

Evolve Bank & Trust Your Business Banking Partner

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. To find out how Evolve can help your business visit us online at www.getevolved.com.



Memphis Home Sales

Existing Single-Family Homes—NSA

	Jan-12	Jan-13
Sales	1,103	1,023
Inventory	5,685	5,444
Under contract	1,432	1,253
Average sale price	\$119,199	\$132,451

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

Memphis Home Permits

Authorized Units Privately Owned—NSA

	Total	Y-Y Change
Nov-12	247	
Nov-13	277	+12.1%
Dec-12	353	
Dec-13	136	-61.4%

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

Memphis Employment

National Unemployment Average 6.6% - Jan 2014

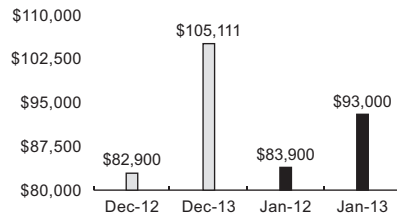
	Employment Change*	Unemployment Rate
Nov-12	+1,716	8.1%
Nov-13	+7,841	8.8%
Dec-12	-892	8.7%
Dec-13	-6,680	8.6%

Source: Bureau of Labor Statistics *Change from prior month

Memphis Economic Benchmarks

Memphis Median Home Price*

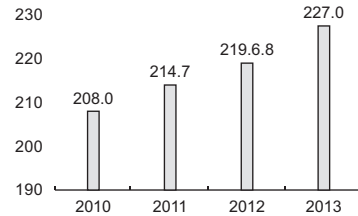
U.S. Median: \$197,100 in December



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

Memphis* Consumer Price Index

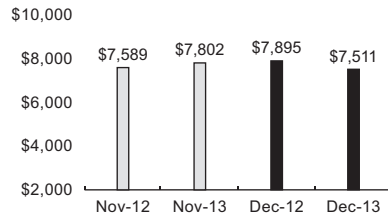
1982-84 = 100 (U.S. Average 232.9) NSA



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

Tennessee Retail Sales

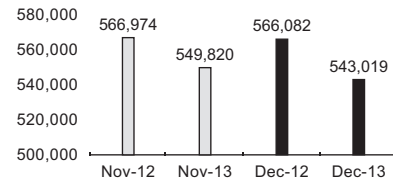
In Millions (000,000s) NSA



Source: Tennessee Department of Revenue
NSA = not seasonally adjusted

Memphis Employment

Tennessee Unemployment Rate 7.8%



Source: Bureau of Labor Statistics
NSA = not seasonally adjusted

Inside The Economy

The Last Great Hurdle

It's been a "good news – bad news" sort of month. While manufacturing orders perked up again, job creation was anemic and the Federal Reserve announced another cut in quantitative easing to \$65 billion per month. Corporate earnings remain mixed and the markets are seesawing a bit with a significant correction in the beginning of February with some bargain hunting going on as I write this mid-month. Sort of old news as you read it. However, before we can really see the sort of private consumption and investment that hallmarks a truly recovering economy, there is still one hurdle to cross – the debt ceiling increase. I am heartened to see that the conservative camp is preparing a proposal to address the ceiling issue in a timely manner. I am sure the liberal camp is preparing its list of wants and needs, and how flexible they will be. Given the political climate change that has occurred, I believe a debt ceiling deal will be reached sooner than the last time with less chest pounding and hair pulling. Brinkmanship has become passé (maybe only temporarily) with American citizens about to vote for another slate of Congressionalites in nine months or so. Ideology notwithstanding, failure to authorize an increase in the debt ceiling is as serious an issue as ever. Second, be prepared to watch the can being kicked down the road again. The present denizens of the Congress are not any more prepared to deal with serious debt limits and spending than they were before. They might squeak out a few more spending concessions (both increases and decreases), but the result won't be dramatic. Everyone realizes it's a brand-new Congress in January 2015. If history repeats itself, these issues will be thrown to the next set of Congressional guys and gals in hope they have more insight and intestinal fortitude to tackle spending priorities in a serious and sensible manner. For the moment, having an early debt ceiling resolution come true is the key prescription for economic progress in the short term. At worst, the economy will continue slowly floundering ahead and, at best, we could witness some moderate real growth including increased job creation and a real drop in the unemployment rate. The smart money is on the political establishment wanting to take credit for positive economic progress this year, in contrast to the pounding it took during threat of the last fiscal cliff.

Author: Ken Maxey

Local Trends

Memphis Employment Mining, Logging, Construction

2007	26,400
2008	24,700
2009	21,300
2010	19,300
2011	19,800
2012	20,700
2013	20,100

Source: Bureau of Labor Statistics

Average Weekly Wage Q2-13 Avg. County Weekly Wage

Fayette	\$713
Hardeman	\$703
Haywood	\$702
Lauderdale	\$602
McNairy	\$590
Shelby	\$945
Tipton	\$655

Source: Bureau of Labor Statistics

Memphis Employment Education and Health Services

2007	77,500
2008	79,200
2009	80,000
2010	80,900
2011	82,000
2012	85,200
2013	88,900

Source: Bureau of Labor Statistics

Tennessee Population Forecast for 2030

Age	2000 Total	2030 Forecast	Change from 2000	Percent Change
Under 18	892,360	977,929	85,569	9.6%
5-17	656,007	700,929	44,922	6.8%
18-24	357,085	375,736	18,651	5.2%
25-44	975,169	933,090	-42,079	-4.3%
45-64	770,090	868,943	98,853	12.8%
65+	455,950	757,553	301,603	66.1%
Total	3,450,654	3,913,251	462,597	13.4%

Source: U.S. Census Bureau



Rates

Treasury 10yr	2.715
Treasury 30yr	3.677
LIBOR 3 mo.	0.24
WSJ Prime Rate	3.25
Mortgage 15yr	3.48
Mortgage 30 yr	4.44

Commodities

Soybeans Mar 14' per bushel	\$13.57
Wheat Mar 14' per bushel	\$6.03
Cotton Mar 14' per lb	\$88.11s
Rice Nov 13' per cwt	\$15.58
Corn Mar 14' per bushel	\$4.46

Source: WSJ, AGWEB - Market data as of 2.18.14

National Trends

U.S. Employment Outlook

	Increase	Decrease	No Change	Don't know	Net Employment Outlook
Q1-2014	17%	7%	73%	3%	10%
Q4-2013	18%	8%	72%	2%	10%
Q3-2013	22%	6%	70%	2%	16%
Q2-2013	18%	5%	73%	4%	13%
Q1-2013	17%	8%	72%	3%	9%

Sources: Manpower Survey Q1-2014

Data is based on interviews with 18,000 employers, who were asked how the current employment situation will change in the next three months.

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
November 2013	4,001
October 2013	3,925
September 2013	3,883
August 2013	3,844
July 2013	3,689
June 2013	3,953
May 2013	3,828
April 2013	3,757

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

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Personal income	14,188 ▲	14,300 ▲	14,290 ▼	14,310 ▲	14,307 ▼
Disposable personal income	12,522 ▲	12,634 ▲	12,611 ▼	12,625 ▲	12,616 ▼
Personal consumption expenditures	11,528 ▲	11,550 ▲	11,582 ▲	11,683 ▲	11,707 ▲

Source: Bureau of Economic Analysis

SAAR = seasonally adjusted annual rate

Consumer Price Index: Medical, NSA

	Dec-12	Dec-13	Y-Y Change
Medical care	418.0	427.0	+2.0%
Medical care services	445.9	457.2	+2.5%
Hospital services*	258.4	269.3	+4.2%
U.S. all items	229.6	233.0	+1.5%

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

Gross Domestic Product

Q4-12	0.1%
Q1-13	1.1%
Q2-13	2.5%
Q3-13	4.1%
Q4-13 (p)	3.2%

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

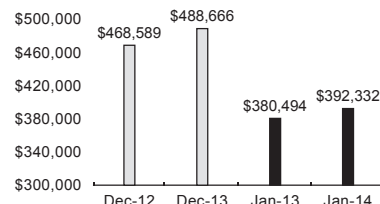
Consumer Confidence Index

Sep-13	80.2
Oct-13	72.4
Nov-13	72.0
Dec-13	77.5
Jan-14	80.7

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