



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.

AUGUST 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois lost 13,000 jobs at a rate of -0.23% in July 2009, compared to a revised 17,200 job loss in June.
- Illinois and the nation both lost jobs in July. However, RMW added jobs for the first time in 14 months. Within the rest of Midwest, Ohio and Michigan added 47,900 jobs.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 19 times, and the state has lost 323,900 jobs in this recession. 284,700 jobs (87.9%) have been lost since Sep 2008.
- Through 2008, Illinois lost -11,808 jobs at a rate of -0.20% on average per month. However, the average monthly loss for the first seven months of 2009 was -25,700 jobs at a rate of -0.45%.
- Over the last 12 months, Illinois shed 286,500 jobs at a rate -4.81%, the rate is higher than both the -4.18% rate for the nation and the rate of -4.70% for the RMW.
- Through July 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.68%, 9.79%, and 20.46%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 12.3%, 14.1% and 10.9%, compared to official unemployment rates of 10.4%, 11.0% and 9.4%.

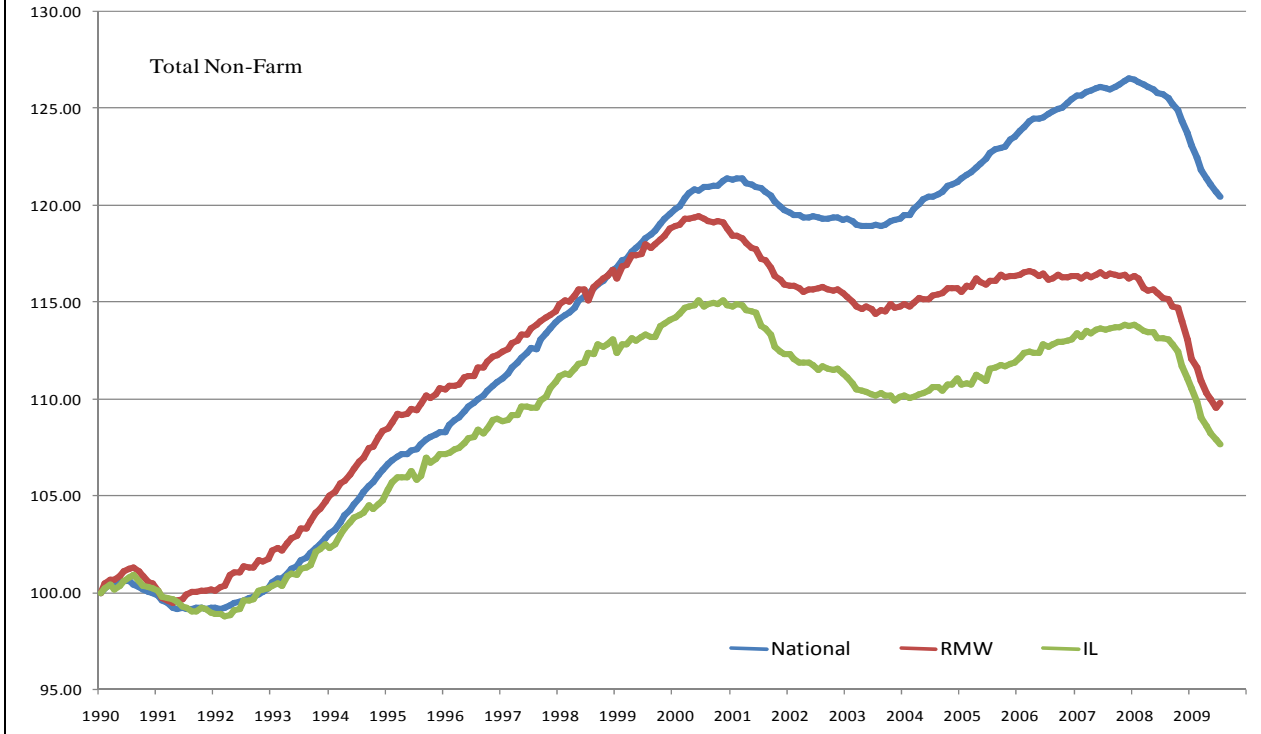
JULY 2009 EMPLOYMENT CHART

July 2009	Total Non-Farm Employment	June 2009 – July 2009		Last 12 months		July-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
Negative	Nation	-0.19	-247,000	-4.18	-5,740,000	10.9%
	RMW*	0.19	35,800	-4.70	-925,500	14.1%
	Illinois	-0.23	-13,000	-4.81	-286,500	12.3%

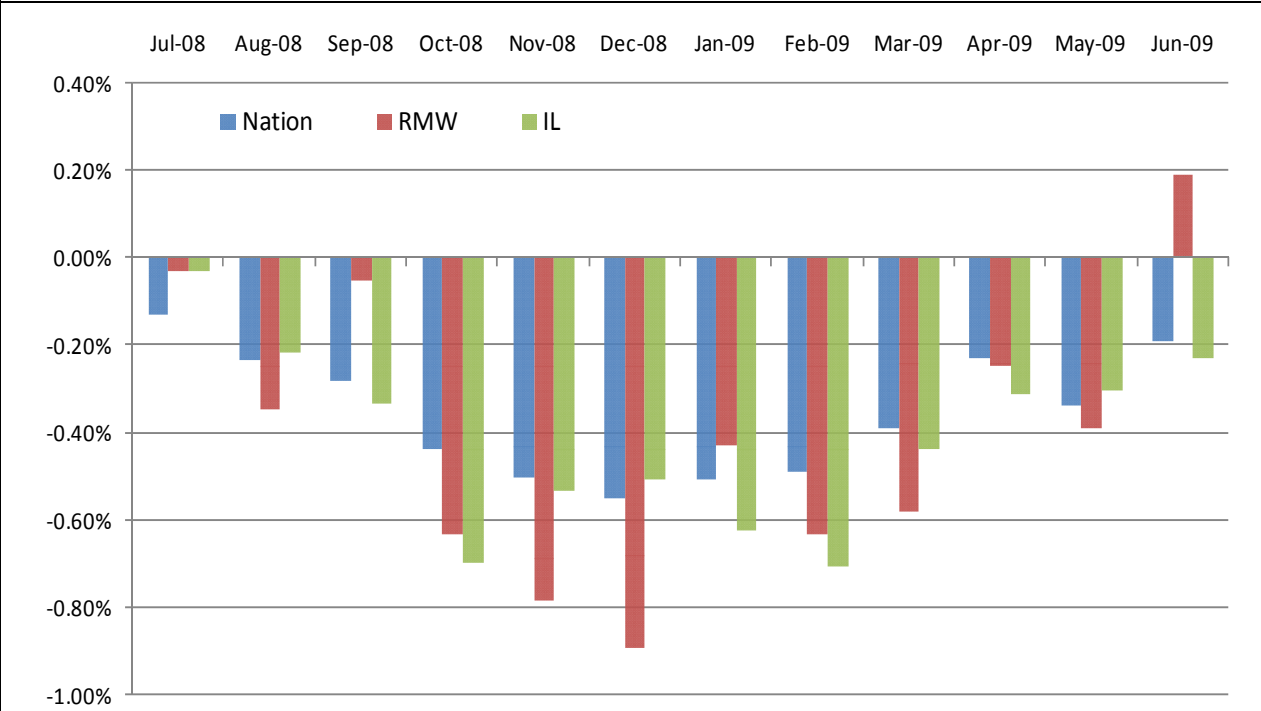
*RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

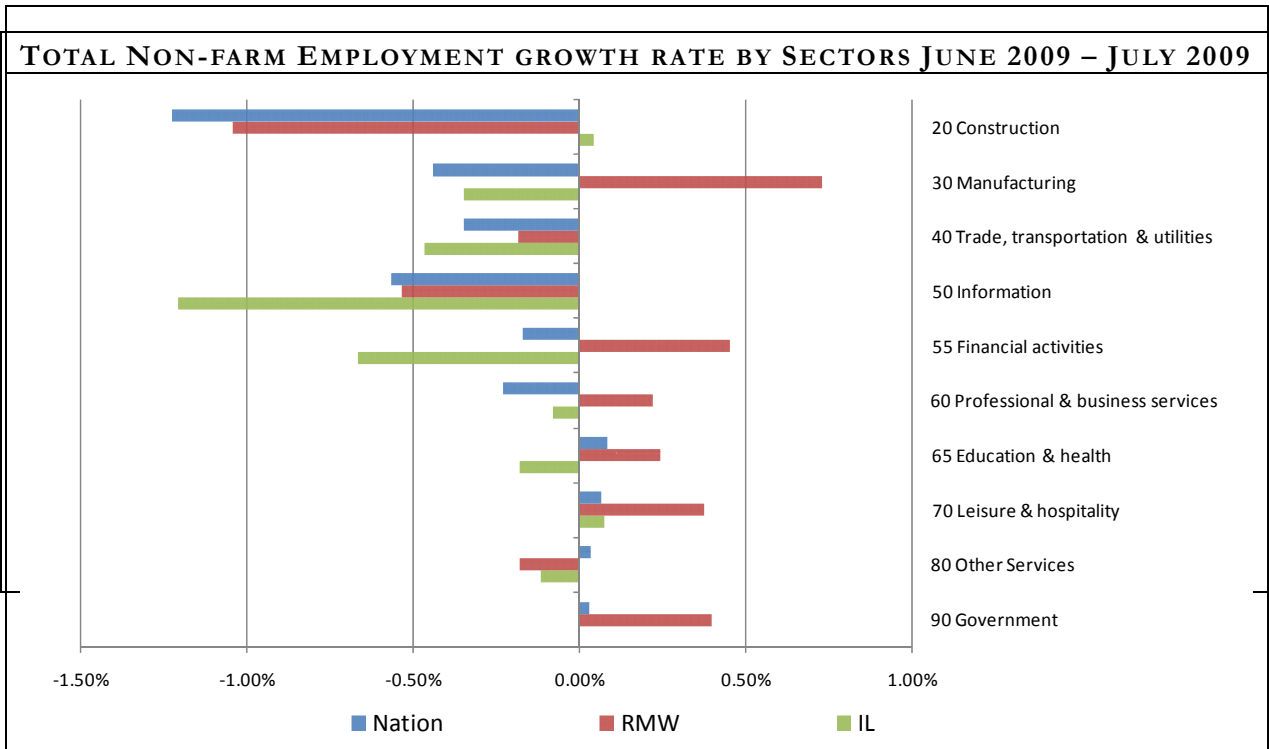
**REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – JULY 2009



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE AUG 2008 – JULY 2009





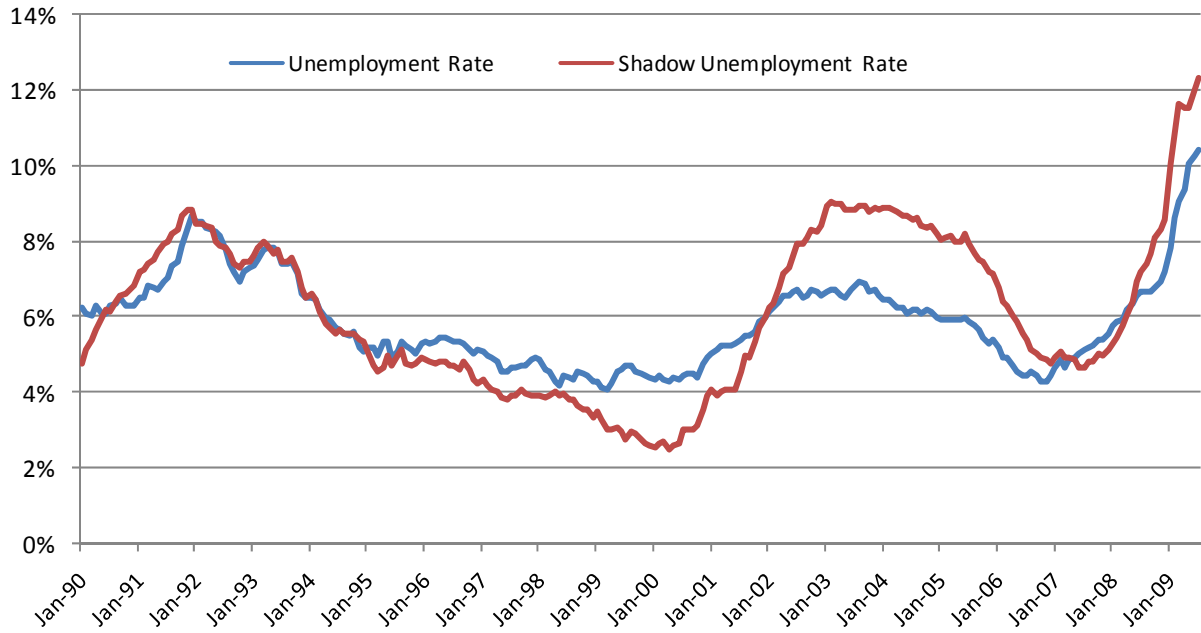
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

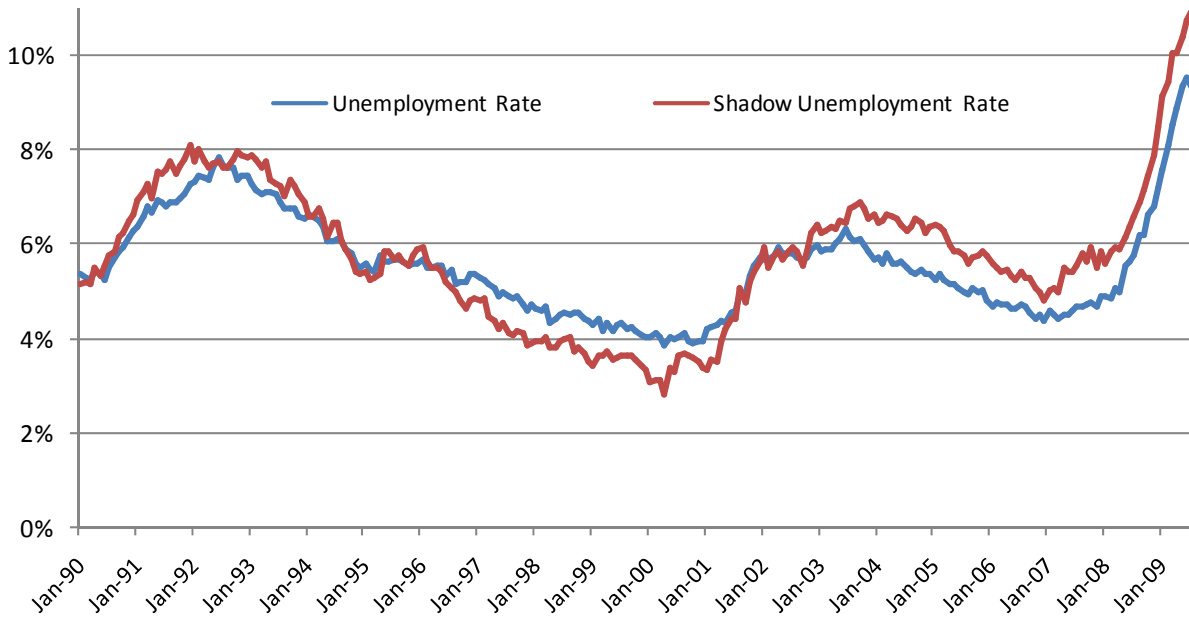
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 68.2% in Illinois whereas in 2008, it has been only 67.8%.
- For the 15 years from 1990 to 2004, the average participation rate was 68.1% in Illinois.
- In the 1990s in the US, the average participation rate was 66.5% whereas in 2008, it has been 66.0%; 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 official and shadow unemployment rate for Illinois (top figure) and the US as a whole (bottom figure).
- For Illinois since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased. However, the gap has increased significantly since 2008.
- To bring the two together a further 106,343 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

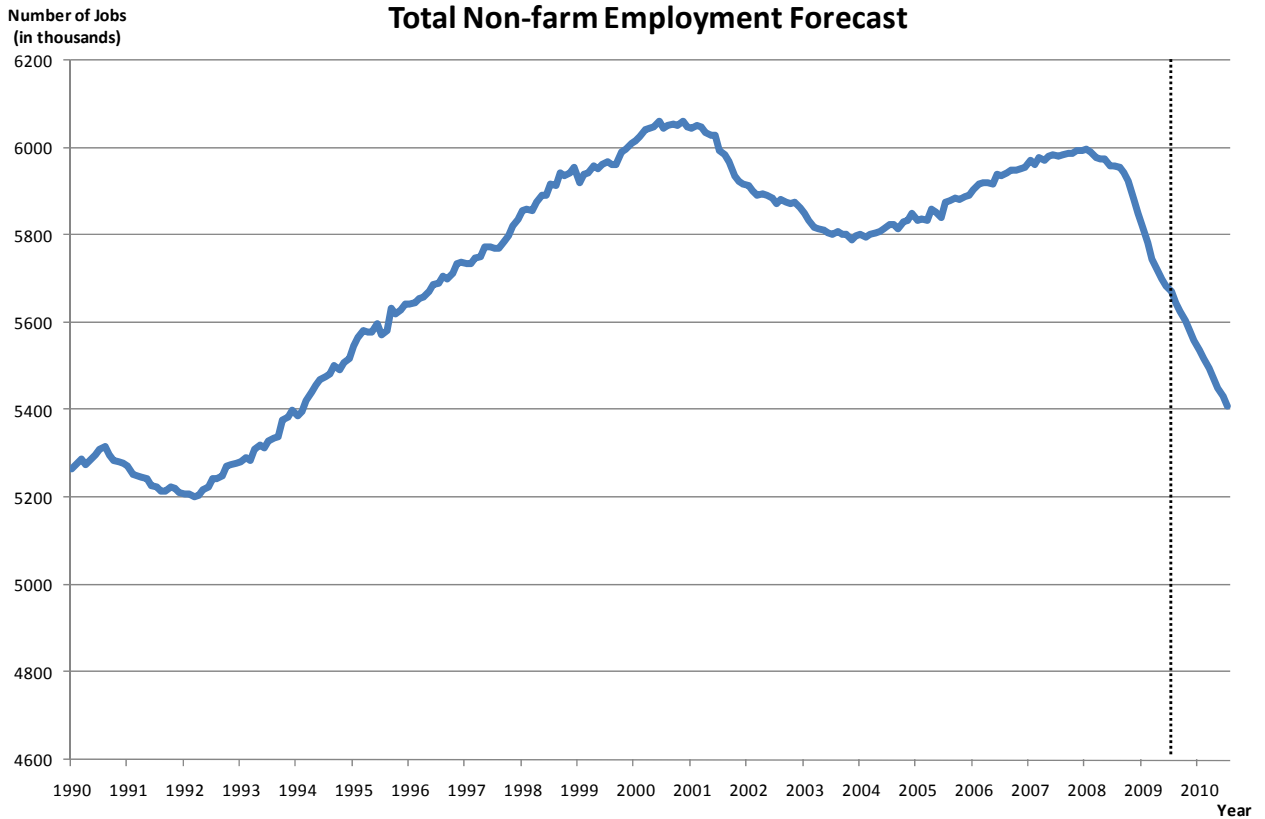


▪ US



EMPLOYMENT FORECAST

	July 2009	July 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,669,800	5,408,200	-261,600	-4.61%
Construction	221,200	193,700	-27,500	-12.43%
Manufacturing	576,200	486,000	-90,200	-15.65%
Trade, transportation & utilities	1,155,000	1,089,500	-65,500	-5.67%
Information	106,600	97,600	-9,000	-8.44%
Financial Activities	373,300	350,000	-23,300	-6.24%
Professional & business services	795,600	757,500	-38,100	-4.79%
Education & health	798,900	800,500	1,600	0.20%
Leisure & hospitality	519,200	517,800	-1,400	-0.27%
Other services	260,100	259,800	-300	-0.12%
Government	853,500	845,600	-7,900	-0.93%



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)	107.92 (July 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	109.58 (July 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	120.69 (July 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.89 (Feb 2002)	139.48 (June 2009)	Negative growth	N/A
Champaign Urbana	119.83 (Jan 2009)	115.13 (June 2009)	Reached (Jan 2009)	5 months ago
Chicago	114.67 (Nov 2000)	107.92 (June 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.26 (Nov 1999)	113.12 (June 2009)	Reached (Oct 2008)	8 months ago
Decatur	112.40 (Mar 2000)	98.12 (June 2009)	Negative growth	N/A
Kankakee	125.21 (Dec 2008)	119.38 (June 2009)	Negative growth	N/A
Peoria	122.20 (Feb 2006)	118.17 (June 2009)	Reached (Feb 2006)	40 months ago
Rockford	123.27 (Jul 2000)	113.59 (June 2009)	Negative growth	N/A
Springfield	110.34 (Aug 2000)	103.03 (June 2009)	Negative growth	N/A
Metro-East	114.76 (Jun 2001)	110.27 (June 2009)	114.84 (Feb 2011)	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.

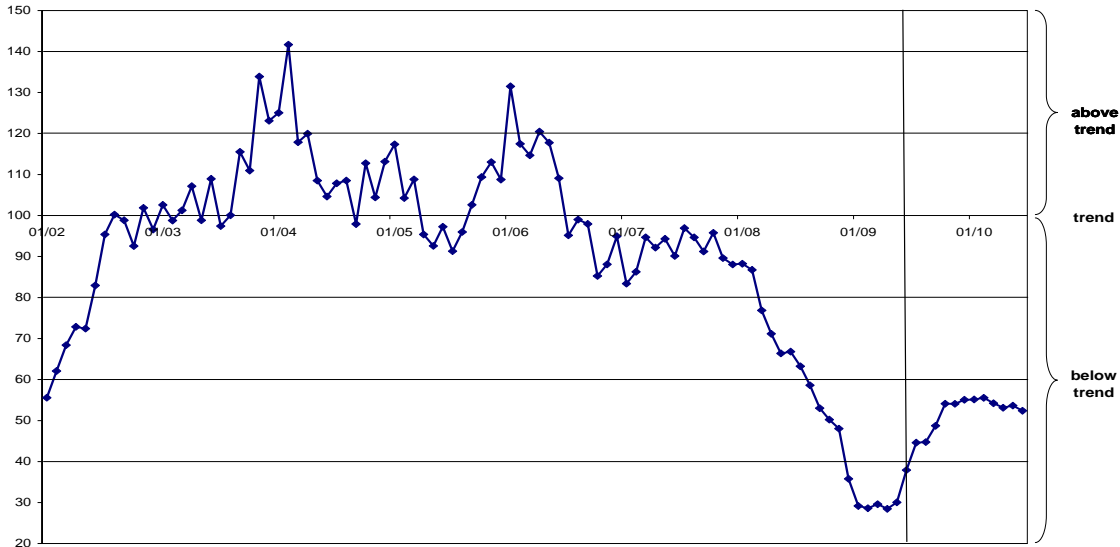
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

CBAI INCREASED IN JUNE

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 37.9 in June, up from 30.1 in May. The decline of CBAI had flattened out since February. The recent movement of the index exhibits a favorable sign that regional economic activity is finally emerging from the downward trend.
- In June the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -1.80 in June, up from -2.30 in May. The Federal Reserve Board's industrial production index decreased 0.4% in June after having dropped 1.2% in May. Retail sales (excluding food services) increased 0.9% in June. Non-farm payroll employment continued to decline in June (-443,000), and the unemployment rate was little changed at 9.5% in June.
- The Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.3% in June, after declining 3.0% in May. In the Chicago region, the manufacturing, non-manufacturing and construction employment decreased 0.98%, 0.26% and 3.12% respectively in June.
- Looking further ahead, a number of uncertainties surround the national and regional economies. More than anything else, consumers remain quite pessimistic about the outlook of economic activities while the employment condition remained sluggish. The Conference Board's Consumer Confidence Index (CCI), which had retreated in June, declined further in July: The index now stands at 46.6 (1985=100), down from 49.3 in June. In addition, CBAI still continued to be far below the long-term trend, suggesting that it would take considerable time for the regional economy to gain the momentum of sustainable growth.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward move in June is by Peoria (9th to 1st), which moved up by 8 spots.
- Davenport-Rock Island-Moline (6th to 3rd), Decatur (8th to 5th), and Metro-east (10th to 8th) also gained in terms of rank from last month.
- Champaign-Urbana-Rantoul (1st to 9th) experienced a deep fall this month.
- Kankakee (5th to 6th), Chicago (3rd to 7th), and Rockford (7th to 10th) as well experienced falls in June.
- Bloomington-Normal (2nd to 2nd) and Springfield (4th to 4th) kept the same ranks this month.
- In the 12 months growth league table, upward moves were recorded for Champaign-Urbana-Rantoul (2nd to 1st), and Kankakee (9th to 7th)
- Metro-East (1st to 2nd), Rockford (7th to 8th), and Decatur (8th to 9th) experienced falls in June.
- Champaign-Urbana-Rantoul is on top, while Chicago is still in last place.

*NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	May 2009	June 2009	Rank	Change**
1	Champaign-Urbana-Rantoul (-0.19%)	Peoria (-0.06%)	1	↑(+8)
2	Bloomington-Normal (-0.23%)	Bloomington-Normal (-0.1%)	2	←(0)
3	Chicago (-0.49%)	Davenport-Rock Island-Moline (-0.23%)	3	↑(+3)
4	Springfield (-0.53%)	Springfield (-0.27%)	4	←(0)
5	Kankakee (-0.57%)	Decatur (-0.28%)	5	↑(+3)
6	Davenport-Rock Island-Moline (-0.58%)	Kankakee (-0.34%)	6	↓(-1)
7	Rockford (-0.63%)	Chicago (-0.42%)	7	↓(-4)
8	Decatur (-0.99%)	Metro-East (-0.66%)	8	↑(+2)
9	Peoria (-1.26%)	Champaign-Urbana-Rantoul (-0.67%)	9	↓(-8)
10	Metro-East (-1.44%)	Rockford (-0.69%)	10	↓(-3)

Growth over last 12-months:

Rank	May 2009	June 2009	Rank	Change**
1	Metro-East (1.53%)	Champaign-Urbana-Rantoul (1.38%)	1	↑(+1)
2	Champaign-Urbana-Rantoul (0.87%)	Metro-East (1.14%)	2	↓(-1)
3	Bloomington-Normal (-0.49%)	Bloomington-Normal (-0.74%)	3	←(0)
4	Davenport-Rock Island-Moline (-1.3%)	Davenport-Rock Island-Moline (-1.15%)	4	←(0)
5	Springfield (-2.42%)	Springfield (-2.32%)	5	←(0)
6	Peoria (-2.69%)	Peoria (-2.6%)	6	←(0)
7	Rockford (-3.3%)	Kankakee (-3.51%)	7	↑(+2)
8	Decatur (-3.39%)	Rockford (-3.58%)	8	↓(-1)
9	Kankakee (-3.96%)	Decatur (-3.9%)	9	↓(-1)
10	Chicago (-4.63%)	Chicago (-4.65%)	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)

