



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.

JANUARY 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

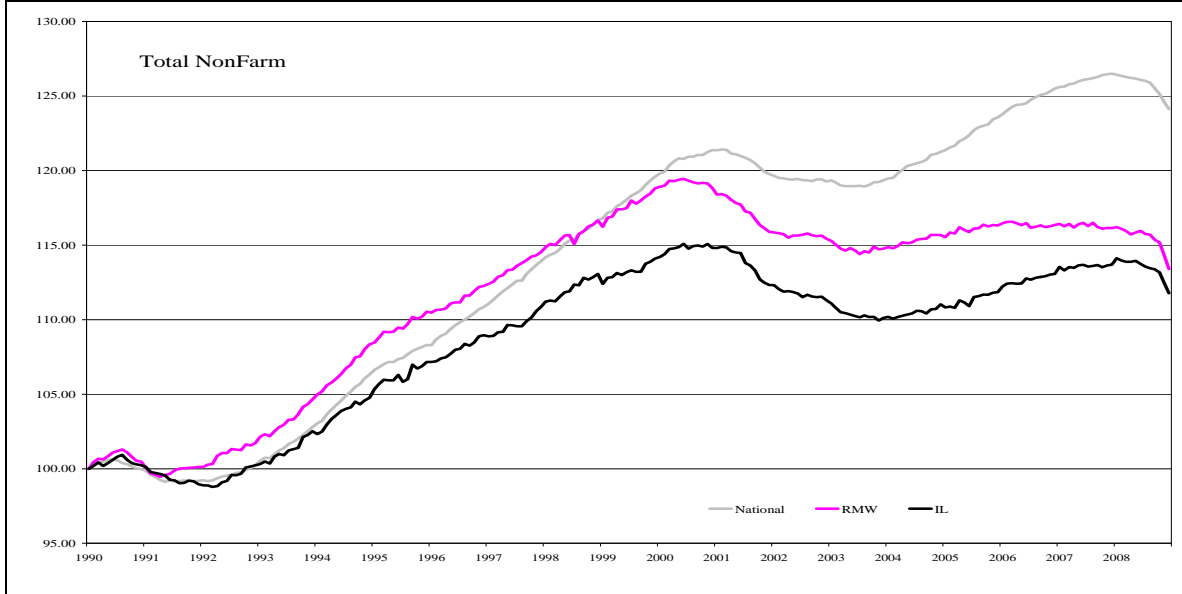
- In December 2008, Illinois lost 36,000 jobs at a rate of -0.61%, compared to a revised 37,600 job loss in November.
- Illinois has posted negative job changes nine times in 2008, and the state has lost 100,700 jobs since January, 2008.
- Through 2008, Illinois lost -8,392 jobs at a rate of -0.14% on average per month. This is the second worst year since 1990, compared to average monthly loss of -10,908 jobs at a rate of -0.18% in 2001.
- Illinois, RMW, and the nation all lost jobs for the second half of 2008.
- Over the last 12 months, Illinois payroll decline was -1.68%, better than the -1.88% decline of the nation. RMW continued with a negative rating (-2.37%) and has lost jobs for sixteen months in a row.
- In 2008, Illinois, RMW, and the Nation lost -100,700, -470,300, and -2,589,000 jobs, respectively.
- Through December 2008, the cumulative job growth for Illinois, RMW and the Nation compared to January 1900 stood at 11.78%, 13.40%, and 24.13%, respectively.

DECEMBER 2008 EMPLOYMENT CHART

December 2008 Negative	Total Non-Farm Employment	Nov 2008 – Dec 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.39	-524,000	-1.88	-2,589,000
	RMW*	-0.81	-159,100	-2.37	-470,300
	Illinois	-0.61	-36,000	-1.68	-100,700

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

TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – DEC 2008



SHADOW UNEMPLOYMENT

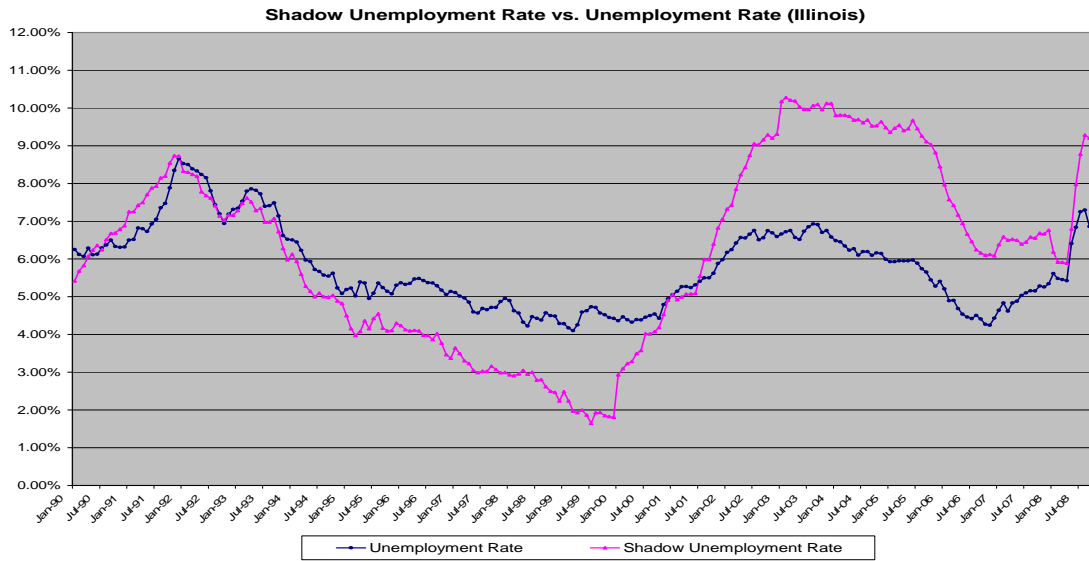
Unemployment Rate: Official and Shadow

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.

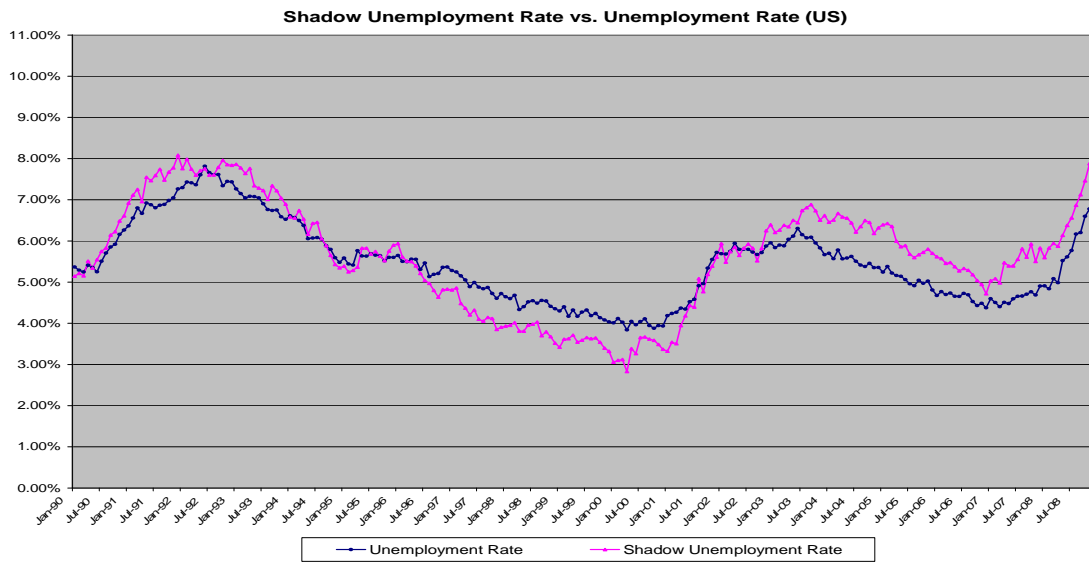
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- In the 1990s, the average participation rate was 67.9% in Illinois whereas in 2006, it has been only 65.5%.
- For the 15 years from 1990 to 2004, the average participation rate was 67.4% in Illinois.
- In the 1990s in the US, the average participation rate was 66.7% whereas in 2006, it has been 66.1%; 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 216,897 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

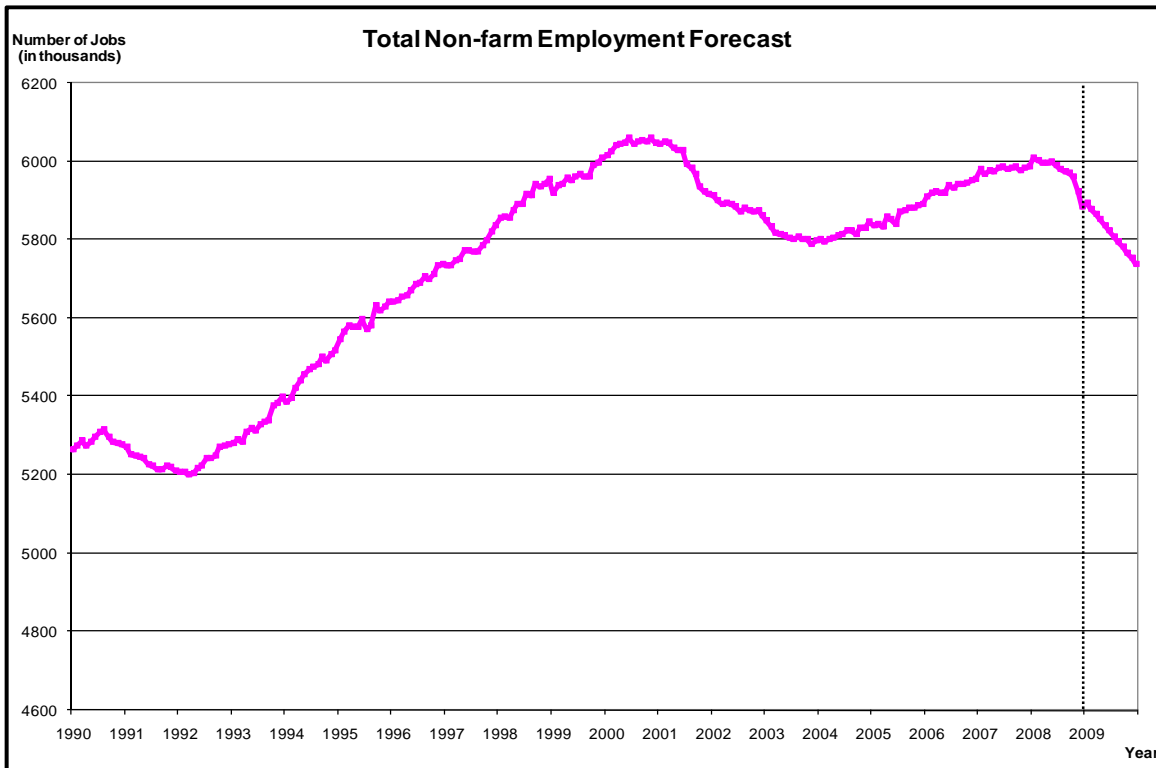


■ US



EMPLOYMENT FORECAST

	December 2008	December 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,885,800	5,738,600	-147,200	-2.50%
Construction	233,700	208,100	-25,600	-10.95%
Manufacturing	654,800	617,000	-37,800	-5.77%
Trade, transportation & utilities	1,196,500	1,162,000	-34,500	-2.88%
Information	113,800	108,700	-5,100	-4.48%
Financial Activities	393,400	388,900	-4,500	-1.14%
Professional & business services	861,900	830,400	-31,500	-3.65%
Education & health	790,700	792,500	1,800	0.23%
Leisure & hospitality	521,900	522,000	100	0.02%
Other services	256,800	257,300	500	0.19%
Government	852,300	841,700	-10,600	-1.24%



CATCH UP SCENARIO

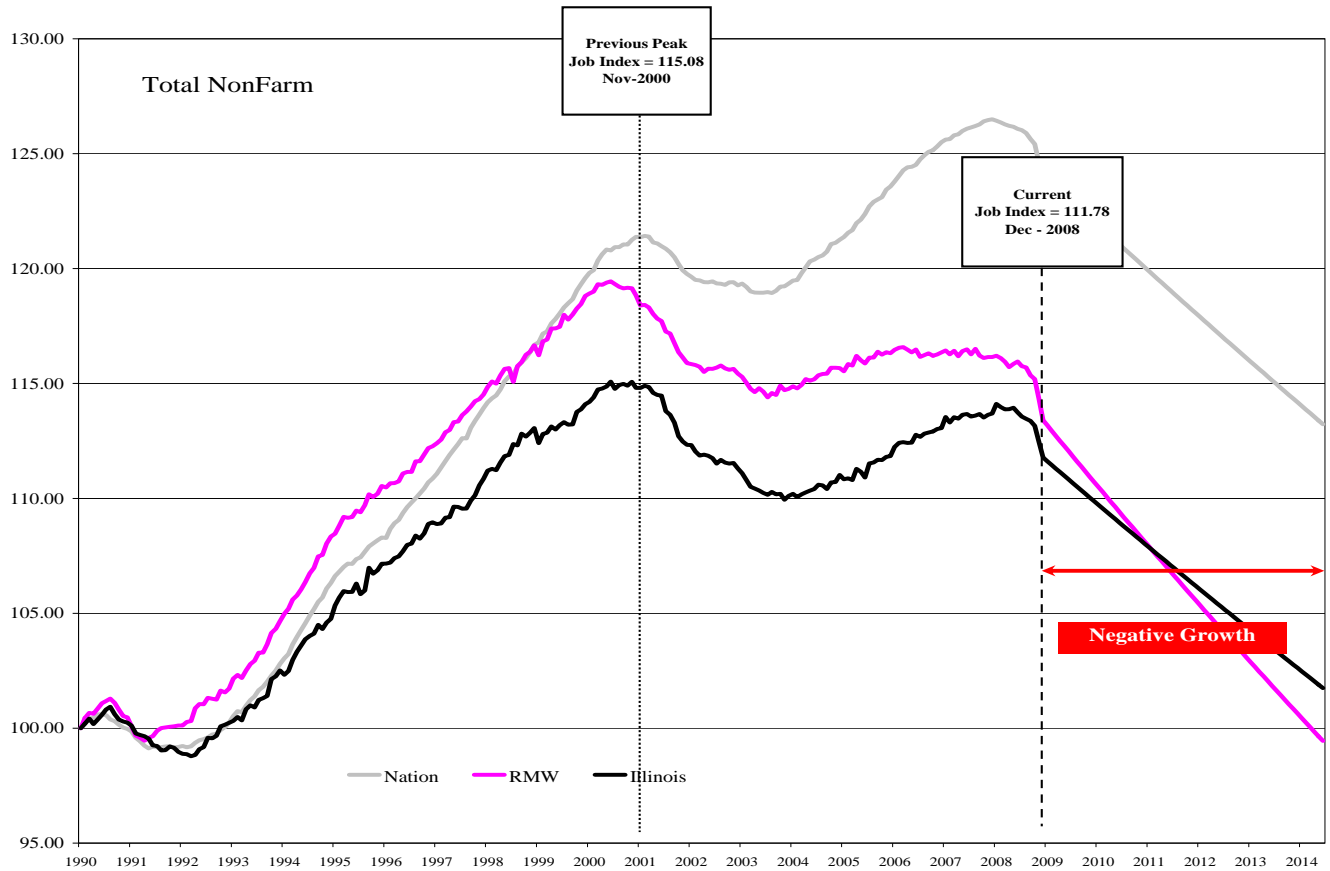
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	111.78 (Dec 2008)	Negative growth	N/A
RMW	119.44 (Jun-2000)	113.40 (Dec 2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	124.13 (Dec 2008)	121.56 (Feb-2005)	44 months ago
Metro Areas**:				
Bloomington Normal	141.96 (Feb 2002)	140.28 (Nov 2008)	Zero growth	N/A
Champaign Urbana	115.91 (Jun 2001)	114.49 (Nov 2008)	115.92 (Jul 2015)	82 months
Chicago	114.68 (Nov 2000)	112.95 (Nov 2008)	Negative growth	N/A
Davenport- Rock Island-Moline	114.68 (Nov 1999)	114.55 (Nov 2008)	114.74 (Mar 2010)	18 months
Decatur	112.41 (Mar 2000)	102.22 (Nov 2008)	Negative growth	N/A
Kankakee	124.30 (Jan 2007)	125.14 (Nov 2008)	Reached (Jan 2008)	10 months ago
Peoria	116.81 (April 2000)	121.42 (Nov 2008)	Reached (Feb 2006)	33 months ago
Rockford	123.22 (Jul 2000)	119.66 (Nov 2008)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	105.64 (Nov 2008)	Zero growth	N/A
Metro-East	114.73 (Jun 2001)	109.79 (Nov 2008)	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.

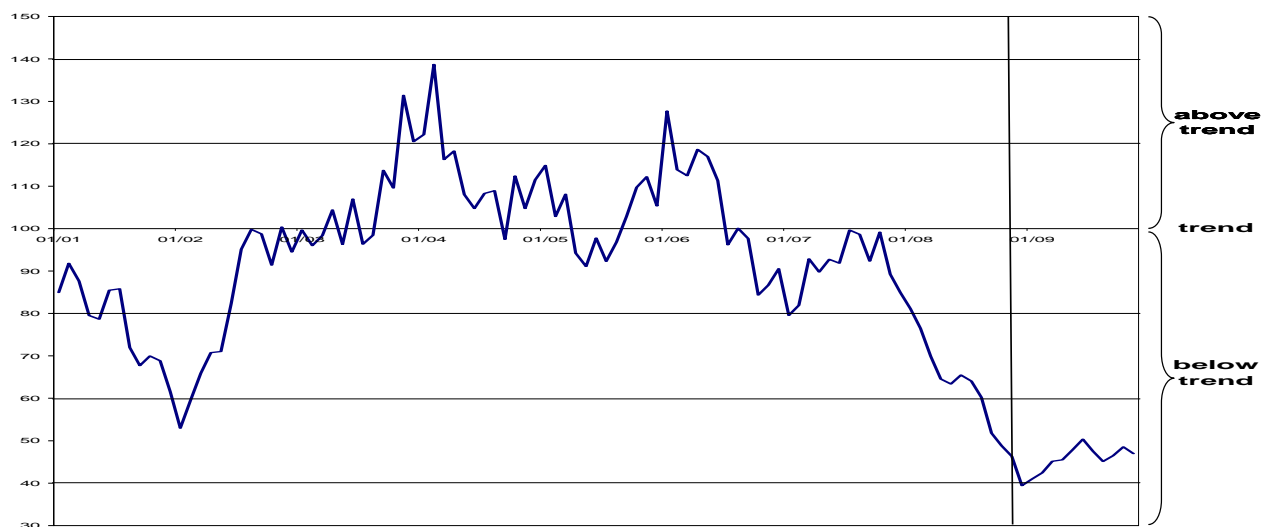
	Periods for Catch-up	
	IL	RMW
Nov-2008	Negative growth	Negative growth
Dec-2008	Negative growth	Negative growth
Difference	N/A	N/A



CBAI FELL 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 46.3 in November 2008, continuing a reading far below the long-term trend. This was mainly attributed to the weak national economy and the negative contribution of production and construction activities
- In November 2008, the national economy showed weak features, compared to the previous month. The Chicago Fed National Activity Index (CFNAI) was -2.47 in November, down from -1.27 in October while the Federal Reserve Board's industrial production index for manufacturing (IPMFG) dropped 1.4 percent in November. The number of unemployed persons increased by 255,000 and the unemployment rate rose from 6.6 percent to 6.8 percent in November.
- The economic performance in the Chicago region also presented weak features. Manufacturing, non-manufacturing and construction employment in the Chicago region decreased 0.6 percent, 0.4 percent and 1.35 percent respectively. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 1.6 percent in November for the fourth consecutive month.
- The national economy and regional economy are expected to continue on a significant contraction path mainly due to persistently sluggish domestic demand. For the national economy, no turnaround in the labor market is to be expected in the near future: the Conference Board's Employment Trends Index (ETI) dropped 1.6 percent in December and the Bureau of Labor Statistics announced that the job openings' rate was 2.0 percent on the last business day of November, trending downward for the past 14 months. The Conference Board's Consumer Confidence Index declined to 38.0, a new all-time low in December 2008. 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 seen to slow down at a rapid pace over the next 12 months.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward move in November is by Kankakee (9th to 1st), which moved up by 8 spots.
- Bloomington-Normal (7th to 2nd) and Champaign-Urbana-Rantoul (10th to 3rd) both made gains in terms of the rank from October.
- Decatur (3rd to 9th) and Rockford (4th to 8th) both experienced deep falls in November.
- Chicago kept the same rank in November.
- In the 12 months growth league table, upward moves were recorded for Peoria (3rd to 2nd), Davenport-Rock Island-Moline (4th to 3rd), Champaign-Urbana-Rantoul (7th to 4th), Bloomington-Normal (6th to 5th), and Decatur (9th to 7th).
- Kankakee is still on top, while Metro-East is still in the last position.
- Rockford experienced the greatest fall (2nd to 9th) in November, followed by Springfield (5th to 6th).

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	October 2008	November 2008	Rank	Change**
1	Davenport-Rock Island-Moline (0.11%)	Kankakee (0.22%)	1	↑(+8)
2	Metro-East (0.08%)	Bloomington-Normal (0.11%)	2	↑(+5)
3	Decatur (0%)	Champaign-Urbana-Rantoul (0.09%)	3	↑(+7)
4	Rockford (0%)	Metro-East (0%)	4	↓(-2)
5	Springfield (0%)	Springfield (-0.09%)	5	←(0)
6	Peoria (-0.11%)	Davenport-Rock Island-Moline (-0.11%)	6	↓(-5)
7	Bloomington-Normal (-0.11%)	Peoria (-0.11%)	7	↓(-1)
8	Chicago (-0.22%)	Rockford (-0.12%)	8	↓(-4)
9	Kankakee (-0.22%)	Decatur(-0.36%)	9	↓(-6)
10	Champaign-Urbana-Rantoul (-0.53%)	Chicago (-0.5%)	10	↓(-2)

Growth over last 12-months:

Rank	October 2008	November 2008	Rank	Change**
1	Kankakee (1.36%)	Kankakee (1.59%)	1	←(0)
2	Rockford (1.13%)	Peoria (0.69%)	2	↑(+1)
3	Peoria (0.8%)	Davenport-Rock Island-Moline (0.21%)	3	↑(+1)
4	Davenport-Rock Island-Moline (0.37%)	Champaign-Urbana-Rantoul (0.18%)	4	↑(+3)
5	Springfield (0.27%)	Bloomington-Normal (0.11%)	5	↑(+1)
6	Bloomington-Normal (0.22%)	Springfield (0.09%)	6	↓(-1)
7	Champaign-Urbana-Rantoul (0.18%)	Decatur(-0.72%)	7	↑(+2)
8	Chicago (-0.28%)	Chicago (-0.73%)	8	←(0)
9	Decatur (-0.36%)	Rockford (-0.86%)	9	↓(-7)
10	Metro-East (-1.45%)	Metro-East (-1.7%)	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)

