

The Economic Expansion Continues After 10 Years

William F. Fox, Director

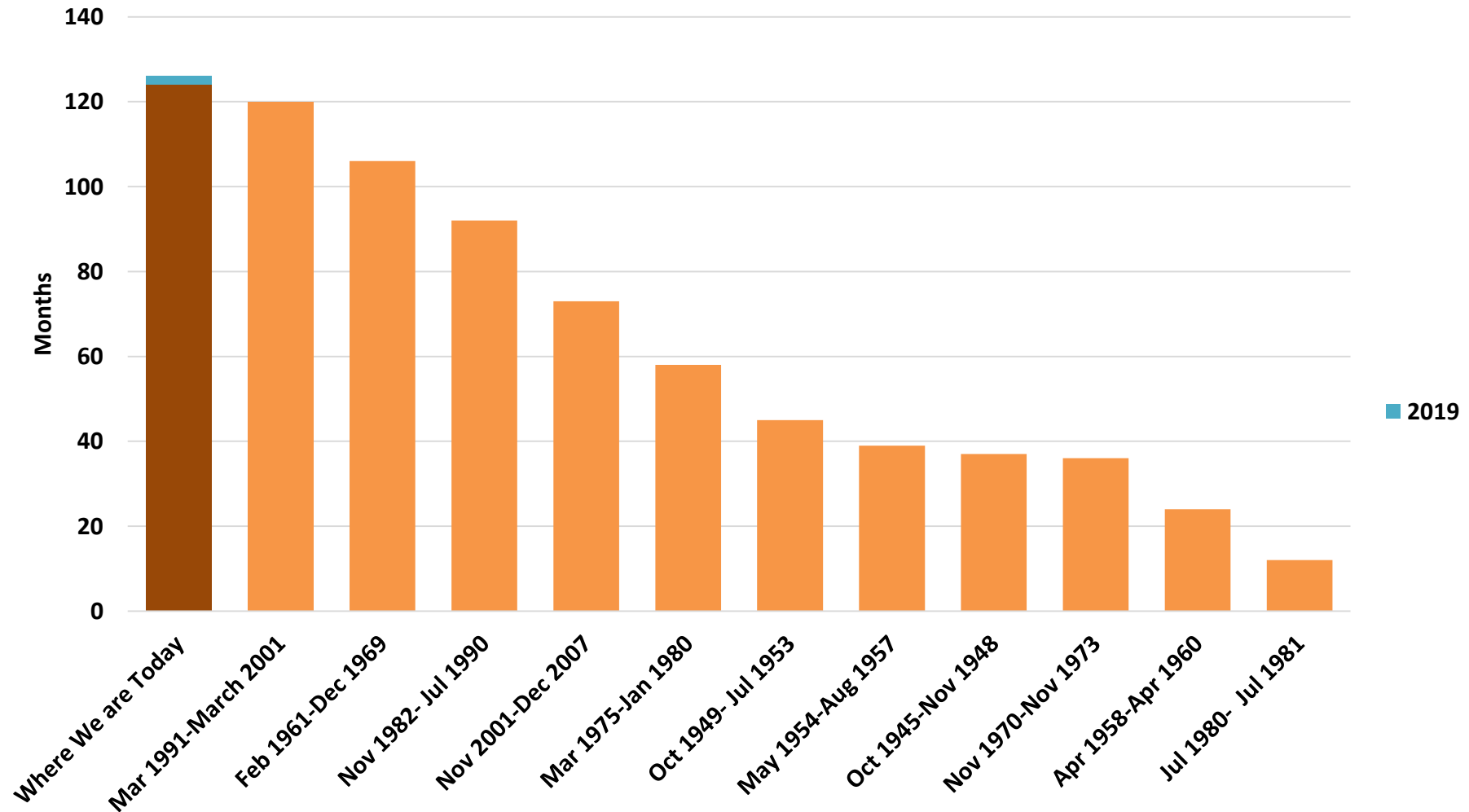
October 22, 2019



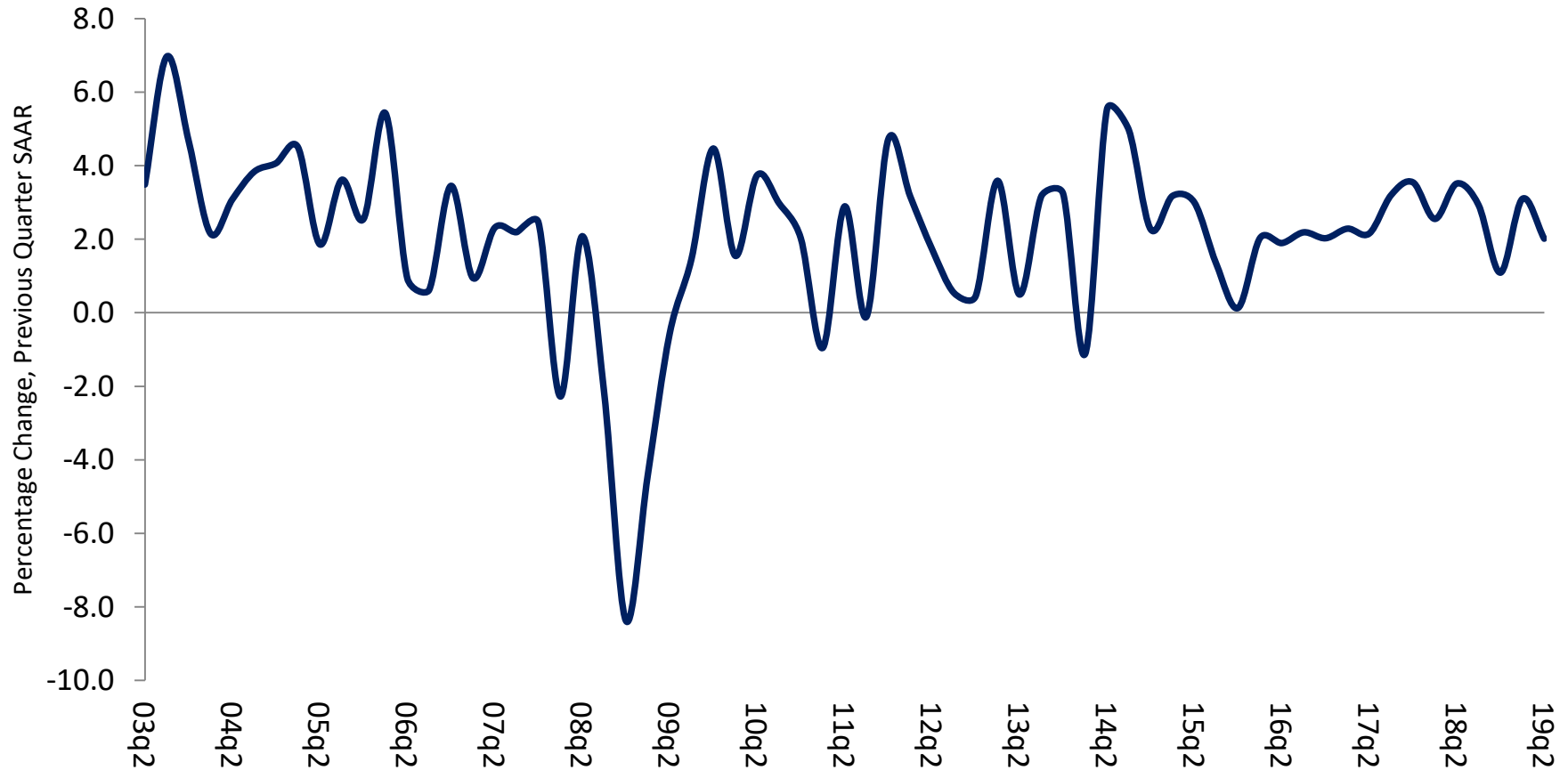
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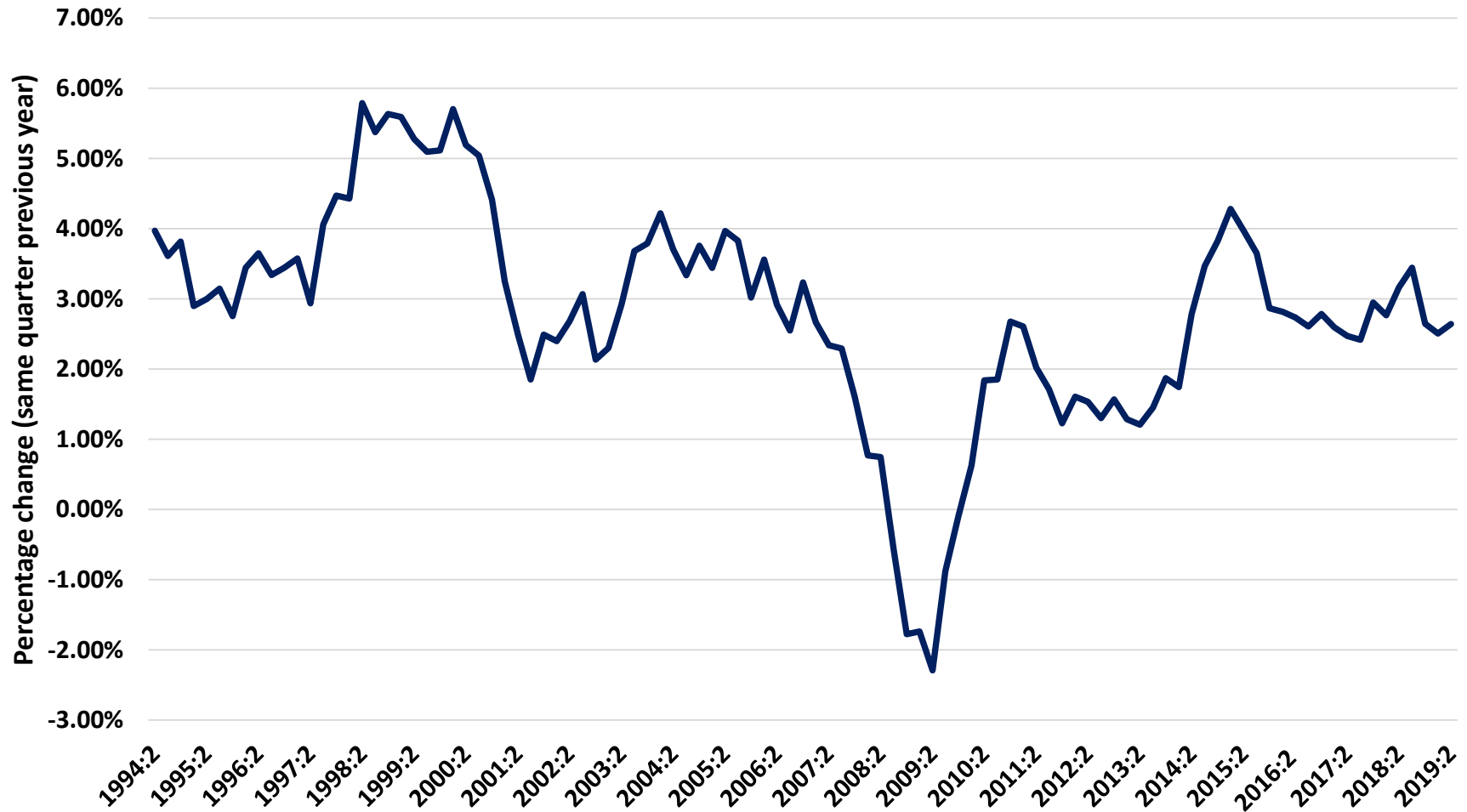
The Current Expansion is the Longest in History



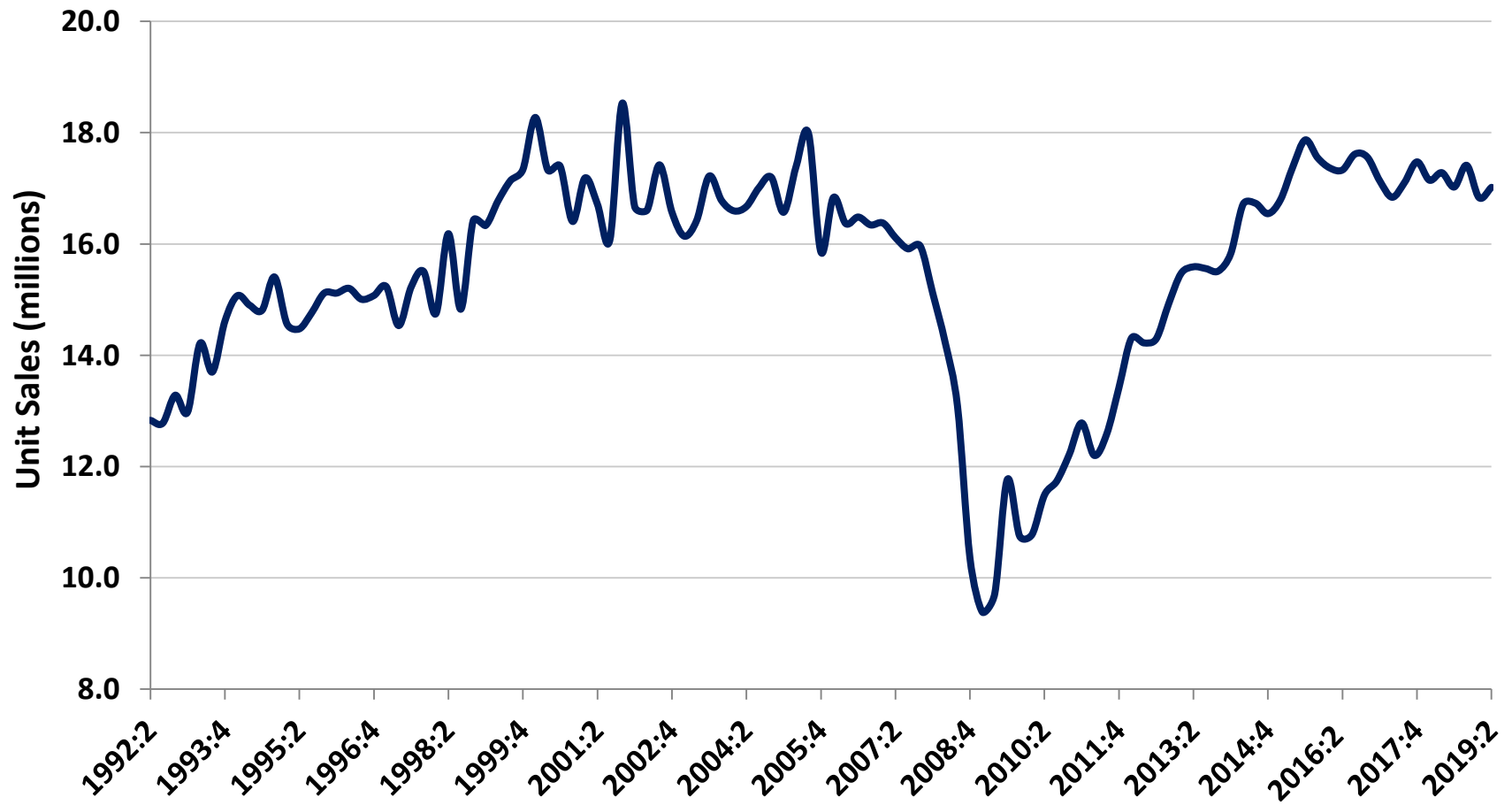
GDP growth accelerated in 2018, but is reverting to trend



Consumers are Driving the Expansion



Light Vehicle Sales are Already Slowing

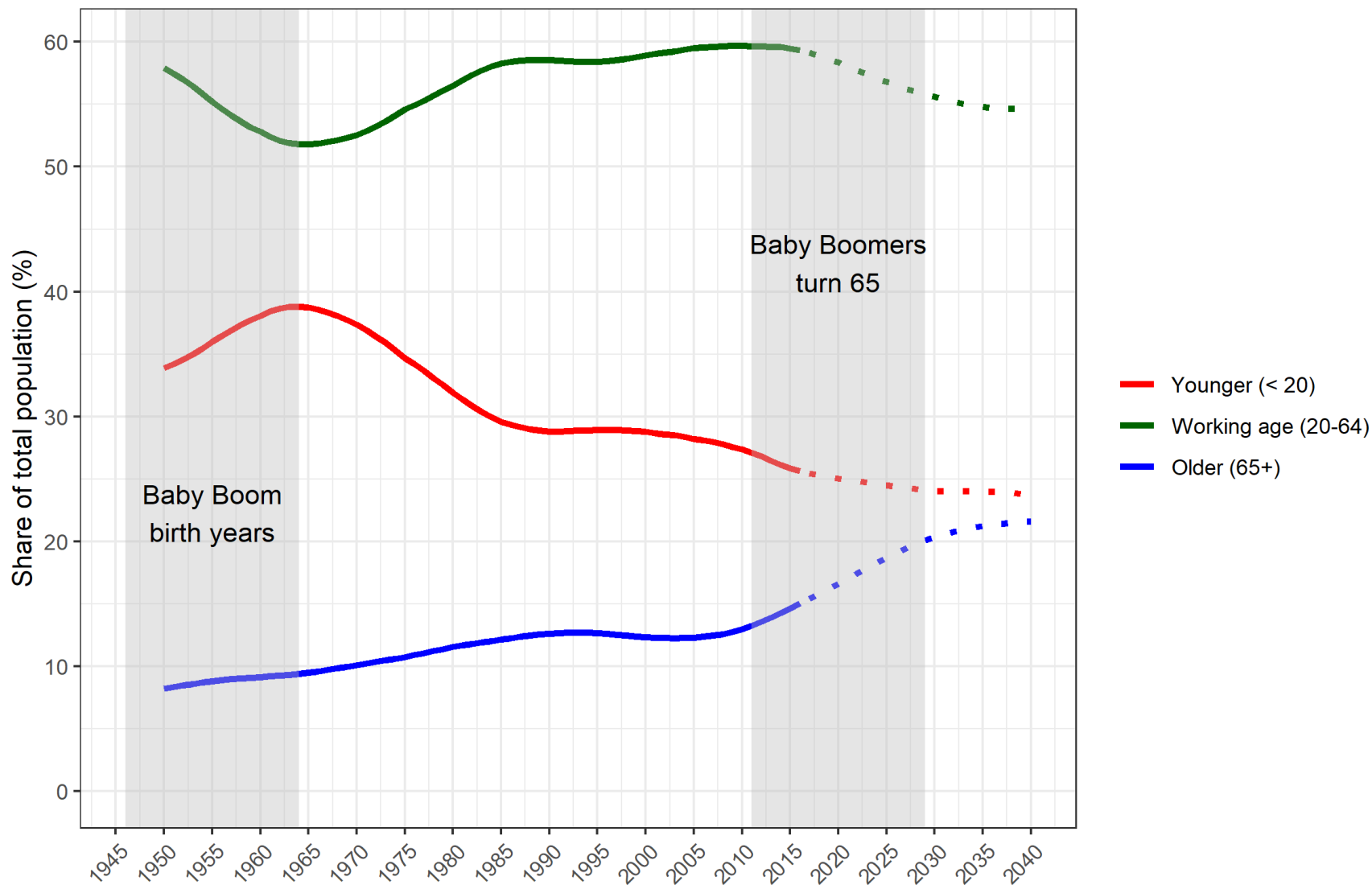


Vehicle-Related Employment, Tennessee and the U.S., 2017

	Tennessee		U.S.	
	Employment	Share	Employment	Share
Total Employment	2,930,932	100.0%	143,859,855	100.0%
Vehicle Manufacturing	72,507	2.47%	1,023,674	0.71%
Vehicle Support	118,993	4.06%	5,425,489	3.77%
Motor Vehicle Operators & Other On-the-Job Drivers	291,000	9.93%	16,571,180	11.52%
Total, Vehicle-Related	482,500	16.46%	23,020,343	16.00%

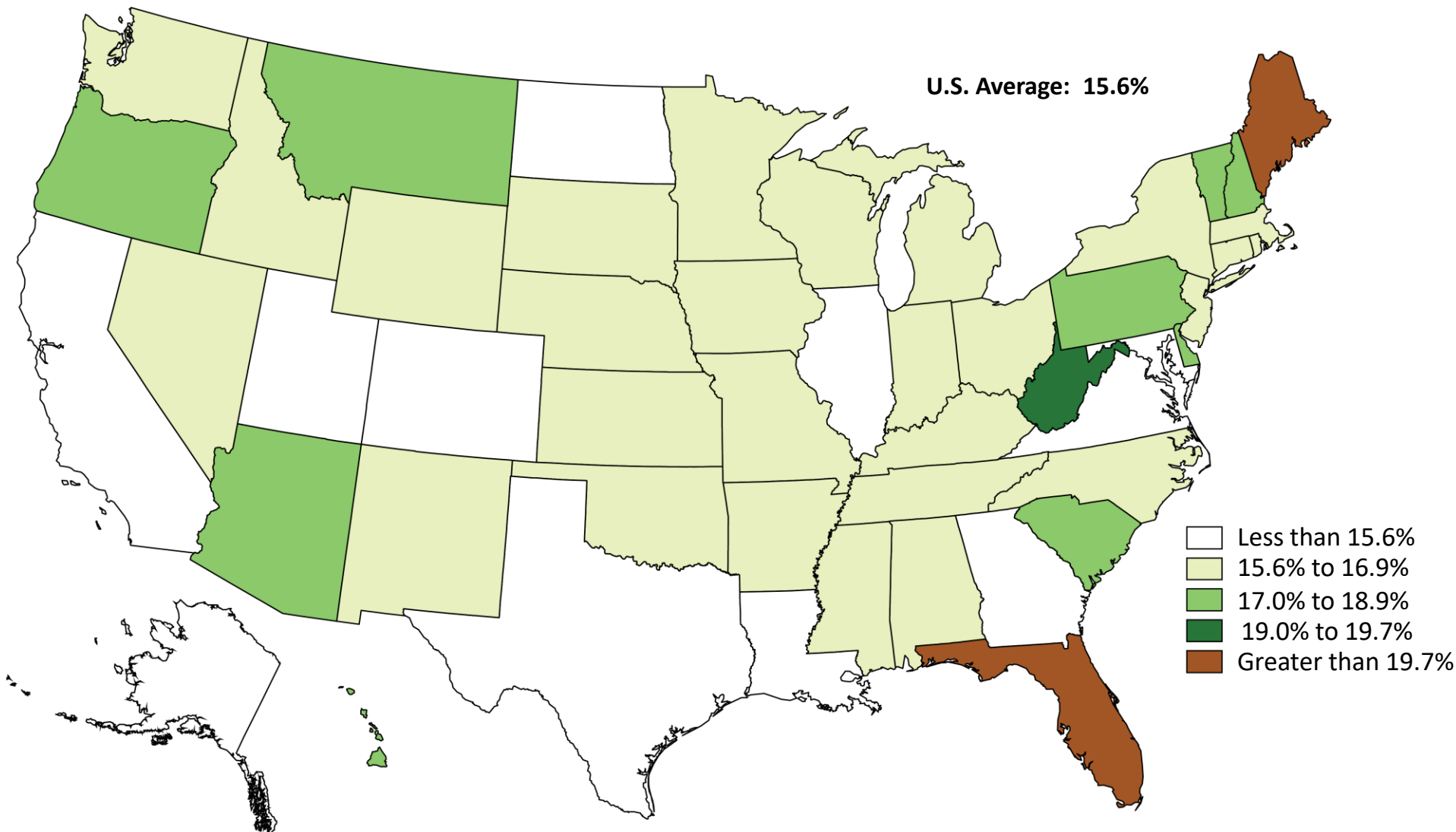
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages & Occupational Employment Statistics.

Percentage of total U.S. population, by age group



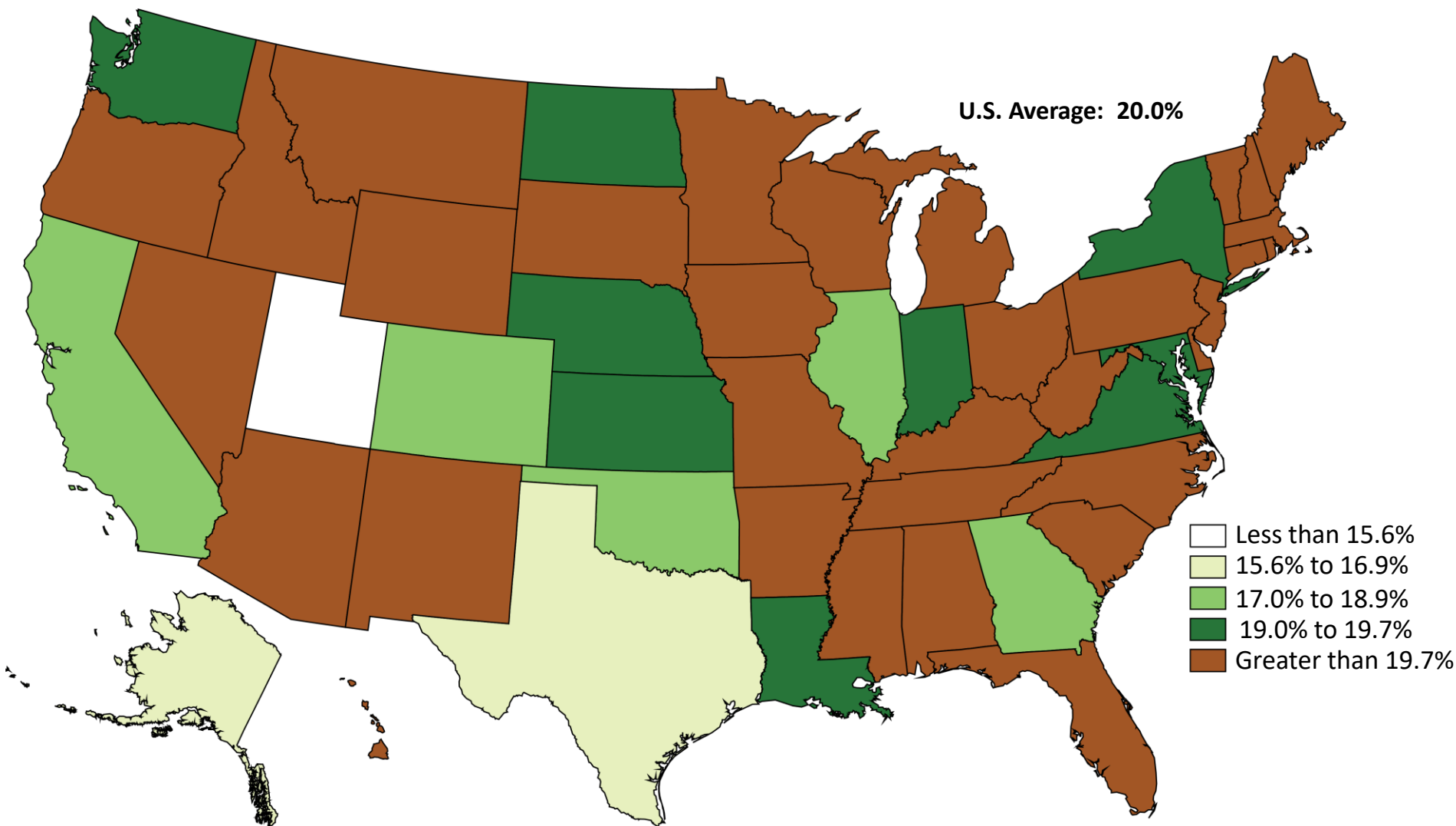
Source: Data underlying 2017 Revision of World Population Prospects, The United Nations, <https://population.un.org/wpp/>,
 ([https://population.un.org/wpp/DVD/Files/1_Indicators%20\(Standard\)/CSV_FILES/WPP2017_PopulationBySingleAgeSex.csv](https://population.un.org/wpp/DVD/Files/1_Indicators%20(Standard)/CSV_FILES/WPP2017_PopulationBySingleAgeSex.csv))
 First projection year is 2016, at which point lines are dotted.

Population 65 Years and Older, 2017



Population Aging in Every State

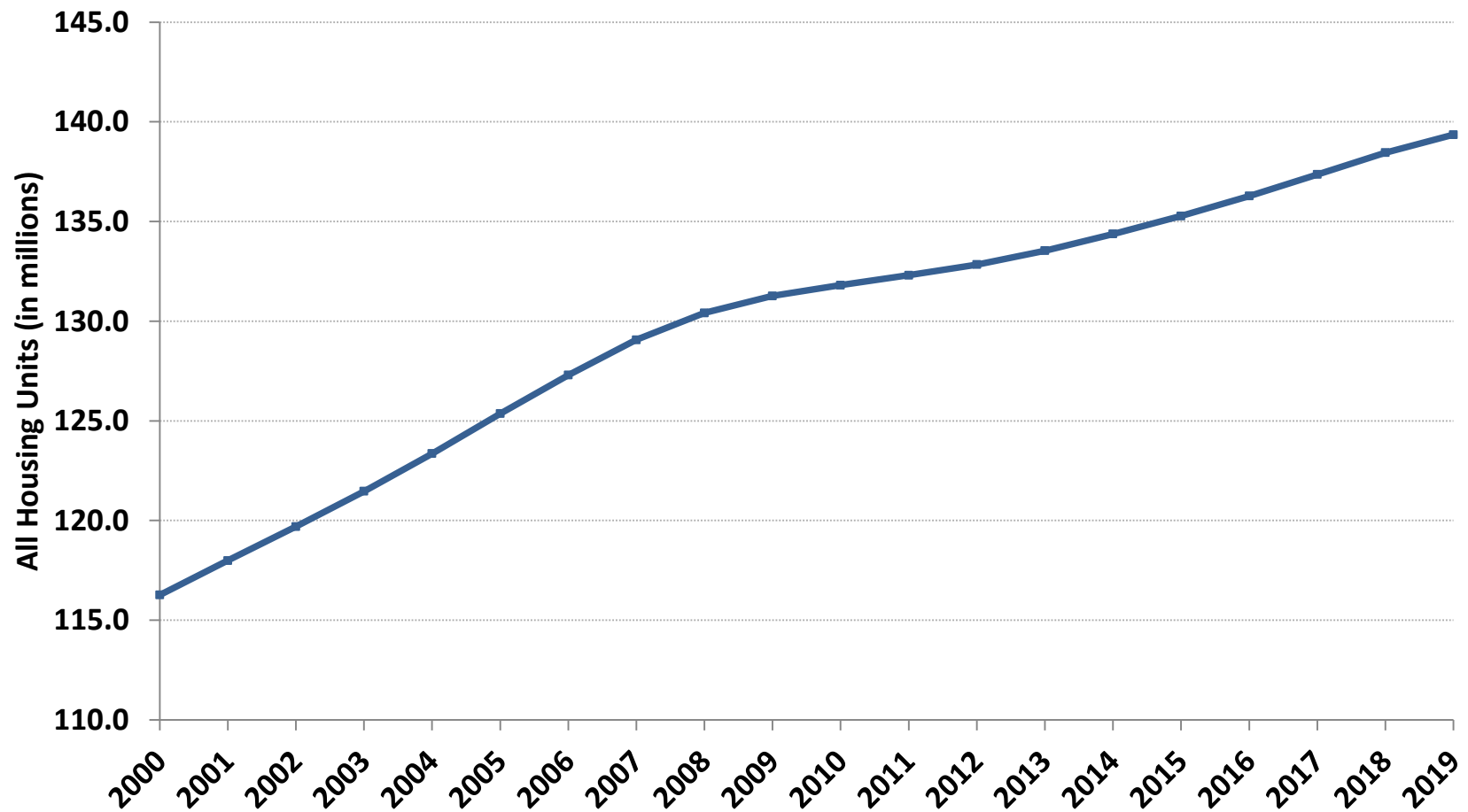
(Population 65 Years and Older, 2030)



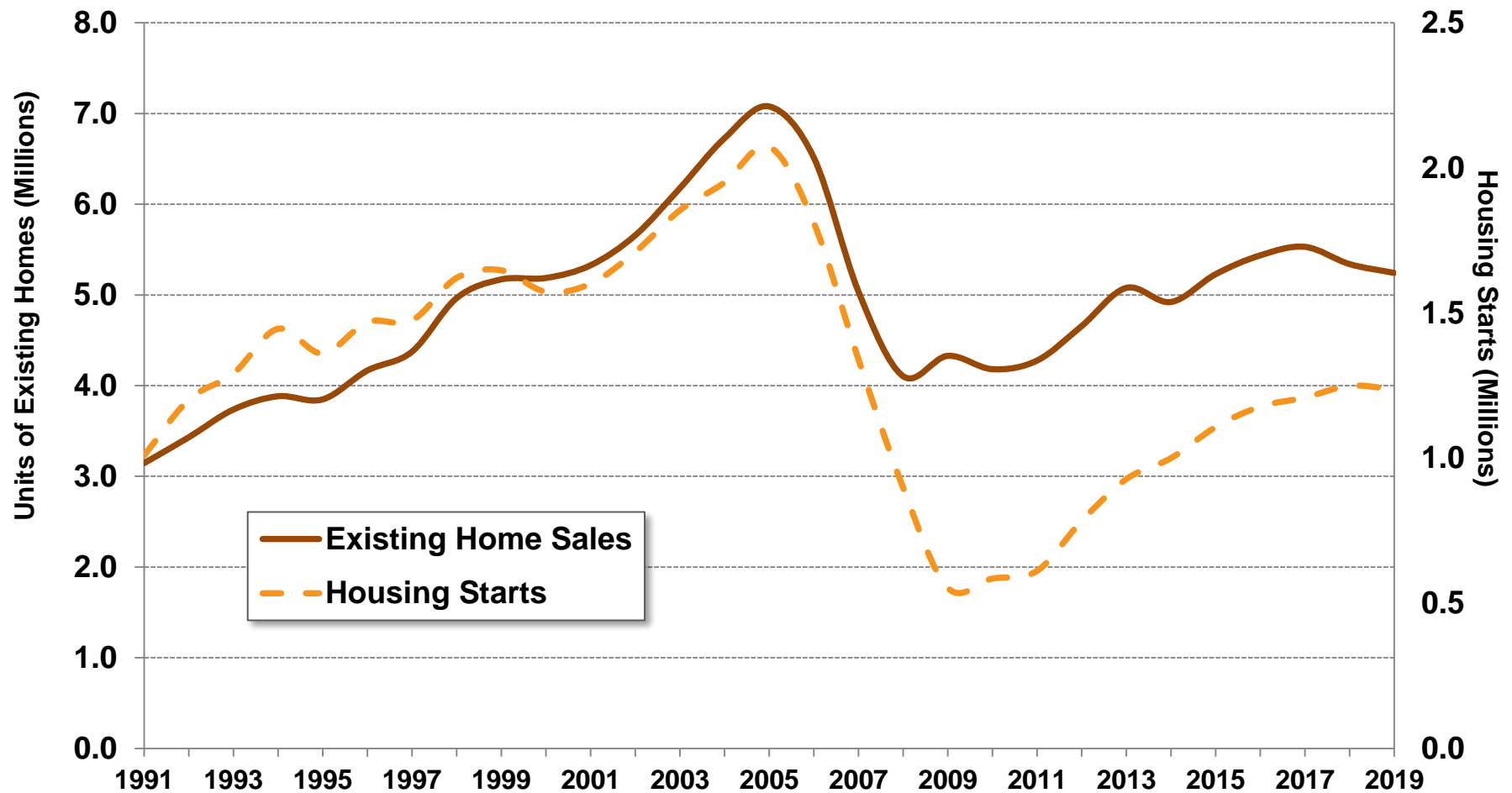
Birth rates are Particularly low for Mothers Under 30 (Birth rates per thousand by mother age)

Age Band	2007 Birth Rate Per Thousand	2016 Birth Rate Per Thousand
15-19	42.5	18.8
18-19	73.9	35.1
20-24	106.3	71.0
25-29	117.5	98.0
30-34	99.9	100.3
35-39	47.5	52.3
40-44	9.5	11.6

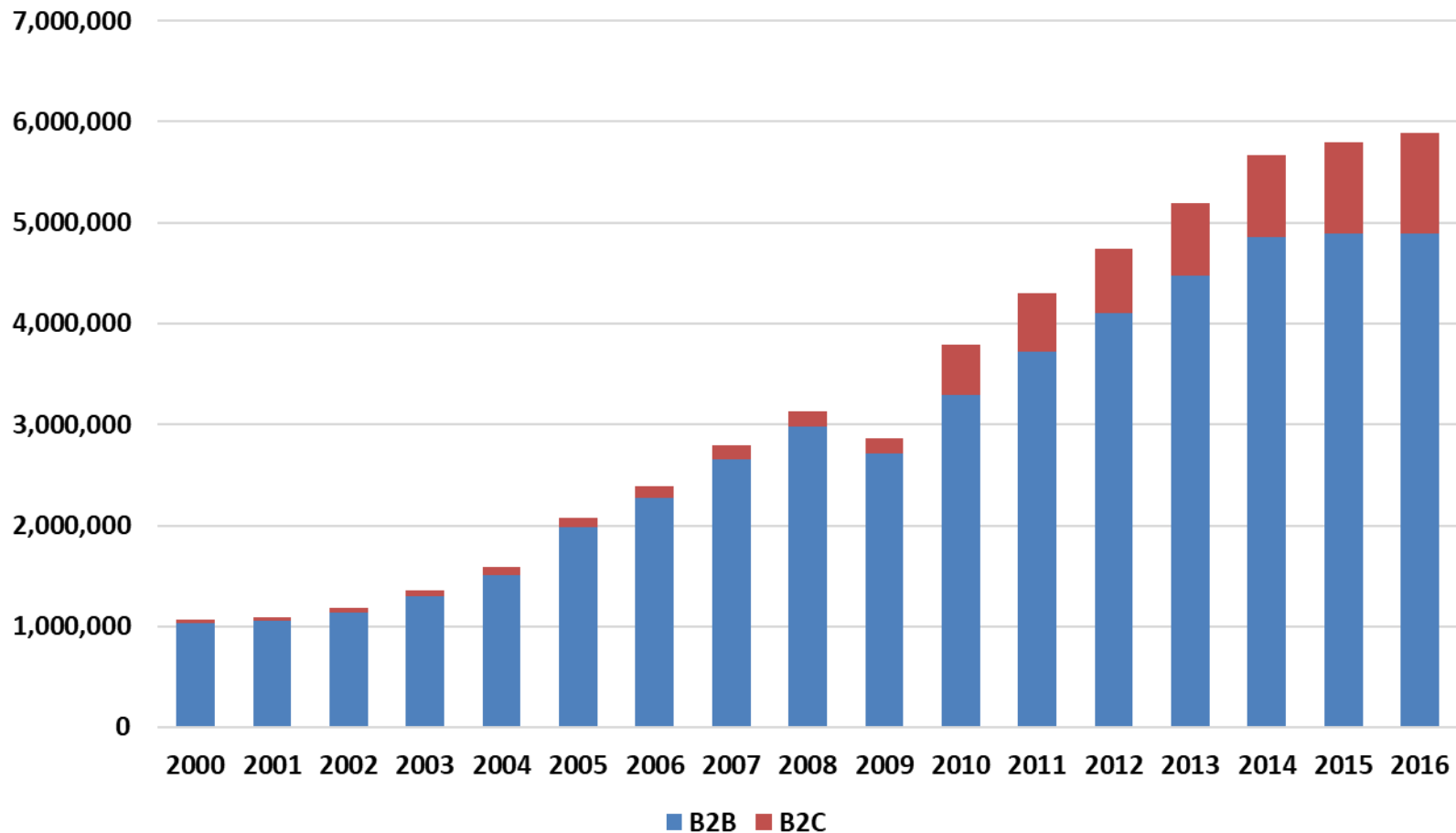
Household Formation has Slowed Dramatically



Housing Sales Rising but Low for an Expansion

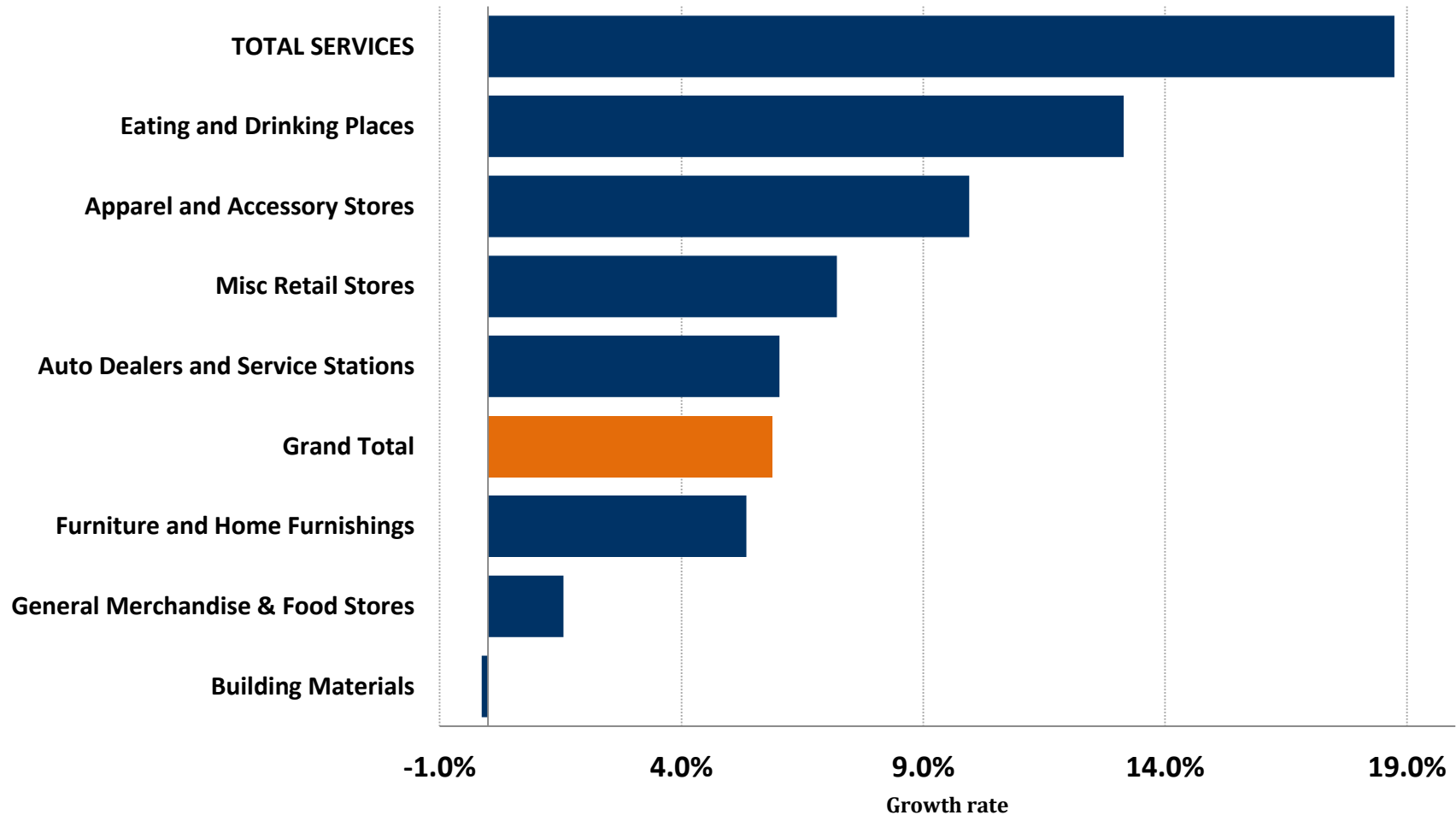


E-Commerce Sales are Growing Very Rapidly

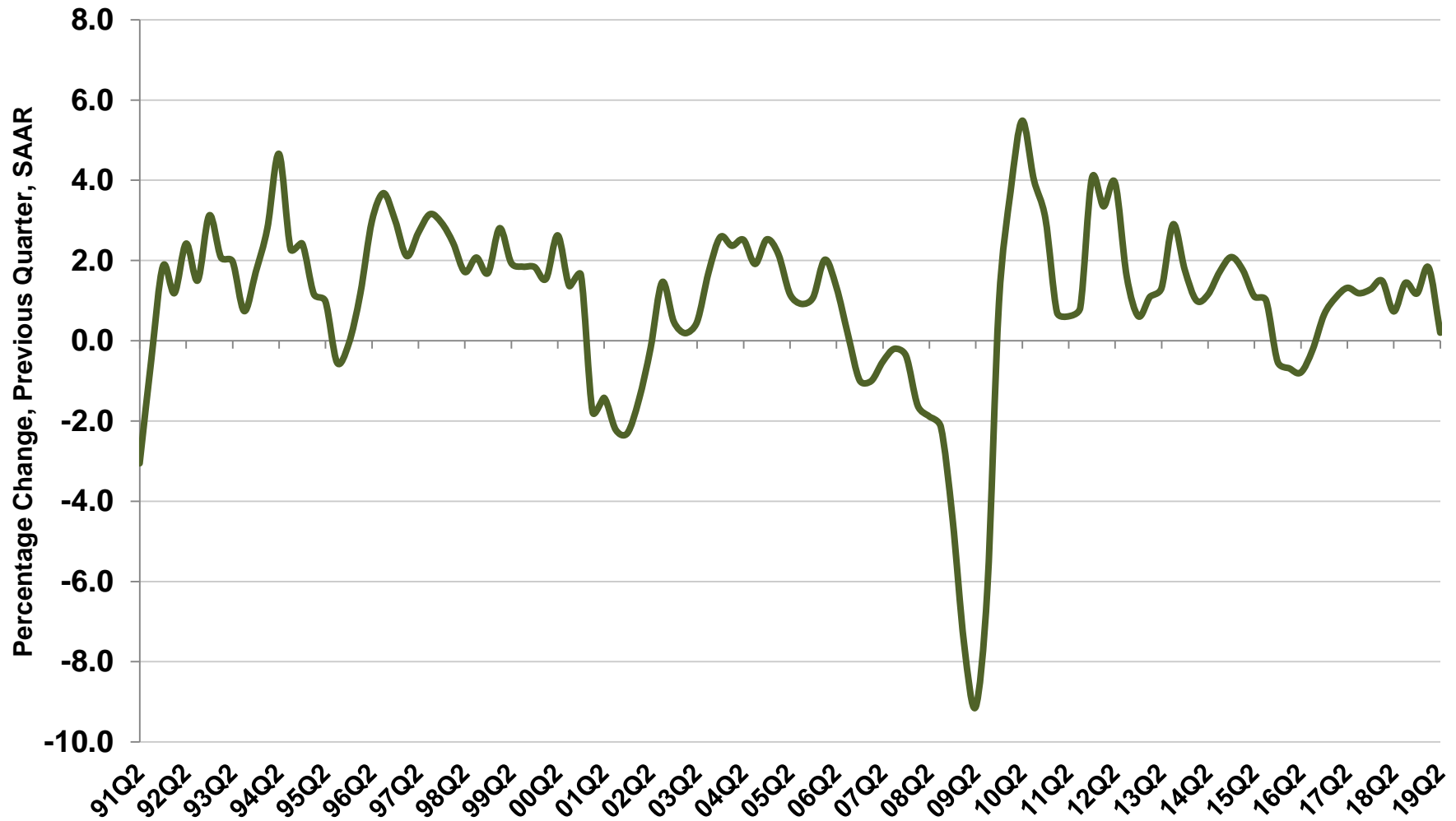


Sales Tax Growth Rates by Category

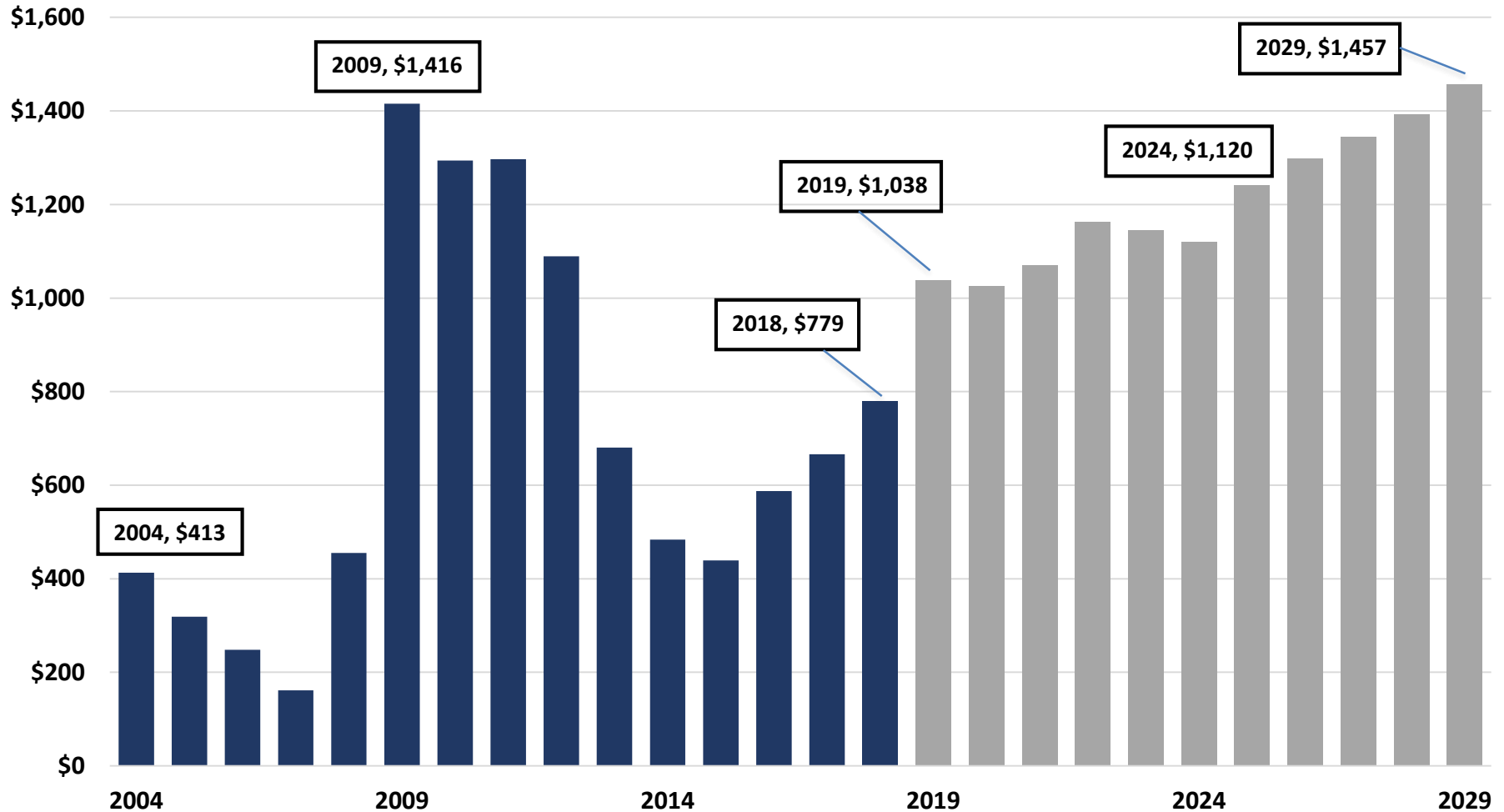
(Quarter Ending August 2018 Quarter Ending August 2019, year-over-year)



Investment has Responded Modestly to Tax Reform and Economic Growth

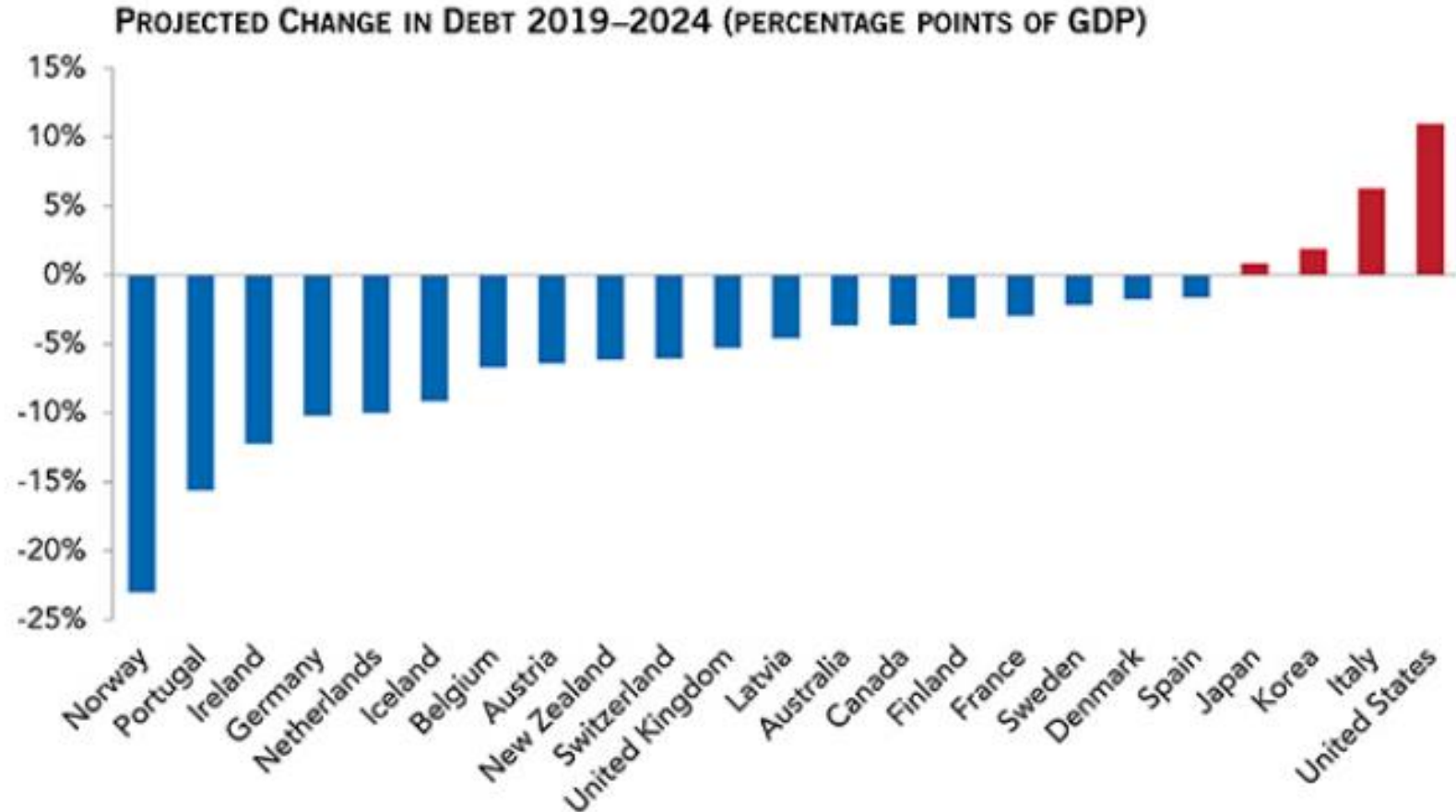


Deficits Rise Rapidly in the Future (billions)



Source: IHS

The United States Is on Pace to Lead the World in Debt Increase as a Percentage of GDP

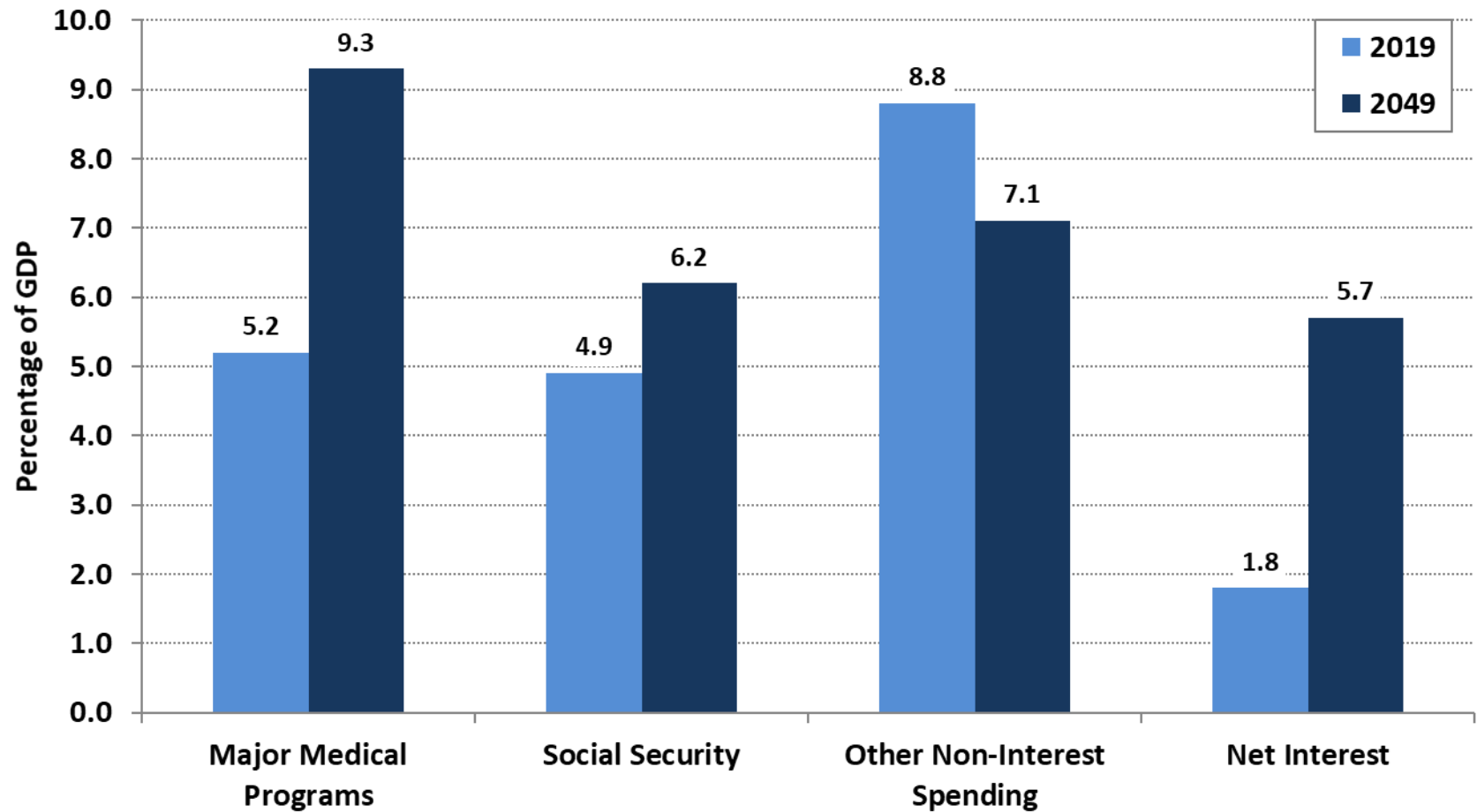


SOURCE: International Monetary Fund, *World Economic Outlook*, April 2019.

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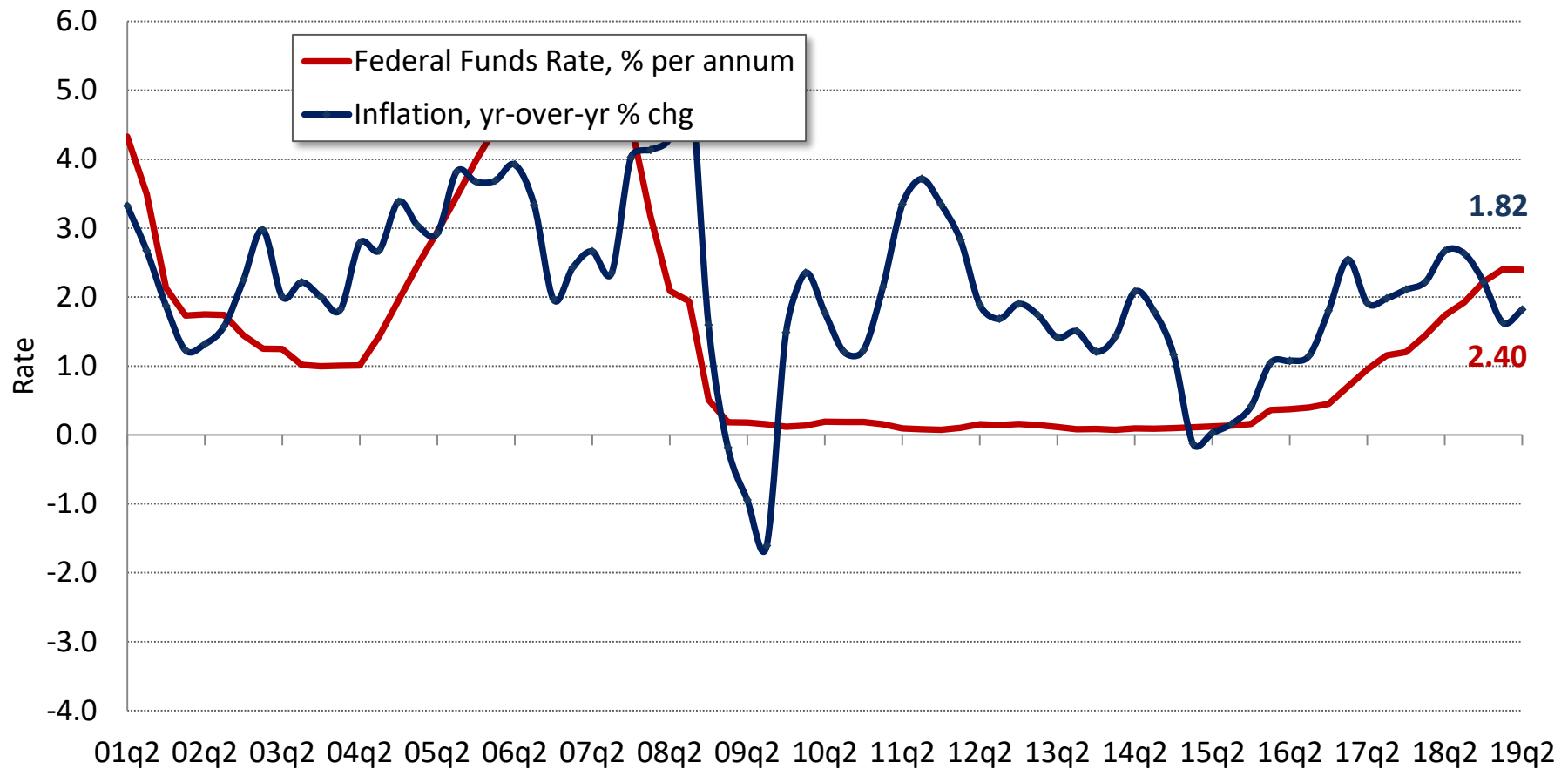
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Aging Society and Interest Costs Raise Federal Spending from 21% to 28% of GDP in 2049

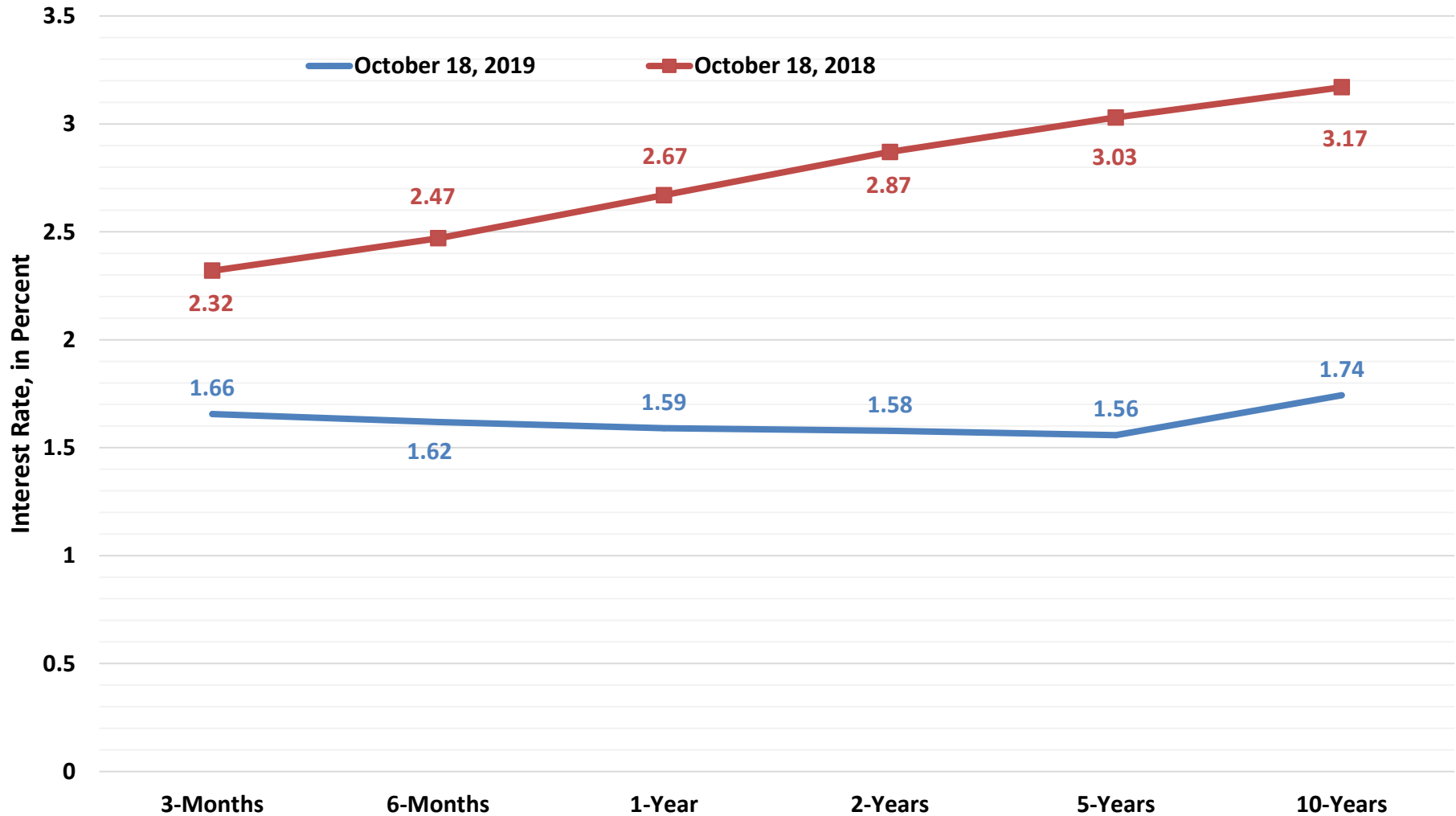


Source: Congressional Budget Office, *The 2019 Long-Term Budget Outlook*, June, 2019, Figure 1-2.

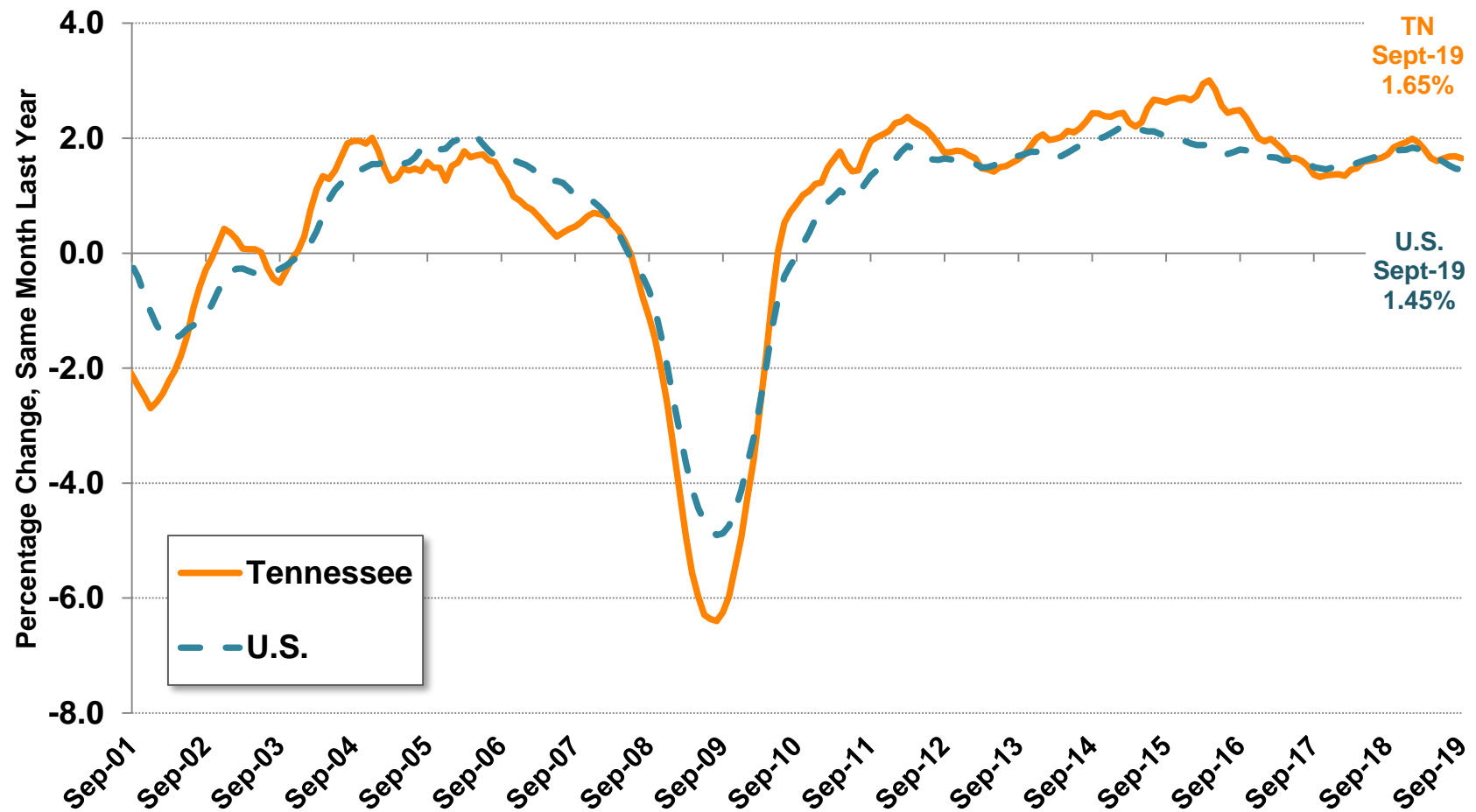
Interest Rates are Falling and Inflation Has Stabilized



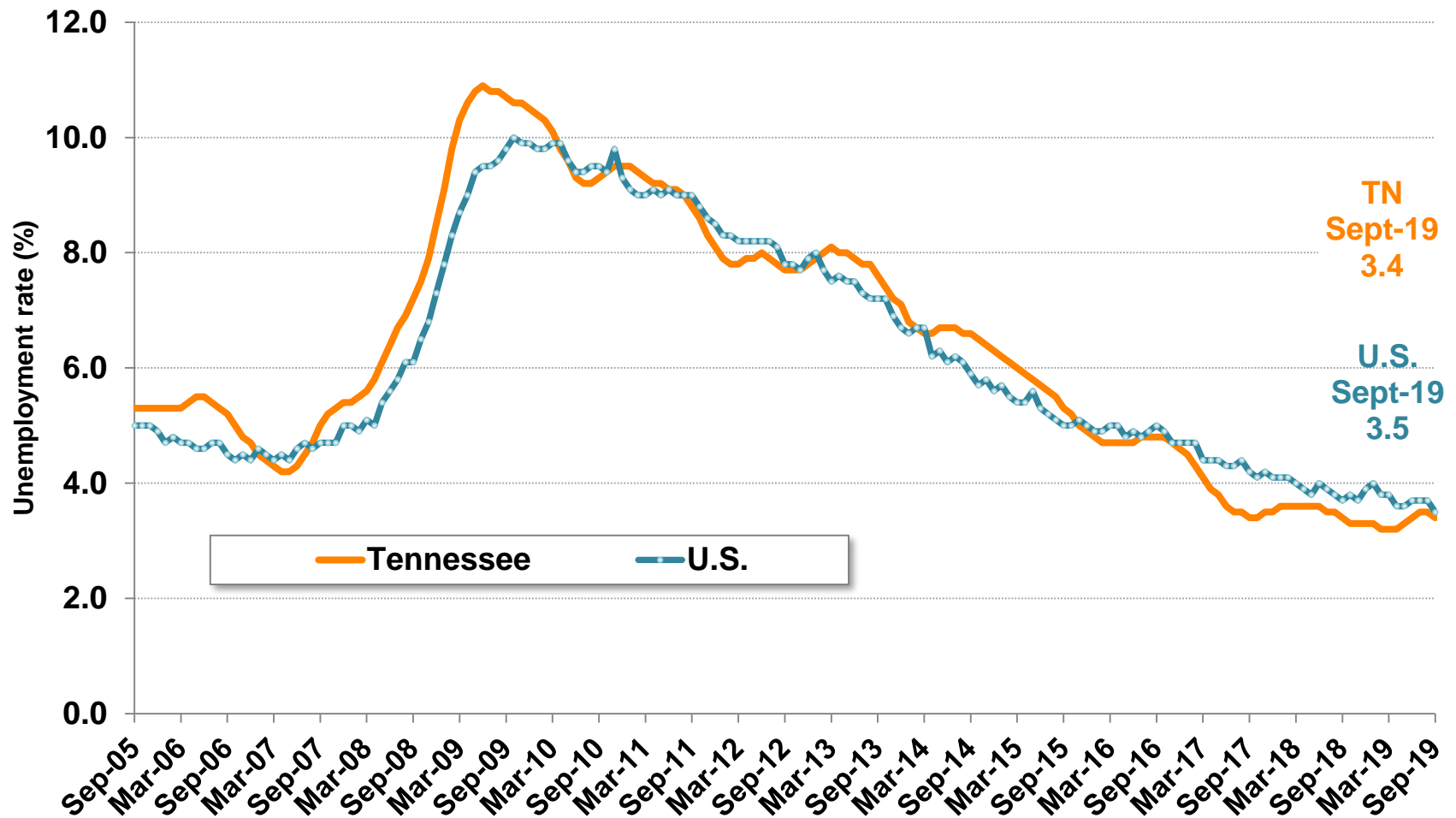
The Yield Curve Has Flattened



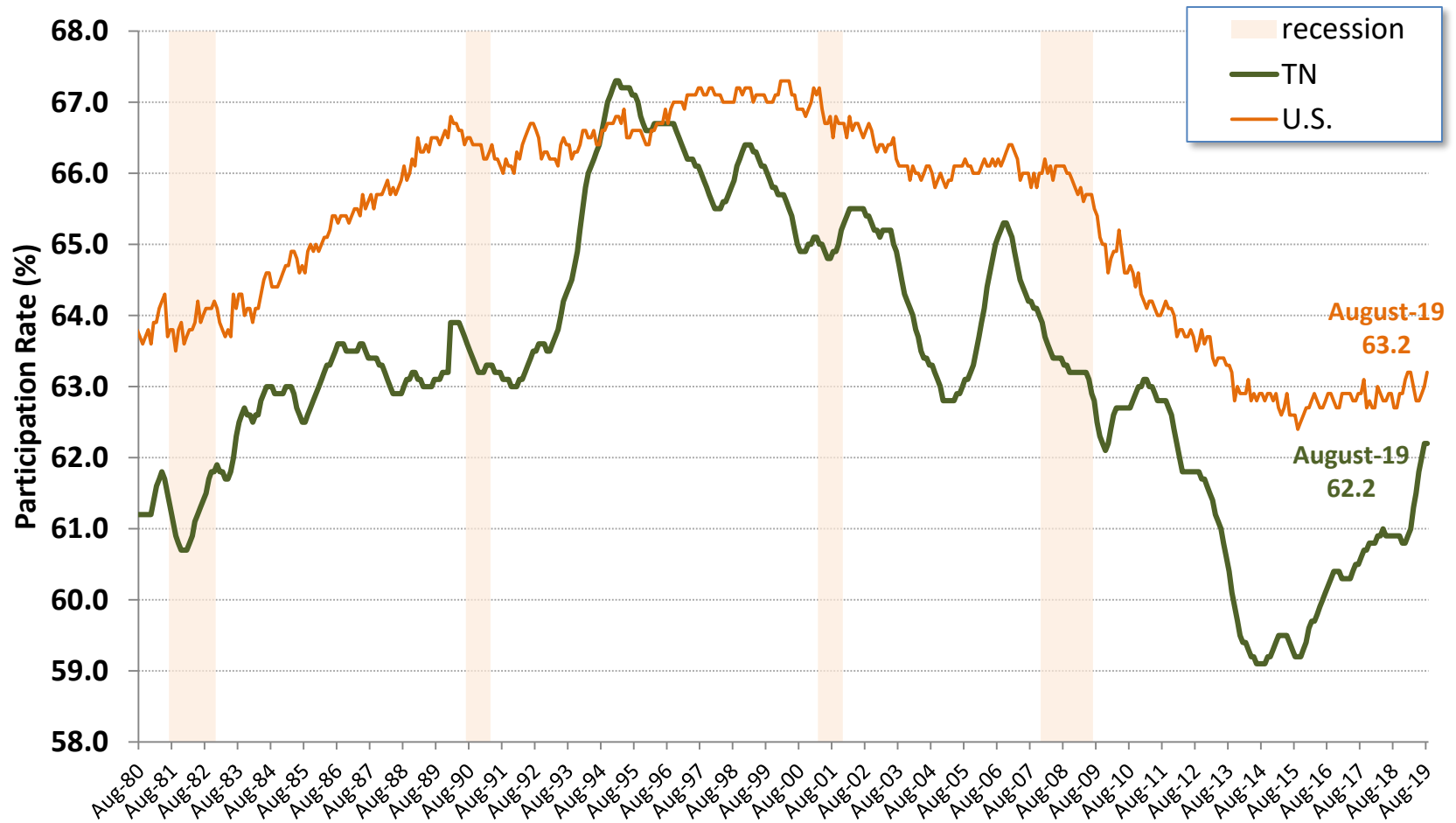
TN Employment has Generally Grown Faster than the Nation during the Expansion



Tennessee Unemployment Rate is Historically Low



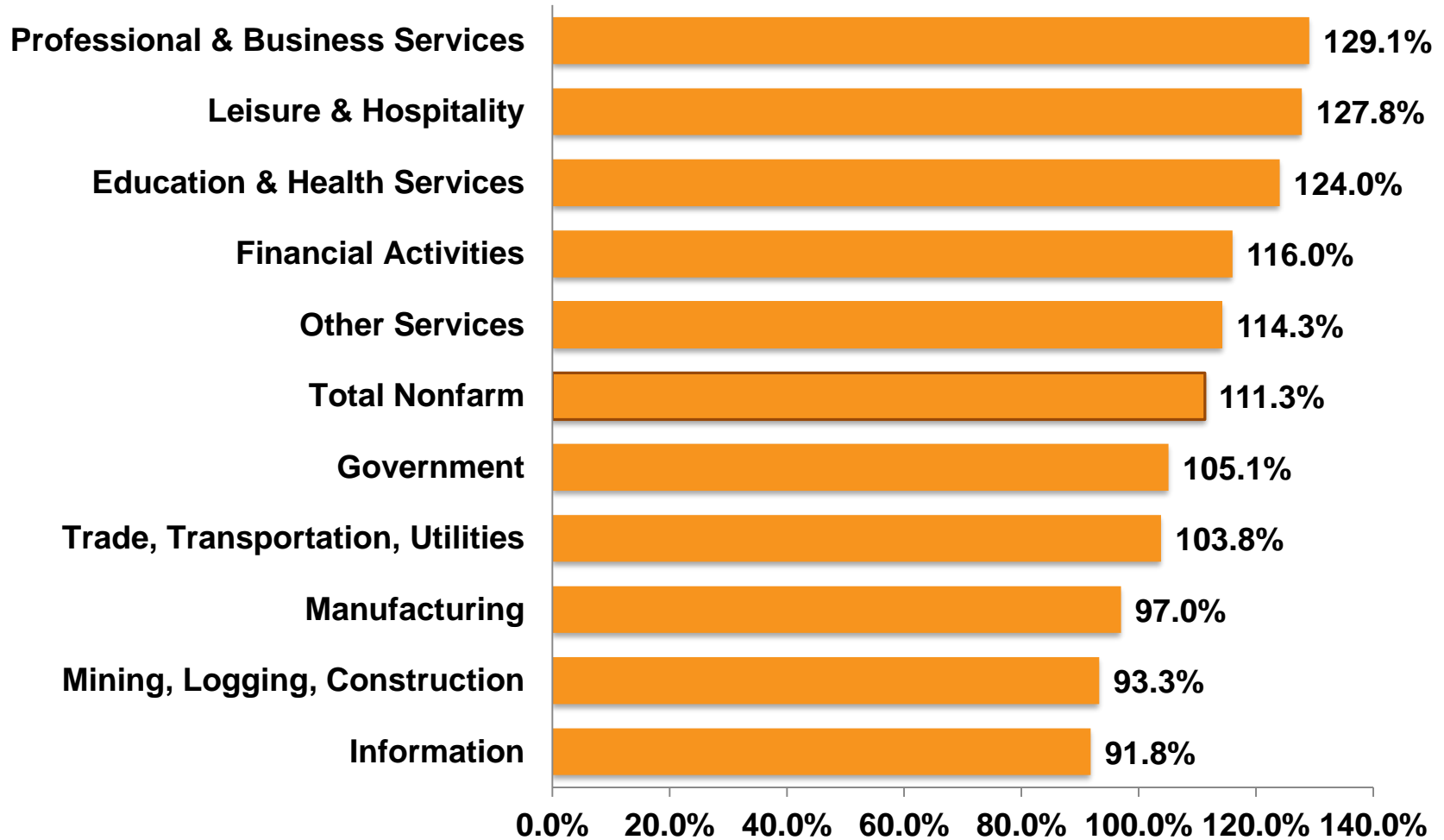
Labor Force Participation Rates Show Signs of a Turnaround



Source: Bureau of Labor Statistics.

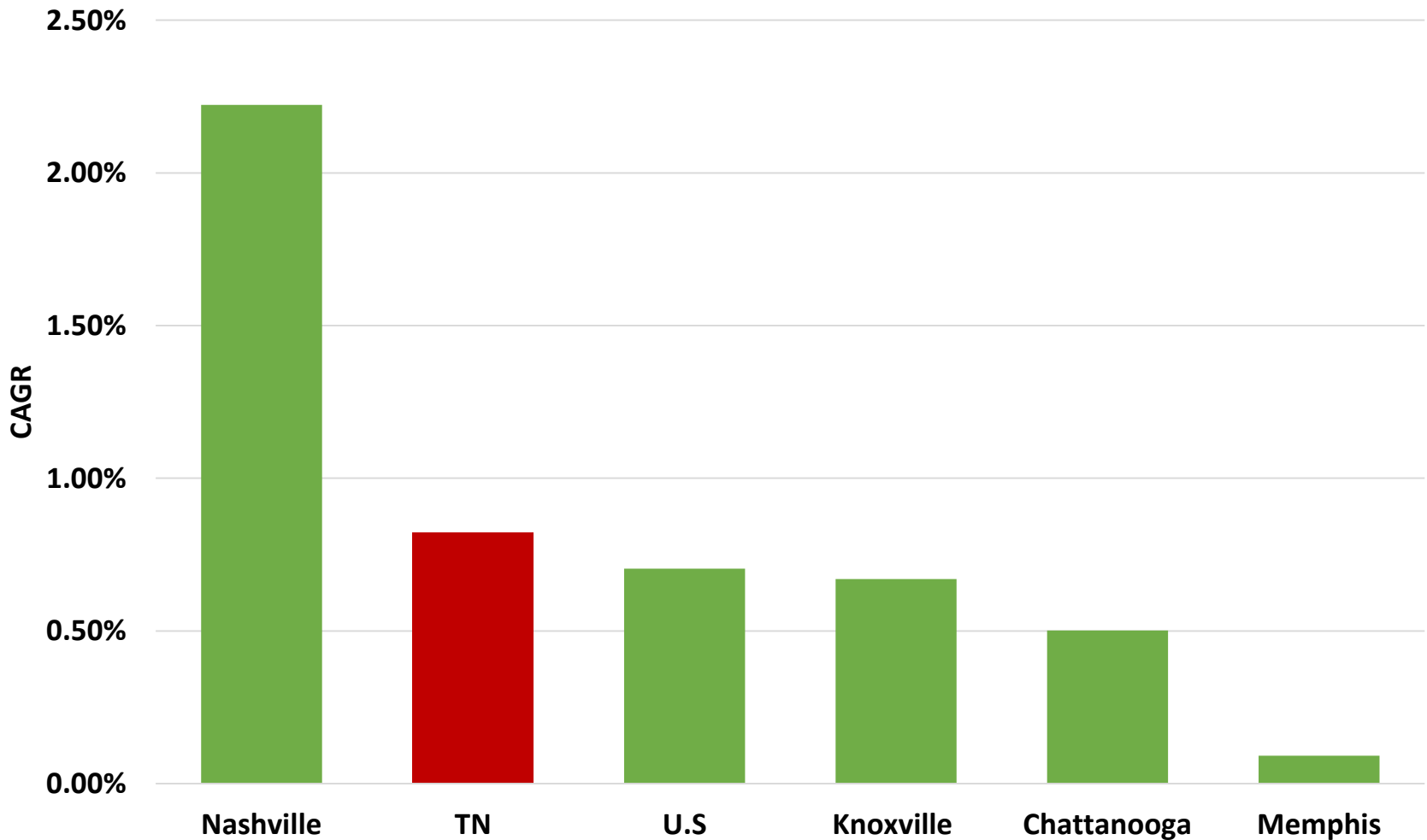
Full Recovery from the Great Recession in Most TN Sectors

(Tennessee, September 2019 as a Share of December 2007)



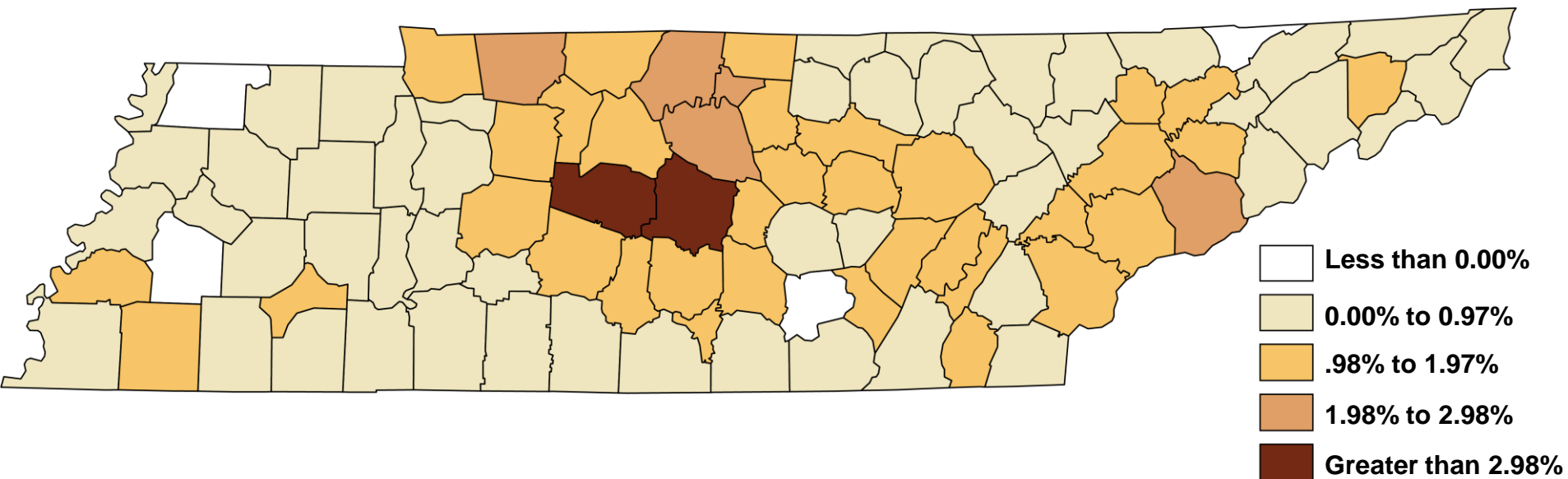
Source: Bureau of Labor Statistics.

Nashville has Dominated TN Employment Growth, 2007-2018



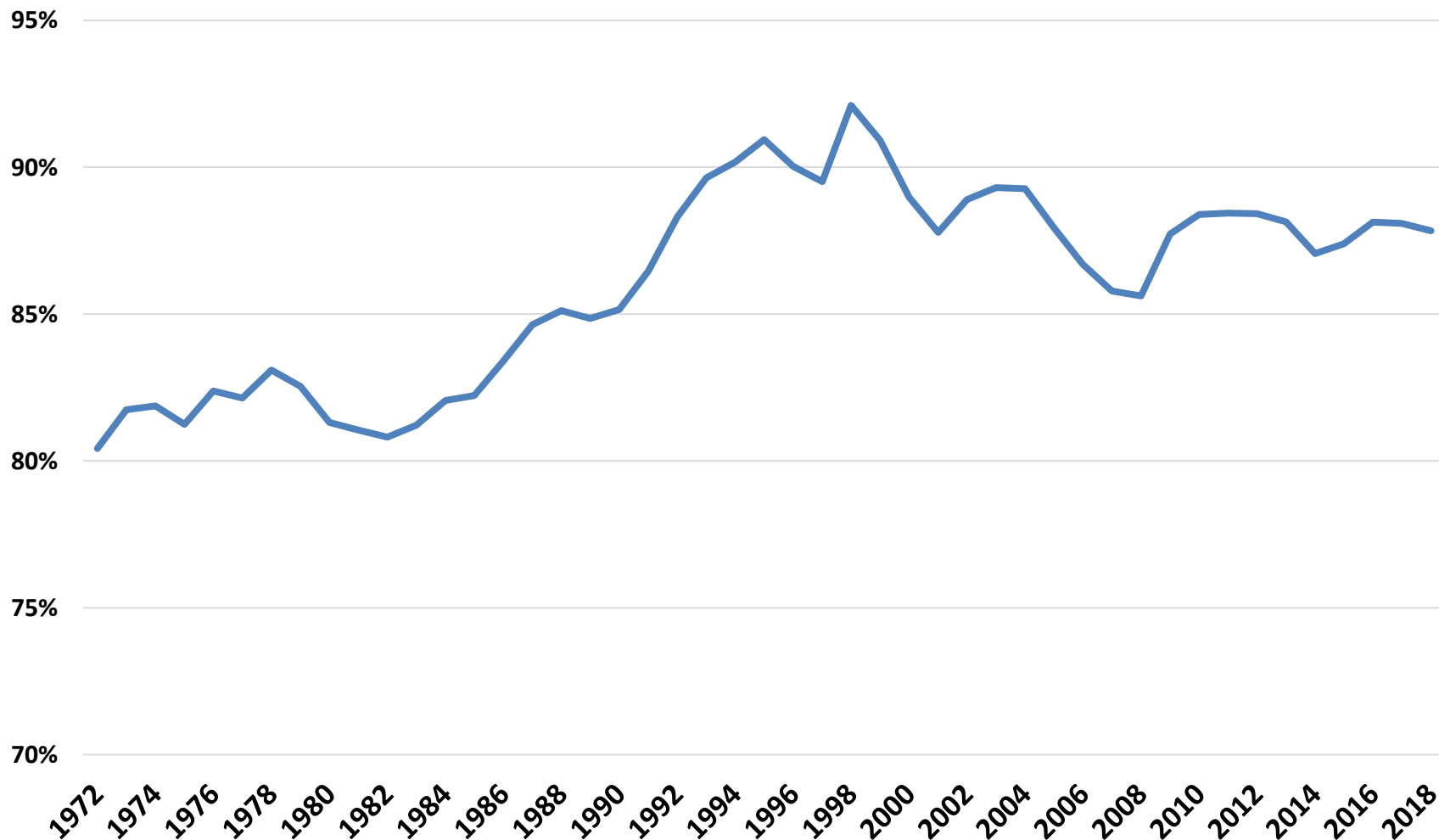
Tennessee Population Growth Fastest around Nashville, 1990–2018

Tennessee: 1.17%
United States: 0.97%

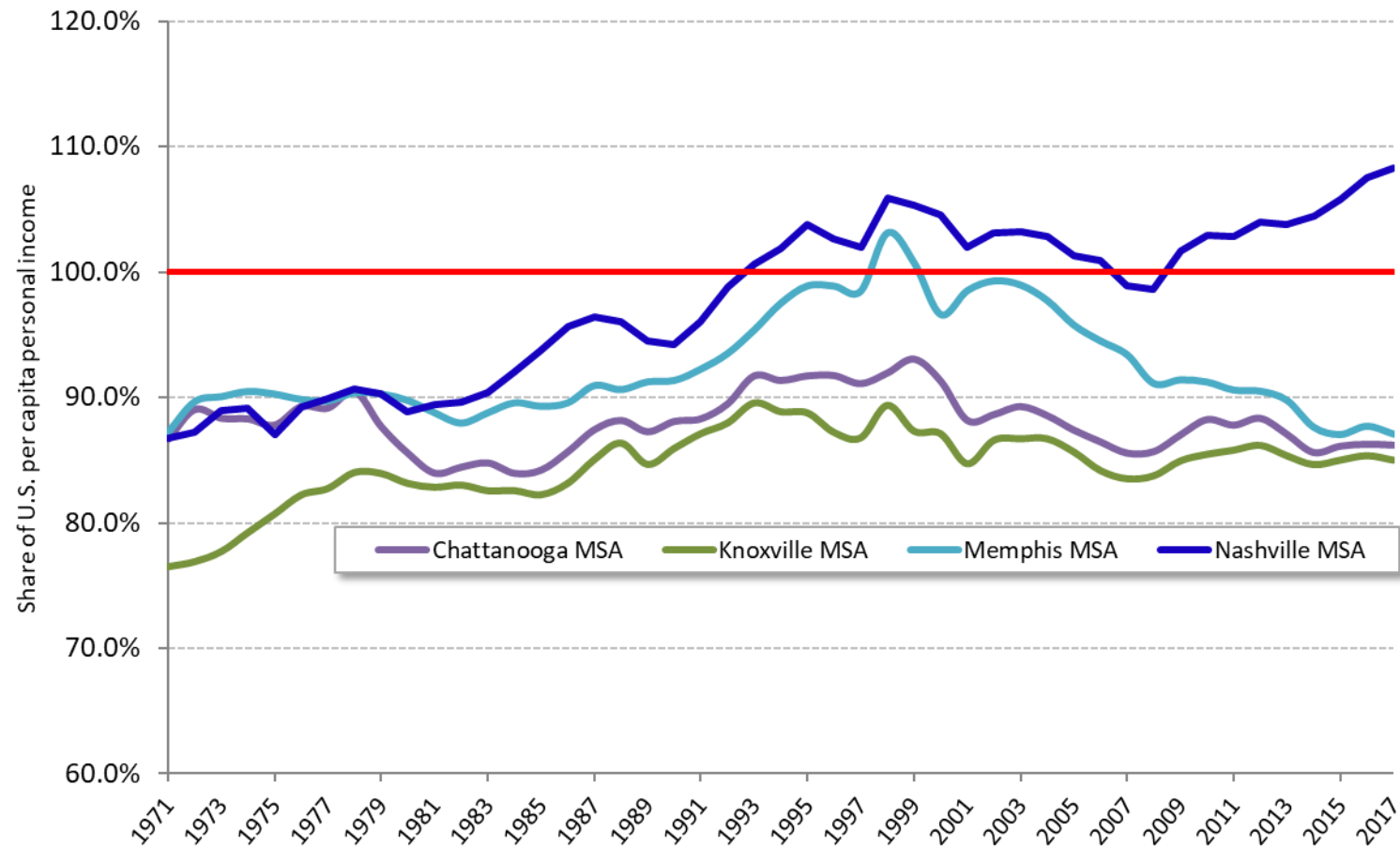


*compound annual growth rate

TN Per Capita Income has Been Falling as a Percent of the U.S.

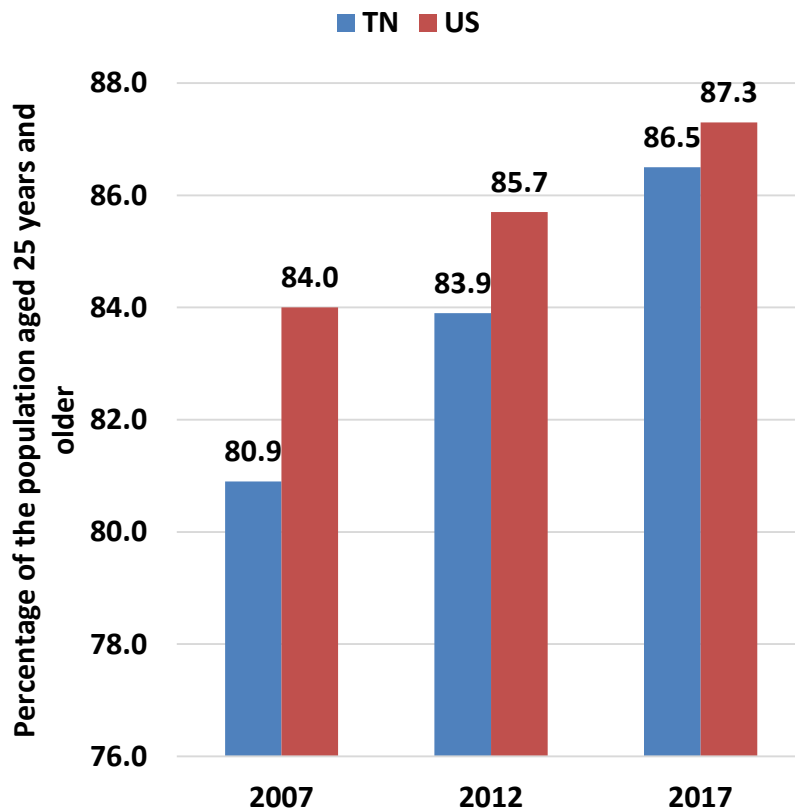


Per Capita Personal Income Falling in Most Parts of the State, but not Nashville

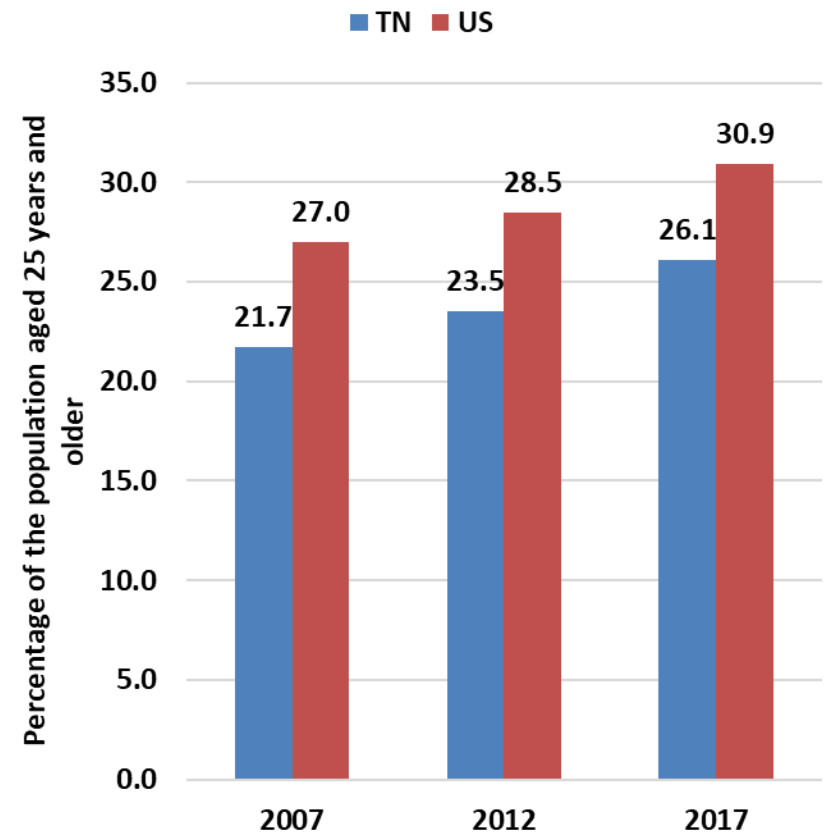


Tennesseans Have Lower Educational Attainment Levels

High school graduates or higher

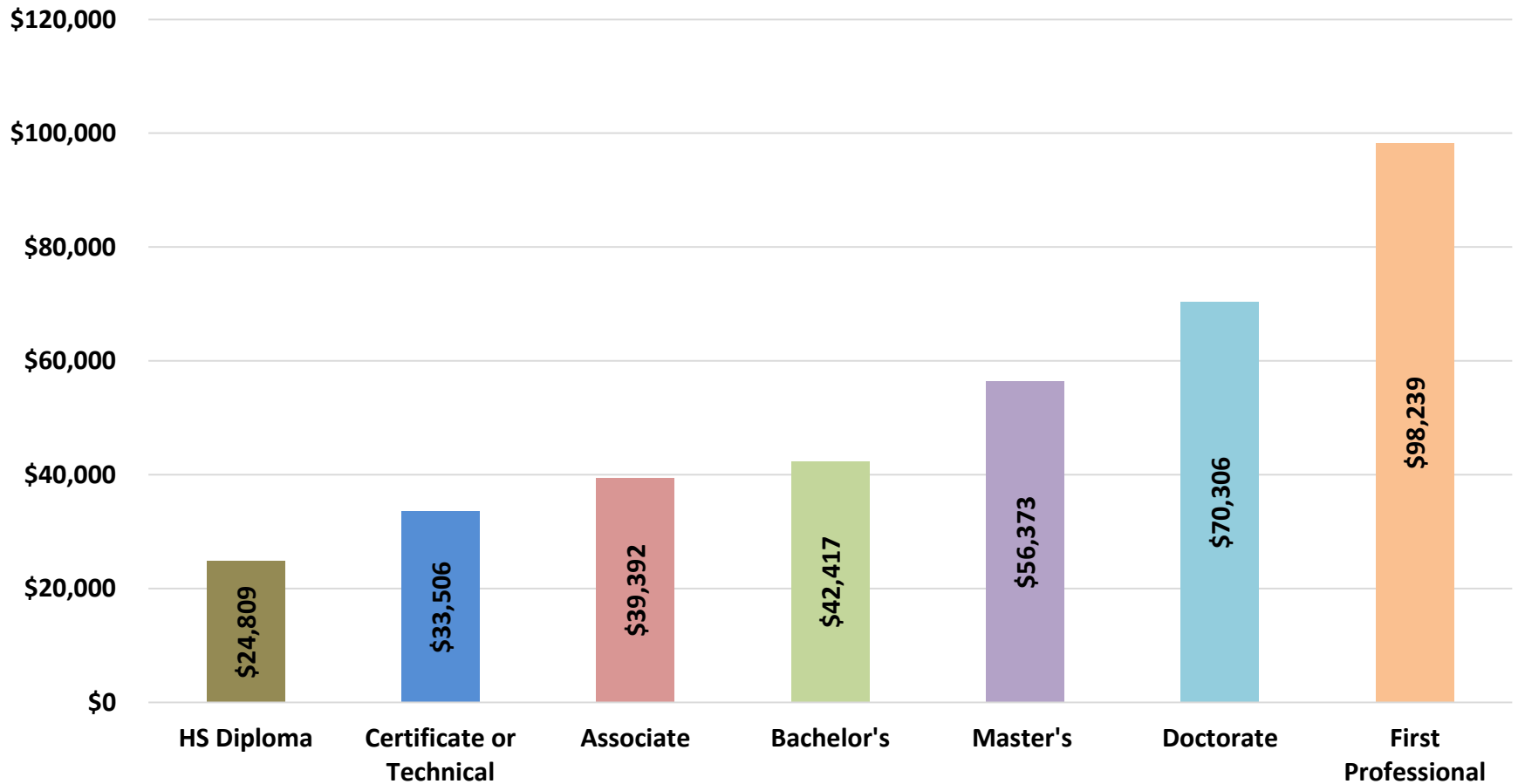


Bachelor's degree or higher



Return to Education is Very High in Tennessee

(Average Full-Time Income of Tennessee Students 5 Years After Graduation)



Adapted using data from P20 Connect (TN Longitudinal Data System) and the Boyd Center for Business and Economic Research's Do Tennessee's Higher Education Graduates Work in Tennessee? Revisited Report.

Tennessee 9th Grade Pipeline

Tennessee 9th Grade Pipeline

9th Grade Year

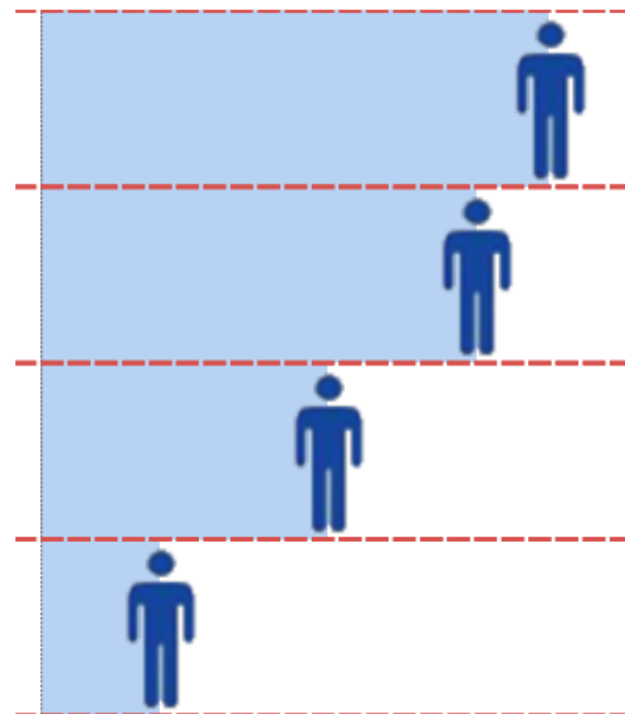
2007

For every **100** ninth-graders in Tennessee

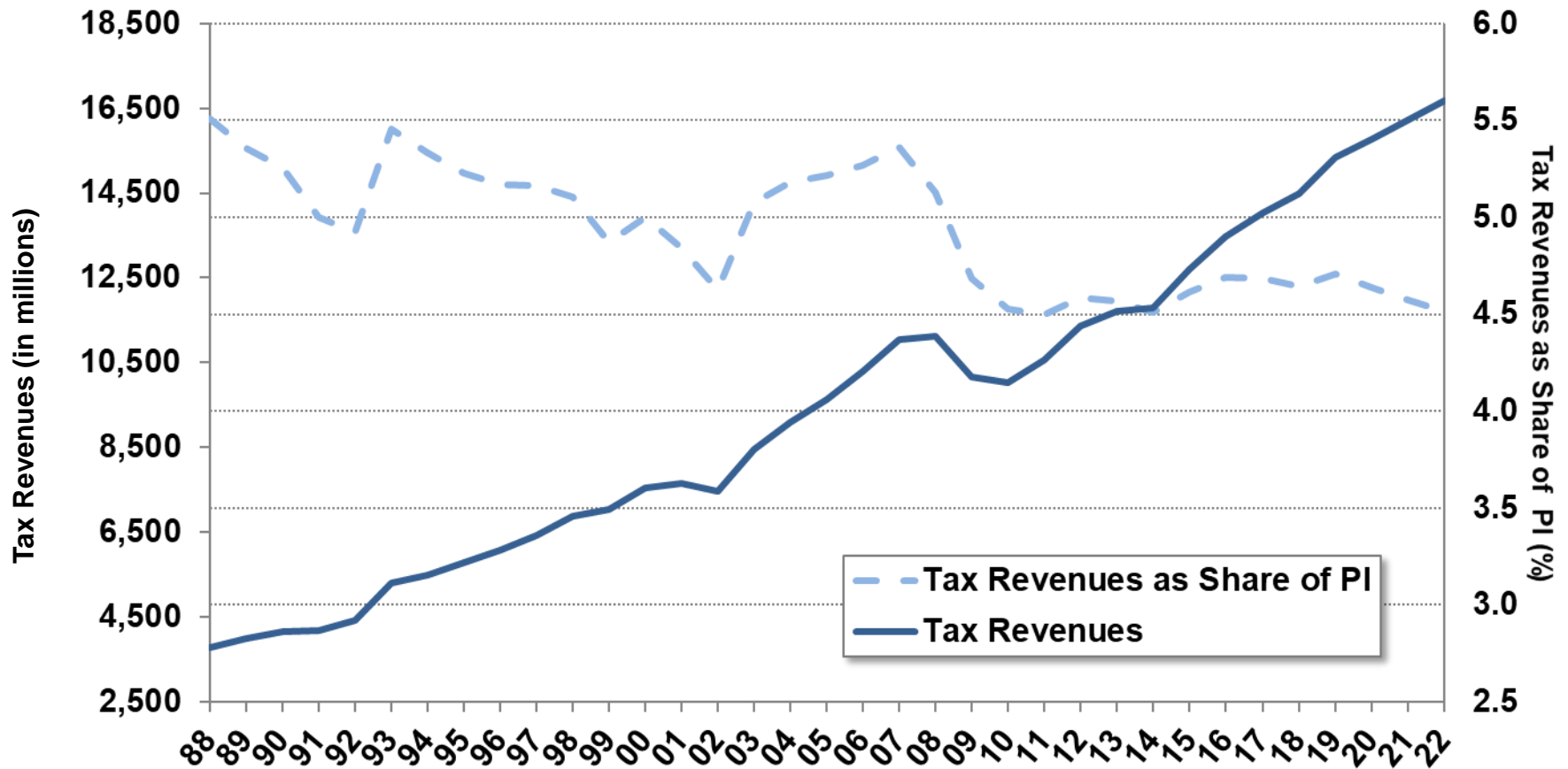
86 graduate high school in four years

56 enroll in a postsecondary institution

23 graduate college within six years of high school



Tennessee Tax Revenues are Falling Relative to the Economy



TN S & L Tax Revenue as a Share of the Economy is one of the Lowest in the Nation

