



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.

JUNE 2009

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

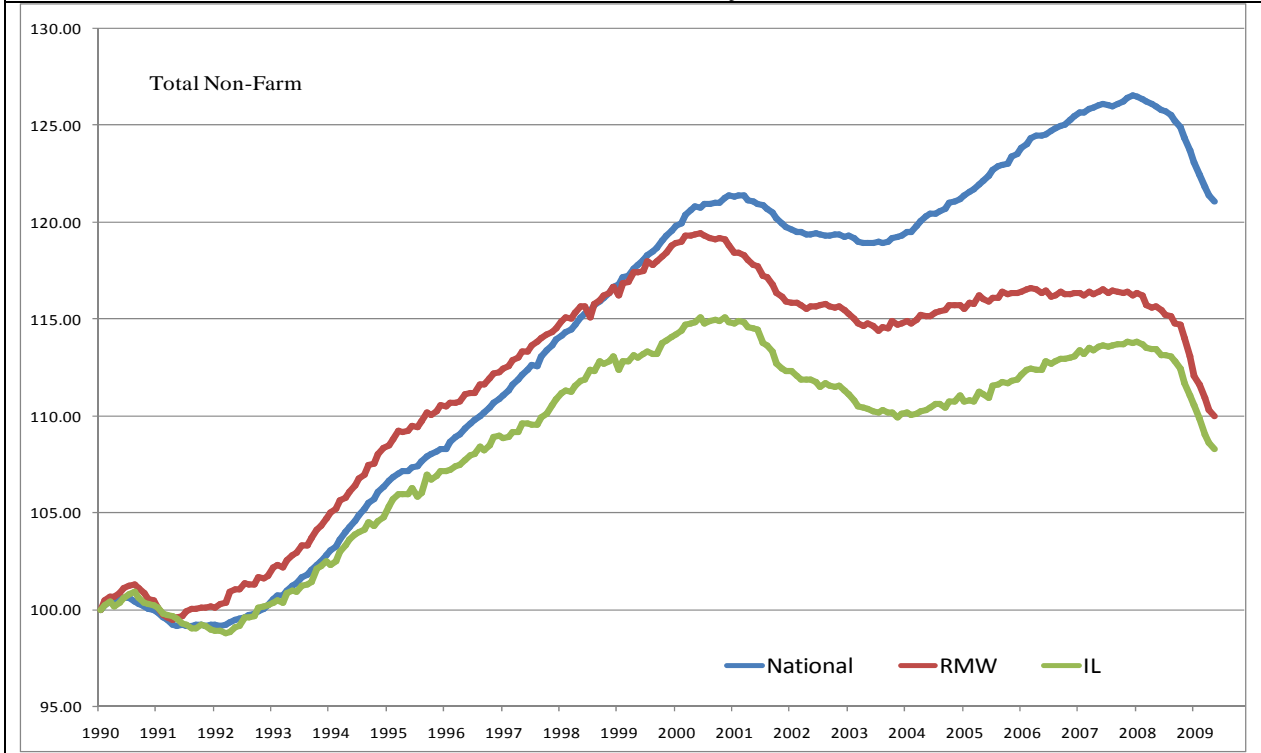
- Illinois lost 17,400 jobs at a rate of -0.30% May 2009, compare to a revised 25,100 job loss in April.
- Illinois, RMW, and the nation all lost jobs in May. However, the job loss rates were the smallest among the first five months in 2009 for all three cases. Within the rest of Midwest, over 80% of job loss occurred in Michigan and Indiana.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 17 times, and the state has lost 293,300 jobs in this recession. 254,100 jobs (86.6%) have been lost since Sep 2008.
- Through 2008, Illinois lost -11,808 jobs at a rate of -0.20% on average per month. However, the average monthly loss for the first five months of 2009 was -29,800 jobs at a rate of -0.51%.
- Over the last 12 months, Illinois payroll cut 273,500 jobs at a rate -4.58%, the rate is higher than the -3.81% growth of the nation. RMW continued with a negative rating (-4.91%) and has recorded a negative rate for 15 months in a row.
- Through May 2009, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 8.26%, 9.99%, and 21.07%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 11.5%, 13.2% and 10.4%, compared to 10.1%, 10.6% and 9.4% official unemployment rates for Illinois, RMW and Nation.

MAY 2009 EMPLOYMENT CHART

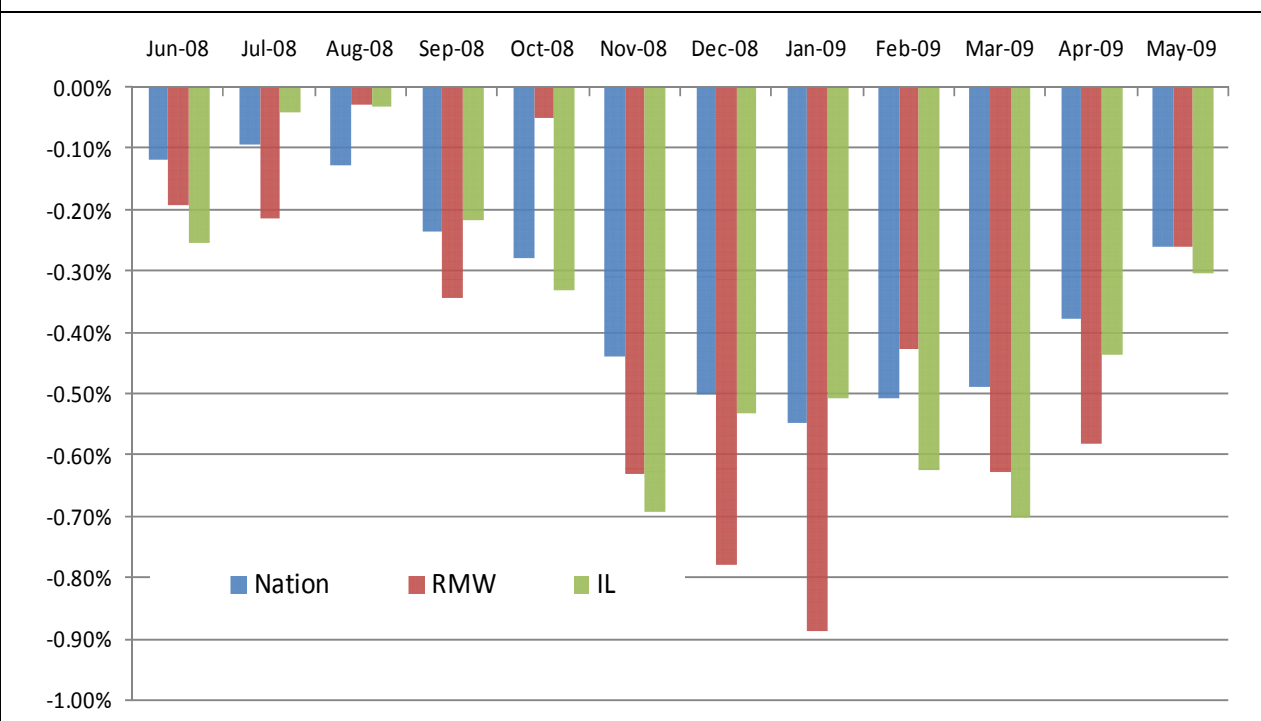
May 2009	Total Non-Farm Employment	Apr 2009 – May 2009		Last 12 months		May-09
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
Negative	Nation	-0.26	-345,000	-3.90	-5,366,000	10.4%
	RMW*	-0.26	-48,700	-4.91	-970,800	13.2%
	Illinois	-0.30	-17,400	-4.58	-273,500	11.5%

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

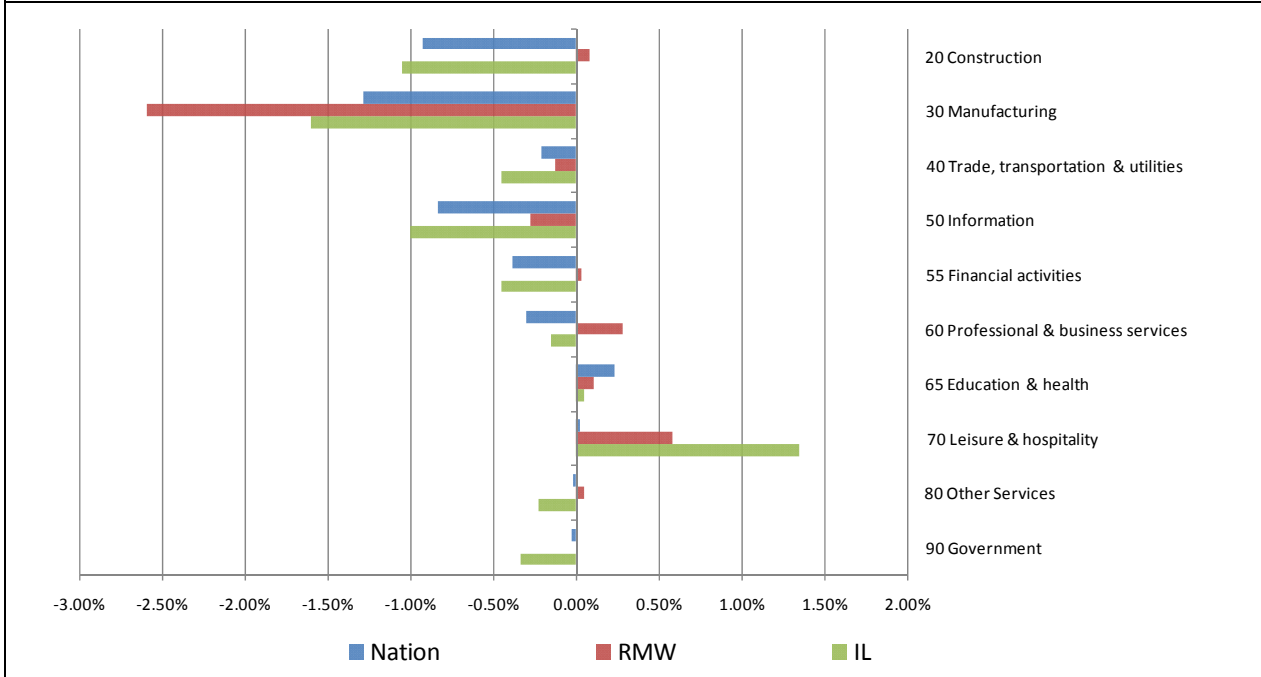
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – MAY 2009



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE JUNE 2008 – MAY 2009



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS APR 2009 – MAY 2009



SHADOW UNEMPLOYMENT

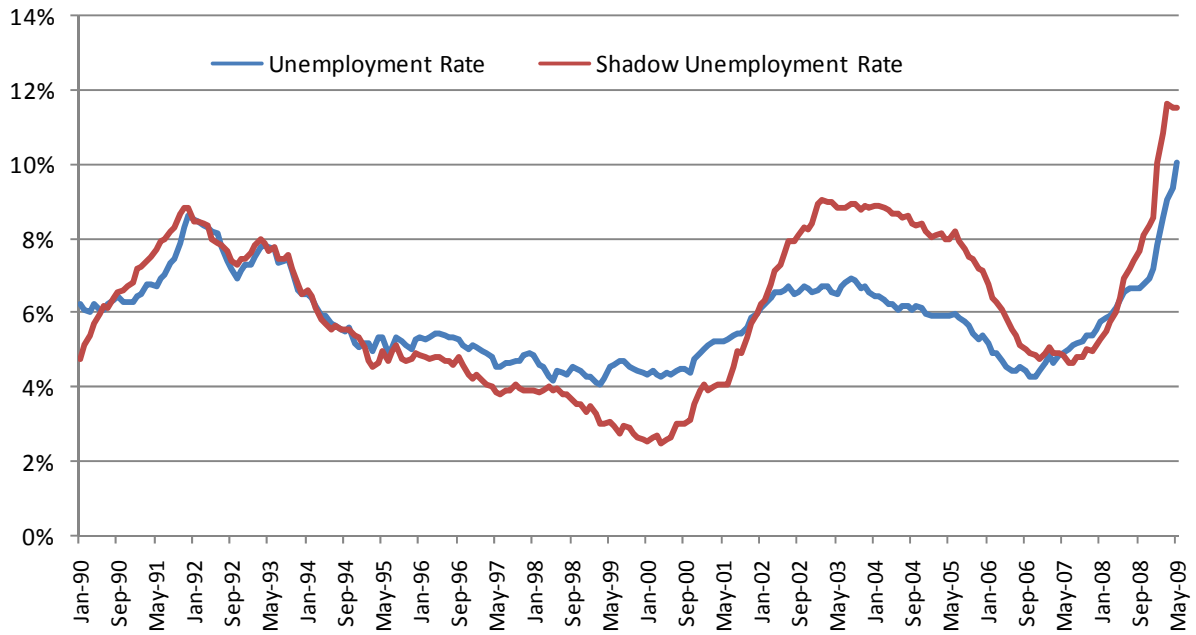
Unemployment Rate: Official and Shadow

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.

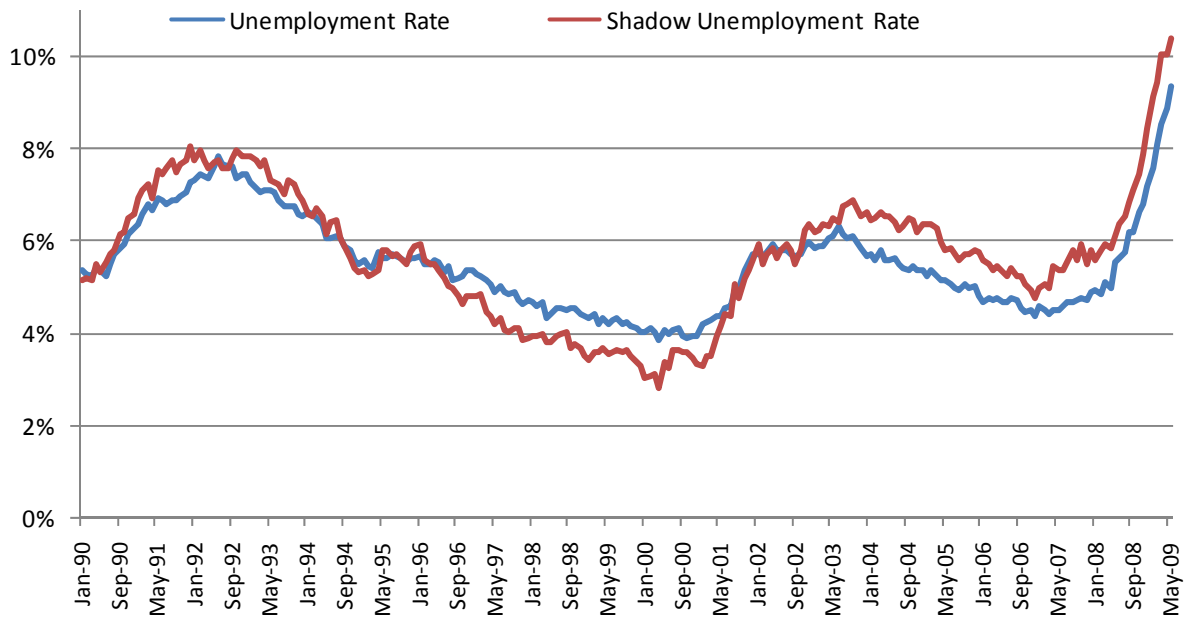
- In the 1990s, the average participation rate was 68.2% in Illinois whereas in 2008, it has been only 67.8%.
- For the 15 years from 1990 to 2004, the average participation rate was 68.1% in Illinois.
- In the 1990s in the US, the average participation rate was 66.5% whereas in 2008, it has been 66.0%; 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 official and shadow unemployment rate for Illinois (top figure) and the US as a whole (bottom figure).
- For Illinois since 2000, the gap between the official and shadow unemployment rate has increased but recently since the early 2006 the gap has decreased. However, the gap has increased significantly since 2008.
- To bring the two together a further 99,457 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

ILLINOIS ECONOMIC REVIEW

■ Illinois

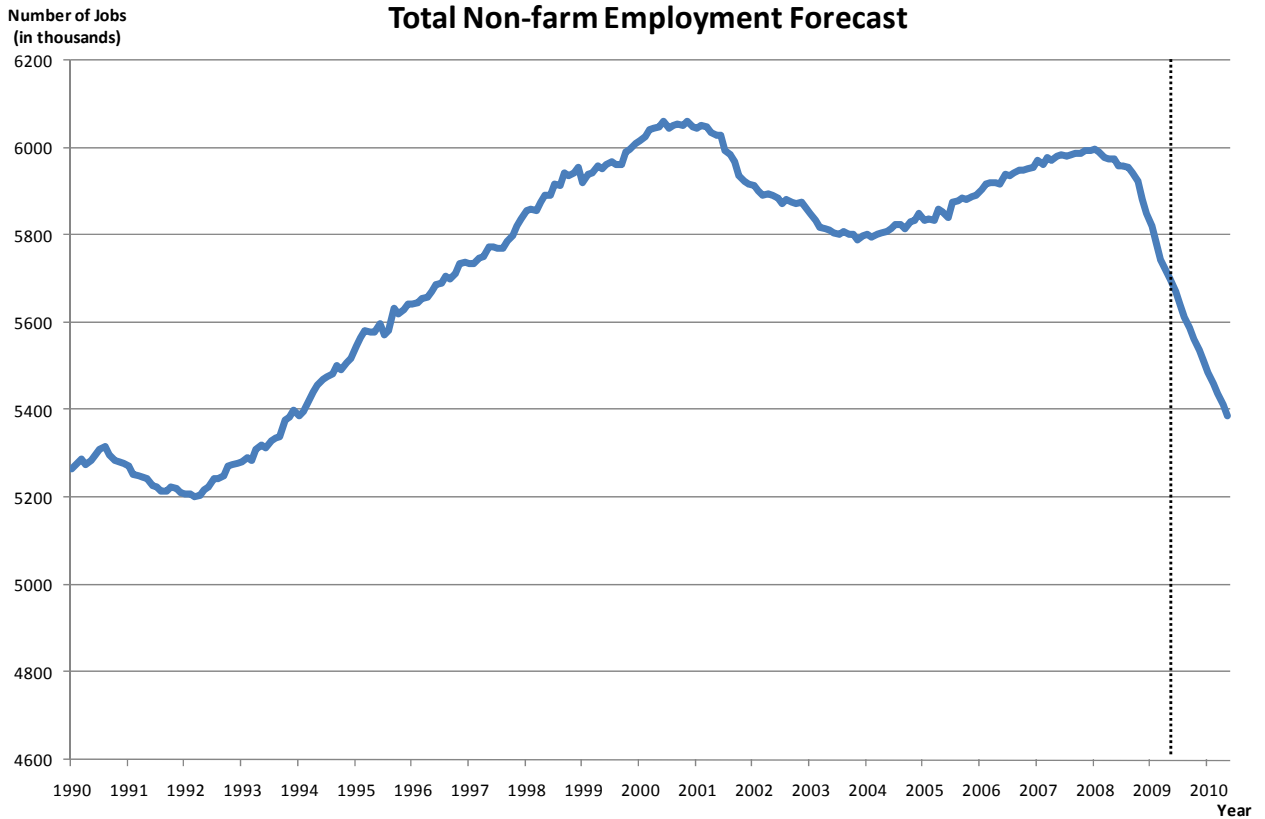


■ US



EMPLOYMENT FORECAST

	May 2009	May 2010 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,700,400	5,386,900	-313,500	-5.50%
Construction	225,700	199,300	-26,400	-11.70%
Manufacturing	584,000	467,700	-116,300	-19.91%
Trade, transportation & utilities	1,160,500	1,091,200	-69,300	-5.97%
Information	108,400	100,100	-8,300	-7.66%
Financial Activities	385,300	371,900	-13,400	-3.48%
Professional & business services	795,600	728,300	-67,300	-8.46%
Education & health	802,800	803,600	800	0.10%
Leisure & hospitality	520,400	517,900	-2,500	-0.48%
Other services	259,000	258,300	-700	-0.27%
Government	858,400	848,300	-10,100	-1.18%



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)	108.26 (May 2009)	Negative growth	N/A
RMW	119.44 (Jun-2000)	109.99 (May 2009)	Negative growth	N/A
Nation	126.57 (Dec-2007)	121.07 (May 2009)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.89 (Feb 2002)	140.00 (Apr 2009)	141.92 (May 2013)	49 months
Champaign Urbana	119.83 (Jan 2009)	116.23 (Apr 2009)	Reached (Jan 2009)	3 months ago
Chicago	114.67 (Nov 2000)	108.83 (Apr 2009)	Negative growth	N/A
Davenport- Rock Island-Moline	115.26 (Nov 1999)	114.15 (Apr 2009)	Reached (Dec 2008)	N/A
Decatur	112.40 (Mar 2000)	99.35 (Apr 2009)	Negative growth	N/A
Kankakee	125.21 (Dec 2008)	120.62 (Apr 2009)	Negative growth	N/A
Peoria	122.20 (Feb 2006)	119.99 (Apr 2009)	Reached (Feb 2006)	38 months ago
Rockford	123.27 (Jul 2000)	115.39 (Apr 2009)	Negative growth	N/A
Springfield	110.34 (Aug 2000)	103.78 (Apr 2009)	Negative growth	N/A
Metro-East	114.76 (Jun 2001)	112.42 (Apr 2009)	114.83 (Jan 2010)	9 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.

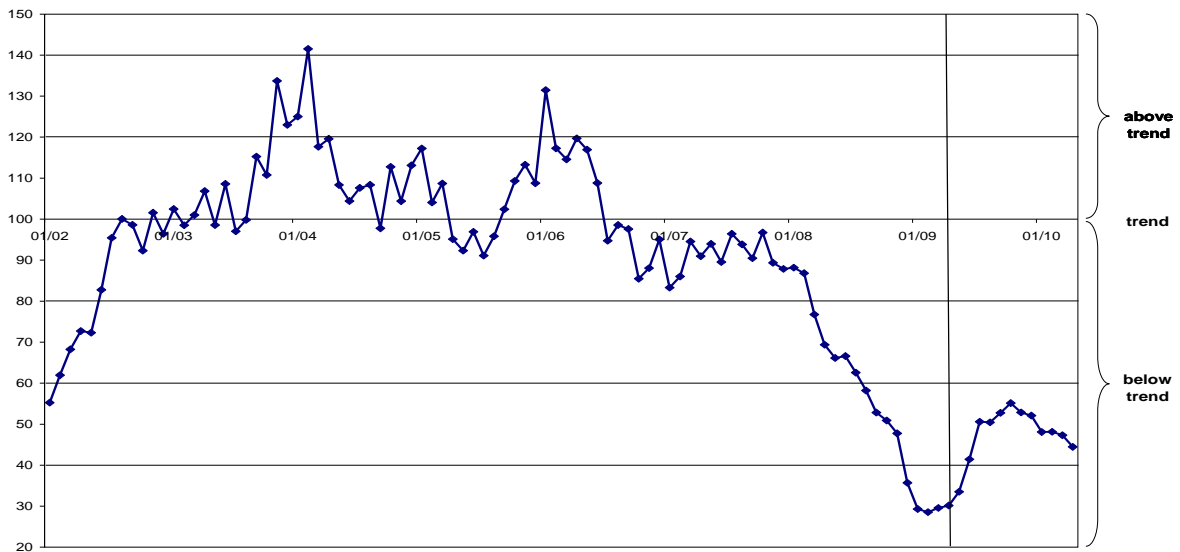
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

CBAI HELD STEADY IN APRIL

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 30.2 in April, up slightly from 29.6 in March. The decline of CBAI has flattened out since February, pointing to the moderation of the abrupt slowdown of the local economy. Nevertheless, the index still continued to be far below the long-term trend, suggesting that it would take considerable time for the regional economy to evidence a robust recovery.
- In April, the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -2.06 in April, up from -3.36 in March. The Federal Reserve Board’s industrial production index decreased 0.5 percent and retail sales (excluding food services) declined 0.3 percent in April. However, it should be noted that their declines in April were significantly smaller than the previous month: the industrial production index had decreased 1.7 percent and retail sales had reduced 1.2 percent in March. Steep job-losses continued in April: The Bureau of Labor Statistics reported that non-farm payroll employment declined in April (-504,000), and the unemployment rate rose from 8.5 to 8.9 percent.
- The Chicago Fed Midwest Manufacturing Index (CFMMI) was down 1.1 percent in April, after having dropped by 2.9 percent in March. In the Chicago region, manufacturing, non-manufacturing and construction employment decreased 1.5 percent, 0.6 percent and 0.5 percent respectively, while retail sales increased 0.3 percent in April.
- National and regional economies are likely to continue to slowdown in the near future. It is still hard to point to favorable signs indicating imminent recovery of employment- and investment-related indicators. However, in response to recent favorable financial developments and better-than-expected consumers’ confidence, the national and regional economies are likely to show relatively improved patterns of movements in the coming months, compared to the previous months. The Conference Board Leading Economic Index (LEI) for the US economy increased 1.0 percent in April, following a 0.2 percent decline in March and a 0.5 percent decline in February. Reuter and University of Michigan’s Consumer Sentiment Index was 68.7 in May, up from 65.1 in April and 57.3 in March. Also, CBAI has improved moderately for two consecutive months even though it is located still far below the long term trend.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward move in April is by Kankakee (10th to 2nd), which moved up by 8 spots.
- Peoria (7th to 4rd) also gained in rank from last month.
- Champaign-Urbana-Rantoul (3rd to 7th) experienced a deep fall this month.
- Bloomington-Normal (2nd to 3rd), Rockford (4th to 6th), Chicago (6th to 8th), Decatur (8th to 9th), and Springfield (9th to 10th) as well experienced falls in April.
- Metro-East and Davenport-Rock Island-Moline kept the same ranks this month.
- In the 12 months growth league table, upward moves were recorded for Metro-East (2nd to 1st), Peoria (6th to 4th), and Kankakee (10th to 9th).
- Champaign-Urbana-Rantoul (1st to 2nd), Springfield (5th to 6th), and Chicago (9th to 10th) experienced small falls in April.
- Metro-East is on top, while Chicago replaced Kankakee in last place.

*NOTE: The US Bureau of Labor Statistics and the Illinois Department of Employment Security changed the way national and state employment data are coordinated to be more consistent. As a result, there have been some significant changes in estimates for Illinois over the past year.

MSA League Tables*: Non-farm Employment Growth Rate

Monthly growth:

Rank	March 2009	April 2009	Rank	Change**
1	Metro-East (-0.02%)	Metro-East (1.3%)	1	←(0)
2	Bloomington-Normal (-0.23%)	Kankakee (0.39%)	2	↑(+8)
3	Champaign-Urbana-Rantoul (-0.3%)	Bloomington-Normal (-0.09%)	3	↓(-1)
4	Rockford (-0.32%)	Peoria (-0.11%)	4	↑(+3)
5	Davenport-Rock Island-Moline (-0.48%)	Davenport-Rock Island-Moline (-0.16%)	5	←(0)
6	Chicago (-0.61%)	Rockford (-0.31%)	6	↓(-2)
7	Peoria (-0.64%)	Champaign-Urbana-Rantoul (-0.39%)	7	↓(-4)
8	Decatur (-0.64%)	Chicago(-0.73%)	8	↓(-2)
9	Springfield (-0.93%)	Decatur(-0.91%)	9	↓(-1)
10	Kankakee (-1.56%)	Springfield (-1.09%)	10	↓(-1)

Growth over last 12-months:

Rank	March 2009	April 2009	Rank	Change**
1	Champaign-Urbana-Rantoul (1.96%)	Metro-East (2.85%)	1	↑(+1)
2	Metro-East (0.48%)	Champaign-Urbana-Rantoul (1.32%)	2	↓(-1)
3	Bloomington-Normal (0.46%)	Bloomington-Normal (0.33%)	3	←(0)
4	Davenport-Rock Island-Moline (-0.47%)	Davenport-Rock Island-Moline (-0.68%)	4	←(0)
5	Springfield (-0.61%)	Peoria (-0.92%)	5	↑(+1)
6	Peoria (-1.03%)	Springfield (-1.73%)	6	↓(-1)
7	Decatur (-1.94%)	Decatur(-2.48%)	7	←(0)
8	Rockford (-2.64%)	Rockford (-2.88%)	8	←(0)
9	Chicago (-3.57%)	Kankakee(-3.27%)	9	↑(+1)
10	Kankakee (-4.03%)	Chicago (-4.28%)	10	↓(-1)

* 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)

