



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.

APRIL 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois lost 39,600 jobs at a rate of -0.68% March 2009, compared to a revised 36,300 job loss in February.
- Illinois, RMW, and the nation all lost jobs in March, but the job loss rate in Illinois was the largest.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 15 times, and the state has lost 249,700 jobs in this recession. 210,500 jobs (84.3%) have been lost since Sep 2008.
- Through 2008, Illinois lost -11,808 jobs at a rate of -0.20% on average per month, the average monthly loss for the first quarter of 2009 is 35,167 jobs at a rate of -0.60%.
- Over the last 12 months, Illinois payroll growth was -3.89%, worse than the -3.48% growth of the nation. RMW continued with a negative rating (-4.16%) and has recorded a negative rate for 13 months in a row.
- Through March 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1900 stood at 9.09%, 10.93%, and 21.87%, respectively.
- The shadow unemployment rates for Illinois, RMW and the Nation are 11.6%, 12.4% and 10.1%, compared to 9.1%, 9.7% and 8.5% official unemployment rates for Illinois, RMW and Nation.

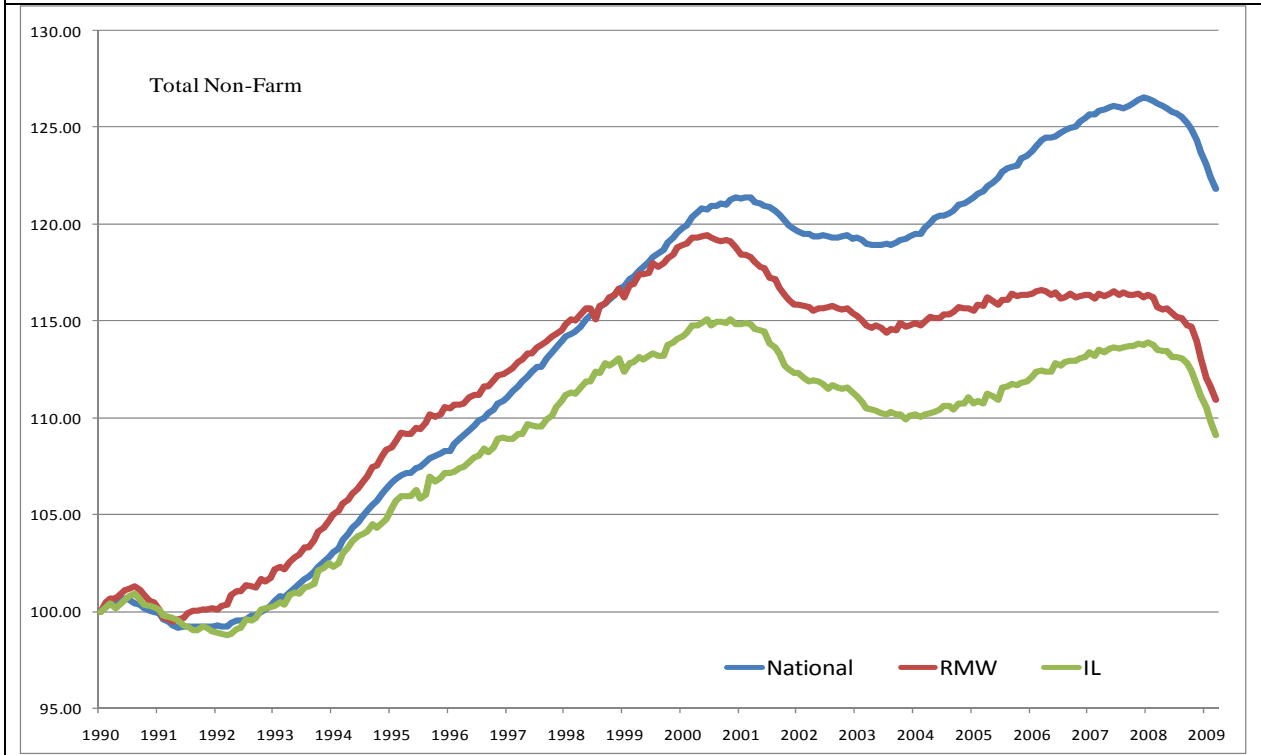
MARCH 2009 EMPLOYMENT CHART

| March 2009 Negative | Total Non-Farm Employment | Feb 2009 – Mar 2009 | | Last 12 months | | Mar-09 |
|-------------------------------|------------------------------|---------------------|-------------------|------------------|-------------------|-------------------|
| | | Growth Rate % | Number of Jobs | Growth Rate % | Number of Jobs | Shadow U.R. ** |
| | Nation | -0.50 | -663,000 | -3.48 | -4,795,000 | 10.1% |
| | RMW* | -0.62 | -118,600 | -4.16 | -822,900 | 12.4% |
| | Illinois | -0.68 | -39,600 | -3.89 | -232,600 | 11.6% |

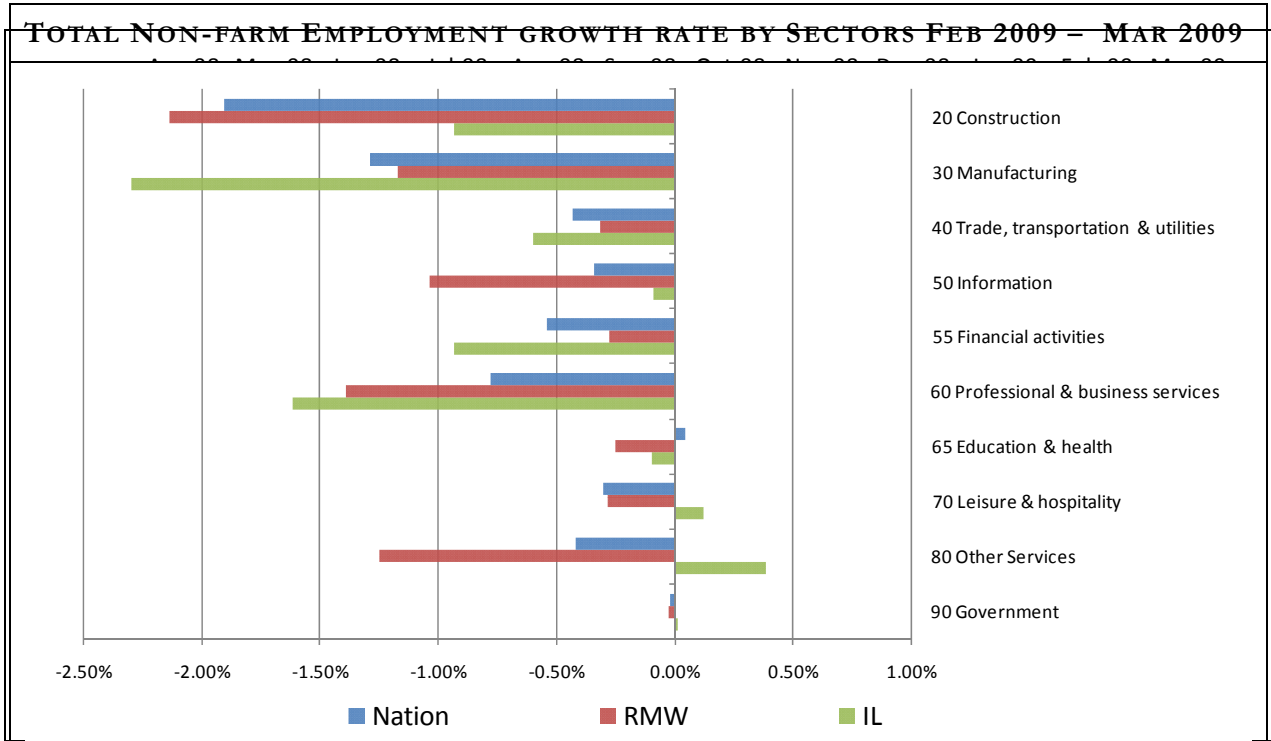
*RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

**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 JAN 1990 – MAR 2009



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE MAR 2008 – MAR 2009



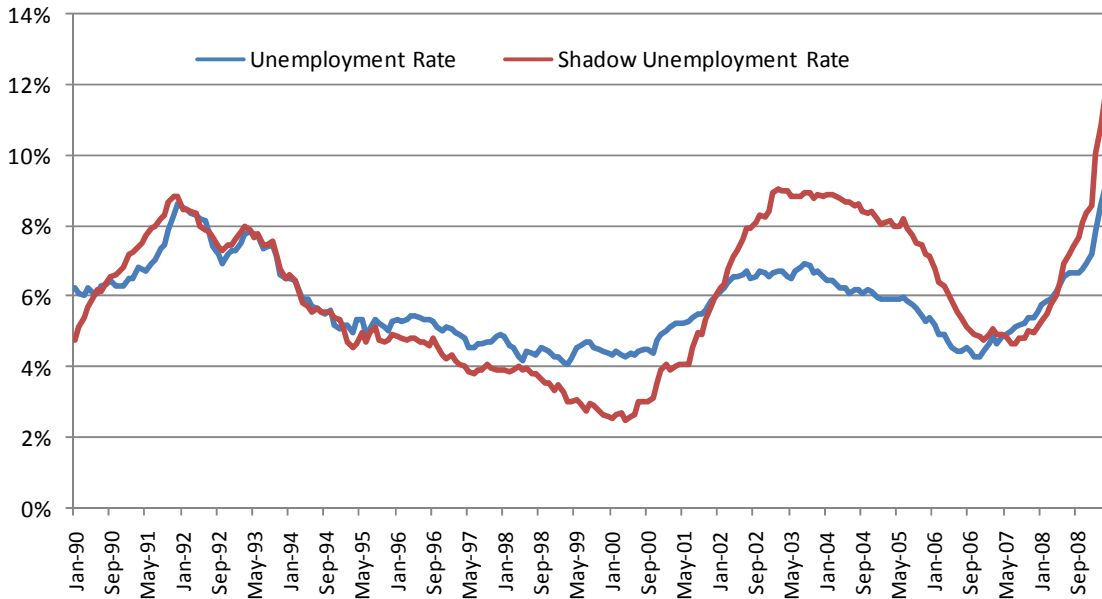
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

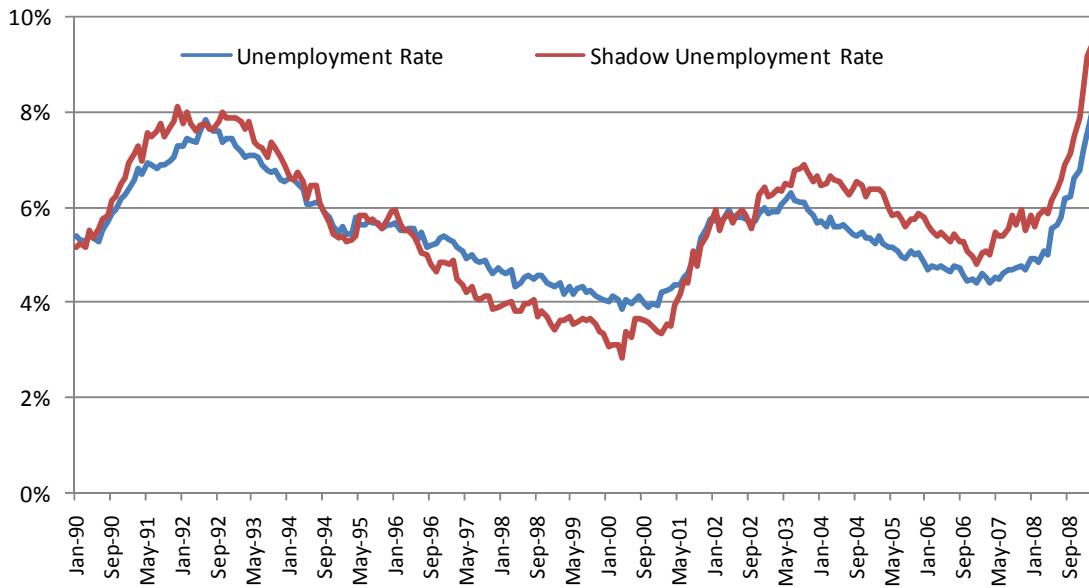
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2008, it has been only 67.8%.
- 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 66.5% whereas in 2008, 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 early 2006, the gap has decreased. However, the gap has increased significantly since 2008.
- To bring the two together a further 94,979 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

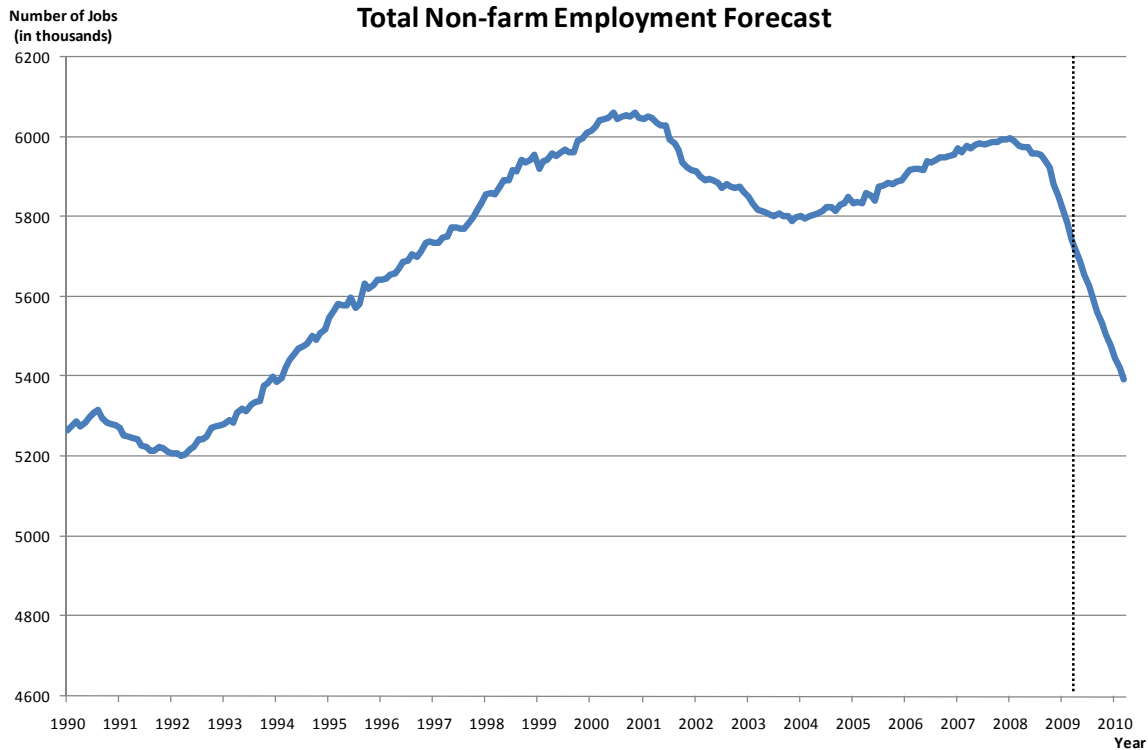


■ US



EMPLOYMENT FORECAST

| | March 2009 | March 2010 (p) | Number of Jobs | Growth Rate % |
|--|------------|-------------------|-------------------|---------------|
| Total non-farm | 5,744,000 | 5,393,800 | -350,200 | -6.10% |
| Construction | 233,200 | 208,700 | -24,500 | -10.51% |
| Manufacturing | 602,400 | 481,600 | -120,800 | -20.05% |
| Trade, transportation & utilities | 1,170,100 | 1,101,100 | -69,000 | -5.90% |
| Information | 111,300 | 105,000 | -6,300 | -5.66% |
| Financial Activities | 385,300 | 369,500 | -15,800 | -4.10% |
| Professional & business services | 803,000 | 707,400 | -95,600 | -11.91% |
| Education & health | 803,100 | 801,700 | -1,400 | -0.17% |
| Leisure & hospitality | 514,600 | 511,100 | -3,500 | -0.68% |
| Other services | 261,700 | 260,300 | -1,400 | -0.53% |
| Government | 853,900 | 842,000 | -11,900 | -1.39% |



CATCH UP SCENARIO

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

| | Previous Peak | Current | Catch-up | Periods for Catch-up |
|--------------------------------------|------------------------|----------------------|-----------------------|----------------------|
| IL | 115.08 (Nov-2000) | 109.09 (Mar 2009) | Negative growth | N/A |
| RMW | 119.44 (Jun-2000) | 110.93 (Mar 2009) | Negative growth | N/A |
| Nation | 126.57 (Dec-2007) | 121.87 (Mar 2009) | Negative growth | N/A |
| Metro Areas**: | | | | |
| Bloomington Normal | 141.86 (Feb 2002) | 140.43 (Feb 2009) | 141.83 (Oct 2011) | 31 months |
| Champaign Urbana | 115.91 (Jun 2001) | 118.44 (Feb 2009) | Reached (Jan 2009) | 1 month ago |
| Chicago | 114.68 (Nov 2000) | 110.92 (Feb 2009) | Negative growth | N/A |
| Davenport- Rock Island-Moline | 114.73 (Nov 1999) | 114.98 (Feb 2009) | Reached (Dec 2008) | 2 months ago |
| Decatur | 112.41 (Mar 2000) | 101.74 (Feb 2009) | Negative growth | N/A |
| Kankakee | 125.36 (Dec 2008) | 122.38 (Feb 2009) | Negative growth | N/A |
| Peoria | 116.81 (April 2000) | 121.30 (Feb 2009) | Reached (Feb 2006) | 36 months ago |
| Rockford | 123.29 (Jul 2000) | 116.19 (Feb 2009) | Negative growth | N/A |
| Springfield | 110.35 (Aug 2000) | 105.93 (Feb 2009) | 110.36 (Oct 2030) | 260 months |
| Metro-East | 114.73 (Jun 2001) | 110.62 (Feb 2009) | 114.77 (Dec 2013) | 46 months |
| | | | | |

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

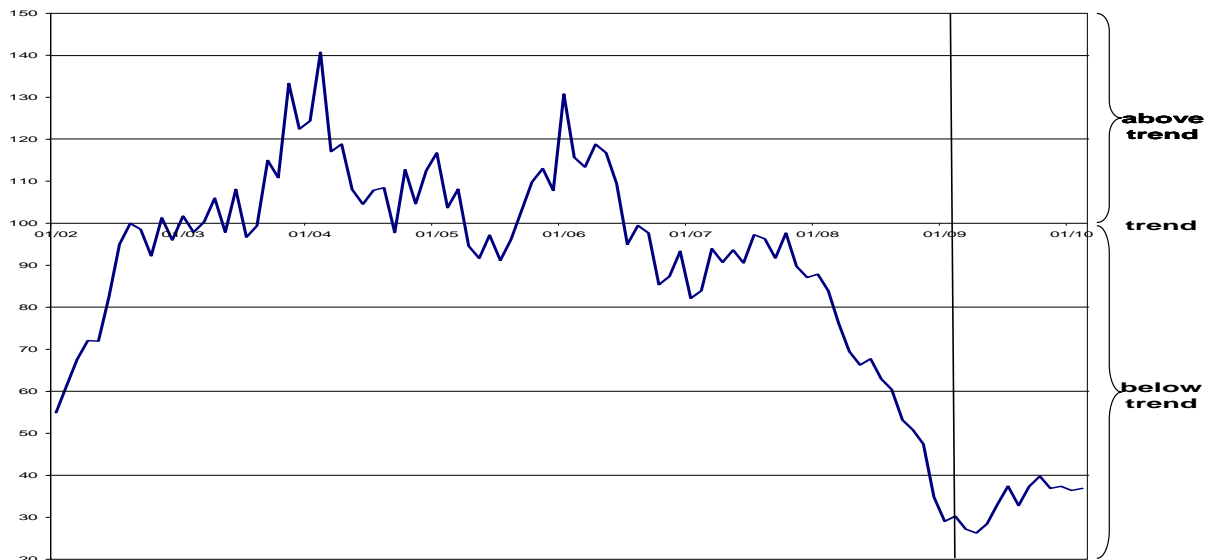
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 HELD STEADY IN FEBRUARY

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 30.3 in February, up slightly from 29.0 in January. The index still continued to be far below the long-term trend, suggesting little signs of any imminent recovery. Slight moderation of the abrupt slowdown in February was mainly attributed to the positive contribution of consumption, while production and construction activities continued to decline in February.
- In February, the national and regional economy showed weak features generally. The Chicago Fed National Activity Index (CFNAI) was -2.83 in February, up from -3.74 in January. Nevertheless, the Federal Reserve Board's industrial production index fell 1.4 percent, declining now for 4 consecutive months. The unemployment rate continued to trend upward in February: the unemployment rate was 8.1 percent in February, up from 7.6 percent in January.
- The Chicago Fed reported that output in Midwest region was down 22.2 percent in February from a year earlier—lower than the 13.8 percent decrease in national output. Manufacturing, non-manufacturing and construction employment in the Chicago region decreased 1.84 percent, 0.35 percent and 0.45 percent respectively while retail sales in the region increased 1.76 percent in February.
- The national economy is not expected to regain its growth momentum in the near future as employment conditions and corporate investment sentiment are unlikely to improve in the short run. In March, the Conference Board's Employment Trends Index (ETI) decreased 2.3 percent from February. The sharp decline of ETI in recent months signals that significant job loss will continue in the near future. Also, the Federal Reserve Board's capacity utilization rate for total industry fell to 70.9 percent in February, matching the historical low for this series, which was recorded in December 1982. For the local economy, considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, Chicago economy is expected to keep contracting over the next 12 months.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward moves in February are by Davenport-Rock Island-Moline (6th to 2nd), and Kankakee (10th to 6th); both moved up by 4 spots.
- Chicago (9th to 7th), Metro-East (2nd to 1st), and Bloomington-Normal (5th to 4th) also made gains in terms of rank from January.
- Champaign-Urbana-Rantoul (1st to 10th) experienced a deep fall in February.
- Decatur (7th to 9th), and Springfield (4th to 5th) as well experienced falls in January.
- Rockford, and Peoria kept the same ranks this month.
- In the 12 months growth league table, upward moves were recorded for Metro-East (5th to 2nd), Bloomington-Normal (4th to 3rd), and Rockford (10rd to 9th).
- Champaign-Urbana-Rantoul is on top, while Chicago replaced Rockford in last place
- Peoria (2nd to 6th) experienced a fall in February.

*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 | January 2009 | February 2009 | Rank | Change** |
|------|--------------------------------------|--------------------------------------|------|----------|
| 1 | Champaign-Urbana-Rantoul (3.14%) | Metro-East (0.29%) | 1 | ↑(+1) |
| 2 | Metro-East (1.53%) | Davenport-Rock Island-Moline (0.05%) | 2 | ↑(+4) |
| 3 | Rockford (0.58%) | Rockford (0%) | 3 | ↔(0) |
| 4 | Springfield (0.36%) | Bloomington-Normal (-0.11%) | 4 | ↑(+1) |
| 5 | Bloomington-Normal (0.33%) | Springfield (-0.18%) | 5 | ↓(-1) |
| 6 | Davenport-Rock Island-Moline (0.26%) | Kankakee (-0.23%) | 6 | ↑(+4) |
| 7 | Decatur (0.18%) | Chicago (-0.47%) | 7 | ↑(+2) |
| 8 | Peoria (-0.11%) | Peoria (-0.53%) | 8 | ↔(0) |
| 9 | Chicago (-0.26%) | Decatur (-0.73%) | 9 | ↓(-2) |
| 10 | Kankakee (-2.67%) | Champaign-Urbana-Rantoul (-1.18%) | 10 | ↓(-9) |

Growth over last 12-months:

| Rank | January 2009 | February 2009 | Rank | Change** |
|------|--------------------------------------|--------------------------------------|------|----------|
| 1 | Champaign-Urbana-Rantoul (4.41%) | Champaign-Urbana-Rantoul (3.18%) | 1 | ↔(0) |
| 2 | Peoria (0.74%) | Metro-East (1.01%) | 2 | ↑(+3) |
| 3 | Springfield (0.62%) | Bloomington-Normal (0.33%) | 3 | ↑(+1) |
| 4 | Bloomington-Normal (0.55%) | Springfield (0.18%) | 4 | ↓(-1) |
| 5 | Metro-East (0.46%) | Davenport-Rock Island-Moline (0.05%) | 5 | ↑(+1) |
| 6 | Davenport-Rock Island-Moline (0.05%) | Peoria (-0.32%) | 6 | ↓(-4) |
| 7 | Decatur (-0.54%) | Decatur (-1.27%) | 7 | ↔(0) |
| 8 | Kankakee (-1.8%) | Kankakee (-2.24%) | 8 | ↔(0) |
| 9 | Chicago (-2.68%) | Rockford (-2.97%) | 9 | ↑(+1) |
| 10 | Rockford (-3.39%) | Chicago (-3.11%) | 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)

