

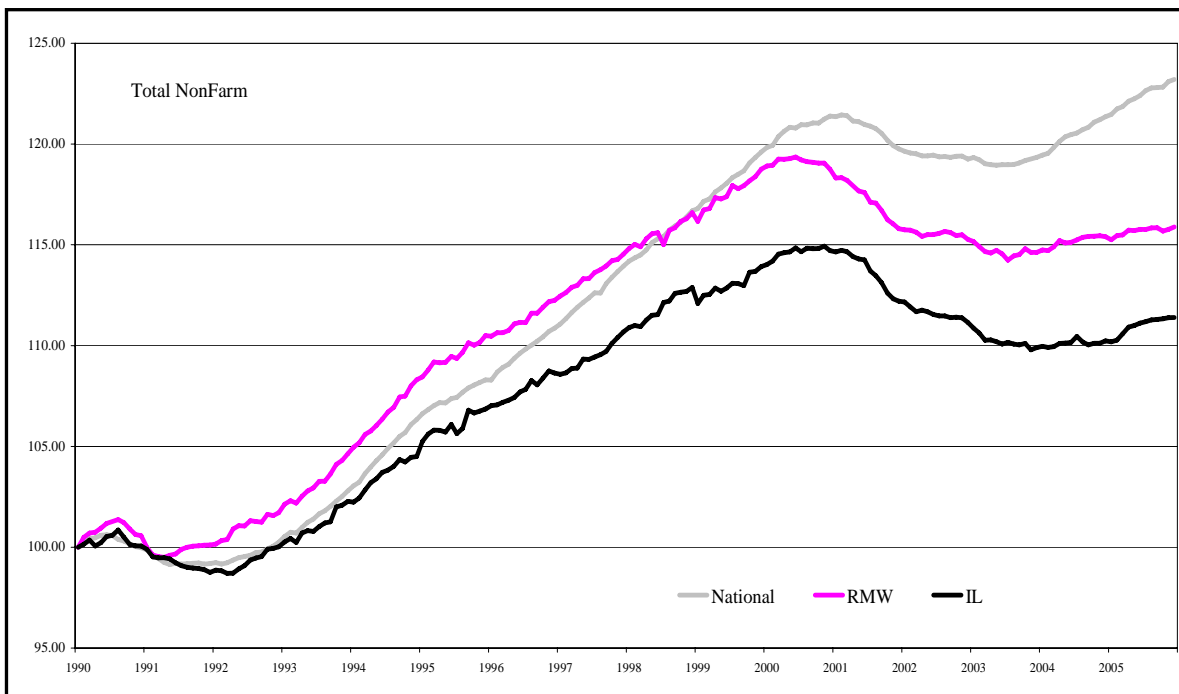
Monthly Illinois Economic Review

❖ **Employment**

January 2006 Neutral	Total non-farm employment	Nov 2005 – Dec 2005		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate%	Number of Jobs
	Nation	+0.08	+108,000	+1.52	+2,019,000
	RMW	+0.10	+19,500	+0.42	+82,900
	Illinois	+0.01	+400	+1.05	+61,300

Talking Points

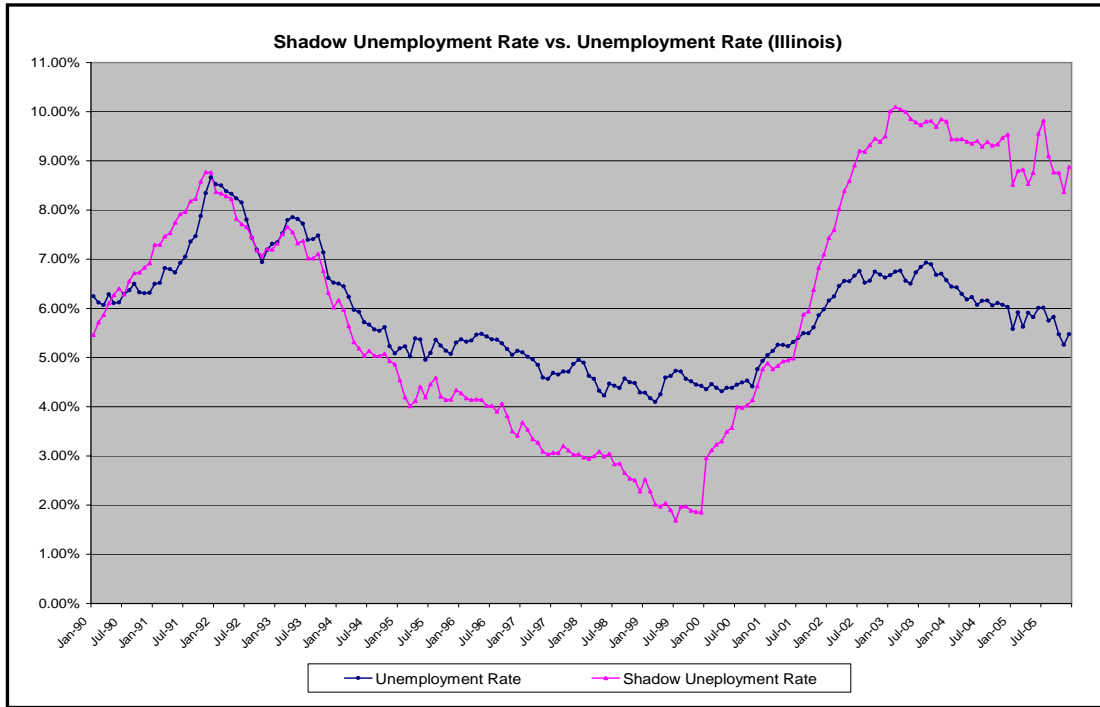
- Illinois recorded the lowest job gain in 2005 except for the net loss in January, with only 400 new jobs with 0.01% of monthly growth rate, much lower than both the Nation and RMW.
- The fast monthly job growth pattern recorded for the seven-month period between February and August 2005, has continuously slowed since September 2005.
- For the last two months, Illinois has shown much slower job gains compared to the Nation and RMW. Consequently, the gap in job index between Illinois and RMW and between Illinois and Nation has increased.
- Annual job gains of Illinois in 2005 attained the highest level, 61,300, since 1998, and it has more than tripled from the annual gain of 18,000 in the previous year.
- Since 1990, only 18% of total new jobs in Midwest have been created in Illinois, however in 2005, 43% of new jobs created in the Midwest were in Illinois. This reflects that relatively stronger job growth in Illinois compared to the other Midwest states in 2005.
- Comparison between Illinois and Nation reveals somewhat different story: even with the increased share of national job gains in 2005 (3.0% compared to the historical share of 2.4% from 1990-2005), this positive change is not as dramatic as the changed role of Illinois in Midwest.



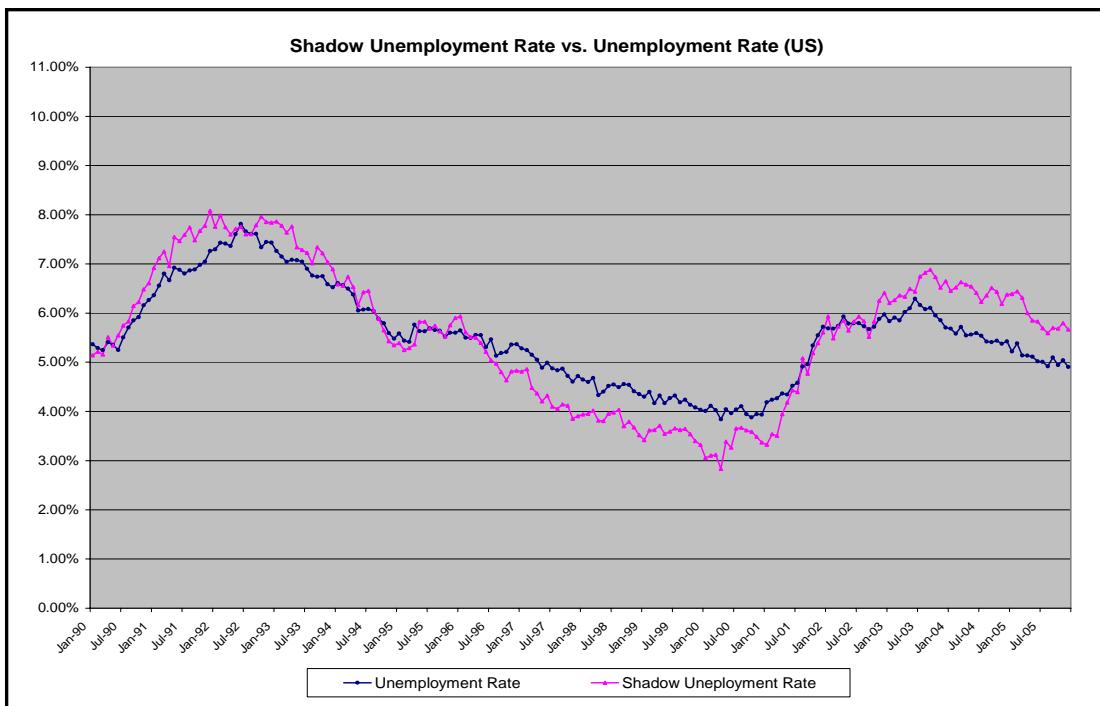
Monthly Illinois Economic Review

❖ **Shadow Unemployment**

▪ **Illinois**

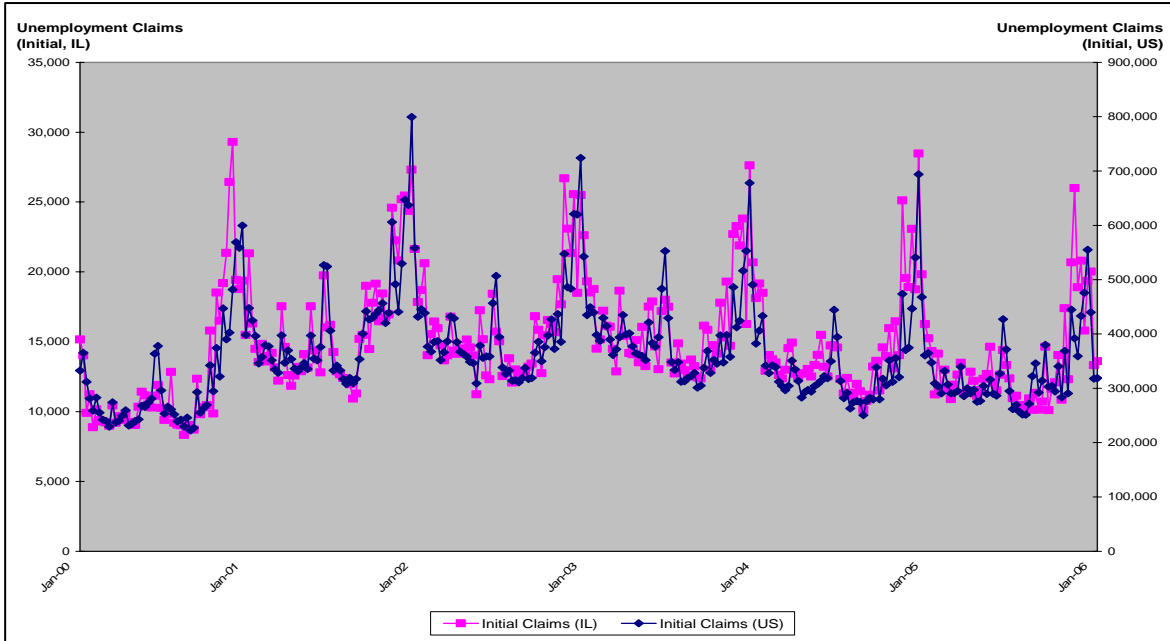


▪ **US**



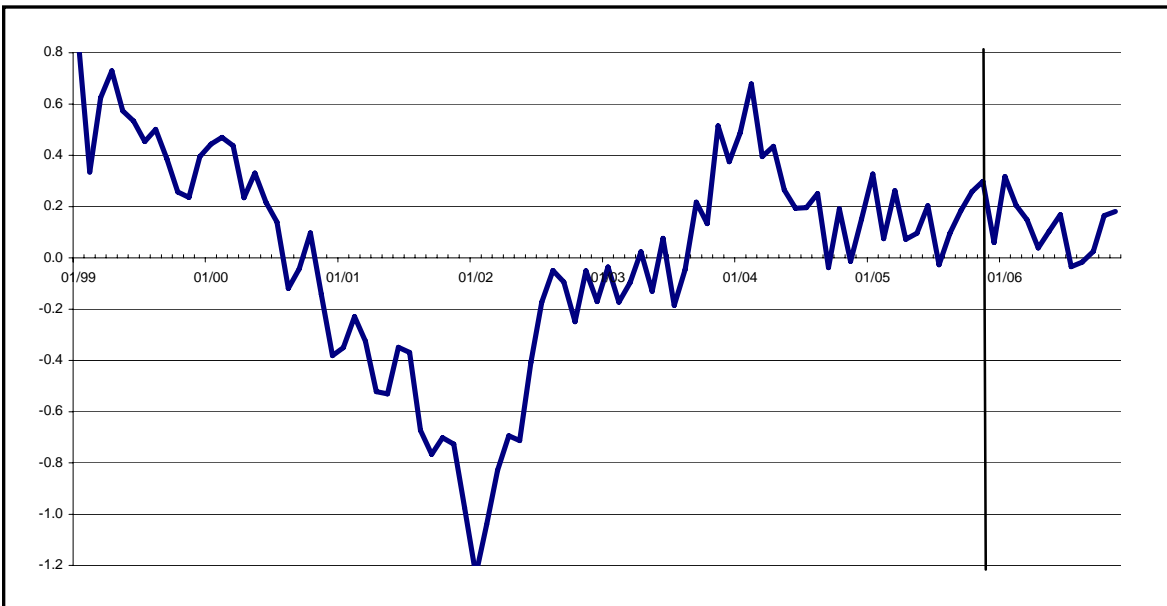
Monthly Illinois Economic Review

❖ **Unemployment Claims (Initial)**



❖ **CBAI increased in November**

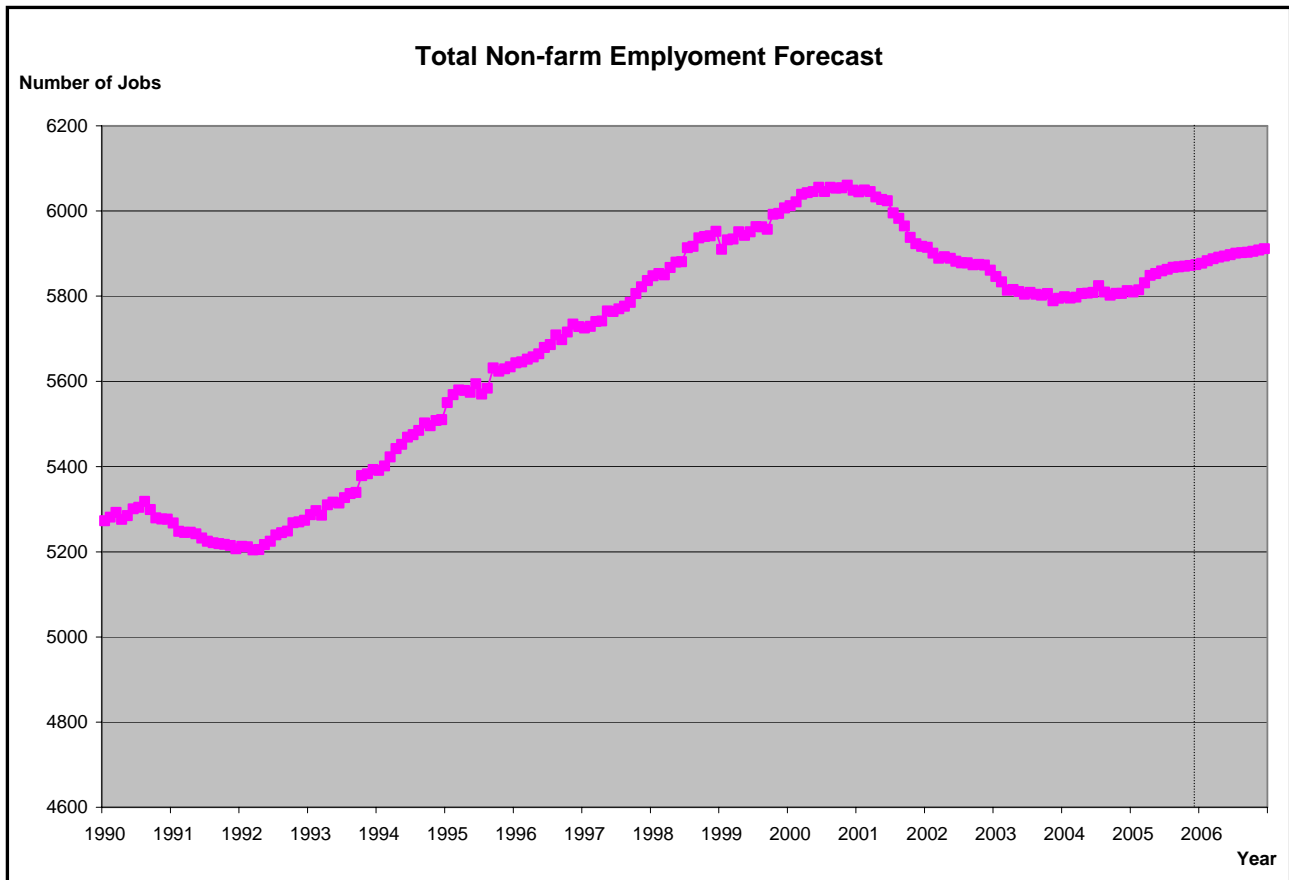
The Chicago Business Activity Index (CBAI) was 0.298 in November, the fourth consecutive positive reading since August. This was mainly attributed to the increase of construction, retail sales and non-manufacturing employment. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy will continue to grow. However, CBAI prediction indicates growth over the next 12 months slightly lower than last 12 months.



Monthly Illinois Economic Review

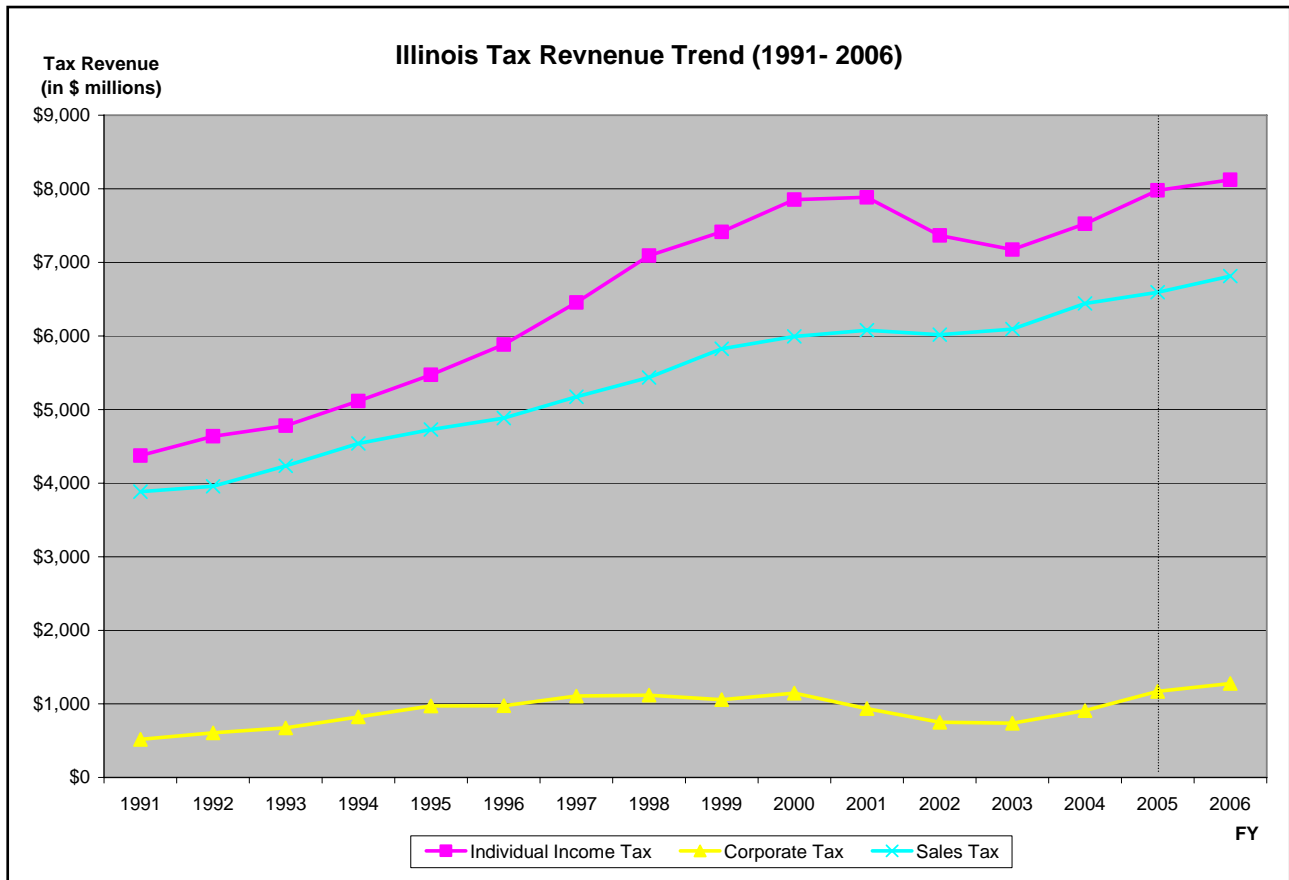
❖ **Employment Forecast (2006)**

	Dec 2005	Dec 2006 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,874,000	5,911,400	+37,400	+0.64
Construction	269,100	273,400	+4,300	+1.60
Manufacturing	692,500	687,200	- 5,300	- 0.77
Trade, transportation & utilities	1,190,600	1,200,000	+9,400	+0.79
Information	117,000	115,000	- 2,000	- 1.70
Financial Activities	406,300	407,100	+800	+0.20
Professional & business services	824,500	839,100	+14,600	+1.78
Education & health	740,600	747,600	+7,000	+0.95
Leisure & hospitality	521,000	527,500	+6,500	+1.24
Other services	256,600	259,200	+2,600	+1.03
Government	844,300	848,300	+4,000	+0.47



Monthly Illinois Economic Review

❖ **Tax Revenue Forecast (FY 2006)**



	REAL (IGPA)	OMG*	CGFA**
Net Personal Income Tax	8,123	8,363	8,235
Net Corporate Income Tax	1,277	1,331	1,267
Sales Tax	6,815	6,915	6,873
Public Utilities Tax	1,157	1,072	1,069
Other Tax Sources	2,349	2,270	2,257
Total Net Taxes	19,721	19,951	19,701
Transfers	2,098	2,098	2,179
Federal Aid	4,791	4,791	4,791
Total Net Revenue	26,610	26,840	26,671

(unit: \$ millions)

*OMG: Office of Management and Budget

**CGFA: Commission on Government Forecasting and Accountability