



# 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.

NOVEMBER 2011

# EMPLOYMENT

## EMPLOYMENT DATA SUMMARY

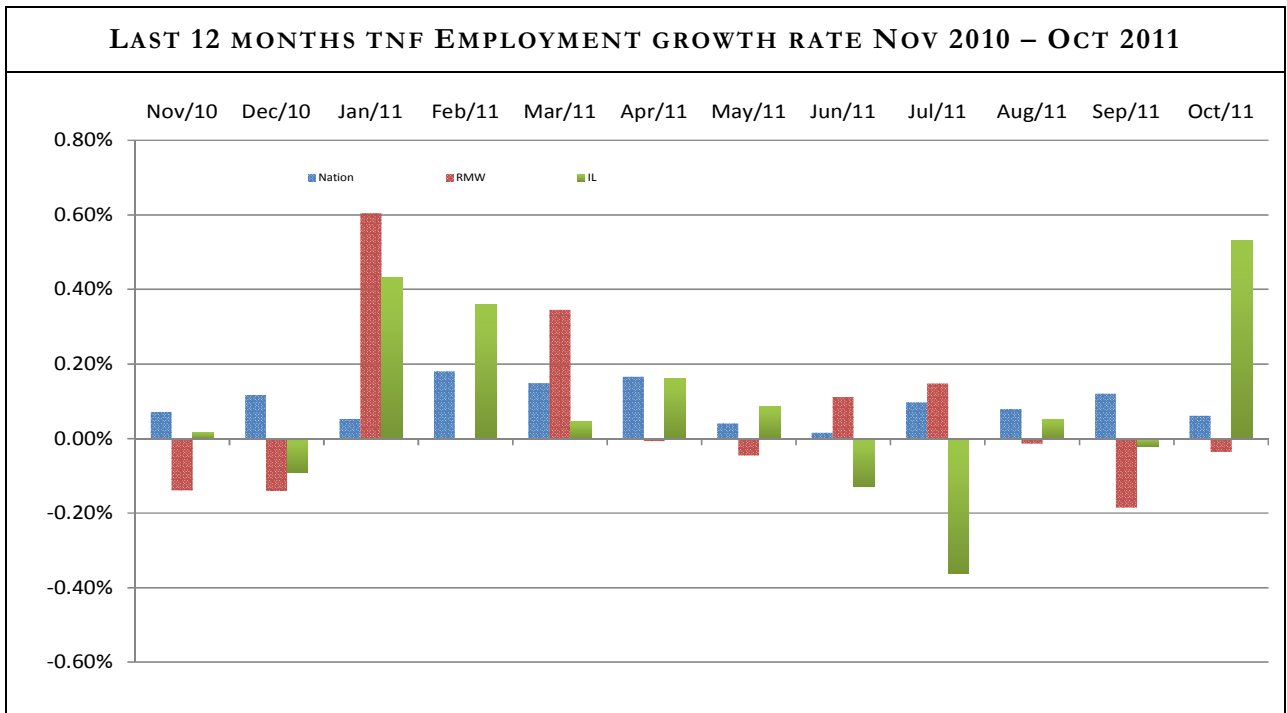
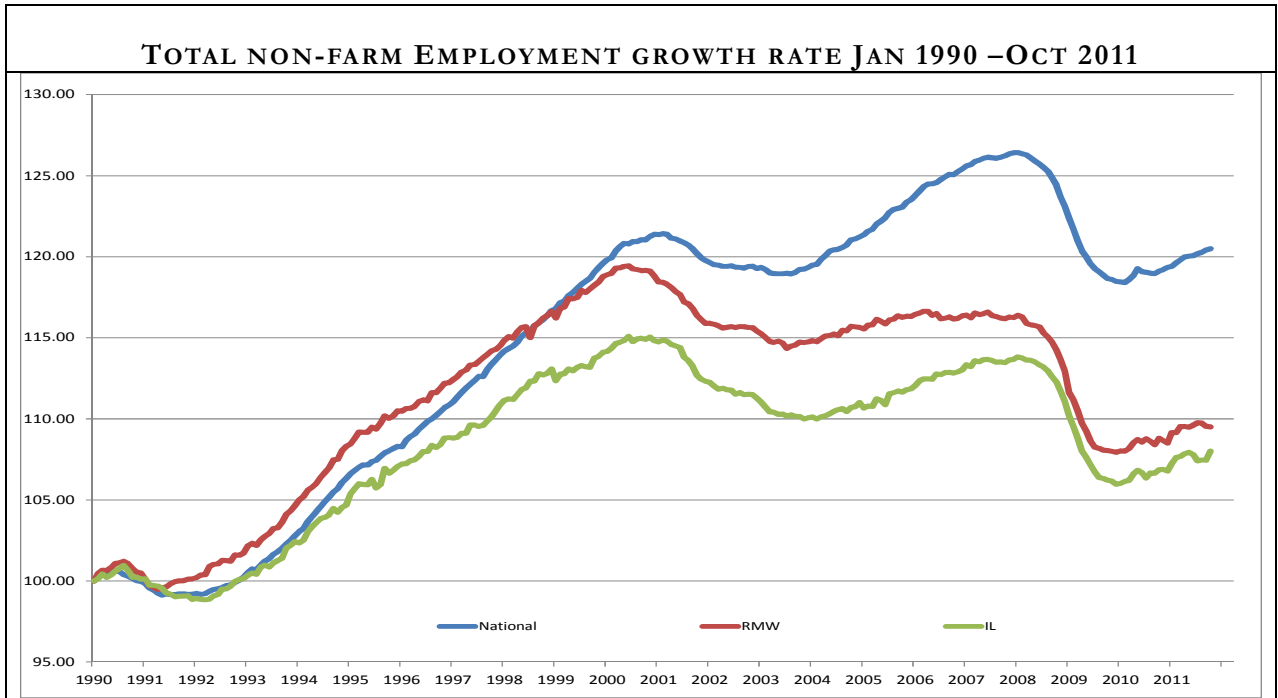
- Illinois added 30,000 jobs in Oct 2011 at a rate of 0.53%, compared with a revised -1,300 job loss in Sep 2011. Compared to Oct 2010, Illinois has added 60,500 jobs. The three-month moving average of jobs, a more stable measure of labor market, was up by 10,500 jobs per month.
- The Nation added 80,000 jobs, compared with a revised 158,000 job gain in Oct. The three-month moving average of jobs was up by 114,000 jobs per month.
- The Rest of the Midwest (RMW) shed 6,700 jobs in Oct at a rate of -0.04% after a revised -34,800 job loss in Sep. The three-month moving average was down by 14,700 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 30 times and positive job gains 16 times so far. The state of Illinois now has a net loss of 296,600 jobs since the beginning of the recession in December 2007.
- Since January 2010, when Illinois employment growth resumed after the national recession, Illinois has added 108,100 new jobs
- The 12-month-ahead job recovery forecasts show that five sectors will experience faster recovery rates in August 2012.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.6%, 14.1% and 12.4%, compared to official unemployment rates of 10.1%, 8.9% and 9.0%. This is the highest official unemployment for Illinois since Aug 2010.
- Through Oct 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.49%, 9.45%, and 20.49%, respectively.

## OCT 2011 EMPLOYMENT CHART

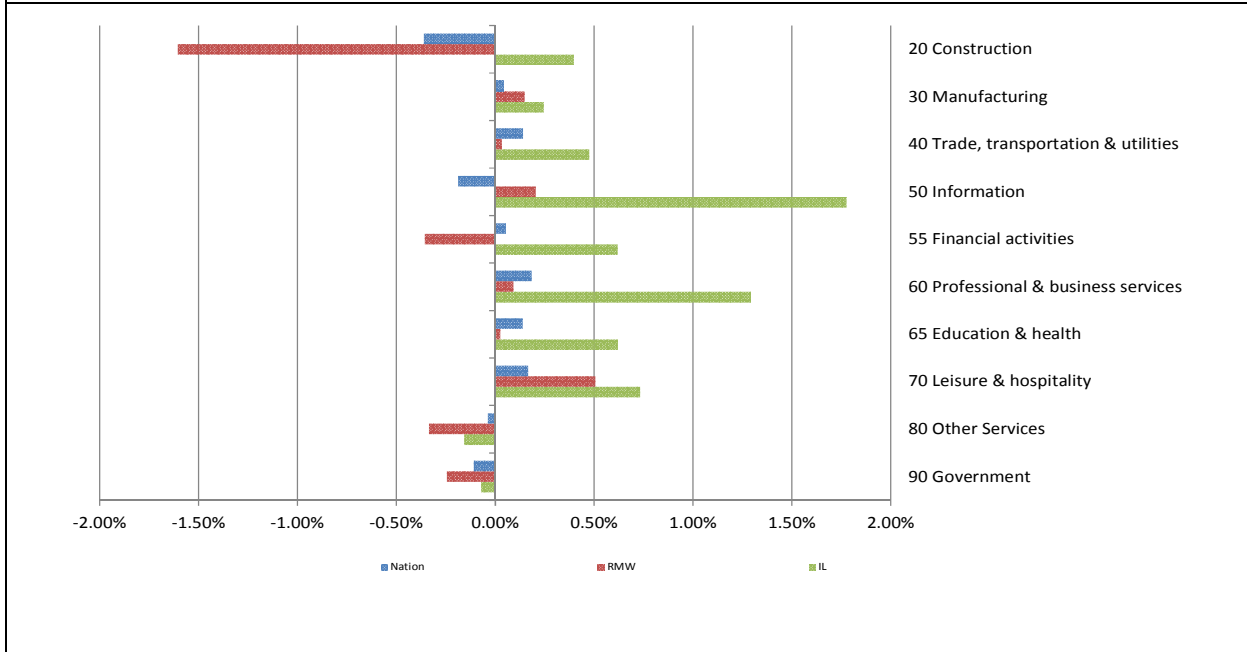
November 2011 Positive	Total Non-Farm Employment	Aug 2011–Sep 2011		Last 12 months		Sep 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	<b>Nation</b>	<b>0.06</b>	<b>80,000</b>	<b>1.15</b>	<b>1,501,000</b>	<b>12.4%</b>
	<b>RMW*</b>	<b>-0.04</b>	<b>-6,700</b>	<b>0.64</b>	<b>119,000</b>	<b>14.1%</b>
	<b>Illinois</b>	<b>0.53</b>	<b>30,000</b>	<b>1.07</b>	<b>60,500</b>	<b>12.6%</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 SEP 2011 – OCT 2011



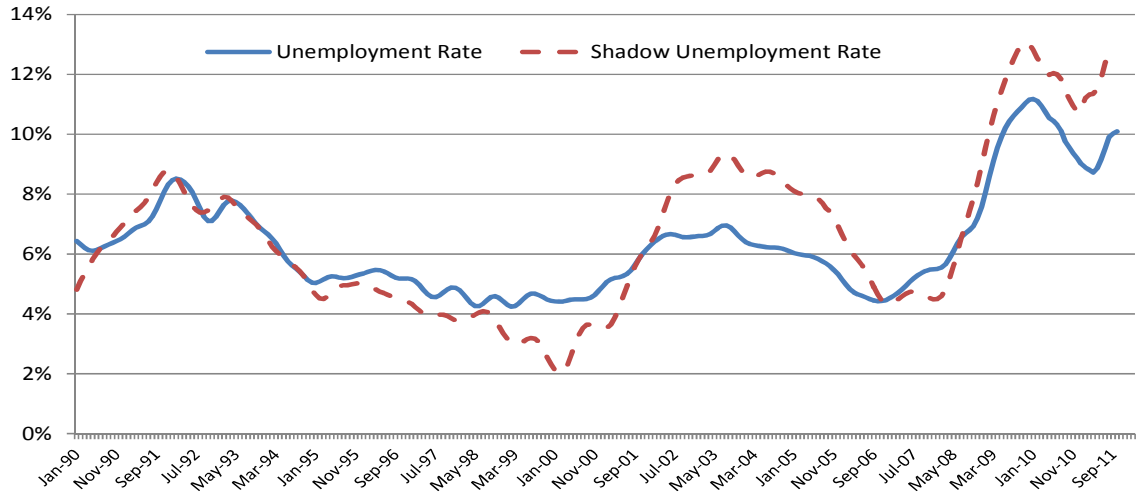
## SHADOW UNEMPLOYMENT

## Unemployment Rate: Official and Shadow

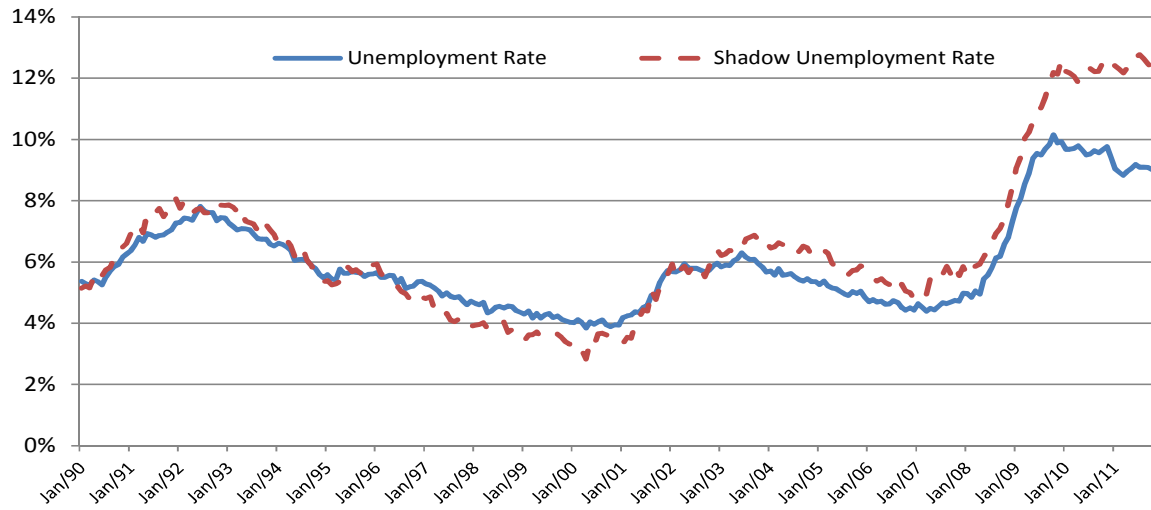
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 168,700 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

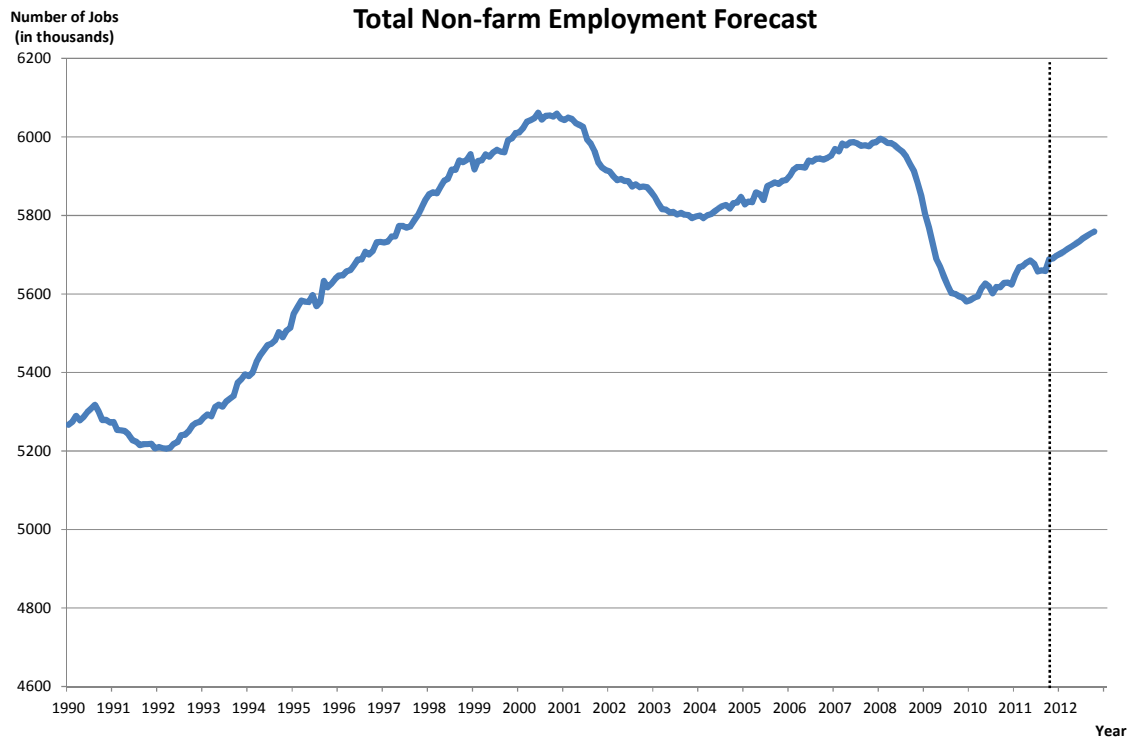


■ US



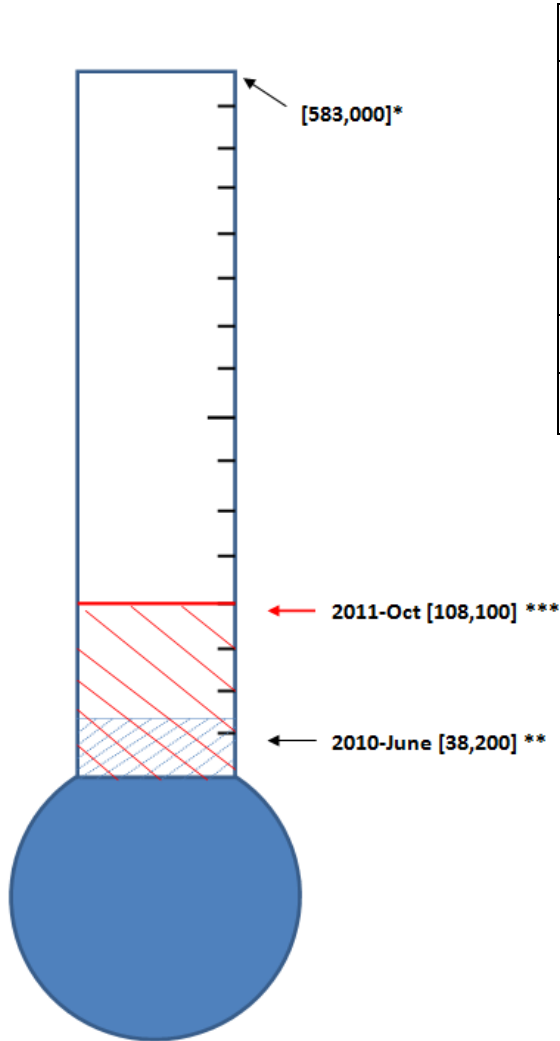
## EMPLOYMENT FORECAST

	Oct 2011	Oct 2012 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,688,600	5,759,100	44,600 ~ 70,500	0.78% ~ 1.24%
Construction	202,000	192,300	-9,700	-4.80%
Manufacturing	571,000	568,800	-2,200	-0.39%
Trade, transportation & utilities	1,142,300	1,153,800	11,500	1.01%
Information	97,400	95,000	-2,400	-2.46%
Financial Activities	358,000	359,900	1,900	0.53%
Professional & business services	829,900	869,100	39,200	4.72%
Education & health	860,300	884,100	23,800	2.77%
Leisure & hospitality	522,700	529,500	6,800	1.30%
Other services	253,200	255,000	1,800	0.71%
Government	842,400	851,500	9,100	1.08%



\* 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 2011-Oct	At the point of 2010-June
In 5 years	95,000 jobs/year	109,000 jobs/year
In 8 years	59,300 jobs/year	68,000 jobs/year
In 10 years	47,500 jobs/year	54,000 jobs/year
In 15 years	31,700 jobs/year	36,000 jobs/year

\* 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 needed 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 108,100 represents the jobs recovered from Dec. 2009 through Oct. 2011.

## ILLINOIS JOB RECOVERY BY SECTOR

<b>Illinois job recovery by sector from Dec 2007 - Oct 2011</b>					
	Job Changes in Recession Period*	Job Recovery Jan 2010-Aug 2011	Recovery Percentage	Forecasted Job Recovery Jan 2010-Aug 2012	Forecasted Recovery Percentage
Construction	-64,500	-2,200	-3.41%	-11,900	-18.45%
Manufacturing	-116,000	17,800	15.34%	15,600	13.45%
Trade, transportation & utilities (TTU)	-98,100	23,500	23.96%	35,000	35.68%
Information	-11,000	-6,700	-60.91%	-9,100	-82.73%
Financial activities	-32,700	-7,000	-21.41%	-5,100	-15.60%
Professional & business services	-91,400	49,600	54.27%	88,800	97.16%
Education & health	34,300	38,600	--	62,400	--
Leisure & hospitality	-22,800	10,800	47.37%	17,600	77.19%
Other Services	-5,900	-2,800	-47.46%	-1,000	-16.95%
Government	5,200	-14,000	--	-4,900	--

\*Recession period: Dec 2007- Dec 2009

<b>Recovery by Sector</b>	<ul style="list-style-type: none"> <li>▪ During the recession period of Dec 2007-Dec 2009, 8 out of 10 Illinois sectors experienced negative job growth. Education &amp; health and Government are the only 2 sectors that had positive job growth during the recession.</li> <li>▪ Since Jan 2010, Illinois employment growth resumed. Manufacturing, Trade, transportation &amp; utilities, Professional &amp; business services and Leisure &amp; hospitality have recovered 15.34%, 23.96%, 54.27%, 47.37%, respectively, from the job lost during the recession.</li> <li>▪ However, Construction, Information, Financial activities and Other services continued to lose jobs leading to negative recovery rates of -3.41%, -60.91%, -21.41% and -47.46% respectively.</li> <li>▪ The 12-month-ahead job recovery forecasts show that the future recovery for sector such as Manufacturing will slow down while it will increase for sectors such as Trade, transportation &amp; utilities, Professional &amp; business services, Leisure &amp; hospitality and Other services.</li> <li>▪ For sectors such as Construction, Information and Financial activities, they will continue to lose jobs with faster rates.</li> </ul>
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## CATCH UP SCENARIO

### *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)	120.42 (Sep 2011)	Negative growth	N/A
<b>RMW</b>	119.45 (Jun-2000)	109.54 (Sep 2011)	Negative growth	N/A
<b>IL</b>	115.09 (Nov-2000)	107.44 (Sep 2011)	Negative growth	N/A
<b>Metro Areas** :</b>				
<b>Bloomington Normal</b>	141.73 (Feb 2002)	137.19 (Sep 2011)	Negative growth	N/A
<b>Champaign Urbana</b>	116.13 (Jan 2009)	106.87 (Sep 2011)	Negative growth	N/A
<b>Chicago</b>	114.86 (Nov 2000)	106.79 (Sep 2011)	Negative growth	N/A
<b>Davenport- Rock Island-Moline</b>	115.02 (Mar 2008)	110.07 (Sep 2011)	Negative growth	N/A
<b>Decatur</b>	112.37 (Jan 2000)	97.36 (Sep 2011)	Negative growth	N/A
<b>Kankakee</b>	125.57 (Mar 2008)	125.61 (Sep 2011)	Negative growth	N/A
<b>Peoria</b>	122.21 (Aug 2008)	118.94 (Sep 2011)	Negative growth	N/A
<b>Rockford</b>	122.81 (Nov 2000)	106.42 (Sep 2011)	Negative growth	N/A
<b>Springfield</b>	110.89 (Aug 2000)	106.27 (Sep 2011)	Negative growth	N/A
<b>Metro-East</b>	114.97 (Jun 2001)	106.85 (Sep 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.

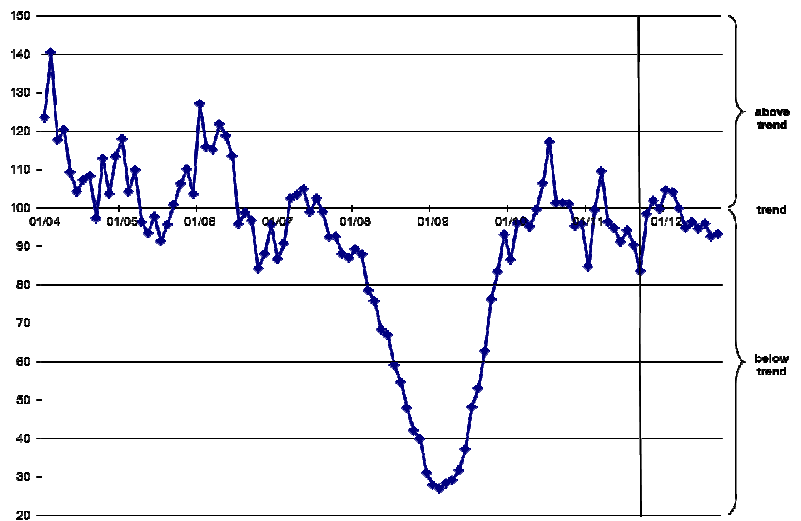
# CBAI DECREASED IN SEPTEMBER

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 83.5 in September, a decrease from 90.3 in August. The drop of the index in September could be attributed mainly to the sluggishness in private consumption and the drop in manufacturing employment in the Chicago region.
- In September, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.2 percent in September after having been unchanged in August. The capacity utilization for total industry edged up to 77.4 percent in September. In addition, national retail sales increased 1.13 percent in September. The number of unemployed persons at 14.0 million was essentially unchanged in September, and the unemployment rate held at 9.1 percent.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.22 in September, from -0.59 in August. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.47 percent in September. In the Chicago region in September, manufacturing employment decreased 0.44 percent after 0.59 percent decrease in August; while non-manufacturing employment increased 0.17 percent and construction employment decreased by 0.84 percent. Regional retail sales are estimated to have decreased 1.12 percent in September.
- In the coming months, the national economy is likely to maintain its weak recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment edged up by 103,000 in September, job gains occurred in professional and business services, health care, and construction. Government employment continued to trend down. With regard to inflation, the economic slack reflected in September's CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year. The risk of double-dip recession has risen. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to experience a period of fluctuations and continue its weak improving trend over the next several months.

**CBAI** (Current: 83.5)

	1 month	3 month	1 year
Historical (ago)	90.3	91.2	101.2
Forecast (ahead)	98.4	99.7	93.2



# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY\*

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

\*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 2011	Sep 2011	Rank	Change**
1	Springfield (0.64%)	Kankakee (2.54%)	1	↑(+3)
2	Metro-East (0.18%)	Davenport-Rock Island-Moline (0.98%)	2	↑(+5)
3	Chicago (-0.12%)	Springfield (0.79%)	3	↓(-2)
4	Kankakee (-0.24%)	Decatur (0.67%)	4	↑(+2)
5	Peoria (-0.35%)	Bloomington-Normal (0.46%)	5	↑(+4)
6	Decatur (-0.59%)	Peoria (0.45%)	6	↓(-1)
7	Davenport-Rock Island-Moline (-0.66%)	Champaign-Urbana-Rantoul (0.42%)	7	↑(+1)
8	Champaign-Urbana-Rantoul (-1.01%)	Chicago (0.1%)	8	↓(-5)
9	Bloomington-Normal (-1.04%)	Rockford (-0.13%)	9	↑(+1)
10	Rockford (-2.17%)	Metro-East (-0.57%)	10	↓(-8)

## Growth over last 12-months:

Rank	Aug 2011	Sep 2011	Rank	Change**
1	Peoria (3.28%)	Kankakee (6.38%)	1	↑(+1)
2	Kankakee (2.81%)	Peoria (3.86%)	2	↓(-1)
3	Metro-East (1.23%)	Davenport-Rock Island-Moline (1.75%)	3	↑(+1)
4	Davenport-Rock Island-Moline (0.79%)	Springfield (0.73%)	4	↑(+2)
5	Chicago (0.51%)	Rockford (0.7%)	5	↑(+2)
6	Springfield (0.36%)	Chicago (0.63%)	6	↓(-1)
7	Rockford (-0.17%)	Metro-East (0.37%)	7	↓(-4)
8	Decatur (-0.61%)	Decatur (0.13%)	8	←(+0)
9	Bloomington-Normal (-1.76%)	Bloomington-Normal (-0.48%)	9	←(+0)
10	Champaign-Urbana-Rantoul (-2.3%)	Champaign-Urbana-Rantoul (-2.58%)	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)

