



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 Kijin Kim.

NOVEMBER 2016

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

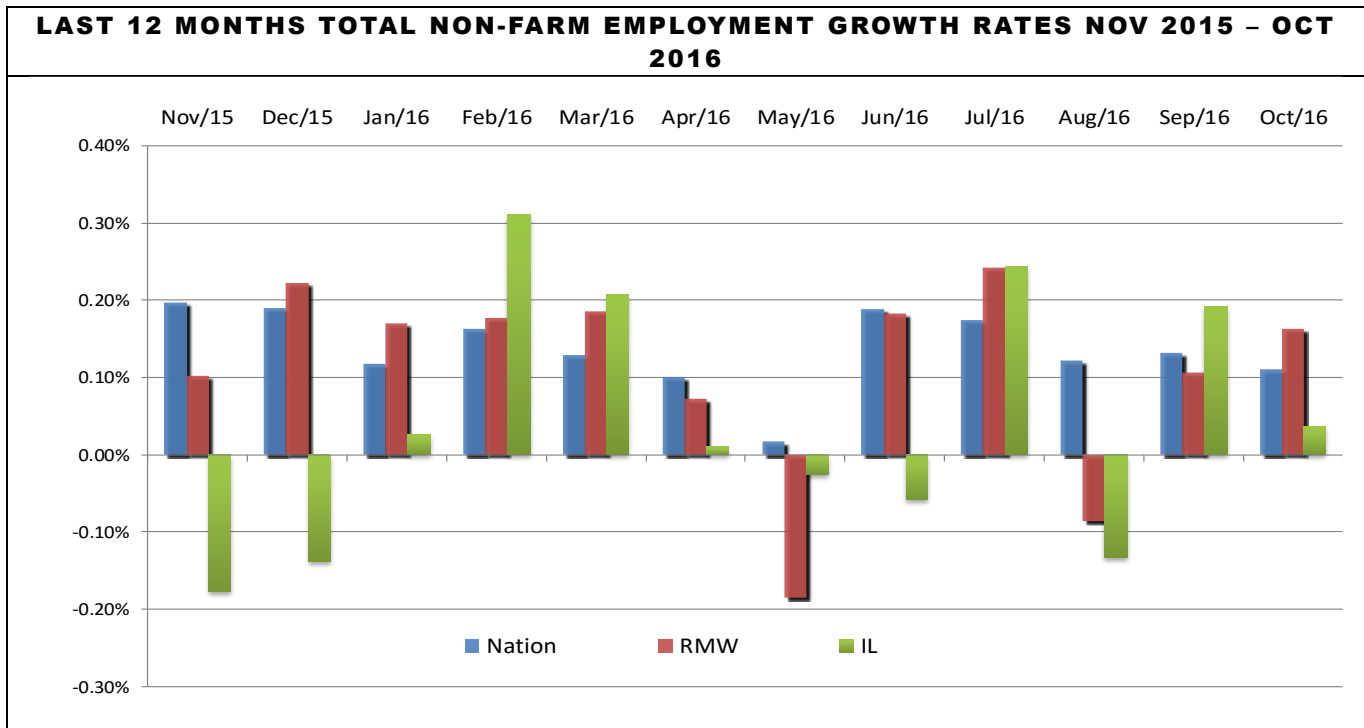
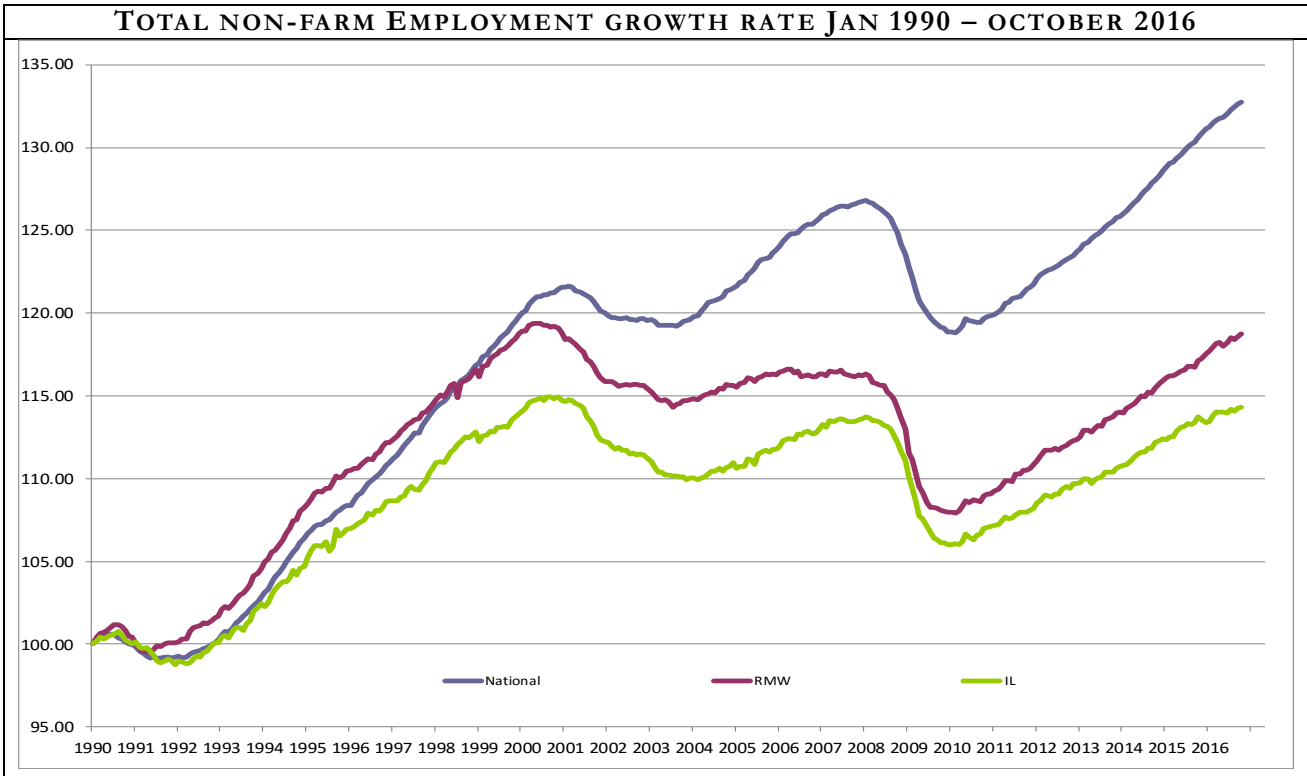
- Illinois added 2,200 jobs in October 2016, compared with a revised 11,500 job gain in September 2016. Compared to October 2015, Illinois has added 29,500 jobs. The three-month moving average, a more stable measure of labor market, showed an increase of 1,900 jobs per month.
- The Nation added 161,000 jobs at a rate of 0.11%, compared with a revised 191,000 job gain in September 2016. The three-month moving average was up by 176,000 jobs per month.
- The RMW added 33,100 jobs in October after a revised 21,400 job gain in September 2016. The three-month moving average was up by 12,400 jobs per month.
- The state of Illinois now has 37,400 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 438,900 new jobs.
- By October 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 9.70%, 10.10% and 10.34%, compared to official unemployment rates of 5.6%, 4.6% and 4.9%.
- Through October 2016, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 14.32%, 18.73%, and 32.76%, respectively.

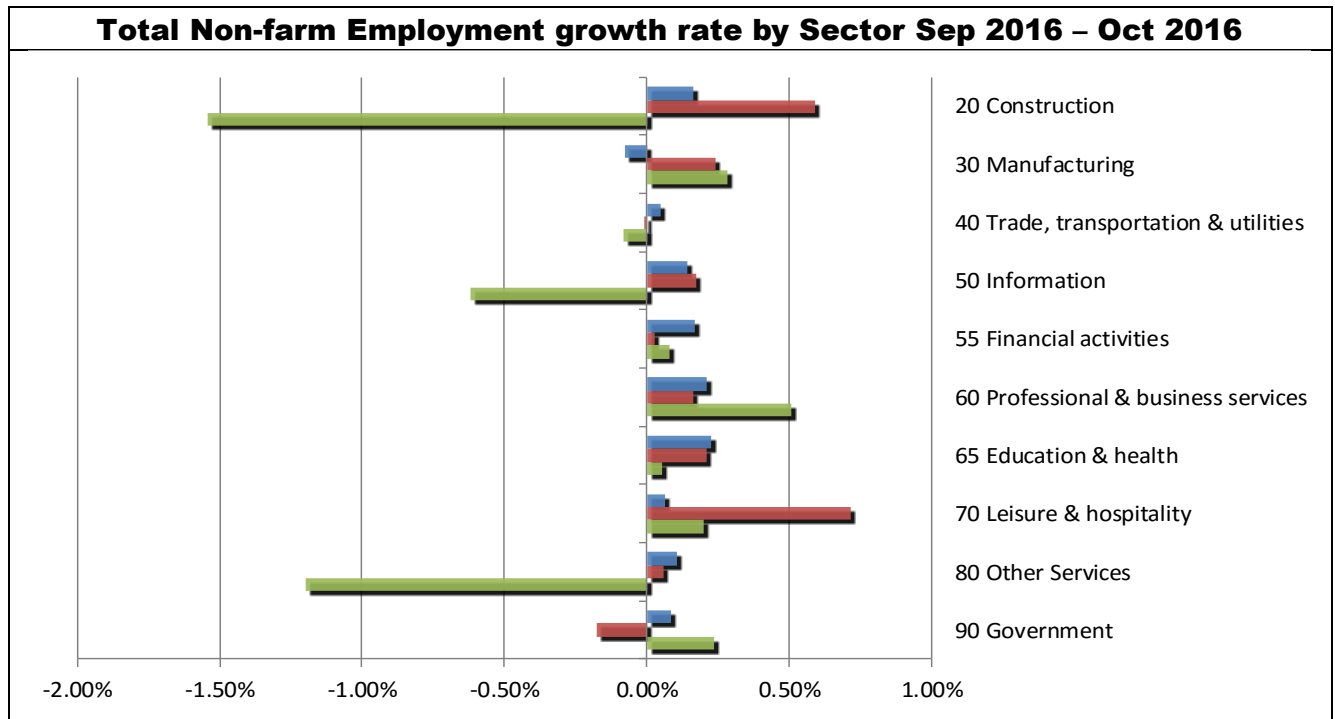
NOVEMBER 2016 EMPLOYMENT CHART

October 2016 Positive	Total Non-Farm Employment	Sep 2016– Oct 2016		Last 12 months		Oct 2016
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.11	161,000	1.65	2,357,000	10.34
	RMW*	0.16	33,100	1.36	272,300	10.1
	Illinois	0.04	2,200	0.49	29,500	9.7

*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.





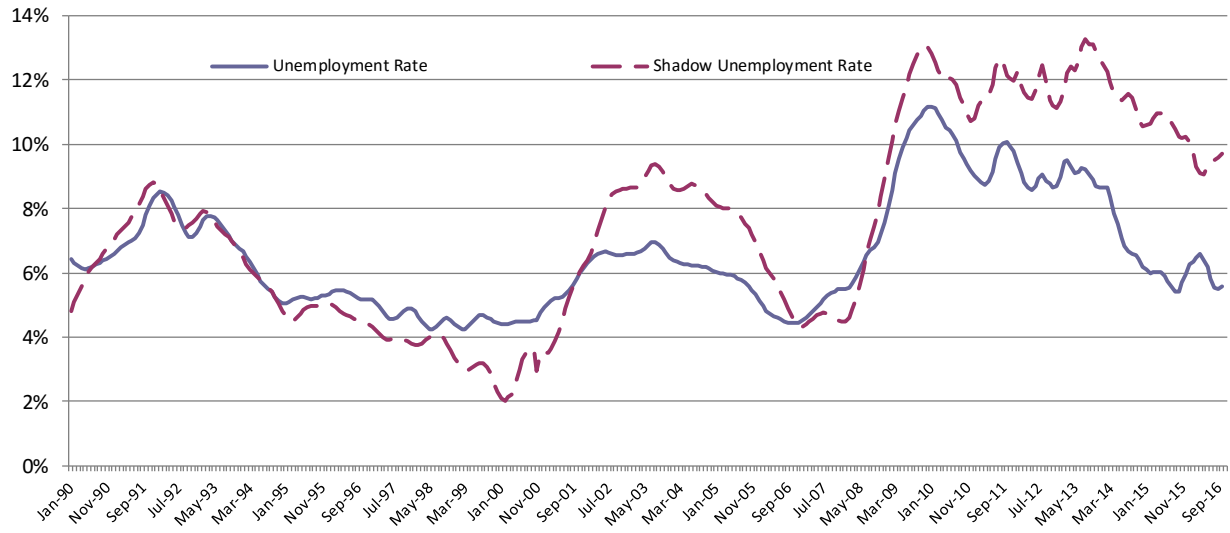
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

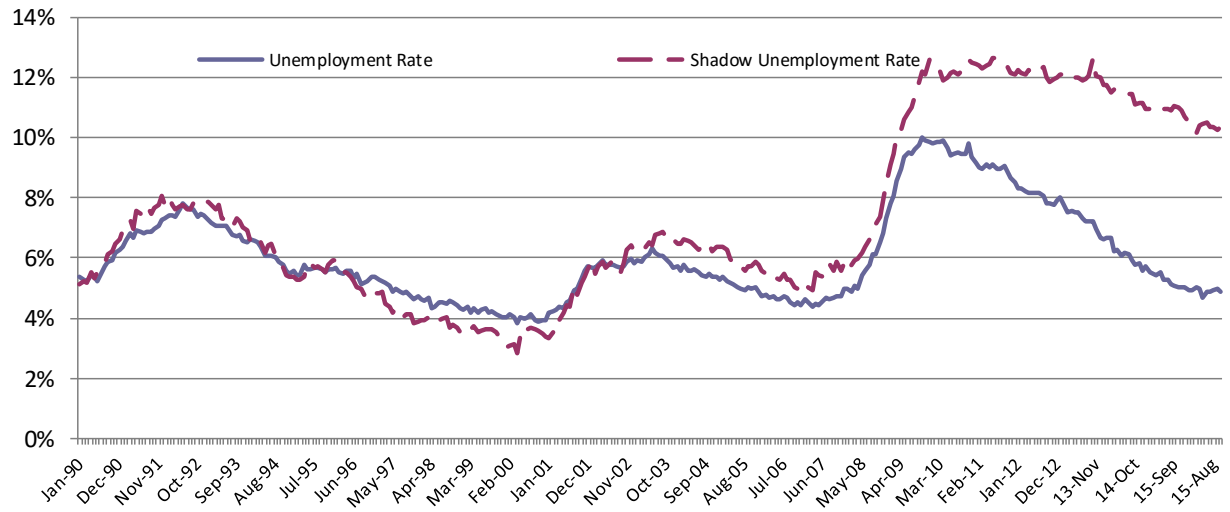
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 282,200 jobs would need to be created in Illinois.

■ Illinois



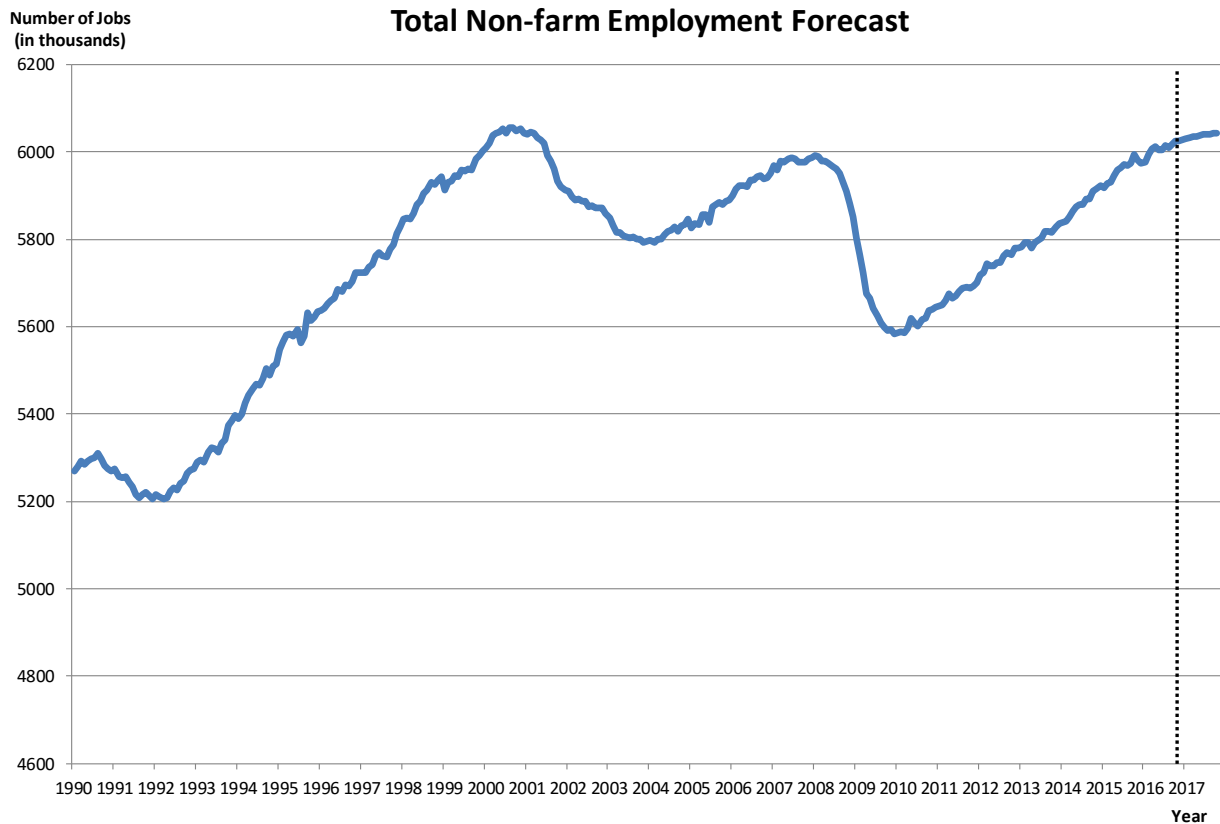
■ US



EMPLOYMENT FORECAST

Illinois	Oct 2016	Oct 2017 (p)	Number of Jobs	Growth Rate %
Total non-farm	6,022,600	6,042,600	20,000~25,800	0.33%~0.43%
Construction	210,400	206,600	-3,800	-1.81%
Manufacturing	568,500	565,100	-3,400	-0.60%
Trade, transportation & utilities	1,207,200	1,200,500	-6,700	-0.56%
Information	96,800	94,700	-2,100	-2.17%
Financial Activities	375,900	373,500	-2,400	-0.64%
Professional & business services	950,000	976,500	26,500	2.79%
Education & health	913,600	927,300	13,700	1.50%
Leisure & hospitality	599,800	609,400	9,600	1.60%
Other services	255,400	255,800	400	0.16%
Government	836,200	833,300	-2,900	-0.35%

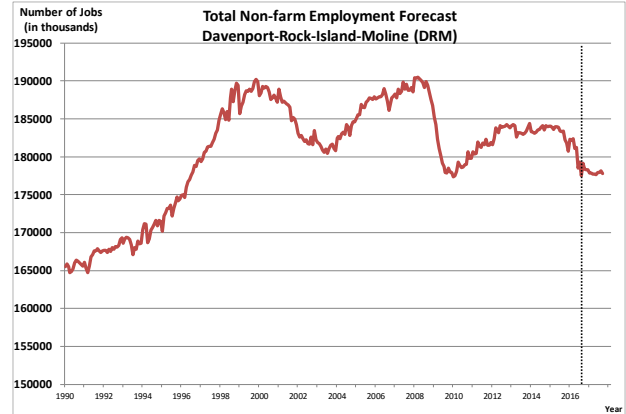
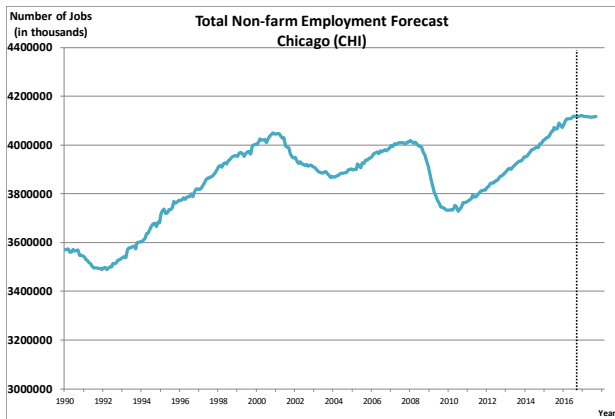
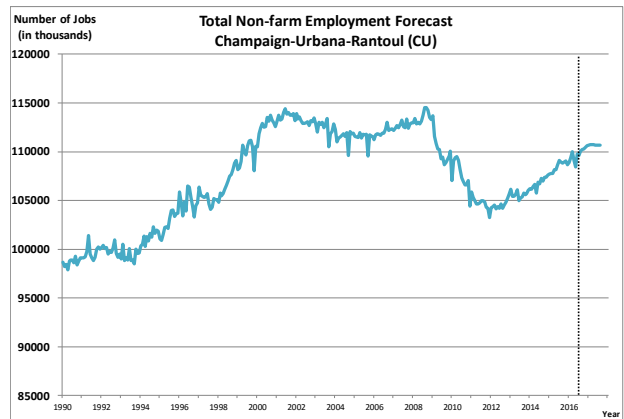
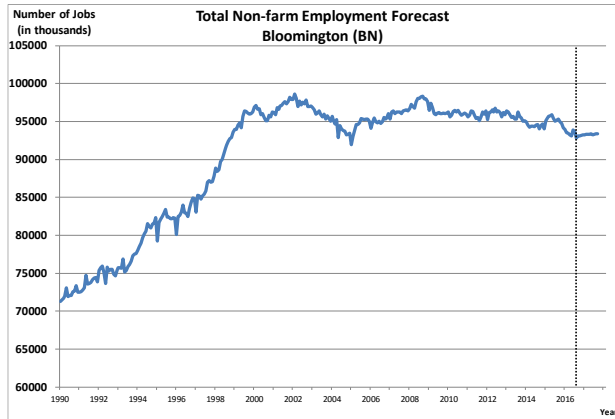
* The values by sector for the number of jobs added are the lower bound of the forecast.

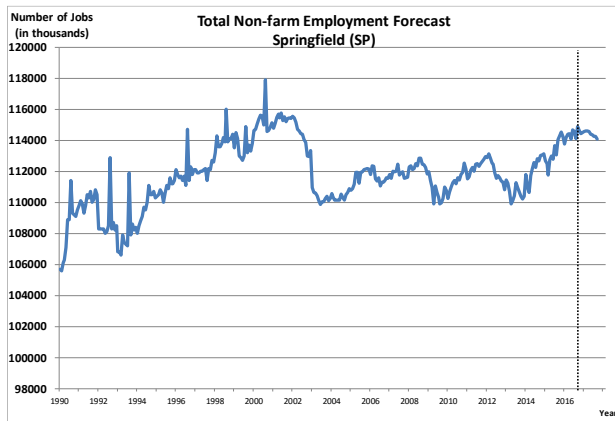
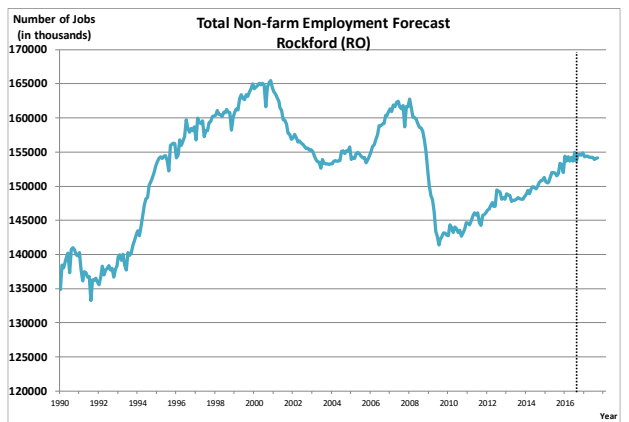
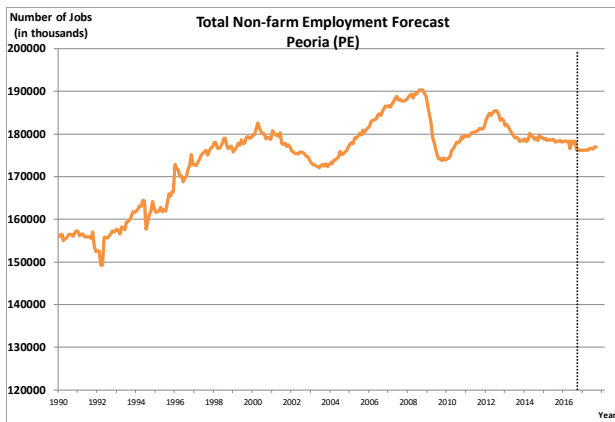
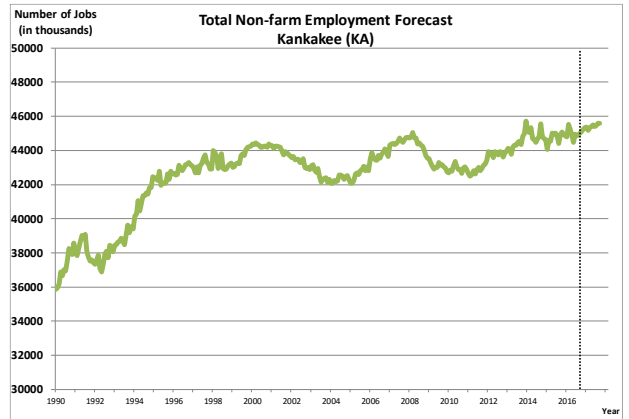
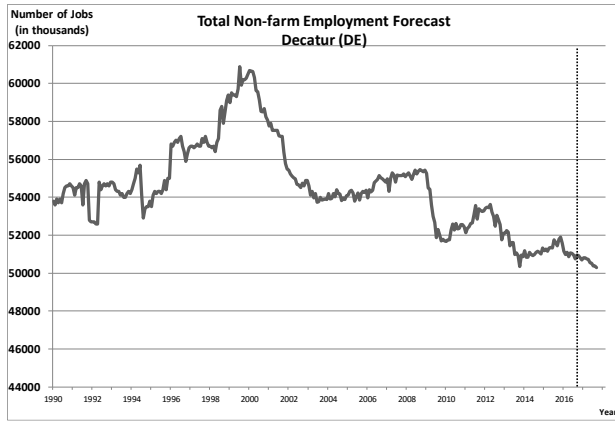


Employment Forecast for MSAs

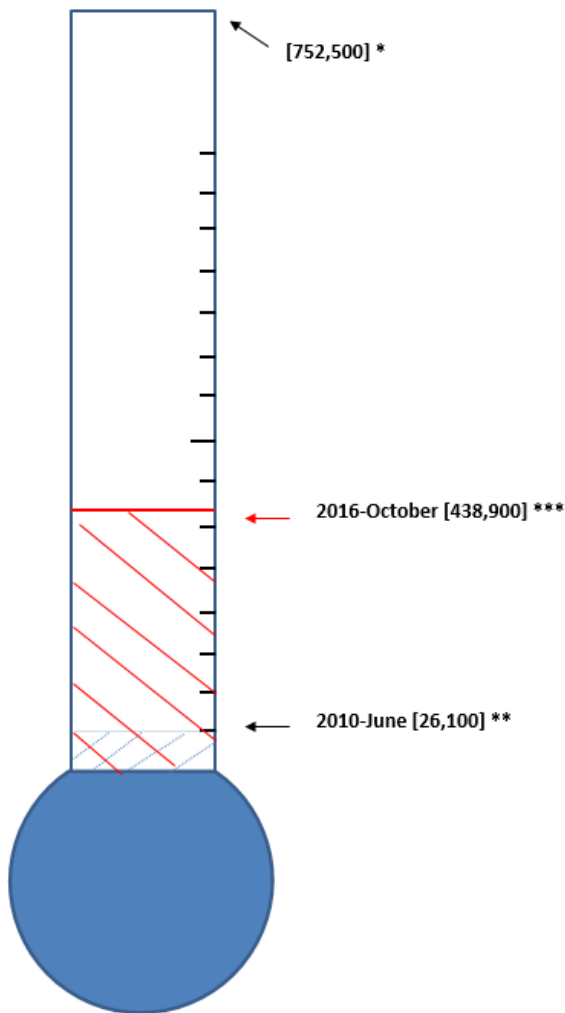
MSAs	Sep 2016*	Sep 2017 (p)*	Number of Jobs *	Growth Rate %	Growth	Sector with Highest Growth Rate (p)	Sector with Lowest Growth Rate (p)
Bloomington-Normal	93,100	93,400	300~ 500	0.32%~ 0.49%	+	LEI (1.70%)	INF (-5.59%)
Champaign-Urbana-Rantoul	110,500	110,700	200~400	0.18%~0.38%	+	EDU (2.76%)	INF (-5.78%)
Chicago	4,118,000	4,117,100	-800~16,500	-0.02%~0.40%	-	LEI (2.97%)	FIN (-3.94%)
Davenport-Rock Island-Moline	179,100	177,800	-1,300~ -800	-0.73%~ -0.46%	-	EDU (1.13%)	INF (-3.63%)
Decatur	51,000	50,300	-700~-100	-1.33%~-0.18%	-	CON (1.45%)	INF (-5.62%)
Kankakee	45,000	45,600	600~800	1.26%~ 1.87%	+	INF (12.02%)	PRO (0.00%)
Peoria	176,300	177,000	700~1,600	0.40%~ 0.92%	+	LEI (2.69%)	EDU (-1.63%)
Rockford	154,700	154,100	-600~-50	-0.33%~-0.02%	-	LEI (1.71%)	INF (-7.76%)
Springfield	114,900	114,100	-800~-500	-0.68%~ -0.46%	-	TTU (3.90%)	INF (-6.15%)

*Total Non-Farm Jobs





Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2016 – October	At the point of 2010-June
In 5 years	62,700 jobs/year	145,300 jobs/year
In 8 years	39,200 jobs/year	90,800 jobs/year
In 10 years	31,400 jobs/year	72,600 jobs/year
In 15 years	20,900 jobs/year	48,400 jobs/year

* The figure 752,500 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 282,200, 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 752,500.

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

*** The figure 438,900 represents the jobs recovered from December 2009 through October 2016.

ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 – October 2016					
	Job Changes in Recession Period*	Job Changes in Jan 2010-Oct 2016	Recovery Rate	Forecasted Job Changes Jan 2010-Oct 2017	Forecasted Recovery Rate
Construction	-63,800	6,500	10.19%	2,700	4.23%
Manufacturing	-114,600	13,700	11.95%	10,200	8.90%
Trade, transportation & utilities (TTU)	-97,700	86,900	88.95%	79,600	81.47%
Information	-11,300	-7,600	-67.26%	-9,700	-85.84%
Financial activities	-32,600	3,000	9.20%	8,500	26.07%
Professional & business services	-92,300	176,600	191.33%	203,100	220.04%
Education & health	33,800	93,100	-	106,800	-
Leisure & hospitality	-22,300	87,900	394.17%	97,500	437.22%
Other Services	-5,900	-600	-10.17%	-200	-3.39%
Government	6,000	-20,500	-	-23,000	-

*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 10.19%, 11.95%, 88.95%, 9.20%, 191.33% and 394.17% respectively, from the jobs lost during the recession. ▪ By October 2016, Professional & business services and Leisure & hospitality had both recovered to their previous employment peak levels. ▪ However, the recovery rates for Information and Other services are still negative, namely -67.26% and -10.17%. ▪ 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

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

	Previous Peak	Current	Catch-up	Recovery rates at Oct 2016**
Nation	126.49 (Dec-2007)	132.61 (Oct 2016)	Positive growth	28.22%
RMW	119.39 (Jun-2000)	118.54 (Oct 2016)	Positive growth	59.94 %
IL	115.00 (Nov-2000)	114.55 (Oct 2016)	Positive growth	37.75%
Metro Areas***:				
Bloomington Normal	142.06 (Feb 2002)	130.55 (Sep 2016)	Negative growth	NA
Champaign-Urbana	116.26 (Jan 2009)	112.05 (Sep 2016)	Negative growth	NA
Chicago	114.82 (Nov 2000)	115.33 (Sep 2016)	Positive growth	137.39%
Davenport- Rock Island-Moline	115.06 (Mar 2008)	108.23 (Sep 2016)	Positive growth	11.22%
Decatur	112.38 (Jan 2000)	94.72 (Sep 2016)	Negative growth	NA
Kankakee	125.66 (Nov 2011)	125.39 (Sep 2016)	Positive Growth	112.93%
Peoria	122.09 (Aug 2008)	113.65 (Sep 2016)	Positive growth	17.09%
Rockford	122.81 (Nov 2000)	114.72 (Sep 2016)	Positive growth	62.92%
Springfield	110.94 (Aug 2000)	108.68 (Sep 2016)	Positive growth	490.22%
Metro-East	114.97 (Jun 2001)	108.90 (Sep 2016)	Positive growth	33.70%

* Catch-up scenarios are based on average monthly growth rate over the previous 12 months. Nation already passed its previous peak in February 2005.

**Recovery rates are percentage of jobs added since the last official end of the recession. We have also adjusted for differences in population and labor participation rates i.e shadow unemployment between the data month and December 2007.

*** 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 SEPTEMBER

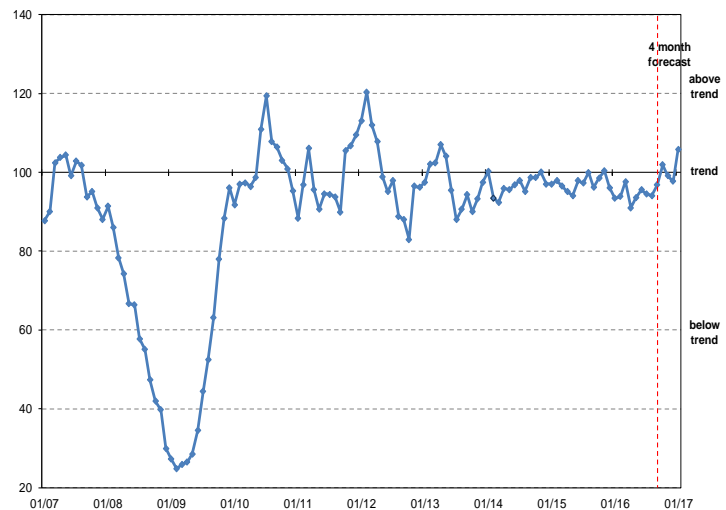
This index is based on national indices of leading indicators and is a barometer for the economy, tracing the path of growth or contraction through to the current period and then forecasts up to 24 months into the future.

- The Chicago Business Activity Index (CBAI) increased to 96.8 in September from 94.1 in August. The increase is attributed to the job growth in the nonmanufacturing sector and to the improved retail activities in the Chicago area.
- In September, the national and regional economies presented mixed features. The Federal Reserve Board announced that the industrial production index edged up 0.1 percent in September to 104.2 after having fallen 0.5 percent in August.
- Capacity utilization for the industrial sector edged up 0.1 percentage point in September to 75.4 percent. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.14 in September from -0.72 in August. In the Chicago region, employment in the nonmanufacturing sector increased 0.11 percent in September. Employment in the manufacturing and the construction sector decreased 0.31 percent and 0.08 percent, respectively, in September. Retail sales are estimated to have increased 1.19 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 rose by 161,000 and the unemployment rate was little changed at 4.9 percent in October. 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: 96.8)

	1 month	3 month	1 year
Historical (ago)	94.1	95.5	96.2
Forecast (ahead)	101.9	97.7	-



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Rockford (2nd to 10th) experienced the deepest fall in September 2016.
- Champaign-Urbana-Rantoul (1st to 4th), Kankakee (3rd to 6th), Chicago (5th to 7th), Metro-East (4th to 8th), and Peoria (8th to 9th) also dropped in terms of rank from last month.
- The most remarkable upward move in September was recorded for Davenport-Rock Island-Moline (9th to 1st).
- In the 12-month growth league table, upward moves were recorded for Champaign-Urbana-Rantoul (5th to 3rd), Springfield (6th to 5th), Decatur (8th to 7th) and Davenport-Rock Island-Moline (10th to 9th).
- Downward moves were recorded for Chicago (3rd to 4th), Peoria (7th to 8th), Kankakee(4th to 6th) Springfield (4th to 6th) and Bloomington-Normal (9th to 10th).
- In the 12-month growth league table, Bloomington-Normal 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	August 2016	September 2016	Rank	Change**
1	Champaign-Urbana-Rantoul(0.35%)	Davenport-Rock Island-Moline(0.93%)	1	↑(+8)
2	Rockford (0.15%)	Springfield (0.65%)	2	↑(+4)
3	Kankakee(0.06%)	Decatur(0.43%)	3	↑(+4)
4	Metro-East(0.03%)	Champaign-Urbana-Rantoul(0.4%)	4	↓(-3)
5	Chicago(0.01%)	Bloomington-Normal(0.31%)	5	↑(+5)
6	Springfield (-0.39%)	Kankakee(0.21%)	6	↓(-3)
7	Decatur(-0.41%)	Chicago(0.01%)	7	↓(-2)
8	Peoria(-0.7%)	Metro-East(0%)	8	↓(-4)
9	Davenport-Rock Island-Moline(-0.88%)	Peoria(-0.11%)	9	↓(-1)
10	Bloomington-Normal(-1.04%)	Rockford (-0.3%)	10	↓(-8)

Growth over last 12-months:

Rank	August 2016	September 2016	Rank	Change**
1	Metro-East (2.59%)	Metro-East (2.35%)	1	←(+0)
2	Rockford (2.27%)	Rockford (1.71%)	2	←(+0)
3	Chicago (1.3%)	Champaign-Urbana-Rantoul (1.52%)	3	↑(+2)
4	Kankakee (1.11%)	Chicago (1.15%)	4	↓(-1)
5	Champaign-Urbana-Rantoul (1.01%)	Springfield (0.93%)	5	↑(+1)
6	Springfield (0.78%)	Kankakee (0.18%)	6	↓(-2)
7	Peoria (-0.99%)	Decatur (-0.96%)	7	↑(+1)
8	Decatur (-1.71%)	Peoria (-1.26%)	8	↓(-1)
9	Bloomington-Normal (-2.55%)	Davenport-Rock Island-Moline (-2.33%)	9	↑(+1)
10	Davenport-Rock Island-Moline (-3.18%)	Bloomington-Normal (-2.39%)	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)

