



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

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.

DECEMBER 2011

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

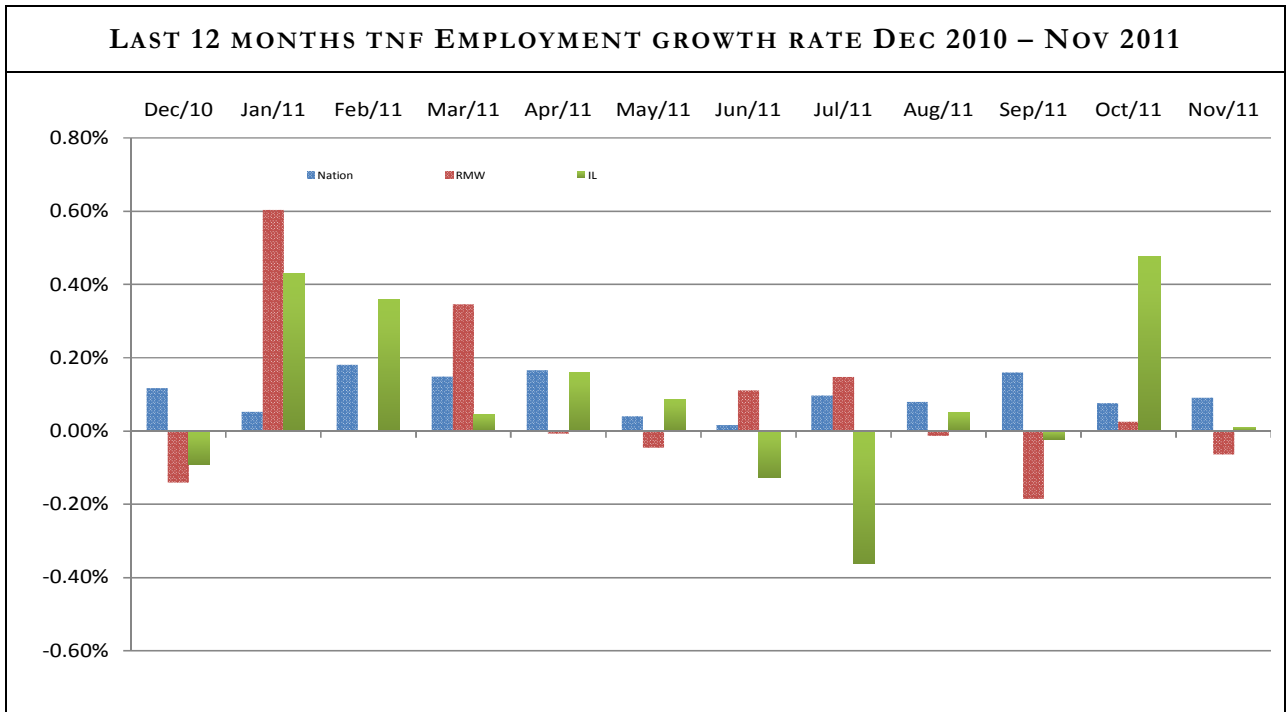
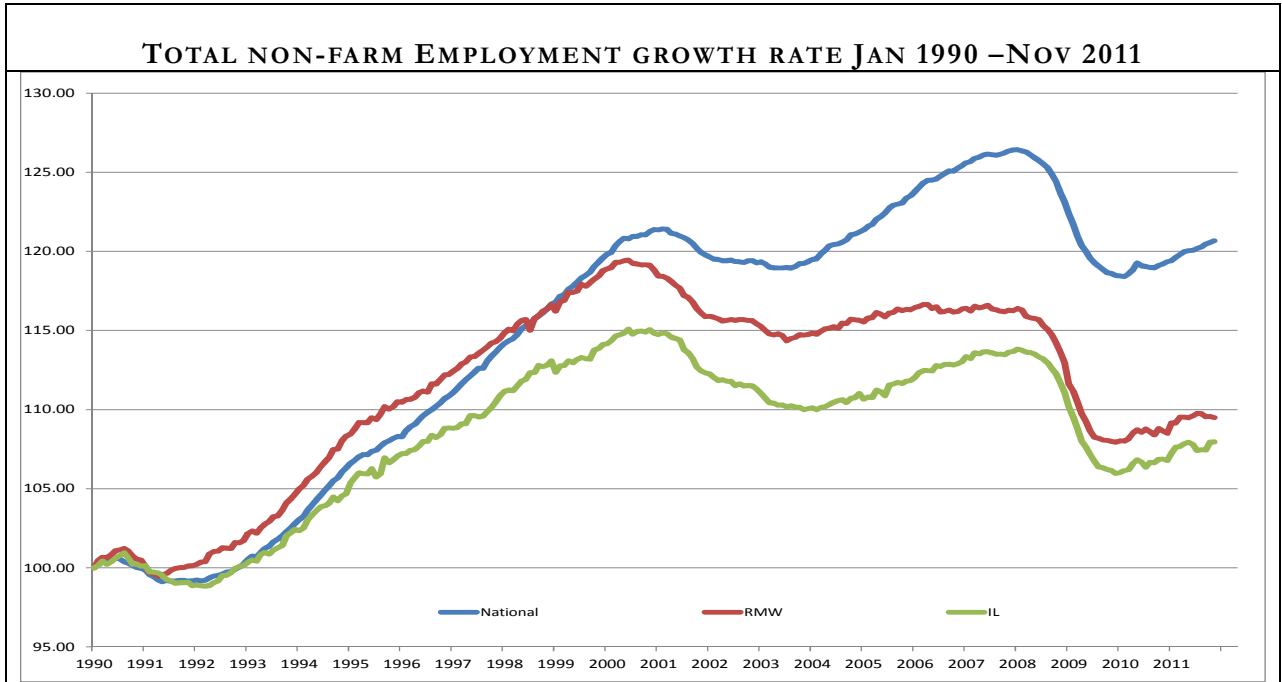
- Illinois added 600 jobs in Nov 2011 at a rate of 0.01%, compared with a revised 26,900 job gain in Oct 2011. Compared to Nov 2010, Illinois has added 57,100 jobs. The three-month moving average of jobs, a more stable measure of labor market, was up by 8,700 jobs per month.
- The Nation added 120,000 jobs, compared with a revised 100,000 job gain in Oct. The three-month moving average of jobs was up by 143,000 jobs per month.
- The Rest of the Midwest (RMW) shed 12,000 jobs in Nov at a rate of -0.06% after a revised 4,700 job gain in Oct. The three-month moving average was down by 14,000 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 30 times and positive job gains 17 times so far. The state of Illinois now has a net loss of 299,100 jobs since the beginning of the recession in December 2007.
- Since January 2010, when Illinois employment growth resumed after the national recession, Illinois has added 105,600 new jobs.
- The 12-month-ahead job recovery forecasts show that five sectors will experience faster recovery rates in November 2012. Sector Professional & business service is likely to make a full recovery to the level before recession by Nov 2012.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.5%, 13.8% and 12.2%, compared to official unemployment rates of 10.0%, 8.4% and 8.6%.
- Through Oct 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.96%, 9.50%, and 20.67%, respectively.

NOV 2011 EMPLOYMENT CHART

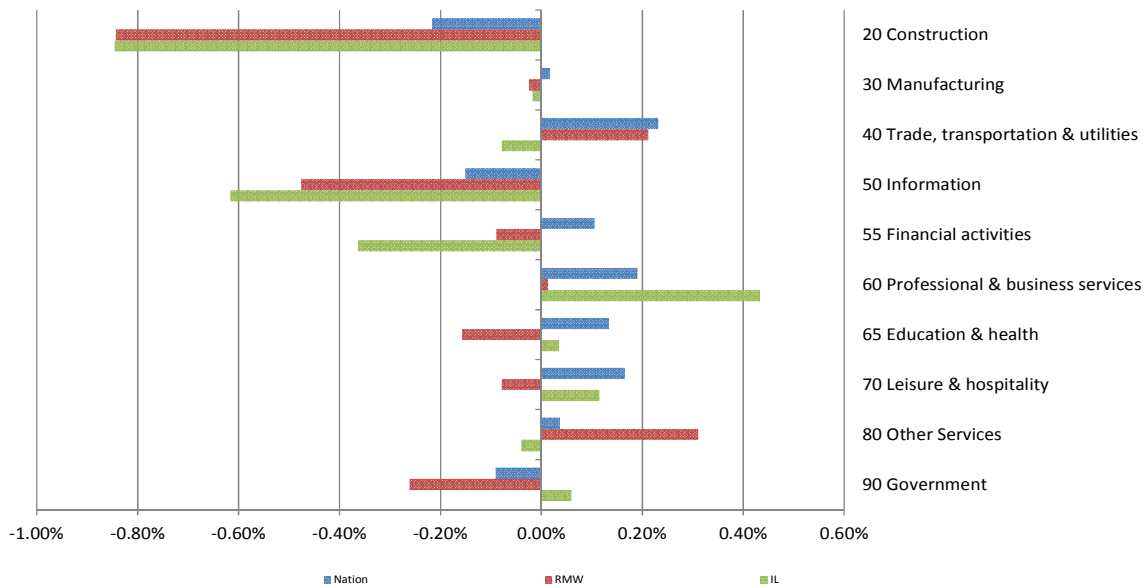
December 2011 Positive	Total Non-Farm Employment	Oct 2011–Nov 2011		Last 12 months		Nov 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.09	120,000	1.23	1,600,000	12.2%
	RMW*	-0.06	-12,000	0.78	144,300	13.8%
	Illinois	0.01	600	1.01	57,100	12.5%

*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 2011 – NOV 2011



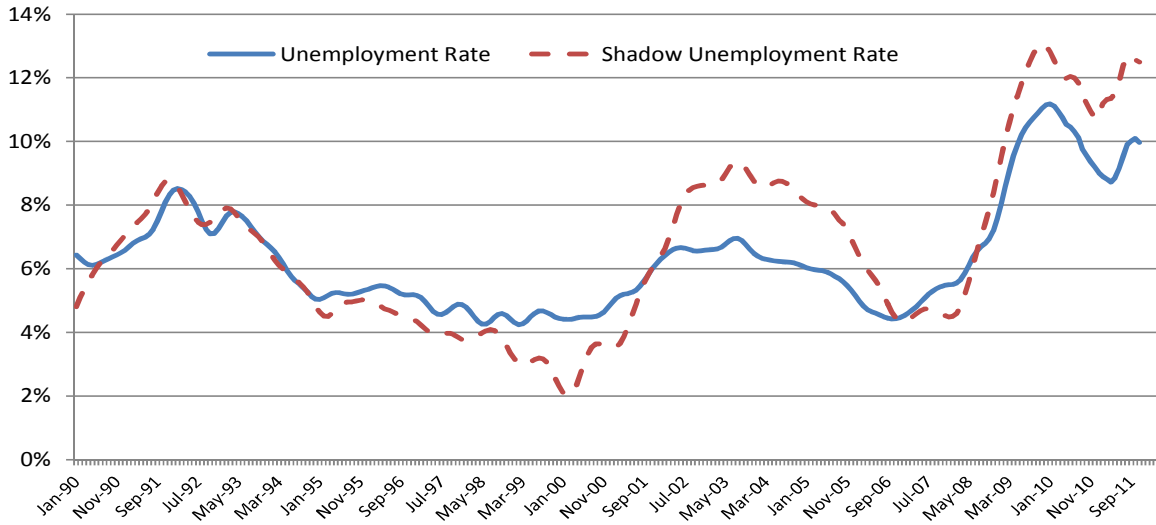
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

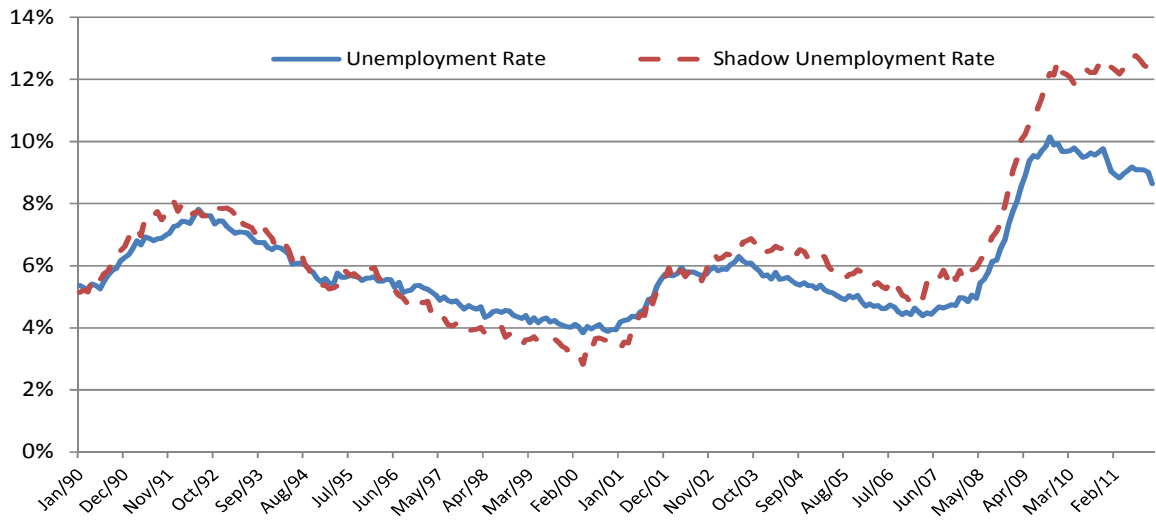
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 172,200 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

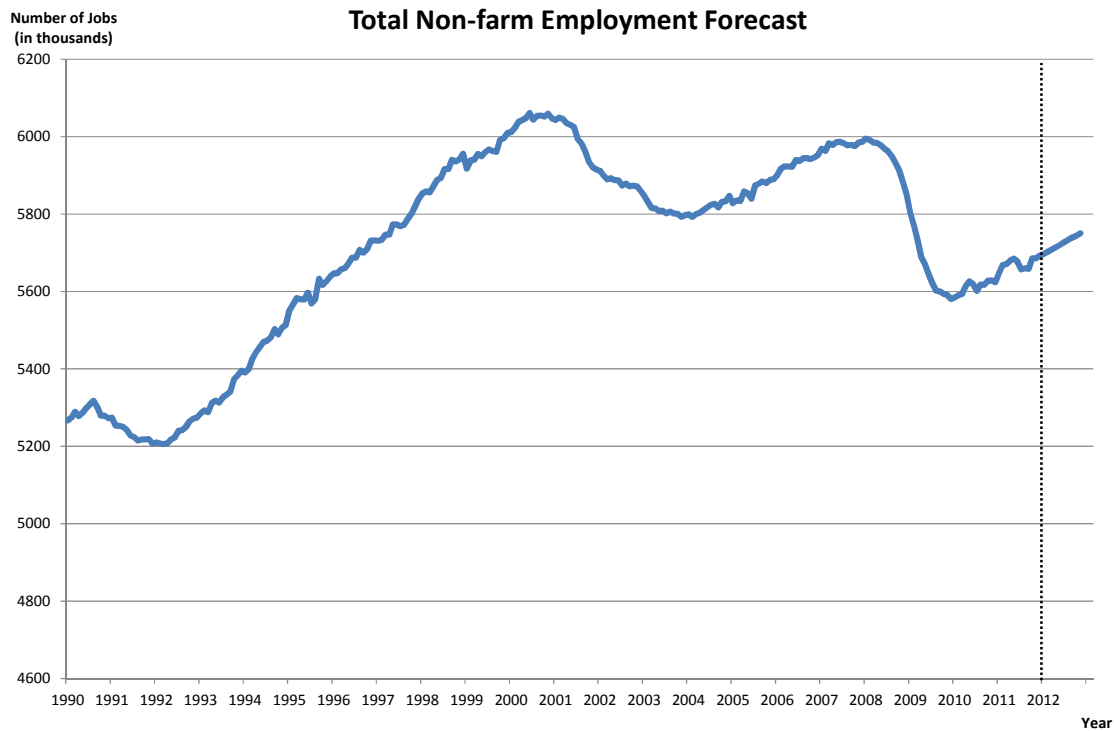


■ US



EMPLOYMENT FORECAST

Illinois	Nov 2011	Nov 2012 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,686,100	5,750,300	38,800~64,200	0.68% ~ 1.13%
Construction	199,400	188,600	-10,800	-5.42%
Manufacturing	571,400	567,900	-3,500	-0.61%
Trade, transportation & utilities	1,141,400	1,149,600	8,200	0.72%
Information	96,800	94,400	-2,400	-2.48%
Financial Activities	356,800	358,200	1,400	0.39%
Professional & business services	834,100	878,700	44,600	5.35%
Education & health	859,800	882,500	22,700	2.64%
Leisure & hospitality	522,300	529,200	6,900	1.32%
Other services	251,700	252,400	700	0.28%
Government	842,800	848,800	6,000	0.71%

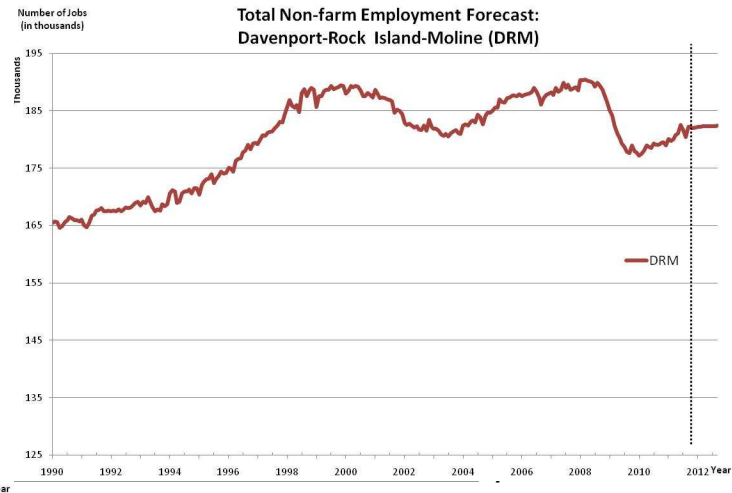
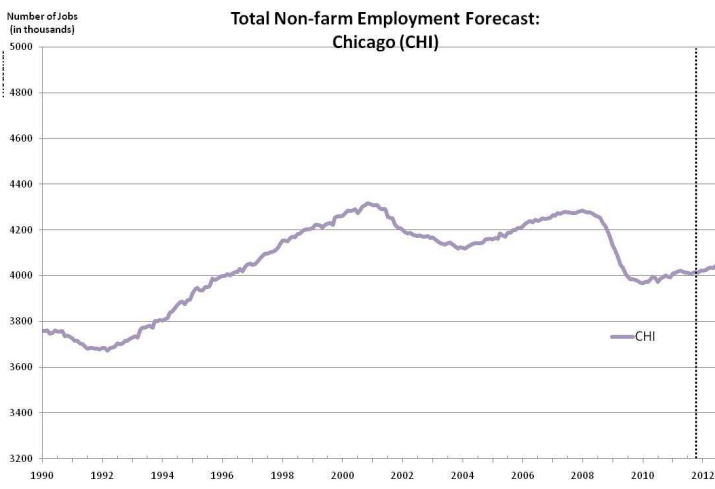
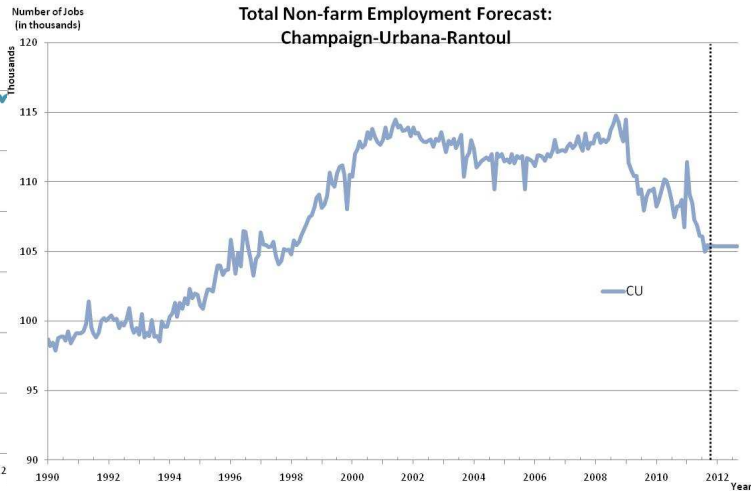
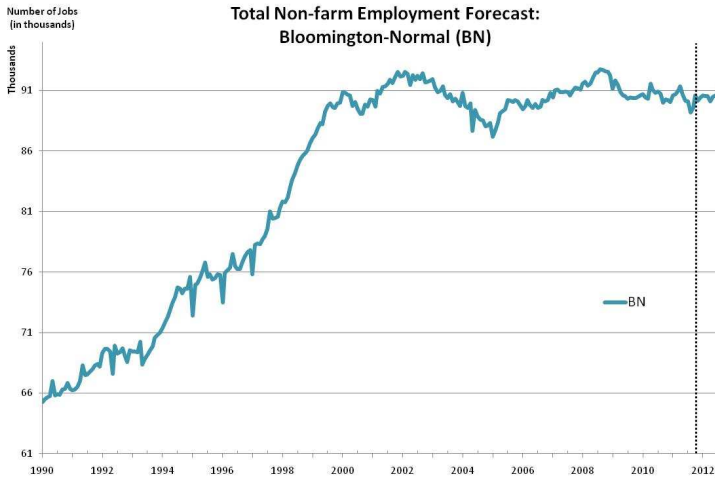


* The values by sector for the number of jobs added are the lower bound of the forecast.

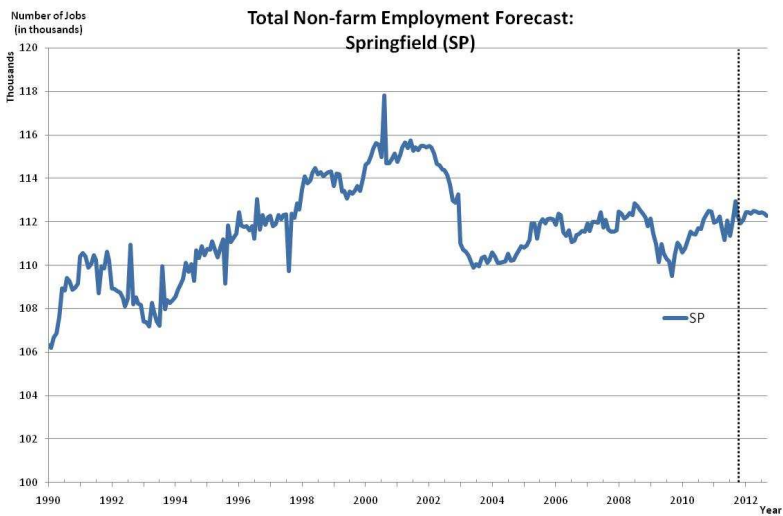
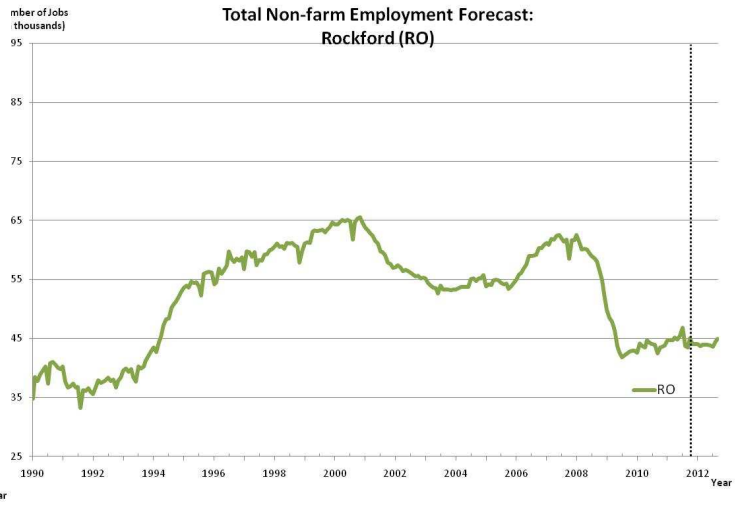
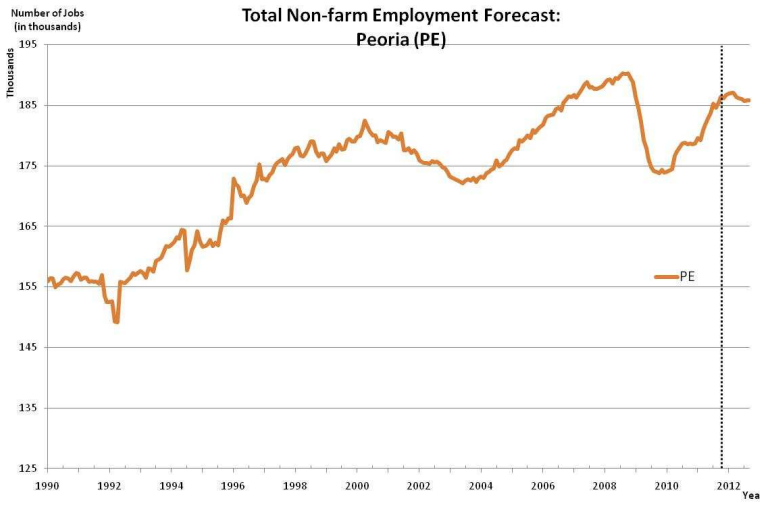
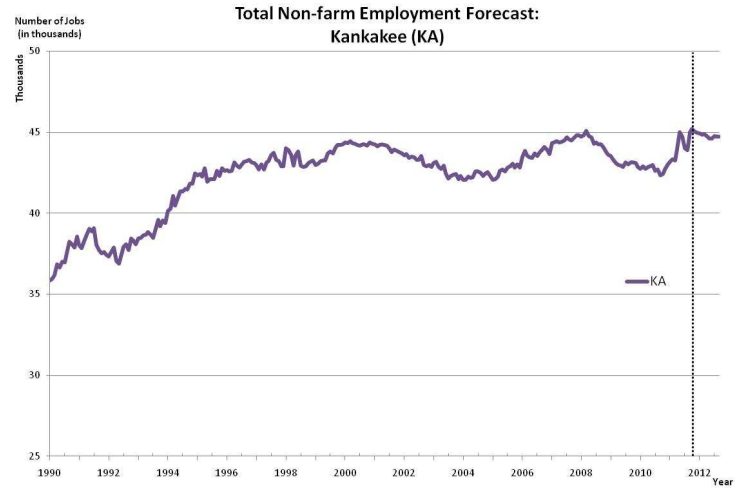
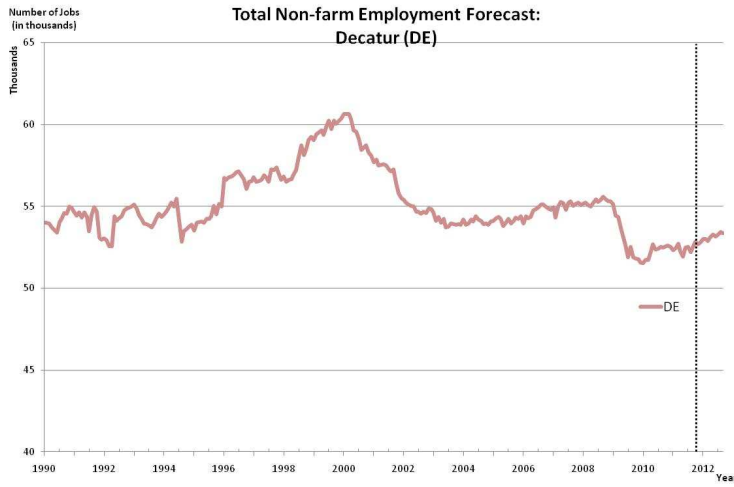
Employment Forecast for MSAs

MSAs	Oct 2011*	Oct 2012 (p)*	Number of Jobs *	Growth Rate %	Growth	Sector with Highest Growth Rate (p)	Sector with Lowest Growth Rate (p)
Bloomington-Normal	90,600	90600	0~500	0%~0.6%	+	TTU (2%)	CON (-7%)
Champaign-Urbana-Rantoul	105,200	105400	150-160	0.1%~0.2%	+	LEI (2%)	INF (-6%)
Chicago	4,016,000	4,053,500	22,000~37,500	0.5%~0.9%	+	MAN (7%)	EDU (-2%)
Davenport-Rock Island-Moline	182,200	182,400	200-900	0.1%~0.5%	+	MAN (3%)	INF (-3%)
Decatur	52,800	53,200	200-400	0.4%~0.8%	+	OTH (3%)	PRO (-9%)
Kankakee	45,200	44,600	-600~200	-1.3%~0.4%	-	EDU (1%)	CON (-5%)
Peoria	186,300	185,700	-600~700	-0.3%~0.4%	-	EDU (3%)	INF (-4%)
Rockford	145,000	144,400	-600~1,000	-0.4%~0.7%	-	EDU (2%)	CON (-7%)
Springfield	112,300	112,200	-100~100	-0.1%~0.1%	-	EDU (2%)	CON (-7%)

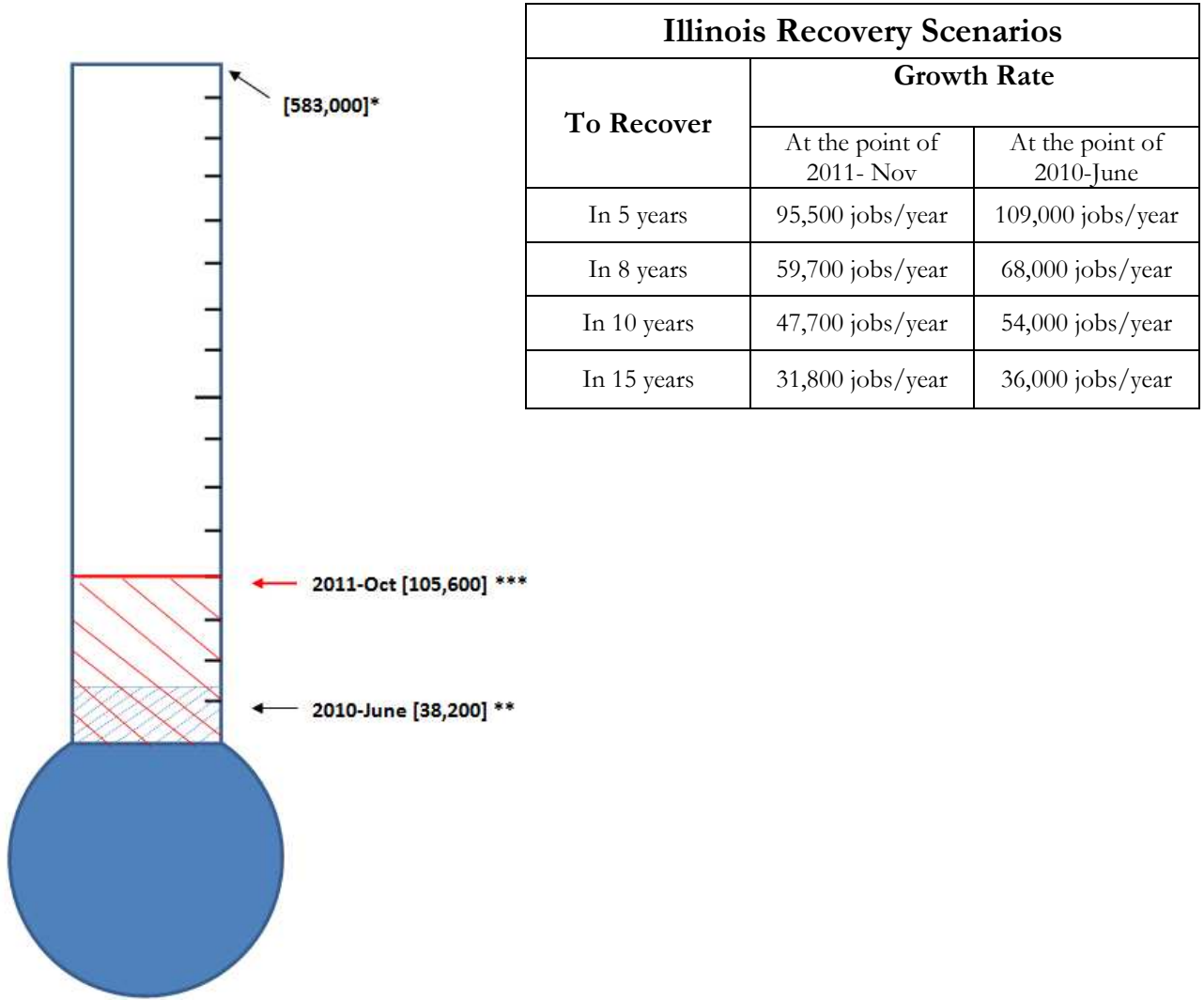
*Total Non-Farm Jobs



ILLINOIS ECONOMIC REVIEW



Barometer of Job Recovery



* 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 needed 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 105,600 represents the jobs recovered from Dec. 2009 through Nov. 2011.

ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 - Nov 2011					
	Job Changes in Recession Period*	Job Recovery Jan 2010-Nov 2011	Recovery Percentage	Forecasted Job Recovery Jan 2010-Nov 2012	Forecasted Recovery Percentage
Construction	-64,500	-4,800	-7.44%	-15,600	-24.19%
Manufacturing	-116,000	18,200	15.69%	14,700	12.67%
Trade, transportation & utilities (TTU)	-98,100	22,600	23.04%	30,800	31.40%
Information	-11,000	-7,300	-66.36%	-9,700	-88.18%
Financial activities	-32,700	-8,200	-25.08%	-6,800	-20.80%
Professional & business services	-91,400	53,800	58.86%	98,400	107.66%
Education & health	34,300	38,100	--	60,800	--
Leisure & hospitality	-22,800	10,400	45.61%	17,300	75.88%
Other Services	-5,900	-4,300	-72.88%	-3,600	-61.02%
Government	5,200	-13,600	--	-7,600	--

*Recession period: Dec 2007- Dec 2009

Recovery by Sector	<ul style="list-style-type: none"> ▪ During the recession period of Dec 2007-Dec 2009, 8 out of 10 Illinois sectors experienced negative job growth. Education & health and Government are the only 2 sectors that had positive job growth during the recession. ▪ Since Jan 2010, Illinois employment resumed. Manufacturing, Trade, transportation & utilities, Professional & business services and Leisure & hospitality have recovered 15.69%, 23.04%, 58.86%, 45.61%, respectively, from the job lost during the recession. ▪ However, Construction, Information, Financial activities and Other services continued to lose jobs leading to negative recovery rates of -7.44%, -66.36%, -25.08% and -72.88% respectively. ▪ The 12-month-ahead job recovery forecasts show that the future recovery for sector such as Manufacturing will slow down while it will increase for sectors such as Trade, transportation & utilities, financial activities, Professional & business services, Leisure & hospitality and Other services. ▪ Professional & business service is likely to make a full recovery to the level before recession by Nov 2012. ▪ For sectors such as Construction and Information, they will continue to lose jobs with faster rates.
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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)	120.56 (Oct 2011)	Negative growth	N/A
RMW	119.45 (Jun-2000)	109.57 (Oct 2011)	Negative growth	N/A
IL	115.09 (Nov-2000)	107.95 (Oct 2011)	Negative growth	N/A
Metro Areas** :				
Bloomington Normal	141.73 (Feb 2002)	138.75 (Oct 2011)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	106.64 (Oct 2011)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	106.87 (Oct 2011)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	110.04 (Oct 2011)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	97.88 (Oct 2011)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	126.09 (Oct 2011)	Positive growth	N/A
Peoria	122.21 (Aug 2008)	119.52 (Oct 2011)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	107.58 (Oct 2011)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	105.65 (Oct 2011)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	106.73 (Oct 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.

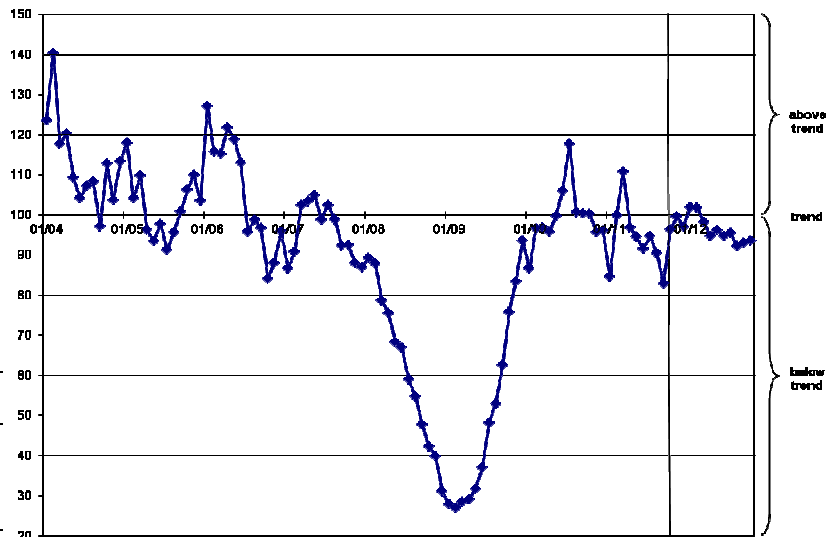
CBAI INCREASED IN OCTOBER

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 96.3 in October, a significant increase from 82.9 in September. The jump in the index in October is attributed mainly to the improvement in the construction sector and the increase in non-manufacturing employment in the Chicago region.
- In October, the national and regional economy presented several positive features. The Federal Reserve Board announced that industrial production expanded 0.7 percent in October. The capacity utilization for total industry increased to 77.8 percent. In addition, national retail sales increased 0.62 percent in October. Both the number of unemployed persons (13.9 million) and the unemployment rate (9.0 percent) changed little over the month.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.13 in October, from -0.20 in September. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.71 percent in October. Both of national indicators provide a positive substantial support to the CBAI index. In the Chicago region in October, manufacturing employment decreased 0.21 percent after two months of continuous decreases in August and September; while non-manufacturing employment increased 0.17 percent and construction employment decreased by 0.73 percent. Regional retail sales are estimated to have decreased 0.56 percent in October.
- In the coming months, the national economy is likely to maintain its bumpy recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment continued to trend up in October (+80,000). For the local economy, the projected time series show that non-farm and construction sectors will decrease and retail sector will increase in the next month. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to experience a period of fluctuations and continue its weak improving trend over the next several months.

CBAI (Current: 96.3)

	1 month	3 month	1 year
Historical (ago)	82.9	94.6	100.3
Forecast (ahead)	99.6	101.9	93.6



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

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

*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	Sep 2011	Oct 2011	Rank	Change**
1	Kankakee (1.85%)	Rockford (1.49%)	1	↑(+8)
2	Davenport-Rock Island-Moline (0.94%)	Bloomington-Normal (1.11%)	2	↑(+4)
3	Decatur (0.6%)	Kankakee (1.02%)	3	↓(-2)
4	Champaign-Urbana-Rantoul (0.55%)	Decatur (0.89%)	4	↓(-1)
5	Peoria (0.36%)	Peoria (0.57%)	5	←(+0)
6	Bloomington-Normal (0.35%)	Springfield (0.49%)	6	↑(+2)
7	Chicago (0.05%)	Chicago (0.11%)	7	←(+0)
8	Springfield (0%)	Davenport-Rock Island-Moline (0.01%)	8	↓(-6)
9	Rockford (-0.58%)	Metro-East (-0.09%)	9	↑(+1)
10	Metro-East (-0.58%)	Champaign-Urbana-Rantoul (-0.45%)	10	↓(-6)

Growth over last 12-months:

Rank	Sep 2011	Oct 2011	Rank	Change**
1	Kankakee (5.88%)	Kankakee (6.63%)	1	←(+0)
2	Peoria (3.75%)	Peoria (4.36%)	2	←(+0)
3	Davenport-Rock Island-Moline (1.69%)	Davenport-Rock Island-Moline (1.75%)	3	←(+0)
4	Chicago (0.55%)	Rockford (1.25%)	4	↑(+2)
5	Metro-East (0.36%)	Decatur (0.61%)	5	↑(+2)
6	Rockford (0.34%)	Chicago (0.51%)	6	↓(-2)
7	Decatur (-0.32%)	Bloomington-Normal (0.42%)	7	↑(+2)
8	Springfield (-0.49%)	Metro-East (0.34%)	8	↓(-3)
9	Bloomington-Normal (-0.75%)	Springfield (0.18%)	9	↓(-1)
10	Champaign-Urbana-Rantoul (-2.32%)	Champaign-Urbana-Rantoul (-2.75%)	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)

