



# 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.

JANUARY 2011

# EMPLOYMENT

## EMPLOYMENT DATA SUMMARY

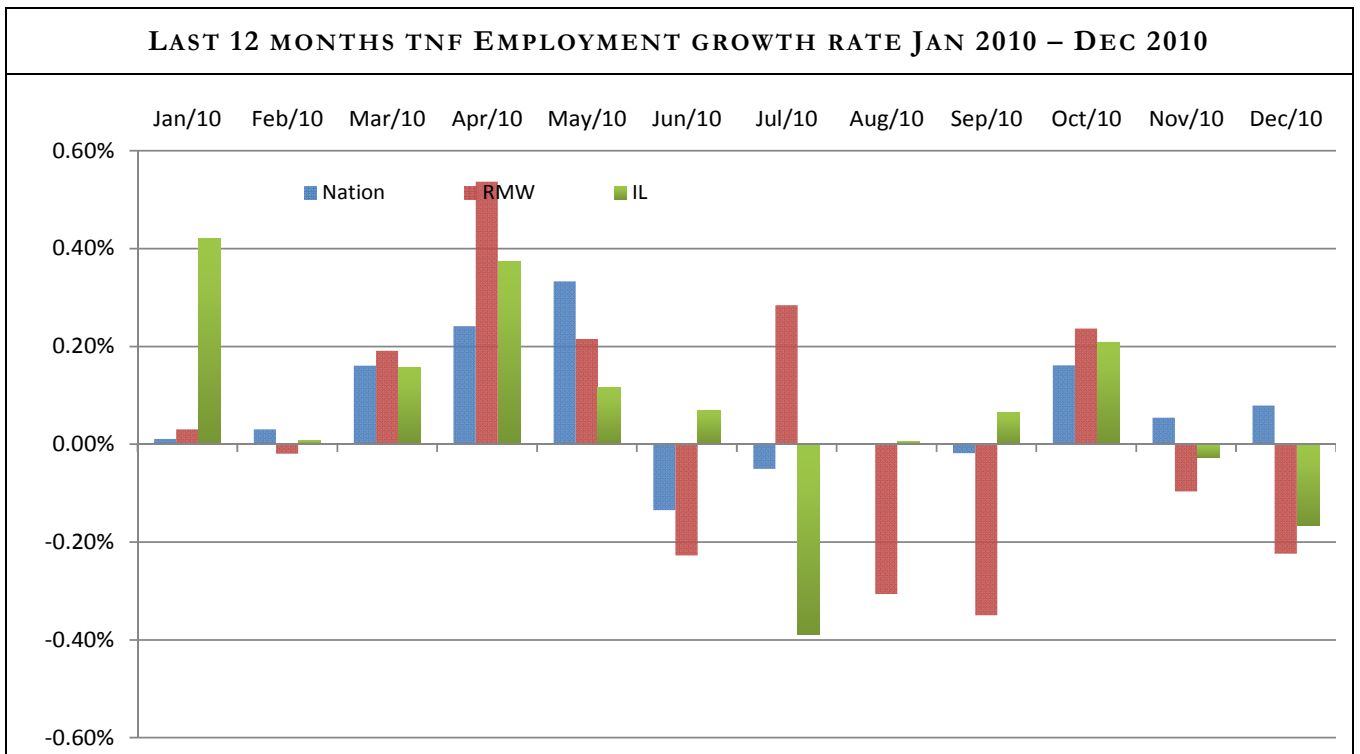
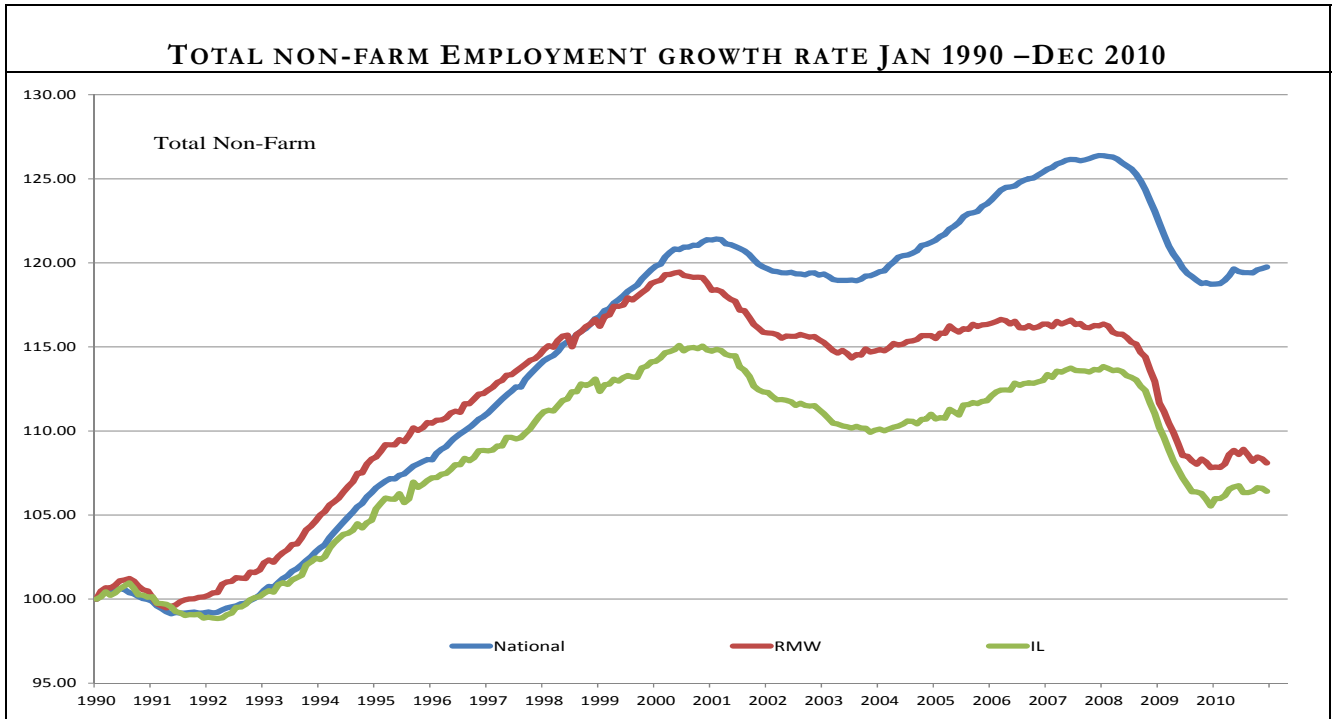
- Illinois shed 9,400 jobs in December 2010 at a rate of -0.17%, compared with a revised 1,600 job loss in November. Compared to December 2009, Illinois added 46,300 jobs, the largest monthly year-over-year increase since July 2007. The three-month moving average of jobs, a more stable measure of labor market, was up by 200 jobs per month.
- The Nation added 103,000 jobs at a rate of 0.08%, compared with a revised 71,000 job gain in November. The three-month moving average of jobs was up by 128,000 jobs per month.
- The Rest of the Midwest (RMW) shed 41,400 jobs in Dec after a revised 17,900 job loss in November. The three-month moving average was down by 5,200 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 27 times and positive job gains nine times so far. The state of Illinois now has a net loss of 381,500 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 46,300 jobs at a rate 0.83%. This is the largest monthly year-over-year increase since July 2007.
- The shadow unemployment rates for Illinois, RMW and the Nation were 10.8%, 14.1% and 12.5%, compared to official unemployment rates of 9.3%, 9.5% and 9.4%. This is the first month since March 2009 that the Illinois unemployment rate is at the level of 9.3%. The last time Illinois remained below the national rate for two consecutive months was September 2006.
- Through Nov 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.44%, 8.04%, and 19.75%, respectively.

## DECEMBER 2010 EMPLOYMENT CHART

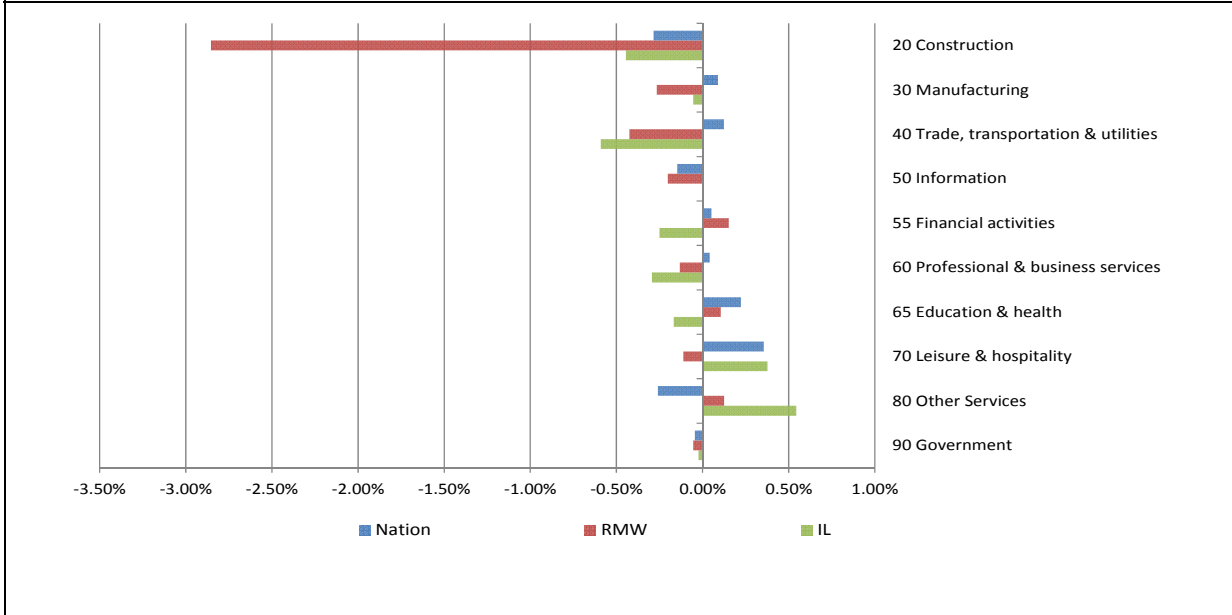
Jan 2011 Negative	Total Non-Farm Employment	Nov 2010 – Dec 2010		Last 12 months		Dec 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	<b>Nation</b>	0.08	103,000	0.87	1,124,000	12.5%
	<b>RMW*</b>	-0.22	-41,400	0.27	48,900	14.1%
	<b>Illinois</b>	-0.17	-9,400	0.83	46,300	10.8%

\*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 NOV 2010 – DEC 2010**



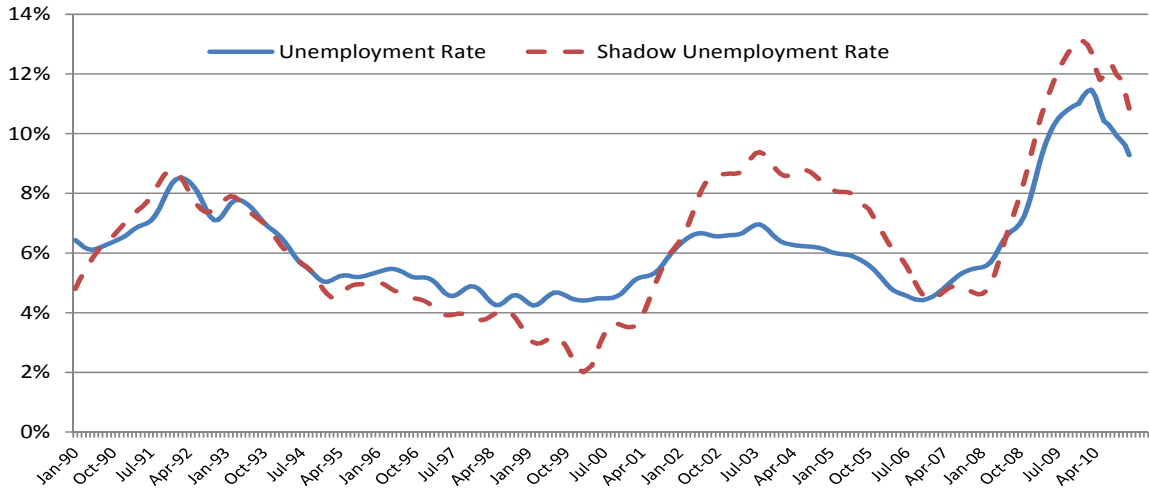
**SHADOW UNEMPLOYMENT**

**Unemployment Rate: Official and Shadow**

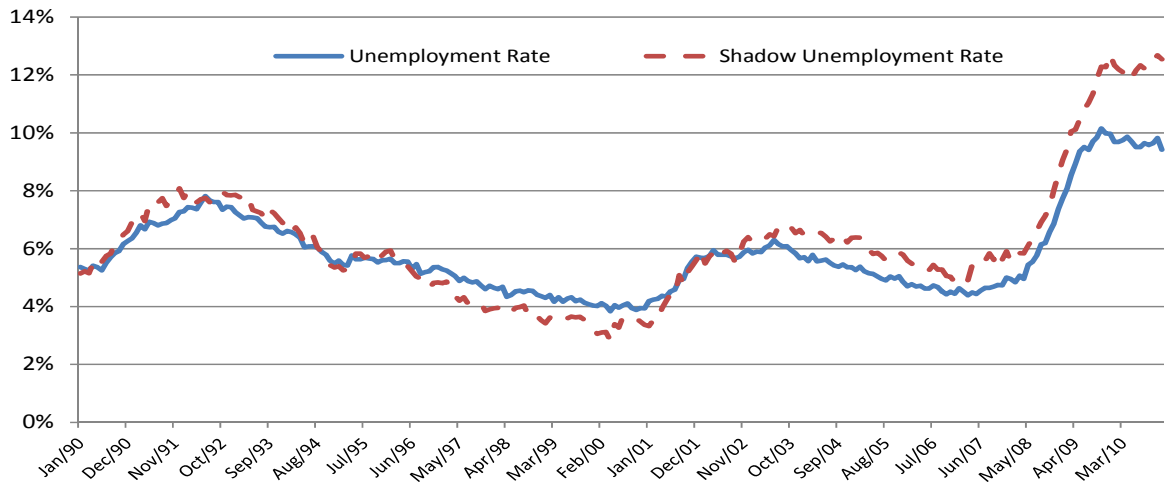
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2010, 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 2010, 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 105,400 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ **Illinois**

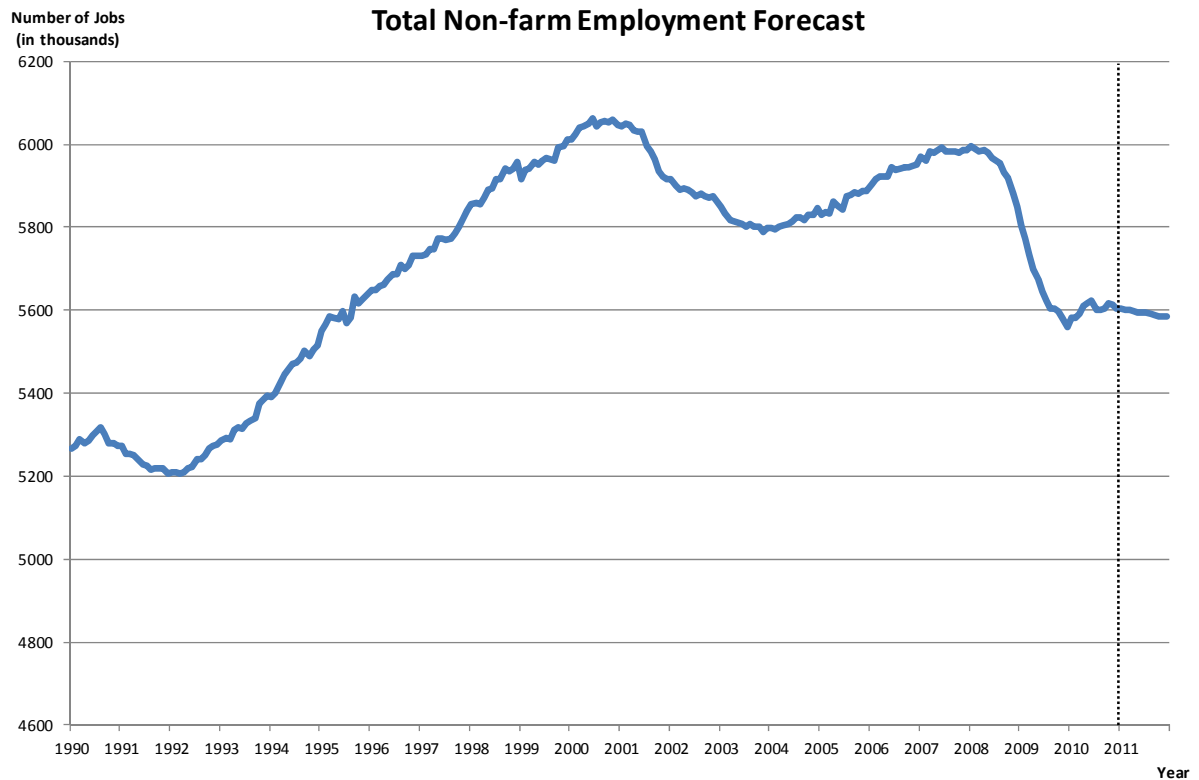


■ US



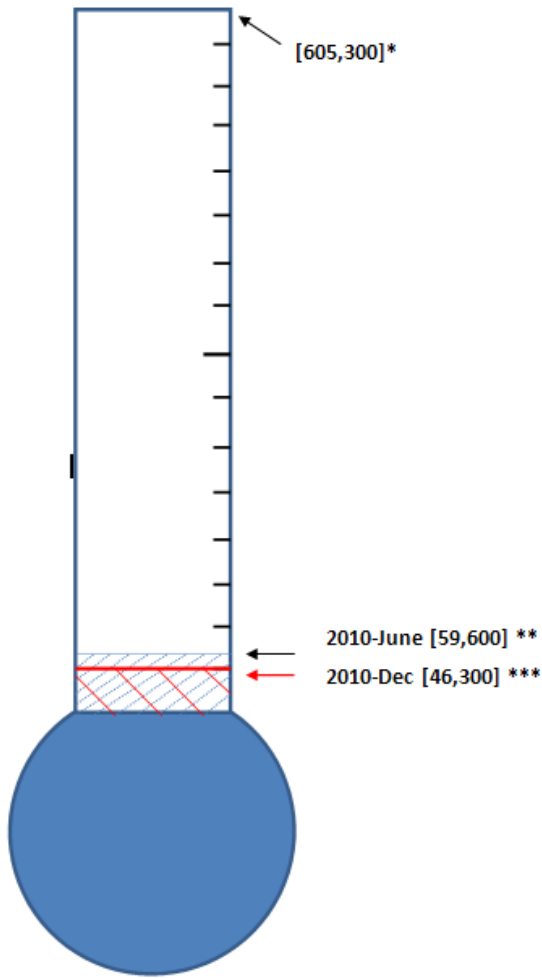
## EMPLOYMENT FORECAST

	Dec. 2010	Dec. 2011 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,604,500	5,584,100	-20,400~16,000	-0.36%~0.32%
<b>Construction</b>	201,200	197,500	-2,900	-1.44%
<b>Manufacturing</b>	563,200	560,600	-2,000	-0.36%
<b>Trade, transportation &amp; utilities</b>	1,128,300	1,123,300	-3,900	-0.35%
<b>Information</b>	105,400	105,600	100	0.09%
<b>Financial Activities</b>	359,400	349,400	-7,800	-2.17%
<b>Professional &amp; business services</b>	781,500	760,400	-16,500	-2.11%
<b>Education &amp; health</b>	834,600	849,700	9,200	1.10%
<b>Leisure &amp; hospitality</b>	506,200	502,600	-2,900	-0.57%
<b>Other services</b>	258,200	262,300	2,500	0.97%
<b>Government</b>	856,300	862,500	3,800	0.44%



\* 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-Dec	At the point of 2010-June
In 5 years	111,800 jobs/year	109,000 jobs/year
In 8 years	69,900 jobs/year	68,000 jobs/year
In 10 years	55,900 jobs/year	55,000 jobs/year
In 15 years	37,300 jobs/year	36,000 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 46,300 represents the jobs recovered from Dec. 2009 through Dec. 2010.

## CATCH UP SCENARIO

### *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)	119.59 (Nov 2010)	Negative growth	N/A
<b>RMW</b>	119.45 (Jun-2000)	108.29 (Nov2010)	Negative growth	N/A
<b>IL</b>	115.09 (Nov-2000)	106.57 (Nov2010)	Negative growth	N/A
<b>Metro Areas** :</b>				
<b>Bloomington Normal</b>	141.73 (Feb 2002)	135.50 (Nov2010)	Negative growth	N/A
<b>Champaign Urbana</b>	116.13 (Jan 2009)	110.28 (Nov2010)	Negative growth	N/A
<b>Chicago</b>	114.86 (Nov 2000)	104.22 (Nov2010)	Negative growth	N/A
<b>Davenport- Rock Island-Moline</b>	115.02 (Mar 2008)	108.13 (Nov2010)	Negative growth	N/A
<b>Decatur</b>	112.37 (Jan 2000)	95.18 (Nov2010)	Negative growth	N/A
<b>Kankakee</b>	125.57 (Mar 2008)	119.72 (Nov2010)	Negative growth	N/A
<b>Peoria</b>	122.21 (Aug 2008)	111.96 (Nov2010)	Negative growth	N/A
<b>Rockford</b>	122.81 (Nov 2000)	105.45 (Nov2010)	Negative growth	N/A
<b>Springfield</b>	110.89 (Aug 2000)	103.11 (Nov2010)	Negative growth	N/A
<b>Metro-East</b>	114.97 (Jun 2001)	106.42 (Nov2010)	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.

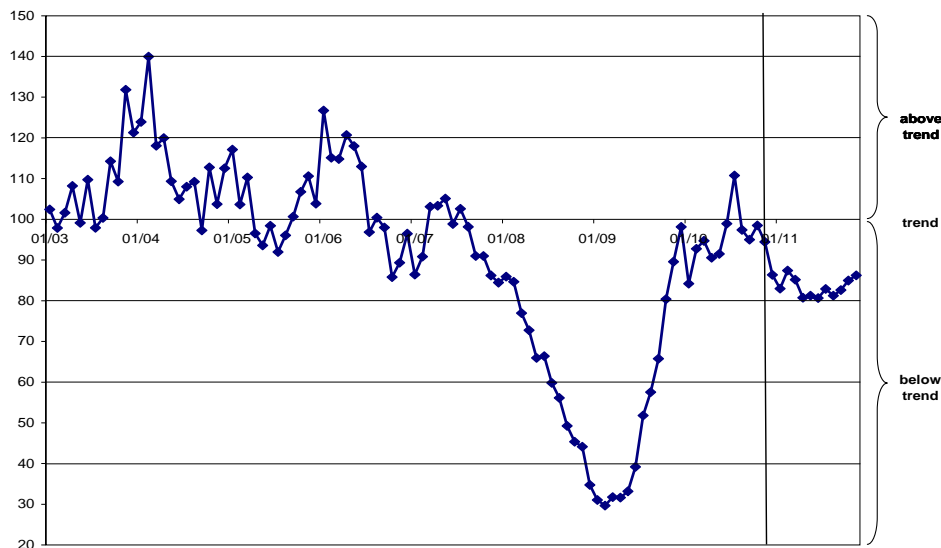
NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.



# CBAI INCREASED IN NOVEMBER

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 94.4 in November, down from 98.5 in October. The drop of the index in November could be attributed mainly to the sluggishness of private demand and the decrease of non-manufacturing employment and construction activities in the Chicago region.
- In November, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.4 percent in November. The capacity utilization rate for total industry rose to 75.2 percent, a rate 5.4 percentage points below its average from 1972 to 2009. On the other hand, national retail sales increased 0.86 percent in November. The number of unemployed persons was 15.1 million in November. The unemployment rate edged up to 9.8 percent; it was 9.6 percent in each of the prior 3 months.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to -0.46 in November, from -0.25 in October. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.37 percent in November, after a 0.25 percent increase in October. In the Chicago region in November, manufacturing employment increased 0.03 percent while non-manufacturing employment decreased 0.12 percent and construction employment decreased by 0.25 percent. Regional retail sales are estimated to have decreased 1.85 percent in November.
- 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 changed little in November (+39,000). Job gains continued in temporary help services and in health care, while employment fell in retail trade. 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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- Kankakee and Bloomington-Normal experienced the deepest fall this month.
- Rockford (1st to 5th) also dropped in terms of rank from last month.
- The most remarkable upward move in November was Davenport-Rock Island-Moline (6th to 1st) and Metro-East (8th to 3rd)
- Champaign-Urbana-Rantoul (4th to 2nd), Springfield (5th to 4th) and Chicago (7th to 6th) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Davenport-Rock Island-Moline (2nd to 1st), Bloomington-Normal (4th to 3rd) and Champaign-Urbana-Rantoul (5th to 4th) while downward moves were recorded for Rockford (1st to 2nd), Peoria(3rd to 5th)
- Springfield, Kankakee, Decatur, Chicago, Metro-East remained unchanged 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	Oct 2010	Nov 2010	Rank	Change**
1	Rockford (0.66%)	Davenport-Rock Island-Moline(0.18%)	1	↑(+5)
2	Kankakee (0.33%)	Champaign-Urbana-Rantoul(0.15%)	2	↑(+2)
3	Bloomington-Normal (0.23%)	Metro-East (0.11%)	3	↑(+5)
4	Champaign-Urbana-Rantoul (0.22%)	Springfield (0.09%)	4	↑(+1)
5	Springfield (0.05%)	Rockford (0.01%)	5	↓(-4)
6	Davenport-Rock Island-Moline (0.01%)	Chicago (-0.07%)	6	↑(+1)
7	Chicago (-0.06%)	Kankakee (-0.12%)	7	↓(-5)
8	Metro-East (-0.09%)	Bloomington-Normal (-0.16%)	8	↓(-5)
9	Peoria(-0.15%)	Peoria (-0.28%)	9	←(+0)
10	Decatur (-0.17%)	Decatur (-0.62%)	10	←(+0)

## Growth over last 12-months:

Rank	Oct 2010	Nov 2010	Rank	Change**
1	Rockford (0.27%)	Davenport-Rock Island-Moline (0.99%)	1	↑(+1)
2	Davenport-Rock Island-Moline (0.18%)	Rockford (0.83%)	2	↓(-1)
3	Peoria (0.15%)	Bloomington-Normal (0.03%)	3	↑(+1)
4	Bloomington-Normal (0.03%)	Champaign-Urbana-Rantoul (0.02%)	4	↑(+1)
5	Champaign-Urbana-Rantoul (-0.21%)	Peoria (-0.44%)	5	↓(-2)
6	Springfield (-0.61%)	Springfield (-0.51%)	6	←(+0)
7	Kankakee (-0.66%)	Kankakee (-0.65%)	7	←(+0)
8	Decatur (-1.31%)	Decatur (-1.12%)	8	←(+0)
9	Chicago (-1.45%)	Chicago (-1.24%)	9	←(+0)
10	Metro-East (-1.94%)	Metro-East (-1.63%)	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)

