



I N S T I T U T E O F  
GOVERNMENT & PUBLIC AFFAIRS

# ILLINOIS ECONOMIC REVIEW

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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.

DEC 2010

# EMPLOYMENT

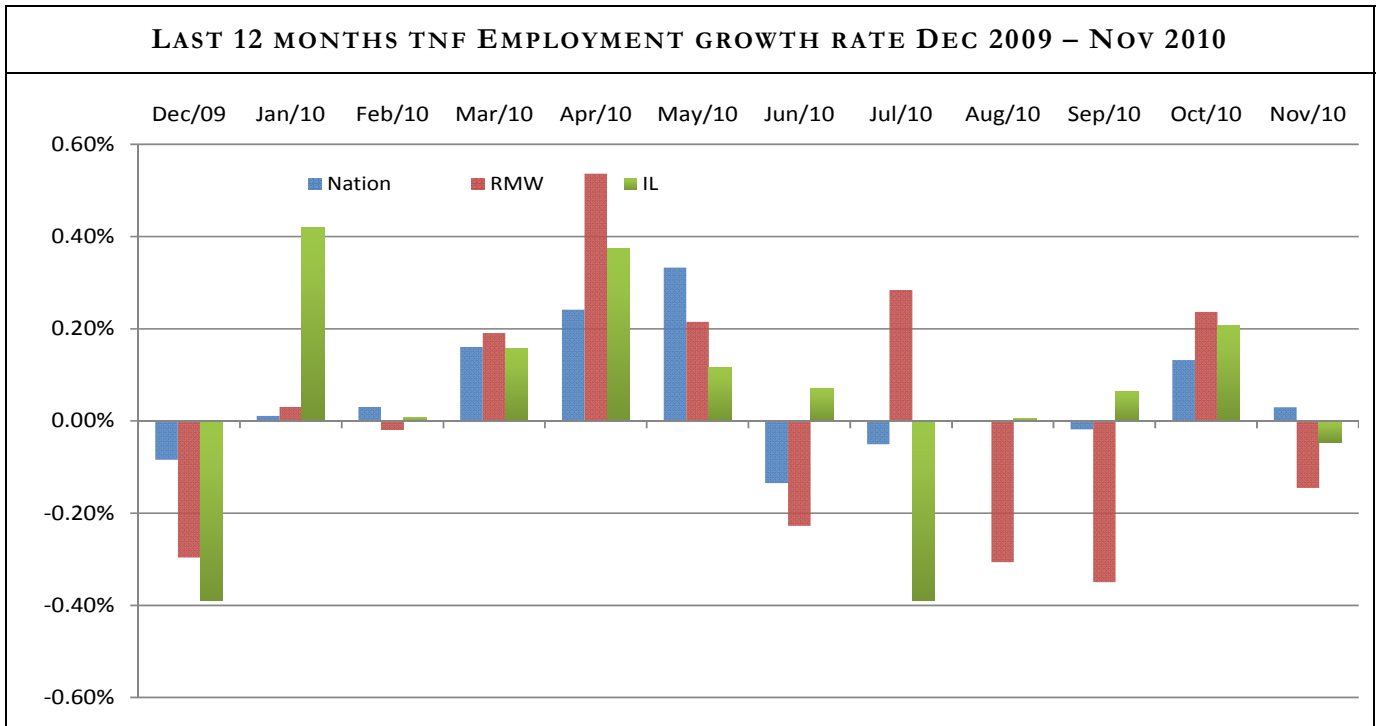
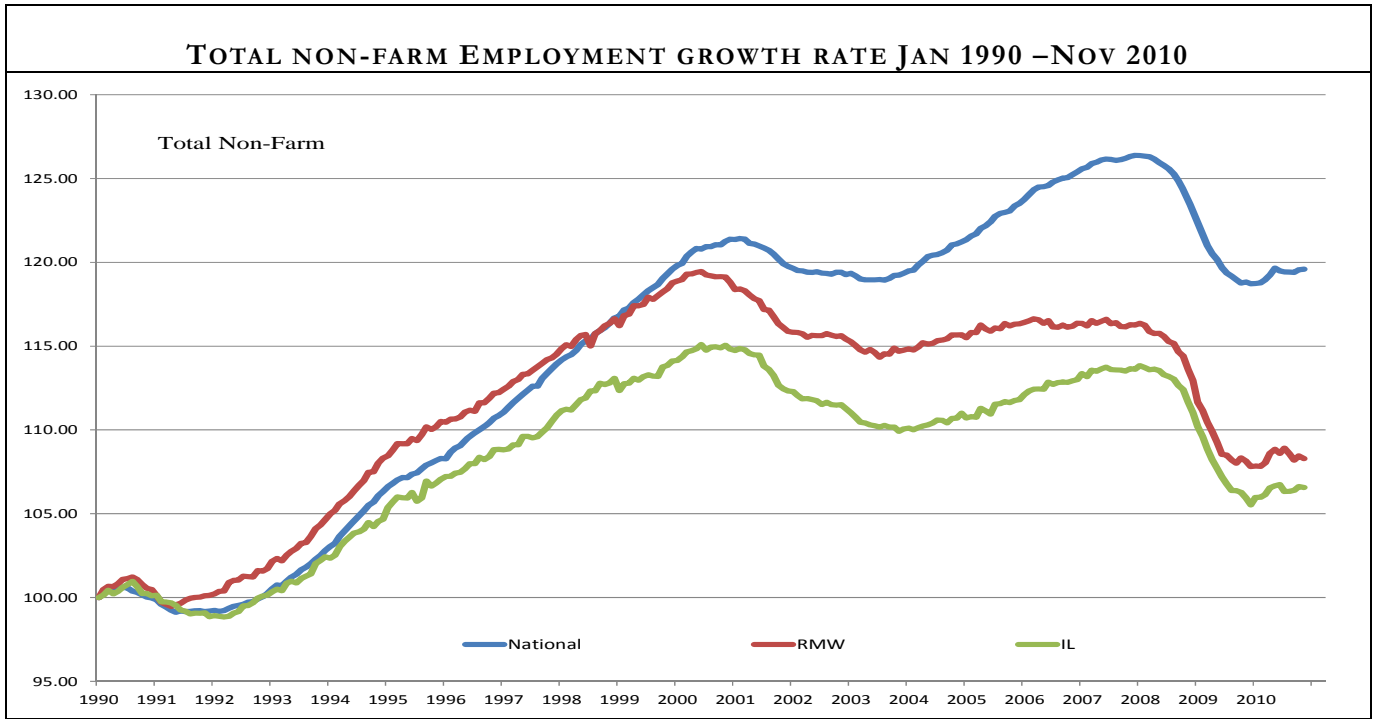
## EMPLOYMENT DATA SUMMARY

- Illinois shed 2,600 jobs in November 2010 at a rate of -0.05%, compared with a revised 11,600 job gain in October. Compared to November 2009, Illinois added 32,900 jobs, the largest monthly year-over-year increase since December 2007. The three-month moving average of jobs, a more stable measure of labor market, was up by 4,200 jobs per month. So far this year, Illinois has added +54,700 jobs, a growth rate of 1.0 percent.
- The Nation added 39,000 jobs at a rate of 0.03%, compared with a revised 172,000 job gain in October. The three-month moving average of jobs was up by 62,000 jobs per month.
- The Rest of the Midwest (RMW) shed 27,000 jobs in Nov after a revised 43,700 job gain in October. The three-month moving average was down by 16,100 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains nine times so far. The state of Illinois now has a net loss of 371,300 jobs since the beginning of the recession in December 2007.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 – Construction, Manufacturing, Trade, transportation & utilities, Information and Financial activities.
- Over the last 12 months, Illinois added 32,900 jobs at a rate 0.59%. This is the largest monthly year-over-year increase since December 2007.
- The shadow unemployment rates for Illinois, RMW and the Nation were 11.4%, 14.3% and 12.7%, compared to official unemployment rates of 9.6%, 9.8% and 9.8%. This is the first month since January 2007 that the Illinois unemployment rate has fallen below the U.S. rate.
- Through Nov 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.44%, 8.04%, and 17.94%, respectively.

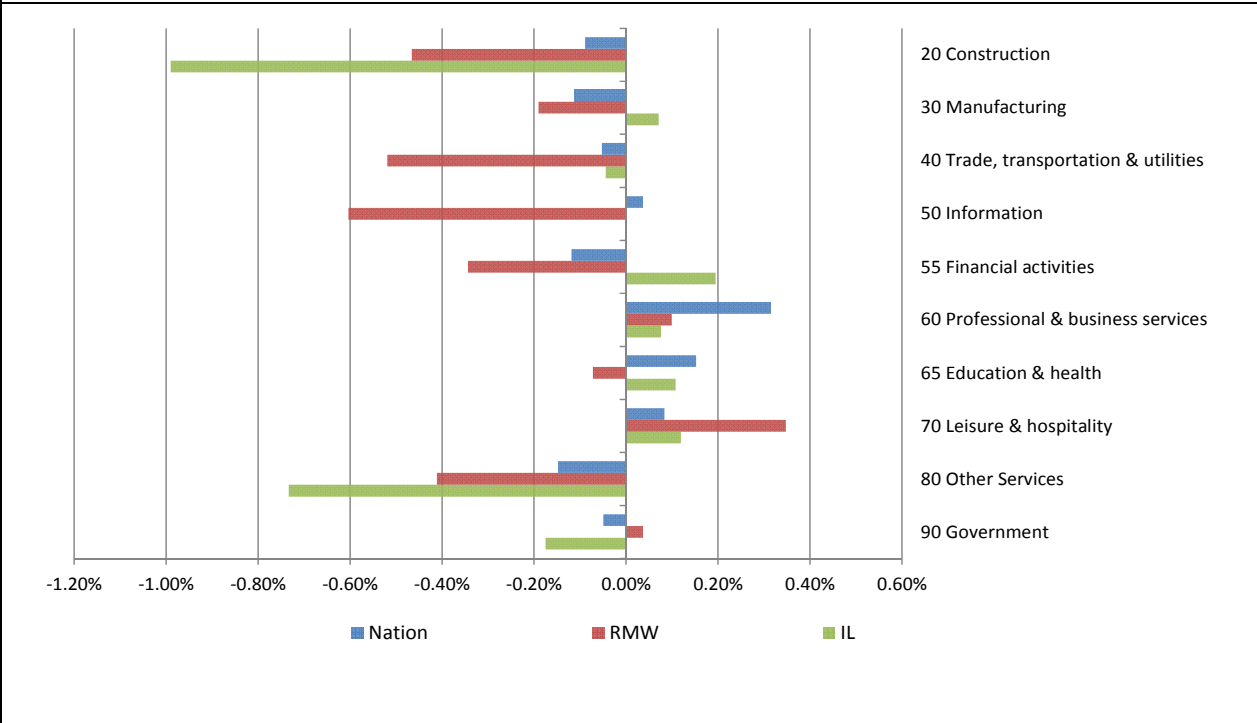
## NOVEMBER 2010 EMPLOYMENT CHART

Dec 2010 Negative	Total Non-Farm Employment	Oct 2010 – Nov 2010		Last 12 months		Nov 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	<b>Nation</b>	0.03	39,000	0.65	842,000	12.7%
	<b>RMW*</b>	-0.15	-27,000	0.14	26,400	14.3%
	<b>Illinois</b>	-0.05	-2,600	0.59	32,900	11.4%

\*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 OCT 2010 – NOV 2010**



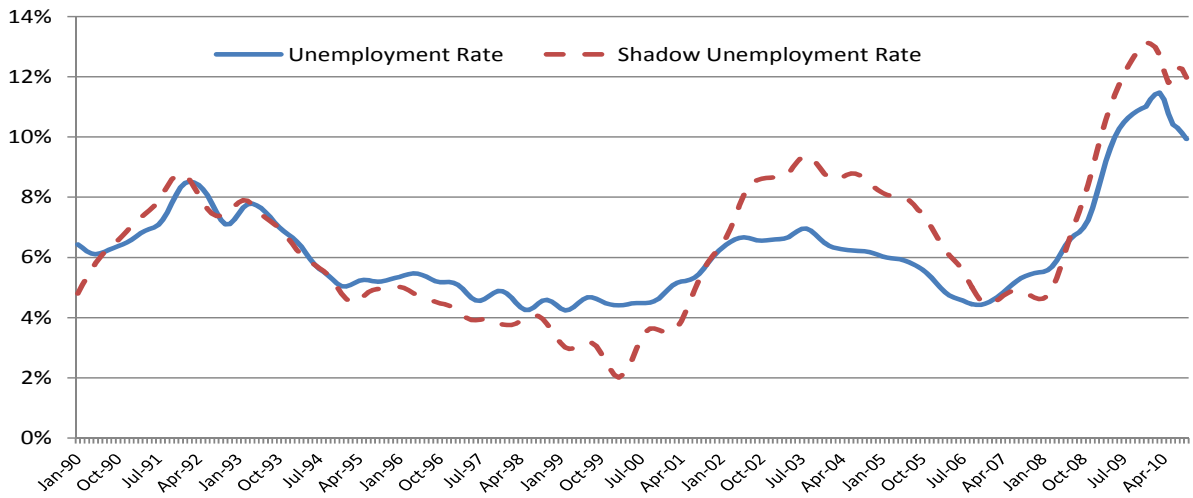
**SHADOW UNEMPLOYMENT**

**Unemployment Rate: Official and Shadow**

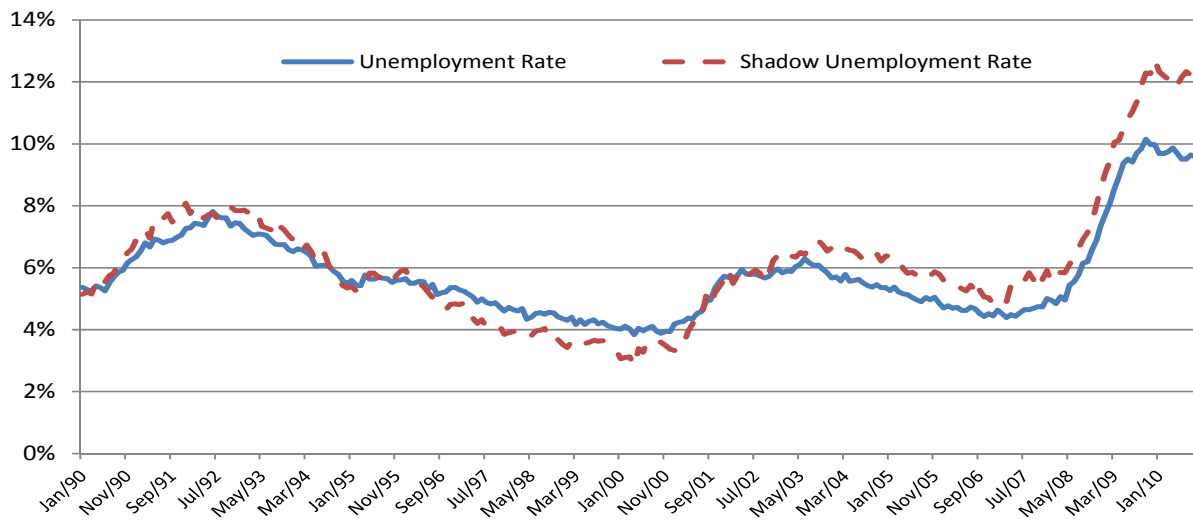
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 120,200 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

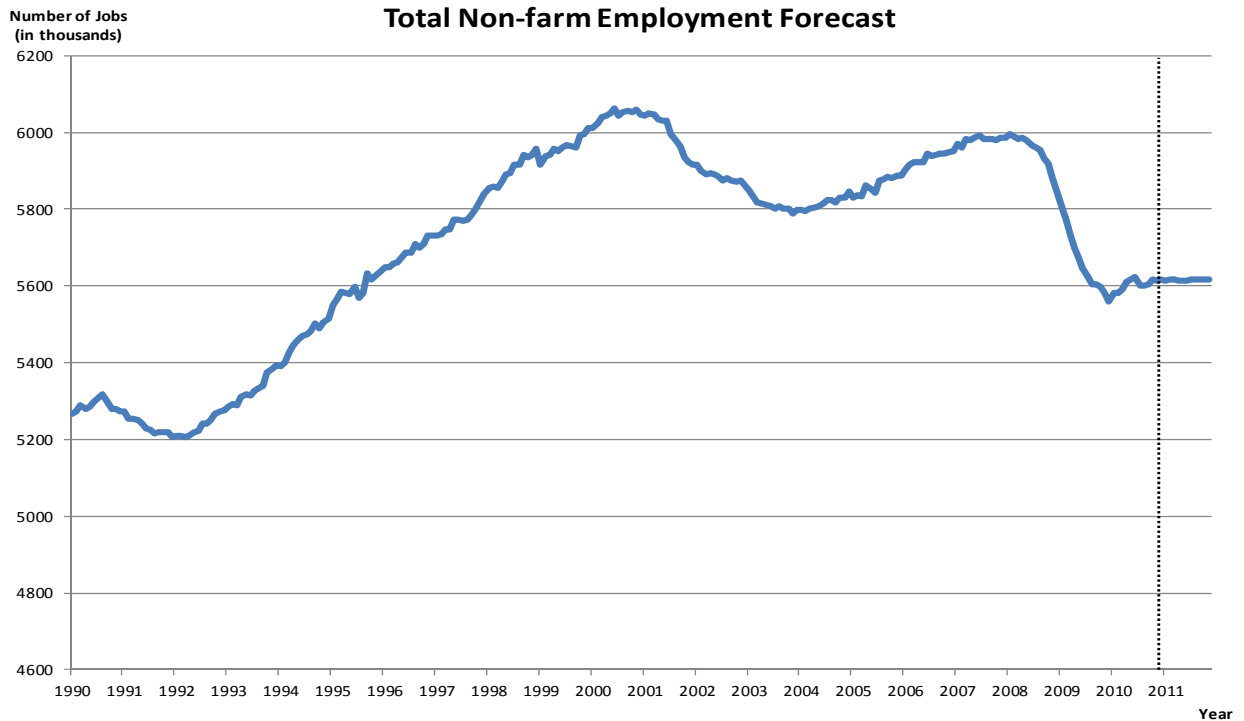


▪ US



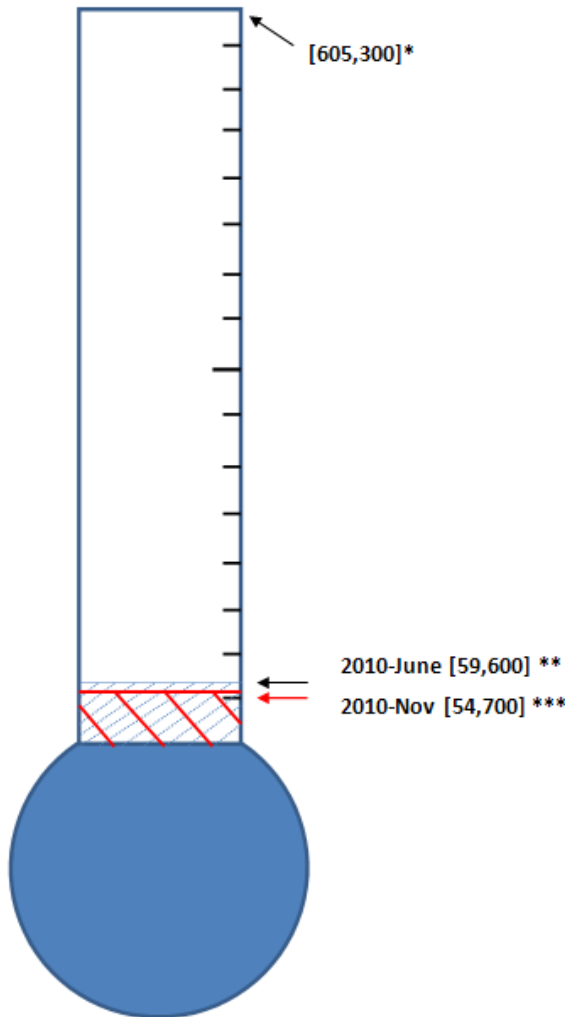
## EMPLOYMENT FORECAST

	Nov.2010	Nov.2011 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,612,900	5,617,600	4,700~20,000	0.08%~0.36%
<b>Construction</b>	200,000	199,300	-700	-0.35%
<b>Manufacturing</b>	563,700	565,100	1,400	0.25%
<b>Trade, transportation &amp; utilities</b>	1,134,200	1,136,700	2,500	0.22%
<b>Information</b>	105,200	105,200	0	0.00%
<b>Financial Activities</b>	360,600	357,300	-3,300	-0.92%
<b>Professional &amp; business services</b>	785,500	782,800	-2,700	-0.34%
<b>Education &amp; health</b>	836,500	842,700	6,200	0.74%
<b>Leisure &amp; hospitality</b>	504,100	502,800	-1,300	-0.26%
<b>Other services</b>	257,200	257,400	200	0.08%
<b>Government</b>	855,700	858,100	2,400	0.28%



\* The values by sector for the number of jobs added are the lower bound of the forecast.

## Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2010-June	At the point of 2010-Nov
In 5 years	109,100 jobs/year	110,100 jobs/year
In 8 years	68,200 jobs/year	68,800 jobs/year
In 10 years	54,600 jobs/year	55,000 jobs/year
In 15 years	36,800 jobs/year	36,700 jobs/year

\* The figure 605,300 is the number of jobs we need for Illinois economy to recover to the previous employment peak, 2000-Nov. The gap between the previous peak 2000-Nov and the previous lowest point 2009-Dec is 501,300. Adding 104,000, the number of jobs that we need to bring shadow and official unemployment rates together, the total number of jobs that Illinois needs to create is 605,300.

\*\*The figure 59,600 represents the jobs recovered from Dec. 2009 (previous lowest level) through June 2010.

\*\*\* The figure 54,700 represents the jobs recovered from Dec. 2009 through Nov. 2010.

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## CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
<b>Nation</b>	126.39 (Dec-2007)	119.56 (Oct 2010)	Negative growth	N/A
<b>RMW</b>	119.45 (Jun-2000)	108.45 (Oct 2010)	Negative growth	N/A
<b>IL</b>	115.09 (Nov-2000)	106.62 (Oct 2010)	Negative growth	N/A
<b>Metro Areas**:</b>				
<b>Bloomington Normal</b>	141.73 (Feb 2002)	135.72 (Oct 2010)	Negative growth	N/A
<b>Champaign Urbana</b>	116.13 (Jan 2009)	110.04 (Oct 2010)	Negative growth	N/A
<b>Chicago</b>	114.86 (Nov 2000)	104.22 (Oct 2010)	Negative growth	N/A
<b>Davenport- Rock Island-Moline</b>	115.02 (Mar 2008)	107.76 (Oct 2010)	Negative growth	N/A
<b>Decatur</b>	112.37 (Jan 2000)	96.88 (Oct 2010)	Negative growth	N/A
<b>Kankakee</b>	125.57 (Mar 2008)	119.81 (Oct 2010)	Negative growth	N/A
<b>Peoria</b>	122.21 (Aug 2008)	112.27 (Oct 2010)	Negative growth	N/A
<b>Rockford</b>	122.81 (Nov 2000)	105.35 (Oct 2010)	Negative growth	N/A
<b>Springfield</b>	110.89 (Aug 2000)	103.01 (Oct 2010)	Negative growth	N/A
<b>Metro-East</b>	114.97 (Jun 2001)	106.22 (Oct 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.

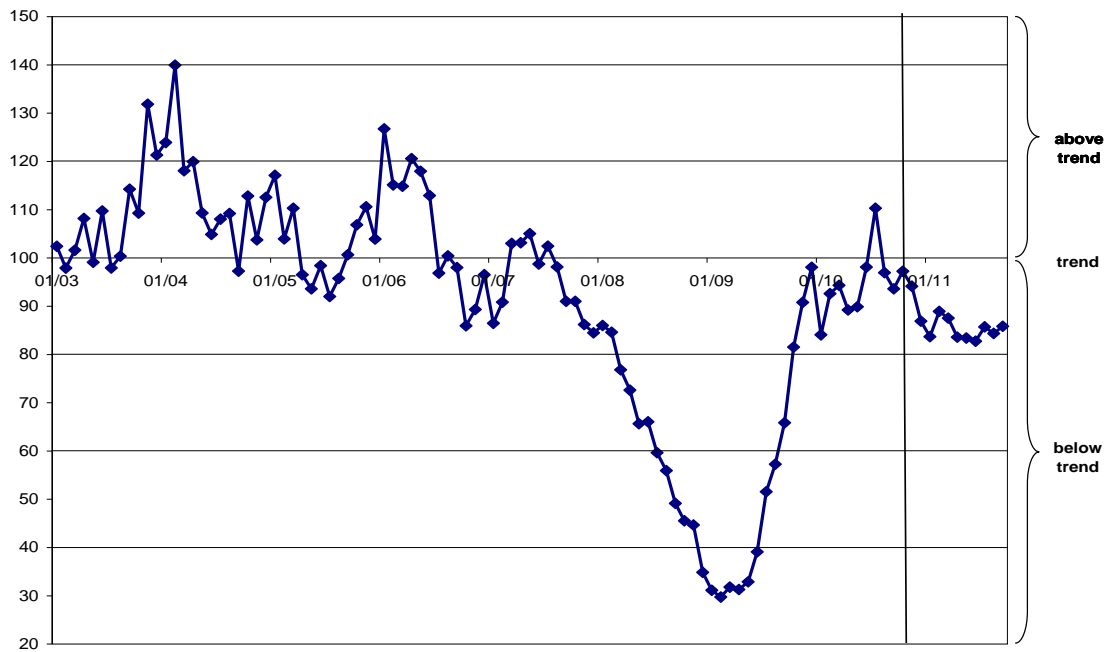
NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.



# CBAI INCREASED IN OCTOBER

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 97.2 in October, an increase from the 93.6 recorded in September. The increase in October could be attributed mainly to the increase of private consumption and the improvement in construction activity in Chicago region.
- In October, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production decreased 0.2 percent in October. The capacity utilization rate for total industry edged down to 74.9 percent. On the other hand, national retail sales increased 1.8 percent in October. The number of unemployed persons, at 14.8 million, was little changed in October, and the unemployment rate remained at 9.6 percent and has been essentially unchanged since May.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.28 in October, from -0.52 in September. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.75 percent in October, after a 0.25 percent increase in September. In the Chicago region in October, manufacturing employment decreased 0.09 percent while non-manufacturing employment decreased 0.05 percent and construction employment increased by 0.37 percent. Regional retail sales are estimated to have increased 0.26 percent in October.
- In the coming months, the national economy is likely to maintain its modest recovery trend; but a number of uncertainties remain. The Bureau of Labor Statistics reported total nonfarm payroll employment increased by 151,000 in October. Government employment overall was little changed in October. Private-sector payroll employment rose by 159,000 over the month. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on a modest improving trend over the next several months.



# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY\*

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- Metro-East (4th to 9th) experienced the deepest fall this month.
- Champaign-Urbana-Rantoul (1st to 4th), Springfield (2nd to 5th), Davenport-Rock Island-Moline (3rd to 7th) and Peoria (7th to 10th) all dropped in terms of rank from last month.
- The most remarkable upward move in October was Rockford (10th to 1st).
- Kankakee (5th to 2nd), Bloomington-Normal (9th to 3rd) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Rockford (6th to 1st), Kankakee (8th to 7th) while downward moves were recorded for Peoria (2nd to 3rd), Davenport-Rock Island-Moline (1st to 2nd), Bloomington-Normal (3rd to 4th), Champaign-Urbana-Rantoul (4th to 5th), Springfield (5th to 6th) and Decatur (7th to 8th).
- Compared with last month, Metro-East kept its last place respectively in terms of rank.

\*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	Sep2010	Oct 2010	Rank	Change**
1	Champaign-Urbana-Rantoul(1.7%)	Rockford (0.62%)	1	↑(+9)
2	Springfield (0.42%)	Kankakee(0.31%)	2	↑(+3)
3	Davenport-Rock Island-Moline (0.37%)	Bloomington-Normal (0.23%)	3	↑(+6)
4	Metro-East (0.15%)	Champaign-Urbana-Rantoul (0.2%)	4	↓(-3)
5	Kankakee (0%)	Springfield (0.05%)	5	↓(-3)
6	Chicago (-0.07%)	Chicago (-0.02%)	6	←(+0)
7	Peoria (-0.09%)	Davenport-Rock Island-Moline (-0.05%)	7	↓(-4)
8	Decatur (-0.1%)	Decatur (-0.1%)	8	←(+0)
9	Bloomington-Normal(-0.28%)	Metro-East (-0.12%)	9	↓(-5)
10	Rockford (-1.17%)	Peoria (-0.14%)	10	↓(-3)

## Growth over last 12-months:

Rank	Sep2010	Oct 2010	Rank	Change**
1	Davenport-Rock Island-Moline (0.36%)	Rockford (0.27%)	1	↑(+5)
2	Peoria (0.13%)	Davenport-Rock Island-Moline (0.16%)	2	↓(-1)
3	Bloomington-Normal (-0.27%)	Peoria (0.16%)	3	↓(-1)
4	Champaign-Urbana-Rantoul (-0.45%)	Bloomington-Normal (0.04%)	4	↓(-1)
5	Springfield (-0.5%)	Champaign-Urbana-Rantoul (-0.21%)	5	↓(-1)
6	Rockford (-0.57%)	Springfield (-0.6%)	6	↓(-1)
7	Decatur (-0.74%)	Kankakee (-0.66%)	7	↑(+1)
8	Kankakee (-1.14%)	Decatur (-1.29%)	8	↓(-1)
9	Chicago (-1.63%)	Chicago (-1.49%)	9	←(+0)
10	Metro-East (-2.2%)	Metro-East (-1.94%)	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)

