



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

ILLINOIS ECONOMIC REVIEW

The 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.

DECEMBER 2007

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

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- After two consecutive months of negative rating Illinois added 2,400 jobs at 0.04% in November. Including November Illinois posted positive rating eight times in 2007.
- By the end of November, 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.
- November is the fourth instance in 2007 when ratings by Nation, RMW and Illinois were all positive. While Nation outperformed both Illinois and RMW, Illinois did better than RMW.
- Over the last 12-months, Illinois payroll grew by 0.67%, below the 1.11% growth of the Nation while RMW continued to record a negative rating at -0.14% for the second consecutive month.
- In 2007, Illinois has created 3,164 jobs each month on average, slower than the 5,342 average for 2006.
- Cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.87%, 13.65% and 16.37% respectively..

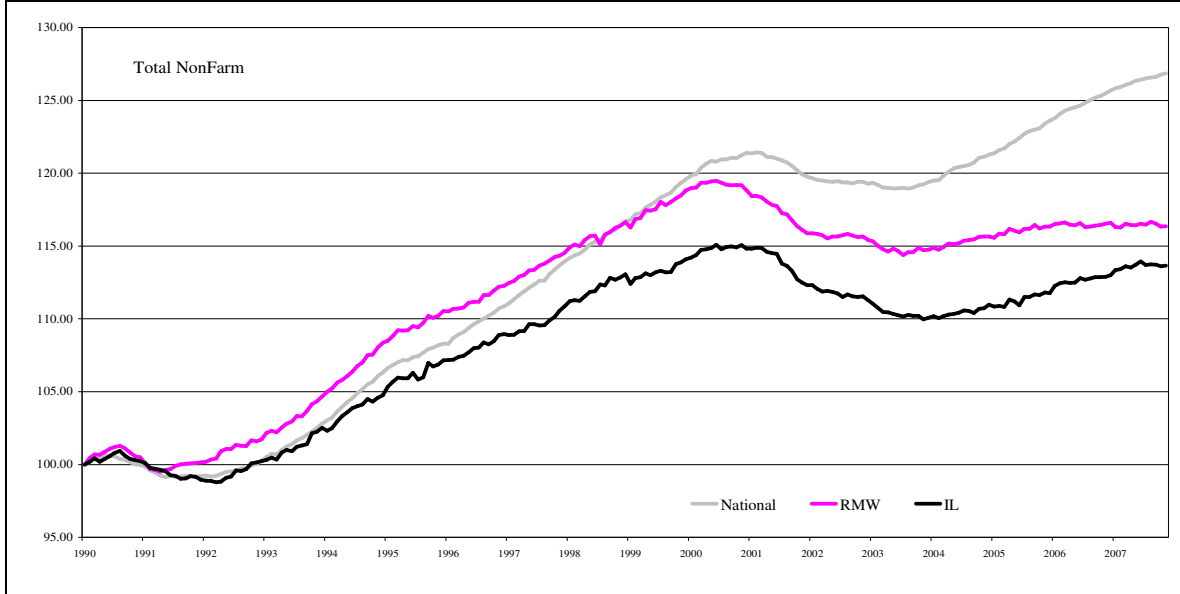
NOVEMBER 2007 EMPLOYMENT CHART

November 2007 Positive	Total Non-Farm Employment	Nov 2007 – Dec 2007		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	+0.07	+94,000	+1.11	+1,526,000
	RMW*	+0.03	+6,200	-0.14	-27,200
	Illinois	+0.04	+2,400	+0.67	+39,900

* 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 – NOV 2007



SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

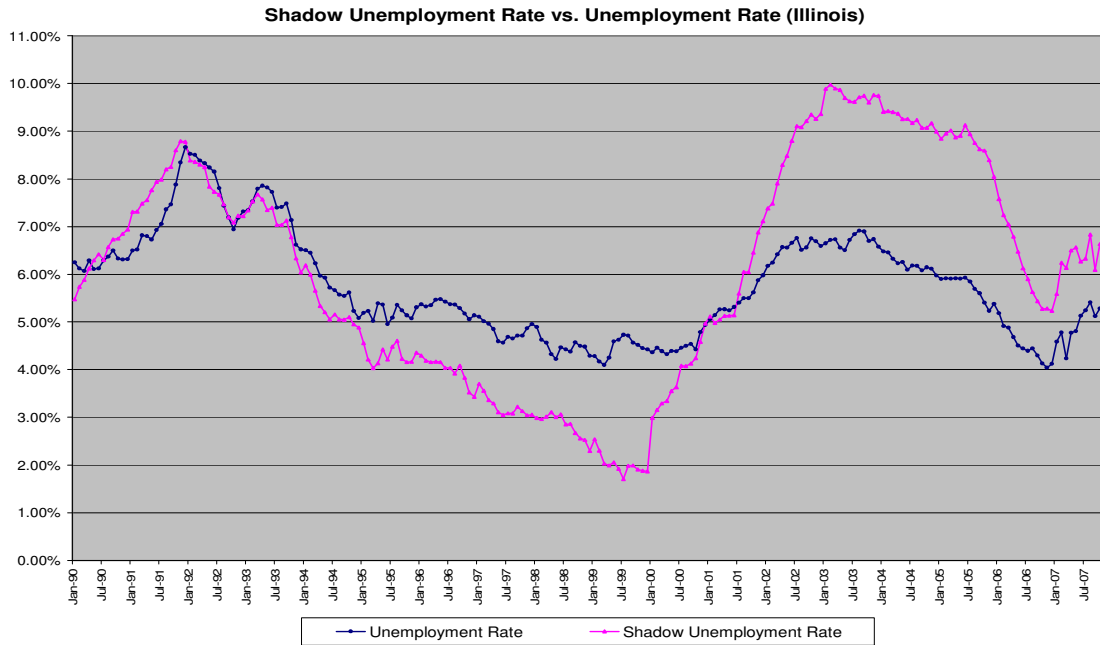
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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.

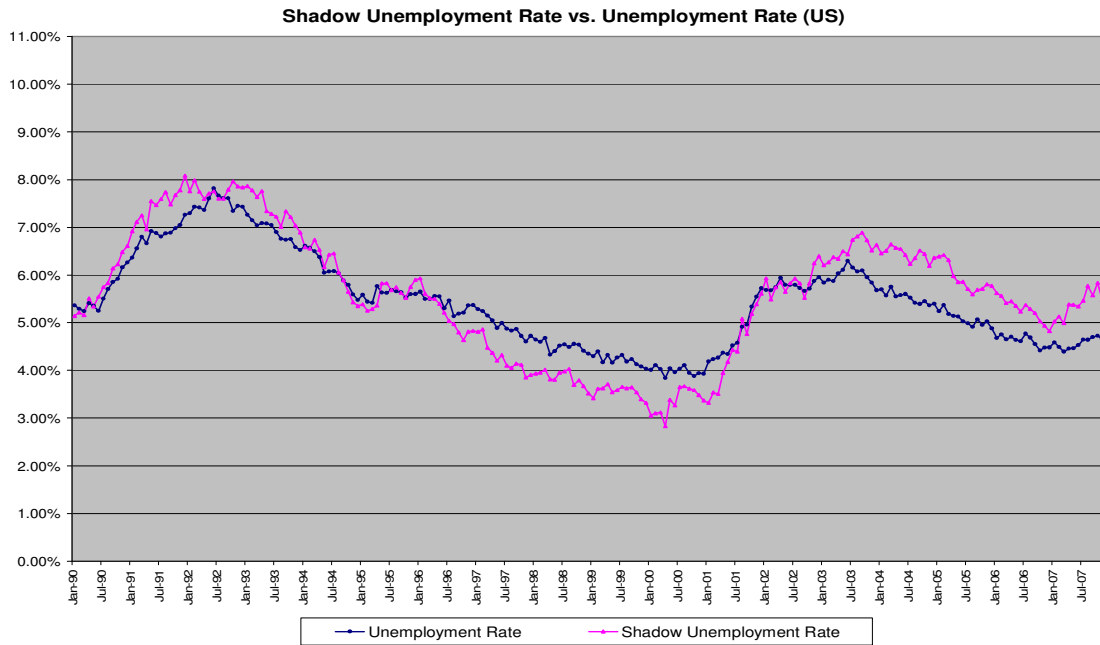
- In the 1990s, the average participation rate was 67.9% in Illinois whereas in 2006, it has been only 65.5%.
- For the 15 years from 1990 to 2004, the average participation rate was 67.4% in Illinois.
- In the 1990s in the US, the average participation rate was 66.7% whereas in 2006, it has been 66.1%; 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 50,400 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

MONTHLY ILLINOIS ECONOMIC REVIEW

■ Illinois

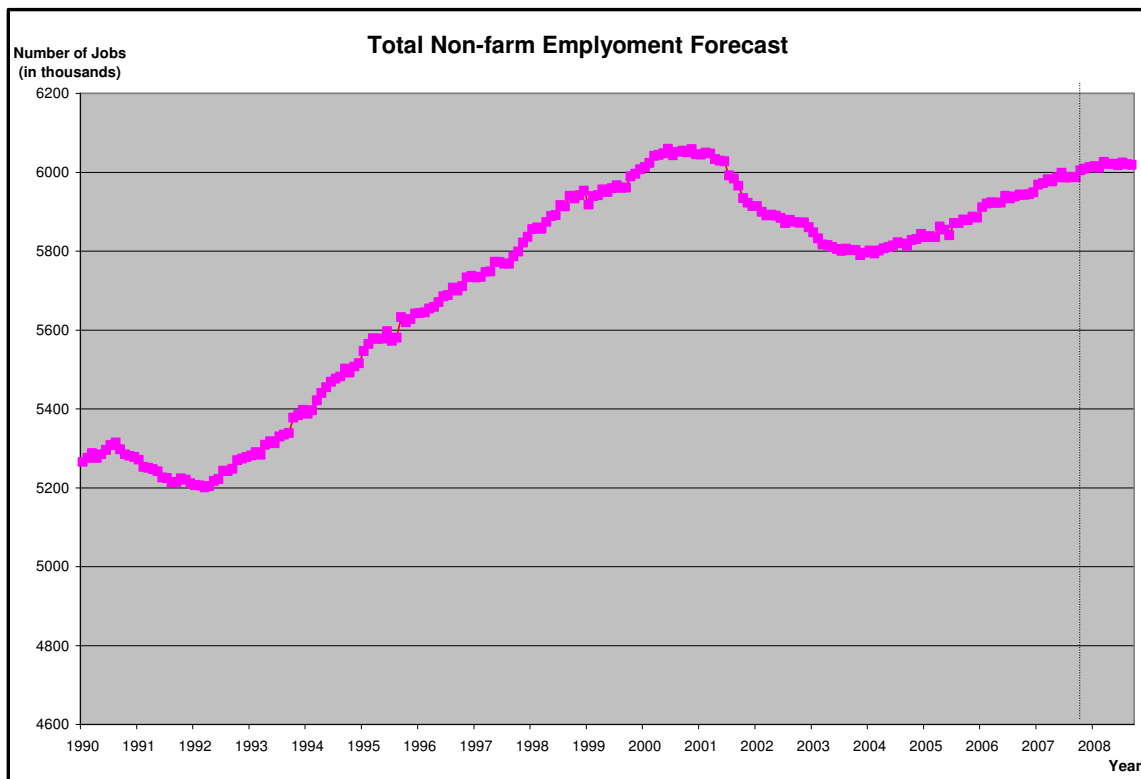


■ US



EMPLOYMENT FORECAST

	Nov 2007	Nov 2008 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,984,300	6,020,300	36,000	0.60%
Construction	273,500	279,500	6,000	2.19%
Manufacturing	674,600	663,300	-11,300	-1.68%
Trade, transportation & utilities	1,196,700	1,203,100	6,400	0.53%
Information	114,700	114,200	-500	-0.44%
Financial Activities	409,500	410,500	1,000	0.24%
Professional & business services	878,000	889,000	11,000	1.25%
Education & health	780,800	786,400	5,600	0.72%
Leisure & hospitality	540,200	542,800	2,600	0.48%
Other services	259,200	260,800	1,600	0.62%
Government	843,000	843,600	600	0.07%



CATCH UP SCENARIO

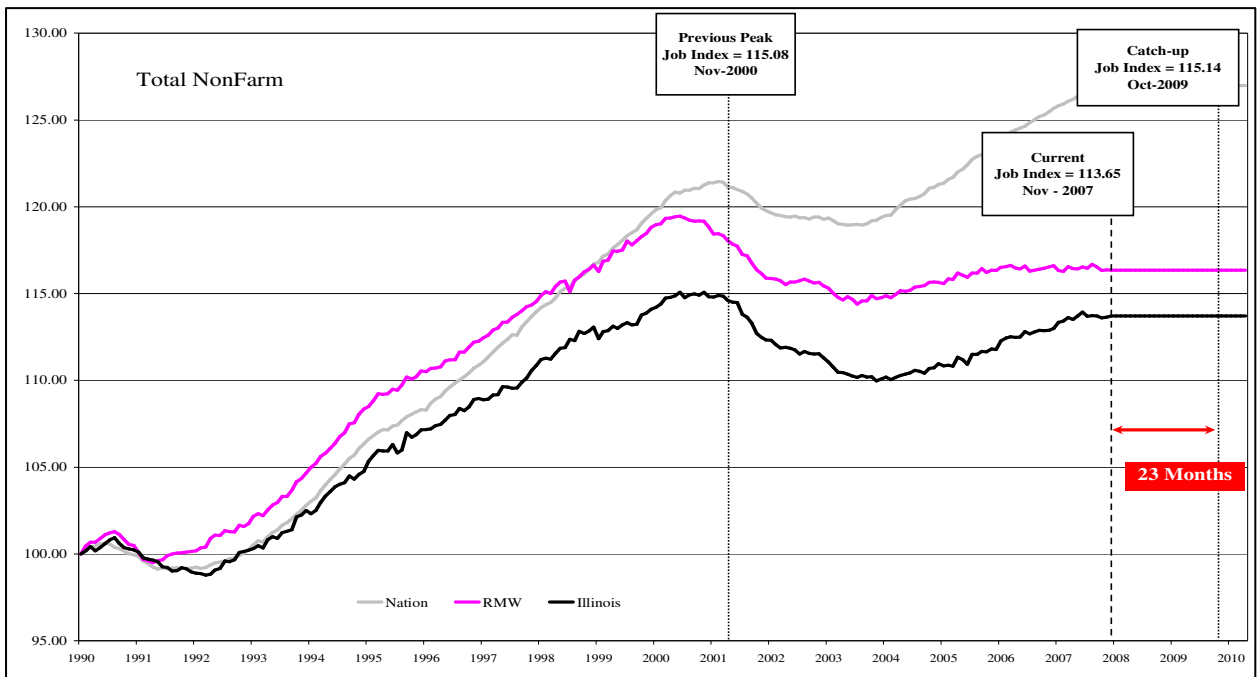
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.65 (Nov -2007)	115.14 (Oct -2009)	23 months
RMW	119.47 (Jun-2000)	116.37 (Nov -2007)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.87 (Nov -2007)	121.58 (Feb-2005)	33 months ago
Metro Areas** :				
Bloomington Normal	141.81 (Feb 2002)	139.66 (Nov 2007)	Negative growth	31 months
Champaign Urbana	115.91 (Jun 2001)	113.78 (Nov 2007)	Negative growth	N/A
Chicago	114.69 (Nov 2000)	114.31 (Nov 2007)	114.70 (Mar 2008)	4 months
Devonport- Rock Island-Moline	114.73 (Nov 1999)	114.37 (Nov 2007)	114.76 (July 2008)	7 Months
Decatur	112.41 (Mar 2000)	112.22 (Nov 2007)	112.42 (July 2009)	620 Months
Kankakee	124.86 (Jan 2007)	123.18 (Nov 2007)	124.86 (Sept 2010)	34 Months
Peoria	116.81 (April 2000)	119.82 (Nov 2007)	Reached (Jan 2006)	22 months ago
Rockford	123.22 (Jul 2000)	117.73 (Nov 2007)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	105.36 (Nov 2007)	110.37 (Feb 2018)	123 Months
Metro-East	114.73 (Jun 2001)	111.65 (Nov 2007)	114.88 (May 2009)	18 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.

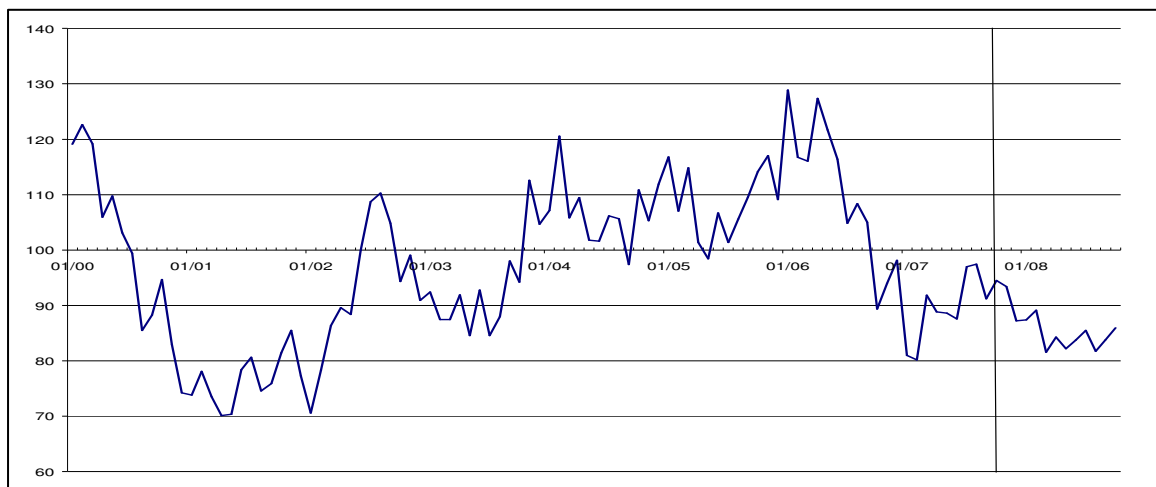
	Periods for Catch-up	
	IL	RMW
Oct-2007	26 Months	Negative growth
Nov-2007	23 Months	Negative growth
Difference	∇ 3 months	N/A



CBAI FELL IN OCTOBER

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 94.5 in October, the thirteenth consecutive below the long-term trend since October 2006
- This was mainly attributed to the negative contribution from the national economy as well as the weak performance of manufacturing and consumption.
- Considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months
- In October, the national economy showed relatively weak features. The Chicago Fed National Activity Index was -0.73, down from -0.30 in September. Construction spending announced by US Census Bureau and the Industrial Production Index (IPMFG) compiled by the FRB were also decreased by 0.8 percent and 0.3 percent respectively.
- The economic performance in Chicago also presented weak features. The retail sales decreased 0.23 percent and the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.6 percent.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Index of Consumer Sentiment sank to 76.1, its lowest level in two years and the US leading index announced by the Conference Board also decreased 0.5 percent. 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.



* From this month, the index is recalibrated so that the reference point will be 100. However, there is no change in interpretation of the index except the reference point is 100 instead of 0 and indices are rescaled accordingly.

METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward move in November is that of Rockford from 10th to 1st position.
- Decatur and Kankakee grabbed the second and third position up from 7th and 6th position respectively.
- Champaign-Urbana-Rantoul and Metro-East also improved from 9th and 8th position to 5th and 6th position respectively.
- The deepest fall in October was experienced by Davenport-Rock Island-Moline and Springfield which slipped down to 8th and 9th position from 1st and 2nd position in November. Chicago fell to the 10th position down from 5th position.
- Among others Bloomington-Normal, and Peoria lost ground in November.
- In the league table for the last 12 months growth, Metro-East, Chicago and Peoria the three best performers in October retained their position.
- Davenport-Rock Island-Moline, Springfield and Champaign-Urbana-Rantoul slipped from 4th, 6th and 8th position to 5th, 7th and 10th position respectively.
- Bloomington-Normal (5th to 4th), Kankakee (7th to 6th), Decatur (9th to 8th) and Rockford (10th to 9th) all had a lift in their position in November in terms of 12-months aggregated growth rate.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	October 2007	November 2007	Rank	Change**
1	Peoria (0.43%)	Rockford (0.73%)	1	↑ (+9)
2	Davenport-Rock Island-Moline (0.42%)	Decatur (0.36%)	2	↑ (+6)
3	Springfield (0.27%)	Kankakee (0.23%)	3	↑ (+4)
4	Bloomington-Normal (0.22%)	Peoria (0.21%)	4	↓ (-3)
5	Chicago (0.11%)	Champaign-Urbana-Rantoul (0.18%)	5	↑ (+4)
6	Kankakee (0.00%)	Metro-East (0.12%)	6	↑ (+2)
7	Decatur (-0.18%)	Bloomington-Normal (0.11%)	7	↓ (-3)
8	Metro-East (-0.70%)	Davenport-Rock Island-Moline (0.11%)	8	↓ (-6)
9	Champaign-Urbana-Rantoul (-1.49%)	Springfield (0.09%)	9	↓ (-6)
10	Rockford (-1.76%)	Chicago (0.03%)	10	↓ (-5)

Growth over last 12-months:

Rank	October 2007	November 2007	Rank	Change**
1	Metro-East (1.34%)	Metro-East (1.85%)	1	← (0)
2	Chicago (1.04%)	Chicago (1.02%)	2	← (0)
3	Peoria (0.76%)	Peoria (0.86%)	3	← (0)
4	Davenport-Rock Island-Moline (0.75%)	Bloomington-Normal (0.66%)	4	↑ (+1)
5	Bloomington-Normal (0.66%)	Davenport-Rock Island-Moline (0.58%)	5	↓ (-1)
6	Springfield (0.27%)	Kankakee (0.46%)	6	↑ (+1)
7	Kankakee (0%)	Springfield (0.45%)	7	↓ (-1)
8	Champaign-Urbana-Rantoul (-0.18%)	Decatur (0.18%)	8	↑ (+1)
9	Decatur (-0.36%)	Rockford (-0.06%)	9	↑ (+1)
10	Rockford (-1.70%)	Champaign-Urbana-Rantoul (-0.09%)	10	↓ (-2)

* 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)

