



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.

AUGUST 2008

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Illinois Jobs Coalition

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

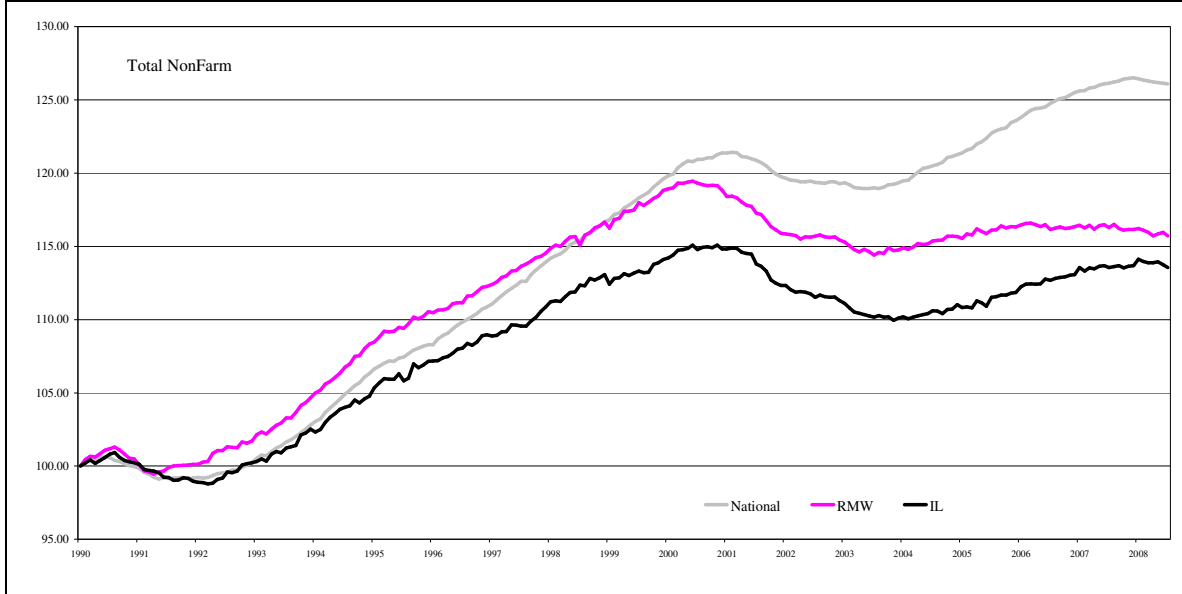
- Illinois lost 9,700 jobs at a rate of -0.16% in July 2008, compared to a revised job loss of 10,700 at -0.18% in June. This is the fourth time in 2008 that Illinois posted negative growth.
- Through July, the average growth rate of Illinois in 2008 was -0.02% which is smaller than both the average 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%.
- In July, Illinois, RMW, and the Nation all lost jobs.
- Over the last 12-months, Illinois employment growth was 0.00%, above the negative -0.05% growth of the Nation. RMW continued with a negative rating at -0.49% for the eleventh consecutive month.
- Illinois has lost -986 jobs on average per month in 2008 so far, compared to 2,742 job increase pre month in 2007.
- Until July 2008, the cumulative job growth for the Nation, Illinois and RMW compared to January 1990 stood at 26.08%, 13.56%, and 15.70%, respectively.

JULY 2008 EMPLOYMENT CHART

July 2008 Negative	Total Non-Farm Employment	June 2008 – July 2008		Last 12 months	
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs
	Nation	-0.04	-51,000	-0.05	-67,000
	RMW*	-0.22	-43,700	-0.49	-97,100
	Illinois	-0.16	-9,700	0.00	-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 – JULY 2008



SHADOW UNEMPLOYMENT

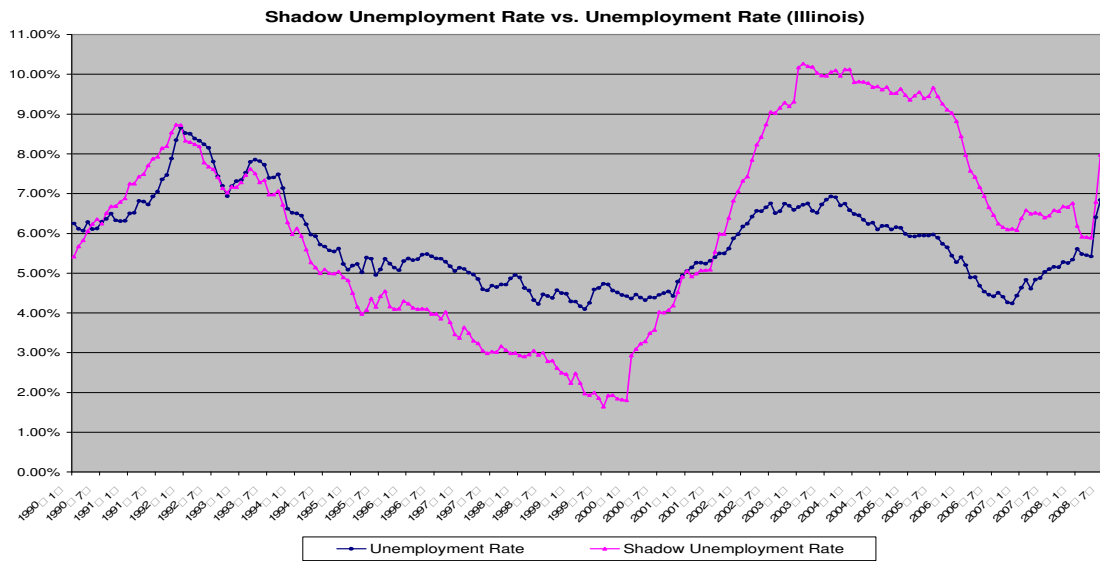
Unemployment Rate: Official and Shadow

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.

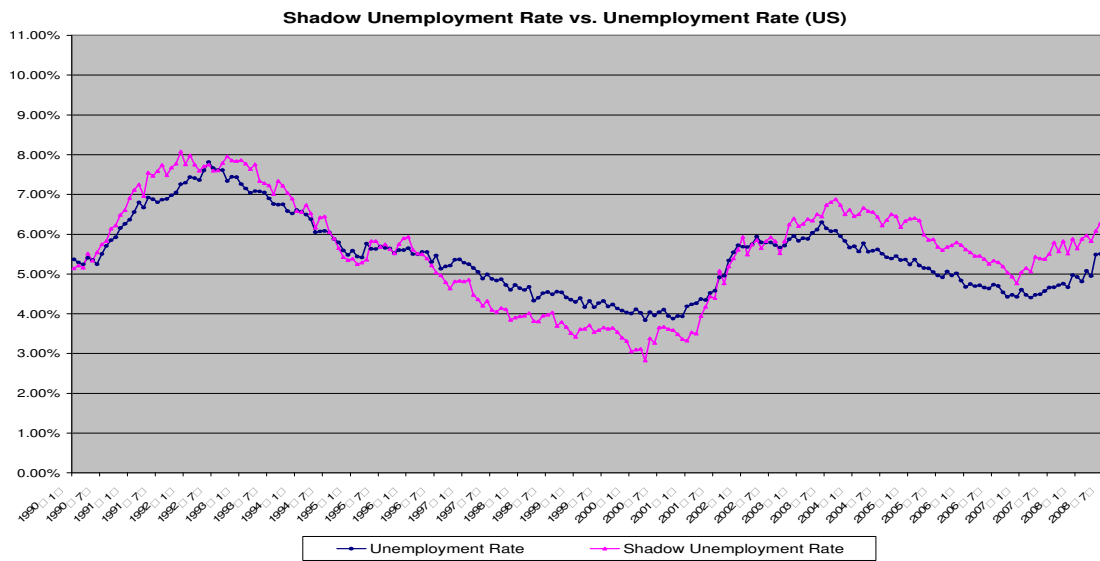
REAL has estimated a *shadow unemployment rate*; this is calculated as the unemployment rate that would be observed if labor force participation rates matched the average for the 15-year period from 1990 to 2004.

- 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 102,563 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

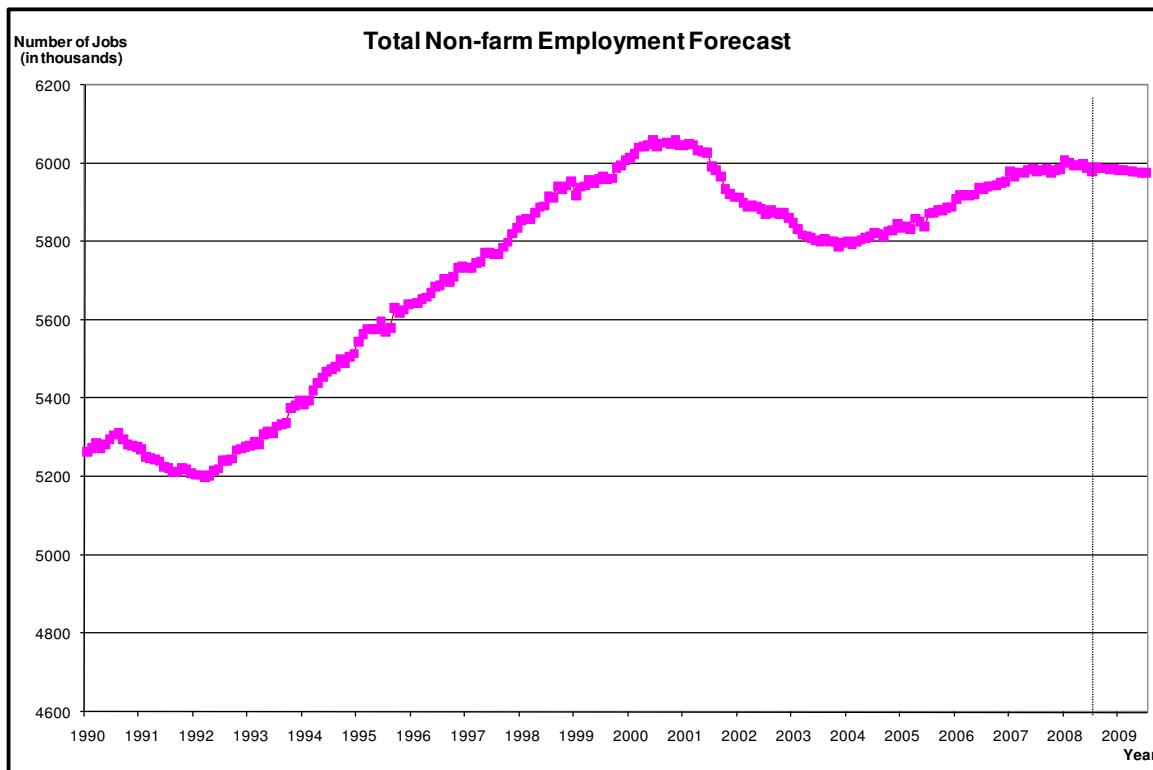


■ US



EMPLOYMENT FORECAST

	July 2008	July 2009 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,979,600	5,975,800	-3,800	-0.06%
Construction	260,900	269,300	8,400	3.22%
Manufacturing	669,400	652,100	-17,300	-2.58%
Trade, transportation & utilities	1,219,200	1,223,600	4,400	0.36%
Information	115,800	113,300	-2,500	-2.16%
Financial Activities	398,100	403,500	5,400	1.36%
Professional & business services	876,800	891,100	14,300	1.63%
Education & health	790,600	800,800	10,200	1.29%
Leisure & hospitality	530,200	536,600	6,400	1.21%
Other services	260,600	268,000	7,400	2.84%
Government	848,100	854,600	6,500	0.77%



CATCH UP SCENARIO

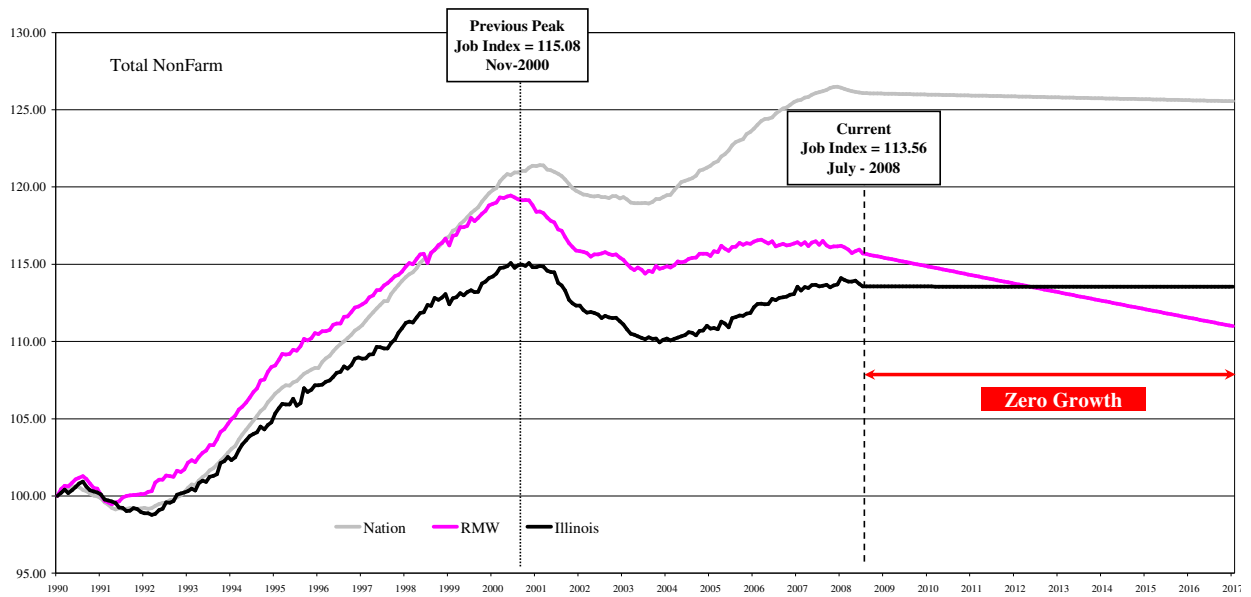
Catch-up Scenario of Previous Peak Job Index in Illinois*

	Previous Peak	Current	Catch-up	Periods for Catch-up
IL	115.08 (Nov-2000)	113.56 (July -2008)	Zero growth	N/A
RMW	119.44 (Jun-2000)	115.70 (July -2008)	Negative growth	N/A
Nation	121.45 (Feb-2001)	126.08 (July -2008)	121.56 (Feb-2005)	41 months ago
Metro Areas** :				
Bloomington Normal	141.81 (Feb 2002)	139.82 (June 2008)	141.82 (Sep 2012)	51 months
Champaign Urbana	115.91 (Jun 2001)	111.25 (June 2008)	Negative growth	N/A
Chicago	114.68 (Nov 2000)	113.77 (June 2008)	114.68 (Dec 2021)	162 months
Davenport- Rock Island-Moline	114.68 (Nov 1999)	113.95 (June 2008)	Zero growth	N/A
Decatur	112.41 (Mar 2000)	102.41 (June 2008)	112.44 (Dec 2033)	306 months
Kankakee	124.30 (Jan 2007)	124.30 (June 2008)	Reached (Jan 2008)	5 months ago
Peoria	116.81 (April 2000)	121.91 (June 2008)	Reached (Feb 2006)	28 months ago
Rockford	123.22 (Jul 2000)	118.99 (June 2008)	Negative growth	N/A
Springfield	110.35 (Aug 2000)	105.27 (June 2008)	Negative growth	N/A
Metro-East	114.73 (Jun 2001)	109.01 (June 2008)	Negative growth	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.

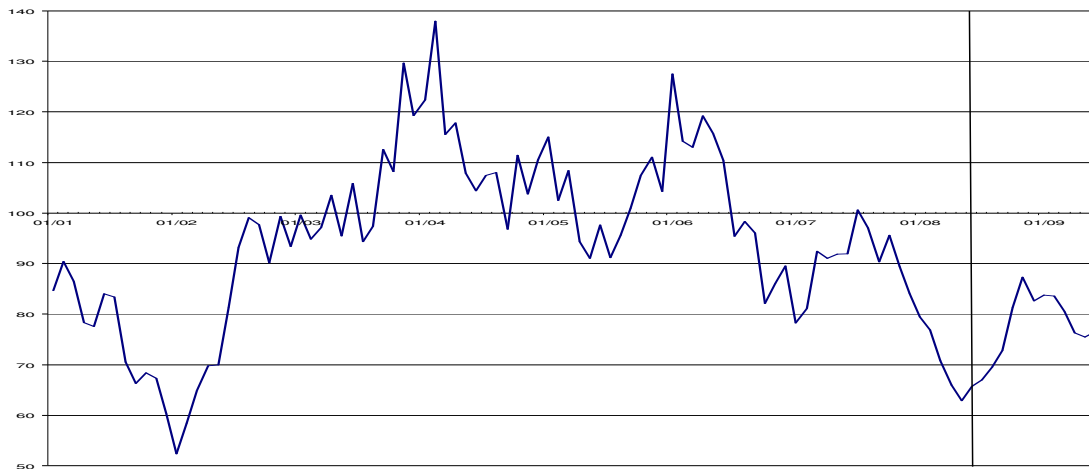
	Periods for Catch-up	
	IL	RMW
June-2008	98 Months	Negative growth
July-2008	Zero growth	Negative growth
Difference	N/A	N/A



CBAI FELL IN JUNE

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 65.8 in June, up slightly from 62.9 in May. The Index continued to be below the long-term trend since August 2007.
- Household consumption continued to contract in June, offsetting the improvements of manufacturing and 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 June, the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -0.60 in June, up from -1.60 in May and the national Industrial Production Index for manufacturing (IPMFG) advanced 0.2 percent in June. Nonetheless, the national unemployment rate rose to 5.5 percent in May and maintained constant in June.
- While the Chicago Fed Midwest Manufacturing Index (CFMMI) increased by 1.1 percent, regional consumption decreased by 0.41 percent and the unemployment rate of Illinois soared to 6.8 percent in June, which was the highest since it had reached 6.9 percent in September 2003.
- The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, consumer confidence appears to be down with little expectation of recovery soon. In July, The Conference Board reported that 32.4 percent of consumers anticipate business conditions to worsen over the next six months while only 9.3 percent expected conditions to improve. For the local economy, the CBAI index suggests that the regional economic growth will be below its historical trend, in large part because of the sluggish national economic activity.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY

- The most remarkable upward move in June is posted by Springfield (10th to 2nd) which moved up by 8 ranks.
- Bloomington-Normal (2nd to 1st), Davenport-Rock Island-Moline (8th to 3rd), Chicago (7th to 4th) and Metro-east (9th to 6th) all gained in terms of the rank from May.
- Decatur experienced the deepest fall (1st to 9th) in June followed by Champaign-Urbana-Rantoul (3rd to 10th).
- Peoria, Kankakee and Rockford also lost ground in June.
- In the 12-months growth league table upward moves were recorded for Bloomington-Normal (4th to 3rd) and Chicago (6th to 5th).
- The top ranking MSAs, namely Kankakee (1st) and Decatur (2nd) retained their position from May.
- Among the MSAs, Peoria (4th to 6th) and Davenport-Rock Island –Moline (5th to 6th) slipped by one rank from May.
- The rank for Springfield, Rockford, Champaign-Urbana-Rantoul and Metro-East stayed the same in June.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	May 2008	June 2008	Rank	Change**
1	Decatur (0.18%)	Bloomington-Normal (0.11%)	1	↑ (+1)
2	Bloomington-Normal (0.11%)	Springfield (0.09%)	2	↑ (+8)
3	Champaign-Urbana-Rantoul (0.09%)	Davenport-Rock Island-Moline (-0.05%)	3	↑ (+5)
4	Peoria (0.05%)	Chicago (-0.09%)	4	↑ (+3)
5	Kankakee (0%)	Peoria (-0.11%)	5	↓ (-1)
6	Rockford (0%)	Metro-East (-0.21%)	6	↑ (+3)
7	Chicago (-0.07%)	Kankakee (-0.22%)	7	↓ (-2)
8	Davenport-Rock Island-Moline (-0.11%)	Rockford (-0.31%)	8	↓ (-2)
9	Metro-East (-0.25%)	Decatur (-0.36%)	9	↓ (-8)
10	Springfield (-0.27%)	Champaign-Urbana-Rantoul (-2.14%)	10	↓ (-7)

Growth over last 12-months:

Rank	May 2008	June 2008	Rank	Change**
1	Kankakee (1.36%)	Kankakee (1.6%)	1	← (0)
2	Decatur (0.91%)	Decatur (0.36%)	2	← (0)
3	Peoria (0.43%)	Bloomington-Normal (0.33%)	3	↑ (+1)
4	Bloomington-Normal (0.33%)	Peoria (0.21%)	4	↓ (-1)
5	Davenport-Rock Island-Moline (0.21%)	Chicago (0.06%)	5	↑ (+1)
6	Chicago (0.13%)	Davenport-Rock Island-Moline (0%)	6	↓ (-1)
7	Springfield (-0.36%)	Springfield (-0.27%)	7	← (0)
8	Rockford (-0.62%)	Rockford (-0.87%)	8	← (0)
9	Champaign-Urbana-Rantoul (-0.62%)	Champaign-Urbana-Rantoul (-2.4%)	9	← (0)
10	Metro-East (-1.99%)	Metro-East (-2.8%)	10	← (0)

Unemployment Claims (Initial)

* 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.

