

OVERVIEW OF BUSINESS ACTIVITY

**3rd Quarter, 2003
(July, August, September 2003)**

Gross business income grew 5.3 percent from last year. This is mostly due to increases in the Manufacturing and Finance, Insurance and Real Estate sectors.

This quarter the Manufacturing sector grew almost 16 percent as compared to last year. This gain was contributed by such industries as Food Products, which increased 32.3 percent, and Paper and Allied Products, which increased 22 percent. Unfortunately, there were some industries under Manufacturing that suffered losses. For example, Lumber and Wood Products declined 5.9 percent and Transportation Equipment fell 10.1 percent. Under Transportation Equipment, the Aircraft and Parts business activity is its most important, and that decreased 11.3 percent.

Unlike Manufacturing, Wholesale Trade was a relatively stable sector with a loss of only 0.4 percent. Under Wholesale Trade, Durable Goods increased 14.7 percent while Nondurable Goods fell 13.3 percent. The gain under Durable Goods was due mostly to business activities like Motor Vehicles and Auto Equipment, which grew 32.2 percent, and Professional and Commercial Equipment and Supplies, which increased 21.5 percent. As for Nondurable Goods, there were small gains in some of its industries. However, Petroleum and Petroleum Products fell significantly by 67.3 percent, and this certainly weakened Nondurable Goods.

Retail Trade remained stable with growth of only 1.6 percent. Under Retail Trade, Automotive Dealers & Gas Stations fell 1.1 percent and Miscellaneous Retail gained 2.7 percent. For the former, its Auto Dealers (New & Used) business activity increased 5.7 percent while its Service Stations activity decreased 9.1 percent. For the latter, its Drug Stores business activity gained 29 percent while its Other Retail Stores activity dropped a noticeable 30.8 percent.

Services and Other Business, the fourth largest sector, declined 1.1 percent. Its most important industry, Business Services, fell 9 percent while its second largest industry, Medical and Health Services, gained 9.5 percent.

The state did well with Finance, Insurance and Real Estate, as that sector increased 23.2 percent over last year. Its two largest industries, Finance and Insurance, gained 37.2 and 6.3 percent respectively.