



# 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 with assistance from Yizhou Zhang and Pan Haozhi

FEBRUARY 2018

# EMPLOYMENT

## EMPLOYMENT DATA SUMMARY

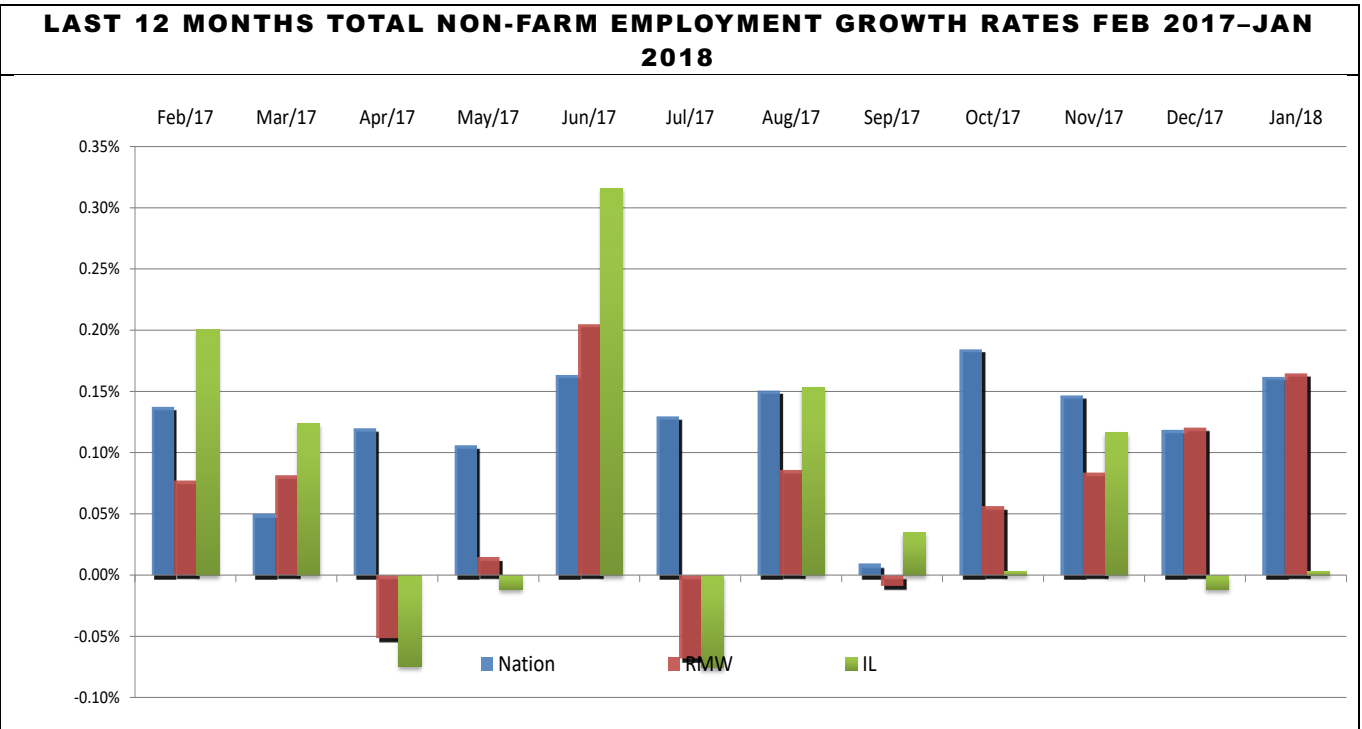
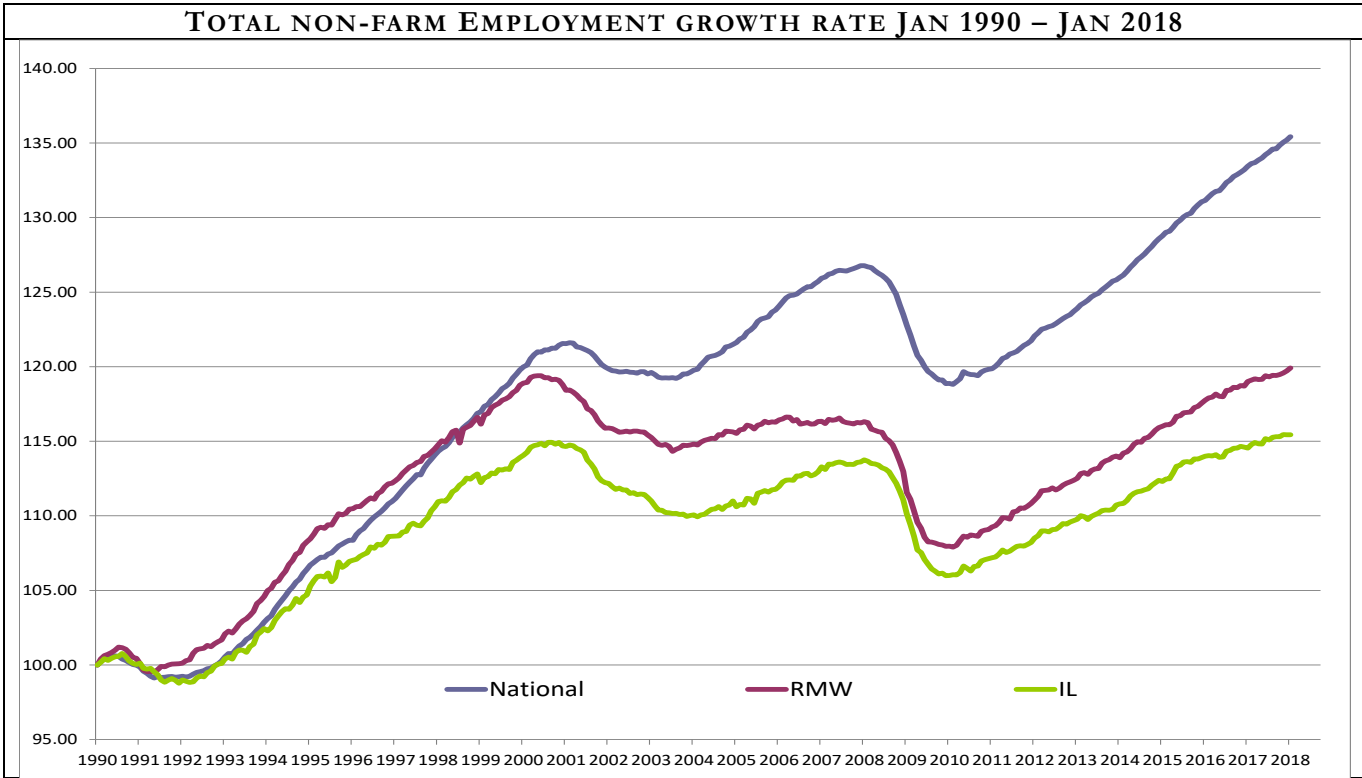
- Illinois added 200 jobs in January 2018, compared with a revised 700-job loss in December 2017. Compared to January 2017, Illinois has added 47,100 jobs. The three-month moving average, a more stable measure of labor market, showed an increase of 2,200 jobs per month.
- The Nation added 239,000 jobs at a rate of 0.16% in January, compared with a revised 175,000-job gain in December 2017. The three-month moving average was up by 210,000 jobs per month.
- The RMW added 33,700 jobs in January after a revised 24,600-job gain in December 2017. The three-month moving average was up by 25,100 jobs per month.
- The state of Illinois now has 96,200 more jobs than in December 2007 when the recent recession started.
- Since January 2010, when Illinois employment growth resumed after the national recession, Illinois has added 497,700 new jobs.
- By January 2018 in Illinois, Professional & business services and Leisure & hospitality have both recovered to their previous employment peak levels. The 12-month-ahead job recovery forecasts show that the future recovery rates in Illinois will increase for every sector except Construction, Manufacturing, Financial Activities, and Leisure & hospitality.
- The shadow unemployment rates for Illinois, RMW and the Nation were 9.68%, 10.22% and 9.33%, compared to official unemployment rates of 4.8%, 4.0% and 4.1%.
- Through January 2018, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 15.43%, 19.92%, and 35.43%, respectively.

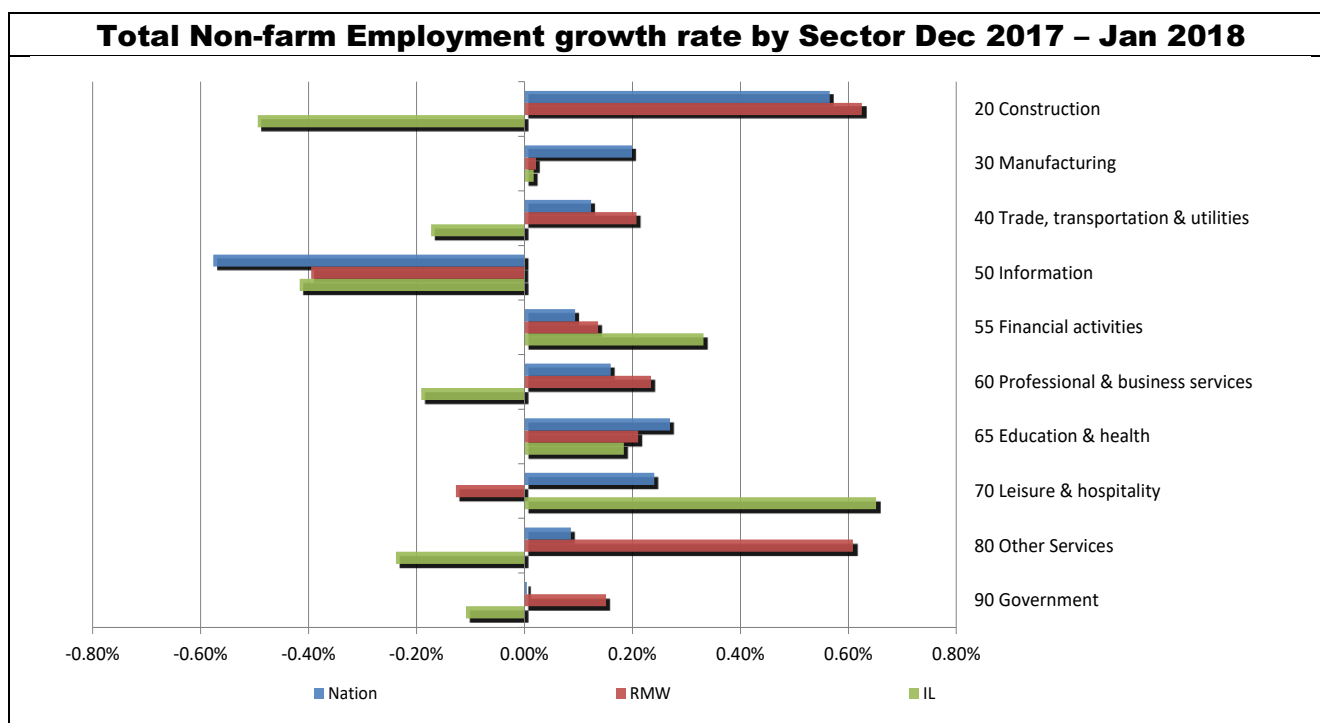
## JANUARY 2018 EMPLOYMENT CHART

Jan 2018  Positive	Total Non-Farm Employment	Dec 2017– Jan 2018		Last 12 months		Jan 2018
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.16	239,000	1.49	2,168,000	9.33
	RMW*	0.16	33700	0.76	155,200	10.22
	Illinois	0	200	0.78	47,100	9.68

\*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.





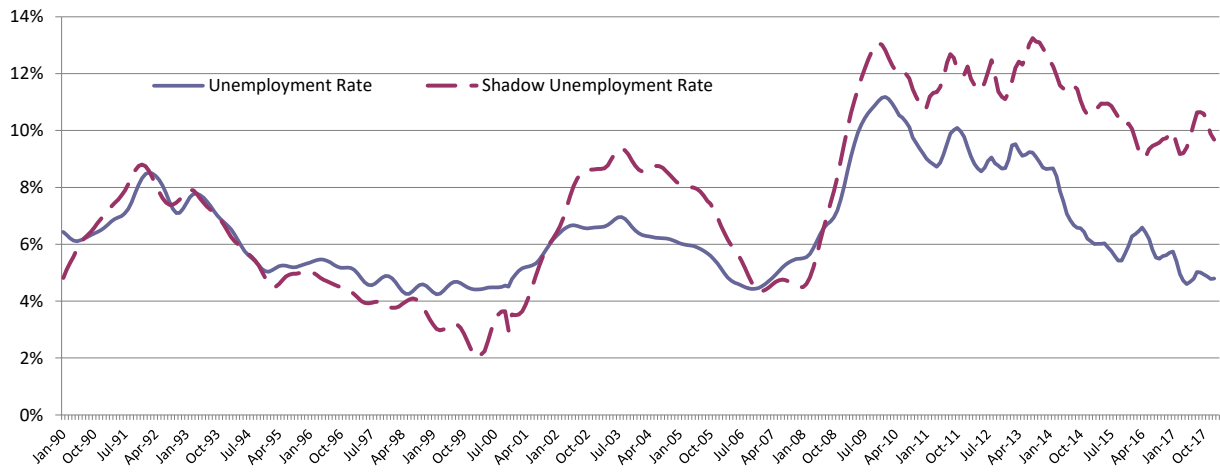
## SHADOW UNEMPLOYMENT

### Unemployment Rate: Official and Shadow

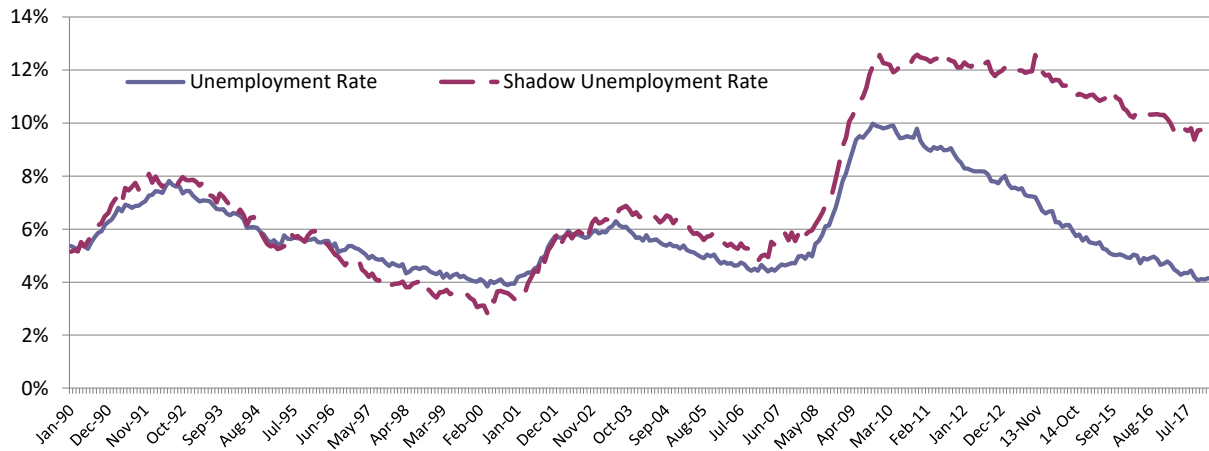
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2010, 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 2010, 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).
- After 2000, the gap between Illinois's official and shadow unemployment rates increased until 2006 when it began to shrink. However, the gap went increasing again since 2010.
- To bring the two together in January 2018, a further 354,600 jobs would need to be created in Illinois.

## ■ Illinois



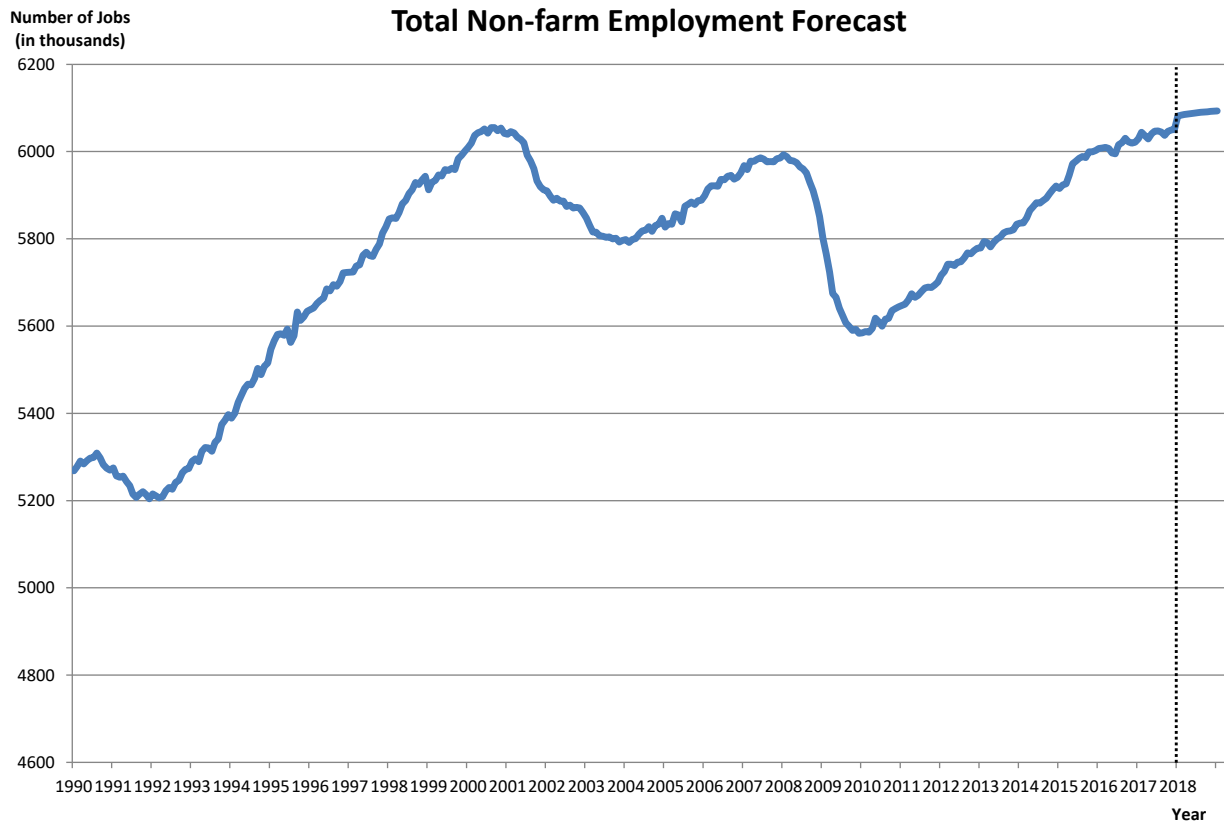
## ■ US



## EMPLOYMENT FORECAST

Illinois	Jan 2018	Jan 2019 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	6,081,400	6,093,100	11,700~17,300	0.19% ~0.28%
Construction	221,600	223,100	1,500	0.68%
Manufacturing	586,100	590,000	3,900	0.67%
Trade, transportation & utilities	1,213,000	1,211,000	-2,000	-0.16%
Information	95,600	92,500	-3,100	-3.24%
Financial Activities	393,400	395,800	2,400	0.61%
Professional & business services	939,700	934,300	-5,400	-0.57%
Education & health	925,400	938,900	13,500	1.46%
Leisure & hospitality	617,900	627,100	9,200	1.49%
Other services	251,300	250,900	-400	-0.16%
Government	829,900	829,400	-500	-0.06%

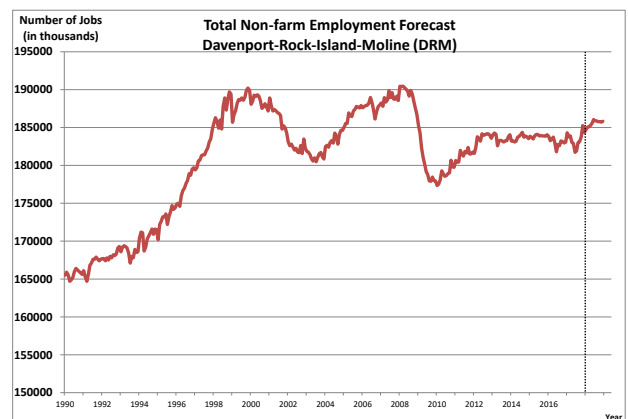
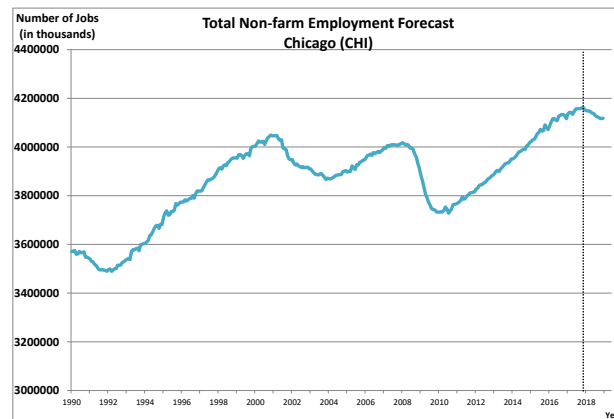
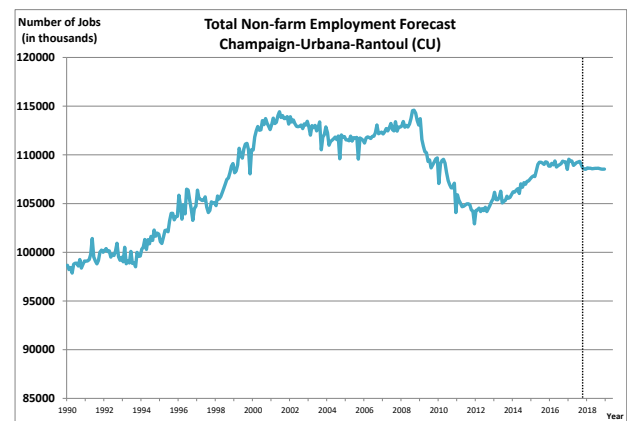
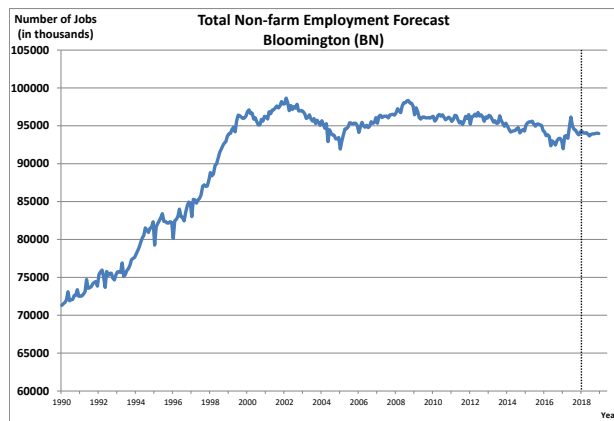
\* The values by sector for the number of jobs added are the lower bound of the forecast.

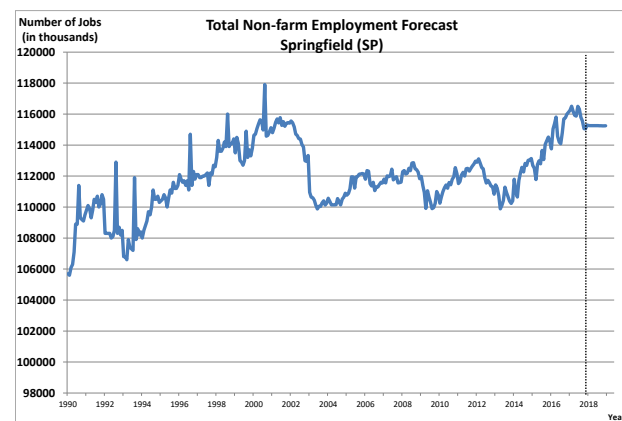
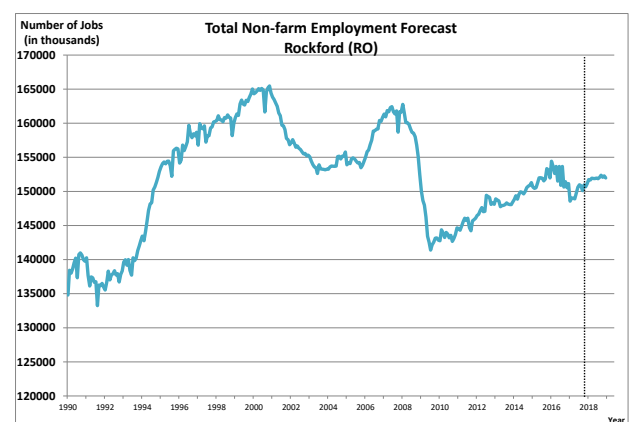
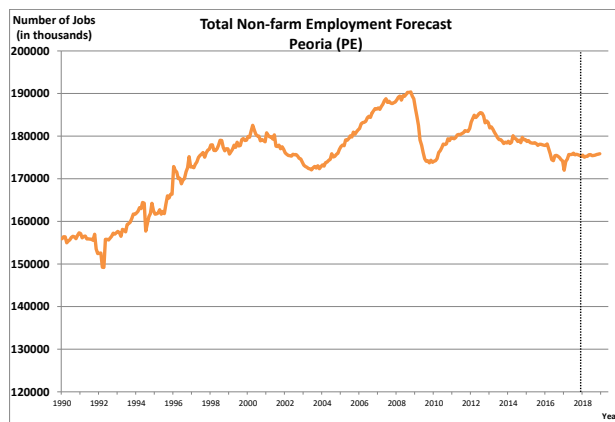
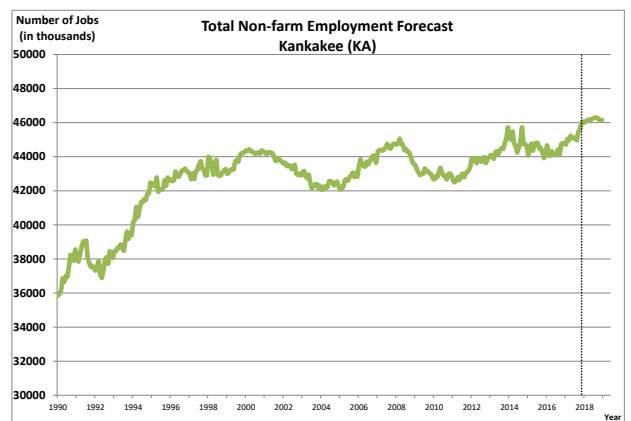
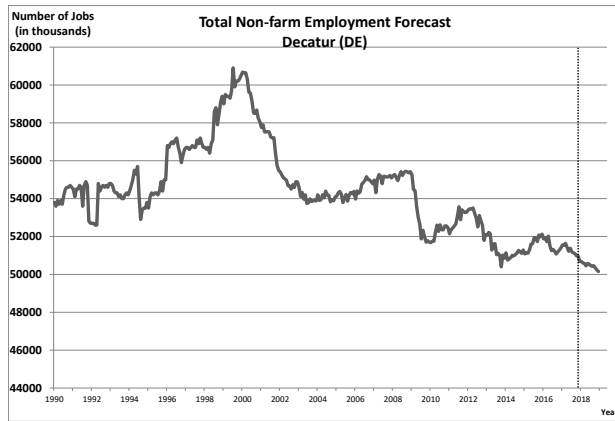


## Employment Forecast for MSAs

MSAs	Dec 2017*	Dec 2018 (p)*	Number of Jobs *	Growth Rate %	Growth	Sector with Highest Growth Rate (p)	Sector with Lowest Growth Rate (p)
Bloomington-Normal	94,200	94,000	-200~-50	-0.22%~-0.05%	-	LEI (1.28%)	MAN (-9.65%)
Champaign-Urbana-Rantoul	108,500	108,500	0~50	0.01%~0.03%	+	EDU (1.14%)	INF (-5.38%)
Chicago	4,152,200	4,118,700	-33,500~-5,600	-0.81%~-0.14%	-	MAN(1.62%)	INF (-2.33%)
Davenport-Rock Island-Moline	184,300	185,800	1,500~2,000	0.80%~1.09%	+	MAN (4.96%)	INF (-3.16%)
Decatur	50,700	50,200	-530~-500	-1.05%~-0.90%	-	CON (1.92%)	OTH (-4.47%)
Kankakee	46,100	46,200	100~150	0.20%~0.32%	+	INF (4.41 %)	TTU (-1.86%)
Peoria	175,300	175,900	600~800	0.34%~0.48%	+	PRO(2.20%)	FIN (-1.91%)
Rockford	151,100	152,000	900~1,200	0.57%~0.80%	+	MAN(3.74%)	FIN (-3.91%)
Springfield	115,300	115,200	-50~500	-0.04%~0.41%	-	TTU(0.96%)	INF (-3.98%)

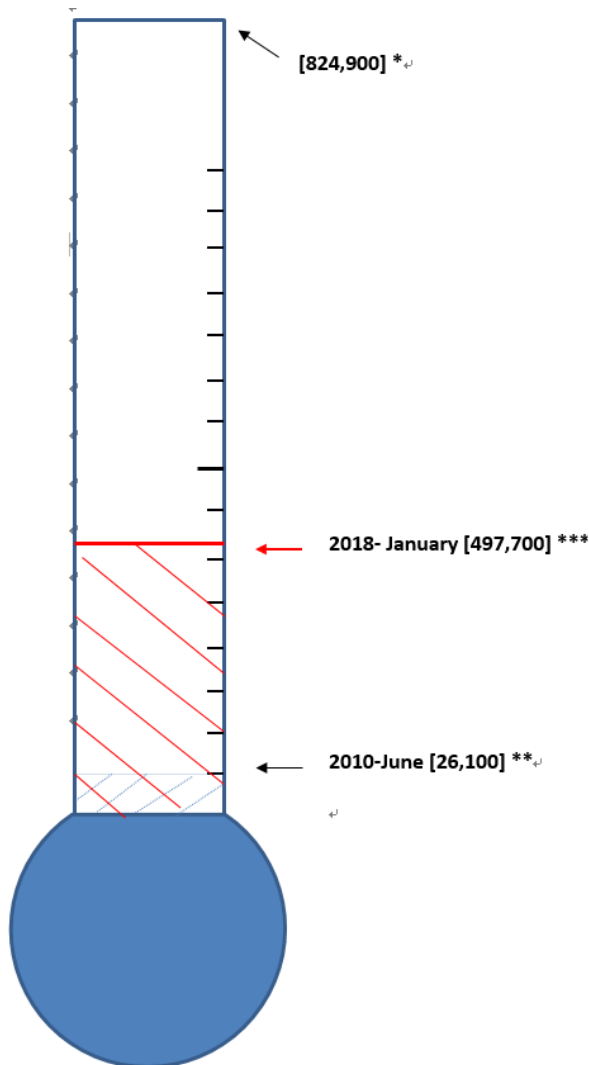
\*Total Non-Farm Jobs







# Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2018 – January	At the point of 2010-June
In 5 years	65,400 jobs/year	159,800 jobs/year
In 8 years	41,000 jobs/year	99,900 jobs/year
In 10 years	32,700 jobs/year	79,900 jobs/year
In 15 years	21,800 jobs/year	53,300 jobs/year

\* The figure 824,900 is the number of jobs needed for the Illinois economy to recover to the previous employment peak, Nov-2000. The gap between the previous peak, Nov-2000 and the previous lowest point, Dec-2009 is 470,300. Adding 354,600, the number of additional jobs that needed to be created after taking shadow unemployment rate into account, the total number of jobs that Illinois needs to create 824,900.

\*\*The figure 26,100 represents the jobs recovered from December 2009 (previous lowest level) through June 2010.

\*\*\* The figure 497,700 represents the jobs recovered from December 2009 through January 2018.

## ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 – January 2018					
	Job Changes in Recession Period*	Job Changes in Jan 2010- Jan 2018	Recovery Rate	Forecasted Job Changes Jan 2010- Jan 2019	Forecasted Recovery Rate
Construction	-63,800	17,700	27.74%	19,200	30.09%
Manufacturing	-114,600	31,300	27.31%	35,100	30.63%
Trade, transportation & utilities (TTU)	-97,700	92,700	94.88%	90,100	92.22%
Information	-11,300	-8,800	-77.88%	-11,900	-105.31%
Financial activities	-32,600	20,500	62.88%	30,800	94.48%
Professional & business services	-92,300	166,300	180.17%	160,900	174.32%
Education & health	33,800	104,900	-	118,400	-
Leisure & hospitality	-22,300	106,000	475.34%	115,200	516.59%
Other Services	-5,900	-4,700	-79.66%	-5,100	-86.44%
Government	6,000	-26,800	-	-26,900	-

\*Recession period: Dec 2007- Dec 2009

<b>Recovery by Sector</b>	<ul style="list-style-type: none"> <li>▪ During the recession period of December 2007-December 2009, 8 out of 10 Illinois sectors experienced employment declines. Education &amp; health and Government were the only 2 sectors that had positive job growth during the recession.</li> <li>▪ Since January 2010, Illinois employment growth resumed. Construction, Manufacturing, Trade, transportation &amp; utilities, Financial activities, Professional &amp; business services, and Leisure &amp; hospitality have recovered 27.74%, 27.31%, 94.88%, 62.88%, 180.17% and 475.34% respectively from the jobs lost during the recession.</li> <li>▪ By January 2018, Professional &amp; business services and Leisure &amp; hospitality had both recovered to their previous employment peak levels.</li> <li>▪ However, the recovery rates for Information and Other Services are still negative, namely -77.88% and -79.66%.</li> <li>▪ The 12-month-ahead job recovery forecasts show that the future recovery rates in Illinois will increase for every sector except Construction, Manufacturing, Financial Activities, and Leisure &amp; hospitality.</li> </ul>
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## CATCH UP SCENARIO & RECOVERY FROM RECESSION

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

	Previous Peak	Current	Catch-up	Recovery Rates
<b>Nation</b>	126.49 (Dec-2007)	135.43 (Jan 2018)	Positive growth	-
<b>RMW</b>	119.39 (Jun-2000)	119.92 (Jan 2018)	Positive growth	-
<b>IL</b>	115.00 (Nov-2000)	115.43 (Jan 2018)	Positive growth	63.54%
Metro Areas***:				
<b>Bloomington Normal</b>	142.06 (Feb 2002)	132.12 (Dec 2017)	Negative growth	NA
<b>Champaign-Urbana</b>	116.26 (Jan 2009)	110.06 (Dec 2017)	Negative growth	NA
<b>Chicago</b>	114.82 (Nov 2000)	116.29 (Dec 2017)	Positive growth	-
<b>Davenport- Rock Island-Moline</b>	115.06 (Mar 2008)	111.39 (Dec 2017)	Positive growth	60.39%
<b>Decatur</b>	112.38 (Jan 2000)	94.21 (Dec 2017)	Negative growth	NA
<b>Kankakee</b>	125.66 (Nov 2011)	128.32 (Dec 2017)	Positive Growth	-
<b>Peoria</b>	122.09 (Aug 2008)	113.02 (Dec 2017)	Positive growth	10.18%
<b>Rockford</b>	122.81 (Nov 2000)	112.10 (Dec 2017)	Positive growth	44.04%
<b>Springfield</b>	110.94 (Aug 2000)	109.08 (Dec 2017)	Positive growth	-
<b>Metro-East</b>	114.97 (Jun 2001)	110.65 (Dec 2017)	Positive growth	70.30%

\* Catch-up scenarios compares a region's current employment with its historical peak. The US has surpassed its historical peak level but RMW and Illinois have not. In the "Recovery Rates" column, "-" means the region has fully recovered from the recession, "NA" means the region did not lose jobs during that period, and a percentage indicates the ratio of recovered jobs to all jobs lost during the recession.

\*\*\* 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 DECEMBER

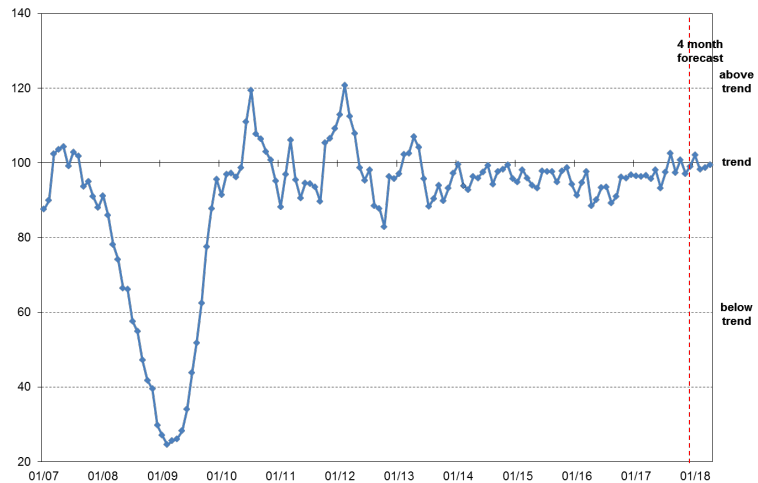
This index is based on national indices of leading indicators and is a barometer for the economy, tracing the path of growth or contraction through to the current period and then forecasts up to 24 months into the future.

- The Chicago Business Activity Index (CBAI) increased to 99.0 in December from 97.1 in November. The increase is mainly attributed to the positive manufacturing and nonmanufacturing job growth and an improvement in nationwide economic activities measured by the Chicago Fed National Activity Index (CFNAI).
- In December, the national and regional economies presented mixed features. The Federal Reserve Board announced that the industrial production rose 0.9 percent in December even though manufacturing output only edged up 0.1 percent.
- Capacity utilization for the industrial sector was 77.9 percent, a rate that is 2.0 percentage points below its long-run (1972–2016) average. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) went up to +0.27 in December from +0.11 in November. In the Chicago region, employment in the manufacturing increased 1.91 percent and employment in the nonmanufacturing sector increased 0.79 percent in December. Employment in the construction sector decreased 1.99 percent and retail sales are estimated to have decreased 0.76 percent during the same period.
- In the coming months, the national economy is likely to stay on the expansion phase. The economic growth reflected in the CFNAI-MA3 suggests that growth in national economic activity is above its historical trend. Total nonfarm payroll employment increased by 200,000 in January, and the unemployment rate was unchanged at 4.1 percent. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its expansion trend over the next several months.

## Chicago Business Activity Index

**CBAI** (Current: 99.0)

	1 month	3 month	1 year
Historical (ago)	97.1	97.4	96.8
Forecast (ahead)	102.0	98.7	-



# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY\*

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- Davenport-Rock Island-Moline (1st to 9th) experienced the deepest fall in December 2017.
- Springfield (3rd to 4th), Kankakee (2nd to 5th), Chicago (5th to 8th), and Decatur (4th to 10th) also dropped in terms of ranks from last month.
- The most remarkable upward move in December was recorded for Bloomington-Normal (10th to 1st).
- In the 12-month growth league table, upward moves were recorded for Bloomington-Normal (6th to 2nd), and Champaign-Urbana-Rantoul (10th to 7th).
- Downward moves were recorded for Davenport-Rock Island-Moline (2nd to 4th), Metro-East (4th to 6th), Rockford (7th to 8th), Springfield (8th to 9th) and Decatur (9th to 10th).
- In the 12-month growth league table, Decatur dropped to the last place while Kankakee remained in the first 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	November 2017	December 2017	Rank	Change**
1	Davenport-Rock Island-Moline(1.16%)	Bloomington-Normal(0.41%)	1	↑(+9)
2	Kankakee(0.8%)	Metro-East(0.3%)	2	↑(+4)
3	Springfield (0.23%)	Rockford (0.3%)	3	↑(+6)
4	Decatur(0.04%)	Springfield (0.21%)	4	↓(-1)
5	Chicago(0%)	Kankakee(0.17%)	5	↓(-3)
6	Metro-East(-0.02%)	Champaign-Urbana-Rantoul(-0.02%)	6	↑(+1)
7	Champaign-Urbana-Rantoul(-0.04%)	Peoria(-0.09%)	7	↑(+1)
8	Peoria(-0.13%)	Chicago(-0.24%)	8	↓(-3)
9	Rockford (-0.13%)	Davenport-Rock Island-Moline(-0.49%)	9	↓(-8)
10	Bloomington-Normal(-0.31%)	Decatur(-0.59%)	10	↓(-6)

### Growth over last 12-months:

Rank	November 2017	December 2017	Rank	Change**
1	Kankakee (2.64%)	Kankakee (2.88%)	1	←(+0)
2	Davenport-Rock Island-Moline (1.63%)	Bloomington-Normal (1.23%)	2	↑(+4)
3	Chicago (0.75%)	Chicago (0.87%)	3	←(+0)
4	Metro-East (0.61%)	Davenport-Rock Island-Moline (0.7%)	4	↓(-2)
5	Peoria (0.51%)	Peoria (0.63%)	5	←(+0)
6	Bloomington-Normal (0.48%)	Metro-East (0.57%)	6	↓(-2)
7	Rockford (0.01%)	Champaign-Urbana-Rantoul (0.01%)	7	↑(+3)
8	Springfield (-0.4%)	Rockford (-0.02%)	8	↓(-1)
9	Decatur (-0.58%)	Springfield (-0.71%)	9	↓(-1)
10	Champaign-Urbana-Rantoul (-0.58%)	Decatur (-1.38%)	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)

