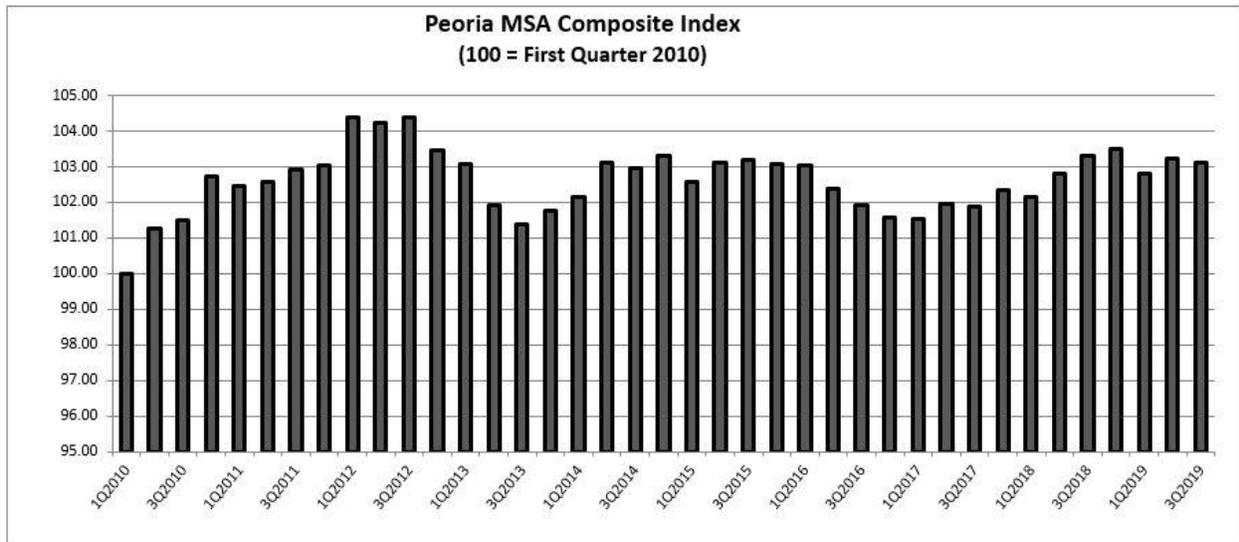


## Third Quarter 2019 Business and Economic Indicators for the Peoria-Pekin Metropolitan Statistical Area



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 third quarter was computed at 103.1, similar to the previous quarter and year earlier levels (See chart, above). The third quarter Index level controls for normal seasonal growth trends among the key seasonally adjusted labor market, 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**

The number of area residents who are working and the local unemployment rate are broad measures of an area's economic performance. These measures were positive in the third quarter, as the seasonally adjusted number of working Peoria-Pekin MSA residents rose 0.5% from the previous quarter to 172,316, resulting in 0.6% growth in the number of working residents from the year before. This growth helped reduce the local unemployment rate in the third quarter to 4.6%, 0.6 percentage points below the previous quarter, and 0.5 percentage points below the year earlier unemployment rate of 5.1%.

## **Job Markets**

The third quarter increase in the total number of area residents working coincides with a 0.5% decrease in the Total Jobs (full time and part time) on area employer payrolls during the quarter, a decline that returned the total number of area jobs to year earlier levels. The third quarter decline in the total number of jobs would be consistent with a third quarter increase in full time jobs (and away from part time jobs), as the labor market continues to improve in the region

Third quarter declines in the number of jobs on area employer payrolls were found for Professional and Business Services (off 1.7% from the previous quarter), and Education and Health Services (down 1.5% in the third quarter). More modest third quarter job declines were found for jobs at local Hospitality/Entertainment firms (off 1.1%) and Retail and Wholesale trade businesses (off 0.5%).

The number of third quarter jobs at area goods-producing firms were similar to the second quarter, with Manufacturing industry jobs continuing 0.8% below the year before, and Construction industry jobs remaining 1.6% above the year before.

The number of jobs in local government rose 2.5% during the third quarter. This third quarter increase reversed earlier declines, to put employment in the local public sector up 1.4% from the year before.

### **Local Sales and Related Services**

The third quarter's estimated retail sales were little changed from the year before. The Inflation Adjusted Retail Sales Index (adjusted for normal seasonal variation) was 1.2% below the year before, in the wake of a 1.3% decline from the second quarter. As noted above, employment in the retail sales related industries of Hospitality/Entertainment and of Retail and Wholesale trade also fell during the third quarter from the previous quarter and year before.

Looking at home sales, a year-to-year comparison shows that fewer homes were available for sale than last year, that fewer were sold than last year, and the average sale price of those sold was lower than the year before. Meanwhile, area builders remained cautious with their residential building plans, with a third quarter Single Family Building Permits Index score of 12.4, 44.1% below last year, and continuing well below the 100 of the base year of 2010.

## **Review and Outlook**

Both increases and declines in key indicators were found for the third quarter. Looking ahead, local “leading indicators” (that signal future levels of economic performance) point to little overall change in the coming months.

Longer term growth trends may result from retirements of members of the large post-World War II “baby boom” cohort, as they reach into their 60’s and 70’s, and are replaced by 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>

<b>3Q2019 SCOPE data table</b>				
All data and changes are seasonally adjusted, except those specified as NSA				
	3rd Quarter 2019	3rd Quarter 2018	Year -to- Year Change	3rd Q2019 from 2nd Q2019
<b>LEADING INDICATORS</b>				
Single Family Building Permits Index (2010=100) (L)	12.4	22.2	-44.1%	NSA
<b>REVERSE SCALE LEADING INDICATORS</b>				
Average Unemp. Rate	4.6%	5.1%	-0.5	-0.6
New Unemployment Claims Index (2010=100) (L)	57.9	46.6	24.1%	-0.9%
<b>COINCIDENT INDICATORS</b>				
Employed Residents	172 316	171 231	0.6%	0.5%
Total Jobs	175 600	175 931	-0.2%	-0.5%
<b>LAGGING INDICATORS</b>				
Prime Rate (U.S.)	5.20%	5.09%	0.11	-0.30
Mortgage Cost Rate (local)	3.90%	4.70%	-0.79	-0.22
<b>OTHER INDICATORS</b>				
<i>Employment-related</i>				
<i>Employment in:</i>				
Construction	7 595	7 472	1.6%	0.1%
Manufacturing	23 635	23 834	-0.8%	-0.2%
Total Services/Trade	144 435	144 700	-0.2%	-0.5%
Local Government	17 853	17 609	1.4%	2.5%
All Private Services/Trade	122 875	123 385	-0.4%	-1.0%
Professional and Business Services	24 031	24 196	-0.7%	-1.7%
Education and Health Services	31 629	31 795	-0.5%	-1.5%
Hospitality/Entertainment	18 409	18 576	-0.9%	-1.1%
Retail and Wholesale Trade	24 829	25 061	-0.9%	-0.5%
<i>Sales-related</i>				
Estimated Retail Sales (bil) NSA e	\$1.413	\$1.410	0.3%	NSA
Inflation Adjusted Retail Sales Index (2010 = 100)	99.9	101.1	-1.2%	-1.3%
Number Homes Sold NSA e	1 703	1 757	-3.1%	NSA
Available Homes For Sale Index (2010=100)	76.2	93.1	-18.2%	-13.7%
Price of Homes Sold Index (2010 = 100)	100.0	106.7	-6.2%	-3.7%
<b>COMPOSITE PEORIA MSA INDEX (2010=100)</b>	<b>103.1</b>	<b>103.3</b>	<b>-0.2%</b>	<b>-0.1%</b>
<b>BACKGROUND INDICATORS</b>				
Average Illinois Unemployment Rate	4.0%	4.1%	-0.1	-0.3
Average US Unemployment Rate	3.7%	3.8%	-0.1	0.1
Midwest Quit Rate	2.33%	2.37%	-0.03	-0.03
Average US Hours Worked/Week	41.5	42.2	-1.6%	-0.4%
Average US Overtime Hours/Week, Durable Manufacturing	4.2	4.6	-8.7%	-0.8%
Average Midwest Urban CPI (1982-84=100)	238.8	235.4	1.5%	0.3%
Value of US Dollar Index	91.9	90.2	1.9%	-0.3%
Gross Domestic Product (chained dollars, billions)	4 778	4 683	2.0%	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.