



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

# 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.

NOVEMBER 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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- By loosing 7,000 jobs at -0.12% in October, Illinois recorded a negative rating for fourth time in 2007. This is the first time since June 2005 that Illinois has posted a negative rating for two months in a row.
- By the end of October, Illinois averaged a monthly growth of 0.05% in 2007, compared to a 0.07% average growth rate in the recent recovery period for Illinois since early 2004. However, the lag is even greater if compared to a 0.09% average growth in 2006.
- With a negative growth rate of -0.12%, Illinois lagged behind the Nation which had a positive 0.12% growth, but it performed better than RMW which lost jobs at a rate of -0.14%.
- Over the last 12-months, Illinois payroll grew by 0.63%, below the 1.23% growth of the Nation but faster than RMW which reverted to a negative rate this month. However, the RMW had a positive rating from July to September in 2007.
- In 2007, Illinois has created 3,100 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 26.82%, 13.58% and 16.36% respectively.

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## OCTOBER 2007 EMPLOYMENT CHART

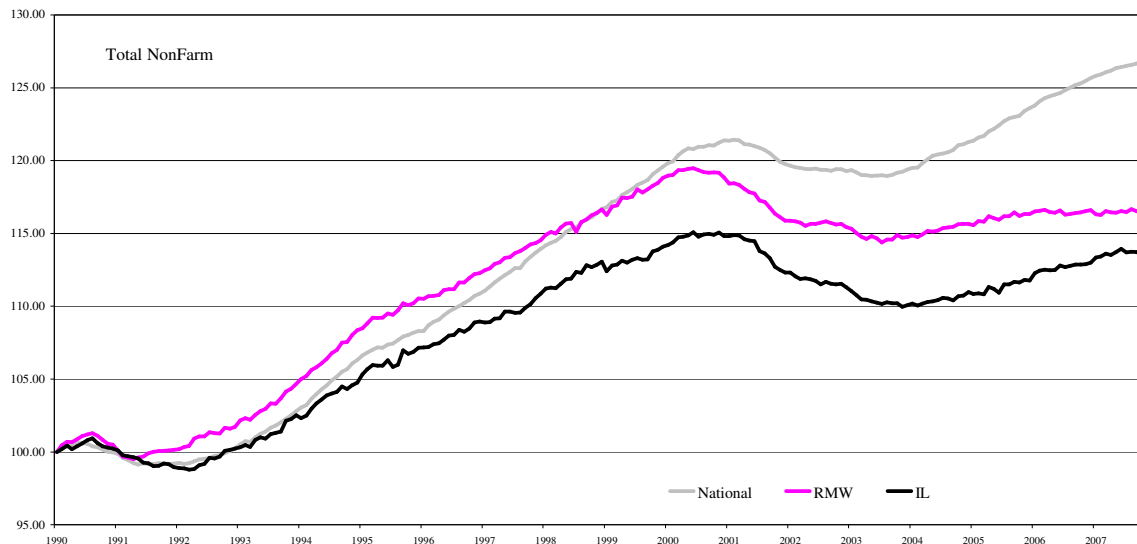
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October 2007  Negative	Total Non-Farm Employment	Sep 2007 – Oct 2007		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	<b>Nation</b>	+0.12	+166,000	+1.23	+1,676,000
	<b>RMW*</b>	-0.14	-27,500	-0.07	-14,300
	<b>Illinois</b>	-0.12	-7,000	+0.63	+37,400

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

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## TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – OCT 2007



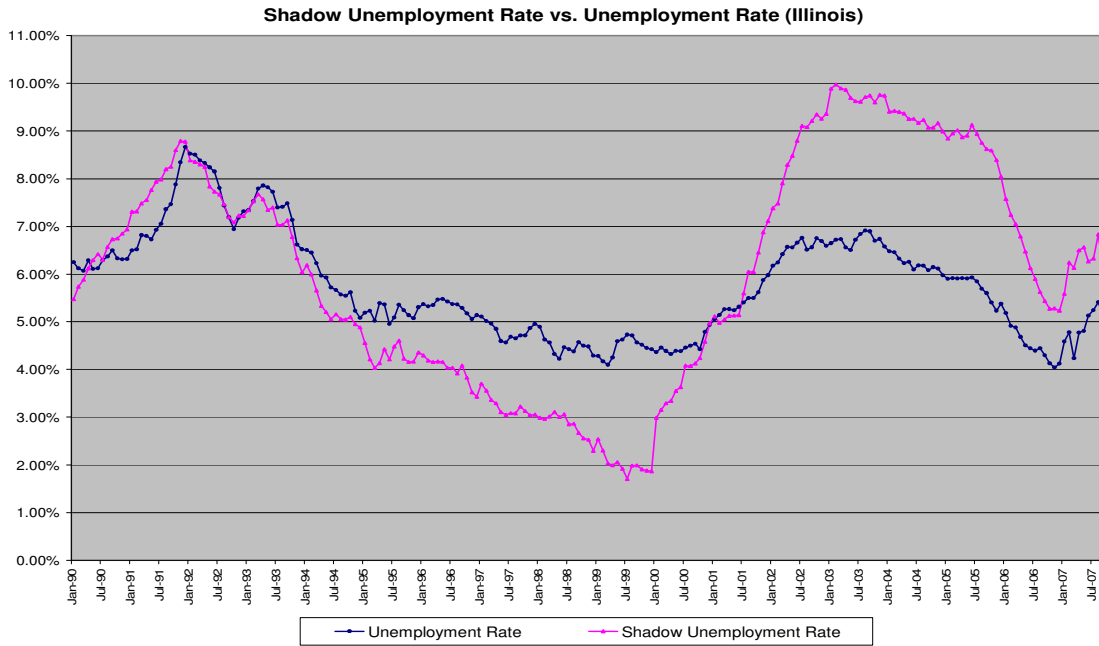
## SHADOW UNEMPLOYMENT

## Unemployment Rate: Official and Shadow

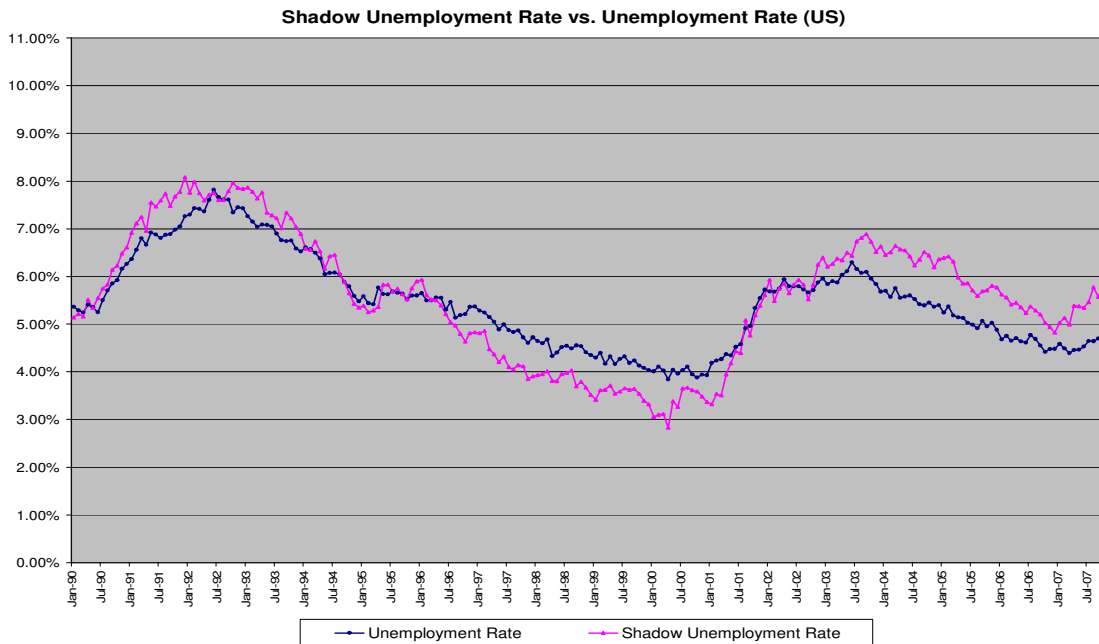
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 (top 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 66,692 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

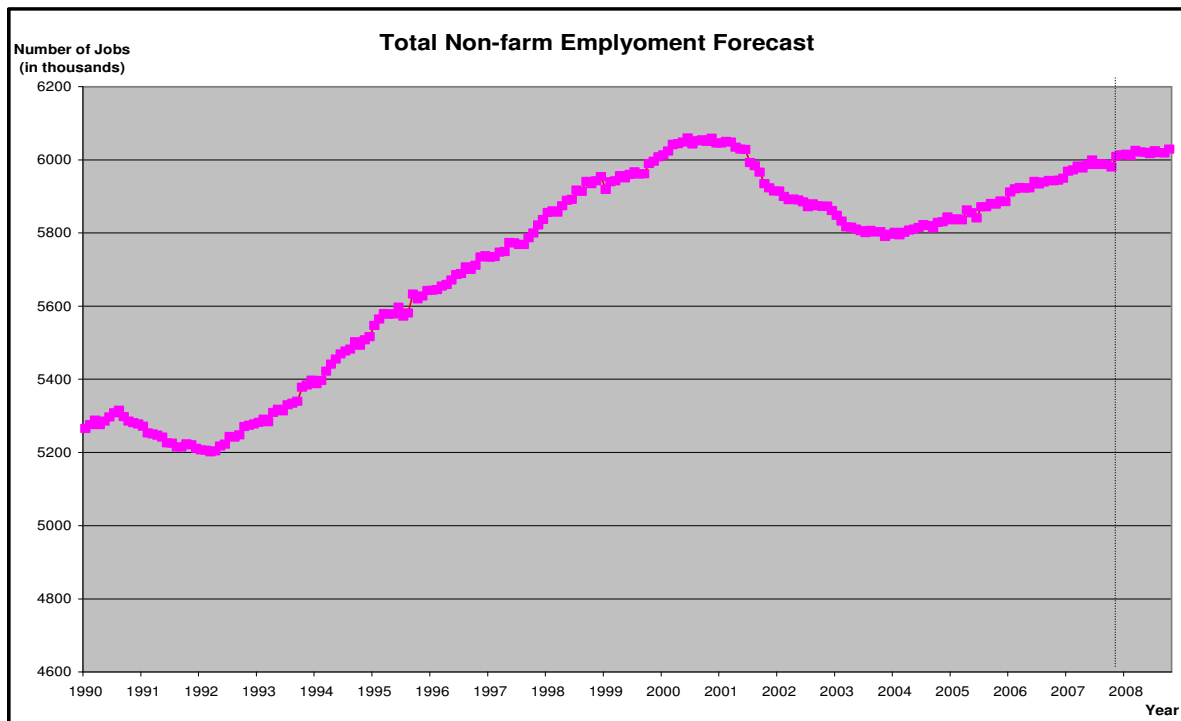


■ US



## EMPLOYMENT FORECAST

	Oct 2007	Oct 2008 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,980,500	6,028,900	48,400	0.81%
<b>Construction</b>	273,500	279,500	6,000	2.19%
<b>Manufacturing</b>	674,600	663,300	-11,300	-1.68%
<b>Trade, transportation &amp; utilities</b>	1,196,700	1,203,100	6,400	0.53%
<b>Information</b>	114,700	114,200	-500	-0.44%
<b>Financial Activities</b>	409,500	410,500	1,000	0.24%
<b>Professional &amp; business services</b>	878,000	889,000	11,000	1.25%
<b>Education &amp; health</b>	780,800	786,400	5,600	0.72%
<b>Leisure &amp; hospitality</b>	540,200	542,800	2,600	0.48%
<b>Other services</b>	259,200	260,800	1,600	0.62%
<b>Government</b>	843,000	843,600	600	0.07%



## CATCH UP SCENARIO

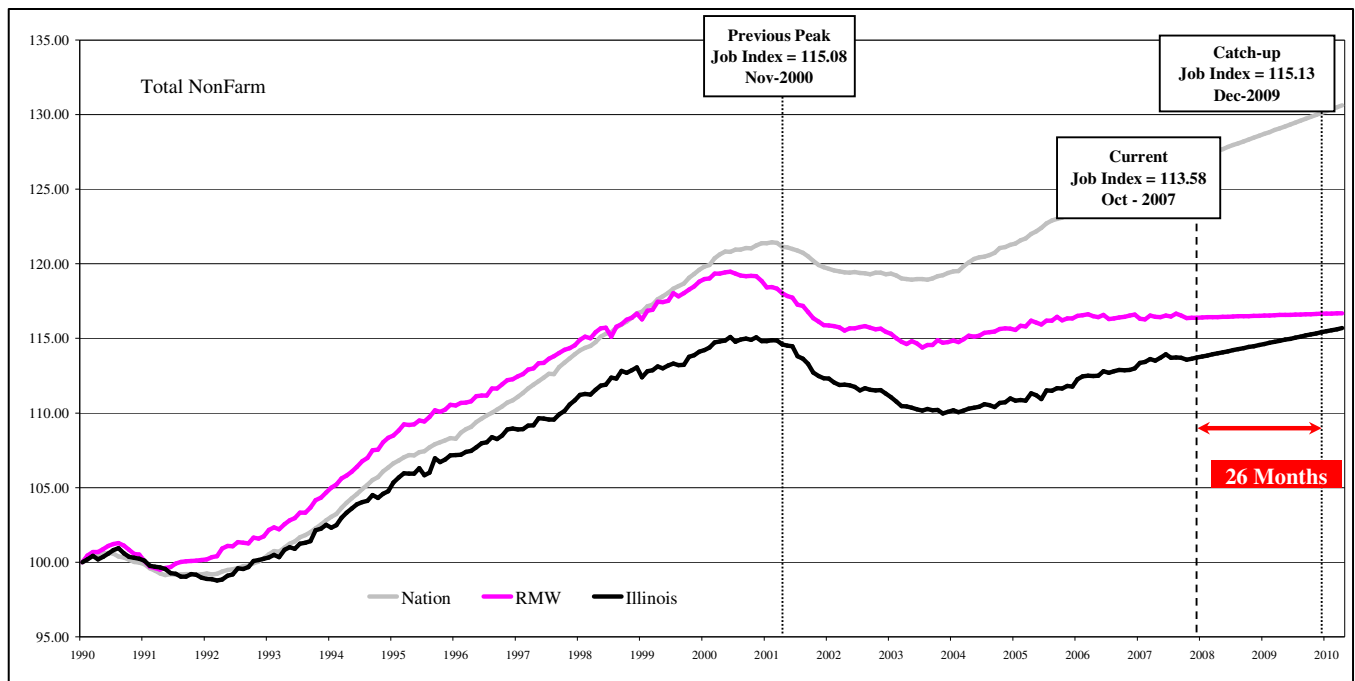
### *Catch-up Scenario\* of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
<b>IL</b>	115.08 (Nov-2000)	113.58 (Oct -2007)	115.13 (Dec -2009)	26 months
<b>RMW</b>	119.47 (Jun-2000)	116.37 (Oct -2007)	Negative Growth	N/A
<b>Nation</b>	121.45 (Feb-2001)	126.82 (Oct -2007)	121.58 (Feb-2005)	32 months ago
<b>Metro Areas** :</b>				
<b>Bloomington Normal</b>	141.81 (Feb 2002)	139.51 (Oct 2007)	141.85 (Apr 2010)	30 months
<b>Champaign Urbana</b>	116.11 (Sep 2006)	113.58 (Oct 2007)	Negative growth	N/A
<b>Chicago</b>	114.67 (Nov 2000)	114.27 (Oct 2007)	114.76 (Mar 2008)	5 months
<b>Devonport- Rock Island-Moline</b>	114.73 (Nov 1999)	114.25 (Oct 2007)	114.79 (May 2008)	7 Months
<b>Decatur</b>	112.41 (Mar 2000)	101.85 (Oct 2007)	Negative Growth	N/A
<b>Kankakee</b>	124.58 (Apr 2000)	122.91 (Oct 2007)	124.86 (Dec 2007)	842 Months
<b>Peoria</b>	118.99 (Nov 2006)	119.56 (Oct 2007)	Reached (July 2007)	Reached (July 2007)
<b>Rockford</b>	123.23 (Jul 2000)	115.80 (Oct 2007)	123.23 (Jun 2013)	70 months
<b>Springfield</b>	110.36 (Aug 2000)	105.27 (Oct 2007)	110.36 (Feb 2025)	208 Months
<b>Metro-East</b>	114.73 (Jun 2001)	111.55 (Oct 2007)	114.74 (Nov 2009)	25 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.

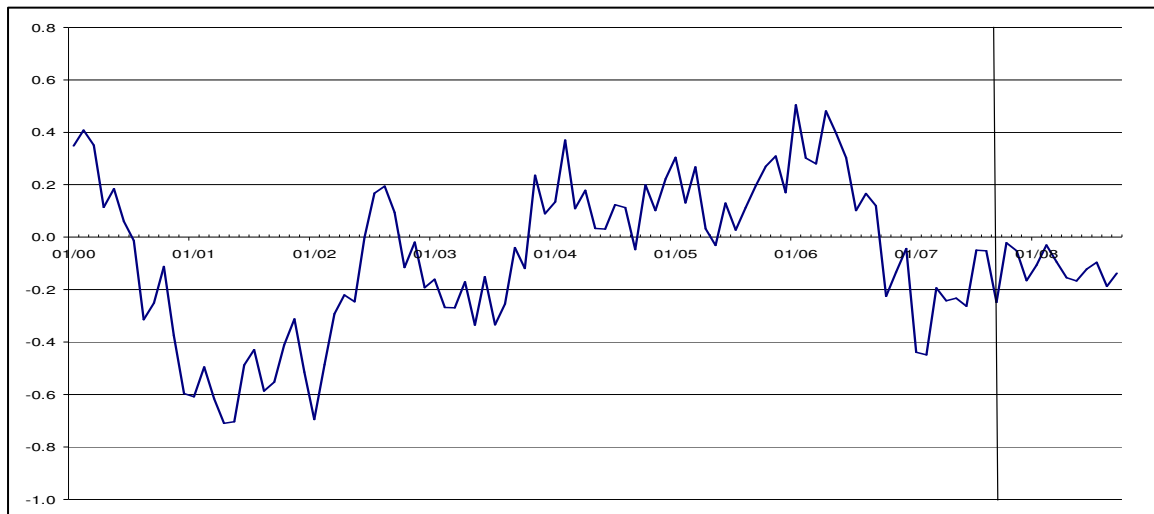
	Periods for Catch-up	
	IL	RMW
Sep-2007	18 Months	106 Months
Oct-2007	26 Months	N/A
Difference	Δ 8 months	Negative Growth



# CBAI FELL IN SEPTEMBER

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 -0.248 in September, the twelfth consecutive negative reading since October 2006.
- This was mainly attributed to the negative contribution from the national economy as well as the weak performance of manufacturing and construction.
- 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 experience below trend growth over the next 12 months.
- In September, the national economy showed relatively weak features. The Chicago Fed National Activity Index was -0.45, up from -0.68 in August. The decrease of housing starts, announced by US Census Bureau, was also widened to 10.2 percent from 3.2 percent in August.
- The economic performance in Chicago presented mixed features. The retail sales increase 0.54 percent. However, the manufacturing production and construction decreased 0.36 percent and 0.26 percent respectively.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the consumer sentiment remains weak according to the consumer confidence surveyed by the University of Michigan mainly due to falling home prices as well as higher food and fuel prices. Recently, Ben S. Bernanke, chairman of the Federal Reserve, told Congress that “the economy is going to get worse before it gets better.” 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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- The most notable upward move in September is that of Champaign-Urbana-Rantoul from 10th to 1st position.
- Kankakee and Springfield improved from 7th and 9th position to 2nd and 4th position respectively.
- The rank of Bloomington-Normal stayed at 3rd.
- Decatur and Metro-East the two best performers in August slipped down to 5th and 6th position respectively.
- Davenport-Rock Island-Moline and Chicago fell from 4th and 5th position to 8th and 7th ranks respectively. Rockford moved from 8th down to 10th position.
- In the league table for the last 12 months growth, Metro-East, the top performer in August retained its position. Springfield and Champaign-Urbana-Rantoul also were held in their original 9th and 10th position.
- Two MSA had lost grounds in September. Among them, Peoria faced the most abrupt drop from 2nd to the 7th position. Rockford slipped from 5th to the 8th position.
- Five MSAs had a lift in their position. Among them Davenport-Rock Island-Moline (6th to 4th), Kankakee (7th to 5th) and Decatur (8th to 6th) all gained by two ranks.
- Chicago (3rd to 2nd) and Bloomington-Normal (4th to 3rd) each ascended by one position.

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

Monthly growth:

Rank	August 2007	September 2007	Rank
1	Decatur (0.37%)	Champaign-Urbana-Rantoul (3.18%)	1
2	Metro-East (0.25%)	Kankakee (0.69%)	2
3	Bloomington-Normal (0.22%)	Bloomington-Normal (0.33%)	3
4	Davenport-Rock Island-Moline (0.21%)	Springfield (0.27%)	4
5	Chicago (0.11%)	Decatur (0.18%)	5
6	Peoria (0.05%)	Metro-East (0.04%)	6
7	Kankakee (0%)	Chicago (0.03%)	7
8	Rockford (-0.13%)	Davenport-Rock Island-Moline (-0.11%)	8
9	Springfield (-0.27%)	Peoria (-0.11%)	9
10	Champaign-Urbana-Rantoul (-0.81%)	Rockford (-0.13%)	10

Growth over last 12-months:

Rank	August 2007	September 2007	Rank
1	Metro-East (2.10%)	Metro-East (1.92%)	1
2	Peoria (1.14%)	Chicago (0.85%)	2
3	Chicago (1.00%)	Bloomington-Normal (0.78%)	3
4	Bloomington-Normal (0.89%)	Davenport-Rock Island-Moline (0.70%)	4
5	Rockford (0.76%)	Kankakee (0.46%)	5
6	Davenport-Rock Island-Moline (0.27%)	Decatur (0.36%)	6
7	Kankakee (0.23%)	Peoria (0.32%)	7
8	Decatur (0.18%)	Rockford (0.32%)	8
9	Springfield (-0.27%)	Springfield (0%)	9
10	Champaign-Urbana-Rantoul (-0.90%)	Champaign-Urbana-Rantoul (-0.18%)	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.

# Unemployment Claims (Initial)

