

INSTITUTE *of* 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 with assistance from Yizhou Zhang and Whyoung Jung

DECEMBER 2016

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

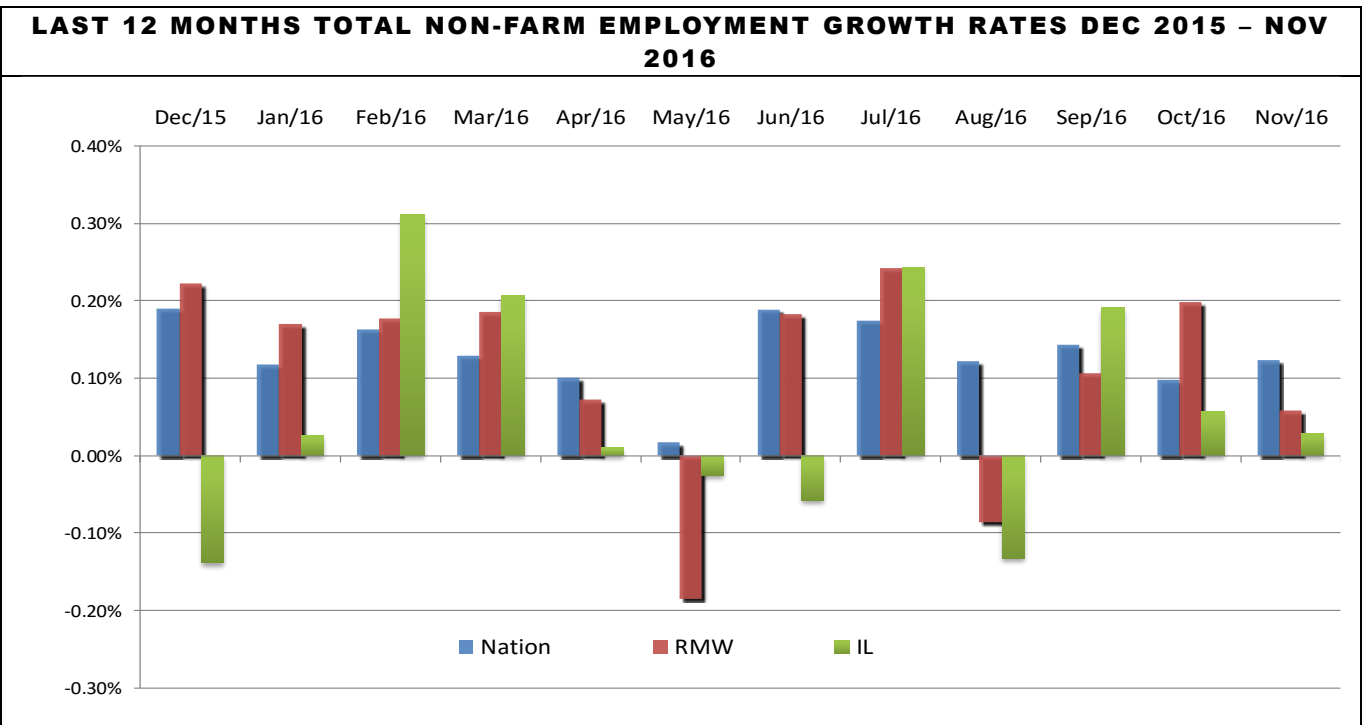
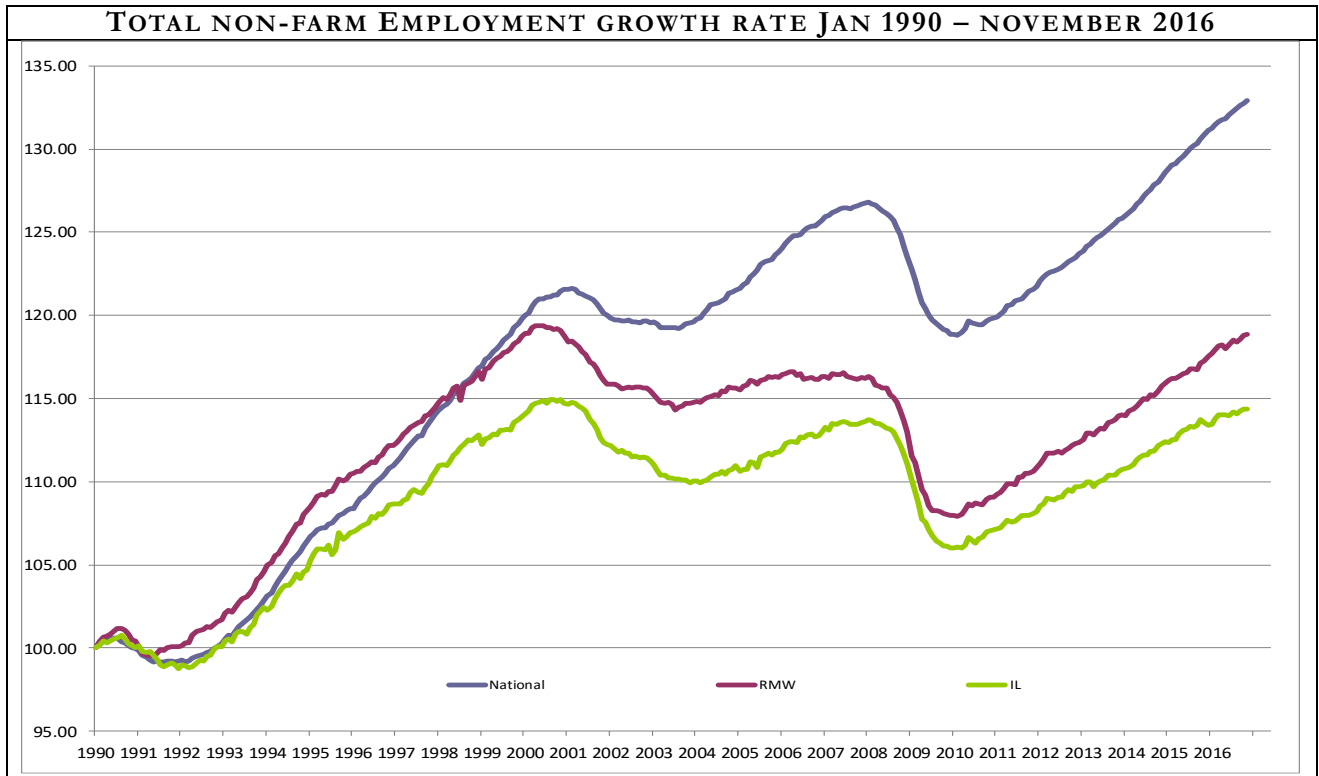
- Illinois added 1,700 jobs in November 2016, compared with a revised 3,400 job gain in October 2016. Compared to November 2015, Illinois has added 43,000 jobs. The three-month moving average, a more stable measure of labor market, showed an increase of 5,500 jobs per month.
- The Nation added 178,000 jobs at a rate of 0.12%, compared with a revised 142,000 job gain in October 2016. The three-month moving average was up by 176,000 jobs per month.
- The RMW added 11,700 jobs in November after a revised 40,300 job gain in October 2016. The three-month moving average was up by 24,500 jobs per month.
- The state of Illinois now has 40,300 more jobs than in December 2007 when the recent recession started.
- Since January 2010, when Illinois employment growth resumed after the national recession, Illinois has added 441,800 new jobs.
- By November 2016 in Illinois, Professional & business services and Leisure & hospitality have both recovered to their previous employment peak levels. The 12-month-ahead job recovery forecasts show that the future recovery rates in Illinois will increase for Financial Activities, Professional & business services, Leisure & hospitality and Other services.
- The shadow unemployment rates for Illinois, RMW and the Nation were 9.73%, 10.08% and 10.32%, compared to official unemployment rates of 5.6%, 4.5% and 4.6%.
- Through November 2016, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 14.37%, 18.84%, and 32.92%, respectively.

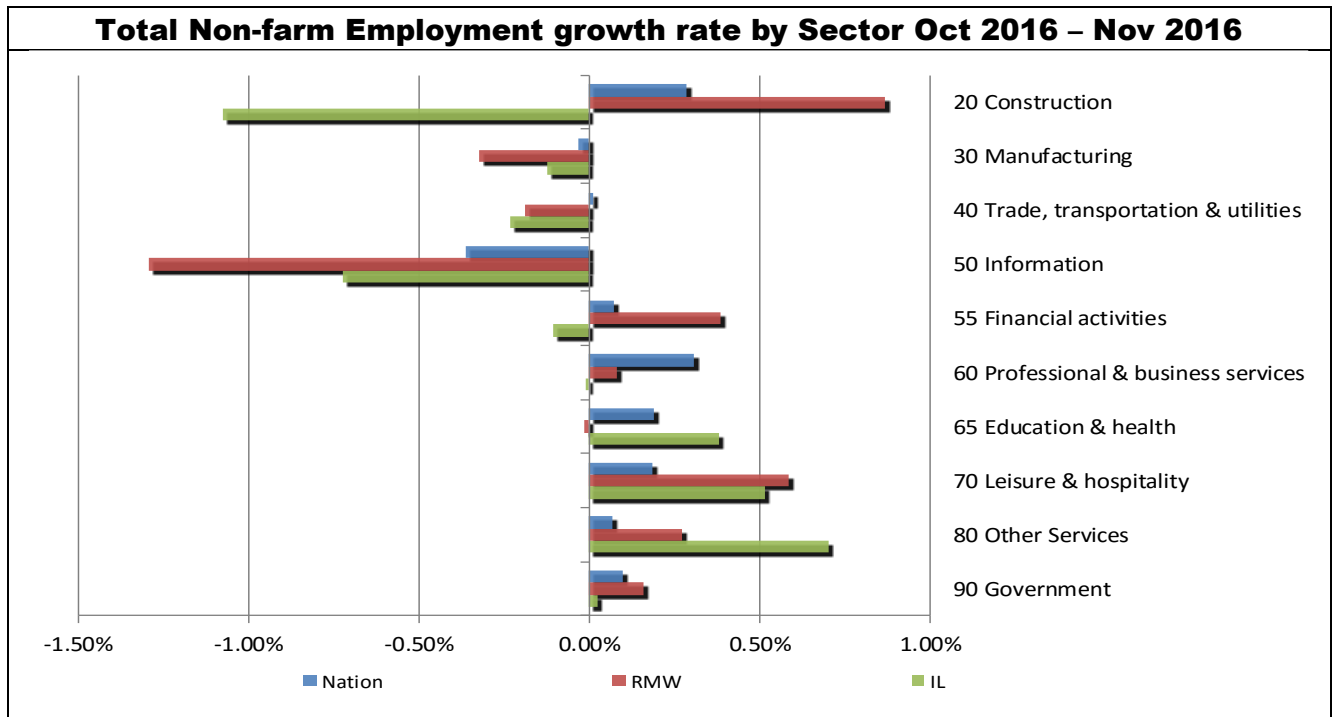
DECEMBER 2016 EMPLOYMENT CHART

November	Total Non-Farm Employment	Oct 2016– Nov 2016		Last 12 months		Nov 2016
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
2016	Nation	0.12	178,000	1.58	2,253,000	10.32
Positive	RMW*	0.06	11,700	1.35	270,800	10.08
	Illinois	0.03	1,700	0.72	43,000	9.73

*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.





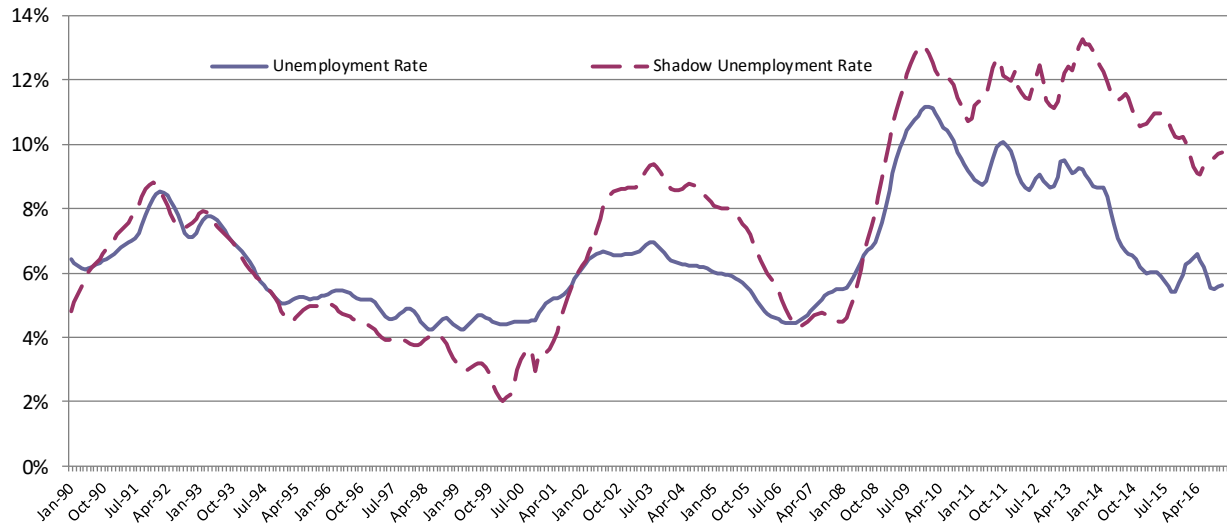
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

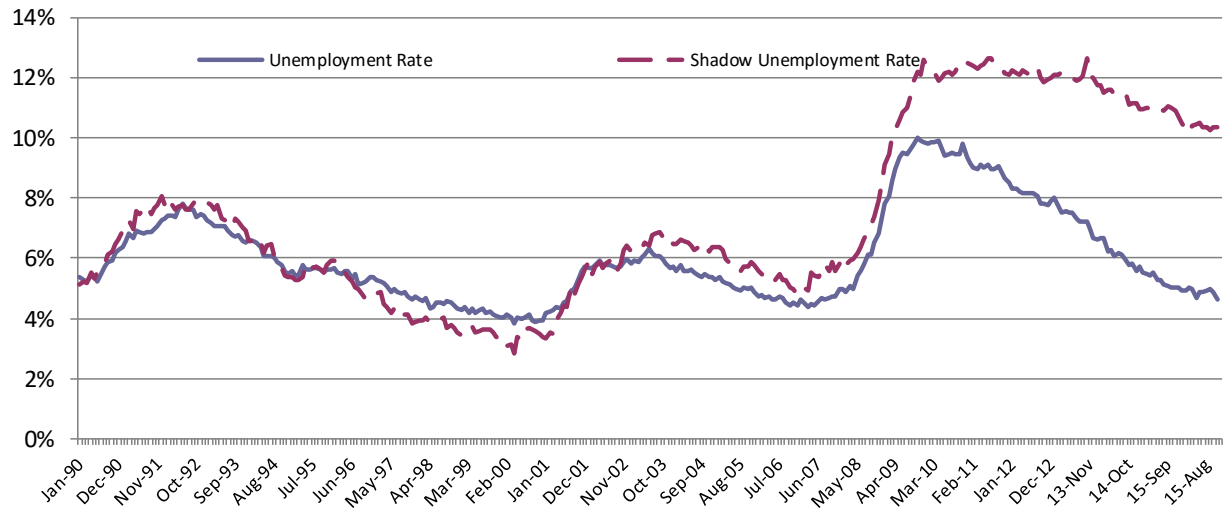
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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).
- After 2000, the gap between Illinois's official and shadow unemployment rates increased until 2006 when it began to shrink. However, the gap went increasing again since 2010.
- To bring the two together in October 2016, a further 282,600 jobs would need to be created in Illinois.

■ Illinois



■ US



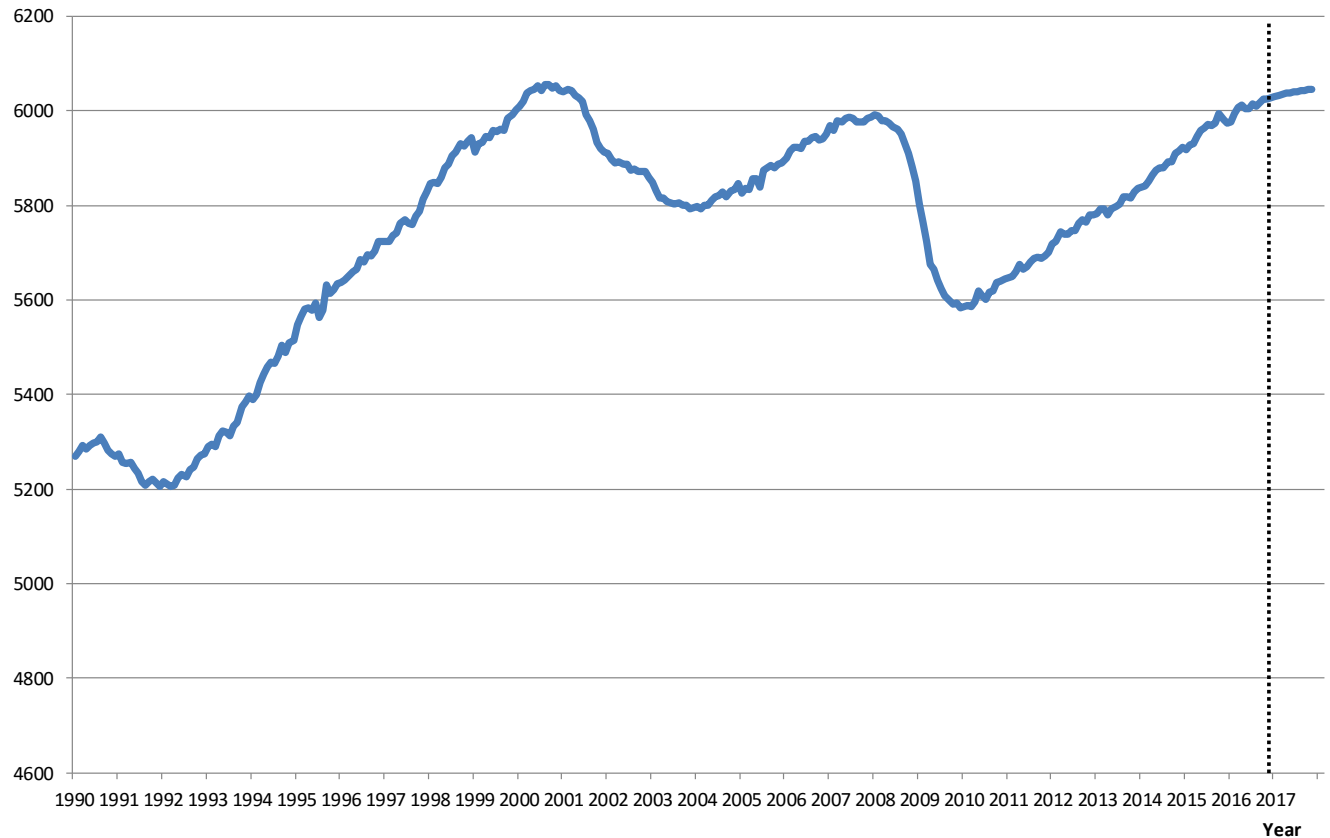
EMPLOYMENT FORECAST

Illinois	Nov 2016	Nov 2017 (p)	Number of Jobs	Growth Rate %
Total non-farm	6,025,500	6,044,500	19,000~22,000	0.32%~0.37%
Construction	211,300	208,700	-2,600	-1.23%
Manufacturing	567,700	564,700	-3,000	-0.53%
Trade, transportation & utilities	1,201,200	1,189,700	-11,500	-0.96%
Information	96,000	93,100	-2,900	-3.02%
Financial Activities	375,200	372,800	-2,400	-0.64%
Professional & business services	952,900	977,900	25,000	2.62%
Education & health	917,000	932,300	15,300	1.67%
Leisure & hospitality	601,800	610,600	8,800	1.46%
Other services	258,300	259,900	1,600	0.62%
Government	835,100	834,900	-200	-0.02%

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

Number of Jobs
(in thousands)

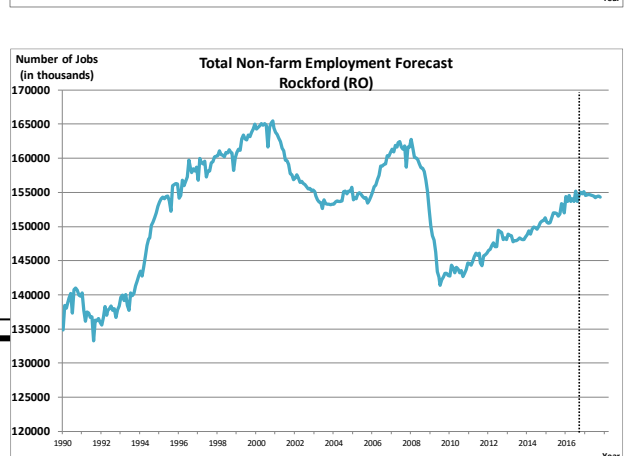
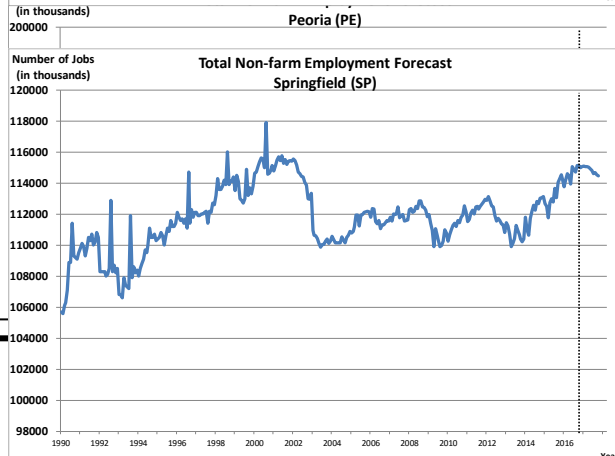
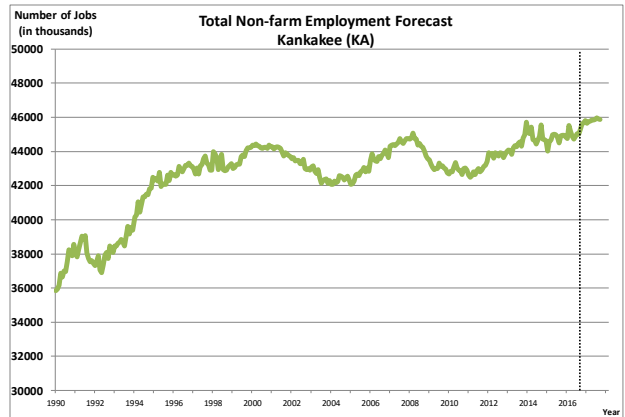
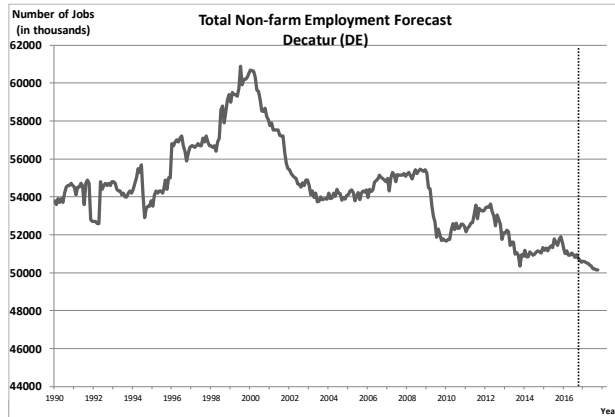
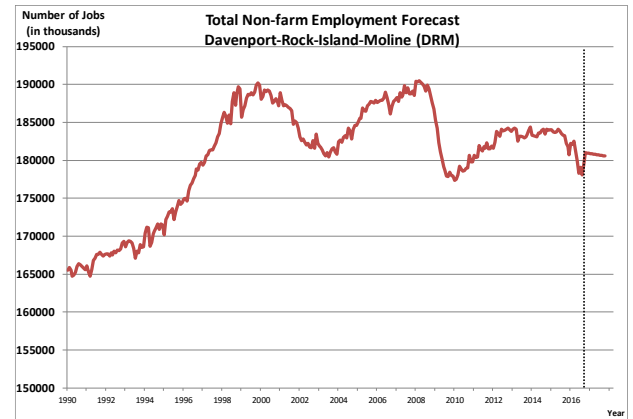
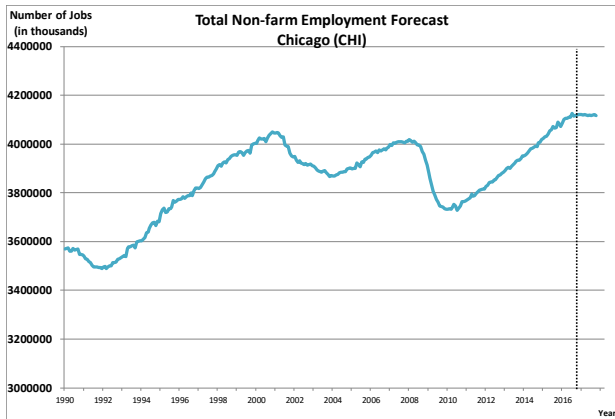
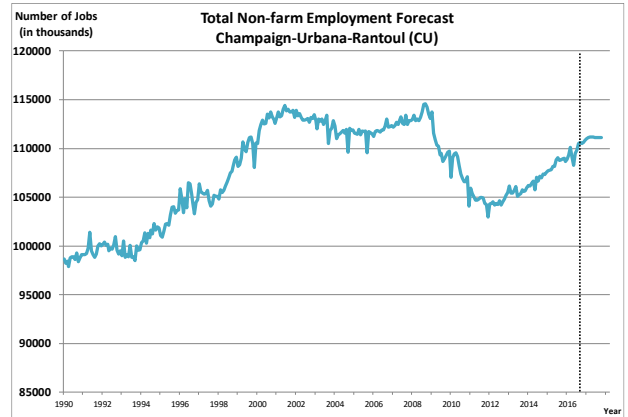
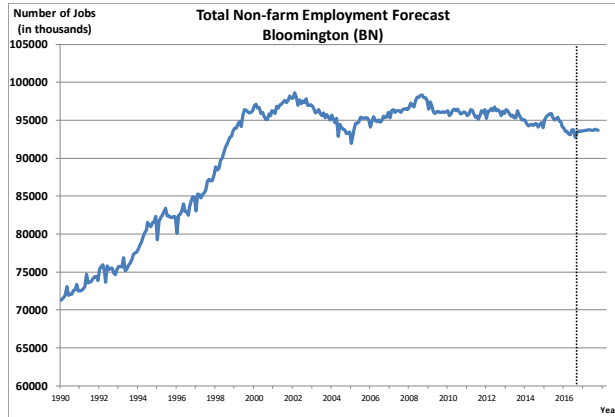
Total Non-farm Employment Forecast



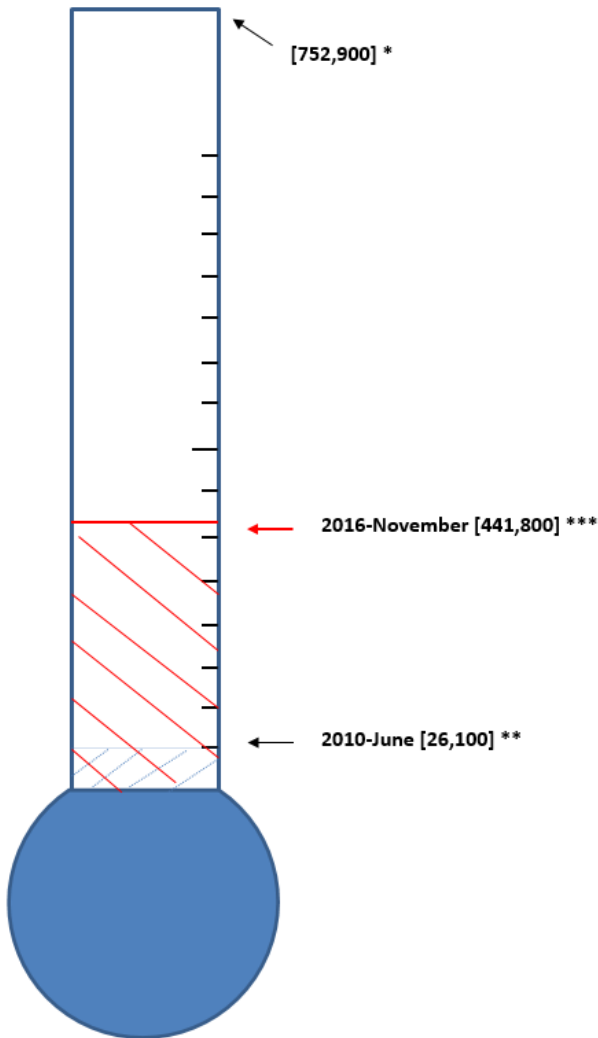
Employment Forecast for MSAs

MSAs	Oct 2016*	Oct 2017 (p)*	Number of Jobs *	Growth Rate %	Growth	Sector with Highest Growth Rate (p)	Sector with Lowest Growth Rate (p)
Bloomington-Normal	93,600	93,700	100~200	0.09%~ 0.22%	+	LEI (1.90%)	INF (-9.63%)
Champaign-Urbana-Rantoul	110,500	111,100	600~900	0.54%~0.78%	+	EDU (3.29%)	INF (-12.05%)
Chicago	4,118,100	4,116,100	-2,000~12,000	-0.05%~0.29%	-	LEI (1.93%)	FIN (-4.62%)
Davenport-Rock Island-Moline	181,000	180,900	-100~ 1,000	-0.06%~ 0.54%	+	TTU(1.33%)	INF (-3.71%)
Decatur	50,800	50,100	-700~-600	-1.23%~-1.12%	-	CON (2.84%)	INF (-5.65%)
Kankakee	45,600	45,900	300~500	0.59%~ 1.17%	+	INF (3.79%)	GOV(-1.83 %)
Peoria	176,500	177,600	1,100~1,800	0.60%~ 1.00%	+	PRO (3.41%)	EDU (-2.01%)
Rockford	155,000	154,300	-700~-200	-0.47%~-0.14%	-	LEI (1.91%)	INF (-7.71%)
Springfield	115,100	114,500	-600~-400	-0.56%~ -0.35%	-	TTU (3.11%)	INF (-4.64%)

*Total Non-Farm Jobs



Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2016 – November	At the point of 2010-June
In 5 years	62,200 jobs/year	145,400 jobs/year
In 8 years	38,900 jobs/year	90,900 jobs/year
In 10 years	31,100 jobs/year	72,700 jobs/year
In 15 years	20,700 jobs/year	48,500 jobs/year

* The figure 752,900 is the number of jobs needed for the Illinois economy to recover to the previous employment peak, Nov-2000. The gap between the previous peak, Nov-2000 and the previous lowest point, Dec-2009 is 470,300. Adding 282,600, the number of additional jobs that needed to be created after taking shadow unemployment rate into account, the total number of jobs that Illinois needs to create 752,900.

** The figure 26,100 represents the jobs recovered from December 2009 (previous lowest level) through June 2010.

*** The figure 441,800 represents the jobs recovered from December 2009 through November 2016.

ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 – November 2016					
	Job Changes in Recession Period*	Job Changes in Jan 2010- Nov 2016	Recovery Rate	Forecasted Job Changes Jan 2010-Nov 2017	Forecasted Recovery Rate
Construction	-63,800	7,400	11.60%	4,800	7.52%
Manufacturing	-114,600	12,900	11.26%	9,800	8.55%
Trade, transportation & utilities (TTU)	-97,700	80,900	82.80%	68,800	70.42%
Information	-11,300	-8,400	-74.34%	-11,300	-100.00%
Financial activities	-32,600	2,300	7.06%	7,800	23.93%
Professional & business services	-92,300	179,500	194.47%	204,500	221.56%
Education & health	33,800	96,500	-	111,800	-
Leisure & hospitality	-22,300	89,900	403.14%	98,700	442.60%
Other Services	-5,900	2,300	38.98%	3,900	66.10%
Government	6,000	-21,600	-	-21,400	-

*Recession period: Dec 2007- Dec 2009

Recovery by Sector	<ul style="list-style-type: none"> ▪ During the recession period of December 2007-December 2009, 8 out of 10 Illinois sectors experienced employment declines. Education & health and Government were the only 2 sectors that had positive job growth during the recession. ▪ Since January 2010, Illinois employment growth resumed. Construction, Manufacturing, Trade, transportation & utilities, Financial activities, Professional & business services, Leisure & hospitality, and Other services have recovered 11.60%, 11.26%, 82.80%, 7.06%, 194.47% 403.14%, and 38.98% respectively, from the jobs lost during the recession. ▪ By November 2016, Professional & business services and Leisure & hospitality had both recovered to their previous employment peak levels. ▪ However, the recovery rate for Information is still negative, namely - 74.34 %. ▪ The 12-month-ahead job recovery forecasts show that the future recovery rates in Illinois will increase for Financial Activities, Professional & business services, Leisure & hospitality and Other services.
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CATCH UP SCENARIO & RECOVERY FROM RECESSION

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

	Previous Peak	Current	Catch-up	Recovery Rates
Nation	126.49 (Dec-2007)	132.92 (Nov 2016)	Positive growth	-
RMW	119.39 (Jun-2000)	118.84 (Nov 2016)	Positive growth	-
IL	115.00 (Nov-2000)	114.37 (Nov 2016)	Positive growth	66.99%
Metro Areas***:				
Bloomington Normal	142.06 (Feb 2002)	131.28 (Oct 2016)	Negative growth	NA
Champaign-Urbana	116.26 (Jan 2009)	112.12 (Oct 2016)	Negative growth	NA
Chicago	114.82 (Nov 2000)	115.31 (Oct 2016)	Positive growth	-
Davenport- Rock Island-Moline	115.06 (Mar 2008)	109.37 (Oct 2016)	Positive growth	28.88%
Decatur	112.38 (Jan 2000)	94.35 (Oct 2016)	Negative growth	NA
Kankakee	125.66 (Nov 2011)	127.01 (Oct 2016)	Positive Growth	-
Peoria	122.09 (Aug 2008)	113.72 (Oct 2016)	Positive growth	17.19%
Rockford	122.81 (Nov 2000)	114.93 (Oct 2016)	Positive growth	64.43%
Springfield	110.94 (Aug 2000)	108.97 (Oct 2016)	Positive growth	-
Metro-East	114.97 (Jun 2001)	110.00 (Oct 2016)	Positive growth	56.75%

* Catch-up scenarios compares a region's current employment with its historical peak. The US has surpassed its historical peak level but RMW and Illinois have not. In the "Recovery Rates" column, "-" means the region has fully recovered from the recession, "NA" means the region did not lose jobs during that period, and a percentage indicates the ratio of recovered jobs to all jobs lost during the recession.

*** 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

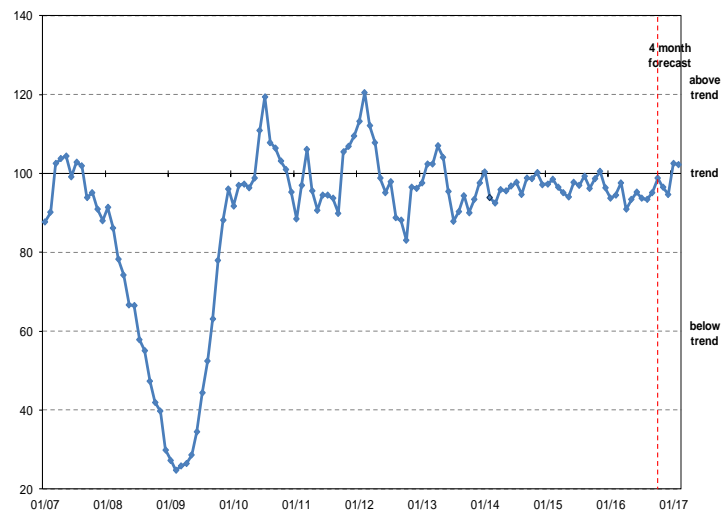
This index is based on national indices of leading indicators and is a barometer for the economy, tracing the path of growth or contraction through to the current period and then forecasts up to 24 months into the future.

- The Chicago Business Activity Index (CBAI) increased to 98.8 in October from 95.2 in September. The increase is attributed to the job growth in the manufacturing sector and to the improved retail activities in the Chicago area.
- In October, the national and regional economies presented mixed features. The Federal Reserve Board announced that the industrial production index was unchanged in October at 104.3 after having decreased 0.2 percent in September.
- Capacity utilization for the industrial sector edged down 0.1 percentage point in October to 75.3. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.08 in October from -0.23 in September. In the Chicago region, employment in the manufacturing and the nonmanufacturing sector increased 0.14 percent and 0.01 percent, respectively, in October. Employment in the construction sector decreased 1.52 percent in October. Retail sales are estimated to have increased 0.24 percent during the same period.
- In the coming months, the national economy is likely to stay on the expansion phase. The economic growth reflected in the CFNAI-MA3 suggests that growth in national economic activity is somewhat below its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 178,000 and the unemployment rate declined to 4.6 percent in November. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its expansion trend over the next several months.

Chicago Business Activity Index

CBAI (Current: 98.8)

	1 month	3 month	1 year
Historical (ago)	95.2	93.7	98.6
Forecast (ahead)	96.5	102.5	-



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Decatur (3rd to 10th) experienced the deepest fall in October 2016.
- Davenport-Rock Island-Moline (1st to 2nd), Springfield (2nd to 8th), and Champaign-Urbana-Rantoul (4th to 9th) also dropped in terms of rank from last month.
- The most remarkable upward move in October was recorded for Metro-East (8th to 1st).
- In the 12-month growth league table, upward moves were recorded for Champaign-Urbana-Rantoul (3rd to 2nd), Kankakee (6th to 3rd), Davenport-Rock Island-Moline (9th to 7th) and Bloomington-Normal (10th to 9th).
- Downward moves were recorded for Rockford (2nd to 4th), Chicago (4th to 6th) and Decatur (7th to 10th).
- In the 12-month growth league table, Decatur dropped to the last place while Metro-East remained in the first place.

*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	September 2016	October 2016	Rank	Change**
1	Davenport-Rock Island-Moline(0.93%)	Metro-East(0.89%)	1	↑(+7)
2	Springfield (0.65%)	Davenport-Rock Island-Moline(0.84%)	2	↓(-1)
3	Decatur(0.43%)	Kankakee(0.65%)	3	↑(+3)
4	Champaign-Urbana-Rantoul(0.4%)	Bloomington-Normal(0.31%)	4	↑(+1)
5	Bloomington-Normal(0.31%)	Rockford (0.3%)	5	↑(+5)
6	Kankakee(0.21%)	Peoria(0.12%)	6	↑(+3)
7	Chicago(0.01%)	Chicago(0.04%)	7	←(+0)
8	Metro-East(0%)	Springfield (-0.01%)	8	↓(-6)
9	Peoria(-0.11%)	Champaign-Urbana-Rantoul(-0.08%)	9	↓(-5)
10	Rockford (-0.3%)	Decatur(-0.38%)	10	↓(-7)

Growth over last 12-months:

Rank	September 2016	October 2016	Rank	Change**
1	Metro-East (2.35%)	Metro-East (3.36%)	1	←(+0)
2	Rockford (1.71%)	Champaign-Urbana-Rantoul (1.45%)	2	↑(+1)
3	Champaign-Urbana-Rantoul (1.52%)	Kankakee (1.44%)	3	↑(+3)
4	Chicago (1.15%)	Rockford (1.25%)	4	↓(-2)
5	Springfield (0.93%)	Springfield (0.92%)	5	←(+0)
6	Kankakee (0.18%)	Chicago (0.67%)	6	↓(-2)
7	Decatur (-0.96%)	Davenport-Rock Island-Moline (-0.7%)	7	↑(+2)
8	Peoria (-1.26%)	Peoria (-0.96%)	8	←(+0)
9	Davenport-Rock Island-Moline (-2.33%)	Bloomington-Normal (-1.37%)	9	↑(+1)
10	Bloomington-Normal (-2.39%)	Decatur (-1.94%)	10	↓(-3)

* 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)

