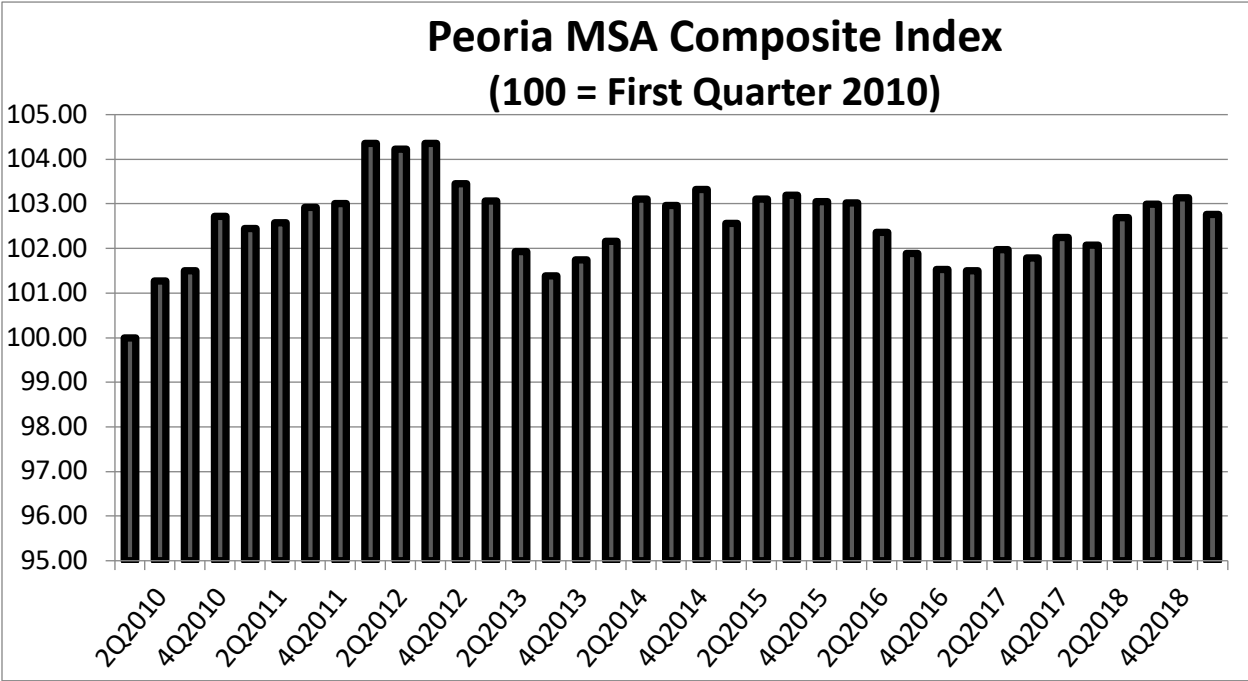


# First Quarter 2019 Business and Economic Indicators for the Peoria-Pekin Metropolitan Statistical Area



The Composite Index of Business and Economic Indicators for the Peoria-Pekin Metropolitan Statistical Area (MSA; Peoria, Tazewell, Woodford, Stark and Marshall counties) continued its favorable (above 100) performance in the first quarter of 2019, with an Index value of 102.8, similar to one year earlier.

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 in the Foster College of Business at 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**

Growth in the local job market boosted the number of jobs on area payrolls by 2.7% from the year before to 175,982 jobs during the first quarter of 2019. The growth in the number of jobs on Peoria-Pekin MSA firms' payrolls is consistent with area employers laying off fewer people (the local New Unemployment Claims index declined 7.4% from the year before) and stable levels of new job openings advertised.

Increased Peoria MSA job opportunities were particularly notable in the business cycle sensitive industries of Manufacturing, and Professional and Business Services. Increased demand for staff resulted in a 2.9% increase from the year before in jobs at area manufacturing firms. Increased demand for the services of firms in Professional and Business Services resulted in a 9.6% increase from the year before in jobs at these companies. Increased staffing was found also at Education and Health Services firms, putting employment in the sector up 1.5% from the year before

The growth in jobs helped attract residents to join the area labor force, and to look for work. Many of these job seekers found work, boosting the number of working area residents in the first quarter of 2019 to 170,710, up 1.3% from the year before. At the same time, the number of job seekers still looking for work also rose, so the percentage of the labor force left unemployed was 5.4%, up from 4.6% the year before.

## **Retail and related services**

The first quarter showed little change in dollar spending on products from retail and related service firms, with estimated taxable retail sales of \$1.271 billion in the first quarter of 2019, similar to the \$1.272 billion during the first of 2018. Adjusting for inflation, the Inflation Adjusted Retail Sales Index for the Peoria MSA was off 1.4% from the year before. Related employment in Retail/Wholesale trade fell 2.4% from the year before, to 24,757 area jobs, while employment in Hospitality/Entertainment businesses rose 0.8% from the year before, to 18,449 jobs.

## **Home Sales/Construction**

The number of homes sold in the first quarter was down 4.3% from the same time last year, with the supply of homes available for sale down 19.4% for the same period. Area builders continue to be cautious with their residential building plans, taking out 17.4% fewer permits during the first quarter than last year. Construction firms serve commercial building markets as well as residential. The needs of these markets resulted in construction firms boosting the total number of jobs on their payrolls by 3.1% from the year before.

## **Review and Outlook**

Favorable economic performance continues locally, with increased jobs and increased numbers working in the Peoria-Pekin MSA. Looking ahead, long term growth trends are associated with retirements of members of the large post-World War II “baby boom” cohort, as they reach their 60’s and 70’s. These retirements open opportunities for other job seekers in local labor markets (see Reinhold, 2018 for related research on age, retirement, and Illinois labor force participation). For the shorter term, local “leading indicators” (that signal future levels of economic performance) were mixed, for uncertainty about near term growth in local business and economic conditions.

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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/lmi/ILMR/DecliningLaborForce.pdf>

## 1Q2019 SCOPE data table

All data and changes are seasonally adjusted,  
except those specified as NSA

	1st Quarter 2019	1st Quarter 2018	Year -to- Year Change
<b>LEADING INDICATORS</b>			
Single Family Building Permits Index (2010=100) (NSA) (L)	58.3	70.6	-17.4%
Job Opening Index (2014=100) (L) e	98.2	98.2	0.0%
<b>REVERSE SCALE LEADING INDICATORS</b>			
Average Unemp. Rate	5.4%	4.6%	0.8
New Unemployment Claims Index (2010=100) (L)	58.5	63.2	-7.4%
<b>COINCIDENT INDICATORS</b>			
Employed Residents	170 710	168 444	1.3%
Total Jobs	175 982	171 437	2.7%
<b>LAGGING INDICATORS</b>			
Prime Rate (U.S.)	5.50%	4.61%	0.89
Mortgage Cost Rate (local)	4.31%	4.32%	-0.01
<b>OTHER INDICATORS</b>			
<i>Employment-related</i>			
<i>Employment in:</i>			
Construction	7 622	7 390	3.1%
Manufacturing	23 835	23 167	2.9%
Total Services/Trade	144 483	141 917	1.8%
Local Government	17 230	17 030	1.2%
All Private Services/Trade	123 548	121 148	2.0%
Professional and Business Services	24 461	22 320	9.6%
Education and Health Services	32 077	31 612	1.5%
Hospitality/Entertainment	18 449	18 308	0.8%
Retail and Wholesale Trade	24 757	25 368	-2.4%
<i>Sales-related</i>			
Estimated Retail Sales (bil) NSA e	\$1.271	\$1.272	-0.1%
Inflation Adjusted Retail Sales Index (2010 = 100)	98.7	100.0	-1.4%
Number Homes Sold NSA e	968	1 011	-4.3%
Available Homes For Sale Index (2010=100)	78.1	96.9	-19.4%
<b>COMPOSITE PEORIA MSA INDEX</b> (2010=100)	102.8	102.1	0.7%
<b>BACKGROUND INDICATORS</b>			
Average Illinois Unemployment Rate	4.3%	4.7%	-0.4
Average US Unemployment Rate	3.9%	4.1%	-0.2
Midwest Quit Rate	2.37%	2.10%	0.27
Average US Hours Worked/Week	41.8	42.1	-0.7%
Average US Overtime Hours/Week, Durable Manufacturing	4.4	4.8	-7.0%
Average Midwest Urban CPI (1982-84=100)	235.4	232.5	1.2%
Value of US Dollar Index	91.5	86.1	6.2%
Gross Domestic Product (chained dollars, billions)	4 728	4 581	3.2%

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 2014.

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, and 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.