



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 2010

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

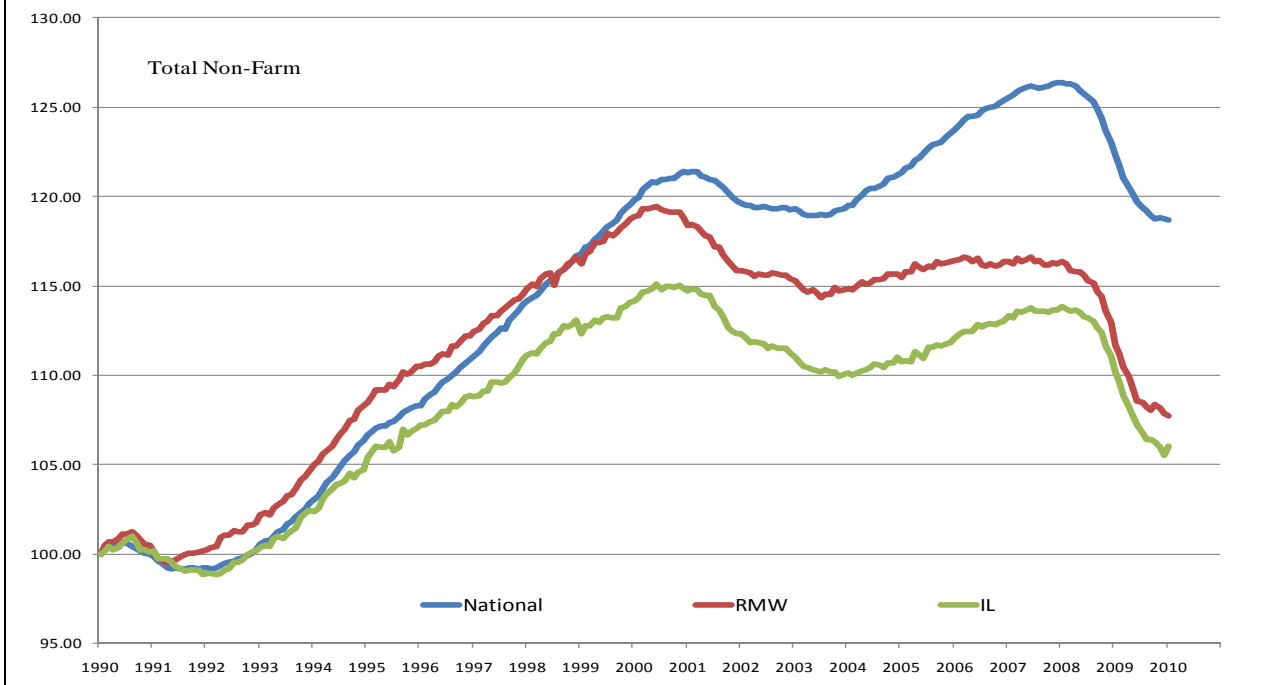
- Illinois added 26,000 jobs at a rate of 0.47% in January 2010, compared to a revised 21,800 job loss in December 2009. It is the first time in two years that Illinois has positive job rating. However, January employment data are traditionally difficult to estimate, and the estimates are also affected by federal changes in data estimation and seasonal adjustment methods. The three-month moving average of employment, a more stable measure of labor market, was down by 5,300 jobs for Illinois.
- In January 2010, the Nation cut 26,000 jobs at a rate of -0.02%, compared with a 109,000 job loss in December.
- RMW shed 11,200 jobs in January after a revised 54,800 job loss in December.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and job gain twice, and the state has lost 401,800 jobs in this recession.
- 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 219,700 jobs at a rate -3.79%.
- Through January 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.03%, 7.75%, and 18.70%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 13.1%, 14.7% and 12.2%, compared to official unemployment rates of 11.3%, 10.6% and 9.7%.

JANUARY 2010 EMPLOYMENT CHART

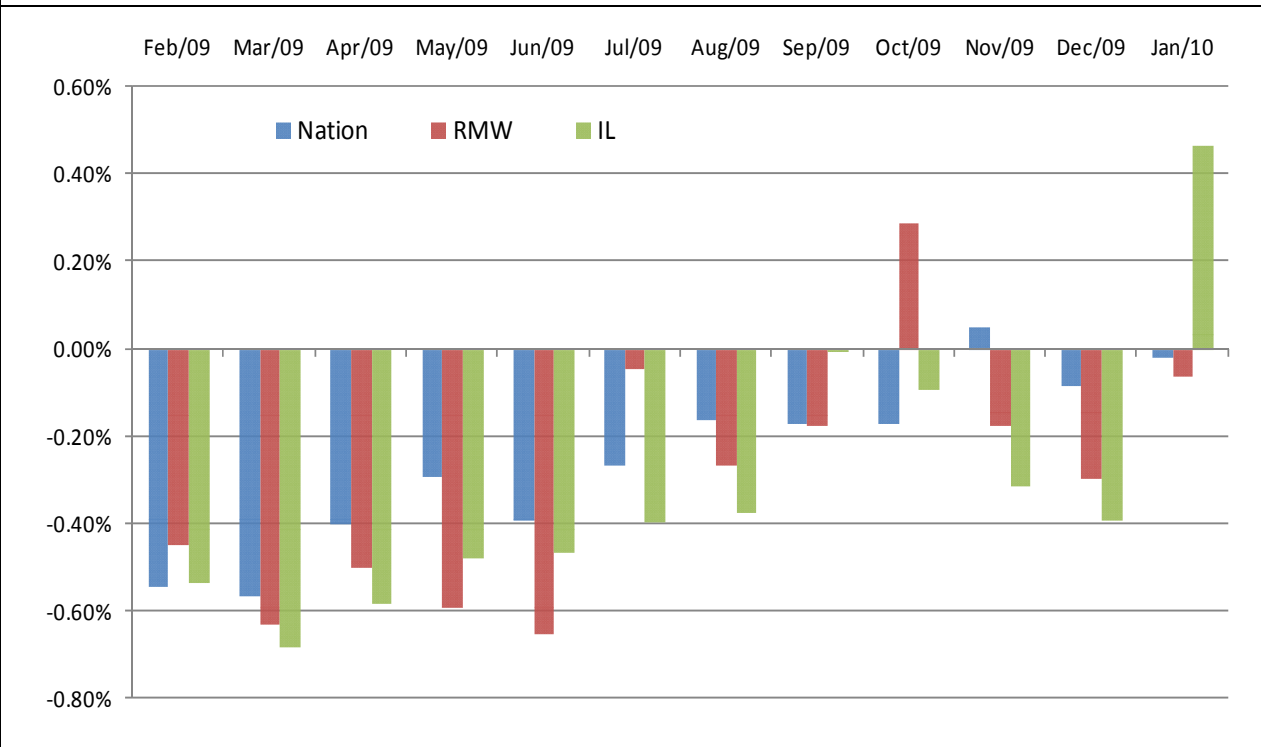
January 2010 Negative	Total Non-Farm Employment	Dec 2009 – Jan 2010		Last 12 months		Jan 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.02	-26,000	-2.99	-3,987,000	12.2%
	RMW*	-0.06	-11,200	-3.50	-668,000	14.7%
	Illinois	0.47	26,000	-3.79	-219,700	13.1%

*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.

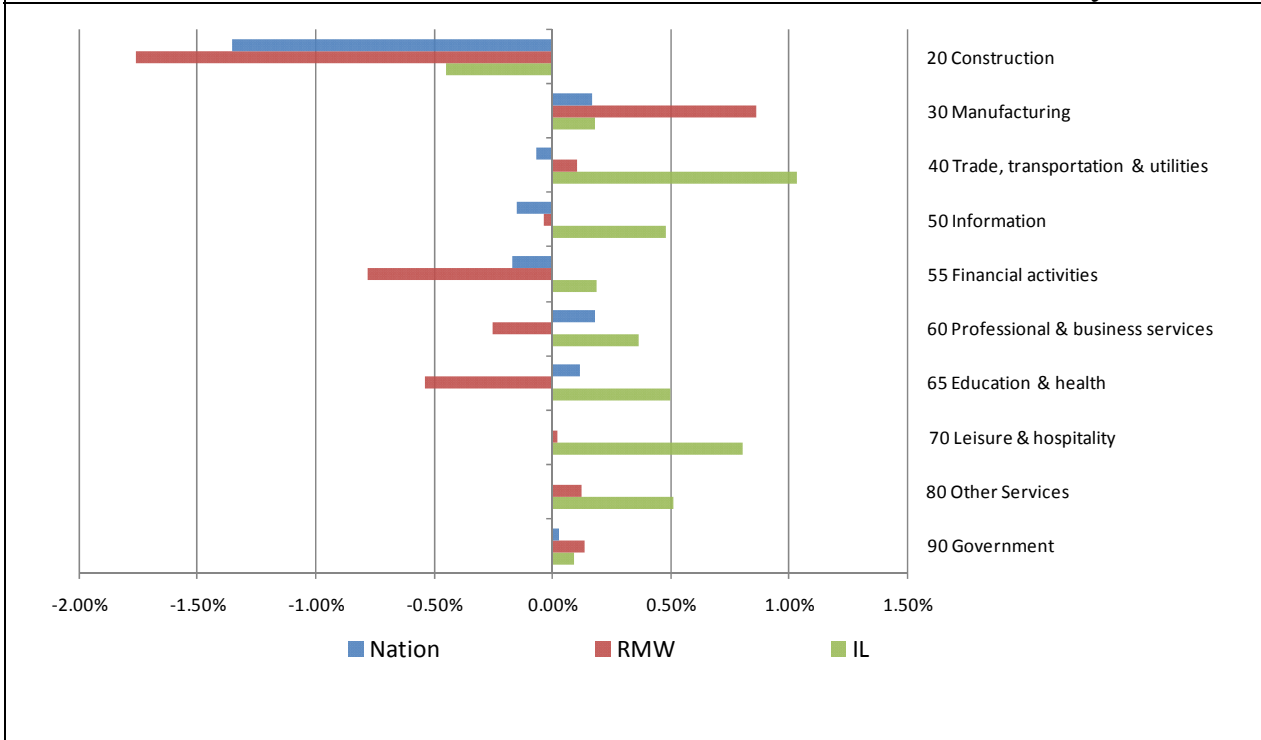
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – JAN 2010



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE FEB 2009 – JAN 2010



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS DEC 2009 – JAN 2010



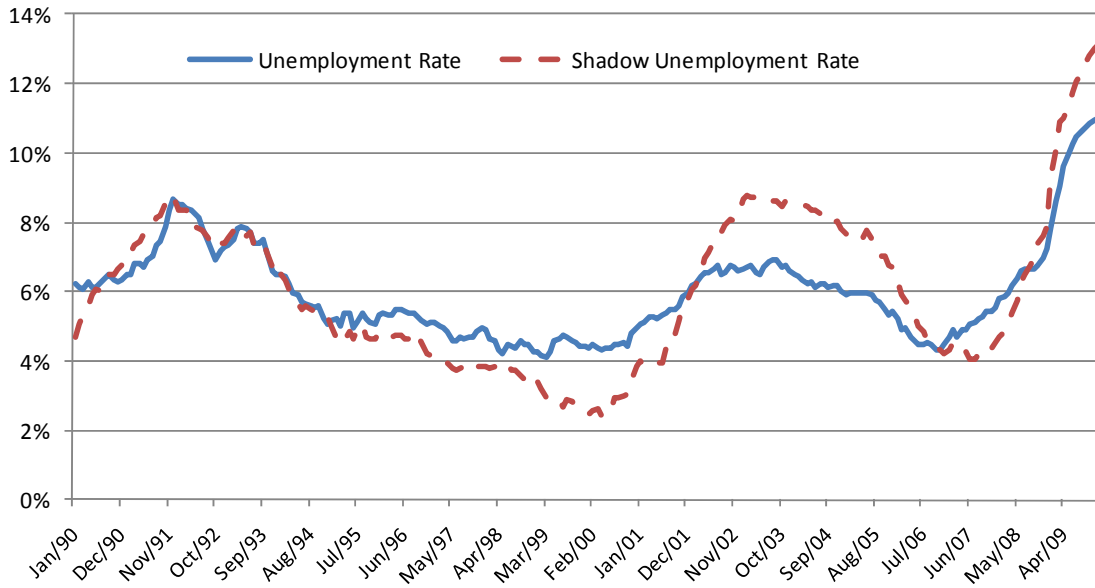
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

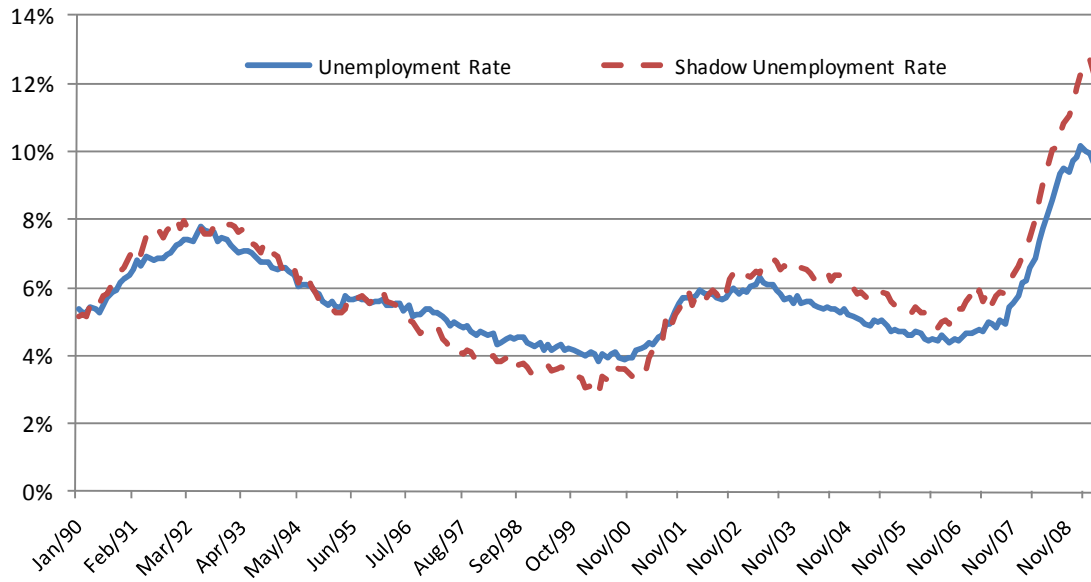
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2009, it has been only 66.6%.
- 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 65.5% whereas in 2009, 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 136,122 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

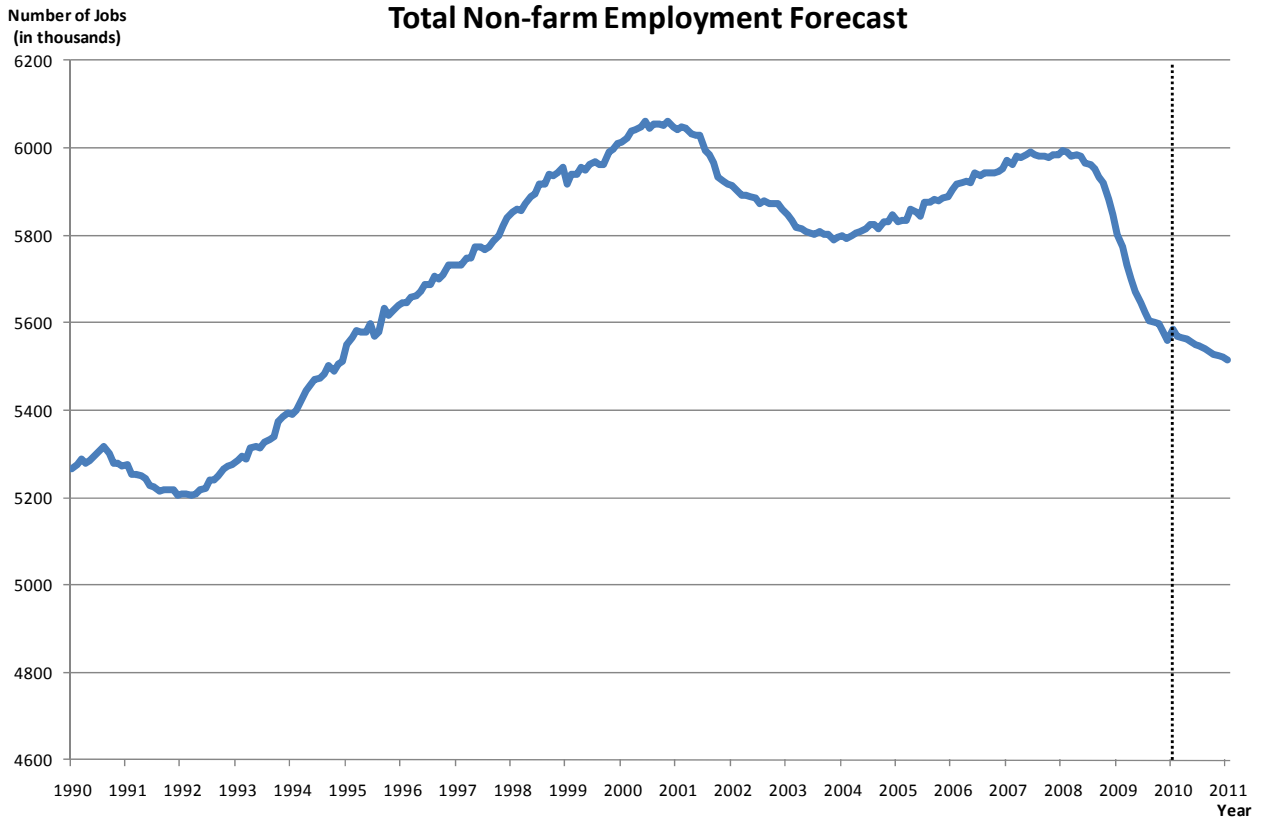


■ US



EMPLOYMENT FORECAST

	January 2010	January 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,584,200	5,515,100	-69,100	-1.24%
Construction	201,400	170,400	-31,000	-15.39%
Manufacturing	555,100	533,100	-22,000	-3.96%
Trade, transportation & utilities	1,132,700	1,133,400	700	0.06%
Information	104,000	99,700	-4,300	-4.13%
Financial Activities	366,200	351,800	-14,400	-3.93%
Professional & business services	770,700	757,200	-13,500	-1.75%
Education & health	824,900	843,300	18,400	2.23%
Leisure & hospitality	510,900	501,500	-9,400	-1.84%
Other services	253,800	252,800	-1,000	-0.39%
Government	855,200	862,700	7,500	0.88%



CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.16 (Dec-2007)	118.70 (Jan 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	107.75 (Jan 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.03 (Jan 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	142.72 (Feb 2002)	135.41 (Dec 2009)	Negative growth	N/A
Champaign Urbana	116.21 (Jan 2009)	110.41 (Dec 2009)	Negative growth	N/A
Chicago	114.87 (Nov 2000)	104.86 (Dec 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.04 (Oct 2008)	106.57 (Dec 2009)	Negative growth	N/A
Decatur	112.37 (Mar 2000)	95.76 (Dec 2009)	Negative growth	N/A
Kankakee	125.51 (Dec 2008)	121.08 (Dec 2009)	Negative growth	N/A
Peoria	122.07 (Feb 2006)	111.91 (Dec 2009)	Negative growth	N/A
Rockford	122.81 (Jul 2000)	104.63 (Dec 2009)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	103.84 (Dec 2009)	Negative growth	N/A
Metro-East	114.97 (Nov 2000)	107.32 (Dec 2009)	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.

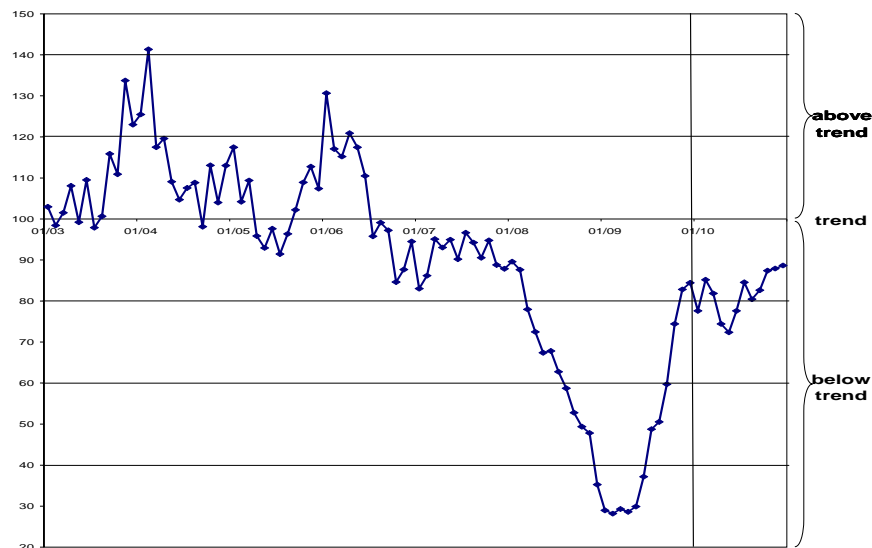
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 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 84.4 in December 2009, up slightly from 82.8 in November. The recent movement of the index implies that the improving trend in the regional economic activities has been maintained.
- In December 2009, the national and regional economy presented mixed features. The Federal Reserve Board's industrial production index maintained its upward trend in December: it increased 0.6 percent in December after registering an increase of 0.6 percent in November. The national unemployment rate was unchanged at 10.0 percent while non-farm payroll employment edged down (-85,000) in December.
- Meanwhile, the Chicago Fed National Activity Index (CFNAI) decreased to -0.61 in December, down from -0.39 in November. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) declined 0.3 percent in December after five consecutive months' increase since July 2009. In the Chicago region, manufacturing, non-manufacturing and construction employment decreased 0.4 percent, 0.3 percent and 4.2 percent respectively in December. The retail sales in the Chicago region are estimated to have decreased 0.2 percent in December.
- In the coming months, the national economy is likely to maintain its improving pattern: the Conference Board reported that its Leading Economic Index (LEI) for the U.S. increased 1.1 percent in December, following a 1.0 percent gain in November, and a 0.3 percent rise in October. For the local economy, considering recent national economic conditions, the Chicago economy is expected to continue on an improving trend in the near future. However, the CBAI still continues to be notably below the long-term trend, suggesting that there exist uncertainties surrounding the actual pace of the improvement.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward moves in December were by Kankakee (7th to 2nd) and Rockford (9th to 5th), which moved up by 6 spots and 4 spots, respectively.
- Champaign-Urbana-Rantoul (2nd to 1st) and Peoria (5th to 3rd) both gained in terms of rank from last month.
- Metro-East (1st to 7th) and Bloomington-Normal (3rd to 9th) both experienced deep falls this month.
- In the 12 months growth league table, the upward moves were recorded for Champaign-Urbana-Rantoul (3rd to 2nd), Rockford (6th to 5th), and Chicago (10th to 9th), while the downward moves were by Bloomington-Normal (2nd to 3rd), Springfield (5th to 6th), and Decatur (9th to 10th).
- The other four MSAs maintained the same ranks.
- Metro-East is still on the top, while Decatur instead of Chicago is in the 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	Nov 2009	Dec 2009	Rank	Change**
1	Metro-East (0.07%)	Champaign-Urbana-Rantoul (0.1%)	1	↑(+1)
2	Champaign-Urbana-Rantoul (-0.04%)	Kankakee (-0.15%)	2	↑(+5)
3	Bloomington-Normal (-0.11%)	Peoria (-0.2%)	3	↑(+2)
4	Davenport-Rock Island-Moline (-0.11%)	Davenport-Rock Island-Moline (-0.23%)	4	↔(0)
5	Peoria (-0.13%)	Rockford (-0.33%)	5	↑(+4)
6	Springfield (-0.21%)	Springfield (-0.34%)	6	↔(0)
7	Kankakee (-0.26%)	Metro-East (-0.36%)	7	↓(-6)
8	Chicago (-0.32%)	Chicago (-0.36%)	8	↔(0)
9	Rockford (-0.35%)	Bloomington-Normal (-0.37%)	9	↓(-6)
10	Decatur (-0.36%)	Decatur (-0.49%)	10	↔(0)

Growth over last 12-months:

Rank	Nov 2009	Dec 2009	Rank	Change**
1	Metro-East (1.74%)	Metro-East (1.93%)	1	↔(0)
2	Bloomington-Normal (-1.14%)	Champaign-Urbana-Rantoul (-0.99%)	2	↑(+1)
3	Champaign-Urbana-Rantoul (-1.41%)	Bloomington-Normal (-1.32%)	3	↓(-1)
4	Davenport-Rock Island-Moline (-1.81%)	Davenport-Rock Island-Moline (-1.85%)	4	↔(0)
5	Springfield (-2.09%)	Rockford (-1.93%)	5	↑(+1)
6	Rockford (-2.9%)	Springfield (-2.34%)	6	↓(-1)
7	Kankakee (-3.14%)	Kankakee (-3.33%)	7	↔(0)
8	Peoria (-3.33%)	Peoria (-3.47%)	8	↔(0)
9	Decatur (-4.14%)	Chicago (-4.16%)	9	↑(+1)
10	Chicago (-4.22%)	Decatur (-4.65%)	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)

