



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.

NOVEMBER 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois lost 3,200 jobs at a rate of -0.06% in October 2009, compared to a revised 10,100 job loss in September.
- In October 2009, the Nation shed 190,000 jobs at a rate of -0.14%. This is much better than the average 448,000 jobs loss per month for the first nine months in 2009.
- RMW added 41,200 jobs in October after a revised 54,800 job loss in September.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 22 times, and the state has lost 358,100 jobs in this recession.
- Through 2008, Illinois lost -11,800 jobs at a rate of -0.20% on average per month. However, the average monthly loss for the first ten months of 2009 was -21,400 jobs at a rate of -0.37%.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 - Manufacturing, Information, Construction, Trade, transportation & utilities, and Financial activities.
- Over the last 12 months, Illinois shed 286,300 jobs at a rate -4.83%.
- Through October 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.03%, 9.41%, and 19.88%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 13.2%, 14.5% and 12.3%, compared to official unemployment rates of 11.0%, 10.7% and 10.2%.

OCTOBER 2009 EMPLOYMENT CHART

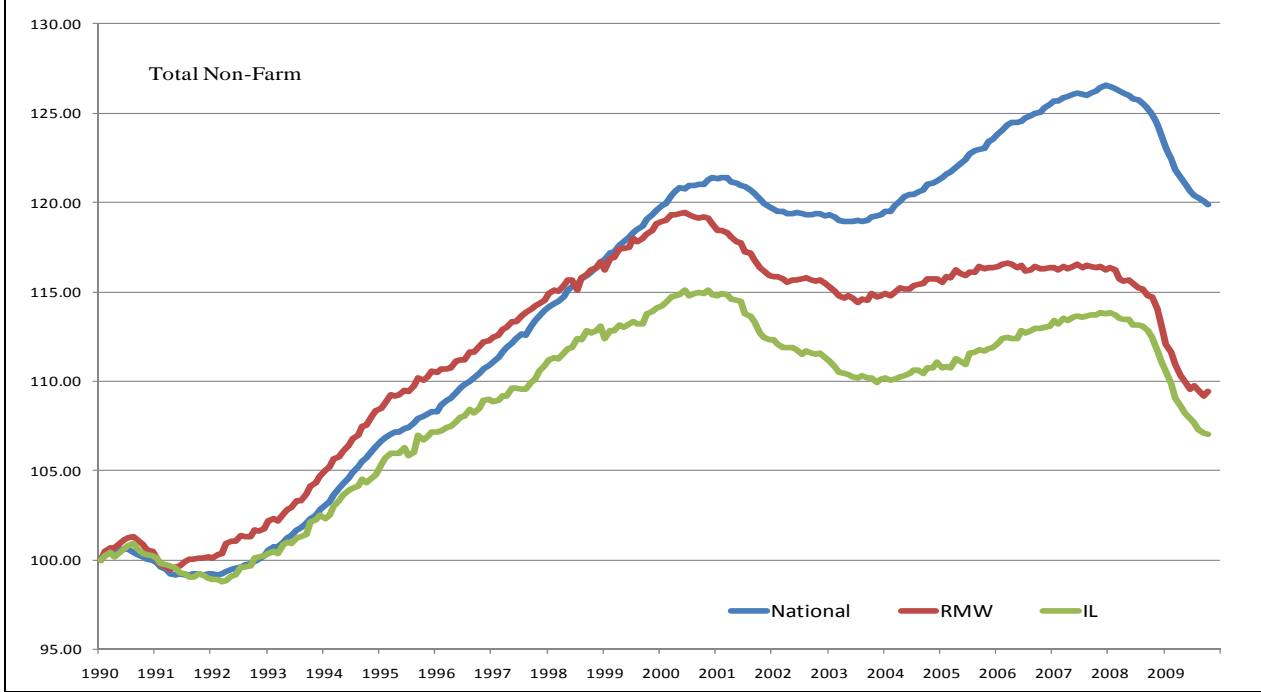
November 2009 Negative	Total Non-Farm Employment	Oct 2009 – Oct 2009		Last 12 months		Oct-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.14	-190,000	-4.04	-5,504,000	12.3%
	RMW*	0.22	41,200	-4.63	-908,000	14.5%
	Illinois	-0.06	-3,200	-4.83	-286,300	13.2%

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

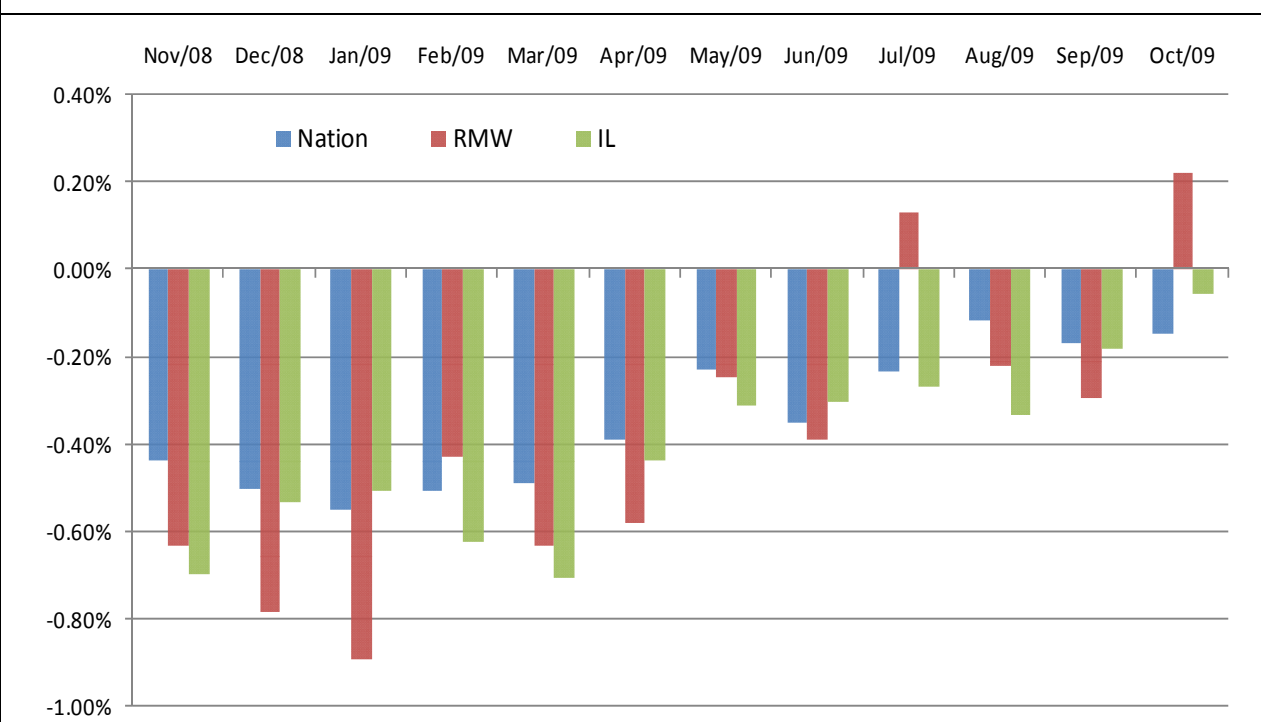
**REAL has estimated a *shadow unemployment rate*, this is calculated as the unemployment rate that would be observed if labor force

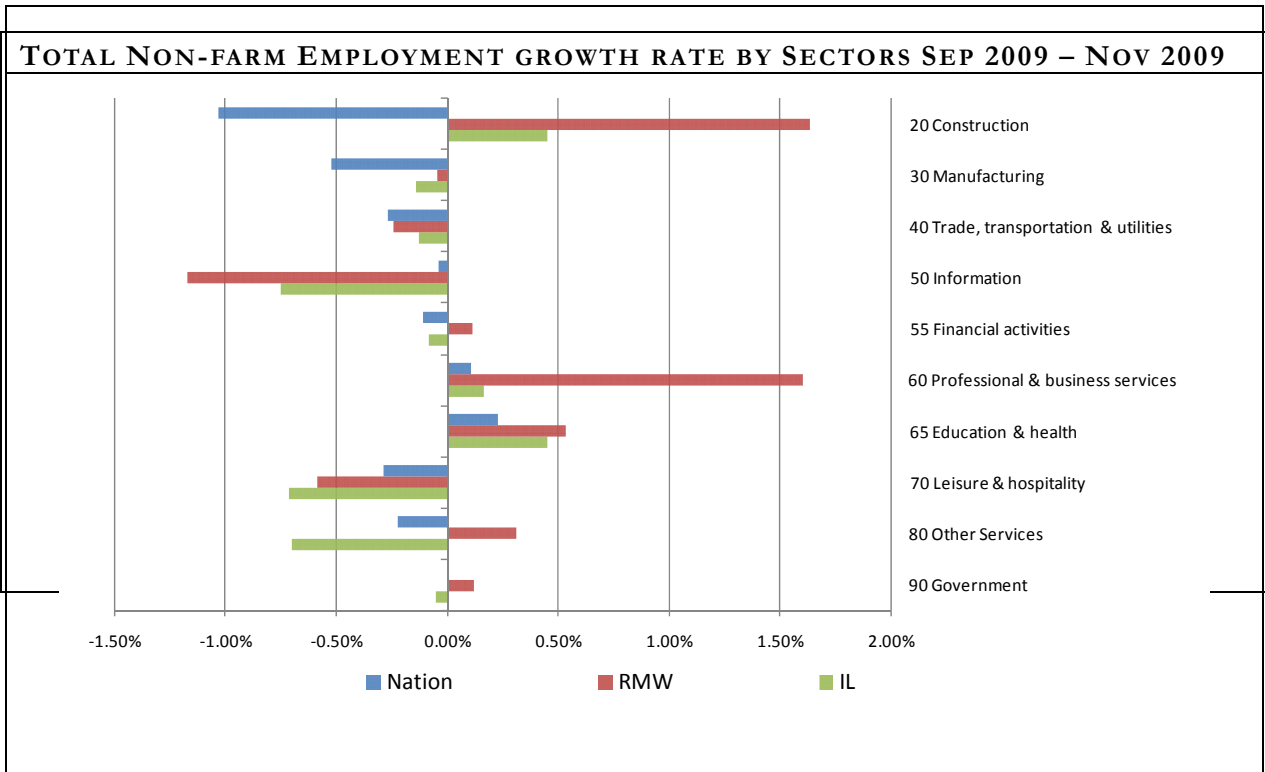
participation rates matched the average for the 15-year period from 1990 to 2004.

TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – OCT 2009



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE NOV 2008 – OCT 2009





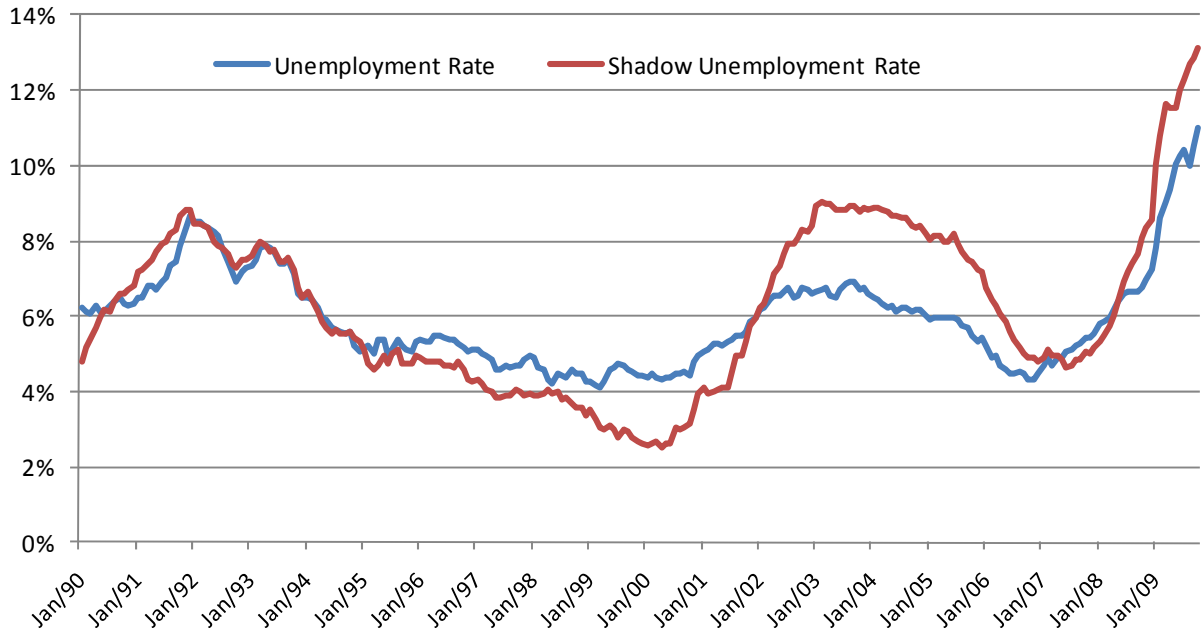
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

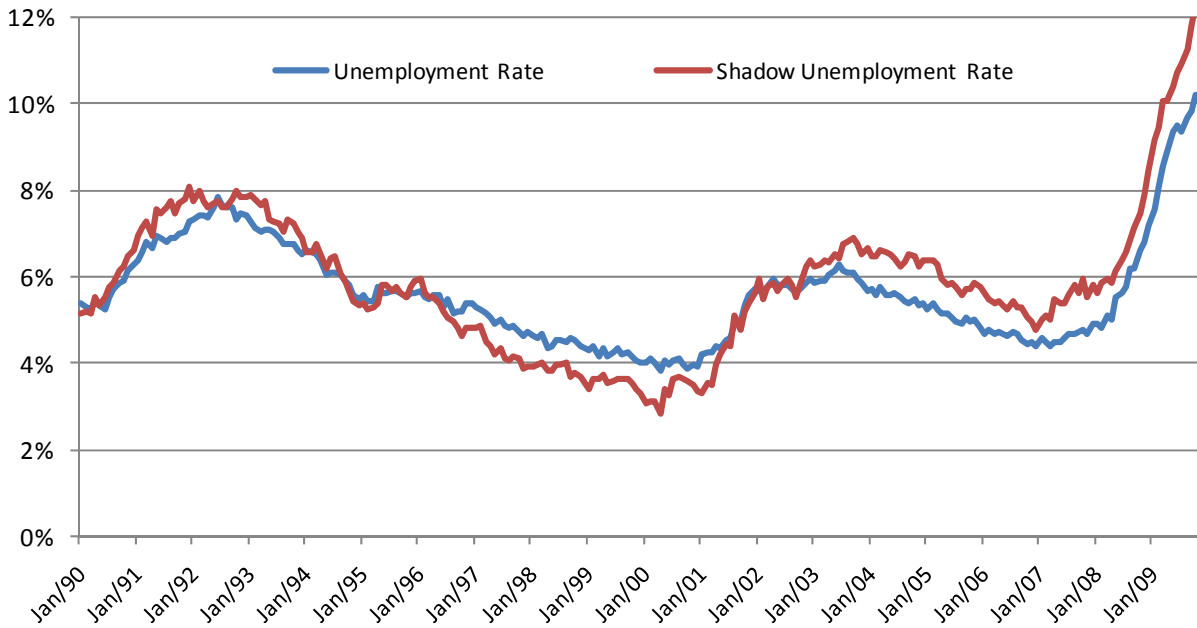
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 68.2% in Illinois whereas in 2008, it has been only 67.8%.
- For the 15 years from 1990 to 2004, the average participation rate was 68.1% in Illinois.
- In the 1990s in the US, the average participation rate was 66.5% whereas in 2008, it has been 66.0%; 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 145,214 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

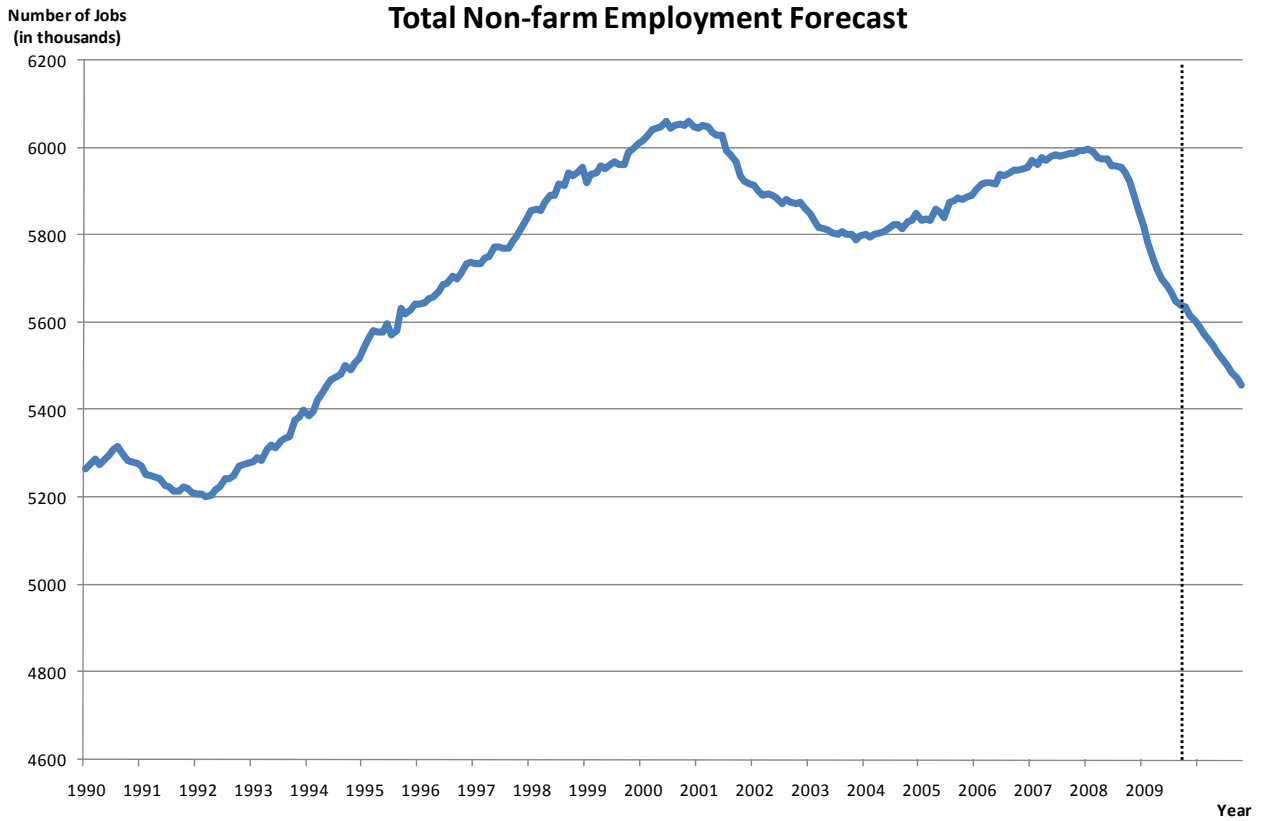


▪ US



EMPLOYMENT FORECAST

	October 2009	October 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,635,600	5,456,900	-178,700	-3.17%
Construction	220,300	201,500	-18,800	-8.53%
Manufacturing	575,600	520,700	-54,900	-9.54%
Trade, transportation & utilities	1,139,200	1,074,300	-64,900	-5.70%
Information	106,100	99,900	-6,200	-5.84%
Financial Activities	369,200	349,600	-19,600	-5.31%
Professional & business services	786,800	762,600	-24,200	-3.08%
Education & health	798,100	806,400	8,300	1.04%
Leisure & hospitality	516,900	519,900	3,000	0.58%
Other services	256,900	259,000	2,100	0.82%
Government	856,200	852,700	-3,500	-0.41%



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)	107.03 (Oct 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	109.41 (Oct 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	119.88 (Oct 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.89 (Feb 2002)	138.28 (Sep 2009)	Negative growth	N/A
Champaign Urbana	119.83 (Jan 2009)	114.98 (Sep 2009)	Negative growth	N/A
Chicago	114.67 (Nov 2000)	107.32 (Sep 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.25 (Oct 2008)	113.00 (Sep 2009)	Negative growth	N/A
Decatur	112.40 (Mar 2000)	97.54 (Sep 2009)	Negative growth	N/A
Kankakee	125.21 (Dec 2008)	119.04 (Sep 2009)	Negative growth	N/A
Peoria	122.20 (Feb 2006)	118.11 (Sep 2009)	Negative growth	N/A
Rockford	123.27 (Jul 2000)	113.98 (Sep 2009)	Negative growth	N/A
Springfield	110.34 (Aug 2000)	104.78 (Sep 2009)	Negative growth	N/A
Metro-East	114.76 (Nov 2000)	111.76 (Sep 2009)	114.78 (Jan 2011)	16 months

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

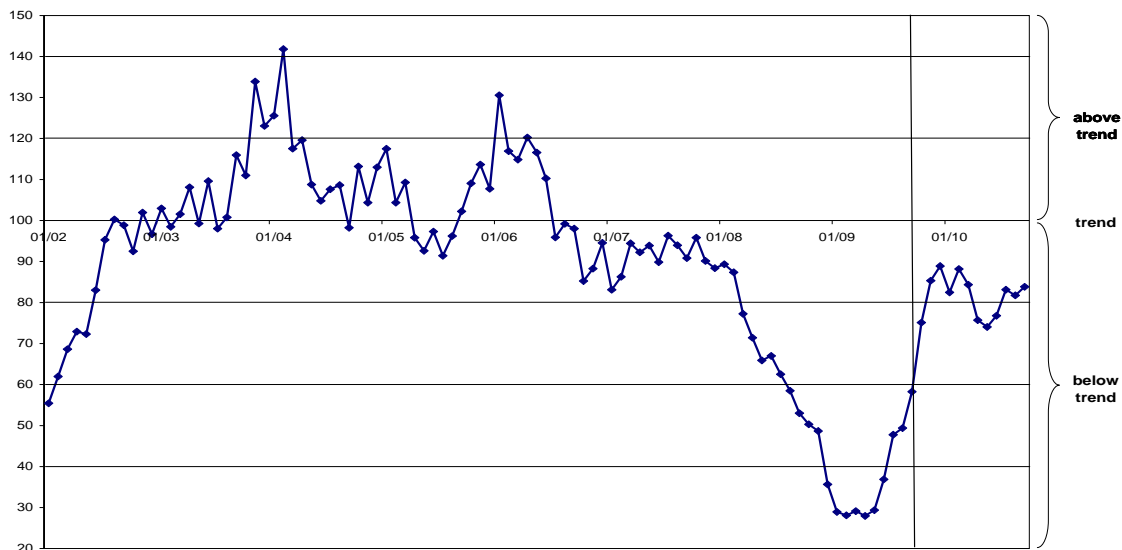
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

CBAI INCREASED IN SEPTEMBER

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 58.3 in September, up from 49.4 in August. The recent movement of the index exhibits a favorable sign that the region is continuing to show improvement but is still well below the long-term trend.
- In September the national and regional economy showed mixed features. The Chicago Fed National Activity Index was -0.63 in September, up from -0.96 in the previous month. The Federal Reserve Board's industrial production index rose for the third straight month: it increased 0.7 percent in September, following an increase of 1.2 percent in August. Nevertheless, the unemployment rate rose from 9.7 to 9.8 percent in September, and nonfarm payroll employment continued to decline ($-219,000$). The Chicago Fed Midwest Manufacturing Index (CFMMI) continued to increase: it increased 1.0 percent in September, after increasing 1.6 percent in August.
- In the Chicago region, employment situation continued to deteriorate: construction employment declined by 1.23 percent while manufacturing and non-manufacturing employment decreased 0.7 percent and 0.2 percent respectively in September.
- The downside risk to economic growth has been mitigated by the proactive fiscal and monetary policy initiatives. The Bureau of Economic Analysis announced that the national GDP grew at 3.5 percent in the third quarter, ending a string of declines over last four quarters. The economic growth in the third quarter reflected the sharp increase of consumer spending, induced significantly by irregular factors such as government's introduction of Car Allowance Rebate System (CARS). For the economy to gain the self-sustainable growth in coming months, it is crucial to counter the more risk-adverse economic viewpoint currently dominating both private sectors firms and households. For the local economy, the CBAI still continued to be far below the long-term trend, suggesting that it would take considerable time for the regional economy to gain the momentum of sustainable growth.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward moves in September were by Springfield (9th to 1st) and Champaign-Urbana-Rantoul (10th to 2nd), which both moved up by 8 spots.
- Decatur (8th to 4th) and Davenport-Rock Island-Moline (4th to 3rd) both gained in terms of rank from last month.
- Rockford (1st to 6th) experienced the deepest fall this month.
- Kankakee (3rd to 8th), Metro-East (2nd to 6th), Chicago (6th to 9th), and Bloomington-Normal (7th to 10th) all experienced falls in September.
- In the 12 months growth league table, the only upward move was recorded for Springfield (6th to 2nd), while the downward moves were by Bloomington-Normal (2nd to 5th) and Rockford (5th to 6th).
- Other seven MSAs maintained the same ranks.
- Metro-East is still on top, while Chicago is still in last place.

*NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	Aug 2009	Sep 2009	Rank	Change**
1	Rockford (0.22%)	Springfield (2%)	1	↑(+8)
2	Metro-East (0.1%)	Champaign-Urbana-Rantoul (1.68%)	2	↑(+8)
3	Kankakee (0.08%)	Davenport-Rock Island-Moline (0.18%)	3	↑(+1)
4	Davenport-Rock Island-Moline (-0.12%)	Decatur (0.16%)	4	↑(+4)
5	Peoria (-0.14%)	Peoria (0.12%)	5	←(0)
6	Chicago (-0.26%)	Metro-East (0.03%)	6	↓(-4)
7	Bloomington-Normal (-0.37%)	Rockford (-0.16%)	7	↓(-6)
8	Decatur (-0.45%)	Kankakee (-0.17%)	8	↓(-5)
9	Springfield (-0.47%)	Chicago (-0.19%)	9	↓(-3)
10	Champaign-Urbana-Rantoul (-2.09%)	Bloomington-Normal (-0.66%)	10	↓(-3)

Growth over last 12-months:

Rank	Aug 2009	Sep 2009	Rank	Change**
1	Metro-East (2.27%)	Metro-East (1.98%)	1	←(0)
2	Bloomington-Normal (-1.04%)	Springfield (-0.68%)	2	↑(+4)
3	Champaign-Urbana-Rantoul (-1.61%)	Champaign-Urbana-Rantoul (-0.89%)	3	←(0)
4	Davenport-Rock Island-Moline (-1.74%)	Davenport-Rock Island-Moline (-1.5%)	4	←(0)
5	Rockford (-2.83%)	Bloomington-Normal (-1.66%)	5	↓(-3)
6	Springfield (-2.98%)	Rockford (-2.85%)	6	↓(-1)
7	Peoria (-3.28%)	Peoria (-3.29%)	7	←(0)
8	Kankakee (-3.32%)	Kankakee (-3.53%)	8	←(0)
9	Decatur (-4.5%)	Decatur (-4.49%)	9	←(0)
10	Chicago (-4.87%)	Chicago (-4.69%)	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)

