

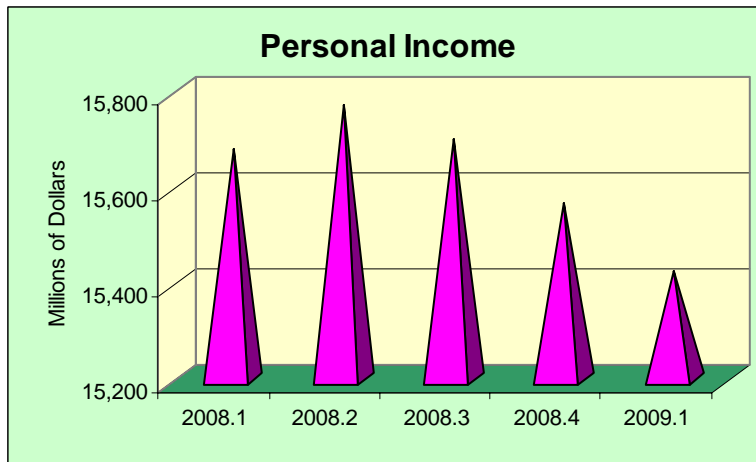
Tracking Kern's Economy

2009 First Quarter

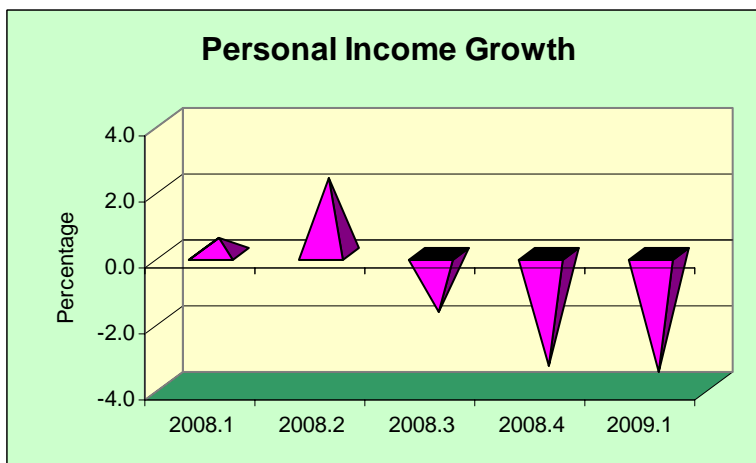
Abbas P. Grammy

Economy

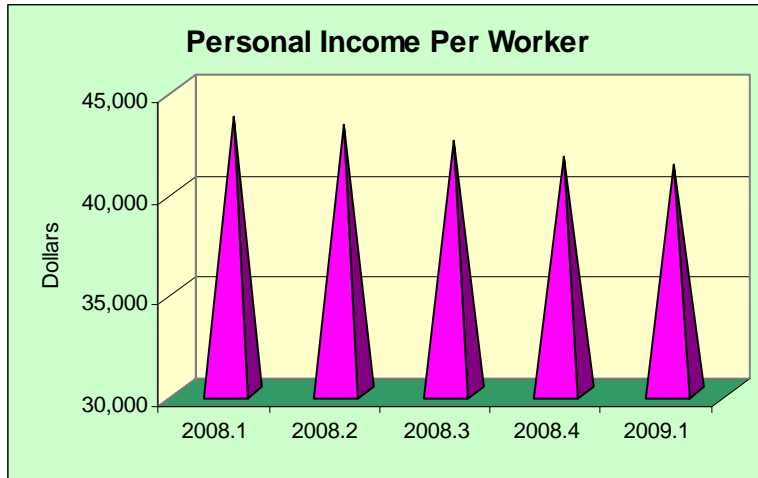
Personal Income - Kern County's personal income (in constant 1996 dollars) decreased from \$15.57 billion in the fourth quarter of 2008 to \$15.43 billion in the first quarter of 2009. The county's economy lost \$140 million of income this quarter. Likewise, the county's personal income was \$255 million less than that of the first quarter of 2008.



Growth of Personal Income – After falling 3.4 percent in the previous quarter, Kern's economy declined at an annual rate of 3.6 percent this quarter. Compared with four quarters ago, the rate of economic growth was 4.1 percent slower.



Personal Income per Worker - Economic decline caused personal income per worker to fall \$300 from \$41,600 in the fourth quarter of 2008 to \$41,300 in the first quarter of 2009. Personal income per worker was \$2,370 less than that of four quarters ago.

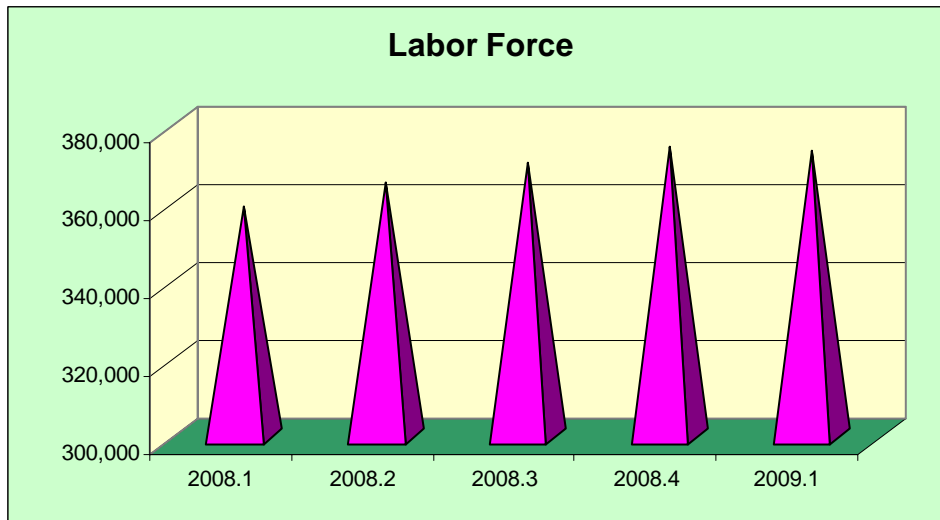


Labor Market

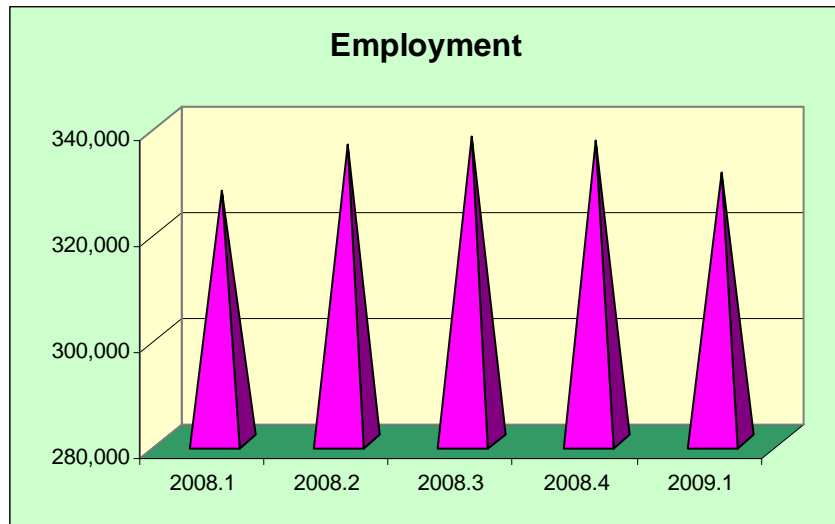
We have adjusted labor market data for seasonal variations and report the quarterly changes for major labor market indicators below:

Labor Force	Total Employment	Total Unemployment	Farm Employment	Nonfarm Employment	Private-sector Employment	Public-sector Employment
-1,100	-6,200	5,100	-6,200	-1,500	-1,500	0

Labor Force - The civilian labor force decreased by 1,100 workers from 374,500 in the fourth quarter of 2008 to 373,400 in the first quarter of 2009. However, the labor force has increased by 14,310 workers since the first quarter of 2008.



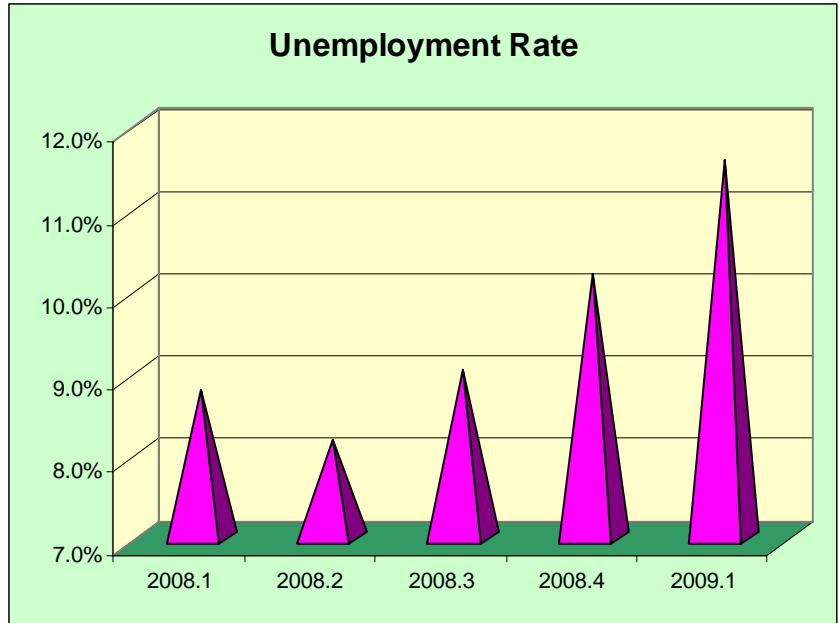
Employment – In the first quarter of 2009, Kern County’s economy lost 6,200 jobs as total employment declined from 336,900 to 330,700. However, the county employed 3,190 more workers since the first quarter of last year.



Unemployment - The number of jobless workers increased by 5,100 as unemployment rose from 38,200 in the fourth quarter of 2008 to 43,300 the first quarter of 2009. Similarly, 11,720 more workers were unemployed this quarter than four quarters ago.



Unemployment Rate - The rate of unemployment climbed 1.4 percent from 10.2 percent in the fourth quarter of 2008 to 11.6 percent in the first quarter of 2009. Likewise, this quarter's unemployment rate was 2.8 percent higher than that of four quarters ago.

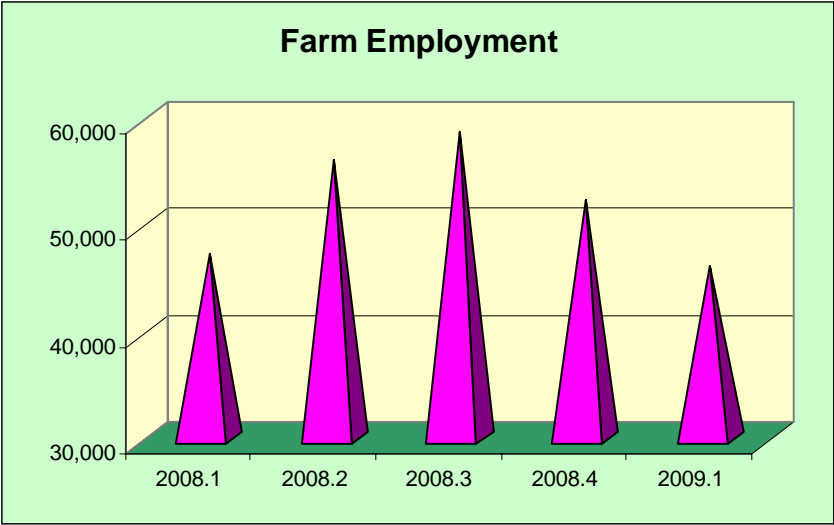


Using non-seasonally-adjusted data, the rate of unemployment varied considerably across cities. It ranged from 4.3 percent in Kernville to 28.4 percent in Arvin. In Bakersfield, the rate of unemployment was 10.4 percent.

Unemployment Rate of Cities			
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
Kernville	6.1	Oildale	15.5
Lebec	6.6	Lake Isabella	17.6
Ridgecrest	8.5	Mojave	18.2
Tehachapi	10.0	Shafter	25.4
Inyokern	10.0	Lamont	25.5
Bakersfield	10.4	Wasco	26.3
California City	11.6	McFarland	29.2
Rosamond	12.1	Delano	35.8
Frazier Park	12.4	Arvin	36.6
Taft	14.4		

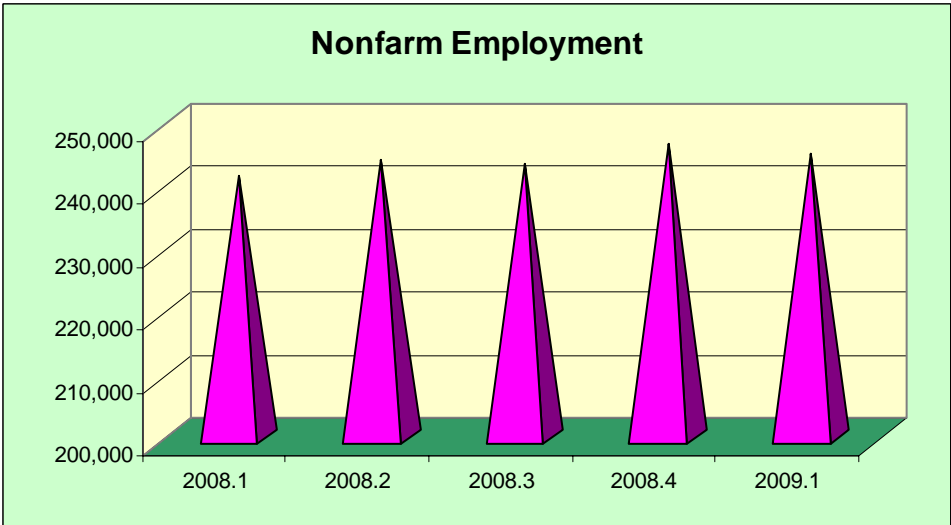
Note: City-level data are not adjusted for seasonality.

Farm Employment – In the first quarter of 2009, Kern County lost 6,200 farm jobs as employment decreased from 52,400 to 46,200. Likewise, the county’s farm employment this quarter was 1,040 greater than that of four quarters ago.

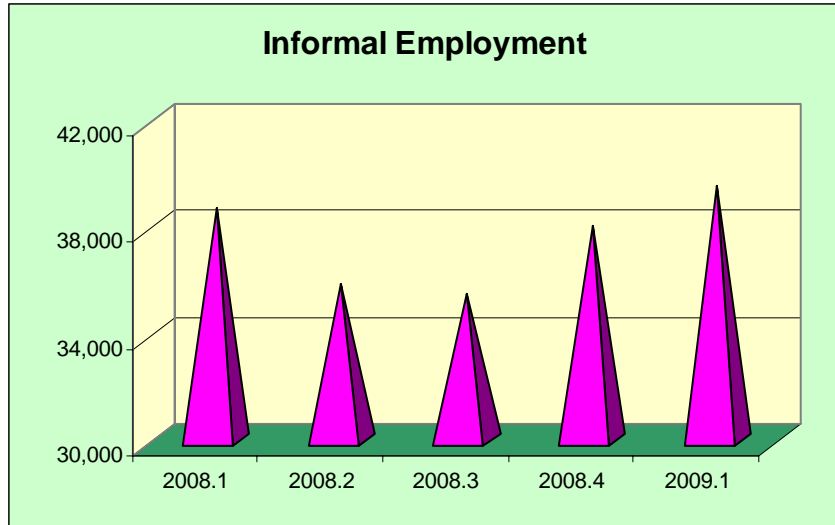


Nonfarm Employment – Kern County lost 1,500 jobs in the market for nonfarm labor. The number of jobs in this market decreased from 246,600 in the fourth quarter of 2008 to 245,100 in the first quarter of 2009. However, nonfarm industries have added 3,500 jobs since the first quarter of 2008.

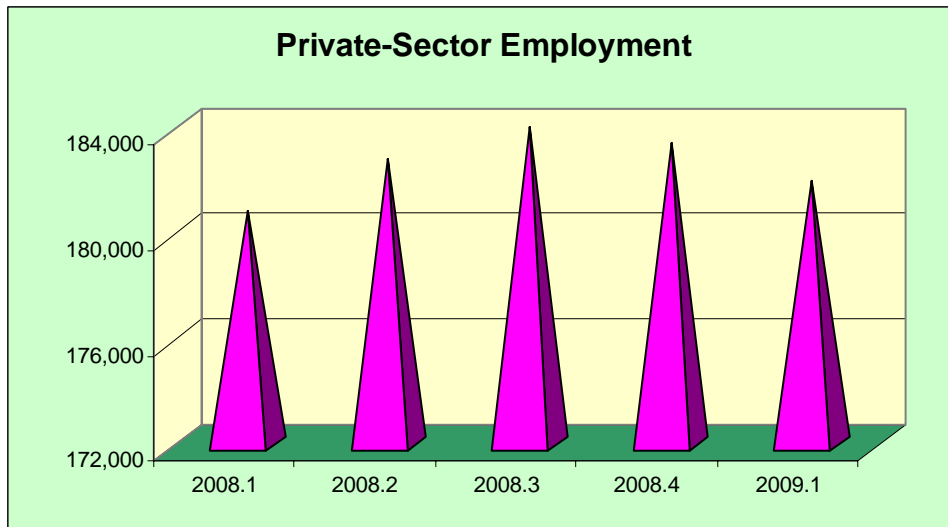
A wide range of industries cut jobs this quarter including construction, manufacturing, retail trade, information, real estate, professional and business services, leisure and hospitality, and local government.



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 first quarter of 2009, the number of workers engaged in this market increased by 1,500 from 38,010 to 39,510. Similarly, the informal labor market had 830 more jobs 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 first quarter of 2009, private companies lost 1,500 jobs as their employment fell from 183,400 to 181,900. However, the private sector offered 1,070 more jobs four quarters ago.

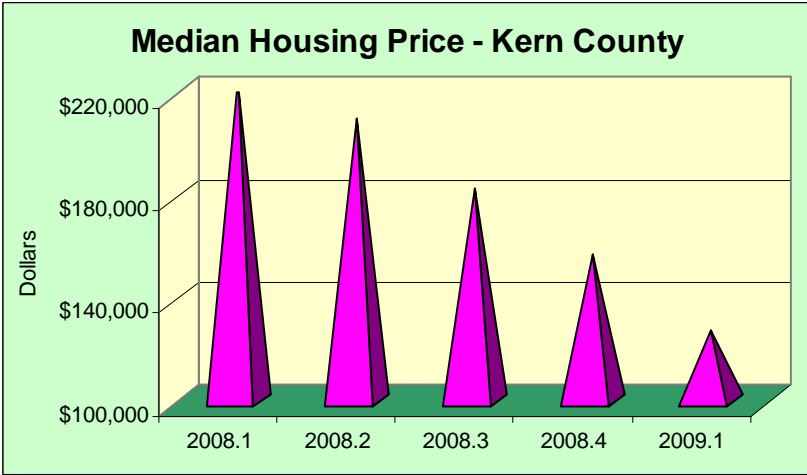


Public-Sector Employment – The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the first quarter of 2009, public-sector employment remained constant at 63,200. Since the first quarter of last year, the public sector has added 2,430 jobs.

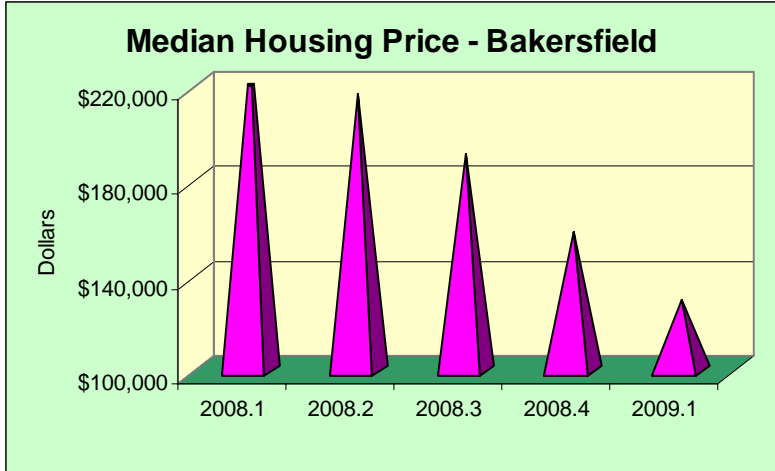


Housing Market

Housing Price - In the first quarter of 2009, Kern County’s housing prices continued to fall. The median sales price for all residential units depreciated \$29,500 (or 18.8 percent) from \$156,500 to \$127,000. The county’s median housing price has plunged \$97,800 (or 43.5 percent) since the first quarter of last year.



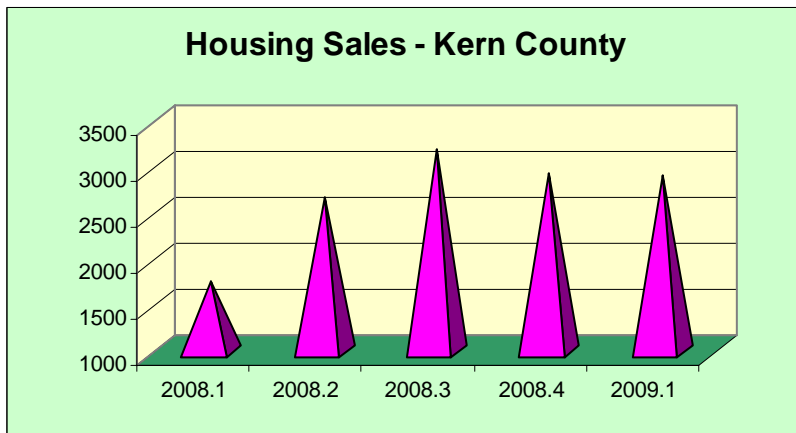
In Bakersfield, the median housing price depreciated \$28,800 (or 18.2 percent) from \$158,300 to \$129,500. The city’s median housing price has plunged \$103,800 (or 44.5 percent) since the first quarter of 2008.



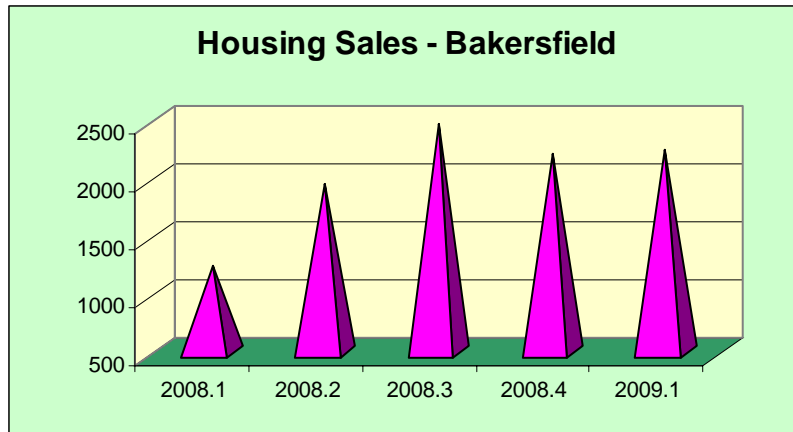
Housing price changes varied across the county. Among selected locations shown below, the median housing price depreciated in all areas. In particular, Bakersfield, Delano, Rosamond, and Tehachapi recorded depreciation rates in excess of \$20,000.

Location	Median Price 2008.4	Median Price 2009.1	Median Price Change	Median Price Change
Kern County	\$156,500	\$127,000	-\$29,500	-18.8%
Bakersfield	\$158,300	\$129,500	-\$28,800	-18.2%
California City	\$83,000	\$69,000	-\$14,000	-16.9%
Delano	\$156,800	\$118,500	-\$38,300	-24.4%
Ridgecrest	\$183,300	\$174,300	-\$9,000	-4.9%
Rosamond	\$143,250	\$118,700	-\$24,550	-17.1%
Taft	\$87,300	\$69,100	-\$18,200	-20.8%
Tehachapi	\$206,700	\$185,200	-\$21,500	-10.4%

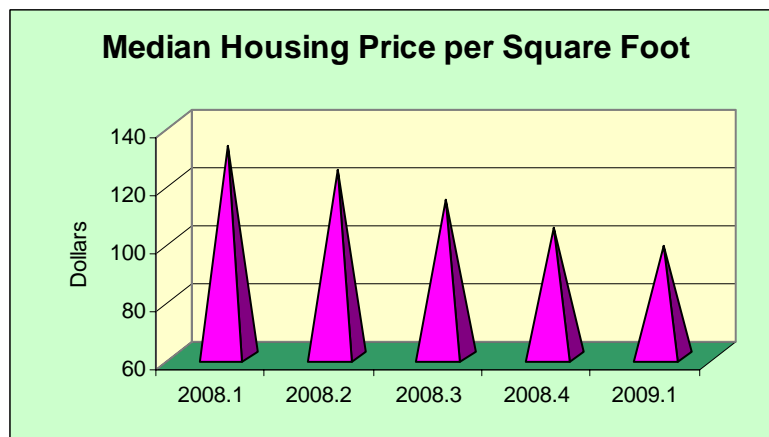
Housing Sales – In Kern County, the number of residential units sold declined from 2,921 in the fourth quarter of 2008 to 2,900 in the first quarter of 2009. However, the number of units sold this quarter was 1,151 more than that of four quarters ago.



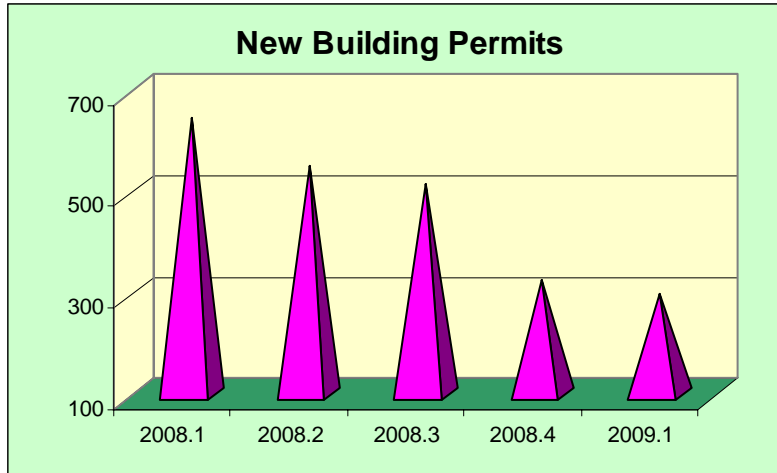
In Bakersfield, sales inclined by 37 units. The number of all residential units sold rose from 2,202 in the fourth quarter of 2008 to 2,239 in the first quarter of 2009. Since the first quarter of last year, sales have risen by 991 units.



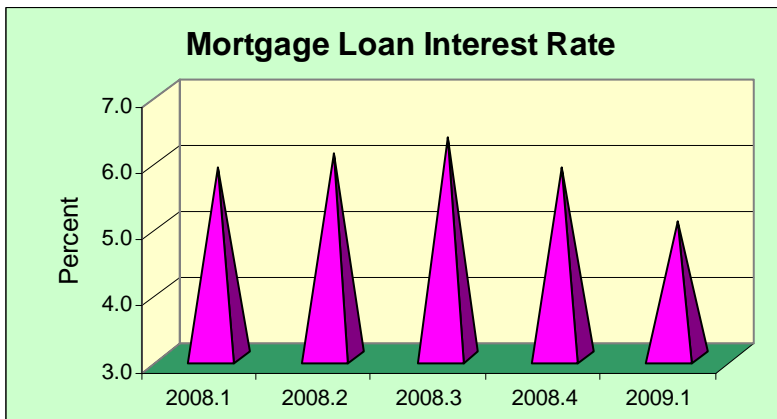
Median Housing Price per Square Foot – The median sales price per square foot of housing area declined \$6 from \$104 in the fourth quarter of 2008 to \$98 in the first quarter of 2009. Since the first quarter of last year, the median housing price per square foot has dropped \$34.



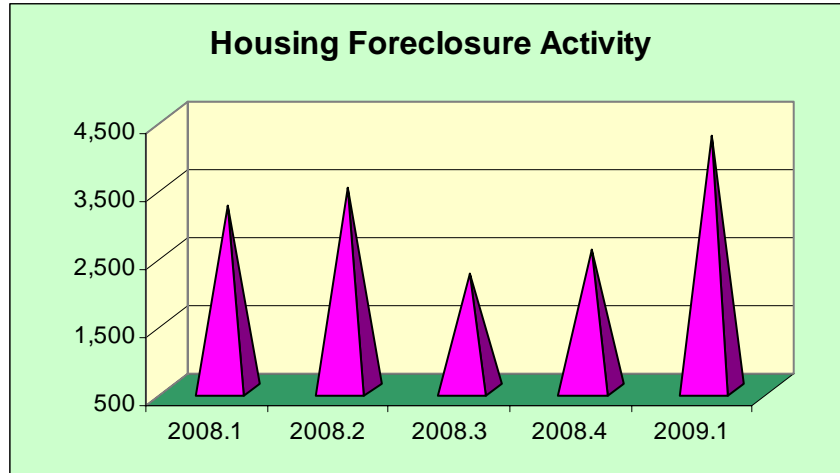
New Building Permits – In the first quarter of 2009, the number of building permits issued for the construction of new privately-owned dwelling units fell by 29 from 326 to 297. Relative to four quarters ago, 348 less building permits were issued this quarter.



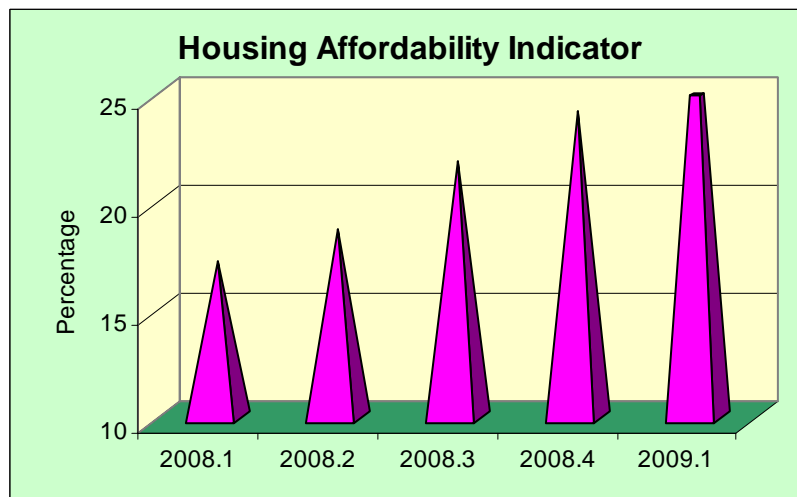
Mortgage Interest Rate – In the first quarter of 2009, the interest rate of thirty-year conventional mortgage loans decreased from 5.87 to 5.06 percent. Since the first quarter of last year, the mortgage loan interest rate has fallen 0.82 percentage points.



Housing Foreclosure Activity – In the first quarter of 2009, the county’s foreclosure activity accelerated from 2,566 to 4,238. As a result, 1,672 (or 76.1 percent) more homeowners received notices of loan default from their mortgage bankers. Compared with four quarters ago, the number of default notices increased by 1,027 (or 39.0 percent).

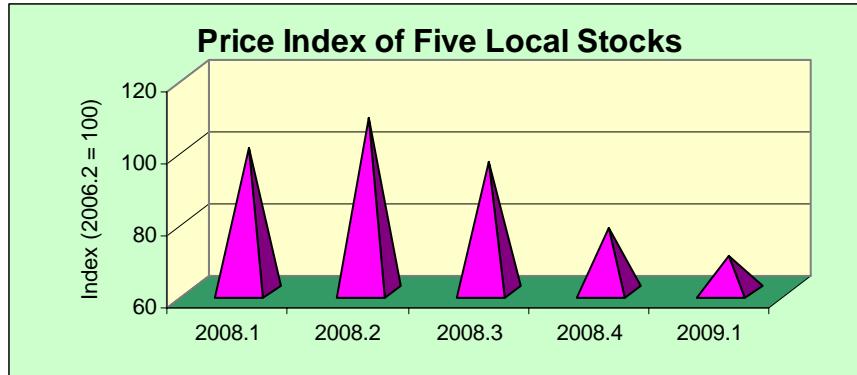


Housing Affordability – The housing affordability indicator improved from 24.2 percent in the fourth quarter of 2008 to 29.1 percent in the first quarter of 2009. Compared with four quarters ago, the affordability index gained 11.9 percent.

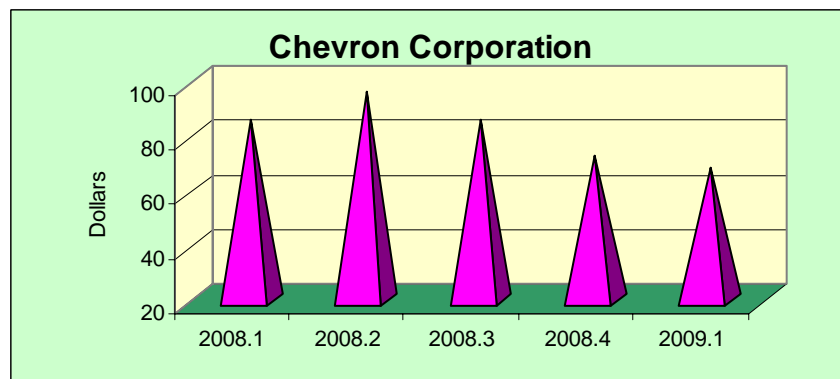


Stock Market

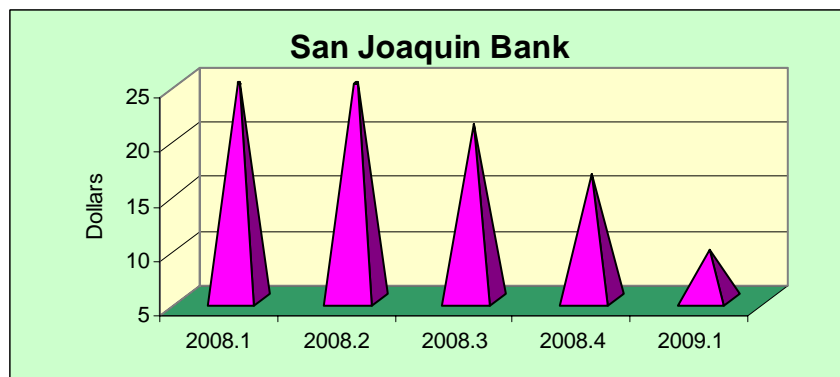
In the first quarter of 2009, the composite price index (2008.1= 100) of the top five locally traded stocks declined 7.7 points from 78.1 to 70.4. The index was 29.6 points lower than that of four quarters ago. These top five local *market-movers* are Chevron Corporation, San Joaquin Bank, Granite Construction, Occidental Petroleum Corporation, and Tejon Ranch Company.



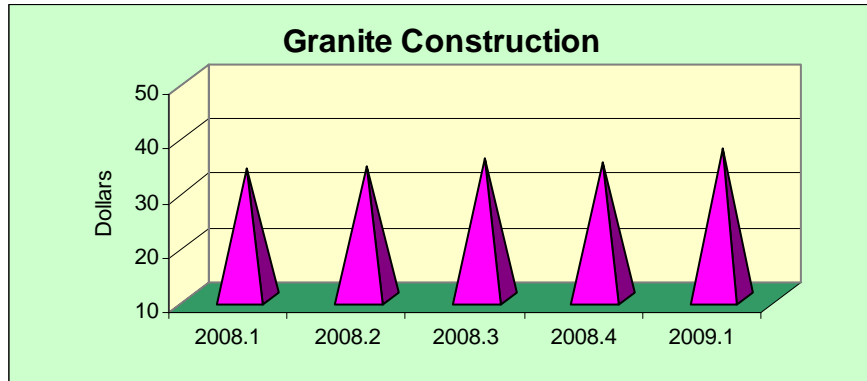
Chevron Corporation US: CVX lost \$4.17 (or 5.8 percent) per share as its price dropped from \$72.16 in the fourth quarter of 2008 to \$67.99 in the first quarter of 2009. Likewise, CVX has lost \$17.51 (or 20.5 percent) since the first quarter of 2008.



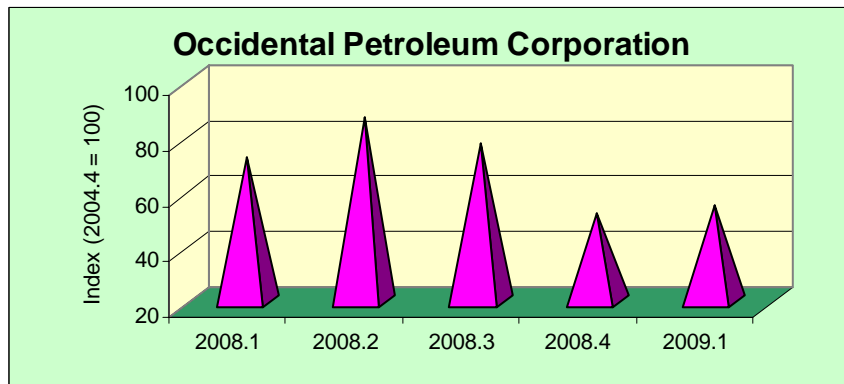
San Joaquin Bank: SJQU lost \$7.01 (or 42.2 percent) per share as its price fell from \$16.61 in the fourth quarter of 2008 to \$9.60 in the first quarter of 2009. Similarly, SJQU has lost \$16.59 (or 63.3 percent) since the first quarter of 2008.



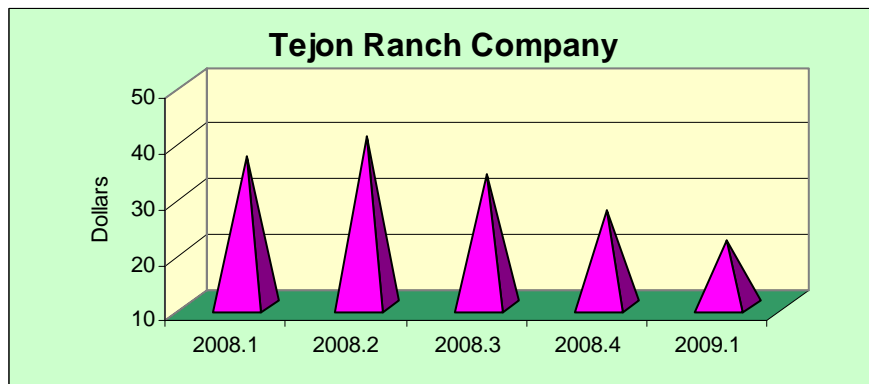
Granite Construction: GVA gained \$2.53 (or 7.3 percent) per share in the first quarter of 2009 as its stock price jumped from \$34.70 to \$37.23 per share. GVA has risen \$3.70 (or 11.0 percent) since the first quarter of 2008.



Occidental Petroleum Corporation: OXY gained \$3.23 (or 6.2 percent) per share as its stock price rose from \$51.82 in the fourth quarter of 2008 to \$55.05 in the first quarter of 2009. However, OXY has gone down \$17.35 (or 24.0 percent) since the first quarter of 2008.

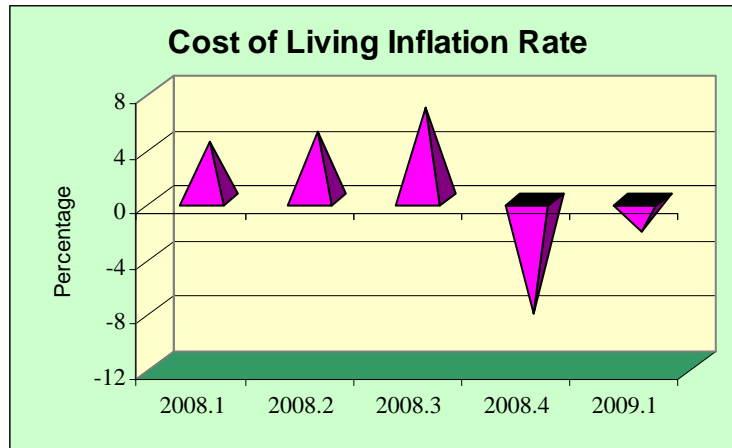


Tejon Ranch Company: TRC lost \$5.33 (or 19.6 percent) per share as its stock value dropped from \$27.18 in the fourth quarter of 2008 to \$21.85 in the first quarter of 2009. Likewise, TRC was down \$14.95 (or 40.6 percent) relative to the first quarter of 2008.

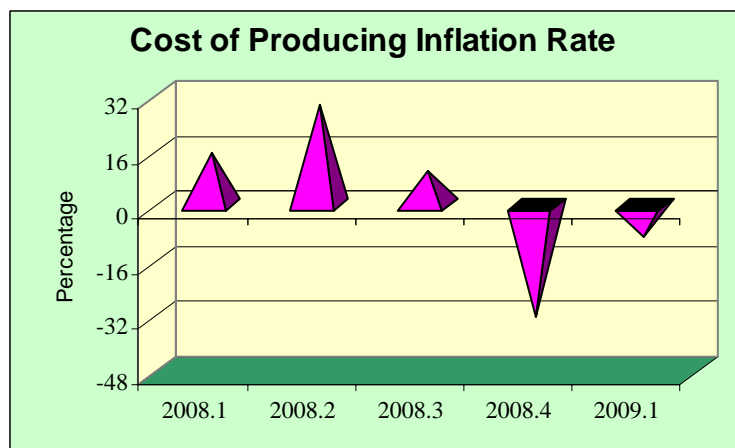


[Commodity Prices](#)

Cost of Living – The Consumer Price Index for all urban areas (1982-84 = 100) declined from 213.9 in the fourth quarter of 2008 to 212.6 in the first quarter of 2009. Inflation for cost of living decelerated at an annual rate of 2.3 percent. Over the previous four quarters, the cost of living inflation rate has fallen from 4.3 to -2.3 percent.



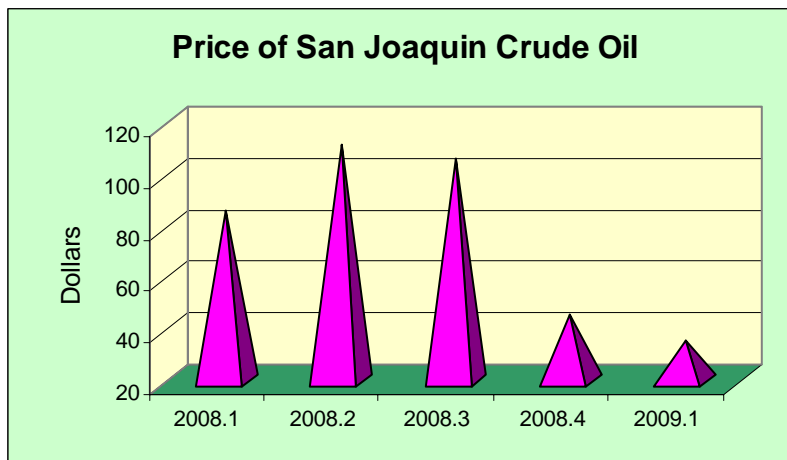
Cost of Producing – The Producer Price Index for all commodities (1996 =100) tumbled from 179.5 in the fourth quarter of 2008 to 175.3 in the first quarter of 2009. The inflation rate for cost of producing decelerated at an annual rate of 9.2 percent. Over the previous four quarters, the cost of producing inflation rate has fallen from 15.1 to -9.2 percent.



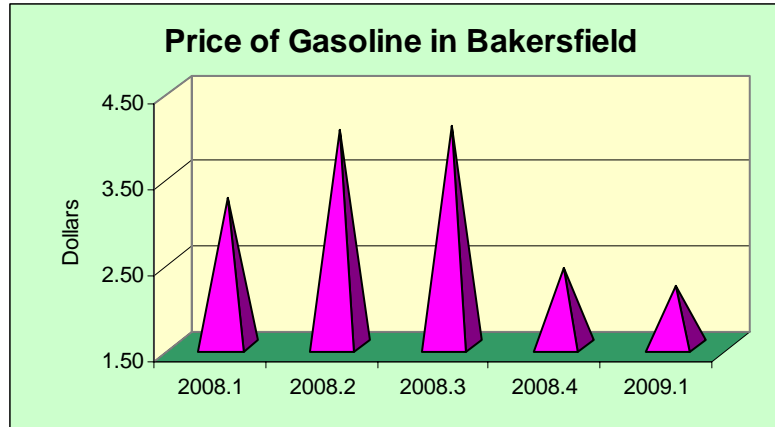
Cost of Employment - In the first quarter of 2009, the Cost of Employment Index (December 2005 = 100) increased at an annual rate of 1.2 percent as the index value rose from 109.6 to 109.9. The employment cost inflation rate was 1.8 percent lower than that of four quarters ago.



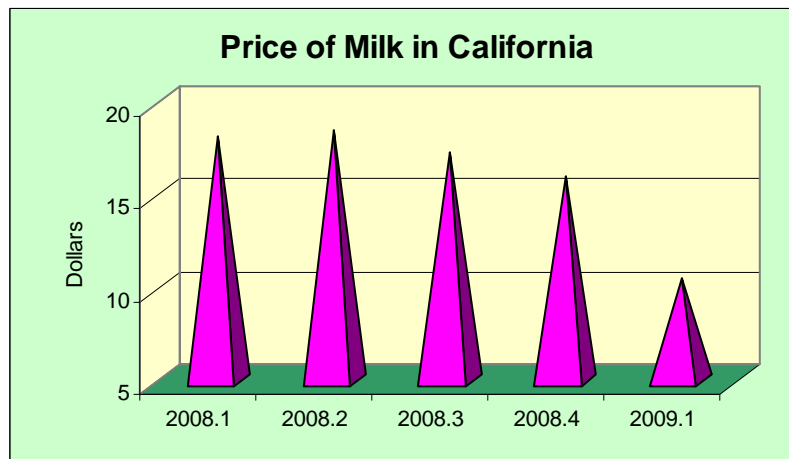
Price of Oil - The average price of San Joaquin Valley heavy crude was down \$10 (or 22.2 percent) per barrel from \$45.08 in the fourth quarter of 2008 to \$35.08 in the first quarter of 2009. Likewise, the average price of crude oil was down \$50.42 (or 59.0 percent) per barrel relative to the first quarter of 2008.



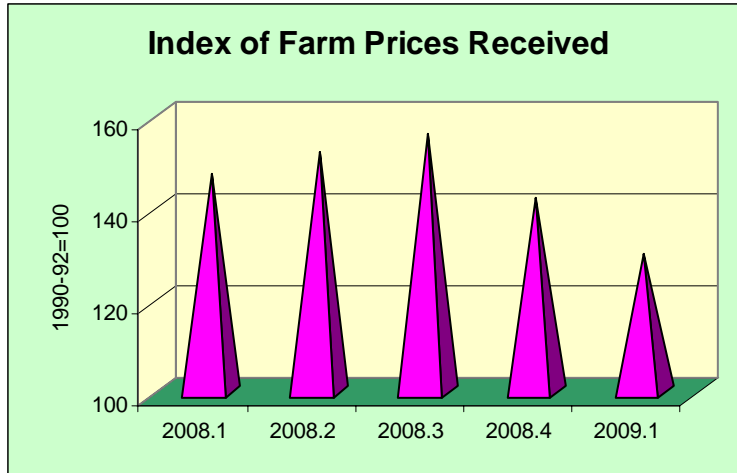
Price of Gasoline - In the Bakersfield metropolitan area, the average retail price of regular gasoline per gallon fell 21¢ (or 8.7 percent) per gallon from \$2.42 in the fourth quarter of 2008 to \$2.21 in the first quarter of 2009. Compared with the first quarter of last year, the average gasoline price was down \$1.02 (or 31.6 percent).



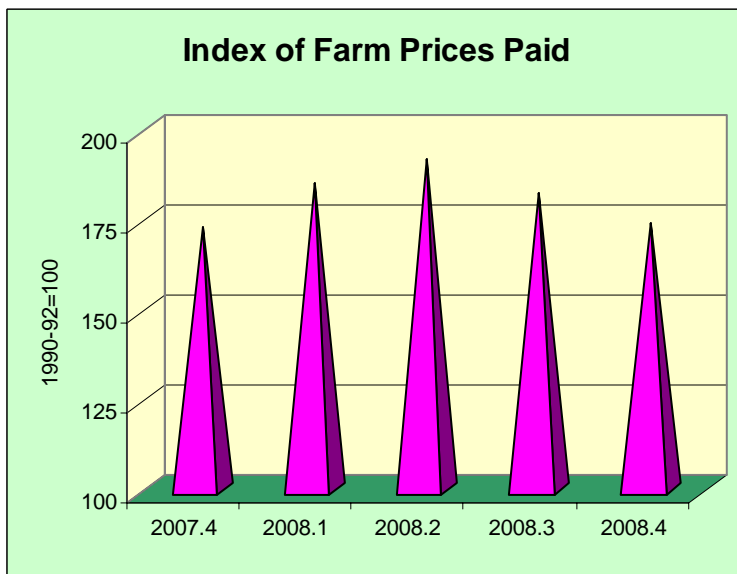
Price of Milk – The average price of California’s Class III milk plunged \$5.51 per cwt (or 34.5 percent) from \$15.95 in the fourth quarter of 2008 to \$10.44 in the first quarter of 2009. Likewise, the unit price of milk has gone down \$7.68 (or 42.4 percent) since the first quarter of 2008.



Farm Prices – In the first quarter of 2009, the national Index of Prices Received by Farmers for all farm products (1990-92 = 100) dropped 12 points to arrive at 130. This index was 17 points lower than that of four quarters ago.



The national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents declined 8 points to reach 174. However, the index has gained one point since the first quarter of last year.



The Index of Farm Price Parity is the Index of Prices Received by Farmers as a percentage of the Index of Prices Paid by Farmers. In the first quarter of 2009, the Index of Farm Price Parity remained constant at 78. However, the gap between prices paid and prices received by farmers has widened 7 points since the first quarter of 2008.

