



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.

FEBRUARY 2011

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

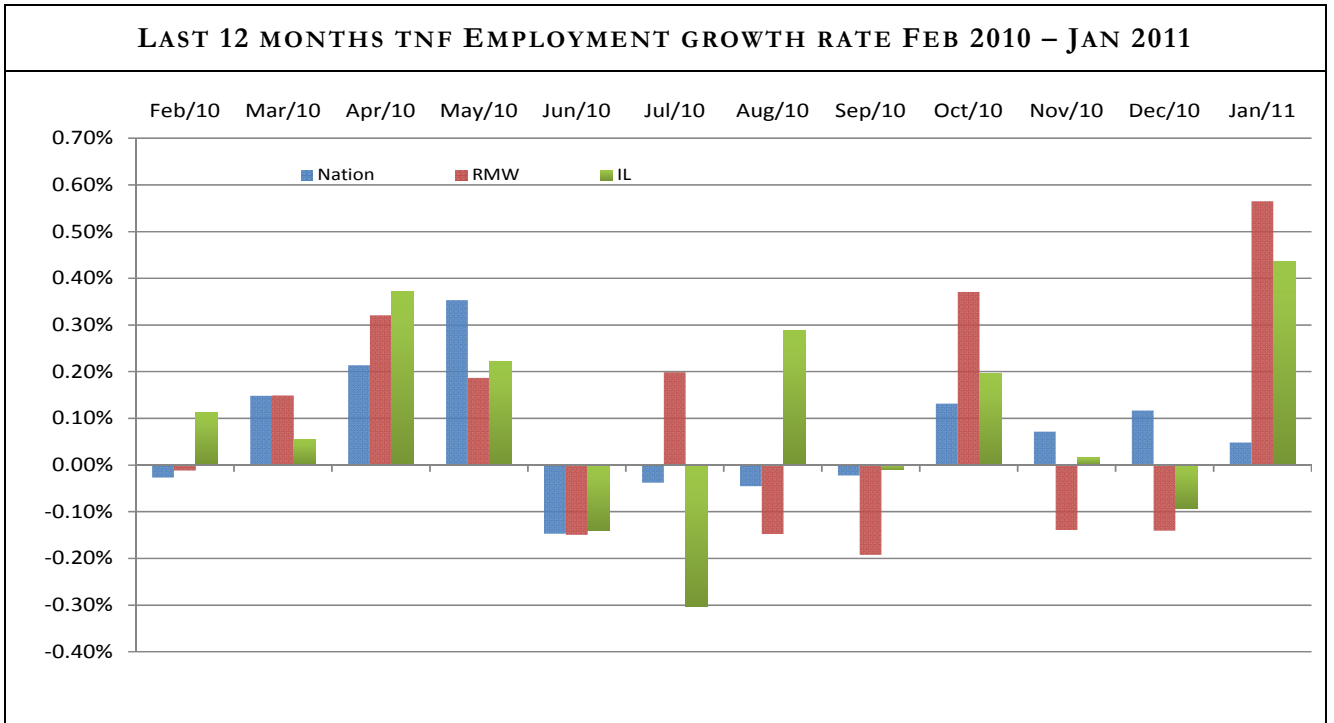
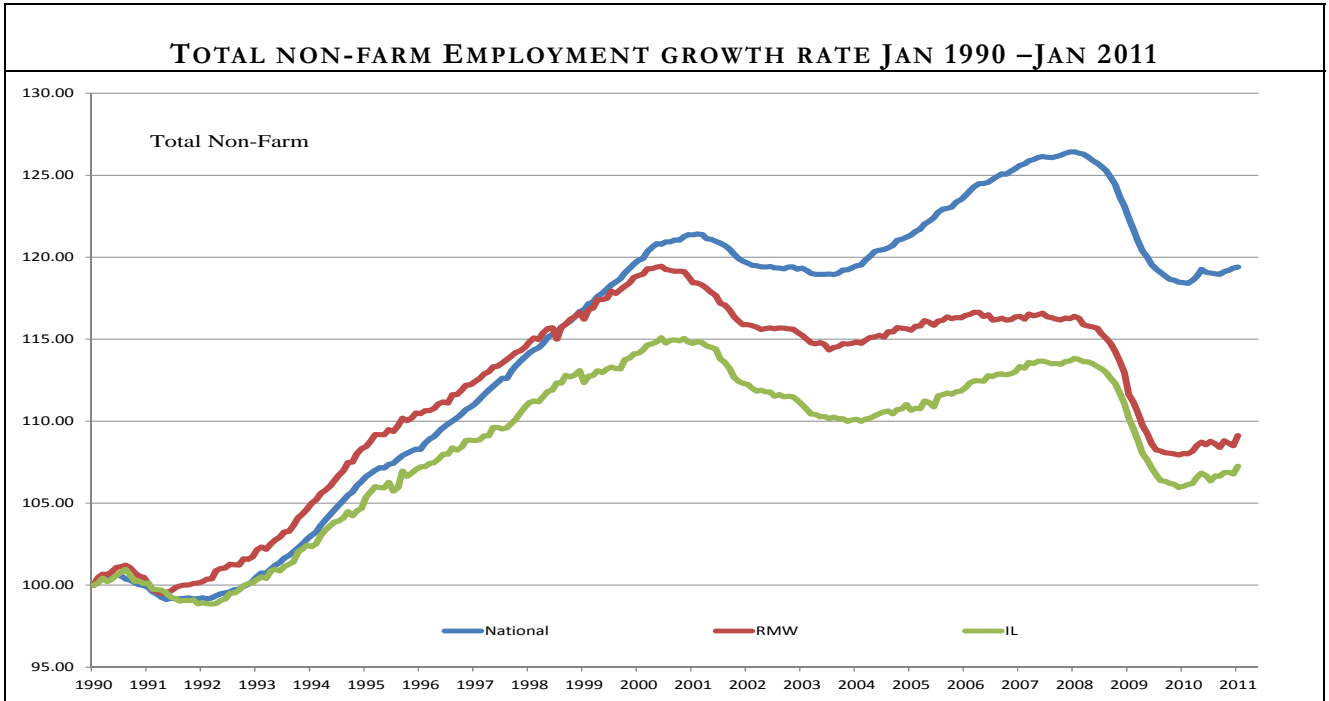
- Illinois added 24,500 jobs in January 2011 at a rate of 0.44%, compared with a revised 5,200 job loss in December 2010. Compared to January 2010, Illinois has added 64,200 jobs, the largest monthly year-over-year increase since May 2007. The three-month moving average of jobs, a more stable measure of the labor market, was up by 6,700 jobs per month.
- The Nation added 63,000 jobs at a rate of 0.05%, compared with a revised 152,000 job gain in December. The three-month moving average of jobs was up by 103,000 jobs per month.
- The Rest of the Midwest (RMW) added 104,700 jobs in Jan after a revised 26,100 job loss in December. The three-month moving average was up by 17,600 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 27 times and positive job gains ten times so far. The state of Illinois now has a net loss of 337,000 jobs since the beginning of the recession in December 2007.
- Five sectors in Illinois have employment levels in this month that are lower than January 1990 – Construction, Manufacturing, Trade, transportation & utilities, Information and Financial activities.
- Over the last 12 months, Illinois added 64,200 jobs at a rate 1.15%. This is the largest monthly year-over-year increase since May 2007.
- The shadow unemployment rates for Illinois, RMW and the Nation were 10.8%, 13.8% and 12.4%, compared to official unemployment rates of 9.0%, 9.1% and 9.0%. The last time the state rate was below 9.0 percent was February 2009. The Illinois rate has been equal to or below the national rate since October 2010.
- Through Jan 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.24%, 9.11%, and 19.40%, respectively.

JAN 2011 EMPLOYMENT CHART

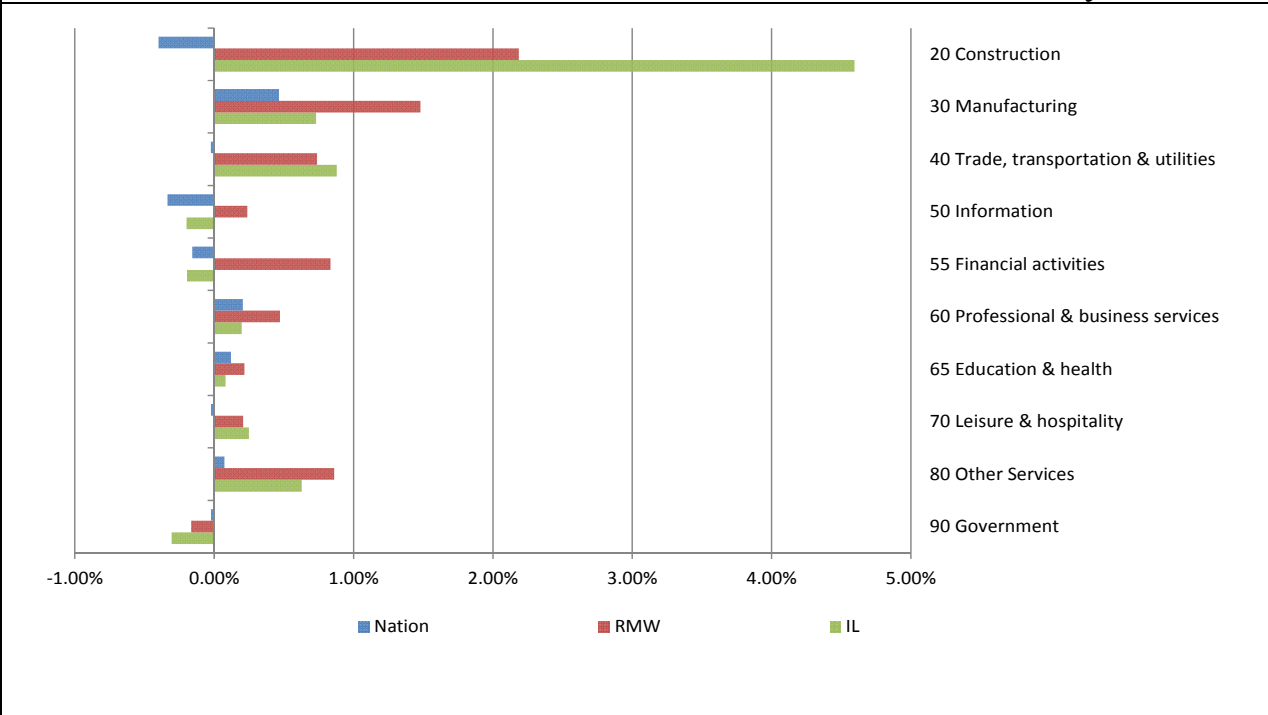
Feb 2011 Positive	Total Non-Farm Employment	Dec 2010 – Jan 2011		Last 12 months		Jan 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.05	63,000	0.81	1,042,000	12.4%
	RMW*	0.56	104,700	1.01	186,200	13.8%
	Illinois	0.44	24,500	1.15	64,200	10.8%

*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 DEC 2010 – JAN 2011



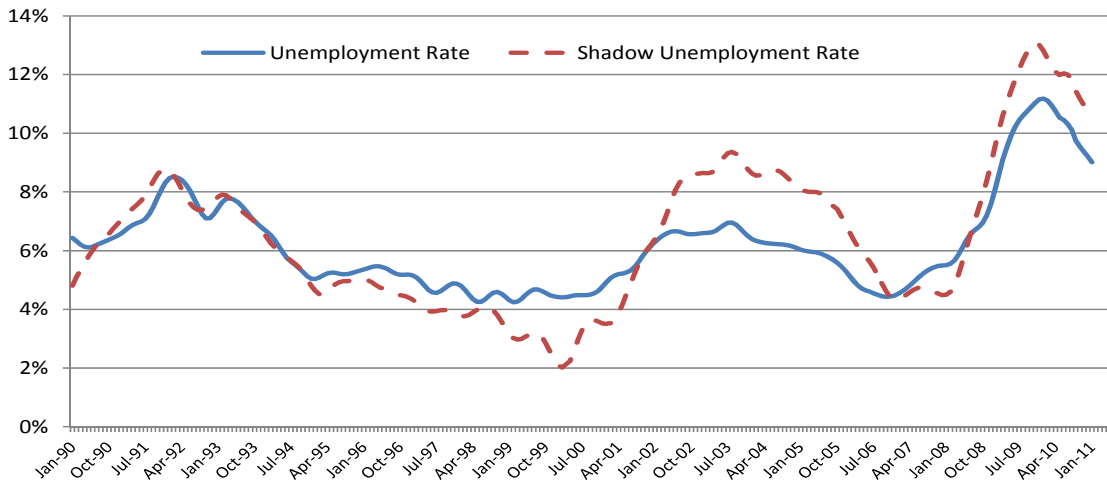
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

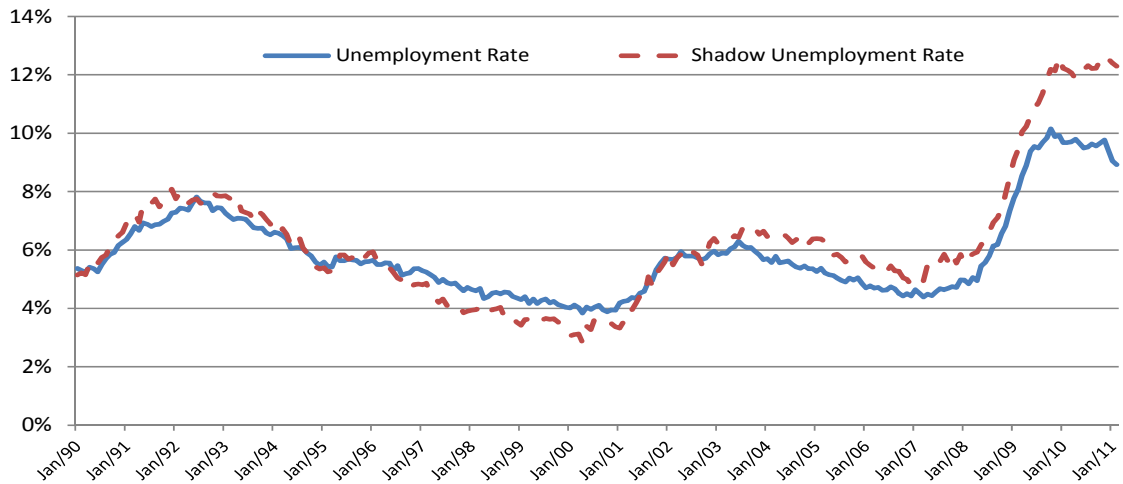
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 2010, 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 2010, 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 122,100 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

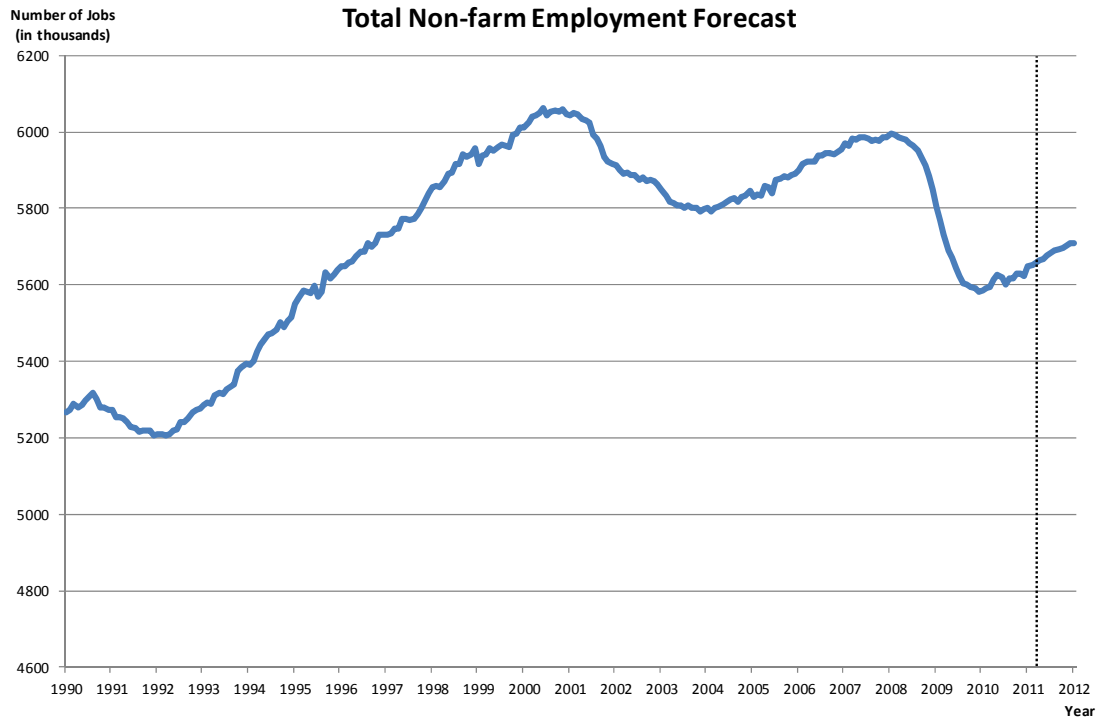


■ US



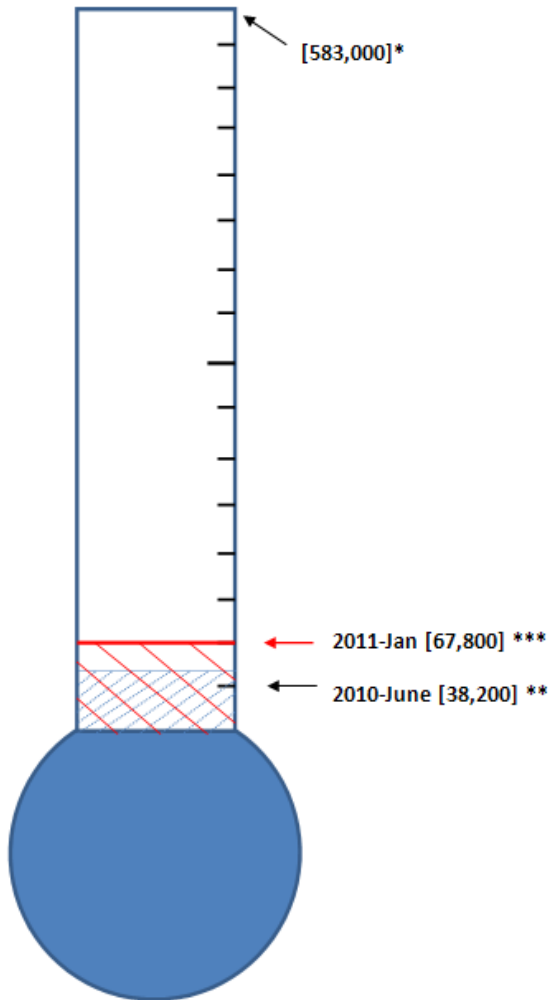
EMPLOYMENT FORECAST

	Jan. 2011	Jan. 2012 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,648,300	5,710,300	30,000 ~ 62,000	0.53% ~ 1.10%
Construction	200,300	193,600	-6,700	-3.34%
Manufacturing	564,500	569,700	5,200	0.92%
Trade, transportation & utilities	1,134,500	1,154,800	20,300	1.79%
Information	100,400	98,700	-1,700	-1.69%
Financial Activities	357,300	350,000	-7,300	-2.04%
Professional & business services	811,100	825,300	14,200	1.75%
Education & health	844,600	865,000	20,400	2.42%
Leisure & hospitality	520,900	526,300	5,400	1.04%
Other services	255,900	257,900	2,000	0.78%
Government	849,300	859,500	10,200	1.20%



* The values by sector for the number of jobs added are the lower bound of the forecast.

Barometer of Job Recovery



Illinois Recovery Scenarios		
To Recover	Growth Rate	
	At the point of 2010-Dec	At the point of 2010-June
In 5 years	103,000 jobs/year	109,000 jobs/year
In 8 years	64,000 jobs/year	68,000 jobs/year
In 10 years	52,000 jobs/year	54,000 jobs/year
In 15 years	34,000 jobs/year	36,000 jobs/year

* The figure 583,000 is the number of jobs we need for Illinois economy to recover to the previous employment peak, 2000-Nov. The gap between the previous peak 2000-Nov and the previous lowest point 2009-Dec is 479,000. Adding 104,000, the number of jobs that we need to bring shadow and official unemployment rates together, the total number of jobs that Illinois needs to create is 583,000.

**The figure 38,200 represents the jobs recovered from Dec. 2009 (previous lowest level) through June 2010.

*** The figure 67,800 represents the jobs recovered from Dec. 2009 through Jan. 2011.

CATCH UP SCENARIO

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

	Previous Peak	Current	Catch-up	Periods for Catch-up
Nation	126.39 (Dec-2007)	119.75 (Dec 2010)	Negative growth	N/A
RMW	119.45 (Jun-2000)	108.10 (Dec 2010)	Negative growth	N/A
IL	115.09 (Nov-2000)	106.41 (Dec 2010)	Negative growth	N/A
Metro Areas** :				
Bloomington Normal	141.73 (Feb 2002)	135.18 (Dec 2010)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	110.14 (Dec 2010)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	103.89 (Dec 2010)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	107.69 (Dec 2010)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	94.67 (Dec 2010)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	119.87 (Dec 2010)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	111.66 (Dec 2010)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	105.39 (Dec 2010)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	102.96 (Dec 2010)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	106.54 (Dec 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.

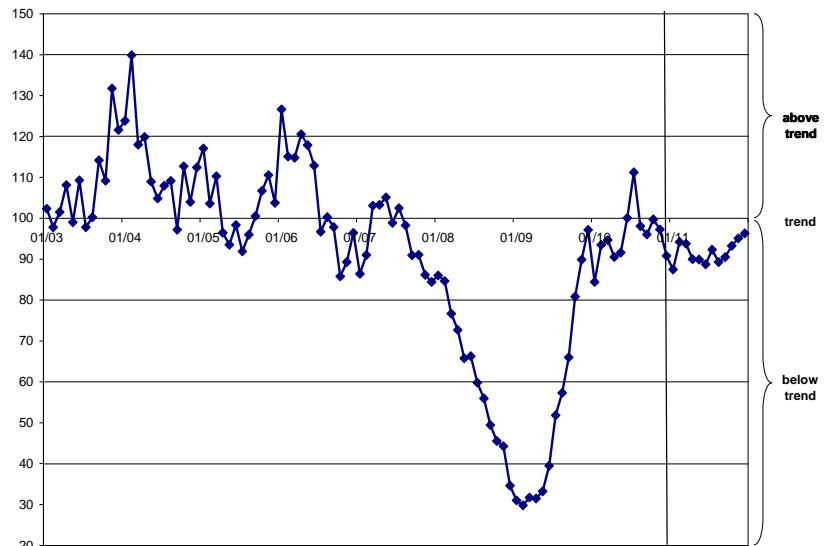
CBAI INCREASED IN NOVEMBER

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 90.9 in December, down from 97.3 in November. The drop of the index in December could be attributed mainly to the decline of construction activities in the Chicago region and the sluggishness of private demand.
- In December, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.8 percent in December after having risen 0.3 percent in November. The capacity utilization rate for all industry rose to 76.0 percent. In addition, national retail sales increased 0.61 percent in December. The number of unemployed persons decreased by 556,000 to 14.5 million in December, and the unemployment rate dropped to 9.4 percent.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to 0.03 in December, from -0.4 in November. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.37 percent in December, after a 0.37 percent increase in November. In the Chicago region in December, manufacturing employment decreased 0.27 percent while non-manufacturing employment decreased 0.28 percent and construction employment decreased by 2.29 percent. Regional retail sales are estimated to have decreased 0.68 percent in December.
- In the coming months, the national economy is likely to maintain its modest recovery trend; but a number of uncertainties remain. The Bureau of Labor Statistics reported total nonfarm payroll employment increased by 103,000 in December. Employment rose in leisure and hospitality and in health care but changed little in other major industries. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on a modest improving trend over the next several months.

CBAI (Current: 90.9)

	1 month	3 month	1 year
Historical (ago)	97.3	96.1	97.2
Forecast (ahead)	87.5	93.8	96.3



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Davenport-Rock Island-Moline experienced the deepest fall this month.
- Champaign-Urbana-Rantoul (2nd to 4th), Springfield (4th to 5th) and Chicago (6th to 8th) also dropped in terms of rank from last month.
- The most remarkable upward move in December was Kankakee (7th to 1st).
- Metro-East (4th to 2nd), Rockford (5th to 3rd), Bloomington-Normal (8th to 6th) and Peoria (9th to 7th) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Metro-East (10th to 6th) and Peoria (5th to 3rd) while downward moves were recorded for Bloomington-Normal (3rd to 5th), Springfield (6th to 7th) and Kankakee (7th to 8th).
- Davenport-Rock Island-Moline, Rockford, Champaign-Urbana-Rantoul, Chicago remained unchanged in terms of rank.

*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	Nov 2010	Dec 2010	Rank	Change**
1	Davenport-Rock Island-Moline(0.17%)	Kankakee(0.09%)	1	↑(+6)
2	Champaign-Urbana-Rantoul (0.15%)	Metro-East(0.08%)	2	↑(+1)
3	Metro-East (0.12%)	Rockford (-0.1%)	3	↑(+2)
4	Springfield (0.08%)	Champaign-Urbana-Rantoul (-0.12%)	4	↓(-2)
5	Rockford (0.03%)	Springfield (-0.12%)	5	↓(-1)
6	Chicago (-0.08%)	Bloomington-Normal (-0.22%)	6	↑(+2)
7	Kankakee (-0.1%)	Peoria (-0.26%)	7	↑(+2)
8	Bloomington-Normal (-0.18%)	Chicago (-0.31%)	8	↓(-2)
9	Peoria(-0.3%)	Davenport-Rock Island-Moline (-0.35%)	9	↓(-8)
10	Decatur (-0.64%)	Decatur (-0.48%)	10	↔(+0)

Growth over last 12-months:

Rank	Nov 2010	Dec 2010	Rank	Change**
1	Davenport-Rock Island-Moline (0.97%)	Davenport-Rock Island-Moline (0.79%)	1	↔(+0)
2	Rockford (0.83%)	Rockford (0.62%)	2	↔(+0)
3	Bloomington-Normal (0.02%)	Peoria (-0.1%)	3	↑(+2)
4	Champaign-Urbana-Rantoul (0.01%)	Champaign-Urbana-Rantoul (-0.23%)	4	↔(+0)
5	Peoria (-0.44%)	Bloomington-Normal (-0.26%)	5	↓(-2)
6	Springfield (-0.52%)	Metro-East (-0.66%)	6	↑(+4)
7	Kankakee (-0.66%)	Springfield (-0.69%)	7	↓(-1)
8	Decatur (-1.13%)	Kankakee (-0.86%)	8	↓(-1)
9	Chicago (-1.25%)	Chicago (-0.94%)	9	↔(+0)
10	Metro-East (-1.62%)	Decatur (-1.12%)	10	↓(-2)

* 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)

