



# ILLINOIS ECONOMIC REVIEW

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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.

MAY 2011

# EMPLOYMENT

## EMPLOYMENT DATA SUMMARY

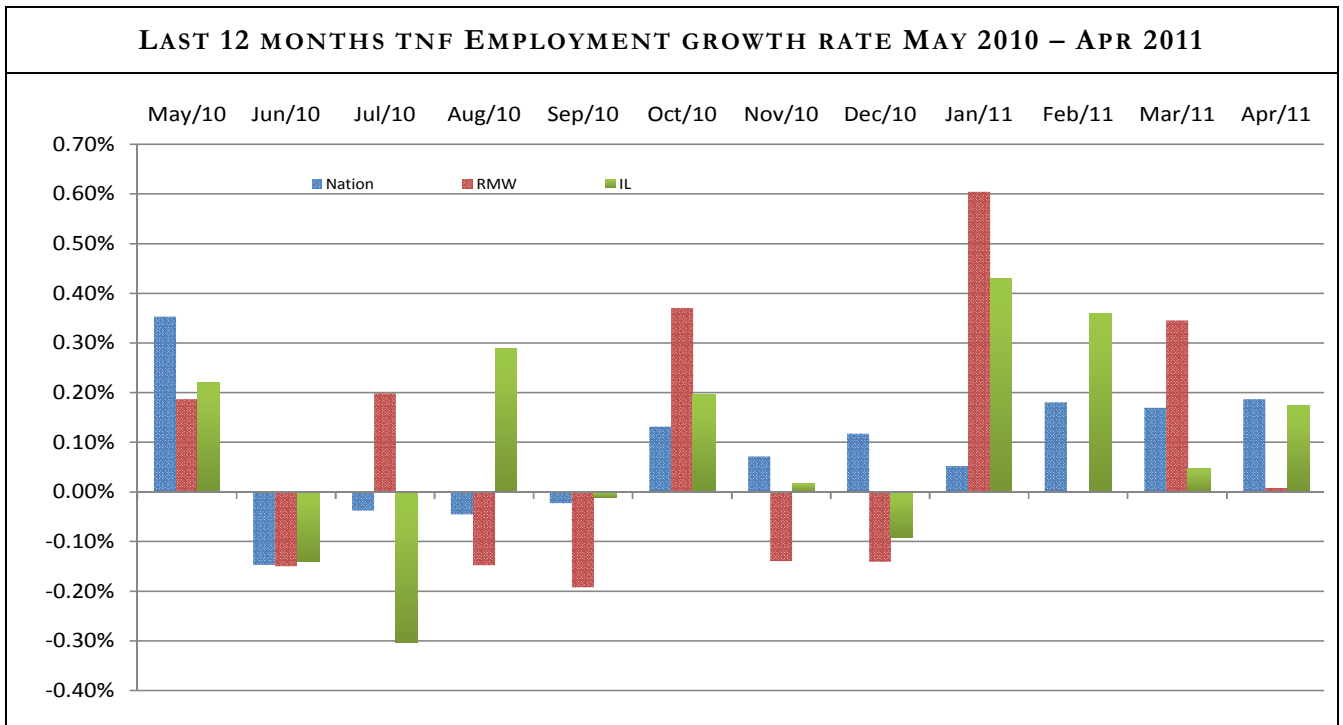
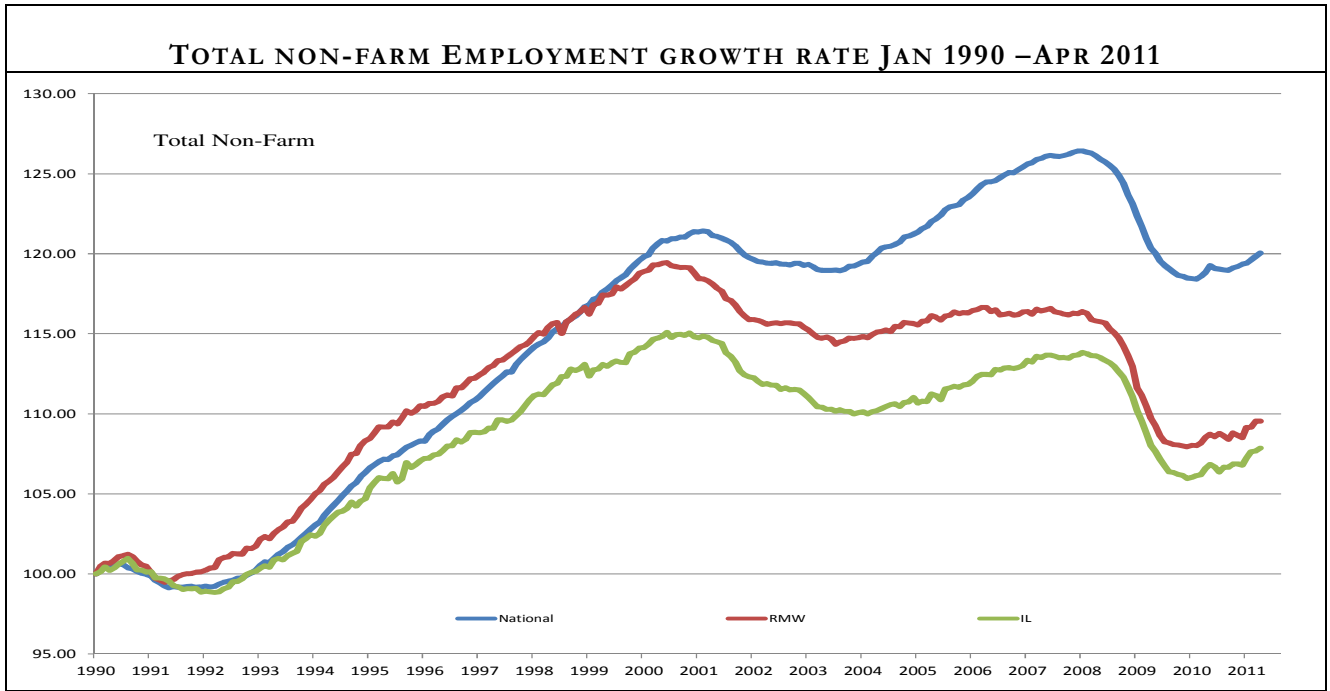
- Illinois added 9,900 jobs in April 2011 at a rate of 0.17%, compared with a revised 2,600 job gain in March 2011. Compared to April 2010, Illinois has added 66,600 jobs. The three-month moving average of jobs, a more stable measure of labor market, was up by 10,900 jobs per month.
- The Nation added 244,000 jobs at a rate of 0.19%, compared with a revised 221,000 job gain in March. The three-month moving average of jobs was up by 233,000 jobs per month.
- The Rest of the Midwest (RMW) added 1,400 jobs in April at a rate of 0.01% after a revised 64,400 job gain in March. The three-month moving average was up by 21,900 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 27 times and positive job gains 13 times so far. The state of Illinois now has a net loss of 304,400 jobs since the beginning of the recession in December 2007.
- Five sectors in Illinois still have employment levels in this month that are lower than January 1990 – Construction, Manufacturing, Trade, transportation & utilities, Information and Financial activities.
- The shadow unemployment rates for Illinois, RMW and the Nation were 11.3%, 13.2% and 12.3%, compared to official unemployment rates of 8.7%, 8.6% and 9.0%. The Illinois official unemployment rate fell for the 15th consecutive month. This is the lowest unemployment rate reported since February 2009 when it was 8.6 percent. The Illinois rate has been equal to or below the U.S. rate for seven consecutive months.
- Through Apr 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.86%, 9.54%, and 20.04%, respectively.

## APR 2011 EMPLOYMENT CHART

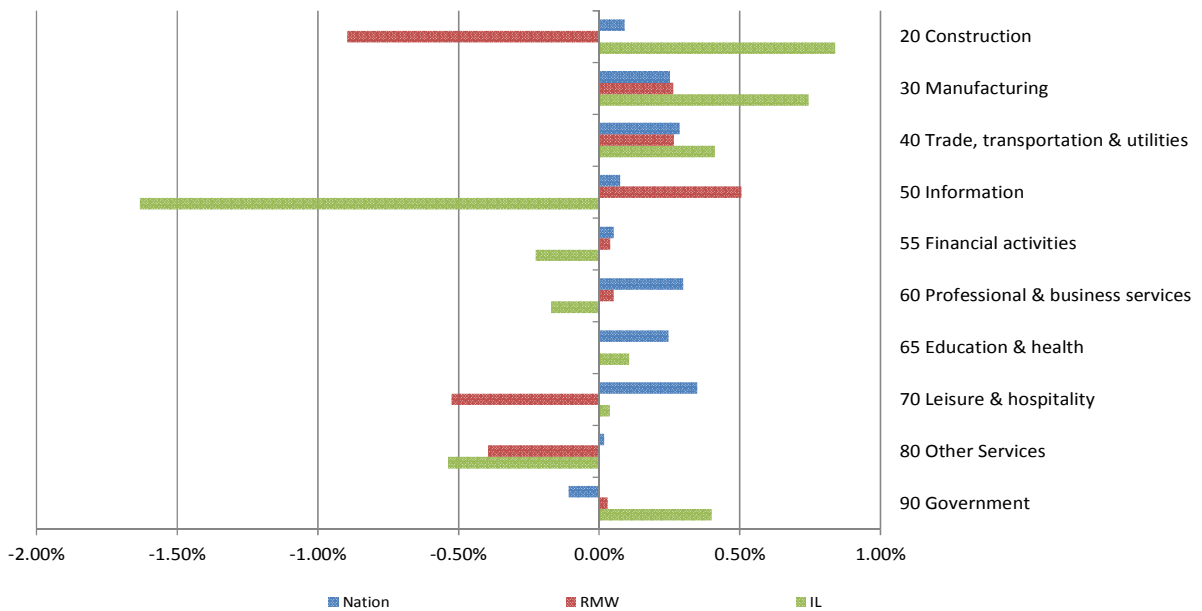
May 2011 Positive	Total Non-Farm Employment	Mar 2011– Apr 2011		Last 12 months		Apr 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	<b>Nation</b>	<b>0.19</b>	<b>244,000</b>	<b>1.01</b>	<b>1,313,000</b>	<b>12.3%</b>
	<b>RMW*</b>	<b>0.01</b>	<b>1,400</b>	<b>0.94</b>	<b>174,700</b>	<b>13.2%</b>
	<b>Illinois</b>	<b>0.17</b>	<b>9,900</b>	<b>1.19</b>	<b>66,600</b>	<b>11.3%</b>

\*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 MAR 2011 – APR 2011



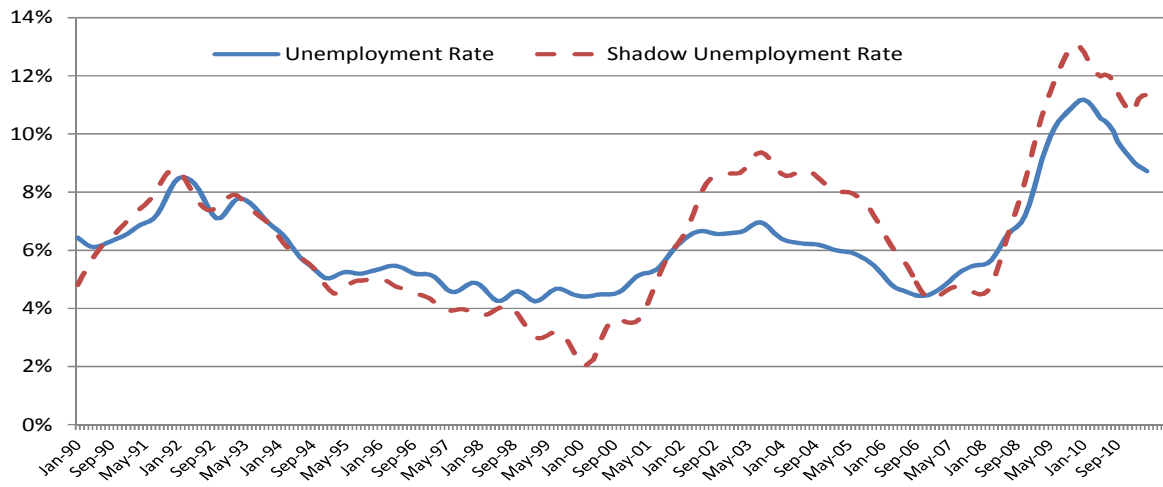
## SHADOW UNEMPLOYMENT

## Unemployment Rate: Official and Shadow

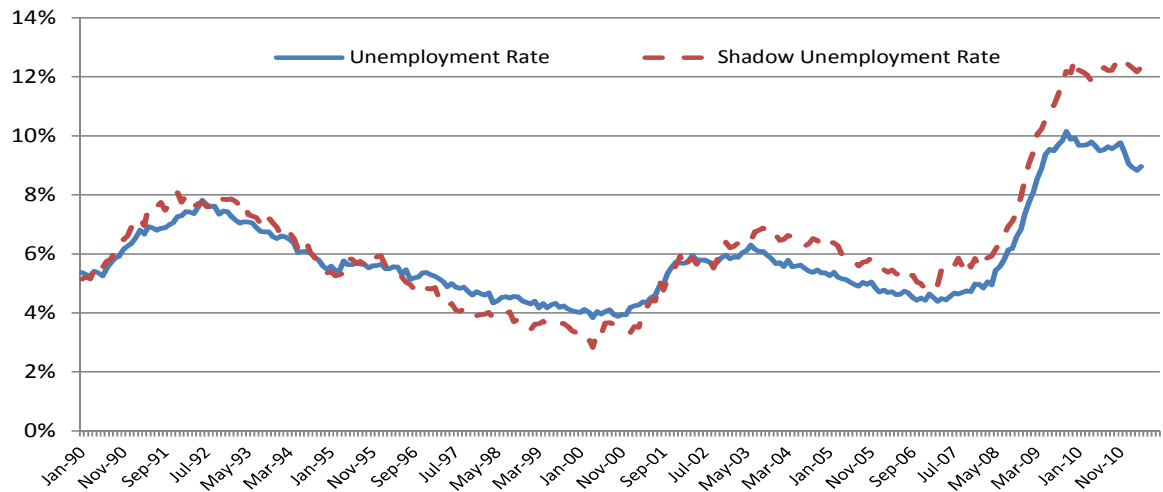
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2010, 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 2010, 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 178,000 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

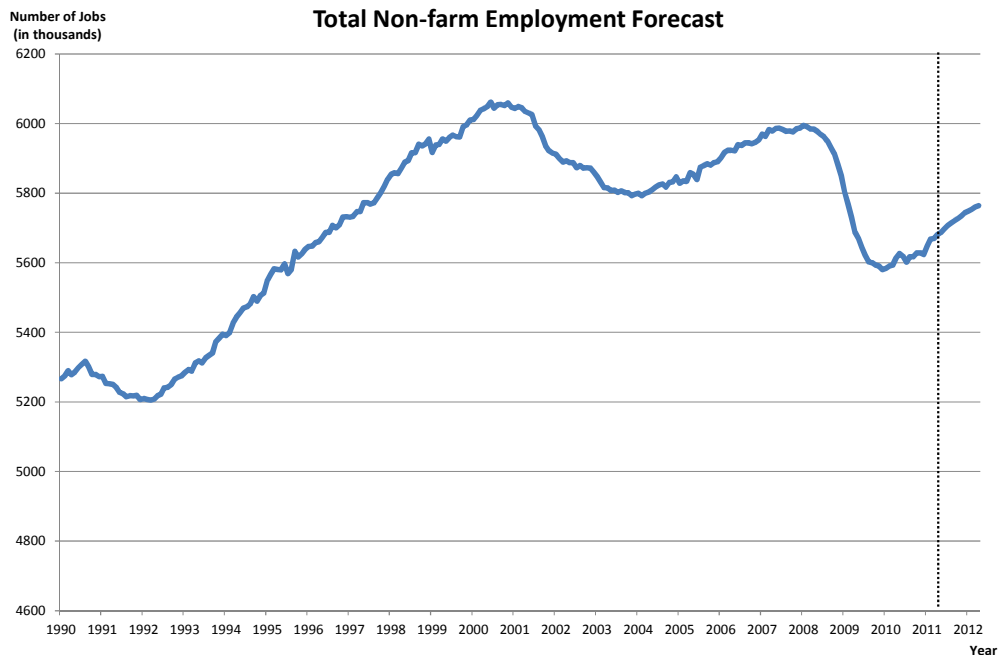


■ US



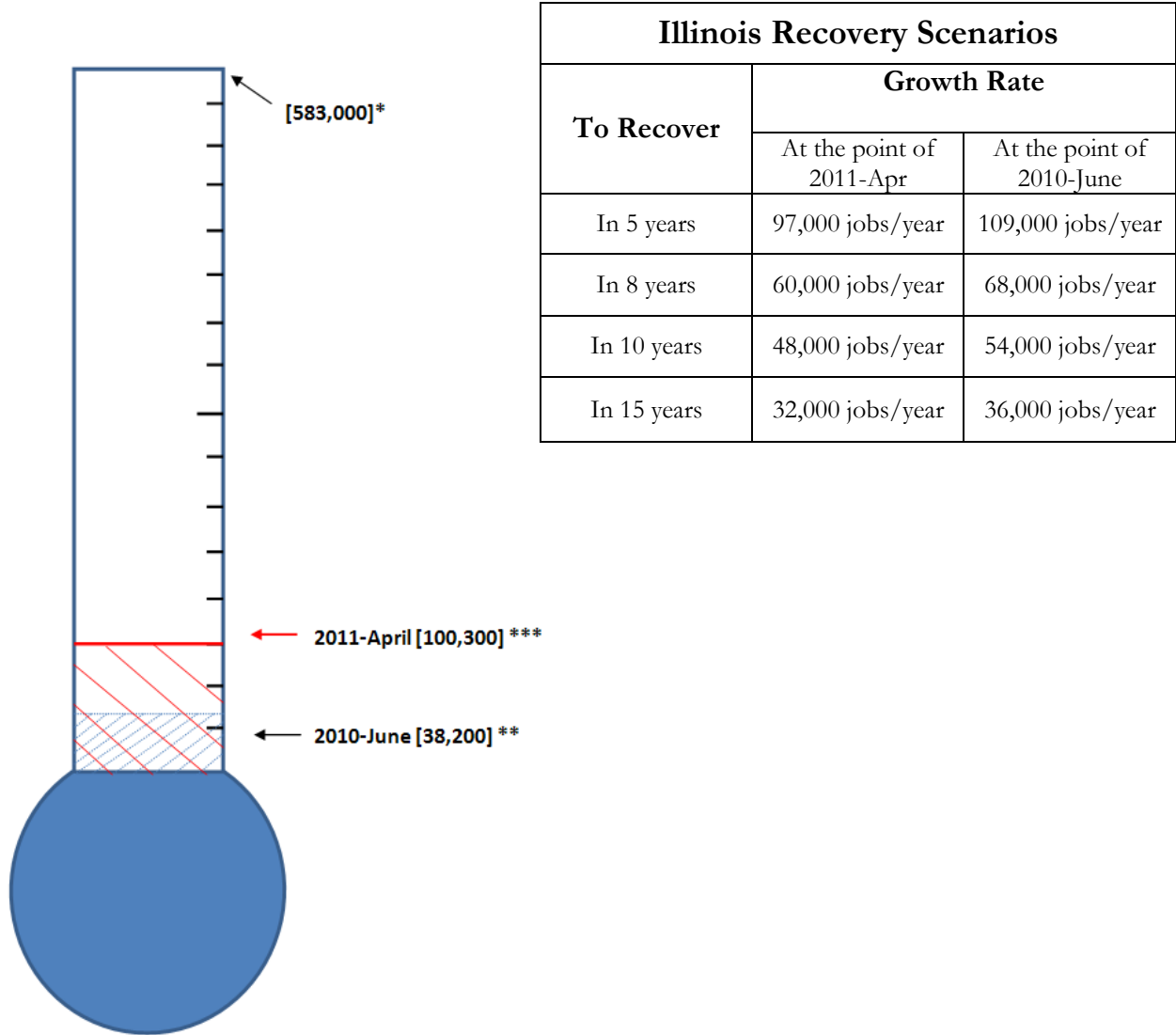
## EMPLOYMENT FORECAST

	Apr. 2011	Apr. 2012 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,670,000	5,764,100	50,000 ~ 122,000	0.81%~2.15%
<b>Construction</b>	201,500	198,300	-6,100	-2.98%
<b>Manufacturing</b>	563,100	571,500	3,700	0.65%
<b>Trade, transportation &amp; utilities</b>	1,140,600	1,176,300	31,400	2.74%
<b>Information</b>	98,200	90,300	-6,100	-6.33%
<b>Financial Activities</b>	354,500	346,000	-7,700	-2.18%
<b>Professional &amp; business services</b>	819,200	852,000	32,500	3.97%
<b>Education &amp; health</b>	846,500	872,000	24,100	2.84%
<b>Leisure &amp; hospitality</b>	526,200	532,600	8,400	1.60%
<b>Other services</b>	261,200	264,400	5,000	1.93%
<b>Government</b>	849,600	860,700	7,500	0.88%



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

## Barometer of Job Recovery



\* The figure 583,000 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 479,000. 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 583,000.

\*\*The figure 38,200 represents the jobs recovered from Dec. 2009 (previous lowest level) through June 2010.

\*\*\* The figure 100,300 represents the jobs recovered from Dec. 2009 through Apr. 2011.

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## CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
<b>Nation</b>	126.39 (Dec-2007)	120.04 (Apr 2011)	Negative growth	N/A
<b>RMW</b>	119.45 (Jun-2000)	109.54 (Apr 2011)	Negative growth	N/A
<b>IL</b>	115.09 (Nov-2000)	107.57 (Apr 2011)	Negative growth	N/A
<b>Metro Areas**:</b>				
<b>Bloomington Normal</b>	141.73 (Feb 2002)	140.26 (Apr 2011)	Negative growth	N/A
<b>Champaign Urbana</b>	116.13 (Jan 2009)	108.76 (Apr 2011)	Negative growth	N/A
<b>Chicago</b>	114.86 (Nov 2000)	107.11 (Apr 2011)	Negative growth	N/A
<b>Davenport- Rock Island-Moline</b>	115.02 (Mar 2008)	109.25 (Apr 2011)	Negative growth	N/A
<b>Decatur</b>	112.37 (Jan 2000)	96.83 (Apr 2011)	Negative growth	N/A
<b>Kankakee</b>	125.57 (Mar 2008)	122.15 (Apr 2011)	Negative growth	N/A
<b>Peoria</b>	122.21 (Aug 2008)	117.09 (Apr 2011)	Negative growth	N/A
<b>Rockford</b>	122.81 (Nov 2000)	108.11 (Apr 2011)	Negative growth	N/A
<b>Springfield</b>	110.89 (Aug 2000)	105.03 (Apr 2011)	Negative growth	N/A
<b>Metro-East</b>	114.97 (Jun 2001)	107.55 (Apr 2011)	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.

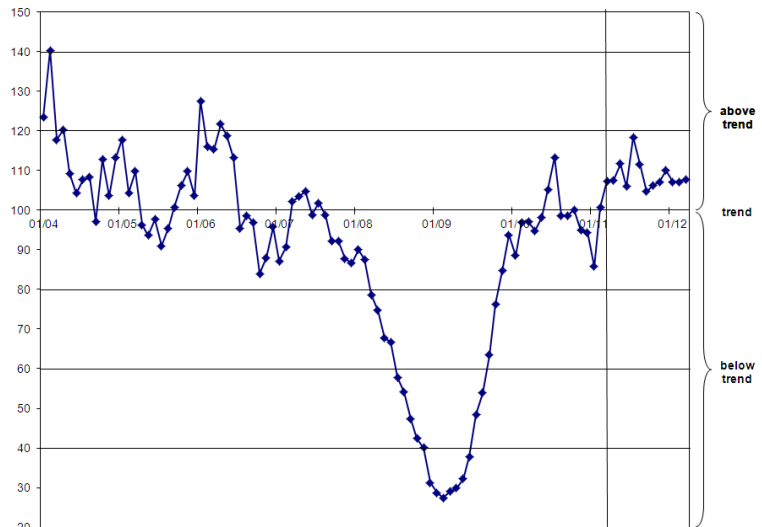
NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.



# CBAI ROSE IN MARCH

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 107.3 in March, an increase from the value of 100.7 recorded in February. The increase in March could be attributed mainly to the increase of non-manufacturing employment and construction activities in the Chicago region.
- In March, the national and regional economy presented favorable features. The Federal Reserve Board announced that industrial production increased 0.8 percent in March. The capacity utilization for total industry rose 0.5 percentage point to 77.4 percent. In addition, national retail sales increased 0.85 percent in March. The number of unemployed persons (13.5 million) and the unemployment rate (8.8 percent) changed little in March.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to 0.26 in March, from 0.16 in February. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.92 percent in March, after a 1.34 percent increase in February. In the Chicago region in March, manufacturing employment increased 0.08 percent while non-manufacturing employment increased 0.18 percent and construction employment increased by 1.25 percent. Regional retail sales are estimated to have decreased 0.3 percent in March.
- In the coming months, the national economy is likely to maintain its recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment increased by 216,000 in March. Job gains occurred in several service-providing industries and in mining, and manufacturing employment continued to trend up. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its modest improving trend over the next several months.



**CBAI** (Current: 107.3)

	1 month	3 month	1 year
Historical (ago)	100.7	94.4	97.1
Forecast (ahead)	107.6	106.0	107.7

# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY\*

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- Kankakee experienced the deepest fall this month.
- Metro-East (1st to 6th), Chicago (5th to 7th), Springfield (6th to 8th) and Rockford (2nd to 4th) also dropped in terms of rank from last month.
- The most remarkable upward move in March was recorded for Peoria (8th to 1st).
- Bloomington-Normal (7th to 2nd), Decatur (4th to 3rd), Davenport-Rock Island-Moline (9th to 5th) and Champaign-Urbana-Rantoul (10th to 9th) also gained in terms of rank from last month.
- In the 12 months growth league table, upward moves were recorded for Chicago (6th to 4th) and Bloomington-Normal (9th to 5th) while downward moves were recorded for Springfield (4th to 3rd), Kankakee (7nd to 9th) and Metro-East (5th to 6th).
- Peoria remained in the first place while Champaign-Urbana-Rantoul stayed 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	Feb 2011	Mar 2011	Rank	Change**
1	Metro-East(0.43%)	Peoria(0.94%)	1	↑ (+7)
2	Rockford (0.4%)	Bloomington-Normal(0.63%)	2	↑ (+5)
3	Kankakee (0.35%)	Decatur (0.35%)	3	↑ (+1)
4	Decatur (0.24%)	Rockford (0.35%)	4	↓ (-2)
5	Chicago (0.08%)	Davenport-Rock Island-Moline (0.3%)	5	↑ (+4)
6	Springfield (0.08%)	Metro-East (0.28%)	6	↓ (-5)
7	Bloomington-Normal (0.04%)	Chicago (0.16%)	7	↓ (-2)
8	Peoria (0.01%)	Springfield (0.16%)	8	↓ (-2)
9	Davenport-Rock Island-Moline(-0.13%)	Champaign-Urbana-Rantoul (-0.4%)	9	↑ (+1)
10	Champaign-Urbana-Rantoul (-1.85%)	Kankakee (-0.62%)	10	↓ (-7)

## Growth over last 12-months:

Rank	Feb 2011	Mar 2011	Rank	Change**
1	Peoria (2.92%)	Peoria (3.87%)	1	← (+0)
2	Decatur (1.45%)	Decatur (2.14%)	2	← (+0)
3	Davenport-Rock Island-Moline (1.3%)	Davenport-Rock Island-Moline (1.33%)	3	← (+0)
4	Springfield (1.15%)	Chicago (1.25%)	4	↑ (+2)
5	Metro-East (1.13%)	Bloomington-Normal (1.02%)	5	↑ (+4)
6	Chicago (1.07%)	Metro-East (0.98%)	6	↓ (-1)
7	Kankakee (1.01%)	Springfield (0.96%)	7	↓ (-3)
8	Rockford (0.44%)	Rockford (0.82%)	8	← (+0)
9	Bloomington-Normal (0.36%)	Kankakee (0.57%)	9	↓ (-2)
10	Champaign-Urbana-Rantoul (0.34%)	Champaign-Urbana-Rantoul (-0.84%)	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)

