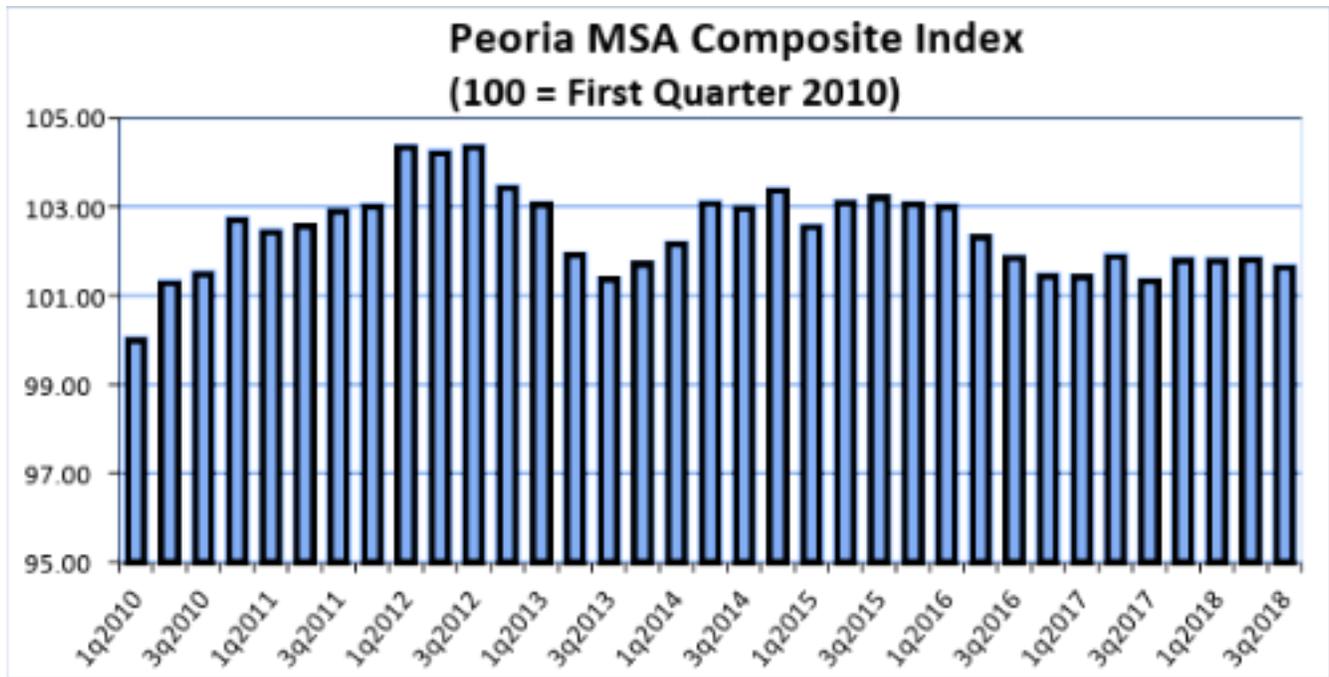




## Third Quarter 2018 Business and Economic Indicators for the Peoria-Pekin Metropolitan Statistical Area



The third quarter 2018 Composite Index of Business and Economic Indicators for the Peoria-Pekin Metropolitan Statistical Area (MSA; Peoria, Tazewell, Woodford, Stark and Marshall counties) shows continued positive performance, with an Index value of 101.6 little changed from the previous quarter and 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 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 jobs on Peoria-Pekin MSA employer payrolls provides a broad measure of local business activity, with the total of 171,586 third quarter 2018 jobs little changed from the year before.

Some Peoria-Pekin MSA residents work more than one job, so we again find more jobs (171,586 ) in the Peoria-Pekin MSA during the third quarter of 2018 than working area residents (169,104) for the same period.

The number of area residents who are working provides a broad measure of labor market strength, with the number (169,104) of working residents up 1.3% from the year before. At the same time that the number working increased, area employers were less likely to lay off staff, as indicated by the 21.1% reduction of the New Unemployment Claims Index since the year before. The increased number of working residents combined with the decline in layoffs to reduce the local unemployment rate from 5.2% last year to 4.8% in the present data.

Overall stability (including full time and part time jobs) on area employer payrolls was found. The overall stability in the total number of third quarter 2018 jobs reflects the combined impact of growth in some industries and declines in others. Increases were found in the number of jobs in business cycle sensitive industries such as manufacturing, with its 23,136 jobs 2.8% higher than the year before, and Professional and Business Services' 23,372 jobs up 5.2% from the year before. At the same time, declines were found in the number of jobs in two key services industries, with the 30,458 jobs in Education and Health Services down 1.8% from the year before; and the 17,343 Hospitality/Entertainment industry jobs off 4.0% from the year before.

### **Retail and related services**

The third quarter showed a 1.1% increase in local inflation adjusted, seasonally adjusted estimated taxable retail sales from the year before. Employment in local Retail/Wholesale trade was little changed from the year before, while the number of jobs on the Hospitality/Entertainment firms' payrolls fell 4.0% over the same period.

## **Home Sales/Construction**

The 15.9% increase in the number of homes sold from the year before helped reduce the inventory of homes still for sale by 14.1% over the period. The 1.5% increase in the average price of homes sold was similar to the overall 2.1% price increase reported for the Midwest CPI for the period.

As in the year before, relatively few new single family building permits were obtained by area builders during the quarter, a number that was 22.2% of the number of these permits that were issued during the base period of 2010. The 7,165 jobs at area construction firms was up 0.8% from the previous quarter, returning the number of these jobs to levels similar to the year before.

## **Review and Outlook**

Long term growth trends are associated with 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 reduce local unemployment rates [See Reinhold<sup>1</sup> for related research on age, retirement and Illinois labor force participation].

For the shorter term, stability in three of the four local area “leading indicator” (that signal future levels of economic performance) point to little change in business performance in the coming months.

Bernard Goitein, PhD  
Professor of Management and Leadership  
Foster College of Business

Kevin O’Brien, PhD  
Professor of Economics  
Foster College of Business

Richard Smilnak  
MBA student,

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<sup>1</sup>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>

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<b>3Q2018 SCOPE data table</b>				
All data and changes are seasonally adjusted, except those specified as NSA				
	3rd Quarter 2018	3rd Quarter 2017	Year -to- Year Change	3rd Q2018 from 2nd Q2018
<b>LEADING INDICATORS</b>				
Single Family Building Permits Index (2010=100) (NSA) (L)	22.2	22.2	0.0%	NSA
Job Opening Index (2012=100) (L)	100.7	100.7	0.0%	-0.1%
<b>REVERSE SCALE LEADING INDICATORS</b>				
Average Unemp. Rate	4.8%	5.2%	-0.4	0.1
New Unemployment Claims Index (2010=100) (L)	47.0	59.6	-21.1%	-18.9%
<b>COINCIDENT INDICATORS</b>				
Employed Residents	169,104	166,997	1.3%	-1.1%
Total Jobs	171,586	171,453	0.1%	-0.4%
<b>LAGGING INDICATORS</b>				
Local Prime Rate	5.09%	4.25%	0.84	0.21
Mortgage Cost Rate	4.70%	3.91%	0.79	0.10
<b>OTHER INDICATORS</b>				
<i>Employment-related</i>				
<i>Employment in:</i>				
Construction e	7,165	7,195	-0.4%	0.9%
Manufacturing e	23,136	22,505	2.8%	1.0%
Total Services/Trade	141,370	141,836	-0.3%	-0.6%
Local Government	17,367	17,544	-1.0%	1.7%
All Private Services/Trade	120,295	120,484	-0.2%	-1.0%
Professional and Business Services e	23,372	22,218	5.2%	-1.3%
Education and Health Services e	30,458	31,025	-1.8%	-1.7%
Hospitality/Entertainment e	17,343	18,057	-4.0%	-2.7%
Retail and Wholesale Trade e	25,195	25,294	-0.4%	0.8%
<i>Sales-related</i>				
Estimated Retail Sales (bil) NSA e	\$1.394	\$1.350	3.2%	NSA
Inflation Adjusted Retail Sales Index(2010 = 100)	100.0	98.9	1.1%	-1.8%
Number Homes Sold NSA e	1,760	1,518	15.9%	NSA
Available Homes For Sale Index (2010=100)	87.2	101.5	-14.1%	-18.0%
Price of Homes Sold Index (2010 = 100)	106.6	105.0	1.5%	-1.4%
<b>COMPOSITE PEORIA MSA INDEX (2010=100)</b>	<b>101.6</b>	<b>101.3</b>	<b>0.3%</b>	<b>-0.2%</b>
<b>BACKGROUND INDICATORS</b>				
Average Illinois Unemployment Rate	4.1%	4.9%	-0.8	-0.2
Average US Unemployment Rate	3.8%	4.3%	-0.5	-0.1
Midwest Quit Rate* e	2.50%	2.17%	0.33	0.13
Average US Hours Worked/Week	42.2	41.9	0.6%	0.1%
Average US Overtime Hours/Week, Durable Manufacturing	4.6	4.5	2.2%	-1.4%
Average Midwest Urban CPI (1982-84=100) e	235.4	230.4	2.1%	0.2%
Value of US Dollar Index	90.2	88.3	2.1%	2.2%
Gross Domestic Product (chained dollars, billions) e	4668	4530	3.0%	0.9%
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.