

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD
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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Bakersfield, A Top Ten City to Invest in Rentals

David Lyman

Manager, Convention and Visitors Bureau

Bakersfield is the only California market included among the fourth quarter "Top Ten Best Markets to Invest in Rental Property" released today.

The "Best Markets" ranking, which is updated quarterly, is the only regularly researched, reliable national ranking of the expected future performance of homes maintained as rental properties. Bakersfield ranks number 7.

The quarterly list is compiled by Local Market Monitor and reviewed by HomeVestors of America, Inc. It ranks 100 national markets based on the expected future relative returns of single family homes that are purchased as rental property. The rankings also serve as a guide for investors in determining how much to pay for rental property.

"Where the local economy is still struggling, investors must take a long-term view for any real estate investment. Our top-ranked cities have the potential to generate higher returns, but that will depend, in part, on how quickly the local economies recover. Las Vegas and Detroit could still take some time to realize their potential; markets like Bakersfield, Boise, Phoenix and Dallas, which are all in the fourth quarter's top 20, have higher job growth rates and may be better opportunities in the short-term," the study concluded.

The Top ten markets to invest in rental property are:

1. Las Vegas, Nevada
2. Daytona Beach, Florida
3. Detroit, Michigan
4. Orlando, Florida
5. Ft. Myers, Florida
6. Warren, Michigan
7. Bakersfield, California
8. Ft Lauderdale, Florida
9. Tampa, FL
10. Rochester, New York

Source:

PR Newswire, December 29, 2011

ECONOMY AT A GLANCE!

2011 FOURTH QUARTER

ABBAS P. GRAMMY

PROFESSOR OF ECONOMICS, CSUB

National Economy

Real Gross Domestic Product (GDP) increased at an annual rate of 2.8 percent in the fourth quarter from 1.8 percent in the third quarter of 2011, according to the "advance" estimate released by the Bureau of Economic Analysis. The increase in the GDP in the fourth quarter reflected positive contributions from personal consumption expenditures, exports, residential fixed investment, nonresidential fixed investment, and private inventory investment. These positive effects were partly offset by negative contributions from federal government spending, state and local government spending, and imports.

The Conference Board's Index of Leading Economic Indicators – a measure of future economic activity – ascended 2.1 points to reach 118.4.¹ This modest increase in the composite indicator points to improved economic activity. Likewise, the University of Michigan's Consumer Sentiment Index improved 3.0 points to arrive at 71.3.

State Economy

In California, the unemployment rate fell from 12.0 to 11.4 percent. Among the counties, San Francisco (7.8 percent), Orange (8.1 percent), San Luis Obispo (9.0 percent), San Diego (9.3 percent), Santa Clara (9.1 percent), and Sacramento (11.2 percent) had unemployment rates below the state average. However, Los Angeles (11.6 percent), Riverside (13.0 percent), and Fresno (15.9 percent) had unemployment rates above the state average.

The state's civilian labor force grew by 148,000 and total employment increased by 245,200. Meanwhile, 97,200 fewer workers were unemployed. Nonfarm industries were responsible for 90,900 more jobs and farming enterprises added 4,700 jobs. A wide range of industries added jobs: construction, retail trade, transportation, warehousing and utilities, finance and insurance, educational services, health-care and social assistance, leisure and hospitality, state government, and local governments. Meanwhile, several industries reduced employment: manufacturing, wholesale trade, real estate and rental and leasing, and federal government.

Local Economy

In Kern County, households turned optimistic about employment and financial conditions of their families and

relatives as the *Consumer Sentiment Index* climbed from 75 to 102. Likewise, businesses turned optimistic about employment and economic conditions as the *Business Outlook Index* improved from 97 to 113.

In the meantime, the county's economy expanded at an annual rate of 2.5 percent. Kern's economy generated \$15.6 billion in real personal income, \$98 million more than the previous quarter. Rising total personal income coupled with a shrinking labor force resulted in an increase in personal income per worker from \$40,150 to \$40,500.

Labor market conditions improved in the fourth quarter of this year. Total employment increased by 1,940, which consisted of 8,700 fewer farm jobs, 6,500 more nonfarm jobs 4,140 additional informal jobs. Private enterprises added 1,900 jobs and government agencies added 4,600 paid positions

The rate of unemployment dropped from 14.0 to 13.3 percent as 2,770 fewer workers were unemployed. While below the county average, the rate of unemployment averaged 9.7 percent in Bakersfield, 10.8 percent in California City, 7.4 percent in Ridgecrest, and 8.9 percent in Tehachapi.

Yet, housing market conditions deteriorated. The county's median sales price for all residential units depreciated \$3,300 (or 2.6 percent) from \$126,500 to \$123,200. In Bakersfield, the median housing price depreciated \$4,300 (or 3.2 percent) from \$133,500 to \$129,200. In Kern County, 136 fewer homes were sold as total sales decreased from 3,060 to 2,924. In Bakersfield, 193 fewer homes were sold as sales of residential units declined from 2,232 to 2,039. The number of building permits issued for the construction of new privately-owned dwelling units increased from 304 to 454. The housing affordability indicator improved from 30.0 to 31.1 percent.

The county's foreclosure activity slowed from 1,989 to 1,562. As a result, 427 fewer homeowners received notices of loan default from their mortgage bankers. Similarly, the number of homes lost to foreclosure decreased from 1,264 to 1,013. As a result, 251 fewer homes were lost to foreclosure.

(Continued on page 12)

¹The Conference Board has recently revised the composition of this indicator, which resulted in a new value of 94.0 for the fourth quarter of 2011.

RENEWED BUSINESS OPTIMISM IN KERN COUNTY

ABBAS P. GRAMMY

PROFESSOR OF ECONOMICS, CSUB



Results of the Business Outlook Survey indicate that Kern County business managers have become optimistic about local employment and business conditions. In the fourth quarter (October through December) of 2011, the *Business Outlook Index* climbed 16 points from 97 to 113. Relative to four quarters ago, the index was up 5 points.

This renewed optimism becomes evident when we compared the survey data of this quarter with those of the previous quarter. We observed that the percentage of positive responses improved from 24 to 31, while the percentage of negative responses declined from 27 to 18.

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* rose to 112 from 96 and the *Future Conditions Index* jumped to 114 from 98.

Employment Outlook:

Fifty-four percent of interviewees reported that the number of jobs in their companies stayed constant this quarter. However, 27 percent said more jobs were available

in their companies and 19 percent reported reduced employment.

Likewise, 59 percent perceived that the number of jobs would stay constant next quarter, whereas 24 percent expected their companies to hire more workers. The remaining 17 percent anticipated a smaller workforce.

Financial Outlook:

Forty-eight of survey respondents reported that the financial conditions (sales and profits) of their companies were constant this quarter, whereas 29 percent indicated increased sales and profits and 23 percent stated reduced sales and profits.

Similarly, 48 percent expected financial conditions of their companies would remain constant next quarter. However, 34 percent anticipated increased sales and profits and 18 percent predicted reduced sales and profits.

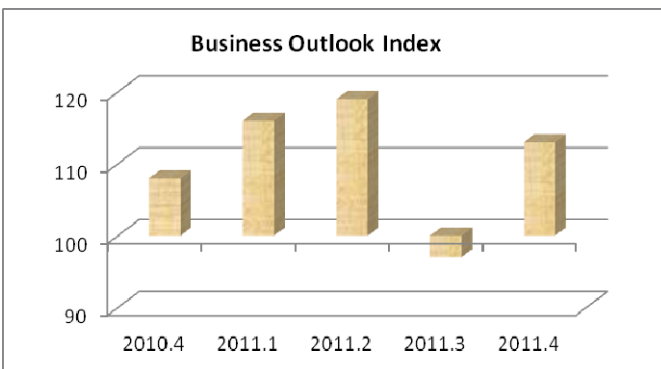
Industry Outlook:

Fifty-one percent of survey respondents perceived that employment and general business conditions of their industries remained the same as the previous quarter, while 32 percent felt these conditions improved and 17 percent indicated crumbling business conditions.

Forty-nine percent anticipated that the employment and general business conditions of their industries would stay unchanged next quarter. Yet, 37 percent expected progress and 14 percent felt otherwise.

Economic Outlook:

When asked about Kern County's economy, 47 percent of interviewees perceived no change this quarter. Never-



	Current Quarter	Previous Quarter	Four Quarters Ago
Business Outlook Index	113	97	108
Current Conditions Index	112	96	96
Future Conditions Index	114	98	119

(Continued on page 5)

BAKERSFIELD CONSUMER SENTIMENT BREAKS OUT IN FOURTH QUARTER

MARK EVANS

ASSOCIATE DEAN, SCHOOL OF BUSINESS & PUBLIC ADMINISTRATION
PROFESSOR AND CHAIR OF ECONOMICS, CSUB



Previously, I reported that consumer sentiment plunged in the third quarter of 2011 due to increased concern of a double dip recession, but that optimism would hopefully bounce back in the fourth quarter since these fears were receding. I am pleased to report that the good economic news continued and consumer sentiment roared back in the fourth quarter. After dipping to 75 in the third quarter, Bakersfield Consumer Sentiment increased to 102 in the fourth quarter -- the first reading above 100 since the national recession began in fourth quarter, 2007. The University of Michigan's index of consumer sentiment also recovered in the fourth quarter, although the increase in this national index from 60 to 65 was tepid. However, national optimism also appears to be accelerating as the January reading was 75, ten full points above the fourth quarter average.

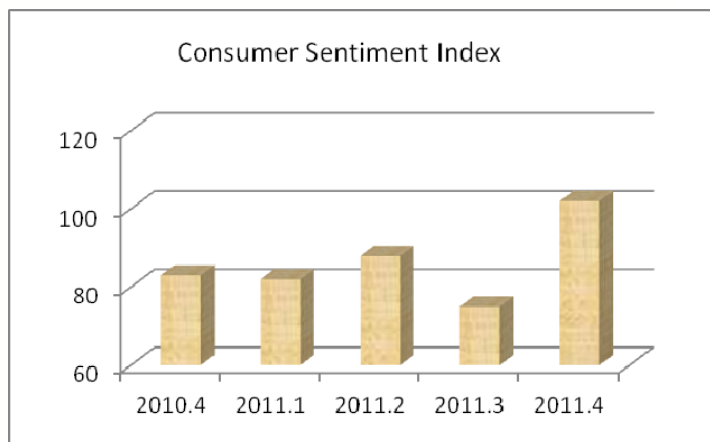
The relative movements of the national and local indexes have been identical until the most recent quarter in tracking the financial collapse, slow recovery, and pauses in the recovery. While both indexes showed improvement, the Michigan index remains mired within the bottom decile of its readings since 1999. In contrast, the Bakersfield Index broke through its bottom decile to the 40th percentile of readings since 1999.

CSUB 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 conditions and future expectations. The fourth quarter improvement reflected equally strong gains in both sub-indexes.

The sub-index measuring recent financial conditions increased from 76 to 102. The percent of households reporting that their financial condition had improved over the past year doubled from 16 in the previous quarter to 32 percent, while the percent reporting they were worse off decreased from 38 to 25 percent. The frequency of households reporting that they spent more than usual also nearly doubled from 15 to 29 percent, while fewer

households spent less than usual -- 30 percent compared to 44 percent in the third quarter.

The sub-index measuring expectations for the coming year increased from 73 to 101. Paradoxically, households reported a doubling of optimism on the part of their acquaintances in Kern County, despite no appreciable increase in optimism about their own futures. However, there was a near doubling of households reporting this to be a safe time to use savings or incur debt (one-in-three rather than one-in-six), paralleling the doubling of households who reported spending more than usual on discretionary items. While more than half the sample thought it was a risky time to draw down savings or incur debt in the third quarter, less than 3-in-10 were risk averse in the fourth quarter. It was an improved Christmas for retailers and the economic indicators suggests the improvement was cyclical as well as seasonal.



(Continued on page 5)

Table 1: Index Values			
	Most Recent Quarter	Previous Quarter	One Year Ago
Bakersfield Consumer Sentiment Index	102	75	83
Sub-index: Current Conditions	102	76	79
Sub-index: Future Expectations	101	73	87

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).	29 %	41 %	30 %
	Better off	Same	Worse off
How your family is doing financially compared to one year ago.	32 %	43 %	25 %
How your acquaintances in Kern County are doing financially compared to one year ago.	26%	48 %	26 %

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 %	45 %	29 %
	Optimistic	Neutral	Fearful
How your acquaintances in Kern County view the coming year.	29 %	45 %	26 %
	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?	33 %	38 %	29 %

Renewed Business Optimism (Continued from page 3)

theless, 37 percent felt conditions improved and 16 percent said conditions worsened.

Likewise, 48 percent felt that economic conditions would remain unchanged next quarter. However, 31 percent anticipated the economy would get better and 21 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:

- Holiday season has led to more sales and hiring
- Families spent more money than the previous quarter
- Lower unemployment seen as a sign of recovery

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

- California’s economy still has much room to improve
- Strict government regulations affected the way business is done
- More state budget cuts affected hiring in education

TRACKING KERN'S ECONOMY¹

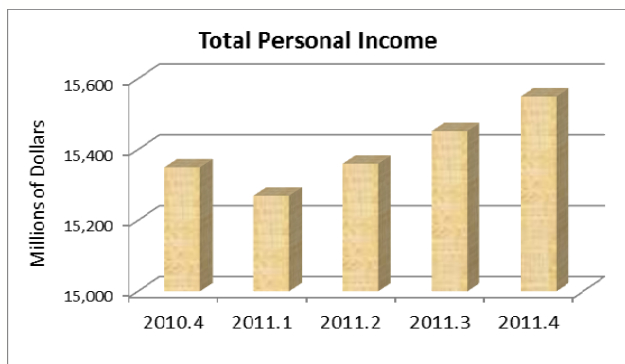
2011 FOURTH QUARTER

ABBAS P. GRAMMY

PROFESSOR OF ECONOMICS, CSUB

Economy

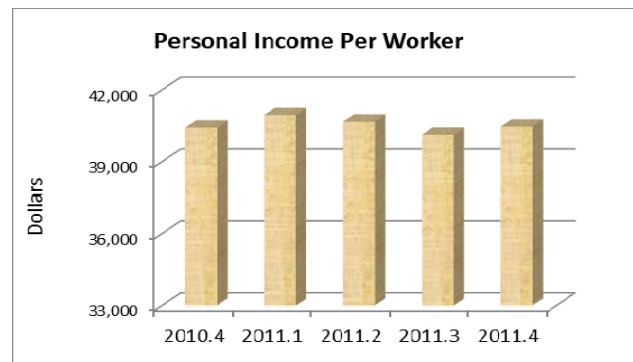
Personal Income - Kern County's total personal income (in constant 1996 dollars and adjusted for seasonal variations) increased \$98 million from \$15.45 billion in the third quarter to \$15.55 billion in the fourth quarter. Rising employment, reduced unemployment benefits, and greater non-labor income contributed to the growth in personal income. Likewise, this quarter's total personal income was \$210 million more than that of four quarters ago.



Growth of Personal Income - The gain of \$98 million of personal income translated into an annualized growth rate of 2.5 percent in the fourth quarter of 2011. Kern's economy grew 2.4 percent in the previous quarter, but declined 2.0 percent four quarters ago.



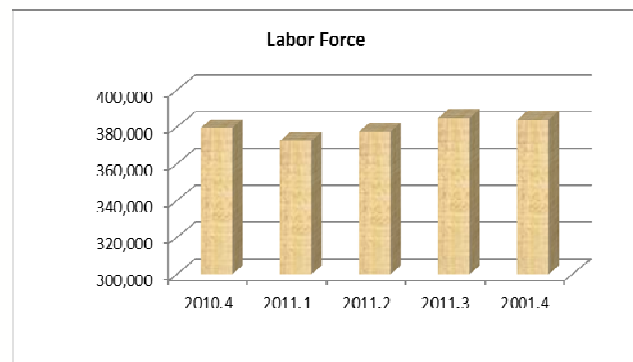
Personal Income Per Worker - Rising total personal income coupled with a shrinking labor force resulted in an increase in personal income per worker from \$40,150 in the third quarter to \$40,500 in the fourth quarter. Similarly, personal income per worker was up \$50 relative to four quarters ago.



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.

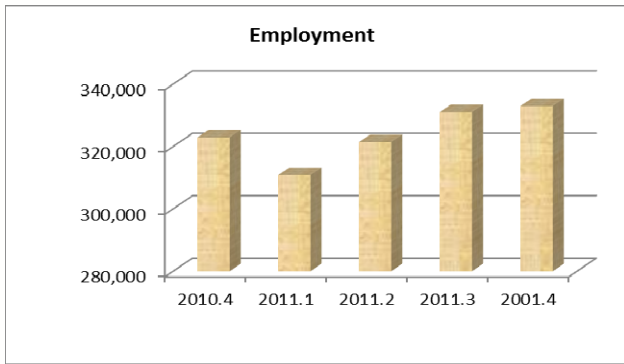
Labor Force - The civilian labor force decreased by 830 members from 384,910 in the third to 384,080 in the fourth quarter. Likewise, 4,570 more workers were available for work relative to the fourth quarter of 2010.



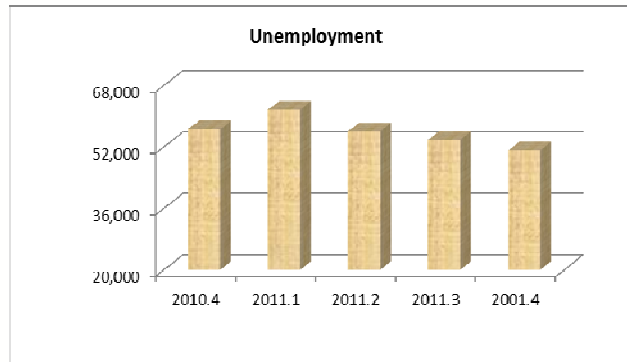
Employment - In the fourth quarter of 2011, Kern County's economy added 1,940 jobs as total employment increased from 331,010 to 332,950. Similarly, the county employed 10,040 more workers this quarter relative to the fourth quarter of last year.

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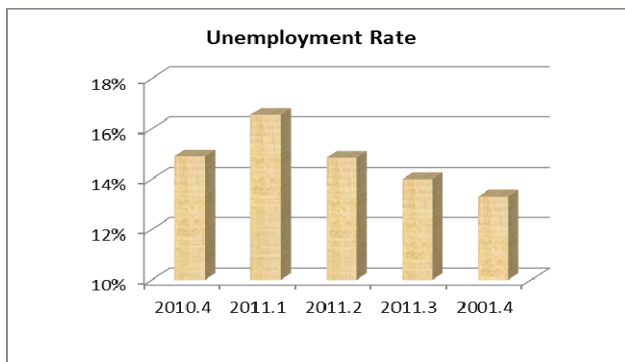
¹Source - Online databases: labormarketinfo.edd.ca.gov, bakersfieldgasprices.com, dqnews.com, economagic.com, bea.gov, bls.com, gpoaccess.gov, dairy.nu, msn.com, census.gov, kerndata.com, and bry.com



Unemployment - The number of jobless workers decreased by 2,770 as total unemployment declined from 53,900 in the third quarter to 51,130 in the fourth quarter. Likewise, 5,470 fewer workers were unemployed this quarter than four quarters ago



Unemployment Rate - In the meantime, the rate of unemployment dropped from 14.0 percent to 13.3 percent. This quarter's unemployment rate was 1.6 percent lower than that of four quarters ago.

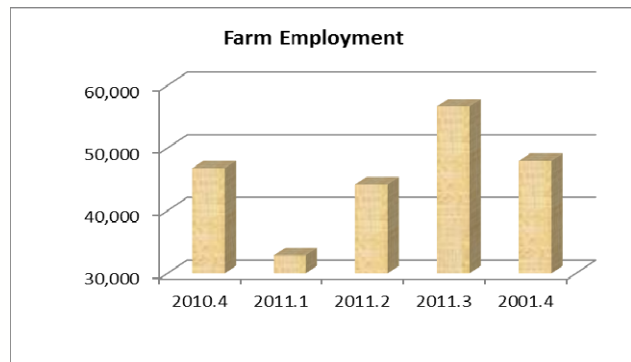


The rate of unemployment varied considerably across cities. Among cities shown below, the unemployment rate ranged between 7.4 percent in Ridgecrest and 35.1 percent in Arvin. In Bakersfield, the rate of unemployment was 9.7 percent.

Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
Ridgecrest	7.4	Mojave	14.2
Tehachapi	8.9	Lake Isabella	15.1
Bakersfield	9.7	Shafter	23.3
California City	10.8	Lamont	24.4
Rosamond	8.8	Wasco	25.3
Frazier Park	12.1	McFarland	27.2
Taft	14.0	Delano	35.4
Oildale	13.3	Arvin	35.1

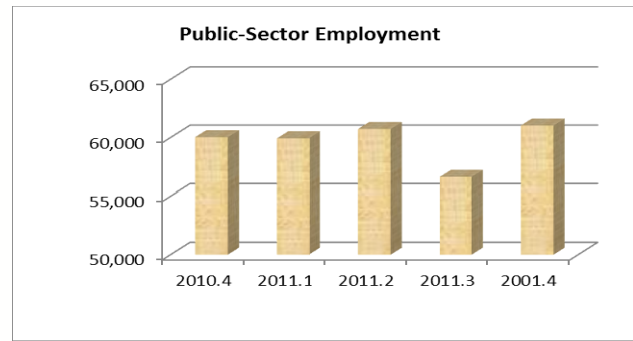
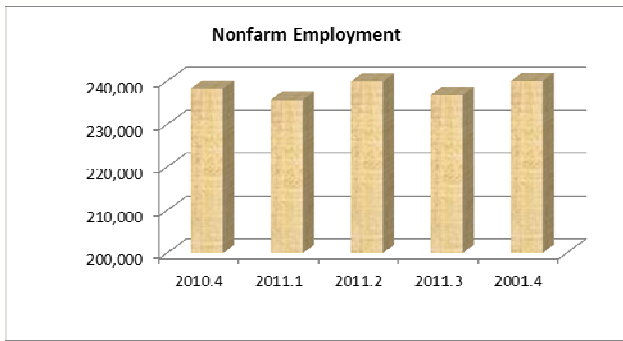
Note: City-level data are not adjusted for seasonality and "informal" market workers.

Farm Employment - In the fourth quarter of 2011, Kern County employed 8,700 fewer farm workers. Farm employment decreased from 56,640 to 47,940. Nevertheless, the farming industry hired 1,170 more workers this quarter than four quarters ago.



Nonfarm Employment - Local nonfarm industries employed 6,500 more workers this quarter. The number of nonfarm jobs decreased from 236,740 in the third quarter to 243,240 in the fourth quarter. Similarly, nonfarm industries employed 4,970 more workers this quarter than four quarters ago.

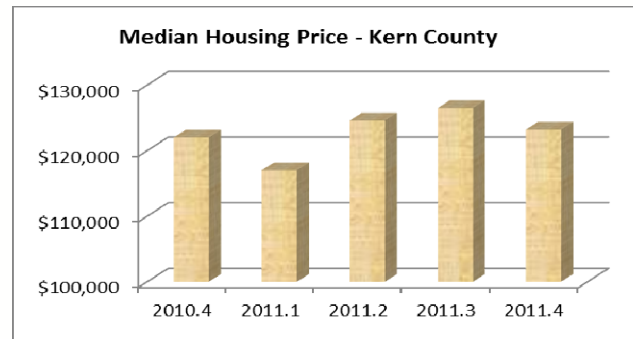
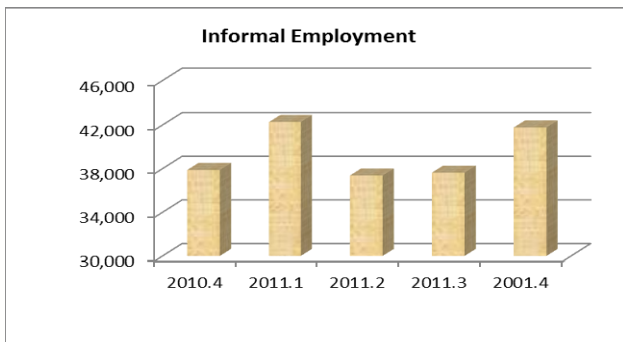
Several nonfarm industries added job: oil and gas extraction, construction, manufacturing, retail trade, real estate, professional and business services, educational services, health-care and social assistance, state government, and local public education. However, jobs were lost in wholesale trade, transportation, warehousing and utilities, finance and insurance, leisure and hospitality, federal government, and county and city governments.



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 fourth quarter of 2011, the number of informal workers increased by 4,140 from 37,630 to 41,770. Likewise, the informal labor market offered 3,900 more jobs this quarter relative to the fourth quarter of last year.

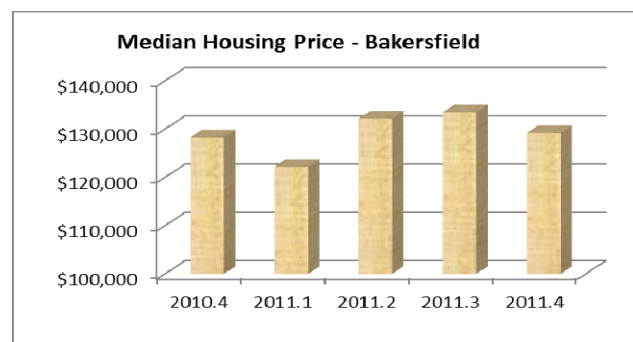
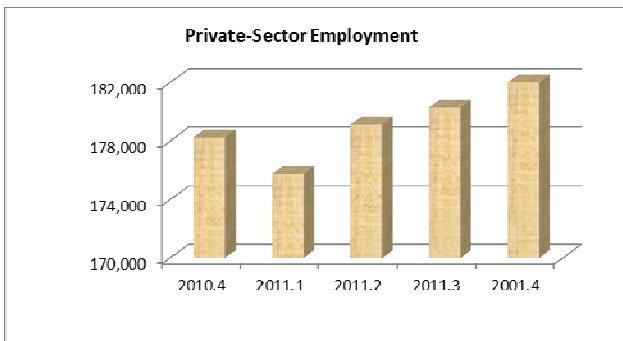
Housing Market

Housing Price - In the fourth quarter of 2011, Kern County's housing market conditions deteriorated. The median sales price for all residential units depreciated \$3,300 (or 2.6 percent) from \$126,500 to \$123,200. Still, the county's median housing price was \$1,200 (or 1.0 percent) higher than that of four quarters ago.



Private-sector Employment - Nonfarm employment is comprised of private-sector employment and public-sector employment. In the fourth quarter of 2011, private companies added 1,900 jobs as their employment increased from 180,130 to 182,210. Relative to four quarters ago, the private sector offered 1,810 more jobs.

In Bakersfield, the median housing price depreciated \$4,300 (or 3.2 percent) from \$133,500 to \$129,200. However, the city's median housing price was \$900 (or 0.7 percent) higher than that of four quarters ago.



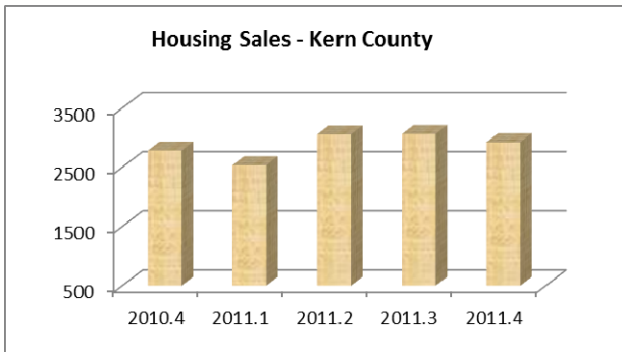
Public-sector Employment - The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the fourth quarter of 2011, government agencies added 4,600 jobs as their employment increased from 56,430 to 61,030. Similarly, the public sector employed 1,000 more workers this quarter relative to four quarters ago.

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

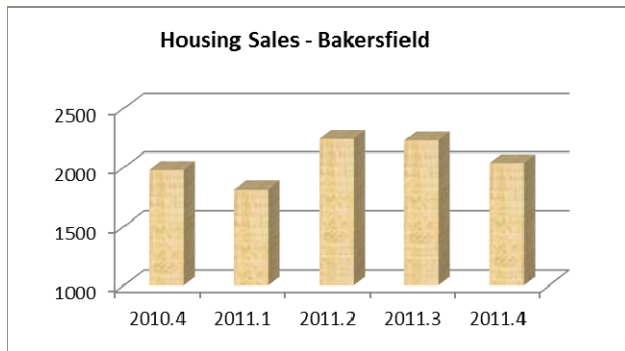
Housing Sales - In Kern County, 136 fewer homes were sold as total sales decreased from 3,060 in the third quarter to 2,924 in the fourth quarter. However, 143 more

units were sold this quarter relative to the fourth quarter of last year.

Location	Median Price 2011.3	Median Price 2011.4	Price Change 2011.3 to 2011.4	Price Change 2011.3-2011.4
Kern County	\$126,500	\$123,200	-\$3,300	-2.6%
Bakersfield	\$133,500	\$129,200	-\$4,300	-3.2%
California City	\$56,900	\$69,500	\$12,600	22.1%
Delano	\$122,750	\$123,300	\$550	0.4%
Ridgecrest	\$137,500	\$157,200	\$19,700	14.3%
Rosamond	\$108,800	\$111,300	\$2,500	2.3%
Taft	\$67,500	\$50,400	-\$17,100	-25.3%
Tehachapi	\$143,750	\$137,250	-\$6,500	-4.5%

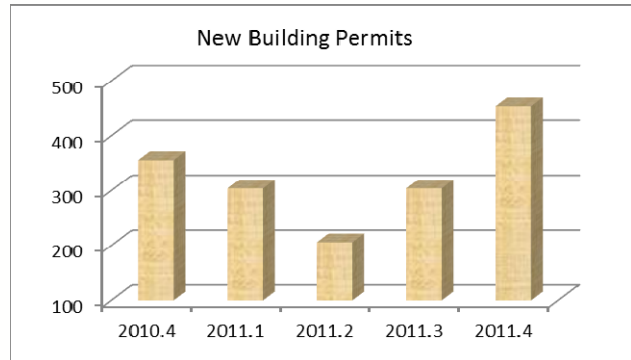
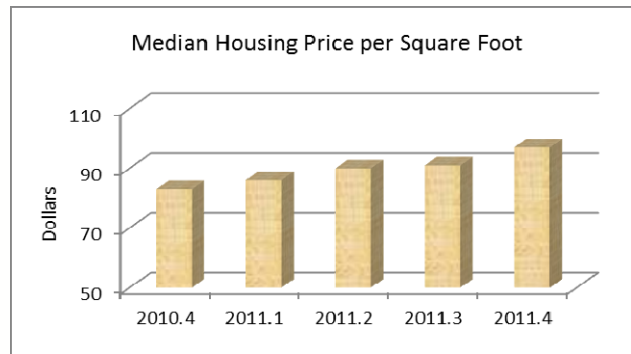


In Bakersfield, 193 fewer homes were sold as sales of residential units declined from 2,232 in the third quarter to 2,039 in the fourth quarter. Nevertheless, sales were up by 59 units this quarter relative to the fourth quarter of last year.

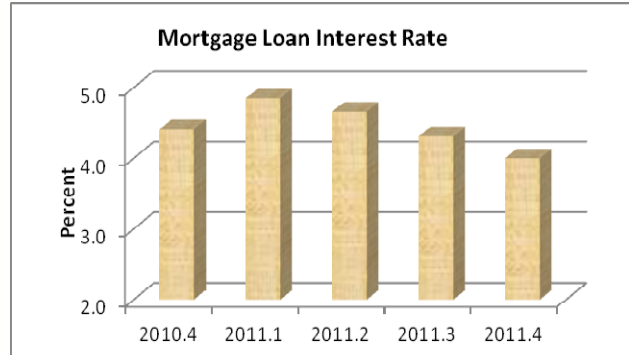


Median Housing Price per Square Foot - The median sales price per square foot of housing area inclined \$6 from \$91 in the third quarter to \$97 in the fourth quarter. Likewise, the median housing price per square foot has gone up \$13 since the fourth quarter of last year.

New Building Permits - In the fourth quarter of 2011, Kern County issued 150 more building permits for construction of new privately-owned dwelling units. The number of permits increased from 304 to 454. Likewise, 99 more building permits were issued this quarter relative to four quarters ago.

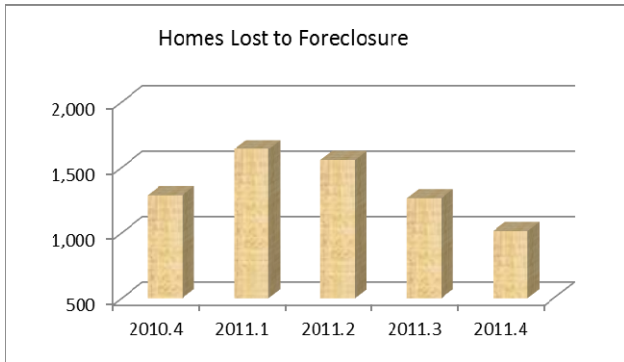
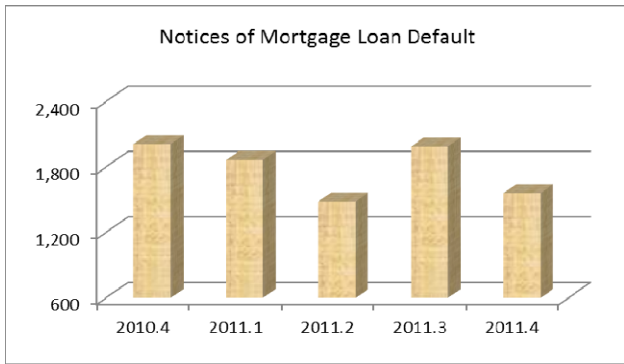


Mortgage Interest Rate - In the fourth quarter of 2011, the interest rate of thirty-year conventional mortgage loans decreased from 4.31 to 4.00 percent. Four quarters ago, mortgage loan interest rate was 4.41 percent.

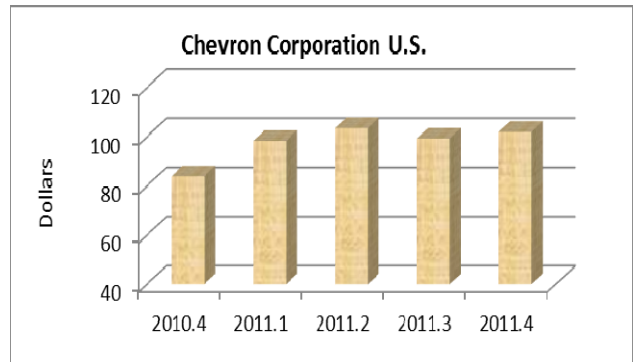


Housing Foreclosure Activity - In the fourth quarter of 2011, the county's foreclosure activity slowed from 1,989 to 1,562. As a result, 427 fewer homeowners received notices of loan default from their mortgage bankers. Similarly, the number of default notices has gone down by 449 since the fourth quarter of last year.

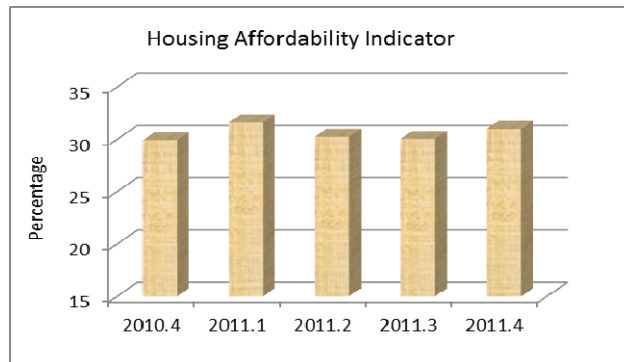
The number of homes lost to foreclosure decreased from 1,264 in the third quarter to 1,013 in the fourth quarter. As a result, 251 fewer homes were lost to foreclosure. Similarly, 273 fewer homes were lost to foreclosure relative the fourth quarter of 2010.



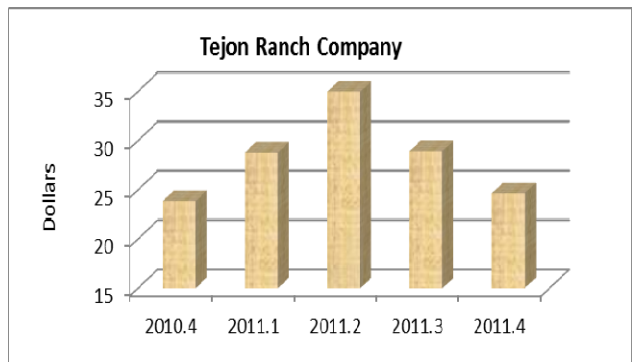
Chevron Corporation US - CVX gained \$2.69 (or 2.7 percent) per share as its price rose from \$99.31 in the third quarter to \$102.00 in the fourth quarter. Relative to the fourth quarter of 2010, CVX has gained \$18.06 (or 21.5 percent).



Housing Affordability - Median housing prices divided by median household income is a measure of housing affordability. With depreciation of housing prices and slow growth of household income, the affordability indicator inclined from 30.0 percent in the third quarter to 31.1 percent in the fourth quarter. The housing affordability indicator was 29.9 percent four quarters ago.



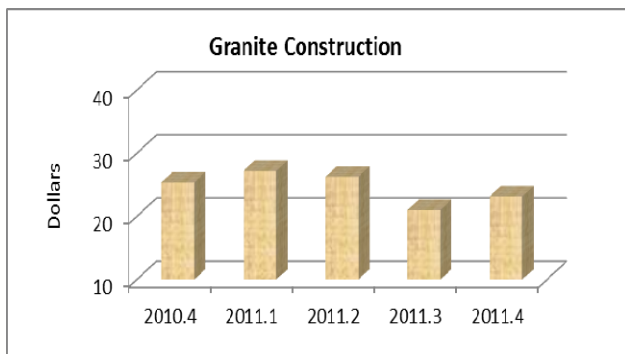
Tejon Ranch Company - TRC lost \$4.27 (or 14.8 percent) per share as its stock price dropped from \$28.92 in the third quarter to \$24.65 in the fourth quarter. Yet, TRC was up 0.82¢ (or 3.4 percent) relative to the fourth quarter of 2010.



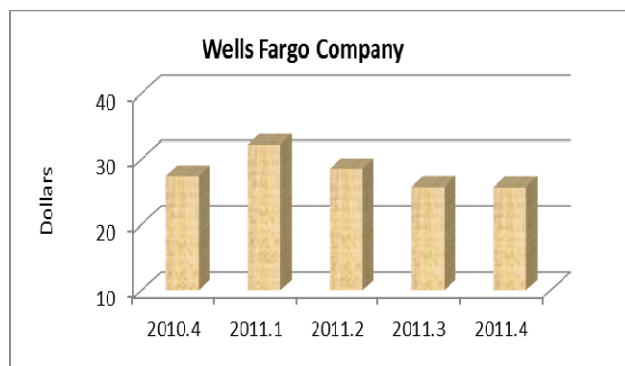
Stock Market

In the fourth quarter of 2011, the composite price index (2010.4 = 100) of the five publically traded companies doing business in Kern County decreased 2.3 points from 102.5 to 100.2. The index was slightly 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.

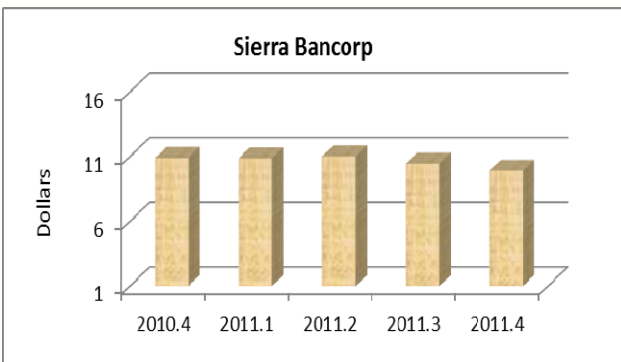
Granite Construction - GVA made \$2.12 (or 10.1 percent) per share in the fourth quarter of 2011 as its stock price increased from \$21.04 to \$23.16 per share. However, GVA has gone down \$2.24 (or 8.8 percent) since the fourth quarter of 2010.



Wells Fargo Company - WFC dropped 3¢ (or 0.1 percent) per share as its stock price fell from \$25.75 in the third quarter to \$25.72 in the fourth quarter. Relative to one year ago, WFC was down \$1.65 (or 6.0 percent).

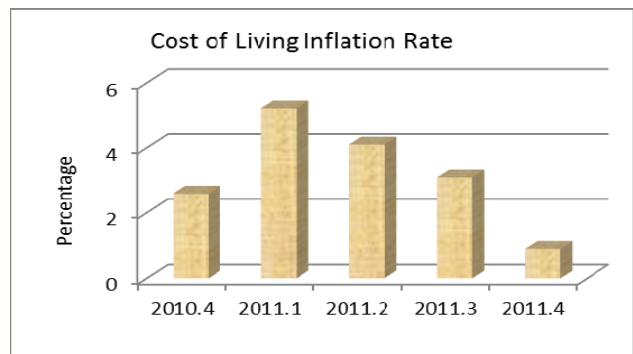


Sierra Bancorp - BSRR lost 54¢ (or 5.2 percent) per share as its price declined from \$10.46 in the third quarter to \$9.92 in the fourth quarter. Likewise, BSRR has gone down 98¢ (or 9.0 percent) since the fourth quarter of 2010.

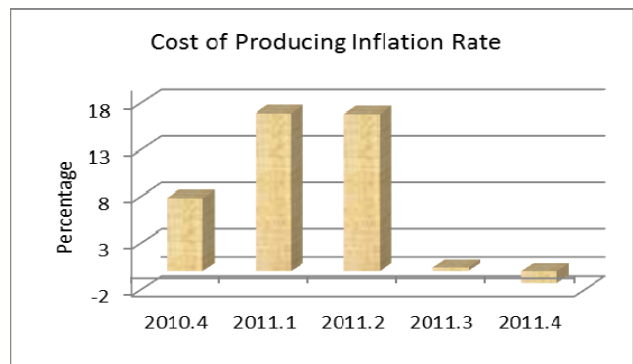


Inflation

Cost of Living - The Consumer Price Index for all urban areas (1982-84 = 100) inclined from 226.2 in the third quarter to 226.7 in the fourth quarter. As a result, inflation for the cost of living accelerated at an annual rate of 0.9 percent. The cost of living inflation rate was 3.1 percent last quarter and 2.6 percent four quarters ago.



Cost of Producing - The Producer Price Index for all commodities (1996 =100) declined from 203.9 in the third quarter to 201.4 in the fourth quarter. The inflation rate for the cost of producing decelerated at an annual rate of 1.2 percent. The cost of producing inflation rate was 0.4 percent last quarter and 16.9 percent four quarters ago.



Cost of Employment - The Cost of Employment Index (December 2005 = 100) increased from 115.1 in the third quarter to 115.6 in the fourth quarter. The cost of employment inclined at an annual rate of 1.7 percent. The cost of employment inflation rate was 2.0 percent last quarter and 2.0 percent four quarters ago.

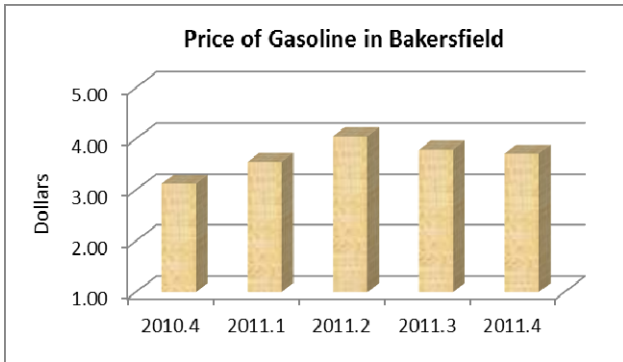


Commodity Prices

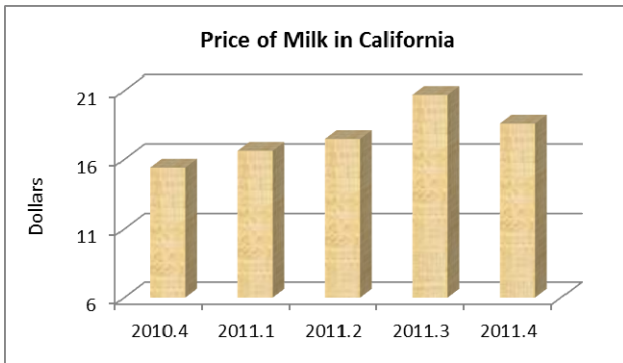
Price of Gasoline - In the Bakersfield metropolitan area, the average retail price of regular gasoline decreased 8¢ (or 2.1 percent) per gallon from \$3.79 in the third quarter to \$3.71 in the fourth quarter. Compared with the fourth

(Continued on page 12)

quarter of last year, the average gasoline price was up 59¢ (or 18.9 percent).

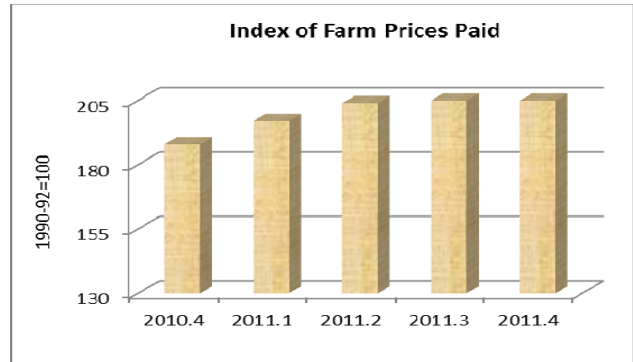
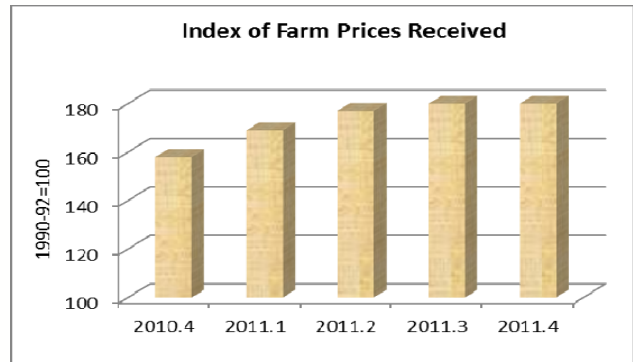


Price of Milk - The unit price of California’s Class III milk decreased \$2.29 (or 10.1 percent) from \$20.71 in the third quarter to \$18.62 in the fourth quarter. However, the unit price of milk has gone up \$3.22 (or 20.9 percent) since the fourth quarter of 2010.

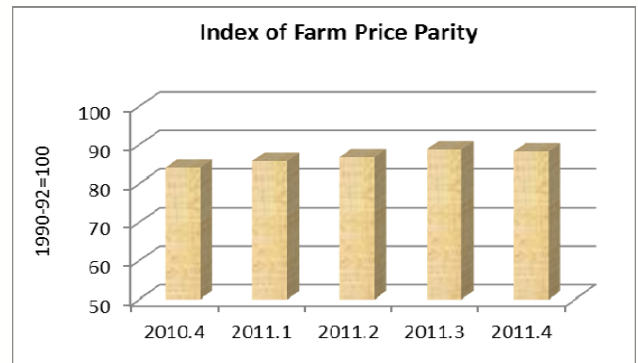


Farm Prices - In the fourth quarter of 2011, the national Index of Prices Received by Farmers for all farm products (1990-92 = 100) fell 1 point to arrive at 181. Interestingly, the index was 23 points higher than that of four quarters ago.

The national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents remained unchanged at 205. Yet, the index value was 17 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 fourth quarter of 2011, the gap between prices paid and prices received widened as Index of Farm Price Parity widened from 89 to 88. However, the gap between prices farmers paid and prices farmers received has narrowed 4 points since the fourth quarter of 2010.



At a Glance (Continued from page 2)

In the Bakersfield metropolitan area, the average retail price of regular gasoline decreased 8¢ from \$3.79 to \$3.71 per gallon. The unit price of California’s Class III milk decreased \$2.29 from \$20.71 to \$18.62. The index of prices farmers received for their outputs fell 1 point to reach 181, while the index of prices farmers paid for their inputs remained constant at 205. As a result, the parity between output prices farmers received and input prices farmers paid widened to reach 88.

The composite price index (2010.4 = 100) of the top five locally traded stocks declined 2.3 points from 102.5 to 100.2. In the fourth quarter of last year, the average stock prices improved for Chevron Corporation and Granite Construction, but declined for Tejon Ranch Company, Sierra Bancorp, and Wells Fargo Company.

Bakersfield, Number One in Using Mobile Devices to Access Internet

David Lyman
Manager, Convention and Visitors Bureau

The number of Californians using their mobile device to access the Internet has significantly increased by 51 percent, to nearly 17.6 million people, in the last three years, according to a new report by the Center for Strategic Economic Research (CSER). Of California mobile users surveyed in the first quarter of 2011, 71.3 percent are accessing the Internet or downloading applications using their mobile device.

“In just three years, California has experienced a pronounced shift in how we use mobile devices. Just a short time ago, mobile devices were primarily used for phone conversations, but today we are seeing a greater share of mobile users accessing the Internet via their mobile device,” said CSER Director Ryan Sharp.

Regions experiencing the largest increases in mobile advanced data users include:

- Bakersfield – 100 percent
- Santa Barbara – 85 percent
- Sacramento – 75 percent
- Stockton – 64 percent
- Fresno – 59 percent

A number of smaller regions in California experienced a significant increase in mobile users accessing the Internet or downloading applications using their mobile device and now have a higher proportion of these advanced data users than the state average.

“Rural communities are increasingly turning to their mobile devices to access the Internet and apps,” said Ismael Diaz Herrera, Director of the San Joaquin Valley Rural Development Center. “Such access makes a major difference in daily activities, bringing rural communities closer to healthcare and education access that is more widely accessible in more urban areas and enabling small business owners to optimize their operations using technology.”

In addition to investigating mobile use trends, the CSER report examined mobile innovation in California. Between 2005 and 2010, more than \$2.2 billion of venture capital investments, representing close to 300 deals, were provided to companies in the state working on wireless telecommunications and mobile activities. Over 400 patents were also granted in the wireless telecommunications field to individuals and organizations throughout the state.

“Much of the industry innovation that is driving the mobile migration towards more advanced data use is coming from Silicon Valley,” said Leon Beauchman of Joint Venture Silicon Valley. “About 75 percent of all venture capital funding is flowing into Bay Area companies, resulting in local jobs as well as products and services that people will use around the world.”

Source:

<http://www.strategiceconomicresearch.org/pdf/MobileBB.pdf>



Premier Thoughts:

Collection of Economic Essays
2010-2011

Abbas P. Grammy

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