



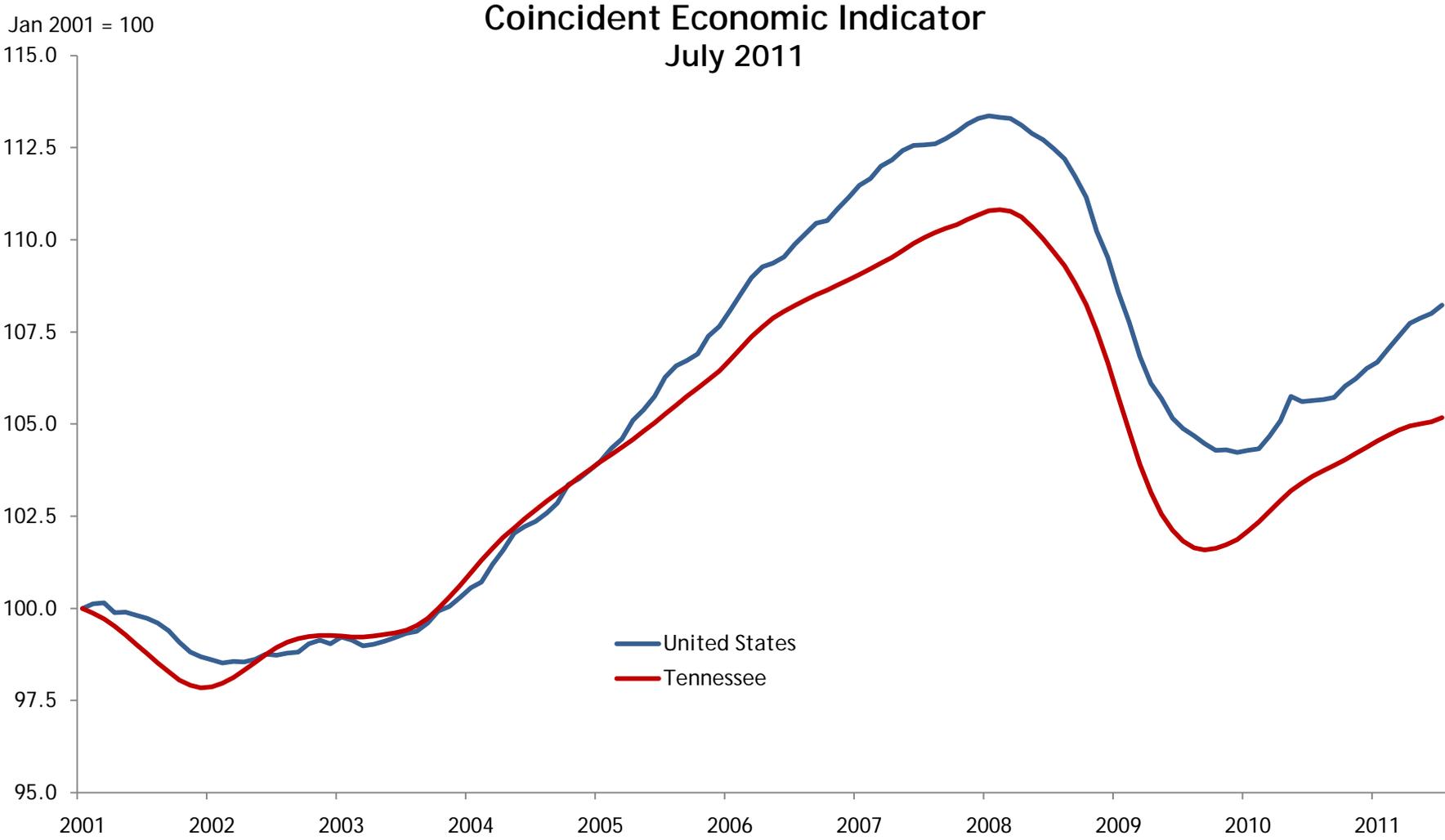
Data Digest: Tennessee

September 2011



Tennessee's recent economic performance largely mirrors that of the United States.

[About the Coincident Economic Indicator](#)

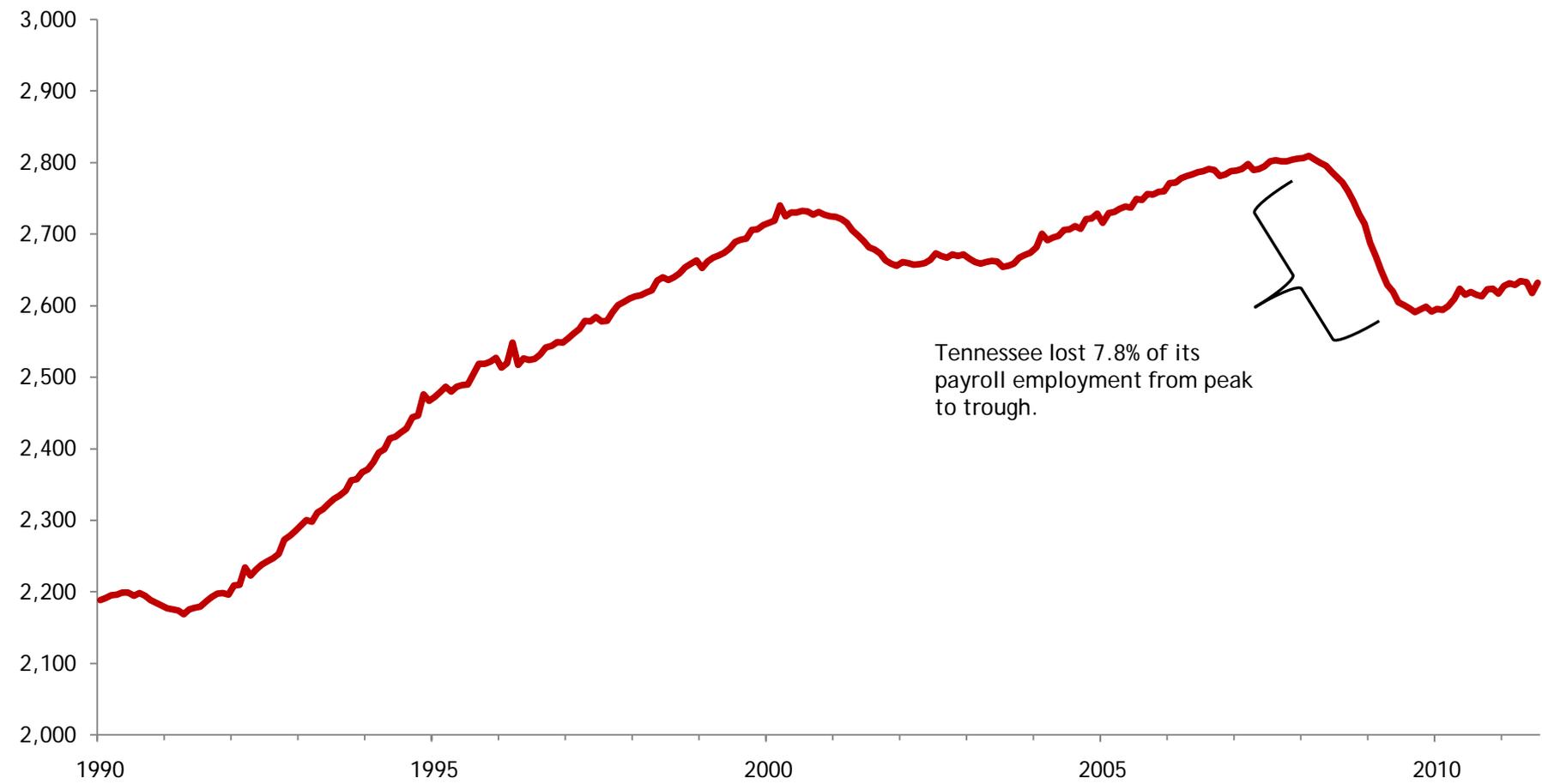


Source: Federal Reserve Bank of Philadelphia

Total employment in Tennessee decreased in May and June, then increased slightly in July.

Tennessee Payroll Employment July 2011

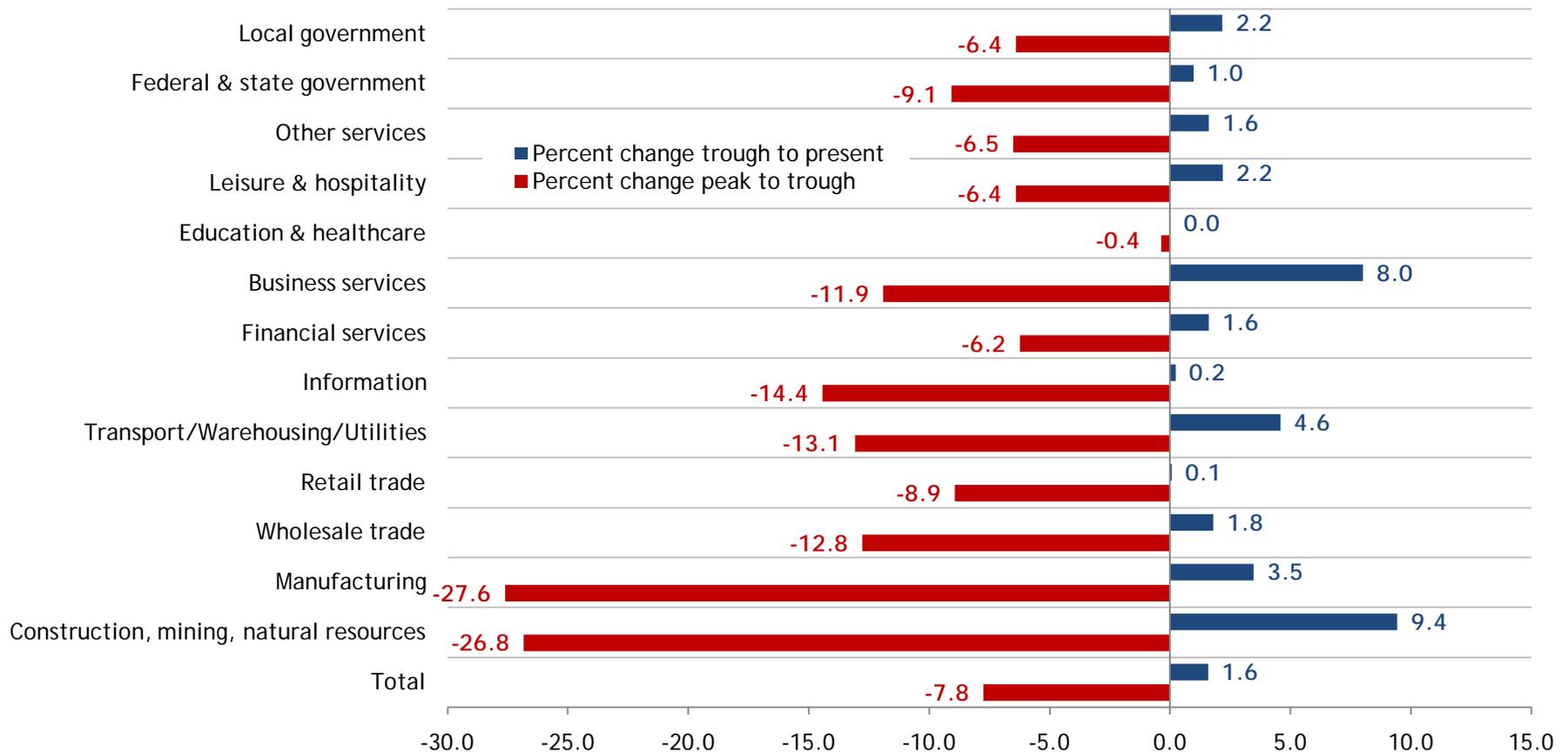
Thousands,
seasonally adjusted



Source: U.S. Bureau of Labor Statistics, Haver Analytics

All industries lost jobs during the recent downturn; manufacturing and construction saw significant declines. Led by business services and construction, mining, and natural resources, all sectors except education and health care have regained jobs.

Employment Loss and Gain by Industry: Tennessee July 2011



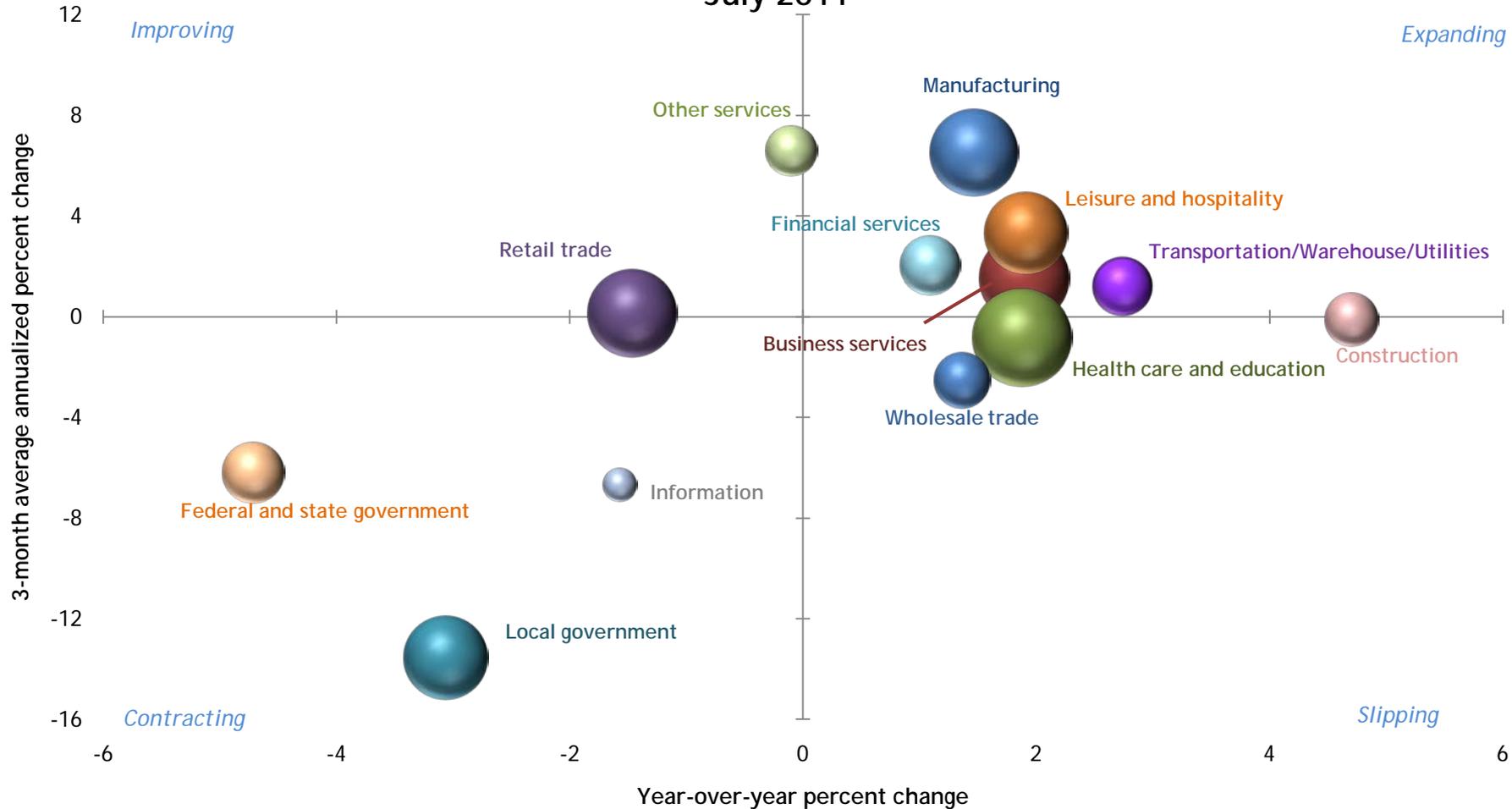
Note: A reading of 0.0 in the "trough to present" measure indicates that employment continues to decline in these industries. Likewise, a reading of 0.0 in the "peak to trough" measure indicates that employment continues to increase in these industries.

Source: U.S. Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Atlanta

Most industries are showing positive employment momentum. Local government, information, and federal and state government remain weak; wholesale trade, health care and education, and construction are slipping.

[About Employment Momentum](#)

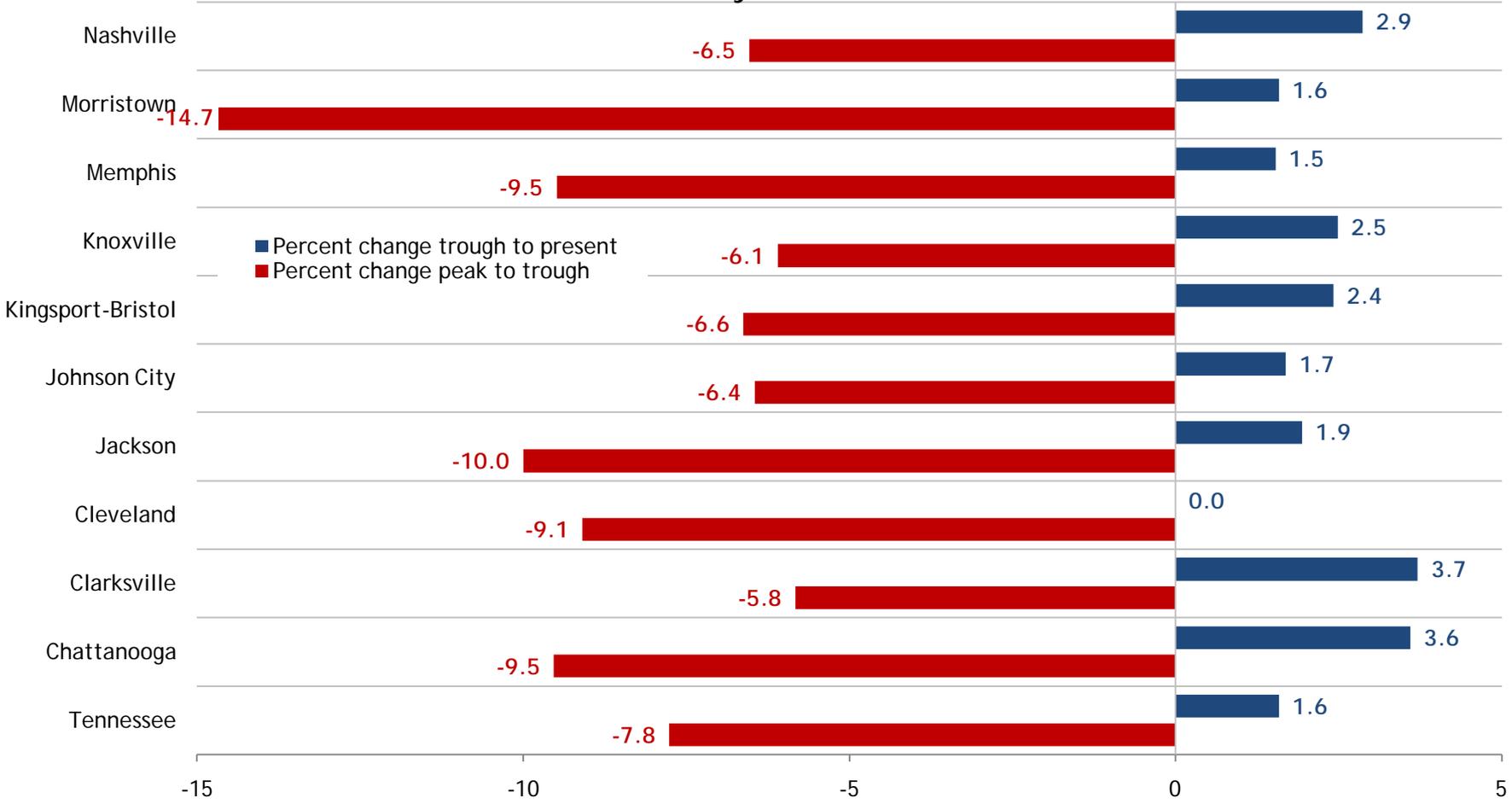
Employment Momentum by Industry: Tennessee July 2011



Source: U.S. Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Atlanta

Employment losses in Tennessee metro areas were significant. All metro areas except Cleveland have re-added jobs.

Employment Loss and Gain by Metro Area: Tennessee July 2011

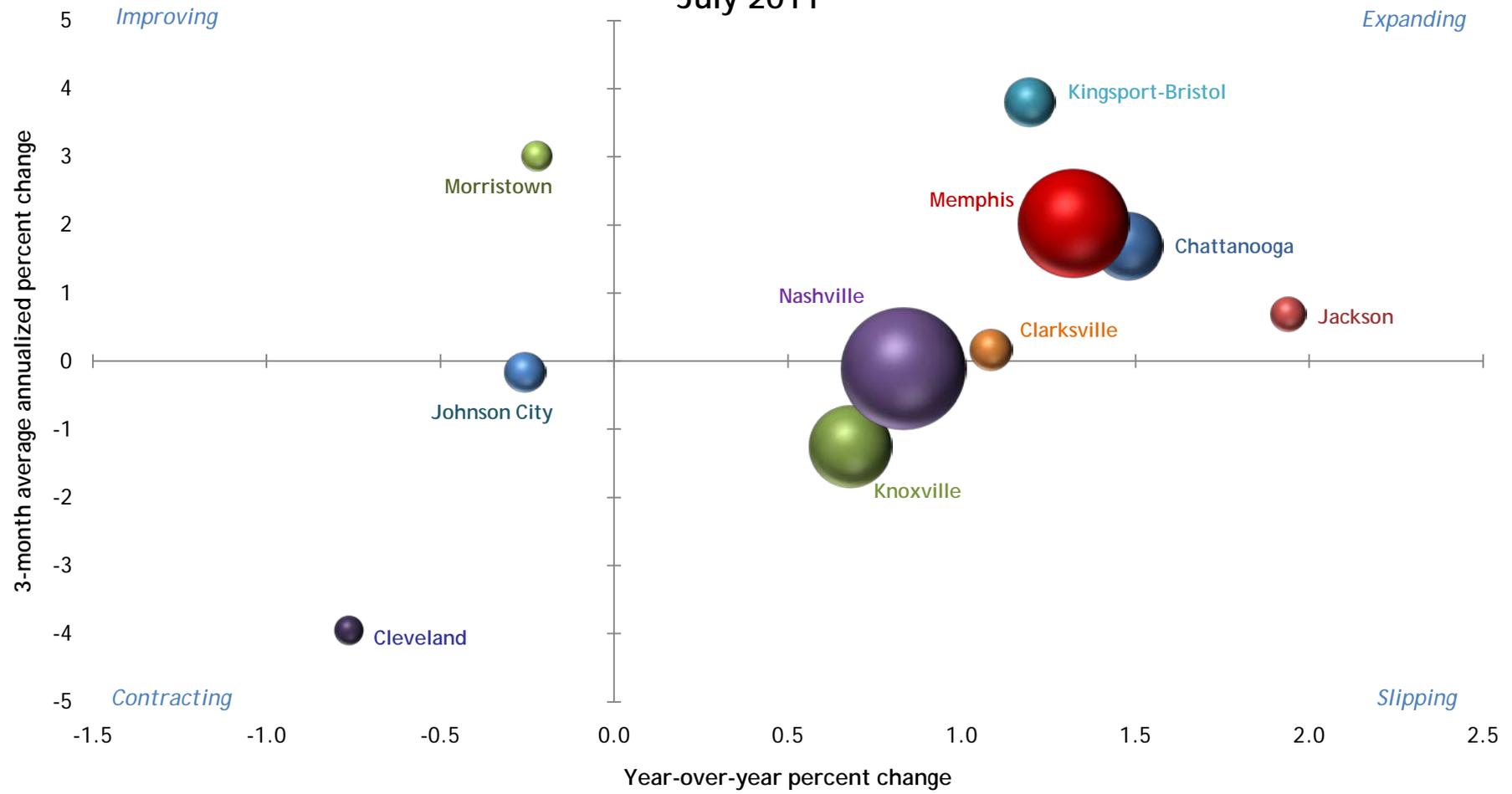


Source: U.S. Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Atlanta

Nashville and Knoxville fell into the “slipping” quadrant in July. Johnson City and Cleveland are contracting while all other metro areas are experiencing improving or expanding employment momentum.

[About Employment Momentum](#)

Employment Momentum by Metro Area: Tennessee July 2011

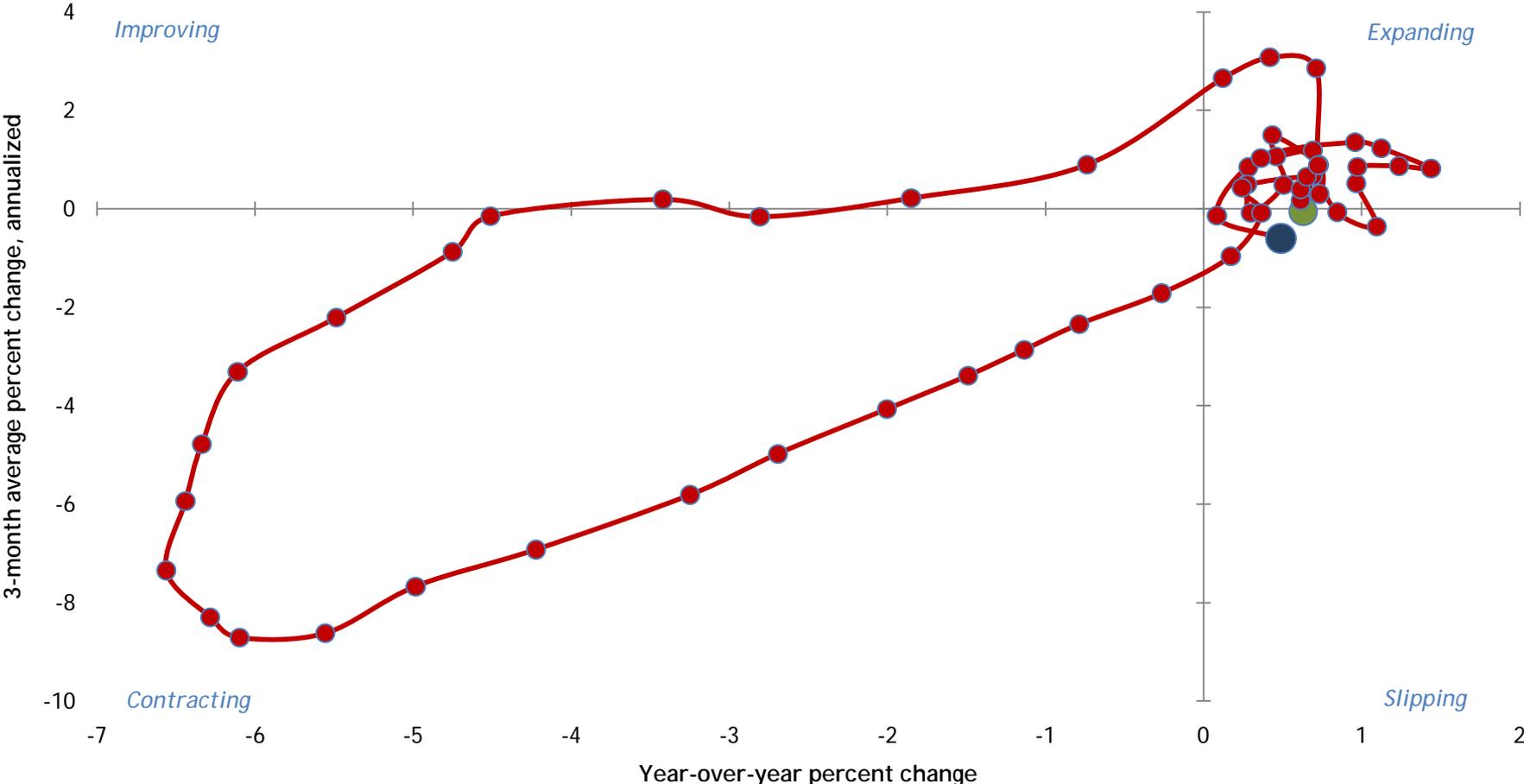


Source: U.S. Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Atlanta

Tennessee employment momentum began to improve in March 2010. It began expanding in May 2010, slipped a bit, then began expanding again last November. However, employment momentum has been “slipping” since June 2011.

[About Employment Momentum Track](#)

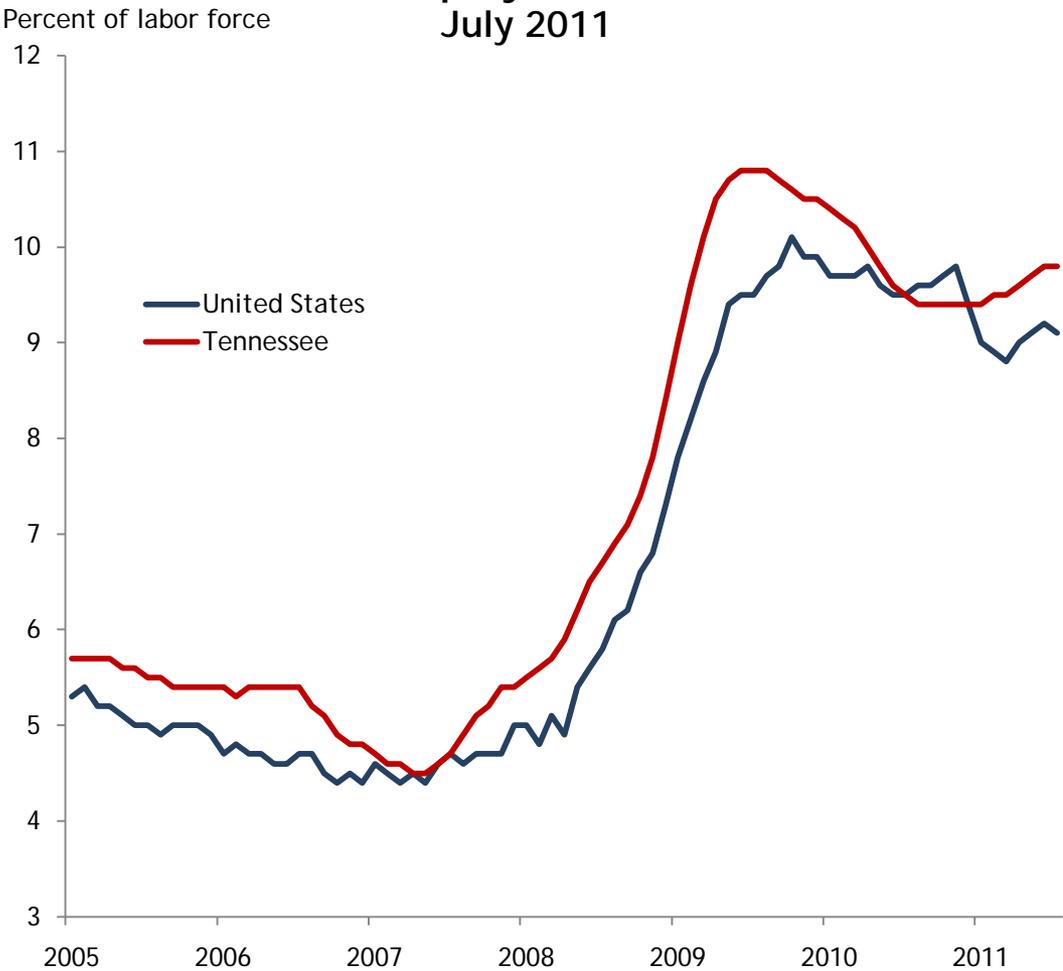
Employment Momentum Track: Tennessee January 2007-July 2011



Source: U.S. Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Atlanta

Tennessee's unemployment rate leveled off at 9.4 percent in August 2010, then ticked up to 9.5 percent in February 2011. After increasing one-tenth of a percent in each of April, May, and June, it leveled off at 9.8 percent in July.

Unemployment Rate July 2011



Unemployment Rates			
	Current	Year Ago	Jan 2007
USA	9.2	9.5	4.6
Tennessee	9.8	9.6	4.7
Chattanooga	9.1	8.7	4.4
Clarksville	10.6	10.1	5.7
Cleveland	10.3	9.3	5.0
Jackson	10.7	10.2	5.7
Johnson City	9.4	8.9	4.9
Kingsport-Bristol	8.6	8.8	4.9
Knoxville	8.3	7.9	4.1
Memphis	10.9	10.0	5.8
Morristown	12.1	11.4	6.2
Nashville	9.0	8.6	4.2

The table shows unemployment rates for metro areas. Current = June 2011. Year ago and Jan 2007 are included for comparison.

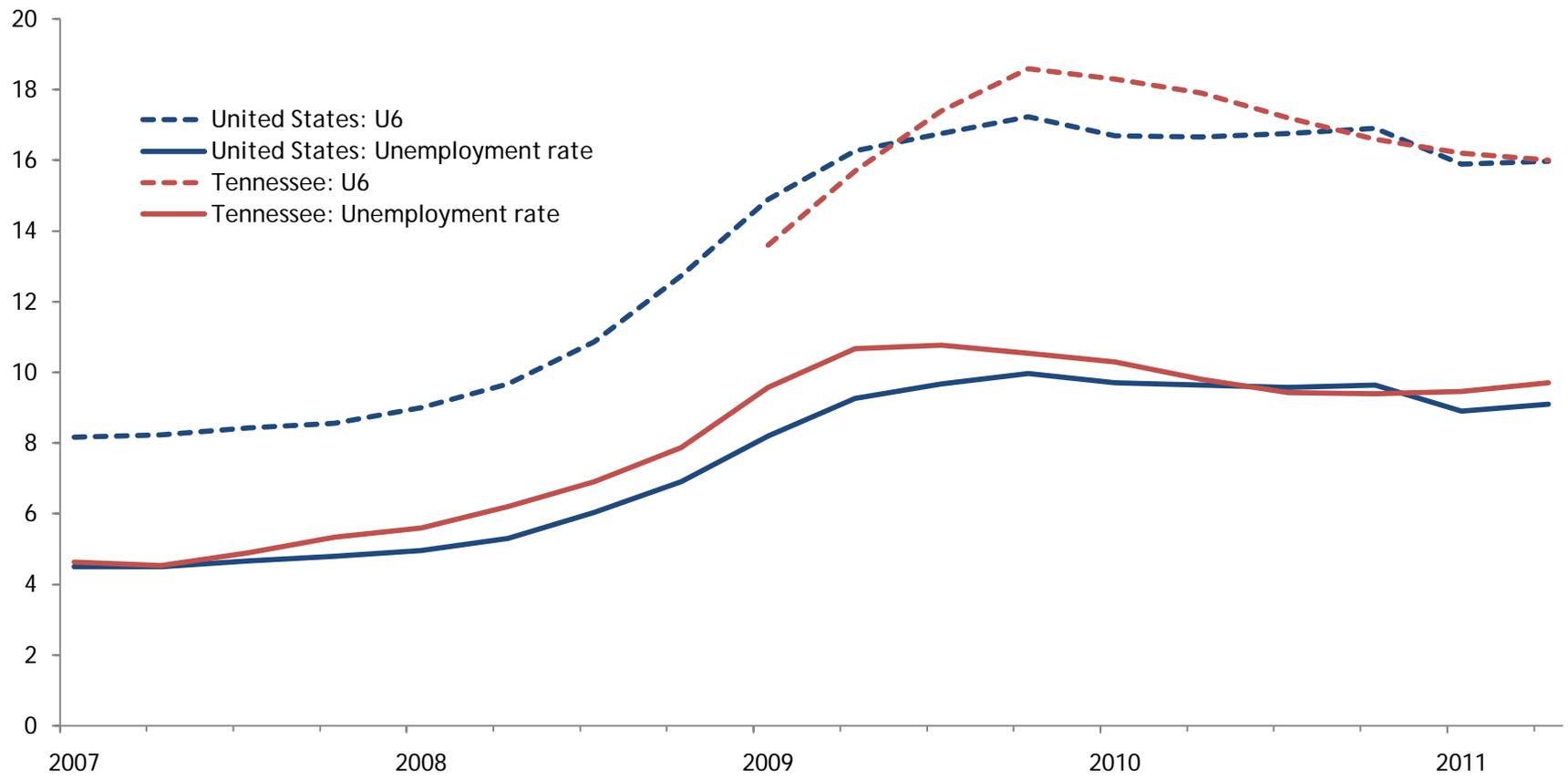
Source: U.S. Bureau of Labor Statistics, Haver Analytics

Alternative measures of labor underutilization for Tennessee—namely, the U6 figure—show that like the comparable U.S. measure, 16 percent of the state’s labor force is either unemployed or underemployed.

[About Unemployment Rates](#)

Measures of Labor Utilization: Unemployment Rate and U6 Q2 2011 (Tennessee U6: Q1 2011)

Percent,
seasonally adjusted

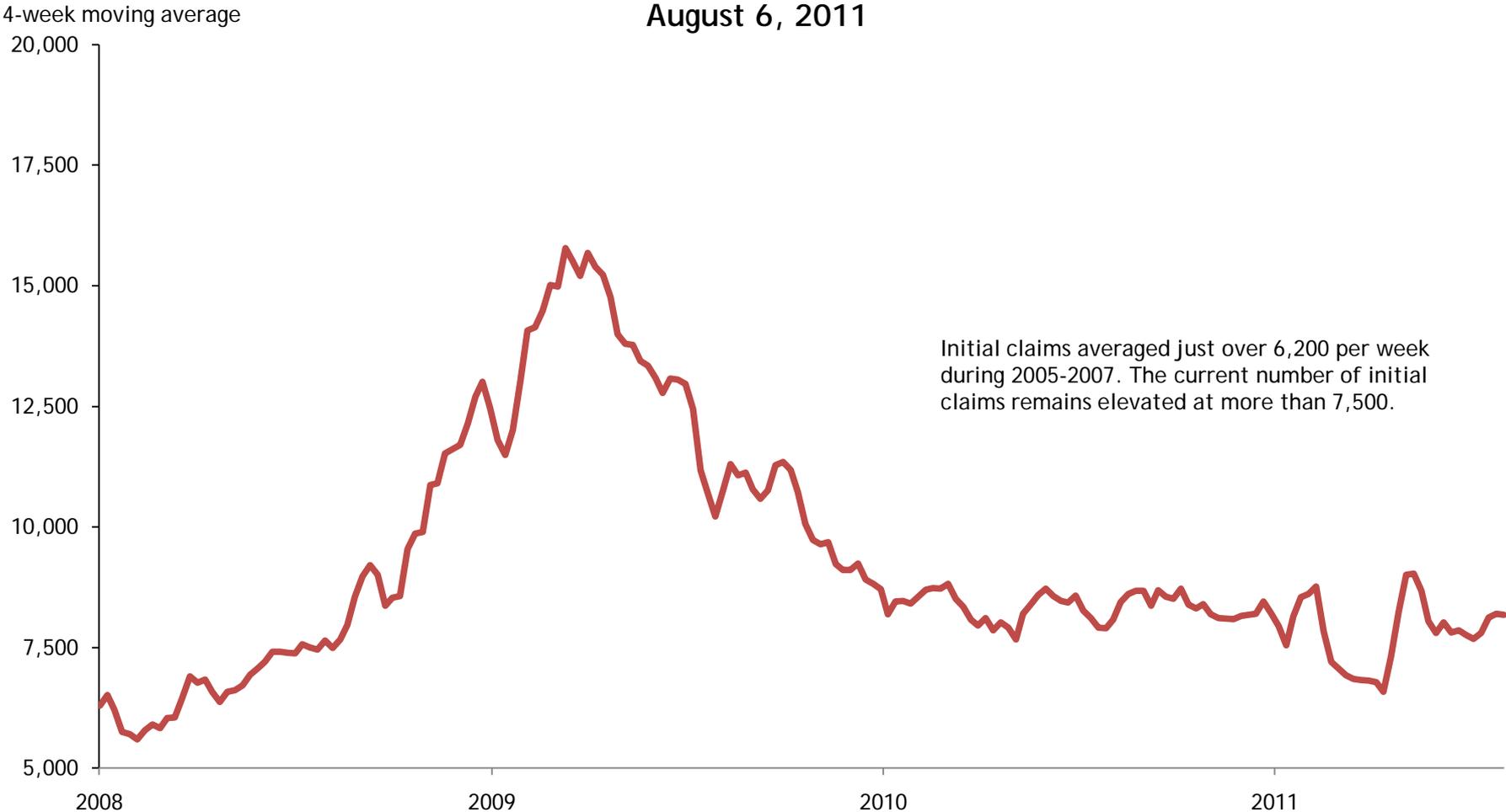


Note: U6 = Unemployed + Marginally attached + Part-time economic reasons/Civilian labor force + Marginally attached. Tennessee U6 data are through first-quarter 2011.

Source: U.S. Bureau of Labor Statistics, Haver Analytics

Initial claims for unemployment insurance declined in early 2011. After increasing during April and early May, the trend for initial claims is leveling off.

Initial Unemployment Insurance Claims: Tennessee August 6, 2011



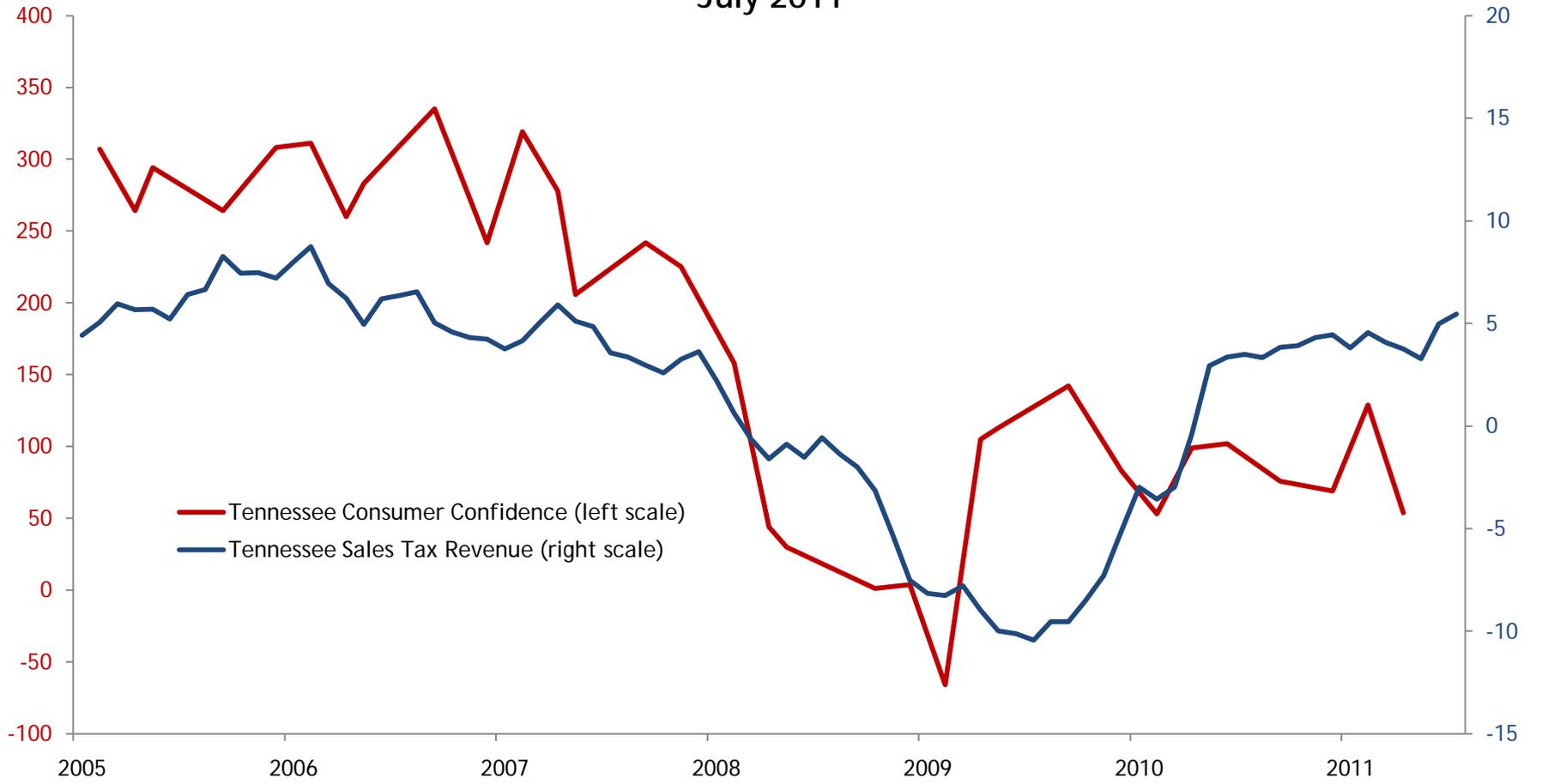
Initial claims averaged just over 6,200 per week during 2005-2007. The current number of initial claims remains elevated at more than 7,500.

Source: U.S. Department of Labor—Employment and Training Administration, Haver Analytics

Consumer confidence fell from early 2011, but sales tax revenue continued to post year-over-year gains.

Tennessee Sales Tax Revenue and Consumer Confidence July 2011

Year-to-year change,
3-month moving average



Note: Consumer confidence data are through April 2011.
Source: Middle Tennessee State University, Tennessee Department of Revenue

Regional manufacturing activity decelerated in July, according to the Southeast Purchasing Managers Index produced by Kennesaw State University. Tennessee's PMI decreased from the previous month, but is still expanding.

Southeast Purchasing Managers Index July 2011



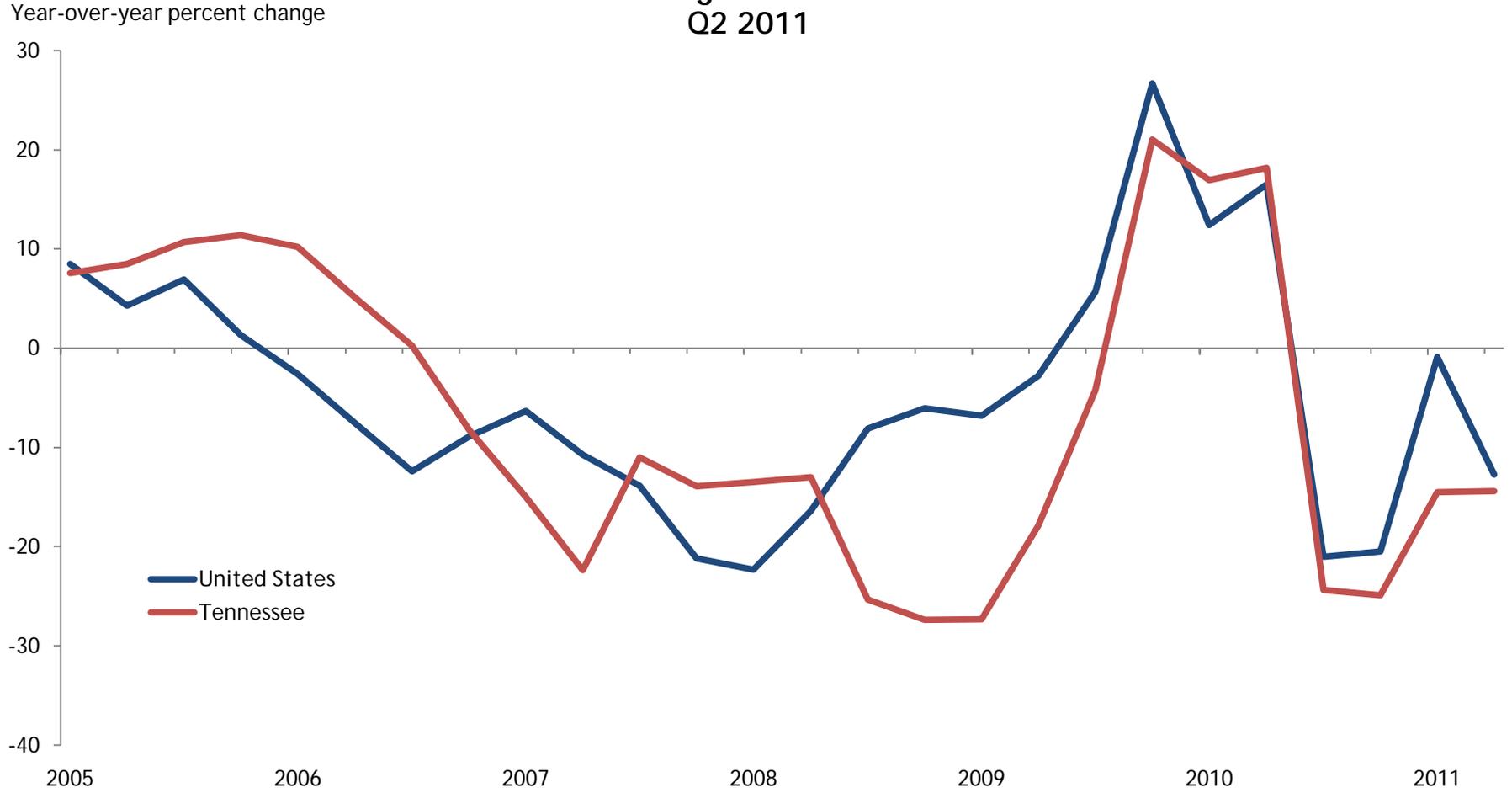
The Tennessee component of the Southeast PMI was 51.5 in July 2011.

Note: 50+ = Expansion

Source: Kennesaw State University, Coles College of Business Econometric Center

Existing home sales in Tennessee increased slightly during the second quarter of 2011 but remain well below year-ago levels.

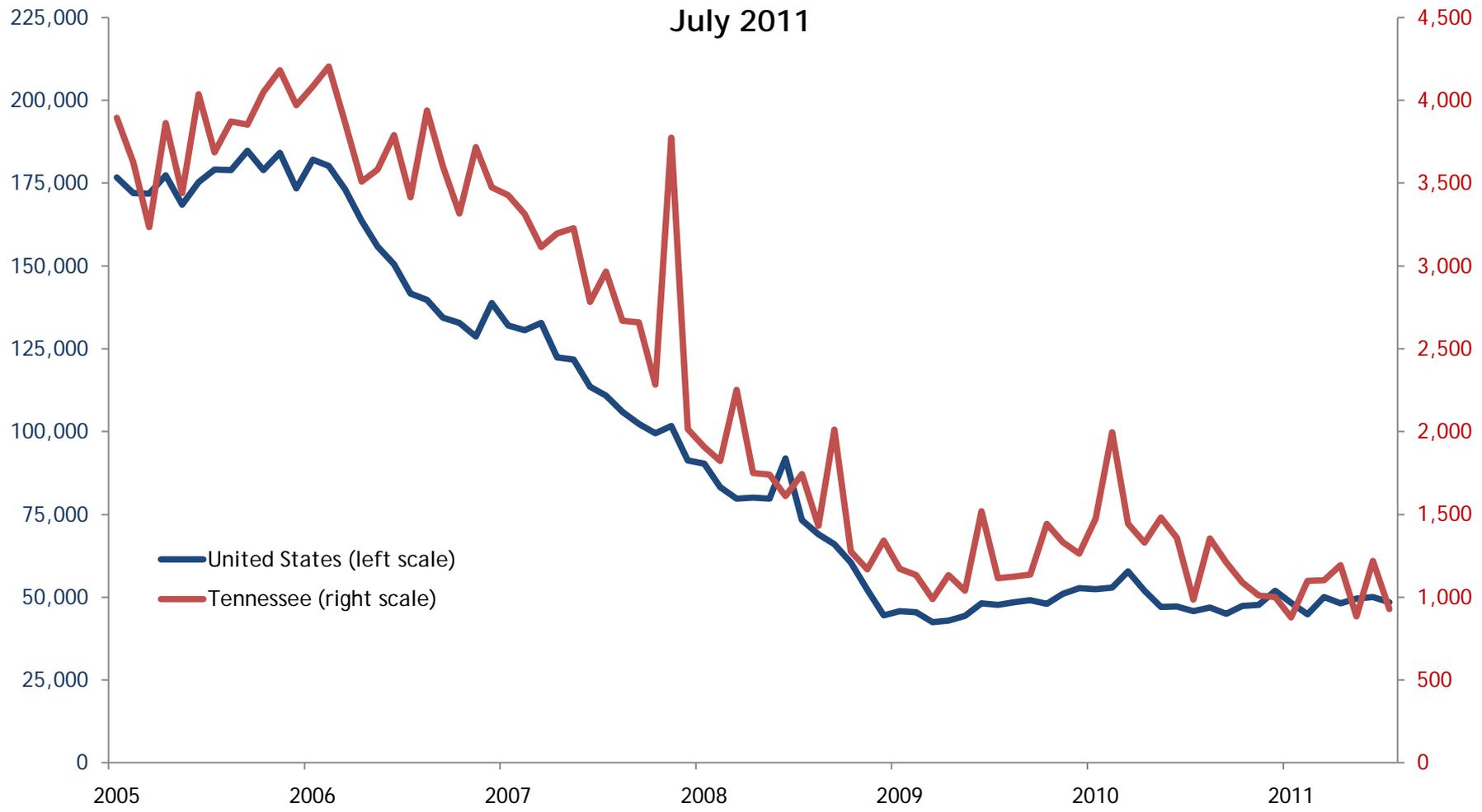
Existing Home Sales Q2 2011



Source: National Association of Realtors, Haver Analytics, Federal Reserve Bank of Atlanta

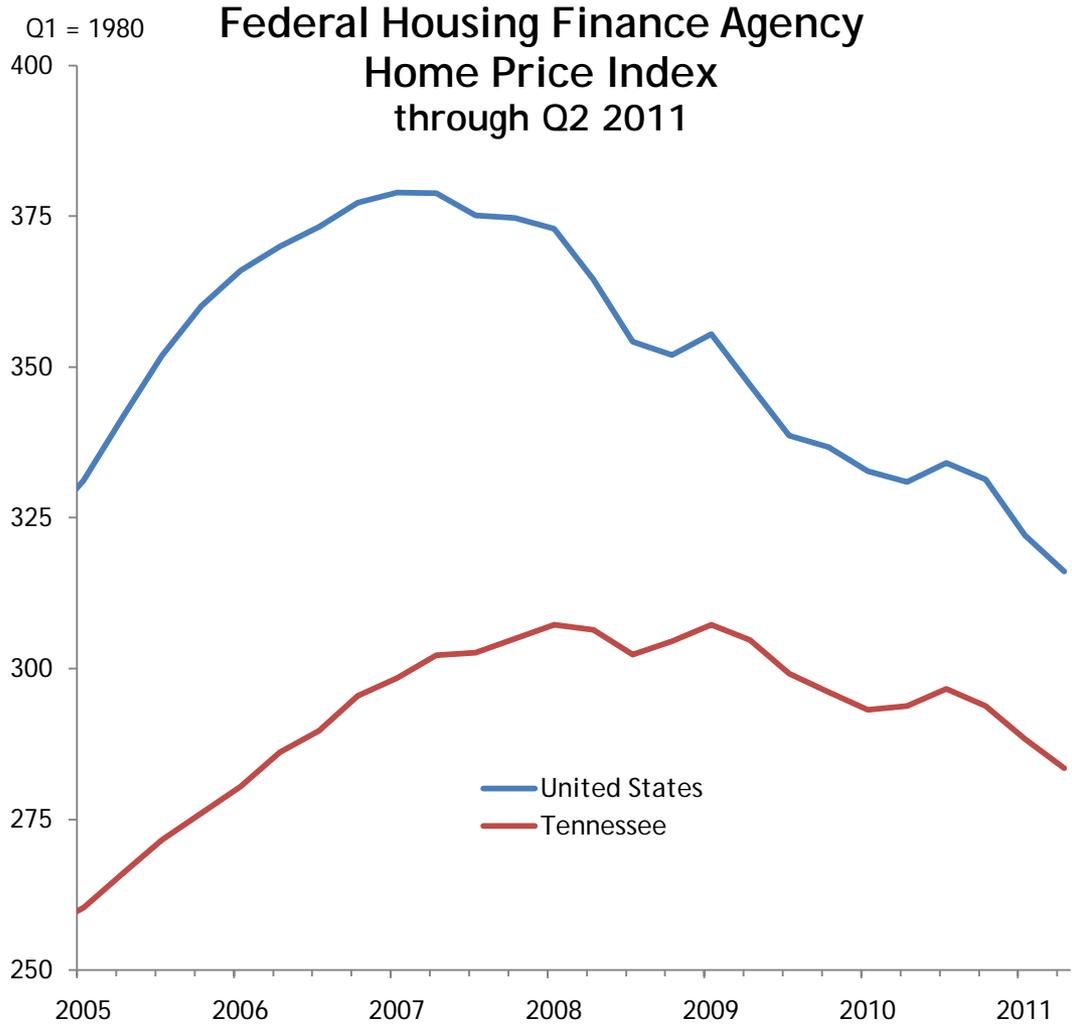
New home construction remains near record lows for both the United States and Tennessee.

New Residential Home Construction Permits July 2011



Source: U.S. Bureau of the Census, Haver Analytics

Home prices in Tennessee have declined at a slower pace than in the United States as a whole. After stabilizing somewhat, prices declined a bit further late in 2010 and into 2011.



Source: Federal Housing Finance Agency, Haver Analytics

FHFA House Price Index: Q2 2011	1-yr % change	5-yr % change	10-yr % change
United States	-4.5	-14.6	26.3
Tennessee	-3.5	-0.9	25.2
Cleveland	-3.9	-0.8	24.2
Jackson	-7.5	-6.7	6.9
Johnson City	-3.6	4.3	34.6
Knoxville	-2.5	0.9	34.5
Morristown	-2.0	-3.5	24.7
Nashville	-2.7	0.2	28.9
Chattanooga	-3.1	-1.8	27.7
Clarksville	-0.1	8.8	37.2
Kingsport-Bristol	-1.4	8.0	38.3
Memphis	-6.1	-10.0	5.4

Source: Federal Housing Finance Agency, Haver Analytics, Federal Reserve Bank of Atlanta

Office vacancy rates rose throughout the recession but now appear to have stabilized at higher levels.

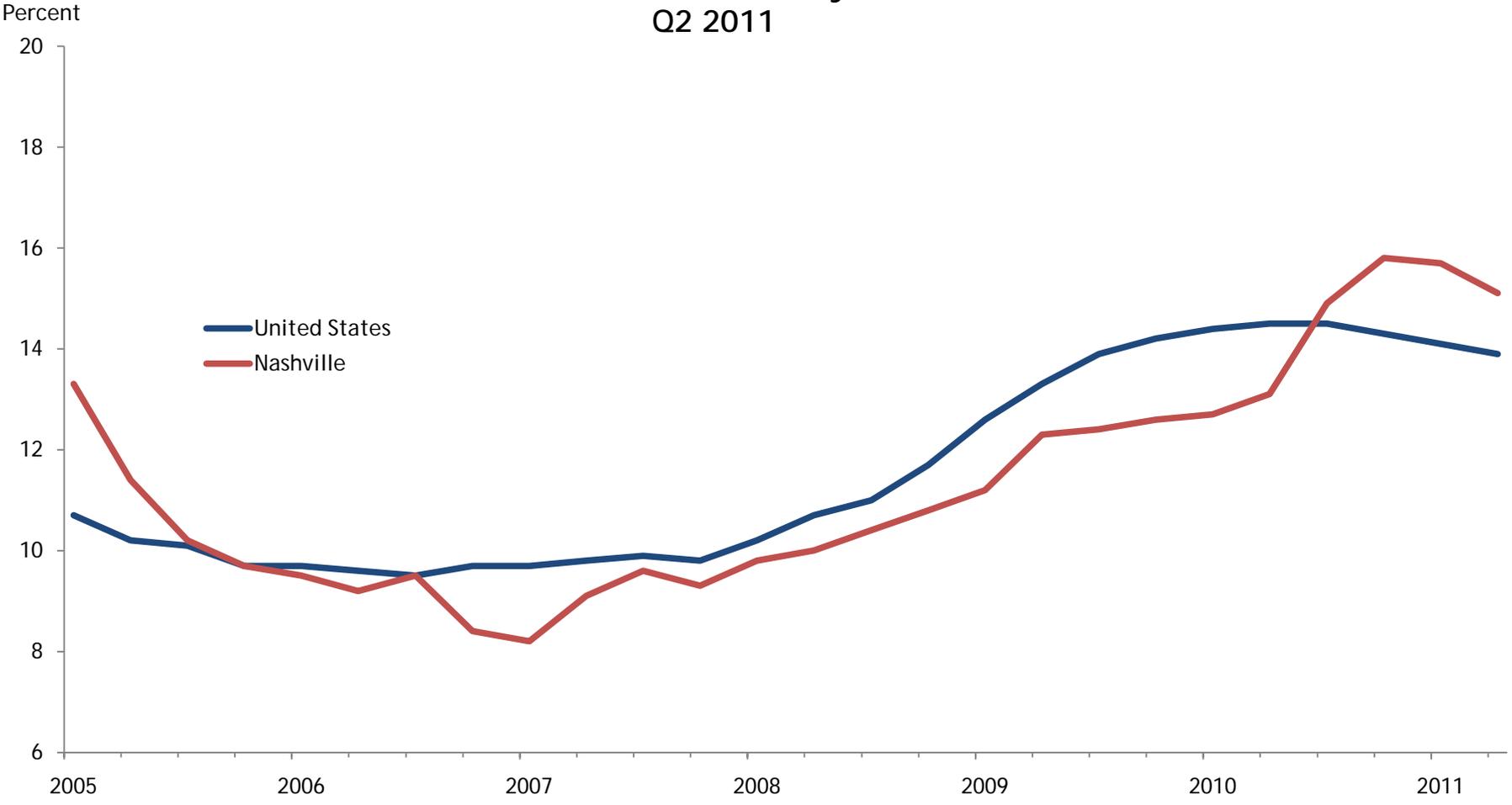
Office Vacancy Rate Q2 2011



Source: CB Richard Ellis, Haver Analytics

Industrial availability rates remain elevated throughout the United States. Nashville's rate declined slightly in the second quarter of 2011.

Industrial Availability Rate Q2 2011



Source: CB Richard Ellis, Haver Analytics

For additional sources of information, see our Local Economic Analysis Research Network membership at www.frbatlanta.org/rein/learn/map/learn_members.cfm.