



Transforming the economy  
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## MEDIA RELEASE

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### Expected Near Normal Growth for Springfield Area

*Springfield Enterprise Index released for Quarter One, 2008*

The University of Illinois at Springfield announces that the Greater Springfield Enterprise Index (SEI) for March 2008 was 94.4, indicating a slight slowing of the economy relative to a long-term trend. "The good news is that for the rest of the year, the forecast is for an up-turn in the level of economic activity. The one-month, three-month, and one-year forecast all suggest near normal growth," said Dr. Patty Byrnes, professor of economics at the University of Illinois at Springfield.

An index value of 100 indicates that the area economy is on its long-term growth trend. An SEI value greater than 100 indicates "above average" activity while values below 100 indicate "below average" activity.

The March SEI of 94.4 does indicate that the Springfield economy is predicted to be slightly below normal growth. However, the Springfield forecasted downturn is very slight relative to other parts of the state. The Chicago area and the other metropolitan statistical areas (MSAs) are predicted to have greater below normal growth.

This is most likely due to the weakening of the National economy. National economy indexes show weakened economic signs. The Chicago Federal Reserve National Activity Index (CFNAI) was down in March. The U.S. Census also announced a decrease in retail sales due to high fuel and food prices.

March 2008 SEI=94.4			
	1 Month	3 Month	1 Year
History (Ago)	102.5	98.2	92.0
Forecast (Ahead)	101.7	98.9	99.2

(Continued)

### **What is the SEI?**

The SEI is a leading indicator of the local area status of the business cycle. This means that it helps predict the trend in the local economy. It can be used by business, workers government to understand profits, job prospects and tax revenues.

The SEI is interpreted by first remembering that overtime the Springfield area economy has grown, despite ups and downs of the level of economic activity. The index measures how far away the economy is from this and growth trend. The SEI is a leading indicator which means it measures changes in economic activity before the economy starts to follow a particular pattern or trend. The SEI, like other leading indicators can be used to predict changes in the economy, but are not always accurate. As the SEI is used over longer periods of time we can evaluate how well it predicts changes in the economy.

The SEI measures the economy based on national and local factors. The national component is from the national business cycle using the Chicago Federal Reserve Bank National Activity Index (CFNAI), which is a composite of many indicator 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 non-farm employment in four sectors, manufacturing, construction, retail, and other sectors (including government). The sectors are based on the local employment activities and Midwest manufacturing activities estimated from the Chicago Fed Midwest Manufacturing Index (CFMMI).

The index was developed and created by the Regional Economic Applications Laboratory, Institute of Government and Public Affairs, University of Illinois. The local interpretation and results are prepared by Patty Byrnes, Center for State Policy and Leadership at the University of Illinois at Springfield. Support is provided by The Greater Springfield Chamber of Commerce in arranging local focus groups for the SEI. Information on the Springfield area index can be obtained from Patty Byrnes at 217-206-7783 or pbyrn1@uis.edu.

The index is a partnership between the University of Illinois at Springfield, The Greater Springfield Chamber of Commerce and the University of Illinois, Institute of Government and Public Affairs.

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