



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 2010

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois added 19,100 jobs at a rate of 0.34% in April 2010. So far, the state has had four months positive job growth in a row. The three-month moving average of jobs, a more stable measure of labor market, was up by 9,400 jobs per month.
- In April 2010, the Nation added 290,000 jobs at a rate of 0.22%, up from a revised 230,000 job gain in March. This is the biggest gain for the nation in four years. The three-month moving average of jobs was up by 186,300 jobs per month.
- RMW added 96,200 jobs in April after a revised 35,100 job gain in March. The three-month moving average was up by 42,600 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and positive job gains four times. The state of Illinois now has a net loss of 376,300 jobs since the beginning of the recession in December 2007.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 - Manufacturing, Construction, Information, Trade, transportation & utilities, and Financial activities.
- Over the last 12 months, Illinois shed 90,300 jobs at a rate -1.58%.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 12.2%, 14.2% and 11.8%, compared to official unemployment rates of 11.4%, 10.6% and 9.9%.
- Through March 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 6.51%, 8.60%, and 19.25%, respectively.

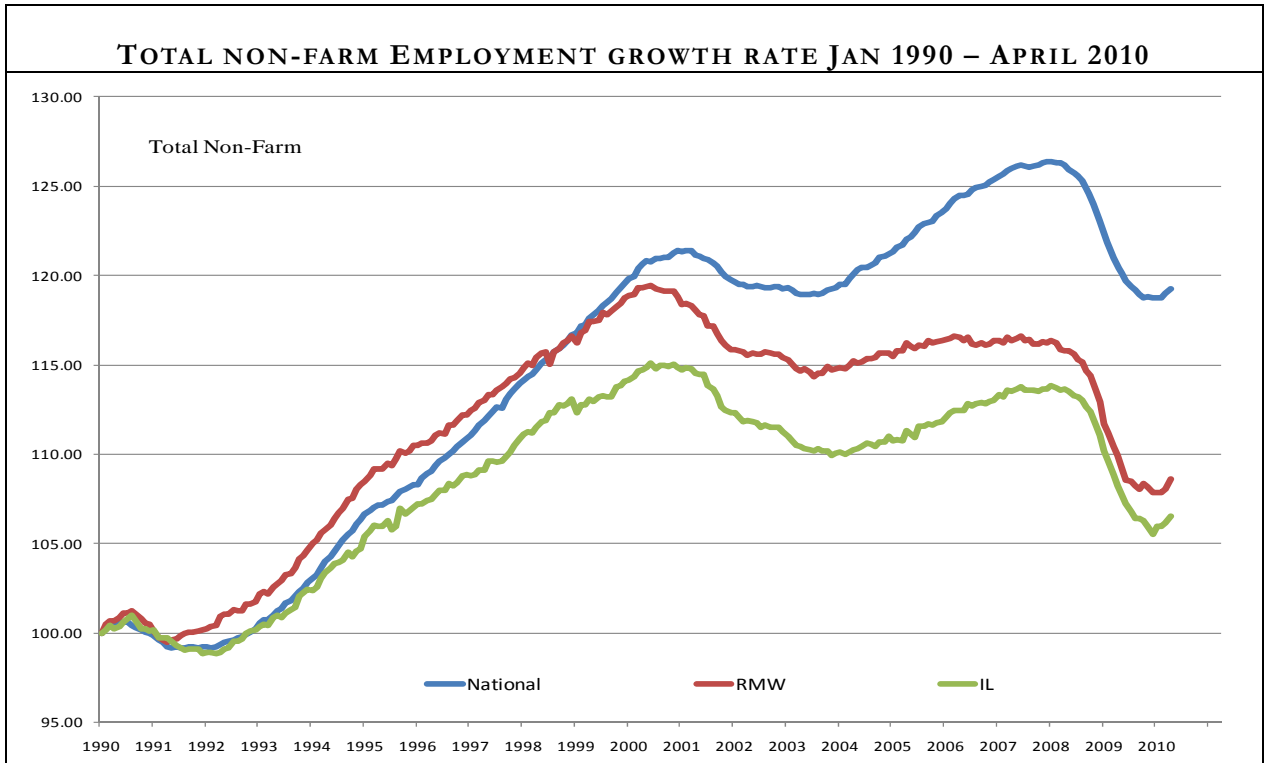
APRIL 2010 EMPLOYMENT CHART

April 2010 Positive	Total Non-Farm Employment	March 2010 – April 2010		Last 12 months		April 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.22	290,000	-1.05	-1,381,000	11.8%
	RMW*	0.52	96,200	-1.19	-223,700	14.2%
	Illinois	0.34	19,100	-1.58	-90,300	12.2%

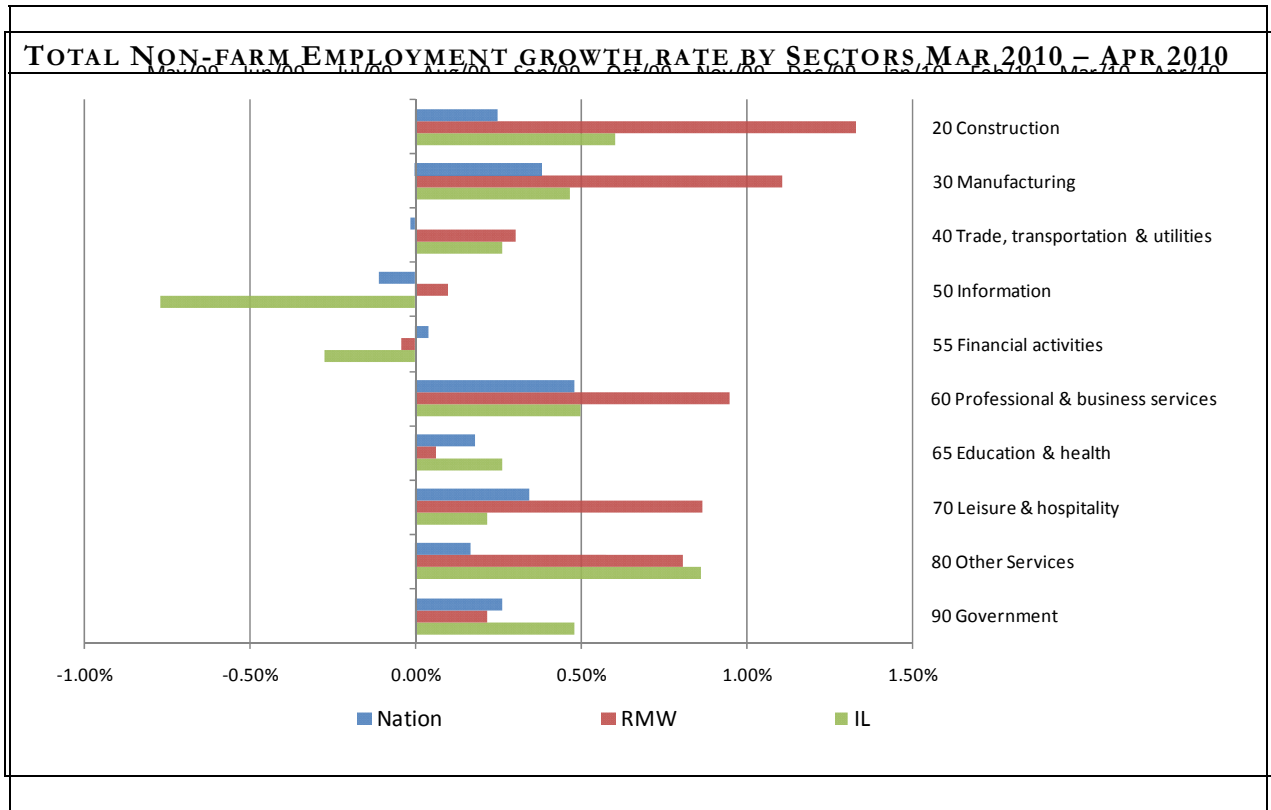
*RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

**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 MAY 2009 – APRIL 2010



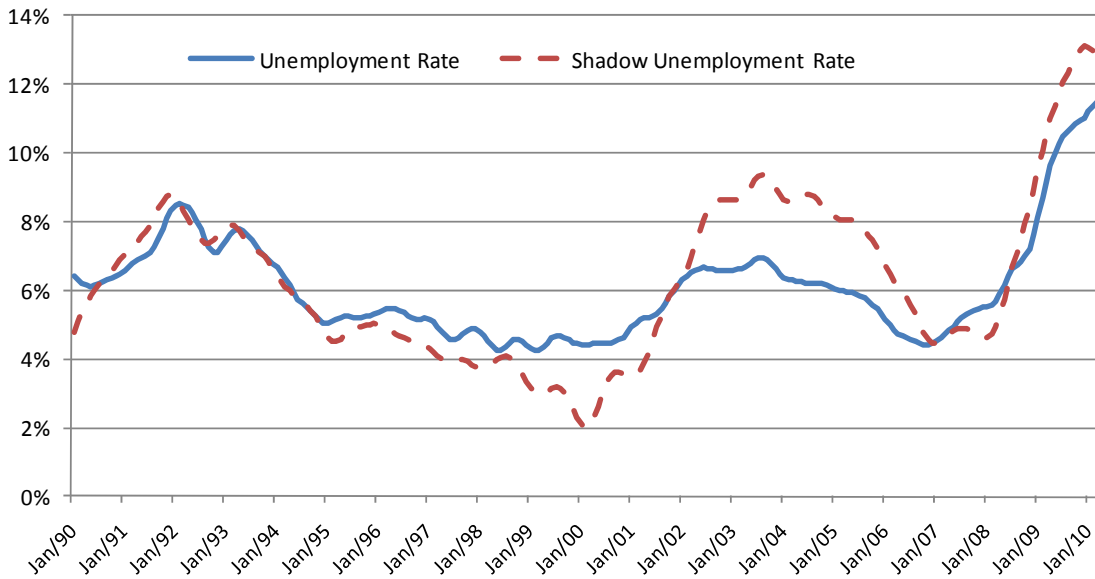
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

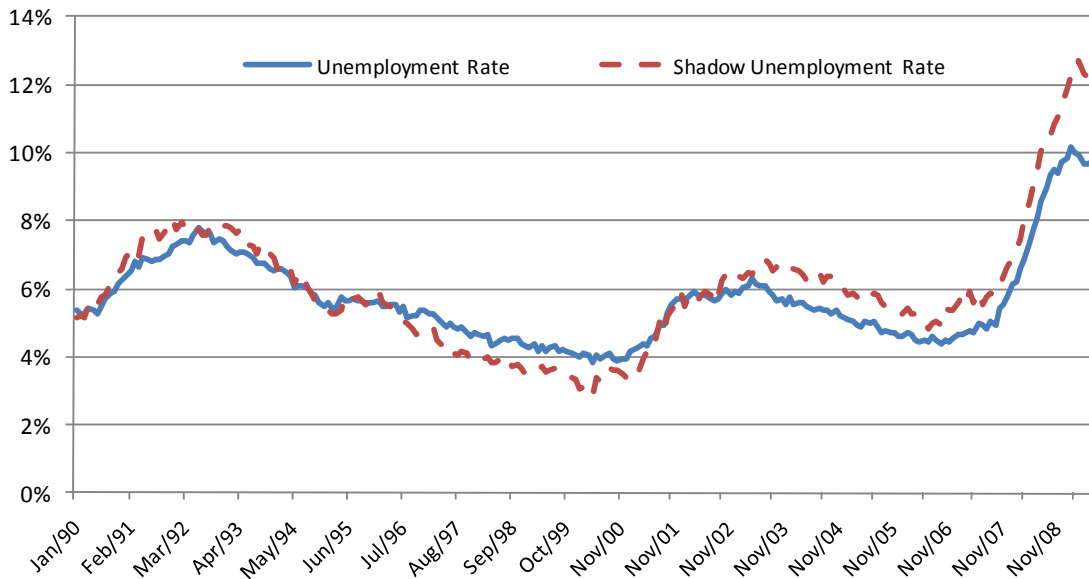
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 75,787 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

▪ Illinois

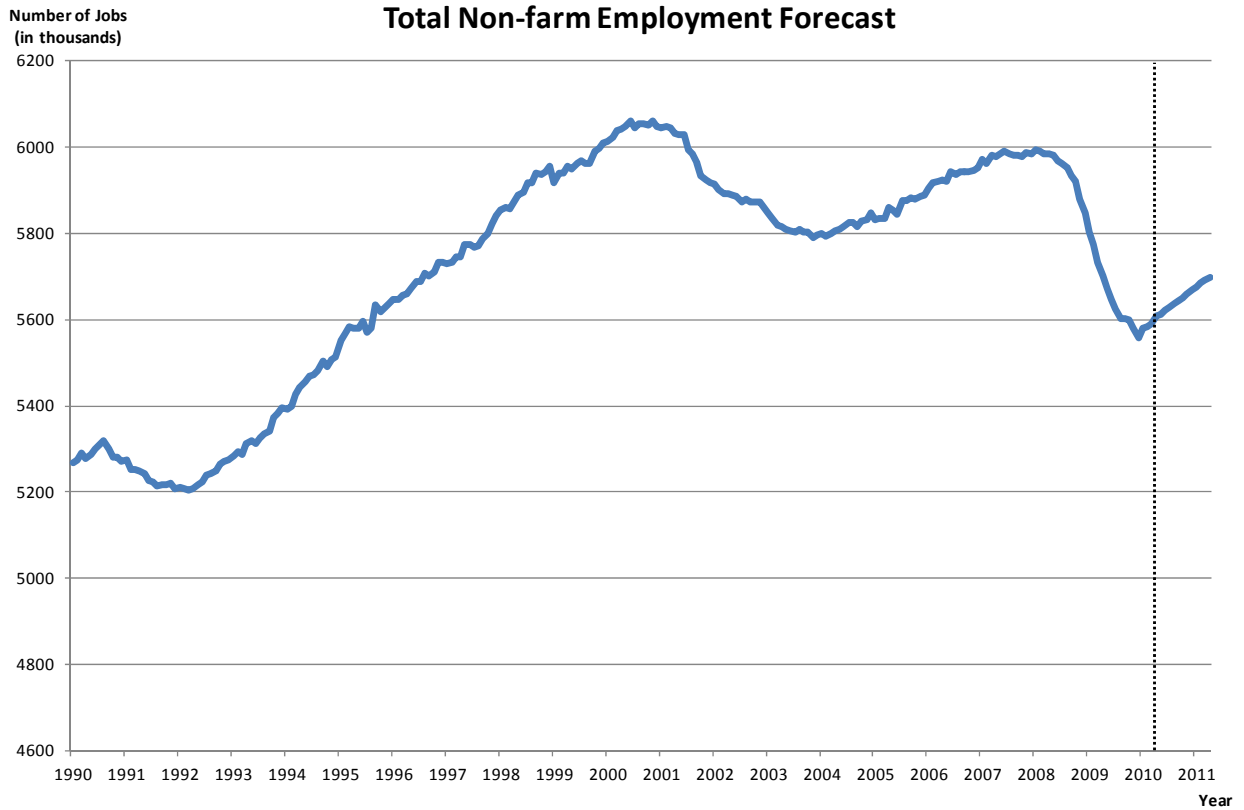


▪ US



EMPLOYMENT FORECAST

	April 2010	April 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,609,700	5,697,500	87,800	1.57%
Construction	200,100	186,800	-13,300	-6.65%
Manufacturing	558,600	551,300	-7,300	-1.31%
Trade, transportation & utilities	1,135,000	1,175,500	40,500	3.57%
Information	103,200	102,400	-800	-0.78%
Financial Activities	366,300	362,200	-4,100	-1.12%
Professional & business services	781,300	794,700	13,400	1.72%
Education & health	831,600	861,600	30,000	3.61%
Leisure & hospitality	509,300	512,300	3,000	0.59%
Other services	257,100	265,100	8,000	3.11%
Government	857,200	875,600	18,400	2.15%



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)	119.25 (April 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	108.60 (April 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.51 (April 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	142.72 (Feb 2002)	135.38 (March 2010)	Negative growth	N/A
Champaign Urbana	116.21 (Jan 2009)	111.11 (March 2010)	Negative growth	N/A
Chicago	114.87 (Nov 2000)	105.34 (March 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.04 (Oct 2008)	107.10 (March 2010)	Negative growth	N/A
Decatur	112.37 (Mar 2000)	95.63 (March 2010)	Negative growth	N/A
Kankakee	125.51 (Dec 2008)	120.19 (March 2010)	125.46 (Aug 2023)	161 months
Peoria	122.07 (Feb 2006)	112.14 (March 2010)	Negative growth	N/A
Rockford	122.81 (Jul 2000)	105.71 (March 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	103.34 (March 2010)	Negative growth	N/A
Metro-East	114.97 (Nov 2000)	106.58 (March 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.

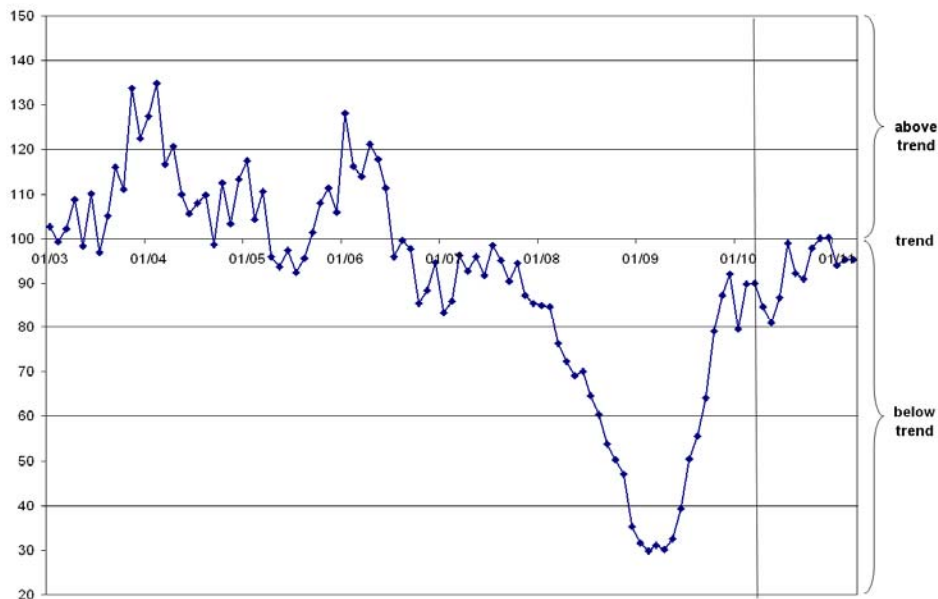
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 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 90.0 in March, showing a slight increase from 89.8 in February. The slight increase of the index in February could be attributed mainly to the improvement in construction activity.
- In March, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.2 percent in March. In addition, national retail sales increased 2.3 percent in March. The number of unemployed persons was little changed at 15.0 million, and the unemployment rate remained at 9.7 percent in March.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to -0.07 in March, from -0.64 in February. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.5 percent in March, after a 0.6 percent decrease in February. In the Chicago region in March, manufacturing employment increased 0.02 percent while non-manufacturing employment declined 0.05 percent and construction employment increased by 0.49 percent in March. Regional retail sales are estimated to have decreased 3.37 percent.
- In the coming months, the national economy is likely to continue on a recovery trend, thanks to the rapid improvement in the labor market situation. 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 162,000 in March. Job growth continued in temporary help services and in health care.) 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 March was Peoria (6th to 2nd), which moved up 4 spots.
- Chicago (9th to 6th), Decatur (8th to 7th), and Champaign-Urbana-Rantoul (2nd to 1st) all gained in terms of rank from last month.
- Rockford (1st to 4th), and Davenport-Rock Island-Moline (5th to 8th) both experienced deep fall this month.
- Springfield (7th to 9th), and Bloomington-Normal (4th to 5th) also moved down in terms of rank.
- In the 12 months growth league table, the upward moves were recorded for Metro-East (4th to 3rd), and Peoria (10th to 9th), while the downward moves were Bloomington-Normal (4th to 5th), and Decatur (9th to 10th).
- The other six MSAs maintained the same ranks.
- Kankakee is on the top, while Decatur is in the last place instead of Peoria.

*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	Feb 2010	March 2010	Rank	Change**
1	Rockford (0.99%)	Champaign-Urbana-Rantoul (0.66%)	1	↑(+1)
2	Champaign-Urbana-Rantoul (0.9%)	Peoria (0.47%)	2	↑(+4)
3	Metro-East (0.17%)	Metro-East (0.15%)	3	←(0)
4	Bloomington-Normal (-0.03%)	Rockford (0.12%)	4	↓(-3)
5	Davenport-Rock Island-Moline (-0.03%)	Bloomington-Normal (0.1%)	5	↓(-1)
6	Peoria (-0.08%)	Chicago (-0.01%)	6	↑(+3)
7	Springfield (-0.13%)	Decatur (-0.12%)	7	↑(+1)
8	Decatur (-0.15%)	Davenport-Rock Island-Moline (-0.19%)	8	↓(-3)
9	Chicago (-0.15%)	Springfield (-0.22%)	9	↓(-2)
10	Kankakee (-0.16%)	Kankakee (-1.07%)	10	←(0)

Growth over last 12-months:

Rank	Feb 2010	March 2010	Rank	Change**
1	Kankakee (0.77%)	Kankakee (0.31%)	1	←(0)
2	Springfield (-1.16%)	Springfield (-1.12%)	2	←(0)
3	Champaign-Urbana-Rantoul (-2.13%)	Champaign-Urbana-Rantoul (-1.35%)	3	←(0)
4	Bloomington-Normal (-2.53%)	Metro-East (-2.03%)	4	↑(+1)
5	Metro-East (-2.88%)	Bloomington-Normal (-2.15%)	5	↓(-1)
6	Davenport-Rock Island-Moline (-3.42%)	Davenport-Rock Island-Moline (-2.66%)	6	←(0)
7	Chicago (-3.69%)	Chicago (-3.05%)	7	←(0)
8	Rockford (-4.28%)	Rockford (-3.77%)	8	←(0)
9	Decatur (-5%)	Peoria (-4.2%)	9	↑(+1)
10	Peoria (-5.7%)	Decatur (-4.99%)	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)

