



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.

JULY 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois lost 13,900 jobs at a rate of -0.24% in June 2009, compared to a revised 17,800 job loss in May.
- Illinois, RMW, and the nation all lost jobs in June. However, the job loss rates were smaller compare to first four months in 2009 for all three cases. Within the rest of Midwest, over 80% of job losses occurred in Ohio and Michigan.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 18 times, and the state has lost 307,600 jobs in this recession. 268,400 jobs (87.3%) have been lost since Sep 2008.
- Through 2008, Illinois lost -11,808 jobs at a rate of -0.20% on average per month. However, the average monthly loss for the first five months of 2009 was -27,200 jobs at a rate of -0.47%.
- Over the last 12 months, Illinois payroll shed 272,600 jobs at a rate -4.57%, the rate is higher than the -4.12% national rate. RMW continued with a negative rating (-5.12%) and has recorded a negative rate for 16 months in a row.
- Through June 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.99%, 9.54%, and 20.65%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 12.0%, 13.7% and 10.7%, compared to official unemployment rates of 10.3%, 11.0% and 9.5%.

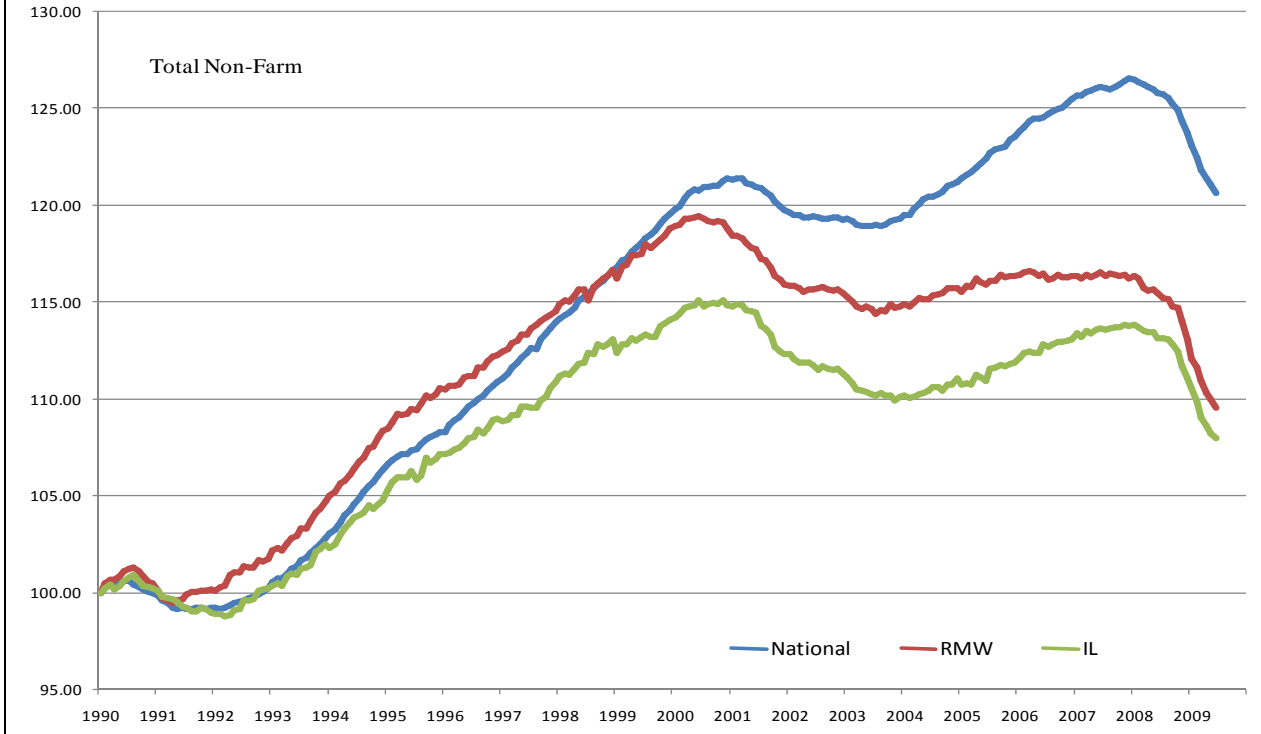
JUNE 2009 EMPLOYMENT CHART

June 2009	Total Non-Farm Employment	May 2009 – June 2009		Last 12 months		June-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
Negative	Nation	-0.35	-467,000	-4.12	-5,664,000	10.7%
	RMW*	-0.42	-79,800	-5.12	-1,010,200	13.7%
	Illinois	-0.24	-13,900	-4.57	-272,600	12.0%

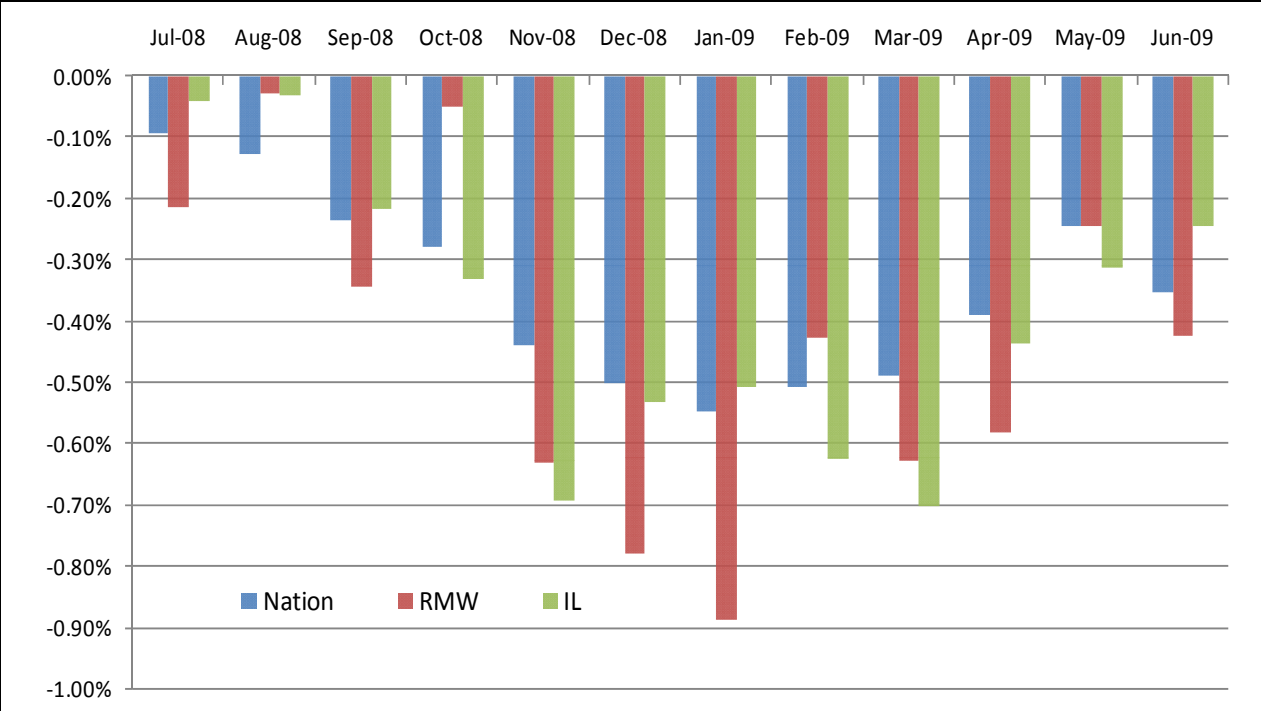
*RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

**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.

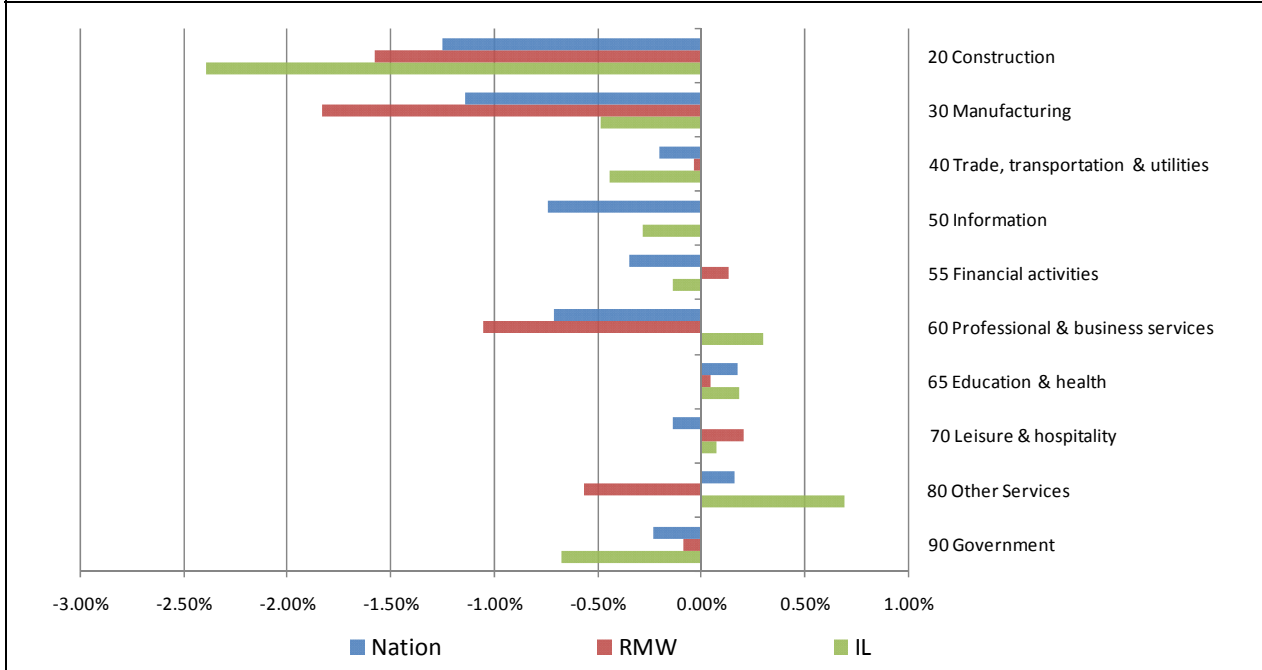
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – JUNE 2009



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE JULY 2008 – JUNE 2009



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS MAY 2009 – JUNE 2009



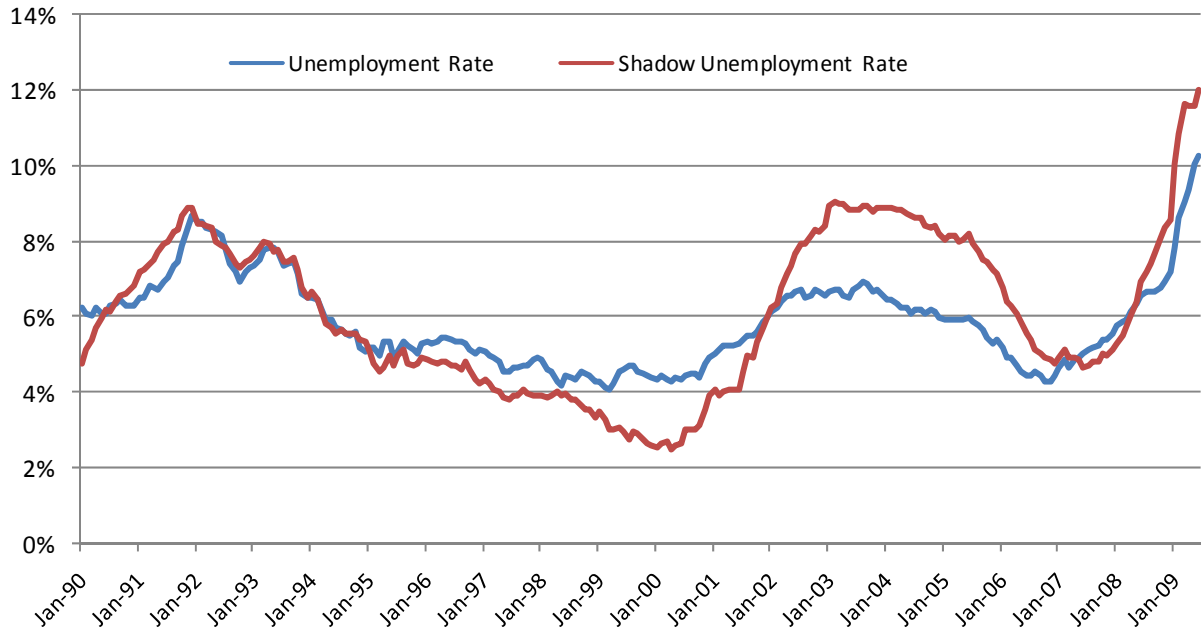
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

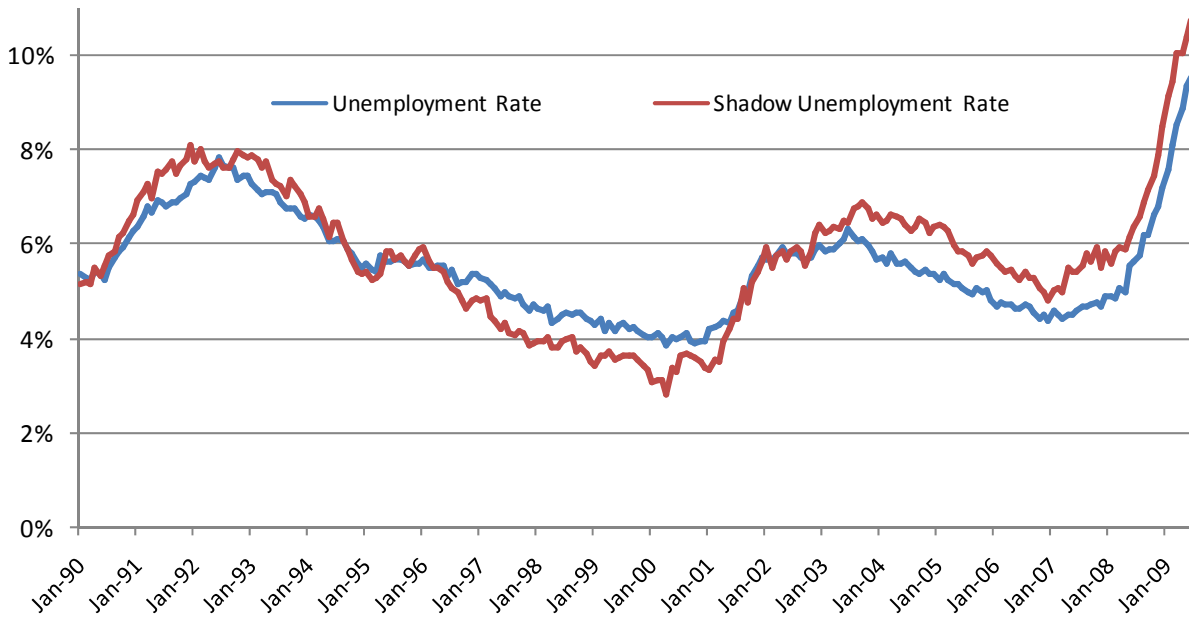
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 the early 2006 the gap has decreased. However, the gap has increased significantly since 2008.
- To bring the two together a further 103,168 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

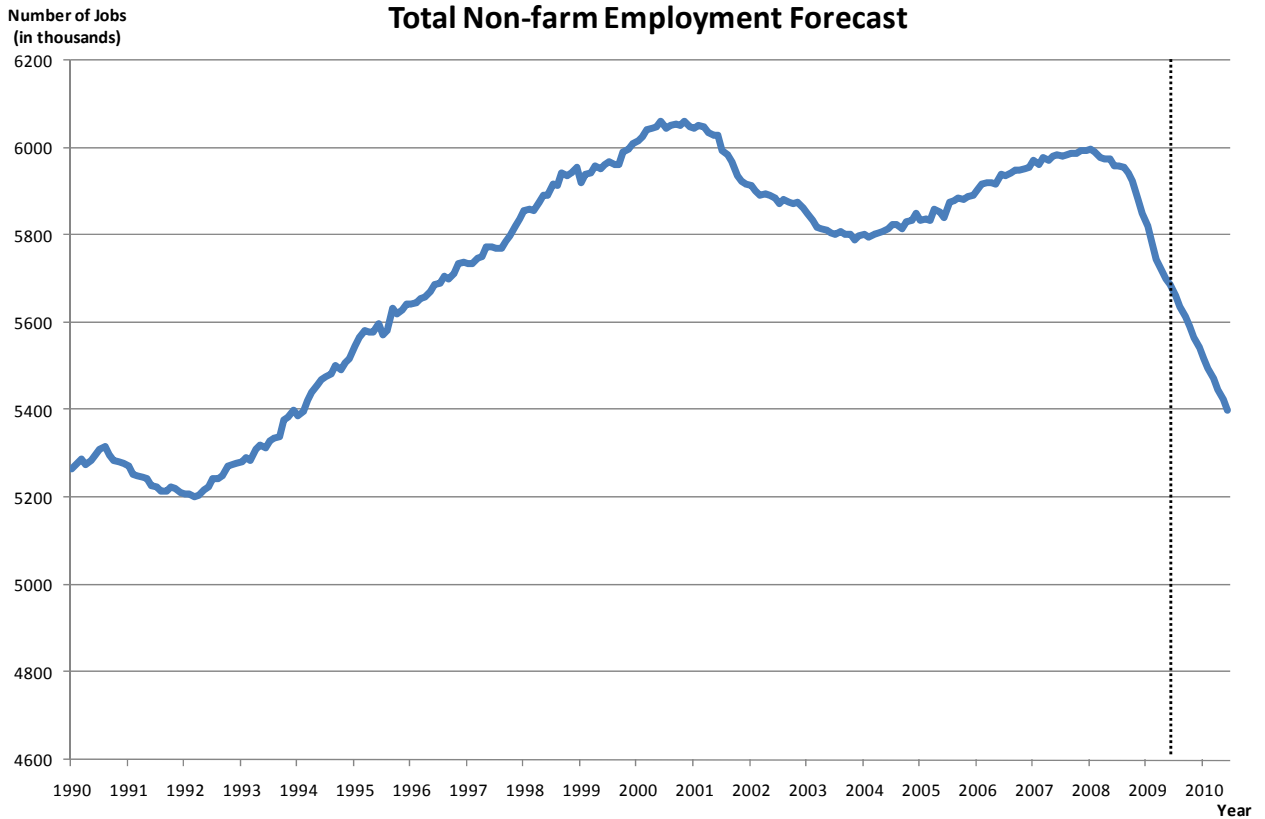


▪ US



EMPLOYMENT FORECAST

	June 2009	June 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,686,100	5,400,500	-285,600	-5.02%
Construction	220,600	191,700	-28,900	-13.10%
Manufacturing	581,000	482,700	-98,300	-16.92%
Trade, transportation & utilities	1,155,800	1,082,000	-73,800	-6.39%
Information	107,900	99,500	-8,400	-7.78%
Financial Activities	385,300	370,800	-14,500	-3.76%
Professional & business services	798,400	752,000	-46,400	-5.81%
Education & health	805,400	803,500	-1,900	-0.24%
Leisure & hospitality	518,000	514,900	-3,100	-0.60%
Other services	261,200	259,800	-1,400	-0.54%
Government	852,400	843,500	-8,900	-1.04%



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)	107.99 (June 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	109.54 (June 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	120.65 (June 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.89 (Feb 2002)	139.65 (May 2009)	Negative growth	N/A
Champaign Urbana	119.83 (Jan 2009)	116.02 (May 2009)	Reached (Jan 2009)	4 months ago
Chicago	114.67 (Nov 2000)	108.26 (May 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.26 (Nov 1999)	113.38 (May 2009)	Reached (Oct 2008)	7 months ago
Decatur	112.40 (Mar 2000)	98.18 (May 2009)	Negative growth	N/A
Kankakee	125.21 (Dec 2008)	120.07 (May 2009)	Negative growth	N/A
Peoria	122.20 (Feb 2006)	118.22 (May 2009)	Reached (Feb 2006)	39 months ago
Rockford	123.27 (Jul 2000)	114.38 (May 2009)	Negative growth	N/A
Springfield	110.34 (Aug 2000)	103.16 (May 2009)	Negative growth	N/A
Metro-East	114.76 (Jun 2001)	111.05 (May 2009)	114.90 (Sep 2010)	16 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.

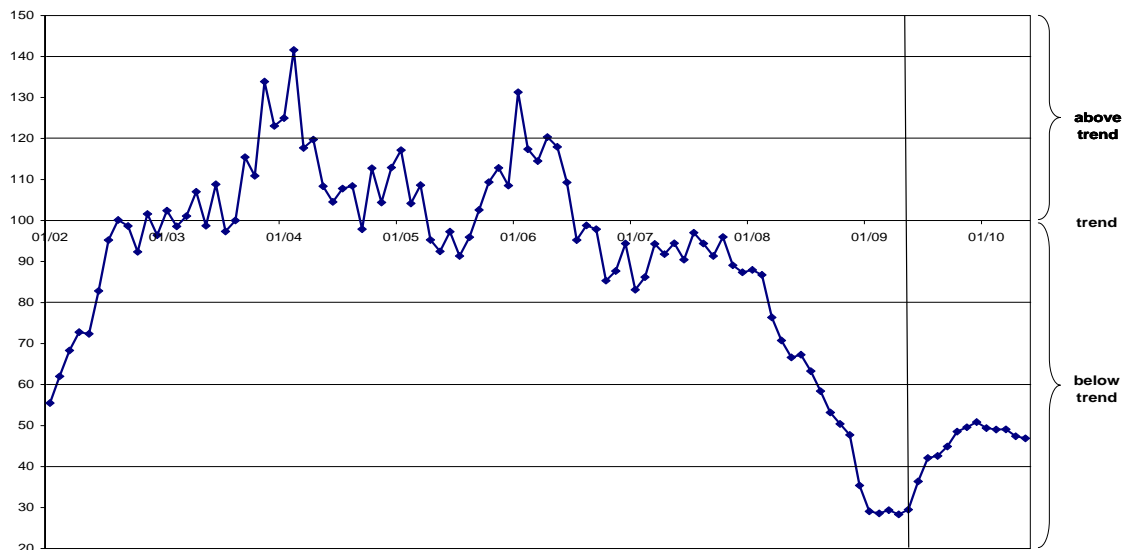
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 MAY

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 29.5 in May, showing modest increase from 28.3 in April. The decline of CBAI has flattened out since February.
- In May, the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -2.30 in May, little changed from -2.27 in April. The Federal Reserve Board's industrial production index decreased 1.1% in May after having fallen 0.7% in April. Retail sales (excluding food services) shifted to an increase: -1.26% in March $\rightarrow -0.30\%$ in April $\rightarrow 0.5\%$ in May. Non-farm employment declined by 322,000 in May, and the unemployment rate rose from 8.9% to 9.4%. However, the magnitude of job-losses in non-farm has moderated substantially in recent months: $-652,000$ in March $\rightarrow -519,000$ in April $\rightarrow -322,000$ in May.
- The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 3.1% in May, after having dropped 1.4% in April. In the Chicago region, the manufacturing, non-manufacturing and construction employment decreased 0.9%, 0.5% and 0.9% respectively in May, after having dropped 1.6%, 0.5% and 0.2% in April. Retail sales increased 0.1% in May, after decreasing 3.7% in April.
- Some indicators point to a slowing of the downward trend of economic activity. In particular, recent movement of the CBAI implies some moderation of the abrupt slowdown of the Chicago economy. However, there is still a high degree of uncertainty involved in employment and facility investment related situations. The Bureau of Labor Statistics (BLS) reported that the number of unemployed persons had increased by 7.2 million since the start of the recession in December 2007. Also, it reported that the hires rate was 3.0% in May, reaching at the lowest point since the series began in December 2000. Furthermore, CBAI still continued to be far below the long-term trend, suggesting that it would take considerable time for the regional economy to provide sustained evidence of a robust recovery.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward move in May is by Champaign-Urbana-Rantoul (6th to 1st) and Springfield (10th to 5th), which both moved up by 5 spots.
- Chicago (8th to 4th), and Bloomington-Normal (3rd to 2nd) also gained in rank from last month.
- Metro-east (1st to 9th) experienced a deep fall this month.
- Kankakee (2nd to 3rd), Davenport-Rock Island-Moline (4th to 6th), Peoria (5th to 8th), and Decatur (9th to 10th) as well experienced falls in May.
- Rockford (6th to 6th) kept the same rank this month.
- In the 12 months growth league table, upward moves were recorded for Springfield (6th to 5th), and Rockford (8th to 9th)
- Peoria (5th to 6th), Decatur (7th to 8th) experienced falls in May.
- Metro-East is on top, while Chicago replaced Kankakee 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	April 2009	May 2009	Rank	Change**
1	Metro-East (1.51%)	Champaign-Urbana-Rantoul (-0.15%)	1	↑(+5)
2	Kankakee (0.29%)	Bloomington-Normal (-0.21%)	2	↑(+1)
3	Bloomington-Normal (-0.1%)	Kankakee (-0.38%)	3	↓(-1)
4	Davenport-Rock Island-Moline (-0.17%)	Chicago (-0.58%)	4	↑(+4)
5	Peoria (-0.33%)	Springfield (-0.62%)	5	↑(+5)
6	Champaign-Urbana-Rantoul (-0.4%)	Davenport-Rock Island-Moline (-0.65%)	6	↓(-2)
7	Rockford (-0.48%)	Rockford (-0.67%)	7	←(0)
8	Chicago (-0.62%)	Peoria (-1.3%)	8	↓(-3)
9	Decatur (-0.67%)	Metro-East (-1.32%)	9	↓(-8)
10	Springfield (-0.99%)	Decatur (-1.33%)	10	↓(-1)

Growth over last 12-months:

Rank	April 2009	May 2009	Rank	Change**
1	Metro-East (2.85%)	Metro-East (1.54%)	1	←(0)
2	Champaign-Urbana-Rantoul (1.31%)	Champaign-Urbana-Rantoul (0.89%)	2	←(0)
3	Bloomington-Normal (0.32%)	Bloomington-Normal (-0.48%)	3	←(0)
4	Davenport-Rock Island-Moline (-0.69%)	Davenport-Rock Island-Moline (-1.3%)	4	←(0)
5	Peoria (-0.94%)	Springfield (-2.5%)	5	↑(+1)
6	Springfield (-1.74%)	Peoria (-2.69%)	6	↓(-1)
7	Decatur (-2.47%)	Rockford (-3.29%)	7	↑(+1)
8	Rockford (-3.07%)	Decatur (-3.57%)	8	↓(-1)
9	Kankakee (-3.29%)	Kankakee (-3.73%)	9	←(0)
10	Chicago (-4.26%)	Chicago (-4.69%)	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)

