



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.

MARCH 2011

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

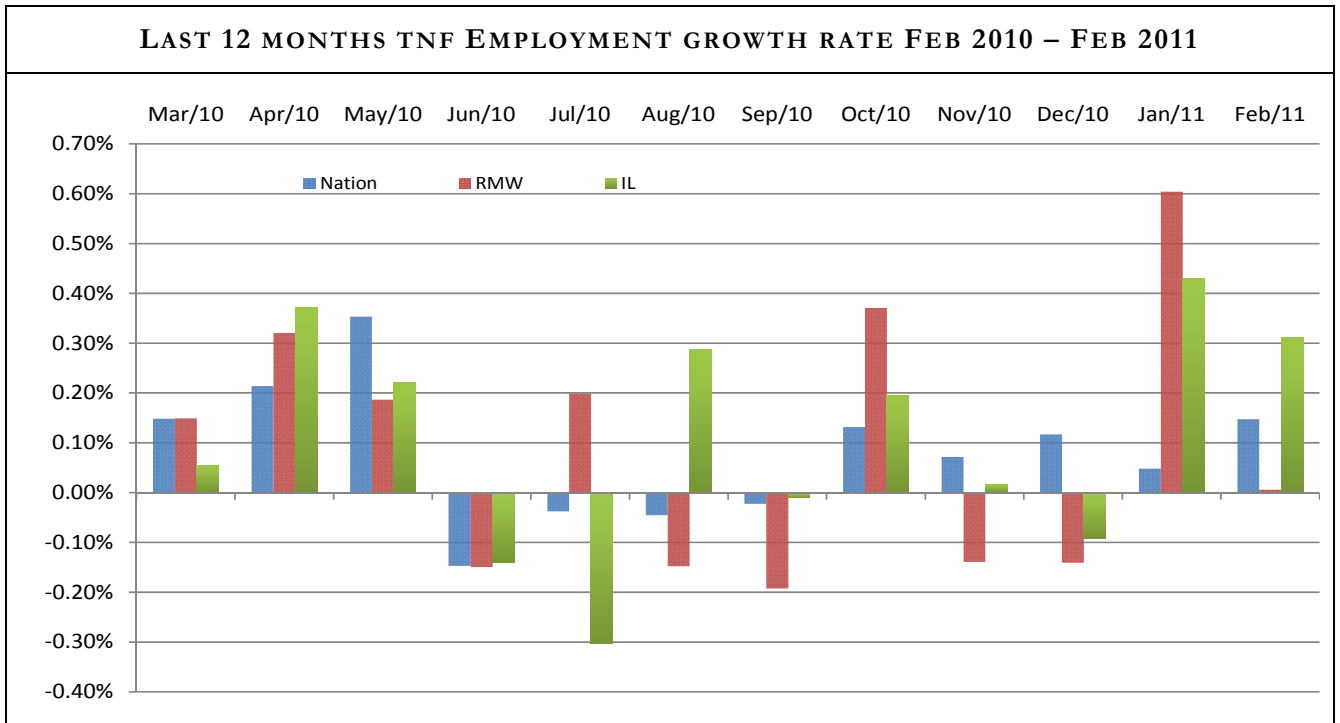
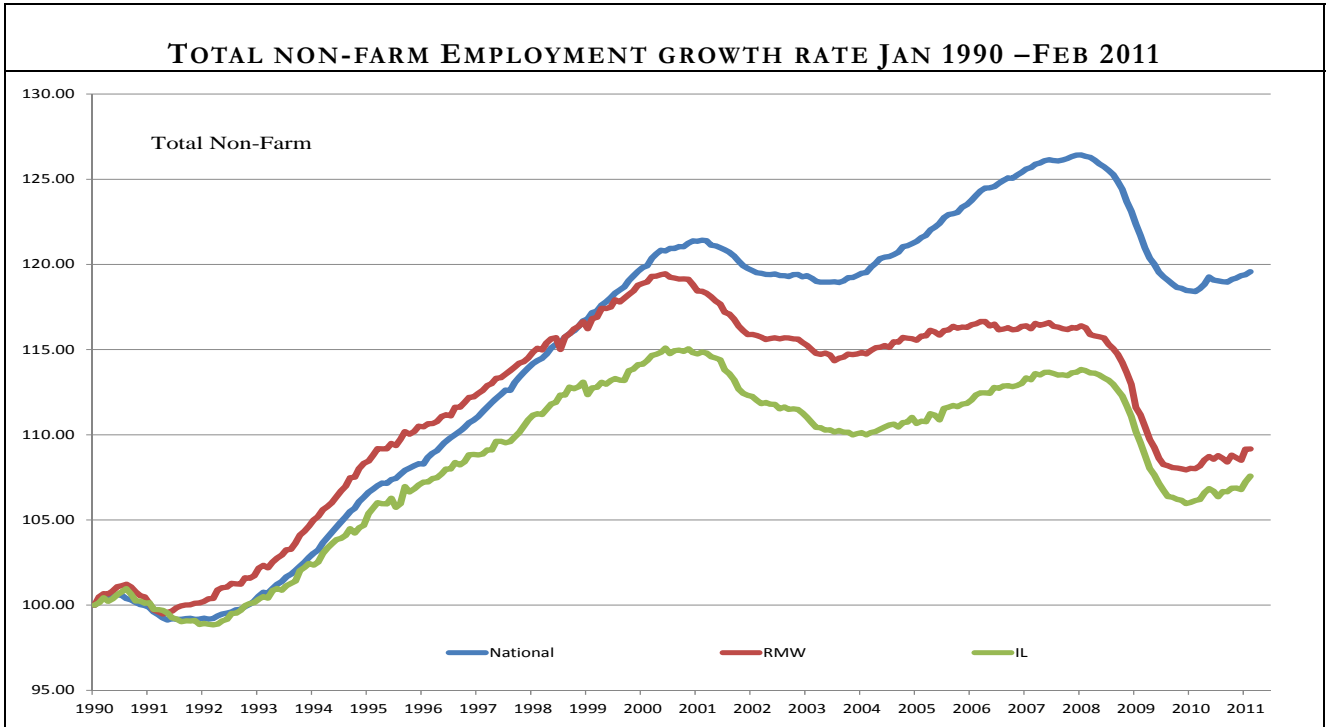
- Illinois added 17,600 jobs in February 2011 at a rate of 0.31%, compared with a revised 24,200 job gain in January 2011. Compared to February 2010, Illinois has added 75,200 jobs, the largest monthly year-over-year increase since June 2006. The three-month moving average of jobs, a more stable measure of labor market, was up by 12,200 jobs per month.
- The Nation added 192,000 jobs at a rate of 0.15%, compared with a revised 63,000 job gain in January. The three-month moving average of jobs was up by 135,700 jobs per month.
- The Rest of the Midwest (RMW) added 1,100 jobs in Feb after a revised 112,100 job gain in January. The three-month moving average was up by 29,000 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 27 times and positive job gains 11 times so far. The state of Illinois now has a net loss of 319,600 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.
- The shadow unemployment rates for Illinois, RMW and the Nation were 11.2%, 13.6% and 12.3%, compared to official unemployment rates of 8.9%, 9.0% and 8.9%. The last time the state rate was below 9.0 percent was two years ago in February 2009. The Illinois rate has been equal to or below the national rate since October 2010.
- Through Feb 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.57%, 9.16%, and 19.57%, respectively.

FEB 2011 EMPLOYMENT CHART

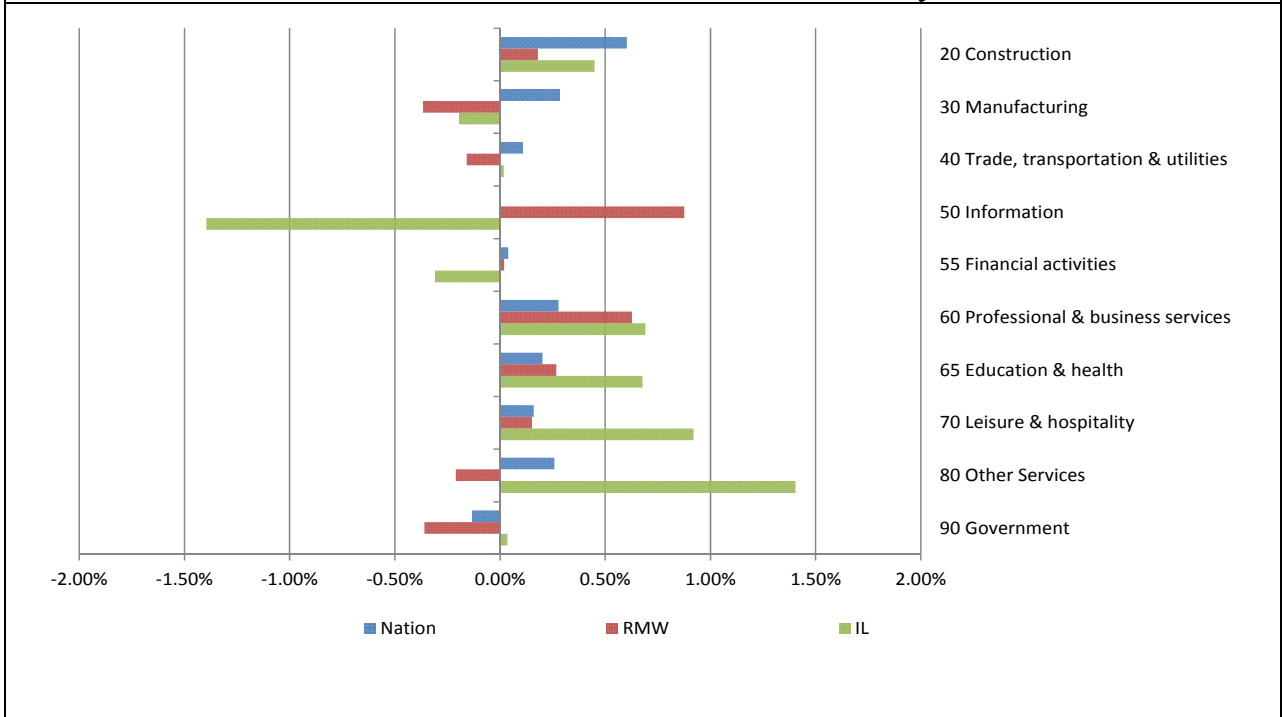
Mar 2011 Positive	Total Non-Farm Employment	Jan 2011– Feb 2011		Last 12 months		Feb 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.15	192,000	0.98	1,269,000	12.3%
	RMW*	0.01	1,100	1.07	196,800	13.6%
	Illinois	0.31	17,600	1.35	75,200	11.2%

*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 JAN 2011 – FEB 2011



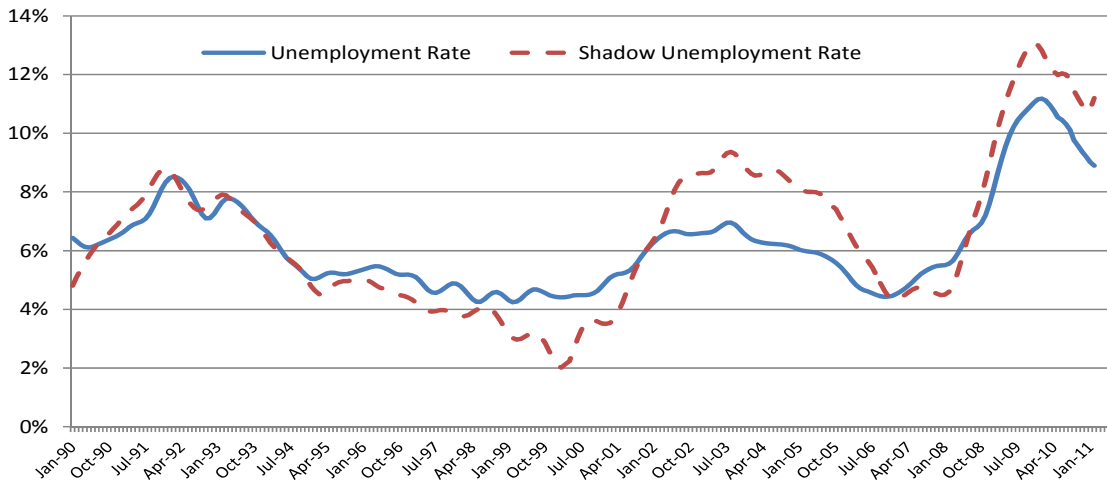
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

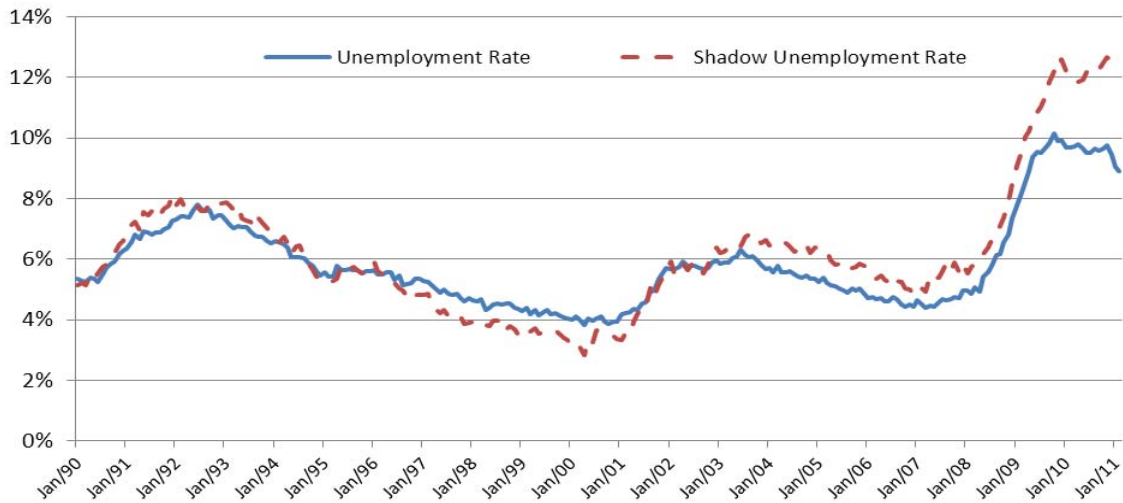
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 156,000 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

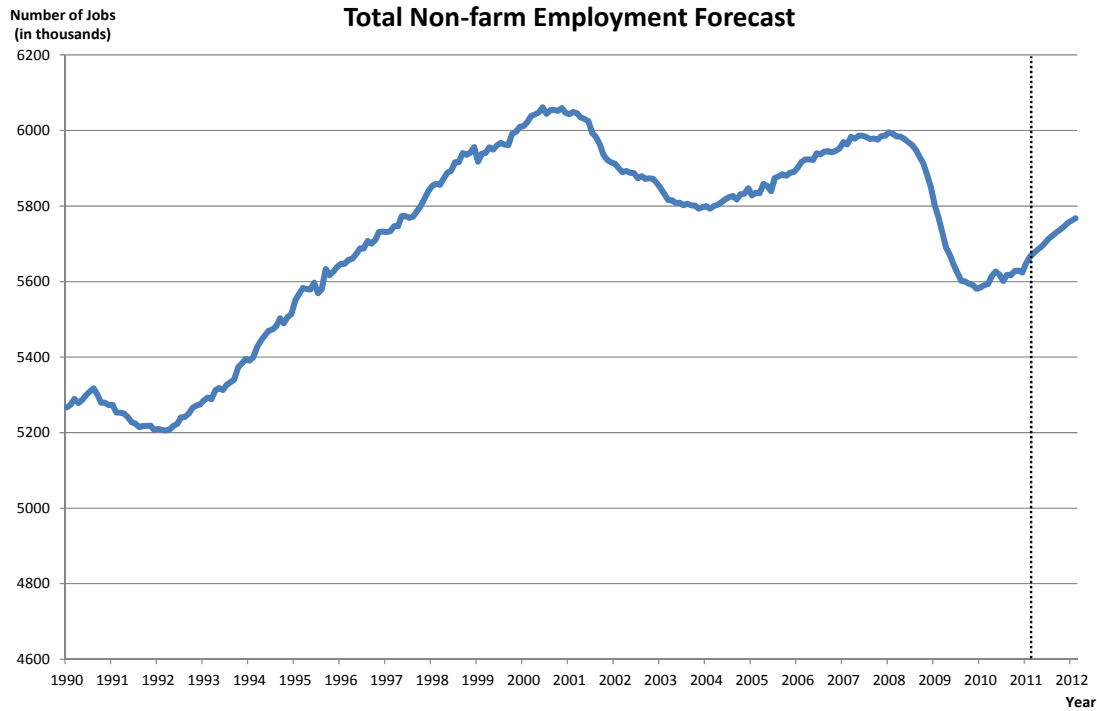


■ US



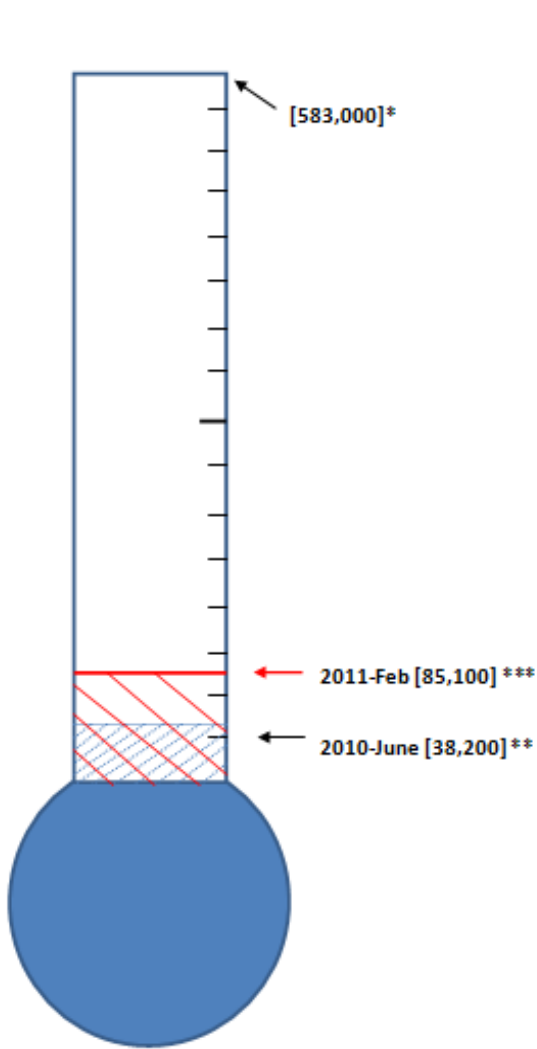
EMPLOYMENT FORECAST

	Feb. 2011	Feb. 2012 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,665,600	5,767,600	40,000~102,000	0.71%~1.80%
Construction	201,700	198,100	-3,600	-1.78%
Manufacturing	563,000	559,900	-3,100	-0.55%
Trade, transportation & utilities	1,136,400	1,164,600	28,200	2.48%
Information	98,900	95,100	-3,800	-3.84%
Financial Activities	355,400	346,700	-8,700	-2.45%
Professional & business services	816,400	851,800	35,400	4.34%
Education & health	848,400	872,000	23,600	2.78%
Leisure & hospitality	526,200	543,300	17,100	3.25%
Other services	259,900	265,200	5,300	2.04%
Government	849,700	861,300	11,600	1.37%



* 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 2011-Feb	At the point of 2010-June
In 5 years	100,000 jobs/year	109,000 jobs/year
In 8 years	62,000 jobs/year	68,000 jobs/year
In 10 years	50,000 jobs/year	54,000 jobs/year
In 15 years	33,000 jobs/year	36,000 jobs/year

* The figure 583,000 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 479,000. 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 583,000.

**The figure 38,200 represents the jobs recovered from Dec. 2009 (previous lowest level) through June 2010.

*** The figure 85,100 represents the jobs recovered from Dec. 2009 through Feb. 2011.

CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.39 (Dec-2007)	119.40 (Jan 2011)	Negative growth	N/A
RMW	119.45 (Jun-2000)	109.16 (Jan 2011)	Negative growth	N/A
IL	115.09 (Nov-2000)	107.24 (Jan 2011)	Negative growth	N/A
Metro Areas** :				
Bloomington Normal	141.73 (Feb 2002)	138.31 (Jan 2011)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	112.78 (Jan 2011)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	106.73 (Jan 2011)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	108.66 (Jan 2011)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	96.86 (Jan 2011)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	120.09 (Jan 2011)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	115.00 (Jan 2011)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	106.77 (Jan 2011)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	104.99 (Jan 2011)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	107.11 (Jan 2011)	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.

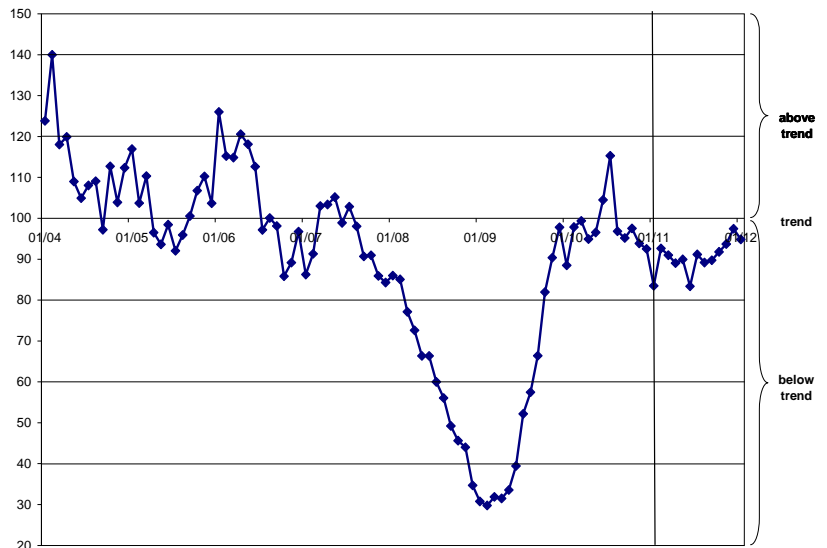
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 DECREASED IN JANUARY

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 83.5 in January, down from 92.5 in December. The drop of the index in January could be attributed mainly to the weakness in private demand.
- In January, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production rose 0.3 percent in January. The capacity utilization rate for all industry edged to 76.4 percent. In addition, national retail sales increased 0.79 percent in January. The number of unemployed persons decreased by about 600,000 in January to 13.9 million, and the unemployment rate declined by 0.4 percentage points to 9.0 percent.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to -0.16 in January, from 0.18 in December. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.08 percent in January, after a 0.73 percent increase in December. In the Chicago region in January, manufacturing employment increased 0.91 percent while non-manufacturing employment increased 0.41 percent and construction employment increased by 0.9 percent. Regional retail sales are estimated to have decreased 1.3 percent in January.
- 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 January (+36,000). 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.



CBAI (Current: 83.5)

	1 month	3 month	1 year
Historical (ago)	92.5	97.5	88.5
Forecast (ahead)	92.6	89.0	94.8

METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Metro-East and Springfield experienced the deepest fall this month.
- Rockford (3th to 7th), Kankakee (1st to 6th) and Decatur (8th to 9th) also dropped in terms of rank from last month.
- The most remarkable upward move in January was Champaign-Urbana-Rantoul (10th to 1st).
- Davenport-Rock Island-Moline (9th to 3rd), Bloomington-Normal (9th to 3rd) and Peoria (5th to 2nd) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Champaign-Urbana-Rantoul (10th to 2nd) and Davenport-Rock Island-Moline (4th to 3rd) while downward moves were recorded for Bloomington-Normal(9th to 10th), Springfield (3rd to 6th) and Decatur (2nd to 4th).
- Peoria and Rockford 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	Dec 2010	Jan 2011	Rank	Change**
1	Kankakee(0.61%)	Champaign-Urbana-Rantoul(4.28%)	1	↑(+9)
2	Metro-East (0.55%)	Peoria(0.54%)	2	↑(+3)
3	Rockford (0.22%)	Davenport-Rock Island-Moline (0.53%)	3	↑(+6)
4	Springfield (0.07%)	Bloomington-Normal (0.48%)	4	↑(+3)
5	Peoria (0.03%)	Chicago (0.47%)	5	↑(+1)
6	Chicago (0.01%)	Kankakee (0.29%)	6	↓(-5)
7	Bloomington-Normal (-0.16%)	Rockford (0.14%)	7	↓(-4)
8	Decatur (-0.18%)	Metro-East (0%)	8	↓(-6)
9	Davenport-Rock Island-Moline(-0.33%)	Decatur (-0.43%)	9	↓(-1)
10	Champaign-Urbana-Rantoul (-1.77%)	Springfield (-0.85%)	10	↓(-6)

Growth over last 12-months:

Rank	Dec 2010	Jan 2011	Rank	Change**
1	Peoria (2.76%)	Peoria (3.2%)	1	←(+0)
2	Decatur (1.93%)	Champaign-Urbana-Rantoul (3.01%)	2	↑(+8)
3	Springfield (1.45%)	Davenport-Rock Island-Moline (1.72%)	3	↑(+1)
4	Davenport-Rock Island-Moline (0.72%)	Decatur (1.64%)	4	↓(-2)
5	Rockford (0.65%)	Rockford (1.56%)	5	←(+0)
6	Chicago (0.64%)	Springfield (1.26%)	6	↓(-3)
7	Kankakee (0.28%)	Chicago (1.1%)	7	↓(-1)
8	Metro-East (-0.07%)	Kankakee (1.01%)	8	↓(-1)
9	Bloomington-Normal (-0.59%)	Metro-East (0.88%)	9	↓(-1)
10	Champaign-Urbana-Rantoul (-2.48%)	Bloomington-Normal (-0.33%)	10	↓(-1)

* 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)

