

OVERVIEW OF BUSINESS ACTIVITY

**3rd Quarter, 2001
(July, August, September 2001)**

Gross business income fell 2 percent from last year. This is mostly due to declines in major sectors like Manufacturing and Wholesale and Retail Trade.

Within the Manufacturing sector, the moderate size industries showed declines. For example, Food Products declined by 1.9 percent, Lumber and Wood Products declined by 7.2 percent, and Paper and Allied Products declined by 8.1 percent. Fortunately, Transportation Equipment, the largest industry under this sector, showed an impressive 7.6 percent increase. This gain was contributed mostly by the Aircraft and Parts business activity.

Under Wholesale Trade, Durable Goods fell 12.8 percent and Nondurable Goods fell 1.5 percent. Durable Goods took a big hit due to the fact that all business activities under this category declined. Nondurable Goods was able to avoid such a big hit with the help of major business activities like Drugs and Sundries and Miscellaneous Nondurable Goods. Both of these activities had gains of 27.1 percent and 13.8 percent, respectively.

As for Retail Trade, its major industries had both declines and increases. For example, its two largest industries, Automotive Dealers and Gas Stations and Miscellaneous Retail, suffered losses of 7.4 percent and 8.8 percent, respectively. However, its other major industries, General Merchandise Stores and Food Stores, increased 3.8 percent and 5.3 percent, respectively. Overall, the declines outweigh the increases and the Retail Trade sector is left with an overall decline of 3.3 percent, as compared to last year.

The Services and Other Business sector remained somewhat stable, with a decline of only 1.4 percent. Its largest industry, Business Services, declined by 13.5 percent while its second largest, Medical and Health Services, gained 10.8 percent. The Other Services industry did quite well also, with a gain of 9.3 percent.

Despite weaknesses demonstrated by these major sectors, the Finance, Insurance and Real Estate sector showed its economic strength with a 16.9 percent increase over last year. The two largest industries under this sector, Finance and Insurance, increased 22.3 percent and 9.5 percent, respectively.