



MONTHLY ILLINOIS ECONOMIC REVIEW

The Monthly Illinois Economic Review contains information on national, statewide, and local economic performance by measuring job growth, unemployment, and business activity. This information is compiled by IGPA Economist Geoffrey Hewings, director of the Regional Economics Applications Laboratory at the University of Illinois at Urbana-Champaign.

AUGUST 2008

Funding for the research for this report was provided by the
Illinois Jobs Coalition

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

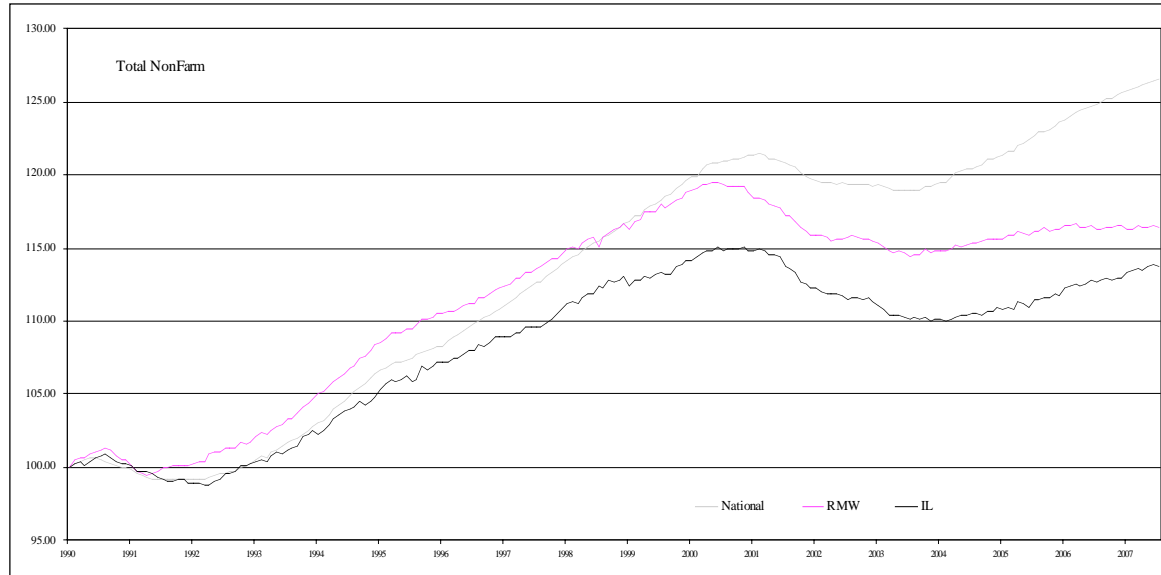
- By losing 11,500 jobs at -0.19% in July Illinois recorded a negative rating for the second time in 2007. For Illinois, this is the largest number of jobs lost in any month after July 2005.
- Despite a -0.19% loss in July, Illinois has averaged a 0.09% monthly growth in 2007. This is on top of the average growth rate of 0.08% in the recent recovery period for Illinois since early 2004.
- July is the second instance in 2007, following April, when Illinois was behind both the Nation and RMW in terms of the rate of job creation.
- Over the last 12-months, the Nation added 1.37% new jobs while Illinois grew more slowly at 0.92%. RMW, however, registered a positive 0.09% growth which is the first 12-month aggregated positive rating for RMW in 2007.
- While the gap between the job indices for RMW and Illinois in June fell to a minimum since July 1994, it widened in July due to small percentage declines in RMW.
- Job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.55%, 13.72% and 16.39% respectively.

JUNE 2007 EMPLOYMENT CHART

July 2007 Negative	Total Non-Farm Employment	May 2007 – Jun 2007		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	+0.07	+92,000	+1.37	+1,870,000
	RMW*	- 0.12	- 23,800	+0.09	+17,000
	Illinois	- 0.19	- 11,500	+0.92	+54,300

* RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

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SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

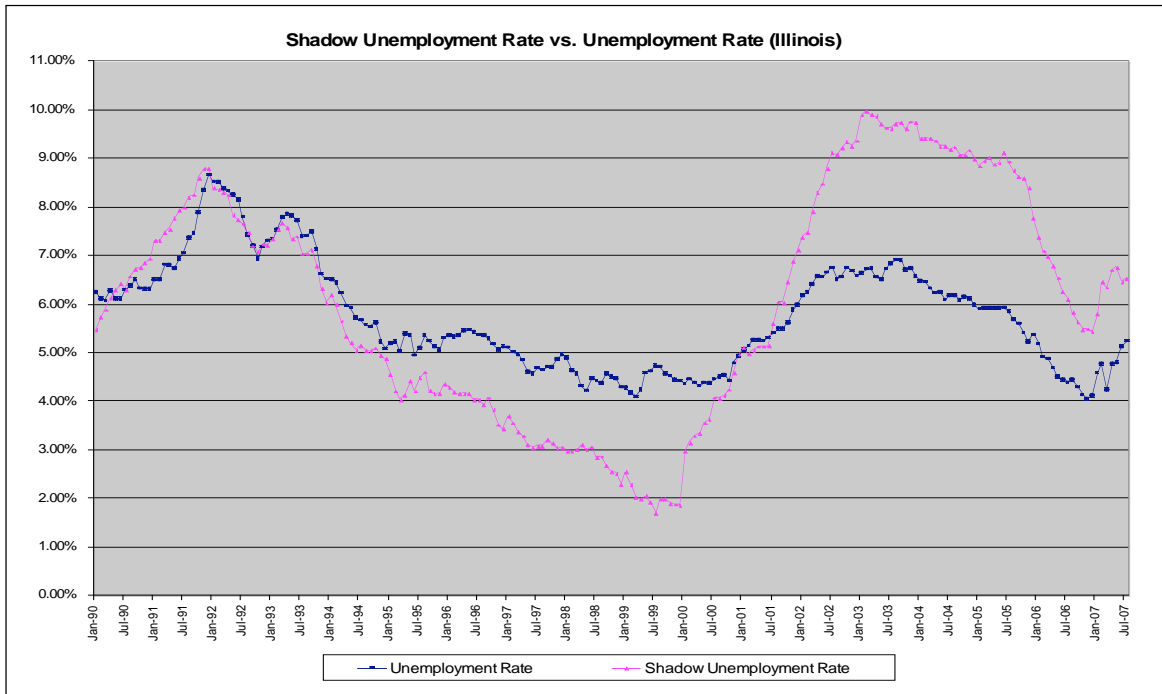
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined since the 1990s and thus a number of analysts feel that the official unemployment rate does not account for a larger number of people who have dropped out of the labor force.

REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

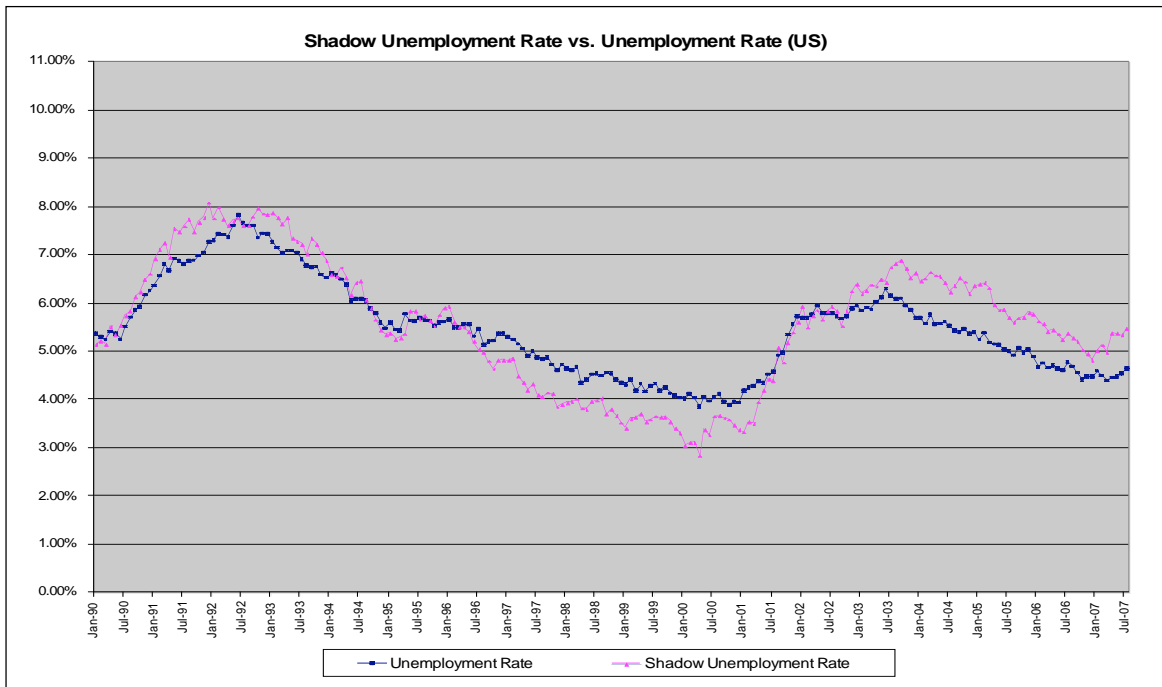
- In the 1990s, the average participation rate was 67.9% in Illinois whereas in 2006, it has been only 65.5%.
- For the 15 years from 1990 to 2004, the average participation rate was 67.4% in Illinois.
- In the 1990s in the US, the average participation rate was 66.7% whereas in 2006, it has been 66.1%; for the 15 years from 1990 to 2004, the average participation rate was 66.6%.
- The figures on the next page show the difference between the two rates for Illinois (top figure) and the US as a whole (bottom figure).
- Since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased.
- To bring the two together a further 95,929 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

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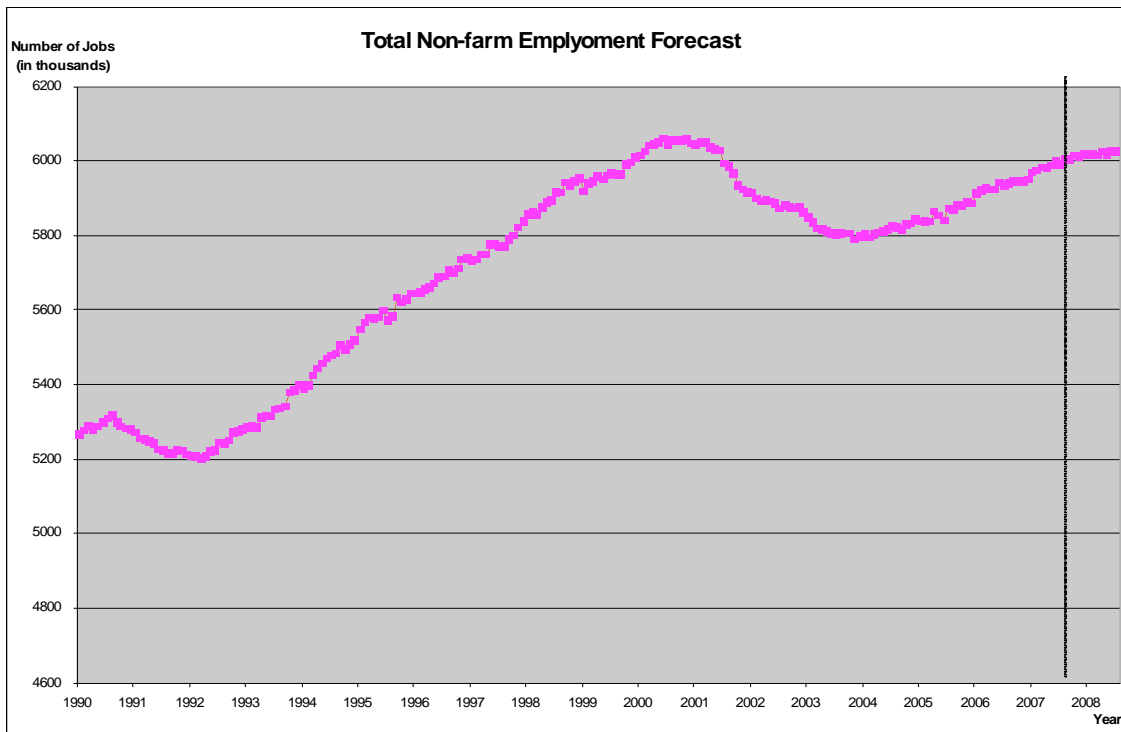


■ US



EMPLOYMENT FORECAST

	July 2007	July 2008 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,987,900	6,025,900	38,000	0.63%
Construction	278,700	282,500	3,800	1.36%
Manufacturing	681,600	667,900	-13,700	-2.01%
Trade, transportation & utilities	1,199,700	1,204,900	5,200	0.43%
Information	116,000	115,400	-600	-0.52%
Financial Activities	411,000	411,100	100	0.02%
Professional & business services	876,500	891,500	15,000	1.71%
Education & health	776,600	782,100	5,500	0.71%
Leisure & hospitality	541,300	544,400	3,100	0.57%
Other services	257,200	259,600	2,400	0.93%
Government	838,900	835,900	-3,000	-0.36%



CATCH UP SCENARIO

Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.72 (Jul -2007)	115.11 (Nov -2008)	16 months
RMW	119.47 (Jun-2000)	116.54 (Jul -2007)	119.48 (Nov 2037)	364 months
Nation	121.45 (Feb-2001)	130.11 (Jul -2007)	121.58 (Feb-2005)	29 months ago
Metro Areas** :				
Bloomington Normal	141.81 (Feb – 2002)	137.98 (Jun 2007)	141.81 (Jun 2019)	144 months
Champaign Urbana	116.11 (Sep 2006)	113.37 (Jun 2007)	116.16 (Nov 2010)	41 months
Chicago	114.68 (Nov 2000)	113.82 (Jun 2007)	114.72 (May 2008)	11 months
Devonport- Rock Island-Moline	114.73 (Nov 1999)	113.65 (Jun 2007)	Negative growth	N/A
Decatur	112.41 (Mar 2000)	101.48 (Jun 2007)	112.41 (Mar 2062)	657 months
Kankakee	124.30 (Apr 2000)	122.07 (Jun 2007)	124.58 (Jan 2007)	5 months ago
Peoria	118.99 (Nov 2006)	118.67 (Jun 2007)	119.01 (Mar 2008)	9 months
Rockford	123.22 (Jul 2000)	117.88 (Jun 2007)	123.23 (Jun 2014)	84 months
Springfield	110.35 (Aug 2000)	104.89 (Jun 2007)	Negative Growth	N/A

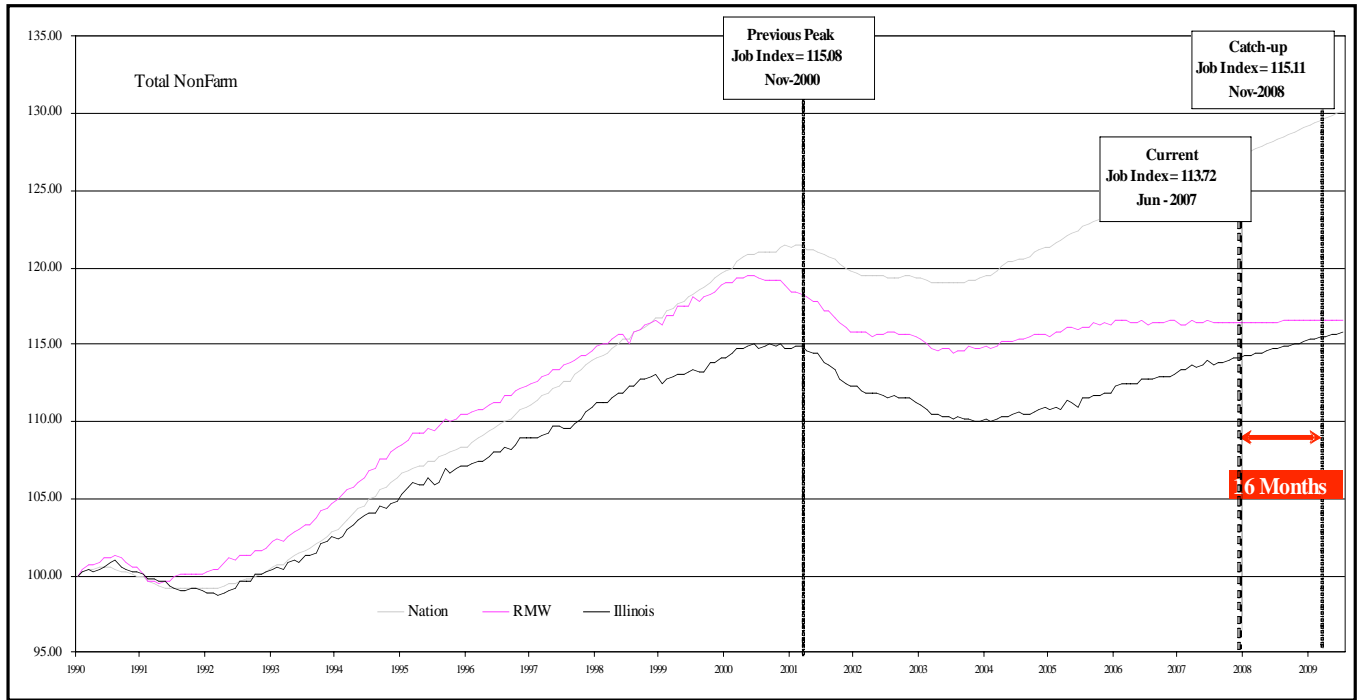
* Catch-up scenarios are based on average monthly growth rate over the previous 12 months. Nation already passed its previous peak at February 2005.

** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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Metro-East	114.73 (Jun 2001)	112.24 (Jun 2007)	114.79 (Aug 2008)	14 Months
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	Periods for Catch-up	
	IL	RMW
Jun-2007	12 months	Zero Growth
Jul-2007	16 Months	364 Months
Difference	Δ 4 month	N/A

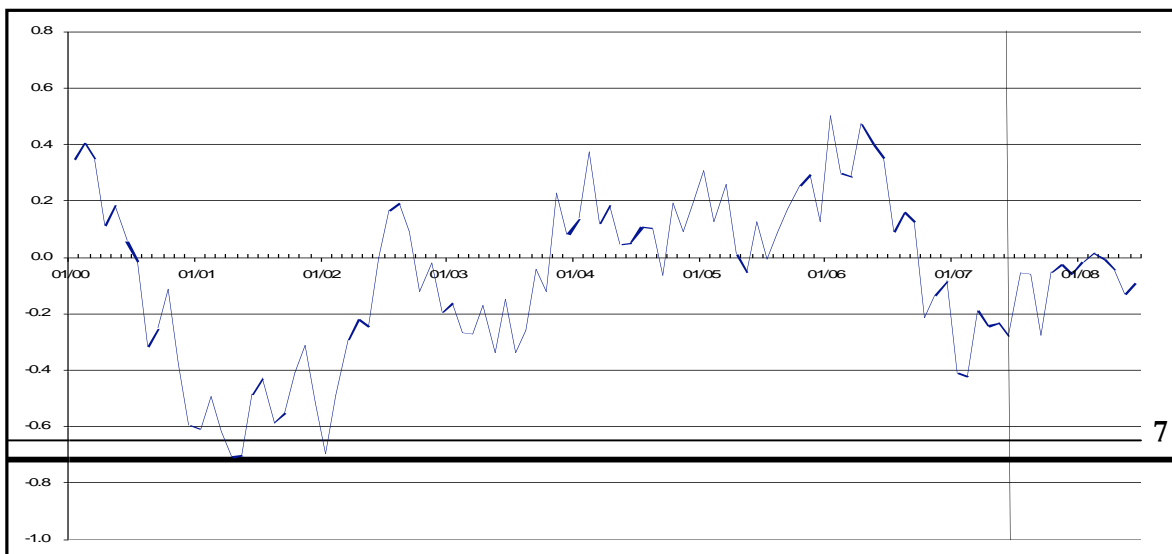


CBAI FELL IN JUNE

This index is based on national indices of leading indicators and is a barometer for the economy, tracing the path of growth or contraction through to the current period and then forecasts up to 24 months into the future.

- The Chicago Business Activity Index (CBAI) was -0.278 in June, the ninth consecutive negative reading since October 2006.
- This was mainly attributed to the weak performance of manufacturing activities at the national economy. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy will likely continue on a downward trend.
- The CBAI prediction also suggests that the Chicago economy will experience below trend growth over the next 12 months.
- In June, the national economy presented mixed features. Though the Chicago Fed National Activity Index (CFNAI) was 0.11, up from -0.32 in May, retail sales decreased 0.99 percent.
- The economic performance in Chicago also presented mixed features in June. The construction and the retail sales increased 0.84 percent and 0.17 percent respectively. However, manufacturing production decreased 0.1 percent in June.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the leading index of the Conference Board decreased 0.3 percent due to the negative contribution of housing permits. The financial turmoil caused by sub-prime mortgage market problem also suggests negative prospect for the national economy in the immediate term. For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.

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METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- Metro-East, the top performer in May retained its position in June whereas the Champaign-Urbana-Rantoul, Peoria and Kankakee slipped down from 2nd, 3rd and 5th position to 9th, 8th and 10th position respectively.
- Bloomington-Normal and Rockford jumped from 9th and 10th position to 2nd and 4th position respectively.
- Davenport-Rock Island-Moline (6th), Decatur (7th) and Springfield (8th) retained their relative position with respect to each other while each of them jumped up by one position.
- For the last 12 months growth league table, the top three performers in May, Rockford, Peoria and Kankakee moved down to 4th, 5th and 9th position respectively.
- While Metro-East made the greatest leap in the rankings (6th to 1st), Kankakee recorded the greatest decline.
- Decatur (5th to 6th) and Springfield (9th to 10th) are the two other MSAs to lose ground.
- Chicago (4th to 3rd), Metro-East (6th to 1st), Champaign-Urbana-Rantoul (7th to 3rd), Bloomington-Normal (8th to 6th) and Davenport-Rock Island-Moline (10th to 8th) all gained.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

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Rank	May 2007	June 2007	Rank
1	Metro-East (0.63%)	Metro-East (0.70%)	1
2	Champaign-Urbana-Rantoul (0.18%)	Bloomington -Normal (0.11%)	2
3	Peoria (0.11%)	Chicago (0.03%)	3
4	Chicago (0.01%)	Rockford (0%)	4
5	Kankakee (0%)	Davenport -Rock Island-Moline (0%)	5
6	Davenport -Rock Island-Moline (-0.11%)	Decatur (-0.18%)	6
7	Decatur (-0.18%)	Springfield (- 0.18%)	7
8	Springfield (- 0.18%)	Peoria (-0.22%)	8
9	Bloomington -Normal (-0.22%)	Champaign-Urbana-Rantoul (-0.27%)	9
10	Rockford (-0.25%)	Kankakee (-0.68%)	10

Growth over last 12-months:

Rank	May 2007	June 2007	Rank
1	Rockford (1.21%)	Metro-East (1.93%)	1
2	Peoria (1.20%)	Chicago (0.86%)	2
3	Kankakee (1.15%)	Champaign-Urbana-Rantoul (0.63%)	3
4	Chicago (1.00%)	Rockford (0.63%)	4
5	Decatur (0.92%)	Peoria (0.38%)	5
6	Metro-East (0.88%)	Bloomington -Normal (0.22%)	6
7	Champaign-Urbana-Rantoul (0.54%)	Decatur (0.18%)	7
8	Bloomington -Normal (0.33%)	Davenport -Rock Island-Moline (-0.21%)	8
9	Springfield (0.18%)	Kankakee (-0.23%)	9
10	Davenport -Rock Island-Moline (-0.05%)	Springfield (- 0.27%)	10