



I N S T I T U T E O F  
GOVERNMENT & PUBLIC AFFAIRS

# MONTHLY 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.

SEPTEMBER 2007

Funding for the research for this report was provided by the  
**Illinois Jobs Coalition**

# EMPLOYMENT

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## EMPLOYMENT DATA SUMMARY

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- Illinois recorded a negative rating for the second consecutive month by losing 900 jobs at in August. This is the third negative rating for Illinois in 2007. Compared to a revised 12,600 job loss in July this is however, a significant improvement.
- By the end of August, Illinois had averaged a 0.08% monthly growth rate in 2007 which just equals the average growth rate in the recent recovery period for Illinois since early 2004.
- Illinois jobs losses resulted in the state lagging behind the Nation and RMW for a second consecutive month.
- Over the last 12-months, Illinois added 0.79% new jobs, slower than the 1.17% growth of the Nation but faster than the 0.24% growth of the RMW. Since July, the RMW has returned to a positive rating in the last 12-months.
- In 2007, Illinois has created 4,550 jobs each month on average, slower than the 5,342 average for 2006.
- Job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.47%, 13.68% and 16.62% respectively.

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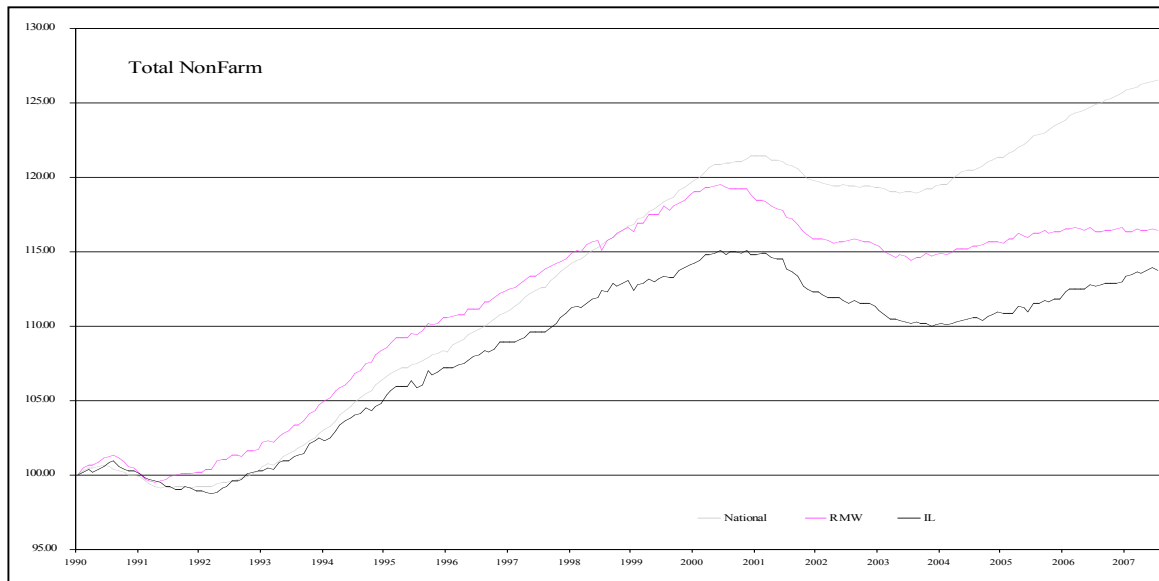
## AUGUST 2007 EMPLOYMENT CHART

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August 2007 Negative	Total Non-Farm Employment	Jul 2007 – Aug 2007		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	<b>Nation</b>	-0.003	- 4,000	+1.17	+1,599,000
	<b>RMW*</b>	+0.14	+27,700	+0.24	+47,300
	<b>Illinois</b>	- 0.02	- 900	+0.79	+46,900

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

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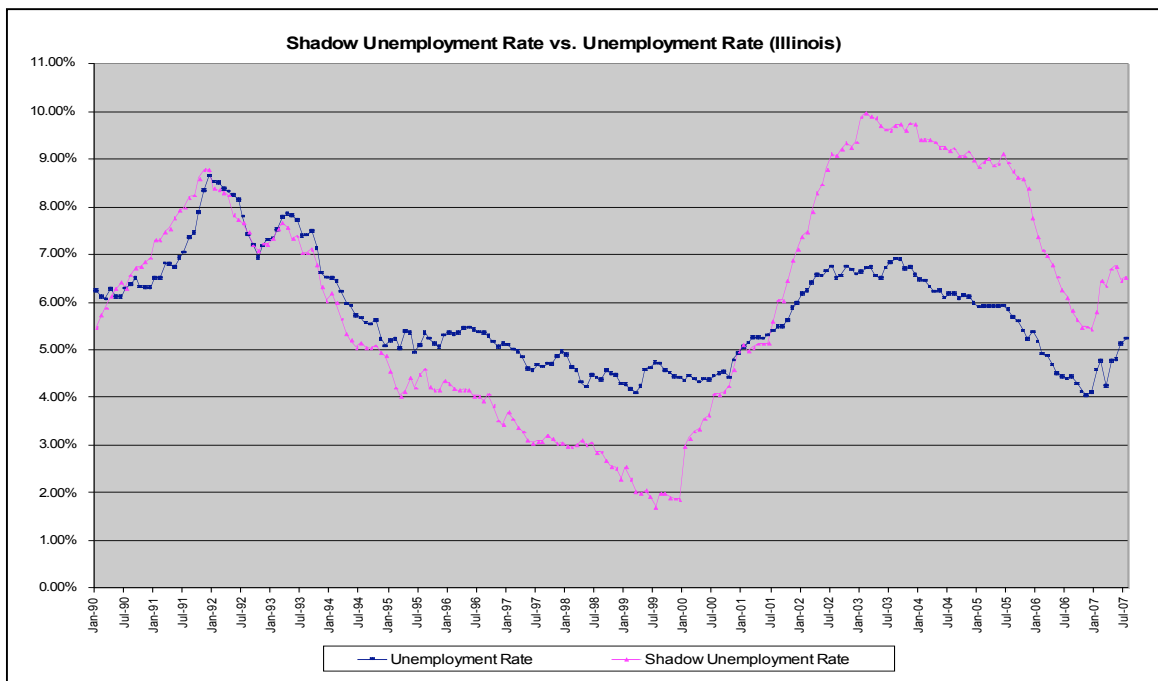
## SHADOW UNEMPLOYMENT

### Unemployment Rate: Official and Shadow

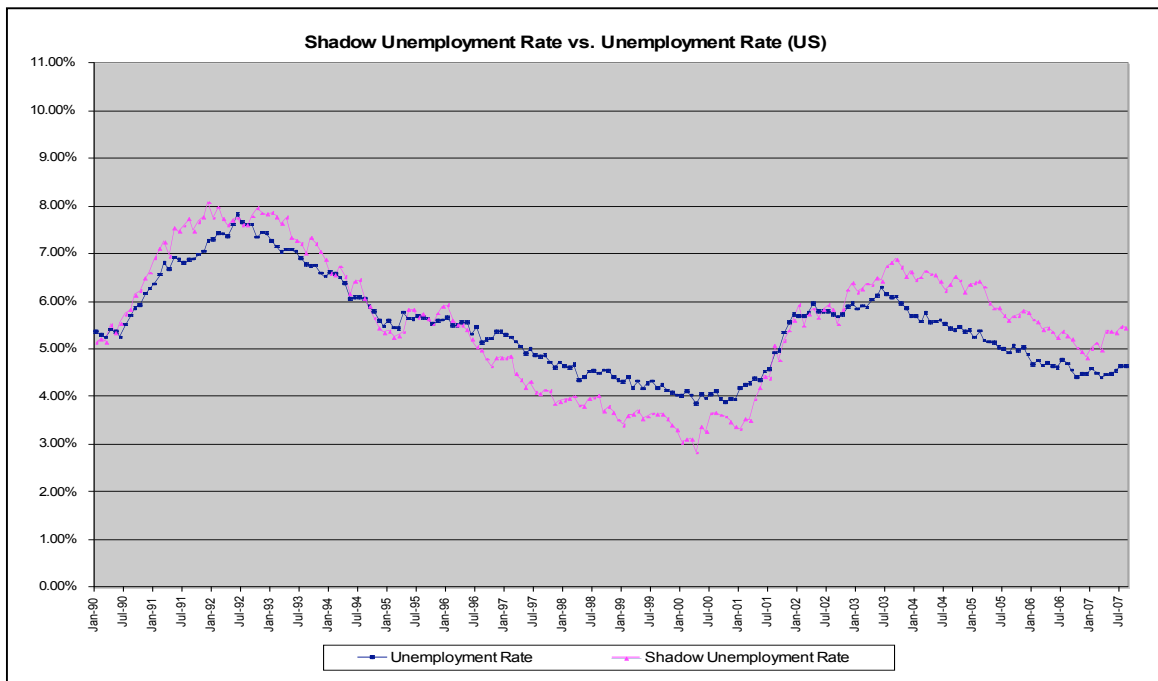
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 two rates for Illinois (to figure) and the US as a whole (bottom figure).
- Since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased.
- To bring the two together a further 110,546 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

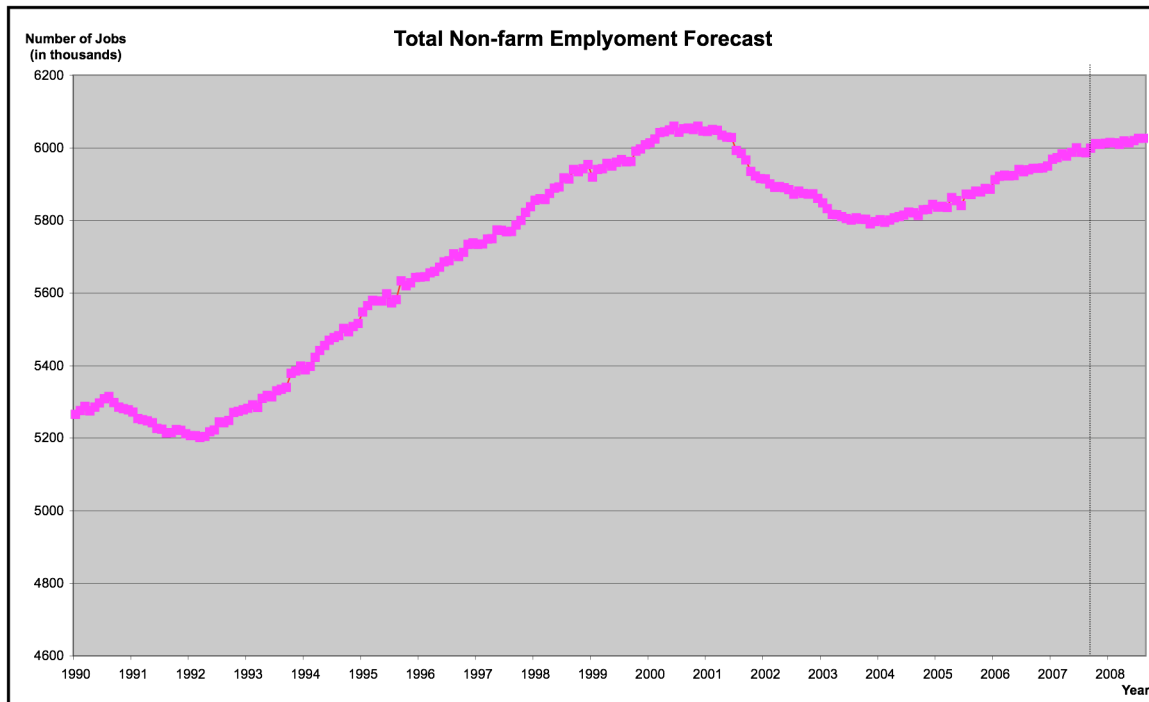


■ US



## EMPLOYMENT FORECAST

	August 2007	August 2008 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,985,900	6,026,186	40,286.3	0.67%
<b>Construction</b>	2,74,800	2,82,162	7,362.1	2.68%
<b>Manufacturing</b>	6,79,200	667,251	-11,949.4	-1.76%
<b>Trade, transportation &amp; utilities</b>	1,198,000	1,205,217	7,217.2	0.60%
<b>Information</b>	115,600	114,973	-626.7	-0.54%
<b>Financial Activities</b>	411,500	410,926	-574.1	-0.14%
<b>Professional &amp; business services</b>	879,000	894,967	15,966.9	1.82%
<b>Education &amp; health</b>	778,400	783,812	5,412.1	0.70%
<b>Leisure &amp; hospitality</b>	538,200	540,996	2,796.5	0.52%
<b>Other services</b>	259,500	261,773	2,273.3	0.88%
<b>Government</b>	841,500	836,944	-4,555.7	-0.54%



## 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)	113.68 (Aug -2007)	115.11 (Mar -2009)	19 months
<b>RMW</b>	119.47 (Jun-2000)	116.62 (Aug -2007)	119.49 (Oct 2017)	122 months
<b>Nation</b>	121.45 (Feb-2001)	126.47 (Aug -2007)	121.58 (Feb-2005)	30 months ago
<b>Metro Areas**:</b>				
<b>Bloomington Normal</b>	141.81 (Feb 2002)	138.28 (Jul 2007)	141.86 (Oct 2010)	39 months
<b>Champaign Urbana</b>	116.11 (Sep 2006)	112.36 (Jul 2007)	Negative growth	N/A
<b>Chicago</b>	114.67 (Nov 2000)	113.82 (Jul 2007)	114.73 (Feb 2008)	7 months
<b>Devonport- Rock Island-Moline</b>	114.73 (Nov 1999)	113.35 (Jul 2007)	Negative growth	N/A
<b>Decatur</b>	112.41 (Mar 2000)	101.30 (Jul 2007)	Zero growth	N/A
<b>Kankakee</b>	124.86 (Apr 2000)	122.07 (Jul 2007)	124.86 (Oct 2008)	963 months
<b>Peoria</b>	118.99 (Nov 2006)	119.11 (Jul 2007)	Reached (July 2007)	Reached (July 2007)
<b>Rockford</b>	123.29 (Jul 2000)	118.03 (Jul 2007)	123.32 (Nov 2011)	84 months
<b>Springfield</b>	110.35 (Aug 2000)	104.80 (Jul 2007)	110.35 (April 2063)	669 Months
<b>Metro-East</b>	114.73 (Jun 2001)	112.19 (Jul 2007)	114.91 (Sep 2008)	14 Months

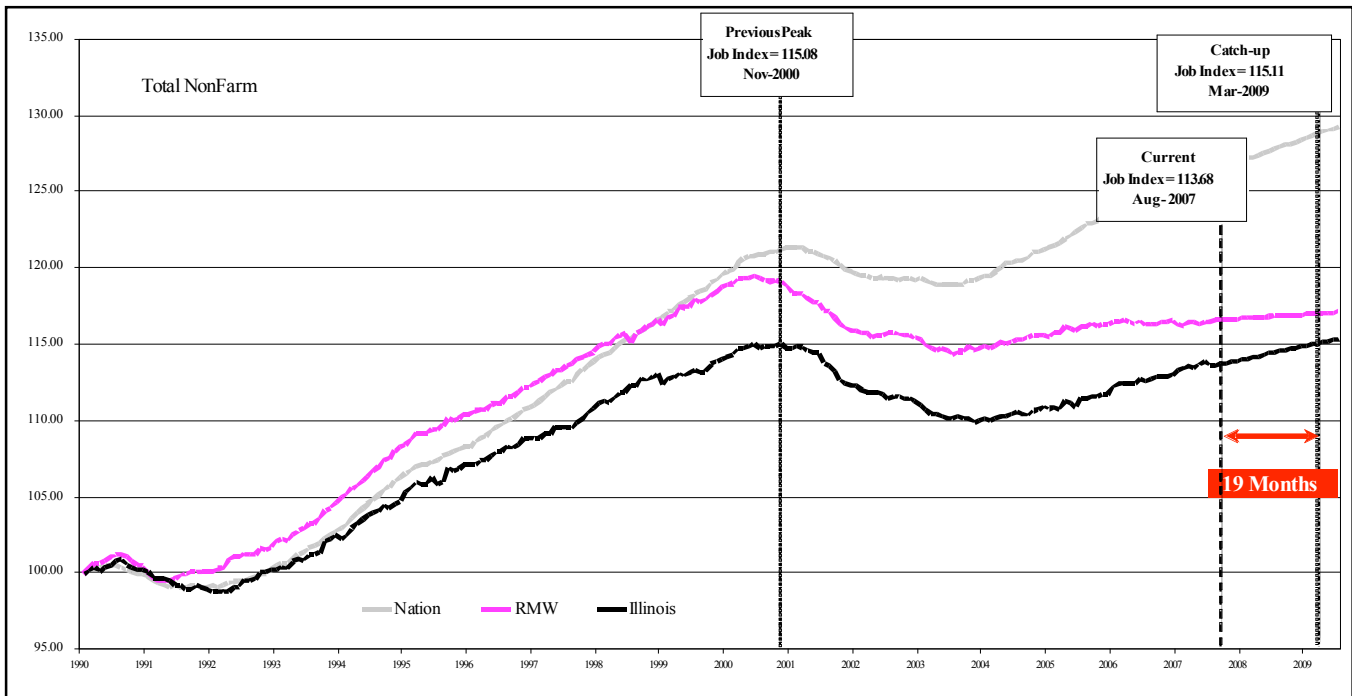
\* Catch-up scenarios are based on average monthly growth rate over the previous 12 months. Nation already passed its previous peak at February 2005.

#### Periods for Catch-up

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

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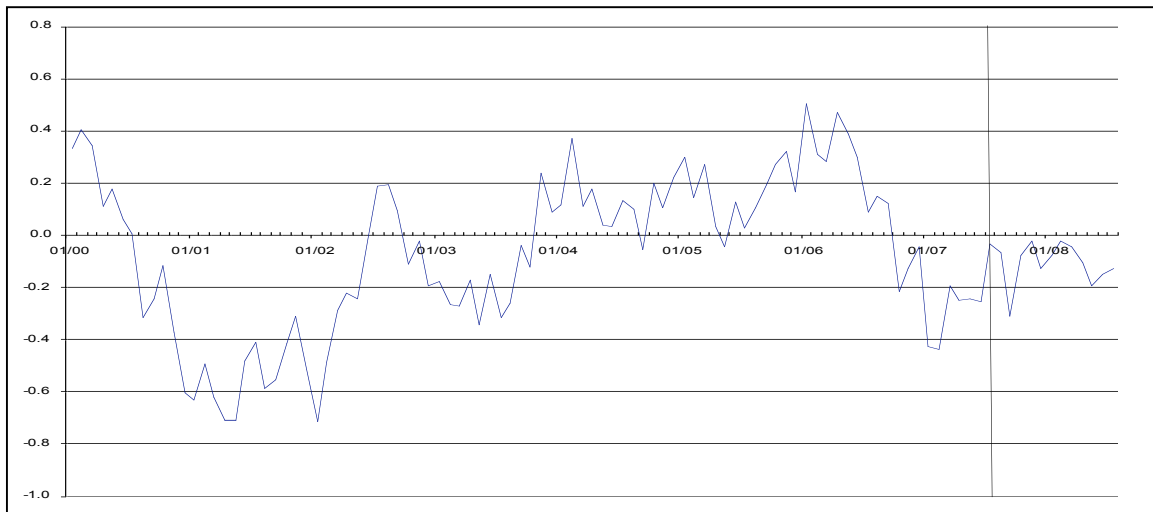
	IL	RMW
Jul-2007	16 Months	364 Months
Aug-2007	19 Months	122 Months
Difference	△ 4 months	▽ 242 months



# CBAI FELL IN JULY

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 -0.032 in July, the tenth consecutive negative reading since October 2006.
- This was mainly attributed to the negative contribution in the consumption although the overall employment made a positive contribution. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy will likely continue on a downward trend.
- The CBAI prediction also suggests that the Chicago economy will experience below trend growth over the next 12 months.
- In July, the national economy presented mixed features. The retail sales increased 0.47 percent and the Federal Reserve Board's industrial production index for manufacturing (IPMFG) was up 0.5 percent.
- However, the Chicago Fed National Activity Index (CFNAI) was -0.1, down from +0.60 in June by the negative contributions in the employment category. The economic performance in Chicago also presented mixed features in July. The manufacturing production increased 0.28 percent. However, construction and the retail sales decreased 0.17 percent and 1.01 percent respectively.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the consumer confidence surveyed by University of Michigan plunged due to higher food and fuel prices as well as declining home prices and the turmoil in the financial markets. The Indices of Consumer Sentiment and Consumer Expectations were 83.4 and 73.7 in August, down from 90.4 and 81.5 in July, respectively. For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.





# METROPOLITAN STATISTICAL AREA LEAGUE TABLES

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## MSA LEAGUE TABLES SUMMARY

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- Metro-East, the top performer in June slipped down to the 8th position.
- Bloomington-Normal and Chicago which were in the 2nd and 3rd position slipped to 4th and 5th position respectively. Davenport-Rock Island Moline and Decatur, similarly, dropped from 6th and 7th position to 9th and 10th position respectively.
- Champaign-Urbana-Rantoul made the biggest jump in July while moving from 10th position to 2nd position.
- Peoria jumped up to the 1st position in July from the 5th position in June. Rockford (4th), Springfield (8th) and Kankakee (9th) jumped up to 3rd, 7th and 6th position respectively.
- In the league table for the last 12 months growth, Metro-East and Chicago the top two performers in June retained their positions.
- While Springfield made the greatest leap in the rankings (10th to 6th) Champaign-Urbana-Rantoul (3rd to 9th) faced the deepest fall.
- Decatur (7th to 8th) and Davenport-Rock Island-Moline (8th to 10th) also lost ground.
- Rockford (4th to 3rd), Peoria (5th to 4th), Bloomington-Normal (6th to 5th), Kankakee (9th to 7th) and Springfield (10th to 6th) all gained.

### MSA League Tables\*: Non-farm Employment Growth Rate

Monthly growth:

Rank	June 2007	July 2007	Rank
1	Metro-East (0.70%)	Peoria (0.27%)	1
2	Bloomington -Normal (0.22%)	Champaign-Urbana-Rantoul (0.18%)	2
3	Chicago (0.07%)	Rockford (0.13%)	3
4	Rockford (0%)	Bloomington -Normal (0.11%)	4
5	Peoria (-0.11%)	Chicago (0.04%)	5
6	Davenport -Rock Island-Moline (-0.11%)	Kankakee (0%)	6
7	Decatur (-0.18%)	Springfield (0%)	7
8	Springfield (-0.27%)	Metro-East (-0.08%)	8
9	Kankakee (-0.68%)	Davenport -Rock Island-Moline (-0.16%)	9
10	Champaign-Urbana-Rantoul (-1.25%)	Decatur (-0.18%)	10

Growth over last 12-months:

Rank	June 2007	July 2007	Rank
1	Metro-East (1.93%)	Metro-East (2.06%)	1
2	Chicago (0.91%)	Chicago (1.16%)	2
3	Champaign-Urbana-Rantoul (-0.54%)	Rockford (1.02%)	3
4	Rockford (0.67%)	Peoria (0.98%)	4
5	Peoria (0.49%)	Bloomington -Normal (0.78%)	5
6	Bloomington -Normal (0.22%)	Springfield (0.09%)	6
7	Decatur (0.18%)	Kankakee (0%)	7
8	Davenport -Rock Island-Moline (-0.27%)	Decatur (0%)	8
9	Kankakee (-0.23%)	Champaign-Urbana-Rantoul (-0.18%)	9
10	Springfield (-0.36%)	Davenport -Rock Island-Moline (-0.37%)	10

\* 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.