



I N S T I T U T E O F
GOVERNMENT & PUBLIC AFFAIRS

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.

FEBRUARY 2008

Funding for the research for this report was provided by the
Illinois Jobs Coalition

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois added 21,900 jobs at 0.37% in January 2008, the highest number of monthly jobs added after January 2007.
 - The growth rate of 0.37% is, however, significantly greater than the average growth rate for 2007 of 0.05%, and the average growth rate (0.07%) in the recent recovery period for Illinois since early 2004.
 - The 0.39% lead of Illinois over the nation in terms of job growth rate is the highest since September 2005. Illinois also outperformed the RMW in January.
 - Over the last 12-months, Illinois employment grew by 0.50%, below the 0.69% growth of the Nation while the RMW continued with a negative growth of -0.13% for the fifth consecutive month.
 - The January contribution of Illinois of 21,900 jobs is far ahead of the 2,742 average monthly contributions in 2007.
 - Until January 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.48%, 14.11% and 16.28% respectively.
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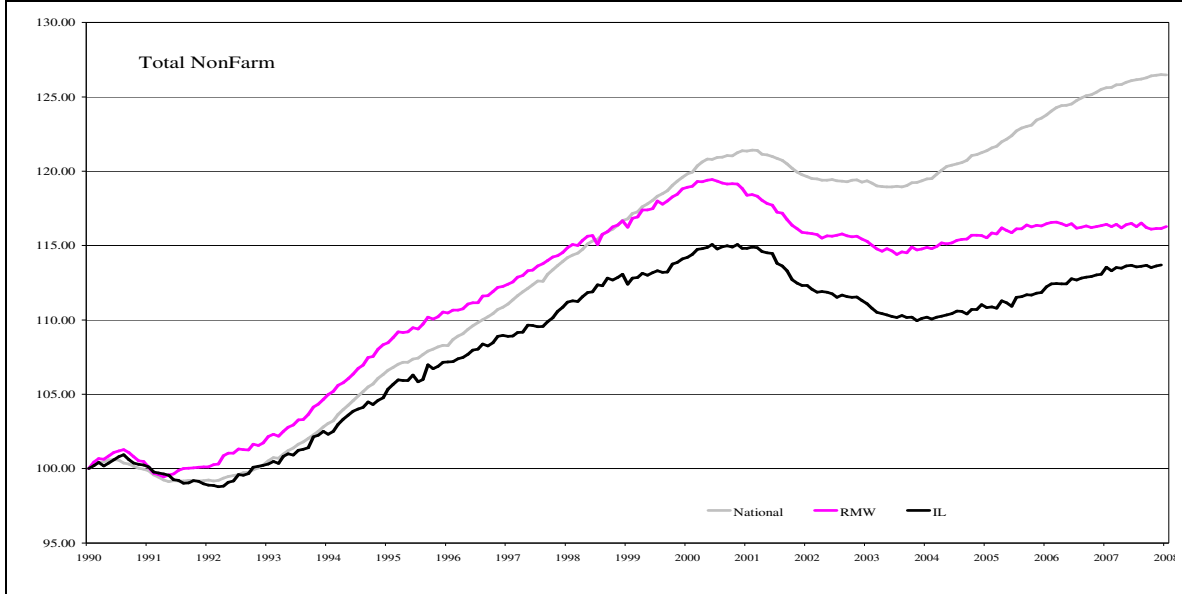
JANUARY 2008 EMPLOYMENT CHART

January 2008 Positive	Total Non-Farm Employment	Jan 2008 – Feb 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.02	-22,000	+0.69	+948,000
	RMW*	+0.11	+21,800	-0.13	-26,300
	Illinois	+0.37	+21,900	+0.50	+29,700

* RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

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TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – JAN 2008



SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

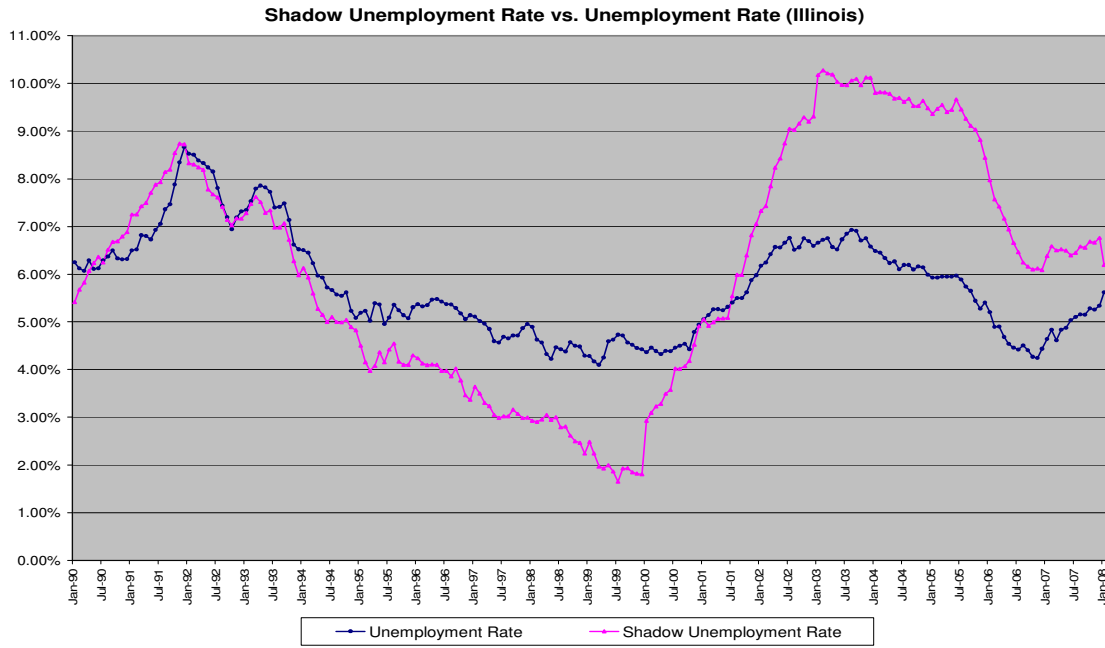
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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.

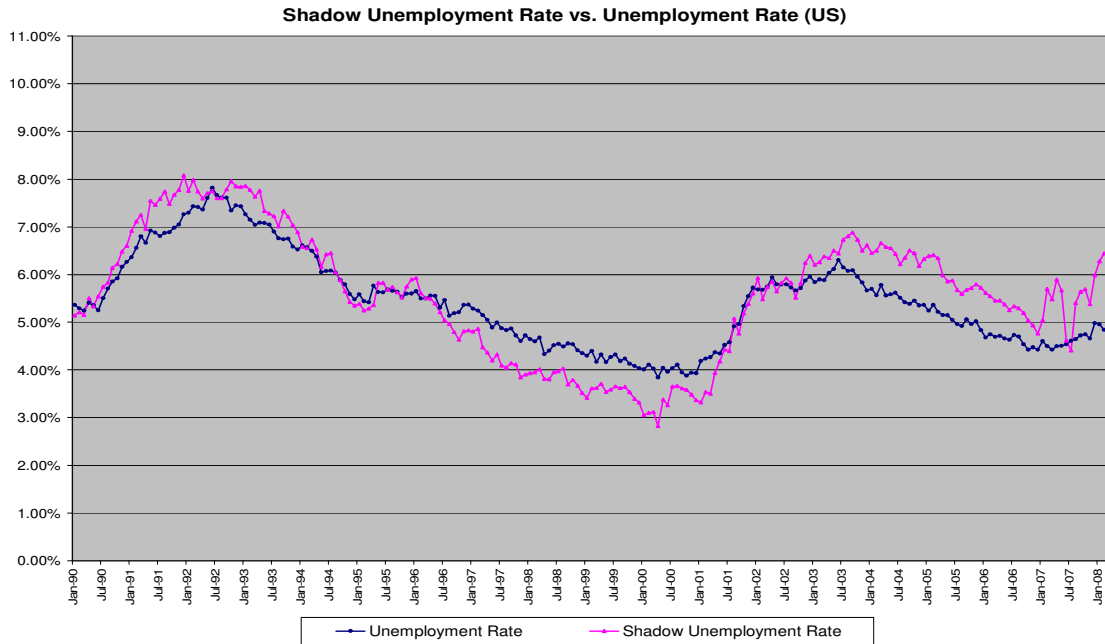
- In the 1990s, the average participation rate was 67.9% in Illinois whereas in 2006, it has been only 65.5%.
- For the 15 years from 1990 to 2004, the average participation rate was 67.4% in Illinois.
- In the 1990s in the US, the average participation rate was 66.7% whereas in 2006, it has been 66.1%; 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 two rates for Illinois (top figure) and the US as a whole (bottom figure).
- Since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased.
- To bring the two together a further 39,224 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

MONTHLY ILLINOIS ECONOMIC REVIEW

■ Illinois

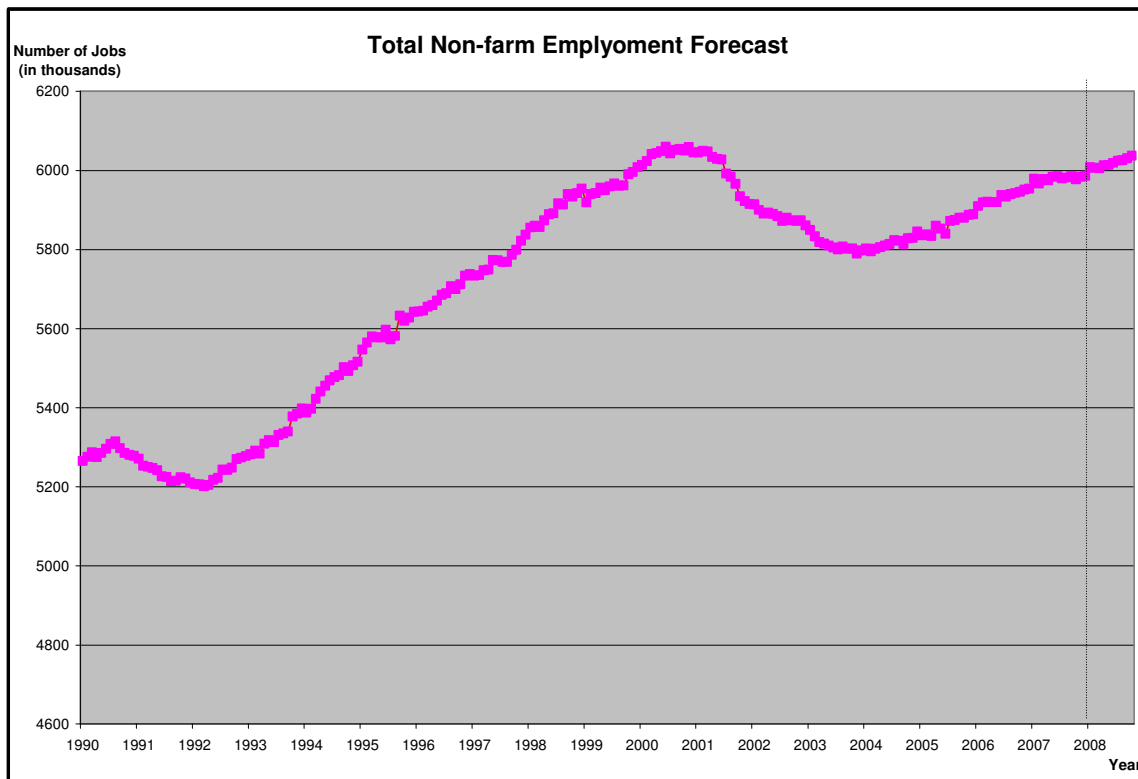


■ US



EMPLOYMENT FORECAST

	Jan 2008	Jan 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	6,008,400	6,047,700	39,300	0.65%
Construction	272,800	272,200	-600	-0.22%
Manufacturing	676,200	659,600	-16,600	-2.45%
Trade, transportation & utilities	1,225,000	1,227,400	2,400	0.20%
Information	116,900	115,400	-1,500	-1.28%
Financial Activities	404,800	405,200	400	0.10%
Professional & business services	873,800	887,000	13,200	1.51%
Education & health	788,300	789,700	1,400	0.18%
Leisure & hospitality	527,800	536,600	8,800	1.67%
Other services	260,800	264,400	3,600	1.38%
Government	852,300	859,100	6,800	0.80%



CATCH UP SCENARIO

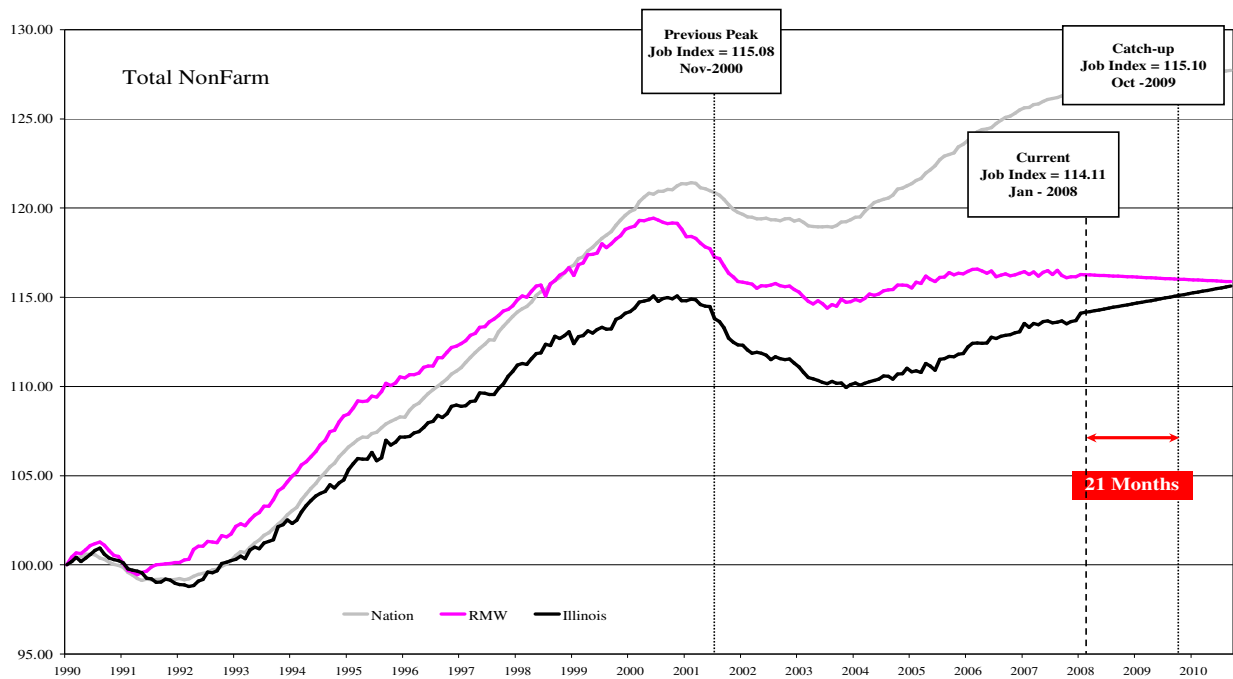
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	114.11 (Jan -2008)	115.10 (Oct -2009)	21 months
RMW	119.44 (Jun-2000)	116.28 (Jan -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.48 (Jan -2008)	121.56 (Feb-2005)	35 months ago
Metro Areas** :				
Bloomington Normal	141.81 (Feb 2002)	139.82 (Dec 2007)	141.84 (Mar 2011)	39 months
Champaign Urbana	115.91 (Jun 2001)	113.58 (Dec 2007)	Negative growth	N/A
Chicago	114.69 (Nov 2000)	114.25 (Dec 2007)	114.68 (May 2008)	5 months
Davenport- Rock Island-Moline	114.73 (Nov 1999)	114.43 (Dec 2007)	114.79 (May 2008)	5 Months
Decatur	112.41 (Mar 2000)	102.22 (Dec 2007)	112.42 (Dec 2033)	312 Months
Kankakee	124.58 (Jan 2007)	123.18 (Dec 2007)	124.60 (Aug 2012)	56 Months
Peoria	116.81 (April 2000)	119.63 (Dec 2007)	Reached (Jan 2006)	23 months ago
Rockford	123.22 (Jul 2000)	117.51 (Dec 2007)	123.23 (Sept 2023)	N/A
Springfield	110.35 (Aug 2000)	105.36 (Dec 2007)	110.35 (Mar 2057)	591 Months
Metro-East	114.73 (Jun 2001)	111.55 (Dec 2007)	114.81 (Aug 2009)	20 Months

* 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.

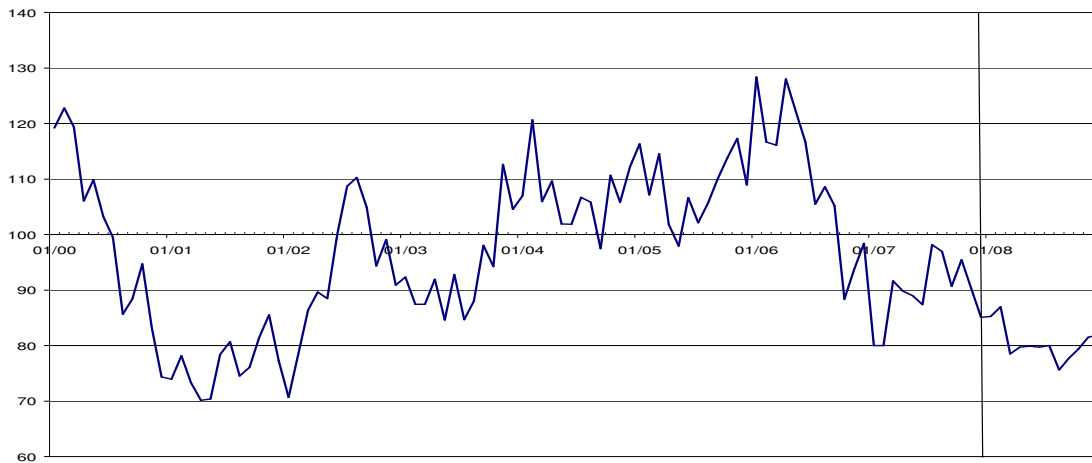
	Periods for Catch-up	
	IL	RMW
Dec-2007	20 Months	Negative growth
Jan-2007	21 Months	Negative growth
Difference	Δ 1 months	N/A



CBAI FELL IN DECEMBER

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 85.1 in December, the fifteenth consecutive below the long-term trend reading since October 2006.
- Not only the weak national economy but also the decrease of consumption, construction, and manufacturing sectors contributed negatively to the index.
- Considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months.
- In December, the national economy showed relatively weak features. The Chicago Fed National Activity Index (CFNAI) was -0.91, down from -0.29 in November. Housing starts/building permits announced by US Census Bureau fell by 14.2 percent compared with November. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) stayed at the same level of November.
- The economic performance in Chicago also presented weak features. The manufacturing production, construction activity, and consumption dropped by 0.12 percent, 0.62 percent, and 0.52 percent respectively in December.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the leading index of the Conference Board decreased again in December by 0.2 percent, the third consecutive monthly decline. Ben S. Bernanke, the chairman of Federal Reserve Board testified in the senate that "in part as the result of the developments in financial markets, the outlook for the economy has worsened in recent months, and the downside risks to growth have increased." For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward move in December is that of Davenport-Rock Island-Moline and Decatur from 9th and 10th to 2nd and 3rd position respectively.
- Bloomington-Normal grabbed the first position up from the 6th position.
- Kankakee rose from the 7th to 4th position in December.
- Among the six MSAs that lost ground in December Peoria faced the deepest fall from the 1st to 7th position. Metro-East followed, by slipping from the 4th to 10th position.
- Springfield and Chicago each fell by 3 ranks from 2nd and 3rd position in November to 5th and 6th position in December.
- Among others Champaign-Urbana-Rantoul and Rockford lost ground in December.
- In the league table for the last 12 months growth, Metro-East, Chicago and Peoria the three best performers in November retained their position in December.
- Bloomington-Normal Kankakee and Springfield slipped from 4th, 6th and 7th position to 5th, 7th and 9th position respectively.
- Davenport-Rock Island-Moline (5th to 4th), Kankakee (8th to 6th), Rockford (9th to 8th) all had a lift in their position in December in terms of 12-months aggregated growth rate.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	November 2007	December 2007	Rank	Change**
1	Peoria (1.60%)	Bloomington-Normal (0.11%)	1	↑ (+5)
2	Springfield (0.36%)	Davenport-Rock Island-Moline (0.05%)	2	↑ (+7)
3	Chicago (0.23%)	Decatur (0%)	3	↑ (+7)
4	Metro-East (0.17%)	Kankakee (0%)	4	↑ (+3)
5	Champaign-Urbana-Rantoul (0.16%)	Springfield (0%)	5	↓ (-3)
6	Bloomington-Normal (0.11%)	Chicago (-0.03%)	6	↓ (-3)
7	Kankakee (0.11%)	Champaign-Urbana-Rantoul (-0.09%)	7	↓ (-2)
8	Rockford (0.09%)	Peoria (-0.11%)	8	↓ (-7)
9	Davenport-Rock Island-Moline (0.09%)	Rockford (-0.13%)	9	↓ (-1)
10	Decatur (0.01%)	Metro-East (-0.17%)	10	↓ (-6)

Growth over last 12-months:

Rank	November 2007	December 2007	Rank	Change**
1	Metro-East (1.85%)	Metro-East (1.73%)	1	← (0)
2	Chicago (0.97%)	Chicago (0.91%)	2	← (0)
3	Peoria (0.81%)	Peoria (0.87%)	3	← (0)
4	Bloomington-Normal (0.66%)	Davenport-Rock Island-Moline (0.74%)	4	↑ (+1)
5	Davenport-Rock Island-Moline (0.55%)	Bloomington-Normal (0.44%)	5	↓ (-1)
6	Kankakee (0.46%)	Decatur (0.36%)	6	↑ (+2)
7	Springfield (0.45%)	Kankakee (0.23%)	7	↓ (-1)
8	Decatur (0.18%)	Rockford (0.19%)	8	↑ (+1)
9	Rockford (-0.13%)	Springfield (0.09%)	9	↓ (-2)
10	Champaign-Urbana-Rantoul (-0.18%)	Champaign-Urbana-Rantoul (-0.27%)	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)

