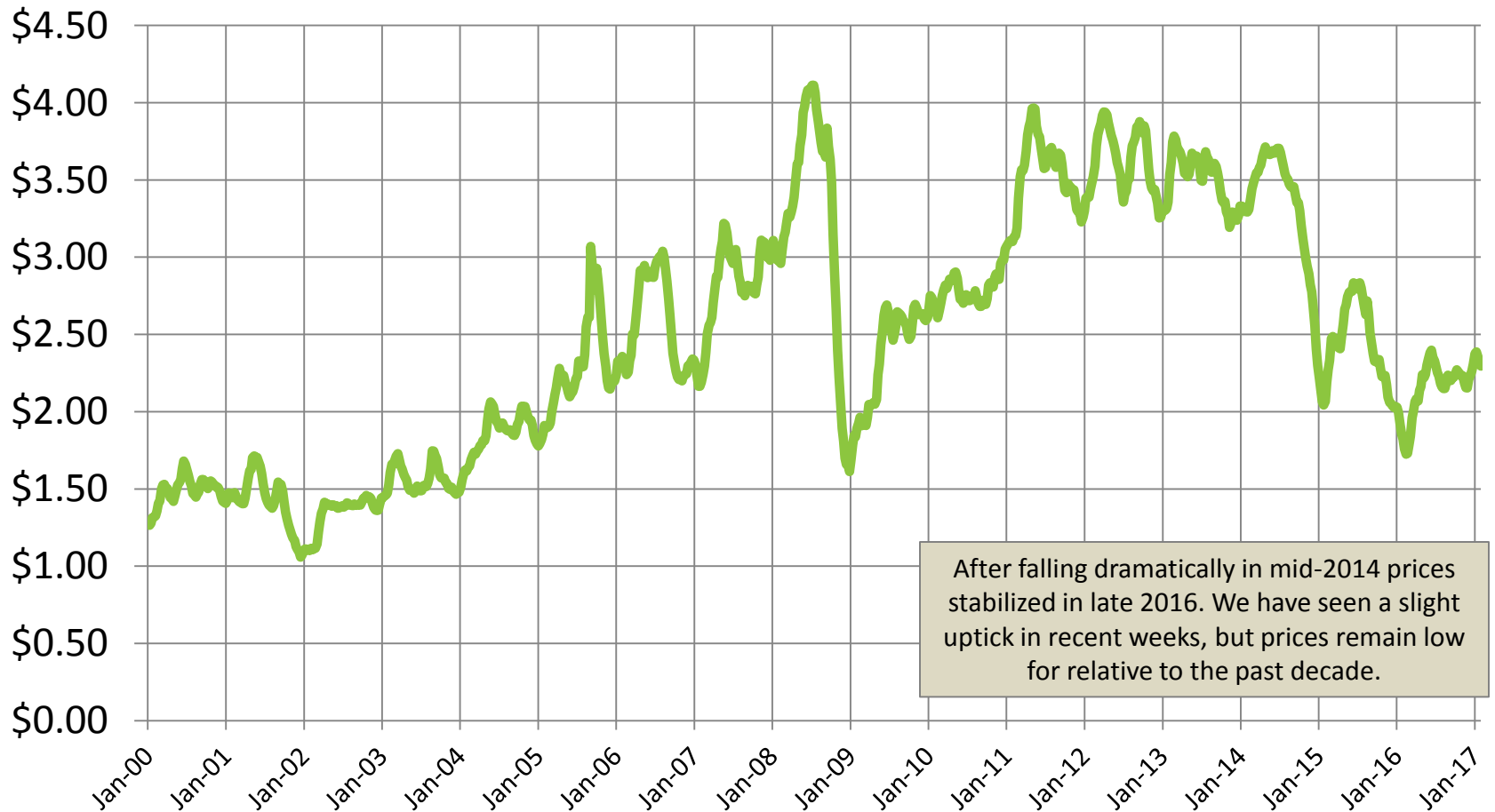
Real US Retail Sales

Adjusted for Inflation

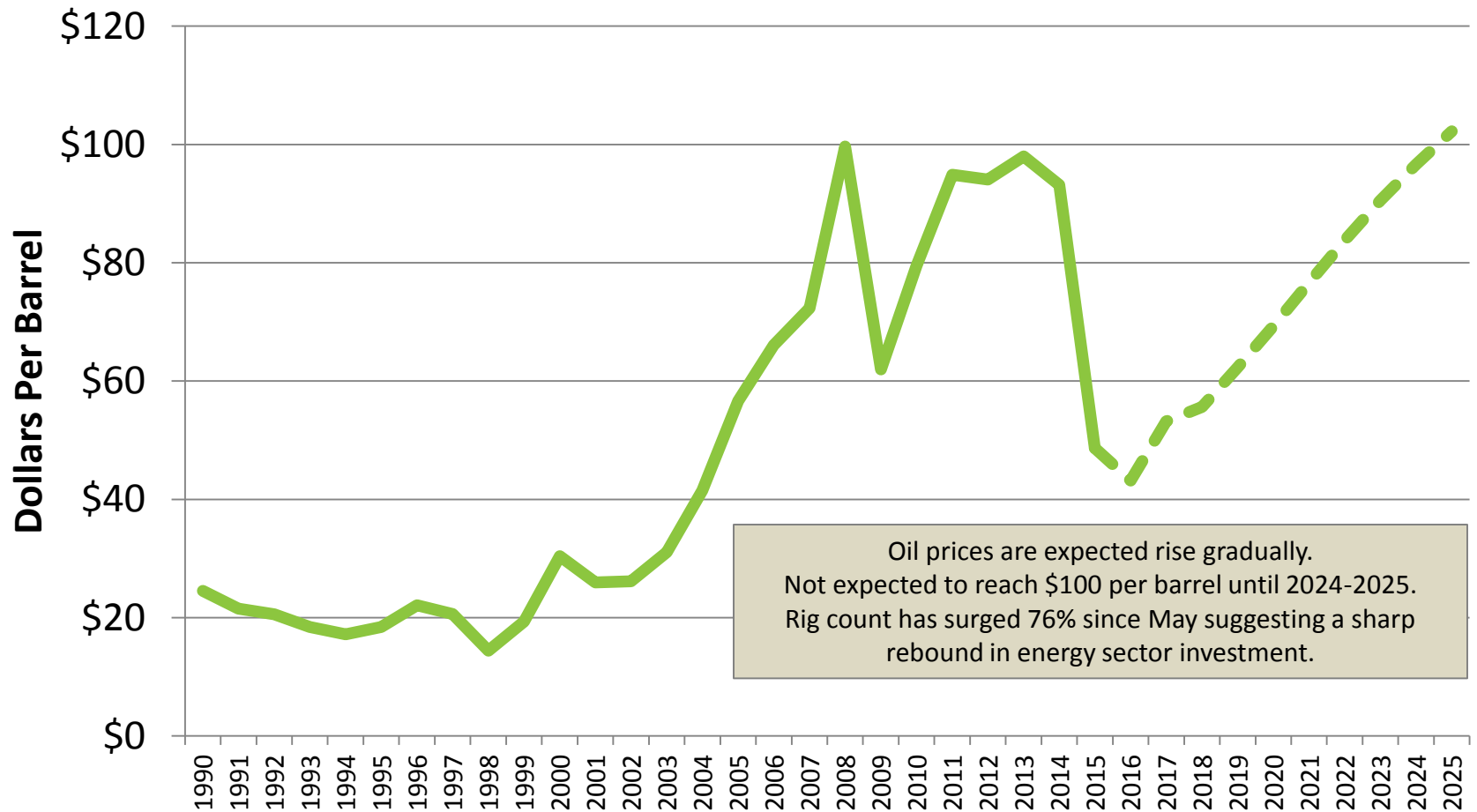


Weekly US Regular Retail Gasoline Prices

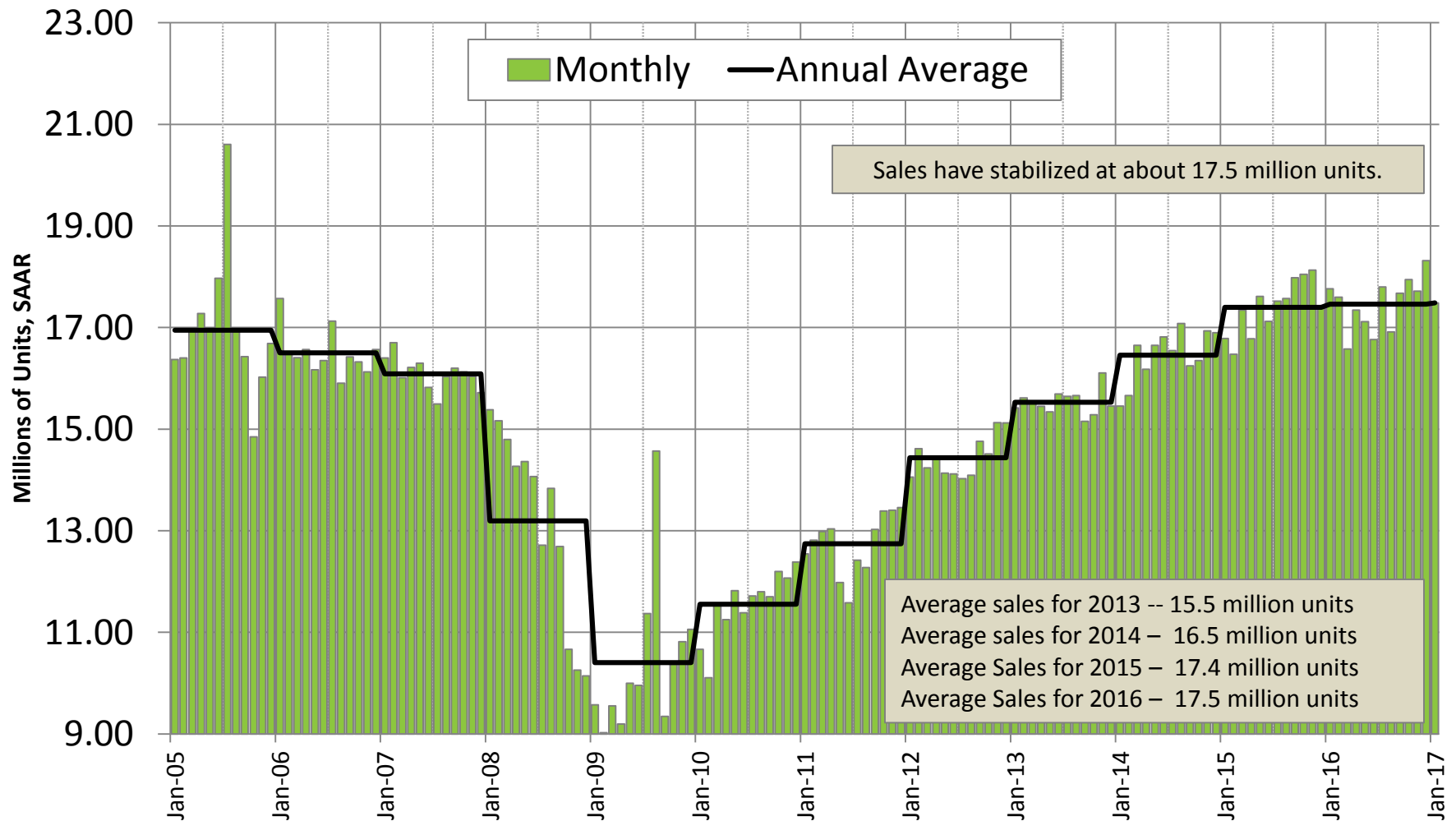
Dollars Per Gallon



Oil Prices WTI

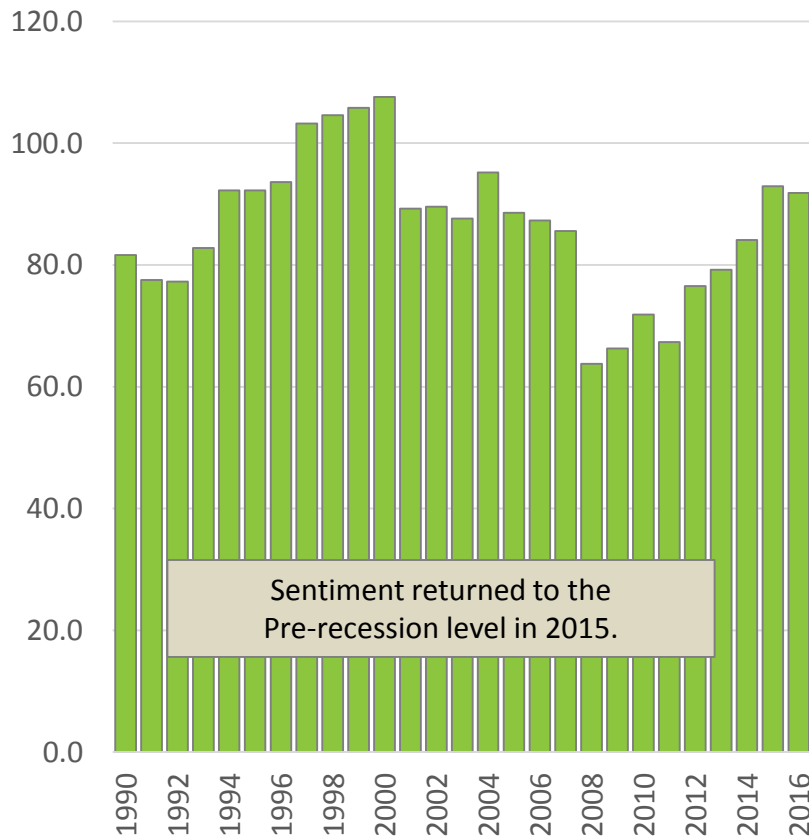


US Light Vehicle Sales

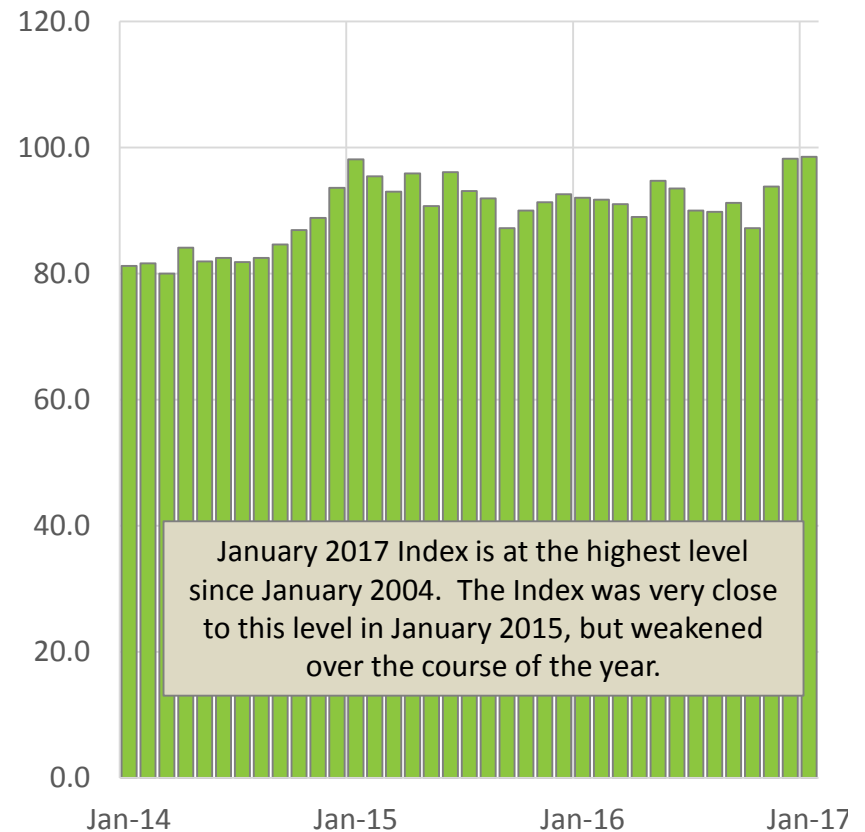


US Consumer Sentiment

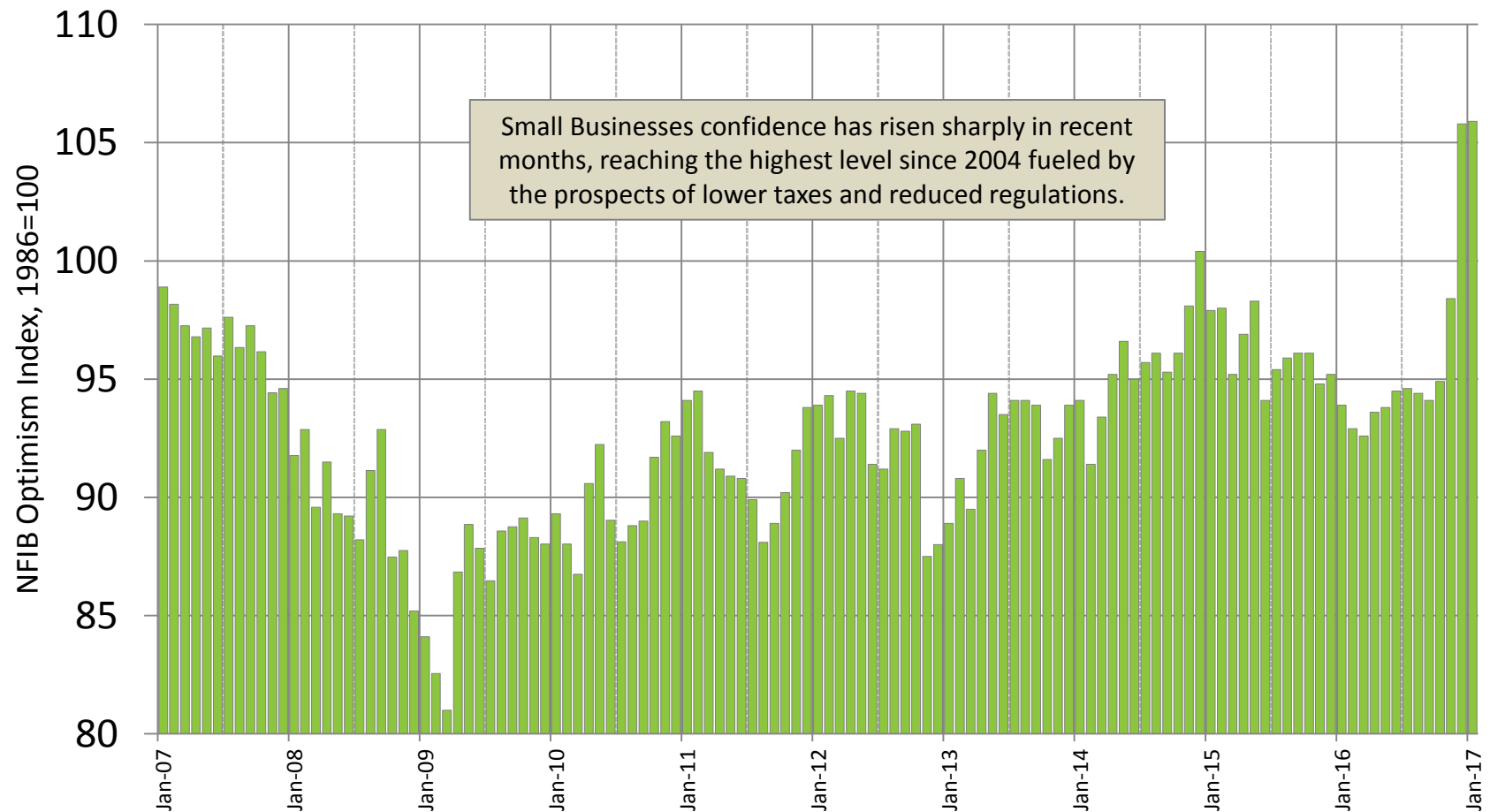
Annual Average



Monthly

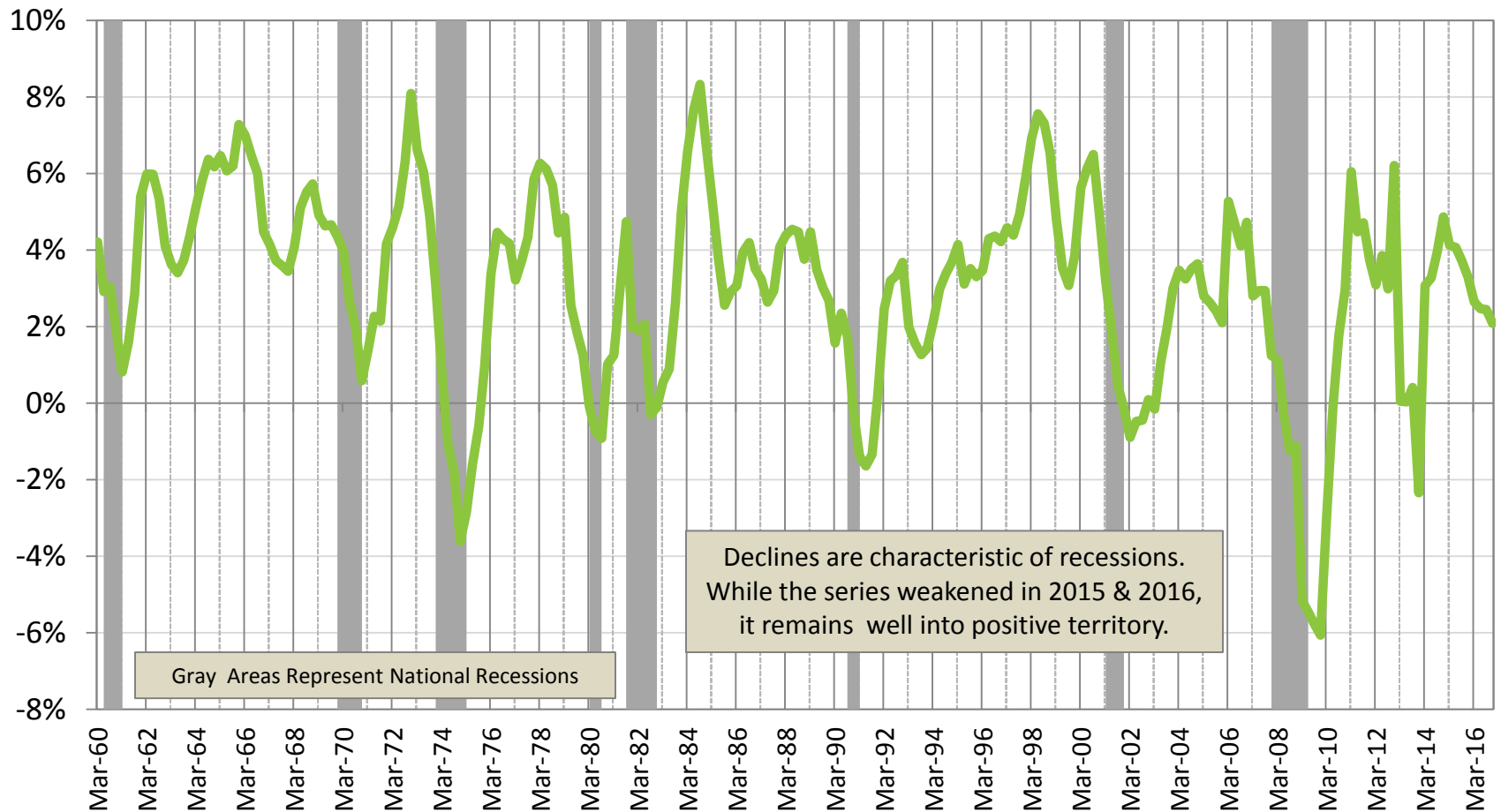


National Federation of Independent Businesses Optimism Index



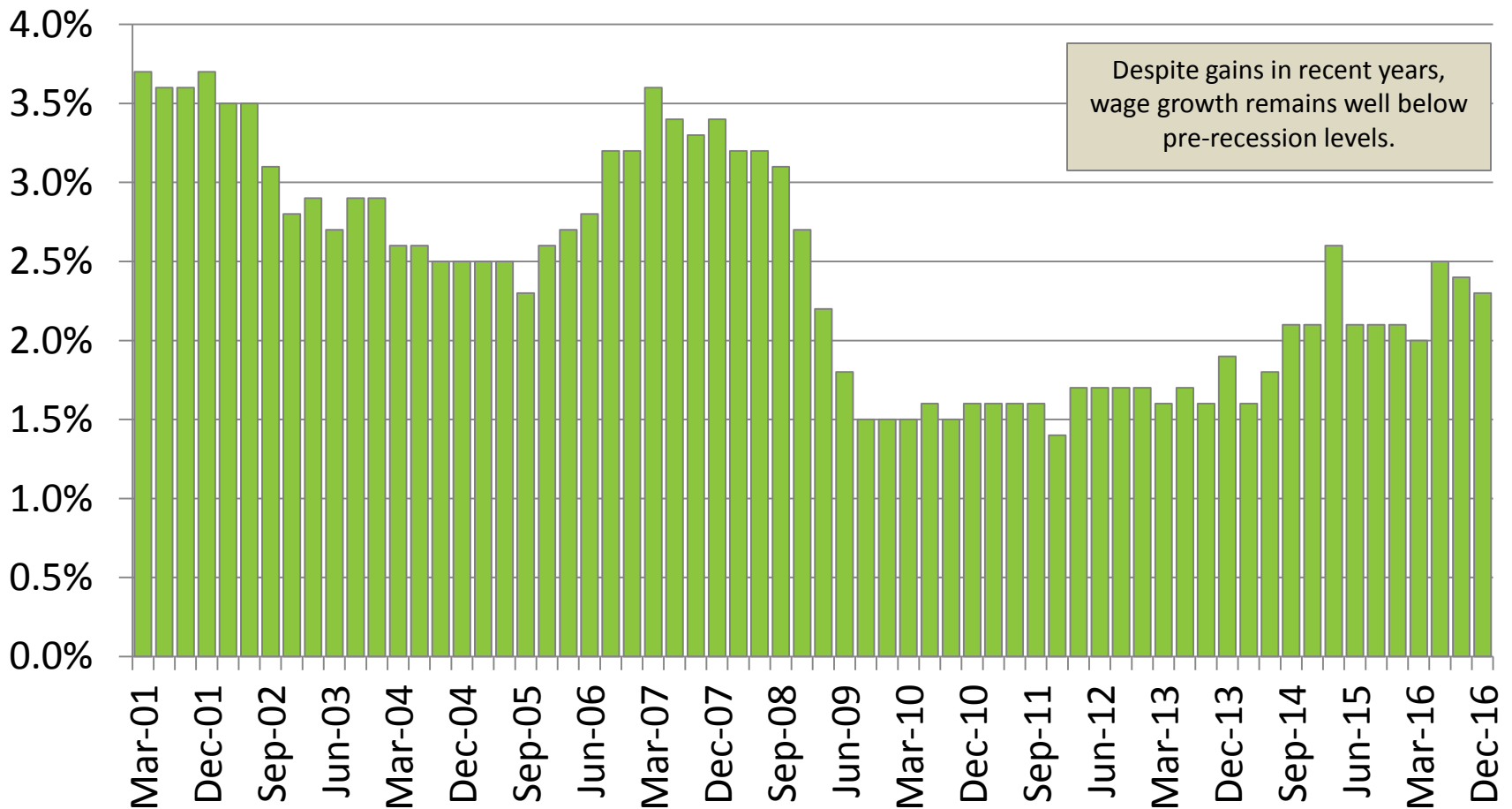
Year-Over-Year Growth in Real Personal Income Less Transfer Payments: United States

by Quarter

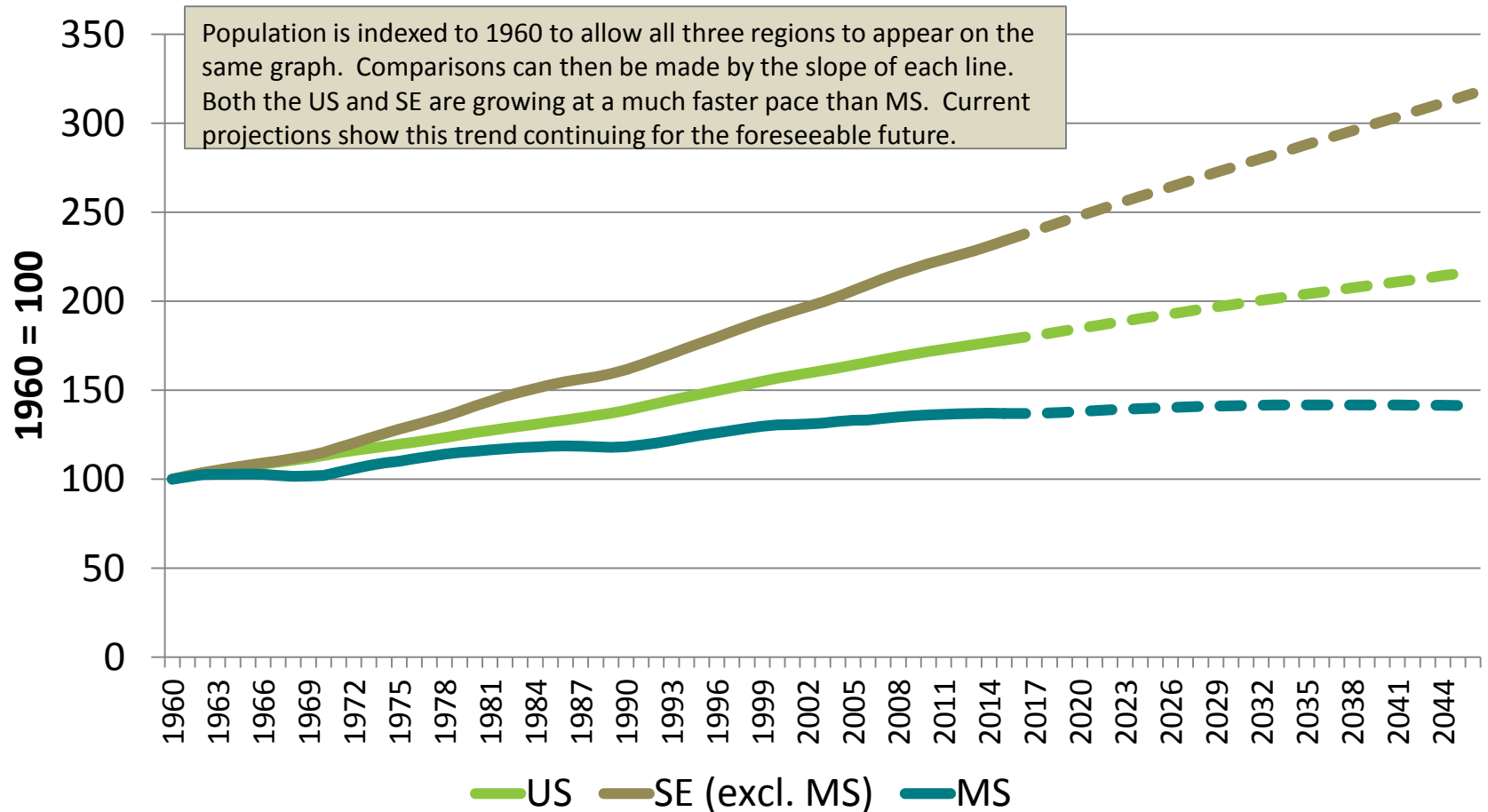


US Employment Cost Index

Wage and Salaries for All Civilian Workers
Growth Over The Prior Year by Quarter



Population Index

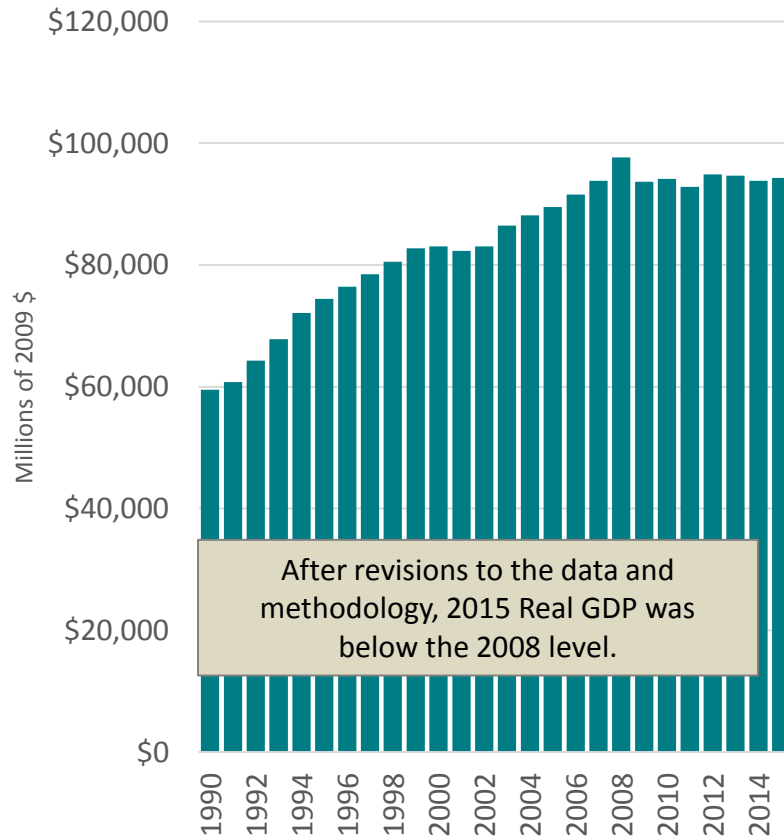


Annual Growth:

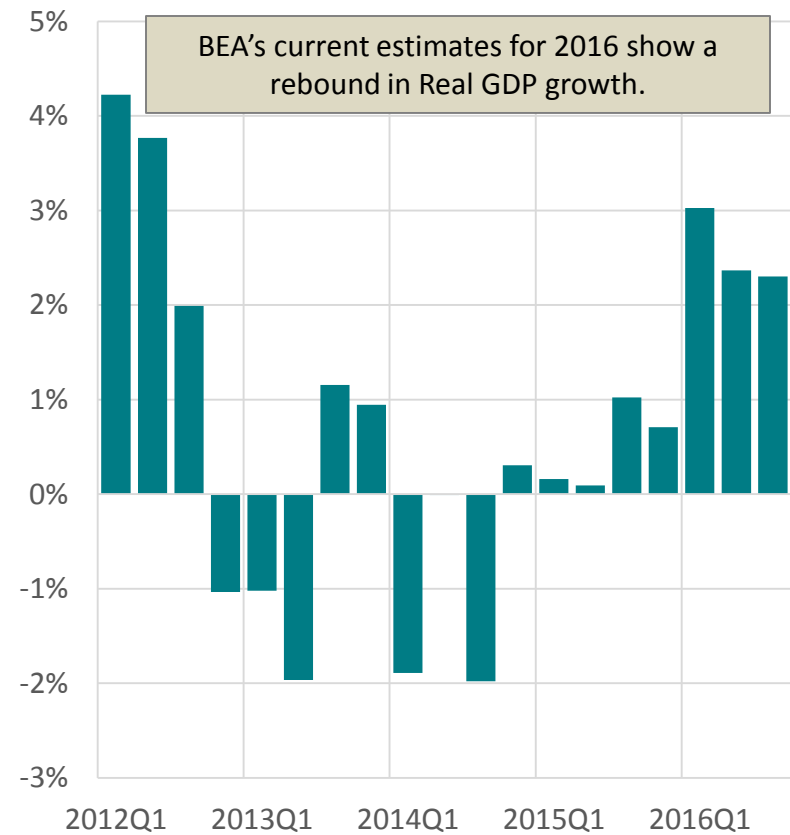
2008	4.1%
2009	-4.1%
2010	0.5%
2011	-1.4%
2012	2.2%
2013	-0.2%
2014	-0.9%
2015	0.5%

MS Real GDP

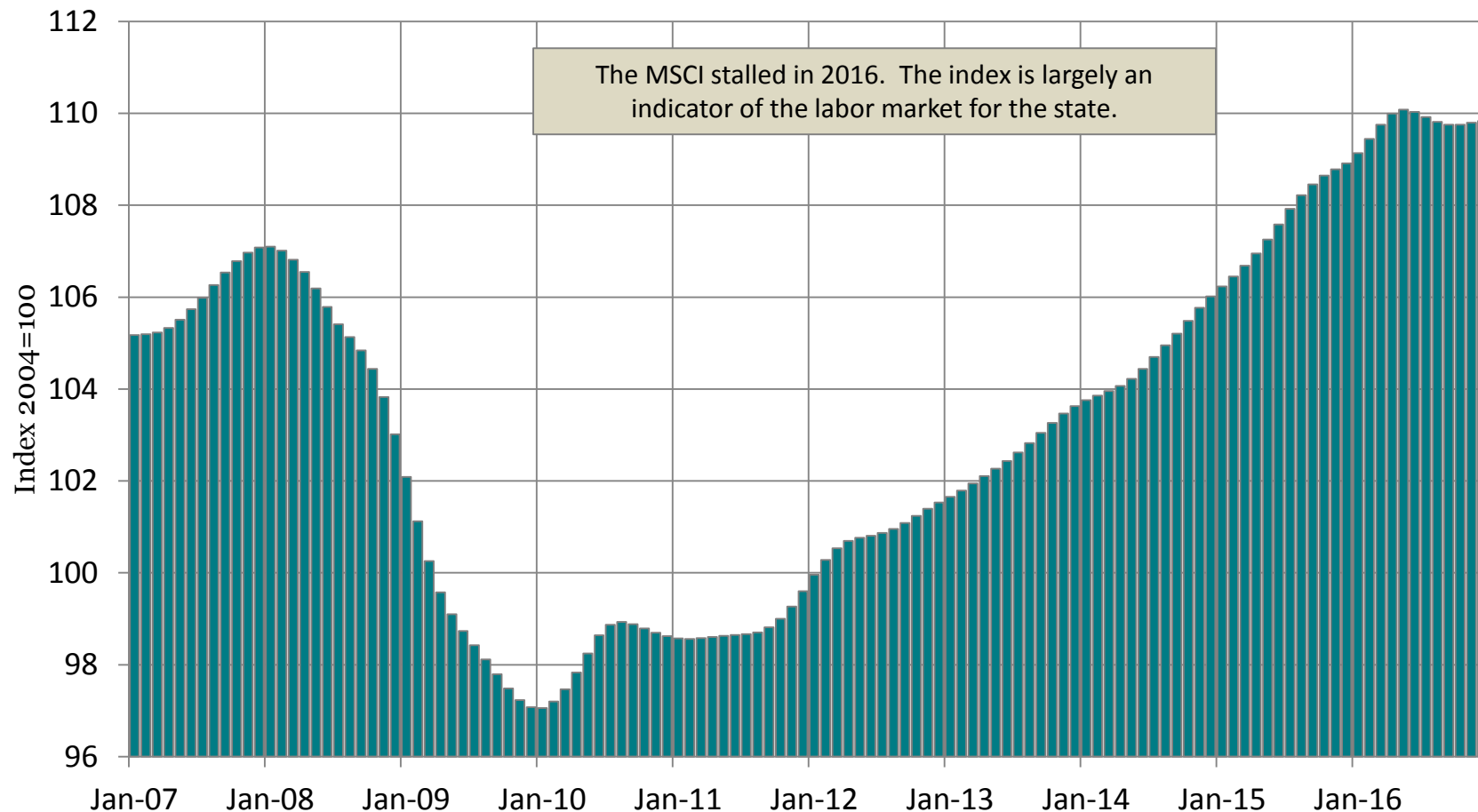
Annual



Y/Y Growth By Qtr

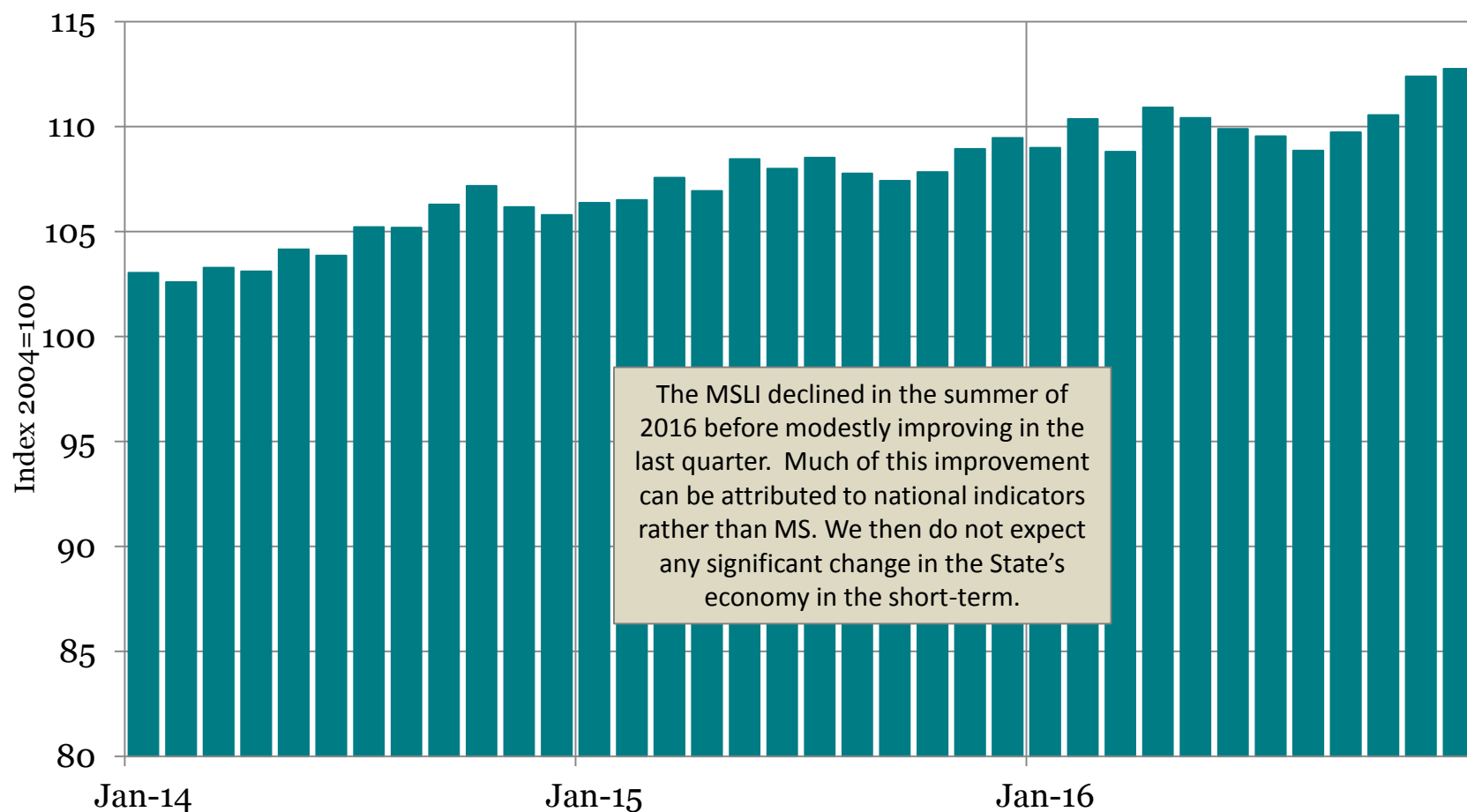


MS Index of Coincident Indicators



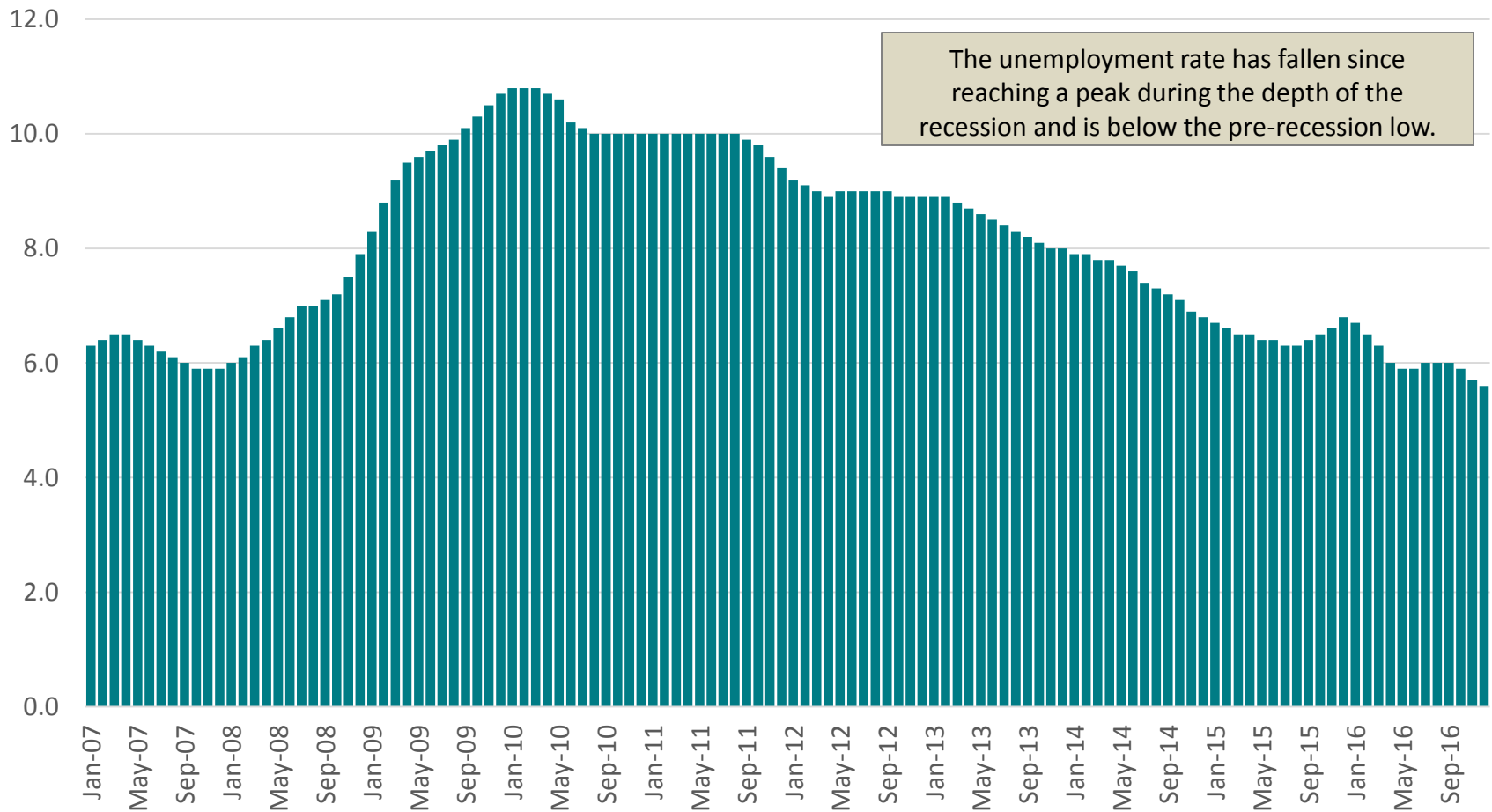
The Mississippi Index of Coincident Indicators reflects economic conditions existing in a given month. The index is constructed by the Federal Reserve Bank of Philadelphia and re-indexed to 2004. The Index is based on changes in nonfarm employment, the unemployment rate, average manufacturing workweek length and wage and salary disbursements.

MS Index of Leading Indicators



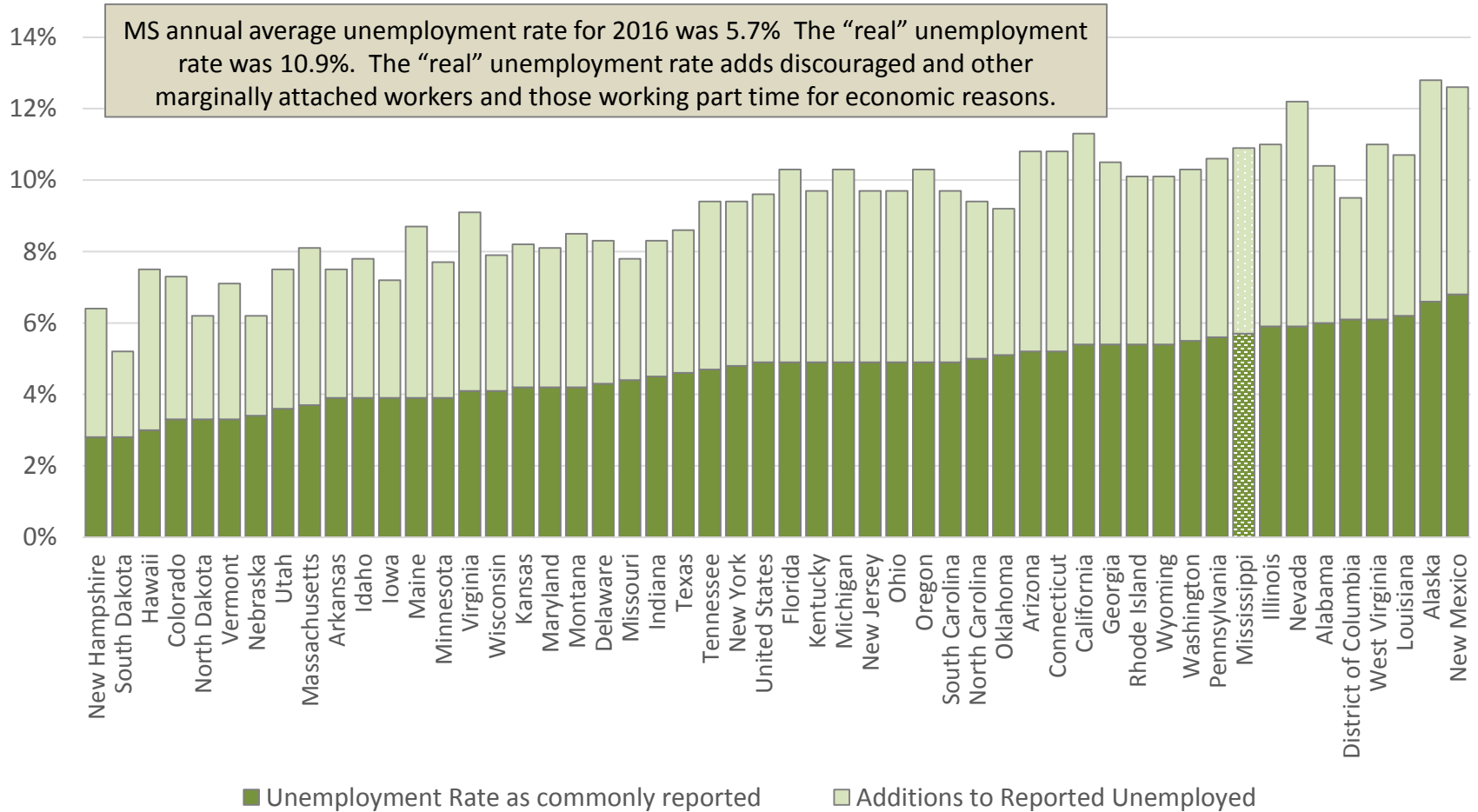
The Mississippi Index of Leading Indicators reflects economic conditions expected for the coming months. The index is constructed by the University Research Center and indexed to 2004. There are 7 components of the Index: MS Initial Unemployment Claims; MS Income Tax Withholdings; MS Value of Residential Building Permits; MS MFG Employment Intensity Index; ISM Index of US MFG Activity; US Consumer Expectations Index and US Retail Sales.

MS Unemployment Rate



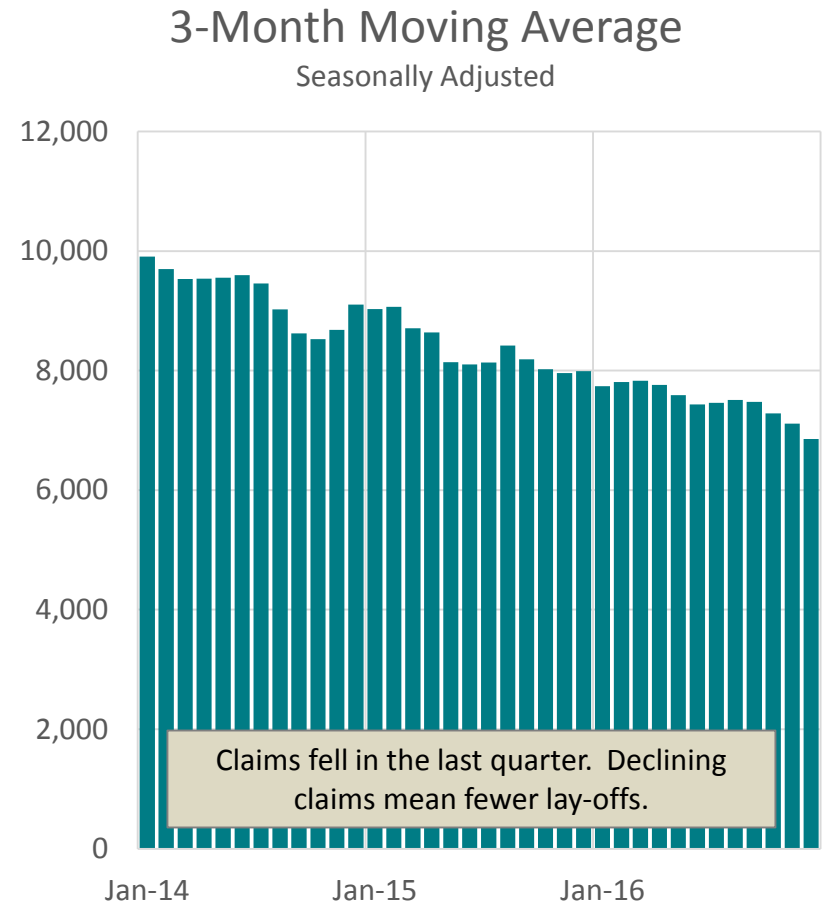
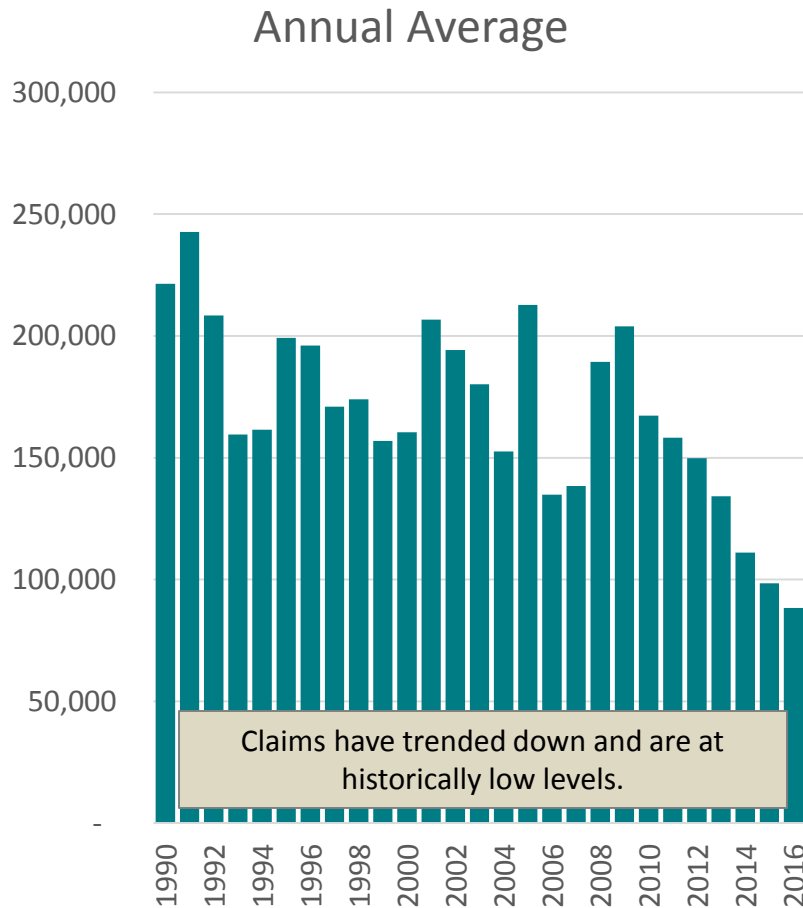
Unemployment Rate

2016 Average



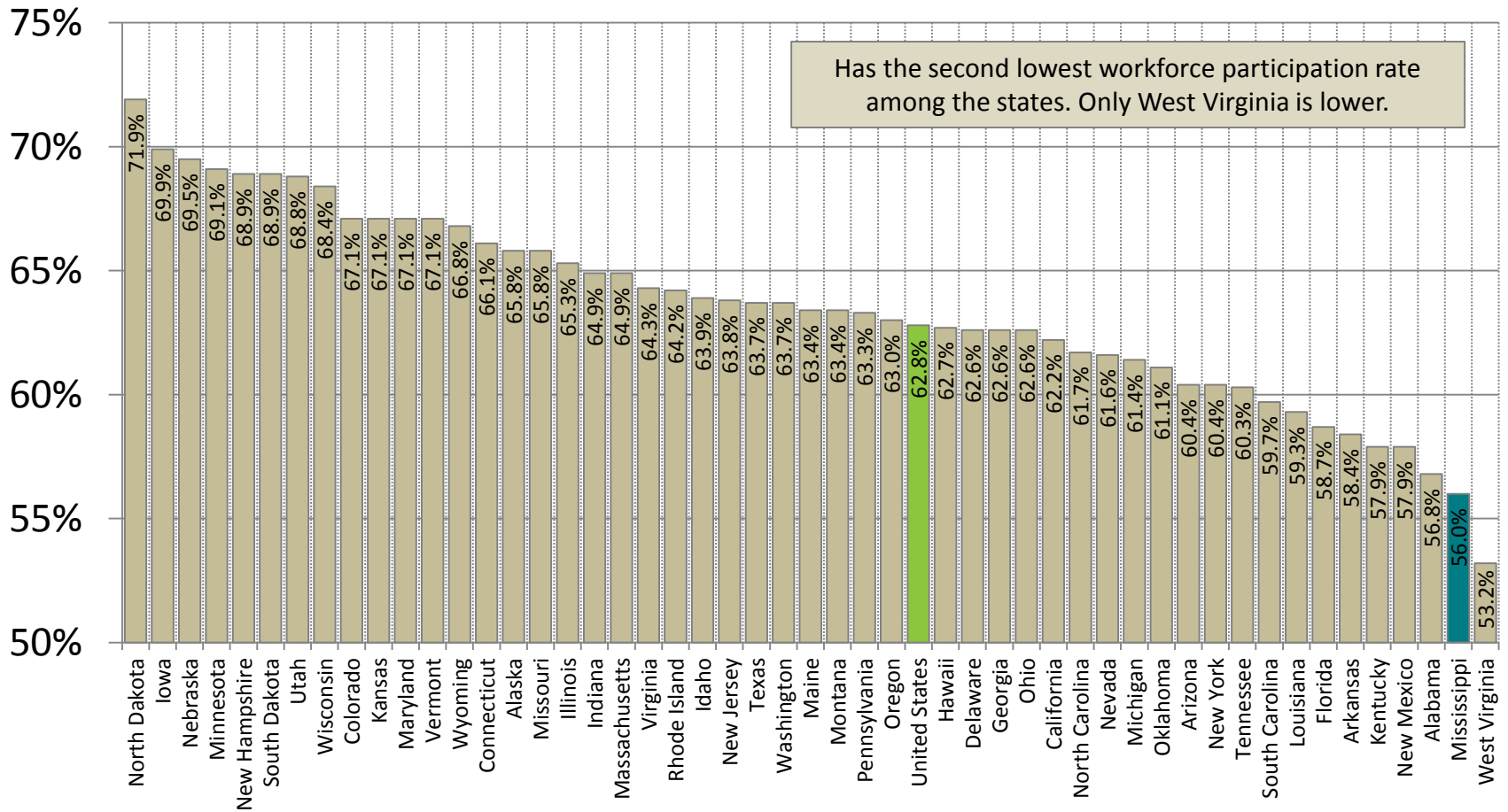
The “real” unemployment rate combines the two series in the chart.

MS Initial Unemployment Claims



Workforce Participation Rate, 2016

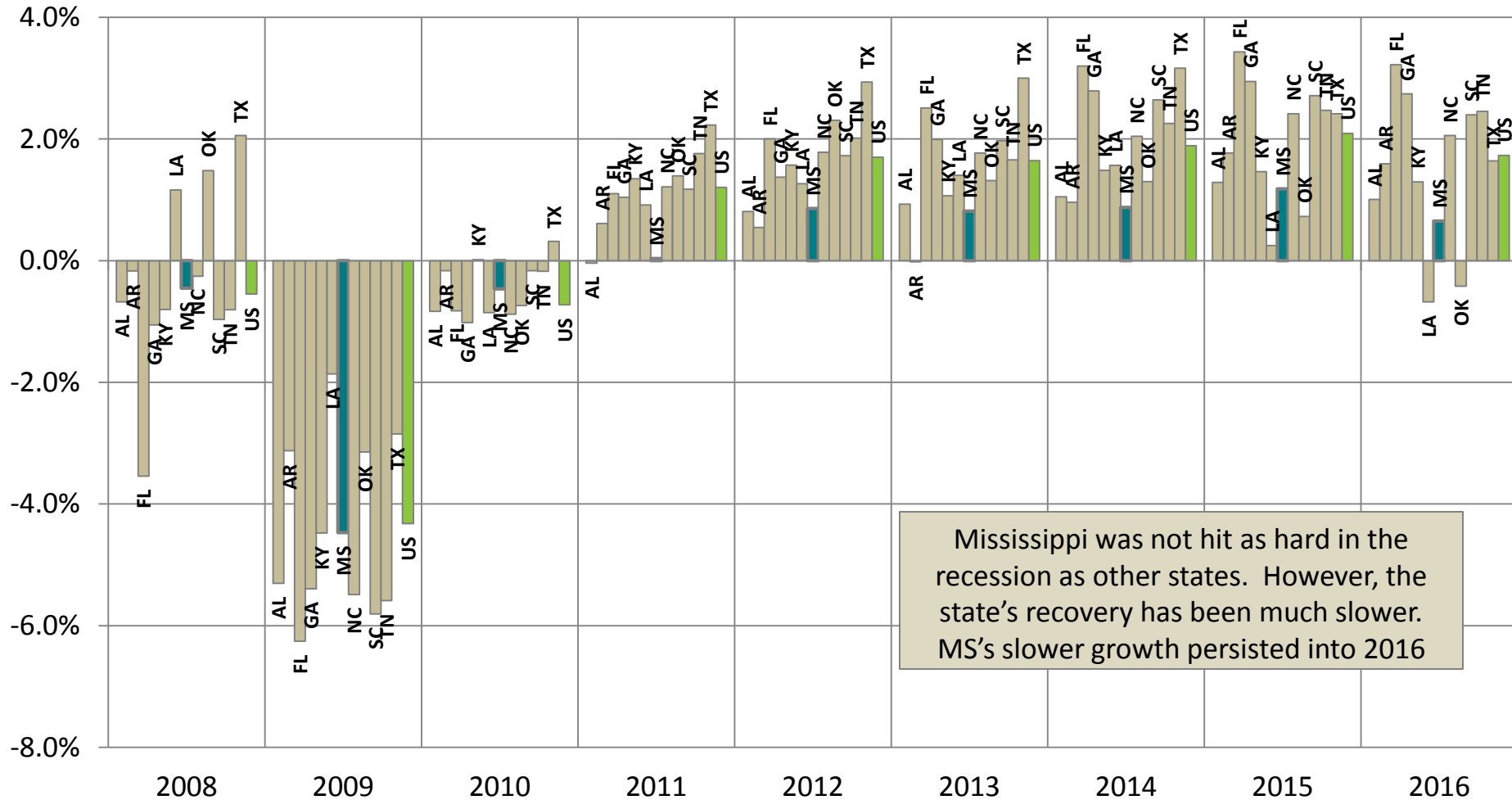
Percentage of Population 16 and over either working or actively looking for a job



Workforce Participation Trends

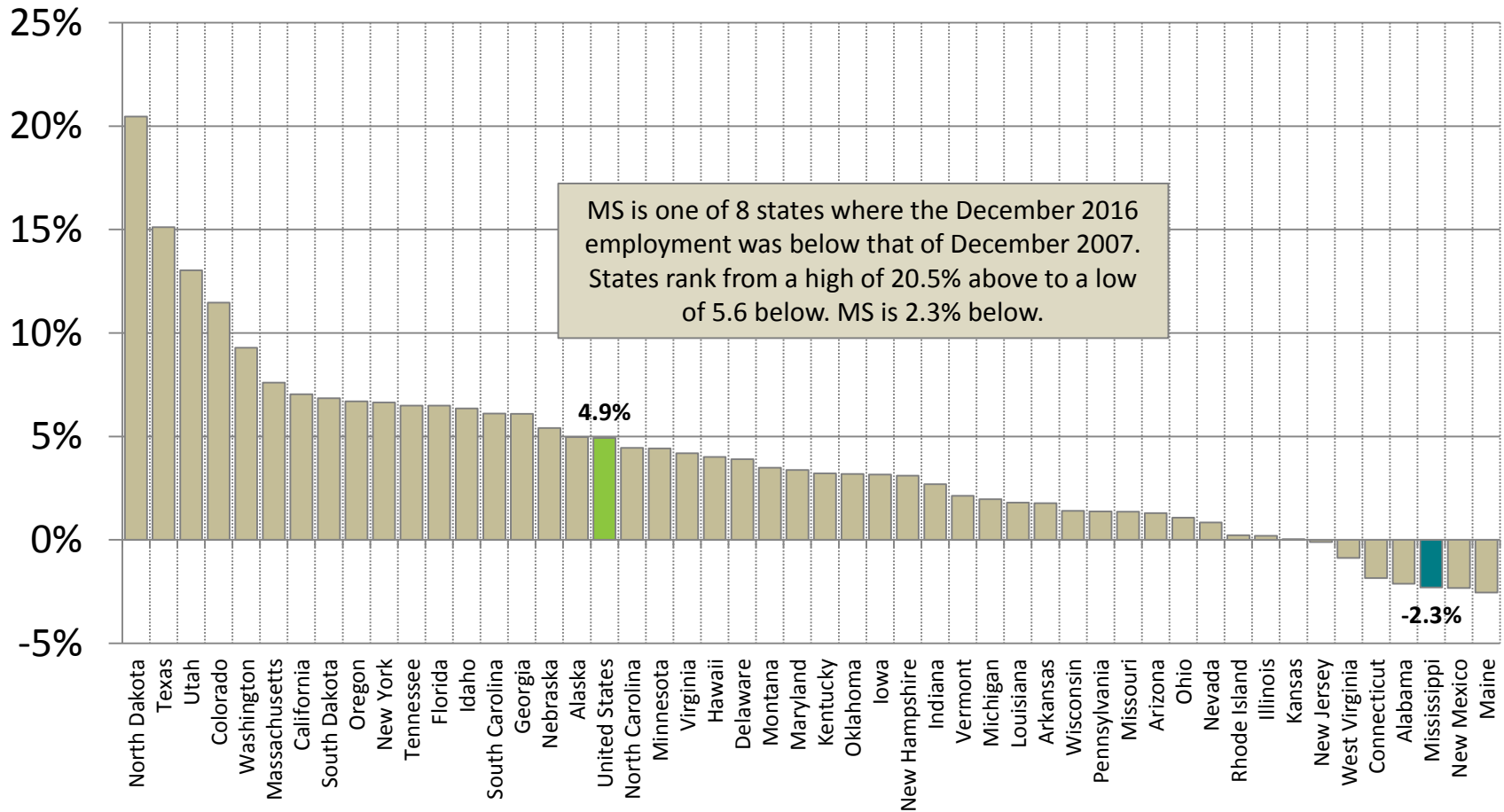
- Participation has fallen in recent years for both the US and MS
- The gap between MS & US participation rate is highest among 16-19 year-olds & 45-65 year-olds
- MS lower participation rate due in a large part to higher incidence of disability
 - Census shows 10% of working age population in MS is disabled & not in the work force; in the US the rate is 6%. The state's higher rate translates into over 70 thousand people.
- MS participation rate exceeds that of the US for 35-44 year-old women; only category where this is the case
- See appendix for charts reflecting the above as well as other trends

Average Annual Growth in Employment

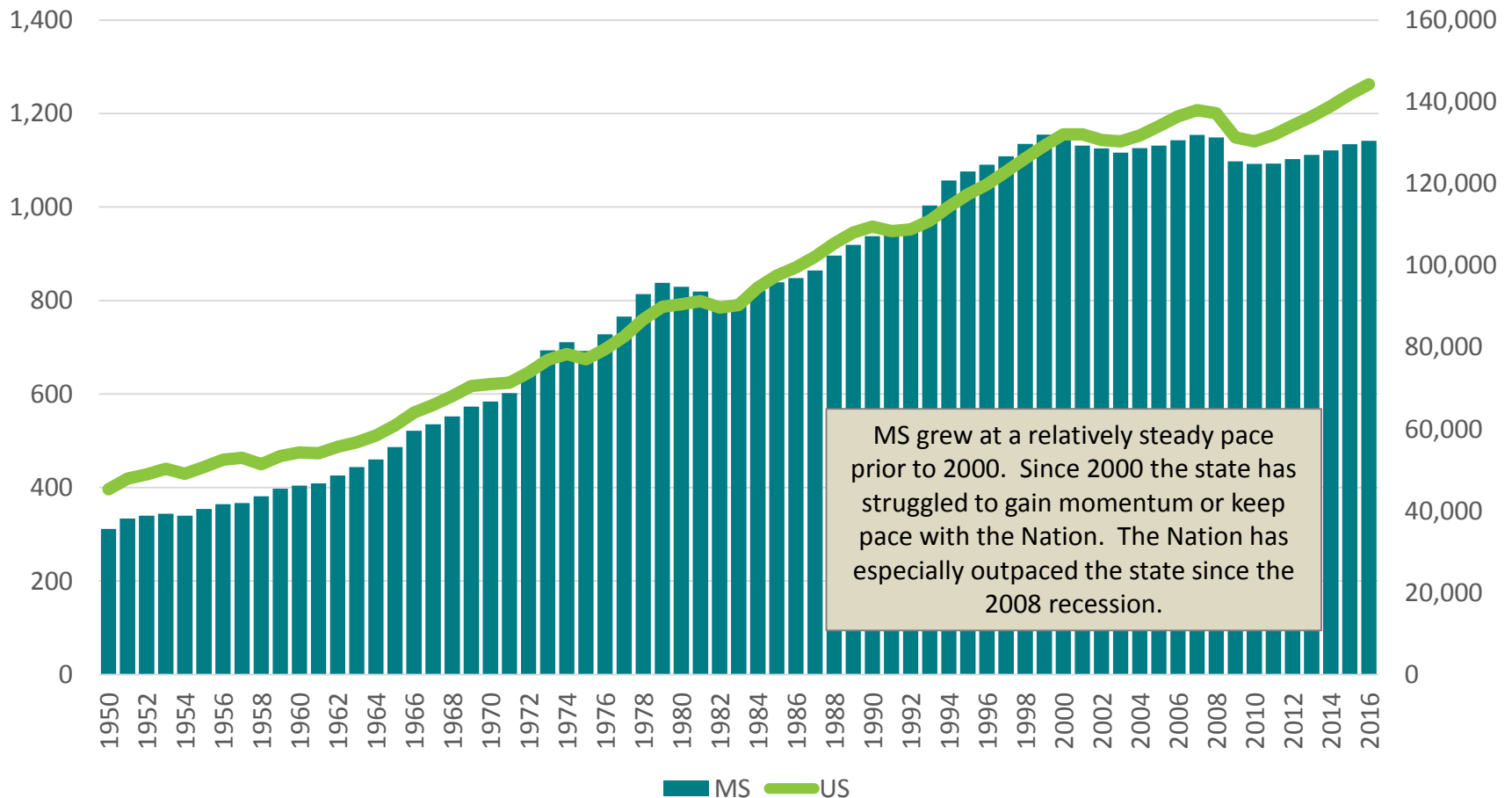


Employment Relative to Pre-Recession

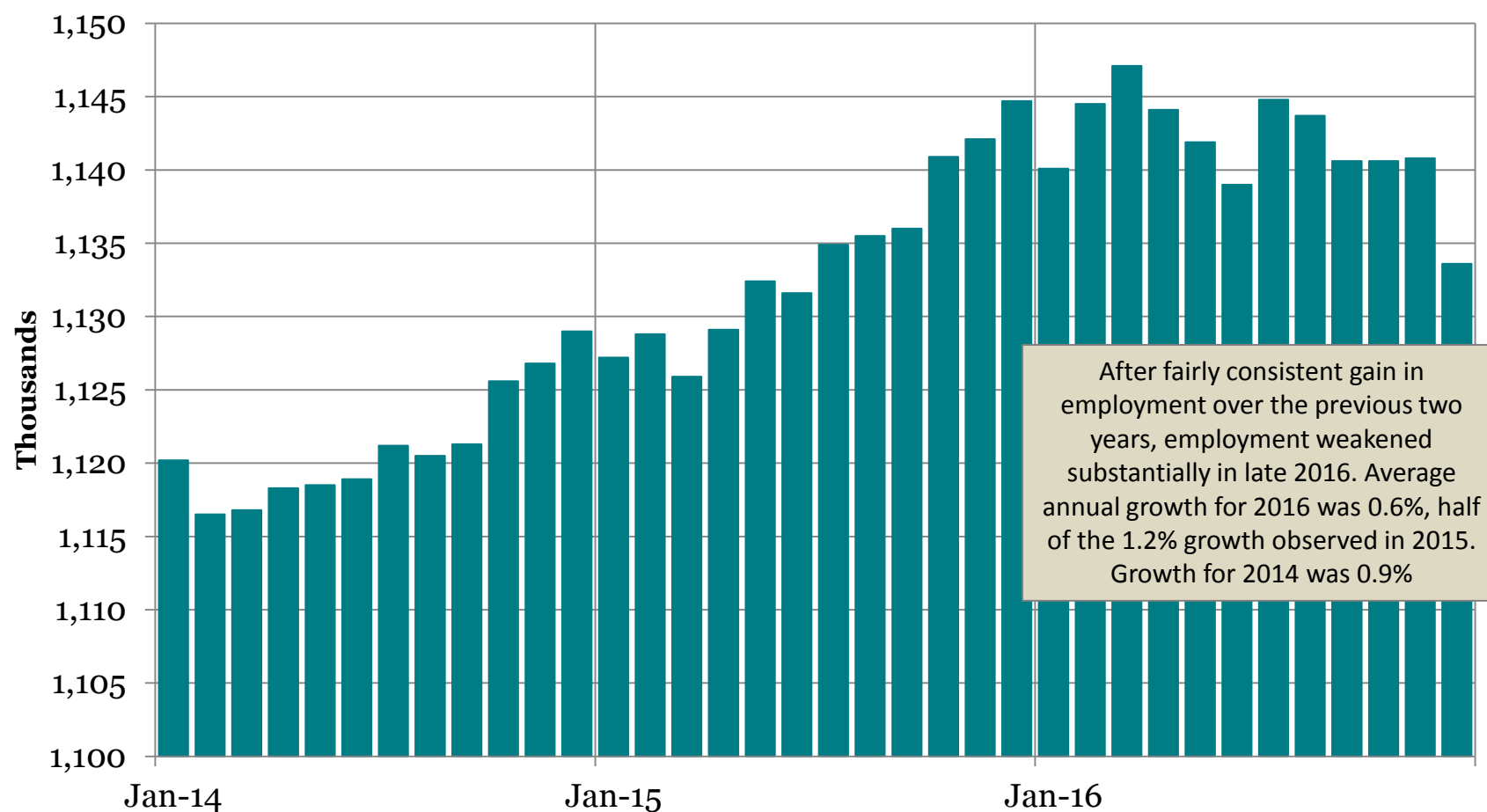
December 2016 as a Percentage Above (Below) December 2007



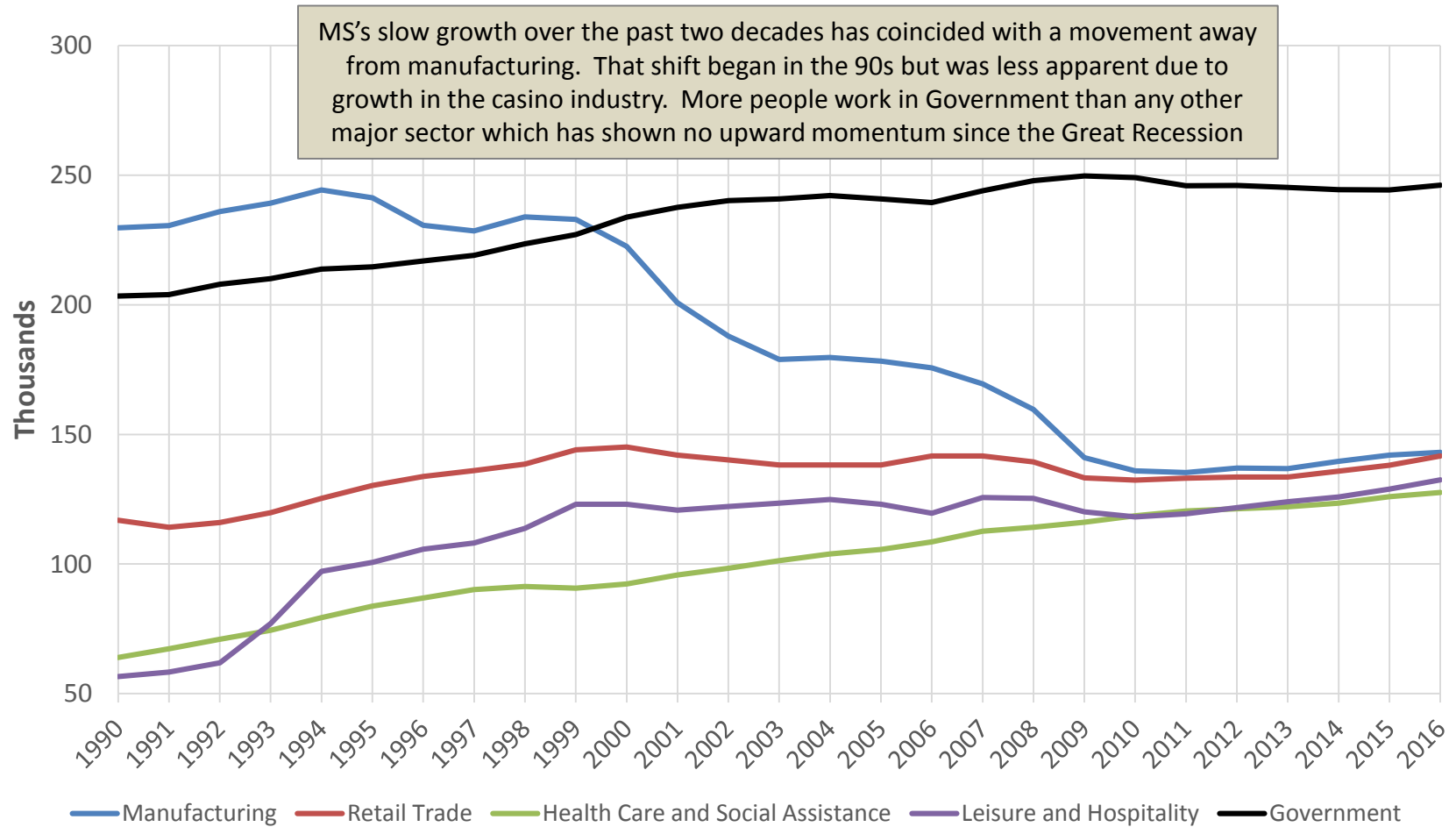
Annual Average Nonfarm Employment, 1950-2016



Nonfarm Employment in MS

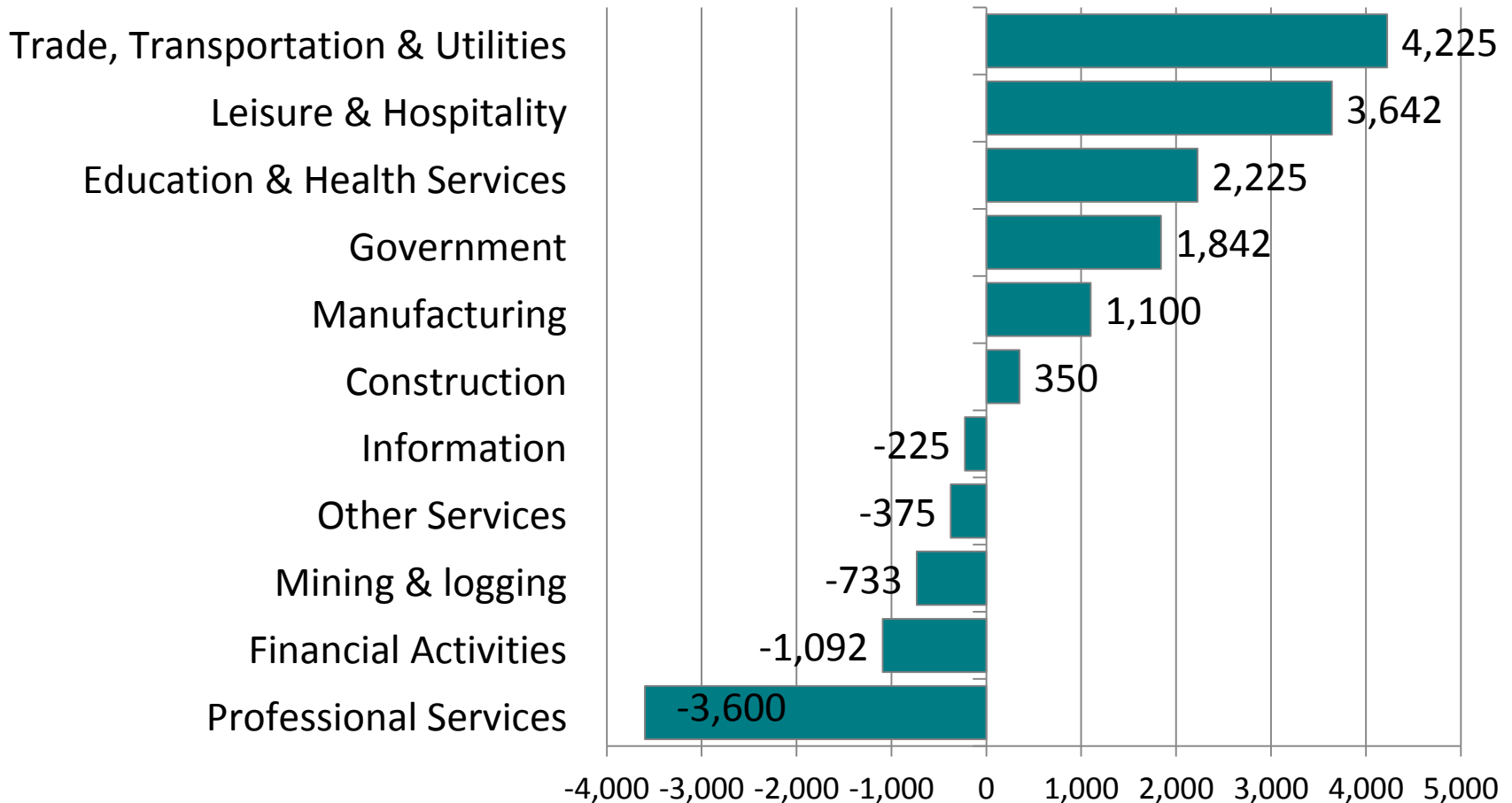


MS Employment for Major Sectors



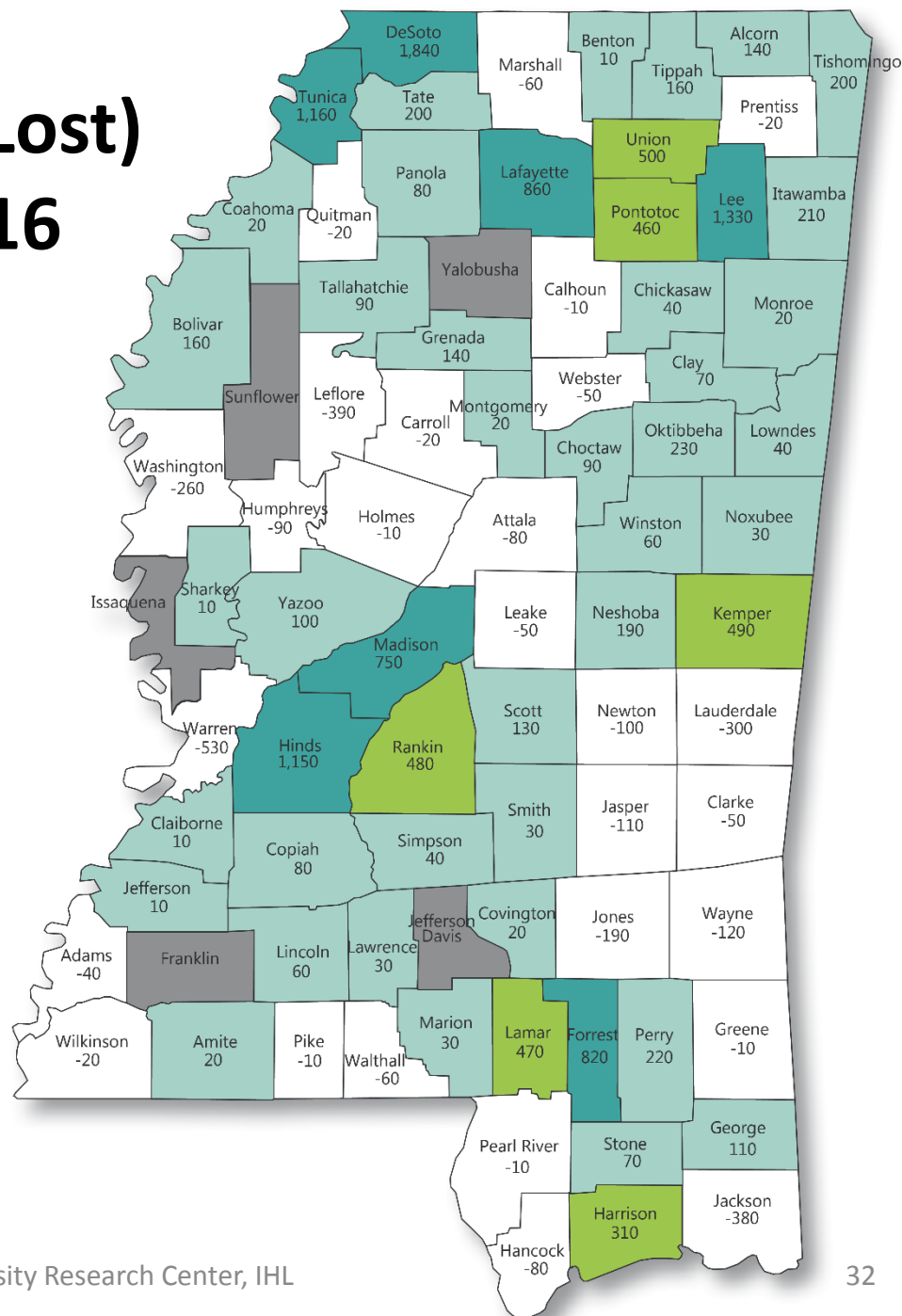
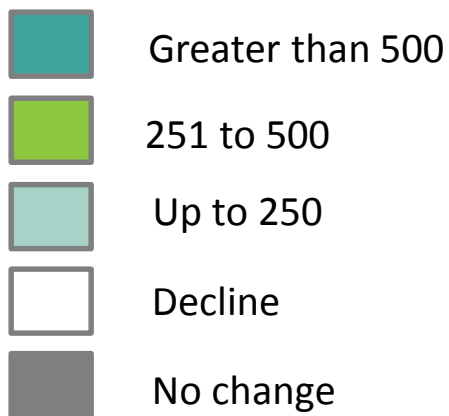
Where are the Jobs?

Mississippi added an average 7,358 jobs in 2016 over 2015



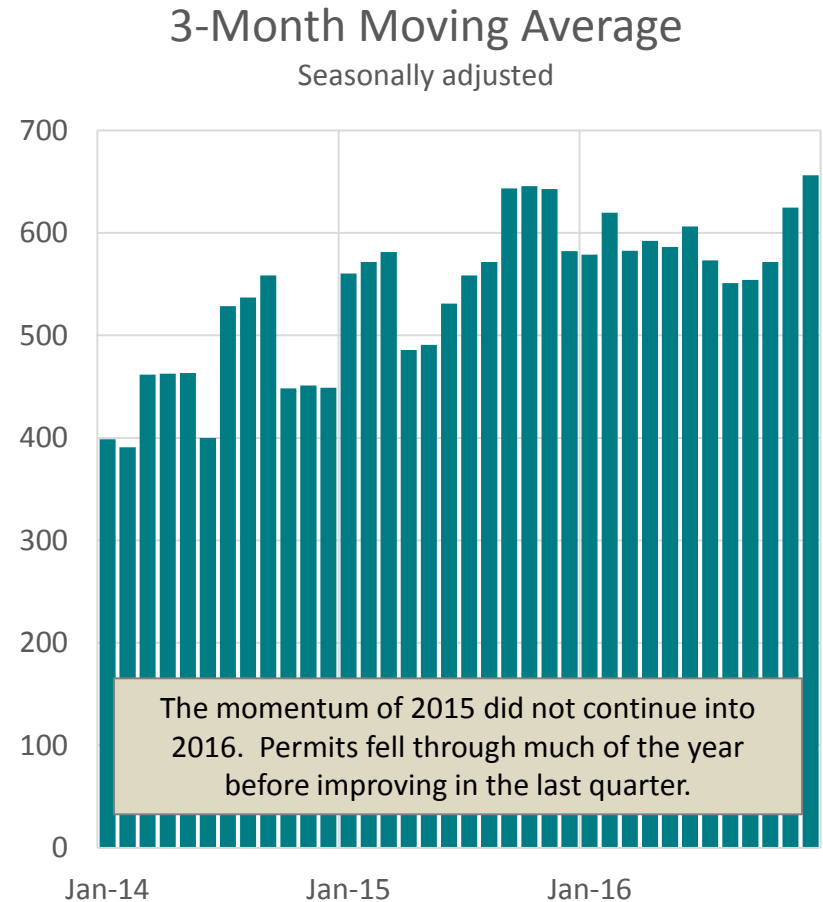
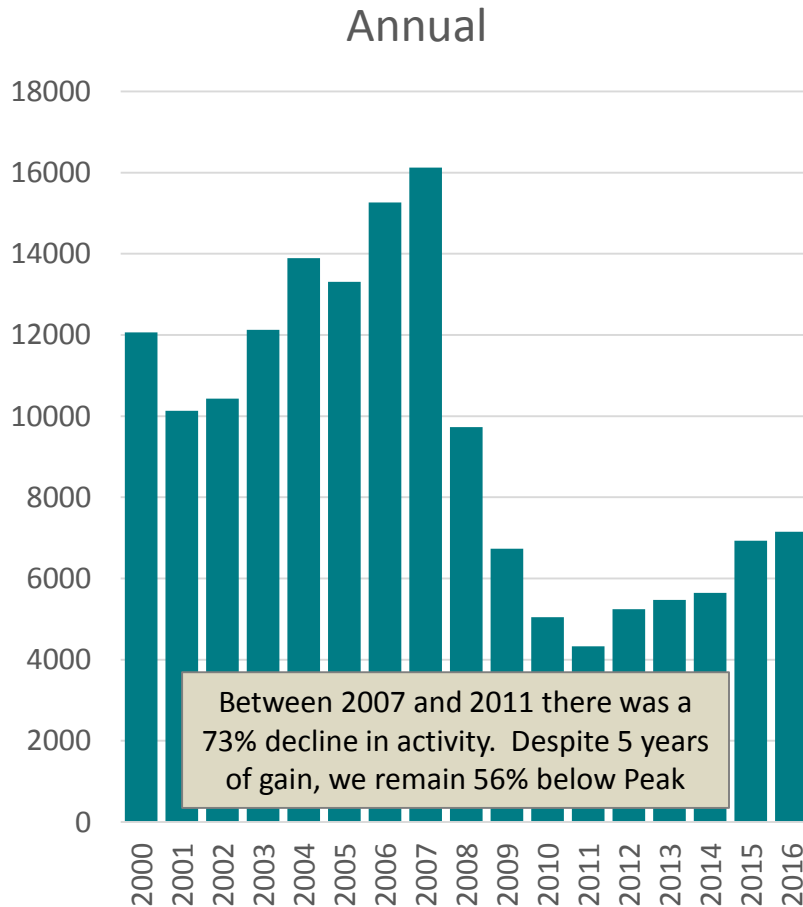
Employment Gained (Lost)

By County, 2015-2016

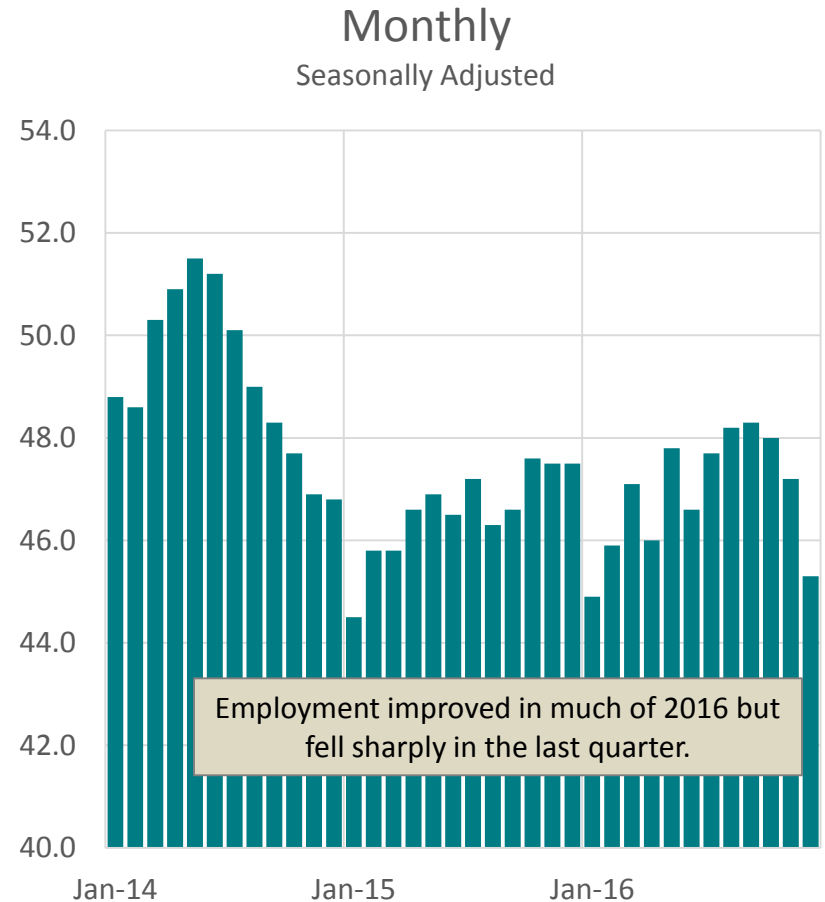
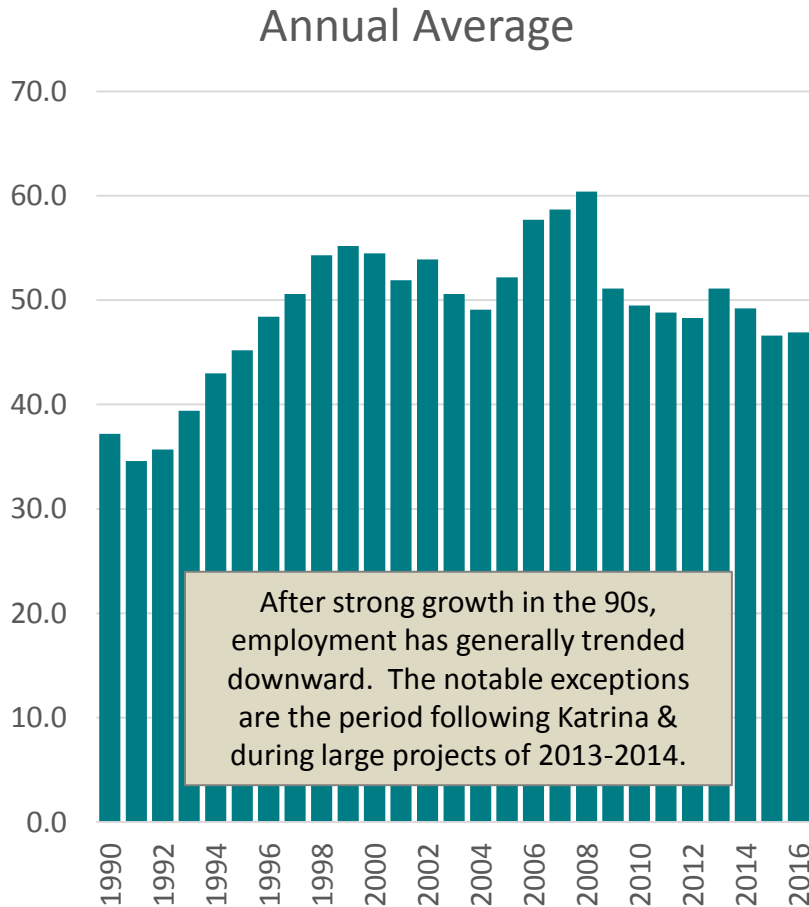


MS Residential Building Permits

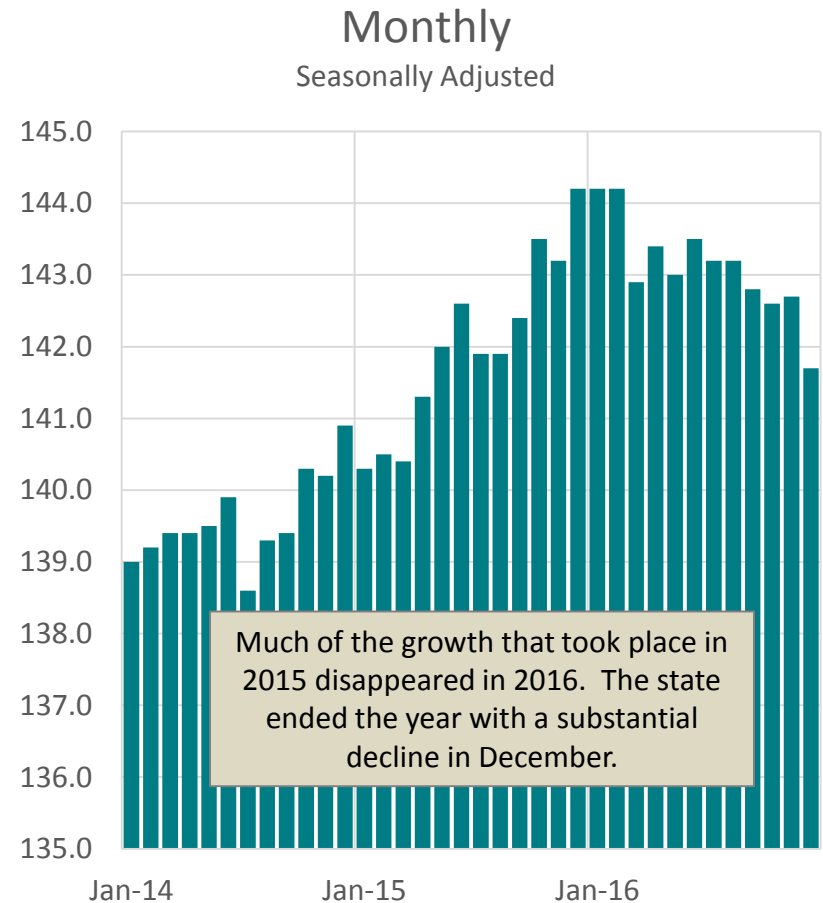
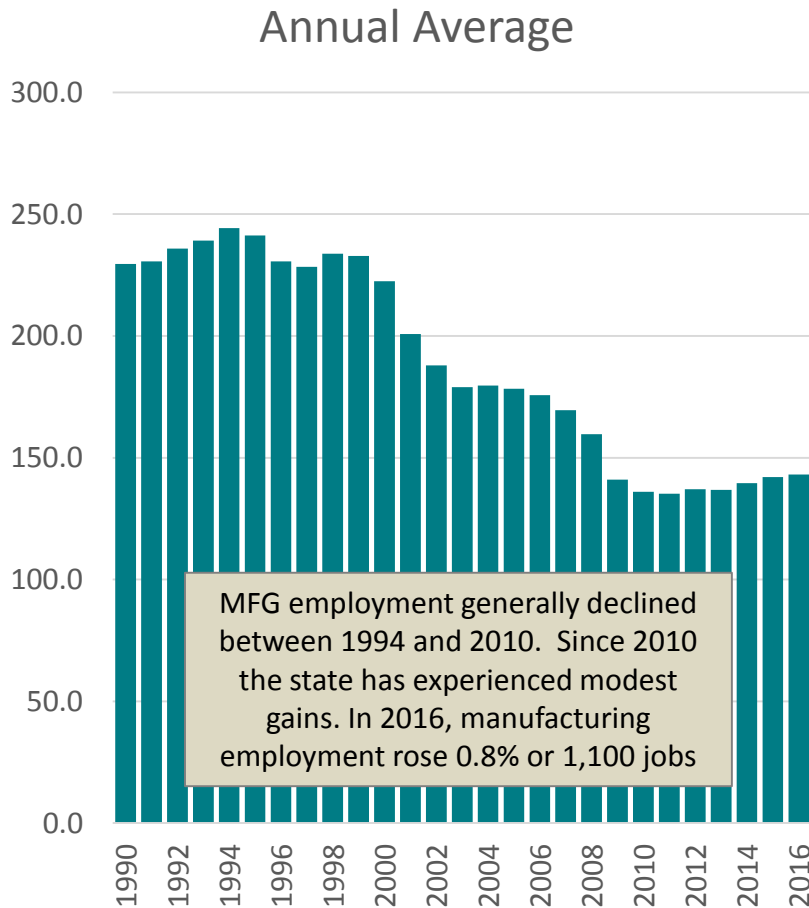
Number of Units



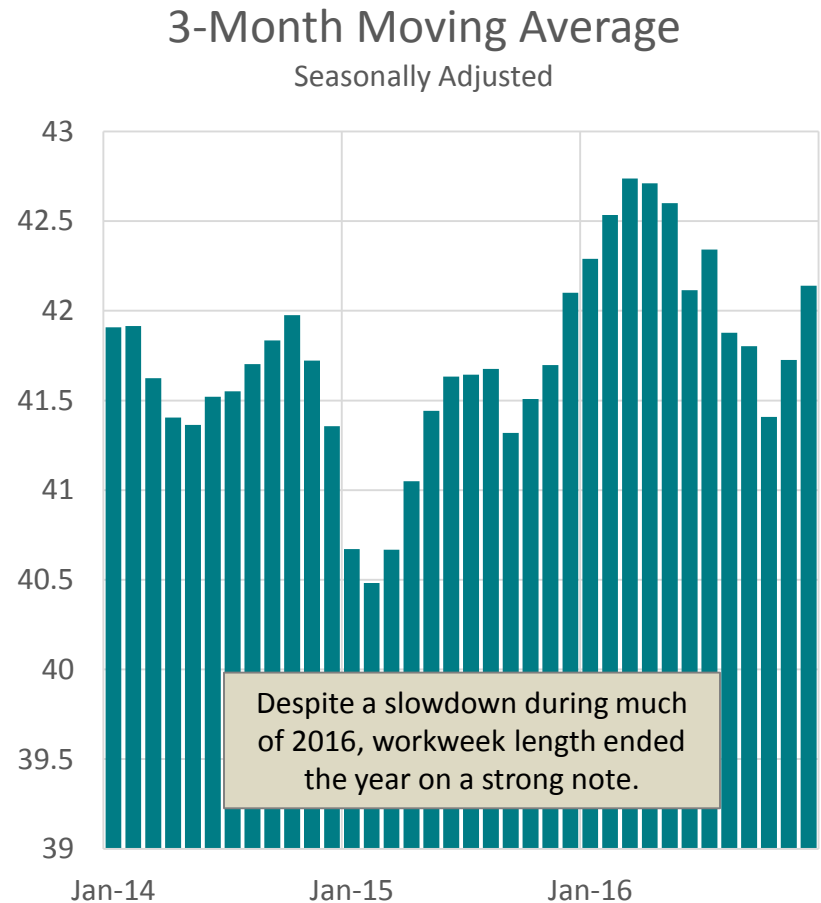
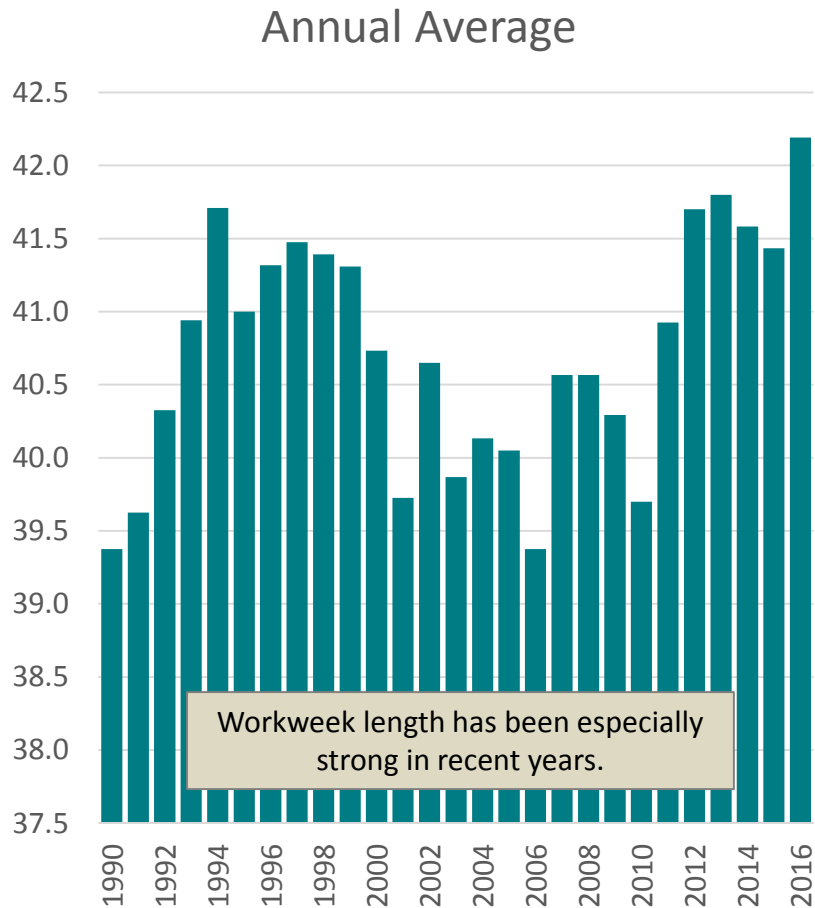
MS Construction Employment



MS Manufacturing Employment

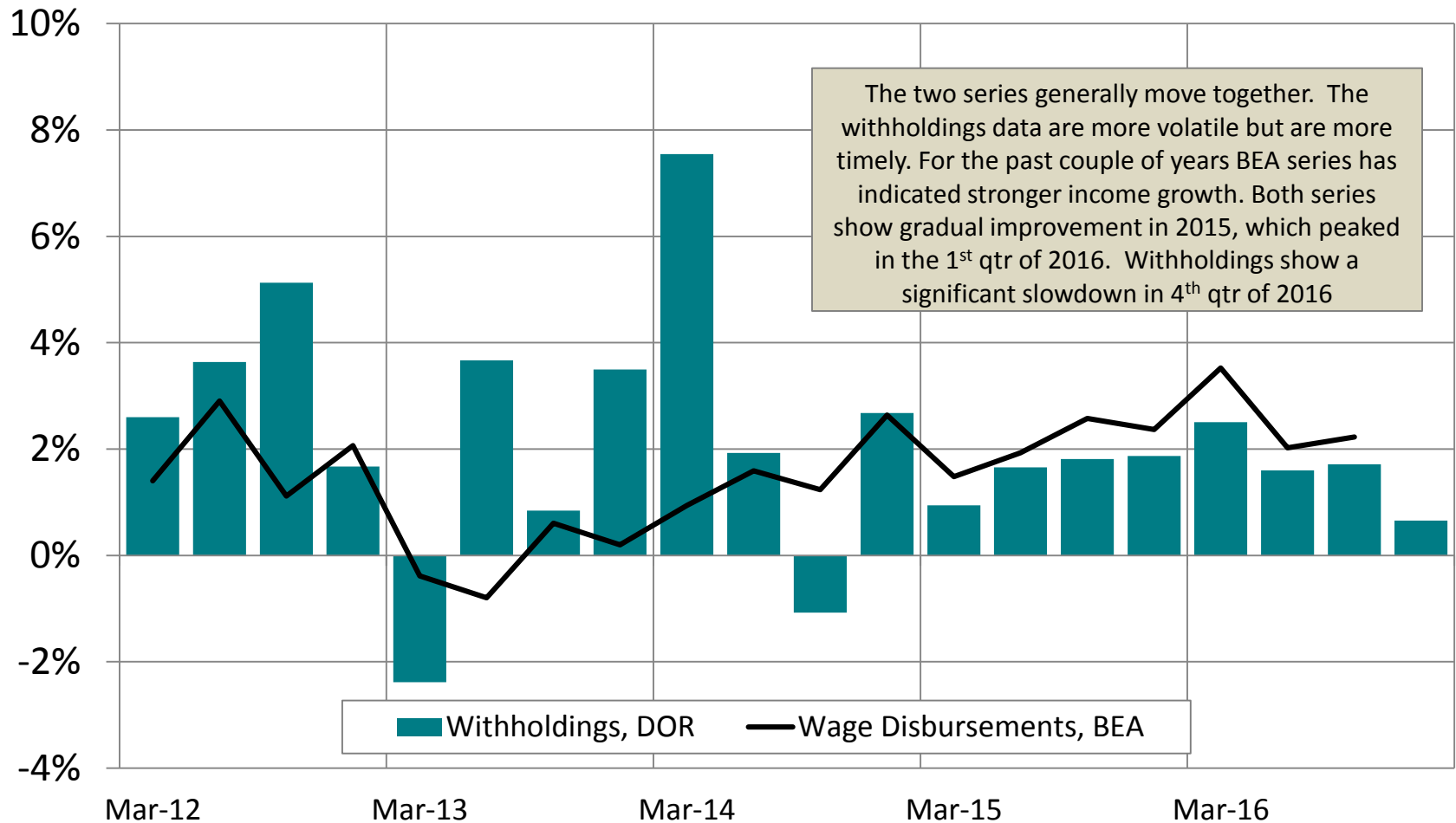


MS MFG Workweek Length

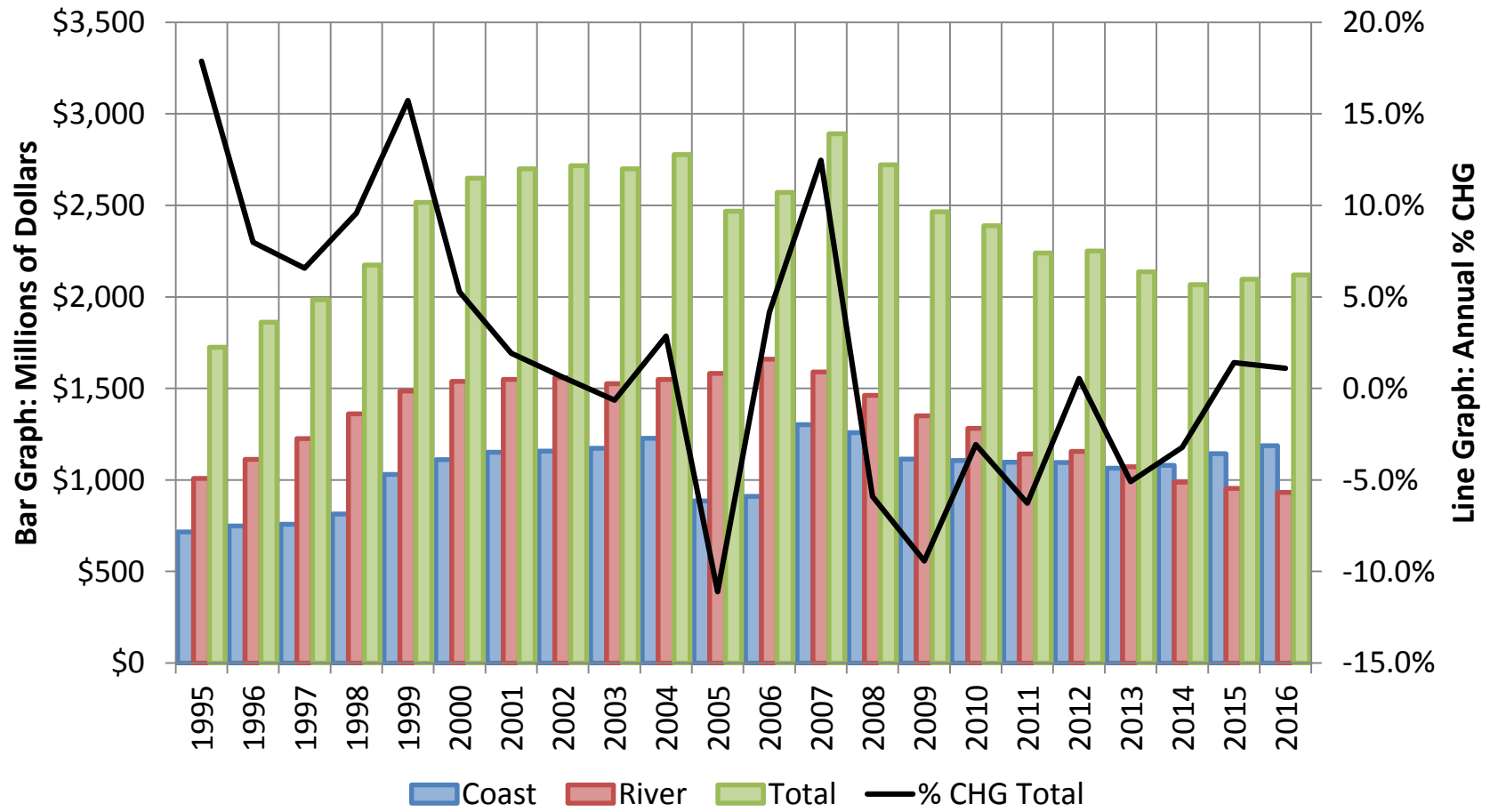


Two Measures of Income Growth by Qtr

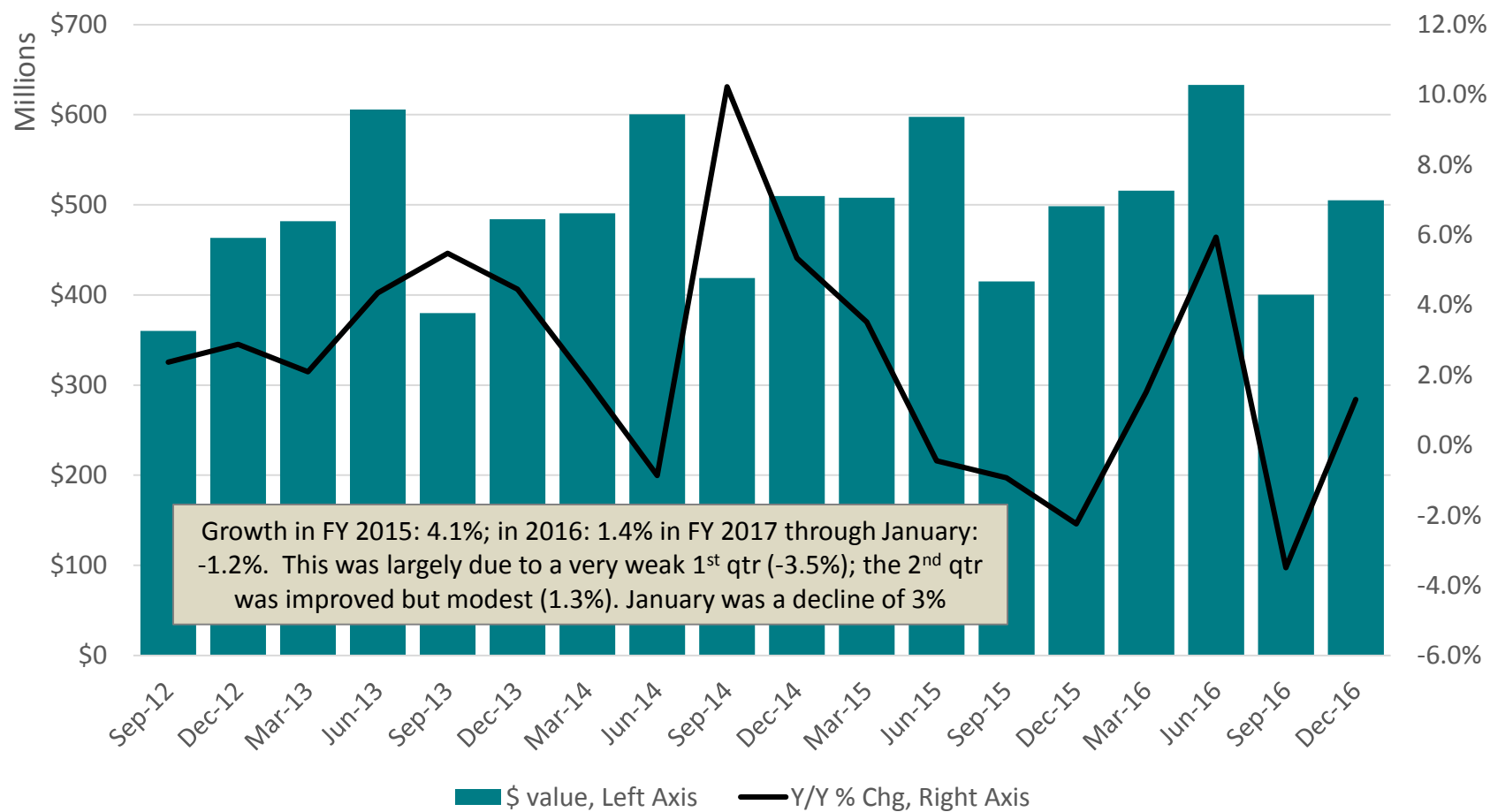
Y/Y Growth by Qtr, Adjusted for Inflation



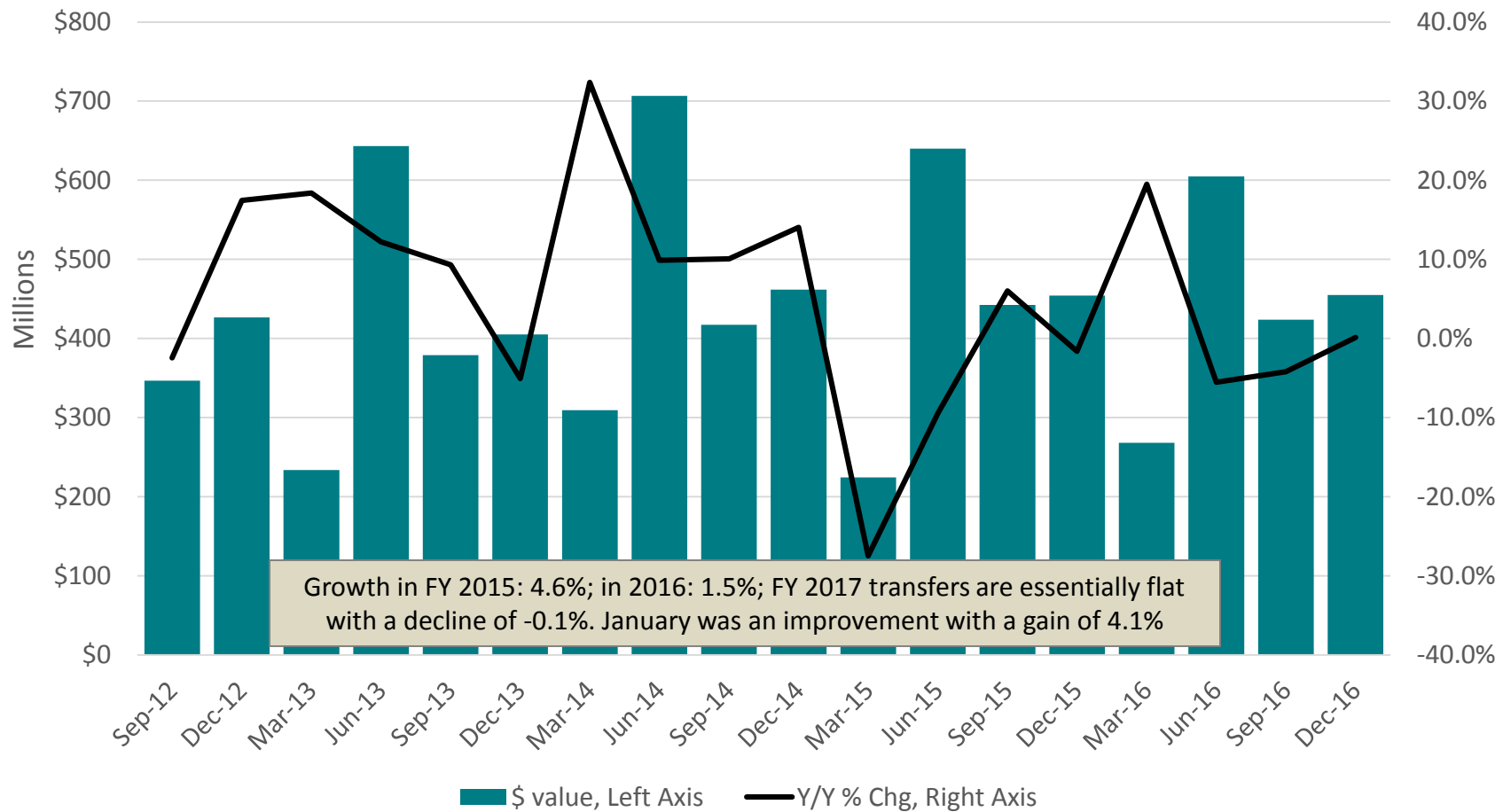
MS Gaming Revenue



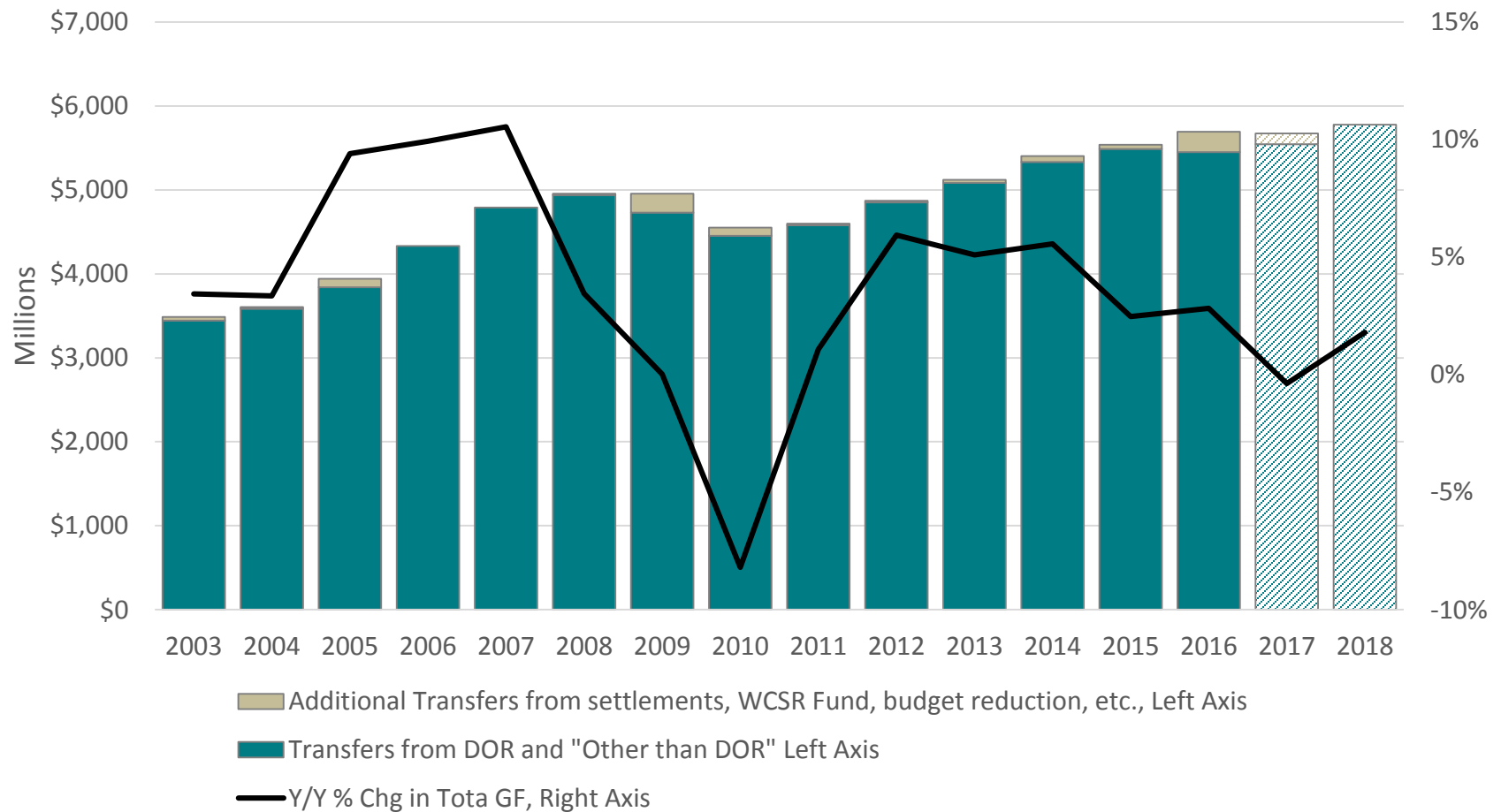
Transfers to the General Fund From Sales Tax Collections, by Qtr



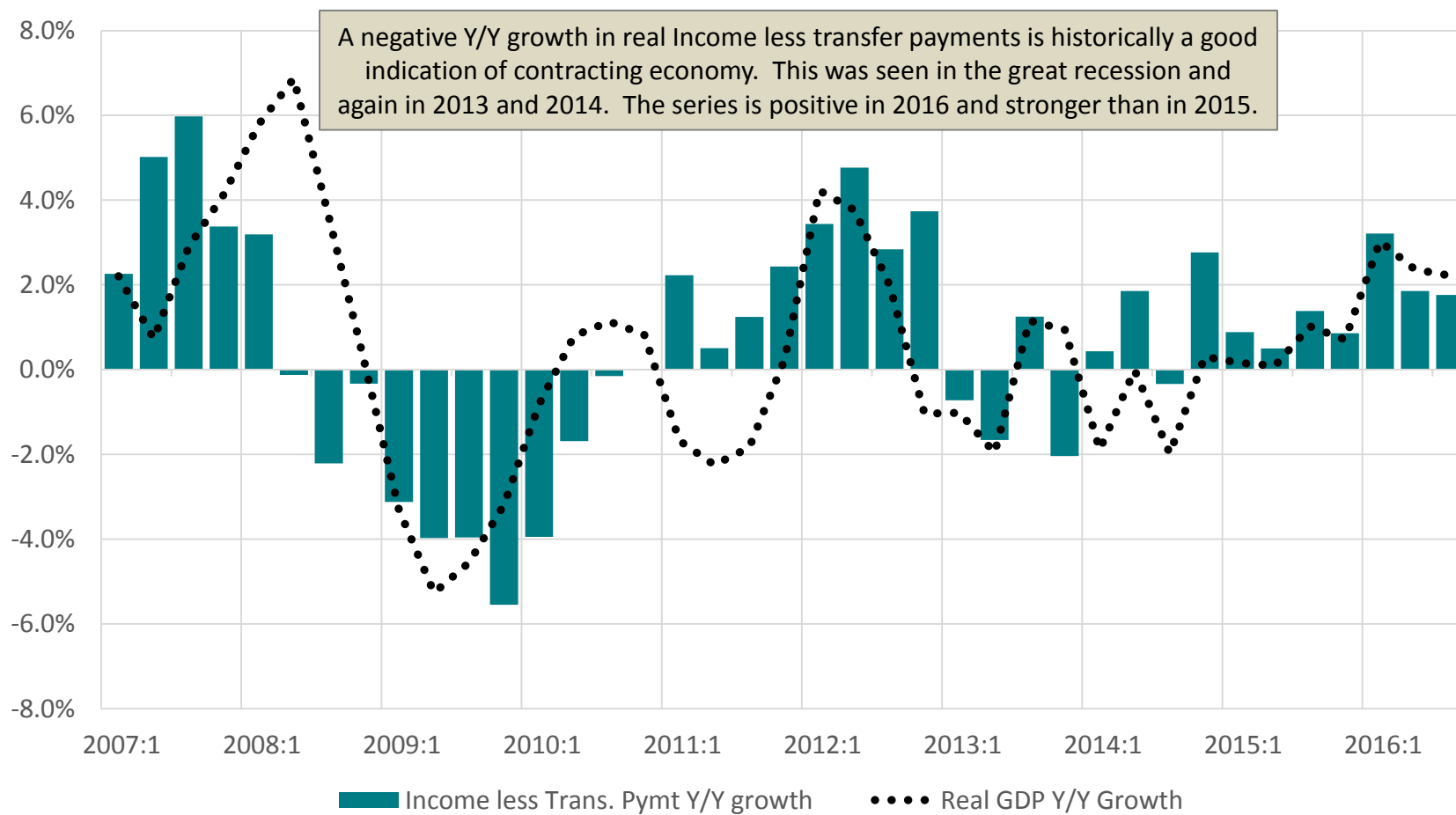
Transfers to the General Fund From Personal Income Tax Collections, by Qtr



Transfers to the General Fund

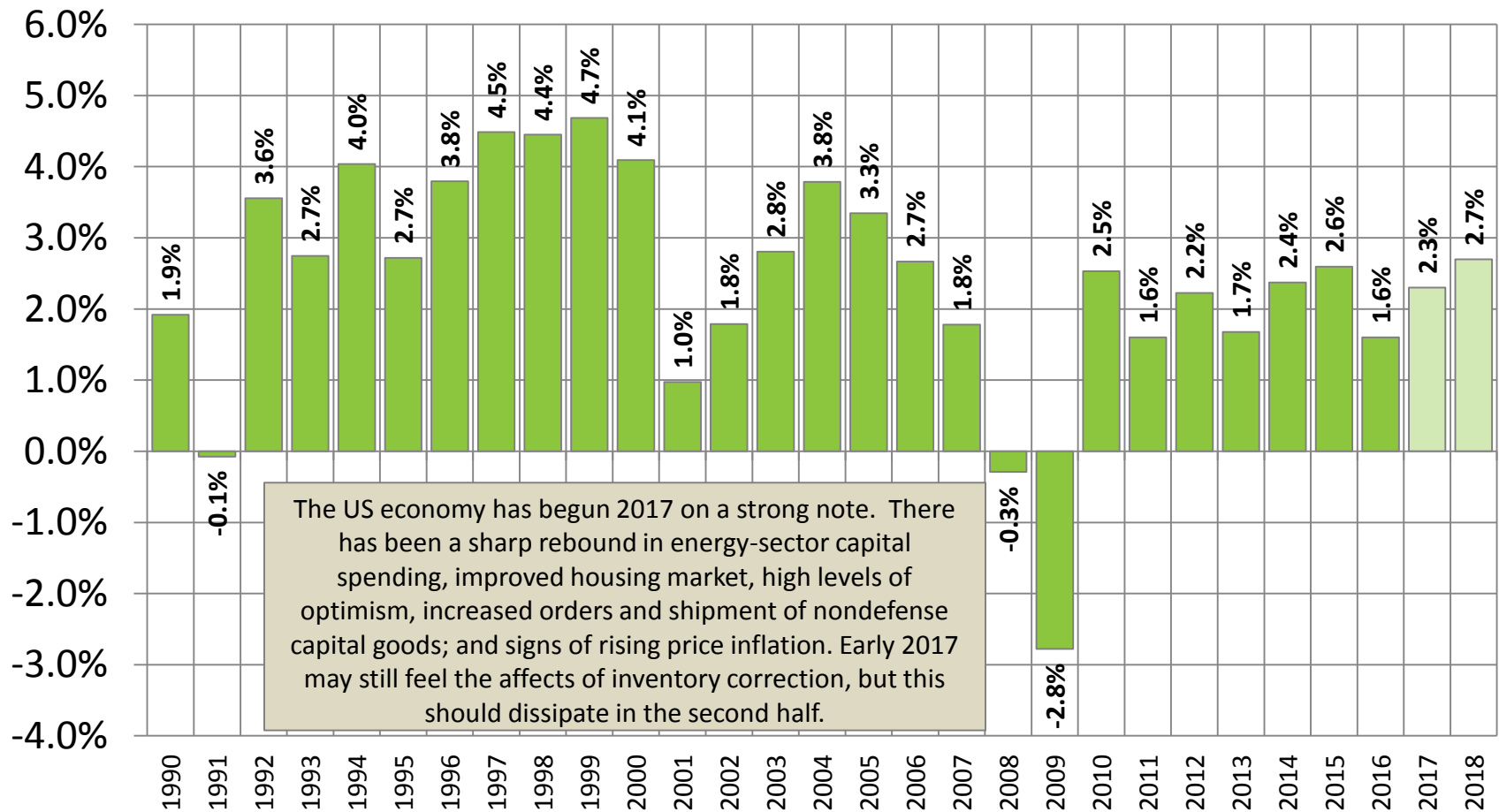


Despite Sluggishness, MS Economy is Expanding: Real Income Less Transfer Payments



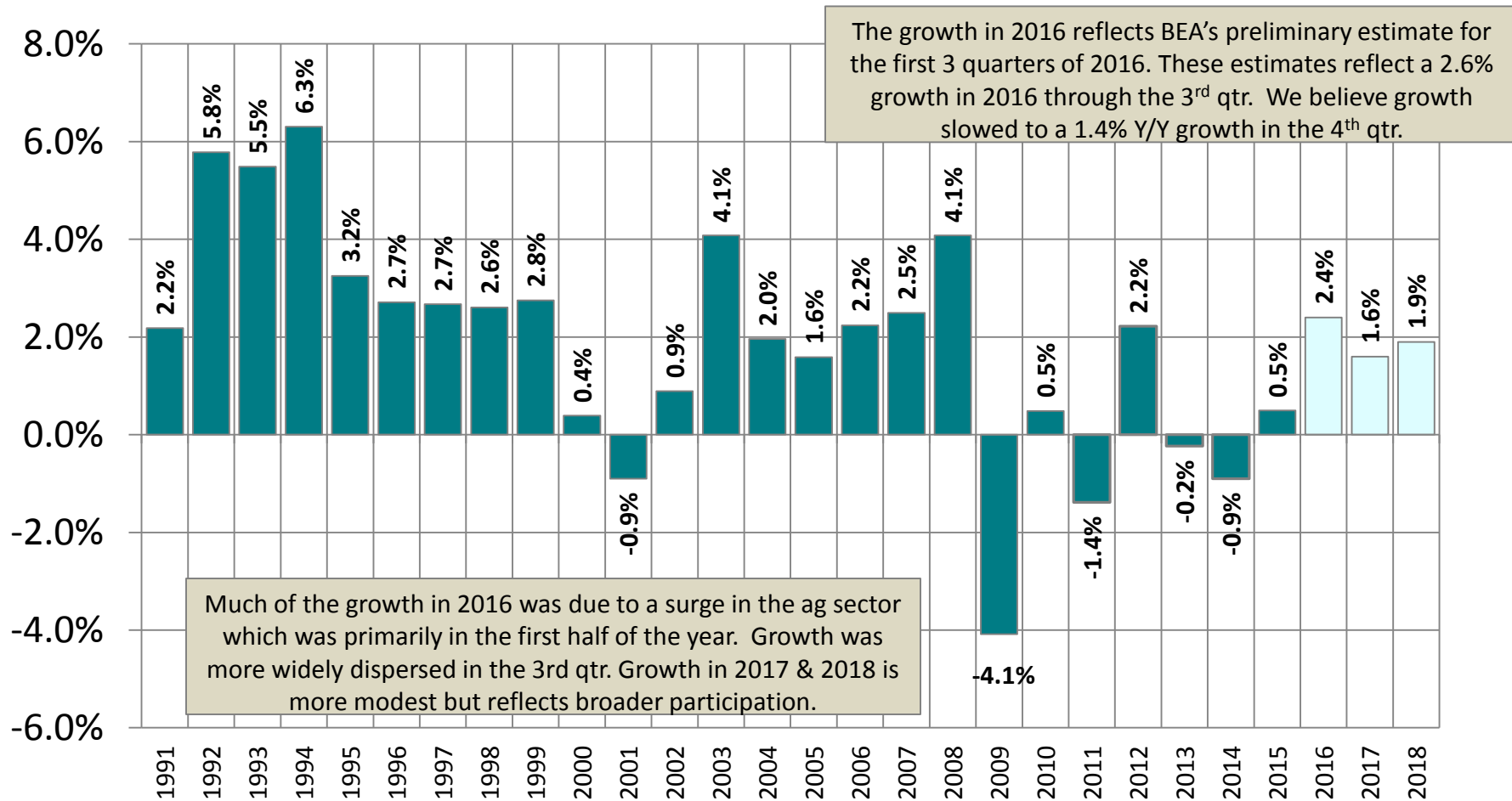
Growth In Real US GDP

Historical and IHS Markit Baseline Projections



Growth In Real MS GDP

Historical and University Research Center Projections



Recap:

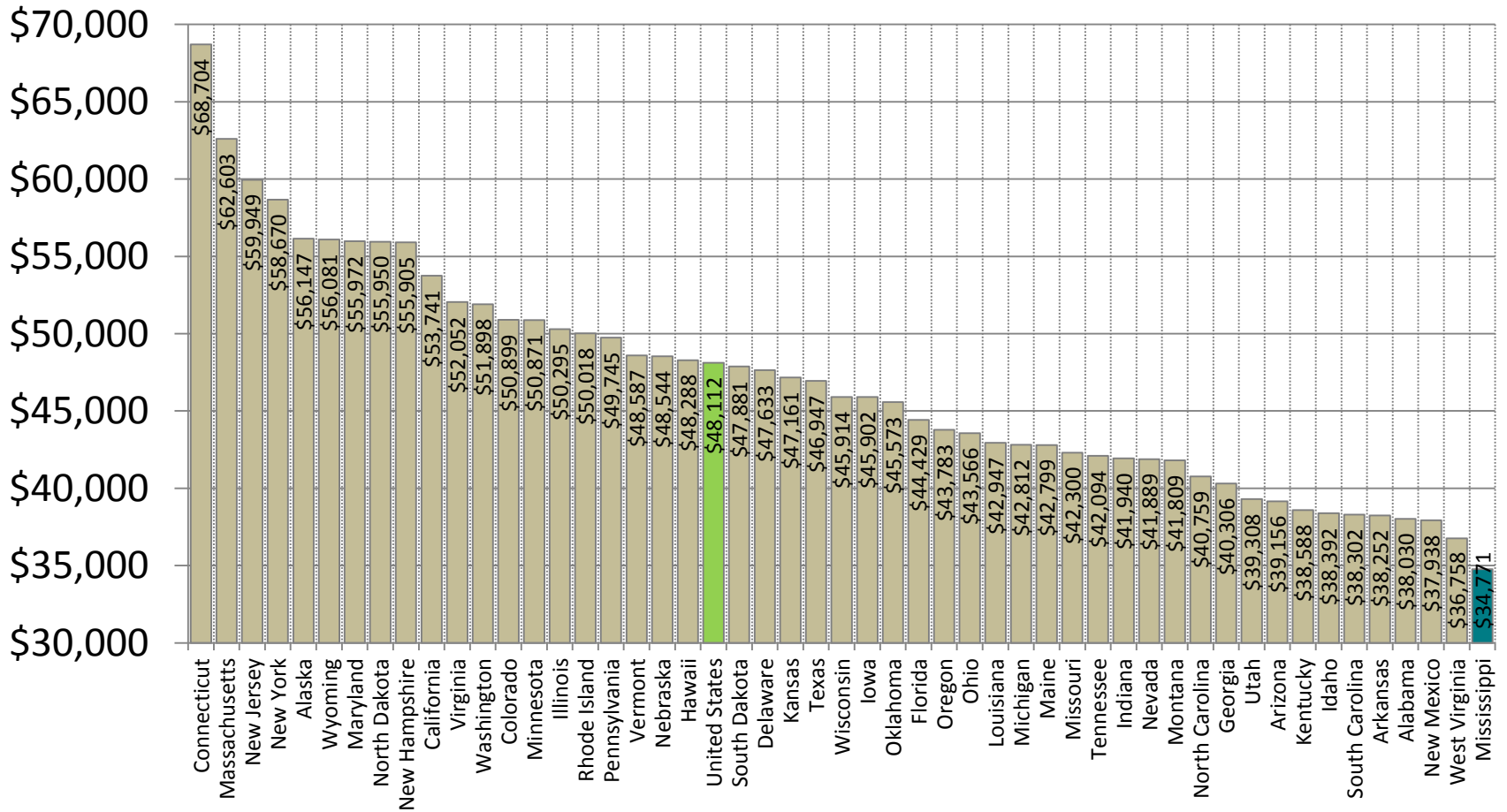
- US Economy has momentum in 2017
 - Risk of recession remains low
- MS has struggled since the great Recession.
 - 2016 is the 1st time the state has experienced 2 years of consecutive growth since the recession
 - The strong headline growth of 2016 was driven by ag volatility which will shave off growth in 2017
 - Growth in 2017 however will be more widespread and will continue into 2018 at a modest pace.
- Despite a modest forecast, revenues have disappointed in FY 2017.

APPENDIX

Per Capita Personal Income

2015

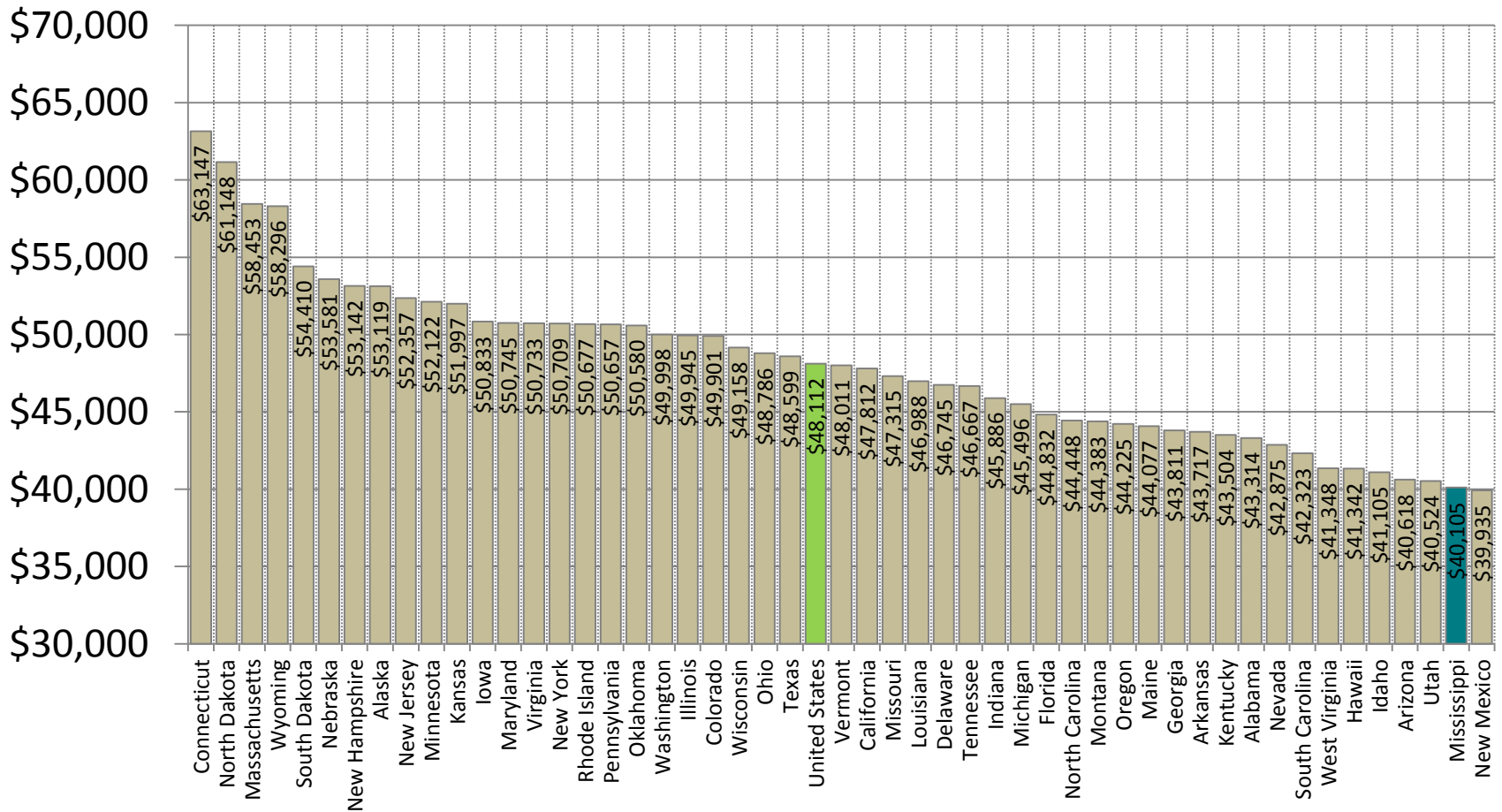
Per capita income is total personal income divided by total population.



Per Capita Personal Income

Adjusted for Cost of Living, 2015

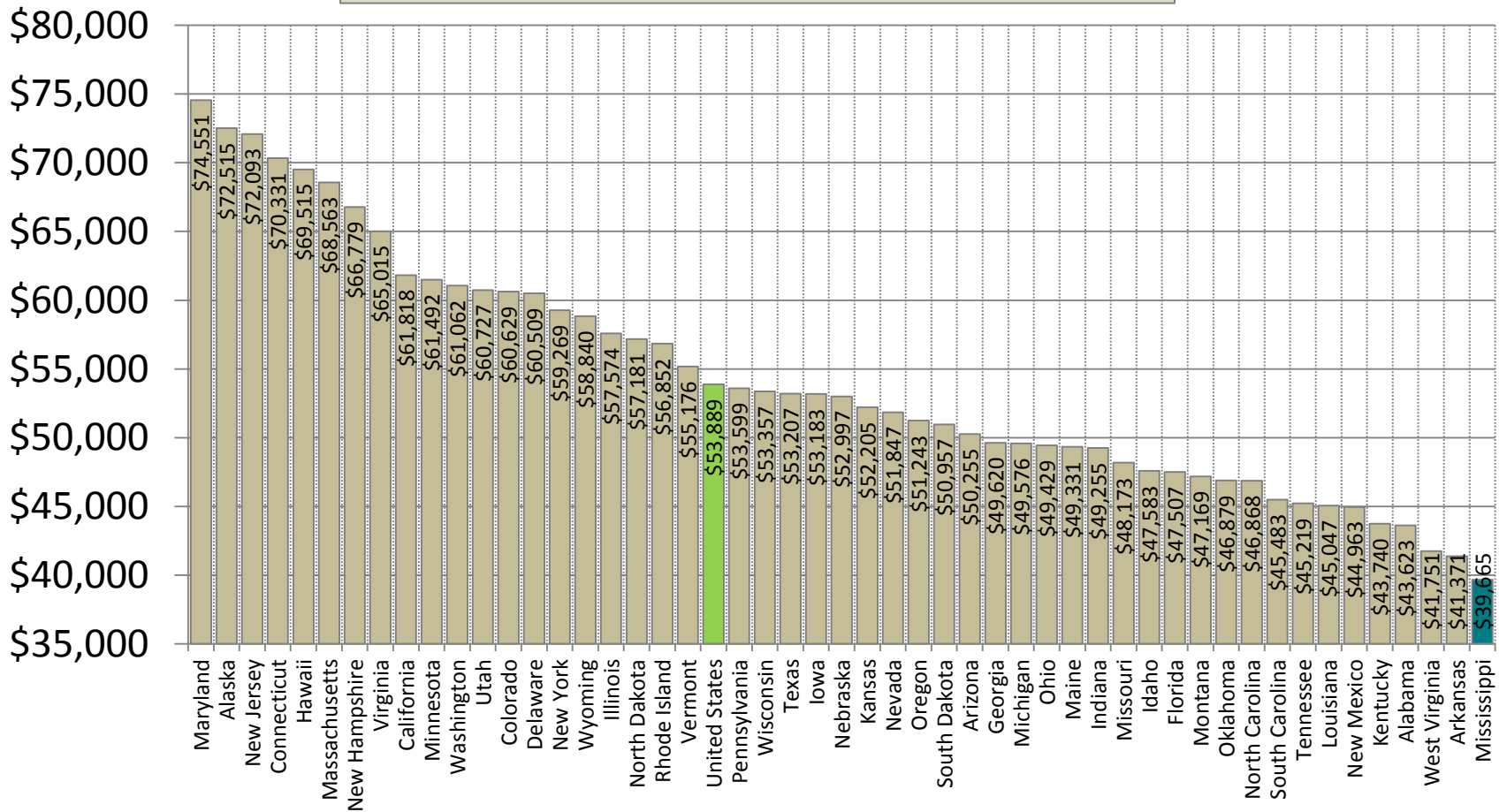
Per capita income is total personal income divided by total population.



Median Household Income

2015

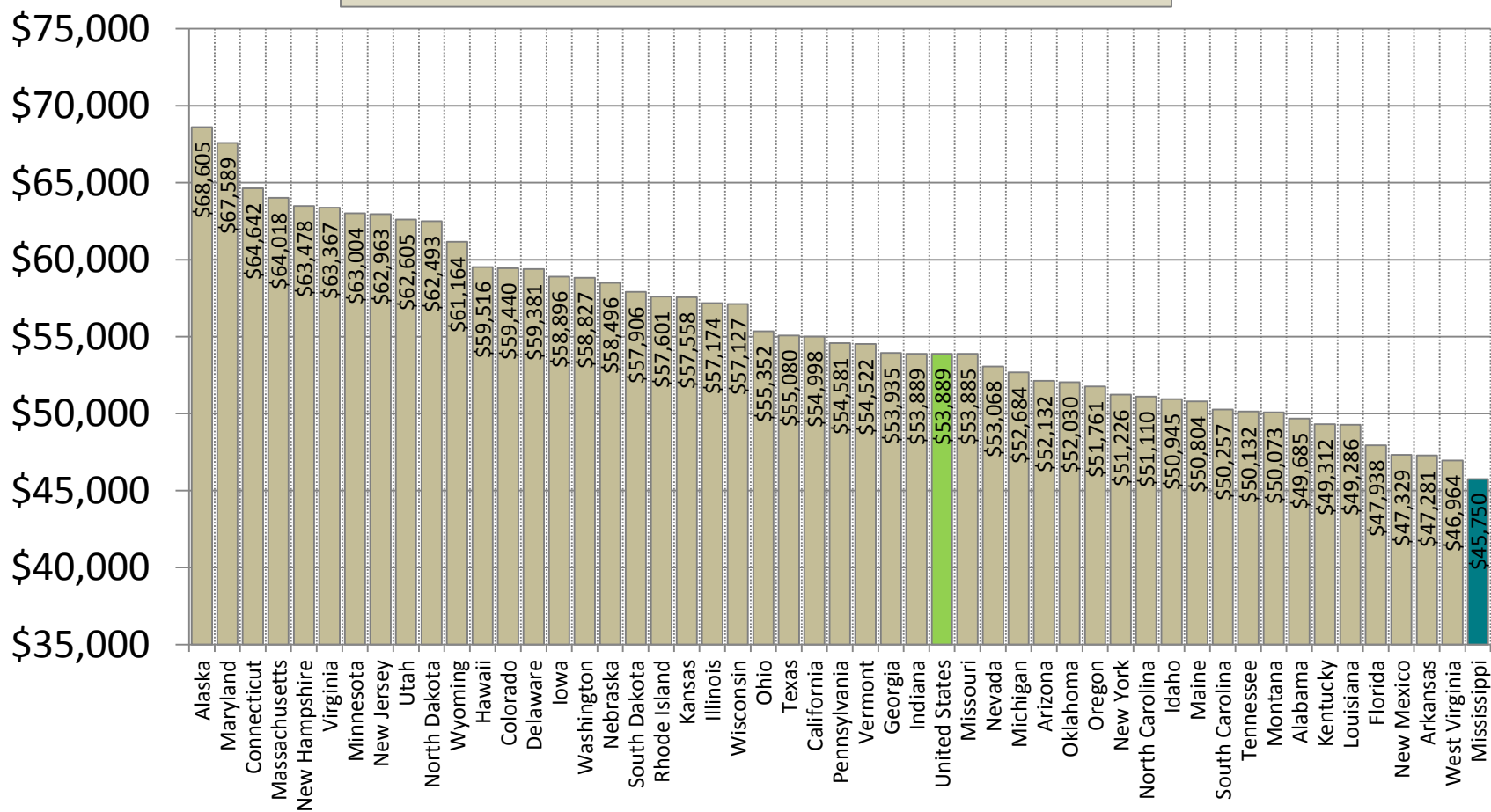
Median household income is the level of income at which 50% of households are above and 50% are below.



Median Household Income

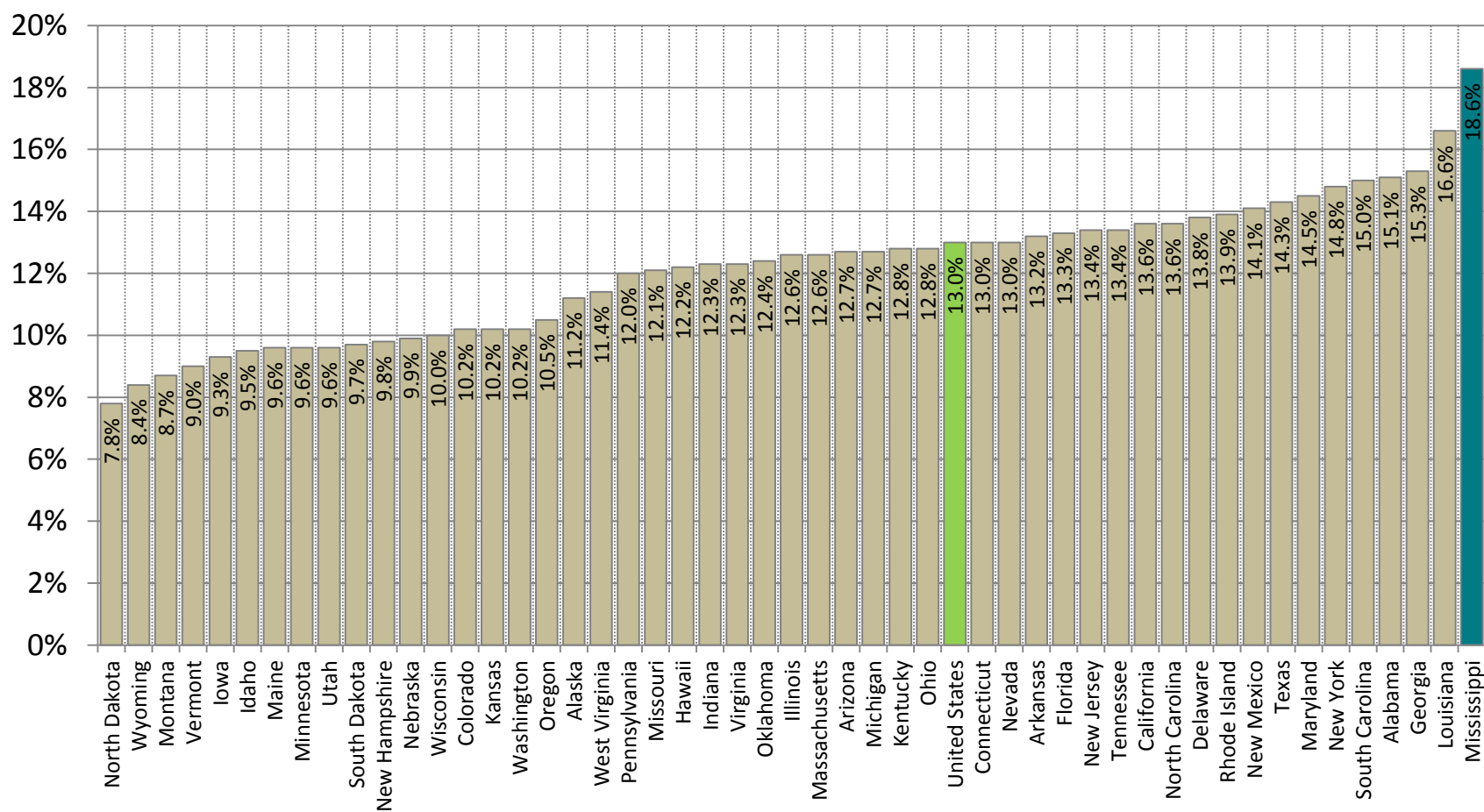
Adjusted for Cost of Living, 2015

Median household income is the level of income at which 50% of households are above and 50% are below.



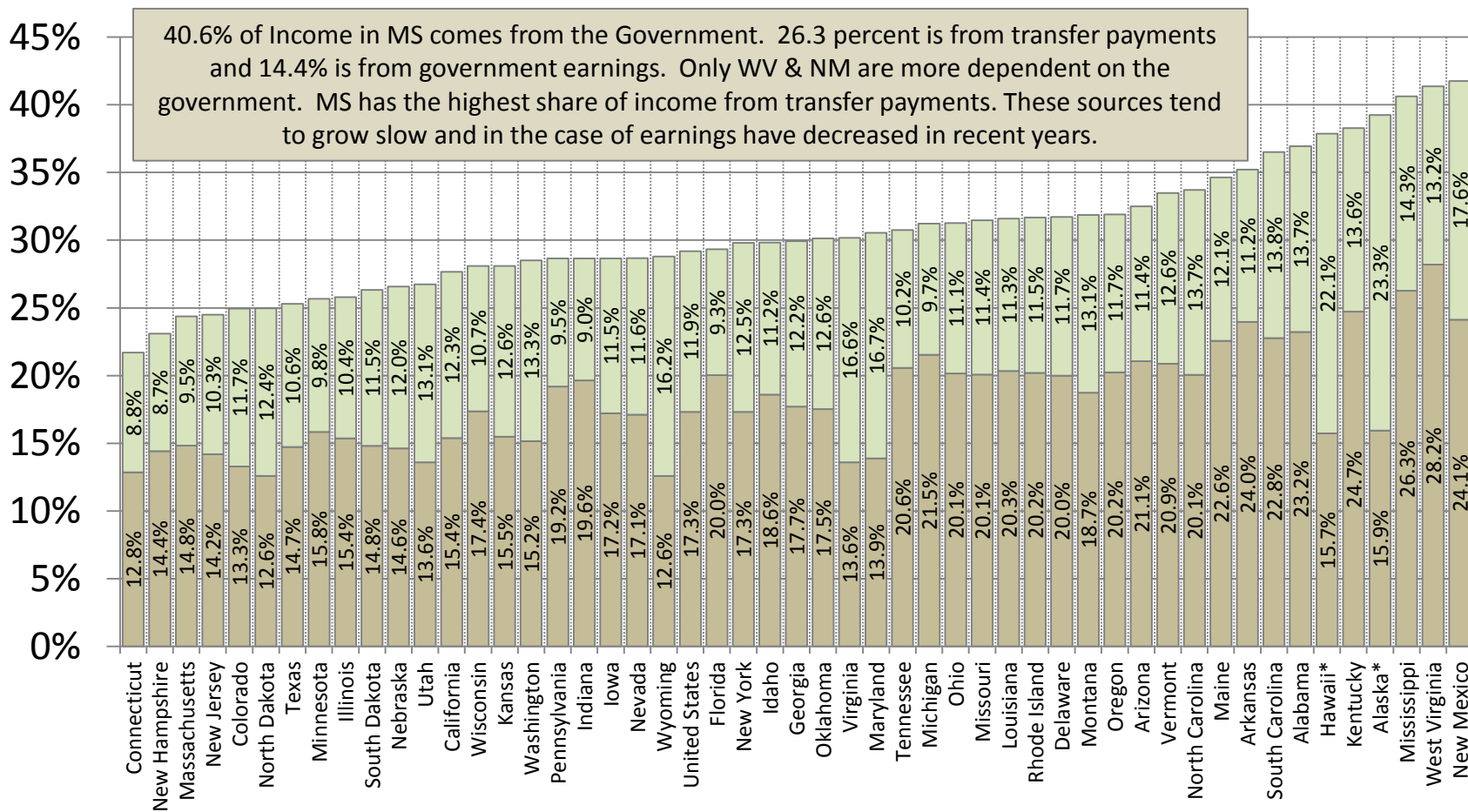
Female Headed Household

as a share of all Households, 2015

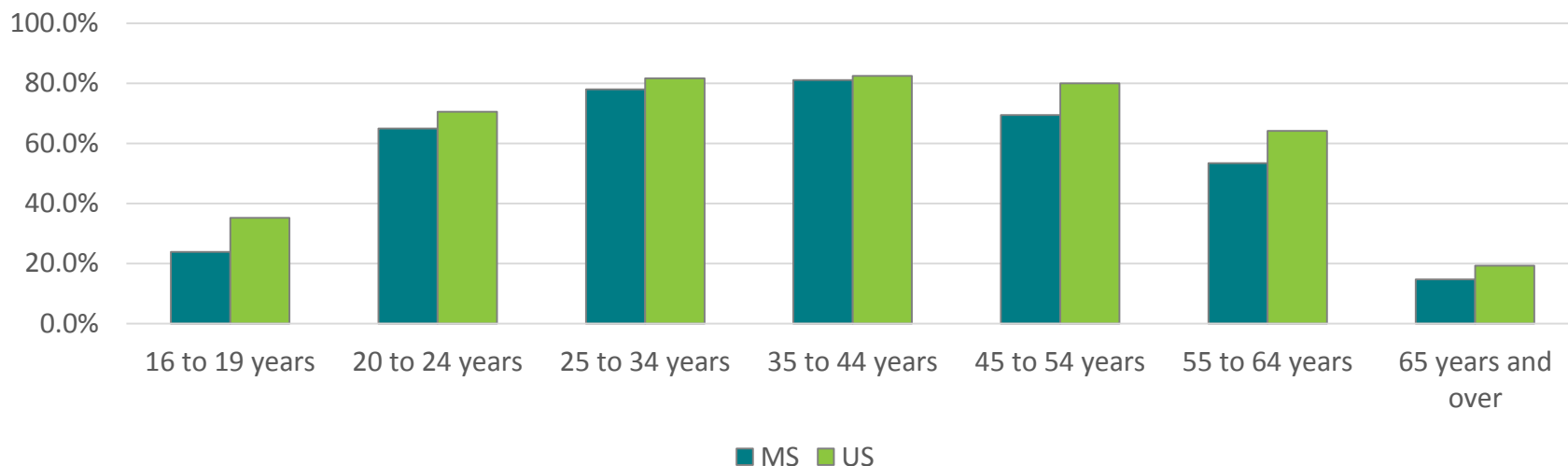


Government Dependence

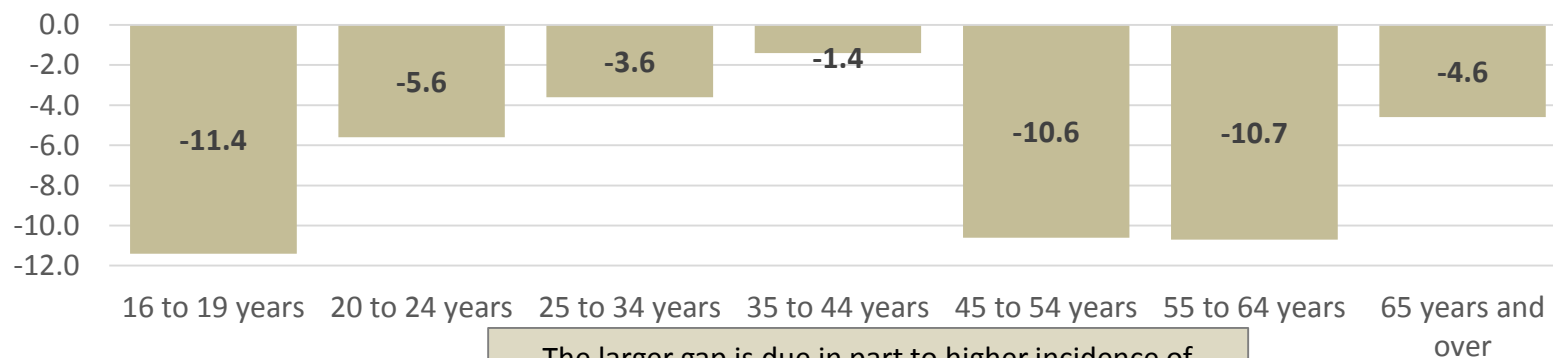
Share of Total Personal Income From Transfer Payments and Government Earnings, 2015



Workforce Participation by Age, 2016

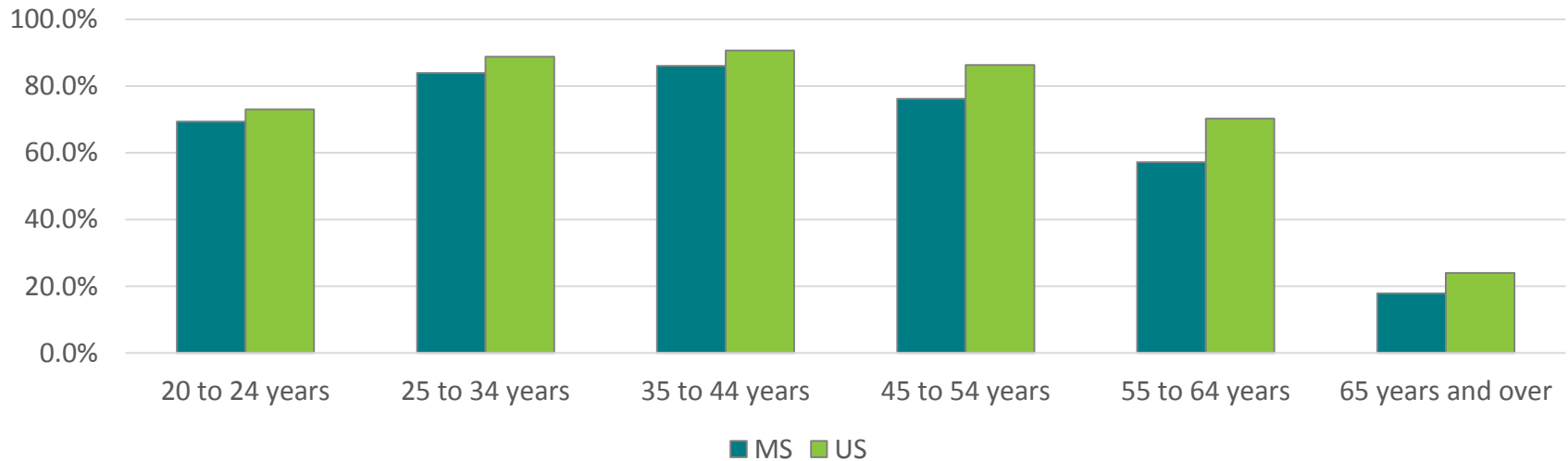


MS-US Gap in Workforce Participation Rate by Age

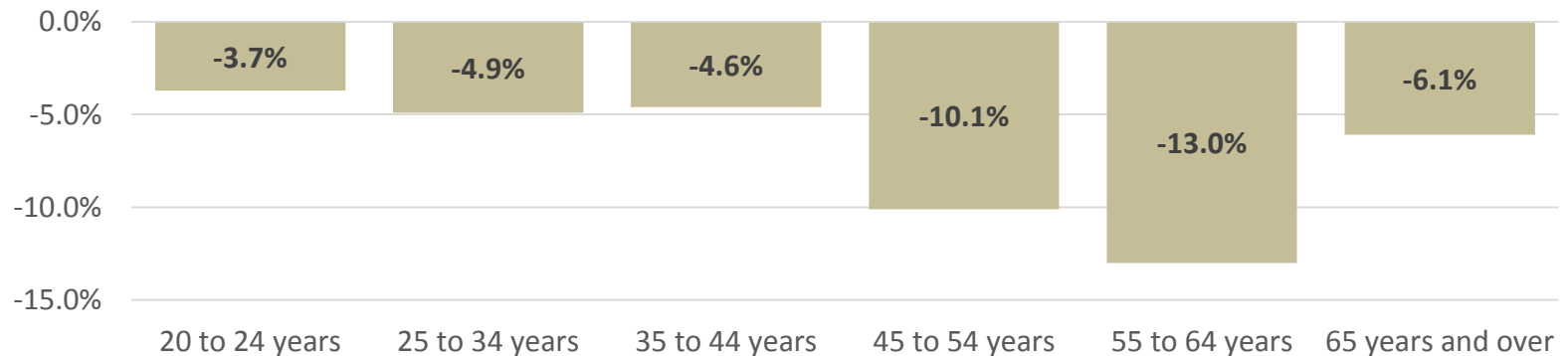


The larger gap is due in part to higher incidence of disability.

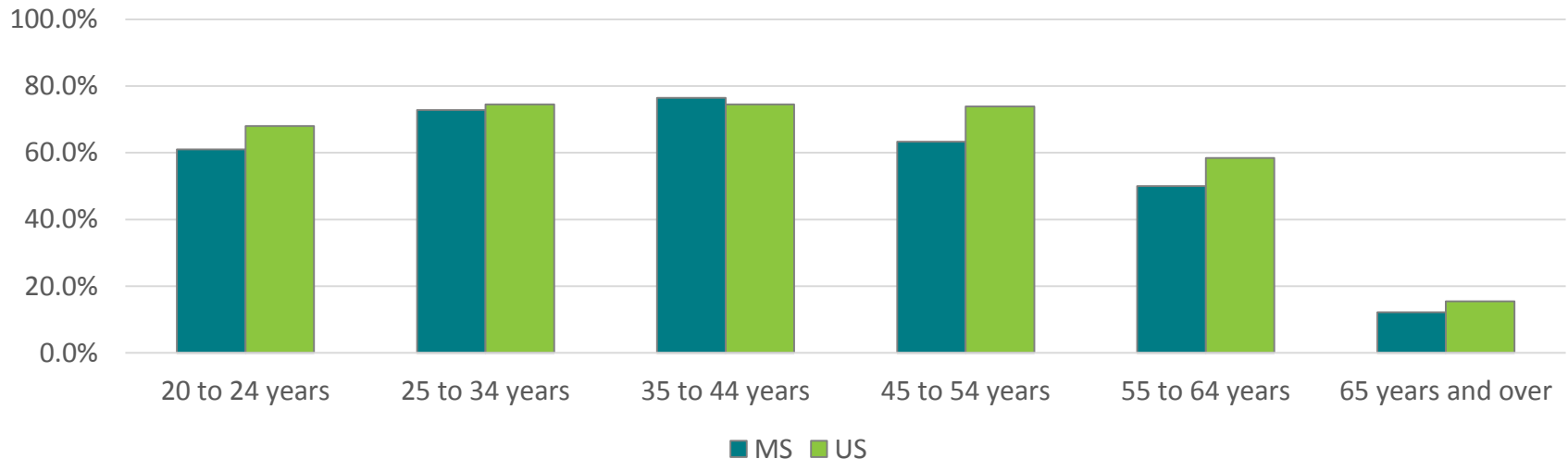
Workforce Participation, Men



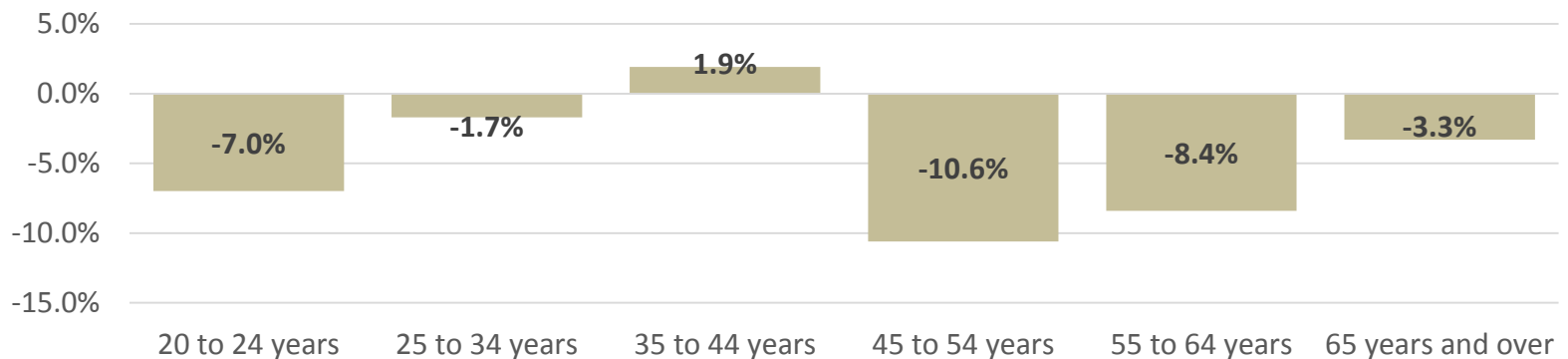
MS-US Gap in Workforce Participation Rate, Men



Workforce Participation, Women

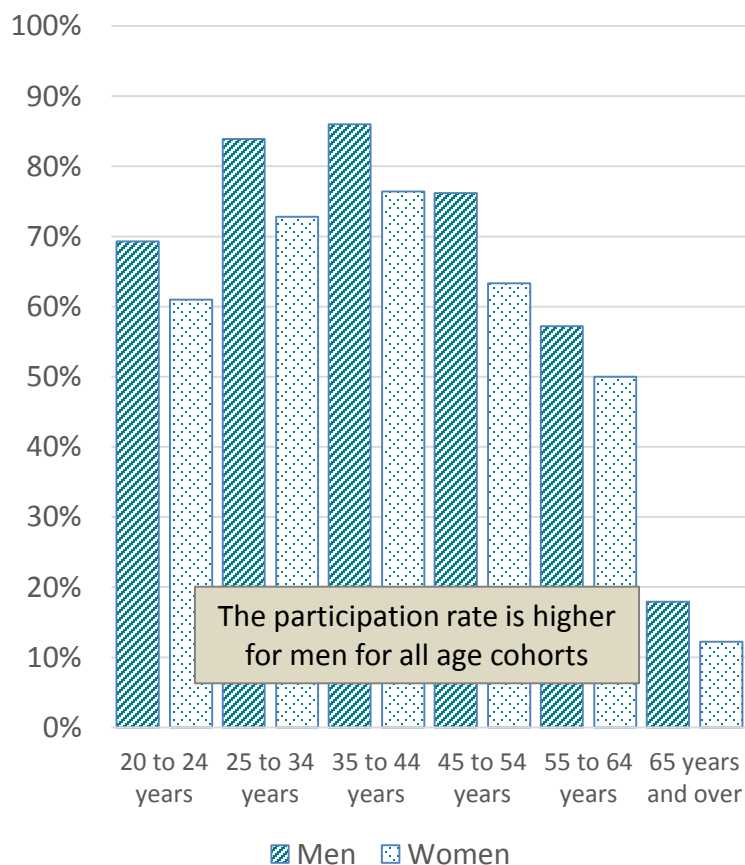


MS-US Gap in Workforce Participation Rate, Women



Workforce Participation In MS, 2016

By Gender and Age



By Race and Gender

