



# ILLINOIS ECONOMIC REVIEW

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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.

DECEMBER 2008

# EMPLOYMENT

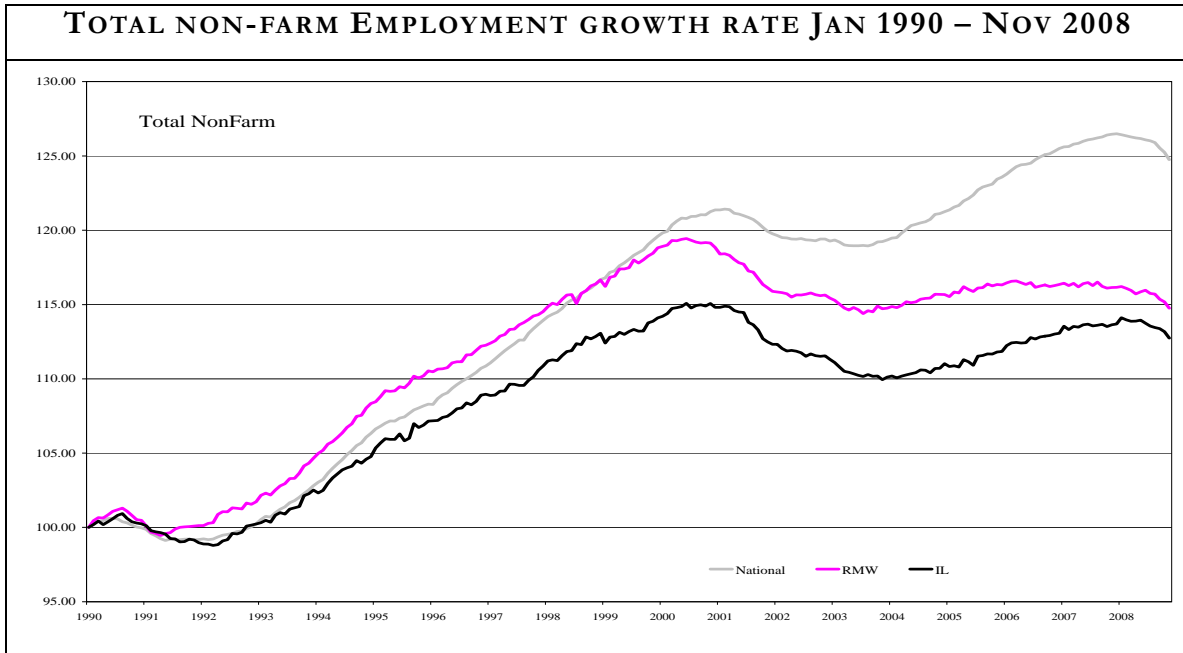
## EMPLOYMENT DATA SUMMARY

- In November 2008, Illinois lost 23,000 jobs at a rate of -0.39%. This is the largest monthly loss since 2002.
- Illinois has posted negative job changes eight times in 2008, and the state has lost 50,100 jobs since January, 2008.
- By the end of November, Illinois averaged a monthly growth of -0.08% in 2008, which is smaller than both the average growth rate for 2007 of 0.05%, and the average growth rate in recent recovery period for Illinois since early 2004 of 0.07%.
- Illinois, RMW, and the nation all lost jobs for the fifth consecutive month.
- Over the last 12 months, Illinois payroll growth was -0.79%, better than the negative -1.35% growth of the nation. RMW continued with a negative rating of -1.20% for fifteen months in a row.
- Illinois has lost -4,555 jobs on average per month in 2008 so far, compared to 2,742 job increase per month in 2007.
- Through November 2008, the cumulative job growth for the nation, Illinois and RMW compared to January 1990 stood at 24.75%, 12.74%, and 14.76%, respectively.

## NOVEMBER 2008 EMPLOYMENT CHART

| November<br>2008<br>Negative | Total Non-Farm<br>Employment | Oct 2008 – Nov 2008 |                | Last 12 months |                |
|------------------------------|------------------------------|---------------------|----------------|----------------|----------------|
|                              |                              | Growth Rate %       | Number of Jobs | Growth Rate %  | Number of Jobs |
|                              | <b>Nation</b>                | -0.39               | -533,000       | -1.35          | -1,870,000     |
|                              | <b>RMW*</b>                  | -0.36               | -71,700        | -1.20          | -237,700       |
|                              | <b>Illinois</b>              | -0.39               | -23,000        | -0.79          | -47,300        |

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



## SHADOW UNEMPLOYMENT

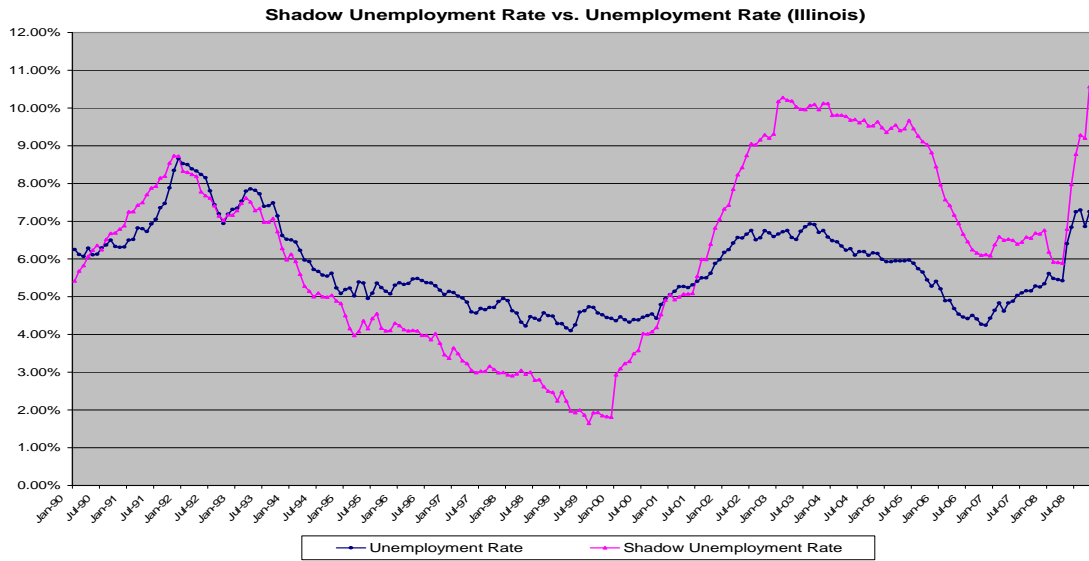
### Unemployment Rate: Official and Shadow

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.

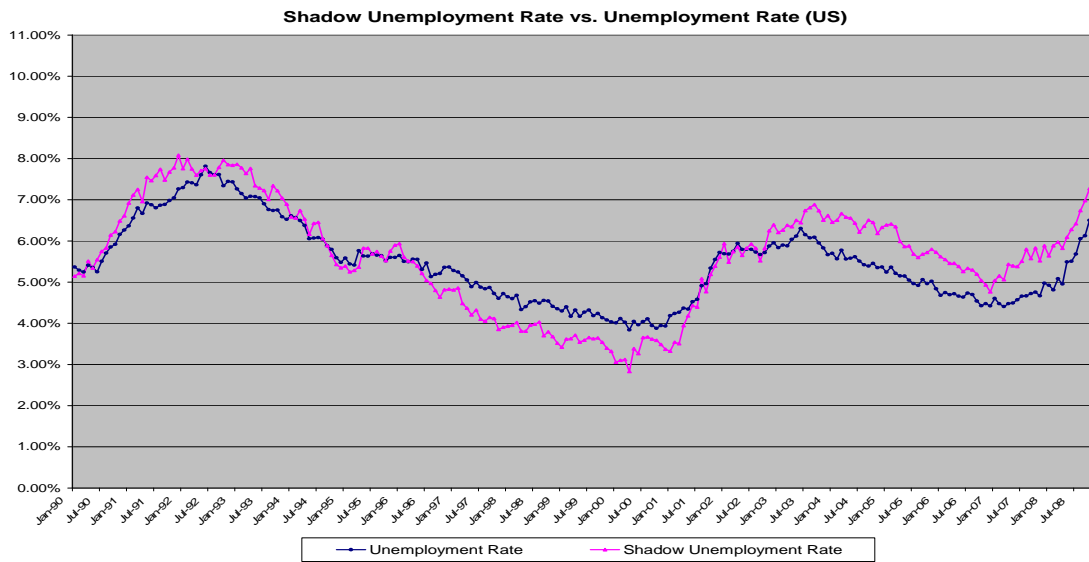
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 234,000 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

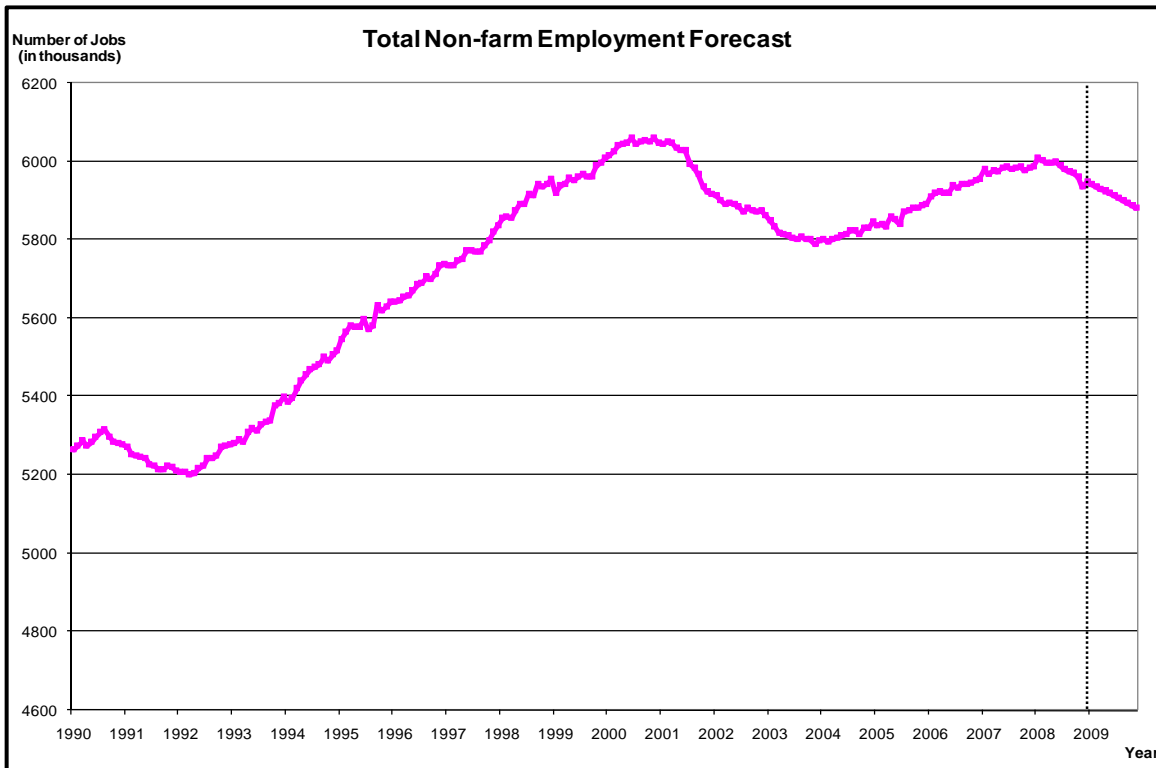


■ US



## EMPLOYMENT FORECAST

|  | November 2008 | November 2009 (p) | Number of Jobs | Growth Rate % |
|--|---------------|-------------------|----------------|---------------|
| <b>Total non-farm</b>                        | 5,936,400     | 5,882,000         | -54,400        | -0.92%        |
| <b>Construction</b>                          | 249,300       | 244,800           | -4,500         | -1.81%        |
| <b>Manufacturing</b>                         | 662,200       | 637,200           | -25,000        | -3.78%        |
| <b>Trade, transportation &amp; utilities</b> | 1,207,600     | 1,192,100         | -15,500        | -1.28%        |
| <b>Information</b>                           | 114,200       | 109,900           | -4,300         | -3.77%        |
| <b>Financial Activities</b>                  | 393,500       | 392,400           | -1,100         | -0.28%        |
| <b>Professional &amp; business services</b>  | 874,100       | 867,100           | -7,000         | -0.80%        |
| <b>Education &amp; health</b>                | 791,700       | 795,400           | 3,700          | 0.47%         |
| <b>Leisure &amp; hospitality</b>             | 524,800       | 526,800           | 2,000          | 0.38%         |
| <b>Other services</b>                        | 258,800       | 259,900           | 1,100          | 0.43%         |
| <b>Government</b>                            | 850,400       | 846,600           | -3,800         | -0.45%        |



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## CATCH UP SCENARIO

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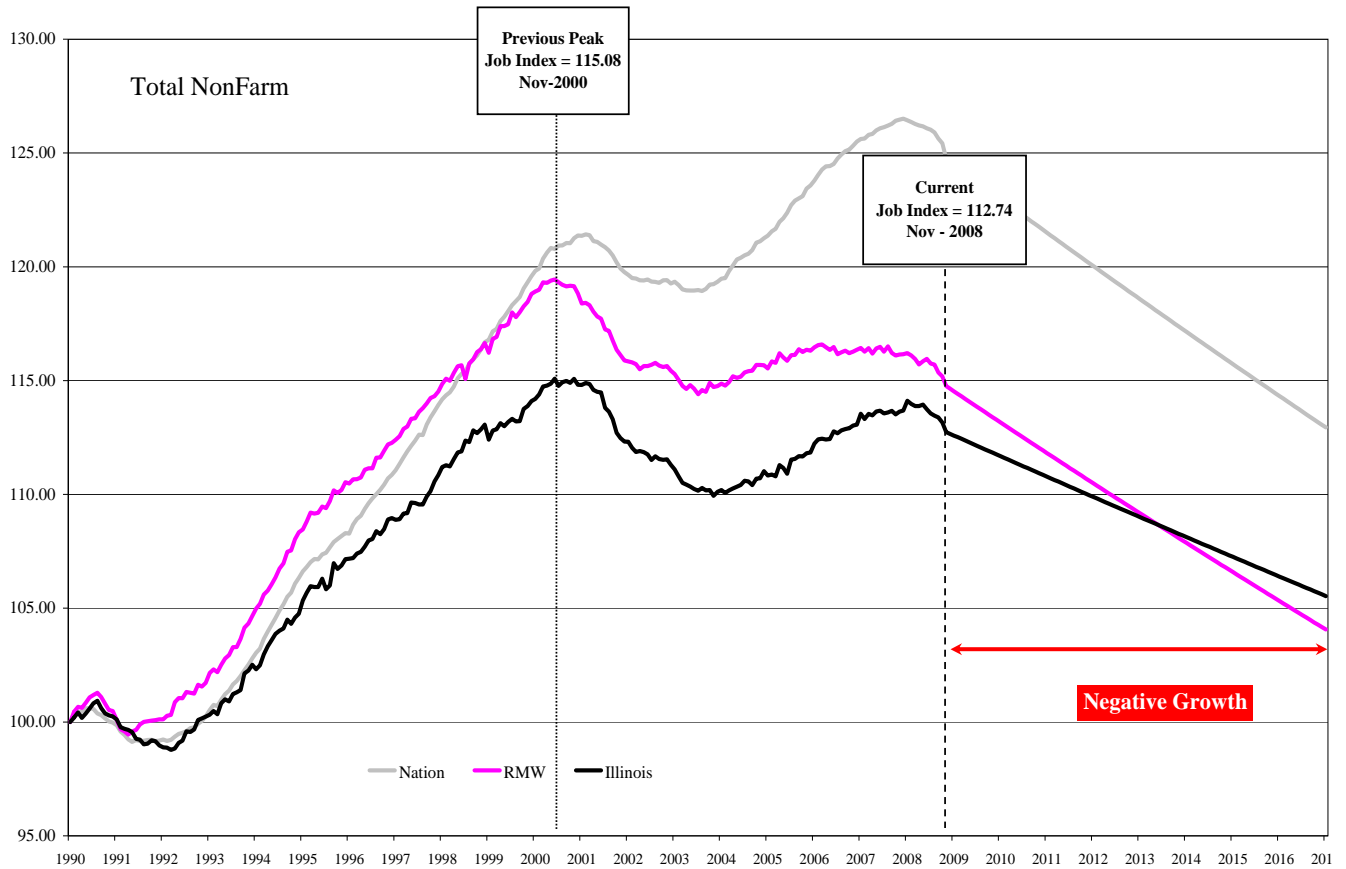
### *Catch-up Scenario\* of Previous Peak Job Index in Illinois*

|                                      | Previous Peak          | Current              | Catch-up              | Periods for Catch-up |
|--------------------------------------|------------------------|----------------------|-----------------------|----------------------|
| <b>IL</b>                            | 115.08<br>(Nov-2000)   | 112.74<br>(Nov 2008) | Negative growth       | N/A                  |
| <b>RMW</b>                           | 119.44<br>(Jun-2000)   | 114.76<br>(Nov 2008) | Negative growth       | N/A                  |
| <b>Nation</b>                        | 121.45<br>(Feb-2001)   | 124.75<br>(Nov 2008) | 121.56<br>(Feb-2005)  | 43 months ago        |
| <b>Metro Areas** :</b>               |                        |                      |                       |                      |
| <b>Bloomington Normal</b>            | 141.96<br>(Feb 2002)   | 140.12<br>(Oct 2008) | 141.96<br>(Aug 2014)  | 70 months            |
| <b>Champaign Urbana</b>              | 115.91<br>(Jun 2001)   | 114.29<br>(Oct 2008) | 115.93<br>(Jan 2013)  | 63 months            |
| <b>Chicago</b>                       | 114.68<br>(Nov 2000)   | 113.54<br>(Oct 2008) | Negative growth       | N/A                  |
| <b>Davenport- Rock Island-Moline</b> | 114.68<br>(Nov 1999)   | 114.67<br>(Oct 2008) | 114.74<br>(Dec 2008)  | 2 months             |
| <b>Decatur</b>                       | 112.41<br>(Mar 2000)   | 102.59<br>(Oct 2008) | Negative growth       | N/A                  |
| <b>Kankakee</b>                      | 124.30<br>(Jan 2007)   | 124.30<br>(Oct 2008) | Reached<br>(Jan 2008) | 9 months ago         |
| <b>Peoria</b>                        | 116.81<br>(April 2000) | 121.55<br>(Oct 2008) | Reached<br>(Feb 2006) | 32 months ago        |
| <b>Rockford</b>                      | 123.22<br>(Jul 2000)   | 119.81<br>(Oct 2008) | 123.41<br>(May 2011)  | 31 months            |
| <b>Springfield</b>                   | 110.35<br>(Aug 2000)   | 105.74<br>(Oct 2008) | 110.35<br>(Apr 2024)  | 186 months           |
| <b>Metro-East</b>                    | 114.73<br>(Jun 2001)   | 109.84<br>(Oct 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.

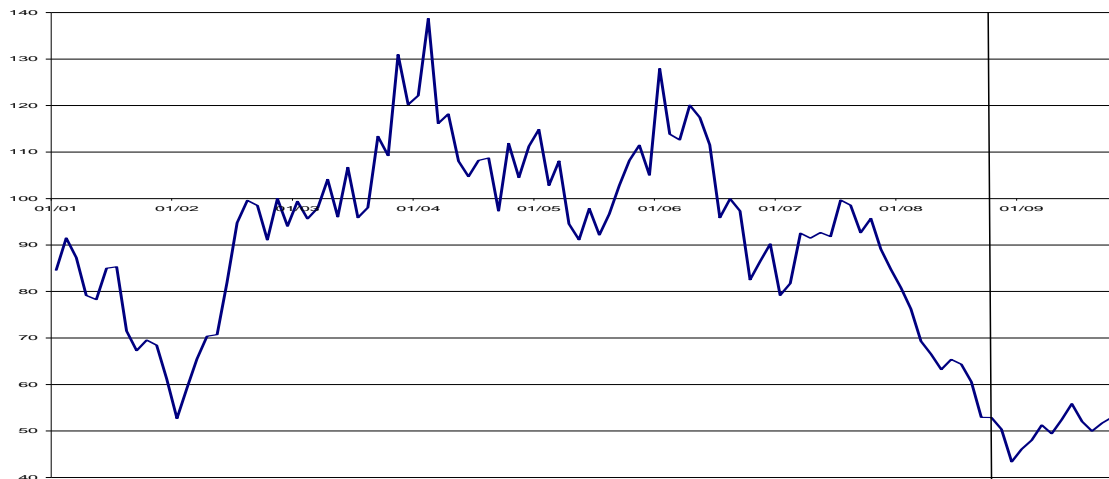
|            | Periods for Catch-up |                 |
|------------|----------------------|-----------------|
|            | IL                   | RMW             |
| Oct-2008   | Negative growth      | Negative growth |
| Nov-2008   | Negative growth      | Negative growth |
| Difference | N/A                  | N/A             |



## CBAI FELL IN OCTOBER

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 52.9 in October, continuing a reading far below the long-term trend.
- 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 October, the national economy showed mixed features, compared to the previous month. The coincident index of the Conference Board increased 0.2 percent, following five consecutive monthly declines. The Chicago Fed National Activity Index (CFNAI) was  $-1.06$  in October, up from  $-3.11$  in September. Nonetheless, both the number of unemployed persons and the unemployment rate continued to increase in October: the number of unemployed person increased 603,000 and the unemployment rate rose from 6.1 percent to 6.5 percent.
- The regional economy continued to present weak features in October. Manufacturing, non-manufacturing and construction employment decreased 0.26 percent, 0.18 percent and 1.10 percent respectively, compared to the previous month. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 1.0% in October, mainly due to the drops of steel, auto and machinery output.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Conference Board Consumer Confidence Index was 44.9 in November. This means that consumers are pessimistic about the economic path in the future. For the local economy, the CBAI index suggests that the regional economic growth will be well below its historical trend.





# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY

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- Two most remarkable upward moves in October are by Metro-East (4th to 1st) and Decatur (6th to 2nd), which both moved up by 3 spots.
- Bloomington-Normal, Davenport-Rock Island-Moline, Rockford, Peoria, and Kankakee also made gains in terms of the rank from September.
- Champaign-Urbana-Rantoul (1st to 10th) and Springfield (2nd to 5th) both experienced deep falls in October.
- Chicago kept the same rank in October.
- In the 12 months growth league table, upward moves were recorded for Rockford (9th to 2nd), and Champaign-Urbana-Rantoul (8th to 7th).
- Kankakee is still on top whereas Metro-East is still in the last position.
- Bloomington-Normal experienced the greatest fall (3rd to 6th) in October, followed by Chicago (6th to 8th), and Decatur (7th to 9th).

## MSA League Tables\*: Non-farm Employment Growth Rate

## Monthly growth:

| Rank | September 2008                       | October 2008                         | Rank | Change** |
|------|--------------------------------------|--------------------------------------|------|----------|
| 1    | Champaign-Urbana-Rantoul (2.98%)     | Metro-East (0.13%)                   | 1    | ↑ (+3)   |
| 2    | Springfield (0.9%)                   | Davenport-Rock Island-Moline (0.11%) | 2    | ↑ (+1)   |
| 3    | Davenport-Rock Island-Moline (0.37%) | Decatur (0%)                         | 3    | ↑ (+3)   |
| 4    | Metro-East (0.34%)                   | Rockford (0%)                        | 4    | ↑ (+1)   |
| 5    | Rockford (0.19%)                     | Springfield (0%)                     | 5    | ↓ (- 3)  |
| 6    | Decatur (0.18%)                      | Peoria (-0.05%)                      | 6    | ↑ (+1)   |
| 7    | Peoria (0.16%)                       | Bloomington-Normal (-0.11%)          | 7    | ↑ (+2)   |
| 8    | Chicago (0.11%)                      | Chicago (-0.2%)                      | 8    | ← ( 0 )  |
| 9    | Bloomington-Normal (0.11%)           | Kankakee (-0.22%)                    | 9    | ↑ (+1)   |
| 10   | Kankakee (-0.22%)                    | Champaign-Urbana-Rantoul (-1.23%)    | 10   | ↓ (- 9)  |

## Growth over last 12-months:

| Rank | September 2008                       | October 2008                         | Rank | Change** |
|------|--------------------------------------|--------------------------------------|------|----------|
| 1    | Kankakee (1.59%)                     | Kankakee (1.36%)                     | 1    | ← ( 0 )  |
| 2    | Peoria (1.07%)                       | Rockford (1.13%)                     | 2    | ↑ (+7)   |
| 3    | Bloomington-Normal (0.66%)           | Peoria (0.8%)                        | 3    | ↓ (- 1)  |
| 4    | Davenport-Rock Island-Moline (0.64%) | Davenport-Rock Island-Moline (0.37%) | 4    | ← ( 0 )  |
| 5    | Springfield (0.45%)                  | Springfield (0.27%)                  | 5    | ← ( 0 )  |
| 6    | Chicago (-0.01%)                     | Bloomington-Normal (0.22%)           | 6    | ↓ (- 3)  |
| 7    | Decatur (-0.18%)                     | Champaign-Urbana-Rantoul (0.18%)     | 7    | ↑ (+1)   |
| 8    | Champaign-Urbana-Rantoul (-0.26%)    | Chicago (-0.27%)                     | 8    | ↓ (- 2)  |
| 9    | Rockford (-0.43%)                    | Decatur (-0.36%)                     | 9    | ↓ (- 2)  |
| 10   | Metro-East (-2.14%)                  | Metro-East (-1.41%)                  | 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)

