



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.

DECEMBER 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois lost 6,300 jobs at a rate of -0.11% in November 2009, compared to a revised 2,100 job loss in October.
- In November 2009, the Nation cut 11,000 jobs at a rate of -0.01%. This is much better than the average 407,000 jobs loss per month for the first ten months in 2009.
- RMW shed 22,800 jobs in November after a revised 51,600 job gain in October.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 23 times, and the state has lost 363,300 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 for the first ten months of 2009 was -19,900 jobs at a rate of -0.346%.
- 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 250,400 jobs at a rate -4.26%.
- Through November 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.93%, 9.33%, and 20.01%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 13.0%, 14.4% and 12.2%, compared to official unemployment rates of 10.9%, 10.6% and 10.0%.

NOVEMBER 2009 EMPLOYMENT CHART

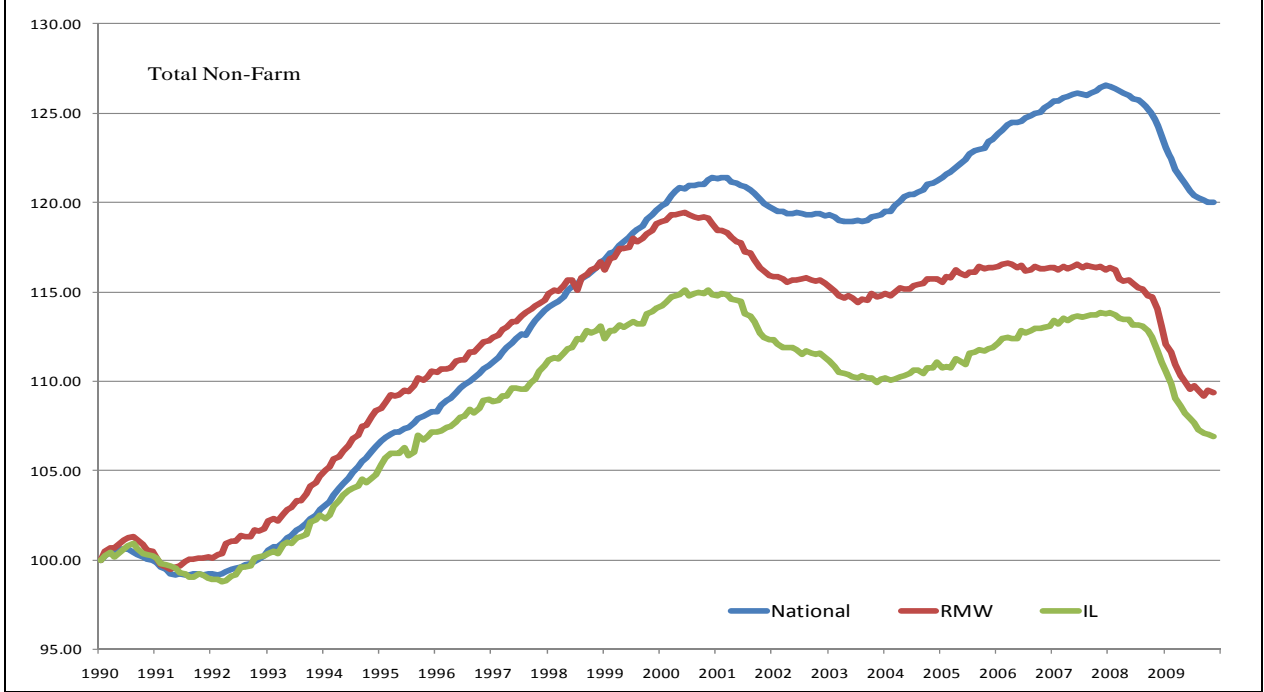
November 2009 Negative	Total Non-Farm Employment	Oct 2009 – Nov 2009		Last 12 months		Nov-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.01	-11,000	-3.51	-4,759,000	12.2%
	RMW*	-0.12	-22,800	-4.09	-796,500	14.4%
	Illinois	-0.11	-6,300	-4.26	-250,400	13.0%

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

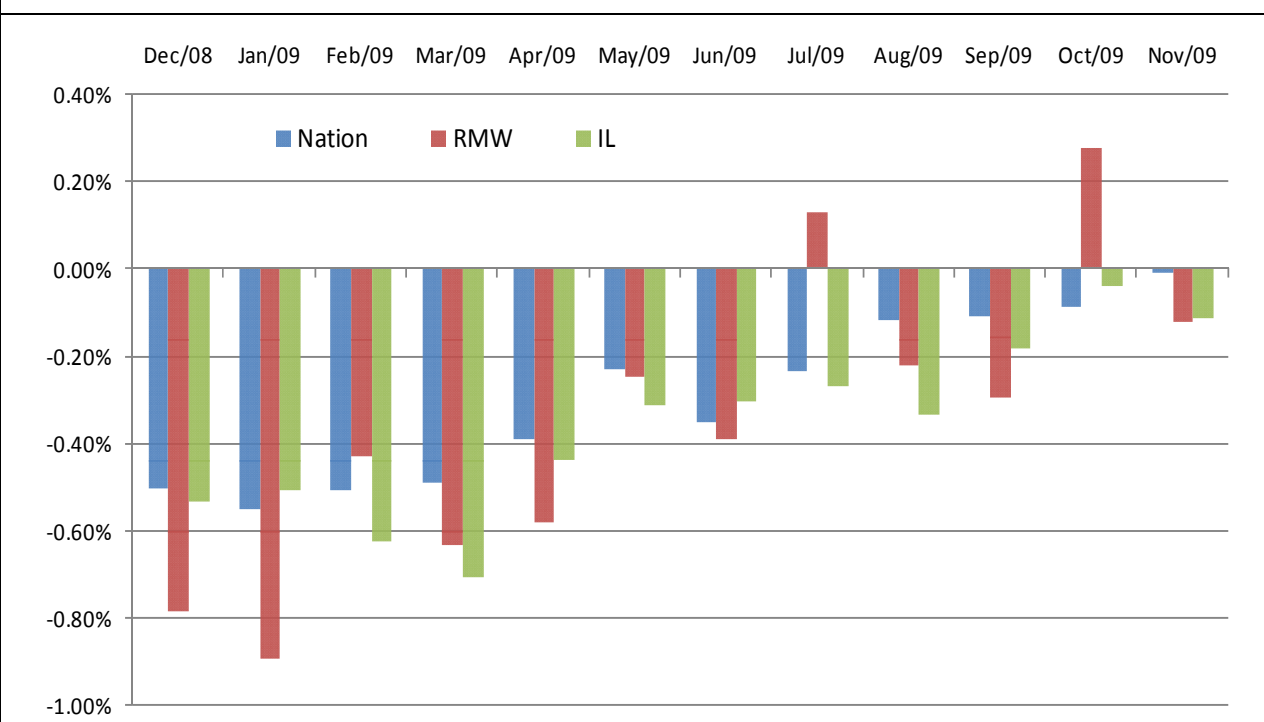
**REAL has estimated a *shadow unemployment rate*, this is calculated as the unemployment rate that would be observed if labor force

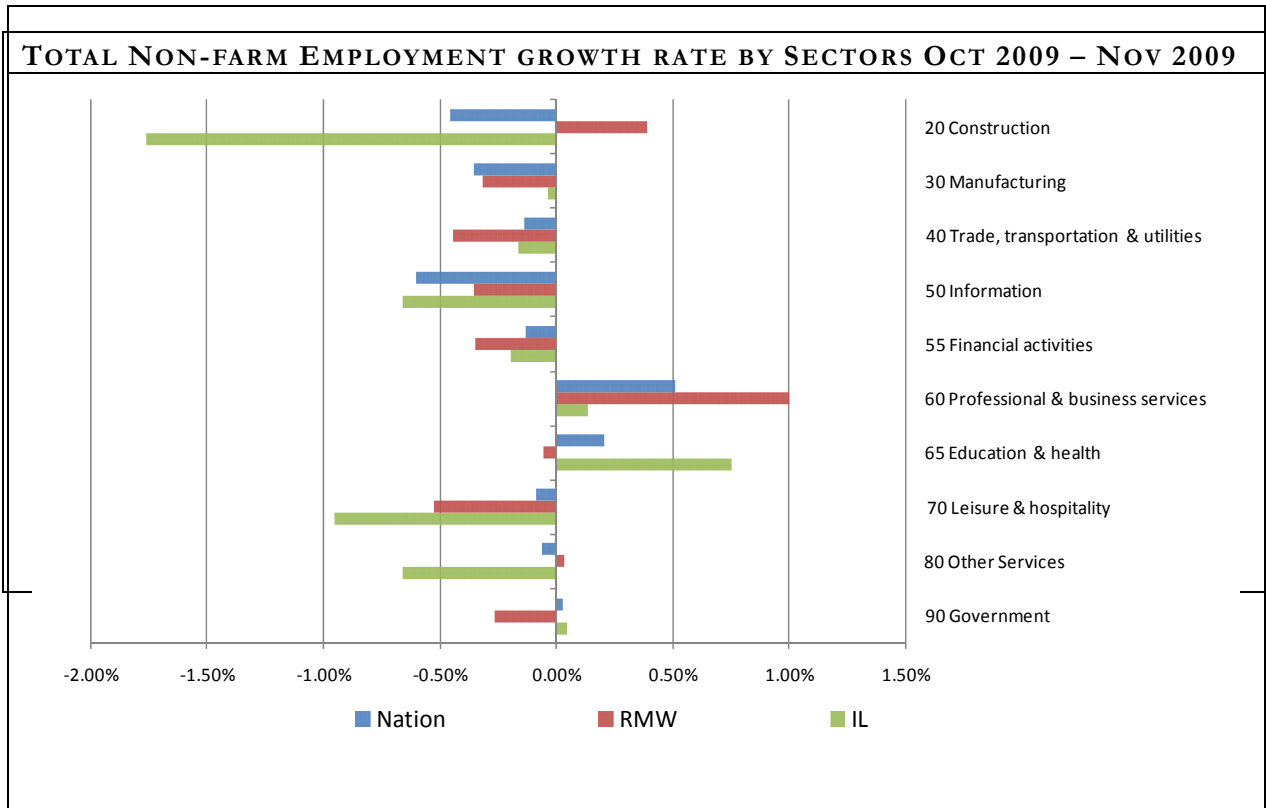
participation rates matched the average for the 15-year period from 1990 to 2004.

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



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE DEC 2008 – NOV 2009





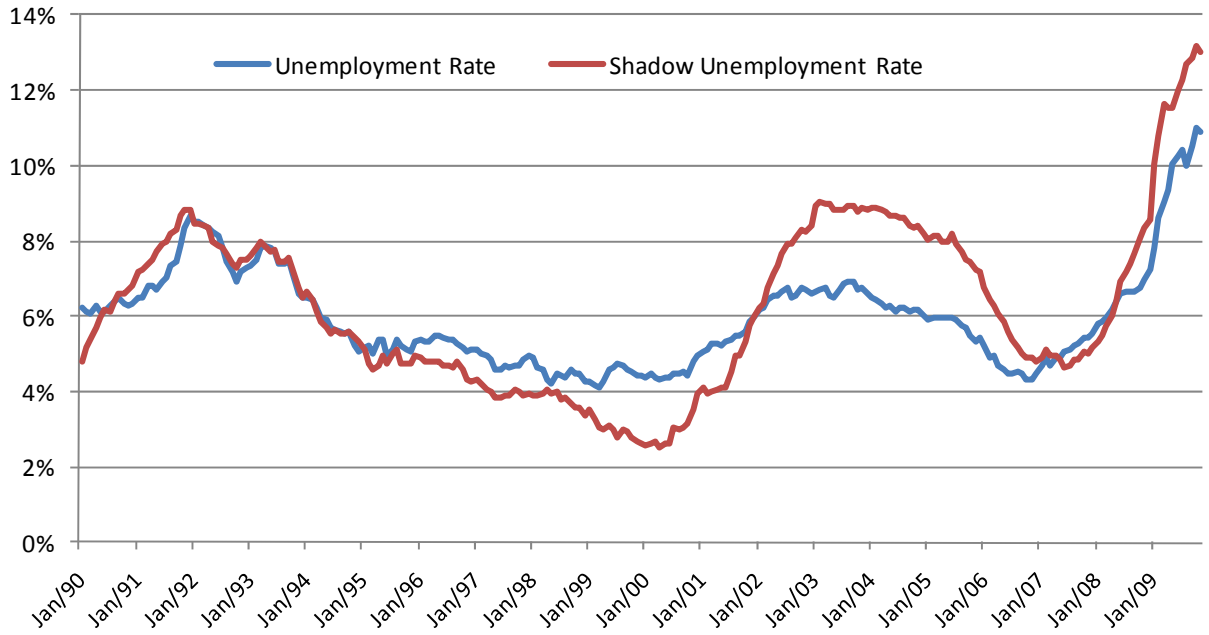
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

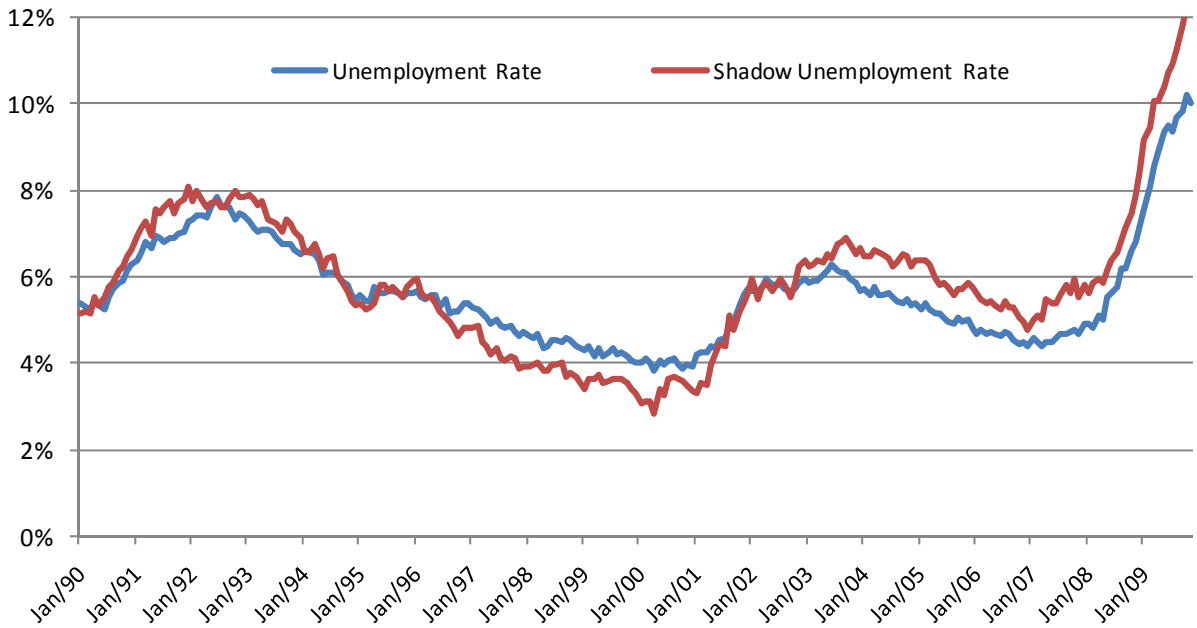
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 144,245 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

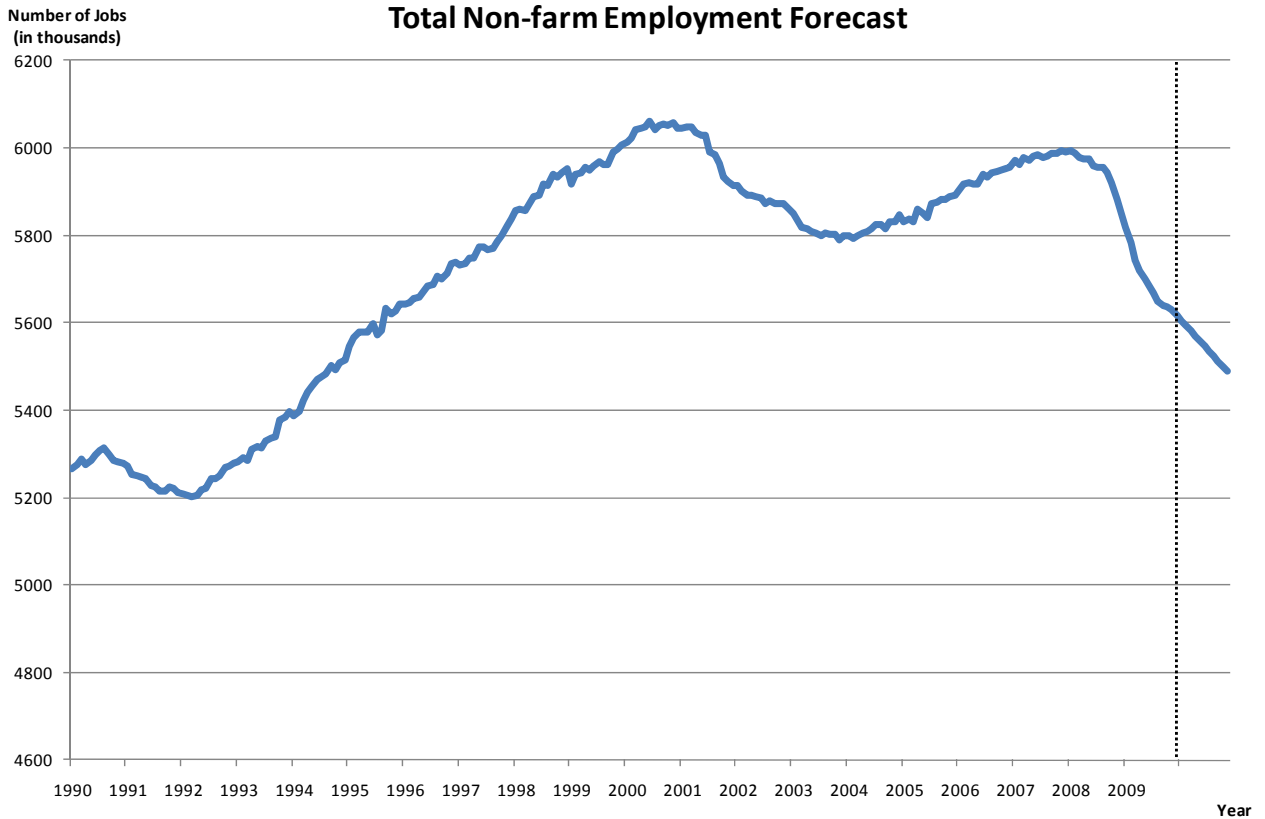


▪ US



EMPLOYMENT FORECAST

	September 2009	September 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,630,400	5,487,900	-142,500	-2.53%
Construction	217,900	201,300	-16,600	-7.62%
Manufacturing	574,500	527,600	-46,900	-8.16%
Trade, transportation & utilities	1,137,000	1,083,500	-53,500	-4.71%
Information	105,700	100,300	-5,400	-5.11%
Financial Activities	368,200	351,100	-17,100	-4.64%
Professional & business services	790,900	774,300	-16,600	-2.10%
Education & health	802,800	816,000	13,200	1.64%
Leisure & hospitality	511,300	508,500	-2,800	-0.55%
Other services	255,900	255,900	0	0.00%
Government	855,700	858,900	3,200	0.37%



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)	107.05 (Nov 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	109.47 (Nov 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	120.02 (Nov 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.89 (Feb 2002)	139.00 (Oct 2009)	Negative growth	N/A
Champaign Urbana	119.83 (Jan 2009)	114.89 (Oct 2009)	Negative growth	N/A
Chicago	114.67 (Nov 2000)	107.23 (Oct 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.25 (Oct 2008)	113.02 (Oct 2009)	Negative growth	N/A
Decatur	112.40 (Mar 2000)	97.63 (Oct 2009)	Negative growth	N/A
Kankakee	125.21 (Dec 2008)	118.87 (Oct 2009)	Negative growth	N/A
Peoria	122.20 (Feb 2006)	118.02 (Oct 2009)	Negative growth	N/A
Rockford	123.27 (Jul 2000)	114.04 (Oct 2009)	Negative growth	N/A
Springfield	110.34 (Aug 2000)	103.78 (Oct 2009)	Negative growth	N/A
Metro-East	114.76 (Nov 2000)	111.58 (Oct 2009)	114.98 (July 2011)	21 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.

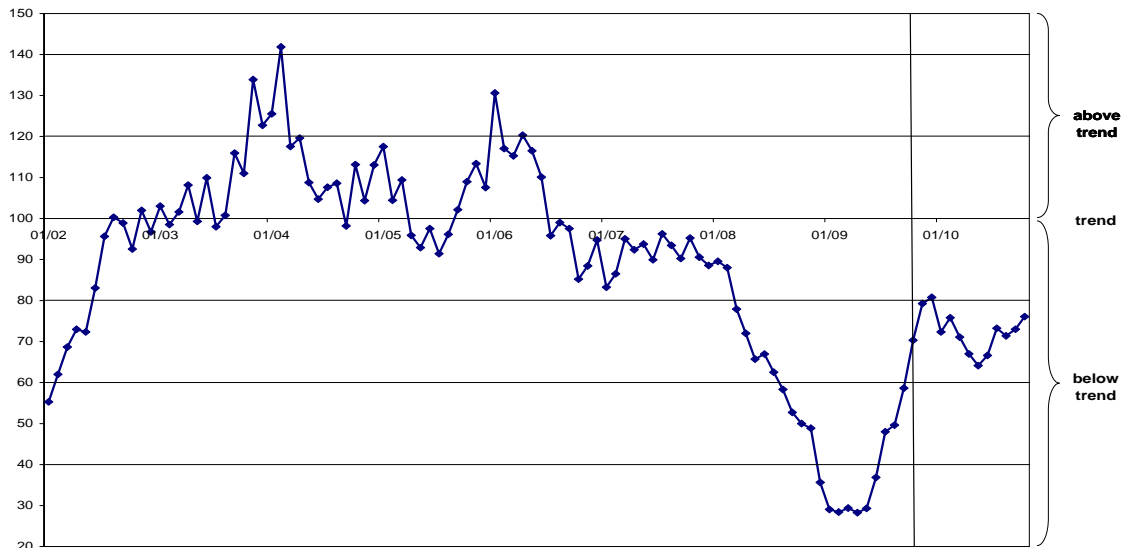
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 OCTOBER

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 70.3 in October, up significantly from 58.6 in September. Even though October's index remains still well below its historical trend, the recent movement of the index implies that the region's economic activity is continuing to improve.
- In October the national and regional economy presented generally bright features. The Federal Reserve Board's industrial production index increased 0.1 percent in October; and retail sales (excluding food services) increased 1.3 percent in October after having dropped 2.2 percent in September.
- The Chicago Fed Midwest Manufacturing Index (CFMMI) continued to increase in October, increasing 0.5 percent after registering an increase of 0.7 percent in September. Meanwhile, The Chicago Fed National Activity Index (CFNAI) was -1.08 in October, down very slightly from -1.01 in September. In the Chicago region, manufacturing and non-manufacturing employment decreased 0.3 percent and 0.1 percent respectively in October while construction employment leveled off.
- The downside risk to economic growth has been mitigated substantially by the proactive fiscal and monetary policy initiatives. In particular, the recent national employment situation exhibits a favorable sign that the labor market is recovering gradually from the abrupt deterioration since the beginning of the recession. The unemployment rate decreased to 10.0 percent in November from 10.2 percent in October. Also, declining trend of nonfarm payroll employment has been subdued by degrees: 1Q -2,074,000 → 2Q -1,285,000 → 3Q -597,000 → October -111,000 → November -11,000. 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

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward moves in October were by Kankakee (10th to 1st) and Bloomington-Normal (9th to 2nd), which moved up by 9 spots and 7 spots, respectively.
- Rockford (8th to 4th) and Decatur (4th to 3rd) both gained in terms of rank from last month.
- Springfield (2nd to 10th) and Champaign-Urbana-Rantoul (1st to 7th) both experienced deep falls this month.
- Metro-East (6th to 10th), Davenport-Rock Island-Moline (3rd to 5th), Peoria (5th to 6th), and Chicago (6th to 9th) all experienced falls in October.
- In the 12 months growth league table, the upward moves were recorded for Bloomington-Normal (3rd to 2nd), Davenport-Rock Island-Moline (5th to 4th), Kankakee (8th to 7th), and Chicago (10th to 9th), while the downward moves were by Champaign-Urbana-Rantoul (2nd to 3rd), Springfield (4th to 5th), and Decatur (9th to 10th).
- The other two MSAs maintained the same ranks.
- Metro-East is still on top, while Decatur instead of 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	Sep 2009	Oct 2009	Rank	Change**
1	Champaign-Urbana-Rantoul (1.74%)	Kankakee (0.24%)	1	↑(+9)
2	Springfield (1.47%)	Bloomington-Normal (0.15%)	2	↑(+7)
3	Davenport-Rock Island-Moline (0.19%)	Decatur (0.03%)	3	↑(+1)
4	Decatur (0.17%)	Rockford (0.01%)	4	↑(+4)
5	Peoria (0.05%)	Davenport-Rock Island-Moline (-0.01%)	5	↓(-2)
6	Metro-East (0.02%)	Peoria (-0.05%)	6	↓(-1)
7	Chicago (-0.15%)	Champaign-Urbana-Rantoul (-0.11%)	7	↓(-6)
8	Rockford (-0.15%)	Chicago (-0.12%)	8	↓(-1)
9	Bloomington-Normal (-0.33%)	Metro-East (-0.14%)	9	↓(-3)
10	Kankakee (-0.52%)	Springfield (-0.47%)	10	↓(-8)

Growth over last 12-months:

Rank	Sep 2009	Oct 2009	Rank	Change**
1	Metro-East (1.97%)	Metro-East (1.58%)	1	↔(0)
2	Champaign-Urbana-Rantoul (-0.9%)	Bloomington-Normal (-0.92%)	2	↑(+1)
3	Bloomington-Normal (-1.24%)	Champaign-Urbana-Rantoul (-1.49%)	3	↓(-1)
4	Springfield (-1.3%)	Davenport-Rock Island-Moline (-1.85%)	4	↑(+1)
5	Davenport-Rock Island-Moline (-1.5%)	Springfield (-1.91%)	5	↓(-1)
6	Rockford (-2.86%)	Rockford (-2.76%)	6	↔(0)
7	Peoria (-3.3%)	Kankakee (-3.13%)	7	↑(+1)
8	Kankakee (-3.98%)	Peoria (-3.27%)	8	↓(-1)
9	Decatur (-4.49%)	Chicago (-4.45%)	9	↑(+1)
10	Chicago (-4.66%)	Decatur (-4.48%)	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)

