



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.

APRIL 2008

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

# EMPLOYMENT

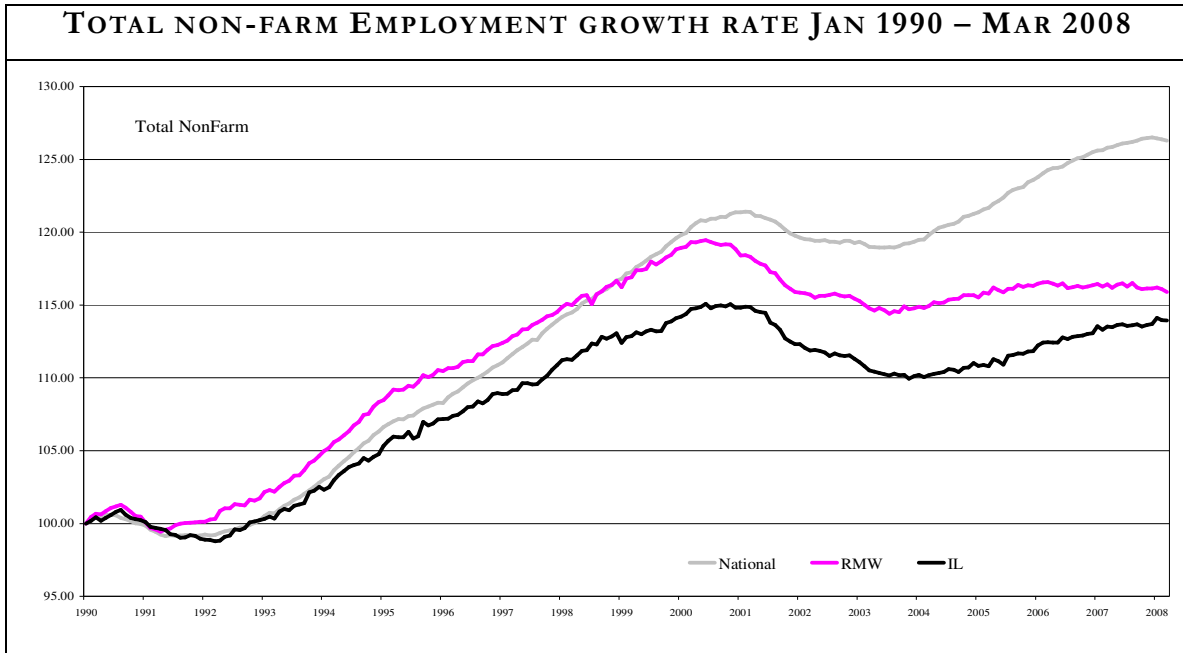
## EMPLOYMENT DATA SUMMARY

- Illinois lost 1,600 jobs at -0.03% in March 2008, declining from a revised 0.12% loss in February. This is for the second time in 2008 that Illinois posted negative growth.
- Through March, the average growth rate of Illinois in 2008 stood at 0.07% which is greater than the average growth rate for 2007 of 0.05%, but equal to the average growth rate in the recent recovery period for Illinois since early 2004 of 0.07%.
- In March, Illinois, the Nation and the Rest of the Midwest (RMW) all lost jobs, for second consecutive month.
- Over the last 12-months, Illinois employment grew by 0.36%, slightly below the 0.39% growth of the Nation while the RMW continued with a negative rating at -0.45% for the seventh consecutive month. The negative rating for RMW is the lowest since December 2003.
- Illinois has gained 4,433 jobs per monthly to date on average in 2008; compared to monthly gains of 2,742 jobs in 2007.
- Until March 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.29%, 13.94% and 15.90% respectively.

## MARCH 2008 EMPLOYMENT CHART

March 2008  Positive	Total Non-Farm Employment	Feb 2008 – Mar 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	<b>Nation</b>	-0.06	-80,000	+0.39	+536,000
	<b>RMW*</b>	-0.17	-33,200	-0.45	-88,700
	<b>Illinois</b>	-0.03	-1,600	+0.36	+21,700

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



## SHADOW UNEMPLOYMENT

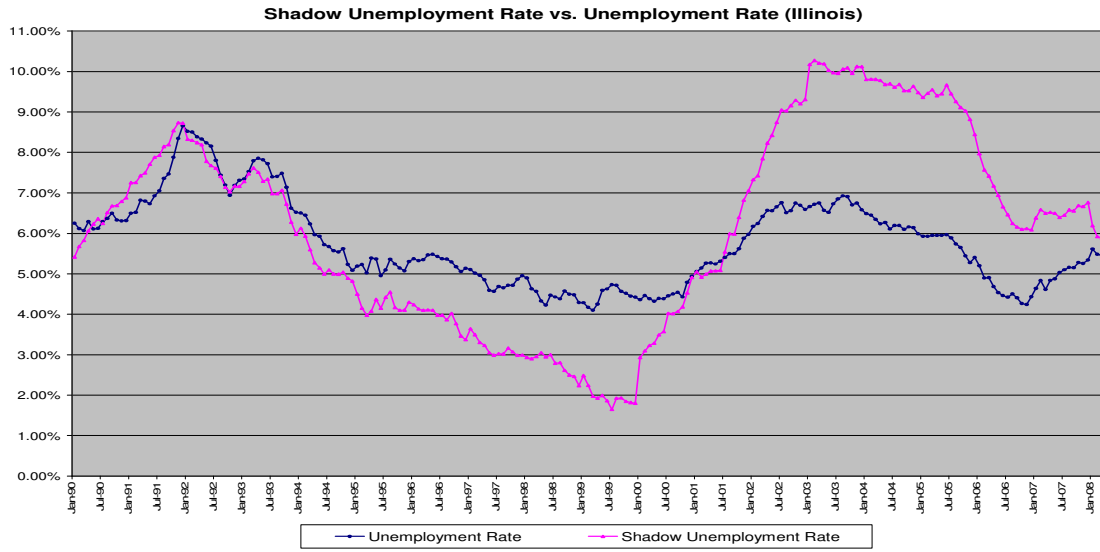
### Unemployment Rate: Official and Shadow

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.

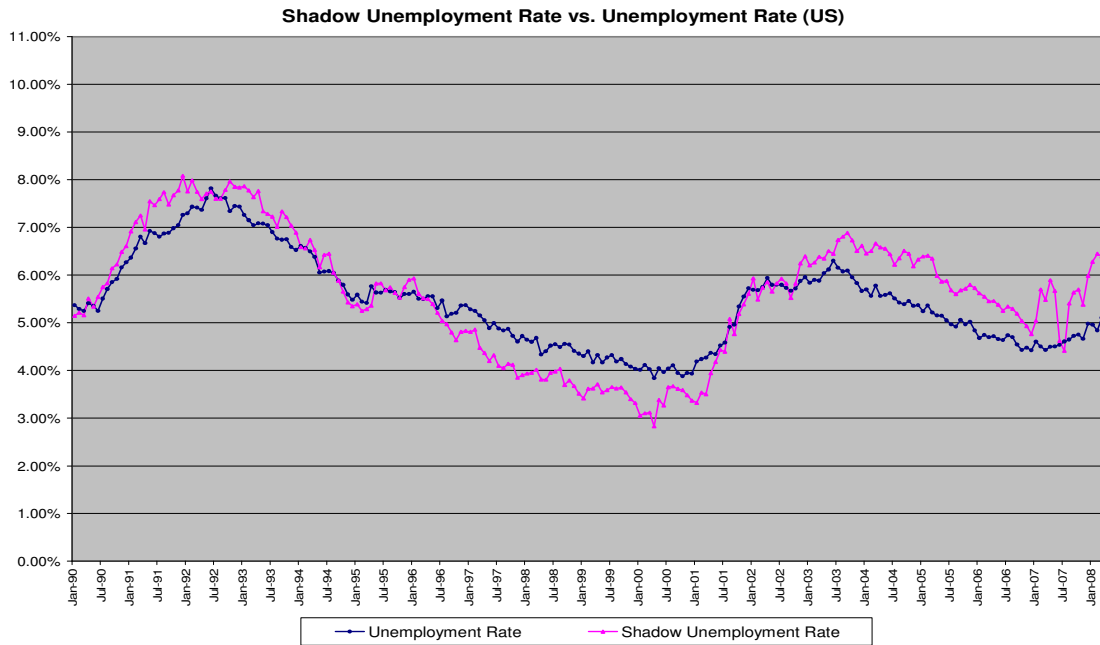
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 29,666 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

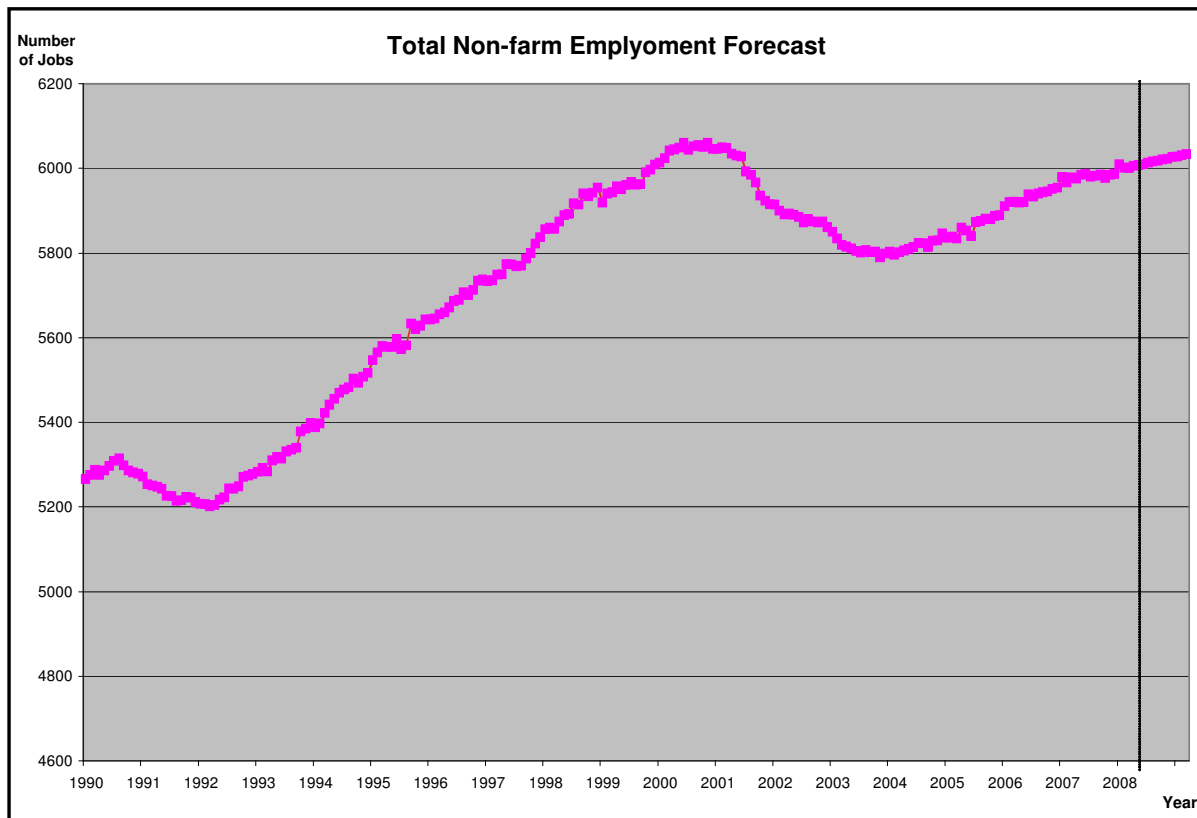


■ US



## EMPLOYMENT FORECAST

	Mar 2008	Mar 2009 (p)	Number of Jobs	Growth Rate %
<b>Total non-farm</b>	5,999,800	6,033,600	33,800	0.56%
<b>Construction</b>	266,800	269,200	2,400	0.90%
<b>Manufacturing</b>	673,300	662,800	-10,500	-1.56%
<b>Trade, transportation &amp; utilities</b>	1,223,400	1,222,500	-900	-0.07%
<b>Information</b>	117,000	115,400	-1,600	-1.37%
<b>Financial Activities</b>	403,600	403,900	300	0.07%
<b>Professional &amp; business services</b>	874,300	885,900	11,600	1.33%
<b>Education &amp; health</b>	788,800	798,300	9,500	1.20%
<b>Leisure &amp; hospitality</b>	529,400	534,800	5,400	1.02%
<b>Other services</b>	259,600	267,200	7,600	2.93%
<b>Government</b>	853,800	855,600	1,800	0.21%



---

## CATCH UP SCENARIO

---

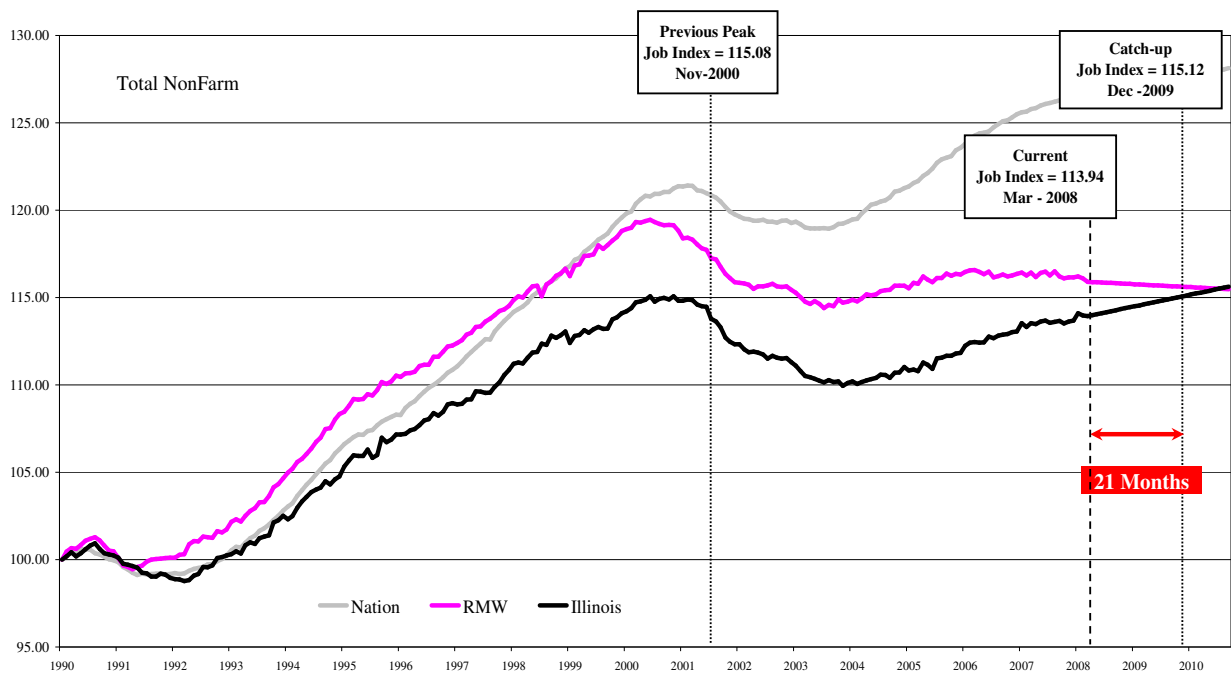
### *Catch-up Scenario\* of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
<b>IL</b>	115.08 (Nov-2000)	113.94 (Mar -2008)	115.12 (Dec -2009)	21 months
<b>RMW</b>	119.44 (Jun-2000)	115.90 (Mar -2008)	Negative growth	N/A
<b>Nation</b>	121.45 (Feb-2001)	126.29 (Mar -2008)	121.56 (Feb-2005)	37 months ago
<b>Metro Areas** :</b>				
<b>Bloomington Normal</b>	141.96 (Feb 2002)	140.58 (Feb 2008)	142.02 (Dec 2009)	22 months
<b>Champaign Urbana</b>	115.91 (Jun 2001)	114.39 (Feb 2008)	115.94 (Mar 2011)	37 months
<b>Chicago</b>	114.68 (Nov 2000)	114.21 (Feb 2008)	114.73 (Oct 2008)	8 months
<b>Davenport- Rock Island-Moline</b>	114.68 (Nov 1999)	114.43 (Feb 2008)	114.76 (Jun 2008)	4 Months
<b>Decatur</b>	112.41 (Mar 2000)	103.15 (Feb 2008)	112.56 (Jul 2011)	41 Months
<b>Kankakee</b>	124.30 (Jan 2007)	124.58 (Feb 2008)	Reached (Jan 2008)	1 month ago
<b>Peoria</b>	116.81 (April 2000)	121.04 (Feb 2008)	Reached (Feb 2006)	24 months ago
<b>Rockford</b>	123.22 (Jul 2000)	120.62 (Feb 2008)	123.38 (Aug 2010)	30 Months
<b>Springfield</b>	110.35 (Aug 2000)	106.02 (Feb 2008)	110.37 (Aug 2012)	54 Months
<b>Metro-East</b>	114.73 (Jun 2001)	109.65 (Feb 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.

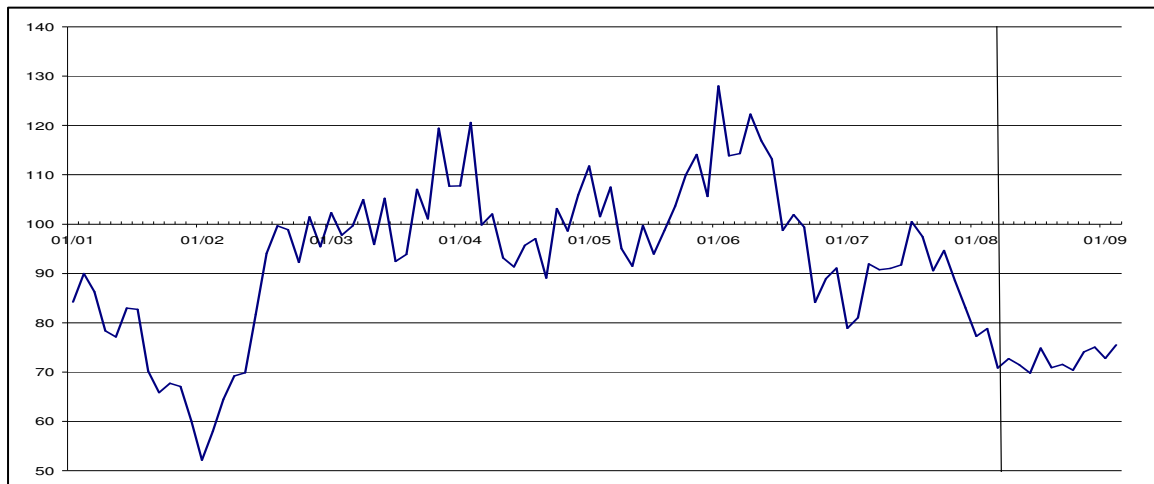
	Periods for Catch-up	
	IL	RMW
Feb-2008	21 Months	Negative growth
Mar-2008	21 Months	Negative growth
Difference	Same	N/A



# CBAI FELL IN FEBRUARY

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 78.8 in February, the seventh consecutive below the long-term trend reading since August 2007.
- 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 February, the national economy showed weak features. The Chicago Fed National Activity Index (CFNAI) was -1.04, down from -0.68 in January. This is the lowest level since May 2003. Real GDP growth fell to 0.6 percent in the fourth quarter of 2007.
- The economic performance in Chicago presented mixed features. While construction and manufacturing decreased by 1.72 percent and 0.34 percent, consumption increased by 2.27 percent.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the leading index announced by the Conference Board declined for the fifth straight month. Surveys of Consumers said that “consumers were nearly unanimous in the opinion that the economy had already slipped into recession” and “high fuel and food prices cause widespread households financial distress.” 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 significant change were noted in February was Springfield rise from 9th to 2nd.
- Peoria, on the other hand dropped to the last position from first in the month-to-month standings while Bloomington-Normal fell to 8th position down from 3rd.
- Decatur (7th to 3rd), Chicago (6th to 4th), Rockford (8th to 6th) and Metro-east (10th to 9th) all gained in terms of the rank in previous month.
- Davenport-Rock Island-Moline and Champaign-Urbana-Rantoul also lost ground.
- Kankakee (9th to 3rd) posted the most notable upward move in February in the 12-months growth league table.
- In the 12-month league table, Bloomington-Normal, the best performer in January, faced the deepest fall to the 8th position in February. Champaign-Urbana-Rantoul (6th to 9th), Rockford (4th to 5th) and Davenport-Rock Island-Moline (5th to 6th) all lost ground.
- Peoria, Chicago and Metro-East retained their position in 2nd, 7th and 10th from previous month.
- Decatur (3rd to 1st) and Springfield (8th to 4th) both increased their positions in February.

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

Monthly growth:

Rank	January 2008	February 2008	Rank	Change**
1	Peoria (0.85%)	Kankakee (0.22%)	1	↑ (+1)
2	Kankakee (0.68%)	Springfield (0.18%)	2	↑ (+7)
3	Bloomington-Normal (0.55%)	Decatur (0%)	3	↑ (+4)
4	Davenport-Rock Island-Moline (0.37%)	Chicago (-0.04%)	4	↑ (+2)
5	Champaign-Urbana-Rantoul (0.35%)	Davenport-Rock Island-Moline (-0.11%)	5	↓ (-1)
6	Chicago (0.31%)	Rockford (-0.12%)	6	↑ (+2)
7	Decatur (0.18%)	Champaign-Urbana-Rantoul (-0.18%)	7	↓ (-2)
8	Rockford (0.12%)	Bloomington-Normal (-0.33%)	8	↓ (-5)
9	Springfield (0.09%)	Metro-East (-0.34%)	9	↑ (+1)
10	Metro-East (-1.08%)	Peoria (-0.47%)	10	↓ (-9)

Growth over last 12-months:

Rank	January 2008	February 2008	Rank	Change**
1	Bloomington-Normal (1.77%)	Decatur (2.58%)	1	↑ (+2)
2	Peoria (1.5%)	Peoria (1.29%)	2	← (0)
3	Decatur (1.27%)	Kankakee (1.13%)	3	↑ (+6)
4	Rockford (1.06%)	Springfield (0.9%)	4	↑ (+4)
5	Davenport-Rock Island-Moline (0.74%)	Rockford (0.87%)	5	↓ (-1)
6	Champaign-Urbana-Rantoul (0.71%)	Davenport-Rock Island-Moline (0.85%)	6	↓ (-1)
7	Chicago (0.67%)	Chicago (0.69%)	7	← (0)
8	Springfield (0.54%)	Bloomington-Normal (0.55%)	8	↓ (-7)
9	Kankakee (0.45%)	Champaign-Urbana-Rantoul (0.36%)	9	↓ (-3)
10	Metro-East (-1.04%)	Metro-East (-1.58%)	10	← (0)

\* 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)

