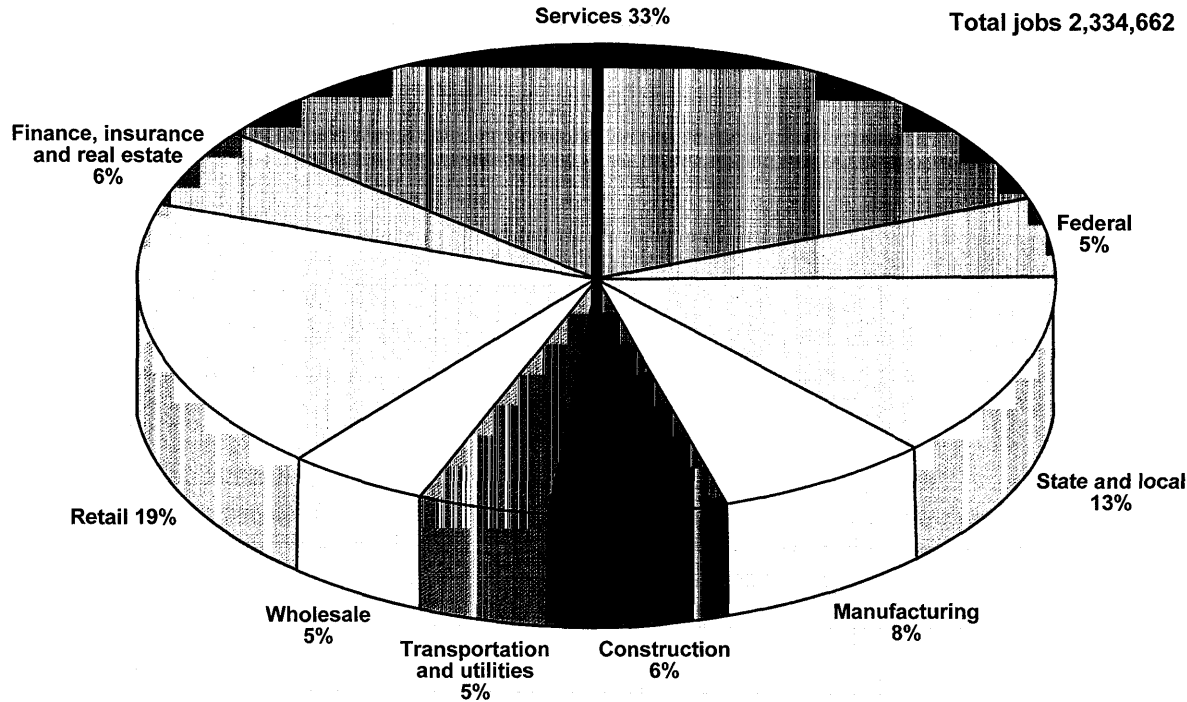


Employment by Sector 1999 Forecast



Source: Bureau of Revenue Estimates of Maryland State Comptroller's Office, June 30, 1999.

The retail sector has continued its steady growth, adding almost 4,000 jobs in 1998. While this sector's growth of 1.2% lagged that of the economy as a whole, retail remains the second-largest sector in Maryland's economy. Although growth was slow in this sector, it still added the fourth-largest number of jobs in the State. A slowdown to a growth rate of 0.3% is expected in 1999, followed by modest expansion of about 1.0% annually, which is expected to continue as several national restaurant chains continue their expansion in the State. A boost will be received when Arundel Mills Mall opens in the fall of 2000 with over 200 tenants. Ultimately, the Mall is expected to create more than 3,500 positions.

Growth in the various components of the finance sector continued to diverge, ranging from a 3% decline to a 10.2% increase, for overall growth in 1999 of 1.5%. Employment in deposit banks declined by 3%, while the real estate component grew by 1.2%. Deposit banks have been affected by ongoing consolidation, both of large multi-state banks and regional banks. Both the deposit banks and real estate segments of the industry have been affected by the increasing influence of the Internet, which will have increasing impact in the future. The deposit bank sector is expected to continue shedding jobs, with declines of 0.1% in 1999 and 2.0% in 2000, and the real estate sector is also expected to contract by 0.4% in 1999 and 1.5% in 2000. The insurance sector has also been affected by Internet activity and is expected to grow by 2.9% in 1999, before slowing to 0.5% in 2000. Record low interest rates and concurrently high mortgage refinancings propelled nondeposit banks such as mortgage lenders, to 10.2% growth in 1998. After even stronger growth of 12.9% in 1999, growth is expected to moderate to 5% in 2000, as rising though still historically modest interest rates curtail lending activity. Overall, this sector of the economy should expand by 2.5% in 1999, before rising interest rates and slowing economic activity reduce growth to 0.1% in 2000.

The government sector grew by 2.4% in 1998, mirroring the growth rate of the overall economy. Growth in all three levels of government, federal, state, and local, slowed in 1999. Federal employment in the State will grow by about 1.0% in 2000, due largely to the decennial census. Local government growth, driven by the employment of increasing numbers of teachers, will slow to about 1.75% in 2000 and increase to 2.25% in 2001, above average but down from a strong 3.2% growth rate in 1998. State government employment should remain relatively stable throughout this period.

Overall, non-agricultural employment in the State is expected to grow by 2.1% in 1999, slowing to 1.6% in 2000, before accelerating again to 2.1% in 2001. Supported by a continuing tight labor market and strong wage growth, personal income is estimated to grow by 5.7% in 1999, decelerating only slightly to 5.6% in 2000, before accelerating again in 2001.