AN ECONOMIC REPORT TO THE GOVERNOR

OF THE STATE OF TENNESSEE

On the State's Economic Outlook

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An Economic Report To the Governor of the State of Tennessee

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Foreword

This 2000 volume, *An Economic Report to the Governor of the State of Tennessee*, is the twenty-fourth 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 fourth quarter of 2001 and annual forecasts through 2008 represent the collective judgement of the staff of the Center for Business and Economic Research, College of Business Administration, at The University of Tennessee, Knoxville, in conjunction with the Quarterly and Annual Tennessee Econometric Models. The national forecasts were prepared by the WEFA group. Tennessee forecasts, current as of December 1999, are based on an array of assumptions, particularly at the national level, which are described in Chapter 1. (Note that since reliance is placed on state data available through December 1999, the information reported here may not correspond to revised data released early in 2000.) Chapter 2 provides detailed evaluations for major sectors of the Tennessee economy, with an agriculture section provided by the UT Agricultural Policy Analysis Center. Chapter 3 presents the long-run forecast and outlook for the state. This year, Chapter 4 focuses on the last 100 years of our state's economy.

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

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EXECUTIVE SUMMARY

U.S. ECONOMIC OUTLOOK

In 1999, the nation saw a continuation of vigorous spending by consumers and businesses which, when added to strong but subdued government spending, outweighed growing trade deficits to fuel impressive economic growth. As a result of this, inflation and unemployment were kept in check, and the current economic expansion was poised to become the longest on record.

Although inflation has accelerated slightly in recent quarters, it remains largely in check. The Consumer Price Index (CPI) rose at an annual rate of 2.6 percent in the third quarter of 1993 (1999Q3) (up from the 1998 increase of only 1.6 percent) but the core CPI—which excludes more volatile food and energy prices—grew by only 1.7 percent (down from 2.3 percent in 1998). The labor market remained remarkably tight in 1999. Unemployment fell to 4.1 percent in October, the lowest rate since January 1970.

Thanks to continued consumer spending and prudent Federal Reserve Bank policy, the year 2000 is likely to be a slightly less robust—although still quite strong—continuation of 1999's favorable state of economic affairs.

- Inflation-adjusted Gross Domestic Product (GDP) is expected to rise 3.0 percent.
- Increases in consumer spending and business investment will continue to offset slowdowns in residential housing and government spending as well as the drain from net exports.
- Nonagricultural job growth of 1.2 percent is anticipated.
- The inflation rate will increase, but only to 2.5 percent.
- The unemployment rate will also rise to 4.4 percent.

TENNESSEE'S SHORT-TERM OUTLOOK

Tennessee's economic expansion is now in its ninth year and there appears to be no end in sight. With strong growth anticipated for the national economy, and an improving economic situation developing abroad, the state should enjoy sustained economic growth through the short-term forecast horizon. This will translate into further job and income gains for state residents, and further growth in gross state product (GSP).

The state's economic performance in 1999 reflected a slowdown from the previous year, with job growth advancing 1.2 percent, down from 2.1 percent growth in 1998. Nonetheless, the state was able to outperform its national counterpart in terms of several important barometers of economic activity. The Tennessee unemployment rate, which had moved above the national rate of unemployment in 1996, sustained a lower rate than the nation throughout the year. And while the state's manufacturing sector experienced job losses of 1.5 percent, the nation's manufacturing sector suffered a more acute setback as jobs fell 1.9 percent. Tennessee is projected to outperform the nation in terms of the unemployment rate, job growth and personal income growth in year 2000, although by a small margin.

Tennessee nonagricultural job growth is projected at 1.4 percent for 2000, a slight improvement relative to 1999. Job growth will be aided by a slower rate of job decay in nondurable goods manufacturing, stronger growth in durable goods manufacturing and a rebound in service sector growth. Construction sector job growth, which has been an important bright spot for the state economy, will slow slightly but nonetheless register 3.9 percent growth for the year. Labor force growth is forecast at 1.8 percent for 2000. The unemployment rate is expected to average 3.7 percent for the year. Expect a slight upward movement in the unemployment rate starting mid year.

Nominal personal income will improve ever so slightly in 2000, with growth of 5.0 percent relative to 4.9 percent growth in 1999. Per capita personal income will show improvement as well over the short-term forecasting horizon. On a fiscal year basis, expect personal income to advance 4.8 percent in 1999/00 and 5.4 percent in 2000/01. Taxable sales growth for 2000 is projected at 4.7 percent; taxable sales growth for fiscal years 1999/00 and 2000/01 is forecast at 5.1 percent.

Agriculture continues to remain a strong sector of Tennessee's economy. Production agriculture contributed $2.22 billion to Tennessee's economy in 1998 through cash receipts from farm marketings. Agriculture receipts were slightly higher for crops ($1.18 billion or 53 percent) than for livestock ($1.04 billion or 47 percent). According to the UT Agricultural Policy Analysis Center, agriculture accounts for 14 percent of the state's economy, and agriculture and related industries contribute $36 billion annually to Tennessee's economy. Of this, only about 8 percent is a direct result of agricultural production in the state. In other words, each dollar generated by Tennessee farms is linked to an additional $11 in direct and indirect economic effects in various industries.

The number of farms in the state continue a downward trend (down more than 40 percent since 1964), while the average farm size continues to increase (27 percent since 1964).

The cattle industry retained its position as the leading livestock commodity in Tennessee in 1998 and is projected to remain the leading commodity in the near future. Tobacco has consistently been one of the state's highest valued cash crops and is grown on more than one of every four farms in Tennessee. Given the underlying uncertainty that still permeates the tobacco industry nationwide, the outlook for tobacco farming in the state is more uncertain than ever before. Soybean production in the state is expected to be just under 20 million bushels in 1999, the lowest production in more than 30 years. While yields are always an uncertain factor, the outlook does not appear to brighten significantly for soybeans in the near future. Cotton receipts are expected to also remain depressed in 1999, with little rebound in 2000. Corn prices sunk to lows in 1998 that had not been seen in decades. As a result, agricultural receipts from corn are expected to be down further in 1999 and 2000.

TENNESSEE'S LONG-TERM ECONOMIC OUTLOOK

Tennessee's real gross state product (GSP) has experienced impressive growth over the past 10 years, outpacing growth in real U.S. gross domestic product (GDP) in many of those years. Inflation-adjusted gross state product will grow at a compound annual growth rate (CAGR) of 3.51 percent between 1999 and 2008, while real U.S. GDP will grow by 3.01 percent. Despite strong growth over time, though, Tennessee still has a long way to go in order to catch up to the national average. Overall nonagricultural job growth of 2.29 percent (CAGR) is expected during the same time period.

Growth in the stock of productive labor and capital is one option in enhancing economic growth. While the state's population grew by 11.3 percent between 1990 and 1998, its labor force grew by 15.1 percent. The labor force participation rate is expected to rise from 65.6 percent in 1999 to 68.5 percent in 2008. The state unemployment rate enjoyed a downward trend during the 1990s and has remained below the national average in every year except 1997. The state unemployment rate will creep upward from 3.7 percent in 1999 to 5.3 percent in 2005, before falling back to a rate of 5.1 percent in 2006. Real Tennessee personal income per capita will increase by 27 percent, from $23,499 in 1999 to $29,851 in 2008. Investment, which represents increases in Tennessee's stock of productive capital, has also been substantial in recent years. Increases in the stock of capital have not kept pace with increases in the stock of labor inputs, however. Nonetheless, the state economy has been able to achieve greater economic growth by working to improve the quality of both types of productive inputs. Impressive state-level R&D spending, which has outpaced national averages during this time period relative to 1985 levels, has been a powerful force in offsetting the drag on the economy that results from the state's relatively poorly educated workforce.

As with the short-term forecast, the future looks rather bright for Tennessee. Clearly, though, opportunities exist for even better economic growth if further efforts are made to enhance the quality of productive inputs through spending on education and R&D. Changes to these factors hold the key to long-term economic success.

TENNESSEE DURING THE TWENTIETH CENTURY

Today, Tennessee in enjoying one of its strongest eras of economic prosperity on record. However, history is a burden that weighs upon the present, structuring and restructuring it. Thus, the final chapter of *An Economic Report to the Governor* is devoted to the last 100 years of the state's history and economic conditions and how the past has shaped Tennessee's diverse economy.

The early part of the twentieth century saw Tennessee's economy largely dominated by the agricultural sector. With major investments in education and infrastructure, Tennessee farmers began exchanging soil for factory jobs eventually leading the state to become a more industrialized economy. In recent decades, industry has been surpassed by the rapidly growing service sector, much in the same way as industry dominated agriculture in the early part of the century.

Tennessee can proudly reflect on its history and enormous economic changes which took place during the twentieth century. As a result of these changes, Tennessee stands ready to compete in a global environment.

CHAPTER 1

THE U.S. ECONOMY

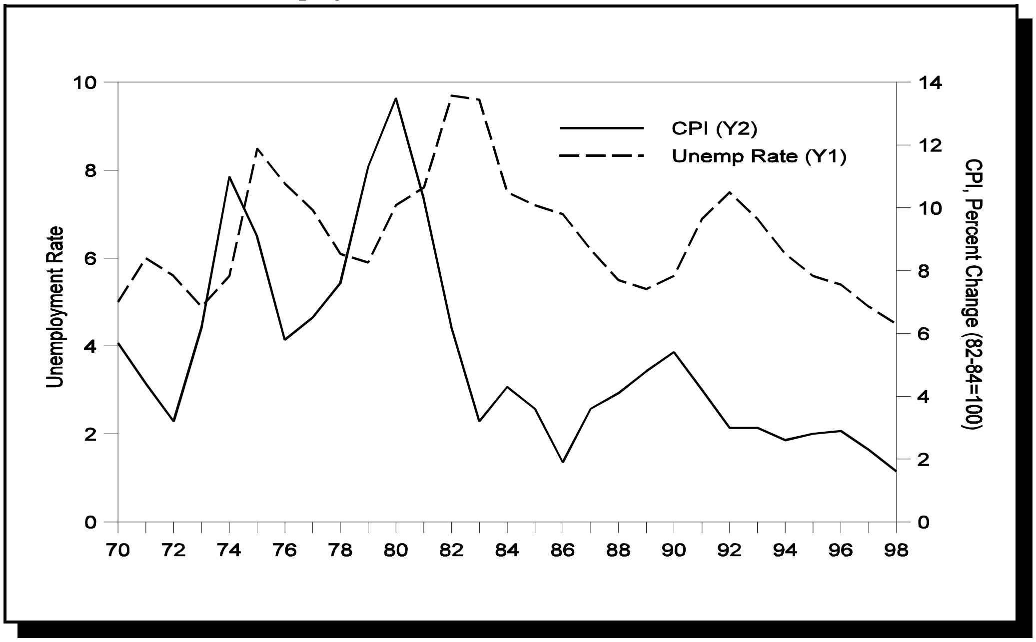
The intent of this chapter of *An Economic Report to the Governor* is to provide an overview of the national economic condition. Tennessee is only one player in an ever-expanding national and international economy, and it is important to place any state-level trends and projections within the context of the broader economic environment. While the state economy undoubtedly exhibits many independent features, it is certainly impacted by events and conditions at the national level.

This chapter presents a brief overview of economic events in the U.S. over the past year and then presents highlights from the short-term macroeconomic forecast. To summarize briefly in advance, the year 2000 is likely to be a slightly less robust—although still quite strong—continuation of 1999's favorable state of economic affairs. Inflation-adjusted gross domestic product (GDP) is expected to rise 3.0 percent while nonagricultural job growth of 1.2 percent is anticipated.

THE YEAR IN REVIEW

If the U.S. economy proceeds as expected, the economic expansion of the 1990s will become the longest on record in February of 2000. Despite the global threat of financial market instability, as well as domestic problems including recent volatility in the stock market and moderate inflationary pressures, 1999 saw the vigorous continuation of this long expansion. Thanks go to continued robust consumer spending and prudent Federal Reserve Bank (Fed) policy. Real (inflation-adjusted, 1996 dollars) GDP, perhaps the most widely-used measure of economic growth, increased at a seasonally adjusted annual rate of 4.8 percent through the third quarter of 1999. This is up from 1998's annual rate of 4.3 percent.

FIGURE 1.1—U.S. Unemployment and Inflation Rates



Inflation and Unemployment

Figure 1.1 shows recent movements in two other popular barometers of economic well being, the Consumer Price Index (CPI) and the Civilian Unemployment Rate. In the not-very-distant past, economic theory predicted that these indicators would move in opposite directions. Times of higher inflation would be characterized by lower unemployment, and vice versa. As observed in the Figure, however, both inflation and unemployment have been remarkably low in recent years. This has become the hallmark of the so-called "new economy," forcing economists to revise a body of theory that had been widely accepted for a long time period. Concerns remain, as low unemployment still raises the risk of rising labor costs, and hence final product prices. Additionally, the appreciation of the dollar will raise the relative cost of imported goods.

Maintaining low levels of inflation has become the primary Fed goal. Although it has accelerated slightly in recent quarters, inflation remains largely in check. The CPI rose at an annual rate of 2.6 percent in the third quarter of 1999 (1999Q3) (up from the 1998 increase of only 1.6 percent) but the core CPI—which excludes more volatile food and energy prices—grew by only 1.7 percent (down from 2.3 percent in 1998). While not shown in the Figure, producer prices showed similar trends with the overall PPI up by only 2.3 percent and the core PPI up by only 1.4 percent during this period.

The labor market remained remarkably tight in 1999. Unemployment fell to 4.1 percent in October, the lowest rate since January 1970 when the rate was 3.9 percent. Nevertheless, wage inflation remained contained. One example of

Fed Policy in the Late 1990s

The U.S. Federal Reserve Bank (Fed) uses monetary policy to attempt to control the economy's money supply. The most frequently used tool is the purchase and sale of government bonds through the Federal Open Market Committee (FOMC). The least frequently used is the control over the reserve requirement ratio, or the portion of deposits that banks must keep as reserves. The Fed also uses the largely symbolic discount rate, which is the interest rate charged when member banks borrow money directly from the Fed, either to meet reserve requirements or short-term demands for cash. The federal funds rate is the interest rate charged when banks borrow from each other for similar reasons, usually on an overnight basis. It is changed not directly by Fed policy, but indirectly through actions of the FOMC.

The Fed typically raises interest rates in times of economic expansion in order to reduce the threat of inflation by slowing economic growth. As the economy grows and households and firms have more money to spend, prices are typically driven upward as markets tighten. Higher interest rates make it more expensive for households and firms to borrow money, thereby reducing the growth of consumption and investment (and hence, real GDP). Furthermore, savings accounts and other assets earn more interest, encouraging more saving rather than spending.

The Fed increased interest rates in late 1997 to stem so-called "irrational exuberance" in the economy, observed most readily through potentially overvalued stocks on Wall Street. It then cut interest rates in 1998 in order to stimulate the economy (by making money cheaper, fueling more consumption and investment) during the global economic crisis of the time. As other nations' economies gradually recovered, the Fed worked to scale back the monetary stimulus through three rate increases during 1999. Contributing to the continued economic expansion that brought about the latest rate increase was an exceptionally tight labor market. As fewer workers are available to take jobs, wages (and eventually, prices) are pushed upward.

If the expansion continues as predicted, expect the Fed to step in with another rate increase at the first hint of continued inflationary pressure.

this—payroll growth—slowed in the latter part of 1999 due in large part to pressures in the South brought about by Hurricane Floyd. Also, the employment cost index, a popular leading indicator of inflationary pressure in the economy, rose by only 3.5 percent on an annual basis through 1999Q3. This growth rate was actually down from the 1998 increase of 4.0 percent.

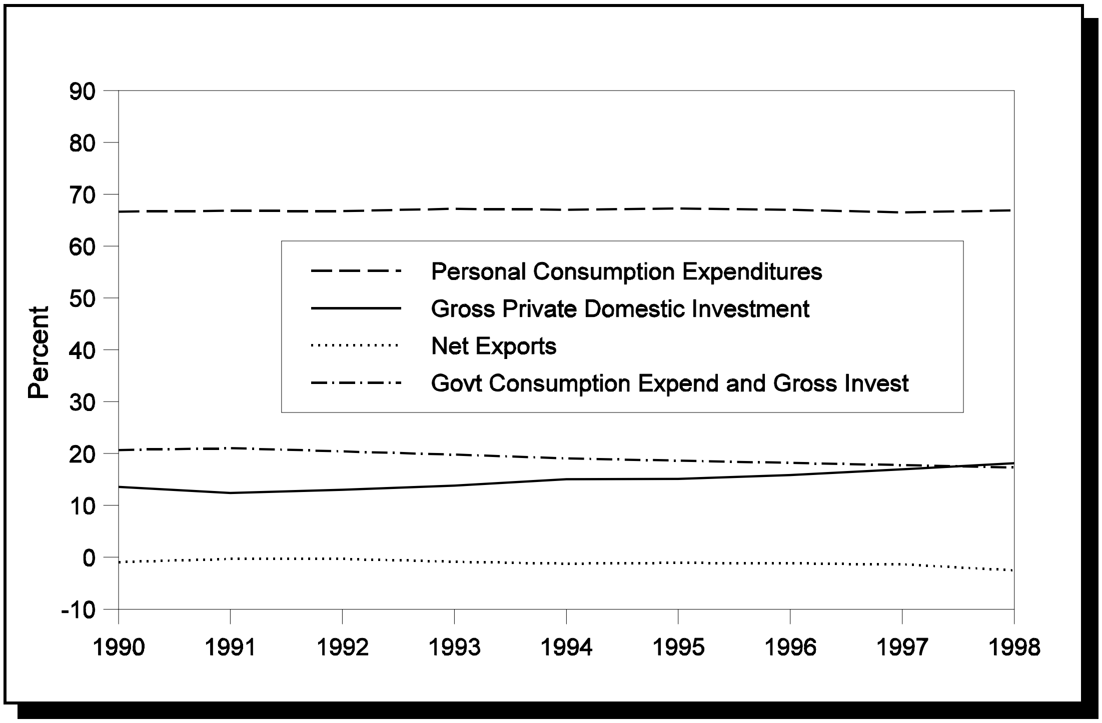
Low inflation and unemployment have fueled the vigorous growth in the national economy. However, overall economic growth often conceals significant variation among the various sectors of the economy. It is important to examine the various components of the economy in order to gain a more complete picture of economic health.

Components of GDP

Real GDP represents the total inflation-adjusted value of goods and services sold in an economy during a period of time. By definition, it is the sum of consumption spending, investment (including plant and equipment, structures, residential housing, and inventories), government spending, and spending on the international market (*net exports*, or exports less imports). Trends in the relative shares of each of these primary components are shown in Figure 1.2.

Consumption spending, which typically makes up about two-thirds of total real GDP, increased 4.3 percent last year, buoyed primarily by continued increases in spending on services. For a number of reasons, this is down slightly from the 1998 increase of 4.9 percent. The Fed increased interest rates in June, August, and November, which increased the cost of borrowing (see inset). Furthermore, worries over stock price volatility and higher interest rates caused consumer confidence to decrease for four consecutive months in late 1999. The consumer confidence index stood at 130.1 in October, a level that is still historically high. Recent signs point to a rebounding of this familiar index during the holiday shopping season.

FIGURE 1.2—Components as a Percent of Total GDP

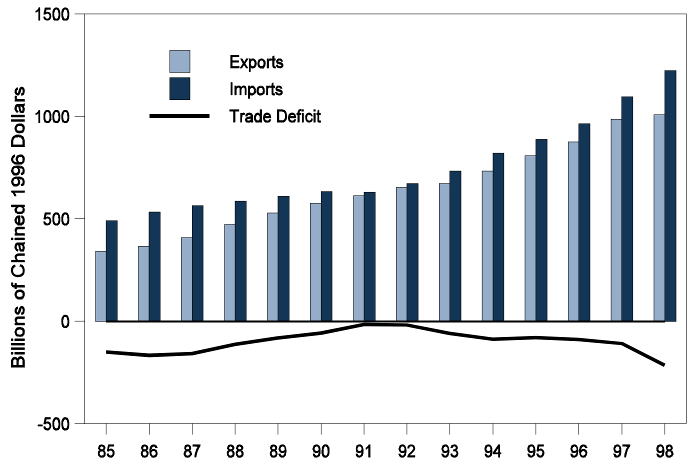


Despite strong growth in consumer spending on goods and services, spending on residential housing slowed considerably from earlier, unsustainable levels. This deceleration was primarily a result of rising mortgage interest rates (a 7.9 percent average 30-year rate in the third quarter of 1999) coupled with a supply of housing that finally increased to meet earlier excess demand. During 1999, housing starts, while still comparably high, fell for both single and multifamily units and in all regions except the Midwest. Sales of new and existing homes were also down. Nonetheless, consumers continued to buy big-ticket items with vigor, especially automobiles. Purchases of personal autos and light trucks were both up from 1998 levels.

Despite a slowdown in *residential* fixed investment, *business* fixed investment grew at an impressive 14.9 percent annual rate as of the third quarter of 1999, up from the 1998 increase of 12.7 percent. A 21.7 percent increase in investment in producer durable equipment, driven by a 31.7 percent increase in investment in information processing equipment, more than offset a 5.1 percent decline in investment in structures. A third and smaller component of investment, changes in business inventories, showed minor increases due largely to a boost in non-farm inventories, likely in preparation for the possible effects of the Y2K computer bug.

Government spending underwent substantial changes with the Federal Treasury registering a $56.4 billion surplus in September 1999, $19 billion more than the $37.4 billion surplus recorded in September 1998. The total federal surplus from September 1998 to September 1999 was $122.7 billion. Government spending

FIGURE 1.3—U.S. Imports and Exports



increased at a 3.3 percent seasonally adjusted annual rate through 1999Q3, with state and local spending growth (3.4 percent) outpacing somewhat more constrained federal spending growth (3.1 percent).

Perhaps the biggest drain on domestic economic growth came from the international market, as trade imbalances reached near-record levels. Since spending on imports is included in consumption, it is subtracted from export spending in order to avoid double counting and to gauge the true level of export spending that contributes to U.S. economic growth. Unfortunately, since imports have dramatically exceeded exports in recent years, this usually involves a net subtraction from real GDP.

As shown in Figure 1.3, import growth outpaced export growth through the third quarter of 1999 leading to continued growth in trade imbalances. On a seasonally adjusted basis, exports were 12.4 percent higher in 1999Q3 than a year prior, but imports were 17.2 percent higher. More robust economic growth abroad, complementary growth in real disposable incomes, and a strong dollar have led to weak import prices, propelling the growth in imports from almost every other nation. Thankfully, exports grew at the same time as a result of trade with newly Industrialized Countries and trade in the Americas, where the U.S. enjoyed net surpluses. Despite minor turnarounds in late 1999, the U.S. is still far from closing the trade gap to 1997 pre-crisis levels.

1999 In Perspective

In sum, 1999 saw a continuation of strong spending by consumers and businesses which, when added to strong but subdued government spending, outweighed growing trade deficits to continue an already long economic expansion. As a result of this and Fed monetary policy, inflation and unemployment were kept in check. This continued economic growth has led some thinkers to predict that recessions are a thing of the past—that economic growth has been reduced to a science. While recessions are still possible—but unpredictable—the current outlook for the year 2000 is rosy.

THE U.S. FORECAST

The longest economic expansion on record is projected to continue for at least another year. Real GDP growth, still strong, will slow slightly to 3.0 percent in 2000. Increases in consumer spending and business investment will continue to offset slowdowns in residential housing and government spending as well as the drain from net exports. This will occur despite projected increases in interest rates that will likely have a negative impact on spending. Inflation and unemployment will increase, but only slightly. Each of these anticipated trends is discussed in more detail below.

Consumption

As consumers react to higher interest rates by borrowing less and paying off more of their existing debt, consumer spending could slow somewhat. Nonetheless, consumption will continue to play the largest role in GDP growth, increasing by 3.1 percent. Savings rates—newly revised to a positive level but still on a declining trend—will finally begin to rise as the labor market loosens and capital gains-related income slows. Other reported income growth may also eventually slow but consumers may be tenacious in maintaining spending.

Fueling the continued strength of consumption spending will be low to moderate price increases. The CPI is expected to accelerate slightly by 2.5 percent (2.4 percent for core inflation) but remain subdued in spite of the strong growth outlook. Medical care costs will outpace overall inflation at a rate of 3.4 percent and could pick up as the cost savings from managed care fully permeate the market. Prices for services should continue to grow faster than prices for goods due to strong demand, less competition (especially from foreign producers), and possibilities for productivity gains.

While the labor market will not be as tight as in 1999, conditions will remain relatively stable in 2000. Reduced demand for domestic output abroad, coupled with underlying domestic productivity growth, will apply downward pressure on labor market hiring in the early part of the coming year. Specifically, employment growth is only expected to be 1.2 percent nationwide in 2000, while the unemployment rate will creep back up to 4.4 percent. Automobile sales will moderate slightly as a result. However, an important side effect will be continuing wage growth at a slightly lower rate of 3.9 percent, further fueling consumption increases into 2000.

Investment

Residential and business investment will also slow slightly over the next year. As noted above, the national housing market is already retreating from the extreme peaks in early 1999. Figure 1.4 reveals this trend and shows that housing starts will continue this decline, falling to about 1.45 million in 2000 and continuing to fall through 2004. Recent housing stock increases appear to be strongly related to capital gains growth, particularly those related to company stock options, initial purchase offerings, and some severance-type income. It should be noted that these could be subject to sharp declines in the unlikely event of a stock market correction. The housing market—particularly the market for supplemental high-end homes for investment

FIGURE 1.4—Total Housing Starts and Effective Mortgage Rates

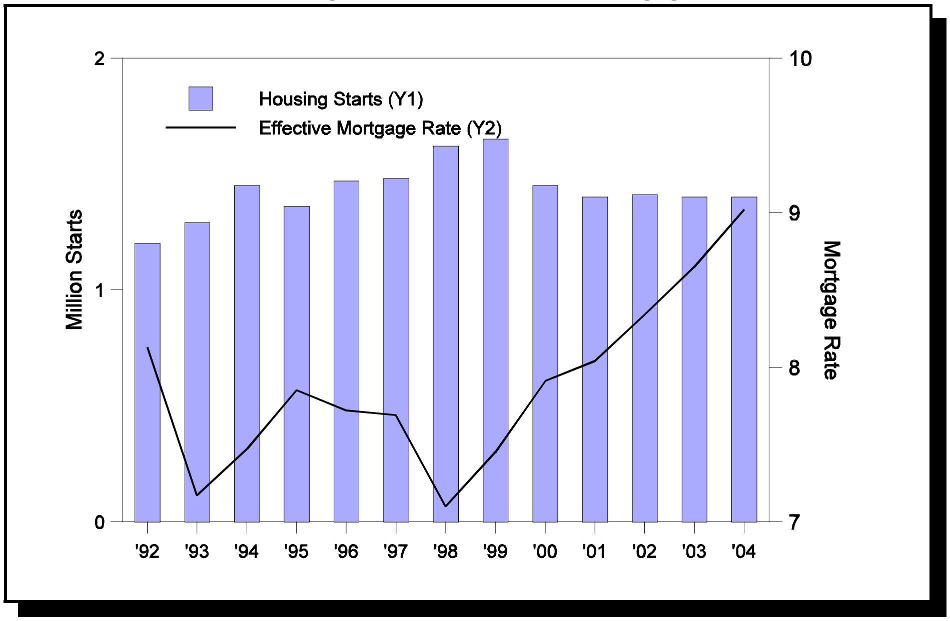
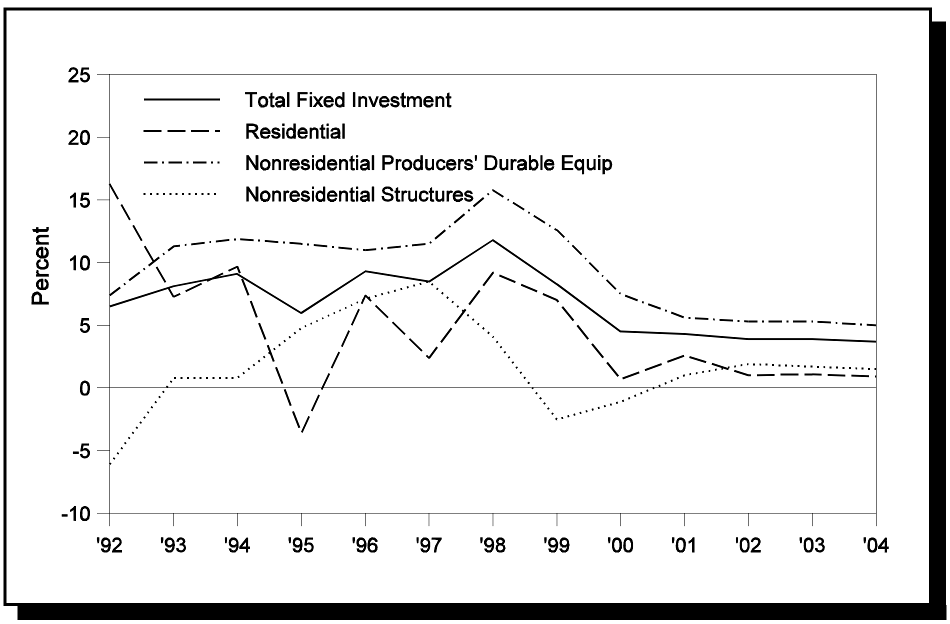


FIGURE 1.5—Gross Private Domestic Investment Growth



purposes—could be more vulnerable to a decline in the stock market than overall consumer spending.

Unfortunately, the overall slowdown in the housing market will act as a drag on the U.S. economy. Residential investment was down 6.3 percent (SAAR) in 1999Q3. While a slight recovery is expected, real activity in the housing sector will only increase by 0.7 percent next year. There will also be a slowdown of new housing-related purchases (e.g., furniture, fixtures, and appliances) due to reductions in the turnover of existing homes.

Business fixed investment will continue to play a significant role in overall economic growth in the year 2000, but will slow to a 5.7 percent growth rate. Producers durable equipment, which now includes information processing and equipment, will drive investment growth at a rate of 7.5 percent, offsetting declines in investment in structures and changes in business inventories.

Among the contributing factors are excess capacity and sluggish profits. The Y2K computer bug will also have an impact on business fixed investment as shown in Figure 1.5. Y2K preparations have temporarily depressed investment, but the end of these preparations will allow many firms to make investments that might have otherwise been put on hold. Growth in each of these series will stabilize around long-term trends beyond the year 2000. Further, the full effects of higher interest rates will not be felt until the middle of next year. In addition to the recent rate increases from the Federal Reserve, the federal funds rate is projected to rise to about 5.3 percent during 2000. The prime rate will also increase slightly to 8.1 percent.

Government Spending

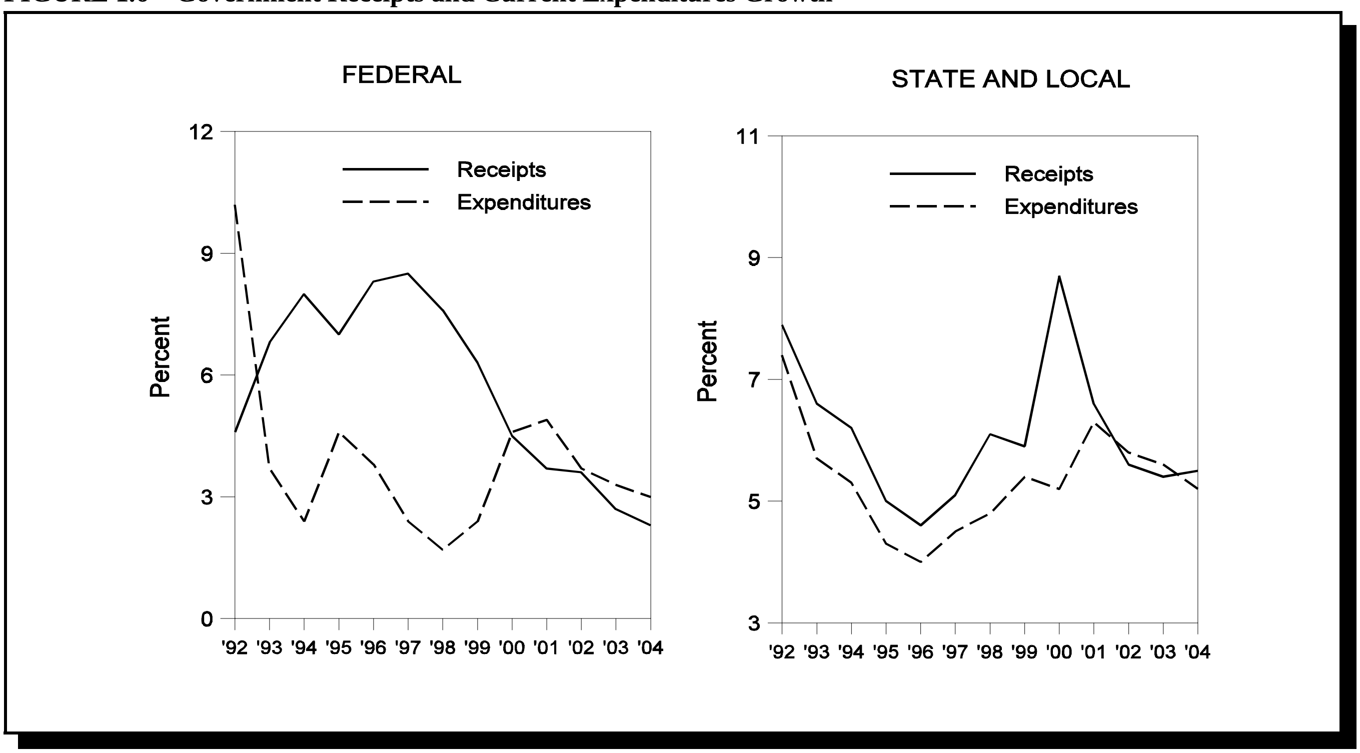
Despite only moderate increases in federal government spending, overall government spending should grow at a rate of 2.5 percent in 2000, thanks to state and local governments, most of which have been experiencing tremendous revenue growth in recent years. After exercising substantial restraint several years ago, state and local governments are starting to spend these recent revenue gains. A political logjam at the federal level, however, will likely postpone more major spending and tax cuts until 2001.

As is well known, the Federal government will post budget surpluses for the next few years, with the year 2000 surplus projected to be about $120 billion. Figure 1.6 displays movement over time in government receipts and expenditures. Despite a moderation in overall economic growth, revenues will continue to expand. However, Congress may try to use some of the surplus to either decrease taxes or increase selected types of spending, thereby reducing the level of the federal surplus over time.

Net Exports

All signs indicate that it will take a while before the trade deficit improves and the current account balance makes a turn for the better. In part,

FIGURE 1.6—Government Receipts and Current Expenditures Growth



however, the trade imbalance has resulted from growing net capital inflows. Foreign asset markets, which have experienced tremendous problems in recent years, will need to begin to outpace domestic asset markets before capital flows to the U.S. subside. Somewhat lower deficits will result in the next year and beyond with improvement based on strong recovery abroad. Exports have risen strongly in recent months after earlier weakness, perhaps marking the beginning of this reversal.

The clearest sign of international economic recovery is that foreign GDP is expected to accelerate, increasing by 2.2 percent in 2000. This trend will be driven by improvements in European economies and better economic conditions in Asia and Japan. Foreign prices, consequently, will increase slightly beginning in the first quarter of 2000. Firmer wholesale prices will lead the overall increase of 0.6 percent.

The dollar has declined against the yen recently due to an apparent turnaround in Japan's economy and the Nikkei rising higher than the S&P500. The depreciation of the dollar will continue as a result of growing foreign economies and the need to reduce record current account balances.

In terms of net trade balances, export growth in 2000 will be substantially higher, reaching an average increase of 7.7 percent. Import growth should continue to decelerate over the forecast horizon from the lofty 1999 growth rate towards 7.6 percent next year. The real net export deficit will grow—but only slowly—as a result. Nevertheless, the trade deficit will continue to be a drag on growth until the rest of the world fully recovers and exports begin to pick up steam.

FORECAST SUMMARY AND CONCLUSIONS

Expect the current economic expansion to continue, albeit at a slightly slower rate.

- Real GDP will increase by 3.0 percent, fueled by increases in consumption spending (3.1 percent) and business fixed investment (5.7 percent).
- Government spending will increase slightly (2.5 percent) while net exports will continue to be a drain on the domestic economy.
- The inflation rate will increase, but only to 2.5 percent.
- The unemployment rate will also rise to 4.4 percent.

ENDNOTES

1. CBER bases its forecast on that provided by the WEFA group. Additional data were obtained from the Bureau of Labor Statistics and *The Dismal Scientist* (www.dismal.com).

CHAPTER 2

THE TENNESSEE SHORT-TERM ECONOMIC OUTLOOK

Tennessee's economic expansion is now in its ninth year, and there appears to be no end in sight. With strong growth anticipated for the national economy and an improving economic situation developing abroad, the state should enjoy sustained economic growth through the short-term forecast horizon. This will translate into further job and income gains for state residents and further growth in gross state product (GSP).

Tennessee's economic growth has slowed somewhat in recent years relative to the nation, causing pessimists to question both the state's short-term and long-term development prospects. These concerns are seriously overstated. The fact is, the state's economy remains on a solid foundation, and the current level of economic activity is exceptionally high. There are more jobs today in Tennessee than ever in its history, and these jobs are increasingly of very high quality. Moreover, the state unemployment rate—which is expected to average 3.8 percent in 1999—is nearly one-half of a percentage point lower than the unemployment rate for the nation as a whole. By this important measure, Tennessee continues to outperform its national counterpart by a significant margin.

The remainder of this chapter explores recent trends in state economic performance, including that of the state's agricultural sector. The short-term forecast for the economy, extending through 2001, is also presented.

RECENT ECONOMIC TRENDS

Tennessee nonagricultural job growth is projected at 1.2 percent for 1999, down from 2.1 percent growth in 1998. Nonetheless, the state created over 32,000 new jobs in 1999, and the total number of jobs in the state is rapidly approaching 2.7 million, the highest ever recorded in the state's history.

As shown in Figure 2.1, most broad sectors were characterized by sharply slower growth through November of 1999, relative to the previous year, including services; finance, insurance and real estate (FIRE); and transportation, communication and public utilities (TCPU). This somewhat weaker growth conspired to bring down overall state job growth for the year. On the other hand, the construction sector–which has been exceptionally strong throughout the current economic expansion–actually improved through November 1999, registering job growth of over 6.0 percent, up from 4.5 percent in 1998. This is an important phenomenon, signaling continued growth in residential, commercial and industrial investment in the state.

The state manufacturing sector was a disappointment in 1999, with job decay of 1.5 percent projected for the calendar year as a whole, translating into the loss of 7,800 jobs. The U.S. was less fortunate still, with job losses of 1.9 percent. The durable goods sector in Tennessee eked out 0.1 percent growth through November. Job expansion occurred in most broad sectors, with overall performance being hurt by job losses in fabricated metals (down 2.1 percent) and instruments (down 0.5 percent), as well as the miscellaneous sector (down 3.5 percent). The important transportation equipment sector experienced 0.7 percent job growth.

Significant job losses have taken place in the nondurable goods sector going back to 1994. In 1999, jobs were down sharply, at 3.7 percent.

FIGURE 2.1—Tennessee Nonagricultural Job Growth, by Sector

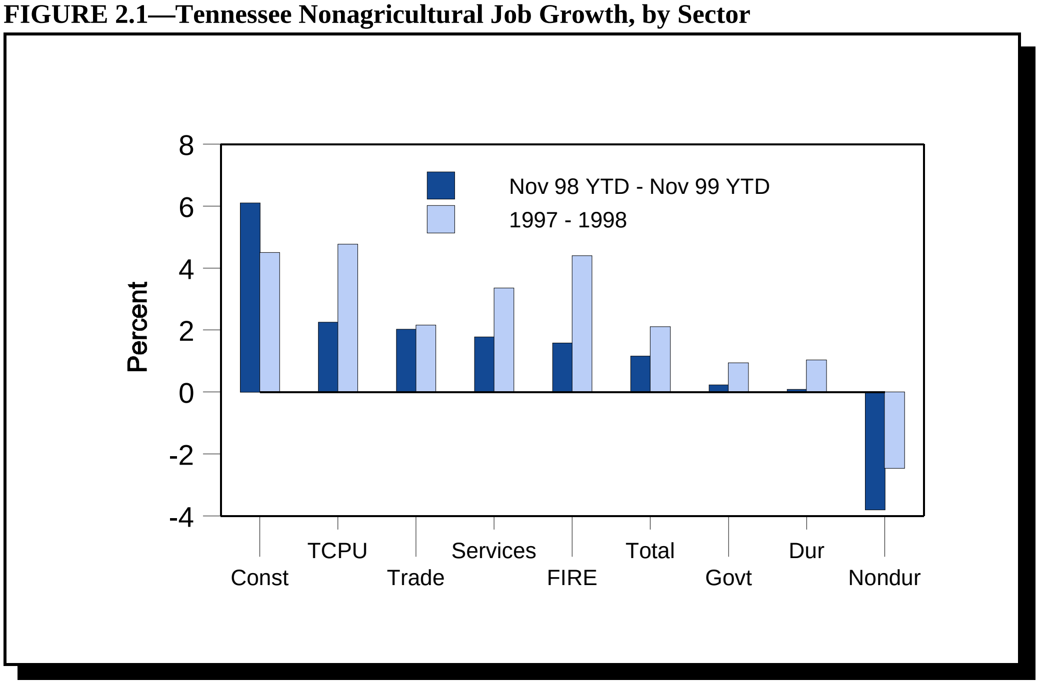
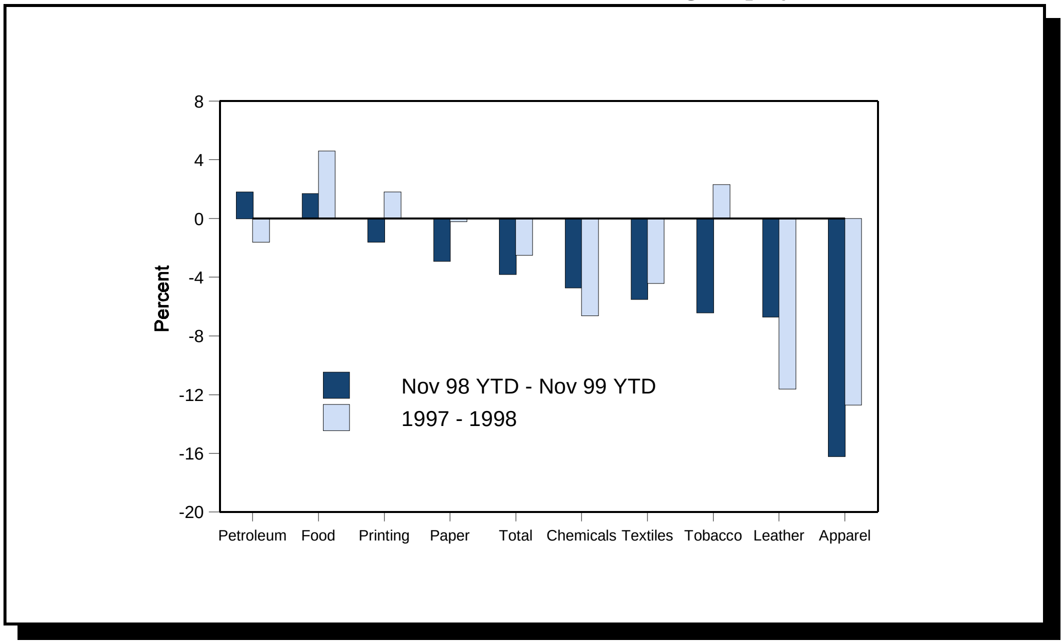


FIGURE 2.2—Tennessee Nondurable Goods Manufacturing Employment Job Growth

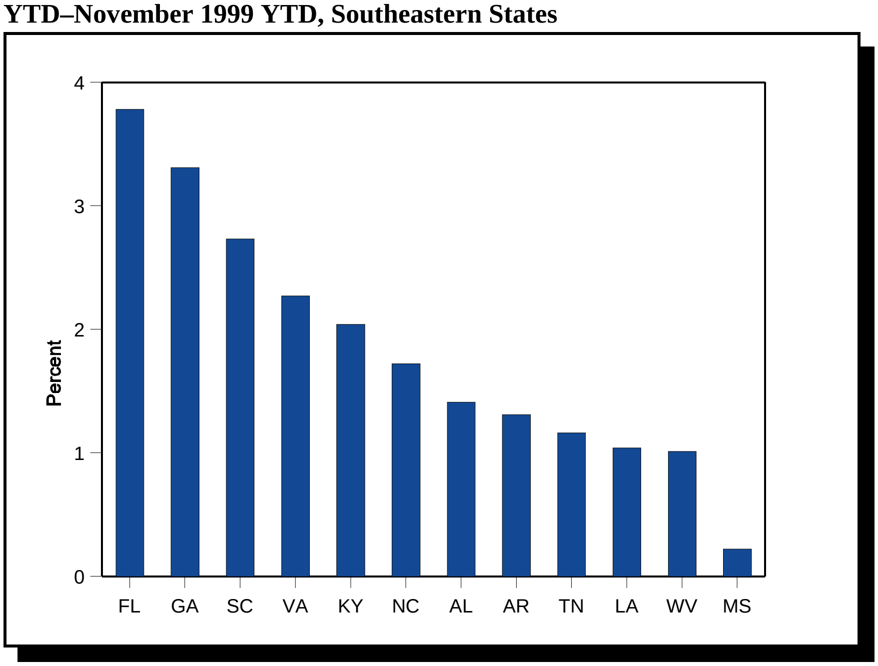


earnings than would otherwise be the case, as worker compensation is closely linked to worker productivity. In short, the state continues to shed its historically labor-intensive, low-wage jobs, replacing them with jobs that offer better compensation and potentially greater long-term job security.

While this represents a deterioration from 1998, it is a significant improvement from 1996, when jobs were down 6.6 percent. As shown in Figure 2.2, most component sectors of nondurable goods manufacturing dipped through November of 1999 relative to the previous year. The job losses remain most pronounced in textiles, apparel and leather. It is very important to note that despite these job losses, the *output* of the nondurable goods sector has not fallen to the same extent (see Chapter 3 and Table 15 in Appendix A). This reflects important improvements in productivity that will help make the remaining jobs and firms in this broad sector more competitive in the global economy. Moreover, these same jobs will offer the promise of relatively higher

Tennessee's nonagricultural job growth vis-a-vis other states in the Southeast is shown in Figure 2.3. Tennessee's growth of just over 1 percent places it fourth from the bottom in the southeastern region. Florida and Georgia—two

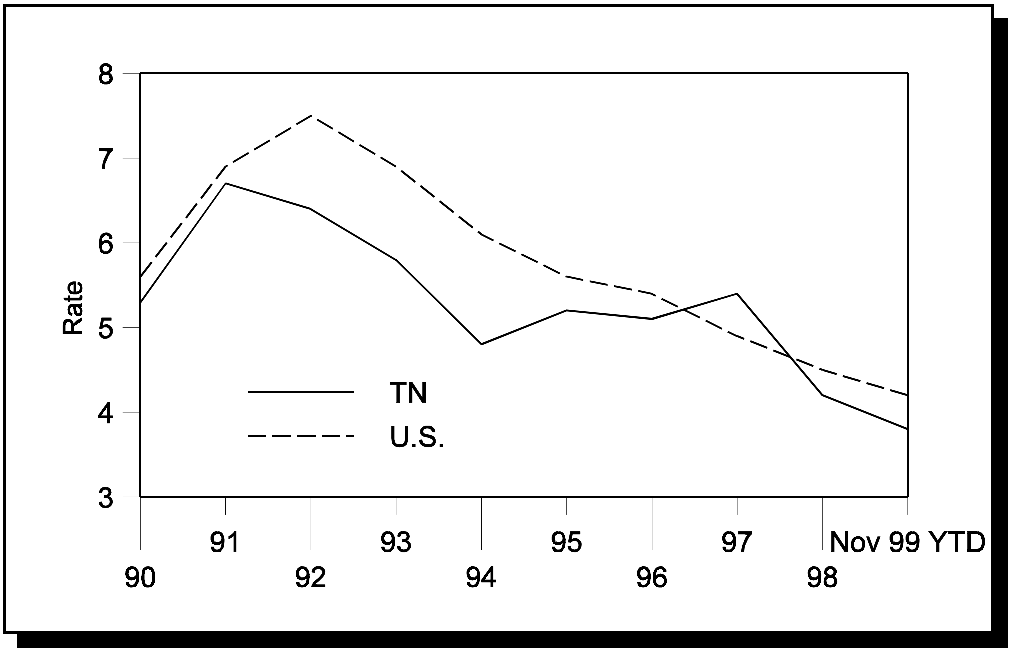
FIGURE 2.3—Nonagricultural Job Growth, November 1998 YTD–November 1999 YTD, Southeastern States



states that have shown very strong growth in recent years—continue to lead the region in job creation. The high level of economic activity and tight labor markets are part of the explanation for Tennessee's relative performance.

The state's labor force has expanded significantly as job expansion has taken place, growing 2.0 percent in 1999, up from 1.9 percent in the previous year. The number of employed people—individuals who may be multiple job holders—was up 3.2 percent in 1998 and up 2.5 percent in 1999. Strong labor market conditions have supported surprisingly low rates of unemployment in Tennessee. As shown in Figure 2.4, the state has experienced lower unemployment rates relative to the nation during most periods of the economic expansion. It is encouraging that once again the state dominates the nation. In fact, the state unemployment edged down to 3.7 percent in the second quarter of 1999, and moved down further to 3.5 percent in the third quarter of the year. The unemployment rate for the nation in the third quarter of 1999 stood at 4.2 percent.

FIGURE 2.4—Tennessee and U.S. Unemployment Rates



Nominal state personal income —including wages and salaries; rent, interest and dividend income; and proprietor income—is projected to close out 1999 with 4.9 percent growth, versus 5.7 percent for the U.S. Growth was down in Tennessee from the 5.2 percent increase recorded in 1998. Total wage and salary growth was 4.8 percent in 1999, versus 6.6 percent in 1998, reflecting both slower job growth and slower growth in earnings per job. Proprietor's income showed improvement in 1999, growing 7.7 percent, up from 4.7 percent growth in 1998.

Nominal per capita personal income advanced 3.7 percent in 1999. As shown in Figure 2.5, with few exceptions, state per capita income has moved closer and closer to its national counterpart over time. In 1970, per capita income in the state was less than 80 percent of the national average, rising to over 90 percent in 1995. Since then, the state's relative position has slipped slightly. The key to improving the state's position relative to the nation is to foster job growth in sectors that pay workers well and pay better than the current national average.

FIGURE 2.5—Tennessee Per Capita Personal Income Growth as a Percent of the U.S.

Taxable sales improved considerably in 1999 relative to the rather dismal performance in the previous year, jumping 9.0 percent. (Note that for a series of technical reasons, taxable sales growth is not equal to sales tax revenue growth.) Sales were buoyed by strong growth in automobile purchases (consistent with national trends), with growth of 13.2 percent–almost twice the pace of 1998. All other broad categories of taxable sales engineered positive growth for the year.

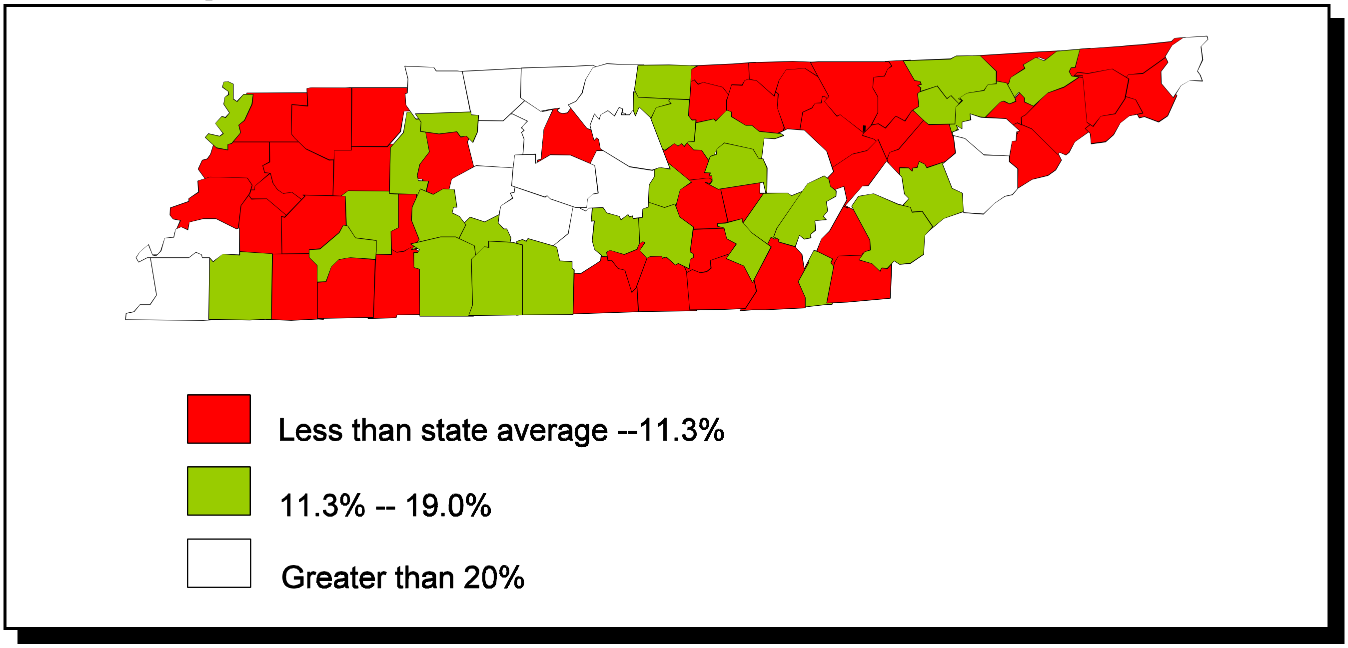
The state's strong economic growth and attractiveness as a place to live have supported robust and sustained population growth throughout the entire decade of the 1990s. Shown in Figure 2.6 is a map of population growth, by county, for the years 1990 through 1998, the last year for which firm estimates are available. Note that the strongest growth has taken place in middle Tennessee, and more generally near the state's major metropolitan areas. Nineteen counties experienced population growth of over 20 percent during the period shown; Williamson County's population jump of 45.1 percent leads the state. No county in the state lost population during the period shown. This strong population growth is dramatically reshaping Tennessee's many diverse communities, and is leading to serious pressures on local infrastructure, especially roads and school facilities.

SHORT-TERM FORECAST

CBER maintains two statistical models that are intended to provide guidance on the expected future path of the state economy. The first is the Tennessee index of leading economic activity, produced monthly for the state and its larger metropolitan areas (Chattanooga, Knoxville, Memphis, Nashville and the Tri-Cities). The leading index is a composite measure of five economic barometers that have been shown, through statistical applications, to provide general guidance on future up and down movements in state economic activity. The five components of the state index are initial unemployment insurance claims, inflation-adjusted taxable sales, average hours per week in the state manufacturing sector, construction employment and the U.S. leading index of economic activity. When the index trends upward over several months, this is indicative of sustained growth 6 to 9 months into the future; should the index trend downward across months, it is likely that the economy will slow or contract 6 to 9 months into the future.

Shown in Figure 2.7 is the leading index for Tennessee and the U.S. over the past several years. The general upward movement is highly

FIGURE 2.6—Population Growth, 1990-1998



consistent with the pattern of growth for the state and the nation. The most recently available leading index for Tennessee is for the month of November, where the state experienced a slight decline. In light of the longer-term upward movement in the index, this should not be viewed as a cause for concern. CBER will monitor trends in the leading index in order to keep abreast of potential changes in the trajectory of the economy.

CBER's second forecasting tool is the *Tennessee Econometric Model (TEM)*, which provides a detailed quarterly forecast that extends 10 quarters into the future and an annual forecast that extends 10 years into the future. In this section of the *Report* we share the short-term quarterly forecast for the state; see Chapter 3 for a detailed long-term forecast of state economic activity. The strength of the *TEM* is that it yields specific forecast estimates for important economic variables, such as personal income, jobs and the unemployment rate for each quarter of the short-term forecast horizon.

FIGURE 2.7—U.S. and Tennessee Leading Indexes

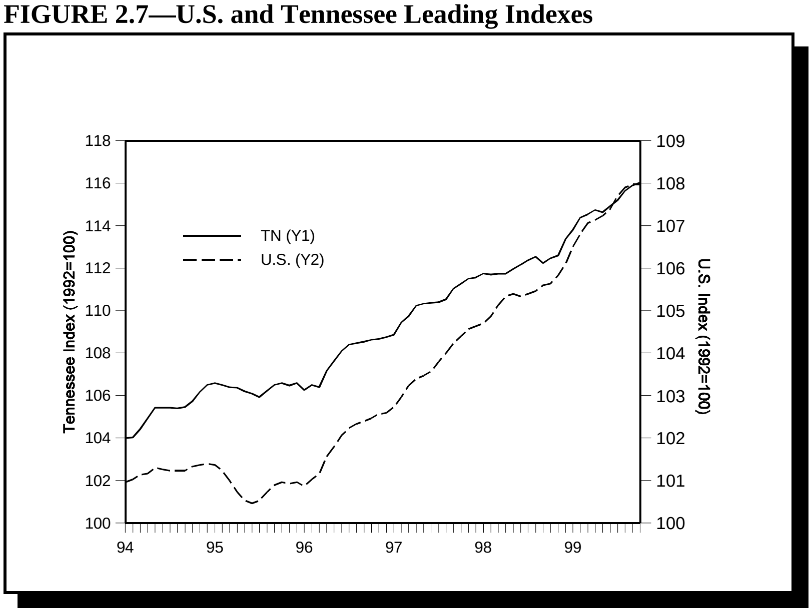
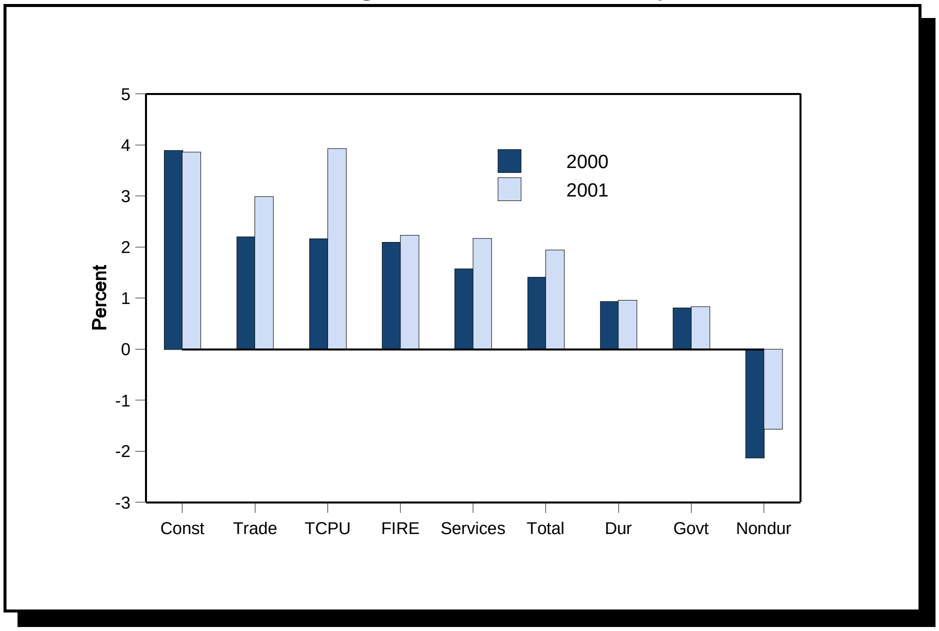


FIGURE 2.8—Tennessee Nonagricultural Job Growth, by Sector, 2000 and 2001



in Tennessee in 2000 and national growth in personal income should rise 4.8 percent. By all of these measures, Tennessee is expected to outperform its national counterpart through 2000.

Inside the State's Labor Market

Tightness in the state's labor markets is projected to continue through the short-term forecast horizon, as best illustrated by the sustained low rate of statewide unemployment. State job growth will improve slightly in 2000 from 1999, due largely to an expected slowdown in the rate of job loss in the nondurable goods manufacturing sector. Further improvement is anticipated in 2001 as job expansion is projected at 1.9 percent. Improvements in the performance of the manufacturing sector, coupled with a rebound in service sector growth, will be important ingredients to stronger job growth.

Table 2.1 shows selected short-term forecast data for the state and the nation, extending out through the 4th quarter of 2001. While the discussion below elaborates on this information, the interested reader is referred to Tables 1-20 which appear on pages A-3 through A-23 of Appendix A for additional detail; historical data are reported in Appendix B of this *Report*.

Tennessee job growth is projected to advance 1.4 percent in 2000 versus 1.2 percent for the national economy, an important turnaround from 1999. The nation's manufacturing sector, which saw jobs wither at a 1.9 percent pace in 1999, will see further decay of 0.7 percent in 2000. The state's manufacturing sector is forecast to experience job losses of 0.4 percent in 2000. Tennessee's unemployment rate for 2000 is anticipated to be 3.7 percent, and the U.S. unemployment rate is projected at 4.4 percent. Nominal personal income should grow 5.0 percent

The job growth picture for the state, by broad sector, is illustrated in Figure 2.8 for 2000 and 2001. Construction sector growth is expected to slow slightly, but remain strong at 3.9 percent in 2000 and 3.4 percent in 2001. Service sector job growth, which slowed to 1.8 percent in 1999, will show still weaker growth of 1.6 percent in 2000, improving to 2.2 percent growth in 2001.

The nondurable goods manufacturing sector will remain battered by significant job losses. Despite anticipated improvement in both

TABLE 2.1—Selected U.S. and Tennessee Economic Indicators

SEASONALLY ADJUSTED

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
US GDP (BIL96$) SAAR...........	8778.6	8882.6	8968.8	8991.1	9082.5	9151.2	9220.0	9301.6	9375.8	9475.7	9560.9	8842.0	9111.2	9428.5
% CHG PREV QTR SAAR...........	1.88	4.82	3.94	1.00	4.13	3.06	3.04	3.59	3.23	4.33	3.64	3.82	3.05	3.48
% CHG SAME QTR LAST YR........	3.80	4.06	3.57	2.90	3.46	3.02	2.80	3.45	3.23	3.55	3.70	3.82	3.05	3.48
US GDP (BIL$) SAAR.............	9146.2	9276.3	9368.9	9458.0	9561.1	9667.9	9769.7	9905.4	10021.9	10167.8	10300.6	9216.0	9614.2	10098.9
% CHG PREV QTR SAAR...........	3.28	5.81	4.05	3.86	4.43	4.54	4.28	5.67	4.79	5.95	5.33	5.21	4.32	5.04
% CHG SAME QTR LAST YR........	5.33	5.44	4.71	4.25	4.54	4.22	4.28	4.73	4.82	5.17	5.43	5.21	4.32	5.04
IMPLICIT DEFLATOR,GDP...........	104.2	104.4	104.5	105.2	105.3	105.7	106.0	106.5	106.9	107.3	107.7	104.2	105.5	107.1
% CHG PREV QTR SAAR...........	1.39	0.92	0.11	2.82	0.30	1.45	1.18	2.02	1.51	1.54	1.65	1.33	1.24	1.50
% CHG SAME QTR LAST YR........	1.47	1.32	1.09	1.31	1.04	1.17	1.44	1.24	1.54	1.56	1.68	1.33	1.24	1.50
US PERS CONS DEFL (1996=100)....	104.0	104.5	104.9	105.1	105.6	106.1	106.6	107.2	107.7	108.3	108.8	104.2	105.9	108.0
% CHG PREV QTR SAAR...........	2.22	1.90	1.73	0.69	1.84	1.83	2.05	2.08	2.07	2.06	2.05	1.55	1.57	2.02
% CHG SAME QTR LAST YR........	1.49	1.67	1.81	1.63	1.54	1.52	1.60	1.95	2.01	2.06	2.06	1.55	1.57	2.02
TN PERSONAL INCOME (MIL96$) SAAR	128263	129622	130727	131851	131909	134258	135404	136544	136734	138528	139964	129018	133355	137942
% CHG PREV QTR SAAR...........	2.54	4.31	3.45	3.48	0.18	7.32	3.46	3.41	0.56	5.35	4.21	3.26	3.36	3.44
% CHG SAME QTR LAST YR........	3.06	3.14	3.12	3.44	2.84	3.58	3.58	3.56	3.66	3.18	3.37	3.26	3.36	3.44
US PERSONAL INCOME (BIL96$) SAAR	7434.5	7488.9	7547.8	7608.7	7670.3	7731.0	7796.4	7867.5	7931.9	7995.2	8055.9	7461.9	7701.6	7962.6
% CHG PREV QTR SAAR...........	3.18	2.96	3.18	3.27	3.28	3.20	3.43	3.70	3.31	3.23	3.07	4.07	3.21	3.39
% CHG SAME QTR LAST YR........	4.42	3.82	3.31	3.15	3.17	3.23	3.29	3.40	3.41	3.42	3.33	4.07	3.21	3.39
TN PERSONAL INCOME (MIL$) SAAR..	133406	135455	137198	138615	139309	142435	144381	146348	147303	149998	152322	134476	141185	148993
% CHG PREV QTR SAAR...........	4.82	6.29	5.25	4.19	2.02	9.28	5.58	5.56	2.64	7.52	6.34	4.86	4.99	5.53
% CHG SAME QTR LAST YR........	4.59	4.86	4.99	5.13	4.42	5.15	5.24	5.58	5.74	5.31	5.50	4.86	4.99	5.53
US PERSONAL INCOME (BIL$) SAAR..	7732.6	7825.9	7921.4	7999.0	8100.6	8201.8	8313.3	8432.4	8545.0	8657.2	8767.2	7777.5	8153.7	8600.5
% CHG PREV QTR SAAR...........	5.48	4.91	4.97	3.98	5.18	5.09	5.55	5.85	5.45	5.35	5.18	5.69	4.84	5.48
% CHG SAME QTR LAST YR........	5.98	5.56	5.19	4.83	4.76	4.80	4.95	5.42	5.49	5.55	5.46	5.69	4.84	5.48
TN NONAGRIC JOBS (THOUS)........	2665.1	2678.6	2688.6	2687.3	2703.0	2717.6	2730.0	2733.8	2751.4	2773.5	2787.2	2671.0	2709.5	2761.5
% CHG PREV QTR SAAR...........	2.00	2.05	1.49	-0.19	2.35	2.19	1.83	0.56	2.60	3.25	2.00	1.23	1.44	1.92
% CHG SAME QTR LAST YR........	1.19	1.11	1.33	1.34	1.42	1.46	1.54	1.73	1.79	2.05	2.10	1.23	1.44	1.92
US NONAGRIC JOBS (MIL)..........	128.3	128.9	129.3	129.6	129.9	130.2	130.6	131.0	131.4	131.9	132.3	128.5	130.1	131.7
% CHG PREV QTR SAAR...........	1.93	1.98	1.37	0.87	0.77	1.05	1.17	1.29	1.41	1.41	1.19	2.16	1.19	1.24
% CHG SAME QTR LAST YR........	2.22	2.20	1.94	1.54	1.25	1.02	0.97	1.07	1.23	1.32	1.32	2.16	1.19	1.24
TN UNEMPLOYMENT RATE (%)........	3.7	3.5	3.5	3.6	3.7	3.7	3.7	3.8	3.9	3.9	3.9	3.8	3.6	3.9
US UNEMPLOYMENT RATE (%)........	4.3	4.2	4.2	4.3	4.5	4.4	4.4	4.3	4.3	4.3	4.3	4.2	4.4	4.3
BANK PRIME INTEREST RATE (%)....	7.8	8.1	8.3	8.2	8.1	8.0	8.1	8.2	8.2	8.2	8.2	8.0	8.1	8.2
TN MFG JOBS (THOUS)............	506.0	507.8	506.8	505.1	508.5	504.1	503.2	504.0	508.6	503.9	502.5	507.1	505.2	504.8
% CHG PREV QTR SAAR...........	-1.51	1.43	-0.78	-1.28	2.66	-3.41	-0.70	0.68	3.70	-3.71	-1.10	-1.52	-0.37	-0.09
% CHG SAME QTR LAST YR........	-2.17	-1.19	-0.69	-0.54	0.49	-0.73	-0.71	-0.22	0.04	-0.04	-0.14	-1.52	-0.37	-0.09
TN TAXABLE SALES (MIL96$).......	17188	17180	17394	17699	17690	17867	18102	18204	18108	18554	18878	69241	71358	73743
% CHG PREV QTR SAAR...........	-6.47	-0.18	5.08	7.20	-0.21	4.08	5.35	2.28	-2.10	10.22	7.17	7.30	3.06	3.34
% CHG SAME QTR LAST YR........	4.90	6.49	3.07	1.27	2.92	4.00	4.07	2.85	2.36	3.84	4.29	7.30	3.06	3.34
TN TAXABLE SALES (MIL$).........	17877	17953	18255	18607	18682	18955	19302	19511	19508	20090	20545	72165	75546	79653
% CHG PREV QTR SAAR...........	-4.39	1.71	6.90	7.93	1.62	5.98	7.51	4.40	-0.07	12.49	9.36	8.95	4.69	5.44
% CHG SAME QTR LAST YR........	6.47	8.27	4.94	2.92	4.50	5.58	5.73	4.86	4.42	5.99	6.44	8.95	4.69	5.44
TN AVG ANNUAL WAGE,NONAG (96$)..	28698	28598	28856	29143	28688	28926	28976	29220	29226	29344	29455	28690	28933	29311
% CHG PREV QTR SAAR...........	1.28	-1.39	3.66	4.04	-6.10	3.36	0.70	3.41	0.09	1.62	1.51	1.90	0.85	1.31
% CHG SAME QTR LAST YR........	2.12	1.15	1.41	1.87	-0.04	1.15	0.42	0.26	1.88	1.45	1.65	1.90	0.85	1.31
TN AVG ANNUAL WAGE,NONAG ($)....	29849	29885	30284	30638	30297	30687	30898	31318	31486	31774	32056	29903	30630	31658
% CHG PREV QTR SAAR...........	3.53	0.48	5.45	4.76	-4.38	5.25	2.77	5.56	2.16	3.72	3.59	3.48	2.43	3.36
% CHG SAME QTR LAST YR........	3.65	2.84	3.25	3.54	1.50	2.68	2.02	2.22	3.92	3.54	3.75	3.48	2.43	3.36

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2000 and 2001, expect further job decay over the short term. Especially hard hit will be the textiles, apparel and leather sectors. To place the job losses in perspective, these three sectors accounted for a total of 94,000 jobs in 1990; by 2000 the same sectors will account for only 44,500 jobs in Tennessee. The losses have been concentrated in the apparel sector where there were over 64,000 jobs in the state in 1990, falling to 26,000 in 2000.

The durable goods component of manufacturing has and will continue to fare reasonably well. Growth is projected at 0.9 percent for 2000, up from 0.1 percent in 1999. Expect slight improvement in 2001 as the durable goods sector expands by 1.0 percent. The lumber and wood, stone, clay and glass, transportation equipment and miscellaneous sectors are forecast to contract in 2000. The job losses in transportation equipment, which are expected to be quite modest, reflect the expectation of cost-cutting in the face of stiff competition among supplier firms and a cooling off in the domestic automobile market. (Light vehicle sales are projected at 16.7 million in 1999, falling to 15.4 million in 2000.) Growth should occur in the remaining broad sectors of durable goods manufacturing.

Civilian labor force growth, which advanced 2.0 percent in 1999, should rise 1.8 percent in 2000. The number of employed persons is expected to grow 1.9 percent in the same year. The strength of the labor market will reduce the number of unemployed people by nearly 1 percent in 2000. The unemployment rate, which remains below what economists call the *full employment rate of unemployment*, will average 3.7 percent in 2000. Expect the unemployment rate to rise slightly in the following year to 3.9 percent. This remains a remarkably low rate of unemployment.

Personal Income, Prices and Interest Rates

Nominal personal income in 1999 was up 4.9 percent, with slight improvement of 5.0 percent growth forecast for 2000. Proprietor's income will continue to perform exceptionally well, with growth projected at 6.9 percent in 2000 and 7.4 percent in 2001. Rent, interest and dividend income also is expected to do well in 2000, up 6.5 percent. On a fiscal year basis, expect nominal personal income to advance 4.8 percent in 1999/00 and 5.4 percent in 2000/01.

Nominal per capita personal income growth slowed to 3.7 percent in 1999, the slowest growth since the anemic 3.3 percent rise registered in 1996. Improvement is anticipated in both 2000 and 2001, with growth of 3.8 percent and 4.3 percent, respectively.

Inflation has remained in check throughout the current period of economic expansion. The consumer price index was expected to grow only 2.1 percent for the nation in 1999 in the face of strong economic growth and tight national labor markets. The producer price index was up only 1.3 percent in 1999. Expectations are for a slight increase in consumer inflation to 2.4 percent growth in 2000 and 2.5 percent growth in 2001. Unit labor cost growth for the nation has remained subdued, up only 1.5 percent in 1999. However, growth in unit labor costs will accelerate to 2.2 percent in 2000, contributing to the expected overall rise in the price level.

All expectations are for interest rate growth through the calendar year. The federal funds rate, which averaged 4.9 percent in 1999, will rise to 5.2 percent in 2000 and 5.4 percent in 2001. The prime interest rate, which stood at 8.0 percent is forecast to hold its own in 2000, with a slight increase to 8.1 percent in 2001. Expect slightly higher short-term growth in interest rates should the Fed act aggressively to combat inflation.

Taxable Sales

The strong pace of taxable sales growth in 1999 is not expected to be sustained in year 2000, as growth slows to 4.7 percent. Inflation-adjusted taxable sales are expected to advance at a 3.1 percent pace in 2000. Taxable sales growth for the current fiscal year are anticipated to be up 5.1 percent, with the same growth forecast for fiscal year 2000/01.

Automobile dealer sales will be cut in half in 2000 on the heels of exceptionally strong 13.2 percent growth in 1999. Automobile dealer sales represented 11.2 percent of total taxable sales in 1999. With the exception of purchases from manufacturers, which will dip 4.3 percent in 2000, all broad categories of retail sales are expected to advance in 2000 and 2001. Transportation, communication and public utilities sales and miscellaneous durable good sales will demonstrate the strongest growth rates in 2000.

OUTLOOK FOR TENNESSEE AGRICULTURE*

Kelly H. Tiller, Daryll E. Ray,
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An Overview of Agriculture in Tennessee

In Tennessee, "agriculture" brings to mind fenced rolling hills with grazing cattle, acres of white river bottom cotton, and family workers in small tobacco plots. But the definition of the agriculture sector in Tennessee is changing, in more ways than one. Whereas the bulk of the agriculture sector was once confined to the farm, agriculture today extends far beyond the farm gate and is a complex system of farming and related industries, including input suppliers, value-added food and fiber products, processing, manufacturing, marketing, transportation, and retail trade. According to a recent study conducted by University of Tennessee agricultural economists, agriculture accounts for 14 percent of the state's economy, and agriculture and related industries contribute $36 billion annually to Tennessee's economy (English, Jensen, and Menard, 1999). Inclusion of forestry's contribution to the total food and fiber complex brings the total economic contribution to over $53 billion, employing more than half a million people in the state and accounting for more than one-fifth of the state's economy. Table 2.2 presents a summary of the findings from the study.

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*Authors are Assistant Professor, Blasingame Chair of Excellence Professor, and Assistant Professor, respectively, in the Agricultural Policy Analysis Center, The University of Tennessee. This Agricultural Outlook section was written by the University of Tennessee Agricultural Policy Analysis Center. Thus, any calculations presented in this section were derived solely from the methodology and data sources of the Agricultural Policy Analysis Center.

TABLE 2.2—Composition of the Agro-Forestry Complex in Tennessee

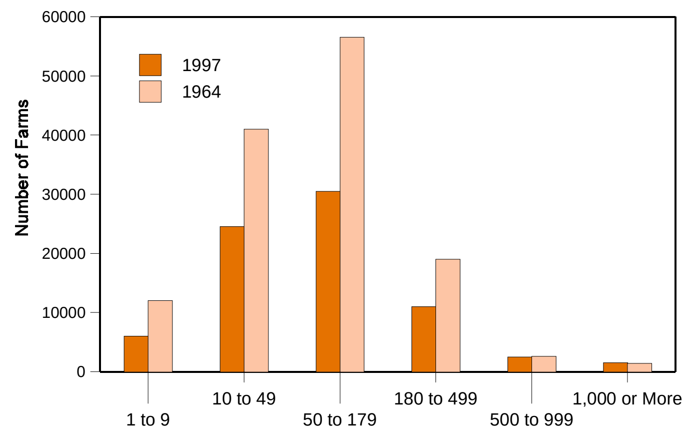
	Total Industrial Output (Billion $)	Employment	Wages & Salaries (Billion $)	Value-Added (Billion $)
Total Agricultural Industrial Sector	36.3	420,737	7.8	14.4
Direct Effects	20.1	212,502	3.4	6.2
Indirect Effects	13.2	208,235	4.4	8.2
Agricultural Production	5.4	140,067	0.9	2.2
Direct Effects	3.1	106,431	0.3	0.9
Indirect Effects	2.3	33,635	0.6	1.3
Agricultural Processing	30.0	274,732	6.7	11.8
Direct Effects	16.5	104,678	3.0	5.1
Indirect Effects	13.5	170,054	3.7	6.7
Ag. Input Supply	0.9	5,332	0.2	0.4
Direct Effects	0.5	1,393	0.1	0.2
Indirect Effects	0.4	3,939	0.1	0.2
Total Forestry Industrial Sector	17.1	166,422	4.4	7.6
Direct Effects	10.0	77,913	2.3	3.7
Indirect Effects	7.1	88,509	2.1	3.9
Total Agro-Forestry Industrial Sector	**53.4**	**587,159**	**12.2**	**22.0**
Direct Effects	30.1	290,415	5.7	9.9
Indirect Effects	23.3	296,744	6.5	12.1

Source: English, Jensen and Menard, "The Agro-Forestry Complex: A $53 Billion Contribution to the Tennessee Economy," 1999.

Of the $36 billion generated by all agriculture, only about 8 percent is a direct result of agricultural production in the state. In other words, each dollar generated by Tennessee farms is linked to an additional $11 in direct and indirect economic effects associated with agricultural industries, including input suppliers, manufacturers, processors, transporters, marketers, financial service providers, and real estate industries. The state's agriculture sector directly employs over 200,000 people each year, with an additional 200,000 people indirectly employed by agriculture. While only one of every $12 in the total agriculture industrial complex is a direct result of agricultural production, one quarter of all jobs are in the agricultural production portion of the agriculture sector, employing over 100,000 people. Of the $36 billion in total agriculture industrial output in the state, more than 80 percent ($30 billion) is due to the direct and indirect effects of agricultural processing. Another $1 billion is due to direct and indirect effects of the agricultural input supply industries, with $3 billion due to direct agricultural production, and the remaining $2 billion due to indirect effects of agricultural production.

In addition to an evolving definition of the components of the agricultural sector, the state continues to experience an evolving definition of a farm and farmer. Recently released data from the Census of Agriculture indicate that the number of farms continues a downward trend while the average farm size continues to increase, as rural life in Tennessee becomes less synonymous with agricultural production. In 1997, there were 76,818 farms in Tennessee, compared to 79,711 in 1987. While the number of farms has shrunk by 3.6 percent, the land in production agriculture has remained relatively steady at around 11 million acres over the last 10 years. Since 1964, the number of farms in the state has shrunk by more than 40 percent, while the average farm size has increased by 27 percent. Figure 2.9 compares the size of Tennessee farms in 1997 with those in 1964. While the graph clearly shows the reduction in the total number of farms, it also shows a slight proportional shift toward larger farms. In 1964, 17 percent of all farms in the state were larger than 180 acres. By 1997, more than one of every five farms in the state was larger than 180 acres. This trend toward fewer, larger farms in Tennessee mirrors a national trend. While the trend is expected to continue in U.S. agriculture, the number of farms and land in production agriculture appears to have leveled off somewhat in Tennessee over the last decade. It is likely that commercial farms will continue to grow larger and decrease in number as production agriculture becomes more vertically integrated and as technologies associated with precision agriculture increase the costs of production. At the same time, it is also likely that small niche farms will continue to increase and small rural farms that serve as residences and part-time farming operations will also increase.

FIGURE 2.9—Number of Farms in Tennessee by Size, 1964 and 1997

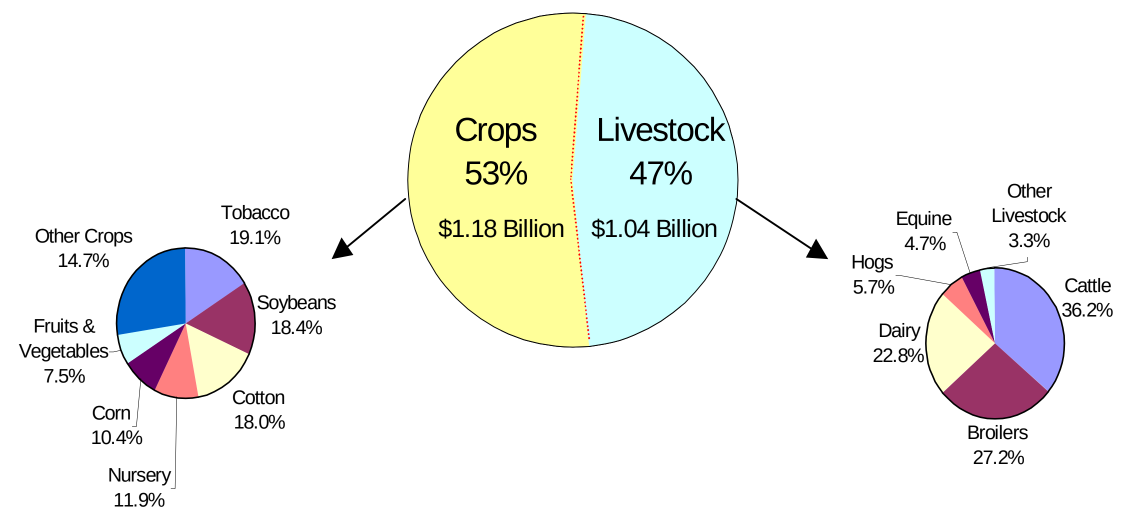


Source: USDA Census of Agriculture, 1997 and 1964.

Production Agriculture in Tennessee

Agriculture continues to remain a strong sector of Tennessee's economy, despite last year's hard hitting drought conditions late in the growing season and persistent low market prices. In Tennessee, as in the nation, farm income was further reduced in 1999, on the heels of sharp price declines in 1998. Production agriculture contributed $2.22 billion to Tennessee's economy in 1998 (the most recent data available) through cash receipts from farm marketings. Agriculture receipts were slightly higher for crops than for livestock, with crops contributing 53 percent of

FIGURE 2.10—Composition of Agricultural Cash Receipts in Tennessee, 1998

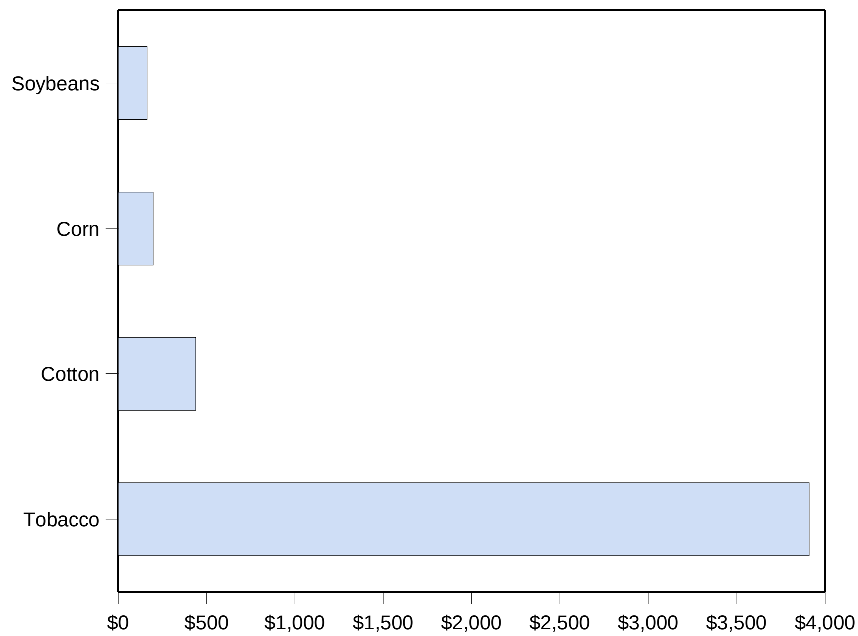


Source: Tennessee Agricultural Statistics Service, 1999.

the total, or $1.18 billion, and livestock contributing 47 percent, or $1.04 billion. The composition of agricultural cash receipts by commodity is depicted in Figure 2.10. Tobacco receipts led all crops, contributing $225 million in 1998. Soybeans and cotton, contributing $217 million and $212 million, respectively, followed tobacco closely. For the first time, nursery products, contributing $140 million, ranked as the state's fourth leading crop, displacing corn which was hard hit by significant price declines. Among the state's other major crops were fruits and vegetables (led by tomatoes, snap beans, apples, and peaches), contributing a combined $89 million to crop cash receipts; floriculture, contributing $54 million; and hay and wheat, each contributing $42 million.

Cattle and calves, contributing more than one out of every three dollars in livestock receipts, again dominated livestock receipts. Although receipts from cattle and calves were down more than seven percent from the previous year, they were the source of $376 million in agricultural receipts in 1998. Receipts from broilers and dairy products were higher than in 1997, contributing $283 million and $237 million, respectively. Receipts from hogs fell more than a quarter in 1998 due to record low prices. Total hog receipts fell from $80 million in 1997 to $60 million in 1998, just ahead of equine receipts, valued at $49 million. Eggs contributed $23 million to livestock cash receipts and sheep and lambs, honey, trout, and catfish were other major contributors to livestock receipts in the state.

FIGURE 2.11–Average Value of Production per Acre in Tennessee, 1998



Source: Tennessee Agricultural Statistics Service, 1999.

Outlook for Major Crops

Over the last decade, soybeans, cotton, and tobacco have taken turns as the leading cash crop in Tennessee as measured by crop cash receipts. Tobacco was the leading cash crop in the state in 1998, due to steady tobacco prices coupled with a large price decline for soybeans. Tobacco has consistently been one of the state's highest valued cash crops and is grown on more than one out of every four farms in Tennessee. The importance of tobacco to many Tennessee farmers is highlighted in Figure 2.11, which shows the state's average value of production per acre for tobacco, soybeans, cotton, and corn in 1998. The value of production—the amount produced multiplied by the average price received—for tobacco was nearly ten times that of the next highest valued crop, as measured on a per acre basis. In 1998, the average value of tobacco per acre was $3,908, while the average value for cotton was $437 per acre, and corn and soybeans were valued at $197 and $162 per acre, respectively.

The strong performance of tobacco in 1998 does not reflect the underlying uncertainty that still permeates tobacco markets. In the wake of the national tobacco settlement in November 1998, large increases in the retail price of manufactured tobacco products, declining demand for cigarettes, and the continued threat of future suits against cigarette manufacturers, the outlook for tobacco farmers is more uncertain than ever before. Further compounding the uncertainty, in 1999, the leading cigarette manufacturer proposed a significant change in the way U.S. tobacco is grown and marketed, proposing movement toward direct contract production of tobacco. Tobacco leaders in Tennessee and other major tobacco producing states overwhelmingly rejected the idea, fearing that contract production would drive many small producers out of the market as prices plummet.

Burley tobacco quota—the poundage each individual farmer is allowed to sell at regulated tobacco auctions—was cut by 28 percent in 1999.

In 1998, Tennessee farmers were permitted to sell 111 million pounds of burley tobacco, as determined by the basic quota. This amount was cut to about 80 million pounds in 1999, primarily due to reduced purchase intentions by cigarette manufacturers and declining tobacco exports. However, since burley growers typically bring less tobacco to market than the amount actually allowed by the basic quota, they were allowed to carry over enough marketing poundage in 1999 to temper the impact of the large quota cut, resulting in almost unchanged production in 1999. While 1999 production and prices are expected to be near 1998 levels, the future looks much more uncertain. Halfway through the 1999 marketing season (which runs from late November to February), one-third of all tobacco brought to market has not achieved an auction price at or above the minimum support price, resulting in a large portion of the crop taken in by the grower-supported cooperatives under loan. Cigarette manufacturer purchase intentions for the coming year play a major role in the formula determining tobacco quotas and must be announced by January 15, 2000. Further reductions in purchase intentions and quotas are expected for the coming year. Some estimates are that quotas could be cut by as much as 40 percent. While the effects of quota cuts were buffered by carryover marketing poundage in 1999, the impacts on Tennessee farmers will be much greater in 2000, as rental rates for quota are pushed up further and actual production is reduced.

Soybeans were especially hard hit by continued depressed prices in 1999 and drought conditions. Soybean prices fell nearly 30 percent from 1997 to 1998 and again by 14 percent by the end of 1999, expecting to average between $4.45 and $4.95 per bushel for the 1999/2000 marketing year. Soybean receipts are expected to fall further in 1999 as state soybean yields are now projected to be 19 bushels per acre in 1999, compared to average yields in Tennessee around 33 bushels per acre. Production of soybeans in 1999 is expected to be just under 20 million bushels, the lowest production in more than 30 years. While yields are always an uncertain factor, the outlook does not appear to brighten significantly for soybeans in the near future. Large stocks under the current farm policy environment coupled with projected slow to flat growth in export demand for soybean products are holding projections for soybean prices at very low levels over the next couple of years.

Current production estimates for Tennessee's 1999/2000 cotton crop are up by about three percent over the 1998/1999 crop, forecast at 560,000 bales. This is a significant achievement, given the yield reducing effects of hot, dry weather late in the growing season. Yields for 1999 are projected to be 476 pounds of lint per acre, down 24 percent from the five-year average yield of 623 pounds. At the end of the year, Tennessee cotton prices were more than 30 percent lower than 1998 levels, indicating that cotton receipts in Tennessee are expected to remain depressed in 1999, with little rebound projected for 2000. The drought also affected the corn crop in 1999, but not to the extent that it did soybeans and cotton. Earlier in the year, corn growers had expected record high yields, which were tempered to moderate yields, currently projected to be near 100 bushels per acre in 1999. Corn prices, however, shared the same depressed fate as other grains and oilseeds, sinking to lows not seen in decades. As a result, agricultural receipts from corn are expected to be down further in 1999 and 2000.

Outlook for Major Livestock Commodities

Although cash receipts from cattle and calves were down seven percent in 1998 compared to 1997, the cattle industry retained its position as the leading livestock commodity in Tennessee in 1998 and is projected to remain the leading commodity in the near future. Depressed prices for feed grains in 1999 and projections for continued low prices, barring unforeseen supply shifters such as major droughts, are holding a positive outlook for cattle and calves from the production cost side. Market prices for cattle were up sharply in the second half of 1999, following persistent low prices. Prices are expected to remain strong over the next couple of years as beef supplies decline with the cattle cycle. On the demand side, some growth in U.S. beef consumption and beef exports is expected in the coming year, although competing meats are also expecting favorable prices relative to beef in the coming years.

Receipts from broiler marketings were up nearly 20 percent in 1998, compared to 1997. Although weaker broiler prices and slightly increased production costs are slowing the rate of growth in the broiler sector in 1999, analysts predict that producers are still in a favorable enough position to continue expanding production somewhat in 2000. Demand for poultry continues to remain strong. Broiler use in 1999 was expected to increase by about five pounds per person in 1999 compared to 1998. Realization of this increase would be the largest single-year increase in consumption in over 50 years.

The last year has brought significant changes in dairy policy. As part of the effort to reduce government intervention and move the dairy industry toward greater market orientation, the 1996 farm bill mandated that the U.S. Department of Agriculture phase out the milk price support program and consolidate and reform the Federal Milk Marketing Order system. The plan for reform completed in late 1999 provides for a reduction in the number of milk marketing orders from 31 to 11, reclassification of milk and milk products into four classes, reformulation of the Basic Formula Price, and the redefinition of Class I price differentials. Implications for Tennessee dairymen are expected to be positive compared to estimates of continuation of the previous Tennessee Valley marketing order. The outlook for Tennessee dairies is even brighter compared to previous expectations for the outcome in the marketing order reforms. Overall, milk prices are expected to be down sharply in late 1999 and early 2000, compared to 1998 levels. The average annual milk price is expected to be around $14.40 per hundredweight for 1999 and then fall to around $13 in 2000. These lower prices are expected to reduce the number of milk cows over the next year somewhat. But demand for dairy products is expected to remain generally strong through 2000.

While Tennessee's hog sector saw some recovery of prices in 1999, they still have a long way to go to return to production and receipt levels equivalent to those in the mid-1990s. After adjusting for inflation, reported spot prices for hogs in late-1998 were at Great Depression levels. Some price recovery occurred by the spring of 1999, but only to the $0.30 per pound range. For the year 1999, hog prices are expected to average $0.32-$0.33 per pound. Cheap grain prices have helped hold down production expenses, helping farmers recover some of their income losses through gains in productivity. The hog market is still adjusting to the devastating price plunge in 1998, and pork supplies are projected to continue to decline somewhat next year. The expected drop in supply could help boost prices early in the year, but the overall expectation for 2000 is that prices will rise only by about $0.03 per pound next year.

Outlook for Farm Legislation

The 1996 farm bill is now nearing the end of its fourth full year. The historic seven-year legislation was passed during a period of near record-high grain prices and a rosy outlook for agricultural export growth. In the first couple of years under the historic legislation that was hailed as the beginning of the end of traditional farm programs in the U.S., few could argue that agriculture was riding high, although critics continued to argue that the legislation provided little protection for farmers in the way of a safety net if the tides turned. Those tides of fortune took a sharp turn in 1998, with prices for all major grains and oilseeds plummeting to near historic lows in many cases. But the downturn didn't stop there. Under the new farm policy environment, fewer stocks are required to hold prices at very low levels. As stocks have accumulated and exports projections have been moderated (although they still continue to trend upward), prices are continuing to trend downward with little expectation of a quick turnaround, barring any unforeseen major supply or demand shocks.

The 1996 farm bill provided decoupled payments to farmers to ease the transition away from traditional commodity price support and other government programs. The payments are scheduled to be phased out over the life of the farm bill. But when the situation began worsening in 1998, growers and their supporters began to call for government intervention to make up for the income shortfall due to low prices. The result was passage of more than $6 billion in additional aid in 1998 to compensate for the lack of a safety net in the 1996 farm bill. When the situation further worsened in 1999, the result was passage of an $8.7 billion aid package, which brings the total direct government assistance in 1999 to $22.5 billion, the largest assistance ever provided. The U.S. Department of Agriculture projects that the additional aid will be sufficient to hold 1999 net farm income near 1997 levels, although many farmers will be unable to continue in agriculture. The performance of agricultural markets in the last two years, combined with record government spending on agriculture, raises questions about whether the 1996 legislation will continue unchanged. While the fate of the 1996 farm bill is uncertain, the outcome will likely depend in part on how markets take shape early next year, prior to election debates. Continued low prices and further bailouts will likely put additional pressure on those currently resisting any changes to the legislation. On the other hand, the inherent uncertainty in agricultural production has the potential to turn markets around in as little as one year, in which case mounting pressure for change would likely soften.

FORECAST SUMMARY AND CONCLUSIONS

The state should enjoy sustained economic growth through the short-term forecast horizon.

- Tennessee nonagricultural job growth is projected at 1.4 percent for 2000.
- Labor force growth is forecast at 1.8 percent for 2000.
- The unemployment rate is expected to average 3.7 percent for the year.
- Nominal personal income will grow 5.0 percent in 2000.
- Agricultural production in the state remains uncertain.

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English, B., K. Jensen and D. De La Torre Ugarte. "Impacts of the Agro-forestry Industrial Complex on Tennessee's Economy." *Tennessee Agri-Science*. Forthcoming.

CHAPTER 3

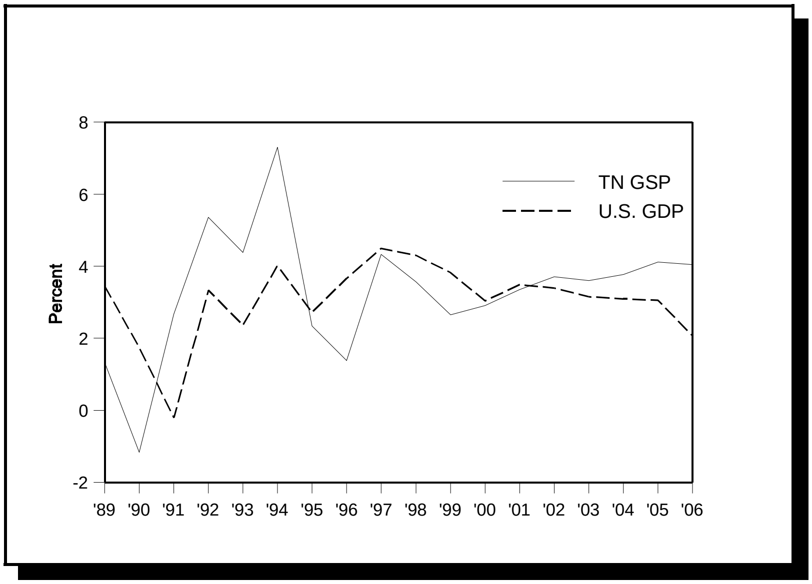
THE TENNESSEE LONG-TERM OUTLOOK

With the short-term forecasts for the U.S. (Chapter 1) and Tennessee (Chapter 2) in hand, it is important to take a slightly more long-term view of the state economy. Placing recent events in historical context provides the opportunity to see not only where we have been economically, but also where we are going if current trends continue. This chapter begins by describing the factors that lead to economic growth and then examines the recent ten-year history of economic conditions in Tennessee.

A detailed long-term forecast of the state economy follows the brief historical discussion. Long-term forecasts, while statistically less reliable than short-term forecasts, tend to highlight overall trends rather than the usual ups and downs of the state's business cycle. Short-term fluctuations may be larger or smaller than the long-term prediction. Of course, unexpected events such as recessions, stock market fluctuations, or international political or economic events can alter the course of economic growth in a relatively short time period. Nonetheless, this long-term outlook is meant to be illustrative of the most probable economic situation over the next eight years.

TENNESSEE'S ECONOMIC GROWTH IN THE 1990s

FIGURE 3.1—Real U.S. GDP and Tennessee GSP Growth



As discussed in the first chapter of this *Economic Report to the Governor*, those concerned with national economic growth typically focus on gross domestic product (GDP). Economic growth at the state level is measured similarly via gross state product (GSP). Whereas GDP measures the total value of final goods and services produced in the U.S. during a particular time period, GSP measures essentially the same thing at the state level.

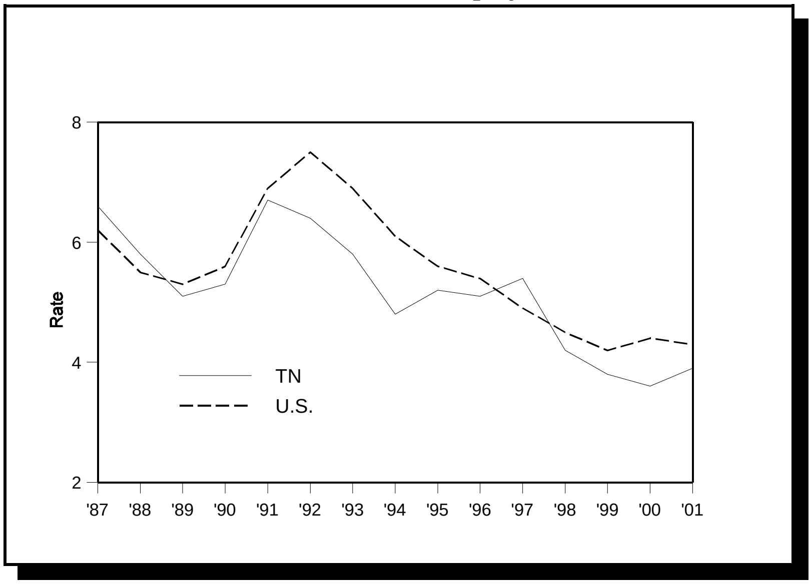
It is important to note that growth in GDP or GSP reflects not only increases in the *quantities* of goods and services that are produced, but also increases in the *prices* of these outputs. Consequently, both of these indicators are typically adjusted for the effects of inflation in order to gauge true economic growth (i.e., increases in the level of production) over time. In other words, they are expressed in *real* or *constant-dollar* terms as opposed to *nominal* or *current-dollar* terms. Growth in real GSP therefore represents only quantity increases and not price increases. Unless otherwise noted, all inflation-adjusted quantities in this chapter are expressed in 1996 chain-weighted dollars.

Output Growth

Tennessee's real GSP has experienced impressive growth over the past ten years, outpacing growth in real U.S. GDP in many of those years. Figure 3.1 provides historical trends and forecasts for each of these indicators. These seemingly impressive growth rates at the state level mask important differences in per capita output, however. Real U.S. GDP averaged $26,581 per capita in 1989 while Tennessee real GSP per capita was only $23,009 (86.6 percent of the U.S. value). In 1996, these figures were $29,430 for the U.S. and $26,148 for Tennessee (88.8 percent of the U.S. value). Clearly, despite strong growth over time, Tennessee still has a long way to go in order to catch up to the national average.

There are two primary options to consider in thinking about how Tennessee might increase GSP per capita. The first is to simply increase the size of the pool of inputs available for use in the production of goods and services. The second is to increase the quality of the existing stock of productive inputs. Both options are typically implemented simultaneously in practice. Each option is discussed in greater detail below, with particular emphasis on how the state has performed in recent history.

FIGURE 3.2—Tennessee and U.S. Unemployment Rates



Growth in the Quantity of Productive Inputs

Inputs to a state's overall production process are certainly diverse, consisting of such things as workers, vehicles, raw materials, computers, and more. For simplicity, they are typically combined into the following three broad categories: labor, capital, and technology. Labor represents all human inputs to production, where capital represents non-human inputs such as machinery, tools, and raw materials. Technology, arguably the most important input in the modern economy, involves the processes by which labor makes use of capital to create the final output. While labor and capital reflect changes in the available *quantities* of productive inputs, technology captures changes in the *quality* of these inputs.

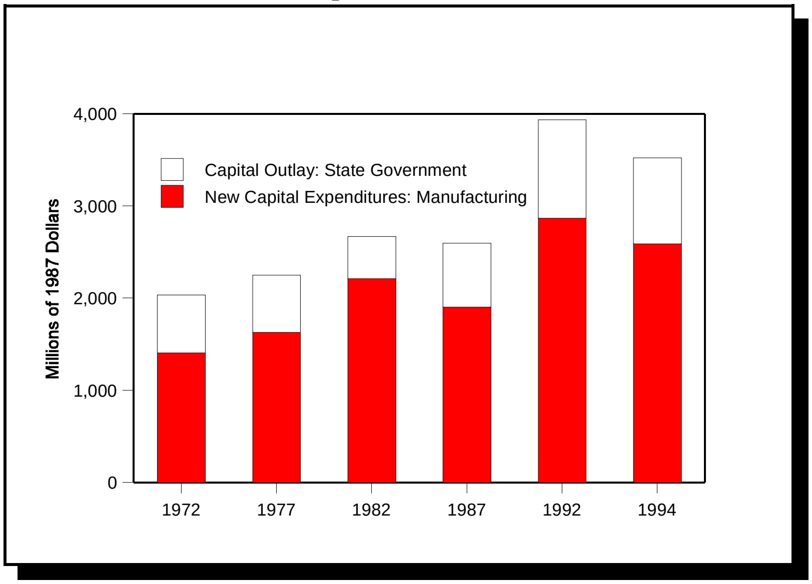
Labor force growth. To a certain extent, growth in Tennessee's labor force is constrained by growth in the state's population. This constraint has been reduced in recent years, however, as certain segments of the population (namely, women, teenagers, and those over age 65) have come to play a much larger role in the labor force. Consequently, while the state's population grew by 11.0 percent between 1990 and 1998, its labor force grew by 15.6 percent.

This trend is observed more clearly by looking at Tennessee's labor force participation rate during the last decade. This rate represents the percentage of Tennesseans who are either employed or unemployed according to U.S. Bureau of Labor Statistics definitions (e.g., temporarily laid off, looking for work, or waiting for the start of a new job). While 62.9 percent of the state's age-eligible population (at least 16 years old) were labor force participants in 1989, 65 percent were in 1998. The bulk of this increase in the labor force has been fueled by historically low unemployment rates in Tennessee, as shown in Figure 3.2. Not only has the state unemployment rate enjoyed a downward trend during the 1990s, it has remained below the national average in every year except 1997.

Access to a pool of willing labor force participants is only part of the equation, however. Production—especially in the modern economy—requires tremendous amounts of capital and technology.

Growth in the capital stock. Investment, which represents increases in Tennessee's stock of productive capital, has also been substantial in recent years. Unfortunately, data on the existing supply of capital are not as readily available as data on labor force participation. A good

FIGURE 3.3—Tennessee Capital Investment, 1972-1994



indication of changes in the state's capital stock is provided by looking at investment among manufacturing firms and among governments over time.

Figure 3.3 shows that both of these series exhibit upward trends over time despite a slight downward shift in 1987 and 1994. This is likely a reflection of the overall shift away from manufactured goods toward services in the Tennessee economy. It seems clear that increases in the stock of capital have not kept pace with increases in the stock of labor inputs. Nonetheless, the state economy has been able to achieve greater economic growth by working to improve the quality of both types of productive inputs.

Growth in the Quality of Productive Inputs

While inflows of labor and capital are helpful, it is not enough for a state to experience increases only in the quantities of productive inputs. Perhaps the more important issue is the quality of these inputs—specifically, the ability of these inputs to produce more output. Increases in the quantity of labor or capital can certainly have important impacts on economic growth, but increases in quality typically have much larger and more lasting effects.

The quality of productive inputs is typically expressed in terms of real output per unit of input, or productivity. Thanks to rapid technological advancement, both labor and capital productivity have increased nationwide in recent years. Tennessee's experience has been similar.

Labor productivity. Figure 3.4 provides a comparison of real Tennessee GSP and real U.S. GDP per nonagricultural worker. From 1990 to 1999, Tennessee's productivity growth outpaced

FIGURE 3.4—Growth in Real Tennessee GSP and U.S. GDP Per Nonagricultural Job

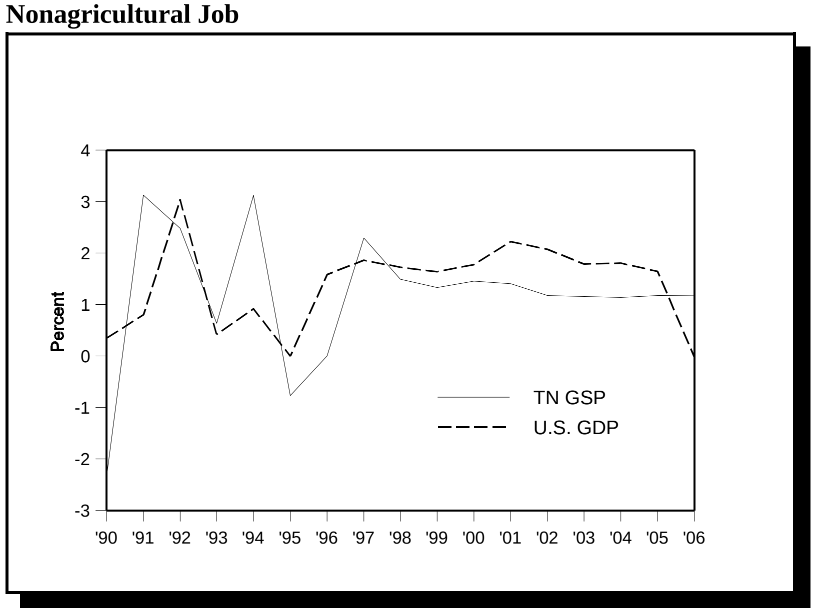


TABLE 3.1—Educational Attainment of Persons 25 Years Old and Over, by State: 1990 and 1996

State	Percent of Population, 25 Years Old and Over, by Education Level, 1996		Percent of Population, 25 Years Old and Over, by Education Level, 1990	
	Percent with High School Diploma or Higher	Percent with Bachelor's Degree or Higher	Percent with High School Diploma or Higher	Percent with Bachelor's Degree or Higher
United States	81.8	23.6	75.2	20.3
Alabama	75.7	18.0	66.9	15.7
Arkansas	76.2	14.6	66.3	13.3
Florida	81.5	20.4	74.4	18.3
Georgia	76.5	22.4	70.9	19.3
Kentucky	74.0	17.5	64.6	13.6
Louisiana	74.6	19.2	68.3	16.1
Mississippi	75.2	16.9	64.3	14.7
North Carolina	76.0	21.0	70.0	17.4
South Carolina	73.8	18.1	68.3	16.6
Tennessee	79.0	19.5	67.1	16.0
Virginia	82.0	26.3	75.2	24.5
West Virginia	74.7	14.2	66.0	12.3

Source: U.S. Department of Commerce, Bureau of the Census.

national productivity growth in only four of the ten years. Indeed, in the mid-1990s, Tennessee's real GSP per worker actually declined somewhat.

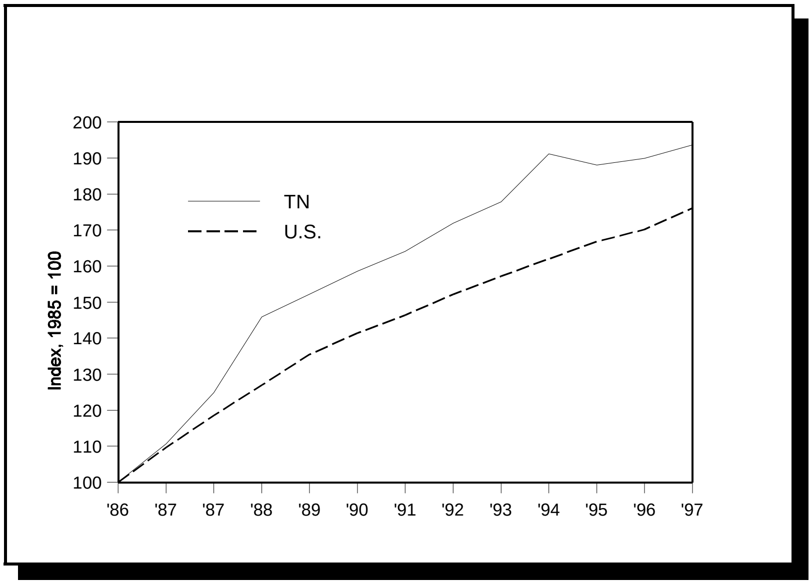
The most straightforward manner in which an economy can improve the productivity of its labor force is through a high-quality education system. From preschool through graduate school, it is a state's educational system that has the most direct and most significant impact on worker productivity. Indeed, one of the most important factors in a company's decision of where to build a new factory is the availability of a productive labor force. Firms want educated workers that are capable of being trained on the job.

Tennessee's investments in primary and secondary education have certainly made important advances in recent years. Despite these improvements, it is well known that Tennessee continues to lag behind many other southeastern states in many important measures of educational quality. Table 3.1, which presents high school and college completion rates over time for Tennessee relative to other southeastern states, shows a clear need for improvement. Chapter 4 of this *Economic Report* discusses this issue in much greater detail. Suffice it to say that improvements to education represent the clearest opportunity for the state to increase economic growth and prosperity for the long-term future.

Capital productivity. Research and development are to capital productivity what education is to labor productivity. As more money is spent on R&D in the state, technological advances are harnessed and economic growth becomes easier. The last ten years were perhaps the most impressive in terms of technological growth in the U.S., and Tennessee was not left out.

Figure 3.5 shows expenditures on R&D in Tennessee vs. the U.S. during the late 1980s and 1990s. Impressive state-level R&D spending, which has outpaced national averages during this time period relative to 1985 levels, has been a powerful force in offsetting the drag on the economy that results from the state's relatively poorly educated workforce. Indeed, unless dramatic improvements are made in the quality of the state's education system, capital will continue to bear the bulk of the load in achieving economic growth.

FIGURE 3.5—Expenditure Index, Research and Development, Tennessee and U.S., 1985-1997



TENNESSEE'S LONG-TERM FORECAST

The state economy will continue its recent economic growth, although with some year-to-year variability, through the forecast horizon of 2008. The state will not only grow, but it will also continue to approach national averages for many important economic variables.

Output

Tennessee's real GSP will continue to grow at reasonably strong rates, but will not outpace real U.S. GDP growth until 2002. Real GSP will grow at a compound annual growth rate (CAGR) of 3.51 percent between 1999 and 2008, while real U.S. GDP will grow by 3.01 percent (CAGR) over the same period.

As changes in technology, tastes, and economic well-being force the state economy to continue its recent transformation, certain sectors will experience larger gains than others. Compound annual growth in the mining (5.11 percent), construction (3.87 percent), finance insurance, and real estate (5.13 percent), transportation, communications, and utilities (3.79 percent) and agriculture (3.55 percent) sectors will outpace overall real GSP growth. Conversely, the manufacturing (3.33 percent), trade (3.46 percent), services (2.77 percent), and government (1.62 percent) sectors will lag behind overall economic growth. Nonetheless, all segments of the state economy appear to be poised for continued expansion at favorable rates of growth.

Employment

As a result of continued economic progress, total nonagricultural employment in the state will experience robust growth from 1999 through 2008. Overall nonagricultural job growth of 2.29

percent (CAGR) is expected, with compound annual growth in construction (3.57 percent), wholesale and retail trade (3.06 percent), services (2.90 percent), and transportation, communications, and utilities (3.06 percent) outpacing slower growth in the manufacturing; finance, insurance, and real estate; and government sectors. The number of mining and agricultural jobs will continue to decline throughout the forecast horizon.

Overall job growth will be fueled by an annual increase of 1.59 percent (CAGR) in the size of Tennessee's civilian labor force. As the size of the labor force increases over the next ten years, the labor force participation rate is expected to continue recent upward trends, rising from 65.6 percent in 1999 to a level of 68.5 percent in 2008. The state unemployment rate will creep upward from 3.7 percent in 1999 to 5.3 percent in 2005, before falling back to a rate of 5.1 percent in 2006.

Personal Income, Wages, and Salaries

Continued strength in the labor market and expected good fortune in capital markets will result in greater income growth for Tennesseans. State per capita personal income will rise from $24,492 in 1999 to $37,463 in 2008. To put this impressive nominal growth in perspective, national per capita personal income will also rise from $28,539 to $38,208. The most important trend to note from these values is that the wedge between the U.S. and state levels is expected to fall dramatically from $4,047 in 1999 to only $745 by 2008.

These values are not adjusted for the effects of expected inflation, however. In the year 2008, *real* Tennessee per capita personal income will be $29,851, about 27 percent higher than the 1999 level of $23,499. This increase will more than outpace real U.S. per capita personal income, which is expected to rise by 11.2 percent from $27,382 in 1999 to $30,444 in 2008. Note that the difference in real per capita personal income between the U.S. and Tennessee will also shrink over the forecast horizon.

FORECAST SUMMARY AND CONCLUSIONS

As with the short-term forecast, the future looks rather bright for Tennessee. Clearly, though, opportunities exist for even better economic growth if further efforts are made to enhance the quality of productive inputs, through spending on education and R&D. Changes to these factors hold the key to long-term economic success.

From 1999 through 2008:

- Tennessee's real GSP will grow by 3.51 percent (CAGR), while real U.S. GDP will grow by 3.01 percent (CAGR).
- Overall nonagricultural job growth of 2.29 percent (CAGR) is expected.
- The labor force participation rate will rise from 65.6 percent to 68.5 percent in 2008.
- The state unemployment rate will increase from 3.7 percent in 1999 to 5.3 percent in 2005, before falling back to a rate of 5.1 percent in 2006.
- Real Tennessee per capita personal income will increase by 27 percent from $23,499 to $29,851.

ENDNOTES

1. CBER bases its forecast on that provided by the WEFA group. Additional data were obtained from the Bureau of Labor Statistics and *The Dismal Scientist* (www.dismal.com).

CHAPTER 4

TENNESSEE DURING THE TWENTIETH CENTURY

History is a burden that weighs upon the present, structuring and restructuring it. It forces everyone to be aware not only of complexity, but of defeat and failure, as well as of the necessity of a struggle for a better tomorrow. Tennessee's impressive and dramatic economic development has inspired us to devote a chapter of *An Economic Report to the Governor of the State of Tennessee* to the last one-hundred years of the state's history and its economic conditions.

At the beginning of the twentieth century, Tennessee struggled to reconcile modernity with tradition. During this time, agriculture dominated the Tennessee economy, and the majority of the state's population resided in rural areas. State government brought modern management, as well as new roads and better schools, thus stimulating Tennessee's prosperity from the turn of the century through the time of the First World War. However, a postwar recession and the Great Depression of the 1930s contributed to a decrease in farm prices, creating hardships across the state. In hindsight, the decline of agriculture was inevitable, given that improved education made it easier for rural youth to find jobs in towns. Thus, the changeover from an agricultural to an industrial economy began. In earnest, a rapid shift from a rural to an urban state began.

After the Second World War, technological change brought about higher productivity and the seeds of further economic change. State government services—particularly education and infrastructure—have grown enormously since this time, providing a further stimulus to Tennessee's economic prosperity. The attractiveness of the state, such as climatic amenities, scenic beauty, and expanding economic opportunities, have all contributed to Tennessee's economic and population boom during the last decades of the century. Tennessee's tendency toward industrialization and urbanization has profoundly changed its economic and social make-up.

Today, Tennessee is enjoying one of its strongest eras of economic prosperity with record low unemployment and per capita income of $23,615, which has more than tripled compared to two decades earlier. Tennessee's economy is also now more diverse, making it stronger and potentially less vulnerable to recessions.

ONE-HUNDRED YEARS OF CHANGE

At the dawn of the century, the population of the state of Tennessee was 2,023,000, which represented 8.2 percent of the South's total population (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia) and only 2.7 percent of the U.S. population. The U.S. Census Bureau projects the state's population to reach 6,365,000 by the year 2015, which would represent growth of almost 17 percent from today. Again, as a result of Tennessee's economy being largely dominated by the agricultural sector in the early 1900s, the majority (84 percent) of the state's population resided in rural areas.[1] Thus, the four major metropolitan cities we know today were still in their infancy at the turn of the century, but would soon grow rapidly in response to industrial development.

By mid-century, the demographics of Tennessee had changed dramatically with the population of the state having risen to nearly 3,292,000. Nonetheless, growth was modest when compared with other southern states. While Tennessee had 8.2 percent of the South's population in 1900, this share slipped to 6.9 percent by 1950. The most significant change in demographics in the first 50 years of the twentieth century occurred in the division of urban and rural residency. By 1950, 44.1 percent of the population lived in urban areas, nearly three times the share in 1900. When the 1960 Census was published, the number of urban dwellers outnumbered those in rural areas for the first time. This dramatic shift can be attributed to an increase in industrial employment and the decline of agriculture. The depression of the 1930s forced many farmers to give up their lands and move to the cities to find employment in factories where wages were higher than those in the agricultural sector. It was at this time that the cities of Chattanooga, Knoxville, Memphis and Nashville grew into the dominant metropolitan cities we know today.

As we enter the new millennium, the population of the state of Tennessee continues to grow. The state population for 2000 is projected to be 5.5 million, well above the 2.0 million figure for 1900. Population growth continues to be uneven across the state, dominated by growth near the state's larger metropolitan areas. Currently, the population of rural areas accounts for only 39.1 percent of the state's total population.

Life for the average Tennessean at the

beginning of the century was difficult and full of hardship. Unquestionably, the standard of living was certainly not as we know it today. Many of the amenities we take for granted now were virtually nonexistent in the early 1900s. The majority of the households across the state remained without adequate heating and plumbing facilities; preventable diseases caused despair, unchallenged by the state's weak health care system; and the educational system lacked proper funding in the face of high illiteracy rates. As a result, many around the state were helpless to improve their standards of living.

The standard of living for Tennesseans improved immensely over the course of a half-century. Inventions such as radio, television, automobiles, and tractors, as well as increased use of running water and electric appliances, helped to dramatically improve the quality of life even in the more rural areas of the state. Homeownership in the state between 1900 and 1950 increased from 46.3 percent to 56.0 percent which was slightly higher than the national average. Yet in 1950, 63.3 percent of the households in Tennessee still remained without adequate plumbing facilities. Surprisingly, this reflects a decrease from 75.6 percent in 1940.

The greatest improvements in the quality of life were seen in the area of health care. Advancements in the medical field and initiatives by the state increased state spending on public health care and provided the tools necessary to combat many of the deadly diseases that afflicted society at the beginning of the century. Diseases such as typhoid, syphilis, scarlet fever and diphtheria, which ran rampant across the state in the early 1900s, were virtually nonexistent by mid-century. However, other terminal diseases such as heart disease and cancer—diseases heavily influenced by lifestyle choices—would take their places as the leading causes of death. In 1950, the death rate was 9.6 per thousand which was a little over half of what it was in 1900, and the infant mortality rate had decreased to 29.2 deaths per one thousand live births.

Today, most Tennesseans have very comfortable lifestyles as compared to those of earlier generations. Today, homeownership is up to 68 percent, the highest ever in Tennessee and four percentage points higher than the national average. State spending per capita for health care has substantially improved the provision of health care programs to the poor. In 1996, the death rate in Tennessee was a mere one death per thousand, and the infant mortality rate had decreased to 8.5 deaths per one thousand live births. With all of these improvements, the future looks prosperous for the population of Tennessee as we move into the new millennium.

AGRICULTURE*

The past 100 years have seen dramatic changes for the agricultural sector in the state of Tennessee. Once the leading sector in the state's economy, agriculture has since relinquished that position to the service sector. Nonetheless, the agricultural sector remains important, especially in smaller, rural communities Early in the century, the majority of Tennesseans labored on farms,

*Data reported in this section are in 1992 terms.

however, that number has since dwindled to around 100,000. Despite a decrease in direct farm employment and farm land, agricultural production has increased considerably given the enormous advances in technology which have been able to increase production, while at the same time decreasing much of the manual work associated with farming.

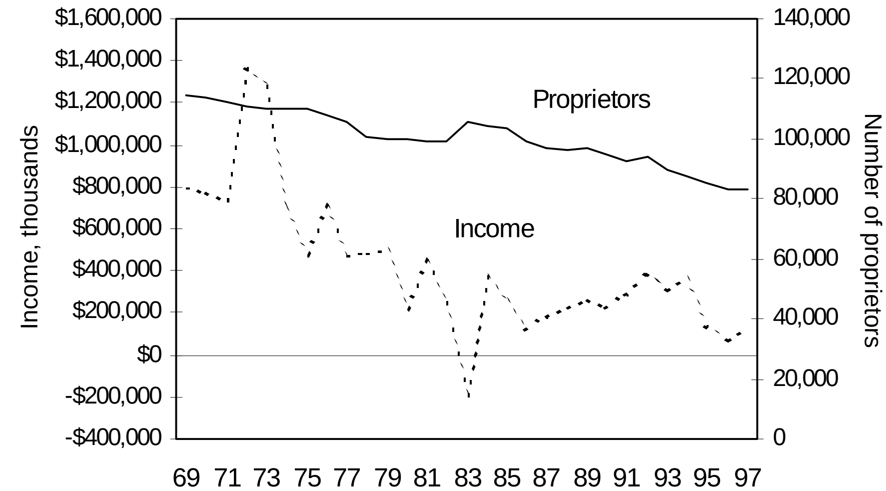
Tennessee's agricultural sector entered the 1900s in a dominating fashion, with a total product value of $1.9 billion and a farm land value of $630 million. It was the leading sector in the state's economy at the time, hence many of Tennessee's workers were employed in some type of agricultural occupation. As a result, the welfare of much of the population was heavily dependent on the successes of farm production and the international market for farm products. The value of farm products and farm property doubled during the first decade of the century. A larger population and growth of metropolitan areas increased the domestic market, while at the same time foreign markets were also developing. The supply of Tennessee's farmers was unable to keep up with the increased demand, and as a result, prices increased.

In the early 1900s, corn was the number one cash crop valued at $518 million and was grown in most areas of the state. Cotton was the big crop in West Tennessee providing $148 million a year in revenue, while tobacco supported Middle and East Tennessee (about 53.3 million pounds of tobacco valued at $56 million in 1900). Similarly, fruits and vegetables brought profits to farmers in the eastern part of the state. Apple crops were valued at more than $129 million, and the value of the peach, apricot, cherry, and pear crops was approximately $74 million. An abundance of green pastures and water made Tennessee's valleys great natural producers of livestock. However, it was not until 1900 that Tennesseans began to take advantage of these great natural resources and to increase meat production. The value of meat production would soon rise to $352 million which would place it second only to corn in total value of production in the state.

Prior to World War I, Tennessee's economy was stimulated by European demand for farm products. In particular, corn and tobacco showed phenomenal growth in value, as did the value of animal products during the war. However, increased agricultural production in foreign countries and increased inflation in the post-war years significantly dampened the success of Tennessee farmers, forcing many small farmers off the land and resulting in significant migration from Tennessee to the North where workers could earn higher wages in factories.

The depression years of the 1930s were unkind to Tennessee farmers. By 1933, years of drought and low prices had taken their toll on the agricultural sector. The total value of farm products in the state dropped from $3.6 billion in 1929 to $1.5 billion in 1932, which, in turn, left prices of Tennessee's most important crops dropping during the early years of the depression leaving farmers in need of assistance. By 1933, cotton prices had dropped to a new low of 65.5 cents per pound. The price of corn had dropped to $3.66 per bushel, and tobacco farmers were only able to receive $120.7 per pound. As the depression wore on, it became clear that Tennessee's agricultural sector, along with the agricultural sectors of many other southern states, would not be able to turn the situation around without some assistance. Shortly after taking office, President Franklin Roosevelt enacted several New Deal programs meant to rescue agriculture. Tennessee farmers participated in many of the these programs. The Agricultural Adjustment Act was successful in raising farm prices to parity, while farmers across the state were able to borrow from new credit programs offered by New Deal legislation.

FIGURE 4.1–Number and Income of Tennessee Farm Proprietors



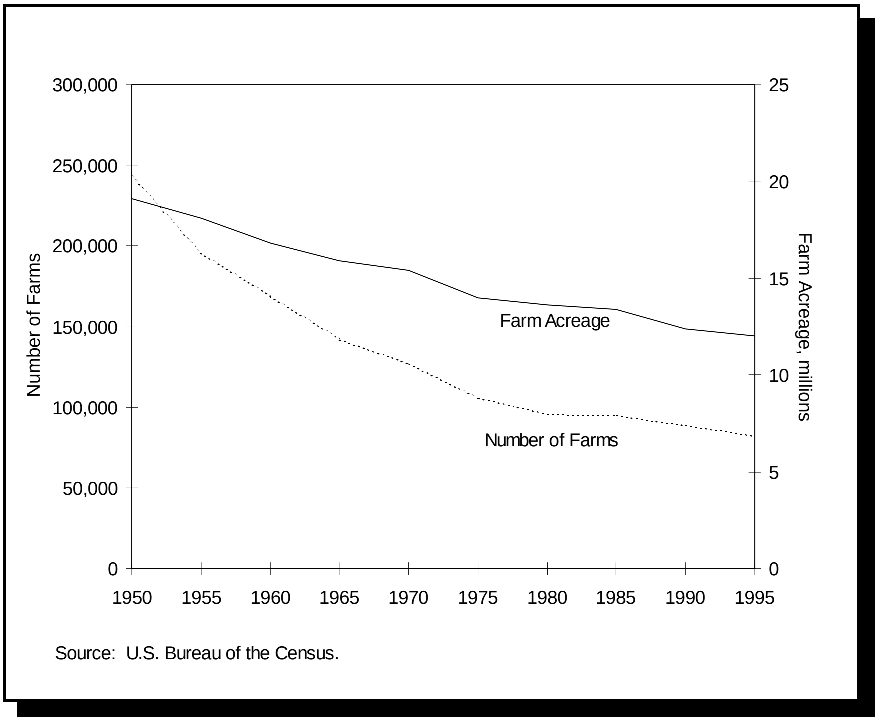
Source: Bureau of Economic Analysis.

As with World War I, World War II was accompanied by a considerable increase in demand for agricultural products. During this period, agricultural production increased despite a decrease in farm population from 1.3 million in 1940 to just below one million in 1945, due largely to improved mechanization. Mules and horses, once the chief sources of power on farms, rapidly began to disappear after World War II and were replaced by tractors. In 1945, the number of tractors on farms was approximately 24,000, but a decade later, this number increased to almost 85,000. By 1960, there were nearly 100,000 tractors on farms, and nearly 12,000 farms reported the use of two or more tractors. At this time, there were also considerable improvements in methods of farming, fertilization, and animal feeds, which had a positive impact on agricultural production and required fewer farmers than with past methods. From a farm population that stood at almost 1.3 million in 1940, only 317,000 remained on farms by 1970. Consequently, the number of people whose primary income was from farming continued to decrease rapidly. (Figure 4.1.)

By 1970, farm employment was approximately 149,000 representing a decrease of 41 percent from an employment level of 253,000 in 1960. The number of farms in the state also continued to decline and by this time, had fallen to 125,000 while total farm acreage stood at 15 million acres. (See Figure 4.2) The average size of a Tennessee farm in 1970 was about 123 acres which shows an increase from 1960 when the average in the state was only 99 acres.

During the 1960s and 1970s, the distribution

FIGURE 4.2—Number of Farms and Farm Acreage in Tennessee



of total agricultural production had changed considerably in Tennessee. Cotton had declined in importance and was replaced by soybeans as the number one cash crop in the state. The market value of soybeans increased eight-fold during the 1960s and 1970s, and by the 1980s, it represented nearly 17 percent of the total crop income received by Tennessee farmers. Tobacco also saw an increase in production and market value during this time-period. In 1977, the Tennessee tobacco crop was valued at $367 million, three times the value in 1950. Although corn, soybeans and tobacco were important crops during this period, over 53 percent of the total farm income was from livestock products. Meat production accounted for 33 percent, dairy products for 15 percent, and poultry and eggs made up the remaining 6 percent.

As we enter the new millennium, the agricultural sector remains an important part of Tennessee's economy. Farm cash receipts alone in 1998 were more than $2.2 billion (Figure 4.3). The number of farms in the state currently stands at approximately 91,000 with 24 percent selling more than $10,000 worth of goods each year. Tennessee total farm land has been on the decrease and now stands at 11.9 million acres, with the average farm being 131 acres. This declining trend in farm land is representative of the overall trend in the United States. The acreage of farm land in the

FIGURE 4.3–Cash Receipts by Tennessee Farmers

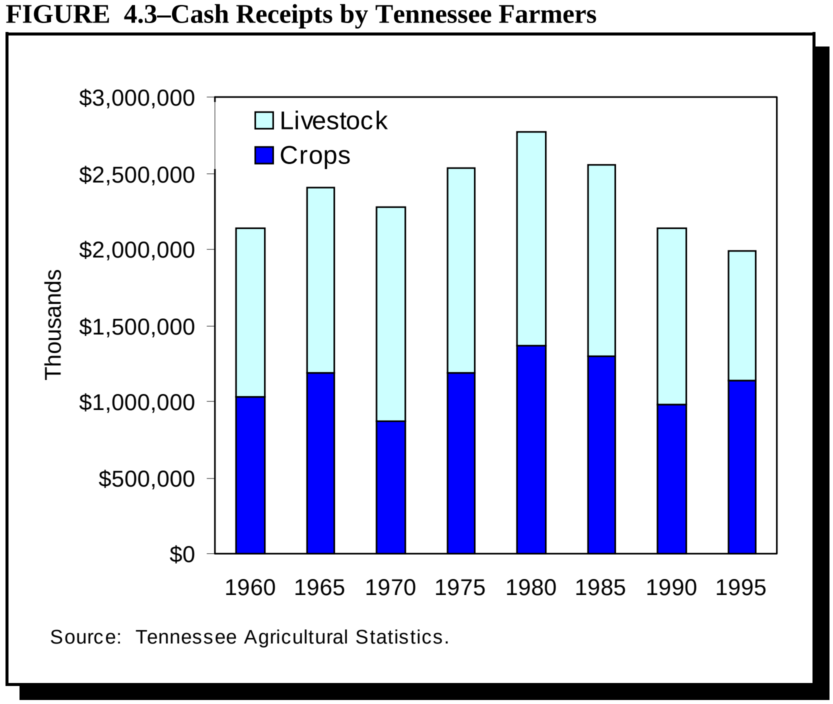
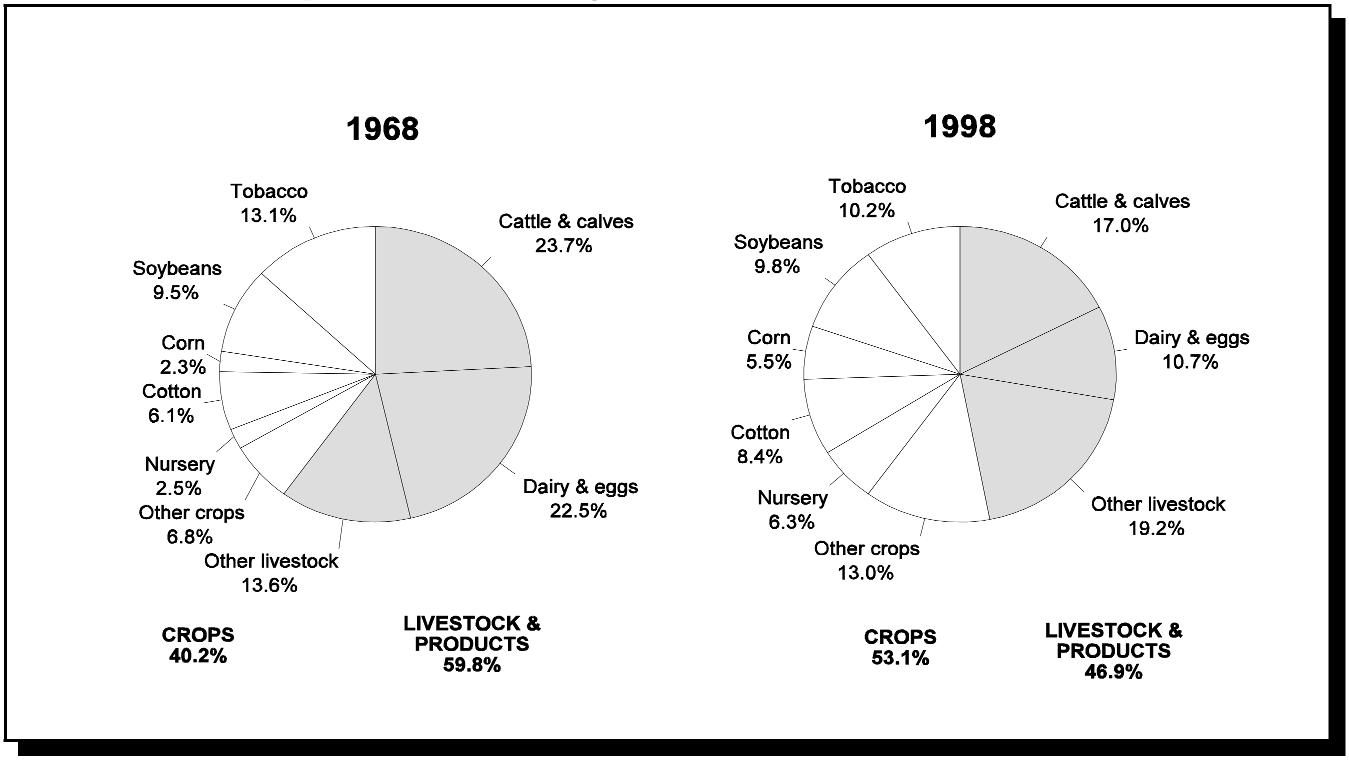


FIGURE 4.4—Cash Receipts from Farm Marketings



U.S. has been on the decline for quite some time and has now decreased to 953.8 million acres, with the average farm equaling 435 acres. This historical trend will most likely continue as long as alternative land uses rise in value.

Despite the continual decline in farm acreage, cash receipts from farm produce remain steady. Currently, the number-one crop in Tennessee is tobacco with cash receipts of $225 million which earns it a rank of third in the United States. The soybean crop comes in a close second with a value of $217 million. Livestock and livestock products continue to be important sources of farm income representing 46.9 percent of farm cash receipts, which represents an increase from previous years (Figure 4.4).

MANUFACTURING

At the beginning of the twentieth century, employment in Tennessee was dominated by the agricultural sector. According to the U.S. Census of 1900, the value of industrial products was $1.72 billion (1992 dollars) while the value of agricultural products was $1.96 billion. The manufacturing industry employed almost 46,000 workers in its 3,116 establishments paying a total of $272.4 million in wages.[2] Between 1904 and 1909, the number of manufacturing establishments grew by almost 45 percent. The most important industries during these years were flour and gristmill, timber and lumber, and iron and steel industries.

In the first three decades of the century, considerable industrial diversification took place.

Tennessee Valley Authority

Prior to the establishment of the Tennessee Valley Authority (TVA), electricity in Tennessee was supplied by privately-owned power companies. These companies' main objective was to maximize profits, which resulted in limited supplies of electricity. Since stringing lines far out into the countryside was not profitable, the majority of farms in Tennessee did not have electricity. While urban Tennesseans enjoyed the benefits of modern technologies, the energy gap meant that most rural Tennesseans' way of life had not changed since the late 19th century. Advocates of publicly-owned utilities, ranging from Senator George Norris of Nebraska to Boss Crump, argued that government should build and run utilities. Opponents held that power production was a business like any other and that power was best provided by private enterprise. By the early 1930s, most southern Congressmen had come to support Senator Norris's initiative, believing that cheap electrical power was essential for economic development in the region. President Roosevelt envisioned TVA as a New Deal experiment in regional planning and development to include "yardstick" electrical plants, flood control, reforestation, conservation and general improvement in the situation of the Valley's population, who numbered among the Nation's poorest. Finally, the Tennessee Valley Authority Act of 1933 was passed by Congress and signed in May 1933. The new agency was headquartered in Knoxville.

Despite litigation and bureaucratic in-fighting, between 1933 and 1951 TVA built multiple dams on the Tennessee River and its tributaries, including Norris Dam and Pickwick Dam. The new dams helped control flooding and improved navigation, and effectively eradicated malaria from the Tennessee River Valley. Construction employed thousands of Tennesseans, the first clear economic benefit to the Valley. TVA agricultural specialists gave Valley farmers training in new methods and encouraged the use of cheap phosphate fertilizers developed by TVA. TVA built "model villages" at dam construction sites and established rural libraries and bookmobiles, which it then turned over to local authorities. Tennessee cities and towns moved as quickly as possible to obtain cheap TVA electricity. Because cheap TVA power allowed poor people to afford electrical service, electric heat replaced coal stoves, and cities became much cleaner.

TVA's impact on rural Tennesseans was even greater through the Rural Electrification Agency (REA). Through REA, rural people could form electrical cooperatives and purchase TVA power. Most farm families began by installing lights and purchasing their first electrical appliances, such as electric irons, radios, sewing machines, heaters, and stoves. The acquisition of other appliances followed as the Depression ended in the 1940s.

Source: Stanley J. Folmsbee, Robert E. Corlew, and Enoch L. Mitchell. *Tennessee: A Short Story*. Knoxville: The University of Tennessee Press, 1996.

The decade of the 1920s opened and closed in depression, but in an intervening seven-year period, considerable industrial expansion occurred. The number of commercial establishments increased 36 percent in the two-year period from 1927–1929, but declined 45 percent during the next four-year period.[3] When the depression began, the number of wage earners in the manufacturing sector had increased by 179 percent compared to the beginning of the century. During the same period, the state's population increased by only 39.7 percent; farmers were obviously exchanging soil for factory jobs. By 1937, it was apparent that considerable recovery had taken place. Total wages of manufacturing employees had increased up to $1.07 billion, and the total value of manufacturing goods reached $6.94 billion. This recovery was mainly attributed to the efforts of New Deal programs and the creation of the Tennessee Valley Authority (TVA) in 1933.

In order to stimulate southern economies, several federal agencies began implementing various agricultural, road building and public works projects. These different programs had positive effects on Tennessee's employment and investment. A significant boost to Tennessee's economy came with the creation of the Tennessee Valley Authority. In 1933, TVA began building numerous hydroelectric dams and coal-fired power plants throughout the state. These projects provided employment for many Tennesseans and attracted new industries to the region. The presence of TVA has forever changed the state's industrial mix, improved its infrastructure, employment and investment, as well as the way of life for many Tennesseans. The creation of TVA was an important turning point for Tennessee's economic development.

The Second World War brought an increase in demand for war materials, thus the number of manufacturing plants in Tennessee increased accordingly. The total value of manufactured goods was up to $6.80 billion in 1941. Tennessee's labor force went through significant changes. In urban centers, factories converted to wartime production and new plants sprang up. Manufacturers moved to Tennessee to take advantage of TVA power. Built from scratch during the 1940s, Oak Ridge owed its existence to the Second World War. General Leslie Groves chose Oak Ridge as the project site for uranium isotope production. Many Tennesseans around the state worked on war-related production, including TVA's projects in East Tennessee, aircraft works in Middle Tennessee, and gun powder plants in the West. The war transformed the economy of Tennessee, as workers drawn to work in local factories poured into the cities in search of housing and work opportunities.

Immediately following the war, state and local officials expanded efforts to bring different industries to the state. Before that time, the State Planning Commission had conducted only limited research to determine which industries would best serve the state's interests. A comprehensive industrial survey was undertaken, and in 1943 the Commission published the first directory of Tennessee's manufacturers. The directory allowed the state to maintain an inventory of available facilities for industries. By 1947—only two years after the War ended—the number of industrial establishments had increased more than 50 percent since the beginning of the War in 1939. The total value added by manufacturing had more than tripled. In 1947, five major counties in Tennessee accounted for 50 percent of the total value added, 49 percent of the employees and 39 percent of the industrial establishments. Those counties were Shelby, Davidson, Hamilton, Sullivan and Knox. The manufacture of chemical and allied products was the leading industry of the state. Food and kindred products and textile manufacturing ranked second and third, respectively.

In the following two decades of the 1950s and 1960s, considerable economic growth continued for Tennessee. During these two decades, Tennessee made its greatest industrial gains ever, increasing its position among the southern states in three major categories: manufacturing income, manufacturing employment and total value added by manufacturing. Between the years 1949-1959, job growth in Tennessee's manufacturing sector reflected an increase of 29.3 percent (see Table 4.1). Construction and service sectors posted job gains of 26.9 and 26.7 percent, respectively, while the mining sector experienced job loses of 40.6 percent.

During the ten-year period between 1959–1969, Tennessee's 307,000 manufacturing jobs increased to 469,000. This 52.8 percent increase was one of the strongest gains of any southeastern state. During this same time period, Georgia, North Carolina and South Carolina experienced an average gain of 42.5 percent in manufacturing jobs, while Louisiana recorded a gain of 28.8 percent. The only southeastern states to surpass Tennessee in manufacturing growth were Arkansas (70.5 percent) and Florida (64.7 percent). This was a record-breaking period of prosperity and economic development for Tennessee. The number of new industries locating in the state was constantly increasing, and manufacturing wages and salary disbursements were doubling.

By 1955, the industrial sector, which represented 30 percent of the state's total income, had far surpassed the agricultural sector, which represented only 8.9 percent of the state's income. Overall, Tennessee followed the national pattern of nonagricultural job distribution in 1960 as indicated by Figure 4.5.

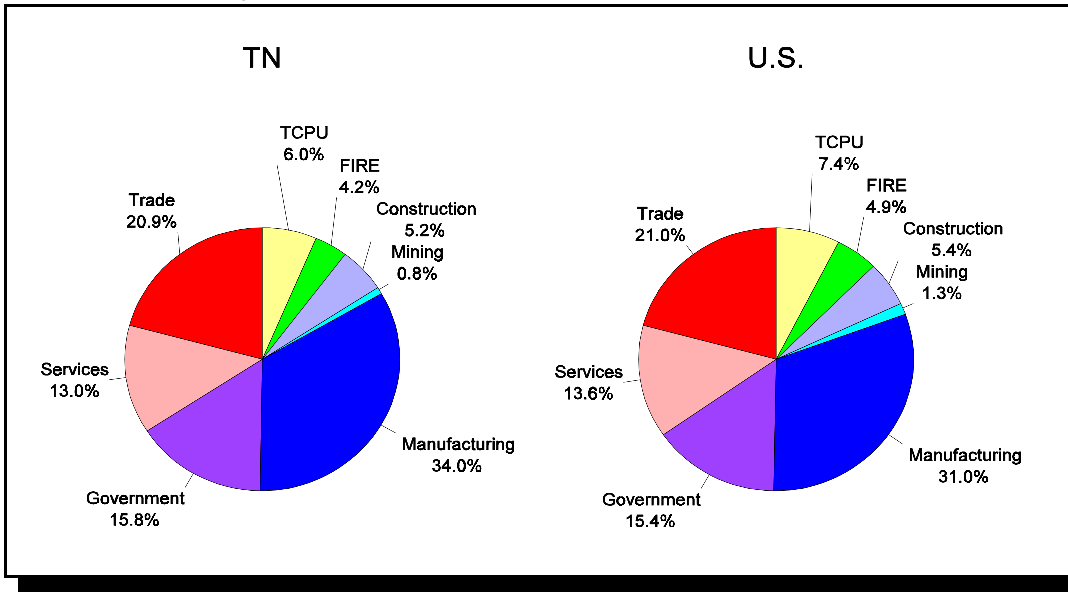
As the fourth quarter of the twentieth century began, Tennessee, as well as the rest of the nation, experienced structural changes in the economy. In particular, during the 1970s, manufacturing employment experienced relatively slow growth. Table 4.2 provides a comparison of employment levels in Tennessee's durable and nondurable goods manufacturing sectors. For a number of reasons, Tennessee's manufacturing jobs slipped in relative importance. The productivity slowdown and declining competitiveness that

TABLE 4.1—Change in Tennessee Employment by Sector

	Period (Percent)						
Sector	1939-49	1949-59	1959-69	1969-79	1979-89	1989-98	Net 1939-98
Manufacturing	46.2	29.3	52.8	11.9	-0.038	-1.7	216.9
Mining	0.1	-40.6	-11.4	50	59.9	-31.7	-67.7
Construction	11.8	26.9	44.7	29.5	8.9	26.3	593.8
Trade	59.7	21.6	33.4	53.1	30.9	22.6	539.9
Service	43.1	26.7	50.9	62.5	63.9	50.7	997.2
Government	56.4	39.3	47.8	46.5	9.7	11.4	476.9

Source: Bureau of Labor Statistics, 1998.

FIGURE 4.5—Nonagricultural Jobs, Tennessee and U.S., 1960



plagued the nation also adversely influenced Tennessee's manufacturing sector. Manufacturing output grew at a meager annual growth rate of 0.34 percent in the 1970s, and it mimicked fluctuations in employment.

During this decade, the combined wholesale and retail sectors constituted the second largest employment sector in Tennessee. In 1971, there were 269,000 Tennesseans employed in retail and wholesale trade, increasing to 511,600 workers in 1991.

The decade of the 1980s began with a recession which helped to structurally change

TABLE 4.2—Tennessee Manufacturing Employment

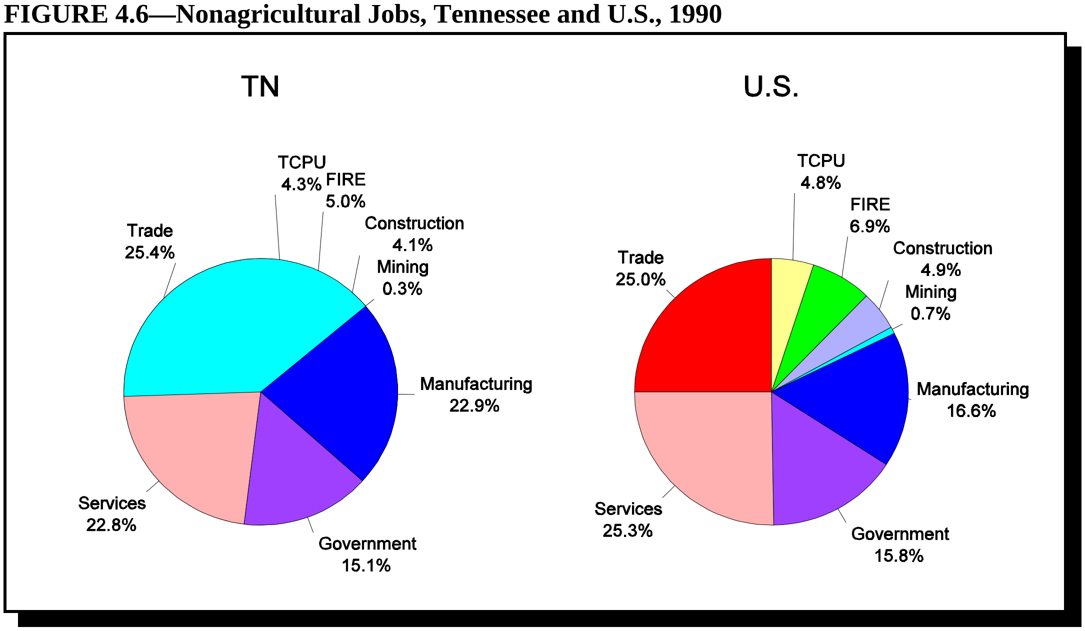
	Durable Goods		Nondurable Goods		Total
Year	Jobs (thous.)	Percent	Jobs (thous.)	Percent	Jobs (thous.)
1970	191.7	41.27	272.9	58.73	464.6
1971	189.0	41.04	271.5	58.96	460.5
1972	212.4	43.41	276.8	57.59	489.2
1973	231.4	44.55	288.0	55.45	519.4
1974	229.1	44.63	284.2	55.37	513.3
1975	194.6	42.40	264.4	57.60	459.0
1976	208.3	42.85	277.8	57.15	486.1
1977	223.0	43.94	284.5	56.06	507.5
1978	238.2	45.28	287.8	54.72	526.0
1979	240.8	45.89	283.9	54.11	524.7

Source: Bureau of Labor Statistics, 1999.

Tennessee's manufacturing sector. Traditionally, most of Tennessee's manufacturing jobs had been in the nondurable goods sectors such as the textiles, chemicals, apparel, leather and food industries. Many of these industries experienced large employment losses due in part to increased competition and technological change. Suddenly, Tennessee found itself producing more durable goods and accommodating large industries such as fabricated metals, electrical and transportation equipment, and so on. Due to these growing industries, net manufacturing employment actually expanded. The biggest winner of this decade was the transportation equipment industry. With the presence of Nissan's largest truck assembly plant in the world and the General Motors' Saturn Corporation automotive assembly plant, Tennessee moved to the forefront of the nation's transportation equipment sector.

By the mid 1980s, the shift from the industrial sector to the service sector was apparent. In 1985, the service sector employed 360,200 Tennesseans. This represented a 57 percent increase in service employment as compared to a decade ago. From that point, the importance of services has continued to increase. Figure 4.6 shows the job distribution for Tennessee and the United States in 1990. The service sector was the nation's biggest employer (27.8 percent) accounting for 24.9 percent of Tennessee's jobs. The advent of information technologies resulted in increased productivity for many industrial sectors. By 1991, only 502,700 Tennesseans worked in the manufacturing sector (about 21.7 percent of the workforce as compared to 35.0 percent during the 1960s). By 1991, there were almost 7,000 manufacturing plants in Tennessee, and the value added per year exceeded $30 billion. As Figure 4.6 indicates, the state's economy is more industrial than the nation as a whole. This trend of industrialization and development continues to attract outside manufacturing investment to Tennessee, not only by U.S. firms, but more and more by international ones as well.

FIGURE 4.6—Nonagricultural Jobs, Tennessee and U.S., 1990



EDUCATION

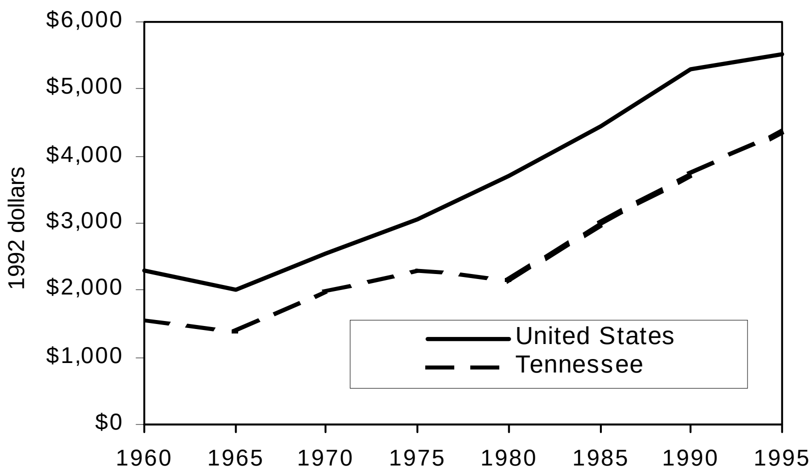
After a century of reform, the state plays a vital role in the funding and development of the educational system. This has not always been the case. In the early 1900s, public education received little support from government, and public interest lacked organization and direction. The state had no direct control over education, instead, each county was responsible for its own school system. To many, adequate education consisted of a basic reading ability and some arithmetic, and any education beyond the eighth-grade level was deemed unnecessary. This was a reflection of the state's economy, and the agriculture sector's reliance on manual labor.

The education system in Tennessee in 1903 was quite different than it is today. Early numbers indicate the scholastic population, as defined by law, was 771,965; however, only 484,663 or 62.3 percent of the students were officially enrolled in school, and only 341,538 of those attended regularly. As a result, illiteracy was a major problem in the state, especially in rural areas. Only after school attendance increased did the literacy rate begin to improve. A sparse population and a poor system of roads presented the need for each small community to have its own school house. As a result, over 7,000 school houses were scattered around the state compared to only 1,500 today. Only after the state provided a better system of paved roads were these one-room schoolhouses able to consolidate to resemble the schools we know today. In the early 1900s, teacher pay and quality were well below today's standards. At the time, the state maintained only a few colleges offering training for teachers and paid an annual teacher salary of only $6,075.

Through the efforts of Governors Austin Peay and Jim McCord, improvements were made which would prove to be beneficial well into the future. Believing that better schools would spur economic development, Governor Peay became determined to improve education. At the time of Peay's inauguration in 1923, there were only 250 miles of paved roads in the state. Peay's first step towards improving the educational system, was to undertake a massive road building project, financed through the revenue generated by Tennessee's first gasoline tax. A tax of two cents per gallon was adequate to build an expansive road system bringing modern society and education to the more rural areas of the state. Peay continued to support education during his first term with the passage of the General Educational Law of 1925 which provided funds for an eight-month school term, put teachers on a state salary schedule, standardized the licensing of teachers, and funded several four-year teacher colleges. The law significantly improved the quality of the education system within the state. The extension of the school year allowed for more material to be taught, while the improved licensing techniques and the creation of educational programs for teachers improved the overall quality of teachers in Tennessee classrooms.

By the 1940s, residents of Tennessee had begun to realize the importance of education and were willing to pay for it through higher taxes. In 1947, Governor McCord enacted the first general sales tax in the amount of two percent, with most of the revenue going to public schools. As a result of the new tax, the state was able to increase educational spending. By 1950, Tennessee was spending $109.6 million on K-12 education, or $886 per student (Figure 4.7). Not only had

FIGURE 4.7–Expenditures Per Pupil, 1960-1995

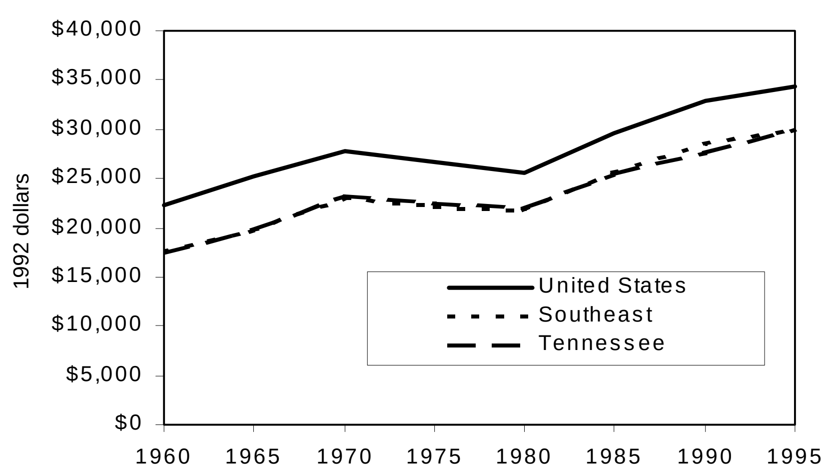


Source: United States Statistical Abstract.

expenditures per pupil increased, but teacher salaries had also increased significantly. In 1952, the average annual teacher salary in the state of Tennessee was $12,236 which remained well below the national average of $17,147 (Figure 4.8). As a result, many of Tennessee's teachers began to accept teaching positions in states paying higher salaries or sought jobs outside of the educational field. In order to retain quality teachers, Governor Clement raised the sales tax to three percent which allowed for further increases in teacher salaries. As spending on education increased, so did the state's desire to increase the quality of the education system. State government began to enforce stricter requirements for teacher certification in order to ensure more qualified teachers in the classroom.

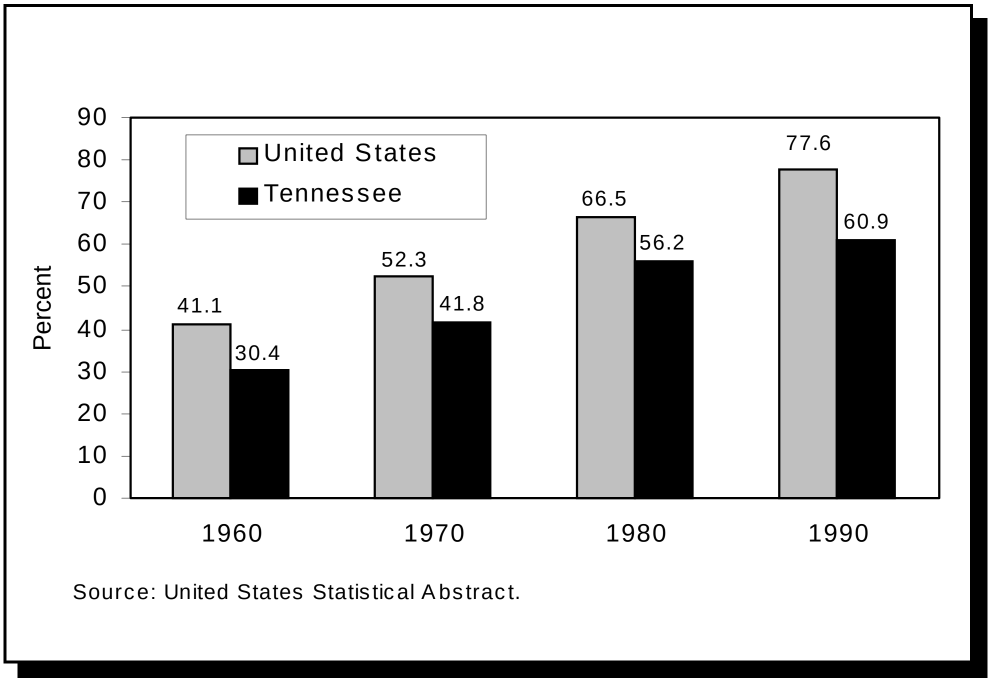
Although progress had been made during the 1950s and 60s, in 1970 the state of Tennessee was spending less on pupils and teachers than did most Southeastern states, earning the state a rank of 44th nationally. By the late 1970s, there was an intense need to improve the quality of the educational program offered to Tennessee students. Reportedly, one-fourth of those who had

FIGURE 4.8–Average Annual Salaries of Teachers in Public Schools, 1960-1995



Source: United States Statistical Abstract.

FIGURE 4.9–Percentage of Adults, 25 Years and Older, with a High School Education



In 1950, only 14.3 percent of adult Tennesseans had a high school education, and only 16 percent had a bachelor's degree or higher. By 1997, high school educational attainment was up to 67.1 percent, but only 16 percent of the total adult population had attained a bachelor's degree or higher. Unfortunately, the state currently ranks poorly in terms of its education funding and its graduated high school were not proficient in the basic skills of math and English, and many eighth graders around the state were unable to pass proficiency exams. This poor performance spurred parents, teachers and the general public to unite to improve the educational system.

State expenditures for public education have increased during the nineties, largely through the Basic Education Program. However, most other states in the nation have spent at least as much or more on education than Tennessee during the same time period. In 1997, Tennessee was spending roughly $4.5 billion on public K-12 education, or $4,578 per pupil on average. Teacher salaries have also increased considerably over the decade. By 1997, the average teacher salary in Tennessee had increased to $31,865, yet still lagged the nation. Tennessee continually lags behind the nation in High School Graduation rates (see Figure 4.9).

stock of educated workers. Tennessee ranked 48th in the nation in elementary and secondary spending per pupil in 1997/98 and ranked 48th in share of the adult workforce with a bachelor's degree and with a high school diploma.

CONCLUSION

During the twentieth century, Tennessee's economy changed dramatically. In the early part of the century, enormous intellectual, scientific, and technological innovations clashed with Tennessee's traditional economy and way of life. During this time, Tennessee's economy was dominated by the agricultural sector. After the Second World War, there was a rapid shift from an agrarian to an industrial economy. Improved education made it easier for rural youth to find jobs in towns, and the changeover from an

Selected Tennesseans of the Century

Cordell Hull, (1871-1955) -- U.S. Representative, U.S. Senator, Secretary of State, Nobel Peace Prize Winner

In 1907 Hull was elected to United States Congress from the Fourth Tennessee District. He served as a U.S. Representative until 1931; Hull was elected U.S. Senator for the 1931-1937 term. In 1933 he was appointed by President Franklin Roosevelt as Secretary of State. In 1945, following nomination by Roosevelt (who praised Hull as "the one person in all the world who has done the most to make this great plan (ratification of the United Nations) for peace an effective fact"), the Norwegian Nobel Committee presented the Nobel Prize for Peace to Cordell Hull in recognition of his work in the world and his efforts in establishing the United Nations.

Austin Peay -- Governor of Tennessee

Urged honest government and justice for all citizens. His administration strengthened education in State of Tennessee -- in 1901 the legislature allowed 25 percent of state revenue to education. However, Austin Peay did not stop there -- in 1913 that share was increased to one-third of state revenue and compulsory school attendance law was passed. Through legislation, Governor Peay created Tennessee's Department of Highways and Public Works.

Frank G. Clement *--Served three terms as Governor of Tennessee: 1953-55; 1955-59; 1963-67*

Former F.B.I. agent and Chief Counsel for the State Public Utilities Commission. Governor Clement received a second lieutenant's commission in World War II and served the army again as an instructor at Fort Gordon, GA. During his administration the State Library and Archives building was opened. In addition, during his administration the legislation provided for free textbooks in public schools. He was very supportive of health care for the poor, as well as youth and alcoholism programs and highway development. Governor Clement was among the first ones in the Nation to abide the 1954 Supreme Court decision and to end segregation in Tennessee schools.

Sergeant Alvin C. York

Sergeant York was World War I is most decorated soldier. On October 8, 1918 in the Argonne Forest in France, York captured an entire German machine-gun battalion. York's heroics earned him the U.S. Congressional medal of Honor, French Croix de Guerre, as well as so other decorations. He was the most acclaimed American soldier of World War I. Sam K. Cowan, York's biographer, wrote: "The people saw in this simple, earnest mountaineer the type of American that had made America." After World War I, York returned to Tennessee and turned his national stature to the benefits of Fentress County, raised funds for public schools, an industrial institute, and a Bible school. In 1941, he became the subject of Hollywood's version of his life, "Sergeant York," starring Gary Cooper. Some of the proceeds from the film funded the Alvin York Agricultural Institute in Jamestown, TN.

Earl W. Sutherland Jr.--Nobel Prize Winner

Dr. Sutherland was an biochemist and a former professor at Vanderbilt University, Nashville, TN. He discovered a chain of chemical reactions beginning outside the cell and continuing within it to convert glycogen to glucose. In 1971 he won the Nobel Prize for his discovery of cyclic adenosine monophosphate and its role in energy-creating processes in organisms. Sutherland's discoveries laid the foundation for future research in signal transduction (information relayed to the nucleus of the cell via chemical signals, such as hormones).

Stanley Cohen -- Nobel Prize Winner

Doctor Cohen is American Cancer Society Research Professor, Distinguished Professor at Vanderbilt University, Nashville, TN. He is a member of the National Academy of Sciences. In 1986 Cohen won Nobel Prize for his pioneering medical research.Cohen investigated the biochemical nature of the interaction of epidermal growth factor (EPF) with responsive cells; the structure and function of cytoplasmic and nuclear proteins whose phosphorylation is enhanced by EGF; the biochemical mechanisms by which the hormone and its receptor control the growth of cells, and the normal physiological function and clinical usefulness of this hormone.

James McGill Buchanan–Nobel Prize Winner

James McGill Buchanan, who received an M.A. in economics from the University of Tennessee in 1941, was awarded the Nobel Prize in economics in 1986 for his work in public choice theory, a field of study which he explored in more than thirteen books and numerous articles. Dr. Buchanan received his Ph.D. from the University of Chicago in 1948. Among his many honors are the Seidman Award of the American Economic Association and honorary degrees from thirteen universities in the United States, Argentina, and Europe.

Source: *Tennessee Blue Book,* 1995-1996. Bergeron, Paul, Stephen V. Ash and Jeannette Keith. *Tennesseans and Their History*. University of Tennessee Press, 1999.

agricultural to an industrial economy began. State government services have grown enormously since this time and have helped stimulate Tennessee's economic prosperity through investments in infrastructure and education. Tennessee's tendency toward industrialization and urbanization has markedly changed its economic and social make up. Today, Tennessee enjoys a strong era of economic prosperity with record low unemployment and a per capita income of nearly 90 percent of the national average. In recent decades, industry has been surpassed by the rapidly growing service sector, as the declining numbers of manufacturing jobs since the 1970s has been offset by growth in service jobs. The same factors that brought industry to the state during the 1950s, 1960s, and 1970s have also appealed to major service enterprises.

The next century will likely bring about as much change—or perhaps more—than the previous century. Only time will tell if we can help shape the state's economic fortunes to the benefit of all.

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ENDNOTES

1. U.S. Census, Population, 1920.
2. U.S. Census, Occupations, 1920.
3. U.S. Census, Manufactures, 1940.

Appendix A: Forecast Data

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS
SEASONALLY ADJUSTED

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
US GDP (BIL96$) SAAR............	8778.6	8882.6	8968.8	8991.1	9082.5	9151.2	9220.0	9301.6	9375.8	9475.7	9560.9	8842.0	9111.2	9428.5
% CHG PREV QTR SAAR...........	1.88	4.82	3.94	1.00	4.13	3.06	3.04	3.59	3.23	4.33	3.64	3.82	3.05	3.48
% CHG SAME QTR LAST YR........	3.80	4.06	3.57	2.90	3.46	3.02	2.80	3.45	3.23	3.55	3.70	3.82	3.05	3.48
US GDP (BIL$) SAAR..............	9146.2	9276.3	9368.9	9458.0	9561.1	9667.9	9769.7	9905.4	10021.9	10167.8	10300.6	9216.0	9614.2	10098.9
% CHG PREV QTR SAAR...........	3.28	5.81	4.05	3.86	4.43	4.54	4.28	5.67	4.79	5.95	5.33	5.21	4.32	5.04
% CHG SAME QTR LAST YR........	5.33	5.44	4.71	4.25	4.54	4.22	4.28	4.73	4.82	5.17	5.43	5.21	4.32	5.04
IMPLICIT DEFLATOR,GDP...........	104.2	104.4	104.5	105.2	105.3	105.7	106.0	106.5	106.9	107.3	107.7	104.2	105.5	107.1
% CHG PREV QTR SAAR...........	1.39	0.92	0.11	2.82	0.30	1.45	1.18	2.02	1.51	1.54	1.65	1.33	1.24	1.50
% CHG SAME QTR LAST YR........	1.47	1.32	1.09	1.31	1.04	1.17	1.44	1.24	1.54	1.56	1.68	1.33	1.24	1.50
US PERS CONS DEFL (1996=100)....	104.0	104.5	104.9	105.1	105.6	106.1	106.6	107.2	107.7	108.3	108.8	104.2	105.9	108.0
% CHG PREV QTR SAAR...........	2.22	1.90	1.73	0.69	1.84	1.83	2.05	2.08	2.07	2.06	2.05	1.55	1.57	2.02
% CHG SAME QTR LAST YR........	1.49	1.67	1.81	1.63	1.54	1.52	1.60	1.95	2.01	2.06	2.06	1.55	1.57	2.02
TN PERSONAL INCOME (MIL96$) SAAR	128263	129622	130727	131851	131909	134258	135404	136544	136734	138528	139964	129018	133355	137942
% CHG PREV QTR SAAR...........	2.54	4.31	3.45	3.48	0.18	7.32	3.46	3.41	0.56	5.35	4.21	3.26	3.36	3.44
% CHG SAME QTR LAST YR........	3.06	3.14	3.12	3.44	2.84	3.58	3.58	3.56	3.66	3.18	3.37	3.26	3.36	3.44
US PERSONAL INCOME (BIL96$) SAAR	7434.5	7488.9	7547.8	7608.7	7670.3	7731.0	7796.4	7867.5	7931.9	7995.2	8055.9	7461.9	7701.6	7962.6
% CHG PREV QTR SAAR...........	3.18	2.96	3.18	3.27	3.28	3.20	3.43	3.70	3.31	3.23	3.07	4.07	3.21	3.39
% CHG SAME QTR LAST YR........	4.42	3.82	3.31	3.15	3.17	3.23	3.29	3.40	3.41	3.42	3.33	4.07	3.21	3.39
TN PERSONAL INCOME (MIL$) SAAR..	133406	135455	137198	138615	139309	142435	144381	146348	147303	149998	152322	134476	141185	148993
% CHG PREV QTR SAAR...........	4.82	6.29	5.25	4.19	2.02	9.28	5.58	5.56	2.64	7.52	6.34	4.86	4.99	5.53
% CHG SAME QTR LAST YR........	4.59	4.86	4.99	5.13	4.42	5.15	5.24	5.58	5.74	5.31	5.50	4.86	4.99	5.53
US PERSONAL INCOME (BIL$) SAAR..	7732.6	7825.9	7921.4	7999.0	8100.6	8201.8	8313.3	8432.4	8545.0	8657.2	8767.2	7777.5	8153.7	8600.5
% CHG PREV QTR SAAR...........	5.48	4.91	4.97	3.98	5.18	5.09	5.55	5.85	5.45	5.35	5.18	5.69	4.84	5.48
% CHG SAME QTR LAST YR........	5.98	5.56	5.19	4.83	4.76	4.80	4.95	5.42	5.49	5.55	5.46	5.69	4.84	5.48
TN NONAGRIC JOBS (THOUS)........	2665.1	2678.6	2688.6	2687.3	2703.0	2717.6	2730.0	2733.8	2751.4	2773.5	2787.2	2671.0	2709.5	2761.5
% CHG PREV QTR SAAR...........	2.00	2.05	1.49	-0.19	2.35	2.19	1.83	0.56	2.60	3.25	2.00	1.23	1.44	1.92
% CHG SAME QTR LAST YR........	1.19	1.11	1.33	1.34	1.42	1.46	1.54	1.73	1.79	2.05	2.10	1.23	1.44	1.92
US NONAGRIC JOBS (MIL)..........	128.3	128.9	129.3	129.6	129.9	130.2	130.6	131.0	131.4	131.9	132.3	128.5	130.1	131.7
% CHG PREV QTR SAAR...........	1.93	1.98	1.37	0.87	0.77	1.05	1.17	1.29	1.41	1.41	1.19	2.16	1.19	1.24
% CHG SAME QTR LAST YR........	2.22	2.20	1.94	1.54	1.25	1.02	0.97	1.07	1.23	1.32	1.32	2.16	1.19	1.24
TN UNEMPLOYMENT RATE (%)........	3.7	3.5	3.5	3.6	3.7	3.7	3.7	3.8	3.9	3.9	3.9	3.8	3.6	3.9
US UNEMPLOYMENT RATE (%)........	4.3	4.2	4.2	4.3	4.5	4.4	4.4	4.3	4.3	4.3	4.3	4.2	4.4	4.3
BANK PRIME INTEREST RATE (%)....	7.8	8.1	8.3	8.2	8.1	8.0	8.1	8.2	8.2	8.2	8.2	8.0	8.1	8.2
TN MFG JOBS (THOUS).............	506.0	507.8	506.8	505.1	508.5	504.1	503.2	504.0	508.6	503.9	502.5	507.1	505.2	504.8
% CHG PREV QTR SAAR...........	-1.51	1.43	-0.78	-1.28	2.66	-3.41	-0.70	0.68	3.70	-3.71	-1.10	-1.52	-0.37	-0.09
% CHG SAME QTR LAST YR........	-2.17	-1.19	-0.69	-0.54	0.49	-0.73	-0.71	-0.22	0.04	-0.04	-0.14	-1.52	-0.37	-0.09

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)
SEASONALLY ADJUSTED

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TN TAXABLE SALES (MIL96$).......	17188	17180	17394	17699	17690	17867	18102	18204	18108	18554	18878	69241	71358	73743
% CHG PREV QTR SAAR...........	-6.47	-0.18	5.08	7.20	-0.21	4.08	5.35	2.28	-2.10	10.22	7.17	7.30	3.06	3.34
% CHG SAME QTR LAST YR........	4.90	6.49	3.07	1.27	2.92	4.00	4.07	2.85	2.36	3.84	4.29	7.30	3.06	3.34
TN TAXABLE SALES (MIL$).........	17877	17953	18255	18607	18682	18955	19302	19511	19508	20090	20545	72165	75546	79653
% CHG PREV QTR SAAR...........	-4.39	1.71	6.90	7.93	1.62	5.98	7.51	4.40	-0.07	12.49	9.36	8.95	4.69	5.44
% CHG SAME QTR LAST YR........	6.47	8.27	4.94	2.92	4.50	5.58	5.73	4.86	4.42	5.99	6.44	8.95	4.69	5.44
TN AVG ANNUAL WAGE,NONAG (96$)..	28698	28598	28856	29143	28688	28926	28976	29220	29226	29344	29455	28690	28933	29311
% CHG PREV QTR SAAR...........	1.28	-1.39	3.66	4.04	-6.10	3.36	0.70	3.41	0.09	1.62	1.51	1.90	0.85	1.31
% CHG SAME QTR LAST YR........	2.12	1.15	1.41	1.87	-0.04	1.15	0.42	0.26	1.88	1.45	1.65	1.90	0.85	1.31
TN AVG ANNUAL WAGE,NONAG ($)....	29849	29885	30284	30638	30297	30687	30898	31318	31486	31774	32056	29903	30630	31658
% CHG PREV QTR SAAR...........	3.53	0.48	5.45	4.76	-4.38	5.25	2.77	5.56	2.16	3.72	3.59	3.48	2.43	3.36
% CHG SAME QTR LAST YR........	3.65	2.84	3.25	3.54	1.50	2.68	2.02	2.22	3.92	3.54	3.75	3.48	2.43	3.36

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE

TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

SEASONALLY ADJUSTED

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
US GDP (96$) SAAR...............	32281	32594	32842	32855	33119	33300	33481	33708	33906	34198	34435	32479	33189	34062
% CHG PREV QTR SAAR...........	1.01	3.93	3.07	0.16	3.25	2.21	2.19	2.74	2.38	3.49	2.80	2.94	2.18	2.63
% CHG SAME QTR LAST YR........	2.91	3.17	2.70	2.03	2.59	2.17	1.95	2.59	2.38	2.70	2.85	2.94	2.18	2.63
US GDP ($) SAAR.................	33633	34039	34307	34561	34864	35180	35477	35896	36243	36696	37099	33853	35021	36484
% CHG PREV QTR SAAR...........	2.40	4.91	3.19	3.00	3.55	3.68	3.42	4.80	3.93	5.10	4.47	4.31	3.45	4.18
% CHG SAME QTR LAST YR........	4.43	4.54	3.82	3.37	3.66	3.35	3.41	3.86	3.95	4.31	4.57	4.31	3.45	4.18
TN PERSONAL INCOME (96$) SAAR...	23394	23574	23709	23849	23785	24137	24274	24405	24369	24621	24811	23499	24011	24551
% CHG PREV QTR SAAR...........	1.31	3.11	2.31	2.38	-1.07	6.06	2.30	2.17	-0.59	4.20	3.12	2.13	2.18	2.25
% CHG SAME QTR LAST YR........	1.94	2.00	1.97	2.28	1.67	2.39	2.39	2.33	2.45	2.00	2.21	2.13	2.18	2.25
TN PERSONAL INCOME ($) SAAR.....	24332	24635	24883	25072	25119	25607	25884	26157	26253	26660	27002	24492	25421	26518
% CHG PREV QTR SAAR...........	3.56	5.07	4.08	3.09	0.75	8.00	4.39	4.29	1.47	6.35	5.23	3.72	3.79	4.32
% CHG SAME QTR LAST YR........	3.46	3.71	3.82	3.95	3.23	3.95	4.02	4.33	4.51	4.11	4.32	3.72	3.79	4.32
US PERSONAL INCOME (96$) SAAR...	27339	27480	27638	27803	27969	28132	28311	28511	28685	28855	29014	27410	28054	28766
% CHG PREV QTR SAAR...........	2.31	2.09	2.32	2.41	2.41	2.35	2.57	2.84	2.46	2.40	2.23	3.19	2.35	2.54
% CHG SAME QTR LAST YR........	3.53	2.94	2.44	2.28	2.31	2.37	2.44	2.54	2.56	2.57	2.48	3.19	2.35	2.54
US PERSONAL INCOME ($) SAAR.....	28435	28717	29006	29230	29538	29845	30189	30558	30902	31244	31576	28569	29701	31070
% CHG PREV QTR SAAR...........	4.58	4.02	4.10	3.11	4.29	4.22	4.68	4.98	4.58	4.50	4.32	4.79	3.96	4.61
% CHG SAME QTR LAST YR........	5.08	4.66	4.30	3.95	3.88	3.93	4.08	4.54	4.62	4.69	4.60	4.79	3.96	4.61
TN TAXABLE SALES (96$)..........	3135	3125	3155	3201	3190	3212	3245	3254	3227	3298	3346	12612	12848	13125
% CHG PREV QTR SAAR...........	-7.58	-1.33	3.91	6.06	-1.45	2.85	4.17	1.05	-3.21	9.02	6.05	6.14	1.88	2.15
% CHG SAME QTR LAST YR........	3.76	5.31	1.92	0.12	1.74	2.81	2.87	1.63	1.18	2.66	3.12	6.14	1.88	2.15
TN TAXABLE SALES ($)............	3261	3265	3311	3366	3369	3408	3460	3487	3477	3571	3642	13144	13602	14176
% CHG PREV QTR SAAR...........	-5.53	0.54	5.71	6.79	0.36	4.74	6.31	3.15	-1.21	11.26	8.22	7.78	3.49	4.22
% CHG SAME QTR LAST YR........	5.31	7.07	3.77	1.76	3.31	4.37	4.52	3.61	3.21	4.78	5.25	7.78	3.49	4.22

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS
SEASONALLY ADJUSTED ANNUAL RATES
MILLIONS OF 1996 DOLLARS

	HISTORY	FORECAST - DATA											ANNUAL	
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL PERSONAL INCOME............	128263	129622	130727	131851	131909	134258	135404	136544	136734	138528	139964	129018	133355	137942
% CHG PREV QTR SAAR..........	2.54	4.31	3.45	3.48	0.18	7.32	3.46	3.41	0.56	5.35	4.21	3.26	3.36	3.44
% CHG SAME QTR LAST YR.......	3.06	3.14	3.12	3.44	2.84	3.58	3.58	3.56	3.66	3.18	3.37	3.26	3.36	3.44
WAGES AND SALARIES.............	77263	77354	78341	79102	78338	79415	79921	80704	81245	82227	82948	77400	79194	81781
% CHG PREV QTR SAAR..........	3.28	0.47	5.20	3.95	-3.81	5.61	2.57	3.98	2.71	4.92	3.55	3.19	2.32	3.27
% CHG SAME QTR LAST YR.......	3.40	2.27	2.73	3.21	1.39	2.66	2.02	2.02	3.71	3.54	3.79	3.19	2.32	3.27
OTHER LABOR INCOME.............	7673	8114	8136	7966	7929	8428	8520	8353	8071	8430	8684	7890	8211	8385
% CHG PREV QTR SAAR..........	1.95	25.05	1.06	-8.09	-1.84	27.67	4.45	-7.62	-12.82	18.96	12.65	3.15	4.07	2.12
% CHG SAME QTR LAST YR.......	0.21	5.55	6.22	4.32	3.33	3.87	4.73	4.86	1.80	0.02	1.92	3.15	4.07	2.12
PROPRIETORS INCOME.............	11267	11323	11540	11528	11810	12037	12308	12210	12469	12659	12842	11330	11921	12545
% CHG PREV QTR SAAR..........	2.79	1.99	7.89	-0.41	10.14	7.92	9.33	-3.17	8.77	6.23	5.90	6.03	5.21	5.24
% CHG SAME QTR LAST YR.......	6.78	6.16	4.05	3.02	4.81	6.31	6.66	5.91	5.58	5.17	4.33	6.03	5.21	5.24
RENT INTEREST DIVIDENDS........	16851	17502	16735	17431	17632	17998	18024	18265	18263	18378	18502	16955	17771	18352
% CHG PREV QTR SAAR..........	2.85	16.36	-16.40	17.70	4.69	8.57	0.57	5.46	-0.05	2.54	2.74	2.17	4.81	3.27
% CHG SAME QTR LAST YR.......	1.82	5.00	0.06	4.17	4.63	2.84	7.70	4.78	3.58	2.11	2.65	2.17	4.81	3.27
TRANSFER PAYMENTS..............	22560	22685	22881	22779	23112	23387	23685	24102	23827	24055	24264	22668	23241	24062
% CHG PREV QTR SAAR..........	0.26	2.23	3.49	-1.77	5.98	4.84	5.20	7.23	-4.49	3.88	3.53	2.18	2.53	3.53
% CHG SAME QTR LAST YR.......	1.85	2.00	2.67	1.04	2.45	3.09	3.52	5.81	3.09	2.86	2.44	2.18	2.53	3.53
LESS:PERS CONT FOR SOC INS.....	6246	6246	5779	5824	5786	5865	5908	5941	5989	6056	6105	6119	5846	6023
% CHG PREV QTR SAAR..........	2.54	0.05	-26.73	3.16	-2.59	5.60	2.97	2.19	3.28	4.59	3.23	0.97	-4.47	3.02
% CHG SAME QTR LAST YR.......	3.23	2.42	-5.59	-6.16	-7.36	-6.10	2.24	2.00	3.50	3.26	3.32	0.97	-4.47	3.02
RESIDENCE ADJUSTMENT...........	-1107	-1110	-1126	-1132	-1126	-1141	-1147	-1149	-1152	-1163	-1172	-1105	-1136	-1159
% CHG PREV QTR SAAR..........	10.69	1.07	6.15	1.90	-2.04	5.56	1.95	0.99	1.01	3.93	2.90	-0.40	2.80	2.03
% CHG SAME QTR LAST YR.......	-0.95	-1.09	0.25	4.88	1.73	2.84	1.81	1.58	2.36	1.96	2.20	-0.40	2.80	2.03
PER CAPITA PERSONAL INCOME ($)...	23394	23574	23709	23849	23785	24137	24274	24405	24369	24621	24811	23499	24011	24551
% CHG PREV QTR SAAR..........	1.31	3.11	2.31	2.38	-1.07	6.06	2.30	2.17	-0.59	4.20	3.12	2.13	2.18	2.25
% CHG SAME QTR LAST YR.......	1.94	2.00	1.97	2.28	1.67	2.39	2.39	2.33	2.45	2.00	2.21	2.13	2.18	2.25

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS
SEASONALLY ADJUSTED ANNUAL RATES
MILLIONS OF CURRENT DOLLARS

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL PERSONAL INCOME............	133406	135455	137198	138615	139309	142435	144381	146348	147303	149998	152322	134476	141185	148993
% CHG PREV QTR SAAR..........	4.82	6.29	5.25	4.19	2.02	9.28	5.58	5.56	2.64	7.52	6.34	4.86	4.99	5.53
% CHG SAME QTR LAST YR.......	4.59	4.86	4.99	5.13	4.42	5.15	5.24	5.58	5.74	5.31	5.50	4.86	4.99	5.53
WAGES AND SALARIES.............	80361	80835	82219	83160	82732	84251	85219	86498	87525	89035	90272	80673	83841	88333
% CHG PREV QTR SAAR..........	5.58	2.38	7.03	4.66	-2.04	7.55	4.68	6.14	4.83	7.08	5.67	4.79	3.93	5.36
% CHG SAME QTR LAST YR.......	4.95	3.98	4.60	4.90	2.95	4.23	3.65	4.01	5.79	5.68	5.93	4.79	3.93	5.36
OTHER LABOR INCOME.............	7981	8479	8538	8375	8374	8941	9085	8953	8695	9127	9451	8224	8694	9057
% CHG PREV QTR SAAR..........	4.22	27.42	2.81	-7.46	-0.04	30.00	6.60	-5.70	-11.02	21.41	14.95	4.76	5.71	4.17
% CHG SAME QTR LAST YR.......	1.71	7.32	8.15	6.02	4.92	5.45	6.41	6.91	3.84	2.08	4.02	4.76	5.71	4.17
PROPRIETORS INCOME.............	11719	11832	12111	12119	12472	12770	13124	13086	13433	13707	13975	11809	12621	13550
% CHG PREV QTR SAAR..........	5.07	3.92	9.76	0.27	12.17	9.90	11.57	-1.15	11.02	8.41	8.07	7.68	6.88	7.36
% CHG SAME QTR LAST YR.......	8.38	7.94	5.94	4.70	6.43	7.92	8.37	7.98	7.70	7.34	6.49	7.68	6.88	7.36
RENT INTEREST DIVIDENDS........	17527	18289	17563	18325	18621	19094	19219	19577	19674	19899	20136	17672	18815	19822
% CHG PREV QTR SAAR..........	5.13	18.57	-14.95	18.51	6.62	10.56	2.63	7.65	2.02	4.65	4.84	3.76	6.47	5.35
% CHG SAME QTR LAST YR.......	3.34	6.76	1.87	5.87	6.24	4.40	9.43	6.83	5.66	4.22	4.77	3.76	6.47	5.35
TRANSFER PAYMENTS..............	23465	23706	24013	23948	24409	24811	25256	25833	25669	26047	26407	23626	24606	25989
% CHG PREV QTR SAAR..........	2.49	4.17	5.28	-1.09	7.93	6.76	7.36	9.46	-2.52	6.02	5.65	3.77	4.15	5.62
% CHG SAME QTR LAST YR.......	3.37	3.71	4.54	2.69	4.02	4.66	5.17	7.87	5.16	4.98	4.56	3.77	4.15	5.62
LESS:PERS CONT FOR SOC INS.....	6496	6527	6065	6123	6111	6223	6300	6367	6452	6558	6644	6377	6189	6505
% CHG PREV QTR SAAR..........	4.82	1.95	-25.46	3.87	-0.79	7.53	5.08	4.32	5.42	6.75	5.34	2.52	-2.95	5.11
% CHG SAME QTR LAST YR.......	4.77	4.14	-3.88	-4.63	-5.93	-4.67	3.88	3.99	5.58	5.39	5.45	2.52	-2.95	5.11
RESIDENCE ADJUSTMENT...........	-1151	-1160	-1182	-1190	-1189	-1211	-1223	-1232	-1241	-1260	-1275	-1152	-1203	-1252
% CHG PREV QTR SAAR..........	13.15	2.99	7.99	2.60	-0.23	7.50	4.04	3.09	3.10	6.06	5.01	1.15	4.41	4.09
% CHG SAME QTR LAST YR.......	0.52	0.56	2.07	6.60	3.29	4.41	3.44	3.56	4.42	4.07	4.31	1.15	4.41	4.09
PER CAPITA PERSONAL INCOME ($)...	24332	24635	24883	25072	25119	25607	25884	26157	26253	26660	27002	24492	25421	26518
% CHG PREV QTR SAAR..........	3.56	5.07	4.08	3.09	0.75	8.00	4.39	4.29	1.47	6.35	5.23	3.72	3.79	4.32
% CHG SAME QTR LAST YR.......	3.46	3.71	3.82	3.95	3.23	3.95	4.02	4.33	4.51	4.11	4.32	3.72	3.79	4.32

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 5: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR
THOUSANDS OF JOBS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONAGRICULTURAL...........	2670.6	2674.3	2712.1	2661.7	2708.6	2713.4	2754.0	2707.3	2757.1	2769.6	2811.8	2671.0	2709.4	2761.4
% CHG SAME QTR LAST YR....	1.13	1.06	1.33	1.32	1.42	1.46	1.55	1.71	1.79	2.07	2.10	1.30	1.44	1.92
MINING.........................	4.1	4.2	4.1	4.0	4.2	4.2	4.2	4.0	4.2	4.2	4.1	4.1	4.1	4.1
% CHG SAME QTR LAST YR....	-3.88	-3.10	-2.18	-0.93	1.81	0.35	0.26	0.17	0.07	-0.03	-0.13	-3.65	0.38	0.02
CONSTRUCTION..................	130.0	136.6	133.7	127.1	136.5	139.5	137.6	133.8	141.3	144.3	142.2	130.2	135.2	140.4
% CHG SAME QTR LAST YR....	6.12	6.14	5.03	5.62	4.99	2.15	2.90	5.23	3.50	3.41	3.32	5.97	3.85	3.84
MANUFACTURING.................	507.6	505.2	507.2	505.5	510.1	501.6	503.6	504.4	510.3	501.4	502.9	507.1	505.2	504.7
% CHG SAME QTR LAST YR....	-2.11	-1.23	-0.69	-0.53	0.49	-0.72	-0.71	-0.21	0.03	-0.04	-0.14	-1.49	-0.37	-0.09
DURABLE GOODS...............	291.6	290.9	292.4	293.3	296.6	292.7	294.5	295.5	299.8	295.5	297.6	291.5	294.3	297.1
% CHG SAME QTR LAST YR....	-0.44	0.33	0.50	0.71	1.70	0.62	0.70	0.75	1.09	0.94	1.07	0.09	0.93	0.96
NONDURABLE GOODS............	216.0	214.3	214.8	212.1	213.6	208.9	209.1	208.9	210.5	205.9	205.3	215.5	210.9	207.6
% CHG SAME QTR LAST YR....	-4.27	-3.28	-2.27	-2.20	-1.14	-2.55	-2.63	-1.54	-1.43	-1.41	-1.84	-3.56	-2.12	-1.56
TRADE..........................	634.6	640.7	655.8	632.6	647.0	652.3	674.1	646.0	666.5	675.3	693.9	636.9	651.5	670.4
% CHG SAME QTR LAST YR....	2.07	2.05	2.36	2.61	1.96	1.81	2.79	2.12	3.00	3.53	2.94	2.13	2.29	2.90
SERVICES.......................	719.4	722.5	724.5	711.9	727.2	738.2	738.4	726.3	741.3	756.6	754.8	717.6	728.9	744.7
% CHG SAME QTR LAST YR....	1.87	1.26	1.24	1.10	1.09	2.18	1.91	2.02	1.93	2.50	2.22	1.88	1.57	2.17
FIN,INS,REAL EST..............	127.3	128.0	128.8	128.6	129.9	131.2	131.3	131.2	133.1	134.1	134.2	127.6	130.3	133.2
% CHG SAME QTR LAST YR....	1.49	0.79	1.36	1.93	2.03	2.51	1.90	1.98	2.48	2.22	2.25	1.71	2.09	2.23
TRANS,COMM,PUB UTIL...........	161.4	162.7	165.4	162.4	166.2	166.3	167.5	170.6	168.9	173.1	175.7	162.1	165.6	172.1
% CHG SAME QTR LAST YR....	2.32	2.43	3.92	2.30	2.97	2.17	1.22	5.06	1.62	4.12	4.94	2.83	2.16	3.93
GOVERNMENT....................	386.0	374.4	392.4	389.5	387.3	380.1	397.5	391.0	391.5	380.5	404.0	385.4	388.6	391.8
% CHG SAME QTR LAST YR....	0.46	-0.04	0.20	0.17	0.33	1.52	1.28	0.39	1.08	0.11	1.65	0.46	0.82	0.81
FEDERAL,CIVILIAN............	50.4	49.6	49.3	50.2	50.7	50.0	49.6	50.5	51.1	50.3	49.9	49.9	50.1	50.5
% CHG SAME QTR LAST YR....	-1.44	-0.27	-1.47	-0.46	0.71	0.86	0.58	0.69	0.67	0.66	0.66	-0.73	0.42	0.67
STATE AND LOCAL.............	335.7	324.9	343.1	339.3	336.6	330.1	347.8	340.5	340.4	330.2	354.1	335.5	338.5	341.3
% CHG SAME QTR LAST YR....	0.75	0.00	0.45	0.27	0.28	1.62	1.38	0.34	1.14	0.03	1.79	0.65	0.88	0.83

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL DURABLE GOODS.............	291.6	290.9	292.4	293.3	296.6	292.7	294.5	295.5	299.8	295.5	297.6	291.5	294.3	297.1
% CHG SAME QTR LAST YR......	-0.44	0.33	0.50	0.71	1.70	0.62	0.70	0.75	1.09	0.94	1.07	0.09	0.93	0.96
LUMBER AND WOOD...............	23.4	23.5	23.4	22.9	23.5	23.6	23.5	23.0	23.6	23.7	23.4	23.4	23.4	23.4
% CHG SAME QTR LAST YR......	0.86	1.00	0.79	-1.24	0.48	0.25	0.44	0.44	0.44	0.44	-0.54	1.17	-0.01	0.19
FURNITURE AND FIXTURES........	27.4	27.6	28.1	27.8	28.1	27.5	27.9	27.7	28.1	27.5	27.9	27.5	27.8	27.8
% CHG SAME QTR LAST YR......	0.49	2.09	3.51	2.97	2.49	-0.34	-0.71	-0.66	-0.05	0.03	0.18	1.52	1.08	-0.13
STONE,CLAY AND GLASS..........	16.6	16.5	16.4	16.1	16.2	16.6	16.5	16.1	16.3	16.3	16.4	16.5	16.4	16.3
% CHG SAME QTR LAST YR......	1.22	0.00	-0.93	-1.78	-2.36	1.01	1.00	-0.56	0.43	-1.96	-0.79	0.48	-0.54	-0.73
PRIMARY METALS................	18.0	17.9	18.0	18.1	17.8	18.0	18.1	18.2	17.9	17.8	18.1	18.0	18.0	18.0
% CHG SAME QTR LAST YR......	4.86	-0.19	0.10	-0.19	-1.14	0.78	0.61	0.62	0.65	-1.19	-0.12	1.72	0.01	-0.01
FABRICATED METALS.............	42.6	42.7	45.0	44.7	45.6	44.4	45.5	45.0	46.7	45.7	46.7	43.5	45.1	46.0
% CHG SAME QTR LAST YR......	-4.63	-3.39	2.14	2.67	6.95	4.01	1.11	0.66	2.56	2.83	2.56	-2.17	3.64	2.16
NONELECTRICAL MACHINERY.......	47.1	46.3	46.4	48.0	48.8	46.6	47.5	48.8	49.4	47.4	47.6	46.7	47.7	48.3
% CHG SAME QTR LAST YR......	-1.60	1.68	-0.33	2.33	3.70	0.63	2.31	1.66	1.23	1.65	0.42	0.08	2.25	1.24
ELECTRICAL MACHINERY..........	40.3	40.5	40.1	39.8	40.3	40.7	40.3	40.2	40.6	40.5	40.7	40.2	40.3	40.5
% CHG SAME QTR LAST YR......	0.50	1.33	0.75	-0.30	0.08	0.48	0.50	0.96	0.66	-0.56	1.11	0.77	0.19	0.54
TRANSPORTATION EQUIPMENT......	54.8	54.5	53.5	53.8	54.6	54.0	53.4	54.2	55.2	54.8	54.2	54.3	54.0	54.6
% CHG SAME QTR LAST YR......	1.67	2.19	-1.04	-1.14	-0.21	-0.85	-0.17	0.80	0.99	1.54	1.62	0.78	-0.60	1.23
INSTRUMENTS...................	10.8	10.9	11.2	11.5	11.2	10.9	11.4	11.7	11.4	11.2	11.7	10.9	11.3	11.5
% CHG SAME QTR LAST YR......	-4.14	-2.69	2.11	5.50	3.77	0.58	2.48	2.09	1.99	2.14	2.11	-2.02	3.08	2.08
MISCELLANEOUS.................	10.7	10.5	10.4	10.5	10.4	10.2	10.3	10.6	10.6	10.6	10.7	10.6	10.4	10.6
% CHG SAME QTR LAST YR......	-4.18	-4.26	-2.83	-2.12	-2.51	-2.52	-0.93	1.14	1.45	3.14	4.36	-3.43	-2.03	2.51

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONDURABLE GOODS..........	216.0	214.3	214.8	212.1	213.6	208.9	209.1	208.9	210.5	205.9	205.3	215.5	210.9	207.6
% CHG SAME QTR LAST YR......	-4.27	-3.28	-2.27	-2.20	-1.14	-2.55	-2.63	-1.54	-1.43	-1.41	-1.84	-3.56	-2.12	-1.56
FOOD..........................	38.0	38.1	38.1	37.6	38.0	38.3	38.2	37.7	38.1	38.4	38.3	38.1	38.0	38.1
% CHG SAME QTR LAST YR......	1.79	0.35	-0.61	-1.05	0.03	0.62	0.14	0.28	0.28	0.25	0.26	1.44	-0.07	0.27
TOBACCO.......................	1.0	1.0	1.1	1.2	1.0	1.0	1.1	1.2	1.0	1.0	1.1	1.1	1.1	1.1
% CHG SAME QTR LAST YR......	-8.82	0.00	-3.01	-1.35	0.67	0.00	0.00	0.00	0.00	0.00	0.00	-5.86	-0.20	0.00
TEXTILES......................	17.0	16.7	16.2	16.2	15.7	15.4	15.0	14.7	14.6	14.4	14.1	16.8	15.6	14.5
% CHG SAME QTR LAST YR......	-5.39	-6.02	-5.50	-5.53	-7.62	-7.90	-7.47	-9.28	-6.76	-5.97	-5.84	-5.65	-7.12	-7.00
APPAREL.......................	28.8	27.6	28.2	27.5	27.5	24.2	24.7	25.9	25.4	22.1	21.8	28.4	26.0	23.8
% CHG SAME QTR LAST YR......	-18.43	-12.57	-6.24	-4.97	-4.39	-12.18	-12.17	-5.61	-7.72	-8.69	-11.72	-14.95	-8.36	-8.34
PAPER.........................	21.5	21.5	21.3	20.7	21.2	21.2	21.0	20.8	21.2	21.5	21.0	21.4	21.0	21.1
% CHG SAME QTR LAST YR......	-2.13	-3.01	-2.11	-3.13	-1.45	-1.62	-1.48	0.41	0.38	1.74	0.06	-2.27	-1.92	0.65
PRINTING AND PUBLISHING.......	38.7	38.5	38.6	38.4	38.4	38.6	38.7	38.4	38.5	38.6	38.8	38.7	38.5	38.6
% CHG SAME QTR LAST YR......	-1.69	-1.95	-2.11	-1.65	-0.72	0.17	0.29	0.23	0.16	0.12	0.11	-1.57	-0.48	0.15
CHEMICALS.....................	32.0	31.7	31.5	30.8	31.1	30.7	30.5	30.1	30.3	30.1	30.1	31.8	30.8	30.2
% CHG SAME QTR LAST YR......	-4.77	-3.84	-3.87	-3.79	-2.75	-3.16	-3.11	-2.23	-2.47	-1.93	-1.32	-4.62	-3.21	-1.99
PETROLEUM REFINING............	1.1	1.1	1.0	1.0	1.1	1.0	1.0	0.9	1.0	1.0	0.9	1.1	1.0	0.9
% CHG SAME QTR LAST YR......	3.12	3.12	3.24	-3.67	-4.06	-7.61	-6.71	-6.02	-5.45	-4.75	-4.10	2.40	-5.54	-5.08
RUBBER AND PLASTICS...........	35.0	35.0	35.8	35.9	36.6	35.6	36.3	36.4	37.6	36.1	36.8	35.2	36.1	36.7
% CHG SAME QTR LAST YR......	0.58	1.55	2.98	2.78	4.71	1.74	1.23	1.22	2.82	1.49	1.39	1.35	2.61	1.74
LEATHER.......................	3.1	3.1	2.9	2.9	3.1	2.8	2.6	2.7	2.7	2.5	2.3	3.1	2.9	2.6
% CHG SAME QTR LAST YR......	-7.00	-7.00	-12.78	-11.29	-1.56	-8.09	-8.50	-6.67	-11.14	-11.41	-11.39	-8.12	-7.38	-10.14

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 8: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR
THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONAGRICULTURAL...........	2665.1	2678.6	2688.6	2687.3	2703.0	2717.6	2730.0	2733.8	2751.4	2773.5	2787.2	2671.0	2709.5	2761.5
% CHG PREV QTR SAAR.......	2.00	2.05	1.49	-0.19	2.35	2.19	1.83	0.56	2.60	3.25	2.00	1.23	1.44	1.92
% CHG SAME QTR LAST YR....	1.19	1.11	1.33	1.34	1.42	1.46	1.54	1.73	1.79	2.05	2.10	1.23	1.44	1.92
MINING........................	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.1	4.1
% CHG PREV QTR SAAR.......	-10.05	6.18	0.45	0.40	0.32	0.21	0.11	0.04	-0.07	-0.19	-0.29	-3.48	0.36	0.02
% CHG SAME QTR LAST YR....	-4.50	-2.29	-2.18	-0.93	1.81	0.35	0.26	0.17	0.07	-0.03	-0.13	-3.48	0.36	0.02
CONSTRUCTION..................	128.2	132.2	132.5	134.8	134.6	135.0	136.4	141.9	139.3	139.6	140.9	130.1	135.2	140.4
% CHG PREV QTR SAAR.......	1.68	12.95	1.10	7.18	-0.71	1.19	4.09	17.23	-7.07	0.83	3.76	5.73	3.89	3.86
% CHG SAME QTR LAST YR....	5.34	6.18	5.03	5.62	4.99	2.15	2.90	5.23	3.50	3.41	3.32	5.73	3.89	3.86
MANUFACTURING.................	506.0	507.8	506.8	505.1	508.5	504.1	503.2	504.0	508.6	503.9	502.5	507.1	505.2	504.8
% CHG PREV QTR SAAR.......	-1.51	1.43	-0.78	-1.28	2.66	-3.41	-0.70	0.68	3.70	-3.71	-1.10	-1.52	-0.37	-0.09
% CHG SAME QTR LAST YR....	-2.17	-1.19	-0.69	-0.54	0.49	-0.73	-0.71	-0.22	0.04	-0.04	-0.14	-1.52	-0.37	-0.09
DURABLE GOODS...............	290.5	293.1	292.5	292.3	295.4	295.0	294.6	294.5	298.6	297.7	297.7	291.6	294.3	297.1
% CHG PREV QTR SAAR.......	0.32	3.68	-0.85	-0.29	4.35	-0.63	-0.54	-0.11	5.77	-1.19	-0.07	0.13	0.93	0.96
% CHG SAME QTR LAST YR....	-0.34	0.34	0.49	0.70	1.70	0.62	0.70	0.75	1.09	0.94	1.06	0.13	0.93	0.96
NONDURABLE GOODS............	215.5	214.6	214.3	212.8	213.0	209.1	208.6	209.6	210.0	206.1	204.8	215.5	210.9	207.6
% CHG PREV QTR SAAR.......	-3.92	-1.55	-0.69	-2.61	0.36	-7.16	-0.92	1.81	0.85	-7.21	-2.57	-3.67	-2.13	-1.56
% CHG SAME QTR LAST YR....	-4.54	-3.21	-2.27	-2.20	-1.13	-2.57	-2.63	-1.54	-1.42	-1.43	-1.84	-3.67	-2.13	-1.56
TRADE.........................	636.1	639.9	643.9	644.2	648.5	651.5	661.9	657.8	668.0	674.5	681.3	636.9	651.5	670.4
% CHG PREV QTR SAAR.......	5.38	2.42	2.49	0.21	2.72	1.85	6.50	-2.41	6.34	3.95	4.10	2.13	2.29	2.90
% CHG SAME QTR LAST YR....	2.23	2.17	2.36	2.61	1.96	1.81	2.79	2.12	3.00	3.53	2.94	2.13	2.29	2.90
SERVICES......................	716.7	717.0	722.9	722.0	724.6	732.6	736.7	736.6	738.6	750.9	753.0	717.7	729.0	744.8
% CHG PREV QTR SAAR.......	1.47	0.13	3.34	-0.49	1.42	4.50	2.27	-0.06	1.07	6.84	1.16	1.76	1.57	2.17
% CHG SAME QTR LAST YR....	2.09	1.31	1.24	1.10	1.09	2.18	1.91	2.02	1.93	2.50	2.22	1.76	1.57	2.17
FIN,INS,REAL EST..............	127.0	127.5	128.9	129.5	129.6	130.7	131.3	132.1	132.8	133.6	134.3	127.6	130.3	133.2
% CHG PREV QTR SAAR.......	0.00	1.37	4.57	1.85	0.38	3.28	2.11	2.19	2.33	2.23	2.25	1.73	2.09	2.23
% CHG SAME QTR LAST YR....	1.57	0.92	1.36	1.93	2.03	2.51	1.90	1.98	2.48	2.22	2.25	1.73	2.09	2.23
TRANS,COMM,PUB UTIL...........	161.4	162.5	164.5	163.5	166.2	166.0	166.6	171.8	168.9	172.8	174.8	162.1	165.6	172.1
% CHG PREV QTR SAAR.......	4.01	2.66	5.23	-2.53	6.78	-0.49	1.36	13.11	-6.53	9.68	4.58	2.62	2.16	3.93
% CHG SAME QTR LAST YR....	1.98	2.44	3.92	2.30	2.97	2.17	1.22	5.06	1.62	4.12	4.94	2.62	2.16	3.93
GOVERNMENT....................	385.6	387.8	385.0	384.0	386.9	393.7	389.9	385.5	391.0	394.1	396.3	385.4	388.6	391.7
% CHG PREV QTR SAAR.......	2.33	2.30	-2.88	-0.97	2.99	7.23	-3.82	-4.39	5.85	3.16	2.22	0.38	0.83	0.80
% CHG SAME QTR LAST YR....	0.72	-0.02	0.20	0.17	0.33	1.52	1.28	0.39	1.08	0.11	1.64	0.38	0.83	0.80
FEDERAL,CIVILIAN............	49.8	49.8	50.0	50.0	50.1	50.2	50.3	50.4	50.5	50.6	50.6	50.0	50.2	50.5
% CHG PREV QTR SAAR.......	-3.89	0.11	1.77	0.24	0.72	0.73	0.64	0.67	0.66	0.65	0.65	-0.82	0.42	0.67
% CHG SAME QTR LAST YR....	-1.41	-0.33	-1.47	-0.46	0.71	0.86	0.58	0.69	0.67	0.66	0.66	-0.82	0.42	0.67
STATE AND LOCAL.............	335.8	338.0	334.9	334.0	336.7	343.4	339.6	335.1	340.6	343.5	345.6	335.4	338.4	341.2
% CHG PREV QTR SAAR.......	3.29	2.63	-3.55	-1.15	3.34	8.23	-4.45	-5.12	6.65	3.54	2.45	0.57	0.89	0.82
% CHG SAME QTR LAST YR....	1.04	0.03	0.45	0.27	0.28	1.62	1.38	0.34	1.14	0.03	1.79	0.57	0.89	0.82
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 9: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL DURABLE GOODS.............	290.5	293.1	292.5	292.3	295.4	295.0	294.6	294.5	298.6	297.7	297.7	291.6	294.3	297.1
% CHG PREV QTR SAAR.........	0.32	3.68	-0.85	-0.29	4.35	-0.63	-0.54	-0.11	5.77	-1.19	-0.07	0.13	0.93	0.96
% CHG SAME QTR LAST YR......	-0.34	0.34	0.49	0.70	1.70	0.62	0.70	0.75	1.09	0.94	1.06	0.13	0.93	0.96
LUMBER AND WOOD...............	23.3	23.4	23.4	23.2	23.4	23.5	23.5	23.3	23.5	23.6	23.4	23.4	23.4	23.4
% CHG PREV QTR SAAR.........	-2.31	1.36	-0.32	-3.62	4.66	0.44	0.44	-3.61	4.64	0.44	-3.42	1.00	-0.02	0.19
% CHG SAME QTR LAST YR......	0.82	1.30	0.79	-1.24	0.48	0.25	0.44	0.44	0.44	0.44	-0.54	1.00	-0.02	0.19
FURNITURE AND FIXTURES........	27.2	27.9	27.9	27.7	27.9	27.8	27.7	27.5	27.9	27.8	27.7	27.5	27.8	27.7
% CHG PREV QTR SAAR.........	4.02	11.23	-0.79	-2.08	2.13	-0.56	-2.29	-1.88	4.67	-0.25	-1.69	1.55	1.08	-0.13
% CHG SAME QTR LAST YR......	0.87	2.07	3.51	2.97	2.49	-0.34	-0.71	-0.66	-0.05	0.03	0.18	1.55	1.08	-0.13
STONE,CLAY AND GLASS..........	16.6	16.5	16.4	16.2	16.2	16.7	16.5	16.2	16.2	16.3	16.4	16.5	16.4	16.3
% CHG PREV QTR SAAR.........	0.42	-1.87	-2.50	-3.15	-1.90	12.39	-2.55	-8.98	2.03	2.09	2.17	0.46	-0.54	-0.73
% CHG SAME QTR LAST YR......	1.60	0.10	-0.93	-1.78	-2.36	1.01	1.00	-0.56	0.43	-1.96	-0.79	0.46	-0.54	-0.73
PRIMARY METALS................	18.0	18.1	18.0	17.9	17.8	18.2	18.1	18.0	17.9	18.0	18.1	18.0	18.0	18.0
% CHG PREV QTR SAAR.........	1.50	1.49	-1.81	-1.88	-2.33	9.64	-2.49	-1.82	-2.22	1.85	1.77	1.58	0.02	-0.02
% CHG SAME QTR LAST YR......	5.26	-0.37	0.10	-0.19	-1.14	0.78	0.61	0.62	0.65	-1.19	-0.12	1.58	0.02	-0.02
FABRICATED METALS.............	42.7	42.9	45.0	44.6	45.7	44.7	45.5	44.9	46.8	45.9	46.6	43.5	45.1	46.1
% CHG PREV QTR SAAR.........	-6.58	2.20	20.41	-3.34	9.97	-8.55	7.51	-5.04	18.50	-7.59	6.41	-2.11	3.65	2.16
% CHG SAME QTR LAST YR......	-4.69	-3.30	2.14	2.67	6.95	4.01	1.11	0.66	2.56	2.83	2.56	-2.11	3.65	2.16
NONELECTRICAL MACHINERY.......	46.2	47.4	47.2	47.1	47.9	47.7	48.3	47.9	48.5	48.5	48.5	46.7	47.7	48.3
% CHG PREV QTR SAAR.........	0.87	10.81	-1.59	-0.32	6.38	-1.75	5.18	-2.86	4.62	-0.11	0.15	0.17	2.23	1.24
% CHG SAME QTR LAST YR......	-1.49	1.00	-0.33	2.33	3.70	0.63	2.31	1.66	1.23	1.65	0.42	0.17	2.23	1.24
ELECTRICAL MACHINERY..........	40.4	40.7	39.8	40.0	40.5	40.9	40.0	40.4	40.7	40.6	40.5	40.3	40.3	40.6
% CHG PREV QTR SAAR.........	3.09	2.20	-7.99	1.94	4.64	3.84	-7.90	3.82	3.41	-1.12	-1.52	0.68	0.19	0.54
% CHG SAME QTR LAST YR......	0.04	1.59	0.75	-0.30	0.08	0.48	0.50	0.96	0.66	-0.56	1.11	0.68	0.19	0.54
TRANSPORTATION EQUIPMENT......	54.6	54.6	53.4	53.8	54.5	54.1	53.3	54.2	55.1	54.9	54.1	54.2	53.9	54.6
% CHG PREV QTR SAAR.........	1.93	-0.59	-8.40	2.91	5.81	-3.09	-5.88	6.99	6.58	-0.96	-5.58	0.72	-0.60	1.24
% CHG SAME QTR LAST YR......	2.07	2.04	-1.04	-1.14	-0.21	-0.85	-0.17	0.80	0.99	1.54	1.62	0.72	-0.60	1.24
INSTRUMENTS...................	10.9	11.2	11.1	11.2	11.3	11.3	11.4	11.4	11.5	11.5	11.6	11.0	11.3	11.5
% CHG PREV QTR SAAR.........	9.47	15.09	-5.12	3.64	2.48	1.57	2.24	2.09	2.08	2.14	2.14	-0.45	3.04	2.08
% CHG SAME QTR LAST YR......	-3.66	-0.22	2.11	5.50	3.77	0.58	2.48	2.09	1.99	2.14	2.11	-0.45	3.04	2.08
MISCELLANEOUS.................	10.6	10.5	10.4	10.5	10.3	10.2	10.3	10.7	10.5	10.5	10.8	10.6	10.4	10.6
% CHG PREV QTR SAAR.........	-5.72	-4.75	-1.88	4.18	-7.20	-4.82	4.69	13.17	-6.07	1.71	9.72	-3.54	-2.02	2.51
% CHG SAME QTR LAST YR......	-4.43	-4.73	-2.83	-2.12	-2.51	-2.52	-0.93	1.14	1.45	3.14	4.36	-3.54	-2.02	2.51
STATISTICAL DISCREPANCY.......	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 10: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONDURABLE GOODS..........	215.5	214.6	214.3	212.8	213.0	209.1	208.6	209.6	210.0	206.1	204.8	215.5	210.9	207.6
% CHG PREV QTR SAAR.........	-3.92	-1.55	-0.69	-2.61	0.36	-7.16	-0.92	1.81	0.85	-7.21	-2.57	-3.67	-2.13	-1.56
% CHG SAME QTR LAST YR......	-4.54	-3.21	-2.27	-2.20	-1.13	-2.57	-2.63	-1.54	-1.42	-1.43	-1.84	-3.67	-2.13	-1.56
FOOD..........................	38.0	37.8	38.0	38.0	38.0	38.0	38.1	38.1	38.1	38.1	38.2	38.0	38.0	38.1
% CHG PREV QTR SAAR.........	-4.02	-1.99	2.17	-0.27	0.24	0.38	0.22	0.27	0.27	0.25	0.26	1.29	-0.07	0.27
% CHG SAME QTR LAST YR......	1.57	0.35	-0.61	-1.05	0.03	0.62	0.14	0.28	0.28	0.25	0.26	1.29	-0.07	0.27
TOBACCO.......................	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
% CHG PREV QTR SAAR.........	-7.80	2.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5.70	-0.17	0.00
% CHG SAME QTR LAST YR......	-9.16	-3.01	-3.01	-1.35	0.67	0.00	0.00	0.00	0.00	0.00	0.00	-5.70	-0.17	0.00
TEXTILES......................	16.9	16.6	16.3	16.2	15.6	15.3	15.1	14.7	14.5	14.4	14.2	16.7	15.6	14.5
% CHG PREV QTR SAAR.........	-6.46	-6.53	-6.76	-2.31	-14.47	-7.64	-5.02	-9.73	-4.56	-4.47	-4.47	-5.83	-7.12	-7.00
% CHG SAME QTR LAST YR......	-5.47	-6.01	-5.50	-5.53	-7.62	-7.90	-7.47	-9.28	-6.76	-5.97	-5.84	-5.83	-7.12	-7.00
APPAREL.......................	28.3	28.2	28.0	27.5	27.1	24.8	24.6	26.0	25.0	22.6	21.7	28.4	26.0	23.8
% CHG PREV QTR SAAR.........	-8.46	-1.87	-3.19	-6.20	-6.23	-30.15	-3.12	25.09	-14.32	-33.05	-15.36	-15.00	-8.39	-8.34
% CHG SAME QTR LAST YR......	-19.20	-12.06	-6.24	-4.97	-4.39	-12.18	-12.17	-5.61	-7.72	-8.69	-11.72	-15.00	-8.39	-8.34
PAPER.........................	21.5	21.2	21.2	21.0	21.1	20.8	20.9	21.1	21.2	21.2	20.9	21.4	21.0	21.1
% CHG PREV QTR SAAR.........	-4.55	-5.56	1.02	-3.31	2.23	-6.21	1.60	4.34	2.13	-1.05	-4.93	-2.80	-1.93	0.65
% CHG SAME QTR LAST YR......	-2.60	-3.11	-2.11	-3.13	-1.45	-1.62	-1.48	0.41	0.38	1.74	0.06	-2.80	-1.93	0.65
PRINTING AND PUBLISHING.......	38.8	38.5	38.4	38.5	38.5	38.5	38.5	38.6	38.6	38.6	38.6	38.7	38.5	38.6
% CHG PREV QTR SAAR.........	-3.37	-3.20	-0.32	0.33	0.36	0.28	0.17	0.10	0.08	0.10	0.15	-1.58	-0.48	0.15
% CHG SAME QTR LAST YR......	-1.48	-2.03	-2.11	-1.65	-0.72	0.17	0.29	0.23	0.16	0.12	0.11	-1.58	-0.48	0.15
CHEMICALS.....................	31.9	31.8	31.5	30.8	31.0	30.8	30.6	30.1	30.3	30.2	30.1	31.8	30.8	30.2
% CHG PREV QTR SAAR.........	-1.49	-1.32	-3.44	-8.74	2.83	-2.97	-3.22	-5.37	1.85	-0.81	-0.81	-4.68	-3.21	-1.99
% CHG SAME QTR LAST YR......	-5.11	-3.81	-3.87	-3.79	-2.75	-3.16	-3.11	-2.23	-2.47	-1.93	-1.32	-4.68	-3.21	-1.99
PETROLEUM REFINING............	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	1.0	1.0	0.9
% CHG PREV QTR SAAR.........	-5.21	8.72	-9.46	-7.71	-6.73	-6.51	-5.87	-4.98	-4.43	-3.70	-3.27	1.90	-5.52	-5.09
% CHG SAME QTR LAST YR......	-5.77	5.84	3.24	-3.67	-4.06	-7.61	-6.71	-6.02	-5.45	-4.75	-4.10	1.90	-5.52	-5.09
RUBBER AND PLASTICS...........	34.9	35.4	35.8	35.8	36.5	36.0	36.2	36.3	37.6	36.5	36.7	35.2	36.1	36.8
% CHG PREV QTR SAAR.........	0.51	5.33	5.20	0.19	8.27	-6.12	3.12	0.13	15.30	-10.88	2.71	1.37	2.60	1.74
% CHG SAME QTR LAST YR......	0.57	1.78	2.98	2.78	4.71	1.74	1.23	1.22	2.82	1.49	1.39	1.37	2.60	1.74
LEATHER.......................	3.1	3.1	2.9	2.9	3.1	2.9	2.6	2.7	2.7	2.5	2.3	3.1	2.9	2.6
% CHG PREV QTR SAAR.........	-18.17	0.88	-26.47	2.02	24.11	-23.36	-27.75	10.40	2.00	-24.30	-27.68	-8.30	-7.39	-10.13
% CHG SAME QTR LAST YR......	-7.88	-6.75	-12.78	-11.29	-1.56	-8.09	-8.50	-6.67	-11.14	-11.41	-11.39	-8.30	-7.39	-10.13
STATISTICAL DISCREPANCY.......	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 11: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
1996 DOLLARS

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONAGRICULTURAL...........	28639	28644	28606	29424	28628	28971	28724	29506	29166	29385	29197	28692	28937	29314
% CHG SAME QTR LAST YR....	2.19	1.19	1.40	1.89	-0.04	1.14	0.41	0.28	1.88	1.43	1.65	1.84	0.85	1.30
MINING.........................	42102	43502	42598	42187	40655	41175	41697	43130	41545	42052	42576	43164	41429	42326
% CHG SAME QTR LAST YR....	-1.31	0.14	-12.73	-5.10	-3.44	-5.35	-2.12	2.23	2.19	2.13	2.11	-6.66	-4.02	2.17
CONSTRUCTION..................	29923	29552	30438	33164	30888	30390	31202	33478	31210	30730	31590	30474	31411	31752
% CHG SAME QTR LAST YR....	-2.76	-0.28	-1.04	3.70	3.23	2.83	2.51	0.95	1.04	1.12	1.24	-1.53	3.08	1.09
MANUFACTURING.................	32849	33504	33645	34079	34287	34946	35011	35233	35371	35981	36029	33191	34581	35653
% CHG SAME QTR LAST YR....	0.96	0.63	2.19	4.01	4.38	4.30	4.06	3.39	3.16	2.96	2.91	1.36	4.19	3.10
DURABLE GOODS...............	33885	34633	34721	34991	35272	35953	35931	36013	36216	36839	36763	34245	35537	36458
% CHG SAME QTR LAST YR....	3.42	2.91	3.61	3.70	4.09	3.81	3.49	2.92	2.68	2.46	2.32	3.15	3.77	2.59
NONDURABLE GOODS............	31451	31973	32180	32818	32920	33534	33716	34130	34166	34750	34964	31765	33247	34503
% CHG SAME QTR LAST YR....	-2.45	-2.59	0.10	4.34	4.67	4.88	4.77	4.00	3.79	3.63	3.70	-1.21	4.67	3.78
TRADE..........................	22455	21720	21416	22409	21600	21785	21359	22422	21961	21965	21668	22085	21788	22004
% CHG SAME QTR LAST YR....	3.37	-0.24	0.16	-1.50	-3.81	0.30	-0.27	0.06	1.67	0.83	1.45	1.83	-1.35	0.99
SERVICES......................	27141	27582	27781	28703	27550	27833	27973	28566	28191	28211	28489	27497	28015	28365
% CHG SAME QTR LAST YR....	1.64	3.48	2.66	4.44	1.51	0.91	0.69	-0.48	2.33	1.36	1.85	2.22	1.88	1.25
FIN,INS,REAL EST..............	40517	38390	40129	40691	37761	37855	38614	39689	38957	39119	39527	39733	38730	39323
% CHG SAME QTR LAST YR....	2.37	-3.28	-2.08	1.99	-6.80	-1.39	-3.77	-2.46	3.17	3.34	2.36	0.46	-2.52	1.53
TRANS,COMM,PUB UTIL...........	36307	35271	36474	36650	34690	34769	34752	35509	35216	35287	35281	36230	35215	35324
% CHG SAME QTR LAST YR....	3.02	-3.34	-1.41	-0.59	-4.45	-1.42	-4.72	-3.11	1.52	1.49	1.52	0.42	-2.80	0.31
GOVERNMENT....................	28363	29274	27757	28007	28351	29368	27845	28035	28381	29435	27890	28370	28393	28435
% CHG SAME QTR LAST YR....	5.88	5.94	4.51	-0.29	-0.04	0.32	0.32	0.10	0.11	0.23	0.16	5.46	0.08	0.15
FEDERAL,CIVILIAN............	42740	43023	43807	43684	43475	44423	45074	44610	44408	45354	45935	43300	44164	45077
% CHG SAME QTR LAST YR....	3.86	2.22	3.38	0.13	1.72	3.25	2.89	2.12	2.15	2.10	1.91	3.68	2.00	2.07
STATE AND LOCAL.............	26205	27176	25450	25688	26072	27088	25388	25575	25977	27009	25344	26151	26059	25976
% CHG SAME QTR LAST YR....	6.59	6.90	4.99	-0.32	-0.51	-0.32	-0.24	-0.44	-0.36	-0.29	-0.17	6.05	-0.35	-0.32

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 12: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONAGRICULTURAL...........	28698	28598	28856	29143	28688	28926	28976	29220	29226	29344	29455	28690	28933	29311
% CHG PREV QTR SAAR.......	1.28	-1.39	3.66	4.04	-6.10	3.36	0.70	3.41	0.09	1.62	1.51	1.90	0.85	1.31
% CHG SAME QTR LAST YR....	2.12	1.15	1.41	1.87	-0.04	1.15	0.42	0.26	1.88	1.45	1.65	1.90	0.85	1.31
MINING........................	42707	43821	42598	41003	41239	41477	41697	41920	42142	42360	42576	43083	41354	42249
% CHG PREV QTR SAAR.......	-4.55	10.85	-10.70	-14.16	2.32	2.33	2.14	2.15	2.14	2.09	2.06	-6.78	-4.01	2.17
% CHG SAME QTR LAST YR....	-0.67	-0.69	-12.73	-5.10	-3.44	-5.35	-2.12	2.23	2.19	2.13	2.11	-6.78	-4.01	2.17
CONSTRUCTION..................	30352	30546	30712	31270	31331	31412	31482	31565	31658	31764	31874	30441	31374	31715
% CHG PREV QTR SAAR.......	2.64	2.58	2.19	7.47	0.79	1.03	0.90	1.06	1.18	1.34	1.40	-1.28	3.06	1.09
% CHG SAME QTR LAST YR....	-2.03	-0.31	-1.04	3.70	3.23	2.83	2.51	0.95	1.04	1.12	1.24	-1.28	3.06	1.09
MANUFACTURING.................	32958	33338	33674	34103	34400	34774	35040	35260	35485	35805	36057	33188	34579	35652
% CHG PREV QTR SAAR.......	2.15	4.69	4.09	5.19	3.53	4.42	3.09	2.53	2.58	3.65	2.85	1.39	4.19	3.10
% CHG SAME QTR LAST YR....	1.03	0.59	2.19	4.03	4.38	4.31	4.06	3.39	3.15	2.96	2.90	1.39	4.19	3.10
DURABLE GOODS...............	34013	34369	34711	35117	35406	35679	35919	36143	36354	36557	36751	34238	35530	36451
% CHG PREV QTR SAAR.......	1.84	4.25	4.04	4.76	3.34	3.12	2.71	2.52	2.35	2.25	2.15	3.11	3.77	2.59
% CHG SAME QTR LAST YR....	3.31	2.91	3.61	3.72	4.10	3.81	3.48	2.92	2.68	2.46	2.32	3.11	3.77	2.59
NONDURABLE GOODS............	31535	31930	32258	32710	33004	33497	33798	34018	34249	34719	35049	31768	33253	34508
% CHG PREV QTR SAAR.......	2.40	5.11	4.18	5.72	3.64	6.11	3.64	2.62	2.75	5.60	3.86	-1.10	4.67	3.78
% CHG SAME QTR LAST YR....	-2.17	-2.67	0.10	4.34	4.66	4.91	4.77	4.00	3.77	3.65	3.70	-1.10	4.67	3.78
TRADE.........................	22403	21747	21812	22006	21550	21812	21754	22019	21911	21992	22069	22076	21780	21998
% CHG PREV QTR SAAR.......	1.13	-11.21	1.21	3.60	-8.03	4.94	-1.06	4.98	-1.96	1.49	1.40	1.81	-1.34	1.00
% CHG SAME QTR LAST YR....	3.20	-0.36	0.16	-1.50	-3.81	0.30	-0.27	0.06	1.67	0.83	1.45	1.81	-1.34	1.00
SERVICES......................	27240	27793	27845	28302	27651	28047	28037	28167	28295	28428	28554	27494	28009	28361
% CHG PREV QTR SAAR.......	2.12	8.37	0.74	6.73	-8.88	5.85	-0.14	1.86	1.84	1.89	1.79	2.34	1.87	1.26
% CHG SAME QTR LAST YR....	1.42	3.43	2.66	4.44	1.51	0.91	0.69	-0.48	2.33	1.36	1.85	2.34	1.87	1.26
FIN,INS,REAL EST..............	40612	38551	40107	40424	37850	38014	38594	39429	39049	39282	39507	39726	38720	39317
% CHG PREV QTR SAAR.......	10.25	-18.81	17.16	3.19	-23.14	1.74	6.25	8.94	-3.80	2.41	2.30	0.44	-2.53	1.54
% CHG SAME QTR LAST YR....	2.28	-3.41	-2.08	1.99	-6.80	-1.39	-3.77	-2.46	3.17	3.34	2.36	0.44	-2.53	1.54
TRANS,COMM,PUB UTIL...........	36308	35330	36673	36394	34691	34827	34942	35260	35217	35346	35474	36230	35213	35324
% CHG PREV QTR SAAR.......	-3.25	-10.35	16.10	-3.02	-17.44	1.58	1.33	3.69	-0.49	1.48	1.46	0.61	-2.81	0.32
% CHG SAME QTR LAST YR....	3.37	-3.34	-1.41	-0.59	-4.45	-1.42	-4.72	-3.11	1.52	1.49	1.52	0.61	-2.81	0.32
GOVERNMENT....................	28396	28267	28297	28407	28385	28357	28387	28435	28415	28422	28434	28362	28384	28427
% CHG PREV QTR SAAR.......	-1.28	-1.81	0.43	1.57	-0.31	-0.39	0.43	0.68	-0.29	0.10	0.17	5.54	0.08	0.15
% CHG SAME QTR LAST YR....	5.61	5.92	4.52	-0.28	-0.04	0.32	0.32	0.10	0.11	0.23	0.16	5.54	0.08	0.15
FEDERAL,CIVILIAN............	43239	42822	43203	43815	43982	44215	44452	44744	44926	45142	45302	43256	44116	45029
% CHG PREV QTR SAAR.......	-4.67	-3.80	3.61	5.79	1.53	2.14	2.16	2.65	1.64	1.94	1.42	3.77	1.99	2.07
% CHG SAME QTR LAST YR....	3.84	2.29	3.38	0.13	1.72	3.25	2.89	2.12	2.15	2.10	1.91	3.77	1.99	2.07
STATE AND LOCAL.............	26196	26122	26071	26098	26063	26038	26007	25983	25968	25961	25962	26143	26051	25969
% CHG PREV QTR SAAR.......	0.20	-1.12	-0.78	0.42	-0.54	-0.38	-0.47	-0.37	-0.23	-0.10	0.02	6.11	-0.35	-0.32
% CHG SAME QTR LAST YR....	6.29	6.87	4.99	-0.32	-0.51	-0.32	-0.24	-0.44	-0.36	-0.29	-0.17	6.11	-0.35	-0.32

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 13: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
CURRENT DOLLARS

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONAGRICULTURAL...........	29788	29933	30022	30933	30234	30735	30628	31625	31421	31818	31775	29904	30633	31660
% CHG SAME QTR LAST YR....	3.72	2.89	3.24	3.55	1.50	2.68	2.02	2.24	3.92	3.53	3.74	3.41	2.44	3.35
MINING.........................	43790	45460	44707	44352	42936	43683	44462	46227	44757	45534	46336	44985	43858	45713
% CHG SAME QTR LAST YR....	0.16	1.81	-11.15	-3.55	-1.95	-3.91	-0.55	4.23	4.24	4.24	4.22	-5.22	-2.51	4.23
CONSTRUCTION..................	31123	30882	31945	34865	32621	32240	33271	35882	33623	33274	34380	31758	33249	34290
% CHG SAME QTR LAST YR....	-1.30	1.39	0.76	5.39	4.81	4.40	4.15	2.91	3.07	3.21	3.33	-0.01	4.70	3.13
MANUFACTURING.................	34166	35012	35310	35828	36210	37074	37333	37763	38105	38960	39210	34595	36611	38509
% CHG SAME QTR LAST YR....	2.47	2.32	4.04	5.71	5.98	5.89	5.73	5.40	5.23	5.09	5.03	2.94	5.83	5.19
DURABLE GOODS...............	35243	36191	36440	36786	37250	38143	38313	38598	39016	39889	40010	35694	37623	39378
% CHG SAME QTR LAST YR....	4.96	4.64	5.49	5.40	5.69	5.39	5.14	4.93	4.74	4.58	4.43	4.75	5.40	4.66
NONDURABLE GOODS............	32713	33412	33773	34502	34766	35577	35952	36581	36807	37627	38051	33108	35199	37267
% CHG SAME QTR LAST YR....	-0.99	-0.96	1.91	6.04	6.28	6.48	6.45	6.03	5.87	5.76	5.84	0.33	6.32	5.87
TRADE..........................	23355	22698	22476	23558	22812	23111	22775	24032	23659	23783	23581	23015	23064	23764
% CHG SAME QTR LAST YR....	4.91	1.43	1.98	0.11	-2.33	1.82	1.33	2.01	3.71	2.91	3.54	3.40	0.21	3.03
SERVICES......................	28229	28823	29157	30176	29095	29528	29827	30617	30371	30547	31005	28659	29657	30635
% CHG SAME QTR LAST YR....	3.16	5.21	4.52	6.15	3.07	2.45	2.30	1.46	4.38	3.45	3.95	3.81	3.48	3.30
FIN,INS,REAL EST..............	42141	40118	42115	42778	39879	40161	41174	42539	41968	42358	43018	41410	40998	42471
% CHG SAME QTR LAST YR....	3.90	-1.66	-0.30	3.66	-5.37	0.11	-2.23	-0.56	5.24	5.47	4.48	2.01	-1.00	3.59
TRANS,COMM,PUB UTIL...........	37763	36858	38279	38530	36636	36886	37056	38058	37939	38209	38397	37759	37277	38151
% CHG SAME QTR LAST YR....	4.56	-1.72	0.38	1.04	-2.98	0.08	-3.20	-1.22	3.55	3.59	3.62	1.96	-1.28	2.34
GOVERNMENT....................	29500	30591	29131	29444	29942	31157	29691	30048	30575	31872	30352	29569	30058	30712
% CHG SAME QTR LAST YR....	7.46	7.71	6.41	1.34	1.50	1.85	1.92	2.05	2.12	2.30	2.23	7.10	1.66	2.17
FEDERAL,CIVILIAN............	44454	44959	45975	45925	45914	47128	48062	47813	47841	49110	49991	45129	46757	48689
% CHG SAME QTR LAST YR....	5.41	3.93	5.25	1.76	3.28	4.83	4.54	4.11	4.20	4.20	4.01	5.28	3.61	4.13
STATE AND LOCAL.............	27256	28399	26710	27006	27535	28738	27071	27411	27985	29245	27582	27256	27587	28056
% CHG SAME QTR LAST YR....	8.18	8.69	6.89	1.31	1.02	1.19	1.35	1.50	1.64	1.76	1.89	7.70	1.22	1.70

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 14: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORY	FORECAST - DATA										ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL NONAGRICULTURAL...........	29849	29885	30284	30638	30297	30687	30898	31318	31486	31774	32056	29903	30630	31658
% CHG PREV QTR SAAR.......	3.53	0.48	5.45	4.76	-4.38	5.25	2.77	5.56	2.16	3.72	3.59	3.48	2.43	3.36
% CHG SAME QTR LAST YR....	3.65	2.84	3.25	3.54	1.50	2.68	2.02	2.22	3.92	3.54	3.75	3.48	2.43	3.36
MINING.........................	44419	45793	44707	43107	43552	44002	44462	44929	45399	45867	46336	44903	43781	45633
% CHG PREV QTR SAAR.......	-2.43	12.96	-9.15	-13.57	4.20	4.20	4.24	4.28	4.25	4.19	4.15	-5.33	-2.50	4.23
% CHG SAME QTR LAST YR....	0.81	0.97	-11.15	-3.55	-1.95	-3.91	-0.55	4.23	4.24	4.24	4.22	-5.33	-2.50	4.23
CONSTRUCTION..................	31570	31921	32232	32874	33089	33325	33570	33832	34106	34394	34689	31729	33214	34255
% CHG PREV QTR SAAR.......	4.92	4.52	3.96	8.21	2.65	2.88	2.97	3.16	3.28	3.42	3.47	0.25	4.68	3.13
% CHG SAME QTR LAST YR....	-0.57	1.35	0.76	5.39	4.81	4.40	4.15	2.91	3.07	3.21	3.33	0.25	4.68	3.13
MANUFACTURING.................	34279	34838	35341	35852	36330	36892	37363	37791	38228	38769	39241	34592	36609	38507
% CHG PREV QTR SAAR.......	4.42	6.68	5.90	5.92	5.43	6.33	5.20	4.67	4.70	5.79	4.96	2.97	5.83	5.19
% CHG SAME QTR LAST YR....	2.53	2.27	4.04	5.73	5.98	5.89	5.72	5.41	5.23	5.09	5.03	2.97	5.83	5.19
DURABLE GOODS...............	35377	35915	36429	36918	37392	37852	38300	38738	39164	39583	39996	35686	37616	39371
% CHG PREV QTR SAAR.......	4.10	6.23	5.84	5.48	5.24	5.01	4.82	4.66	4.47	4.35	4.24	4.72	5.41	4.67
% CHG SAME QTR LAST YR....	4.85	4.63	5.49	5.41	5.70	5.39	5.14	4.93	4.74	4.57	4.43	4.72	5.41	4.67
NONDURABLE GOODS............	32800	33367	33855	34389	34856	35537	36039	36460	36896	37593	38143	33112	35205	37273
% CHG PREV QTR SAAR.......	4.67	7.10	5.99	6.45	5.55	8.06	5.77	4.75	4.87	7.77	5.98	0.44	6.32	5.87
% CHG SAME QTR LAST YR....	-0.71	-1.04	1.91	6.05	6.27	6.51	6.45	6.02	5.85	5.79	5.84	0.44	6.32	5.87
TRADE..........................	23302	22726	22892	23135	22759	23140	23196	23600	23605	23813	24017	23007	23058	23759
% CHG PREV QTR SAAR.......	3.38	-9.53	2.96	4.31	-6.34	6.86	0.97	7.16	0.07	3.58	3.48	3.38	0.22	3.04
% CHG SAME QTR LAST YR....	4.74	1.31	1.98	0.11	-2.33	1.82	1.33	2.01	3.71	2.91	3.54	3.38	0.22	3.04
SERVICES......................	28333	29044	29223	29754	29202	29755	29896	30189	30482	30782	31076	28658	29652	30632
% CHG PREV QTR SAAR.......	4.39	10.43	2.49	7.46	-7.21	7.78	1.91	3.98	3.94	3.99	3.88	3.93	3.47	3.31
% CHG SAME QTR LAST YR....	2.94	5.16	4.52	6.15	3.07	2.45	2.30	1.46	4.38	3.45	3.95	3.93	3.47	3.31
FIN,INS,REAL EST..............	42241	40286	42093	42498	39973	40329	41153	42260	42067	42535	42995	41404	40988	42464
% CHG PREV QTR SAAR.......	12.70	-17.27	19.19	3.90	-21.73	3.61	8.43	11.20	-1.81	4.52	4.40	1.99	-1.00	3.60
% CHG SAME QTR LAST YR....	3.81	-1.79	-0.30	3.66	-5.37	0.11	-2.23	-0.56	5.24	5.47	4.48	1.99	-1.00	3.60
TRANS,COMM,PUB UTIL...........	37764	36920	38489	38261	36637	36947	37259	37792	37939	38273	38607	37760	37276	38153
% CHG PREV QTR SAAR.......	-1.10	-8.64	18.11	-2.35	-15.93	3.44	3.41	5.85	1.56	3.57	3.54	2.16	-1.28	2.35
% CHG SAME QTR LAST YR....	4.91	-1.72	0.38	1.04	-2.98	0.08	-3.20	-1.22	3.55	3.59	3.62	2.16	-1.28	2.35
GOVERNMENT....................	29535	29539	29698	29864	29977	30084	30269	30477	30611	30775	30945	29560	30049	30702
% CHG PREV QTR SAAR.......	0.91	0.05	2.17	2.27	1.52	1.43	2.49	2.77	1.78	2.16	2.22	7.17	1.65	2.17
% CHG SAME QTR LAST YR....	7.19	7.69	6.41	1.35	1.50	1.85	1.93	2.05	2.12	2.30	2.23	7.17	1.65	2.17
FEDERAL,CIVILIAN............	44973	44749	45341	46063	46449	46908	47399	47957	48399	48880	49302	45082	46705	48634
% CHG PREV QTR SAAR.......	-2.55	-1.98	5.40	6.52	3.40	4.01	4.26	4.79	3.74	4.04	3.50	5.38	3.60	4.13
% CHG SAME QTR LAST YR....	5.39	4.00	5.25	1.76	3.28	4.83	4.54	4.11	4.20	4.20	4.01	5.38	3.60	4.13
STATE AND LOCAL.............	27246	27298	27361	27437	27525	27623	27731	27849	27975	28111	28255	27247	27579	28047
% CHG PREV QTR SAAR.......	2.43	0.76	0.94	1.11	1.28	1.44	1.57	1.70	1.83	1.95	2.07	7.76	1.22	1.70
% CHG SAVE QTR LAST YR....	7.87	8.66	6.89	1.31	1.02	1.19	1.35	1.50	1.64	1.76	1.89	7.76	1.22	1.70

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 15: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
CIVILIAN LABOR FORCE (THOUS)....	2800	2837	2848	2813	2847	2896	2909	2855	2903	2930	2952	2815	2866	2910
% CHG SAME QTR LAST YR......	2.23	1.27	1.30	1.31	1.69	2.09	2.14	1.50	1.96	1.16	1.48	2.02	1.81	1.52
EMPLOYED PERSONS (THOUS)......	2700	2737	2756	2704	2746	2788	2811	2739	2795	2814	2847	2710	2762	2798
% CHG SAME QTR LAST YR......	2.74	1.94	1.85	2.12	1.73	1.88	2.01	1.27	1.75	0.92	1.27	2.51	1.93	1.30
UNEMPLOYED PERSONS (THOUS)....	100	101	92	109	101	108	98	116	109	116	105	105	104	112
% CHG SAME QTR LAST YR......	-9.83	-14.23	-12.82	-15.33	0.65	7.86	6.00	7.24	7.49	7.13	7.54	-8.99	-1.32	7.34
PARTICIPATION RATE (PERCENT)....	65.4	66.0	66.1	65.1	65.7	66.7	66.8	65.3	66.2	66.7	67.0	65.6	66.1	66.3
% CHG SAME QTR LAST YR......	1.35	0.18	0.19	0.19	0.55	0.94	0.98	0.30	0.78	0.02	0.36	1.02	0.66	0.37
UNEMPLOYMENT RATE (PERCENT).....	3.6	3.5	3.2	3.9	3.5	3.7	3.4	4.1	3.7	4.0	3.6	3.7	3.6	3.8

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 16: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE
SEASONALLY ADJUSTED

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
CIVILIAN LABOR FORCE (THOUS)....	2810	2811	2828	2851	2857	2870	2889	2894	2913	2903	2932	2816	2867	2911
% CHG PREV QTR SAAR.........	-0.46	0.24	2.43	3.31	0.81	1.82	2.67	0.64	2.74	-1.38	4.07	2.04	1.82	1.52
% CHG SAME QTR LAST YR......	2.23	1.38	1.25	1.37	1.69	2.09	2.15	1.48	1.96	1.15	1.50	2.04	1.82	1.52
EMPLOYED PERSONS (THOUS)......	2706	2713	2728	2749	2753	2764	2783	2784	2801	2790	2818	2710	2762	2798
% CHG PREV QTR SAAR.........	2.08	1.08	2.26	3.06	0.54	1.68	2.77	0.11	2.48	-1.60	4.17	2.50	1.93	1.30
% CHG SAME QTR LAST YR......	2.73	1.97	1.85	2.12	1.73	1.88	2.01	1.27	1.75	0.92	1.27	2.50	1.93	1.30
UNEMPLOYED PERSONS (THOUS)....	104	98	100	102	104	106	106	110	112	113	114	106	105	112
% CHG PREV QTR SAAR.........	-45.75	-19.84	7.36	10.11	8.31	5.71	0.14	15.34	9.33	4.30	1.71	-8.64	-0.98	7.35
% CHG SAME QTR LAST YR......	-9.36	-12.70	-12.82	-15.33	0.65	7.86	6.00	7.24	7.49	7.13	7.54	-8.64	-0.98	7.35
PARTICIPATION RATE (PERCENT)....	65.6	65.4	65.7	66.0	65.9	66.1	66.3	66.2	66.5	66.1	66.6	65.6	66.1	66.3
% CHG PREV QTR SAAR.........	-1.65	-0.90	1.33	2.25	-0.45	0.63	1.54	-0.57	1.58	-2.42	3.03	1.04	0.68	0.37
% CHG SAME QTR LAST YR......	1.34	0.28	0.14	0.24	0.55	0.93	0.99	0.28	0.79	0.02	0.38	1.04	0.68	0.37
UNEMPLOYMENT RATE (PERCENT).....	3.7	3.5	3.5	3.6	3.7	3.7	3.7	3.8	3.9	3.9	3.9	3.8	3.6	3.9

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 17: TENNESSEE TAXABLE SALES
MILLIONS OF 1996 DOLLARS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL............................	17467	17653	18370	15930	17968	18360	19100	16386	18402	19064	19939	69203	71358	73790
% CHG SAME QTR LAST YR......	4.88	6.63	2.98	1.37	2.87	4.01	3.98	2.86	2.42	3.83	4.39	7.01	3.11	3.41
AUTO DEALERS..................	2045	2107	1731	1882	2097	2267	1848	1936	2194	2323	2019	7742	8094	8472
% CHG SAME QTR LAST YR......	5.91	13.22	6.31	1.29	2.51	7.57	6.73	2.87	4.65	2.47	9.25	11.50	4.54	4.67
PURCHASES FROM MANUFACTURERS..	1085	1015	1067	829	964	956	1116	855	997	1011	1066	4094	3864	3929
% CHG SAME QTR LAST YR......	-0.79	-6.99	-0.39	-10.54	-11.23	-5.84	4.59	3.14	3.42	5.76	-4.41	-1.69	-5.61	1.68
MISC DURABLE GOODS............	3239	3176	3139	2801	3372	3323	3380	2856	3509	3489	3359	12286	12876	13213
% CHG SAME QTR LAST YR......	8.93	9.37	5.30	2.55	4.09	4.62	7.68	1.97	4.06	5.00	-0.62	11.42	4.80	2.62
EATING AND DRINKING PLACES....	1442	1452	1384	1313	1479	1494	1427	1353	1529	1545	1476	5601	5712	5903
% CHG SAME QTR LAST YR......	3.88	3.12	1.61	-0.73	2.52	2.90	3.06	3.02	3.41	3.42	3.47	4.94	1.99	3.34
FOOD STORES...................	1845	1894	2024	1772	1921	1876	2005	1834	1969	1982	2121	7542	7575	7905
% CHG SAME QTR LAST YR......	1.28	2.14	-1.35	-0.28	4.12	-0.98	-0.96	3.47	2.46	5.65	5.77	1.99	0.44	4.36
LIQUOR STORES.................	81	81	106	80	82	79	104	78	81	78	103	346	345	340
% CHG SAME QTR LAST YR......	3.07	5.87	2.49	1.95	1.01	-1.82	-1.70	-1.88	-1.63	-1.55	-1.46	4.74	-0.27	-1.62
HOTELS AND MOTELS.............	437	476	407	324	451	483	414	328	456	488	418	1657	1672	1690
% CHG SAME QTR LAST YR......	1.11	3.11	-4.43	-3.80	3.21	1.57	1.59	1.20	1.10	1.01	0.97	1.76	0.92	1.06
OTHER RETAIL AND SERVICE......	4832	4827	5738	4413	4968	5189	5871	4597	4973	5390	6356	19767	20441	21316
% CHG SAME QTR LAST YR......	3.10	4.93	2.83	0.96	2.82	7.51	2.33	4.19	0.09	3.87	8.26	5.72	3.41	4.28
MISC NONDURABLE GOODS.........	1453	1414	1680	1374	1466	1441	1811	1377	1499	1476	1869	5878	6092	6221
% CHG SAME QTR LAST YR......	8.26	4.41	3.01	3.32	0.91	1.90	7.75	0.22	2.21	2.44	3.23	10.49	3.65	2.12
TRANSPORTATION,COMMUNICATION..	1005	1211	1093	1141	1168	1252	1126	1170	1197	1282	1152	4290	4687	4801
% CHG SAME QTR LAST YR......	11.19	28.27	8.96	16.30	16.16	3.41	2.99	2.59	2.48	2.38	2.33	12.18	9.24	2.45
PER CAPITA ($)..................	3186	3211	3332	2881	3240	3301	3424	2929	3280	3388	3534	12603	12846	13131
% CHG SAME QTR LAST YR......	3.74	5.45	1.82	0.23	1.70	2.81	2.78	1.64	1.23	2.65	3.22	5.86	1.93	2.22

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 18: TENNESSEE TAXABLE SALES
MILLIONS OF SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL............................	17188	17180	17394	17699	17690	17867	18102	18204	18108	18554	18878	69241	71358	73743
% CHG PREV QTR SAAR.........	-6.47	-0.18	5.08	7.20	-0.21	4.08	5.35	2.28	-2.10	10.22	7.17	7.30	3.06	3.34
% CHG SAME QTR LAST YR......	4.90	6.49	3.07	1.27	2.92	4.00	4.07	2.85	2.36	3.84	4.29	7.30	3.06	3.34
AUTO DEALERS..................	1954	1973	1894	1937	2005	2121	2021	1993	2098	2174	2208	7735	8084	8472
% CHG PREV QTR SAAR.........	8.75	3.99	-15.23	9.54	14.67	25.37	-17.61	-5.46	22.80	15.24	6.48	11.50	4.51	4.80
% CHG SAME QTR LAST YR......	6.05	13.04	6.44	1.23	2.58	7.49	6.73	2.87	4.65	2.47	9.25	11.50	4.51	4.80
PURCHASES FROM MANUFACTURERS..	1034	970	1026	959	918	914	1073	989	949	967	1025	4102	3864	3930
% CHG PREV QTR SAAR.........	-13.26	-22.55	24.87	-23.55	-16.04	-1.72	89.71	-27.71	-15.12	7.49	26.58	-1.52	-5.80	1.73
% CHG SAME QTR LAST YR......	-0.82	-6.90	-0.51	-10.51	-11.24	-5.79	4.59	3.14	3.42	5.76	-4.41	-1.52	-5.80	1.73
MISC DURABLE GOODS............	3014	2999	3136	3239	3136	3136	3377	3303	3264	3293	3356	12304	12889	13216
% CHG PREV QTR SAAR.........	-16.77	-2.04	19.69	13.71	-12.04	0.00	34.45	-8.57	-4.61	3.66	7.91	11.96	4.75	2.54
% CHG SAME QTR LAST YR......	8.87	9.33	5.28	2.63	4.06	4.60	7.68	1.97	4.06	5.00	-0.62	11.96	4.75	2.54
EATING AND DRINKING PLACES....	1386	1391	1401	1416	1421	1432	1444	1458	1469	1481	1494	5605	5713	5903
% CHG PREV QTR SAAR.........	-11.13	1.57	2.99	4.18	1.37	3.37	3.36	3.99	2.93	3.40	3.56	5.08	1.92	3.33
% CHG SAME QTR LAST YR......	3.87	3.26	1.59	-0.80	2.52	2.97	3.06	3.02	3.41	3.42	3.47	5.08	1.92	3.33
FOOD STORES...................	1853	1892	1891	1896	1931	1874	1873	1962	1979	1980	1981	7537	7574	7901
% CHG PREV QTR SAAR.........	-9.52	8.66	-0.27	1.13	7.59	-11.42	-0.18	20.48	3.44	0.16	0.28	2.12	0.49	4.32
% CHG SAME QTR LAST YR......	1.44	2.13	-1.65	-0.21	4.21	-0.98	-0.96	3.47	2.46	5.65	5.77	2.12	0.49	4.32
LIQUOR STORES.................	86	88	87	87	87	86	86	85	85	85	84	346	345	340
% CHG PREV QTR SAAR.........	1.92	8.86	-1.90	-0.61	-2.25	-2.00	-1.91	-1.37	-1.24	-1.66	-1.57	4.97	-0.14	-1.63
% CHG SAME QTR LAST YR......	2.90	6.15	2.45	1.98	0.92	-1.69	-1.70	-1.88	-1.63	-1.55	-1.46	4.97	-0.14	-1.63
HOTELS AND MOTELS.............	405	412	413	416	418	419	420	421	422	423	424	1663	1673	1691
% CHG PREV QTR SAAR.........	-23.71	7.37	1.57	2.58	1.38	1.34	1.08	1.01	0.98	0.95	0.92	2.09	0.59	1.07
% CHG SAME QTR LAST YR......	1.09	3.41	-4.52	-3.88	3.20	1.72	1.59	1.20	1.10	1.01	0.97	2.09	0.59	1.07
OTHER RETAIL AND SERVICE......	4951	4908	4945	5013	5091	5276	5060	5223	5095	5480	5478	19772	20440	21276
% CHG PREV QTR SAAR.........	-1.40	-3.38	3.05	5.60	6.35	15.37	-15.38	13.48	-9.41	33.78	-0.13	6.04	3.38	4.09
% CHG SAME QTR LAST YR......	3.12	4.90	2.89	0.90	2.83	7.49	2.33	4.19	0.09	3.87	8.26	6.04	3.38	4.09
MISC NONDURABLE GOODS.........	1502	1408	1453	1577	1517	1433	1565	1580	1550	1468	1616	5888	6092	6214
% CHG PREV QTR SAAR.........	-6.05	-22.91	13.44	38.80	-14.41	-20.20	42.20	3.87	-7.40	-19.48	46.63	11.45	3.46	2.01
% CHG SAME QTR LAST YR......	8.38	4.27	3.00	3.34	0.96	1.83	7.75	0.22	2.21	2.44	3.23	11.45	3.46	2.01
TRANSPORTATION,COMMUNICATION..	1004	1140	1148	1159	1167	1175	1182	1189	1196	1203	1210	4289	4684	4799
% CHG PREV QTR SAAR.........	2.58	66.25	2.98	4.00	2.78	2.74	2.46	2.39	2.35	2.31	2.28	11.87	9.23	2.45
% CHG SAME QTR LAST YR......	11.48	27.55	9.35	16.25	16.31	3.12	2.99	2.59	2.48	2.38	2.33	11.87	9.23	2.45
PER CAPITA ($)..................	3135	3125	3155	3201	3190	3212	3245	3254	3227	3298	3346	12612	12848	13125
% CHG PREV QTR SAAR.........	-7.58	-1.33	3.91	6.06	-1.45	2.85	4.17	1.05	-3.21	9.02	6.05	6.14	1.88	2.15
% CHG SAME QTR LAST YR......	3.76	5.31	1.92	0.12	1.74	2.81	2.87	1.63	1.18	2.66	3.12	6.14	1.88	2.15

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 19: TENNESSEE TAXABLE SALES
MILLIONS OF CURRENT DOLLARS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL............................	18167	18447	19279	16747	18976	19478	20367	17562	19825	20642	21699	72148	75568	79728
% CHG SAME QTR LAST YR......	6.45	8.41	4.84	3.03	4.45	5.59	5.64	4.87	4.47	5.97	6.54	8.67	4.74	5.51
AUTO DEALERS..................	2127	2202	1817	1979	2214	2405	1970	2076	2364	2515	2197	8069	8568	9151
% CHG SAME QTR LAST YR......	7.49	15.11	8.24	2.95	4.09	9.21	8.44	4.88	6.75	4.58	11.51	13.22	6.19	6.80
PURCHASES FROM MANUFACTURERS..	1129	1061	1120	871	1018	1014	1190	916	1074	1095	1161	4268	4093	4245
% CHG SAME QTR LAST YR......	0.69	-5.43	1.41	-9.08	-9.86	-4.41	6.26	5.15	5.49	7.95	-2.44	-0.16	-4.10	3.72
MISC DURABLE GOODS............	3369	3319	3294	2945	3561	3525	3604	3062	3780	3778	3656	12808	13635	14275
% CHG SAME QTR LAST YR......	10.56	11.20	7.21	4.22	5.69	6.21	9.41	3.96	6.15	7.17	1.43	13.14	6.46	4.69
EATING AND DRINKING PLACES....	1500	1517	1453	1380	1562	1585	1521	1450	1647	1673	1607	5838	6048	6377
% CHG SAME QTR LAST YR......	5.43	4.84	3.45	0.89	4.10	4.47	4.71	5.03	5.49	5.55	5.60	6.56	3.60	5.43
FOOD STORES...................	1919	1980	2125	1863	2029	1990	2138	1966	2121	2146	2308	7862	8020	8540
% CHG SAME QTR LAST YR......	2.79	3.85	0.44	1.35	5.72	0.53	0.62	5.49	4.51	7.83	7.96	3.57	2.01	6.48
LIQUOR STORES.................	84	84	111	84	87	84	111	84	87	84	112	361	366	367
% CHG SAME QTR LAST YR......	4.61	7.64	4.35	3.62	2.56	-0.33	-0.12	0.03	0.34	0.49	0.57	6.38	1.30	0.37
HOTELS AND MOTELS.............	455	497	427	341	476	513	441	352	491	529	454	1728	1771	1826
% CHG SAME QTR LAST YR......	2.62	4.84	-2.69	-2.22	4.80	3.12	3.22	3.18	3.13	3.09	3.05	3.35	2.51	3.11
OTHER RETAIL AND SERVICE......	5026	5044	6022	4639	5247	5505	6261	4928	5357	5836	6917	20613	21652	23038
% CHG SAME QTR LAST YR......	4.64	6.68	4.69	2.61	4.40	9.14	3.96	6.22	2.10	6.01	10.49	7.37	5.04	6.40
MISC NONDURABLE GOODS.........	1511	1478	1764	1445	1549	1529	1931	1476	1615	1598	2034	6128	6453	6723
% CHG SAME QTR LAST YR......	9.88	6.16	4.88	5.01	2.46	3.45	9.48	2.17	4.26	4.56	5.36	12.20	5.29	4.19
TRANSPORTATION,COMMUNICATION..	1046	1266	1147	1199	1233	1329	1200	1254	1289	1388	1253	4473	4962	5186
% CHG SAME QTR LAST YR......	12.85	30.41	10.94	18.20	17.94	4.98	4.64	4.59	4.54	4.49	4.44	13.95	10.92	4.52
PER CAPITA ($)..................	3314	3355	3496	3029	3422	3502	3651	3139	3533	3669	3847	13139	13604	14187
% CHG SAME QTR LAST YR......	5.29	7.22	3.67	1.87	3.26	4.38	4.43	3.63	3.26	4.77	5.35	7.50	3.54	4.29

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 20: TENNESSEE TAXABLE SALES
MILLIONS OF SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORY		FORECAST - DATA									ANNUAL		
	199902	199903	199904	200001	200002	200003	200004	200101	200102	200103	200104	1999	2000	2001
TOTAL............................	17877	17953	18255	18607	18682	18955	19302	19511	19508	20090	20545	72165	75546	79653
% CHG PREV QTR SAAR.........	-4.39	1.71	6.90	7.93	1.62	5.98	7.51	4.40	-0.07	12.49	9.36	8.95	4.69	5.44
% CHG SAME QTR LAST YR......	6.47	8.27	4.94	2.92	4.50	5.58	5.73	4.86	4.42	5.99	6.44	8.95	4.69	5.44
AUTO DEALERS..................	2033	2062	1987	2037	2117	2250	2155	2136	2260	2354	2403	8062	8559	9152
% CHG PREV QTR SAAR.........	11.16	5.96	-13.76	10.29	16.78	27.66	-15.92	-3.49	25.34	17.61	8.66	13.22	6.17	6.93
% CHG SAME QTR LAST YR......	7.63	14.93	8.37	2.88	4.16	9.12	8.44	4.88	6.75	4.58	11.51	13.22	6.17	6.93
PURCHASES FROM MANUFACTURERS..	1076	1014	1076	1008	969	970	1144	1060	1023	1047	1116	4274	4091	4245
% CHG PREV QTR SAAR.........	-11.33	-21.08	27.03	-23.03	-14.50	0.08	93.60	-26.21	-13.37	9.70	29.17	0.00	-4.29	3.77
% CHG SAME QTR LAST YR......	0.66	-5.34	1.30	-9.05	-9.87	-4.36	6.26	5.15	5.49	7.95	-2.44	0.00	-4.29	3.77
MISC DURABLE GOODS............	3135	3133	3292	3405	3312	3327	3601	3540	3516	3566	3653	12824	13646	14275
% CHG PREV QTR SAAR.........	-14.92	-0.18	21.77	14.49	-10.43	1.83	37.21	-6.67	-2.64	5.79	10.12	13.67	6.41	4.61
% CHG SAME QTR LAST YR......	10.50	11.16	7.19	4.31	5.66	6.19	9.41	3.96	6.15	7.17	1.43	13.67	6.41	4.61
EATING AND DRINKING PLACES....	1441	1454	1471	1488	1500	1520	1540	1563	1583	1604	1626	5842	6048	6376
% CHG PREV QTR SAAR.........	-9.15	3.50	4.77	4.90	3.23	5.26	5.48	6.15	5.06	5.52	5.68	6.70	3.54	5.42
% CHG SAME QTR LAST YR......	5.42	4.99	3.44	0.82	4.10	4.54	4.71	5.03	5.49	5.55	5.60	6.70	3.54	5.42
FOOD STORES...................	1928	1977	1985	1994	2040	1988	1997	2103	2132	2143	2156	7855	8018	8534
% CHG PREV QTR SAAR.........	-7.51	10.72	1.46	1.83	9.57	-9.79	1.87	22.98	5.58	2.22	2.34	3.69	2.07	6.44
% CHG SAME QTR LAST YR......	2.95	3.84	0.14	1.42	5.81	0.52	0.62	5.49	4.51	7.83	7.96	3.69	2.07	6.44
LIQUOR STORES.................	89	92	91	92	91	91	91	92	92	92	92	361	366	367
% CHG PREV QTR SAAR.........	4.18	10.93	-0.20	0.07	-0.45	-0.20	0.10	0.68	0.80	0.36	0.45	6.59	1.43	0.36
% CHG SAME QTR LAST YR......	4.44	7.92	4.31	3.65	2.48	-0.20	-0.12	0.03	0.34	0.49	0.57	6.59	1.43	0.36
HOTELS AND MOTELS.............	421	430	434	437	441	444	448	451	455	458	462	1733	1771	1826
% CHG PREV QTR SAAR.........	-22.02	9.41	3.33	3.29	3.24	3.20	3.15	3.11	3.07	3.03	2.99	3.66	2.18	3.11
% CHG SAME QTR LAST YR......	2.60	5.14	-2.79	-2.31	4.78	3.26	3.22	3.18	3.13	3.09	3.05	3.66	2.18	3.11
OTHER RETAIL AND SERVICE......	5149	5129	5190	5270	5376	5597	5396	5598	5489	5934	5962	20607	21639	22983
% CHG PREV QTR SAAR.........	0.79	-1.55	4.83	6.32	8.31	17.48	-13.64	15.84	-7.54	36.54	1.92	7.67	5.01	6.21
% CHG SAME QTR LAST YR......	4.66	6.65	4.76	2.55	4.41	9.13	3.96	6.22	2.10	6.01	10.49	7.67	5.01	6.21
MISC NONDURABLE GOODS.........	1562	1471	1525	1658	1602	1521	1669	1694	1670	1590	1758	6136	6449	6712
% CHG PREV QTR SAAR.........	-3.96	-21.44	15.41	39.75	-12.84	-18.74	45.12	6.03	-5.48	-17.82	49.64	13.14	5.10	4.08
% CHG SAME QTR LAST YR......	10.00	6.02	4.87	5.03	2.51	3.38	9.48	2.17	4.26	4.56	5.36	13.14	5.10	4.08
TRANSPORTATION,COMMUNICATION..	1044	1191	1205	1219	1233	1247	1261	1275	1289	1303	1317	4471	4959	5183
% CHG PREV QTR SAAR.........	4.86	69.40	4.77	4.72	4.67	4.62	4.57	4.52	4.47	4.42	4.37	13.63	10.91	4.52
% CHG SAME QTR LAST YR......	13.15	29.69	11.34	18.15	18.10	4.69	4.64	4.59	4.54	4.49	4.44	13.63	10.91	4.52
PER CAPITA ($)..................	3261	3265	3311	3366	3369	3408	3460	3487	3477	3571	3642	13144	13602	14176
% CHG PREV QTR SAAR.........	-5.53	0.54	5.71	6.79	0.36	4.74	6.31	3.15	-1.21	11.26	8.22	7.78	3.49	4.22
% CHG SAME QTR LAST YR......	5.31	7.07	3.77	1.76	3.31	4.37	4.52	3.61	3.21	4.78	5.25	7.78	3.49	4.22

CENTER FOR BUSINESS AND ECONOMIC RESEARCH,UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
US GDP (BIL96$)......................	8842.2	9111.5	9429.0	9749.2	10057.4	10368.3	10685.5	10907.0	11177.0	11499.0
PERCENTAGE CHANGE.................	3.82	3.04	3.49	3.40	3.16	3.09	3.06	2.07	2.48	2.88
TN GSP (MIL96$)......................	153893.6	158376.5	163684.3	169758.4	175872.5	182507.3	190034.4	197713.8	204521.0	212325.6
PERCENTAGE CHANGE.................	2.65	2.91	3.35	3.71	3.60	3.77	4.12	4.04	3.44	3.82
US GDP (BIL$)........................	9216.0	9614.2	10098.9	10606.3	11098.4	11593.3	12089.0	12640.0	13145.0	13810.0
PERCENTAGE CHANGE.................	5.21	4.32	5.04	5.02	4.64	4.46	4.28	4.56	4.00	5.06
TN GSP (MIL$)........................	165828.7	175494.4	186503.2	198789.5	211703.9	226527.7	242045.2	260638.8	276077.6	295679.9
PERCENTAGE CHANGE.................	5.56	5.83	6.27	6.59	6.50	7.00	6.85	7.68	5.92	7.10
IMPLICIT DEFLATOR,GDP...............	104.2	105.5	107.1	108.8	110.3	111.8	113.1	115.5	118.3	121.8
PERCENTAGE CHANGE.................	1.33	1.24	1.50	1.58	1.43	1.33	1.18	2.09	2.42	2.96
IMPLICIT DEFLATOR,GSP...............	107.8	110.8	113.9	117.1	120.4	124.1	127.4	131.8	135.0	139.3
PERCENTAGE CHANGE.................	2.84	2.83	2.83	2.77	2.79	3.11	2.62	3.50	2.40	3.16
US PERS CONS DEFL (1996=100)........	104.2	105.9	108.0	110.2	112.3	114.4	116.6	119.1	122.0	125.5
PERCENTAGE CHANGE.................	1.55	1.57	2.02	1.99	1.93	1.93	1.91	2.07	2.48	2.87
TN PERSONAL INCOME (MIL$)...........	134476	141185	148993	157551	167261	177373	188378	200582	213578	227205
PERCENTAGE CHANGE.................	4.86	4.99	5.53	5.74	6.16	6.05	6.20	6.48	6.48	6.38
US PERSONAL INCOME (BIL$)...........	7777.5	8153.7	8600.5	9033.9	9435.7	9851.1	10300.7	10701.0	11275.0	11755.0
PERCENTAGE CHANGE.................	5.69	4.84	5.48	5.04	4.45	4.40	4.56	3.89	5.36	4.26
TN PERSONAL INCOME (MIL96$).........	129025	133363	137950	143030	148965	154979	161511	168486	175064	181040
PERCENTAGE CHANGE.................	3.26	3.36	3.44	3.68	4.15	4.04	4.21	4.32	3.90	3.41
US PERSONAL INCOME (BIL96$).........	7462.2	7702.0	7963.0	8201.3	8403.5	8607.3	8831.6	8988.7	9241.8	9366.5
PERCENTAGE CHANGE.................	4.07	3.21	3.39	2.99	2.47	2.43	2.61	1.78	2.82	1.35
TN NONAGRIC JOBS (THOUS)............	2671.0	2709.4	2761.4	2830.7	2899.2	2974.7	3061.5	3148.1	3247.7	3334.4
PERCENTAGE CHANGE.................	1.30	1.44	1.92	2.51	2.42	2.60	2.92	2.83	3.16	2.67
US NONAGRIC JOBS (MIL)..............	128.5	130.1	131.7	133.4	135.2	136.9	138.8	141.7	145.2	149.4
PERCENTAGE CHANGE.................	2.16	1.19	1.24	1.32	1.32	1.26	1.44	2.06	2.47	2.89
TN UNEMPLOYMENT RATE (%)............	3.7	3.6	3.8	4.1	4.4	4.8	5.3	5.1	5.1	5.1
US UNEMPLOYMENT RATE (%)............	4.2	4.4	4.3	4.6	4.5	4.6	4.5	5.5	5.3	5.0
BANK PRIME INTEREST RATE (%)........	8.0	8.1	8.2	8.2	8.2	8.2	8.2	8.2	8.3	8.5
TN MFG JOBS (THOUS).................	507.1	505.2	504.7	506.3	508.7	512.2	515.2	518.9	522.3	526.1
PERCENTAGE CHANGE.................	-1.49	-0.37	-0.09	0.30	0.48	0.68	0.59	0.71	0.65	0.74

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TN TAXABLE SALES (MIL$).............	72148	75568	79728	83995	88483	93373	98467	104358	110499	117060
PERCENTAGE CHANGE.................	8.67	4.74	5.51	5.35	5.34	5.53	5.45	5.98	5.88	5.94
TN TAXABLE SALES (MIL96$)...........	69223	71381	73819	76253	78804	81584	84423	87658	90571	93257
PERCENTAGE CHANGE.................	7.01	3.12	3.42	3.30	3.34	3.53	3.48	3.83	3.32	2.97
TN MFG OUTPUT/EMPLOYEE (THOUS96$)...	65.1	67.2	69.6	71.8	74.1	76.3	78.4	80.6	83.0	85.4
PERCENTAGE CHANGE.................	3.74	3.33	3.47	3.22	3.15	2.97	2.79	2.88	2.97	2.87
TN AVERAGE ANNUAL WAGE,NONAG ($)....	29904	30632	31661	32740	33822	34860	35880	37009	38259	39463
PERCENTAGE CHANGE.................	3.41	2.43	3.36	3.41	3.31	3.07	2.93	3.15	3.38	3.15
TN AVERAGE ANNUAL WAGE,NONAG (96$)..	28692	28935	29314	29722	30123	30459	30763	31087	31359	31439
PERCENTAGE CHANGE.................	1.83	0.85	1.31	1.39	1.35	1.12	1.00	1.05	0.88	0.25
TN TOTAL POPULATION (THOUS).........	5491	5554	5619	5684	5752	5819	5888	5951	6008	6065
PERCENTAGE CHANGE.................	1.11	1.16	1.16	1.16	1.20	1.16	1.20	1.06	0.95	0.95

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TN GSP (96 $)........................	28029	28515	29132	29867	30576	31366	32272	33224	34044	35010
PERCENTAGE CHANGE.................	1.53	1.74	2.16	2.52	2.37	2.58	2.89	2.95	2.47	2.84
TN GSP ($)...........................	30202	31597	33193	34975	36805	38931	41105	43798	45954	48754
PERCENTAGE CHANGE.................	4.41	4.62	5.05	5.37	5.23	5.78	5.58	6.55	4.92	6.09
US GDP (96 $)........................	32446	33155	34030	34899	35714	36524	37341	37378	37377	37376
PERCENTAGE CHANGE.................	2.94	2.19	2.64	2.56	2.33	2.27	2.24	0.10	0.00	-0.01
US GDP ($)...........................	33818	34985	36448	37968	39411	40839	42246	43317	43959	44887
PERCENTAGE CHANGE.................	4.31	3.45	4.18	4.17	3.80	3.62	3.45	2.54	1.48	2.11
TN PERSONAL INCOME (96 $)...........	23499	24012	24552	25165	25898	26635	27428	28313	29140	29851
PERCENTAGE CHANGE.................	2.13	2.18	2.25	2.50	2.91	2.84	2.98	3.22	2.92	2.44
TN PERSONAL INCOME ($)..............	24492	25420	26517	27720	29079	30483	31991	33706	35551	37463
PERCENTAGE CHANGE.................	3.71	3.79	4.32	4.53	4.90	4.83	4.95	5.36	5.47	5.38
US PERSONAL INCOME (96 $)...........	27382	28027	28739	29358	29841	30320	30862	30804	30906	30444
PERCENTAGE CHANGE.................	3.19	2.35	2.54	2.16	1.64	1.61	1.79	-0.19	0.33	-1.49
US PERSONAL INCOME ($)..............	28539	29670	31040	32339	33506	34702	35996	36672	37705	38208
PERCENTAGE CHANGE.................	4.79	3.96	4.62	4.19	3.61	3.57	3.73	1.88	2.82	1.33
TN TAXABLE SALES (96 $).............	12608	12852	13138	13416	13700	14021	14337	14730	15076	15377
PERCENTAGE CHANGE.................	5.84	1.94	2.23	2.12	2.12	2.34	2.25	2.74	2.35	2.00
TN TAXABLE SALES ($)................	13140	13606	14190	14778	15383	16047	16722	17537	18393	19302
PERCENTAGE CHANGE.................	7.49	3.54	4.29	4.15	4.09	4.32	4.21	4.87	4.88	4.94

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS
MILLIONS OF 1996 DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL PERSONAL INCOME...............	129025	133363	137950	143030	148965	154979	161511	168482	175061	181006
PERCENTAGE CHANGE...............	3.26	3.36	3.44	3.68	4.15	4.04	4.21	4.32	3.90	3.40
WAGES AND SALARIES................	77403	79196	81786	85010	88250	91573	95197	98951	102988	106028
PERCENTAGE CHANGE...............	3.19	2.32	3.27	3.94	3.81	3.76	3.96	3.94	4.08	2.95
OTHER LABOR INCOME................	7891	8212	8385	8470	9083	9770	10236	10985	11795	12495
PERCENTAGE CHANGE...............	3.16	4.07	2.11	1.01	7.23	7.57	4.76	7.32	7.37	5.93
PROPRIETORS INCOME................	11331	11922	12546	13273	13866	14634	15412	16385	17001	17810
PERCENTAGE CHANGE...............	6.03	5.22	5.23	5.79	4.47	5.54	5.32	6.31	3.76	4.75
RENT INTEREST DIVIDENDS...........	16956	17773	18352	18646	19313	19823	20635	21955	22991	24123
PERCENTAGE CHANGE...............	2.17	4.82	3.26	1.60	3.58	2.64	4.10	6.40	4.72	4.92
TRANSFER PAYMENTS.................	22669	23243	24063	25030	26100	27102	28180	28711	29142	29701
PERCENTAGE CHANGE...............	2.18	2.53	3.53	4.02	4.28	3.84	3.97	1.89	1.50	1.92
LESS:PERS CONT FOR SOC INS........	6119	5846	6023	6212	6425	6664	6853	7146	7435	7673
PERCENTAGE CHANGE...............	0.96	-4.45	3.02	3.14	3.43	3.71	2.85	4.28	4.03	3.21
RESIDENCE ADJUSTMENT..............	-1105	-1136	-1159	-1188	-1222	-1259	-1295	-1358	-1422	-1478
PERCENTAGE CHANGE...............	-0.39	2.79	2.03	2.43	2.92	3.04	2.83	4.90	4.66	3.96
PER CAPITA PERSONAL INCOME ($)......	23499	24012	24552	25165	25898	26635	27428	28312	29140	29846
PERCENTAGE CHANGE...............	2.13	2.18	2.25	2.50	2.91	2.84	2.98	3.22	2.92	2.42

CENTER FOR BUSINESS AND ECONOMIC RESEARCH,UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS
MILLIONS OF CURRENT DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL PERSONAL INCOME	134476	141185	148993	157551	167261	177373	188378	200582	213578	227205
PERCENTAGE CHANGE..............	4.86	4.99	5.53	5.74	6.16	6.05	6.20	6.48	6.48	6.38
WAGES AND SALARIES...............	80673	83841	88333	93641	99089	104805	111033	117803	125648	133090
PERCENTAGE CHANGE..............	4.79	3.93	5.36	6.01	5.82	5.77	5.94	6.10	6.66	5.92
OTHER LABOR INCOME...............	8224	8694	9057	9330	10199	11182	11939	13078	14390	15684
PERCENTAGE CHANGE..............	4.76	5.71	4.17	3.02	9.31	9.64	6.76	9.55	10.03	8.99
PROPRIETORS INCOME...............	11809	12621	13550	14621	15569	16749	17976	19507	20742	22355
PERCENTAGE CHANGE..............	7.68	6.88	7.36	7.90	6.49	7.58	7.33	8.52	6.33	7.78
RENT INTEREST DIVIDENDS..........	17672	18815	19822	20539	21686	22687	24067	26138	28049	30279
PERCENTAGE CHANGE..............	3.76	6.47	5.35	3.62	5.58	4.62	6.08	8.60	7.31	7.95
TRANSFER PAYMENTS................	23626	24606	25989	27571	29306	31019	32867	34181	35553	37282
PERCENTAGE CHANGE..............	3.77	4.15	5.62	6.09	6.29	5.85	5.96	4.00	4.01	4.86
LESS:PERS CONT FOR SOC INS.......	6377	6189	6505	6843	7214	7626	7993	8508	9071	9632
PERCENTAGE CHANGE..............	2.52	-2.95	5.11	5.19	5.43	5.71	4.81	6.44	6.61	6.19
RESIDENCE ADJUSTMENT.............	-1152	-1203	-1252	-1308	-1372	-1441	-1510	-1617	-1735	-1855
PERCENTAGE CHANGE..............	1.15	4.41	4.09	4.47	4.91	5.03	4.79	7.07	7.26	6.96
PER CAPITA PERSONAL INCOME ($).....	24492	25420	26517	27720	29079	30483	31991	33706	35551	37463
PERCENTAGE CHANGE..............	3.71	3.79	4.32	4.53	4.90	4.83	4.95	5.36	5.47	5.38

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 5: TENNESSEE WAGE AND SALARY EMPLOYMENT BY SECTOR
THOUSANDS OF JOBS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONAGRICULTURAL..............	2671.0	2709.4	2761.4	2830.7	2899.2	2974.7	3061.5	3148.1	3247.7	3334.4
PERCENTAGE CHANGE............	1.30	1.44	1.92	2.51	2.42	2.60	2.92	2.83	3.16	2.67
MINING............................	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0
PERCENTAGE CHANGE............	-3.65	0.38	0.02	-0.35	-0.51	-0.52	-0.52	-0.55	-0.42	-0.08
CONSTRUCTION......................	130.2	135.2	140.4	145.3	151.0	156.8	162.5	167.3	171.6	176.1
PERCENTAGE CHANGE............	5.97	3.85	3.84	3.50	3.92	3.85	3.65	2.92	2.57	2.63
MANUFACTURING.....................	507.1	505.2	504.7	506.3	508.7	512.2	515.2	518.9	522.3	526.1
PERCENTAGE CHANGE............	-1.49	-0.37	-0.09	0.30	0.48	0.68	0.59	0.71	0.65	0.74
DURABLE GOODS..................	291.5	294.3	297.1	300.1	303.9	309.0	313.9	319.5	324.9	330.8
PERCENTAGE CHANGE............	0.09	0.93	0.96	1.00	1.29	1.66	1.59	1.79	1.69	1.83
NONDURABLE GOODS...............	215.5	210.9	207.6	206.2	204.8	203.2	201.3	199.4	197.4	195.3
PERCENTAGE CHANGE............	-3.56	-2.12	-1.56	-0.70	-0.69	-0.77	-0.92	-0.97	-1.00	-1.06
TRADE.............................	636.9	651.5	670.4	697.2	723.4	745.8	768.4	798.6	824.7	847.7
PERCENTAGE CHANGE............	2.13	2.29	2.90	4.00	3.76	3.10	3.03	3.92	3.28	2.78
SERVICES..........................	717.6	728.9	744.7	763.1	782.1	808.8	845.2	874.9	921.3	956.3
PERCENTAGE CHANGE............	1.88	1.57	2.17	2.46	2.49	3.42	4.50	3.51	5.31	3.80
FIN,INS,REAL EST..................	127.6	130.3	133.2	136.2	139.2	142.2	145.2	148.3	151.4	154.5
PERCENTAGE CHANGE............	1.71	2.09	2.23	2.24	2.21	2.18	2.15	2.12	2.09	2.06
TRANS,COMM,PUB UTIL..............	162.1	165.6	172.1	176.9	180.6	185.3	191.7	198.9	206.7	214.8
PERCENTAGE CHANGE............	2.83	2.16	3.93	2.81	2.07	2.60	3.49	3.74	3.90	3.94
GOVERNMENT........................	385.4	388.6	391.8	401.6	410.2	419.6	429.0	437.3	445.7	454.9
PERCENTAGE CHANGE............	0.46	0.82	0.81	2.51	2.14	2.28	2.26	1.92	1.92	2.06
FEDERAL,CIVILIAN...............	49.9	50.1	50.5	50.8	51.1	51.4	51.7	52.0	52.3	52.6
PERCENTAGE CHANGE............	-0.73	0.42	0.67	0.65	0.63	0.61	0.60	0.58	0.57	0.55
STATE AND LOCAL................	335.5	338.5	341.3	350.8	359.1	368.1	377.3	385.2	393.3	402.2
PERCENTAGE CHANGE............	0.65	0.88	0.83	2.79	2.35	2.52	2.49	2.10	2.10	2.26
FARM..............................	10.7	10.4	10.0	9.6	9.3	9.0	8.7	9.0	8.8	8.6
PERCENTAGE CHANGE............	-4.52	-2.91	-4.09	-3.90	-3.49	-3.36	-3.38	4.19	-2.15	-2.39

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL DURABLE GOODS.................	291.5	294.3	297.1	300.1	303.9	309.0	313.9	319.5	324.9	330.8
PERCENTAGE CHANGE...............	0.09	0.93	0.96	1.00	1.29	1.66	1.59	1.79	1.69	1.83
LUMBER AND WOOD...................	23.4	23.4	23.4	23.6	23.9	24.4	25.0	25.5	26.2	26.9
PERCENTAGE CHANGE...............	1.17	-0.01	0.19	0.76	1.36	2.02	2.39	2.19	2.53	2.87
FURNITURE AND FIXTURES............	27.5	27.8	27.8	27.9	28.0	28.6	29.2	29.8	30.6	31.5
PERCENTAGE CHANGE...............	1.52	1.08	-0.13	0.38	0.49	2.05	1.90	2.29	2.74	2.65
STONE,CLAY AND GLASS..............	16.5	16.4	16.3	16.4	16.5	16.7	16.8	17.0	17.1	17.4
PERCENTAGE CHANGE...............	0.48	-0.54	-0.73	0.86	0.34	1.20	0.87	1.03	0.91	1.42
PRIMARY METALS....................	18.0	18.0	18.0	18.2	18.5	18.7	18.9	19.1	19.3	19.5
PERCENTAGE CHANGE...............	1.72	0.01	-0.01	0.95	1.63	1.33	1.09	1.05	1.02	1.29
FABRICATED METALS.................	43.5	45.1	46.0	46.7	47.3	48.2	48.9	50.1	50.9	51.8
PERCENTAGE CHANGE...............	-2.17	3.64	2.16	1.33	1.48	1.83	1.50	2.44	1.48	1.85
NONELECTRICAL MACHINERY...........	46.7	47.7	48.3	48.6	49.1	49.4	49.6	49.7	49.8	50.0
PERCENTAGE CHANGE...............	0.08	2.25	1.24	0.60	1.07	0.63	0.27	0.27	0.30	0.30
ELECTRICAL MACHINERY..............	40.2	40.3	40.5	40.8	41.3	42.0	42.8	43.4	43.9	44.5
PERCENTAGE CHANGE...............	0.77	0.19	0.54	0.61	1.23	1.89	1.92	1.22	1.20	1.36
TRANSPORTATION EQUIPMENT..........	54.3	54.0	54.6	55.4	56.2	57.4	58.9	60.5	62.2	63.9
PERCENTAGE CHANGE...............	0.78	-0.60	1.23	1.32	1.53	2.15	2.53	2.80	2.83	2.69
INSTRUMENTS.......................	10.9	11.3	11.5	11.8	12.0	12.3	12.6	12.9	13.2	13.6
PERCENTAGE CHANGE...............	-2.02	3.08	2.08	2.16	2.23	2.31	2.38	2.46	2.55	2.63
MISCELLANEOUS.....................	10.6	10.4	10.6	10.9	11.1	11.2	11.2	11.5	11.6	11.8
PERCENTAGE CHANGE...............	-3.43	-2.03	2.51	2.51	2.12	0.92	0.22	2.09	1.06	1.40

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONDURABLE GOODS..............	215.5	210.9	207.6	206.2	204.8	203.2	201.3	199.4	197.4	195.3
PERCENTAGE CHANGE...............	-3.56	-2.12	-1.56	-0.70	-0.69	-0.77	-0.92	-0.97	-1.00	-1.06
FOOD...............................	38.1	38.0	38.1	38.2	38.3	38.4	38.5	38.6	38.7	38.7
PERCENTAGE CHANGE...............	1.44	-0.07	0.27	0.25	0.24	0.23	0.22	0.21	0.20	0.19
TOBACCO............................	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
PERCENTAGE CHANGE...............	-5.86	-0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TEXTILES...........................	16.8	15.6	14.5	13.9	13.2	12.7	12.0	11.6	11.0	10.3
PERCENTAGE CHANGE...............	-5.65	-7.12	-7.00	-4.06	-4.84	-3.68	-5.51	-3.84	-4.83	-6.16
APPAREL............................	28.4	26.0	23.8	22.4	20.8	19.8	19.0	17.8	16.7	15.7
PERCENTAGE CHANGE...............	-14.95	-8.36	-8.34	-6.15	-6.77	-4.87	-4.41	-6.12	-6.11	-6.07
PAPER..............................	21.4	21.0	21.1	21.3	21.4	21.4	21.0	21.0	21.0	21.0
PERCENTAGE CHANGE...............	-2.27	-1.92	0.65	0.65	0.61	-0.08	-1.79	-0.04	0.10	-0.04
PRINTING AND PUBLISHING...........	38.7	38.5	38.6	38.7	38.8	38.8	38.7	39.0	39.4	39.9
PERCENTAGE CHANGE...............	-1.57	-0.48	0.15	0.20	0.39	-0.15	-0.17	0.74	1.05	1.41
CHEMICALS..........................	31.8	30.8	30.2	30.2	30.3	30.0	29.9	29.3	28.7	28.0
PERCENTAGE CHANGE...............	-4.62	-3.21	-1.99	0.25	0.13	-0.85	-0.44	-1.92	-2.07	-2.49
PETROLEUM REFINING................	1.1	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8
PERCENTAGE CHANGE...............	2.40	-5.54	-5.08	-2.75	-1.61	-0.92	-0.47	-4.87	-3.03	-1.90
RUBBER AND PLASTICS...............	35.2	36.1	36.7	37.3	37.9	38.3	38.7	38.7	38.5	38.3
PERCENTAGE CHANGE...............	1.35	2.61	1.74	1.43	1.59	1.24	0.95	0.00	-0.43	-0.58
LEATHER............................	3.1	2.9	2.6	2.3	2.1	1.8	1.6	1.5	1.5	1.4
PERCENTAGE CHANGE...............	-8.12	-7.38	-10.14	-11.01	-9.99	-14.30	-9.46	-4.17	-4.01	-4.17

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 8: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
1996 DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONAGRICULTURAL...............	28692	28935	29314	29722	30123	30459	30763	31087	31359	31439
PERCENTAGE CHANGE.............	1.83	0.85	1.31	1.39	1.35	1.12	1.00	1.05	0.88	0.25
MINING............................	43159	41421	42318	43229	44258	45322	46358	46781	46717	46789
PERCENTAGE CHANGE.............	-6.65	-4.02	2.17	2.15	2.38	2.40	2.28	0.91	-0.14	0.15
CONSTRUCTION......................	30438	31376	31724	32160	32607	32978	33352	33814	34222	34454
PERCENTAGE CHANGE.............	-1.49	3.08	1.11	1.38	1.39	1.14	1.13	1.38	1.21	0.68
MANUFACTURING.....................	33192	34581	35653	36584	37501	38089	38402	38872	39364	39952
PERCENTAGE CHANGE.............	1.37	4.18	3.10	2.61	2.51	1.57	0.82	1.22	1.27	1.49
DURABLE GOODS...................	34248	35538	36459	37241	37998	38528	38796	39313	39870	40581
PERCENTAGE CHANGE.............	3.16	3.77	2.59	2.14	2.03	1.40	0.69	1.33	1.42	1.78
NONDURABLE GOODS................	31764	33244	34499	35628	36765	37421	37787	38165	38531	38887
PERCENTAGE CHANGE.............	-1.20	4.66	3.78	3.27	3.19	1.79	0.98	1.00	0.96	0.92
TRADE.............................	22074	21781	21999	22245	22472	22558	22750	22955	23180	23033
PERCENTAGE CHANGE.............	1.79	-1.33	1.00	1.12	1.02	0.38	0.85	0.90	0.98	-0.64
SERVICES..........................	27500	28011	28366	28849	29242	29717	30102	30567	30948	30958
PERCENTAGE CHANGE.............	2.23	1.86	1.27	1.70	1.36	1.63	1.29	1.55	1.25	0.03
FIN,INS,REAL EST..................	39732	38721	39323	40034	40753	41308	42064	42633	43024	43351
PERCENTAGE CHANGE.............	0.41	-2.55	1.56	1.81	1.80	1.36	1.83	1.35	0.92	0.76
TRANS,COMM,PUB UTIL...............	36228	35205	35326	35829	36450	37033	37632	38579	39578	40893
PERCENTAGE CHANGE.............	0.39	-2.82	0.34	1.42	1.73	1.60	1.62	2.52	2.59	3.32
GOVERNMENT........................	28360	28385	28426	28506	28695	28954	29219	29225	28950	28453
PERCENTAGE CHANGE.............	5.45	0.09	0.14	0.28	0.66	0.90	0.91	0.02	-0.94	-1.72
FEDERAL,CIVILIAN................	43296	44161	45074	45747	46490	47397	48219	47777	47340	46812
PERCENTAGE CHANGE.............	3.68	2.00	2.07	1.49	1.62	1.95	1.73	-0.92	-0.91	-1.11
STATE AND LOCAL.................	26138	26049	25964	26010	26162	26378	26613	26718	26504	26051
PERCENTAGE CHANGE.............	6.03	-0.34	-0.33	0.18	0.58	0.82	0.89	0.40	-0.80	-1.71
AGRICULTURE.........................	11114	11240	11527	11794	12009	12209	12415	13244	13396	13480
PERCENTAGE CHANGE.............	3.09	1.13	2.55	2.32	1.82	1.67	1.69	6.67	1.15	0.62

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE

TABLE 9: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR

CURRENT DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONAGRICULTURAL...............	29904	30632	31661	32740	33822	34860	35880	37009	38259	39463
PERCENTAGE CHANGE...........	3.41	2.43	3.36	3.41	3.31	3.07	2.93	3.15	3.38	3.15
MINING............................	44982	43851	45706	47618	49694	51871	54069	55694	56995	58731
PERCENTAGE CHANGE...........	-5.20	-2.51	4.23	4.18	4.36	4.38	4.24	3.01	2.34	3.04
CONSTRUCTION......................	31724	33216	34263	35425	36612	37743	38900	40256	41752	43248
PERCENTAGE CHANGE.............	0.04	4.70	3.15	3.39	3.35	3.09	3.06	3.49	3.72	3.58
MANUFACTURING.....................	34594	36609	38507	40299	42107	43593	44790	46278	48025	50149
ERCENTAGE CHANGE.............	2.94	5.82	5.19	4.65	4.49	3.53	2.75	3.32	3.78	4.42
DURABLE GOODS...................	35695	37623	39378	41022	42665	44096	45250	46803	48642	50939
PERCENTAGE CHANGE.............	4.76	5.40	4.67	4.18	4.00	3.35	2.62	3.43	3.93	4.72
NONDURABLE GOODS................	33106	35194	37261	39246	41280	42829	44073	45436	47009	48812
PERCENTAGE CHANGE.............	0.34	6.31	5.87	5.33	5.18	3.75	2.91	3.09	3.46	3.84
TRADE.............................	23006	23058	23760	24504	25233	25818	26535	27329	28280	28912
PERCENTAGE CHANGE.............	3.37	0.23	3.04	3.13	2.98	2.32	2.78	2.99	3.48	2.23
SERVICES..........................	28661	29654	30636	31778	32834	34011	35109	36390	37757	38860
PERCENTAGE CHANGE.............	3.82	3.46	3.31	3.73	3.32	3.59	3.23	3.65	3.76	2.92
FIN,INS,REAL EST..................	41411	40992	42471	44098	45759	47277	49062	50755	52490	54415
PERCENTAGE CHANGE.............	1.97	-1.01	3.61	3.83	3.77	3.32	3.78	3.45	3.42	3.67
TRANS,COMM,PUB UTIL...............	37759	37269	38153	39466	40926	42384	43893	45929	48286	51331
PERCENTAGE CHANGE.............	1.95	-1.30	2.37	3.44	3.70	3.56	3.56	4.64	5.13	6.30
GOVERNMENT........................	29559	30050	30701	31400	32220	33138	34079	34792	35320	35715
PERCENTAGE CHANGE.............	7.09	1.66	2.17	2.28	2.61	2.85	2.84	2.09	1.52	1.12
FEDERAL,CIVILIAN................	45126	46751	48682	50391	52200	54246	56241	56879	57755	58760
PERCENTAGE CHANGE.............	5.29	3.60	4.13	3.51	3.59	3.92	3.68	1.14	1.54	1.74
STATE AND LOCAL.................	27242	27576	28042	28651	29375	30189	31040	31809	32335	32700
PERCENTAGE CHANGE.............	7.67	1.23	1.69	2.17	2.53	2.77	2.82	2.48	1.65	1.13
AGRICULTURE.........................	11583	11899	12449	12991	13484	13974	14481	15767	16344	16920
PERCENTAGE CHANGE...........	4.69	2.72	4.63	4.35	3.79	3.63	3.63	8.88	3.66	3.53

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 10: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
CIVILIAN LABOR FORCE (THOUS)........	2815	2866	2910	2952	2998	3049	3105	3148	3193	3236
PERCENTAGE CHANGE...............	2.02	1.81	1.52	1.46	1.54	1.69	1.84	1.39	1.42	1.37
EMPLOYED PERSONS (THOUS)..........	2710	2762	2798	2831	2867	2903	2941	2987	3031	3070
PERCENTAGE CHANGE...............	2.51	1.93	1.30	1.16	1.27	1.27	1.30	1.55	1.48	1.30
UNEMPLOYED PERSONS (THOUS)........	105	104	112	121	131	145	164	161	162	166
PERCENTAGE CHANGE...............	-8.99	-1.32	7.34	8.86	7.96	10.88	12.70	-1.51	0.41	2.72
PARTICIPATION RATE (PERCENT)........	65.6	66.1	66.3	66.5	66.7	67.1	67.5	67.8	68.1	68.5
PERCENTAGE CHANGE...............	0.94	0.66	0.37	0.31	0.34	0.54	0.64	0.37	0.54	0.49
UNEMPLOYMENT RATE (PERCENT).........	3.7	3.6	3.8	4.1	4.4	4.8	5.3	5.1	5.1	5.1

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 11: TENNESSEE TAXABLE SALES
MILLIONS OF 1996 DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL................................	69223	71381	73819	76253	78804	81584	84423	87658	90571	93257
PERCENTAGE CHANGE...............	7.01	3.12	3.42	3.30	3.34	3.53	3.48	3.83	3.32	2.97
AUTO DEALERS......................	7742	8094	8473	8929	9462	9738	10072	10431	10761	11052
PERCENTAGE CHANGE...............	11.49	4.55	4.69	5.38	5.97	2.92	3.42	3.57	3.16	2.71
PURCHASES FROM MANUFACTURERS......	4095	3866	3930	4185	4482	4794	5089	5512	5659	5939
PERCENTAGE CHANGE...............	-1.68	-5.59	1.67	6.49	7.09	6.96	6.14	8.33	2.66	4.95
MISC DURABLE GOODS................	12289	12880	13217	13575	13995	14556	15237	16246	17292	18265
PERCENTAGE CHANGE...............	11.41	4.81	2.62	2.71	3.09	4.01	4.68	6.62	6.44	5.63
EATING AND DRINKING PLACES........	5602	5713	5904	6131	6384	6627	6912	7217	7500	7752
PERCENTAGE CHANGE...............	4.93	1.99	3.34	3.84	4.14	3.80	4.30	4.41	3.93	3.36
FOOD STORES.......................	7543	7576	7907	7962	7978	7966	7988	8068	8008	7960
PERCENTAGE CHANGE...............	1.99	0.43	4.37	0.69	0.20	-0.15	0.28	1.00	-0.74	-0.60
LIQUOR STORES.....................	346	345	340	335	332	328	325	322	318	313
PERCENTAGE CHANGE...............	4.76	-0.27	-1.61	-1.25	-0.97	-1.22	-0.90	-0.84	-1.28	-1.78
HOTELS AND MOTELS.................	1658	1673	1691	1707	1721	1733	1743	1748	1744	1731
PERCENTAGE CHANGE...............	1.77	0.92	1.07	0.94	0.84	0.70	0.58	0.29	-0.23	-0.74
OTHER RETAIL AND SERVICE..........	19777	20452	21331	22258	23075	24032	24962	25432	26316	27120
PERCENTAGE CHANGE...............	5.73	3.41	4.29	4.35	3.67	4.15	3.87	1.88	3.47	3.06
MISC NONDURABLE GOODS.............	5880	6095	6225	6260	6357	6692	6883	7389	7629	7758
PERCENTAGE CHANGE...............	10.48	3.66	2.13	0.57	1.55	5.27	2.85	7.35	3.25	1.68
TRANSPORTATION,COMMUNICATION......	4292	4687	4801	4911	5017	5117	5212	5292	5343	5366
PERCENTAGE CHANGE...............	12.21	9.21	2.45	2.29	2.16	1.99	1.85	1.53	0.98	0.43
PER CAPITA TOTAL TAXABLE SALES ($)..	12608	12852	13138	13416	13700	14021	14337	14730	15076	15377
PERCENTAGE CHANGE...............	5.84	1.94	2.23	2.12	2.12	2.34	2.25	2.74	2.35	2.00

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 12: TENNESSEE TAXABLE SALES
MILLIONS OF CURRENT DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL................................	72148	75568	79728	83995	88483	93373	98467	104358	110499	117060
PERCENTAGE CHANGE...............	8.67	4.74	5.51	5.35	5.34	5.53	5.45	5.98	5.88	5.94
AUTO DEALERS......................	8069	8568	9151	9835	10624	11145	11747	12418	13129	13873
PERCENTAGE CHANGE...............	13.22	6.19	6.80	7.47	8.02	4.91	5.40	5.71	5.72	5.67
PURCHASES FROM MANUFACTURERS......	4268	4093	4245	4610	5033	5487	5935	6562	6904	7455
PERCENTAGE CHANGE...............	-0.16	-4.10	3.72	8.60	9.16	9.03	8.16	10.57	5.20	7.98
MISC DURABLE GOODS................	12808	13635	14275	14953	15714	16659	17771	19341	21097	22927
PERCENTAGE CHANGE...............	13.14	6.46	4.69	4.75	5.09	6.02	6.67	8.83	9.08	8.68
EATING AND DRINKING PLACES........	5838	6048	6377	6753	7168	7585	8062	8592	9150	9731
PERCENTAGE CHANGE...............	6.56	3.60	5.43	5.90	6.15	5.81	6.29	6.57	6.50	6.35
FOOD STORES........................	7862	8020	8540	8770	8958	9117	9317	9606	9770	9992
PERCENTAGE CHANGE...............	3.57	2.01	6.48	2.69	2.14	1.78	2.20	3.09	1.72	2.27
LIQUOR STORES.....................	361	366	367	370	373	376	379	384	388	392
PERCENTAGE CHANGE...............	6.38	1.30	0.37	0.72	0.94	0.68	0.99	1.21	1.17	1.05
HOTELS AND MOTELS.................	1728	1771	1826	1880	1932	1983	2033	2081	2128	2173
PERCENTAGE CHANGE...............	3.35	2.51	3.11	2.94	2.79	2.64	2.50	2.37	2.25	2.13
OTHER RETAIL AND SERVICE..........	20613	21652	23038	24518	25909	27505	29115	30278	32106	34042
PERCENTAGE CHANGE...............	7.37	5.04	6.40	6.42	5.67	6.16	5.85	3.99	6.04	6.03
MISC NONDURABLE GOODS.............	6128	6453	6723	6896	7138	7659	8028	8797	9308	9738
PERCENTAGE CHANGE...............	12.20	5.29	4.19	2.57	3.51	7.30	4.82	9.58	5.81	4.61
TRANSPORTATION,COMMUNICATION......	4473	4962	5186	5410	5634	5857	6079	6300	6519	6736
PERCENTAGE CHANGE...............	13.95	10.92	4.52	4.32	4.14	3.96	3.79	3.63	3.48	3.33
PER CAPITA TOTAL TAXABLE SALES ($)..	13140	13606	14190	14778	15383	16047	16722	17537	18393	19302
PERCENTAGE CHANGE...............	7.49	3.54	4.29	4.15	4.09	4.32	4.21	4.87	4.88	4.94

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 13: TENNESSEE GROSS STATE PRODUCT BY SECTOR
MILLIONS OF 1996 DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GROSS STATE PRODUCT.................	153893.6	158376.5	163684.3	169758.4	175872.5	182507.3	190034.4	197713.8	204521.0	212325.6
PERCENTAGE CHANGE.............	2.65	2.91	3.35	3.71	3.60	3.77	4.12	4.04	3.44	3.82
MINING............................	501.9	538.3	572.1	603.2	632.7	662.1	692.8	729.3	769.7	815.7
PERCENTAGE CHANGE.............	2.68	7.26	6.26	5.44	4.90	4.65	4.65	5.26	5.54	5.97
CONSTRUCTION......................	6412.3	6667.3	6928.9	7181.5	7471.9	7806.4	8131.4	8383.4	8611.9	8913.3
PERCENTAGE CHANGE.............	5.92	3.98	3.92	3.65	4.04	4.48	4.16	3.10	2.72	3.50
MANUFACTURING.....................	32988.5	33962.5	35109.3	36349.8	37673.3	39056.9	40384.3	41846.0	43372.2	44946.1
PERCENTAGE CHANGE.............	2.19	2.95	3.38	3.53	3.64	3.67	3.40	3.62	3.65	3.63
DURABLE GOODS...................	19928.5	20832.1	21837.4	22826.9	23892.1	25053.9	26149.2	27310.1	28538.7	29838.1
PERCENTAGE CHANGE.............	4.57	4.53	4.83	4.53	4.67	4.86	4.37	4.44	4.50	4.55
NONDURABLE GOODS................	13060.0	13130.4	13271.8	13522.9	13781.2	14003.0	14235.1	14536.0	14833.4	15108.0
PERCENTAGE CHANGE.............	-1.23	0.54	1.08	1.89	1.91	1.61	1.66	2.11	2.05	1.85
TRADE.............................	28860.2	29589.3	30618.8	31957.7	33249.9	34483.2	35792.0	37364.6	38539.3	40231.2
PERCENTAGE CHANGE.............	1.84	2.53	3.48	4.37	4.04	3.71	3.80	4.39	3.14	4.39
SERVICES..........................	29374.7	29759.5	30260.0	31052.8	31959.5	33183.6	35191.2	36693.8	37865.2	39088.2
PERCENTAGE CHANGE.............	1.57	1.31	1.68	2.62	2.92	3.83	6.05	4.27	3.19	3.23
FINANCE,INSURANCE AND REAL ESTATE.	23738.5	25034.3	26474.2	27936.5	29405.7	30939.4	32428.3	34062.7	35468.8	37355.7
PERCENTAGE CHANGE.............	4.98	5.46	5.75	5.52	5.26	5.22	4.81	5.04	4.13	5.32
TRANS.,COMM.,AND PUBLIC UTIL......	13027.0	13599.2	14275.8	14764.6	15135.7	15564.3	16108.0	16801.1	17496.5	18152.6
PERCENTAGE CHANGE.............	4.96	4.39	4.98	3.42	2.51	2.83	3.49	4.30	4.14	3.75
GOVERNMENT........................	17070.9	17256.5	17412.9	17810.5	18167.1	18551.2	18953.9	19383.2	19815.4	20096.7
PERCENTAGE CHANGE.............	0.85	1.09	0.91	2.28	2.00	2.11	2.17	2.27	2.23	1.42
FEDERAL CIVILIAN................	4467.2	4535.0	4599.2	4662.3	4724.4	4782.6	4853.9	4994.4	5129.9	5251.9
PERCENTAGE CHANGE.............	0.76	1.52	1.41	1.37	1.33	1.23	1.49	2.89	2.71	2.38
FEDERAL MILITARY................	454.6	457.5	459.8	461.9	466.8	472.3	477.2	483.6	490.5	497.8
PERCENTAGE CHANGE.............	9.44	0.64	0.50	0.44	1.06	1.19	1.03	1.34	1.43	1.49
STATE AND LOCAL.................	12149.1	12263.9	12353.9	12686.4	12975.9	13296.3	13622.8	13905.3	14195.1	14347.0
PERCENTAGE CHANGE.............	0.59	0.95	0.73	2.69	2.28	2.47	2.46	2.07	2.08	1.07
AGRICULTURE.......................	1919.6	1969.7	2032.5	2101.8	2176.8	2260.4	2352.5	2449.7	2582.0	2726.0
PERCENTAGE CHANGE.............	1.61	2.61	3.19	3.41	3.57	3.84	4.07	4.13	5.40	5.58
FARM............................	1243.1	1235.8	1235.0	1233.4	1229.2	1224.1	1216.7	1201.6	1207.6	1209.3
PERCENTAGE CHANGE.............	-1.68	-0.58	-0.06	-0.13	-0.34	-0.41	-0.61	-1.24	0.51	0.14
AG SERVICES,FORESTRY,FISHERIES..	676.5	733.8	797.5	868.4	947.6	1036.3	1135.8	1248.1	1374.3	1516.7
PERCENTAGE CHANGE.............	8.25	8.47	8.68	8.89	9.12	9.36	9.61	9.89	10.11	10.36
PER CAPITA GROSS STATE PRODUCT ($)..	28028.7	28515.2	29132.0	29867.4	30575.9	31365.6	32272.2	33224.3	34043.5	35009.9
PERCENTAGE CHANGE.............	1.53	1.74	2.16	2.52	2.37	2.58	2.89	2.95	2.47	2.84

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 14: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF 1996 DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL DURABLE GOODS..................	19928.5	20832.1	21837.4	22826.9	23892.1	25053.9	26149.2	27310.1	28538.7	29838.1
PERCENTAGE CHANGE...............	4.57	4.53	4.83	4.53	4.67	4.86	4.37	4.44	4.50	4.55
LUMBER AND WOOD PRODUCTS..........	1224.4	1247.8	1285.6	1329.4	1375.2	1427.6	1483.0	1528.2	1595.3	1633.5
PERCENTAGE CHANGE...............	2.74	1.91	3.03	3.41	3.44	3.81	3.88	3.05	4.39	2.39
FURNITURE AND FIXTURES............	1053.4	1085.8	1113.8	1144.8	1171.6	1217.2	1259.4	1311.8	1376.3	1436.0
PERCENTAGE CHANGE...............	4.56	3.07	2.58	2.79	2.34	3.89	3.47	4.15	4.92	4.33
STONE,CLAY AND GLASS..............	1023.7	1090.7	1125.5	1184.6	1237.6	1300.2	1347.0	1408.8	1446.0	1508.1
PERCENTAGE CHANGE...............	3.91	6.55	3.19	5.25	4.47	5.05	3.60	4.59	2.64	4.29
PRIMARY METALS....................	1343.3	1369.4	1403.1	1446.7	1505.0	1556.2	1603.1	1621.9	1672.3	1613.6
PERCENTAGE CHANGE...............	3.66	1.94	2.46	3.11	4.03	3.40	3.02	1.17	3.10	-3.51
FABRICATED METAL PRODUCTS.........	2931.2	3087.7	3225.0	3348.6	3473.8	3583.0	3683.2	3730.9	3868.2	4043.5
PERCENTAGE CHANGE...............	-0.05	5.34	4.45	3.83	3.74	3.14	2.80	1.29	3.68	4.53
NONELECTRICAL MACHINERY...........	3372.9	3600.5	3810.1	4001.7	4197.0	4414.9	4579.1	4961.3	5246.6	5575.5
PERCENTAGE CHANGE...............	6.42	6.75	5.82	5.03	4.88	5.19	3.72	8.35	5.75	6.27
ELECTRICAL MACHINERY..............	2529.4	2652.0	2803.1	2962.5	3149.9	3357.9	3582.1	3739.1	3934.2	4192.3
PERCENTAGE CHANGE...............	5.83	4.85	5.70	5.68	6.33	6.60	6.68	4.38	5.22	6.56
TRANSPORTATION EQUIPMENT..........	5118.2	5325.2	5588.0	5806.8	6065.0	6376.8	6696.1	7004.1	7271.7	7594.2
PERCENTAGE CHANGE...............	7.56	4.04	4.94	3.92	4.45	5.14	5.01	4.60	3.82	4.43
INSTRUMENTS.......................	539.0	577.9	648.9	720.0	793.8	869.4	948.2	1016.3	1110.6	1202.2
PERCENTAGE CHANGE...............	1.85	7.21	12.29	10.95	10.25	9.53	9.06	7.18	9.27	8.25
MISCELLANEOUS DURABLE GOODS.......	792.9	795.0	834.3	881.7	923.3	950.8	967.8	987.6	1017.5	1039.3
PERCENTAGE CHANGE...............	-0.61	0.26	4.94	5.68	4.72	2.98	1.79	2.04	3.03	2.14

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 15: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF 1996 DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONDURABLE GOODS..............	13060.0	13130.4	13271.8	13522.9	13781.2	14003.0	14235.1	14536.0	14833.4	15108.0
PERCENTAGE CHANGE...............	-1.23	0.54	1.08	1.89	1.91	1.61	1.66	2.11	2.05	1.85
FOOD..............................	2914.4	2968.2	3021.4	3079.3	3135.2	3193.4	3260.3	3354.9	3434.9	3508.8
PERCENTAGE CHANGE...............	2.87	1.85	1.79	1.91	1.82	1.86	2.09	2.90	2.38	2.15
TOBACCO...........................	198.0	198.3	198.8	199.2	199.5	199.6	199.7	200.4	201.6	201.4
PERCENTAGE CHANGE...............	-5.57	0.16	0.26	0.19	0.16	0.03	0.06	0.33	0.60	-0.06
TEXTILES..........................	629.5	602.8	573.2	563.5	549.5	542.1	526.4	535.7	538.5	513.1
PERCENTAGE CHANGE...............	-4.64	-4.24	-4.90	-1.69	-2.49	-1.34	-2.90	1.77	0.51	-4.71
APPAREL...........................	771.1	722.3	677.0	651.0	623.8	605.4	595.3	580.3	565.2	563.1
PERCENTAGE CHANGE...............	-13.66	-6.32	-6.27	-3.84	-4.18	-2.95	-1.67	-2.53	-2.60	-0.37
PAPER.............................	1562.2	1537.5	1561.6	1586.2	1610.9	1624.2	1610.1	1624.2	1641.9	1663.6
PERCENTAGE CHANGE...............	-2.27	-1.58	1.57	1.57	1.56	0.83	-0.87	0.87	1.09	1.32
PRINTING AND PUBLISHING...........	1482.3	1553.5	1623.5	1686.2	1758.0	1827.5	1906.8	1940.5	1896.8	1941.0
PERCENTAGE CHANGE...............	-1.30	4.80	4.51	3.87	4.25	3.96	4.34	1.77	-2.25	2.33
CHEMICALS.........................	3355.3	3297.3	3279.0	3335.7	3392.8	3414.3	3449.3	3547.8	3746.8	3849.8
PERCENTAGE CHANGE...............	-3.17	-1.73	-0.55	1.73	1.71	0.63	1.03	2.86	5.61	2.75
PETROLEUM REFINING................	160.3	151.7	144.6	141.1	139.4	138.7	138.6	132.4	128.9	128.4
PERCENTAGE CHANGE...............	2.40	-5.38	-4.70	-2.40	-1.22	-0.53	-0.05	-4.49	-2.62	-0.39
RUBBER AND PLASTICS...............	1899.3	2013.2	2112.1	2206.4	2303.0	2396.2	2490.0	2563.4	2627.7	2687.9
PERCENTAGE CHANGE...............	4.80	6.00	4.91	4.46	4.38	4.04	3.91	2.95	2.51	2.29
LEATHER...........................	87.7	85.7	80.5	74.3	69.0	61.6	58.5	56.3	51.2	50.9
PERCENTAGE CHANGE...............	-5.08	-2.28	-6.04	-7.75	-7.15	-10.73	-5.01	-3.67	-9.17	-0.44

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 16: TENNESSEE GROSS STATE PRODUCT BY SECTOR
MILLIONS OF CURRENT DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GROSS STATE PRODUCT.................	165829	175494	186503	198790	211704	226528	242045	260639	276078	295680
PERCENTAGE CHANGE.............	5.56	5.83	6.27	6.59	6.50	7.00	6.85	7.68	5.92	7.10
MINING............................	499	539	577	613	647	681	717	758	804	855
PERCENTAGE CHANGE.............	3.25	8.01	7.05	6.19	5.59	5.28	5.21	5.77	5.99	6.36
CONSTRUCTION......................	7029	7534	8054	8590	9199	9901	10638	11318	10982	11516
PERCENTAGE CHANGE.............	9.18	7.18	6.91	6.66	7.09	7.63	7.44	6.40	-2.97	4.86
MANUFACTURING.....................	33753	35392	37304	39385	41648	44070	46539	49233	51581	54296
PERCENTAGE CHANGE.............	3.92	4.86	5.40	5.58	5.75	5.82	5.60	5.79	4.77	5.26
DURABLE GOODS...................	20174	21447	22854	24257	25773	27439	29083	30863	32599	34521
PERCENTAGE CHANGE.............	6.44	6.31	6.56	6.14	6.25	6.46	5.99	6.12	5.62	5.90
NONDURABLE GOODS................	13579	13945	14450	15128	15875	16631	17456	18370	18982	19775
PERCENTAGE CHANGE.............	0.40	2.70	3.62	4.69	4.94	4.76	4.96	5.23	3.33	4.18
TRADE.............................	29380	30536	32058	33939	35843	37690	39693	42035	43973	46588
PERCENTAGE CHANGE.............	3.37	3.94	4.98	5.87	5.61	5.15	5.31	5.90	4.61	5.95
SERVICES..........................	34163	36307	38763	41735	45063	49775	54652	59811	64749	70163
PERCENTAGE CHANGE.............	6.61	6.28	6.77	7.67	7.97	10.46	9.80	9.44	8.26	8.36
FINANCE,INSURANCE AND REAL ESTATE.	26408	28506	30827	33245	35734	38360	40979	45308	49583	54743
PERCENTAGE CHANGE.............	7.64	7.94	8.14	7.84	7.49	7.35	6.83	10.56	9.43	10.41
TRANS.,COMM.,AND PUBLIC UTIL......	13798	14717	15792	16709	17555	18517	19647	21005	21276	22589
PERCENTAGE CHANGE.............	7.19	6.66	7.30	5.81	5.06	5.48	6.11	6.91	1.29	6.17
GOVERNMENT........................	18909	19952	21000	22339	23683	25105	26652	28548	30627	32420
PERCENTAGE CHANGE.............	4.89	5.52	5.26	6.37	6.02	6.00	6.16	7.11	7.28	5.85
FEDERAL CIVILIAN................	4928	5189	5465	5740	6026	6323	6647	7080	7524	7966
PERCENTAGE CHANGE.............	4.43	5.31	5.31	5.04	4.97	4.93	5.13	6.52	6.27	5.86
FEDERAL MILITARY................	500	522	544	565	591	618	644	673	704	735
PERCENTAGE CHANGE.............	13.55	4.36	4.11	3.96	4.51	4.55	4.29	4.52	4.52	4.50
STATE AND LOCAL.................	13481	14240	14992	16033	17066	18165	19361	20794	22399	23719
PERCENTAGE CHANGE.............	4.76	5.63	5.28	6.95	6.44	6.43	6.59	7.40	7.72	5.89
AGRICULTURE.......................	1890	2012	2128	2234	2332	2429	2527	2623	2502	2509
PERCENTAGE CHANGE.............	5.63	6.45	5.74	5.00	4.37	4.16	4.06	3.78	-4.59	0.28
FARM............................	1292	1369	1434	1483	1517	1543	1562	1568	1292	1172
PERCENTAGE CHANGE.............	4.77	5.97	4.72	3.47	2.28	1.68	1.22	0.38	-17.58	-9.25
AG SERVICES,FORESTRY,FISHERIES..	598	643	694	751	814	886	966	1055	1210	1337
PERCENTAGE CHANGE.............	7.54	7.50	7.91	8.17	8.50	8.77	9.01	9.28	14.70	10.45
PER CAPITA GROSS STATE PRODUCT ($)..	30202	31597	33193	34975	36805	38931	41105	43798	45954	48754
PERCENTAGE CHANGE.............	4.41	4.62	5.05	5.37	5.23	5.78	5.58	6.55	4.92	6.09

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 17: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF CURRENT DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL DURABLE GOODS.................	20174	21447	22854	24257	25773	27439	29083	30863	32599	34521
PERCENTAGE CHANGE...............	6.44	6.31	6.56	6.14	6.25	6.46	5.99	6.12	5.62	5.90
LUMBER AND WOOD PRODUCTS..........	1380	1464	1569	1689	1817	1962	2120	2271	2465	2624
PERCENTAGE CHANGE...............	6.96	6.08	7.22	7.60	7.62	7.98	8.03	7.15	8.53	6.44
FURNITURE AND FIXTURES............	1094	1119	1123	1121	1118	1142	1166	1202	1280	1407
PERCENTAGE CHANGE...............	4.94	2.36	0.35	-0.23	-0.22	2.11	2.14	3.08	6.46	9.94
STONE,CLAY AND GLASS..............	1052	1129	1174	1246	1312	1389	1451	1529	1570	1641
PERCENTAGE CHANGE...............	4.65	7.34	3.99	6.09	5.32	5.89	4.42	5.40	2.69	4.49
PRIMARY METALS....................	1418	1476	1544	1624	1722	1814	1903	1959	2054	2015
PERCENTAGE CHANGE...............	5.95	4.13	4.58	5.18	6.05	5.34	4.89	2.96	4.86	-1.92
FABRICATED METAL PRODUCTS.........	2994	3173	3351	3517	3685	3840	3986	4067	4255	4488
PERCENTAGE CHANGE...............	0.52	5.97	5.62	4.95	4.79	4.19	3.81	2.02	4.63	5.48
NONELECTRICAL MACHINERY...........	3353	3712	4037	4325	4603	4895	5117	5577	5923	6314
PERCENTAGE CHANGE...............	11.51	10.72	8.73	7.15	6.43	6.33	4.54	8.98	6.20	6.60
ELECTRICAL MACHINERY..............	2087	2085	2102	2118	2148	2183	2221	2210	2219	2255
PERCENTAGE CHANGE...............	0.94	-0.11	0.86	0.75	1.42	1.60	1.76	-0.50	0.41	1.65
TRANSPORTATION EQUIPMENT..........	5261	5636	6089	6512	6998	7571	8182	8808	9191	9711
PERCENTAGE CHANGE...............	10.56	7.13	8.04	6.94	7.46	8.18	8.07	7.66	4.35	5.65
INSTRUMENTS.......................	689	789	947	1122	1322	1548	1803	2064	2410	2788
PERCENTAGE CHANGE...............	8.74	14.59	19.94	18.56	17.82	17.03	16.48	14.51	16.75	15.68
MISCELLANEOUS DURABLE GOODS.......	847	863	918	983	1046	1095	1134	1175	1231	1278
PERCENTAGE CHANGE...............	1.59	1.84	6.35	7.17	6.37	4.73	3.55	3.61	4.76	3.83

CENTER FOR BUSINESS AND ECONOMIC RESEARCH,UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 18: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF CURRENT DOLLARS

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONDURABLE GOODS..............	13579	13945	14450	15128	15875	16631	17456	18370	18982	19775
PERCENTAGE CHANGE...............	0.40	2.70	3.62	4.69	4.94	4.76	4.96	5.23	3.33	4.18
FOOD..............................	2953	3029	3115	3215	3321	3435	3562	3725	3794	3878
PERCENTAGE CHANGE...............	3.31	2.58	2.83	3.22	3.30	3.41	3.71	4.57	1.85	2.20
TOBACCO...........................	256	274	294	315	339	364	391	421	444	467
PERCENTAGE CHANGE...............	0.60	6.98	7.32	7.36	7.43	7.35	7.43	7.74	5.46	5.10
TEXTILES..........................	652	627	599	591	578	573	558	569	574	548
PERCENTAGE CHANGE...............	-4.16	-3.82	-4.51	-1.32	-2.14	-1.01	-2.58	2.07	0.80	-4.45
APPAREL...........................	785	742	706	692	677	672	675	672	658	660
PERCENTAGE CHANGE...............	-13.51	-5.53	-4.88	-2.00	-2.12	-0.78	0.51	-0.42	-2.18	0.36
PAPER.............................	1489	1493	1543	1595	1647	1689	1701	1742	1788	1838
PERCENTAGE CHANGE...............	-0.44	0.24	3.40	3.35	3.29	2.49	0.72	2.44	2.63	2.81
PRINTING AND PUBLISHING...........	1791	2009	2248	2502	2796	3118	3492	3817	3970	4367
PERCENTAGE CHANGE...............	5.52	12.17	11.93	11.28	11.77	11.52	12.00	9.30	4.00	10.00
CHEMICALS.........................	3389	3357	3392	3526	3676	3798	3940	4162	4450	4620
PERCENTAGE CHANGE...............	-3.20	-0.96	1.04	3.94	4.26	3.31	3.76	5.62	6.92	3.81
PETROLEUM REFINING................	194	186	183	185	191	198	205	204	192	190
PERCENTAGE CHANGE...............	3.50	-3.80	-1.93	1.43	2.99	3.57	3.93	-0.78	-5.79	-1.13
RUBBER AND PLASTICS...............	1976	2135	2281	2422	2569	2714	2862	2988	3050	3144
PERCENTAGE CHANGE...............	7.08	8.06	6.82	6.21	6.05	5.64	5.45	4.42	2.05	3.09
LEATHER...........................	94	94	90	84	80	72	70	68	63	64
PERCENTAGE CHANGE...............	-2.93	-0.31	-4.26	-6.09	-5.54	-9.24	-3.48	-2.17	-7.80	1.02

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Appendix B: Historical Data

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS
SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
US GDP (BIL96$) SAAR............	7937.5	8033.4	8134.8	8214.8	8277.3	8412.7	8457.2	8536.0	8659.2	8737.9	8778.6	7813.2	8165.1	8516.3
% CHG PREV QTR SAAR...........	4.89	4.92	5.15	3.99	3.08	6.71	2.13	3.78	5.90	3.69	1.88	3.66	4.50	4.30
% CHG SAME QTR LAST YR........	4.21	4.72	4.29	4.74	4.28	4.72	3.96	3.91	4.61	3.87	3.80	3.66	4.50	4.30
US GDP (BIL$) SAAR..............	7981.4	8125.9	8259.5	8364.5	8453.0	8610.6	8683.7	8797.9	8947.6	9072.7	9146.2	7813.2	8300.7	8760.0
% CHG PREV QTR SAAR...........	6.38	7.44	6.74	5.18	4.30	7.67	3.44	5.37	6.98	5.71	3.28	5.58	6.24	5.53
% CHG SAME QTR LAST YR........	6.00	6.50	6.13	6.43	5.91	5.96	5.14	5.18	5.85	5.37	5.33	5.58	6.24	5.53
IMPLICIT DEFLATOR,GDP...........	100.6	101.2	101.5	101.8	102.1	102.3	102.7	103.1	103.3	103.8	104.2	100.0	101.7	102.9
% CHG PREV QTR SAAR...........	1.40	2.41	1.51	1.15	1.18	0.90	1.30	1.53	1.01	1.95	1.39	1.84	1.66	1.18
% CHG SAME QTR LAST YR........	1.72	1.71	1.76	1.62	1.56	1.19	1.13	1.23	1.18	1.45	1.47	1.84	1.66	1.18
US PERS CONS DEFL (1996=100)....	100.8	101.3	101.5	101.8	102.1	102.2	102.5	102.8	103.1	103.4	104.0	100.0	101.7	102.6
% CHG PREV QTR SAAR...........	2.50	2.08	0.83	1.07	1.18	0.43	1.14	1.18	1.17	1.40	2.22	2.03	1.67	0.95
% CHG SAME QTR LAST YR........	2.16	2.08	1.69	1.62	1.29	0.88	0.96	0.98	0.98	1.22	1.49	2.03	1.67	0.95
TN PERSONAL INCOME (MIL96$) SAAR	116928	118632	119197	120141	121751	122893	124459	125678	126770	127461	128263	115693	119930	124950
% CHG PREV QTR SAAR...........	1.46	5.96	1.92	3.20	5.47	3.81	5.20	3.97	3.52	2.20	2.54	2.61	3.66	4.19
% CHG SAME QTR LAST YR........	2.36	3.92	3.49	3.12	4.12	3.59	4.41	4.61	4.12	3.72	3.06	2.61	3.66	4.19
US PERSONAL INCOME (BIL96$) SAAR	6626.2	6720.2	6798.0	6871.2	6958.0	7040.5	7119.7	7213.1	7305.8	7376.5	7434.5	6547.0	6836.8	7169.8
% CHG PREV QTR SAAR...........	2.43	5.80	4.71	4.38	5.15	4.83	4.58	5.35	5.24	3.93	3.18	3.48	4.43	4.87
% CHG SAME QTR LAST YR........	3.68	4.12	4.24	4.32	5.01	4.77	4.73	4.98	5.00	4.77	4.42	3.48	4.43	4.87
TN PERSONAL INCOME (MIL$) SAAR..	117840	120174	120997	122279	124283	125584	127546	129172	130675	131846	133406	115699	121933	128244
% CHG PREV QTR SAAR...........	4.00	8.16	2.77	4.31	6.72	4.25	6.40	5.20	4.74	3.63	4.82	4.69	5.39	5.18
% CHG SAME QTR LAST YR........	4.57	6.07	5.24	4.79	5.47	4.50	5.41	5.64	5.14	4.99	4.59	4.69	5.39	5.18
US PERSONAL INCOME (BIL$) SAAR..	6677.9	6807.6	6900.6	6993.5	7102.7	7194.7	7296.3	7413.6	7530.8	7630.2	7732.6	6547.4	6951.1	7358.9
% CHG PREV QTR SAAR...........	4.99	8.00	5.58	5.49	6.39	5.28	5.77	6.59	6.48	5.39	5.48	5.59	6.17	5.87
% CHG SAME QTR LAST YR........	5.92	6.28	6.01	6.01	6.36	5.69	5.73	6.01	6.03	6.05	5.98	5.59	6.17	5.87
TN NONAGRIC JOBS (THOUS)........	2546.7	2562.3	2582.7	2586.9	2603.7	2617.5	2633.6	2649.3	2653.4	2651.9	2665.1	2534.6	2583.9	2638.5
% CHG PREV QTR SAAR...........	1.78	2.46	3.22	0.66	2.63	2.14	2.48	2.41	0.62	-0.23	2.00	1.41	1.95	2.11
% CHG SAME QTR LAST YR........	0.98	1.27	2.24	2.03	2.24	2.16	1.97	2.41	1.91	1.31	1.19	1.41	1.95	2.11
US NONAGRIC JOBS (MIL)..........	120.7	121.4	122.3	123.0	123.9	124.8	125.5	126.1	126.9	127.6	128.3	119.6	122.7	125.8
% CHG PREV QTR SAAR...........	2.32	2.61	2.80	2.38	3.09	2.67	2.23	2.09	2.40	2.48	1.93	2.05	2.58	2.55
% CHG SAME QTR LAST YR........	2.31	2.52	2.54	2.53	2.72	2.73	2.59	2.52	2.35	2.30	2.22	2.05	2.58	2.55
TN UNEMPLOYMENT RATE (%)........	5.3	5.5	5.6	5.5	4.9	4.5	4.2	4.1	4.1	4.3	3.7	5.1	5.4	4.2
US UNEMPLOYMENT RATE (%)........	5.3	5.2	5.0	4.9	4.7	4.6	4.4	4.5	4.4	4.3	4.3	5.4	4.9	4.5
BANK PRIME INTEREST RATE (%)....	8.3	8.3	8.5	8.5	8.5	8.5	8.5	8.5	7.9	7.8	7.8	8.3	8.4	8.4
TN MFG JOBS (THOUS).............	516.5	516.1	518.4	516.3	519.5	518.4	517.2	513.9	510.3	507.9	506.0	519.6	517.6	514.9
% CHG PREV QTR SAAR...........	-0.49	-0.28	1.79	-1.64	2.50	-0.84	-0.90	-2.55	-2.75	-1.87	-1.51	-3.68	-0.38	-0.51
% CHG SAME QTR LAST YR........	-2.75	-1.81	-0.13	-0.16	0.58	0.44	-0.23	-0.46	-1.76	-2.02	-2.17	-3.68	-0.38	-0.51

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)
SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TN TAXABLE SALES (MIL96$).......	15405	15742	16009	17095	16071	15134	16385	16134	16875	17478	17188	60646	64917	64529
% CHG PREV QTR SAAR...........	7.97	9.05	6.95	30.03	-21.89	-21.36	37.40	-6.01	19.70	15.06	-6.47	2.64	7.04	-0.60
% CHG SAME QTR LAST YR........	4.24	4.86	5.91	13.12	4.33	-3.86	2.35	-5.62	5.00	15.48	4.90	2.64	7.04	-0.60
TN TAXABLE SALES (MIL$).........	15525	15947	16251	17399	16405	15466	16792	16582	17395	18079	17877	60649	66002	66235
% CHG PREV QTR SAAR...........	10.67	11.32	7.84	31.42	-20.97	-21.02	38.96	-4.90	21.10	16.68	-4.39	4.73	8.83	0.35
% CHG SAME QTR LAST YR........	6.49	7.03	7.70	14.95	5.67	-3.02	3.33	-4.70	6.03	16.90	6.47	4.73	8.83	0.35
TN AVG ANNUAL WAGE,NONAG (96$)..	26694	27038	26965	27231	27638	27785	28102	28274	28455	28608	28698	26383	27218	28154
% CHG PREV QTR SAAR...........	0.80	5.24	-1.07	4.01	6.12	2.14	4.64	2.47	2.59	2.16	1.28	1.22	3.17	3.44
% CHG SAME QTR LAST YR........	1.82	4.38	2.56	2.21	3.54	2.76	4.22	3.83	2.95	2.96	2.12	1.22	3.17	3.44
TN AVG ANNUAL WAGE,NONAG ($)....	26903	27389	27372	27716	28213	28394	28799	29060	29331	29592	29849	26384	27673	28896
% CHG PREV QTR SAAR...........	3.32	7.43	-0.25	5.12	7.38	2.58	5.83	3.68	3.79	3.60	3.53	3.28	4.88	4.42
% CHG SAME QTR LAST YR........	4.01	6.54	4.30	3.87	4.87	3.67	5.21	4.85	3.96	4.22	3.65	3.28	4.88	4.42

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS
SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
US GDP (96$) SAAR...............	29830	30124	30435	30668	30834	31269	31367	31591	31979	32200	32281	29461	30515	31552
% CHG PREV QTR SAAR...........	3.96	4.00	4.20	3.09	2.17	5.77	1.26	2.89	4.99	2.80	1.01	2.72	3.58	3.40
% CHG SAME QTR LAST YR........	3.27	3.78	3.36	3.81	3.36	3.80	3.06	3.01	3.71	2.98	2.91	2.72	3.58	3.40
US GDP ($) SAAR.................	29995	30471	30902	31227	31488	32005	32207	32561	33044	33434	33633	29461	31022	32454
% CHG PREV QTR SAAR...........	5.44	6.49	5.79	4.27	3.39	6.73	2.55	4.46	6.07	4.81	2.40	4.61	5.30	4.62
% CHG SAME QTR LAST YR........	5.05	5.55	5.18	5.49	4.98	5.04	4.22	4.27	4.94	4.47	4.43	4.61	5.30	4.62
TN PERSONAL INCOME (96$) SAAR...	21932	22185	22223	22335	22573	22722	22949	23112	23252	23318	23394	21803	22329	23009
% CHG PREV QTR SAAR...........	0.25	4.69	0.70	2.02	4.32	2.68	4.06	2.87	2.44	1.15	1.31	1.22	2.41	3.04
% CHG SAME QTR LAST YR........	1.03	2.61	2.23	1.90	2.92	2.42	3.27	3.48	3.01	2.62	1.94	1.22	2.41	3.04
TN PERSONAL INCOME ($) SAAR.....	22103	22473	22559	22733	23042	23220	23518	23755	23968	24120	24332	21804	22702	23615
% CHG PREV QTR SAAR...........	2.75	6.86	1.53	3.11	5.56	3.12	5.24	4.08	3.64	2.57	3.56	3.28	4.12	4.02
% CHG SAME QTR LAST YR........	3.21	4.74	3.96	3.55	4.25	3.32	4.25	4.50	4.02	3.88	3.46	3.28	4.12	4.02
US PERSONAL INCOME (96$) SAAR...	24902	25200	25434	25652	25919	26169	26407	26695	26981	27183	27339	24687	25551	26563
% CHG PREV QTR SAAR...........	1.52	4.86	3.77	3.48	4.23	3.91	3.68	4.45	4.34	3.04	2.31	2.53	3.50	3.96
% CHG SAME QTR LAST YR........	2.75	3.19	3.32	3.40	4.08	3.85	3.82	4.07	4.10	3.88	3.53	2.53	3.50	3.96
US PERSONAL INCOME ($) SAAR.....	25096	25527	25818	26109	26458	26742	27061	27437	27812	28118	28435	24688	25978	27263
% CHG PREV QTR SAAR...........	4.06	7.05	4.63	4.58	5.46	4.36	4.86	5.68	5.57	4.49	4.58	4.62	5.22	4.95
% CHG SAME QTR LAST YR........	4.97	5.33	5.07	5.07	5.43	4.76	4.82	5.09	5.11	5.15	5.08	4.62	5.22	4.95
TN TAXABLE SALES (96$)..........	2889	2944	2985	3178	2980	2798	3021	2967	3095	3197	3135	11429	12086	11882
% CHG PREV QTR SAAR...........	6.68	7.74	5.67	28.55	-22.74	-22.21	35.91	-7.01	18.45	13.88	-7.58	1.25	5.75	-1.69
% CHG SAME QTR LAST YR........	2.88	3.53	4.62	11.78	3.12	-4.95	1.23	-6.64	3.88	14.26	3.76	1.25	5.75	-1.69
TN TAXABLE SALES ($)............	2912	2982	3030	3235	3042	2860	3096	3049	3191	3307	3261	11429	12288	12196
% CHG PREV QTR SAAR...........	9.34	9.98	6.55	29.92	-21.83	-21.87	37.45	-5.92	19.83	15.48	-5.53	3.31	7.51	-0.75
% CHG SAME QTR LAST YR........	5.10	5.68	6.39	13.59	4.45	-4.11	2.19	-5.73	4.90	15.66	5.31	3.31	7.51	-0.75

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS
SEASONALLY ADJUSTED ANNUAL RATES
MILLIONS OF 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL PERSONAL INCOME............	116928	118632	119197	120141	121751	122893	124459	125678	126770	127461	128263	115693	119930	124950
% CHG PREV QTR SAAR..........	1.46	5.96	1.92	3.20	5.47	3.81	5.20	3.97	3.52	2.20	2.54	2.61	3.66	4.19
% CHG SAME QTR LAST YR.......	2.36	3.92	3.49	3.12	4.12	3.59	4.41	4.61	4.12	3.72	3.06	2.61	3.66	4.19
WAGES AND SALARIES.............	68712	69955	70315	71115	72631	73416	74719	75636	76255	76642	77263	67650	71004	75007
% CHG PREV QTR SAAR..........	2.28	7.43	2.08	4.63	8.80	4.39	7.29	5.00	3.31	2.04	3.28	2.60	4.96	5.64
% CHG SAME QTR LAST YR.......	2.68	5.42	4.62	4.08	5.70	4.95	6.26	6.36	4.99	4.39	3.40	2.60	4.96	5.64
OTHER LABOR INCOME.............	7449	7521	7500	7498	7594	7594	7657	7687	7659	7636	7673	7542	7528	7649
% CHG PREV QTR SAAR..........	-4.34	3.94	-1.14	-0.12	5.25	-0.02	3.38	1.59	-1.46	-1.18	1.95	-7.30	-0.18	1.61
% CHG SAME QTR LAST YR.......	-6.58	-1.52	-0.65	-0.46	1.95	0.96	2.10	2.53	0.86	0.56	0.21	-7.30	-0.18	1.61
PROPRIETORS INCOME.............	10009	10128	10258	10380	10462	10434	10551	10665	11090	11190	11267	9947	10307	10685
% CHG PREV QTR SAAR..........	2.14	4.86	5.22	4.85	3.20	-1.06	4.55	4.40	16.91	3.64	2.79	1.06	3.63	3.67
% CHG SAME QTR LAST YR.......	0.43	2.48	3.22	4.26	4.53	3.02	2.86	2.75	6.00	7.24	6.78	1.06	3.63	3.67
RENT INTEREST DIVIDENDS........	16242	16386	16397	16399	16376	16436	16550	16669	16726	16733	16851	16034	16390	16595
% CHG PREV QTR SAAR..........	1.45	3.59	0.28	0.04	-0.55	1.47	2.79	2.91	1.38	0.18	2.85	7.09	2.22	1.25
% CHG SAME QTR LAST YR.......	5.78	3.84	2.93	1.33	0.83	0.31	0.93	1.64	2.13	1.81	1.82	7.09	2.22	1.25
TRANSFER PAYMENTS..............	21058	21397	21510	21610	21688	22061	22150	22241	22285	22545	22560	20981	21551	22184
% CHG PREV QTR SAAR..........	0.68	6.60	2.14	1.88	1.44	7.06	1.62	1.65	0.79	4.76	0.26	3.42	2.72	2.94
% CHG SAME QTR LAST YR.......	2.53	2.52	2.57	2.80	2.99	3.10	2.97	2.92	2.75	2.20	1.85	3.42	2.72	2.94
LESS:PERS CONT FOR SOC INS.....	5607	5729	5752	5808	5911	5972	6050	6098	6121	6206	6246	5542	5800	6061
% CHG PREV QTR SAAR..........	1.45	8.94	1.66	3.91	7.32	4.20	5.31	3.25	1.52	5.67	2.54	1.28	4.66	4.49
% CHG SAME QTR LAST YR.......	1.26	4.87	4.40	3.95	5.42	4.25	5.18	5.01	3.56	3.92	3.23	1.28	4.66	4.49
RESIDENCE ADJUSTMENT...........	-935	-1027	-1031	-1054	-1090	-1076	-1117	-1122	-1123	-1079	-1107	-919	-1051	-1110
% CHG PREV QTR SAAR..........	2.26	45.54	1.87	9.14	14.41	-5.00	16.07	1.63	0.57	-14.93	10.69	-3.02	14.37	5.62
% CHG SAME QTR LAST YR.......	-4.45	13.71	13.64	13.42	16.65	4.85	8.32	6.41	3.03	0.23	-0.95	-3.02	14.37	5.62
PER CAPITA PERSONAL INCOME ($)...	21932	22185	22223	22335	22573	22722	22949	23112	23252	23318	23394	21803	22329	23009
% CHG PREV QTR SAAR..........	0.25	4.69	0.70	2.02	4.32	2.68	4.06	2.87	2.44	1.15	1.31	1.22	2.41	3.04
% CHG SAME QTR LAST YR.......	1.03	2.61	2.23	1.90	2.92	2.42	3.27	3.48	3.01	2.62	1.94	1.22	2.41	3.04

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TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS
SEASONALLY ADJUSTED ANNUAL RATES
MILLIONS OF CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL PERSONAL INCOME............	117840	120174	120997	122279	124283	125584	127546	129172	130675	131846	133406	115699	121933	128244
% CHG PREV QTR SAAR..........	4.00	8.16	2.77	4.31	6.72	4.25	6.40	5.20	4.74	3.63	4.82	4.69	5.39	5.18
% CHG SAME QTR LAST YR.......	4.57	6.07	5.24	4.79	5.47	4.50	5.41	5.64	5.14	4.99	4.59	4.69	5.39	5.18
WAGES AND SALARIES.............	69248	70864	71377	72381	74142	75024	76572	77739	78604	79278	80361	67655	72191	76985
% CHG PREV QTR SAAR..........	4.84	9.67	2.93	5.75	10.09	4.84	8.51	6.24	4.53	3.47	5.58	4.69	6.70	6.64
% CHG SAME QTR LAST YR.......	4.90	7.61	6.39	5.77	7.07	5.87	7.28	7.40	6.02	5.67	4.95	4.69	6.70	6.64
OTHER LABOR INCOME.............	7507	7619	7613	7631	7752	7760	7847	7901	7895	7899	7981	7541	7654	7851
% CHG PREV QTR SAAR..........	-1.95	6.10	-0.31	0.95	6.50	0.41	4.56	2.78	-0.30	0.20	4.22	-5.41	1.49	2.57
% CHG SAME QTR LAST YR.......	-4.56	0.53	1.04	1.15	3.26	1.85	3.07	3.54	1.84	1.79	1.71	-5.41	1.49	2.57
PROPRIETORS INCOME.............	10087	10260	10413	10565	10680	10663	10813	10962	11432	11575	11719	9947	10480	10968
% CHG PREV QTR SAAR..........	4.69	7.04	6.10	5.97	4.43	-0.64	5.75	5.63	18.28	5.10	5.07	3.11	5.36	4.66
% CHG SAME QTR LAST YR.......	2.59	4.61	4.97	5.95	5.88	3.93	3.84	3.76	7.04	8.55	8.38	3.11	5.36	4.66
RENT INTEREST DIVIDENDS........	16369	16599	16645	16691	16717	16796	16960	17132	17241	17309	17527	16035	16663	17032
% CHG PREV QTR SAAR..........	3.98	5.74	1.11	1.11	0.62	1.90	3.96	4.12	2.57	1.59	5.13	9.27	3.91	2.22
% CHG SAME QTR LAST YR.......	8.07	6.00	4.67	2.97	2.13	1.19	1.89	2.64	3.13	3.05	3.34	9.27	3.91	2.22
TRANSFER PAYMENTS..............	21222	21675	21835	21995	22139	22544	22699	22859	22971	23321	23465	20981	21911	22768
% CHG PREV QTR SAAR..........	3.19	8.82	2.99	2.96	2.64	7.52	2.78	2.85	1.97	6.24	2.49	5.52	4.43	3.91
% CHG SAME QTR LAST YR.......	4.75	4.64	4.30	4.46	4.32	4.01	3.96	3.93	3.76	3.45	3.37	5.52	4.43	3.91
LESS:PERS CONT FOR SOC INS.....	5651	5803	5839	5911	6034	6103	6200	6268	6310	6420	6496	5542	5897	6220
% CHG PREV QTR SAAR..........	3.99	11.20	2.50	5.02	8.59	4.65	6.51	4.46	2.71	7.16	4.82	3.34	6.40	5.49
% CHG SAME QTR LAST YR.......	3.44	7.05	6.16	5.63	6.78	5.17	6.18	6.04	4.57	5.19	4.77	3.34	6.40	5.49
RESIDENCE ADJUSTMENT...........	-942	-1040	-1047	-1073	-1113	-1100	-1145	-1153	-1158	-1116	-1151	-919	-1068	-1139
% CHG PREV QTR SAAR..........	4.81	48.57	2.72	10.31	15.77	-4.59	17.40	2.82	1.75	-13.74	13.15	-1.05	16.27	6.62
% CHG SAME QTR LAST YR.......	-2.38	16.07	15.56	15.25	18.15	5.77	9.36	7.46	4.04	1.45	0.52	-1.05	16.27	6.62
PER CAPITA PERSONAL INCOME ($)...	22103	22473	22559	22733	23042	23220	23518	23755	23968	24120	24332	21804	22702	23615
% CHG PREV QTR SAAR..........	2.75	6.86	1.53	3.11	5.56	3.12	5.24	4.08	3.64	2.57	3.56	3.28	4.12	4.02
% CHG SAME QTR LAST YR.......	3.21	4.74	3.96	3.55	4.25	3.32	4.25	4.50	4.02	3.88	3.46	3.28	4.12	4.02

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 5: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR
THOUSANDS OF JOBS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONAGRICULTURAL...........	2571.7	2529.1	2587.0	2588.8	2631.1	2583.0	2640.8	2646.2	2676.5	2627.0	2670.6	2533.4	2584.0	2636.6
% CHG SAME QTR LAST YR....	0.98	1.38	2.24	2.05	2.31	2.13	2.08	2.22	1.72	1.70	1.13	1.38	2.00	2.04
MINING........................	4.6	4.4	4.7	4.6	4.5	4.3	4.3	4.3	4.2	4.1	4.1	4.6	4.6	4.3
% CHG SAME QTR LAST YR....	-0.72	-2.22	0.00	-2.13	-1.45	-2.27	-7.86	-6.52	-6.62	-5.43	-3.88	0.73	-1.44	-5.86
CONSTRUCTION..................	115.8	109.5	118.4	123.8	120.7	112.8	122.5	128.7	127.3	120.4	130.0	113.1	118.1	122.8
% CHG SAME QTR LAST YR....	3.18	5.43	3.20	4.80	4.20	3.08	3.49	3.99	5.47	6.68	6.12	3.93	4.38	4.03
MANUFACTURING.................	517.6	515.8	519.1	514.6	520.8	518.1	518.6	511.5	510.7	508.2	507.6	519.3	517.6	514.7
% CHG SAME QTR LAST YR....	-2.71	-1.53	-0.16	-0.21	0.62	0.45	-0.11	-0.59	-1.94	-1.92	-2.11	-3.64	-0.33	-0.55
DURABLE GOODS...............	285.9	287.1	289.4	286.2	290.6	291.3	292.9	289.9	291.0	291.3	291.6	284.8	288.3	291.3
% CHG SAME QTR LAST YR....	-0.59	0.41	1.77	1.17	1.63	1.46	1.22	1.30	0.13	-0.02	-0.44	-1.11	1.24	1.03
NONDURABLE GOODS............	231.7	228.7	229.8	228.4	230.2	226.8	225.7	221.6	219.8	216.9	216.0	234.5	229.3	223.5
% CHG SAME QTR LAST YR....	-5.20	-3.87	-2.49	-1.89	-0.63	-0.82	-1.78	-2.96	-4.55	-4.37	-4.27	-6.55	-2.23	-2.53
TRADE.........................	610.2	593.9	609.1	610.5	627.3	604.4	621.8	627.8	640.6	616.5	634.6	594.4	610.2	623.6
% CHG SAME QTR LAST YR....	1.33	2.33	2.92	2.57	2.80	1.76	2.08	2.84	2.13	2.01	2.07	1.53	2.66	2.21
SERVICES......................	669.6	656.8	685.4	693.9	693.4	682.4	706.2	713.5	715.6	704.1	719.4	658.7	682.4	704.4
% CHG SAME QTR LAST YR....	2.33	3.04	4.27	3.49	3.55	3.90	3.03	2.81	3.20	3.19	1.87	3.25	3.59	3.23
FIN,INS,REAL EST..............	117.2	117.4	119.9	121.5	121.7	122.2	125.5	127.0	127.1	126.2	127.3	116.5	120.1	125.4
% CHG SAME QTR LAST YR....	2.45	2.12	3.04	3.52	3.87	4.09	4.61	4.53	4.44	3.27	1.49	4.42	3.14	4.42
TRANS,COMM,PUB UTIL...........	150.6	147.2	149.9	150.7	155.4	154.6	157.7	158.9	159.2	158.7	161.4	145.2	150.8	157.6
% CHG SAME QTR LAST YR....	6.11	5.52	4.44	2.42	3.17	5.03	5.23	5.42	2.47	2.63	2.32	4.80	3.86	4.51
GOVERNMENT....................	386.0	384.2	380.5	369.3	387.3	384.1	384.3	374.6	391.6	388.8	386.0	381.6	380.3	383.7
% CHG SAME QTR LAST YR....	0.30	-1.58	-0.39	0.29	0.32	-0.01	0.99	1.44	1.13	1.22	0.46	2.28	-0.35	0.88
FEDERAL,CIVILIAN............	53.2	52.9	52.4	51.4	50.4	50.3	51.1	49.7	50.1	50.4	50.4	54.1	51.8	50.3
% CHG SAME QTR LAST YR....	-0.37	-2.94	-4.61	-4.52	-5.20	-4.91	-2.54	-3.37	-0.73	0.27	-1.44	-0.47	-4.31	-2.91
STATE AND LOCAL.............	332.8	331.3	328.1	317.8	336.8	333.8	333.2	324.9	341.6	338.4	335.7	327.5	328.5	333.4
% CHG SAME QTR LAST YR....	0.41	-1.36	0.32	1.11	1.20	0.77	1.55	2.21	1.41	1.37	0.75	2.75	0.30	1.48

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TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL DURABLE GOODS.............	285.9	287.1	289.4	286.2	290.6	291.3	292.9	289.9	291.0	291.3	291.6	284.8	288.3	291.3
% CHG SAME QTR LAST YR......	-0.59	0.41	1.77	1.17	1.63	1.46	1.22	1.30	0.13	-0.02	-0.44	-1.11	1.24	1.03
LUMBER AND WOOD...............	22.1	21.5	22.6	22.8	23.0	22.7	23.2	23.3	23.2	23.2	23.4	22.0	22.5	23.1
% CHG SAME QTR LAST YR......	1.07	-0.31	2.89	2.25	4.38	5.90	2.81	2.34	0.87	2.05	0.86	1.19	2.32	2.93
FURNITURE AND FIXTURES........	28.1	27.6	27.6	26.8	27.4	27.0	27.3	27.1	27.1	27.0	27.4	28.5	27.4	27.1
% CHG SAME QTR LAST YR......	-3.21	-4.72	-4.82	-3.48	-2.61	-1.93	-1.33	0.87	-0.97	0.00	0.49	-3.37	-3.92	-0.85
STONE,CLAY AND GLASS..........	16.4	16.3	16.6	16.7	16.1	16.2	16.4	16.5	16.5	16.4	16.6	16.5	16.4	16.4
% CHG SAME QTR LAST YR......	-0.80	-0.41	0.40	1.21	-2.03	-1.02	-1.40	-1.40	2.69	1.65	1.22	1.59	-0.20	-0.30
PRIMARY METALS................	16.6	16.7	16.9	17.1	17.5	17.7	17.1	17.9	18.0	18.1	18.0	16.4	17.1	17.7
% CHG SAME QTR LAST YR......	1.22	1.62	2.42	6.21	5.84	5.78	1.18	4.68	2.66	2.26	4.86	1.18	4.01	3.56
FABRICATED METALS.............	44.2	43.9	43.3	43.2	44.6	44.8	44.7	44.2	44.1	43.6	42.6	43.7	43.8	44.4
% CHG SAME QTR LAST YR......	-1.92	0.15	-0.23	0.23	0.83	1.97	3.16	2.31	-1.05	-2.75	-4.63	-4.38	0.25	1.58
NONELECTRICAL MACHINERY.......	42.7	46.2	46.7	43.9	44.7	46.6	47.8	45.5	46.5	46.9	47.1	43.1	45.4	46.6
% CHG SAME QTR LAST YR......	-1.08	3.90	9.55	3.30	4.77	0.94	2.50	3.80	4.10	0.64	-1.60	-0.90	5.36	2.81
ELECTRICAL MACHINERY..........	41.2	40.1	39.8	40.3	40.4	39.8	40.1	40.0	39.8	40.0	40.3	40.3	40.2	39.9
% CHG SAME QTR LAST YR......	1.31	0.67	-0.17	0.08	-2.02	-0.91	0.84	-0.74	-1.57	0.50	0.50	-0.06	-0.37	-0.60
TRANSPORTATION EQUIPMENT......	52.6	52.6	53.3	53.3	54.4	54.3	53.9	53.3	54.0	54.4	54.8	52.2	53.4	53.9
% CHG SAME QTR LAST YR......	0.32	1.09	3.03	1.98	3.49	3.23	1.00	0.00	-0.73	0.31	1.67	-0.68	2.40	0.86
INSTRUMENTS...................	10.5	10.7	11.0	10.9	11.2	11.3	11.3	11.2	10.9	10.9	10.8	10.5	11.0	11.2
% CHG SAME QTR LAST YR......	-0.95	1.26	3.12	5.13	7.32	5.30	2.11	2.13	-2.67	-3.25	-4.14	-0.08	4.19	1.67
MISCELLANEOUS.................	11.6	11.5	11.5	11.2	11.2	11.0	11.2	11.0	10.7	10.7	10.7	11.8	11.3	10.9
% CHG SAME QTR LAST YR......	-2.80	-3.09	-3.90	-4.56	-3.17	-4.64	-2.90	-1.79	-4.46	-2.43	-4.18	-1.12	-3.68	-3.45

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TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONDURABLE GOODS..........	231.7	228.7	229.8	228.4	230.2	226.8	225.7	221.6	219.8	216.9	216.0	234.5	229.3	223.5
% CHG SAME QTR LAST YR......	-5.20	-3.87	-2.49	-1.89	-0.63	-0.82	-1.78	-2.96	-4.55	-4.37	-4.27	-6.55	-2.23	-2.53
FOOD...........................	35.1	34.9	35.3	36.4	36.8	36.4	37.3	38.0	38.4	38.0	38.0	35.5	35.9	37.5
% CHG SAME QTR LAST YR......	-3.48	-2.78	-0.38	2.25	4.94	4.29	5.76	4.30	4.16	4.39	1.79	-3.53	0.99	4.62
TOBACCO........................	1.2	1.2	1.1	1.0	1.1	1.3	1.1	1.0	1.1	1.2	1.0	1.1	1.1	1.1
% CHG SAME QTR LAST YR......	0.00	-5.13	-2.94	0.00	-2.86	5.41	3.03	0.00	0.00	-10.26	-8.82	-2.82	-2.90	2.24
TEXTILES.......................	19.3	18.7	18.7	18.4	18.3	18.2	17.9	17.7	17.2	17.2	17.0	19.4	18.6	17.8
% CHG SAME QTR LAST YR......	-0.68	-2.77	-5.07	-3.49	-5.17	-2.85	-4.27	-3.80	-6.36	-5.68	-5.39	-7.08	-4.13	-4.31
APPAREL........................	39.9	39.1	39.0	36.7	38.0	36.5	35.3	31.6	30.0	28.9	28.8	41.9	38.2	33.3
% CHG SAME QTR LAST YR......	-17.79	-11.88	-9.37	-8.63	-4.68	-6.57	-9.57	-13.99	-21.03	-20.82	-18.43	-19.81	-8.74	-12.72
PAPER..........................	21.7	20.8	22.1	22.7	22.6	21.8	21.9	22.2	21.8	21.4	21.5	21.6	22.0	21.9
% CHG SAME QTR LAST YR......	-0.15	-1.11	2.80	2.26	4.15	4.64	-0.60	-2.21	-3.55	-1.83	-2.13	-2.41	2.05	-0.53
PRINTING AND PUBLISHING.......	38.8	38.3	38.7	38.7	38.9	39.2	39.3	39.3	39.5	39.0	38.7	38.8	38.7	39.3
% CHG SAME QTR LAST YR......	-2.76	-1.54	-0.43	-0.26	0.34	2.26	1.72	1.64	1.37	-0.51	-1.69	-1.79	-0.47	1.75
CHEMICALS......................	36.7	36.5	36.0	35.5	34.9	34.1	33.6	33.0	32.7	32.0	32.0	37.1	35.7	33.3
% CHG SAME QTR LAST YR......	-2.48	-3.78	-3.14	-3.27	-4.90	-6.67	-6.67	-7.04	-6.30	-5.97	-4.77	-1.35	-3.77	-6.67
PETROLEUM REFINING............	1.0	1.0	1.0	1.1	1.1	1.0	1.1	1.1	1.0	1.0	1.1	1.0	1.0	1.0
% CHG SAME QTR LAST YR......	10.71	0.00	-3.13	6.45	3.23	3.45	3.23	-3.03	-6.25	0.00	3.12	10.81	1.63	-0.80
RUBBER AND PLASTICS...........	33.8	33.9	34.1	34.2	34.8	34.9	34.8	34.5	34.8	35.0	35.0	33.6	34.3	34.7
% CHG SAME QTR LAST YR......	2.01	0.79	2.71	0.98	2.86	2.95	1.86	0.68	0.00	0.29	0.58	-0.39	1.83	1.36
LEATHER........................	4.1	4.2	3.8	3.7	3.6	3.4	3.3	3.3	3.3	3.2	3.1	4.4	3.8	3.3
% CHG SAME QTR LAST YR......	-24.85	-7.35	-17.52	-15.38	-12.90	-18.25	-11.50	-9.09	-8.33	-5.83	-7.00	-25.46	-13.28	-12.04

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 8: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR
THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONAGRICULTURAL...........	2546.7	2562.3	2582.7	2586.9	2603.7	2617.5	2633.6	2649.3	2653.4	2651.9	2665.1	2534.6	2583.9	2638.5
% CHG PREV QTR SAAR.......	1.78	2.46	3.22	0.66	2.63	2.14	2.48	2.41	0.62	-0.23	2.00	1.41	1.95	2.11
% CHG SAME QTR LAST YR....	0.98	1.27	2.24	2.03	2.24	2.16	1.97	2.41	1.91	1.31	1.19	1.41	1.95	2.11
MINING........................	4.6	4.5	4.6	4.5	4.5	4.4	4.3	4.2	4.2	4.2	4.1	4.6	4.5	4.3
% CHG PREV QTR SAAR.......	-2.87	-5.71	12.39	-11.02	3.00	-11.26	-11.58	-3.09	0.00	-4.57	-10.05	0.36	-1.45	-5.69
% CHG SAME QTR LAST YR....	0.00	-2.88	0.00	-2.17	-0.73	-2.22	-7.91	-5.93	-6.62	-4.91	-4.50	0.36	-1.45	-5.69
CONSTRUCTION..................	114.5	116.4	117.2	118.5	119.1	120.0	121.7	124.5	126.2	127.7	128.2	113.1	117.8	123.1
% CHG PREV QTR SAAR.......	4.67	7.05	2.66	4.63	2.04	2.83	5.91	9.41	5.58	4.82	1.68	3.89	4.19	4.46
% CHG SAME QTR LAST YR....	3.28	4.67	3.26	4.74	4.08	3.03	3.84	5.01	5.90	6.41	5.34	3.89	4.19	4.46
MANUFACTURING.................	516.5	516.1	518.4	516.3	519.5	518.4	517.2	513.9	510.3	507.9	506.0	519.6	517.6	514.9
% CHG PREV QTR SAAR.......	-0.49	-0.28	1.79	-1.64	2.50	-0.84	-0.90	-2.55	-2.75	-1.87	-1.51	-3.68	-0.38	-0.51
% CHG SAME QTR LAST YR....	-2.75	-1.81	-0.13	-0.16	0.58	0.44	-0.23	-0.46	-1.76	-2.02	-2.17	-3.68	-0.38	-0.51
DURABLE GOODS...............	285.2	286.0	288.5	288.4	290.0	290.2	291.5	292.1	291.1	290.3	290.5	285.0	288.2	291.2
% CHG PREV QTR SAAR.......	0.23	1.13	3.59	-0.14	2.14	0.37	1.76	0.87	-1.45	-1.09	0.32	-1.14	1.15	1.04
% CHG SAME QTR LAST YR....	-0.63	-0.03	1.79	1.19	1.67	1.48	1.03	1.28	0.38	0.01	-0.34	-1.14	1.15	1.04
NONDURABLE GOODS............	231.3	230.1	229.9	227.8	229.5	228.1	225.7	221.7	219.2	217.6	215.5	234.6	229.3	223.7
% CHG PREV QTR SAAR.......	-1.37	-2.00	-0.41	-3.49	2.96	-2.36	-4.20	-6.85	-4.43	-2.90	-3.92	-6.59	-2.25	-2.45
% CHG SAME QTR LAST YR....	-5.24	-3.92	-2.43	-1.82	-0.76	-0.85	-1.81	-2.68	-4.47	-4.61	-4.54	-6.59	-2.25	-2.45
TRADE.........................	599.6	606.4	610.1	610.2	615.1	617.0	622.2	626.3	629.0	627.8	636.1	594.8	610.4	623.6
% CHG PREV QTR SAAR.......	3.41	4.61	2.49	0.04	3.27	1.26	3.39	2.66	1.74	-0.75	5.38	1.60	2.63	2.16
% CHG SAME QTR LAST YR....	1.31	2.41	2.90	2.62	2.59	1.76	1.98	2.64	2.26	1.75	2.23	1.60	2.63	2.16
SERVICES......................	666.2	670.7	682.9	685.8	689.8	697.2	702.1	707.7	714.0	714.1	716.7	659.1	682.3	705.2
% CHG PREV QTR SAAR.......	1.94	2.71	7.46	1.75	2.31	4.36	2.84	3.25	3.61	0.07	1.47	3.33	3.51	3.36
% CHG SAME QTR LAST YR....	2.33	2.82	4.27	3.44	3.53	3.95	2.81	3.19	3.51	2.43	2.09	3.33	3.51	3.36
FIN,INS,REAL EST..............	117.3	118.4	119.6	120.8	121.9	123.2	125.1	126.3	127.2	127.0	127.0	116.4	120.2	125.4
% CHG PREV QTR SAAR.......	2.07	4.04	3.88	4.08	3.69	4.56	6.08	4.00	2.77	-0.42	0.00	4.45	3.18	4.40
% CHG SAME QTR LAST YR....	2.48	2.27	3.02	3.51	3.92	4.05	4.60	4.58	4.35	3.08	1.57	4.45	3.18	4.40
TRANS,COMM,PUB UTIL...........	148.7	149.0	150.5	150.2	153.1	156.5	158.3	158.6	158.3	159.8	161.4	145.3	150.7	157.9
% CHG PREV QTR SAAR.......	5.76	0.99	4.09	-0.79	7.95	9.00	4.68	0.85	-0.67	3.81	4.01	4.82	3.78	4.77
% CHG SAME QTR LAST YR....	6.14	5.25	4.44	2.48	3.00	4.99	5.14	5.57	3.40	2.14	1.98	4.82	3.78	4.77
GOVERNMENT....................	379.5	380.7	379.4	380.6	380.7	380.9	382.8	387.8	384.2	383.4	385.6	381.7	380.4	383.9
% CHG PREV QTR SAAR.......	-0.32	1.27	-1.39	1.31	0.14	0.18	2.05	5.33	-3.69	-0.87	2.33	2.28	-0.36	0.94
% CHG SAME QTR LAST YR....	0.35	-1.57	-0.38	0.21	0.32	0.05	0.91	1.90	0.91	0.65	0.72	2.28	-0.36	0.94
FEDERAL,CIVILIAN............	53.7	52.9	52.0	51.5	51.1	50.3	50.5	50.0	50.8	50.3	49.8	54.1	51.8	50.4
% CHG PREV QTR SAAR.......	-1.48	-5.59	-6.87	-3.79	-3.07	-5.87	1.60	-4.16	6.56	-3.76	-3.89	-0.38	-4.19	-2.83
% CHG SAME QTR LAST YR....	-0.37	-2.88	-4.59	-4.46	-4.84	-4.91	-2.82	-2.91	-0.59	-0.04	-1.41	-0.38	-4.19	-2.83
STATE AND LOCAL.............	325.8	327.8	327.4	329.1	329.7	330.6	332.3	337.9	333.4	333.1	335.8	327.6	328.5	333.6
% CHG PREV QTR SAAR.......	-0.12	2.44	-0.49	2.13	0.65	1.14	2.11	6.83	-5.15	-0.42	3.29	2.74	0.27	1.54
% CHG SAME QTR LAST YR....	0.47	-1.35	0.33	0.98	1.18	0.85	1.51	2.65	1.14	0.75	1.04	2.74	0.27	1.54
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 9: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA											ANNUAL	
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL DURABLE GOODS.............	285.2	286.0	288.5	288.4	290.0	290.2	291.5	292.1	291.1	290.3	290.5	285.0	288.2	291.2
% CHG PREV QTR SAAR.........	0.23	1.13	3.59	-0.14	2.14	0.37	1.76	0.87	-1.45	-1.09	0.32	-1.14	1.15	1.04
% CHG SAME QTR LAST YR......	-0.63	-0.03	1.79	1.19	1.67	1.48	1.03	1.28	0.38	0.01	-0.34	-1.14	1.15	1.04
LUMBER AND WOOD...............	22.1	21.8	22.4	22.6	22.9	23.2	23.1	23.1	23.2	23.5	23.3	22.0	22.5	23.2
% CHG PREV QTR SAAR.........	0.00	-5.31	11.45	3.01	6.03	4.73	-1.14	-0.58	1.74	4.53	-2.31	1.38	2.08	3.16
% CHG SAME QTR LAST YR......	1.07	-0.30	2.91	2.11	3.61	6.26	3.12	2.21	1.16	1.11	0.82	1.38	2.08	3.16
FURNITURE AND FIXTURES........	28.0	27.5	27.4	27.3	27.3	27.0	27.0	27.4	26.9	26.9	27.2	28.5	27.4	27.1
% CHG PREV QTR SAAR.........	-4.18	-6.51	-0.97	-1.45	-0.49	-4.32	-0.49	6.07	-6.18	0.00	4.02	-3.25	-3.92	-1.19
% CHG SAME QTR LAST YR......	-3.12	-5.06	-4.86	-3.30	-2.38	-1.82	-1.70	0.12	-1.34	-0.25	0.87	-3.25	-3.92	-1.19
STONE,CLAY AND GLASS..........	16.5	16.5	16.6	16.6	16.1	16.4	16.3	16.5	16.5	16.5	16.6	16.5	16.5	16.4
% CHG PREV QTR SAAR.........	1.64	1.63	1.62	-0.80	-10.06	5.91	-1.62	4.15	1.63	0.26	0.42	1.64	-0.30	-0.25
% CHG SAME QTR LAST YR......	-0.80	-0.60	0.40	1.02	-2.02	-1.01	-1.81	-0.60	2.48	1.08	1.60	1.64	-0.30	-0.25
PRIMARY METALS................	16.5	16.7	17.0	17.2	17.5	17.7	17.1	18.1	18.0	17.9	18.0	16.4	17.1	17.7
% CHG PREV QTR SAAR.........	7.62	4.94	7.38	4.79	7.16	3.86	-12.23	26.45	-3.63	-0.74	1.50	1.28	4.00	3.61
% CHG SAME QTR LAST YR......	1.23	1.42	2.41	6.17	6.06	5.79	0.59	5.43	2.67	1.51	5.26	1.28	4.00	3.61
FABRICATED METALS.............	43.8	43.7	43.5	43.7	44.1	44.6	44.8	44.4	44.0	43.4	42.7	43.7	43.8	44.5
% CHG PREV QTR SAAR.........	2.16	-0.91	-2.12	2.48	3.40	4.30	2.11	-3.52	-3.26	-5.34	-6.58	-4.36	0.15	1.60
% CHG SAME QTR LAST YR......	-2.09	-0.30	-0.15	0.38	0.68	1.98	3.07	1.52	-0.15	-2.54	-4.69	-4.36	0.15	1.60
NONELECTRICAL MACHINERY.......	43.3	44.9	45.6	44.9	45.7	45.4	46.9	46.9	47.3	46.1	46.2	43.0	45.3	46.6
% CHG PREV QTR SAAR.........	-1.52	15.61	5.76	-5.73	7.63	-3.17	13.90	0.28	3.75	-10.28	0.87	-1.13	5.29	2.94
% CHG SAME QTR LAST YR......	-1.07	2.90	9.71	3.22	5.54	0.96	2.85	4.45	3.50	1.54	-1.49	-1.13	5.29	2.94
ELECTRICAL MACHINERY..........	40.6	40.3	40.2	40.1	40.0	40.0	40.4	40.0	39.5	40.1	40.4	40.3	40.2	40.0
% CHG PREV QTR SAAR.........	5.43	-2.60	-0.99	-0.99	-1.65	0.33	4.40	-3.90	-4.90	6.30	3.09	-0.04	-0.27	-0.41
% CHG SAME QTR LAST YR......	1.16	0.58	-0.25	0.17	-1.56	-0.83	0.50	-0.25	-1.08	0.35	0.04	-0.04	-0.27	-0.41
TRANSPORTATION EQUIPMENT......	52.2	52.8	53.4	53.5	54.0	54.5	53.5	53.5	53.9	54.4	54.6	52.2	53.4	53.8
% CHG PREV QTR SAAR.........	-1.52	4.15	4.63	0.75	4.31	3.25	-6.68	-0.50	3.54	3.35	1.93	-0.67	2.25	0.83
% CHG SAME QTR LAST YR......	0.32	0.57	3.02	1.97	3.45	3.22	0.31	0.00	-0.19	-0.16	2.07	-0.67	2.25	0.83
INSTRUMENTS...................	10.6	10.2	11.0	11.3	11.0	10.6	11.3	11.3	10.9	10.6	10.9	10.5	10.9	11.0
% CHG PREV QTR SAAR.........	-4.86	-16.43	37.04	11.36	-9.11	-14.81	27.63	0.00	-13.46	-9.07	9.47	-0.94	3.24	1.15
% CHG SAME QTR LAST YR......	-0.93	0.33	3.77	4.95	3.76	4.26	2.42	-0.29	-1.51	0.11	-3.66	-0.94	3.24	1.15
MISCELLANEOUS.................	11.5	11.5	11.4	11.2	11.2	11.0	11.1	11.0	10.7	10.8	10.6	11.8	11.4	11.0
% CHG PREV QTR SAAR.........	-5.58	0.00	-3.42	-7.92	1.20	-8.05	3.69	-3.56	-9.35	1.21	-5.72	-1.26	-3.54	-3.45
% CHG SAME QTR LAST YR......	-2.81	-3.35	-3.92	-4.27	-2.60	-4.62	-2.92	-1.79	-4.45	-2.13	-4.43	-1.26	-3.54	-3.45
STATISTICAL DISCREPANCY.......	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 10: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONDURABLE GOODS..........	231.3	230.1	229.9	227.8	229.5	228.1	225.7	221.7	219.2	217.6	215.5	234.6	229.3	223.7
% CHG PREV QTR SAAR.........	-1.37	-2.00	-0.41	-3.49	2.96	-2.36	-4.20	-6.85	-4.43	-2.90	-3.92	-6.59	-2.25	-2.45
% CHG SAME QTR LAST YR......	-5.24	-3.92	-2.43	-1.82	-0.76	-0.85	-1.81	-2.68	-4.47	-4.61	-4.54	-6.59	-2.25	-2.45
FOOD..........................	35.0	35.4	35.5	36.1	36.7	36.9	37.4	37.7	38.2	38.4	38.0	35.6	35.9	37.6
% CHG PREV QTR SAAR.........	-2.99	4.25	1.13	6.93	6.43	2.94	5.15	2.88	6.15	1.54	-4.02	-3.35	0.94	4.57
% CHG SAME QTR LAST YR......	-3.49	-2.66	-0.37	2.27	4.66	4.33	5.35	4.34	4.27	3.91	1.57	-3.35	0.94	4.57
TOBACCO.......................	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
% CHG PREV QTR SAAR.........	12.68	-11.26	12.68	-11.26	0.00	26.54	0.00	-20.97	0.00	-6.57	-7.80	-2.84	-2.92	2.26
% CHG SAME QTR LAST YR......	0.00	-5.71	-2.86	0.00	-2.94	6.06	2.94	0.00	0.00	-7.30	-9.16	-2.84	-2.92	2.26
TEXTILES......................	19.4	18.9	18.7	18.4	18.5	18.3	17.9	17.7	17.3	17.2	16.9	19.4	18.6	17.8
% CHG PREV QTR SAAR.........	5.70	-9.93	-4.17	-4.91	0.73	-2.86	-9.80	-4.40	-8.75	-2.16	-6.46	-6.85	-3.92	-4.43
% CHG SAME QTR LAST YR......	-0.68	-2.41	-5.08	-3.49	-4.65	-2.83	-4.29	-4.16	-6.50	-6.33	-5.47	-6.85	-3.92	-4.43
APPAREL.......................	39.5	39.1	38.8	37.5	37.6	36.5	35.1	32.1	29.8	29.0	28.3	42.0	38.3	33.4
% CHG PREV QTR SAAR.........	-12.99	-3.99	-3.70	-12.44	1.07	-10.87	-15.12	-30.07	-25.08	-11.12	-8.46	-19.72	-8.86	-12.75
% CHG SAME QTR LAST YR......	-17.92	-12.26	-9.42	-8.39	-4.89	-6.64	-9.54	-14.49	-20.66	-20.71	-19.20	-19.72	-8.86	-12.75
PAPER.........................	21.7	21.5	22.2	22.1	22.4	22.5	22.0	21.8	21.7	21.7	21.5	21.6	22.0	22.0
% CHG PREV QTR SAAR.........	2.50	-3.64	12.99	-1.79	6.18	1.20	-7.49	-3.58	-3.02	0.82	-4.55	-2.45	1.97	-0.15
% CHG SAME QTR LAST YR......	-0.15	-0.77	3.10	2.32	3.23	4.50	-0.60	-1.06	-3.27	-3.36	-2.60	-2.45	1.97	-0.15
PRINTING AND PUBLISHING.......	38.6	38.5	38.7	38.6	38.8	39.4	39.4	39.3	39.3	39.1	38.8	38.8	38.6	39.3
% CHG PREV QTR SAAR.........	-0.69	-0.69	1.39	-1.03	2.44	6.33	-0.34	-1.01	0.00	-1.51	-3.37	-1.85	-0.45	1.77
% CHG SAME QTR LAST YR......	-2.77	-1.62	-0.43	-0.26	0.52	2.25	1.81	1.82	1.20	-0.72	-1.48	-1.85	-0.45	1.77
CHEMICALS.....................	36.8	36.4	36.0	35.6	35.0	34.0	33.6	33.1	32.8	32.0	31.9	37.1	35.7	33.4
% CHG PREV QTR SAAR.........	0.36	-3.58	-4.67	-4.73	-6.58	-10.26	-4.62	-6.57	-3.19	-9.02	-1.49	-1.28	-3.75	-6.60
% CHG SAME QTR LAST YR......	-2.65	-3.87	-3.05	-3.18	-4.90	-6.59	-6.57	-7.03	-6.20	-5.88	-5.11	-1.28	-3.75	-6.60
PETROLEUM REFINING............	1.0	1.0	1.0	1.1	1.1	1.0	1.1	1.0	1.0	1.1	1.0	1.0	1.0	1.0
% CHG PREV QTR SAAR.........	0.00	-23.41	30.57	28.41	-11.58	-22.75	46.41	-31.70	0.00	21.75	-5.21	11.82	1.63	-1.60
% CHG SAME QTR LAST YR......	10.71	-3.33	0.00	6.45	3.23	3.45	6.45	-9.09	-6.25	5.04	-5.77	11.82	1.63	-1.60
RUBBER AND PLASTICS...........	34.0	33.9	34.1	33.8	34.9	34.8	34.7	34.7	34.8	34.9	34.9	33.5	34.2	34.8
% CHG PREV QTR SAAR.........	8.24	-1.17	2.78	-4.23	14.12	-1.14	-1.14	0.38	0.38	0.99	0.51	-1.15	1.89	1.68
% CHG SAME QTR LAST YR......	1.90	0.79	2.81	1.30	2.65	2.65	1.66	2.86	-0.38	0.15	0.57	-1.15	1.89	1.68
LEATHER.......................	4.1	4.3	3.8	3.6	3.5	3.5	3.4	3.3	3.3	3.3	3.1	4.4	3.8	3.4
% CHG PREV QTR SAAR.........	-17.35	17.28	-37.08	-16.42	-10.56	-7.34	-11.05	-3.90	-3.94	-4.64	-18.17	-25.32	-13.94	-11.60
% CHG SAME QTR LAST YR......	-25.00	-8.57	-17.99	-15.50	-13.82	-18.75	-11.40	-8.26	-6.60	-5.93	-7.88	-25.32	-13.94	-11.60
STATISTICAL DISCREPANCY.......	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 11: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONAGRICULTURAL...........	26435	27392	26919	27211	27351	28157	28025	28307	28210	28879	28639	26395	27218	28175
% CHG SAME QTR LAST YR....	1.81	4.27	2.57	2.19	3.46	2.79	4.11	4.03	3.14	2.56	2.19	1.24	3.12	3.51
MINING.........................	41200	45544	37364	50194	39545	50066	42663	43443	48812	44454	42102	38043	43162	46246
% CHG SAME QTR LAST YR....	14.83	28.73	-0.54	32.00	-4.02	9.93	14.18	-13.45	23.43	-11.21	-1.31	5.13	13.46	7.15
CONSTRUCTION..................	29023	31383	29354	29070	31239	32627	30771	29635	30757	31982	29923	28802	30262	30947
% CHG SAME QTR LAST YR....	2.76	4.32	4.24	4.05	7.64	3.96	4.83	1.94	-1.54	-1.98	-2.76	1.30	5.07	2.27
MANUFACTURING.................	31344	31797	31709	32085	32342	32226	32537	33293	32925	32765	32849	31094	31983	32745
% CHG SAME QTR LAST YR....	2.95	3.84	2.95	1.51	3.18	1.35	2.61	3.76	1.80	1.67	0.96	3.60	2.86	2.38
DURABLE GOODS...............	31899	32307	32182	32695	32976	32871	32765	33652	33511	33742	33885	31708	32540	33200
% CHG SAME QTR LAST YR....	1.44	5.00	2.02	0.23	3.38	1.74	1.81	2.92	1.62	2.65	3.42	2.28	2.62	2.03
NONDURABLE GOODS............	30659	31156	31114	31321	31542	31398	32240	32824	32149	31454	31451	30347	31283	32153
% CHG SAME QTR LAST YR....	4.74	2.33	4.06	3.09	2.88	0.78	3.62	4.80	1.93	0.18	-2.45	5.09	3.09	2.78
TRADE.........................	19844	20960	20416	20754	20716	21872	21724	21773	21382	22749	22455	20132	20711	21688
% CHG SAME QTR LAST YR....	2.00	3.40	1.63	2.10	4.40	4.35	6.41	4.91	3.21	4.01	3.37	1.47	2.88	4.71
SERVICES......................	25382	26385	25591	25984	26007	27183	26702	26655	27062	27482	27141	25113	25992	26901
% CHG SAME QTR LAST YR....	1.32	4.35	2.05	5.17	2.46	3.02	4.34	2.58	4.06	1.10	1.64	0.33	3.50	3.50
FIN,INS,REAL EST..............	35544	35938	36445	36292	37398	37950	39579	39692	40980	39895	40517	34414	36518	39550
% CHG SAME QTR LAST YR....	7.94	8.44	7.53	3.45	5.22	5.60	8.60	9.37	9.58	5.13	2.37	5.22	6.11	8.30
TRANS,COMM,PUB UTIL...........	32278	34509	34305	33798	35618	35590	35244	36489	36995	36867	36307	33111	34558	36080
% CHG SAME QTR LAST YR....	-5.31	4.20	2.70	0.46	10.35	3.13	2.74	7.96	3.87	3.59	3.02	-1.47	4.37	4.40
GOVERNMENT....................	26105	26457	26390	26815	25964	26621	26788	27633	26560	28087	28363	26151	26406	26900
% CHG SAME QTR LAST YR....	1.75	4.30	2.04	-1.67	-0.54	0.62	1.51	3.05	2.30	5.51	5.88	-0.89	0.98	1.87
FEDERAL,CIVILIAN............	42395	42342	41052	40975	40830	41438	41152	42089	42377	43628	42740	42431	41300	41764
% CHG SAME QTR LAST YR....	0.42	-0.47	-2.74	-3.76	-3.69	-2.13	0.24	2.72	3.79	5.28	3.86	1.60	-2.67	1.12
STATE AND LOCAL.............	23501	23920	24047	24523	23738	24389	24585	25421	24241	25771	26205	23461	24057	24659
% CHG SAME QTR LAST YR....	2.23	5.94	4.03	-0.51	1.01	1.96	2.24	3.66	2.12	5.67	6.59	-1.28	2.54	2.50

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 12: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONAGRICULTURAL...........	26694	27038	26965	27231	27638	27785	28102	28274	28455	28608	28698	26383	27218	28154
% CHG PREV QTR SAAR.......	0.80	5.24	-1.07	4.01	6.12	2.14	4.64	2.47	2.59	2.16	1.28	1.22	3.17	3.44
% CHG SAME QTR LAST YR....	1.82	4.38	2.56	2.21	3.54	2.76	4.22	3.83	2.95	2.96	2.12	1.22	3.17	3.44
MINING........................	41501	44532	37633	51309	39545	48928	42996	44128	48812	43206	42707	38138	43255	46216
% CHG PREV QTR SAAR.......	30.21	32.57	-49.00	245.53	-64.71	134.36	-40.37	10.95	49.71	-38.61	-4.55	5.61	13.42	6.85
% CHG SAME QTR LAST YR....	14.00	29.60	-0.54	32.07	-4.71	9.87	14.25	-14.00	23.43	-11.69	-0.67	5.61	13.42	6.85
CONSTRUCTION..................	29369	29505	29655	30354	31650	30687	30982	30643	31034	30155	30352	28769	30291	30836
% CHG PREV QTR SAAR.......	2.93	1.86	2.05	9.77	18.20	-11.63	3.90	-4.31	5.20	-10.85	2.64	1.41	5.29	1.80
% CHG SAME QTR LAST YR....	2.66	5.06	4.18	4.10	7.77	4.01	4.48	0.95	-1.95	-1.73	-2.03	1.41	5.29	1.80
MANUFACTURING.................	31414	31778	31754	31980	32427	32211	32623	33142	32953	32783	32958	31077	31985	32732
% CHG PREV QTR SAAR.......	-1.36	4.72	-0.30	2.87	5.71	-2.63	5.21	6.52	-2.26	-2.05	2.15	3.63	2.92	2.34
% CHG SAME QTR LAST YR....	2.99	4.13	2.92	1.45	3.22	1.36	2.74	3.63	1.62	1.77	1.03	3.63	2.92	2.34
DURABLE GOODS...............	31981	32435	32275	32442	33048	32995	32923	33398	33500	33858	34013	31688	32550	33204
% CHG PREV QTR SAAR.......	-4.80	5.81	-1.96	2.09	7.67	-0.63	-0.87	5.90	1.22	4.35	1.84	2.30	2.72	2.01
% CHG SAME QTR LAST YR....	1.47	5.46	2.00	0.20	3.34	1.73	2.01	2.95	1.37	2.62	3.31	2.30	2.72	2.01
NONDURABLE GOODS............	30716	30962	31101	31394	31642	31214	32236	32804	32228	31349	31535	30333	31275	32120
% CHG PREV QTR SAAR.......	3.23	3.24	1.80	3.83	3.20	-5.30	13.74	7.25	-6.85	-10.47	2.40	5.13	3.11	2.70
% CHG SAME QTR LAST YR....	4.80	2.39	4.00	3.02	3.02	0.81	3.65	4.49	1.85	0.43	-2.17	5.13	3.11	2.70
TRADE.........................	20196	20529	20382	20764	21126	21423	21708	21825	21778	22340	22403	20116	20700	21683
% CHG PREV QTR SAAR.......	-2.94	6.77	-2.83	7.70	7.16	5.73	5.44	2.16	-0.87	10.74	1.13	1.42	2.91	4.75
% CHG SAME QTR LAST YR....	2.02	3.31	1.66	2.05	4.61	4.35	6.51	5.11	3.08	4.28	3.20	1.42	2.91	4.75
SERVICES......................	25511	25837	25686	26291	26145	26606	26858	26872	27124	27098	27240	25093	25990	26865
% CHG PREV QTR SAAR.......	8.70	5.20	-2.31	9.75	-2.20	7.24	3.85	0.20	3.80	-0.38	2.12	0.27	3.57	3.37
% CHG SAME QTR LAST YR....	1.31	4.58	2.05	5.23	2.48	2.98	4.56	2.21	3.74	1.85	1.42	0.27	3.57	3.37
FIN,INS,REAL EST..............	35513	35625	36557	36513	37347	37631	39706	39912	40959	39634	40612	34424	36510	39552
% CHG PREV QTR SAAR.......	2.53	1.26	10.89	-0.48	9.46	3.08	23.94	2.09	10.91	-12.32	10.25	5.20	6.06	8.33
% CHG SAME QTR LAST YR....	7.91	8.28	7.55	3.46	5.16	5.63	8.61	9.31	9.67	5.32	2.28	5.20	6.06	8.33
TRANS,COMM,PUB UTIL...........	32698	34093	34161	33903	36138	35173	35125	36550	37197	36609	36308	33091	34574	36012
% CHG PREV QTR SAAR.......	-12.06	18.19	0.80	-2.99	29.09	-10.25	-0.55	17.24	7.28	-6.18	-3.25	-1.51	4.48	4.16
% CHG SAME QTR LAST YR....	-5.34	4.47	2.69	0.41	10.52	3.17	2.82	7.81	2.93	4.08	3.37	-1.51	4.48	4.16
GOVERNMENT....................	26554	26698	26469	26016	26409	26847	26888	26687	27073	28488	28396	26134	26398	26874
% CHG PREV QTR SAAR.......	1.78	2.18	-3.39	-6.67	6.18	6.80	0.61	-2.95	5.91	22.60	-1.28	-0.89	1.01	1.80
% CHG SAME QTR LAST YR....	1.70	4.29	2.02	-1.59	-0.55	0.56	1.58	2.58	2.52	6.11	5.61	-0.89	1.01	1.80
FEDERAL,CIVILIAN............	42026	42342	41421	40949	40323	41438	41641	41865	41792	43759	43239	42442	41259	41684
% CHG PREV QTR SAAR.......	-5.05	3.04	-8.42	-4.48	-5.97	11.53	1.97	2.17	-0.69	20.20	-4.67	1.51	-2.79	1.03
% CHG SAME QTR LAST YR....	0.42	-0.53	-2.76	-3.82	-4.05	-2.13	0.53	2.24	3.64	5.60	3.84	1.51	-2.79	1.03
STATE AND LOCAL.............	24006	24173	24096	23681	24254	24627	24647	24443	24832	26183	26196	23440	24051	24637
% CHG PREV QTR SAAR.......	4.02	2.81	-1.28	-6.70	10.03	6.30	0.32	-3.27	6.53	23.59	0.20	-1.26	2.61	2.44
% CHG SAME QTR LAST YR....	2.17	5.94	4.02	-0.38	1.03	1.88	2.29	3.22	2.39	6.32	6.29	-1.26	2.61	2.44

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 13: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONAGRICULTURAL...........	26642	27748	27326	27695	27920	28774	28720	29093	29079	29872	29788	26395	27672	28916
% CHG SAME QTR LAST YR....	4.01	6.43	4.31	3.84	4.80	3.70	5.10	5.05	4.15	3.82	3.72	3.30	4.84	4.50
MINING........................	41522	46136	37929	51087	40368	51163	43721	44651	50315	45984	43790	38054	43880	47462
% CHG SAME QTR LAST YR....	17.31	31.40	1.14	34.14	-2.78	10.89	15.27	-12.60	24.64	-10.12	0.16	7.31	15.31	8.16
CONSTRUCTION..................	29249	31791	29797	29588	31889	33341	31534	30458	31705	33082	31123	28799	30766	31760
% CHG SAME QTR LAST YR....	4.98	6.48	6.01	5.73	9.03	4.88	5.83	2.94	-0.58	-0.78	-1.30	3.37	6.83	3.23
MANUFACTURING.................	31588	32210	32188	32657	33014	32932	33344	34219	33939	33892	34166	31095	32517	33608
% CHG SAME QTR LAST YR....	5.17	5.99	4.70	3.15	4.52	2.24	3.59	4.78	2.80	2.92	2.47	5.71	4.57	3.36
DURABLE GOODS...............	32147	32727	32668	33277	33661	33590	33578	34587	34543	34903	35243	31711	33083	34075
% CHG SAME QTR LAST YR....	3.63	7.18	3.75	1.85	4.71	2.64	2.79	3.94	2.62	3.91	4.96	4.36	4.33	3.00
NONDURABLE GOODS............	30898	31561	31584	31879	32198	32086	33040	33736	33140	32536	32713	30347	31805	33000
% CHG SAME QTR LAST YR....	7.01	4.46	5.82	4.76	4.21	1.66	4.61	5.83	2.93	1.40	-0.99	7.22	4.81	3.76
TRADE.........................	19998	21233	20724	21123	21147	22351	22262	22378	22041	23532	23355	20131	21057	22258
% CHG SAME QTR LAST YR....	4.21	5.54	3.36	3.75	5.75	5.27	7.42	5.94	4.22	5.28	4.91	3.54	4.60	5.70
SERVICES......................	25580	26728	25978	26446	26548	27778	27365	27396	27896	28428	28229	25113	26425	27609
% CHG SAME QTR LAST YR....	3.50	6.51	3.78	6.87	3.78	3.93	5.34	3.59	5.08	2.34	3.16	2.38	5.23	4.48
FIN,INS,REAL EST..............	35821	36405	36996	36938	38176	38781	40561	40795	42242	41268	42141	34419	37129	40595
% CHG SAME QTR LAST YR....	10.27	10.70	9.35	5.12	6.57	6.52	9.64	10.44	10.65	6.41	3.90	7.38	7.87	9.33
TRANS,COMM,PUB UTIL...........	32530	34958	34823	34399	36359	36370	36118	37503	38134	38135	37763	33110	35135	37031
% CHG SAME QTR LAST YR....	-3.27	6.36	4.44	2.08	11.77	4.04	3.72	9.02	4.88	4.85	4.56	0.53	6.12	5.40
GOVERNMENT....................	26309	26801	26788	27292	26504	27204	27452	28401	27378	29054	29500	26153	26846	27609
% CHG SAME QTR LAST YR....	3.95	6.47	3.76	-0.08	0.74	1.50	2.48	4.06	3.30	6.80	7.46	1.13	2.65	2.84
FEDERAL,CIVILIAN............	42726	42892	41672	41704	41679	42346	42172	43260	43682	45129	44454	42431	41987	42865
% CHG SAME QTR LAST YR....	2.59	1.59	-1.10	-2.20	-2.45	-1.27	1.20	3.73	4.81	6.57	5.41	3.66	-1.05	2.09
STATE AND LOCAL.............	23685	24231	24410	24960	24232	24923	25195	26128	24988	26658	27256	23463	24458	25308
% CHG SAME QTR LAST YR....	4.44	8.14	5.79	1.10	2.31	2.85	3.22	4.68	3.12	6.96	8.18	0.73	4.24	3.48

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TABLE 14: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL NONAGRICULTURAL...........	26903	27389	27372	27716	28213	28394	28799	29060	29331	29592	29849	26384	27673	28896
% CHG PREV QTR SAAR.......	3.32	7.43	-0.25	5.12	7.38	2.58	5.83	3.68	3.79	3.60	3.53	3.28	4.88	4.42
% CHG SAME QTR LAST YR....	4.01	6.54	4.30	3.87	4.87	3.67	5.21	4.85	3.96	4.22	3.65	3.28	4.88	4.42
MINING........................	41825	45111	38201	52222	40368	50000	44062	45354	50315	44693	44419	38152	43976	47433
% CHG PREV QTR SAAR.......	33.46	35.33	-48.57	249.22	-64.30	135.37	-39.69	12.25	51.47	-37.75	-2.43	7.80	15.26	7.86
% CHG SAME QTR LAST YR....	16.46	32.29	1.14	34.20	-3.48	10.84	15.34	-13.15	24.64	-10.61	0.81	7.80	15.26	7.86
CONSTRUCTION..................	29598	29888	30102	30894	32308	31359	31750	31494	31989	31192	31570	28772	30798	31648
% CHG PREV QTR SAAR.......	5.50	3.98	2.90	10.94	19.60	-11.25	5.09	-3.18	6.44	-9.60	4.92	3.48	7.04	2.76
% CHG SAME QTR LAST YR....	4.87	7.24	5.94	5.79	9.16	4.92	5.47	1.94	-0.99	-0.53	-0.57	3.48	7.04	2.76
MANUFACTURING.................	31659	32191	32234	32549	33101	32917	33432	34063	33968	33911	34279	31079	32519	33595
% CHG PREV QTR SAAR.......	1.11	6.89	0.53	3.97	6.96	-2.21	6.41	7.77	-1.11	-0.68	4.42	5.74	4.63	3.31
% CHG SAME QTR LAST YR....	5.21	6.29	4.66	3.09	4.55	2.25	3.72	4.65	2.62	3.02	2.53	5.74	4.63	3.31
DURABLE GOODS...............	32230	32857	32762	33020	33735	33718	33739	34327	34532	35023	35377	31691	33093	34079
% CHG PREV QTR SAAR.......	-2.42	8.01	-1.14	3.18	8.95	-0.20	0.26	7.15	2.41	5.81	4.10	4.39	4.43	2.98
% CHG SAME QTR LAST YR....	3.66	7.65	3.73	1.83	4.67	2.62	2.98	3.96	2.36	3.87	4.85	4.39	4.43	2.98
NONDURABLE GOODS............	30956	31365	31570	31953	32301	31898	33035	33716	33220	32427	32800	30334	31797	32967
% CHG PREV QTR SAAR.......	5.81	5.39	2.65	4.94	4.42	-4.89	15.04	8.51	-5.75	-9.21	4.67	7.27	4.82	3.68
% CHG SAME QTR LAST YR....	7.06	4.52	5.76	4.69	4.35	1.70	4.64	5.52	2.85	1.66	-0.71	7.27	4.82	3.68
TRADE.........................	20353	20796	20690	21134	21566	21892	22247	22432	22448	23109	23302	20117	21046	22255
% CHG PREV QTR SAAR.......	-0.52	8.99	-2.02	8.85	8.43	6.19	6.65	3.37	0.30	12.30	3.38	3.48	4.62	5.74
% CHG SAME QTR LAST YR....	4.23	5.46	3.38	3.70	5.96	5.27	7.52	6.14	4.09	5.56	4.74	3.48	4.62	5.74
SERVICES......................	25710	26173	26074	26759	26689	27189	27524	27619	27959	28030	28333	25094	26423	27573
% CHG PREV QTR SAAR.......	11.42	7.39	-1.50	10.93	-1.04	7.71	5.03	1.38	5.02	1.02	4.39	2.31	5.30	4.35
% CHG SAME QTR LAST YR....	3.50	6.75	3.78	6.93	3.81	3.88	5.56	3.22	4.76	3.10	2.94	2.31	5.30	4.35
FIN,INS,REAL EST..............	35790	36088	37109	37163	38124	38456	40690	41021	42220	40997	42241	34430	37121	40597
% CHG PREV QTR SAAR.......	5.09	3.37	11.81	0.58	10.75	3.53	25.35	3.29	12.21	-11.09	12.70	7.36	7.82	9.36
% CHG SAME QTR LAST YR....	10.24	10.53	9.37	5.13	6.52	6.56	9.65	10.38	10.75	6.61	3.81	7.36	7.82	9.36
TRANS,COMM,PUB UTIL...........	32953	34536	34677	34506	36889	35944	35996	37566	38343	37868	37764	33091	35152	36962
% CHG PREV QTR SAAR.......	-9.87	20.64	1.64	-1.95	30.62	-9.87	0.58	18.62	8.53	-4.87	-1.10	0.49	6.23	5.15
% CHG SAME QTR LAST YR....	-3.30	6.64	4.43	2.03	11.95	4.08	3.81	8.87	3.94	5.35	4.91	0.49	6.23	5.15
GOVERNMENT....................	26762	27045	26868	26479	26959	27435	27555	27429	27907	29468	29535	26136	26838	27582
% CHG PREV QTR SAAR.......	4.33	4.30	-2.58	-5.67	7.44	7.26	1.76	-1.81	7.16	24.32	0.91	1.13	2.68	2.77
% CHG SAME QTR LAST YR....	3.89	6.45	3.75	0.00	0.74	1.44	2.56	3.59	3.52	7.41	7.19	1.13	2.68	2.77
FEDERAL,CIVILIAN............	42354	42892	42046	41677	41162	42346	42673	43029	43079	45265	44973	42441	41944	42782
% CHG PREV QTR SAAR.......	-2.68	5.18	-7.66	-3.46	-4.86	12.01	3.13	3.37	0.47	21.89	-2.55	3.57	-1.17	2.00
% CHG SAME QTR LAST YR....	2.58	1.53	-1.12	-2.26	-2.81	-1.27	1.49	3.24	4.66	6.89	5.39	3.57	-1.17	2.00
STATE AND LOCAL.............	24193	24487	24459	24103	24758	25166	25258	25122	25597	27083	27246	23443	24452	25286
% CHG PREV QTR SAAR.......	6.62	4.95	-0.46	-5.71	11.33	6.76	1.46	-2.13	7.78	25.32	2.43	0.76	4.31	3.41
% CHG SAVE QTR LAST YR....	4.38	8.14	5.78	1.24	2.34	2.77	3.26	4.23	3.39	7.62	7.87	0.76	4.31	3.41

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 15: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
CIVILIAN LABOR FORCE (THOUS)....	2754	2683	2696	2729	2723	2686	2739	2802	2811	2776	2800	2744	2708	2760
% CHG SAME QTR LAST YR......	0.46	-1.01	-1.45	-1.66	-1.15	0.12	1.58	2.65	3.26	3.36	2.23	1.60	-1.32	1.91
EMPLOYED PERSONS (THOUS)......	2619	2525	2548	2576	2598	2558	2628	2684	2706	2648	2700	2603	2562	2644
% CHG SAME QTR LAST YR......	0.38	-1.31	-2.03	-2.14	-0.81	1.31	3.13	4.20	4.14	3.54	2.74	1.64	-1.57	3.20
UNEMPLOYED PERSONS (THOUS)....	135	159	148	153	124	129	111	117	106	128	100	141	146	116
% CHG SAME QTR LAST YR......	2.14	3.94	9.61	7.23	-7.76	-18.86	-24.95	-23.41	-15.01	-0.34	-9.83	0.87	3.34	-20.78
PARTICIPATION RATE (PERCENT)....	66.2	64.2	64.3	64.9	64.5	63.5	64.5	65.9	66.0	65.0	65.4	66.2	64.5	65.0
% CHG SAME QTR LAST YR......	-0.84	-2.25	-2.63	-2.90	-2.47	-1.19	0.28	1.59	2.27	2.44	1.35	0.12	-2.56	0.74
UNEMPLOYMENT RATE (PERCENT).....	4.9	5.9	5.5	5.6	4.6	4.8	4.1	4.2	3.8	4.6	3.6	5.2	5.4	4.2

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 16: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE
SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
CIVILIAN LABOR FORCE (THOUS)....	2737	2719	2706	2701	2705	2723	2749	2773	2793	2813	2810	2744	2708	2759
% CHG PREV QTR SAAR.........	-1.47	-2.67	-1.89	-0.70	0.57	2.64	3.87	3.65	2.94	2.83	-0.46	1.66	-1.32	1.91
% CHG SAME QTR LAST YR......	0.58	-0.97	-1.44	-1.69	-1.18	0.14	1.58	2.67	3.27	3.32	2.23	1.66	-1.32	1.91
EMPLOYED PERSONS (THOUS)......	2593	2568	2555	2553	2571	2601	2634	2661	2679	2692	2706	2603	2562	2644
% CHG PREV QTR SAAR.........	-2.50	-3.75	-2.06	-0.31	2.95	4.77	5.12	4.12	2.73	2.00	2.08	1.70	-1.57	3.21
% CHG SAME QTR LAST YR......	0.54	-1.27	-2.03	-2.16	-0.82	1.30	3.11	4.24	4.18	3.49	2.73	1.70	-1.57	3.21
UNEMPLOYED PERSONS (THOUS)....	145	151	151	148	134	121	114	112	115	121	104	141	146	116
% CHG PREV QTR SAAR.........	19.32	18.34	0.92	-7.11	-34.23	-32.35	-20.47	-6.83	7.95	23.73	-45.75	0.92	3.35	-20.77
% CHG SAME QTR LAST YR......	1.30	4.38	9.79	7.27	-7.58	-19.64	-24.28	-24.23	-14.23	-0.26	-9.36	0.92	3.35	-20.77
PARTICIPATION RATE (PERCENT)....	65.7	65.1	64.5	64.2	64.1	64.3	64.7	65.3	65.6	65.9	65.6	66.2	64.5	65.0
% CHG PREV QTR SAAR.........	-2.41	-4.01	-3.24	-2.02	-0.71	1.33	2.54	3.35	1.91	1.82	-1.65	0.17	-2.56	0.74
% CHG SAME QTR LAST YR......	-0.73	-2.20	-2.61	-2.92	-2.50	-1.17	0.27	1.62	2.28	2.40	1.34	0.17	-2.56	0.74
UNEMPLOYMENT RATE (PERCENT).....	5.3	5.5	5.6	5.5	4.9	4.5	4.2	4.1	4.1	4.3	3.7	5.1	5.4	4.2

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 17: TENNESSEE TAXABLE SALES
MILLIONS OF 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL............................	16278	14138	16286	17561	16998	13620	16654	16555	17839	15714	17467	60668	64983	64668
% CHG SAME QTR LAST YR......	4.11	4.78	5.80	13.27	4.42	-3.67	2.26	-5.73	4.95	15.38	4.88	2.65	7.11	-0.48
AUTO DEALERS..................	1490	1549	1683	1780	1535	1522	1931	1861	1629	1858	2045	6607	6547	6943
% CHG SAME QTR LAST YR......	-0.48	-5.80	-4.05	3.59	2.99	-1.71	14.73	4.55	6.14	22.07	5.91	-1.42	-0.91	6.06
PURCHASES FROM MANUFACTURERS..	1163	926	1063	1189	1120	908	1094	1091	1071	926	1085	4155	4299	4164
% CHG SAME QTR LAST YR......	19.34	12.33	0.14	7.55	-3.67	-1.99	2.89	-8.21	-4.41	2.07	-0.79	6.59	3.47	-3.13
MISC DURABLE GOODS............	2696	2433	2843	3654	2787	2168	2974	2904	2981	2732	3239	10378	11717	11027
% CHG SAME QTR LAST YR......	7.03	9.63	3.09	35.10	3.38	-10.89	4.59	-20.53	6.97	25.98	8.93	2.54	12.91	-5.89
EATING AND DRINKING PLACES....	1240	1187	1322	1337	1282	1179	1389	1408	1362	1323	1442	4943	5129	5338
% CHG SAME QTR LAST YR......	4.45	6.53	2.50	3.03	3.38	-0.73	5.01	5.26	6.26	12.21	3.88	3.32	3.77	4.06
FOOD STORES...................	1938	1728	1846	1839	1949	1666	1822	1855	2052	1777	1845	7307	7362	7395
% CHG SAME QTR LAST YR......	0.79	-0.83	1.92	1.32	0.54	-3.59	-1.31	0.87	5.30	6.71	1.28	1.17	0.75	0.45
LIQUOR STORES.................	98	76	78	75	101	72	79	76	103	78	81	321	329	330
% CHG SAME QTR LAST YR......	5.73	3.35	5.18	-1.42	3.12	-4.94	0.94	1.99	2.56	8.59	3.07	4.60	2.58	0.32
HOTELS AND MOTELS.............	373	304	437	466	396	309	432	462	426	337	437	1490	1603	1628
% CHG SAME QTR LAST YR......	15.35	13.60	9.25	3.69	5.96	1.35	-1.03	-0.89	7.68	9.20	1.11	3.77	7.54	1.61
OTHER RETAIL AND SERVICE......	5006	3907	4382	4491	5296	3832	4687	4600	5580	4371	4832	17223	18076	18699
% CHG SAME QTR LAST YR......	1.98	4.71	3.66	5.47	5.79	-1.93	6.97	2.43	5.36	14.07	3.10	3.97	4.95	3.44
MISC NONDURABLE GOODS.........	1430	1121	1240	1464	1587	992	1342	1354	1631	1330	1453	4920	5412	5319
% CHG SAME QTR LAST YR......	1.44	4.79	3.03	20.35	10.96	-11.53	8.25	-7.48	2.78	34.14	8.26	0.48	10.00	-1.71
TRANSPORTATION,COMMUNICATION..	843	906	1391	1266	946	973	904	944	1003	981	1005	3324	4509	3824
% CHG SAME QTR LAST YR......	5.43	12.46	71.00	46.86	12.20	7.37	-35.00	-25.43	6.05	0.82	11.19	4.81	35.65	-15.19
PER CAPITA ($)..................	3053	2644	3036	3265	3151	2518	3071	3044	3272	2875	3186	11431	12096	11905
% CHG SAME QTR LAST YR......	2.76	3.46	4.51	11.93	3.21	-4.75	1.14	-6.74	3.82	14.16	3.74	1.26	5.82	-1.58

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 18: TENNESSEE TAXABLE SALES
MILLIONS OF SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL............................	15405	15742	16009	17095	16071	15134	16385	16134	16875	17478	17188	60646	64917	64529
% CHG PREV QTR SAAR.........	7.97	9.05	6.95	30.03	-21.89	-21.36	37.40	-6.01	19.70	15.06	-6.47	2.64	7.04	-0.60
% CHG SAME QTR LAST YR......	4.24	4.86	5.91	13.12	4.33	-3.86	2.35	-5.62	5.00	15.48	4.90	2.64	7.04	-0.60
AUTO DEALERS..................	1617	1602	1601	1676	1672	1570	1843	1746	1779	1914	1954	6611	6551	6937
% CHG PREV QTR SAAR.........	-1.48	-3.67	-0.36	20.15	-0.95	-22.30	89.96	-19.44	7.82	33.91	8.75	-1.24	-0.92	5.90
% CHG SAME QTR LAST YR......	0.08	-6.20	-3.74	3.24	3.38	-2.03	15.12	4.18	6.41	21.92	6.05	-1.24	-0.92	5.90
PURCHASES FROM MANUFACTURERS..	1125	1070	1015	1132	1081	1049	1043	1042	1031	1072	1034	4139	4297	4165
% CHG PREV QTR SAAR.........	31.63	-18.17	-19.12	55.01	-16.92	-11.17	-2.44	-0.28	-4.25	16.82	-13.26	6.11	3.83	-3.08
% CHG SAME QTR LAST YR......	18.95	12.61	0.08	7.80	-3.92	-1.93	2.78	-7.95	-4.62	2.14	-0.82	6.11	3.83	-3.08
MISC DURABLE GOODS............	2696	2805	2642	3458	2785	2501	2768	2743	2979	3156	3014	10376	11691	10990
% CHG PREV QTR SAAR.........	22.44	17.21	-21.30	193.39	-57.90	-35.06	50.22	-3.66	39.17	25.92	-16.77	2.44	12.67	-5.99
% CHG SAME QTR LAST YR......	7.09	9.65	3.25	34.92	3.32	-10.86	4.77	-20.69	6.94	26.20	8.87	2.44	12.67	-5.99
EATING AND DRINKING PLACES....	1257	1286	1271	1277	1298	1274	1334	1347	1379	1427	1386	4943	5132	5334
% CHG PREV QTR SAAR.........	7.35	9.65	-4.61	1.93	6.88	-7.39	20.33	4.01	9.90	14.59	-11.13	3.32	3.83	3.94
% CHG SAME QTR LAST YR......	4.44	6.30	2.34	3.43	3.32	-0.95	4.97	5.50	6.24	12.05	3.87	3.32	3.83	3.94
FOOD STORES...................	1852	1837	1849	1829	1837	1778	1827	1853	1923	1900	1853	7297	7352	7381
% CHG PREV QTR SAAR.........	14.83	-3.19	2.73	-4.20	1.69	-12.18	11.44	5.74	15.98	-4.57	-9.52	1.21	0.75	0.40
% CHG SAME QTR LAST YR......	-0.80	-0.53	2.14	2.27	-0.79	-3.17	-1.19	1.29	4.67	6.87	1.44	1.21	0.75	0.40
LIQUOR STORES.................	81	82	83	81	83	79	83	83	85	85	86	321	329	330
% CHG PREV QTR SAAR.........	-5.16	9.41	1.51	-9.64	12.07	-19.93	26.71	-3.85	13.05	1.21	1.92	4.53	2.53	0.16
% CHG SAME QTR LAST YR......	5.68	3.48	4.98	-1.23	2.98	-4.75	0.68	2.25	2.48	8.66	2.90	4.53	2.53	0.16
HOTELS AND MOTELS.............	381	394	404	400	403	397	400	398	433	433	405	1484	1602	1629
% CHG PREV QTR SAAR.........	-2.63	14.71	10.24	-3.56	2.55	-5.58	3.13	-1.93	39.72	-0.10	-23.71	3.18	7.91	1.69
% CHG SAME QTR LAST YR......	15.14	12.84	9.12	4.39	5.75	0.72	-0.94	-0.52	7.48	9.00	1.09	3.18	7.91	1.69
OTHER RETAIL AND SERVICE......	4296	4457	4489	4569	4556	4360	4801	4679	4806	4968	4951	17232	18071	18646
% CHG PREV QTR SAAR.........	-3.37	15.82	2.90	7.41	-1.15	-16.13	46.95	-9.75	11.34	14.16	-1.40	4.08	4.87	3.18
% CHG SAME QTR LAST YR......	2.37	4.44	3.52	5.46	6.06	-2.16	6.95	2.40	5.49	13.94	3.12	4.08	4.87	3.18
MISC NONDURABLE GOODS.........	1237	1284	1279	1461	1373	1137	1386	1350	1410	1526	1502	4915	5396	5283
% CHG PREV QTR SAAR.........	6.86	15.94	-1.69	70.59	-22.14	-52.91	120.78	-10.02	19.16	36.97	-6.05	0.46	9.79	-2.09
% CHG SAME QTR LAST YR......	1.36	5.16	3.15	20.06	10.92	-11.45	8.41	-7.62	2.75	34.19	8.38	0.46	9.79	-2.09
TRANSPORTATION,COMMUNICATION..	864	925	1378	1211	983	990	900	893	1050	997	1004	3328	4497	3834
% CHG PREV QTR SAAR.........	13.03	31.65	391.81	-40.22	-56.65	2.90	-31.61	-3.00	90.64	-18.58	2.58	4.89	35.12	-14.76
% CHG SAME QTR LAST YR......	7.19	12.34	71.47	44.62	13.81	7.01	-34.65	-26.24	6.81	0.73	11.48	4.89	35.12	-14.76
PER CAPITA ($)................	2889	2944	2985	3178	2980	2798	3021	2967	3095	3197	3135	11429	12086	11882
% CHG PREV QTR SAAR.........	6.68	7.74	5.67	28.55	-22.74	-22.21	35.91	-7.01	18.45	13.88	-7.58	1.25	5.75	-1.69
% CHG SAME QTR LAST YR......	2.88	3.53	4.62	11.78	3.12	-4.95	1.23	-6.64	3.88	14.26	3.76	1.25	5.75	-1.69

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TABLE 19: TENNESSEE TAXABLE SALES
MILLIONS OF CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL............................	16405	14322	16532	17873	17352	13918	17067	17016	18388	16254	18167	60689	66079	66389
% CHG SAME QTR LAST YR......	6.36	6.95	7.59	15.11	5.77	-2.82	3.24	-4.80	5.97	16.79	6.45	4.74	8.88	0.47
AUTO DEALERS..................	1502	1569	1709	1812	1566	1556	1979	1913	1679	1922	2127	6606	6656	7127
% CHG SAME QTR LAST YR......	1.67	-3.85	-2.42	5.26	4.32	-0.85	15.83	5.58	7.18	23.57	7.49	0.56	0.76	7.07
PURCHASES FROM MANUFACTURERS..	1172	938	1079	1210	1144	928	1121	1122	1104	958	1129	4158	4371	4274
% CHG SAME QTR LAST YR......	21.92	14.66	1.84	9.29	-2.43	-1.13	3.87	-7.31	-3.47	3.31	0.69	8.80	5.15	-2.22
MISC DURABLE GOODS............	2717	2465	2886	3719	2845	2216	3048	2984	3073	2826	3369	10381	11915	11321
% CHG SAME QTR LAST YR......	9.35	11.90	4.84	37.28	4.71	-10.11	5.59	-19.75	8.02	27.52	10.56	4.63	14.77	-4.99
EATING AND DRINKING PLACES....	1250	1203	1342	1361	1309	1205	1423	1447	1404	1368	1500	4944	5215	5479
% CHG SAME QTR LAST YR......	6.71	8.75	4.24	4.70	4.71	0.15	6.01	6.30	7.30	13.58	5.43	5.42	5.49	5.06
FOOD STORES...................	1954	1750	1874	1872	1989	1702	1867	1906	2115	1839	1919	7308	7485	7591
% CHG SAME QTR LAST YR......	2.96	1.23	3.64	2.96	1.83	-2.74	-0.37	1.86	6.33	8.02	2.79	3.22	2.42	1.41
LIQUOR STORES.................	98	77	79	76	103	74	81	78	106	81	84	321	335	339
% CHG SAME QTR LAST YR......	8.01	5.50	6.96	0.18	4.45	-4.10	1.91	3.00	3.56	9.92	4.61	6.73	4.26	1.28
HOTELS AND MOTELS.............	376	308	443	474	404	315	443	474	439	348	455	1491	1630	1672
% CHG SAME QTR LAST YR......	17.84	15.96	11.10	5.37	7.33	2.24	-0.08	0.08	8.74	10.54	2.62	5.91	9.29	2.59
OTHER RETAIL AND SERVICE......	5046	3958	4448	4571	5406	3916	4803	4728	5752	4521	5026	17233	18383	19199
% CHG SAME QTR LAST YR......	4.18	6.88	5.41	7.18	7.15	-1.07	7.99	3.44	6.39	15.46	4.64	6.09	6.68	4.44
MISC NONDURABLE GOODS.........	1442	1135	1259	1490	1620	1013	1376	1392	1681	1376	1511	4922	5504	5462
% CHG SAME QTR LAST YR......	3.63	6.97	4.78	22.30	12.39	-10.75	9.29	-6.58	3.78	35.78	9.88	2.53	11.82	-0.76
TRANSPORTATION,COMMUNICATION..	849	918	1412	1289	965	994	927	971	1034	1014	1046	3325	4584	3925
% CHG SAME QTR LAST YR......	7.70	14.80	73.90	49.23	13.65	8.32	-34.38	-24.69	7.09	2.05	12.85	6.95	37.89	-14.37
PER CAPITA ($)..................	3077	2678	3082	3323	3217	2573	3147	3129	3373	2974	3314	11435	12300	12222
% CHG SAME QTR LAST YR......	4.97	5.61	6.28	13.74	4.55	-3.92	2.10	-5.83	4.84	15.55	5.29	3.32	7.57	-0.63

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 20: TENNESSEE TAXABLE SALES
MILLIONS OF SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199604	199701	199702	199703	199704	199801	199802	199803	199804	199901	199902	1996	1997	1998
TOTAL............................	15525	15947	16251	17399	16405	15466	16792	16582	17395	18079	17877	60649	66002	66235
% CHG PREV QTR SAAR.........	10.67	11.32	7.84	31.42	-20.97	-21.02	38.96	-4.90	21.10	16.68	-4.39	4.73	8.83	0.35
% CHG SAME QTR LAST YR......	6.49	7.03	7.70	14.95	5.67	-3.02	3.33	-4.70	6.03	16.90	6.47	4.73	8.83	0.35
AUTO DEALERS..................	1630	1623	1625	1706	1707	1604	1889	1794	1834	1980	2033	6611	6660	7121
% CHG PREV QTR SAAR.........	0.98	-1.67	0.47	21.43	0.23	-21.96	92.13	-18.49	9.08	35.79	11.16	0.75	0.75	6.92
% CHG SAME QTR LAST YR......	2.24	-4.25	-2.12	4.91	4.72	-1.16	16.22	5.20	7.45	23.41	7.63	0.75	0.75	6.92
PURCHASES FROM MANUFACTURERS..	1134	1084	1030	1152	1103	1072	1069	1071	1063	1109	1076	4140	4369	4274
% CHG PREV QTR SAAR.........	34.92	-16.47	-18.45	56.66	-15.94	-10.79	-1.33	0.90	-3.13	18.46	-11.33	8.32	5.53	-2.17
% CHG SAME QTR LAST YR......	21.51	14.95	1.77	9.54	-2.68	-1.06	3.76	-7.05	-3.69	3.39	0.66	8.32	5.53	-2.17
MISC DURABLE GOODS............	2717	2842	2682	3520	2843	2555	2837	2819	3071	3264	3135	10377	11887	11282
% CHG PREV QTR SAAR.........	25.50	19.65	-20.65	196.53	-57.40	-34.78	51.93	-2.52	40.80	27.68	-14.92	4.54	14.55	-5.09
% CHG SAME QTR LAST YR......	9.40	11.93	5.00	37.10	4.65	-10.08	5.78	-19.91	7.99	27.74	10.50	4.54	14.55	-5.09
EATING AND DRINKING PLACES....	1266	1303	1290	1300	1325	1302	1367	1385	1422	1476	1441	4943	5218	5475
% CHG PREV QTR SAAR.........	10.03	11.93	-3.82	3.02	8.15	-6.99	21.71	5.24	11.19	16.20	-9.15	5.42	5.56	4.93
% CHG SAME QTR LAST YR......	6.70	8.51	4.08	5.10	4.65	-0.08	5.97	6.54	7.28	13.42	5.42	5.42	5.56	4.93
FOOD STORES...................	1866	1860	1877	1862	1875	1817	1872	1904	1982	1966	1928	7297	7474	7576
% CHG PREV QTR SAAR.........	17.70	-1.18	3.58	-3.18	2.90	-11.80	12.71	6.99	17.34	-3.23	-7.51	3.26	2.43	1.36
% CHG SAME QTR LAST YR......	1.34	1.54	3.87	3.93	0.49	-2.32	-0.24	2.28	5.69	8.17	2.95	3.26	2.43	1.36
LIQUOR STORES.................	81	84	84	82	85	80	85	85	88	88	89	321	334	338
% CHG PREV QTR SAAR.........	-2.79	11.69	2.36	-8.67	13.39	-19.59	28.16	-2.72	14.38	2.63	4.18	6.65	4.23	1.12
% CHG SAME QTR LAST YR......	7.96	5.63	6.76	0.37	4.31	-3.91	1.64	3.26	3.48	9.99	4.44	6.65	4.23	1.12
HOTELS AND MOTELS.............	384	399	410	408	411	406	410	409	446	448	421	1485	1628	1672
% CHG PREV QTR SAAR.........	-0.20	17.10	11.15	-2.53	3.76	-5.17	4.31	-0.78	41.36	1.30	-22.02	5.32	9.69	2.66
% CHG SAME QTR LAST YR......	17.63	15.18	10.97	6.08	7.11	1.61	0.01	0.45	8.53	10.34	2.60	5.32	9.69	2.66
OTHER RETAIL AND SERVICE......	4329	4514	4556	4651	4651	4456	4920	4809	4954	5139	5149	17232	18373	19139
% CHG PREV QTR SAAR.........	-0.95	18.23	3.76	8.56	0.02	-15.77	48.62	-8.69	12.64	15.77	0.79	6.19	6.62	4.17
% CHG SAME QTR LAST YR......	4.58	6.61	5.27	7.17	7.43	-1.30	7.97	3.40	6.52	15.34	4.66	6.19	6.62	4.17
MISC NONDURABLE GOODS.........	1247	1301	1298	1487	1401	1162	1420	1387	1454	1578	1562	4915	5487	5423
% CHG PREV QTR SAAR.........	9.53	18.35	-0.87	72.41	-21.21	-52.70	123.29	-8.96	20.55	38.89	-3.96	2.51	11.64	-1.15
% CHG SAME QTR LAST YR......	3.54	7.35	4.90	22.00	12.36	-10.67	9.44	-6.71	3.76	35.83	10.00	2.51	11.64	-1.15
TRANSPORTATION,COMMUNICATION..	870	937	1398	1233	1003	1012	923	918	1082	1032	1044	3329	4572	3935
% CHG PREV QTR SAAR.........	15.85	34.39	395.91	-39.59	-56.13	3.34	-30.83	-1.86	92.88	-17.43	4.86	7.03	37.36	-13.94
% CHG SAME QTR LAST YR......	9.50	14.68	74.38	46.96	15.28	7.95	-34.03	-25.52	7.85	1.97	13.15	7.03	37.36	-13.94
PER CAPITA ($)..................	2912	2982	3030	3235	3042	2860	3096	3049	3191	3307	3261	11429	12288	12196
% CHG PREV QTR SAAR.........	9.34	9.98	6.55	29.92	-21.83	-21.87	37.45	-5.92	19.83	15.48	-5.53	3.31	7.51	-0.75
% CHG SAME QTR LAST YR......	5.10	5.68	6.39	13.59	4.45	-4.11	2.19	-5.73	4.90	15.66	5.31	3.31	7.51	-0.75

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
US GDP (BIL96$)......................	6568.8	6683.3	6669.3	6891.3	7054.5	7338.1	7537.5	7813.8	8165.6	8516.6
PERCENTAGE CHANGE.................	3.45	1.74	-0.21	3.33	2.37	4.02	2.72	3.66	4.50	4.30
TN GSP (MIL96$)......................	111689.9	110383.8	113334.9	119409.3	124638.3	133738.8	136872.8	138759.0	144773.6	149921.6
PERCENTAGE CHANGE.................	1.33	-1.17	2.67	5.36	4.38	7.30	2.34	1.38	4.33	3.56
US GDP (BIL$)........................	5489.0	5803.3	5986.2	6319.0	6642.3	7054.3	7400.5	7813.2	8300.7	8760.0
PERCENTAGE CHANGE.................	7.45	5.72	3.15	5.56	5.12	6.20	4.91	5.58	6.24	5.53
TN GSP (MIL$)........................	91565.9	94197.0	100537.1	109110.0	116647.5	127897.8	134475.1	138759.0	147391.2	157089.5
PERCENTAGE CHANGE.................	5.38	2.87	6.73	8.53	6.91	9.64	5.14	3.19	6.22	6.58
IMPLICIT DEFLATOR,GDP...............	83.6	86.8	89.8	91.7	94.2	96.1	98.2	100.0	101.7	102.9
PERCENTAGE CHANGE.................	3.87	3.91	3.37	2.16	2.69	2.10	2.13	1.84	1.66	1.18
IMPLICIT DEFLATOR,GSP...............	82.0	85.3	88.7	91.4	93.6	95.6	98.2	100.0	101.8	104.8
PERCENTAGE CHANGE.................	3.99	4.09	3.95	3.01	2.42	2.18	2.74	1.78	1.81	2.92
US PERS CONS DEFL (1996=100)........	82.2	86.0	89.0	91.4	93.9	95.9	98.0	100.0	101.7	102.6
PERCENTAGE CHANGE.................	4.43	4.62	3.50	2.71	2.74	2.05	2.23	2.03	1.67	0.95
TN PERSONAL INCOME (MIL$)...........	74944	79762	83961	91504	97273	103615	110512	115699	121933	128244
PERCENTAGE CHANGE.................	7.31	6.43	5.27	8.98	6.30	6.52	6.66	4.69	5.39	5.18
US PERSONAL INCOME (BIL$)...........	4599.8	4903.2	5085.4	5390.4	5610.0	5888.0	6200.9	6547.4	6951.1	7358.9
PERCENTAGE CHANGE.................	7.67	6.60	3.71	6.00	4.07	4.96	5.31	5.59	6.17	5.87
TN PERSONAL INCOME (MIL96$).........	91148	92722	94307	100070	103545	108084	112758	115699	119933	124955
PERCENTAGE CHANGE.................	2.75	1.73	1.71	6.11	3.47	4.38	4.32	2.61	3.66	4.19
US PERSONAL INCOME (BIL96$).........	5594.3	5699.9	5712.0	5895.0	5971.7	6142.0	6327.0	6547.4	6837.1	7170.1
PERCENTAGE CHANGE.................	3.10	1.89	0.21	3.20	1.30	2.85	3.01	3.48	4.42	4.87
TN NONAGRIC JOBS (THOUS)............	2167.2	2193.2	2183.6	2245.0	2328.5	2423.0	2499.0	2533.4	2584.0	2636.6
PERCENTAGE CHANGE.................	3.59	1.20	-0.44	2.81	3.72	4.06	3.14	1.38	2.00	2.04
US NONAGRIC JOBS (MIL)..............	107.9	109.4	108.3	108.6	110.7	114.1	117.2	119.6	122.7	125.8
PERCENTAGE CHANGE.................	2.55	1.41	-1.05	0.31	1.94	3.11	2.67	2.05	2.58	2.55
TN UNEMPLOYMENT RATE (%)............	5.1	5.3	6.7	6.4	5.7	4.8	5.2	5.2	5.4	4.2
US UNEMPLOYMENT RATE (%)............	5.3	5.6	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5
BANK PRIME INTEREST RATE (%)........	10.9	10.0	8.5	6.3	6.0	7.1	8.8	8.3	8.4	8.4
TN MFG JOBS (THOUS).................	524.5	520.3	502.7	514.5	528.4	538.9	538.9	519.3	517.6	514.7
PERCENTAGE CHANGE.................	2.47	-0.81	-3.39	2.35	2.71	1.98	0.00	-3.64	-0.33	-0.55

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TN TAXABLE SALES (MIL$).............	40438	41991	42650	45473	49112	53778	57943	60689	66079	66389
PERCENTAGE CHANGE.................	3.95	3.84	1.57	6.62	8.00	9.50	7.75	4.74	8.88	0.47
TN TAXABLE SALES (MIL96$)...........	49181	48813	47905	49730	52279	56098	59121	60689	64995	64686
PERCENTAGE CHANGE.................	-0.47	-0.75	-1.86	3.81	5.13	7.30	5.39	2.65	7.09	-0.48
TN MFG OUTPUT/EMPLOYEE (THOUS96$)...	50.3	48.9	52.6	54.7	56.5	58.8	59.4	58.7	60.9	62.7
PERCENTAGE CHANGE.................	-0.75	-2.63	7.50	4.06	3.24	3.96	1.15	-1.20	3.69	3.00
TN AVERAGE ANNUAL WAGE,NONAG ($)....	20363	21241	22192	23414	23926	24674	25552	26397	27673	28918
PERCENTAGE CHANGE.................	2.23	4.31	4.48	5.51	2.19	3.12	3.56	3.31	4.83	4.50
TN AVERAGE ANNUAL WAGE,NONAG (96$)..	24766	24693	24926	25606	25469	25738	26072	26397	27219	28176
PERCENTAGE CHANGE.................	-2.11	-0.29	0.95	2.73	-0.53	1.06	1.29	1.25	3.11	3.52
TN TOTAL POPULATION (THOUS).........	4854	4891	4947	5012	5083	5158	5235	5307	5371	5431
PERCENTAGE CHANGE.................	0.67	0.75	1.14	1.33	1.40	1.48	1.49	1.37	1.22	1.10

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE

TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TN GSP (96 $)........................	23009	22570	22912	23822	24522	25928	26147	26148	26953	27607
PERCENTAGE CHANGE.................	0.66	-1.91	1.52	3.97	2.94	5.73	0.84	0.00	3.08	2.43
TN GSP ($)...........................	18863	19260	20325	21768	22950	24796	25689	26148	27440	28927
PERCENTAGE CHANGE.................	4.67	2.11	5.53	7.10	5.43	8.04	3.60	1.79	4.94	5.42
US GDP (96 $)........................	26581	26758	26416	26986	27333	28157	28651	29430	30485	31520
PERCENTAGE CHANGE.................	2.47	0.66	-1.28	2.16	1.29	3.01	1.75	2.72	3.58	3.40
US GDP ($)...........................	22212	23234	23711	24745	25736	27068	28130	29428	30989	32420
PERCENTAGE CHANGE.................	6.44	4.60	2.05	4.36	4.01	5.18	3.92	4.61	5.30	4.62
TN PERSONAL INCOME (96 $)...........	18777	18959	19065	19964	20372	20954	21540	21802	22328	23010
PERCENTAGE CHANGE.................	2.07	0.97	0.56	4.72	2.04	2.86	2.80	1.22	2.41	3.05
TN PERSONAL INCOME ($)..............	15439	16309	16974	18255	19138	20088	21111	21802	22701	23616
PERCENTAGE CHANGE.................	6.59	5.63	4.08	7.55	4.83	4.96	5.09	3.27	4.12	4.03
US PERSONAL INCOME (96 $)...........	22638	22821	22624	23085	23138	23568	24050	24661	25525	26536
PERCENTAGE CHANGE.................	2.12	0.81	-0.86	2.04	0.23	1.86	2.04	2.54	3.50	3.96
US PERSONAL INCOME ($)..............	18614	19631	20142	21109	21737	22593	23570	24661	25950	27235
PERCENTAGE CHANGE.................	6.65	5.47	2.61	4.80	2.97	3.94	4.32	4.62	5.23	4.95
TN TAXABLE SALES (96 $).............	10132	9981	9685	9921	10286	10876	11294	11436	12100	11912
PERCENTAGE CHANGE.................	-1.13	-1.49	-2.97	2.44	3.67	5.74	3.85	1.26	5.81	-1.56
TN TAXABLE SALES ($)................	8330	8586	8622	9072	9662	10426	11069	11436	12302	12225
PERCENTAGE CHANGE.................	3.25	3.07	0.42	5.22	6.51	7.90	6.17	3.32	7.57	-0.63

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS
MILLIONS OF 1996 DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL PERSONAL INCOME...............	91148	92722	94307	100070	103545	108084	112758	115699	119933	124955
PERCENTAGE CHANGE...............	2.75	1.73	1.71	6.11	3.47	4.38	4.32	2.61	3.66	4.19
WAGES AND SALARIES................	54475	54989	55248	58280	60086	63162	65940	67655	71007	75010
PERCENTAGE CHANGE...............	1.40	0.94	0.47	5.49	3.10	5.12	4.40	2.60	4.95	5.64
OTHER LABOR INCOME................	5926	6259	6592	7232	7882	8274	8135	7541	7528	7649
PERCENTAGE CHANGE...............	4.48	5.63	5.32	9.71	8.99	4.97	-1.68	-7.30	-0.17	1.61
PROPRIETORS INCOME................	7774	7616	7682	8808	9494	9793	9843	9947	10308	10686
PERCENTAGE CHANGE...............	1.38	-2.03	0.87	14.65	7.79	3.15	0.50	1.06	3.63	3.67
RENT INTEREST DIVIDENDS...........	14285	14286	13880	13402	13205	13961	14973	16035	16390	16595
PERCENTAGE CHANGE...............	7.51	0.00	-2.84	-3.44	-1.47	5.73	7.25	7.09	2.21	1.25
TRANSFER PAYMENTS.................	13865	14805	16221	17742	18607	19024	20287	20981	21552	22184
PERCENTAGE CHANGE...............	3.85	6.78	9.56	9.38	4.88	2.24	6.64	3.42	2.72	2.94
LESS:PERS CONT FOR SOC INS........	4329	4383	4505	4690	4904	5235	5472	5542	5800	6061
PERCENTAGE CHANGE...............	4.27	1.26	2.77	4.12	4.56	6.76	4.52	1.28	4.66	4.49
RESIDENCE ADJUSTMENT..............	-847	-850	-812	-703	-825	-895	-947	-919	-1051	-1110
PERCENTAGE CHANGE...............	0.59	0.32	-4.50	-13.38	17.36	8.45	5.85	-3.02	14.37	5.62
PER CAPITA PERSONAL INCOME ($)......	18777	18959	19065	19964	20372	20954	21540	21802	22328	23010
PERCENTAGE CHANGE...............	2.07	0.97	0.56	4.72	2.04	2.86	2.80	1.22	2.41	3.05

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS
MILLIONS OF CURRENT DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL PERSONAL INCOME	74944	79762	83961	91504	97273	103615	110512	115699	121933	128244
PERCENTAGE CHANGE..............	7.31	6.43	5.27	8.98	6.30	6.52	6.66	4.69	5.39	5.18
WAGES AND SALARIES...............	44791	47303	49187	53291	56446	60550	64626	67655	72191	76985
PERCENTAGE CHANGE..............	5.90	5.61	3.98	8.34	5.92	7.27	6.73	4.69	6.70	6.64
OTHER LABOR INCOME...............	4872	5384	5869	6613	7405	7932	7973	7541	7654	7851
PERCENTAGE CHANGE..............	9.11	10.51	9.00	12.68	11.97	7.12	0.51	-5.41	1.49	2.57
PROPRIETORS INCOME...............	6392	6552	6840	8054	8919	9389	9647	9947	10480	10968
PERCENTAGE CHANGE..............	5.88	2.50	4.39	17.75	10.74	5.26	2.75	3.11	5.36	4.66
RENT INTEREST DIVIDENDS..........	11746	12289	12357	12255	12405	13384	14675	16035	16663	17032
PERCENTAGE CHANGE..............	12.27	4.62	0.56	-0.83	1.22	7.89	9.65	9.27	3.91	2.22
TRANSFER PAYMENTS................	11400	12736	14442	16223	17480	18238	19883	20981	21911	22768
PERCENTAGE CHANGE..............	8.45	11.72	13.40	12.34	7.75	4.33	9.02	5.52	4.43	3.91
LESS:PERS CONT FOR SOC INS.......	3559	3771	4011	4289	4607	5019	5363	5542	5897	6220
PERCENTAGE CHANGE..............	8.89	5.94	6.37	6.94	7.42	8.94	6.85	3.34	6.40	5.49
RESIDENCE ADJUSTMENT.............	-697	-731	-723	-643	-775	-858	-929	-919	-1068	-1139
PERCENTAGE CHANGE..............	5.05	4.95	-1.16	-11.03	20.57	10.67	8.22	-1.05	16.27	6.62
PER CAPITA PERSONAL INCOME ($).....	15439	16309	16974	18255	19138	20088	21111	21802	22701	23616
PERCENTAGE CHANGE..............	6.59	5.63	4.08	7.55	4.83	4.96	5.09	3.27	4.12	4.03

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 5: TENNESSEE WAGE AND SALARY EMPLOYMENT BY SECTOR
THOUSANDS OF JOBS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL NONAGRICULTURAL..............	2167.2	2193.2	2183.6	2245.0	2328.5	2423.0	2499.0	2533.4	2584.0	2636.6
PERCENTAGE CHANGE............	3.59	1.20	-0.44	2.81	3.72	4.06	3.14	1.38	2.00	2.04
MINING............................	6.3	6.2	5.5	5.0	4.7	4.6	4.6	4.6	4.6	4.3
PERCENTAGE CHANGE............	-4.40	-2.89	-10.30	-10.12	-5.55	-1.78	-0.36	0.73	-1.44	-5.86
CONSTRUCTION......................	97.2	92.4	86.5	88.3	94.3	101.0	108.9	113.1	118.1	122.8
PERCENTAGE CHANGE............	0.56	-5.02	-6.33	2.13	6.74	7.15	7.74	3.93	4.38	4.03
MANUFACTURING.....................	524.5	520.3	502.7	514.5	528.4	538.9	538.9	519.3	517.6	514.7
PERCENTAGE CHANGE............	2.47	-0.81	-3.39	2.35	2.71	1.98	0.00	-3.64	-0.33	-0.55
DURABLE GOODS...................	261.7	258.4	248.6	257.3	269.6	281.7	288.0	284.8	288.3	291.3
PERCENTAGE CHANGE............	2.99	-1.25	-3.80	3.51	4.78	4.48	2.23	-1.11	1.24	1.03
NONDURABLE GOODS................	262.8	261.9	254.1	257.2	258.8	257.2	250.9	234.5	229.3	223.5
PERCENTAGE CHANGE............	1.96	-0.36	-2.98	1.21	0.64	-0.61	-2.45	-6.55	-2.23	-2.53
TRADE.............................	508.4	517.2	511.6	517.7	535.9	562.1	585.5	594.4	610.2	623.6
PERCENTAGE CHANGE............	2.58	1.73	-1.09	1.19	3.53	4.89	4.15	1.53	2.66	2.21
SERVICES..........................	467.2	486.3	505.2	541.1	572.4	603.8	638.0	658.7	682.4	704.4
PERCENTAGE CHANGE............	6.11	4.09	3.88	7.10	5.78	5.48	5.66	3.25	3.59	3.23
FIN,INS,REAL EST..................	103.4	103.1	101.6	101.0	104.1	108.3	111.6	116.5	120.1	125.4
PERCENTAGE CHANGE............	0.19	-0.35	-1.44	-0.56	3.08	4.04	2.97	4.42	3.14	4.42
TRANS,COMM,PUB UTIL..............	115.8	116.4	117.4	120.6	126.8	133.6	138.6	145.2	150.8	157.6
PERCENTAGE CHANGE............	6.00	0.55	0.81	2.77	5.10	5.36	3.74	4.80	3.86	4.51
GOVERNMENT........................	344.3	351.4	353.2	356.9	362.0	370.7	373.1	381.6	380.3	383.6
PERCENTAGE CHANGE............	4.83	2.08	0.49	1.05	1.43	2.42	0.66	2.28	-0.35	0.88
FEDERAL,CIVILIAN................	61.8	63.6	61.7	58.4	55.7	55.3	54.4	54.1	51.8	50.3
PERCENTAGE CHANGE............	-4.29	3.00	-3.03	-5.38	-4.58	-0.76	-1.57	-0.47	-4.31	-2.91
STATE AND LOCAL.................	282.5	287.8	291.5	298.5	306.3	315.5	318.8	327.5	328.5	333.4
PERCENTAGE CHANGE............	7.06	1.88	1.27	2.41	2.60	3.00	1.05	2.75	0.30	1.48
FARM................................	15.4	15.7	13.2	14.6	12.7	10.1	12.0	10.6	13.1	11.3
PERCENTAGE CHANGE............	16.99	1.96	-15.86	10.83	-13.23	-20.40	18.94	-11.77	23.41	-14.07

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL DURABLE GOODS.................	261.7	258.4	248.6	257.3	269.6	281.7	288.0	284.8	288.3	291.3
PERCENTAGE CHANGE...............	2.99	-1.25	-3.80	3.51	4.78	4.48	2.23	-1.11	1.24	1.03
LUMBER AND WOOD...................	21.0	20.2	18.3	18.5	19.6	20.5	21.7	22.0	22.5	23.1
PERCENTAGE CHANGE...............	-2.77	-3.88	-9.40	0.91	6.13	4.59	5.77	1.19	2.32	2.93
FURNITURE AND FIXTURES............	27.2	27.1	26.1	27.4	28.9	29.8	29.5	28.5	27.4	27.1
PERCENTAGE CHANGE...............	4.65	-0.21	-3.57	4.88	5.56	2.97	-1.12	-3.37	-3.92	-0.85
STONE,CLAY AND GLASS..............	14.8	14.3	13.5	14.1	15.2	16.1	16.2	16.5	16.4	16.4
PERCENTAGE CHANGE...............	-0.23	-2.93	-6.05	4.76	7.62	6.37	0.41	1.59	-0.20	-0.30
PRIMARY METALS....................	15.8	15.6	15.2	15.2	15.5	16.2	16.2	16.4	17.1	17.7
PERCENTAGE CHANGE...............	0.53	-1.32	-2.68	0.33	2.30	3.97	0.36	1.18	4.01	3.56
FABRICATED METALS.................	42.9	43.2	41.7	42.0	44.2	45.6	45.7	43.7	43.8	44.4
PERCENTAGE CHANGE...............	1.72	0.64	-3.44	0.86	5.25	3.15	0.04	-4.38	0.25	1.58
NONELECTRICAL MACHINERY...........	40.1	38.1	35.4	37.3	38.8	41.1	43.4	43.1	45.4	46.6
PERCENTAGE CHANGE...............	8.10	-5.04	-7.26	5.40	4.18	5.99	5.59	-0.90	5.36	2.81
ELECTRICAL MACHINERY..............	40.0	37.3	35.5	35.8	37.4	39.3	40.3	40.3	40.2	39.9
PERCENTAGE CHANGE...............	4.15	-6.59	-4.91	0.70	4.64	5.14	2.48	-0.06	-0.37	-0.60
TRANSPORTATION EQUIPMENT..........	36.9	39.4	41.3	45.3	48.0	51.0	52.5	52.2	53.4	53.9
PERCENTAGE CHANGE...............	2.64	6.66	4.87	9.67	6.09	6.21	2.96	-0.68	2.40	0.86
INSTRUMENTS.......................	10.7	11.0	10.8	10.3	9.9	10.1	10.5	10.5	11.0	11.2
PERCENTAGE CHANGE...............	8.00	2.81	-1.97	-4.80	-3.25	1.76	4.46	-0.08	4.19	1.67
MISCELLANEOUS.....................	12.4	12.2	10.9	11.5	11.9	11.8	11.9	11.8	11.3	10.9
PERCENTAGE CHANGE...............	-1.00	-1.15	-10.57	5.57	3.25	-0.56	0.56	-1.12	-3.68	-3.45

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT
THOUSANDS OF JOBS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL NONDURABLE GOODS..............	262.8	261.9	254.1	257.2	258.8	257.2	250.9	234.5	229.3	223.5
PERCENTAGE CHANGE...............	1.96	-0.36	-2.98	1.21	0.64	-0.61	-2.45	-6.55	-2.23	-2.53
FOOD............................	38.8	38.8	37.3	36.5	37.4	37.3	36.8	35.5	35.9	37.5
PERCENTAGE CHANGE...............	-1.15	-0.09	-3.87	-1.92	2.35	-0.25	-1.32	-3.53	0.99	4.62
TOBACCO.........................	1.2	1.4	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.1
PERCENTAGE CHANGE...............	12.80	18.44	-6.59	-5.13	-0.68	0.68	-4.05	-2.82	-2.90	2.24
TEXTILES........................	22.2	20.8	20.2	20.7	21.9	22.2	20.8	19.4	18.6	17.8
PERCENTAGE CHANGE...............	-3.93	-6.41	-2.85	2.64	5.63	1.29	-6.09	-7.08	-4.13	-4.31
APPAREL.........................	65.7	64.2	60.6	60.9	59.7	56.8	52.2	41.9	38.2	33.3
PERCENTAGE CHANGE...............	1.06	-2.29	-5.59	0.37	-1.90	-4.91	-8.06	-19.81	-8.74	-12.72
PAPER...........................	20.8	21.4	21.6	22.2	22.7	22.5	22.1	21.6	22.0	21.9
PERCENTAGE CHANGE...............	5.42	2.89	1.13	2.78	2.14	-0.88	-1.52	-2.41	2.05	-0.53
PRINTING AND PUBLISHING...........	36.8	37.6	37.0	36.5	37.1	38.5	39.5	38.8	38.7	39.3
PERCENTAGE CHANGE...............	3.95	2.06	-1.62	-1.26	1.51	3.82	2.75	-1.79	-0.47	1.75
CHEMICALS.......................	39.3	39.7	39.2	39.6	38.9	38.0	37.6	37.1	35.7	33.3
PERCENTAGE CHANGE...............	2.01	1.13	-1.30	0.98	-1.77	-2.25	-0.92	-1.35	-3.77	-6.67
PETROLEUM REFINING................	1.0	1.0	0.9	0.7	0.8	0.8	0.9	1.0	1.0	1.0
PERCENTAGE CHANGE...............	0.00	0.00	-8.70	-15.24	4.49	9.68	8.82	10.81	1.63	-0.80
RUBBER AND PLASTICS...............	27.6	28.1	27.7	30.2	30.9	32.9	33.8	33.6	34.3	34.7
PERCENTAGE CHANGE...............	8.03	2.06	-1.54	9.00	2.21	6.67	2.61	-0.39	1.83	1.36
LEATHER.........................	9.6	9.0	8.4	8.6	8.4	7.0	5.9	4.4	3.8	3.3
PERCENTAGE CHANGE...............	3.24	-5.93	-6.86	2.79	-2.90	-15.95	-16.13	-25.46	-13.28	-12.04

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 8: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
1996 DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL NONAGRICULTURAL...............	24766	24693	24926	25606	25469	25738	26072	26397	27219	28176
PERCENTAGE CHANGE.............	-2.11	-0.29	0.95	2.73	-0.53	1.06	1.29	1.25	3.11	3.52
MINING............................	34662	33693	31864	32974	34321	35433	36175	38069	43127	46234
PERCENTAGE CHANGE.............	0.86	-2.80	-5.43	3.48	4.09	3.24	2.10	5.23	13.29	7.20
CONSTRUCTION......................	27274	26963	27126	27522	27357	27897	28377	28769	30235	30898
PERCENTAGE CHANGE.............	-0.60	-1.14	0.60	1.46	-0.60	1.98	1.72	1.38	5.09	2.19
MANUFACTURING.....................	27968	27866	28599	29698	29495	29812	30011	31092	31985	32743
PERCENTAGE CHANGE.............	-1.21	-0.36	2.63	3.84	-0.68	1.07	0.67	3.60	2.87	2.37
DURABLE GOODS...................	29161	28935	29771	30781	30735	31074	31001	31708	32542	33199
PERCENTAGE CHANGE.............	-1.67	-0.77	2.89	3.39	-0.15	1.10	-0.23	2.28	2.63	2.02
NONDURABLE GOODS................	26781	26812	27452	28614	28203	28430	28874	30344	31284	32149
PERCENTAGE CHANGE.............	-0.75	0.11	2.39	4.23	-1.43	0.80	1.56	5.09	3.10	2.76
TRADE.............................	18742	18394	18695	19553	19341	19584	19835	20131	20711	21685
PERCENTAGE CHANGE.............	-2.37	-1.86	1.64	4.59	-1.08	1.26	1.28	1.49	2.88	4.70
SERVICES..........................	23813	24108	24075	24662	24283	24243	25026	25113	25989	26899
PERCENTAGE CHANGE.............	0.03	1.24	-0.14	2.44	-1.53	-0.17	3.23	0.35	3.49	3.50
FIN,INS,REAL EST..................	29152	28685	29669	31682	32144	32194	32711	34428	36527	39571
PERCENTAGE CHANGE.............	-2.23	-1.60	3.43	6.79	1.46	0.16	1.61	5.25	6.10	8.33
TRANS,COMM,PUB UTIL...............	33285	33591	33677	34001	33173	33672	33611	33108	34569	36088
PERCENTAGE CHANGE.............	-3.19	0.92	0.26	0.96	-2.43	1.50	-0.18	-1.50	4.41	4.39
GOVERNMENT........................	25003	25201	25025	24787	25316	26130	26374	26138	26401	26895
PERCENTAGE CHANGE.............	-5.88	0.79	-0.70	-0.95	2.13	3.21	0.93	-0.89	1.01	1.87
FEDERAL,CIVILIAN................	36353	37205	37567	38365	40738	42526	41757	42428	41304	41761
PERCENTAGE CHANGE.............	-6.32	2.34	0.97	2.12	6.19	4.39	-1.81	1.61	-2.65	1.10
STATE AND LOCAL.................	22522	22548	22372	22133	22512	23258	23748	23445	24051	24652
PERCENTAGE CHANGE.............	-4.45	0.12	-0.78	-1.07	1.71	3.31	2.11	-1.28	2.58	2.50
AGRICULTURE.........................	8473	9063	9864	8182	10173	12099	10195	11803	9269	10781
PERCENTAGE CHANGE.............	-15.37	6.97	8.85	-17.06	24.34	18.92	-15.74	15.77	-21.47	16.31

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 9: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR
CURRENT DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL NONAGRICULTURAL...............	20363	21241	22192	23414	23926	24674	25552	26397	27673	28918
PERCENTAGE CHANGE...........	2.23	4.31	4.48	5.51	2.19	3.12	3.56	3.31	4.83	4.50
MINING............................	28500	28984	28369	30151	32242	33967	35455	38069	43846	47451
PERCENTAGE CHANGE...........	5.33	1.70	-2.12	6.28	6.93	5.35	4.38	7.37	15.18	8.22
CONSTRUCTION......................	22425	23194	24150	25166	25700	26744	27811	28769	30739	31712
PERCENTAGE CHANGE.............	3.81	3.43	4.12	4.21	2.12	4.06	3.99	3.44	6.85	3.16
MANUFACTURING.....................	22996	23971	25461	27155	27708	28579	29413	31092	32518	33605
ERCENTAGE CHANGE.............	3.17	4.24	6.22	6.65	2.04	3.14	2.92	5.71	4.58	3.34
DURABLE GOODS...................	23977	24891	26505	28146	28873	29789	30384	31708	33084	34073
PERCENTAGE CHANGE.............	2.69	3.81	6.49	6.19	2.58	3.17	2.00	4.36	4.34	2.99
NONDURABLE GOODS................	22020	23064	24440	26164	26495	27254	28298	30344	31806	32995
PERCENTAGE CHANGE.............	3.65	4.74	5.97	7.05	1.26	2.87	3.83	7.23	4.82	3.74
TRADE.............................	15410	15823	16644	17879	18170	18775	19440	20131	21056	22256
PERCENTAGE CHANGE.............	1.96	2.68	5.19	7.42	1.63	3.33	3.55	3.55	4.60	5.70
SERVICES..........................	19579	20738	21434	22551	22812	23241	24527	25113	26422	27608
PERCENTAGE CHANGE.............	4.46	5.92	3.35	5.21	1.16	1.88	5.54	2.39	5.21	4.49
FIN,INS,REAL EST..................	23970	24676	26414	28970	30197	30863	32060	34428	37136	40613
PERCENTAGE CHANGE.............	2.10	2.95	7.05	9.68	4.23	2.21	3.88	7.39	7.87	9.36
TRANS,COMM,PUB UTIL...............	27368	28896	29983	31090	31164	32280	32941	33108	35146	37038
PERCENTAGE CHANGE.............	1.10	5.58	3.76	3.69	0.24	3.58	2.05	0.51	6.16	5.38
GOVERNMENT........................	20558	21678	22280	22665	23782	25049	25848	26138	26841	27603
PERCENTAGE CHANGE.............	-1.71	5.45	2.77	1.73	4.93	5.33	3.19	1.12	2.69	2.84
FEDERAL,CIVILIAN................	29891	32005	33445	35081	38270	40768	40925	42428	41993	42860
PERCENTAGE CHANGE.............	-2.17	7.07	4.50	4.89	9.09	6.53	0.39	3.67	-1.02	2.06
STATE AND LOCAL.................	18518	19397	19917	20238	21148	22296	23275	23445	24452	25301
PERCENTAGE CHANGE.............	-0.22	4.75	2.68	1.61	4.50	5.43	4.39	0.73	4.29	3.47
AGRICULTURE.........................	6966	7796	8782	7482	9557	11598	9992	11803	9423	11065
PERCENTAGE CHANGE...........	-11.61	11.91	12.65	-14.81	27.74	21.36	-13.85	18.12	-20.16	17.42

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 10: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
CIVILIAN LABOR FORCE (THOUS)........	2368	2387	2421	2455	2500	2665	2701	2744	2708	2760
PERCENTAGE CHANGE...............	1.28	0.82	1.41	1.42	1.83	6.56	1.36	1.60	-1.32	1.91
EMPLOYED PERSONS (THOUS)..........	2247	2261	2258	2298	2357	2537	2561	2603	2562	2644
PERCENTAGE CHANGE...............	2.00	0.64	-0.15	1.76	2.57	7.65	0.93	1.64	-1.57	3.20
UNEMPLOYED PERSONS (THOUS)........	121	126	163	158	144	127	140	141	146	116
PERCENTAGE CHANGE...............	-10.37	4.01	29.45	-3.20	-8.84	-11.33	9.94	0.87	3.34	-20.78
PARTICIPATION RATE (PERCENT)........	62.9	62.7	62.7	62.8	63.1	66.2	66.1	66.1	64.5	65.0
PERCENTAGE CHANGE...............	0.44	-0.30	0.10	0.17	0.42	4.88	-0.09	0.03	-2.51	0.83
UNEMPLOYMENT RATE (PERCENT).........	5.1	5.3	6.7	6.4	5.7	4.8	5.2	5.2	5.4	4.2

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 11: TENNESSEE TAXABLE SALES
MILLIONS OF 1996 DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL................................	49181	48813	47905	49730	52279	56098	59121	60689	64995	64686
PERCENTAGE CHANGE...............	-0.47	-0.75	-1.86	3.81	5.13	7.30	5.39	2.65	7.09	-0.48
AUTO DEALERS.......................	5515	4927	4575	5048	5791	6348	6702	6606	6547	6944
PERCENTAGE CHANGE...............	-5.17	-10.66	-7.15	10.33	14.72	9.62	5.57	-1.44	-0.89	6.06
PURCHASES FROM MANUFACTURERS......	3635	3465	3263	3271	3304	3665	3899	4158	4300	4165
PERCENTAGE CHANGE...............	2.81	-4.68	-5.82	0.25	1.00	10.91	6.40	6.63	3.42	-3.14
MISC DURABLE GOODS................	7823	7597	7080	7531	8078	9404	10123	10381	11719	11030
PERCENTAGE CHANGE...............	-3.67	-2.89	-6.80	6.36	7.26	16.42	7.65	2.55	12.89	-5.88
EATING AND DRINKING PLACES........	3873	3929	3958	4122	4180	4570	4785	4944	5130	5338
PERCENTAGE CHANGE...............	2.68	1.45	0.73	4.16	1.41	9.32	4.70	3.32	3.76	4.07
FOOD STORES........................	7173	7125	7013	6994	6682	7146	7224	7308	7362	7396
PERCENTAGE CHANGE...............	-1.76	-0.67	-1.57	-0.27	-4.45	6.93	1.09	1.17	0.74	0.46
LIQUOR STORES......................	309	307	309	307	285	301	307	321	329	330
PERCENTAGE CHANGE...............	-4.04	-0.79	0.60	-0.61	-7.25	5.73	2.01	4.60	2.55	0.33
HOTELS AND MOTELS.................	1174	1194	1209	1330	1537	1416	1437	1491	1603	1629
PERCENTAGE CHANGE...............	3.72	1.65	1.28	10.02	15.55	-7.88	1.46	3.80	7.49	1.62
OTHER RETAIL AND SERVICE..........	12994	13085	13239	13837	14635	15596	16574	17233	18082	18706
PERCENTAGE CHANGE...............	0.38	0.71	1.17	4.52	5.76	6.57	6.27	3.97	4.93	3.45
MISC NONDURABLE GOODS.............	4395	4438	4381	4525	4439	4732	4898	4922	5414	5322
PERCENTAGE CHANGE...............	1.46	0.99	-1.28	3.27	-1.90	6.61	3.51	0.49	9.98	-1.69
TRANSPORTATION,COMMUNICATION......	2290	2746	2878	2765	3348	2920	3172	3325	4509	3824
PERCENTAGE CHANGE...............	7.24	19.91	4.79	-3.92	21.11	-12.80	8.62	4.82	35.62	-15.18
PER CAPITA TOTAL TAXABLE SALES ($)..	10132	9981	9685	9921	10286	10876	11294	11436	12100	11912
PERCENTAGE CHANGE...............	-1.13	-1.49	-2.97	2.44	3.67	5.74	3.85	1.26	5.81	-1.56

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 12: TENNESSEE TAXABLE SALES
MILLIONS OF CURRENT DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL................................	40438	41991	42650	45473	49112	53778	57943	60689	66079	66389
PERCENTAGE CHANGE...............	3.95	3.84	1.57	6.62	8.00	9.50	7.75	4.74	8.88	0.47
AUTO DEALERS......................	4535	4239	4073	4616	5440	6086	6569	6606	6656	7127
PERCENTAGE CHANGE...............	-0.96	-6.53	-3.90	13.32	17.86	11.87	7.93	0.56	0.76	7.07
PURCHASES FROM MANUFACTURERS......	2989	2981	2905	2991	3104	3513	3821	4158	4371	4274
PERCENTAGE CHANGE...............	7.37	-0.27	-2.53	2.96	3.76	13.18	8.77	8.80	5.15	-2.22
MISC DURABLE GOODS................	6433	6535	6304	6886	7588	9015	9922	10381	11915	11321
PERCENTAGE CHANGE...............	0.60	1.60	-3.54	9.24	10.20	18.81	10.05	4.63	14.77	-4.99
EATING AND DRINKING PLACES........	3184	3380	3523	3769	3927	4381	4689	4944	5215	5479
PERCENTAGE CHANGE...............	7.23	6.14	4.25	6.98	4.18	11.56	7.04	5.42	5.49	5.06
FOOD STORES........................	5898	6129	6244	6395	6278	6850	7080	7308	7485	7591
PERCENTAGE CHANGE...............	2.60	3.92	1.87	2.43	-1.84	9.12	3.35	3.22	2.42	1.41
LIQUOR STORES.....................	254	264	275	281	267	289	301	321	335	339
PERCENTAGE CHANGE...............	0.21	3.80	4.12	2.08	-4.72	7.90	4.29	6.73	4.26	1.28
HOTELS AND MOTELS.................	966	1027	1076	1216	1444	1357	1408	1491	1630	1672
PERCENTAGE CHANGE...............	8.31	6.35	4.82	13.00	18.71	-6.00	3.73	5.91	9.29	2.59
OTHER RETAIL AND SERVICE..........	10684	11256	11787	12653	13748	14951	16244	17233	18383	19199
PERCENTAGE CHANGE...............	4.83	5.36	4.71	7.35	8.66	8.75	8.65	6.09	6.68	4.44
MISC NONDURABLE GOODS.............	3613	3818	3901	4137	4170	4537	4801	4922	5504	5462
PERCENTAGE CHANGE...............	5.95	5.66	2.17	6.06	0.79	8.80	5.82	2.53	11.82	-0.76
TRANSPORTATION,COMMUNICATION......	1883	2362	2562	2528	3146	2799	3109	3325	4584	3925
PERCENTAGE CHANGE...............	11.99	25.45	8.46	-1.32	24.43	-11.01	11.05	6.95	37.89	-14.37
PER CAPITA TOTAL TAXABLE SALES ($)..	8330	8586	8622	9072	9662	10426	11069	11436	12302	12225
PERCENTAGE CHANGE...............	3.25	3.07	0.42	5.22	6.51	7.90	6.17	3.32	7.57	-0.63

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 13: TENNESSEE GROSS STATE PRODUCT BY SECTOR
MILLIONS OF 1996 DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
GROSS STATE PRODUCT.................	111689.9	110383.8	113334.9	119409.3	124638.3	133738.8	136872.8	138759.0	144773.6	149921.6
PERCENTAGE CHANGE.............	1.33	-1.17	2.67	5.36	4.38	7.30	2.34	1.38	4.33	3.56
MINING............................	398.0	408.0	396.0	405.0	369.9	378.9	383.9	412.0	485.2	488.8
PERCENTAGE CHANGE.............	-1.24	2.51	-2.94	2.27	-8.67	2.43	1.32	7.32	17.77	0.74
CONSTRUCTION......................	4561.7	4286.4	4069.2	4401.4	4748.7	5125.1	5420.2	5649.0	5827.9	6053.8
PERCENTAGE CHANGE.............	-0.53	-6.04	-5.07	8.16	7.89	7.93	5.76	4.22	3.17	3.88
MANUFACTURING.....................	26362.7	25461.2	26443.9	28165.0	29866.0	31664.8	32029.6	30491.0	31513.6	32280.3
PERCENTAGE CHANGE.............	1.71	-3.42	3.86	6.51	6.04	6.02	1.15	-4.80	3.35	2.43
DURABLE GOODS...................	12360.1	11518.7	12182.9	13562.1	15067.0	16113.5	16728.5	17057.0	18133.2	19057.7
PERCENTAGE CHANGE.............	0.80	-6.81	5.77	11.32	11.10	6.95	3.82	1.96	6.31	5.10
NONDURABLE GOODS................	14002.6	13942.4	14261.1	14602.9	14799.0	15551.3	15301.0	13434.0	13380.3	13222.6
PERCENTAGE CHANGE.............	2.53	-0.43	2.29	2.40	1.34	5.08	-1.61	-12.20	-0.40	-1.18
TRADE.............................	18399.3	18235.4	18757.1	20228.3	21558.7	23285.3	24081.1	25634.0	27866.2	28337.8
PERCENTAGE CHANGE.............	2.70	-0.89	2.86	7.84	6.58	8.01	3.42	6.45	8.71	1.69
SERVICES..........................	21470.5	21934.4	22254.8	23712.1	24726.1	25760.7	27290.3	27706.0	28860.1	28920.6
PERCENTAGE CHANGE.............	4.87	2.16	1.46	6.55	4.28	4.18	5.94	1.52	4.17	0.21
FINANCE,INSURANCE AND REAL ESTATE.	15824.1	15115.4	15423.5	16344.0	17024.9	18023.0	18637.8	19387.0	20104.9	22613.3
PERCENTAGE CHANGE.............	-0.52	-4.48	2.04	5.97	4.17	5.86	3.41	4.02	3.70	12.48
TRANS.,COMM.,AND PUBLIC UTIL......	7465.2	7607.9	8394.3	9099.5	9726.5	10482.7	10360.9	11040.0	11578.5	12411.6
PERCENTAGE CHANGE.............	-4.34	1.91	10.34	8.40	6.89	7.77	-1.16	6.55	4.88	7.20
GOVERNMENT........................	15875.4	15905.5	15977.3	15254.7	15015.9	17109.4	16949.4	16830.0	16609.8	16926.3
PERCENTAGE CHANGE.............	0.15	0.19	0.45	-4.52	-1.57	13.94	-0.94	-0.70	-1.31	1.91
FEDERAL CIVILIAN................	5245.5	5085.9	5185.5	4350.4	3872.9	5179.5	4838.8	4588.0	4424.8	4433.6
PERCENTAGE CHANGE.............	-2.50	-3.04	1.96	-16.10	-10.98	33.74	-6.58	-5.18	-3.56	0.20
FEDERAL MILITARY................	885.3	877.7	863.4	795.3	749.1	762.3	699.7	636.0	413.0	415.4
PERCENTAGE CHANGE.............	1.51	-0.87	-1.63	-7.89	-5.80	1.76	-8.21	-9.11	-35.06	0.58
STATE AND LOCAL.................	9744.6	9941.9	9928.5	10109.0	10393.8	11167.6	11410.9	11606.0	11772.0	12077.3
PERCENTAGE CHANGE.............	1.51	2.03	-0.14	1.82	2.82	7.44	2.18	1.71	1.43	2.59
AGRICULTURE.......................	1333.0	1429.6	1618.8	1799.2	1601.7	1909.0	1719.7	1610.0	1927.4	1889.3
PERCENTAGE CHANGE.............	-1.93	7.25	13.23	11.15	-10.98	19.18	-9.91	-6.38	19.71	-1.98
FARM............................	1037.2	1066.3	1230.8	1367.3	1165.5	1398.8	1193.5	1057.0	1348.7	1264.3
PERCENTAGE CHANGE.............	-0.56	2.81	15.43	11.09	-14.76	20.02	-14.68	-11.44	27.59	-6.26
AG SERVICES,FORESTRY,FISHERIES..	295.8	363.3	388.0	431.9	436.2	510.1	526.2	553.0	578.7	625.0
PERCENTAGE CHANGE.............	-6.44	22.83	6.78	11.33	0.99	16.95	3.15	5.09	4.65	8.00
PER CAPITA GROSS STATE PRODUCT ($)..	23008.7	22570.0	22912.0	23822.4	24521.8	25927.9	26146.9	26147.9	26953.1	27607.3
PERCENTAGE CHANGE.............	0.66	-1.91	1.52	3.97	2.94	5.73	0.84	0.00	3.08	2.43

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 14: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF 1996 DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL DURABLE GOODS................	12360.1	11518.7	12182.9	13562.1	15067.0	16113.5	16728.5	17057.0	18133.2	19057.7
PERCENTAGE CHANGE...............	0.80	-6.81	5.77	11.32	11.10	6.95	3.82	1.96	6.31	5.10
LUMBER AND WOOD PRODUCTS..........	885.0	890.0	822.8	784.2	717.0	873.8	1005.8	1068.0	1142.7	1191.7
PERCENTAGE CHANGE...............	-14.85	0.56	-7.55	-4.69	-8.57	21.87	15.10	6.19	6.99	4.29
FURNITURE AND FIXTURES............	883.0	801.7	847.8	930.2	999.4	1033.4	973.0	995.0	985.1	1007.5
PERCENTAGE CHANGE...............	4.82	-9.20	5.75	9.72	7.44	3.41	-5.84	2.26	-0.99	2.27
STONE,CLAY AND GLASS..............	799.9	742.2	637.0	724.1	780.7	871.2	924.3	930.0	954.9	985.2
PERCENTAGE CHANGE...............	12.22	-7.21	-14.18	13.68	7.81	11.59	6.10	0.61	2.68	3.18
PRIMARY METALS....................	905.8	940.9	1246.1	1048.5	1304.3	1227.5	1223.1	1166.0	1226.4	1295.9
PERCENTAGE CHANGE...............	-2.37	3.88	32.44	-15.86	24.40	-5.89	-0.36	-4.67	5.18	5.67
FABRICATED METAL PRODUCTS.........	2362.7	2296.5	2311.2	2481.3	2637.8	2819.5	2885.6	2768.0	2832.1	2932.7
PERCENTAGE CHANGE...............	7.40	-2.80	0.64	7.36	6.31	6.89	2.35	-4.08	2.31	3.55
NONELECTRICAL MACHINERY...........	1626.3	1496.3	1349.3	1887.8	1985.3	2053.5	2182.7	2532.0	2952.0	3169.6
PERCENTAGE CHANGE...............	9.94	-7.99	-9.83	39.92	5.16	3.44	6.29	16.00	16.59	7.37
ELECTRICAL MACHINERY..............	1065.7	997.3	1081.6	1118.8	1183.2	1442.2	1723.1	1901.0	2287.4	2389.9
PERCENTAGE CHANGE...............	13.67	-6.42	8.46	3.44	5.76	21.89	19.48	10.33	20.33	4.48
TRANSPORTATION EQUIPMENT..........	2409.9	1836.5	2317.7	2961.5	3996.6	4525.7	4446.1	4296.0	4450.2	4758.3
PERCENTAGE CHANGE...............	-10.27	-23.79	26.20	27.78	34.95	13.24	-1.76	-3.38	3.59	6.92
INSTRUMENTS.......................	744.0	917.6	968.5	902.4	728.8	563.5	581.4	569.0	500.1	529.2
PERCENTAGE CHANGE...............	-4.09	23.33	5.56	-6.83	-19.24	-22.68	3.18	-2.13	-12.11	5.82
MISCELLANEOUS DURABLE GOODS.......	677.8	599.7	600.8	723.2	733.8	703.2	783.4	832.0	802.4	797.8
PERCENTAGE CHANGE...............	2.39	-11.53	0.18	20.39	1.46	-4.17	11.41	6.20	-3.55	-0.58

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 15: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF 1996 DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL NONDURABLE GOODS..............	14002.6	13942.4	14261.1	14602.9	14799.0	15551.3	15301.0	13434.0	13380.3	13222.6
PERCENTAGE CHANGE...............	2.53	-0.43	2.29	2.40	1.34	5.08	-1.61	-12.20	-0.40	-1.18
FOOD..............................	2982.4	3079.0	3284.2	3094.3	3081.2	3420.3	3906.6	2641.0	2669.5	2832.9
PERCENTAGE CHANGE...............	-6.28	3.24	6.67	-5.78	-0.43	11.01	14.22	-32.40	1.08	6.12
TOBACCO...........................	248.2	250.5	171.8	164.2	144.5	176.3	220.2	227.0	204.3	209.7
PERCENTAGE CHANGE...............	-3.53	0.91	-31.42	-4.41	-11.98	21.99	24.89	3.09	-10.00	2.63
TEXTILES..........................	547.3	594.8	560.9	692.6	693.6	683.9	576.4	711.0	686.8	660.1
PERCENTAGE CHANGE...............	-3.09	8.67	-5.70	23.49	0.14	-1.40	-15.72	23.36	-3.41	-3.89
APPAREL...........................	1508.6	1467.0	1428.3	1460.1	1422.4	1417.4	1302.5	1016.0	1010.1	893.0
PERCENTAGE CHANGE...............	13.75	-2.76	-2.64	2.22	-2.58	-0.35	-8.11	-21.99	-0.59	-11.59
PAPER.............................	1674.8	1500.6	1649.2	1713.7	1876.9	1725.9	1427.5	1475.0	1576.1	1598.5
PERCENTAGE CHANGE...............	-4.25	-10.40	9.90	3.91	9.52	-8.05	-17.29	3.33	6.85	1.42
PRINTING AND PUBLISHING...........	1846.1	1867.9	1852.2	1819.4	1687.2	1683.6	1707.8	1612.0	1627.8	1501.7
PERCENTAGE CHANGE...............	-2.75	1.18	-0.84	-1.77	-7.27	-0.22	1.44	-5.61	0.98	-7.74
CHEMICALS.........................	3533.5	3623.4	3680.1	3854.5	3970.0	4357.7	4122.2	3980.0	3657.9	3465.3
PERCENTAGE CHANGE...............	13.65	2.55	1.56	4.74	3.00	9.76	-5.40	-3.45	-8.09	-5.26
PETROLEUM REFINING................	105.3	102.6	119.1	131.0	120.9	114.5	103.5	131.0	145.7	156.6
PERCENTAGE CHANGE...............	10.58	-2.61	16.07	10.00	-7.69	-5.30	-9.60	26.55	11.19	7.50
RUBBER AND PLASTICS...............	1237.0	1158.6	1266.4	1401.6	1568.3	1775.1	1762.3	1532.0	1698.6	1812.3
PERCENTAGE CHANGE...............	7.22	-6.34	9.31	10.68	11.89	13.19	-0.72	-13.07	10.88	6.69
LEATHER...........................	319.5	298.1	249.0	271.4	234.0	196.6	172.0	109.0	103.7	92.4
PERCENTAGE CHANGE...............	-0.66	-6.69	-16.49	9.01	-13.78	-15.98	-12.50	-36.65	-4.90	-10.88

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 16: TENNESSEE GROSS STATE PRODUCT BY SECTOR
MILLIONS OF CURRENT DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
GROSS STATE PRODUCT.................	91566	94197	100537	109110	116648	127898	134475	138759	147391	157090
PERCENTAGE CHANGE.............	5.38	2.87	6.73	8.53	6.91	9.64	5.14	3.19	6.22	6.58
MINING............................	430	444	404	404	351	367	384	412	480	484
PERCENTAGE CHANGE.............	0.47	3.26	-9.01	0.00	-13.12	4.56	4.63	7.29	16.50	0.74
CONSTRUCTION......................	3776	3656	3499	3789	4229	4747	5256	5649	6012	6438
PERCENTAGE CHANGE.............	1.94	-3.18	-4.29	8.29	11.61	12.25	10.72	7.48	6.43	7.09
MANUFACTURING.....................	23247	22898	24527	26848	28859	31124	31569	30491	31279	32478
PERCENTAGE CHANGE.............	7.81	-1.50	7.11	9.46	7.49	7.85	1.43	-3.41	2.58	3.83
DURABLE GOODS...................	11505	10875	11739	13420	15131	16436	16809	17057	17782	18954
PERCENTAGE CHANGE.............	6.50	-5.48	7.94	14.32	12.75	8.62	2.27	1.48	4.25	6.59
NONDURABLE GOODS................	11742	12023	12788	13428	13728	14688	14760	13434	13497	13524
PERCENTAGE CHANGE.............	9.13	2.39	6.36	5.00	2.23	6.99	0.49	-8.98	0.47	0.20
TRADE.............................	16357	16922	17951	19581	21149	23239	24346	25634	27365	28423
PERCENTAGE CHANGE.............	4.83	3.46	6.08	9.08	8.01	9.88	4.76	5.29	6.75	3.87
SERVICES..........................	15652	17065	18271	20653	22352	24189	26417	27706	30476	32044
PERCENTAGE CHANGE.............	10.48	9.03	7.07	13.04	8.23	8.22	9.21	4.88	10.00	5.14
FINANCE,INSURANCE AND REAL ESTATE.	11716	12004	12996	14115	15260	16434	18028	19387	21233	24534
PERCENTAGE CHANGE.............	3.76	2.46	8.26	8.61	8.11	7.69	9.70	7.54	9.52	15.55
TRANS.,COMM.,AND PUBLIC UTIL......	7056	7238	8035	8720	9539	10359	10484	11040	11757	12872
PERCENTAGE CHANGE.............	-2.96	2.58	11.01	8.53	9.40	8.60	1.20	5.31	6.49	9.49
GOVERNMENT........................	12018	12561	13367	13365	13433	15725	16441	16830	17067	18027
PERCENTAGE CHANGE.............	3.93	4.52	6.42	-0.01	0.51	17.06	4.55	2.37	1.41	5.63
FEDERAL CIVILIAN................	3716	3647	4089	3626	3170	4418	4639	4588	4526	4719
PERCENTAGE CHANGE.............	0.05	-1.86	12.12	-11.32	-12.58	39.37	5.00	-1.10	-1.35	4.26
FEDERAL MILITARY................	702	713	730	724	687	698	655	636	423	441
PERCENTAGE CHANGE.............	4.78	1.57	2.38	-0.82	-5.11	1.60	-6.16	-2.90	-33.49	4.18
STATE AND LOCAL.................	7600	8201	8548	9015	9576	10609	11147	11606	12118	12868
PERCENTAGE CHANGE.............	5.86	7.91	4.23	5.46	6.22	10.79	5.07	4.12	4.41	6.19
AGRICULTURE.......................	1314	1408	1487	1635	1475	1713	1550	1610	1723	1789
PERCENTAGE CHANGE.............	0.80	7.20	5.61	9.91	-9.81	16.19	-9.51	3.84	7.00	3.87
FARM............................	1028	1027	1074	1172	1029	1179	1026	1057	1155	1233
PERCENTAGE CHANGE.............	5.01	-0.10	4.58	9.12	-12.20	14.58	-12.98	3.02	9.27	6.76
AG SERVICES,FORESTRY,FISHERIES..	286	381	413	463	446	534	524	553	568	556
PERCENTAGE CHANGE.............	-11.89	33.42	8.39	11.94	-3.74	19.93	-1.86	5.45	2.65	-2.01
PER CAPITA GROSS STATE PRODUCT ($)..	18863	19260	20325	21768	22950	24796	25689	26148	27440	28927
PERCENTAGE CHANGE.............	4.67	2.11	5.53	7.10	5.43	8.04	3.60	1.79	4.94	5.42

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 17: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF CURRENT DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL DURABLE GOODS.................	11505	10875	11739	13420	15131	16436	16809	17057	17782	18954
PERCENTAGE CHANGE...............	6.50	-5.48	7.94	14.32	12.75	8.62	2.27	1.48	4.25	6.59
LUMBER AND WOOD PRODUCTS..........	616	615	581	630	699	905	1041	1068	1188	1290
PERCENTAGE CHANGE...............	-9.81	-0.16	-5.53	8.43	10.95	29.47	15.03	2.59	11.24	8.59
FURNITURE AND FIXTURES............	747	710	777	847	900	967	919	995	1009	1042
PERCENTAGE CHANGE...............	9.37	-4.95	9.44	9.01	6.26	7.44	-4.96	8.27	1.41	3.28
STONE,CLAY AND GLASS..............	686	639	563	640	709	821	907	930	967	1005
PERCENTAGE CHANGE...............	11.54	-6.85	-11.89	13.68	10.78	15.80	10.48	2.54	3.98	3.93
PRIMARY METALS....................	944	937	1162	955	1156	1149	1308	1166	1238	1338
PERCENTAGE CHANGE...............	5.47	-0.74	24.01	-17.81	21.05	-0.61	13.84	-10.86	6.17	8.09
FABRICATED METAL PRODUCTS.........	2042	2091	2181	2363	2522	2675	2741	2768	2880	2978
PERCENTAGE CHANGE...............	13.57	2.40	4.30	8.34	6.73	6.07	2.47	0.99	4.05	3.42
NONELECTRICAL MACHINERY...........	2033	1869	1696	2324	2356	2351	2333	2532	2684	3007
PERCENTAGE CHANGE...............	11.15	-8.07	-9.26	37.03	1.38	-0.21	-0.77	8.53	6.00	12.03
ELECTRICAL MACHINERY..............	1675	1542	1667	1685	1726	1981	1985	1901	2074	2067
PERCENTAGE CHANGE...............	14.33	-7.94	8.11	1.08	2.43	14.77	0.20	-4.23	9.10	-0.32
TRANSPORTATION EQUIPMENT..........	1752	1360	1902	2636	3795	4458	4325	4296	4364	4759
PERCENTAGE CHANGE...............	-5.81	-22.37	39.85	38.59	43.97	17.47	-2.98	-0.67	1.58	9.05
INSTRUMENTS.......................	446	593	662	655	553	442	493	569	560	634
PERCENTAGE CHANGE...............	0.68	32.96	11.64	-1.06	-15.57	-20.07	11.54	15.42	-1.58	13.13
MISCELLANEOUS DURABLE GOODS.......	564	519	548	685	715	687	757	832	818	834
PERCENTAGE CHANGE...............	6.02	-7.98	5.59	25.00	4.38	-3.92	10.19	9.91	-1.68	1.95

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TENNESSEE ECONOMETRIC MODEL December 1999 UPDATE
TABLE 18: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT
MILLIONS OF CURRENT DOLLARS

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TOTAL NONDURABLE GOODS..............	11742	12023	12788	13428	13728	14688	14760	13434	13497	13524
PERCENTAGE CHANGE...............	9.13	2.39	6.36	5.00	2.23	6.99	0.49	-8.98	0.47	0.20
FOOD..............................	2322	2562	2901	2819	2791	3206	3486	2641	2699	2858
PERCENTAGE CHANGE...............	2.56	10.34	13.23	-2.83	-0.99	14.87	8.73	-24.24	2.20	5.90
TOBACCO...........................	180	218	188	217	180	170	211	227	233	254
PERCENTAGE CHANGE...............	13.92	21.11	-13.76	15.43	-17.05	-5.56	24.12	7.58	2.64	9.17
TEXTILES..........................	540	591	559	715	703	656	553	711	703	680
PERCENTAGE CHANGE...............	-3.05	9.44	-5.41	27.91	-1.68	-6.69	-15.70	28.57	-1.13	-3.21
APPAREL...........................	1411	1405	1414	1473	1446	1425	1260	1016	1027	908
PERCENTAGE CHANGE...............	17.10	-0.43	0.64	4.17	-1.83	-1.45	-11.58	-19.37	1.08	-11.57
PAPER.............................	1440	1265	1361	1407	1464	1395	1556	1475	1454	1496
PERCENTAGE CHANGE...............	2.64	-12.15	7.59	3.38	4.05	-4.71	11.54	-5.21	-1.42	2.86
PRINTING AND PUBLISHING...........	1251	1347	1433	1500	1479	1530	1546	1612	1722	1697
PERCENTAGE CHANGE...............	3.90	7.67	6.38	4.68	-1.40	3.45	1.05	4.27	6.82	-1.46
CHEMICALS.........................	2996	3070	3265	3470	3694	4204	4150	3980	3704	3501
PERCENTAGE CHANGE...............	21.89	2.47	6.35	6.28	6.46	13.81	-1.28	-4.10	-6.93	-5.47
PETROLEUM REFINING................	99	130	136	143	148	137	105	131	173	187
PERCENTAGE CHANGE...............	11.24	31.31	4.62	5.15	3.50	-7.43	-23.36	24.76	32.06	8.15
RUBBER AND PLASTICS...............	1225	1166	1304	1430	1600	1770	1717	1532	1676	1845
PERCENTAGE CHANGE...............	6.71	-4.82	11.84	9.66	11.89	10.63	-2.99	-10.77	9.40	10.09
LEATHER...........................	278	269	227	254	223	195	176	109	106	97
PERCENTAGE CHANGE...............	1.46	-3.24	-15.61	11.89	-12.20	-12.56	-9.74	-38.07	-2.75	-8.38

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