



# ILLINOIS ECONOMIC REVIEW

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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.

MARCH 2009

# EMPLOYMENT

## EMPLOYMENT DATA SUMMARY

- Illinois lost 37,200 jobs at a rate of -0.64% February 2009, compare to a revised 29,600 job loss in January.
- Illinois, RMW, and the nation all lost jobs in February.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 14 times, and the state has lost 211,000 jobs in this recession. 171,800 jobs (81.4%) have been lost since Sep 2008.
- Through 2008, Illinois lost -11,808 jobs at a rate of -0.20% on average per month. This is the worst year since 1990; the second worst year was 2001 with average monthly loss of -10,908 jobs at a rate of -0.18%.
- Over the last 12 months, Illinois payroll growth was -3.44%, worse than the -3.02% growth of the nation. RMW continued with a negative rating (-3.94%) and has negative rate for 12 months in a row.
- On average, Illinois has lost 33,400 jobs per month in 2009, compared to an 11,808 monthly job loss in 2008.
- Through February 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1900 stood at 9.82%, 11.65%, and 22.55%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation are 10.8%, 11.6% and 9.4%, compared to 8.6%, 9.3% and 8.1% official unemployment rates for Illinois, RMW and Nation.

## FEBRUARY 2009 EMPLOYMENT CHART

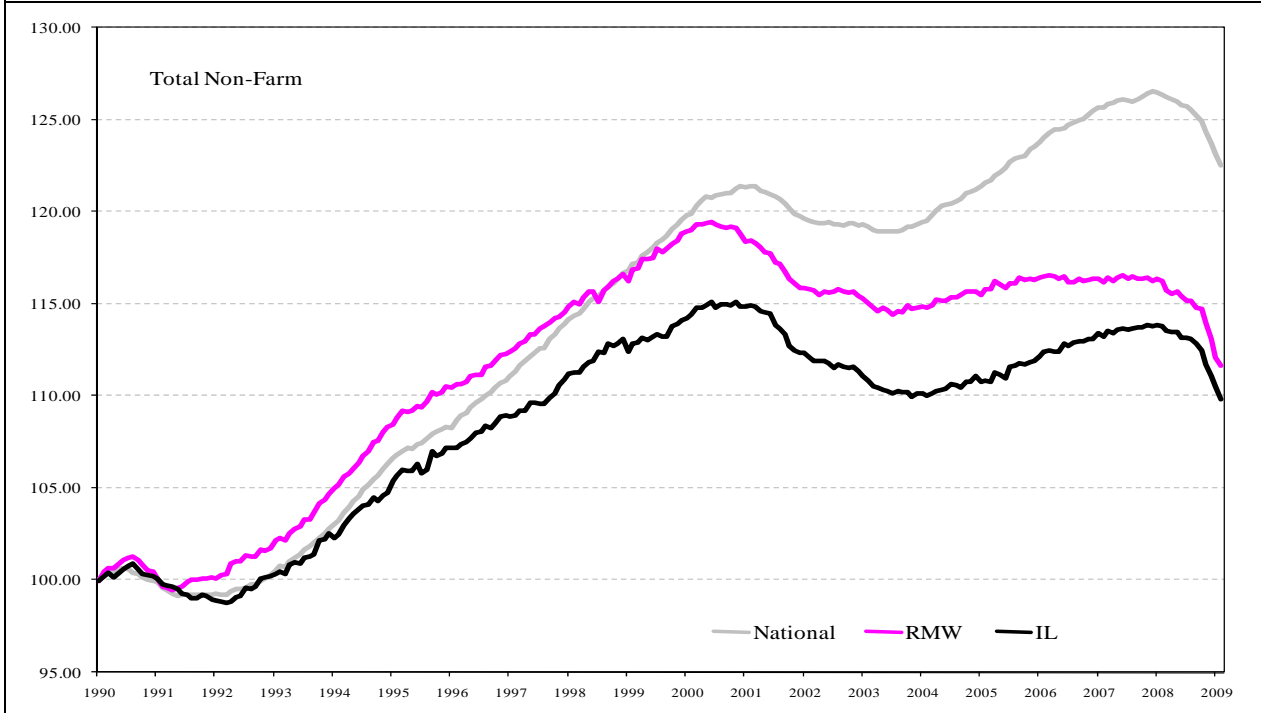
February 2009 Negative	Total Non-Farm Employment	Jan 2009 – Feb 2009		Last 12 months		Feb-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	<b>Nation</b>	-0.48	-651,000	-3.02	-4,168,000	9.40%
	<b>RMW*</b>	-0.4	-77,400	-3.94	-782,500	11.60%
	<b>Illinois</b>	-0.64	-37,200	-3.44	-206,300	10.80%

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

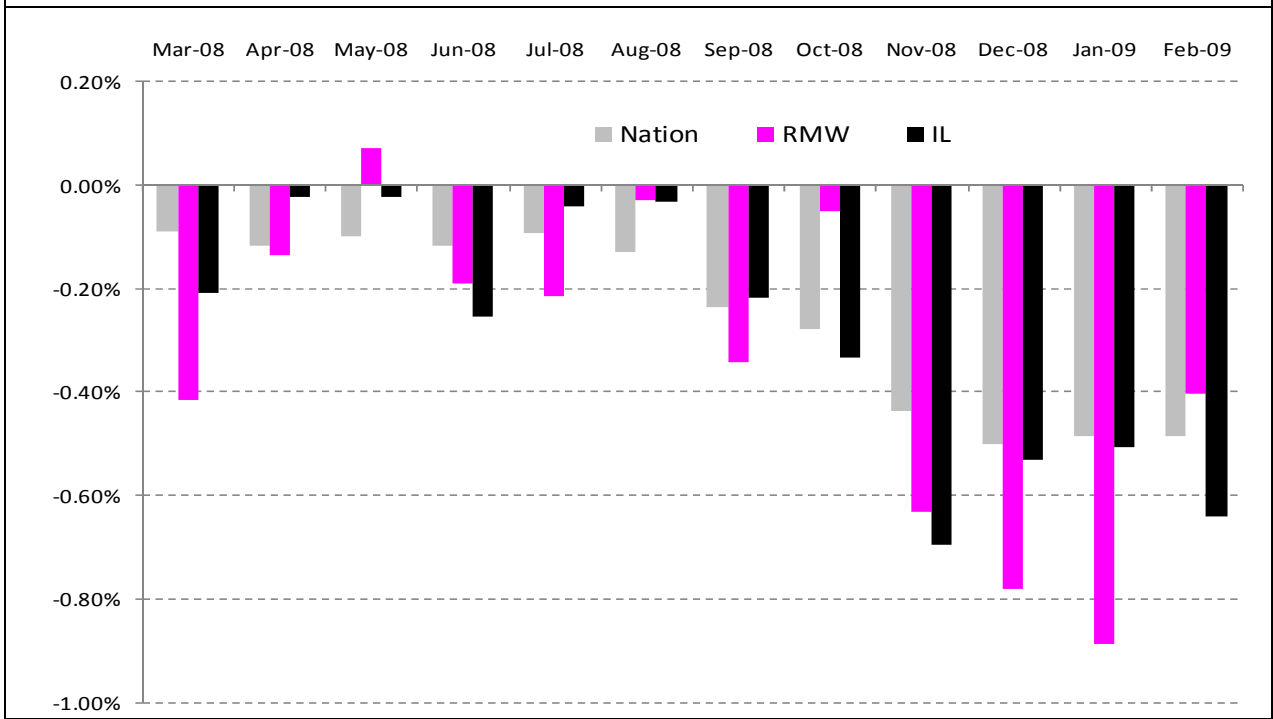
\*\*REAL has estimated a *shadow unemployment rate*, this is calculated as the unemployment rate that would be observed if labor force

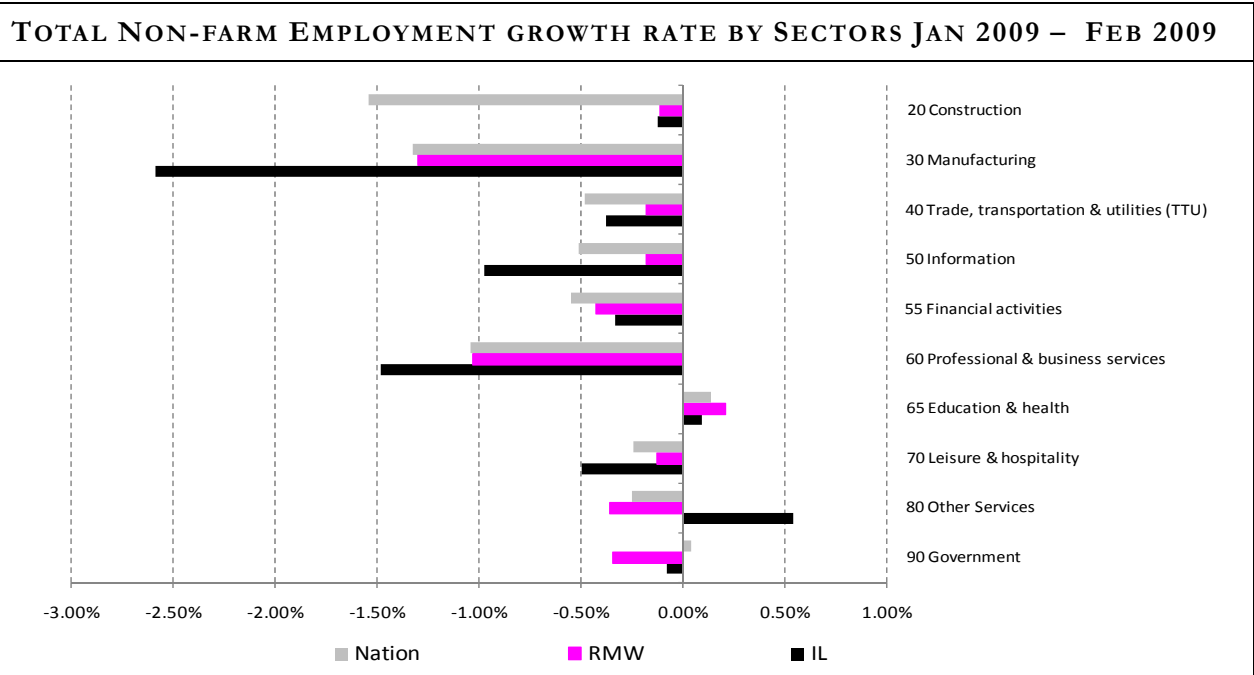
participation rates matched the average for the 15-year period from 1990 to 2004.

**TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – FEB 2009**



**LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE FEB 2008 – FEB 2009**





**SHADOW UNEMPLOYMENT**

**Unemployment Rate: Official and Shadow**

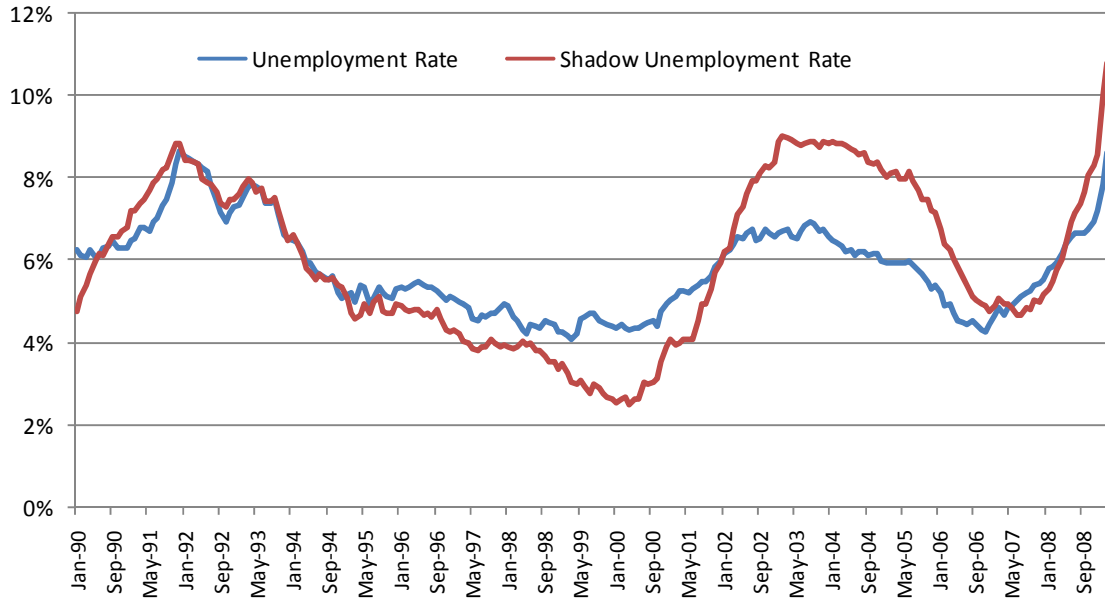
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who is either working or actively seeking work. The participation rate has declined since 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 147,008 jobs would need to be created in Illinois.

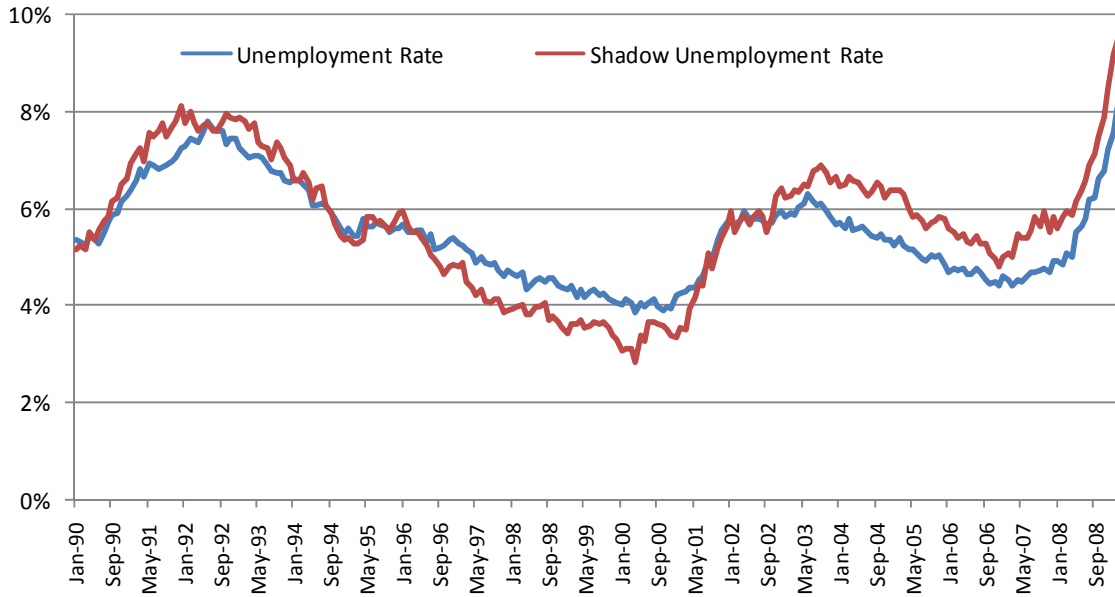
ILLINOIS ECONOMIC REVIEW

- The gap at the national level is much smaller.

■ Illinois

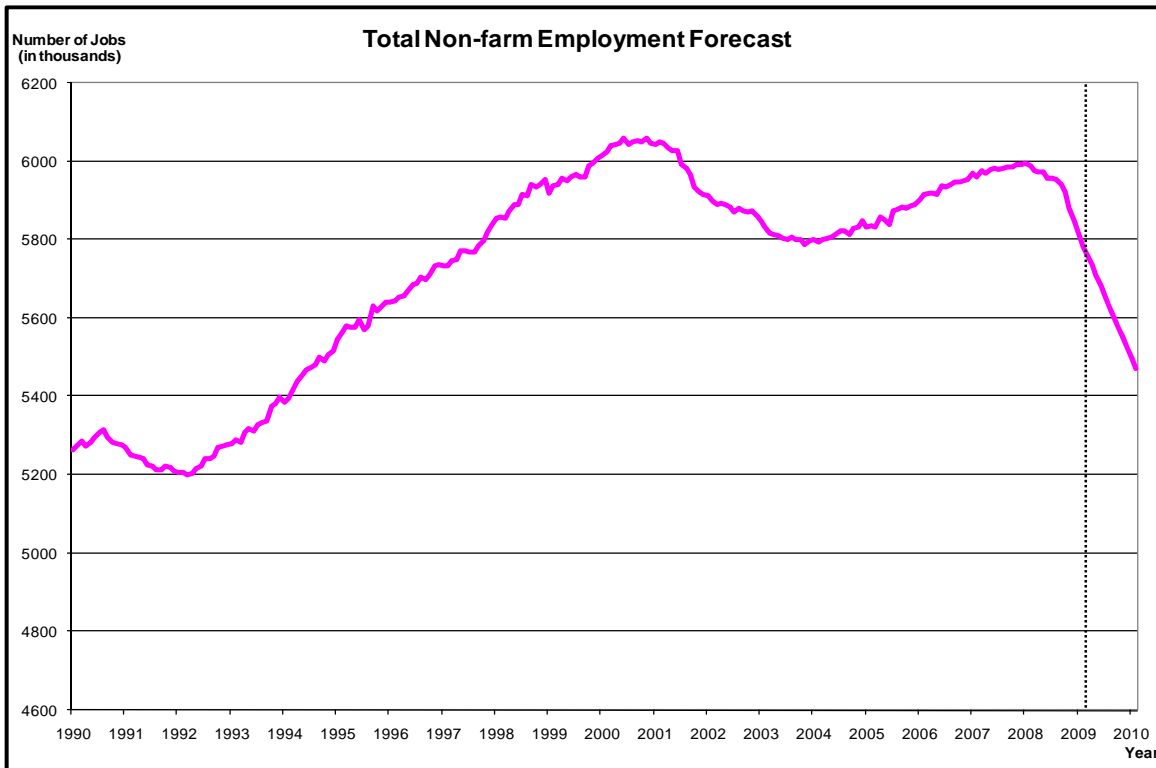


■ US



## EMPLOYMENT FORECAST

	February 2009	February 2010 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,782,700	5,473,000	-309,700	-5.36%
<b>Construction</b>	235,200	204,500	-30,700	-13.05%
<b>Manufacturing</b>	616,600	520,200	-96,400	-15.63%
<b>Trade, transportation &amp; utilities</b>	1,177,000	1,126,900	-50,100	-4.26%
<b>Information</b>	111,400	104,400	-7,000	-6.28%
<b>Financial Activities</b>	385,300	367,300	-18,000	-4.67%
<b>Professional &amp; business services</b>	815,600	736,200	-79,400	-9.74%
<b>Education &amp; health</b>	804,200	799,200	-5,000	-0.62%
<b>Leisure &amp; hospitality</b>	514,200	509,100	-5,100	-0.99%
<b>Other services</b>	260,200	257,900	-2,300	-0.88%
<b>Government</b>	854,100	838,400	-15,700	-1.84%



## CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
<b>IL</b>	115.08 (Nov-2000)	109.82 (Feb 2009)	Negative growth	N/A
<b>RMW</b>	119.44 (Jun-2000)	111.65 (Feb 2009)	Negative growth	N/A
<b>Nation</b>	126.57 (Dec-2007)	122.55 (Feb 2009)	Negative growth	N/A
<b>Metro Areas**:</b>				
<b>Bloomington Normal</b>	141.96 (Feb 2002)	140.60 (Jan 2009)	141.94 (Apr 2010)	19 months
<b>Champaign Urbana</b>	115.91 (Jun 2001)	119.86 (Jan 2009)	Reached (Sep 2008)	4 months ago
<b>Chicago</b>	114.68 (Nov 2000)	110.92 (Jan 2009)	Negative growth	N/A
<b>Davenport- Rock Island-Moline</b>	114.73 (Nov 1999)	114.97 (Jan 2009)	Reached (Dec 2008)	1 month ago
<b>Decatur</b>	112.41 (Mar 2000)	101.74 (Jan 2009)	Negative growth	N/A
<b>Kankakee</b>	125.36 (Dec 2008)	122.38 (Jan 2009)	Negative growth	N/A
<b>Peoria</b>	116.81 (April 2000)	122.00 (Jan 2009)	Reached (Feb 2006)	35 months ago
<b>Rockford</b>	123.29 (Jul 2000)	116.19 (Jan 2009)	Negative growth	N/A
<b>Springfield</b>	110.35 (Aug 2000)	106.30 (Jan 2009)	110.35 (Nov 2013)	62 months
<b>Metro-East</b>	114.73 (Jun 2001)	110.15 (Jan 2009)	114.78 (Apr 2017)	103 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.

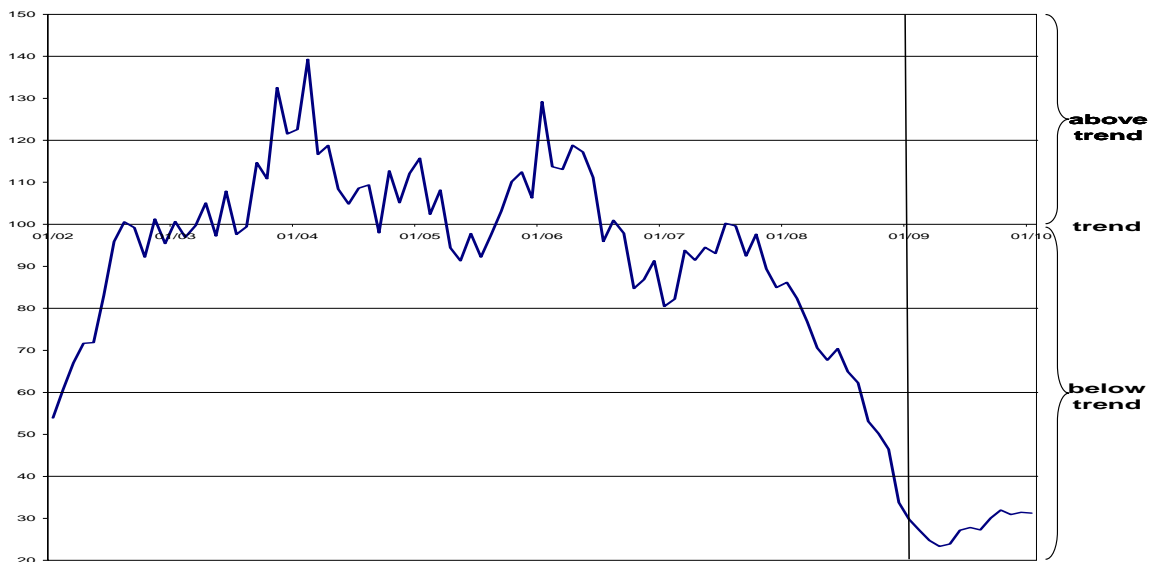
\*\* Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 FELL IN JANUARY

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 29.8 in January, down from 33.8 in December 2008. This was mainly attributed to the weak national economy and the negative contribution of construction and manufacturing activities. The index continued to be at an historic low (Index began in 1996) for five consecutive months. The forecasts for the next twelve months suggest little signs of any imminent.
- In January, the national and regional economy continued its downturn in terms of production and employment. The Federal Reserve Board's industrial production index dropped 1.9 percent and capacity utilization for total industry fell to 71.9 percent in January. The unemployment rate continued to trend upward in January: the unemployment rate was 7.6 percent in January, up from 7.2 percent in December 2008. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 5.9 percent in January.
- The Chicago Fed reported that the output in the Midwest region in January was down 21.8 percent from a year earlier—much greater than the 13.0 percent decrease in national output. Manufacturing and construction employment in the Chicago region decreased 0.39 percent and 4.89 percent respectively in January.
- Looking further ahead, the national economy is likely to remain in recession due to a persistent contraction of domestic demand. According to Census Bureau's survey report on manufacturers' shipments, inventories and new orders, new orders for manufactured goods in January, down for six consecutive months, decreased \$6.9 billion or 1.9 percent to \$351.9 billion. 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 contract at a more rapid pace over the next 12 months.



# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY\*

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- The most remarkable upward moves in January are by Metro-East (9th to 2nd), and Rockford (10th to 3rd), which both moved up by 7 spots.
- Champaign-Urbana-Rantoul (6th to 1st) also made significant gain in terms of rank from December.
- Kankakee (1st to 10th) experienced a deep fall in January.
- Decatur (3rd to 7th), Peoria (2nd to 8th), and Chicago (8th to 9th) as well experienced falls in January.
- Springfield and Bloomington-Normal kept the same ranks this month.
- In the 12 months growth league table, upward moves were recorded for Metro-East (8th to 5th), Springfield (5th to 3rd), and Peoria (3rd to 2nd).

\*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	December 2008	January 2009	Rank	Change**
1	Kankakee (0.52%)	Champaign-Urbana-Rantoul (3.08%)	1	↑(+5)
2	Peoria (0.04%)	Metro-East (1.38%)	2	↑(+7)
3	Decatur (-0.05%)	Rockford (0.6%)	3	↑(+7)
4	Springfield (-0.12%)	Springfield (0.56%)	4	←(0)
5	Bloomington-Normal (-0.3%)	Bloomington-Normal (0.37%)	5	←(0)
6	Champaign-Urbana-Rantoul (-0.31%)	Davenport-Rock Island-Moline (0.32%)	6	↑(+1)
7	Davenport-Rock Island-Moline (-0.4%)	Decatur (0.19%)	7	↓(-4)
8	Chicago (-0.48%)	Peoria (-0.11%)	8	↓(-6)
9	Metro-East (-1.09%)	Chicago (-0.17%)	9	↓(-1)
10	Rockford (-1.42%)	Kankakee (-2.38%)	10	↓(-9)

## Growth over last 12-months:

Rank	December 2008	January 2009	Rank	Change**
1	Champaign-Urbana-Rantoul (1.7%)	Champaign-Urbana-Rantoul (4.35%)	1	←(0)
2	Kankakee (1.64%)	Peoria (0.75%)	2	↑(+1)
3	Peoria (1.11%)	Springfield (0.72%)	3	↑(+2)
4	Bloomington-Normal (0.73%)	Bloomington-Normal (0.6%)	4	←(0)
5	Springfield (0.52%)	Metro-East (0.46%)	5	↑(+3)
6	Davenport-Rock Island-Moline (0.43%)	Davenport-Rock Island-Moline (0.06%)	6	←(0)
7	Decatur (-0.63%)	Decatur (-0.52%)	7	←(0)
8	Metro-East (-2.3%)	Kankakee (-1.61%)	8	↓(-6)
9	Chicago (-2.48%)	Chicago (-2.64%)	9	←(0)
10	Rockford (-3.77%)	Rockford (-3.36%)	10	←(0)

## Unemployment Claims (Initial)

\* 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.

