



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.

JULY 2008

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Illinois Jobs Coalition

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

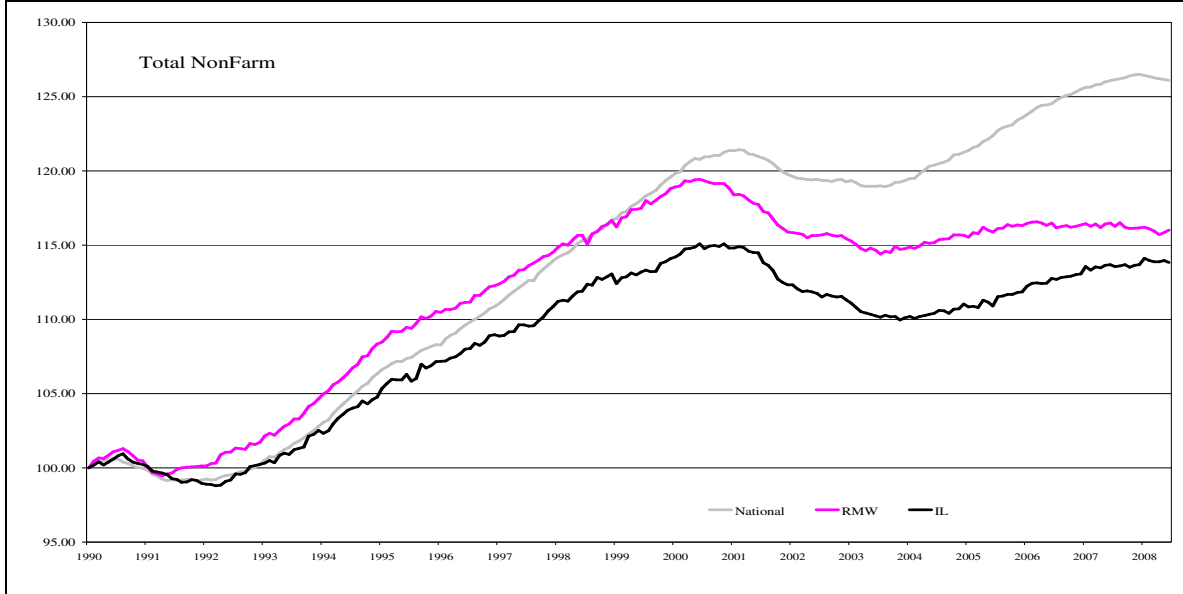
- Illinois lost 6,700 jobs at a rate of -0.11% in June 2008, declining from a revised 0.07% increase in May. This is for the third time in 2008 that Illinois posted negative growth.
- Through June, the average growth rate of Illinois in 2008 was 0.02% which is smaller than both the average growth rate for 2007 of 0.05%, and the average growth rate in the recent recovery period for Illinois since early 2004 of 0.07%.
- In June, Illinois and the Nation both lost jobs. RMW added jobs for second consecutive month.
- Over the last 12-months, Illinois employment grew by 0.13%, above the 0.01% growth of the Nation. RMW continued with a negative rating at -0.40% for the tenth consecutive month. However, the negative rating for RMW in June is better than -0.48% in May.
- Illinois has added 1,233 jobs on average per month in 2008 so far, compared to 2,742 jobs in 2007.
- Until June 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.10%, 13.83%, and 16.02%, respectively.

JUNE 2008 EMPLOYMENT CHART

June 2008	Total Non-Farm Employment	May 2008 – June 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
Negative	Nation	-0.05	-62,000	+0.01	+15,000
	RMW*	+0.15	+29,000	-0.40	-79,800
	Illinois	-0.11	-6,700	+0.13	+8,000

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

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



SHADOW UNEMPLOYMENT

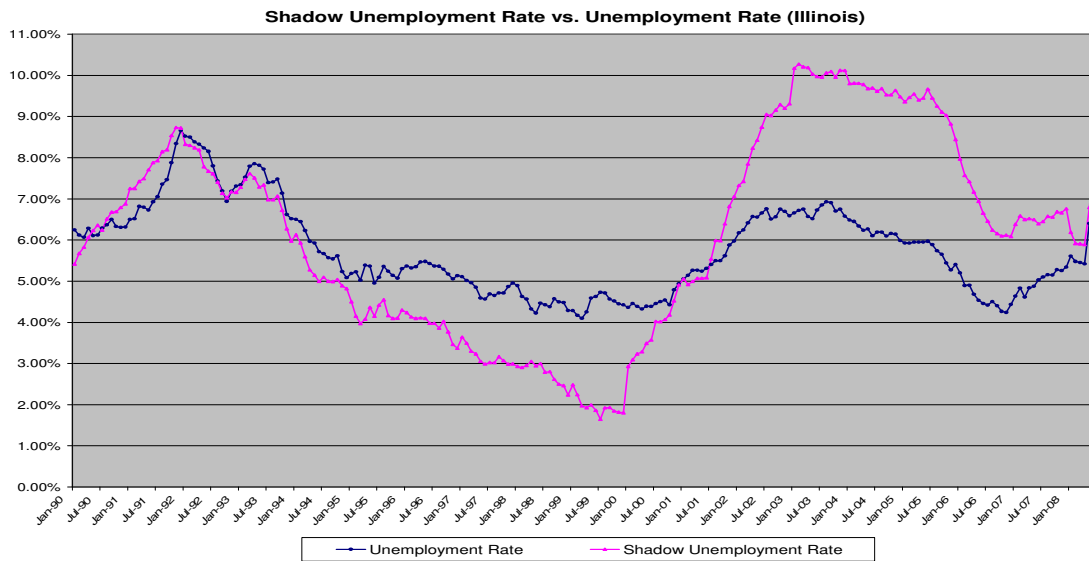
Unemployment Rate: Official and Shadow

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.

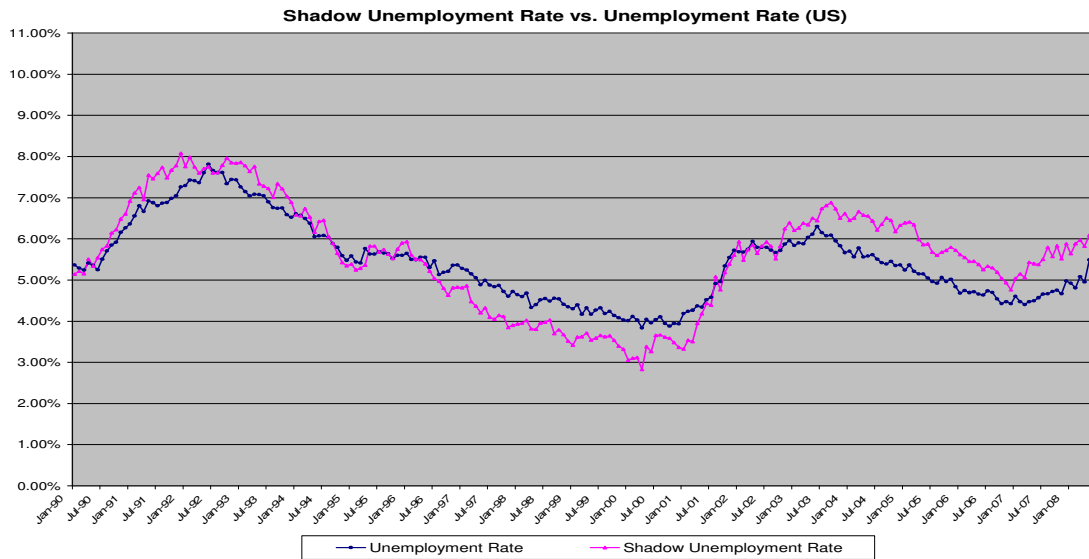
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 78,150 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

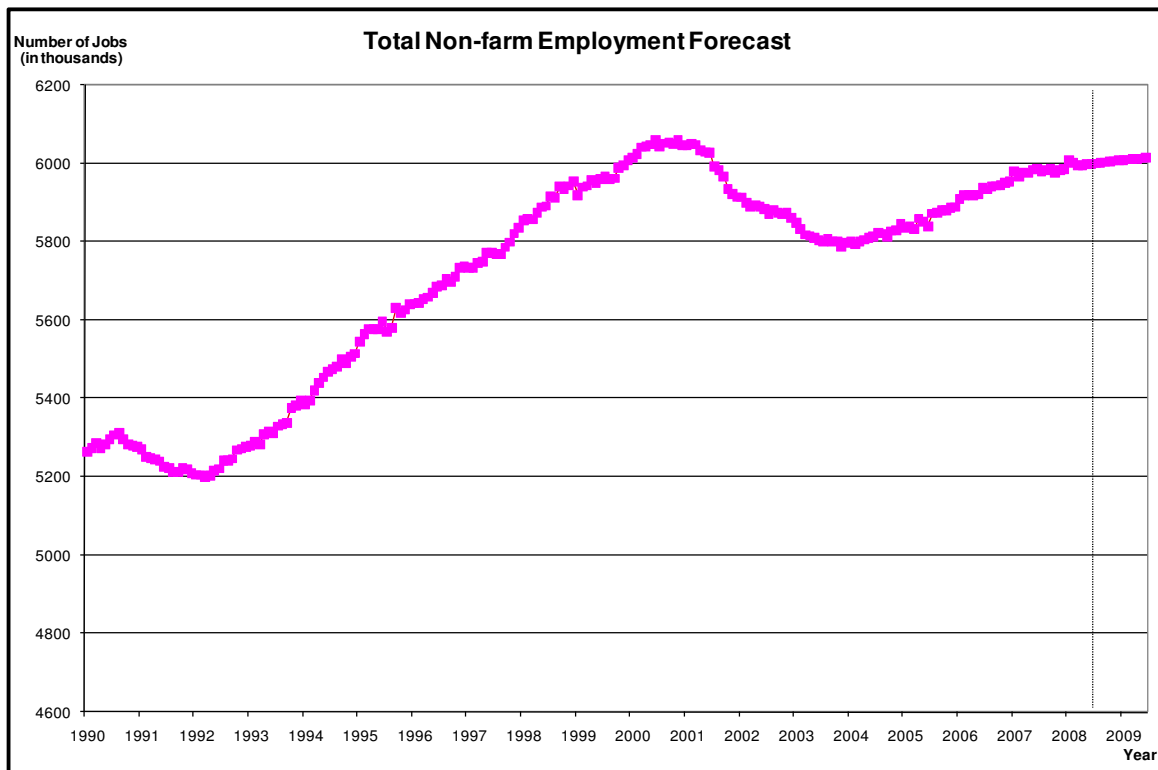


■ US



EMPLOYMENT FORECAST

	June 2008	June 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,999,500	6,014,000	14,500	0.24%
Construction	268,200	269,400	1,200	0.45%
Manufacturing	668,900	652,600	-16,300	-2.44%
Trade, transportation & utilities	1,221,200	1,223,000	1,800	0.15%
Information	115,300	113,100	-2,200	-1.91%
Financial Activities	403,100	403,600	500	0.12%
Professional & business services	874,300	888,500	14,200	1.62%
Education & health	791,000	800,700	9,700	1.23%
Leisure & hospitality	531,000	536,000	5,000	0.94%
Other services	265,900	268,400	2,500	0.94%
Government	853,800	854,500	700	0.08%



CATCH UP SCENARIO

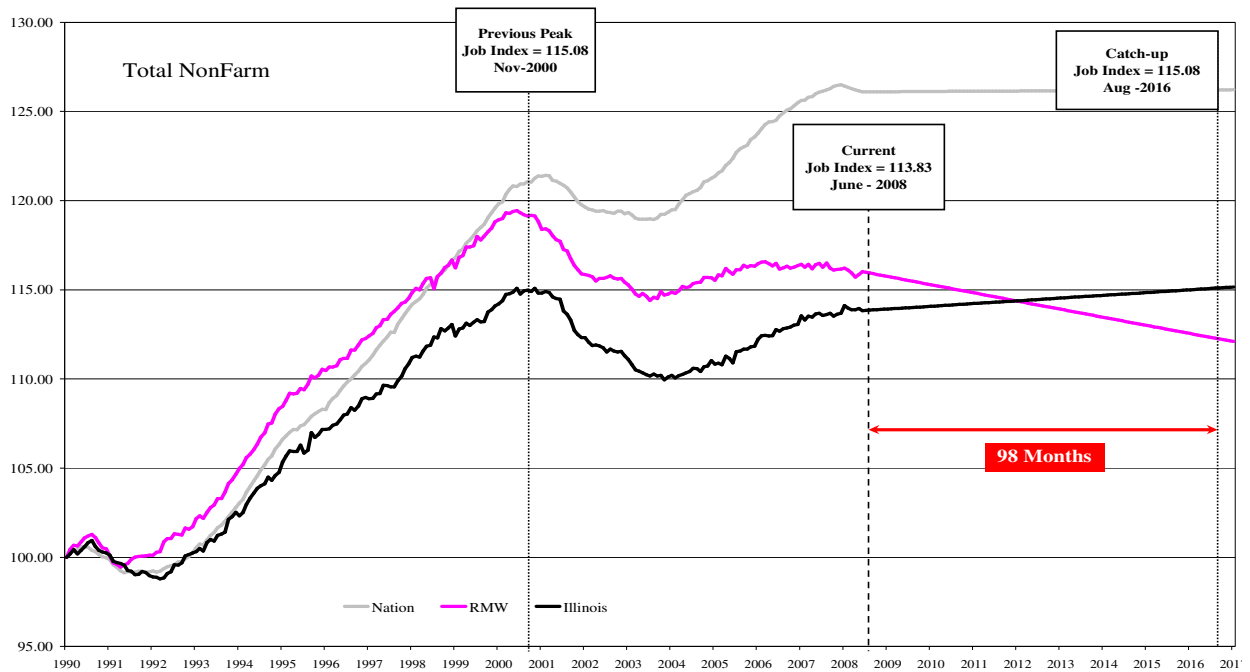
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.83 (June -2008)	115.08 (Aug-2016)	98 months
RMW	119.44 (Jun-2000)	116.02 (June -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.10 (June -2008)	121.56 (Feb-2005)	40 months ago
Metro Areas** :				
Bloomington Normal	141.96 (Feb 2002)	139.36 (May 2008)	141.82 (June 2023)	181 months
Champaign Urbana	115.91 (Jun 2001)	113.68 (May 2008)	Negative growth	N/A
Chicago	114.68 (Nov 2000)	113.87 (May 2008)	114.67 (Sep 2026)	220 months
Davenport- Rock Island-Moline	114.68 (Nov 1999)	114.01 (May 2008)	114.74 (Apr 2012)	47 months
Decatur	112.41 (Mar 2000)	102.78 (May 2008)	112.41 (Sep 2020)	148 months
Kankakee	124.30 (Jan 2007)	124.58 (May 2008)	Reached (Jan 2008)	4 months ago
Peoria	116.81 (April 2000)	121.04 (May 2008)	Reached (Feb 2006)	27 months ago
Rockford	123.22 (Jul 2000)	119.58 (May 2008)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	105.27 (May 2008)	Negative growth	N/A
Metro-East	114.73 (Jun 2001)	109.24 (May 2008)	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.

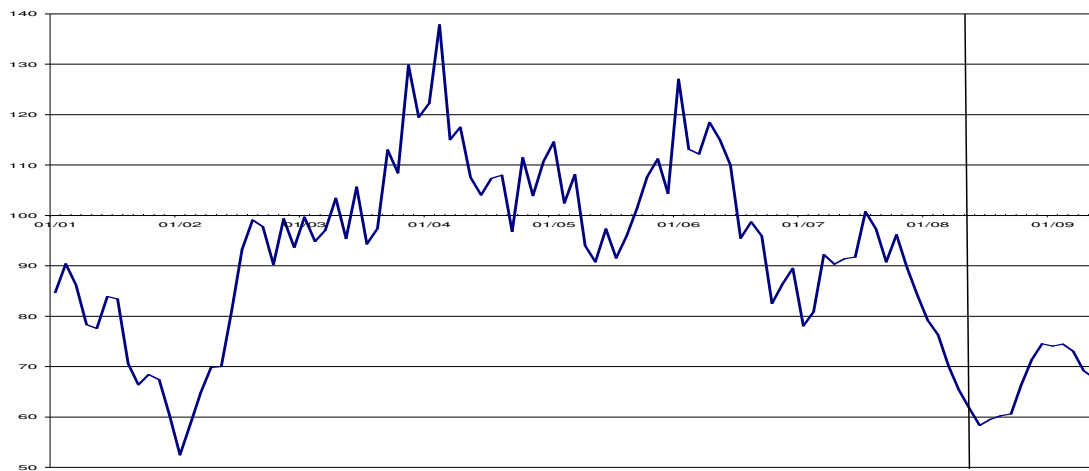
	Periods for Catch-up	
	IL	RMW
May-2008	42 Months	Negative growth
June-2008	98 Months	Negative growth
Difference	Δ56 Months	N/A



CBAI FELL IN MAY

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 61.7 in May, the tenth consecutive below the long-term trend reading since August 2007.
- This was mainly attributed to the weak national economy and the decrease in household consumption.
- 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 May, the national economy showed weak features. The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor reported that the unemployment rate soared to 5.5 percent in May from 5.0 percent in April, with a net loss of 49,000 jobs in a month. The Chicago Fed National Activity Index (CFNAI) was -0.96 in May, up from -1.23 in April.
- The economic performance in Chicago also presented weak features. Consumption decreased by 1.56 percent and the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.8 percent in May.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Consumer Price Index announced by BLS increased 1.1 percent in June, the fastest pace since September 2005. The recent Fannie Mae and Freddie Mac crisis shows that the strains in the financial market caused by sub prime mortgage problems are continuing. Consumer confidence also fell to near its fifty year low due to soaring prices and mounting job losses. 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 May is posted by Rockford (9th to 1st) which moved up by 8 ranks.
- Kankakee (8th to 3rd), Champaign-Urbana-Rantoul (6th to 4th), and Peoria (3rd to 2nd) all gained in terms of the rank from April.
- The deepest fall in May was experienced by Springfield from 1st position to 8th position followed by Decatur (2nd to 5th) and Davenport-Rock Island-Moline (4th to 7th).
- Chicago and Bloomington-Normal also lost ground in May.
- Metro-East had its position unchanged from April to May.
- In the 12-months growth league table, Decatur (3rd to 2nd), Davenport-Rock-Island-Moline (5th to 4th), Chicago (6th to 5th), and Rockford (9th to 8th) posted upward moves in May.
- Among the MSAs, Bloomington-Normal (4th to 6th), Peoria (2nd to 3rd), and Champaign-Urbana-Rantoul (8th to 9th) all lost ground in May in the 12-months league table.
- The remaining three MSAs retained their rank from April

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	April 2008	May 2008	Rank	Change**
1	Springfield (0%)	Rockford (0.56%)	1	↑ (+8)
2	Decatur (0%)	Peoria (0.05%)	2	↑ (+1)
3	Peoria (-0.05%)	Kankakee (0%)	3	↑ (+5)
4	Davenport-Rock Island-Moline (-0.11%)	Champaign-Urbana-Rantoul (0%)	4	↑ (+2)
5	Chicago (-0.13%)	Decatur (0%)	5	↓ (- 3)
6	Champaign-Urbana-Rantoul (-0.18%)	Chicago (-0.06%)	6	↓ (- 1)
7	Bloomington-Normal (-0.22%)	Davenport-Rock Island-Moline (-0.11%)	7	↓ (- 3)
8	Kankakee (-0.22%)	Bloomington-Normal (-0.11%)	8	↓ (- 1)
9	Rockford (-0.68%)	Springfield (-0.18%)	9	↓ (- 8)
10	Metro-East (-0.8%)	Metro-East (-0.21%)	10	← (0)

Growth over last 12-months:

Rank	April 2008	May 2008	Rank	Change**
1	Kankakee (1.36%)	Kankakee (1.36%)	1	← (0)
2	Peoria (0.69%)	Decatur (0.73%)	2	↑ (1)
3	Decatur (0.54%)	Peoria (0.43%)	3	↓ (- 1)
4	Bloomington-Normal (0.44%)	Davenport-Rock Island-Moline (0.21%)	4	↑ (+1)
5	Davenport-Rock Island-Moline (0.37%)	Chicago (0.13%)	5	↑ (+1)
6	Chicago (0.29%)	Bloomington-Normal (0.11%)	6	↓ (- 2)
7	Springfield (0%)	Springfield (-0.27%)	7	← (0)
8	Champaign-Urbana-Rantoul (-0.27%)	Rockford (-0.43%)	8	↑ (+1)
9	Rockford (-0.8%)	Champaign-Urbana-Rantoul (-0.71%)	9	↓ (- 1)
10	Metro-East (-1.17%)	Metro-East (-1.99%)	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)

