



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.

JANUARY 2012

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

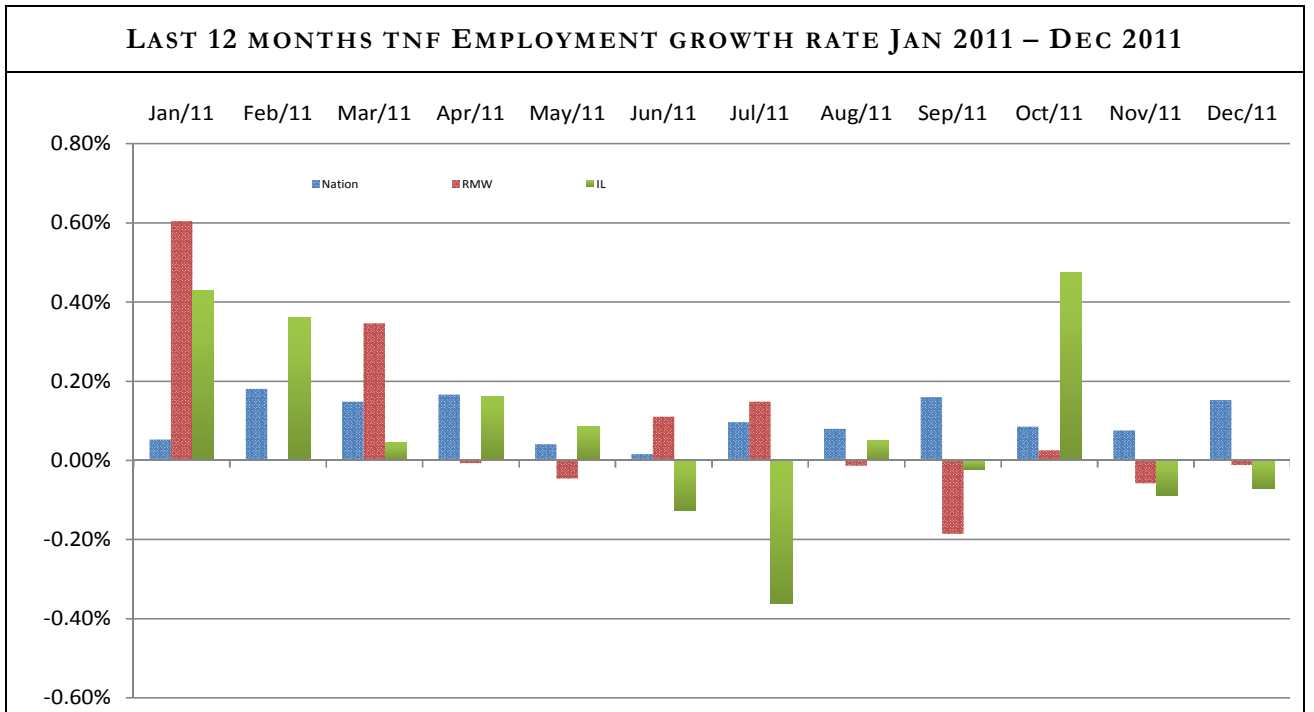
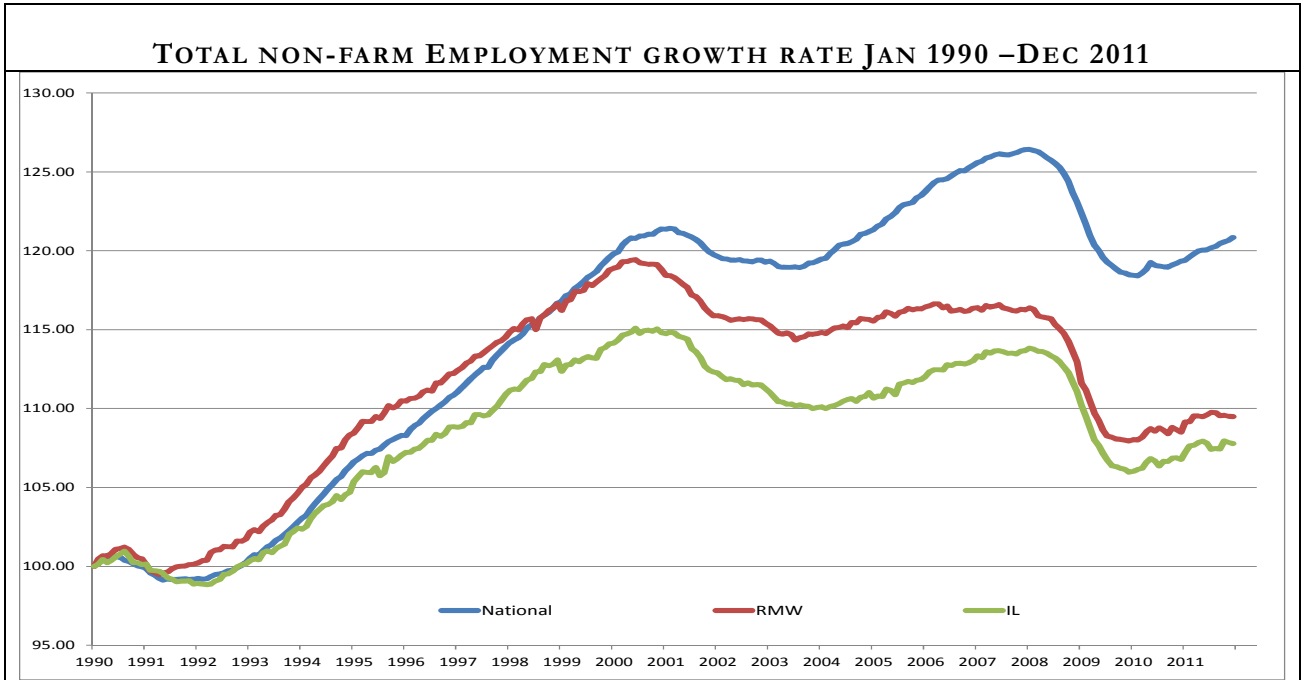
- Illinois shed 4,100 jobs in Dec 2011 at a rate of -0.07%, compared with a revised 5,000 job losses in Nov 2011. Compared to Dec 2010, Illinois has added 52,600 jobs. The three-month moving average of jobs, a more stable measure of labor market, was up by 5,900 jobs per month.
- The Nation added 200,000 jobs, compared with a revised 100,000 job gain in Nov. The three-month moving average of jobs was up by 137,000 jobs per month.
- The Rest of the Midwest (RMW) shed 2,300 jobs in Dec at a rate of -0.01% after a revised 10,800 job loss in Nov. The three-month moving average was down by 2,800 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 31 times and positive job gains 17 times so far. The state of Illinois now has a net loss of 308,800 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 95,900 new jobs.
- The 12-month-ahead job recovery forecasts show that three sectors will experience faster recovery rates in December 2012. For sectors such as Construction, Information and Financial activities, they may continue to lose jobs with faster rates.
- The shadow unemployment rates for Illinois, RMW and the Nation were 12.4%, 13.5% and 12.2%, compared to official unemployment rates of 9.8%, 8.1% and 8.5%.
- Through Dec 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.78%, 9.49%, and 20.84%, respectively.

DEC 2011 EMPLOYMENT CHART

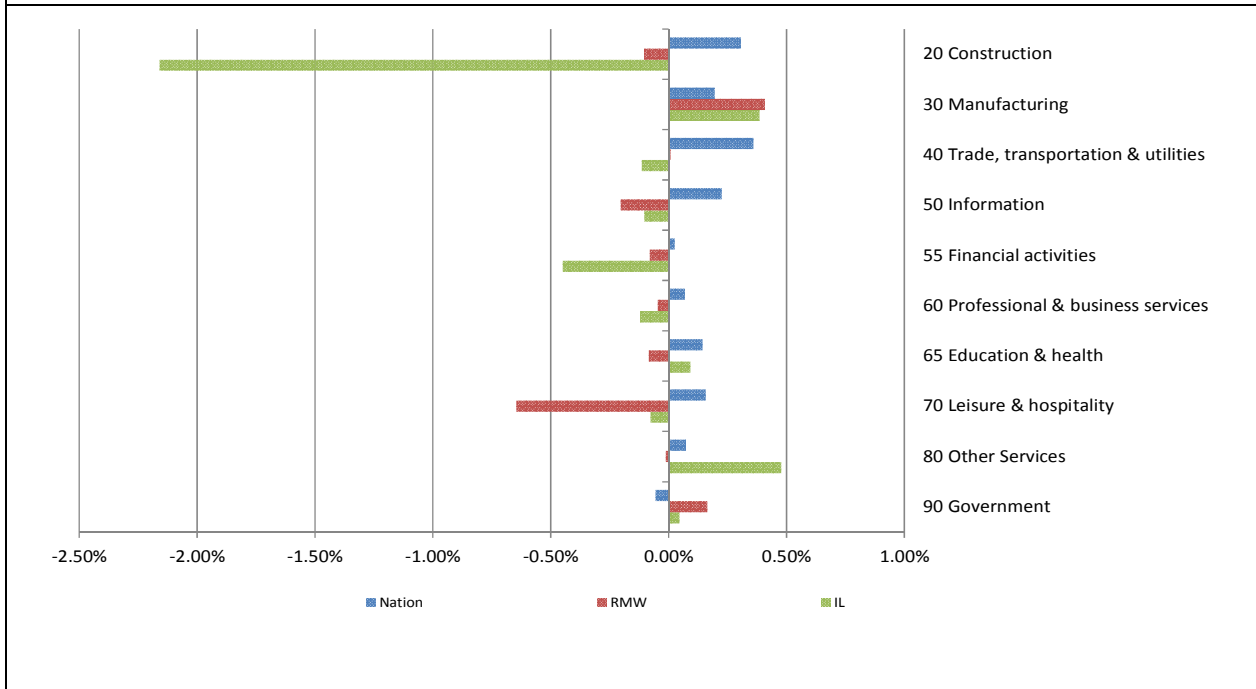
January 2012 Negative	Total Non-Farm Employment	Nov 2011–Dec 2011		Last 12 months		Dec 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.15	200,000	1.26	1,640,000	12.2%
	RMW*	-0.01	-2,300	0.91	169,300	13.5%
	Illinois	-0.07	-4,100	0.94	52,600	12.4%

*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 NOV 2011 – DEC 2011



SHADOW UNEMPLOYMENT

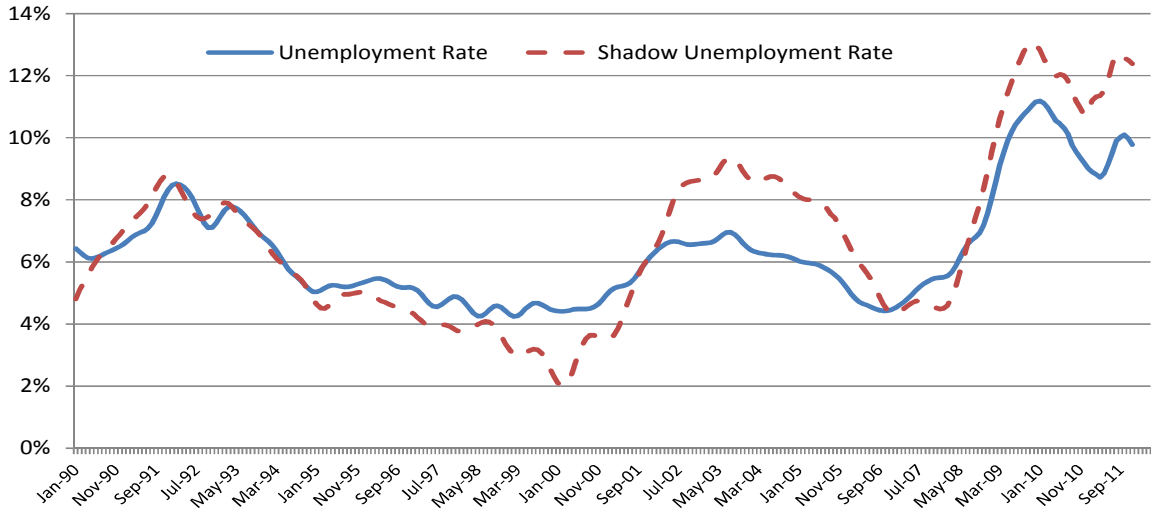
Unemployment Rate: Official and Shadow

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.

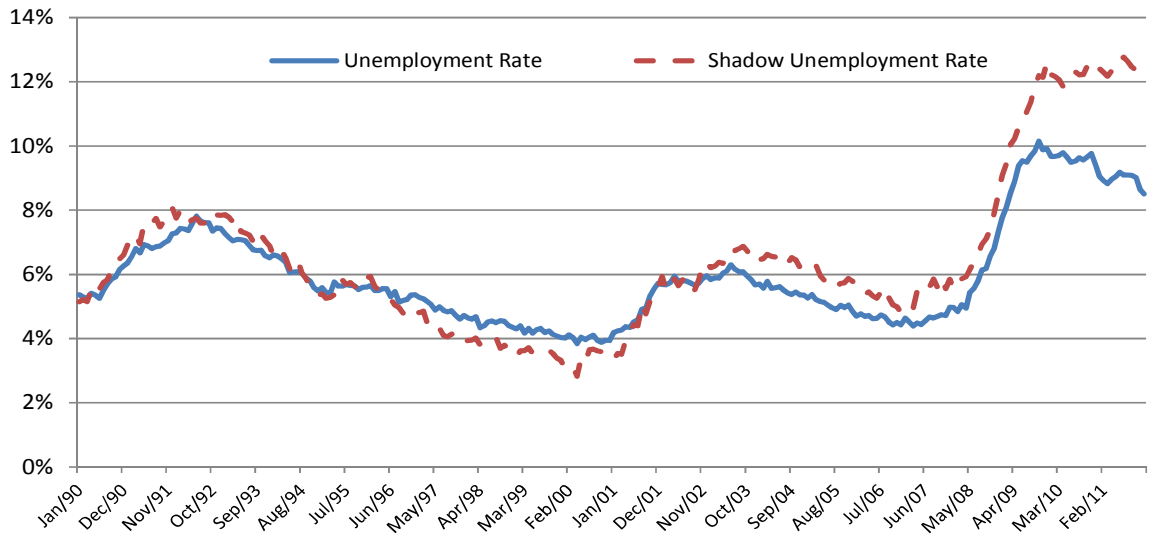
- In the 1990s, the average participation rate was 68.2% in Illinois whereas in 2010, it has been only 66.6%.
- For the 15 years from 1990 to 2004, the average participation rate was 68.1% in Illinois.
- In the 1990s in the US, the average participation rate was 65.5% whereas in 2010, it has been 66.0%; 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 178,100 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

ILLINOIS ECONOMIC REVIEW

▪ Illinois

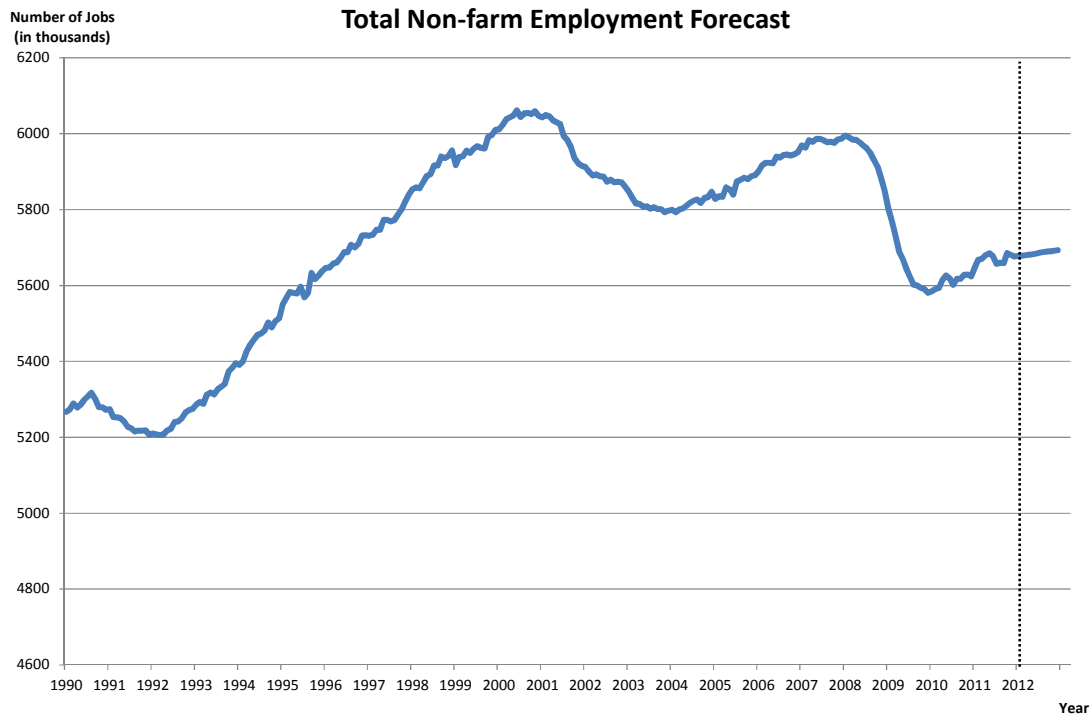


▪ US



EMPLOYMENT FORECAST

Illinois	Dec 2011	Dec 2012 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,676,400	5,693,400	17,000~23,900	0.30% ~ 0.42%
Construction	194,900	181,500	-13,400	-6.88%
Manufacturing	572,600	570,500	-2,100	-0.37%
Trade, transportation & utilities	1,139,100	1,136,400	-2,700	-0.24%
Information	96,900	94,500	-2,400	-2.48%
Financial Activities	354,900	352,600	-2,300	-0.65%
Professional & business services	829,900	851,300	21,400	2.58%
Education & health	860,600	880,600	20,000	2.32%
Leisure & hospitality	522,900	527,600	4,700	0.90%
Other services	252,300	252,500	200	0.08%
Government	843,000	845,900	2,900	0.34%

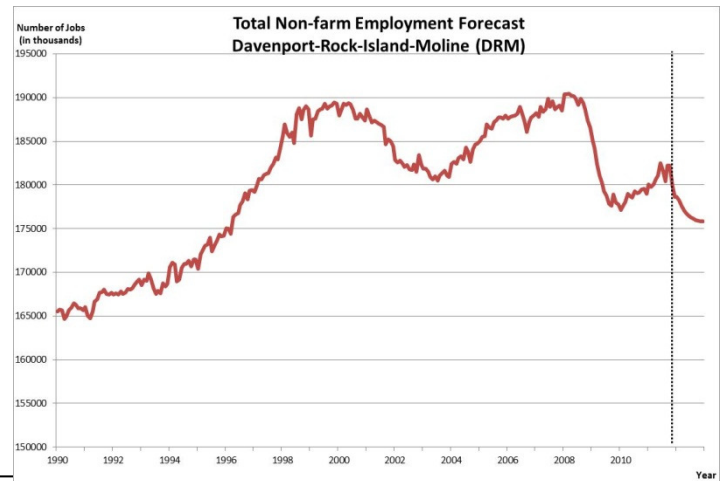
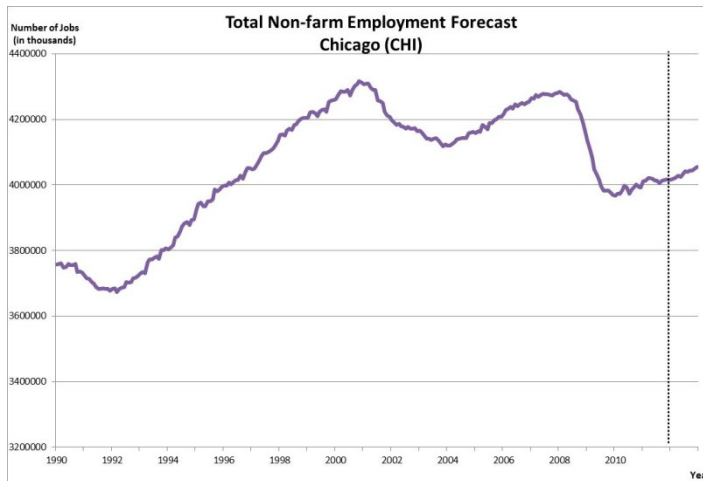
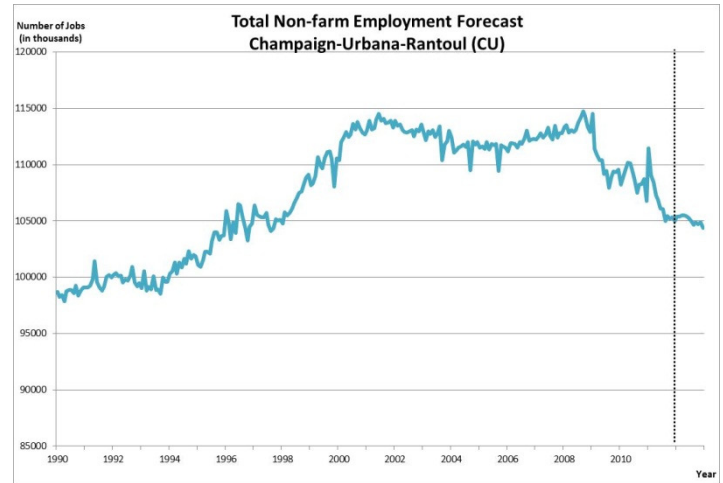
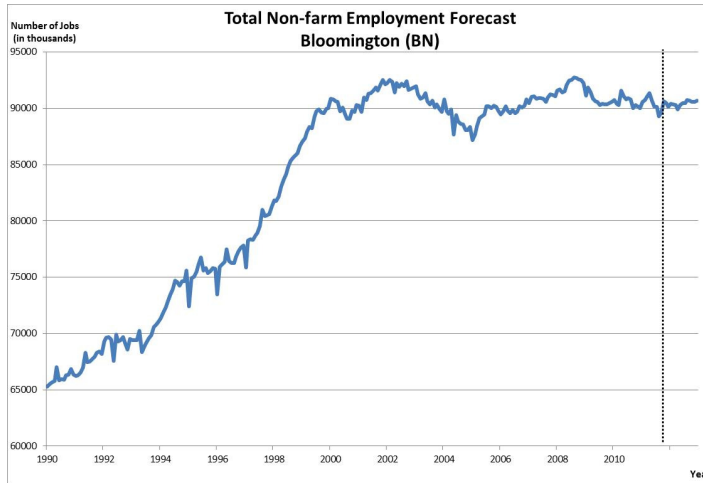


* The values by sector for the number of jobs added are the lower bound of the forecast.

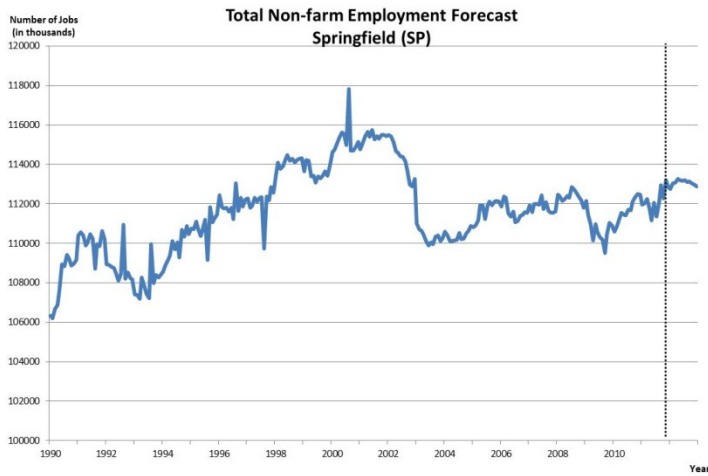
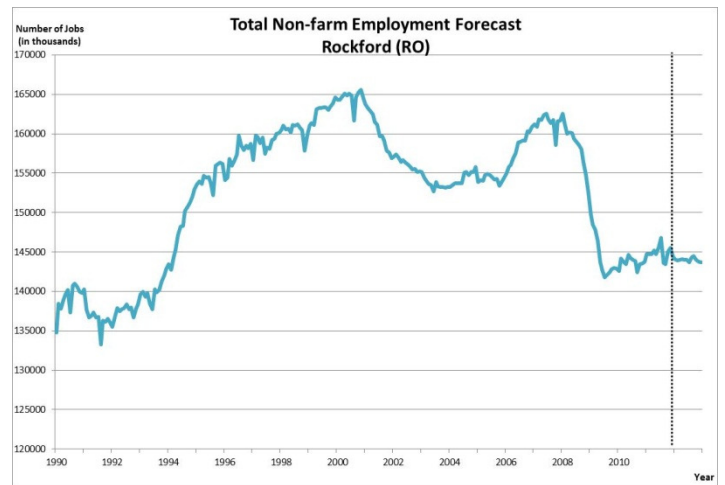
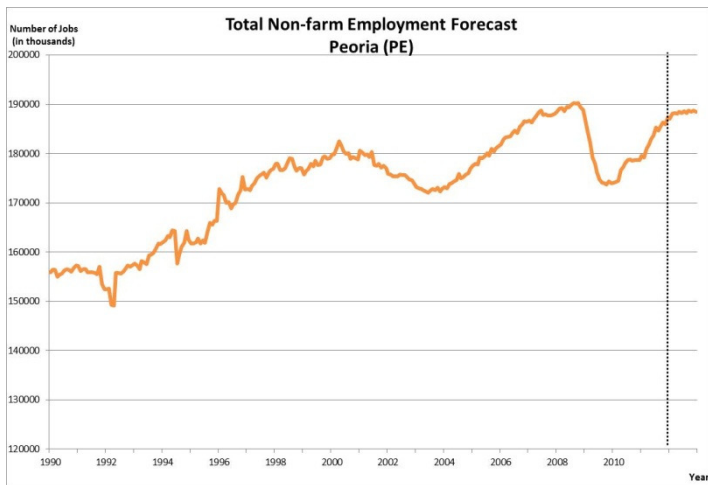
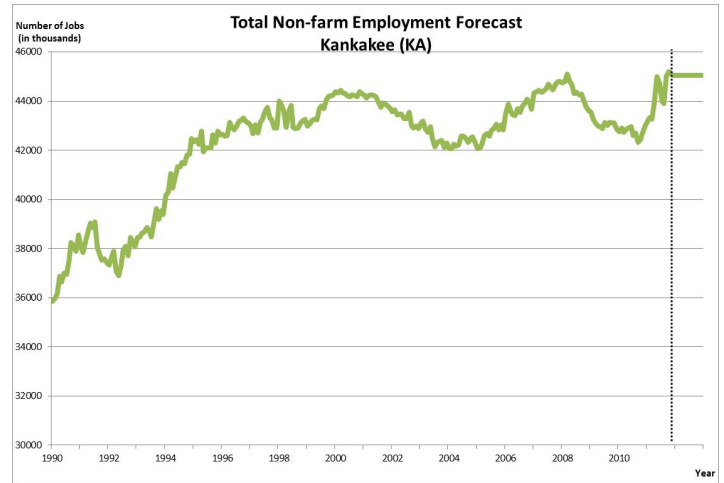
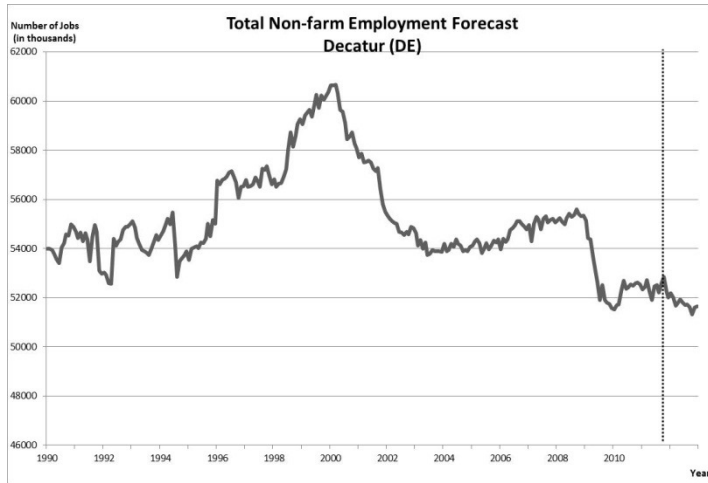
Employment Forecast for MSAs

MSAs	Dec 2011*	Dec 2012 (p)*	Number of Jobs *	Growth Rate %	Growth	Sector with Highest Growth Rate (p)	Sector with Lowest Growth Rate (p)
Bloomington-Normal	90,100	90,700	300~600	0.3%~0.7%	+	TTU (3%)	MAN (-7%)
Champaign-Urbana-Rantoul	105,000	104,400	-600~400	-0.6%~0.4%	-	FIN (2%)	CON (4%)
Chicago	4,014,700	4,055,000	2,000~40,300	0.05%~1.0%	+	EDU (3%)	CON (-5%)
Davenport-Rock Island-Moline	178,600	175,800	-2,800~1,500	-1.6%~0.8%	-	EDU (2%)	PRO (-9%)
Decatur	52,000	51,600	-400~400	-0.8%~0.8%	-	LEI (3%)	PRO (-12%)
Kankakee	45,000	45,000	0~200	0%~0.4%	-	EDU (2%)	CON (-4%)
Peoria	187,400	188,500	600~1,100	0.3%~-0.6%	+	MAN (5%)	INF (-3%)
Rockford	144,400	143,700	-700~2,000	-0.5%~1.4%	-	EDU (2%)	CON (-10%)
Springfield	112,800	112,900	100~150	0.1%~0.15%	+	EDU (3%)	CON (-7%)

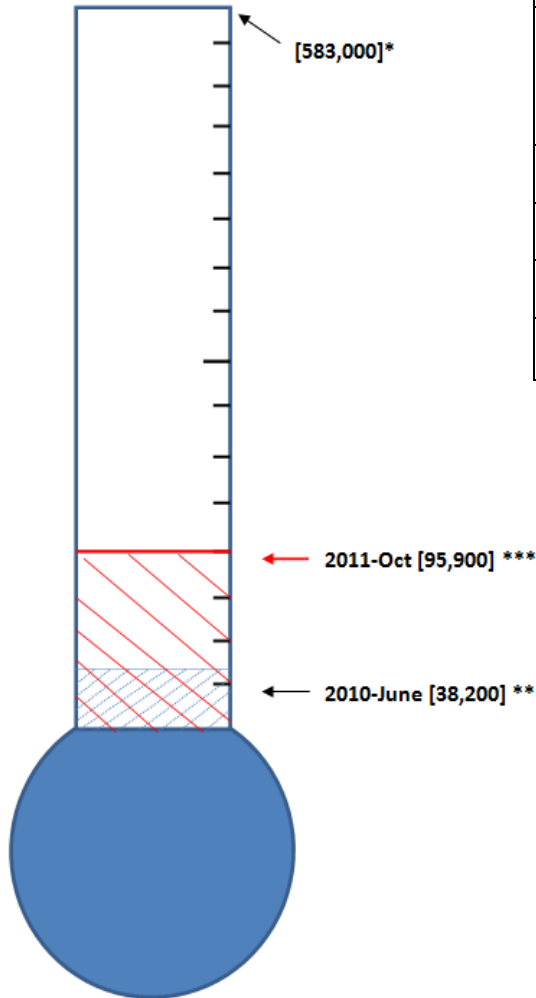
*Total Non-Farm Jobs



ILLINOIS ECONOMIC REVIEW



Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2011- Nov	At the point of 2010-June
In 5 years	97,400 jobs/year	109,000 jobs/year
In 8 years	60,900 jobs/year	68,000 jobs/year
In 10 years	48,700 jobs/year	54,000 jobs/year
In 15 years	32,500 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 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 95,900 represents the jobs recovered from Dec. 2009 through Dec. 2011.

ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 – Dec 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	-9,300	-14.42%	-22,700	-35.19%
Manufacturing	-116,000	19,400	16.72%	17,300	14.91%
Trade, transportation & utilities (TTU)	-98,100	20,300	20.69%	17,600	17.94%
Information	-11,000	-7,200	-65.45%	-9,600	-87.27%
Financial activities	-32,700	-10,100	-30.89%	-12,400	-37.92%
Professional & business services	-91,400	49,600	54.27%	71,000	77.68%
Education & health	34,300	38,900	--	58,900	--
Leisure & hospitality	-22,800	11,000	48.25%	15,700	68.86%
Other Services	-5,900	-3,700	-62.71%	-3,500	-59.32%
Government	5,200	-13,400	--	-10,500	--

*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 16.72%, 20.69%, 54.27%, 48.25%, 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 -14.42%, -65.45%, -30.89% and -62.71% respectively. ▪ The 12-month-ahead job recovery forecasts show that the future recovery for sector such as Manufacturing, Trade, transportation & utilities will slow down while it will increase for sectors such as Professional & business services, Leisure & hospitality and Other services. ▪ For sectors such as Construction, Information and Financial activities, 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)	120.66 (Nov 2011)	Negative growth	N/A
RMW	119.45 (Jun-2000)	109.51 (Nov 2011)	Negative growth	N/A
IL	115.09 (Nov-2000)	107.85 (Nov 2011)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.73 (Feb 2002)	138.36 (Nov 2011)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	106.55 (Nov 2011)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	106.87 (Nov 2011)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	108.84 (Nov 2011)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	96.84 (Nov 2011)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	126.19 (Nov 2011)	Positive growth	N/A
Peoria	122.21 (Aug 2008)	119.10 (Nov 2011)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	107.41 (Nov 2011)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	105.87 (Nov 2011)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	106.76 (Nov 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.

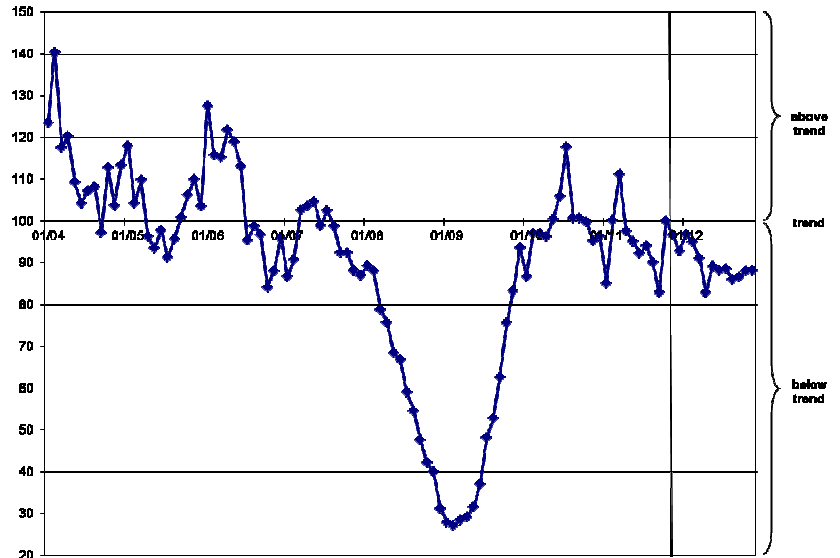
CBAI DECREASED IN NOVEMBER

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 96.6 in November, a slight decrease from 99.9 in October. The drop is attributed mainly to the sluggishness in private consumption and the drop in construction employment in the Chicago region.
- In November, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production decreased 0.2 percent in November after having advanced 0.7 percent in October. The capacity utilization for total industry decreased to 77.8 percent. In addition, national retail sales increased 0.39 percent in November. The number of unemployed persons at 13.3 million was down by 594,000 in November.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to -0.37 in November, from -0.11 in October. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.12 percent in November. In the Chicago region in November, manufacturing employment increased 0.4 percent; while non-manufacturing employment edged 0.06 percent and construction employment decreased by 0.04 percent. Regional retail sales are estimated to have decreased 0.8 percent in November.
- 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 increased by 120,000 in November. The private sector added 140,000 jobs, as employment rose in a number of service-providing industries. Government employment continued to trend down. For the local economy, the projected time series show that construction sectors will decrease and retail sector will decrease 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: 96.6)

	1 month	3 month	1 year
Historical (ago)	99.9	90.1	95.2
Forecast (ahead)	92.8	95.0	88.1



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Decatur (2nd to 10th) experienced the deepest fall this month.
- Rockford (1st to 6th) and Kankakee (3rd to 7th) also dropped in terms of rank from last month.
- The most remarkable upward move in November was recorded for Champaign-Urbana-Rantoul (10th to 2nd).
- Springfield (6th to 1st), Chicago (7th to 3rd) also gained in terms of rank from last month.
- In the 12 months growth league table, upward moves were recorded for Springfield (9th to 4th), Chicago (6th to 5th) and Bloomington-Normal (8th to 6th) while downward moves were recorded for Davenport-Rock Island-Moline (4th to 7th), Metro-East (7th to 8th) and Decatur (5th to 9th).
- Kankakee, Peoria, Rockford and Champaign-Urbana-Rantoul remained in the same place.
- Champaign-Urbana-Rantoul stayed in the last place for the ninth 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	Oct 2011	Nov 2011	Rank	Change**
1	Rockford (2%)	Springfield (0.93%)	1	↑(+5)
2	Decatur (1.29%)	Champaign-Urbana-Rantoul (0.13%)	2	↑(+8)
3	Kankakee (1.03%)	Chicago (0.01%)	3	↑(+4)
4	Bloomington-Normal (0.71%)	Bloomington-Normal (-0.02%)	4	←(+0)
5	Peoria (0.45%)	Peoria (-0.11%)	5	←(+0)
6	Springfield (0.36%)	Rockford (-0.2%)	6	↓(-5)
7	Chicago (0.12%)	Kankakee (-0.29%)	7	↓(-4)
8	Metro-East (-0.1%)	Metro-East (-0.33%)	8	←(+0)
9	Davenport-Rock Island-Moline (-0.33%)	Davenport-Rock Island-Moline (-0.98%)	9	←(+0)
10	Champaign-Urbana-Rantoul (-0.52%)	Decatur (-1.39%)	10	↓(-8)

Growth over last 12-months:

Rank	Oct 2011	Nov 2011	Rank	Change**
1	Kankakee (6.62%)	Kankakee (5.72%)	1	←(+0)
2	Peoria (4.24%)	Peoria (4.26%)	2	←(+0)
3	Rockford (1.8%)	Rockford (1.47%)	3	←(+0)
4	Davenport-Rock Island-Moline (1.56%)	Springfield (0.96%)	4	↑(+5)
5	Decatur (0.98%)	Chicago (0.65%)	5	↑(+1)
6	Chicago (0.52%)	Bloomington-Normal (0.39%)	6	↑(+2)
7	Metro-East (0.33%)	Davenport-Rock Island-Moline (0.25%)	7	↓(-3)
8	Bloomington-Normal (0.29%)	Metro-East (-0.26%)	8	↓(-1)
9	Springfield (0.01%)	Decatur (-0.53%)	9	↓(-4)
10	Champaign-Urbana-Rantoul (-2.84%)	Champaign-Urbana-Rantoul (-3.03%)	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)

