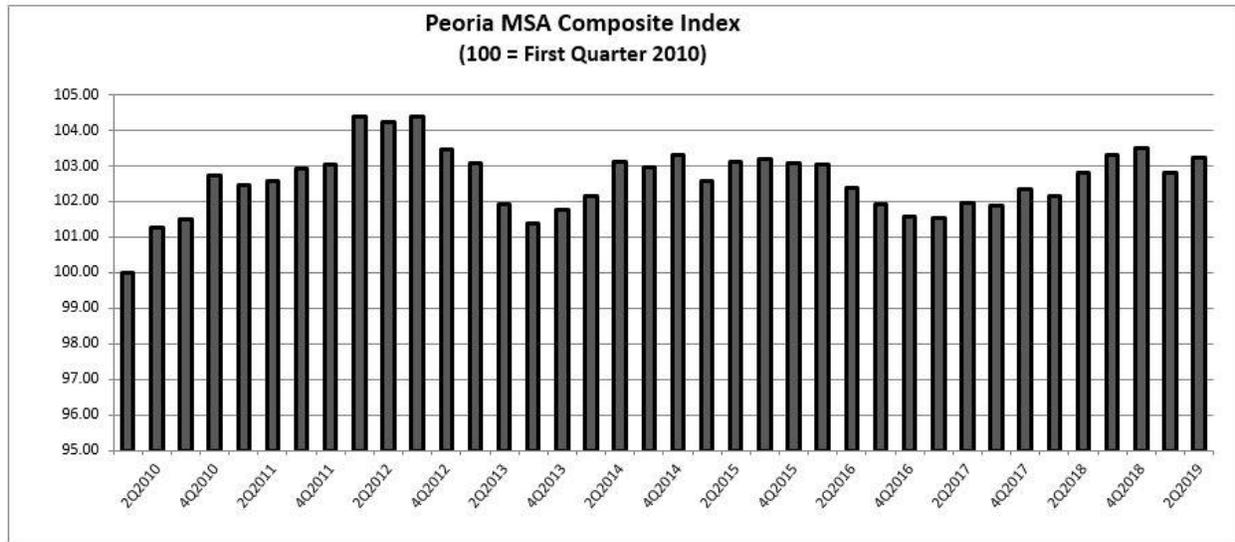


Second Quarter 2019 Growth for the Peoria-Pekin Metropolitan Statistical Area



The Composite Index of Business and Economic Indicators of the Peoria-Pekin Metropolitan Statistical Area (MSA; Peoria, Tazewell, Woodford, Stark and Marshall counties) for the second quarter partially reversed its first quarter decline to rise 0.4% from the first quarter, to reach 103.2, a level 0.4% above the 102.8 of one year earlier (See chart, above). The second quarter improvements are above and beyond normal seasonal growth, with gains outpacing losses among the key seasonally adjusted labor, job market and local sales indicators studied.

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 Market

Unemployed job seekers in the Peoria-Pekin MSA increasingly found work during the second quarter, so that the seasonally adjusted number of working area residents rose 0.5% from the first quarter, for 0.4% growth in the number of working residents from the year before. This growth helped reduce the local unemployment rate 0.2 percentage points from the first quarter. The second quarter labor market improvements partially reversed earlier unemployment trends, leaving the local second quarter unemployment rate just 0.2 percentage points above the year before.

Job Markets

Second quarter job growth of 0.8% to 18,605 jobs at local Hospitality/Entertainment firms reversed earlier declines, so that employment at Hospitality/Entertainment firms returned to year earlier levels. A similar 0.8% second quarter job growth was found for local Retail trade establishments, that partially reversed earlier declines, to leave employment in the sector 1.6% below year earlier levels.

The number of jobs at area manufacturing firms fell during the second quarter, with a 0.6% second quarter decline in manufacturing jobs to 23,682 jobs, partially reversing earlier growth, to leave employment in the sector 1.3% above the year before.

Employment was little changed during the second quarter in the area's largest industry, Education and Health Services, that maintained earlier gains in its 32,121 jobs, to stay 1.8% above year before. Professional and Business Services similarly maintained its earlier gains during the second quarter, so that its 24,445 jobs was 8.4% above year earlier employment levels in the sector.

Local sales and related services

The second quarter's Inflation Adjusted Retail Sales Index (adjusted for normal seasonal variation) rose 4.3% from the first quarter, partially reversing earlier declines, but still leaving the second quarter Inflation Adjusted Retail Sales Index below year earlier levels. A similar pattern was noted above for jobs in Retail/Wholesale Trade and Hospitality/Entertainment, that rose from the first quarter, but were still not above their year earlier levels.

Looking at home sales, a year-to-year comparison shows that fewer homes were available for sale than last year; fewer were sold than last year, and those sold were at a lower price. The most recent quarter to quarter data, however, point to an increasingly energized market in the second quarter, with 13.1% more homes on market (seasonally adjusted) than in the first quarter and 3.0% higher prices being paid for those homes sold, than was the case in the first quarter.

Meanwhile, area builders remained cautious with their residential building plans, taking out 55.3% fewer building permits during the second quarter than the same time last year.

Review and Outlook

Favorable growth was recorded in the second quarter with more increases than declines from the first quarter. Looking ahead for the short term, growth of local "leading indicators" (that signal future levels of economic performance) point to modest growth in the coming months. Long term growth trends are expected with the retirements of members of the large post-World War II "baby boom" cohort, as they reach into their 60's and 70's. Their retirements offer opportunities for new business and for new job seekers in local labor markets (see Reinhold, 2018 for related research on age, retirement, and Illinois labor force participation).

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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>

2Q2019 SCOPE data table All data and changes are seasonally adjusted, except those specified as NSA				
	2nd Quarter 2019	2nd Quarter 2018	Year -to- Year Change	2nd Q2019 from 1st Q2019
LEADING INDICATORS				
Single Family Building Permits Index (2010=100) (L)	4.0	8.9	-55.3%	NSA
REVERSE SCALE LEADING INDICATORS				
Average Unemp. Rate	5.3%	5.1%	0.2	-0.2
New Unemployment Claims Index (2010=100) (L)	58.4	58.0	0.7%	-0.3%
COINCIDENT INDICATORS				
Employed Residents	171 535	170 910	0.4%	0.5%
Total Jobs	176 424	173 410	1.7%	0.3%
LAGGING INDICATORS				
Prime Rate (U.S.)	5.50%	4.88%	0.62	0.00
Mortgage Cost Rate (local)	4.13%	4.60%	-0.47	-0.18
OTHER INDICATORS				
<i>Employment-related</i>				
<i>Employment in:</i>				
Construction	7 587	7 489	1.3%	-0.5%
Manufacturing	23 682	23 381	1.3%	-0.6%
Total Services/Trade	145 172	142 558	1.8%	0.5%
Local Government	17 409	16 985	2.5%	1.0%
All Private Services/Trade	124 071	121 881	1.8%	0.5%
Professional and Business Services	24 445	22 551	8.4%	-0.1%
Education and Health Services	32 121	31 555	1.8%	0.2%
Hospitality/Entertainment	18 605	18 611	0.0%	0.8%
Retail and Wholesale Trade	24 964	25 363	-1.6%	0.8%
<i>Sales-related</i>				
Estimated Retail Sales (bil) NSA e	\$1.454	\$1.458	-0.3%	NSA
Inflation Adjusted Retail Sales Index (2010 = 100)	100.1	101.8	-1.6%	4.3%
Number Homes Sold NSA e	1 649	1 698	-2.9%	NSA
Available Homes For Sale Index (2010=100)	88.3	104.1	-15.2%	13.1%
Price of Homes Sold Index (2010 = 100)	103.9	107.6	-3.4%	3.0%
COMPOSITE PEORIA MSA INDEX (2010=100)	103.2	102.8	0.4%	0.4%
BACKGROUND INDICATORS				
Average Illinois Unemployment Rate	4.4%	4.3%	0.0	0.0
Average US Unemployment Rate	3.6%	3.9%	-0.3	-0.2
Midwest Quit Rate	2.37%	2.27%	0.10	0.03
Average US Hours Worked/Week	41.6	42.1	-1.2%	-0.5%
Average US Overtime Hours/Week, Durable Manufacturing	4.2	4.7	-9.3%	-4.5%
Average Midwest Urban CPI (1982-84=100)	238.0	234.8	1.4%	1.1%
Value of US Dollar Index	92.2	88.3	4.4%	0.8%
Gross Domestic Product (chained dollars, billions)	4 756	4 650	2.3%	0.5%
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.