Monthly Illinois Economic Review
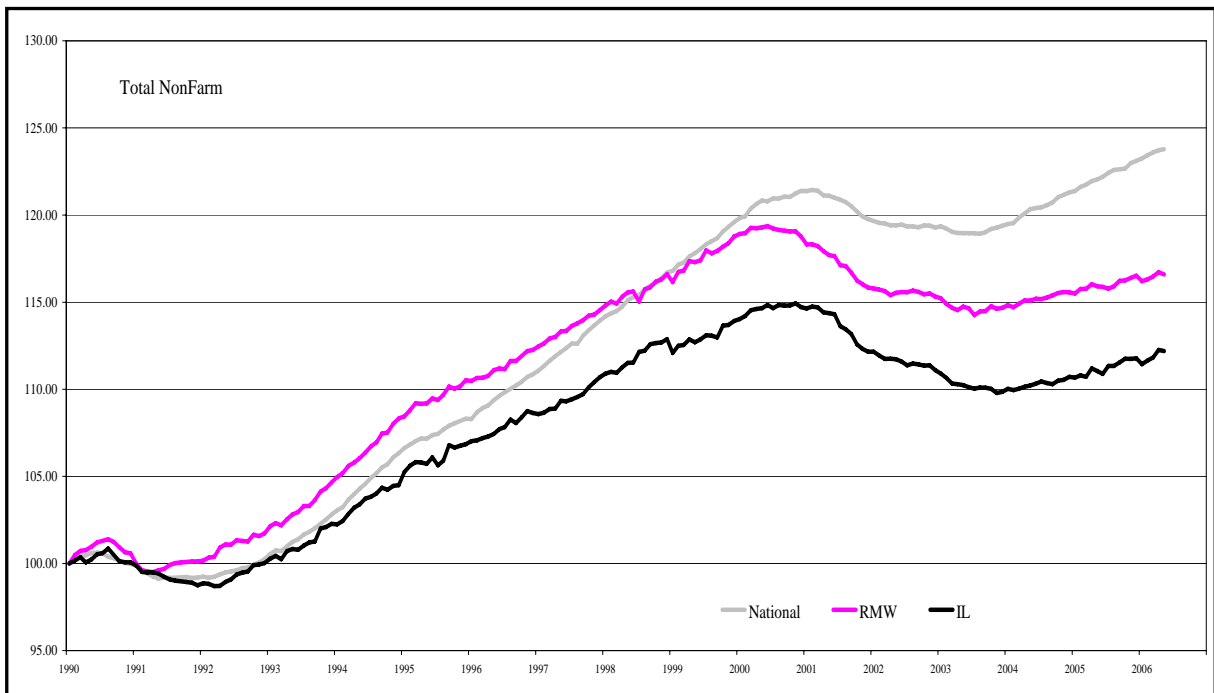
❖ Employment

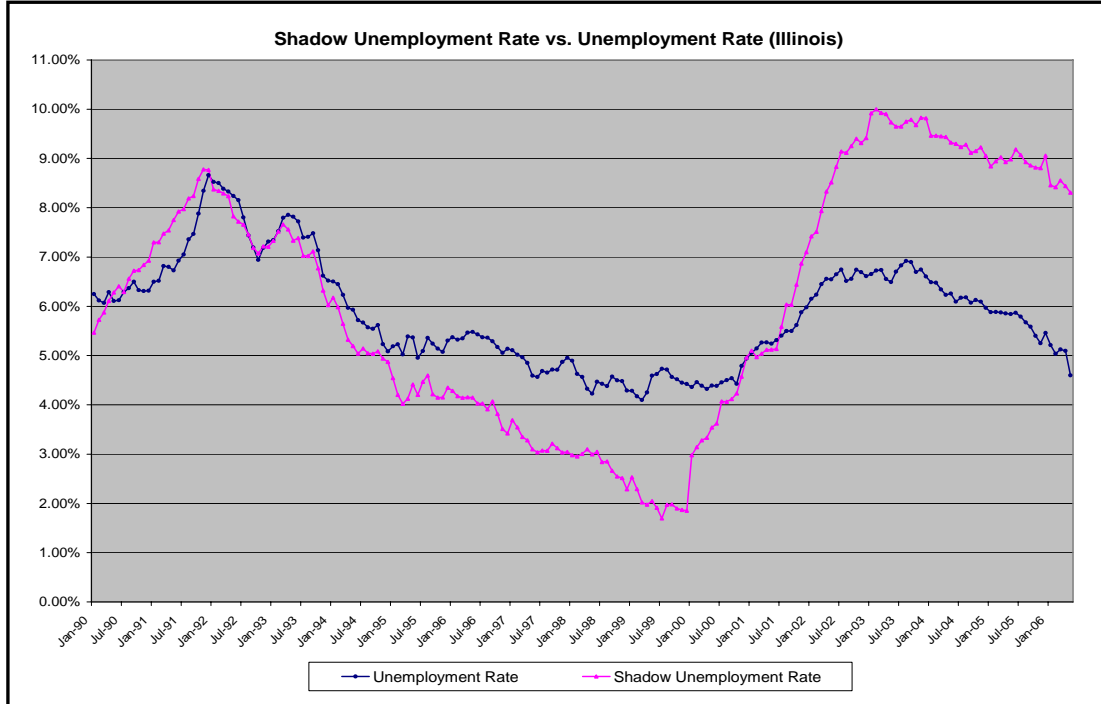| June 2006 Negative	Total non-farm employment	Apr 2006 – May 2006		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	+0.06	+75,000	+1.42	+1,896,000
	RMW	- 0.11	- 21,500	+0.58	+115,600
	Illinois	- 0.06	- 3,800	+1.03	+60,200

Talking Points

- After the large job gains in the previous month, Illinois lost 3,800 jobs at the negative 0.06% rate in May. This is the first monthly job loss since January 2006 when the state lost 17,900 jobs. Since February, the state had added 43,200 jobs.
- Even with the slight losses, gains over 12-month period reached the highest level since November 2005, 60,200 job gains at 1.03% rate.
- The Nation created 75,000 jobs while both RMW and Illinois had net losses. Until this month, compared to the Nation, Illinois had faster job growth patterns over the last four months (January through April).
- In the Midwest, 35,100 new jobs were been added for the first five months in 2006. While RMW had added only 13,600 jobs, Illinois had added 21,500 jobs, 61% of total job creation in Midwest.
- In terms of the growth pattern over the 12-month period, Illinois experienced a greater than 1% growth rate for the second time in 2006, one recorded in March, 1.01% and now 1.03% in May.
- Due to the Illinois' leading role of the job market in Midwest, the gap in job index between Illinois and RMW has narrowed to the lowest level since September 2003.
- However, the job index of Illinois still remained at the level recorded in December 2001, widening the gap with the Nation.
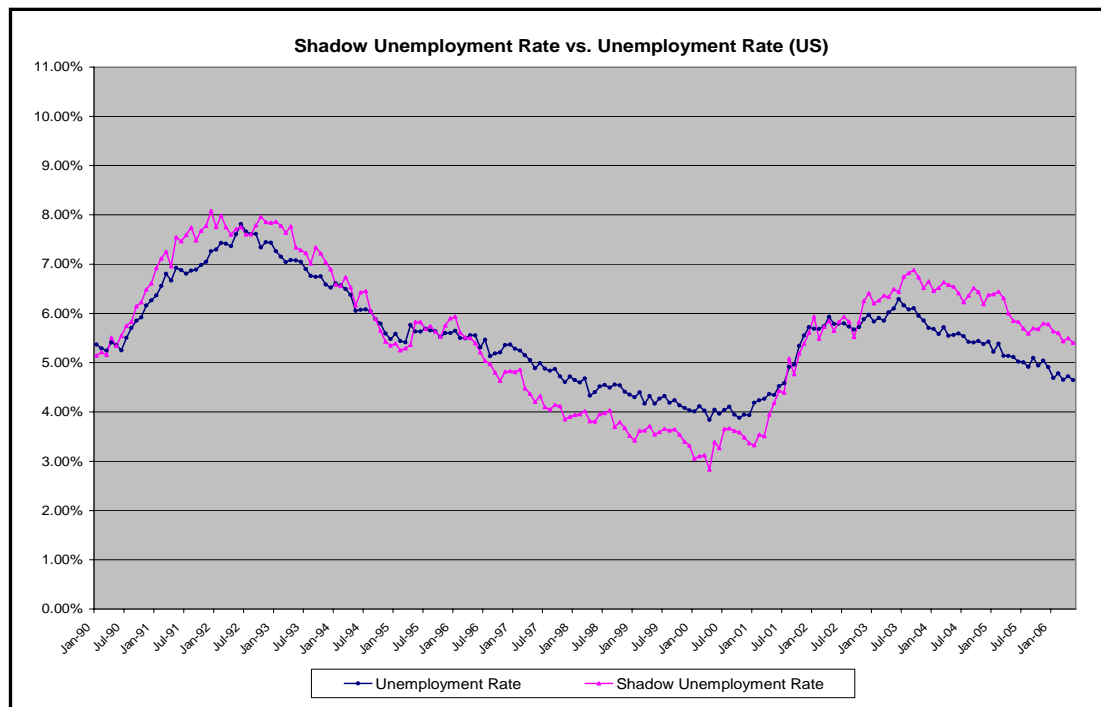
❖ **Shadow Unemployment**

▪ **Illinois**

Shadow Unemployment Rate vs. Unemployment Rate (Illinois)

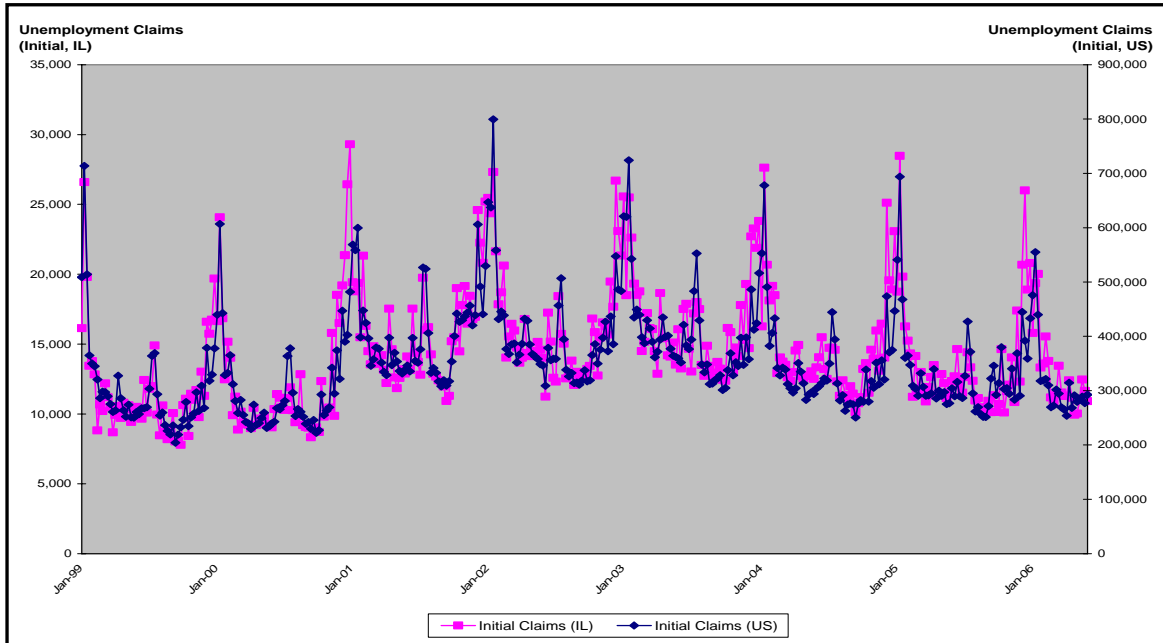▪ **US**

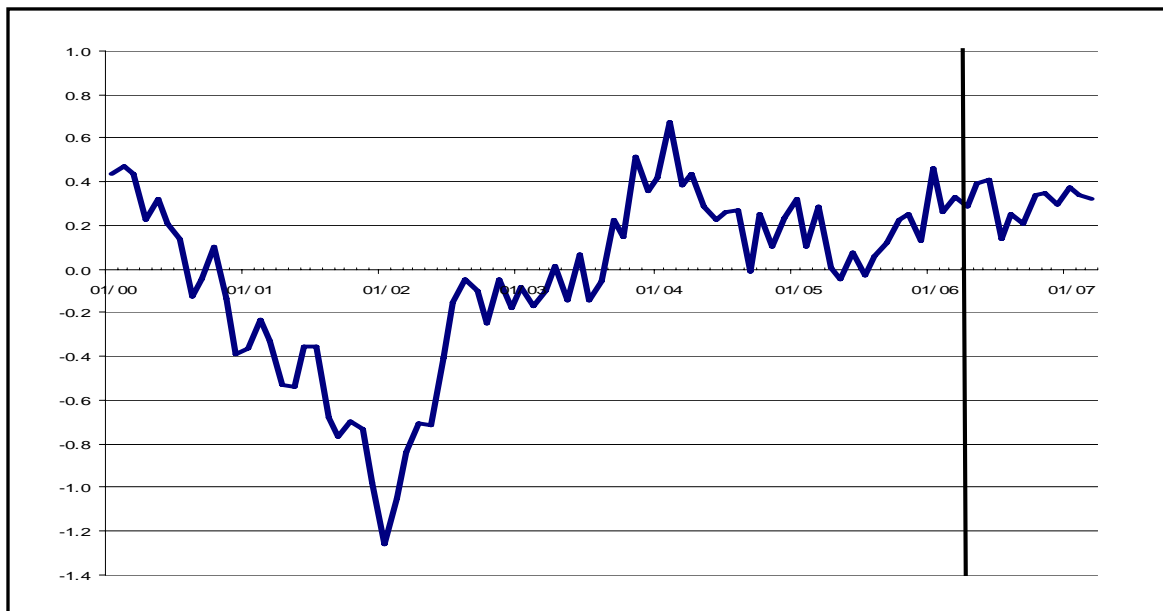Shadow Unemployment Rate vs. Unemployment Rate (US)

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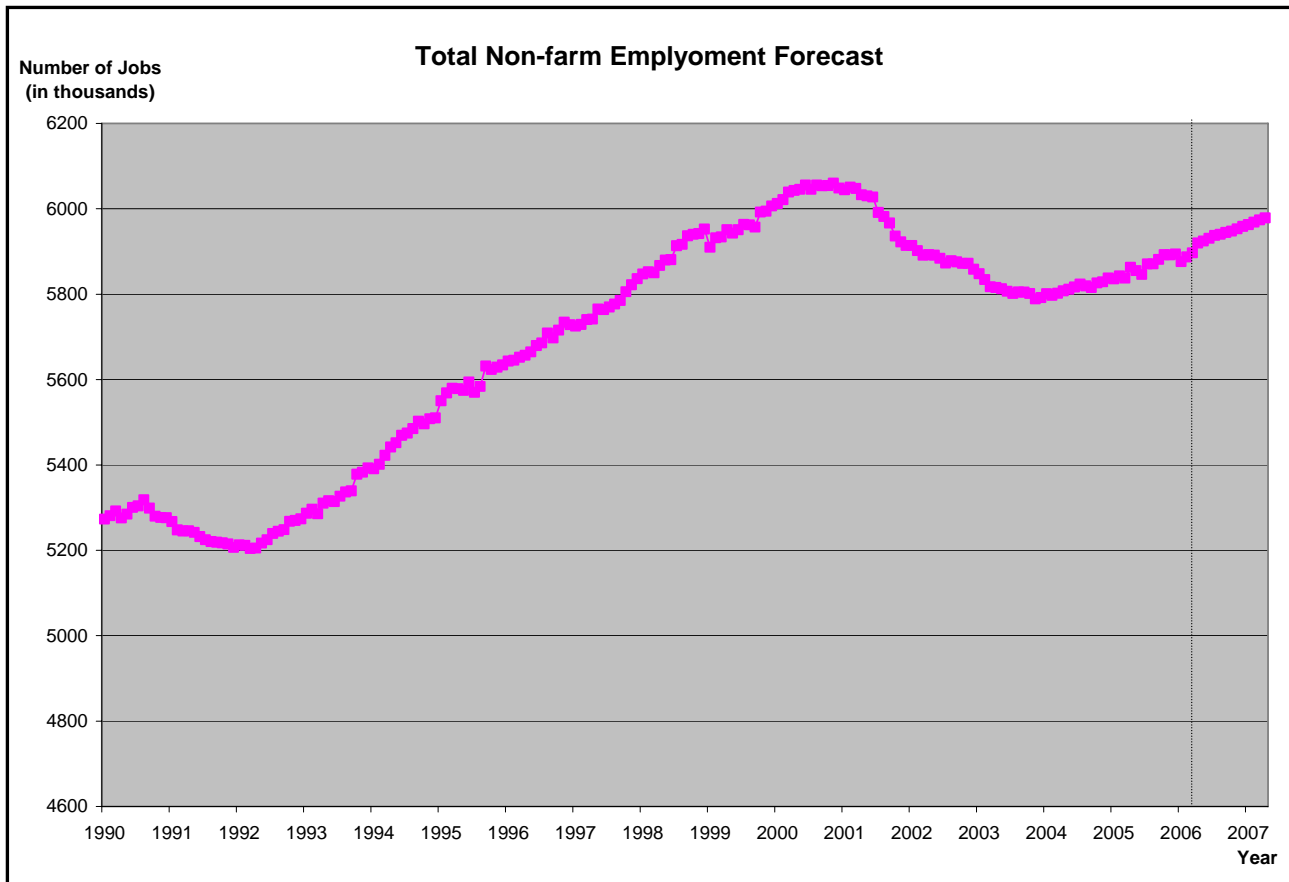### ❖ Unemployment Claims (Initial)

❖ CBAI in April

The Chicago Business Activity Index (CBAI) was 0.322 in April, the ninth consecutive positive reading since August 2005. This was mainly attributed to the increase of manufacturing production, 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. The CBAI prediction also indicates growth over the next 12 months will be higher than the last 12 months.

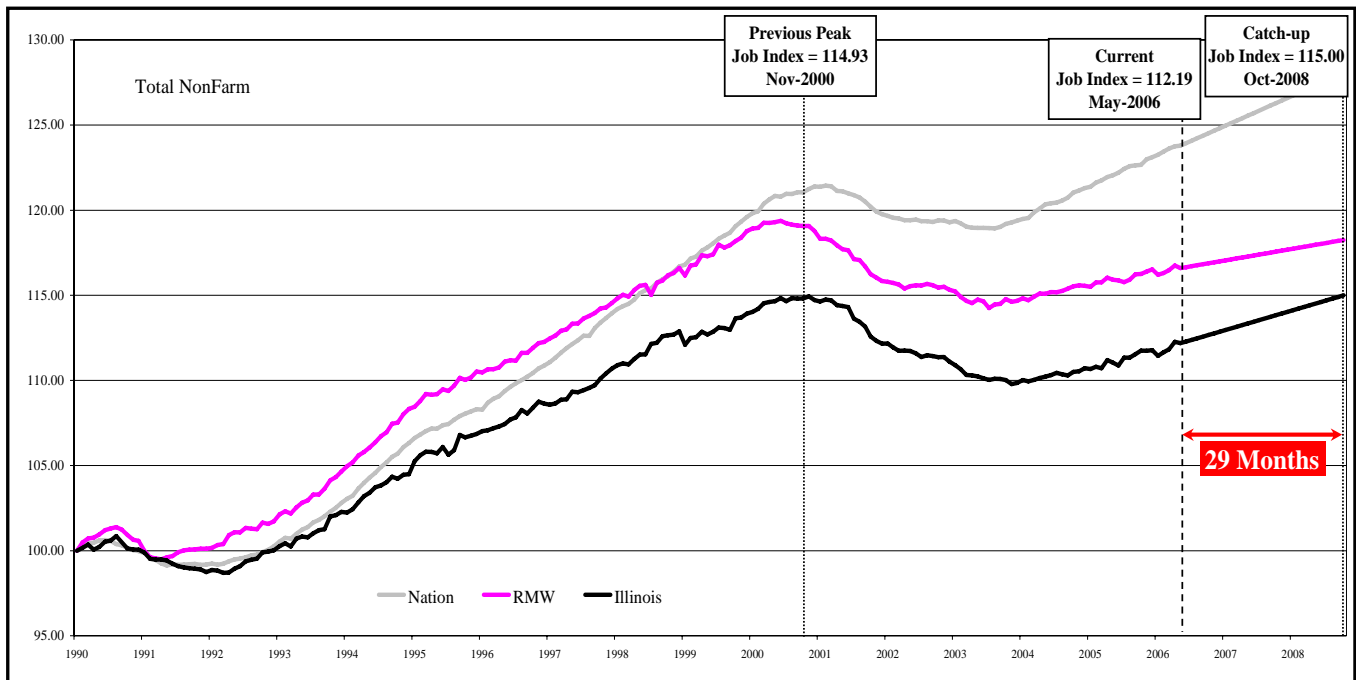## *Monthly Illinois Economic Review*

❖ Employment Forecast

	May 2006	May 2007 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,915,500	5,989,000	+73,500	+1.24
Construction	275,800	282,000	+6,200	+2.25
Manufacturing	678,200	686,000	+7,800	+1.15
Trade, transportation & utilities	1,191,300	1,206,000	+14,700	+1.23
Information	117,000	116,000	- 1,000	- 0.85
Financial Activities	409,000	408,000	- 1,000	- 0.24
Professional & business services	847,600	853,000	+5,400	+0.64
Education & health	753,100	757,000	+3,900	+0.52
Leisure & hospitality	529,200	527,000	- 2,200	- 0.42
Other services	262,500	263,000	+500	+0.19
Government	841,900	847,000	+5,100	+0.61

Total Non-farm Emplyoment Forecast

Number of Jobs (in thousands)

Year

Monthly Illinois Economic Review

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

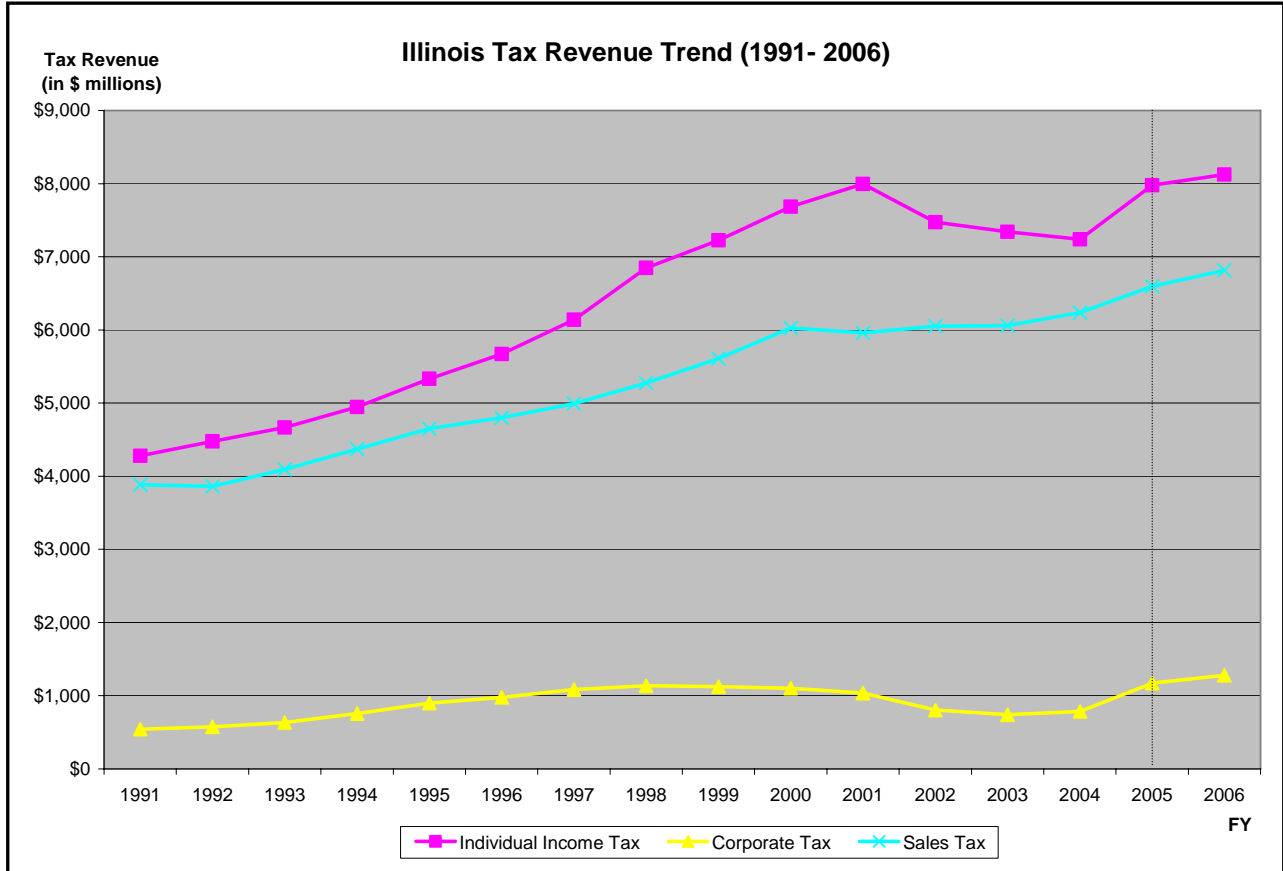|	Previous Peak	Current	Catch-up	Periods for Catch-up
IL*	114.93 (Nov-2000)	112.19 (May-2006)	115.00 (Oct-2008)	29 months
RMW*	119.37 (Jun-2000)	116.60 (May-2006)	119.41 (Jun-2010)	37 months
Nation**	121.45 (Feb-2001)	123.79 (May-2006)	121.62 (Feb-2005)	15 months ago

	Periods for Catch-up	
	IL	RMW
Apr-2006	30 months	35 months
May-2006	29 months	37 months
Difference	▽ 1 months	△ 2 months

* Catch-up scenarios for Illinois and RMW are based on average monthly growth rate over the previous 12 months.
** Nation already passed its previous peak in February 2005.

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❖ Tax Revenue Forecast (FY 2006)

Tax Revenue (in $ millions)

Illinois Tax Revenue Trend (1991- 2006)

Legend: —■— Individual Income Tax   —▲— Corporate Tax   —✕— Sales Tax

FY

	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