STATE OF ILLINOIS ECONOMIC FORECAST FEBRUARY 2019

PREPARED FOR:

STATE OF ILLINOIS

COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

PREPARED BY:

MOODY'S ANALYTICS / ECONOMIC & CONSUMER CREDIT ANALYTICS

WWW.ECONOMY.COM

Commission on Government Forecasting and Accountability

COMMISSION CO-CHAIRS

Senator Heather Steans
Representative C.D. Davidsmeyer

SENATE	*HOUSE*
Donald DeWitte	Thomas Bennett
David Koehler	Sonya Harper
Elgie Sims	Elizabeth Hernandez
Dave Syverson	Anna Moeller
Jil Tracy	Joe Sosnowski

EXECUTIVE DIRECTOR
Clayton Klenke

DEPUTY DIRECTOR
Laurie Eby

REVENUE MANAGER
Jim Muschinske

EXECUTIVE SECRETARY
Briana Jackson

MOODY'S ANALYTICS

ANALYSIS

February 2019

State of Illinois Forecast Report

Prepared for the State of Illinois Commission on Government Forecasting and Accountability

Prepared by

Sarah Crane
Sarah.Crane@moodys.com

Contact Us

Email
help@economy.com

U.S./Canada
+1.866.275.3266

EMEA
+44.20.7772.5454 (London)
+420.224.222.929 (Prague)

Asia/Pacific
+852.3551.3077

All Others
+1.610.235.5299

Web
www.economy.com
www.moodysanalytics.com

Contents

Summary

Illinois' economy is having its share of ups and downs, but overall, 2018 was better than the year before. The state has moved beyond full employment into late-cycle expansion, which is characterized by labor supply constraints and increasing wage and cost pressures. The first on-time state budget in more than three years is an important step toward restoring private sector confidence. Several private sector industries are strengthening, and greater fiscal certainty and growth in tax revenues have allowed the public sector to recoup some jobs. Income growth has accelerated to a greater degree than employment. Accelerating wage growth, based on average hourly earnings for the state and the Employment Cost Index for Chicago, reflects the tight labor market and the improving quality of new jobs. On a four-quarter moving average basis, Illinois' personal income growth is now leading the regional pack. In a turnabout from most of the past decade, downstate Illinois has outperformed upstate economies for much of the last year thanks to a revival in the pivotal manufacturing industry.

Although the economy has strengthened compared with the previous few years, Illinois still trails the rest of the country in most gauges of economic performance. Employment is increasing more slowly than the Midwest and U.S. averages, the labor force is near its lowest point in more than 10 years, and weaker consumer demand than in other states is weighing on population-dependent industries such as retail, leisure/hospitality and real estate. Progress in the housing market has slowed; single-family house price appreciation is about half the regional and national rates, and builders are putting up fewer units than a year earlier.

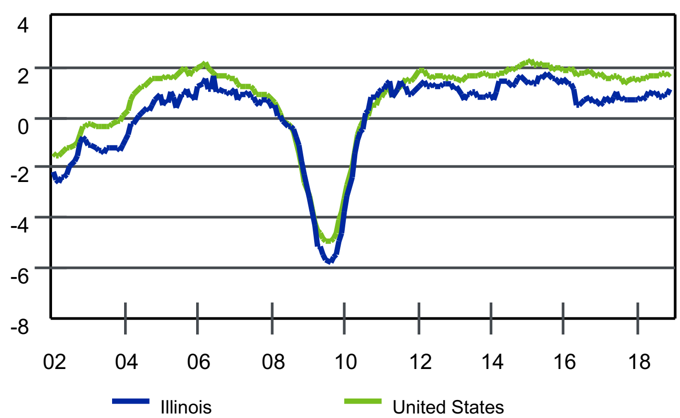
Illinois will sustain some of its recent momentum in the near term while remaining a national laggard. The pace of employment and income growth will peak and the unemployment rate will drop to a new low by late 2019. Moderating job gains in the rest of the region over the coming quarters will narrow the gap between the Midwest and Illinois growth rates. The expansion will wind down nationwide in 2020 as higher interest rates, the diminished impact of fiscal stimulus, and deficits begin to take their toll. To be a solid performer longer term, Illinois must navigate its fiscal challenges without doing lasting damage to its business climate. 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

Illinois has moved beyond full employment into late-cycle expansion, which is characterized by labor supply constraints and increasing wage and cost pressures. The economy added about 70,000 positions on net last year, two-thirds more than in 2017. The acceleration in job growth caused Illinois to jump a few spots in the 50-state ranking but was not enough to close the performance gap with the U.S. or region. In fact, Illinois fell a bit further behind the rest of the Midwest, where job growth was more broad-based across industries. Last year was indeed a good one for Illinois manufacturers and other goods-producing industries, but private service providers wobbled. Manufacturing accounted for one in every four net job additions in 2018.

Employment Growth

% change yr ago



Sources: BLS, Moody's Analytics

Illinois has trailed its Midwest neighbors in employment and income growth since the end of the Great Recession, and the gaps have widened over the years. The disparity is more pronounced in employment, which has expanded more slowly since 2009 than in other Midwest states besides Missouri, Iowa and Kansas. More recently, the energy bust knocked North Dakota to the rear, but Illinois still underperforms most states in the region in job growth. The 5.5% increase in employment over the last five years is a bit more than half the national average and below the average 6% rise in the rest of the Midwest. Job creation has fallen further behind in the last two years; Illinois employment is up 1.6% since the end of 2016 versus 2% on average elsewhere in the region and 3.3% in the U.S.

Illinois' jobless rate is trending lower and hit 4.1% last fall, an all-time low for the 42-year series. Stronger job creation plays a big role in the drop in unemployment, but the stagnant labor force is also a factor. The labor force participation rate averaged 64.5% in 2018, slightly below the Midwest rate of 65% and comfortably above the U.S. rate of 62.9%. Labor force participation stopped decreasing in 2015, signaling cautious optimism in the labor market, but the decline since the Great Recession is above average for the region. Some of the drop is also the result of demographic factors, mainly the aging of the population.

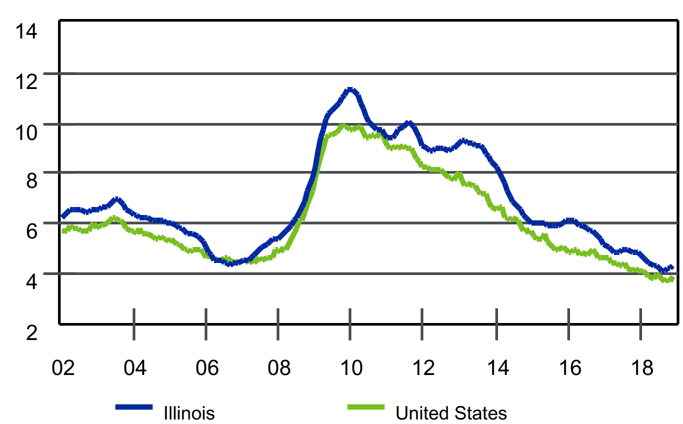
Nonetheless, the result has been accelerating wage growth, based on average hourly earnings for the state and the Employment Cost Index for Chicago. The quality of new jobs keeps improving as well; the pace of job creation in high- and mid-wage occupations is the strongest it has been during this cycle. It is weakness in the low-wage tier, especially population-dependent industries such as retail, that has detracted most from total employment growth.

Illinois income has kept up to a greater degree than employment thanks in part to the outperformance of well-paying industries and the state's above-average reliance on income from dividends, interest and rents, which has benefited from big stock market gains. The 19% rise in state personal income growth over the last five years is below that in the U.S., Michigan, Minnesota, Indiana and Wisconsin, but is the fifth highest in the Midwest overall. As job creation has begun to make some strides more recently, total income growth has accelerated even more. On a four-quarter moving average basis, Illinois' personal income growth is now leading the regional pack.

The Chicago and Lake County job markets ended 2018 on a high note following a midyear slump. Factory output climbed, accom-

Unemployment Rate

%



Sources: BLS, Moody's Analytics

panied by a meaningful rise in manufacturing employment. Chicago's unemployment rate has fallen below 4%, the lowest level since records have been kept. The cluster of well-paying industries is underpinning above-average employment and income growth in neighboring Lake County, where growth in average hourly earnings and wage and salary income is near the strongest in the region. The downtown Chicago job and real estate markets are flourishing as tech expands, but prosperity has bypassed large swaths of the city, which remains a laggard among the nation's 10 largest metro areas and divisions thanks largely to lopsided growth.

Factory employment gains in 12 of the past 18 months have helped Illinois' manufacturing industry recover all of the jobs lost during the 2015 commodities bust, and then some. Initial growth was concentrated in less lucrative food processing, but stronger demand for steel, specialty metals, transportation equipment, construction equipment and heavy machinery has finally translated into more high-value-added factory positions. The turnaround in manufacturing has even allowed downstate Illinois to upstage upstate economies for most of the past year.

The Quad Cities' economy is on the upswing, with year-ago job growth closer to the U.S. average than it has been since 2011. Unlike earlier in the decade, when factory job gains were spearheaded by industrial machinery and agricultural equipment producer John Deere, manufacturing employment increases in recent quarters have been concentrated mainly in food processing. As one of the country's most export-dependent areas, the Quad Cities is more vulnerable to disruptions in trade policy than most. As U.S. tariffs were enforced on imported metals, higher operating costs for John Deere pressured profits and have kept a lid on payrolls.

Rockford is making progress after stagnating for several years. Job growth is the most broad-based across industries that it has been during the current business cycle. Fiat Chrysler recently retooled its Belvidere plant to add production of the popular Jeep Cherokee, although the job gains associated with the retooling are winding down.

Peoria is having a tougher time building on meager gains from the cyclical upturn in manufacturing. Factory output is climbing and manufacturing and its downstream industries are responsible for all of the net job creation in the last year. Other industries, especially those that rely on consumer demand, are bleeding jobs, leaving total metro area employment flat. While Caterpillar's commitment to Peoria appears strong, U.S. tariffs on imported aluminum and steel have interrupted a nascent rebound in local heavy machinery manufacturing employment. Sales growth was robust across the globe in 2018 in each of Caterpillar's business lines, but the firm is trying to keep a lid on expenses as it grapples with a rise in material prices.

The fiscal 2019 state budget agreement spares the University of Illinois Urbana–Champaign from starting another school year without guaranteed state funding. State government, which employs one in five workers in Champaign, is adding to payrolls more quickly, and private services, which take their cue from the public

Illinois Employment, Recent Performance

Dec 2018

	Annualized growth rate				
	3-mo	6-mo	12-mo	5 yr	10 yr
Total	1.9	0.9	1.2	1.1	0.5
Construction	-1.4	1.0	2.0	3.2	-0.7
Manufacturing	-1.0	1.0	0.9	0.5	-0.7
Wholesale Trade	5.5	4.2	1.1	1.1	0.4
Retail Trade	0.3	-1.1	-0.7	-0.2	-0.2
Transportation and Utilities	7.2	4.4	3.2	2.9	1.6
Information	-2.6	-2.3	-4.1	-1.3	-1.9
Financial Activities	-0.8	0.4	2.0	1.2	0.2
Professional and Business Services	0.1	-0.2	0.3	0.9	1.4
Education and Health Services	2.3	0.9	1.2	1.2	1.5
Leisure and Hospitality	3.0	0.9	1.7	2.6	1.7
Government	4.9	2.3	3.0	0.7	-0.0
			%		
Unemployment rate	4.2	4.2	4.4	5.6	7.7

Sources: BLS, Moody's Analytics

sector, are not far behind. It remains to be seen how much additional state spending will make its way to Springfield, but the job market is likely in better shape than it appears at first glance. The hard count of jobs from the Quarterly Census of Employment and Wages shows a modest pickup in employment gains in the first half of 2018, concentrated in government. This contrasts with the softening suggested by the establishment survey. Still, net job growth remains below average compared with Illinois, the U.S., and other state capitals.

Near-term outlook

Illinois' economy will build momentum over the next several quarters, posting job and income growth that nonetheless falls short of regional and national rates. Several reliable growth drivers will keep the state moving in the right direction. Employment in office-using industries such as finance and professional and business services is trending higher and will lead the way forward. Even as job gains in logistics taper off, Illinois will benefit from investment in transportation and construction of warehouses as well as the ripple effects from recent large-scale job gains in the industry. Steady demand for Illinois-made goods should remain intact, providing a floor under factory employment, but manufacturing will not add significantly to payrolls. Poor population trends will keep consumer industries in check and impede a more robust housing rebound. Fiscal headwinds have died down somewhat, but the state's financial pressures present serious challenges.

Chicago will get a slight edge over the rest of Illinois in coming quarters, and professional/business services will be the labor market's workhorse. Downtown Chicago will enjoy the bulk of the gains, with slower growth in areas outside of the city. The addition of new professional, scientific and technical services positions will provide a needed boost to incomes and support the flourishing downtown real estate market. Meanwhile, downstate economies will lose steam, bringing their job growth rates back below that of Chicago.

Although 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. Champaign will keep moving forward and remain one of Illinois' top performers as direct university spending and local spillover swell in coming quarters. The outlook for UI is brightening, with prior state cuts to education being gradually restored, school officials drafting aggressive hiring plans, and a major fundraising campaign bearing fruit. UI's flagship campus in Urbana-Champaign bucked a statewide trend of public university enrollment declines last fall, and administrators are eager to ensure that school resources catch up to enrollment.

Illinois' improved fiscal position bodes well for Springfield. Additions to state government payrolls will be modest, but greater budget certainty and the mild economic upswing will safeguard current staffing levels in the state capital in the near term. Given Springfield's reliance on the public sector, muted growth in state payrolls will keep job and personal income gains roughly on track with the state average.

Manufacturing payroll growth will wind down over the next few quarters, but the economy will benefit from recent additions. Food manufacturing has a bright future, but demand for labor will wane as more producers automate processes and cut costs. Increased input costs tied to tariffs on steel and aluminum and a difficult trade environment dim the already-subdued outlook for durable goods segments.

Peoria's short-term growth prospects are strongest in business/professional services and transportation/warehousing. The same industries, along with healthcare, will headline growth in Rockford through the end of the decade. The U.S. auto industry is poised for another solid year in 2019, and Fiat's investment in Rockford should help safeguard auto-related jobs. E-commerce is fueling a surge in cargo business at Chicago Rockford International Airport that is spurring a flurry of expansions. Investments by Amazon, UPS and ABX Air are enhancing the airport's status as a regional cargo hub.

The trade rift between the U.S. and China complicates the outlook for agriculture and commodities in general. Chinese tariffs on American agricultural products are straining Illinois farmers, who are already struggling with low commodity prices. Agricultural exports to China, especially soybeans, make up a larger portion of total exports in Illinois than they do in almost any other state. State farm income, as reported by the U.S. Bureau of Economic Analysis, is down by 90% from its 2013 peak versus about 84% in the Midwest and 52% nationally. Prices for core crops have come back a bit in recent quarters, but the forecast calls for minimal gains in the year ahead. Some near-term upside risk exists for prices, as the dollar is expected to weaken on higher inflation, but longer term, tighter monetary policy will offset most gains. The tariffs are also cutting into local farmers' demand for agricultural equipment produced by John Deere and Caterpillar.

The federal government has so far been able to mute the impacts of these trade distortions with financial aid to farmers, but such solutions cannot be carried out indefinitely. The baseline forecast assumes a continuation of the status quo into 2019 before some kind of deal is eventually reached, likely before the 2020 election cycle is in full swing. Continued disagreements and retaliatory measures between the U.S. and China will weigh on the outlook should a reasonably graceful solution not be met.

Financial services will provide a stable source of jobs and income over the next few years, but the sector will underperform its national counterpart. Insurance carriers and the securities industry are in decent shape, but banks are a big sore spot. For instance, JPMorgan Chase is closing branches on a net basis in the Chicago market at a faster rate than it is doing so nationally. State Farm, the largest employer in downstate Illinois, holds the key to performance in financial services downstate and will benefit from more underwriting of U.S. homeowners' policies and increased investment income.

The federal tax overhaul that went into effect to begin 2018 is a mixed bag, but impacts skew to the downside. Lower corporate tax rates will generate a short-term increase in output and corporate profits that will be most noticeable in places such as Chicago and Lake County, both of which are home to numerous corporate headquarters. However, the higher interest rates resulting from the timing and deficit financing of the tax cuts will increase businesses' cost of capital and could wash out most of the benefit.

The personal tax cut many residents will receive and a tightening labor market will help drive up disposable income, which will support stronger consumer spending over the next couple of years. The main support to spending will come from a tight labor market, which will force employers to offer higher wages as the economy moves past full employment.

Other provisions put Illinois at a relative disadvantage. An elevated share of high earners, who benefit most significantly from revised personal tax brackets, is offset by the new cap on the state and local tax deduction and a lower mortgage interest deduction threshold. The negative impacts will be especially pronounced in expensive housing markets in Chicago and Lake County. Ultimately, the effects of the tax change on state GDP and employment are forecast to be relatively minor in Illinois compared with other states and the District of Columbia.

Long-term outlook: Positive factors

The state will continue to diversify into service-providing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will continue to develop as the transportation and 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 corporate relocations from the suburbs, such as those by Walgreens, Mondelez International, Peapod, Hillshire Brands, Kraft Heinz, and United Continental Holdings, suggest that this new economic engine has reached critical mass, enabling its growth to become self-perpetuating.

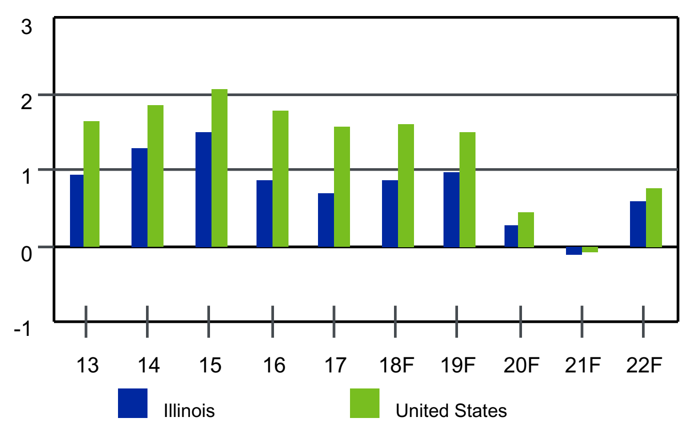
Professional/business services. Business and professional services are expected to drive growth and will be a top performer in the long run. Most of the growth will take place in northern Illinois. Downstate Illinois has few possibilities in developing well-paying business and professional service jobs such as professional, scientific and technical consulting; it is more likely to attract lower-wage administrative support services. 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.

In addition to business services, the success of the state's economy, and particularly that of the Chicago metro area, will depend on the strength of its high-tech services, including computer systems and design and biotechnology. Large companies and other institutions are expanding their efforts to encourage entrepreneur-

Long-Term Outlook: Employment

% change



Sources: BLS, Moody's Analytics

ship and innovation in the Windy City. Social media giant Facebook has been aggressively expanding its Chicago team and inked a deal for new office space that is twice the size of its current location. Software firm Salesforce, which employs about 1,500 in the city, has reached a deal to kick off construction of a riverfront skyscraper and add 1,000 jobs over five years. Although 200 jobs per year is hardly a windfall, and Salesforce has so far been mum on what kind of positions those would be, the expansion has the potential to elevate Chicago's stature as a tech hub and attract skilled workers and other tech firms. Tech companies that are able to meet the needs of Illinois' manufacturing base will also be successful.

Financial services. Financial services, which employ 6.5% of the state's workforce and just over 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. Illinois' tourism industry is expected to outperform other parts of the economy over the next decade, but growth will be much slower than in the previous few years. The industry has come back faster in the state than it has nationally, thanks almost entirely to more people visiting Chicago. The City of Chicago welcomed a record 58 million visitors in 2018, up from 55 million in 2017. Vacationers and business travelers are flocking to the area's hotels, restaurants, recreation facilities and entertainment venues, and tourism offerings are expanding on multiple fronts. Although leisure/hospitality job growth has simmered after a scorching 2015 and 2016, earlier estimates showing a decline in payrolls in early 2018 were overstated. Other indicators paint a similarly sanguine picture. Hotel occupancy and room rates have turned back up after softening in 2017. Tourism-related job growth will slow during the next leg of Chicago's expansion, but the city's appeal as a travel destination will remain a bright spot for its economy.

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 12% of Chicago's output and about 11% of Illinois' gross state product. Among Midwest states, only Nebraska and North Dakota are more dependent on this cluster of industries.

Rising online sales will, on balance, help Illinois. Transportation and warehousing employment will benefit from the rise of e-commerce and increasing demand for materials handling, warehousing and order fulfillment. Illinois is a hub for e-commerce warehouses, which have driven investment and job growth. Transportation/warehousing has added more jobs in the state in the past year than any other industry besides manufacturing. The near-term forecast for industry employment has been revised higher as a result, though stronger productivity gains from automation will slow the pace of job growth in the medium term. There is upside risk, however, should e-commerce demand outstrip productivity growth, sustaining robust payroll gains.

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 Urbana-Champaign, Illinois State University in Bloomington-Normal, and Southern Illinois University in Carbondale 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 at Chicago, and Loyola, but they are not as vital to Chicago as schools downstate are to that economy.

Healthcare. Healthcare will contribute positively to growth throughout the state as the population ages. It will be a driver of gains downstate, particularly in regional healthcare centers such as Peoria, Rockford and Springfield. The cohort of those age 65 and older is the only part of the population that is growing, a distinction it will retain. Although declines in other cohorts will drag on demand, seniors consume a lot of medical services. Downstate Illinois will add such jobs at about five times the pace of overall job growth over the next five years, a margin that dwarfs that projected for the Chicago area or U.S. 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 weakness in crop prices that has hurt farm incomes and trade distortions that will prove temporary. While relatively stable for several years, corn and soybean prices are barely above 2015 lows amid exceptionally high yields, according to the U.S. Department of Agriculture. Livestock farmers are faring better than grain farmers, but a full recovery is on the distant horizon. High yields and low prices will extend into the coming year. Despite strong competition from agricultural powerhouses Brazil, Argentina, India and China, farmers will benefit from an expanding global economy longer term.

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 34% of the state's population age 25 and older has at least a bachelor's degree and 13% has a graduate degree—both above the national average—according to Census Bureau data. In Chicago, the shares are even higher at 39% and 15%, 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. 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. Startups 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

Deep-rooted fiscal problems along with weak demographic trends represent the biggest hurdles to the longer-term outlook. The forecast anticipates that the state will grow a step behind the Midwest average and a few steps behind the nation over the extended forecast horizon. Over the next five years, employment in Illinois is forecast to increase close to 2.2%, below the 2.5% increase for the Midwest and 3.1% rise nationally.

Although Illinois' business cycle closely tracks the nation's, job growth has trailed the national pace for the last 10 years. Cyclical swings in the Illinois economy have greater amplitude than the national average, a dynamic that 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.

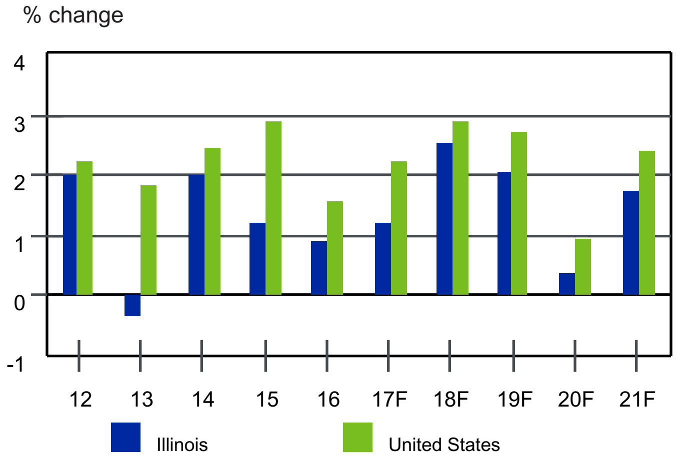
Beyond 2019, caution is warranted, as a transition is on the U.S. expansion's horizon. The national economy is in great shape and showing signs of entering the later stages of the business cycle: GDP growth is above trend, the labor market is tightening, wage growth is gradually accelerating, and inflation is within sight of the Federal Reserve's 2% target. Unemployment rates will drop further through next summer before the sugar high of the fiscal stimulus wears off and inflation pressures mount. The expansion will draw to a close in 2020 as the Fed raises interest rates and increased uncertainty takes hold. As consumers and businesses rein in spending, Illinois' economy will hit a rough patch as well.

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 fiscal crisis threatens to discourage firms from locating or remaining in the state. 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. The good news is that the state's two-year budget logjam finally broke in 2017 with the passage of a $36 billion spending package, easing some of the longstanding uncertainty in the outlook.

Mindful of the state business tax climate, lawmakers have in the past relied heavily on lucrative tax incentives and subsidies. 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 be accomplished only 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. 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 9.6%, is only somewhat

Long-Term Outlook: Gross Product



Sources: BEA, Moody's Analytics

higher than the national average of 8.5%, the share outside Chicago is higher at 12.7%. Illinois' largest manufacturing industries, in order of number of jobs, are fabricated metals, food processing, industrial machinery, chemicals and plastics. Together, the five industries account for about 60% of all manufacturing jobs, compared with half nationally. Downstate areas besides Springfield have a high exposure to at least one, and typically several, of these 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. Much of the state's low-value-added manufacturing, with the exception of food processing, is likely to leave the state.

Higher education. With the college-age population in Illinois and the broader Midwest set to decline over the coming decades, it will take a greater share going to school or more international students to increase demand for Illinois' higher education institutions. Colleges across the U.S. face demographic headwinds, but they are more acute in Illinois, where the cohort of 20- to 24-year-olds is shrinking more rapidly. Given the net loss of domestic residents, college towns such as Urbana-Champaign depend on immigrant flows to maintain population, labor force growth, and students and faculty at colleges and universities.

Enrollment at most of Illinois' public universities declined during the prolonged state budget stalemate, and the fiscal crisis looms large. Future budget cuts that take aim at public education threaten to lessen local colleges' desirability and hinder their cost-competitiveness.

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 lower than they are nationally and have trended downward for the past few decades. Costs are lower than those in Wisconsin and Michigan but higher than those in neighboring Indiana, Iowa, Kentucky and Missouri. 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.

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 11% 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

Index of Relative Business Costs

	Labor cost		Tax burden		Energy cost		Overall index	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Illinois	101	25	93	20	89	15	98	26
Indiana	89	4	102	38	97	30	93	8
Ohio	96	13	107	42	97	29	97	18
Michigan	107	47	103	39	102	36	106	38
Wisconsin	101	24	107	41	105	38	102	33
Iowa	87	3	96	29	86	12	88	3

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

and regional norms. The largest increases were partially stepped down in 2015, but Illinois' overall tax burden is higher than those of neighboring states, with the exceptions of Michigan and Wisconsin. The spending package that ended the two-year budget stalemate in 2017 included a $5 billion personal income tax hike. Although the deal is an important first step toward repairing state finances, in the absence of a rise in services, the tax increases will raise business and living costs and could weaken the state's competitiveness.

Some provisions of the federal tax overhaul that went into effect in 2018 will exacerbate the problem. Lower tax rates will be accompanied by the elimination or scaling back of key tax deductions, which will raise the effective burden of state and local taxes on taxpayers who itemize their federal returns. Illinoisans itemize their returns at a higher rate than average. Combined with the inevitable accelerating path of interest rate increases, limits on mortgage interest and property tax deductions will put downward pressure on house prices, especially in Chicago and Lake County. Increased living costs for the most expensive parts of the state in and near Chicago could drive additional out-migration to lower-tax neighboring states.

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.

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 precise effects of right-to-work laws on job creation and a state's economic prosperity.

Income

Personal income has been slower to rise in Illinois than nationally, contributing to the underperformance of retail and leisure/hospitality. Consumption depends mostly on the state's income from labor, predominantly wages and salaries, which has lagged the U.S. and regional averages badly during the recovery. The 38% increase in income from 2009 is about average for Midwest states and 8 percentage points below the national average. The most important source of income, wages and salaries, has risen 33% during that time period, lagging the region by 3.3 percentage points and the U.S. by 8.6 percentage points. State personal income growth has made bigger strides over the past couple of years, and manufacturing and professional/business services were the largest contributors to earnings increases in 2018.

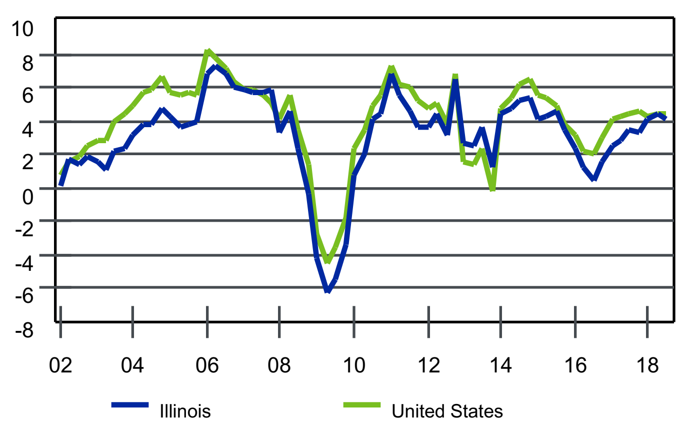
Multiple factors, led by less available labor but including fading benefits from fiscal stimulus and higher interest rates, will combine to ensure job and income growth slows over the coming year. The decline in the unemployment rate will end by late 2019. Growth in wage and salary income will decelerate because faster growth in wage rates will be offset by slower growth in employment and hours. In 2020, the unemployment rate will begin to rise, and growth in wage and salary income, the most important driver of spending growth, will slow.

The lift from wealth effects will shrink dramatically in 2019 and likely be much weaker in 2020 given the precarious national outlook. The biggest weakness so far has come from financial markets. U.S. equity markets finished 2018 below where they started the year. Their performance in 2019 will be only marginally better with little change in value expected over the full year, even if stocks rebound early in the year. Higher interest rates, continued political uncertainty, and—probably most important—weaker economic growth prospects will weigh on stock prices. Financial wealth effects may be neutral or even negative by the end of the year.

The impacts of a shaky stock market are widespread, but economies that rely on the securities industry or investment income are most at risk. High-income, finance-dependent states, including Illinois, are vulnerable on both counts. Investment income is mod-

Personal Income

% change



Sources: BEA, Moody's Analytics

erately important to Illinois relative to other states, as the share of tax returns with qualified dividends ranks 13th out of 50 states and the District of Columbia, signaling its above-average vulnerability to a downturn in equity prices.

Housing wealth is a weakening story. Illinois house price growth peaked in 2017. Despite rising incomes, affordability has been falling under the weights of rising interest rates and house prices. This trend will continue in 2019, and by 2020 support from housing wealth to spending will be much smaller than it is currently.

Balance sheets

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 savings, hurting consumer industries in the process. Household debt in Illinois ended the year about 3% below its prior peak, compared with 5% above peak nationally.

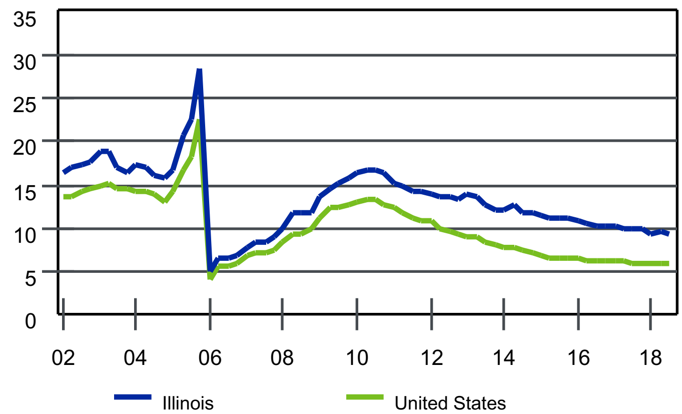
Illinois households have come a long way in repairing their balance sheets and are increasingly willing and able to borrow. Although consumer debt is well below its prior peak upstate, it is rising, and when Chicago, Lake County and Rockford are excluded, it is about 8% above its prior peak and climbing. Because households downstate 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 they 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 all of their earlier decline and then some, in Illinois only around three-quarters 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 were, until recently, more widespread. Home equity loan delinquencies have come down significantly over the last six years—reaching pre-crash levels in 2017—and the gap between Illinois and the national average is narrowing. Half of the delinquent home loans are in Chicago, down from two-thirds prior to the recession. The distribution of delinquent home loans has generally returned to pre-crash norms across the state.

Personal Bankruptcy Filings

Filings per 1,000 households



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

In some areas, however, Illinois surpasses the U.S. The state has a lower delinquency rate on student loans, for instance, and performs significantly better in consumer finance loans. Chicago's high incomes and house prices lead consumers to take on more debt, with 65% of the state's debt located in the metro division, which is home to 57% of the state's population. Despite this, Chicago's default rate falls around the middle among the state's metro areas and divisions, and total metro area debt remains below its prerecession peak. Default rates across the state have returned to prerecession levels.

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 5.3% from a year earlier in the third quarter of 2018, more than the 2.3% drop in the Midwest and 2.1% drop nationally. The number of personal bankruptcies per household is also declining, but more slowly than it is nationally. One in every 106 Illinois households was in bankruptcy in the third quarter, the highest among Midwest states and one of the highest nationwide. This compares with one in 140 households for the Midwest and one in every 168 nationally. The gap with the nation is the largest in more than two decades, but it stopped growing in 2016.

Demographic trends

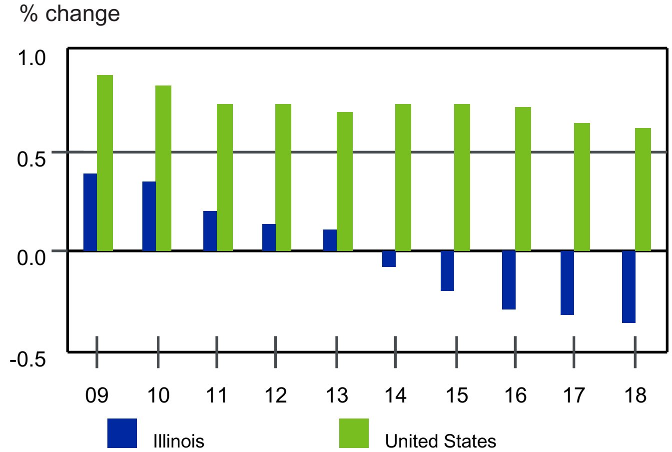
Population estimates for 2018 have been released for states but not metro areas. Illinois' population decreased for a fifth consecutive year for the 12-month period ended July 1. What is worse, the pace of contraction accelerated, falling at its fastest pace since 1945. The state population declined 0.35%, more than the 0.32% drop a year earlier. Population increased 0.2% in the Midwest and 0.6% nationally. Illinois' forecast has been lowered to reflect expectations for faster population loss over the forecast horizon. The latest forecast projects that in 2028, the state's population will be 1% below the level forecast a year earlier.

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; immigration and birthrates have declined since then.

The vibrant national economy is enticing more of the state's residents to seek opportunities elsewhere. Total net migration clocked in at -83,400 in 2018, a slight improvement from -84,200 in 2017. Net migration is the difference between in-migration to Illinois and out-migration from Illinois during a time period. The main reason for the worsening trend is a loss of domestic residents, or people moving from Illinois to other parts of the U.S. 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 114,200 domestic residents on net in 2018, about the same as in 2017 and twice as many as a decade earlier.

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 has stabilized. Net international migration totaled 30,700 in 2018, roughly the same as the previous year. Although the Trump administration has not drastically curtailed foreign immigration into the U.S., that does not mean that the proposals to do so are dead. For example, many of the so-called Dreamers, whose status has been in limbo for almost two years after the administration ended DACA, could still face deportation. This, or a decline in H-1B visa issuance, would have devastating economic consequences, particularly in areas that require highly skilled workers to fill lucrative jobs. Additionally, while attempts to tighten the border have not meaningfully reduced tourism in gateway markets such as Chicago, the risk of such an impact remains.

Population



Sources: Census Bureau, Moody's Analytics

The last year of available data from the IRS offers a more detailed view of migration flows. For many years the largest number of the state's out-migrants headed to Indiana, where living costs are lower, but retiree destinations Florida and Texas ranked as the first and second most popular destinations for relocating Illinoisans in 2016. In the baseline outlook, the assumption that baby boomers will retire and move out of the state to warmer climates contributes to a decrease in Illinois' population. More concerning is the decline in the working-age population, which is more severe in Illinois than in most other parts of the country. Over the next decade, Illinois will lose a larger share of working-age residents than almost any other state.

Illinois is not creating as many residents naturally because births have been falling and deaths increasing. The natural rate of population growth, or births minus deaths, has slowed from close to 80,000 per year just prior to the recession to a multidecade low of around 38,000 in 2018. Illinois' birthrate, or number of births per 1,000 residents, has dropped off significantly since the early 2000s, when it was well above the regional and national averages. It dipped again in 2018 to its lowest in more than three decades, but it is only a hair lower than that of the rest of the Midwest and the nation.

The death rate is below the regional average but has risen more than it has in neighboring states and nationally over the past few years. The cohort of those age 65 and older was the only part of the population to grow in 2017. Although seniors consume a lot of medical services, declines in other cohorts will drag on demand. While

Illinois is expected to lose a good number of senior residents to areas farther south, the share of the population age 65 and older will catch up to the Midwest and national averages over the next decade.

Although household credit quality has been less of a hindrance for the downstate economy, demographic trends have been a bigger challenge. The Chicago metro area population fell 0.1% in 2017, the third consecutive decline. The loss was most pronounced in the Chicago metro division, but the Lake County population suffered a drop as well. The Chicago metro division's two largest counties—Cook and DuPage—lost residents during that period, while the smaller Will, McHenry, Kendall and Grundy counties posted modest gains.

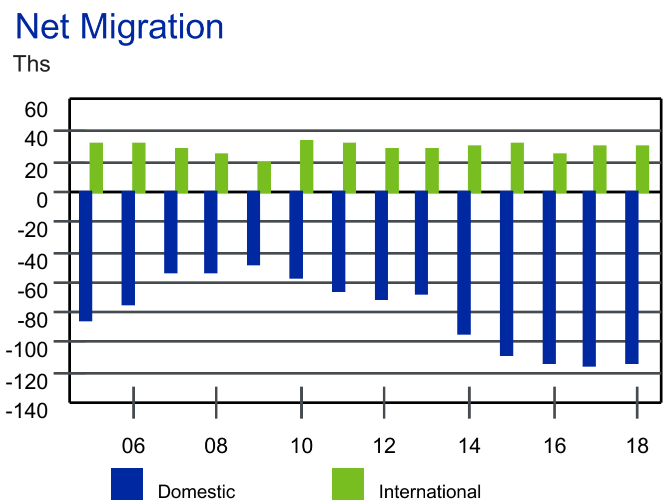
Weaker natural population growth and more out-migration caused Cook County's population to contract 0.4%. The City of Chicago is popular with tourists, and the downtown job and real estate markets are hot, but beyond the city center, the decline of manufacturing and quality of life issues are eroding the population base. Elgin was the only metro area or division in Illinois to grow in population in 2017, but the 0.4% gain fell short of the U.S. average.

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 the Quad Cities, 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.

Residential real estate

Progress in the housing market has been uneven. Single-family house prices have flattened, and builders are putting up fewer single-family units than a year earlier. Although house price appreciation lagged the U.S. pace in all Illinois metro areas in 2017 and remains mediocre in most parts of the state, a few standouts have emerged: House prices are climbing in line with or faster than the national rate in Rockford, Springfield and Kankakee. The pace of Chicago single-family house price appreciation turned up toward the end of 2018, according to the Case-Shiller index, but growth lags that in other large metro areas. Sales of existing homes have slowed, and builders are putting up just one-quarter as many units as they were before the housing crash. Construction employment also points to a subdued housing market, mirroring the softness in starts.

The recovery in multifamily real estate has been more impressive than single-family, although below-average household formation will limit opportunities for new projects. Chicago multifamily



Sources: Census Bureau, Moody's Analytics

Migration Flows

INTO ILLINOIS	NUMBER OF MIGRANTS	FROM ILLINOIS	
Indiana	14,077	Florida	22,985
Texas	13,131	Texas	22,552
California	12,678	Indiana	22,300
Missouri	11,426	California	20,326
Wisconsin	11,339	Wisconsin	17,361
Florida	10,136	Missouri	13,434
Iowa	7,427	Arizona	10,626
Michigan	7,129	Michigan	9,683
New York	6,323	Iowa	9,340
Ohio	5,735	Georgia	8,747
Total in-migration	*169,018*	*Total out-migration*	*256,855*
		Net migration	**-87,837**

Source: IRS, 2016

starts are running behind the torrid 2017 pace, which is unlikely to be repeated any time soon. Apartment price gains in Chicago have decelerated, a trend that is poised to continue in the near term. Multifamily construction will remain elevated in 2019 in several other parts of the state, including Bloomington, Champaign, Elgin, and the Quad Cities.

Although downstate Illinois never had a big problem with foreclosures, they are rising in some areas, namely Peoria and Champaign. Peoria's proportional inventory of homes in foreclosure is the fourth highest in the Midwest and approaching 2008 levels. Local single-family prices are lower than a year ago, putting Peoria within the bottom 3% of metro areas nationally. Household formation is decelerating and will proceed at a slower pace, keeping home sales in check. Confronted with prices that have barely budged for several years and a declining population, developers will remain leery of building new housing.

Champaign's foreclosure rate is below recessionary levels, but it has risen above what is typical for the metro area, putting downward pressure on prices. The pace of single-family starts has decelerated since 2016, and construction employment has been flat for several years.

As single-family building has stalled, construction employment has followed suit, compounding the drag from the state's slow economic recovery. Illinois has regained just 40% of the housing-related jobs that it lost from 2007 to 2010, compared with 95% nationally. A slew of challenges, including the jump in mortgage rates, a backlog in foreclosure processing, and lack of new household formation, will burden single-family housing. Changes to the federal tax code that scaled back valuable deductions will further slow the housing recovery.

Forecast risks

The biggest threats to the outlook relate to the state's fiscal problems and weak demographic profile. The two are connected. All else equal, Illinois' population losses would be expected to stabilize on their own, but the state's shaky finances and policy uncertainty up the odds that net out-migration continues throughout the forecast.

The Moody's Analytics U.S. baseline forecast assigns the highest odds of the next recession to mid-2020, and our stress test of state budgets finds that Illinois is among the worst prepared. State coffers depend heavily on income tax revenues, which have a tendency to be more sensitive to changes in the business cycle than sales taxes. More importantly, there is a grossly inadequate amount of money in the state's reserve funds, meaning lawmakers will have to raise taxes or cut spending by substantial amounts to weather the next downturn. Illinois' pension problems are also well documented and make the state unusually vulnerable to economic downturns because of the sizable pension contributions owed annually from the state budget.

Federal policy represents additional risk, especially the trade war between the U.S. and China. Although President Trump and Chinese President Xi Jinping called a timeout on further tariffs at the G-20 summit, existing tariffs are still in place, details for a resolution to the trade war are sparse, and affected industries remain shrouded in uncertainty. Heavy machinery and agricultural goods, which account for an above-average share of overseas shipments, have been hit by retaliatory Chinese tariffs. Trade data show weakening foreign demand for goods produced in Illinois; the pace of exports slowed sharply last year. Any reduction in foreign trade is harmful to export-dependent parts of Illinois such as Peoria, the Quad Cities, Decatur, and agricultural communities. Further, any policies that would severely curtail legal immigration would hurt Illinois' population and labor force growth, since the state relies heavily on immigration to temper the bite to population from domestic out-migration.

Housing in Illinois could take longer to recover, and without the increased support the state economy 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 deficit-financed tax cuts will cause the nation's debt load to rise faster than previously thought over 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 forecast for manufacturing could prove too pessimistic, particularly if the dollar depreciates more than forecast. With its low 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 transportation and distribution infrastructure 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

Indicator	Units	Illinois	U.S.	Rank	Year
Households					
Households, % change (2013-2018)	Ann % change	0.6	0.9	38	2018
Population w/ BA degree or higher	% of adult population	34.4	32.0	14	2017
Median household income	$	62,992	60,336	17	2017
% change yr ago		*3.3*	*4.7*	*34*	*2017*
Population					
Per capita income	$	54,203	51,640	15	2017
% change yr ago		*3.3*	*3.6*	*27*	*2017*
Population	ths	12,741	327,167	6	2018
% change yr ago		*-0.5*	*0.6*	*46*	*2018*
White	%	77.1	76.8	34	2017
Black or African American	%	14.6	13.4	16	2017
Hispanic	%	17.3	18.1	10	2017
Asian	%	5.7	5.8	11	2017
Net domestic migration, rate	Persons/ths pop	-9.0	0.0	49	2018
International migration, rate	Persons/ths pop	2.4	3.0	21	2018
Poverty rate	%	12.6	13.4	24	2017
Median age	yrs	38.1	38.0	23	2017
Household Cost Indexes					
Median existing-home price	$ ths	208.9	249.3	28	2017
% change yr ago		*7.01*	*6.20*	*11*	*2017*

Illinois
Recent Monthly Performance

	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Most recent % change yr ago
Establishment Employment (ths, SA)									
Total Employment	6,108.0	6,125.2	6,125.2	6,122.1	6,123.8	6,130.6	6,138.6	6,152.2	1.2
% change	*0.1*	*0.3*	*0.0*	*-0.1*	*0.0*	*0.1*	*0.1*	*0.2*	
Natural Resources & Mining	7.6	7.7	7.7	7.7	7.7	7.7	7.7	7.6	1.3
% change	*0.0*	*1.3*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*-1.3*	
Construction	226.0	226.0	227.4	226.7	227.9	228.5	227.7	227.1	2.0
% change	*0.3*	*0.0*	*0.6*	*-0.3*	*0.5*	*0.3*	*-0.4*	*-0.3*	
Manufacturing	587.5	588.6	588.7	590.5	593.0	594.4	591.5	591.5	0.9
% change	*-0.1*	*0.2*	*0.0*	*0.3*	*0.4*	*0.2*	*-0.5*	*0.0*	
Trade, Transportation, & Utilities	1,218.8	1,214.0	1,214.7	1,215.3	1,213.9	1,217.2	1,221.0	1,223.8	0.7
% change	*0.0*	*-0.4*	*0.1*	*0.0*	*-0.1*	*0.3*	*0.3*	*0.2*	
Retail Trade	604.4	601.1	601.1	600.4	597.4	598.5	598.8	597.8	-0.7
% change	*0.0*	*-0.5*	*0.0*	*-0.1*	*-0.5*	*0.2*	*0.1*	*-0.2*	
Wholesale Trade	312.7	310.5	311.0	312.2	312.8	313.6	314.7	317.0	1.1
% change	*-0.2*	*-0.7*	*0.2*	*0.4*	*0.2*	*0.3*	*0.4*	*0.7*	
Transportation & Utilities	301.7	302.4	302.6	302.7	303.7	305.1	307.5	309.0	3.2
% change	*0.3*	*0.2*	*0.1*	*0.0*	*0.3*	*0.5*	*0.8*	*0.5*	
Information Services	93.7	93.2	92.7	93.0	92.7	94.8	93.1	92.1	-4.1
% change	*-0.6*	*-0.5*	*-0.5*	*0.3*	*-0.3*	*2.3*	*-1.8*	*-1.1*	
Financial Services	399.3	399.0	399.6	399.7	400.6	400.6	400.5	399.8	2.0
% change	*0.2*	*-0.1*	*0.2*	*0.0*	*0.2*	*0.0*	*-0.0*	*-0.2*	
Professional & Business Services	940.6	945.3	947.2	948.3	944.0	939.9	944.4	944.2	0.3
% change	*0.1*	*0.5*	*0.2*	*0.1*	*-0.5*	*-0.4*	*0.5*	*-0.0*	
Education & Health Services	928.9	930.7	929.4	928.0	929.7	931.3	933.7	934.9	1.2
% change	*0.3*	*0.2*	*-0.1*	*-0.2*	*0.2*	*0.2*	*0.3*	*0.1*	
Leisure & Hospitality Services	615.4	621.2	621.7	618.9	619.5	621.1	619.5	624.1	1.7
% change	*0.0*	*0.9*	*0.1*	*-0.5*	*0.1*	*0.3*	*-0.3*	*0.7*	
Other Services	251.9	253.5	252.2	250.8	249.4	249.6	250.3	251.6	-0.1
% change	*0.2*	*0.6*	*-0.5*	*-0.6*	*-0.6*	*0.1*	*0.3*	*0.5*	
Government	838.3	846.0	843.9	843.2	845.4	845.5	849.2	855.5	3.0
% change	*0.3*	*0.9*	*-0.2*	*-0.1*	*0.3*	*0.0*	*0.4*	*0.7*	
									1-yr change
Unemployment Rate (%, SA)	4.3	4.3	4.2	4.1	4.1	4.2	4.2	4.3	-0.6
									Most recent % change yr ago
Labor force (ths)	6,488.1	6,487.0	6,486.7	6,480.2	6,478.1	6,488.1	6,499.4	6,500.9	0.0
% change	*-0.0*	*-0.0*	*-0.0*	*-0.1*	*-0.0*	*0.2*	*0.2*	*0.0*	
Number of unemployed (ths)	278.8	275.7	272.2	268.7	266.8	270.1	273.8	277.5	-12.8
% change	*-2.9*	*-1.1*	*-1.3*	*-1.3*	*-0.7*	*1.2*	*1.4*	*1.3*	
Number of employed (ths)	6,209.2	6,211.3	6,214.5	6,211.5	6,211.3	6,218.0	6,225.6	6,223.4	0.7
% change	*0.1*	*0.0*	*0.1*	*-0.0*	*-0.0*	*0.1*	*0.1*	*-0.0*	
Total Residential Permits (# of units YTD, NSA)	8,810	10,459	11,992	13,761	16,200	18,234	na	na	-14.2
% change yr ago	*2.8*	*-15.7*	*-19.6*	*-19.4*	*-15.1*	*-14.2*	*na*	*na*	
Single-family, (# of units YTD, NSA)	4,073	5,042	5,974	7,059	7,877	8,943	na	na	-3.4
% change yr ago	*1.0*	*-2.6*	*-4.1*	*-3.8*	*-5.3*	*-3.4*	*na*	*na*	
Multifamily, (# of units YTD, NSA)	4,737	5,417	6,018	6,702	8,323	9,291	na	na	-22.6
% change yr ago	*4.5*	*-25.0*	*-30.7*	*-31.1*	*-22.7*	*-22.6*	*na*	*na*	
5 +, (# of units YTD, NSA)	4,360	4,968	5,408	5,990	7,510	8,356	na	na	-24.6
% change yr ago	*4.5*	*-26.7*	*-33.7*	*-33.9*	*-24.9*	*-24.6*	*na*	*na*	
									Most recent % change yr ago
Avg Hrly Earnings: Mfg, ($ per hr, SA)	21.04	21.20	21.17	21.38	21.45	21.56	21.77	21.61	4.5
% change	*-1.6*	*0.8*	*-0.1*	*1.0*	*0.3*	*0.5*	*1.0*	*-0.7*	

Illinois
Recent Quarterly Performance

	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	Most recent % change yr ago
Gross State Product (Ch. 2009$ mil, SAAR)	741,765.5	743,456.8	748,651.7	747,294.2	753,731.7	760,379.0	na	na	2.3
% change	*-0.6*	*0.2*	*0.7*	*-0.2*	*0.9*	*0.9*	*na*	*na*	
Establishment Employment (Ths, SA)									
Total Employment	6,044.9	6,055.3	6,070.1	6,079.3	6,090.9	6,111.2	6,123.7	6,140.5	1.0
% change	*0.1*	*0.2*	*0.2*	*0.2*	*0.2*	*0.3*	*0.2*	*0.3*	
Natural Resources & Mining	8.0	8.0	7.7	7.6	7.6	7.6	7.7	7.7	1.3
% change	*0.4*	*-0.4*	*-3.3*	*-1.7*	*0.4*	*0.4*	*0.9*	*-0.4*	
Construction	219.8	219.1	221.0	221.5	223.7	225.8	227.3	227.8	2.8
% change	*0.6*	*-0.3*	*0.8*	*0.3*	*1.0*	*0.9*	*0.7*	*0.2*	
Manufacturing	567.2	578.8	577.2	583.6	585.9	588.0	590.7	592.5	1.5
% change	*-0.8*	*2.1*	*-0.3*	*1.1*	*0.4*	*0.4*	*0.5*	*0.3*	
Trade, Transportation, & Utilities	1,216.0	1,210.2	1,212.3	1,215.5	1,216.1	1,217.0	1,214.6	1,220.7	0.4
% change	*-0.1*	*-0.5*	*0.2*	*0.3*	*0.0*	*0.1*	*-0.2*	*0.5*	
Retail Trade	619.2	612.5	609.5	605.1	602.6	603.2	599.6	598.4	-1.1
% change	*0.2*	*-1.1*	*-0.5*	*-0.7*	*-0.4*	*0.1*	*-0.6*	*-0.2*	
Wholesale Trade	304.5	305.6	308.7	311.9	312.7	312.2	312.0	315.1	1.0
% change	*-0.6*	*0.4*	*1.0*	*1.0*	*0.3*	*-0.2*	*-0.1*	*1.0*	
Transportation & Utilities	292.3	292.1	294.1	298.5	300.8	301.6	303.0	307.2	2.9
% change	*-0.2*	*-0.1*	*0.7*	*1.5*	*0.8*	*0.3*	*0.5*	*1.4*	
Information Services	98.9	97.4	96.1	96.1	94.5	93.7	92.8	93.3	-2.9
% change	*-1.4*	*-1.5*	*-1.3*	*0.0*	*-1.7*	*-0.8*	*-1.0*	*0.6*	
Financial Services	389.7	390.8	391.9	392.9	396.9	399.0	400.0	400.3	1.9
% change	*0.6*	*0.3*	*0.3*	*0.3*	*1.0*	*0.5*	*0.3*	*0.1*	
Professional & Business Services	936.5	940.8	943.7	940.2	938.7	941.9	946.5	942.8	0.3
% change	*0.1*	*0.5*	*0.3*	*-0.4*	*-0.2*	*0.3*	*0.5*	*-0.4*	
Education & Health Services	920.8	922.3	923.9	925.6	925.4	928.6	929.0	933.3	0.8
% change	*0.4*	*0.2*	*0.2*	*0.2*	*-0.0*	*0.3*	*0.1*	*0.5*	
Leisure & Hospitality Services	606.8	608.3	611.4	613.6	616.2	617.3	620.0	621.6	1.3
% change	*0.6*	*0.2*	*0.5*	*0.4*	*0.4*	*0.2*	*0.4*	*0.2*	
Other Services	251.7	251.9	252.3	251.4	250.7	252.3	250.8	250.5	-0.4
% change	*-0.0*	*0.1*	*0.1*	*-0.3*	*-0.3*	*0.6*	*-0.6*	*-0.1*	
Government	829.6	827.7	832.8	831.3	835.2	839.9	844.2	850.1	2.3
% change	*0.3*	*-0.2*	*0.6*	*-0.2*	*0.5*	*0.6*	*0.5*	*0.7*	
									1-yr change
Unemployment Rate (%, SA)	5.1	4.9	5.0	4.9	4.7	4.3	4.1	4.2	-0.7
									Most recent
									% change yr ago
Labor force (ths)	6,492.3	6,481.3	6,493.4	6,501.3	6,492.2	6,488.1	6,481.7	6,496.1	-0.1
% change	*-0.4*	*-0.2*	*0.2*	*0.1*	*-0.1*	*-0.1*	*-0.1*	*0.2*	
Number of unemployed (ths)	330.6	318.2	322.4	318.7	304.8	280.6	269.2	273.8	-14.1
% change	*-8.0*	*-3.7*	*1.3*	*-1.1*	*-4.4*	*-8.0*	*-4.0*	*1.7*	
Number of employed (ths)	6,161.7	6,163.1	6,171.1	6,182.6	6,187.4	6,207.5	6,212.4	6,222.3	0.6
% change	*0.1*	*0.0*	*0.1*	*0.2*	*0.1*	*0.3*	*0.1*	*0.2*	
Total Residential Permits (# of units YTD, NSA)	4,250	12,400	19,082	25,313	3,906	10,459	16,200	na	-15.1
% change yr ago	*-19.8*	*22.2*	*15.2*	*12.5*	*-8.1*	*-15.7*	*-15.1*	*na*	
Single-family, (# of units YTD, NSA)	2,064	5,177	8,320	10,692	2,023	5,042	7,877	na	-5.3
% change yr ago	*-3.6*	*0.6*	*2.2*	*0.1*	*-2.0*	*-2.6*	*-5.3*	*na*	
Multifamily, (# of units YTD, NSA)	2,186	7,223	10,762	14,621	1,883	5,417	8,323	na	-22.7
% change yr ago	*-30.7*	*44.5*	*27.7*	*23.6*	*-13.9*	*-25.0*	*-22.7*	*na*	
5 +, (# of units YTD, NSA)	1,961	6,779	10,005	13,522	1,697	4,968	7,510	na	-24.9
% change yr ago	*-34.2*	*46.0*	*28.4*	*23.4*	*-13.5*	*-26.7*	*-24.9*	*na*	

Illinois
Recent Quarterly Performance

	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	Most recent % change yr ago
Existing Single-Family Home Sales (ths, SAAR)	200.6	198.4	185.1	190.9	193.6	184.2	175.4	na	-5.2
% change	*10.1*	*-1.1*	*-6.7*	*3.1*	*1.5*	*-4.9*	*-4.7*	*na*	
Home Price Index (1980Q1=100, NSA)	333.7	336.7	340.6	342.9	347.2	349.9	350.9	na	3.0
% change	*0.6*	*0.9*	*1.1*	*0.7*	*1.3*	*0.8*	*0.3*	*na*	
Personal Income ($ mil, SAAR)	686,174	689,390	696,880	703,212	714,866	720,304	725,692	na	4.1
% change	0.7	0.5	1.1	0.9	1.7	0.8	0.7	na	
Wages & Salaries ($ mil)	363,340	365,533	370,880	370,734	378,433	379,491	381,342	na	2.8
% change	*0.8*	*0.6*	*1.5*	*-0.0*	*2.1*	*0.3*	*0.5*	*na*	
Nonwage Income ($ mil)	322,834	323,857	326,000	332,478	336,433	340,813	344,350	na	5.6
% change	*0.6*	*0.3*	*0.7*	*2.0*	*1.2*	*1.3*	*1.0*	*na*	
Avg Hrly Earnings: Mfg ($ per hr, SA)	20.02	20.13	20.15	20.56	20.99	21.20	21.33	21.65	5.3
% change	*0.2*	*0.6*	*0.1*	*2.0*	*2.1*	*1.0*	*0.6*	*1.5*	
Personal Bankruptcies (# 3-mo Ending, SAAR)	51,469	50,591	50,015	49,715	47,255	48,291	47,405	na	-5.2

Illinois
Recent Annual Performance

	2011	2012	2013	2014	2015	2016	2017	2018	5-yr Avg Annual % change
Gross State Product (Ch. 2009$ mil, SAAR)	707,059.5	720,702.3	724,616.4	734,217.6	740,808.3	742,272.1	745,292.1	na	0.7
% change	*1.7*	*1.9*	*0.5*	*1.3*	*0.9*	*0.2*	*0.4*	*na*	
Establishment Employment (Ths, SA)									
Total Employment	5,675.6	5,749.9	5,803.7	5,878.5	5,967.2	6,019.5	6,062.4	6,116.6	1.1
% change	*1.1*	*1.3*	*0.9*	*1.3*	*1.5*	*0.9*	*0.7*	*0.9*	
Natural Resources & Mining	9.6	10.2	9.7	9.9	9.3	8.1	7.8	7.7	-4.6
% change	*4.9*	*6.0*	*-5.0*	*2.5*	*-5.8*	*-13.5*	*-3.4*	*-2.0*	
Construction	195.9	189.1	191.4	201.7	213.5	218.8	220.4	226.2	3.4
% change	*-1.3*	*-3.5*	*1.2*	*5.4*	*5.9*	*2.4*	*0.7*	*2.6*	
Manufacturing	574.0	582.9	579.1	580.0	581.7	574.7	576.7	589.3	0.3
% change	*2.3*	*1.6*	*-0.6*	*0.2*	*0.3*	*-1.2*	*0.3*	*2.2*	
Trade, Transportation, & Utilities	1,143.6	1,156.0	1,164.0	1,179.6	1,201.3	1,211.3	1,213.5	1,217.1	0.9
% change	*1.6*	*1.1*	*0.7*	*1.3*	*1.8*	*0.8*	*0.2*	*0.3*	
Retail Trade	595.1	596.9	599.0	605.4	615.6	619.5	611.6	601.0	1.0
% change	*1.2*	*0.3*	*0.4*	*1.1*	*1.7*	*0.6*	*-1.3*	*-1.7*	
Wholesale Trade	289.5	294.5	298.3	299.4	300.8	301.7	307.7	313.0	0.1
% change	*1.3*	*1.7*	*1.3*	*0.4*	*0.4*	*0.3*	*2.0*	*1.7*	
Transportation & Utilities	259.0	264.6	266.8	274.8	284.9	290.2	294.3	303.2	2.6
% change	*3.0*	*2.2*	*0.8*	*3.0*	*3.7*	*1.9*	*1.4*	*3.0*	
Information Services	100.6	100.1	99.0	99.1	100.4	98.3	97.1	93.6	-1.1
% change	*-1.3*	*-0.5*	*-1.1*	*0.1*	*1.3*	*-2.1*	*-1.1*	*-3.6*	
Financial Services	371.2	374.3	377.4	376.4	380.6	384.7	391.3	399.0	1.1
% change	*-0.1*	*0.8*	*0.8*	*-0.3*	*1.1*	*1.1*	*1.7*	*2.0*	
Professional & Business Services	823.4	857.2	883.3	909.5	922.1	931.6	940.3	942.5	1.3
% change	*3.8*	*4.1*	*3.0*	*3.0*	*1.4*	*1.0*	*0.9*	*0.2*	
Education & Health Services	847.5	862.2	874.3	885.1	899.4	914.4	923.1	929.1	1.2
% change	*2.0*	*1.7*	*1.4*	*1.2*	*1.6*	*1.7*	*0.9*	*0.6*	
Leisure & Hospitality Services	522.2	536.2	546.0	557.8	577.9	597.0	610.0	618.8	2.5
% change	*1.4*	*2.7*	*1.8*	*2.2*	*3.6*	*3.3*	*2.2*	*1.4*	
Other Services	249.7	249.6	249.8	252.2	252.1	251.4	251.8	251.1	0.1
% change	*0.2*	*-0.1*	*0.1*	*1.0*	*-0.0*	*-0.3*	*0.2*	*-0.3*	
Government	837.8	832.2	829.9	827.3	829.0	829.2	830.3	842.3	0.3
% change	*-1.9*	*-0.7*	*-0.3*	*-0.3*	*0.2*	*0.0*	*0.1*	*1.4*	
									5-yr change
Unemployment Rate (%)	9.7	9.0	9.0	7.1	6.0	5.8	5.0	4.4	-0.6
									5-yr Avg
									Annual % change
Labor force (ths)	6,586.3	6,583.0	6,551.6	6,508.0	6,508.6	6,550.5	6,492.1	6,489.5	-0.2
% change	*-0.5*	*-0.1*	*-0.5*	*-0.7*	*0.0*	*0.6*	*-0.9*	*-0.0*	
Number of unemployed (ths)	638.1	592.5	591.7	461.3	387.4	381.0	322.5	282.1	-13.8
% change	*-7.0*	*-7.1*	*-0.1*	*-22.0*	*-16.0*	*-1.7*	*-15.4*	*-12.5*	
Number of employed (ths)	5,948.2	5,990.4	5,959.9	6,046.7	6,121.2	6,169.5	6,169.6	6,207.4	0.8
% change	*0.2*	*0.7*	*-0.5*	*1.5*	*1.2*	*0.8*	*0.0*	*0.6*	
									5-yr Avg
Total Residential Permits (# of units)	12,151	13,675	15,348	19,857	19,472	22,508	25,313	na	20,500
% change yr ago	*4.8*	*12.5*	*12.2*	*29.4*	*-1.9*	*15.6*	*12.5*	*na*	
Single-family	7,117	8,870	9,981	10,258	10,551	10,677	10,692	na	10,432
% change yr ago	*-9.5*	*24.6*	*12.5*	*2.8*	*2.9*	*1.2*	*0.1*	*na*	
Multifamily	5,034	4,805	5,367	9,599	8,921	11,831	14,621	na	10,068
% change yr ago	*34.8*	*-4.5*	*11.7*	*78.9*	*-7.1*	*32.6*	*23.6*	*na*	
5 +	4,464	4,162	4,671	8,849	8,122	10,954	13,522	na	9,224
% change yr ago	*37.7*	*-6.8*	*12.2*	*89.4*	*-8.2*	*34.9*	*23.4*	*na*	

Illinois
Recent Annual Performance

	2011	2012	2013	2014	2015	2016	2017	2018	5-yr Avg Annual % change
Existing Single-Family Home Sales (Ths)	122.9	151.3	174.8	167.7	182.0	187.8	193.8	na	5.1
% change	*1.0*	*23.1*	*15.6*	*-4.1*	*8.6*	*3.1*	*3.2*	*na*	
Home Price Index (1980Q1=100)	300.9	295.5	296.7	306.1	316.8	327.1	338.5	na	2.8
% change	*-4.9*	*-1.8*	*0.4*	*3.1*	*3.5*	*3.2*	*3.5*	*na*	
Personal Income ($ mil)	568,154	593,271	607,910	638,061	664,296	673,529	693,914	na	3.2
% change	*5.1*	*4.4*	*2.5*	*5.0*	*4.1*	*1.4*	*3.0*	*na*	
Wages & Salaries ($ mil)	302,711	314,744	320,099	333,241	350,074	355,573	367,621	na	3.2
% change	*4.1*	*4.0*	*1.7*	*4.1*	*5.1*	*1.6*	*3.4*	*na*	
Nonwage Income ($ mil)	265,443	278,528	287,810	304,820	314,222	317,956	326,292	na	3.2
% change	*6.3*	*4.9*	*3.3*	*5.9*	*3.1*	*1.2*	*2.6*	*na*	
Avg Hrly Earnings: Mfg. ($ per hr)	18.00	19.17	19.45	19.49	19.77	20.25	20.21	21.29	1.8
% change	*6.4*	*6.5*	*1.5*	*0.2*	*1.4*	*2.4*	*-0.2*	*5.3*	
Personal Bankruptcies	71,070	67,238	64,904	60,200	56,045	52,817	50,448	na	-5.6
% change	*-11.8*	*-5.4*	*-3.5*	*-7.2*	*-6.9*	*-5.8*	*-4.5*	*na*	
Net Migration (ths)	-34.4	-42.0	-38.9	-64.5	-76.6	-87.7	-84.2	-83.4	-79.3

Illinois
History

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Employment (ths)	5,947.0	5,655.8	5,611.1	5,675.6	5,749.9	5,803.7	5,878.5	5,967.2	6,019.5	6,062.4
% change	*-0.5*	*-4.9*	*-0.8*	*1.1*	*1.3*	*0.9*	*1.3*	*1.5*	*0.9*	*0.7*
Manufacturing	657.1	576.8	561.0	574.0	582.9	579.1	580.0	581.7	574.7	576.7
Construction	258.2	217.2	198.5	195.9	189.1	191.3	201.7	213.5	218.8	220.3
Prof. and Bus. Serv.	852.1	779.6	793.6	823.4	857.2	883.3	909.5	922.1	931.6	940.3
Edu. and Health Serv.	799.2	814.8	830.9	847.5	862.2	874.3	885.1	899.4	914.4	923.1
Leisure and Hospitality	532.6	516.7	515.3	522.2	536.2	546.0	557.8	577.9	597.0	610.0
Other Services	263.7	258.0	249.3	249.7	249.6	249.8	252.2	252.1	251.4	251.8
Trade, Trans. and Util.	1,205.0	1,139.6	1,125.6	1,143.6	1,156.0	1,164.0	1,179.6	1,201.3	1,211.3	1,213.5
Wholesale	310.3	291.9	285.8	289.5	294.5	298.3	299.4	300.8	301.7	307.7
Retail	628.0	595.5	588.3	595.1	596.9	599.0	605.4	615.6	619.5	611.6
Trans. and Util.	266.7	252.2	251.5	259.0	264.6	266.8	274.8	284.9	290.2	294.2
Financial Activities	399.7	380.0	371.6	371.2	374.3	377.4	376.4	380.6	384.7	391.3
Information	114.3	106.4	101.9	100.6	100.1	99.0	99.1	100.3	98.3	97.1
Government	855.4	857.2	854.3	837.8	832.2	829.9	827.3	829.0	829.2	830.3
Natural Res. and Min.	9.8	9.3	9.2	9.6	10.2	9.7	9.9	9.3	8.1	7.8
Unemployment Rate (%)	6.3	10.2	10.4	9.7	9.0	9.0	7.1	6.0	5.8	5.0
Population (ths)	12,747.0	12,796.8	12,840.8	12,867.3	12,884.1	12,898.3	12,889.0	12,864.3	12,826.9	12,786.2
% change	*0.4*	*0.4*	*0.3*	*0.2*	*0.1*	*0.1*	*-0.1*	*-0.2*	*-0.3*	*-0.3*
Age: <5	848.6	840.3	834.7	825.1	813.5	800.8	793.3	786.6	778.6	772.0
Age: 5-19	2,673.5	2,669.4	2,655.4	2,630.7	2,603.2	2,575.4	2,541.0	2,509.5	2,479.3	2,449.7
Age: 20-24	876.7	877.4	880.0	886.3	896.9	904.1	905.6	897.6	882.5	865.3
Age: 25-44	3,536.0	3,516.7	3,500.2	3,490.9	3,480.6	3,477.2	3,463.6	3,442.7	3,423.3	3,411.1
Age: 45-64	3,241.7	3,300.4	3,354.4	3,391.5	3,386.0	3,387.0	3,383.7	3,381.2	3,369.1	3,345.1
Age: >65	1,570.5	1,592.6	1,616.1	1,642.8	1,703.9	1,753.7	1,801.8	1,846.8	1,894.1	1,943.0
Households (ths)	4,855.1	4,853.1	4,846.0	4,875.2	4,906.9	4,948.2	4,985.9	5,023.1	5,064.9	5,082.8
% change	*0.6*	*-0.0*	*-0.1*	*0.6*	*0.7*	*0.8*	*0.8*	*0.7*	*0.8*	*0.4*
Personal Income ($bil)	552.0	525.6	540.5	568.2	593.3	607.9	638.1	664.3	673.5	693.9
% change	*2.5*	*-4.8*	*2.8*	*5.1*	*4.4*	*2.5*	*5.0*	*4.1*	*1.4*	*3.0*
Total Residential Permits (#)	22,528.0	10,859.0	12,318.0	11,809.0	13,797.0	15,545.0	20,578.0	19,571.0	22,603.0	24,992.0
% change	*-47.6*	*-51.8*	*13.4*	*-4.1*	*16.8*	*12.7*	*32.4*	*-4.9*	*15.5*	*10.6*
Single-family permits	11,827.0	7,844.0	7,624.0	6,834.0	8,564.0	9,869.0	10,553.0	10,076.0	10,187.0	10,181.0
Multifamily permits	10,701.0	3,015.0	4,694.0	4,975.0	5,233.0	5,676.0	10,025.0	9,495.0	12,416.0	14,811.0

Illinois
Forecast

	2018	2019	2020	2021	2022	2023	2024	2025	12-17	17-22
									Annual Growth (%)	
Total Employment (ths)	6,115.6	6,175.6	6,192.3	6,185.3	6,222.1	6,253.5	6,278.8	6,301.9	1.1	0.5
% change	*0.9*	*1.0*	*0.3*	*-0.1*	*0.6*	*0.5*	*0.4*	*0.4*		
Manufacturing	589.7	591.6	582.1	569.9	562.1	553.7	544.9	536.6	-0.2	-0.5
Construction	226.3	232.7	236.8	240.0	244.9	247.3	248.4	249.1	3.1	2.1
Prof. and Bus. Serv.	942.5	957.9	963.5	964.9	981.5	993.7	1,005.4	1,015.8	1.9	0.9
Edu. and Health Serv.	929.0	939.6	946.8	950.3	956.7	963.7	969.1	974.9	1.4	0.7
Leisure and Hospitality	618.8	626.6	631.1	634.4	640.4	646.2	651.4	656.3	2.6	1.0
Other Services	251.0	251.1	251.2	249.9	250.3	251.1	251.1	250.8	0.2	-0.1
Trade, Trans. and Util.	1,216.5	1,224.5	1,224.7	1,219.5	1,221.4	1,223.3	1,224.0	1,224.8	1.0	0.1
Wholesale	312.7	316.4	317.3	316.3	317.6	318.5	318.9	319.3	0.9	0.6
Retail	600.8	600.8	601.2	599.2	600.4	602.1	603.1	604.3	0.5	-0.4
Trans. and Util.	303.0	307.2	306.2	303.9	303.4	302.8	302.0	301.2	2.1	0.6
Financial Activities	399.1	402.2	403.2	403.6	406.5	409.7	412.5	415.7	0.9	0.8
Information	93.8	94.4	94.4	94.1	94.1	94.1	94.1	94.0	-0.6	-0.6
Government	841.3	847.2	850.8	850.9	856.4	862.7	869.9	876.2	-0.0	0.6
Natural Res. and Min.	7.7	7.8	7.8	7.9	7.9	7.9	7.9	7.8	-5.2	0.2
Unemployment Rate (%)	4.3	3.9	4.2	5.1	5.3	5.3	5.3	5.3	-11.2	1.4
Population (ths)	12,741.1	12,723.6	12,701.7	12,678.6	12,665.0	12,653.5	12,643.7	12,633.7	-0.2	-0.2
% change	*-0.4*	*-0.1*	*-0.2*	*-0.2*	*-0.1*	*-0.1*	*-0.1*	*-0.1*		
Age: <5	768.9	769.5	767.3	761.9	754.7	748.8	744.9	742.8	-1.0	-0.5
Age: 5-19	2,423.2	2,411.2	2,407.7	2,398.3	2,397.1	2,400.9	2,394.1	2,391.0	-1.2	-0.4
Age: 20-24	850.5	880.9	878.8	844.9	828.4	824.4	833.9	839.4	-0.7	-0.9
Age: 25-44	3,411.2	3,345.0	3,295.2	3,291.7	3,269.7	3,231.8	3,193.6	3,140.0	-0.4	-0.8
Age: 45-64	3,309.5	3,272.3	3,239.0	3,197.6	3,157.2	3,115.0	3,072.0	3,038.0	-0.2	-1.1
Age: >65	1,977.8	2,044.7	2,113.7	2,184.3	2,257.9	2,332.5	2,405.2	2,482.5	2.7	3.1
Households (ths)	5,095.3	5,112.4	5,129.7	5,147.0	5,168.5	5,188.5	5,206.0	5,223.2	0.7	0.3
% change	*0.2*	*0.3*	*0.3*	*0.3*	*0.4*	*0.4*	*0.3*	*0.3*		
Personal Income ($bil)	723.2	753.9	780.4	810.8	846.3	879.2	912.1	946.8	3.2	4.0
% change	*4.2*	*4.2*	*3.5*	*3.9*	*4.4*	*3.9*	*3.7*	*3.8*		
									Average	
Total Residential Permits (#)	20,907.2	27,961.4	29,698.7	36,871.2	41,860.8	41,839.4	40,452.8	38,873.9	20,657.8	31,459.9
% change	*-16.3*	*33.7*	*6.2*	*24.2*	*13.5*	*-0.1*	*-3.3*	*-3.9*		
Single-family permits	9,936.9	15,836.9	19,566.2	25,706.7	29,657.5	29,783.0	28,520.9	27,524.5	10,173.2	20,140.8
Multifamily permits	10,970.3	12,124.5	10,132.5	11,164.5	12,203.3	12,056.3	11,931.8	11,349.4	10,484.6	11,319.0

About Moody's Analytics

Moody's Analytics provides financial intelligence and analytical tools supporting our clients' growth, efficiency and risk management objectives. The combination of our unparalleled expertise in risk, expansive information resources, and innovative application of technology helps today's business leaders confidently navigate an evolving marketplace. We are recognized for our industry-leading solutions, comprising research, data, software and professional services, assembled to deliver a seamless customer experience. Thousands of organizations worldwide have made us their trusted partner because of our uncompromising commitment to quality, client service, and integrity.

Concise and timely economic research by Moody's Analytics supports firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our economic research publications provide in-depth analysis of the global economy, including the U.S. and all of its state and metropolitan areas, all European countries and their subnational areas, Asia, and the Americas. We track and forecast economic growth and cover specialized topics such as labor markets, housing, consumer spending and credit, output and income, mortgage activity, demographics, central bank behavior, and prices. We also provide real-time monitoring of macroeconomic indicators and analysis on timely topics such as monetary policy and sovereign risk. Our clients include multinational corporations, governments at all levels, central banks, financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

Moody's Analytics added the economic forecasting firm Economy.com to its portfolio in 2005. This unit is based in West Chester PA, a suburb of Philadelphia, with offices in London, Prague and Sydney. More information is available at www.economy.com.

Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO). Further information is available at www.moodysanalytics.com.

About Moody's Corporation

Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO). MCO reported revenue of $4.2 billion in 2017, employs approximately 11,900 people worldwide and maintains a presence in 41 countries. Further information about Moody's Analytics is available at www.moodysanalytics.com.

CONTACT US
For further information contact us at a location below:

U.S./CANADA
+1.866.275.3266

EMEA
+44.20.7772.5454 London
+420.224.222.929 Prague

ASIA/PACIFIC
+852.3551.3077

OTHER LOCATIONS
+1.610.235.5299

Email us: help@economy.com
Or visit us: www.economy.com

MOODY'S
ANALYTICS

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA) is a not-for-profit, bipartisan, joint legislative research commission that provides the Illinois 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 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 research reports each year, a sample of which are listed below. 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 "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 may publish special topic reports that have or could have an impact on the economic well-being of Illinois. For a listing of all reports published, visit the Commission's website.

These reports are available from:

Commission on Government Forecasting and Accountability
802 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

http://cgfa.ilga.gov