

Evolve Bank & Trust
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Evolve is proud to bring you the Memphis Economy Tracker. The Economy Tracker is a monthly report that focuses on the Memphis metro economy. Within this monthly report, we will provide vital economic data, as well as specifics on job growth, retail sales, housing data, and other key economic areas. In addition to the local economic information, regional and national data are also included. This report is intended to provide you with a comprehensive overview so that you can be informed on the economic and business conditions that affect your organization. For more information, please visit www.getevolved.com and like our Facebook page at www.facebook.com/getevolved.



Memphis Home Sales

Existing Single-Family Homes—NSA

Mar-13 Mar-14

Sales	1,107	1,151
Inventory	5,900	5,543
Under contract	1,823	1,520
Average sale price	\$127,260	\$127,480

Source: Memphis Area Association of REALTORS*
NSA = not seasonally adjusted

Memphis Home Permits

Authorized Units Privately Owned—NSA

Total Y-Y Change

Jan-13	347	
Jan-14	350	+0.86%
Feb-13	175	
Feb-14	261	+49.1%

Source: U.S. Census Bureau NSA = not seasonally adjusted

Memphis Employment

National Unemployment Average 6.7% - March 2014

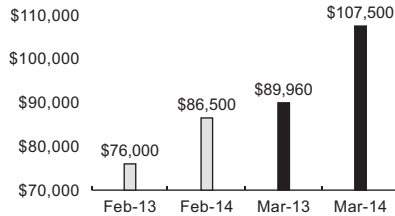
	Employment Change*	Unemployment Rate
Jan-13	-15,681	9.7%
Jan-14	-1,494	8.4%
Feb-13	+656	9.3%
Feb-14	-500	8.4%

Source: Bureau of Labor Statistics *Change from prior month

Memphis Economic Benchmarks

Memphis Median Home Price*

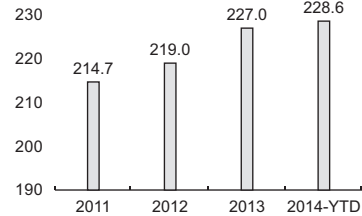
U.S. Median: \$189,000 in February



Source: Memphis Area Association of REALTORS*
*Median price for existing single-family home

Memphis* Consumer Price Index

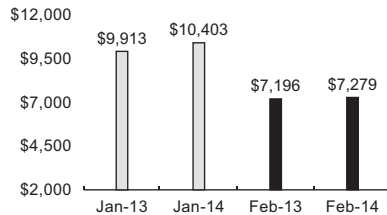
1982-84 = 100 (U.S. Average 235.1) NSA



Source: Bureau of Labor Statistics
*South Urban Region NSA = not seasonally adjusted

Tennessee Retail Sales

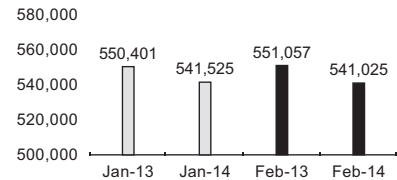
In Millions (000,000s) NSA



Source: Tennessee Department of Revenue
NSA = not seasonally adjusted

Memphis Employment

Tennessee Unemployment Rate 6.9%



Source: Bureau of Labor Statistics
NSA = not seasonally adjusted

Inside The Economy

Sisyphus Up the Hill

The story of the Greek king Sisyphus, who had to unendingly push a boulder up a hill, is a good analogy to our economy and where it now stands. It's been a slow grind uphill, with limited backsliding, and I'm now optimistic enough to state that we have real forward momentum. The stock market may not reflect this, but we've been expecting a correction for months, and it may be upon us. My main economic gauge—unemployment, holding steady at 6.7%—is mostly useless. It's the rate of job creation that catches my eye, and in March 192,000 new jobs were created. (Each month, about 150,000 new jobs must be created in the economy just to accommodate new entrants into the job market [graduates, immigrants, etc.]. Ergo, the real rate of unemployment may be something higher than the official 6.7%.) Nevertheless, if April's job growth is similar to the growth in March, then Sisyphus actually may have hit an easy spot on his way up the economic growth hill. What about the Federal Reserve? The Fed has given every indication that it will continue to pull back on quantitative easing (injection of money into the long-term money markets). I don't believe there is any reason for them not to. The billions upon billions of dollars the Fed has been injecting into the economy for a year or more has mostly resulted in stock prices being driven up. I believe that formerly, the main impediment to recovery was economic uncertainty caused by congressional and administration brinkmanship over the debt ceiling and the budget; today, I think that limitations on private commercial lending through the banking system may be making Sisyphus's job harder. New banking regulations and an understandable rise in credit standards (after the 2008-2010 bloodbath) have reined in lending and capital formation. So, Sisyphus is not so much facing uncertainty as he is facing stagnant banking system confidence. If the Fed continues to pump more billions into the economy, it may indeed keep interest rates down, but I believe rates may remain low even if the Fed's additions to the money supply dry up. And bankers may be gaining confidence. In February 2014, issuance of commercial and industrial loans rose 26.4% (the highest increase in several years), and in March 2014 the increase was 13.4% (not too shabby). Hopefully we can continue to roll this rock all the way up the hill.

Author: Ken Maxey

Local Trends

Memphis Employment Private Sector Employees

2008	543,300
2009	513,400
2010	503,000
2011	507,700
2012	515,100
2013	520,800
2014-YTD	519,200

Source: Bureau of Labor Statistics

Cost of Living Index Memphis (Nat'l Avg = 100)

Composite	85.2
Grocery	88.4
Housing	72.8
Utilities	85.4
Transportation	88.8
Health care	95.1
Miscellaneous	91.3

Source: ACCRA 4th Qtr. 2013

Memphis Employment Government Employees

2008	89,200
2009	87,700
2010	87,100
2011	86,200
2012	85,900
2013	84,000
2014-YTD	84,300

Source: Bureau of Labor Statistics

Tennessee Employment Growth Rates Change from Prior Year

	Q4-13	Q3-13	Q4-12	2013	2012
Total nonfarm	1.3%	1.3%	1.8%	1.3%	2.0%
Manufacturing (12%)	1.5%	1.2%	3.0%	1.7%	2.9%
Other (nonmanufacturing) goods-producing (4%)	0.7%	-0.7%	-2.8%	-0.7%	0.2%
Private service-producing (69%)	2.0%	1.9%	2.3%	1.9%	2.6%
Government (15%)	-1.6%	-0.7%	-0.2%	-1.0%	-0.9%
Unemployment rate (percent of labor force)	7.9%	8.3%	8.1%	8.2%	8.2%

Source: FDIC



Rates

Treasury 10yr	2.623
Treasury 30yr	3.496
LIBOR 3 mo.	0.23
WSJ Prime Rate	3.25
Mortgage 15yr	3.40
Mortgage 30 yr	4.37

Commodities

Soybeans May 14' per bushel	\$14.65
Wheat May 14' per bushel	\$6.63
Cotton May 14' per lb	\$88.77s
Rice May 14' per cwt	\$15.67
Corn May 14' per bushel	\$4.99

Source: WSJ, AGWEB - Market data as of 4.11.14

National Trends

Business Outlook—U.S. Firms' Growth Expectations During the Next 12 Months

Monthly Averages	March 2014	December 2013	September 2013	June 2013
Earnings growth	7.1%	14.3%	13.4%	7.5%
Capital spending	6.8%	7.3%	4.8%	6.1%
Technology spending	5.5%	5.6%	4.2%	6.1%
Marketing spending	4.0%	4.1%	3.7%	3.2%
Employment	1.2%	1.4%	1.8%	0.8%

Source: Duke's Fuqua School of Business/CFO Magazine Business Outlook March 2014
Results for 379 U.S. firms expecting growth in their own businesses during the next 12 months

Percentages indicate an increase or decline for each category

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
February 2014	4,173
January 2014	3,874
December 2013	3,914
November 2013	4,126
October 2013	3,996
September 2013	3,949
August 2013	3,925
July 2013	3,816

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate

Employment Cost Index, NSA

	Index Number	12-Month Change
Q1-2013	118.3	+1.8%
Q2-2013	119.0	+1.9%
Q3-2013	119.5	+1.9%
Q4-2013	120.0	+2.0%

Source: BLS 2005 = 100.0 NSA = not seasonally adjusted

Personal Income

In billions of dollars, SAAR

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Personal income	14,290 ▼	14,310 ▲	14,307 ▼	14,356 ▲	14,398 ▲
Disposable personal income	12,611 ▼	12,625 ▲	12,616 ▼	12,667 ▲	12,706 ▲
Personal consumption expenditures	11,582 ▲	11,683 ▲	11,707 ▲	11,712 ▲	11,742 ▲

Source: Bureau of Economic Analysis

SAAR = seasonally adjusted annual rate

Consumer Price Index: Medical, NSA

	Feb-13	Feb-14	Y-Y Change
Medical care	423.2	432.7	+2.3%
Medical care services	451.6	462.6	+2.4%
Hospital services*	264.0	276.5	+4.7%
U.S. all items	232.1	234.7	+1.1%

Source: BLS NSA = not seasonally adjusted
1982-86 = 100.0 *1996 = 100.0

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
Jan-13	360.6	460.9	1,131.1
Jan-14	346.1	420.7	1,329.2
Feb-13	361.3	457.4	1,149.1
Feb-14	357.5	426.4	1,372.7

Source: Bureau of Economic Analysis

Gross Domestic Product

Q4-12	0.1%
Q1-13	1.1%
Q2-13	2.5%
Q3-13	4.1%
Q4-13 (r)	2.6%

Source: Bureau of Economic Analysis
Percent change from prior qtr. (r) = revised

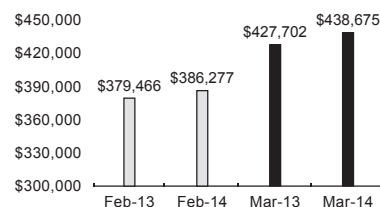
Consumer Confidence Index

Nov-13	72.0
Dec-13	77.5
Jan-14	79.4
Feb-14 (r)	78.3
Mar-14 (p)	82.3

Source: The Conference Board 1985 = 100
(p) = preliminary (r) = revised

Total U.S. Retail Sales

In Millions (000,000s) NSA



Source: U.S. Department of Commerce
NSA = not seasonally adjusted