



I N S T I T U T E O F
GOVERNMENT & PUBLIC AFFAIRS

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.

JUNE 2008

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

EMPLOYMENT

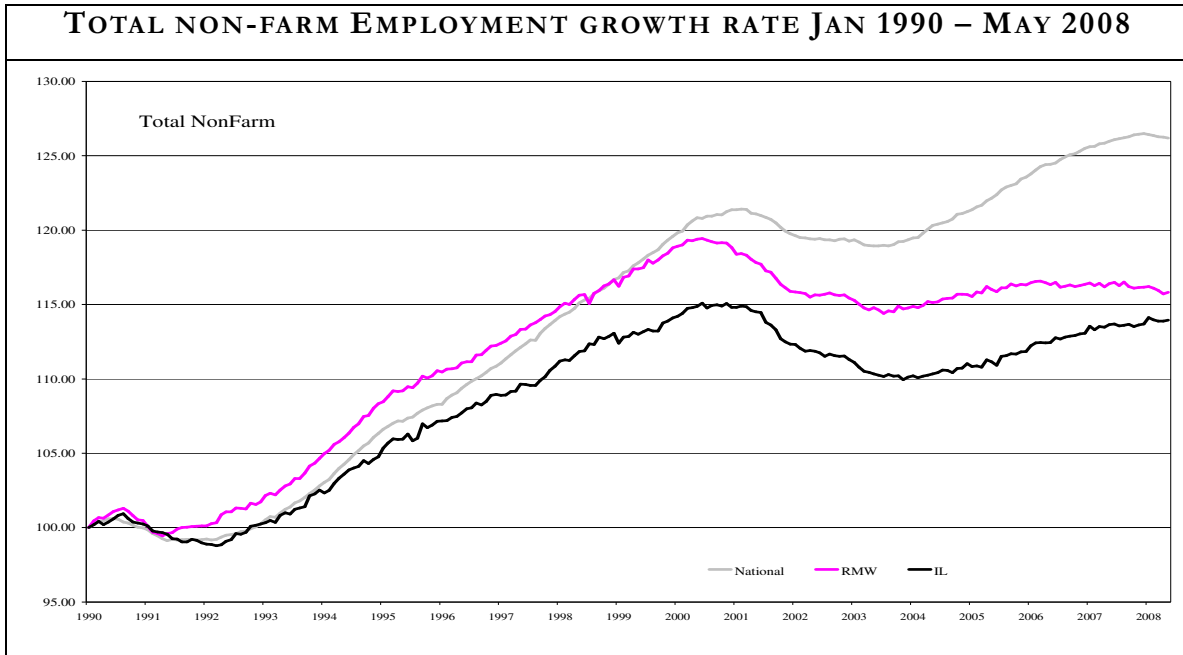
EMPLOYMENT DATA SUMMARY

- The increase of 4,000 jobs at a rate of 0.07% in May 2008 was much larger than the revised increase of 300 jobs at 0.01% in April. This is the third time in 2008 that Illinois posted positive growth.
- Through May, the average growth rate of Illinois in 2008 stood at 0.05%, which is the same as the average growth rate for 2007, but below the average for the recent recovery period for Illinois since early 2004 of 0.07%.
- In May, Illinois and the RMW both added jobs, but the Nation continued a negative growth for the fifth month in a row.
- Over the last 12-months, Illinois employment grew by 0.28%, above the 0.17% growth of the Nation, while the RMW continued with a negative rating at -0.51% for the ninth consecutive month. The negative rating for the RMW is the lowest since December 2003.
- Illinois has added 2,820 jobs on average per month in 2008 so far, compared to 2,742 jobs in 2007.
- Until May 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.20%, 13.96%, and 15.82%, respectively.

MAY 2008 EMPLOYMENT CHART

May 2008 Positive	Total Non-Farm Employment	April 2008 – May 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.04	-49,000	+0.17	+236,000
	RMW*	+0.09	+18,000	-0.51	-100,700
	Illinois	+0.07	+4,000	+0.28	+16,700

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



SHADOW UNEMPLOYMENT

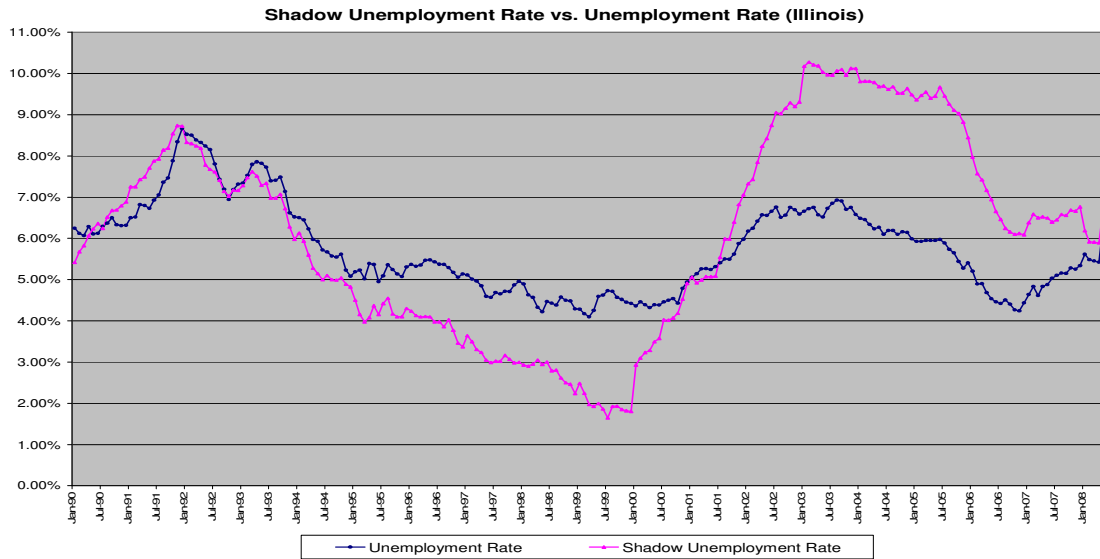
Unemployment Rate: Official and Shadow

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.

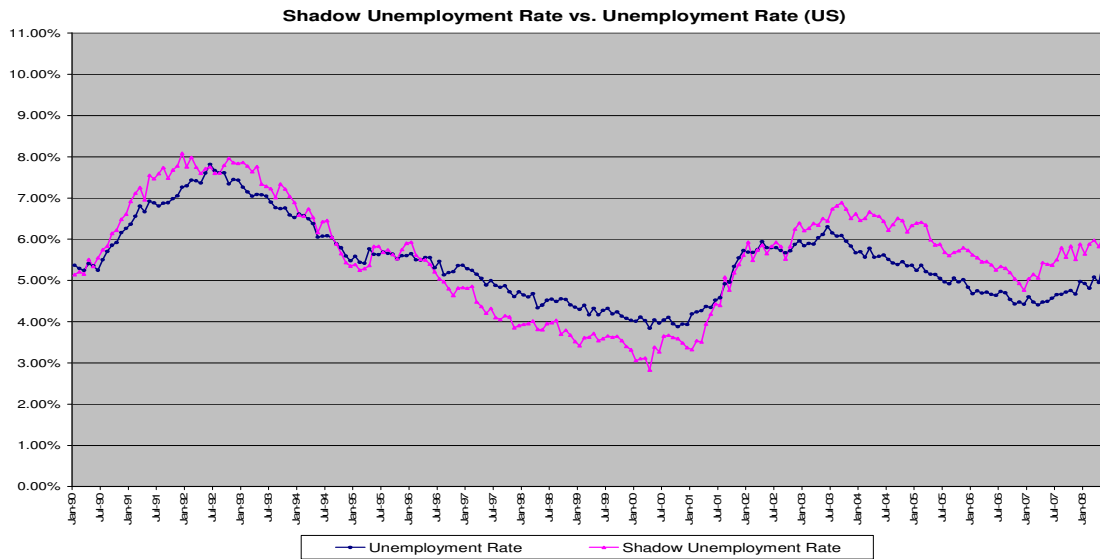
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 25,941 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

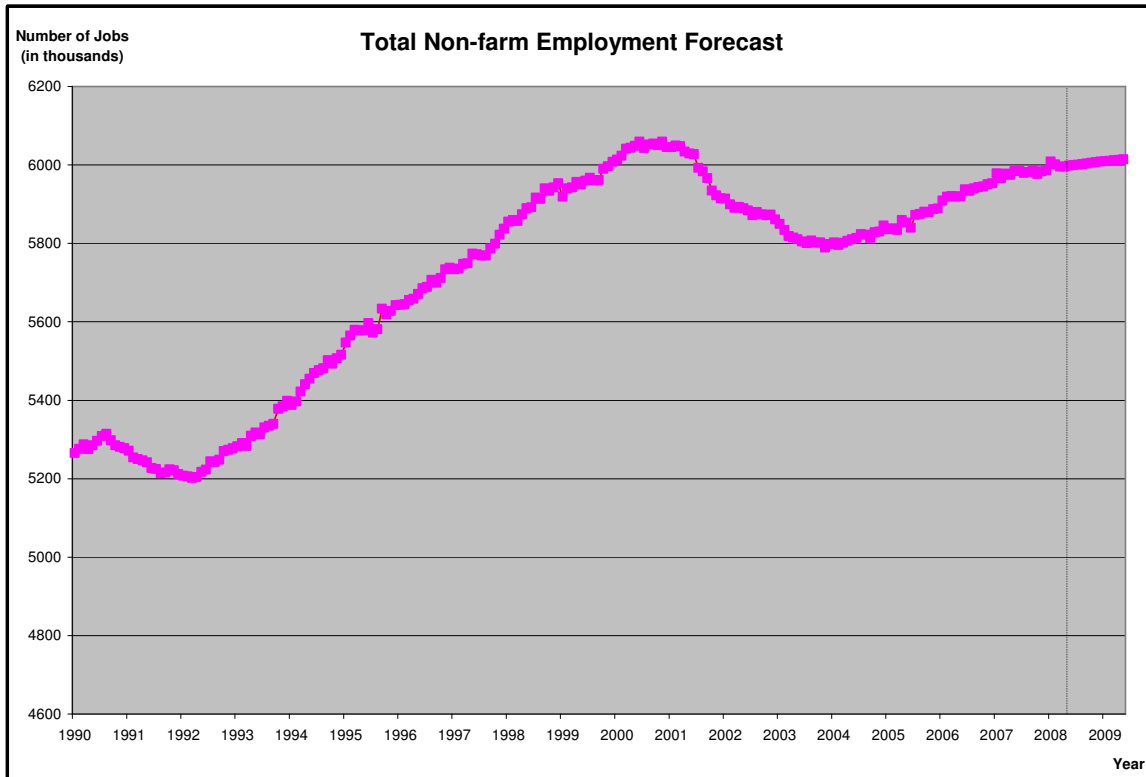


■ US



EMPLOYMENT FORECAST

	May 2008	May 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,998,100	6,014,000	15,900	0.27%
Construction	268,200	268,900	700	0.26%
Manufacturing	670,600	654,500	-16,100	-2.40%
Trade, transportation & utilities	1,221,400	1,222,800	1,400	0.11%
Information	115,800	114,000	-1,800	-1.55%
Financial Activities	403,200	403,500	300	0.07%
Professional & business services	874,000	887,900	13,900	1.59%
Education & health	790,100	800,300	10,200	1.29%
Leisure & hospitality	530,800	535,300	4,500	0.85%
Other services	265,600	267,500	1,900	0.72%
Government	853,900	854,400	500	0.06%



CATCH UP SCENARIO

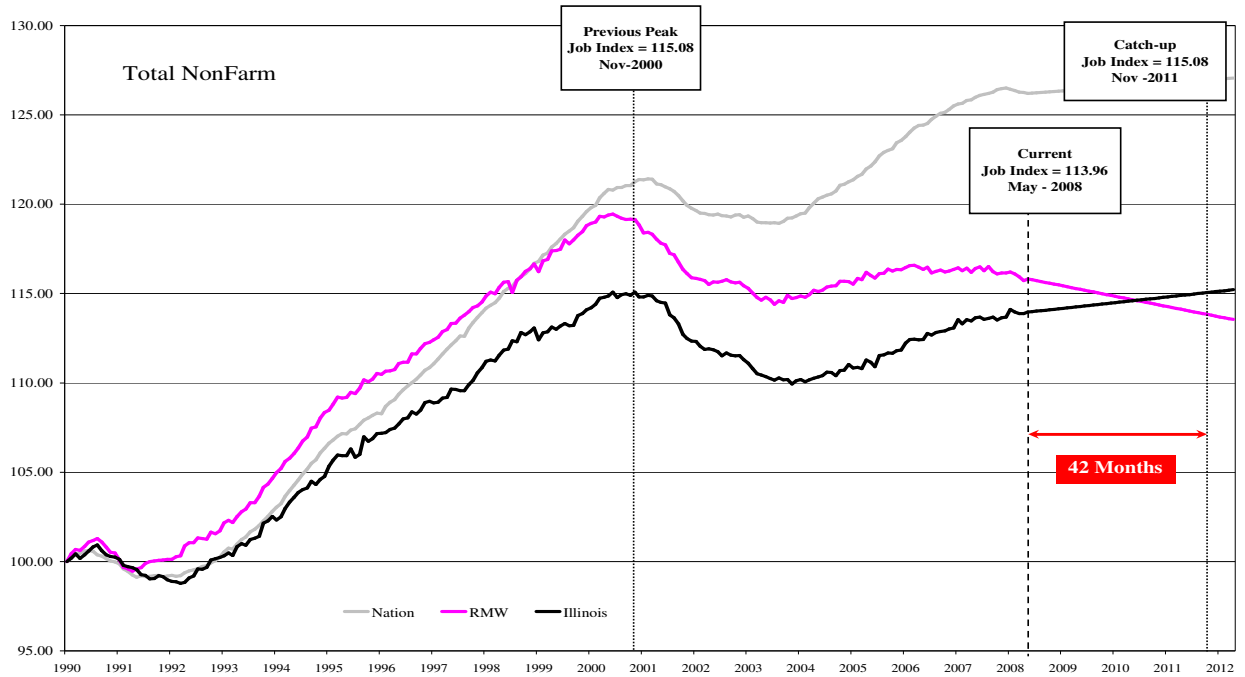
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.96 (May -2008)	115.08 (Nov-2011)	42 months
RMW	119.44 (Jun-2000)	115.82 (May -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.20 (May -2008)	121.56 (Feb-2005)	39 months ago
Metro Areas** :				
Bloomington Normal	141.96 (Feb 2002)	139.51 (Apr 2008)	141.81 (Dec 2011)	44 months
Champaign Urbana	115.91 (Jun 2001)	113.68 (Apr 2008)	Negative growth	N/A
Chicago	114.68 (Nov 2000)	113.96 (Apr 2008)	114.69 (Jun 2010)	26 months
Davenport- Rock Island-Moline	114.68 (Nov 1999)	114.13 (Apr 2008)	114.74 (Sep 2009)	17 months
Decatur	112.41 (Mar 2000)	102.78 (Apr 2008)	112.45 (Oct 2024)	198 months
Kankakee	124.30 (Jan 2007)	124.86 (Apr 2008)	Reached (Jan 2008)	3 months ago
Peoria	116.81 (April 2000)	120.97 (Apr 2008)	Reached (Feb 2006)	26 months ago
Rockford	123.22 (Jul 2000)	118.92 (Apr 2008)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	105.55 (Apr 2008)	110.35 (Mar 2057)	587 months
Metro-East	114.73 (Jun 2001)	109.52 (Apr 2008)	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.

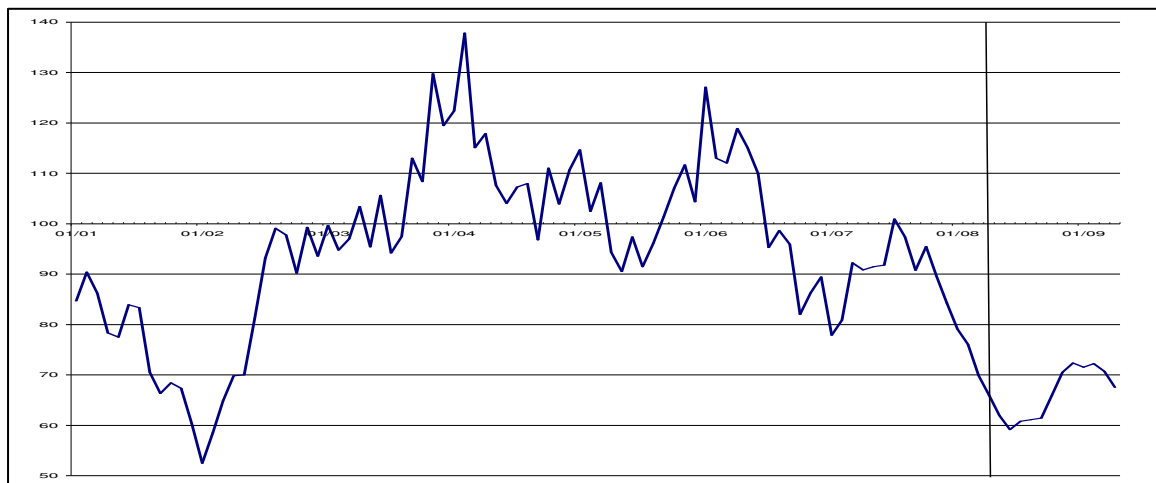
	Periods for Catch-up	
	IL	RMW
Apr-2008	42 Months	Negative growth
May-2008	42 Months	Negative growth
Difference	Same	N/A



CBAI FELL IN APRIL

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 65.9 in April, the ninth consecutive reading below the long-term trend since August 2007.
- This was mainly attributed to the weak national economy.
- Considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months.
- In April, the national economy showed weak features. The Chicago Fed National Activity Index was -1.17 in April, down from -0.98 in March. The Industrial Production Index for Manufacturing (IPMFG) was down 0.8 percent and the Federal Reserve Board's Beige Book also reported that economic activity remained generally weak in late April and May.
- The economic performance in Chicago presented mixed features. Consumption increased by 1.81 percent while the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 1.7 percent.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the three-month Chicago Fed National Activity Index (CFNAI-MA3) decreased to -1.24 in April, which was the lowest reading for the index since the months associated with the 2001 recession. A CFNAI-MA3 value below -0.70 indicates an increasing likelihood that a recession has begun. In addition, the University of Michigan's consumer confidence index fell to 59.8 in May, which was the lowest level since the June 1980 survey. 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.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward move in April is recorded by Springfield (8th to 1st) which moved up by 7 ranks.
- Champaign-Urbana-Rantoul (9th to 7th), Decatur (3rd to 2nd) and Rockford (10th to 9th) also had a rank gain in April.
- Peoria (4th), Chicago (5th) and Davenport-Rock Island-Moline (6th) all had their position unchanged from March to April.
- The deepest fall in April was experienced by Metro-East (1st to 10th).
- Kankakee and Bloomington-Normal also lost ground in April.
- In the 12-months growth league table, Bloomington-Normal (5th to 4th) and Davenport-Rock-Island-Moline (5th to 4th) posted the most notable upward move in April.
- Among the MSAs, only Rockford lost ground (4th to 6th) in April in the 12-months league table.
- Bloomington-Normal (5th to 4th) and Davenport-Rock Island-Moline (6th to 5th) both improved by 1 rank.
- The remaining seven MSAs all retained their rank from March.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	March 2008	April 2008	Rank	Change**
1	Metro-East (0.59%)	Springfield (0.09%)	1	↑ (+7)
2	Kankakee (0.22%)	Decatur (0%)	2	↑ (+1)
3	Decatur (0%)	Kankakee (0%)	3	↓ (-1)
4	Peoria (0%)	Peoria (-0.05%)	4	← (0)
5	Chicago (-0.1%)	Chicago (-0.12%)	5	← (0)
6	Davenport-Rock Island-Moline (-0.16%)	Davenport-Rock Island-Moline (-0.16%)	6	← (0)
7	Bloomington-Normal (-0.33%)	Champaign-Urbana-Rantoul (-0.18%)	7	↑ (+2)
8	Springfield (-0.36%)	Bloomington-Normal (-0.22%)	8	↓ (-1)
9	Champaign-Urbana-Rantoul (-0.53%)	Rockford (-0.68%)	9	↑ (+1)
10	Rockford (-0.62%)	Metro-East (-0.75%)	10	↓ (-9)

Growth over last 12-months:

Rank	March 2008	April 2008	Rank	Change**
1	Kankakee (1.13%)	Kankakee (1.59%)	1	← (0)
2	Peoria (0.96%)	Peoria (0.69%)	2	← (0)
3	Decatur (0.91%)	Decatur (0.54%)	3	← (0)
4	Chicago (0.4%)	Bloomington-Normal (0.44%)	4	↑ (+1)
5	Bloomington-Normal (0.33%)	Davenport-Rock Island-Moline (0.37%)	5	↑ (+1)
6	Davenport-Rock Island-Moline (0.26%)	Chicago (0.3%)	6	↓ (-2)
7	Springfield (0%)	Springfield (0.09%)	7	← (0)
8	Champaign-Urbana-Rantoul (-0.35%)	Champaign-Urbana-Rantoul (-0.27%)	8	← (0)
9	Rockford (-0.43%)	Rockford (-0.8%)	9	← (0)
10	Metro-East (-0.46%)	Metro-East (-1.13%)	10	← (0)

* MSA League Tables are based on revised employment data. For instances of equal growth rate for multiple MSAs ranks are decided based on change of growth rate from previous month.

Unemployment Claims (Initial)

