



The Kentucky Economy
or
“My Annual Attempt to
Try and Tell You
What’s Going On”

Churchill Tax Free Fund
April 26, 2006





Kentucky's Economy "A Quick History"



1980-1984

Major Recession

Heavy job loss

1984-2000

Strong job growth

Strong income growth

Employment/Income
growth greater than U.S.



THEN



November 2000 – The light switch . . .

July 2003 – Job losses

- Manufacturing
- Telecommunications
- Utilities



UPDATE



2004 – 2005 Pretty good years

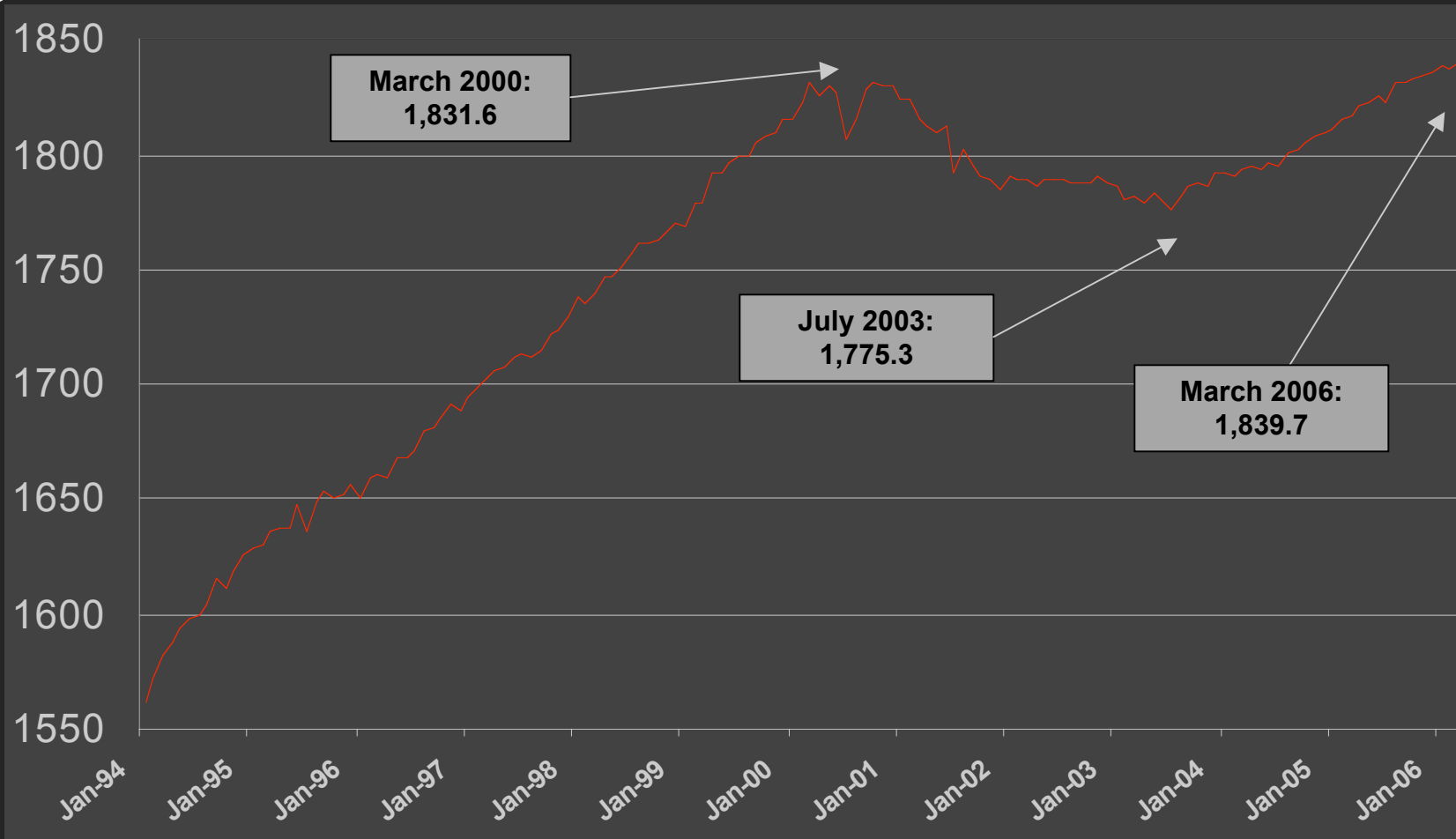
- Growth in business services
- Growth in health care
- Some defense related growth
- COAL
- Stabilized manufacturing sector



KY Employment is Growing Strongly

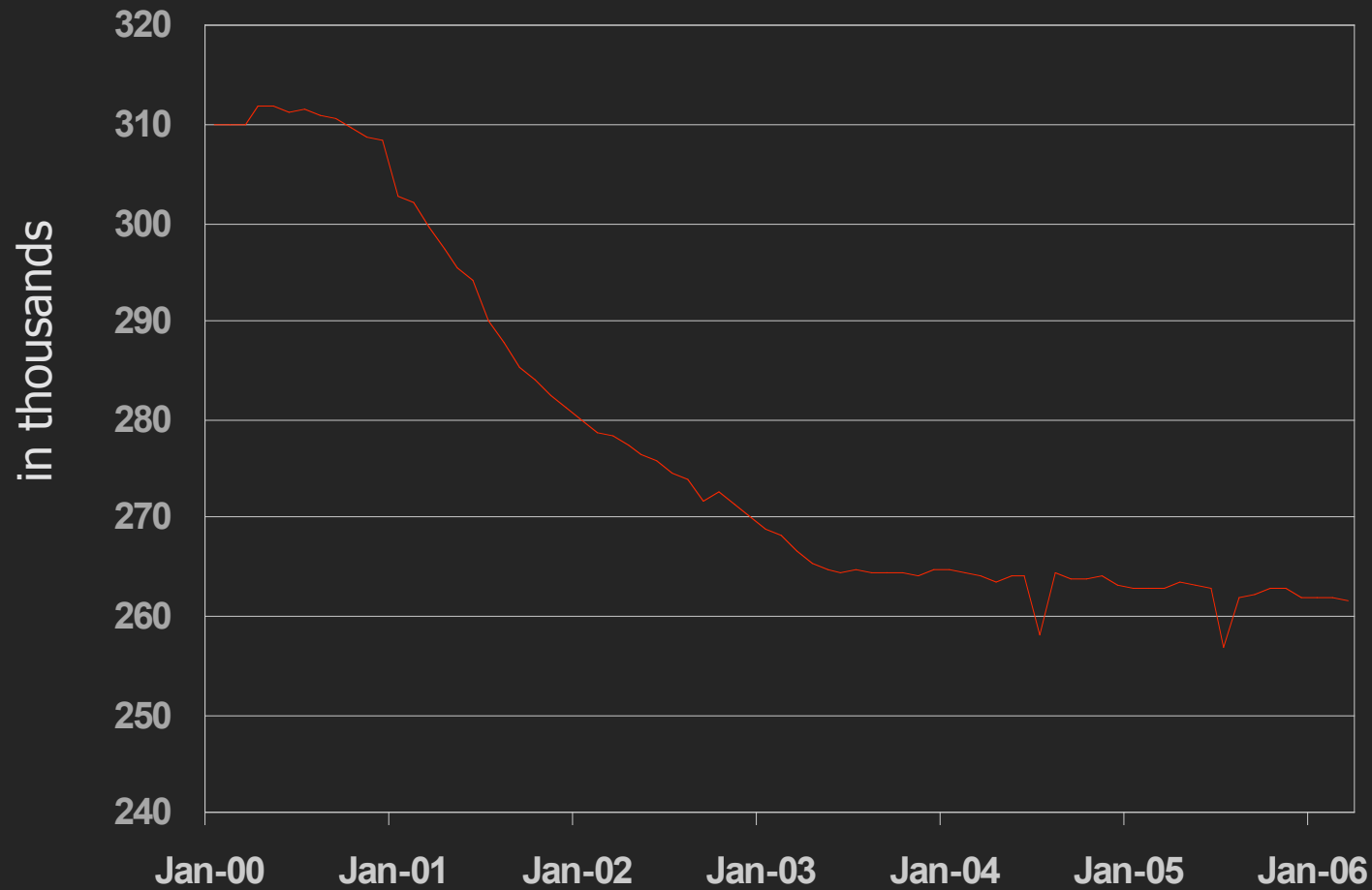


Nonfarm employment in thousands

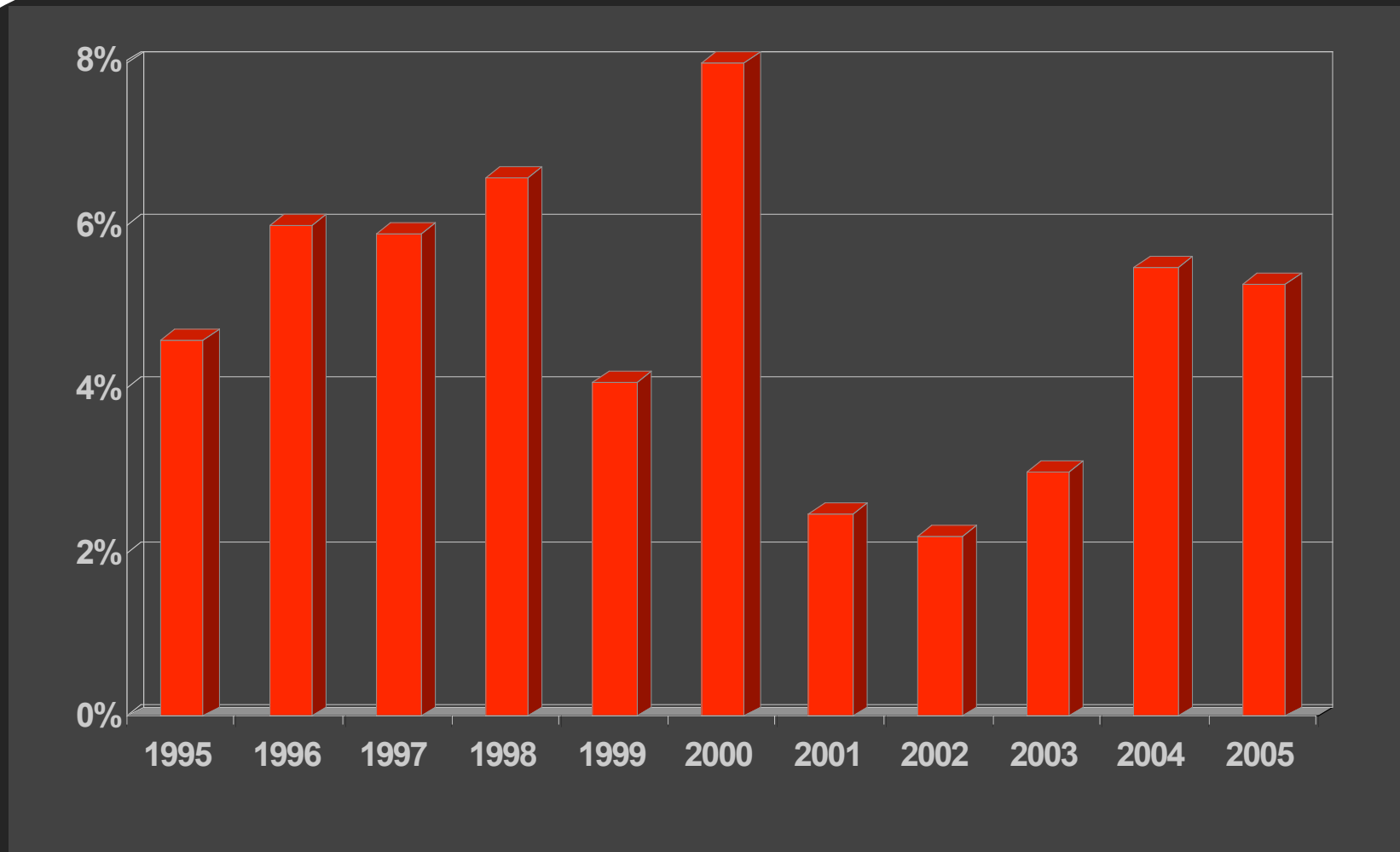




Manufacturing Employment in KY has Stabilized



KY Personal Income has shown Good Growth





And We Will Try One More Time to Guess the Future



Kentucky Outlook

- Continued employment growth (1.0 - 1.5%)
 - Improvement in manufacturing
- OK income growth (5 - 6%)
 - Below U.S.
- Housing Bust – Not major worry
- Gasoline Price – Major worry
- Continued state budget issues
 - Expenditure side of budget



Remember ...



I haven't given up
my day job!