

Growth Remains Solid Despite Many Shocks

TGFOA

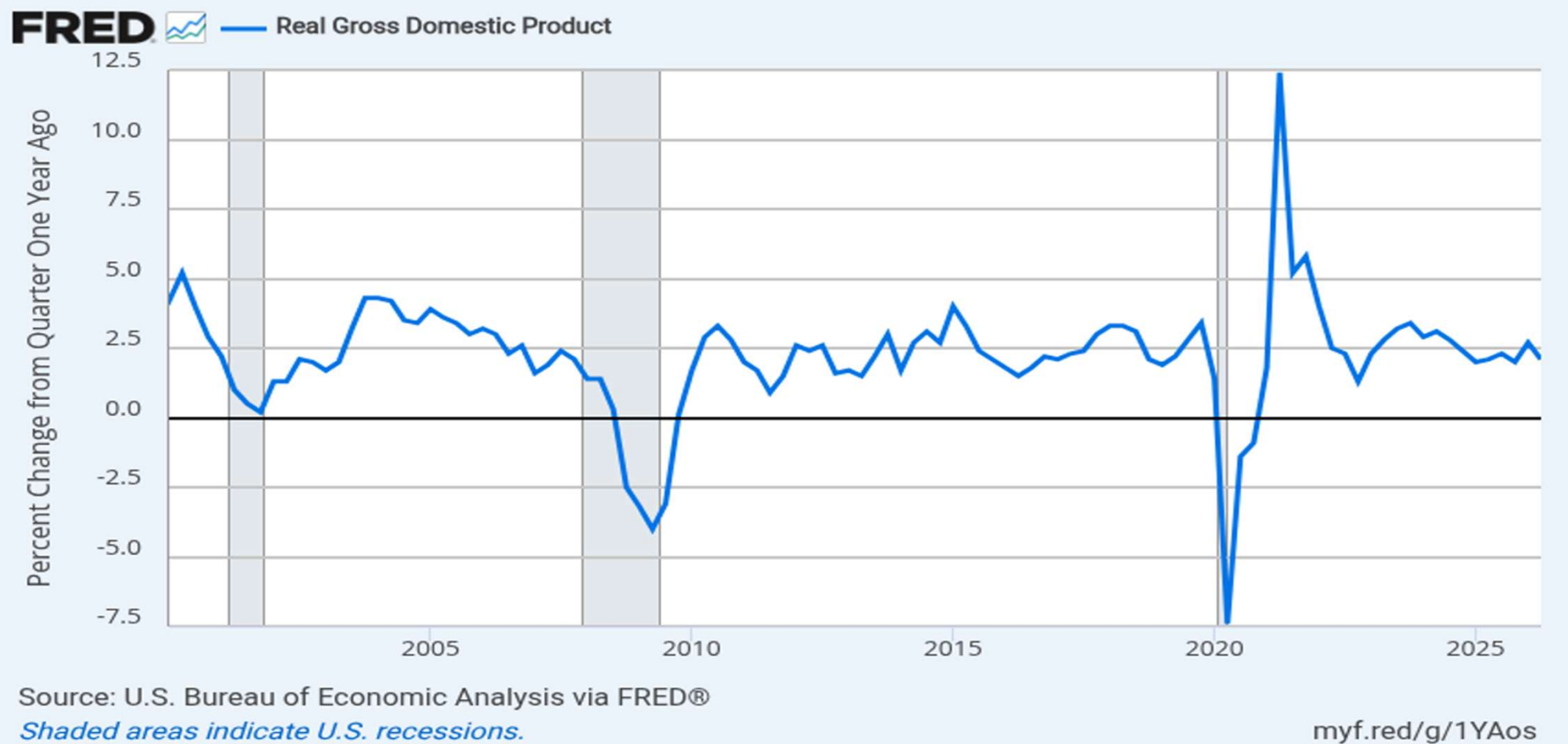
**Bill Fox, Special Advisor
UTK Chancellor
Sept 30, 2026**



THE UNIVERSITY OF
TENNESSEE
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GDP growth has been in a similar range for 15 years

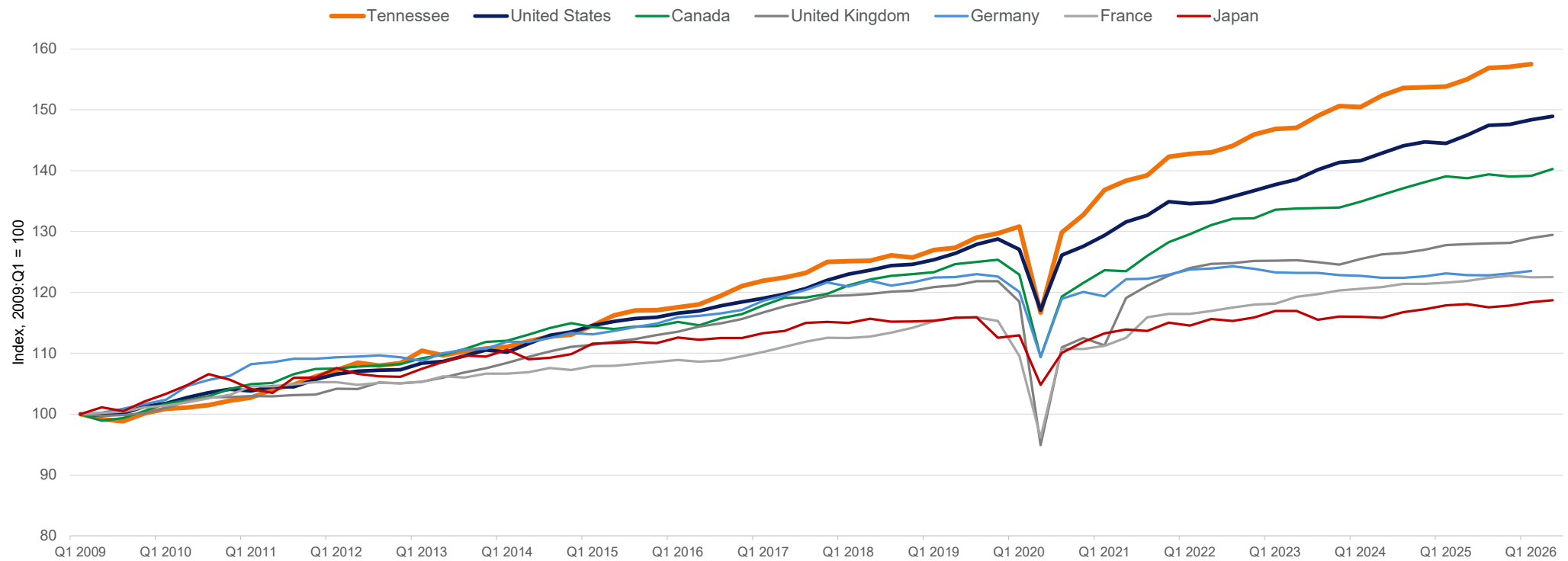


Source: Bureau of Labor Statistics

Risks to Continued Growth

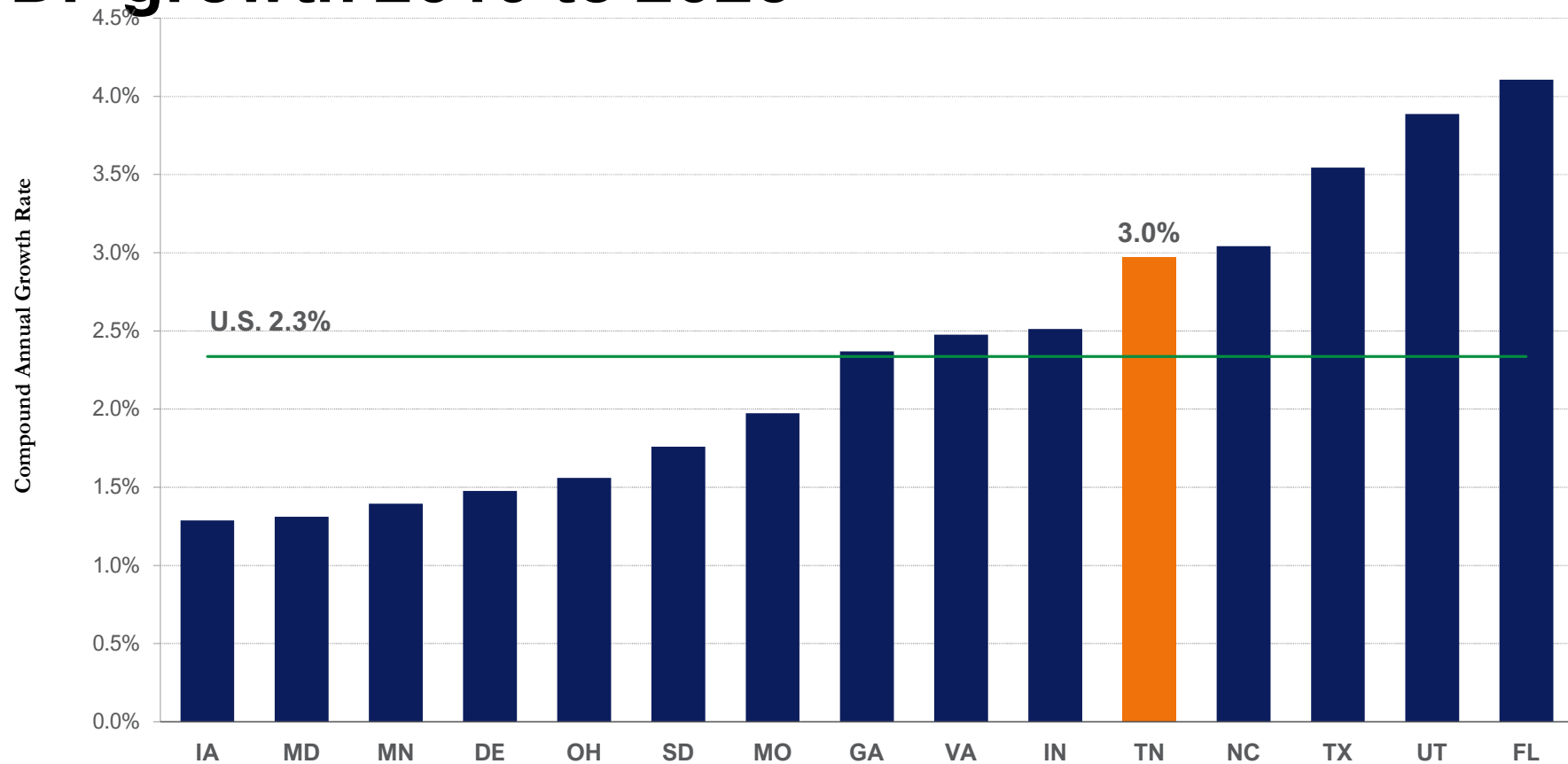
- Geopolitical – China, Iran, Ukraine,
- Rising US Debt – high interest rates
- Inflation – Series of shocks including tariffs, wars
- Consumer confidence
- Policy uncertainty

Tennessee GDP Growth has Outpaced the US and Major Trading Partners Since 2009



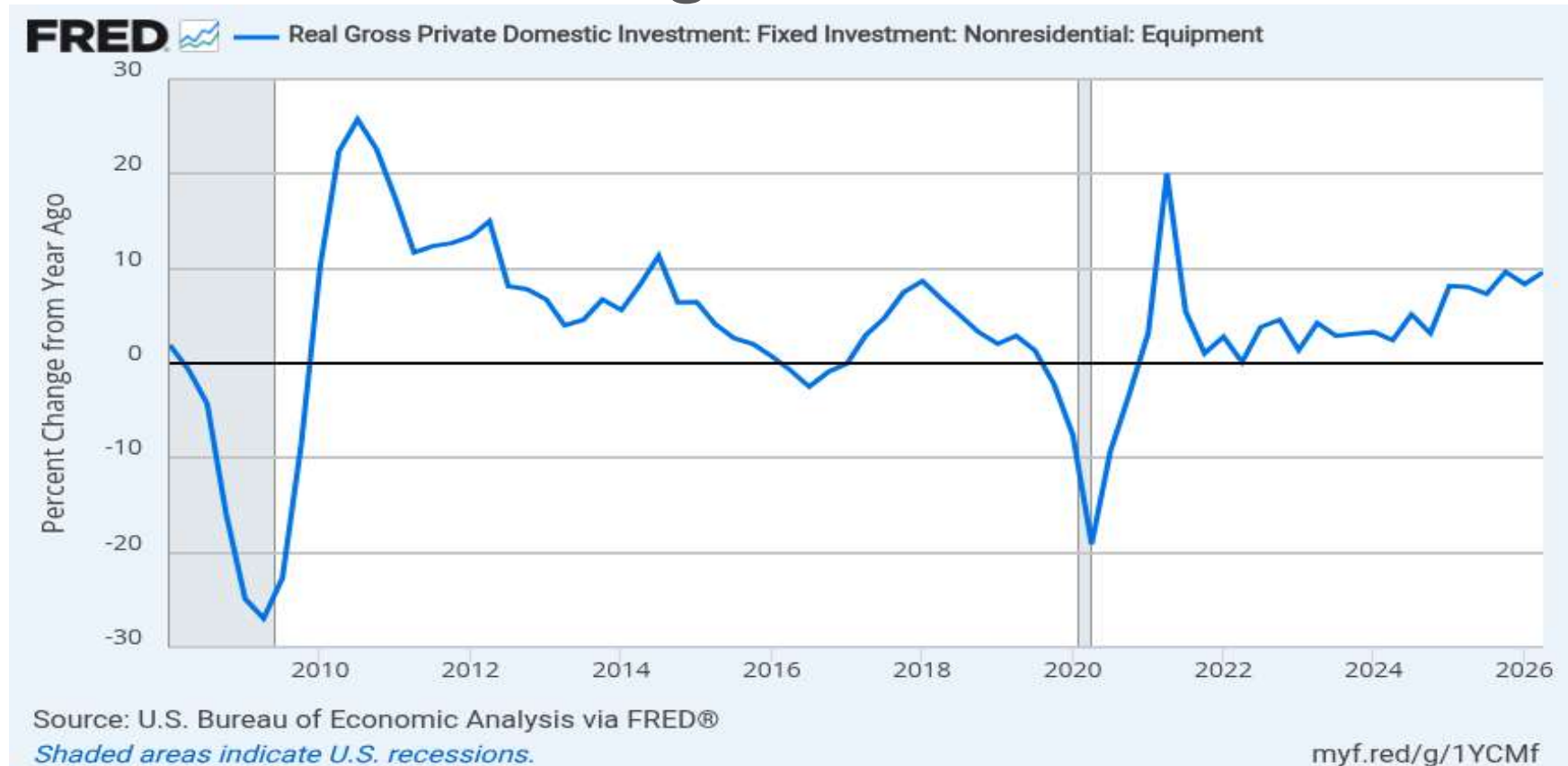
Source: BEA (U.S., Tennessee); IMF International Financial Statistics (Canada, U.K., Germany, France, Japan). Quarterly real GDP, SA, index 2009:Q1=100. Tennessee and Germany through 2026:Q1; others through 2026:Q2.

TN GDP has outpaced most AAA rated states, GDP growth 2019 to 2025

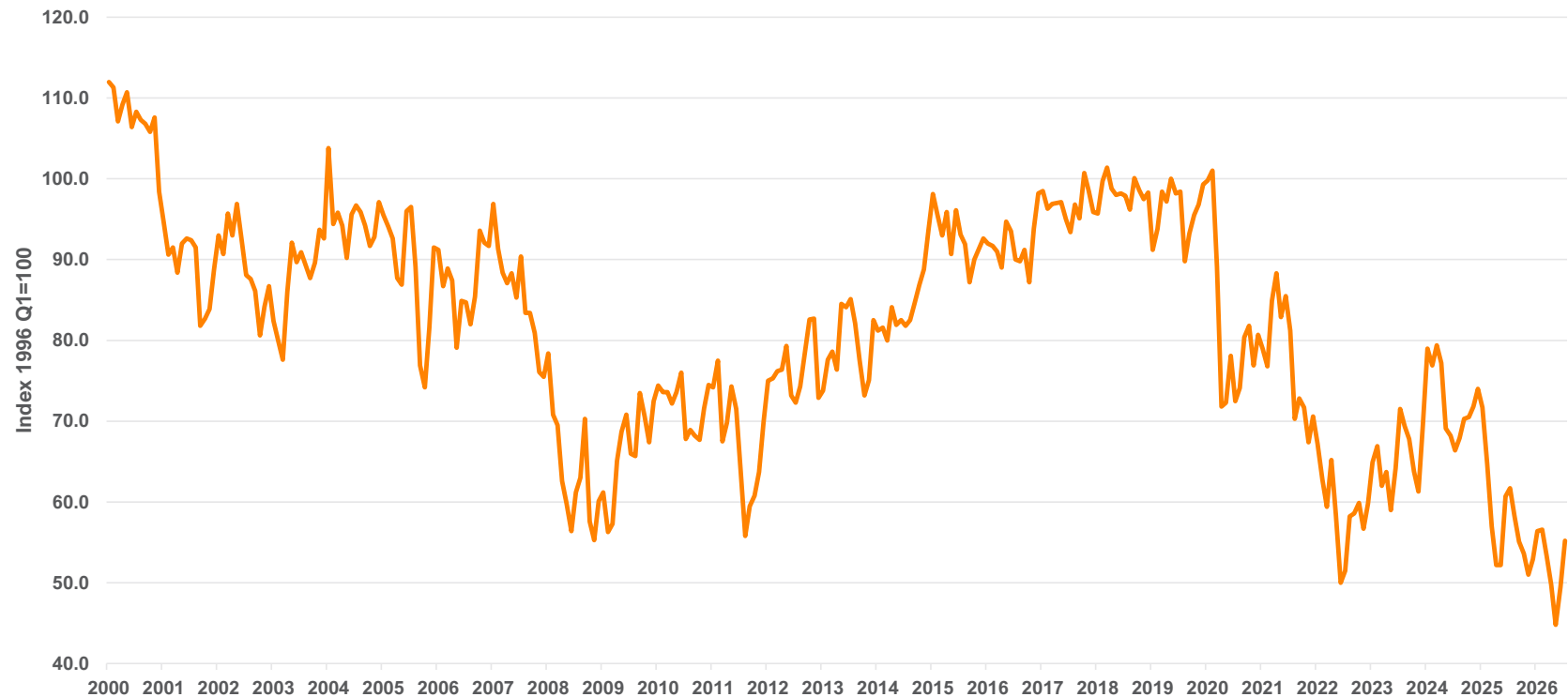


Source: Bureau of Economic Analysis

Rapid business equipment investment explains much recent GDP growth



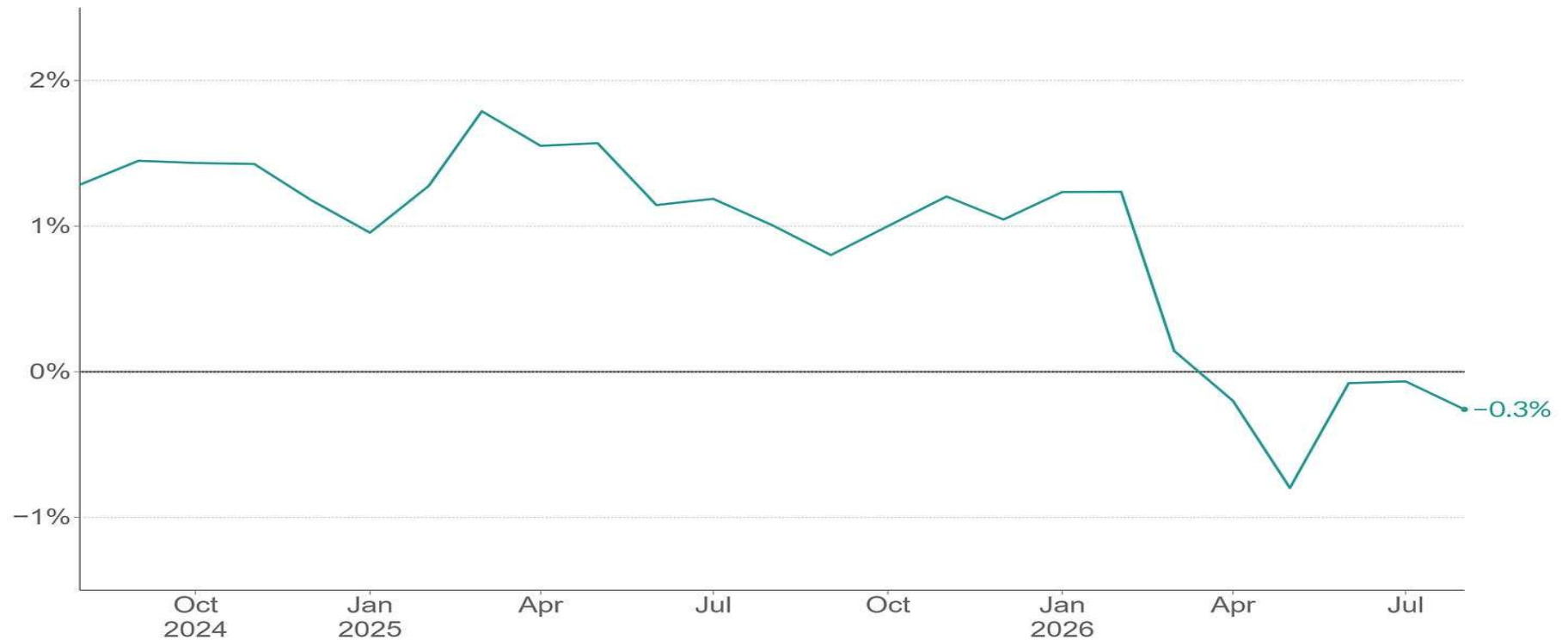
Consumer Sentiment Is Still Near Record Lows



Source: University of Michigan

Real wages have been falling

Year-ended growth in real wages

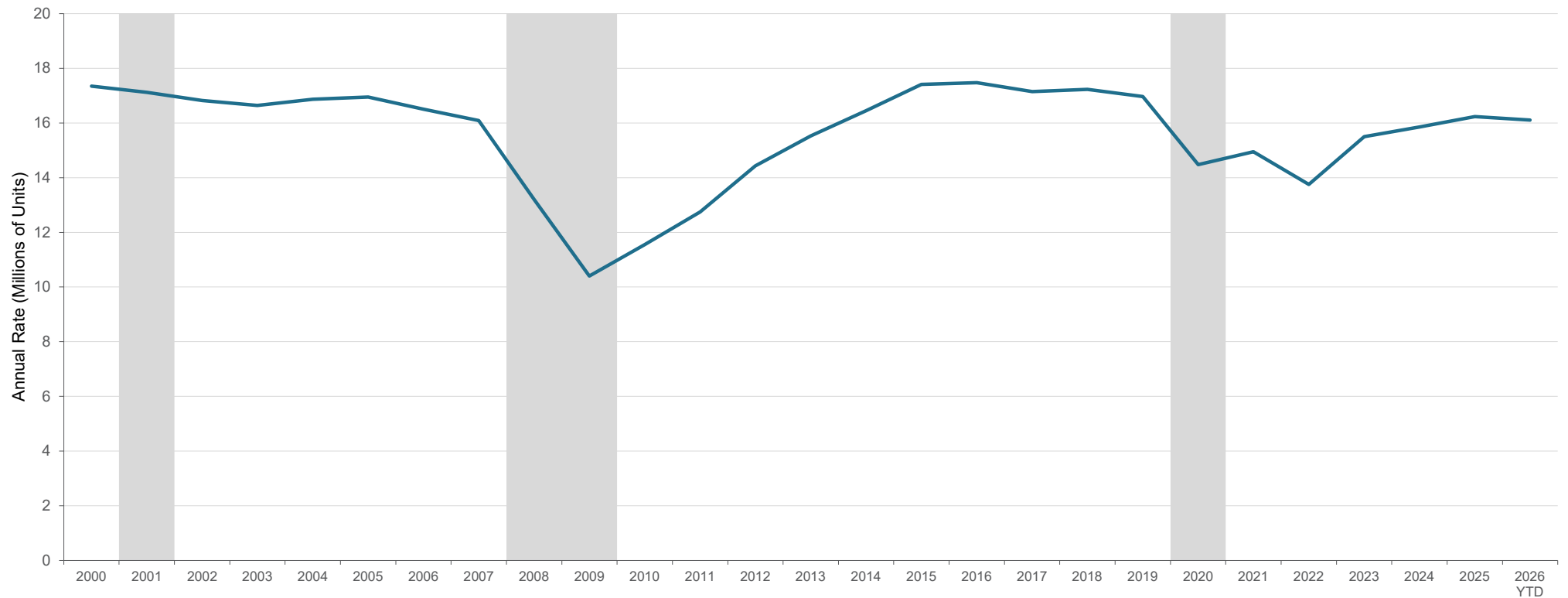


Average hourly earnings of all employees, deflated by the consumer price index

Chart: @JustinWolfers • Source: U.S. Bureau of Labor Statistics • Series: CES0500000003, CUSR0000SA0, Real_wage • Last observation: Aug 2026 • Created: Sep 11, 2026



Light Vehicle Sales Remain Below Pre-Great Recession Levels



Source: BEA

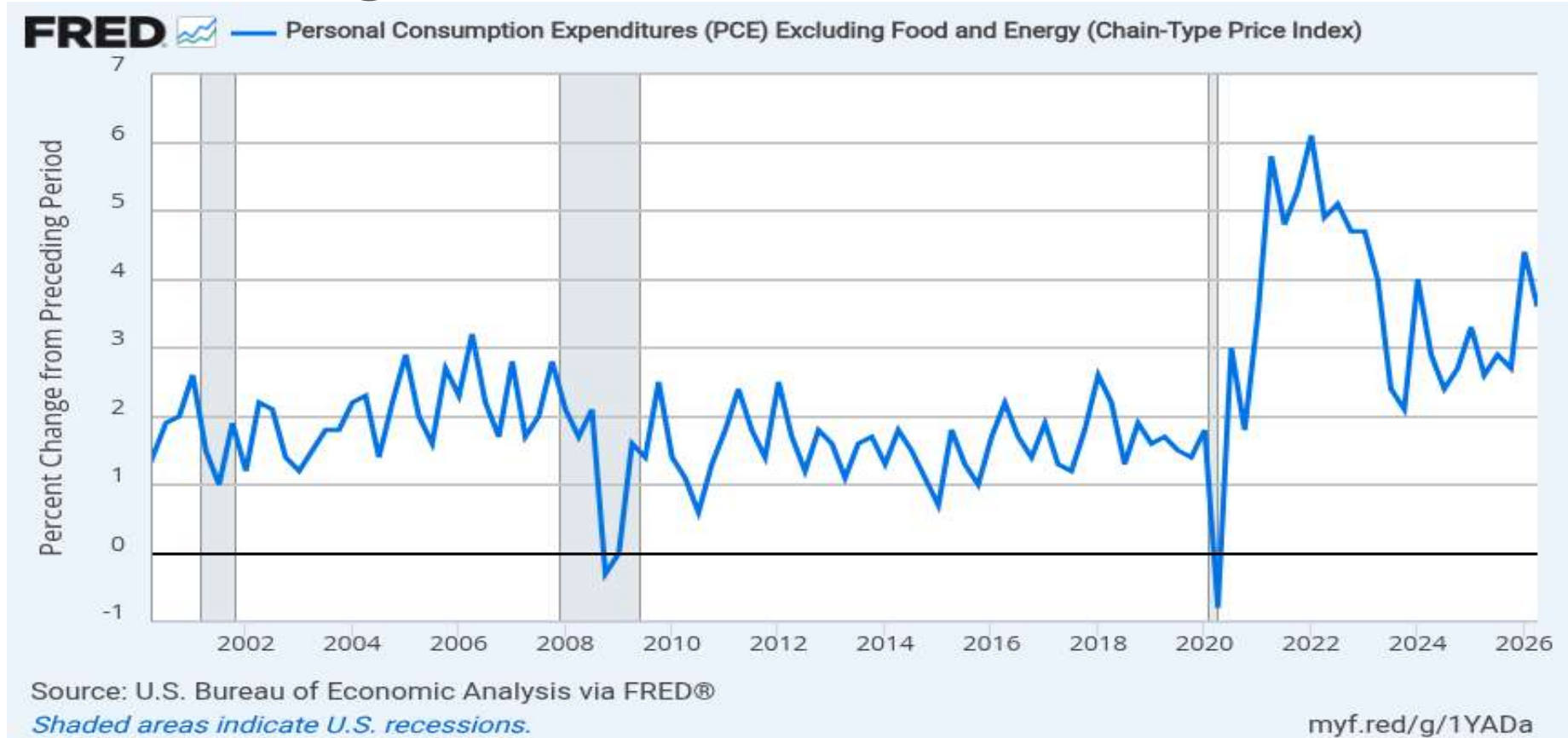
Housing starts are also well below previous peaks and are declining



US trade deficits are very large

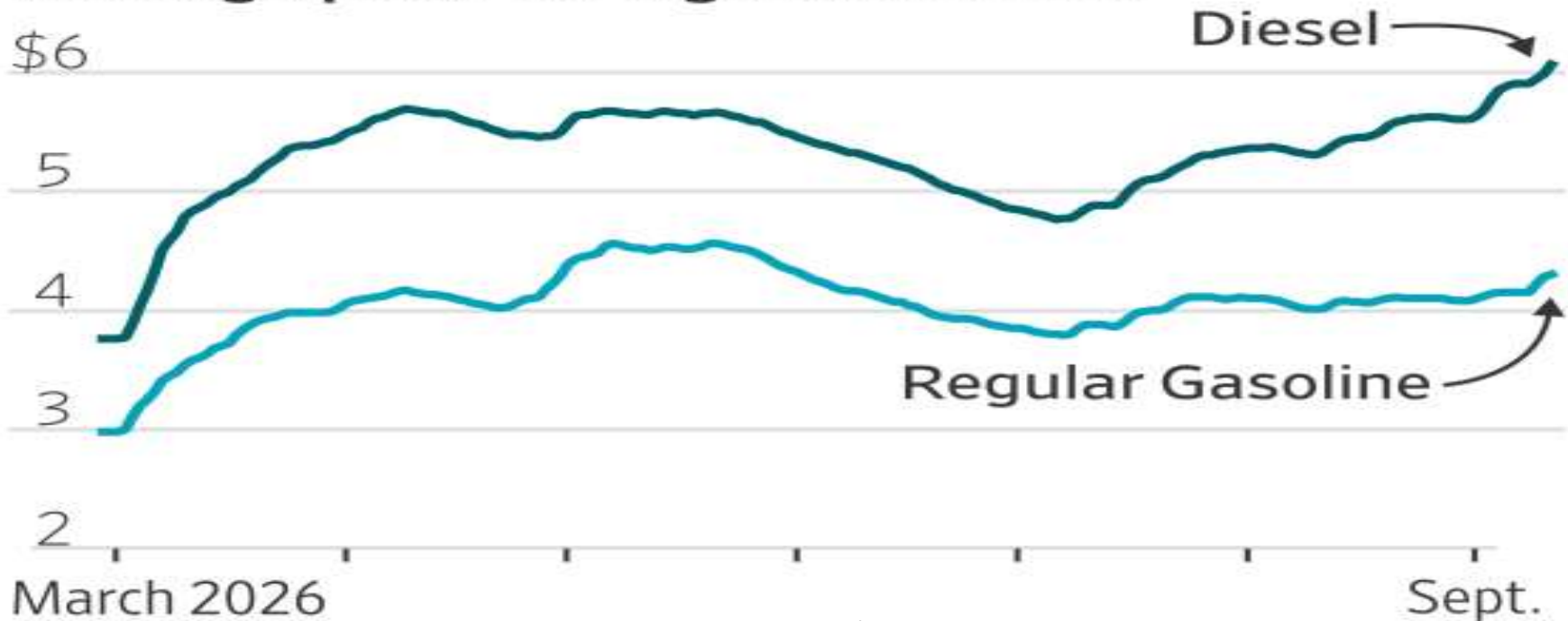


FED's Preferred Inflation Measure Running Above Target



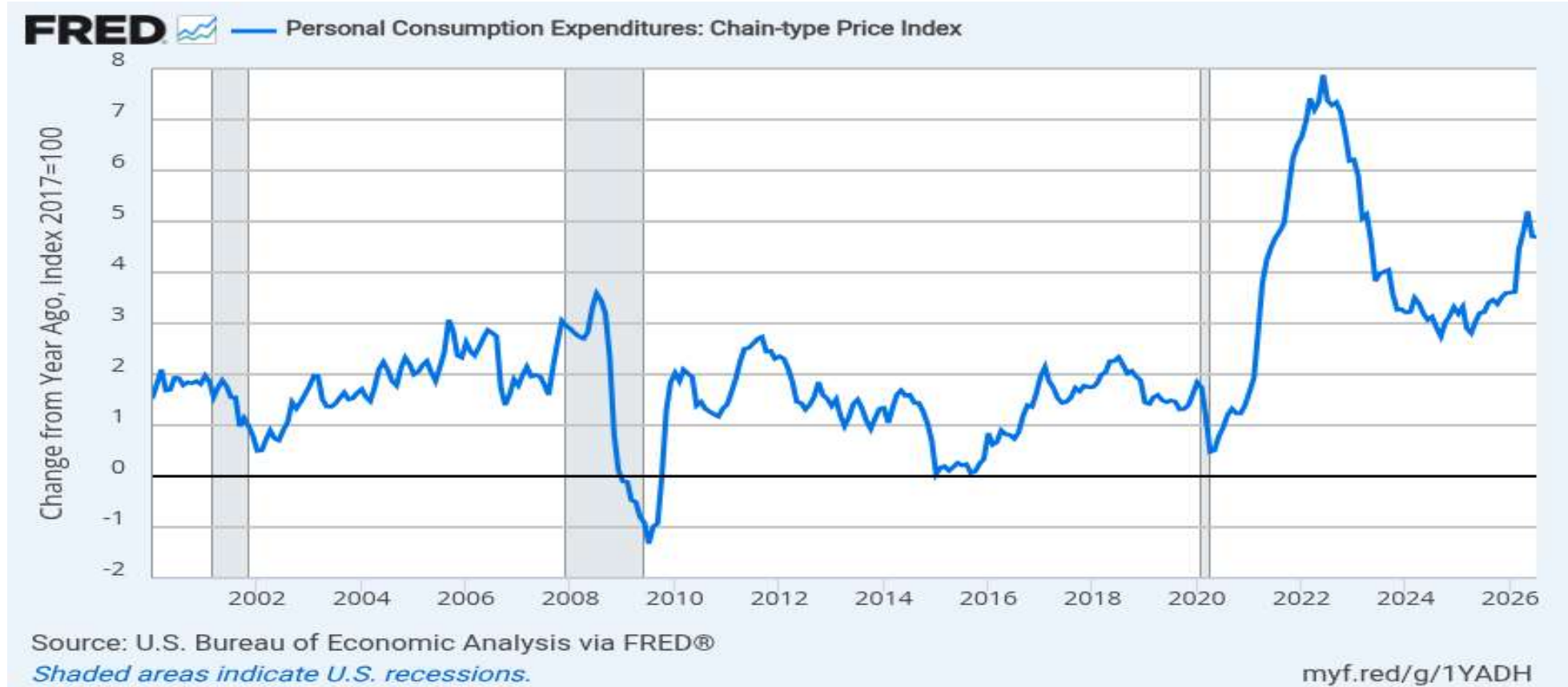
Oil related prices have risen rapidly

Average price for a gallon of fuel



Brown U estimates the war cost \$107 billion in gas and diesel last year

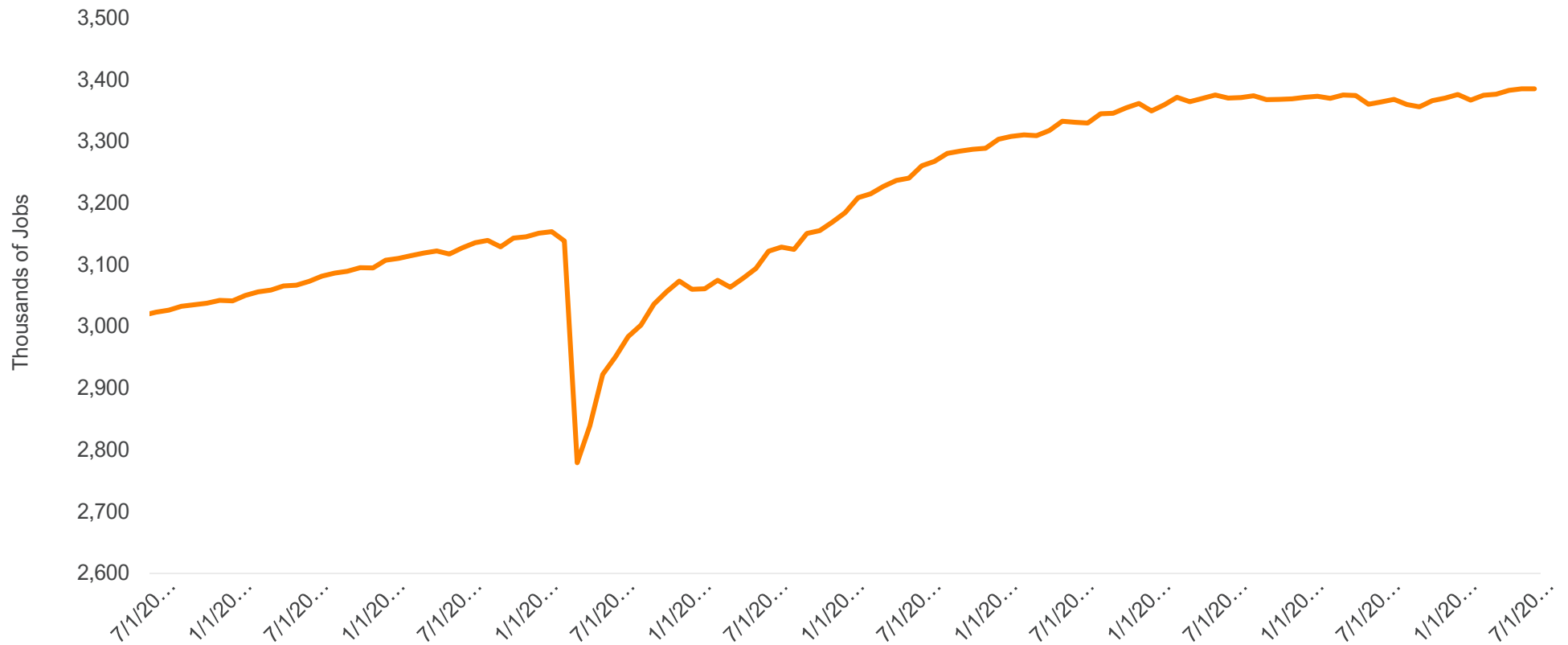
Inflation running hot, with or without energy and food



10-yr treasury bonds have the highest returns in about two decades

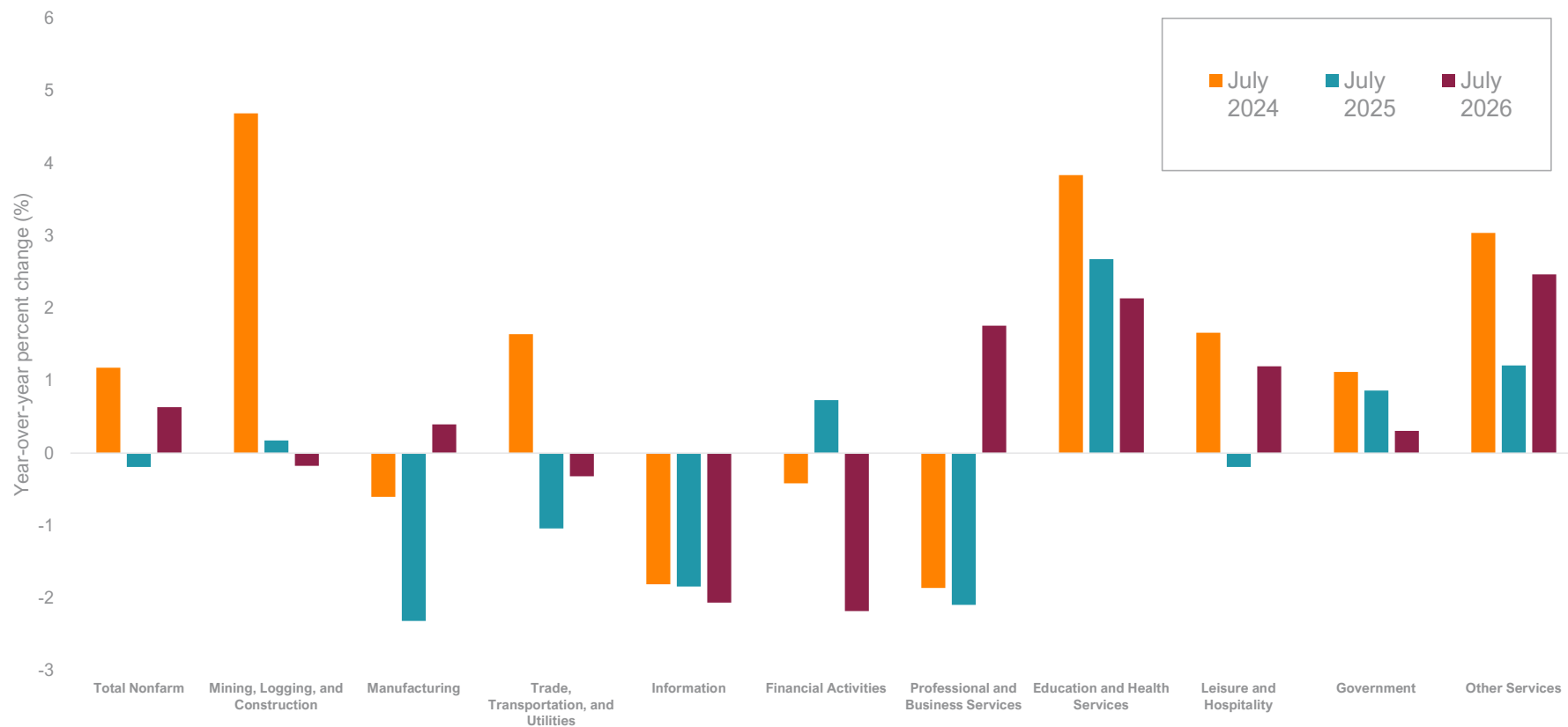


Tennessee Nonfarm Employment Growth Has Flattened (still *up 231,000* since Feb. 2020)



Source: Bureau of Labor Statistics

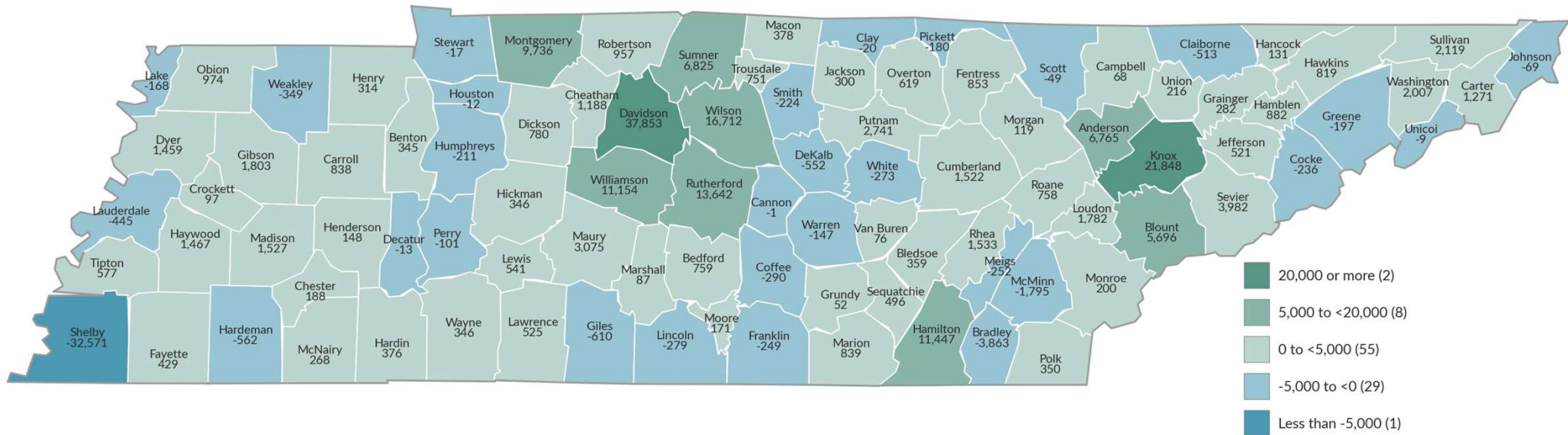
TN Job Growth Has Slowed in Most Sectors



Source: Bureau of Labor Statistics

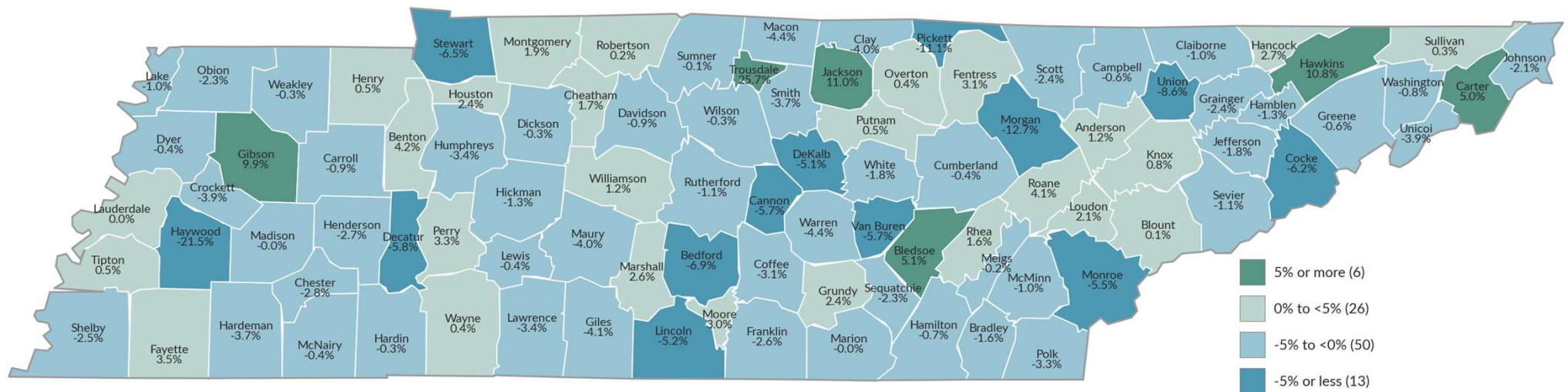
More than 2/3rds of counties have added employment since before the Pandemic, 2019 to 2025

Change in Number
of Jobs

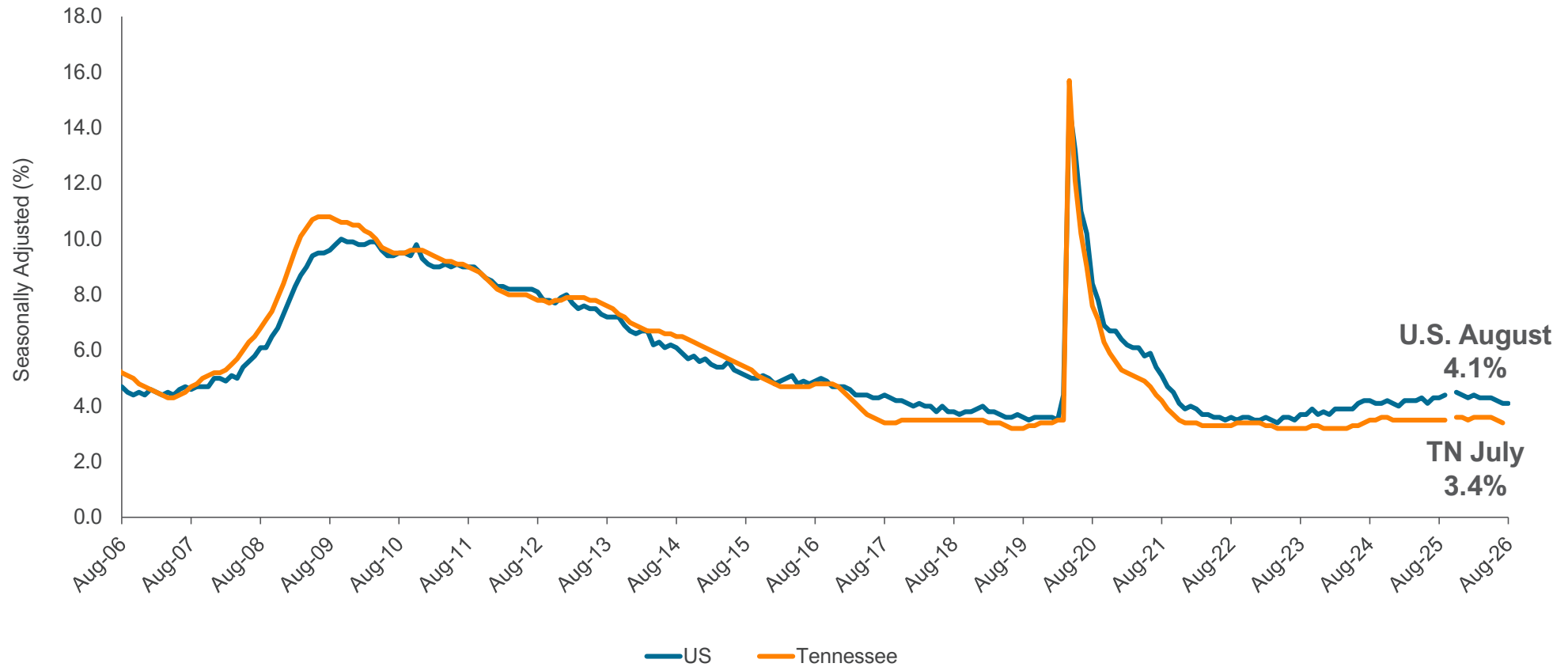


Only 31 counties saw employment growth last year, 2024 to 2025

Percentage Change

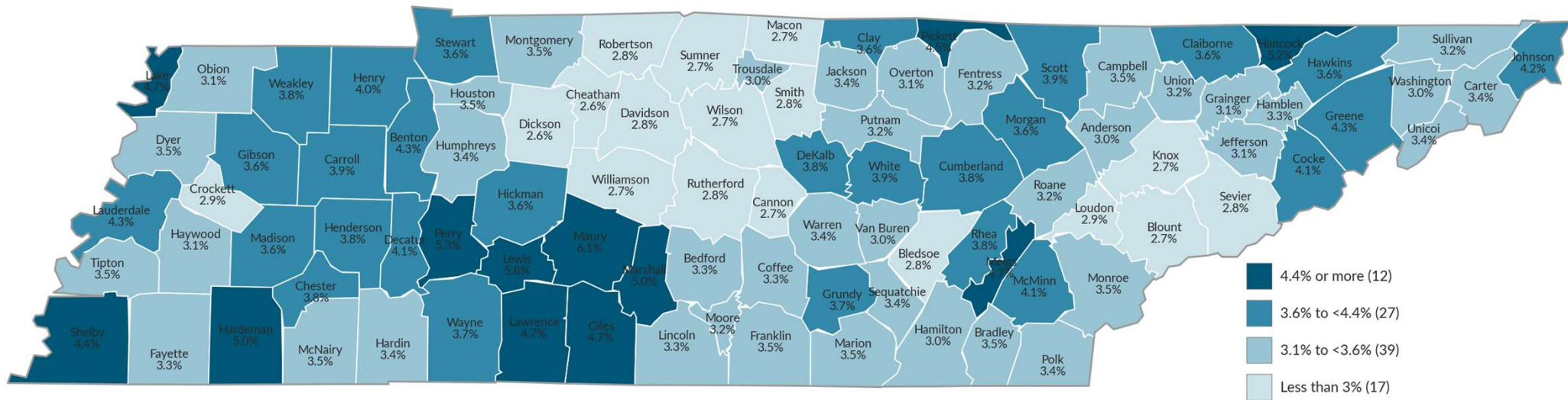


Unemployment Rates Remain Low and Have Edged Down

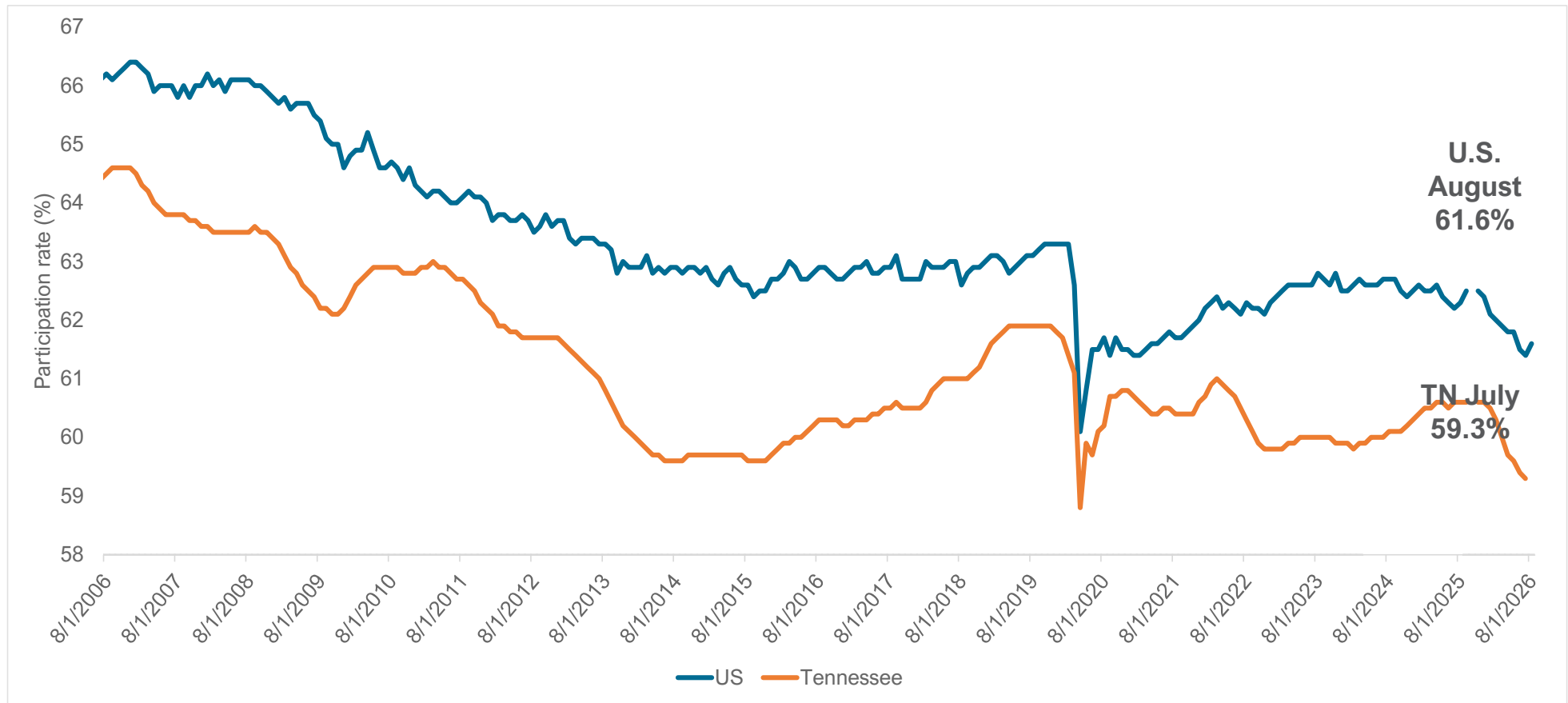


Source: Bureau of Labor Statistics

Unemployment Rates lowest in the Nashville and Knoxville areas, December 2025

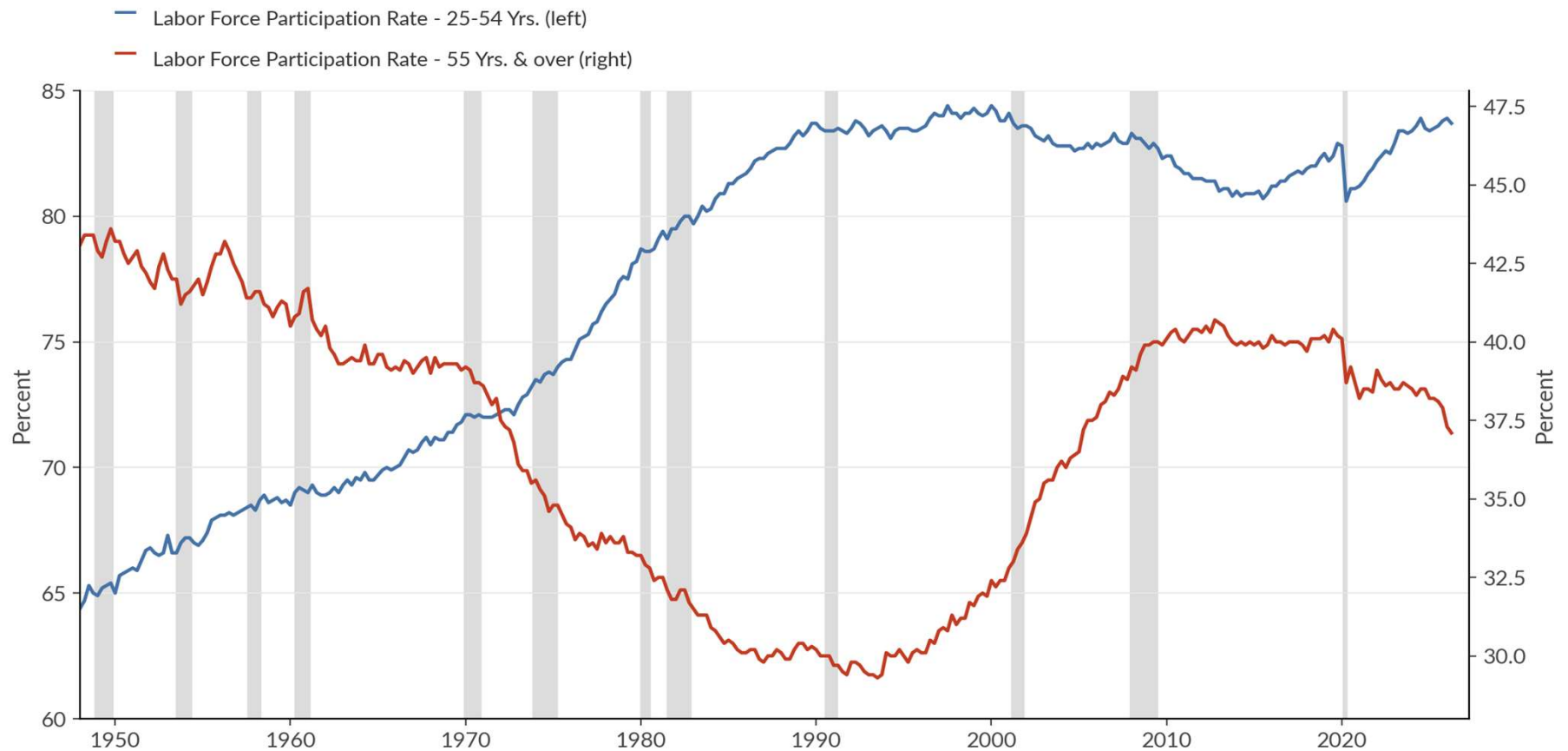


Labor Force Participation Is Falling Again



Source: Bureau of Labor Statistics

Aging population explains much of the labor force decline



Source: U.S. Bureau of Labor Statistics via FRED®. Shaded areas indicate U.S. recessions. Quarterly averages.

Source: Bureau of Labor Statistics

Male labor force has shrunk dramatically



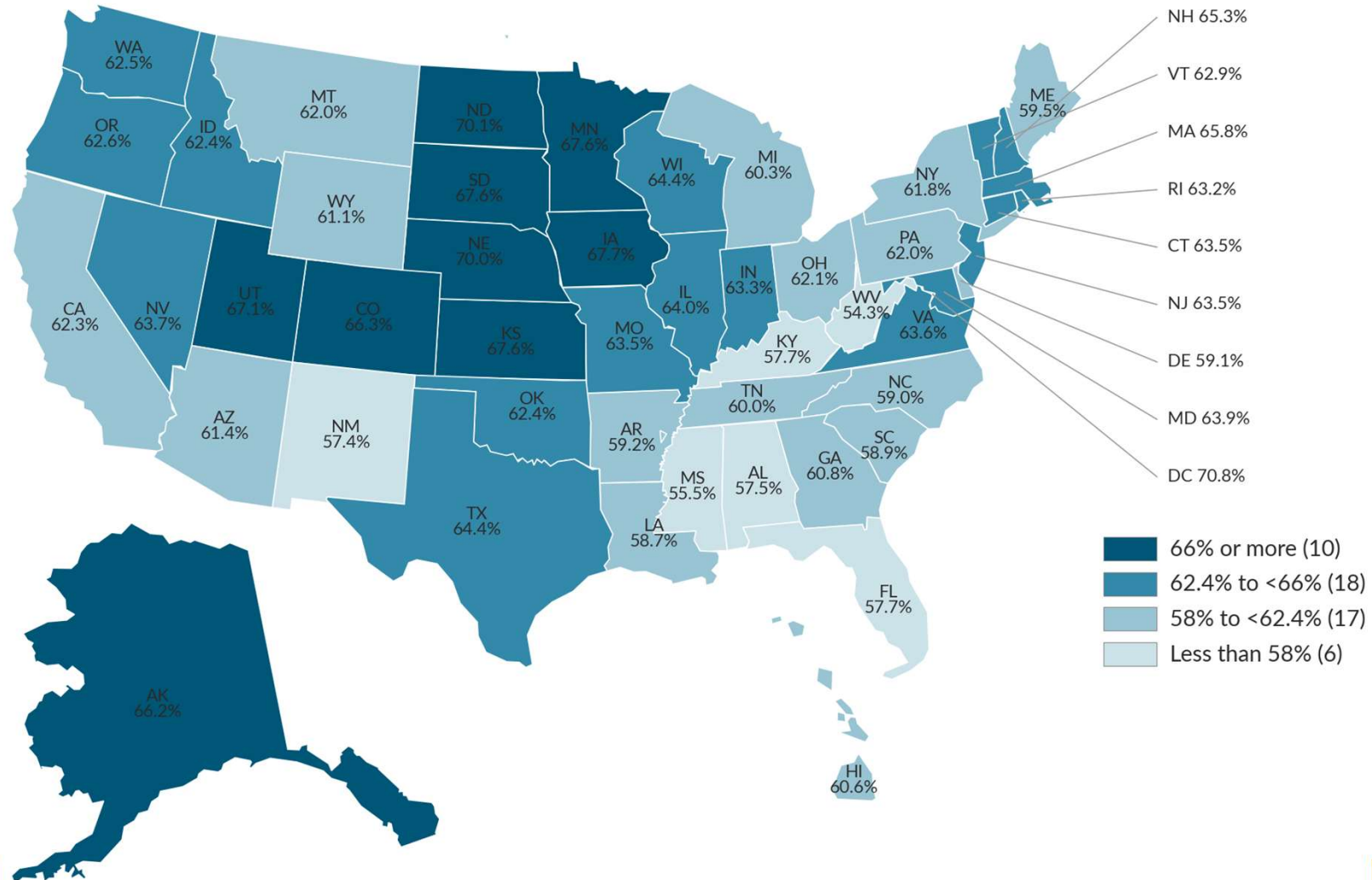
Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

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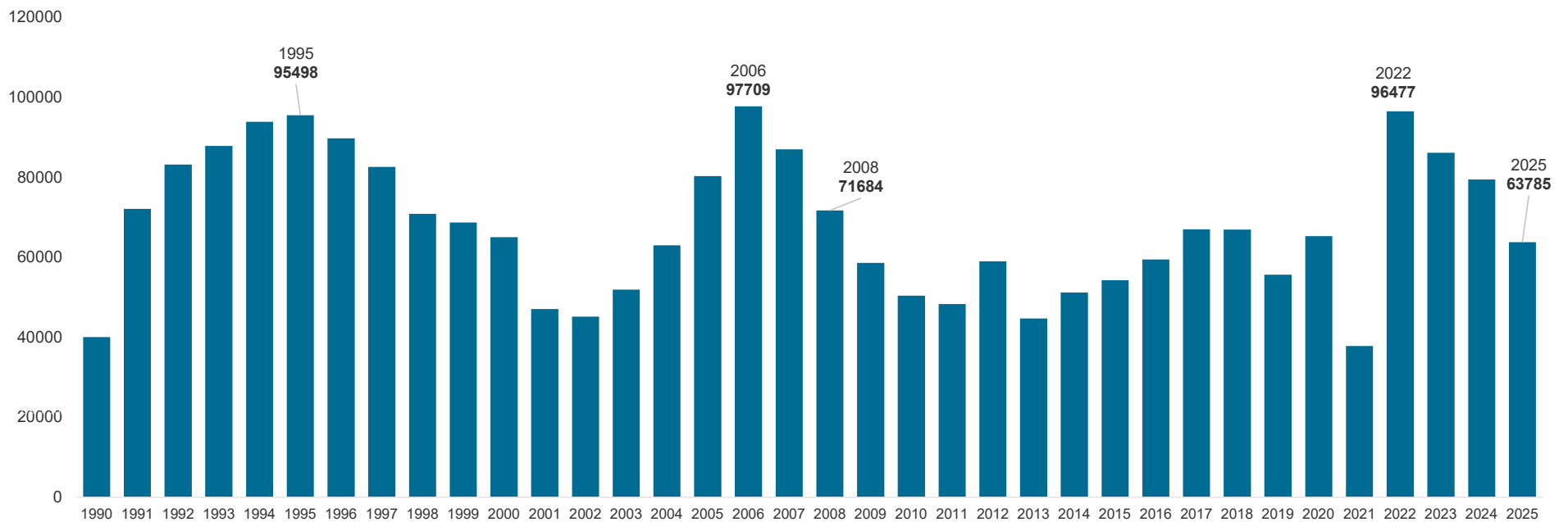
Source: Bureau of Labor Statistics

Labor Force Participation Rates are Low Across Most of the Southeast (April 2026)



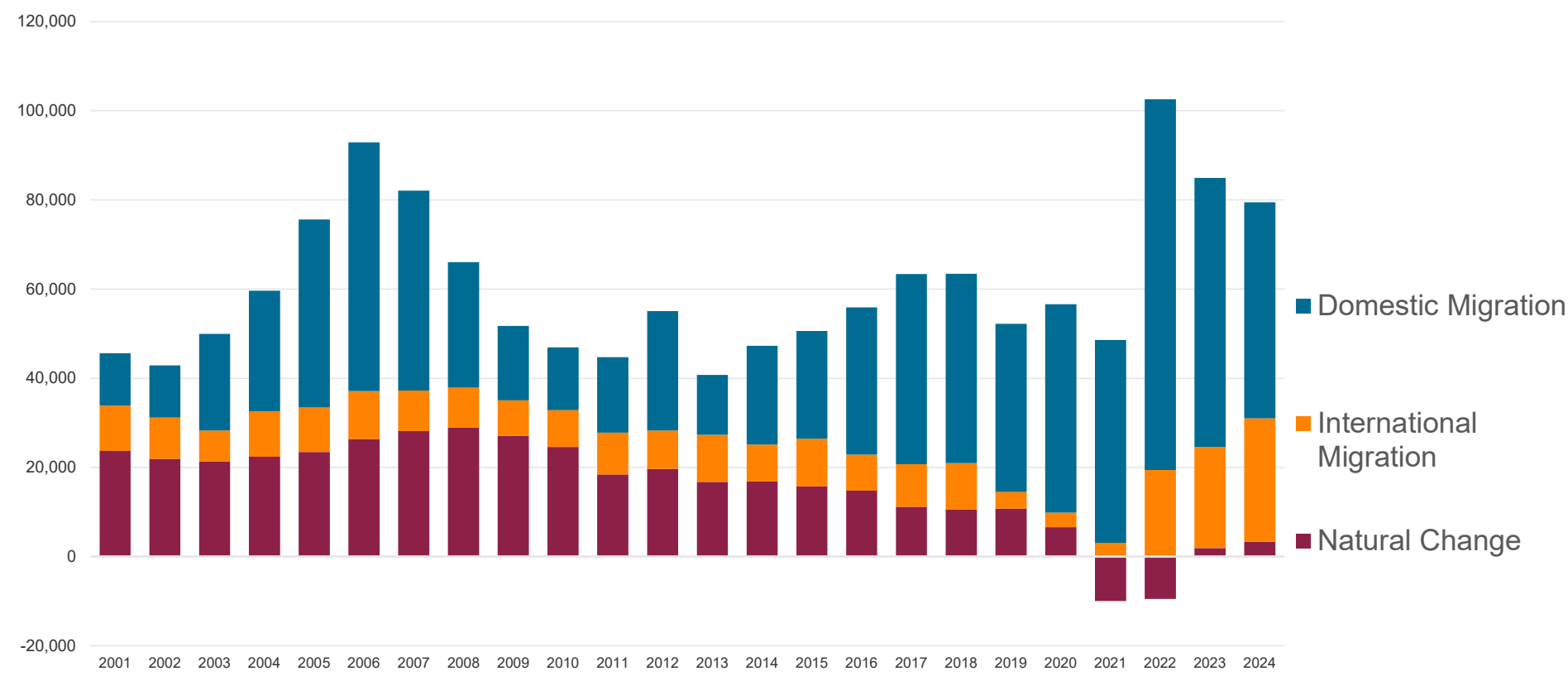
Tennessee Has Seen Three Consecutive Years of Strong Population Gains, but Growth is Slowing

Annual Population Change, 1990 to 2025



Source: U.S. Census Bureau, Population Estimate Program, 1990-2025

Population Growth in Tennessee Has Been Driven By Domestic Migration



Percent Change in Tennessee Population by Age Group 2010-2015 vs. 2020-2025

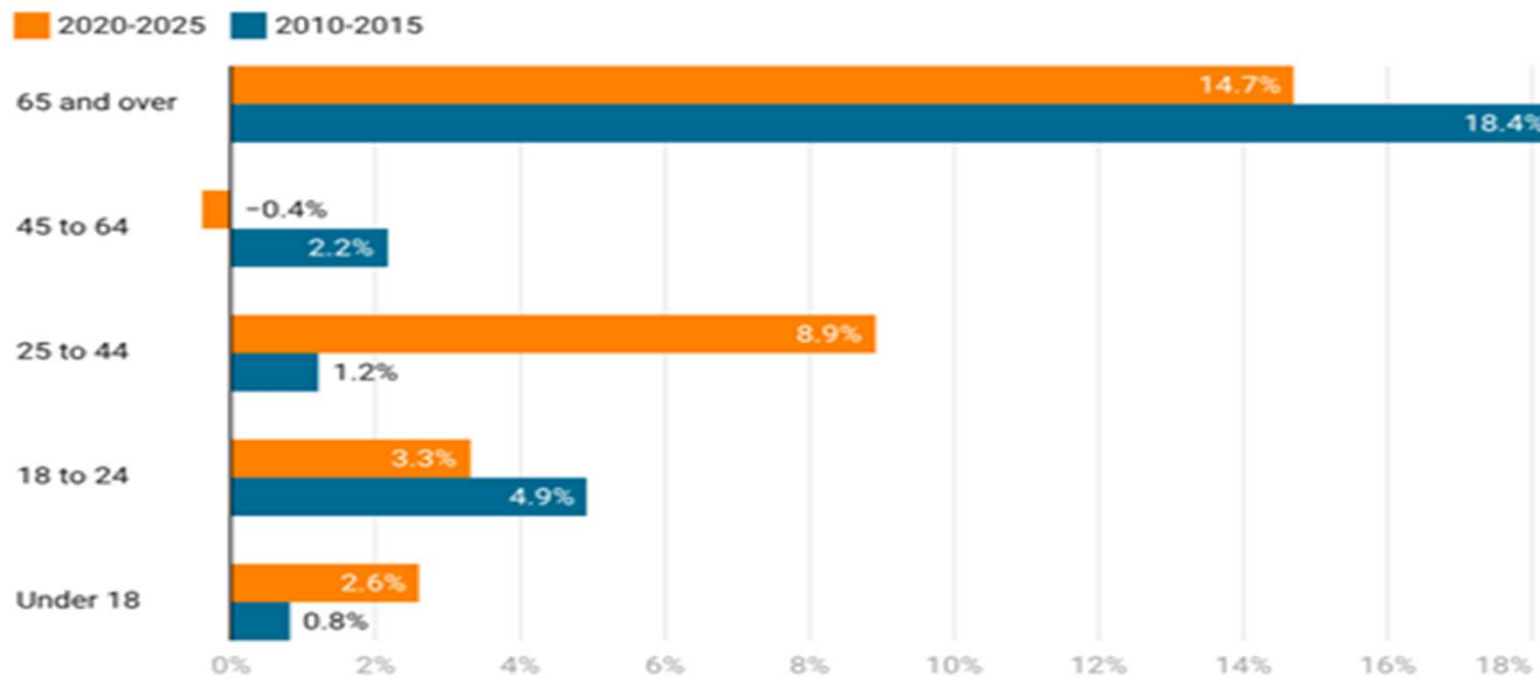
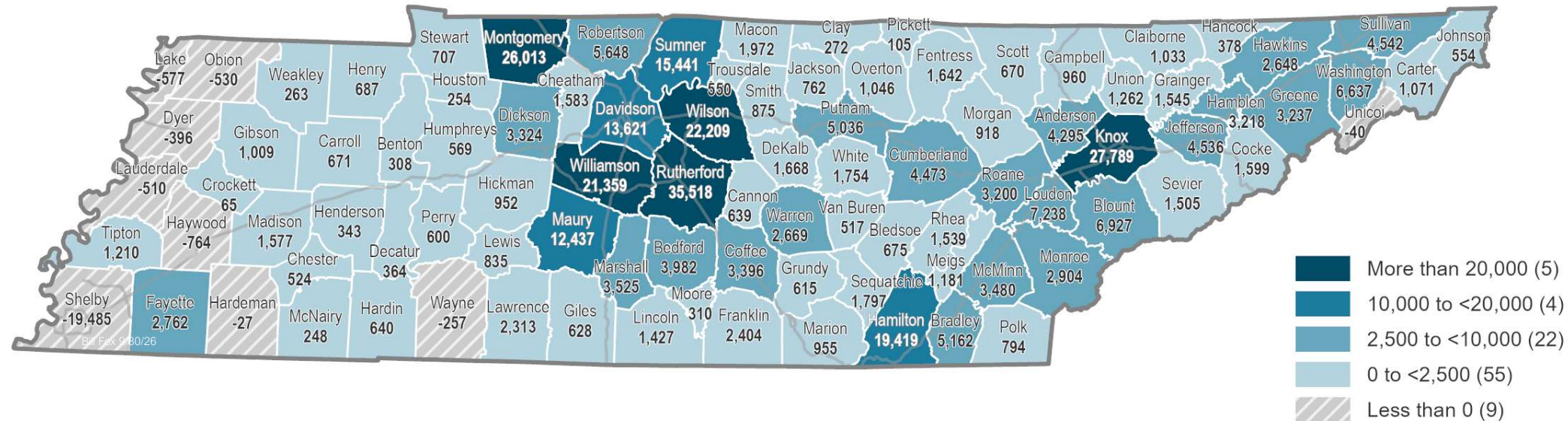


Chart: Tennessee State Data Center • Source: 2010-2020 Intercensal Estimates and v2025 Estimates, U.S. Census Bureau • Created with Datawrapper

Every county saw growth in 65 and over

Tennessee County Population Changes Since the Pandemic, 2019 to 2024



TN Tax Collections buoyed by very strong F&E, 2025-26

