



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.

MAY 2009

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Illinois Jobs Coalition

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

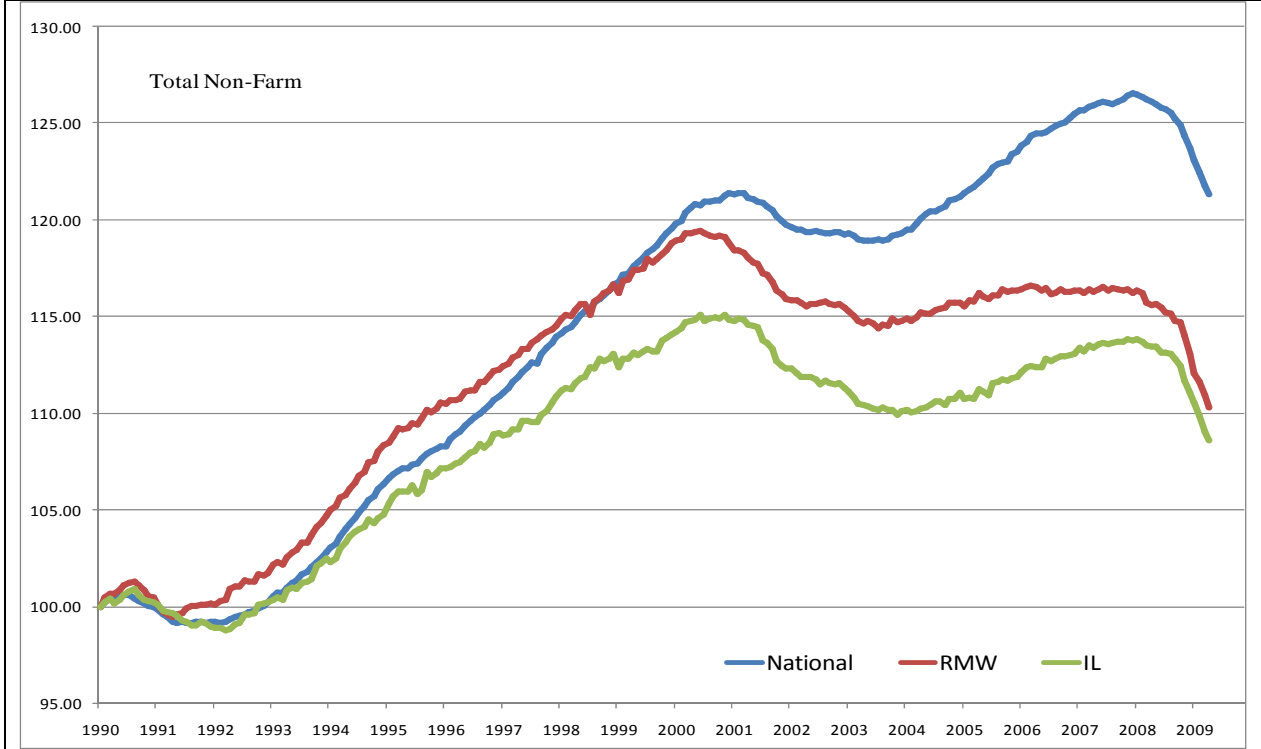
- Illinois lost 23,100 jobs at a rate of -0.40% April 2009, compared to a revised 40,700 job loss in March.
- Illinois, RMW, and the nation all lost jobs in April. However, the job loss rates were smaller than last month in all three cases.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 16 times, and the state has lost 273,900 jobs in this recession. 234,700 jobs (85.7%) 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 four months of 2009 was 32,425 jobs at a rate of -0.56%.
- Over the last 12 months, Illinois payroll growth was -4.27%, higher than the -3.81% growth of the nation. RMW continued with a negative rating (-4.58%) and has recorded a negative rate for 14 months in a row.
- Through April 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 8.63%, 10.29%, and 21.31%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 11.5%, 12.5% and 10.0%, compared to 9.4%, 9.9% and 8.9% official unemployment rates for Illinois, RMW and Nation.
- The shadow unemployment rates for the Illinois and the Nation slightly decreased compared to last month.

APRIL 2009 EMPLOYMENT CHART

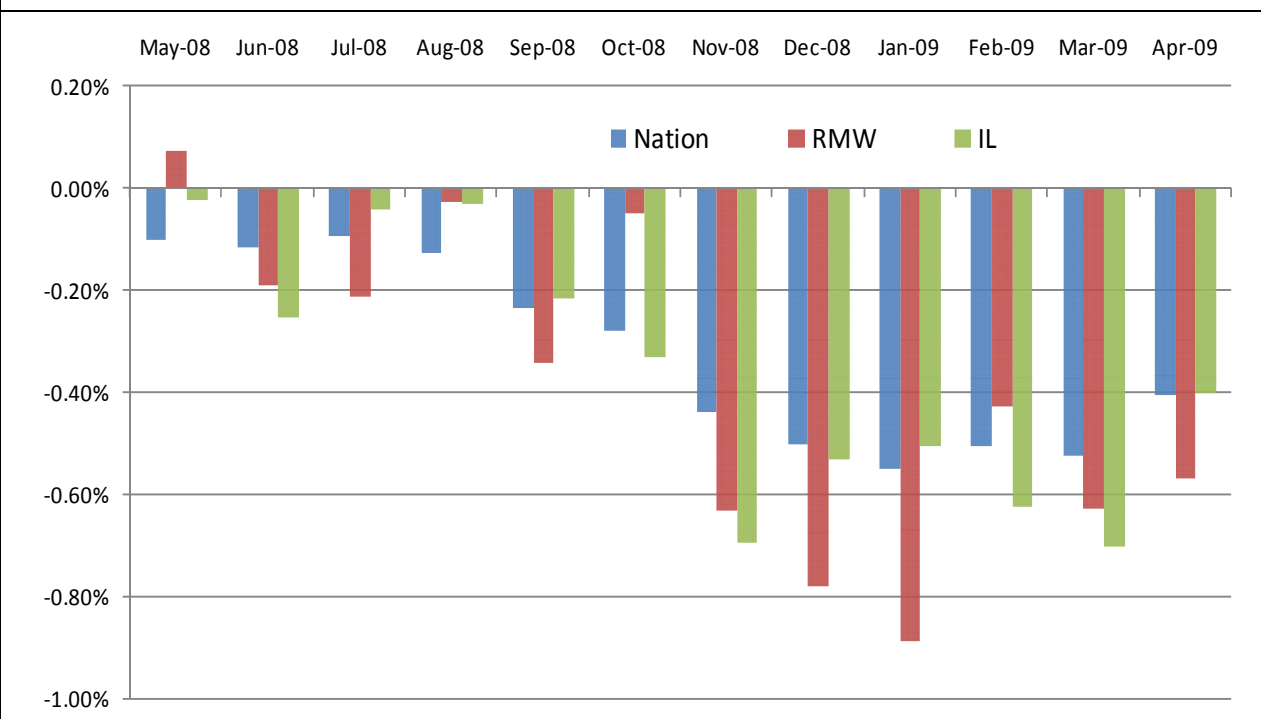
April 2009	Total Non-Farm Employment	Mar 2009 – Apr 2009		Last 12 months		Apr-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
Negative	Nation	-0.41	-539,000	-3.81	-5,240,000	10.0%
	RMW*	-0.57	-107,400	-4.58	-905,100	12.5%
	Illinois	-0.40	-23,100	-4.27	-255,400	11.5%

*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.

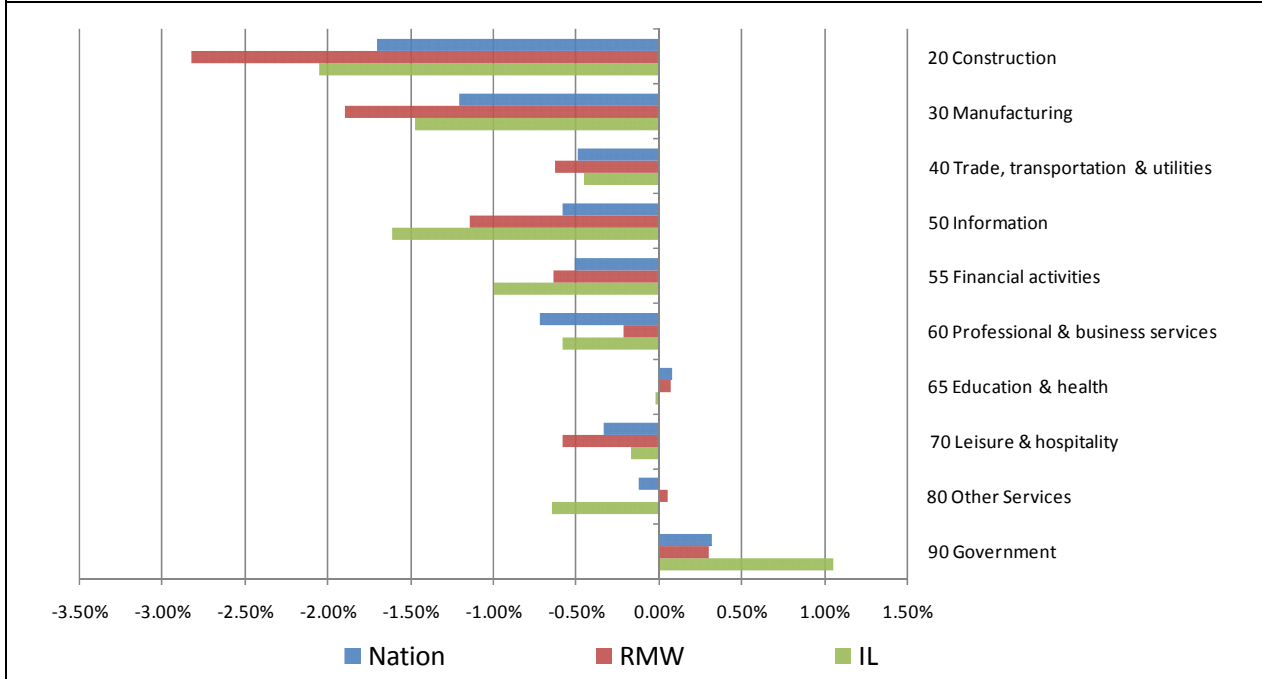
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – MAR 2009



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE MAY 2008 – APR 2009



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS MAR 2009 – APR 2009



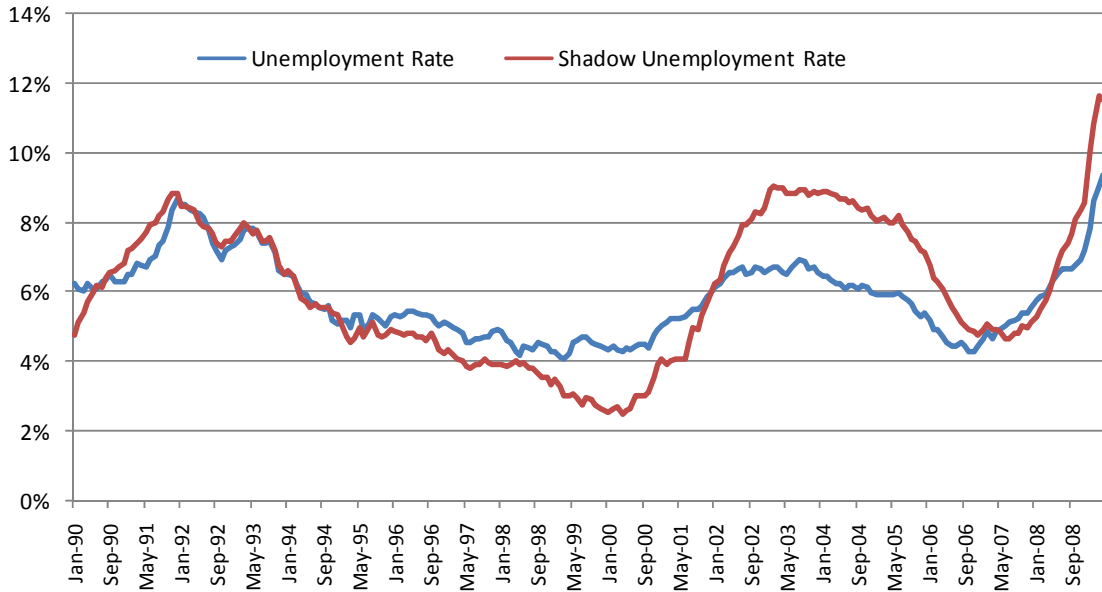
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

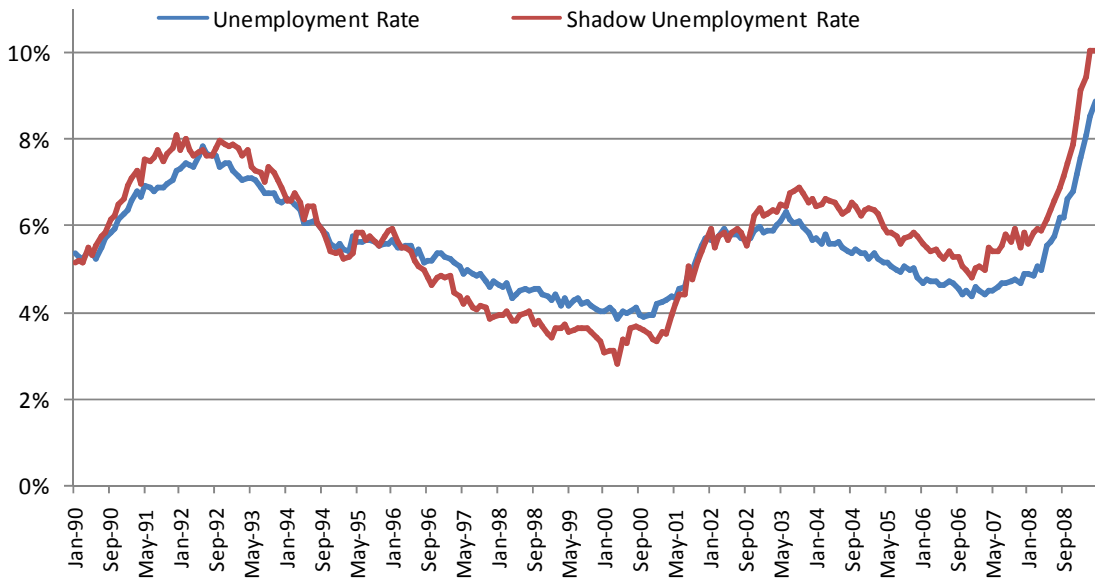
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 146,849 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

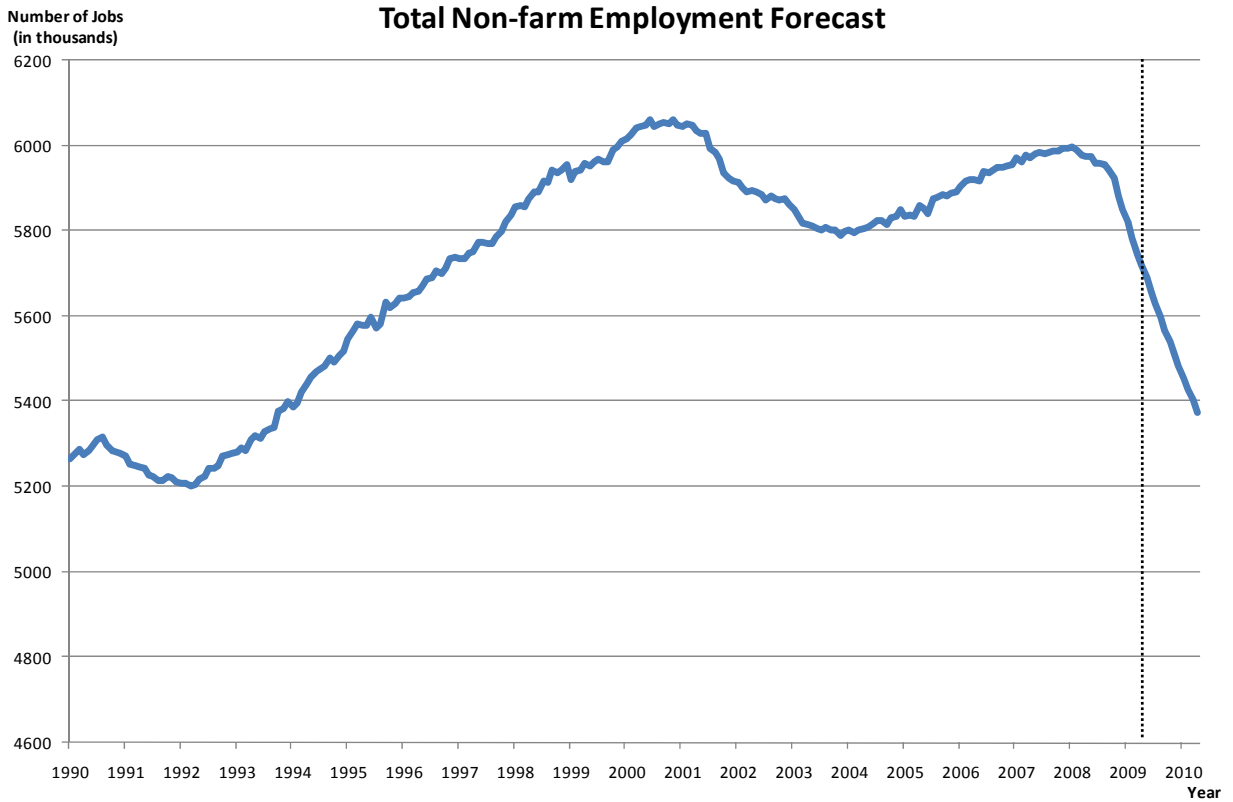


■ US



EMPLOYMENT FORECAST

	April 2009	April 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,719,800	5,372,600	-347,200	-6.07%
Construction	228,100	201,200	-26,900	-11.79%
Manufacturing	593,400	476,800	-116,600	-19.65%
Trade, transportation & utilities	1,165,700	1,100,000	-65,700	-5.64%
Information	109,500	102,200	-7,300	-6.67%
Financial Activities	385,300	371,800	-13,500	-3.50%
Professional & business services	796,900	706,400	-90,500	-11.36%
Education & health	802,600	804,600	2,000	0.25%
Leisure & hospitality	513,500	497,300	-16,200	-3.15%
Other services	259,900	259,900	0	0.00%
Government	862,600	850,100	-12,500	-1.45%



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)	108.63 (Apr 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	110.29 (Apr 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	121.31 (Apr 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.86 (Feb 2002)	140.19 (Mar 2009)	141.92 (Sep 2011)	31 months
Champaign Urbana	115.91 (Jun 2001)	116.73 (Mar 2009)	Reached (Jan 2009)	2 months ago
Chicago	114.68 (Nov 2000)	109.59 (Mar 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	114.73 (Nov 1999)	114.35 (Mar 2009)	Reached (Dec 2008)	N/A
Decatur	112.41 (Mar 2000)	100.18 (Mar 2009)	Negative growth	N/A
Kankakee	125.36 (Dec 2008)	120.18 (Mar 2009)	Negative growth	N/A
Peoria	116.81 (April 2000)	121.32 (Mar 2009)	Reached (Feb 2006)	37 months ago
Rockford	123.29 (Jul 2000)	115.77 (Mar 2009)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	104.90 (Mar 2009)	110.36 (Oct 2030)	N/A
Metro-East	114.73 (Jun 2001)	110.76 (Mar 2009)	114.76 (Jan 2018)	107 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.

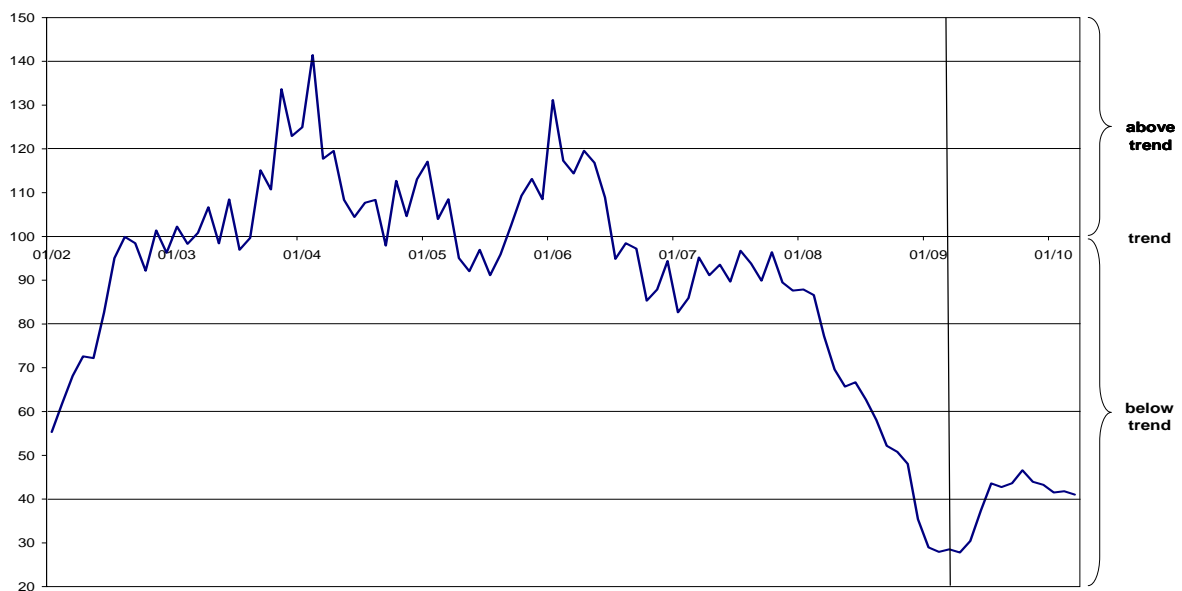
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 MARCH

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 28.5 in March, up slightly from 28.0 in February. The index still continued to be far below the long-term trend, suggesting little signs of any imminent recovery.
- In March, the national and regional economy showed weak features generally. The Chicago Fed National Activity Index (CFNAI) was -2.96 in March, down from -2.82 in February. The Federal Reserve Board's industrial production index fell 1.5 percent in March presenting five months' consecutive declines. Also, retail sales (excluding food services) decreased 1.2 percent in March and the Bureau of Labor Statistics reported that non-farm payroll employment continued to decline in March ($-699,000$). The unemployment rate soared to 8.5 percent in March, which was the highest since October 1983.
- As for the regional economy, the Chicago Fed Midwest Manufacturing Index (CFMMI) declined 2.4 percent in March. The Chicago Fed reported that output in the Midwest region in March was down 23.2 percent from a year earlier—lower than the 14.9 percent decrease in national output. In the Chicago region, manufacturing, non-manufacturing and construction employment decreased 1.6 percent, 0.4 percent and 0.7 percent respectively in March.
- Looking further ahead, the national economy is likely to remain in deep recession: consumption and facilities investment related indicators remain significantly depressed. Bureau of Labor Statistics reported that non-farm payroll employment continued to decline in April ($-539,000$) and 5.7 million jobs have been lost since the recession began in December 2007. According to Census Bureau's survey report on manufacturers' shipments, inventories and new orders, new orders for capital goods declined 1.6 percent in March. 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 continue contracting over the next 12 months.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward moves in March are by Peoria (8th to 2nd), and Champaign-Urbana-Rantoul (10th to 4th); both moved up by 6 spots.
- Bloomington-Normal (4th to 3rd) and Decatur (9th to 8th) also made gains in terms of rank from last month.
- Kankakee (6th to 10th) and Springfield (5th to 9th) experienced deep falls in this month.
- Rockford (2nd to 5th) and Davenport-Rock Island-Moline (3rd to 6th) as well experienced falls in March.
- Metro-East and Chicago kept the same ranks this month.
- In the 12 months growth league table, upward moves were recorded for Peoria (6th to 4th), Bloomington-Normal (3rd to 2nd), Rockford (9th to 8th) and Chicago (10th to 9th).

*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	February 2009	March 2009	Rank	Change**
1	Metro-East (0.29%)	Metro-East (0.08%)	1	◀(0)
2	Rockford (-0.03%)	Peoria (0.02%)	2	▶(+6)
3	Davenport-Rock Island-Moline (-0.04%)	Bloomington-Normal (-0.21%)	3	▶(+1)
4	Bloomington-Normal (-0.12%)	Champaign-Urbana-Rantoul (-0.29%)	4	▶(+6)
5	Springfield (-0.42%)	Rockford (-0.31%)	5	▼(-3)
6	Kankakee (-0.46%)	Davenport-Rock Island-Moline (-0.48%)	6	▼(-3)
7	Chicago (-0.48%)	Chicago (-0.69%)	7	◀(0)
8	Peoria (-0.49%)	Decatur (-0.81%)	8	▶(+1)
9	Decatur (-0.64%)	Springfield (-0.88%)	9	▼(-4)
10	Champaign-Urbana-Rantoul (-2.3%)	Kankakee (-1.62%)	10	▼(-4)

Growth over last 12-months:

Rank	February 2009	March 2009	Rank	Change**
1	Champaign-Urbana-Rantoul (1.94%)	Champaign-Urbana-Rantoul (1.97%)	1	◀(0)
2	Metro-East (1.01%)	Bloomington-Normal (0.47%)	2	▶(+1)
3	Bloomington-Normal (0.41%)	Metro-East (0.38%)	3	▼(-1)
4	Springfield (0.19%)	Peoria (0%)	4	▶(+2)
5	Davenport-Rock Island-Moline (0.04%)	Davenport-Rock Island-Moline (-0.46%)	5	◀(0)
6	Peoria (-0.31%)	Springfield (-0.61%)	6	▼(-2)
7	Decatur (-1.22%)	Decatur (-1.94%)	7	◀(0)
8	Kankakee (-2.03%)	Rockford (-2.63%)	8	▶(+1)
9	Rockford (-3.01%)	Chicago (-3.56%)	9	▶(+1)
10	Chicago (-3.13%)	Kankakee (-4.02%)	10	▼(-2)

* 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)

