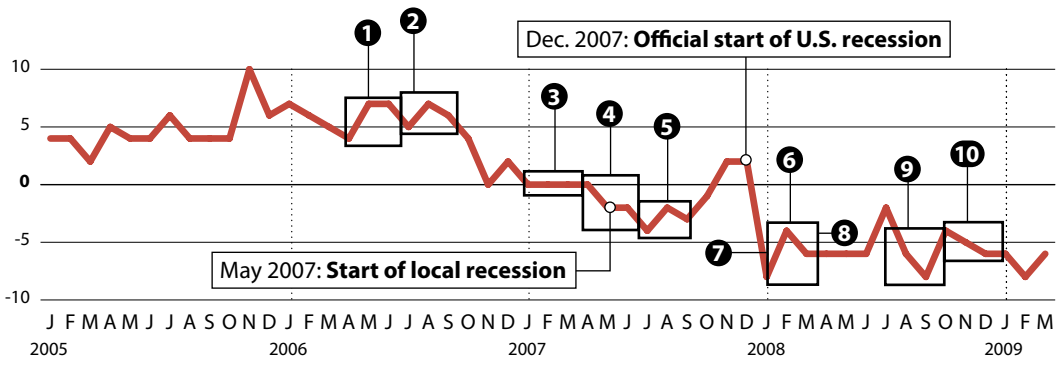
The road to recession

The U.S. recession didn't officially start until December 2007, according to the National Bureau of Economic Research. But cracks in the Rock River Valley economy started to appear in April 2006. The economic dominoes have since fallen one by one, engulfing almost all sectors of the economy.

What does the economic scorecard mean?

The Register Star tracks 10 economic indicators for the Rock River Valley and assigns them a plus if the numbers improved from the year before. The indicators range from jobless numbers to bankruptcy filings and major construction volume. If a majority of the indicators improved, then the economy is improving. Using these indicators as the barometer, the recession took hold in the Rock River Valley in May 2007, seven months before the U.S. economy officially entered a recession.

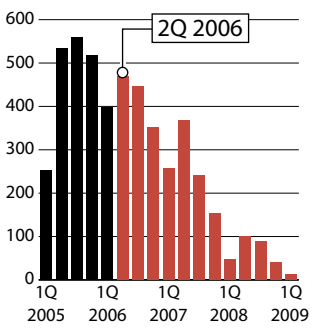
Three of the indicators below — home sales, auto sales and corporate profits — are not a part of the economic scorecard.



■ IMPROVED YEAR OVER YEAR ■ WORSENED YEAR OVER YEAR

❶ Housing starts

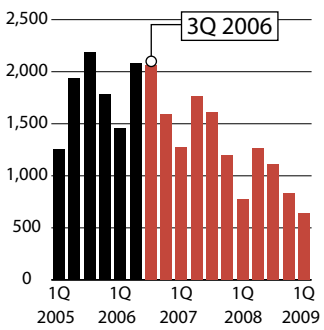
(Boone, Winnebago counties)



Builders had their second-busiest year in 2005. In 2006, sales of new homes slowed, leaving builders with unsold homes and little reason to build.

❷ Home sales

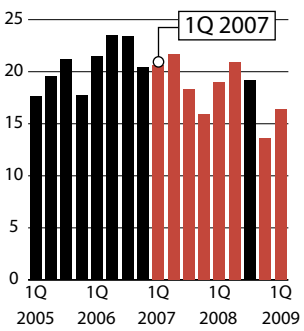
(Boone, Ogle, Winnebago)



The first six months of 2006 were all record sales months. Sales started to decline in July 2006 and have been lower year-over-year 34 straight months.

❸ Auto sales

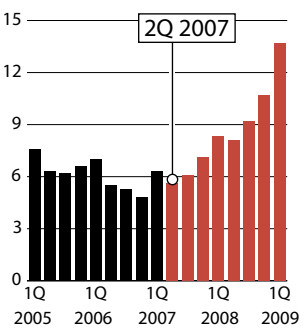
(Boone, Ogle, Stephenson, Winnebago)
Scale in thousands



New- and used-car sales soared 17 percent in 2006. But sales have fallen eight of the past nine quarters.

❹ Jobless rate

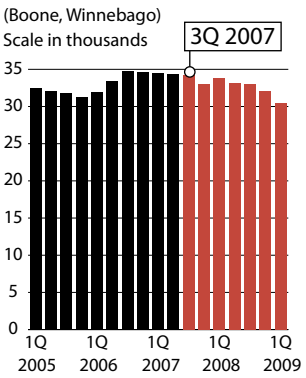
(Boone, Winnebago)
Scale in percent



In April 2007, the jobless rate fell year-over-year for the 47th straight month. It began climbing in May that year and is now at levels not seen since 1983.

❺ Manufacturing employment

(Boone, Winnebago)
Scale in thousands

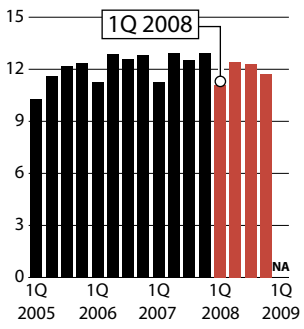


Chrysler added second and third shifts in 2006 to its Belvidere assembly plant, reversing losses in blue-collar jobs. Those shifts were cut in 2008 and 2009.

❻ Sales tax revenue

(Boone, Ogle, Winnebago)
Scale in millions

NA: March sales figures unavailable

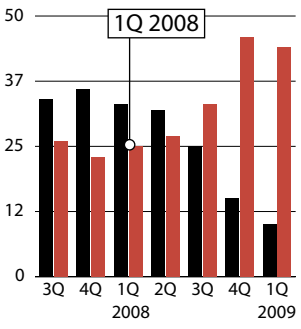


Local shoppers continued to spend up through 2007. Last year, despite receiving large stimulus checks and tax cuts, shoppers cut back significantly.

❼ Corporate profits

(Earnings from Star 60 companies)

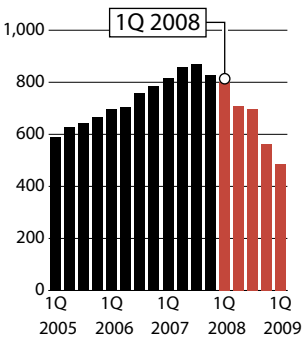
■ Improving ■ Declining



Publicly traded companies with large local operations were seeing growing profits until mid-2008. Earnings in 2009 for many have evaporated.

❽ Star 60 stock index

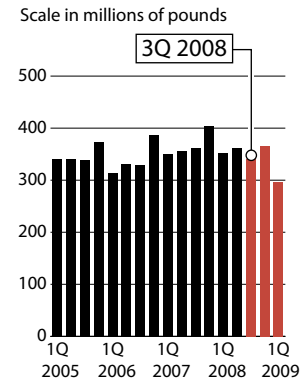
(Companies significant to local economy)



The crumbling financial sector caused investors to flee stocks all through 2008. The manufacturing-heavy Star 60 had its worst year since inception.

❾ Cargo freight

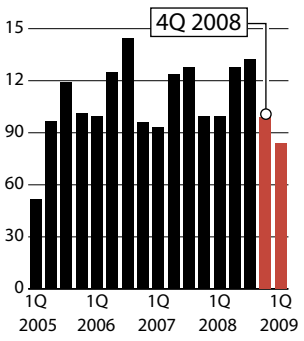
(Chicago Rockford Intl Airport)
Scale in millions of pounds



The slumping national economy caused fewer shipments of all kinds of items. That hurt UPS, the airport's largest cargo operator.

❿ Hotel revenue

(Winnebago)
Scale in millions



Hotels were having a solid 2008 until the fourth quarter, when a sudden drop in visitors caused double-digit percentage declines in revenue.

Sources: Home Builders Association of the Greater Rockford Area, Rockford Area Realtors, Illinois secretary of state, Illinois departments of Employment Security and Revenue, Financial Content Inc., Rockford Area Convention & Visitors Bureau