

OVERVIEW OF BUSINESS ACTIVITY

Calendar 1999

Calendar Year 1999 gross income was up 7 percent from last year, nearly double the 3.6 percent growth posted for Calendar 1998. Retail trade was the engine behind this growth with an 11.2 percent increase. The largest gross income sector, wholesale trade, was up 6.1 percent.

Contract construction was up a healthy 9.5 percent for the year with a 10.4 percent increase for general building contractors. Heavy construction, the smallest of the three major industries in this sector, was up 5.4 percent. Special trade contractors was up 9.9 percent.

Manufacturing was up 4.7 percent this year compared to a 9.7 percent increase in 1998. The transportation equipment industry, which largely accounted for the higher increase last year, was also responsible for the slower growth this year. Overall growth in the transportation equipment industry was only 3.6 percent for the year. However, a number of manufacturing industries reported significant gains, petroleum refining was up 50.7 percent, furniture and fixtures, 16.7 percent, printing and publishing 12.2 percent, and machinery (farm, construction, etc.) was up 11 percent.

Transportation and allied services was up 6.1 percent overall with a 19.3 percent increase in water transportation and a 10.2 percent increase for railroads. The largest industry in this sector, motor freight and warehousing which accounts for nearly one-half of this sector's gross income, was up only 1.6 percent.

Communication and utilities was up 9.3 percent. Individually, the largest industry, communication, was up 12.7 percent, followed closely by electric companies with a 12.1 percent gain. The industry, other utilities, which is essentially combination electric, gas and other utility services, was down 1.4 percent which held this sector to a 9.3 percent overall increase.

Wholesale trade reported a 6.1 percent increase this year in contrast to a 5.1 percent decline in 1998. Durable goods was up 5.8 percent and nondurable goods 6.4 percent. Within durable goods, electrical goods reported the strongest increase, up 11.1 percent, and within nondurable goods, the leader was petroleum products, up 17.4 percent. Farm product raw materials showed the effects of considerably lower prices for some commodities with a 49.3 percent decline for the year. Chemicals and allied products was also down, some 17.4 percent. Within the durable goods sector machinery and equipment was down nearly 10 percent.

Consumer spending led the way in gross income growth during Calendar 1999 with the retail trade sector reporting an 11.2 percent increase. A large part of this growth was in the miscellaneous retail trade industry with non-store retailers (direct sellers) and other

miscellaneous retailers reporting substantial increases. However, some part of this increase was the result of temporary assignment of SIC codes. The largest retail trade industry, automotive dealers and gas stations, was up 10.9 percent on strong auto and truck sales and higher fuel prices. General merchandise stores was up 7.6 percent and apparel and accessories stores 7.2 percent. Eating and drinking establishments had its strongest gross income growth in nine years with a 7.4 percent increase.

Finance, insurance and real estate was up 7.6 percent. Finance, the largest industry in this sector, was up 5.9 percent. Insurance and real estate both posted stronger increases with gains of 9.4 percent and 8.8 percent respectively.

The services and other business sector was up 4.5 percent in spite of a 16.7 percent decline in computer services. The decline in computer services resulted in the business services industry reporting a 1.4 percent decline for the year. Miscellaneous repair service was the big gainer in the services sector with a 34.6 percent increase. Amusement and recreation services was up 15.3 percent and legal services 11.2 percent. Other business services which contains a myriad of business services not elsewhere classified was up 8.6 percent.

Calendar 1999 gross income was up substantially from Calendar 1998 (7 percent vs. 3.6 percent). This increase was the result of strong retail sales from high consumer demand. Direct sellers such as Internet sellers were factors in this growth. Discretionary income for consumer purchases was at an all-time high in 1999. Gains in both wholesale durable and nondurable goods and positive gross income growth in the service sector also contributed to this year's overall gain.