



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.

MAY 2008

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Illinois Jobs Coalition

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

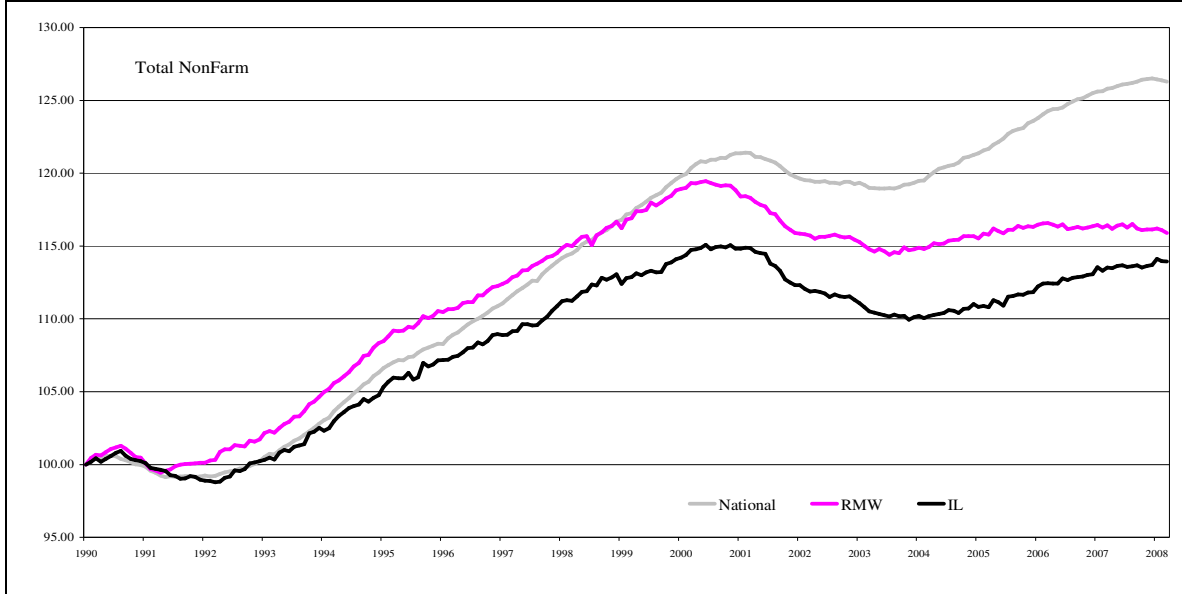
- The loss of 500 jobs at a rate of -0.01% in April 2008 was smaller than the loss in March (0.08%). This is for the third time in 2008 that Illinois posted negative growth.
- Through April, the average growth rate of Illinois in 2008 stood at 0.04% which is below the average growth rate for 2007 of 0.05% and the average for the recent recovery period for Illinois since early 2004 of 0.07%.
- In April, Illinois, the Nation and the RMW all lost jobs, for the third consecutive month.
- Over the last 12-months, Illinois employment grew by 0.35%, slightly above the 0.34% growth of the Nation while RMW continued with a negative rating at -0.44% for the eighth consecutive months. The negative rating for RMW is the lowest since December 2003.
- Illinois has added 2,325 jobs on average per month in 2008, compared to 2,742 jobs in 2007.
- Until April 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.26%, 13.87% and 15.67% respectively.

APRIL 2008 EMPLOYMENT CHART

April 2008 Neutral	Total Non-Farm Employment	Mar 2008 – April 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.01	-20,000	+0.34	+462,000
	RMW*	-0.24	-47,300	-0.44	-87,700
	Illinois	-0.01	-500	+0.35	+20,900

* 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 – APR 2008



SHADOW UNEMPLOYMENT

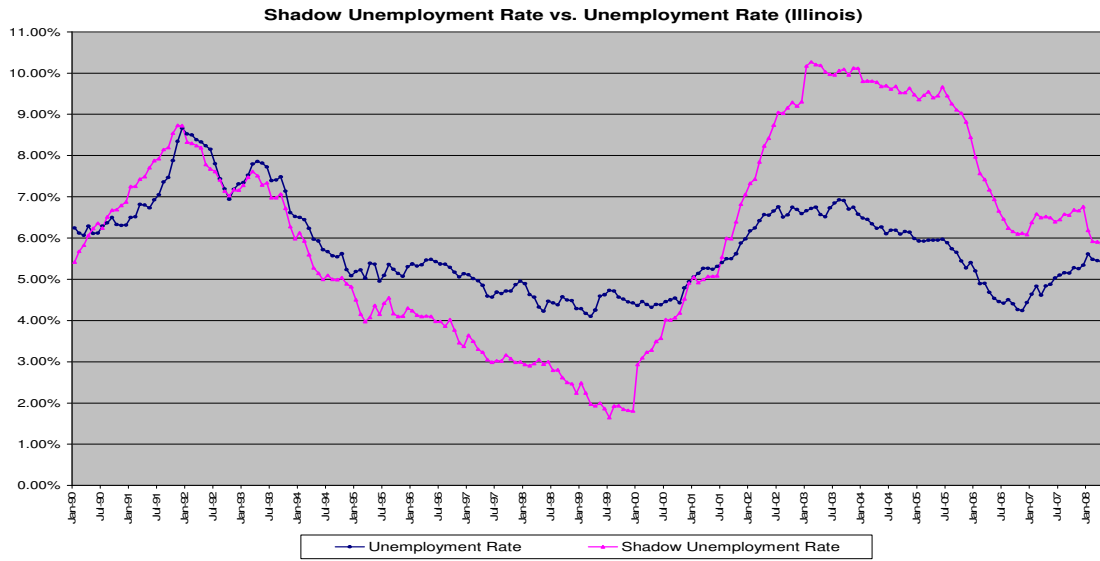
Unemployment Rate: Official and Shadow

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.

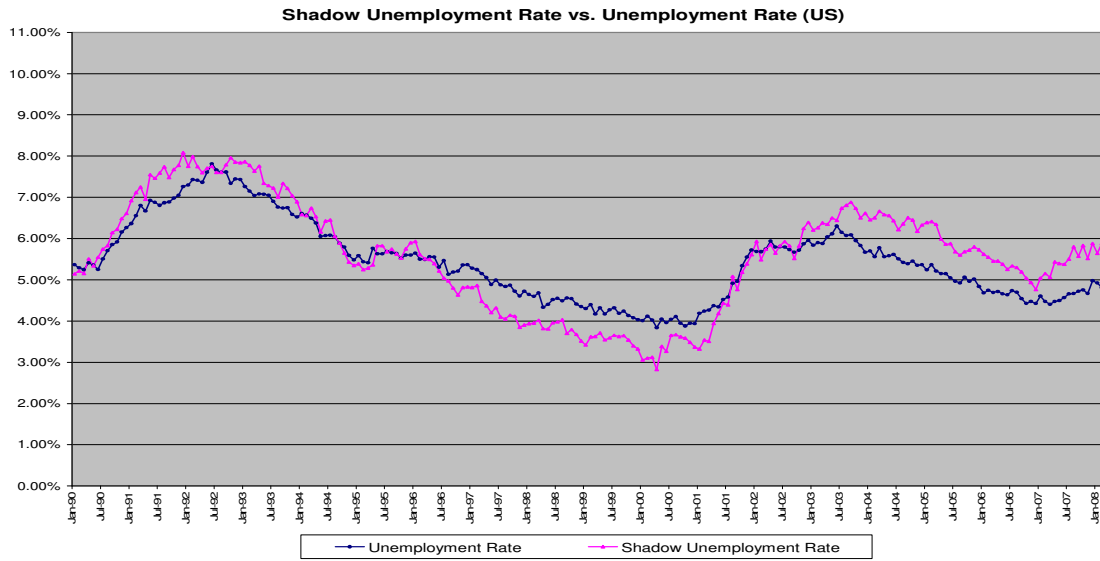
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 31,055 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

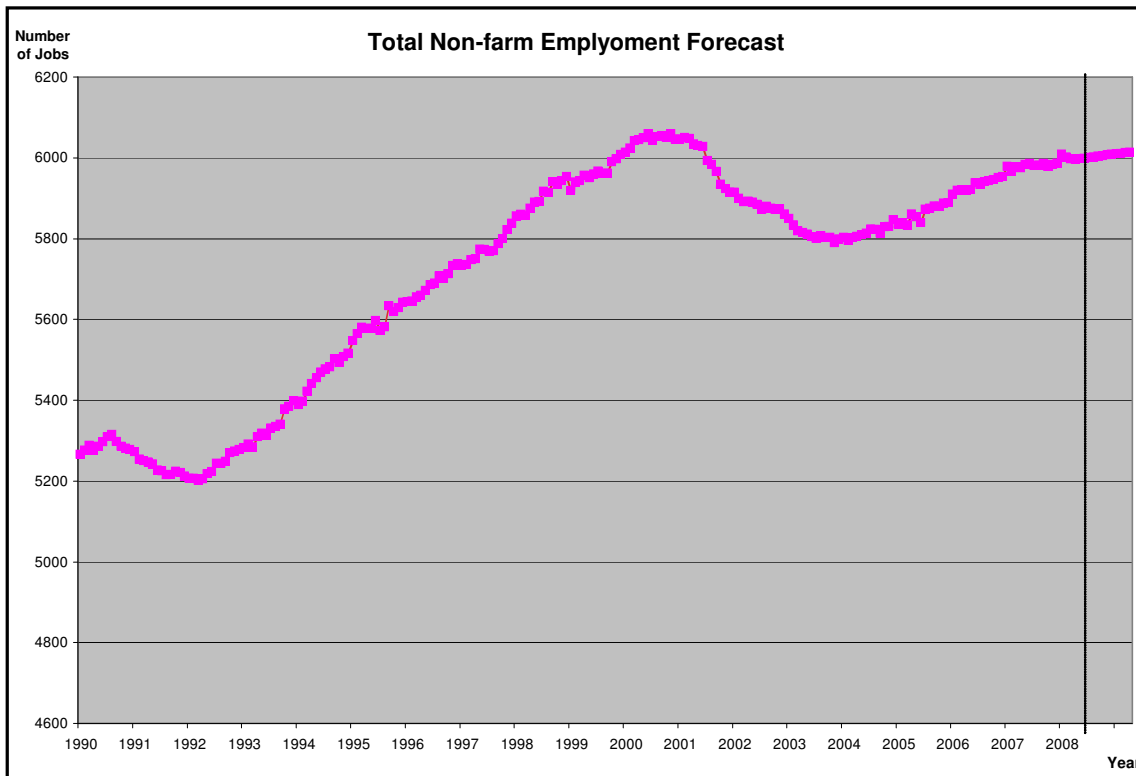


■ US



EMPLOYMENT FORECAST

	Apr 2008	Apr 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,995,800	6,013,600	17,800	0.30%
Construction	264,600	268,800	4,200	1.59%
Manufacturing	671,600	661,800	-9,800	-1.46%
Trade, transportation & utilities	1,222,000	1,223,100	1,100	0.09%
Information	117,100	115,300	-1,800	-1.54%
Financial Activities	403,200	403,500	300	0.07%
Professional & business services	876,900	888,000	11,100	1.27%
Education & health	790,500	799,100	8,600	1.09%
Leisure & hospitality	528,500	535,300	6,800	1.29%
Other services	257,800	267,300	9,500	3.69%
Government	853,900	854,200	300	0.04%



CATCH UP SCENARIO

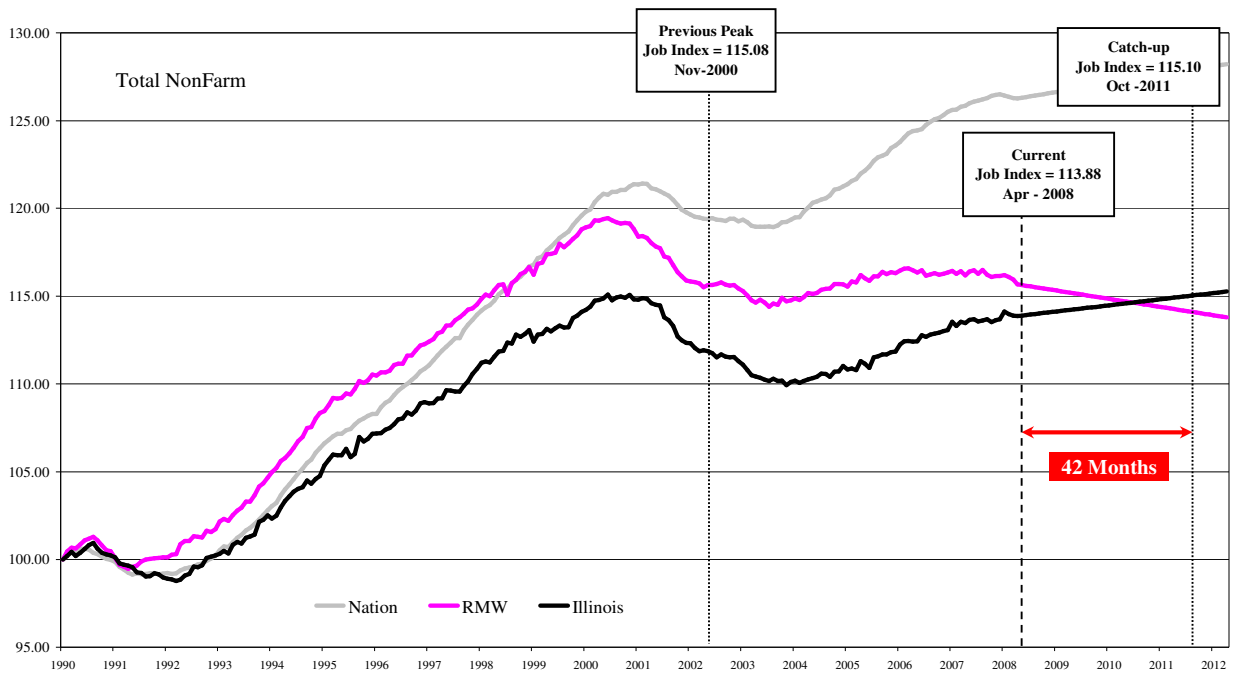
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.88 (Apr -2008)	115.09 (Oct-2011)	42 months
RMW	119.44 (Jun-2000)	115.67 (Apr -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.28 (Apr -2008)	121.56 (Feb-2005)	38 months ago
Metro Areas** :				
Bloomington Normal	141.96 (Feb 2002)	139.97 (Mar 2008)	141.98 (Oct 2010)	31 months
Champaign Urbana	115.91 (Jun 2001)	113.88 (Mar 2008)	115.91 (Mar 2013)	60 months
Chicago	114.68 (Nov 2000)	114.14 (Mar 2008)	114.68 (Nov 2008)	8 months
Davenport- Rock Island-Moline	114.68 (Nov 1999)	114.31 (Mar 2008)	114.74 (Aug 2008)	5 Months
Decatur	112.41 (Mar 2000)	102.22 (Mar 2008)	112.51 (Dec 2011)	45 Months
Kankakee	124.30 (Jan 2007)	124.86 (Mar 2008)	Reached (Jan 2008)	2 month ago
Peoria	116.81 (April 2000)	121.04 (Mar 2008)	Reached (Feb 2006)	25 months ago
Rockford	123.22 (Jul 2000)	105.46 (Mar 2008)	123.34 (Nov 2011)	44 Months
Springfield	110.35 (Aug 2000)	110.39 (Mar 2008)	110.38 (Nov 2013)	68 Months
Metro-East	114.73 (Jun 2001)	113.88 (Mar 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.

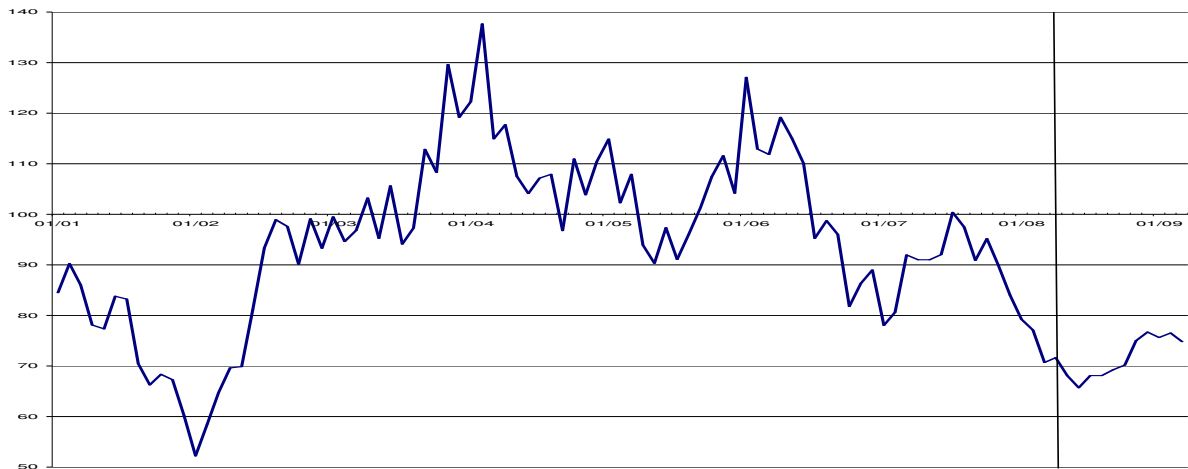
	Periods for Catch-up	
	IL	RMW
Mar-2008	21 Months	Negative growth
Apr-2008	42 Months	Negative growth
Difference	$\Delta 21$ Months	N/A



CBAI FELL IN MARCH

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 70.7 in March, the eighth consecutive below the long-term trend reading since August 2007.
- This was mainly attributed to the weak national economy and the negative contribution of both the manufacturing and non-manufacturing sectors.
- 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 March, the national economy showed weak features. The Chicago Fed National Activity Index (CFNAI) was -0.78. The revised CFNAI for February was -1.28, down from -1.04. Retail sales, announced by U.S. Census Bureau, decreased by 0.62 percent due to high fuel and food prices.
- The economic performance in Chicago presented mixed features. Though construction activity and retail sales increased 0.45 and 0.22 percent respectively, the Chicago Fed Midwest manufacturing Index (CFMMI) decreased 0.7 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 sunk to quarter century low level of 62.6 in the April survey and the Index of Consumer Expectations was 53.3. The boosting effect of tax rebate is expected to be limited as most consumers prefer to repay debt and add to saving to increase their financial flexibility. 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 moves in March are those of Metro-East (8th to 1st) and Peoria (10th to 3rd) both of which moved up by 7 ranks.
- Bloomington-Normal also moved up from 9th to 6th position.
- Chicago (4th), Davenport-Rock Island-Moline (5th) and Champaign-Urbana-Rantoul (7th) were unchanged from February to March.
- The deepest fall in February was experienced by Decatur (2nd to 10th) followed by Springfield (3rd to 8th).
- Rockford and Kankakee also lost ground in March.
- In the 12-months growth league table, Chicago (7th to 3rd) posted the most notable upward move in March.
- Rockford faced the deepest fall from 5th to the 9th position in February in the 12-months league table. Decatur (1st to 4th), Davenport-Rock Island-Moline (4th to 6th) and Springfield (6th to 7th) all lost ground.
- Peoria and Metro-East retained their position in 2nd and 10th from previous month.
- Kankakee (3rd to 1st), Bloomington-Normal (8th to 5th) and Champaign-Urbana-Rantoul (9th to 8th) all improved their rank in March.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	February 2008	March 2008	Rank	Change**
1	Kankakee (0.22%)	Metro-East (0.59%)	1	↑ (+7)
2	Decatur (0%)	Kankakee (0.22%)	2	↓ (-1)
3	Springfield (0%)	Peoria (0%)	3	↑ (+7)
4	Chicago (-0.04%)	Chicago (-0.07%)	4	← (0)
5	Davenport-Rock Island-Moline (-0.05%)	Davenport-Rock Island-Moline (-0.16%)	5	← (0)
6	Rockford (-0.18%)	Bloomington-Normal (-0.33%)	6	↑ (+3)
7	Champaign-Urbana-Rantoul (-0.27%)	Champaign-Urbana-Rantoul (-0.35%)	7	← (0)
8	Metro-East (-0.29%)	Springfield (-0.36%)	8	↓ (-5)
9	Bloomington-Normal (-0.43%)	Rockford (-0.8%)	9	↓ (-3)
10	Peoria (-0.47%)	Decatur (-0.9%)	10	↓ (-8)

Growth over last 12-months:

Rank	February 2008	March 2008	Rank	Change**
1	Decatur (2.58%)	Kankakee (1.13%)	1	↑ (+2)
2	Peoria (1.34%)	Peoria (0.96%)	2	← (0)
3	Kankakee (1.13%)	Chicago (0.41%)	3	↑ (+4)
4	Davenport-Rock Island-Moline (0.9%)	Decatur (0.36%)	4	↓ (-3)
5	Rockford (0.81%)	Bloomington-Normal (0.33%)	5	↑ (+3)
6	Springfield (0.81%)	Davenport-Rock Island-Moline (0.21%)	6	↓ (-2)
7	Chicago (0.72%)	Springfield (0%)	7	↓ (-1)
8	Bloomington-Normal (0.55%)	Champaign-Urbana-Rantoul (-0.35%)	8	↑ (+1)
9	Champaign-Urbana-Rantoul (0.27%)	Rockford (-0.43%)	9	↓ (-4)
10	Metro-East (-1.57%)	Metro-East (-0.46%)	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)

