



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 2010

EMPLOYMENT

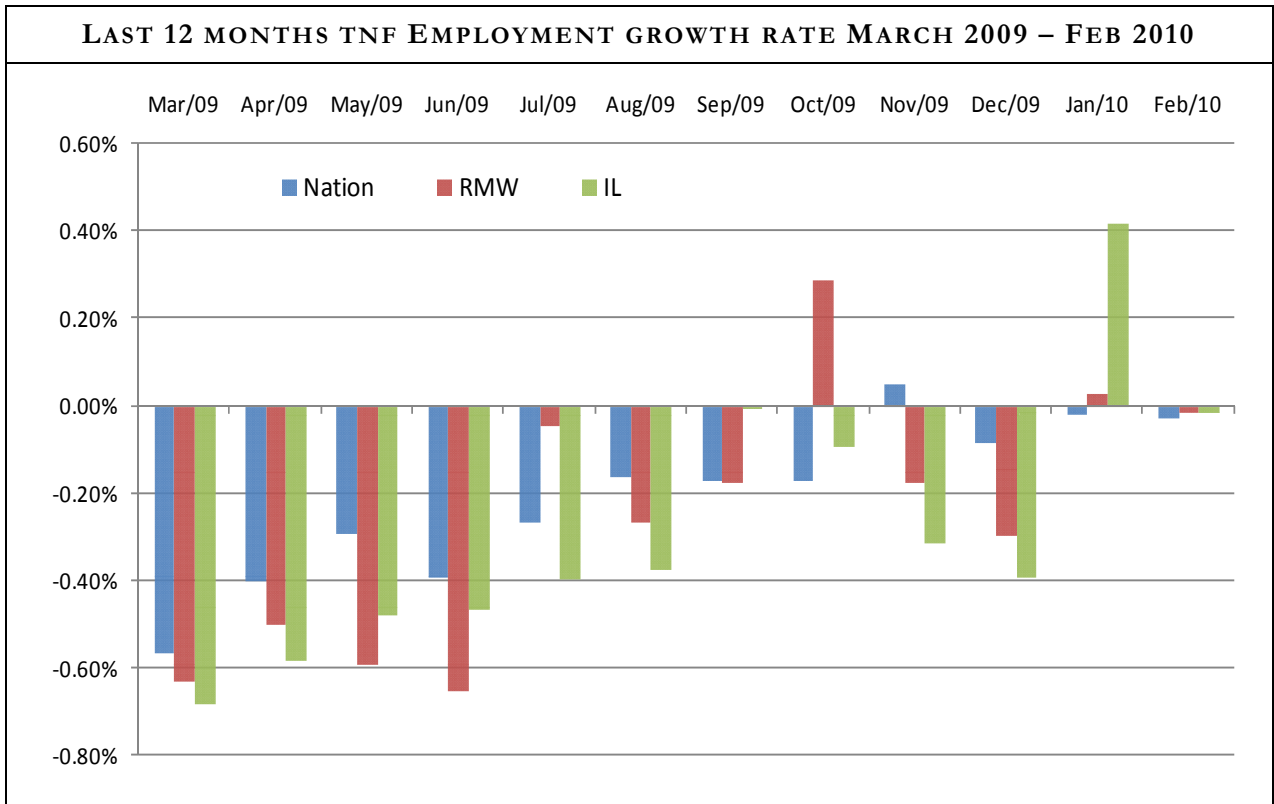
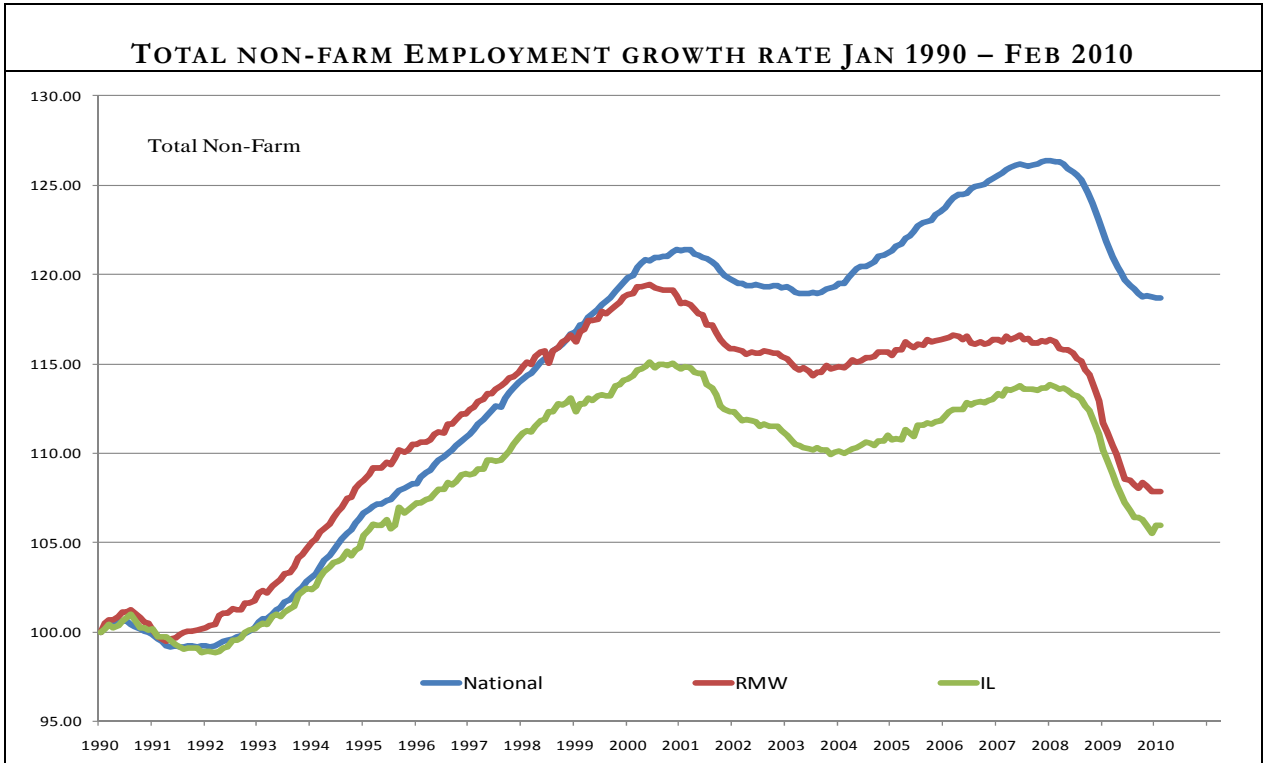
EMPLOYMENT DATA SUMMARY

- Illinois shed 900 jobs at a rate of -0.02% in February 2010, compared to a revised 23,300 job gain in January 2010. The three-month moving average of jobs, a more stable measure of labor market, was up by 200 jobs.
- In February 2010, the Nation cut 36,000 jobs at a rate of -0.03%, compared with a revised 26,000 job loss in January. The three-month moving average of jobs was down by 57,000 jobs per month.
- RMW cut 2,800 jobs in February after a revised 5,600 job gain in January. The three-month moving average was down by 17,300 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 24 times and only twice job gain. The state of Illinois has lost 405,400 jobs in this recession.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 - Manufacturing, Information, Construction, Trade, transportation & utilities, and Financial activities.
- Over the last 12 months, Illinois shed 192,200 jobs at a rate -3.33%.
- Through February 2010, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 5.96%, 7.83%, and 18.67%, respectively.
- The shadow unemployment rates for the Illinois, RMW and the Nation were 13.0%, 14.6% and 12.2%, compared to official unemployment rates of 11.4%, 10.6% and 9.7%.

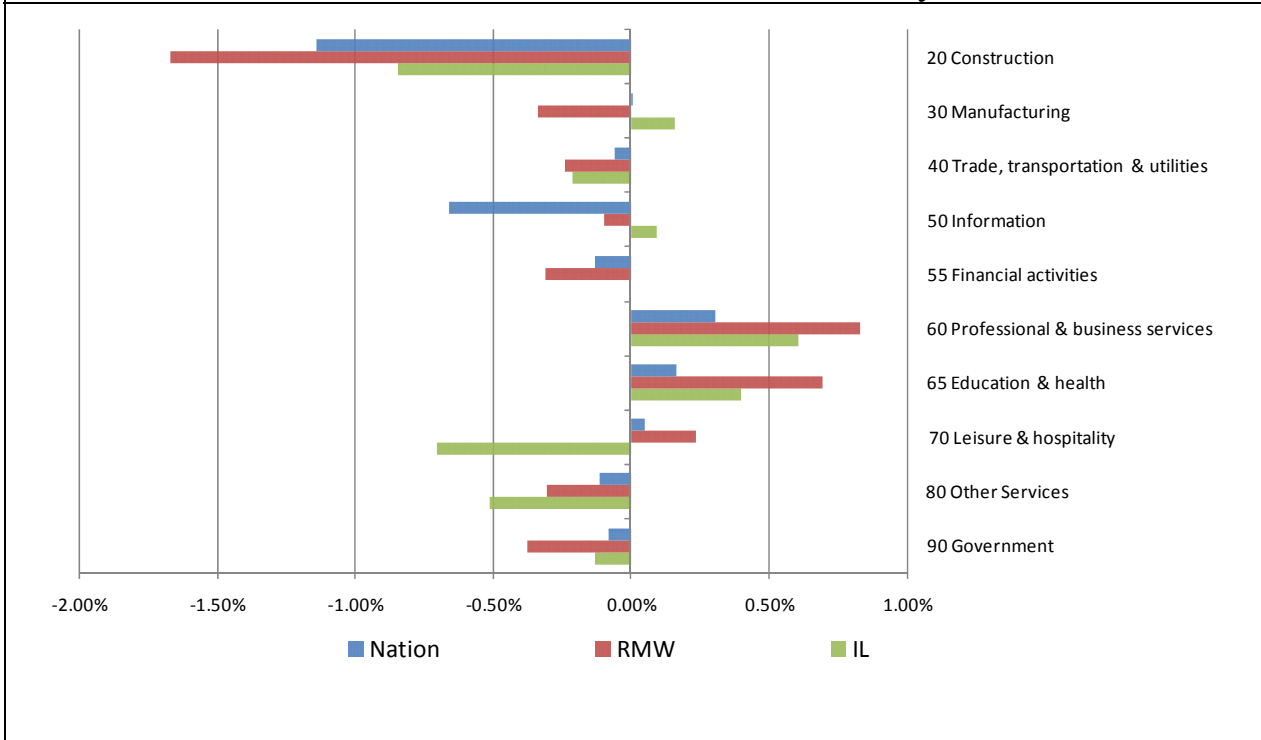
FEBRUARY 2010 EMPLOYMENT CHART

February 2010 Negative	Total Non-Farm Employment	Jan 2010 – Feb 2010		Last 12 months		Feb 2010
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	-0.03	-36,000	-2.48	-3,297,000	12.2%
	RMW*	-0.02	-2,800	-2.99	-568,300	14.6%
	Illinois	-0.02	-900	-3.33	-192,200	13.0%

*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 BY SECTORS JAN 2010 – FEB 2010



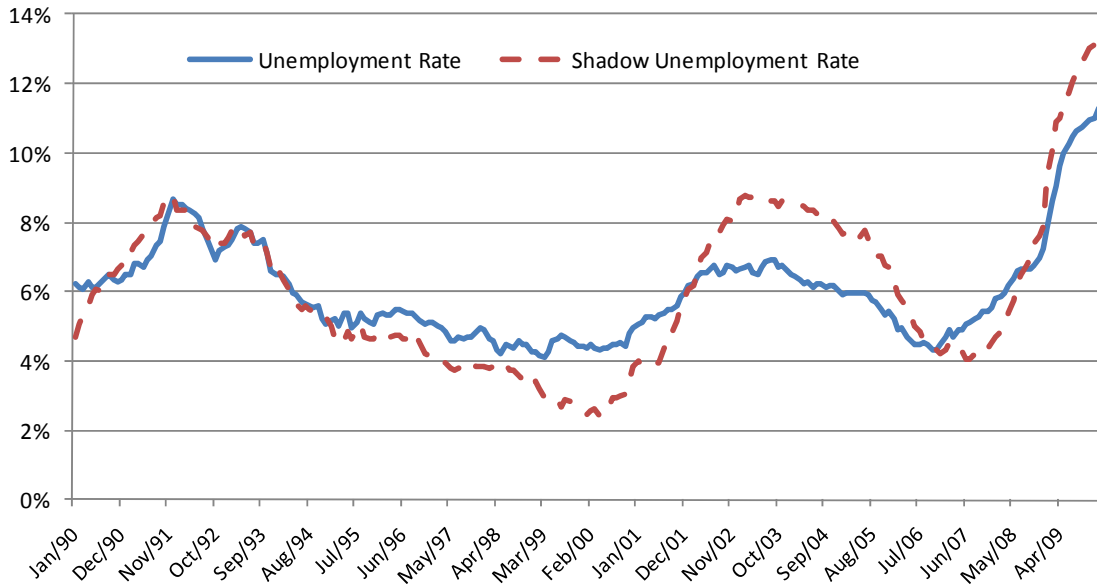
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

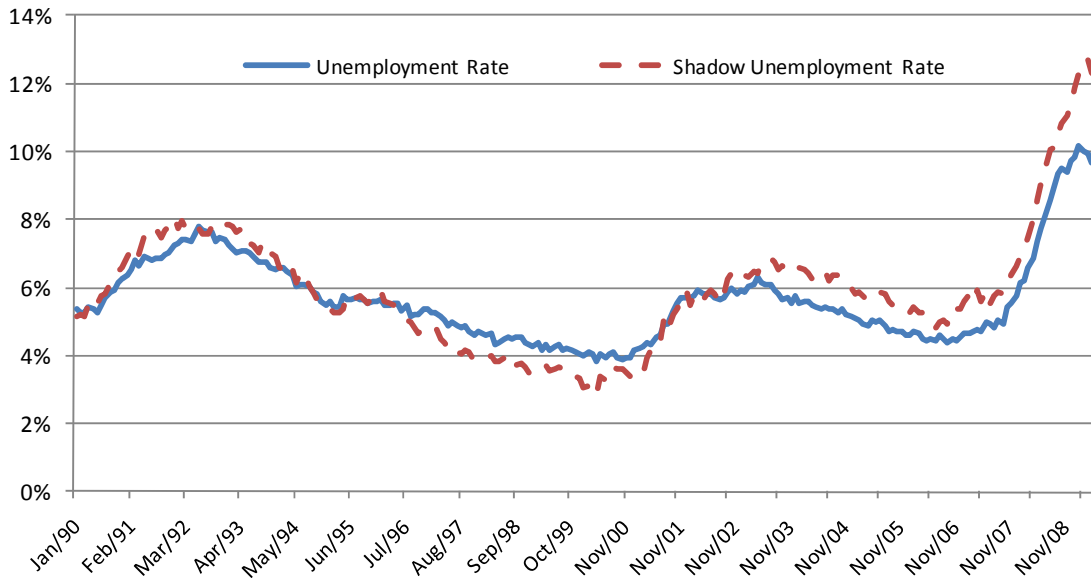
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2009, it has been only 66.6%.
- 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 65.5% whereas in 2009, 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 129,644 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

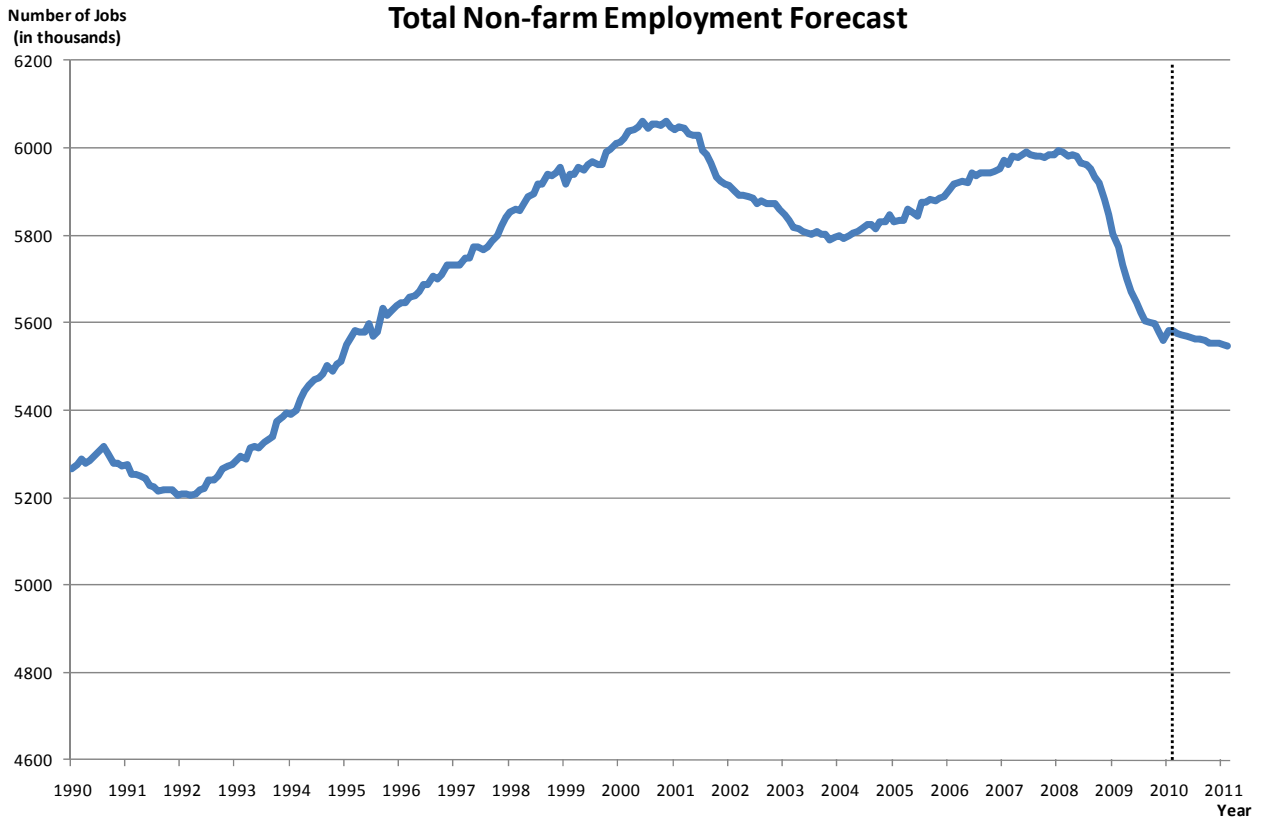


■ US



EMPLOYMENT FORECAST

	February 2010	February 2011 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,580,600	5,548,100	-32,500	-0.58%
Construction	200,100	165,500	-34,600	-17.29%
Manufacturing	555,100	520,400	-34,700	-6.25%
Trade, transportation & utilities	1,126,600	1,128,700	2,100	0.19%
Information	103,700	99,700	-4,000	-3.86%
Financial Activities	366,900	352,500	-14,400	-3.92%
Professional & business services	777,400	791,500	14,100	1.81%
Education & health	827,400	855,700	28,300	3.42%
Leisure & hospitality	507,800	504,300	-3,500	-0.69%
Other services	252,900	252,100	-800	-0.32%
Government	853,300	868,300	15,000	1.76%



CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.16 (Dec-2007)	118.67 (Feb 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	107.83 (Feb 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	105.96 (Feb 2010)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	142.72 (Feb 2002)	135.21 (Jan 2010)	Negative growth	N/A
Champaign Urbana	116.21 (Jan 2009)	109.49 (Jan 2010)	Negative growth	N/A
Chicago	114.87 (Nov 2000)	105.55 (Jan 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.04 (Oct 2008)	107.34 (Jan 2010)	Negative growth	N/A
Decatur	112.37 (Mar 2000)	95.88 (Jan 2010)	Negative growth	N/A
Kankakee	125.51 (Dec 2008)	121.71 (Jan 2010)	125.58 (Nov 2015)	70 months
Peoria	122.07 (Feb 2006)	111.72 (Jan 2010)	Negative growth	N/A
Rockford	122.81 (Jul 2000)	104.29 (Jan 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	103.72 (Jan 2010)	Negative growth	N/A
Metro-East	114.97 (Nov 2000)	106.26 (Jan 2010)	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.

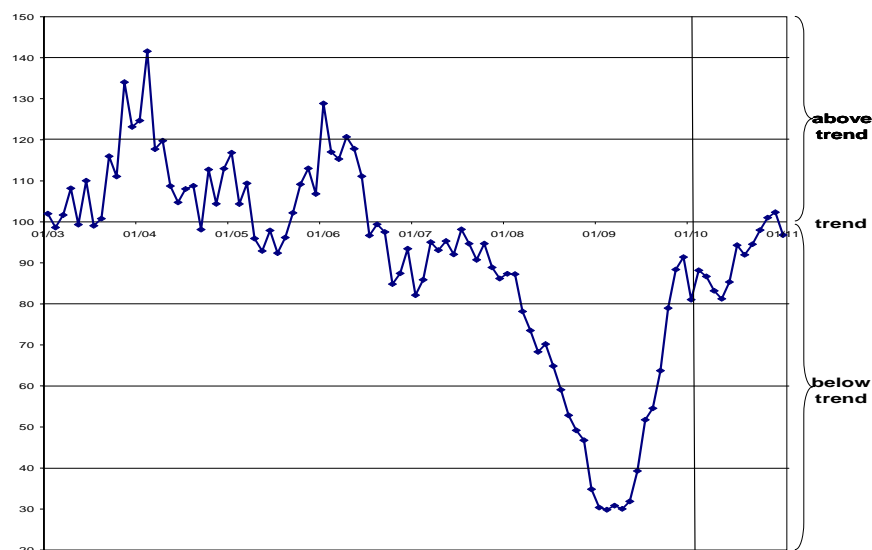
** Due to lag of data release schedule there is one month of time lag in the catch-up scenario for metro areas.

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 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 81.0 in January 2010, down substantially from 91.4 in December 2009 (note that the recent CBAI series up to December 2009 was revised significantly this month due to the notable revision and correction of local employment statistics and manufacturing index). The significant drop of the index in January could be attributed mainly to the sluggishness of private demand in the Chicago region.
- In January 2010, the national economy presented favorable features. The Federal Reserve Board's industrial production index maintained its upward trend in January: it increased 0.9 percent in January following a gain of 0.5 percent in December 2009. In January, the number of unemployed persons decreased to 14.8 million from 15.3 million; subsequently the unemployment rate fell by 0.3 percentage point to 9.7 percent in January.
- The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to +0.02 in January from -0.58 in December, led by improvements in production- and employment-related indicators. Meanwhile, the regional economy presented mixed features in January. The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.9 percent in January, after registering 0.5 percent decrease in December. In the Chicago region, manufacturing and non-manufacturing employment increased 1.0 and 0.7 percent respectively in January. It was the first increase in the manufacturing employment after the recession began in December 2007. On the contrary, the construction employment fell substantially by 2.4 percent in January. Also retail sales declined 1.5 percent in January, after registering 0.8 percent increase in December.
- In the coming months, the national economy is likely to maintain its improving pattern, led mainly by production- related activities. According to the US Census Bureau, new orders for manufactured durable goods in January increased \$5.2 billion or 3.0 percent to \$175.7 billion: this was the second consecutive monthly increase. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on the improving trend in the future. However, it is critical for the sustainable economic growth in this region whether the private demand such as private consumption and investment could gain the momentum of improvement in the near future.



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- The most remarkable upward moves in January were by Davenport-Rock Island-Moline (8th to 1st) and Chicago (9th to 2nd), which moved up both by 7 spots.
- Decatur (6th to 4th) and Peoria (7th to 6th) both gained in terms of rank from last month.
- Champaign-Urbana-Rantoul (3rd to 9th) experienced deepest fall this month. Rockford (4th to 8th), Springfield (1st to 4th), Kankakee (1st to 3rd), and Bloomington-Normal (5th to 7th) also moved down in terms of rank.
- In the 12 months growth league table, the upward moves were recorded for Rockford (10th to 8th), Bloomington-Normal (4th to 3rd), Davenport-Rock Island-Moline (6th to 5th), and Chicago (7th to 6th), while the downward moves were Champaign-Urbana-Rantoul (5th to 7th), Metro-East (3rd to 4th), Decatur (8th to 9th), and Peoria (9th to 10th).
- The other two MSAs maintained the same ranks.
- Kankakee is on the top, while Peoria instead of Rockford is in the 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	Dec 2009	Jan 2010	Rank	Change**
1	Kankakee (0.34%)	Davenport-Rock Island-Moline (0.72%)	1	↑(+7)
2	Springfield (0.04%)	Chicago (0.69%)	2	↑(+7)
3	Champaign-Urbana-Rantoul (0.04%)	Kankakee (0.52%)	3	↓(-2)
4	Rockford (-0.09%)	Decatur (0.14%)	4	↑(+2)
5	Bloomington-Normal (-0.1%)	Springfield (-0.09%)	5	↓(-4)
6	Decatur (-0.52%)	Peoria (-0.16%)	6	↑(+1)
7	Peoria (-0.62%)	Bloomington-Normal (-0.19%)	7	↓(-2)
8	Davenport-Rock Island-Moline (-0.65%)	Rockford (-0.43%)	8	↓(-4)
9	Chicago (-0.68%)	Champaign-Urbana-Rantoul (-0.77%)	9	↓(-6)
10	Metro-East (-0.93%)	Metro-East (-1.04%)	10	↔(0)

Growth over last 12-months:

Rank	Dec 2009	Jan 2010	Rank	Change**
1	Kankakee (-0.4%)	Kankakee (0.54%)	1	↔(0)
2	Springfield (-1.47%)	Springfield (-1.36%)	2	↔(0)
3	Metro-East (-1.97%)	Bloomington-Normal (-2.26%)	3	↑(+1)
4	Bloomington-Normal (-2.98%)	Metro-East (-2.78%)	4	↓(-1)
5	Champaign-Urbana-Rantoul (-3.52%)	Davenport-Rock Island-Moline (-3.84%)	5	↑(+1)
6	Davenport-Rock Island-Moline (-5.39%)	Chicago (-4.03%)	6	↑(+1)
7	Chicago (-5.43%)	Champaign-Urbana-Rantoul (-5.72%)	7	↓(-2)
8	Decatur (-6.6%)	Rockford (-5.85%)	8	↑(+2)
9	Peoria (-7.41%)	Decatur (-5.89%)	9	↓(-1)
10	Rockford (-7.51%)	Peoria (-6.47%)	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)

