

OVERVIEW OF BUSINESS ACTIVITY

3rd Quarter, 2006
(July, August, September 2006)

State gross business income increased \$14.8 billion, or 11.9 percent, in the third quarter of 2006 compared to the third quarter of 2005.

Some of the largest gains were realized in the Aircraft, Aerospace and Parts industry, and the wholesale of Durable and Nondurable Goods. The Aircraft, Aerospace and Parts industry grew by \$1.3 billion (21.3 percent), the wholesale of Durable Goods realized gains of \$1.5 billion (12.4 percent), and the wholesale of Nondurable Goods grew by \$1.0 billion (8.7 percent).

A few other industries realized strong growth during the third quarter of 2006 including Miscellaneous Retailers, which grew \$0.7 billion, General Merchandise Stores which grew by \$0.5 billion, and Health Services, which was up \$0.5 billion.

In terms of the largest percentage increase, E-Commerce & Mail Order grew by 396.9 percent, or \$1.0 billion, and Other Nonferrous Metals rose 93.8 percent, or \$41.2 million.

Although the Natural Gas Distribution industry shows a decline of \$236.5 million from Quarter 3, 2005 to Quarter 3, 2006, the majority of this decline is likely due to misreporting. In addition, Dairy Products also shows a decline of \$204.7 million due to the recent dairy product exemption, which took effect July 1, 2006. The exemption applies to dairy products sold to buyers who transport the goods out of Washington State in the ordinary course of business. This in turn causes what looks like a loss in the industry, but is in fact the result of firms no longer having to report the exempt dairy product income to the Department of Revenue.

Overall, Manufacturing grew by \$3.3 billion, Retail Trade was up \$3.2 billion, Wholesale Trade increased by \$2.5 billion, the Business, Personal and Other Services sector realized gains of \$2.3 billion, and the Construction sector rose by \$1.6 billion.