



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.

JULY 2010

EMPLOYMENT

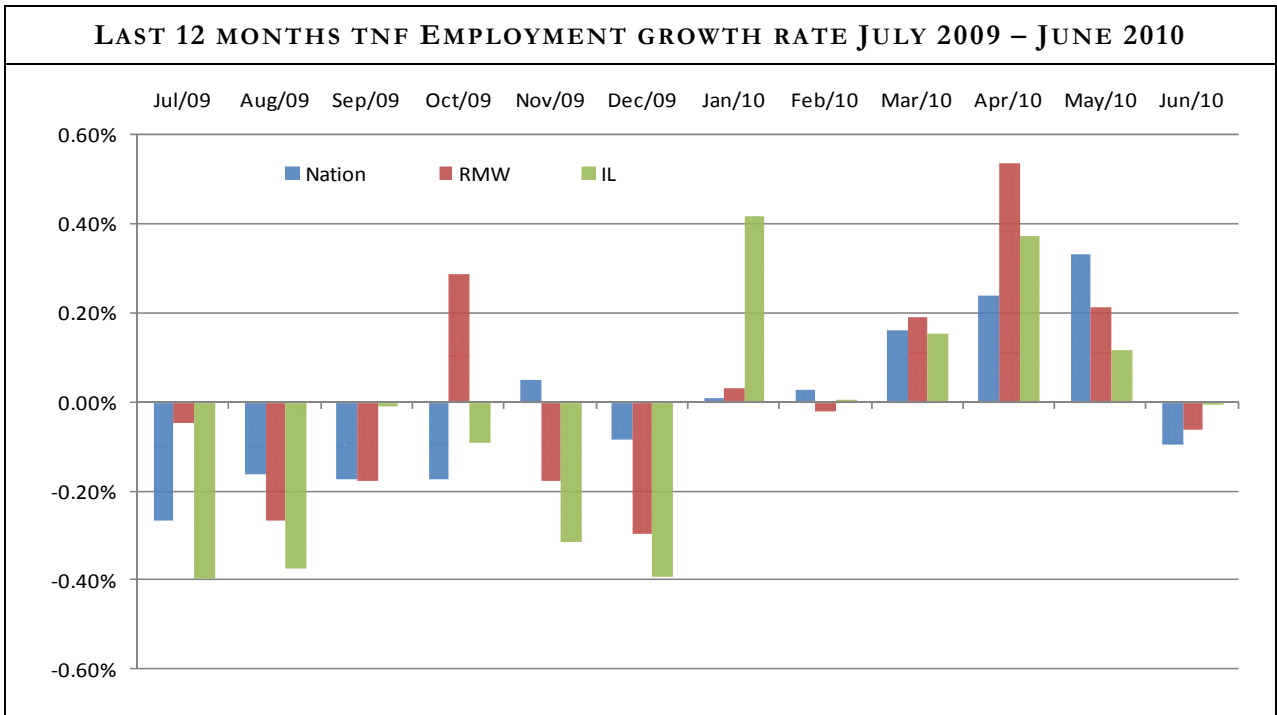
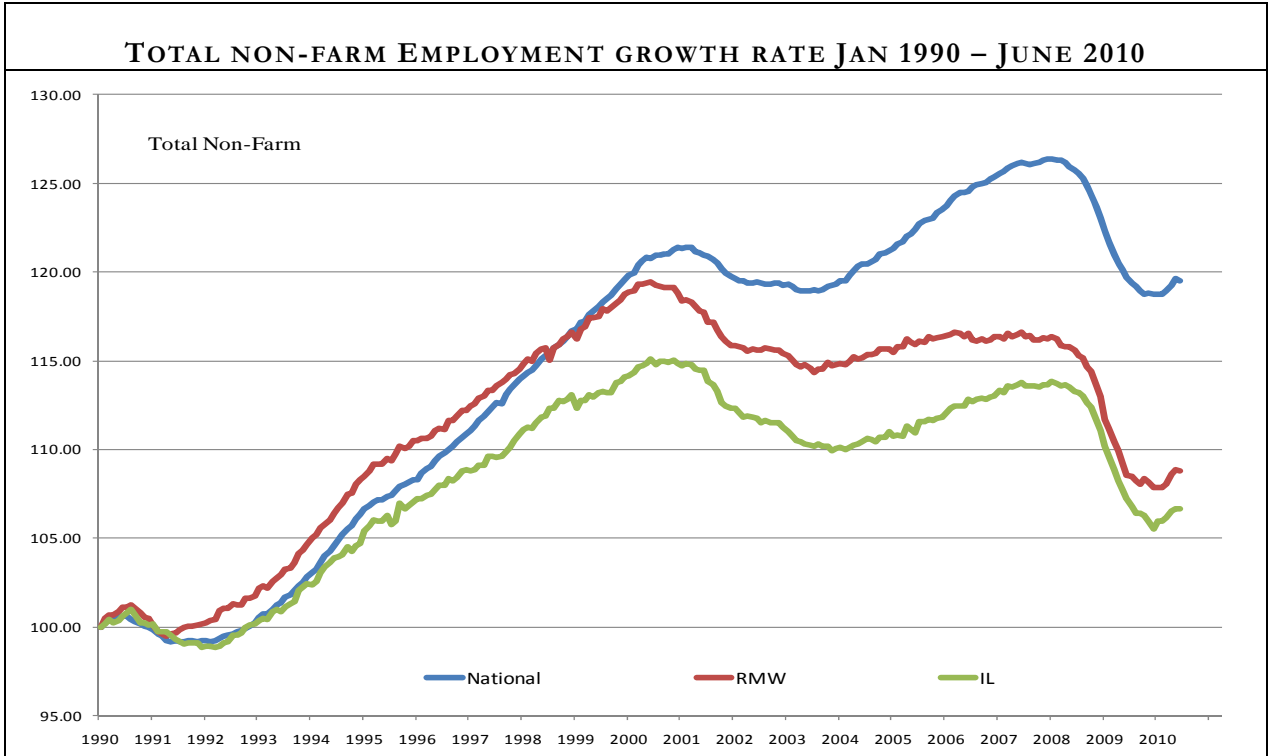
EMPLOYMENT DATA SUMMARY

- Illinois shed 200 jobs in June 2010 leaving employment unchanged compared with a revised 16,700 job gain in May. This is the first time Illinois did not add jobs this year, as modest hiring by businesses only partly offset the end of Census jobs. The three-month moving average of jobs, a more stable measure of labor market, was up by 9,100 jobs per month.
- The Nation cut 125,000 jobs at a rate of -0.10%, compared with a revised 431,000 job gain in May. The three-month moving average of jobs was up by 207,000 jobs per month.
- RMW cut 11,600 jobs in June after a revised 41,300 job gain in May. The three-month moving average was up by 42,400 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains five times through May, 2010. The state of Illinois now has a net loss of 368,200 jobs since the beginning of the recession in December 2007.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 – Construction, Manufacturing, Trade, transportation & utilities, Information and Financial activities.
- Over the last 12 months, Illinois shed 28,500 jobs at a rate -0.50%.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.0%, 14.0% and 12.2%, compared to official unemployment rates of 10.4%, 10.2% and 9.5%.
- Through June 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.66%, 8.78%, and 19.53%, respectively.

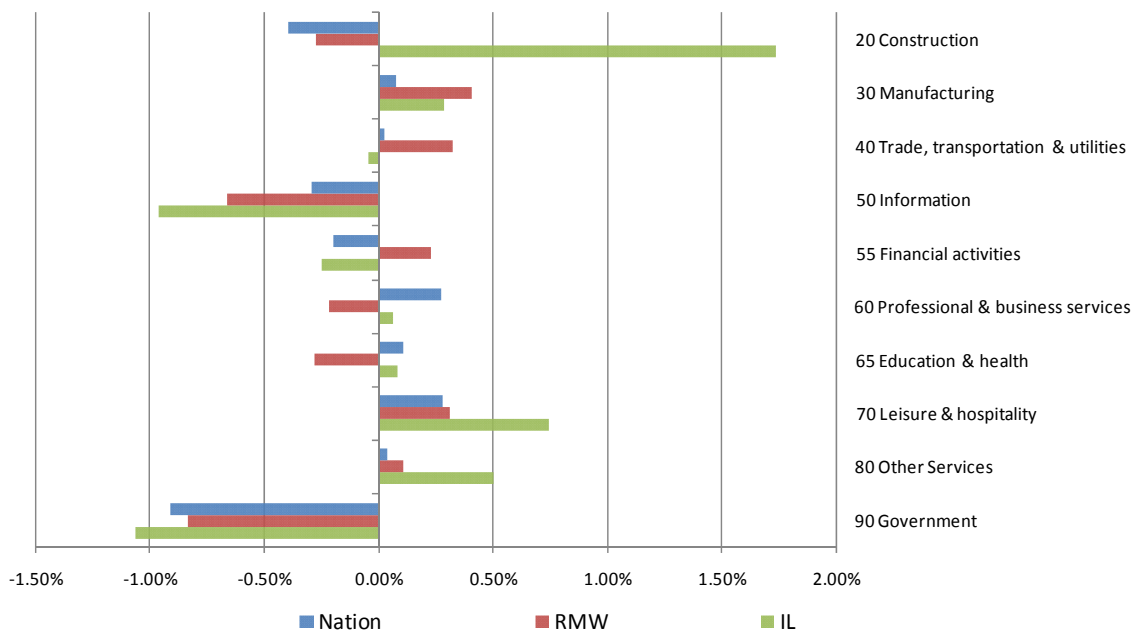
JUNE 2010 EMPLOYMENT CHART

June 2010 No change	Total Non- Farm Employment	May 2010 – June 2010		Last 12 months		June 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.10	-125,000	-0.13	-170,000	12.2%
	RMW*	-0.06	-11,600	0.22	40,100	14.0%
	Illinois	0.00	-200	-0.50	-28,500	12.0%

*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 BY SECTORS APR 2010 – JUNE 2010



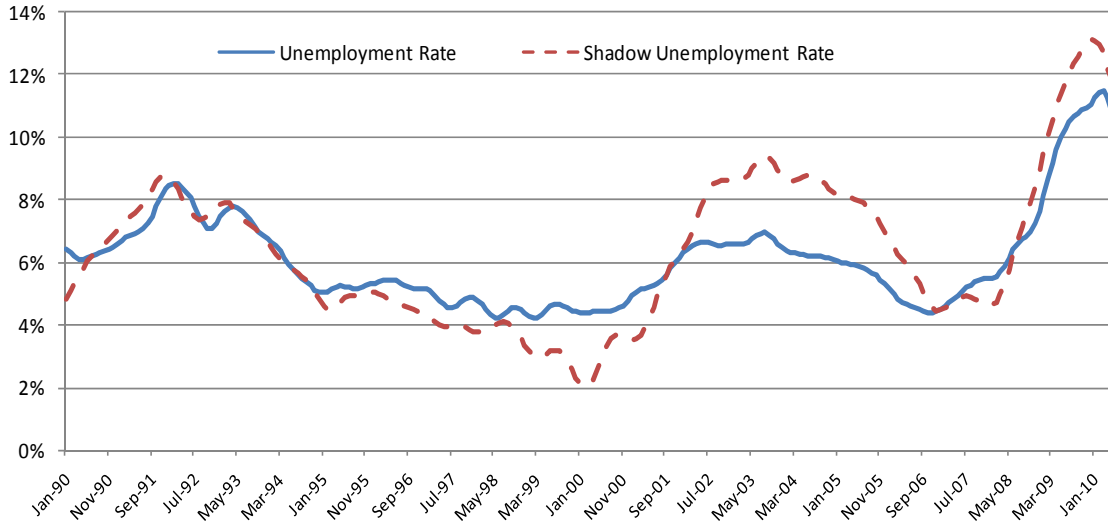
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

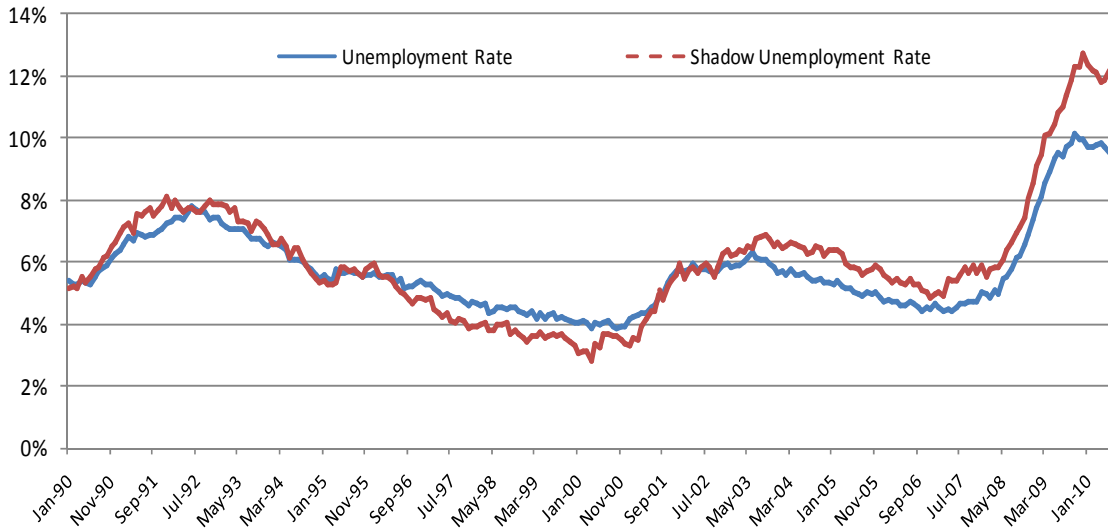
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 104,027 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

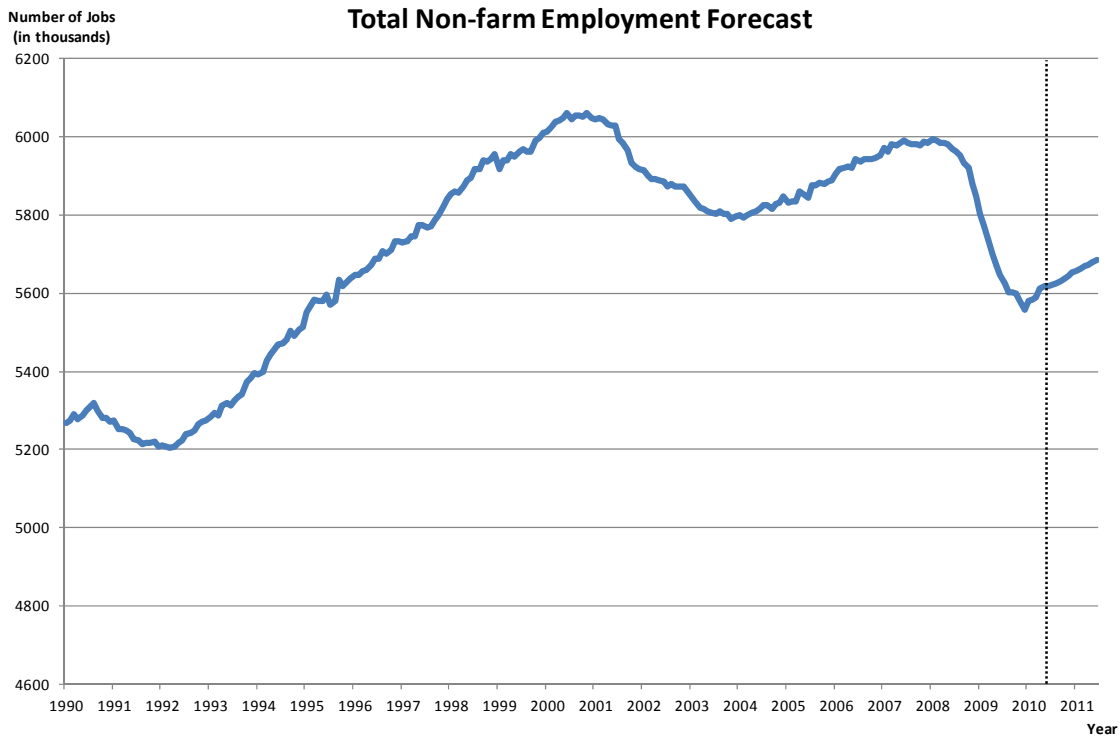


■ US



EMPLOYMENT FORECAST

	June 2010	June 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,617,800	5,684,600	66,800~102,300	1.19%~1,79%
Construction	198,500	187,300	-11,200 *	-5.64%
Manufacturing	562,100	577,400	15,300	2.72%
Trade, transportation & utilities	1,133,700	1,160,900	27,200	2.40%
Information	103,300	102,400	-900	-0.87%
Financial Activities	365,000	358,700	-6,300	-1.73%
Professional & business services	782,500	780,000	-2,500	-0.32%
Education & health	835,000	860,300	25,300	3.03%
Leisure & hospitality	511,400	513,700	2,300	0.45%
Other services	257,400	263,800	6,400	2.49%
Government	859,300	870,500	11,200	1.30%



* The values by sector for the number of jobs added are the lower bound of the forecast.

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)	119.53 (May 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	108.78 (May 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.66 (May 2010)	Negative growth	N/A
Metro Areas** :				
Bloomington Normal	141.73 (Feb 2002)	135.52 (May 2010)	Negative growth	N/A
Champaign Urbana	116.15 (Jan 2009)	111.16 (May 2010)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	105.35 (May 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	107.12 (May 2010)	Negative growth	N/A
Decatur	112.38 (Jan 2000)	95.60 (May 2010)	Negative growth	N/A
Kankakee	125.55 (Mar 2008)	120.32 (May 2010)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	112.19 (May 2010)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	105.81 (May 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	103.29 (May 2010)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	106.88 (May 2010)	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.

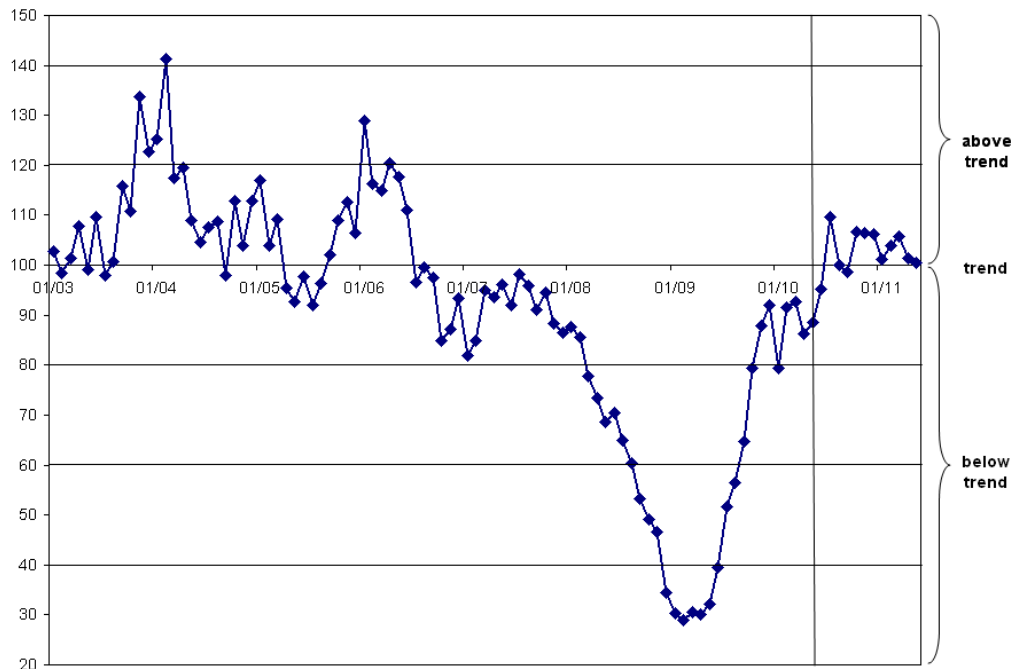
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 ROSE IN MAY

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 88.6 in May, showing a modest increase from 86.2 in April. The slight increase of the index in May could be attributed mainly to the increase of manufacturing employment and the positive contribution of consumption.
- In May, the national and regional economy presented mixed features. The Federal Reserve Board announced that Industrial production index maintained its upward trend in May. It increased 1.2 percent in May after having risen 0.7 percent in April. In addition, national retail sales decreased 1.2 percent in May. The number of unemployed persons was 15.0 million in May. The unemployment rate edged down to 9.7 percent, the same rate as in the first 3 months of 2010.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) decreased to 0.21 in May, from 0.25 in April. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.8 percent in May, after a 1.3 percent increase in April. In the Chicago region in May, manufacturing employment increased 0.24 percent while non-manufacturing employment increased 0.04 percent and construction employment decreased by 1.5 percent. Regional retail sales are estimated to have increased 0.43 percent in May.
- In the coming months, the national economy is likely to continue on a recovery trend. During the past few months, the national employment situation has continued to improve. The Bureau of Labor Statistics reported the total nonfarm payroll employment grew by 431,000 in May, reflecting the hiring of 411,000 temporary employees to work on Census 2010. Private-sector employment changed little (+41,000). For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend in the near future.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward move in May was Davenport-Rock Island-Moline (6th to 1st) and Champaign-Urbana-Rantoul (8th to 3rd).
- Rockford (3rd to 2nd), Chicago (7th to 6th), Decatur (9th to 8th), and Springfield (10th to 9th) all gained in terms of rank from last month.
- Bloomington-Normal (1st to 10th) experienced the deepest fall this month.
- Metro-East (4th to 7th), Peoria (2nd to 4th) also moved down in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Rockford (7th to 2nd), Davenport-Rock Island-Moline (6th to 3rd), Peoria (8th to 6th) and Chicago (9th to 8th), while downward moves were recorded for Metro-East (5th to 9th), Bloomington-Normal (2nd to 5th), Springfield (4th to 7th), and Champaign-Urbana-Rantoul (3rd to 4th).
- Kankakee has been on the top, while Decatur has been staying in the last place since March 2010.

*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	April 2010	May 2010	Rank	Change**
1	Bloomington-Normal(0.86%)	Davenport-Rock Island-Moline(0.85%)	1	↑(+5)
2	Peoria (0.62%)	Rockford (0.81%)	2	↑(+1)
3	Rockford (0.46%)	Champaign-Urbana-Rantoul (0.57%)	3	↑(+5)
4	Metro-East (0.44%)	Peoria (0.3%)	4	↓(-2)
5	Kankakee (0.21%)	Kankakee (0.24%)	5	↔(0)
6	Davenport-Rock Island-Moline (0.19%)	Chicago (0.17%)	6	↑(+1)
7	Chicago (0%)	Metro-East (0.12%)	7	↓(-3)
8	Champaign-Urbana-Rantoul (-0.01%)	Decatur (-0.17%)	8	↑(+1)
9	Decatur(-0.23%)	Springfield (-0.29%)	9	↑(+1)
10	Springfield (-0.37%)	Bloomington-Normal (-0.56%)	10	↓(-9)

Growth over last 12-months:

Rank	April 2010	May 2010	Rank	Change**
1	Kankakee (0.28%)	Kankakee (0.72%)	1	↔(0)
2	Bloomington-Normal (-0.71%)	Rockford (0.5%)	2	↑(+5)
3	Champaign-Urbana-Rantoul (-1.18%)	Davenport-Rock Island-Moline (-0.48%)	3	↑(+3)
4	Springfield (-1.21%)	Champaign-Urbana-Rantoul (-0.53%)	4	↓(-1)
5	Metro-East (-1.94%)	Bloomington-Normal (-0.95%)	5	↓(-3)
6	Davenport-Rock Island-Moline (-1.94%)	Peoria (-1.14%)	6	↑(+2)
7	Rockford (-2.06%)	Springfield (-1.66%)	7	↓(-3)
8	Peoria (-2.11%)	Chicago (-1.76%)	8	↑(+1)
9	Chicago (-2.33%)	Metro-East (-1.86%)	9	↓(-4)
10	Decatur (-4.43%)	Decatur (-3.64%)	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)

