

1-1-2007

Assessing the State of Tennessee's Environment

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Recommended Citation

Evans, Mary F., Assessing the State of Tennessee's Environment, in 2007 Economic Report to the Governor of the State of Tennessee, Center for Business and Economic Research, University of Tennessee, Knoxville.

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AN ECONOMIC REPORT
TO THE
GOVERNOR
OF THE
STATE OF TENNESSEE

On the State's Economic Outlook

JANUARY 2007



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Matthew N. Murray, Associate Director and Project Director
Center for Business and Economic Research

Prepared by the
Center for Business and Economic Research
College of Business Administration
The University of Tennessee
Knoxville, Tennessee

In cooperation with the
Tennessee Department of Finance and Administration
Tennessee Department of Economic and Community Development
Tennessee Department of Revenue
and
Tennessee Department of Labor and Workforce Development
Nashville, Tennessee

JANUARY 2007

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The preparation of this report was financed in part by the following agencies: the Tennessee Department of Finance and Administration, the Tennessee Department of Economic and Community Development, the Tennessee Department of Revenue, the Tennessee Department of Labor and Workforce Development, and the Appalachian Regional Commission.

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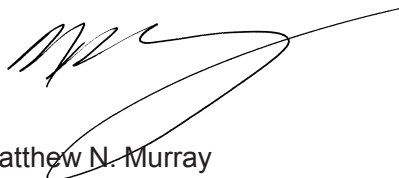
UT Publication Authorization Number E01-1490-003-07.

Preface

This 2007 volume of *An Economic Report to the Governor of the State of Tennessee* is the thirty-first in a series of annual reports compiled in response to requests by state government officials for assistance in achieving greater interdepartmental consistency in planning and budgeting efforts sensitive to the overall economic environment. Both short-term, or business cycle-sensitive forecasts, and longer-term, or trend forecasts, are provided in this report.

The quarterly state forecast through the first quarter of 2009 and annual forecast through 2016 represent the collective judgment of the staff of the University of Tennessee's Center for Business and Economic Research in conjunction with the Quarterly and Annual Tennessee Econometric Models. The national forecasts were prepared by Global Insight, Inc. Tennessee forecasts, current as of January 2007, are based on an array of assumptions, particularly at the national level, which are described in Chapter One. Chapter Two details evaluations for major sectors of the Tennessee economy, with an agriculture section provided by the University of Tennessee Agricultural Policy Analysis Center. Chapter Three presents the long-run outlook and forecast for the state. Chapter Four discusses the environmental challenges confronting Tennessee today, including issues relating to air pollution, water pollution, and preservation of the Great Smoky Mountains National Park.

The primary purpose of this annual volume—published, distributed, and financed through the Tennessee Department of Finance and Administration, Tennessee Department of Economic and Community Development, the Tennessee Department of Revenue, the Tennessee Department of Labor and Workforce Development, and the Appalachian Regional Commission—is to provide wide public dissemination of the most-current possible economic analysis to planners and decision-makers in the public and private sectors.



Matthew N. Murray
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Executive Summary

The U.S. Economy

For much of 2006, the headline stories focused on the housing sector contraction. This sector certainly saw turbulence over the year. However, if we look at evidence from the broader economy, we saw solid growth for the overall economy in 2006. Inflation-adjusted Gross Domestic Product (GDP) grew 3.3 percent in 2006, slightly above the 3 percent benchmark for growth. While the housing sector contracted, other sectors have advanced. Business construction grew 9 percent over the year. This offset some, but not all, of the housing sector slowdown. In the overall economy, labor markets are tight, following several years of steady economic expansion, and this raises some concerns about inflation pressures. The unemployment rate dropped over 2006, to a 4.5 percent rate by December. Especially early in the year, wage pressure became evident, with increases in wages and non-farm unit labor costs. Consumer inflation picked up in the first half of the year. Overall inflation, measured by CPI growth, was over 4 percent at mid-year, but slowed later in the year. "Core" inflation was still above 2 percent at the end of the year, which is above the Federal Reserve's (Fed) 1 to 2 percent comfort zone for inflation. The Fed has been increasing the Federal Funds rates since 2005, aiming to achieve a "soft landing" for the economy: slower economic growth and a cooling of inflation and labor market cost pressures. In mid-2006, it appears the economy did throttle down to a slower pace.

In 2007, we expect the economy to grow, but below the 3 percent benchmark pace. Inflation-adjusted GDP will grow at an annual rate of 2.3 percent. The nation's labor market will feel the pinch of the slowdown. The unemployment rate will drift up to 5.0 percent by the last quarter of 2007. Exports were an important driver for the 2006 economy. Improving economic growth around the world and a declining dollar have been key factors. Exports will be an important source of strength going forward. Export gains should average in the high single digits in 2007, and this pace will continue into 2008 and 2009. Overall consumption spending will slow, but still grow 2.8 percent in 2007. Durable goods will bear the brunt of spillover effects from the housing contraction, and decline in the first half of 2007 before rebounding. Inflation will move lower, with CPI inflation below 2 percent.

The housing sector correction will continue in 2007. The decline in residential investment could run 15 percent (annualized), particularly in the first half of the year, as builders continue to reduce their inventories. There is some evidence that the housing market has begun to stabilize. The economy may achieve a soft landing in 2007, though some turbulence will continue for the housing sector.

The Tennessee Economy

Current Economic Environment. The Tennessee economy showed sustained strength in 2006 despite rising interest rates, high energy prices and continued setbacks in manufacturing employment. Nonfarm jobs enjoyed a 1.3 percent gain, personal income was up 6.0 percent and the state unemployment fell to 4.8 percent in the fourth quarter of the year. Despite this decent showing, the state nonetheless trailed the nation in the performance of these three measures of economic activity.

The service sector continues to be the driver for nonfarm job growth, especially jobs in leisure and hospitality services (up 3.3 percent in 2006) and education and health services (up 2.3 percent for the year). At the same time, the manufacturing sector saw jobs fall at a 1.2 percent pace as both the nondurable and durable goods sectors contracted. While

Executive Summary, continued

Tennessee's annual unemployment rate for 2006 of 5.2 percent was well above the national average of 4.6 percent, it was also the lowest annual average recorded since 2001. It is especially encouraging that the number of unemployed people fell by 4.4 percent in 2006.

Personal income had a strong showing in 2006, registering a 6.0 percent gain. Rent, interest and dividend income, along with wage and salary income, helped carry personal income forward. Tennessee per capita personal income had somewhat slower growth of 5.1 percent for the year. Per capita income in the state stood at \$32,474 compared to \$36,367 for the U.S. in 2006. Based on data for the second quarter of 2006, per capita income in Tennessee placed it fourth among all southeastern states, behind Virginia, Florida and Georgia.

Taxable sales were up 6.8 percent in 2005 following growth of 5.1 percent in the previous year. Automobile dealer sales actually contracted in 2005.

Short-Term Economic Outlook. A slight slowdown in economic activity is projected for Tennessee in 2007, though there is little chance of a serious economic downturn. Growth will then show some improvement in 2008. Personal income in Tennessee is expected to grow more strongly than the nation in 2007 and 2008; state job growth will surpass the nation in 2007 and match the nation in 2008.

Slightly lower job growth, coupled with slower growth in the average wage, will translate into slower wage and salary income for 2007. Rent, interest and dividend income should continue to show healthy growth. Together, expect Tennessee personal income to advance 5.5 percent in 2007 and 5.7 percent in 2008. Per capita income is expected to grow 4.5 percent and 4.8 percent this year and next year. Taxable sales will show only 4.2 percent growth in 2007 and rebound with stronger growth the following year. On a fiscal year basis, taxable sales should be up only 3.6 percent in 2006/07, with growth improving to 5.0 percent in 2007/08.

The state unemployment rate will likely rest above its national counterpart through 2008. With slower job growth expected this year, the unemployment rate is expected to inch forward from its 4.8 percent to 4.9 percent by the fourth quarter of 2007. Overall nonfarm job growth should come in at 1.2 percent in 2007, just shy of the 1.3 percent gain registered in 2006. Nonfarm job growth will reach 1.4 percent in 2008 as economic activity accelerates. The manufacturing sector is expected to continue to see job erosion, though the value of output in manufacturing will continue to expand due to productivity gains. The durable goods sector is projected to see job growth, but this will be more than offset by further contractions in the nondurable goods sector.

Situation and Outlook for Tennessee Agriculture. Higher crop prices during the last four months of 2006 should have a positive effect on calendar cash farm receipts for Tennessee crop farmers. To the extent that those prices continue into the new year, cash farm receipts for 2007 could be strong as well. Because of the counter-cyclical nature of the commodity programs, some of the gains in cash receipts for both years will be offset by lower government payments. The exceptionally strong corn prices will likely result in a shift in the allocation of crop acres to the various crop alternatives.

Executive Summary, continued

While crop farmers enjoy the benefits of higher crop prices, livestock producers end up facing higher feed prices. This is particularly true for poultry producers who cannot keep their animals on pasture or feed them distiller dry grains—a byproduct of ethanol production. Beef, poultry, and pork producers may see tighter margins in 2007 when compared to 2004 and 2005.

Despite the declining numbers and small size of farms, agriculture remains an important component of Tennessee's economy, especially when businesses that process agricultural products—or service, distribute, or manufacture farm equipment and inputs—are taken into consideration. This is even true in urban areas like Shelby County (Memphis) where over 10 percent of its economic activity is agriculturally related. In Moore County, nearly 80 percent of the economic activity of the county is agriculturally related. Moore County is home to a distillery that uses grain in the production of its product. For the state as a whole, three-quarters of one percent of all economic activity is generated by farming activities while over 12 percent of the state's total economic activity is agriculturally-dependent with a significant portion of that coming from those who provide goods and services to those engaged in primary and secondary agriculture.

Every Federal farm bill is influenced disproportionately by the current economic and political conditions in the farm sector and the larger economy at the time the bill is written and certainly that will be true for the 2007 Farm Bill. The current farm bill (set in place in 2002) is scheduled to expire in 2007 and Congressional leaders have said that they hope to have the new legislation in place by late summer or early fall 2007. Based on history, the most likely outcome for the 2007 Farm Bill is only modest changes from the 2002 Farm Bill. However, several forces are coalescing that could put enough pressure on the delicate farm policy balance to trigger more significant changes to the nation's farm policy. These include the large and growing federal budget deficit, negotiations and obligations under the World Trade Organization (WTO), interest and emphasis on renewable energy, and the public perception that farm programs are not achieving their objectives (or rather, widespread misperception about the real objectives and expectations of current farm policy).

Long-Term Economic Trends. The state's long-term economic forecast includes *trend* projections extending to 2016. Long-term forecasts generally do not try to predict when the next business cycle will take place, and the forecast presented in the body of this report is no exception. While a recession is a distinct if not likely occurrence sometime over the course of the next ten years, it is an event that cannot be predicted with any degree of accuracy.

Long-term growth is affected by a variety of factors, ranging from population and labor force growth, to improvements in productivity that arise from investments in new plant and equipment, infrastructure and human capital, i.e., education and training. These are among the areas of focus for public policy if the state is to enjoy economic prosperity in the years ahead.

The state economy continues to endure a process of transformation as the manufacturing job base declines in importance and the service sector rises in importance. But while manufacturing jobs are shrinking—both as a share of overall jobs and in absolute number—the value of output in the state's manufacturing sector continues to grow. This is a sign of improved productivity in the state's industrial base.

Executive Summary, continued

Tennessee's inflation-adjusted per capita income stood at \$22,819 in 1994, which was 92.4 percent of the national average. State per capita income reached \$28,338 in 2006, but the U.S. also saw decent income growth between 1994 and 2006. State per capita income in Tennessee slipped to 89.3 percent of the national average in 2006. Improvement in the state's standing relative to the nation hinges on making sound education investments in people and in the infrastructure that supports economic development.

Nonfarm job growth is projected to advance at an average 1.4 percent pace per year between 2006 and 2016. Manufacturing jobs, which represented 14.5 percent of nonfarm jobs in 2006, will account for 12.3 percent of jobs in 2016. Growth in the durable goods sector will not be sufficient to overwhelm losses in nondurable goods. On a positive note, the share of state output attributable to manufacturing will rise in the years ahead, despite job losses. By 2016 manufacturing will account for 22.9 percent of state gross domestic product versus 20.9 percent in 2006. The service sector will continue to rise in importance, both in terms of the number of jobs and as a share of the overall state job base. Professional and business services will see especially strong growth.

Distribution of Income. As a special supplement to the long-term outlook, this year's *Report* provides a discussion of changes that have taken place in the distribution of income for the state and nation. This is timely in light of the popular media's attention to the rise of a new class called the ultra-rich and stagnating earnings for lower skilled workers. The rich appear to be getting richer, especially at the very top of the income distribution. We hope that readers find this topical discussion to be interesting.

Assessing the State of Tennessee's Environment

Due in part to significant geographic diversity across Tennessee, local environmental conditions and natural resource endowments vary significantly across the state. Protecting Tennessee's diverse environment to ensure continued increases in standards of living, including improved health and recreational opportunities, and preserved biodiversity presents constant challenges for residents of the state policymakers. Environmental quality is also important to the job creation process and economic development. People want to work and live in areas with strong environmental amenities. Problems like non-attainment of federal air quality standards in our metropolitan areas can hamper the state's ability to attract new employers. Because of the nature of environmental resources and the services flowing from those resources, the government, at the federal, state, and local levels, is charged with enacting policies consistent with these goals. The sometimes overlapping control of environmental policymaking at different levels of government presents unique challenges for residents and policymakers within the state.

Chapter 4 focuses on environmental issues confronting Tennessee today. These problems require ongoing attention so that the state's environmental assets are not squandered. The chapter considers air pollution, water pollution, and preservation of the Great Smoky Mountains National Park, one of the state's premier environmental assets. This certainly does not exhaust the environmental issues confronting the state, but provides a foray into some of the more important issues at hand.

The U.S. Economy

In this chapter...

1.1. Introduction: Navigating the Soft Landing

1.2. The U.S. Economy: Review and Forecast

*The big picture: gross domestic product
Housing sector slows the overall economy
Business investment
Labor market conditions—On the Fed’s radar
Government revenues up in 2006 but
deficit pressure remains
Exports continued strong
Inflation*

1.3. Summary and Conclusions

1.1. Introduction: Navigating the Soft Landing¹

No one promised that a “soft landing” meant “no bumps along the way.”

Such is the case for the national economy. We may be looking at a soft landing for the aggregate economy in 2007, but there may be rough going in the quarters ahead as well as turbulence for some sectors. Projections are for a slowdown in overall economic activity through 2007 and continued cooling of the housing market. From the perspective of the Federal Reserve’s Federal Open Market Committee—the policymaking body that sets interest rates—the slowdown is needed if we are to achieve a soft landing for the overall economy while fighting inflation. While a slowdown is in store, the chance of recession remains slim. And following the slowdown of this year, the economy should return to a stronger pace of growth in 2008.

Overall 2007 economic growth is projected to be positive, but below a 3 percent trend. Gross domestic product (GDP) growth should average 2.3 percent over the year, with the pace improving as the year progresses. After double-digit downdrafts for housing in 2006, the housing sector is projected to stabilize in 2007. Overall consumption spending should slow, but still grow 2.8 percent in 2007. Durable goods will bear the brunt of the spillover impacts and actually decline the first half of 2007 before rebounding. Exports and business capital spending are projected to support growth in 2007, but not enough to fully offset the slowdowns in housing and consumption spending.

¹ CBER bases its forecast on that provided by Global Insight, Inc.

1.1. Introduction: Navigating the Soft Landing, continued

The nation's labor market will feel the pinch of the slowdown. The unemployment rate will drift up to 5.0 percent by the last quarter of the year and payroll employment growth will total 1.0 percent versus 1.4 percent in 2006.

Federal Reserve actions on interest rates will depend on how things settle out between the risks of inflation versus slow growth for the economy. If core inflation is contained to 2.0 percent or less, as is assumed here, the Federal Reserve (Fed) can turn attention to assisting output growth via some rate cutting. The forecast for interest rates assumes that the Fed will make three federal funds rate cuts (25 basis point each), beginning in May. Recent evidence suggests strong underlying growth in the economy which may temper, if not reverse, the Fed's anticipated rate cutting. ■

1.2. The U.S. Economy: Review and Forecast

The big picture: gross domestic product

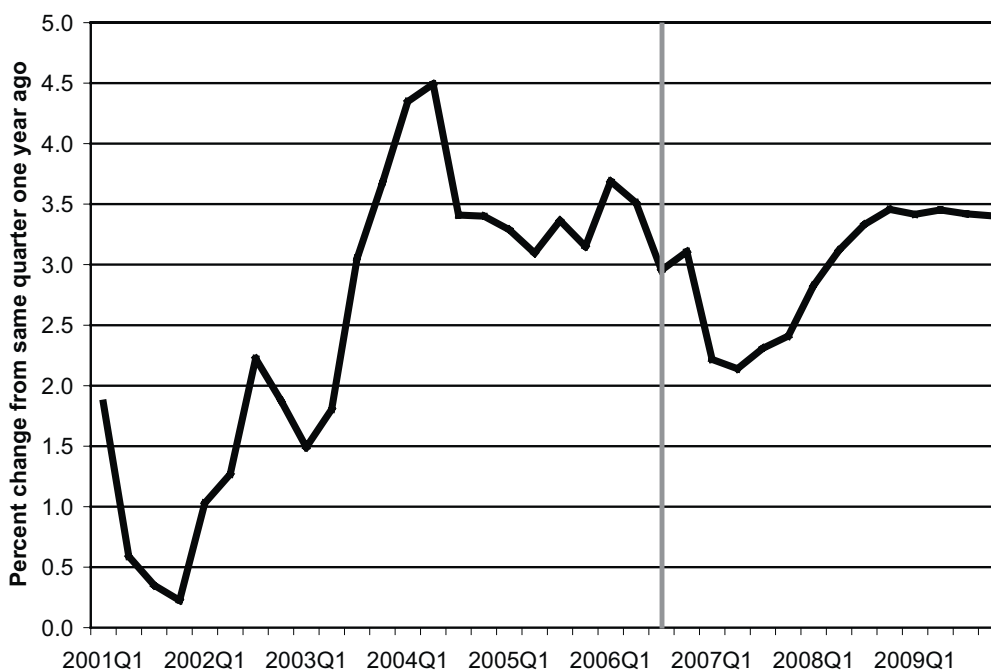
In 2006, the year started strong. First quarter inflation-adjusted GDP growth was well above trend with 5.6 percent growth (seasonally-adjusted annual rate or SAAR). This followed on the heels of 2005 growth that was slightly stronger than trend growth at 3.2 percent. By the second quarter of 2006, the growth pace slowed substantially, and this continued the remainder of the year. Growth rates were 2.6 percent in the second quarter and 2.0 percent in the third quarter (SAARs).

Projections are for continued slow growth of inflation-adjusted GDP through 2007. Overall GDP growth is seen as averaging just 2.1 percent across the mid-2006 to mid-2007 period. For the end-of-2006 performance, forecasts vary among economists only as to whether the 2006 fourth quarter data will be very weak or merely mediocre. The key issue in the minds of many is whether weakness is confined to the housing sector or if it has spread to the broader economy. Recent data revisions indicate fourth quarter consumption spending was solid (4.1 percent SAAR growth for inflation-adjusted consumption spending), and evidence suggests the housing sector is stabilizing. The forecast here is for fourth quarter GDP to come in at 2.4 percent (SAAR).

Calendar 2007 growth is expected to average only 2.3 percent compared to 3.3 percent in 2006. The first quarter may be particularly slow (projected at 2.0 percent, SAAR), but GDP growth should get stronger as the year progresses culminating with 2.8 percent (SAAR) growth in the fourth quarter.

As Figure 1.1 shows, after we move through the projected slow growth of 2007, the outlook for 2008 is more optimistic. The economy is projected to grow at, or slightly above,

Figure 1.1. Inflation-adjusted GDP growth



Source: Global Insight, Inc.

1.2. The U.S. Economy: Review and Forecast, continued

3 percent through 2008 and 2009. This is the whole goal of a soft landing. The Fed is aiming to defuse what they see as inflation pressures accumulating now in the economy, to achieve sustainable growth later. That means several quarters of below-trend growth are on the near-term horizon to help tame inflationary pressures.

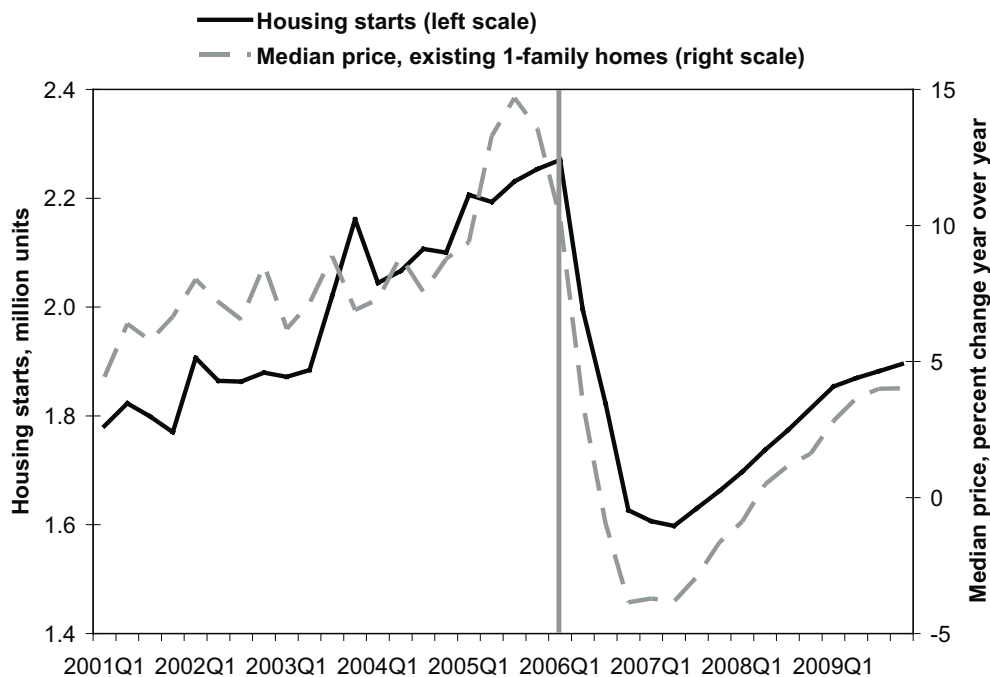
Housing sector slows the overall economy

Through 2006, the contraction in the housing sector has accounted for much of the drag on growth of the overall economy. Towards the end of 2006, a widely heard quote was that “the housing sector took 1 percent from GDP growth.” By any measure, the housing sector boomed from mid 2003 to late 2005. (See Figure 1.2.) Activity in this sector was instrumental in helping solidify economic growth following the 2001 recession. But by 2005, the housing sector was moving at a breakneck pace; many viewed it as an unsustainable pace. For example, the residential fixed investment (RFI) component of GDP grew at an average pace of almost 11 percent per quarter (SAARs) over the extended period 2003Q2 to 2005Q3.

The housing sector’s breakneck pace could not last forever. In fact, the concern in 2005 was the question of *when* the inevitable housing sector slowdown would occur. Through 2005, some unexpectedly low long-term interest rates and innovations in mortgage financing (some questionable, such as “negative amortization” loans) continued to fuel housing activity.

In 2006, the much anticipated cooling of housing activity finally hit. In the second and third quarters, strong declines in RFI took place, including an 11.1 percent decline in the second quarter and an 18.6 percent decline in the third quarter (SAARs). Comparable declines are expected for the fourth quarter (a drop of 19.0 percent, SAAR). New home

Figure 1.2. Housing



Source: Global Insight, Inc.

1.2. The U.S. Economy: Review and Forecast, continued

and existing home sales also fell in 2006. The new home market started the correction earlier than did the existing home market, and sellers of new homes were quicker to react to the altered 2006 housing market, via price cuts and other incentives. The weakness in housing dampened construction activity and hurt building material and furniture sales.

A near-term question is the impact of some of the higher risk mortgage lending. Through the early 2000s, innovations in housing finance prolonged the momentum, pulling in new buyers: “Zero-down” mortgages, negative amortization loans, and other innovations allowed people to enter the market who formerly could not have afforded to buy. In some cases, mortgages were extended to those with marginal credit, which presents risks both for the borrower and the lending institution. As housing sector conditions cooled, some of these borrowers already have had to exit the market. In 2007, we can expect continued consequences from some of these mortgage loans, as additional marginal borrowers hit the wall, and some adjustable rate loans hit their three year rate-adjustment calendar—now in an environment of increased short-term rates and slow/no house price appreciation. In the coming year, some mortgage lenders and holders of mortgage-backed securities will experience the downside of higher risk lending patterns. The questions arise: how strong will be impacts and how broadly will they extend?

The housing sector news is not totally pessimistic. It appears that first-time buyers may be re-entering the market. Sellers of existing homes were slow to react to the slowing market, but by the end of 2006, they were showing greater flexibility on price and other incentives. Latest data show signs that home sales are stabilizing. Even if this holds, housing starts will remain depressed in 2007 until inventories of unsold homes are reduced further.

Into 2007, continued contraction in the housing sector is expected, especially the first half of the year. RFI forecasts have two more quarters of double-digit downdraft, a decline of 19.7 percent in the first quarter and 13.7 percent decline for the second quarters (SAARs). New home and existing home sales are expected to decline another 10 percent in 2007, again with stronger corrections in the first half of the year. Housing starts will decline more strongly, with 20 to 30 percent SAAR losses in the first two quarters of 2007, moderating later in the year to yield an average annual decline of 16.8 percent, as builders work down their inventories of unsold homes. An unprecedented, but small, decline in national nominal home prices is expected for 2007.

Figure 1.2 puts the residential housing sector in perspective, with history extending back to 2001. Residential investment is projected to return to a positive and sustainable growth path in 2008, though activity will fall below the strong performance of the first part of the decade.

1.2. The U.S. Economy: Review and Forecast, continued

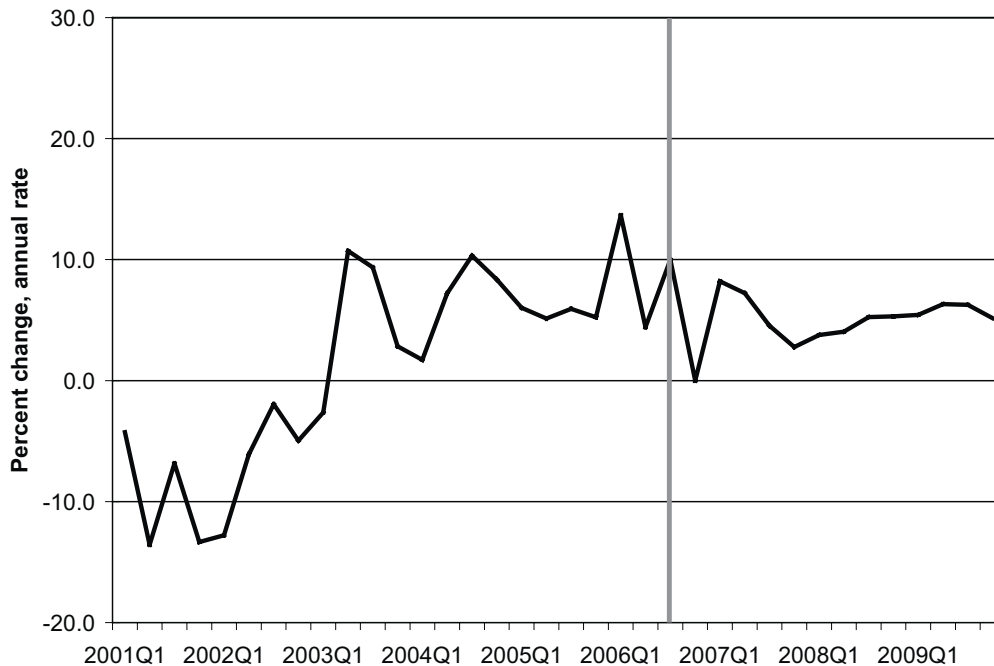
Business investment

As the 2006 housing sector slowed, there was stronger performance of business investment activity. Typically, business investment expands later than the overall economy. Business investment has been slower than normal to rebound after the 2001 recession, but it did show acceleration beginning in 2004 with a 5.9 percent gain. In 2006, business investment activity accelerated further with 7.5 percent growth, including 10.0 percent (SAAR) growth in the third quarter. Fourth quarter growth is seen as temporarily flat, driven by short term factors affecting business investment in equipment.

As Figure 1.3 shows, overall investment is projected to grow at a solid pace through 2007 and to be a positive component for overall economic growth. Business investment is forecast to average 5.6 percent annualized growth through 2007, with an over 7 percent annualized growth rate in the first half of the year. Business investment is projected to remain positive through 2008 and 2009. Despite the flat performance in the fourth quarter of 2006, business investment has been a source of strength in the economy, and this is expected to continue.

High capacity utilization rates and the need to remain competitive have fueled business equipment investment in recent years. Business investment in equipment was strong through most of 2006, particularly for information processing equipment. For the fourth quarter, business fixed investment in equipment was flat, so it's worth keeping an eye on that investment component. Some attribute the flat fourth quarter outcome to stalled business spending on equipment, and see short-term aberrations as the source (perhaps

Figure 1.3. Inflation-adjusted private fixed nonresidential investment



Source: Global Insight, Inc.

1.2. The U.S. Economy: Review and Forecast, continued

delays in computer orders awaiting release of a new operating system). After-tax profits grew strongly the past few years, and many corporations are sitting on cash, but the question is whether they will commit it to equipment investment. Projections are that the fourth quarter outcome will end up being one flat quarter and not a new trend for the sector. Equipment investment is expected to rebound in 2007 with growth of 4.6 percent, again led by investment in information processing equipment.

Business construction activity was the big story in 2006. As some have cast it, in 2006, non-residential construction finally joined the expansion. New business construction increased over 15 percent (SAARs) in the second and third quarters of 2006. For the year, it was nearly 9 percent higher than the year prior. In 2007, projections are for continued strength of business construction activity, with the greatest strength occurring in the first half of 2007. (Growth of 10.7 percent SAAR in the first quarter and 8.1 percent average annual growth are projected.) Strong growth in business construction in 2006 absorbed some of the workers released from housing construction activity. However, this could not fully offset the residential construction declines.

Several factors play into the strong pace of business construction. In general, business investment revives after the overall economy; investment is not quick to respond to low interest rates, instead being more responsive to cash flow or profit measures, so its response lags the overall economic cycle. As noted, after-tax profits grew solidly over the past several years; this growth helps support investment activity. Returned affordability of building materials costs is another factor making business construction more appealing to firms. The residential housing boom, along with the post-hurricane construction of 2005 and global pressures, pushed up the cost of building materials. A cooling of residential construction activity and an advancing of business investment construction activity are typical to the maturing of an economy's expansion. Unusual to this episode is the delayed cool down of the housing sector and delayed revival of business investment.

1.2. The U.S. Economy: Review and Forecast, continued

Labor market conditions—On the Fed's radar

Data suggest tightness in the labor market, and this is a concern for policymakers and the business sector alike. The official Bureau of Labor Statistics (BLS) unemployment rate fell throughout the autumn, to 4.4 percent in October. The November rate ticked up to 4.5 percent, and the December rate also held at 4.5 percent, but this still registers as a tight labor market. Both the November and December BLS reports show strong job creation in the economy. Anecdotal reports from the business community note that employers in some sectors are having difficulty finding qualified workers at current wage rates. (See the Federal Reserve's *Beige Book* report for November.) In fact, this is a source of concern. Tight labor markets can translate to rising labor costs which in turn can lead to rising prices and inflation. This is on the radar screen as the Fed's policy making group looks at resource cost pressures in the economy and the upside threats for inflation pressures.

Wage pressure shows up in the average hourly earning data. Since mid year, average private hourly earnings have run about 4 percent higher than the same month of 2005, ahead of productivity gains and inflation. (For comparison, hourly earnings grew 2.1 percent in 2004 and 2.8 percent in 2005.) In the past, productivity gains helped firms to offset wage costs. But 2006's third and fourth quarter productivity gains were tepid, at best, up only 0.2 percent in the third quarter and 1.2 percent in the fourth quarter (SAARs). The jury is out whether this productivity slowdown is a short-term cyclical aberration or longer-lived. Nonfarm unit labor costs took a big jump at the start of the year (growing by 3.1 percent, SAAR), which corresponded to a start-of-year spike in compensation costs. The second and third quarters came in at 2.4 percent and 2.3 percent, though a 3.0 spike is expected for the fourth quarter (SAARs).

The forecast for the 2007 labor market is for an upward drift in the unemployment rate, moving to 4.7 percent for the first quarter, and rising to 5 percent by the end of 2007. The anticipated slow growth for the overall economy (in part, orchestrated by the Federal Reserve) accounts for the predicted updrift in the unemployment rate. In fact, the labor market easing should alleviate some wage pressures in the economy. Payroll employment is expected to grow by 1 percent or less in the first three quarters of the year, improving to 1.3 percent growth in the fourth quarter.

The Fair Minimum Wage Act

The U.S. House of Representatives voted on January 10, 2007, to raise the minimum wage from \$5.15 to \$7.25 per hour. The increase will be phased in over the course of the next two years, beginning with a first step to \$5.85 per hour. The Senate passed a similar bill, but the House and Senate versions will require reconciliation. If signed by President Bush, this increase would be the first since 1997 when the minimum wage was moved from \$4.75 to \$5.15 per hour. A primary goal is to raise earnings for low-income households, though it will translate into higher labor costs for some employers.

1.2. The U.S. Economy: Review and Forecast, continued

Government revenues up in 2006 but deficit pressure remains

The economy's recent growth has benefited the federal budget deficit. In 2006, revenues improved more than anticipated, so the fiscal 2006 deficit came in below \$250 billion (compared to a \$321 billion deficit reported for 2005). The deficit for 2007 is expected to widen (projected at \$276 billion), due to slower growth in the economy and insufficient checks on spending.

In fiscal year 2006, federal government receipts were up 11.8 percent. Federal budget outlays grew 7.4 percent in fiscal year 2006, about the same growth as the previous year. This helped reduce the deficit in 2006, but this is not projected to continue into 2007. For fiscal year 2007, federal on-the-budget outlays are expected to grow 5.7 percent (a slowdown from 2006). Outlays still will outpace federal receipts, which are expected to grow 5.2 percent in 2007.

The deficit does not get the same attention as short-term issues like the recent contraction of residential investment. Chronic deficits—even in a growing economy—can be persistently overlooked. But the longer term consequences can be very important to the health of the economy. At some future point, congressional attention and hard decisions will have to be directed at deficit reduction. However, the 2006 narrowing of the deficit likely will make the task seem less immediately pressing. Most believe that higher taxes, as well as spending controls, eventually will be needed to rein in the Federal government's debt. Near-term federal spending may be restrained some by a congressional continuing resolution on discretionary spending, as well as a move to “pay as you go” rules.

Exports continued strong

Export growth has been a bright spot in 2006. Export growth in 2006 was 8.7 percent compared to 6.8 percent in 2005. Projections are for continued strength in this sector over the next several years. Improved economic growth around the world and a declining dollar are projected to favor this sector for some time. As Figure 1.4 shows, export growth should average 8.6 percent in 2007 and 9.3 percent in 2008. Continued strength in the export sector is seen as a key driver of growth for the economy in the next year.

The dollar dipped in 2006 after showing some appreciation in 2005 (see Figure 1.4). Until recently, the U.S. dollar had the pull of opposite forces: a huge current account deficit pulled the dollar down while strong growth of the U.S. economy and higher interest rates (compared to other major trading partners) pulled the dollar up. Now U.S. economic performance no longer offsets the impacts of the large and deteriorating current account deficit. But the lower value of the dollar will nonetheless support narrowing of the trade deficit in 2007 and 2008 before it begins to widen again in 2009.

The weaker U.S. economy stands against improved strength in the rest of the world (especially the Eurozone). The European Central Bank (ECB) raised rates multiple times in 2006, and rate increases are expected to continue into 2007—this at a time when the Federal Reserve is “on pause” with interest rates. For globally-mobile financial investors,

1.2. The U.S. Economy: Review and Forecast, continued

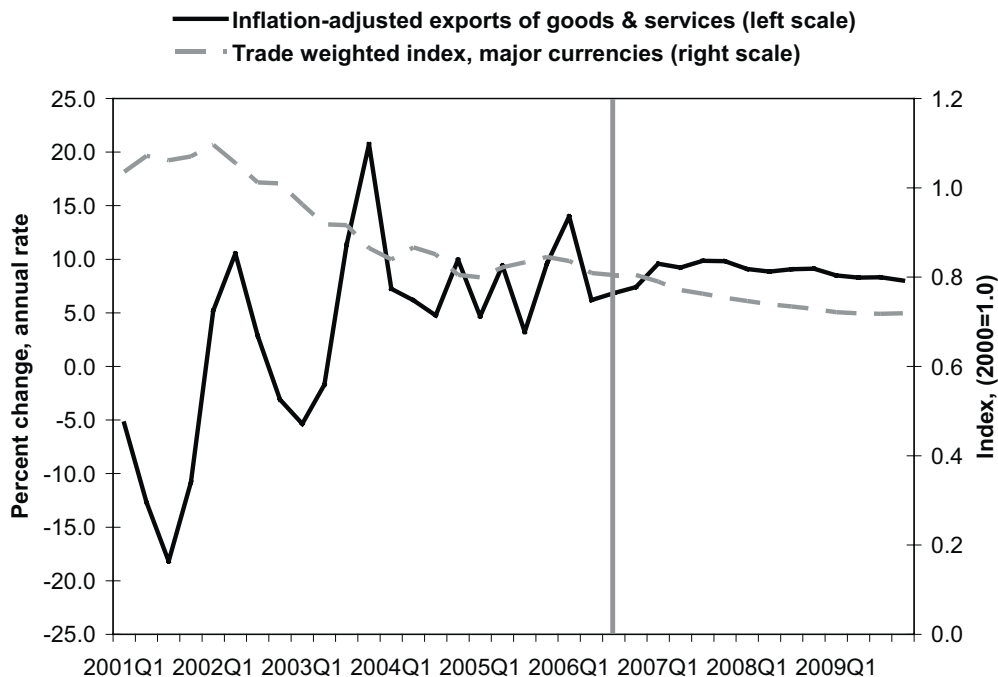
Eurozone investment now seems increasingly attractive. The dollar stood at around \$1.33 against the euro in December. Given influences of slowing U.S. growth, further rate hikes from the ECB, and continued U.S. current account deficits, the dollar is projected to move to a little more than \$1.40 against the euro in 2007.

The dollar's decline is not confined to the eurodollar. It also stands weaker relative to the British pound and the Japanese yen, compared to a year ago. Figure 1.4 shows the value of the dollar, as a trade weighted index against major currencies. The dollar, which dropped about 5 percent relative to other major currencies in 2006, is projected to continue its decline, sliding about 6 percent further in 2007, reaching rates of \$1.42/euro, 105 yen/dollar, and C\$1.21 at the end of the year.

Probably the most politically sensitive exchange rate is that with China. China began the renminbi revaluation process, with a small move (2.1 percent appreciation) in July 2005. The currency has climbed around 3.9 percent since then. Future rate moves are expected to remain very gradual, with the renminbi appreciating about 5 percent further against the dollar in 2007. In high-level trade talks between the U.S. and China in late 2006, exchange rate concerns were addressed. Fed Chairman Bernanke called for greater currency flexibility in China. A statement issued at the end of trade talks said that China is committed to exploring continued exchange rate reform, and the U.S. to improving the national savings rate. Both likely will happen only slowly. Some domestic businesses that purchase inputs and supplies from Chinese firms will be hurt by renminbi appreciation.

Continued adjustments in the value of the dollar, relative to other currencies, are part of a "global rebalancing" process. In the near term, the decline in the dollar is a source of the

Figure 1.4. Exports and trade weighted index



Source: Global Insight, Inc.

1.2. The U.S. Economy: Review and Forecast, continued

export sector's projected growth. It is projected that net exports will contribute nearly 1 percentage point to GDP growth in the fourth quarter of 2006. That would be the largest contribution of net exports to GDP growth in over ten years. This could offset nearly half the drag to GDP growth from the contraction in residential investment slowdown. Export gains are expected to be in the high single digits in 2007. Although slower growth is predicted for some major trading partners' economies, a weaker dollar will offset the slower foreign growth. Export strength should continue to be an important driver for the 2007 economy, providing some offset as other sectors move to a more sustainable course.

Inflation

Measured inflation picked up during the first half of 2006. Based on the consumer price index (CPI), inflation was running over 4 percent through mid year (year-to-year performance). In the first half of the year, firms appeared to be testing their ability to pass on cost increases to consumers. Year-over-year CPI growth moderated in the second half of the year, particularly as oil prices dropped in autumn. In November, overall CPI growth was seen as benign, rising only 2.0 percent compared to the year prior.

However, throughout 2006, "core" CPI—which excludes the volatile food and energy components—remained well above 2 percent, even in the last half of the year. Year-over-year core CPI inflation rates were 2.4 percent in both September and October. November core prices rose 2.6 percent, compared to the previous year. Even if using an alternate measure of core inflation (the core consumption price deflator), core inflation was running 2.2 percent or higher in the last months of 2006. Thus, throughout the year, core inflation has remained above the Fed's "comfort level," seen as in the 1 to 2 percent range.

As the Fed looks at the economy, it sees the cooling housing market. They also see that, while the housing market is weak, other elements of the construction sector remain strong and there has not been a collapse in jobs in the economy. Another key element in the picture the Fed views are several sources of potential inflation pressure. Oil prices are one wild card for the economy. For example, crude oil prices rose strongly through the first half of the year, running over \$74 a barrel by July, 2006. A relatively calm hurricane season (and slowing economy) resulted in strong refined oil supplies. Through early autumn and into winter, oil prices fell. The reduced energy costs certainly helped household budgets and profit margins, helped contain inflation after mid year, and buoyed consumer attitudes. Mild winter weather into January, particularly in the Northeast, held down heating oil demands, and prolonged the oil price respite. However, projections are for oil prices to move higher in 2007. The forecast presumes crude oil prices moving back above \$65 a barrel in 2007. More moderate or more aggressive oil price increases will have an impact on both the Fed's policy choices and the path of the economy. Issues here will be the strength of global demand for oil, capacity constraints, and potential supply disruptions. Energy costs remain a caution point for the economy.

Other cost concerns also exist in the economy. As noted earlier, firm's labor costs increased through the year, and for many firms, labor costs are the biggest component of variable costs. The impact of tight labor markets on wages will play against productivity gains. So, for those monitoring business cost (or inflation) issues, labor market issues should be on the radar.

1.2. The U.S. Economy: Review and Forecast, continued

A risk to the forecast is the productivity picture. The latest productivity numbers for the third quarter of 2006 were grim. According to Bureau of Labor Statistics (BLS) reports, third quarter productivity growth was 0.2 percent, compared to the third quarter of 2005. Data over the last five years show productivity growth consistently has slowed. In 2002, growth was 4.1 percent, but by 2005 productivity slowed to 2.3 percent; 2006 productivity growth is expected to be 2.1 percent and 2007 projections are even lower. Productivity growth is a means for firms to contain costs, even in a rising wage environment; it also tends to benefit workers through higher earnings.

Many commodity prices have steadily increased over the recent past contributing to inflation pressure, fueled by rapid growth in a number of nations. While prices have recently eased, this is viewed as temporary. China's inflation-adjusted GDP growth recently *slowed* to 10 percent. Looking ahead, futures markets project a moderating of base metal prices (such as copper) in 2007, and continued increases in precious metal prices. (December 2007 gold futures are near \$650.) Natural gas prices moderated in early 2006 from their near-doubling in 2005 (\$13/mmbtu in December 2005). They have recently ticked up from their mid-2006 values (\$6.75/mmbtu in December). Projections are for natural gas to remain near this recent level into 2007. Commodity prices, in general, could affect the cost picture for a number of industries.

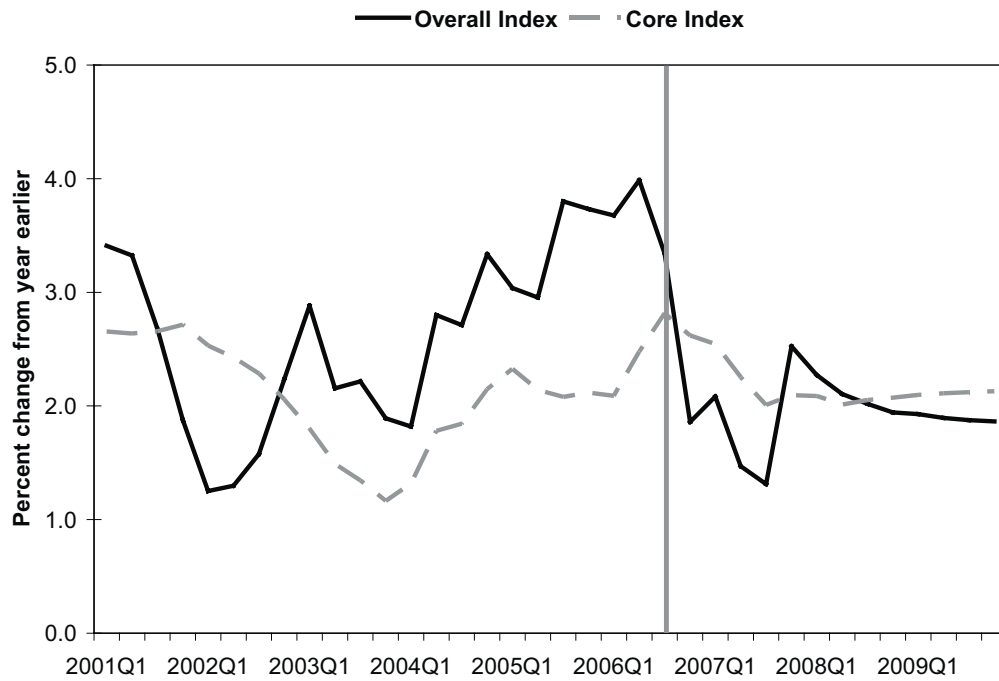
The Producer Price Index (PPI) for commodities and for finished goods rose strongly in early 2006, but moderated as the year progressed. Projections for 2007 are for PPI (finished goods) to fluctuate through 2007, as the economy settles to its new course. After a projected decline in PPI for the fourth quarter of 2006, producer prices are projected to increase strongly (7.0 percent) at the start of 2007, then settle to a 2.5 percent average annual pace. By 2008, the economic slowdown is projected to ease core cost pressures. The PPI in 2008 is projected to slow to a 2.2 percent pace.

The bottom line is that measured overall inflation has moderated in recent months, but core inflation still is above the Fed's tolerable zone. Projecting forward, cost pressures will remain in the economy. This is a source of the Fed's holding pattern on interest rates and tough talk on inflation. Overall, inflation is projected to moderate through 2007. Barring big cost surprises, overall inflation may have already peaked. For 2007, overall CPI inflation is projected to start the year at a 3.1 percent pace, sliding to 2.2 percent in the fourth quarter (SAARs).

Figure 1.5 shows the CPI annual inflation performance and the near-term fluctuations that are anticipated as the economy settles to its new course. As Figure 1.5 shows, inflation is forecast to be steady around 2 percent through 2008. Core inflation also is seen as easing in 2007, settling just below a 2 percent pace by the end of the year. If this forecast is realized, the Fed will have successfully engineered its soft landing. ■

1.2. The U.S. Economy: Review and Forecast, continued

Figure 1.5. Consumer prices



Source: Global Insight, Inc.

1.3. Summary and Conclusions

Expect the economy to grow, but below the 3 percent benchmark pace, in 2007.

- Inflation-adjusted GDP will increase at an annual rate of 2.3 percent.
- The housing sector will continue to drag on economic growth in 2007. A key to re-acceleration in the economy is stabilization of the housing market.
- Residential housing investment will decline by 15 percent, as this sector continues its long anticipated correction.
- Business capital spending will support growth in 2007, with business investment growing 5.6 percent. Business construction will grow (8.1 percent), but not enough to fully offset the housing downturn.
- Exports will be a source of strength going forward. Exports will grow nearly 9 percent in 2007. This pace will continue into 2008 and 2009.
- Labor market tightness will ease some in 2007, as the economy moves to slower growth. The unemployment rate will rise to 5 percent by the end of 2007.
- The inflation rate, as measured by CPI growth, will slow to 1.8 percent. ■

The Tennessee Economy: Short-Term Outlook

In this chapter...

2.1. Introduction

2.2. The Current Economic Environment

*Economic conditions in Tennessee
Spotlight on the Southeast*

2.3. Short-Term Outlook

*Income and taxable sales
Jobs and the unemployment rate*

2.4. Situation and Outlook for Tennessee Agriculture

*Overview of agriculture in Tennessee
Tennessee agricultural sector outlook
Agricultural sector issues and opportunities*

2.1. Introduction

By most broad measures of economic activity, 2006 was a good year for Tennessee. Nonfarm job growth should total nearly 1.3 percent for the year, personal income should be up 6.0 percent and the unemployment rate should average 5.2 percent. The weakness in manufacturing was sustained, however, with a setback of 1.2 percent projected for 2006. The uneven pattern of growth across metropolitan and non-metropolitan areas of the state also continued; rural Tennessee in particular has been hit hard by the loss of manufacturing jobs while metropolitan communities have benefited from strong growth in the service sector.

The short-term outlook for the state calls for slightly slower growth in 2007 than in 2006, with growth then showing some acceleration in 2008. The primary factors weighing down on the economy in the near term include higher interest rates, a slowdown in residential construction, high energy prices and further setbacks in manufacturing. Strong job growth in services should continue to provide an important foundation for economic expansion in metropolitan Tennessee.

The remainder of this chapter explores recent economic trends and the economic outlook for the state. The following section places the outlook in context by considering the current economic environment for Tennessee and other states in the Southeast region. The short-run forecast, extending to the first quarter of 2009, is then presented. The final section of the chapter discusses the situation for the state's agricultural sector. ■

2.2. The Current Economic Environment

Economic conditions in Tennessee

Overall state job growth tallied 1.3 percent in 2006 compared to 1.4 percent for the national economy. The service sector has proven to be the primary driver of the state economy in recent quarters. Leisure and hospitality services should see job growth of 3.3 percent in 2006 following 3.5 percent growth in 2005. The education and health services sector was up 2.3 percent in 2006 slowing some from the 2.8 percent growth rate of the previous year. The construction sector saw jobs grow 2.7 percent in 2005 and 3.1 percent in 2006, though growth will slow in 2007 in the face of higher interest rates and slower residential construction activity.

Manufacturing jobs were down 1.2 percent in 2006 on the heels of a 0.8 percent setback in 2005. The nation's manufacturing sector saw jobs fall at a 0.1 percent rate. Durable goods employment in Tennessee was down 1.0 percent for the year following job gains in both 2004 and 2005. The wood products, nonmetallic minerals and fabricated metals sectors were able to engineer job gains in 2006. The nondurable goods sector experienced job losses of 1.5 percent in 2006, the best showing since 1995. Unfortunately only the food, paper and miscellaneous nondurables' sector enjoyed job gains in 2006.

The state unemployment rate is projected at 4.8 percent for the fourth quarter of 2006, substantial improvement over the 5.5 percent peak registered in the second quarter of the year. The annual average for 2006 is projected to be 5.2 percent (versus 4.6 percent for the U.S.). This is the lowest annualized unemployment rate in Tennessee dating back to 2000 when unemployment was down to 4.0 percent of the labor force. The fall in the unemployment rate for the year is due to both growth in employed people (2.8 percent) and a decline in the number of unemployed (down 4.4 percent).

Personal income advanced 6.0 percent in 2006, the strongest showing since 2000. Wage and salary income was up 6.8 percent benefiting from exceptionally strong—and unsustainable—growth in the average wage. Proprietors' income was up only 3.2 percent for the year, following 12.0 percent and 9.6 percent growth in 2004 and 2005. Rent, interest and dividend income showed healthy growth (6.8 percent), buoyed by rising interest rates and strong corporate profits.

Taxable sales growth for 2006 is expected to be 4.8 percent well below the 6.8 percent rate of growth recorded in 2005. Growth for the third quarter was only 0.8 percent, the lowest seasonally-adjusted quarterly growth rate in recent history. While the fourth quarter is expected to show some improvement on a seasonally-adjusted basis, the year-over-year growth rate is projected to be only about 3.0 percent.

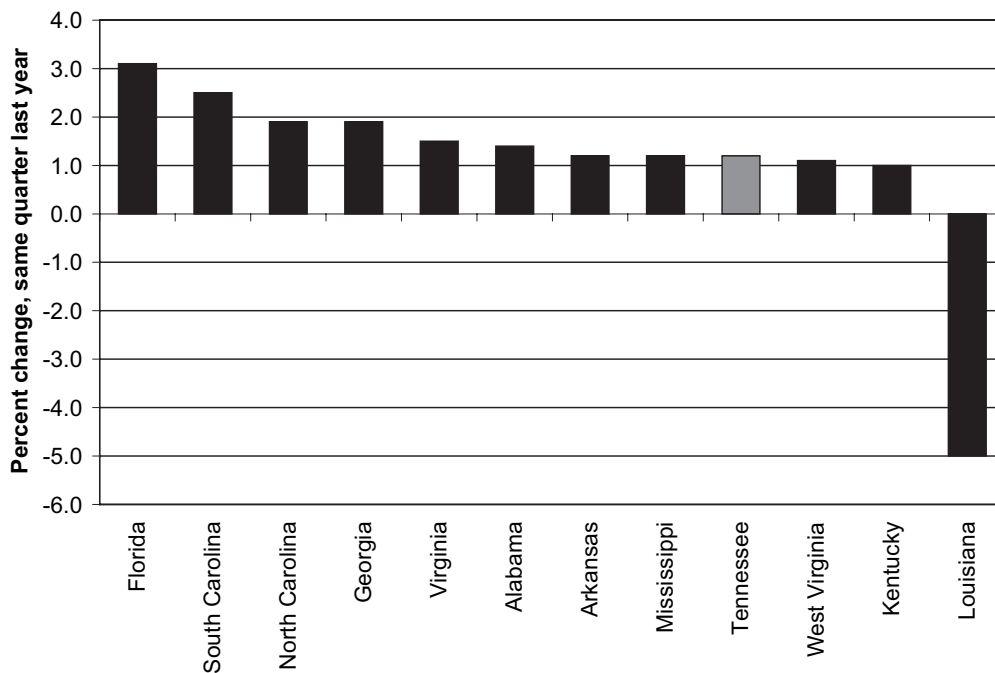
2.2. The Current Economic Environment, continued

Spotlight on the Southeast

While Tennessee has enjoyed healthy job growth in the last year, the pace of employment expansion has fallen below that of many other states in the region as shown in Figure 2.1. On a year-over-year basis the Tennessee state economy saw jobs expand at a 1.2 percent pace in the third quarter of 2006, as did Arkansas and Mississippi. The legacy of last year's hurricane season is apparent in Louisiana where jobs were down by 5.0 percent. Eight states in the region performed better than Tennessee's 1.2 posting; Florida's performance of 3.1 percent job growth is especially striking.

The Southeastern states have been known historically for their concentration in manufacturing, though there has always been considerable variation in the dominance of industry across states within the region. On average, manufacturing jobs accounted for 11.9 percent of nonfarm jobs in the Southeast in the third quarter of 2006, ahead of the 10.5 percent average for the nation. Four states have manufacturing job shares that rank

Figure 2.1. Total nonfarm job growth, 2006Q3



Source: Bureau of Labor Statistics

2.2. The Current Economic Environment, continued

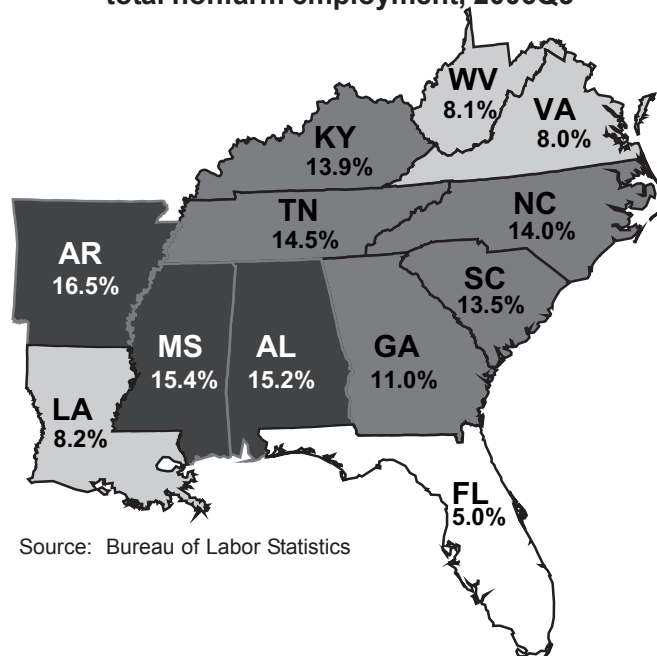
below the national average, including Florida, Louisiana, West Virginia and Virginia (see Figure 2.2). Tennessee's manufacturing share of 14.5 percent places it fourth in the region in terms of industrial importance, behind Arkansas (16.5 percent), Mississippi (15.4 percent) and Alabama (15.2 percent).

Manufacturing jobs for the nation were actually up slightly in the third quarter (0.2 percent) from the third quarter of 2005. Within the Southeast, Alabama, Virginia and West Virginia also saw small gains in manufacturing jobs; Tennessee suffered a 1.3 percent setback. All states in the region other than Louisiana experienced growth in professional and business services and education and health services, while most states also enjoyed growth in leisure and hospitality services and financial activities. (All sectors in Louisiana aside from natural resources/mining lost jobs in the third quarter.)

Figure 2.3 shows unemployment rates that prevailed in October 2006 across the Southeastern states. Louisiana experienced one of the lowest unemployment rates in the region at 4.2 percent despite the 5.0 percent loss in jobs noted above. Outmigration has reduced the Louisiana labor force helping to drive down the unemployment rate. Tennessee's 4.5 percent unemployment rate matched the rate for the national economy in October and placed it fifth-lowest in the region. Virginia enjoyed the lowest rate of unemployment at 2.9 percent, while South Carolina's 6.6 percent rate was the highest among the Southeastern states.

Individual wellbeing across the Southeast, as measured by per capita personal income, is shown in Figure 2.4 using data for the second quarter of 2006. The highest levels of per

Figure 2.2. Manufacturing employment as a share of total nonfarm employment, 2006Q3



Source: Bureau of Labor Statistics

2.2. The Current Economic Environment, continued

capita income are found in Virginia (\$39,265) and Florida (\$36,316). Mississippi finds itself at the bottom in the region with per capita income of \$26,535, well below the national figure of \$36,105. Tennessee ranks fourth among the twelve states shown with per capita income of \$32,446. (Additional information on incomes across the Southeast and nation is presented in Chapter 3). ■

Figure 2.3. Unemployment rate, October 2006

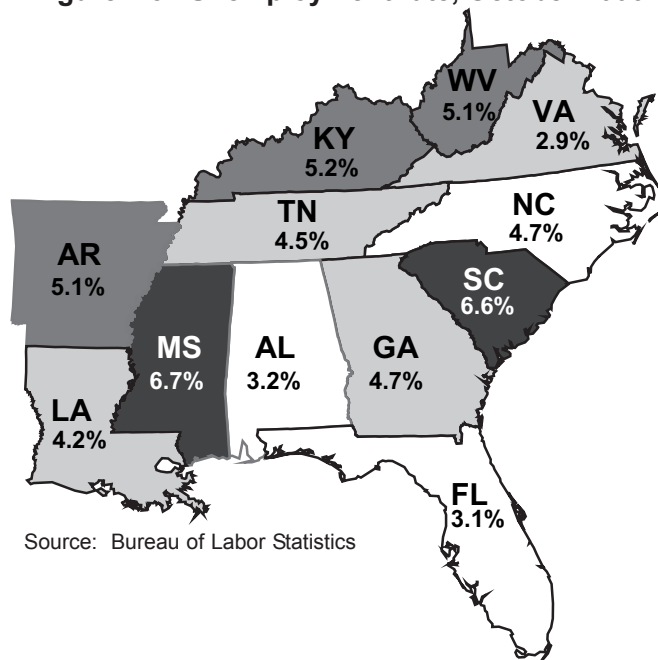
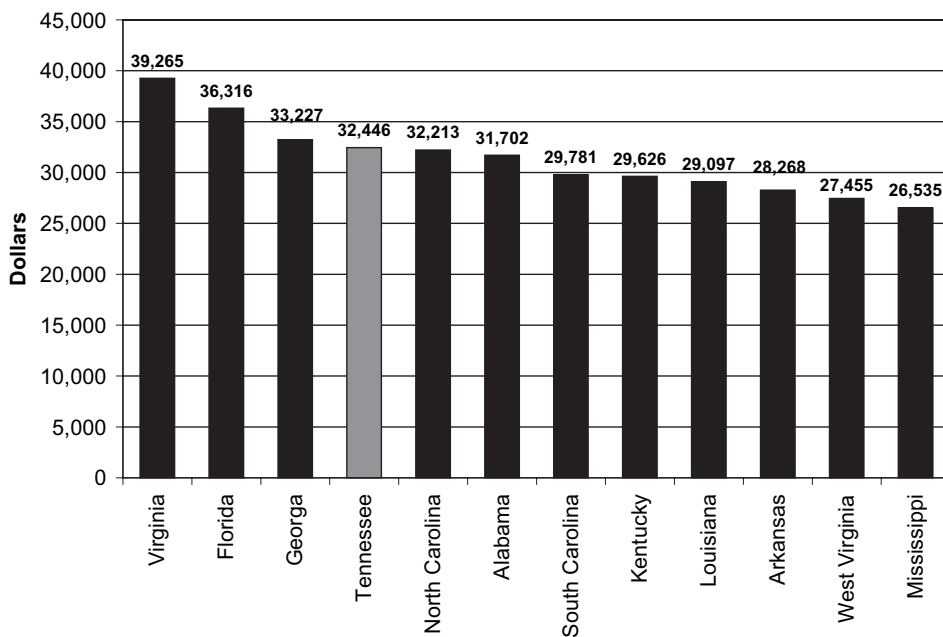


Figure 2.4. Per capita personal income, 2006Q2



Source: Calculated by CBER-UT using data from the Bureau of Economic Analysis and the U.S. Census Bureau

2.3. Short-Term Outlook

Tennessee, like the national economy (see Chapter 1), will see a slower pace of economic expansion in 2007, followed by somewhat stronger growth in 2008. Personal income in Tennessee should rise 5.5 percent in 2007 then rebound with 5.7 percent growth in the following year. Personal income for the national economy will grow 5.1 percent this year and 5.5 percent in 2008. State job growth will tally a 1.2 percent gain in 2007 and a 1.3 percent gain in 2008; the national economy is expected to see nonfarm job growth of 1.0 percent and 1.3 percent. Table 2.1 on page 22 provides a synopsis of the state and national outlook, while Appendix A provides more detail on the state's economic outlook.

Income and taxable sales

Personal income growth will slow slightly in 2007 due to a combination of slower job growth and slower growth in the average wage. Income growth for 2007 is expected to be 5.5 percent and growth for 2008 will be 5.7 percent. Between 2001 and 2005, annual average wage and salary growth has hovered between 2.8 percent and 4.1 percent. But in the first two quarters of 2006 the average wage was up 8.0 percent and 6.4 percent (seasonally-adjusted annual rates). Expect the average and wage and salary to be up 4.2 percent in 2007 versus 5.5 percent last year. Proprietors' income will see some improvement with 5.0 percent growth in 2007 and 6.0 percent growth in 2008. Nominal per capita personal income in Tennessee should grow 4.5 percent this year and 4.8 percent in 2008.

Taxable sales should advance 4.2 percent in 2007 improving to 5.3 percent growth in 2008 as construction sector activity regains its footing. Automobile dealer sales, which contracted in 2005 and 2006 will slip further in 2007 and then engineer positive growth in 2008. All other broad sectors should see net gains in sales in both 2007 and 2008. On a fiscal year basis, taxable sales should be up only 3.6 percent in 2006/07, with growth improving to 5.0 percent in 2007/08.

2.3. Short-Term Outlook, continued

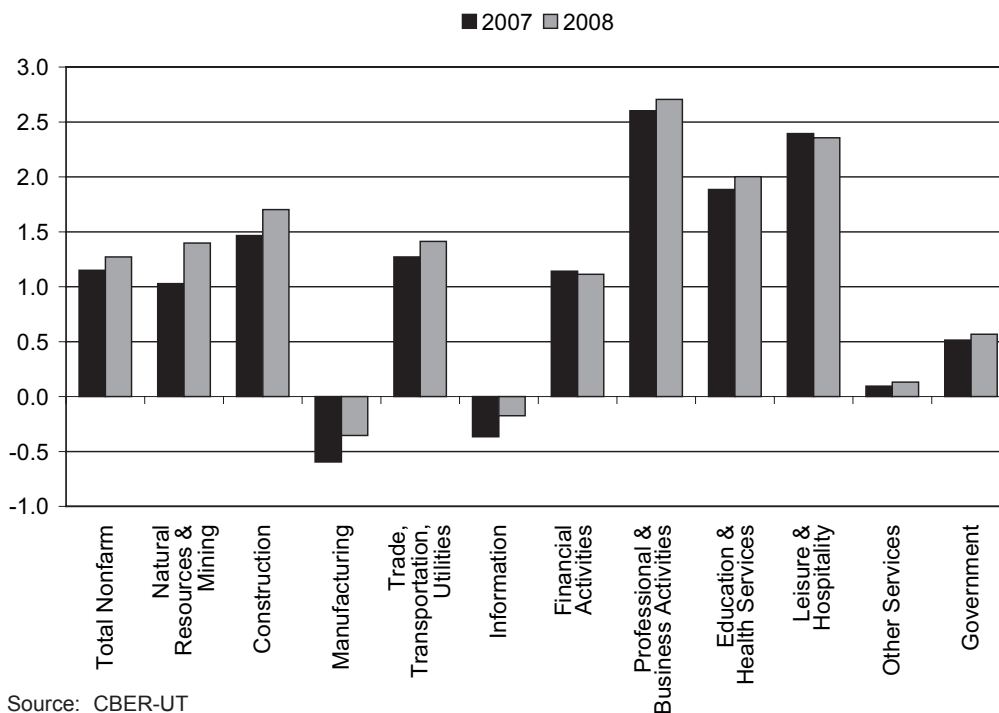
Jobs and the unemployment rate

Nonfarm job growth will continue to be driven by growth in the service sectors as shown in Figure 2.5. Professional and business services, along with leisure and hospitality services, will enjoy the strongest growth. Construction sector jobs will register a 1.5 percent gain in 2007, less than one-half the rate of job expansion that took place in 2006. No collapse in the construction sector is anticipated. While the housing sector is weak, the non-residential construction sector is reasonably healthy.

Manufacturing jobs will fall 0.6 percent in 2007 and 0.4 percent in 2008 following a 1.2 percent setback in 2006; the national economy will also see a loss of manufacturing jobs in each year. Both nondurable goods and durable goods jobs in Tennessee are expected to fall in 2007; the durable goods sector is expected to eke out a small gain next year, though the nondurable goods sector should continue to contract.

Tennessee's unemployment rate will average 4.8 percent in 2007. But the unemployment rate will rise slightly as the year unfolds in the face of slower job growth. After peaking at 5.0 percent in the fourth quarter of the year, the quarterly unemployment rate should fall to 4.9 percent and remain at this level for the remainder of the short-term outlook period. Labor force growth will come in at 2.2 percent in 2007 following 2.4 percent growth in 2006. ■

Figure 2.5. Tennessee job growth by sector, 2007 and 2008



2.3. Short-Term Outlook, continued

Table 2.1. Selected U.S. and Tennessee Economic Indicators, Seasonably Adjusted

	January 2007														
	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
US GDP (Bil2000\$) SAAR.....	11388.1	11443.5	11510.8	11567.2	11631.8	11707.7	11788.2	11894.3	11994.6	12097.7	12195.7	12300.6	11414.7	11673.7	12045.5
% Chg Prev Qtr SAAR.....	2.56	1.96	2.37	1.98	2.25	2.63	2.78	3.65	3.42	3.48	3.28	3.49	3.31	2.27	3.19
% Chg Same Qtr Last Yr.....	3.51	2.95	3.11	2.22	2.14	2.31	2.41	2.83	3.12	3.33	3.46	3.42	3.31	2.27	3.19
US GDP (Bil\$) SAAR.....	13197.3	13322.6	13446.9	13608.3	13740.8	13895.0	14050.5	14249.8	14439.5	14637.1	14824.9	15030.8	13243.8	13823.6	14537.8
% Chg Prev Qtr SAAR.....	5.94	3.85	3.79	4.89	3.95	4.56	4.55	5.79	5.43	5.59	5.23	5.67	6.33	4.38	5.17
% Chg Same Qtr Last Yr.....	6.89	5.96	5.63	4.61	4.12	4.30	4.49	4.71	5.08	5.34	5.51	5.48	6.33	4.38	5.17
CHAINED PRICE INDEX, GDP (2000=100.0)....	115.9	116.4	116.8	117.6	118.1	118.7	119.2	119.8	120.4	121.0	121.6	122.2	116.0	118.4	120.7
% Chg Prev Qtr SAAR.....	3.30	1.88	1.29	2.85	1.66	1.88	1.73	2.07	1.95	2.04	1.89	2.11	2.92	2.05	1.92
% Chg Same Qtr Last Yr.....	3.28	2.92	2.43	2.33	1.92	1.92	2.03	1.84	1.91	1.94	1.99	2.00	2.92	2.05	1.92
US PERS CONSUMP DEFL (2000=100.0).....	114.6	115.2	115.0	115.8	116.4	117.0	117.6	118.2	118.7	119.3	119.9	120.5	114.6	116.7	119.0
% Chg Prev Qtr SAAR.....	4.04	2.35	-0.82	2.76	2.06	2.15	1.98	2.03	1.82	2.01	1.92	2.09	2.76	1.85	1.99
% Chg Same Qtr Last Yr.....	3.27	2.83	1.89	2.07	1.58	1.53	2.24	2.05	1.99	1.96	1.95	1.96	2.76	1.85	1.99
TN PERSONAL INCOME (MIL2000\$) SAAR....	170428	170253	173210	174271	175955	177027	178949	180274	182298	183808	186099	186770	170734	176550	183120
% Chg Prev Qtr SAAR.....	3.32	-0.41	7.13	2.47	3.92	2.46	4.41	3.00	4.57	3.35	5.08	1.45	3.14	3.41	3.72
% Chg Same Qtr Last Yr.....	3.37	2.64	3.36	3.09	3.24	3.98	3.31	3.44	3.60	3.83	4.00	3.60	3.14	3.41	3.72
US PERSONAL INCOME (BIL2000\$) SAAR....	9433	9514	9650	9725	9784	9846	9916	10004	10106	10203	10305	10411	9512	9818	10155
% Chg Prev Qtr SAAR.....	-0.76	3.51	5.83	3.13	2.46	2.58	2.86	3.59	4.14	3.89	4.07	4.15	3.58	3.21	3.43
% Chg Same Qtr Last Yr.....	2.98	3.89	3.90	2.90	3.72	3.49	2.75	2.87	3.29	3.62	3.93	4.06	3.58	3.21	3.43
TN PERSONAL INCOME (MIL\$) SAAR.....	195265	196264	199325	202069	205201	207419	210654	213294	216692	219516	223223	225175	195656	206336	218181
% Chg Prev Qtr SAAR.....	7.49	2.06	6.39	5.62	6.35	4.39	6.39	5.11	6.52	5.32	6.93	3.54	6.01	5.46	5.74
% Chg Same Qtr Last Yr.....	6.76	5.59	5.38	5.37	5.09	5.68	5.68	5.56	5.60	5.83	5.97	5.57	6.01	5.46	5.74
US PERSONAL INCOME (BIL\$) SAAR.....	10807	10965	11098	11260	11387	11520	11659	11821	11996	12172	12352	12543	10898	11457	12085
% Chg Prev Qtr SAAR.....	3.24	5.95	4.97	5.97	4.57	4.78	4.90	5.69	6.04	5.98	6.08	6.33	6.43	5.13	5.49
% Chg Same Qtr Last Yr.....	6.36	6.84	5.86	5.03	5.36	5.07	5.05	4.98	5.35	5.65	5.95	6.11	6.43	5.13	5.49
TN NONFARM JOBS (THOUS).....	2777.2	2780.3	2790.0	2798.2	2806.3	2812.6	2823.4	2831.4	2841.3	2849.4	2861.2	2870.1	2778.2	2810.1	2845.8
% Chg Prev Qtr SAAR.....	1.78	0.45	1.40	1.18	1.16	0.91	1.54	1.13	1.42	1.14	1.67	1.25	1.26	1.15	1.27
% Chg Same Qtr Last Yr.....	1.29	1.20	1.15	1.20	1.04	1.16	1.20	1.19	1.25	1.31	1.34	1.37	1.26	1.15	1.27
US NONFARM JOBS (MIL).....	135.1	135.6	136.0	136.3	136.5	136.8	137.2	137.7	138.3	138.8	139.4	139.9	135.4	136.7	138.5
% Chg Prev Qtr SAAR.....	1.21	1.39	1.23	0.98	0.50	0.79	1.27	1.50	1.58	1.61	1.58	1.60	1.43	1.00	1.34
% Chg Same Qtr Last Yr.....	1.42	1.38	1.38	1.20	1.02	0.87	0.89	1.02	1.28	1.49	1.57	1.59	1.43	1.00	1.34
TN UNEMPLOYMENT RATE (%).....	5.5	5.4	4.8	4.8	4.8	4.9	5.0	4.9	4.9	4.9	4.9	4.9	5.2	4.8	4.9
US UNEMPLOYMENT RATE (%).....	4.6	4.7	4.5	4.7	4.9	5.0	5.0	5.0	4.9	4.9	4.8	4.7	4.6	4.9	4.9
BANK PRIME INTEREST RATE (%).....	7.9	8.3	8.3	8.3	8.1	7.6	7.5	7.5	7.5	7.5	7.5	7.5	8.0	7.9	7.5
CONSUMER PRICE INDEX, ALL-URBAN (82-84=1.000).....	2.017	2.032	2.019	2.035	2.047	2.059	2.070	2.081	2.090	2.100	2.110	2.121	2.015	2.053	2.095
FEDERAL FUNDS RATE (% per annum).....	4.907	5.247	5.247	5.250	5.109	4.600	4.500	4.500	4.500	4.500	4.500	4.500	4.964	4.865	4.500
30-YEAR FIXED MORTGAGE RATE (%).....	6.6	6.6	6.2	6.2	6.2	6.1	6.1	6.2	6.3	6.5	6.7	6.8	6.4	6.1	6.4
TN MFG JOBS (THOUS).....	404.2	402.0	402.2	402.6	401.9	400.6	400.3	400.9	400.4	399.4	399.0	399.4	403.7	401.3	399.9
% Chg Prev Qtr SAAR.....	-2.35	-2.13	0.17	0.37	-0.64	-1.35	-0.25	0.59	-0.51	-1.00	-0.40	0.40	-1.20	-0.60	-0.35
% Chg Same Qtr Last Yr.....	-1.36	-1.23	-0.85	-0.99	-0.56	-0.36	-0.47	-0.41	-0.38	-0.29	-0.33	-0.38	-1.20	-0.60	-0.35
US MFG JOBS (MIL).....	14.2	14.2	14.2	14.1	14.0	14.0	14.0	13.9	13.9	13.9	13.9	13.8	14.2	14.0	13.9
% Chg Prev Qtr SAAR.....	0.55	-0.43	-1.89	-1.23	-3.93	-0.39	0.50	-0.99	-1.00	-1.08	-0.62	-0.25	-0.13	-1.45	-0.82
% Chg Same Qtr Last Yr.....	-0.01	0.16	-0.34	-0.75	-1.88	-1.87	-1.28	-1.22	-0.47	-0.64	-0.92	-0.74	-0.13	-1.45	-0.82
TN TAXABLE SALES (MIL2000\$).....	19872	19788	19943	20084	20220	20345	20507	20664	20859	21024	21251	21365	79432	81156	83798
% Chg Prev Qtr SAAR.....	0.90	-1.68	3.17	2.85	2.75	2.50	3.21	3.10	3.83	3.21	4.39	2.16	1.98	2.17	3.25
% Chg Same Qtr Last Yr.....	2.75	1.43	0.99	1.29	1.75	2.82	2.83	2.89	3.16	3.34	3.63	3.39	1.98	2.17	3.25
TN TAXABLE SALES (MIL\$).....	22768	22812	22950	23287	23581	23838	24140	24449	24794	25108	25490	25758	91024	94847	99841
% Chg Prev Qtr SAAR.....	4.97	0.76	2.45	6.01	5.14	4.43	5.16	5.22	5.77	5.17	6.23	4.27	4.80	4.20	5.27
% Chg Same Qtr Last Yr.....	6.12	4.33	2.97	3.53	3.57	4.50	5.18	4.99	5.14	5.33	5.59	5.36	4.80	4.20	5.27
TN AVG ANNUAL WAGE, NONFARM (2000\$).....	33666	33545	33872	34072	34267	34436	34659	34795	34941	35097	35344	35437	33641	34359	35044
% Chg Prev Qtr SAAR.....	2.22	-1.43	3.96	2.39	2.31	1.98	2.61	1.58	1.69	1.79	2.84	1.06	2.62	2.13	2.00
% Chg Same Qtr Last Yr.....	3.21	2.29	2.60	1.76	1.79	2.66	2.32	2.12	1.97	1.92	1.98	1.85	2.62	2.13	2.00
TN AVG ANNUAL WAGE, NONFARM (\$).....	38572	38670	38979	39507	39963	40348	40799	41168	41533	41915	42394	42724	38551	40154	41753
% Chg Prev Qtr SAAR.....	6.35	1.01	3.24	5.53	4.70	3.91	4.55	3.67	3.60	3.73	4.65	3.15	5.47	4.16	3.98
% Chg Same Qtr Last Yr.....	6.59	5.22	4.60	4.01	3.61	4.34	4.67	4.20	3.93	3.88	3.91	3.78	5.47	4.16	3.98

2.4. Situation and Outlook for Tennessee Agriculture

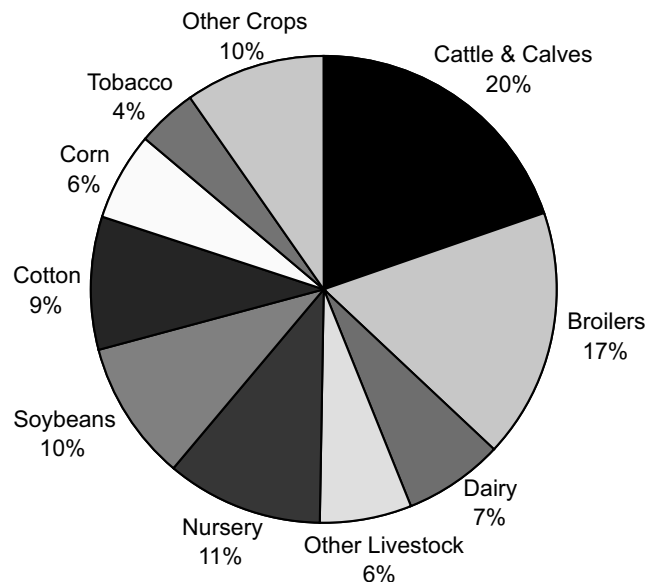
Overview of agriculture in Tennessee

Tennessee Farms. In 2005, the number of farms in Tennessee continued a decades-long decline from 274,000 farms in 1935, to 92,000 farms in 1995, to 84,000 farms in 2005. Despite this decline in numbers, Tennessee ranks fourth among all states in the number of farms. Tennessee is twenty-fifth in total land in farms (11.6 million acres) and forty-fourth in average size of farms (138 acres), up from 136 acres the year before. Only 4,000 Tennessee farms report sales in excess of \$100,000, with most farm families dependent upon off-farm employment for a portion of their household income. The average value of farmland, including land and buildings, rose from \$1,340 per acre in 1995, to \$2,100 per acre in 2000, to \$3,070 in 2005, a 229 percent increase over the last decade.

Agricultural Products in Tennessee. Agriculture in Tennessee is very diverse. Tennessee's top agricultural commodities include cattle and calves, broilers, greenhouse/nursery, soybeans, cotton, dairy products, corn, tobacco, hogs, hay, tomatoes, eggs, wheat, snap beans, grain sorghum, apples, peaches, farm chickens, squash, and sheep and lambs. In 2005, all agricultural commodities in Tennessee generated more than \$2.5 billion in cash receipts, down marginally from 2004. Crops and livestock products contributed nearly equally to Tennessee agricultural cash receipts.

Figure 2.6 shows the relative share of cash receipts by commodity. One in every three dollars in market receipts in Tennessee is from cattle and calves (\$500 million) or broilers (\$431 million), although cash receipts for both were down from 2004. Cash receipts for

Figure 2.6. Leading Tennessee commodities for cash receipts, 2005



Source: Tennessee Agriculture 2006, Tennessee Agricultural Statistics Service

2.4. Situation and Outlook for Tennessee Agriculture, continued

dairy products declined in 2005 to \$176 million from \$193 million a year earlier. Nursery and greenhouse production led all crops in cash receipt at \$273 million (11 percent), the same as 2004. Soybeans retained its second place ranking among crops with cash receipts of \$248 million, down \$16 million from the previous year. Cotton bounced back from \$155 million in cash receipts in 2004 to \$233 million in 2005. Corn suffered from lower yields and harvested acreage with cash receipts falling from \$156 million in 2004 to \$151 million in 2005. Tobacco income in Tennessee has fallen dramatically over the last several years, falling from a leading cash crop generating nearly a quarter of a billion dollars annually in receipts to \$109 million in 2005. Tennessee ranks second among all states in production of equine and meat goats, third in production of tobacco and snap beans, and fourth in non-alfalfa hay. Tennessee produces 44 percent of all dark fire-cured tobacco, 17 percent of all burley tobacco, and 12 percent of all snap beans grown in the U.S.

Tennessee exported \$62 million in agricultural products in fiscal year 2005 with soybeans and soybean products leading the way with \$9 million followed by feed grains and products (\$7 million), wheat and products (\$6 million), and vegetables and preparations (\$6 million). Canada, Mexico, United Kingdom and Japan are the major markets for Tennessee's agricultural exports.

Impact of Agriculture on the Tennessee Economy. Despite the declining numbers and small size of farms, agriculture remains an important component of the state's economy. One way to understand the importance of agriculture is to recognize that businesses like fertilizer plants, farm chemical dealers and applicators, repair shops, and implement dealerships are dependent on farmers as their customer base. In addition, value-added industries like food processing plants, apparel manufacturing, and animal food mills are often dependent upon locally produced agricultural products. In addition, farmers and the employees of all of these secondary agriculture firms purchase goods and services in the local communities. When looked at together, the economic impact of these activities provides a measure of the importance of agriculture to the economy of the state as a whole and each of its 95 counties. The percentage of total economic activity that is generated by agriculture gives a measure of the degree to which each county is agriculturally-dependent.¹

More than 40 percent of the economic activity in six Tennessee counties is agriculturally related (see Figure 2.7). At the top of the list is Moore County, where nearly 80 percent of the economic activity in the county is agriculturally related. Farming generates only a little over three percent of the county's economic activity, with the distillery industry and supporting businesses providing the rest. In Crockett County, the frozen foods industry is the driving

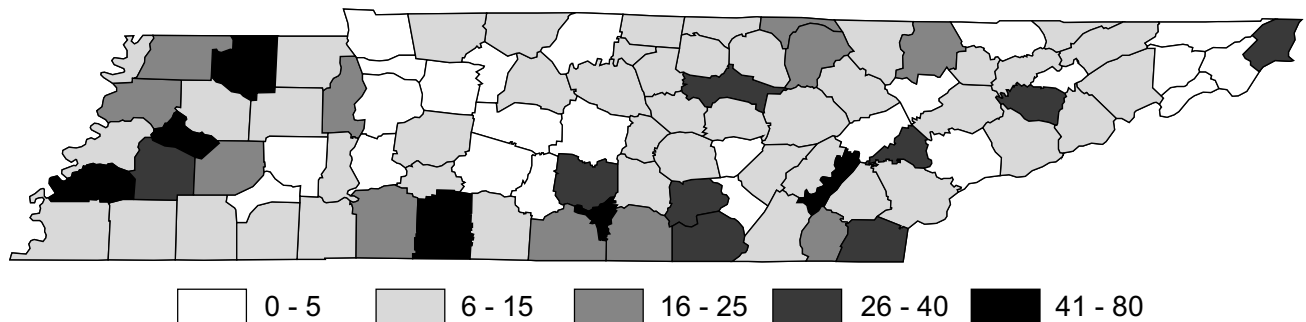
¹ Additional information about the agriculturally-dependent measure can be found in (1) Menard, Jamey, Burton C. English, and Kim Jensen. (2006) Economic Impacts of Agriculture and Forestry in Tennessee, 2003. Knoxville, Tennessee: Agricultural Experiment Station, The University of Tennessee and (2) Ray, Daryl E. and Harwood Schaffer. (2006). "How can it be? A NON-farm-dependent county derives 65 percent of economy from agriculture" <<http://www.agpolicy.org/weekcol/305.html>>.

2.4. Situation and Outlook for Tennessee Agriculture, continued

force that adds to the economic activity of the county's direct agricultural production (10 percent), resulting in nearly 64 percent of the economic activity in the agriculturally-dependent category. The bulk of Tipton County's 51 percent agriculturally-dependent economic activity is generated by firms categorized as producers of dry, condensed, and evaporated dairy products. The fiber, yarn, and threads milling industry is behind Meigs County's 46 percent measure. In Weakley County and Lawrence County, the lawn and garden equipment industry contributes significantly to agriculturally-related activity of 44 and 43 percent, respectively.

In 2003, another nine counties attributed at least a quarter of their economy as agriculturally-dependent: Haywood (39 percent), Bedford (37), Polk (35), Jefferson (32), Marion (32), Johnson (27), Putnam (27), Grundy (26), and Loudon (26). Another 11 counties derived between 15 and 25 percent of their economic activity from agriculturally-dependent activities. The impact of agriculturally-related industries is not limited to the more rural counties of the state. Counties with large urban populations like Shelby County (Memphis) and Hamilton County (Chattanooga) saw over 10 percent of their economic activity fall into the agriculturally-related category even though primary agriculture in those counties accounted for less than one-tenths of one percent of the county's total economic activity. For the state as a whole, three-quarters of one percent of all economic activity is generated by farming activities while over 12 percent of the state's total economic activity is agriculturally-dependent with a significant portion of that coming from those who provide goods and services to those engaged in primary and secondary agriculture.

Figure 2.7. Percent of agriculturally-related economic activity, 2003



Source: Menard, J., B.C. English, and K. Jensen (2006). Economic Impacts of Agriculture and Forestry in Tennessee, 2003. Agricultural Experiment Station, University of Tennessee, Knoxville. <<http://aimag.ag.utk.edu/pubimpact.html>>

2.4. Situation and Outlook for Tennessee Agriculture, continued

Tennessee Agricultural Sector Outlook

Farm Income. Net farm income for Tennessee farmers increased by 50 percent, from \$596 million in 2004 to \$894 in 2005. All of the increase and more in net farm income can be attributed to an increase in direct government payments from \$159 million in 2004 to \$509 million in 2005. In 2004, 27 percent of Tennessee net farm income came from government payments while in 2005, that number rose to 57 percent. Between 1990 and 1997, government payments accounted for 15 percent of net farm income in Tennessee. By way of contrast, between 1998 and 2005, 45 percent of net farm income for Tennessee farmers came from government payments. The USDA estimates that, nationally, farm income for 2006 will be 20 percent below 2005 levels. The decline is primarily caused by a combination of increased operating expenses and decreased government payments.

Crops Outlook. In 2006 Tennessee farmers harvested 510 thousand acres of corn, 17 percent fewer acres than they harvested in 2003. Unlike national corn yields, recent Tennessee corn yields have not increased. The 2006 Tennessee corn yield was 125 bushels per acre, down marginally from 130 bushels a year earlier and 140 bushels in 2004. The high price of oil and the large number of ethanol plants coming online nationally sent corn prices soaring in the last four months of 2006. November 2006 price received by Tennessee farmers was \$3.50 per bushel compared to \$2.06 per bushel a year earlier. Given a tight supply of corn for the next year and increasing ethanol demand, corn prices could remain at higher levels for the foreseeable future. The effect of higher corn prices has resulted in modest increases in the price of soybeans and wheat.

Harvested soybean acreage has remained stable in Tennessee over the last four years, at 1.13 million acres in 2006, after reaching a high of 1.18 million acres in 2004. Yields for 2005 and 2006 were 38 bushels per acre compared to 42 and 41 in the two prior years. While farmers will continue to scout for signs of Asian Soybean Rust, the disease has not had a measurable effect on the Tennessee soybean crop and will not be a major factor in farmers' planting decisions. Soybeans enjoy a higher profitability level in Tennessee than corn and with higher soybean prices (\$6.55 per bushel in November 2006 compared to \$5.77 a year earlier), some acreage may move from less profitable crops into soybeans in 2007.

2006 Tennessee cotton yields were a record high 905 pounds per acre, up 57 pounds per acre from 2005. The previous Tennessee record yield (900 pounds per acre) was set in 2004. A decade earlier Tennessee yields were in the 600 pounds per acre range. Harvested acres increased as well from 635 thousand acres in 2005 to 695 thousand acres in 2006. Since 2003, harvested cotton acreage has increased 165 thousand acres. With increased yields and harvested area Tennessee farmers set a state record, producing 1.31 million bales of cotton. Wheat production in Tennessee is on a decline with 190 thousand acres harvested in 2006 compared to 280 thousand acres harvested in 2004. 2006 yields were excellent (64 bushels per acre), up 8 bushels per acre from a year earlier. Hay acreage in 2006 (1.84 million acres) was down by 205 thousand acres from 2003 crop levels. Tobacco acreage continued to decline, dropping from 23 thousand acres in 2005 to 20 thousand acres in 2006. In 2003 tobacco was planted on 31 thousand acres.

2.4. Situation and Outlook for Tennessee Agriculture, continued

Acreage used for 2005 fresh market tomato production in Tennessee declined to 5,200 acres from 5,900 acres in 2004. At the same time, the yield increased by 40 hundredweight to 240 hundredweight per acre. With an average price of \$34 per hundred weight, the value of Tennessee fresh tomato production increased to \$42.4 million dollars. In 2005, fresh market snap beans were harvested on 10,500 acres with a yield of 63 hundredweight per acre. Along with an increase in price from \$33 per hundredweight to \$36 per hundredweight, the value of snap bean production was \$23.8 million. Fresh market squash generated a value of production of \$1.5 million on a harvested area of 1,000 acres, below the \$2.1 million generated in 2004. Lower price and reduced yields brought about the fall in revenue.

Livestock Outlook. 2006 cattle prices were generally below those of a year earlier as the result of large feedlot inventories, continued heavy cow slaughter, and slower-than-anticipated increases in beef exports. Higher hay and corn prices put additional pressure on livestock profitability. The continued expansion of corn-based ethanol production in 2007 has the potential to keep upward pressure on corn prices and livestock production costs. Cattle producers will be better able to adjust to this price increase than poultry because of the ability to add distiller dry grains, a coproduct of corn ethanol production, to cattle rations. Cattle producers can also reduce the impact of higher feed prices by holding cattle on pasture for a longer period allowing them to achieve a heavier weight before they are put on feed.

2006 average wholesale broiler price is projected by the United States Department of Agriculture (USDA) to be \$64.30 per hundredweight, significantly below 2004 (\$74.10) and 2005 (\$70.80). The 2006 broiler production showed little increase over 2005 levels. USDA projects a slight increase in broiler production for 2007, with prices between \$65 and \$70. Rising feed costs resulting from the ethanol demand for corn are expected to reduce profitability in the first half of 2007. Hog prices dropped slightly in 2006 and profitability will be under pressure from increased feed costs. Modest production increases are projected for 2007, along with a modest price increase. As a result of increased milk production per cow, milk production is projected to increase in 2007 despite lower cow numbers. Even so, milk prices are projected to increase slightly.

Agricultural sector issues and opportunities

Bioenergy. A burgeoning ethanol industry spurred on by farmer and commercial investments, a favorable energy policy, higher oil prices, and movement toward renewable energy sources drove up corn prices significantly in the last five months of 2006. Analysts are projecting that, within a year or two, half of the US corn crop could be used for ethanol production. At the same time that corn-to-ethanol plants are coming on line, research is raising the possibility that cellulosic biomass will eventually overtake corn as the primary feedstock for ethanol plants. In Tennessee, with its relatively small corn production levels, the current focus is on the development of a cellulosic-based ethanol industry. Successful development of an economically competitive cellulosic bioeconomy has the potential to have a significant impact on Tennessee agricultural production and agriculturally-related economic activity in the next four to five years.

2.4. Situation and Outlook for Tennessee Agriculture, continued

In Tennessee, the introduction of commercial biodiesel plants is farther along than ethanol production facilities. Biodiesel can be mixed with petroleum diesel or used alone in diesel engines. The first biodiesel plant opened in Tennessee in November 2005, followed by five more plants in 2006. The range of feedstock material for these plants includes virgin soybean oil and local yellow grease, with some plants capable of handling multiple feedstocks. The University of Tennessee, Department of Agriculture, Department of Economic and Community Development, Tennessee Valley Authority, and Oak Ridge National Laboratory, in addition to other public and private organizations and institutions are ramping up to move bioenergy forward in the state and capture potential benefits, including significant ag sector and economic development benefits.

If current projections come to fruition, the biofuels industry will take its place alongside whiskey distilleries, frozen food plants, dairy processors, thread mills, and lawn and garden equipment manufacturing industries in boosting the role of agriculturally-related activities in the state's growing economy.

Future Farm Policy. Every farm bill is influenced disproportionately by the current economic and political conditions in the farm sector and the larger economy at the time the bill is written and certainly that will be true for the 2007 Farm Bill. The current farm bill (set in place in 2002) is scheduled to expire in 2007 and Congressional leaders have said that they hope to have the new legislation in place by late summer or early fall 2007. Based on history, the most likely outcome for the 2007 Farm Bill is only modest changes from the 2002 Farm Bill. However, several forces are coalescing that could put enough pressure on the delicate farm policy balance to trigger more significant changes to the nation's farm policy. These include the large and growing federal budget deficit, negotiations and obligations under the World Trade Organization (WTO), interest and emphasis on renewable energy, and the public perception that farm programs are not achieving their objectives (or rather, widespread misperception about the real objectives and expectations of current farm policy). Some of the proposals under discussion would reduce current subsidy levels and move the money into other programs. Some of the programs under current discussion are revenue insurance, rural development, energy production, farmland preservation, and environmental programs like the Conservation Security Program—a program that was a part of the 2002 Farm Bill, but never fully funded. The stalled WTO negotiations will likely reduce the pressure to design the legislation with trade rules in mind. ■

The Tennessee Economy: Long-Term Outlook

In this chapter...

3.1. Introduction

3.2. Long-Term Historical Trends

The changing face of the Tennessee economy
Labor markets and population
Income and output

3.3. Long-Term Economic Outlook

Jobs and the unemployment rate
Income and output

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S.

Top income earners
Factors affecting the widening income gap
Comparing Tennessee with U.S. and Southeast
Per capita income in Tennessee
References
Suggestions for further reading

3.1. Introduction

The focus of this chapter falls on long-term historical trends and long-term projections for the Tennessee economy. Short-term forecasts—like those included in Chapters 1 and 2—emphasize the economy’s performance over the ups and downs of the classic business cycle that includes recession and expansion. Long-term forecasts, on the other hand, emphasize the influence of major trends like population growth that affect labor markets and thus economic performance. No recession is built into the outlook that extends to 2016 since recessions are inherently unpredictable. There is an old joke—and a bad one at that—that economists have predicted ten of the last six recessions. In all likelihood an economic downturn will take place sometime over the course of the next ten years. The 1950s, 1960s and 1980s each included two recessions, while there was one recession in the 1970s and one in the 1990s. With only one recession having occurred in this decade (March-November, 2001), it is quite possible that another will transpire over the long-term outlook horizon. However, current economic conditions (see chapters 1 and 2) suggest a recession in the near-term is highly unlikely.

3.1. Introduction, continued

The following discussion begins with long-term historical trends, with an emphasis on state labor markets, per capita personal income, state gross domestic product and population. The next section of the chapter presents the long-term economic outlook for the state. A special feature of this year's long-term outlook is a spotlight on the distribution of income and important changes in income distribution that have taken place over time. There is much talk in the popular media about earnings stagnation for low-skilled workers, the growing concentration of wealth among top income earners and the rise of a new class called the *ultra rich*. The final section of this chapter is devoted to this emerging topic of interest. ■

3.2. Long-Term Historical Trends

The changing face of the Tennessee economy

In the years immediately following World War II, Tennessee's economic foundation was still based heavily on agriculture. As industry began to develop and then flourish, most of the new job creation was in the nondurable goods manufacturing sector, notably textiles and apparel. The state economy benefited from low-priced land and an abundant—albeit poorly skilled—labor force. In short, the low cost associated with doing business in Tennessee proved to be the state's key comparative advantage to the job creation and economic development processes. Employment in the durable goods sector grew in importance in the 1970s and 1980s, and by the early 1990s durable goods employment exceeded employment in nondurable goods. The ascendancy of transportation equipment was instrumental to the growth of the durable goods sector. These shifts in the structure of manufacturing were accompanied by the rising dominance of the service sector, especially in metropolitan areas of the state.

In today's global economy, Tennessee can no longer effectively compete for business and industry on the basis of low costs. Low land prices may translate into land that is not suitable for development; low labor costs may reflect a workforce that is not competitive in the global marketplace. While low taxes enhance the attractiveness of the state, they also constrain the state's ability to provide important services like education and training that are valued by both businesses and families. Tennessee is rapidly shedding jobs in sectors of the economy like textiles and apparel where low costs were historically an important asset. The jobs are being lost to technology, but also to lower-cost production sites in other parts of the world, especially developing countries.

Economic growth occurs through growth in the labor force, improvements in worker skills and training, new investments in business capital and public infrastructure, and technological change brought to bear at the workplace. This is where the focus of economic development policy must fall, not simply on maintaining low costs of doing business. Quality of life issues have become increasingly important to the economic development process in recent years. In the past people were willing to move where jobs were located, as with the population movement to the upper Midwest in the post-World War II era. Today people give greater consideration to amenities like climate when making migration and job choices. Tennessee has many amenities that enhance the attractiveness of the state as a place to live, work and play. Quality of life considerations will likely rise further in prominence in the years ahead.

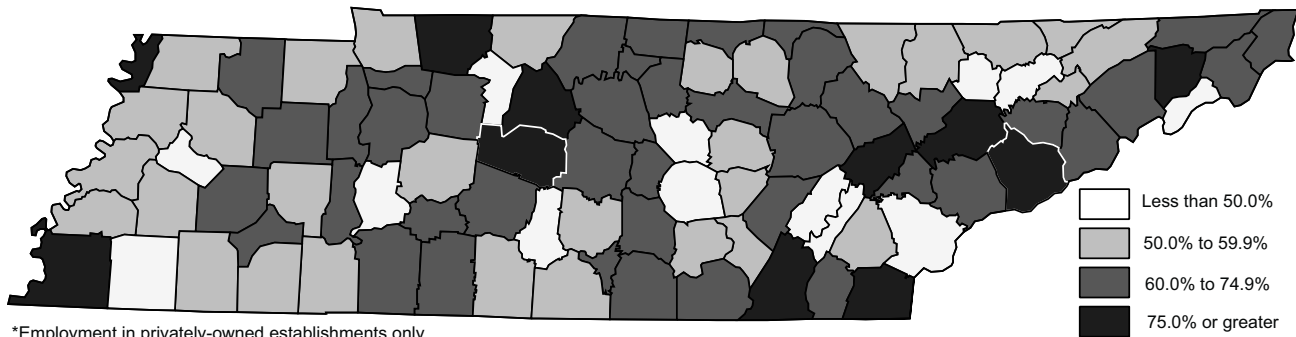
3.2. Long-Term Historical Trends, continued

Labor markets and population

In 1990, 27.1 percent of Tennessee’s nonfarm jobs were in the “goods-producing” sector of the economy, which includes manufacturing, construction and natural resources/mining. For the U.S. the comparable figure was 21.7 percent. By 2006, goods-producing jobs accounted for only 19.1 percent of jobs in the state versus 16.5 percent for the national economy. Not only did the state’s goods-producing sector lose market share, it also lost over 62 thousand jobs during this period of time, while jobs in the service-producing sector advanced by 647 thousand. Both durable goods and nondurable goods employment have fallen. In 1990 there were 254,301 jobs in the durable goods sector; in 2006 the figure was 251,600. In 1990 the nondurable goods sector accounted for 239,151 jobs, slipping to 152,100 in 2006. The natural resources and mining sector has also contracted, while the state’s construction sector has experienced relatively healthy job growth. In the service-producing sector, only federal government employment saw contraction between 1990 and 2006.

Figure 3.1 provides the most recent snapshot available for the share of jobs in the service-producing sector at the county level in Tennessee. (The data are confined to privately-owned businesses.) Eleven counties—most of which are urban—have service-producing shares in excess of 75 percent. These same counties will likely benefit from the long-term expansion of the service sector. On the other hand, thirteen counties have service-producing shares that fall short of 50 percent, which translates into a disproportionate reliance on the manufacturing sector which is in long-term decline. These counties will likely encounter transitional economic development problems in the years to come.

Figure 3.1. Share of service-providing jobs by county, 2005*



*Employment in privately-owned establishments only.

Source: Bureau of Labor Statistics

3.2. Long-Term Historical Trends, continued

A complementary perspective on job growth is offered by population trends. Population growth supports growth in the labor force and thus the job and income creation process. Job growth and population growth go hand in hand: employers are drawn to where there is a productive workforce, and people are drawn to places where there are good job opportunities and a high quality of life. Population trends for the U.S. and Southeastern states dating back to 1950 are shown by decade in Table 3.1. If population growth is a sign of being a winner, Florida certainly receives top billing with growth of 542.0 percent since 1950 (over 15 million new residents). Tennessee's population growth of 81.1 percent since 1950 places it in the middle of the Southeastern states and translates into nearly 2.7 million new residents. The state's strongest population growth spurts occurred in the 1970s and the 1990s with growth rates approaching 17 percent. West Virginia has experienced three decades of population contraction and population growth for the first half of the current decade is rather anemic. West Virginia is the only state in the region to see its population shrink since 1950 (down by over 189 thousand people).

State unemployment rates generally move in tandem with unemployment rates for the national economy over the ups and downs of the business cycle. Tennessee's unemployment rate fared very well compared to the nation in the early 1990s as both economies expanded; the state also enjoyed stronger job growth than the nation in the early 1990s. At the peak of the expansion in 2000, the nation and state each saw the unemployment rate slip to a remarkable low of 4.0 percent. The recession year of 2001 pushed unemployment rates to 4.7 percent, with further increases in 2002 and 2003 during what was referred to as the "jobless expansion."

Table 3.1. Population growth, 1950 to 2005

	Growth (percent)						1950 to 2005 Growth	
	1950-60	1960-70	1970-80	1980-90	1990-2000	2000-05	Percent	Number
								(thous)
United States	14.5	18.5	11.4	9.8	13.1	5.3	95.9	145,084.4
Alabama	6.7	5.4	13.1	3.8	10.1	2.5	48.9	1,495.8
Arkansas	-6.5	7.7	18.9	2.8	13.7	4.0	45.5	869.2
Florida	78.7	37.1	43.5	32.7	23.5	11.3	542.0	15,018.9
Georgia	14.5	16.4	19.1	18.6	26.4	10.8	163.4	5,627.6
Kentucky	3.2	6.0	13.7	0.7	9.6	3.3	41.7	1,228.4
Louisiana	21.4	11.9	15.4	0.4	5.9	1.2	68.5	1,839.6
Mississippi	0.0	1.8	13.7	2.2	10.5	2.7	34.1	742.1
North Carolina	12.2	11.6	15.7	12.8	21.3	7.9	113.8	4,621.2
South Carolina	12.5	8.7	20.5	11.7	15.1	6.1	101.0	2,138.1
Tennessee	8.4	10.1	16.9	6.2	16.7	4.8	81.1	2,671.0
Virginia	19.5	17.2	14.9	15.8	14.4	6.9	128.0	4,248.5
West Virginia	-7.2	-6.2	11.8	-8.0	0.8	0.5	-9.4	-189.1

Source: U.S. Census Bureau

3.2. Long-Term Historical Trends, continued

Income and output

Tennessee inflation-adjusted per capita income stood at \$22,819 in 1994, which represented 92.4 percent of per capita income for the nation. State per capita income reached \$28,338 in 2006, representing 1.8 percent compound annual growth (CAGR). U.S. inflation-adjusted per capita income advanced 2.1 percent (CAGR) over the same period eroding the state's relative standing to 89.3 percent of the national average.

The Bureau of Economic Analysis has discarded the term *gross state product* and now refers to the total value of output produced by the states as state gross domestic product (GDP). While this is consistent with the term used for output at the national level, the same label can also lead to some confusion. U.S. GDP can be measured in terms of income, or equivalently, the value of all goods and services produced in the economy. Because of data limitations on expenditures, state GDP is estimated using income data rather than data on expenditures; it is the sum of income earned by workers (including wages, salaries and fringe benefits), income earned by entrepreneurs and other businesses, and business taxes paid to federal, state and local governments. Under the North American Industrial Classification system (NAICs) accounting scheme, historical data on state GDP by sector extends back only to 1997. The most recent historical data on state GDP by sector are for 2004, though some aggregate data are available for 2005.

Tennessee inflation-adjusted GDP grew at a 3.1 percent compound annual growth rate (CAGR) between 1997 and 2005, matching the rate of growth of the nation. During the expansion years of 1997 to 2000, U.S. GDP grew more rapidly than state GDP (4.1 percent versus 2.3 percent CAGRs). However, since 2001 the tables have been reversed and the state has seen much stronger output growth than the nation (4.3 percent versus 2.8 percent CAGRs). Despite the ongoing loss of manufacturing jobs, the value of industrial production actually grew from 20.1 percent of state GDP in 1997 to 20.8 percent of GDP in 2005. ■

3.3. Long-Term Economic Outlook

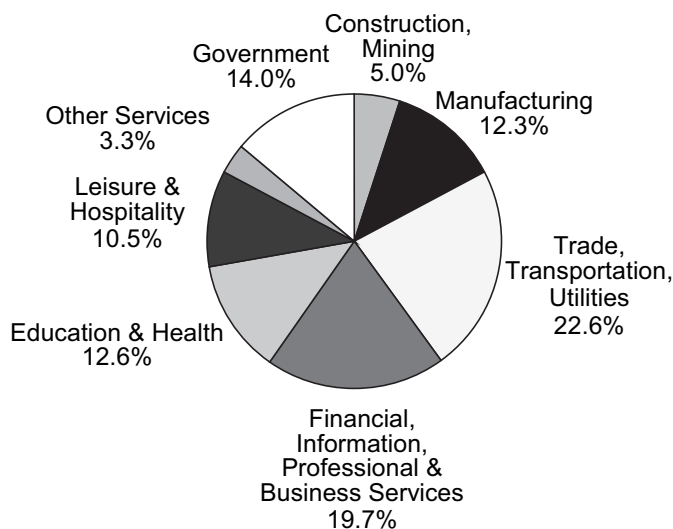
The trend economic outlook presented here extends to 2016. Nonfarm job growth is projected to advance at a 1.4 percent CAGR between 2006 and 2016. This is well ahead of the pace of job creation that took place between 1996 and 2006 largely because of the weak job growth that transpired in the aftermath of the 2001 recession. Job growth during the expansion period of 1994 to 2000 was much stronger at 2.0 percent (CAGR). State job growth will be roughly similar to national job growth through 2010, but in the years after the state will enjoy stronger job growth than its national counterpart. U.S. inflation-adjusted GDP should see 2.8 percent growth while state GDP will grow 3.4 percent. Like job growth, U.S. GDP growth will slow appreciably in 2011 and the years that follow.

Jobs and the unemployment rate

State job growth will continue to be driven by strong growth in services at the same time the manufacturing sector continues to contract. In 2006, manufacturing will account for 14.5 percent of all state jobs versus 10.5 percent of the nation's job base. By 2016 manufacturing job losses, coupled with growth in service sector jobs, will push this figure to 12.3 percent in Tennessee and 9.1 percent for the U.S. (See Figure 3.2.) The state economy will likely see the loss of 13,300 manufacturing jobs over this period. Jobs in the state's durable goods sector should see some growth, but this growth will be overwhelmed by setbacks in nondurable goods manufacturing.

Professional and business services will see especially strong growth in the years ahead,

Figure 3.2. Distribution of nonfarm jobs, Tennessee, 2016



Source: CBER-UT

3.3. Long-Term Economic Outlook, continued

generating nearly 93 thousand new jobs by 2016. Growth in construction, wholesale trade, transportation and utilities, education and health services, and leisure and hospitality services jobs will surpass the state average. Natural resources and mining, information services, other services and government job growth will lag the state average. The retail trade sector is expected to have job growth that roughly mirrors overall state job growth.

Tennessee's unemployment rate is projected to rise slightly to 5.0 percent in 2010 and rest at that level for the remainder of the long-term outlook period. The U.S. unemployment rate will range between 4.4 percent 4.9 percent from 2010 forward.

Over the short term, civilian labor force growth in Tennessee will slow to 1.2 percent in 2008 from the heated 2.4 percent pace of expansion in 2006. Over the entire 2006 to 2016 period, labor force growth should tally 1.3 percent. U.S. labor force growth will be below 1.0 percent over the long term. The labor force participation rate in Tennessee is projected to reach 65.2 percent in 2016 the highest rate since 1999. The underlying population forecast used in these estimates is the most recent forecast of the U.S. Bureau of the Census. The Census projections of population are somewhat lower than those produced by the Center for Business and Economic Research in December of 2003. The Census data are used here as they rely on more recent data.

Income and output

Tennessee inflation-adjusted personal income will gather some steam in 2008 yielding 3.3 percent compound growth between 2006 and 2016. U.S. personal income will experience similar growth over the long term. Tennessee wage and salary income will advance 5.1 percent; rent, interest and dividend income will be up 5.8 percent; and proprietors' income will grow 5.1 percent (CAGRs) by 2016.

Inflation-adjusted per capita personal income will reach \$36,104 by 2016 in Tennessee, versus \$40,465 for the nation. State per capita income will be 89.2 percent of the national average in 2016.

As noted above, U.S. inflation-adjusted GDP should see 2.8 percent growth over the long term, compared to 3.4 percent state GDP growth. The state's manufacturing sector will see strong growth in output despite the declining job base. Manufacturing's output

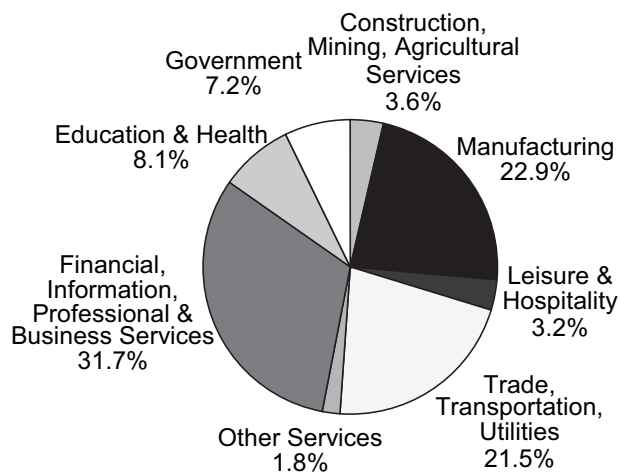
3.3. Long-Term Economic Outlook, continued

share in Tennessee was 20.9 percent in 2006; by 2016 manufacturing's output share will have grown to 22.9 percent as shown in Figure 3.3. This anticipated trend reflects the likelihood of strong productivity gains in the state's manufacturing sector. This should help shore up earnings for production workers. The output share in the durable goods sector will grow from 13.9 percent in 2006 to 17.5 percent in 2016. However, the nondurable goods sector will see its output share contract from 7.2 percent to 5.4 percent. While nondurable goods will see output growth expand in each year of the forecast horizon, growth will lag overall growth in state GDP.

Output growth in information services and professional and business services will be especially strong. For information services, much of the growth will be due to strong productivity gains; for professional and business services, the sources of output growth will be more balanced between more workers and productivity gains.



Figure 3.3. Tennessee inflation-adjusted gross domestic product by sector, 2016



Source: CBER-UT

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S.

Issues related to the distribution of income have surfaced prominently at the national level in recent years due in part to the increasing concentration of income in the top portion of the distribution. Throughout the popular media, the theme of thriving, high paid executives and superstar entertainers and athletes clashes with low-skilled workers whose job prospects and earnings are eroding. A new class of American society—the *ultra rich*—has now emerged. The plight of low-skilled workers has contributed to growing concerns over the distribution of income. Low-skilled workers recognize the increased outsourcing of jobs and growing immigration and perceive each as a threat to their job security.

Income distribution issues are not confined to the national arena, they apply to Tennessee as well. While per capita income in Tennessee has gradually approached that of the U.S. over the past 25 years, a substantial gap remains. Within the state there have long been substantial disparities in income across counties. For example, in 2004, Williamson County enjoyed the highest per capita income of any county in the state at \$44,298 while per capita income in Hancock County was only \$14,885. And the state's distribution of income for high versus low income individuals is more skewed than the average state.

Top income earners

In the early portion of the twentieth century, wealthy individuals were able to live off of income generated by accumulated fortunes. Times have changed, and today's wealthy individuals typically earn income from being in the workforce. In 1916 only 20.0 percent of the richest one percent of the country earned income from paid work (The Economist, 2006). Instead of wages and salaries, these people derived income from stocks, bonds, and so on. Today, 60.0 percent of the richest one percent work for their income, earning wages and salaries (The Economist, 2006).

In the U.S., the top one percent of earners received 7.5 percent of all national after-tax income in 1979 (Shapiro, 2005). By 2002, this group's share of total national income grew to 11.4 percent. In fact, during this 24-year period, the average after-tax income of the top one percent of the population rose from \$298,900 in 1979 to \$631,700 in 2002 (111.0 percent), while for the poorest fifth of the country's earners after-tax income rose only 5.0 percent, or \$600 over this time (inflation-adjusted 2002 dollars). For the middle fifth of the population, average after-tax income increased modestly from \$38,000 to \$43,700 (15.0 percent). Most studies find that in the early years of this new century, income is more concentrated than in any years dating back to the Great Depression.

According to a recent study, the income share of the top decile of taxpayers from 1917 to 1998 illustrates a "U-shaped" curve over time (Pickety and Saez, 2003). (A "taxpayer" is defined as a married couple living together with dependents or a single adult with dependents.) A reproduction of this curve is shown in Figure 3.4. World War II substantially decreased the share of income devoted to the top decile by some 30.0 percent. Following this decline, the rate stabilized at around 32.0 percent, and then steadily increased from the 1970s through the late 1990s. The sharpest increase occurred just after the Tax Reform Act of 1986, which sharply cut the top marginal income tax rates.

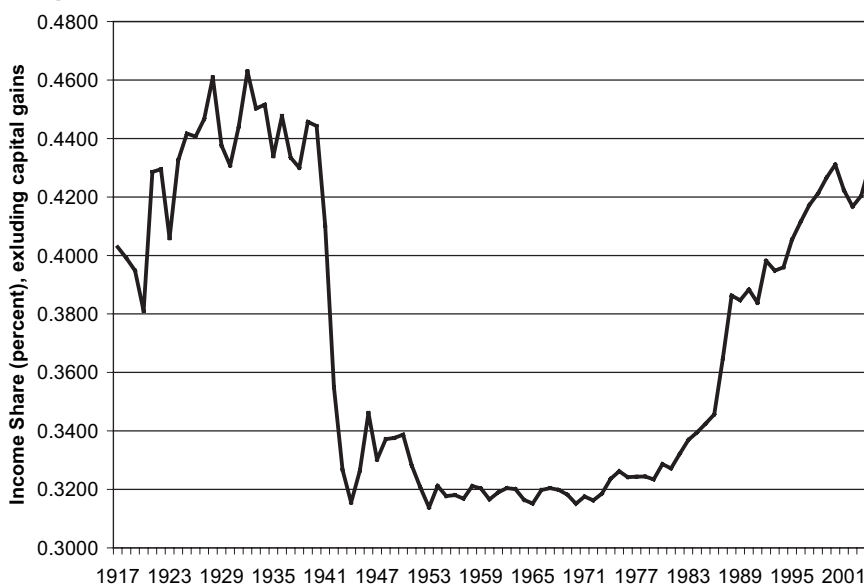
3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Due to two major shocks in the last century (the Great Depression and World War II), the top of the income distribution saw an erosion in its income share. But the top share remained low until the 1970s when a resurgence occurred. Two factors prolonged this resurgence. First was a more even distribution of rent, interest and dividend income across income classes. Second are steeply progressive income tax rates and the estate tax which have served to redistribute some income away from top earners.

Following the 2003 tax season, the Statistics of Income (SOI) Division of the IRS provided a report in response to requests regarding the 400 individual income tax returns reporting the highest adjusted gross incomes (AGI) for nine straight years, 1992 through 2000. There were 113,604,503 total tax returns in 1992 and 129,373,500 in 2000. Because an increasing number of individuals filed taxes each year, the top 400 returns with the highest AGI represent a declining share of the total number of filed tax returns. Each year the top 400 tax returns were calculated, rather than a fixed group of taxpayers over time; less than 25.0 percent of the taxpayers appeared in the top 400 more than once over the nine year period (Parisi and Strudler, 2003).

The average AGI of the 400 “ultra-rich” soared from about \$60 million in 1992 to \$223 million in 2000 (inflation-adjusted 2002 dollars). In fact, the percentage of income concentrated within the top 400 tax returns relative to all income increased from 0.5 percent to 1.1 percent. Figure 3.5 illustrates the salaries and wages of the top 400 earners as a share of their AGI over time. From 1996 to 2000, salaries and wages have gradually become a larger share of AGI for the top 400 earners.

Figure 3.4. The top decile income share in the U.S., 1917-2004



Source: Pickety and Saez (2003)

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

As income has become increasingly concentrated at the top of the income distribution, the natural question arises as to who the relative losers are. The answer is provided in Figure 3.6 which illustrates the change in income shares for income quintiles, as well as the top 5 percent of the income distribution, between 1967 to 2001. As is clear from the figure, the increased concentration of income in the top quintile (a gain of 14.4 percent) has come at the expense of all other quintiles which lost income share during the period shown. The largest setbacks were in the second and third quintile. The last bar in the figure illustrates the increased concentration of income for the top five percent of all households, a gain of 28 percentage points.

Figure 3.5. Salaries and wages of the top 400 earners as a percent of AGI, 1992-2003

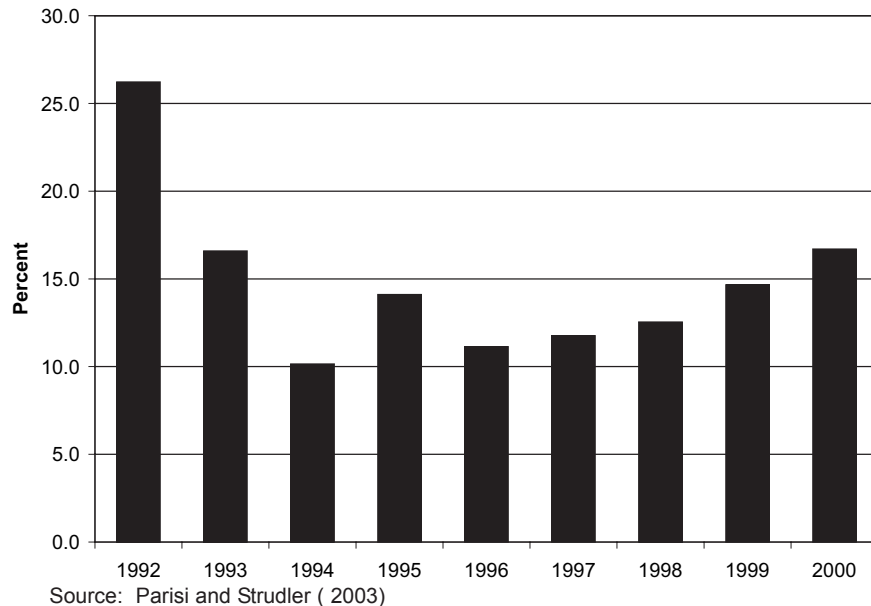
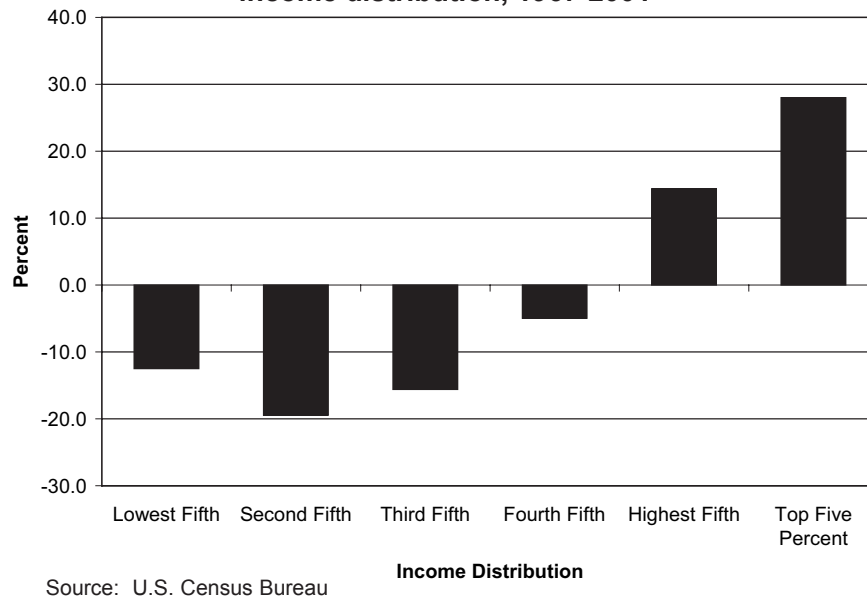


Figure 3.6. Changes in household shares of aggregate income by quintiles of the income distribution, 1967-2001



3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Factors affecting the widening income gap

There are many factors that affect individual earnings, including education, ability, effort, family wealth, luck and opportunity. America has always been viewed as the land of opportunity, a view still shared by most. In fact, eight out of ten U.S. citizens believe that one can start poor and end up rich, a number that has increased by 20.0 percent since 1980 (The Economist, 2006). Instead of worrying about how the economy is divided, citizens of the U.S. want to join the rich rather than lay blame on them. Rather than hold the rich responsible for the widening gap, many Americans tend to blame poor foreign countries who can offer cheap labor (The Economist, 2006).

The widening income gap has occurred because the rich have become richer while at the same time the rest of the population has seen relatively little growth in income, leading to the pattern shown in Figure 3.6. There are many explanations for why the rich are getting richer at a quicker rate compared to middle and lower income individuals. However, not all of these explanations have merit and additional research will be needed to identify the underlying causes of the widening income gap. New puzzles are emerging as these questions are studied, like education's role in promoting income growth. According to the U.S. Census Bureau, employees with four-year college degrees, particularly doctoral degrees or specialty degrees, actually received a 3.1 percent drop in inflation-adjusted wages from 2000 to 2005 (Hall, 2006). Some statistics suggest, at least recently, stronger earnings patterns for high school graduates compared to individuals with a college degree (The Economist, 2006). Also, since 2000 high school dropouts performed better than those with some college experience but no degree (The Economist, 2006). Few believe that this pattern will be sustained and most think the premium to greater investments in education will be restored.

Global competition has certainly slowed wage growth for lower-skilled workers in the U.S. American corporations have far less market power than they did in the 1960s and 1970s and the influence of unions has diminished, potentially dampening earnings for a wide class of workers. One poll found that nearly 90.0 percent of individuals worry about their jobs going offshore, which means they are less likely to push for strong wage gains (The Economist, 2006).

A general consensus is that enhanced technological progress has allowed the most skilled workers to gain the most, particularly among chief executives (The Economist, 2006). Today, CEOs in the U.S. earn 300 times the wage of the average worker, a number that has increased tenfold over the past 30 years (The Economist, 2006). In addition, many chief executives are offered contracts that are tied to the performance of the company stock. Arguments have been made that top managers are becoming more mobile due to developed technology and the openness of the global economy, increasing the market for chief executives around the world and bidding up their paychecks (The Economist, 2006). As the demand for skilled workers has increased relative to the supply dating back to the 1980s, freer trade has developed to complement the widened income gap in America.

Another argument is that the rising income gap reflects the aging of the population and the increased returns to education. In short, older people who are educated have had more time to realize strong returns on their educational investment (Cowen, 2007).

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

There is also the proposition that the effects of soaring earnings for athletes, entertainers, and other individuals with truly unique skills over time have contributed to the widening income gap (Hall, 2006). Athletes such as Tiger Woods earn significant portions of income from advertisements and promotions, as well as athletics. Add in technological advancements that allow entertainers to widen their audience to the global market, and further income is generated atop the distribution. Michael Jordan's athletic ability differentiated himself from others, pushing his salary up. Nick Saban's unique coaching skills have proven to be so valuable that his new contract with the University of Alabama makes him the highest paid college football coach in the U.S. (Pasquarelli, 2007).

An International Perspective

While the income distribution is skewed in the U.S. and in Tennessee, this trend is even more dramatic at the international level. For example, in 2005, Luxembourg enjoyed the highest per capita income at \$65,630, while Burundi held the bottom spot at \$100 (Finfacts, 2006). For residents of Burundi, this translates into about 25 cents per person, per day.

In a unique study focused on the international aspects of income distribution, the Helsinki-based World Institute for Development Economics Research of the United Nations University found that more than half of all global household wealth is owned by the richest two percent of adults in the world, where wealth is simply defined by the value of physical and financial assets less debts. The richest 10.0 percent of adults own 85.0 percent of the world's assets, while the bottom half of the world's adult population owns just over one percent of global wealth (Davies et al., 2006). In terms of concentration atop the distribution, in 2000 approximately \$500,000 in assets was needed to earn a spot in the richest one percent of the global population, a group that is not so exclusive, containing 37 million members worldwide.

The share of the income distribution represented by the top 10.0 percent of wealth holders within countries varies across nations but generally is found to be high. The share of income held by the top 10.0 percent of wealth holders ranges from around 40.0 percent in China to as high as 70.0 percent in the U.S. (Davies et al., 2006). Although Japan and the U.S. are similar in that they have high wealth relative to other countries, the U.S. was found to have significantly higher levels of wealth inequality. When compared to other developed countries, the share of income received by the top 0.1 percent of citizens in America is double that of its British equivalent and triple that of its French equivalent (Pickety and Saez, 2003).

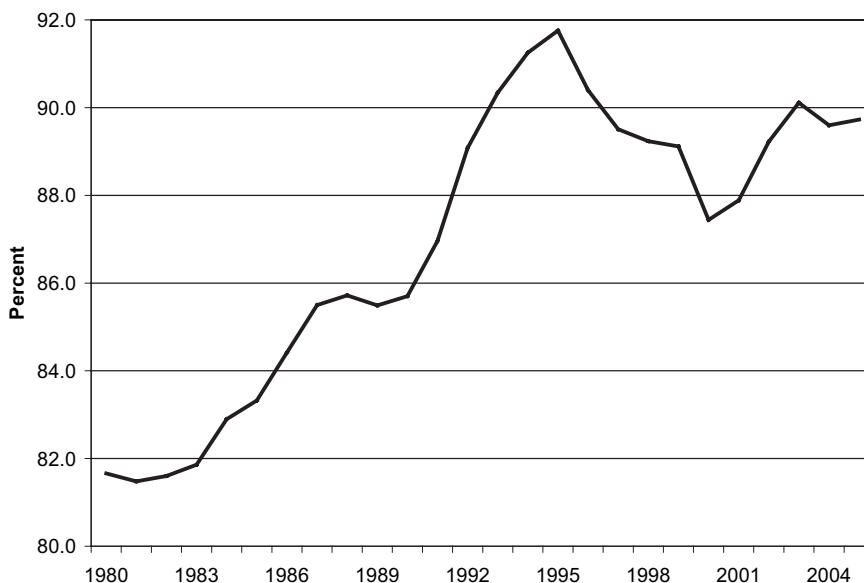
3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Comparing Tennessee with the U.S. and other Southeastern states

Income distribution issues at the state and local level often focus on differences in aggregate measures of wellbeing, like per capita income which has been referred to above. Per capita personal income includes wage and salary disbursements, supplements to wages and salaries, proprietors' income, rental income, dividend income, interest income, and transfer receipts, minus contributions for government social insurance. This income is assigned to individuals based on where they live rather than where they work. Tennessee, like most states in the southeastern region, has generally had lower levels of per capita income than the nation. A primary explanation is relatively lower levels of educational attainment for the workforce in the southeast which have in turn supported low-skill jobs. Figure 3.7 illustrates Tennessee's per capita income as a share of U.S. per capita income from 1980 to 2005. From 1980 to 1995, Tennessee per capita income approached U.S. per capita income levels, but the performance since 1995 has been mixed.

Since 1980, per capita personal income has increased by approximately \$24,300 (241.0 percent) for the U.S. and nearly \$23,700 (275.0 percent) for Tennessee (inflation-adjusted dollars). Since 2000, U.S. per capita personal income has increased by 15.6 percent while Tennessee has seen an 18.6 percent rise. Tennessee did enjoy a better annual change in per capita income relative to the U.S. in all but one year from 2001 to 2005 (2004) making up for some of the ground lost in the years immediately following 1995. In 2006, U.S. per capita income stood at \$34,495 compared to \$30,952 for Tennessee.

Figure 3.7. Tennessee's per capita personal income as a share of the U.S., 1980-2005



Source: Bureau of Economic Analysis

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Figure 3.8 illustrates the percent change in the per capita personal income levels from 2000 to 2005 for the U.S. and the 12 southeastern states including Tennessee. Relative to the U.S., most southeastern states have performed well since the start of the new millennium with a cumulative average rate of growth in per capita income of about 17.2 percent. Only Louisiana, Georgia, North Carolina, and South Carolina had slower rates of growth than the U.S. average, while Alabama, Arkansas, and Virginia had relatively high increases in per capita income. It is worth noting that states with per capita income levels that lag the nation must have stronger growth *rates* in order to catch up to national *levels* of income.

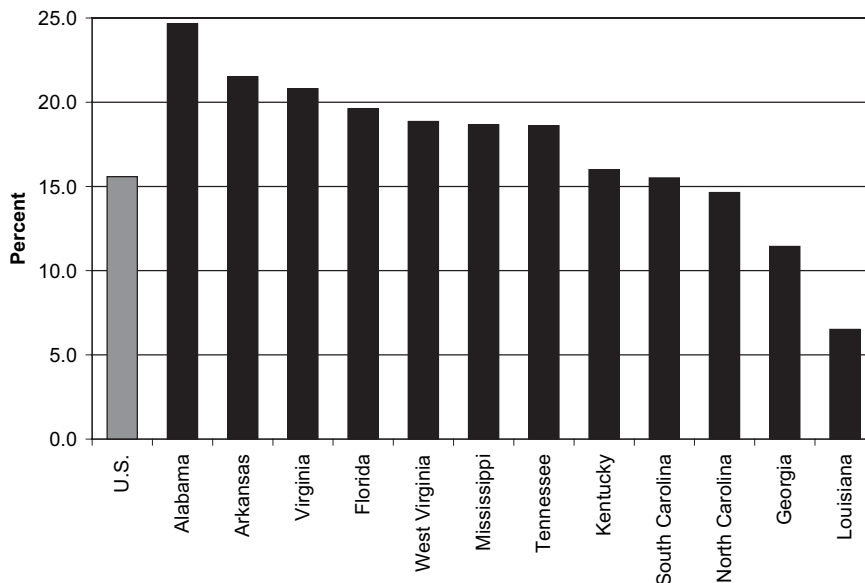
Figure 3.9 illustrates each of the southeastern states per capita income as a share of the U.S. per capita income for 2005. Only Virginia has a higher 2005 per capita income level than the U.S. Tennessee's relative per capita income is just below 90.0 percent, ranked fifth among the southeastern states behind Virginia, Florida, Georgia, and North Carolina.

A measure of in-state income disparity is shown in Figure 3.10 where the ratio of the lowest county per capita personal income to the highest county per capita personal income for all southeastern states in 2004 is presented. Tennessee ranks tenth out of twelve southeastern states with a ratio of around 34.0 percent, suggesting that a large gap in income does exist compared to other states in the region. Louisiana had the least variation in per capita income across counties, with a ratio of 55.5 percent, while Virginia showed the largest gap with a ratio of 31.3 percent.

The Corporation for Enterprise Development (2006) has published a measure of household income distribution at the state level that is equal to the ratio of family pre-tax income for the top 20.0 percent of households to family pre-tax income for the bottom 20.0 percent of households. A higher ratio means a more skewed distribution of income and greater income concentration in the top quintile. Table 3.2 shows this ratio from 2002 for each of the southeastern states. It is evident that as a group, the southeastern states generally have large differences between family incomes at the top quintile compared to the bottom quintile. For Tennessee, the ratio was 12.29 in 2005, suggesting a more highly skewed distribution than in other states. Table 3.2 also shows the national rank of this measure for each southeastern state, where a higher rank indicates a more skewed distribution of income. Half of the southeastern states rank in the worst fifth of the country and Tennessee ranks 45th. Perhaps of more concern, the income gaps between the richest 20.0 percent and the poorest 20.0 percent of households increased for all states in the southeast from 1999 to 2002, with the exception of Georgia. Tennessee saw a 9.3 percent increase in their income gap over the three-year period, which ranks 35th in the nation. Wyoming ranks first in the country with a ratio of 7.51 and New York ranks last with a ratio of 13.65.

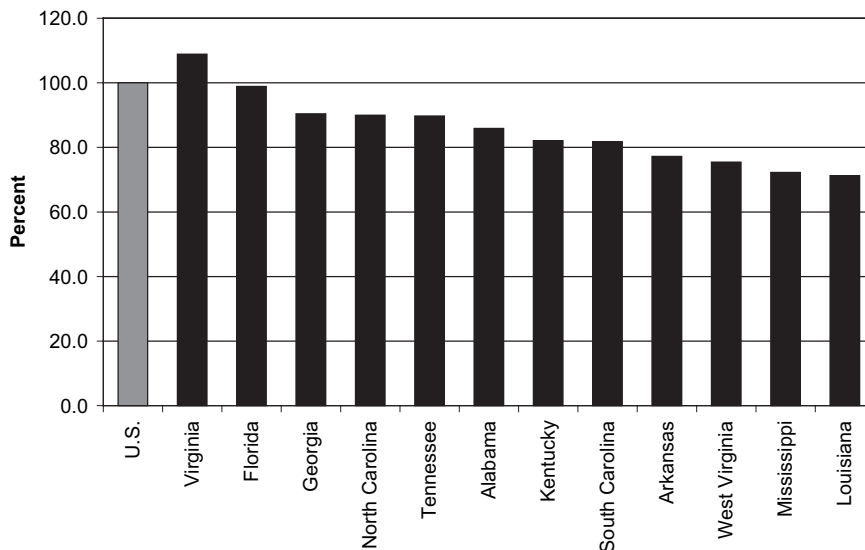
3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Figure 3.8. Percent change in nominal per capita personal income, 2000-2005



Source: Bureau of Economic Analysis

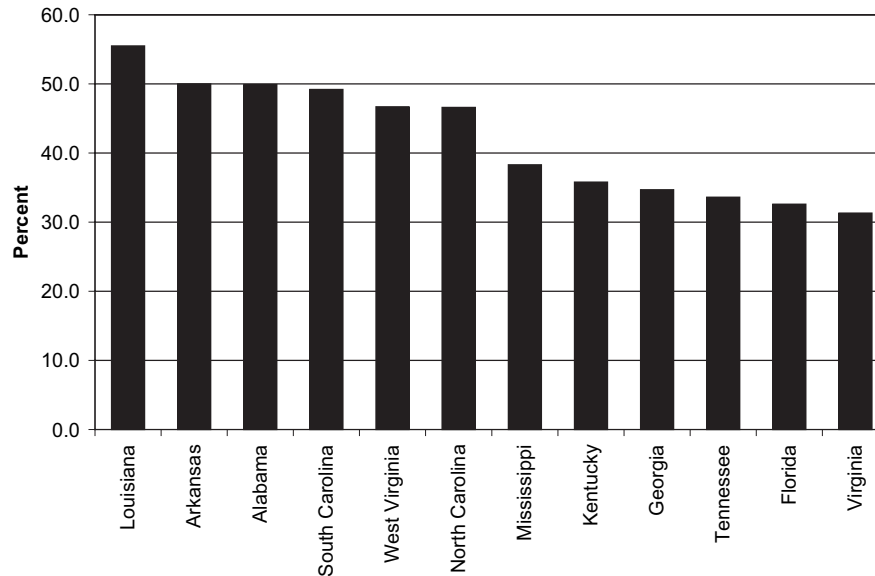
Figure 3.9. Per capita personal income as a share of U.S. per capita personal income, 2005



Source: Bureau of Economic Analysis

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Figure 3.10. Ratio of the lowest county per capita income to the highest county per capita income, 2004



Source: U.S. Census Bureau

Table 3.2. Income distribution measures and rankings, 2002

State	Ratio	Rank
Georgia	9.84	22
Virginia	10.81	33
South Carolina	10.90	34
Alabama	11.44	37
Kentucky	11.53	38
West Virginia	11.55	39
Florida	12.07	41
Mississippi	12.09	42
North Carolina	12.17	43
Tennessee	12.29	45
Arkansas	12.32	46
Louisiana	13.63	49

Source: Corporation for Enterprise Development (2006)

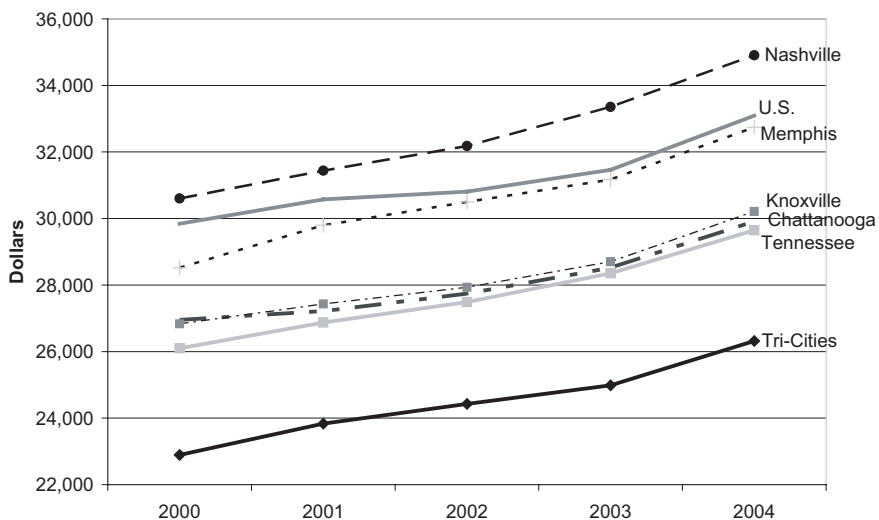
3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

Per Capita Income in Tennessee: MSAs, Urban/Rural Areas, and Counties

Substantial differences in per capita income exist across metropolitan and non-metropolitan areas, as well as urban versus rural areas of Tennessee. Per capita income for Tennessee, the state's major Metropolitan Statistical Areas (MSAs) and the U.S. from 2000 to 2004 is shown in Figure 3.11. Nashville's per capita income level remained superior to all other areas throughout the time period. In 2004, Nashville's per capita income was 17.0 percent higher than Tennessee's overall per capita income. The Tri-Cities MSA was far below the other areas, although Tri-Cities showed growth trends similar to other MSAs. In 2004, the Tri-Cities had per capita income about 12.0 percent lower than Tennessee's per capita income.

Urban and rural areas tend to have significant differences in per capita personal income. Figure 3.11 provides indirect evidence of this fact since all MSAs other than the Tri-Cities have per capita incomes that exceed the state average. The income differences arise for many reasons, but especially important are different mixes of jobs and different levels of educational attainment for the adult population. The Census defines the urban population as those individuals who live in core census block groups or blocks that have a population density of at least 1,000 people per square mile and surrounding census blocks that have an overall density of at least 500 people per square mile. Tennessee contains 70 rural counties and 25 urban counties as defined by the census. When all 95 of Tennessee's counties are ranked by per capita personal income for 2004, only 12 out of the top 35 counties are rural and none of the top six counties are rural. In fact, in the bottom 59 counties ranked by per capita income, only two counties are defined as urban counties according to the census definition. Williamson County ranks first with a per capita income of \$44,298 compared to Hancock County, which ranks last with a per capita income of \$14,885. Williamson County is part of the Nashville MSA, which ranked 53rd out of 3,111 counties nationwide and 50th out of 362 MSAs nationwide in per capita income for 2004. ■

Figure 3.11. Per capita personal income (nominal dollars), 2000-2004



Source: Bureau of Economic Analysis

3.4. Shifting Fortunes: The Long-Term Picture of Income Distribution in the U.S., continued

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Suggestions for Further Reading

On Wage Inequality:

Autor, D., Katz, L. F., & Kearney, M. (2005). Trends in U.S. Wage Inequality: Re-assessing the Revisionists, *NBER Working Paper Series*, No. 11627.

On Top Wealth Shares:

Kopczuk, W., & Saez, E. (2004). Top Wealth Shares in the United States, 1916-2000: Evidence from Estate Tax Returns. *National Tax Journal* 57 (2): 445-487.

On Tax Cuts and Income Distribution:

Hashemzadeh, N., & Saubert, W. (2004). The Effects of Bush's Tax Cuts on Income Distribution and Economic Growth in the United States. *Problems and Perspectives in Management* 3: 111-120.

Assessing the State of Tennessee's Environment

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*Attainment of federal air quality regulations
Preferences for emissions reductions*

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4.1. Introduction

Tennessee's geographic diversity translates into significant differences in the local environmental conditions experienced and natural resources found in different areas across the state. For example, the challenges facing counties in East Tennessee associated with improving air quality differ substantially from those facing areas in the West of the state. However, throughout the state, a growing population demands improved environmental quality and continued economic expansion—two goals that are linked but not at odds with each other. Environmental quality is a broad term used to describe the health of numerous features of the environment including land, air, and water.

Continued improvements in environmental quality are important for increased standards of living, both improved health outcomes and better recreational opportunities. Environmental quality is also important to the job creation process and economic development. People want to work and live in areas with strong environmental amenities. Problems like non-attainment in our metropolitan areas can hamper the state's ability to attract new employers. And degradation of the air or water resources may retard population and labor force growth.

4.1. Introduction, continued

The remainder of this chapter focuses on environmental challenges confronting Tennessee today. These problems require ongoing attention so that the state's environmental assets are not squandered. The chapter considers air pollution, water pollution, and preservation of the Great Smoky Mountains National Park, one of the state's premier environmental assets. This chapter certainly does not exhaust the environmental issues confronting the state but provides a foray into some of the more important issues at hand.

Government's role in protecting the environment

Local environmental quality is affected by the regulations governing the various sources of pollution. In general, government regulation can improve economic wellbeing in situations (called *market failures*) where the free market fails to achieve an efficient allocation of resources. (See adjacent insert for a more detailed discussion.)

The laws and regulations that govern environmental quality are determined at the federal, state, and local levels. In the case of air quality, for example, minimum standards are established under the federal Clean Air Act with responsibility for implementing policies to achieve those standards left to state and local authorities. In contrast, amendments to the Clean Water Act directed states to set water quality standards within their own boundaries.

Should environmental policy be set at the federal or local level? The answer to this question depends on several factors. Oates (2001) considers the challenges encountered in providing a definitive answer to this question. For example, in the case where local jurisdictions do not have control over environmental quality within their own boundaries, policy should be set by a central authority such as the federal government. This case would also suggest that the regulation of global public goods, such as the depletion of the ozone layer and global climate change where the environmental quality at a given location is affected by emissions from all over the world, should be regulated by an international authority.

When local environmental quality depends only on local sources of pollution, a different answer may surface. For example, if municipal solid waste collected from within Davidson County is also disposed of within Davidson County, then this would represent an environmental issue that is local to Davidson County. In this second case, the preferred level of regulation is unclear. Local control of environmental policy may be preferred if the local policy decisions do not have negative consequences for those in other places and if local control does not lead to a lower than optimal level of local environmental quality. Otherwise, centralized policymaking may still be desirable.

4.1. Introduction, continued

A final possibility arises when emissions from within a given jurisdiction affect environmental quality in that jurisdiction and environmental quality in neighboring jurisdictions. Most environmental issues can be described by this final case. For example, air quality in Tennessee is impacted by emissions from power plants within Tennessee as well as those located in neighboring states. Here, environmental policy should be set by a central authority. Within the U.S., some environmental policies are set by the federal government with implementation left up to state and local authorities. As such, state and local decision-makers often have a significant degree of flexibility in choosing among various policy options, resulting in a diversity of policies across the state. However, the presence of spillover effects presents challenges for policymakers as they must recognize the impact of local emissions on the environmental quality of neighboring areas (and the impact of emissions from neighboring areas on local environmental quality). Of course the incentives to do this may be lacking, as policymakers tend to be more concerned over their constituents than people living elsewhere. ■

“Market Failures” Defined

A number of market failures are relevant to a discussion of environmental quality. One such market failure, an externality, occurs when individuals engaged in an activity fail to account for the effects of their actions on other individuals. An externality can result from a production process or through consumption. Pollution flowing to a nearby town from an industrial source represents one example of an externality; a firm, pursuing its self interest, creates costs for others. Regulation can force firms to take account (or *internalize*) these external effects in making their production decisions. This can improve economic wellbeing for society at large.

A second relevant market failure occurs with the provision of a *public good*. Examples of public goods include national defense, air quality, and biodiversity. Such goods are unique: one person's consumption does not alter the amount available for others and it is difficult if not impossible to keep one from consuming the “good,” whether it is truly a good or a bad (like pollution). In contrast, standard goods produced by the market—like a bottle of water—have very different characteristics. If I drink the water, you cannot; and you cannot consume the water without first purchasing it. Because of the characteristics of public goods, companies (and individuals) do not have private incentives to provide them at the appropriate levels. Government intervention is required to address this problem.

A third and final important market failure relates to so-called open-access resources like a public lake. As the name suggests, open-access resources are resources for which no individual or group has the legal power to restrict access. An open-access resource is like a public good in that it is difficult to limit access or consumption. But unlike a public good, one's use of an open-access resource may reduce the quantity left for others to consume. A lake stocked with fish provides a useful example. With no regulations on the quantity of fish each fisherman can take, each fisherman has an incentive to take as many as he is able to catch. Without a system to manage the resource, a problem known as the “tragedy of the commons” can arise (Hardin, 1968). This refers to the incentives to exploit open-access resources created by the lack of property rights. A good example of this problem in practice is over-fishing of commercial fish stocks in the Atlantic and Pacific Oceans.

4.2. Air Quality in Tennessee

Attainment of federal air quality regulations

The Clean Air Act mandates that the Environmental Protection Agency (EPA) establish National Ambient Air Quality Standards (NAAQS) for six principle pollutants, called “criteria pollutants.” The NAAQS establish two types of minimum standards for these pollutants. Primary standards are set to protect public health including the health of individuals who are particularly susceptible to the health impacts of air pollution such as asthmatics, children, and the elderly. Secondary standards are set to protect public welfare and account for effects such as decreased visibility and crop damage from elevated levels of pollution. The six criteria pollutants, their primary sources, and anticipated health impacts are listed in Table 4.1.

All counties in the United States are required to comply with the NAAQS. Counties that meet the standards are said to be in “attainment” of the standards while those failing to meet the mandated minimum levels of air quality are called “nonattainment” counties. Nonattainment counties risk loss of federal highway funding and challenges attracting new businesses. The EPA may require that new businesses that need permits to release pollution as a byproduct of their production processes obtain those permits from existing businesses. The reason is that EPA will not allow an increase in the level of certain pollutants in a nonattainment area. In this case, unless an established business surrenders its permits, the new business is unable to locate within the nonattainment area. In addition to possible permitting restrictions, businesses may prefer to locate in areas with good environmental quality for other reasons (for example to attract some workers from the national labor market or to avoid more stringent environmental regulations in the future). Table 4.2 provides an alphabetical list of Tennessee counties that were in nonattainment of at least one NAAQS between 1992 and 2005. For those counties that are no longer in nonattainment, the fourth column lists the date that the county was redesignated as in attainment with the respective standard.

Focusing on the ozone standards, the Environmental Protection Agency allowed areas failing to comply with the 8 hour ozone standard who were in attainment with the previous 1 hour standard to postpone official non-attainment status and the associated penalties by entering into an approved Early Action Compact (EAC). An EAC represents a Memorandum of Agreement among local and state governments and the EPA. The EAC provides a plan for improving local air quality to meet the required standard while allowing flexibility in the chosen emissions reduction strategies. For approval, the EAC must demonstrate that the proposed emissions reduction strategies are sufficient to bring about compliance with the standard.

In April 2004, the EPA announced that it was designating the following 18 counties in nonattainment for the 8 hour ozone standard: Anderson, Blount, Cocke, Davidson, Hamilton, Hawkins, Jefferson, Knox, Loudon, Meigs, Montgomery, Rutherford, Sevier, Shelby, Sullivan, Sumner, Williamson, and Wilson (Division of Air Pollution Control, 2005). These 18 counties formed five different regions with other nearby counties to propose EACs. The five EAC proposals submitted by counties in Tennessee varied substantially in terms of the proposed

4.2. Air Quality in Tennessee, continued

Table 4.1. Criteria pollutants: Primary standards, sources, and associated health impacts

Criteria pollutant	Primary standards	Primary sources	Health impacts
Carbon monoxide	35 parts per million (1 hour standard); 9 parts per million (8 hour standard)	On-road vehicles, non-road vehicles and engines, industrial processes, fuel combustion	Reduces the delivery of oxygen to the body's organs and tissues; people suffering from cardiovascular disease, particularly those with angina or peripheral vascular disease most susceptible.
Lead	1.5 micrograms per cubic meter (maximum arithmetic mean averaged over a calendar quarter)	Metals processing, waste incinerators, utilities, motor vehicles	Organ damage, seizures, mental retardation, behavioral disorders, memory problems, mood changes, high blood pressure, increased heart disease, reproductive disorders, anemia; low levels of lead damage the brain and nerves in fetuses and young children, resulting in learning deficits and lowered IQ.[1]
Nitrogen dioxide	0.053 parts per million (annual arithmetic mean concentration)	Motor vehicles, electric utilities, industrial boilers	Lung irritation, bronchitis, pneumonia, and lower resistance to respiratory infections. Nitrogen oxides are an important precursor to ozone.
Particulate matter	150 micrograms per cubic meter (PM ₁₀ , 24 hour standard)[2]; 15.0 micrograms per cubic meter (PM _{2.5} , annual standard)[3]; 35 micrograms per cubic meter (PM _{2.5} , 24 hour standard)[4]	Electric utilities, motor vehicles, other industrial sources, fires	Breathing and respiratory symptoms, aggravation of existing respiratory and cardiovascular disease, alterations in the body's defense systems against foreign materials, damage to lung tissue, carcinogenesis and premature death. Sensitive populations include individuals with chronic obstructive pulmonary or cardiovascular disease or influenza, asthmatics, the elderly, children.
Ozone	0.08 parts per million (8 hour standard); 0.12 parts per million; (1 hour standard, phased out in most areas)[5]	Motor vehicles, power plants, chemical plants, refineries[6]	Damages lung tissue, reduces lung function and sensitizes the lungs to other irritants; symptoms include chest pain, coughing, sneezing and pulmonary congestion.
Sulfur dioxide	0.03 parts per million (annual arithmetic mean); 0.14 parts per million (24 hour standard)	Electric utilities, steel mills, refineries, pulp and paper mills	Difficulty breathing, aggravation of existing respiratory and cardiovascular disease. Sensitive populations include asthmatics, individuals with bronchitis or emphysema, children and the elderly.

Source: U.S. Environmental Protection Agency, <<http://www.epa.gov/air/oaqps/greenbk>>

[1] <<http://www.epa.gov/air/urbanair/lead/hlth.html>>

[2] PM₁₀ refers to particles with diameters less than or equal to 10 micrometers. Not to be exceeded more than once per year on average over 3 years.

[3] PM_{2.5} refers to particles with diameters less than or equal to 2.5 micrometers. To attain this standard, the 3-year average of the weighted annual mean PM_{2.5} concentrations from single or multiple community-oriented monitors must not exceed 15.0 µg/m³

[4] To attain this standard, the 3-year average of the 98th percentile of 24-hour concentrations at each population-oriented monitor within an area must not exceed 35 µg/m³ (effective December 17, 2006)

[5] The 1 hour ozone standard applies to the following counties: Davidson, Hamilton, Hawkins, Meigs, Rutherford, Sullivan, Sumner, Williamson, and Wilson. To attain this standard, the 3-year average of the fourth-highest daily maximum 8-hour average ozone concentrations measured at each monitor within an area over each year must not exceed 0.08 ppm <<http://www.epa.gov/air/ozonepollution/standards.html>>

[6] Ozone is not emitted directly but rather is formed through a chemical reaction between volatile organic compounds (VOC) and nitrogen oxides in the presence of sunlight

4.2. Air Quality in Tennessee, continued

Table 4.2. Nonattainment counties in Tennessee for the period 1992 to 2005

County	Pollutant and standard	Nonattainment in year	Redesignation to attainment	Part of Early Action Compact (for 8 hour ozone)?
Anderson	8 hour ozone	2004, 2005		No
	PM _{2.5}	2005		N/A
Benton	Sulfur dioxide	1992, 1993, 1994, 1995, 1996, 1997	1/26/1998	N/A
Blount	8 hour ozone	2004, 2005		No
	PM _{2.5}	2005		N/A
Cocke	8 hour ozone	2004, 2005		No
Davidson	8 hour ozone	2004, 2005		Yes
	1 hour ozone	1992, 1993, 1994, 1995, 1996	10/30/1996	N/A
Fayette	Lead	1992, 1993, 1994, 1995	10/17/1995	N/A
Hamilton	8 hour ozone	2004, 2005		Yes
	PM _{2.5}	2005		N/A
Hawkins	8 hour ozone	2004, 2005		Yes
Humphreys	Sulfur dioxide	1992, 1993, 1994, 1995, 1996, 1997	1/26/1998	N/A
Jefferson	8 hour ozone	2004, 2005		No
Knox	8 hour ozone	2004, 2005		No
	PM _{2.5}	2005		N/A
	1 hour ozone	1992, 1993	10/27/1993	N/A
Loudon	8 hour ozone	2004, 2005		No
	PM _{2.5}	2005		N/A
Meigs	8 hour ozone	2004, 2005		Yes
Montgomery	8 hour ozone	2004, 2005		No
Polk	Sulfur dioxide	1992, 1993, 1994, 1995, 1996, 1997	1/26/1998	N/A
	PM _{2.5}	2005		N/A
Rutherford	8 hour ozone	2004, 2005		Yes
	1 hour ozone	1992, 1993, 1994, 1995, 1996	10/30/1996	N/A
Sevier	8 hour ozone	2004, 2005		No
Shelby	8 hour ozone	2004, 2005		No
	CO	1992, 1993, 1994	9/26/1994	N/A
	Lead	1992, 1993, 1994, 1995, 1996, 1997 1998, 1999, 2000, 2001	7/2/2001	N/A
	1 hour ozone	1992, 1993, 1994	2/16/1995	N/A
Sullivan	8 hour ozone	2004, 2005		Yes
Sumner	8 hour ozone	2004, 2005		Yes
	1 hour ozone	1992, 1993, 1994, 1995, 1996	10/30/1996	N/A
Williamson	8 hour ozone	2004, 2005		Yes
	Lead	1992, 1993, 1994, 1995, 1996, 1997 1998, 1999	9/10/1999	N/A
	1 hour ozone	1992, 1993, 1994, 1995, 1996	10/30/1996	N/A
Wilson	8 hour ozone	2004, 2005		Yes
	1 hour ozone	1992, 1993, 1994, 1995, 1996	10/30/1996	N/A

Source: U.S. Environmental Protection Agency, <<http://www.epa.gov/air/oaqps/greenbk/anay.html>>

4.2. Air Quality in Tennessee, continued

emissions reduction strategies. In addition, the level of non-compliance with the ozone standard varied across regions, increasing the likelihood of approval in some regions while decreasing the likelihood of approval in other regions. Table 4.3 summarizes the emissions reduction strategies proposed in two of the five regions, one that was approved and one that was rejected. Note that because motor vehicles are a primary contributor to high ozone levels, several of the proposed emissions reductions strategies, such as vehicle inspection and maintenance programs, target mobile sources of air pollution.

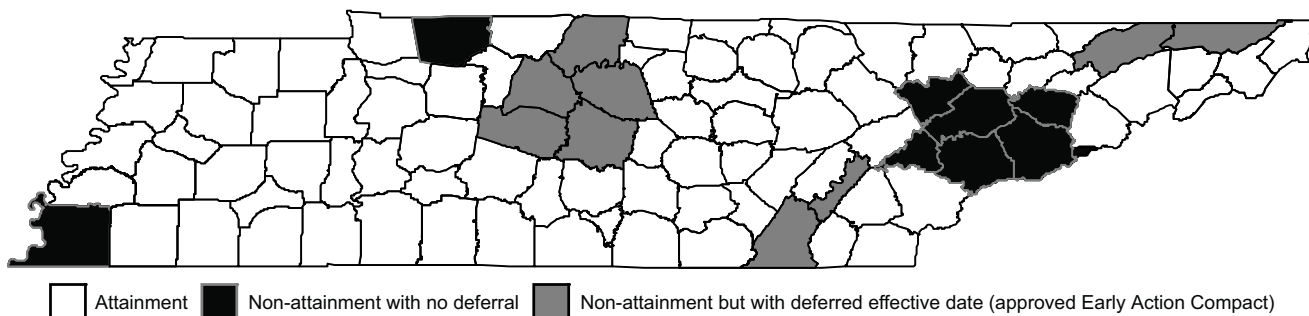
Three of the EAC proposals, for the Chattanooga region (Hamilton, Marion, and Meigs), Tri-Cities region (Carter, Hawkins, Johnson, Sullivan, Unicoi, and Washington), and the Nashville region (Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, and Wilson), were approved allowing these counties to defer nonattainment designations. The other two EAC proposals, for the Knoxville region (Anderson, Blount, Jefferson, Knox, Loudon, Sevier, and Union) and Memphis region (Fayette, Shelby and Tipton) were not approved. The final column of Table 2 reflects the approval of EACs for some counties. Figure 4.1 depicts attainment and non-attainment status for the 8 hour ozone standard by county for TN.

Table 4.3. Emissions reductions strategies included in two Early Action Compact regions

EAC region	Counties included	Proposed emissions reduction strategies	EAC approved?
Nashville	Davidson, Rutherford, Sumner, Williamson, Wilson	Expanded motor vehicle inspection and maintenance; Open-burning restrictions on construction land clearing; Transportation-related measures including HOV lane expansion, trip reduction plans, rideshare programs, traffic signal synchronization, roadside assistance program, new greenway/bikeways, improve bus ridership, new rail service, land use controls, air quality action day measures; Stage I vapor recovery for gasoline; Ozone action day program; Open-burning restrictions	Yes
Knoxville	Anderson, Blount, Jefferson, Knox, Loudon, Sevier, Union	Open-burning restrictions; Encourage bus ridership; Replace county vehicles with hybrids; Traffic signal synchronization; Support any statewide efforts to implement a vehicle inspection and maintenance program	No

Source: Division of Air Pollution Control (2005)

Figure 4.1. Attainment and nonattainment of ozone standard as of June 15, 2004



Source: Division of Air Pollution Control, <<http://www.state.tn.us/environment/apc/eac/milestones.shtml>>

4.2. Air Quality in Tennessee, continued

Preferences for emissions reductions

In determining what air emissions control measures to propose and support, local policymakers benefit from information regarding the effectiveness of potential control measures in achieving emissions reductions as well as information about what measures are likely to be supported by local residents. In an effort to understand Tennesseans' opinions on various emissions control strategies, researchers at the University of Tennessee conducted a survey of residents of the greater Knoxville metropolitan areas including Anderson, Blount, Knox, Loudon, Sevier and Union counties (Collins, 2006). These counties are currently designated in nonattainment of both the 8 hour ozone standard and the PM_{2.5} standard. The survey was designed to assess potential welfare impacts to households from various policy options to reduce both ozone and particulate matter emission. The survey was mailed to 2,289 households. Completed surveys were returned by 403 respondents. While this implies a relatively low response rate and therefore concerns about how the sample represented in the survey might differ from average residents of these areas, we can still learn about how survey respondents view the environment by examining the results of the study.

The survey began by asking respondents to indicate the importance of various issues facing the Knoxville metropolitan area on a scale of one (not at all important) to five (very important). Eighty three percent of respondents rated "local environmental quality" as a four or five, indicating a high level of importance. This compares to 90 percent for "education in TN," 65 percent for "homeland security in TN," 85 percent for "healthcare in TN," and 84 percent for "local economy/unemployment." The second survey question asked respondents to complete a similar task for specific environmental issues. Ninety percent of respondents chose a four or five for "reducing water pollution," 91 percent for "reducing air pollution," 64 percent for "global warming," and 85 percent for "preserving natural areas." These findings suggest that respondents place a high level of importance on environmental issues in general and specifically on reducing air and water pollution.

The main focus of the survey involved presenting respondents with several hypothetical choices, each of which involved comparing different policy scenarios. Respondents were told that several emissions reduction strategies are available to local policymakers and that more than one emission control strategy may be adopted. Potential emission reduction strategies were described as (1) vehicle inspection and maintenance; (2) different blends of gasoline and diesel fuel; (3) lower speed limits on rural interstates; and (4) additional regulations on power plants. Respondents were also told that each of these measures would result in different environmental benefits (improved visibility) and health benefits (reduced unhealthy days per year) and would have different impacts on respondents' household budgets. The mechanisms through which these measures would be financed

4.2. Air Quality in Tennessee, continued

were described as an increase in the price per gallon of gasoline, an increase in monthly electricity bills, or through higher costs associated with a vehicle inspection and maintenance program. The increased cost would vary with the intensity of the proposed emissions reduction strategies.

The results of this study indicate that survey respondents would be willing to pay for improvements in visibility and the number of healthy days per year, with the magnitudes depending on the method of cost increase. (Willingness to pay is an estimate of the benefits to the average survey respondent in terms of the amount of money he or she would be willing to give up to guarantee the improvement in environmental quality.) The total annual willingness to pay estimates for policies that would improve visibility by 15 miles and reduce the number of unhealthy air quality days per year by 32 days is summarized in Table 4.4.¹

Results indicate that individual survey respondents are willing to pay between \$83.68 and \$187.85 each year for this improvement. These estimates suggest that the estimated willingness to pay is highly sensitive to the method of cost increase. To further investigate this issue, the survey asked respondents to rank the three methods, using one to indicate the highest support and three the lowest support. Only 29 percent of respondents ranked gasoline price increases first and 35 percent ranked higher electricity bills first. Fifty-three percent of respondents ranked vehicle inspection and maintenance first. Respondents who had previously lived in an area that required vehicle inspection and maintenance (38 percent of the sample) ranked this option higher. Specifically, 48 percent of respondents who had never lived in an area requiring vehicle inspection and maintenance ranked it first compared to 59 percent of respondents who had lived in an area with an emissions testing program. Overall the results of this study indicate that respondents value improvements in air quality and that respondents vary in terms of the emissions reduction strategies they would prefer to be implemented by policymakers to achieve these improvements. The previously discussed results provide suggestive evidence that preferences for air and water quality improvements are similar. ■

Table 4.4. Total annual willingness to pay for air emissions reductions policies

Method of cost increase	Total estimated willingness to pay per person
Increased price of gasoline	\$150.52
Vehicle inspection and maintenance program	\$187.85
Increased electricity bill	\$83.68
Source: Collins (2006)	

¹ The survey described visibility conditions and unhealthy days per year at the time of the survey as follows: "Currently the annual average visibility in the Great Smoky Mountains is 25 miles. From 1999–2003, the Knoxville metropolitan area averaged approximately 40 unhealthy air quality days per year."

4.3. Water Quality in Tennessee

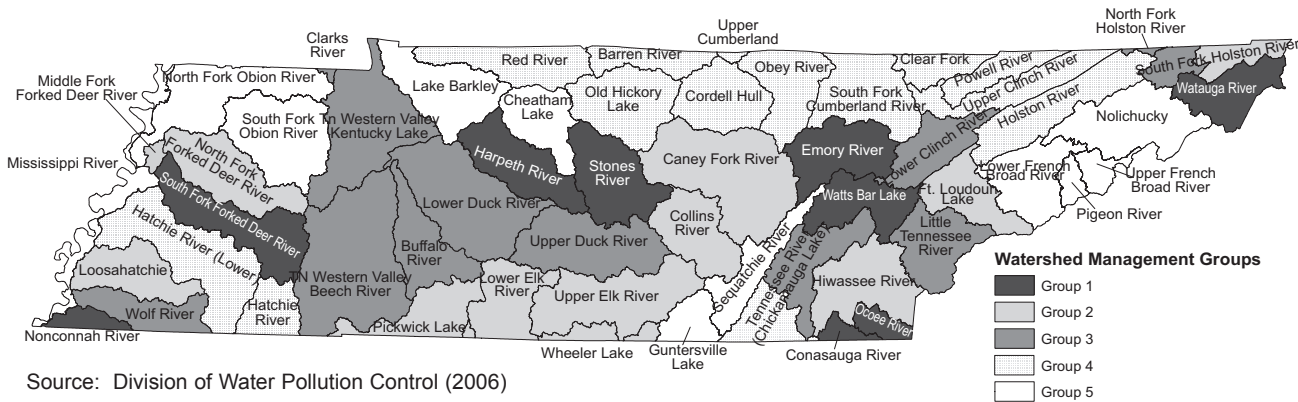
Tennessee has over 60,000 miles of rivers and streams and nearly 538,000 lake and reservoir acres. These bodies of water are used extensively for recreation and in some instances support commercial activity as well (e.g., barges). The importance of protecting our abundant water resources is recognized in the Tennessee Water Quality Control Act, which states:

Recognizing that the waters of Tennessee are the property of the state and are held in public trust for the use of the people of the state, it is declared to be the public policy of Tennessee that the people of Tennessee, as beneficiaries of this trust, have a right to unpolluted waters. In the exercise of its public trust over the waters of the state, the government of Tennessee has an obligation to take all prudent steps to secure, protect, and preserve this right (Tennessee Secretary of State, 1999).

Tennessee surface water resources are divided into 55 watersheds, which are further divided into five groups for monitoring and assessment purposes. Figure 4.2 illustrates the 55 watersheds and associated groups.

As in the case of air quality, water quality is regulated at the federal, state, and local level. The Clean Water Act (CWA), amended several times since its original passage in

Figure 4.2. Tennessee's watersheds and watershed groups



Source: Division of Water Pollution Control (2006)

4.3. Water Quality in Tennessee, continued

1972, establishes a protocol to protect surface water sources (rivers, lakes, estuaries, coastal waters, and wetlands).² The goal of the CWA was to restore and maintain the chemical, physical, and biological integrity of the nation's waters. The CWA requires the establishment of water quality standards. A water quality standard consists of the following three main components: (1) designated uses, (2) water quality criteria, (3) antidegradation policy. The Tennessee Water Quality Control Board (TWQCB) is responsible for designating uses of waterbodies within the state and for establishing water quality criteria. All streams, rivers, lakes, and reservoirs in Tennessee are classified for at least two public uses, protection of fish and aquatic life and recreation. Additional designated uses vary across waterbodies (and can even vary across difference segments of the same waterbody) but can include up to five designated uses: irrigation, livestock watering and wildlife, drinking water supply, navigation, and industrial water supply. Economic and social factors can be considered when determining designated uses. Water quality criteria are established to protect the designated use(s) of the water.³ The antidegradation policy protects existing designated uses (waterbodies meeting the water quality criteria) and prevents deterioration of waterbodies identified as high quality in terms of "good water quality, important ecological significance, or outstanding scenic or recreational characteristics" (Division of Water Pollution Control, 2006). The TWQCB has established three tiers of protection under the antidegradation policy with the highest degree of protection afforded to the so-called "Outstanding National Resource Waters" listed in Table 4.5.

Table 4.5. Outstanding national resource waters

Waterbody	Portion designated as Outstanding National Resource Water
Little River	Portion within Great Smoky Mountains National Park
Abrams Creek	Portion within Great Smoky Mountains National Park
West Prong Little Pigeon River	Portion within Great Smoky Mountains National Park
Little Pigeon River	From headwaters within Great Smoky Mountains National Park to the downstream boundary of Pittman Center
Big South Fork Cumberland River	Portion within Big South Fork National River and Recreation Area
Reelfoot Lake	Tennessee portion of the lake and its associated wetlands
Obed River	Portions of the Obed and Emory Rivers and Clear and Daddy's Creeks in Morgan and Cumberland Counties

Source: Division of Water Pollution Control (2006)

² The CWA does not focus on ground water. However, states, tribes, and territories can, by their own authority, establish targets for ground water.

³ See <<http://www.state.tn.us/sos/rules/1200/1200-04/1200-04-03.pdf>>

4.3. Water Quality in Tennessee, continued

If the standards are not met, then the CWA requires the development of a strategy for meeting the standard. A commonly used strategy is the development of a Total Maximum Daily Load (TMDL), which is an estimate of the maximum amount of a pollutant that a body of water can receive daily and still meet water quality standards. Based on this calculation, a TMDL also allocates acceptable levels of pollution among the various sources of pollution.

The CWA requires each state to assess water quality and submit the results to the EPA biennially. Each year, one watershed group is monitored and the watershed that was monitored the previous year is assessed. For example, the 2004 report summarizes water quality monitoring data for watershed groups 1 and 2 while the 2006 report summarizes data for watershed group 3. Therefore, each watershed group is monitored every five years. By comparing monitored water quality to the water quality standards for the waterbody's designated uses, each waterbody (or portion thereof) is assigned to one of five categories. Category 1 waters are fully supporting of all designated uses while Category 2 waters are fully supporting of most designated uses but may not have been assessed for all designated uses. Category 3 designates waters that have not been assessed due to insufficient data. A waterbody that is considered impaired is assigned to Category 4. Some Category 4 waterbodies do not require a TMDL while others have TMDLs approved by EPA. Category 5 waters fail to meet at least one water quality standard for their designated uses and are therefore designated as not supporting. In addition, Category 5 waters require the development of a TMDL. Each year, the Tennessee Department of Environment and Conservation (TDEC) publishes a list, called the 303(d) list, of waterbodies classified as either Category 4 (only those with a TMDL) or Category 5. The 2006 303(d) list is published by TDEC and is available at <http://www.state.tn.us/environment/wpc/publications/>.

Table 4.6 provides the water classification information for Tennessee's stream and river miles by watershed. The table was formed using detailed watershed information found in the "2006 305(b) Report: The Status of Water Quality in Tennessee" published by the Division of Water Pollution Control of TDEC. The final row of the table reports summary information for the 55 watersheds represented in Tennessee.

Approximately half or 30,245 miles of the 60,507.1 stream and river miles in Tennessee were assessed during the reporting period covered by the 305(b) report. Therefore, about half of the total stream and rivers miles or 30,262.1 miles are classified as Category 3. Of the assessed miles, 7669.7 or about 25 percent are considered fully supporting of all of their designated uses (Category 1). Thirty-eight percent or 11,495.9 miles are classified as Category 2, meaning fully supporting of some of their designated uses. Six percent are classified as Category 4 with the majority of these miles having an EPA-approved TMDL and therefore also present on the 303(d) list mentioned above. The remaining 31 percent or 9,463.9 miles are considered impaired and therefore classified as Category 5.

4.3. Water Quality in Tennessee, continued

Of the 55 watersheds, only the Upper Cumberland River has zero Category 5 stream and river miles. The North Fork Forked Deer River watershed has the highest number of impaired miles at 845.9 miles. This watershed also has one of the highest percentages of impaired miles with 83 percent of assessed miles (and 50 percent of total miles) classified as Category 5. Eighteen of the 55 watersheds have at least 20 percent of the total river and stream miles within the watershed classified as Category 5. These watersheds are indicated with single asterisks. The highest percentage of Category 1 miles is found in the Upper Clinch River with 32.8 percent or 248.6 miles of the 757.1 total miles classified as fully supporting all of its designated uses. Thirteen watersheds have at least 20 percent of their total stream and river miles classified as Category 1 as indicated by the double asterisks.

Table 4.7 reports similar information for lake and reservoir acres in Tennessee. The table contains only those watersheds with acres of lakes and reservoirs.⁴ Over 98 percent of the 524,935.7 lake and reservoir acres were assessed with 77 percent or 403,913 acres categorized as fully supporting of their designated uses. Over 110,000 lake and reservoir acres, representing 21 percent of the total acres, are classified as impaired. As indicated by the pattern of zeros in the final column of Table 4.7, impairment of lake and reservoir lakes is concentrated among sixteen watersheds. At four impaired acres, the Lower Kentucky Reservoir watershed has the fewest impaired acres among those watersheds with any impairment of lake and reservoir acres. The Upper Tennessee River watershed has the highest number of impaired acres with 50,465 acres classified as Category 5, which accounts for over 44 percent of the total impaired lake and reservoir acres within Tennessee. Zero acres are classified as Category 4 while less than one percent are classified as Category 2.

Because the majority of lake and reservoir acres are monitored during each reporting period, we can compare the results of the 2006 report to the previous 2004 report to examine short term trends in lake and reservoir water quality. Of the assessed acres in 2004, 387,237 acres or 73 percent were classified as Category 1. This suggests an increase in the lake and reservoir acres classified as fully supporting of their designated uses between 2004 and 2006. In 2004, less than 1 percent of assessed acres were designated as Category 2, similar to the associated figure for 2006. Approximately 21 percent or 113,886 acres were classified as Category 5 in 2004 suggesting a slight decrease in impaired acres between the two reporting periods.

Because the nature of the impairment varies substantially across waterbodies, the recommended steps for improving water quality in impaired waterbodies will also vary. A challenge in implementing a regulation, such as a TMDL, to improve water quality in an impaired waterbody is determining the sources of pollution for the waterbody. Sources can include "point sources," such as municipal sewage plants and industrial facilities, where

⁴ The Harpeth River watershed is excluded from the table due to contradictory information reported in the 305(b) report. According to the report, all of the 655 lake and reservoir acres within the watershed were assessed. However, zero acres are reported as Categories 1, 2, 4, and 5 whereas 655 acres are reported as Category 3.

4.3. Water Quality in Tennessee, continued

Table 4.6. 2006 water quality assessment information for river and stream miles by watershed

Watershed	Stream miles	Miles assessed	Category 1	Category 2	Category 3	Category 4	Category 5
Barkley Reservoir	1257.9	461.5	166.6	227.6	796.4	0	67.3
Barren River**	563.2	334.6	128.7	188.2	228.6	0	17.7
Buffalo River	1224.1	710.7	177.6	505.6	513.4	4	23.5
Caney Fork River	2012.6	1076.1	305.4	472.9	936.5	106.2	297.8
Cheatham Reservoir*	773.3	539	50.5	247.6	234.3	0	240.9
Clarks River*	29.4	14.8	0	0	14.6	0	14.8
Clear Fork River	441.6	260.5	47.3	149.6	181.1	0	63.6
Collins River	1010.4	621.1	184.3	329.9	389.3	47.7	59.2
Conasauga River**	220.2	76.7	49.2	0	143.5	0	27.5
Cordell Hull Reservoir	893.8	336	32.5	232.6	557.8	0	70.9
Emory River**	1299.9	600.2	297.4	169.6	699.7	26.5	106.7
Forked Deer River*	70	14.9	0	0	55.1	0	14.9
Guntersville Reservoir	424.3	140.7	79.9	53.2	283.6	0	7.6
Harpeth River	1324.9	1016.8	227.8	413.4	308.1	350	25.6
Hiwassee River	1666	664.7	159.7	140.9	1001.3	346.3	17.8
Holston River*,**	1175.6	646.5	299.9	105.6	529.1	0	311
Little Tennessee River**	1088	558	325	57.1	530	1.6	174.3
Loosahatchie River Basin*	1436.2	773.5	73.4	0	662.7	0	700.1
Lower Clinch River*	854.4	411.3	110.5	66	443.1	26.4	208.4
Lower Duck River	2511.6	1484.5	355.3	1011.2	1027.1	33.2	84.7
Lower Elk River	1116.9	737.6	70.7	518.1	379.3	51	97.8
Lower French Broad River**	1210.1	702.4	313.4	268	507.7	44.8	76.2
Lower Hatchie River	2530.8	764	252	139.2	1766.8	0	372.8
Lower Kentucky Reservoir	2112	879.2	170.8	579.6	1232.8	20.9	107.9
Lower Obion River*	1744.4	556.5	100	73.4	1187.9	0	383.1
Lower Tennessee River	1506.8	466.6	112.7	117.3	1040.2	15	221.6
Mississippi River Basin*,**	515.9	350.2	133.1	0	165.7	0	217.1
Nolichucky River*	1920	1462.3	107	535.1	457.7	0	820.2
Nonconnah Creek Basin*	260.6	171	16.4	0	89.6	0	154.6
North Fork Forked Deer River*	1697.8	1014.2	103.9	57.9	683.6	9.5	842.9
North Fork Holston River	33.1	11.1	0	5	22	0	6.1
Obey River	776.4	373.6	12.1	255.6	402.8	0	105.6
Ocoee River	313.5	158.4	0.8	113.6	155.1	4.8	39.2
Old Hickory Reservoir	1161.3	402.2	76.7	206.1	759.1	0	126.4
Pickwick Reservoir	952	576	68.8	463	376	0	44.2
Pigeon River**	310.8	128.5	96.5	4.9	182.3	0	27.1
Powell River*,**	429	239.3	99.5	42.2	189.7	0	97.6
Red River*	788.9	622.3	92	277.3	166.6	0	253
Sequatchie River**	909.2	548.6	268.7	149.1	360.6	0	130.8
South Fork Cumberland River**	1378	639.7	441.6	125.3	738.3	14.1	58.7
South Fork Forked Deer River*	1829.2	554.4	119.9	2.3	1274.8	29	403.2
South Fork Holston River*	868.8	542.4	161.5	172.9	326.4	0	208
South Fork Obion River	1840.5	546	24.2	164.1	1294.5	0	357.7
Stones River**	1021.9	765.8	206.1	339	256.1	82.6	138.1
Upper Clinch River**	757.1	403.8	248.6	135.4	353.3	0	19.8
Upper Cumberland River	52.2	4.7	4.7	0	47.5	0	0
Upper Duck River*	1606.1	1012.5	227.2	346.9	593.6	84	354.4
Upper Elk River	1811.8	1241.5	182.7	724.1	570.3	123.1	211.6
Upper French Broad River	380	202	66.6	97.9	178	0	37.4
Upper Hatchie River	752.5	134.4	82.2	26.6	618.1	0	25.6
Upper Kentucky Reservoir	3398.2	1088.2	150.8	829.3	2310	2.9	105.2
Upper Tennessee River	1843.5	1027.2	339.2	96.7	816.3	338.4	252.9
Watauga River	1060.9	519.9	156.4	188.1	541	10	165.4
Wheeler Reservoir*	313.3	148.4	0	70.9	164.9	0	77.5
Wolf River Basin*	1026.2	508	91.9	0	518.2	26.2	389.9
Totals	60507.1	30245	7669.7	11495.9	30262.1	1798.2	9463.9

Source: Division of Water Pollution Control (2006)

* 20 percent of total river and stream miles are Category 5.

** 20 percent of total river and stream miles are Category 1.

4.3. Water Quality in Tennessee, continued

Table 4.7. 2006 water quality assessment information for lake and reservoir acres by watershed

Watershed	Stream miles	Miles assessed	Category 1	Category 2	Category 3	Category 4	Category 5
Barkley Reservoir	37000	37000	37000	0	0	0	0
Barren River	45	45	0	0	0	0	45
Buffalo River	349	0	0	0	349	0	0
Caney Fork River	25887	25527	23418	2109	360	0	0
Cheatham Reservoir	7507	7447	6453	0	60	0	994
Collins River	69	69	0	69	0	0	0
Cordell Hull Reservoir	13901	13901	13901	0	0	0	0
Emory River	1305.7	1258.7	0	0	47	0	1258.7
Guntersville Reservoir	1479	1479	1463	16	0	0	0
Holston River	5109	5109	5109	0	0	0	0
Little Tennessee River	18878	18782	2282	0	96	0	16500
Loosahatchie River Basin	81	0	0	0	81	0	0
Lower Clinch River	8026	8026	0	0	0	0	8026
Lower Duck River	1013	0	0	0	1013	0	0
Lower French Broad River	30400	30400	30400	0	0	0	0
Lower Kentucky Reservoir	100004	100004	100000	0	0	0	4
Lower Obion River	15500	15500	0	0	0	0	15500
Lower Tennessee River	45780	45770	35400	0	10	0	10370
Mississippi River Basin	125	125	0	0	0	0	125
Nolichucky River	383	383	0	0	0	0	383
North Fork Forked Deer River	87	87	0	0	0	0	87
Obey River	22000	22000	22000	0	0	0	0
Ocoee River	2881	2881	627	0	0	0	2254
Old Hickory Reservoir	27439	27439	27439	0	0	0	0
Pickwick Reservoir	5840	5800	5800	0	40	0	0
Red River	15	15	0	0	0	0	15
South Fork Cumberland River	5	5	0	0	0	0	5
South Fork Forked Deer River	570	0	0	0	570	0	0
South Fork Holston River	12884	12884	8484	0	0	0	4400
Stones River	22691	22691	22691	0	0	0	0
Upper Clinch River	34681	34187	34187	0	494	0	0
Upper Duck River	3260	3260	3260	0	0	0	0
Upper Elk River	1837	0	0	0	1837	0	0
Upper Kentucky Reservoir	20763	17500	17500	0	3263	0	0
Upper Tennessee River	50465	50465	0	0	0	0	50465
Watauga River	6499	6499	6499	0	0	0	0
Wolf River Basin	177	0	0	0	177	0	0
Totals	524935.7	516538.7	403913	2194	8397	0	110431.7

Source: Division of Water Pollution Control (2006)

4.3. Water Quality in Tennessee, continued

the source (and quantity) of pollution is readily identified; and “non-point sources,” where pollution is caused by runoff such as from agricultural and municipal sources. The leading causes of impairment in Tennessee waterbodies include sediment and silt, habitat alteration, pathogens, and nutrients. Toxic substances, flow alteration, pH changes, and low dissolved oxygen also contribute to impairment in Tennessee waterbodies. Sediment and silt most often result from activities that disturb land, such as construction and agriculture, and can cause increased water treatment costs, filling in of reservoirs, increased chance of flooding, and altered physical, biological, and chemical properties of the water. Habitat alteration occurs when the physical alteration of the stream, perhaps due to agricultural activities or urban development, results in a loss of habitat.

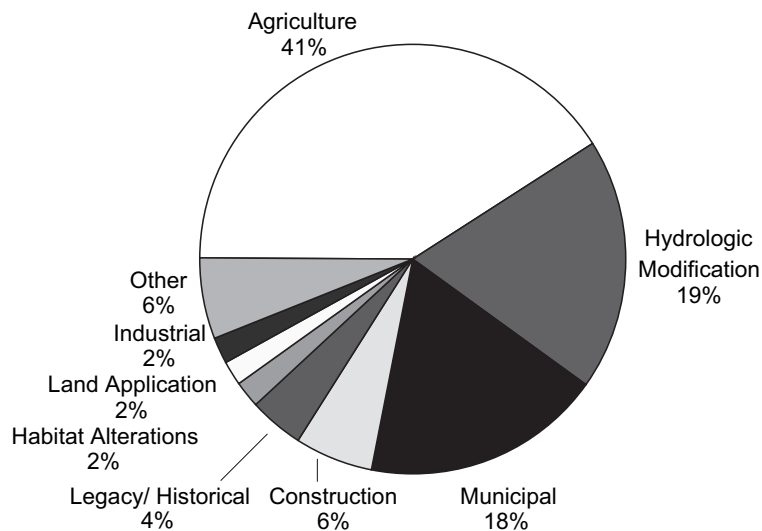
Pathogens, such as bacteria and viruses, which often result from inadequately treated human or animal fecal matter, can pose serious health risks. The presence of these pathogens in waterbodies can result in water contact advisories due to the health consequences of swimming, wading, or fishing in contaminated waters. Tennessee has 150 stream and river miles posted with such an advisory (for more information see <<http://www.tdec.net/wpc/publications/advisories.pdf>>). Elevated nutrient levels, such as phosphate and nitrate, represent another source of impairment for Tennessee's waterbodies. Because the sources of elevated nutrient levels are often non-point sources such as urban runoff, intensive livestock grazing, and overuse of fertilizers, this source of impairment presents unique challenges for policymakers. Contamination can also result from the presence of metals such as iron, copper, lead, and mercury, as well as from the presence of toxic organic contaminants such as PCBs, DDT, and dioxin. About 94,000 reservoir acres and 119 river miles are currently posted due to contaminated fish. Ninety-six percent of posted reservoir acres results from PCB contamination with the remaining 4 percent caused by chlordane. Chlordane, PCB, dioxin, and mercury contamination contribute to the posted stream and river miles.

The specific contribution of various sources of impairments varies between streams and rivers, and lakes and reservoirs. Figures 4.3 and 4.4 illustrate the percent contribution of different pollution sources in impaired streams and rivers and lakes and reservoirs, respectively.

In the case of streams and rivers, the main source of impairment, contributing 41 percent of the impaired stream and rivers miles, is agricultural activities. These include erosion from crop production, pesticide and fertilizer runoff, cattle grazing, and runoff from feedlots. Agricultural activities contribute only 10 percent of impairment to lakes and reservoirs with the largest contribution (71 percent) resulting from legacy pollutants. The term “legacy pollutants” refers to those pollutants that were present in a waterbody before the enactment of regulations to monitor and assess water quality. Legacy pollutants, such as chlordane and PCBs, contaminate sediment and therefore remain for a long period of time. The pollutants accumulate in fish tissue and can cause serious health risks if consumed. Runoff from abandoned mining sites also contributes to legacy pollution from metals. Both air and water quality impairments have important implications for Tennesseans, especially given that both types of pollution affect some of our most valuable environmental assets, including the Great Smoky Mountains National Park. ■

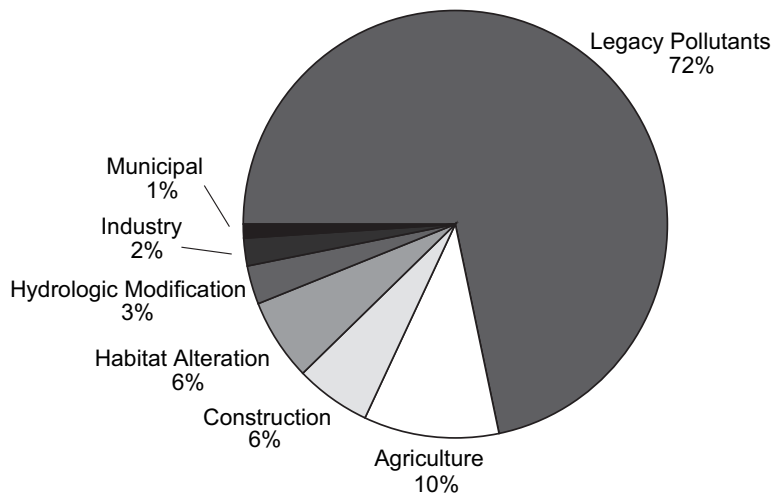
4.3. Water Quality in Tennessee, continued

Figure 4.3. Percent contribution of pollution in impaired streams and rivers



Source: Division of Water Pollution Control (2006)

Figure 4.4. Percent contribution of pollution in impaired lakes and reservoirs



Source: Division of Water Pollution Control (2006)

4.4. Great Smoky Mountains National Park

The Great Smoky Mountains National Park (GSMNP) encompasses over 800 square miles in the Southern Appalachian Mountains along the borders of North Carolina and Tennessee. While the park is valued by visitors for its scenic views and recreation opportunities, the park also affords a great degree of biological diversity. While over 10,000 species have been documented within the park, scientists believe the total number of species living within the park could exceed 100,000. The biological diversity found in the park can be attributed to a large range of altitudes, weather conditions, and historical factors. Because elevations in the park range from 875 to 6,643 feet, the park can accommodate species that would thrive in the southern United States as well as those species typically found in more northern states. The park's high humidity and rainfall, ranging from 55 to 85 inches annually, provide optimal conditions for the growth of many species. The biodiversity is also aided by the fact that the park has enjoyed a very long period, over one million years, free of disturbances such as glaciers. Some of the species found within the park include 100 species of native trees, more than in any other North American national park; over 1,400 flowering plant species and at least 4,000 species of non-flowering plants; 30 species of salamanders; 200 species of birds; 66 types of mammals; and 50 native fish species. Mollusks, reptiles, amphibian, millipedes, and mushrooms are also abundant within the park.

The park attracts millions of visitors each year, over 10 million in 2000 according to Stynes (2002), and therefore provides important tourism revenues and jobs to nearby communities. Stynes estimates the economic impact of park visitors in 2000 on the region consisting of Blount, Cocke, and Sevier counties in Tennessee, and Graham, Haywood, and Swain counties in North Carolina at over \$600 million. The study attributes \$194 in personal income (wages and salaries, payroll benefits, and sole proprietor incomes), \$505 million in direct sales, and \$296 million in value added to the park's visitors in 2000.⁵ Direct purchases include those on lodging, food, admissions fees, and purchases of other goods and services. In addition, Stynes estimates that over 15,000 jobs are at least indirectly supported by the park. Of course this visitation activity also creates costs for state and local governments (e.g., roads and public safety) and contributes to environmental degradation (through, e.g., vehicle emissions).

Currently, several factors including air pollution, water pollution, and the introduction of non-native species threaten the viability of the GSMNP and therefore also the contributions of the park to local economies identified above. According to the National Park Service, annual average visibility within the park is 25 miles, compared to national conditions of 93 miles. During severe haze episodes, visibility has been reduced to less than one mile (National Parks Service, 2001). Air pollution also has implications for biodiversity as it damages plants and degrades streams and soils. In addition, air pollution can adversely impact the health of park visitors and nearby residents. According to the National Parks

⁵ Value added represents the sum of personal income, rents and profits and indirect business taxes. Value added is commonly used to measure the contribution of a region or sector to gross state or national product.

4.4. Great Smoky Mountains National Park, continued

Service, ground-level ozone exposures in the park are among the highest in the East and in recent years have exceeded levels that threaten human health.

Many non-native species—any species that occurs outside its native range as a result of introduction by humans—reside within the GSMNP. Non-native species compete with native species for habitat and food and often take over specialized ecosystems that rare plants or animals need to survive. Non-native species threaten to reduce biodiversity within the park as they force out native species. Non-native species found within the park include the hemlock woolly adelgid, the balsam woolly adelgid, wild hogs as well as over 380 species of non-native plants.

In order to determine the benefit of protecting the GSMNP from deterioration due to air and water pollution and non-native species, it is useful to distinguish among several types of values individuals may have for preserving the park. Economists classify values as either use or non-use. Use value can be either direct, like those associated with tangible uses of an environmental resource, or indirect, like those associated with indirect uses of a resource such as aesthetic benefits. In the case of the GSMNP, use values stem from activities such as hiking, bird watching, camping, fishing, or other recreational uses. Non-use values can be further divided into three categories, bequest value, option value, and existence value. Bequest value results from the desire to preserve the resource for the benefit of future generations. Option value refers to a willingness to preserve the resource today in order to have the option of using the resource in the future. For example, preservation of the park today may result in the discovery of an as yet unknown plant species that is found to be medically useful. Finally, as the name suggests, existence value describes a benefit received from the mere preservation or existence of a natural resource (independently of whether or not the resource is ever used in any way).

Clearly, it seems likely that the benefit of preserving the park would include use values in addition to the three types of non-use values discussed above. Unfortunately, because of the public goods nature of the park as a natural resource, the market has no natural mechanism for these values to be identified. To illustrate, if one could purchase a good called “preservation of the GSMNP” in a local store, then the purchase of such a good would signal that the buyer values preservation of the park at least as much as the price he or she paid for the good. However, not only is this option unavailable but even if it were, preservation would be underprovided because of the public goods nature of this good. Some people who value preservation would choose not to purchase it in the hopes of “free-riding” off of the purchases of others. Because private provision will fail to preserve the resource, the government must implement policies consistent with this goal. Of course, individuals can still signal that they value the good by directly encouraging policymakers to ensure preservation of the park or by voluntarily contributing to organizations that do so. ■

4.5. Conclusion and Resources

Due in part to significant geographic diversity across Tennessee, local environmental conditions and natural resource endowments vary significantly across the state. Protecting Tennessee's diverse environment to ensure continued economic expansion, improved health and recreational opportunities, and preserved biodiversity presents constant challenges for residents of the state and local policymakers. Because of the nature of environmental resources and the services flowing from those resources, the government, at the federal, state, and local levels, is charged with enacting policies consistent with these goals.

Here, the focus fell on only three of numerous environmental issues facing Tennesseans, air quality, surface water quality, and preservation of the Great Smoky Mountains National Park. Clearly there are other important issues including ground water quality and hazardous waste disposal among many other environmental concerns. Table 8 provides a list of sources for readers interested in more information on the topics discussed here as well as other environmental issues facing Tennessee. ■

Table 4.8. Resources for further reading on environmental quality in Tennessee

Topic	Source
Air quality	http://www.tennessee.gov/environment/apc/ http://www.tennessee.gov/environment/air.shtml http://www.epa.gov/air/oaqps/greenbk/ http://airnow.gov/
Water quality	http://www.tennessee.gov/environment/water.shtml http://www.state.tn.us/environment/wpc/publications/ http://www.tdec.net/wpc/publications/advisories.pdf
Great Smoky Mountains National Park	http://www.nps.gov/grsm/
Hazardous waste	http://www.epa.gov/superfund/sites/npl/tn.htm
Land management and related environmental issues	http://www.tennessee.gov/environment/land.shtml
General local environmental quality	http://www.epa.gov/epahome/whereyoulive.htm http://www.tennessee.gov/environment/

4.6. References

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Appendix A: Forecast Data

In this section...

Appendix A: Forecast Data

<i>Quarterly</i>	<i>QF1 to QF20 (2006Q4 to 2009Q1)</i>
<i>Annual</i>	<i>AF1 to AF15 (2006 to 2016)</i>

Quarterly Forecast Tables

Table 1:	Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted	QF1
Table 2:	Selected Per Capita U.S. and Tennessee Economic Indicators, Seasonally Adjusted	QF2
Table 3:	Tennessee Personal Income Components, Seasonally Adjusted (millions of 2000 dollars)	QF3
Table 4:	Tennessee Personal Income Components, Seasonally Adjusted (millions of current dollars)	QF4
Table 5:	Tennessee Nonfarm Employment by Sector, Not Seasonally Adjusted (thousands of jobs)	QF5
Table 6:	Tennessee Durable Goods Manufacturing Employment, Not Seasonally Adjusted (thousands of jobs)	QF6
Table 7:	Tennessee Nondurable Goods Manufacturing Employment, Not Seasonally Adjusted (thousands of jobs)	QF7
Table 8:	Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)	QF8
Table 9:	Tennessee Durable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)	QF9
Table 10:	Tennessee Nondurable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)	QF10
Table 11:	Tennessee Average Annual Wage and Salary Rate by Sector, Not Seasonally Adjusted (2000 dollars)	QF11
Table 12:	Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)	QF12
Table 13:	Tennessee Average Annual Wage and Salary Rate by Sector, Not Seasonally Adjusted (current dollars)	QF13
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Table 15:	Tennessee Civilian Labor Force and Unemployment Rate, Not Seasonally Adjusted	QF15
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Table 1: Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	History		Forecast Data									Annual			
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
US GDP (Bil2000\$) SAAR.....	11388.1	11443.5	11510.8	11567.2	11631.8	11707.7	11788.2	11894.3	11994.6	12097.7	12195.7	12300.6	11414.7	11673.7	12045.5
% Chg Prev Qtr SAAR.....	2.56	1.96	2.37	1.98	2.25	2.63	2.78	3.65	3.42	3.48	3.28	3.49	3.31	2.27	3.19
% Chg Same Qtr Last Yr.....	3.51	2.95	3.11	2.22	2.14	2.31	2.41	2.83	3.12	3.33	3.46	3.42	3.31	2.27	3.19
US GDP (Bil\$) SAAR.....	13197.3	13322.6	13446.9	13608.3	13740.8	13895.0	14050.5	14249.8	14439.5	14637.1	14824.9	15030.8	13243.8	13823.6	14537.8
% Chg Prev Qtr SAAR.....	5.94	3.85	3.79	4.89	3.95	4.56	4.55	5.79	5.43	5.59	5.23	5.67	6.33	4.38	5.17
% Chg Same Qtr Last Yr.....	6.89	5.96	5.63	4.61	4.12	4.30	4.49	4.71	5.08	5.34	5.51	5.48	6.33	4.38	5.17
CHAINED PRICE INDEX, GDP (2000=100.0).....	115.9	116.4	116.8	117.6	118.1	118.7	119.2	119.8	120.4	121.0	121.6	122.2	116.0	118.4	120.7
% Chg Prev Qtr SAAR.....	3.30	1.88	1.29	2.85	1.66	1.88	1.73	2.07	1.95	2.04	1.89	2.11	2.92	2.05	1.92
% Chg Same Qtr Last Yr.....	3.28	2.92	2.43	2.33	1.92	1.92	2.03	1.84	1.91	1.94	1.99	2.00	2.92	2.05	1.92
US PERS CONSUMP DEFL (2000=100.0).....	114.6	115.2	115.0	115.8	116.4	117.0	117.6	118.2	118.7	119.3	119.9	120.5	114.6	116.7	119.0
% Chg Prev Qtr SAAR.....	4.04	2.35	-0.82	2.76	2.06	2.15	1.98	2.03	1.82	2.01	1.92	2.09	2.76	1.85	1.99
% Chg Same Qtr Last Yr.....	3.27	2.83	1.89	2.07	1.58	1.53	2.24	2.05	1.99	1.96	1.95	1.96	2.76	1.85	1.99
TN PERSONAL INCOME (MIL2000\$) SAAR.....	170428	170253	173210	174271	175955	177027	178949	180274	182298	183808	186099	186770	170734	176550	183120
% Chg Prev Qtr SAAR.....	3.32	-0.41	7.13	2.47	3.92	2.46	4.41	3.00	4.57	3.35	5.08	1.45	3.14	3.41	3.72
% Chg Same Qtr Last Yr.....	3.37	2.64	3.36	3.09	3.24	3.98	3.31	3.44	3.60	3.83	4.00	3.60	3.14	3.41	3.72
US PERSONAL INCOME (BIL2000\$) SAAR.....	9433	9514	9650	9725	9784	9846	9916	10004	10106	10203	10305	10411	9512	9818	10155
% Chg Prev Qtr SAAR.....	-0.76	3.51	5.83	3.13	2.46	2.58	2.86	3.59	4.14	3.89	4.07	4.15	3.58	3.21	3.43
% Chg Same Qtr Last Yr.....	2.98	3.89	3.90	2.90	3.72	3.49	2.75	2.87	3.29	3.62	3.93	4.06	3.58	3.21	3.43
TN PERSONAL INCOME (MIL\$) SAAR.....	195265	196264	199325	202069	205201	207419	210654	213294	216692	219516	223223	225175	195656	206336	218181
% Chg Prev Qtr SAAR.....	7.49	2.06	6.39	5.62	6.35	4.39	6.39	5.11	6.52	5.32	6.93	3.54	6.01	5.46	5.74
% Chg Same Qtr Last Yr.....	6.76	5.59	5.38	5.37	5.09	5.68	5.68	5.56	5.60	5.83	5.97	5.57	6.01	5.46	5.74
US PERSONAL INCOME (BIL\$) SAAR.....	10807	10965	11098	11260	11387	11520	11659	11821	11996	12172	12352	12543	10898	11457	12085
% Chg Prev Qtr SAAR.....	3.24	5.95	4.97	5.97	4.57	4.78	4.90	5.69	6.04	5.98	6.08	6.33	6.43	5.13	5.49
% Chg Same Qtr Last Yr.....	6.36	6.84	5.86	5.03	5.36	5.07	5.05	4.98	5.35	5.65	5.95	6.11	6.43	5.13	5.49
TN NONFARM JOBS (THOUS).....	2777.2	2780.3	2790.0	2798.2	2806.3	2812.6	2823.4	2831.4	2841.3	2849.4	2861.2	2870.1	2778.2	2810.1	2845.8
% Chg Prev Qtr SAAR.....	1.78	0.45	1.40	1.18	1.16	0.91	1.54	1.13	1.42	1.14	1.67	1.25	1.26	1.15	1.27
% Chg Same Qtr Last Yr.....	1.29	1.20	1.15	1.20	1.04	1.16	1.20	1.19	1.25	1.31	1.34	1.37	1.26	1.15	1.27
US NONFARM JOBS (MIL).....	135.1	135.6	136.0	136.3	136.5	136.8	137.2	137.7	138.3	138.8	139.4	139.9	135.4	136.7	138.5
% Chg Prev Qtr SAAR.....	1.21	1.39	1.23	0.98	0.50	0.79	1.27	1.50	1.58	1.61	1.58	1.60	1.43	1.00	1.34
% Chg Same Qtr Last Yr.....	1.42	1.38	1.38	1.20	1.02	0.87	0.89	1.02	1.28	1.49	1.57	1.59	1.43	1.00	1.34
TN UNEMPLOYMENT RATE (%).....	5.5	5.4	4.8	4.8	4.8	4.9	5.0	4.9	4.9	4.9	4.9	4.9	5.2	4.8	4.9
US UNEMPLOYMENT RATE (%).....	4.6	4.7	4.5	4.7	4.9	5.0	5.0	5.0	4.9	4.9	4.8	4.7	4.6	4.9	4.9
BANK PRIME INTEREST RATE (%).....	7.9	8.3	8.3	8.3	8.1	7.6	7.5	7.5	7.5	7.5	7.5	7.5	8.0	7.9	7.5

(CONTINUED ON NEXT PAGE)

Table 1: Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
CONSUMER PRICE INDEX, ALL-URBAN (82-84=1.000).....	2.017	2.032	2.019	2.035	2.047	2.059	2.070	2.081	2.090	2.100	2.110	2.121	2.015	2.053	2.095
FEDERAL FUNDS RATE (% per annum).....	4.907	5.247	5.247	5.250	5.109	4.600	4.500	4.500	4.500	4.500	4.500	4.500	4.964	4.865	4.500
30-YEAR FIXED MORTGAGE RATE (%).....	6.6	6.6	6.2	6.2	6.2	6.1	6.1	6.2	6.3	6.5	6.7	6.8	6.4	6.1	6.4
TN MFG JOBS (THOUS).....	404.2	402.0	402.2	402.6	401.9	400.6	400.3	400.9	400.4	399.4	399.0	399.4	403.7	401.3	399.9
% Chg Prev Qtr SAAR.....	-2.35	-2.13	0.17	0.37	-0.64	-1.35	-0.25	0.59	-0.51	-1.00	-0.40	0.40	-1.20	-0.60	-0.35
% Chg Same Qtr Last Yr.....	-1.36	-1.23	-0.85	-0.99	-0.56	-0.36	-0.47	-0.41	-0.38	-0.29	-0.33	-0.38	-1.20	-0.60	-0.35
US MFG JOBS (MIL).....	14.2	14.2	14.2	14.1	14.0	14.0	14.0	13.9	13.9	13.9	13.9	13.8	14.2	14.0	13.9
% Chg Prev Qtr SAAR.....	0.55	-0.43	-1.89	-1.23	-3.93	-0.39	0.50	-0.99	-1.00	-1.08	-0.62	-0.25	-0.13	-1.45	-0.82
% Chg Same Qtr Last Yr.....	-0.01	0.16	-0.34	-0.75	-1.88	-1.87	-1.28	-1.22	-0.47	-0.64	-0.92	-0.74	-0.13	-1.45	-0.82
TN TAXABLE SALES (MIL2000\$).....	19872	19788	19943	20084	20220	20345	20507	20664	20859	21024	21251	21365	79432	81156	83798
% Chg Prev Qtr SAAR.....	0.90	-1.68	3.17	2.85	2.75	2.50	3.21	3.10	3.83	3.21	4.39	2.16	1.98	2.17	3.25
% Chg Same Qtr Last Yr.....	2.75	1.43	0.99	1.29	1.75	2.82	2.83	2.89	3.16	3.34	3.63	3.39	1.98	2.17	3.25
TN TAXABLE SALES (MIL\$).....	22768	22812	22950	23287	23581	23838	24140	24449	24794	25108	25490	25758	91024	94847	99841
% Chg Prev Qtr SAAR.....	4.97	0.76	2.45	6.01	5.14	4.43	5.16	5.22	5.77	5.17	6.23	4.27	4.80	4.20	5.27
% Chg Same Qtr Last Yr.....	6.12	4.33	2.97	3.53	3.57	4.50	5.18	4.99	5.14	5.33	5.59	5.36	4.80	4.20	5.27
TN AVG ANNUAL WAGE, NONFARM (2000\$).....	33666	33545	33872	34072	34267	34436	34659	34795	34941	35097	35344	35437	33641	34359	35044
% Chg Prev Qtr SAAR.....	2.22	-1.43	3.96	2.39	2.31	1.98	2.61	1.58	1.69	1.79	2.84	1.06	2.62	2.13	2.00
% Chg Same Qtr Last Yr.....	3.21	2.29	2.60	1.76	1.79	2.66	2.32	2.12	1.97	1.92	1.98	1.85	2.62	2.13	2.00
TN AVG ANNUAL WAGE, NONFARM (\$).....	38572	38670	38979	39507	39963	40348	40799	41168	41533	41915	42394	42724	38551	40154	41753
% Chg Prev Qtr SAAR.....	6.35	1.01	3.24	5.53	4.70	3.91	4.55	3.67	3.60	3.73	4.65	3.15	5.47	4.16	3.98
% Chg Same Qtr Last Yr.....	6.59	5.22	4.60	4.01	3.61	4.34	4.67	4.20	3.93	3.88	3.91	3.78	5.47	4.16	3.98

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Table 2: Selected Per Capita U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
US GDP (2000\$) SAAR.....	38046	38146	38285	38387	38516	38682	38864	39128	39373	39626	39860	40115	38092	38613	39497
% Chg Prev Qtr SAAR.....	1.64	1.06	1.47	1.08	1.35	1.74	1.89	2.75	2.53	2.59	2.38	2.59	2.39	1.37	2.29
% Chg Same Qtr Last Yr.....	2.58	2.03	2.19	1.31	1.24	1.41	1.51	1.93	2.23	2.44	2.56	2.52	2.39	1.37	2.29
US GDP (\$) SAAR.....	44090	44409	44724	45161	45500	45909	46322	46877	47398	47944	48453	49019	44196	45724	47670
% Chg Prev Qtr SAAR.....	4.99	2.93	2.87	3.96	3.04	3.65	3.65	4.88	4.52	4.68	4.32	4.75	5.37	3.46	4.26
% Chg Same Qtr Last Yr.....	5.93	5.01	4.69	3.68	3.20	3.38	3.57	3.80	4.17	4.43	4.60	4.57	5.37	3.46	4.26
TN PERSONAL INCOME (2000\$) SAAR.....	28319	28227	28655	28767	28982	29095	29346	29500	29766	29948	30255	30299	28338	29048	29867
% Chg Prev Qtr SAAR.....	2.41	-1.28	6.20	1.58	3.02	1.57	3.51	2.10	3.66	2.46	4.17	0.58	2.23	2.50	2.82
% Chg Same Qtr Last Yr.....	2.46	1.74	2.46	2.19	2.34	3.07	2.41	2.55	2.71	2.93	3.10	2.71	2.23	2.50	2.82
US PERSONAL INCOME (2000\$) SAAR.....	31513	31715	32096	32273	32397	32533	32692	32910	33174	33420	33682	33951	31743	32474	33297
% Chg Prev Qtr SAAR.....	-1.65	2.59	4.90	2.21	1.55	1.68	1.97	2.70	3.25	3.00	3.17	3.24	2.65	2.30	2.53
% Chg Same Qtr Last Yr.....	2.06	2.97	2.97	1.99	2.81	2.58	1.85	1.97	2.40	2.73	3.03	3.16	2.65	2.30	2.53
TN PERSONAL INCOME (\$) SAAR.....	32446	32540	32975	33356	33799	34090	34546	34903	35382	35766	36291	36529	32474	33948	35585
% Chg Prev Qtr SAAR.....	6.55	1.17	5.46	4.70	5.42	3.49	5.46	4.20	5.60	4.41	6.01	2.65	5.07	4.54	4.82
% Chg Same Qtr Last Yr.....	5.82	4.66	4.46	4.45	4.17	4.76	4.76	4.64	4.68	4.92	5.05	4.66	5.07	4.54	4.82
US PERSONAL INCOME (\$) SAAR.....	36105	36549	36912	37368	37704	38063	38437	38889	39378	39868	40372	40907	36367	37894	39628
% Chg Prev Qtr SAAR.....	2.32	5.01	4.04	5.03	3.64	3.87	3.99	4.78	5.13	5.07	5.15	5.41	5.48	4.20	4.57
% Chg Same Qtr Last Yr.....	5.40	5.88	4.92	4.09	4.43	4.14	4.13	4.07	4.44	4.74	5.03	5.19	5.48	4.20	4.57
TN TAXABLE SALES (2000\$).....	3302	3281	3299	3315	3331	3344	3363	3381	3406	3425	3455	3466	13184	13353	13668
% Chg Prev Qtr SAAR.....	0.01	-2.54	2.27	1.95	1.85	1.60	2.31	2.21	2.93	2.32	3.49	1.28	1.07	1.28	2.36
% Chg Same Qtr Last Yr.....	1.85	0.54	0.11	0.40	0.86	1.92	1.93	1.99	2.26	2.44	2.73	2.50	1.07	1.28	2.36
TN TAXABLE SALES (\$).....	3783	3782	3797	3844	3884	3918	3959	4001	4048	4091	4144	4179	15108	15605	16284
% Chg Prev Qtr SAAR.....	4.05	-0.12	1.56	5.09	4.23	3.52	4.24	4.30	4.86	4.26	5.31	3.37	3.87	3.29	4.35
% Chg Same Qtr Last Yr.....	5.19	3.42	2.06	2.62	2.67	3.59	4.27	4.08	4.23	4.42	4.68	4.45	3.87	3.29	4.35

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Table 3: Tennessee Personal Income Components, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	History		Forecast Data										Annual			
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL PERSONAL INCOME.....	169043	170428	170253	173210	174271	175955	177027	178949	180274	182298	183808	186099	186770	170734	176550	183120
% Chg Prev Qtr SAAR.....	3.55	3.32	-0.41	7.13	2.47	3.92	2.46	4.41	3.00	4.57	3.35	5.08	1.45	3.14	3.41	3.72
% Chg Same Qtr Last Yr.....	3.20	3.37	2.64	3.36	3.09	3.24	3.98	3.31	3.44	3.60	3.83	4.00	3.60	3.14	3.41	3.72
WAGES AND SALARIES.....	93409	94311	94120	95392	96237	97069	97771	98780	99451	100223	100958	102088	102680	94308	97464	100680
% Chg Prev Qtr SAAR.....	6.75	3.92	-0.81	5.52	3.59	3.50	2.92	4.19	2.74	3.14	2.96	4.56	2.34	3.89	3.35	3.30
% Chg Same Qtr Last Yr.....	3.75	4.48	3.51	3.80	3.03	2.92	3.88	3.55	3.34	3.25	3.26	3.35	3.25	3.89	3.35	3.30
OTHER LABOR INCOME.....	22191	22374	22053	22265	22337	22641	22884	23089	23291	23502	23711	23940	23911	22221	22738	23611
% Chg Prev Qtr SAAR.....	3.16	3.34	-5.62	3.90	1.30	5.55	4.37	3.63	3.55	3.66	3.61	3.92	-0.48	2.66	2.33	3.84
% Chg Same Qtr Last Yr.....	4.10	3.98	1.52	1.12	0.66	1.19	3.77	3.70	4.27	3.80	3.61	3.68	2.66	2.66	2.33	3.84
PROPRIETORS INCOME.....	19905	19856	20340	20743	20754	20783	20820	20870	21201	21481	21774	22070	22040	20211	20807	21631
% Chg Prev Qtr SAAR.....	-9.42	-0.97	10.10	8.18	0.22	0.56	0.71	0.98	6.49	5.38	5.56	5.56	-0.55	0.44	2.95	3.96
% Chg Same Qtr Last Yr.....	0.82	-0.58	-0.16	1.67	4.27	4.67	2.36	0.61	2.15	3.36	4.58	5.75	3.96	0.44	2.95	3.96
RENT, INTEREST, DIVIDENDS.....	19623	19991	19654	20363	20349	20661	20545	20938	20953	21345	21338	21802	21761	19908	20623	21359
% Chg Prev Qtr SAAR.....	0.76	7.72	-6.57	15.24	-0.29	6.28	-2.22	7.86	0.29	7.70	-0.13	8.98	-0.74	3.87	3.59	3.57
% Chg Same Qtr Last Yr.....	3.65	4.81	3.05	3.97	3.70	3.35	4.54	2.82	2.97	3.31	3.86	4.13	3.86	3.87	3.59	3.57
TRANSFER PAYMENTS.....	29587	29714	29777	30163	30467	30853	31154	31400	31578	32047	32398	32680	32907	29810	30969	32176
% Chg Prev Qtr SAAR.....	9.04	1.73	0.85	5.29	4.10	5.16	3.96	3.20	2.28	6.08	4.46	3.53	2.80	3.03	3.89	3.90
% Chg Same Qtr Last Yr.....	2.74	2.18	3.04	4.18	2.98	3.83	4.62	4.10	3.64	3.87	3.99	4.08	4.21	3.03	3.89	3.90
LESS: PERS CONT FOR SOC INS.....	14314	14435	14347	14376	14529	14698	14788	14769	14844	14941	15008	15113	15162	14368	14696	14977
% Chg Prev Qtr SAAR.....	11.03	3.45	-2.42	0.80	4.34	4.72	2.46	-0.51	2.06	2.64	1.82	2.81	1.30	4.01	2.28	1.91
RESIDENCE ADJUSTMENT.....	-1358	-1383	-1343	-1340	-1344	-1354	-1359	-1360	-1356	-1358	-1362	-1368	-1367	-1356	-1354	-1361
% Chg Prev Qtr SAAR.....	5.74	7.31	-11.07	-0.82	1.27	3.01	1.50	0.21	-1.18	0.81	0.93	1.95	-0.26	4.02	-0.12	0.50
% Chg Same Qtr Last Yr.....	6.06	7.33	2.84	0.02	-1.06	-2.06	1.23	1.49	0.87	0.33	0.19	0.62	0.86	4.02	-0.12	0.50
PER CAPITA PERSONAL INCOME (\$)......	28150	28319	28227	28655	28767	28982	29095	29346	29500	29766	29948	30255	30299	28338	29048	29867
% Chg Prev Qtr SAAR.....	2.64	2.41	-1.28	6.20	1.58	3.02	1.57	3.51	2.10	3.66	2.46	4.17	0.58	2.23	2.50	2.82
% Chg Same Qtr Last Yr.....	2.24	2.46	1.74	2.46	2.19	2.34	3.07	2.41	2.55	2.71	2.93	3.10	2.71	2.23	2.50	2.82

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Table 4: Tennessee Personal Income Components, Seasonally Adjusted (millions of current dollars)

January 2007

	History		Forecast Data											Annual		
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TN PERSONAL INCOME.....	191771	195265	196264	199325	202069	205201	207419	210654	213294	216692	219516	223223	225175	195656	206336	218181
% Chg Prev Qtr SAAR.....	5.66	7.49	2.06	6.39	5.62	6.35	4.39	6.39	5.11	6.52	5.32	6.93	3.54	6.01	5.46	5.74
% Chg Same Qtr Last Yr.....	6.34	6.76	5.59	5.38	5.37	5.09	5.68	5.68	5.56	5.60	5.83	5.97	5.57	6.01	5.46	5.74
WAGES AND SALARIES.....	105968	108055	108499	109774	111587	113203	114556	116281	117667	119132	120571	122454	123794	108074	113907	119956
% Chg Prev Qtr SAAR.....	8.93	8.11	1.65	4.78	6.77	5.92	4.87	6.16	4.85	5.07	4.92	6.39	4.45	6.77	5.40	5.31
% Chg Same Qtr Last Yr.....	6.91	7.90	6.48	5.83	5.30	4.76	5.58	5.93	5.45	5.24	5.25	5.31	5.21	6.77	5.40	5.31
OTHER LABOR INCOME.....	25175	25635	25422	25622	25900	26404	26813	27180	27558	27935	28317	28715	28828	25464	26574	28131
% Chg Prev Qtr SAAR.....	5.27	7.51	-3.28	3.18	4.41	8.01	6.34	5.59	5.68	5.60	5.58	5.75	1.58	5.51	4.36	5.86
% Chg Same Qtr Last Yr.....	7.27	7.38	4.43	3.09	2.88	3.00	5.47	6.08	6.40	5.80	5.61	5.65	4.61	5.51	4.36	5.86
PROPRIETORS INCOME.....	22581	22750	23447	23871	24065	24238	24394	24568	25084	25534	26003	26473	26572	23162	24316	25774
% Chg Prev Qtr SAAR.....	-7.57	3.03	12.83	7.42	3.29	2.90	2.61	2.88	8.67	7.36	7.57	7.42	1.51	3.23	4.98	5.99
% Chg Same Qtr Last Yr.....	3.89	2.68	2.70	3.65	6.57	6.54	4.04	2.92	4.24	5.35	6.60	7.75	5.93	3.23	4.98	5.99
RENT, INTEREST, DIVIDENDS.....	22261	22904	22656	23433	23594	24095	24072	24647	24791	25372	25483	26151	26236	22814	24102	25449
% Chg Prev Qtr SAAR.....	2.82	12.06	-4.25	14.44	2.78	8.76	-0.37	9.90	2.35	9.72	1.76	10.90	1.31	6.75	5.65	5.59
% Chg Same Qtr Last Yr.....	6.81	8.24	6.00	6.00	5.99	5.20	6.25	5.18	5.07	5.30	5.86	6.10	5.83	6.75	5.65	5.59
TRANSFER PAYMENTS.....	33565	34044	34326	34710	35327	35981	36502	36963	37362	38093	38692	39199	39673	34161	36193	38337
% Chg Prev Qtr SAAR.....	11.27	5.83	3.35	4.56	7.30	7.61	5.92	5.15	4.38	8.07	6.44	5.35	4.92	5.90	5.95	5.92
% Chg Same Qtr Last Yr.....	5.87	5.53	5.99	6.21	5.25	5.69	6.34	6.49	5.76	5.87	6.00	6.05	6.19	5.90	5.95	5.92
LESS: PERS CONT FOR SOC INS.....	16238	16539	16539	16543	16847	17141	17326	17385	17563	17760	17924	18128	18279	16465	17175	17844
% Chg Prev Qtr SAAR.....	13.30	7.62	0.00	0.10	7.55	7.17	4.40	1.37	4.15	4.56	3.75	4.62	3.39	6.89	4.31	3.89
% Chg Same Qtr Last Yr.....	7.37	8.38	6.78	5.11	3.75	3.64	4.76	5.09	4.25	3.61	3.45	4.27	4.08	6.89	4.31	3.89
RESIDENCE ADJUSTMENT.....	-1541	-1584	-1548	-1542	-1558	-1579	-1592	-1601	-1604	-1615	-1626	-1641	-1649	-1554	-1583	-1622
% Chg Prev Qtr SAAR.....	7.90	11.64	-8.86	-1.51	4.38	5.41	3.41	2.10	0.85	2.70	2.85	3.75	1.80	6.89	1.87	2.46
% Chg Same Qtr Last Yr.....	9.29	10.85	5.79	1.97	1.13	-0.31	2.89	3.82	2.93	2.26	2.12	2.53	2.77	6.89	1.87	2.46
PER CAPITA PERSONAL INCOME (\$)	31935	32446	32540	32975	33356	33799	34090	34546	34903	35382	35766	36291	36529	32474	33948	35585
% Chg Prev Qtr SAAR.....	4.74	6.55	1.17	5.46	4.70	5.42	3.49	5.46	4.20	5.60	4.41	6.01	2.65	5.07	4.54	4.82
% Chg Same Qtr Last Yr.....	5.35	5.82	4.66	4.46	4.45	4.17	4.76	4.76	4.64	4.68	4.92	5.05	4.66	5.07	4.54	4.82

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Table 5: Tennessee Nonfarm Employment by Sector, Not Seasonally Adjusted (thousands of jobs)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONFARM.....	2784.7	2781.6	2811.5	2767.8	2812.6	2815.2	2845.1	2800.4	2847.8	2852.2	2883.2	2838.5	2777.9	2810.2	2845.9
% Chg Same Qtr Last Yr.....	1.23	1.21	1.12	1.24	1.00	1.21	1.20	1.18	1.25	1.31	1.34	1.36	1.25	1.16	1.27
NATURAL RESOURCES & MINING.....	4.30	4.30	4.18	4.17	4.35	4.32	4.24	4.23	4.42	4.38	4.30	4.29	4.2	4.3	4.3
% Chg Same Qtr Last Yr.....	1.6	4.0	2.0	1.0	1.2	0.4	1.5	1.4	1.5	1.4	1.3	1.3	2.51	1.03	1.40
CONSTRUCTION.....	125.03	127.77	125.13	119.41	126.34	129.38	128.06	121.64	128.24	131.33	130.52	123.97	124.0	125.8	127.9
% Chg Same Qtr Last Yr.....	2.74	2.62	3.16	1.22	1.04	1.26	2.34	1.87	1.51	1.51	1.92	1.92	2.93	1.47	1.70
MANUFACTURING.....	405.57	402.37	402.54	400.45	403.33	400.85	400.66	398.80	401.79	399.67	399.33	397.31	403.7	401.3	399.9
% Chg Same Qtr Last Yr.....	-1.35	-1.25	-0.85	-0.98	-0.55	-0.38	-0.47	-0.41	-0.38	-0.29	-0.33	-0.37	-1.20	-0.60	-0.36
DURABLE GOODS.....	253.1	250.1	250.7	251.6	253.0	250.4	250.9	251.8	253.4	251.4	251.7	252.3	251.6	251.5	252.1
% Chg Same Qtr Last Yr.....	-1.21	-0.98	-0.55	-0.40	-0.05	0.11	0.09	0.10	0.15	0.38	0.29	0.17	-0.99	-0.06	0.23
NONDURABLE GOODS.....	152.47	152.23	151.83	148.87	150.36	150.44	149.71	146.97	148.44	148.29	147.66	145.06	152.1	149.8	147.8
% Chg Same Qtr Last Yr.....	-1.6	-1.7	-1.3	-2.0	-1.4	-1.2	-1.4	-1.3	-1.3	-1.4	-1.4	-1.3	-1.53	-1.48	-1.34
TRADE, TRANSPORTATION, UTILITIES.....	605.13	607.50	623.18	604.87	611.82	616.19	631.82	612.52	620.31	625.07	641.64	622.75	608.4	616.2	624.9
% Chg Same Qtr Last Yr.....	1.72	1.67	1.32	1.17	1.10	1.43	1.39	1.26	1.39	1.44	1.55	1.67	1.73	1.27	1.41
WHOLESALE TRADE.....	132.13	132.70	133.52	132.52	133.98	134.22	135.39	134.01	135.66	135.69	136.83	136.12	132.3	134.0	135.5
% Chg Same Qtr Last Yr.....	1.43	1.30	1.18	1.16	1.39	1.14	1.40	1.12	1.26	1.10	1.06	1.58	1.37	1.28	1.13
RETAIL TRADE.....	330.4	331.5	343.6	330.8	334.9	336.6	349.3	335.7	340.6	342.6	356.5	342.4	333.0	337.9	343.9
% Chg Same Qtr Last Yr.....	2.16	2.14	1.59	1.27	1.36	1.55	1.68	1.49	1.70	1.76	2.06	2.00	2.23	1.47	1.76
TRANSPORTATION & UTILITIES.....	142.57	143.30	146.07	141.52	143.65	144.58	147.07	142.77	144.76	146.02	148.30	144.17	143.0	144.2	145.5
% Chg Same Qtr Last Yr.....	1.0	0.9	0.8	0.9	0.8	0.9	0.7	0.9	0.8	1.0	0.8	1.0	0.92	0.81	0.87
INFORMATION.....	49.90	49.70	50.17	49.71	49.89	49.57	49.63	49.11	49.56	49.67	50.13	49.27	49.9	49.7	49.6
% Chg Same Qtr Last Yr.....	0.27	0.34	1.22	-0.12	-0.01	-0.26	-1.07	-1.20	-0.68	0.20	1.00	0.33	0.51	-0.37	-0.17
FINANCIAL ACTIVITIES.....	144.50	144.93	145.54	144.69	145.94	146.66	147.12	146.43	147.61	148.29	148.59	148.01	144.5	146.1	147.7
% Chg Same Qtr Last Yr.....	0.67	0.62	0.63	1.30	1.00	1.19	1.08	1.20	1.14	1.11	1.00	1.08	0.66	1.14	1.11
PROFESSIONAL & BUSINESS SERVICES...	314.3	315.6	323.2	318.6	320.5	324.7	331.5	328.0	329.6	333.6	339.0	336.8	315.6	323.8	332.6
% Chg Same Qtr Last Yr.....	1.50	1.13	1.00	3.02	1.98	2.87	2.55	2.96	2.83	2.76	2.28	2.67	1.35	2.60	2.70
EDUCATION & HEALTH SERVICES.....	336.50	338.40	341.48	340.08	343.17	344.15	346.84	345.59	349.66	351.72	354.78	352.88	337.2	343.6	350.4
% Chg Same Qtr Last Yr.....	2.2	2.2	2.3	2.3	2.0	1.7	1.6	1.6	1.9	2.2	2.3	2.1	2.26	1.89	2.00
LEISURE & HOSPITALITY.....	277.23	280.77	270.15	262.05	283.75	287.53	276.72	267.84	290.47	294.69	283.22	274.19	271.0	277.5	284.1
% Chg Same Qtr Last Yr.....	3.28	3.21	2.60	2.39	2.35	2.41	2.43	2.21	2.37	2.49	2.35	2.37	3.21	2.39	2.36
OTHER SERVICES.....	102.97	102.97	101.76	101.05	102.95	102.84	102.07	101.31	102.98	102.84	102.31	101.55	102.1	102.2	102.4
% Chg Same Qtr Last Yr.....	0.75	0.85	0.26	0.25	-0.01	-0.12	0.30	0.26	0.03	0.00	0.24	0.24	0.66	0.10	0.13
GOVERNMENT.....	419.2	407.3	424.1	422.7	420.5	409.1	426.5	424.9	423.1	410.9	429.4	427.5	417.3	419.7	422.1
% Chg Same Qtr Last Yr.....	0.81	0.85	0.70	1.03	0.31	0.43	0.56	0.52	0.61	0.46	0.68	0.62	0.76	0.58	0.57
FEDERAL, CIVILIAN.....	48.80	48.33	47.96	48.01	48.10	47.22	47.10	47.10	47.37	46.49	46.22	46.21	48.3	47.6	46.8
% Chg Same Qtr Last Yr.....	-1.5	-1.1	-1.4	-0.5	-1.4	-2.3	-1.8	-1.9	-1.5	-1.5	-1.9	-1.9	-1.40	-1.52	-1.70
STATE & LOCAL.....	370.43	359.00	377.23	373.44	372.95	361.49	380.51	376.54	376.27	364.05	384.31	380.05	369.2	372.1	375.3
% Chg Same Qtr Last Yr.....	1.12	1.12	1.27	0.88	0.68	0.69	0.87	0.83	0.89	0.71	1.00	0.93	1.12	0.78	0.86

Table 6: Tennessee Durable Goods Manufacturing Employment, Not Seasonally Adjusted (thousands of jobs)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL DURABLE GOODS.....	253.1	250.1	250.7	251.6	253.0	250.4	250.9	251.8	253.4	251.4	251.7	252.3	251.6	251.5	252.1
% Chg Same Qtr Last Yr.....	-1.21	-0.98	-0.55	-0.40	-0.05	0.11	0.09	0.10	0.15	0.38	0.29	0.17	-0.01	0.00	0.00
WOOD PRODUCTS.....	17.7	17.8	17.8	17.6	17.8	18.0	17.9	17.6	17.9	18.1	18.1	17.8	17.7	17.8	17.9
% Chg Same Qtr Last Yr.....	0.38	0.95	1.37	0.72	0.72	1.05	0.33	0.29	0.46	0.81	0.95	1.02	0.01	0.01	0.01
NONMETALLIC MINERAL PRODUCTS.....	16.3	16.2	16.1	15.9	16.5	16.3	16.3	16.0	16.5	16.4	16.4	16.2	16.1	16.2	16.3
% Chg Same Qtr Last Yr.....	1.87	1.88	0.23	0.04	0.81	0.65	0.92	0.86	0.32	0.61	0.80	0.79	0.02	0.01	0.01
PRIMARY METALS.....	11.6	11.6	11.5	11.7	11.6	11.6	11.7	11.7	11.6	11.6	11.7	11.7	11.7	11.6	11.6
% Chg Same Qtr Last Yr.....	-2.79	-2.79	-3.00	-1.94	-0.17	0.05	1.02	0.12	0.06	0.09	0.12	0.12	-0.03	0.00	0.00
FABRICATED METAL PRODUCTS.....	43.7	43.6	43.4	43.6	44.0	43.9	43.8	43.8	44.0	43.8	43.7	43.9	43.4	43.8	43.8
% Chg Same Qtr Last Yr.....	2.10	2.11	1.54	1.14	0.75	0.62	0.98	0.41	-0.06	-0.24	-0.09	0.29	0.02	0.01	0.00
MACHINERY.....	33.6	32.5	32.5	33.5	33.9	32.9	32.8	33.7	34.1	33.0	32.9	33.8	33.0	33.3	33.5
% Chg Same Qtr Last Yr.....	-2.61	-0.71	0.74	-0.15	0.93	0.98	0.81	0.79	0.70	0.59	0.39	0.37	-0.01	0.01	0.01
COMPUTER & ELECTRONIC PRODUCTS...	9.4	9.0	9.2	9.0	9.1	9.0	9.0	8.8	8.8	8.7	8.8	8.6	9.3	9.0	8.8
% Chg Same Qtr Last Yr.....	-10.79	-10.56	-8.88	-6.34	-2.88	-0.81	-2.02	-2.03	-2.79	-3.02	-2.43	-2.89	-0.11	-0.03	-0.03
ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS.....	23.1	22.7	23.1	23.1	23.0	22.9	23.1	23.2	23.1	23.0	23.2	23.2	23.1	23.1	23.1
% Chg Same Qtr Last Yr.....	-1.98	-1.73	-0.25	-0.82	-0.09	0.84	-0.05	0.05	0.14	0.21	0.15	0.10	-0.02	0.00	0.00
TRANSPORTATION EQUIPMENT.....	63.5	62.4	63.0	63.3	63.2	62.1	62.9	63.5	63.8	63.4	63.8	63.8	63.1	62.9	63.6
% Chg Same Qtr Last Yr.....	-1.55	-1.99	-1.50	-0.18	-0.37	-0.50	-0.11	0.22	0.88	2.03	1.35	0.47	-0.02	0.00	0.01
FURNITURE.....	19.2	19.0	19.0	19.0	18.9	18.8	18.7	18.8	18.8	18.6	18.6	18.7	19.1	18.9	18.7
% Chg Same Qtr Last Yr.....	-1.71	-1.55	-0.90	-1.31	-1.42	-1.00	-1.52	-1.13	-0.85	-1.26	-0.63	-0.31	-0.02	-0.01	-0.01
MISCELLANEOUS DURABLE GOODS.....	15.1	15.1	15.1	14.9	14.9	14.9	14.8	14.8	14.7	14.7	14.6	14.6	15.1	14.9	14.7
% Chg Same Qtr Last Yr.....	-1.31	-1.52	-0.75	-1.21	-1.44	-1.49	-1.52	-1.03	-0.99	-1.22	-1.52	-1.09	-0.01	-0.01	-0.01

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Table 7: Tennessee Nondurable Goods Manufacturing Employment, Not Seasonally Adjusted (thousands of jobs)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONDURABLE GOODS.....	152.5	152.2	151.8	148.9	150.4	150.4	149.7	147.0	148.4	148.3	147.7	145.1	152.1	149.8	147.8
% Chg Same Qtr Last Yr.....	-1.57	-1.70	-1.35	-1.95	-1.38	-1.18	-1.39	-1.27	-1.28	-1.43	-1.37	-1.30	-1.53	-1.48	-1.34
FOOD.....	34.6	34.8	35.0	34.1	34.7	35.0	34.9	34.3	34.8	34.9	34.9	34.3	34.5	34.7	34.7
% Chg Same Qtr Last Yr.....	0.29	0.00	1.15	1.29	0.31	0.58	-0.14	0.42	0.16	-0.11	-0.08	0.05	0.51	0.50	0.09
BEVERAGE & TOBACCO.....	5.2	5.1	5.1	5.1	5.1	5.0	5.0	4.9	5.0	4.9	4.8	4.7	5.1	5.0	4.9
% Chg Same Qtr Last Yr.....	-4.32	-6.71	-1.62	-1.52	-1.52	-0.98	-3.84	-3.45	-2.33	-2.16	-2.88	-3.01	-4.13	-1.97	-2.70
TEXTILE MILLS.....	5.3	5.2	4.8	4.7	4.7	4.6	4.4	4.3	4.3	4.2	4.0	3.9	5.2	4.6	4.2
% Chg Same Qtr Last Yr.....	-7.60	-7.69	-9.01	-11.90	-11.48	-12.42	-9.42	-9.36	-8.07	-7.97	-7.79	-7.69	-8.34	-11.34	-8.31
TEXTILE PRODUCT MILLS.....	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.8	3.8	4.0	3.9	3.9
% Chg Same Qtr Last Yr.....	-0.82	0.00	-2.06	-1.90	-1.63	-1.45	-0.99	-1.52	-1.89	-2.19	-2.15	-2.11	-1.33	-1.50	-1.94
APPAREL.....	7.7	7.2	7.3	7.2	7.1	6.8	6.7	6.5	6.6	6.4	6.3	6.1	7.5	7.0	6.5
% Chg Same Qtr Last Yr.....	-9.80	-11.89	-9.20	-7.82	-7.06	-4.87	-8.34	-8.59	-7.66	-6.61	-5.53	-6.04	-9.87	-7.05	-7.13
PAPER.....	19.3	19.7	19.3	18.9	19.2	19.6	19.4	19.0	19.2	19.6	19.4	19.0	19.4	19.3	19.3
% Chg Same Qtr Last Yr.....	2.30	2.08	0.30	-1.90	-0.54	-0.17	0.63	0.25	0.07	-0.11	-0.03	-0.05	1.65	-0.49	0.04
PRINTING & RELATED SUPPORT.....	18.1	18.3	18.4	17.4	17.9	18.1	18.1	17.2	17.7	17.7	17.7	17.0	18.2	17.9	17.6
% Chg Same Qtr Last Yr.....	-4.07	-4.01	-2.81	-2.23	-0.86	-1.26	-2.01	-1.00	-1.04	-2.00	-2.00	-1.34	-3.88	-1.59	-1.52
CHEMICALS.....	27.1	26.4	26.1	26.2	26.2	25.8	25.7	25.7	25.6	25.2	25.1	25.1	26.7	26.0	25.4
% Chg Same Qtr Last Yr.....	-1.46	-2.22	-2.77	-3.30	-3.19	-2.18	-1.60	-1.98	-2.29	-2.29	-2.33	-2.29	-2.03	-2.58	-2.22
PLASTICS & RUBBER.....	29.3	29.3	29.4	29.1	29.3	29.3	29.4	29.0	29.3	29.3	29.3	29.0	29.3	29.3	29.2
% Chg Same Qtr Last Yr.....	-0.11	-0.11	-0.39	-0.12	0.10	0.00	-0.17	-0.22	-0.15	-0.04	-0.11	-0.24	-0.24	-0.05	-0.13
MISCELLANEOUS NONDURABLE GOODS.....	2.1	2.3	2.4	2.2	2.2	2.2	2.3	2.2	2.2	2.1	2.2	2.1	2.3	2.3	2.2
% Chg Same Qtr Last Yr.....	-10.14	6.15	11.79	-12.45	8.24	-2.46	-2.05	-1.69	-1.84	-4.89	-3.82	-3.74	2.80	-2.66	-3.08

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Table 8: Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)

	History		Forecast Data									Annual			
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONFARM.....	2777.2	2780.3	2790.0	2798.2	2806.3	2812.6	2823.4	2831.4	2841.3	2849.4	2861.2	2870.1	2778.2	2810.1	2845.8
% Chg Prev Qtr SAAR.....	1.78	0.45	1.40	1.18	1.16	0.91	1.54	1.13	1.42	1.14	1.67	1.25	1.26	1.15	1.27
% Chg Same Qtr Last Yr.....	1.29	1.20	1.15	1.20	1.04	1.16	1.20	1.19	1.25	1.31	1.34	1.37	1.26	1.15	1.27
NATURAL RESOURCES & MINING.....	4.2	4.3	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.4	4.4	4.2	4.3	4.3
% Chg Prev Qtr SAAR.....	0.05	4.21	-2.63	2.26	0.97	1.43	1.43	1.81	1.21	1.11	1.15	1.69	2.50	1.03	1.40
% Chg Same Qtr Last Yr.....	1.52	4.15	2.00	0.94	1.17	0.49	1.52	1.41	1.47	1.39	1.32	1.29	2.50	1.03	1.40
CONSTRUCTION.....	124.1	124.2	124.3	124.9	125.4	125.8	127.2	127.2	127.3	127.7	129.6	129.6	124.0	125.8	127.9
% Chg Prev Qtr SAAR.....	2.29	0.43	0.24	1.94	1.57	1.30	4.58	0.08	0.14	1.30	6.28	0.08	3.13	1.47	1.70
% Chg Same Qtr Last Yr.....	3.16	2.73	3.16	1.22	1.04	1.26	2.34	1.87	1.51	1.51	1.92	1.92	3.13	1.47	1.70
MANUFACTURING.....	404.2	402.0	402.2	402.6	401.9	400.6	400.3	400.9	400.4	399.4	399.0	399.4	403.7	401.3	399.9
% Chg Prev Qtr SAAR.....	-2.35	-2.13	0.17	0.37	-0.64	-1.35	-0.25	0.59	-0.51	-1.00	-0.40	0.40	-1.20	-0.60	-0.35
% Chg Same Qtr Last Yr.....	-1.36	-1.23	-0.85	-0.99	-0.56	-0.36	-0.47	-0.41	-0.38	-0.29	-0.33	-0.38	-1.20	-0.60	-0.35
DURABLE GOODS.....	251.9	250.6	251.0	252.1	251.7	250.9	251.2	252.3	252.1	251.9	252.0	252.7	251.6	251.5	252.1
% Chg Prev Qtr SAAR.....	-1.93	-2.08	0.68	1.73	-0.53	-1.35	0.56	1.73	-0.33	-0.41	0.18	1.24	-0.99	-0.06	0.23
% Chg Same Qtr Last Yr.....	-1.22	-0.95	-0.54	-0.41	-0.06	0.13	0.10	0.10	0.15	0.39	0.29	0.17	-0.99	-0.06	0.23
NONDURABLE GOODS.....	152.3	151.4	151.2	150.5	150.2	149.7	149.1	148.6	148.3	147.5	147.0	146.6	152.1	149.8	147.8
% Chg Prev Qtr SAAR.....	-3.05	-2.21	-0.66	-1.85	-0.82	-1.34	-1.59	-1.32	-0.82	-1.99	-1.37	-1.01	-1.53	-1.48	-1.34
% Chg Same Qtr Last Yr.....	-1.59	-1.67	-1.37	-1.95	-1.39	-1.17	-1.40	-1.27	-1.27	-1.43	-1.38	-1.30	-1.53	-1.48	-1.34
TRADE, TRANSPORTATION, UTILITIES.....	608.0	609.4	610.6	612.8	615.4	617.4	619.0	620.5	623.9	626.3	628.6	630.9	608.4	616.1	624.8
% Chg Prev Qtr SAAR.....	1.49	0.93	0.77	1.45	1.73	1.32	1.04	0.97	2.23	1.53	1.50	1.43	1.74	1.27	1.41
% Chg Same Qtr Last Yr.....	1.71	1.69	1.30	1.16	1.22	1.32	1.39	1.26	1.39	1.44	1.55	1.67	1.74	1.27	1.41
WHOLESALE TRADE.....	132.1	132.5	133.0	133.3	133.9	134.0	134.9	134.8	135.6	135.5	136.3	136.9	132.3	134.0	135.5
% Chg Prev Qtr SAAR.....	0.93	1.19	1.62	0.94	1.82	0.19	2.67	-0.17	2.38	-0.44	2.51	1.90	1.37	1.27	1.14
% Chg Same Qtr Last Yr.....	1.42	1.29	1.19	1.17	1.39	1.14	1.40	1.12	1.26	1.10	1.06	1.58	1.37	1.27	1.14
RETAIL TRADE.....	333.0	333.9	333.6	335.9	337.5	339.1	339.2	340.9	343.2	345.1	346.2	347.7	333.0	337.9	343.8
% Chg Prev Qtr SAAR.....	1.58	1.08	-0.33	2.77	1.90	1.92	0.14	1.99	2.78	2.16	1.32	1.75	2.24	1.47	1.75
% Chg Same Qtr Last Yr.....	2.15	2.16	1.59	1.27	1.35	1.56	1.68	1.49	1.70	1.76	2.06	2.00	2.24	1.47	1.75
TRANSPORTATION & UTILITIES.....	142.9	143.0	143.9	143.6	144.0	144.3	144.9	144.8	145.1	145.8	146.1	146.2	143.0	144.2	145.5
% Chg Prev Qtr SAAR.....	1.80	0.36	2.56	-1.08	1.24	0.95	1.67	-0.33	0.80	1.88	0.98	0.27	0.93	0.81	0.87
% Chg Same Qtr Last Yr.....	0.96	0.98	0.75	0.90	0.76	0.91	0.69	0.88	0.77	1.00	0.83	0.98	0.93	0.81	0.87
INFORMATION.....	49.9	49.8	49.8	50.0	49.9	49.6	49.2	49.4	49.6	49.7	49.7	49.6	49.9	49.7	49.6
% Chg Prev Qtr SAAR.....	-1.32	-1.06	0.00	1.95	-0.90	-2.06	-3.22	1.44	1.20	1.46	-0.09	-1.22	0.66	-0.37	-0.17
% Chg Same Qtr Last Yr.....	0.27	0.34	1.22	-0.12	-0.01	-0.26	-1.07	-1.20	-0.68	0.20	1.00	0.33	0.66	-0.37	-0.17
FINANCIAL ACTIVITIES.....	144.5	144.3	145.5	145.5	145.9	146.0	147.0	147.2	147.6	147.6	148.5	148.8	144.5	146.1	147.7
% Chg Prev Qtr SAAR.....	2.34	-0.55	3.40	0.07	1.13	0.20	2.95	0.54	0.89	0.08	2.50	0.86	0.70	1.14	1.11
% Chg Same Qtr Last Yr.....	0.65	0.63	0.63	1.30	1.00	1.19	1.08	1.20	1.14	1.11	1.00	1.08	0.70	1.14	1.11

(CONTINUED ON NEXT PAGE)

Table 8: Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)

January 2007

	History		Forecast Data									Annual			
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
PROF & BUSINESS SERVICES.....	315.2	314.9	320.7	321.0	321.5	323.9	328.9	330.5	330.6	332.9	336.4	339.4	315.6	323.8	332.6
% Chg Prev Qtr SAAR.....	4.70	-0.46	7.63	0.42	0.52	3.09	6.29	2.04	0.01	2.80	4.32	3.60	1.19	2.60	2.71
% Chg Same Qtr Last Yr.....	1.61	1.15	1.00	3.02	1.98	2.87	2.55	2.96	2.83	2.76	2.28	2.67	1.19	2.60	2.71
EDUC & HEALTH SERVICES.....	336.7	338.3	339.7	341.7	343.4	344.0	345.1	347.3	349.9	351.6	353.0	354.6	337.2	343.5	350.4
% Chg Prev Qtr SAAR.....	3.27	1.88	1.73	2.34	1.96	0.73	1.25	2.54	3.05	1.96	1.61	1.83	2.25	1.88	2.00
% Chg Same Qtr Last Yr.....	2.16	2.17	2.31	2.30	1.98	1.69	1.57	1.62	1.89	2.20	2.29	2.11	2.25	1.88	2.00
LEISURE & HOSPITALITY.....	271.1	272.0	272.4	274.9	277.5	278.6	279.0	281.0	284.0	285.5	285.6	287.6	271.0	277.5	284.0
% Chg Prev Qtr SAAR.....	3.98	1.33	0.61	3.68	3.82	1.57	0.69	2.79	4.47	2.05	0.14	2.87	3.25	2.40	2.36
% Chg Same Qtr Last Yr.....	3.64	3.20	2.60	2.39	2.35	2.41	2.43	2.21	2.37	2.49	2.35	2.37	3.25	2.40	2.36
OTHER SERVICES.....	102.3	102.5	101.9	102.0	102.3	102.4	102.2	102.3	102.3	102.4	102.5	102.5	102.1	102.2	102.4
% Chg Prev Qtr SAAR.....	2.27	0.68	-2.24	0.26	1.18	0.40	-0.63	0.10	0.26	0.28	0.33	0.10	0.65	0.09	0.13
% Chg Same Qtr Last Yr.....	0.69	0.87	0.30	0.23	-0.04	-0.11	0.30	0.26	0.03	0.00	0.24	0.24	0.65	0.09	0.13
GOVERNMENT.....	417.1	418.8	418.7	418.6	418.9	420.1	421.1	420.8	421.5	422.0	423.9	423.3	417.5	419.7	422.1
% Chg Prev Qtr SAAR.....	1.45	1.65	-0.06	-0.12	0.31	1.15	0.92	-0.31	0.70	0.52	1.82	-0.56	0.82	0.51	0.57
% Chg Same Qtr Last Yr.....	0.83	0.80	0.96	0.73	0.44	0.32	0.56	0.52	0.61	0.46	0.68	0.62	0.82	0.51	0.57
FEDERAL, CIVILIAN.....	48.4	48.6	48.1	48.0	47.7	47.4	47.2	47.1	47.0	46.7	46.4	46.2	48.3	47.6	46.8
% Chg Prev Qtr SAAR.....	1.76	1.08	-3.75	-1.04	-1.92	-2.64	-1.56	-1.44	-0.47	-2.68	-2.83	-1.52	-1.40	-1.52	-1.71
% Chg Same Qtr Last Yr.....	-1.46	-1.15	-1.42	-0.51	-1.42	-2.34	-1.79	-1.89	-1.53	-1.54	-1.86	-1.88	-1.40	-1.52	-1.71
STATE & LOCAL.....	368.6	370.2	370.6	370.6	371.2	372.7	373.8	373.7	374.5	375.3	377.6	377.2	369.2	372.1	375.3
% Chg Prev Qtr SAAR.....	1.41	1.73	0.44	0.00	0.61	1.65	1.24	-0.16	0.85	0.92	2.41	-0.44	1.12	0.78	0.86
% Chg Same Qtr Last Yr.....	1.14	1.06	1.28	0.89	0.69	0.67	0.87	0.83	0.89	0.71	1.00	0.93	1.12	0.78	0.86
STATISTICAL DISCREPANCY (%).....	-0.11	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-

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Table 9: Tennessee Durable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL DURABLE GOODS.....	251.9	250.6	251.0	252.1	251.7	250.9	251.2	252.3	252.1	251.9	252.0	252.7	251.6	251.5	252.1
% Chg Prev Qtr SAAR.....	-1.93	-2.08	0.68	1.73	-0.53	-1.35	0.56	1.73	-0.33	-0.41	0.18	1.24	-0.99	-0.06	0.23
% Chg Same Qtr Last Yr.....	-1.22	-0.95	-0.54	-0.41	-0.06	0.13	0.10	0.10	0.15	0.39	0.29	0.17	-0.99	-0.06	0.23
WOOD PRODUCTS.....	17.7	17.6	17.8	17.8	17.8	17.8	17.8	17.9	17.9	17.9	18.0	18.0	17.7	17.8	17.9
% Chg Prev Qtr SAAR.....	0.48	-2.14	3.72	0.90	0.36	-0.60	0.65	0.74	1.06	0.78	1.23	1.00	0.53	0.70	0.63
% Chg Same Qtr Last Yr.....	0.31	1.01	1.37	0.72	0.69	1.08	0.33	0.29	0.46	0.81	0.95	1.02	0.53	0.70	0.63
NONMETALLIC MINERALS.....	16.2	16.2	16.1	16.1	16.3	16.3	16.3	16.3	16.3	16.4	16.4	16.4	16.1	16.2	16.3
% Chg Prev Qtr SAAR.....	0.25	0.26	-1.13	0.78	3.30	-0.17	-0.18	0.54	1.10	0.98	0.57	0.50	1.58	0.61	0.65
% Chg Same Qtr Last Yr.....	1.83	1.94	0.24	0.04	0.79	0.68	0.92	0.86	0.32	0.61	0.80	0.79	1.58	0.61	0.65
PRIMARY METALS.....	11.7	11.6	11.5	11.6	11.6	11.6	11.6	11.6	11.6	11.6	11.7	11.7	11.7	11.6	11.6
% Chg Prev Qtr SAAR.....	-6.80	-0.74	-3.77	3.77	0.28	0.00	0.10	0.10	0.03	0.10	0.24	0.10	-2.70	-0.28	0.10
% Chg Same Qtr Last Yr.....	-2.77	-2.82	-2.97	-1.96	-0.15	0.03	1.02	0.12	0.06	0.09	0.12	0.12	-2.70	-0.28	0.10
FABRICATED METALS.....	43.5	43.6	43.5	43.6	43.8	43.9	43.9	43.8	43.8	43.8	43.9	43.9	43.4	43.8	43.8
% Chg Prev Qtr SAAR.....	3.44	1.11	-1.05	1.12	1.81	0.67	0.34	-1.15	-0.08	-0.05	0.93	0.36	1.97	0.87	0.00
% Chg Same Qtr Last Yr.....	2.07	2.13	1.55	1.14	0.74	0.63	0.98	0.41	-0.06	-0.24	-0.09	0.29	1.97	0.87	0.00
MACHINERY.....	32.9	32.9	33.1	33.2	33.2	33.2	33.4	33.5	33.4	33.4	33.5	33.6	33.0	33.3	33.5
% Chg Prev Qtr SAAR.....	-4.48	0.33	2.76	0.85	-0.16	0.53	2.03	0.77	-0.51	0.09	1.22	0.69	-1.35	0.64	0.62
% Chg Same Qtr Last Yr.....	-2.59	-0.70	0.74	-0.17	0.94	0.99	0.81	0.79	0.70	0.59	0.39	0.37	-1.35	0.64	0.62
COMPUTERS & ELECTRONICS.....	9.4	9.1	9.0	9.1	9.2	9.0	8.8	8.9	8.9	8.7	8.6	8.7	9.3	9.0	8.8
% Chg Prev Qtr SAAR.....	-12.45	-15.01	-1.62	4.94	1.57	-7.65	-6.37	4.89	-1.55	-8.52	-4.07	2.93	-10.58	-3.07	-2.57
% Chg Same Qtr Last Yr.....	-10.72	-10.54	-8.92	-6.38	-2.84	-0.80	-2.02	-2.03	-2.79	-3.02	-2.43	-2.89	-10.58	-3.07	-2.57
ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS.....	23.1	22.8	23.1	23.1	23.1	23.0	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1	23.1
% Chg Prev Qtr SAAR.....	-3.18	-3.98	4.49	-0.52	-0.17	-0.19	0.68	-0.10	0.17	0.09	0.45	-0.31	-1.63	-0.03	0.14
% Chg Same Qtr Last Yr.....	-1.99	-1.65	-0.27	-0.85	-0.09	0.88	-0.05	0.05	0.14	0.21	0.15	0.10	-1.63	-0.03	0.14
TRANSPORTATION EQUIPMENT.....	63.3	62.7	62.8	63.5	63.0	62.3	62.7	63.6	63.6	63.6	63.5	63.9	63.1	62.9	63.6
% Chg Prev Qtr SAAR.....	-2.07	-3.91	0.69	4.73	-2.77	-4.37	2.24	6.12	-0.18	0.07	-0.46	2.48	-1.51	-0.29	1.12
% Chg Same Qtr Last Yr.....	-1.55	-1.97	-1.51	-0.19	-0.37	-0.49	-0.11	0.22	0.88	2.03	1.35	0.47	-1.51	-0.29	1.12
FURNITURE.....	19.2	19.1	19.0	19.0	18.9	18.9	18.7	18.8	18.7	18.6	18.6	18.7	19.1	18.9	18.7
% Chg Prev Qtr SAAR.....	-1.97	-1.93	-2.18	0.85	-2.42	-0.17	-4.25	2.44	-1.29	-1.82	-1.77	3.76	-1.51	-1.31	-0.97
% Chg Same Qtr Last Yr.....	-1.73	-1.53	-0.88	-1.32	-1.43	-0.99	-1.52	-1.13	-0.85	-1.26	-0.63	-0.31	-1.51	-1.31	-0.97
MISCELLANEOUS DURABLES.....	15.1	15.0	15.1	15.0	14.8	14.8	14.9	14.8	14.7	14.6	14.7	14.7	15.1	14.9	14.7
% Chg Prev Qtr SAAR.....	-2.85	-0.81	2.53	-3.65	-3.66	-1.05	2.40	-1.71	-3.51	-1.97	1.15	0.05	-1.22	-1.42	-1.19
% Chg Same Qtr Last Yr.....	-1.30	-1.52	-0.74	-1.22	-1.43	-1.49	-1.52	-1.03	-0.99	-1.22	-1.52	-1.09	-1.22	-1.42	-1.19

Table 10: Tennessee Nondurable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	History			Forecast Data									Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONDURABLE GOODS.....	152.3	151.4	151.2	150.5	150.2	149.7	149.1	148.6	148.3	147.5	147.0	146.6	152.1	149.8	147.8
% Chg Prev Qtr SAAR.....	-3.05	-2.21	-0.66	-1.85	-0.82	-1.34	-1.59	-1.32	-0.82	-1.99	-1.37	-1.01	-1.53	-1.48	-1.34
% Chg Same Qtr Last Yr.....	-1.59	-1.67	-1.37	-1.95	-1.39	-1.17	-1.40	-1.27	-1.27	-1.43	-1.38	-1.30	-1.53	-1.48	-1.34
FOOD.....	34.5	34.5	34.8	34.6	34.6	34.7	34.7	34.7	34.7	34.7	34.7	34.8	34.5	34.7	34.7
% Chg Prev Qtr SAAR.....	4.57	-0.17	3.15	-2.21	0.46	0.99	0.23	0.00	-0.57	-0.09	0.35	0.53	0.51	0.50	0.10
% Chg Same Qtr Last Yr.....	0.26	-0.01	1.17	1.30	0.29	0.58	-0.14	0.42	0.16	-0.11	-0.08	0.05	0.51	0.50	0.10
BEVERAGE & TOBACCO.....	5.1	5.1	5.2	5.1	5.1	5.0	5.0	4.9	4.9	4.9	4.8	4.8	5.1	5.0	4.9
% Chg Prev Qtr SAAR.....	-3.56	-6.10	9.30	-4.78	-3.92	-3.94	-2.71	-3.22	0.62	-3.27	-5.55	-3.74	-4.12	-1.97	-2.71
% Chg Same Qtr Last Yr.....	-4.40	-6.74	-1.59	-1.47	-1.56	-1.00	-3.84	-3.45	-2.33	-2.16	-2.88	-3.01	-4.12	-1.97	-2.71
TEXTILE MILLS.....	5.2	5.1	4.9	4.8	4.6	4.5	4.4	4.3	4.2	4.1	4.1	4.0	5.2	4.6	4.2
% Chg Prev Qtr SAAR.....	-14.62	-3.92	-19.49	-8.80	-13.00	-7.93	-7.84	-8.59	-7.91	-7.53	-7.13	-8.19	-8.35	-11.34	-8.31
% Chg Same Qtr Last Yr.....	-7.62	-7.72	-8.97	-11.91	-11.49	-12.43	-9.42	-9.36	-8.07	-7.97	-7.79	-7.69	-8.35	-11.34	-8.31
TEXTILE PRODUCT MILLS.....	4.0	4.0	3.9	3.9	4.0	4.0	3.9	3.9	3.9	3.9	3.8	3.8	4.0	3.9	3.9
% Chg Prev Qtr SAAR.....	1.10	-0.78	-7.43	-0.51	2.46	0.20	-5.91	-2.64	0.93	-1.02	-5.75	-2.49	-1.33	-1.49	-1.94
% Chg Same Qtr Last Yr.....	-0.82	0.13	-2.07	-1.96	-1.63	-1.39	-0.99	-1.52	-1.89	-2.19	-2.15	-2.11	-1.33	-1.49	-1.94
APPAREL.....	7.6	7.2	7.3	7.2	7.0	6.9	6.7	6.6	6.5	6.4	6.4	6.2	7.5	7.0	6.5
% Chg Prev Qtr SAAR.....	-12.12	-18.10	7.77	-7.00	-9.26	-9.64	-7.43	-8.01	-5.53	-5.43	-3.09	-9.99	-9.86	-7.04	-7.13
% Chg Same Qtr Last Yr.....	-9.89	-11.74	-9.20	-7.84	-7.10	-4.79	-8.34	-8.59	-7.66	-6.61	-5.53	-6.04	-9.86	-7.04	-7.13
PAPER.....	19.4	19.3	19.2	19.2	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.3	19.4	19.3	19.3
% Chg Prev Qtr SAAR.....	-5.05	-0.65	-3.23	1.30	0.60	0.71	-0.08	-0.23	-0.12	0.00	0.23	-0.29	1.65	-0.50	0.04
% Chg Same Qtr Last Yr.....	2.36	2.07	0.30	-1.94	-0.51	-0.17	0.63	0.25	0.07	-0.11	-0.03	-0.05	1.65	-0.50	0.04
PRINTING & RELATED SUPPORT.....	18.2	18.1	18.1	17.9	18.0	17.8	17.7	17.7	17.8	17.5	17.4	17.5	18.2	17.9	17.6
% Chg Prev Qtr SAAR.....	-3.24	-2.42	0.17	-3.11	1.84	-3.83	-2.86	0.95	1.70	-7.52	-2.85	3.72	-3.88	-1.58	-1.51
% Chg Same Qtr Last Yr.....	-4.14	-4.01	-2.87	-2.16	-0.90	-1.26	-2.01	-1.00	-1.04	-2.00	-2.00	-1.34	-3.88	-1.58	-1.51
CHEMICALS.....	27.0	26.5	26.2	26.2	26.1	25.9	25.8	25.6	25.5	25.3	25.2	25.1	26.7	26.0	25.4
% Chg Prev Qtr SAAR.....	-1.57	-6.63	-4.18	-0.87	-1.10	-2.31	-2.11	-2.40	-2.34	-2.32	-2.24	-2.25	-2.03	-2.58	-2.22
% Chg Same Qtr Last Yr.....	-1.52	-2.11	-2.74	-3.34	-3.22	-2.12	-1.60	-1.98	-2.29	-2.29	-2.33	-2.29	-2.03	-2.58	-2.22
PLASTICS & RUBBER.....	29.2	29.3	29.3	29.3	29.3	29.3	29.2	29.2	29.2	29.2	29.2	29.1	29.3	29.3	29.2
% Chg Prev Qtr SAAR.....	-0.76	0.18	0.52	-0.26	-0.04	-0.21	-0.16	-0.46	0.24	0.23	-0.44	-0.98	-0.23	-0.04	-0.13
% Chg Same Qtr Last Yr.....	-0.11	-0.11	-0.44	-0.08	0.10	0.00	-0.17	-0.22	-0.15	-0.04	-0.11	-0.24	-0.23	-0.04	-0.13
MISCELLANEOUS NONDURABLE GOODS...	2.1	2.3	2.3	2.3	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.1	2.3	2.3	2.2
% Chg Prev Qtr SAAR.....	-58.55	60.83	-4.84	-6.95	-3.85	6.61	-3.48	-5.57	-4.43	-6.06	0.93	-5.26	2.77	-2.72	-3.06
% Chg Same Qtr Last Yr.....	-10.26	6.30	11.59	-12.35	8.17	-2.39	-2.05	-1.69	-1.84	-4.89	-3.82	-3.74	2.77	-2.72	-3.06

Table 11: Tennessee Average Annual Wage and Salary Rate by Sector, Not Seasonally Adjusted (2000 dollars)

January 2007

	History		Forecast Data										Annual			
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONFARM.....	33863	33576	33529	33613	34446	34190	34404	34394	35179	34862	35062	35074	35831	33645	34359	35044
% Chg Same Qtr Last Yr.....	2.33	3.27	2.29	2.64	1.72	1.83	2.61	2.32	2.13	1.97	1.91	1.98	1.85	2.63	2.12	2.00
NATURAL RESOURCES & MINING.....	41799	42422	42596	43608	43587	41675	42451	43674	44206	42899	43718	44756	45228	42606	42847	43895
% Chg Same Qtr Last Yr.....	10.48	23.75	18.15	18.71	4.28	-1.76	-0.34	0.15	1.42	2.94	2.98	2.48	2.31	17.61	0.56	2.45
CONSTRUCTION.....	40223	38421	37410	38279	40775	39230	38985	40339	42665	40725	40061	41330	43754	38583	39832	41195
% Chg Same Qtr Last Yr.....	12.57	11.58	7.86	4.05	1.37	2.10	4.21	5.38	4.63	3.81	2.76	2.46	2.55	8.96	3.24	3.42
MANUFACTURING.....	39938	40304	40150	40573	41036	41057	41390	41723	42188	42203	42578	42963	43278	40241	41302	42483
% Chg Same Qtr Last Yr.....	3.40	5.57	3.63	3.62	2.75	1.87	3.09	2.83	2.81	2.79	2.87	2.97	2.58	4.05	2.64	2.86
DURABLE GOODS.....	38903	39595	39618	39689	39960	40036	40649	40864	41028	41121	41644	42033	42237	39451	40377	41457
% Chg Same Qtr Last Yr.....	3.03	6.09	4.34	4.06	2.72	1.11	2.60	2.96	2.67	2.71	2.45	2.86	2.95	4.37	2.35	2.67
NONDURABLE GOODS.....	41661	41480	41024	42032	42855	42775	42624	43161	44176	44048	44162	44547	45088	41549	42854	44233
% Chg Same Qtr Last Yr.....	3.98	4.78	2.56	2.97	2.87	3.12	3.90	2.69	3.08	2.98	3.61	3.21	2.07	3.57	3.14	3.22
TRADE, TRANSPORTATION, UTILITIES.....	32387	32320	32073	31705	33125	33074	33088	32473	33750	33733	33780	33222	34410	32121	32940	33621
% Chg Same Qtr Last Yr.....	2.25	2.67	0.63	2.70	2.28	2.33	3.17	2.42	1.89	1.99	2.09	2.31	1.95	2.06	2.55	2.07
WHOLESALE TRADE.....	46140	46311	46048	46402	47402	47420	47424	47498	48359	48413	48444	48521	49239	46225	47436	48434
% Chg Same Qtr Last Yr.....	2.12	3.44	2.93	2.62	2.74	2.40	2.99	2.36	2.02	2.09	2.15	2.15	1.82	2.78	2.62	2.10
RETAIL TRADE.....	22993	22824	22605	21916	23285	23171	23247	22410	23550	23493	23605	22884	23985	22585	23028	23383
% Chg Same Qtr Last Yr.....	0.71	0.64	0.17	1.51	1.27	1.52	2.84	2.25	1.14	1.39	1.54	2.11	1.85	0.75	1.96	1.54
TRANSPORTATION & UTILITIES.....	41420	41361	41034	41304	42764	42616	42871	42550	44034	43902	44206	43959	45180	41280	42701	44025
% Chg Same Qtr Last Yr.....	5.36	5.06	-0.59	4.66	3.25	3.04	4.48	3.02	2.97	3.02	3.11	3.31	2.60	3.57	3.44	3.10
INFORMATION.....	41217	41716	41499	41191	42072	42168	42634	42610	43342	43167	43572	43578	44401	41406	42371	43415
% Chg Same Qtr Last Yr.....	2.58	5.36	6.06	4.94	2.08	1.08	2.74	3.45	3.02	2.37	2.20	2.27	2.45	4.72	2.33	2.46
FINANCIAL ACTIVITIES.....	48001	48255	47773	48051	48725	48887	49108	49754	50153	50030	49957	50870	51482	48020	49118	50252
% Chg Same Qtr Last Yr.....	4.08	7.51	5.31	4.18	1.51	1.31	2.79	3.54	2.93	2.34	1.73	2.24	2.65	5.25	2.29	2.31
PROFESSIONAL & BUSINESS SERVICES.....	36416	36291	35884	35743	36783	36952	37356	37712	38434	38324	38255	38510	39325	36083	37201	38381
% Chg Same Qtr Last Yr.....	3.82	5.54	2.90	4.73	1.01	1.82	4.10	5.51	4.49	3.71	2.41	2.11	2.32	4.24	3.10	3.17
EDUCATION & HEALTH SERVICES.....	35378	35203	35196	35680	36079	36074	35972	35953	36507	36532	36664	36682	37059	35364	36020	36596
% Chg Same Qtr Last Yr.....	1.24	-0.99	1.11	1.04	1.98	2.48	2.21	0.77	1.19	1.27	1.92	2.03	1.51	0.59	1.85	1.60
LEISURE & HOSPITALITY.....	16732	15713	15408	16004	16762	15733	15646	16266	16927	15811	15826	16439	17125	15964	16102	16251
% Chg Same Qtr Last Yr.....	3.19	4.57	2.97	0.47	0.18	0.13	1.55	1.64	0.99	0.49	1.15	1.06	1.17	2.77	0.86	0.93
OTHER SERVICES.....	30388	29727	29840	30446	31154	30648	30777	30959	31759	31383	31554	31845	32413	30100	30885	31635
% Chg Same Qtr Last Yr.....	3.04	2.11	1.61	2.20	2.52	3.10	3.14	1.69	1.94	2.40	2.52	2.86	2.06	2.24	2.61	2.43
GOVERNMENT.....	30755	30731	32020	31173	31107	31266	32172	30959	31054	31270	32319	31065	31229	31170	31376	31427
% Chg Same Qtr Last Yr.....	-2.52	-0.90	0.70	0.89	1.15	1.74	0.48	-0.69	-0.17	0.01	0.46	0.34	0.56	-0.46	0.66	0.16
FEDERAL, CIVILIAN.....	52579	52261	52564	52566	52421	52335	53253	53376	53217	52928	53912	54069	53729	52493	52846	53532
% Chg Same Qtr Last Yr.....	-0.52	0.73	1.39	2.29	-0.30	0.14	1.31	1.54	1.52	1.13	1.24	1.30	0.96	0.96	0.67	1.30
STATE & LOCAL.....	27909	27895	29254	28362	28475	28504	29451	28092	28388	28499	29596	28204	28597	28355	28630	28672
% Chg Same Qtr Last Yr.....	-2.76	-1.04	0.75	0.49	2.03	2.18	0.67	-0.95	-0.31	-0.02	0.49	0.40	0.74	-0.64	0.97	0.14

Table 12: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)

January 2007

	History		Forecast Data										Annual			
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONFARM.....	33482	33666	33545	33872	34072	34267	34436	34659	34795	34941	35097	35344	35437	33641	34359	35044
% Chg Prev Qtr SAAR.....	5.79	2.22	-1.43	3.96	2.39	2.31	1.98	2.61	1.58	1.69	1.79	2.84	1.06	2.62	2.13	2.00
% Chg Same Qtr Last Yr.....	2.39	3.21	2.29	2.60	1.76	1.79	2.66	2.32	2.12	1.97	1.92	1.98	1.85	2.62	2.13	2.00
NATURAL RESOURCES & MINING.....	40999	43282	43013	43096	42776	42530	42844	43161	43384	43780	44122	44230	44387	42597	42828	43879
% Chg Prev Qtr SAAR.....	62.41	24.21	-2.46	0.77	-2.93	-2.28	2.98	2.99	2.08	3.70	3.17	0.98	1.43	17.68	0.54	2.45
% Chg Same Qtr Last Yr.....	10.60	23.81	18.02	18.66	4.34	-1.74	-0.39	0.15	1.42	2.94	2.98	2.48	2.31	17.68	0.54	2.45
CONSTRUCTION.....	38463	38721	38484	38543	38990	39536	40105	40618	40797	41042	41211	41616	41839	38553	39812	41167
% Chg Prev Qtr SAAR.....	16.23	2.71	-2.42	0.62	4.72	5.71	5.88	5.22	1.78	2.42	1.66	3.99	2.16	8.71	3.27	3.40
% Chg Same Qtr Last Yr.....	12.29	11.13	7.75	4.05	1.37	2.10	4.21	5.38	4.63	3.81	2.76	2.46	2.55	8.71	3.27	3.40
MANUFACTURING.....	39726	40442	40186	40609	40821	41202	41420	41759	41968	42351	42608	42999	43053	40241	41301	42482
% Chg Prev Qtr SAAR.....	5.57	7.41	-2.51	4.28	2.11	3.78	2.14	3.31	2.02	3.69	2.45	3.73	0.50	4.05	2.63	2.86
% Chg Same Qtr Last Yr.....	3.41	5.59	3.61	3.62	2.76	1.88	3.07	2.83	2.81	2.79	2.87	2.97	2.58	4.05	2.63	2.86
DURABLE GOODS.....	38822	39785	39548	39644	39882	40231	40572	40816	40949	41323	41564	41984	42155	39450	40375	41455
% Chg Prev Qtr SAAR.....	7.78	10.29	-2.36	0.97	2.43	3.55	3.43	2.43	1.31	3.70	2.35	4.11	1.64	4.38	2.35	2.67
% Chg Same Qtr Last Yr.....	3.06	6.10	4.31	4.05	2.73	1.12	2.59	2.96	2.67	2.71	2.44	2.86	2.95	4.38	2.35	2.67
NONDURABLE GOODS.....	41217	41529	41240	42210	42395	42828	42843	43347	43699	44099	44391	44740	44600	41549	42853	44232
% Chg Prev Qtr SAAR.....	2.28	3.07	-2.75	9.74	1.76	4.15	0.14	4.79	3.29	3.71	2.68	3.19	-1.25	3.57	3.14	3.22
% Chg Same Qtr Last Yr.....	3.97	4.80	2.54	2.99	2.86	3.13	3.89	2.69	3.08	2.97	3.61	3.21	2.06	3.57	3.14	3.22
TRADE, TRANSPORTATION, UTILITIES.....	31969	32169	31974	32361	32699	32882	33023	33145	33316	33538	33713	33909	33967	32118	32937	33619
% Chg Prev Qtr SAAR.....	6.03	2.53	-2.41	4.94	4.23	2.27	1.72	1.49	2.08	2.69	2.11	2.35	0.68	2.06	2.55	2.07
% Chg Same Qtr Last Yr.....	2.25	2.68	0.60	2.72	2.28	2.22	3.28	2.42	1.89	1.99	2.09	2.31	1.95	2.06	2.55	2.07
WHOLESALE TRADE.....	45866	46328	46126	46581	47119	47440	47506	47681	48070	48433	48528	48708	48945	46225	47436	48435
% Chg Prev Qtr SAAR.....	4.23	4.09	-1.73	4.00	4.70	2.75	0.56	1.48	3.30	3.06	0.78	1.49	1.96	2.78	2.62	2.10
% Chg Same Qtr Last Yr.....	2.11	3.45	2.93	2.62	2.73	2.40	2.99	2.36	2.02	2.09	2.15	2.15	1.82	2.78	2.62	2.10
RETAIL TRADE.....	22644	22650	22445	22570	22932	22996	23078	23079	23192	23315	23434	23567	23621	22577	23021	23377
% Chg Prev Qtr SAAR.....	7.58	0.12	-3.58	2.26	6.56	1.12	1.45	0.01	1.98	2.13	2.07	2.28	0.91	0.75	1.97	1.55
% Chg Same Qtr Last Yr.....	0.71	0.65	0.15	1.51	1.27	1.53	2.82	2.25	1.14	1.39	1.54	2.11	1.85	0.75	1.97	1.55
TRANSPORTATION & UTILITIES.....	40835	41261	41109	41913	42158	42515	42941	43177	43410	43797	44278	44607	44539	41280	42698	44023
% Chg Prev Qtr SAAR.....	8.26	4.24	-1.47	8.06	2.36	3.42	4.07	2.22	2.17	3.62	4.46	3.01	-0.61	3.56	3.44	3.10
% Chg Same Qtr Last Yr.....	5.35	5.07	-0.63	4.70	3.24	3.04	4.46	3.02	2.97	3.02	3.11	3.31	2.60	3.56	3.44	3.10
INFORMATION.....	40970	41716	41444	41526	41820	42168	42577	42957	43082	43167	43514	43933	44135	41414	42381	43424
% Chg Prev Qtr SAAR.....	14.91	7.49	-2.59	0.80	2.87	3.37	3.94	3.61	1.17	0.79	3.25	3.91	1.86	4.57	2.33	2.46
% Chg Same Qtr Last Yr.....	1.96	5.36	6.06	4.94	2.08	1.08	2.74	3.45	3.02	2.37	2.20	2.27	2.45	4.57	2.33	2.46
FINANCIAL ACTIVITIES.....	47734	48266	47994	48073	48454	48898	49335	49777	49873	50042	50188	50893	51195	48017	49116	50249
% Chg Prev Qtr SAAR.....	14.49	4.53	-2.24	0.67	3.20	3.72	3.62	3.63	0.78	1.36	1.17	5.74	2.40	5.22	2.29	2.31
% Chg Same Qtr Last Yr.....	3.91	7.54	5.31	4.18	1.51	1.31	2.79	3.54	2.93	2.34	1.73	2.24	2.65	5.22	2.29	2.31

(CONTINUED ON NEXT PAGE)

Table 12: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)

January 2007

	History		Forecast Data											Annual		
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
PROFESSIONAL & BUSINESS SERVICES...	36135	36188	35967	36025	36500	36846	37443	38009	38138	38214	38344	38813	39022	36079	37200	38377
% Chg Prev Qtr SAAR.....	21.77	0.58	-2.42	0.64	5.38	3.85	6.64	6.19	1.36	0.80	1.36	4.99	2.17	4.40	3.11	3.17
% Chg Same Qtr Last Yr.....	4.60	5.42	2.89	4.73	1.01	1.82	4.10	5.51	4.49	3.71	2.41	2.11	2.32	4.40	3.11	3.17
EDUCATION & HEALTH SERVICES.....	35210	35180	35207	35862	35906	36052	35986	36137	36332	36510	36679	36869	36881	35365	36020	36597
% Chg Prev Qtr SAAR.....	-3.20	-0.34	0.30	7.65	0.50	1.63	-0.73	1.69	2.17	1.97	1.87	2.09	0.13	0.59	1.85	1.60
% Chg Same Qtr Last Yr.....	1.23	-0.99	1.13	1.03	1.98	2.48	2.21	0.77	1.19	1.27	1.92	2.03	1.51	0.59	1.85	1.60
LEISURE & HOSPITALITY.....	15951	16069	15905	15871	15979	16089	16150	16131	16137	16169	16336	16303	16326	15949	16088	16236
% Chg Prev Qtr SAAR.....	3.95	2.99	-4.02	-0.84	2.75	2.79	1.53	-0.48	0.15	0.79	4.20	-0.81	0.57	2.75	0.87	0.92
% Chg Same Qtr Last Yr.....	3.40	4.20	2.98	0.47	0.18	0.13	1.55	1.64	0.99	0.49	1.15	1.06	1.17	2.75	0.87	0.92
OTHER SERVICES.....	30102	29911	29974	30396	30865	30847	30911	30909	31464	31586	31691	31793	32113	30096	30883	31634
% Chg Prev Qtr SAAR.....	4.75	-2.51	0.83	5.76	6.31	-0.24	0.84	-0.03	7.38	1.57	1.34	1.29	4.08	2.24	2.62	2.43
% Chg Same Qtr Last Yr.....	3.07	2.16	1.59	2.16	2.54	3.13	3.13	1.69	1.94	2.40	2.52	2.86	2.06	2.24	2.62	2.43
GOVERNMENT.....	30967	30891	31145	31573	31415	31386	31326	31356	31362	31390	31469	31463	31538	31144	31371	31421
% Chg Prev Qtr SAAR.....	-5.13	-0.98	3.33	5.61	-1.98	-0.37	-0.76	0.38	0.07	0.36	1.01	-0.08	0.95	-0.53	0.73	0.16
% Chg Same Qtr Last Yr.....	-2.55	-0.92	0.75	0.62	1.45	1.60	0.58	-0.69	-0.17	0.01	0.46	0.34	0.56	-0.53	0.73	0.16
FEDERAL, CIVILIAN.....	52624	52655	52313	52407	52450	52723	53013	53214	53246	53320	53670	53906	53759	52500	52850	53536
% Chg Prev Qtr SAAR.....	11.45	0.23	-2.57	0.72	0.33	2.10	2.22	1.52	0.24	0.56	2.65	1.77	-1.08	0.96	0.67	1.30
% Chg Same Qtr Last Yr.....	-0.58	0.71	1.45	2.32	-0.33	0.13	1.34	1.54	1.52	1.13	1.24	1.30	0.96	0.96	0.67	1.30
STATE & LOCAL.....	28124	28032	28368	28869	28692	28641	28566	28594	28605	28637	28707	28707	28816	28348	28623	28664
% Chg Prev Qtr SAAR.....	-8.19	-1.31	4.89	7.25	-2.43	-0.71	-1.04	0.39	0.15	0.45	0.99	0.00	1.53	-0.65	0.97	0.14
% Chg Same Qtr Last Yr.....	-2.78	-1.06	0.80	0.48	2.02	2.17	0.70	-0.95	-0.30	-0.02	0.49	0.40	0.74	-0.65	0.97	0.14

Center for Business and Economic Research, University of Tennessee

Tennessee Econometric Model

Table 13: Tennessee Average Annual Wage and Salary Rate by Sector, Not Seasonally Adjusted (current dollars)

January 2007

	History		Forecast Data										Annual			
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL NONFARM.....	38416	38469	38651	38681	39941	39873	40311	40488	41623	41440	41874	42070	43200	38554	40153	41752
% Chg Same Qtr Last Yr.....	5.45	6.66	5.22	4.64	3.97	3.65	4.29	4.67	4.21	3.93	3.88	3.91	3.79	5.49	4.15	3.98
NATURAL RESOURCES & MINING.....	47419	48605	49103	50183	50539	48602	49739	51412	52303	50993	52212	53685	54529	48828	50073	52298
% Chg Same Qtr Last Yr.....	13.84	27.80	21.53	21.03	6.58	-0.01	1.30	2.45	3.49	4.92	4.97	4.42	4.26	20.90	2.55	4.44
CONSTRUCTION.....	45632	44020	43125	44050	47279	45750	45678	47486	50480	48408	47843	49575	52751	44207	46548	49077
% Chg Same Qtr Last Yr.....	16.00	15.23	10.95	6.08	3.61	3.93	5.92	7.80	6.77	5.81	4.74	4.40	4.50	11.96	5.30	5.43
MANUFACTURING.....	45308	46177	46284	46690	47582	47882	48496	49115	49916	50165	50849	51533	52177	46115	48269	50616
% Chg Same Qtr Last Yr.....	6.55	9.03	6.60	5.64	5.02	3.69	4.78	5.19	4.91	4.77	4.85	4.92	4.53	6.94	4.67	4.86
DURABLE GOODS.....	44133	45365	45671	45673	46334	46691	47628	48104	48544	48879	49734	50418	50922	45211	47189	49394
% Chg Same Qtr Last Yr.....	6.17	9.56	7.33	6.09	4.99	2.92	4.29	5.32	4.77	4.69	4.42	4.81	4.90	7.28	4.38	4.67
NONDURABLE GOODS.....	47262	47525	47292	48369	49691	49885	49942	50809	52267	52358	52741	53434	54360	47612	50082	52700
% Chg Same Qtr Last Yr.....	7.15	8.21	5.50	4.98	5.14	4.97	5.60	5.04	5.18	4.96	5.60	5.17	4.00	6.44	5.19	5.23
TRADE, TRANSPORTATION, UTILITIES.....	36742	37030	36973	36486	38409	38572	38769	38227	39932	40098	40342	39850	41486	36808	38494	40056
% Chg Same Qtr Last Yr.....	5.37	6.04	3.51	4.71	4.54	4.16	4.86	4.77	3.97	3.96	4.06	4.24	3.89	4.90	4.58	4.06
WHOLESALE TRADE.....	52344	53060	53084	53398	54963	55302	55566	55913	57217	57547	57856	58200	59364	52971	55436	57705
% Chg Same Qtr Last Yr.....	5.23	6.83	5.88	4.63	5.01	4.23	4.68	4.71	4.10	4.06	4.12	4.09	3.75	5.64	4.65	4.09
RETAIL TRADE.....	26084	26151	26059	25220	26999	27022	27238	26380	27863	27925	28191	27449	28917	25878	26910	27857
% Chg Same Qtr Last Yr.....	3.78	3.93	3.04	3.49	3.51	3.33	4.52	4.60	3.20	3.34	3.50	4.05	3.78	3.56	3.99	3.52
TRANSPORTATION & UTILITIES.....	46989	47388	47303	47532	49585	49700	50232	50089	52099	52185	52793	52729	54470	47303	49901	52452
% Chg Same Qtr Last Yr.....	8.57	8.50	2.26	6.71	5.53	4.88	6.19	5.38	5.07	5.00	5.10	5.27	4.55	6.44	5.49	5.11
INFORMATION.....	46758	47796	47839	47401	48783	49177	49954	50160	51281	51311	52037	52271	53532	47448	49518	51725
% Chg Same Qtr Last Yr.....	5.70	8.81	9.10	6.99	4.33	2.89	4.42	5.82	5.12	4.34	4.17	4.21	4.39	7.65	4.36	4.46
FINANCIAL ACTIVITIES.....	54455	55287	55072	55296	56497	57012	57539	58569	59339	59469	59662	61017	62069	55027	57404	59872
% Chg Same Qtr Last Yr.....	7.25	11.03	8.33	6.21	3.75	3.12	4.48	5.92	5.03	4.31	3.69	4.18	4.60	8.18	4.32	4.30
PROFESSIONAL & BUSINESS SERVICES..	41312	41580	41366	41132	42650	43094	43769	44394	45474	45554	45686	46192	47411	41347	43477	45727
% Chg Same Qtr Last Yr.....	6.98	9.00	5.85	6.77	3.24	3.64	5.81	7.93	6.62	5.71	4.38	4.05	4.26	7.14	5.15	5.17
EDUCATION & HEALTH SERVICES.....	40134	40333	40573	41059	41834	42070	42147	42323	43194	43425	43787	43999	44680	40525	42094	43601
% Chg Same Qtr Last Yr.....	4.32	2.25	4.01	3.01	4.24	4.31	3.88	3.08	3.25	3.22	3.89	3.96	3.44	3.39	3.87	3.58
LEISURE & HOSPITALITY.....	18982	18003	17762	18417	19435	18349	18332	19148	20028	18794	18901	19718	20647	18291	18816	19360
% Chg Same Qtr Last Yr.....	6.33	7.99	5.92	2.43	2.39	1.92	3.21	3.97	3.05	2.43	3.10	2.98	3.09	5.62	2.87	2.89
OTHER SERVICES.....	34474	34060	34399	35036	36124	35742	36061	36444	37576	37304	37684	38197	39079	34492	36093	37690
% Chg Same Qtr Last Yr.....	6.18	5.45	4.53	4.19	4.78	4.94	4.83	4.02	4.02	4.37	4.50	4.81	4.00	5.08	4.64	4.43
GOVERNMENT.....	34890	35210	36911	35873	36069	36463	37696	36444	36742	37170	38598	37262	37650	35721	36668	37443
% Chg Same Qtr Last Yr.....	0.45	2.34	3.59	2.86	3.38	3.56	2.12	1.59	1.87	1.94	2.39	2.24	2.47	2.32	2.65	2.11
FEDERAL, CIVILIAN.....	59648	59877	60595	60491	60782	61034	62395	62832	62964	62914	64386	64856	64777	60153	61761	63780
% Chg Same Qtr Last Yr.....	2.51	4.03	4.30	4.29	1.90	1.93	2.97	3.87	3.59	3.08	3.19	3.22	2.88	3.78	2.67	3.27
STATE & LOCAL.....	31661	31960	33723	32638	33017	33241	34507	33069	33587	33876	35346	33830	34477	32496	33459	34160
% Chg Same Qtr Last Yr.....	0.21	2.20	3.63	2.45	4.28	4.01	2.33	1.32	1.73	1.91	2.43	2.30	2.65	2.13	2.96	2.10

Table 14: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (current dollars)

January 2007

	History		Forecast Data										Annual			
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
	TOTAL NONFARM.....	37983	38572	38670	38979	39507	39963	40348	40799	41168	41533	41915	42394	42724	38551	40154
% Chg Prev Qtr SAAR.....	7.96	6.35	1.01	3.24	5.53	4.70	3.91	4.55	3.67	3.60	3.73	4.65	3.15	5.47	4.16	3.98
% Chg Same Qtr Last Yr.....	5.51	6.59	5.22	4.60	4.01	3.61	4.34	4.67	4.20	3.93	3.88	3.91	3.78	5.47	4.16	3.98
NATURAL RESOURCES & MINING.....	46511	49589	49584	49593	49599	49599	50199	50808	51330	52039	52694	53054	53515	48819	50051	52279
% Chg Prev Qtr SAAR.....	65.73	29.22	-0.04	0.07	0.05	0.00	4.93	4.94	4.17	5.64	5.13	2.76	3.52	20.97	2.52	4.45
% Chg Same Qtr Last Yr.....	13.97	27.87	21.40	20.98	6.64	0.02	1.24	2.45	3.49	4.92	4.97	4.42	4.26	20.97	2.52	4.45
CONSTRUCTION.....	43634	44363	44364	44355	45209	46107	46990	47814	48270	48786	49217	49918	50442	44179	46530	49048
% Chg Prev Qtr SAAR.....	18.60	6.85	0.00	-0.08	7.93	8.18	7.88	7.20	3.87	4.34	3.59	5.82	4.27	11.70	5.32	5.41
% Chg Same Qtr Last Yr.....	15.71	14.76	10.84	6.08	3.61	3.93	5.92	7.80	6.77	5.81	4.74	4.40	4.50	11.70	5.32	5.41
MANUFACTURING.....	45067	46336	46325	46731	47333	48050	48531	49157	49655	50341	50885	51577	51906	46115	48268	50615
% Chg Prev Qtr SAAR.....	7.73	11.74	-0.09	3.55	5.25	6.20	4.07	5.26	4.11	5.64	4.40	5.55	2.57	6.94	4.67	4.86
% Chg Same Qtr Last Yr.....	6.56	9.05	6.58	5.64	5.03	3.70	4.76	5.19	4.91	4.77	4.85	4.92	4.53	6.94	4.67	4.86
DURABLE GOODS.....	44042	45583	45590	45621	46244	46918	47537	48048	48450	49119	49638	50359	50824	45209	47187	49391
% Chg Prev Qtr SAAR.....	9.99	14.75	0.07	0.27	5.57	5.96	5.38	4.37	3.39	5.64	4.30	5.94	3.74	7.28	4.37	4.67
% Chg Same Qtr Last Yr.....	6.20	9.58	7.30	6.08	5.00	2.93	4.27	5.32	4.77	4.69	4.42	4.81	4.90	7.28	4.37	4.67
NONDURABLE GOODS.....	46758	47581	47541	48574	49157	49946	50199	51027	51703	52419	53015	53665	53771	47614	50082	52700
% Chg Prev Qtr SAAR.....	4.37	7.23	-0.34	8.98	4.89	6.58	2.04	6.77	5.41	5.65	4.63	5.00	0.79	6.44	5.18	5.23
% Chg Same Qtr Last Yr.....	7.14	8.23	5.48	5.00	5.13	4.97	5.59	5.05	5.18	4.95	5.61	5.17	4.00	6.44	5.18	5.23
TRADE, TRANSPORTATION, UTILITIES.....	36267	36857	36859	37240	37914	38348	38693	39018	39418	39865	40263	40674	40951	36806	38493	40055
% Chg Prev Qtr SAAR.....	8.20	6.67	0.02	4.21	7.44	4.65	3.64	3.40	4.17	4.61	4.05	4.15	2.76	4.89	4.58	4.06
% Chg Same Qtr Last Yr.....	5.36	6.04	3.49	4.73	4.54	4.05	4.98	4.77	3.97	3.96	4.06	4.24	3.89	4.89	4.58	4.06
WHOLESALE TRADE.....	52033	53079	53173	53604	54635	55325	55662	56129	56875	57571	57955	58425	59009	52972	55438	57706
% Chg Prev Qtr SAAR.....	6.36	8.29	0.71	3.28	7.91	5.15	2.46	3.40	5.42	4.98	2.70	3.28	4.06	5.63	4.65	4.09
% Chg Same Qtr Last Yr.....	5.22	6.84	5.88	4.62	5.00	4.23	4.68	4.71	4.10	4.06	4.12	4.09	3.75	5.63	4.65	4.09
RETAIL TRADE.....	25688	25951	25874	25973	26590	26818	27040	27168	27441	27713	27987	28268	28478	25871	26904	27852
% Chg Prev Qtr SAAR.....	9.78	4.16	-1.19	1.55	9.84	3.47	3.36	1.90	4.07	4.04	4.01	4.08	3.00	3.56	3.99	3.52
% Chg Same Qtr Last Yr.....	3.78	3.94	3.02	3.50	3.51	3.34	4.51	4.60	3.20	3.34	3.50	4.05	3.78	3.56	3.99	3.52
TRANSPORTATION & UTILITIES.....	46326	47274	47389	48233	48883	49581	50313	50827	51361	52060	52879	53506	53698	47305	49901	52452
% Chg Prev Qtr SAAR.....	10.47	8.44	0.98	7.31	5.50	5.84	6.04	4.15	4.27	5.56	6.45	4.83	1.44	6.43	5.49	5.11
% Chg Same Qtr Last Yr.....	8.56	8.51	2.22	6.74	5.52	4.88	6.17	5.38	5.07	5.00	5.10	5.27	4.55	6.43	5.49	5.11
INFORMATION.....	46478	47796	47775	47786	48491	49177	49887	50568	50973	51311	51967	52697	53211	47459	49530	51737
% Chg Prev Qtr SAAR.....	17.26	11.83	-0.17	0.09	6.03	5.78	5.90	5.57	3.25	2.68	5.21	5.73	3.96	7.49	4.37	4.45
% Chg Same Qtr Last Yr.....	5.07	8.81	9.10	6.99	4.33	2.89	4.42	5.82	5.12	4.34	4.17	4.21	4.39	7.49	4.37	4.45
FINANCIAL ACTIVITIES.....	54152	55300	55326	55321	56182	57025	57805	58596	59008	59483	59938	61046	61723	55025	57402	59869
% Chg Prev Qtr SAAR.....	16.83	8.75	0.19	-0.04	6.37	6.14	5.58	5.59	2.84	3.26	3.09	7.60	4.51	8.14	4.32	4.30
% Chg Same Qtr Last Yr.....	7.08	11.06	8.33	6.21	3.75	3.12	4.48	5.92	5.03	4.31	3.69	4.18	4.60	8.14	4.32	4.30

(CONTINUED ON NEXT PAGE)

Table 14: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (current dollars)

January 2007

	History		Forecast Data										Annual			
	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
PROFESSIONAL & BUSINESS SERVICES...	40994	41461	41462	41456	42322	42971	43871	44744	45124	45424	45793	46556	47046	41343	43477	45724
% Chg Prev Qtr SAAR.....	24.26	4.64	0.01	-0.06	8.62	6.27	8.65	8.19	3.44	2.69	3.29	6.83	4.28	7.30	5.16	5.17
% Chg Same Qtr Last Yr.....	7.79	8.88	5.84	6.77	3.24	3.64	5.81	7.93	6.62	5.71	4.38	4.05	4.26	7.30	5.16	5.17
EDUCATION & HEALTH SERVICES.....	39944	40307	40586	41269	41633	42044	42165	42540	42987	43398	43805	44224	44465	40526	42095	43603
% Chg Prev Qtr SAAR.....	-1.22	3.69	2.80	6.90	3.58	4.00	1.15	3.61	4.27	3.88	3.80	3.89	2.20	3.39	3.87	3.58
% Chg Same Qtr Last Yr.....	4.31	2.25	4.03	3.00	4.23	4.31	3.89	3.08	3.25	3.22	3.89	3.96	3.44	3.39	3.87	3.58
LEISURE & HOSPITALITY.....	18095	18410	18335	18264	18528	18764	18923	18989	19093	19220	19510	19555	19683	18276	18801	19344
% Chg Prev Qtr SAAR.....	6.08	7.14	-1.63	-1.53	5.90	5.19	3.44	1.40	2.20	2.68	6.18	0.93	2.64	5.60	2.87	2.89
% Chg Same Qtr Last Yr.....	6.55	7.61	5.93	2.43	2.39	1.92	3.21	3.97	3.05	2.43	3.10	2.98	3.09	5.60	2.87	2.89
OTHER SERVICES.....	34149	34270	34553	34979	35788	35974	36218	36385	37227	37546	37848	38135	38716	34488	36091	37689
% Chg Prev Qtr SAAR.....	6.89	1.43	3.34	5.03	9.58	2.09	2.75	1.86	9.58	3.47	3.26	3.07	6.23	5.08	4.65	4.43
% Chg Same Qtr Last Yr.....	6.21	5.51	4.50	4.15	4.80	4.97	4.82	4.02	4.02	4.37	4.50	4.81	4.00	5.08	4.65	4.43
GOVERNMENT.....	35131	35393	35903	36333	36426	36602	36704	36912	37106	37312	37583	37740	38023	35690	36661	37435
% Chg Prev Qtr SAAR.....	-3.19	3.02	5.89	4.88	1.03	1.95	1.12	2.28	2.12	2.24	2.93	1.68	3.04	2.24	2.72	2.11
% Chg Same Qtr Last Yr.....	0.42	2.33	3.64	2.59	3.69	3.42	2.23	1.59	1.87	1.94	2.39	2.24	2.47	2.24	2.72	2.11
FEDERAL, CIVILIAN.....	59700	60328	60306	60308	60816	61486	62115	62642	62999	63380	64096	64659	64814	60160	61765	63784
% Chg Prev Qtr SAAR.....	13.72	4.28	-0.15	0.02	3.41	4.48	4.15	3.44	2.30	2.44	4.60	3.56	0.96	3.78	2.67	3.27
% Chg Same Qtr Last Yr.....	2.45	4.01	4.36	4.32	1.87	1.92	3.00	3.87	3.59	3.08	3.19	3.22	2.88	3.78	2.67	3.27
STATE & LOCAL.....	31905	32117	32702	33221	33269	33401	33471	33660	33844	34039	34284	34434	34742	32486	33450	34150
% Chg Prev Qtr SAAR.....	-6.32	2.68	7.49	6.50	0.57	1.61	0.83	2.28	2.21	2.33	2.90	1.76	3.63	2.12	2.97	2.09
% Chg Same Qtr Last Yr.....	0.19	2.18	3.69	2.44	4.27	4.00	2.35	1.32	1.73	1.91	2.43	2.30	2.65	2.12	2.97	2.09

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Table 15: Tennessee Civilian Labor Force and Unemployment Rate, Not Seasonally Adjusted

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
CIVILIAN LABOR FORCE (THOUS).....	2970	3014	3046	3004	3040	3072	3080	3038	3077	3107	3115	3074	2983	3049	3084
% Chg Same Qtr Last Yr.....	2.21	3.05	3.77	3.46	2.38	1.92	1.12	1.14	1.22	1.16	1.11	1.16	2.53	2.20	1.16
EMPLOYED PERSONS (THOUS).....	2810	2852	2911	2849	2898	2923	2938	2876	2930	2956	2972	2911	2829	2902	2934
% Chg Same Qtr Last Yr.....	2.43	3.05	4.55	3.89	3.12	2.48	0.94	0.95	1.12	1.15	1.17	1.20	2.95	2.58	1.10
UNEMPLOYED PERSONS (THOUS).....	160	162	136	155	143	149	142	162	147	151	142	163	155	147	151
% Chg Same Qtr Last Yr.....	-1.54	3.10	-10.49	-3.82	-10.64	-7.96	4.89	4.72	3.28	1.36	-0.10	0.50	-4.58	-4.75	2.35
PARTICIPATION RATE (PERCENT).....	62.7	63.5	64.0	63.0	63.6	64.1	64.1	63.1	63.7	64.2	64.2	63.2	63.0	63.7	63.8
% Chg Same Qtr Last Yr.....	1.13	1.97	2.68	2.38	1.31	0.87	0.09	0.13	0.22	0.17	0.14	0.20	1.50	1.15	0.16
UNEMPLOYMENT RATE (PERCENT).....	5.4	5.4	4.5	5.2	4.7	4.9	4.6	5.3	4.8	4.9	4.6	5.3	5.2	4.8	4.9

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Table 16: Tennessee Civilian Labor Force and Unemployment Rate, Seasonally Adjusted

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
CIVILIAN LABOR FORCE (THOUS).....	2970	2991	3026	3034	3040	3048	3060	3068	3077	3084	3094	3104	2979	3045	3081
% Chg Prev Qtr SAAR.....	5.38	2.86	4.72	1.07	0.86	1.06	1.52	1.08	1.21	0.83	1.30	1.31	2.40	2.22	1.15
% Chg Same Qtr Last Yr.....	1.96	2.81	3.72	3.49	2.37	1.92	1.13	1.13	1.22	1.16	1.11	1.16	2.40	2.22	1.15
EMPLOYED PERSONS (THOUS).....	2807	2829	2881	2889	2895	2899	2908	2916	2927	2933	2942	2951	2824	2898	2929
% Chg Prev Qtr SAAR.....	3.85	3.21	7.54	1.06	0.81	0.68	1.22	1.10	1.47	0.82	1.29	1.22	2.80	2.59	1.10
% Chg Same Qtr Last Yr.....	2.13	2.96	4.55	3.89	3.12	2.48	0.94	0.95	1.12	1.15	1.17	1.20	2.80	2.59	1.10
UNEMPLOYED PERSONS (THOUS).....	163	162	144	145	146	149	151	152	150	151	151	152	155	148	151
% Chg Prev Qtr SAAR.....	36.64	-3.12	-36.20	1.32	1.81	9.04	7.61	0.67	-3.67	1.15	1.54	3.11	-4.36	-4.66	2.28
% Chg Same Qtr Last Yr.....	-0.91	0.16	-10.49	-3.82	-10.64	-7.96	4.89	4.72	3.28	1.36	-0.10	0.50	-4.36	-4.66	2.28
PARTICIPATION RATE (PERCENT).....	62.8	63.0	63.6	63.6	63.6	63.6	63.7	63.7	63.7	63.7	63.7	63.8	62.9	63.6	63.7
% Chg Prev Qtr SAAR.....	4.27	1.78	3.63	0.02	-0.19	0.06	0.52	0.08	0.21	-0.12	0.35	0.36	1.36	1.16	0.16
% Chg Same Qtr Last Yr.....	0.88	1.72	2.63	2.41	1.30	0.87	0.10	0.12	0.22	0.17	0.13	0.20	1.36	1.16	0.16
UNEMPLOYMENT RATE (PERCENT).....	5.5	5.4	4.8	4.8	4.8	4.9	5.0	4.9	4.9	4.9	4.9	4.9	5.2	4.8	4.9

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Table 17: Tennessee Taxable Sales, Not Seasonally Adjusted (millions of 2000 dollars)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL TAXABLE SALES.....	20053	19874	21108	18652	20406	20424	21707	19188	21052	21102	22501	19838	79452	81190	83843
% Chg Same Qtr Last Yr.....	2.72	1.41	1.02	1.28	1.76	2.77	2.84	2.87	3.16	3.32	3.66	3.39	1.95	2.19	3.27
AUTO DEALERS.....	2142	2199	1796	1863	2020	2124	1776	1876	2041	2156	1801	1908	8053	7783	7874
% Chg Same Qtr Last Yr.....	-3.68	-5.22	-0.91	-2.79	-5.70	-3.42	-1.11	0.67	1.06	1.51	1.44	1.69	-4.84	-3.36	1.18
PURCHASES FROM MANUFACTURERS.....	1031	1023	1095	960	1047	1056	1105	968	1056	1062	1116	987	4116	4167	4203
% Chg Same Qtr Last Yr.....	-5.57	-6.28	-5.65	-0.68	1.57	3.18	0.85	0.87	0.87	0.62	1.04	1.89	-4.61	1.25	0.85
MISC DURABLE GOODS.....	3949	3812	3942	3567	4073	4020	4080	3688	4241	4202	4281	3858	15128	15740	16412
% Chg Same Qtr Last Yr.....	9.35	4.22	4.40	4.13	3.14	5.47	3.49	3.40	4.13	4.51	4.94	4.61	6.46	4.04	4.27
EATING AND DRINKING PLACES.....	1858	1878	1823	1794	1926	1949	1886	1864	2004	2024	1960	1939	7311	7555	7851
% Chg Same Qtr Last Yr.....	0.70	4.14	2.30	2.37	3.70	3.77	3.49	3.88	4.04	3.84	3.91	4.03	2.58	3.34	3.92
FOOD STORES.....	1666	1679	1804	1590	1685	1695	1812	1600	1698	1711	1831	1614	6711	6783	6840
% Chg Same Qtr Last Yr.....	1.23	0.33	1.71	1.83	1.14	0.96	0.44	0.60	0.78	0.92	1.02	0.87	0.45	1.07	0.84
LIQUOR STORES.....	114	114	140	109	116	115	150	116	122	119	155	119	475	490	512
% Chg Same Qtr Last Yr.....	7.41	9.18	2.56	1.46	1.87	1.33	7.36	6.45	5.38	3.61	3.13	2.55	6.74	3.26	4.51
HOTELS AND MOTELS.....	502	532	464	386	513	549	509	413	535	562	519	422	1895	1956	2030
% Chg Same Qtr Last Yr.....	2.32	5.20	-1.25	-2.74	2.21	3.10	9.60	7.10	4.36	2.47	1.99	2.13	3.28	3.24	3.75
OTHER RETAIL AND SERVICE.....	5633	5503	6562	5330	5734	5671	6775	5513	5933	5883	7072	5725	22932	23510	24402
% Chg Same Qtr Last Yr.....	1.98	2.12	1.54	1.81	1.80	3.05	3.25	3.44	3.48	3.74	4.39	3.84	1.73	2.52	3.80
MISC NONDURABLE GOODS.....	1542	1503	1888	1488	1554	1542	1903	1517	1601	1604	1975	1562	6387	6487	6697
% Chg Same Qtr Last Yr.....	3.22	-0.16	0.42	2.27	0.84	2.61	0.79	1.93	3.02	4.03	3.80	3.02	0.93	1.57	3.24
TRANSPORTATION, COMMUNICATION.....	1618	1631	1594	1565	1738	1704	1711	1633	1819	1779	1791	1705	6443	6718	7021
% Chg Same Qtr Last Yr.....	8.52	5.44	-2.87	-2.16	7.41	4.46	7.36	4.33	4.68	4.37	4.65	4.41	7.71	4.27	4.51
PER CAPITA (\$).....	3332	3295	3492	3079	3361	3357	3560	3140	3437	3438	3658	3218	13186	13357	13674
% Chg Same Qtr Last Yr.....	1.82	0.52	0.14	0.39	0.87	1.87	1.94	1.98	2.27	2.42	2.77	2.50	1.05	1.29	2.37

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Table 18: Tennessee Taxable Sales, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL TAXABLE SALES.....	19872	19788	19943	20084	20220	20345	20507	20664	20859	21024	21251	21365	79432	81156	83798
% Chg Prev Qtr SAAR.....	0.90	-1.68	3.17	2.85	2.75	2.50	3.21	3.10	3.83	3.21	4.39	2.16	1.98	2.17	3.25
% Chg Same Qtr Last Yr.....	2.75	1.43	0.99	1.29	1.75	2.82	2.83	2.89	3.16	3.34	3.63	3.39	1.98	2.17	3.25
AUTO DEALERS.....	2072	2009	1964	1944	1954	1940	1942	1957	1975	1969	1970	1990	8045	7780	7871
% Chg Prev Qtr SAAR.....	15.16	-11.61	-8.71	-3.88	1.98	-2.78	0.35	3.21	3.60	-1.04	0.06	4.24	-4.83	-3.29	1.17
% Chg Same Qtr Last Yr.....	-3.72	-5.35	-0.91	-2.79	-5.70	-3.42	-1.11	0.67	1.06	1.51	1.44	1.69	-4.83	-3.29	1.17
PURCHASES FROM MANUFACTURERS.....	1025	1012	1036	1037	1041	1044	1044	1046	1050	1050	1055	1066	4117	4167	4202
% Chg Prev Qtr SAAR.....	-7.35	-4.94	9.71	0.69	1.37	1.21	0.12	0.79	1.36	0.22	1.80	4.21	-4.51	1.21	0.85
% Chg Same Qtr Last Yr.....	-5.30	-6.39	-5.65	-0.68	1.57	3.18	0.85	0.87	0.87	0.62	1.04	1.89	-4.51	1.21	0.85
MISC DURABLE GOODS.....	3797	3737	3851	3890	3917	3941	3985	4022	4078	4119	4182	4208	15120	15733	16401
% Chg Prev Qtr SAAR.....	6.76	-6.22	12.75	4.13	2.77	2.53	4.55	3.75	5.69	4.08	6.27	2.47	6.45	4.05	4.25
% Chg Same Qtr Last Yr.....	9.51	4.05	4.40	4.13	3.14	5.47	3.49	3.40	4.13	4.51	4.94	4.61	6.45	4.05	4.25
EATING AND DRINKING PLACES.....	1813	1831	1848	1862	1880	1900	1913	1935	1956	1973	1988	2012	7311	7555	7851
% Chg Prev Qtr SAAR.....	-1.37	4.01	3.89	3.04	3.85	4.30	2.76	4.62	4.48	3.53	3.01	5.10	2.58	3.33	3.92
% Chg Same Qtr Last Yr.....	0.75	4.15	2.30	2.37	3.70	3.77	3.49	3.88	4.04	3.84	3.91	4.03	2.58	3.33	3.92
FOOD STORES.....	1676	1679	1693	1692	1695	1695	1700	1702	1708	1711	1718	1717	6709	6782	6839
% Chg Prev Qtr SAAR.....	3.41	0.85	3.35	-0.23	0.63	0.12	1.26	0.40	1.35	0.67	1.67	-0.18	0.39	1.09	0.83
% Chg Same Qtr Last Yr.....	1.23	0.30	1.71	1.83	1.14	0.96	0.44	0.60	0.78	0.92	1.02	0.88	0.39	1.09	0.83
LIQUOR STORES.....	119	122	116	119	121	124	125	126	128	129	129	130	475	489	512
% Chg Prev Qtr SAAR.....	6.28	12.58	-18.39	8.52	8.01	10.21	2.83	4.89	3.75	3.00	0.91	2.57	7.03	2.97	4.61
% Chg Same Qtr Last Yr.....	7.49	8.94	2.56	1.46	1.87	1.33	7.36	6.45	5.38	3.61	3.13	2.55	7.03	2.97	4.61
HOTELS AND MOTELS.....	472	481	459	470	483	496	503	503	504	509	513	514	1896	1952	2029
% Chg Prev Qtr SAAR.....	-8.85	7.96	-17.16	9.80	11.16	11.75	5.81	0.11	0.20	3.89	3.81	0.68	3.44	2.97	3.93
% Chg Same Qtr Last Yr.....	2.39	5.14	-1.25	-2.74	2.21	3.10	9.60	7.10	4.36	2.47	1.99	2.13	3.44	2.97	3.93
OTHER RETAIL AND SERVICE.....	5741	5722	5768	5797	5844	5897	5955	5997	6047	6117	6217	6227	22925	23493	24378
% Chg Prev Qtr SAAR.....	3.30	-1.28	3.22	2.07	3.26	3.66	4.02	2.82	3.41	4.72	6.66	0.66	1.72	2.48	3.77
% Chg Same Qtr Last Yr.....	1.99	2.15	1.54	1.81	1.80	3.05	3.25	3.44	3.48	3.74	4.39	3.84	1.72	2.48	3.77
MISC NONDURABLE GOODS.....	1605	1577	1617	1620	1619	1618	1630	1651	1667	1683	1692	1701	6383	6486	6693
% Chg Prev Qtr SAAR.....	5.58	-6.94	10.78	0.51	-0.22	-0.23	3.13	5.14	4.11	3.77	2.21	2.00	0.96	1.62	3.20
% Chg Same Qtr Last Yr.....	3.28	-0.12	0.42	2.27	0.84	2.61	0.79	1.93	3.02	4.03	3.80	3.02	0.96	1.62	3.20
TRANSPORTATION, COMMUNICATION.....	1553	1618	1591	1652	1668	1690	1708	1724	1746	1764	1788	1800	6451	6719	7022
% Chg Prev Qtr SAAR.....	-28.49	17.87	-6.50	16.27	3.88	5.43	4.32	3.71	5.29	4.16	5.44	2.76	7.93	4.15	4.51
% Chg Same Qtr Last Yr.....	8.69	5.54	-2.87	-2.16	7.41	4.46	7.36	4.33	4.68	4.37	4.65	4.41	7.93	4.15	4.51
PER CAPITA (\$)......	3302	3281	3299	3315	3331	3344	3363	3381	3406	3425	3455	3466	13184	13353	13668
% Chg Prev Qtr SAAR.....	0.01	-2.54	2.27	1.95	1.85	1.60	2.31	2.21	2.93	2.32	3.49	1.28	1.07	1.28	2.36
% Chg Same Qtr Last Yr.....	1.85	0.54	0.11	0.40	0.86	1.92	1.93	1.99	2.26	2.44	2.73	2.50	1.07	1.28	2.36

Table 19: Tennessee Taxable Sales, Not Seasonally Adjusted (millions of current dollars)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL TAXABLE SALES.....	22975	22911	24290	21627	23798	23931	25552	22702	25024	25201	26990	23917	91069	94909	99917
% Chg Same Qtr Last Yr.....	6.09	4.32	2.99	3.52	3.58	4.45	5.20	4.97	5.15	5.31	5.63	5.35	4.77	4.22	5.28
AUTO DEALERS.....	2454	2535	2066	2161	2355	2488	2090	2219	2426	2575	2160	2300	9230	9095	9381
% Chg Same Qtr Last Yr.....	-0.53	-2.50	1.02	-0.64	-4.01	-1.84	1.16	2.72	3.01	3.47	3.36	3.62	-2.14	-1.46	3.15
PURCHASES FROM MANUFACTURERS.....	1181	1179	1261	1113	1221	1237	1300	1146	1255	1269	1339	1190	4717	4871	5008
% Chg Same Qtr Last Yr.....	-2.48	-3.59	-3.81	1.51	3.39	4.87	3.16	2.93	2.81	2.56	2.96	3.82	-1.99	3.26	2.81
MISC DURABLE GOODS.....	4525	4394	4536	4136	4750	4710	4802	4364	5042	5018	5135	4652	17341	18399	19558
% Chg Same Qtr Last Yr.....	12.93	7.20	6.44	6.43	4.98	7.20	5.87	5.51	6.13	6.53	6.93	6.60	9.39	6.10	6.30
EATING AND DRINKING PLACES.....	2128	2165	2098	2080	2246	2283	2221	2205	2382	2417	2351	2337	8379	8831	9355
% Chg Same Qtr Last Yr.....	3.99	7.12	4.30	4.63	5.55	5.47	5.86	6.00	6.04	5.85	5.88	6.00	5.43	5.39	5.94
FOOD STORES.....	1909	1936	2076	1844	1965	1987	2133	1893	2019	2043	2196	1946	7693	7929	8151
% Chg Same Qtr Last Yr.....	4.54	3.21	3.70	4.08	2.95	2.61	2.75	2.65	2.72	2.86	2.94	2.79	3.23	3.07	2.80
LIQUOR STORES.....	130	131	161	126	135	135	176	137	145	143	185	144	544	573	610
% Chg Same Qtr Last Yr.....	10.92	12.31	4.56	3.70	3.69	2.99	9.82	8.62	7.41	5.61	5.08	4.50	9.64	5.33	6.54
HOTELS AND MOTELS.....	575	613	534	447	598	643	599	489	636	671	623	509	2173	2287	2419
% Chg Same Qtr Last Yr.....	5.67	8.22	0.67	-0.59	4.04	4.79	12.12	9.29	6.37	4.45	3.92	4.07	6.14	5.28	5.76
OTHER RETAIL AND SERVICE.....	6454	6344	7551	6180	6687	6644	7975	6523	7053	7026	8483	6902	26287	27487	29085
% Chg Same Qtr Last Yr.....	5.32	5.05	3.52	4.06	3.62	4.74	5.62	5.55	5.47	5.74	6.37	5.81	4.52	4.56	5.81
MISC NONDURABLE GOODS.....	1766	1732	2173	1725	1813	1807	2240	1794	1903	1916	2369	1884	7322	7585	7983
% Chg Same Qtr Last Yr.....	6.60	2.70	2.39	4.53	2.64	4.29	3.10	4.01	5.00	6.04	5.77	4.97	3.68	3.59	5.25
TRANSPORTATION, COMMUNICATION.....	1854	1881	1834	1815	2027	1997	2014	1932	2162	2124	2148	2055	7383	7852	8366
% Chg Same Qtr Last Yr.....	12.08	8.46	-0.97	0.00	9.33	6.17	9.82	6.46	6.70	6.38	6.63	6.39	10.63	6.35	6.55
PER CAPITA (\$).....	3818	3798	4018	3570	3920	3933	4190	3715	4086	4106	4388	3880	15114	15613	16295
% Chg Same Qtr Last Yr.....	5.15	3.40	2.09	2.61	2.68	3.54	4.28	4.06	4.24	4.40	4.71	4.44	3.84	3.31	4.36

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Table 20: Tennessee Taxable Sales, Seasonally Adjusted (millions of current dollars)

January 2007

	History		Forecast Data										Annual		
	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4	2008:1	2008:2	2008:3	2008:4	2009:1	2006	2007	2008
TOTAL TAXABLE SALES.....	22768	22812	22950	23287	23581	23838	24140	24449	24794	25108	25490	25758	91024	94847	99841
% Chg Prev Qtr SAAR.....	4.97	0.76	2.45	6.01	5.14	4.43	5.16	5.22	5.77	5.17	6.23	4.27	4.80	4.20	5.27
% Chg Same Qtr Last Yr.....	6.12	4.33	2.97	3.53	3.57	4.50	5.18	4.99	5.14	5.33	5.59	5.36	4.80	4.20	5.27
AUTO DEALERS.....	2374	2316	2260	2254	2279	2273	2286	2316	2347	2352	2363	2400	9218	9092	9378
% Chg Prev Qtr SAAR.....	19.81	-9.42	-9.35	-0.93	4.36	-0.94	2.25	5.33	5.54	0.84	1.82	6.39	-2.15	-1.37	3.14
% Chg Same Qtr Last Yr.....	-0.56	-2.64	1.02	-0.64	-4.01	-1.84	1.16	2.72	3.01	3.47	3.36	3.62	-2.15	-1.37	3.14
PURCHASES FROM MANUFACTURERS....	1174	1166	1192	1203	1214	1223	1229	1238	1248	1255	1266	1285	4717	4869	5006
% Chg Prev Qtr SAAR.....	-3.60	-2.58	8.94	3.78	3.74	3.12	2.01	2.86	3.25	2.12	3.59	6.36	-1.87	3.23	2.81
% Chg Same Qtr Last Yr.....	-2.20	-3.70	-3.81	1.51	3.39	4.87	3.16	2.93	2.81	2.56	2.96	3.82	-1.87	3.23	2.81
MISC DURABLE GOODS.....	4351	4308	4431	4510	4567	4618	4691	4759	4847	4919	5016	5073	17327	18387	19542
% Chg Prev Qtr SAAR.....	11.07	-3.89	11.97	7.33	5.17	4.47	6.53	5.88	7.67	6.06	8.13	4.58	9.38	6.11	6.28
% Chg Same Qtr Last Yr.....	13.10	7.03	6.44	6.43	4.98	7.20	5.87	5.51	6.13	6.53	6.93	6.60	9.38	6.11	6.28
EATING AND DRINKING PLACES.....	2077	2111	2127	2159	2192	2226	2252	2289	2325	2356	2384	2426	8379	8830	9354
% Chg Prev Qtr SAAR.....	2.61	6.60	3.17	6.20	6.27	6.27	4.70	6.77	6.43	5.49	4.82	7.27	5.43	5.38	5.94
% Chg Same Qtr Last Yr.....	4.05	7.13	4.30	4.63	5.55	5.47	5.86	6.00	6.04	5.85	5.88	6.00	5.43	5.38	5.94
FOOD STORES.....	1920	1936	1948	1962	1976	1986	2002	2014	2030	2043	2061	2070	7688	7926	8148
% Chg Prev Qtr SAAR.....	7.59	3.36	2.63	2.83	2.98	2.01	3.17	2.46	3.25	2.58	3.46	1.88	3.19	3.09	2.79
% Chg Same Qtr Last Yr.....	4.55	3.18	3.70	4.08	2.95	2.61	2.75	2.65	2.72	2.86	2.94	2.79	3.19	3.09	2.79
LIQUOR STORES.....	136	141	134	138	141	145	147	150	152	154	155	156	544	572	610
% Chg Prev Qtr SAAR.....	10.57	15.38	-18.96	11.85	10.53	12.29	4.77	7.04	5.69	4.95	2.68	4.69	9.99	5.02	6.64
% Chg Same Qtr Last Yr.....	11.01	12.06	4.56	3.70	3.69	2.99	9.82	8.62	7.41	5.61	5.08	4.50	9.99	5.02	6.64
HOTELS AND MOTELS.....	541	555	528	545	563	581	592	596	599	607	616	620	2173	2282	2417
% Chg Prev Qtr SAAR.....	-5.18	10.64	-17.74	13.17	13.75	13.86	7.81	2.17	2.07	5.86	5.64	2.76	6.30	5.03	5.94
% Chg Same Qtr Last Yr.....	5.75	8.15	0.67	-0.59	4.04	4.79	12.12	9.29	6.37	4.45	3.92	4.07	6.30	5.03	5.94
OTHER RETAIL AND SERVICE.....	6577	6596	6637	6722	6815	6909	7010	7095	7188	7306	7457	7507	26271	27457	29046
% Chg Prev Qtr SAAR.....	7.47	1.17	2.50	5.21	5.66	5.62	5.99	4.93	5.34	6.71	8.54	2.74	4.55	4.51	5.79
% Chg Same Qtr Last Yr.....	5.33	5.08	3.52	4.06	3.62	4.74	5.62	5.55	5.47	5.74	6.37	5.81	4.55	4.51	5.79
MISC NONDURABLE GOODS.....	1839	1817	1861	1878	1888	1895	1919	1953	1982	2010	2030	2050	7314	7580	7975
% Chg Prev Qtr SAAR.....	9.84	-4.63	10.01	3.59	2.11	1.65	5.07	7.30	6.06	5.74	4.01	4.10	3.77	3.63	5.21
% Chg Same Qtr Last Yr.....	6.67	2.74	2.39	4.53	2.64	4.29	3.10	4.01	5.00	6.04	5.77	4.97	3.77	3.63	5.21
TRANSPORTATION, COMMUNICATION.....	1779	1865	1831	1916	1945	1980	2011	2040	2076	2107	2144	2170	7392	7852	8366
% Chg Prev Qtr SAAR.....	-25.60	20.79	-7.15	19.84	6.30	7.42	6.29	5.83	7.26	6.14	7.29	4.88	10.84	6.24	6.54
% Chg Same Qtr Last Yr.....	12.25	8.57	-0.97	0.00	9.33	6.17	9.82	6.46	6.70	6.38	6.63	6.39	10.84	6.24	6.54
PER CAPITA (\$)......	3783	3782	3797	3844	3884	3918	3959	4001	4048	4091	4144	4179	15108	15605	16284
% Chg Prev Qtr SAAR.....	4.05	-0.12	1.56	5.09	4.23	3.52	4.24	4.30	4.86	4.26	5.31	3.37	3.87	3.29	4.35
% Chg Same Qtr Last Yr.....	5.19	3.42	2.06	2.62	2.67	3.59	4.27	4.08	4.23	4.42	4.68	4.45	3.87	3.29	4.35

Table 1: Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
US GDP (Bil2000\$) SAAR.....	11414.7	11673.7	12045.5	12457.9	12862.5	13225.0	13541.8	13875.5	14249.1	14647.5	15071.7
Percentage change.....	3.31	2.27	3.19	3.42	3.25	2.82	2.40	2.46	2.69	2.80	2.90
US GDP (Bil\$) SAAR.....	13243.8	13823.6	14537.8	15332.6	16152.0	16962.1	17731.1	18532.1	19400.1	20317.0	21289.2
Percentage change.....	6.33	4.38	5.17	5.47	5.34	5.02	4.53	4.52	4.68	4.73	4.79
CHAINED PRICE INDEX, GDP (2000=100.0).....	116.0	118.4	120.7	123.1	125.6	128.3	130.9	133.6	136.1	138.7	141.2
Percentage change.....	2.92	2.05	1.92	1.98	2.03	2.14	2.09	2.00	1.94	1.88	1.84
US PERS CONSUMP DEFL (2000=100.0).....	114.6	116.7	119.0	121.3	123.7	126.2	128.8	131.3	133.9	136.6	139.2
Percentage change.....	2.76	1.85	1.99	1.96	1.94	2.02	2.04	2.01	1.98	1.95	1.93
TN PERSONAL INCOME (MIL2000\$) SAAR.....	170734	176550	183120	189218	195730	202286	208875	215723	222600	229736	236991
Percentage change.....	3.14	3.41	3.72	3.33	3.44	3.35	3.26	3.28	3.19	3.21	3.16
US PERSONAL INCOME (BIL2000\$) SAAR.....	9512	9818	10155	10576	11007	11398	11737	12064	12423	12806	13209
Percentage change.....	3.58	3.21	3.43	4.15	4.08	3.55	2.98	2.79	2.98	3.08	3.15
TN PERSONAL INCOME (MIL\$) SAAR.....	195656	206336	218181	229707	242005	254902	268457	282832	297657	313286	329609
Percentage change.....	6.01	5.46	5.74	5.28	5.35	5.33	5.32	5.35	5.24	5.25	5.21
US PERSONAL INCOME (BIL\$) SAAR.....	10898	11457	12085	12833	13615	14383	15113	15847	16642	17489	18388
Percentage change.....	6.43	5.13	5.49	6.19	6.09	5.64	5.08	4.85	5.02	5.09	5.14
TN NONFARM JOBS (THOUS).....	2778.2	2810.1	2845.8	2885.0	2924.4	2964.6	3007.2	3050.9	3094.1	3139.5	3185.2
Percentage change.....	1.26	1.15	1.27	1.38	1.37	1.37	1.44	1.45	1.42	1.47	1.46
US NONFARM JOBS (MIL).....	135.4	136.7	138.5	140.8	142.8	144.2	145.0	145.6	146.3	147.2	148.2
Percentage change.....	1.43	1.00	1.34	1.59	1.42	0.99	0.57	0.40	0.50	0.59	0.70
TN UNEMPLOYMENT RATE (%).....	5.2	4.8	4.9	4.9	5.0	5.0	5.0	5.0	5.0	4.9	5.0
US UNEMPLOYMENT RATE (%).....	4.6	4.9	4.9	4.6	4.4	4.4	4.5	4.8	4.9	4.9	4.9
BANK PRIME INTEREST RATE (%).....	8.0	7.9	7.5	7.7	7.7	7.7	7.7	7.8	7.8	7.8	7.8
CONSUMER PRICE INDEX, ALL-URBAN (82-84=1.000).....	2.015	2.053	2.095	2.135	2.175	2.216	2.259	2.302	2.345	2.389	2.434
FEDERAL FUNDS RATE (% per annum).....	4.964	4.865	4.500	4.688	4.750	4.750	4.750	4.750	4.750	4.750	4.750
30-YEAR FIXED MORTGAGE RATE (%).....	6.4	6.1	6.4	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TN MFG JOBS (THOUS).....	403.7	401.3	399.9	398.8	397.5	396.1	394.9	393.7	392.4	391.4	390.4
Percentage change.....	-1.20	-0.60	-0.35	-0.27	-0.34	-0.34	-0.31	-0.32	-0.33	-0.25	-0.24
US MFG JOBS (MIL).....	14.2	14.0	13.9	13.8	13.8	13.8	13.7	13.6	13.6	13.5	13.5
Percentage change.....	-0.13	-1.45	-0.82	-0.44	-0.15	-0.24	-0.38	-0.58	-0.62	-0.37	-0.09
TN TAXABLE SALES (MIL2000\$).....	79432	81156	84269	86949	89852	92801	95778	98900	102044	105376	108852
Percentage change.....	1.98	2.17	3.26	3.18	3.34	3.28	3.21	3.26	3.18	3.26	3.30
TN TAXABLE SALES (MIL\$).....	91024	94847	100404	105554	111094	116938	123098	129665	136451	143698	151390
Percentage change.....	4.80	4.20	5.27	5.13	5.25	5.26	5.27	5.33	5.23	5.31	5.35
TN AVG ANNUAL WAGE, NONFARM (2000\$).....	33641	34359	35044	35602	36212	36802	37385	37959	38536	39106	39703
Percentage change.....	2.62	2.13	2.00	1.59	1.71	1.63	1.58	1.54	1.52	1.48	1.53
TN AVG ANNUAL WAGE, NONFARM (\$).....	38551	40154	41753	43219	44772	46373	48047	49765	51528	53325	55217
Percentage change.....	5.47	4.16	3.98	3.51	3.59	3.58	3.61	3.58	3.54	3.49	3.55

Table 2: Selected Per Capita U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
US GDP (2000\$) SAAR.....	38092	38613	39497	40496	41452	42257	42902	43587	44385	45246	46171
Percentage change.....	2.39	1.37	2.29	2.53	2.36	1.94	1.53	1.60	1.83	1.94	2.05
US GDP (\$) SAAR.....	44196	45724	47670	49841	52053	54198	56174	58215	60430	62759	65219
Percentage change.....	5.37	3.46	4.26	4.55	4.44	4.12	3.65	3.63	3.80	3.85	3.92
TN PERSONAL INCOME (2000\$) SAAR.....	28338	29048	29867	30596	31378	32153	32918	33709	34489	35295	36104
Percentage change.....	2.23	2.50	2.82	2.44	2.56	2.47	2.38	2.40	2.32	2.34	2.29
US PERSONAL INCOME (2000\$) SAAR.....	31743	32474	33297	34378	35473	36418	37184	37896	38698	39557	40465
Percentage change.....	2.65	2.30	2.53	3.25	3.18	2.67	2.10	1.92	2.12	2.22	2.30
TN PERSONAL INCOME (\$) SAAR.....	32474	33948	35585	37143	38797	40516	42307	44195	46118	48130	50213
Percentage change.....	5.07	4.54	4.82	4.38	4.45	4.43	4.42	4.46	4.35	4.36	4.33
US PERSONAL INCOME (\$) SAAR.....	36367	37894	39628	41715	43877	45957	47880	49779	51837	54023	56331
Percentage change.....	5.48	4.20	4.57	5.27	5.18	4.74	4.18	3.97	4.14	4.22	4.27
TN TAXABLE SALES (2000\$).....	13184	13353	13668	13981	14324	14668	15010	15367	15722	16098	16490
Percentage change.....	1.07	1.28	2.36	2.29	2.45	2.40	2.33	2.38	2.31	2.39	2.43
TN TAXABLE SALES (\$).....	15108	15605	16284	16972	17710	18483	19291	20148	21023	21953	22934
Percentage change.....	3.87	3.29	4.35	4.22	4.35	4.36	4.37	4.44	4.34	4.42	4.47

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Table 3: Tennessee Personal Income Components, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL PERSONAL INCOME.....	170734	176550	183120	189218	195730	202286	208875	215723	222600	229736	236991
Percentage change.....	3.14	3.41	3.72	3.33	3.44	3.35	3.26	3.28	3.19	3.21	3.16
WAGES AND SALARIES.....	94308	97464	100680	103701	106923	110159	113510	116921	120378	123940	127656
Percentage change.....	3.89	3.35	3.30	3.00	3.11	3.03	3.04	3.01	2.96	2.96	3.00
OTHER LABOR INCOME.....	22221	22738	23611	24192	24894	25597	26221	26902	27581	28242	28876
Percentage change.....	2.66	2.33	3.84	2.46	2.90	2.82	2.44	2.59	2.53	2.40	2.24
PROPRIETORS INCOME.....	20211	20807	21631	22300	23027	23716	24450	25201	25896	26681	27416
Percentage change.....	0.44	2.95	3.96	3.09	3.26	2.99	3.09	3.07	2.76	3.03	2.76
RENT, INTEREST, DIVIDENDS.....	19908	20623	21359	22200	23069	23990	24874	25831	26815	27809	28736
Percentage change.....	3.87	3.59	3.57	3.93	3.92	3.99	3.68	3.85	3.81	3.71	3.33
TRANSFER PAYMENTS.....	29810	30969	32176	33473	34829	36232	37622	39087	40584	42166	43838
Percentage change.....	3.03	3.89	3.90	4.03	4.05	4.03	3.84	3.89	3.83	3.90	3.96
LESS: PERS CONT FOR SOC INS.....	14368	14696	14977	15278	15637	16024	16415	16822	17253	17694	18112
Percentage change.....	4.01	2.28	1.91	2.01	2.35	2.48	2.44	2.48	2.56	2.56	2.36
RESIDENCE ADJUSTMENT.....	-1356	-1354	-1361	-1369	-1375	-1383	-1387	-1396	-1401	-1408	-1417
Percentage change.....	4.02	-0.12	0.50	0.58	0.47	0.59	0.26	0.65	0.39	0.45	0.66
PER CAPITA PERSONAL INCOME (\$) Percentage change.....	28338 2.23	29048 2.50	29867 2.82	30596 2.44	31378 2.56	32153 2.47	32918 2.38	33709 2.40	34489 2.32	35295 2.34	36104 2.29

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Table 4: Tennessee Personal Income Components, Seasonally Adjusted (millions of current dollars)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TN PERSONAL INCOME.....	195656	206336	218181	229707	242005	254902	268457	282832	297657	313286	329609
Percentage change.....	6.01	5.46	5.74	5.28	5.35	5.33	5.32	5.35	5.24	5.25	5.21
WAGES AND SALARIES.....	108074	113907	119956	125889	132199	138808	145886	153290	160965	169009	177542
Percentage change.....	6.77	5.40	5.31	4.95	5.01	5.00	5.10	5.08	5.01	5.00	5.05
OTHER LABOR INCOME.....	25464	26574	28131	29369	30780	32255	33701	35271	36881	38513	40160
Percentage change.....	5.51	4.36	5.86	4.40	4.80	4.79	4.49	4.66	4.57	4.43	4.28
PROPRIETORS INCOME.....	23162	24316	25774	27071	28473	29886	31426	33042	34630	36387	38132
Percentage change.....	3.23	4.98	5.99	5.04	5.18	4.97	5.15	5.14	4.81	5.07	4.80
RENT, INTEREST, DIVIDENDS.....	22814	24102	25449	26950	28523	30231	31970	33867	35858	37923	39966
Percentage change.....	6.75	5.65	5.59	5.90	5.84	5.99	5.75	5.94	5.88	5.76	5.39
TRANSFER PAYMENTS.....	34161	36193	38337	40636	43063	45656	48353	51246	54267	57502	60971
Percentage change.....	5.90	5.95	5.92	6.00	5.97	6.02	5.91	5.98	5.90	5.96	6.03
LESS: PERS CONT FOR SOC INS.....	16465	17175	17844	18547	19333	20191	21097	22055	23070	24129	25190
Percentage change.....	6.89	4.31	3.89	3.94	4.24	4.44	4.49	4.54	4.60	4.59	4.40
RESIDENCE ADJUSTMENT.....	-1554	-1583	-1622	-1662	-1700	-1743	-1782	-1830	-1874	-1920	-1971
Percentage change.....	6.89	1.87	2.46	2.48	2.33	2.51	2.26	2.67	2.39	2.45	2.66
PER CAPITA PERSONAL INCOME (\$).	32474	33948	35585	37143	38797	40516	42307	44195	46118	48130	50213
Percentage change.....	5.07	4.54	4.82	4.38	4.45	4.43	4.42	4.46	4.35	4.36	4.33

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	January 2007										
	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL NONFARM.....	2778.2	2810.1	2845.8	2885.0	2924.4	2964.6	3007.2	3050.9	3094.1	3139.5	3185.2
Percentage change.....	1.26	1.15	1.27	1.38	1.37	1.37	1.44	1.45	1.42	1.47	1.46
NATURAL RESOURCES & MINING.....	4.2	4.3	4.3	4.4	4.4	4.3	4.3	4.3	4.2	4.2	4.2
Percentage change.....	2.50	1.03	1.40	1.20	-0.43	-0.79	-0.65	-0.69	-0.76	-0.80	-0.64
CONSTRUCTION.....	124.0	125.8	127.9	130.8	134.1	137.4	141.0	144.7	148.3	152.2	156.1
Percentage change.....	3.13	1.47	1.70	2.25	2.51	2.49	2.62	2.57	2.51	2.65	2.56
MANUFACTURING.....	403.7	401.3	399.9	398.8	397.5	396.1	394.9	393.7	392.4	391.4	390.4
Percentage change.....	-1.20	-0.60	-0.35	-0.27	-0.34	-0.34	-0.31	-0.32	-0.33	-0.25	-0.24
DURABLE GOODS.....	251.6	251.5	252.1	253.0	253.5	253.9	254.5	255.1	255.7	256.5	257.3
Percentage change.....	-0.99	-0.06	0.23	0.37	0.19	0.18	0.22	0.24	0.23	0.31	0.30
NONDURABLE GOODS.....	152.1	149.8	147.8	145.8	144.0	142.2	140.4	138.5	136.6	134.8	133.1
Percentage change.....	-1.53	-1.48	-1.34	-1.36	-1.27	-1.25	-1.26	-1.34	-1.37	-1.31	-1.27
TRADE, TRANSPORTATION, UTILITIES.....	608.4	616.1	624.8	635.1	646.8	658.5	670.7	682.7	695.6	708.4	721.3
Percentage change.....	1.74	1.27	1.41	1.64	1.85	1.81	1.85	1.79	1.89	1.83	1.82
WHOLESALE TRADE.....	132.3	134.0	135.5	137.8	140.3	142.7	145.3	147.8	150.5	153.0	155.5
Percentage change.....	1.37	1.27	1.14	1.64	1.87	1.70	1.78	1.77	1.77	1.66	1.66
RETAIL TRADE.....	333.0	337.9	343.8	350.7	357.9	365.4	373.1	380.5	388.8	397.0	405.4
Percentage change.....	2.24	1.47	1.75	1.99	2.05	2.09	2.10	1.98	2.20	2.12	2.10
TRANSPORTATION & UTILITIES.....	143.0	144.2	145.5	146.7	148.6	150.4	152.4	154.4	156.4	158.4	160.4
Percentage change.....	0.93	0.81	0.87	0.83	1.34	1.22	1.30	1.35	1.24	1.30	1.27
INFORMATION.....	49.9	49.7	49.6	49.7	50.0	50.4	50.8	51.1	51.5	52.0	52.4
Percentage change.....	0.66	-0.37	-0.17	0.11	0.61	0.89	0.72	0.65	0.79	0.88	0.80
FINANCIAL ACTIVITIES.....	144.5	146.1	147.7	149.4	151.4	153.3	155.9	158.5	161.2	163.9	166.5
Percentage change.....	0.70	1.14	1.11	1.13	1.31	1.28	1.68	1.71	1.68	1.65	1.63
PROF & BUSINESS SERVICES.....	315.6	323.8	332.6	341.7	350.2	359.5	369.1	379.1	388.4	397.9	408.5
Percentage change.....	1.19	2.60	2.71	2.73	2.50	2.65	2.68	2.70	2.44	2.47	2.65
EDUC & HEALTH SERVICES.....	337.2	343.5	350.4	357.2	363.5	369.6	376.2	383.1	389.5	396.3	402.6
Percentage change.....	2.25	1.88	2.00	1.94	1.76	1.66	1.79	1.85	1.66	1.75	1.61
LEISURE & HOSPITALITY.....	271.0	277.5	284.0	290.9	296.4	302.1	307.9	313.7	319.8	326.8	333.7
Percentage change.....	3.25	2.40	2.36	2.41	1.91	1.93	1.90	1.89	1.95	2.19	2.11
OTHER SERVICES.....	102.1	102.2	102.4	102.6	103.0	103.3	103.7	104.0	104.3	104.5	104.6
Percentage change.....	0.65	0.09	0.13	0.23	0.35	0.34	0.39	0.32	0.23	0.26	0.10
GOVERNMENT.....	417.5	419.7	422.1	424.5	427.2	429.9	432.7	435.9	439.0	441.9	444.8
Percentage change.....	0.82	0.51	0.57	0.57	0.65	0.63	0.65	0.74	0.71	0.66	0.65
FEDERAL, CIVILIAN.....	48.3	47.6	46.8	46.0	45.5	45.1	44.7	44.3	43.8	43.5	43.1
Percentage change.....	-1.40	-1.52	-1.71	-1.75	-0.96	-0.91	-0.98	-0.94	-0.95	-0.88	-0.91
STATE & LOCAL.....	369.2	372.1	375.3	378.5	381.7	384.8	388.0	391.7	395.2	398.5	401.7
Percentage change.....	1.12	0.78	0.86	0.86	0.85	0.82	0.84	0.93	0.89	0.83	0.82

Table 6: Tennessee Durable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL DURABLE GOODS.....	251.6	251.5	252.1	253.0	253.5	253.9	254.5	255.1	255.7	256.5	257.3
Percentage change.....	-0.99	-0.06	0.23	0.37	0.19	0.18	0.22	0.24	0.23	0.31	0.30
WOOD PRODUCTS.....	17.7	17.8	17.9	18.1	18.2	18.2	18.3	18.3	18.4	18.5	18.6
Percentage change.....	0.53	0.70	0.63	0.74	0.55	0.22	0.31	0.52	0.21	0.68	0.52
NONMETALLIC MINERALS.....	16.1	16.2	16.3	16.5	16.6	16.7	16.8	17.0	17.1	17.2	17.4
Percentage change.....	1.58	0.61	0.65	0.78	0.78	0.70	0.74	0.67	0.75	0.96	0.78
PRIMARY METALS.....	11.7	11.6	11.6	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7
Percentage change.....	-2.70	-0.28	0.10	0.12	0.10	0.05	0.13	0.01	-0.06	-0.12	0.18
FABRICATED METALS.....	43.4	43.8	43.8	43.9	43.9	44.0	44.0	44.1	44.1	44.2	44.3
Percentage change.....	1.97	0.87	0.00	0.19	-0.09	0.18	0.10	0.20	0.13	0.17	0.11
MACHINERY.....	33.0	33.3	33.5	33.6	33.9	34.1	34.3	34.5	34.8	35.1	35.3
Percentage change.....	-1.35	0.64	0.62	0.56	0.72	0.67	0.62	0.60	0.76	0.73	0.69
COMPUTERS & ELECTRONICS.....	9.3	9.0	8.8	8.6	8.4	8.2	7.9	7.7	7.5	7.4	7.2
Percentage change.....	-10.58	-3.07	-2.57	-2.66	-2.26	-2.54	-2.56	-2.51	-2.62	-2.49	-2.49
ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS.....	23.1	23.1	23.1	23.1	23.1	23.2	23.2	23.2	23.2	23.3	23.3
Percentage change.....	-1.63	-0.03	0.14	0.08	0.07	0.15	0.17	0.05	0.14	0.08	0.03
TRANSPORTATION EQUIPMENT.....	63.1	62.9	63.6	64.6	65.3	66.0	66.7	67.5	68.2	69.1	69.9
Percentage change.....	-1.51	-0.29	1.12	1.51	1.10	1.06	1.13	1.16	1.12	1.23	1.18
FURNITURE.....	19.1	18.9	18.7	18.5	18.2	18.0	17.8	17.6	17.3	17.1	16.9
Percentage change.....	-1.51	-1.31	-0.97	-0.90	-1.42	-1.19	-1.31	-1.27	-1.39	-1.33	-1.26
MISCELLANEOUS DURABLES.....	15.1	14.9	14.7	14.5	14.3	14.0	13.8	13.5	13.3	13.0	12.8
Percentage change.....	-1.22	-1.42	-1.19	-1.26	-1.56	-2.07	-1.66	-1.79	-1.72	-1.83	-1.49

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Table 7: Tennessee Nondurable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL NONDURABLE GOODS.....	152.1	149.8	147.8	145.8	144.0	142.2	140.4	138.5	136.6	134.8	133.1
Percentage change.....	-1.53	-1.48	-1.34	-1.36	-1.27	-1.25	-1.26	-1.34	-1.37	-1.31	-1.27
FOOD.....	34.5	34.7	34.7	34.7	34.7	34.7	34.8	34.8	34.7	34.8	34.8
Percentage change.....	0.51	0.50	0.10	0.05	0.03	-0.01	0.08	-0.02	-0.06	0.07	0.03
BEVERAGE & TOBACCO.....	5.1	5.0	4.9	4.8	4.6	4.5	4.4	4.2	4.1	3.9	3.8
Percentage change.....	-4.12	-1.97	-2.71	-2.71	-3.13	-2.82	-2.76	-3.36	-3.29	-3.46	-2.98
TEXTILE MILLS.....	5.2	4.6	4.2	3.9	3.6	3.3	3.0	2.8	2.6	2.4	2.2
Percentage change.....	-8.35	-11.34	-8.31	-7.52	-7.68	-7.76	-7.63	-8.00	-8.06	-7.63	-7.68
TEXTILE PRODUCT MILLS.....	4.0	3.9	3.9	3.8	3.7	3.7	3.6	3.5	3.5	3.4	3.4
Percentage change.....	-1.33	-1.49	-1.94	-2.02	-1.89	-1.79	-1.75	-1.71	-1.67	-1.62	-1.64
APPAREL.....	7.5	7.0	6.5	6.0	5.6	5.2	4.9	4.5	4.2	3.9	3.6
Percentage change.....	-9.86	-7.04	-7.13	-7.04	-6.00	-7.02	-7.21	-7.07	-7.13	-7.19	-7.11
PAPER.....	19.4	19.3	19.3	19.3	19.3	19.2	19.2	19.2	19.2	19.2	19.2
Percentage change.....	1.65	-0.50	0.04	0.00	-0.11	-0.27	0.10	0.03	-0.08	-0.20	-0.09
PRINTING & RELATED SUPPORT.....	18.2	17.9	17.6	17.3	17.0	16.8	16.5	16.1	15.7	15.3	15.0
Percentage change.....	-3.88	-1.58	-1.51	-1.63	-1.57	-1.33	-1.90	-2.20	-2.44	-2.50	-2.47
CHEMICALS.....	26.7	26.0	25.4	24.8	24.3	23.7	23.2	22.6	22.1	21.6	21.2
Percentage change.....	-2.03	-2.58	-2.22	-2.25	-2.26	-2.26	-2.29	-2.34	-2.32	-2.21	-2.22
PLASTICS & RUBBER.....	29.3	29.3	29.2	29.1	29.0	29.0	28.9	28.8	28.7	28.6	28.5
Percentage change.....	-0.23	-0.04	-0.13	-0.41	-0.20	-0.14	-0.28	-0.33	-0.40	-0.43	-0.48
MISCELLANEOUS NONDURABLE GOODS...	2.3	2.3	2.2	2.1	2.0	2.0	1.9	1.8	1.8	1.7	1.6
Percentage change.....	2.77	-2.72	-3.06	-3.05	-3.17	-3.04	-3.59	-3.85	-4.19	-4.28	-4.31

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Table 8: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL NONFARM.....	33641	34359	35044	35602	36212	36802	37385	37959	38536	39106	39703
Percentage change.....	2.62	2.13	2.00	1.59	1.71	1.63	1.58	1.54	1.52	1.48	1.53
NATURAL RESOURCES & MINING.....	42597	42828	43879	44869	45826	46703	47493	48228	48925	49580	50188
Percentage change.....	17.68	0.54	2.45	2.26	2.13	1.91	1.69	1.55	1.45	1.34	1.23
CONSTRUCTION.....	38553	39812	41167	41876	42549	43312	44013	44667	45379	46089	46794
Percentage change.....	8.71	3.27	3.40	1.72	1.61	1.79	1.62	1.48	1.59	1.57	1.53
MANUFACTURING.....	40241	41301	42482	43571	44710	45783	46895	47887	48947	49988	51092
Percentage change.....	4.05	2.63	2.86	2.56	2.61	2.40	2.43	2.12	2.21	2.13	2.21
DURABLE GOODS.....	39450	40375	41455	42618	43782	44891	45908	46824	47863	48862	49910
Percentage change.....	4.38	2.35	2.67	2.81	2.73	2.53	2.27	2.00	2.22	2.09	2.14
NONDURABLE GOODS.....	41549	42853	44232	45224	46341	47378	48684	49845	50974	52128	53376
Percentage change.....	3.57	3.14	3.22	2.24	2.47	2.24	2.76	2.39	2.27	2.26	2.39
TRADE, TRANSPORTATION, UTILITIES.....	32118	32937	33619	34130	34591	35024	35451	35867	36295	36712	37159
Percentage change.....	2.06	2.55	2.07	1.52	1.35	1.25	1.22	1.17	1.19	1.15	1.22
WHOLESALE TRADE.....	46225	47436	48435	49296	50278	51259	52252	53220	54281	55317	56409
Percentage change.....	2.78	2.62	2.10	1.78	1.99	1.95	1.94	1.85	1.99	1.91	1.97
RETAIL TRADE.....	22577	23021	23377	23605	23765	23897	24016	24122	24233	24337	24461
Percentage change.....	0.75	1.97	1.55	0.97	0.68	0.55	0.50	0.44	0.46	0.43	0.51
TRANSPORTATION & UTILITIES.....	41280	42698	44023	45050	45845	46645	47429	48190	48981	49768	50590
Percentage change.....	3.56	3.44	3.10	2.33	1.77	1.74	1.68	1.60	1.64	1.61	1.65
INFORMATION.....	41414	42381	43424	44486	45532	46631	47583	48737	49804	50973	51975
Percentage change.....	4.57	2.33	2.46	2.45	2.35	2.41	2.04	2.42	2.19	2.35	1.97
FINANCIAL ACTIVITIES.....	48017	49116	50249	51264	52076	52808	53451	54041	54598	55204	55853
Percentage change.....	5.22	2.29	2.31	2.02	1.59	1.40	1.22	1.10	1.03	1.11	1.18
PROFESSIONAL & BUSINESS SERVICES.....	36079	37200	38377	39153	39982	40740	41530	42346	43239	44006	44798
Percentage change.....	4.40	3.11	3.17	2.02	2.12	1.90	1.94	1.96	2.11	1.77	1.80
EDUCATION & HEALTH SERVICES.....	35365	36020	36597	37113	37815	38582	39343	40179	40888	41698	42599
Percentage change.....	0.59	1.85	1.60	1.41	1.89	2.03	1.97	2.12	1.77	1.98	2.16
LEISURE & HOSPITALITY.....	15949	16088	16236	16373	16491	16588	16662	16725	16782	16831	16872
Percentage change.....	2.75	0.87	0.92	0.84	0.72	0.59	0.45	0.38	0.34	0.30	0.24
OTHER SERVICES.....	30096	30883	31634	32111	32522	32885	33228	33601	34016	34381	34764
Percentage change.....	2.24	2.62	2.43	1.51	1.28	1.12	1.04	1.12	1.24	1.07	1.11
GOVERNMENT.....	31144	31371	31421	31630	32084	32537	32961	33386	33827	34291	34746
Percentage change.....	-0.53	0.73	0.16	0.66	1.43	1.41	1.30	1.29	1.32	1.37	1.33
FEDERAL, CIVILIAN.....	52500	52850	53536	54171	55052	55886	56671	57437	58241	59130	59899
Percentage change.....	0.96	0.67	1.30	1.19	1.63	1.52	1.40	1.35	1.40	1.53	1.30
STATE & LOCAL.....	28348	28623	28664	28892	29344	29800	30232	30669	31120	31582	32050
Percentage change.....	-0.65	0.97	0.14	0.80	1.56	1.55	1.45	1.45	1.47	1.49	1.48

Table 9: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (current dollars)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL NONFARM.....	38551	40154	41753	43219	44772	46373	48047	49765	51528	53325	55217
Percentage change.....	5.47	4.16	3.98	3.51	3.59	3.58	3.61	3.58	3.54	3.49	3.55
NATURAL RESOURCES & MINING.....	48819	50051	52279	54469	56659	58849	61039	63229	65419	67608	69798
Percentage change.....	20.97	2.52	4.45	4.19	4.02	3.86	3.72	3.59	3.46	3.35	3.24
CONSTRUCTION.....	44179	46530	49048	50835	52606	54575	56565	58559	60676	62848	65078
Percentage change.....	11.70	5.32	5.41	3.64	3.48	3.74	3.65	3.52	3.62	3.58	3.55
MANUFACTURING.....	46115	48268	50615	52895	55278	57690	60272	62784	65451	68166	71058
Percentage change.....	6.94	4.67	4.86	4.50	4.51	4.36	4.48	4.17	4.25	4.15	4.24
DURABLE GOODS.....	45209	47187	49391	51738	54132	56564	59003	61391	64002	66631	69413
Percentage change.....	7.28	4.37	4.67	4.75	4.63	4.49	4.31	4.05	4.25	4.11	4.18
NONDURABLE GOODS.....	47614	50082	52700	54901	57296	59700	62571	65350	68161	71084	74235
Percentage change.....	6.44	5.18	5.23	4.18	4.36	4.20	4.81	4.44	4.30	4.29	4.43
TRADE, TRANSPORTATION, UTILITIES.....	36806	38493	40055	41432	42768	44132	45562	47023	48530	50061	51679
Percentage change.....	4.89	4.58	4.06	3.44	3.22	3.19	3.24	3.21	3.20	3.15	3.23
WHOLESALE TRADE.....	52972	55438	57706	59842	62163	64588	67154	69775	72581	75431	78452
Percentage change.....	5.63	4.65	4.09	3.70	3.88	3.90	3.97	3.90	4.02	3.93	4.01
RETAIL TRADE.....	25871	26904	27852	28654	29383	30111	30864	31624	32402	33185	34018
Percentage change.....	3.56	3.99	3.52	2.88	2.54	2.48	2.50	2.46	2.46	2.42	2.51
TRANSPORTATION & UTILITIES.....	47305	49901	52452	54689	56684	58775	60959	63178	65494	67868	70361
Percentage change.....	6.43	5.49	5.11	4.27	3.65	3.69	3.71	3.64	3.67	3.62	3.67
INFORMATION.....	47459	49530	51737	54005	56292	58756	61153	63894	66593	69505	72284
Percentage change.....	7.49	4.37	4.45	4.38	4.24	4.38	4.08	4.48	4.22	4.37	4.00
FINANCIAL ACTIVITIES.....	55025	57402	59869	62231	64385	66540	68695	70849	73004	75276	77678
Percentage change.....	8.14	4.32	4.30	3.95	3.46	3.35	3.24	3.14	3.04	3.11	3.19
PROFESSIONAL & BUSINESS SERVICES...	41343	43477	45724	47529	49432	51334	53373	55517	57815	60006	62301
Percentage change.....	7.30	5.16	5.17	3.95	4.00	3.85	3.97	4.02	4.14	3.79	3.83
EDUCATION & HEALTH SERVICES.....	40526	42095	43603	45053	46752	48615	50563	52674	54674	56861	59244
Percentage change.....	3.39	3.87	3.58	3.32	3.77	3.98	4.01	4.17	3.80	4.00	4.19
LEISURE & HOSPITALITY.....	18276	18801	19344	19876	20389	20901	21414	21926	22439	22951	23464
Percentage change.....	5.60	2.87	2.89	2.75	2.58	2.51	2.45	2.39	2.34	2.28	2.23
OTHER SERVICES.....	34488	36091	37689	38980	40208	41436	42704	44052	45483	46881	48347
Percentage change.....	5.08	4.65	4.43	3.43	3.15	3.05	3.06	3.16	3.25	3.07	3.13
GOVERNMENT.....	35690	36661	37435	38396	39668	41000	42362	43770	45232	46759	48323
Percentage change.....	2.24	2.72	2.11	2.57	3.31	3.36	3.32	3.32	3.34	3.38	3.35
FEDERAL, CIVILIAN.....	60160	61765	63784	65761	68066	70421	72834	75303	77878	80631	83306
Percentage change.....	3.78	2.67	3.27	3.10	3.50	3.46	3.43	3.39	3.42	3.54	3.32
STATE & LOCAL.....	32486	33450	34150	35073	36281	37551	38855	40207	41611	43066	44574
Percentage change.....	2.12	2.97	2.09	2.70	3.44	3.50	3.47	3.48	3.49	3.50	3.50

Table 10: Tennessee Civilian Labor Force and Unemployment Rate, Seasonally Adjusted

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CIVILIAN LABOR FORCE (THOUS).....	2979	3045	3081	3115	3154	3192	3227	3265	3302	3341	3378
Percentage change.....	2.40	2.22	1.15	1.14	1.25	1.20	1.09	1.17	1.15	1.17	1.12
EMPLOYED PERSONS (THOUS).....	2824	2898	2929	2964	2998	3033	3066	3103	3139	3176	3211
Percentage change.....	2.80	2.59	1.10	1.19	1.13	1.19	1.08	1.20	1.16	1.17	1.12
UNEMPLOYED PERSONS (THOUS).....	155	148	151	151	157	159	161	162	163	165	167
Percentage change.....	-4.36	-4.66	2.28	0.06	3.62	1.40	1.28	0.70	0.95	1.15	1.12
PARTICIPATION RATE (PERCENT).....	62.9	63.6	63.7	63.8	64.0	64.2	64.4	64.6	64.8	65.0	65.2
Percentage change.....	1.36	1.16	0.16	0.19	0.34	0.31	0.23	0.34	0.32	0.33	0.26
UNEMPLOYMENT RATE (PERCENT).....	5.2	4.8	4.9	4.9	5.0	5.0	5.0	5.0	5.0	4.9	5.0

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Table 11: Tennessee Taxable Sales, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL TAXABLE SALES.....	79432	81156	83798	86462	89349	92281	95241	98345	101472	104785	108242
Percentage change.....	1.98	2.17	3.25	3.18	3.34	3.28	3.21	3.26	3.18	3.26	3.30
AUTO DEALERS.....	8045	7780	7871	8033	8248	8433	8634	8914	9167	9434	9752
Percentage change.....	-4.83	-3.29	1.17	2.06	2.68	2.24	2.38	3.24	2.84	2.91	3.37
PURCHASES FROM MANUFACTURERS.....	4117	4167	4202	4268	4362	4459	4569	4678	4788	4907	5035
Percentage change.....	-4.51	1.21	0.85	1.58	2.19	2.23	2.48	2.37	2.35	2.49	2.61
MISC DURABLE GOODS.....	15120	15733	16401	17172	18025	18905	19776	20691	21668	22700	23756
Percentage change.....	6.45	4.05	4.25	4.70	4.97	4.89	4.61	4.62	4.72	4.77	4.65
EATING AND DRINKING PLACES.....	7311	7555	7851	8150	8469	8791	9124	9470	9818	10184	10558
Percentage change.....	2.58	3.33	3.92	3.80	3.92	3.81	3.78	3.79	3.68	3.73	3.68
FOOD STORES.....	6709	6782	6839	6889	6944	6994	7039	7084	7127	7172	7216
Percentage change.....	0.39	1.09	0.83	0.74	0.79	0.71	0.65	0.64	0.61	0.63	0.61
LIQUOR STORES.....	475	489	512	525	538	551	563	577	590	603	617
Percentage change.....	7.03	2.97	4.61	2.58	2.47	2.37	2.33	2.33	2.25	2.29	2.25
HOTELS AND MOTELS.....	1896	1952	2029	2081	2132	2193	2243	2310	2362	2419	2473
Percentage change.....	3.44	2.97	3.93	2.58	2.44	2.84	2.32	2.96	2.26	2.41	2.24
OTHER RETAIL AND SERVICE.....	22925	23493	24378	25233	26135	27041	27969	28933	29899	30911	31942
Percentage change.....	1.72	2.48	3.77	3.51	3.57	3.47	3.43	3.45	3.34	3.38	3.34
MISC NONDURABLE GOODS.....	6383	6486	6693	6883	7083	7283	7486	7694	7902	8118	8337
Percentage change.....	0.96	1.62	3.20	2.83	2.92	2.82	2.78	2.79	2.70	2.74	2.69
TRANSPORTATION, COMMUNICATION.....	6451	6719	7022	7228	7413	7631	7837	7995	8152	8336	8557
Percentage change.....	7.93	4.15	4.51	2.94	2.56	2.95	2.70	2.01	1.96	2.26	2.64
PER CAPITA (\$.).....	13184	13353	13668	13981	14324	14668	15010	15367	15722	16098	16490
Percentage change.....	1.07	1.28	2.36	2.29	2.45	2.40	2.33	2.38	2.31	2.39	2.43

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Table 12: Tennessee Taxable Sales, Seasonally Adjusted (millions of current dollars)

January 2007

	Forecast Data										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL TAXABLE SALES.....	91024	94847	99841	104963	110472	116283	122408	128938	135686	142893	150542
Percentage change.....	4.80	4.20	5.27	5.13	5.25	5.26	5.27	5.33	5.23	5.31	5.35
AUTO DEALERS.....	9218	9092	9378	9752	10198	10626	11097	11687	12258	12865	13563
Percentage change.....	-2.15	-1.37	3.14	3.99	4.58	4.19	4.43	5.32	4.89	4.95	5.42
PURCHASES FROM MANUFACTURERS....	4717	4869	5006	5182	5393	5619	5873	6132	6401	6691	7001
Percentage change.....	-1.87	3.23	2.81	3.50	4.08	4.19	4.52	4.42	4.39	4.53	4.64
MISC DURABLE GOODS.....	17327	18387	19542	20846	22286	23822	25418	27128	28974	30957	33040
Percentage change.....	9.38	6.11	6.28	6.68	6.91	6.89	6.70	6.73	6.81	6.84	6.73
EATING AND DRINKING PLACES.....	8379	8830	9354	9893	10471	11078	11726	12416	13128	13887	14684
Percentage change.....	5.43	5.38	5.94	5.76	5.84	5.80	5.85	5.88	5.74	5.78	5.74
FOOD STORES.....	7688	7926	8148	8363	8585	8812	9046	9288	9530	9780	10035
Percentage change.....	3.19	3.09	2.79	2.65	2.66	2.64	2.66	2.67	2.61	2.62	2.61
LIQUOR STORES.....	544	572	610	637	665	694	724	756	788	822	858
Percentage change.....	9.99	5.02	6.64	4.51	4.36	4.33	4.37	4.39	4.29	4.32	4.29
HOTELS AND MOTELS.....	2173	2282	2417	2527	2636	2763	2883	3028	3158	3298	3439
Percentage change.....	6.30	5.03	5.94	4.52	4.33	4.81	4.36	5.03	4.29	4.44	4.27
OTHER RETAIL AND SERVICE.....	26271	27457	29046	30633	32314	34075	35948	37934	39981	42154	44426
Percentage change.....	4.55	4.51	5.79	5.46	5.49	5.45	5.50	5.53	5.40	5.43	5.39
MISC NONDURABLE GOODS.....	7314	7580	7975	8355	8758	9178	9621	10088	10566	11070	11595
Percentage change.....	3.77	3.63	5.21	4.77	4.82	4.79	4.83	4.86	4.74	4.77	4.74
TRANSPORTATION, COMMUNICATION.....	7392	7852	8366	8775	9165	9616	10072	10482	10901	11368	11900
Percentage change.....	10.84	6.24	6.54	4.88	4.45	4.92	4.74	4.07	4.00	4.28	4.68
PER CAPITA (\$)......	15108	15605	16284	16972	17710	18483	19291	20148	21023	21953	22934
Percentage change.....	3.87	3.29	4.35	4.22	4.35	4.36	4.37	4.44	4.34	4.42	4.47

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Table 13: Tennessee Gross Domestic Product by Sector (millions of 2000 dollars)

January 2007

	Forecast Data											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GROSS STATE PRODUCT.....	208534	215009	220885	228129	235736	243723	252079	261074	270499	280340	290390	301031
Percentage Change.....	3.10	3.10	2.73	3.28	3.33	3.39	3.43	3.57	3.61	3.64	3.59	3.66
AGRICULTURE, FORESTRY, FISHING & HUNTING.....	1216	1195	1173	1156	1133	1118	1100	1089	1073	1062	1049	1038
Percentage Change.....	10.51	-1.68	-1.82	-1.51	-1.99	-1.27	-1.62	-1.02	-1.48	-1.00	-1.25	-1.06
MINING.....	375	375	374	375	375	375	375	376	377	377	377	377
Percentage Change.....	-4.34	-0.06	-0.11	0.08	0.03	0.12	0.00	0.17	0.23	0.14	0.00	-0.08
CONSTRUCTION.....	7219	7361	7398	7605	7825	8025	8227	8447	8667	8887	9125	9363
Percentage Change.....	2.35	1.96	0.51	2.79	2.90	2.55	2.52	2.67	2.61	2.54	2.68	2.60
MANUFACTURING.....	43359	45016	46469	48370	50338	52437	54702	57144	59860	62848	65771	68900
Percentage Change.....	2.38	3.82	3.23	4.09	4.07	4.17	4.32	4.47	4.75	4.99	4.65	4.76
DURABLE GOODS.....	28321	29829	31241	33008	34858	36825	38958	41279	43863	46723	49516	52532
Percentage Change.....	3.23	5.32	4.73	5.66	5.60	5.64	5.79	5.96	6.26	6.52	5.98	6.09
NONDURABLE GOODS.....	15038	15186	15228	15362	15480	15613	15743	15866	15997	16125	16256	16368
Percentage Change.....	0.80	0.99	0.27	0.88	0.77	0.86	0.84	0.78	0.83	0.80	0.81	0.69
TRADE, TRANSPORTATION, UTILITIES.....	44148	45660	46672	48357	50143	52035	53944	55966	57997	60193	62424	64795
Percentage Change.....	3.03	3.42	2.22	3.61	3.69	3.77	3.67	3.75	3.63	3.79	3.71	3.80
WHOLESALE TRADE.....	14489	14997	15087	15754	16469	17192	17899	18686	19451	20271	21119	22067
Percentage Change.....	0.72	3.51	0.60	4.42	4.54	4.39	4.11	4.40	4.09	4.22	4.18	4.49
RETAIL TRADE.....	18716	19371	19973	20654	21383	22151	22955	23793	24630	25551	26487	27451
Percentage Change.....	4.12	3.50	3.11	3.41	3.53	3.59	3.63	3.65	3.52	3.74	3.66	3.64
TRANSPORTATION & UTILITIES.....	10944	11292	11612	11949	12290	12692	13091	13487	13916	14370	14818	15278
Percentage Change.....	4.34	3.18	2.83	2.90	2.86	3.27	3.14	3.03	3.18	3.26	3.12	3.10
INFORMATION.....	8068	8620	9128	9686	10308	10929	11691	12477	13326	14172	15060	16075
Percentage Change.....	7.90	6.85	5.89	6.11	6.42	6.03	6.97	6.72	6.81	6.35	6.26	6.74
FINANCIAL ACTIVITIES.....	31671	32881	33966	35076	36228	37485	38774	40265	41828	43292	44816	46380
Percentage Change.....	2.02	3.82	3.30	3.27	3.29	3.47	3.44	3.85	3.88	3.50	3.52	3.49
PROFESSIONAL & BUSINESS SERVICES.....	21029	21695	22617	23601	24635	25682	26761	27893	29078	30294	31539	32895
Percentage Change.....	5.35	3.17	4.25	4.35	4.38	4.25	4.20	4.23	4.25	4.18	4.11	4.30
EDUCATION & HEALTH SERVICES.....	18121	18573	19134	19639	20145	20750	21331	21954	22533	23162	23829	24482
Percentage Change.....	6.39	2.49	3.02	2.64	2.58	3.00	2.80	2.92	2.64	2.79	2.88	2.74
LEISURE & HOSPITALITY.....	7986	8146	8308	8470	8640	8770	8904	9037	9171	9312	9478	9639
Percentage Change.....	4.27	2.00	1.99	1.95	2.01	1.51	1.52	1.50	1.48	1.54	1.78	1.70
OTHER SERVICES.....	5058	5082	5102	5124	5144	5162	5180	5196	5212	5229	5250	5271
Percentage Change.....	1.12	0.48	0.38	0.43	0.40	0.34	0.36	0.30	0.32	0.32	0.41	0.39
GOVERNMENT.....	20284	20405	20544	20672	20822	20955	21091	21231	21377	21510	21672	21817
Percentage Change.....	-0.26	0.60	0.68	0.63	0.72	0.64	0.65	0.66	0.69	0.63	0.75	0.67
FEDERAL.....	5146	5038	4930	4810	4685	4556	4450	4355	4265	4171	4086	4002
Percentage Change.....	-4.10	-2.09	-2.16	-2.43	-2.60	-2.74	-2.34	-2.12	-2.08	-2.20	-2.02	-2.06
STATE & LOCAL.....	15138	15367	15614	15862	16137	16398	16641	16876	17112	17339	17586	17814
Percentage Change.....	1.11	1.51	1.61	1.59	1.73	1.62	1.48	1.41	1.40	1.33	1.42	1.30

Table 14: Tennessee Durables Goods Manufacturing Gross Domestic Product (millions of 2000 dollars)

January 2007

	Forecast Data											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
DURABLE GOODS.....	28321	29829	31241	33008	34858	36825	38958	41279	43863	46723	49516	52532
Percentage Change.....	3.23	5.32	4.73	5.66	5.60	5.64	5.79	5.96	6.26	6.52	5.98	6.09
WOOD PRODUCTS.....	828	838	846	857	868	879	887	895	906	913	922	930
Percentage Change.....	-3.67	1.18	0.90	1.28	1.39	1.21	0.87	0.96	1.17	0.86	0.93	0.89
NONMETALLIC MINERAL PRODUCTS.....	1562	1598	1619	1641	1665	1689	1713	1737	1761	1786	1808	1834
Percentage Change.....	1.85	2.30	1.30	1.33	1.47	1.47	1.39	1.43	1.36	1.44	1.20	1.47
PRIMARY METALS.....	1205	1246	1285	1328	1374	1422	1472	1517	1570	1622	1677	1733
Percentage Change.....	2.99	3.44	3.11	3.30	3.53	3.49	3.47	3.06	3.50	3.31	3.38	3.33
FABRICATED METAL PRODUCTS.....	3492	3587	3662	3761	3870	3971	4086	4200	4322	4444	4572	4701
Percentage Change.....	2.00	2.72	2.09	2.70	2.89	2.61	2.88	2.80	2.90	2.83	2.87	2.81
MACHINERY.....	2886	2973	3036	3123	3211	3300	3382	3459	3545	3630	3726	3826
Percentage Change.....	0.99	3.00	2.13	2.87	2.82	2.77	2.46	2.28	2.49	2.40	2.64	2.69
COMPUTER & ELECTRONIC PRODUCTS.....	6478	7318	8196	9132	10126	11191	12429	13848	15471	17304	19047	20951
Percentage Change.....	8.37	12.96	12.00	11.42	10.88	10.52	11.06	11.42	11.72	11.85	10.07	10.00
ELECTRICAL EQUIPMENT, APPLIANCES AND COMPONENTS.....	2695	2809	2893	3028	3171	3312	3447	3592	3730	3898	4080	4258
Percentage Change.....	2.81	4.24	3.00	4.67	4.72	4.45	4.06	4.21	3.84	4.49	4.69	4.36
TRANSPORTATION EQUIPMENT.....	6685	6933	7140	7526	7911	8354	8801	9243	9730	10252	10769	11332
Percentage Change.....	3.67	3.71	2.99	5.41	5.11	5.60	5.35	5.03	5.26	5.37	5.04	5.23
FURNITURE.....	845	841	838	842	847	851	855	859	863	868	872	876
Percentage Change.....	-1.99	-0.50	-0.30	0.49	0.54	0.52	0.45	0.48	0.45	0.53	0.51	0.47
MISCELLANEOUS DURABLE GOODS.....	1644	1686	1725	1770	1814	1854	1889	1928	1966	2006	2044	2090
Percentage Change.....	-2.07	2.53	2.34	2.58	2.52	2.20	1.86	2.09	1.95	2.02	1.91	2.27

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Table 15: Tennessee Nondurable Goods Manufacturing Gross Domestic Product (millions of 2000 dollars)

January 2007

	Forecast Data											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL NONDURABLE GOODS.....	15038	15186	15228	15362	15480	15613	15743	15866	15997	16125	16256	16368
Percentage Change.....	0.80	0.99	0.27	0.88	0.77	0.86	0.84	0.78	0.83	0.80	0.81	0.69
FOOD AND BEVERAGE & TOBACCO.....	4664	4683	4697	4706	4717	4720	4727	4722	4728	4734	4743	4740
Percentage Change.....	0.40	0.42	0.30	0.18	0.23	0.07	0.14	-0.09	0.11	0.13	0.20	-0.06
TEXTILE MILLS AND TEXTILE PRODUCT MILLS.....	686	694	692	698	704	711	717	722	725	726	729	729
Percentage Change.....	0.21	1.16	-0.29	0.84	0.79	1.02	0.91	0.68	0.43	0.08	0.42	0.05
APPAREL.....	526	519	511	511	511	512	512	512	512	505	500	488
Percentage Change.....	-0.08	-1.28	-1.50	0.00	0.04	0.11	0.10	-0.05	-0.03	-1.32	-1.01	-2.51
PAPER.....	1977	2030	2061	2103	2145	2207	2267	2333	2399	2468	2537	2611
Percentage Change.....	1.02	2.70	1.49	2.05	2.01	2.89	2.72	2.91	2.82	2.90	2.79	2.90
PRINTING & RELATED SUPPORT.....	1248	1228	1204	1214	1223	1228	1231	1237	1239	1242	1244	1247
Percentage Change.....	-1.36	-1.55	-2.02	0.87	0.75	0.42	0.20	0.48	0.18	0.23	0.20	0.21
CHEMICALS.....	3491	3539	3546	3563	3570	3575	3577	3577	3583	3590	3593	3598
Percentage Change.....	1.05	1.36	0.21	0.48	0.19	0.13	0.07	0.00	0.16	0.20	0.09	0.12
PLASTICS & RUBBER.....	2345	2390	2414	2462	2505	2554	2605	2654	2702	2749	2796	2842
Percentage Change.....	2.59	1.91	0.99	2.02	1.74	1.94	2.01	1.87	1.82	1.74	1.71	1.66
MISCELLANEOUS NONDURABLE GOODS.....	101	102	103	104	105	106	107	108	110	112	113	114
Percentage Change.....	1.06	1.18	0.50	1.07	0.91	1.04	0.98	1.26	1.46	1.53	0.96	0.82

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Appendix B: Historical Data

In this section...

Appendix B: Historical Data

Quarterly *QH1 to QH20 (2003Q3 to 2006Q3)*
Annual *AH1 to AH15 (1994 to 2005)*

Quarterly History Tables

Table 1:	Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted	QH1
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Table 4:	Tennessee Personal Income Components, Seasonally Adjusted (millions of current dollars)	QH4
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Annual History Tables

Table 1:	Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted	AH1
Table 2:	Selected Per Capita U.S. and Tennessee Economic Indicators, Seasonally Adjusted	AH2
Table 3:	Tennessee Personal Income Components, Seasonally Adjusted (millions of 2000 dollars)	AH3
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Table 5:	Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)	AH5
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Table 1: Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
US GDP (Bil2000\$) SAAR.....	10398.7	10467.0	10566.3	10671.5	10753.3	10822.9	10913.8	11001.8	11115.1	11163.8	11316.4	11388.1	11443.5	10301.1	10703.5	11048.6
% Chg Prev Qtr SAAR.....	7.49	2.65	3.85	4.04	3.10	2.61	3.40	3.26	4.18	1.76	5.58	2.56	1.96	2.51	3.91	3.22
% Chg Same Qtr Last Yr.....	3.05	3.68	4.35	4.49	3.41	3.40	3.29	3.10	3.36	3.15	3.69	3.51	2.95	2.51	3.91	3.22
US GDP (Bil\$) SAAR.....	11086.1	11219.5	11430.9	11649.3	11799.4	11970.3	12173.2	12346.1	12573.5	12730.5	13008.4	13197.3	13322.6	10960.8	11712.5	12455.8
% Chg Prev Qtr SAAR.....	9.73	4.90	7.75	7.86	5.25	5.92	6.95	5.80	7.57	5.09	9.02	5.94	3.85	4.69	6.86	6.35
% Chg Same Qtr Last Yr.....	5.31	5.93	6.77	7.55	6.43	6.69	6.49	5.98	6.56	6.35	6.86	6.89	5.96	4.69	6.86	6.35
CHAINED PRICE INDEX, GDP (2000=100.0).....	106.6	107.2	108.2	109.2	109.7	110.6	111.6	112.2	113.1	114.0	115.0	115.9	116.4	106.4	109.4	112.7
% Chg Prev Qtr SAAR.....	2.05	2.22	3.73	3.68	2.11	3.19	3.47	2.43	3.28	3.25	3.26	3.30	1.88	2.13	2.84	3.03
% Chg Same Qtr Last Yr.....	2.17	2.17	2.32	2.92	2.93	3.18	3.11	2.80	3.09	3.11	3.06	3.28	2.92	2.13	2.84	3.03
US PERS CONSUMP DEFL (2000=100.0).....	105.9	106.2	107.2	108.2	108.7	109.5	110.1	110.9	112.1	112.9	113.4	114.6	115.2	105.6	108.4	111.5
% Chg Prev Qtr SAAR.....	2.36	1.49	3.66	3.60	1.87	3.05	2.27	3.12	4.12	2.91	2.04	4.04	2.35	1.98	2.63	2.88
% Chg Same Qtr Last Yr.....	1.94	1.89	2.04	2.77	2.65	3.04	2.69	2.58	3.14	3.10	3.05	3.27	2.83	1.98	2.63	2.88
TN PERSONAL INCOME (MIL2000\$) SAAR.....	156822	158910	159031	160263	162006	163558	163804	164868	165867	167576	169043	170428	170253	156838	161214	165529
% Chg Prev Qtr SAAR.....	0.91	5.43	0.30	3.13	4.42	3.89	0.60	2.63	2.44	4.19	3.55	3.32	-0.41	2.02	2.79	2.68
% Chg Same Qtr Last Yr.....	2.29	3.26	2.50	2.43	3.31	2.93	3.00	2.87	2.38	2.46	3.20	3.37	2.64	2.02	2.79	2.68
US PERSONAL INCOME (BIL2000\$) SAAR.....	8695	8792	8860	8914	8990	9152	9128	9159	9158	9288	9451	9433	9514	8678	8979	9183
% Chg Prev Qtr SAAR.....	1.71	4.57	3.09	2.46	3.45	7.43	-1.06	1.40	-0.08	5.81	7.19	-0.76	3.51	1.16	3.47	2.28
% Chg Same Qtr Last Yr.....	1.50	2.71	3.44	2.95	3.39	4.09	3.03	2.76	1.87	1.48	3.54	2.98	3.89	1.16	3.47	2.28
TN PERSONAL INCOME (MIL\$) SAAR.....	165998	168829	170484	173332	176033	179057	180333	182905	185880	189148	191771	195265	196264	165622	174727	184567
% Chg Prev Qtr SAAR.....	3.30	7.00	3.98	6.85	6.38	7.05	2.88	5.83	6.67	7.22	5.66	7.49	2.06	4.05	5.50	5.63
% Chg Same Qtr Last Yr.....	4.27	5.21	4.59	5.27	6.05	6.06	5.78	5.52	5.59	5.64	6.34	6.76	5.59	4.05	5.50	5.63
US PERSONAL INCOME (BIL\$) SAAR.....	9204	9341	9498	9641	9768	10019	10049	10162	10263	10484	10721	10807	10965	9164	9731	10239
% Chg Prev Qtr SAAR.....	4.11	6.12	6.87	6.15	5.39	10.70	1.18	4.56	4.04	8.90	9.38	3.24	5.95	3.17	6.20	5.22
% Chg Same Qtr Last Yr.....	3.46	4.66	5.55	5.81	6.13	7.26	5.80	5.40	5.07	4.63	6.69	6.36	6.84	3.17	6.20	5.22
TN NONFARM JOBS (THOUS).....	2657.0	2671.4	2693.4	2697.5	2710.9	2722.6	2727.5	2741.9	2747.2	2758.1	2765.0	2777.2	2780.3	2662.7	2706.1	2743.7
% Chg Prev Qtr SAAR.....	-0.40	2.18	3.33	0.61	2.00	1.74	0.73	2.12	0.79	1.60	1.00	1.78	0.45	-0.07	1.63	1.39
% Chg Same Qtr Last Yr.....	-0.49	0.05	1.15	1.42	2.03	1.92	1.27	1.65	1.34	1.31	1.38	1.29	1.20	-0.07	1.63	1.39
US NONFARM JOBS (MIL).....	129.8	130.2	130.6	131.3	131.6	132.2	132.7	133.2	133.7	134.2	134.7	135.1	135.6	130.0	131.4	133.5
% Chg Prev Qtr SAAR.....	-0.01	1.09	1.18	2.18	0.99	1.96	1.37	1.62	1.57	1.24	1.68	1.21	1.39	-0.27	1.10	1.55
% Chg Same Qtr Last Yr.....	-0.31	-0.06	0.36	1.10	1.36	1.58	1.63	1.49	1.63	1.45	1.53	1.42	1.38	-0.27	1.10	1.55
TN UNEMPLOYMENT RATE (%).....	5.8	5.7	5.3	5.3	5.5	5.7	5.5	5.6	5.5	5.5	5.1	5.5	5.4	5.7	5.5	5.6
US UNEMPLOYMENT RATE (%).....	6.1	5.9	5.7	5.6	5.4	5.4	5.2	5.1	5.0	4.9	4.7	4.6	4.7	6.0	5.5	5.1
BANK PRIME INTEREST RATE (%).....	4.0	4.0	4.0	4.0	4.4	4.9	5.4	5.9	6.4	7.0	7.4	7.9	8.3	4.1	4.3	6.2

(CONTINUED ON NEXT PAGE)

Table 1: Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
CONSUMER PRICE INDEX, ALL-URBAN (82-84=1.000).....	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	1.8	1.9	2.0
FEDERAL FUNDS RATE (% per annum).....	1.017	0.997	1.003	1.010	1.433	1.950	2.470	2.943	3.460	3.980	4.457	4.907	5.247	1.128	1.349	3.213
30-YEAR FIXED MORTGAGE RATE (%).....	6.0	5.9	5.6	6.1	5.9	5.7	5.7	5.7	5.8	6.2	6.2	6.6	6.6	5.8	5.8	5.9
TN MFG JOBS (THOUS).....	409.8	411.7	410.0	412.2	413.4	411.5	412.1	409.8	407.0	405.6	406.6	404.2	402.0	413.2	411.8	408.6
% Chg Prev Qtr SAAR.....	-3.12	1.86	-1.61	2.15	1.17	-1.84	0.60	-2.28	-2.66	-1.33	0.94	-2.35	-2.13	-3.56	-0.35	-0.77
% Chg Same Qtr Last Yr.....	-4.52	-2.89	-1.98	-0.21	0.88	-0.05	0.51	-0.60	-1.55	-1.43	-1.34	-1.36	-1.23	-3.56	-0.35	-0.77
US MFG JOBS (MIL).....	14.4	14.3	14.3	14.3	14.3	14.3	14.3	14.2	14.2	14.2	14.2	14.2	14.2	14.5	14.3	14.2
% Chg Prev Qtr SAAR.....	-4.87	-1.66	-0.75	1.23	0.19	-0.81	-1.02	-0.67	-1.08	0.08	0.43	0.55	-0.43	-4.91	-1.32	-0.56
% Chg Same Qtr Last Yr.....	-5.35	-4.50	-3.40	-1.54	-0.26	-0.04	-0.11	-0.58	-0.90	-0.68	-0.31	-0.01	0.16	-4.91	-1.32	-0.56
TN TAXABLE SALES (MIL2000\$).....	18648	18667	18767	18629	18763	18905	19296	19340	19510	19747	19828	19872	19788	73314	75065	77892
% Chg Prev Qtr SAAR.....	10.40	0.40	2.18	-2.92	2.91	3.06	8.53	0.91	3.58	4.94	1.65	0.90	-1.68	1.47	2.39	3.77
% Chg Same Qtr Last Yr.....	5.88	2.98	5.39	2.40	0.62	1.28	2.82	3.81	3.98	4.45	2.76	2.75	1.43	1.47	2.39	3.77
TN TAXABLE SALES (MIL\$).....	19739	19832	20119	20148	20388	20697	21243	21455	21864	22289	22494	22768	22812	77423	81351	86851
% Chg Prev Qtr SAAR.....	13.01	1.89	5.92	0.58	4.84	6.20	10.99	4.06	7.85	8.00	3.73	4.97	0.76	3.49	5.07	6.76
% Chg Same Qtr Last Yr.....	7.93	4.93	7.54	5.24	3.29	4.36	5.59	6.49	7.24	7.69	5.89	6.12	4.33	3.49	5.07	6.76
TN AVG ANNUAL WAGE, NONFARM (2000\$).....	32393	32739	32539	32752	33058	32942	32701	32618	32793	33013	33482	33666	33545	32355	32823	32781
% Chg Prev Qtr SAAR.....	1.12	4.34	-2.42	2.64	3.79	-1.39	-2.90	-1.01	2.17	2.71	5.79	2.22	-1.43	1.34	1.44	-0.13
% Chg Same Qtr Last Yr.....	1.94	2.94	1.73	1.39	2.05	0.62	0.50	-0.41	-0.80	0.22	2.39	3.21	2.29	1.34	1.44	-0.13
TN AVG ANNUAL WAGE, NONFARM (\$).....	34289	34783	34882	35423	35920	36064	36000	36186	36750	37263	37983	38572	38670	34167	35572	36550
% Chg Prev Qtr SAAR.....	3.51	5.89	1.15	6.34	5.73	1.62	-0.70	2.08	6.39	5.70	7.96	6.35	1.01	3.35	4.11	2.75
% Chg Same Qtr Last Yr.....	3.91	4.89	3.80	4.20	4.76	3.68	3.21	2.15	2.31	3.33	5.51	6.59	5.22	3.35	4.11	2.75

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Table 2: Selected Per Capita U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
US GDP (2000\$) SAAR.....	35626	35780	36040	36309	36490	36645	36877	37088	37385	37464	37891	38046	38146	35342	36372	37204
% Chg Prev Qtr SAAR.....	6.32	1.74	2.94	3.01	2.00	1.71	2.56	2.31	3.24	0.85	4.63	1.64	1.06	1.51	2.91	2.29
% Chg Same Qtr Last Yr.....	2.04	2.67	3.34	3.49	2.42	2.42	2.32	2.15	2.45	2.24	2.75	2.58	2.03	1.51	2.91	2.29
US GDP (\$) SAAR.....	37981	38352	38989	39636	40039	40530	41133	41620	42290	42722	43556	44090	44409	37606	39800	41943
% Chg Prev Qtr SAAR.....	8.54	3.96	6.81	6.80	4.13	4.99	6.09	4.82	6.60	4.15	8.05	4.99	2.93	3.66	5.84	5.38
% Chg Same Qtr Last Yr.....	4.27	4.91	5.75	6.52	5.42	5.68	5.50	5.01	5.62	5.41	5.89	5.93	5.01	3.66	5.84	5.38
TN PERSONAL INCOME (2000\$) SAAR.....	26765	27057	27014	27159	27380	27567	27534	27638	27744	27968	28150	28319	28227	26799	27280	27721
% Chg Prev Qtr SAAR.....	-0.04	4.43	-0.64	2.16	3.29	2.76	-0.48	1.52	1.54	3.27	2.64	2.41	-1.28	1.10	1.79	1.62
% Chg Same Qtr Last Yr.....	1.35	2.30	1.54	1.46	2.29	1.88	1.92	1.76	1.33	1.45	2.24	2.46	1.74	1.10	1.79	1.62
US PERSONAL INCOME (2000\$) SAAR.....	29789	30056	30219	30328	30505	30988	30842	30877	30802	31169	31644	31513	31715	29772	30511	30923
% Chg Prev Qtr SAAR.....	0.61	3.63	2.19	1.45	2.35	6.49	-1.87	0.46	-0.98	4.86	6.23	-1.65	2.59	0.17	2.48	1.35
% Chg Same Qtr Last Yr.....	0.51	1.72	2.44	1.96	2.40	3.10	2.06	1.81	0.97	0.59	2.60	2.06	2.97	0.17	2.48	1.35
TN PERSONAL INCOME (\$) SAAR.....	28331	28746	28959	29374	29750	30179	30312	30661	31091	31568	31935	32446	32540	28299	29566	30908
% Chg Prev Qtr SAAR.....	2.32	5.99	3.00	5.85	5.23	5.89	1.77	4.69	5.73	6.28	4.74	6.55	1.17	3.11	4.47	4.54
% Chg Same Qtr Last Yr.....	3.31	4.24	3.61	4.27	5.01	4.98	4.67	4.38	4.51	4.60	5.35	5.82	4.66	3.11	4.47	4.54
US PERSONAL INCOME (\$) SAAR.....	31532	31932	32395	32801	33146	33924	33954	34255	34518	35182	35899	36105	36549	31440	33068	34479
% Chg Prev Qtr SAAR.....	2.99	5.17	5.94	5.10	4.27	9.73	0.36	3.59	3.10	7.92	8.40	2.32	5.01	2.16	5.18	4.27
% Chg Same Qtr Last Yr.....	2.45	3.65	4.53	4.79	5.12	6.24	4.81	4.43	4.14	3.71	5.73	5.40	5.88	2.16	5.18	4.27
TN TAXABLE SALES (2000\$).....	3183	3178	3188	3157	3171	3186	3243	3242	3263	3296	3302	3302	3281	12527	12702	13044
% Chg Prev Qtr SAAR.....	9.36	-0.55	1.21	-3.83	1.80	1.95	7.36	-0.18	2.66	4.02	0.76	0.01	-2.54	0.54	1.40	2.69
% Chg Same Qtr Last Yr.....	4.91	2.03	4.41	1.43	-0.37	0.25	1.74	2.69	2.91	3.43	1.80	1.85	0.54	0.54	1.40	2.69
TN TAXABLE SALES (\$).....	3369	3377	3418	3414	3446	3488	3571	3597	3657	3720	3746	3783	3782	13229	13766	14544
% Chg Prev Qtr SAAR.....	11.94	0.92	4.92	-0.37	3.70	5.05	9.79	2.94	6.89	7.04	2.82	4.05	-0.12	2.55	4.06	5.66
% Chg Same Qtr Last Yr.....	6.94	3.96	6.54	4.25	2.27	3.31	4.48	5.34	6.14	6.64	4.90	5.19	3.42	2.55	4.06	5.66

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Table 3: Tennessee Personal Income Components, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Historical Data												Annual		
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
TOTAL PERSONAL INCOME.....	156822	158910	159031	160263	162006	163558	163804	164868	165867	167576	169043	170428	156838	161214	165529
% Chg Prev Qtr SAAR.....	0.91	5.43	0.30	3.13	4.42	3.89	0.60	2.63	2.44	4.19	3.55	3.32	2.02	2.79	2.68
% Chg Same Qtr Last Yr.....	2.29	3.26	2.50	2.43	3.31	2.93	3.00	2.87	2.38	2.46	3.20	3.37	2.02	2.79	2.68
WAGES AND SALARIES.....	86879	88269	88456	89158	90432	90511	90032	90268	90927	91896	93409	94311	86964	89640	90781
% Chg Prev Qtr SAAR.....	0.66	6.56	0.85	3.21	5.84	0.35	-2.10	1.05	2.95	4.33	6.75	3.92	1.39	3.08	1.27
% Chg Same Qtr Last Yr.....	1.56	3.11	2.89	2.79	4.09	2.54	1.78	1.24	0.55	1.53	3.75	4.48	1.39	3.08	1.27
OTHER LABOR INCOME.....	20726	20936	20852	20849	21034	21096	21318	21519	21722	22019	22191	22374	20680	20958	21645
% Chg Prev Qtr SAAR.....	1.02	4.11	-1.59	-0.07	3.60	1.19	4.27	3.83	3.83	5.59	3.16	3.34	7.13	1.34	3.28
% Chg Same Qtr Last Yr.....	6.33	4.87	2.30	0.85	1.48	0.76	2.23	3.21	3.27	4.38	4.10	3.98	7.13	1.34	3.28
PROPRIETORS INCOME.....	17388	17772	18296	18830	19116	19287	19744	19972	20372	20403	19905	19856	17302	18882	20123
% Chg Prev Qtr SAAR.....	5.94	9.13	12.34	12.20	6.21	3.63	9.81	4.71	8.25	0.62	-9.42	-0.97	1.36	9.14	6.57
% Chg Same Qtr Last Yr.....	1.46	2.42	8.21	9.87	9.94	8.53	7.91	6.06	6.57	5.79	0.82	-0.58	1.36	9.14	6.57
RENT, INTEREST, DIVIDENDS.....	19191	19512	18602	18437	18469	19372	18932	19073	19073	19586	19623	19991	19479	18720	19166
% Chg Prev Qtr SAAR.....	-7.28	6.86	-17.39	-3.50	0.69	21.05	-8.79	3.03	-0.01	11.20	0.76	7.72	-3.69	-3.89	2.38
% Chg Same Qtr Last Yr.....	-2.95	0.64	-5.35	-5.73	-3.76	-0.72	1.77	3.45	3.27	1.10	3.65	4.81	-3.69	-3.89	2.38
TRANSFER PAYMENTS.....	27296	27247	27723	27909	28012	28278	28797	29080	28899	28954	29587	29714	27084	27981	28932
% Chg Prev Qtr SAAR.....	4.04	-0.71	7.18	2.71	1.48	3.86	7.54	3.98	-2.46	0.76	9.04	1.73	4.09	3.31	3.40
% Chg Same Qtr Last Yr.....	5.05	3.79	3.58	3.26	2.62	3.78	3.87	4.19	3.17	2.39	2.74	2.18	4.09	3.31	3.40
LESS: PERS CONT FOR SOC INS.....	13331	13458	13559	13563	13672	13627	13738	13755	13821	13944	14314	14435	13339	13605	13815
% Chg Prev Qtr SAAR.....	-0.49	3.86	3.05	0.10	3.26	-1.33	3.30	0.51	1.94	3.60	11.03	3.45	1.13	2.00	1.54
RESIDENCE ADJUSTMENT.....	-1326	-1370	-1340	-1359	-1385	-1360	-1281	-1288	-1305	-1340	-1358	-1383	-1331	-1361	-1303
% Chg Prev Qtr SAAR.....	1.98	13.65	-8.22	5.70	7.85	-7.02	-21.37	2.31	5.51	10.86	5.74	7.31	-9.58	2.24	-4.24
% Chg Same Qtr Last Yr.....	-9.45	-8.41	2.35	2.97	4.42	-0.69	-4.45	-5.23	-5.75	-1.51	6.06	7.33	-9.58	2.24	-4.24
PER CAPITA PERSONAL INCOME (\$) % Chg Prev Qtr SAAR.....	26765	27057	27014	27159	27380	27567	27534	27638	27744	27968	28150	28319	26799	27280	27721
% Chg Same Qtr Last Yr.....	-0.04	4.43	-0.64	2.16	3.29	2.76	-0.48	1.52	1.54	3.27	2.64	2.41	1.10	1.79	1.62
% Chg Same Qtr Last Yr.....	1.35	2.30	1.54	1.46	2.29	1.88	1.92	1.76	1.33	1.45	2.24	2.46	1.10	1.79	1.62

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Table 4: Tennessee Personal Income Components, Seasonally Adjusted (millions of current dollars)

January 2007

	Historical Data												Annual			
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
TN PERSONAL INCOME.....	164657	165998	168829	170484	173332	176033	179057	180333	182905	185880	189148	191771	195265	165622	174727	184567
% Chg Prev Qtr SAAR.....	4.12	3.30	7.00	3.98	6.85	6.38	7.05	2.88	5.83	6.67	7.22	5.66	7.49	4.05	5.50	5.63
% Chg Same Qtr Last Yr.....	3.34	4.27	5.21	4.59	5.27	6.05	6.06	5.78	5.52	5.59	5.64	6.34	6.76	4.05	5.50	5.63
WAGES AND SALARIES.....	91277	91962	93779	94827	96429	98262	99088	99117	100143	101898	103726	105968	108055	91835	97152	101221
% Chg Prev Qtr SAAR.....	4.30	3.04	8.14	4.55	6.93	7.82	3.41	0.12	4.21	7.20	7.37	8.93	8.11	3.41	5.79	4.19
% Chg Same Qtr Last Yr.....	2.47	3.52	5.06	4.99	5.64	6.85	5.66	4.52	3.85	3.70	4.68	6.91	7.90	3.41	5.79	4.19
OTHER LABOR INCOME.....	21756	21939	22243	22354	22549	22855	23095	23469	23873	24343	24854	25175	25635	21838	22713	24135
% Chg Prev Qtr SAAR.....	6.52	3.41	5.66	2.01	3.54	5.54	4.27	6.64	7.07	8.11	8.66	5.27	7.51	9.24	4.01	6.26
% Chg Same Qtr Last Yr.....	9.70	8.39	6.86	4.38	3.64	4.18	3.83	4.99	5.87	6.51	7.62	7.27	7.38	9.24	4.01	6.26
PROPRIETORS INCOME.....	18036	18405	18881	19614	20366	20771	21115	21736	22157	22830	23030	22581	22750	18272	20467	22438
% Chg Prev Qtr SAAR.....	6.27	8.44	10.75	16.46	16.24	8.19	6.79	12.29	7.98	12.71	3.55	-7.57	3.03	3.37	12.01	9.63
% Chg Same Qtr Last Yr.....	3.72	3.43	4.36	10.41	12.92	12.86	11.83	10.82	8.79	9.91	9.07	3.89	2.68	3.37	12.01	9.63
RENT, INTEREST, DIVIDENDS.....	20581	20314	20730	19942	19941	20068	21208	20842	21160	21374	22107	22261	22904	20569	20290	21371
% Chg Prev Qtr SAAR.....	-1.31	-5.09	8.45	-14.36	-0.02	2.57	24.73	-6.73	6.24	4.11	14.44	2.82	12.06	-1.77	-1.36	5.33
% Chg Same Qtr Last Yr.....	-3.50	-1.07	2.54	-3.42	-3.11	-1.21	2.31	4.51	6.11	6.51	4.24	6.81	8.24	-1.77	-1.36	5.33
TRANSFER PAYMENTS.....	28442	28893	28948	29720	30185	30437	30958	31703	32261	32386	32681	33565	34044	28600	30325	32258
% Chg Prev Qtr SAAR.....	4.69	6.50	0.76	11.10	6.41	3.38	7.02	9.98	7.23	1.56	3.69	11.27	5.83	6.15	6.03	6.37
% Chg Same Qtr Last Yr.....	5.67	7.08	5.75	5.70	6.13	5.34	6.94	6.67	6.88	6.40	5.57	5.87	5.53	6.15	6.03	6.37
LESS: PERS CONT FOR SOC INS.....	14046	14111	14298	14536	14669	14856	14918	15124	15260	15489	15739	16238	16539	14086	14745	15403
% Chg Prev Qtr SAAR.....	4.66	1.86	5.41	6.83	3.71	5.20	1.68	5.64	3.65	6.14	6.61	13.30	7.62	3.14	4.68	4.46
% Chg Same Qtr Last Yr.....	2.60	3.31	4.07	4.67	4.44	5.28	4.34	4.05	4.03	4.26	5.50	7.37	8.38	3.14	4.68	4.46
RESIDENCE ADJUSTMENT.....	-1389	-1404	-1455	-1437	-1470	-1505	-1489	-1410	-1429	-1463	-1512	-1541	-1584	-1406	-1475	-1454
% Chg Prev Qtr SAAR.....	3.83	4.39	15.34	-4.86	9.51	9.87	-4.19	-19.59	5.50	9.86	14.09	7.90	11.64	-7.79	4.93	-1.47
% Chg Same Qtr Last Yr.....	-8.98	-7.69	-6.67	4.43	5.83	7.19	2.34	-1.88	-2.79	-2.79	1.54	9.29	10.85	-7.79	4.93	-1.47
PER CAPITA PERSONAL INCOME (\$).....	28170	28331	28746	28959	29374	29750	30179	30312	30661	31091	31568	31935	32446	28299	29566	30908
% Chg Prev Qtr SAAR.....	3.18	2.32	5.99	3.00	5.85	5.23	5.89	1.77	4.69	5.73	6.28	4.74	6.55	3.11	4.47	4.54
% Chg Same Qtr Last Yr.....	2.41	3.31	4.24	3.61	4.27	5.01	4.98	4.67	4.38	4.51	4.60	5.35	5.82	3.11	4.47	4.54

Table 5: Tennessee Nonfarm Employment by Sector, Not Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL NONFARM.....	2658.3	2693.5	2661.6	2705.9	2711.8	2745.0	2695.3	2750.8	2748.5	2780.4	2733.9	2784.7	2781.6	2662.7	2706.1	2743.7
% Chg Same Qtr Last Yr.....	-0.52	0.05	1.15	1.44	2.01	1.91	1.27	1.66	1.35	1.29	1.43	1.23	1.21	-0.07	1.63	1.39
NATURAL RESOURCES & MINING.....	4.23	4.13	4.03	4.17	4.10	3.97	4.03	4.23	4.13	4.10	4.13	4.30	4.30	4.2	4.1	4.1
% Chg Same Qtr Last Yr.....	-8.6	-6.1	-4.0	-3.1	-3.1	-4.0	0.0	1.6	0.8	3.4	2.5	1.6	4.0	-7.16	-3.56	1.43
CONSTRUCTION.....	118.77	116.97	112.07	118.43	120.23	117.60	114.27	121.70	124.50	121.30	117.97	125.03	127.77	115.4	117.1	120.4
% Chg Same Qtr Last Yr.....	0.79	0.86	2.38	1.81	1.23	0.54	1.96	2.76	3.55	3.15	3.24	2.74	2.62	0.36	1.47	2.87
MANUFACTURING.....	410.80	412.03	407.73	413.43	414.10	411.87	409.90	411.10	407.47	406.00	404.43	405.57	402.37	413.2	411.8	408.6
% Chg Same Qtr Last Yr.....	-4.55	-2.90	-1.97	-0.15	0.80	-0.04	0.53	-0.56	-1.60	-1.42	-1.33	-1.35	-1.25	-3.57	-0.34	-0.77
DURABLE GOODS.....	248.9	251.1	250.6	254.8	255.6	255.1	255.7	256.2	252.6	252.1	252.6	253.1	250.1	250.9	254.0	254.2
% Chg Same Qtr Last Yr.....	-3.97	-2.16	-0.62	1.37	2.69	1.59	2.05	0.56	-1.19	-1.16	-1.23	-1.21	-0.98	-3.15	1.25	0.06
NONDURABLE GOODS.....	161.87	160.97	157.13	158.67	158.47	156.80	154.17	154.90	154.87	153.90	151.83	152.47	152.23	162.3	157.8	154.5
% Chg Same Qtr Last Yr.....	-5.4	-4.0	-4.1	-2.5	-2.1	-2.6	-1.9	-2.4	-2.3	-1.8	-1.5	-1.6	-1.7	-4.20	-2.81	-2.10
TRADE, TRANSPORTATION, UTILITIES.....	577.30	592.03	576.90	583.70	586.60	604.13	584.77	594.90	597.53	615.07	597.90	605.13	607.50	578.7	587.8	598.1
% Chg Same Qtr Last Yr.....	0.07	0.42	1.07	1.55	1.61	2.04	1.36	1.92	1.86	1.81	2.25	1.72	1.67	0.34	1.58	1.74
WHOLESALE TRADE.....	125.93	126.03	125.63	127.70	128.93	129.87	128.97	130.27	131.00	131.97	131.00	132.13	132.70	126.6	128.0	130.6
% Chg Same Qtr Last Yr.....	-0.89	-1.74	-1.05	0.34	2.38	3.04	2.65	2.01	1.60	1.62	1.58	1.43	1.30	0.03	1.17	1.97
RETAIL TRADE.....	311.7	325.7	313.6	316.6	317.1	330.7	316.9	323.4	324.6	338.2	326.6	330.4	331.5	313.2	319.5	325.8
% Chg Same Qtr Last Yr.....	0.09	1.23	2.34	2.45	1.73	1.55	1.07	2.17	2.37	2.26	3.06	2.16	2.14	0.32	2.01	1.97
TRANSPORTATION & UTILITIES.....	139.70	140.33	137.70	139.43	140.60	143.57	138.87	141.20	141.97	144.93	140.27	142.57	143.30	139.0	140.3	141.7
% Chg Same Qtr Last Yr.....	0.9	0.5	0.2	0.7	0.6	2.3	0.8	1.3	1.0	1.0	1.0	1.0	0.9	0.66	0.97	1.01
INFORMATION.....	50.27	51.10	49.90	49.57	49.10	49.43	49.67	49.77	49.53	49.57	49.77	49.90	49.70	51.2	49.5	49.6
% Chg Same Qtr Last Yr.....	-4.74	-3.40	-3.92	-3.57	-2.32	-3.26	-0.47	0.40	0.88	0.27	0.20	0.27	0.34	-4.06	-3.27	0.27
FINANCIAL ACTIVITIES.....	140.53	141.20	140.60	141.50	142.30	143.30	141.80	143.53	144.03	144.63	142.83	144.50	144.93	139.8	141.9	143.5
% Chg Same Qtr Last Yr.....	1.76	1.85	1.81	1.48	1.26	1.49	0.85	1.44	1.22	0.93	0.73	0.67	0.62	1.21	1.51	1.11
PROFESSIONAL & BUSINESS SERVICES.....	287.5	294.3	291.6	299.9	305.1	313.5	303.8	309.7	312.1	320.0	309.2	314.3	315.6	287.5	302.5	311.4
% Chg Same Qtr Last Yr.....	-3.81	-0.28	3.22	5.03	6.12	6.51	4.20	3.26	2.27	2.09	1.78	1.50	1.13	-3.03	5.24	2.93
EDUCATION & HEALTH SERVICES.....	312.17	317.10	316.23	318.90	322.13	325.83	324.73	329.37	331.17	333.80	332.43	336.50	338.40	312.8	320.8	329.8
% Chg Same Qtr Last Yr.....	3.2	2.5	2.1	2.2	3.2	2.8	2.7	3.3	2.8	2.4	2.4	2.2	2.2	4.22	2.56	2.80
LEISURE & HOSPITALITY.....	254.80	246.07	239.03	258.77	262.97	253.83	246.60	268.43	272.03	263.30	255.93	277.23	280.77	246.6	253.7	262.6
% Chg Same Qtr Last Yr.....	1.85	2.07	2.49	2.52	3.21	3.16	3.17	3.74	3.45	3.73	3.78	3.28	3.21	2.86	2.85	3.53
OTHER SERVICES.....	102.23	101.70	101.70	102.27	101.93	100.87	100.03	102.20	102.10	101.50	100.80	102.97	102.97	102.2	101.7	101.5
% Chg Same Qtr Last Yr.....	-0.45	-1.07	0.03	-0.78	-0.29	-0.82	-1.64	-0.07	0.16	0.63	0.77	0.75	0.85	0.56	-0.46	-0.23
GOVERNMENT.....	399.6	416.9	421.8	415.2	403.2	420.7	415.6	415.9	403.9	421.1	418.4	419.2	407.3	411.1	415.2	414.1
% Chg Same Qtr Last Yr.....	0.65	-0.27	1.93	0.27	0.89	0.91	-1.45	0.15	0.17	0.10	0.67	0.81	0.85	0.21	1.00	-0.26
FEDERAL, CIVILIAN.....	50.67	50.57	51.03	50.63	49.63	49.40	49.07	49.53	48.87	48.63	48.27	48.80	48.33	51.3	50.2	49.0
% Chg Same Qtr Last Yr.....	-1.0	-2.2	-1.7	-2.3	-2.0	-2.3	-3.9	-2.2	-1.5	-1.6	-1.6	-1.5	-1.1	-1.09	-2.10	-2.29
STATE & LOCAL.....	348.97	366.33	370.73	364.60	353.57	371.30	366.57	366.33	355.03	372.50	370.17	370.43	359.00	359.9	365.1	365.1
% Chg Same Qtr Last Yr.....	0.90	0.00	2.46	0.63	1.32	1.36	-1.12	0.48	0.41	0.32	0.98	1.12	1.12	0.40	1.44	0.02

Table 6: Tennessee Durable Goods Manufacturing Employment, Not Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL DURABLE GOODS.....	248.9	251.1	250.6	254.8	255.6	255.1	255.7	256.2	252.6	252.1	252.6	253.1	250.1	250.9	254.0	254.2
% Chg Same Qtr Last Yr.....	-3.97	-2.16	-0.62	1.37	2.69	1.59	2.05	0.56	-1.19	-1.16	-1.23	-1.21	-0.98	-0.03	0.01	0.00
WOOD PRODUCTS.....	16.8	16.8	16.7	17.4	17.9	17.7	17.5	17.6	17.6	17.6	17.4	17.7	17.8	16.7	17.4	17.6
% Chg Same Qtr Last Yr.....	-5.62	-5.08	-0.40	5.03	6.35	5.36	4.99	1.34	-1.49	-0.56	-0.57	0.38	0.95	-0.05	0.04	0.01
NONMETALLIC MINERAL PRODUCTS.....	15.7	15.5	15.4	15.9	15.8	15.7	15.5	16.0	15.9	16.1	15.9	16.3	16.2	15.6	15.7	15.9
% Chg Same Qtr Last Yr.....	1.51	-0.43	-0.22	0.85	0.64	1.29	1.08	1.05	1.06	2.34	2.36	1.87	1.88	0.03	0.01	0.01
PRIMARY METALS.....	11.6	12.0	12.0	12.2	12.2	12.1	12.2	11.9	12.0	11.9	11.9	11.6	11.6	11.8	12.1	12.0
% Chg Same Qtr Last Yr.....	-5.16	-1.37	1.98	3.99	5.16	0.56	1.11	-1.92	-2.18	-1.38	-2.19	-2.79	-2.79	-0.07	0.03	-0.01
FABRICATED METAL PRODUCTS.....	41.0	41.6	41.4	41.7	41.8	41.8	42.2	42.8	42.7	42.7	43.1	43.7	43.6	41.4	41.7	42.6
% Chg Same Qtr Last Yr.....	-1.44	0.56	-0.48	0.97	1.87	0.40	1.93	2.48	2.23	2.15	2.13	2.10	2.11	0.00	0.01	0.02
MACHINERY.....	32.5	32.9	34.1	35.1	34.3	33.7	34.4	34.5	32.8	32.3	33.5	33.6	32.5	33.2	34.3	33.5
% Chg Same Qtr Last Yr.....	-8.36	-5.55	1.19	3.85	5.44	2.43	0.98	-1.62	-4.38	-4.15	-2.71	-2.61	-0.71	-0.08	0.03	-0.02
COMPUTER & ELECTRONIC PRODUCTS....	11.7	11.9	11.2	11.2	11.3	11.4	10.9	10.5	10.1	10.1	9.6	9.4	9.0	11.7	11.3	10.4
% Chg Same Qtr Last Yr.....	-7.37	-3.77	-2.33	-3.44	-3.41	-4.48	-2.09	-6.53	-10.88	-11.14	-11.89	-10.79	-10.56	-0.10	-0.03	-0.08
ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS.....	23.2	23.0	22.7	22.9	23.3	23.6	23.9	23.5	23.1	23.2	23.3	23.1	22.7	23.6	23.1	23.5
% Chg Same Qtr Last Yr.....	-7.44	-7.13	-7.23	-4.06	0.14	2.75	5.59	2.92	-0.57	-1.83	-2.51	-1.98	-1.73	-0.06	-0.02	0.01
TRANSPORTATION EQUIPMENT.....	59.7	60.8	61.2	62.5	63.7	64.2	64.1	64.5	63.7	63.9	63.4	63.5	62.4	60.2	62.9	64.0
% Chg Same Qtr Last Yr.....	-1.10	1.39	1.77	4.05	6.64	5.65	4.74	3.15	0.00	-0.47	-0.99	-1.55	-1.99	0.00	0.05	0.02
FURNITURE.....	19.8	19.9	19.7	19.8	19.5	19.5	19.6	19.5	19.3	19.1	19.2	19.2	19.0	19.9	19.6	19.4
% Chg Same Qtr Last Yr.....	-6.59	-4.78	-1.66	0.17	-1.51	-2.34	-0.51	-1.35	-1.02	-1.71	-1.87	-1.71	-1.55	-0.07	-0.01	-0.01
MISCELLANEOUS DURABLE GOODS.....	16.8	16.6	16.3	16.1	15.9	15.4	15.3	15.3	15.3	15.2	15.1	15.1	15.1	16.8	15.9	15.3
% Chg Same Qtr Last Yr.....	-2.71	-1.78	-3.56	-4.72	-5.37	-7.23	-5.94	-5.17	-3.36	-1.52	-1.31	-1.31	-1.52	-0.02	-0.05	-0.04

Center for Business and Economic Research, University of Tennessee

Tennessee Econometric Model

Table 7: Tennessee Nondurable Goods Manufacturing Employment, Not Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL NONDURABLE GOODS.....	161.9	161.0	157.1	158.7	158.5	156.8	154.2	154.9	154.9	153.9	151.8	152.5	152.2	162.3	157.8	154.5
% Chg Same Qtr Last Yr.....	-5.41	-4.03	-4.05	-2.50	-2.10	-2.59	-1.89	-2.37	-2.27	-1.85	-1.51	-1.57	-1.70	-4.20	-2.81	-2.10
FOOD.....	35.9	35.9	35.1	35.0	34.7	34.3	33.5	34.5	34.8	34.6	33.7	34.6	34.8	35.9	34.8	34.3
% Chg Same Qtr Last Yr.....	-1.10	-1.19	-2.23	-2.14	-3.34	-4.46	-4.56	-1.52	0.19	0.78	0.60	0.29	0.00	-0.44	-3.04	-1.29
BEVERAGE & TOBACCO.....	6.1	6.0	5.9	5.9	5.8	5.4	5.3	5.4	5.5	5.2	5.1	5.2	5.1	6.1	5.8	5.4
% Chg Same Qtr Last Yr.....	-4.19	-5.26	-5.32	-4.32	-5.46	-9.44	-10.11	-8.47	-5.20	-3.68	-3.75	-4.32	-6.71	-3.79	-6.11	-6.95
TEXTILE MILLS.....	7.4	7.1	6.7	6.7	6.3	5.8	5.9	5.7	5.6	5.3	5.3	5.3	5.2	7.4	6.4	5.6
% Chg Same Qtr Last Yr.....	-12.30	-12.70	-11.79	-11.01	-14.48	-18.31	-12.87	-15.35	-10.58	-8.62	-9.09	-7.60	-7.69	-11.35	-13.82	-11.99
TEXTILE PRODUCT MILLS.....	3.7	3.8	3.8	4.0	4.0	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	3.7	4.0	4.1
% Chg Same Qtr Last Yr.....	0.00	5.56	5.56	11.11	8.11	7.02	8.77	1.67	0.00	-0.82	-2.42	-0.82	0.00	-1.34	7.94	2.31
APPAREL.....	9.9	9.5	9.3	9.3	9.0	8.8	8.5	8.5	8.1	8.1	7.8	7.7	7.2	10.2	9.1	8.3
% Chg Same Qtr Last Yr.....	-21.99	-18.86	-15.45	-12.03	-9.40	-7.39	-8.60	-8.27	-9.63	-7.98	-8.63	-9.80	-11.89	-17.53	-11.24	-8.62
PAPER.....	19.7	19.6	18.5	18.7	19.2	18.8	18.9	18.8	19.3	19.2	19.3	19.3	19.7	19.6	18.8	19.1
% Chg Same Qtr Last Yr.....	-4.98	-2.64	-4.63	-4.27	-2.71	-4.07	2.16	0.89	0.52	1.95	1.94	2.30	2.08	-4.05	-3.92	1.37
PRINTING & RELATED SUPPORT.....	19.9	20.0	19.0	19.6	20.0	19.9	18.7	18.8	19.1	19.0	17.8	18.1	18.3	19.9	19.6	18.9
% Chg Same Qtr Last Yr.....	-4.33	-3.07	-3.55	-1.51	0.67	-0.50	-1.93	-3.75	-4.50	-4.53	-4.64	-4.07	-4.01	-3.17	-1.22	-3.70
CHEMICALS.....	28.7	28.3	28.0	27.8	27.4	27.3	27.6	27.5	27.0	26.9	27.1	27.1	26.4	28.6	27.6	27.2
% Chg Same Qtr Last Yr.....	-0.46	-1.51	-2.10	-3.25	-4.42	-3.42	-1.55	-1.20	-1.46	-1.59	-1.69	-1.46	-2.22	0.35	-3.30	-1.45
PLASTICS & RUBBER.....	27.9	27.9	28.0	28.8	29.2	29.6	29.2	29.3	29.3	29.5	29.1	29.3	29.3	28.2	28.9	29.4
% Chg Same Qtr Last Yr.....	-7.51	-3.90	-2.33	2.13	4.78	5.97	4.53	1.85	0.34	-0.23	-0.34	-0.11	-0.11	-6.14	2.60	1.59
MISCELLANEOUS NONDURABLE GOODS.....	2.7	2.9	2.7	2.9	2.9	2.8	2.4	2.3	2.2	2.1	2.5	2.1	2.3	2.8	2.8	2.2
% Chg Same Qtr Last Yr.....	-13.68	-7.45	-7.95	4.76	6.10	-2.30	-11.11	-21.59	-25.29	-24.71	4.17	-10.14	6.15	-10.50	0.00	-20.82

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Tennessee Econometric Model

Table 8: Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL NONFARM.....	2657.0	2671.4	2693.4	2697.5	2710.9	2722.6	2727.5	2741.9	2747.2	2758.1	2765.0	2777.2	2780.3	2662.7	2706.1	2743.7
% Chg Prev Qtr SAAR.....	-0.40	2.18	3.33	0.61	2.00	1.74	0.73	2.12	0.79	1.60	1.00	1.78	0.45	-0.07	1.63	1.39
% Chg Same Qtr Last Yr.....	-0.49	0.05	1.15	1.42	2.03	1.92	1.27	1.65	1.34	1.31	1.38	1.29	1.20	-0.07	1.63	1.39
NATURAL RESOURCES & MINING.....	4.2	4.2	4.1	4.1	4.0	4.0	4.1	4.2	4.1	4.1	4.2	4.2	4.3	4.2	4.1	4.1
% Chg Prev Qtr SAAR.....	-5.81	0.06	-4.25	-3.29	-4.05	-3.90	11.20	3.40	-5.90	5.83	6.62	0.05	4.21	-7.14	-3.58	1.41
% Chg Same Qtr Last Yr.....	-8.42	-5.82	-4.18	-3.35	-2.90	-3.87	-0.21	1.47	0.98	3.44	2.36	1.52	4.15	-7.14	-3.58	1.41
CONSTRUCTION.....	115.6	116.5	117.1	117.1	117.0	117.2	119.2	120.3	120.9	120.5	123.4	124.1	124.2	115.4	117.1	120.2
% Chg Prev Qtr SAAR.....	2.10	3.27	1.96	0.00	-0.11	0.69	6.88	3.63	2.12	-1.43	9.98	2.29	0.43	0.37	1.47	2.65
% Chg Same Qtr Last Yr.....	0.90	0.89	2.15	1.83	1.27	0.63	1.82	2.73	3.30	2.76	3.50	3.16	2.73	0.37	1.47	2.65
MANUFACTURING.....	409.8	411.7	410.0	412.2	413.4	411.5	412.1	409.8	407.0	405.6	406.6	404.2	402.0	413.2	411.8	408.6
% Chg Prev Qtr SAAR.....	-3.12	1.86	-1.61	2.15	1.17	-1.84	0.60	-2.28	-2.66	-1.33	0.94	-2.35	-2.13	-3.56	-0.35	-0.77
% Chg Same Qtr Last Yr.....	-4.52	-2.89	-1.98	-0.21	0.88	-0.05	0.51	-0.60	-1.55	-1.43	-1.34	-1.36	-1.23	-3.56	-0.35	-0.77
DURABLE GOODS.....	249.0	251.3	251.3	253.6	255.9	255.3	256.3	255.0	253.0	252.4	253.1	251.9	250.6	250.9	254.0	254.2
% Chg Prev Qtr SAAR.....	-2.05	3.71	-0.01	3.78	3.63	-0.90	1.57	-2.04	-3.13	-0.99	1.22	-1.93	-2.08	-3.15	1.25	0.05
% Chg Same Qtr Last Yr.....	-3.95	-2.12	-0.67	1.32	2.76	1.60	2.00	0.54	-1.14	-1.16	-1.25	-1.22	-0.95	-3.15	1.25	0.05
NONDURABLE GOODS.....	160.8	160.4	158.8	158.6	157.5	156.2	155.8	154.7	154.0	153.3	153.5	152.3	151.4	162.3	157.8	154.5
% Chg Prev Qtr SAAR.....	-4.75	-0.96	-4.07	-0.40	-2.67	-3.36	-0.96	-2.68	-1.88	-1.89	0.49	-3.05	-2.21	-4.20	-2.82	-2.09
% Chg Same Qtr Last Yr.....	-5.39	-4.08	-3.99	-2.57	-2.04	-2.64	-1.86	-2.42	-2.23	-1.86	-1.50	-1.59	-1.67	-4.20	-2.82	-2.09
TRADE, TRANSPORTATION, UTILITIES.....	578.7	580.4	584.4	586.5	588.2	592.1	592.4	597.7	599.2	602.7	605.7	608.0	609.4	578.7	587.8	598.0
% Chg Prev Qtr SAAR.....	0.96	1.17	2.80	1.39	1.17	2.72	0.19	3.65	1.01	2.33	2.02	1.49	0.93	0.33	1.58	1.74
% Chg Same Qtr Last Yr.....	0.09	0.37	1.08	1.58	1.63	2.02	1.36	1.92	1.89	1.79	2.25	1.71	1.69	0.33	1.58	1.74
WHOLESALE TRADE.....	125.8	125.5	126.3	127.7	128.8	129.3	129.7	130.2	130.8	131.4	131.8	132.1	132.5	126.5	128.0	130.5
% Chg Prev Qtr SAAR.....	-4.47	-0.96	2.70	4.26	3.48	1.79	1.21	1.58	1.72	2.03	1.02	0.93	1.19	0.03	1.17	1.97
% Chg Same Qtr Last Yr.....	-0.94	-1.74	-1.00	0.32	2.35	3.05	2.68	2.01	1.57	1.63	1.59	1.42	1.29	0.03	1.17	1.97
RETAIL TRADE.....	313.7	316.3	318.5	319.0	319.2	321.2	321.8	326.0	326.8	328.4	331.7	333.0	333.9	313.2	319.5	325.7
% Chg Prev Qtr SAAR.....	3.00	3.41	2.79	0.66	0.21	2.51	0.83	5.22	1.04	1.95	4.07	1.58	1.08	0.31	2.01	1.97
% Chg Same Qtr Last Yr.....	0.13	1.23	2.30	2.46	1.76	1.54	1.05	2.18	2.39	2.25	3.06	2.15	2.16	0.31	2.01	1.97
TRANSPORTATION & UTILITIES.....	139.3	138.6	139.6	139.8	140.2	141.6	140.8	141.5	141.7	142.9	142.3	142.9	143.0	139.0	140.3	141.7
% Chg Prev Qtr SAAR.....	1.52	-1.88	2.88	0.52	1.26	4.07	-2.17	2.02	0.29	3.49	-1.66	1.80	0.36	0.66	0.96	1.02
% Chg Same Qtr Last Yr.....	0.95	0.38	0.26	0.75	0.68	2.17	0.90	1.27	1.03	0.89	1.02	0.96	0.98	0.66	0.96	1.02
INFORMATION.....	50.7	50.7	49.9	49.6	49.5	49.0	49.7	49.8	49.6	49.2	50.1	49.9	49.8	51.2	49.5	49.6
% Chg Prev Qtr SAAR.....	-5.83	0.53	-6.66	-2.12	-1.07	-3.46	5.27	0.81	-1.33	-3.45	7.53	-1.32	-1.06	-4.08	-3.27	0.12
% Chg Same Qtr Last Yr.....	-4.70	-3.43	-3.79	-3.56	-2.37	-3.35	-0.40	0.34	0.27	0.27	0.81	0.27	0.34	-4.08	-3.27	0.12
FINANCIAL ACTIVITIES.....	140.3	141.0	141.2	141.4	142.1	143.0	142.4	143.5	143.4	144.6	143.6	144.5	144.3	139.8	141.9	143.5
% Chg Prev Qtr SAAR.....	3.00	1.82	0.57	0.76	1.90	2.46	-1.67	3.32	-0.46	3.39	-2.56	2.34	-0.55	1.22	1.50	1.09
% Chg Same Qtr Last Yr.....	1.81	1.76	1.80	1.53	1.26	1.42	0.85	1.48	0.89	1.12	0.89	0.65	0.63	1.22	1.50	1.09

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Table 8: Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
PROF & BUSINESS SERVICES.....	285.9	290.9	296.2	300.5	303.7	309.8	308.5	310.2	311.3	317.5	311.6	315.2	314.9	287.5	302.5	311.9
% Chg Prev Qtr SAAR.....	-0.28	7.18	7.54	5.89	4.33	8.28	-1.63	2.27	1.38	8.25	-7.23	4.70	-0.46	-3.04	5.24	3.10
% Chg Same Qtr Last Yr.....	-3.77	-0.39	3.21	5.03	6.23	6.50	4.15	3.25	2.51	2.51	1.02	1.61	1.15	-3.04	5.24	3.10
EDUC & HEALTH SERVICES.....	312.3	315.2	317.7	319.2	322.2	324.1	326.2	329.6	331.1	332.1	334.0	336.7	338.3	312.8	320.8	329.8
% Chg Prev Qtr SAAR.....	-0.13	3.79	3.13	1.87	3.84	2.39	2.70	4.16	1.86	1.16	2.37	3.27	1.88	4.22	2.56	2.80
% Chg Same Qtr Last Yr.....	3.11	2.60	2.13	2.15	3.15	2.80	2.70	3.27	2.78	2.46	2.38	2.16	2.17	4.22	2.56	2.80
LEISURE & HOSPITALITY.....	246.3	248.7	251.4	252.2	254.4	256.7	259.2	261.6	263.6	265.5	268.5	271.1	272.0	246.7	253.7	262.5
% Chg Prev Qtr SAAR.....	0.49	3.95	4.41	1.23	3.54	3.61	4.01	3.70	3.09	2.97	4.55	3.98	1.33	2.87	2.84	3.46
% Chg Same Qtr Last Yr.....	1.93	2.12	2.40	2.51	3.27	3.19	3.09	3.71	3.60	3.44	3.58	3.64	3.20	2.87	2.84	3.46
OTHER SERVICES.....	101.5	101.5	102.8	101.9	101.4	100.9	101.0	101.6	101.6	101.6	101.8	102.3	102.5	102.2	101.7	101.5
% Chg Prev Qtr SAAR.....	-5.37	-0.05	5.36	-3.69	-1.95	-1.81	0.46	2.44	-0.03	0.01	0.54	2.27	0.68	0.54	-0.49	-0.26
% Chg Same Qtr Last Yr.....	-0.32	-0.72	-0.21	-1.02	-0.14	-0.58	-1.76	-0.23	0.25	0.71	0.74	0.69	0.87	0.54	-0.49	-0.26
GOVERNMENT.....	411.7	410.5	418.5	412.9	415.0	414.3	412.7	413.6	415.4	414.7	415.6	417.1	418.8	411.1	415.2	414.1
% Chg Prev Qtr SAAR.....	-0.14	-1.08	8.02	-5.26	2.05	-0.72	-1.52	0.93	1.76	-0.69	0.81	1.45	1.65	0.21	1.00	-0.26
% Chg Same Qtr Last Yr.....	0.61	-0.29	2.01	0.27	0.82	0.91	-1.40	0.17	0.10	0.11	0.70	0.83	0.80	0.21	1.00	-0.26
FEDERAL, CIVILIAN.....	51.0	50.9	50.9	50.2	49.9	49.6	49.0	49.2	49.1	48.8	48.2	48.4	48.6	51.2	50.2	49.0
% Chg Prev Qtr SAAR.....	-2.72	-0.70	-0.02	-5.20	-2.21	-2.63	-4.79	1.29	-0.18	-2.68	-4.61	1.76	1.08	-1.12	-2.09	-2.27
% Chg Same Qtr Last Yr.....	-0.95	-2.52	-1.58	-2.18	-2.05	-2.53	-3.72	-2.11	-1.60	-1.62	-1.57	-1.46	-1.15	-1.12	-2.09	-2.27
STATE & LOCAL.....	360.7	359.7	367.7	362.7	365.1	364.7	363.7	364.5	366.3	365.9	367.3	368.6	370.2	359.8	365.0	365.1
% Chg Prev Qtr SAAR.....	0.23	-1.13	9.19	-5.26	2.65	-0.45	-1.07	0.88	2.03	-0.43	1.55	1.41	1.73	0.40	1.44	0.02
% Chg Same Qtr Last Yr.....	0.84	0.03	2.53	0.62	1.22	1.39	-1.08	0.49	0.34	0.34	1.00	1.14	1.06	0.40	1.44	0.02
STATISTICAL DISCREPANCY (%).....	-0.02	-0.02	0.04	0.00	-0.02	-0.02	0.05	-0.01	0.01	-0.02	0.12	-0.11	0.01	0.00	0.00	0.01

Center for Business and Economic Research, University of Tennessee

Tennessee Econometric Model

Table 9: Tennessee Durable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL DURABLE GOODS.....	249.0	251.3	251.3	253.6	255.9	255.3	256.3	255.0	253.0	252.4	253.1	251.9	250.6	250.9	254.0	254.2
% Chg Prev Qtr SAAR.....	-2.05	3.71	-0.01	3.78	3.63	-0.90	1.57	-2.04	-3.13	-0.99	1.22	-1.93	-2.08	-3.15	1.25	0.05
% Chg Same Qtr Last Yr.....	-3.95	-2.12	-0.67	1.32	2.76	1.60	2.00	0.54	-1.14	-1.16	-1.25	-1.22	-0.95	-3.15	1.25	0.05
WOOD PRODUCTS.....	16.6	16.7	16.9	17.4	17.7	17.6	17.8	17.6	17.4	17.5	17.7	17.7	17.6	16.7	17.4	17.6
% Chg Prev Qtr SAAR.....	-0.13	2.82	5.40	11.97	5.86	-1.21	3.57	-2.98	-4.80	2.23	3.53	0.48	-2.14	-4.74	4.07	1.02
% Chg Same Qtr Last Yr.....	-5.53	-5.07	-0.41	4.92	6.46	5.40	4.94	1.25	-1.40	-0.56	-0.57	0.31	1.01	-4.74	4.07	1.02
NONMETALLIC MINERALS.....	15.6	15.5	15.6	15.7	15.7	15.7	15.8	15.9	15.9	16.1	16.1	16.2	16.2	15.6	15.7	15.9
% Chg Prev Qtr SAAR.....	-0.70	-1.39	2.38	2.77	-0.80	0.85	1.56	2.32	-0.19	5.76	1.59	0.25	0.26	2.93	0.64	1.38
% Chg Same Qtr Last Yr.....	1.63	-0.48	-0.17	0.75	0.72	1.29	1.08	0.97	1.13	2.34	2.35	1.83	1.94	2.93	0.64	1.38
PRIMARY METALS.....	11.6	12.0	12.0	12.2	12.2	12.0	12.1	12.0	12.0	11.9	11.9	11.7	11.6	11.8	12.1	12.0
% Chg Prev Qtr SAAR.....	-2.90	11.24	1.89	6.70	1.02	-6.63	3.33	-4.76	-0.52	-3.17	-0.44	-6.80	-0.74	-6.73	2.90	-1.11
% Chg Same Qtr Last Yr.....	-5.18	-1.28	1.79	4.10	5.14	0.63	0.98	-1.84	-2.22	-1.33	-2.24	-2.77	-2.82	-6.73	2.90	-1.11
FABRICATED METALS.....	41.0	41.8	41.4	41.6	41.8	41.9	42.2	42.6	42.7	42.9	43.1	43.5	43.6	41.4	41.7	42.6
% Chg Prev Qtr SAAR.....	-2.45	7.56	-3.02	1.79	1.50	1.58	2.91	3.68	0.88	1.25	2.75	3.44	1.11	-0.04	0.68	2.20
% Chg Same Qtr Last Yr.....	-1.48	0.69	-0.49	0.88	1.89	0.44	1.94	2.41	2.26	2.17	2.13	2.07	2.13	-0.04	0.68	2.20
MACHINERY.....	32.8	33.5	33.9	34.3	34.6	34.3	34.2	33.8	33.1	32.9	33.3	32.9	32.9	33.2	34.3	33.5
% Chg Prev Qtr SAAR.....	-2.75	8.59	4.73	4.94	3.96	-3.65	-1.36	-5.13	-7.09	-2.98	4.57	-4.48	0.33	-7.52	3.21	-2.31
% Chg Same Qtr Last Yr.....	-8.30	-5.50	1.13	3.80	5.54	2.43	0.91	-1.61	-4.33	-4.16	-2.75	-2.59	-0.70	-7.52	3.21	-2.31
COMPUTERS & ELECTRONICS.....	11.7	11.7	11.3	11.3	11.3	11.2	11.1	10.6	10.1	9.9	9.7	9.4	9.1	11.7	11.3	10.4
% Chg Prev Qtr SAAR.....	1.43	-1.26	-11.85	-1.28	1.97	-6.60	-2.78	-17.23	-15.71	-8.41	-6.00	-12.45	-15.01	-9.60	-3.42	-7.65
% Chg Same Qtr Last Yr.....	-7.24	-3.85	-2.44	-3.38	-3.25	-4.59	-2.22	-6.43	-10.78	-11.22	-11.96	-10.72	-10.54	-9.60	-3.42	-7.65
ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS.....	23.2	23.0	22.6	22.9	23.3	23.6	23.9	23.5	23.2	23.2	23.3	23.1	22.8	23.6	23.1	23.5
% Chg Prev Qtr SAAR.....	-9.81	-4.50	-5.56	4.18	8.00	4.77	4.82	-5.44	-5.32	-1.16	1.84	-3.18	-3.98	-5.65	-2.20	1.47
% Chg Same Qtr Last Yr.....	-7.27	-7.11	-7.44	-4.06	0.37	2.72	5.43	2.91	-0.42	-1.86	-2.57	-1.99	-1.65	-5.65	-2.20	1.47
TRANSPORTATION EQUIPMENT.....	59.9	60.6	61.4	62.3	63.9	64.0	64.3	64.3	63.9	63.7	63.6	63.3	62.7	60.2	62.9	64.0
% Chg Prev Qtr SAAR.....	-0.58	5.21	4.90	6.63	10.19	1.00	1.40	0.15	-2.27	-1.18	-0.70	-2.07	-3.91	0.27	4.53	1.82
% Chg Same Qtr Last Yr.....	-1.07	1.39	1.77	4.00	6.71	5.63	4.73	3.11	0.06	-0.48	-1.00	-1.55	-1.97	0.27	4.53	1.82
FURNITURE.....	19.9	19.9	19.7	19.8	19.6	19.5	19.6	19.5	19.4	19.1	19.3	19.2	19.1	19.9	19.6	19.4
% Chg Prev Qtr SAAR.....	2.76	0.66	-3.52	0.91	-4.24	-2.12	3.55	-2.58	-2.76	-4.70	2.64	-1.97	-1.93	-6.58	-1.34	-1.15
% Chg Same Qtr Last Yr.....	-6.68	-4.69	-1.68	0.18	-1.57	-2.26	-0.52	-1.39	-1.02	-1.67	-1.89	-1.73	-1.53	-6.58	-1.34	-1.15
MISCELLANEOUS DURABLES.....	16.7	16.7	16.3	16.1	15.8	15.5	15.4	15.3	15.3	15.2	15.2	15.1	15.0	16.8	15.9	15.3
% Chg Prev Qtr SAAR.....	-4.06	-0.73	-7.26	-6.55	-6.88	-8.02	-2.48	-2.95	0.10	-0.65	-1.76	-2.85	-0.81	-1.75	-5.21	-4.04
% Chg Same Qtr Last Yr.....	-2.78	-1.70	-3.63	-4.68	-5.39	-7.18	-6.01	-5.12	-3.38	-1.50	-1.32	-1.30	-1.52	-1.75	-5.21	-4.04

Table 10: Tennessee Nondurable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL NONDURABLE GOODS.....	160.8	160.4	158.8	158.6	157.5	156.2	155.8	154.7	154.0	153.3	153.5	152.3	151.4	162.3	157.8	154.5
% Chg Prev Qtr SAAR.....	-4.75	-0.96	-4.07	-0.40	-2.67	-3.36	-0.96	-2.68	-1.88	-1.89	0.49	-3.05	-2.21	-4.20	-2.82	-2.09
% Chg Same Qtr Last Yr.....	-5.39	-4.08	-3.99	-2.57	-2.04	-2.64	-1.86	-2.42	-2.23	-1.86	-1.50	-1.59	-1.67	-4.20	-2.82	-2.09
FOOD.....	35.7	35.7	35.6	35.0	34.5	34.1	33.9	34.5	34.5	34.4	34.2	34.5	34.5	35.9	34.8	34.3
% Chg Prev Qtr SAAR.....	-1.72	0.17	-1.46	-5.93	-6.08	-4.04	-1.93	6.08	0.88	-1.56	-2.71	4.57	-0.17	-0.43	-3.04	-1.31
% Chg Same Qtr Last Yr.....	-1.14	-1.11	-2.15	-2.26	-3.36	-4.40	-4.51	-1.60	0.18	0.82	0.62	0.26	-0.01	-0.43	-3.04	-1.31
BEVERAGE & TOBACCO.....	6.1	6.0	6.0	5.9	5.7	5.5	5.4	5.4	5.4	5.3	5.2	5.1	5.1	6.1	5.8	5.4
% Chg Prev Qtr SAAR.....	-6.23	-2.77	-2.63	-6.28	-10.30	-17.61	-5.12	-0.53	3.68	-11.84	-5.24	-3.56	-6.10	-3.78	-6.11	-6.95
% Chg Same Qtr Last Yr.....	-4.34	-5.19	-5.11	-4.49	-5.55	-9.38	-9.96	-8.62	-5.25	-3.63	-3.66	-4.40	-6.74	-3.78	-6.11	-6.95
TEXTILE MILLS.....	7.3	7.2	6.8	6.6	6.2	5.9	5.9	5.6	5.6	5.4	5.4	5.2	5.1	7.4	6.4	5.6
% Chg Prev Qtr SAAR.....	-7.90	-8.40	-16.75	-10.59	-22.06	-22.62	6.51	-19.94	-3.51	-14.97	3.98	-14.62	-3.92	-11.34	-13.83	-12.00
% Chg Same Qtr Last Yr.....	-12.48	-12.51	-11.85	-10.98	-14.62	-18.15	-12.94	-15.31	-10.67	-8.54	-9.09	-7.62	-7.72	-11.34	-13.83	-12.00
TEXTILE PRODUCT MILLS.....	3.7	3.8	3.8	4.0	4.0	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	3.7	4.0	4.1
% Chg Prev Qtr SAAR.....	11.40	11.58	-0.52	23.30	0.91	5.56	6.07	-5.68	-4.49	1.17	-0.96	1.10	-0.78	-1.33	7.93	2.31
% Chg Same Qtr Last Yr.....	0.20	5.54	5.31	11.12	8.41	6.91	8.64	1.60	0.22	-0.84	-2.53	-0.82	0.13	-1.33	7.93	2.31
APPAREL.....	9.9	9.5	9.4	9.2	9.0	8.8	8.6	8.4	8.2	8.1	7.8	7.6	7.2	10.2	9.1	8.3
% Chg Prev Qtr SAAR.....	-19.24	-16.13	-4.99	-7.83	-7.22	-9.59	-9.78	-7.26	-10.98	-3.79	-12.39	-12.12	-18.10	-17.51	-11.24	-8.63
% Chg Same Qtr Last Yr.....	-21.80	-18.87	-15.46	-12.24	-9.14	-7.42	-8.61	-8.47	-9.41	-7.99	-8.67	-9.89	-11.74	-17.51	-11.24	-8.63
PAPER.....	19.4	19.6	18.9	18.7	18.8	18.8	19.3	18.9	18.9	19.1	19.6	19.4	19.3	19.6	18.8	19.1
% Chg Prev Qtr SAAR.....	-4.14	4.35	-13.46	-2.70	2.20	-1.78	11.16	-6.87	0.48	3.80	10.86	-5.05	-0.65	-4.03	-3.93	1.38
% Chg Same Qtr Last Yr.....	-4.96	-2.68	-4.72	-4.20	-2.65	-4.12	2.08	0.97	0.54	1.94	1.87	2.36	2.07	-4.03	-3.93	1.38
PRINTING & RELATED SUPPORT.....	19.6	19.7	19.5	19.7	19.7	19.5	19.2	19.0	18.8	18.6	18.3	18.2	18.1	19.9	19.6	18.9
% Chg Prev Qtr SAAR.....	-9.16	2.02	-3.08	4.46	-0.47	-3.66	-6.52	-4.68	-2.93	-4.43	-5.91	-3.24	-2.42	-3.17	-1.22	-3.65
% Chg Same Qtr Last Yr.....	-4.34	-3.38	-3.20	-1.58	0.69	-0.74	-1.63	-3.86	-4.46	-4.65	-4.49	-4.14	-4.01	-3.17	-1.22	-3.65
CHEMICALS.....	28.6	28.3	28.0	27.8	27.4	27.4	27.6	27.4	27.1	27.0	27.1	27.0	26.5	28.6	27.6	27.2
% Chg Prev Qtr SAAR.....	-1.52	-4.25	-4.43	-3.61	-4.63	-0.69	2.56	-2.57	-4.34	-1.67	1.59	-1.57	-6.63	0.36	-3.29	-1.45
% Chg Same Qtr Last Yr.....	-0.31	-1.44	-2.13	-3.46	-4.23	-3.35	-1.63	-1.36	-1.29	-1.53	-1.77	-1.52	-2.11	0.36	-3.29	-1.45
PLASTICS & RUBBER.....	27.9	27.9	28.1	28.7	29.2	29.5	29.4	29.3	29.3	29.4	29.3	29.2	29.3	28.2	28.9	29.3
% Chg Prev Qtr SAAR.....	-3.73	0.56	2.62	9.67	6.51	4.61	-1.92	-1.39	0.18	1.86	-1.69	-0.76	0.18	-6.14	2.60	1.60
% Chg Same Qtr Last Yr.....	-7.52	-4.03	-2.21	2.16	4.78	5.82	4.63	1.89	0.34	-0.33	-0.27	-0.11	-0.11	-6.14	2.60	1.60
MISCELLANEOUS NONDURABLE GOODS..	2.7	2.8	2.8	2.9	2.9	2.7	2.5	2.3	2.2	2.1	2.6	2.1	2.3	2.8	2.8	2.3
% Chg Prev Qtr SAAR.....	-8.30	13.11	-7.64	26.01	-1.78	-22.18	-34.83	-24.04	-18.30	-21.65	144.45	-58.55	60.83	-10.50	0.00	-20.72
% Chg Same Qtr Last Yr.....	-13.33	-8.10	-7.81	4.82	6.63	-2.88	-10.99	-21.57	-25.10	-24.97	4.41	-10.26	6.30	-10.50	0.00	-20.72

Table 11: Tennessee Average Annual Wage and Salary Rate by Sector, Not Seasonally Adjusted (2000 dollars)

January 2007

	Historical Data												Annual			
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
TOTAL NONFARM.....	32207	32378	32470	32928	32650	33046	32673	33092	32512	32779	32749	33863	33576	32356	32824	32783
% Chg Same Qtr Last Yr.....	0.52	1.96	2.94	1.72	1.37	2.06	0.63	0.50	-0.42	-0.81	0.23	2.33	3.27	1.33	1.45	-0.13
NATURAL RESOURCES & MINING.....	32264	31912	33247	33766	32620	33895	35693	37835	34281	36053	36735	41799	42422	32855	33994	36226
% Chg Same Qtr Last Yr.....	-8.43	-5.22	-0.95	-0.67	1.10	6.21	7.36	12.05	5.09	6.37	2.92	10.48	23.75	-3.25	3.47	6.57
CONSTRUCTION.....	34797	33456	35069	36150	34077	33779	34293	35732	34433	34683	36789	40223	38421	34807	34575	35409
% Chg Same Qtr Last Yr.....	1.93	0.88	5.17	0.69	-2.07	0.96	-2.21	-1.16	1.05	2.68	7.28	12.57	11.58	1.01	-0.67	2.41
MANUFACTURING.....	37843	37973	39068	38557	38886	39271	39260	38625	38176	38742	39156	39938	40304	38216	38993	38675
% Chg Same Qtr Last Yr.....	0.12	1.70	3.81	1.52	2.76	3.42	0.49	0.18	-1.83	-1.35	-0.26	3.40	5.57	1.70	2.03	-0.82
DURABLE GOODS.....	37374	37533	38618	38135	37845	38576	38469	37757	37322	37972	38141	38903	39595	37710	38256	37798
% Chg Same Qtr Last Yr.....	-0.58	1.07	3.20	2.19	1.26	2.78	-0.39	-0.99	-1.38	-1.57	-0.85	3.03	6.09	0.93	1.45	-1.20
NONDURABLE GOODS.....	38569	38649	39769	39228	40558	40392	40546	40065	39588	39999	40821	41661	41480	38997	40181	40118
% Chg Same Qtr Last Yr.....	1.18	2.66	4.76	0.59	5.16	4.51	1.95	2.13	-2.39	-0.97	0.68	3.98	4.78	2.88	3.04	-0.16
TRADE, TRANSPORTATION, UTILITIES.....	30860	30885	30726	31358	31280	31717	30761	31674	31478	31873	30871	32387	32320	30877	31279	31474
% Chg Same Qtr Last Yr.....	-0.79	1.29	3.34	1.03	1.36	2.69	0.12	1.01	0.63	0.49	0.36	2.25	2.67	0.86	1.30	0.62
WHOLESALE TRADE.....	42732	43368	43525	44453	44355	45247	44995	45182	44770	44739	45215	46140	46311	43134	44762	44977
% Chg Same Qtr Last Yr.....	0.04	3.01	5.17	3.59	3.80	4.33	3.38	1.64	0.94	-1.12	0.49	2.12	3.44	2.06	3.78	0.48
RETAIL TRADE.....	22495	22710	22214	22582	22568	22722	21846	22831	22680	22566	21590	22993	22824	22520	22429	22417
% Chg Same Qtr Last Yr.....	-1.91	1.91	2.68	-0.35	0.32	0.05	-1.66	1.10	0.50	-0.68	-1.17	0.71	0.64	0.24	-0.40	-0.06
TRANSPORTATION & UTILITIES.....	38614	37870	38982	39392	39084	39595	38423	39312	39369	41277	39464	41420	41361	38551	39124	39855
% Chg Same Qtr Last Yr.....	-0.61	-1.11	3.42	1.69	1.22	4.55	-1.43	-0.20	0.73	4.25	2.71	5.36	5.06	0.52	1.48	1.87
INFORMATION.....	38953	39111	38313	40192	39266	39718	40855	40180	39593	39128	39251	41217	41716	38744	40008	39538
% Chg Same Qtr Last Yr.....	2.97	1.71	-0.46	4.13	0.80	1.55	6.64	-0.03	0.83	-1.49	-3.93	2.58	5.36	1.22	3.26	-1.17
FINANCIAL ACTIVITIES.....	46595	46129	45589	46369	46550	47342	46845	46122	44883	45362	46125	48001	48255	45742	46776	45623
% Chg Same Qtr Last Yr.....	8.57	8.02	4.97	3.84	-0.10	2.63	2.75	-0.53	-3.58	-4.18	-1.54	4.08	7.51	5.47	2.26	-2.47
PROFESSIONAL & BUSINESS SERVICES.....	33732	33707	33642	34555	34187	34399	33523	35077	34385	34871	34130	36416	36291	33722	34166	34616
% Chg Same Qtr Last Yr.....	-0.73	2.89	1.81	2.21	1.35	2.05	-0.36	1.51	0.58	1.37	1.81	3.82	5.54	1.27	1.32	1.32
EDUCATION & HEALTH SERVICES.....	33352	34007	34156	34663	34633	34746	34986	34945	35556	34808	35313	35378	35203	33699	34757	35155
% Chg Same Qtr Last Yr.....	-1.34	1.25	3.00	4.16	3.84	2.17	2.43	0.81	2.67	0.18	0.93	1.24	-0.99	0.31	3.14	1.15
LEISURE & HOSPITALITY.....	15195	15457	16089	16691	15211	15080	15834	16215	15027	14964	15929	16732	15713	15781	15704	15534
% Chg Same Qtr Last Yr.....	-1.22	3.44	3.69	1.89	0.10	-2.44	-1.58	-2.85	-1.21	-0.77	0.60	3.19	4.57	1.26	-0.49	-1.08
OTHER SERVICES.....	29918	28961	29237	30388	29718	29551	29486	29493	29114	29366	29791	30388	29727	29470	29786	29441
% Chg Same Qtr Last Yr.....	5.57	-0.43	-1.27	2.10	-0.67	2.04	0.85	-2.94	-2.03	-0.63	1.03	3.04	2.11	1.92	1.07	-1.16
GOVERNMENT.....	31059	32216	30874	30818	31390	32716	31194	31551	31010	31796	30900	30755	30731	31220	31529	31314
% Chg Same Qtr Last Yr.....	2.20	2.17	2.85	0.29	1.06	1.55	1.04	2.38	-1.21	-2.81	-0.94	-2.52	-0.90	2.00	0.99	-0.68
FEDERAL, CIVILIAN.....	49957	50213	50314	51948	52335	52308	51700	52853	51881	51842	51390	52579	52261	50029	52073	51991
% Chg Same Qtr Last Yr.....	3.67	4.26	5.53	4.66	4.76	4.17	2.76	1.74	-0.87	-0.89	-0.60	-0.52	0.73	3.76	4.08	-0.16
STATE & LOCAL.....	28356	29603	28191	27909	28481	29965	28466	28700	28188	29037	28224	27909	27895	28542	28705	28537
% Chg Same Qtr Last Yr.....	1.93	1.83	2.41	-0.38	0.44	1.22	0.98	2.83	-1.03	-3.10	-0.85	-2.76	-1.04	1.71	0.57	-0.59

Table 12: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)

January 2007

	Historical Data												Annual			
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
TOTAL NONFARM.....	32303	32393	32739	32539	32752	33058	32942	32701	32618	32793	33013	33482	33666	32355	32823	32781
% Chg Prev Qtr SAAR.....	4.03	1.12	4.34	-2.42	2.64	3.79	-1.39	-2.90	-1.01	2.17	2.71	5.79	2.22	1.34	1.44	-0.13
% Chg Same Qtr Last Yr.....	0.54	1.94	2.94	1.73	1.39	2.05	0.62	0.50	-0.41	-0.80	0.22	2.39	3.21	1.34	1.44	-0.13
NATURAL RESOURCES & MINING.....	32777	32398	32951	33012	33222	34321	35317	37068	34958	36446	36318	40999	43282	32822	33968	36197
% Chg Prev Qtr SAAR.....	-4.58	-4.55	7.00	0.75	2.56	13.91	12.12	21.36	-20.90	18.15	-1.40	62.41	24.21	-3.31	3.49	6.56
% Chg Same Qtr Last Yr.....	-8.16	-5.44	-1.21	-0.45	1.36	5.94	7.18	12.28	5.22	6.19	2.83	10.60	23.81	-3.31	3.49	6.56
CONSTRUCTION.....	35211	34383	35210	34606	34475	34703	34400	34253	34844	35715	37044	38463	38721	34775	34546	35464
% Chg Prev Qtr SAAR.....	11.12	-9.08	9.97	-6.68	-1.51	2.67	-3.44	-1.70	7.08	10.39	15.73	16.23	2.71	1.04	-0.66	2.66
% Chg Same Qtr Last Yr.....	1.90	0.77	5.14	0.91	-2.09	0.93	-2.30	-1.02	1.07	2.92	7.68	12.29	11.13	1.04	-0.66	2.66
MANUFACTURING.....	37934	38064	39099	38340	39001	39335	39294	38416	38301	38787	39191	39726	40442	38214	38992	38674
% Chg Prev Qtr SAAR.....	1.84	1.38	11.33	-7.54	7.08	3.47	-0.41	-8.64	-1.19	5.17	4.24	5.57	7.41	1.69	2.04	-0.82
% Chg Same Qtr Last Yr.....	0.17	1.67	3.80	1.53	2.81	3.34	0.50	0.20	-1.79	-1.39	-0.26	3.41	5.59	1.69	2.04	-0.82
DURABLE GOODS.....	37526	37521	38583	38031	38015	38535	38430	37670	37497	37914	38101	38822	39785	37707	38253	37796
% Chg Prev Qtr SAAR.....	3.60	-0.06	11.82	-5.60	-0.17	5.59	-1.08	-7.68	-1.83	4.52	1.99	7.78	10.29	0.92	1.45	-1.20
% Chg Same Qtr Last Yr.....	-0.53	1.04	3.17	2.25	1.30	2.70	-0.40	-0.95	-1.36	-1.61	-0.86	3.06	6.10	0.92	1.45	-1.20
NONDURABLE GOODS.....	38560	38905	39906	38828	40577	40634	40706	39644	39626	40220	40985	41217	41529	38999	40186	40119
% Chg Prev Qtr SAAR.....	-0.68	3.63	10.70	-10.38	19.27	0.56	0.71	-10.04	-0.18	6.13	7.83	2.28	3.07	2.88	3.04	-0.17
% Chg Same Qtr Last Yr.....	1.23	2.63	4.81	0.52	5.23	4.44	2.00	2.10	-2.34	-1.02	0.69	3.97	4.80	2.88	3.04	-0.17
TRADE, TRANSPORTATION, UTILITIES.....	30722	30809	31341	30954	31133	31633	31386	31266	31329	31782	31504	31969	32169	30878	31276	31470
% Chg Prev Qtr SAAR.....	1.09	1.13	7.09	-4.85	2.34	6.58	-3.09	-1.51	0.80	5.91	-3.45	6.03	2.53	0.89	1.29	0.62
% Chg Same Qtr Last Yr.....	-0.82	1.27	3.39	1.03	1.34	2.68	0.14	1.01	0.63	0.47	0.38	2.25	2.68	0.89	1.29	0.62
WHOLESALE TRADE.....	42736	43412	43709	44203	44366	45307	45180	44919	44782	44812	45394	45866	46328	43137	44764	44976
% Chg Prev Qtr SAAR.....	0.42	6.47	2.77	4.60	1.48	8.76	-1.12	-2.29	-1.21	0.27	5.29	4.23	4.09	2.06	3.77	0.47
% Chg Same Qtr Last Yr.....	0.05	3.06	5.17	3.54	3.81	4.37	3.36	1.62	0.94	-1.09	0.47	2.11	3.45	2.06	3.77	0.47
RETAIL TRADE.....	22325	22565	22872	22233	22395	22571	22494	22483	22504	22412	22234	22644	22650	22517	22423	22408
% Chg Prev Qtr SAAR.....	0.39	4.37	5.54	-10.71	2.95	3.18	-1.36	-0.20	0.38	-1.64	-3.14	7.58	0.12	0.27	-0.41	-0.07
% Chg Same Qtr Last Yr.....	-1.91	1.86	2.68	-0.32	0.31	0.03	-1.65	1.12	0.49	-0.71	-1.16	0.71	0.65	0.27	-0.41	-0.07
TRANSPORTATION & UTILITIES.....	38548	37990	39469	38859	38989	39705	38952	38761	39272	41369	40033	40835	41261	38559	39126	39859
% Chg Prev Qtr SAAR.....	3.37	-5.67	16.51	-6.05	1.35	7.55	-7.37	-1.95	5.38	23.13	-12.30	8.26	4.24	0.53	1.47	1.87
% Chg Same Qtr Last Yr.....	-0.73	-1.14	3.60	1.64	1.15	4.51	-1.31	-0.25	0.72	4.19	2.78	5.35	5.07	0.53	1.47	1.87
INFORMATION.....	38928	38802	38590	40218	39240	39424	41189	40180	39593	39075	39570	40970	41716	38748	40018	39605
% Chg Prev Qtr SAAR.....	2.65	-1.29	-2.17	17.98	-9.39	1.89	19.15	-9.44	-5.72	-5.13	5.16	14.91	7.49	1.23	3.28	-1.03
% Chg Same Qtr Last Yr.....	3.10	1.67	-0.43	3.99	0.80	1.60	6.73	-0.09	0.90	-0.88	-3.93	1.96	5.36	1.23	3.28	-1.03
FINANCIAL ACTIVITIES.....	46640	46195	45665	46183	46572	47408	46954	45938	44883	45573	46146	47734	48266	45743	46779	45635
% Chg Prev Qtr SAAR.....	20.95	-3.76	-4.51	4.62	3.41	7.38	-3.78	-8.38	-8.87	6.29	5.13	14.49	4.53	5.47	2.27	-2.45
% Chg Same Qtr Last Yr.....	8.49	7.96	5.07	3.84	-0.14	2.63	2.82	-0.53	-3.63	-3.87	-1.72	3.91	7.54	5.47	2.27	-2.45

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Table 12: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)

January 2007

	Historical Data												Annual			
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
PROFESSIONAL & BUSINESS SERVICES...	33673	33904	34040	34019	34126	34565	33923	34546	34326	34957	34399	36135	36188	33724	34158	34557
% Chg Prev Qtr SAAR.....	4.83	2.77	1.61	-0.25	1.27	5.24	-7.22	7.55	-2.53	7.56	-6.23	21.77	0.58	1.27	1.29	1.17
% Chg Same Qtr Last Yr.....	-0.76	2.85	1.92	2.23	1.35	1.95	-0.34	1.55	0.58	1.13	1.40	4.60	5.42	1.27	1.29	1.17
EDUCATION & HEALTH SERVICES.....	33316	33989	34357	34505	34605	34742	35175	34783	35531	34813	35497	35210	35180	33698	34757	35156
% Chg Prev Qtr SAAR.....	2.26	8.33	4.40	1.73	1.16	1.59	5.09	-4.39	8.89	-7.85	8.10	-3.20	-0.34	0.32	3.14	1.15
% Chg Same Qtr Last Yr.....	-1.32	1.30	2.93	4.15	3.87	2.21	2.38	0.81	2.68	0.20	0.92	1.23	-0.99	0.32	3.14	1.15
LEISURE & HOSPITALITY.....	15588	15989	15916	15868	15607	15588	15659	15426	15421	15445	15797	15951	16069	15764	15680	15522
% Chg Prev Qtr SAAR.....	0.71	10.68	-1.80	-1.21	-6.42	-0.47	1.83	-5.81	-0.13	0.62	9.43	3.95	2.99	1.29	-0.53	-1.01
% Chg Same Qtr Last Yr.....	-1.14	3.36	3.64	1.97	0.12	-2.50	-1.62	-2.78	-1.19	-0.92	0.88	3.40	4.20	1.29	-0.53	-1.01
OTHER SERVICES.....	29961	29168	29296	30054	29835	29717	29476	29206	29278	29505	29755	30102	29911	29447	29771	29436
% Chg Prev Qtr SAAR.....	8.39	-10.18	1.77	10.76	-2.89	-1.58	-3.20	-3.61	0.99	3.13	3.44	4.75	-2.51	1.92	1.10	-1.12
% Chg Same Qtr Last Yr.....	5.74	-0.57	-1.62	2.35	-0.42	1.88	0.61	-2.82	-1.87	-0.71	0.95	3.07	2.16	1.92	1.10	-1.12
GOVERNMENT.....	31235	31275	31353	31056	31565	31784	31678	31777	31178	30912	31377	30967	30891	31213	31521	31311
% Chg Prev Qtr SAAR.....	3.21	0.52	0.99	-3.73	6.73	2.80	-1.32	1.25	-7.33	-3.36	6.15	-5.13	-0.98	2.01	0.99	-0.67
% Chg Same Qtr Last Yr.....	2.22	2.22	2.87	0.21	1.06	1.63	1.04	2.32	-1.23	-2.74	-0.95	-2.55	-0.92	2.01	0.99	-0.67
FEDERAL, CIVILIAN.....	50448	49908	49997	52100	52777	51997	51493	52931	52285	51564	51218	52624	52655	50052	52092	52000
% Chg Prev Qtr SAAR.....	4.86	-4.21	0.72	17.91	5.30	-5.78	-3.82	11.65	-4.80	-5.40	-2.66	11.45	0.23	3.77	4.08	-0.18
% Chg Same Qtr Last Yr.....	3.45	4.23	5.89	4.51	4.62	4.19	2.99	1.60	-0.93	-0.83	-0.53	-0.58	0.71	3.77	4.08	-0.18
STATE & LOCAL.....	28499	28642	28715	28143	28629	29020	28983	28927	28331	28143	28731	28124	28032	28531	28694	28533
% Chg Prev Qtr SAAR.....	3.29	2.02	1.02	-7.73	7.09	5.57	-0.50	-0.78	-7.98	-2.64	8.64	-8.19	-1.31	1.71	0.57	-0.56
% Chg Same Qtr Last Yr.....	1.99	1.89	2.38	-0.45	0.46	1.32	0.94	2.78	-1.04	-3.02	-0.87	-2.78	-1.06	1.71	0.57	-0.56

Center for Business and Economic Research, University of Tennessee

Tennessee Econometric Model

Table 13: Tennessee Average Annual Wage and Salary Rate by Sector, Not Seasonally Adjusted (current dollars)

January 2007

	Historical Data													Annual		
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
TOTAL NONFARM.....	33893	34272	34496	35299	35312	35907	35769	36431	36068	36734	36964	38416	38469	34167	35572	36550
% Chg Same Qtr Last Yr.....	2.32	3.93	4.89	3.80	4.19	4.77	3.69	3.21	2.14	2.30	3.34	5.45	6.66	3.35	4.11	2.75
NATURAL RESOURCES & MINING.....	33953	33780	35323	36198	35280	36829	39076	41653	38031	40403	41463	47419	48605	34692	36846	40388
% Chg Same Qtr Last Yr.....	-6.79	-3.39	0.92	1.36	3.91	9.03	10.63	15.07	7.80	9.70	6.11	13.84	27.80	-1.33	6.21	9.61
CONSTRUCTION.....	36619	35414	37258	38754	36856	36704	37543	39338	38200	38867	41525	45632	44020	36753	37464	39483
% Chg Same Qtr Last Yr.....	3.76	2.83	7.16	2.74	0.65	3.64	0.76	1.51	3.65	5.90	10.61	16.00	15.23	3.03	1.94	5.39
MANUFACTURING.....	39825	40195	41506	41333	42058	42671	42980	42523	42352	43417	44197	45308	46177	40357	42260	43122
% Chg Same Qtr Last Yr.....	1.91	3.66	5.77	3.59	5.61	6.16	3.55	2.88	0.70	1.75	2.83	6.55	9.03	3.72	4.72	2.04
DURABLE GOODS.....	39330	39730	41029	40882	40932	41916	42114	41567	41405	42553	43050	44133	45365	39823	41461	42144
% Chg Same Qtr Last Yr.....	1.20	3.02	5.15	4.28	4.07	5.50	2.65	1.68	1.16	1.52	2.22	6.17	9.56	2.94	4.11	1.65
NONDURABLE GOODS.....	40588	40910	42251	42053	43866	43889	44388	44108	43919	44826	46075	47262	47525	41181	43549	44732
% Chg Same Qtr Last Yr.....	2.99	4.65	6.75	2.64	8.08	7.28	5.06	4.89	0.12	2.13	3.80	7.15	8.21	4.92	5.75	2.72
TRADE, TRANSPORTATION, UTILITIES.....	32476	32692	32643	33616	33831	34463	33676	34870	34922	35719	34845	36742	37030	32605	33896	35089
% Chg Same Qtr Last Yr.....	0.99	3.25	5.29	3.09	4.17	5.42	3.16	3.73	3.23	3.64	3.47	5.37	6.04	2.87	3.96	3.52
WHOLESALE TRADE.....	44969	45905	46242	47655	47972	49165	49258	49742	49667	50137	51036	52344	53060	45550	48512	50145
% Chg Same Qtr Last Yr.....	1.83	5.00	7.16	5.70	6.68	7.10	6.52	4.38	3.53	1.98	3.61	5.23	6.83	4.10	6.50	3.37
RETAIL TRADE.....	23673	24039	23601	24209	24409	24689	23916	25135	25161	25289	24370	26084	26151	23780	24306	24989
% Chg Same Qtr Last Yr.....	-0.16	3.88	4.62	1.68	3.11	2.71	1.34	3.83	3.08	2.43	1.90	3.78	3.93	2.24	2.21	2.81
TRANSPORTATION & UTILITIES.....	40635	40086	41416	42229	42271	43023	42064	43279	43676	46257	44545	46989	47388	40709	42397	44439
% Chg Same Qtr Last Yr.....	1.17	0.80	5.38	3.76	4.03	7.33	1.57	2.49	3.32	7.52	5.90	8.57	8.50	2.52	4.15	4.82
INFORMATION.....	40992	41399	40705	43086	42468	43157	44727	44235	43925	43849	44304	46758	47796	40912	43359	44078
% Chg Same Qtr Last Yr.....	4.81	3.68	1.43	6.25	3.60	4.25	9.88	2.67	3.43	1.60	-0.95	5.70	8.81	3.22	5.98	1.66
FINANCIAL ACTIVITIES.....	49034	48828	48435	49708	50346	51441	51284	50776	49793	50835	52063	54455	55287	48303	50695	50867
% Chg Same Qtr Last Yr.....	10.51	10.11	6.96	5.95	2.68	5.35	5.88	2.15	-1.10	-1.18	1.52	7.25	11.03	7.57	4.95	0.34
PROFESSIONAL & BUSINESS SERVICES..	35498	35679	35742	37044	36975	37377	36699	38617	38147	39078	38524	41312	41580	35610	37024	38591
% Chg Same Qtr Last Yr.....	1.05	4.88	3.73	4.29	4.16	4.76	2.68	4.25	3.17	4.55	4.97	6.98	9.00	3.28	3.97	4.23
EDUCATION & HEALTH SERVICES.....	35098	35997	36288	37159	37457	37755	38302	38472	39445	39008	39859	40134	40333	35587	37668	39196
% Chg Same Qtr Last Yr.....	0.43	3.21	4.95	6.28	6.72	4.88	5.55	3.53	5.31	3.32	4.07	4.32	2.25	2.31	5.85	4.06
LEISURE & HOSPITALITY.....	15990	16362	17093	17893	16451	16386	17334	17851	16671	16770	17979	18982	18003	16664	17016	17318
% Chg Same Qtr Last Yr.....	0.55	5.44	5.65	3.97	2.88	0.15	1.41	-0.24	1.34	2.34	3.72	6.33	7.99	3.29	2.11	1.77
OTHER SERVICES.....	31484	30655	31062	32576	32141	32109	32280	32469	32299	32909	33626	34474	34060	31118	32277	32826
% Chg Same Qtr Last Yr.....	7.46	1.49	0.60	4.18	2.09	4.74	3.92	-0.33	0.49	2.49	4.17	6.18	5.45	3.93	3.72	1.70
GOVERNMENT.....	32685	34101	32802	33037	33950	35548	34150	34735	34403	35633	34877	34890	35210	32968	34171	34912
% Chg Same Qtr Last Yr.....	4.03	4.15	4.79	2.33	3.87	4.24	4.11	5.14	1.34	0.24	2.13	0.45	2.34	4.03	3.65	2.17
FEDERAL, CIVILIAN.....	52572	53151	53454	55689	56603	56837	56599	58186	57557	58097	58005	59648	59877	52830	56432	57961
% Chg Same Qtr Last Yr.....	5.52	6.27	7.53	6.80	7.67	6.93	5.88	4.48	1.69	2.22	2.48	2.51	4.03	5.83	6.82	2.71
STATE & LOCAL.....	29840	31335	29951	29919	30804	32560	31163	31596	31272	32541	31858	31661	31960	30140	31111	31817
% Chg Same Qtr Last Yr.....	3.76	3.80	4.35	1.65	3.23	3.91	4.05	5.60	1.52	-0.06	2.23	0.21	2.20	3.73	3.22	2.27

Table 14: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (current dollars)

January 2007

	Historical Data												Annual			
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
TOTAL NONFARM.....	33994	34289	34783	34882	35423	35920	36064	36000	36186	36750	37263	37983	38572	34167	35572	36550
% Chg Prev Qtr SAAR.....	4.73	3.51	5.89	1.15	6.34	5.73	1.62	-0.70	2.08	6.39	5.70	7.96	6.35	3.35	4.11	2.75
% Chg Same Qtr Last Yr.....	2.34	3.91	4.89	3.80	4.20	4.76	3.68	3.21	2.15	2.31	3.33	5.51	6.59	3.35	4.11	2.75
NATURAL RESOURCES & MINING.....	34492	34293	35007	35390	35931	37293	38663	40808	38782	40844	40993	46511	49589	34658	36819	40357
% Chg Prev Qtr SAAR.....	-3.94	-2.29	8.59	4.44	6.26	16.04	15.53	24.11	-18.43	23.02	1.47	65.73	29.22	-1.40	6.23	9.61
% Chg Same Qtr Last Yr.....	-6.51	-3.61	0.66	1.58	4.17	8.75	10.44	15.31	7.93	9.52	6.03	13.97	27.87	-1.40	6.23	9.61
CONSTRUCTION.....	37054	36395	37408	37099	37286	37707	37660	37710	38656	40025	41812	43634	44363	36722	37438	39551
% Chg Prev Qtr SAAR.....	11.87	-6.93	11.61	-3.27	2.04	4.59	-0.50	0.53	10.42	14.94	19.10	18.60	6.85	3.06	1.95	5.64
% Chg Same Qtr Last Yr.....	3.72	2.72	7.13	2.97	0.63	3.61	0.67	1.65	3.67	6.15	11.03	15.71	14.76	3.06	1.95	5.64
MANUFACTURING.....	39919	40291	41539	41101	42181	42740	43017	42293	42491	43467	44236	45067	46336	40355	42260	43122
% Chg Prev Qtr SAAR.....	2.52	3.78	12.98	-4.16	10.93	5.41	2.62	-6.57	1.89	9.50	7.27	7.73	11.74	3.72	4.72	2.04
% Chg Same Qtr Last Yr.....	1.96	3.63	5.77	3.60	5.67	6.08	3.56	2.90	0.74	1.70	2.83	6.56	9.05	3.72	4.72	2.04
DURABLE GOODS.....	39491	39716	40992	40770	41115	41871	42072	41471	41599	42489	43006	44042	45583	39819	41457	42141
% Chg Prev Qtr SAAR.....	4.29	2.30	13.48	-2.14	3.43	7.56	1.93	-5.59	1.24	8.83	4.96	9.99	14.75	2.93	4.11	1.65
% Chg Same Qtr Last Yr.....	1.25	2.99	5.12	4.33	4.11	5.43	2.63	1.72	1.18	1.47	2.22	6.20	9.58	2.93	4.11	1.65
NONDURABLE GOODS.....	40579	41182	42397	41624	43886	44152	44563	43644	43962	45073	46261	46758	47581	41184	43556	44735
% Chg Prev Qtr SAAR.....	-0.01	6.07	12.34	-7.09	23.57	2.45	3.78	-8.00	2.94	10.50	10.97	4.37	7.23	4.92	5.76	2.71
% Chg Same Qtr Last Yr.....	3.05	4.62	6.80	2.57	8.15	7.21	5.11	4.85	0.17	2.09	3.81	7.14	8.23	4.92	5.76	2.71
TRADE, TRANSPORTATION, UTILITIES.....	32331	32611	33297	33183	33672	34372	34360	34421	34756	35617	35560	36267	36857	32607	33897	35088
% Chg Prev Qtr SAAR.....	1.77	3.51	8.68	-1.36	6.03	8.58	-0.14	0.72	3.95	10.28	-0.64	8.20	6.67	2.90	3.95	3.52
% Chg Same Qtr Last Yr.....	0.96	3.23	5.35	3.09	4.15	5.40	3.19	3.73	3.22	3.62	3.49	5.36	6.04	2.90	3.95	3.52
WHOLESALE TRADE.....	44973	45952	46437	47387	47984	49230	49461	49451	49681	50219	51237	52033	53079	45553	48516	50147
% Chg Prev Qtr SAAR.....	1.09	8.99	4.30	8.43	5.14	10.79	1.89	-0.08	1.87	4.40	8.36	6.36	8.29	4.10	6.50	3.36
% Chg Same Qtr Last Yr.....	1.84	5.05	7.16	5.65	6.70	7.13	6.51	4.36	3.54	2.01	3.59	5.22	6.84	4.10	6.50	3.36
RETAIL TRADE.....	23494	23886	24299	23834	24221	24525	24626	24752	24966	25116	25096	25688	25951	23778	24302	24982
% Chg Prev Qtr SAAR.....	1.06	6.83	7.11	-7.44	6.66	5.11	1.65	2.07	3.51	2.42	-0.32	9.78	4.16	2.27	2.20	2.80
% Chg Same Qtr Last Yr.....	-0.16	3.84	4.63	1.72	3.10	2.68	1.34	3.85	3.08	2.41	1.91	3.78	3.94	2.27	2.20	2.80
TRANSPORTATION & UTILITIES.....	40566	40213	41933	41657	42169	43143	42644	42672	43568	46360	45187	46326	47274	40719	42403	44447
% Chg Prev Qtr SAAR.....	4.06	-3.44	18.24	-2.60	5.00	9.56	-4.55	0.27	8.67	28.21	-9.75	10.47	8.44	2.53	4.14	4.82
% Chg Same Qtr Last Yr.....	1.04	0.77	5.56	3.72	3.95	7.29	1.69	2.44	3.32	7.46	5.96	8.56	8.51	2.53	4.14	4.82
INFORMATION.....	40966	41072	40999	43115	42440	42837	45092	44235	43925	43790	44664	46478	47796	40917	43371	44154
% Chg Prev Qtr SAAR.....	3.34	1.05	-0.72	22.30	-6.12	3.80	22.78	-7.39	-2.77	-1.22	8.23	17.26	11.83	3.23	6.00	1.81
% Chg Same Qtr Last Yr.....	4.94	3.64	1.45	6.12	3.60	4.30	9.98	2.60	3.50	2.23	-0.95	5.07	8.81	3.23	6.00	1.81
FINANCIAL ACTIVITIES.....	49081	48898	48515	49509	50370	51513	51404	50574	49793	51072	52087	54152	55300	48304	50699	50881
% Chg Prev Qtr SAAR.....	21.76	-1.49	-3.10	8.45	7.14	9.39	-0.85	-6.30	-6.03	10.67	8.19	16.83	8.75	7.57	4.96	0.36
% Chg Same Qtr Last Yr.....	10.43	10.05	7.06	5.96	2.63	5.35	5.95	2.15	-1.14	-0.86	1.33	7.08	11.06	7.57	4.96	0.36

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Table 14: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (current dollars)

January 2007

	Historical Data												Annual			
	2003:2	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2003	2004	2005
PROFESSIONAL & BUSINESS SERVICES...	35436	35887	36164	36469	36909	37558	37138	38032	38081	39174	38827	40994	41461	35612	37018	38529
% Chg Prev Qtr SAAR.....	5.54	5.20	3.12	3.41	4.92	7.21	-4.40	9.99	0.51	11.99	-3.50	24.26	4.64	3.28	3.95	4.08
% Chg Same Qtr Last Yr.....	1.02	4.84	3.84	4.31	4.16	4.65	2.69	4.29	3.17	4.30	4.55	7.79	8.88	3.28	3.95	4.08
EDUCATION & HEALTH SERVICES.....	35060	35978	36502	36990	37427	37750	38508	38293	39418	39013	40067	39944	40307	35587	37669	39198
% Chg Prev Qtr SAAR.....	2.94	10.89	5.95	5.46	4.81	3.50	8.29	-2.22	12.29	-4.05	11.25	-1.22	3.69	2.32	5.85	4.06
% Chg Same Qtr Last Yr.....	0.45	3.26	4.88	6.27	6.75	4.92	5.50	3.52	5.32	3.35	4.05	4.31	2.25	2.32	5.85	4.06
LEISURE & HOSPITALITY.....	16404	16924	16910	17010	16879	16938	17143	16983	17108	17309	17831	18095	18410	16647	16993	17308
% Chg Prev Qtr SAAR.....	1.38	13.29	-0.34	2.41	-3.05	1.39	4.93	-3.68	2.99	4.77	12.61	6.08	7.14	3.31	2.08	1.85
% Chg Same Qtr Last Yr.....	0.62	5.36	5.61	4.05	2.90	0.08	1.38	-0.16	1.36	2.19	4.01	6.55	7.61	3.31	2.08	1.85
OTHER SERVICES.....	31530	30874	31125	32219	32268	32290	32269	32153	32481	33065	33585	34149	34270	31095	32261	32821
% Chg Prev Qtr SAAR.....	9.11	-8.06	3.28	14.82	0.61	0.27	-0.25	-1.43	4.15	7.38	6.45	6.89	1.43	3.93	3.75	1.74
% Chg Same Qtr Last Yr.....	7.63	1.36	0.25	4.44	2.34	4.58	3.68	-0.20	0.66	2.40	4.08	6.21	5.51	3.93	3.75	1.74
GOVERNMENT.....	32870	33105	33310	33292	34140	34536	34680	34983	34588	34642	35416	35131	35393	32961	34162	34908
% Chg Prev Qtr SAAR.....	3.90	2.89	2.49	-0.21	10.58	4.72	1.68	3.54	-4.44	0.62	9.24	-3.19	3.02	4.04	3.65	2.18
% Chg Same Qtr Last Yr.....	4.05	4.19	4.82	2.26	3.86	4.32	4.11	5.08	1.31	0.31	2.12	0.42	2.33	4.04	3.65	2.18
FEDERAL, CIVILIAN.....	53089	52828	53118	55852	57081	56499	56372	58273	58005	57786	57811	59700	60328	52853	56451	57969
% Chg Prev Qtr SAAR.....	5.56	-1.95	2.21	22.23	9.10	-4.02	-0.89	14.18	-1.83	-1.50	0.17	13.72	4.28	5.84	6.81	2.69
% Chg Same Qtr Last Yr.....	5.30	6.25	7.89	6.64	7.52	6.95	6.13	4.33	1.62	2.28	2.55	2.45	4.01	5.84	6.81	2.69
STATE & LOCAL.....	29991	30318	30507	30170	30964	31532	31730	31846	31431	31538	32430	31905	32117	30129	31099	31811
% Chg Prev Qtr SAAR.....	3.98	4.43	2.52	-4.35	10.95	7.54	2.53	1.47	-5.11	1.38	11.80	-6.32	2.68	3.74	3.22	2.29
% Chg Same Qtr Last Yr.....	3.81	3.86	4.31	1.58	3.24	4.01	4.01	5.55	1.51	0.02	2.21	0.19	2.18	3.74	3.22	2.29

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Table 15: Tennessee Civilian Labor Force and Unemployment Rate, Not Seasonally Adjusted

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
CIVILIAN LABOR FORCE (THOUS).....	2900	2905	2876	2885	2913	2915	2873	2905	2925	2936	2903	2970	3014	2892	2897	2910
% Chg Same Qtr Last Yr.....	0.24	0.56	0.26	-0.33	0.45	0.32	-0.12	0.72	0.41	0.72	1.07	2.21	3.05	0.71	0.17	0.43
EMPLOYED PERSONS (THOUS).....	2731	2745	2710	2737	2754	2755	2696	2743	2768	2784	2742	2810	2852	2728	2739	2748
% Chg Same Qtr Last Yr.....	-0.58	-0.10	0.27	0.21	0.85	0.35	-0.53	0.24	0.49	1.05	1.74	2.43	3.05	0.29	0.42	0.32
UNEMPLOYED PERSONS (THOUS).....	169	160	166	148	159	160	177	162	157	152	161	160	162	164	158	162
% Chg Same Qtr Last Yr.....	15.57	13.56	0.14	-9.38	-5.95	-0.25	6.56	9.53	-1.07	-4.91	-9.09	-1.54	3.10	8.20	-3.88	2.45
PARTICIPATION RATE (PERCENT).....	62.7	62.6	61.8	61.8	62.4	62.3	61.4	62.0	62.3	62.4	61.5	62.7	63.5	62.7	62.1	62.0
% Chg Same Qtr Last Yr.....	-0.95	-0.65	-0.97	-1.58	-0.57	-0.48	-0.68	0.38	-0.11	0.02	0.18	1.13	1.97	-0.47	-0.90	-0.10
UNEMPLOYMENT RATE (PERCENT).....	5.8	5.5	5.8	5.1	5.4	5.5	6.2	5.6	5.4	5.2	5.5	5.4	5.4	5.7	5.5	5.6

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Table 16: Tennessee Civilian Labor Force and Unemployment Rate, Seasonally Adjusted

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
CIVILIAN LABOR FORCE (THOUS).....	2891	2894	2898	2890	2897	2903	2899	2913	2909	2917	2931	2970	2991	2892	2897	2910
% Chg Prev Qtr SAAR.....	-0.65	0.48	0.58	-1.20	0.98	0.88	-0.54	1.89	-0.50	1.09	1.95	5.38	2.86	0.71	0.17	0.43
% Chg Same Qtr Last Yr.....	0.57	0.46	0.39	-0.20	0.21	0.31	0.03	0.80	0.43	0.48	1.10	1.96	2.81	0.71	0.17	0.43
EMPLOYED PERSONS (THOUS).....	2722	2729	2744	2736	2737	2739	2738	2748	2748	2756	2781	2807	2829	2728	2739	2748
% Chg Prev Qtr SAAR.....	-1.06	1.08	2.25	-1.24	0.13	0.31	-0.06	1.47	-0.09	1.15	3.65	3.85	3.21	0.29	0.42	0.32
% Chg Same Qtr Last Yr.....	-0.17	-0.07	0.53	0.25	0.55	0.36	-0.22	0.46	0.41	0.62	1.54	2.13	2.96	0.29	0.42	0.32
UNEMPLOYED PERSONS (THOUS).....	169	165	154	154	160	164	161	164	161	161	151	163	162	164	158	162
% Chg Prev Qtr SAAR.....	6.32	-8.84	-24.20	-0.44	16.97	11.01	-8.37	9.38	-7.23	0.04	-23.99	36.64	-3.12	8.20	-3.88	2.45
% Chg Same Qtr Last Yr.....	14.23	10.05	-2.04	-7.52	-5.29	-0.51	4.32	6.81	0.79	-1.79	-6.28	-0.91	0.16	8.20	-3.88	2.45
PARTICIPATION RATE (PERCENT).....	62.5	62.4	62.3	61.9	62.0	62.1	62.0	62.2	62.0	62.0	62.1	62.8	63.0	62.7	62.1	62.0
% Chg Prev Qtr SAAR.....	-1.89	-0.78	-0.68	-2.43	0.64	0.54	-0.88	1.55	-1.56	0.02	0.88	4.27	1.78	-0.47	-0.90	-0.10
% Chg Same Qtr Last Yr.....	-0.62	-0.75	-0.85	-1.45	-0.82	-0.49	-0.54	0.46	-0.09	-0.22	0.22	0.88	1.72	-0.47	-0.90	-0.10
UNEMPLOYMENT RATE (PERCENT).....	5.8	5.7	5.3	5.3	5.5	5.7	5.5	5.6	5.5	5.5	5.1	5.5	5.4	5.7	5.5	5.6

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Table 17: Tennessee Taxable Sales, Not Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL TAXABLE SALES.....	18729	19730	17418	18826	18839	19979	17915	19521	19597	20895	18417	20053	19874	73374	75062	77928
% Chg Same Qtr Last Yr.....	5.81	3.07	5.47	2.31	0.59	1.26	2.86	3.69	4.02	4.58	2.80	2.72	1.41	1.60	2.30	3.82
AUTO DEALERS.....	2483	2062	2132	2204	2360	2009	2107	2224	2320	1812	1917	2142	2199	8943	8705	8463
% Chg Same Qtr Last Yr.....	9.56	0.76	3.74	-5.94	-4.93	-2.58	-1.17	0.90	-1.70	-9.81	-9.02	-3.68	-5.22	4.83	-2.66	-2.78
PURCHASES FROM MANUFACTURERS.....	951	1028	881	932	996	1024	970	1091	1092	1161	967	1031	1023	3730	3833	4315
% Chg Same Qtr Last Yr.....	9.27	11.52	6.75	0.66	4.77	-0.39	10.20	17.09	9.58	13.42	-0.39	-5.57	-6.28	5.64	2.76	12.57
MISC DURABLE GOODS.....	3217	3237	2968	3391	3345	3381	3165	3612	3658	3776	3425	3949	3812	12224	13084	14211
% Chg Same Qtr Last Yr.....	10.76	4.90	12.75	8.11	3.95	4.44	6.64	6.52	9.36	11.68	8.22	9.35	4.22	3.13	7.04	8.61
EATING AND DRINKING PLACES.....	1699	1649	1640	1735	1767	1724	1697	1845	1803	1782	1752	1858	1878	6537	6866	7127
% Chg Same Qtr Last Yr.....	6.74	5.85	7.74	4.12	3.96	4.56	3.51	6.30	2.07	3.35	3.25	0.70	4.14	3.22	5.03	3.80
FOOD STORES.....	1686	1794	1568	1654	1658	1776	1588	1646	1674	1774	1562	1666	1679	6756	6657	6682
% Chg Same Qtr Last Yr.....	-5.93	-1.13	-1.99	-1.29	-1.61	-1.00	1.26	-0.51	0.93	-0.15	-1.65	1.23	0.33	-7.97	-1.46	0.36
LIQUOR STORES.....	95	126	96	99	100	128	98	106	104	136	107	114	114	411	423	445
% Chg Same Qtr Last Yr.....	6.65	6.03	4.93	0.08	5.22	2.00	2.48	7.00	4.47	6.36	9.24	7.41	9.18	4.26	2.93	5.18
HOTELS AND MOTELS.....	475	438	352	457	483	444	368	491	506	470	397	502	532	1723	1736	1835
% Chg Same Qtr Last Yr.....	0.75	0.09	-0.56	0.38	1.64	1.24	4.48	7.32	4.82	5.99	7.72	2.32	5.20	0.39	0.75	5.71
OTHER RETAIL AND SERVICE.....	5231	6208	4997	5333	5261	6213	5168	5523	5388	6462	5235	5633	5503	21414	21805	22542
% Chg Same Qtr Last Yr.....	6.57	3.42	4.37	2.83	0.59	0.07	3.42	3.57	2.42	4.01	1.29	1.98	2.12	2.17	1.83	3.38
MISC NONDURABLE GOODS.....	1441	1757	1388	1446	1442	1767	1450	1494	1505	1880	1455	1542	1503	5940	6044	6328
% Chg Same Qtr Last Yr.....	1.46	-0.66	4.24	2.48	0.10	0.59	4.46	3.25	4.38	6.39	0.35	3.22	-0.16	-1.68	1.74	4.71
TRANSPORTATION, COMMUNICATION.....	1452	1430	1395	1574	1427	1513	1302	1491	1547	1641	1600	1618	1631	5698	5910	5982
% Chg Same Qtr Last Yr.....	4.74	3.17	6.20	4.82	-1.70	5.79	-6.65	-5.30	8.41	8.46	22.82	8.52	5.44	3.23	3.72	1.21
PER CAPITA (\$.).....	3196	3359	2959	3190	3184	3367	3011	3272	3278	3487	3067	3332	3295	12536	12700	13049
% Chg Same Qtr Last Yr.....	4.85	2.12	4.49	1.34	-0.40	0.24	1.78	2.57	2.95	3.56	1.84	1.82	0.52	0.67	1.31	2.75

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Table 18: Tennessee Taxable Sales, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL TAXABLE SALES.....	18648	18667	18767	18629	18763	18905	19296	19340	19510	19747	19828	19872	19788	73314	75065	77892
% Chg Prev Qtr SAAR.....	10.40	0.40	2.18	-2.92	2.91	3.06	8.53	0.91	3.58	4.94	1.65	0.90	-1.68	1.47	2.39	3.77
% Chg Same Qtr Last Yr.....	5.88	2.98	5.39	2.40	0.62	1.28	2.82	3.81	3.98	4.45	2.76	2.75	1.43	1.47	2.39	3.77
AUTO DEALERS.....	2287	2247	2214	2137	2164	2194	2196	2152	2123	1982	2000	2072	2009	8928	8708	8452
% Chg Prev Qtr SAAR.....	2.20	-6.78	-5.68	-13.32	5.19	5.62	0.50	-7.85	-5.34	-24.00	3.74	15.16	-11.61	4.62	-2.46	-2.93
% Chg Same Qtr Last Yr.....	9.01	0.65	4.44	-6.05	-5.37	-2.37	-0.81	0.72	-1.90	-9.65	-8.93	-3.72	-5.35	4.62	-2.46	-2.93
PURCHASES FROM MANUFACTURERS.....	941	977	955	919	988	969	1050	1082	1081	1098	1044	1025	1012	3724	3831	4311
% Chg Prev Qtr SAAR.....	16.51	16.20	-8.72	-14.38	33.39	-7.36	38.13	12.66	-0.46	6.33	-18.00	-7.35	-4.94	5.60	2.86	12.54
% Chg Same Qtr Last Yr.....	9.40	11.02	6.19	1.42	4.91	-0.87	9.95	17.76	9.45	13.28	-0.56	-5.30	-6.39	5.60	2.86	12.54
MISC DURABLE GOODS.....	3179	3154	3246	3245	3295	3296	3457	3467	3591	3688	3736	3797	3737	12204	13082	14205
% Chg Prev Qtr SAAR.....	27.25	-3.11	12.26	-0.12	6.21	0.20	21.05	1.15	15.09	11.26	5.23	6.76	-6.22	2.98	7.20	8.58
% Chg Same Qtr Last Yr.....	10.71	4.69	12.77	8.43	3.64	4.52	6.51	6.84	9.01	11.90	8.05	9.51	4.05	2.98	7.20	8.58
EATING AND DRINKING PLACES.....	1656	1672	1706	1691	1722	1748	1764	1800	1758	1807	1819	1813	1831	6536	6868	7128
% Chg Prev Qtr SAAR.....	8.33	3.89	8.54	-3.47	7.61	6.00	3.69	8.39	-8.92	11.60	2.77	-1.37	4.01	3.17	5.07	3.79
% Chg Same Qtr Last Yr.....	6.86	5.79	7.59	4.21	4.03	4.56	3.37	6.41	2.06	3.38	3.15	0.75	4.15	3.17	5.07	3.79
FOOD STORES.....	1689	1682	1668	1664	1660	1666	1689	1655	1674	1664	1662	1676	1679	6759	6658	6683
% Chg Prev Qtr SAAR.....	1.08	-1.80	-3.18	-1.04	-0.92	1.55	5.66	-7.85	4.65	-2.28	-0.70	3.41	0.85	-8.17	-1.49	0.38
% Chg Same Qtr Last Yr.....	-6.04	-0.97	-2.06	-1.25	-1.74	-0.91	1.28	-0.51	0.86	-0.11	-1.64	1.23	0.30	-8.17	-1.49	0.38
LIQUOR STORES.....	103	104	104	103	108	107	107	111	112	114	117	119	122	410	422	444
% Chg Prev Qtr SAAR.....	-0.09	5.37	0.18	-4.68	20.20	-5.28	2.03	13.63	6.74	3.88	13.29	6.28	12.58	4.07	3.00	5.06
% Chg Same Qtr Last Yr.....	6.29	6.31	4.95	0.13	4.87	2.11	2.58	7.18	4.05	6.48	9.30	7.49	8.94	4.07	3.00	5.06
HOTELS AND MOTELS.....	430	433	431	429	437	438	449	461	458	465	483	472	481	1724	1735	1833
% Chg Prev Qtr SAAR.....	2.90	2.36	-1.73	-1.46	7.56	1.35	9.95	11.25	-2.89	6.47	16.64	-8.85	7.96	0.49	0.65	5.62
% Chg Same Qtr Last Yr.....	0.90	0.16	-0.85	0.49	1.61	1.36	4.25	7.46	4.75	6.05	7.62	2.39	5.14	0.49	0.65	5.62
OTHER RETAIL AND SERVICE.....	5430	5451	5450	5434	5468	5457	5627	5629	5602	5680	5694	5741	5722	21402	21809	22538
% Chg Prev Qtr SAAR.....	11.58	1.53	-0.04	-1.19	2.56	-0.79	13.02	0.13	-1.92	5.75	0.98	3.30	-1.28	2.05	1.90	3.34
% Chg Same Qtr Last Yr.....	6.77	3.55	4.04	2.85	0.71	0.13	3.25	3.59	2.44	4.09	1.19	1.99	2.15	2.05	1.90	3.34
MISC NONDURABLE GOODS.....	1507	1511	1511	1503	1511	1515	1579	1554	1578	1611	1584	1605	1577	5932	6041	6322
% Chg Prev Qtr SAAR.....	12.71	0.93	-0.12	-1.89	2.18	1.02	17.77	-6.04	6.40	8.40	-6.56	5.58	-6.94	-1.76	1.82	4.66
% Chg Same Qtr Last Yr.....	1.66	-0.93	4.10	2.75	0.26	0.29	4.50	3.38	4.43	6.29	0.32	3.28	-0.12	-1.76	1.82	4.66
TRANSPORTATION, COMMUNICATION.....	1426	1437	1482	1504	1410	1515	1377	1429	1533	1638	1689	1553	1618	5694	5910	5977
% Chg Prev Qtr SAAR.....	-2.58	3.13	13.06	6.13	-22.70	33.16	-31.69	15.89	32.56	30.35	12.94	-28.49	17.87	3.05	3.79	1.13
% Chg Same Qtr Last Yr.....	6.10	2.39	6.11	4.78	-1.11	5.42	-7.06	-4.99	8.72	8.15	22.63	8.69	5.54	3.05	3.79	1.13
PER CAPITA (\$) % Chg Prev Qtr SAAR.....	3183	3178	3188	3157	3171	3186	3243	3242	3263	3296	3302	3302	3281	12527	12702	13044
% Chg Same Qtr Last Yr.....	9.36	-0.55	1.21	-3.83	1.80	1.95	7.36	-0.18	2.66	4.02	0.76	0.01	-2.54	0.54	1.40	2.69
% Chg Same Qtr Last Yr.....	4.91	2.03	4.41	1.43	-0.37	0.25	1.74	2.69	2.91	3.43	1.80	1.85	0.54	0.54	1.40	2.69

Table 19: Tennessee Taxable Sales, Not Seasonally Adjusted (millions of current dollars)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL TAXABLE SALES.....	19824	20962	18672	20361	20470	21873	19723	21657	21962	23584	20893	22975	22911	77500	81376	86926
% Chg Same Qtr Last Yr.....	7.86	5.02	7.62	5.15	3.26	4.35	5.63	6.36	7.29	7.82	5.93	6.09	4.32	3.62	5.00	6.82
AUTO DEALERS.....	2628	2191	2285	2384	2564	2200	2320	2467	2600	2045	2175	2454	2535	9444	9433	9432
% Chg Same Qtr Last Yr.....	11.68	2.67	5.86	-3.33	-2.41	0.39	1.49	3.50	1.38	-7.01	-6.25	-0.53	-2.50	6.91	-0.11	-0.01
PURCHASES FROM MANUFACTURERS.....	1006	1092	944	1008	1082	1121	1068	1211	1223	1311	1097	1181	1179	3940	4155	4813
% Chg Same Qtr Last Yr.....	11.38	13.63	8.93	3.45	7.55	2.64	13.17	20.11	13.02	16.94	2.64	-2.48	-3.59	7.74	5.48	15.83
MISC DURABLE GOODS.....	3406	3439	3182	3667	3634	3701	3485	4007	4099	4262	3886	4525	4394	12911	14185	15852
% Chg Same Qtr Last Yr.....	12.90	6.88	15.05	11.11	6.71	7.62	9.52	9.26	12.79	15.14	11.51	12.93	7.20	5.18	9.86	11.76
EATING AND DRINKING PLACES.....	1799	1752	1758	1877	1920	1888	1869	2047	2021	2011	1988	2128	2165	6904	7442	7947
% Chg Same Qtr Last Yr.....	8.81	7.85	9.94	7.01	6.72	7.75	6.30	9.03	5.27	6.55	6.39	3.99	7.12	5.28	7.80	6.79
FOOD STORES.....	1784	1906	1681	1789	1802	1945	1748	1826	1876	2002	1772	1909	1936	7135	7217	7452
% Chg Same Qtr Last Yr.....	-4.11	0.74	0.01	1.45	0.99	2.01	3.99	2.05	4.09	2.95	1.34	4.54	3.21	-6.13	1.15	3.26
LIQUOR STORES.....	100	133	103	107	108	140	108	117	117	154	122	130	131	434	458	496
% Chg Same Qtr Last Yr.....	8.71	8.04	7.07	2.86	8.01	5.11	5.25	9.75	7.75	9.66	12.57	10.92	12.31	6.33	5.67	8.24
HOTELS AND MOTELS.....	502	466	378	494	524	486	405	544	567	531	450	575	613	1820	1882	2047
% Chg Same Qtr Last Yr.....	2.70	1.98	1.47	3.17	4.34	4.32	7.30	10.08	8.11	9.28	11.01	5.67	8.22	2.36	3.44	8.77
OTHER RETAIL AND SERVICE.....	5537	6596	5357	5768	5717	6802	5690	6127	6039	7294	5939	6454	6344	22621	23644	25150
% Chg Same Qtr Last Yr.....	8.64	5.37	6.49	5.68	3.25	3.12	6.21	6.23	5.63	7.24	4.38	5.32	5.05	4.20	4.52	6.37
MISC NONDURABLE GOODS.....	1525	1867	1488	1564	1567	1935	1596	1657	1687	2122	1651	1766	1732	6276	6554	7062
% Chg Same Qtr Last Yr.....	3.42	1.22	6.37	5.33	2.76	3.65	7.27	5.91	7.65	9.69	3.41	6.60	2.70	0.27	4.44	7.75
TRANSPORTATION, COMMUNICATION.....	1537	1520	1496	1703	1551	1657	1434	1654	1734	1852	1815	1854	1881	6017	6406	6674
% Chg Same Qtr Last Yr.....	6.77	5.12	8.37	7.73	0.91	9.01	-4.13	-2.86	11.81	11.82	26.56	12.08	8.46	5.28	6.46	4.19
PER CAPITA (\$).....	3383	3569	3172	3451	3459	3687	3315	3630	3673	3936	3479	3818	3798	13240	13768	14555
% Chg Same Qtr Last Yr.....	6.88	4.05	6.62	4.15	2.25	3.29	4.53	5.22	6.18	6.77	4.95	5.15	3.40	2.68	3.99	5.72

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Table 20: Tennessee Taxable Sales, Seasonally Adjusted (millions of current dollars)

January 2007

	Historical Data												Annual			
	2003:3	2003:4	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1	2006:2	2006:3	2003	2004	2005
TOTAL TAXABLE SALES.....	19739	19832	20119	20148	20388	20697	21243	21455	21864	22289	22494	22768	22812	77423	81351	86851
% Chg Prev Qtr SAAR.....	13.01	1.89	5.92	0.58	4.84	6.20	10.99	4.06	7.85	8.00	3.73	4.97	0.76	3.49	5.07	6.76
% Chg Same Qtr Last Yr.....	7.93	4.93	7.54	5.24	3.29	4.36	5.59	6.49	7.24	7.69	5.89	6.12	4.33	3.49	5.07	6.76
AUTO DEALERS.....	2420	2387	2374	2311	2351	2401	2418	2387	2379	2237	2269	2374	2316	9428	9437	9421
% Chg Prev Qtr SAAR.....	4.62	-5.39	-2.23	-10.19	7.17	8.84	2.78	-4.97	-1.43	-21.79	5.86	19.81	-9.42	6.69	0.09	-0.17
% Chg Same Qtr Last Yr.....	11.12	2.55	6.57	-3.45	-2.86	0.60	1.86	3.31	1.17	-6.85	-6.16	-0.56	-2.64	6.69	0.09	-0.17
PURCHASES FROM MANUFACTURERS....	996	1038	1024	994	1073	1061	1156	1201	1211	1239	1185	1174	1166	3933	4152	4807
% Chg Prev Qtr SAAR.....	19.26	17.92	-5.38	-11.29	35.89	-4.54	41.26	16.17	3.64	9.42	-16.32	-3.60	-2.58	7.71	5.55	15.78
% Chg Same Qtr Last Yr.....	11.52	13.12	8.36	4.23	7.69	2.15	12.91	20.79	12.88	16.80	2.47	-2.20	-3.70	7.71	5.55	15.78
MISC DURABLE GOODS.....	3365	3351	3480	3510	3580	3609	3806	3847	4025	4163	4238	4351	4308	12889	14179	15841
% Chg Prev Qtr SAAR.....	30.26	-1.67	16.38	3.48	8.20	3.25	23.79	4.31	19.83	14.50	7.38	11.07	-3.89	5.04	10.00	11.72
% Chg Same Qtr Last Yr.....	12.85	6.68	15.07	11.44	6.39	7.70	9.38	9.59	12.42	15.37	11.34	13.10	7.03	5.04	10.00	11.72
EATING AND DRINKING PLACES.....	1753	1776	1829	1829	1872	1913	1942	1996	1970	2039	2064	2077	2111	6902	7443	7947
% Chg Prev Qtr SAAR.....	10.89	5.44	12.52	0.01	9.62	9.23	6.04	11.77	-5.17	14.85	4.87	2.61	6.60	5.23	7.83	6.78
% Chg Same Qtr Last Yr.....	8.93	7.79	9.78	7.10	6.79	7.74	6.15	9.15	5.26	6.59	6.29	4.05	7.13	5.23	7.83	6.78
FOOD STORES.....	1788	1786	1788	1799	1804	1824	1860	1836	1876	1879	1885	1920	1936	7137	7215	7451
% Chg Prev Qtr SAAR.....	3.47	-0.35	0.37	2.52	0.94	4.64	8.06	-4.97	8.97	0.56	1.33	7.59	3.36	-6.33	1.10	3.27
% Chg Same Qtr Last Yr.....	-4.22	0.91	-0.07	1.49	0.87	2.10	4.01	2.05	4.02	2.99	1.35	4.55	3.18	-6.33	1.10	3.27
LIQUOR STORES.....	109	111	112	112	117	117	118	123	126	128	133	136	141	433	458	495
% Chg Prev Qtr SAAR.....	2.27	6.94	3.85	-1.24	22.45	-2.40	4.34	17.17	11.13	6.91	15.61	10.57	15.38	6.15	5.71	8.10
% Chg Same Qtr Last Yr.....	8.35	8.32	7.09	2.91	7.65	5.22	5.34	9.94	7.31	9.78	12.63	11.01	12.06	6.15	5.71	8.10
HOTELS AND MOTELS.....	455	460	462	464	475	480	494	512	513	525	548	541	555	1821	1881	2044
% Chg Prev Qtr SAAR.....	5.33	3.88	1.87	2.09	9.57	4.43	12.44	14.72	1.12	9.57	19.03	-5.18	10.64	2.48	3.30	8.67
% Chg Same Qtr Last Yr.....	2.86	2.06	1.17	3.28	4.31	4.45	7.06	10.22	8.03	9.34	10.90	5.75	8.15	2.48	3.30	8.67
OTHER RETAIL AND SERVICE.....	5748	5791	5842	5877	5942	5975	6195	6245	6277	6412	6460	6577	6596	22601	23635	25128
% Chg Prev Qtr SAAR.....	14.22	3.04	3.62	2.38	4.49	2.23	15.58	3.25	2.12	8.83	3.04	7.47	1.17	4.08	4.58	6.32
% Chg Same Qtr Last Yr.....	8.83	5.51	6.16	5.70	3.38	3.17	6.03	6.26	5.65	7.31	4.28	5.33	5.08	4.08	4.58	6.32
MISC NONDURABLE GOODS.....	1596	1605	1619	1626	1642	1659	1738	1724	1769	1818	1796	1839	1817	6265	6547	7049
% Chg Prev Qtr SAAR.....	15.38	2.43	3.54	1.65	4.09	4.10	20.44	-3.10	10.79	11.56	-4.65	9.84	-4.63	0.20	4.49	7.68
% Chg Same Qtr Last Yr.....	3.63	0.94	6.23	5.61	2.92	3.34	7.32	6.04	7.71	9.59	3.37	6.67	2.74	0.20	4.49	7.68
TRANSPORTATION, COMMUNICATION.....	1509	1527	1588	1627	1532	1658	1516	1585	1718	1849	1916	1779	1865	6013	6405	6668
% Chg Prev Qtr SAAR.....	-0.28	4.66	17.20	9.95	-21.26	37.21	-30.14	19.50	38.02	34.15	15.24	-25.60	20.79	5.11	6.52	4.11
% Chg Same Qtr Last Yr.....	8.15	4.33	8.28	7.69	1.52	8.63	-4.55	-2.54	12.13	11.50	26.37	12.25	8.57	5.11	6.52	4.11
PER CAPITA (\$)......	3369	3377	3418	3414	3446	3488	3571	3597	3657	3720	3746	3783	3782	13229	13766	14544
% Chg Prev Qtr SAAR.....	11.94	0.92	4.92	-0.37	3.70	5.05	9.79	2.94	6.89	7.04	2.82	4.05	-0.12	2.55	4.06	5.66
% Chg Same Qtr Last Yr.....	6.94	3.96	6.54	4.25	2.27	3.31	4.48	5.34	6.14	6.64	4.90	5.19	3.42	2.55	4.06	5.66

Table 1: Selected U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
US GDP (Bil2000\$) SAAR.....	7835.5	8031.7	8328.9	8703.5	9066.9	9470.4	9817.0	9890.7	10048.9	10301.1	10703.5	11048.6
Percentage change.....	4.02	2.50	3.70	4.50	4.18	4.45	3.66	0.75	1.60	2.51	3.91	3.22
US GDP (Bil\$) SAAR.....	7072.2	7397.7	7816.8	8304.3	8747.0	9268.4	9817.0	10128.0	10469.6	10960.8	11712.5	12455.8
Percentage change.....	6.23	4.60	5.67	6.24	5.33	5.96	5.92	3.17	3.37	4.69	6.86	6.35
CHAINED PRICE INDEX, GDP (2000=100.0).....	90.3	92.1	93.9	95.4	96.5	97.9	100.0	102.4	104.2	106.4	109.4	112.7
Percentage change.....	2.12	2.05	1.89	1.66	1.11	1.44	2.18	2.40	1.75	2.13	2.84	3.03
US PERS CONSUMP DEFL (2000=100.0).....	89.7	91.6	93.5	95.1	96.0	97.6	100.0	102.1	103.5	105.6	108.4	111.5
Percentage change.....	2.11	2.15	2.15	1.69	0.90	1.66	2.49	2.09	1.42	1.98	2.63	2.88
TN PERSONAL INCOME (MIL2000\$) SAAR.....	118046	123165	126532	131086	139212	143875	148830	151248	153728	156838	161214	165529
Percentage change.....	4.63	4.34	2.73	3.60	6.20	3.35	3.44	1.62	1.64	2.02	2.79	2.68
US PERSONAL INCOME (BIL2000\$) SAAR.....	6516	6718	6970	7269	7734	7996	8429	8545	8578	8678	8979	9183
Percentage change.....	2.94	3.10	3.75	4.29	6.39	3.39	5.42	1.37	0.39	1.16	3.47	2.28
TN PERSONAL INCOME (MIL\$) SAAR.....	105846	112794	118374	124699	133620	140395	148834	154416	159173	165622	174727	184567
Percentage change.....	6.84	6.56	4.95	5.34	7.15	5.07	6.01	3.75	3.08	4.05	5.50	5.63
US PERSONAL INCOME (BIL\$) SAAR.....	5843	6152	6521	6915	7423	7802	8430	8724	8882	9164	9731	10239
Percentage change.....	5.11	5.30	5.99	6.05	7.34	5.11	8.04	3.49	1.81	3.17	6.20	5.22
TN NONFARM JOBS (THOUS).....	2422.8	2498.8	2533.3	2584.0	2638.5	2685.3	2729.0	2688.5	2664.5	2662.7	2706.1	2743.7
Percentage change.....	4.05	3.14	1.38	2.00	2.11	1.78	1.62	-1.48	-0.89	-0.07	1.63	1.39
US NONFARM JOBS (MIL).....	114.3	117.3	119.7	122.8	125.9	129.0	131.8	131.8	130.3	130.0	131.4	133.5
Percentage change.....	3.10	2.65	2.04	2.56	2.57	2.44	2.17	0.03	-1.13	-0.27	1.10	1.55
TN UNEMPLOYMENT RATE (%).....	5.1	5.3	5.3	5.3	4.5	4.1	4.0	4.7	5.3	5.7	5.5	5.6
US UNEMPLOYMENT RATE (%).....	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5	5.1
BANK PRIME INTEREST RATE (%).....	7.1	8.8	8.3	8.4	8.4	8.0	9.2	6.9	4.7	4.1	4.3	6.2
CONSUMER PRICE INDEX, ALL-URBAN (82-84=1.000).....	1.482	1.524	1.569	1.605	1.630	1.666	1.722	1.770	1.799	1.840	1.889	1.953
FEDERAL FUNDS RATE (% per annum).....	4.202	5.837	5.298	5.460	5.353	4.970	6.236	3.888	1.667	1.128	1.349	3.213
30-YEAR FIXED MORTGAGE RATE (%).....	8.4	8.0	7.8	7.6	6.9	7.4	8.1	7.0	6.5	5.8	5.8	5.9
TN MFG JOBS (THOUS).....	513.9	518.1	501.5	498.0	498.6	494.7	488.0	454.2	428.5	413.2	411.8	408.6
Percentage change.....	2.19	0.81	-3.19	-0.70	0.12	-0.78	-1.35	-6.93	-5.66	-3.56	-0.35	-0.77
US MFG JOBS (MIL).....	17.0	17.2	17.2	17.4	17.6	17.3	17.3	16.4	15.3	14.5	14.3	14.2
Percentage change.....	1.48	1.29	-0.05	1.05	0.82	-1.35	-0.33	-4.77	-7.21	-4.91	-1.32	-0.56
TN TAXABLE SALES (MIL2000\$).....	59879	63243	64843	69411	69028	74122	74661	73005	72254	73314	75065	77892
Percentage change.....	7.26	5.62	2.53	7.05	-0.55	7.38	0.73	-2.22	-1.03	1.47	2.39	3.77
TN TAXABLE SALES (MIL\$).....	53693	57917	60662	66030	66259	72328	74656	74533	74810	77423	81351	86851
Percentage change.....	9.52	7.87	4.74	8.85	0.35	9.16	3.22	-0.16	0.37	3.49	5.07	6.76
TN AVG ANNUAL WAGE, NONFARM (2000\$).....	-	-	-	-	-	-	-	31327	31928	32355	32823	32781
Percentage change.....	-	-	-	-	-	-	-	-	1.92	1.34	1.44	-0.13
TN AVG ANNUAL WAGE, NONFARM (\$).....	-	-	-	-	-	-	-	31984	33058	34167	35572	36550
Percentage change.....	-	-	-	-	-	-	-	-	3.36	3.35	4.11	2.75

Table 2: Selected Per Capita U.S. and Tennessee Economic Indicators, Seasonally Adjusted

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
US GDP (2000\$) SAAR.....	29696	30084	30835	31838	32785	33855	34713	34615	34818	35342	36372	37204
Percentage change.....	2.77	1.30	2.50	3.25	2.98	3.26	2.53	-0.28	0.59	1.51	2.91	2.29
US GDP (\$) SAAR.....	26804	27709	28939	30378	31629	33133	34713	35445	36276	37606	39800	41943
Percentage change.....	4.96	3.38	4.44	4.97	4.12	4.76	4.77	2.11	2.34	3.66	5.84	5.38
TN PERSONAL INCOME (2000\$) SAAR.....	22819	23461	23778	24344	25595	26069	26168	26292	26508	26799	27280	27721
Percentage change.....	3.06	2.81	1.35	2.38	5.14	1.85	0.38	0.47	0.82	1.10	1.79	1.62
US PERSONAL INCOME (2000\$) SAAR.....	24696	25163	25804	26592	27965	28584	29806	29906	29723	29772	30511	30923
Percentage change.....	1.70	1.89	2.55	3.05	5.16	2.22	4.28	0.33	-0.61	0.17	2.48	1.35
TN PERSONAL INCOME (\$) SAAR.....	20460	21485	22245	23158	24567	25437	26168	26842	27446	28299	29566	30908
Percentage change.....	5.24	5.01	3.54	4.11	6.08	3.54	2.87	2.58	2.25	3.11	4.47	4.54
US PERSONAL INCOME (\$) SAAR.....	22143	23044	24140	25296	26841	27893	29807	30532	30775	31440	33068	34479
Percentage change.....	3.85	4.07	4.76	4.79	6.11	3.92	6.87	2.43	0.80	2.16	5.18	4.27
TN TAXABLE SALES (2000\$).....	11575	12047	12186	12890	12690	13431	13129	12691	12459	12527	12702	13044
Percentage change.....	5.65	4.08	1.15	5.78	-1.55	5.83	-2.25	-3.34	-1.83	0.54	1.40	2.69
TN TAXABLE SALES (\$).....	10379	11032	11400	12262	12181	13105	13127	12956	12900	13229	13766	14544
Percentage change.....	7.89	6.30	3.33	7.57	-0.66	7.58	0.17	-1.30	-0.44	2.55	4.06	5.66

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Table 3: Tennessee Personal Income Components, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL PERSONAL INCOME.....	118046	123165	126532	131086	139212	143875	148830	151248	153728	156838	161214	165529
Percentage change.....	4.63	4.34	2.73	3.60	6.20	3.35	3.44	1.62	1.64	2.02	2.79	2.68
WAGES AND SALARIES.....	-	-	-	-	-	-	-	84841	85770	86964	89640	90781
Percentage change.....	-	-	-	-	-	-	-	-	1.09	1.39	3.08	1.27
OTHER LABOR INCOME.....	-	-	-	-	-	-	-	17131	19304	20680	20958	21645
Percentage change.....	-	-	-	-	-	-	-	-	12.68	7.13	1.34	3.28
PROPRIETORS INCOME.....	-	-	-	-	-	-	-	16778	17070	17302	18882	20123
Percentage change.....	-	-	-	-	-	-	-	-	1.74	1.36	9.14	6.57
RENT, INTEREST, DIVIDENDS.....	-	-	-	-	-	-	-	22151	20226	19479	18720	19166
Percentage change.....	-	-	-	-	-	-	-	-	-8.69	-3.69	-3.89	2.38
TRANSFER PAYMENTS.....	-	-	-	-	-	-	-	24633	26020	27084	27981	28932
Percentage change.....	-	-	-	-	-	-	-	-	5.63	4.09	3.31	3.40
LESS: PERS CONT FOR SOC INS.....	-	-	-	-	-	-	-	12800	13189	13339	13605	13815
Percentage change.....	-	-	-	-	-	-	-	-	3.04	1.13	2.00	1.54
RESIDENCE ADJUSTMENT.....	-	-	-	-	-	-	-	-1486	-1473	-1331	-1361	-1303
Percentage change.....	-	-	-	-	-	-	-	-	-0.92	-9.58	2.24	-4.24
PER CAPITA PERSONAL INCOME (\$) Percentage change.....	22819 3.06	23461 2.81	23778 1.35	24344 2.38	25595 5.14	26069 1.85	26168 0.38	26292 0.47	26508 0.82	26799 1.10	27280 1.79	27721 1.62

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Table 4: Tennessee Personal Income Components, Seasonally Adjusted (millions of current dollars)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TN PERSONAL INCOME.....	105846	112794	118374	124699	133620	140395	148834	154416	159173	165622	174727	184567
Percentage change.....	6.84	6.56	4.95	5.34	7.15	5.07	6.01	3.75	3.08	4.05	5.50	5.63
WAGES AND SALARIES.....	60375	64461	67443	71938	76761	81104	85279	86617	88807	91835	97152	101221
Percentage change.....	7.20	6.77	4.63	6.67	6.70	5.66	5.15	1.57	2.53	3.41	5.79	4.19
OTHER LABOR INCOME.....	13839	14048	13917	14092	14916	15856	16734	17491	19991	21838	22713	24135
Percentage change.....	9.36	1.50	-0.93	1.26	5.84	6.31	5.54	4.52	14.29	9.24	4.01	6.26
PROPRIETORS INCOME.....	9544	10310	11289	11886	13279	14535	15202	17130	17676	18272	20467	22438
Percentage change.....	6.28	8.02	9.50	5.29	11.72	9.46	4.59	12.68	3.19	3.37	12.01	9.63
RENT, INTEREST, DIVIDENDS.....	15882	17027	18221	19343	21026	21138	22659	22614	20939	20569	20290	21371
Percentage change.....	7.42	7.21	7.01	6.16	8.70	0.53	7.19	-0.20	-7.41	-1.77	-1.36	5.33
TRANSFER PAYMENTS.....	16212	17665	18551	19317	20316	21252	23065	25150	26942	28600	30325	32258
Percentage change.....	4.84	8.96	5.02	4.13	5.17	4.61	8.53	9.04	7.12	6.15	6.03	6.37
LESS: PERS CONT FOR SOC INS.....	9339	9959	10314	10941	11590	12204	12650	13069	13657	14086	14745	15403
Percentage change.....	9.03	6.63	3.57	6.08	5.93	5.30	3.65	3.31	4.50	3.14	4.68	4.46
RESIDENCE ADJUSTMENT.....	-666	-757	-733	-936	-1088	-1285	-1456	-1517	-1525	-1406	-1475	-1454
Percentage change.....	18.44	13.66	-3.27	27.71	16.33	18.06	13.33	4.21	0.49	-7.79	4.93	-1.47
PER CAPITA PERSONAL INCOME (\$).	20460	21485	22245	23158	24567	25437	26168	26842	27446	28299	29566	30908
Percentage change.....	5.24	5.01	3.54	4.11	6.08	3.54	2.87	2.58	2.25	3.11	4.47	4.54

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Table 5: Tennessee Nonfarm Employment by Sector, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL NONFARM.....	2422.8	2498.8	2533.3	2584.0	2638.5	2685.3	2729.0	2688.5	2664.5	2662.7	2706.1	2743.7
Percentage change.....	4.05	3.14	1.38	2.00	2.11	1.78	1.62	-1.48	-0.89	-0.07	1.63	1.39
NATURAL RESOURCES & MINING.....	5.0	5.2	5.4	5.3	5.3	5.1	5.1	4.9	4.5	4.2	4.1	4.1
Percentage change.....	-0.58	4.01	2.38	-1.54	-0.14	-2.68	0.19	-4.22	-7.79	-7.14	-3.58	1.41
CONSTRUCTION.....	101.9	109.7	113.8	118.1	121.4	123.1	125.7	120.4	115.0	115.4	117.1	120.2
Percentage change.....	6.51	7.66	3.72	3.81	2.79	1.40	2.08	-4.23	-4.49	0.37	1.47	2.65
MANUFACTURING.....	513.9	518.1	501.5	498.0	498.6	494.7	488.0	454.2	428.5	413.2	411.8	408.6
Percentage change.....	2.19	0.81	-3.19	-0.70	0.12	-0.78	-1.35	-6.93	-5.66	-3.56	-0.35	-0.77
DURABLE GOODS.....	284.0	291.6	290.5	292.0	297.0	301.3	300.6	277.2	259.1	250.9	254.0	254.2
Percentage change.....	4.50	2.67	-0.38	0.54	1.69	1.47	-0.24	-7.80	-6.54	-3.15	1.25	0.05
NONDURABLE GOODS.....	229.9	226.5	211.1	206.0	201.6	193.4	187.4	177.0	169.4	162.3	157.8	154.5
Percentage change.....	-0.53	-1.48	-6.80	-2.41	-2.10	-4.10	-3.08	-5.53	-4.29	-4.20	-2.82	-2.09
TRADE, TRANSPORTATION, UTILITIES.....	515.2	529.5	540.8	551.9	564.2	578.2	586.2	590.3	576.7	578.7	587.8	598.0
Percentage change.....	4.40	2.77	2.14	2.05	2.22	2.48	1.38	0.69	-2.29	0.33	1.58	1.74
WHOLESALE TRADE.....	118.9	122.6	123.9	128.1	130.7	131.8	131.2	127.5	126.5	126.5	128.0	130.5
Percentage change.....	3.86	3.09	1.10	3.33	2.08	0.81	-0.47	-2.80	-0.79	0.03	1.17	1.97
RETAIL TRADE.....	279.5	289.9	297.0	302.3	306.4	311.8	316.3	319.3	312.2	313.2	319.5	325.7
Percentage change.....	4.28	3.75	2.43	1.80	1.35	1.77	1.45	0.92	-2.21	0.31	2.01	1.97
TRANSPORTATION & UTILITIES.....	116.9	117.0	119.9	121.5	127.1	134.6	138.7	143.5	138.0	139.0	140.3	141.7
Percentage change.....	5.26	0.10	2.50	1.36	4.55	5.92	3.05	3.46	-3.80	0.66	0.96	1.02
INFORMATION.....	45.7	45.7	48.2	49.2	51.2	52.9	54.7	55.4	53.3	51.2	49.5	49.6
Percentage change.....	2.53	0.07	5.45	2.16	3.93	3.27	3.58	1.23	-3.74	-4.08	-3.27	0.12
FINANCIAL ACTIVITIES.....	119.1	122.6	127.7	131.5	136.6	140.4	139.3	138.5	138.1	139.8	141.9	143.5
Percentage change.....	3.50	2.96	4.12	2.96	3.89	2.79	-0.82	-0.55	-0.25	1.22	1.50	1.09
PROF & BUSINESS SERVICES.....	219.4	232.6	242.5	256.7	268.2	287.5	301.1	299.1	296.5	287.5	302.5	311.9
Percentage change.....	10.13	6.00	4.26	5.87	4.47	7.19	4.73	-0.65	-0.89	-3.04	5.24	3.10
EDUC & HEALTH SERVICES.....	247.2	256.9	260.2	267.2	272.6	272.5	278.9	285.8	300.1	312.8	320.8	329.8
Percentage change.....	3.19	3.95	1.27	2.67	2.05	-0.06	2.34	2.50	4.99	4.22	2.56	2.80
LEISURE & HOSPITALITY.....	206.8	214.9	218.4	219.9	223.4	226.6	233.4	235.5	239.8	246.7	253.7	262.5
Percentage change.....	5.37	3.93	1.59	0.72	1.56	1.44	2.99	0.93	1.80	2.87	2.84	3.46
OTHER SERVICES.....	77.9	90.3	93.1	105.7	111.3	114.2	117.6	101.2	101.7	102.2	101.7	101.5
Percentage change.....	4.33	15.96	3.13	13.53	5.33	2.54	2.99	-13.95	0.50	0.54	-0.49	-0.26
GOVERNMENT.....	370.6	373.1	381.6	380.3	385.6	390.2	399.0	403.2	410.2	411.1	415.2	414.1
Percentage change.....	2.40	0.67	2.29	-0.34	1.39	1.19	2.26	1.05	1.75	0.21	1.00	-0.26
FEDERAL, CIVILIAN.....	55.3	54.4	54.1	51.8	50.9	51.2	53.6	51.5	51.8	51.2	50.2	49.0
Percentage change.....	-0.77	-1.58	-0.48	-4.31	-1.84	0.75	4.68	-3.96	0.57	-1.12	-2.09	-2.27
STATE & LOCAL.....	315.4	318.7	327.5	328.5	334.8	338.9	345.4	351.7	358.4	359.8	365.0	365.1
Percentage change.....	2.98	1.06	2.76	0.31	1.90	1.25	1.89	1.82	1.92	0.40	1.44	0.02
STATISTICAL DISCREPANCY (%).....	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01

Table 6: Tennessee Durable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL DURABLE GOODS.....	284.0	291.6	290.5	292.0	297.0	301.3	300.6	277.2	259.1	250.9	254.0	254.2
Percentage change.....	4.50	2.67	-0.38	0.54	1.69	1.47	-0.24	-7.80	-6.54	-3.15	1.25	0.05
WOOD PRODUCTS.....	17.3	18.4	18.8	19.6	20.5	19.5	19.6	17.9	17.6	16.7	17.4	17.6
Percentage change.....	4.47	6.80	2.03	4.10	4.88	-4.96	0.45	-8.97	-1.58	-4.74	4.07	1.02
NONMETALLIC MINERALS.....	15.7	15.8	15.6	15.4	15.4	15.9	16.2	15.7	15.1	15.6	15.7	15.9
Percentage change.....	4.79	0.38	-1.12	-0.92	0.10	3.06	1.74	-3.29	-3.41	2.93	0.64	1.38
PRIMARY METALS.....	15.4	15.7	16.1	16.5	17.0	17.6	17.3	15.3	12.6	11.8	12.1	12.0
Percentage change.....	4.60	2.01	2.49	2.79	3.27	3.31	-1.66	-11.67	-17.38	-6.73	2.90	-1.11
FABRICATED METALS.....	46.8	45.9	45.9	45.7	45.3	45.6	45.0	43.2	41.4	41.4	41.7	42.6
Percentage change.....	0.81	-1.92	-0.10	-0.31	-0.95	0.69	-1.28	-4.01	-4.13	-0.04	0.68	2.20
MACHINERY.....	34.4	36.9	37.8	39.2	41.4	42.9	43.1	39.9	35.9	33.2	34.3	33.5
Percentage change.....	7.97	7.36	2.24	3.90	5.48	3.55	0.60	-7.56	-9.86	-7.52	3.21	-2.31
COMPUTERS & ELECTRONICS.....	14.9	15.8	15.9	15.5	15.3	15.5	16.5	15.3	12.9	11.7	11.3	10.4
Percentage change.....	-0.01	5.93	0.64	-2.34	-1.66	1.65	6.46	-7.44	-15.65	-9.60	-3.42	-7.65
ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS.....	28.4	29.2	29.1	29.3	29.8	29.8	28.9	26.3	25.0	23.6	23.1	23.5
Percentage change.....	8.15	2.90	-0.50	0.78	1.74	0.02	-3.15	-8.74	-4.93	-5.65	-2.20	1.47
TRANSPORTATION EQUIPMENT.....	61.4	64.2	62.6	63.5	65.4	67.8	67.8	62.3	60.0	60.2	62.9	64.0
Percentage change.....	7.15	4.68	-2.60	1.44	3.09	3.69	0.00	-8.15	-3.68	0.27	4.53	1.82
FURNITURE.....	30.6	29.9	29.1	27.5	27.4	27.6	27.3	23.6	21.3	19.9	19.6	19.4
Percentage change.....	2.19	-2.48	-2.76	-5.18	-0.53	0.74	-1.09	-13.43	-9.91	-6.58	-1.34	-1.15
MISCELLANEOUS DURABLES.....	19.2	19.8	19.8	19.7	19.4	19.1	18.8	17.7	17.1	16.8	15.9	15.3
Percentage change.....	1.52	3.00	0.32	-0.50	-1.83	-1.54	-1.25	-6.01	-3.39	-1.75	-5.21	-4.04

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Table 7: Tennessee Nondurable Goods Manufacturing Employment, Seasonally Adjusted (thousands of jobs)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL NONDURABLE GOODS.....	229.9	226.5	211.1	206.0	201.6	193.4	187.4	177.0	169.4	162.3	157.8	154.5
Percentage change.....	-0.53	-1.48	-6.80	-2.41	-2.10	-4.10	-3.08	-5.53	-4.29	-4.20	-2.82	-2.09
FOOD.....	33.2	32.6	31.3	31.7	33.1	34.1	34.4	35.8	36.0	35.9	34.8	34.3
Percentage change.....	-0.14	-1.97	-3.70	1.03	4.68	2.79	0.86	4.22	0.61	-0.43	-3.04	-1.31
BEVERAGE & TOBACCO.....	5.9	6.0	6.0	6.1	6.5	6.6	6.7	6.5	6.4	6.1	5.8	5.4
Percentage change.....	2.17	2.55	0.38	1.92	6.22	1.14	1.39	-2.73	-2.03	-3.78	-6.11	-6.95
TEXTILE MILLS.....	15.3	14.7	13.6	13.2	13.0	12.0	11.3	9.5	8.4	7.4	6.4	5.6
Percentage change.....	5.14	-3.90	-7.51	-3.05	-1.75	-7.64	-5.56	-16.38	-11.69	-11.34	-13.83	-12.00
TEXTILE PRODUCT MILLS.....	4.7	4.6	4.5	4.8	4.9	4.3	4.1	4.1	3.7	3.7	4.0	4.1
Percentage change.....	1.62	-3.35	-1.28	6.62	1.71	-11.72	-6.16	0.65	-8.96	-1.33	7.93	2.31
APPAREL.....	51.2	48.7	39.7	35.1	29.5	23.4	18.8	15.1	12.4	10.2	9.1	8.3
Percentage change.....	-7.74	-4.87	-18.45	-11.60	-16.01	-20.56	-19.58	-19.81	-17.84	-17.51	-11.24	-8.63
PAPER.....	20.9	20.9	20.7	21.1	21.0	21.4	21.3	21.1	20.4	19.6	18.8	19.1
Percentage change.....	0.76	0.25	-1.04	1.79	-0.31	1.87	-0.64	-0.92	-3.29	-4.03	-3.93	1.38
PRINTING & RELATED SUPPORT.....	25.0	25.2	24.3	24.1	25.1	24.5	23.6	22.2	20.5	19.9	19.6	18.9
Percentage change.....	2.64	0.62	-3.47	-0.72	3.88	-2.22	-3.88	-5.62	-7.78	-3.17	-1.22	-3.65
CHEMICALS.....	35.6	35.5	34.6	34.1	32.5	31.4	30.8	29.0	28.5	28.6	27.6	27.2
Percentage change.....	-3.49	-0.14	-2.58	-1.52	-4.56	-3.30	-1.96	-5.78	-1.94	0.36	-3.29	-1.45
PLASTICS & RUBBER.....	30.3	31.6	30.8	31.0	31.6	31.5	32.4	30.3	30.0	28.2	28.9	29.3
Percentage change.....	7.57	4.28	-2.38	0.54	1.81	-0.27	2.81	-6.32	-1.03	-6.14	2.60	1.60
MISCELLANEOUS NONDURABLE GOODS..	7.8	6.7	5.4	4.8	4.4	4.1	4.1	3.4	3.2	2.8	2.8	2.3
Percentage change.....	7.04	-14.00	-19.61	-11.78	-6.46	-7.30	-0.04	-17.66	-6.39	-10.50	0.00	-20.72

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Table 8: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (2000 dollars)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL NONFARM.....	-	-	-	-	-	-	-	31327	31928	32355	32823	32781
Percentage change.....	-	-	-	-	-	-	-	-	1.92	1.34	1.44	-0.13
NATURAL RESOURCES & MINING.....	-	-	-	-	-	-	-	34988	33946	32822	33968	36197
Percentage change.....	-	-	-	-	-	-	-	-	-2.98	-3.31	3.49	6.56
CONSTRUCTION.....	-	-	-	-	-	-	-	34747	34416	34775	34546	35464
Percentage change.....	-	-	-	-	-	-	-	-	-0.95	1.04	-0.66	2.66
MANUFACTURING.....	-	-	-	-	-	-	-	36269	37578	38214	38992	38674
Percentage change.....	-	-	-	-	-	-	-	-	3.61	1.69	2.04	-0.82
DURABLE GOODS.....	-	-	-	-	-	-	-	35889	37361	37707	38253	37796
Percentage change.....	-	-	-	-	-	-	-	-	4.10	0.92	1.45	-1.20
NONDURABLE GOODS.....	-	-	-	-	-	-	-	36867	37909	38999	40186	40119
Percentage change.....	-	-	-	-	-	-	-	-	2.83	2.88	3.04	-0.17
TRADE, TRANSPORTATION, UTILITIES.....	-	-	-	-	-	-	-	29968	30607	30878	31276	31470
Percentage change.....	-	-	-	-	-	-	-	-	2.13	0.89	1.29	0.62
WHOLESALE TRADE.....	-	-	-	-	-	-	-	41574	42264	43137	44764	44976
Percentage change.....	-	-	-	-	-	-	-	-	1.66	2.06	3.77	0.47
RETAIL TRADE.....	-	-	-	-	-	-	-	22025	22457	22517	22423	22408
Percentage change.....	-	-	-	-	-	-	-	-	1.96	0.27	-0.41	-0.07
TRANSPORTATION & UTILITIES.....	-	-	-	-	-	-	-	37331	38358	38559	39126	39859
Percentage change.....	-	-	-	-	-	-	-	-	2.75	0.53	1.47	1.87
INFORMATION.....	-	-	-	-	-	-	-	37970	38279	38748	40018	39605
Percentage change.....	-	-	-	-	-	-	-	-	0.82	1.23	3.28	-1.03
FINANCIAL ACTIVITIES.....	-	-	-	-	-	-	-	42910	43369	45743	46779	45635
Percentage change.....	-	-	-	-	-	-	-	-	1.07	5.47	2.27	-2.45
PROFESSIONAL & BUSINESS SERVICES.....	-	-	-	-	-	-	-	32608	33302	33724	34158	34557
Percentage change.....	-	-	-	-	-	-	-	-	2.13	1.27	1.29	1.17
EDUCATION & HEALTH SERVICES.....	-	-	-	-	-	-	-	33136	33592	33698	34757	35156
Percentage change.....	-	-	-	-	-	-	-	-	1.38	0.32	3.14	1.15
LEISURE & HOSPITALITY.....	-	-	-	-	-	-	-	15220	15562	15764	15680	15522
Percentage change.....	-	-	-	-	-	-	-	-	2.25	1.29	-0.53	-1.01
OTHER SERVICES.....	-	-	-	-	-	-	-	27333	28892	29447	29771	29436
Percentage change.....	-	-	-	-	-	-	-	-	5.70	1.92	1.10	-1.12
GOVERNMENT.....	-	-	-	-	-	-	-	29969	30599	31213	31521	31311
Percentage change.....	-	-	-	-	-	-	-	-	2.10	2.01	0.99	-0.67
FEDERAL, CIVILIAN.....	-	-	-	-	-	-	-	47016	48231	50052	52092	52000
Percentage change.....	-	-	-	-	-	-	-	-	2.59	3.77	4.08	-0.18
STATE & LOCAL.....	-	-	-	-	-	-	-	27472	28050	28531	28694	28533
Percentage change.....	-	-	-	-	-	-	-	-	2.10	1.71	0.57	-0.56

Table 9: Tennessee Average Annual Wage and Salary Rate by Sector, Seasonally Adjusted (current dollars)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL NONFARM.....	-	-	-	-	-	-	-	31984	33058	34167	35572	36550
Percentage change.....	-	-	-	-	-	-	-	-	3.36	3.35	4.11	2.75
NATURAL RESOURCES & MINING.....	-	-	-	-	-	-	-	35719	35150	34658	36819	40357
Percentage change.....	-	-	-	-	-	-	-	-	-1.59	-1.40	6.23	9.61
CONSTRUCTION.....	-	-	-	-	-	-	-	35475	35631	36722	37438	39551
Percentage change.....	-	-	-	-	-	-	-	-	0.44	3.06	1.95	5.64
MANUFACTURING.....	-	-	-	-	-	-	-	37027	38909	40355	42260	43122
Percentage change.....	-	-	-	-	-	-	-	-	5.08	3.72	4.72	2.04
DURABLE GOODS.....	-	-	-	-	-	-	-	36640	38685	39819	41457	42141
Percentage change.....	-	-	-	-	-	-	-	-	5.58	2.93	4.11	1.65
NONDURABLE GOODS.....	-	-	-	-	-	-	-	37637	39253	41184	43556	44735
Percentage change.....	-	-	-	-	-	-	-	-	4.29	4.92	5.76	2.71
TRADE, TRANSPORTATION, UTILITIES.....	-	-	-	-	-	-	-	30596	31690	32607	33897	35088
Percentage change.....	-	-	-	-	-	-	-	-	3.58	2.90	3.95	3.52
WHOLESALE TRADE.....	-	-	-	-	-	-	-	42442	43759	45553	48516	50147
Percentage change.....	-	-	-	-	-	-	-	-	3.10	4.10	6.50	3.36
RETAIL TRADE.....	-	-	-	-	-	-	-	22486	23251	23778	24302	24982
Percentage change.....	-	-	-	-	-	-	-	-	3.40	2.27	2.20	2.80
TRANSPORTATION & UTILITIES.....	-	-	-	-	-	-	-	38113	39716	40719	42403	44447
Percentage change.....	-	-	-	-	-	-	-	-	4.21	2.53	4.14	4.82
INFORMATION.....	-	-	-	-	-	-	-	38766	39636	40917	43371	44154
Percentage change.....	-	-	-	-	-	-	-	-	2.24	3.23	6.00	1.81
FINANCIAL ACTIVITIES.....	-	-	-	-	-	-	-	43811	44903	48304	50699	50881
Percentage change.....	-	-	-	-	-	-	-	-	2.49	7.57	4.96	0.36
PROFESSIONAL & BUSINESS SERVICES.....	-	-	-	-	-	-	-	33294	34482	35612	37018	38529
Percentage change.....	-	-	-	-	-	-	-	-	3.57	3.28	3.95	4.08
EDUCATION & HEALTH SERVICES.....	-	-	-	-	-	-	-	33831	34781	35587	37669	39198
Percentage change.....	-	-	-	-	-	-	-	-	2.81	2.32	5.85	4.06
LEISURE & HOSPITALITY.....	-	-	-	-	-	-	-	15539	16113	16647	16993	17308
Percentage change.....	-	-	-	-	-	-	-	-	3.69	3.31	2.08	1.85
OTHER SERVICES.....	-	-	-	-	-	-	-	27907	29919	31095	32261	32821
Percentage change.....	-	-	-	-	-	-	-	-	7.21	3.93	3.75	1.74
GOVERNMENT.....	-	-	-	-	-	-	-	30598	31682	32961	34162	34908
Percentage change.....	-	-	-	-	-	-	-	-	3.54	4.04	3.65	2.18
FEDERAL, CIVILIAN.....	-	-	-	-	-	-	-	47997	49935	52853	56451	57969
Percentage change.....	-	-	-	-	-	-	-	-	4.04	5.84	6.81	2.69
STATE & LOCAL.....	-	-	-	-	-	-	-	28049	29044	30129	31099	31811
Percentage change.....	-	-	-	-	-	-	-	-	3.55	3.74	3.22	2.29

Table 10: Tennessee Civilian Labor Force and Unemployment Rate, Seasonally Adjusted

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
CIVILIAN LABOR FORCE (THOUS).....	2646	2718	2758	2788	2812	2839	2872	2864	2872	2892	2897	2910
Percentage change.....	4.03	2.73	1.48	1.09	0.84	0.96	1.16	-0.28	0.28	0.71	0.17	0.43
EMPLOYED PERSONS (THOUS).....	2511	2574	2611	2640	2685	2722	2756	2729	2720	2728	2739	2748
Percentage change.....	5.00	2.51	1.44	1.11	1.71	1.38	1.26	-1.01	-0.32	0.29	0.42	0.32
UNEMPLOYED PERSONS (THOUS).....	135	144	147	148	127	117	115	135	152	164	158	162
Percentage change.....	-11.24	6.98	2.31	0.66	-14.69	-7.85	-1.35	17.34	12.59	8.20	-3.88	2.45
PARTICIPATION RATE (PERCENT).....	65.8	66.5	66.4	66.2	66.0	65.7	64.6	63.5	62.9	62.7	62.1	62.0
Percentage change.....	2.44	1.09	-0.12	-0.27	-0.28	-0.54	-1.71	-1.69	-0.82	-0.47	-0.90	-0.10
UNEMPLOYMENT RATE (PERCENT).....	5.1	5.3	5.3	5.3	4.5	4.1	4.0	4.7	5.3	5.7	5.5	5.6

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Table 11: Tennessee Taxable Sales, Seasonally Adjusted (millions of 2000 dollars)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL TAXABLE SALES.....	59879	63243	64843	69411	69028	74122	74661	73005	72254	73314	75065	77892
Percentage change.....	7.26	5.62	2.53	7.05	-0.55	7.38	0.73	-2.22	-1.03	1.47	2.39	3.77
AUTO DEALERS.....	6794	7166	7072	7006	7425	8312	8379	8471	8533	8928	8708	8452
Percentage change.....	9.69	5.49	-1.32	-0.93	5.99	11.94	0.82	1.10	0.73	4.62	-2.46	-2.93
PURCHASES FROM MANUFACTURERS.....	3903	4176	4426	4596	4455	4344	4202	3876	3527	3724	3831	4311
Percentage change.....	10.59	6.99	5.99	3.83	-3.05	-2.50	-3.28	-7.76	-9.00	5.60	2.86	12.54
MISC DURABLE GOODS.....	10027	10841	11095	12504	11757	13151	13015	12106	11851	12204	13082	14205
Percentage change.....	16.33	8.12	2.35	12.70	-5.98	11.85	-1.03	-6.99	-2.11	2.98	7.20	8.58
EATING AND DRINKING PLACES.....	4883	5121	5285	5487	5707	6009	6205	6314	6335	6536	6868	7128
Percentage change.....	9.25	4.88	3.21	3.81	4.00	5.30	3.26	1.75	0.33	3.17	5.07	3.79
FOOD STORES.....	7635	7717	7801	7857	7892	8088	8132	7929	7360	6759	6658	6683
Percentage change.....	6.88	1.08	1.08	0.73	0.44	2.48	0.55	-2.50	-7.17	-8.17	-1.49	0.38
LIQUOR STORES.....	321	329	343	352	352	375	385	389	394	410	422	444
Percentage change.....	5.59	2.25	4.38	2.51	0.21	6.39	2.64	1.05	1.32	4.07	3.00	5.06
HOTELS AND MOTELS.....	1513	1540	1587	1711	1739	1797	1830	1749	1716	1724	1735	1833
Percentage change.....	-7.71	1.73	3.06	7.82	1.66	3.32	1.83	-4.42	-1.90	0.49	0.65	5.62
OTHER RETAIL AND SERVICE.....	16638	17720	18424	19320	19950	21167	21495	20962	20973	21402	21809	22538
Percentage change.....	6.64	6.50	3.97	4.87	3.26	6.10	1.55	-2.48	0.05	2.05	1.90	3.34
MISC NONDURABLE GOODS.....	5043	5238	5256	5772	5657	6323	6334	6181	6039	5932	6041	6322
Percentage change.....	6.31	3.86	0.35	9.83	-2.01	11.78	0.18	-2.43	-2.29	-1.76	1.82	4.66
TRANSPORTATION, COMMUNICATION.....	3122	3396	3555	4806	4093	4557	4684	5029	5526	5694	5910	5977
Percentage change.....	-12.87	8.76	4.69	35.19	-14.83	11.34	2.77	7.38	9.88	3.05	3.79	1.13
PER CAPITA (\$).....	11575	12047	12186	12890	12690	13431	13129	12691	12459	12527	12702	13044
Percentage change.....	5.65	4.08	1.15	5.78	-1.55	5.83	-2.25	-3.34	-1.83	0.54	1.40	2.69

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Table 12: Tennessee Taxable Sales, Seasonally Adjusted (millions of current dollars)

January 2007

	Historical Data											
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
TOTAL TAXABLE SALES.....	53693	57917	60662	66030	66259	72328	74656	74533	74810	77423	81351	86851
Percentage change.....	9.52	7.87	4.74	8.85	0.35	9.16	3.22	-0.16	0.37	3.49	5.07	6.76
AUTO DEALERS.....	6092	6563	6614	6665	7127	8111	8378	8650	8837	9428	9437	9421
Percentage change.....	12.00	7.73	0.79	0.76	6.94	13.79	3.30	3.24	2.16	6.69	0.09	-0.17
PURCHASES FROM MANUFACTURERS....	3500	3824	4142	4372	4276	4238	4201	3957	3652	3933	4152	4807
Percentage change.....	12.96	9.24	8.33	5.54	-2.19	-0.89	-0.86	-5.83	-7.70	7.71	5.55	15.78
MISC DURABLE GOODS.....	8992	9927	10380	11896	11287	12832	13013	12359	12271	12889	14179	15841
Percentage change.....	18.79	10.40	4.56	14.60	-5.12	13.70	1.40	-5.02	-0.71	5.04	10.00	11.72
EATING AND DRINKING PLACES.....	4378	4690	4945	5220	5478	5864	6205	6446	6559	6902	7443	7947
Percentage change.....	11.56	7.12	5.43	5.56	4.95	7.05	5.83	3.89	1.75	5.23	7.83	6.78
FOOD STORES.....	6845	7068	7297	7474	7575	7892	8132	8095	7619	7137	7215	7451
Percentage change.....	9.13	3.26	3.24	2.42	1.35	4.18	3.05	-0.46	-5.88	-6.33	1.10	3.27
LIQUOR STORES.....	288	301	321	335	338	366	385	397	408	433	458	495
Percentage change.....	7.82	4.45	6.62	4.23	1.12	8.17	5.17	3.16	2.75	6.15	5.71	8.10
HOTELS AND MOTELS.....	1357	1410	1485	1627	1669	1753	1830	1785	1777	1821	1881	2044
Percentage change.....	-5.77	3.88	5.32	9.62	2.58	5.03	4.36	-2.42	-0.50	2.48	3.30	8.67
OTHER RETAIL AND SERVICE.....	14919	16229	17235	18379	19149	20655	21494	21401	21714	22601	23635	25128
Percentage change.....	8.88	8.78	6.20	6.64	4.19	7.86	4.06	-0.43	1.47	4.08	4.58	6.32
MISC NONDURABLE GOODS.....	4522	4796	4917	5492	5430	6169	6334	6309	6253	6265	6547	7049
Percentage change.....	8.56	6.07	2.51	11.69	-1.12	13.61	2.67	-0.40	-0.90	0.20	4.49	7.68
TRANSPORTATION, COMMUNICATION.....	2800	3110	3326	4571	3929	4448	4683	5135	5721	6013	6405	6668
Percentage change.....	-11.01	11.08	6.95	37.44	-14.05	13.22	5.29	9.63	11.42	5.11	6.52	4.11
PER CAPITA (\$).....	10379	11032	11400	12262	12181	13105	13127	12956	12900	13229	13766	14544
Percentage change.....	7.89	6.30	3.33	7.57	-0.66	7.58	0.17	-1.30	-0.44	2.55	4.06	5.66

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Table 13: Tennessee Gross Domestic Product by Sector (millions of 2000 dollars)

January 2007

	Historical Data										
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
GROSS STATE PRODUCT.....	-	-	-	163264	168297	173604	174849	176481	183593	191198	202261
Percentage Change.....	-	-	-	-	3.08	3.15	0.72	0.93	4.03	4.14	5.79
AGRICULTURE, FORESTRY, FISHING & HUNTING.....	-	-	-	1044	928	862	1182	1132	1021	1150	1100
Percentage Change.....	-	-	-	-	-11.11	-7.11	37.12	-4.23	-9.81	12.63	-4.35
MINING.....	-	-	-	359	404	467	468	438	413	384	392
Percentage Change.....	-	-	-	-	12.53	15.59	0.21	-6.41	-5.71	-7.02	2.08
CONSTRUCTION.....	-	-	-	7607	7809	7889	7781	7228	6890	6955	7053
Percentage Change.....	-	-	-	-	2.66	1.02	-1.37	-7.11	-4.68	0.94	1.41
MANUFACTURING.....	-	-	-	32781	33065	33662	33151	32521	34906	37620	42353
Percentage Change.....	-	-	-	-	0.87	1.81	-1.52	-1.90	7.33	7.78	12.58
DURABLE GOODS.....	-	-	-	18449	18941	19794	19287	19166	21154	24672	27434
Percentage Change.....	-	-	-	-	2.67	4.50	-2.56	-0.63	10.37	16.63	11.19
NONDURABLE GOODS.....	-	-	-	14332	14124	13868	13864	13355	13752	12948	14919
Percentage Change.....	-	-	-	-	-1.45	-1.81	-0.03	-3.67	2.97	-5.85	15.22
TRADE, TRANSPORTATION, UTILITIES.....	-	-	-	32581	34594	36766	36758	37715	38818	40557	42849
Percentage Change.....	-	-	-	-	6.18	6.28	-0.02	2.60	2.92	4.48	5.65
WHOLESALE TRADE.....	-	-	-	10645	11739	12464	12009	12726	13086	13546	14385
Percentage Change.....	-	-	-	-	10.28	6.18	-3.65	5.97	2.83	3.52	6.19
RETAIL TRADE.....	-	-	-	13413	13942	14746	14931	15650	16022	16911	17975
Percentage Change.....	-	-	-	-	3.94	5.77	1.25	4.82	2.38	5.55	6.29
TRANSPORTATION & UTILITIES.....	-	-	-	8523	8913	9556	9818	9339	9710	10100	10489
Percentage Change.....	-	-	-	-	4.58	7.21	2.74	-4.88	3.97	4.02	3.85
INFORMATION.....	-	-	-	4017	4338	4670	5167	5588	6260	6757	7477
Percentage Change.....	-	-	-	-	7.99	7.65	10.64	8.15	12.03	7.94	10.66
FINANCIAL ACTIVITIES.....	-	-	-	24843	25667	26781	27887	29243	29523	30321	31044
Percentage Change.....	-	-	-	-	3.32	4.34	4.13	4.86	0.96	2.70	2.38
PROFESSIONAL & BUSINESS SERVICES.....	-	-	-	15014	15683	16398	16687	17112	17817	18514	19961
Percentage Change.....	-	-	-	-	4.46	4.56	1.76	2.55	4.12	3.91	7.82
EDUCATION & HEALTH SERVICES.....	-	-	-	14070	13914	13945	14288	14820	15743	16208	17033
Percentage Change.....	-	-	-	-	-1.11	0.22	2.46	3.72	6.23	2.95	5.09
LEISURE & HOSPITALITY.....	-	-	-	6840	7087	7187	7171	6979	7247	7517	7659
Percentage Change.....	-	-	-	-	3.61	1.41	-0.22	-2.68	3.84	3.73	1.89
OTHER SERVICES.....	-	-	-	4888	5030	4895	4790	4654	4714	4995	5002
Percentage Change.....	-	-	-	-	2.91	-2.68	-2.15	-2.84	1.29	5.96	0.14
GOVERNMENT.....	-	-	-	19220	19778	20082	19519	19051	20241	20220	20338
Percentage Change.....	-	-	-	-	2.90	1.54	-2.80	-2.40	6.25	-0.10	0.58
FEDERAL.....	-	-	-	6047	6245	6154	5617	4672	5593	5557	5366
Percentage Change.....	-	-	-	-	3.27	-1.46	-8.73	-16.82	19.71	-0.64	-3.44
STATE & LOCAL.....	-	-	-	13173	13533	13928	13902	14379	14648	14663	14972
Percentage Change.....	-	-	-	-	2.73	2.92	-0.19	3.43	1.87	0.10	2.11

Table 14: Tennessee Durables Goods Manufacturing Gross Domestic Product (millions of 2000 dollars)

January 2007

	Historical Data										
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
DURABLE GOODS.....	-	-	-	18449	18941	19794	19287	19166	21154	24672	27434
Percentage Change.....	-	-	-	-	2.67	4.50	-2.56	-0.63	10.37	16.63	11.19
WOOD PRODUCTS.....	-	-	-	811	910	888	883	818	888	821	860
Percentage Change.....	-	-	-	-	12.21	-2.42	-0.56	-7.36	8.56	-7.55	4.75
NONMETALLIC MINERAL PRODUCTS.....	-	-	-	1249	1326	1315	1336	1190	1268	1450	1534
Percentage Change.....	-	-	-	-	6.16	-0.83	1.60	-10.93	6.55	14.35	5.79
PRIMARY METALS.....	-	-	-	1225	1326	1783	1192	1237	1199	981	1170
Percentage Change.....	-	-	-	-	8.24	34.46	-33.15	3.78	-3.07	-18.18	19.27
FABRICATED METAL PRODUCTS.....	-	-	-	3160	3016	3309	3145	2853	2841	3054	3424
Percentage Change.....	-	-	-	-	-4.56	9.71	-4.96	-9.28	-0.42	7.50	12.12
MACHINERY.....	-	-	-	2495	3001	2989	2871	2884	2860	3048	2858
Percentage Change.....	-	-	-	-	20.28	-0.40	-3.95	0.45	-0.83	6.57	-6.23
COMPUTER & ELECTRONIC PRODUCTS.....	-	-	-	255	373	463	728	1951	2527	4549	5978
Percentage Change.....	-	-	-	-	46.27	24.13	57.24	167.99	29.52	80.02	31.41
ELECTRICAL EQUIPMENT, APPLIANCES AND COMPONENTS.....	-	-	-	2087	1835	1863	1836	1854	2391	2491	2621
Percentage Change.....	-	-	-	-	-12.07	1.53	-1.45	0.98	28.96	4.18	5.22
TRANSPORTATION EQUIPMENT.....	-	-	-	4716	4783	4609	4756	4085	4892	5863	6448
Percentage Change.....	-	-	-	-	1.42	-3.64	3.19	-14.11	19.76	19.85	9.98
FURNITURE.....	-	-	-	1057	1048	1063	1062	820	934	895	862
Percentage Change.....	-	-	-	-	-0.85	1.43	-0.09	-22.79	13.90	-4.18	-3.69
MISCELLANEOUS DURABLE GOODS.....	-	-	-	1394	1323	1512	1478	1474	1354	1520	1679
Percentage Change.....	-	-	-	-	-5.09	14.29	-2.25	-0.27	-8.14	12.26	10.46

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Table 15: Tennessee Nondurable Goods Manufacturing Gross Domestic Product (millions of 2000 dollars)

January 2007

	Historical Data										
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
TOTAL NONDURABLE GOODS.....	-	-	-	14332	14124	13868	13864	13355	13752	12948	14919
Percentage Change.....	-	-	-	-	-1.45	-1.81	-0.03	-3.67	2.97	-5.85	15.22
FOOD AND BEVERAGE & TOBACCO.....	-	-	-	3610	3728	3799	3849	3833	4261	4021	4645
Percentage Change.....	-	-	-	-	3.27	1.90	1.32	-0.42	11.17	-5.63	15.52
TEXTILE MILLS AND TEXTILE PRODUCT MILLS.....	-	-	-	756	778	718	738	697	630	765	685
Percentage Change.....	-	-	-	-	2.91	-7.71	2.79	-5.56	-9.61	21.43	-10.46
APPAREL.....	-	-	-	1123	1020	719	700	575	603	512	526
Percentage Change.....	-	-	-	-	-9.17	-29.51	-2.64	-17.86	4.87	-15.09	2.73
PAPER.....	-	-	-	1809	1810	1836	1659	1738	1822	1826	1957
Percentage Change.....	-	-	-	-	0.06	1.44	-9.64	4.76	4.83	0.22	7.17
PRINTING & RELATED SUPPORT.....	-	-	-	1330	1321	1277	1308	1159	1178	1213	1265
Percentage Change.....	-	-	-	-	-0.68	-3.33	2.43	-11.39	1.64	2.97	4.29
CHEMICALS.....	-	-	-	3459	3284	3212	2997	3038	2801	2293	3455
Percentage Change.....	-	-	-	-	-5.06	-2.19	-6.69	1.37	-7.80	-18.14	50.68
PLASTICS & RUBBER.....	-	-	-	2140	2065	2162	2138	1913	2120	2138	2286
Percentage Change.....	-	-	-	-	-3.50	4.70	-1.11	-10.52	10.82	0.85	6.92
MISCELLANEOUS NONDURABLE GOODS.....	-	-	-	105	118	145	475	402	337	180	100
Percentage Change.....	-	-	-	-	12.38	22.88	227.59	-15.37	-16.17	-46.59	-44.44

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