

OVERVIEW OF BUSINESS ACTIVITY

2nd Quarter, 2004 (April, May, June 2004)

State gross business income increased \$13 billion, or 13 percent, in the second quarter of 2004 compared to the second quarter of 2003.

Of this increase, \$1.3 billion was in the Petroleum Refining industry, reflecting increases in oil prices and in the rate of capacity utilization by the industry.

Gross business income increased \$0.7 billion in the Contract Construction industry, reflecting low interest rates and an economy beginning to pick up after a recession.

In Lumber and Wood products, gross business income increased \$0.6 billion due to a strong nationwide housing market and higher lumber prices.

In Wholesale Trade, gross business income increased \$4.1 billion, as business spending on items such as motor vehicles and machinery finally began to increase after an extended period of weakness stretching back to the start of the recession in 2001.

Gross business income increased \$2.3 billion in Retail Trade. Building Materials and Furniture were among the stronger retailing sectors, reflecting recent strength in Washington real estate activity.

In Services, gross business income increased \$1.9 billion, with most of this increase occurring in business services.

As a result of a large-scale effort by the Department of Revenue to make sure taxpayers have been assigned to the correct Standard Industrial Classification or North American Industry Classification System code, it is difficult to compare year-over-year data for many wholesaling and retailing sectors because of the numerous changes in coding that have occurred. In Retailing, a comparison of the year-over-year data for Variety Stores and Other General Merchandise is not meaningful due to code changes for large taxpayers.