



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.

JUNE 2010

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

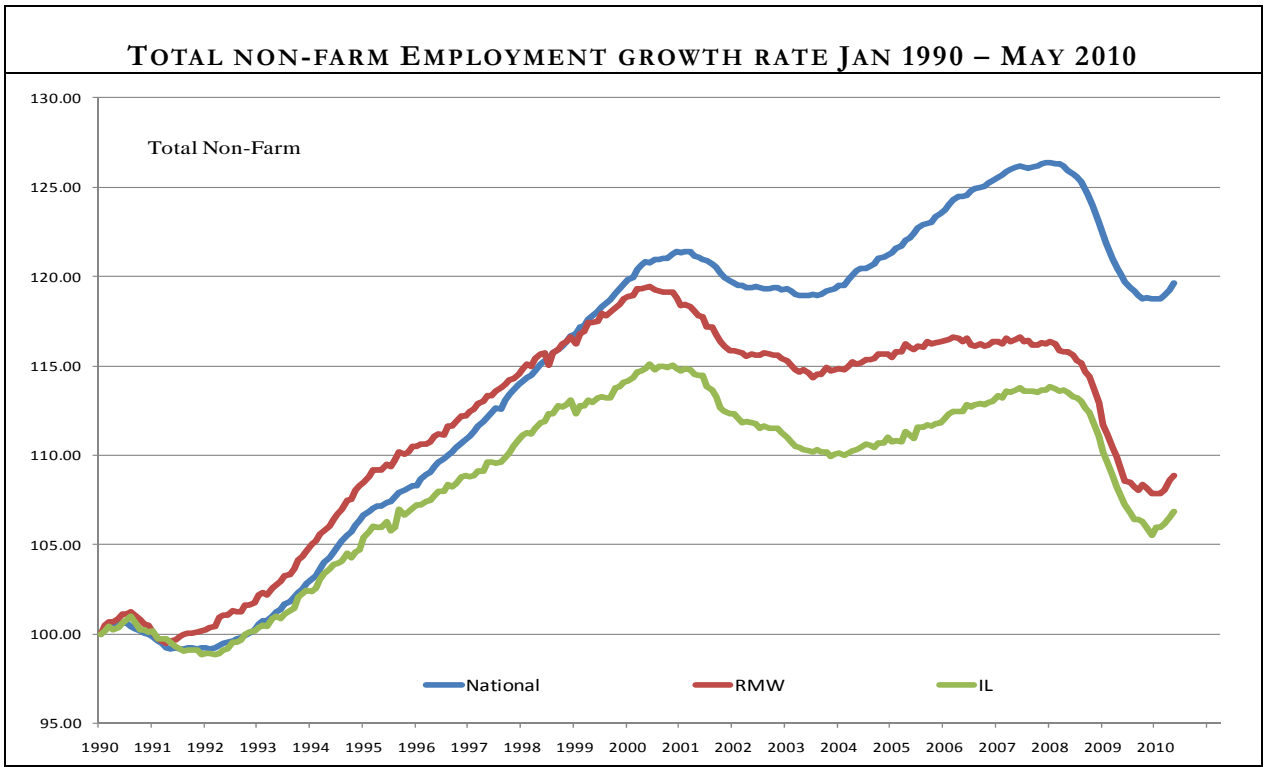
- Illinois added 16,700 jobs at a rate of 0.30% in May 2010. So far, the state has had five months positive job growth in a row. The three-month moving average of jobs, a more stable measure of labor market, was up by 15,400 jobs per month.
- In May 2010, the Nation added 431,000 jobs at a rate of 0.33%, up from a revised 290,000 job gain in April. This is the biggest gain for the nation in four years. The three-month moving average of jobs was up by 309,000 jobs per month.
- RMW added 41,300 jobs in May after a revised 96,200 job gain in April. The three-month moving average was up by 58,400 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains five times. The state of Illinois now has a net loss of 357,800 jobs since the beginning of the recession in December 2007.
- Compared to May, Government had major performance gain due to the job creation in temporary census hiring while Construction faced major loss in performance since the first time home buyer tax credit program ended in May, 2010.
- Over the last 12 months, Illinois shed 44,600 jobs at a rate -0.79%.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 11.8%, 13.9% and 11.9%, compared to official unemployment rates of 10.8%, 10.4% and 9.7%.
- Through May 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.86%, 8.85%, and 19.62%, respectively.
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MAY 2010 EMPLOYMENT CHART

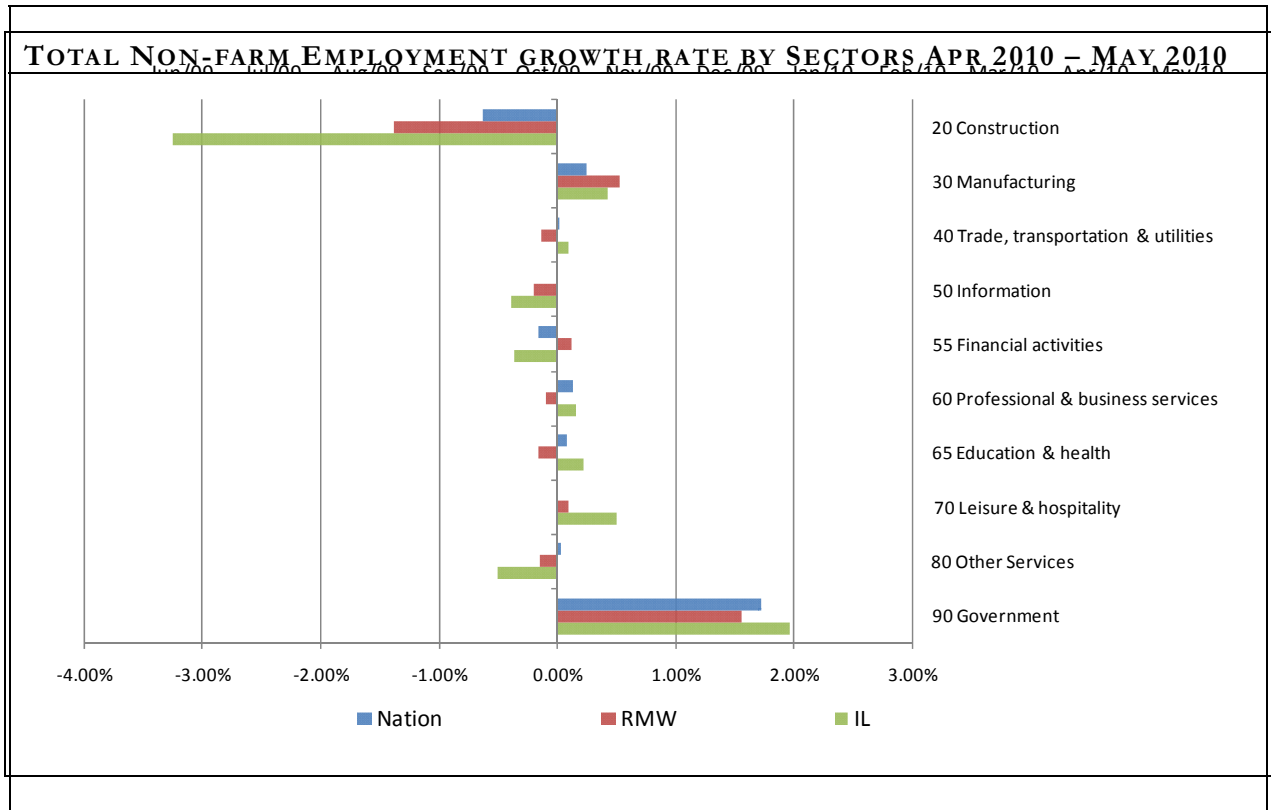
May 2010 Positive	Total Non-Farm Employment	April 2010 – May 2010		Last 12 months		May 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.33	431,000	-0.45	-585,000	11.9%
	RMW*	0.22	41,300	-0.37	-68,400	13.9%
	Illinois	0.30	16,700	-0.79	-44,600	11.8%

*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.



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE JUNE 2009 – MAY 2010



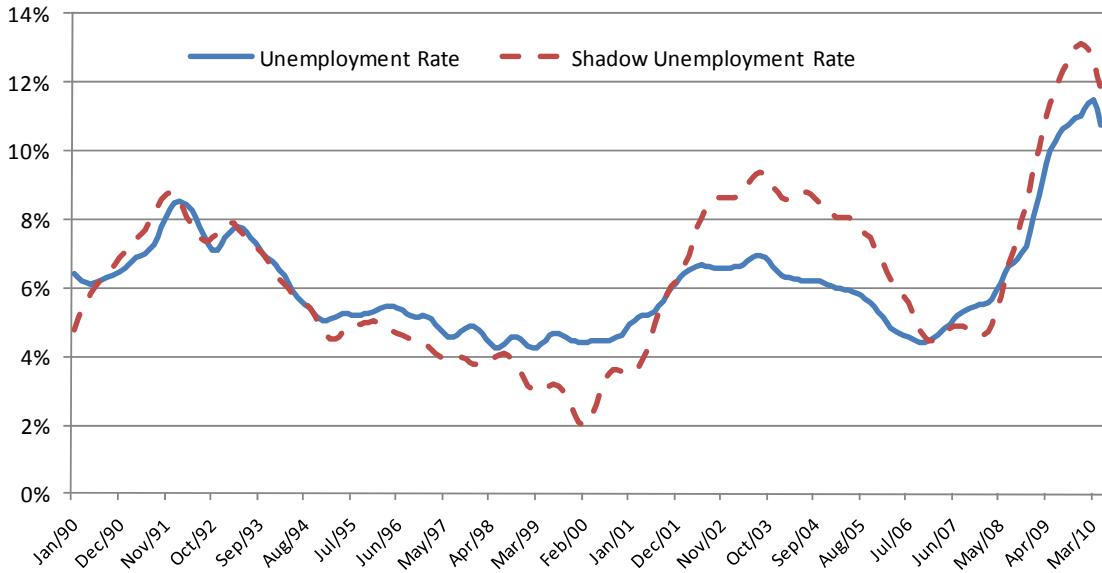
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

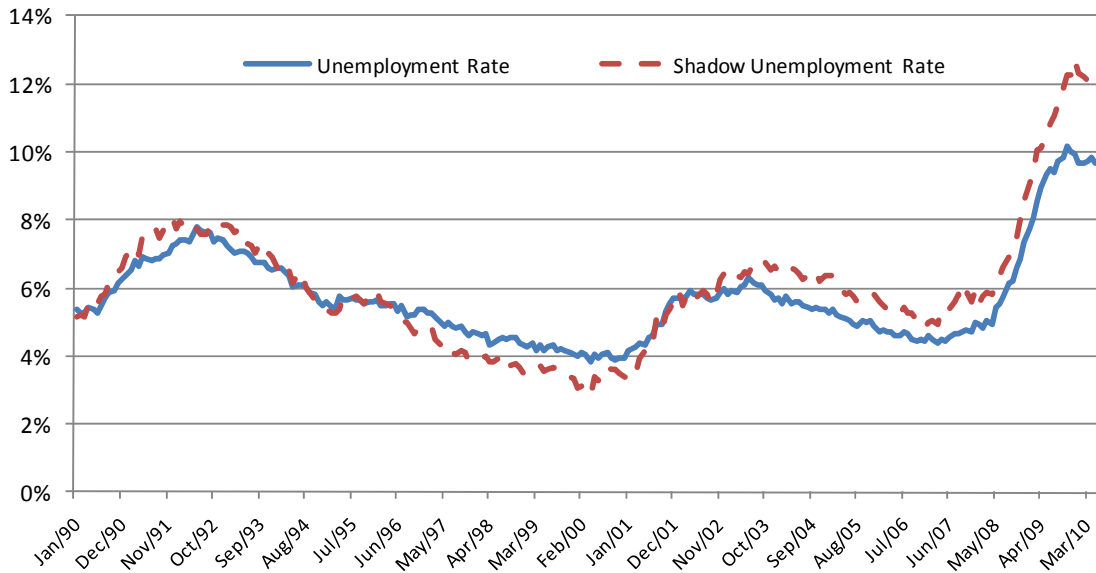
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 69,327 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

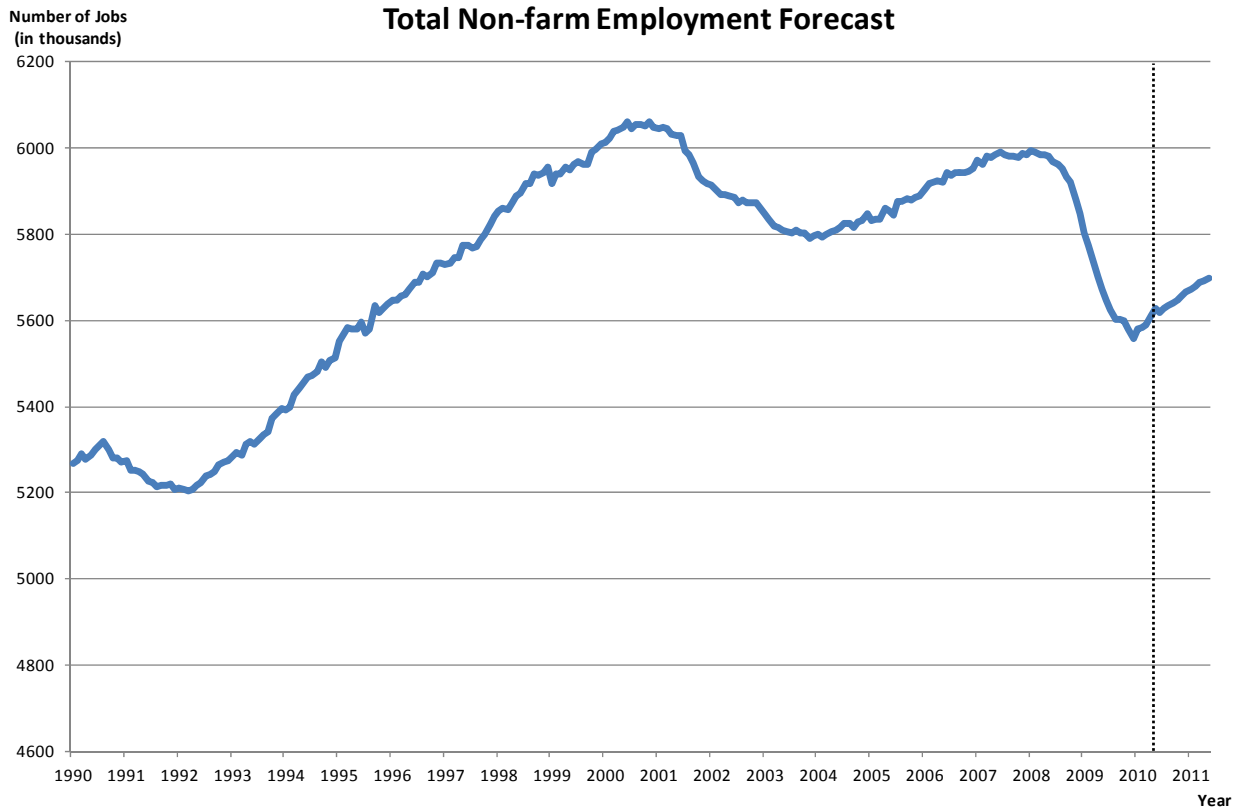


▪ US



EMPLOYMENT FORECAST

	May 2010	May 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,628,200	5,699,300-5,734,200	71,100 – 106,000	1.26%-1.88%
Construction	193,600	177,500	-16,100	-8.32%
Manufacturing	560,900	574,600	13,700	2.44%
Trade, transportation & utilities	1,133,600	1,160,000	26,400	2.33%
Information	103,900	103,300	-600	-0.58%
Financial Activities	365,500	358,100	-7,400	-2.02%
Professional & business services	786,600	816,300	29,700	3.78%
Education & health	835,300	858,900	23,600	2.83%
Leisure & hospitality	510,800	511,600	800	0.16%
Other services	256,200	259,500	3,300	1.29%
Government	872,200	869,900	-2,300	-0.26%



CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.16 (Dec-2007)	119.62 (May 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	108.85 (May 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.86 (May 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	142.72 (Feb 2002)	135.51 (April 2010)	Negative growth	N/A
Champaign Urbana	116.21 (Jan 2009)	111.07 (April 2010)	Negative growth	N/A
Chicago	114.87 (Nov 2000)	105.35 (April 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.04 (Oct 2008)	107.11 (April 2010)	Negative growth	N/A
Decatur	112.37 (Mar 2000)	95.61 (April 2010)	Negative growth	N/A
Kankakee	125.51 (Dec 2008)	120.16 (April 2010)	Negative growth	N/A
Peoria	122.07 (Feb 2006)	112.20 (April 2010)	Negative growth	N/A
Rockford	122.81 (Jul 2000)	105.73 (April 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	103.29 (April 2010)	Negative growth	N/A
Metro-East	114.97 (Nov 2000)	106.71 (April 2010)	Negative growth	N/A

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

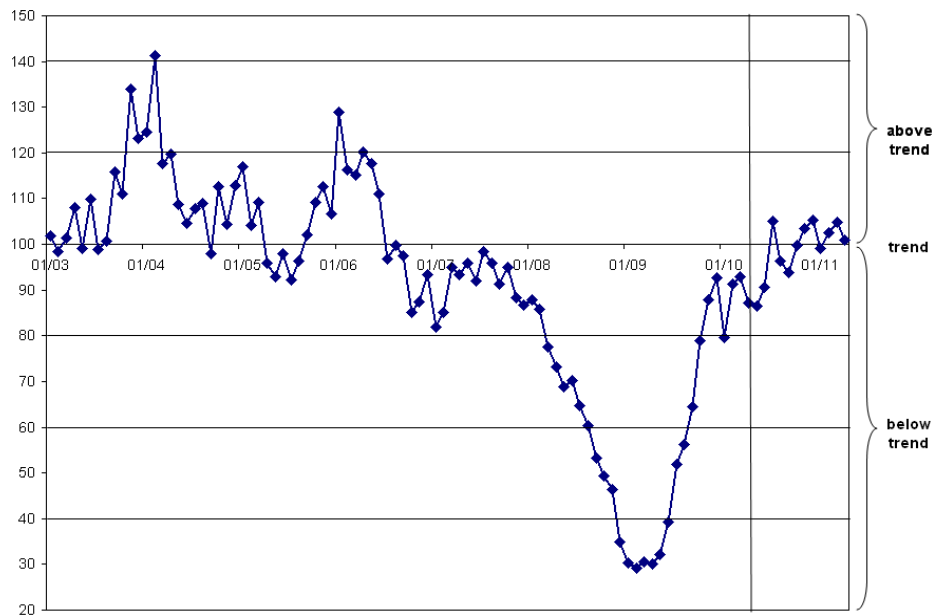
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 FELL IN APRIL

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 87.2 in April, down from 92.8 in March. The drop of the index in April could be attributed mainly to the sluggishness of private demand and the decrease of non-manufacturing employment in the Chicago region.
- In April, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.8 percent in April after having risen 0.2 percent in March. In addition, national retail sales increased 0.6 percent in April. The number of unemployed persons was 15.3 million, and the unemployment rate edged up to 9.9% in April. The rate had been 9.7 percent for the first 3 months of this year.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to 0.29 in April, from 0.13 in March. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.2 percent in April, after a 1.5 percent increase in March. In the Chicago region in April, manufacturing employment increased 0.4 percent while non-manufacturing employment declined 0.04 percent and construction employment increased by 2.62 percent in April. Regional retail sales are estimated to stay constant.
- In the coming months, the national economy is likely to continue on a recovery trend. During the past few months, the national employment situation has continued to improve. The Bureau of Labor Statistics reported the total nonfarm payroll employment rose by 290,000 in April and 431,000 in May. Sizable employment gains occurred in manufacturing, professional and business services, health care, and in leisure and hospitality. Federal government employment increased due to the hiring of temporary workers for Census 2010. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend in the near future.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward move in April was Kankakee (10th to 5th), which moved up 5 spots.
- Bloomington-Normal (4th to 1st), Metro-East (3rd to 2nd), Rockford (5th to 4th), and Davenport-Rock Island-Moline (8th to 6th) all gained in terms of rank from last month.
- Champaign-Urbana-Rantoul (1st to 7th) experienced deepest fall this month.
- Peoria (2nd to 3rd), Chicago (6th to 8th), Decatur (7th to 9th), and Springfield (9th to 10th) also moved down in terms of rank.
- In the 12 months growth league table, the upward moves were recorded for Bloomington-Normal (5th to 2nd), Rockford (8th to 7th), and Peoria (9th to 8th), while the downward moves were recorded for Springfield (2nd to 4th), Metro-East (4th to 5th), and Chicago (7th to 9th).
- The other four MSAs maintained the same ranks.
- Kankakee is on the top, while Decatur is still on the 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	March 2010	April 2010	Rank	Change**
1	Champaign-Urbana-Rantoul (0.5%)	Bloomington-Normal (0.83%)	1	↑(+3)
2	Peoria (0.42%)	Metro-East (0.68%)	2	↑(+1)
3	Metro-East (0.23%)	Peoria (0.56%)	3	↓(-1)
4	Bloomington-Normal (0.18%)	Rockford (0.5%)	4	↑(+1)
5	Rockford (0.17%)	Kankakee (0.38%)	5	↑(+5)
6	Chicago (0.03%)	Davenport-Rock Island-Moline (0.18%)	6	↑(+2)
7	Decatur (-0.12%)	Champaign-Urbana-Rantoul (-0.04%)	7	↓(-6)
8	Davenport-Rock Island-Moline (-0.17%)	Chicago (-0.06%)	8	↓(-2)
9	Springfield (-0.23%)	Decatur (-0.22%)	9	↓(-2)
10	Kankakee (-1.03%)	Springfield (-0.36%)	10	↓(-1)

Growth over last 12-months:

Rank	March 2010	April 2010	Rank	Change**
1	Kankakee (0.3%)	Kankakee (0.29%)	1	←(0)
2	Springfield (-1.14%)	Bloomington-Normal (-0.7%)	2	↑(+3)
3	Champaign-Urbana-Rantoul (-1.36%)	Champaign-Urbana-Rantoul (-1.19%)	3	←(0)
4	Metro-East (-2.02%)	Springfield (-1.2%)	4	↓(-2)
5	Bloomington-Normal (-2.15%)	Metro-East (-1.92%)	5	↓(-1)
6	Davenport-Rock Island-Moline (-2.67%)	Davenport-Rock Island-Moline (-1.94%)	6	←(0)
7	Chicago (-3.04%)	Rockford (-2.06%)	7	↑(+1)
8	Rockford (-3.78%)	Peoria (-2.11%)	8	↑(+1)
9	Peoria (-4.2%)	Chicago (-2.36%)	9	↓(-2)
10	Decatur (-5%)	Decatur (-4.42%)	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)

