



The State of the State

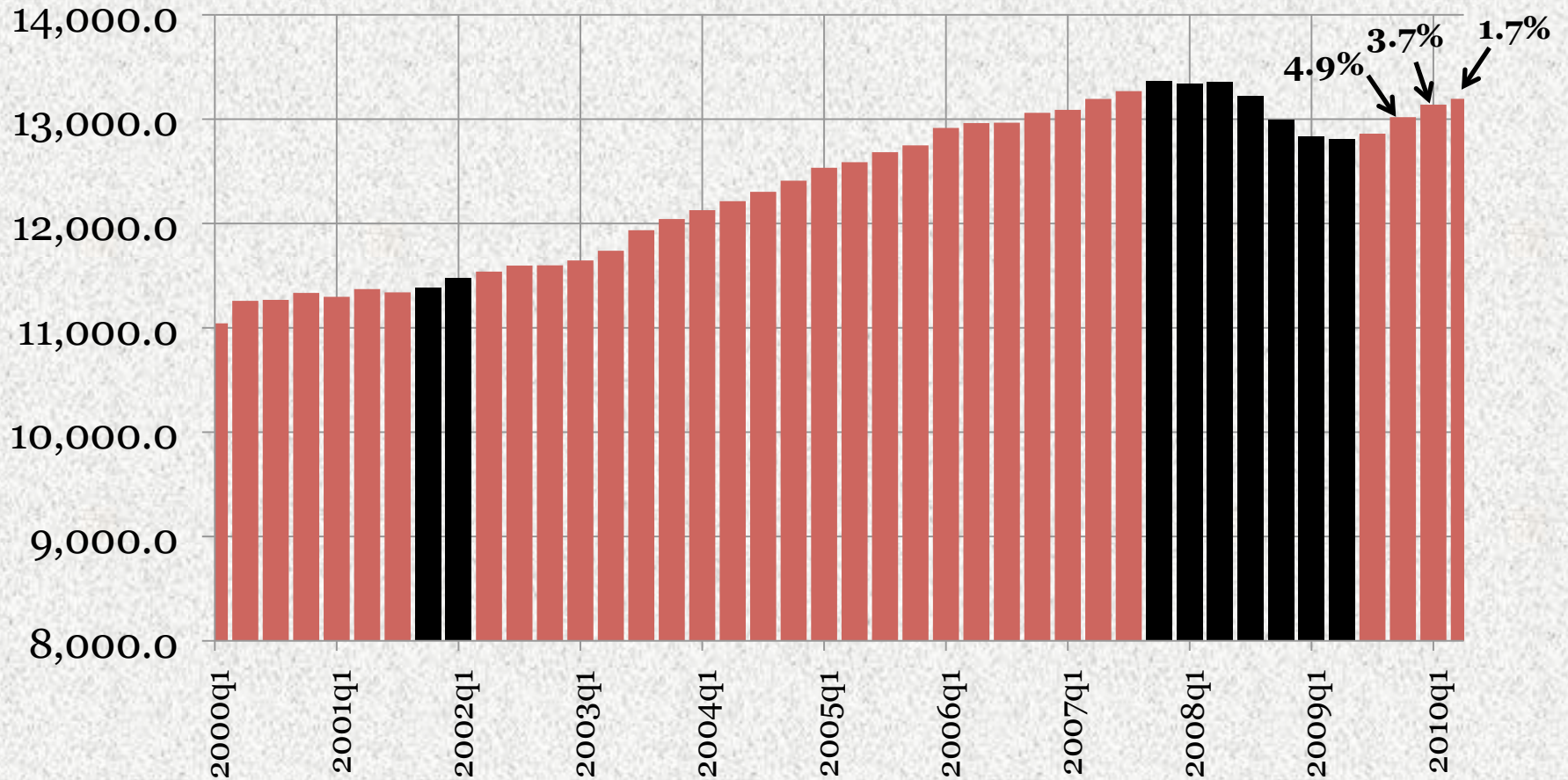
Presented to the Annual Conference of
The Mississippi Economic Policy Center
October 22, 2010

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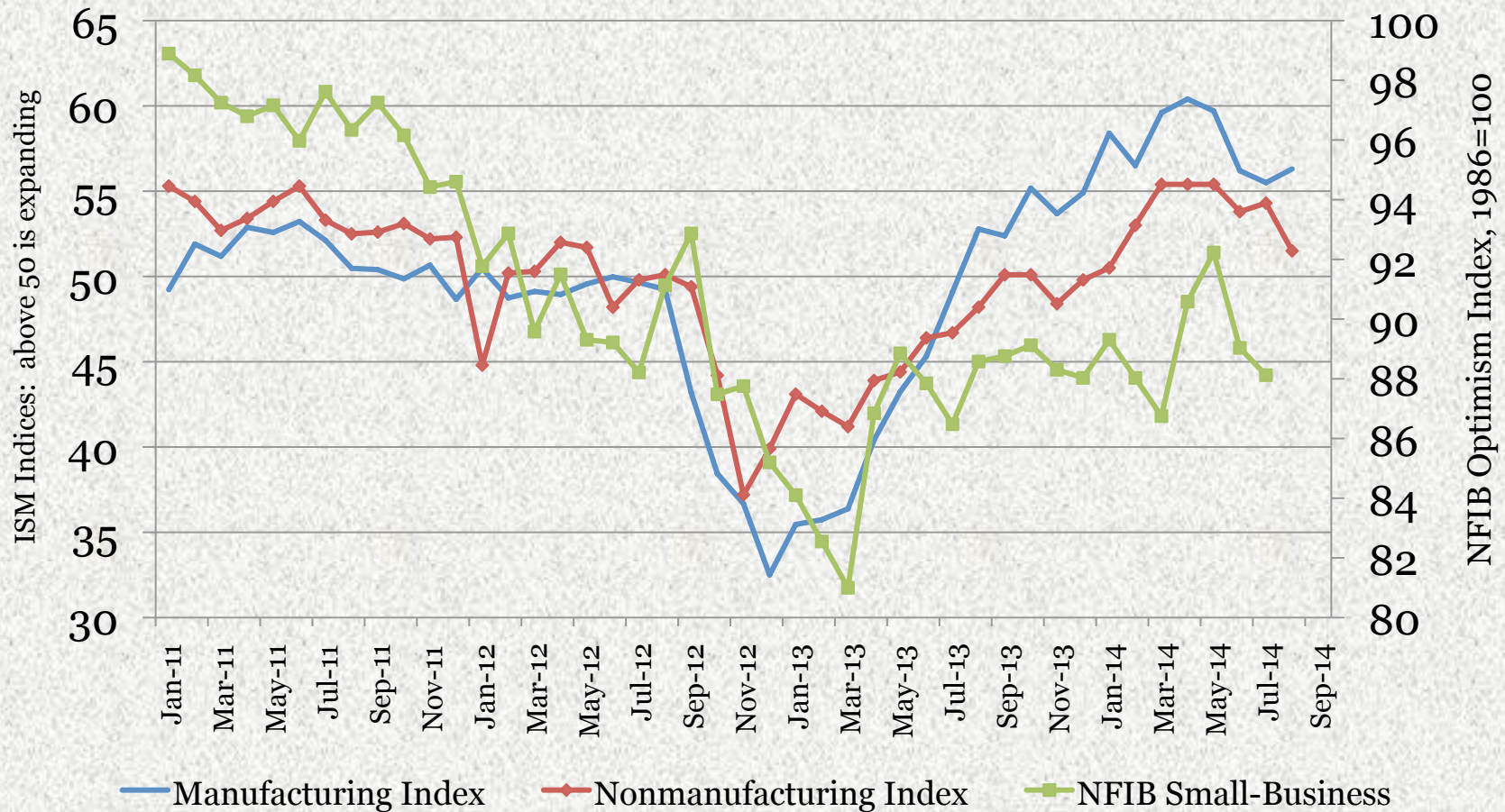
The National Economy Is Recovering

Real GDP in the US



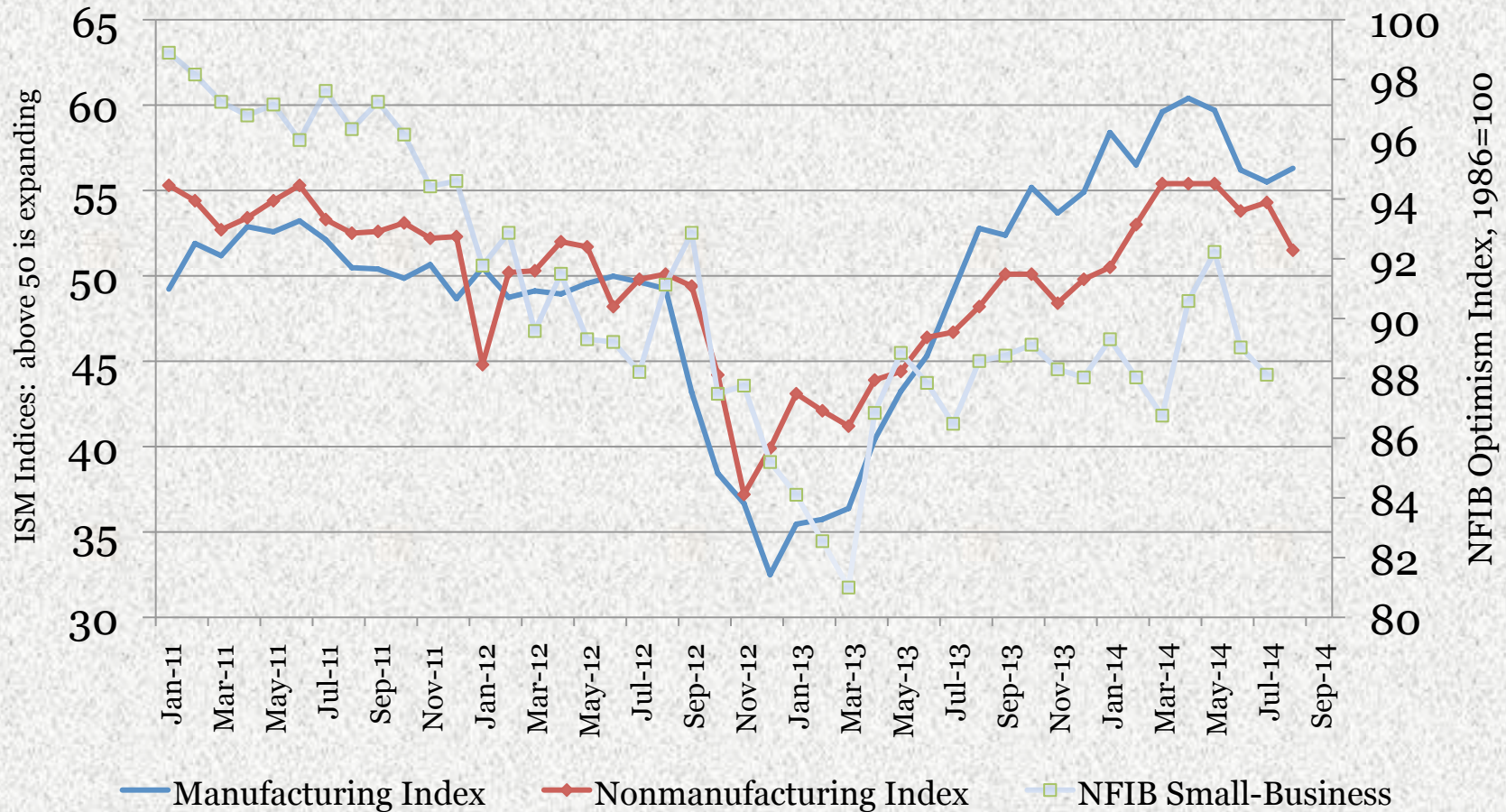


ISM Indices Off Their Highs but Growing; Small Businesses Still Lagging



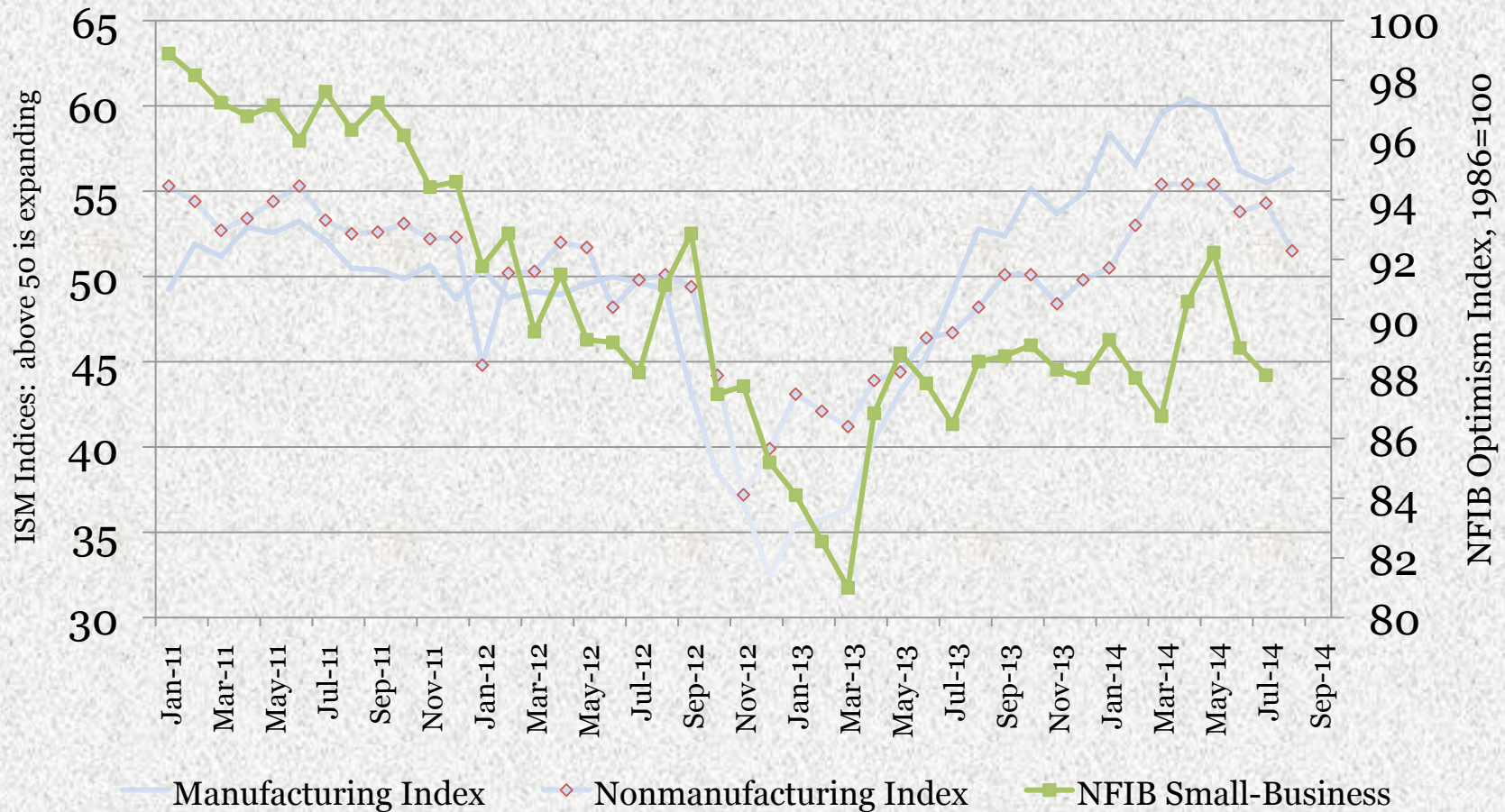


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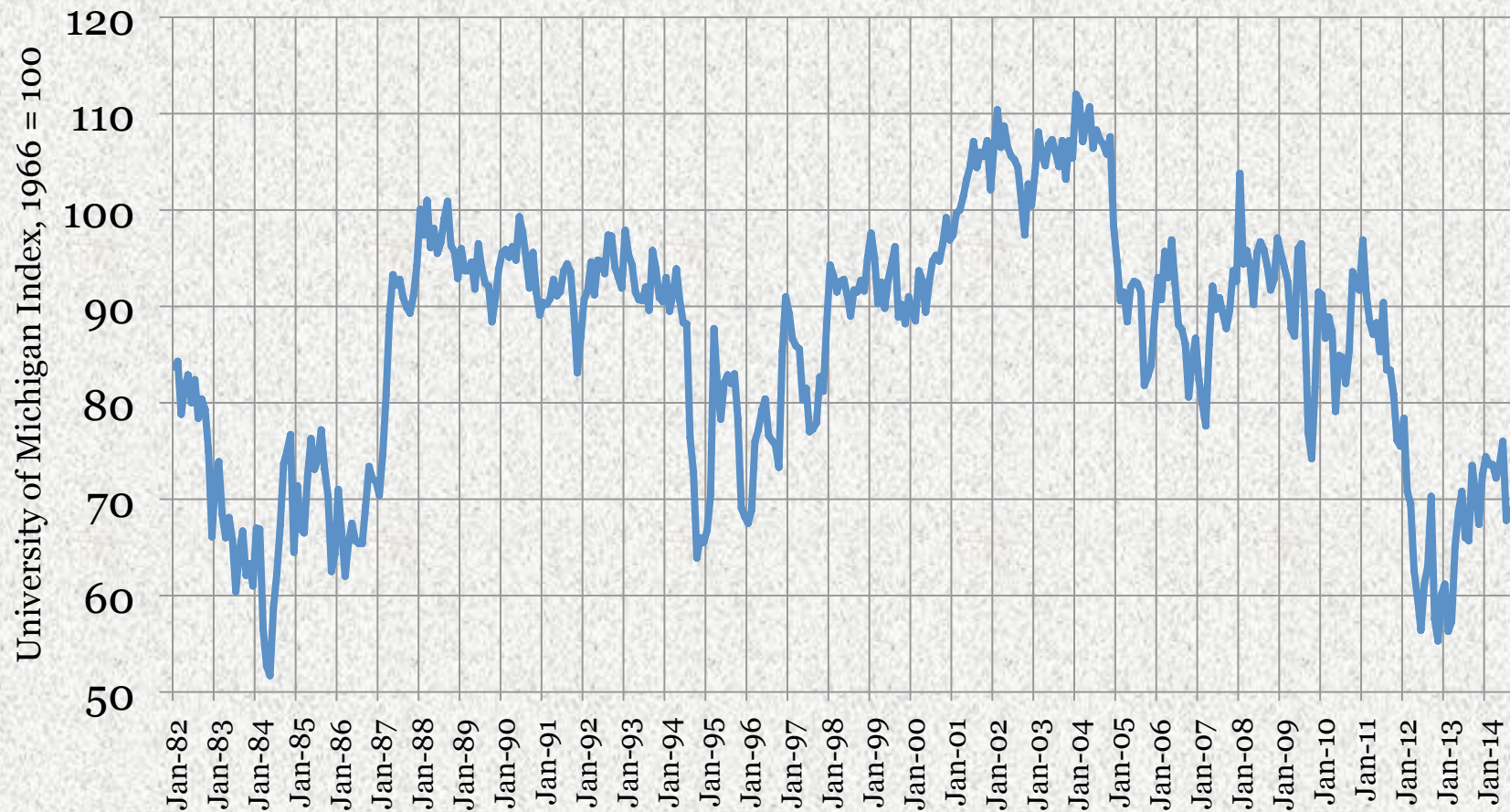


ISM Indices Off Their Highs but Growing; Small Businesses Still Lagging





Consumer Sentiment: Off The Floor, But Still Weak





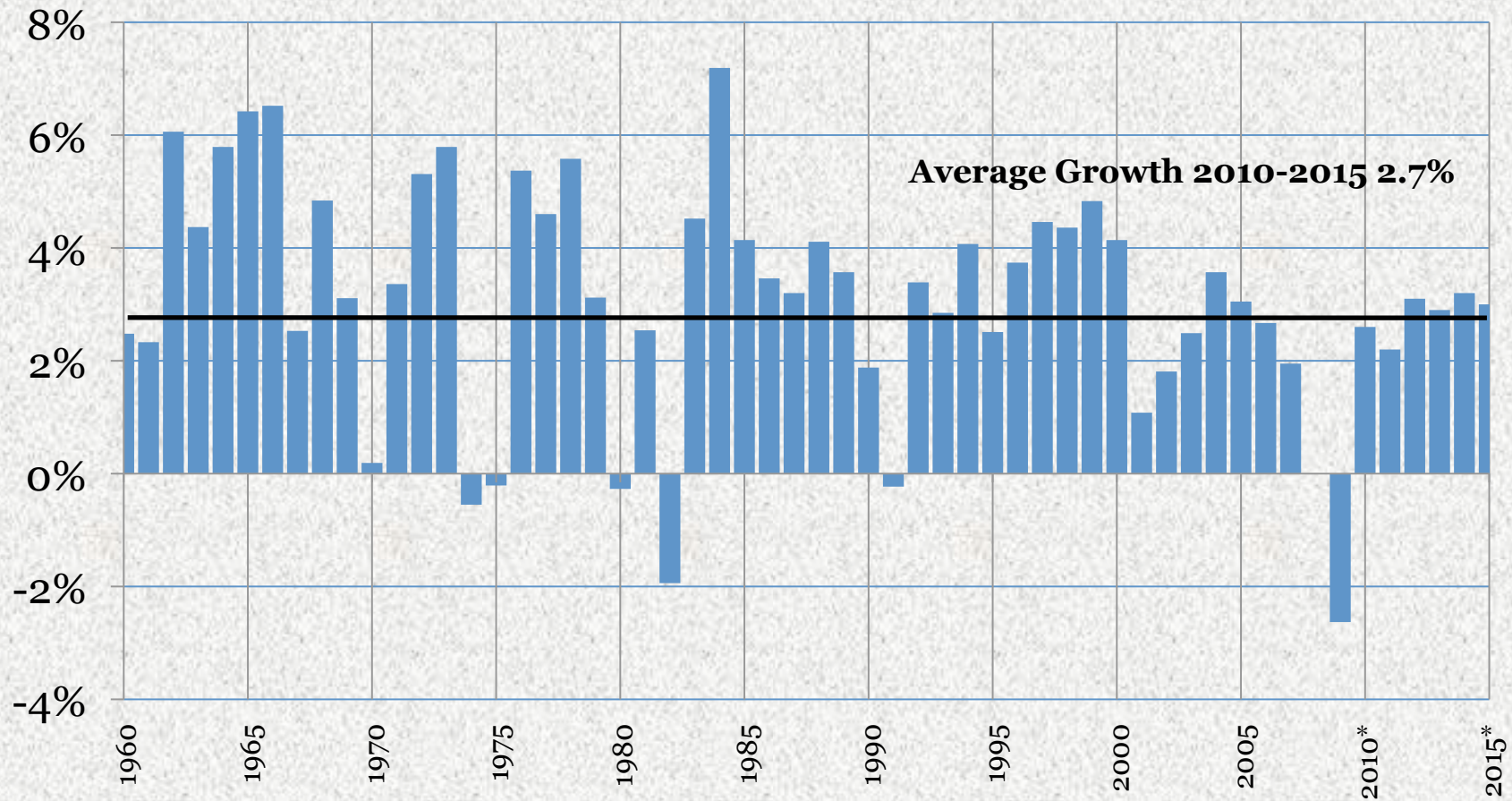
Why is the recovery so weak?

- Weak recoveries often follow financial crisis
- Easy gains are over
 - Federal programs borrowed growth from future
 - Inventory correction has ended
- Recession slowed household formation
- Housing sector is weak
- Consumers reluctant to spend
- Businesses reluctant to hire



US Real Gross Domestic Product

Growth Over Prior Year



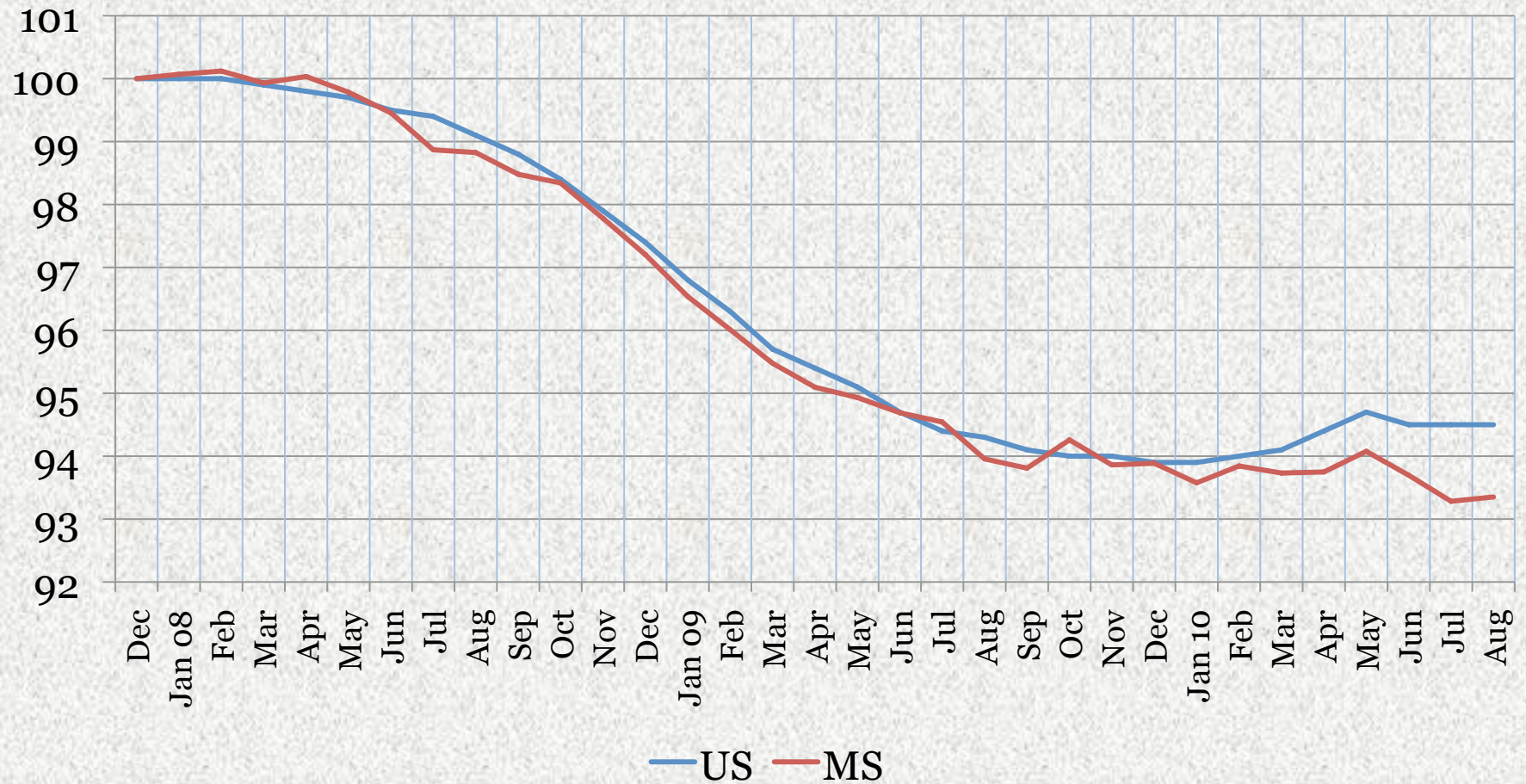
What about MS's Economy?



Employment Index

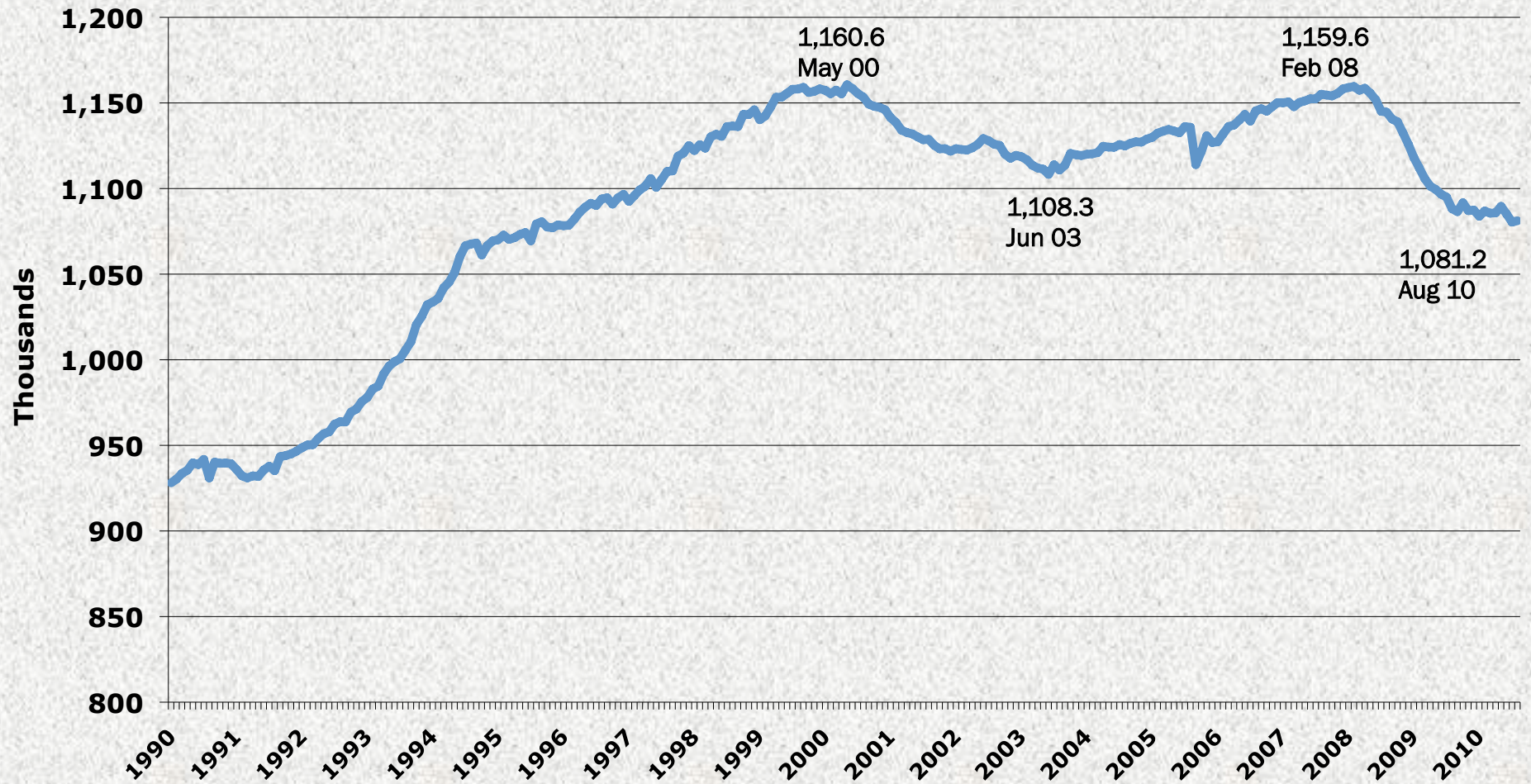
December 2007 = 100

Thousands





MS Nonfarm Employment

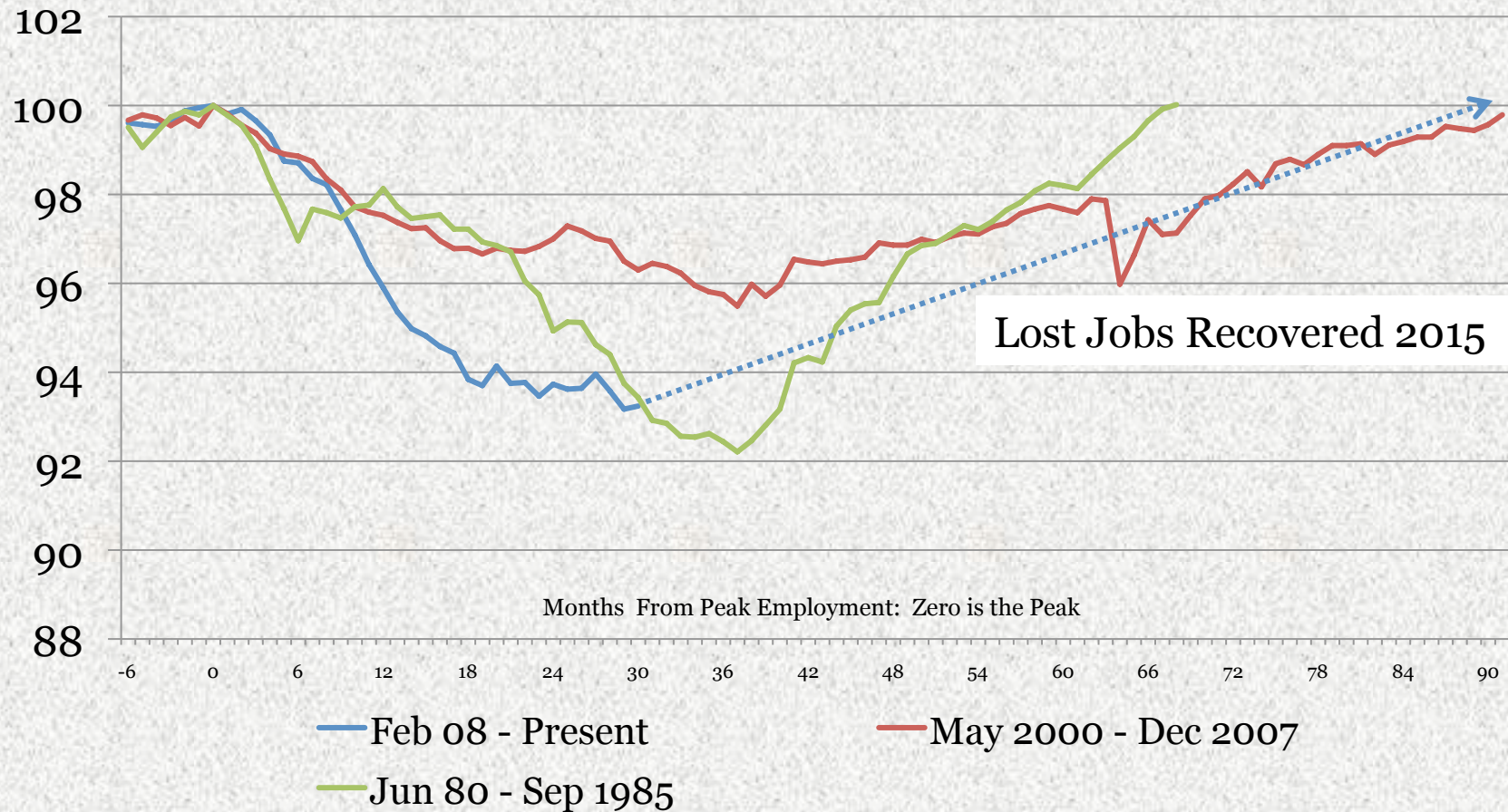


Source: U.S. Bureau of Labor Statistics



MS Employment: Comparing Periods of Contraction

Employment is Indexed to Month of Peak Employment Level





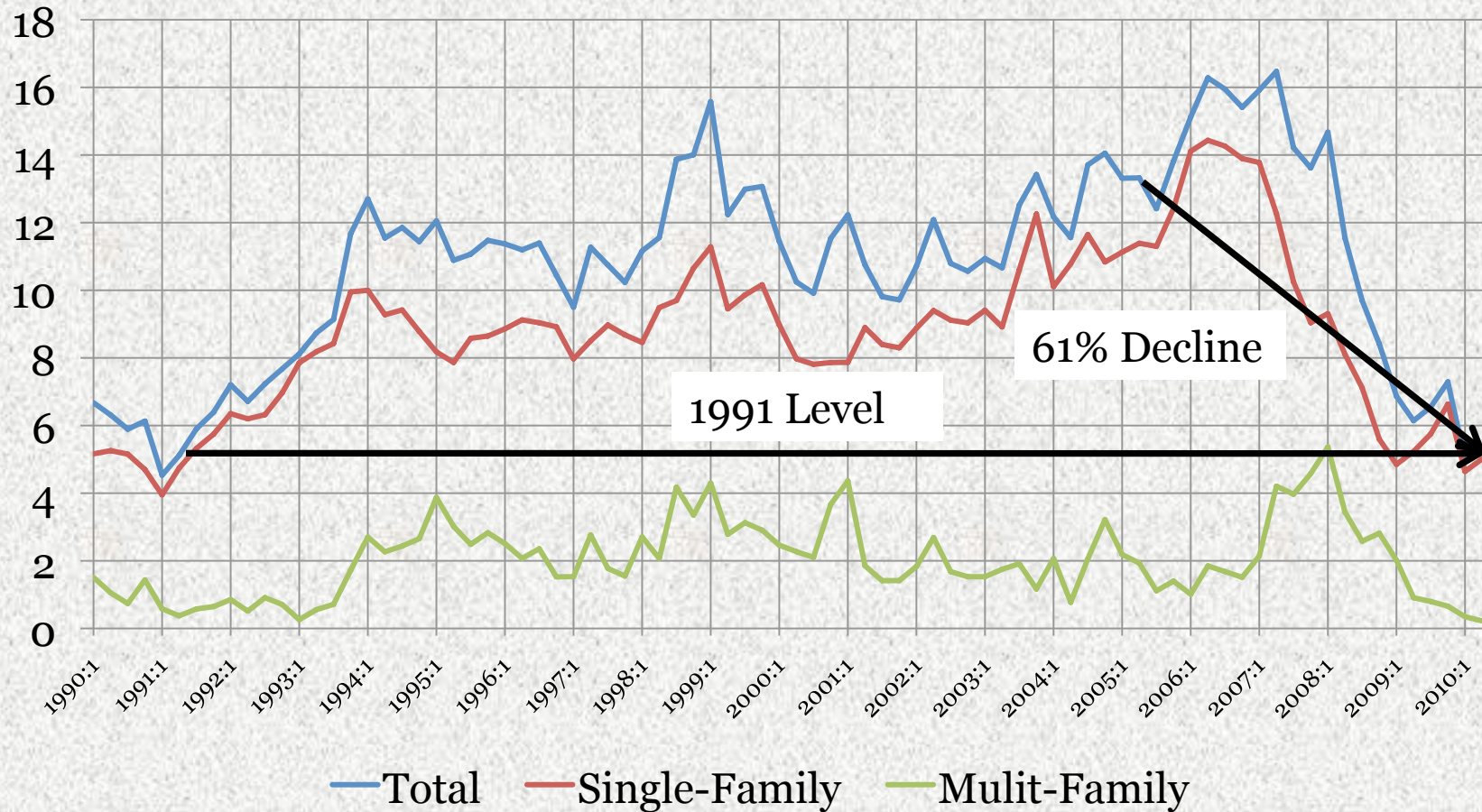
MS Economy: 2009 Compared to 2008

- Employment Down 4.4%
- Income Tax Withholdings Down 2.8%
- Retail Sales Down 8.4%
- Housing Starts down 44%
- Gaming Industry Revenue down 9.4%
- General Fund Down 7.2%



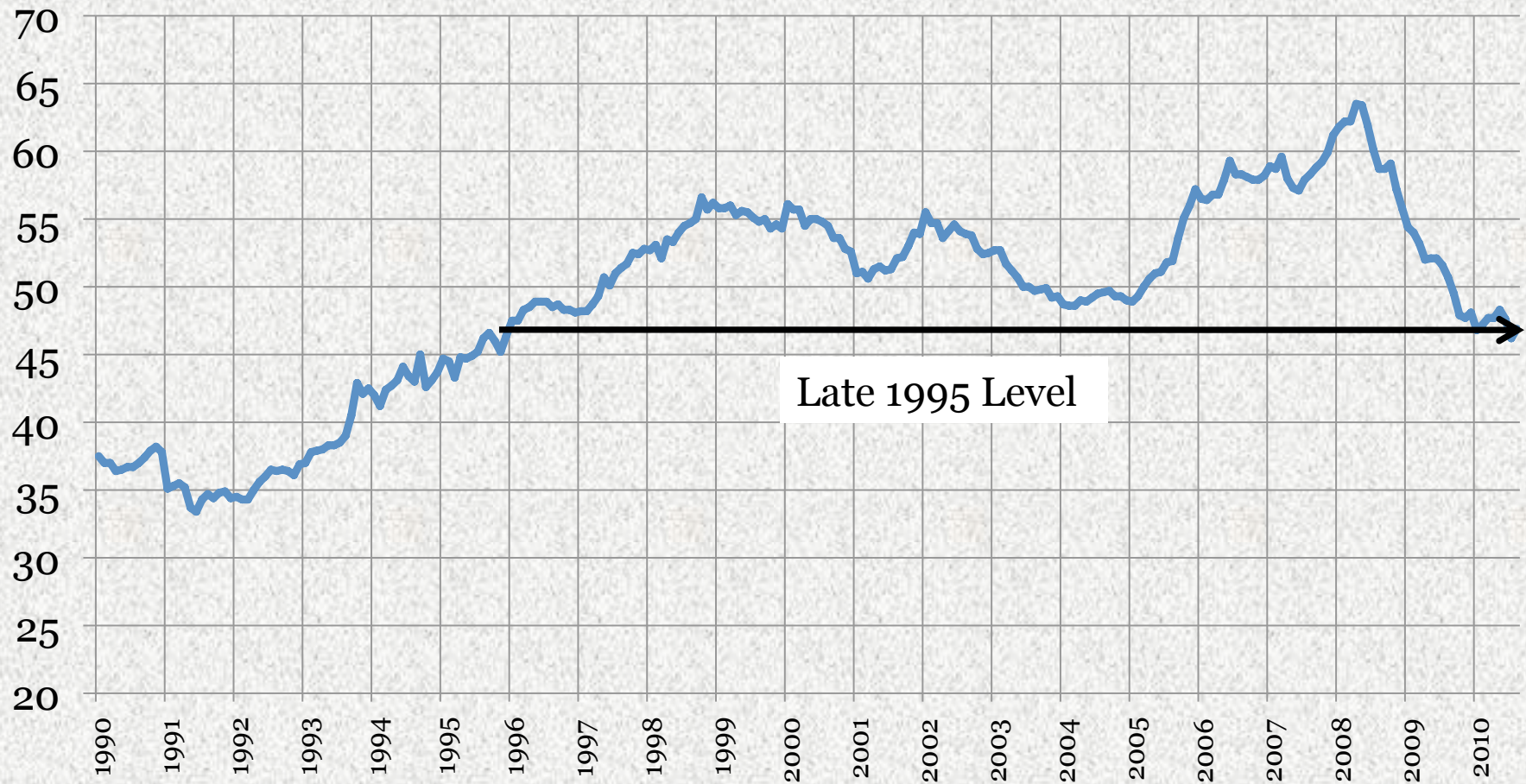
Mississippi Housing Starts By Quarter

Thousands



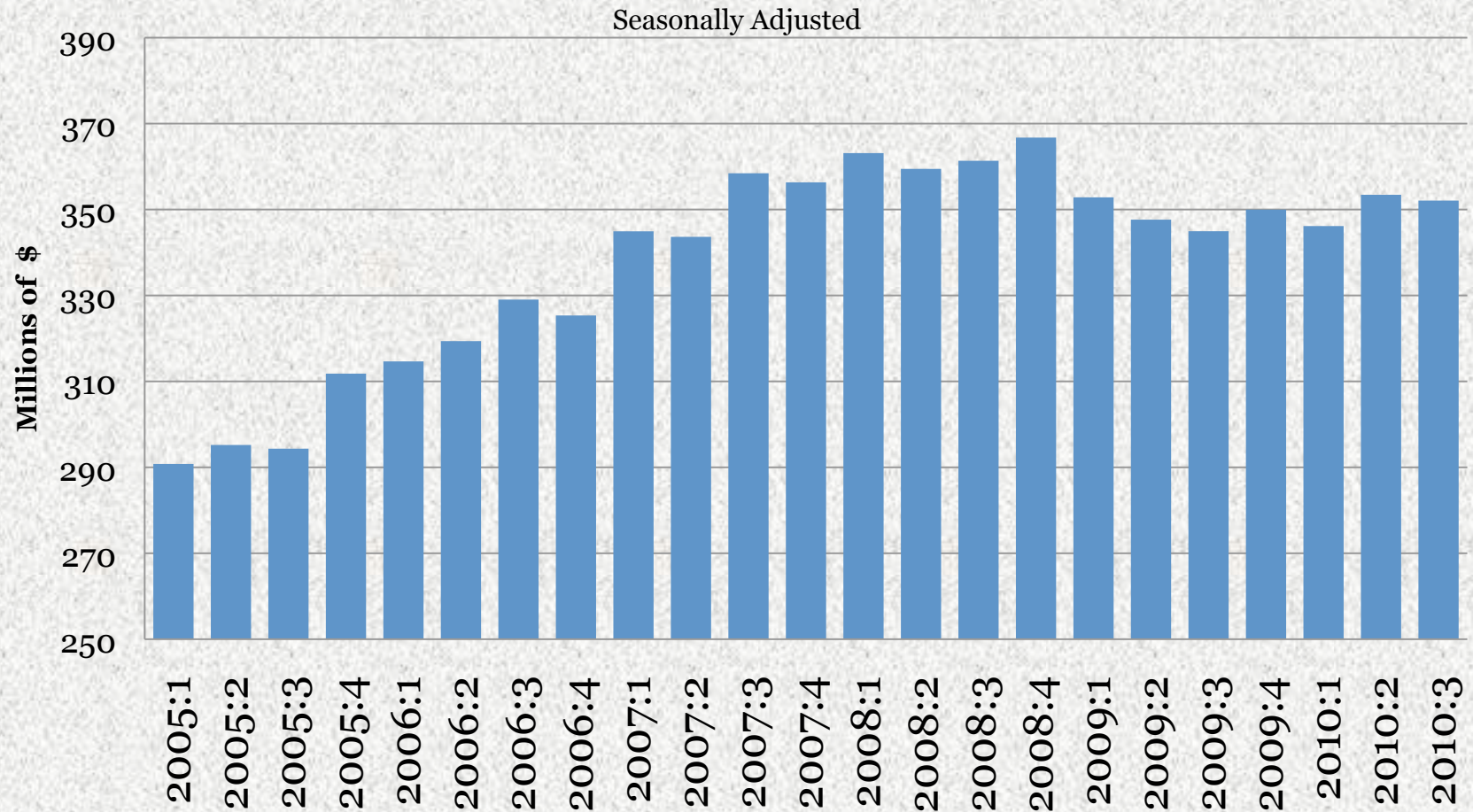


MS Construction Employment



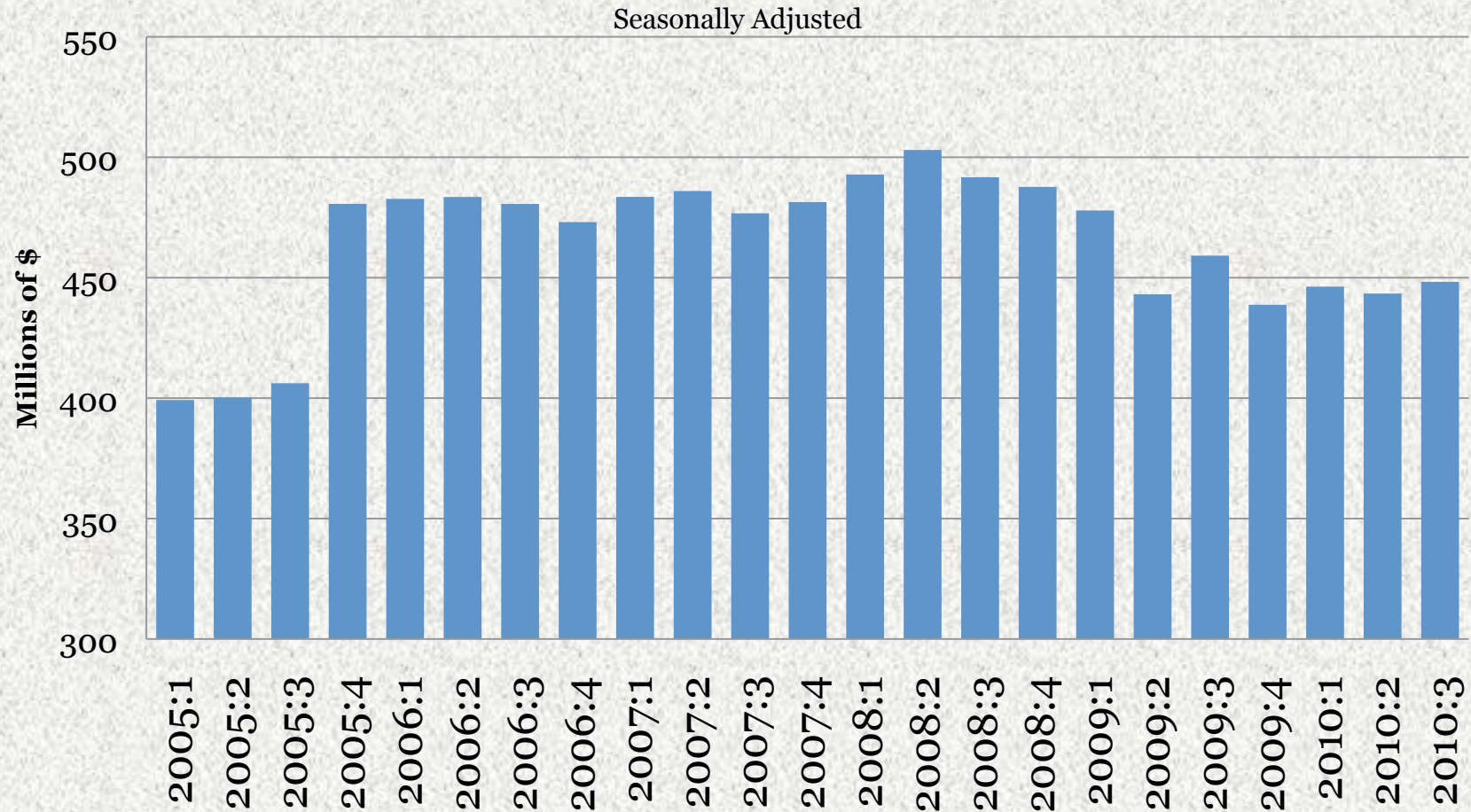


Individual Income Tax Withholdings





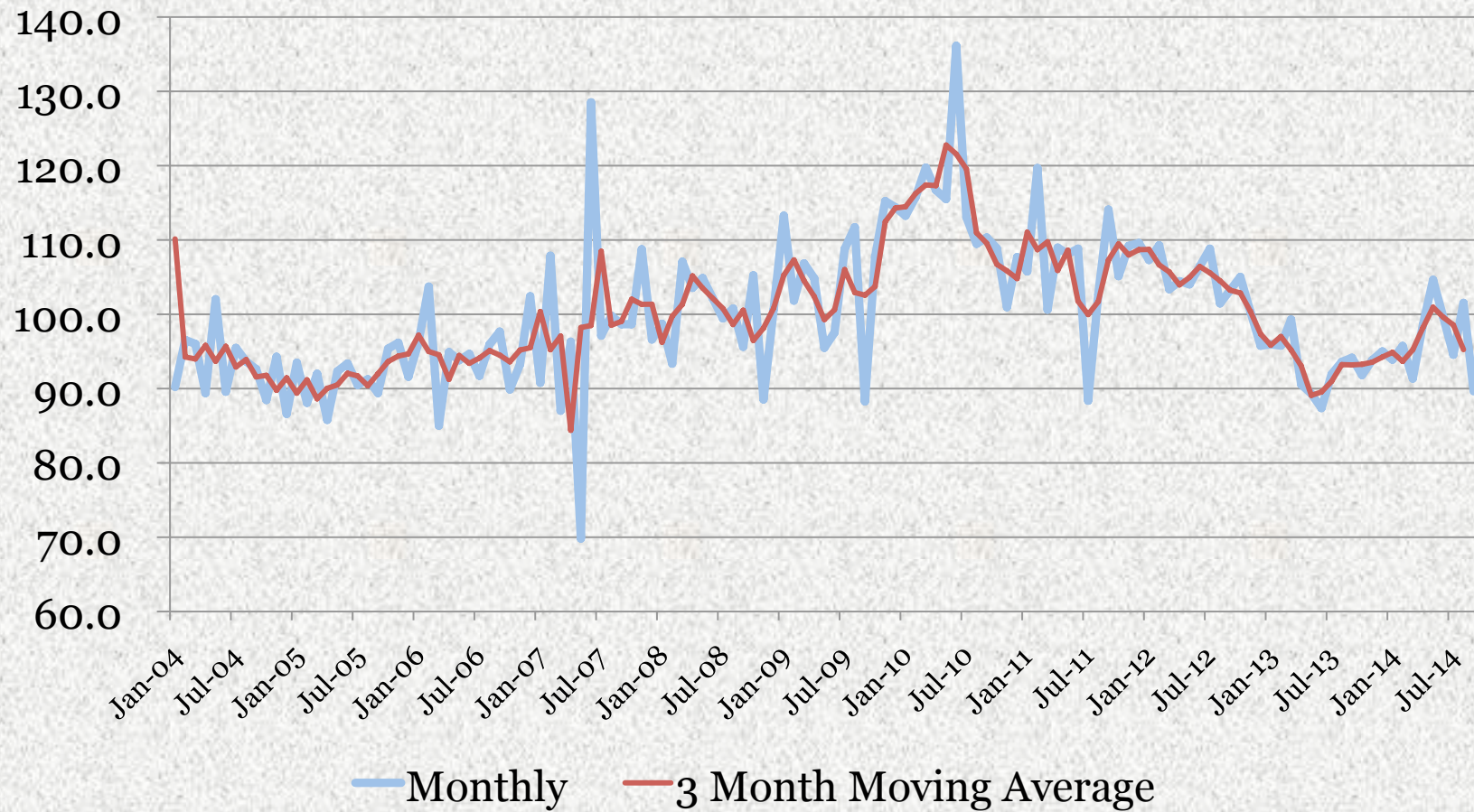
Retail Sales Tax Transfers to the General Fund





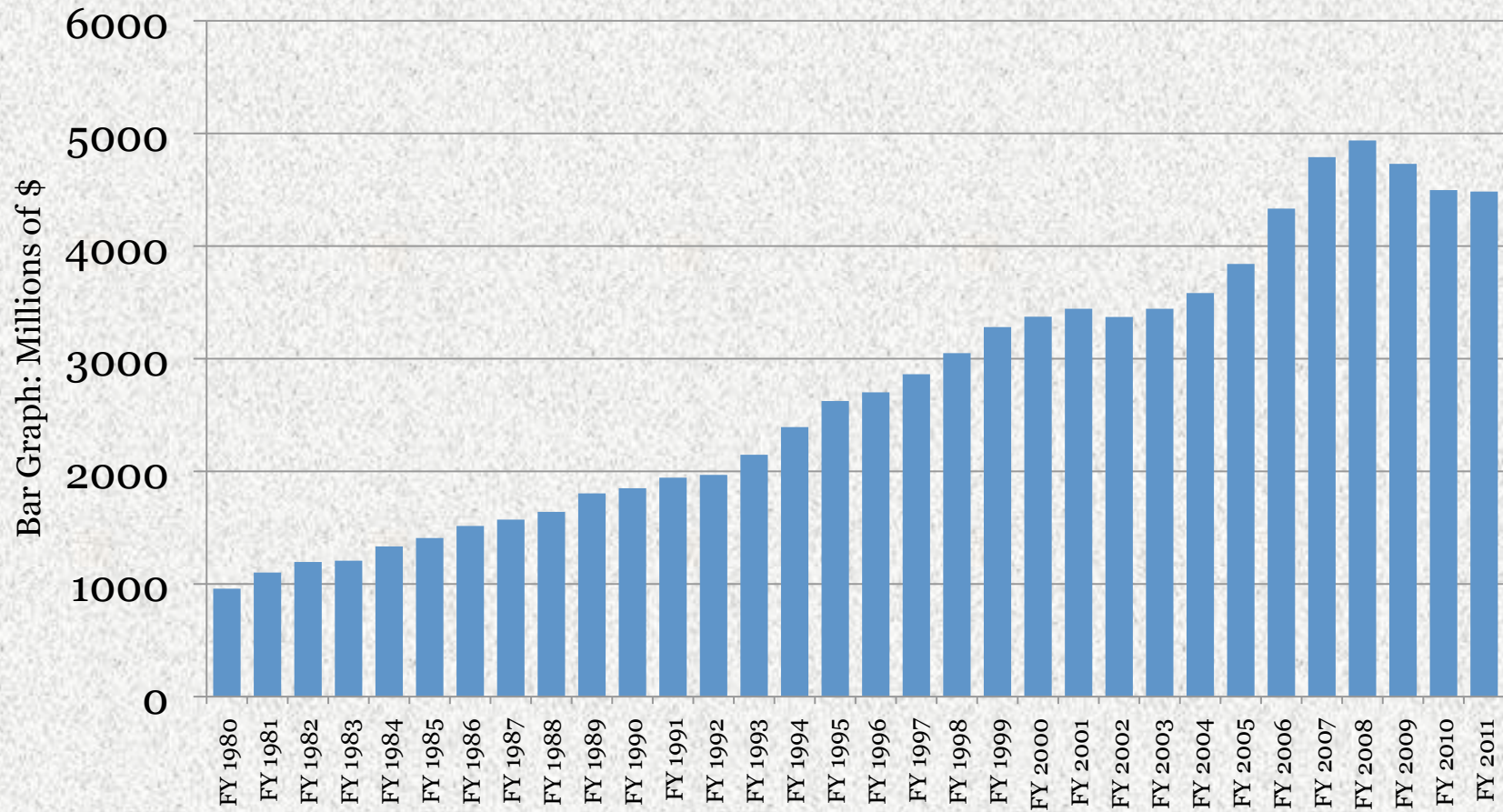
MS Diesel Fuel Consumption Index

2004 = 100





MS General Fund



The Mississippi Outlook

- Weak and vulnerable recovery, lagging the Nation
- Slower than National forecast
- Below Long-term growth
- Tight Budgets for State and Local Governments – especially 2012



**“Gentlemen, we have run out of
money. It is time to start
thinking.”**

Sir Ernest Rutherford,

Nobel Laureate, and the Father of Nuclear Physics