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UIS index shows major slowing of area economy

By [Chris Dettro](#)

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A University of Illinois at Springfield index indicates "below normal" local economic activity for April and projects lagging growth for the rest of 2009.

The Greater Springfield Enterprise Index (SEI) for April is 58, which means below normal economic activity and is much slower than the year-ago index of 94.4. A SEI value of 100 indicates that the area economy is on a long-term growth trend, while a SEI value less than 100 indicates below average.

The Springfield area economy is projected to have below-normal growth throughout the year. The SEI projects to 69 for April 2010, and while this may not indicate a rebound in the economy, it does indicate no further slowing by the end of the year.

"Compared to previous SEI forecasts, this is the first time we have seen a major slowing of the area economy," said Patty Byrnes, professor of economics at University of Illinois at Springfield. "This is related to recent declines in local area employment and expected little improvement in the state and national economies."

The indexes for all other areas of Illinois also predict below-normal growth. The Springfield SEI shows a similar pattern of activity to other metropolitan areas, with no worsening foreseen of each area's economy.

The SEI measures the economy based on national and local factors.

The national component includes the Chicago Federal Reserve Bank National Activity Index (CFNAI), which is a composite of many indicators including output and income, employment and unemployment, consumption, housing starts and sales, manufacturing and trade sales, and inventories and orders.

The local business cycle component is represented by nonfarm employment in four sectors — manufacturing, construction, retail and other sectors (including government).

The index was created by the Regional Economic Applications Laboratory, Institute of Government and Public Affairs, University of Illinois.

The Greater Springfield Enterprise Index is a result of collaboration among The Greater Springfield Chamber of Commerce, the Institute of Government and Public Affairs at the University of Illinois, and the Center for State Policy and Leadership at the University of Illinois at Springfield.

Chris Dettro can be reached at 788-1510.

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