

OVERVIEW OF BUSINESS ACTIVITY

4th Quarter, 2006
(October, November, December 2006)

State gross business income increased \$11.2 billion, or 7.9 percent, in the fourth quarter of 2006 compared to the fourth quarter of 2005.

Two of the largest gains were realized in the manufacturing of Aircraft, Aerospace and Parts industry, and the wholesale of Durable Goods industry. The Aircraft, Aerospace and Parts sector grew by \$2.0 billion (28.3 percent), while the wholesale of Durable Goods realized gains of \$1.5 billion (10.7 percent).

A few other industries realized strong growth during the fourth quarter of 2006 including Computers & Electronics, which grew \$0.7 billion, and E-Commerce & Mail Order with realized gains of \$0.5 billion.

In terms of the largest percentage increase, Lessors of Nonfinancial Intangibles grew by 198.0 percent, or \$20.5 million, and Motor Vehicles & Parts rose 101.4 percent, or \$397.5 million.

The Petroleum industry shows the greatest decline from Quarter 4, 2005 to Quarter 4, 2006. The wholesale of Petroleum Products was down by \$3.1 billion but the majority of this decline is due to adjustments made in the current period. In addition, the manufacturing of Petroleum Refining industry also shows a decline of \$972.3 million, and the Natural Gas Distribution gross income fell by \$256.9 million.

Overall, Manufacturing grew by \$3.7 billion, Business, Personal and Other Services was up \$3.6 billion, Retail increased by \$2.1 billion, and the Construction sector realized gains of \$1.3 billion, while the Wholesale Trade sector declined by \$184.7 million.