STATE OF ILLINOIS
ECONOMIC FORECAST
February 2016

PREPARED FOR:

STATE OF ILLINOIS

COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

PREPARED BY:

MOODY'S ANALYTICS / ECONOMIC & CONSUMER CREDIT ANALYTICS

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State of Illinois Forecast Report

February 2016

Prepared for:

State of Illinois
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MOODY'S ANALYTICS

State Economic Outlook

February 2016

Illinois

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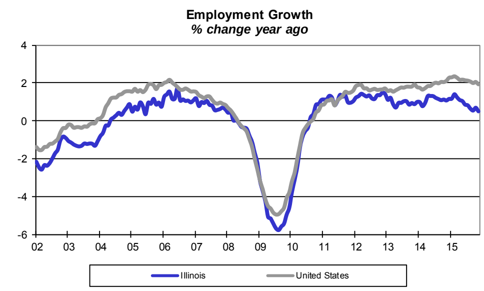
SUMMARY

Illinois' economy is the weakest of the underperforming Midwest. Poor public sector finances, an ailing downstate economy, and deteriorating demographics are hampering the state's recovery. Job growth has run at less than half of the national average in 2015, and the payroll survey actually showed a year-over-year decline in December. Consequently, the unemployment rate has made a U-turn and is barely below year-ago levels in most metro areas. Illinois has been hit especially hard by the manufacturing slowdown; its producers face headwinds from lower commodity prices, a stronger dollar, and slower growth abroad. Downstate is hurting more than Chicago, which relies much more heavily on service industries for growth. The manufacturing slump has been punishing to export-oriented manufacturing centers such as Decatur, Peoria, and the Quad Cities. These widespread challenges will keep Illinois from narrowing its performance gap with the region and the nation in 2016.

Longer term, Illinois has a lot of what businesses need to thrive—talent, access to customers and capital, transportation—but painful fiscal reforms are needed before it can fully capitalize on these strengths. To be a solid performer longer term, the state must navigate its fiscal challenges without doing lasting damage to its business climate. Pension reform still faces a significant legal challenge, and a partial rollback of temporary income tax rate increases will lower tax revenues and cause the budget situation to worsen dramatically. The state's demographics present it with another challenge, as an aging population coupled with a trend toward fewer workers hampers job and income gains, which are forecast to be below average over the extended forecast horizon.

RECENT PERFORMANCE (back to top)

- Illinois' recession was more severe than the nation's, and the state's recovery has been weaker in turn, lagging the region and nation in income, output and employment growth over the last five years. The state's labor market is improving but more slowly than elsewhere. Illinois is among a handful of Midwest states that still have jobs to make up from the recession, and nationally there are fewer than a dozen states where employment is further from its prerecession peak.



Sources: BLS, Moody's Analytics

- It is clear from the collection of job market indicators that businesses in Illinois are under less pressure to add workers than they are elsewhere. The share of private industries increasing headcount is much lower than in other Midwest states, for example, and temporary employment is also up by less than half of the rise nationally over the past year. There is a sign of life, however: Following a year and a half of decline, the average workweek has been lengthening since midyear.

- The problems extend beyond the labor market. The Moody's Analytics business cycle tracker, which combines employment, factory output, homebuilding and house prices into a single indicator, is up less in Illinois than in any other Midwest state over the last five years. Illinois is the only state in the region without a metro area in the expansion phase of the business cycle, although employment in the Chicago metro division recently surpassed its prerecession peak. Illinois also has five metro areas whose recoveries are at risk of coming undone (Carbondale, Danville, Kankakee, Peoria, Springfield) and is home to two of the Midwest's six metro areas in recession (Rockford and the Quad Cities).

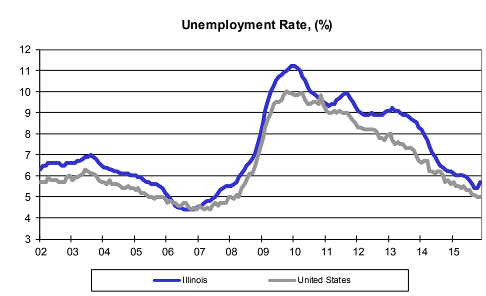
- Chicago is powering the state economy as strong growth in service industries compensates for sluggishness in the goods-producing arena. Faster job growth in Chicago's urban core is encouraging. In addition to established giants, Chicago's roster of high-tech startups continues to expand. Most venture capital funding in Illinois gets funneled into Chicago, and the value of deals is the highest since the dot-com bust. The total amount of downtown office space occupied by tech companies is growing rapidly.

- Even though growth in Chicago will keep the state economy moving in the right direction, the city's financial woes threaten to curtail the metro division's momentum. Chicago has done more than the state to get its fiscal house in order, but significant challenges remain. Driven by rising pension costs and declining state aid, Chicago's fiscal problems are among the most severe nationally. The City Council approved Mayor Rahm Emanuel's 2016 budget that will hit Chicagoans with more than $755 million in tax and fee increases to plug the budget shortfall. However, without some help from leaders in Springfield, Chicago will be unable to make much headway toward a long-term solution, particularly regarding its unfunded pension liabilities.

- The metro division should get just enough support from its core drivers to ensure that it grows. Specifically business/professional services will be the only major industry to keep pace with the nation in job creation thanks to an explosion of tech-related hiring downtown.

- Lake County has given back some of its earlier gains. The metro area has been among Illinois' best performers over the last few years, but it has been on the decline since midyear. Payroll employment has fallen in four straight months. Champaign-Urbana, which had been another of Illinois' top performers, is losing steam. Fiscal headwinds and a significant slowdown in housing have put the metro area at risk of falling back into recession.

- The improvement in the job market is reflected in a lower unemployment rate, which has fallen a half percentage point over the last year. Despite the drop, unemployment in Illinois is the highest in the region. Labor market woes are more severe than they appear at first glance. An uncomfortably high share of state residents are unemployed, underemployed



Sources: BLS, Moody's Analytics

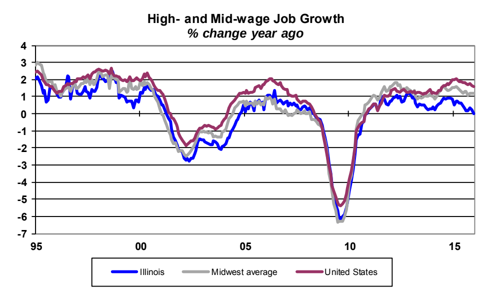
or discouraged workers. At just over 11%, the proportion of marginally attached and involuntary part-time workers in the labor force is the second highest in the Midwest. Illinois' labor force has risen significantly over the last few months, slowing the drop in the unemployment rate. The pickup in the labor force is encouraging because it suggests greater job opportunities and increased confidence in the labor market.

- Although the state's labor force has grown modestly over the last few months, it is roughly unchanged over the last year and has trended lower since the recession. A decline in labor force participation has also been especially pronounced in Illinois, with the decline since late 2007 the second largest among Midwest states, behind North Dakota. Some of the drop is the result of a combination of demographic factors, mainly the aging of the population, and other causes associated with the weak economy, especially downstate.

Illinois Employment, Recent Performance December 2015	Annualized growth rate				
	3-mo	6-mo	12-mo	5 yr	10 yr
Total	-0.6	-0.6	-0.1	0.9	0.0
Construction	11.1	5.6	2.4	1.8	-2.3
Manufacturing	-1.3	-2.5	-2.4	0.0	-1.9
Wholesale Trade	-1.2	-0.6	-1.0	0.8	-0.3
Retail Trade	-5.7	-4.5	-1.0	0.3	-0.5
Transportation and Utilities	0.3	-3.8	0.7	1.4	0.5
Information	-9.1	-5.2	-2.8	-1.1	-2.0
Financial Activities	0.3	0.9	0.1	0.3	-0.9
Professional and Business Services	-4.0	-1.7	0.6	2.5	1.0
Education and Health Services	0.8	0.3	0.7	1.3	1.8
Leisure and Hospitality	2.6	1.0	0.6	1.6	0.9
Government	0.7	1.1	0.0	-0.3	-0.2
	Percent				
Unemployment rate	5.7	5.6	5.8	8.0	7.7

Sources: BLS, Moody's Analytics

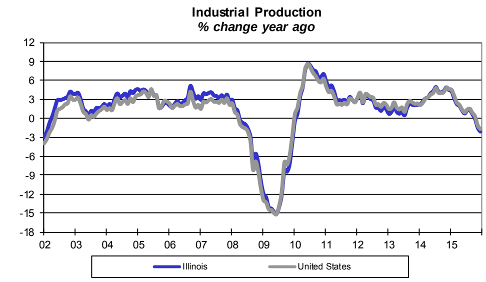
- Illinois has added fewer jobs than any neighboring state this year despite being the most populous in the region. Further setting the state apart from its neighbors, the mix of new jobs has been heavily tilted toward low-paying positions. Still, there is reason to believe the job market is in better shape than it appears at first glance. Although the monthly establishment survey indicates that employment fell in the second quarter, the more complete Quarterly Census of Employment and Wages suggests that job growth will be revised upward when payroll employment is benchmarked in March. The QCEW, a near complete count of jobs, shows that year-over-year job growth in Illinois was 6 percentage points higher in the second quarter than what is reflected in the establishment survey.



Sources: BEA, BLS, Moody's Analytics

- Even though employment may be revised higher, private service and goods-producing industries have underperformed in the state. Slower goods production is a drag on private services, and the public sector is offering little support. Consumer fundamentals are not as strong as they are elsewhere, and industries such as retail and leisure/hospitality have been on a downward slide since the start of the year. Although employment in the pair is up from a year earlier, the pace of growth is well below the national rate. Construction payrolls are climbing thanks to a pickup in multifamily construction, especially in Chicago, but the pace of growth has cooled considerably in the past year.

- Illinois has been hit especially hard by the manufacturing slowdown. Weak overseas demand is weighing heavily on industrial production and factory payrolls, which continue to erode. Illinois' manufacturers have shed jobs in all but one of the past 11 months, sending factory employment to a four-year low. There are 12,800 fewer factory workers in the state today than there were a year earlier. Dealing another blow to manufacturing, Caterpillar has announced plans to cut 10,000 or more jobs by 2018 to withstand persistent weakness in the energy and mining markets. A significant number of the cuts will be made in Illinois. Earlier cuts by Caterpillar and other manufacturers in its supply chain are still reverberating through Peoria's economy, and a new round of massive layoffs will be especially crippling to this metro area.



Source: Moody's Analytics

- Statewide exports remain soft as mining-related investment struggles to recover. Statewide exports were off more than 7% from a year earlier in the second quarter, more than in other Great Lakes states but not as severe as in the Plains. Illinois is getting less support from trade because of its greater exposure to industrial machinery manufacturing. Industrial machinery accounts for about one-fifth of the state's exports, twice the national share, and industry exports have fallen over 50% since peaking in mid-2012.

- The auto industry has been a source of strength for Illinois manufacturing, albeit not to the extent as in surrounding states such as Indiana and Michigan. Although transportation equipment producers in the state employ about half as many workers as machinery manufacturers, they have added more jobs over the last four years. Ford Motor Co. is investing $1.1 billion in its two Chicago plants as it gears up to build a new vehicle in addition to the Explorer. Downstate, the industry leads a turnaround in Danville's economy, and Fiat Chrysler's Rockford plant has set production records on the strength of the Dodge Dart and its Jeep Compass and Patriot SUVs.

- The slowing in manufacturing has done significant damage to private service industries. Downstream industries to manufacturing such as transportation and warehousing have lost some of their footing. The professional/business services industry, which typically mirrors what is happening in manufacturing, is also decelerating.

- Office-using industry growth in Illinois has slipped further behind that of the nation and now trails that in the rest of the Midwest. While the number of jobs in administrative and support services has increased, industry growth has been powered by workforce additions at tech- and science-based companies. Employment in this high-paying cluster is at an all-time high, helping to counter slower growth in the smaller core of management jobs. The Windy City has become a hot spot for headquarters, but downstate the number of management jobs has shrunk along with manufacturing over the last few years.

- Financial services are a sore spot. Real estate and leasing jobs have been slower to rebound, and the rest of financial services have been inconsistent. While insurers are expanding, securities firms, exchanges and banks are cutting back as they adapt to new regulations and a tougher lending and trading environment. With payrolls that have barely budged from their recessionary nadir, Chicago's financial industry has been the slowest to recover of the Midwest's 10 largest metro areas. Banks and securities firms continue to reduce headcount and insurers are expanding at a snail's pace. A higher than average share of Chicago's small banks are still not healthy by the standards of federal regulators because they have been slow to shed problem loans and write down the value of their assets.

- Consumer industries have struggled over the last year because of poor population trends and weakness in manufacturing, which have hurt income growth in the state. Leisure/hospitality has performed much better in the recovery than retail thanks to the boost from the travel industry and Chicago tourism in particular.

- As if slower growth across a number of private industries was not bad enough, the state's fiscal problems have worsened. A stalemate among lawmakers has left Illinois without a budget for the fiscal year that began July 1. Illinois is the country's most financially troubled state, and without additional funding or decreased costs, there will be even greater pressure to reduce headcount. A rollback of a temporary income tax rate increase will take a big bite out of tax revenues. Additionally, the Illinois Supreme Court ruled as unconstitutional a major pension reform bill that had been approved by the General Assembly in 2013. The action will make it even more difficult for lawmakers to overcome the massive structural deficit plaguing the state, severely lessening upside risk to the forecast. This is reflected in the latest forecast, which projects slower job growth over the next several years than previous outlooks.

NEAR-TERM OUTLOOK (back to top)

- Illinois' economy has strengthened over the past year, but challenges remain. Softness in manufacturing, deeply rooted fiscal problems, and weak and worsening demographics are hurdles the state will struggle to overcome. Job growth will pick up, but the pace will trail the regional and national averages as Chicago struggles to compensate for weakness downstate. Consumers will continue to be a weaker force for the recovery because of poor demographics, and the downstate economy will suffer from a lack of dynamic growth drivers. Housing will contribute more to growth, but downstate economies face a tough year because of softness in manufacturing. The improvement upstate will ensure that job and income growth strengthens, but Illinois' economy will underperform the nation and region by a significant margin this year and next.

- The upstate economies of Chicago and Lake County will account for the bulk of job and income gains this year. Chicago is wrestling with its own budget problems that make it an extreme outlier among its peers, but the city has the wherewithal to restore its financial health, unlike bankrupt Detroit. Chicago also outshines its peers in the competition for talent, customers and capital—advantages that will outweigh the specter of budget deficits and promote investment and hiring.

- While fundamentals upstate are strongest in industries such as business/professional services and tourism, better performance from parts of the economy such as construction and financial services that have struggled with the residual effects of the downturn will pave the way for faster growth. Multifamily building is strong, and fewer foreclosures will promote more single-family construction and a pickup in real estate and leasing jobs. A more favorable lending and trading environment will help the rest of financial services.

- Poor population trends will act as a speed limit on consumer-driven industries, but recent increases in wealth, income growth and credit accumulation in Chicago point to faster gains in consumer spending that will provide support for industries such as retail and leisure/hospitality. Leisure/hospitality has performed much better in the recovery than retail thanks to the boost from the travel industry and Chicago tourism in particular. Hotel occupancy and room rates in the state have risen more quickly than they have nationally thanks mainly to more people visiting Chicago. More convention business will also help drive growth. Labor reforms enacted in 2011 have been an important recruiting tool for trade shows, and a new 1,200-room hotel adjacent to McCormick Place, along with a new 10,000-seat arena, should help attract more convention traffic.

- Illinois' budget problems are its biggest headache, and an escalation of the state's fiscal problems and weakness in the public sector suggest limited upside potential even as other parts of the economy improve. Illinois has the lowest credit rating and worst-funded pension system among all 50 states, and its unpaid bill backlog is mounting. The state's structural budget problems are so severe that it will likely take both spending restraint and revenue enhancements to overcome them. Only after there is more certainty of policy and pension restructuring will the weight on growth from Illinois' poor fiscal health start to lessen.

- The outlook for state and local government remains highly uncertain, and significant spending cuts, layoffs and tax hikes are possible. Without additional funding, pressure to reduce headcount will intensify. Moreover, the shaky economy is holding back revenue collections. Fiscal 2015 tax revenue was down 2% from fiscal 2014, compared with a 4% increase in the Midwest.

- While the threat posed by Illinois' poor fiscal health extends to all parts of the state, Champaign and Springfield have the most to lose because of their outsize dependence on state government for jobs and income. The University of Illinois faces greater financial and political pressure than its peers. The threat of budget cuts and shortfalls in staffers' pension funds makes it difficult to retain and attract top talent. Because of the ongoing budget stalemate, the university has received no state funds for the current fiscal year. The school is implementing cost-cutting measures ranging from postponing staff raises to delaying construction and maintenance. Disenfranchised faculty and unmaintained facilities will lessen the school's desirability, and tuition increases necessitated by budget cuts will hinder its cost-competitiveness.

- Despite its exposure to the state's budget mess, U of I is weathering the fiscal storm better than its in-state peers. The school was spared the credit downgrades that hit six of Illinois' seven other public universities. U of I has a lot going for it, with ample liquidity, a below-average debt burden, and strong student demand. Applications for admission at the renowned College of Engineering have doubled since 2010. Students' substantial desire to attend ensures that the university can be selective in admitting students. Sturdy enrollment growth should encourage campus expansion and faculty and staff additions later in the decade, but risk to the outlook for state government employment is still weighted heavily to the downside.

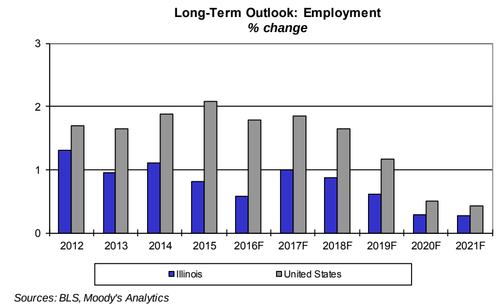
- Most other downstate economies are tethered to manufacturing, which has struggled the last three years and will face additional pressure this year from weak overseas demand. Peoria, Decatur, and the Quad Cities face the biggest challenges as a result of their reliance on faster growth abroad and stronger overseas demand for heavy equipment in particular. Farmers have reduced equipment purchases because of falling prices, leading agricultural machinery giant John Deere to rationalize payrolls in the Quad Cities. Since exports comprise an extremely high share of metro area output, the strong dollar will put John Deere's products at a competitive disadvantage internationally.

- A new round of massive layoffs at Caterpillar will be especially crippling to Peoria. A stronger dollar will make construction and power equipment more expensive to foreign buyers unless the company cuts prices, and lower prices for commodities will extend weakness in the company's important resource segment. Caterpillar's Decatur plant predominantly produces mining equipment used by U.S. and Canadian oil and coal companies. As low energy prices force producers to cut back, demand for mining equipment will suffer, putting downward pressure on employment.

- The outlook for downstream industries to manufacturing such as transportation and distribution is more promising, especially in Chicago. Weaker foreign demand will slow but not stop the ascent of transportation and warehousing in the Windy City. Chicago does not export a lot of what it produces, and logistics firms will benefit as imports and shipping volumes rise.

LONG-TERM OUTLOOK: POSITIVE FACTORS

(back to top)



- The state will continue to diversify into service-providing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will develop as the transportation/distribution center for the Midwest, fueled by the recent push for a high-speed passenger rail that will also result in an upgrade and modernization of its freight rail system and will increasingly develop its tech industry. The explosion of tech-related hiring on the Near North and West sides and corporation relocations such as Hillshire Brands, Kraft Heinz, and United Continental Holdings from the suburbs suggest that this new economic engine has reached critical mass, enabling its growth to become self-perpetuating.

Business services

- Business and professional services are expected to drive growth and will be a top performer in the long-run forecast horizon. Most of the growth will take place in northern Illinois. Downstate Illinois has few possibilities in developing well-paying business service jobs such as business consulting; it is more likely to attract low-end business services such as call centers that can get by with a low-skilled workforce as long as rents are low.

- Chicago's large concentration of corporate headquarters; outsourcing; growth of the consulting industry, which serves both national and international clients; and growth of information technology should help boost the business and professional services industry.

- The outlook for Chicago depends on its expansion as a center of global commerce. The latest trends are encouraging in this regard as the metro division builds out its small but important core of high-paying headquarters jobs faster than its peers. In recent years, the urban core has become the new economic engine, as more jobs downtown attract residents to move nearby, prompting additional companies to join the inward migration. Indeed, a downtown location is fast becoming a necessity in the competition for talent. The gains have been concentrated in the urban core and the mega Loop in particular, the population of which has surged in part because of the expanding roster of high-tech companies in the Merchandise Mart in River North.

- In addition to business services, the success of the state's economy (particularly the Chicago metro area) will depend on the strength of its high-tech services, including computer systems and design and biotechnology. A second incubator for startup technology firms in Chicago, this one focusing on biotech and pharmaceutical companies, is in the works. Tech companies that are able to meet the needs of Illinois' vast manufacturing base will also be successful.

Financial services

- Financial services, which employ just over 6% of the state's workforce and closer to 7% of Chicago's workforce, will remain among the state's core industries. One reason for this is that the outlook for Chicago's commodities exchanges is promising. They have successfully adapted to new technologies and, through mergers, have increased their market share in the global marketplace. They also hold virtual monopolies over their most important products, thereby benefiting from strong pricing power. Chicago is considered the world capital of futures trading since it is now by far the world's largest derivatives exchange.

Tourism and conventions

- Illinois' tourism industry is expected to perform well over the next decade. The industry has come back faster in the state than it has nationally, thanks almost entirely to more people visiting Chicago. The mayor’s goal of 50 million overnight visitors by 2020 looks increasingly attainable.

Transportation/distribution

- Even though manufacturing itself is not expected to be a significant positive force as a result of productivity enhancements and increasing globalization, the state’s distribution and transportation network will remain an integral part of the economy and help drive growth. Transportation, warehousing and wholesale trade account for just over 11% of Chicago’s output and about 10% of Illinois’ gross state product. Among Midwest states, only Nebraska and North Dakota are more dependent on this cluster of industries.

- Northern Illinois remains the nation’s rail hub. The industry is benefiting from stronger domestic demand and Chicago’s well-developed transportation facilities. Intermodal traffic is the fastest-growing part of the rail industry, as most railway yards have been converted to handle intermodal traffic. A number of intermodal terminals have been built in recent years in Chicago, Rochelle, and the Quad Cities.

Education

- Other service-based industries that will support growth in the state include healthcare facilities and educational institutions. The University of Illinois-Champaign, Illinois State University in Bloomington, and Southern Illinois University will provide long-term stability to the downstate economy. Chicago also supports a number of universities, including Northwestern, the University of Chicago, the University of Illinois in Chicago, and Loyola, but they are not as vital to Chicago as schools downstate are to that economy.

Healthcare

- Healthcare will support growth throughout the state as the population ages. This will be a driver of growth downstate, particularly in regional healthcare centers such as Peoria, Rockford and Springfield. In Peoria, for example, healthcare is expected to lead growth in the medium and long term. Healthcare is also important in Kankakee, which uses its local cost advantages and proximity to Chicago to focus on long-term healthcare for the elderly and disabled. Although Illinois' 13% share of jobs that are in healthcare is roughly in line with the nation's, it is much higher than average in Kankakee, Peoria, Rockford and Springfield. However, industry job growth will lag the U.S. average primarily because of Illinois' weaker population trends.

Agriculture

- The outlook for Illinois' large agricultural industry is optimistic, despite the recent weakness in crop prices that have hurt farm incomes. Despite strong competition from agricultural powerhouses Brazil, Argentina, India and China, farmers will benefit from an expanding global economy longer term. Although efforts to rein in the federal budget deficit could result in a reduction in farm subsidies down the road, the forecast assumes that they will remain an integral component of U.S. agriculture in the longer term.

Energy

- The southern part of the state has rich deposits of natural gas, and state lawmakers have signed off on rules regulating oil and gas drilling in Illinois. Southeastern Illinois is home to the New Albany shale formation, which is largely undeveloped but could bring a much needed boost to that part of the state.

- The potential of the state's New Albany shale formation is subject to considerable uncertainty. Energy prices declined before Illinois could reap the benefits of the hydraulic fracturing boom. If the play turns out to be productive and fracking gets under way in Illinois, it is projected to be able to support as many as 1,000 drilling jobs per year. There would also be a positive economic impact from land leases and royalties, and other industries such as accounting, credit intermediation and transport will benefit as drillers demand more services. However, this upside risk is severely tempered in the current price environment for energy commodities. Prices for natural gas would have to rebound significantly before energy companies would be willing to pull the trigger on any such exploratory investments.

- The outlook for the state's coal industry is less upbeat. The power sector has been shifting from coal to lower-carbon natural gas, a trend that will be hard to reverse. The federal government has rolled out new nationwide limits on coal-fired power plant emissions that are likely to hasten the shutdown of more coal-fired power plants. The Department of Energy withdrew funds and suspended the federally subsidized FutureGen "clean coal" plant in downstate Illinois in early 2015.

Business climate

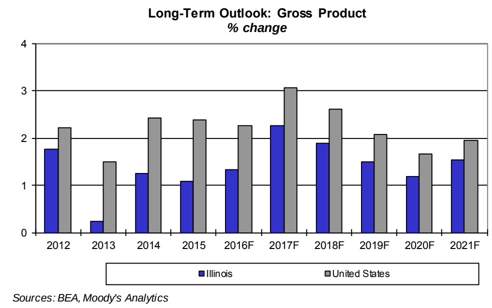
- Illinois' business climate outshines its regional rivals, but the state's shaky finances have some firms questioning whether they want to expand in the state or elsewhere. Illinois has what it needs to remain a top business center, as long as it can solve the fiscal problems that are eroding its edge in the competition for talent, jobs and capital.

- Specifically, Illinois has a huge talent pool of highly skilled workers, world-class universities, more money for investment, and better transportation with an airport with direct connections around the globe. The state has these advantages because it has Chicago, the nation's third largest metro area. No neighboring state has a city even half as large.

- About 20% of the state's population age 25 and older have a bachelor's degree and 13% have a graduate degree—both above the national average—according to Census Bureau data. In Chicago, the shares are even higher at 22% and 14%, respectively. In addition to better educational attainment levels, Illinois has deep pockets of specialized expertise in areas such as pharmaceuticals and medical devices, capital goods manufacturing, and logistics that businesses value. Chicago's central location and extensive transportation network add to its appeal, particularly for companies that need to move their workers around the country and the world. The metro area is unique among the nation's big cities as a hub to three major carriers. The state is also the country's top rail hub, with 3,000 to 4,000 more miles of track than any state that it borders.

- Illinois also offers businesses greater access to customers and capital than its neighbors. These factors are particularly important to newly formed companies that may be targeting a specific demographic and must be able to raise money in order to grow. Startups were much more active in the state last year, with the dollar volume of deals surpassing $1 billion for the second year in a row, more than double the amount of the state's closest regional competitors, Ohio and Minnesota. The greater availability of capital has played a key role in raising Chicago's technology profile, for example, most notably with the success of the 1871 incubator in the landmark Merchandise Mart in Chicago's River North neighborhood. The increase in activity is a clear positive for long-term growth because some of the smallest firms are the most important when it comes to spurring employment. Start-ups that can expand quickly, often dubbed "gazelles," are especially important to economic growth, sparking lots of job creation and investment.

LONG-TERM OUTLOOK: NEGATIVE FACTORS (back to top)



- Deep-rooted fiscal problems along with subpar demographic trends represent the biggest hurdles to the longer-term outlook. The forecast anticipates that the state will grow roughly in line with the Midwest average but a step behind the nation over the extended forecast horizon. Between now and the end of the decade, employment in Illinois is forecast to increase close to 4.5%, below the 5.6% increase for the Midwest and 6.2% rise nationally.

- Despite its close ties to the national business cycle, Illinois will underperform because of its worse long-run trend growth rate. This means the outlook for the Illinois economy is closely tied to the outlook for the nation, but in movement from growth to recession and back again, not through a common rate of growth. The state economy's tracking of the national business cycle is indicated below by the systemic volatility, which measures how much of the state's employment volatility is explained by the national business cycle. According to Moody's Analytics, 98% of the variation in the Illinois economy is related to variations in the national economy.

- Although Illinois' business cycle closely tracks the nation's business cycle, job growth has trailed the national pace for the last 10 years. A beta higher than 1 indicates that cyclical swings have greater amplitude than the national average. Unfortunately for Illinois, that amplitude has been evident in downswings in the business cycle but not in upswings. This has been the case in the latest cycle, with the state experiencing a steeper downturn than the nation but a more muted recovery thus far.

Business climate

- Illinois, and Chicago in particular, is in general an appealing location to corporate headquarters and companies that need highly skilled workers and are willing to pay for top talent. Despite Illinois' advantages, however, uncertainty stemming from the state's ongoing fiscal crisis threatens to discourage firms from locating or remaining in the state. Specifically, retaining businesses in industries such as manufacturing and transportation that hire semi-skilled workers at decent wages will be a challenge if taxes increase again or if there is a perception that they will rise in the future. This is a concern since manufacturing in the state is already sputtering, and downstream industries have been strong performers for Illinois during the recovery and in years past.

- While lawmakers are mindful of their state's business tax climate, in the past they have often opted to entice businesses with lucrative tax incentives and subsidies instead of broad-based reform aimed at reducing the above-average personal and corporate income tax burdens prevalent in the state. There is a recurring pattern of such behavior in Illinois, and it is not clear whether business incentives will generate enough money to pay back these costs. A far more effective method to improve the business tax climate over the longer term is to focus on more broad-based income tax reforms, and provide firms more certainty as to what their future tax burdens might be. This can only be accomplished by getting the overall budget situation on a more sustainable, and certain, path.

Manufacturing

- Manufacturing will occupy a slightly greater than average share of the Illinois economy, but the state will have to fight to hold on to its manufacturing base. The long-run decline of manufacturing will prevail despite the industry's current resurgence, which has lost momentum because of weakness downstate. Manufacturing is of greater importance in northern and central Illinois than it is in Chicago. While the share of employment in manufacturing in the state as a whole, at 9.5%, is only somewhat higher than the national average of 8.5%, the share outside Chicago is higher at close to 13%. Illinois' largest manufacturing industries, in order of number of jobs, are fabricated metals, industrial machinery, food processing, chemicals and plastics. Together, the five industries account for almost two-thirds of all manufacturing jobs, compared with half nationally. Areas such as Peoria, Decatur and Davenport-Moline have a particularly high exposure to the two largest industries.

- Illinois' manufacturers will face daunting competition in the global marketplace in the long term. They have been forced to shift operations to lower-cost regions of the world to remain competitive, and while this trend has slowed as labor has gotten more expensive overseas, it does not reduce the cost advantage sufficiently to reverse this process, especially now that the dollar is appreciating. Much of the state's low-value-added manufacturing, with the exception of food processing, is likely to leave the state.

Business costs

- The state's longer-term outlook is tarnished primarily by its budget woes and weak population trends, not its high costs relative to nearby states. Business costs in the state are slightly lower than they are nationally. Costs are lower than those in Wisconsin and Michigan but higher than those in neighboring Missouri and Indiana. Firms in Illinois tend to pay less in taxes and their utility costs are below average, but labor is on the expensive side. By and large, though, business costs are pretty favorable and lower than those in states that have similarly large metropolitan areas with unique features that appeal to businesses such as California and New York.

Index of Relative Business Costs
2013

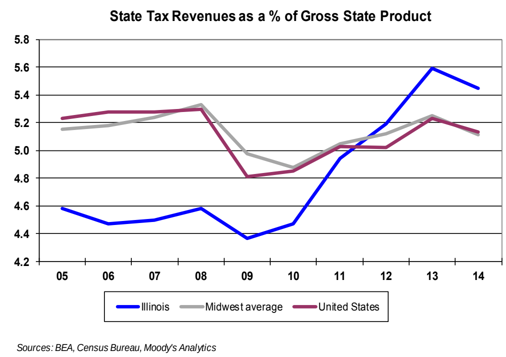
	Labor Cost		Tax Burden		Energy Cost		Overall Index	
	Index	*Rank*	Index	*Rank*	Index	*Rank*		*Rank*
Illinois	**102**	***21***	**93**	***34***	**89**	***29***	**99**	***26***
Indiana	91	48	103	14	87	33	91	44
Ohio	98	38	107	9	94	22	98	28
Michigan	105	10	102	15	102	16	104	14
Wisconsin	103	20	107	12	102	18	103	16
Iowa	94	43	94	27	78	45	90	45

Notes:
1) Rank is for all states plus District of Columbia.
2) U.S. average = 100.
3) Labor Costs are measured by total earnings per employee at the 3-digit NAICS level.
4) Tax Burdens are measured by all taxes excluding severance, education, and hospital taxes relative to personal income.
5) Energy costs are measured by cents per kwh for industrial and commercial users.
6) In the overall Index, Labor Costs have 75% weight, Energy Costs have 15% weight, and Taxes have 10% weight.

Source: Moody's Analytics

- The cost of energy has shifted from a disadvantage for the state in the mid-1980s, when it was 20% more expensive than nationally, to an advantage today, with utility rates in Illinois now about 15% below the U.S. average. Although the entire Midwest has become more competitive in this area, Illinois has made bigger strides, and energy costs are noticeably less than the regional average.

- The Relative Business Costs Index understates the current tax burden in Illinois. The state's tax burden has been consistently below that of the Midwest and national averages since the 1980s. However, in an effort to narrow the state's persistent budget deficits, the state enacted historic personal and business income tax increases in 2011, pushing Illinois' tax burden above national and regional norms. The largest increases were partially stepped down in 2014, but as a share of state GDP, state tax revenues remain higher than average. Illinois' overall tax burden is higher than those of its neighboring states, with the exceptions of Michigan and Wisconsin. In the absence of a rise in services, the tax increases could continue to diminish the appeal of investing and living in the state.



Right-to-work

- Unit labor costs in the state are above the national average, in part because of a still-high presence of unions. The state's unit labor costs are significantly higher than those of neighboring Indiana but lower than in Michigan and Wisconsin, three states that have adopted right-to-work laws. Under right-to-work laws, employees in unionized workplaces cannot be forced to pay union fees or join unions. Michigan passed a law after a number of businesses, mostly in manufacturing, cited the law as a factor in their decision to locate in the Hoosier State.

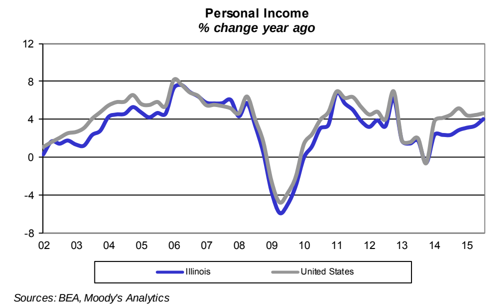
- Right-to-work laws weaken labor unions by eroding the power and influence of organized labor, and also create what is known as a free-rider problem. By making the payment of union dues voluntary, workers are able to benefit from union bargaining efforts without having to pay for it. With fewer employees paying for the cost of representation, the financial resources of unions get eroded and their influence and power suffers.

- Right-to-work laws do tend to cause a decline in union density. The percentage of workers belonging to unions fell more significantly in Idaho and Oklahoma than in the rest of the country after those states adopted such laws in the early 2000s. More recently, organized labor has suffered big membership losses in the industrial Midwest, including Michigan and Indiana, which have recently passed laws that make organizing labor more difficult.

- Less clear are the effects that right-to-work laws have on economic growth. The lack of clarity is mainly due to the fact that union strength is just one factor businesses look at when deciding whether to set up shop or relocate. Energy and other costs also matter, as do a slew of other factors including talent, infrastructure, and access to customers and capital that make it extremely difficult to gauge the effects of right-to-work laws on job creation and a state's economic prosperity.

INCOME (back to top)

- Personal income has been slower to rise in Illinois, contributing to the underperformance of retail and leisure/hospitality. Consumption depends most on labor income, which has lagged badly during the recovery. The 17% increase in income from the end of 2007 is the smallest among Midwest states and 10 percentage points below the national average. The most important source of income, wages and salaries, has lagged by an even larger margin because job growth has been so sluggish.

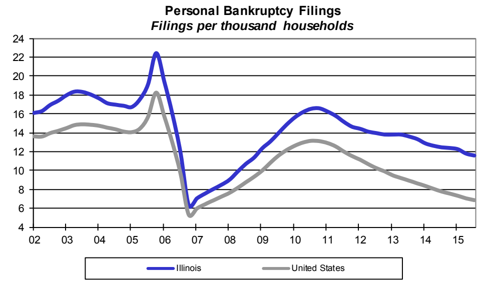


- The 1% increase in personal income in 2013 was especially disappointing and can be traced to a slowdown in manufacturing that weighed heavily on wages and salaries downstate. After slowly improving in 2014, the factory sector is once again backpedaling. Slower goods production is dragging on private service industries, but they are still moving in the right direction. Personal income has risen more quickly, climbing at a rate of about 4% in the first three quarters of 2015, but underperforms compared with the gains in the Great Lakes, Midwest and U.S. More timely data on hourly pay have also shown improvement, with average hourly earnings in the private sector at a record high. However, the pace of growth has slowed in the past year, and is up only 1.3% from a year earlier. This is below average among the Great Lakes states and trails the 2.4% rise nationally.

- The state's high-wage jobs tend to be clustered in Chicago, which boasts higher than average incomes in just about every major industry. On a per capita basis, Chicago incomes are more than 110% of the national average. However, per capita income is about average for a metro area of its size, and Chicago's position relative to its peers and the nation has deteriorated steadily since the late 1990s, when per capita incomes were about 118% of the national average.

BALANCE SHEETS (back to top)

- Besides income, there are other reasons consumers have been a weaker force for Illinois' recovery. Household balance sheets in the state have taken longer to heal and are generally in worse shape than the nation's. Because their wealth fell so much during the recession, households upstate have been more aggressive in cutting debt and padding saving, hurting consumer industries in the process. Household debt in Illinois ended last year about 12% below its prior peak, twice as much as nationally.



Source: Administrative Office of U.S. District Courts, Moody's Analytics

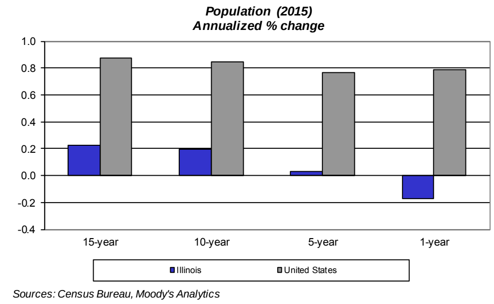
- Illinois households have come a long way in repairing their balance sheets and are increasingly willing and able to borrow. Although consumer debt is well below its prior peak upstate, it is no longer falling, and when Chicago, Lake County and Rockford are excluded, it is about 5% above its prior peak and climbing. Because households did not overextend during the last expansion and were spared the foreclosure crisis, they have not had to make the adjustments to the liability side of their balance sheets that have been necessary upstate and sport lower delinquency rates for nearly all types of credit. The strength of balance sheets downstate has helped cushion the blow of weaker manufacturing on consumer industries such as retail and leisure/hospitality. Households downstate have been more willing and able to smooth through the income shock of a job loss by increasing debt to support spending.

- The rise in financial wealth in places such as Chicago and Lake County, where stock ownership is more pervasive and dividends, interest and rents account for a higher than average share of local incomes, has been more pronounced than the increase in the rest of the state. But because declines in housing wealth were also much larger than average upstate, consumer balance sheets have generally improved by less than average. While nationally house prices have reversed about three-quarters of their earlier decline, in Illinois only around 40% of the drop has been recouped.

- With many homeowners upstate still struggling to overcome falling home values, mortgage credit quality is somewhat of a sore spot in Illinois. Although delinquencies on first mortgages are no more prominent in the state than they are nationally, late payments on home equity loans are more widespread. Home loan delinquencies have come down over the last three years, but the rate edged up in the second half of 2015 and is still more than a percentage point above the national average. About four-fifths of the delinquent home loans are in Chicago, up from less than two-thirds prior to the recession. Mortgage credit conditions are apt to stay tighter for longer in Chicago, keeping some prospective homebuyers from entering the market and hurting sales.

- Personal bankruptcies are trending lower in the state, evidence that Illinois' recovery is slowly helping to reduce financial hardship for households as more previously unemployed workers find jobs. Personal bankruptcies were down 6.5% from a year earlier in the third quarter of 2015, but not as much as the 9% decline in the Midwest and 11% drop nationally. The number of personal bankruptcies per household is also declining, but more slowly than it is nationally. One in every 86 Illinois households was in bankruptcy in the third quarter, the highest among Midwest states. This compares with one in 122 households for the Midwest and one in every 147 nationally. The gap with the nation is the largest in more than two decades.

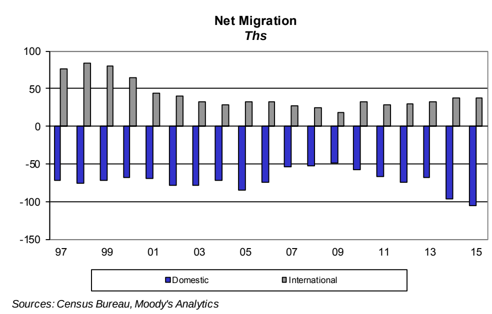
DEMOGRAPHIC TRENDS (back to top)



- While household credit quality has been less of a hindrance for the downstate economy, demographic trends have been a bigger challenge. Chicago's population grew 0.1% in 2014, the slowest pace since the mid-1980s. But across the rest of the state, the population contracted for a fourth straight year in 2014, dropping 0.5%.

- The population numbers for 2015 have been released for states, but not metro areas. Illinois' population shrank for the second consecutive year, contracting 0.2% after falling by 0.1% the previous year. Population growth in the state has ratcheted lower fairly steadily since the early 1990s, though there was a temporary disruption in the weakening trend very late in the last expansion and during the recession. After slipping by almost a full percentage point between 1992 and 2005, from 1.1% to 0.2%, population growth in Illinois doubled to 0.4% by 2007 and held at that pace in the subsequent two years. The slowing trend resumed in 2010; both immigration and birth rates have declined since then.

- As the national recovery strengthens, more of the state's residents are seeking opportunities elsewhere. A net 67,000 residents left the state in 2015, up from 2014 when it surrendered 60,000 residents. The main reason for this is a loss of domestic residents, or people moving from Illinois to other states. Although the state has been losing more domestic residents than it has taken in for decades, in the past few years the gap has widened as an underperforming economy has reduced the state's appeal compared with the rest of the country. Illinois lost 105,000 net domestic residents in 2015, about 8,000 more than in 2014.



- Looking at the movement of workers across state lines, Illinois loses and gains the most number of residents from neighboring Indiana. In the early 1980s, the state took in approximately the same number of residents from Indiana that it lost to that state. Since then the number of residents relocating to Illinois from Indiana has stayed about the same, but the number of Illinois residents moving to Indiana has risen by about 50%. On the upside, since the mid-2000s the number of Illinois residents leaving for Indiana has fallen by about one-fourth.

- Illinois also loses more residents to Missouri and Kentucky than it takes in from these states, but the trends have been about stable over the last two decades. The migration rate with Iowa was positive in the early 1990s, but Illinois now loses more residents to the Hawkeye State takes in and the numbers have steadily increased. On the upside, Illinois is losing fewer residents to Minnesota and Wisconsin, and the migration rate with Ohio and Michigan is positive.

- A big wild card for the state is whether baby boomers will leave en masse to retire to warmer climates. In the baseline outlook, the assumption that baby boomers will retire and move out of the state results in a gradual slowing in population growth after a brief period of improvement this year and next. While the largest number of the state's out-migrants is headed to Indiana, where living costs are lower, retiree destinations Texas, Florida and California now rank as the second, third and fourth most popular destinations for relocating residents.

- Over the past two decades, international migrants have helped temper the bite to Illinois' population base from the tide of domestic out-migrants. Foreign immigration has weakened since the mid-2000s, but the trend appears to be stabilizing. The 2015 total of 37,700 was up slightly from the previous year. Immigration reform is imminent in the years ahead because of slower demographics nationally, which will help large cities like Chicago in particular.

Migration Flows - IL - 2011

Into Illinois	Number of Migrants	From Illinois	Number of Migrants
Indiana	14,429	Indiana	18,555
California	11,639	Texas	17,455
Wisconsin	10,958	Florida	16,581
Missouri	10,655	California	16,063
Florida	10,016	Wisconsin	14,931
Texas	9,780	Missouri	12,963
Michigan	8,670	Iowa	8,636
Iowa	6,889	Michigan	7,780
Ohio	6,157	Arizona	7,119
New York	5,300	Georgia	6,807
Inmigration	**164,439**	**Outmigration**	**215,596**
		Net Migration	**-51,157**

Note:
Net Migration: Number of Migrants is the net flow of migrants.

Source: Moody's Analytics calculation from 2011 IRS data

- The natural rate of population growth has also slowed in Illinois, from close to 80,000 per year just prior to the recession to a multi-decade low of around 52,000 in 2015. Although the state's death rate increased last year, the importance of elderly residents in Illinois' population base has been slower to increase. Among Midwest states, only Minnesota, Nebraska and North Dakota had a lower death rate than Illinois in 2015.

- Unfortunately, the birth rate in Illinois has dropped off significantly since the early 2000s, when it was well above the regional and national averages. It dipped again last year to its lowest rate in more than three decades and was lower than in the rest of the Midwest and nation. The birth rate was higher than in the rest of the Great Lakes.

- Illinois' population between the ages of 25 and 44 makes up a larger share of the total than that of the Midwest and the nation, but it has been contracting steadily for the past decade. The pace has slowed a bit over the last few years, and the trend should continue, with very small gains over the next few years expected to give way to more modest growth in the second half of the current decade. Some of this is natural and related to larger numbers of people entering the bucket and fewer leaving it. That said, the rate at which working-age adults are leaving the state in search of better opportunities is also expected to diminish somewhat over the next decade as the performance gap between Illinois and the nation diminishes.

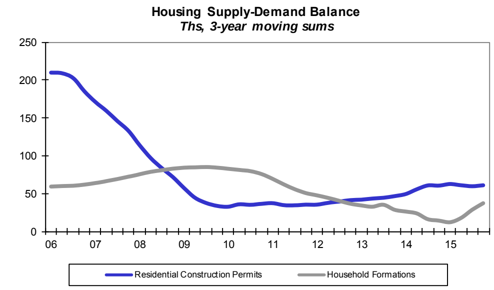
- Because Illinois is expected to lose a good number of elderly residents to areas further south over the next decade, the share of the population 65 and older will be slower to increase and will fall short of the Midwest and national averages over the forecast horizon. This has important implications for the types of goods and services that will be demanded in the state. In particular, it will weigh on the growth of healthcare, with demand for health services rising more slowly than average as baby boomers age.

- The state's large pool of talented workers is primarily due to the concentration of white-collar jobs in the Chicago area and in downstate metro areas including Champaign, Bloomington and Springfield. The metro areas that have a high dependence on manufacturing, including Davenport, Decatur, Kankakee, Peoria and Rockford, have below-average educational attainment levels. Primary and secondary education in the state is uniformly strong, as every metro area in Illinois boasts an above-average share of high school graduates.

- Weak population growth has far-reaching consequences, from sluggish labor force growth to low demand for housing and consumer goods. Consequently, if the forecast for improvement in population growth takes longer to materialize, so too could the strengthening of the Illinois economy. The recent divergence in growth rates between Illinois and the lagging Midwest is a concern because it suggests that the state is losing out to its closest competitors when it comes to attracting and maintaining residents.

- Illinois' population is expected to increase this year, but risks are skewed to the downside because of weakness in manufacturing and the state's poor financial situation. The difference between birth rates and death rates is expected to narrow a bit further as a result of the aging population, but migration patterns are forecast to improve as a result of slightly firmer foreign immigration and smaller domestic resident outflows.

RESIDENTIAL REAL ESTATE (back to top)



Sources: Census Bureau, Moody's Analytics

- Housing has been slower to rebound in Illinois, owing to a lingering foreclosure problem and weak and worsening demographic trends. Disappointing household formation downstate has been especially problematic. Housing starts dropped off in 2015 as multifamily construction returned to trend following the 2014 apartment building boom in Chicago. Single-family construction remains soft across the state, but the recent rise in existing-home sales will create opportunities for builders as long as demand continues to pick up.

- Considerable progress was made clearing the supply of distress properties in the state last year. Investors have been very active in the state, scooping up distress properties in large numbers. The vast majority of Illinois' distress supply is located in Chicago, Lake County and Rockford. Foreclosure inventories in the three metro areas fell by 20% last year after dropping by a third in 2014 and are now below 2007 levels.

- Even with housing inventory very low across much of the state, demand is struggling to keep pace with supply. The ripple effects from factory slowing have hurt job and income growth, and with the state also struggling to retain residents, the rate of household formation has languished. Consequently, opportunities for builders have been few and far between and house prices have been slower to rebound. House price growth has strengthened in most metro areas in the past year but in no metro area are house prices climbing in line with the national rate.

COMMERCIAL REAL ESTATE (back to top)

- Commercial real estate conditions in Illinois are expected to improve this year, but progress will be slower than average because of the problems downstate. With manufacturing struggling and its near-term outlook challenging, the industrial market will be the slowest to improve. There will also be negative spillover into service industries that leads to weaker demand for office space downstate.

- A better job market in downtown Chicago is supporting a wave of new office development, which should give way to a second apartment boom in the city. Recent corporate relocations downtown could push the falling vacancy rate even lower. There is a shortage of loft office space, which is favored by Chicago's expanding high-tech industry and is more affordable than top-quality skyscrapers.

- Tourism will be a major driver of new investment in Chicago. More bookings from business and leisure travelers are pushing hotel occupancies and room rates higher and powering a lengthy construction boom downtown. The pipeline of new hotels will fuel faster growth in leisure/hospitality employment in the Windy City over the next couple of years.

FORECAST RISKS (back to top)

- The risks to the outlook are evenly balanced in light of downward adjustments made to the forecast. The biggest threats relate to the state’s budget problems and Illinois’ weak demographic profile, which cast doubt on the forecasts for state and local government and consumer-related industries. Population growth in Illinois is forecast to return to this year, but risks are that it takes longer for this to happen because of the state’s shaky finances and job growth that is slower than average. Meanwhile, the failure to extend or make the Illinois’ temporary tax hike permanent could mean even bigger declines in state and local government employment down the road.

- Continued weakness in financial markets could also have a noticeable impact on the real economy. Financial volatility has increased markedly over the last year and stock prices have fallen more than 10% from their peaks. Interest and dividend payments account for a greater share of income in Illinois than the Midwest average, so a further rout in financial markets would have an outsize effect on consumer confidence and spending in the state.

- Other areas of concern include small businesses, which may think twice about expanding or setting up operations in the service area if the state cannot get its fiscal house in order, and machinery manufacturing, where improvement will happen more slowly if emerging economies disappoint or if commodity prices fail to rebound as expected later this year.

- Housing in Illinois could take longer to recover, and without the increased support the state economy it will be more vulnerable to anything that might go wrong in state and local government or manufacturing. If demand for housing disappoints, which could happen if household formation is slower to rebound, it would reduce the need for new construction. Household formation should pick up as the labor market improves, but if domestic out-migration does not slow as quickly as anticipated the pace is likely to fall short of expectations.

- The scaling back of farm support programs is a longer-term risk for Illinois, particularly its rural areas in the southern part of the state. The federal government's near-term fiscal outlook is stable, but the nation's debt load is uncomfortably high, and unless policymakers come to terms on entitlement and tax reform soon, deficits and debt will balloon early in the next decade. Against this backdrop, farm support programs could be at risk, especially as the Midwest's population share, and hence representation in Congress, declines.

- On the upside, the longer-term forecast for manufacturing could prove too pessimistic, particularly if the dollar depreciates more than forecast. With its lowest energy costs and deep pockets of specialized expertise, the Midwest has more of what manufacturers need to thrive. If large multinational companies decide to bring some production work back to the U.S., the Midwest will be a key beneficiary and Illinois could benefit.

- In addition, enhancements to Chicago's vast transportation and distribution network as well as the expansion of O'Hare's international terminal could fuel better than expected growth in downstream industries to manufacturing and buoy growth more broadly if they help support corporate relocations and expansion of the city's population.

DEMOGRAPHIC PROFILE (back to top)

Illinois
Demographic Profile

Indicator	Units	Illinois	U.S.	Rank	Year
Households					
Households, % change (2010-2015)	Ann. % change	0.2	0.8	45	2015
Population w/ B.A. degree or higher	% of adult population	32.8	30.1	13	2014
Median household income	$	57,444	53,657	18	2014
% change year ago		*2.2*	*2.7*	34	2014
Population					
Per capita income	$	47,643	46,049	18	2014
% change year ago		*2.5*	*3.6*	47	2014
Population	thousands	12,860	321,419	5	2015
% change year ago		*-0.2*	*0.8*	50	2015
White	%	77.5	77.4	34	2014
Black or African American	%	14.7	13.2	16	2014
Hispanic	%	16.7	17.4	10	2014
Asian	%	5.3	5.4	11	2014
Net domestic migration, rate	Persons/ths. pop.	-8.2	0.0	50	2015
International migration, rate	Persons/ths. pop.	2.9	3.6	17	2015
Poverty rate	%	1804.5	48208.4	47	2014
Median age	years	36.6	37.2	16	2010
Household Cost Indexes					
Housing affordability index		245.7	198.8	9	2013
Median existing home price	$ ths	*152.6*	*193.8*	32	2013
% change year ago		5.75	11.93	36	2013

Illinois

Recent Monthly Performance

	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Most Recent Yr/Yr % Change
Establishment Employment (Ths, SA)														
Total Employment	5,907.0	5,902.2	5,917.1	5,914.9	5,920.3	5,927.7	5,922.1	5,921.3	5,916.1	5,913.1	5,926.8	5,920.3	5,904.0	-0.1
% change	*0.3*	*-0.1*	*0.3*	*0.0*	*0.1*	*0.1*	*-0.1*	*0.0*	*-0.1*	*-0.1*	*0.2*	*-0.1*	*-0.3*	
Natural Resources & Mining	10.2	10.1	10.0	9.8	9.7	9.6	9.4	9.3	9.2	9.2	9.2	9.1	9.1	-10.8
% change	*-1.0*	*-1.0*	*-1.0*	*-2.0*	*-1.0*	*-1.0*	*-2.1*	*-1.1*	*-1.1*	*0.0*	*0.0*	*-1.1*	*0.0*	
Construction	209.9	207.7	210.1	213.7	213.0	213.3	209.2	211.5	209.2	209.4	210.7	208.3	215.0	2.4
% change	*2.1*	*-1.0*	*1.2*	*1.7*	*-0.3*	*0.1*	*-1.9*	*1.1*	*-1.1*	*0.1*	*0.6*	*-1.1*	*3.2*	
Manufacturing	581.0	579.3	578.1	577.6	575.6	573.1	574.2	573.4	570.3	568.8	566.6	566.5	567.0	-2.4
% change	*0.3*	*-0.3*	*-0.2*	*-0.1*	*-0.3*	*-0.4*	*0.2*	*-0.1*	*-0.5*	*-0.3*	*-0.4*	*0.0*	*0.1*	
Trade, Transportation, & Utilities	1,176.9	1,177.3	1,184.1	1,188.0	1,187.2	1,186.0	1,190.1	1,190.5	1,186.2	1,179.5	1,182.6	1,182.1	1,170.0	-0.6
% change	*0.1*	*0.0*	*0.6*	*0.3*	*-0.1*	*-0.1*	*0.3*	*0.0*	*-0.4*	*-0.6*	*0.3*	*0.0*	*-1.0*	
Retail Trade	604.1	607.8	613.3	615.9	613.4	612.4	612.0	609.9	609.5	607.0	609.3	606.9	598.2	-1.0
% change	*-0.1*	*0.6*	*0.9*	*0.4*	*-0.4*	*-0.2*	*-0.1*	*-0.3*	*-0.1*	*-0.4*	*0.4*	*-0.4*	*-1.4*	
Wholesale Trade	300.4	299.3	299.8	299.2	299.9	298.4	298.4	300.0	297.8	298.4	300.1	299.3	297.5	-1.0
% change	*0.3*	*-0.4*	*0.2*	*-0.2*	*0.2*	*-0.5*	*0.0*	*0.5*	*-0.7*	*0.2*	*0.6*	*-0.3*	*-0.6*	
Transportation & Utilities	272.4	270.2	271.0	272.9	273.9	275.2	279.7	280.6	278.9	274.1	273.2	275.9	274.3	0.7
% change	*0.5*	*-0.8*	*0.3*	*0.7*	*0.4*	*0.5*	*1.6*	*0.3*	*-0.6*	*-1.7*	*-0.3*	*1.0*	*-0.6*	
Information Services	98.5	98.7	98.4	98.7	98.3	98.5	98.3	98.3	97.5	98.0	97.6	97.8	95.7	-2.8
% change	*0.1*	*0.2*	*-0.3*	*0.3*	*-0.4*	*0.2*	*-0.2*	*0.0*	*-0.8*	*0.5*	*-0.4*	*0.2*	*-2.1*	
Financial Services	368.5	367.4	368.7	367.1	365.1	363.9	367.2	368.9	370.7	368.6	368.8	369.0	368.9	0.1
% change	*-0.2*	*-0.3*	*0.4*	*-0.4*	*-0.5*	*-0.3*	*0.9*	*0.5*	*0.5*	*-0.6*	*0.1*	*0.1*	*0.0*	
Professional & Business Services	924.2	921.8	927.0	926.5	935.2	941.5	937.5	932.0	935.3	939.2	938.2	934.2	929.6	0.6
% change	*0.3*	*-0.3*	*0.6*	*-0.1*	*0.9*	*0.7*	*-0.4*	*-0.6*	*0.4*	*0.4*	*-0.1*	*-0.4*	*-0.5*	
Education & Health Services	894.1	898.0	897.2	896.2	897.9	898.5	899.1	896.3	897.7	898.6	905.6	902.4	900.3	0.7
% change	*0.2*	*0.4*	*-0.1*	*-0.1*	*0.2*	*0.1*	*0.1*	*-0.3*	*0.2*	*0.1*	*0.8*	*-0.4*	*-0.2*	
Leisure & Hospitality Services	559.7	561.7	564.4	561.2	561.4	562.5	560.3	562.7	562.1	559.5	562.3	564.1	563.1	0.6
% change	*0.6*	*0.4*	*0.5*	*-0.6*	*0.0*	*0.2*	*-0.4*	*0.4*	*-0.1*	*-0.5*	*0.5*	*0.3*	*-0.2*	
Other Services	252.8	251.7	252.2	250.3	251.5	253.2	250.5	249.5	250.4	252.7	254.4	256.1	254.3	0.6
% change	*0.1*	*-0.4*	*0.2*	*-0.8*	*0.5*	*0.7*	*-1.1*	*-0.4*	*0.4*	*0.9*	*0.7*	*0.7*	*-0.7*	
Government	831.2	828.5	826.9	825.8	825.4	827.6	826.3	828.9	827.5	829.6	830.8	830.7	831.0	0.0
% change	*0.0*	*-0.3*	*-0.2*	*-0.1*	*0.0*	*0.3*	*-0.2*	*0.3*	*-0.2*	*0.3*	*0.1*	*0.0*	*0.0*	
														1 Year Change
Unemployment Rate (%, SA)	6.2	6.1	6.0	6.0	6.0	6.0	5.9	5.8	5.6	5.4	5.4	5.7	5.9	-0.3
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,516.2	6,523.2	6,513.5	6,502.9	6,495.3	6,497.9	6,491.0	6,488.7	6,492.7	6,499.2	6,518.9	6,539.5	6,556.4	0.6
% change	*0.0*	*0.1*	*-0.1*	*-0.2*	*-0.1*	*0.0*	*-0.1*	*0.0*	*0.1*	*0.1*	*0.3*	*0.3*	*0.3*	
Number of Unemployed (Ths)	401.8	398.4	391.1	391.2	390.8	392.1	382.5	373.6	362.9	352.7	353.5	371.7	390.0	-2.9
% change	*-1.0*	*-0.8*	*-1.8*	*0.0*	*-0.1*	*0.3*	*-2.5*	*-2.3*	*-2.9*	*-2.8*	*0.2*	*5.2*	*4.9*	
Number of Employed (Ths)	6,114.4	6,124.8	6,122.4	6,111.6	6,104.6	6,105.8	6,108.6	6,115.1	6,129.9	6,146.6	6,165.4	6,167.8	6,166.4	0.9
% change	*0.1*	*0.2*	*0.0*	*-0.2*	*-0.1*	*0.0*	*0.0*	*0.1*	*0.2*	*0.3*	*0.3*	*0.0*	*0.0*	
Total Residential Permits (# of units YTD, NSA)	19,857	530	2,060	3,554	5,600	7,237	9,449	10,933	12,937	14,342	15,869	18,327	19,472	-1.9
year to year % change	*29.4*	*-19.7*	*33.9*	*7.2*	*-2.3*	*-5.4*	*-3.8*	*-9.1*	*-4.9*	*-4.5*	*-6.5*	*2.9*	*-1.9*	
Single-family, (# of units YTD, NSA)	10,258	407	786	1,612	2,639	3,730	4,850	5,975	7,067	8,135	9,134	9,980	10,551	2.9
year to year % change	*2.8*	*20.1*	*-4.3*	*-7.0*	*-8.5*	*-5.1*	*-0.7*	*1.8*	*3.2*	*4.0*	*2.1*	*3.6*	*2.9*	
Multifamily, (# of units YTD, NSA)	9,599	123	1,274	1,942	2,961	3,507	4,599	4,958	5,870	6,207	6,735	8,347	8,921	-7.1
year to year % change	*78.9*	*-61.7*	*77.7*	*22.8*	*4.0*	*-5.7*	*-6.9*	*-19.5*	*-13.0*	*-13.8*	*-16.0*	*2.0*	*-7.1*	
5 +, (# of units YTD, NSA)	8,849	111	1,245	1,851	2,806	3,303	4,325	4,621	5,433	5,675	6,091	7,650	8,122	-8.2
year to year % change	*89.4*	*-60.4*	*103.4*	*29.4*	*7.8*	*-3.4*	*-5.4*	*-18.2*	*-11.8*	*-13.6*	*-17.0*	*2.6*	*-8.2*	
														Most Recent Yr/Yr % Change
Avg. Hrly Earnings: Mfg, ($ Per Hr, SA)	19.63	19.48	19.63	19.68	19.54	19.50	19.73	19.72	19.67	20.12	19.95	20.03	20.15	2.6
% change	*-0.3*	*-0.8*	*0.7*	*0.3*	*-0.7*	*-0.2*	*1.2*	*-0.1*	*-0.2*	*2.3*	*-0.9*	*0.4*	*0.6*	

Illinois

Recent Quarterly Performance

	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3	14Q4	15Q1	15Q2	15Q3	15Q4	Most Recent Yr/Yr % Change
Gross State Product (Mil. Ch. 2009 USD, SAAR)	660,111	665,516	658,906	660,335	667,291	663,118	668,804	673,422	672,168	677,957	682,888	na	na	2.1
% change	*-1.6*	*0.82*	*-0.99*	*0.22*	*1.05*	*-0.63*	*0.86*	*0.69*	*-0.19*	*0.86*	*0.73*	*na*	*na*	
Establishment Employment (Ths, SA)														
Total Employment	5,777.2	5,786.9	5,790.7	5,812.3	5,830.7	5,838.3	5,865.6	5,878.4	5,895.1	5,911.4	5,923.4	5,916.8	5,917.0	0.4
% change	*0.4*	*0.2*	*0.1*	*0.4*	*0.3*	*0.1*	*0.5*	*0.2*	*0.3*	*0.3*	*0.2*	*-0.1*	*0.0*	
Natural Resources & Mining	10.0	9.9	9.6	9.6	9.6	9.8	10.0	10.1	10.3	10.0	9.6	9.2	9.1	-11.0
% change	*-2.3*	*-1.0*	*-2.7*	*-0.3*	*0.0*	*2.1*	*1.7*	*1.0*	*2.0*	*-2.9*	*-4.0*	*-3.5*	*-1.1*	
Construction	188.3	191.4	188.8	191.8	193.6	196.6	200.0	203.1	206.5	210.5	211.8	210.0	211.3	2.3
% change	*1.0*	*1.6*	*-1.4*	*1.6*	*0.9*	*1.6*	*1.7*	*1.6*	*1.7*	*1.9*	*0.6*	*-0.8*	*0.6*	
Manufacturing	583.8	582.8	579.8	577.2	577.3	579.2	580.0	578.2	579.1	578.3	574.3	570.8	566.7	-2.1
% change	*-0.3*	*-0.2*	*-0.5*	*-0.5*	*0.0*	*0.3*	*0.1*	*-0.3*	*0.1*	*-0.1*	*-0.7*	*-0.6*	*-0.7*	
Trade, Transportation, & Utilities	1,161.8	1,159.5	1,161.6	1,165.0	1,167.1	1,167.3	1,173.6	1,178.5	1,177.1	1,183.1	1,187.8	1,185.4	1,178.2	0.1
% change	*0.5*	*-0.2*	*0.2*	*0.3*	*0.2*	*0.0*	*0.5*	*0.4*	*-0.1*	*0.5*	*0.4*	*-0.2*	*-0.6*	
Retail Trade	599.0	597.7	598.0	600.0	601.1	600.2	605.5	607.2	606.0	612.3	612.6	608.8	604.8	-0.2
% change	*0.6*	*-0.2*	*0.0*	*0.3*	*0.2*	*-0.1*	*0.9*	*0.3*	*-0.2*	*1.1*	*0.0*	*-0.6*	*-0.7*	
Wholesale Trade	295.6	297.1	298.4	298.7	299.1	299.5	298.5	299.6	299.5	299.4	298.9	298.7	299.0	-0.2
% change	*0.2*	*0.5*	*0.4*	*0.1*	*0.1*	*0.1*	*-0.3*	*0.4*	*0.0*	*0.0*	*-0.2*	*-0.1*	*0.1*	
Transportation & Utilities	267.1	264.7	265.2	266.3	266.8	267.5	269.5	271.6	271.6	271.4	276.3	277.9	274.5	1.0
% change	*0.5*	*-0.9*	*0.2*	*0.4*	*0.2*	*0.3*	*0.8*	*0.8*	*0.0*	*-0.1*	*1.8*	*0.6*	*-1.2*	
Information Services	100.1	99.2	99.4	98.5	98.3	98.4	99.1	99.3	98.4	98.6	98.4	97.9	97.0	-1.4
% change	*0.6*	*-0.9*	*0.3*	*-0.9*	*-0.2*	*0.1*	*0.7*	*0.2*	*-0.9*	*0.2*	*-0.2*	*-0.4*	*-0.9*	
Financial Services	367.8	369.8	370.7	369.7	369.6	369.4	368.9	369.9	368.9	367.7	365.4	369.4	368.9	0.0
% change	*0.0*	*0.5*	*0.2*	*-0.3*	*0.0*	*-0.1*	*-0.1*	*0.3*	*-0.3*	*-0.3*	*-0.6*	*1.1*	*-0.1*	
Professional & Business Services	874.4	876.7	883.8	895.2	907.5	905.3	913.9	918.5	920.6	925.1	938.1	935.5	934.0	1.5
% change	*0.5*	*0.3*	*0.8*	*1.3*	*1.4*	*-0.2*	*1.0*	*0.5*	*0.2*	*0.5*	*1.4*	*-0.3*	*-0.2*	
Education & Health Services	866.8	872.8	872.3	876.6	880.5	881.9	883.9	885.1	892.1	897.1	898.5	897.5	902.8	1.2
% change	*0.2*	*0.7*	*0.0*	*0.5*	*0.4*	*0.2*	*0.2*	*0.1*	*0.8*	*0.6*	*0.2*	*-0.1*	*0.6*	
Leisure & Hospitality Services	540.7	542.8	544.2	548.3	548.8	553.5	556.2	555.4	557.5	562.4	561.4	561.4	563.2	1.0
% change	*0.6*	*0.4*	*0.3*	*0.8*	*0.1*	*0.9*	*0.5*	*-0.1*	*0.4*	*0.9*	*-0.2*	*0.0*	*0.3*	
Other Services	249.6	249.6	249.1	250.1	250.6	251.6	253.1	252.3	252.9	251.4	251.7	250.9	254.9	0.8
% change	*0.5*	*0.0*	*-0.2*	*0.4*	*0.2*	*0.4*	*0.6*	*-0.3*	*0.2*	*-0.6*	*0.1*	*-0.3*	*1.6*	
Government	834.0	832.6	831.4	830.2	827.8	825.2	826.9	828.0	831.7	827.1	826.4	828.7	830.8	-0.1
% change	*0.4*	*-0.2*	*-0.1*	*-0.1*	*-0.3*	*-0.3*	*0.2*	*0.1*	*0.5*	*-0.6*	*-0.1*	*0.3*	*0.3*	
														1 Year Change
Unemployment Rate (%, SA)	9.0	9.1	9.0	8.8	8.5	7.9	7.1	6.5	6.2	6.0	6.0	5.6	5.7	-0.6
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,594.8	6,579.4	6,563.8	6,552.8	6,548.6	6,550.5	6,526.3	6,511.1	6,514.8	6,513.2	6,494.8	6,493.6	6,538.3	0.4
% change	*0.1*	*-0.2*	*-0.2*	*-0.2*	*-0.1*	*0.0*	*-0.4*	*-0.2*	*0.1*	*0.0*	*-0.3*	*0.0*	*0.7*	
Number of Unemployed (Ths)	592.3	601.1	591.6	578.1	555.9	519.4	465.2	425.1	406.3	393.6	388.4	363.1	371.7	-8.5
% change	*0.9*	*1.5*	*-1.6*	*-2.3*	*-3.8*	*-6.6*	*-10.4*	*-8.6*	*-4.4*	*-3.1*	*-1.3*	*-6.5*	*2.4*	
Number of Employed (Ths)	6,002.4	5,978.3	5,972.2	5,974.7	5,992.7	6,031.2	6,061.1	6,086.0	6,108.5	6,119.6	6,106.3	6,130.5	6,166.5	1.0
% change	*0.0*	*-0.4*	*-0.1*	*0.0*	*0.3*	*0.6*	*0.5*	*0.4*	*0.4*	*0.2*	*-0.2*	*0.4*	*0.6*	
Total Residential Permits (# of units YTD, NSA)	13,675	2,586	6,798	11,826	15,348	3,315	9,825	15,021	19,857	3,554	9,449	14,342	19,472	-1.9
year to year % change	*12.5*	*5.3*	*20.4*	*18.6*	*12.2*	*28.2*	*44.5*	*27.0*	*29.4*	*7.2*	*-3.8*	*-4.5*	*-1.9*	
Single-family, (# of units YTD, NSA)	8,870	1,668	4,403	7,304	9,981	1,733	4,885	7,821	10,258	1,612	4,850	8,135	10,551	2.9
year to year % change	*24.6*	*5.1*	*7.9*	*8.5*	*12.5*	*3.9*	*10.9*	*7.1*	*2.8*	*-7.0*	*-0.7*	*4.0*	*2.9*	
Multifamily, (# of units YTD, NSA)	4,805	918	2,395	4,522	5,367	1,582	4,940	7,200	9,599	1,942	4,599	6,207	8,921	-7.1
year to year % change	*-4.5*	*5.6*	*53.2*	*39.7*	*11.7*	*72.3*	*106.3*	*59.2*	*78.9*	*22.8*	*-6.9*	*-13.8*	*-7.1*	
5 +, (# of units YTD, NSA)	4,162	701	1,982	3,944	4,671	1,431	4,570	6,570	8,849	1,851	4,325	5,675	8,122	-8.2
year to year % change	*-6.8*	*-10.0*	*60.7*	*42.8*	*12.2*	*104.1*	*130.6*	*66.6*	*89.4*	*29.4*	*-5.4*	*-13.6*	*-8.2*	
														Most Recent Yr/Yr % Change
Existing Single-Family Home Sales (Ths, SAAR)	164.3	166.2	172.9	182.4	167.7	153.4	164.4	170.4	165.7	163.3	181.8	174.8	140.4	-15.3
% change	*11.8*	*1.2*	*4.0*	*5.5*	*-8.0*	*-8.5*	*7.1*	*3.7*	*-2.8*	*-1.5*	*11.3*	*-3.9*	*-19.7*	
Home Price Index (Index 1980Q1 = 100, NSA)	297.3	297.8	299.8	299.4	301.6	304.9	309.8	313.0	314.9	318.9	321.5	323.7	na	3.4
% change	*-0.1*	*0.2*	*0.7*	*-0.1*	*0.7*	*1.1*	*1.6*	*1.0*	*0.6*	*1.3*	*0.8*	*0.7*	*na*	
Median Existing Home Sales Price (Ths, SA)	144.2	145.8	152.7	155.3	156.5	158.0	161.6	164.2	na	na	na	na	na	5.7
% change	*1.1*	*1.1*	*4.8*	*1.7*	*0.8*	*1.0*	*2.2*	*1.6*	*na*	*na*	*na*	*na*	*na*	
Personal Income (Mil $, SAAR)	607,400	594,382	598,028	600,654	603,411	608,031	611,779	614,482	620,394	626,649	631,772	638,970	na	4.0
% change	*2.8*	*-2.1*	*0.6*	*0.4*	*0.5*	*0.8*	*0.6*	*0.4*	*1.0*	*1.0*	*0.8*	*1.1*	*na*	
Wages & Salaries (Mil. $)	320,640	315,563	319,351	320,772	324,449	330,509	331,194	333,982	338,200	343,656	344,694	348,961	na	4.5
% change	*2.3*	*-1.6*	*1.2*	*0.4*	*1.1*	*1.9*	*0.2*	*0.8*	*1.3*	*1.6*	*0.3*	*1.2*	*na*	
Nonwage Income (Mil. $)	286,760	278,819	278,677	279,882	278,962	277,522	280,585	280,500	282,194	282,993	287,078	290,009	na	3.4
% change	*3.4*	*-2.8*	*-0.1*	*0.4*	*-0.3*	*-0.5*	*1.1*	*0.0*	*0.6*	*0.3*	*1.4*	*1.0*	*na*	
Avg. Hrly Earnings: Mfg ($ Per Hr, SA)	19.52	19.66	19.49	19.33	19.31	19.27	19.44	19.59	19.64	19.60	19.59	19.84	20.04	2.0
% change	*0.9*	*0.7*	*-0.9*	*-0.8*	*-0.1*	*-0.2*	*0.9*	*0.7*	*0.3*	*-0.2*	*0.0*	*1.3*	*1.0*	
Personal Bankruptcies (# 3-Month Ending, SAAR)	66,482	69,009	66,567	63,430	60,658	60,355	61,632	59,637	59,199	57,943	53,483	56,324	56,665	-4.3

Illinois

Recent Annual Performance

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	5 Yr. Average Annual % Change
Gross State Product (Mil. Ch. 2009 USD, SAAR)	648,720.0	666,102.8	673,057.5	658,958.3	641,143.3	646,152.3	658,409.5	669,665.3	663,012.0	669,378.0	na	0.7
% change	*2.7*	*1.0*	*-2.1*	*-2.7*	*0.8*	*1.9*	*1.7*	*-1.0*	*1.0*	*1.7*	*na*	
Establishment Employment (Ths, SA)												
Total Employment	5,862.2	5,932.9	5,979.9	5,949.0	5,657.6	5,613.4	5,676.3	5,750.6	5,805.1	5,869.4	5,917.2	0.8
% change	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	*-0.8*	*1.1*	*1.3*	*0.9*	*1.1*	*0.8*	
Natural Resources & Mining	9.9	10.3	10.1	9.8	9.3	9.2	9.6	10.2	9.7	10.0	9.5	-0.3
% change	*5.1*	*4.1*	*-1.3*	*-3.5*	*-4.4*	*-2.0*	*5.3*	*5.5*	*-4.8*	*3.5*	*-5.5*	
Construction	268.7	275.2	271.0	258.2	217.2	198.5	195.8	189.1	191.4	201.6	210.9	1.5
% change	*-0.6*	*2.4*	*-1.5*	*-4.7*	*-15.9*	*-8.6*	*-1.4*	*-3.4*	*1.2*	*5.3*	*4.6*	
Manufacturing	688.2	683.4	675.1	657.1	576.8	561.0	573.9	583.0	579.3	579.1	572.5	0.0
% change	*-1.3*	*-0.7*	*-1.2*	*-2.7*	*-12.2*	*-2.7*	*2.3*	*1.6*	*-0.6*	*0.0*	*-1.1*	
Trade, Transportation, & Utilities	1,186.9	1,198.5	1,212.4	1,205.0	1,139.6	1,125.6	1,143.5	1,156.2	1,163.3	1,174.1	1,183.6	0.7
% change	*0.6*	*1.0*	*1.2*	*-0.6*	*-5.4*	*-1.2*	*1.6*	*1.1*	*0.6*	*0.9*	*0.8*	
Retail Trade	626.3	628.7	635.5	628.0	595.5	588.3	595.0	597.0	599.2	604.7	609.6	0.5
% change	*0.1*	*0.4*	*1.1*	*-1.2*	*-5.2*	*-1.2*	*1.1*	*0.3*	*0.4*	*0.9*	*0.8*	
Wholesale Trade	302.9	307.8	310.7	310.3	291.9	285.8	289.5	294.5	298.3	299.3	299.0	0.7
% change	*1.0*	*1.6*	*1.0*	*-0.1*	*-6.0*	*-2.1*	*1.3*	*1.7*	*1.3*	*0.3*	*-0.1*	
Transportation & Utilities	257.7	262.0	266.1	266.7	252.2	251.5	259.0	264.6	265.8	270.1	275.0	1.2
% change	*1.1*	*1.7*	*1.6*	*0.2*	*-5.4*	*-0.3*	*3.0*	*2.2*	*0.4*	*1.6*	*1.8*	
Information Services	118.2	116.2	115.9	114.4	106.4	101.9	100.6	100.1	98.9	98.8	98.0	-0.5
% change	*-2.3*	*-1.7*	*-0.2*	*-1.4*	*-7.0*	*-4.2*	*-1.3*	*-0.6*	*-1.2*	*-0.1*	*-0.8*	
Financial Services	401.9	405.2	402.8	391.6	372.0	363.7	363.3	366.6	369.9	369.3	367.9	0.3
% change	*0.6*	*0.8*	*-0.6*	*-2.8*	*-5.0*	*-2.2*	*-0.1*	*0.9*	*0.9*	*-0.2*	*-0.4*	
Professional & Business Services	826.3	854.4	870.7	860.0	787.8	801.5	831.4	864.7	890.8	914.6	933.2	2.3
% change	*3.5*	*3.4*	*1.9*	*-1.2*	*-8.4*	*1.7*	*3.7*	*4.0*	*3.0*	*2.7*	*2.0*	
Education & Health Services	745.1	762.1	779.7	801.3	816.6	833.2	848.5	862.7	875.6	885.7	899.0	1.2
% change	*2.1*	*2.3*	*2.3*	*2.8*	*1.9*	*2.0*	*1.8*	*1.7*	*1.5*	*1.2*	*1.5*	
Leisure & Hospitality Services	512.3	522.8	531.5	532.6	516.7	515.3	522.3	536.4	546.0	555.7	562.1	1.5
% change	*1.2*	*2.1*	*1.7*	*0.2*	*-3.0*	*-0.3*	*1.4*	*2.7*	*1.8*	*1.8*	*1.2*	
Other Services	258.4	259.4	261.1	263.7	258.0	249.3	249.6	249.6	249.9	252.5	252.2	0.2
% change	*-0.5*	*0.4*	*0.7*	*1.0*	*-2.1*	*-3.4*	*0.1*	*0.0*	*0.1*	*1.1*	*-0.1*	
Government	846.5	845.5	849.5	855.4	857.2	854.3	837.8	832.1	830.5	828.0	828.3	-0.2
% change	*0.1*	*-0.1*	*0.5*	*0.7*	*0.2*	*-0.3*	*-1.9*	*-0.7*	*-0.2*	*-0.3*	*0.0*	
												5 Year Change
Unemployment Rate (%)	5.7	4.6	5.0	6.5	10.3	10.3	9.6	9.0	8.9	7.0	5.8	-4.5
												5 Yr. Average Annual % Change
Labor Force (Ths)	6,399.5	6,523.5	6,657.2	6,650.0	6,617.4	6,606.2	6,571.5	6,582.4	6,561.2	6,525.7	6,509.9	-0.3
% change	*1.2*	*1.9*	*2.1*	*-0.1*	*-0.5*	*-0.2*	*-0.5*	*0.2*	*-0.3*	*-0.5*	*-0.2*	
Number of Unemployed (Ths)	361.9	297.7	334.1	428.4	682.1	678.6	630.1	589.4	581.7	454.0	379.2	-11.0
% change	*-7.5*	*-17.7*	*12.2*	*28.2*	*59.2*	*-0.5*	*-7.1*	*-6.5*	*-1.3*	*-22.0*	*-16.5*	
Number of Employed (Ths)	6,037.6	6,225.7	6,323.1	6,221.6	5,935.3	5,927.6	5,941.3	5,993.0	5,979.5	6,071.7	6,130.7	0.7
% change	*1.7*	*3.1*	*1.6*	*-1.6*	*-4.6*	*-0.1*	*0.2*	*0.9*	*-0.2*	*1.5*	*1.0*	
												5 Yr. Average
Total Residential Permits (# of units)	67,852	59,121	42,666	21,889	10,912	11,596	12,151	13,675	15,348	19,857	19,472	16,101
year to year % change	*8.4*	*-12.9*	*-27.8*	*-48.7*	*-50.1*	*6.3*	*4.8*	*12.5*	*12.2*	*29.4*	*-1.9*	
Single-family	49,084	39,485	24,827	12,308	8,236	7,862	7,117	8,870	9,981	10,258	10,551	9,355
year to year % change	*0.4*	*-19.6*	*-37.1*	*-50.4*	*-33.1*	*-4.5*	*-9.5*	*24.6*	*12.5*	*2.8*	*2.9*	
Multifamily	18,768	19,636	17,839	9,581	2,676	3,734	5,034	4,805	5,367	9,599	8,921	6,745
year to year % change	*37.2*	*4.6*	*-9.2*	*-46.3*	*-72.1*	*39.5*	*34.8*	*-4.5*	*11.7*	*78.9*	*-7.1*	
5 +	13,906	16,023	15,395	8,416	2,169	3,242	4,464	4,162	4,671	8,849	8,122	6,054
year to year % change	*46.4*	*15.2*	*-3.9*	*-45.3*	*-74.2*	*49.5*	*37.7*	*-6.8*	*12.2*	*89.4*	*-8.2*	
												5 Yr. Average Annual % Change
Existing Single-Family Home Sales (Ths)	261.47	224.06	181.21	129.54	125.71	121.48	121.92	149.5	172.31	163.48	167.32	6.5
% change	*9.57*	*-14.31*	*-19.13*	*-28.51*	*-2.95*	*-3.37*	*0.37*	*22.62*	*15.26*	*-5.13*	*2.35*	
Home Price Index (Index 1980Q1 = 100)	346.9	366.5	371.9	358.0	334.4	317.8	302.6	297.7	299.6	310.6	na	-0.4
% change	*8.9*	*5.7*	*1.5*	*-3.7*	*-6.6*	*-5.0*	*-4.8*	*-1.6*	*0.7*	*3.7*	*na*	
Median Existing Home Sales Price (Ths)	215.4	223.6	220.4	192.7	158.2	155.0	142.3	144.3	152.6	na	na	-0.7
% change	*10.2*	*3.8*	*-1.4*	*-12.6*	*-17.9*	*-2.0*	*-8.2*	*1.4*	*5.8*	*na*	*na*	
Personal Income (Mil $)	475,288	508,525	537,796	556,032	531,433	541,261	569,681	593,049	599,119	613,672	na	2.5
% change	*4.5*	*7.0*	*5.8*	*3.4*	*-4.4*	*1.8*	*5.3*	*4.1*	*1.0*	*2.4*	*na*	
Wages & Salaries (Mil. $)	267,041	282,735	297,799	303,219	286,829	291,034	303,015	314,839	320,034	333,471	na	2.8
% change	*4.0*	*5.9*	*5.3*	*1.8*	*-5.4*	*1.5*	*4.1*	*3.9*	*1.6*	*4.2*	*na*	
Nonwage Income (Mil. $)	208,247	225,790	239,997	252,813	244,605	250,227	266,666	278,210	279,085	280,200	na	2.3
% change	*5.1*	*8.4*	*6.3*	*5.3*	*-3.2*	*2.3*	*6.6*	*4.3*	*0.3*	*0.4*	*na*	
Avg. Hrly Earnings: Mfg. ($ Per Hr)	15.84	16.03	16.47	16.44	16.61	16.92	18.00	19.16	19.45	19.49	19.77	1.9
% change	*1.5*	*1.2*	*2.7*	*-0.2*	*1.1*	*1.8*	*6.4*	*6.5*	*1.5*	*0.2*	*1.4*	
Personal Bankruptcies	105,675	29,834	40,532	54,798	71,815	80,607	71,067	67,209	64,916	60,206	56,103	-4.6
% change	*33.5*	*-71.8*	*35.9*	*35.2*	*31.1*	*12.2*	*-11.8*	*-5.4*	*-3.4*	*-7.3*	*-6.8*	
Population (Ths)	12,609.9	12,644.0	12,695.9	12,747.0	12,796.8	12,841.2	12,861.9	12,875.2	12,889.6	12,882.2	12,860.0	0.0
% change	*0.2*	*0.3*	*0.4*	*0.4*	*0.4*	*0.3*	*0.2*	*0.1*	*0.1*	*-0.1*	*-0.2*	
												5 Yr. Average
Net Migration (Ths)	-52.9	-42.4	-26.5	-29.0	-29.5	-25.0	-38.8	-45.3	-36.5	-59.6	-67.5	11.7

Illinois
History

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Employment (Ths.)	5,862.2	5,932.9	5,979.9	5,949.0	5,657.6	5,613.4	5,676.3	5,750.6	5,805.1	5,869.4
% Change	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	*-0.8*	*1.1*	*1.3*	*0.9*	*1.1*
Manufacturing	688.2	683.4	675.1	657.1	576.8	561.0	573.9	583.0	579.3	579.1
Construction	268.7	275.2	271.0	258.2	217.2	198.5	195.8	189.1	191.4	201.6
Prof. and Bus. Serv.	826.3	854.4	870.7	860.0	787.8	801.5	831.4	864.7	890.8	914.6
Edu. and Health Serv.	745.1	762.1	779.7	801.3	816.6	833.2	848.5	862.7	875.5	885.7
Leisure and Hospitality	512.2	522.8	531.5	532.6	516.7	515.2	522.3	536.4	546.0	555.7
Other Services	258.4	259.4	261.1	263.7	258.0	249.3	249.6	249.6	249.9	252.5
Trade, Trans. and Util.	1,186.9	1,198.5	1,212.4	1,205.0	1,139.6	1,125.6	1,143.5	1,156.2	1,163.3	1,174.1
Wholesale	302.9	307.8	310.7	310.3	291.9	285.8	289.5	294.5	298.3	299.3
Retail	626.3	628.7	635.5	628.0	595.5	588.3	595.0	597.0	599.2	604.7
Trans. and Util.	257.7	262.0	266.1	266.7	252.2	251.5	259.0	264.6	265.8	270.1
Financial Activities	401.9	405.2	402.8	391.6	372.0	363.7	363.3	366.6	369.9	369.3
Information	118.2	116.2	115.9	114.3	106.4	101.9	100.6	100.1	98.9	98.8
Government	846.5	845.5	849.5	855.4	857.2	854.3	837.8	832.1	830.5	828.0
Natural Res. and Min.	9.9	10.3	10.1	9.8	9.3	9.2	9.6	10.2	9.7	10.0
Unemployment Rate (%)	5.7	4.6	5.0	6.5	10.3	10.3	9.6	9.0	8.8	7.0
Population (Ths.)	12,609.9	12,644.0	12,695.9	12,747.0	12,796.8	12,841.3	12,861.9	12,875.2	12,889.6	12,882.2
% Change	*0.2*	*0.3*	*0.4*	*0.4*	*0.4*	*0.3*	*0.2*	*0.1*	*0.1*	*-0.1*
Age: <5	865.9	854.4	851.5	848.6	840.3	833.8	823.7	811.6	799.5	799.2
Age: 5-19	2,686.7	2,682.9	2,679.6	2,673.5	2,669.4	2,655.8	2,631.0	2,605.1	2,579.5	2,639.4
Age: 20-24	887.6	883.0	881.0	876.7	877.4	880.5	883.2	895.8	906.4	858.9
Age: 25-44	3,595.3	3,571.0	3,551.8	3,536.0	3,516.7	3,501.1	3,491.2	3,480.0	3,472.3	3,383.6
Age: 45-64	3,056.9	3,128.9	3,189.1	3,241.7	3,300.4	3,354.7	3,392.9	3,387.3	3,387.3	3,400.9
Age: >65	1,517.5	1,523.7	1,542.8	1,570.5	1,592.6	1,615.3	1,639.9	1,695.4	1,744.6	1,800.2
Households (Ths.)	4,713.3	4,734.6	4,763.3	4,791.8	4,819.0	4,844.1	4,853.8	4,863.5	4,877.9	4,877.2
% Change	*0.3*	*0.5*	*0.6*	*0.6*	*0.6*	*0.5*	*0.2*	*0.2*	*0.3*	*0.0*
Personal Income (Bil. $)	475.3	508.5	537.8	556.0	531.4	541.3	569.7	593.0	599.1	613.7
% Change	*4.5*	*7.0*	*5.8*	*3.4*	*-4.4*	*1.8*	*5.3*	*4.1*	*1.0*	*2.4*
Total Residential Permits (#)	66,942.0	58,802.0	43,020.0	22,528.0	10,859.0	12,318.0	11,809.0	13,797.0	15,545.0	20,578.0
% Change	*12.0*	*-12.2*	*-26.8*	*-47.6*	*-51.8*	*13.4*	*-4.1*	*16.8*	*12.7*	*32.4*
Single-family Permits	47,705.0	37,903.0	24,511.0	11,827.0	7,844.0	7,624.0	6,834.0	8,564.0	9,869.0	10,553.0
Multifamily Permits	19,237.0	20,899.0	18,509.0	10,701.0	3,015.0	4,694.0	4,975.0	5,233.0	5,676.0	10,025.0

Illinois
Forecast

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	09-14	14-19	19-24
												Annual Growth (%)	
Total Employment (Ths.)	5,917.2	5,951.2	6,010.6	6,062.7	6,099.9	6,117.4	6,133.8	6,157.3	6,181.0	6,201.5	0.7	0.8	0.3
% Change	*0.8*	*0.6*	*1.0*	*0.9*	*0.6*	*0.3*	*0.3*	*0.4*	*0.4*	*0.3*			
Manufacturing	572.5	567.6	566.3	563.1	557.4	548.5	538.5	529.1	520.2	511.5	0.1	-0.8	-1.7
Construction	210.9	217.0	230.5	238.6	242.8	244.5	246.3	248.0	249.4	250.0	-1.5	3.8	0.6
Prof. and Bus. Serv.	933.2	950.4	980.4	1,005.7	1,023.1	1,031.1	1,038.4	1,049.1	1,060.4	1,070.9	3.0	2.3	0.9
Edu. and Health Serv.	899.0	907.3	914.1	922.8	931.2	938.2	944.7	951.1	957.1	962.4	1.6	1.0	0.7
Leisure and Hospitality	562.1	570.9	581.1	589.8	597.4	602.7	607.2	611.8	616.6	621.0	1.5	1.5	0.8
Other Services	252.2	257.2	260.3	262.2	263.1	262.9	262.7	262.8	263.0	262.7	-0.4	0.8	0.0
Trade, Trans. and Util.	1,183.6	1,172.3	1,165.7	1,164.0	1,163.3	1,162.0	1,160.4	1,159.4	1,159.0	1,158.8	0.6	-0.2	-0.1
Wholesale	299.0	298.6	299.2	302.0	304.3	305.2	305.4	305.8	306.4	307.1	0.5	0.3	0.2
Retail	609.6	599.8	592.8	590.0	589.2	588.5	587.8	587.6	587.7	588.1	0.3	-0.5	0.0
Trans. and Util.	275.0	273.9	273.6	272.0	269.7	268.3	267.2	266.0	264.8	263.6	1.4	0.0	-0.5
Financial Activities	367.9	370.1	371.1	372.3	373.4	374.4	376.2	378.5	380.9	383.3	-0.1	0.2	0.5
Information	98.0	97.1	97.3	97.5	97.7	97.6	97.6	97.5	97.4	97.3	-1.5	-0.2	-0.1
Government	828.3	832.3	834.3	837.0	840.9	845.5	852.0	860.0	867.2	873.7	-0.7	0.3	0.8
Natural Res. and Min.	9.5	9.0	9.3	9.6	9.8	9.8	9.9	9.9	9.9	9.8	1.4	-0.4	0.0
Unemployment Rate (%)	5.8	5.5	5.2	5.2	5.1	5.3	5.5	5.4	5.3	5.2	9.2	5.6	5.3
												Annual Growth (%)	
Population (Ths.)	12,860.0	12,860.5	12,870.4	12,880.3	12,890.0	12,898.7	12,906.8	12,914.4	12,921.2	12,927.8	0.1	0.0	0.1
% Change	*-0.2*	*0.0*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*	*0.1*			
Age: <5	802.9	814.4	827.2	838.7	841.0	840.7	837.1	831.1	826.3	823.3	-1.0	1.0	-0.4
Age: 5-19	2,655.7	2,613.1	2,578.5	2,554.4	2,547.6	2,550.0	2,546.4	2,549.3	2,556.8	2,553.0	-0.2	-0.7	0.0
Age: 20-24	856.6	930.3	1,013.1	1,072.6	1,105.3	1,105.5	1,073.3	1,058.1	1,055.3	1,066.2	-0.4	5.2	-0.7
Age: 25-44	3,276.9	3,166.6	3,056.6	2,970.4	2,910.4	2,867.6	2,871.9	2,854.8	2,820.7	2,785.6	-0.8	-3.0	-0.9
Age: 45-64	3,410.6	3,415.9	3,410.3	3,392.4	3,362.0	3,336.1	3,302.0	3,266.2	3,227.8	3,188.0	0.6	-0.2	-1.1
Age: >65	1,857.2	1,920.1	1,984.8	2,051.8	2,123.8	2,198.8	2,276.0	2,354.8	2,434.4	2,511.7	2.5	3.4	3.4
Households (Ths.)	4,881.8	4,916.2	4,947.9	4,980.7	4,996.5	5,010.2	5,018.0	5,026.2	5,034.9	5,041.9	0.2	0.5	0.2
% Change	*0.1*	*0.7*	*0.6*	*0.7*	*0.3*	*0.3*	*0.2*	*0.2*	*0.2*	*0.1*			
Personal Income (Bil. $)	634.8	662.4	699.8	739.3	771.0	798.8	829.2	860.0	890.5	922.0	2.9	4.7	3.6
% Change	*3.4*	*4.3*	*5.7*	*5.6*	*4.3*	*3.6*	*3.8*	*3.7*	*3.5*	*3.5*			
												Average	
Total Residential Permits (#)	20,339	19,636	21,564	26,440	27,420	30,418	34,062	35,552	35,904	34,821	14,151	22,663	33,030
% Change	*-1.2*	*-3.5*	*9.8*	*22.6*	*3.7*	*10.9*	*12.0*	*4.4*	*1.0*	*-3.0*			
Single-family Permits	10,488	9,985	11,012	15,192	18,095	20,512	22,976	23,710	24,109	23,479	8,548	12,554	22,147
Multifamily Permits	9,851	9,651	10,552	11,248	9,324	9,907	11,086	11,842	11,795	11,342	5,603	10,108	10,883

About Moody's Corporation

Moody's Analytics, a unit of Moody's Corporation, helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By offering leading-edge software and advisory services, as well as the proprietary credit research produced by Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;
2) Analysis of the fiscal impact of revenue bills;
3) Preparation of State debt impact notes on legislation which would appropriate bond funds or increase bond authorization;
4) Periodic assessment of capital facility plans;
5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a "Monthly Briefing", the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Legislative Capital Plan Analysis" examines the State's capital appropriations plan and debt position. "The Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year "Budget Summary"; "Report on the Liabilities of the State Employees' Group Insurance Program"; and "Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program". The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission's website.

These reports are available from:

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