



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.

APRIL 2011

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

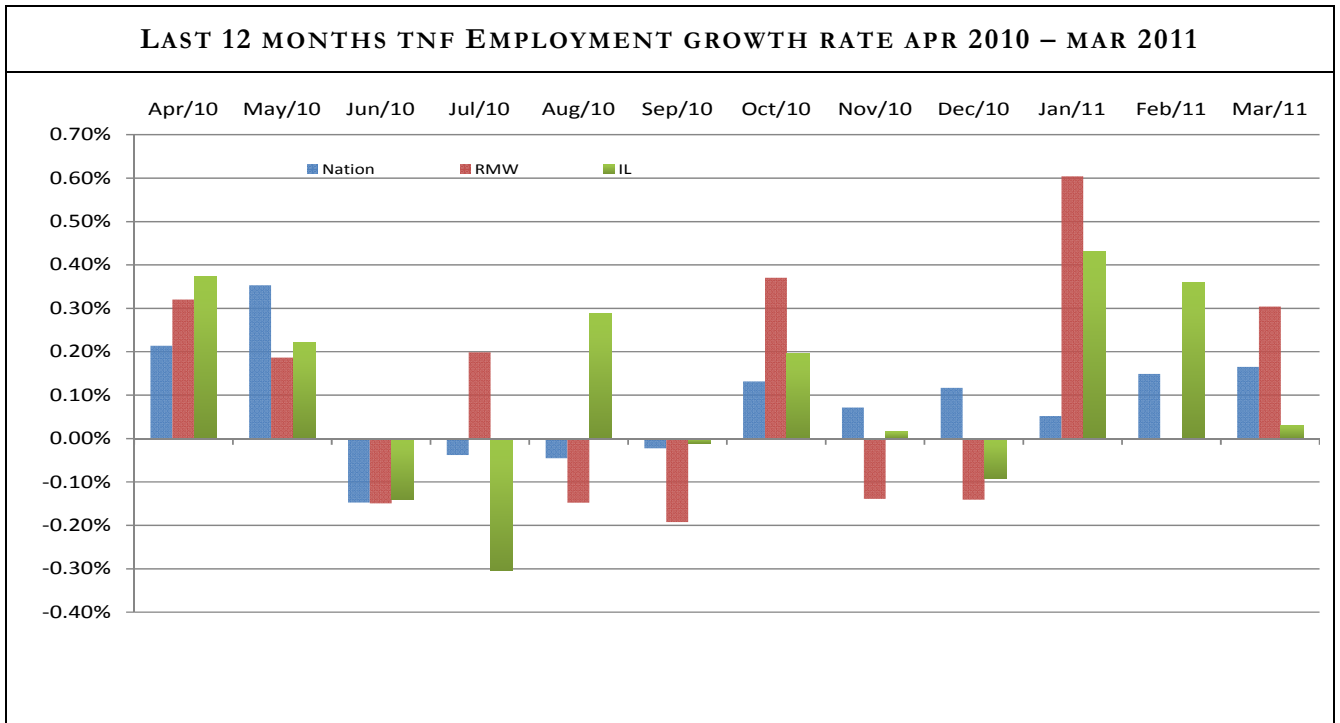
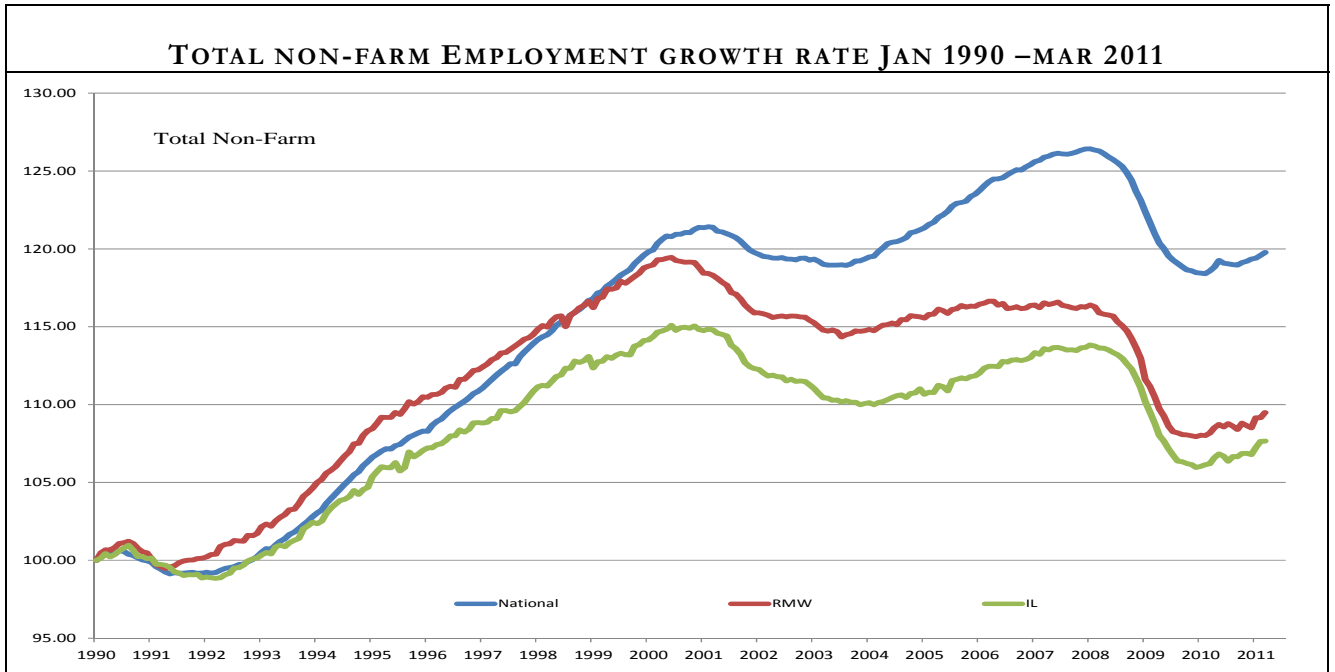
- Illinois added 1,700 jobs in March 2011 at a rate of 0.03%, compared with a revised 20,300 job gain in February 2011. Compared to March 2010, Illinois has added 76,600 jobs, the second largest monthly year-over-year increase since June 2006. The three-month moving average of jobs, a more stable measure of the labor market, was up by 15,400 jobs per month.
- The Nation added 216,000 jobs at a rate of 0.17%, compared with a revised 194,000 job gain in February. The three-month moving average of jobs was up by 159,000 jobs per month.
- The Rest of the Midwest (RMW) added 56,700 jobs in March after a revised 100 job loss in February. The three-month moving average was up by 56,200 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 27 times and positive job gains 12 times so far. The state of Illinois now has a net loss of 315,200 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.
- The shadow unemployment rates for Illinois, RMW and the Nation were 11.3%, 13.4% and 12.2%, compared to official unemployment rates of 8.8%, 8.7% and 8.8%. The official unemployment rate fell for the 14th consecutive month. This is the lowest unemployment rate reported since February 2009 when it was 8.6 percent. The Illinois rate has been equal to or below the U.S. rate for six consecutive months.
- Through March 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.66%, 9.49%, and 19.78%, respectively.

MAR 2011 EMPLOYMENT CHART

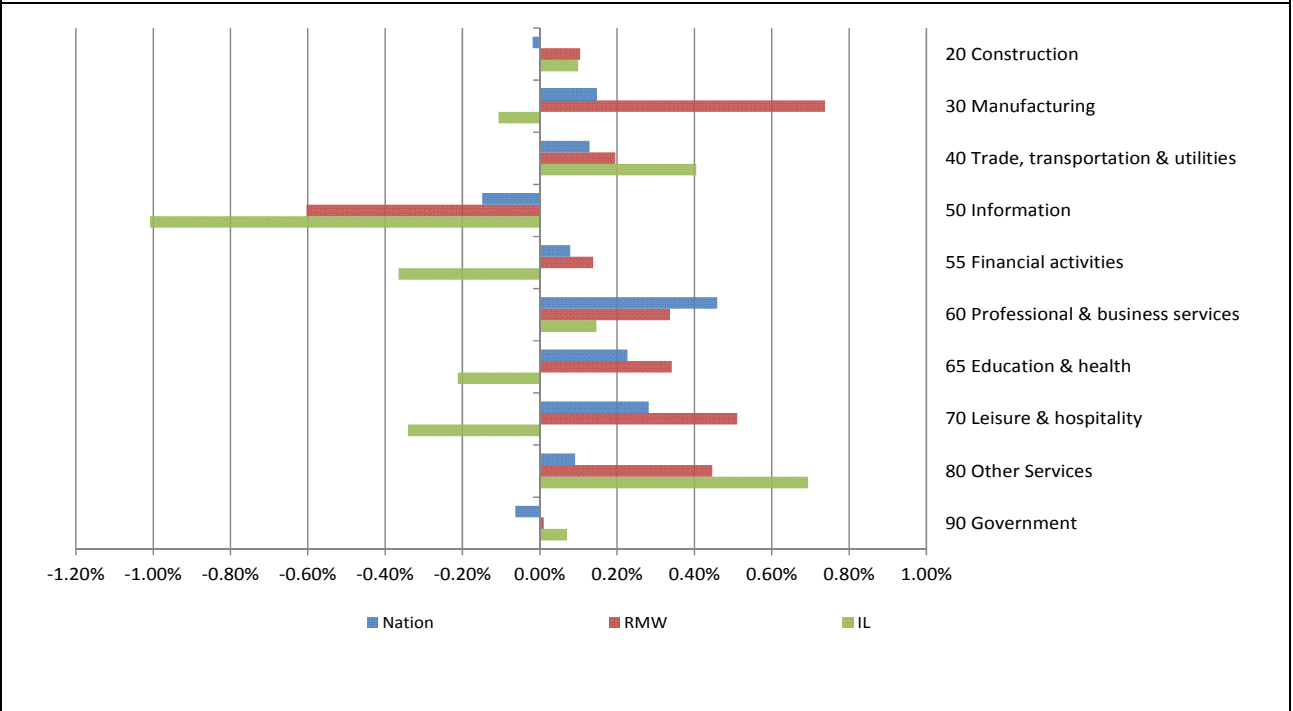
Apr 2011 Positive	Total Non-Farm Employment	Feb 2011– Mar 2011		Last 12 months		Mar 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.17	216,000	1.00	1,300,000	12.2%
	RMW*	0.30	56,700	1.22	224,800	13.4%
	Illinois	0.03	1,700	1.37	76,600	11.3%

*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 FEB 2011 – MAR 2011



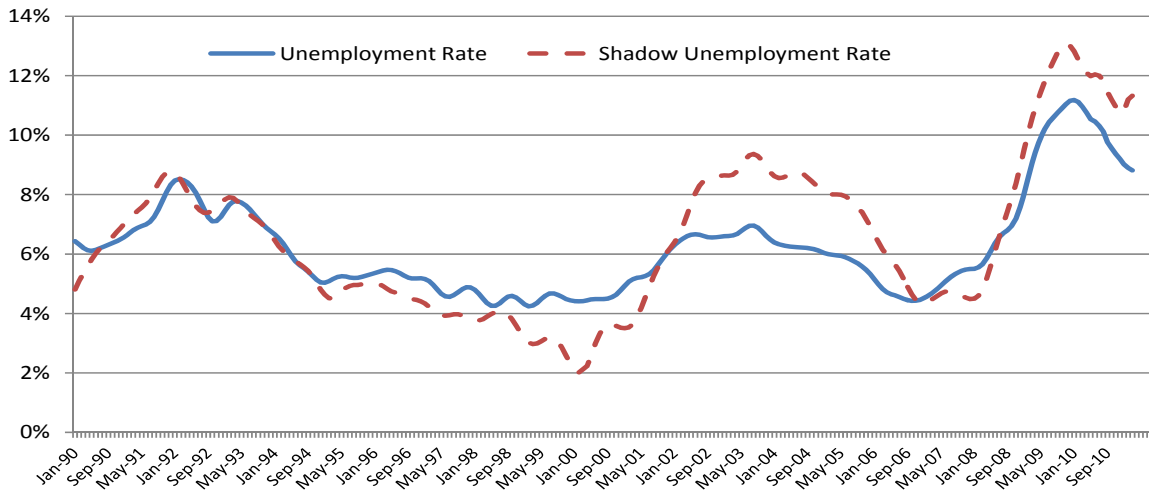
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

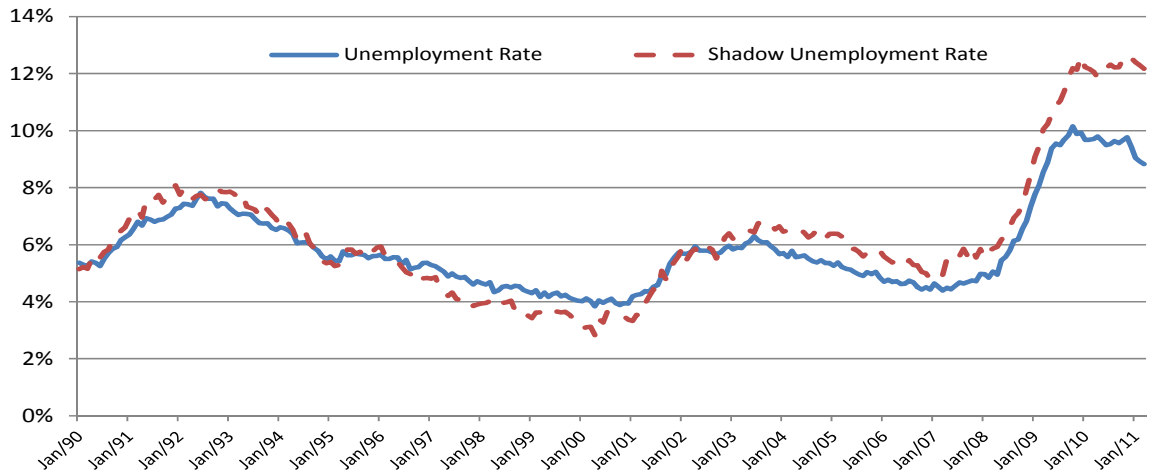
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 170,000 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

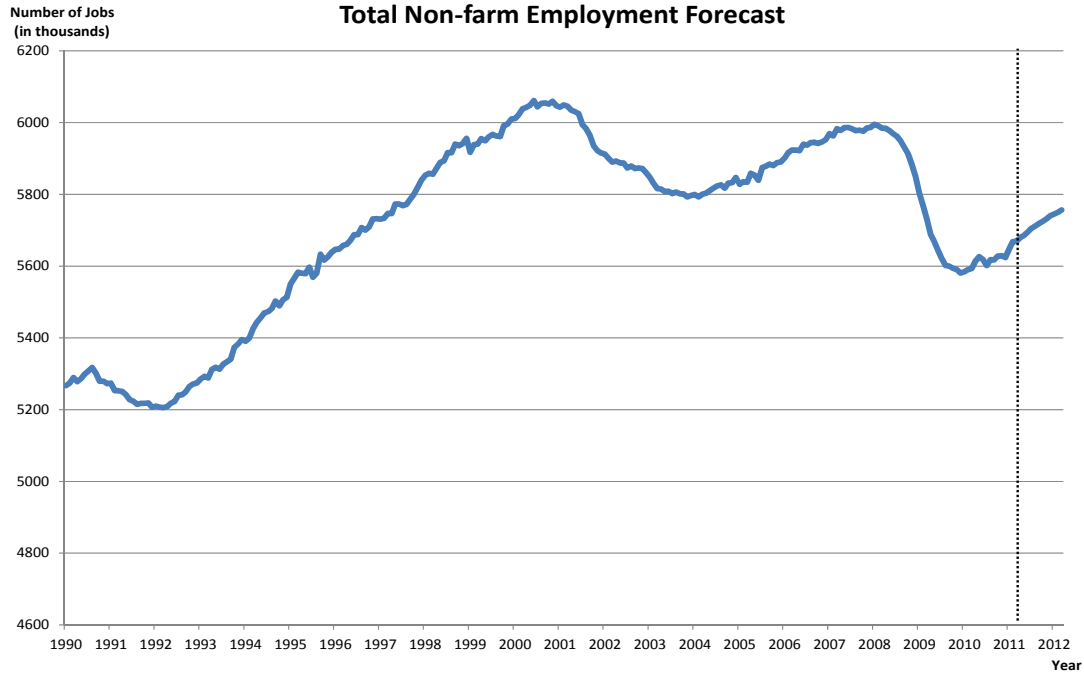


■ US



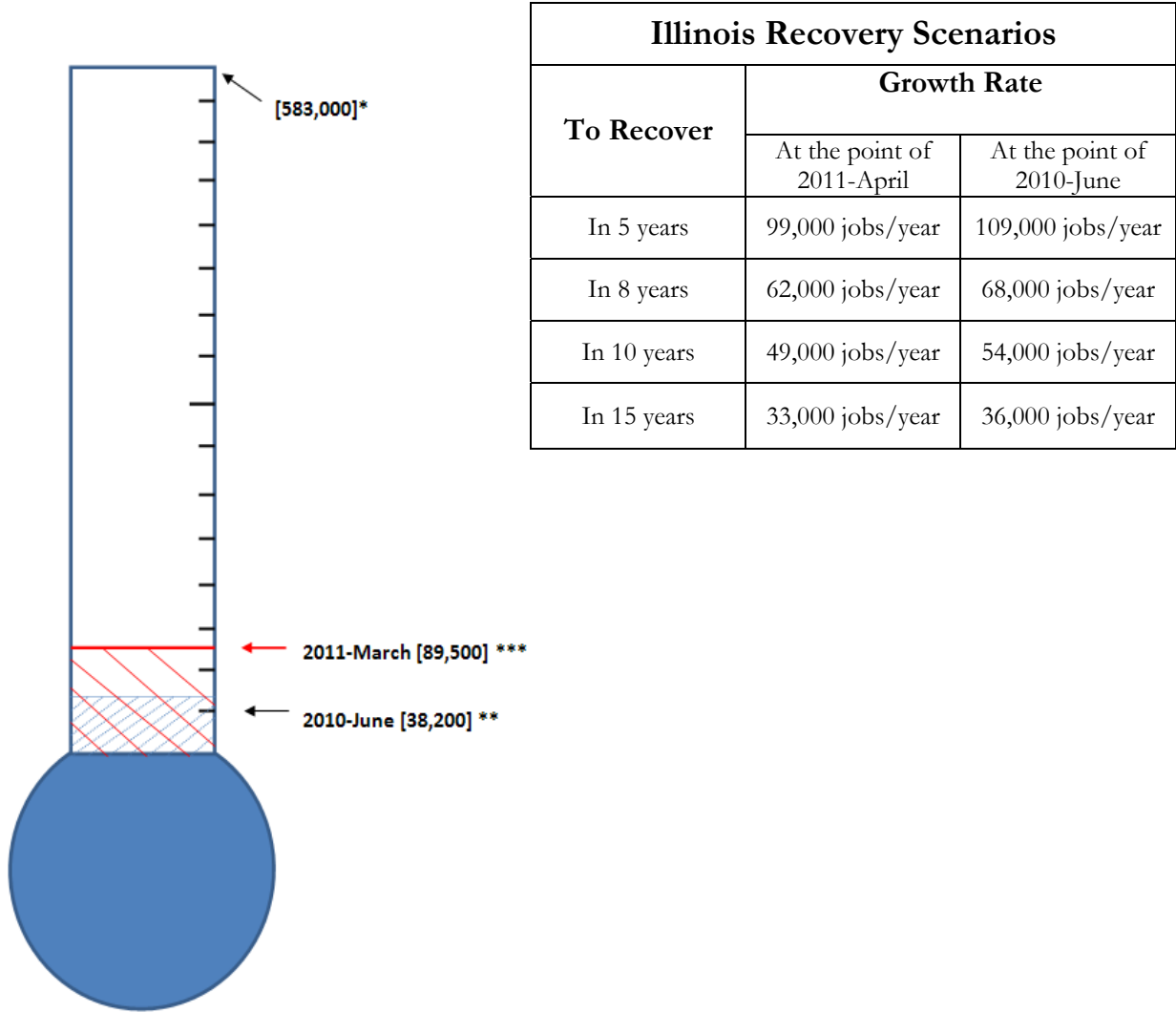
EMPLOYMENT FORECAST

	Mar. 2011	Mar. 2012 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,670,000	5,756,600	45,000 ~ 106,400	0.79%~1.88%
Construction	201,500	198,100	-3,400	-1.69%
Manufacturing	563,100	556,700	-6,400	-1.14%
Trade, transportation & utilities	1,140,600	1,165,900	25,300	2.22%
Information	98,200	93,800	-4,400	-4.48%
Financial Activities	354,500	346,400	-8,100	-2.28%
Professional & business services	819,200	852,400	33,200	4.05%
Education & health	846,500	868,500	22,000	2.60%
Leisure & hospitality	526,200	542,000	15,800	3.00%
Other services	261,200	265,700	4,500	1.72%
Government	849,600	857,700	8,100	0.95%



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

Barometer of Job Recovery



* 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 89,500 represents the jobs recovered from Dec. 2009 through Mar. 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)	119.57 (Feb 2011)	Negative growth	N/A
RMW	119.45 (Jun-2000)	109.16 (Feb 2011)	Negative growth	N/A
IL	115.09 (Nov-2000)	107.57 (Feb 2011)	Negative growth	N/A
Metro Areas** :				
Bloomington Normal	141.73 (Feb 2002)	138.58 (Feb 2011)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	109.30 (Feb 2011)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	106.82 (Feb 2011)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	108.52 (Feb 2011)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	97.07 (Feb 2011)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	120.73 (Feb 2011)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	114.85 (Feb 2011)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	107.32 (Feb 2011)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	105.38 (Feb 2011)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	107.57 (Feb 2011)	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.

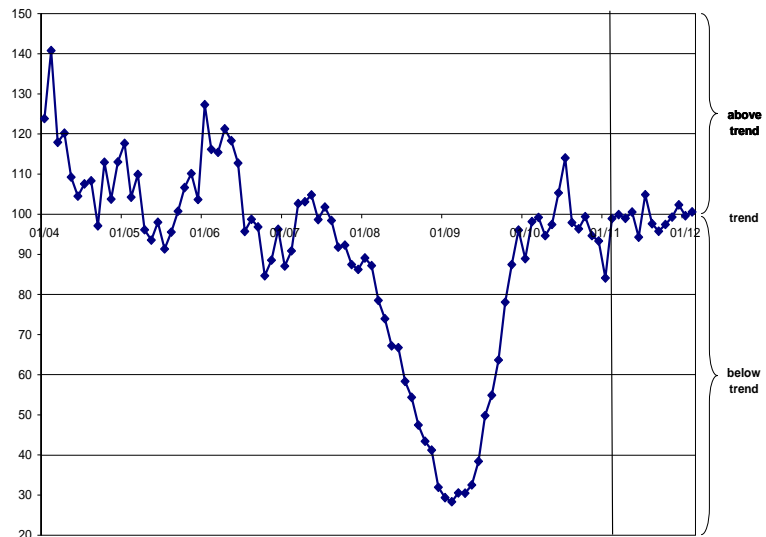
CBAI ROSE IN FEBRUARY

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 98.9 in February, an increase from the 84.1 recorded in January. The increase in February could be attributed mainly to the increase of private consumption in the Chicago region.
- In February, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production declined 0.1 percent in February. The capacity utilization rate for total industry edged down 0.1 percentage points to 76.3 percent. In addition, national retail sales increased 0.99 percent in February. The number of unemployed persons (13.7 million) and the unemployment rate (8.9 percent) changed little in February.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to -0.04 in February, from -0.01 in January. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.34 percent in February, after a 1.73 percent increase in January. In the Chicago region in February, manufacturing employment decreased 0.18 percent while non-manufacturing employment increased 0.06 percent and construction employment decreased by 0.43 percent. Regional retail sales are estimated to have increased 1.66 percent in February.
- In the coming months, the national economy is likely to maintain its recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment rose by 192,000 in February. Job gains occurred in manufacturing, construction, and several service-providing 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: 98.9)

	1 month	3 month	1 year
Historical (ago)	84.1	94.7	98.2
Forecast (ahead)	99.9	100.6	100.6



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

- Champaign-Urbana-Rantoul experienced the deepest fall this month.
- Peoria (3rd to 9th), Davenport-Rock Island-Moline (1st to 6th) and Bloomington-Normal (2nd to 7th) also dropped in terms of rank from last month.
- The most remarkable upward moves in February were recorded for Rockford (7th to 1st), Metro-East (8th to 2nd) and Springfield (10th to 4th).
- Kankakee (6th to 3rd) and Decatur (9th to 5th) also gained in terms of rank.
- In the 12 months growth league table, upward moves were recorded for Decatur (4th to 2nd), Springfield (6th to 4th) and Metro-East (9th to 5th) while downward moves were recorded for Rockford (5th to 8th), and Champaign-Urbana-Rantoul (2nd to 8th).
- Peoria remained in the first place while Champaign-Urbana-Rantoul dropped to 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	Jan 2011	Feb 2011	Rank	Change**
1	Champaign-Urbana-Rantoul(4.34%)	Rockford (0.41%)	1	↑ (+6)
2	Bloomington-Normal (0.62%)	Metro-East(0.35%)	2	↑ (+6)
3	Peoria (0.55%)	Kankakee (0.34%)	3	↑ (+3)
4	Davenport-Rock Island-Moline (0.54%)	Springfield (0.25%)	4	↑ (+6)
5	Chicago (0.53%)	Decatur (0.2%)	5	↑ (+4)
6	Kankakee (0.45%)	Chicago (0.04%)	6	↓ (-1)
7	Rockford (0.22%)	Bloomington-Normal (-0.05%)	7	↓ (-5)
8	Metro-East (0.04%)	Davenport-Rock Island-Moline (-0.12%)	8	↓ (-4)
9	Decatur(-0.42%)	Peoria (-0.16%)	9	↓ (-6)
10	Springfield (-0.66%)	Champaign-Urbana-Rantoul (-3.13%)	10	↓ (-9)

Growth over last 12-months:

Rank	Jan 2011	Feb 2011	Rank	Change**
1	Peoria (3.2%)	Peoria (2.91%)	1	← (+0)
2	Champaign-Urbana-Rantoul (3.01%)	Decatur (1.44%)	2	↑ (+2)
3	Davenport-Rock Island-Moline (1.66%)	Davenport-Rock Island-Moline (1.31%)	3	← (+0)
4	Decatur (1.63%)	Springfield (1.16%)	4	↑ (+2)
5	Rockford (1.56%)	Metro-East (1.12%)	5	↑ (+4)
6	Springfield (1.27%)	Chicago (1.06%)	6	↑ (+1)
7	Chicago (1.14%)	Kankakee (1.02%)	7	↑ (+1)
8	Kankakee (1.02%)	Rockford (0.45%)	8	↓ (-3)
9	Metro-East (0.87%)	Bloomington-Normal (0.36%)	9	↑ (+1)
10	Bloomington-Normal (-0.11%)	Champaign-Urbana-Rantoul (-1.19%)	10	↓ (-8)

* 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)

