



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.

SEPTEMBER 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

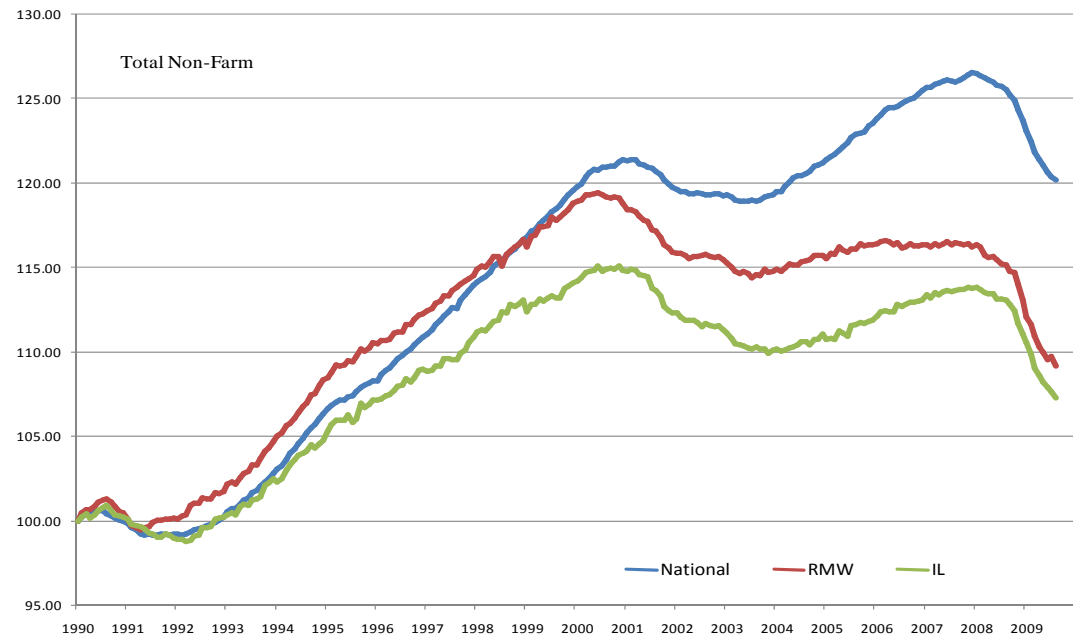
- Illinois lost 19,200 jobs at a rate of -0.34% in August 2009, compared to a revised 15,200 job loss in July.
- In August 2009, the Nation shed 216,000 jobs at a rate of -0.16%. This is much better than the average 519,000 jobs loss per month for the first seven months in 2009.
- RMW lost 90,000 jobs in August after a revised 24,900 job gain in July.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 20 times, and the state has lost 342,800 jobs in this recession.
- 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 eight months of 2009 was -25,100 jobs at a rate of -0.44%.
- Over the last 12 months, Illinois shed 306,100 jobs at a rate -5.14%.
- Through July 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.27%, 9.20%, and 20.22%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 12.6%, 14.3% and 11.2%, compared to official unemployment rates of 10.0%, 10.9% and 9.7%.

AUGUST 2009 EMPLOYMENT CHART

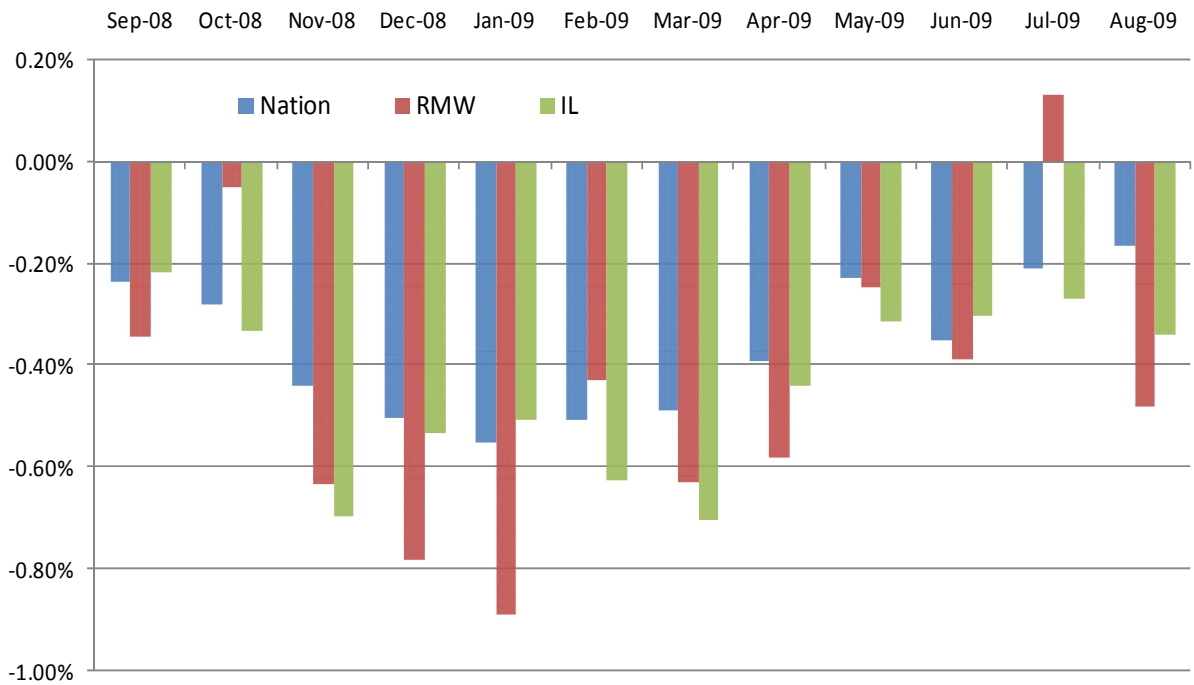
August 2009 Negative	Total Non-Farm Employment	July 2009 – Aug 2009		Last 12 months		Aug-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.16	-216,000	-4.25	-5,830,000	11.2%
	RMW*	-0.48	-90,000	-5.19	-1,021,000	14.3%
	Illinois	-0.34	-19,200	-5.14	-306,100	12.6%

*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.

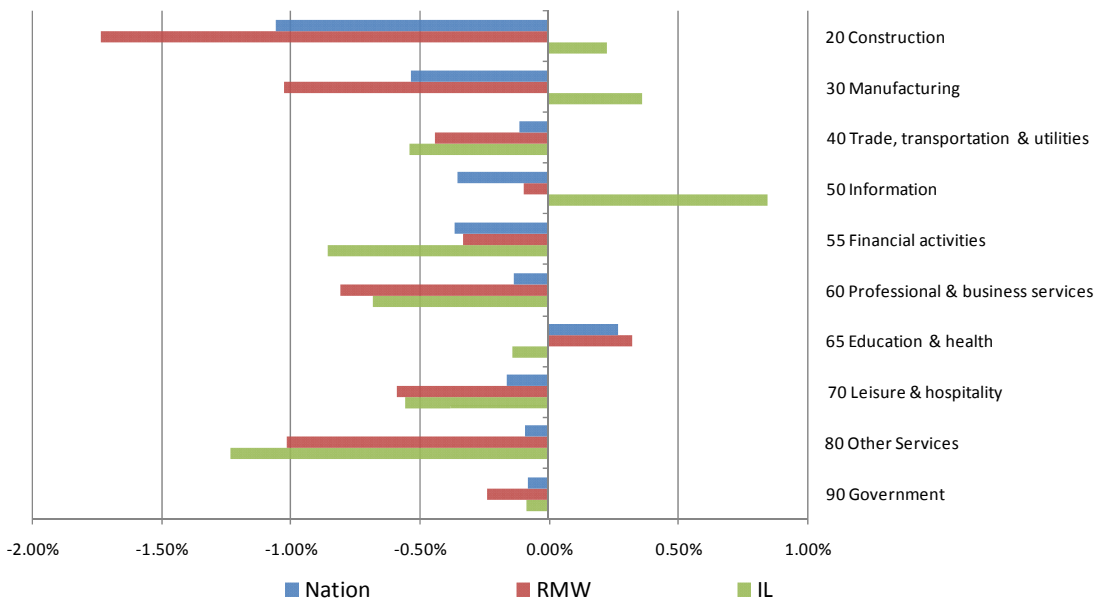
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – AUG 2009



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



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS JULY 2009 – AUG 2009



SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

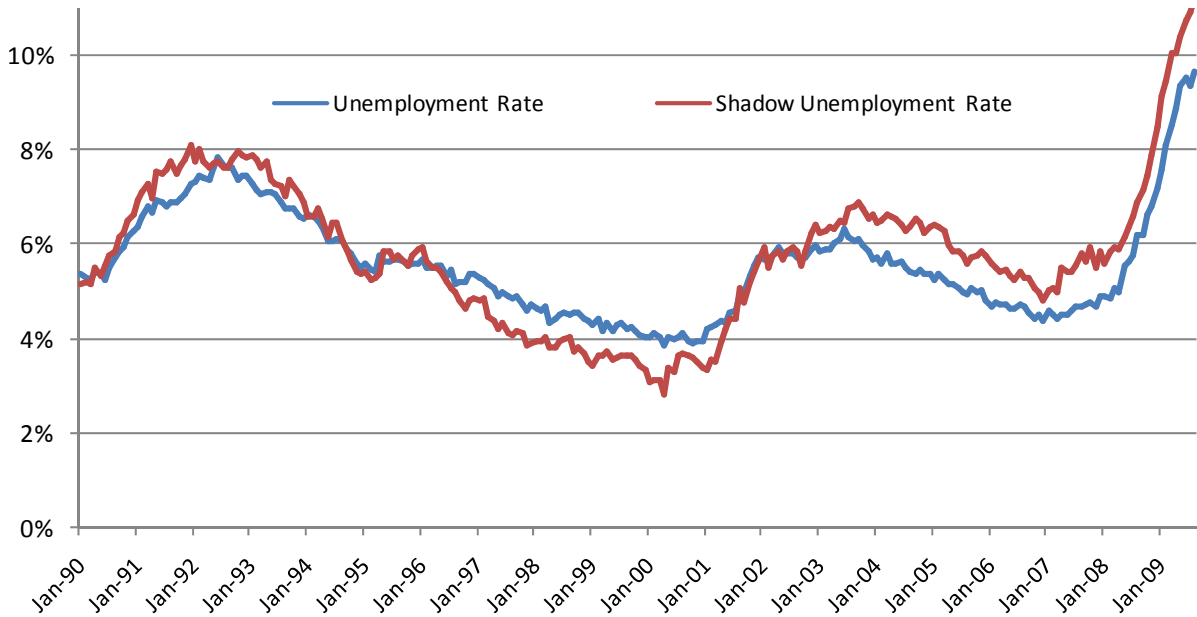
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 178,457 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

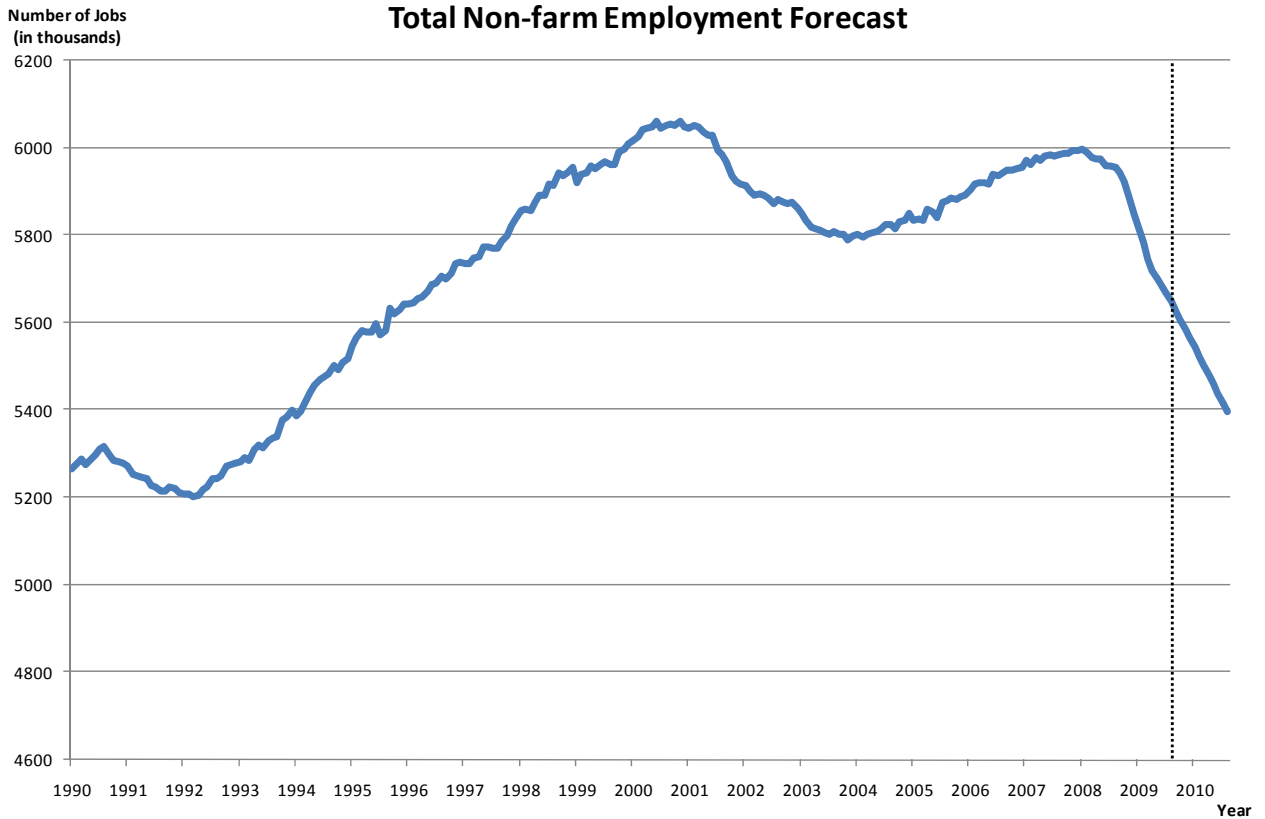


■ US



EMPLOYMENT FORECAST

	August 2009	August 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,648,400	5,395,800	-252,600	-4.47%
Construction	220,900	195,700	-25,200	-11.41%
Manufacturing	577,800	507,500	-70,300	-12.17%
Trade, transportation & utilities	1,148,400	1,074,200	-74,200	-6.46%
Information	107,200	99,500	-7,700	-7.18%
Financial Activities	370,900	346,400	-24,500	-6.61%
Professional & business services	790,800	751,600	-39,200	-4.96%
Education & health	797,300	797,000	-300	-0.04%
Leisure & hospitality	520,000	517,800	-2,200	-0.42%
Other services	256,300	255,700	-600	-0.23%
Government	848,700	840,300	-8,400	-0.99%



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)	107.63 (Aug 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	109.72 (Aug 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	120.42 (Aug 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.89 (Feb 2002)	139.78 (July 2009)	Negative growth	N/A
Champaign Urbana	119.83 (Jan 2009)	115.37 (July 2009)	119.73 (March 2016)	92 months
Chicago	114.67 (Nov 2000)	107.81 (July 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.25 (Oct 2008)	112.94 (July 2009)	Negative growth	N/A
Decatur	112.40 (Mar 2000)	97.79 (July 2009)	Negative growth	N/A
Kankakee	125.21 (Dec 2008)	119.14 (July 2009)	Negative growth	N/A
Peoria	122.20 (Feb 2006)	118.09 (July 2009)	Negative growth	N/A
Rockford	123.27 (Jul 2000)	113.90 (July 2009)	Negative growth	N/A
Springfield	110.34 (Aug 2000)	103.05 (July 2009)	Negative growth	N/A
Metro-East	115.08 (Nov 2000)	111.60 (July 2009)	114.91 (Oct 2010)	15 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.

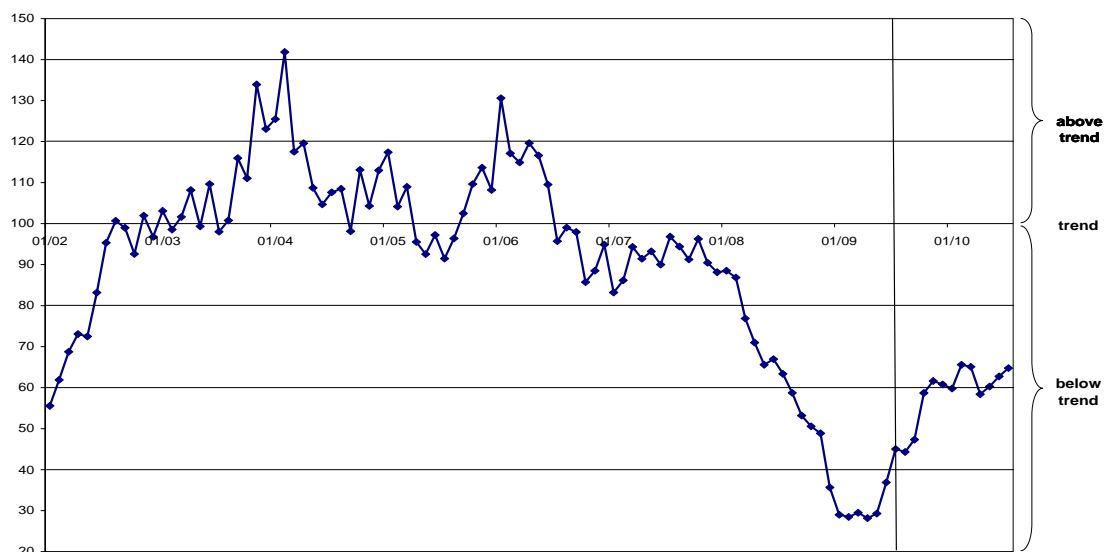
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 JULY

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 45.0 in July, up from 36.9 in June. 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 July the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -0.74 in July, up from -1.82 in June. The Federal Reserve Board's industrial production index increased 0.5 percent in July, marking the first monthly increase since December 2007 except for the hurricane-related rebound in October 2008. Nevertheless, non-farm payroll employment continued to decline (-247,000), and the unemployment rate was little changed at 9.4 percent in July.
- The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 2.6 percent in July, marking its first increase in over a year and highest since September 2003. In the Chicago region, manufacturing employment increased 0.12 percent while non-manufacturing and construction employment decreased 0.24 percent and 1.22 percent respectively in July.
- In recent months, production- and financial market- related indicators point that the pace of the downturn of domestic economic activity has clearly eased. Looking further ahead, the national economy is likely to continue an improved pattern of movements. However, there are still downside risks present mainly on the demand side. The unemployment rate increased to 9.7 percent in August, recording the highest since June 1983 when the rate registered 10.1 percent. U-6 unemployment rate, which includes all marginally attached workers and total employed part time for economic reasons, increased to 16.8 percent in August from 16.3 percent in July. Retail sales exhibited a decrease (-0.1%) in August after two months' of mild increases. For the local economy, the 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 July is by Champaign-Urbana-Rantoul (10th to 1st), which moved up by 9 spots.
- Metro-east (9th to 2nd), and Rockford (8th to 3rd) also gained in terms of rank from last month.
- Peoria (1st to 6th), and Davenport-Rock Island-Moline (3rd to 8th) both experienced deep falls this month.
- Bloomington-Normal (2nd to 4th), Springfield (4th to 5th), Chicago (5th to 7th), Kankakee (6th to 9th), and Decatur (7th to 10th) all experienced falls in July.
- In the 12 months growth league table, the only upward move was recorded for Rockford (8th to 7th), while the only downward move was by Kankakee (7th to 8th).
- Other eight MSAs maintained the same ranks.
- Metro-East is still 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	June 2009	July 2009	Rank	Change**
1	Peoria (-0.03%)	Champaign-Urbana-Rantoul (1.59%)	1	↑(+9)
2	Bloomington-Normal (-0.08%)	Metro-East (1.16%)	2	↑(+7)
3	Davenport-Rock Island-Moline (-0.19%)	Rockford (0.2%)	3	↑(+5)
4	Springfield (-0.25%)	Bloomington-Normal (0.19%)	4	↓(-2)
5	Chicago (-0.3%)	Springfield (-0.06%)	5	↓(-1)
6	Kankakee (-0.33%)	Peoria (-0.13%)	6	↓(-5)
7	Decatur (-0.39%)	Chicago (-0.13%)	7	↓(-2)
8	Rockford (-0.66%)	Davenport-Rock Island-Moline (-0.23%)	8	↓(-5)
9	Metro-East (-0.66%)	Kankakee (-0.26%)	9	↓(-3)
10	Champaign-Urbana-Rantoul (-2.01%)	Decatur (-0.31%)	10	↓(-3)

Growth over last 12-months:

Rank	June 2009	July 2009	Rank	Change**
1	Metro-East (1.13%)	Metro-East (2.38%)	1	←(0)
2	Champaign-Urbana-Rantoul (0.08%)	Champaign-Urbana-Rantoul (0.3%)	2	←(0)
3	Bloomington-Normal (-0.75%)	Bloomington-Normal (-0.37%)	3	←(0)
4	Davenport-Rock Island-Moline (-1.06%)	Davenport-Rock Island-Moline (-1.32%)	4	←(0)
5	Springfield (-2.42%)	Springfield (-2.71%)	5	←(0)
6	Peoria (-2.61%)	Peoria (-2.87%)	6	←(0)
7	Kankakee (-3.51%)	Rockford (-3.11%)	7	↑(+1)
8	Rockford (-3.59%)	Kankakee (-3.56%)	8	↓(-1)
9	Decatur (-3.92%)	Decatur (-3.91%)	9	←(0)
10	Chicago (-4.61%)	Chicago (-4.63%)	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)

