

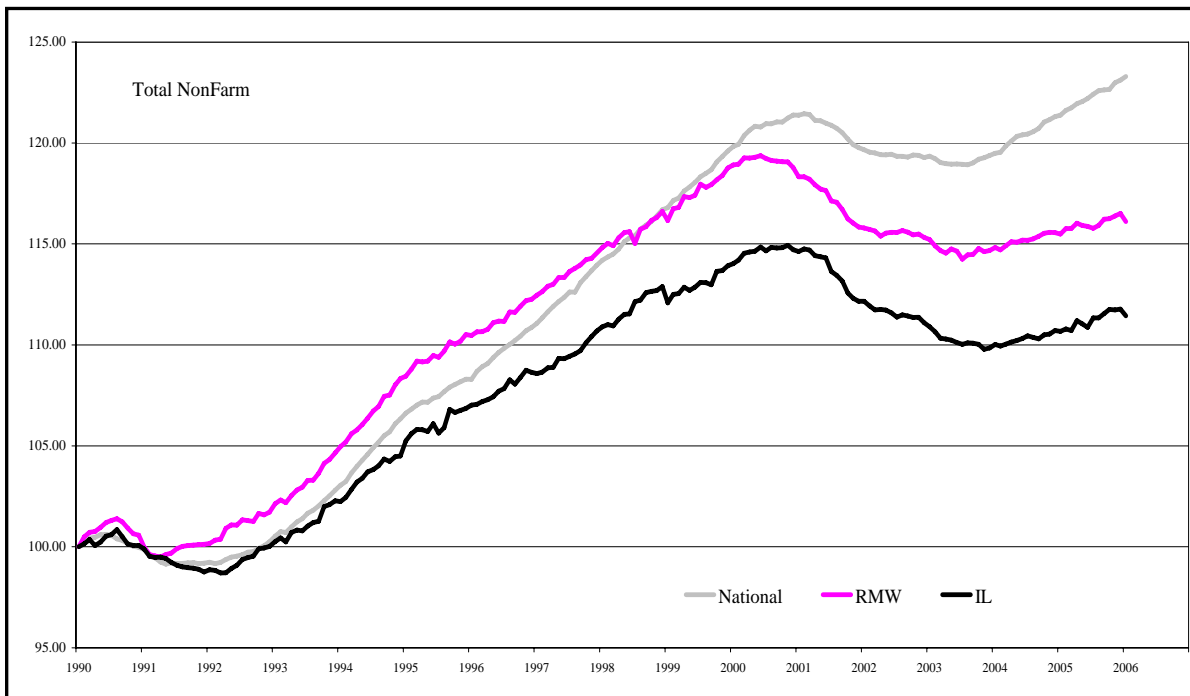
**Monthly Illinois Economic Review**

❖ **Employment**

| February<br>2006<br>Negative | Total non-farm<br>employment | Dec 2005 – Jan 2006 |                   | Last 12 months   |                   |
|------------------------------|------------------------------|---------------------|-------------------|------------------|-------------------|
|                              |                              | Growth<br>Rate %    | Number of<br>Jobs | Growth<br>Rate % | Number of<br>Jobs |
|                              | Nation                       | +0.14               | +193,000          | +0.14            | +193,000          |
|                              | RMW                          | - 0.35              | - 69,800          | - 0.35           | - 69,800          |
|                              | Illinois                     | - 0.31              | - 18,000          | - 0.31           | - 18,000          |

**Talking Points**

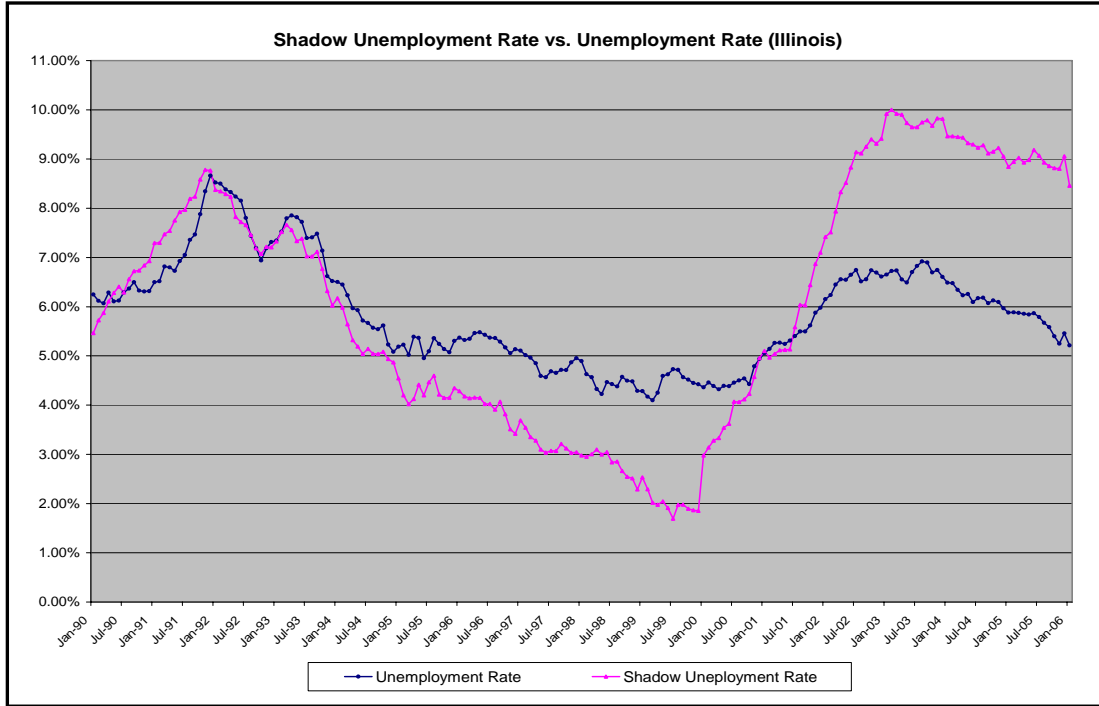
- After the couple of months with slowed job gains since October 2005, Illinois showed huge net losses in January 2006, 18,000 losses with negative 0.31% of monthly growth.
- The monthly loss recorded in January 2006 is the biggest since October 2001 just after the September 11 attacks when Illinois lost 30,800 jobs.
- According to Illinois Department of Employment Security, the big losses in ‘Trade, Transportation and Utility’ sector led the huge job losses in Illinois, mainly due to the decline in retail trade and air transportation job losses.
- Due to the massive loss in January 2006, job gain over 12-month period records the lowest level since June 2005. Also, the job index compared to January 1990 falls down below that recorded in September 2005.
- All the other states in Midwest except for Missouri had monthly net losses, as a result, RMW showed even bigger job losses compared to Illinois, 69,800 losses with negative 0.35% of monthly rate.
- Increasing national employment coupled with the massive losses in Illinois resulted in the largest gap in job index this month. The gap between RMW and Illinois had been reduced a little bit.



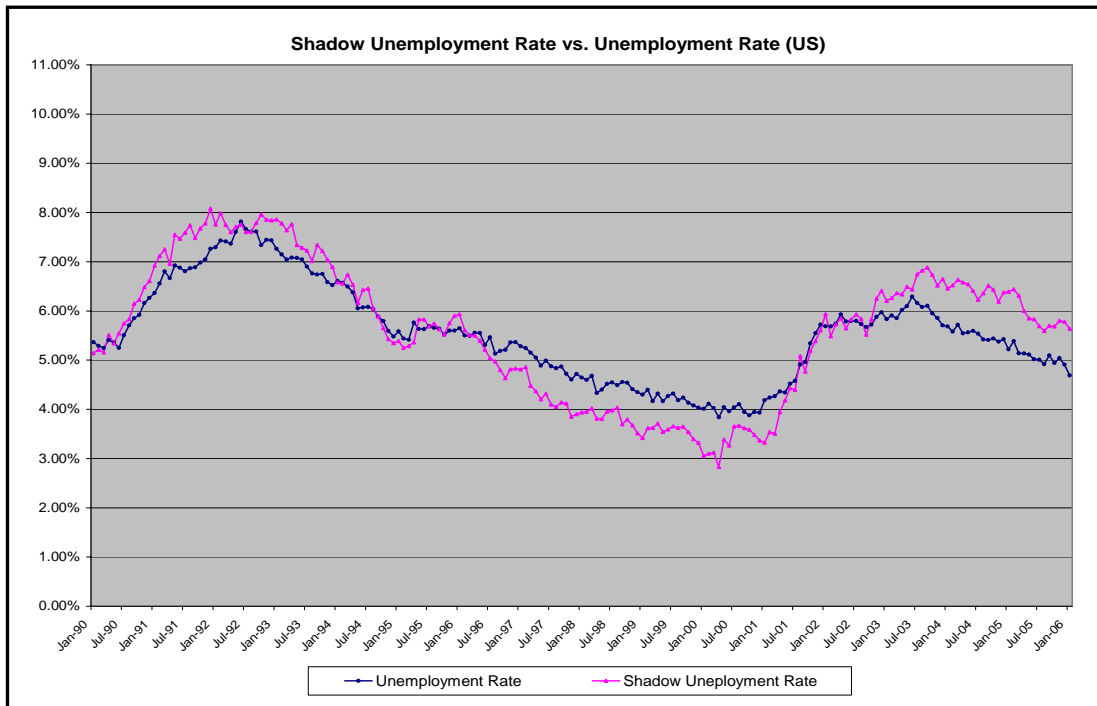
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**Shadow Unemployment**

■ **Illinois**

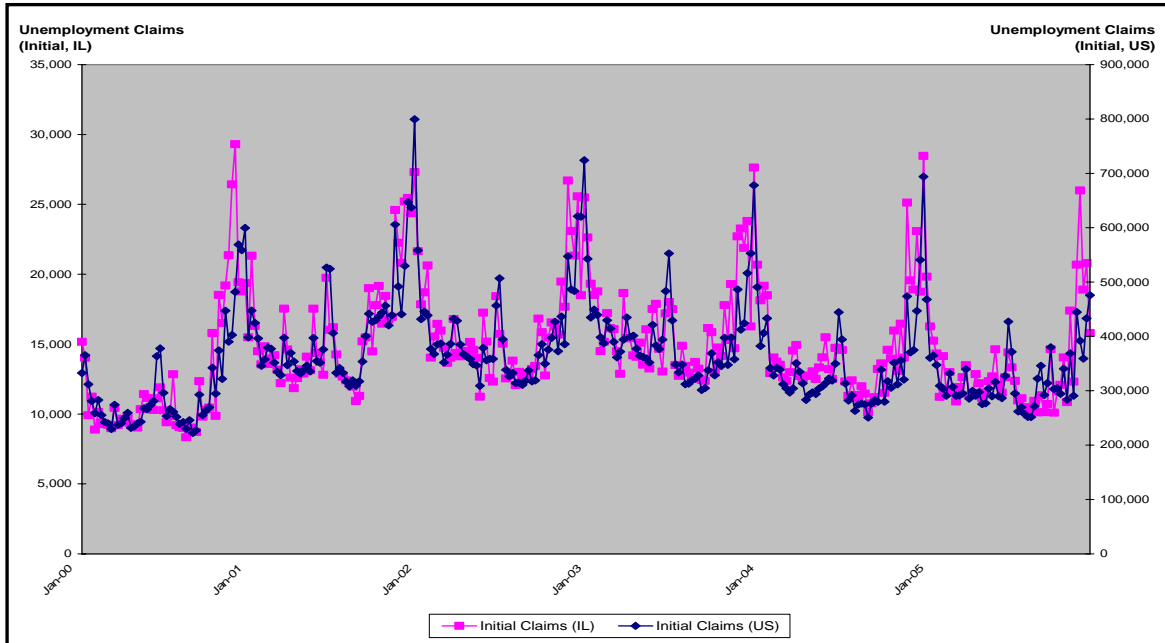


■ **US**



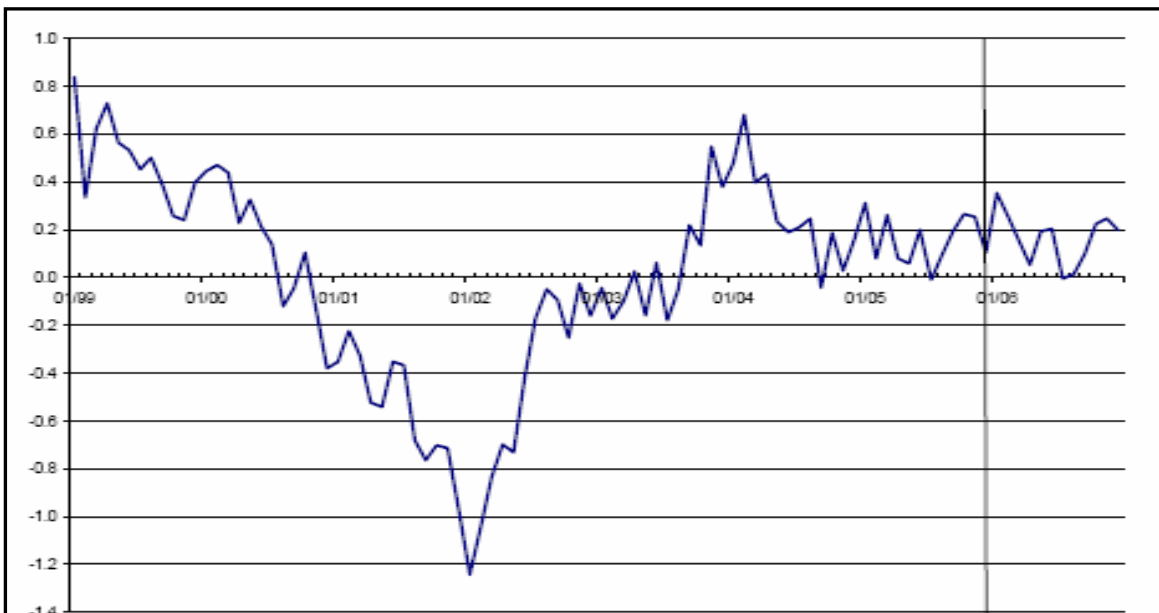
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❖ **Unemployment Claims (Initial)**



❖ **CBAI in November**

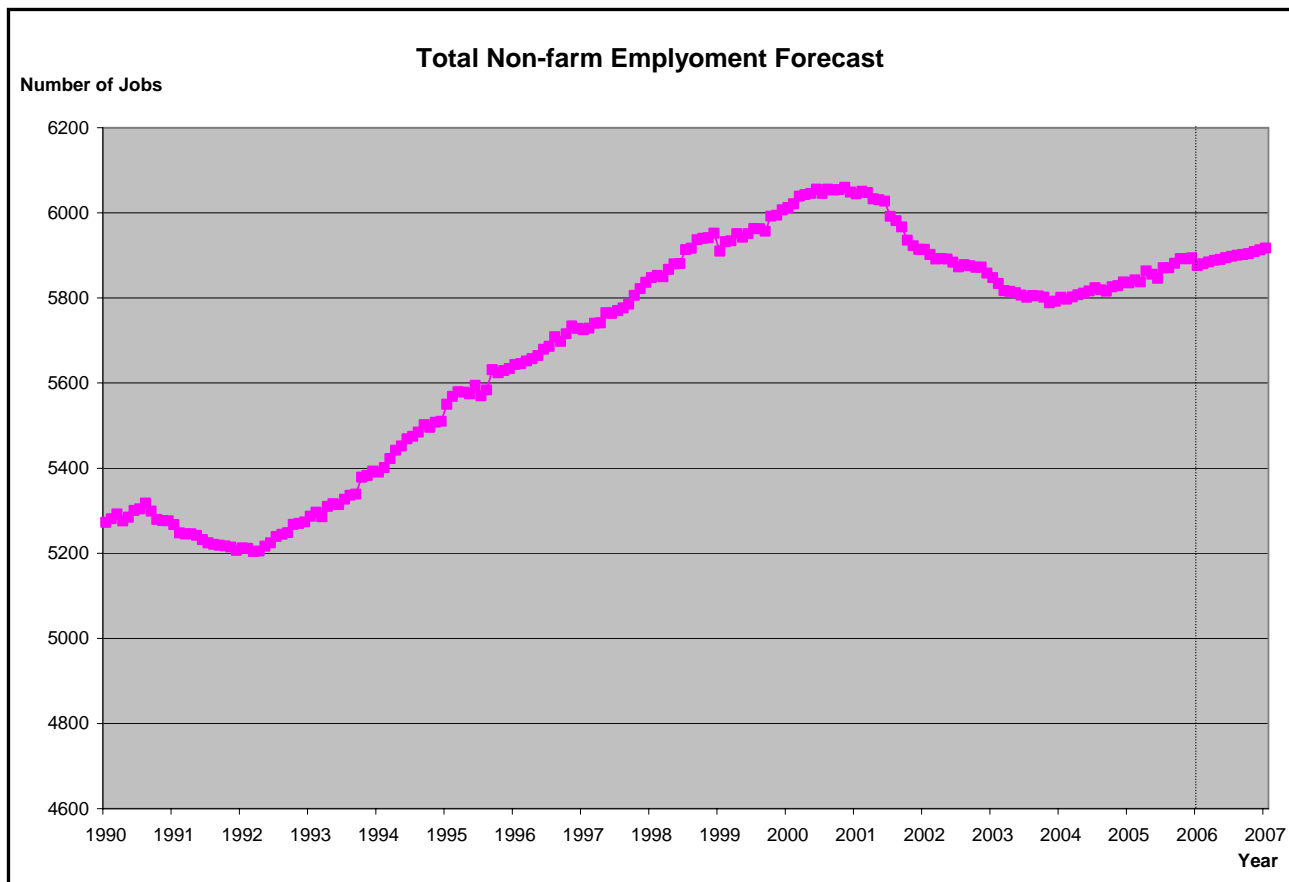
The Chicago Business Activity Index (CBAI) was 0.104 in December 2005, the fifth consecutive positive reading since August 2005. This was mainly attributed to the increase of retail sales. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy will continue to grow. The CBAI prediction also indicates growth over the next 12 months will be slightly higher than last 12 months.



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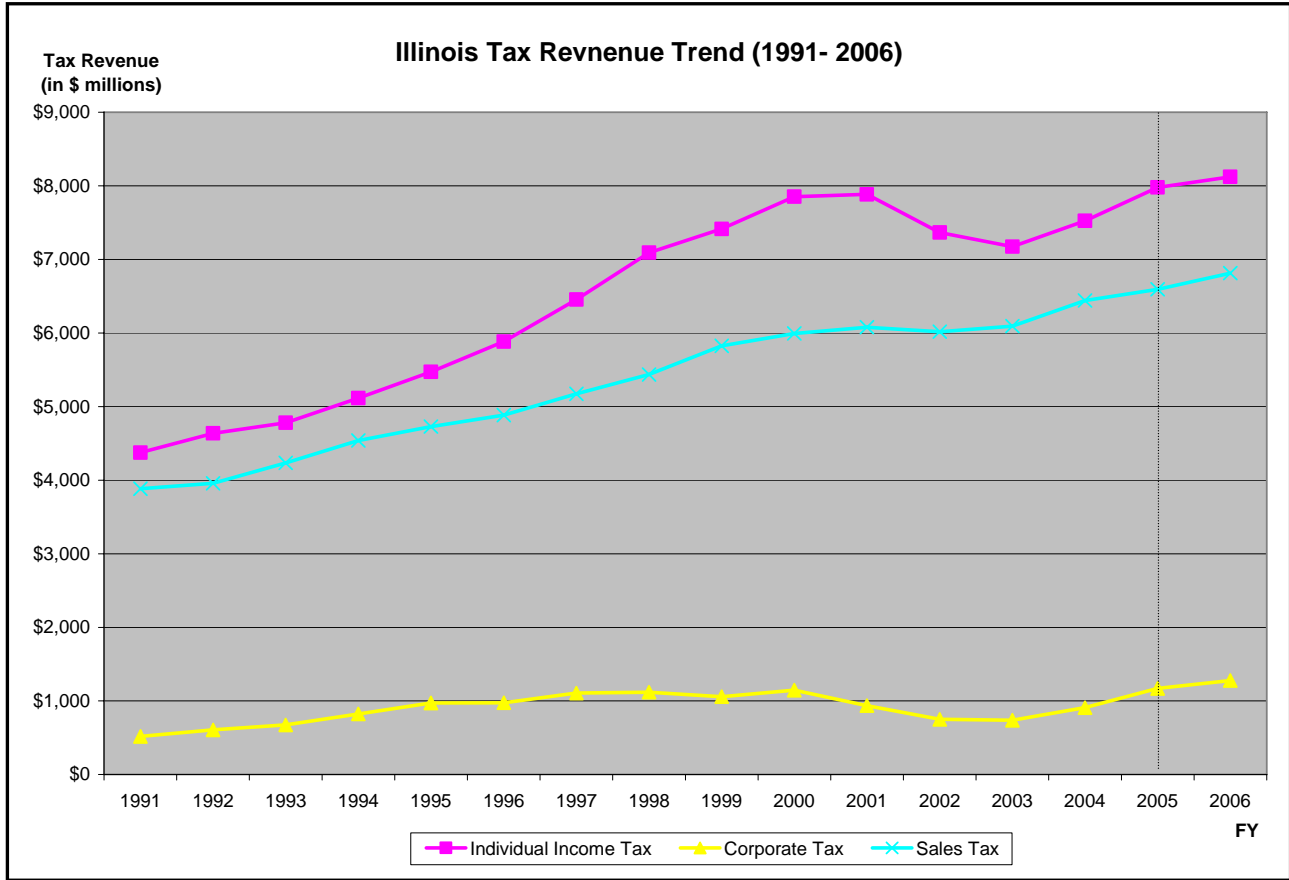
❖ **Employment Forecast (2006)**

|                                   | Jan 2006  | Jan 2007 (p) | Number of Jobs | Growth Rate % |
|-----------------------------------|-----------|--------------|----------------|---------------|
| Total non-farm                    | 5,876,000 | 5,917,300    | +41,300        | +0.70         |
| Construction                      | 271,300   | 275,100      | +3,800         | +1.41         |
| Manufacturing                     | 687,100   | 677,900      | - 9,200        | - 1.35        |
| Trade, transportation & utilities | 1,179,400 | 1,187,200    | +7,800         | +0.66         |
| Information                       | 117,200   | 115,300      | - 1,900        | - 1.62        |
| Financial Activities              | 406,600   | 407,700      | +1,100         | +0.27         |
| Professional & business services  | 830,200   | 846,800      | +16,600        | +2.00         |
| Education & health                | 752,500   | 758,400      | +5,900         | +0.78         |
| Leisure & hospitality             | 519,300   | 527,000      | +7,700         | +1.48         |
| Other services                    | 261,700   | 264,600      | +2,900         | +1.11         |
| Government                        | 840,500   | 844,400      | +3,900         | +0.47         |



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❖ **Tax Revenue Forecast (FY 2006)**



|                                 | <b>REAL (IGPA)</b> | <b>OMG*</b> | <b>CGFA**</b> |
|---------------------------------|--------------------|-------------|---------------|
| <b>Net Personal Income Tax</b>  | 8,123              | 8,363       | 8,235         |
| <b>Net Corporate Income Tax</b> | 1,277              | 1,331       | 1,267         |
| <b>Sales Tax</b>                | 6,815              | 6,915       | 6,873         |
| <b>Public Utilities Tax</b>     | 1,157              | 1,072       | 1,069         |
| <b>Other Tax Sources</b>        | 2,349              | 2,270       | 2,257         |
| <b>Total Net Taxes</b>          | 19,721             | 19,951      | 19,701        |
| <b>Transfers</b>                | 2,098              | 2,098       | 2,179         |
| <b>Federal Aid</b>              | 4,791              | 4,791       | 4,791         |
| <b>Total Net Revenue</b>        | 26,610             | 26,840      | 26,671        |

(unit: \$ millions)

\*OMG: Office of Management and Budget

\*\*CGFA: Commission on Government Forecasting and Accountability