

# Cross Timbers Business Report

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## Third Quarter Economic Growth Reverses Downturn

By William L. Beaty

Real gross domestic product (GDP), the inflation-adjusted value of all final goods and services produced in the economy reversed four consecutive periods of decline by posting a 3.5 percent annual growth 2009's third quarter, according to a recent report from the U.S. Department of Commerce. Economists suggest this

upturn marks the end of the recent recession, which began in December 2007 and pushed the nation's jobless figure is unlikely to fall below 9.5 percent by the end of that period.

Consumer spending, which grew at an annual rate of 3.4 percent in the third quarter was a major factor contributing to this upturn. The federal government's "Cash for Clunkers" program was seen as a major contributor to this expansion. Some observers believe the end of this popular program will reduce consumer outlays in the October-December period, although some remain cautiously optimistic the Christmas buying period will be upbeat.

Gross private domestic investment grew at an 11.0 percent annual rate in the third quarter, which reversed three consecutive periods of decline. This change reflected increases in non-residential and residential fixed investment and a decline in inventory expenditures.

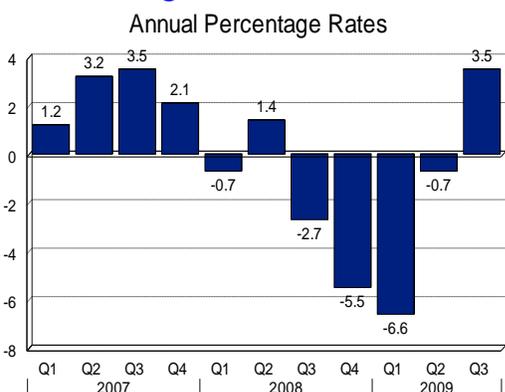
Federal government outlays grew at a 7.7 percent rate between July and September, while state and local expenditures declined by 1.1 percent.

Net exports declined by 21.7 percent, as imports grew at a faster clip than exports. These trends had a damping effect on overall economic expansion.

The Department of Commerce publishes GDP data on a quarterly basis. The preliminary estimate reported here will be subject to two revisions before it appears in its final form.

*William L. Beaty is an assistant professor of economics at Tarleton State University.*

### Changes in Real GDP



upturn marks the end of the recent recession, which began in December 2007 and pushed the nation's jobless rate above ten percent for the first time since April 1983. A recent survey of 52 prominent economists by the *Wall Street Journal*, however, suggested that, even with a projected three percent growth rate through De-

## Third-Quarter Inflation Rates Return to Normal Patterns

By Nelly DiCiccio

Inflation rates for September were up overall, with prices rising on broad front. September's inflation rate fell below the figure for August, however. The average increase in consumer prices was 2.4 percent in the third quarter of 2009; this figure is down from the 3.1 percent of the third quarter in 2008. Energy was the largest contributor of the third quarter's inflation rate. Other items contributing to the third quarter's price rise were advances in lodging away from home, medical care, new vehicle sales, used cars and trucks sales, and public transportation. These increases occurred despite declines in the indexes for rent, food, and rent.

The CPI (Consumer Price Index), a measure of the average prices of goods and services purchased by

households, stood at 214.5 at the beginning of the third quarter, and then rose to 215.8 by the end of September (base year 1982-1984). The energy index led other price advances in September, as increases in the indexes for gasoline, fuel oil and electricity more than offset a decline in the index for natural gas. The energy index remains 21.6 percent below its value for September 2008, however.

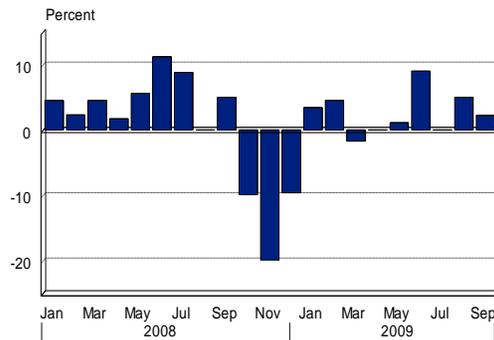
In contrast to these increases, the food index declined in September, falling for the sixth time in the last eight months. The food index posted its first 12-month decrease in over 40 years.

The inflation rate is also finding its way into the lives of millions of Americans who rely on Social Security checks. According to an article from The Associated Press, millions of Americans could see a stagnant check next year because “the trustees who oversee Social Security are projecting there won’t be a cost of living adjustment (COLA) for the next two years.” This trend has not happened since automatic increases were adopted in 1975. “COLA is based on the inflation which was been negative most of this year, largely because energy prices are below 2008 levels.” With increasing health costs and decreasing home values, millions of Social Security recipients will most likely feel the pinch next year.

Consumer price index figures are published monthly by the Bureau of Labor Statistics. The CPI is the nation’s most commonly cited inflation measure.

## INFLATION RATES

(Annual Changes in Consumer Prices)



Source: Bureau of Labor Statistics

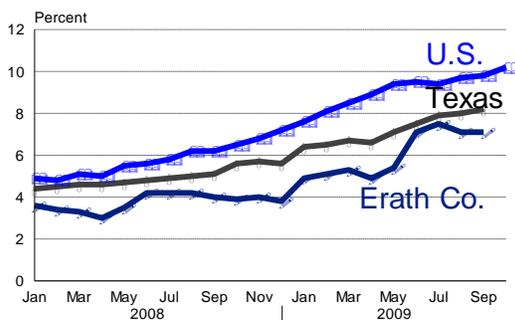
*Nelly DiCiccio is pursuing a Master of Business Administration degree at Tarleton State University.*

## National Unemployment Woes Reflected in State, County Reports

By Jackie DeWayne Reynolds

As the national unemployment rate continues its slow creep toward double digits—rising another .3 percentage points from last quarter’s high to an annual average rate of 9 percent—Texas and the Cross Timbers counties’ rates of unemployment continue to rest below the national average.

## UNEMPLOYMENT RATES



Sources: U.S. Bureau of Labor Statistics and Texas Workforce Commission

Bosque County had the highest unemployment in the Cross Timbers area, with an average jobless rate of 7.6 percent for 2009. This value represents an increase of 3.1 percentage points from a year ago. Hamilton County had the lowest unemployment at 5 percent, up from 3.8 percent a year ago.

Comanche County’s annual average rate of unemployment rose to 5.8 percent from 3.8 percent the year

before. Eastland County also saw a significant uptick in their jobless figure, gaining 2.8 percentage points from last year to rise to 7.3 percent for the first nine months of 2009. Erath County gained 2.3 percentage points from last year to settle at 6 percent.

The unemployment rate in Texas continued its upward trend as well, averaging 7.2 percent in 2009 compared to 4.7 for the same period last year. The state’s job losses totaled almost 80,000 over the past year.

Despite significant job losses statewide, there was some good news. The Education and Health Services sectors saw significant job growth, adding 58,700 jobs since September 2008, a robust gain of 4.5 percent. The Government sector also grew, though at a slower 2.6 percent pace.

*Jackie DeWayne Reynolds is a senior majoring in economics at Tarleton State University.*

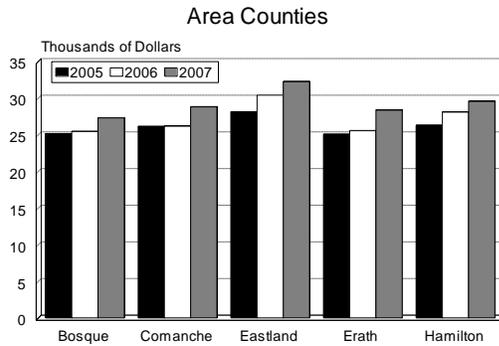
*The College of Business Administration at Tarleton State University presents the Cross Timbers Business Report ([j wr <ly y y @ctngvppQf wleqdcy gdledt lkp f g:Q w n](#)) as a service to local residents. It is written by the members of Delta Mu Delta, a business honor society, and other involved students. This report is distributed without charge to any interested person or organization. To subscribe to this publication or make suggestions regarding its content, write William L. Beaty, Editor, P.O. Box T-920, Tarleton Station, TX 76402, phone 254-968-9622, or E-mail [beaty@tarleton.edu](mailto:beaty@tarleton.edu).*

# Cross Timbers Counties Post Income Gains in 2007

By: Morgan Kuykendall

All five Cross Timbers Counties saw increases in their per capita personal incomes between 2005 and 2007, according to the United States Bureau of Economic Analysis. Eastland County posted the highest percentage increase in this period, while Bosque County reported the lowest.

## Per Capita Personal Income



Between 2006 and 2007, Bosque County's per capita personal income rose 7.3 percent to \$27,274. The 2007 value is 8.5 percent greater than the figure posted in 2005.

Comanche County also posted an increase in per capita personal income over this period. Its total of \$28,783 for 2007 compares to \$26,139 in 2006. Comanche's 2007 figure shows a 10.3 percent advance over 2005's average.

Eastland County's per capita personal income rose by 6.0 percent between 2006 and 2007 to total \$32,213. Eastland County had the highest per capita personal income among the Cross Timbers Counties.

Erath County's 2007 income figure of \$28,331 represents gains of 11.0 and 13.2 percent over 2006 and 2005 values.

Hamilton County noted a per capita income value of \$29,532 in 2007. This figure represents a 5.2 percent gain over the value for the previous year. Hamilton's average income figure was 12.5 percent higher than the value posted in 2005.

The United States Bureau of Economic Analysis collects and reports personal income data on an annual basis.

*Morgan Kuykendall is a senior interdisciplinary business major at Tarleton State University.*

# Sales Figures Drop

By David Sears

Total retail sales in the Cross Timbers area decreased 18.9 percent in the first three months of 2009, compared to the same period in 2008, according to the State Comptroller's Office recent quarterly report. All five Cross Timbers counties noted declines over this span. These losses parallel similar patterns in nationwide sales values.

In the first quarter of 2009, Bosque County posted a decrease in retail sales of 10.3 percent compared to the same period in 2008, with total sales of \$20.6 million. Bosque was the only county to have an overall increase in sales between 2007 and 2009.

Comanche County, with first quarter total sales of \$20.6 million, witnessed losses of 21.9 percent and 7.6 percent compared to the two previous years' totals.

With total sales of \$47.6 million, Eastland County noted a 24.5 percent decrease between 2008 and 2009 and a loss of 21.6 percent over the 2007-2009 period.

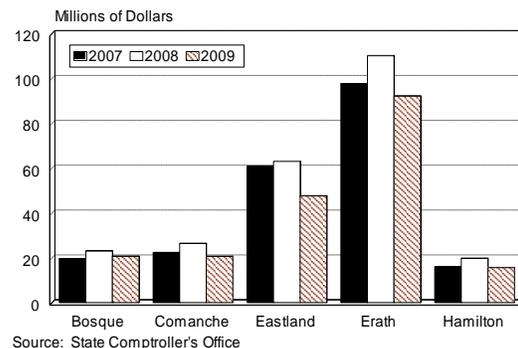
Erath County posted a decrease in 2009 sales of 16.4 percent compared to the first quarter sales of 2008. The county saw a 5.7 percent decrease compared to the same period in 2007.

Hamilton County had a decline in sales of 20.9 percent in 2009 over the same period in 2008 and a decrease of 2.3 percent between 2007 and 2009. The total sales for Hamil-

ton County during the first three months of 2009 were \$15.6 million.

## RETAIL SALES

Area Counties, January - March



The Texas State Comptroller's Office releases retail sales data reports on a quarterly basis. Statistics for a given area are typically released five or six months after the end of the period.

*David Sears is a member of Delta Mu Delta and is pursuing a Bachelor of Science degree in Business Management at Tarleton State University.*

## Sales Tax Allocations Reflect Slowing Economies

By William L. Beaty

Sales tax allocation patterns in five area cities confirm the negative impact of the nation's slowing economy on the local business environment. All municipalities reported lower tax values through the first ten months of 2009, when compared to the same period last year. All areas posted advances over 2007 values, however.

Comanche's \$461,084 allocation figure for the January-October period of this year falls 2.8 percent below the value reported the year before. This year's value rests 16 percent above the aggregate posted two years earlier, however.

Eastland suffered the largest revenue loss of any Cross Timbers city this year. Its \$927,911 allocation figure lies 6.7 percent below the value posted in 2008 but is slightly above the \$924,957 total reported in 2007.

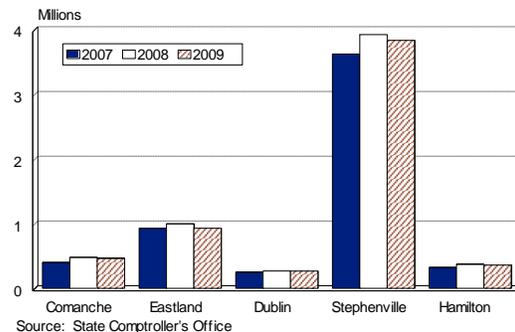
Dublin's \$266,604 allocation posting represents a loss of 0.5 percent from the previous year's aggregate. This year's value represents a gain of 8.4 percent when compared to the same months of 2007.

Stephenville reported \$3,828,863 in sales tax allocations in the first ten months of this year. This total is 2.3 percent below the value posted last year but is 5.9 percent above the figure reported two years ago.

Hamilton showed an allocation total \$359,292 in 2009. This figure represents a decline of 2.6 percent from the value posted last year but marks a gain of 12.1 percent over the total reported in 2007.

### SALES TAX ALLOCATIONS

Area Cities, January - October



Source: State Comptroller's Office

Each month, the State Comptroller's office collects and allocates the sales taxes assessed by area municipalities. Economists view these reported allocations as indicators of retail sales figures, which are typically reported some months later.

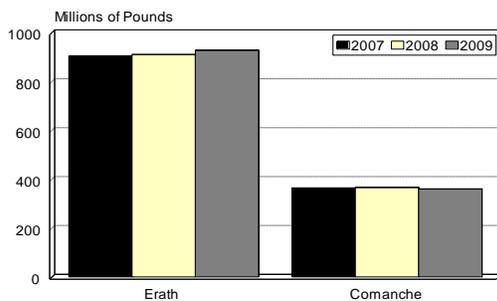
## Milk Production Trends Continue

By Lindsey Zapalac

As of September 2009, Erath County continued to hold the number one position in the state's wholesale milk production. During 2009, Comanche County dropped from being the sixth highest producer to the tenth highest.

### MILK PRODUCTION

Area Counties, January - September



Source: Market Administrator's Report

Erath County's dairy farmers produced nearly 1 billion pounds of milk through September 2009. This number represents a 1.9 percent increase over 2008 and a 2.7 percent increase from 2007. Erath County's in-

crease in milk output was accompanied by a reduction in the number of dairy farmers from 89 to 85.

Comanche County's 359.5 million pounds of milk production in 2009 represents a loss of 1.5 percent since 2008 and a decline of 1.1 percent since 2007. The county's producer census has declined from 26 to 19 since the end of 2008.

Texas' overall milk production has increased by 6.3 percent since 2008. The state's total milk production has advanced by a dramatic 21.6 percent since 2007.

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