



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.

NOVEMBER 2008

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EMPLOYMENT

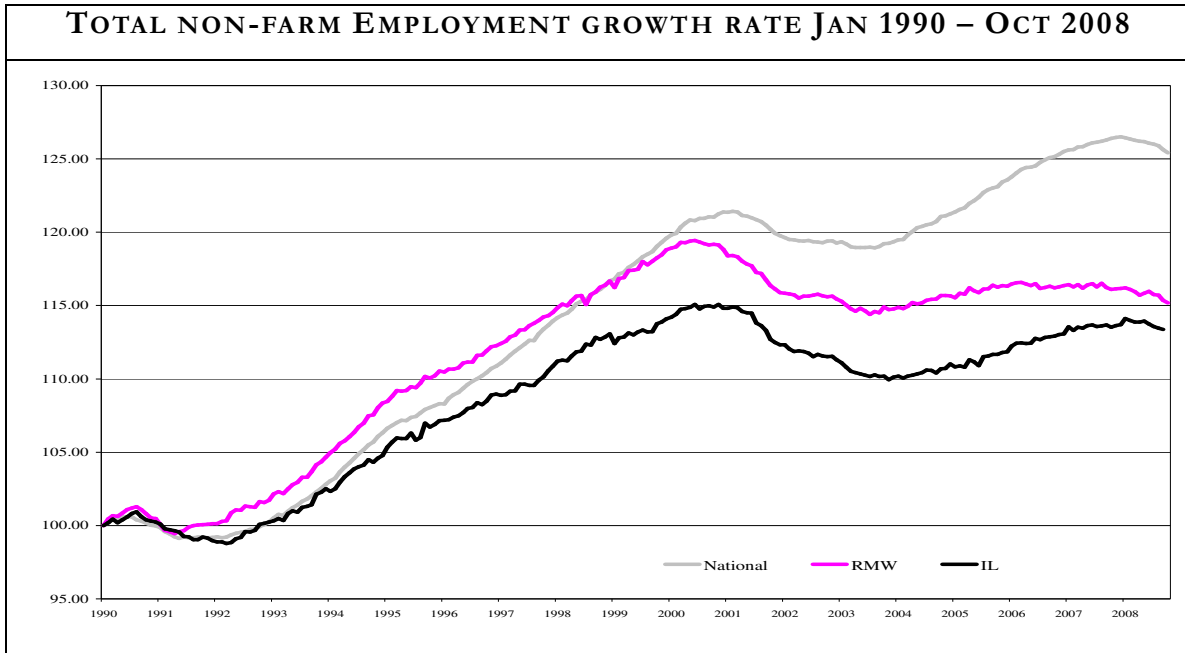
EMPLOYMENT DATA SUMMARY

- In October 2008, Illinois lost 11,700 jobs at a rate of -0.20%. This is the largest monthly loss in 2008.
- Illinois has posted negative job changes seven times in 2008, and the state has lost 28,100 jobs since January, 2008.
- By the end of October, Illinois averaged a monthly growth of -0.05% in 2008, which is smaller than both the average growth rate for 2007 of 0.05%, and the average growth rate in recent recovery period for Illinois since early 2004 of 0.07%.
- Illinois, RMW, and the nation all lost jobs for the fourth consecutive month.
- Over the last 12 months, Illinois payroll growth was -0.32%, better than the negative -0.78% growth of the nation. RMW continued with a negative rating of -0.79% for fourteen months in a row.
- Illinois has lost -2,810 jobs on average per month in 2008 so far, compared to 2,742 job increase per month in 2007.
- Through October 2008, the cumulative job growth for the nation, Illinois and RMW compared to January 1900 stood at 25.42%, 13.16%, and 15.19%, respectively.

OCTOBER 2008 EMPLOYMENT CHART

October 2008 Negative	Total Non-Farm Employment	Sep 2008 – Oct 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.18	-240,000	-0.78	-1,078,000
	RMW*	-0.15	-29,500	-0.79	-157,200
	Illinois	-0.20	-11,700	-0.32	-19,000

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



SHADOW UNEMPLOYMENT

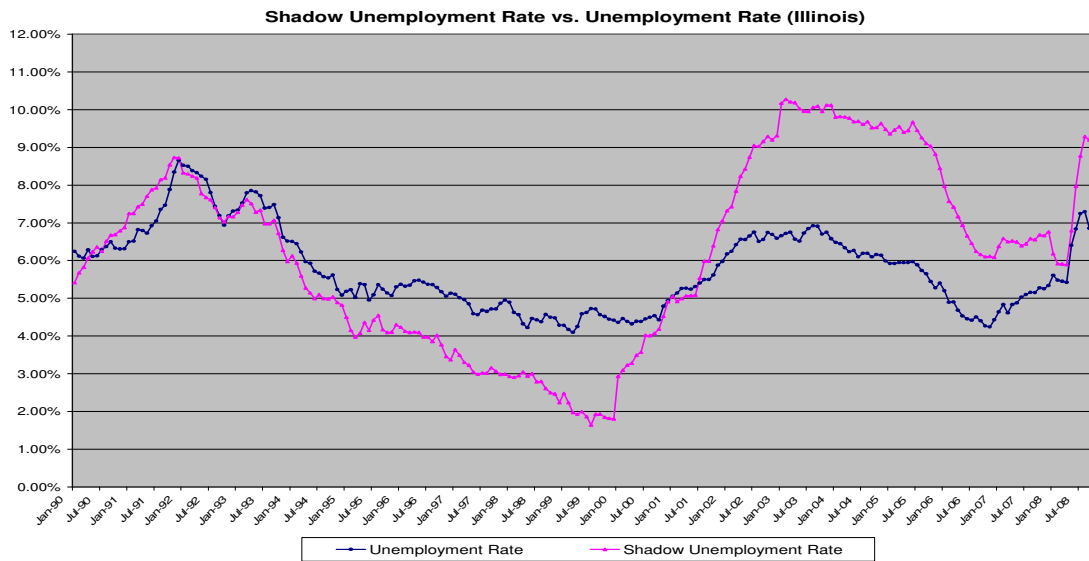
Unemployment Rate: Official and Shadow

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.

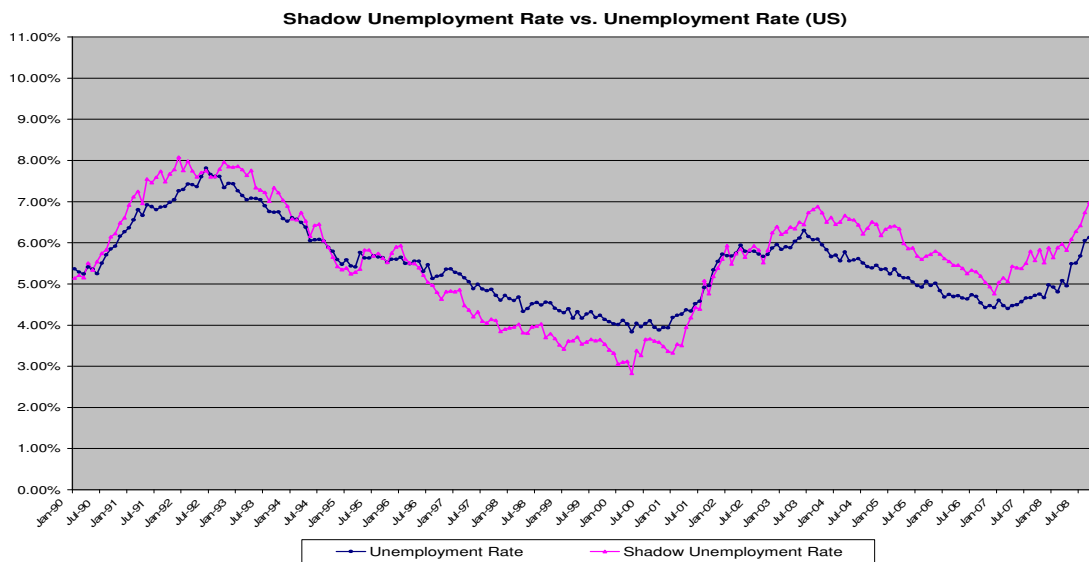
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 227,543 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

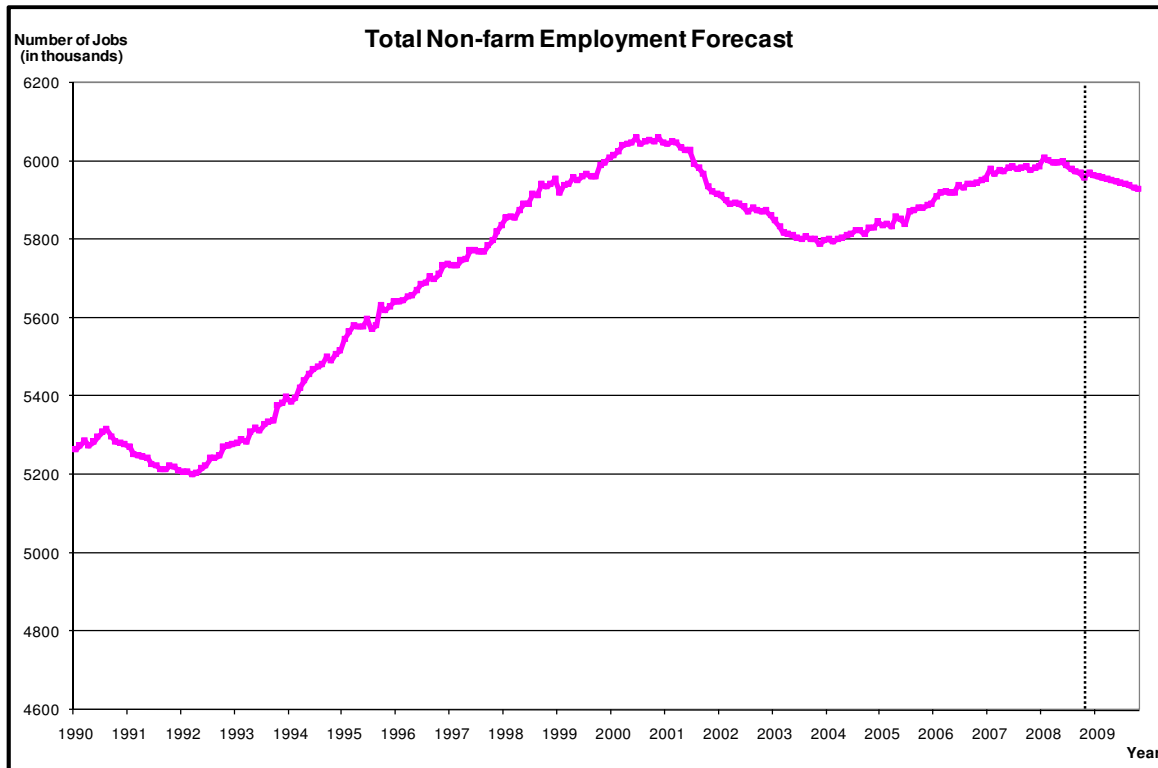


■ US



EMPLOYMENT FORECAST

	October 2008	October 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,958,400	5,930,300	-28,100	-0.47%
Construction	254,500	252,300	-2,200	-0.86%
Manufacturing	668,200	650,900	-17,300	-2.59%
Trade, transportation & utilities	1,212,700	1,201,900	-10,800	-0.89%
Information	114,300	109,900	-4,400	-3.85%
Financial Activities	394,000	394,100	100	0.03%
Professional & business services	876,800	874,100	-2,700	-0.31%
Education & health	790,100	796,200	6,100	0.77%
Leisure & hospitality	527,900	530,900	3,000	0.57%
Other services	259,900	261,600	1,700	0.65%
Government	850,200	848,600	-1,600	-0.19%



CATCH UP SCENARIO

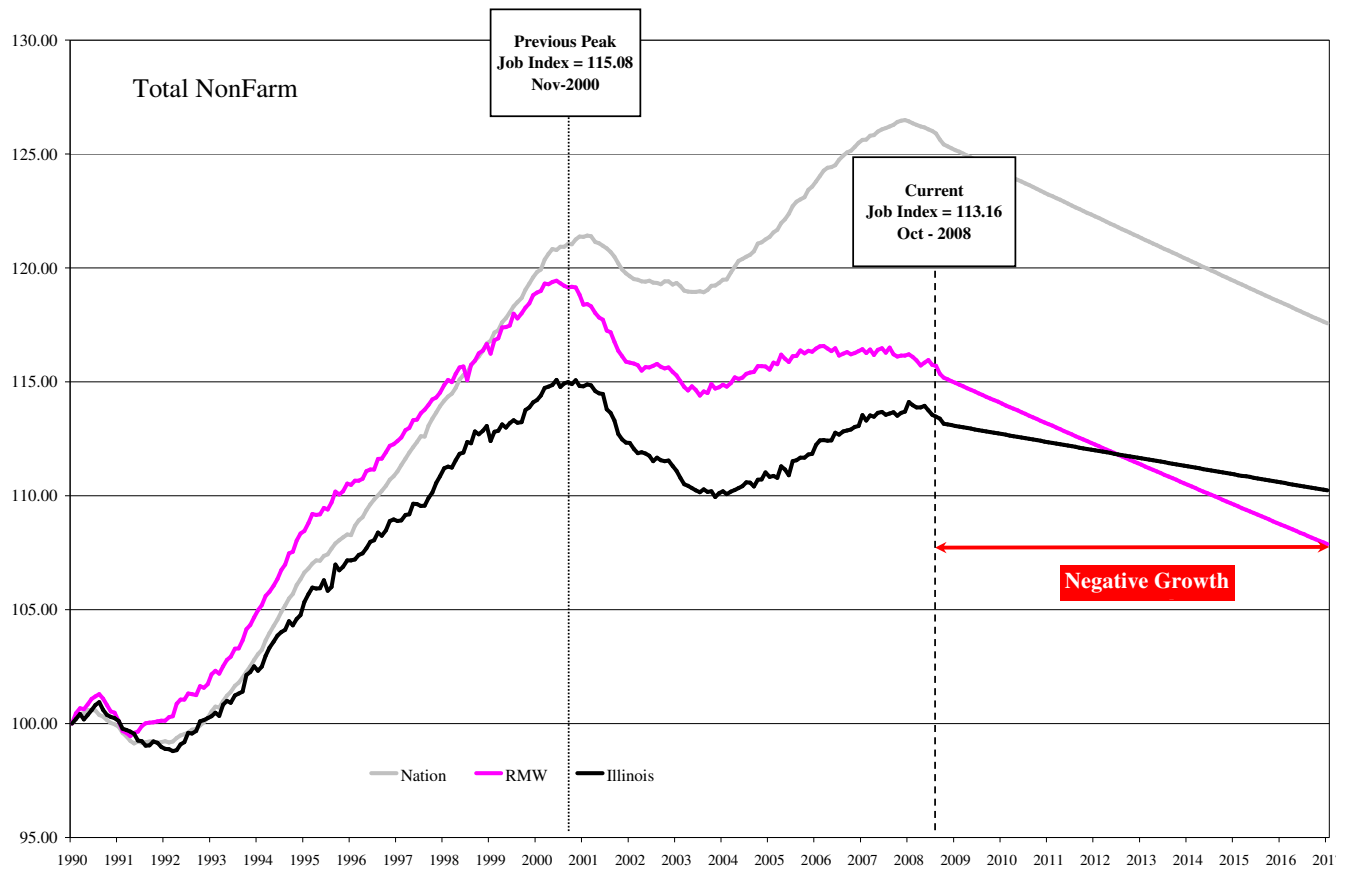
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.16 (Oct -2008)	Negative growth	N/A
RMW	119.44 (Jun-2000)	115.19 (Oct -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	125.42 (Oct -2008)	121.56 (Feb-2005)	42 months ago
Metro Areas** :				
Bloomington Normal	141.96 (Feb 2002)	140.28 (Sep 2008)	141.99 (Sep 2010)	24 months
Champaign Urbana	115.91 (Jun 2001)	115.60 (Sep 2008)	Negative growth	N/A
Chicago	114.68 (Nov 2000)	113.78 (Sep 2008)	Zero growth	N/A
Davenport- Rock Island-Moline	114.68 (Nov 1999)	114.37 (Sep 2008)	114.74 (July 2009)	10 months
Decatur	112.41 (Mar 2000)	102.59 (Sep 2008)	Negative growth	N/A
Kankakee	124.30 (Jan 2007)	125.14 (Sep 2008)	Reached (Jan 2008)	8 months ago
Peoria	116.81 (April 2000)	121.68 (Sep 2008)	Reached (Feb 2006)	31 months ago
Rockford	123.22 (Jul 2000)	119.81 (Sep 2008)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	106.02 (Sep 2008)	Negative growth	N/A
Metro-East	114.73 (Jun 2001)	109.65 (Sep 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.

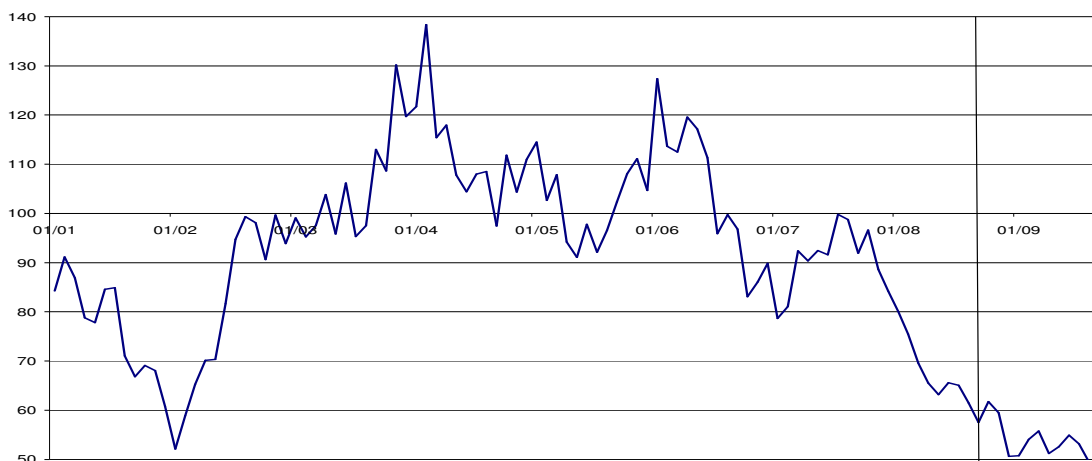
	Periods for Catch-up	
	IL	RMW
Sep-2008	Negative growth	Negative growth
Oct-2008	Negative growth	Negative growth
Difference	N/A	N/A



CBAI FELL 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 57.5 in September, down from 61.5 in August.
- This was mainly attributed to the weak national economy and the negative contribution of manufacturing and construction activities.
- 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 September, the national economy weakened further. While the coincident index of the Conference Board decreased 0.5 percent in September, the Chicago Fed National Activity Index (CFNAI) declined to -2.57 in September from -1.61 in the previous month. The Federal Reserve Board's industrial production index declined 2.8 percent, and the retail sector dropped by 1.23 percent in September.
- The economy in Chicago also showed sluggish performance in September. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 2.6 percent, while the manufacturing and construction employment dropped by 0.38 percent and 0.74 percent respectively in September.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, a high degree of uncertainty surrounds the future economic path, largely due to weakened functioning of the financial intermediaries and deteriorating consumer confidence. According to the Federal Reserve's "Senior Loan Officer Opinion Survey on Bank Lending Practices-October 2008", about 85 percent of domestic banks—up substantially from 60 percent in the July survey—reported having tightened lending standards on commercial and industrial loans to large and middle-market firms over the past three months. The Conference Board Consumer Confidence Index fell to 38.0 in October, which is an all-time low level. For the local economy, the CBAI index suggests that the regional economic growth will be below its historical trend, in large part because of the sluggish national economic activity.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- Two most remarkable upward moves in September are by Champaign-Urbana-Rantoul (9th to 1st) and Springfield (10th to 2nd), which both moved up by 8 spots.
- Decatur also made gains in terms of the rank from August.
- Kankakee (5th to 10th), Bloomington-Normal (4th to 9th), and Peoria (1st to 5th) all experienced deep falls in September.
- Metro-East, Davenport-Rock Island-Moline, Rockford, and Chicago also lost ground in September.
- In the 12 months growth league table, upward moves were recorded for Springfield (9th to 3rd), and Chicago (7th to 6th).
- Kankakee, and Peoria are still in the top 2 whereas Metro-East is still in the last position.
- Rockford experienced the greatest fall (6th to 9th) in September, followed by Decatur (5th to 7th), Bloomington-Normal(3rd to 4th), and Davenport-Rock Island-Moline (4th to 5th).

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	August 2008	September 2008	Rank	Change**
1	Peoria (0.26%)	Champaign-Urbana-Rantoul (2.98%)	1	↑ (+8)
2	Metro-East (0.25%)	Springfield (1.17%)	2	↑ (+8)
3	Davenport-Rock Island-Moline (0.16%)	Metro-East (0.3%)	3	↓ (- 1)
4	Bloomington-Normal (0%)	Davenport-Rock Island-Moline (0.21%)	4	↓ (- 1)
5	Kankakee (0%)	Peoria (0.21%)	5	↓ (- 4)
6	Rockford (0%)	Rockford (0.19%)	6	↓ (- 1)
7	Chicago (-0.14%)	Decatur (0.18%)	7	↑ (+1)
8	Decatur (-0.18%)	Chicago(0.12%)	8	↓ (- 1)
9	Champaign-Urbana-Rantoul (-0.63%)	Bloomington-Normal(0.11%)	9	↓ (- 5)
10	Springfield (-0.71%)	Kankakee (-0.22%)	10	↓ (- 5)

Growth over last 12-months:

Rank	August 2008	September 2008	Rank	Change**
1	Kankakee (2.51%)	Kankakee (1.59%)	1	← (0)
2	Peoria (0.85%)	Peoria (1.12%)	2	← (0)
3	Bloomington-Normal (0.55%)	Springfield (0.71%)	3	↑ (+6)
4	Davenport-Rock Island-Moline (0%)	Bloomington-Normal (0.66%)	4	↓ (- 1)
5	Decatur (0%)	Davenport-Rock Island-Moline (0.64%)	5	↓ (- 1)
6	Rockford (0%)	Chicago (0%)	6	↑ (+1)
7	Chicago (-0.17%)	Decatur(-0.18%)	7	↓ (- 2)
8	Champaign-Urbana-Rantoul (-0.45%)	Champaign-Urbana-Rantoul (-0.26%)	8	← (0)
9	Springfield (-0.54%)	Rockford (-0.43%)	9	↓ (- 3)
10	Metro-East (-2.55%)	Metro-East (-2.14%)	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)

