



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.

JULY 2011

EMPLOYMENT

EMPLOYMENT DATA SUMMARY

- Illinois shed 7,200 jobs in June 2011 at a rate of -0.13%, compared with a revised 4,900 job gain in May 2011. Compared to Jun 2010, Illinois has added 59,000 jobs. The three-month moving average of jobs, a more stable measure of labor market, was up by 2,300 jobs per month.
- The Nation added 18,000 jobs at a rate of 0.01%, compared with a revised 25,000 job gain in May. The three-month moving average of jobs was up by 87,000 jobs per month.
- The Rest of the Midwest (RMW) added 12,000 jobs in June at a rate of 0.06% after a revised -8,500 job loss in May. The three-month moving average was up by 800 jobs per month.
- Since the beginning of the recession in Dec 2007, Illinois has posted negative job changes 28 times and positive job gains 14 times so far. The state of Illinois now has a net loss of 307,500 jobs since the beginning of the recession in December 2007.
- Since Jan 2010, Illinois employment resumed. Construction, Manufacturing, Trade, transportation & utilities, Professional & business services, Leisure hospitality and Other services have recovered 4.81%, 15.52%, 25.08%, 39.39%, 52.19%, 8.47% respectively from the job losses during the recession. However, Information and Financial activities continued to lose jobs leading to negative recovery rates, -62.73% and -28.75%.
- The shadow unemployment rates for Illinois, RMW and the Nation were 11.9%, 13.6% and 12.7%, compared to official unemployment rates of 9.2%, 8.7% and 9.2%. After 15 consecutive months of decline, Illinois unemployment rate increased for the second time by 0.3% from 8.9% in last month.
- Through May 2011, the cumulative job growth for Illinois, RMW and the Nation compared to January 1990 stood at 7.80%, 9.55%, and 20.03%, respectively.

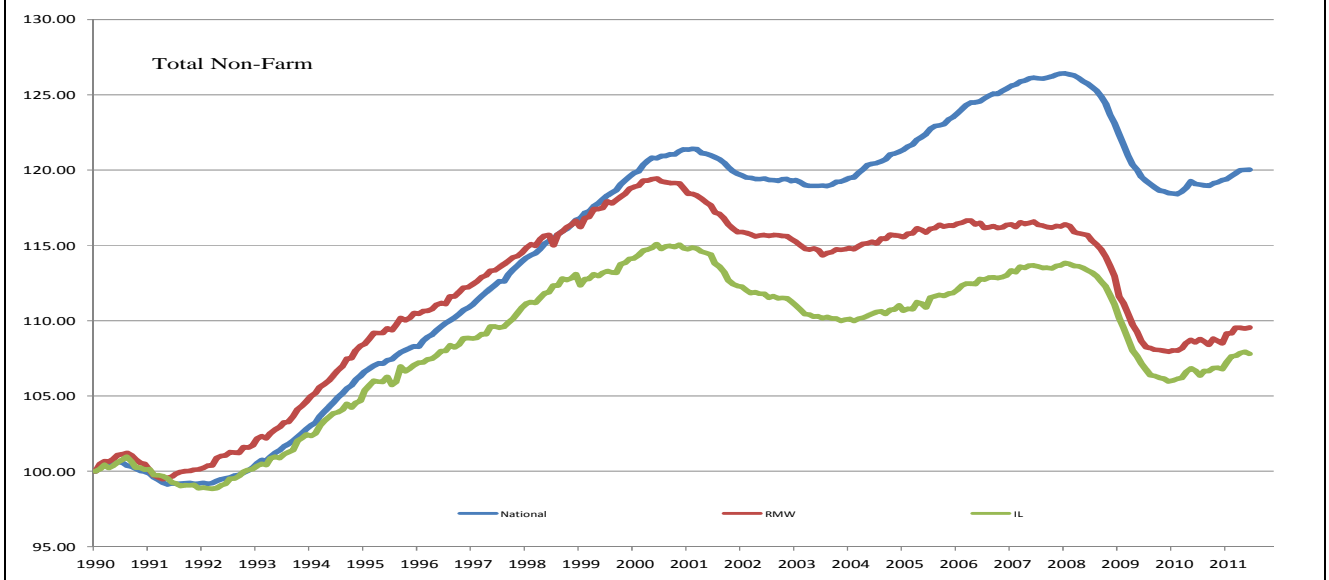
JUNE 2011 EMPLOYMENT CHART

July 2011 Negative	Total Non-Farm Employment	May 2011– Jun 2011		Last 12 months		Jun 2011
		Growth Rate %	Number of Jobs	Growth Rate %	Number of Jobs	Shadow U.R. **
	Nation	0.01	18,000	0.80	1,036,000	12.7%
	RMW*	0.06	12,000	0.91	168,800	13.6%
	Illinois	-0.13	-7,200	1.05	59,000	11.9%

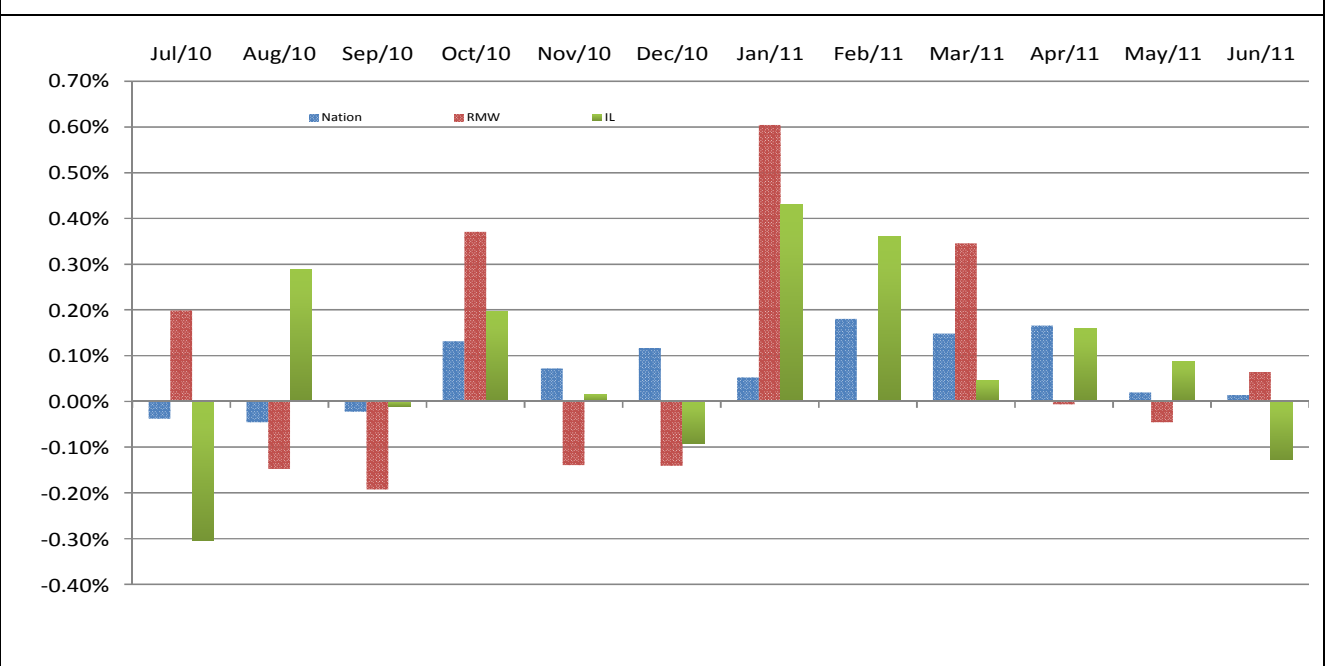
*RMW stands for Rest of the Midwest including six states, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.

**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.

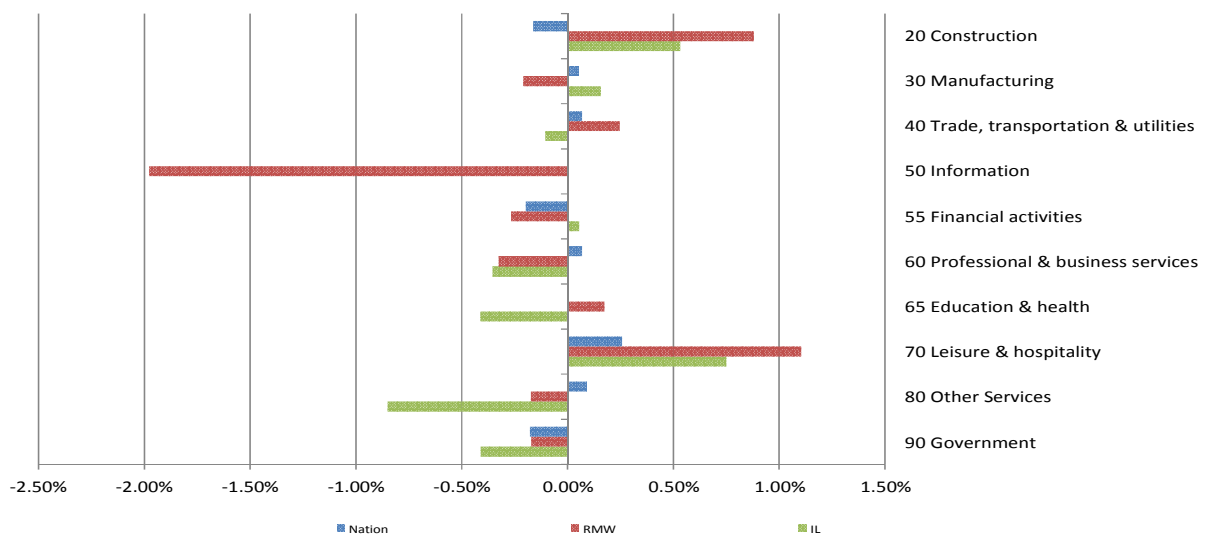
TOTAL NON-FARM EMPLOYMENT GROWTH RATE JAN 1990 – JUN 2011



LAST 12 MONTHS TNF EMPLOYMENT GROWTH RATE JUL 2010 – JUN 2011



TOTAL NON-FARM EMPLOYMENT GROWTH RATE BY SECTORS MAY 2011 – JUN 2011



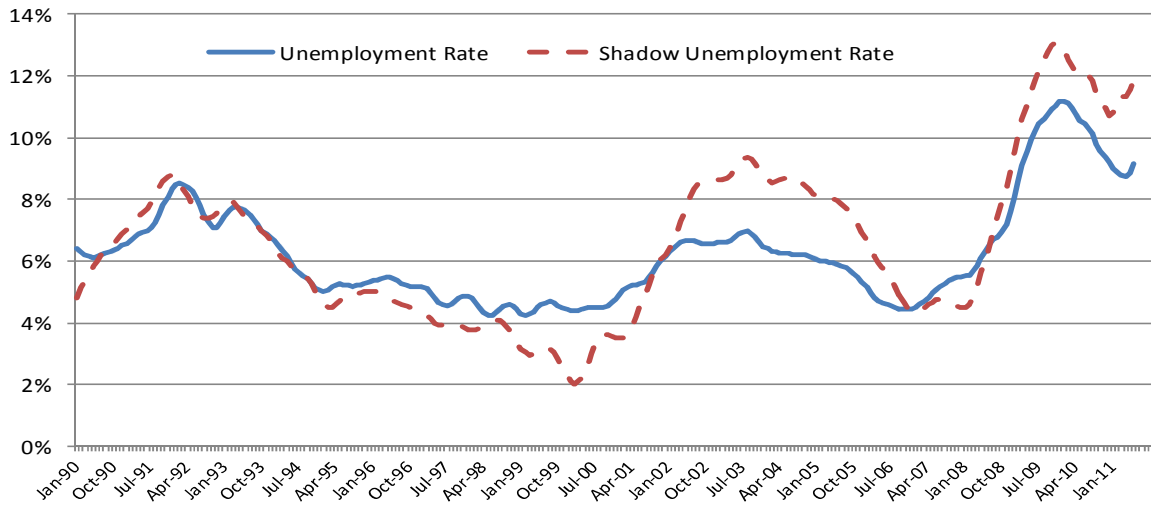
SHADOW UNEMPLOYMENT

Unemployment Rate: Official and Shadow

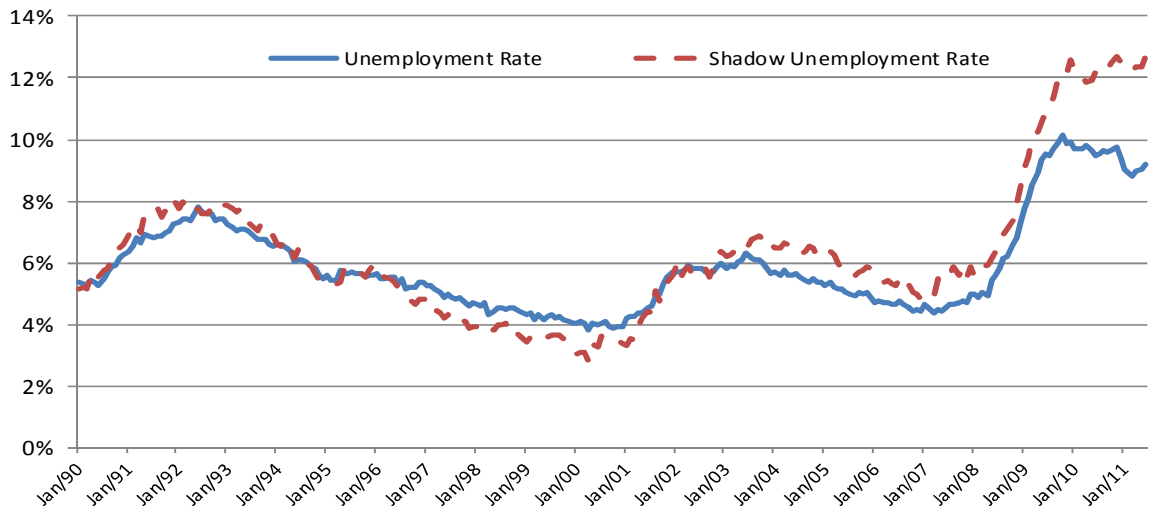
The unemployment rate estimates the percentage of workers in the labor force who are currently unemployed but who are seeking work. The labor force participation rate is the percentage of the population 16 and older who are either working or actively seeking work. The participation rate has declined 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 183,600 jobs would need to be created in Illinois.
- The gap at the national level is much smaller.

■ Illinois

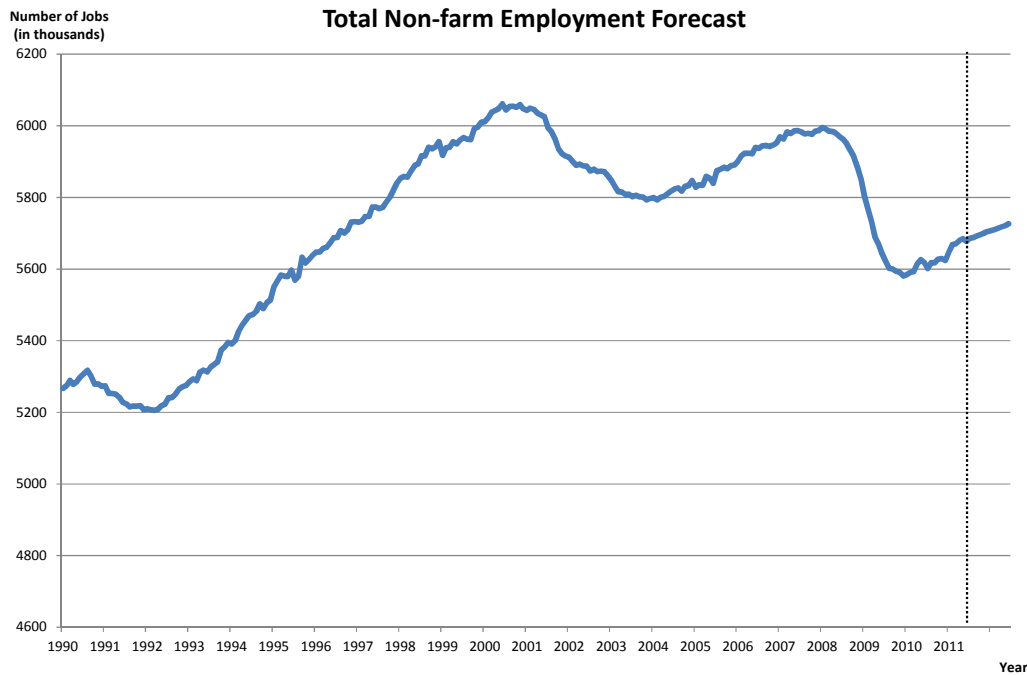


■ US



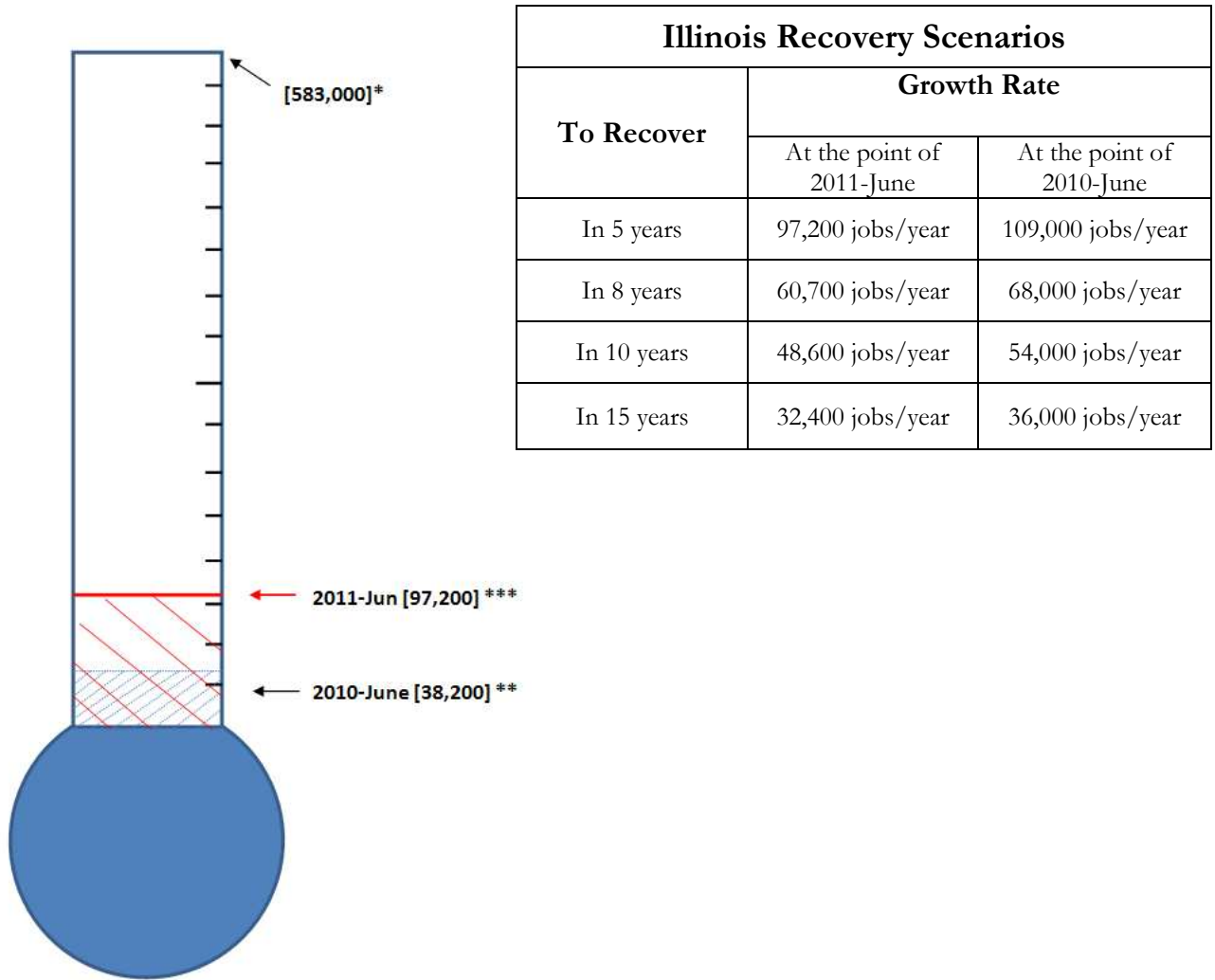
EMPLOYMENT FORECAST

	June 2011	June 2012 (p)	Number of Jobs	Growth Rate %
Total non-farm	5,677,700	5,726,200	48,500 ~ 88,500	0.50%~1.56%
Construction	207,300	204,500	-2,800	-1.35%
Manufacturing	571,200	571,400	200	0.04%
Trade, transportation & utilities	1,143,400	1,157,600	14,200	1.24%
Information	97,200	92,700	-4,500	-4.63%
Financial Activities	355,600	351,000	-4,600	-1.29%
Professional & business services	816,300	831,600	15,300	1.87%
Education & health	845,600	868,800	23,200	2.74%
Leisure & hospitality	523,800	530,100	6,300	1.20%
Other services	256,500	258,500	2,000	0.78%
Government	851,500	859,900	8,400	0.99%



* 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 97,200 represents the jobs recovered from Dec. 2009 through June 2011.

ILLINOIS JOB RECOVERY BY SECTOR

Illinois job recovery by sector from Dec 2007 - Jun 2011					
	Job Changes in Recession Period*	Job Recovery Jan 2010-Jun 2011	Recovery Percentage	Forecasted Job Recovery Jan 2010-Jun 2012	Forecasted Recovery Percentage
Construction	-64,500	3,100	4.81%	300	0.47%
Manufacturing	-116,000	18,000	15.52%	18,200	15.69%
Trade, transportation & utilities (TTU)	-98,100	24,600	25.08%	38,800	39.55%
Information	-11,000	-6,900	-62.73%	-11,400	-103.64%
Financial activities	-32,700	-9,400	-28.75%	-14,000	-42.81%
Professional & business services	-91,400	36,000	39.39%	51,300	56.13%
Education & health	34,300	23,900	--	47,100	--
Leisure & hospitality	-22,800	11,900	52.19%	18,200	79.82%
Other Services	-5,900	500	8.47%	2,500	42.37%
Government	5,200	-4,900	--	3,500	--

*Recession period: Dec 2007- Dec 2009

<p>Recovery by Sector</p>	<ul style="list-style-type: none"> ▪ During the recession period of Dec 2007-Dec 2009, 8 out of 10 Illinois sectors experienced negative job growth. Education & health and Government are the only 2 sectors which had positive job growth during the recession. ▪ Since Jan 2010, Illinois employment resumed. Construction, Manufacturing, Trade, transportation & utilities, Professional & business services, Leisure hospitality and Other services have recovered 4.81%, 15.52%, 25.08%, 39.39%, 52.19%, 8.47% respectively from the job losses during the recession. ▪ However, Information and Financial activities continued to lose jobs leading to negative recovery rates, -62.73% and -28.75%. ▪ The 12-month-ahead job recovery forecasts show that Information and Financial activities will be worse off and experience negative recovery. From Jan 2010 to June 2012, the number of jobs that Information loses will be more than the jobs lost during the recession, leading to a forecasted recovery rate of -103.64% by June 2012. The forecasted recovery rate for Financial activities is -42.81%. ▪ By June 2012, Manufacturing, Trade, transportation & utilities, Professional & business services, Leisure hospitality and Other services will have improved recovery rates.
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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)	120.06 (May 2011)	Negative growth	N/A
RMW	119.45 (Jun-2000)	109.51 (May 2011)	Negative growth	N/A
IL	115.09 (Nov-2000)	108.00 (May 2011)	Negative growth	N/A
Metro Areas**:				
Bloomington Normal	141.73 (Feb 2002)	139.48 (May 2011)	Negative growth	N/A
Champaign Urbana	116.13 (Jan 2009)	108.53 (May 2011)	Negative growth	N/A
Chicago	114.86 (Nov 2000)	106.97 (May 2011)	Negative growth	N/A
Davenport- Rock Island-Moline	115.02 (Mar 2008)	109.53 (May 2011)	Negative growth	N/A
Decatur	112.37 (Jan 2000)	96.02 (May 2011)	Negative growth	N/A
Kankakee	125.57 (Mar 2008)	125.46 (May 2011)	Negative growth	N/A
Peoria	122.21 (Aug 2008)	117.22 (May 2011)	Negative growth	N/A
Rockford	122.81 (Nov 2000)	107.56 (May 2011)	Negative growth	N/A
Springfield	110.89 (Aug 2000)	104.94 (May 2011)	Negative growth	N/A
Metro-East	114.97 (Jun 2001)	107.64 (May 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.

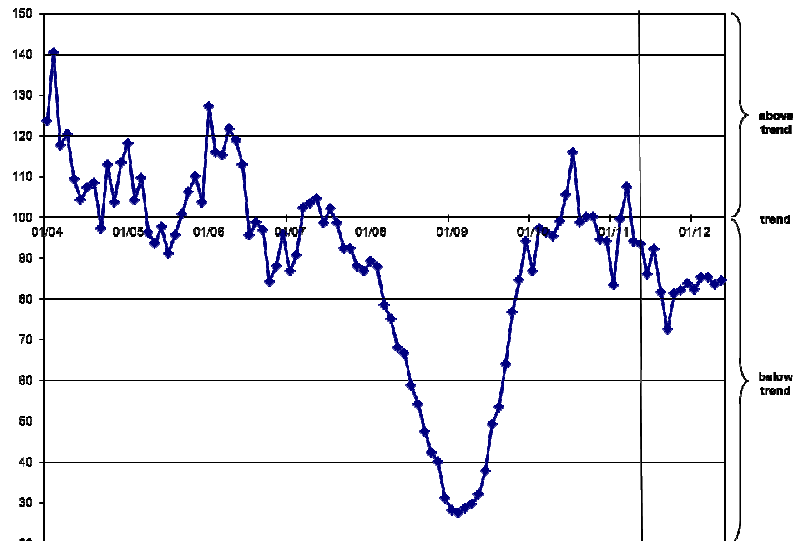
CBAI SLIGHTLY DECREASED IN MAY

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 93.5 in May, a slight decrease from 94.1 in April. The drop of the index in May could be attributed mainly to the sluggishness in national economic activity and the decrease of non-manufacturing employment.
- In May, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production edged up 0.1 percent in May, the second consecutive month with little or no gain. The capacity utilization for total industry was flat at 76.7 percent. In addition, national retail sales decreased 0.23 percent in May. The number of unemployed persons (13.9 million) and the unemployment rate (9.1 percent) were essentially unchanged in May.
- The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.37 in May, from -0.56 in April. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.48 percent in May. In the Chicago region in May, manufacturing employment increased 0.34 percent while non-manufacturing employment decreased 0.06 percent and construction employment increased by 2.30 percent. Regional retail sales are estimated to have decreased 0.01 percent in May.
- In the coming months, the national economy is likely to maintain its modest, but slowing recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment increased marginally by 54,000 in May. Job gains continued in professional and business services, health care, and mining and local government employment continued to decline. With regard to inflation, the CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its modest improving trend over the next several months.

CBAI (Current: 93.5)

	1 month	3 month	1 year
Historical (ago)	94.1	99.6	99.0
Forecast (ahead)	86.1	81.7	84.5



METROPOLITAN STATISTICAL AREA LEAGUE TABLES

MSA LEAGUE TABLES SUMMARY*

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

*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	Apr 2011	May 2011	Rank	Change**
1	Kankakee(1.61%)	Kankakee(2.34%)	1	←(+0)
2	Peoria (0.54%)	Peoria(0.5%)	2	←(+0)
3	Bloomington-Normal (0.38%)	Davenport-Rock Island-Moline (0.35%)	3	↑(+1)
4	Davenport-Rock Island-Moline (0.35%)	Metro-East (0.09%)	4	↑(+3)
5	Rockford (0.31%)	Chicago (-0.05%)	5	↑(+1)
6	Chicago (0.05%)	Springfield (-0.15%)	6	↑(+2)
7	Metro-East (-0.33%)	Rockford (-0.27%)	7	↓(-2)
8	Springfield (-0.49%)	Champaign-Urbana-Rantoul (-0.28%)	8	↑(+2)
9	Decatur(-0.79%)	Bloomington-Normal (-0.31%)	9	↓(-6)
10	Champaign-Urbana-Rantoul (-1.21%)	Decatur (-0.82%)	10	↓(-1)

Growth over last 12-months:

Rank	Apr 2011	May 2011	Rank	Change**
1	Peoria (2.99%)	Kankakee (4.88%)	1	↑(+1)
2	Kankakee (2.6%)	Peoria (3.05%)	2	↓(-1)
3	Rockford (1.25%)	Davenport-Rock Island-Moline (1.5%)	3	↑(+1)
4	Davenport-Rock Island-Moline (0.98%)	Chicago (0.59%)	4	↑(+1)
5	Chicago (0.96%)	Metro-East (0.41%)	5	↑(+1)
6	Metro-East (0.32%)	Rockford (0.24%)	6	↓(-3)
7	Springfield (0.22%)	Springfield (0.13%)	7	←(+0)
8	Decatur (0.04%)	Bloomington-Normal (-0.06%)	8	↑(+1)
9	Bloomington-Normal (-0.19%)	Decatur (-1.63%)	9	↓(-1)
10	Champaign-Urbana-Rantoul (-2.56%)	Champaign-Urbana-Rantoul (-2.87%)	10	←(+0)

* 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)

