



# ILLINOIS ECONOMIC REVIEW

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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 2010

# EMPLOYMENT

## EMPLOYMENT DATA SUMMARY

- Illinois lost 16,300 jobs at a rate of -0.29% in December 2009, compared to a revised 8,200 job loss in November.
- In December 2009, the Nation cut 85,000 jobs at a rate of -0.06%, compared with a 4,000 job gain in November. These two months are much better than the average 347,000 jobs loss per month for the year 2009.
- RMW shed 70,700 jobs in December after a revised 25,900 job loss in November.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times, and the state has lost 381,500 jobs in this recession.
- Through 2008, Illinois lost -11,800 jobs at a rate of -0.20% on average per month. However, the average monthly loss 2009 was -19,800 jobs at a rate of -0.34%.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 - Manufacturing, Information, Construction, Trade, transportation & utilities, and Financial activities.
- Over the last 12 months, Illinois shed 237,300 jobs at a rate -4.06%.
- Through December 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.58%, 8.90%, and 19.93%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 13.6%, 14.9% and 12.7%, compared to official unemployment rates of 11.1%, 10.7% and 10.0%.

## DECEMBER 2010 EMPLOYMENT CHART

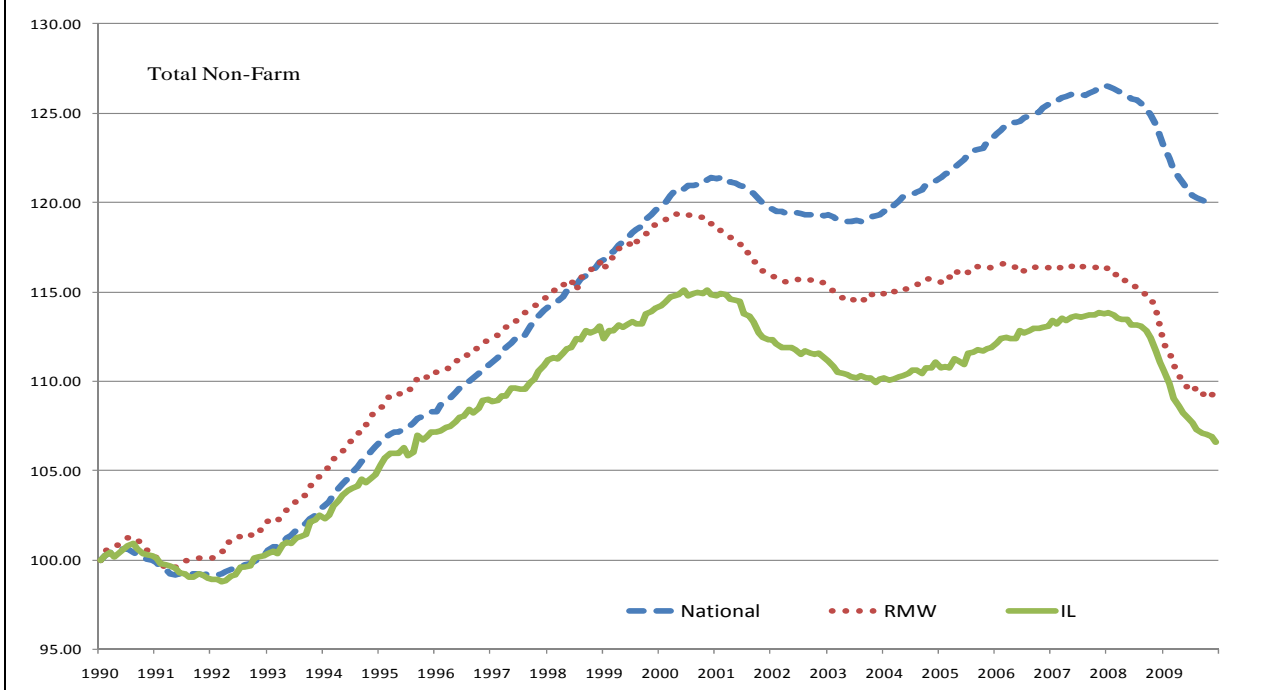
December 2009 Negative	Total Non-Farm Employment	Nov 2009 – Dec 2009		Last 12 months		Dec-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	<b>Nation</b>	-0.06	-85,000	-3.08	-4,164,000	12.7%
	<b>RMW*</b>	-0.38	-70,700	-3.72	-718,300	14.9%
	<b>Illinois</b>	-0.29	-16,300	-4.06	-237,300	13.6%

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

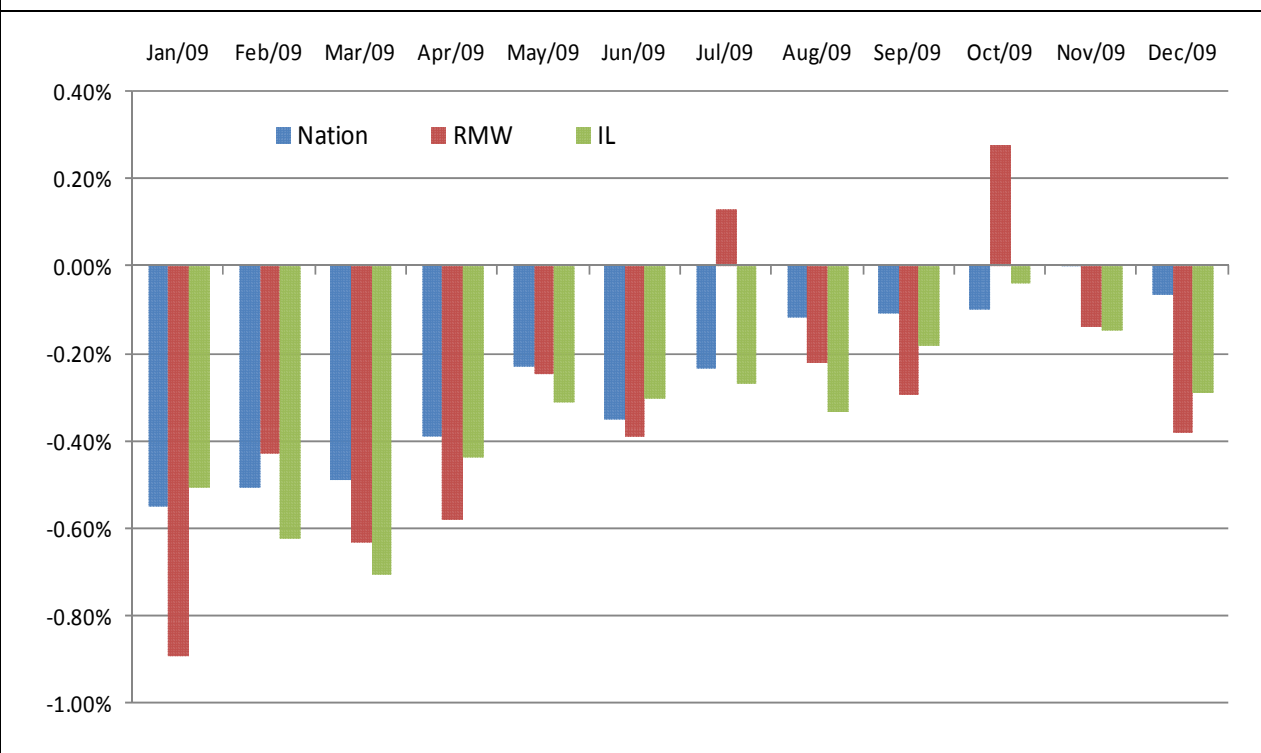
\*\*REAL has estimated a *shadow unemployment rate*, this is calculated as the unemployment rate that would be observed if labor force

participation rates matched the average for the 15-year period from 1990 to 2004.

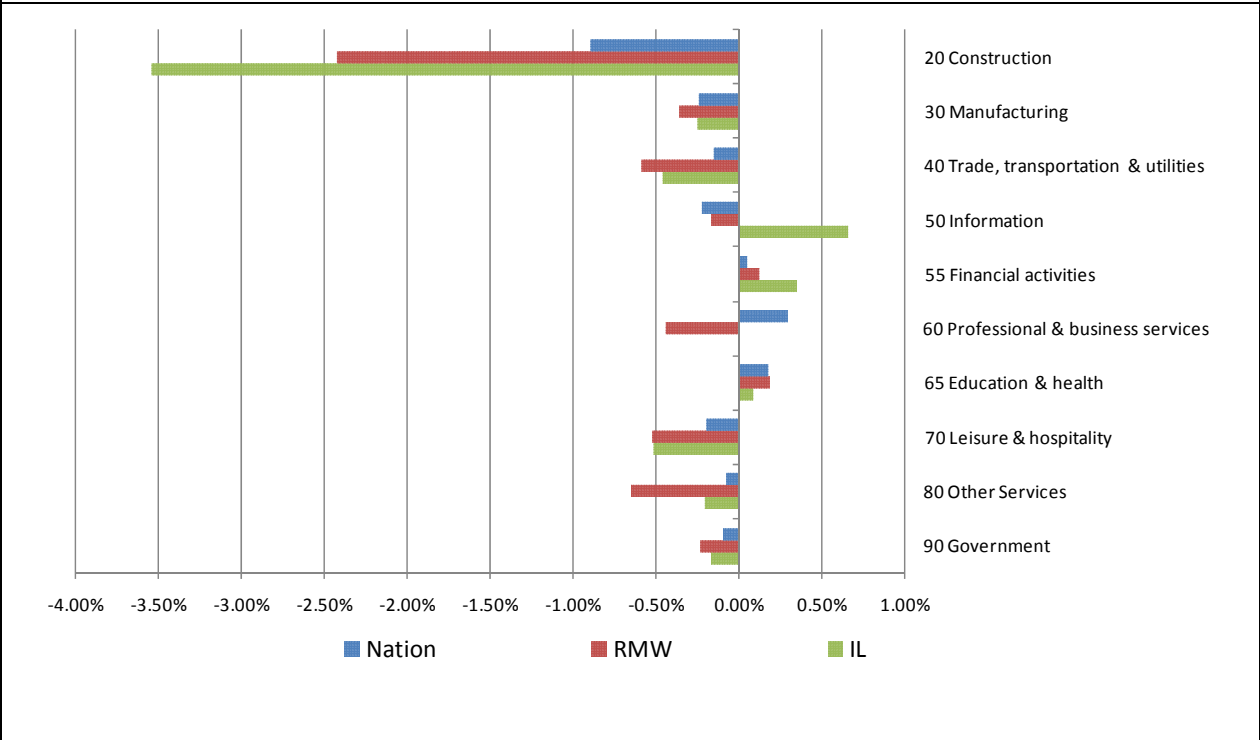
**TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – DEC 2009**



**LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE JAN 2009 – DEC 2009**



**TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS NOV 2009 – DEC 2009**



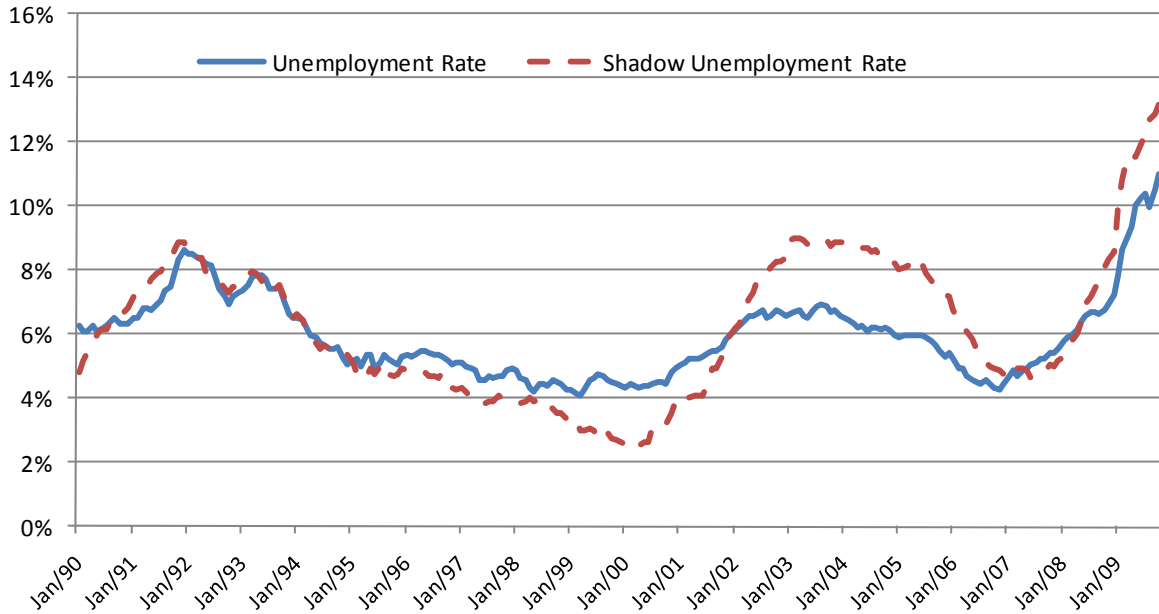
**SHADOW UNEMPLOYMENT**

**Unemployment Rate: Official and Shadow**

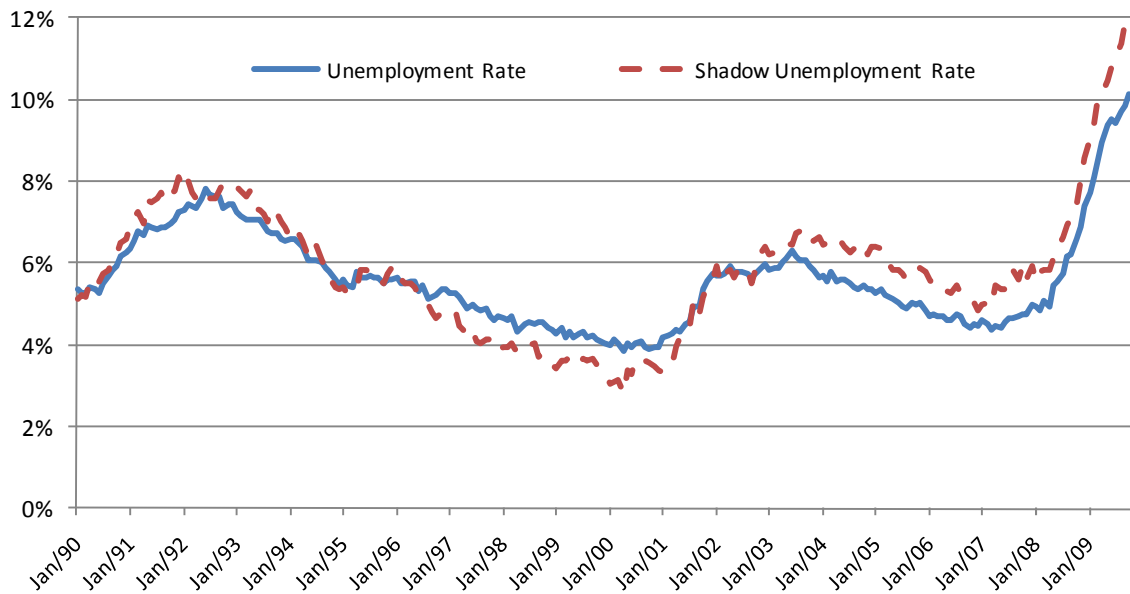
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2009, 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 2009, 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 169,164 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

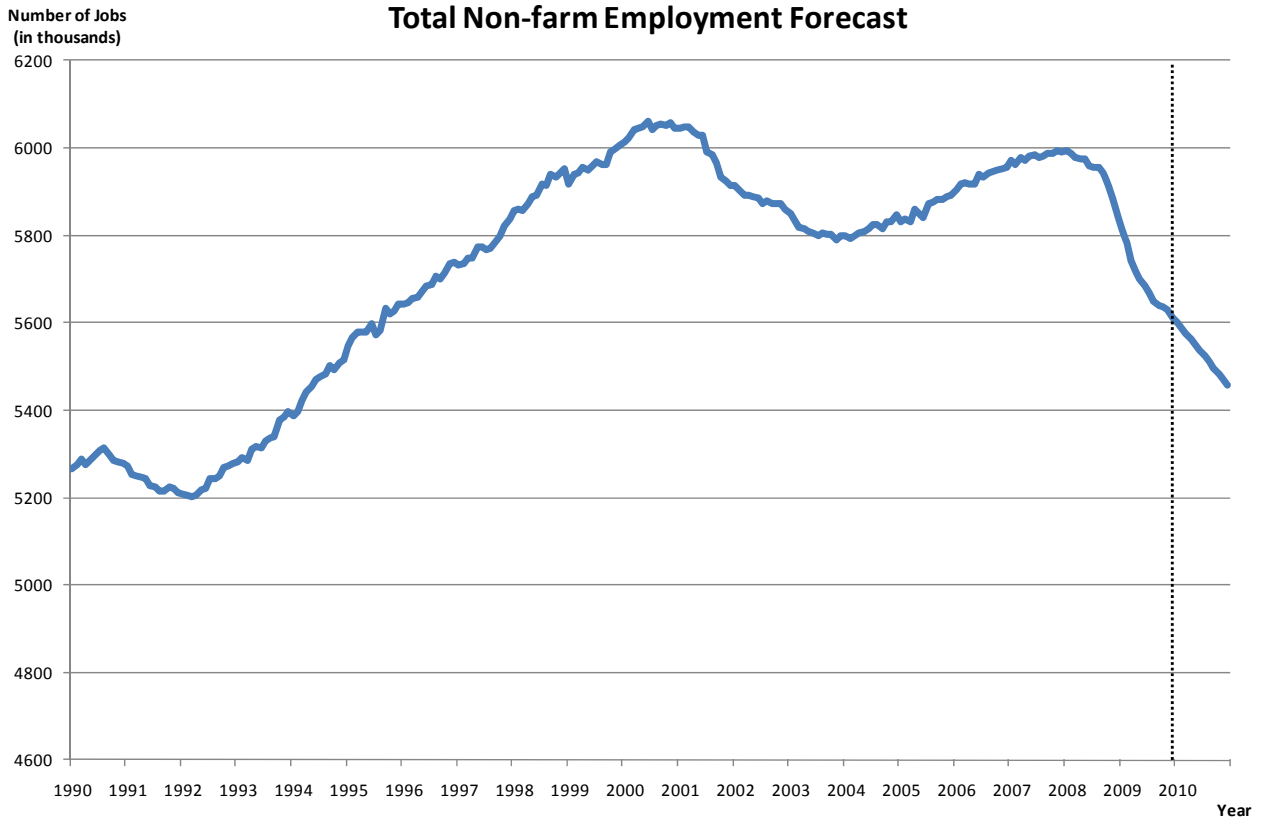


▪ US



## EMPLOYMENT FORECAST

	December 2009	December 2010 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,612,200	5,458,900	-153,300	-2.73%
<b>Construction</b>	209,800	188,300	-21,500	-10.25%
<b>Manufacturing</b>	572,900	542,700	-30,200	-5.27%
<b>Trade, transportation &amp; utilities</b>	1,132,400	1,072,800	-59,600	-5.26%
<b>Information</b>	106,200	101,200	-5,000	-4.71%
<b>Financial Activities</b>	369,700	353,700	-16,000	-4.33%
<b>Professional &amp; business services</b>	790,900	771,700	-19,200	-2.43%
<b>Education &amp; health</b>	801,200	810,100	8,900	1.11%
<b>Leisure &amp; hospitality</b>	508,700	500,900	-7,800	-1.53%
<b>Other services</b>	255,500	253,600	-1,900	-0.74%
<b>Government</b>	854,600	853,600	-1,000	-0.12%



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## CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
<b>IL</b>	115.08 (Nov-2000)	106.58 (Dec 2009)	Negative growth	N/A
<b>RMW</b>	119.44 (Jun-2000)	108.90 (Dec 2009)	Negative growth	N/A
<b>Nation</b>	126.57 (Dec-2007)	119.93 (Dec 2009)	Negative growth	N/A
<b>Metro Areas**:</b>				
<b>Bloomington Normal</b>	141.89 (Feb 2002)	138.87 (Nov 2009)	Negative growth	N/A
<b>Champaign Urbana</b>	119.83 (Jan 2009)	114.85 (Nov 2009)	Negative growth	N/A
<b>Chicago</b>	114.67 (Nov 2000)	106.90 (Nov 2009)	Negative growth	N/A
<b>Davenport- Rock Island-Moline</b>	115.25 (Oct 2008)	112.91 (Nov 2009)	Negative growth	N/A
<b>Decatur</b>	112.40 (Mar 2000)	97.30 (Nov 2009)	Negative growth	N/A
<b>Kankakee</b>	125.21 (Dec 2008)	118.57 (Nov 2009)	Negative growth	N/A
<b>Peoria</b>	122.20 (Feb 2006)	117.90 (Nov 2009)	Negative growth	N/A
<b>Rockford</b>	123.27 (Jul 2000)	113.64 (Nov 2009)	Negative growth	N/A
<b>Springfield</b>	110.34 (Aug 2000)	103.57 (Nov 2009)	Negative growth	N/A
<b>Metro-East</b>	114.76 (Nov 2000)	111.67 (Nov 2009)	114.87 (June 2011)	19 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.

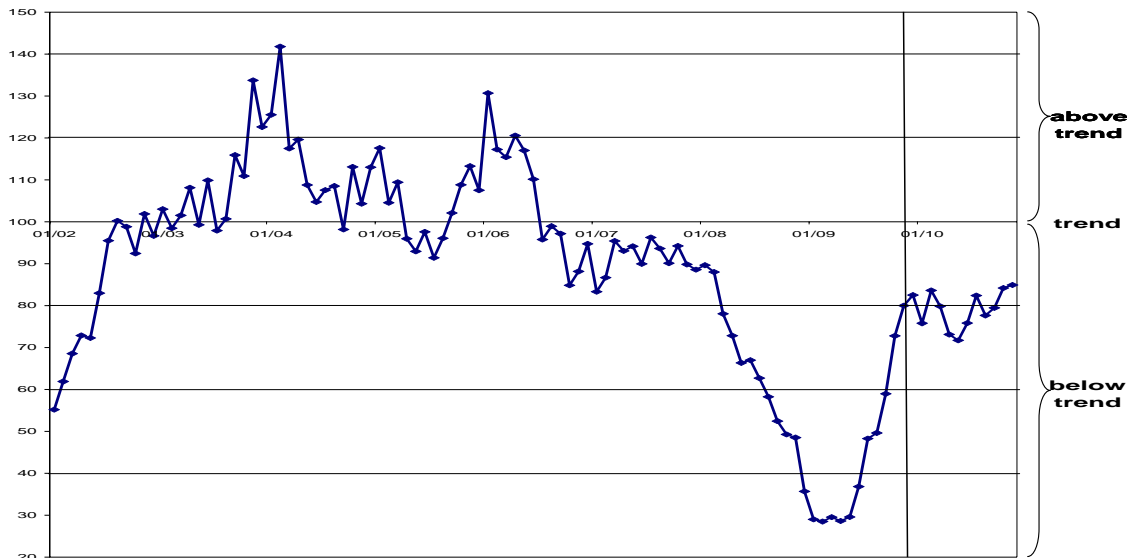
\*\* Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 INCREASED 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 80.0 in November 2009, up from 72.8 in October. Even though November's index remains still below its historical trend, the recent movement of the index imply that the improving trend in the regional economic activities has been maintained.
- In November 2009, the national and regional economy presented generally bright features. The Federal Reserve Board's industrial production index increased 0.8 percent in November after having been unchanged in October 2009. The unemployment rate declined slightly from 10.1 percent in October to 10.0 percent in November while the nonfarm payroll employment increased by 4,000 in November.
- Subsequently, the Chicago Fed National Activity Index (CFNAI) increased to  $-0.32$  in November, up sharply from  $-1.02$  in October. The Chicago Fed analyzed that the increase of the index was led mainly by production-related and employment-related improvements in the national economy. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) continued to increase in November, increasing 1.2 percent after registering an increase of 0.8 percent in October. In the Chicago region, manufacturing, non-manufacturing and construction employment decreased 0.2 percent, 0.3 percent and 1.9 percent respectively in November 2009.
- In the coming months, the national economy is likely to maintain its improving pattern; but a number of uncertainties surround the actual pace. Most of all, substantial doubt exists on how responsive the employment situation will be to the ongoing improvement of the business activities. In December 2009, the number of unemployed persons was 15.3 million; and it had been at 7.7 million at the start of the recession in December 2007. For the local economy, considering recent national economic conditions, the Chicago economy is expected to continue on an improving trend in the near future. However, the CBAI still continues to be far below the long-term trend, suggesting that it would take considerable time to gain the momentum of economic expansion.



# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY\*

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- The most remarkable upward moves in November were by Metro-East (9th to 1st) and Champaign-Urbana-Rantoul (7th to 2nd), which moved up by 8 spots and 5 spots, respectively.
- Davenport-Rock Island-Moline (5th to 3rd), Springfield (10th to 6th), and Peoria (6th to 5th) all gained in terms of rank from last month.
- Decatur (3rd to 10th), Kankakee (1st to 7th), and Rockford (4th to 9th) all experienced deep falls this month.
- Bloomington-Normal (2nd to 4th) also experienced fall in November.
- In the 12 months growth league table, the only upward move was recorded for Decatur (10th to 9th), while the only downward move was by Chicago (9th to 10th).
- The other eight MSAs maintained the same ranks.
- Metro-East is still on top, while Chicago is in last 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	Oct 2009	Nov 2009	Rank	Change**
1	Kankakee (0.23%)	Metro-East (0.09%)	1	↑(+8)
2	Bloomington-Normal (0.15%)	Champaign-Urbana-Rantoul (-0.04%)	2	↑(+5)
3	Decatur (0.01%)	Davenport-Rock Island-Moline (-0.09%)	3	↑(+2)
4	Rockford (-0.01%)	Bloomington-Normal (-0.09%)	4	↓(-2)
5	Davenport-Rock Island-Moline (-0.01%)	Peoria (-0.1%)	5	↑(+1)
6	Peoria (-0.06%)	Springfield (-0.17%)	6	↑(+4)
7	Champaign-Urbana-Rantoul (-0.12%)	Kankakee (-0.24%)	7	↓(-6)
8	Chicago (-0.12%)	Chicago (-0.29%)	8	←(0)
9	Metro-East (-0.15%)	Rockford (-0.31%)	9	↓(-5)
10	Springfield (-0.51%)	Decatur (-0.32%)	10	↓(-7)

## Growth over last 12-months:

Rank	Oct 2009	Nov 2009	Rank	Change**
1	Metro-East (1.57%)	Metro-East (1.75%)	1	←(0)
2	Bloomington-Normal (-0.93%)	Bloomington-Normal (-1.13%)	2	←(0)
3	Champaign-Urbana-Rantoul (-1.49%)	Champaign-Urbana-Rantoul (-1.4%)	3	←(0)
4	Davenport-Rock Island-Moline (-1.86%)	Davenport-Rock Island-Moline (-1.79%)	4	←(0)
5	Springfield (-1.92%)	Springfield (-2.07%)	5	←(0)
6	Rockford (-2.77%)	Rockford (-2.89%)	6	←(0)
7	Kankakee (-3.14%)	Kankakee (-3.13%)	7	←(0)
8	Peoria (-3.28%)	Peoria (-3.32%)	8	←(0)
9	Chicago (-4.46%)	Decatur (-4.12%)	9	↑(+1)
10	Decatur (-4.49%)	Chicago (-4.2%)	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)

