

impact on Maryland employment should not be substantial. The Verizon strike, however, did have a modest impact on Maryland employment in August, with over 8,000 individuals on strike for nearly a month. The convergence of telecommunications, cable, and Internet companies is continuing. While the mergers and consolidations in this area make employment losses likely, the economic activity in this sector will be large, and will improve the performance of virtually all other segments of the economy.

In 1999, retail employment grew about 1.7% in Maryland compared with an increase of 2.5% for all sectors of the Maryland economy. Retail represents about 20% of total Maryland employment and is the second largest sector in the State. Employment is expected to grow about 2.2% in the retail sector in 2000, and will slow slightly to between 1.0% and 1.5% in 2001 and 2002. Acceleration in retail employment growth this year is partially attributed to the grand opening of the Arundel Mills Mall. When complete, the 1.4 million square foot mall is expected to employ over 3,000 people. The mall will be opening in two stages and is expected to house 15 to 18 anchor tenants and 200 specialty retail stores.

Employment in financial services grew 3.9% in 1999, well above the growth of total employment in Maryland. Growth is expected to slow significantly this year after several years of above average growth and then remain below average. Employment growth in 1998 and 1999 reflects the excellent financial conditions experienced nationwide up until early this year. Although the Federal Reserve began raising interest rates in June 1999, the economy continued to perform well and real GDP rose over 5.2% through June 2000. The Dow-Jones Industrial Average actually peaked at over 11,700 in mid-January. In this environment, financial firms were busy and apt to add to their staffs. Since January, the Federal Reserve has raised the Federal Funds Rate another percentage point and the DJIA has remained between 10,000 and 11,000. Home sales have slowed and consumers and businesses have become a bit more cautious.

The outlook for Maryland's financial sector includes a consolidated and slowing banking sector balanced by somewhat brighter prospects for nonbanking financial institutions given the national outlook for a stable Fed and less volatile financial markets. Banking mergers and consolidations continued in 2000. Many of these