



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.

FEBRUARY 2009

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

EMPLOYMENT

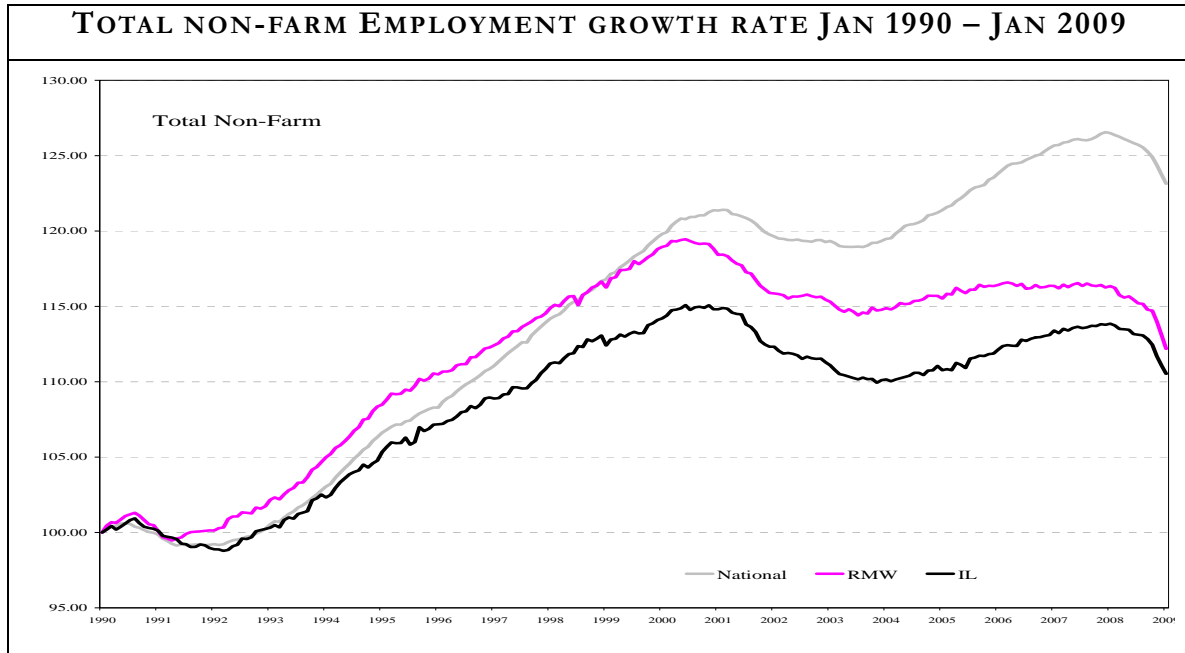
EMPLOYMENT DATA SUMMARY

- In the first month of 2009, Illinois lost 29,300 jobs at a rate of -0.50%, compared to 11,808 average monthly job loss in 2008.
- Illinois, RMW, and the nation all lost jobs in January.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes thirteen times, and the state has lost 173,500 jobs in this recession. 134,300 jobs (77.4%) have been lost since Sep 2008.
- Through 2008, Illinois lost -11,808 jobs at a rate of -0.20% on average per month. This is the worst year since 1990; the second worst year was 2001 with average monthly loss of -10,908 jobs at a rate of -0.18%.
- Over the last 12 months, Illinois payroll growth was -2.92%, slightly larger than the -2.65% growth of the nation. RMW continued with a negative rating (-3.57%) and has lost jobs for seventeen months in a row.
- From Jan 2008 to Jan 2009, Illinois, RMW, and the Nation lost -175,100, -710,200, and -3,661,000 jobs, respectively.
- Through January 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1900 stood at 10.53%, 12.19%, and 23.15%, respectively.

JANUARY 2009 EMPLOYMENT CHART

January 2009 Negative	Total Non-Farm Employment	Dec 2008 – Jan 2009		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.48	-655,000	-2.65	-3,661,000
	RMW*	-0.81	-157,100	-3.57	-710,200
	Illinois	-0.50	-29,300	-2.92	-175,100

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



SHADOW UNEMPLOYMENT

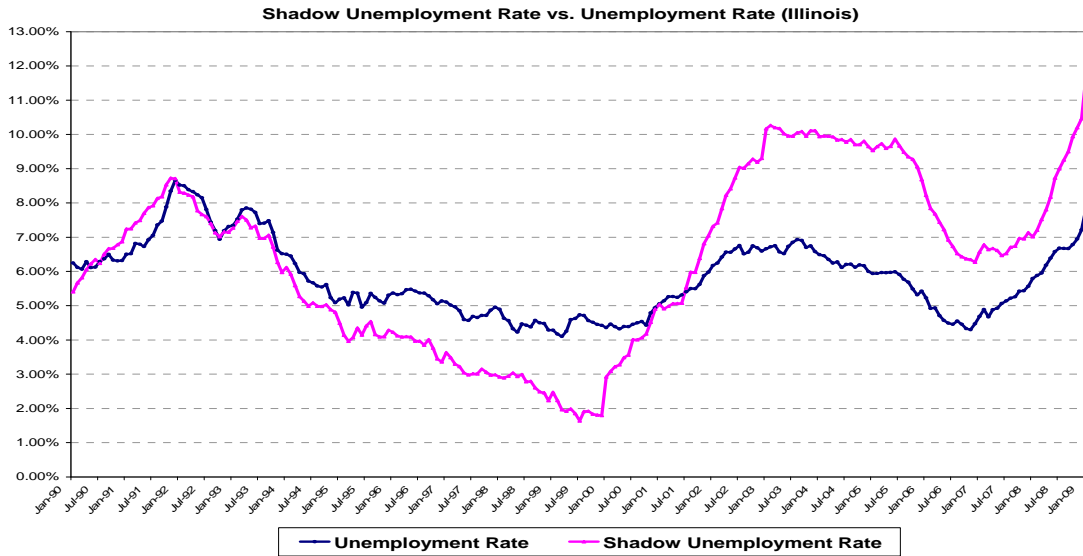
Unemployment Rate: Official and Shadow

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.

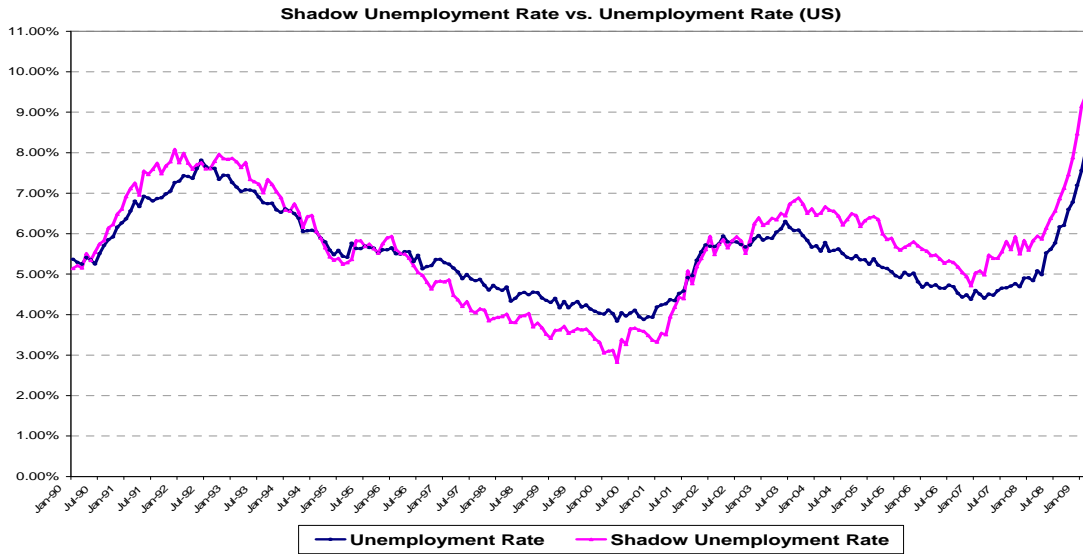
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 official and shadow unemployment rate for Illinois (top figure) and the US as a whole (bottom figure).
- For Illinois since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased. However, the gap has increased significantly since 2008.
- To bring the two together a further 307,661 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

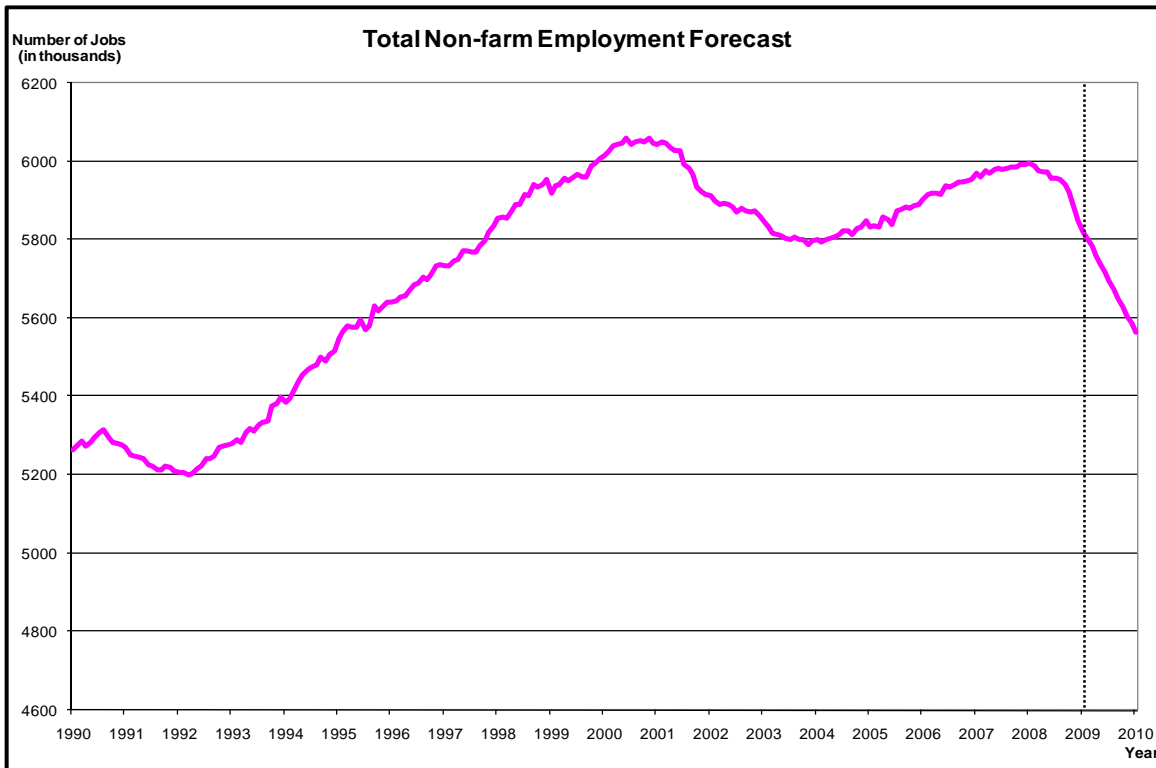


■ US



EMPLOYMENT FORECAST

	January 2009	January 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,820,200	5,564,400	-255,800	-4.40%
Construction	235,500	207,000	-28,500	-12.10%
Manufacturing	633,000	571,000	-62,000	-9.79%
Trade, transportation & utilities	1,181,300	1,131,900	-49,400	-4.18%
Information	112,600	106,500	-6,100	-5.42%
Financial Activities	385,300	366,100	-19,200	-4.98%
Professional & business services	828,000	764,400	-63,600	-7.68%
Education & health	803,400	798,900	-4,500	-0.56%
Leisure & hospitality	517,100	512,500	-4,600	-0.89%
Other services	258,900	256,800	-2,100	-0.81%
Government	854,800	839,000	-15,800	-1.85%



CATCH UP SCENARIO

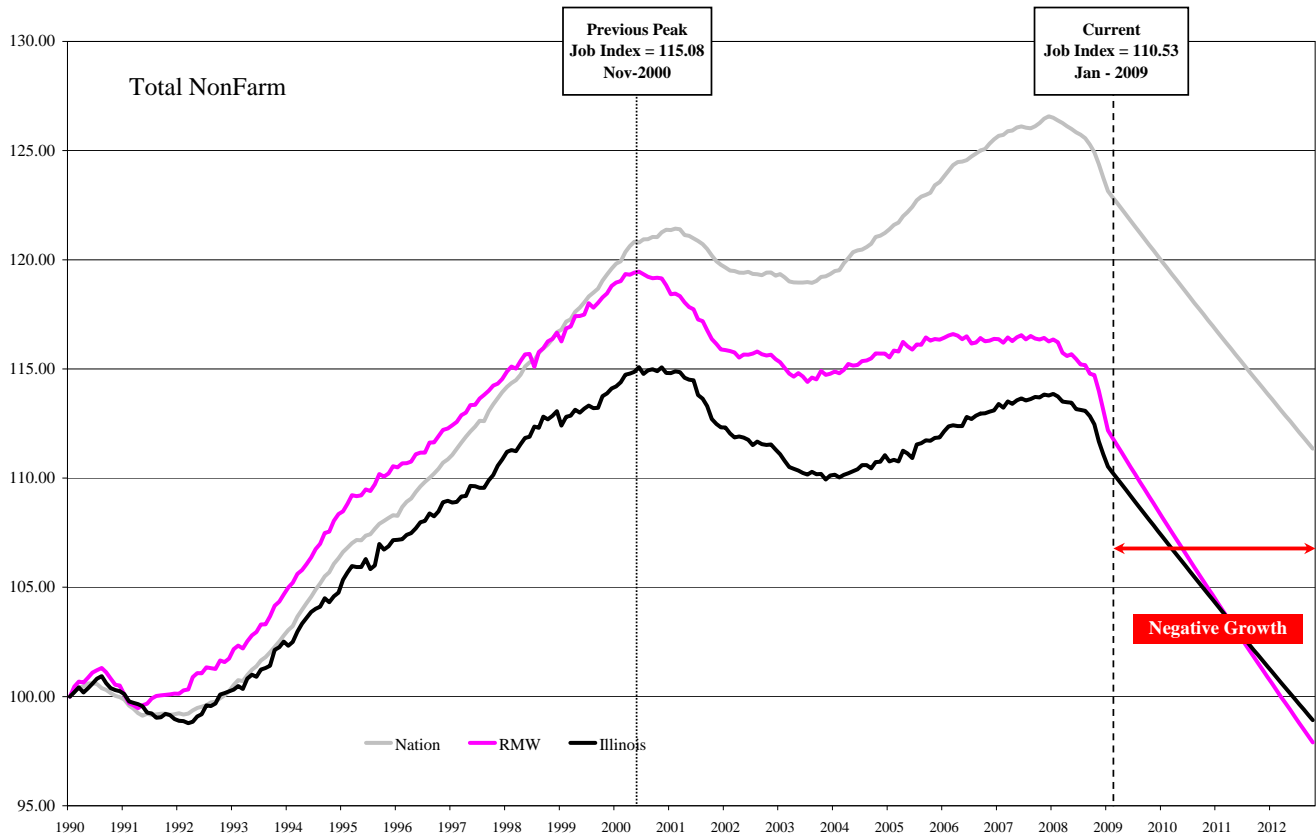
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	110.53 (Jan 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	112.19 (Jan 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	123.15 (Jan 2009)	Negative growth	N/A
Metro Areas** :				
Bloomington Normal	141.96 (Feb 2002)	139.36 (Dec 2008)	Negative growth	N/A
Champaign Urbana	115.91 (Jun 2001)	114.39 (Dec 2008)	115.93 (Aug 2013)	59 months
Chicago	114.68 (Nov 2000)	112.95 (Dec 2008)	Negative growth	N/A
Davenport- Rock Island-Moline	114.73 (Nov 1999)	114.25 (Dec 2008)	114.74 (Sep 2010)	24 months
Decatur	112.41 (Mar 2000)	102.22 (Dec 2008)	Negative growth	N/A
Kankakee	124.30 (Jan 2007)	125.42 (Dec 2008)	Reached (Jan 2008)	11 months ago
Peoria	116.81 (April 2000)	121.55 (Dec 2008)	Reached (Feb 2006)	34 months ago
Rockford	123.29 (Jul 2000)	117.66 (Dec 2008)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	105.46 (Dec 2008)	Negative growth	N/A
Metro-East	114.73 (Jun 2001)	108.87 (Dec 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.

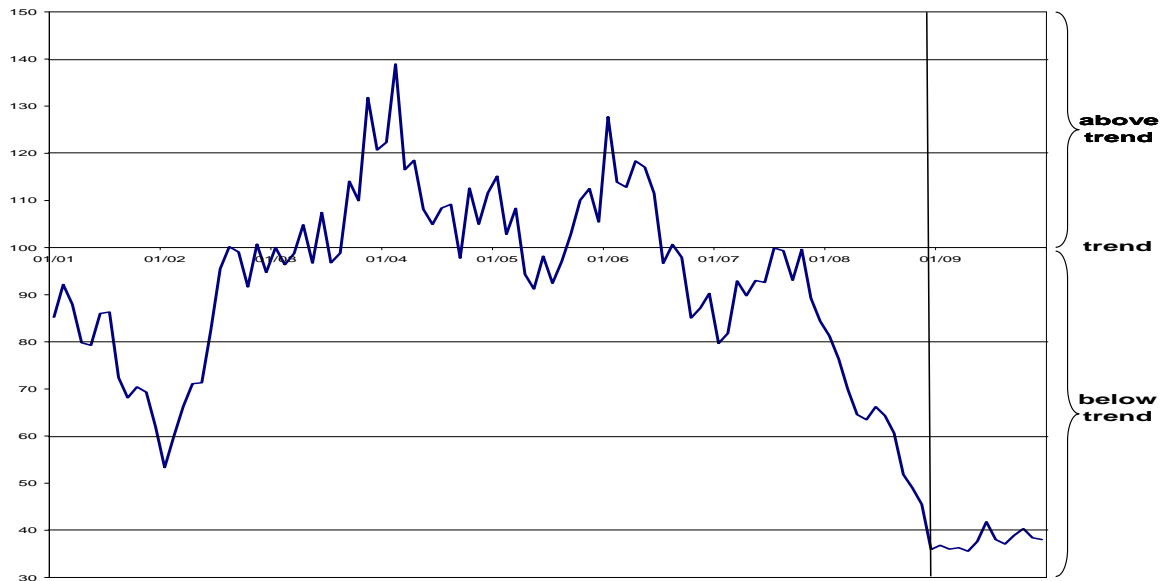
	Periods for Catch-up	
	IL	RMW
Dec-2008	Negative growth	Negative growth
Jan-2008	Negative growth	Negative growth
Difference	N/A	N/A



CBAI FELL IN DECEMBER

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 35.9 in December 2008, notably down from 45.5 in November. This was mainly attributed to the weak national economy and the negative contribution of production and construction activities. The current recession has driven the index to levels well below those observed in the 2000-2001 downturn. The forecasts for the next twelve months suggest little signs of any imminent recovery.
- In December 2008, the national economy showed weak features, compared to the previous month. The Federal Reserve Board's industrial production index dropped 2.0 percent in December and capacity utilization for total industry fell to 73.6 percent in December, a level 7.4 percentage points below its average level from 1972 to 2007. The Chicago Fed National Activity Index (CFNAI) was -3.26 in December, down from -2.78 in November.
- The economic performance in the Chicago region also presented weak features. Manufacturing, non-manufacturing and construction employment in the Chicago region decreased 0.6 percent, 0.4 percent and 6.4 percent respectively. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 3.6 percent in December and a decline was again widespread.
- The national economy and regional economy are expected to continue on a significant contraction path. For the national economy, consumer confidence is deteriorating more rapidly than anticipated. The Conference Board's consumer confidence index decreased to 37.7 in January this year, continuing to be at an historic low (Index began in 1967). For the local economy, considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, Chicago economy is expected to contract at a more rapid pace over the next 12 months.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward moves in December are by Peoria (7th to 2nd), and Decatur (9th to 4th), which both moved up by 5 spots.
- Chicago (10th to 7th) also made gains in terms of the rank from November.
- Bloomington-Normal (2nd to 9th) experienced a deep fall in December
- Metro-East (5th to 9th), Rockford (8th to 10th), and Springfield (4th to 5th) as well experienced falls in December.
- Kankakee, Champaign-Urbana-Rantoul, and Davenport-Rock Island-Moline kept the same ranks this month.
- In the 12 months growth league table, upward moves were recorded for Champaign-Urbana-Rantoul (6th to 3rd), and Metro-East (10th to 9th).
- Kankakee is still on top, while Rockford became the last instead of Metro-East.
- Bloomington-Normal (3rd to 6th) and Rockford (9th to 10th) experienced falls in the last month of 2008.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	November 2008	December 2008	Rank	Change**
1	Kankakee (0.22%)	Kankakee (0.22%)	1	← (0)
2	Bloomington-Normal (0.11%)	Peoria (0.11%)	2	↑ (+5)
3	Champaign-Urbana-Rantoul (0.09%)	Champaign-Urbana-Rantoul (0%)	3	← (0)
4	Springfield (0%)	Decatur (0%)	4	↑ (+5)
5	Metro-East (-0.04%)	Springfield (-0.18%)	5	↓ (-1)
6	Davenport-Rock Island-Moline (-0.11%)	Davenport-Rock Island-Moline (-0.21%)	6	← (0)
7	Peoria (-0.11%)	Chicago (-0.46%)	7	↑ (+3)
8	Rockford (-0.19%)	Bloomington-Normal (-0.66%)	8	↓ (-6)
9	Decatur (-0.36%)	Metro-East (-0.72%)	9	↓ (-4)
10	Chicago (-0.47%)	Rockford (-1.55%)	10	↓ (-2)

Growth over last 12-months:

Rank	November 2008	December 2008	Rank	Change**
1	Kankakee (1.59%)	Kankakee (1.58%)	1	← (0)
2	Peoria (0.69%)	Peoria (0.85%)	2	← (0)
3	Bloomington-Normal (0.22%)	Champaign-Urbana-Rantoul (0.18%)	3	↑ (+3)
4	Davenport-Rock Island-Moline (0.21%)	Davenport-Rock Island-Moline (0.11%)	4	← (0)
5	Springfield (0.09%)	Springfield (-0.18%)	5	← (0)
6	Champaign-Urbana-Rantoul (0.09%)	Bloomington-Normal (-0.66%)	6	↓ (-3)
7	Decatur (-0.72%)	Decatur (-0.72%)	7	← (0)
8	Chicago (-0.79%)	Chicago (-1.29%)	8	← (0)
9	Rockford (-0.92%)	Metro-East (-2.28%)	9	↑ (+1)
10	Metro-East (-1.7%)	Rockford (-2.34%)	10	↓ (-1)

* 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)

