
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: RILEY
SUBJECT: IHL'S 8TH ANNUAL ECONOMIC OUTLOOK CONFERENCE
DATE 10/3/01
CC: RENICK
GAVIN

I attended IHL's Economic Outlook Conference yesterday on behalf of this office. Here is a summary:

National Outlook: Mike Donnelly of DRI-WEFA out of Pennsylvania said that the economy will have a bullish recovery and will not snap back until the second half of next year. The country will experience 4% growth in 2003.

Mississippi's Outlook: Phil Pepper agreed with Donnelly that it will be the second half of next year before we see any improvement. He said that 9/11/01 pushed our recovery back 6 months, revenues will be down for the remainder of this fiscal year, and we should expect another 2 quarters of negative growth.

Industry Trends:

Agri-business (Dr. John Anderson, MSU): The poultry market should remain pretty good. The value of catfish will be down due to the influx of the "Vietnamese catfish." Overall, the net farm income for the state should be about steady with last year. Commodities are down across the board since 9/11/01 due to consumer uncertainty.

Retail Trade (Bennie Dixon, Sears & Roebuck): Consumer sentiment was high immediately following 9/11/01, but has since dropped when consumers realized the impact on our economy. Lower consumer confidence equals lower spending which results in slower growth. Core retail sales are only expected to grow by 1.5% compared to 4.4% last year and 7% in 1999.

Construction Industry (PG Bernheim, Mid-State Construction): Were it not for Nissan and some one-time government spending, construction would be down. Construction industry feels like a recovery will occur in 2003. Security concerns following 9/11/01 may result in the Mexican labor force being curtailed, which will put additional demands on the Mississippi construction industry. State and local construction projects will not grow for the next 18 months.

Telecommunications (Billy Mounger, TeleCorp): Central Mississippi has some 300 telecommunications companies. The state should encourage entrepreneurship and venture capital activities by encouraging companies to headquarter in Mississippi and providing incentives for training and investments in telecommunications. Mississippi should move to eliminate our image as the “Plaintiff Attorneys’ State,” because lawsuits are going to kill entrepreneurship in Mississippi.