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SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION



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KERN ECONOMIC JOURNAL is a quarterly publication of California State University, Bakersfield. Its purpose is to track local trends and analyze regional, national, and global issues that affect the economic well-being of Kern County. The journal provides useful information and data that can help the community make informed economic decisions.

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Editorial and analytical articles on important local, regional, national, and international issues and trends are invited for *consideration* of publication in the journal. Articles (not exceeding 800 words in length) must be submitted to the Managing Editor in hard or electronic copy. Individual authors are responsible for the views and research results.

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Econ Brief!

Bakersfield on Path to Rapid Recovery

David Lyman

Manager, Convention and Visitor Bureau

The Bakersfield-Delano metropolitan area¹ ranks second in economic recovery among California's large metropolitan areas, according to a study published by the Brookings Institute. The only metropolitan area with a stronger economic recovery is San Jose. The study also found Bakersfield-Delano to be in the top 25 in economic recovery nationwide.

The following list shows the recovery rankings of 11 metropolitan areas statewide, along with their respective rankings among 100 largest metropolitan areas nationwide.

¹Bakersfield-Delano metropolitan area includes all of Kern County.

Source: *Brookings Metro Monitor*, September 2012

State Ranking	Metropolitan Area	National Ranking
1	San Jose-Sunnyvale-Santa Clara	4
2	Bakersfield-Delano	23
3	Stockton	37
4	San Francisco-Oakland-Fremont	44
5	San Diego-Carlsbad-San Marcos	45
6	Riverside-San Bernardino-Ontario	53
7	Los Angeles-Long Beach-Santa Ana	65
8	Oxnard-Thousand Oaks-Ventura	73
9	Sacramento-Arden-Arcade-Roseville	84
10	Modesto	85
11	Fresno	86

ECONOMY AT A GLANCE!

2012 THIRD QUARTER

ABBAS P. GRAMMY

National Economy

The United States economy has been sluggish with high unemployment and low inflation. The Gross Domestic Product increased at an annual rate of 2.0 percent from 1.3 percent in the previous quarter, according to the "advance" estimate released by the Bureau of Economic Analysis. Such a sluggish growth reflected positive contributions from personal consumption expenditures, federal government spending, and residential fixed investment. These positive effects were partly offset by negative contributions from exports, nonresidential fixed investment, and private inventory investment.

The Index of Leading Economic Indicators – a measure of future economic activity – decreased slightly from 95.7 to 95.6, indicating continued sluggish growth. Likewise, the University of Michigan's Consumer Sentiment Index dropped from 76 to 75. The rate of unemployment declined ever so slowly from 8.2 to 8.1 percent. The cost of living increased at an annual rate of 2.3 percent, while both the cost of producing and the cost of employment remained nearly constant.

State Economy

In California, the unemployment rate fell from 10.5 to 10.3 percent. Among the counties, San Francisco, Orange, San Luis Obispo, Santa Clara, San Jose, and San Diego had unemployment rates below the state average. However, Sacramento, Los Angeles, Riverside, and Fresno had unemployment rates above the state average.

The state's civilian labor force added 6,700 members. Meanwhile, 44,400 more workers gained jobs and 37,800 fewer workers were unemployed. Nonfarm industries were responsible for 67,300 fewer jobs and farming enterprises added 25,800 jobs. A wide range of industries added jobs: mining and logging, construction, manufacturing, wholesale trade, retail trade, information, finance activities, professional and business services, leisure and hospitality, transportation and warehousing, and leisure and hospitality. However, the bulk of job losses occurred in federal, state, and local governments.

Local Economy

In Kern County, households remained pessimistic about employment and financial conditions of their families

and relatives as the *Consumer Sentiment Index* dropped from 99 to 96. However, businesses perception about local employment and economic conditions improved as the *Business Outlook Index* rose from 114 to 117.

In the meantime, the county's economy expanded at an annual rate of 4.0 percent. Kern's economy generated \$15.67 billion in real personal income, \$150 million more than the previous quarter. Personal income per worker increased \$390 to reach \$40,890.

Labor market conditions improved in the third quarter of 2012. The county added 5,100 jobs. While farming enterprises added 10,800 jobs, nonfarm industries employed 5,300 fewer workers. Private enterprises created 1,000 jobs, but government agencies cut 6,300 jobs. The rate of unemployment dropped from 13.7 to 12.5 percent as 4,600 fewer workers were unemployed. While below the county average, the rate of unemployment averaged 7.3 percent in Ridgecrest, 8.0 percent in Tehachapi, 8.9 percent in Bakersfield, and 10.0 percent in California City.

Housing market conditions improved considerably. The county's median sales price for all residential units appreciated \$7,800 (or 6.0 percent) from \$130,700 to \$138,500. In Bakersfield, the median housing price appreciated \$10,400 (or 7.3 percent) from \$141,700 to \$152,100. In Kern County, 183 fewer homes were sold as total sales decreased from 3,112 to 2,929. In Bakersfield, 74 fewer homes were sold as sales of residential units declined from 2,191 to 2,117. The number of building permits issued for the construction of new privately-owned dwelling units increased from 279 to 305. The housing affordability indicator fell to 28.9 percent from 29.1 percent. The county's foreclosure activity slowed from 1,508 to 1,313 as 195 fewer homeowners received notices of loan default from their mortgage bankers. However, the number of homes lost to foreclosure increased from 802 to 840 with 38 more homes lost to foreclosure.

In the Bakersfield metropolitan area, the average retail price of regular unleaded gasoline decreased 22¢ from \$4.13 to \$3.91 per gallon. The unit price of California's Class III milk increased \$2.27 from \$15.53 to \$17.80. The index of prices farmers received for their outputs rose 15 points to reach 194, while the index of prices

(Continued on page 12)

BUSINESS OUTLOOK BRIGHTENED IN THIRD QUARTER



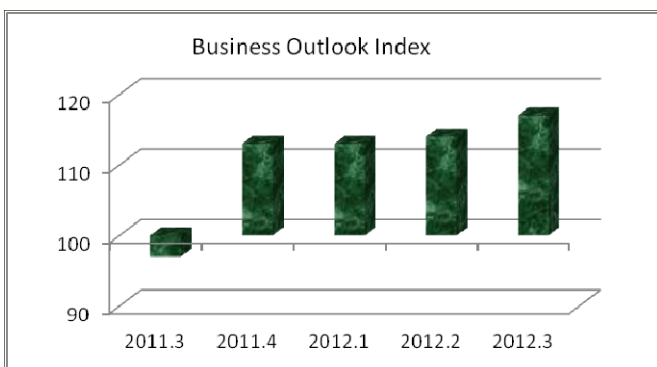
ABBAS P. GRAMMY
PROFESSOR OF ECONOMICS, CSUB

Results of the Business Outlook Survey indicate that Kern County business managers are more optimistic about local employment and business conditions. In the third quarter (July through September) of 2012, the *Business Outlook Index* improved to 117 from 114. Four quarters ago, the index stood within the pessimistic range at 97.

Comparing with the previous quarter survey, we can see signs of improved optimism. While the percentage of positive responses remained constant at 33, the percentage of neutral responses improved from 44 to 52, and the percentage of negative responses fell from 21 to 15.

Kern County's *Business Outlook Index* is compiled from telephone surveys administered to a random sample of local business managers listed in various telephone directories. Index values above 100 indicate optimism, while values below 100 suggest pessimism. The intent of the survey is to help business managers make more informed decisions given local economic trends. Survey results also enable investors to assess the potential for local economic growth based on the degree of business confidence.

To make an in-depth analysis of business confidence, we disaggregated the *Business Outlook Index* into two indices relating to recent and future business perceptions. Compared with the previous quarter, the *Current Conditions Index* remained flat at 116, whereas the *Future Conditions Index* improved to 119 from 112. These results indicate that business managers are optimistic about future conditions.



Employment Outlook:

Twenty-nine percent of interviewees reported that the number of jobs in their companies stayed constant this quarter. However, 56 percent said more jobs were available in their companies and 15 percent reported reduced employment.

Likewise, 70 percent perceived that the number of jobs would stay constant next quarter, whereas 22 percent expected their companies to hire more workers. The remaining 8 percent anticipated a smaller workforce.

Financial Outlook:

Fifty-two percent of survey respondents reported that financial conditions (sales and profits) of their companies were constant this quarter, whereas 33 percent indicated increased sales and profits and 15 percent stated reduced sales and profits.

Similarly, 48 percent expected financial conditions of their companies would remain constant next quarter. However, 38 percent anticipated increased sales and profits and 14 percent predicted reduced sales and profits.

Industry Outlook:

Forty percent of survey respondents perceived that employment and general business conditions of their industries remained the same as the previous quarter, while 37 percent felt these conditions improved and 23 percent indicated crumbling business conditions.

Forty-five percent anticipated that the employment and general business conditions of their industries would stay unchanged next quarter. Yet, 30 percent expected progress and 15 percent felt otherwise.

	Current Quarter	Previous Quarter	Four Quarters Ago
Business Outlook Index	117	114	97
Current Conditions Index	116	116	96
Future Conditions Index	119	112	98

(Continued on page 5)

CONSUMER SENTIMENT SLIPS IN THIRD QUARTER

MARK EVANS

PROFESSOR AND CHAIR OF ECONOMICS , CSUB



Those looking for a strong sign of improved consumer sentiment will need to wait a while longer. The Bakersfield Index of Consumer Sentiment decreased from 99 in the second quarter to 96 in the third quarter of 2012. This mirrored the University of Michigan's national index, whose quarterly value decreased from 76 to 75.

While the national and local indexes are calculated differently and their magnitudes cannot be directly compared, they continue to follow a remarkably similar trend. The Bakersfield Index has attained a more optimistic reading 70 percent of the time since CSU Bakersfield first began compiling it in 1999. Similarly, the University of Michigan's national index of consumer sentiment achieved a more optimistic reading 75 percent of the time during this period.

CSU Bakersfield compiles the Bakersfield index from telephone interviews of a random sample of households in order to help local decision makers compare national and local trends. The Bakersfield index is disaggregated into sub-indexes measuring recent financial conditions and future expectations. Expectations looking forward became more pessimistic even though the sub-index measuring current conditions improved.

The sub-index measuring current financial conditions increased from 97 to 100. Nearly one-in-three respondents spent more than usual on discretionary items in the third quarter, compared to roughly one-in-four in the previous quarter. Households reporting that they spent less than usual decreased from 29 to 22 percent. How-

ever, the increase in discretionary spending was not rooted in improved financial conditions. The percent of households reporting their financial situation had improved compared to one year ago decreased from 31 to 25 percent, while only 16 percent reported their acquaintances were doing better compared to 23 percent in the second quarter. While fewer households reported they were doing better compared to one year ago, there was essentially no change in the percentage who were worse off.

The sub-index measuring expectations for the coming year took a hit and eroded from 100 to 92. The expectations sub-index decreased because the percent who thought this was a risky time to use savings or incur debt more than doubled (from 22 to 48 percent), while the percent who thought this was a safe time to increase leverage was nearly halved (from 29 to 16 percent). The strong increase in liquidity preference dominated a smaller improvement in financial expectations for one's household one year from now. Households who thought their situation would worsen over the coming year decreased from 29 to 21 percent of the sample, while the percent expecting improvement increased slightly from 25 to 26 percent. Respondents reported a similar modest improvement in the financial expectations of Kern County acquaintances.

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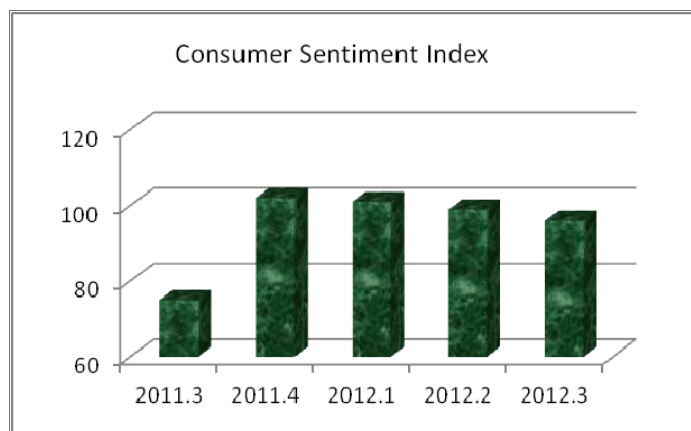


Table 1: Index Values			
	Most Recent Quarter	Previous Quarter	One Year Ago
Bakersfield Consumer Sentiment Index	96	99	75
Sub-index: Current Conditions	100	97	76
Sub-index: Future Expectations	92	100	73

Table 2: Recent Buying and Financial Trends			
	More than usual	Same as usual	Less than usual
Your recent spending on discretionary items (dining out, weekend outings, entertainment).	30 %	48 %	22 %
	Better off	Same	Worse off
How your family is doing financially compared to one year ago.	25 %	51 %	24 %
How your acquaintances in Kern County are doing financially compared to one year ago.	16 %	60 %	24 %

Table 3: Future Expectations			
	Better or more stable	About the same	Worse or more risky
The most likely financial situation of your family one year from now	26 %	53 %	21 %
	Optimistic	Neutral	Fearful
How your acquaintances in Kern County view the coming year.	27 %	49 %	24 %
	Safe time to buy	Neutral response	Risky time to buy
Is now a safe or risky time for most people to use savings or incur debt to buy expensive goods?	16 %	36 %	48 %

Renewed Business Optimism (Continued from page 3)

Economic Outlook:

When asked about Kern County’s economy, 55 percent of interviewees perceived no change this quarter. Nevertheless, 31 percent felt conditions improved and 14 percent said conditions worsened.

Likewise, 42 percent felt that economic conditions would remain unchanged next quarter. However, 41 percent anticipated the economy would get better and 17 percent said conditions are likely to get worse.

Factors Affecting Business Outlook:

We asked interviewees to identify factors that have affected employment and financial conditions of their companies. They felt several factors brightened the business outlook:

- Spending on general elections
- High oil prices for the county
- Recovering national economy

Conversely, survey respondents expressed the belief that several factors darkened the business outlook:

- International business becoming less profitable
- Business regulations becoming more stringent
- State economy still stagnant

TRACKING KERN'S ECONOMY¹

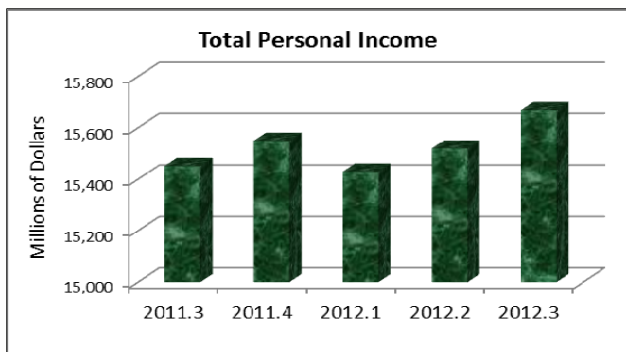
2012 THIRD QUARTER

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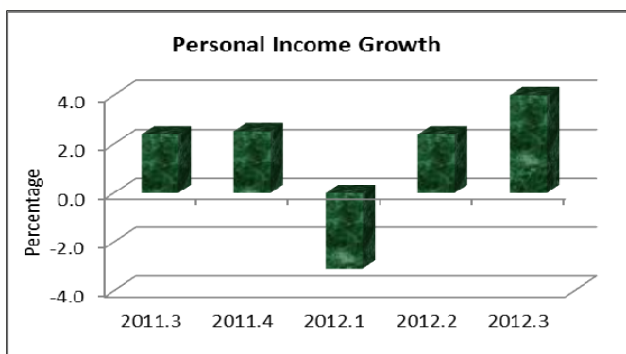
PROFESSOR OF ECONOMICS, CSUB

Economy

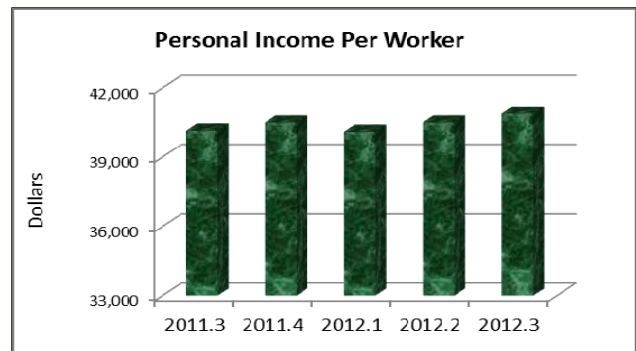
Personal Income - Kern County's total personal income (in constant 1996 dollars) increased \$150 million from \$15.52 billion in the second quarter to \$15.67 billion in the third quarter of 2012. Increased employment, reduced unemployment benefits, and rising housing prices contributed to growth of total personal income. However, these positive effects were partly offset by a large number of housing units lost to foreclosure. Relative to four quarters ago, Kern County's economy generated \$218 million more income.



Growth of Personal Income - The gain of \$150 million of personal income translated into an annualized growth rate of 4.0 percent in the third quarter of 2012. Kern's economy declined 2.4 percent in the previous quarter and grew 2.4 percent four quarters ago.



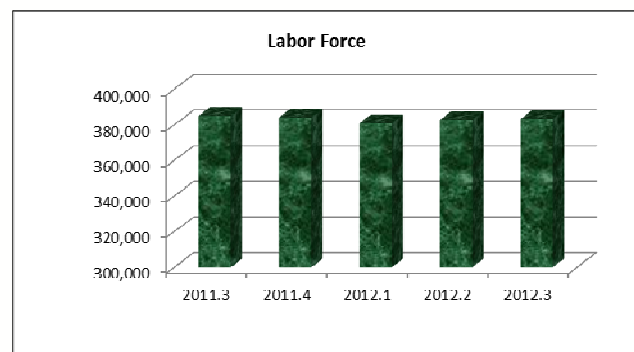
Personal Income Per Worker - Rising total personal income coupled with a growing labor force made personal income per worker gain \$390 from \$40,500 in the second quarter to \$40,890 in the third of 2012. Likewise, personal income per worker was up \$740 this quarter relative to four quarters ago.



Labor Market

We adjust published data in three ways. Firstly, we averaged monthly data to calculate quarterly data. Secondly, we recalculated quarterly data to take into account workers employed in the "informal" market (i.e., self-employed labor and those who work outside their county of residence). Finally, we adjusted quarterly data for the effects of seasonal variations.

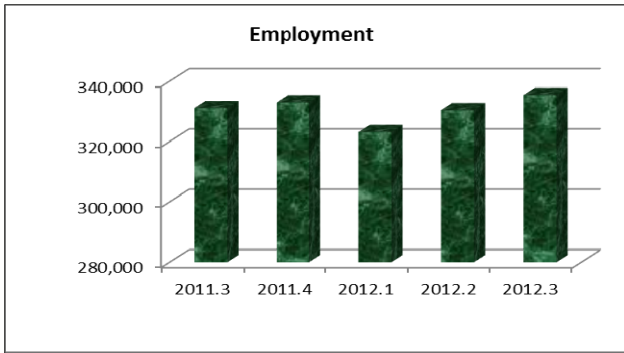
Labor Force - The civilian labor force increased by 500 members from 382,710 in the second quarter to 383,210 in the third quarter of 2012. However, 1,700 fewer workers were available for work this quarter relative to the third quarter of 2011.



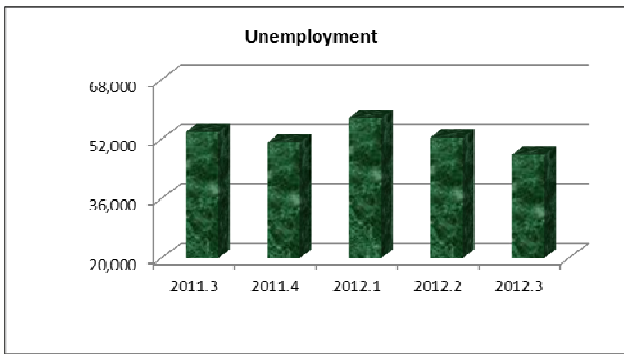
Employment - In the third quarter of 2012, Kern County's economy added 5,100 jobs as total employment increased from 330,310 to 335,410. Likewise, the county employed 4,400 more workers this quarter relative to the third quarter of last year.

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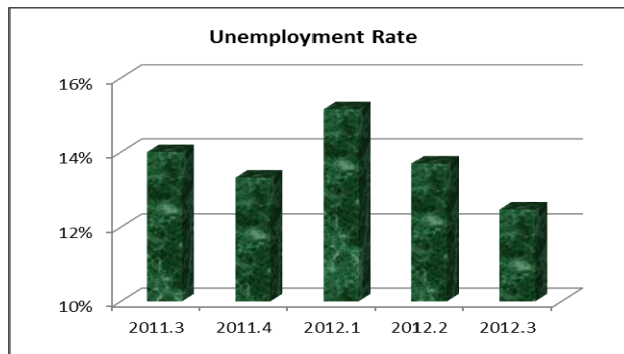
¹Source - Online databases: labormarketinfo.edd.ca.gov, bakersfieldgasprices.com, dqnews.com, economagic.com, bea.gov, bls.com, gpoaccess.gov, dairy.nu, msn.com, census.gov, kerndata.com, and bry.com



Unemployment - The number of jobless workers decreased by 4,600 as total unemployment dropped from 52,400 in the second quarter to 47,800 in the third quarter of 2012. Similarly, 6,100 fewer workers were unemployed this quarter than four quarters ago.



Unemployment Rate - In the meantime, the rate of unemployment fell 1.2 percent from 13.7 percent to 12.5 percent. Kern County's unemployment rate was 14.0 percent four quarters ago.

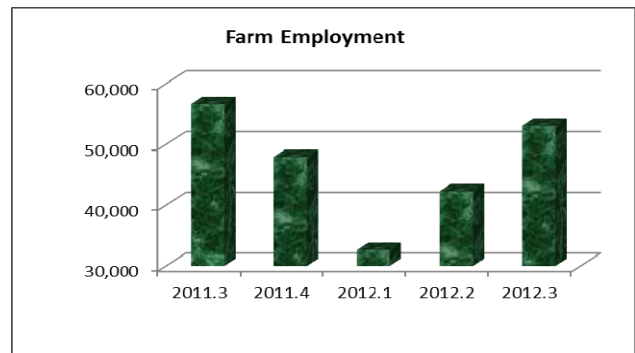


The rate of unemployment varied considerably across cities. Among cities shown below, the unemployment rate varied between 7.3 percent in Ridgecrest and 33.2 percent in Arvin. In Bakersfield, the rate of unemployment was 8.9 percent.

Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
Ridgecrest	7.3	Oildale	13.5
Inyokern	7.7	Mojave	14.3
Tehachapi	8.0	Lake Isabella	15.1
Bakersfield	8.9	Shafter	22.7
California City	10.0	Lamont	22.8
Rosamond	10.6	Wasco	23.5
Frazier Park	11.2	McFarland	26.4
Wofford Heights	12.2	Delano	32.0
Taft	12.6	Arvin	33.2

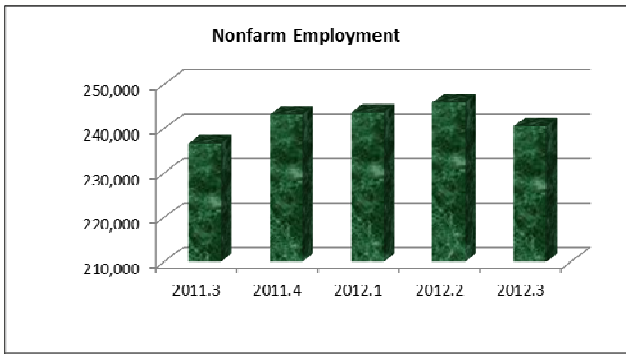
Note: City-level data are not adjusted for seasonality and "informal" market workers.

Farm Employment - In the third quarter of 2012, Kern County employed 10,800 more farm workers. Farm employment increased from 42,310 to 53,110. However, the farming industry hired 3,530 fewer workers this quarter than four quarters ago.

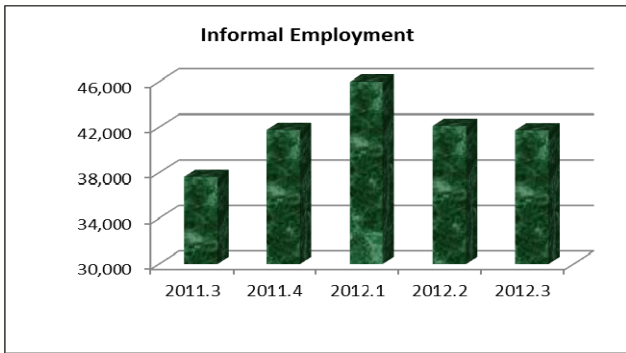


Nonfarm Employment - Local nonfarm industries employed 5,300 fewer workers this quarter. The number of nonfarm jobs decreased from 245,870 in the second quarter to 240,570 in the third quarter of 2012. Nevertheless, nonfarm industries employed 3,830 more workers this quarter than four quarters ago.

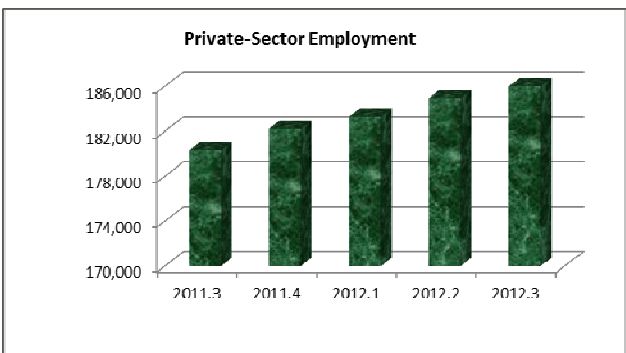
Several nonfarm industries added job: information, wholesale trade, financial activities, transportation, warehousing and utilities, professional and business services, health-care and social assistance, leisure and hospitality, and federal government. Markedly, the majority of new federal-government job transpired in the Department of Defense. However, jobs were cut in oil and oil-supporting industries, construction, manufacturing, retail trade, state government, and local government. Noticeably, the bulk of local-government job losses occurred in public education.



Informal Employment - Informal employment is the difference between total employment and industry employment. It accounts for self-employed workers and those working outside their county of residence. In the third quarter of 2012, the number of informal workers decreased by 400 from 42,130 to 41,730. However, the informal labor market offered 4,100 more jobs this quarter relative to the third quarter of last year.

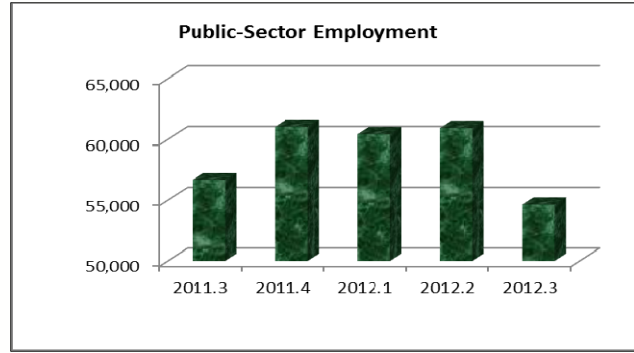


Private-sector Employment - Nonfarm employment is comprised of private-sector employment and public-sector employment. In the third quarter of 2012, private companies added 1,000 jobs as their employment increased from 184,940 to 185,940. Relative to four quarters ago, the private sector offered 5,630 more jobs.



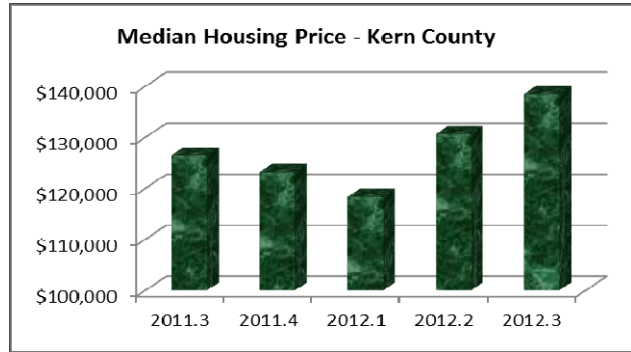
The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the third quarter of 2012, government agencies cut 6,300 jobs as their employment decreased from 60,930 to 54,630. Likewise, the public sector employed

2,000 fewer workers this quarter relative to four quarters ago.

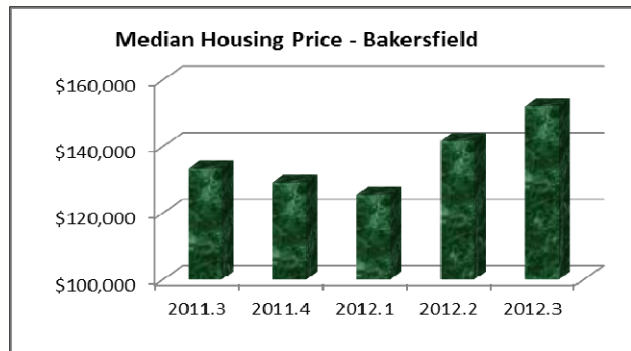


Housing Market

Housing Price - In the third quarter of 2012, Kern County's housing market conditions improved. The median sales price for all residential units appreciated \$7,800 (or 6.0 percent) from \$130,700 to \$138,500. Likewise, the county's median housing price was \$12,000 (or 9.5 percent) higher than that of four quarters ago.



In Bakersfield, the median housing price appreciated \$10,400 (or 7.3 percent) from \$141,700 to \$152,100. Similarly, the city's median housing price was \$18,600 (or 13.9 percent) higher than that of four quarters ago.

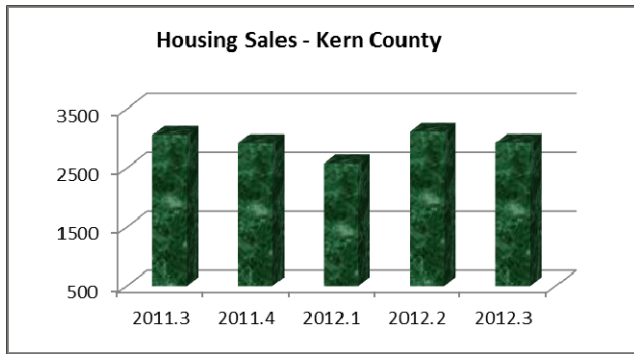


Housing price changes varied across the county. Among selected locations shown below, the median sales price appreciated in Bakersfield, California City, Delano, Taft, and Tehachapi. The median housing price depreciated in Ridgecrest and Rosamond.

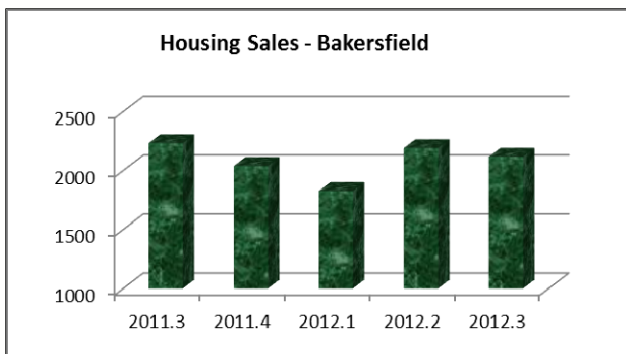
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Location	Median Price 2012.2	Median Price 2012.3	Price Change 2012.2 to 2012.3	Price Change 2012.2-2012.3
Kern County	\$130,700	\$138,500	\$7,800	6.0%
Bakersfield	\$141,700	\$152,100	\$10,400	7.3%
California City	\$47,700	\$56,600	\$8,900	18.7%
Delano	\$120,500	\$122,700	\$2,200	1.8%
Ridgecrest	\$145,500	\$138,500	-\$7,000	-4.8%
Rosamond	\$112,100	\$111,200	-\$900	-0.8%
Taft	\$60,800	\$69,400	\$8,600	14.1%
Tehachapi	\$138,000	\$155,300	\$17,300	12.5%

Housing Sales - In Kern County, 183 fewer homes were sold as total sales fell from 3,512 in the second quarter to 2,929 in the third quarter of 2012. Likewise, 131 fewer units were sold this quarter relative to the third quarter of last year.



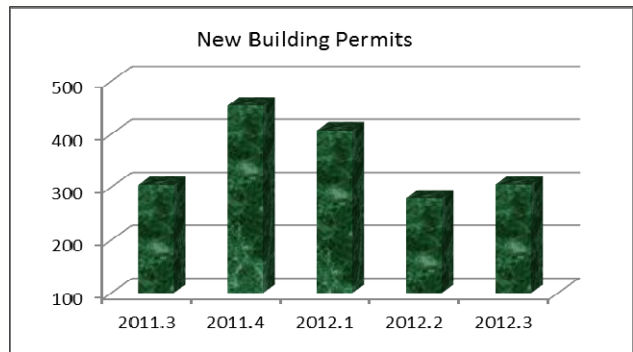
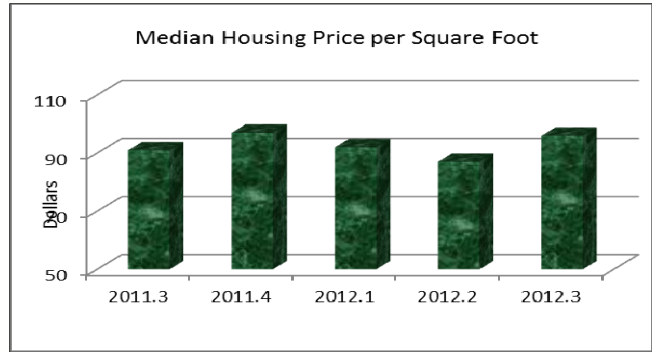
In Bakersfield, 74 fewer homes were sold as sales of residential units dropped from 2,191 in the second quarter to 2,117 in the third quarter of 2012. Similarly, sales were down by 115 units this quarter relative to the third quarter of last year.



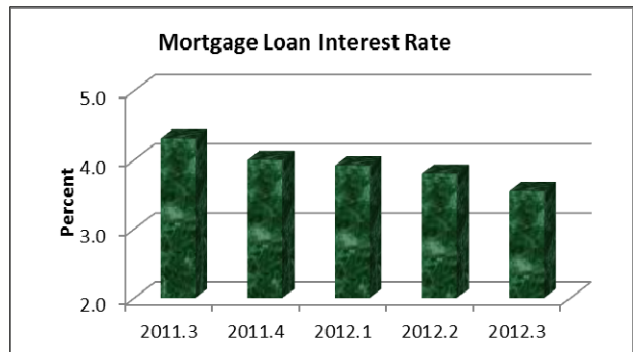
Housing Price per Square Foot - The median sales price per square foot of housing area inclined \$9 from \$87 in the second quarter to \$96 in the third quarter of 2012. Likewise, the median housing price per square foot has gone up \$5 since the third quarter of last year.

New Building Permits - In the third quarter of 2012, Kern County issued 26 more building permits for construction of new privately-owned dwelling units. The

number of permits increased from 279 to 305. Only one more building permits were issued this quarter relative to four quarters ago.

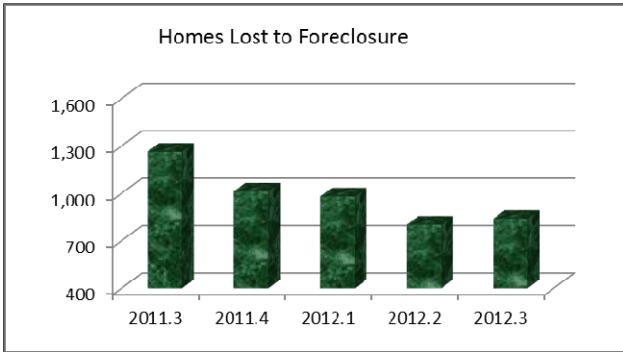
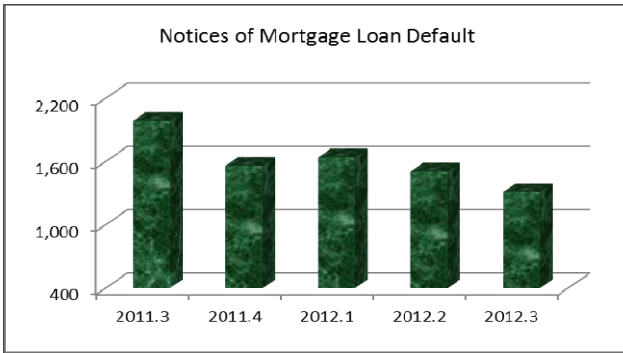


Mortgage Interest Rate - In the third quarter of 2012, the interest rate of thirty-year conventional mortgage loans decreased from 3.80 to 3.55 percent. Four quarters ago, the mortgage loan interest rate was 4.31 percent.

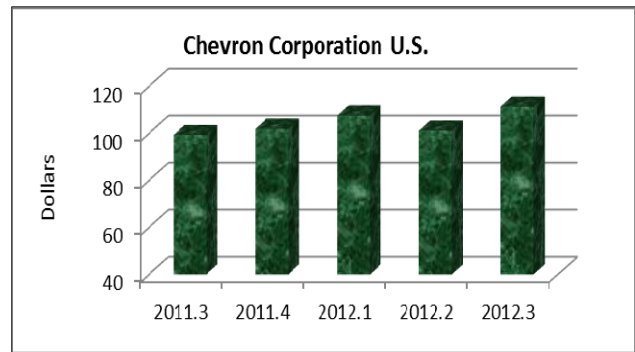


Housing Foreclosure Activity - In the third quarter of 2012, the county's foreclosure activity slowed from 1,508 to 1,313. As a result, 195 fewer homeowners received notices of loan default from their mortgage bankers. Likewise, the number of default notices has gone down by 676 since the third quarter of last year.

The number of homes lost to foreclosure increased from 802 in the second quarter to 840 in the third quarter of 2012. As a result, 38 more homes were lost to foreclosure. However, 424 fewer homes were lost to foreclosure this quarter relative to four quarters ago.

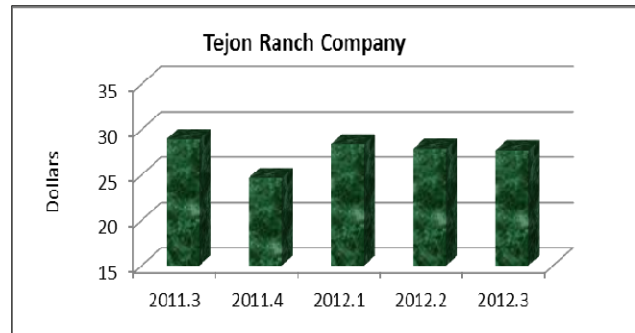
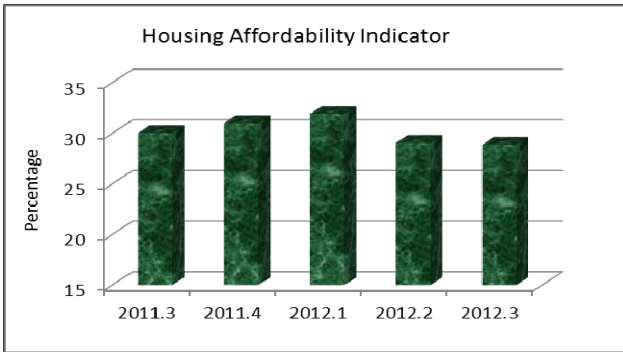


Chevron Corporation US - CVX gained \$10.19 (or 10.1 percent) per share as its price rose from \$101.22 in the second quarter to \$111.41 in the third quarter of 2012. Relative to the third quarter of 2011, CVX has made \$12.10 (or 12.2 percent).



Housing Affordability - Median housing prices divided by median household income is a measure of housing affordability. With appreciation of housing prices and modest growth of household income, the affordability indicator declined from 29.1 percent in the second quarter to 28.9 percent in the third quarter of 2012. The housing affordability indicator was 30.0 percent four quarters ago.

Tejon Ranch Company - TRC lost 18¢ (or 0.6 percent) per share as its stock price decreased from \$27.89 in the second quarter to \$27.71 in the third quarter of 2012. Likewise, TRC was down \$1.21 (or 4.2 percent) relative to the third quarter of 2011.

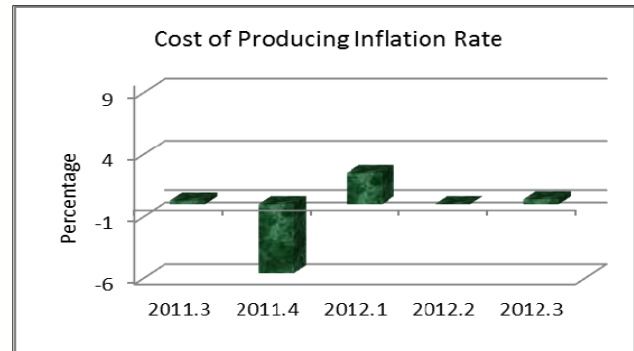
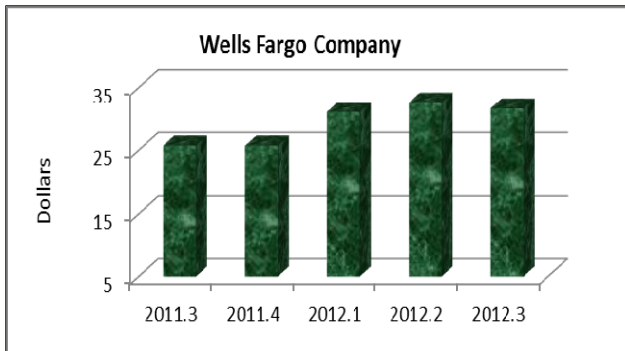
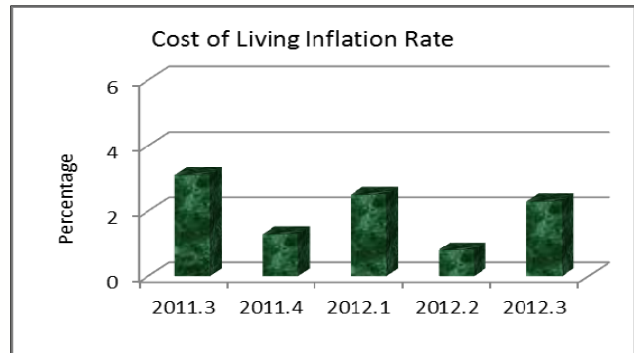
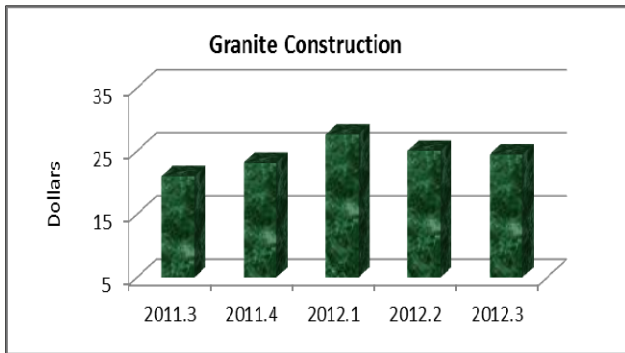


Stock Market

In the third quarter of 2012, the composite price index (2011.3 = 100) of the five publically traded companies doing business in Kern County increased 2.1 points from 106.5 to 108.6. The index was 8.6 points higher than that of four quarters ago. Average “close” prices were measured for five local *market-movers*: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.

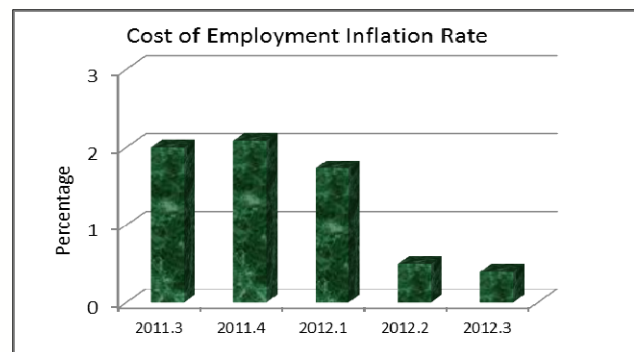
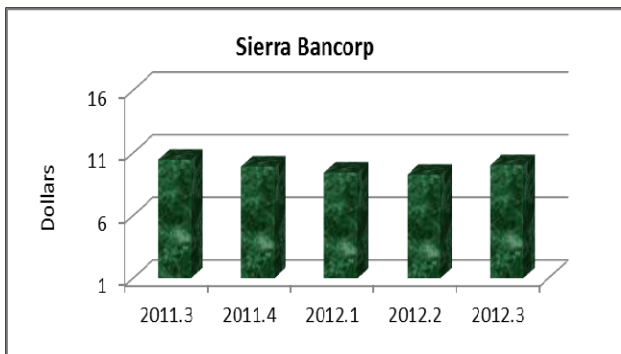
Granite Construction - GVA lost 60¢ (or 2.4 percent) per share in the third quarter of 2012 as its stock price decreased from \$25.08 to \$24.48. However, GVA has gone up \$3.44 (or 16.3 percent) since the third quarter of 2011.

Wells Fargo Company - WFC dropped 93¢ (or 2.9 percent) per share as its stock price descended from \$32.58 in the second quarter to \$31.65 in the third quarter of 2012. Relative to one year ago, however, WFC was up \$5.90 (or 22.9 percent).



Sierra Bancorp - BSRR gained 77¢ (or 8.3 percent) per share as its price inclined from \$9.26 in the second quarter to \$10.03 in the third quarter of 2012. Nevertheless, BSRR has gone down 43¢ (or 4.1 percent) since the third quarter of 2011.

Cost of Employment - The Cost of Employment Index (December 2005 = 100) increased from 116.8 in the second quarter to 117.3 in the third quarter of 2012. The cost of employment inclined at an annual rate of 0.4 percent. The cost of employment inflation rate was 0.5 percent last quarter and 2.0 percent four quarters ago.



Inflation

Cost of Living - The Consumer Price Index for all urban areas (1982-84 = 100) inclined from 228.8 in the second quarter to 230.1 in the third quarter of 2012. As a result, inflation for the cost of living accelerated at an annual rate of 2.3 percent. The cost of living inflation rate was 0.8 percent last quarter and 3.1 percent four quarters ago.

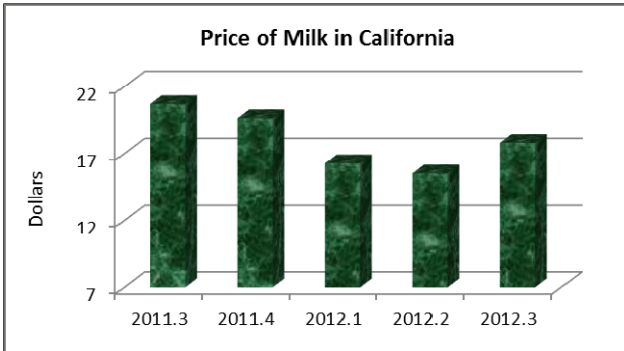
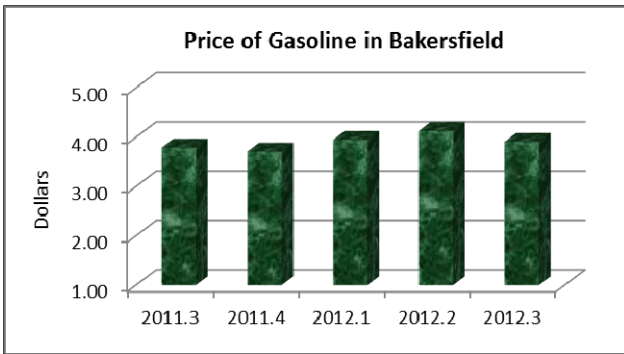
Cost of Producing - The Producer Price Index for all commodities (1982 = 100) increased from 202.2 in the second quarter to 203.0 in the third quarter of 2012. As a result, the cost of production increased 0.4 percent. The cost of producing inflation rate was flat last quarter and only 0.3 percent four quarters ago.

Commodity Prices

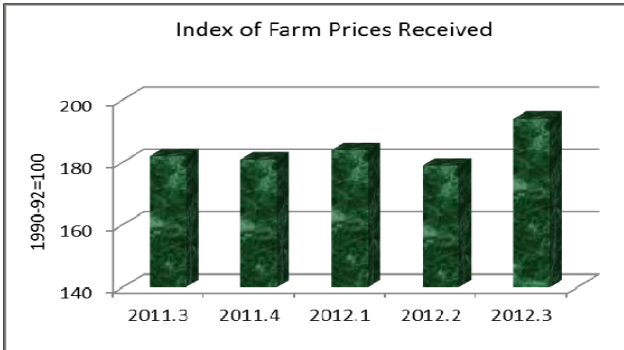
Price of Gasoline - In the Bakersfield metropolitan area, the average retail price of regular gasoline decreased 22¢ (or 5.3 percent) per gallon from \$4.13 in the second quarter to \$3.91 in the third quarter of 2012. Compared with the third quarter of last year, the average gasoline price was up 12¢ (or 3.2 percent).

Price of Milk - The unit price of California's Class III milk increased \$2.27 (or 14.6 percent) from \$15.53 in the second quarter to \$17.80 in the third quarter of 2012. However, the unit price of milk has gone down \$2.91 (or 14.1 percent) since the third quarter of 2011.

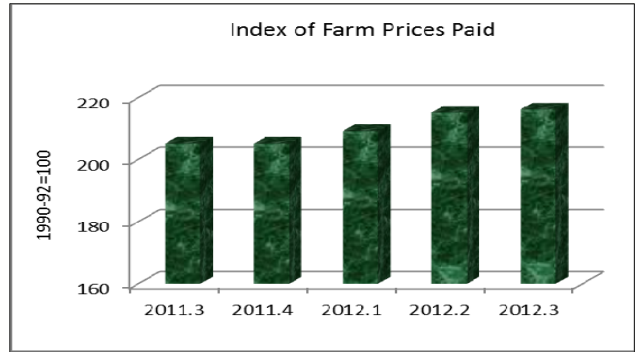
(Continued on page 12)



Farm Prices - In the third quarter of 2012, the national Index of Prices Received by Farmers for all farm products (1990-92 = 100) increased 15 points to arrive at 194. Likewise, the index was 12 points higher than that of four quarters ago.



The national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents climbed just one point to reach 216. The index value was 11 points higher than that of four quarters ago.



We measure the Index of Farm Price Parity as the ratio Index of Prices Received to the Index of Prices Paid. In the third quarter of 2012, the gap between prices paid and prices received narrowed as Index of Farm Price Parity narrowed from 83 to 90 percent. Four quarters ago, the price gap was 89 percent.

At a Glance (Continued from page 2)

farmers paid for their inputs went up 1 point to arrive at 216. As a result, the gap between output prices farmers received and input prices farmers paid narrowed 7 points to reach 90 percent. The composite price index (2011.3 = 100) of the top five locally traded stocks rose 2.1 points from 106.5 to 108.6. In the third quarter of this year, the average stock price improved for Chevron Corporation and Sierra Bancorp. However, stock prices fell for Wells Fargo Company, Tejon Ranch Company, and Granite Construction.

Bakersfield Has More Private Sector Jobs than Five Years Ago

David Lyman
Manager, Convention and Visitors Bureau

The Bakersfield-Delano metropolitan area¹ has climbed back to its pre-recession private sector employment levels. The business journal *On Numbers* reported that among the nation's largest metropolitan areas, Bakersfield-Delano had the highest private sector growth rate in California, based upon a review of recent data from the U.S. Bureau of Labor Statistics.

Data show there were 800 (or 0.5 percent) more private sector jobs in Bakersfield-Delano metropolitan area in July 2012 than in July 2007. This is the highest percentage rate of any large metropolitan areas in California. The next highest rate was in San Jose at 0.3 percent. All other large metropolitan areas in the state have yet to regain their pre-recession private sector employment levels.

In addition to having the largest percentage increase in California, Bakersfield-Delano's performance ranked it 15th highest in the United States. Nationwide, about 80 percent of large metropolitan areas have yet to regain private sector jobs losses from five years ago. A list of the nation's top 20 metropolitan areas showing their private sector employment levels is below.

Metro	Private sector jobs (July 2007)	Private sector jobs (July 2012)	Raw change	Rank	Percent change	Rank
Austin	604,700	647,400	42,700	2	7.0%	1
El Paso, Texas	207,400	221,700	14,300	9	6.9%	2
Houston	2,211,600	2,326,400	114,800	1	5.2%	3
McAllen-Edinburg, Texas	161,300	168,800	7,500	12	4.7%	4
San Antonio	690,200	715,200	25,000	4	3.6%	5
Oklahoma City	452,900	468,200	15,300	8	3.4%	6
Raleigh	428,600	442,800	14,200	10	3.3%	7
Pittsburgh	1,029,800	1,054,000	24,200	5	2.4%	8
New Orleans	435,100	442,800	7,700	11	1.8%	9
Knoxville, Tenn.	284,900	288,800	3,900	13	1.4%	10
Dallas-Fort Worth	2,575,600	2,608,700	33,100	3	1.3%	11
Allentown-Bethlehem, Pa.	305,200	307,900	2,700	14	0.9%	12
Boston	2,205,100	2,223,700	18,600	6	0.8%	13
Rochester, N.Y.	437,900	440,500	2,600	15	0.6%	14
Bakersfield, Calif.	179,700	180,500	800	20	0.5%	15
Omaha	406,400	408,100	1,700	17	0.4%	16
San Jose	821,000	823,400	2,400	16	0.3%	17
Albany, N.Y.	342,100	342,900	800	20	0.2%	18
New York City	7,313,500	7,330,500	17,000	7	0.2%	19
Buffalo	453,800	454,800	1,000	18	0.2%	20

¹The Bakersfield-Delano metropolitan area includes all of Kern County.

Source: Excerpted from *On Numbers*, September 11, 2012



Premier Thoughts:

Collection of Economic Essays
2010-2011

Abbas P. Grammy
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