

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD  
SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION



Volume 12 Issue 2

# KERN ECONOMIC JOURNAL

2010 Second Quarter

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for Local Economic Development*



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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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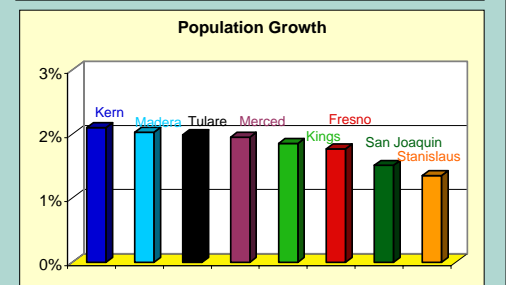
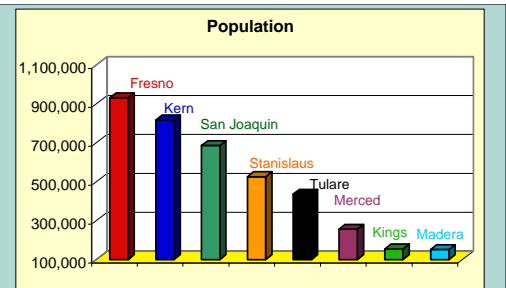
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## Econ Brief!

### Kern Fastest Growing San Joaquin County

The San Joaquin Valley was home to more than 4 million people in 2008. Fresno, the most populated county of the Valley, had a population of 931,000. Madera, the smallest county, hosted 150,900 residents. Kern was the second largest county of the Valley. Its population of 817,500 accounted for 21 percent of the Valley's population.

Between 2007 and 2008, the Valley's population grew at a rate of about 2 percent, adding 69,400 people to its residence. If the Valley's population continues to grow at this rate, it would host nearly 5 million residents in 2020. Kern was the fastest growing county of the Valley and Stanislaus the slowest. Kern's population increased at a rate of 2.2 percent as it added 16,200 residents to its residents. If Kern's population continues to grow at this rate, it would host more than 1 million residents in 2020.





# ECONOMY AT A GLANCE!

ABBAS P. GRAMMY

PROFESSOR OF ECONOMICS, CSUB

The Gross Domestic Product (GDP) increased at an annual rate of 2.4 percent in the second quarter of 2010 (April through June) according to the "advance" estimate released by the Bureau of Economic Analysis. Over the previous two quarters, the pace of economic growth slowed from 5.0 and 3.7 percent, respectively. The modest increase in the GDP primarily reflected positive contributions from personal consumption expenditures, private inventory investment, residential and non-residential fixed investment, federal government spending, and exports.

In California, the unemployment rate declined one-tenth of one percent to reach 12.4 percent. Compared with the previous quarter, the state's workforce increased by 142,200 members. The state's economy added 157,900 jobs and supported 11,700 fewer jobless workers. While the farm labor market cut 16,000 jobs, non-farm industries added 47,200 paid positions. A wide-range of industries added jobs: mining and logging, manufacturing, retail trade, transportation and warehousing, information, finance and insurance, professional and business services, educational services, leisure and hospitality, and the federal government. However, several industries cut jobs: construction, wholesale trade, real estate and rental and leasing, health-care and social assistance, and state and local governments.

In Kern County, households became less pessimistic about employment and financial conditions of their families and relatives as the *Consumer Sentiment Index* gained 12 points to reach 78. In the meantime, businesses gained more confidence about their employment and financial conditions as the *Business Outlook Index* gained 4 points to reach 110.

Kern's economy expanded at an annualized rate of 3.9 percent. It generated \$15.39 billion in total personal income, \$151 million more than the previous quarter. The gain in total personal income was partly offset by the labor force growth. As a result, personal income per worker increased by \$100, reaching \$40,700.

Kern County's labor market conditions improved. Compared with the previous quarter, the county's workforce inclined by 2,910 members. In the meantime, 2,910 more workers were employed and 6,100 fewer workers were jobless. The farm market added 3,400 jobs and non-farm industries employed 3,800 more workers. The public sector added 2,300 jobs and the private sector created 1,500 paid positions. A wide range of industries added jobs: oil and gas extraction, manufacturing, wholesale trade, professional and business services, health-care and social services, leisure and hospitality, transportation, warehousing and utilities, federal government, state government, and local government (public education; city and county agencies). In contrast, several industries reduced employment: construction, retail trade, and real estate and rental and leasing.

The rate of unemployment of Kern County dropped 1.9 percent from 17.4 to 15.5. Still below the county average, the rate of unemployment averaged 11.3 percent in Bakersfield, 12.7 percent in California City, 9.3 percent in Ridgecrest, and 10.2 percent in Tehachapi.

Kern County's housing market conditions improved. The median sales price for all residential units appreciated \$6,100 (or 4.7 percent) from \$130,500 to \$136,600. In Bakersfield, the median housing price appreciated \$4,200 (or 3.1 percent) from \$136,800 to \$141,000. Likewise, sales of housing units increased from 2,512 to 3,260 in Kern County and from 1,809 to 2,351 in Bakersfield. However, the number of building permits issued for the construction of new privately-owned dwelling units declined from 465 to 462. The housing affordability indicator fell from 28.0 to 27.1 percent. The county's foreclosure activity slowed from 2,331 to 2,008. However, of these homeowners receiving default notices, 1,802 (or 90 percent) lost their homes to foreclosure.

In commodity markets, the average price of San Joaquin Valley heavy crude decreased \$1.43 (or 2.0 percent) per barrel from \$71.57 to \$70.14. In the Bakersfield metropolitan area, the average retail price of unleaded gasoline rose 8¢ (or 2.7 percent) per gallon from \$2.96 to \$3.04. The unit price of California's Class III milk edged down 54¢ per cwt (or 3.9 percent) from \$13.85 to \$13.31. The index of prices farmers received for their outputs rose 1 point to reach 139, but the index of prices farmers paid for their inputs fell 1 point to arrive at 183. The parity between output prices farmers received and input prices farmers paid narrowed 1 point to reach 76.

(Continued on page 13)

# KERN BUSINESSES MORE CONFIDENT

**ABBAS P. GRAMMY**

PROFESSOR OF ECONOMICS, CSUB



Data from the Kern County Business Outlook survey indicate that government administrators and business managers are more confident about local business conditions. In the second quarter (April through June) of 2010, the *Business Outlook Index* gained 4 points. The index stood at 110 compared to 106 in the previous quarter. Similarly, survey respondents expressed greater confidence this quarter relative to four quarters ago as the index edged 2 points higher.

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. Survey respondents expressed greater confidence in both the current and future state of the economy. The *Current Conditions Index* moved from the pessimistic range of 98 to the natural value of 100. Meanwhile, the *Future Conditions Index* gained 4 points from 116 to 120.

## Employment Outlook:

Sixty-four percent of interviewees reported that the number of jobs in their companies stayed constant this quarter. However, 13 percent said more jobs were available in their companies and 23 percent reported reduced employment.

Likewise, 68 percent perceived that the number of jobs would stay constant next quarter, whereas 17 percent expected their companies to hire more workers. The remaining 15 percent anticipated a smaller workforce.

## Financial Outlook:

Forty-seven percent of survey respondents reported that the financial conditions (sales and profits) of their companies were constant this quarter, whereas 37 percent indicated increased sales and profits and 16 percent stated reduced sales and profits.

Similarly, 51 percent expected financial conditions of their companies would remain constant next quarter. However, 39 percent anticipated increased sales and profits and 10 percent predicted reduced sales and profits.

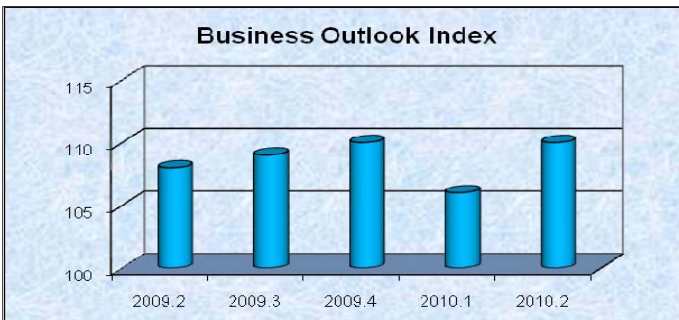
## Industry Outlook:

Sixty percent of survey respondents perceived that the employment and general business conditions of their industries remained the same as the previous quarter, while 20 percent felt these conditions improved and 20 percent indicated crumbling business conditions.

Fifty-four percent anticipated that the employment and general business conditions of their industries would stay unchanged next quarter. However, 35 percent expected progress and 11 percent felt otherwise.

## Economic Outlook:

When asked about Kern County's economy, 52 percent of interviewees perceived no change this quarter. Nevertheless, 19 percent felt conditions improved and 29 percent said conditions worsened.



	Current Quarter	Previous Quarter	Four Quarters Ago
<b>Index of Business Outlook</b>	<b>110</b>	<b>106</b>	<b>108</b>
Index of Current Conditions	100	98	105
Index of Future Conditions	120	116	107

(Continued on page 5)

# BAKERSFIELD HOUSEHOLDS LESS PESIMISTIC

**DIMITRI GROZDEV**

CSUB ECONOMICS ALUMNUS, CLASS OF 2010



Recovering from a sharp drop, the *Bakersfield Consumer Sentiment Index* increased from 66 in the first quarter to 78 in the second quarter of 2010. The *Bakersfield Consumer Sentiment Index* closely tracks the widely followed national indices of consumer sentiment. Prior to this sharp gain, the local index declined for seven consecutive quarters from a peak of 125 in the first quarter of 2007. It started to increase slowly for three consecutive quarters beginning in the second quarter of 2009, ending up at 82 in the fourth quarter of 2009, and dropping sharply to 66 in the first quarter of this year.

Our survey responses were gathered during a period of increasing national optimism due to the fact the country is slowly coming out of the recession. The Gross Domestic Product grew 2.7 percent in the first quarter of 2010, while unemployment fell to 9.5 percent in June. Total private employment increased by 83,000 in June because of modest improvement in several industries. Overall, private-sector employment has increased by 539,000 jobs since the beginning of the year, with manufacturing adding 136,000 jobs since December 2009. According to the Business Roundtable's second quarter CEO Economic Outlook Survey, the CEOs of big companies anticipate increased sales and employment in the next six months.<sup>1</sup> The University of Michigan's Index of Consumer Sentiment also increased from 73.6 in May to 76.0 in June.<sup>2</sup>

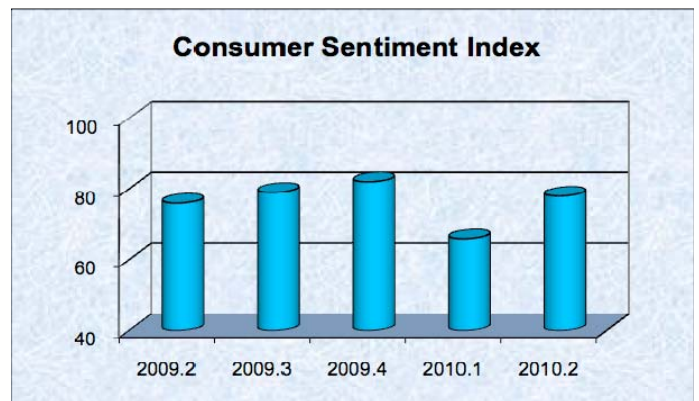
The CSUB Economics Department compiles the *Bakersfield Consumer Sentiment Index* from telephone surveys of a random sample of households listed in the phone book. The index is used quarterly in order to help local businesses compare national and local trends, and determine whether a Bakersfield company's sales trajectory reflects industry trends or shifts in market share.

The *Bakersfield Consumer Sentiment Index* is divided into two indices reflecting financial outcomes over the previous twelve months and expectations for the coming

year. Improvement in the composite index resulted from increases in both indices. The increase in the index reflecting recent financial trends was especially large.

The *Current Conditions Index* is constructed from questions relating to discretionary spending and financial well-being compared to a year ago. The index value climbed from 52 in the first quarter to 74 in the second quarter. In the most recent quarter, 30 percent of the households reported their financial situation had worsened over the past year and about one-third of them had spent less than usual on discretionary items. These results were an improvement over the previous quarter when more than one-half of the respondents reported pessimistic perceptions. The percent of households reporting that the financial situation of their acquaintances in Kern County had worsened over the last year dropped from 63 to 42 percent.

The *Future Conditions Index* increased modestly from 79 in the first quarter to 81 in the second quarter. The index value increased because the percent of households believing it is a risky time to incur debt or draw down saving declined from 79 to 54 percent. The percent of households expecting their financial situation to remain the same over the next year increased from 36 to 44 percent, while the percent reporting that their local acquaintances are expecting worse times over the next year declined slightly from 42 to 39 percent.



<sup>1</sup>The Business Roundtable is an association of the CEOs of leading corporations, and its survey is at the highest level since mid-2007.

<sup>2</sup>Although the *Bakersfield Consumer Sentiment Index* is similar to the University of Michigan's national index of consumer sentiment, the absolute values of the two indices cannot be compared since they have different base years and are based on different questions using different formulas.

It appears that the recent increase in the *Bakersfield Consumer Sentiment Index* combined with the improvement of different national economic indicators suggest that

local households perceive that financial conditions of their families and relatives are slowly improving.

<b>Table 1: Index Values</b>			
	<b>Most Recent Quarter</b>	<b>Previous Quarter</b>	<b>One Year Ago</b>
<b>Bakersfield Consumer Sentiment Index</b>	78	66	76
Sub-index: Current Conditions	74	52	66
Sub-index: Future Expectations	81	79	85

<b>Table 2: Recent Buying and Financial Trends</b>			
	<b>More than usual</b>	<b>Same as usual</b>	<b>Less than usual</b>
Your recent spending on discretionary items (dining out, weekend outings, entertainment).	11 %	54 %	35 %
	<b>Better off</b>	<b>Same</b>	<b>Worse off</b>
How your family is doing financially compared to one year ago.	13 %	57 %	30 %
How your acquaintances in Kern County are doing financially compared to one year ago.	4 %	54 %	42 %

<b>Table 3: Future Expectations</b>			
	<b>Better or more stable</b>	<b>About the same</b>	<b>Worse or more risky</b>
The most likely financial situation of your family one year from now	31 %	44 %	25 %
	<b>Optimistic</b>	<b>Neutral</b>	<b>Fearful</b>
How your acquaintances in Kern County view the coming year.	19 %	42 %	39 %
	<b>Safe time to buy</b>	<b>Neutral response</b>	<b>Risky time to buy</b>
Is now a safe or risky time for most people to use savings or incur debt to buy expensive goods?	12 %	34 %	54 %

**More Confident** (Continued from page 3)

Likewise, 58 percent felt that economic conditions would remain unchanged next quarter. However, 34 percent anticipated the economy would get better and 8 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:

- Oil drilling and extraction have picked up in recent months
- More federal funds are available for public works projects
- Tax returns improved retail business

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

- Slow economic recovery and high unemployment
- State budget cuts and fee increases hurting business
- Continued recession in the construction industry



# THE CEO PROFILE!

## Introduction

Brooke Antonioni is the President and CEO for Trans-West Security Services, Inc. Brooke also serves as the Vice President of Trans-West Services, Inc. TRANS-WEST provides professional services in the areas of physical private security and commercial and industrial cleaning. Brooke and her family are natives of Bakersfield and have been involved in the oil service business in Kern County going all the way back to the 1930s. Brooke's parents segued into the private security business, which was later followed with the purchase of Trans-West. Brooke was appointed President and CEO in May, 2009 by the Trans-West Board of Directors and assumed all roles of this position. Brooke considers it a privilege to work alongside her parents, owners of the businesses, and husband, the Vice President. However, the longevity of employees with Trans-West gives the feeling that the family business extends well beyond the immediate stockholders. Prior to joining Trans-West, Brooke worked for the Kern County Superintendent of Schools office for seven years. Brooke has her bachelor's degree in communications and master's degree in public administration from California State University, Bakersfield.

## Interview

### **Would you give us a brief history of Trans-West Security Services?**

Trans-West Security Services began as H & B Security in 1971 and was then incorporated as Trans-West Security Services, Inc. shortly thereafter. Trans-West Services, Inc. is a commercial and industrial cleaning company that was formed in 1998 and incorporated in 2003 as a separate entity for those services.

Trans-West Services, Inc. provides janitorial, day porter and maintenance services. Trans-West Security Services, Inc. is the largest physical private security company in Kern County and provides corporate security, including, but not limited to security officers, vehicle and bicycle patrol, reception security, access control, transport services, and alarm response.

Trans-West's customer base is made up of businesses in diverse industries operating in Kern County. Our pool of customers include the areas of energy-related industries, agriculture, government services, health-care, property management, financial institutions, schools, transportation, and other corporate entities. Trans-West has been



privileged to provide service to these companies. Our focus of service is in Kern County, but we do provide some services in Inyo County, Monterey County, and Kings County.

### **How does Trans-West Security Services contribute to the community of Kern County?**

Trans-West is committed to the communities where we live and work through economic support, volunteerism and leadership. Trans-West also supports events and organizations that our customers value and volunteer at. Trans-West also supports the community through memberships in local chambers of commerce and through the Kern Economic Development Corporation. These are vital organizations that support local business and are champions for the communities and region.

Trans-West also respects that we have a commitment to be an environmental steward of these communities as well. We follow our company standards and participate in the commitments that our customers and we value as well. This includes internal processes as well as external in the field. We have defined our program... "Go Green".

Trans-West's "Go Green" philosophy guides our process and products and includes:

- Increasing fleet of hybrid vehicles
- Use of environmentally friendly, certified cleaning products in our janitorial and maintenance company, Trans-West Services, Inc.
- Transition to a paperless reporting, documentation and information sharing system
- Transition to paperless invoices and use of advanced scheduling, payroll and invoicing software
- Reduction of waste through an aggressive recycling program within the office and with products used
- Management of all waste materials in a safe and environmentally friendly manner

*(Continued on page 7)*



- Planting trees in Kern County as a “thank you” to our customers and in lieu of gifts/consumables.

In 2009, in coordination with the Tree Foundation of Kern County, Trans-West planted over 120 trees at local parks in the City and County.

### **How does Trans-West Security Services contribute to the economy of Kern County?**

There is of course the direct contribution of tax dollars that our company and employees generate into the County of Kern. Collectively, Trans-West employs over 400 workers. In addition, it is our desire and goal to employ local workers. More importantly, we are a major employer in Kern County. Quality and service being equal, we purchase everything possible in Kern County. Our philosophy is that businesses and individuals can further economically support this county by cycling their expenditures through local businesses.

### **How has the security industry changed since September 11, 2001?**

Prior to September 11, 2001, through our strategic planning, we predicted that security would begin to expand more into the technology side, with slightly diminishing physical security requirements. Following September 11, 2001, there has been a significant increase in technology security products such as access control, cameras, reporting and documentation software and monitoring systems. Physical security requirements maintained close to the same levels.

Training requirements for security officers were substantially enhanced. However, positive steps in state-mandated training requirements lacked the legislative teeth for enforcement. Efforts at the state level are still being pursued, but the fiscal climate makes progress in this area difficult. Another change in the security industry was the requirement for permanent, rather than temporary “guard cards.” Security officers are licensed through the Bureau of Security and Investigative Services within the Department of Consumer Affairs. This means that each security officer now had to receive clearances through the Federal Bureau of Investigation and California Department of Justice and issued a guard card before being permitted to work.

Brad Antonioni, Vice President of Trans-West, holds a regional seat that covers Kern County on the California Association of Licensed Security Agencies, Guards and Associates, which is a professional organization commit

ted to supporting positive efforts that professionalize and improve the training and compliance standards for the industry. This is one reason why California contract private security standards are the highest in the nation for licensing, training, and background checks.

The most recent increase in the demand for security in Kern County is an unfortunate result of the economic conditions. Criminal activities such as theft, destruction of property, and workplace violence have made it incumbent upon employers, property owners, and property managers to maintain significantly higher levels of security. Businesses are also facing an increasing threat from those after intelligence, which makes electronic security, access control and physical security extremely important.

### **How do you determine between more trained security officers and improved security technology? What is the optimal mix?**

Improved technology, whether it is through cameras and access control, continues to provide more effective security options. However, the personal security officer is still an integral part of the picture, serving as the human deterrent factor, the eyes of observation, and the recorder of details and for their geographical patrol effectiveness. Therefore, one area is not more important than the other. In almost all cases of our work, there is a mix and not just one is the applicable solution. For example, gate access control through technology can be very effective, but in many cases it would have to be supplemented with physical security presence. The physical security also now incorporates a combination of both safety and security services.

Most current security models incorporate a combination of both and are based on the individual nuances of the security requirements of each customer. That being said, in order for private security to remain a component in the mix, safety, training and reporting standards have had to be substantially enhanced.



## BUSINESS EDUCATION

# THE UNITED STATES CENSUS AND COMMUNITY PLANNING

CRAIG W. KELSEY

DEAN, EXTENDED UNIVERSITY DIVISION  
PROFESSOR OF PUBLIC POLICY AND ADMINISTRATION, CSUB



Every ten years, the United States Census Bureau conducts a headcount of the American population. Authority for this census (Latin for count) is established in the U.S. Constitution (Article 1, Section 2) and requires this process to ensure an accurate registration of the American populace. The first census of the United States occurred in 1790 where four million individuals were identified. This year, the Census Bureau estimates that about 300 million individuals will be identified within 120 million households. The census projects that sometime during the 2010 year that America will reach 310 million individuals.

The census is conducted through a mail survey asking residents of that address to respond to ten questions regarding the (1) number of residents at the current time, (2) number of past residents, (3) type of residency, (4) telephone number, (5) names of residents, (6) gender, (7) current age and birth date, (8 and 9) ethnicity, and (10) other locations of residency. In addition to this basic census, a random sample of addresses also receive the American Community Survey that inquires about residents' education, housing, employment, military service, income, and other more detailed questions. A certain percent of the recipients of the basic census form and the more detailed survey are contacted by phone or in person to ensure follow up and quality of responses.

The primary purpose of the census is to ensure fair representation of citizens through the number of members of the U.S. House of Representatives that serve that population district. Another significant value of this headcount is to fairly distribute federal resources to local communities in which the distribution is population formula based. Additional values of the census data is that community planners have up-to-date critical insights into the current population and how to better understand the dynamics of their community.

The following is offered as a way to more effectively use this census data. Go to [www.census.gov](http://www.census.gov) and click on the sidebar link entitled American Fact Finder. Enter a zip code, city, county or state.

### Demographic Estimates:

This section of the census data presents the total population for the entry (for example, Bakersfield, CA) and also displays the number and percent of the population by gender, median age, and race. In addition, if a user clicks on the "show more" button, those same demographic factors are presented but with much more detail. For example, the population is broken down by each age category (such as 10 to 14 or 65 to 74, etc.). The entry also presents the number and percent of the population by 48 different ethnic categories. The gender is presented by a few age categories.

### Social Characteristics:

This section describes a number of specific characteristics about the entry such as average household size, education levels, marital status, civilian/veterans, and primary language spoken in the home. There is also a "show more" link that goes into even more detail on these factors such as fertility rates meaning birth by age, grandparent status including where they live, school enrollment by type and attainment level, disability status, citizenship rates by number and percent of population, and ancestry from 27 different backgrounds.

### Economic Characteristics:

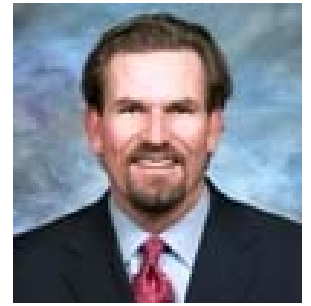
This section of the data provides information concerning the labor force, work travel time, household/family/per capita income, and poverty levels for the community under investigation. There is a "show more" link that reveals additional information on these key areas such as employment status by age and by type of work, gender in the work force, and civilian versus military status, work status by occupational category, industry, and income by differing categories. Many of these factors are broken down by family, by household, and by individual.

### Housing Characteristics:

This last main section of the census data details the population by the type of housing. The "show more" click provides data on occupancy rates versus vacancies, type of housing structures such as homes versus apartments,

*(Continued on page 13)*

# THE PORTS OF LOS ANGELES AND LONG BEACH MATTER TO BAKERSFIELD



**WAYNE KRESS**

SENIOR | FIRST VICE PRESIDENT | INDUSTRIAL PROPERTIES |  
CBRE

**H**ealthy Los Angeles and Long Beach ports are good for Bakersfield industrial real estate, and healthy industrial real estate is good for jobs. *Why?* As trade volumes increase, demand for warehousing increases. And the demand for warehouse space radiates out from the ports. This radius has periodically included Bakersfield. During the boom business cycle of the mid-1990s and the mid-2000s, the supply of warehouse space in the Los Angeles basin fills up, and the pace of building new space accelerates, generally in an eastward direction (the only area of the Los Angeles basin with land left for development: Ontario and Riverside). The farther east it goes, the less attractive it becomes for some users who are more interested in distributing their goods beyond the Los Angeles basin. That is why Bakersfield can make sense.

Just before the 1991 recession, Philips Lighting and Square D consolidated warehouses they operated in So-Cal and NorCal into Bakersfield. This was also when Sears made their decision to open a major distribution center in Delano, 30 miles north of Bakersfield, to cover the western USA. Others also expanded from the Midwest straight to Bakersfield (Hillman Fastener, Step2, Harvel Plastics). This culminated in 2000—just before the recession that started in spring 2001—with IKEA deciding to build a western USA distribution center at Tejon Industrial Complex on 100 acres. At the time, IKEA had scoured the Los Angeles basin for two years, looking for a suitable 100-acre site...and couldn't find one.



Growth didn't resume here until 2003, when Target built a major distribution center at the International Trade & Transportation Center in Shafter on 132 acres; Daisytek, Oneida, and Famous Footwear opened its distribution center at Tejon Industrial Complex; and Formica, AmPac Tires, and Hercules Tire all opened distribution centers in Bakersfield. Meanwhile, Sears and IKEA, and even Target expanded their distribution centers. Then growth stopped again during the current recession, which appeared to be ending last fall.

*So when world trade volumes improve, it is good news for Bakersfield.* That is why I smiled when I read the latest edition of the Los Angeles Economic Development Corporation's newsletter last week. It reported that:

- World trade volumes increased 25% in first quarter of 2010 over first quarter of 2009.
- Exports increased by 27.0%
- Imports climbed by 24.0%
- Asian demand is the key factor (China and India lead the global economic recovery)
- Export growth was highest for The Russian Federation (62%) and the Commonwealth of Independent States (54%)
- Import growth was highest for China (65%) and India (55%)
- U.S. trade volumes rose 21.0%
- Trade volumes rose 45% in China, South Korea, Taiwan, Malaysia, and Singapore (all top trading partners with Los Angeles-Long Beach ports)

The ports of Los Angeles and Long Beach move about 40% of the nation's imported containers. When trade improves, so does the number of logistics-related jobs — the steadiest source for good blue-collar wages in Southern California. Maybe this explains why the Inland Empire distribution market, among the largest in the world, has absorbed as much space in the first half of 2010 as they did in all of 2009. When these distribution centers fill up, Bakersfield-based warehouse space becomes viable.



# THE UNITED STATES AND RUSSIA TRADE RELATIONS

ANASTASIYA SKRIPNIK

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If one types “United States-Russia relations” in a search window of an international informational source, like CNN or BBC, the most popular materials found would be publications about nuclear arms reduction and non-proliferation, missile defense shield systems, the war on terror, and NATO enlargement. These topics are the key areas of interest between the two countries. Immediately, a stream of questions comes to my mind, such as “What about economic relations between the United States (US) and the Russian Federation (RF)?” Upon further exploration of the news, I was encouraged to discover that in a recent meeting, President Medvedev and President Obama called for the enhancement of economic cooperation between their countries. They agreed that improved economic relations would result in a greater flow of commodity trade and financial exchange for both countries. They agreed that a more beneficial US-RF economic partnership would require development of open markets and stable foreign exchange rates.

According to World Trade Organization (WTO) principles, international trade presupposes openness of national boundaries to foreign investment. However, there are serious barriers to the enhancement of US-RF trade relations. For example, the energy sector of the Russian economy, one of the country’s strategically important industries, has erected a tall fence against foreign investment. Likewise, the RF’s export of natural gas to the US is limited because of the lack of pipelines connecting the two countries. In addition, legislative and administrative

regulations in Russia complicate trade relations because of poor sanitary measures, strong protectionist policy, and violation of intellectual property rights. Moreover, a volatile business climate, widespread corruption, and inadequate infrastructure deter American investors to rely on Russians as business partners.

According to John Beyrle, the US Ambassador to the RF, trade relations between the two countries can and must significantly increase. Still, trade relations between the two countries are limited and imbalanced. The main items in US exports to the RF are nuclear reactors, boilers, and machinery (27 percent), meat and meat products (19 percent), and motor vehicles (14 percent). The major items in US imports from the RF include mineral fuels (47 percent), aluminum (10 percent), inorganic chemicals (9 percent), and iron and steel (7 percent). Such a composition of tradable products, including exportation of finished commodities and importation of natural resources, demonstrates US superiority in its bilateral trade with the RF.

In the first quarter of 2010, the deficit totaled \$5.3 billion. The US-RF trade deficit has ballooned from \$5.6 billion in 2000 to \$12.9 billion in 2009 and potentially to \$14.3 billion in 2010. This growing trade deficit is the result of a pattern of unbalanced growth. Since 2000, US exports to the RF have increased 15 percent per year, where US imports from the RF have grown at an annual rate of 17 percent.

Bilateral trade relations between the US and the RF are expected to improve in the near future. In June 2008, Russia announced a plan to join the WTO as a custom union with Belarus and Kazakhstan. Also, RF has decided to closely follow its policy priorities adopted in 2003 to improve the investment climate, better integrate into the global economy, reform the state administration and civil services, and protect intellectual property

*(Continued on page 11)*





rights. Stronger growth forecasted for the RF (4.3 percent) and the US (3.3 percent) in 2010 could help improve the balance of trade between the two countries.

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 Ministry of Foreign Affairs in Russia, [www.mid.ru](http://www.mid.ru)  
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 U.S. Census Bureau, Foreign Trade Statistics, <http://www.census.gov/foreign-trade/balance/c5700.html>  
 World Trade Organization, [www.wto.org](http://www.wto.org)

United States Trade Account with Russia			
Year	Exports	Imports	Deficit
2000	2,093	7,659	-5,566
2001	2,716	6,264	-3,548
2002	2,397	6,870	-4,473
2003	2,447	8,618	-6,171
2004	2,961	11,891	-8,930
2005	3,962	15,307	-11,345
2006	4,700	19,828	-15,128
2007	7,283	19,314	-12,031
2008	9,335	26,783	-17,448
2009	5,332	18,200	-12,868
2010	4,550	18,850	-14,300
Notes: All figures are in millions of U.S. dollars on a nominal basis. 2010 figures are forecasts based on the first quarter actual data.			

**Econ Brief!**

**United States–China Trade Deficit**

The United States runs a large deficit with its biggest trading partner, China. For years, China pegged its currency, the yuan, to the dollars at a high rate of 8.27. Under-valued yuan made Chinese-made goods less expensive to American consumers and American-made goods more expensive to Chinese consumers. As a result, the U.S. trade deficit with China more than doubled from \$68.7 billion in 1999 to \$162.3 billion in 2004. In August 2005, China allowed the yuan to slowly appreciate against the dollar.

Under pressure from the U.S. government, the Chinese “managed” the yuan to float against the dollar in 2008. As a result, the yuan -to-dollar exchange rate fell from 8.278 to 6.948. Such appreciation seemed negligible as the U.S. trade deficit continuously climbed to \$268.0 billion. However, further appreciation of the yuan helped the deficit to shrink 15.3 percent to \$226.9 billion in 2009. Continued appreciation of the yuan to 6.825 through the second quarter of 2010 is expected to reduce the deficit to \$213.0 billion.

The U.S. Treasury Secretary, Timothy F. Geithner, believes that the yuan is still under-valued. Wang Qing, a Hong Kong-based economist at Morgan Stanley, observes that the mounting U.S. trade deficit points to the need for Chinese authorities to allow continued appreciation of the yuan against the dollar, and eventually let the market determine the exchange rate. He estimates that the yuan will gain 4 percent by the end of this year and 6 percent next year.

Source:

[www.google.com](http://www.google.com), July 12, 2010

U.S. Census Bureau, Foreign Trade Statistics, <http://www.census.gov/foreign-trade/balance/c5700.html>

## BOOK REVIEW

# STACY CARLSON, *YOU, ME, AND THE U.S. ECONOMY* (ROSETTA BOOKS, 2010)

REVIEWED BY MARK EVANS

ASSOCIATE DEAN AND ECONOMICS PROFESSOR , CSUB



CSUB Economics alumnus Stacy Carlson has a distinguished career. After a Stanford MBA and brief stint in Silicon Valley banking, Carlson went to Washington with Congressman Bill Thomas and rose to Staff Director for the Committee on House Administration at the U.S. House of Representatives. She served as the Western Region Political Director for the 2000 Bush for President Campaign and as Director for Governor Schwarzenegger's Washington, D.C. office.

This book, Ms. Carlson's first, recounts the period from May 2007 to January 2009 when she was speechwriter to Treasury Secretary Henry Paulson and witnessed firsthand the effort to beat back a total meltdown of the financial system. The book's purpose is to provide for "Main Street" a concise, intelligible account of the causes of the financial crisis and the policies undertaken in response to the crisis.

The book's structure is loosely chronological. Asides are interspersed to explain the financial innovations, events, and economic policies that are integral to understanding what happened and why. A glossary compiles this "alphabet soup" of terms for easy reference. Also interspersed are insights regarding the daily routine of political speechwriters and reflections providing a humorous, yet somewhat melancholy glimpse of the "personal fallout" as our "best and brightest" pay a price to pursue high pressure careers serving high profile leaders.

While Carlson has worked in the rough and tumble world of partisan politics, she describes herself as a *thinking* Republican. This is an accurate self-assessment and something I have enjoyed about Stacy ever since reading her undergraduate senior paper years ago. Repeating two themes I seem to recall from this earlier paper on the classical economists, she distinguishes between greed and Adam Smith's vision of self-interest, which is constrained by empathy and ethics. And, she grants the need for regulation, while insisting that it be intelligent regulation. Stacy singles out Democrats as well as Republicans with intellect and dedication. For example, Presidents Bush and Obama, Governor

Schwarzenegger, and Barney Frank all have been subjected to considerable partisan abuse. Carlson makes positive comments about all four. She grants there are demagogues on both sides of the aisle who do nothing but "grandstand" at Congressional hearings and worse, get in the way. It is not difficult to read between the lines and discern who she thinks a few of them were!



The reader of this book will painlessly improve his or her understanding of how all the major pieces of the puzzle fit together -- creation and evolution of Government Sponsored Enterprises (e.g., Fannie Mae, Freddie Mac, Ginnie Mae), mortgage-based securities, collateralized debt obligations, credit default swaps, underwriting standards, credit rating agencies, foreclosure, systemic risk, the credit freeze, deleveraging, the Federal Reserve's discount window, statutory constraints in dealing with investment bank failures, TARP, the stimulus bill, the Term Auction Facility, Bear Stearns, Lehman Brothers, AIG, recession, jobless recovery, etc.

Additionally, the book provides perspective on the ultimate challenge facing a political speechwriter -- to educate the electorate in "real time" regarding a complex issue that precipitates a crisis and requires an immediate responses.

Carlson recounts Henry Paulson being asked during one of his final interviews how he thought history would treat his tenure. Paulson replied, "History will have to figure that out. All I know is I did my very best." I believe Paulson, Bernanke, et al. did well under incredibly trying circumstances. It could have been much worse. I recommend Bakersfield native Stacy Carlson's first-hand account in support of this conclusion.

specifics of the structure (number/type of rooms), vehicles at the household, housing values, and cost rates. Other data sets include dates of occupancy, type of home heating, and occupants per room.

The community planner can access this website for free and, in addition to the data sets presented here, are many other sites that provide additional information such as

past population patterns as well as future projections. The data can be as specific as a zip code or as large as the country. The investigator can even create more specific data set zones such as combining several zip codes together. Each state also has a state population site that is likewise helpful.

For California, the website is [www.dof.ca.gov/research/demographics](http://www.dof.ca.gov/research/demographics)

*At a Glance (Continued from page 2)*

The composite price index (2009.2 = 100) of five locally traded stocks inclined 1.9 points from 104.4 to 106.3. Relative to four quarters ago, the composite price index of stocks for these firms edged up 4.4 points. Average stock prices rose for Chevron Corporation U.S., Wells Fargo Company, and Sierra Bancorp, but fell for Tejon Ranch Company and Granite Construction.



## Econ Brief!

### CEOs More Confident

The CEO members of the Vistage International expressed greater confidence that their firms are positioned to increase employment, revenues, and profits over the next twelve months. They said biggest challenge they face is to manage costs, expand credit, and retain cash flow. They also placed greater emphasis on offering new products and better services in order to keep and add customers.

The CEOs have become increasingly optimistic about profitability of their companies. For six consecutive quarters, the CEO Confidence Index has nearly doubled. It climbed from a record low of 48.7 in the fourth quarter of 2008 to 94.4 in the second quarter of 2010.

In the most recent survey, the CEOs were optimistic about all index components; expect the outlook of the national economy. Despite a weakening economy and risk of a double-dip recession, the CEOs expected their firms to make more revenues and profits and hire more workers.

According to Vistage International Chairman and CEO, Rafael Pastor, “CEOs of small to medium size companies have adjusted to the lean economy, are doing more with less, and have positioned their companies for success. Their continued confidence sends a strong message that small and medium sized businesses will be among those who will lead our overall economic recovery.”



Source: Vistage, Leading Chief Executive Organization, “Vistage CEO Confidence Index,” July 2010, <http://www.vistage.com/confidence-index.aspx>

# TRACKING KERN'S ECONOMY<sup>1</sup>

2010 SECOND QUARTER

**ABBAS P. GRAMMY**

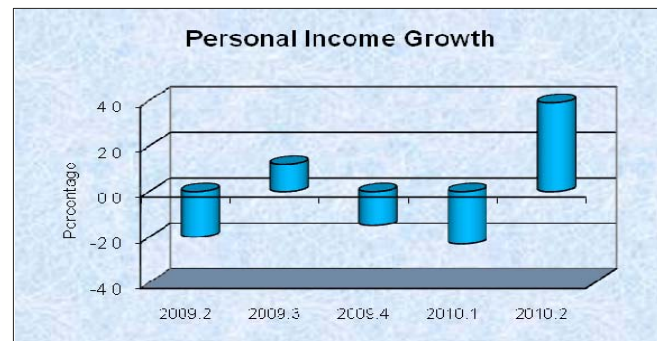
PROFESSOR OF ECONOMICS, CSUB

## Economy

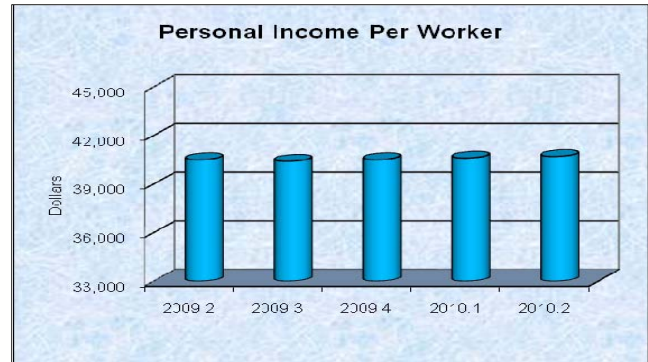
**Personal Income** - Kern County's total personal income (in constant 1996 dollars and adjusted for seasonal variations) increased \$151 million from \$15.24 billion in the first quarter to \$15.39 billion in the second quarter of 2010. Several factors contributed to this increase, including rising employment, falling payment for unemployment and entitlement benefits, higher housing sales and prices, greater business profits, and loss of residential property to foreclosure. This quarter's personal income was \$43 million more than that of four quarters ago.



**Growth of Personal Income** - The gain of \$151 million of personal income translated into an annualized growth rate of 3.9 percent in the second quarter of 2010. Kern's economy rebounded from a 2.3 percent decline last quarter and 2.0 contraction four quarters ago.



**Personal Income Per Worker** - Increased total personal income was partly offset by labor force growth. As a result, personal income per worker increased \$100 from \$40,600 in the first quarter to \$40,700 in the second quarter of 2010. Similarly, personal income per worker was \$200 more than that of 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 from 375,400 in the first quarter to 378,310 in the second quarter of 2010. However, 590 fewer workers were available for work relative to the second quarter of 2009.

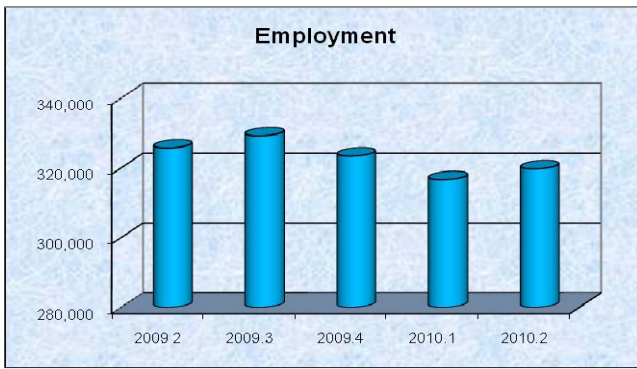


**Employment** - In the second quarter of 2010, Kern County's economy gained 3,110 jobs as total employment inclined from 316,600 to 319,710. However, the county employed 6,000 fewer workers this quarter relative to the second quarter of last year.

*(Continued on page 15)*

<sup>1</sup>Source - Online databases: [labormarketinfo.edd.ca.gov](http://labormarketinfo.edd.ca.gov), [bakersfieldgasprices.com](http://bakersfieldgasprices.com), [dqnews.com](http://dqnews.com), [economagic.com](http://economagic.com), [bea.gov](http://bea.gov), [bls.com](http://bls.com), [gpoaccess.gov](http://gpoaccess.gov), [dairy.nu](http://dairy.nu), [msn.com](http://msn.com), [census.gov](http://census.gov), [kerndata.com](http://kerndata.com), and [bry.com](http://bry.com)

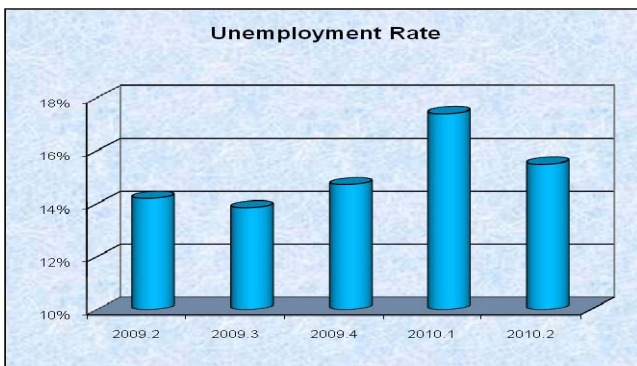




**Unemployment** - The number of jobless workers decreased by 6,700 as unemployment dropped from 65,300 in the first quarter to 58,600 in the second quarter of 2010. Nonetheless, 4,800 more workers were unemployed this quarter than four quarters ago.



**Unemployment Rate** The rate of unemployment declined 1.9 percent from 17.4 in the first quarter to 15.5 in the second quarter of 2010. Relative to four quarters ago, this quarter's unemployment rate was 1.3 percent higher.

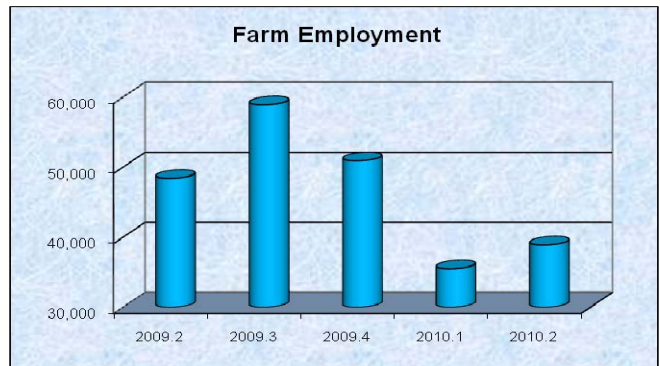


The rate of unemployment varied considerably across cities. Among cities shown below, the unemployment rate ranged between 9.3 percent in Ridgecrest and 39.2 percent in Arvin. In Bakersfield, the rate of unemployment was 11.3 percent.

Unemployment Rate of Cities			
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
Ridgecrest	9.3	Mojave	17.8
Tehachapi	10.2	Lake Isabella	18.8
Bakersfield	11.3	Shafter	27.5
California City	12.7	Lamont	27.6
Rosamond	13.3	Wasco	28.6
Frazier Park	14.0	McFarland	31.7
Taft	15.7	Delano	37.9
Oildale	16.8	Arvin	39.2

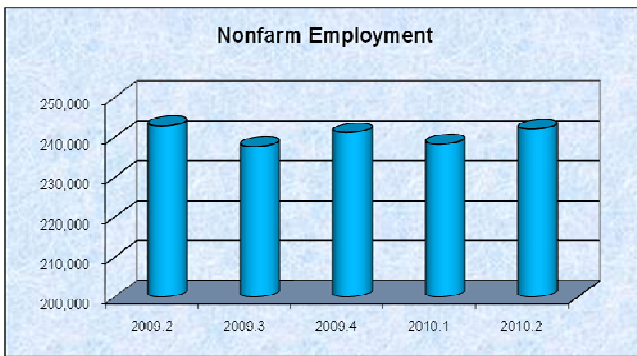
Note: City-level data are not adjusted for seasonality and "informal" market workers.

**Farm Employment** - In the second quarter of 2010, Kern County employed 3,400 more farm workers. Farm employment increased from 35,500 to 38,900. However, the county's farm employment this quarter was 9,500 less than that of four quarters ago.

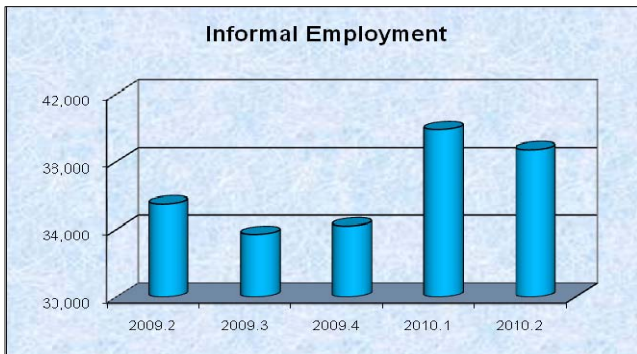


**Nonfarm Employment** - Kern County added 3,800 jobs in the market for nonfarm labor. The number of jobs in this market increased from 238,300 in the first quarter to 242,100 in the second quarter of 2010. On the contrary, nonfarm industries employed 800 fewer workers this quarter than four quarters ago.

A wide range of industries added jobs this quarter: oil and gas extraction, manufacturing, wholesale trade, professional and business services, health care and social services, leisure and hospitality, transportation, warehousing and utilities, federal government, state government, and local government (public education; city and county agencies). In contrast, several industries reduced employment: construction, retail trade, and real estate and rental and leasing.



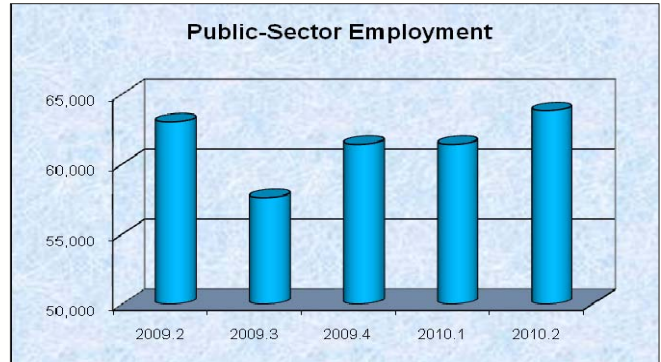
**Informal Employment** - Informal employment is the difference between total employment and industry employment. It accounts for self-employed workers and those who work outside their county of residence. In the second quarter of 2010, the number of workers employed in this market decreased from 39,910 to 38,710. In contrast, the informal labor market offered 3,200 more jobs this quarter relative to the first quarter of last year.



**Private-sector Employment** - Nonfarm employment is comprised of private-sector employment and public-sector employment. In the second quarter of 2010, private companies added 1,500 jobs as their employment increased from 176,800 to 178,300. However, the private sector offered 1,600 fewer jobs this quarter than four quarters ago.



**Public-sector Employment** - 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 second quarter of 2010, employment in government agencies increased from 61,400 to 63,800. Likewise, the public sector employed 800 more workers this quarter relative to four quarters ago.



### Housing Market

**Housing Price** - In the second quarter of 2010, Kern County's housing market conditions improved. The median sales price for all residential units appreciated \$6,100 (or 4.7 percent) from \$130,500 to \$136,600. Similarly, the county's median housing price was \$9,500 (or 7.5 percent) higher than that of four quarters ago.



In Bakersfield, the median housing price appreciated \$4,200 (or 3.1 percent) from \$136,800 to \$141,000. Likewise, the city's median housing price was \$12,200 (or 9.5 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, Ridgecrest, Taft, and Tehachapi. Rosamond recorded sizable price depreciation.



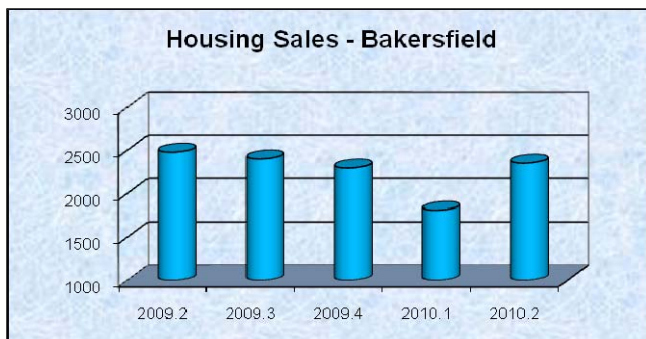


Location	Median Price 2010.1	Median Price 2010.2	Price Change 2009.1-2010.2	Price Change 2009.1-2010.2
Kern County	\$130,500	\$136,600	\$6,100	4.7%
Bakersfield	\$136,800	\$141,000	\$4,200	3.1%
California City	\$62,900	\$71,500	8,600	13.7%
Delano	\$112,300	\$128,500	\$16,200	14.4%
Ridgecrest	\$144,700	\$160,000	\$15,300	10.6%
Rosamond	\$122,200	\$118,000	-\$4,200	-3.4%
Taft	\$58,800	\$64,300	\$5,500	9.4%
Tehachapi	\$172,100	\$174,700	\$2,600	1.5%

**Housing Sales** - In Kern County, 748 more homes were sold as total sales increased from 2,512 in the first quarter to 3,260 in the second quarter of 2010. However, 134 fewer units were sold this quarter relative to the second quarter of last year.



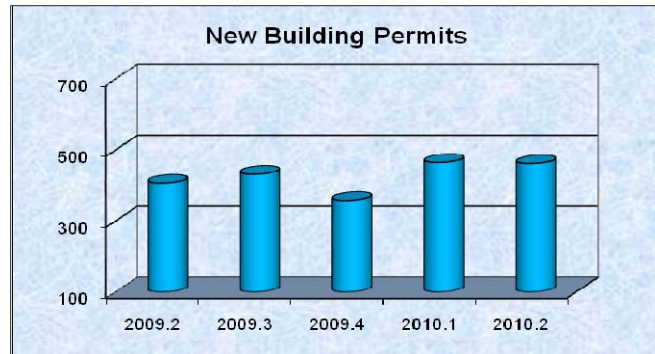
In Bakersfield, 542 more homes were sold as sales of residential units rose from 1,809 in the first quarter to 2,351 in the second quarter of 2010. Still, sales were down by 127 units this quarter relative to the second quarter of last year.



**Median Housing Price per Square Foot** - The median sales price per square foot of housing area inclined \$1 from \$97 in the first quarter to \$98 in the second quarter of 2010. Likewise, the median housing price per square foot has gone up \$2 since the second quarter of last year.



**New Building Permits** - In the second quarter of 2010, the number of building permits issued for the construction of new privately-owned dwelling units decreased by 3 from 465 to 462. However, 55 more building permits were issued this quarter relative to four quarters ago.



**Mortgage Interest Rate** - In the second quarter of 2010, the interest rate of thirty-year conventional mortgage loans decreased from 4.99 to 4.91 percent. Likewise, the mortgage loan interest rate was 0.08 percent lower than that of the second quarter of last year.



**Housing Foreclosure Activity** - In the second quarter of 2010, the county's foreclosure activity slowed from 2,331 to 2,008. As a result, 323 (or 13.9 percent) fewer

homeowners received notices of loan default from their mortgage bankers. Likewise, the number of default notices has gone down by 1,620 (or 44.7 percent) since the second quarter of last year.



Nearly 90 percent of homeowners receiving default notices lost their homes to foreclosure. The number of homes lost to foreclosure inclined from 1,536 in the first quarter to 1,802 in the second quarter of 2010. As a result, 266 (or 17.3 percent) more homes were lost to foreclosure. However, 111 fewer homes were lost to foreclosure relative to the second quarter of 2009.



**Housing Affordability** - Median housing prices divided by median household income is a measure of housing affordability. The affordability indicator fell from 28.0 percent in the first quarter to 27.1 percent in the second quarter of 2010. Likewise, the housing affordability indicator was 1.2 percent lower this quarter than four quarters ago.

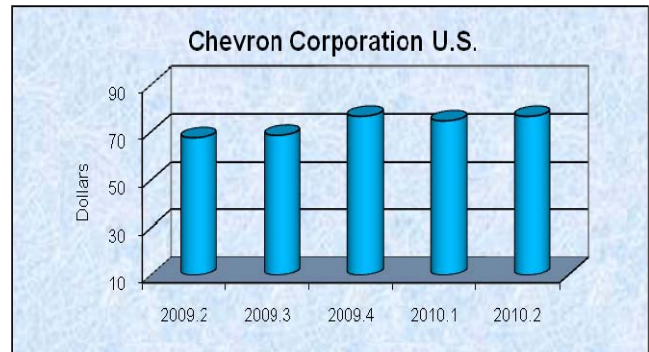


**Stock Market**

In the second quarter of 2010, the composite price index (2009.2 = 100) of five locally traded stocks inclined 1.9 points from 104.4 to 106.3. The index was 6.3 points higher than that of four quarters ago. Average “close” prices are measured for five local market-movers: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.



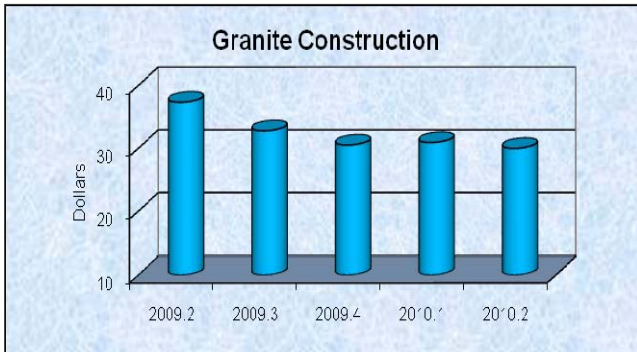
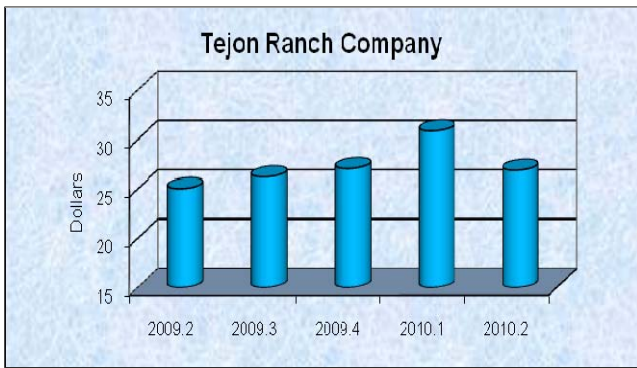
**Chevron Corporation US - CVX** gained \$1.90 (or 2.5 percent) per share as its price rose from \$74.66 in the first quarter to \$76.56 in the second quarter of 2010. Likewise, CVX has made \$9.08 (or 13.5 percent) since the second quarter of 2009.



**Tejon Ranch Company - TRC** lost \$3.98 (or 12.9 percent) per share as its stock price fell from \$30.87 in the first quarter to \$26.89 in the second quarter of 2010. However, TRC was up \$1.86 (or 7.4 percent) relative to the second quarter of 2009.

**Granite Construction - GVA** lost 94¢ (or 3.0 percent) per share in the second quarter of 2010 as its stock price decreased from \$30.91 to \$29.97 per share. Similarly, GVA has gone down \$7.35 (or 19.7 percent) since the second quarter of 2009.

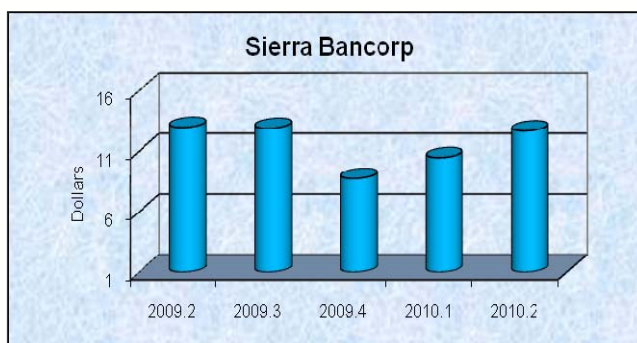




**Wells Fargo Company** - WFC gained \$1.79 (or 6.3 percent) per share as its stock price rose from \$28.59 in the first quarter to \$30.38 in the second quarter of 2010. Relative to one year ago, WFC has gone up \$7.42 (or 32.3 percent).



**Sierra Bancorp** - BSRR gained \$2.21 (or 21.1 percent) per share as its price climbed from \$10.46 in the first quarter to \$12.67 in the second quarter of 2010. Nevertheless, BSRR has gone down 29¢ (or 2.2 percent) since the second quarter of 2009.

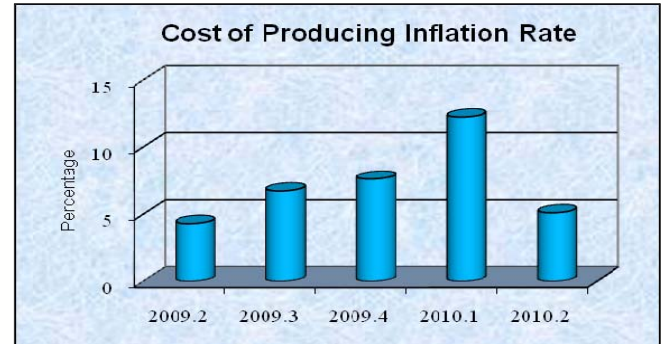


**Inflation**

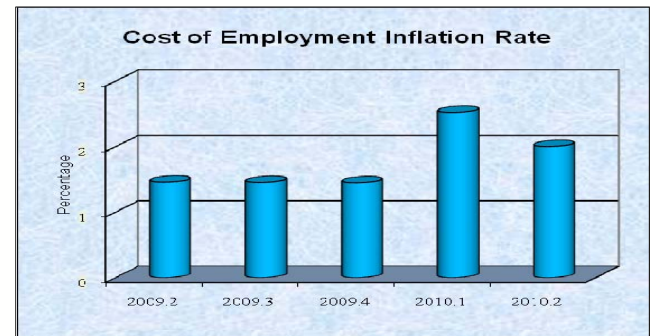
**Cost of Living** - The Consumer Price Index for all urban areas (1982-84 = 100) declined from 217.6 in the first quarter to 217.2 in the second quarter of 2010. As a result, inflation for the cost of living decelerated at an annual rate of 0.7 percent. The cost of living inflation rate was 1.5 percent in the first quarter of this year and 1.3 percent in the second quarter of last year.



**Cost of Producing** - The Producer Price Index for all commodities (1996 =100) climbed from 182.0 in the first quarter to 184.4 in the second quarter of 2010. The inflation rate for cost of producing accelerated at an annual rate of 5.1 percent. The cost of producing inflation rate was 12.2 percent in the first quarter of this year and 4.3 percent in the second quarter of last year.



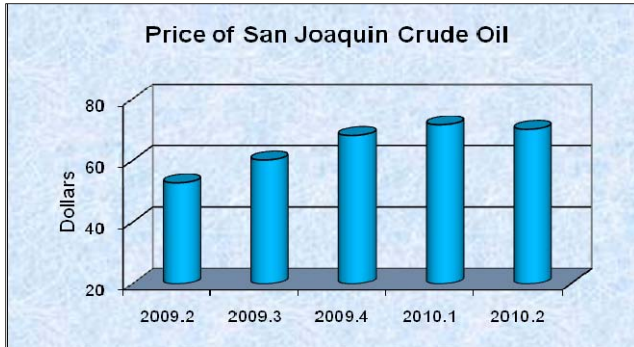
**Cost of Employment** - The Cost of Employment Index (December 2005 = 100) increased from 111.8 in the first quarter to 112.4 in the second quarter of 2010. The cost of employment accelerated at an annual rate of 2.0 percent, 0.5 percent lower than that of the previous quarter, but 0.5 percent higher than that of four quarters ago.



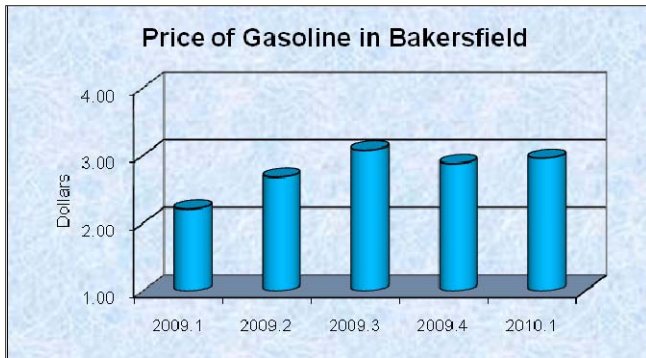
(Continued on page 20)

**Commodity Prices**

**Price of Oil** - The average price of San Joaquin Valley heavy crude decreased \$1.43 (or 2.0 percent) per barrel from \$71.57 in the first quarter to \$70.14 in the second quarter of 2010. However, the average price of crude oil was up \$17.44 (or 33.1 percent) per barrel relative to the second quarter of 2009.



**Price of Gasoline** - In the Bakersfield metropolitan area, the average retail price of unleaded gasoline rose 8¢ (or 2.7 percent) per gallon from \$2.96 in the first quarter to \$3.04 in the second quarter of 2010. Compared with the second quarter of last year, the average gasoline price was up 36¢ (or 13.4 percent).



**Price of Milk** - The average price of California’s Class III milk decreased 54¢ (or 3.9 percent) per cwt from \$13.85 in the first quarter to \$13.31 in the second quarter of 2010. However, the unit price of milk has gone up \$3.65 (or 35.8 percent) since the second quarter of 2009.



**Farm Prices** - In the second quarter of 2010, the national Index of Prices Received by Farmers for all farm products (1990-92 = 100) climbed 1 point to arrive at 139. Likewise, the index was 8 points higher than that of four quarters ago.



The national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents dropped 1 point to reach 183. However, the index value was 5 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 second quarter of 2010, the Index of Farm Price Parity increased to 76 from 75. Likewise, the gap between prices farmers paid and prices farmers received widened 2 points since the second quarter of 2009.





## Econ Brief!

### Kern's Ten-Year Job Growth the Highest

Among the nation's 100 largest metropolitan areas, Kern County had the second highest rate of private-sector job growth over the past ten years, according to data released by the U.S. Bureau of Labor Statistics. Between May 2000 and May 2010, Kern County's private sector jobs increased 15.9 percent. McAllen-Edinburg, Texas, had the highest rate of 41.6 percent.

Led by Kern County, five other areas also showed ten-year private-sector job gains among the largest California metropolitan areas. They are, with the rate of gain and national ranking:

- Kern County: 15.9% (2<sup>nd</sup>)
- Riverside-San Bernardino: 10.5% (7<sup>th</sup>)
- Fresno: 5.5% (21<sup>st</sup>)
- Stockton: 3.0% (27<sup>th</sup>)
- San Diego: 1.1% (41<sup>st</sup>)
- Modesto: 1.0% (42<sup>nd</sup>)

All other California metropolitan areas showed private-sector job losses over the past ten years. In terms of the number of new jobs, Kern County ranked 13<sup>th</sup> in the nation with 22,500 more private-sector jobs than ten years prior. While the data show private-sector employment growth over a ten-year period, figures since 2007 show job losses each year.

Data Source: The U.S. Bureau of Labor Statistics  
Excerpted from *Business First*, June 30, 2010  
Summarized by David Lyman  
City of Bakersfield  
Economic & Community Development Department

## Econ Brief!

### World Economic Growth, 2010

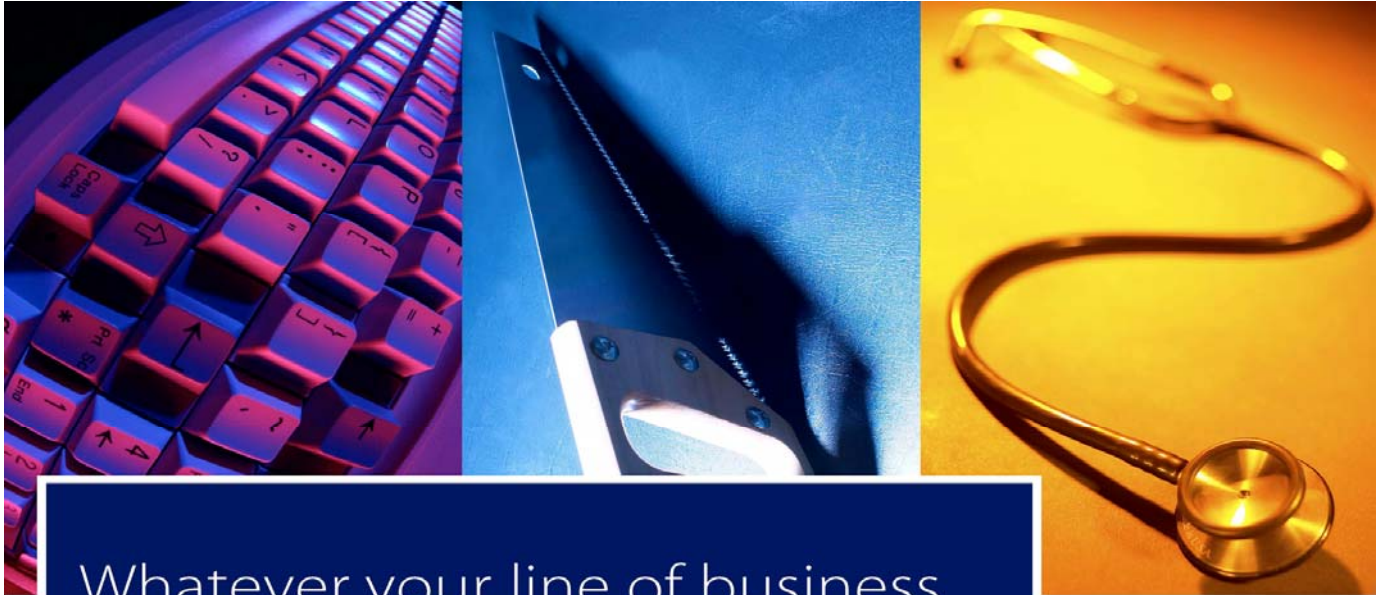
The International Monetary Fund (IMF) predicts a stronger-than-expected world economic growth, while warning that the recent financial market turmoil has increased the risk of recovery. The IMF predicts that the world economy will expand 4.6 percent in 2010 and 4.3 percent in 2011.

Canada, the United States, and Japan are the fastest growing advanced economies, recovering from the worst recession since World War II. However, dismal growth is expected to continue in Germany, France, Italy, and Spain. Among emerging economies, rapid expansion in China, India, Brazil, Mexico, and Russia is expected to fuel global recovery.

The IMF warns that global economic recovery is contingent upon the stability of financial markets, improved household and business confidence, low interest rates, deficit-and-debt reduction policies, and sustainability of fiscal measures.

Source: Sandrine Rastello, [www.bloomberg.net](http://www.bloomberg.net), July 8, 2010

Economic Growth Forecasts (%)		
	2010	2011
<b>World</b>	<b>4.6</b>	<b>4.3</b>
China	10.5	9.6
India	9.4	8.4
Brazil	7.1	4.2
Mexico	4.5	4.4
Russia	4.3	4.1
Canada	3.6	2.8
<b>United States</b>	<b>3.3</b>	<b>2.4</b>
Japan	2.4	1.8
Germany	1.4	1.6
France	1.4	1.6
Italy	0.9	1.1
Spain	-0.4	0.6



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