

OVERVIEW OF BUSINESS ACTIVITY

**2nd Quarter, 2008
(April, May, June 2008)**

State gross business income increased \$7.3 billion in the second quarter of 2008. This was 4.9 percent higher than the second quarter of 2007, but a lower rate of growth than the 7.9 percent increase experienced during the second quarter of 2007.

While overall gross business income was higher, some industries experienced large declines. Some of the largest decreases were in Other Extraction and Support Activities (down 66.9 percent) and Air Transportation (off 41.8 percent). Real Estate Agents and Brokers was down 27.9 percent while the Finance, Insurance, Real Estate industry dropped 12.2 percent.

Few industries experienced increased growth over the second quarter of 2007. Meat products and Dairy Products grew 61.2 percent and 37.3 percent respectively, due in part to the NAICS reclassification. Utilities were up 9.7 percent with Natural Gas Distribution seeing the largest increase of 55.6 percent.

Other increases were in Other Health Facilities and Services (77.5 percent), Electronic Markets, Agents, Brokers (116.6 percent) and Farm Products (81.5 percent).

Overall, Retail Sales in all counties were down 2.4 percent compared to the second quarter of 2007. However Lincoln County and Lewis County experienced 28.2 percent and 22.7 percent increases.

The incorporated areas of Chehalis and Walla Walla saw increases of 20.2 percent and 16.2 percent, respectively, while Fife recorded a decrease of 24.2 percent.

Overall, the State's economy is slowing. Wholesale Trade was up 9.5 percent but has slowed since first quarter when it was up 11.6 percent. Construction had an 8 percent increase first quarter while this quarter it decreased 1.8 percent. Retail Trade, which is a big economic indicator, increased 4 percent but the rate of growth since last quarter's 5.5 percent increase shows the industry is continuing to slow.