

OVERVIEW OF BUSINESS ACTIVITY

**3rd Quarter, 2002
(July, August, September 2002)**

State gross business income fell 3.5 percent this quarter, as compared to the same quarter of last year. Two of our biggest sectors, Manufacturing and Wholesale Trade, experienced losses of 9.7 percent and 6 percent, respectively.

Under Manufacturing, Transportation Equipment shrunk 25.6 percent. This was attributable mostly to its Aircraft and Parts business activity, which declined 27.5 percent. Food Products, the second largest industry under Manufacturing, grew 2.8 percent. Another industry of significance is Lumber and Wood Products. It gained 6.5 percent.

As for Wholesale Trade, Durable Goods and Nondurable Goods showed losses of 10.5 percent and 1.9 percent, respectively. For Durable Goods, the Electrical Goods business activity fell by almost 20 percent while Professional and Commercial Equipment gained 4.2 percent. These are two of the major players in this industry. Nondurable Goods did slightly better in that it did not take as big of an economic hit. Its Petroleum and Petroleum Products activity dropped 17 percent while its largest activity, Groceries and Related Products, grew 6 percent.

Retail Trade, which is perhaps the largest sector in the state, grew by 7.2 percent. Two of its biggest industries, Automotive Dealers and Gas Stations and Miscellaneous Retail, gained 4.6 and 5.4 percent, respectively. For the former, its Auto Dealers business activity experienced 10.7 percent growth. For the latter, its Other Retail Stores activity grew 5.5 percent.

Finance, Insurance and Real Estate took a hit of 14.9 percent. Its Finance industry dropped an incredible 25.2 percent, while all its other industries grew by various degrees.

Lastly, Services and Other Business, unlike the other sectors, remained constant.