



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.

NOV 2010

EMPLOYMENT

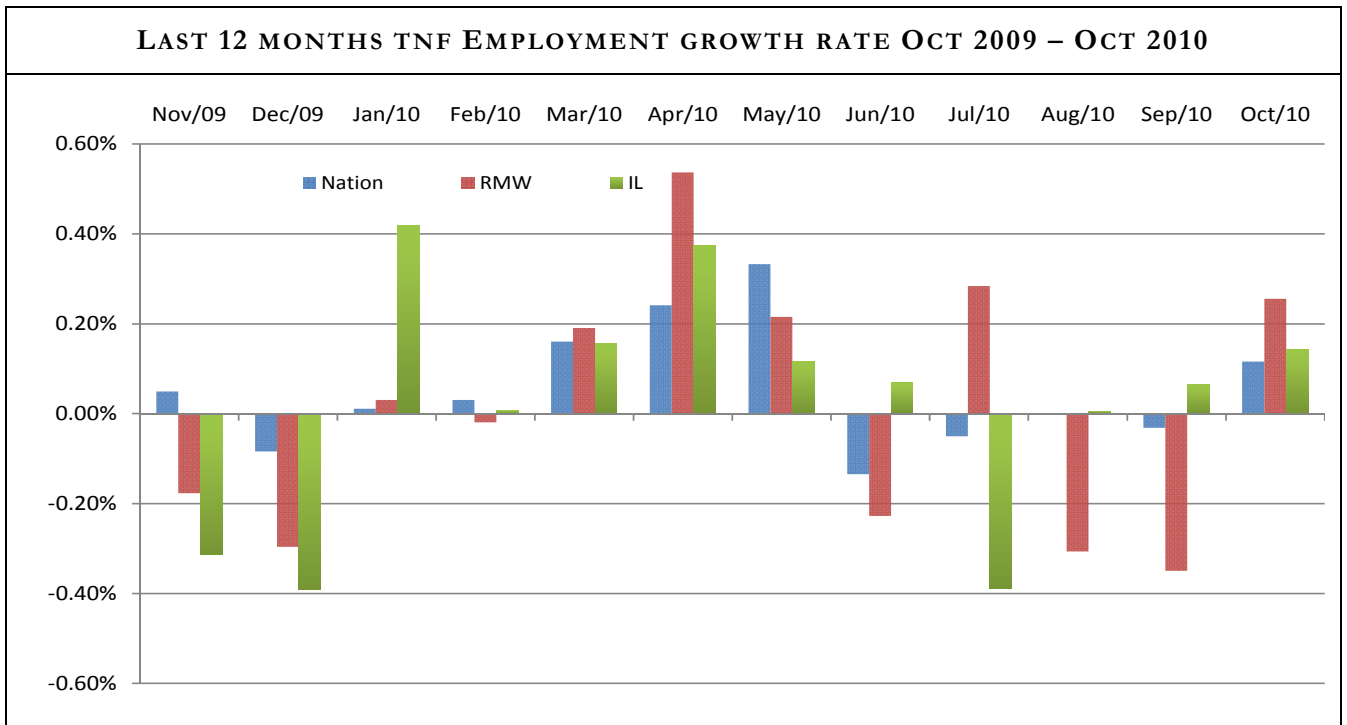
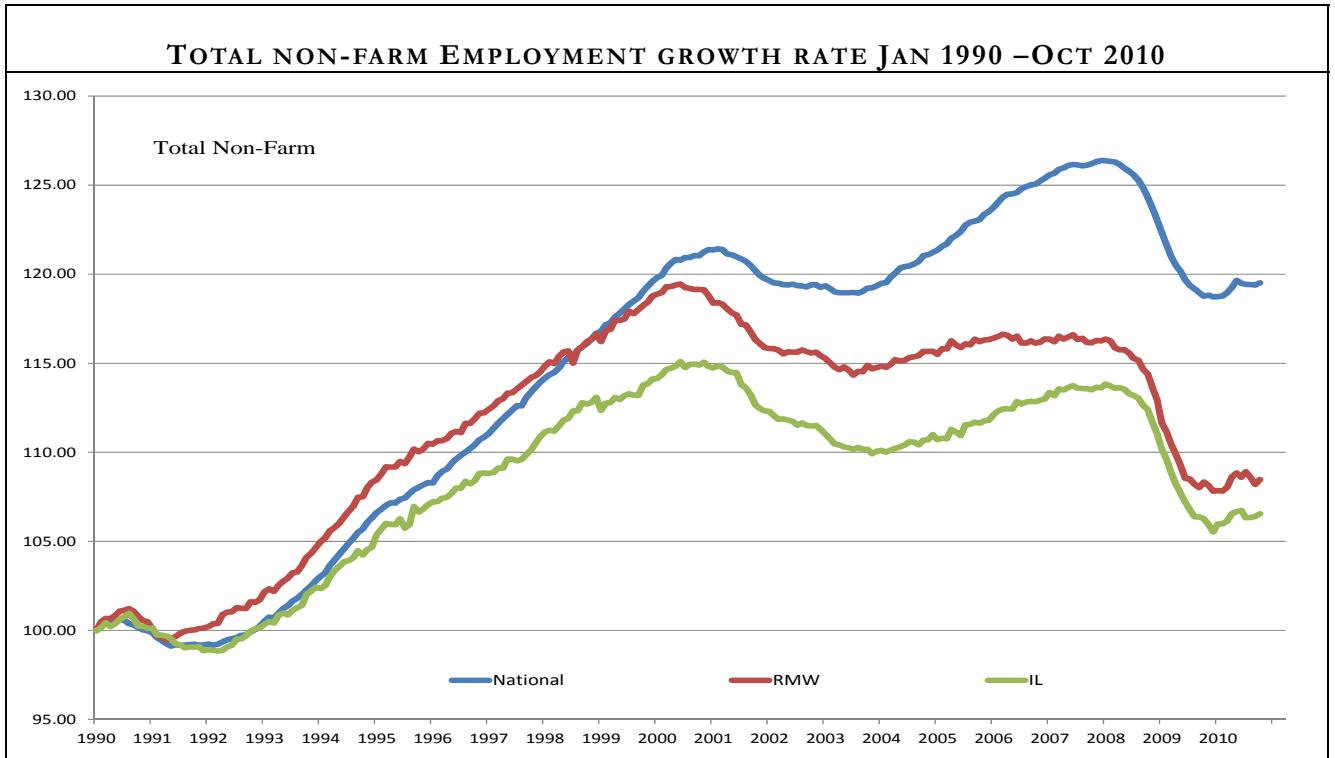
EMPLOYMENT DATA SUMMARY

- Illinois added 8,000 jobs in October 2010 at a rate of 0.14%, compared with a revised 3,600 job gain in September. Compared to October 2009, Illinois added 14,400 jobs, the second consecutive monthly year-over-year increase since April 2008. The three-month moving average of jobs, a more stable measure of labor market, was down by 4,000 jobs per month. The manufacturing sector lost jobs this month after seven consecutive monthly gains this year.
- The Nation added 151,000 jobs at a rate of 0.12%, compared with a revised 41,000 job loss in September. The three-month moving average of jobs was up by 36,000 jobs per month.
- The Rest of the Midwest (RMW) added 47,200 jobs in Oct after a revised 64,900 job loss in September. The three-month moving average was down by 24,900 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains nine times so far. The state of Illinois now has a net loss of 374,100 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 added 14,400 jobs at a rate of 0.26%. This is the second year-over-year gain in 29 months since April, 2008.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.5%, 14.5% and 11.8%, compared to official unemployment rates of 9.8%, 10.0% and 9.6%.
- Through Oct 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.42%, 8.21%, and 17.88%, respectively.

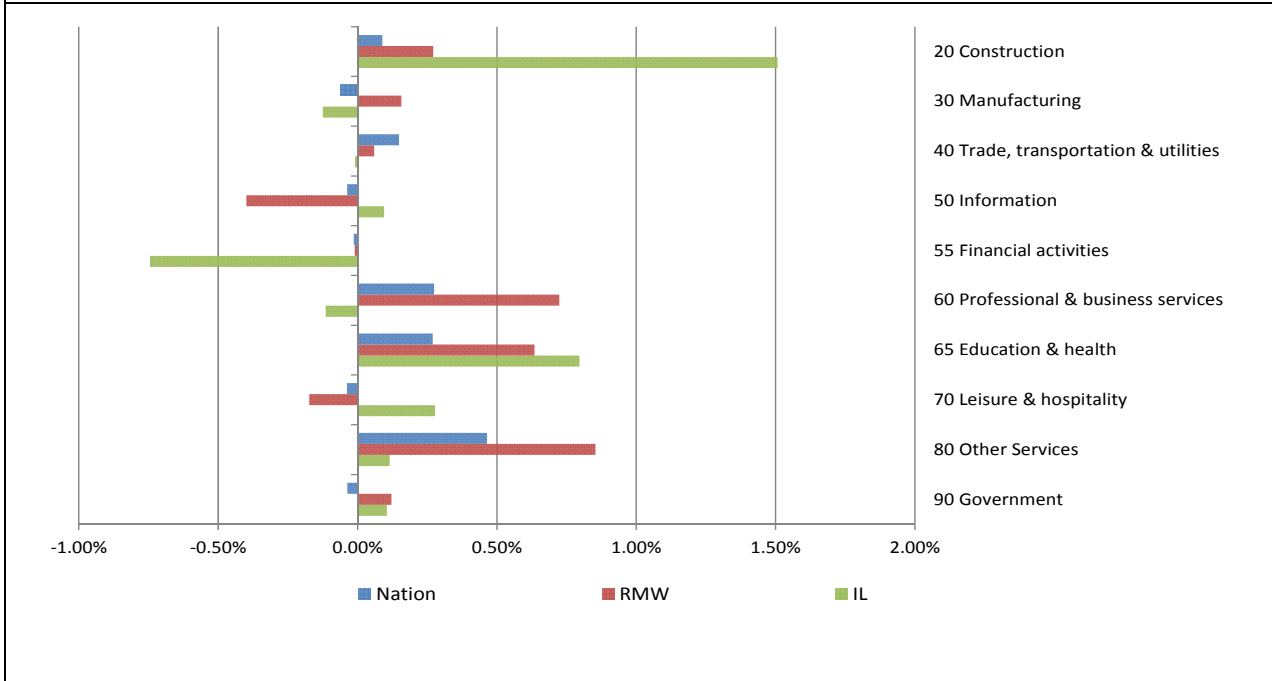
OCTOBER 2010 EMPLOYMENT CHART

Nov 2010 Positive	Total Non-Farm Employment	Sep 2010 – Oct 2010		Last 12 months		Oct 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.12	151,000	0.64	829,000	12.5%
	RMW*	0.26	47,200	0.13	24,100	14.5%
	Illinois	0.14	8,000	0.26	14,400	11.8%

*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 SEP 2010 – OCT 2010



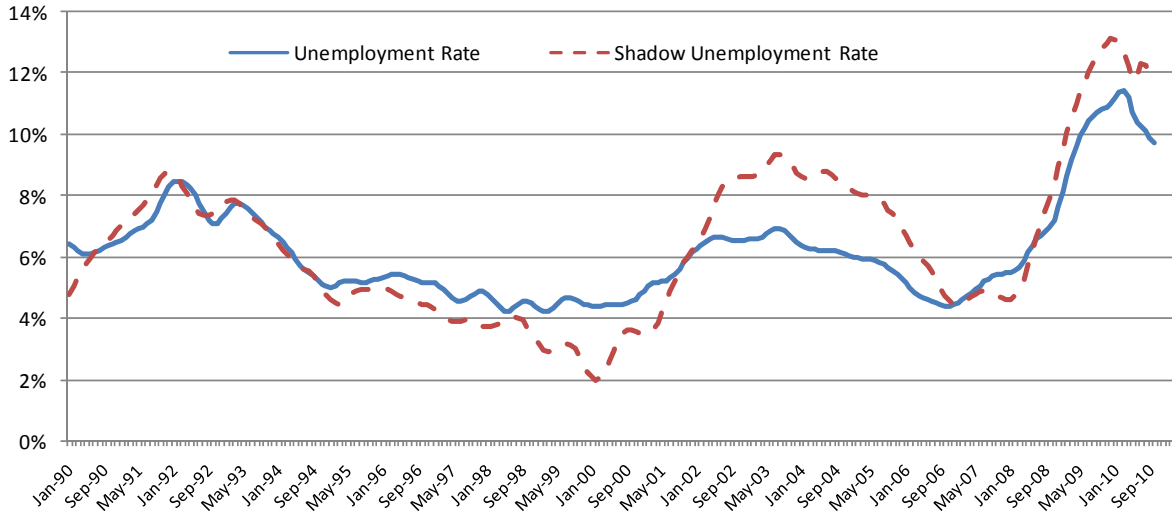
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

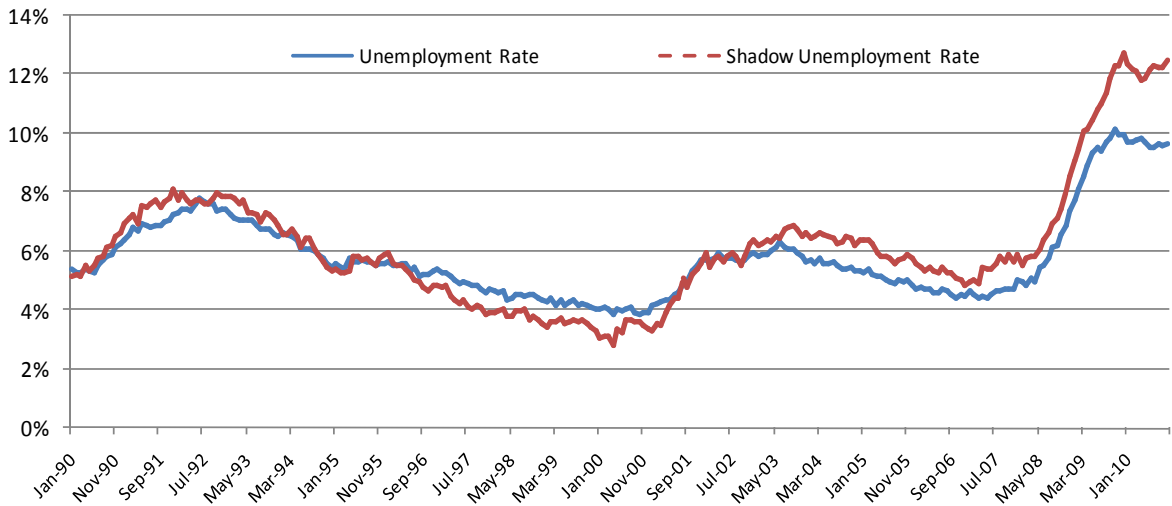
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 139,600 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

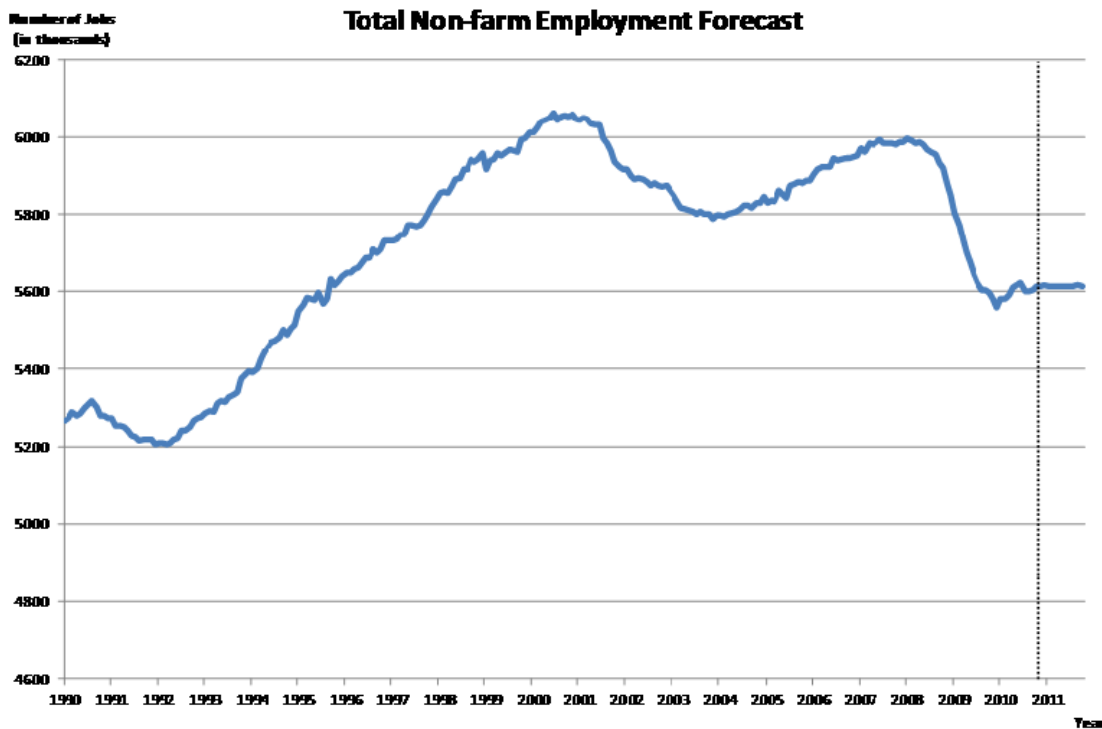


■ US



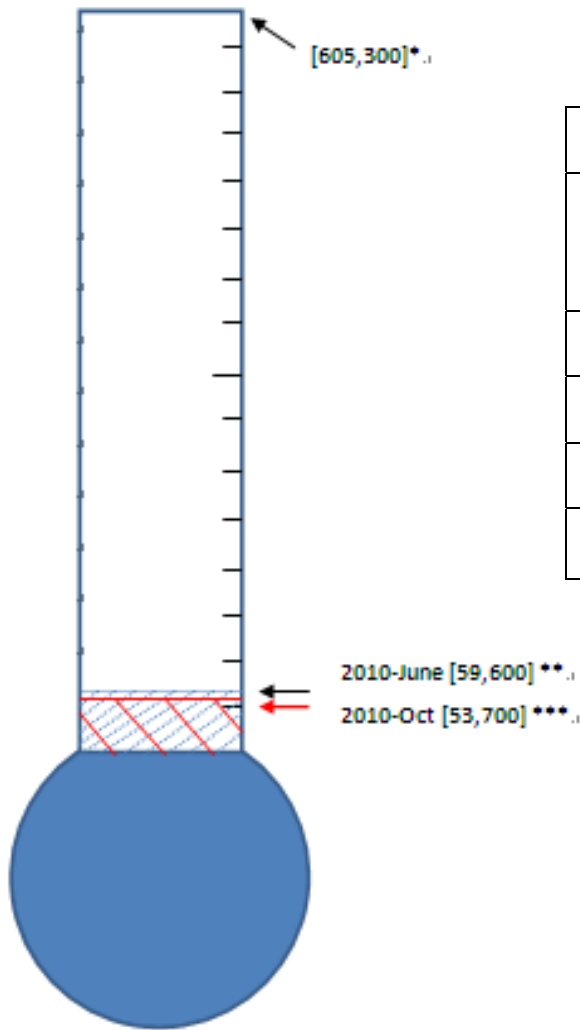
EMPLOYMENT FORECAST

	Oct.2010	Oct.2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,611,900	5,614,900	3,000~30,000	0.05%~0.53%
Construction	202,100	201,500	-600	-0.30%
Manufacturing	562,700	559,600	-3,100	-0.55%
Trade, transportation & utilities	1,130,000	1,134,600	4,600	0.41%
Information	104,700	104,400	-300	-0.29%
Financial Activities	359,800	349,900	-9,900	-2.75%
Professional & business services	786,100	779,800	-6,300	-0.80%
Education & health	835,400	849,700	14,300	1.71%
Leisure & hospitality	504,800	501,400	-3,400	-0.67%
Other services	259,000	261,700	2,700	1.04%
Government	857,200	862,200	5,000	0.58%



* 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-Oct
In 5 years	109,100 jobs/year	110,300 jobs/year
In 8 years	68,200 jobs/year	68,900 jobs/year
In 10 years	54,600 jobs/year	55,200 jobs/year
In 15 years	36,800 jobs/year	36,800 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 53,700 represents the jobs recovered from Dec. 2009 through Oct. 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)	119.39 (Sep 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	108.19 (Sep 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.40 (Sep 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.73 (Feb 2002)	135.38 (Sep 2010)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	109.72 (Sep 2010)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	104.14 (Sep 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	107.77 (Sep 2010)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	96.02 (Sep 2010)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	119.39 (Sep 2010)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	112.41 (Sep 2010)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	104.62 (Sep 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	102.94 (Sep 2010)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	106.31 (Sep 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.

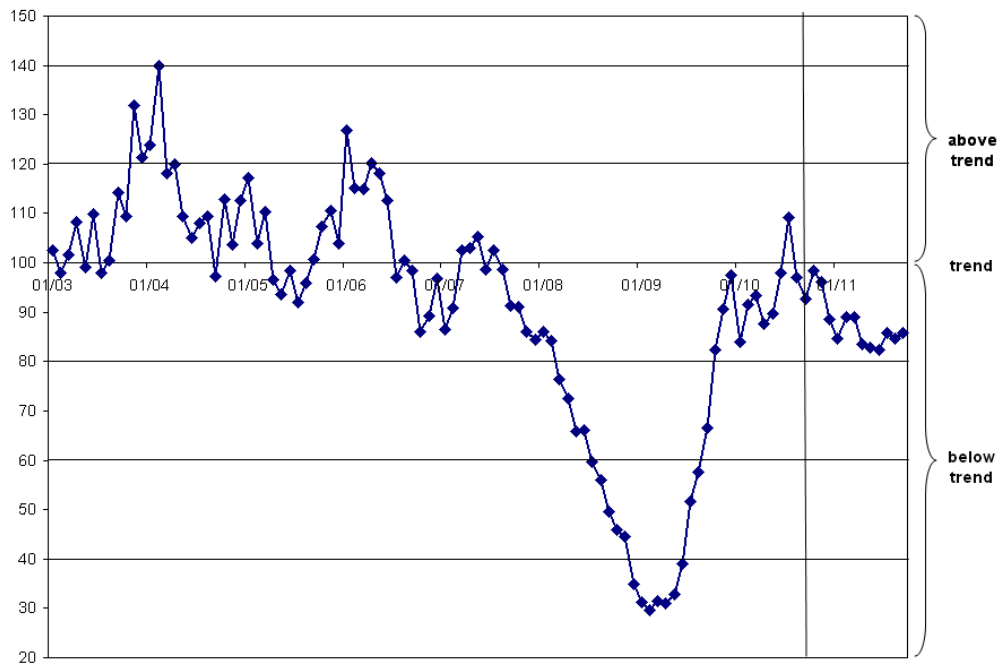
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 FELL 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 92.7 in September, down from 97.1 in August. The decrease in September could be attributed mainly to the decline in both the manufacturing and construction sectors in the Chicago region.
- In September, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production moved down 0.2 percent in September. The capacity utilization rate for total industry edged down to 74.7 percent. In addition, national retail sales increased 0.79 percent in September. The number of unemployed persons, at 14.8 million, was essentially unchanged in September, and the unemployment rate held at 9.6 percent.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) decreased to -0.58 in September, from -0.49 in August. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.12 percent in September, after a 1.35 percent decrease in August. In the Chicago region in September, manufacturing employment decreased 0.21 percent while non-manufacturing employment held and construction employment decreased by 0.34 percent. Regional retail sales are estimated to have increased 0.6 percent in September.
- 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 edged down 95,000 in September. Government employment declined 159,000, reflecting both a drop in the number of temporary jobs for Census 2010 and job losses in local government. Private-sector payroll employment continued to trend up modestly 64,000. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on a modest improving trend over the next several months.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Bloomington-Normal (1st to 9th) experienced the deepest fall this month.
- Decatur (2nd to 6th), Kankakee (3rd to 5th), Chicago (5th to 7th) and Rockford (9th to 10th) all dropped in terms of rank from last month.
- The most remarkable upward move in August was Champaign-Urbana-Rantoul (10th to 1st).
- Springfield (6th to 2nd), Davenport-Rock Island-Moline (7th to 4th) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Chicago (9th to 3rd), Springfield (7th to 4th), Champaign-Urbana-Rantoul (8th to 5th) and Davenport-Rock Island-Moline (3rd to 1st) while downward moves were recorded for Rockford (1st to 6th), Decatur (4th to 7th) and Kankakee (6th to 8th). In addition, Peoria, Chicago and Metro-East remained in their same places in terms of rank.
- Compared with last month, Metro-East kept its 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	Aug 2010	Sep 2010	Rank	Change**
1	Bloomington-Normal(0.02%)	Champaign-Urbana-Rantoul(1.33%)	1	↑(+9)
2	Decatur(-0.05%)	Springfield (0.57%)	2	↑(+4)
3	Kankakee (-0.25%)	Davenport-Rock Island-Moline (0.37%)	3	↑(+4)
4	Metro-East (-0.33%)	Metro-East (0.13%)	4	←(+0)
5	Chicago (-0.35%)	Kankakee (-0.02%)	5	↓(-2)
6	Springfield (-0.38%)	Decatur (-0.1%)	6	↓(-4)
7	Davenport-Rock Island-Moline (-0.39%)	Chicago (-0.11%)	7	↓(-2)
8	Peoria (-0.62%)	Peoria (-0.12%)	8	←(+0)
9	Rockford (-1.33%)	Bloomington-Normal (-0.33%)	9	↓(-8)
10	Champaign-Urbana-Rantoul (-1.43%)	Rockford (-1.21%)	10	↓(-1)

Growth over last 12-months:

Rank	Aug 2010	Sep 2010	Rank	Change**
1	Rockford (2.27%)	Davenport-Rock Island-Moline (0.2%)	1	↑(+2)
2	Peoria (0.51%)	Peoria (0%)	2	←(+0)
3	Davenport-Rock Island-Moline (-0.12%)	Chicago (-0.29%)	3	↑(+6)
4	Decatur (-0.19%)	Springfield (-0.48%)	4	↑(+3)
5	Bloomington-Normal (-0.41%)	Champaign-Urbana-Rantoul (-0.56%)	5	↑(+3)
6	Kankakee (-0.66%)	Rockford (-0.73%)	6	↓(-5)
7	Springfield (-1%)	Decatur (-0.79%)	7	↓(-3)
8	Champaign-Urbana-Rantoul (-1.01%)	Kankakee (-1.18%)	8	↓(-2)
9	Chicago (-1.77%)	Chicago (-1.81%)	9	←(+0)
10	Metro-East (-1.84%)	Metro-East (-2.45%)	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)

