



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

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.

MARCH 2008

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EMPLOYMENT

EMPLOYMENT DATA SUMMARY

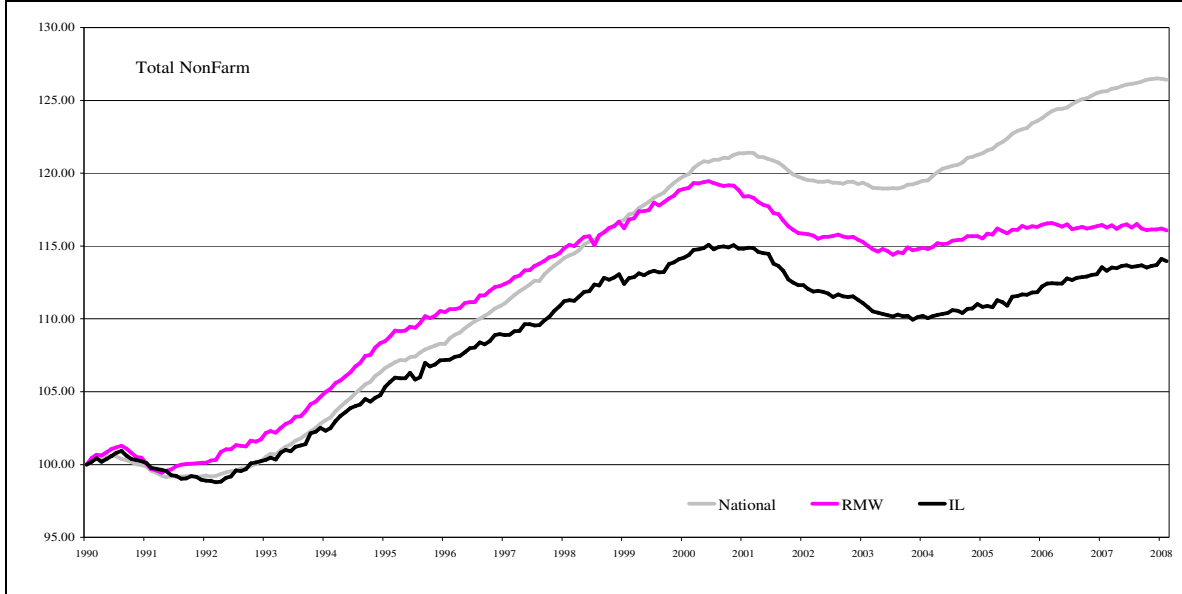
- Illinois lost 8,300 jobs at -0.14% in February 2008, declining from a revised 0.37% gain in January. This is the largest number of jobs lost by Illinois after February 2007.
- At the end of February, the average growth rate of Illinois in 2008 stood at 0.12% which is greater than the average growth rate for 2007 of 0.05%, and the average growth rate in the recent recovery period for Illinois since early 2004 of 0.07%.
- During February, Illinois, the Nation and the RMW all lost jobs, for the first time after April 2003.
- Over the last 12-months, Illinois employment grew by 0.57%, below the 0.63% growth of the Nation while RMW continued with a negative rating at -0.18% for the sixth consecutive month.
- While Illinois lost 8,300 jobs in February, in 2007 Illinois gained 2,742 jobs on average every month.
- Until February 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.42%, 13.96% and 16.06% respectively.

FEBRUARY 2008 EMPLOYMENT CHART

January 2008 Positive	Total Non-Farm Employment	Jan 2008 – Feb 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.05	-63,000	+0.63	+860,000
	RMW*	-0.12	-24,600	-0.18	-35,400
	Illinois	-0.14	-8,300	+0.57	+34,100

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

TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – FEB 2008



SHADOW UNEMPLOYMENT

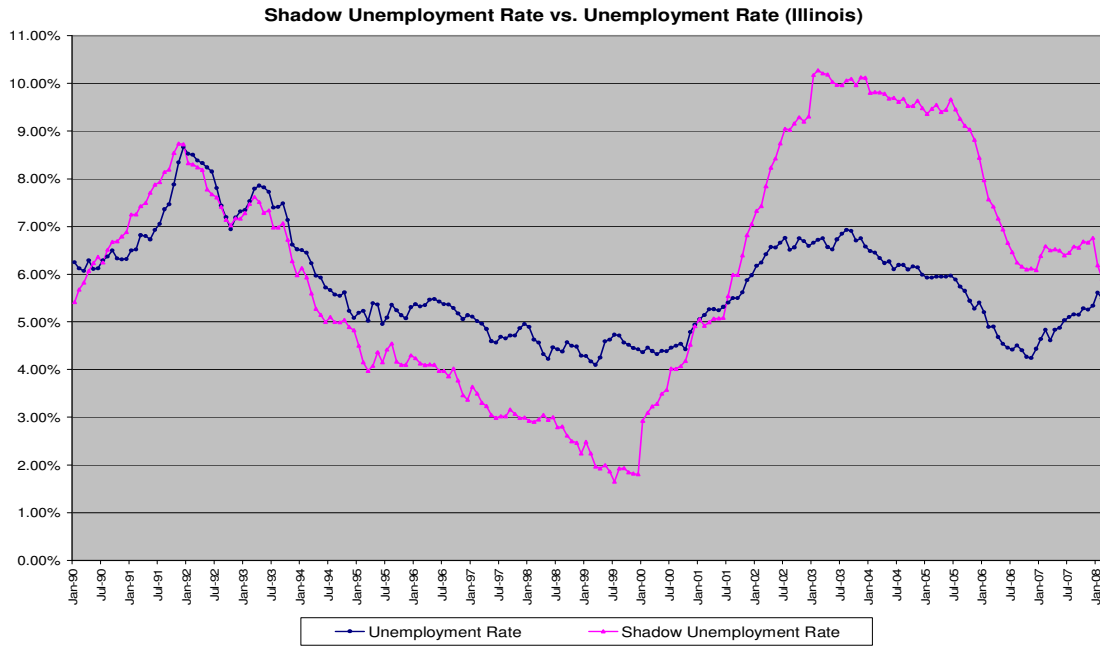
Unemployment Rate: Official and Shadow

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.

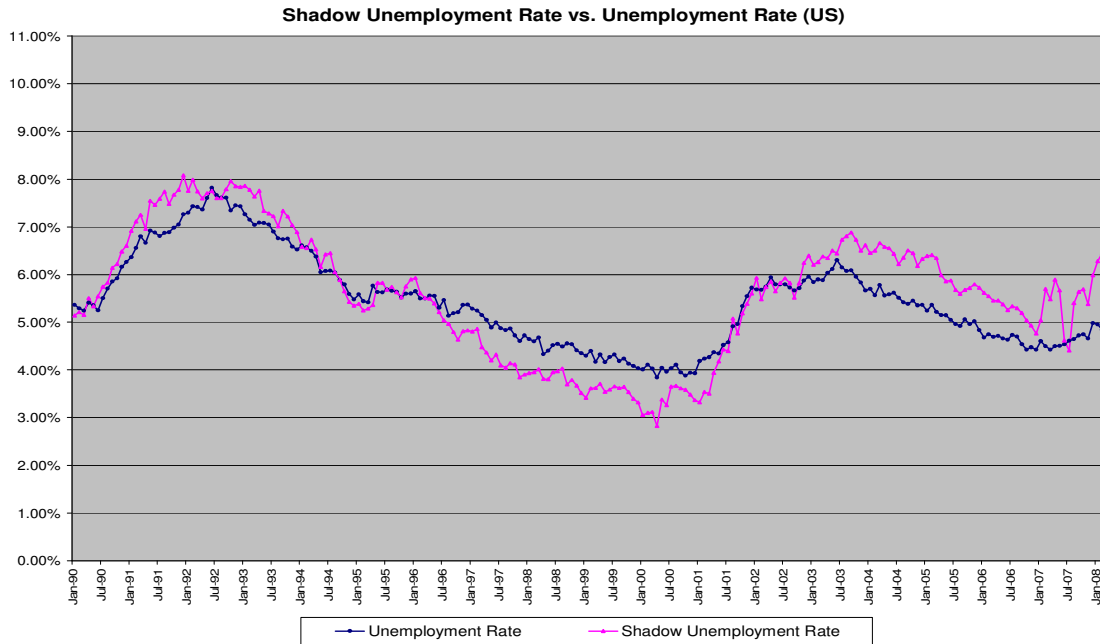
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 28,642 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

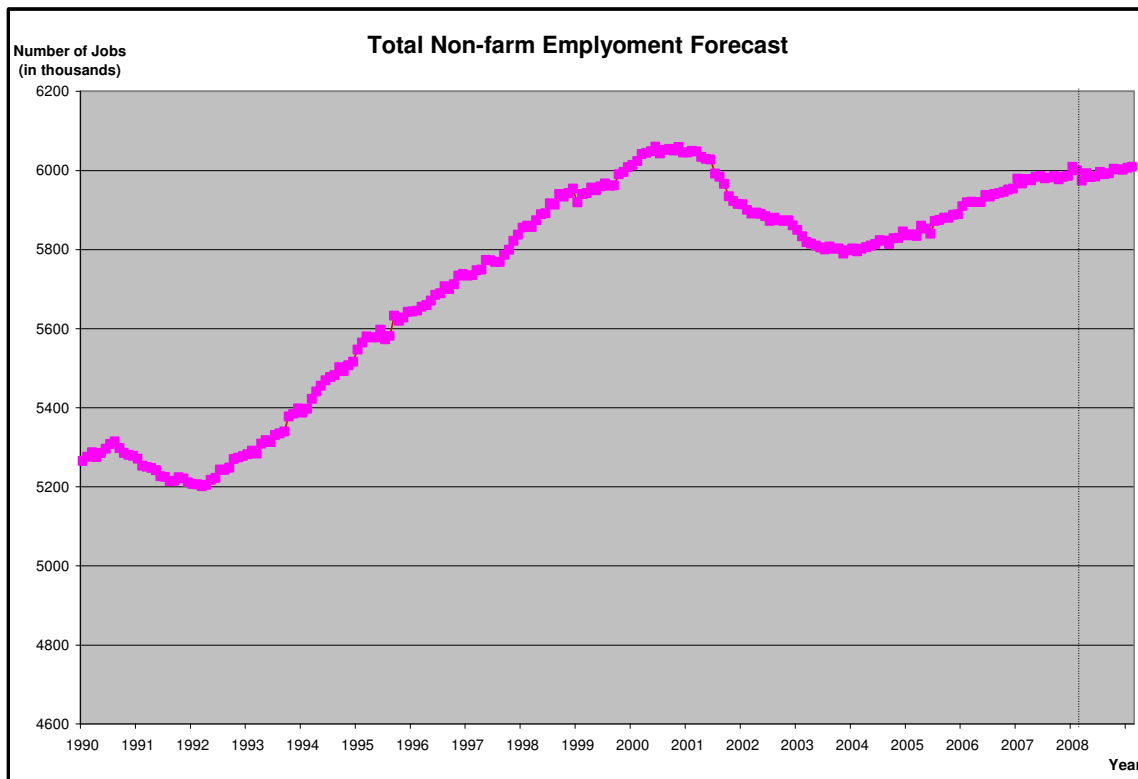


■ US



EMPLOYMENT FORECAST

	Feb 2008	Feb 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	6,000,500	6,036,900	36,400	0.61%
Construction	264,300	268,400	4,100	1.55%
Manufacturing	675,100	664,500	-10,600	-1.57%
Trade, transportation & utilities	1,222,300	1,225,900	3,600	0.29%
Information	117,000	115,300	-1,700	-1.45%
Financial Activities	404,300	403,500	-800	-0.20%
Professional & business services	875,000	891,400	16,400	1.87%
Education & health	788,500	795,900	7,400	0.94%
Leisure & hospitality	529,100	536,600	7,500	1.42%
Other services	260,500	268,200	7,700	2.96%
Government	854,700	855,300	600	0.07%



CATCH UP SCENARIO

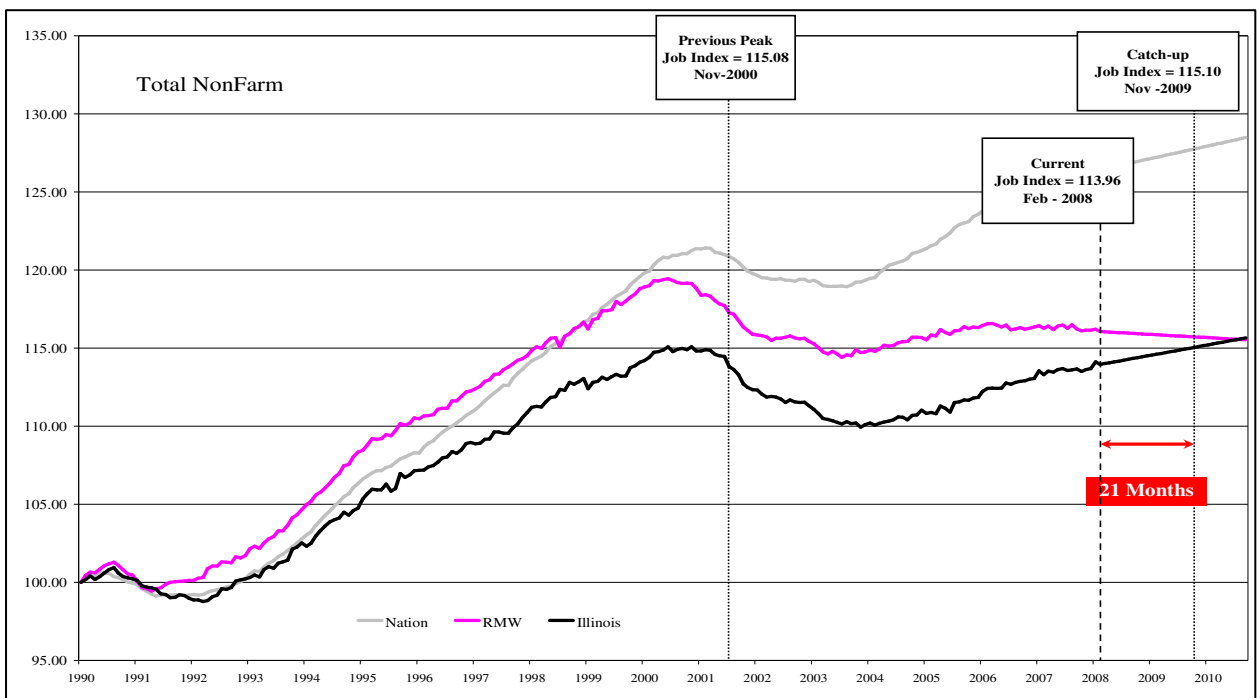
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.96 (Feb -2008)	115.10 (Nov -2009)	21 months
RMW	119.44 (Jun-2000)	116.28 (Feb -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.42 (Feb -2008)	121.56 (Feb-2005)	36 months ago
Metro Areas** :				
Bloomington Normal	141.96 (Feb 2002)	141.35 (Jan 2008)	142.05 (April 2008)	3 months
Champaign Urbana	115.91 (Jun 2001)	114.59 (Jan 2008)	115.97 (July 2009)	18 months
Chicago	114.68 (Nov 2000)	114.27 (Jan 2008)	114.73 (July 2008)	7 months
Davenport- Rock Island-Moline	114.68 (Nov 1999)	114.55 (Jan 2008)	114.77 (Apr 2008)	3 Months
Decatur	112.41 (Mar 2000)	103.15 (Jan 2008)	112.49 (Oct 2014)	81 Months
Kankakee	124.30 (Jan 2007)	124.30 (Jan 2008)	124.30 (Jan 2008)	Reached in Jan 2008
Peoria	116.81 (April 2000)	121.55 (Jan 2008)	Reached (Feb 2006)	23 months ago
Rockford	123.22 (Jul 2000)	120.92 (Jan 2008)	123.26 (Sept 2009)	20 Months
Springfield	110.35 (Aug 2000)	105.83 (Jan 2008)	110.37 (Nov 2015)	94 Months
Metro-East	114.73 (Jun 2001)	110.02 (Jan 2008)	Negative	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.

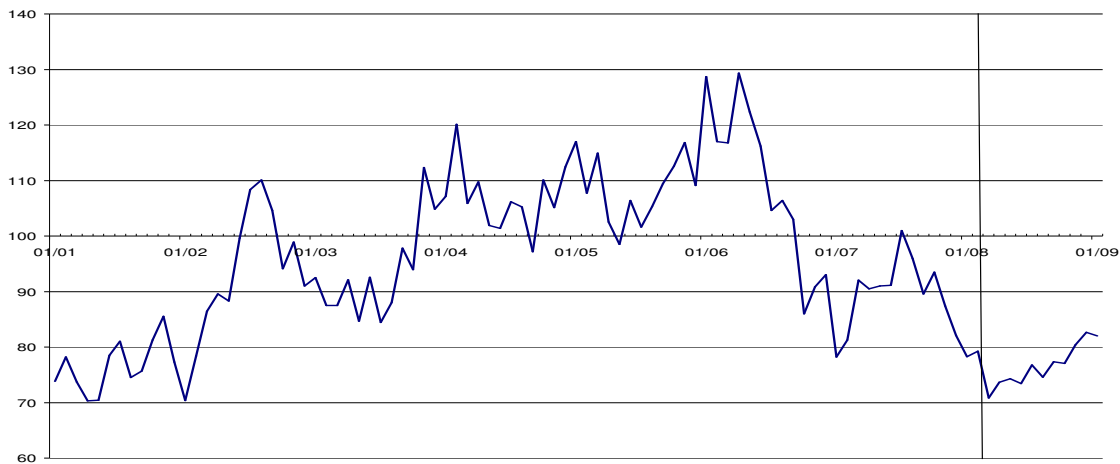
	Periods for Catch-up	
	IL	RMW
Jan-2008	21 Months	Negative growth
Feb-2007	21 Months	Negative growth
Difference	Same	N/A



CBAI FELL IN JANUARY

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 78.3 in January, the sixteenth consecutive below the long-term trend reading since October 2006.
- This was mainly attributed to the weak national economy and the negative contribution of construction.
- 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 January, the national economy showed relatively weak features. Though the Chicago Fed National Activity Index (CFNAI) was up from -0.69 in December to -0.58, all four broad categories of indicators made negative contributions. Construction spending announced by the US Census Bureau decreased 1.7 percent.
- The economic performance in Chicago presented mixed features. Construction decreased by 1.06 percent while retail sales increased by 2.89 percent and manufacturing and non manufacturing activities increased slightly.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, consumer confidence of the Surveys of Consumers plunged among households of all incomes and ages as well as across all regions of the country in February, from 78.4 in January to 70.8. The leading index of the Conference Board also declined for the fourth straight month in January. 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

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward move in January is that of Davenport Rock Island-Moline from 9th and 4th.
- Peoria grabbed the first position in January up from the fifth position in December.
- Champaign-Urbana-Rantoul (6th to 5th) and Rockford (8th to 7th) each gained by one rank from the previous month whereas Bloomington-Normal and Metro-East did not change their rank.
- The deepest fall in January was experienced by Springfield which slipped down to 9th position from 2nd. Chicago fell to the 6th position down from 4th.
- Among others Decatur and Kankakee also lost ground in January.
- In the league table for the last 12 months growth, Metro-East, the best performer in December, faced the deepest fall to 10th position in January. Rockford and Kankakee who were in 4th and 9th position did not change their rank in January.
- Peoria (6th to 4th) and Champaign-Urban-Rantoul (10th to 6th) posted the most notable upward move in January in the 12-months growth league table.
- Bloomington -Normal (3rd to 1st) and Davenport-Rock Island-Moline (8th to 5th) both increased their position in January in terms of 12-months aggregated growth rate.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	December 2007	January 2008	Rank	Change**
1	Kankakee (0.23%)	Peoria (0.85%)	1	↑ (+4)
2	Springfield (0.18%)	Kankakee (0.68%)	2	↓ (-1)
3	Bloomington-Normal (0.11%)	Bloomington-Normal (0.65%)	3	← (0)
4	Chicago (0.10%)	Davenport-Rock Island-Moline (0.37%)	4	↑ (+5)
5	Peoria (-0.05%)	Champaign-Urbana-Rantoul (0.35%)	5	↑ (+1)
6	Champaign-Urbana-Rantoul (-0.18%)	Chicago (0.35%)	6	↓ (-2)
7	Decatur (-0.18%)	Rockford (0.25%)	7	↑ (+1)
8	Rockford (-0.18%)	Decatur (0.18%)	8	↓ (-1)
9	Davenport-Rock Island-Moline (-0.21%)	Springfield (0.09%)	9	↓ (-7)
10	Metro-East (-0.29%)	Metro-East (-1.16%)	10	← (0)

Growth over last 12-months:

Rank	December 2007	January 2008	Rank	Change**
1	Metro-East (1.73%)	Bloomington-Normal (1.99%)	1	↑ (+3)
2	Decatur (1.46%)	Peoria (1.50%)	2	↑ (+4)
3	Bloomington-Normal (1.21%)	Decatur (1.27%)	3	↓ (-1)
4	Rockford (0.93%)	Rockford (1.12%)	4	← (0)
5	Springfield (0.90%)	Davenport-Rock Island-Moline (0.74%)	5	↑ (+3)
6	Peoria (0.75%)	Champaign-Urbana-Rantoul (0.71%)	6	↑ (+4)
7	Chicago (0.58%)	Chicago (0.69%)	7	← (0)
8	Davenport-Rock Island-Moline (0.48%)	Springfield (0.54%)	8	↓ (-3)
9	Kankakee (0.45%)	Kankakee (0.45%)	9	← (0)
10	Champaign-Urbana-Rantoul (0.45%)	Metro-East (-1.04%)	10	↓ (-9)

* 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)

