



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.

SEP 2010

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

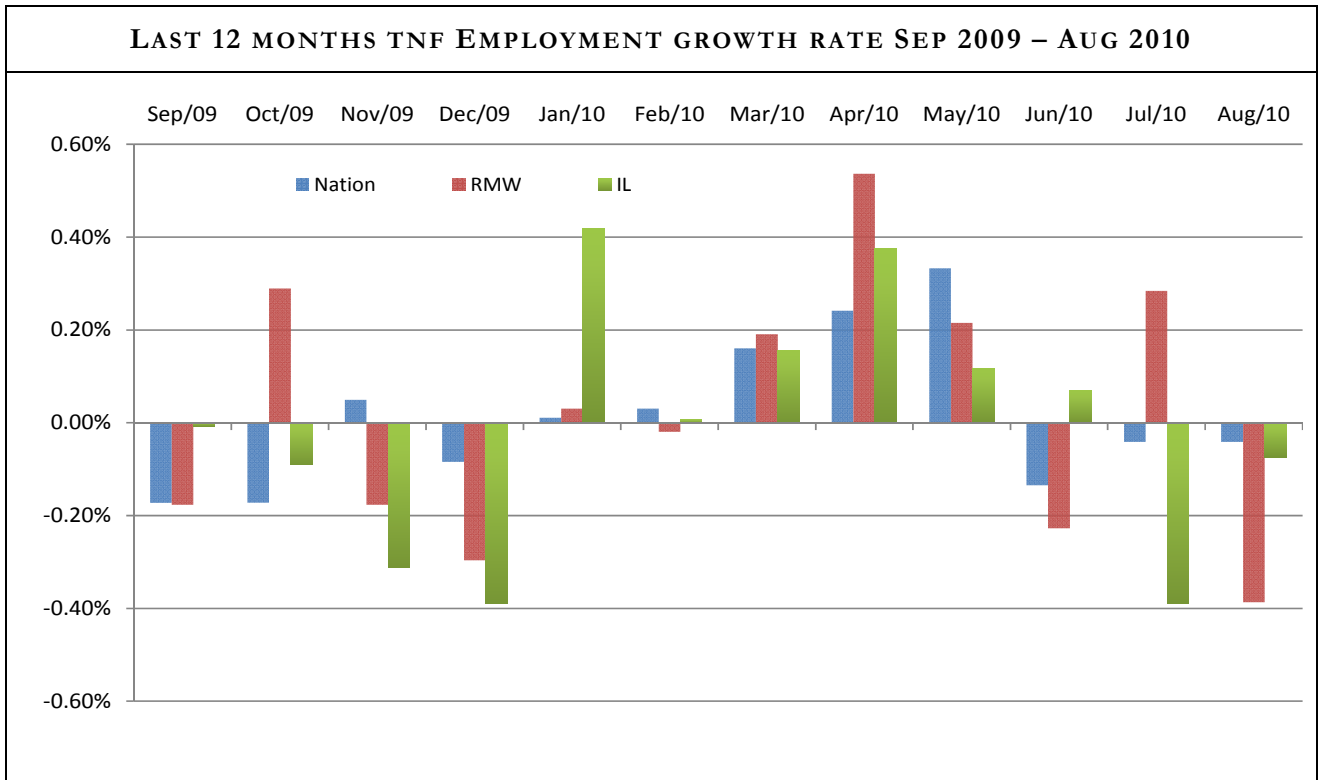
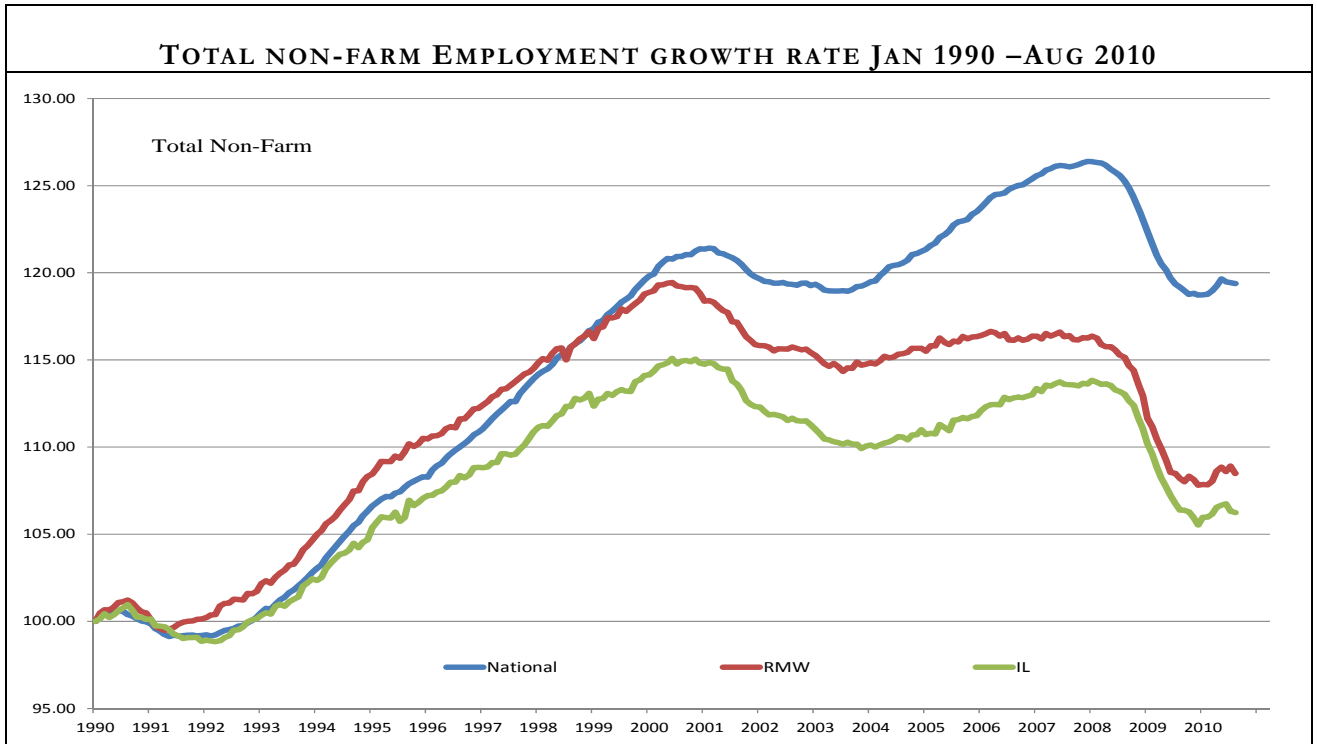
- Illinois shed 4,200 jobs in Aug 2010 at a rate of -0.07%, compared with a revised -21,900 job loss in July. Although construction gain jobs due to construction workers returning after the strikes in July, private-sector job growth remained almost unchanged in August. The manufacturing sector added jobs in Aug, the sixth consecutive monthly gain this year so far, leading Illinois to outpace the nation in adding manufacturing jobs since Jan, 2010. The three-month moving average of jobs, a more stable measure of labor market, was down by 7,400 jobs per month.
- The Nation cut 54,000 jobs at a rate of -0.04%, compared with a revised 54,000 job loss in July. The three-month moving average of jobs was down by 95,000 jobs per month.
- RMW shed 72,100 jobs in Aug after a revised 52,700 job gain in July. The three-month moving average was down by 20,500 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains six times through June, 2010. The state of Illinois now has a net loss of 351,700 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 7,200 jobs at a rate -0.13%.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.3%, 14.5% and 12.2%, compared to official unemployment rates of 10.1%, 10.1% and 9.6%.
- Through Aug 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.25%, 8.49%, and 19.39%, respectively.

AUGUST 2010 EMPLOYMENT CHART

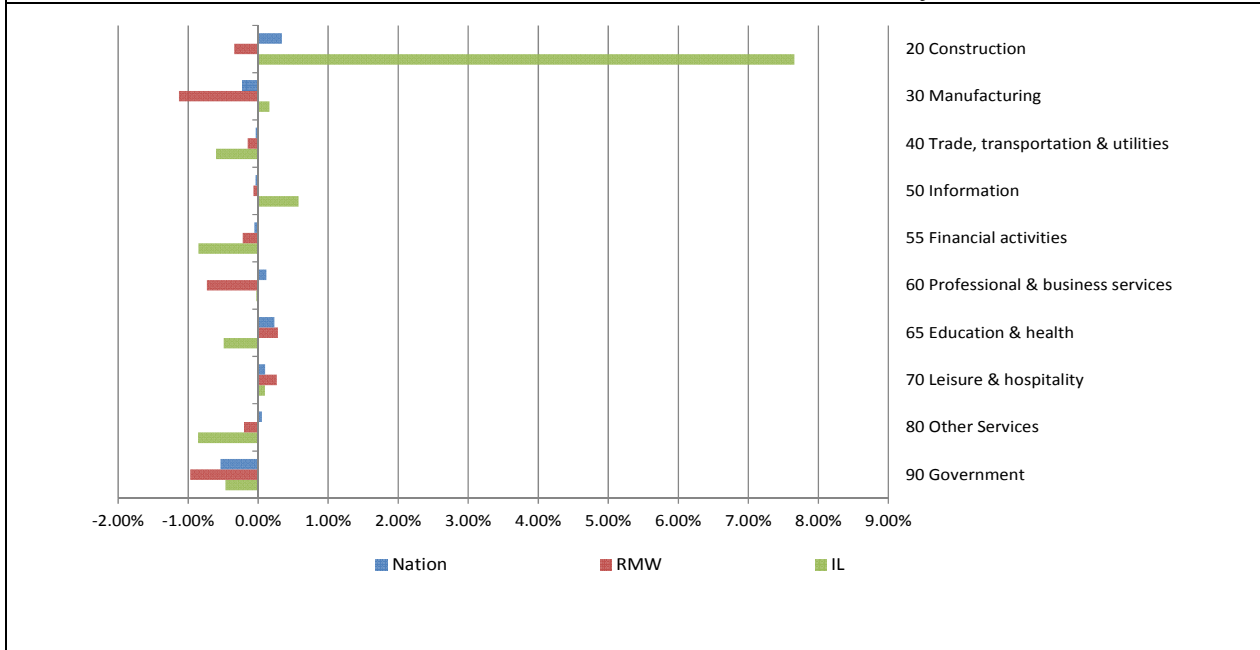
Aug 2010 Negative	Total Non-Farm Employment	July 2010 – Aug 2010		Last 12 months		Aug 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.04	-54,000	0.18	229,000	12.2%
	RMW*	-0.39	-72,000	0.26	47,500	14.5%
	Illinois	-0.07	-4,200	-0.13	-7,200	12.3%

*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 JULY 2010 – AUG 2010



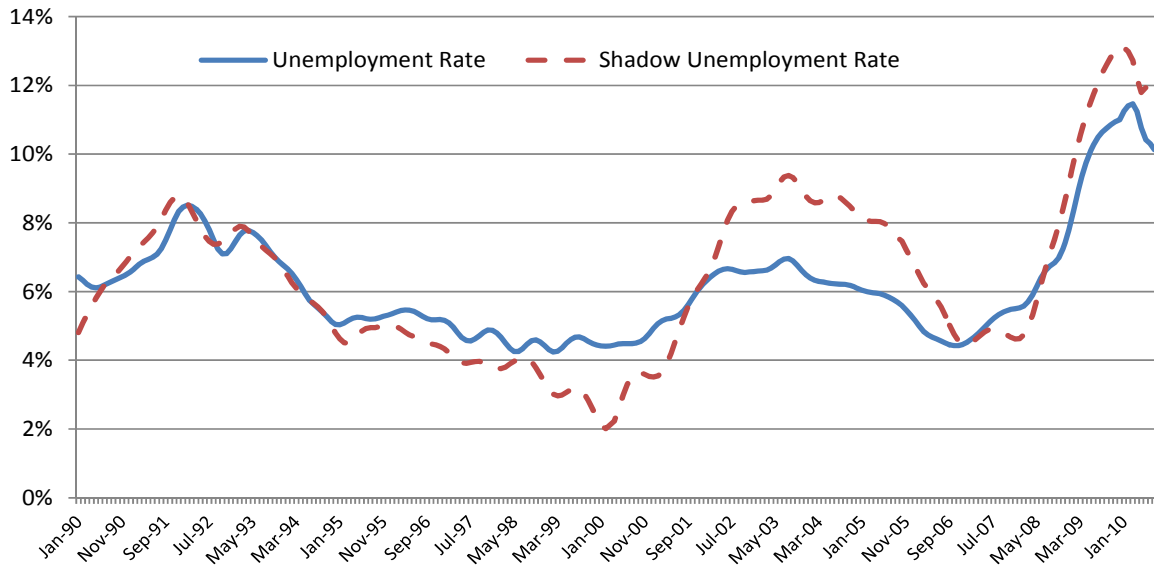
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

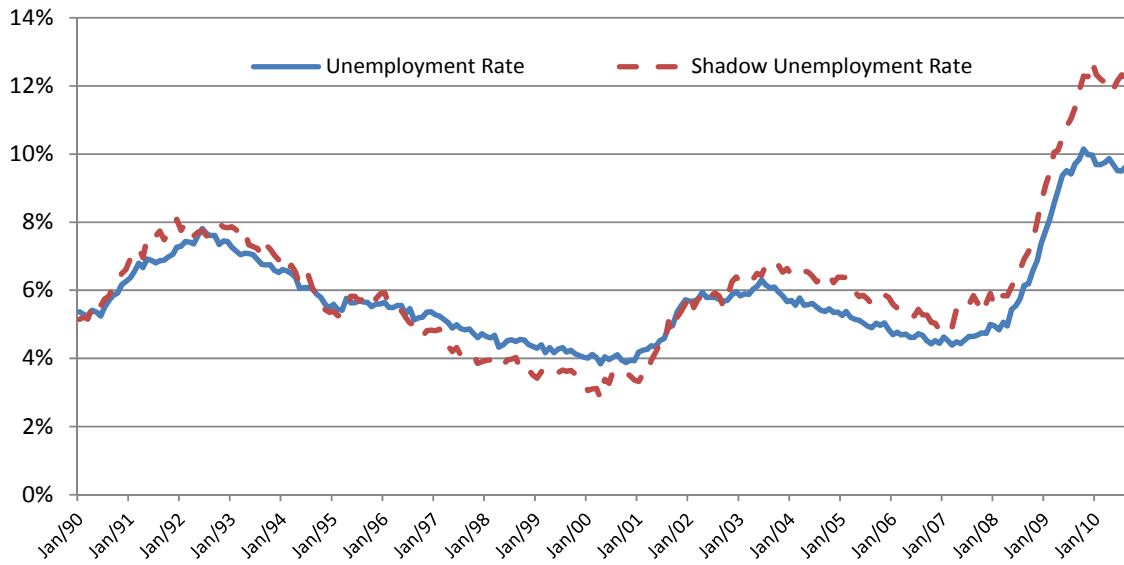
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 144,700 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

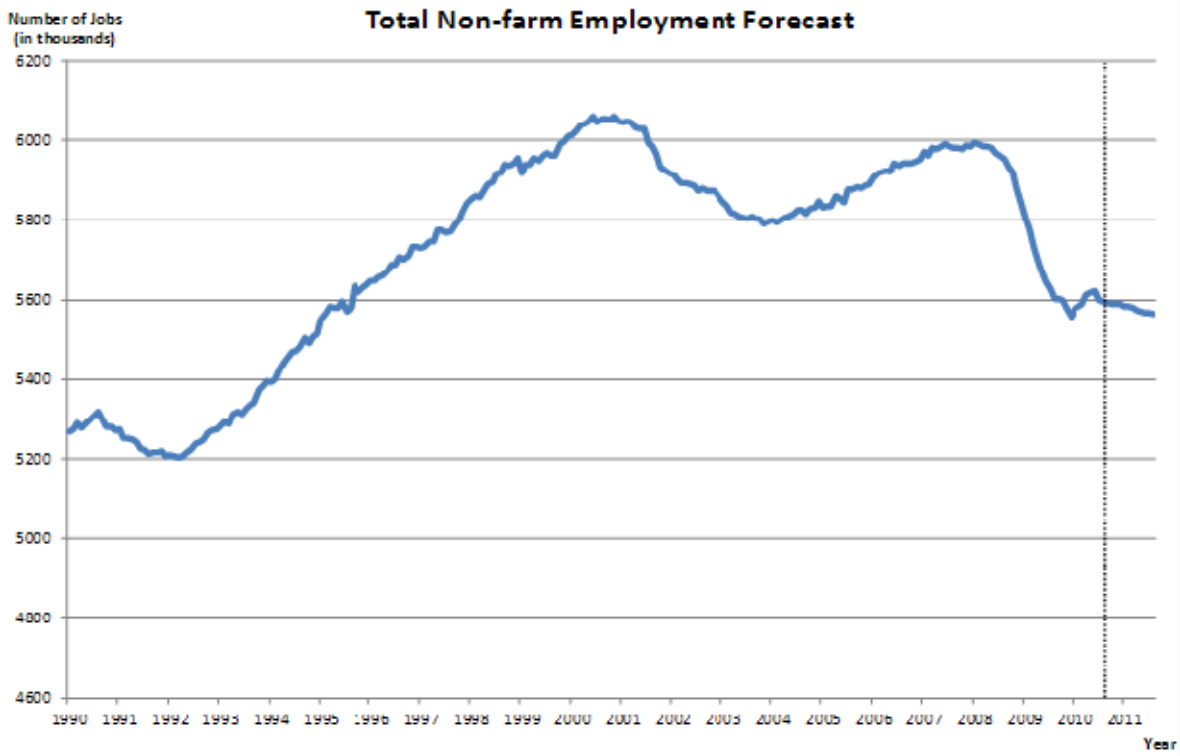


■ US



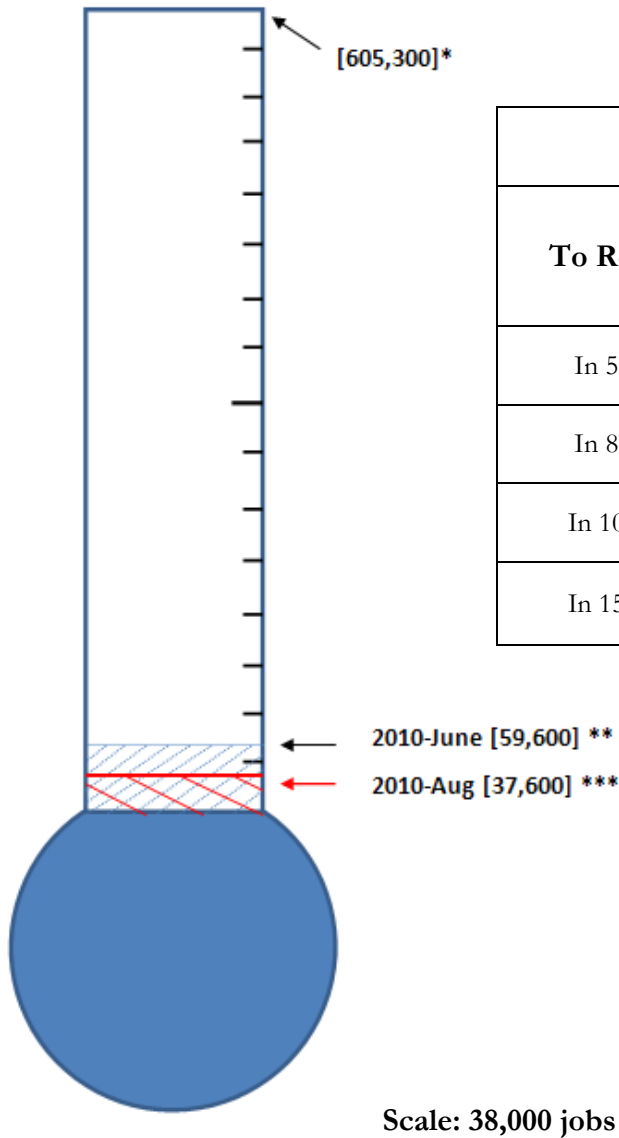
EMPLOYMENT FORECAST

	July 2010	July 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,595,800	5,564,900	-30,900~+24,000	-0.55%~+0.43%
Construction	199,600	185,100	-14,500	-7.26%
Manufacturing	564,300	570,500	6,200	1.10%
Trade, transportation & utilities	1,124,300	1,116,200	-8,100	-0.72%
Information	104,500	103,600	-900	-0.86%
Financial Activities	359,400	344,200	-15,200	-4.23%
Professional & business services	786,900	775,600	-11,300	-1.44%
Education & health	827,900	837,800	9,900	1.20%
Leisure & hospitality	514,000	512,600	-1,400	-0.27%
Other services	253,900	253,300	-600	-0.24%
Government	851,200	856,200	5,000	0.59%



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

Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2010-June	At the point of 2010-Aug
In 5 years	109,000 jobs/year	114,000 jobs/year
In 8 years	68,000 jobs/year	71,000 jobs/year
In 10 years	55,000 jobs/year	57,000 jobs/year
In 15 years	36,000 jobs/year	38,000 jobs/year

* The figure 605,300 is the number of jobs we need for Illinois economy to recover to the previous employment peak, 2000-Nov. The gap between the previous peak 2000-Nov and the previous lowest point 2009-Dec is 501,300. Adding 104,000, the number of jobs that we need to bring shadow and official unemployment rates together, the total number of jobs that Illinois needs to create is 605,300.

**The figure 59,600 represents the jobs recovered from Dec. 2009 (previous lowest level) through June 2010.

*** The figure 37,600 represents the jobs recovered from Dec. 2009 through Aug 2010.

CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.39 (Dec-2007)	119.44 (July 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	108.91 (July 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.36 (July 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.73 (Feb 2002)	135.80 (July 2010)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	109.85 (July 2010)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	104.62 (July 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	107.79 (July 2010)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	96.17 (July 2010)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	119.72 (July 2010)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	113.25 (July 2010)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	107.33 (July 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	102.75 (July 2010)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	106.53 (July 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.

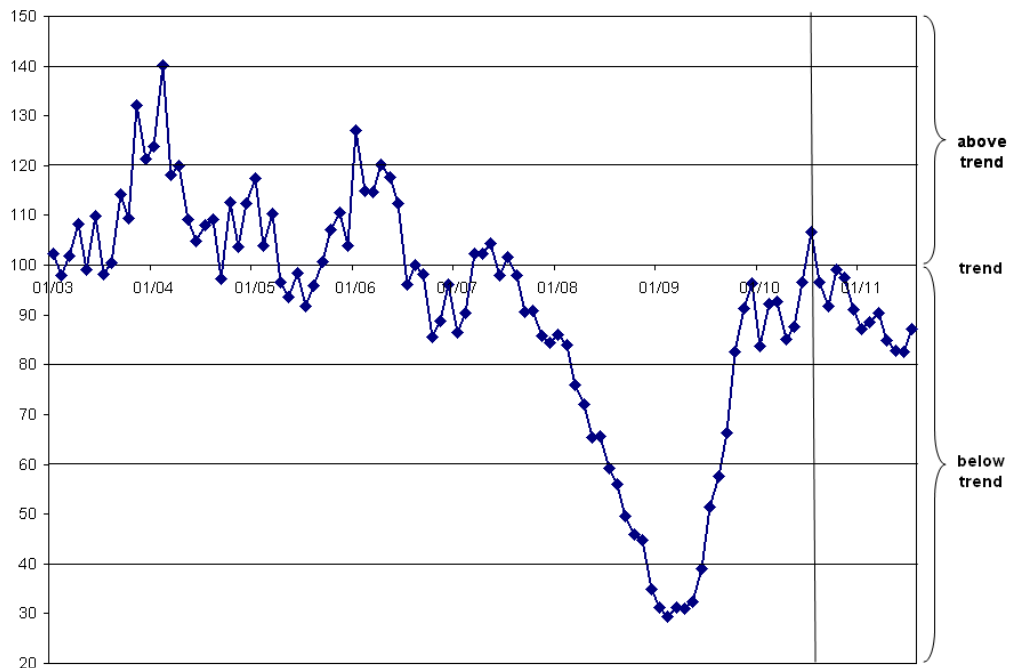
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 JULY

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 106.7 in July, up from 96.5 in June. The increase in July could be attributed mainly to the improvement of the manufacturing sector in the Chicago region.
- In July, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production rose 1.0 percent in July after having edged down 0.1 percent in June. The capacity utilization rate for all industry moved up to 74.8 percent. In addition, national retail sales increased 0.3 percent in July. Both the number of unemployed persons, at 14.6 million, and the unemployment rate, at 9.5 percent, were unchanged in July.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to 0.001 in July, from -0.7 in June. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 2.3 percent in July, after a 0.3 percent decrease in June. In the Chicago region in July, manufacturing employment increased 0.73 percent while non-manufacturing employment decreased 0.71 percent and construction employment decreased by 7.21 percent. Regional retail sales are estimated to have decreased 1.6 percent in July.
- In the coming months, the national economy is likely to maintain its modest recovery trend; but a number of uncertainties remain. The Bureau of Labor Statistics reported total nonfarm payroll employment declined by 131,000 in July, reflecting the shedding of 143,000 temporary workers hired by Federal government for the decennial census. Private-sector payroll employment edged up by 71,000. For the local economy, although the concerns of the chance of a double-dip recession have increased, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend over the next several months.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Champaign-Urbana-Rantoul (2nd to 10th) experienced the deepest fall this month.
- Metro-East (7th to 9th), Chicago (6th to 8st), Rockford (1st to 2nd), Davenport-Rock Island-Moline (3rd to 4th), Peoria (4th to 5th), and Kankakee (5th to 6th) all dropped in terms of rank from last month.
- The most remarkable upward move in July was Decatur (8th to 1st).
- Springfield (9th to 3rd), Bloomington-Normal (10th to 7th) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Peoria (6th to 3rd), Decatur (8th to 4th), Davenport-Rock Island-Moline (4th to 3rd), and Bloomington-Normal (7th to 5th) while downward moves were recorded for Kankakee (2nd to 6th), Springfield (6th to 7th), and Champaign-Urbana-Rantoul (5th to 8th).
- Compared with last month, Rockford and Metro-East kept their first and last place respectively in terms of rank.

*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	June 2010	July 2010	Rank	Change**
1	Rockford (0.76%)	Decatur(0.66%)	1	↑(+7)
2	Champaign-Urbana-Rantoul (0.53%)	Rockford (0.1%)	2	↓(-1)
3	Davenport-Rock Island-Moline (0.33%)	Springfield (0.07%)	3	↑(+6)
4	Peoria (0.23%)	Davenport-Rock Island-Moline (0.06%)	4	↓(-1)
5	Kankakee (0.23%)	Peoria (-0.05%)	5	↓(-1)
6	Chicago (0.12%)	Kankakee (-0.21%)	6	↓(-1)
7	Metro-East (0.09%)	Bloomington-Normal (-0.25%)	7	↑(+3)
8	Decatur (-0.03%)	Chicago (-0.44%)	8	↓(-2)
9	Springfield (-0.29%)	Metro-East (-0.51%)	9	↓(-2)
10	Bloomington-Normal (-0.64%)	Champaign-Urbana-Rantoul (-1.3%)	10	↓(-8)

Growth over last 12-months:

Rank	June 2010	July 2010	Rank	Change**
1	Rockford (1.08%)	Rockford (2.27%)	1	←(+0)
2	Kankakee (0.58%)	Peoria (0.51%)	2	↑(+1)
3	Peoria (-0.38%)	Davenport-Rock Island-Moline (-0.12%)	3	↑(+1)
4	Davenport-Rock Island-Moline (-0.48%)	Decatur (-0.19%)	4	↑(+4)
5	Champaign-Urbana-Rantoul (-0.59%)	Bloomington-Normal (-0.41%)	5	↑(+2)
6	Springfield (-1.18%)	Kankakee (-0.66%)	6	↓(-4)
7	Bloomington-Normal (-1.19%)	Springfield (-1%)	7	↓(-1)
8	Decatur (-1.46%)	Champaign-Urbana-Rantoul (-1.01%)	8	↓(-3)
9	Chicago (-1.76%)	Chicago (-1.77%)	9	←(+0)
10	Metro-East (-1.87%)	Metro-East (-1.84%)	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)

