ECONOMY AT A GLANCE!
2015 SECOND QUARTER

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National Economy
The world’s largest economy of more than $16.5 trillion, the United States, grew by 2.3 percent, but at a much faster rate than the real Gross Domestic Product (GDP) growth rate from the first quarter of 2015, where real GDP grew by 0.6 percent. Real GDP increased largely because of increases in consumer spending, durable goods (mostly vehicles and parts) and non-durable goods. This was boosted by increased spending by state and local governments. However, the growth rate was moderated by decreases in federal government spending, inventory investment, and business investment, as well as an increase in imports.

Real disposable personal income, which is adjusted for inflation and taxes, increased by 0.3 percent in the first quarter of 2015, highlighting improvements in the national economy. This is compared to a 6.3 percent increase in the first quarter of 2015. This stagnation in growth of real personal disposable income did not impede GDP growth, as the real personal savings rate fell from 5.5 percent in the first quarter of 2015 to 5.25 percent in the second quarter of 2015, while real consumer spending increased by 0.3 percent.

The Conference Board’s Index of Leading Economic Indicators – a measure of future economic activity – improved from 121.4 to 123.6. This improvement indicates continued economic growth over the next six to nine months. Conversely, the University of Michigan’s Consumer Sentiment Index declined from 95.5 to 94.2, as consumers judged prospects for the national economy to continue to worse. Most of the decline in consumer expectations occurred in May of 2015, while the outlook improved significantly in June of 2015, to 96.1 from 90.7 in May of 2015.

State Economy
In California, the unemployment rate went down to 6.3 from 6.4 percent. Among counties, San Francisco (3.5 percent), Santa Clara (4.0 percent), Orange (4.3 percent), San Luis Obispo (4.4 percent), San Diego (5.0 percent), and Sacramento (5.8 percent), had unemployment rates below the state average. In contrast, Riverside (6.6 percent), Los Angeles (7.3 percent), San Joaquin (8.6), Kern (10.1 percent), Fresno (9.5 percent), and Kings (10.2 percent) had unemployment rates above the state average.

The state’s civilian labor force added 68,333 members, of whom 137,966 secured paying jobs (employed) and 69,633 fewer were left jobless (unemployed). While nonfarm industries hired 90,333 more workers, farming enterprises employed 3800 fewer workers. A wide range of industries added jobs, including construction, manufacturing, education and health services, leisure and hospitality, and federal and local governments. However, jobs were lost in financial services, mining and logging, and the state government.

Local Economy
The sizable decrease in the unemployment rates, coupled with significant increases in employment (6,667 more workers, compared to the first quarter of 2015), coupled with 155 more new business permits and 609 more home sales, significantly expanded total personal income in Kern County, which increased by $2.2 billion: an annualized rate of 28.9%. This increase in personal income in the second quarter of 2015 erased all of the income stagnation we have seen in the local economy since 2014. In 2012 dollars, real total personal income in the first quarter of 2015 was slightly more than $32.75 billion.

Labor market conditions strengthened in the second quarter of 2015, perhaps unexpectedly. Though the labor force increased by 3,067 persons, the number of people unemployed decreased by 3,633 persons. This means that there

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1 U.S. economic numbers were obtained from the Bureau of Economic Analysis “U.S. Economy at a Glance”. This is found at http://www.bea.gov/newsreleases/glance.htm
2 The California economic numbers were obtained from the Bureau of Labor Statistics “Local Area Unemployment Statistics Map”. This is found at http://data.bls.gov/map/MapToolServlet.
were tremendous increases in the number of persons employed in the area, increasing by 6,667 people. This
decreased the unemployment rate to 10.1 percent, a decrease of 1.0 percentage points from the first quarter of 2015.
This comes amid a period of stagnating oil prices that continue to hover around $60 a barrel. A large part of the
decrease in the unemployment rate was due to massive increases in farming employment, where 10,300 more farm
workers were hired this quarter, even during a drought with massive water restrictions. The rate of unemployment
ranged from 4.9 percent in Inyokern to 24.8 percent in McFarland. McFarland was one of the few cities in Kern
County to experience an increase in the city unemployment rate. In Bakersfield, 9.2 percent of persons in the labor
force are unemployed, less than 1 out of 10 people in the labor force.

As the median sales price of houses continued to rise in Kern County to $200,500, a level not reached since 2008,
903 more homes were sold in Kern County, compared to the first quarter of 2015. Thus, total sales increased from
2,422 homes to 3,325 homes. In Bakersfield, the median home price increased by $12,000 as home sales increased
from 1,726 in the first quarter of 2015 to 2,335 in the second quarter of 2015. The continued ups of the housing
market showcased itself in the amount of foreclosure notices and in the issuance of new building permits. 615 new
building permits were issued in the second quarter of 2015, compared to 460 in the second quarter of 2015. The
number of loan default notices sent to homeowners continued to fall, declining by 19 in the second quarter of 2015
compared to the first quarter of 2015; compared to the second quarter of 2014, there were 147 fewer notices of
mortgage loan default in the second quarter of 2015.

The weighted price index for the five publicly traded companies doing business in Kern County (Sierra Bancorp,
Tejon Ranch Company, Chevron Corporation U.S., Granite Construction, and Wells Fargo Company) decreased
from 96.8 in the first quarter of 2015 to 96.7 in the second quarter of 2015, a decline of 0.1 percentage points.
Chevron (a decline of 8.1 percent) and Tejon Ranch (a decline of 2.8 percent) saw a decline in their stock prices.
Wells Fargo (an increase of 3.4 percent), Sierra Bancorp (an increase of 3.7 percent), and Granite Construction (an
increase of 1.1 percent) all saw an increase in their stock price.

The price of gas surged in the Bakersfield metropolitan area even with the stagnation in the world price of oil, with
the average retail price of gas increasing 59¢ per gallon to $3.52 since the first quarter of 2015. Compared to the
second quarter of 2014, gas prices are still down 63¢, meaning perhaps a movement back towards the post-recession
high. The unit price of California’s Class III milk increased in the second quarter of 2015, after its significant
decline in the first quarter of 2015, by 51¢ to reach $16.24. The index of prices farmers received for their outputs
increased by 8.4 points to 107.7, while the index of prices farmers paid for their inputs increased 1.4 points to reach
110.7. The gap between the output prices farmers received and input prices farmers paid increased substantially,
improving the situation for farmers, and moving them back closer to where they were in the early quarters of 2014.