



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.

APRIL 2010

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

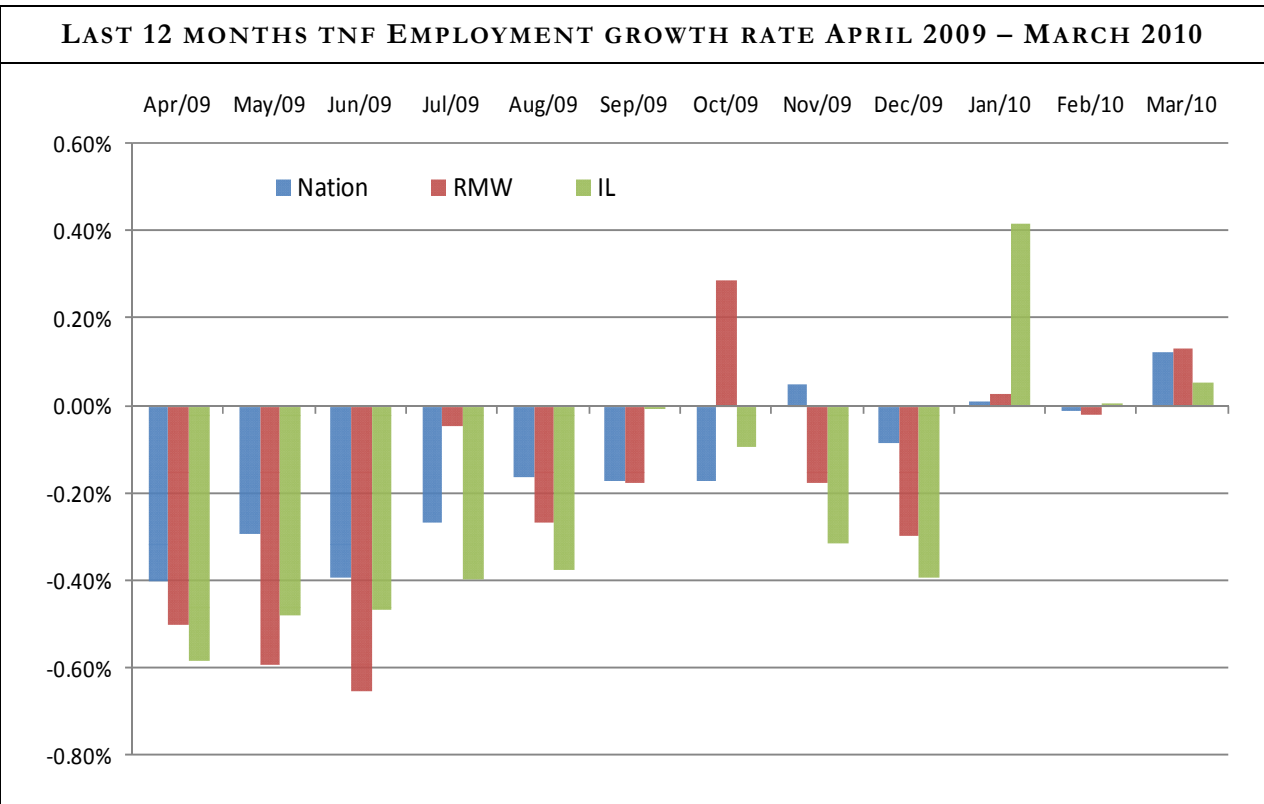
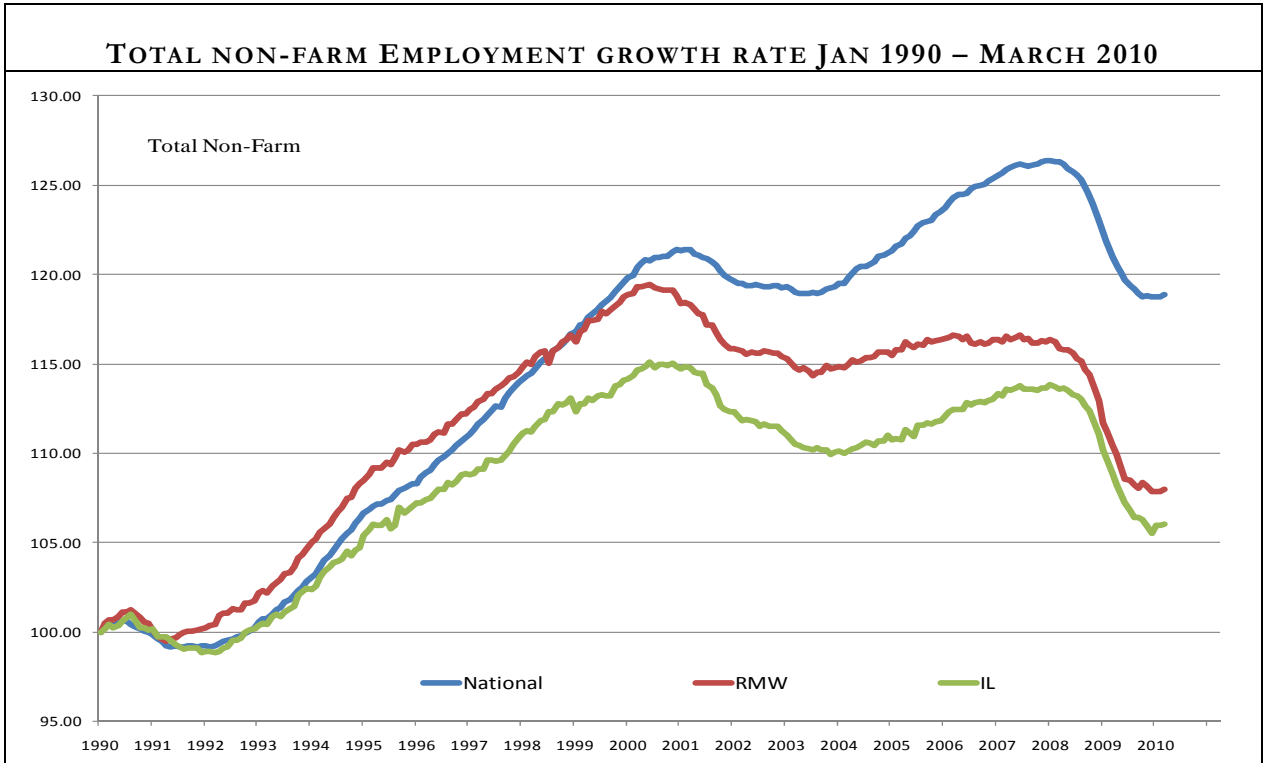
- Illinois added 3,000 jobs at a rate of 0.05% in March 2010. So far, the state has had three months positive job growth in a row. The three-month moving average of jobs, a more stable measure of labor market, was up by 8,900 jobs.
- In March 2010, the Nation added 162,000 jobs at a rate of 0.13%, compared with a revised -14,000 job loss in February. This is the biggest gain for the nation in 3 years. The three-month moving average of jobs was up by 54,000 jobs per month.
- RMW added 24,400 jobs in March after a revised -3,600 job loss in February. The three-month moving average was up by 8,800 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains three times. The state of Illinois has lost -401,100 jobs in this recession.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 - Manufacturing, Construction, Information, Trade, transportation & utilities, and Financial activities.
- Over the last 12 months, Illinois shed 148,500 jobs at a rate -2.59%.
- Through March 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.04%, 7.97%, and 18.87%, respectively.

MARCH 2010 EMPLOYMENT CHART

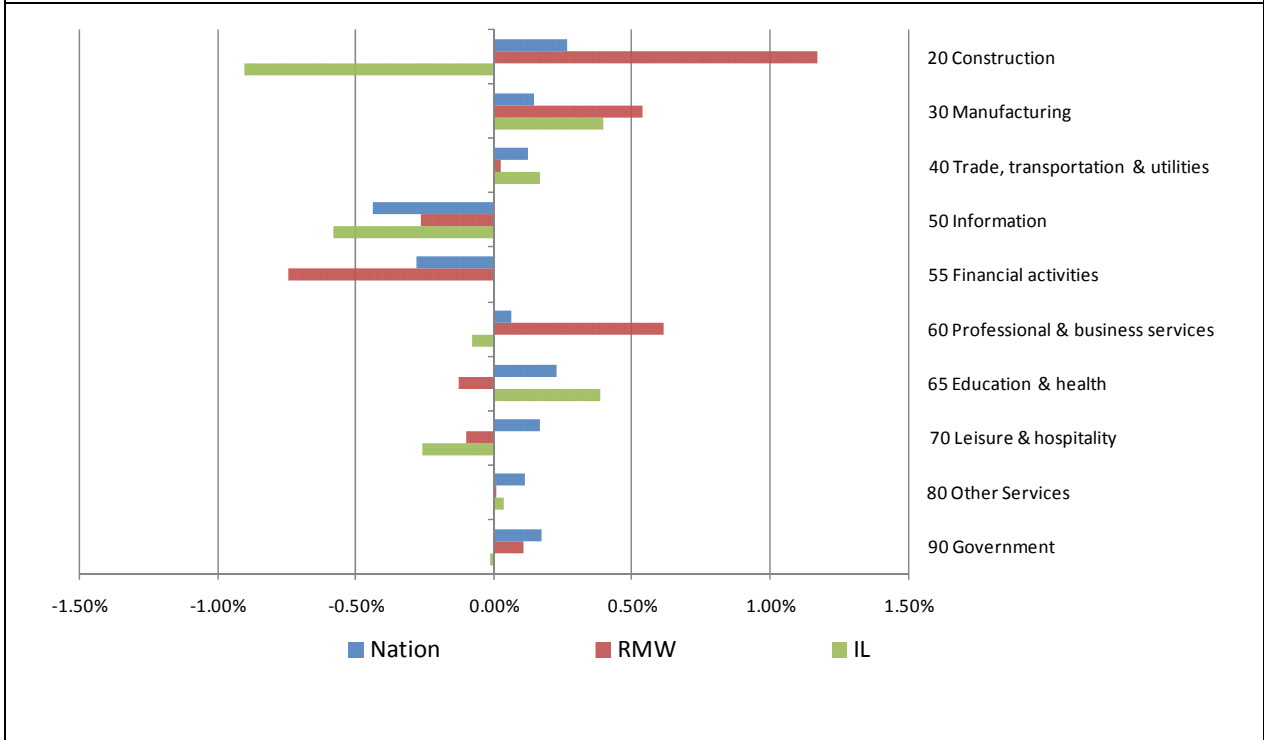
March 2010 Positive	Total Non-Farm Employment	Feb 2010 – March 2010		Last 12 months		Mar 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.13	162,000	-1.76	-2,320,000	12.1%
	RMW*	0.13	24,400	-2.25	-425,200	15.0%
	Illinois	0.05	3,000	-2.59	-148,500	12.7%

*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 BY SECTORS FEB 2010 – MAR 2010



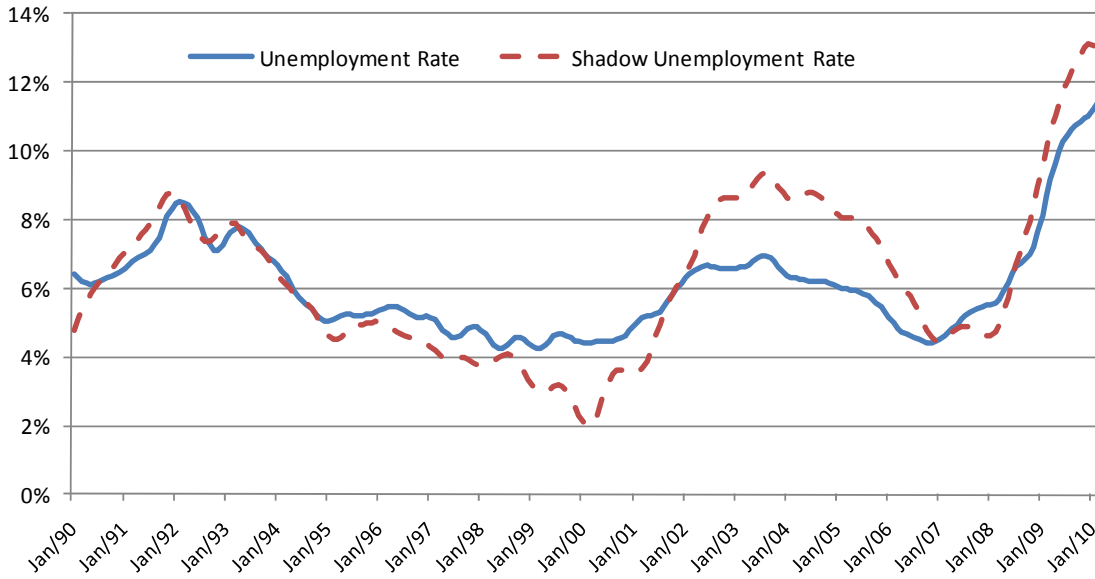
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

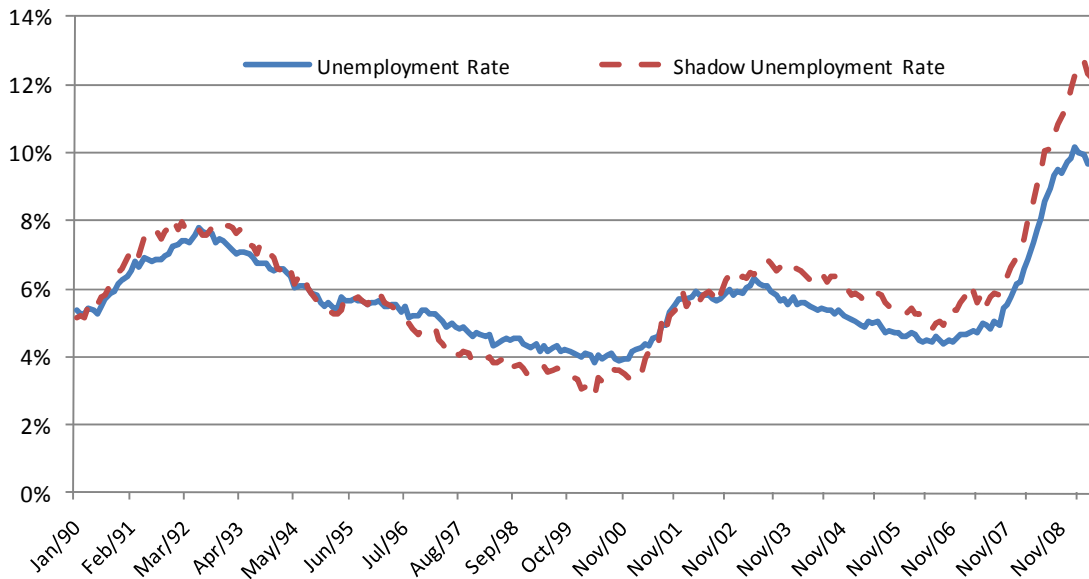
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2009, it has been only 66.6%.
- 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 65.5% whereas in 2009, 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 135,578 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

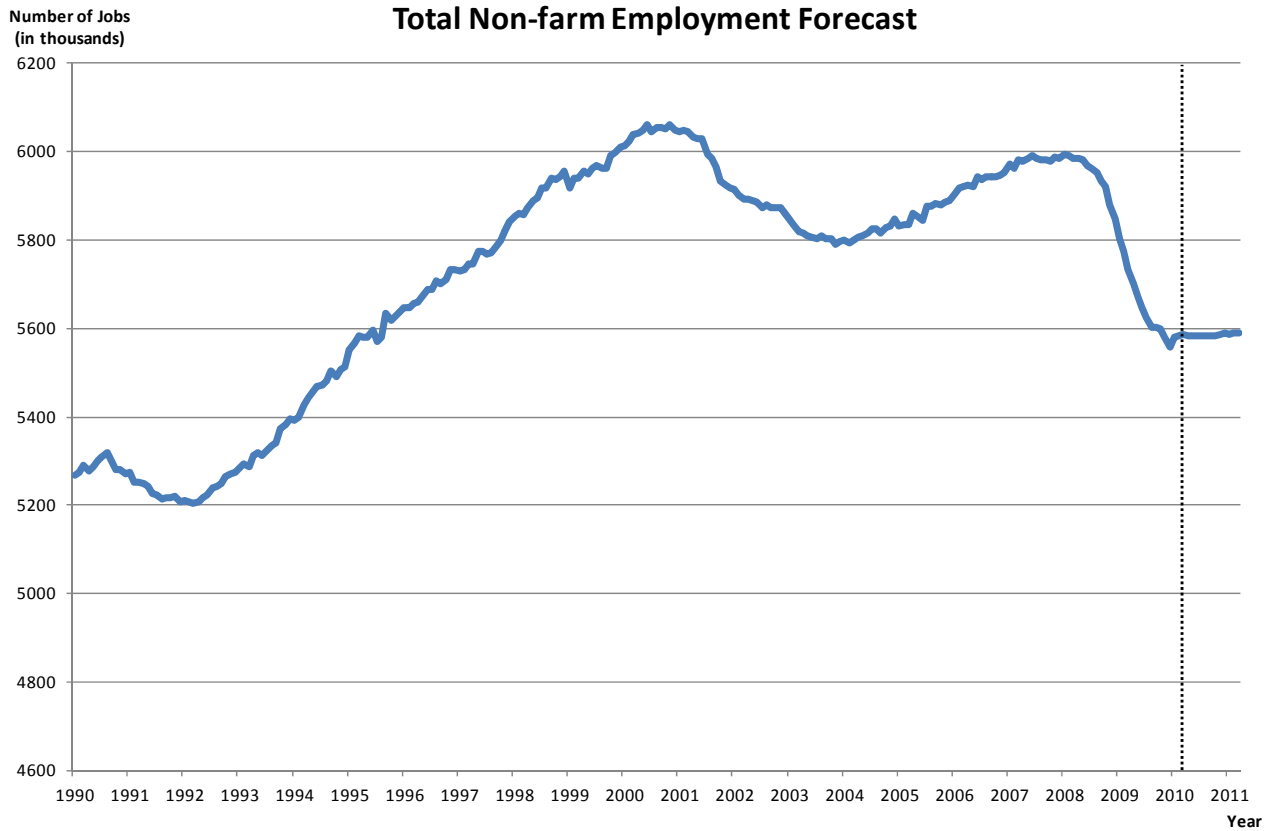


▪ US



EMPLOYMENT FORECAST

	March 2010	March 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,584,900	5,589,000	4,100	0.07%
Construction	198,700	192,000	-6,700	-3.37%
Manufacturing	555,900	554,400	-1,500	-0.27%
Trade, transportation & utilities	1,130,200	1,134,700	4,500	0.40%
Information	103,000	102,100	-900	-0.87%
Financial Activities	366,100	363,000	-3,100	-0.85%
Professional & business services	778,600	781,000	2,400	0.31%
Education & health	829,800	836,500	6,700	0.81%
Leisure & hospitality	506,000	505,000	-1,000	-0.20%
Other services	253,900	254,200	300	0.12%
Government	853,300	856,700	3,400	0.40%



CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.16 (Dec-2007)	118.72 (March 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	107.83 (March 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	105.98 (March 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	142.72 (Feb 2002)	135.23 (Feb 2010)	Negative growth	N/A
Champaign Urbana	116.21 (Jan 2009)	110.26 (Feb 2010)	Negative growth	N/A
Chicago	114.87 (Nov 2000)	105.33 (Feb 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.04 (Oct 2008)	107.31 (Feb 2010)	Negative growth	N/A
Decatur	112.37 (Mar 2000)	95.74 (Feb 2010)	Negative growth	N/A
Kankakee	125.51 (Dec 2008)	121.74 (Feb 2010)	125.59 (Mar 2013)	37 months
Peoria	122.07 (Feb 2006)	111.61 (Feb 2010)	Negative growth	N/A
Rockford	122.81 (Jul 2000)	105.59 (Feb 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	103.61 (Feb 2010)	Negative growth	N/A
Metro-East	114.97 (Nov 2000)	106.30 (Feb 2010)	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.

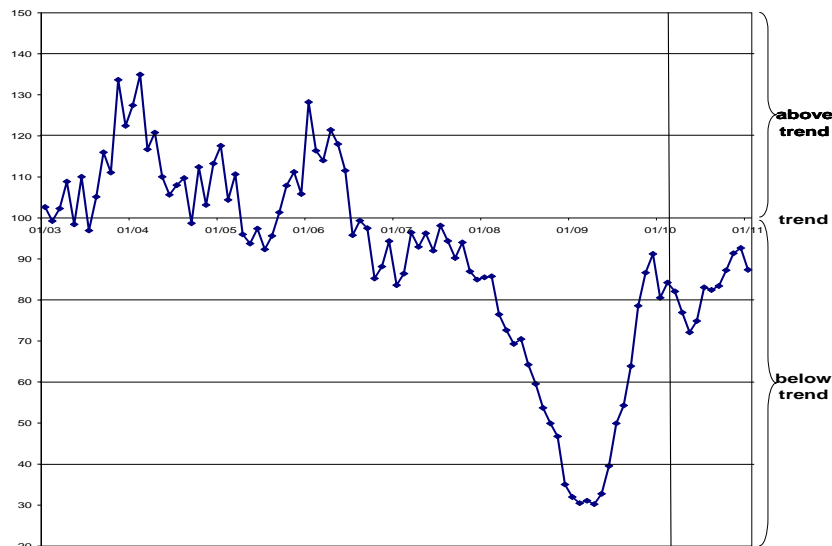
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 FEBRUARY

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 84.2 in February, showing a modest increase from 80.6 in January. The slight increase of the index in February could be attributed mainly to the increase of private consumption.
- In February 2010, the national and regional economy presented mixed features. The Federal Reserve Board announced that the industrial production edged up 0.1 percent in February following a gain of 0.9 percent in January. The number of unemployed persons was little changed (+34,000) in February; consequently, the unemployment rate held at 9.7 percent. National retail sales increased 0.2 percent in February.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) decreased to -0.64 in February, down from -0.04 in January. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.8 percent in February, after registering 2.0 percent increase in January. In the Chicago region, manufacturing employment increased 0.1 percent while non-manufacturing and construction employment declined 0.2 percent and 2.4 percent respectively in February. Regional retail sales are estimated to have increased 1.2 percent in February.
- In the coming months, the national economy is likely to continue on a recovering trend. During the past few months, the national employment situation has staged a modest recovery (the Bureau of Labor Statistics reported that the nonfarm payroll employment increased by 162,000 in March while the number of unemployed persons was little changed at 15.0 million in March). The recent improvement in labor market conditions is expected to have a positive effect on the growth path of private demand in the future. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on a gradually improving trend in the near future.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward move in February was Champaign-Urbana-Rantoul (10th to 2nd), which moved up 8 spots.
- Rockford (8th to 1st), Metro-East (9th to 3rd), and Bloomington-Normal (6th to 5th) all gained in terms of rank from last month.
- Chicago (2nd to 10th) experienced deepest fall this month. Decatur (4th to 9th), Springfield (5th to 8th), Davenport-Rock Island-Moline (1st to 5th), and Kankakee (3rd to 4th) also moved down in terms of rank.
- In the 12 months growth league table, the upward moves were recorded for Champaign-Urbana-Rantoul (7th to 3rd), while the downward moves were Bloomington-Normal (3rd to 4th), Metro-East (4th to 5th), Davenport-Rock Island-Moline (5th to 6th), and Chicago (6th to 7th).
- The other five MSAs maintained the same ranks.
- Kankakee is on the top, while Peoria is in the 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	Jan 2010	Feb 2010	Rank	Change**
1	Davenport-Rock Island-Moline (0.74%)	Rockford (1.24%)	1	↑(+7)
2	Chicago (0.66%)	Champaign-Urbana-Rantoul (0.71%)	2	↑(+8)
3	Kankakee (0.53%)	Metro-East (0.03%)	3	↑(+6)
4	Decatur (0.13%)	Kankakee (0.02%)	4	↓(-1)
5	Springfield (-0.1%)	Bloomington-Normal (0.01%)	5	↑(+1)
6	Bloomington-Normal (-0.18%)	Davenport-Rock Island-Moline (-0.02%)	6	↓(-5)
7	Peoria (-0.22%)	Peoria (-0.1%)	7	←(0)
8	Rockford (-0.33%)	Springfield (-0.1%)	8	↓(-3)
9	Metro-East (-0.83%)	Decatur (-0.14%)	9	↓(-5)
10	Champaign-Urbana-Rantoul (-0.89%)	Chicago (-0.2%)	10	↓(-8)

Growth over last 12-months:

Rank	Jan 2010	Feb 2010	Rank	Change**
1	Kankakee (0.53%)	Kankakee (1.01%)	1	←(0)
2	Springfield (-1.37%)	Springfield (-1.15%)	2	←(0)
3	Bloomington-Normal (-2.26%)	Champaign-Urbana-Rantoul (-2.14%)	3	↑(+4)
4	Metro-East (-2.78%)	Bloomington-Normal (-2.52%)	4	↓(-1)
5	Davenport-Rock Island-Moline (-3.85%)	Metro-East (-2.88%)	5	↓(-1)
6	Chicago (-4.1%)	Davenport-Rock Island-Moline (-3.41%)	6	↓(-1)
7	Champaign-Urbana-Rantoul (-5.73%)	Chicago (-3.7%)	7	↓(-1)
8	Rockford (-5.85%)	Rockford (-4.27%)	8	←(0)
9	Decatur (-5.89%)	Decatur (-5%)	9	←(0)
10	Peoria (-6.48%)	Peoria (-5.69%)	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)

