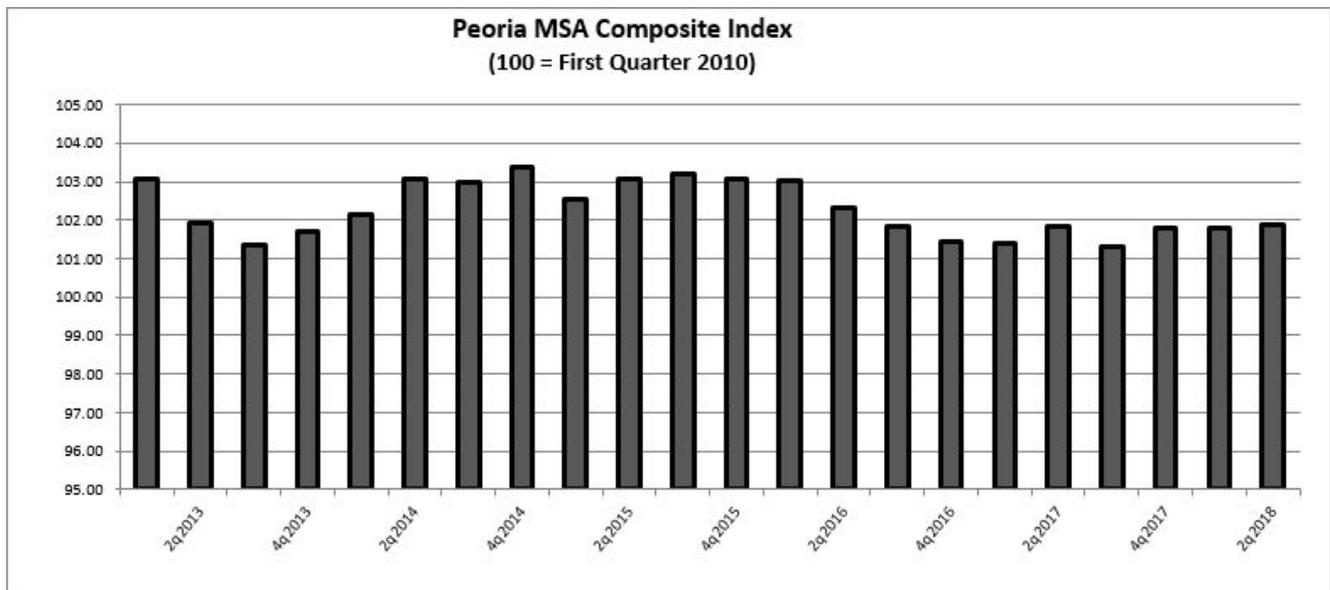




## Second Quarter 2018 Business and Economic Indicators Peoria-Pekin Metropolitan Statistical Area



The Composite Index of Business and Economic Indicators of the Peoria-Pekin Metropolitan Statistical Area (MSA; Peoria, Tazewell, Woodford, Stark and Marshall counties) continued its positive performance during the second quarter of 2018, with a second quarter Index score of 101.9, a level that is 1.9% above the base period of the first quarter of 2010, and up 0.1% from the previous quarter and the year before.

The Composite Index for the Peoria-Pekin MSA reflects local business and economic activity on a seasonally adjusted basis, with an Index score of 100 corresponding to the local business conditions in the first quarter of 2010. Faculty and staff of the Departments of Economics and of Management and Leadership of the Foster College of Business of Bradley University review over 30 diverse business indicators in the preparation of these quarterly assessments. A detailed analysis of these data appears below. Data reported are adjusted for normal seasonal variation, unless specified otherwise.

## **Labor and Job Markets**

The number of area residents who are working provides a broad measure of labor market strength. Rising employment was found during the second quarter, as the number of area residents who were working rose 1.6% from the previous quarter, to 171,139 working residents during the quarter.

Rising employment is consistent with the increased staff recruitment indicated by the 0.6% increase in the Job Opening Index in the quarter, and reduced layoffs indicated by the 8.3% decline in the New Unemployment Claims Index during the quarter.

The improved labor market conditions attracted new job seekers into the labor force, resulting in a second quarter unemployment rate of 4.7% that was little changed from the previous quarter.

The total number of second quarter 2018 jobs (including full time and part time jobs) on area employer payrolls during the second quarter rose 0.6%, with increases in jobs in three of the private sectors tracked: Manufacturing (up 1.4% from the first quarter), Professional and Business Services (up 5.9% from the first quarter), and Education and Health Services (up 1.2% from the first quarter).

## **Retail and related services**

The second quarter produced little change (up 0.1%) in local inflation adjusted, seasonally adjusted estimated taxable retail sales from the previous quarter. Taxable retail sales include spending on the products of the retail sector, and the products of the restaurant and related establishments of the hospitality/entertainment sector. Declines in employment from the previous quarter were found for both sectors, with 1.7% fewer jobs than the previous quarter recorded on local Retail/Wholesale trade firms' payrolls, and 1.5% fewer jobs on the Hospitality/Entertainment firms' payrolls. The declines in the number of persons on the payrolls of these industries are consistent with the elevated Midwest employee "quit rate" of 2.33%,

## **Home Sales/Construction**

Second quarter growth in the supply of homes (up 7.4% from the previous quarter) since the first quarter allowed for a 3.4% reduction in the prices of homes sold from the previous quarter, that helped boost the number of homes sold by 5.1% from the year before.

Area builders took out 12.2% more single family building permits than during the previous quarter, but the number of permits remained less than one half (46%) of that recorded in the base year of 2010. Employment at construction firms fell during the quarter, with 0.9% fewer jobs (seasonally adjusted) on local construction firms' payrolls than during the previous quarter.

## **Review and Outlook**

Long term growth trends are associated with the increased retirements of members of the large post-World War II "baby boom" cohort, as they reach in to their late 50's, 60's and 70's. These retirements help to open opportunities for younger job seekers, and to reduce local unemployment rates (See Reinhold, 2018 for related research on age, retirement and Illinois labor force participation). Shorter term, the increases found for local area "leading indicators" (that signal future levels of economic performance) are consistent with the longer term growth trends, and point to growth in the next few months.

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Reinhold, Rich, “Declining Labor Force Participation in Illinois: Why Have More People Stopped Working or Looking for Work” Illinois Department of Employment Security | Economic Information and Analysis Division | January 2018 <http://www.ides.illinois.gov/Imi/ILMR/DecliningLaborForce.pdf>

<b>2Q2018 SCOPE data table</b>				
All data and changes seasonally adjusted excluding retail sales, and number of homes sold				
	2nd Quarter 2018	2nd Quarter 2017	Year -to- Year Change	2nd Q2018 from 1st Q2018
<b>LEADING INDICATORS</b>				
Single Family Building Permits (2010=100) (NSA) (L)	46.0	41.0	12.2%	NSA
Job Opening Index (2012=100) (L)	100.8	100.8	0.1%	0.6%
<b>REVERSE SCALE INDICATORS</b>				
Average Unemp. Rate	4.7%	5.4%	-0.7	0.1
New Unemployment Claims Index (2010=100) (L)	58.0	68.3	-15.1%	-8.3%
<b>COINCIDENT INDICATORS</b>				
Employed Residents	171,139	168,149	1.8%	1.6%
Total Jobs	172,517	172,980	-0.3%	0.6%
<b>LAGGING INDICATORS</b>				
Local Prime Rate	4.88%	4.13%	0.75	0.27
Mortgage Cost Rate	4.57%	3.94%	0.63	0.27
<b>OTHER INDICATORS</b>				
<i>Employment-related</i>				
<i>Employment in:</i>				
Construction e	7,099	7,360	-3.5%	-0.9%
Manufacturing e	22,914	23,782	-3.6%	1.4%
Total Services/Trade	142,524	141,863	0.5%	0.6%
Local Government	17,083	17,377	-1.7%	0.7%
All Private Services/Trade	121,749	120,694	0.9%	0.7%
Professional and Business Services e	23,681	22,385	5.8%	5.9%
Education and Health Services e	31,289	30,989	1.0%	1.2%
Hospitality/Entertainment e	17,865	18,222	-2.0%	-1.5%
Retail and Wholesale Trade e	24,964	25,463	-2.0%	-1.7%
<i>Sales-related</i>				
Estimated Retail Sales (bil) NSA e	\$1.435	\$1.331	7.8%	NSA
Inflation Adjusted Retail Sales Index (2010 = 100)	100.2	94.9	5.5%	0.1%
Preliminary Number Homes Sold NSA e	1,646	1,566	5.1%	NSA
Estimated Available Homes For Sale Index (2010=100) e	104.1	107.2	-2.9%	7.4%
Estimated Price of Homes Sold Index (2010 = 100) e	108.0	105.9	2.1%	-3.4%
<b>COMPOSITE PEORIA MSA INDEX (2010=100)</b>				
	101.9	101.8	0.1%	0.1%
<b>BACKGROUND INDICATORS</b>				
Average Illinois Unemployment Rate	4.3%	4.7%	-0.4	-0.4
Average US Unemployment Rate	3.9%	4.4%	-0.5	-0.2
Midwest Quit Rate* e	2.33%	2.03%	0.3	0.2
Average US Hours Worked/Week	42.1	41.9	0.5%	0.0%
Average US Overtime Hours/Week, Durable Manufacturing	4.7	4.4	6.9%	-2.1%
Average Midwest Urban CPI (1982-84=100) e	234.8	229.7	2.2%	1.0%
Value of US Dollar Index	88.3	93.0	-5.1%	2.5%
Gross Domestic Product (chained dollars, billions) e	4627	4499	2.8%	1.0%
L = Leading indicator Lg = Lagging Indicator e = Preliminary estimate				

## Background

Business indicator data reported are adjusted for normal seasonal variation, except where indicated otherwise. We rely on SPSS for seasonal adjustment. The seasonal adjustment procedure removes the impact of seasonal components, i.e., the predictable seasonal variations of the data, so that any underlying trend in the data series can be discerned.

The "Composite Peoria-Pekin MSA Index" consists of the average of 14 key standardized, seasonally adjusted economic indicators. Indicators are standardized using a z transformation. A value of 100 corresponds to the Index value in the first quarter of 2010.

The "Single Family Building Permits" Index includes activity authorized by local building permits issued by the City of Peoria, Peoria County, Tazewell County and Woodford County.

The "Job Opening Index" reflects an a weighted average of new help wanted postings for the Peoria MSA, with an Index value of 100 corresponding to the average quarter's five-county help wanted postings in 2012.

The "New Unemployment Claims Index" refers to the seasonally adjusted number of new weekly unemployment claims in the five-county Peoria-Pekin MSA, with an Index value of 100 reflecting the average weekly number of new unemployment claims in 2010.

A regression model is used to estimate the most recent quarter's taxable retail sales. The Inflation Adjusted Retail Sales Index reflects estimated taxable retail spending in the Peoria-Pekin MSA, adjusted for inflation and for normal seasonal variation in retail sales. A score of 100 represents the inflation adjusted, seasonally adjusted retail sales during the first quarter of 2010.

The five-county seasonally adjusted Index of available homes for sale is computed relative to the score of 100 in the base year of 2010. The estimate of the seasonally adjusted Index of Price of Homes Sold is computed relative to a score of 100 in the base year of 2010.

US government statistics compiled with seasonal adjustment include Illinois and US unemployment rates, the average number of hours worked/week by production and non-supervisory workers, average number of hours of overtime worked/week in durable goods manufacturing, the Midwest Urban Consumer Price Index (CPI; computed monthly for the Midwest region by the Bureau of Labor Statistics), the Midwest quit rate, Value of U.S. Dollar Index," and the Gross Domestic Product.

The Quit Rate is the number of quits during the month, divided by the number of employees who worked at that time.