

OVERVIEW OF BUSINESS ACTIVITY

1st Quarter, 2004 (January, February, March 2004)

State gross business income increased \$8.9 billion, or 9.7 percent, in the first quarter of 2004 compared to the first quarter of 2003.

A large share of the increase, \$1.9 billion, was in the Petroleum Refining industry. This increase is primarily due to the re-imposition of the petroleum products tax.

Gross business income increased \$0.5 billion in the Contract Construction industry, reflecting low interest rates and an economy beginning to pick up after a recession.

In Wholesale Trade, gross business income increased \$3.4 billion, as business spending on items such as motor vehicles, office equipment, and machinery finally began to increase after an extended period of weakness stretching back to the start of the recession in 2001.

Gross business income increased \$0.7 billion, or 3.1 percent, in Retail Trade. Building Materials and Hardware, and Furniture were among the stronger retailing sectors, reflecting recent strength in Washington real estate activity.

In Services, gross business income increased \$0.5 billion, or 3.4 percent. Hotels and Motels was one of the stronger sectors in the first quarter, with an increase in both leisure and business travel. The expansion of the state convention center provided a boost to Seattle hotels. During the first quarter of 2004, meetings of the American Association for the Advancement of Science, the Public Library Association, the Association of Fundraising Professionals, and an annual meeting of Starbucks' store managers attracted nearly 20,000 participants.