

# Cross Timbers Business Report

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## GDP Growth Holds Steady

By: Morgan E. Kuykendall

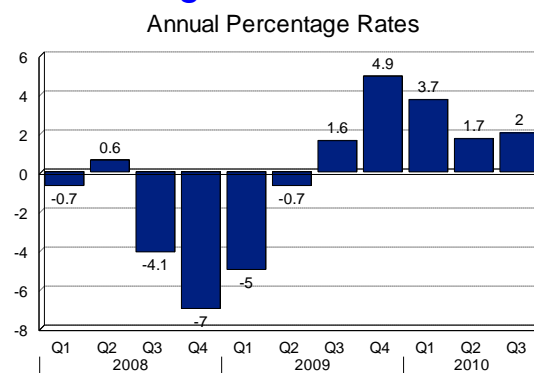
Real gross domestic product (GDP), the inflation-adjusted value of all final goods and services produced in the U.S. economy, ended the third quarter with a 2 percent increase, following a 1.7 rise in the second quarter and a 3.7 percent expansion in the first quarter, according to a recent report from the U.S. Department of Commerce. This report supports many economists' claims that the recession that began in December 2007 has finally come to an end. However, according to *The Wall Street Journal*, consumer spending remains well below levels seen in previous recoveries, and significant forces indicate a slow recovery lies ahead.

Consumer spending grew at relatively weak rates of 1.9, 2.2, and 2.6 percent rates in the first three quarters of 2010. With the holiday season just around the corner, a significant rise in spending does not appear very likely. Many Americans continue to spend conservatively, as their wealth and incomes were ravaged by the financial crisis.

Spending and investment by the federal government showed an 8.8 percent increase in the third quarter, following a 9.1 percent rise in the second quarter.

Exports, which increase domestic output, rose 5.0 percent in the third quarter, while imports, which reduce output, jumped 17.4 percent.

### Changes in Real GDP



Source: Bureau of Economic Analysis, U. S. Department of Commerce

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.

*Morgan E. Kuykendall, Graduate Assistant for the College of Business at Tarleton State University, will graduate with her M.S. degree in May 2011.*

## Inflationary Pressures Remain Weak

By Seth Gaston

According to the Bureau of Labor Statistics, consumer prices in the United States rose in all three months of the third quarter. This movement offset a slight deflationary trend reported in the previous quarter.

Annualized monthly changes in the consumer price index, which is the country's most quoted inflation measure, fell at 0.6, 2.2, and 1.7 percent rates between April and June. The inflation rate for July jumped to a 3.9 percent annual figure then declined to 3.3 and 1.1 percent growth rates in August and September.

Over the period from September 2009-September 2010, consumer prices rose by 1.2 percent. This figure reflects a slight gain over the minus 1.3 percent movement exhibited over the same months in 2008-2009.

Consumer price index changes are reported monthly and are closely followed by economists as an inflation indicator. Cost of living adjustments for many workers and for Social Security recipients are also based on this index.

*Seth Gaston is a sophomore majoring in Mathematics and Economics at Tarleton State University.*

# Local Labor Markets Recover as National and State Jobless Rates Remain High

By Joshua Pelfrey

According to recent data published by the U.S. Bureau of Labor and Statistics and the Texas Workforce Commission, national and state unemployment remains relatively unchanged while local jobless rates have seen noticeable declines, though almost all labor markets revealed unemployment rates higher than full-employment levels.

The national unemployment rate rose to 9.6 percent for the months of September and August, up slightly from 9.5 percent in July. The year-to-date average for 2010 stood at 9.7 percent. This figure compares unfavorably to average rates of 5.5 percent and 9.0 percent posted for the same period of 2008 and 2009.

Texas reported mixed results for the third quarter, as the state's unemployment rate rose from 8.2 percent to 8.3 percent between July and August then fell to a year-low rate of 8.1 percent in September. The year-to-date average unemployment rate stood at 8.2 percent, which compares unfavorably to the 7.4 percent value noted the year before.

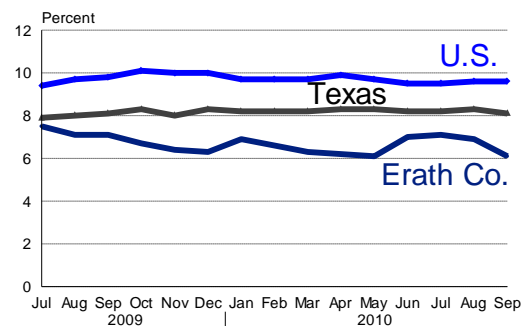
Bosque County's jobless rate saw a minor increase from 8.5 percent to 8.6 percent from July to August, and then the September rate declined to 8.0 percent, representing the lowest unemployment rate for the county since May 2009.

Comanche County had a steady decline in unemployment, falling from 6.8 percent in July to 6.7 percent in August to 6.2 percent in September. The September rate is the county's lowest figure since December 2009.

Eastland County's third-quarter jobless percentages declined dramatically during 2010's third quarter. Unemployment fell from 8.6 percent in July to 8.3 percent in August to 7.6 percent in September.

Erath County experienced a jobless rate of 7.1 percent in July 2010. This figure fell to 6.9 percent in August and 6.1 percent in September. The September rate of 6.1 is identical to the May 2010 rate, suggesting the summer unemployment swell has been alleviated.

## UNEMPLOYMENT RATES



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

Hamilton County experienced a reduction in unemployment from 6.7 percent in July to 6.5 percent in August to 6.0 percent in September. The September jobless rate reflects a 0.8 percent decline from the year's high of 6.8 percent noted in January.

The U.S. Bureau of Labor Statistics and the Texas Workforce Commission provides monthly data on labor markets. National and state statistics are adjusted to account for seasonal variation, while local figures remain unadjusted.

*Joshua Pelfrey is a member of Delta Mu Delta and is pursuing a Bachelor of Science degree in Economics at Tarleton State University.*

## Cross Timbers Counties Post Income Gains in 2008

By Shonda Sears

All five Cross Timbers Counties saw increases in their per capita personal incomes between 2006 and 2008, according to the United States Bureau of Economic Analysis. Bosque County posted the

highest percentage increase over this period, while Comanche County posted the lowest.

Between 2007 and 2008 Bosque County's per capita personal income rose 5.3 percent to \$30,261.

The 2008 value is 15.2 percent greater than the figure posted in 2006.

Comanche County also posted an increase in per capita personal income over this period. Its total of \$30,403 for 2008 compares to \$29,528 in 2007 and \$28,335 in 2006.

Eastland County's per capita personal income rose by 4.9 percent between 2007 and 2008 to total \$34,644. Eastland posted a per capita income figure of \$31,247 in 2006.

Erath County's 2008 income figure of \$28,883 represents gains of 5.7 and 13.1 percent over 2007 and 2006 levels.

Hamilton County noted a per capita income value of \$31,717 in 2008. This figure represents a 5.2 percent gain over the value for the previous year. Hamilton's average income figure was 12.8 percent higher than the value posted in 2006.

The U.S. Bureau of Economic Analysis collects and reports local personal income data annually.

*Shonda Sears is the president of Delta Mu Delta and is pursuing a Bachelor of Science degree in business management at Tarleton State University.*

## Most Area Counties Post Higher Sales

By Jessica James

A recent report from the State Comptroller's Office revealed a 3.1 percent increase in the gross sales aggregate for the five Cross Timbers counties through the first three months of 2010 when compared to the same period in 2009. Last year's value was 9.7 percent higher than the value noted two years earlier.

Eastland County, with total sales of \$240.1 million, reported the highest gross sales figure in the Cross Timbers area through March 2010. The county noted a 0.2 percent increase over the year before and a 52.1 percent advance over the same period two years earlier.

Erath County posted \$184.8 million in gross sales in the first three months of last year. This value represents an increase of 1.6 percent when compared to the 2009 figure but a decline of 13.1 percent when compared to the 2007 total.

Bosque County's \$84.1 million sales total reflects a loss 0.2 percent compared to the value posted the year before and a 4.4 percent decline com-

pared to the total reported two years earlier.

Comanche County merchants posted \$64.7 million in total sales through June of last year. This value is 28.0 percent higher than the aggregate reported in 2009 and 19.4 percent higher than the figure posted in 2008.

Hamilton County's \$41.5 million gross sales total for the first three months of last year represents a 3.2 percent increase from 2009. However, a 13.9 percent decline occurred when compared to 2008.

The State Comptroller's office collects and reports sales aggregates for all Texas counties on a quarterly basis. Because of lags in reporting requirements and lengthy verification processes, five to six months typically elapse between the end of a quarter and the release of that period's statistics.

*Jessica James is will be graduating in May with a Bachelor of Science degree in Business Management from Tarleton State University.*

*The College of Business Administration at Tarleton State University presents the Cross Timbers Business Report (<http://www.tarleton.edu/cobaweb/ctbr>) as a service to area 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).*

## Tax Allocations Indicate Weak Sales

By Valerie A. Stevens

According to economists, the United States recession ended more than a year ago. However, sales tax allocation patterns show five area cities are still struggling as 2010 comes to an end.

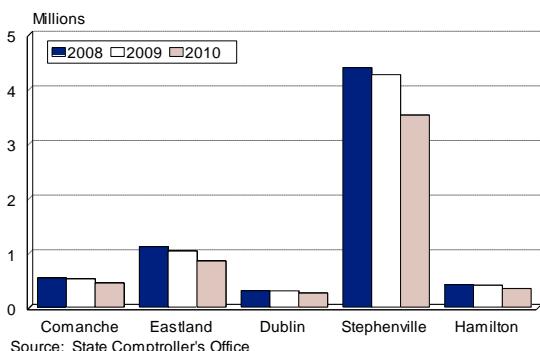
Comanche's \$440.571 allocation figure for the January-October period falls 4.4 percent below the same period last year. Comanche's 2009 allocation

total was 7.2 percent less than the value reported for the same period in 2008.

Eastland's allocation figure rested at \$843,858 for the first ten months of this year. This figure lies 9.1 percent below the 2009 value and 15.1 percent below the 2008 aggregate.

## SALES TAX ALLOCATIONS

Area Cities, January - October



Dublin's \$255,694 allocation posting represents a loss of 4.1 percent from the previous year. Dublin's 2010 revenue figure lies 4.6 percent below the figure posted two years earlier.

Stephenville reported \$3,513,756 in sales tax allocations for the first ten months of this year. This total rests 8.2 percent and 10.3 percent below the values reported in 2009 and 2008.

Hamilton reported an allocation total of \$340,206 in 2010. This figure shows a 5.3 percent decline from the previous year and a 7.8 percent loss from the 2008 value.

Tax allocation figures for the five area cities are collected and allocated by the State Comptroller's Office. Economists use these figures to make sales estimates during the year.

*Valerie A. Stevens is a senior at Tarleton State University. She graduates in the summer with a bachelor's degree in economics.*

## Agricultural Prices Rise in 2010

By Jeffrey K. Webster

Since the start of 2010, Texas farmers and ranchers have experienced rising prices for their products. The United States farm population has seen a similar pattern with rising prices received and slightly higher prices paid.

The price index of all farm products sold by Texas farmers and ranchers increased by 19.3 percent between September 2009 and September 2010. However, the price index average in 2010 lies slightly below the index figure posted in 2008.

Texas farmers are witnessing the highest crop price index value since October 2008. Crop prices in September 2010, lie 26.2 percent above the index value posted for the same month last year but lie 3.8 percent below the value noted two years earlier. Prices of corn, cotton, grain sorghum, and wheat rose, while the average price for cottonseed and hay showed slight decreases.

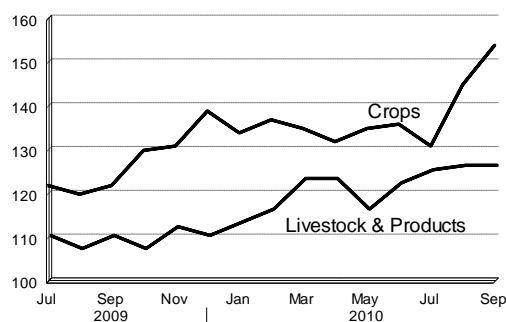
Livestock and livestock products showed a steady increase from September 2009 to September 2010, increasing from 110 percent of the 1990-1992 base period last year to 126 percent this September.

Wholesale milk prices averaged \$17.50 per hundredweight in September 2010, a significant increase from the previous year's value of \$13.60

per hundredweight. Beef cattle prices settled at \$93.70 per hundredweight in September 2010, up from \$81.30 in the prior year.

## INDEX NUMBERS OF PRICES

Received by Texas Farmers and Ranchers (1990-1992=100)



The Texas Department of Agriculture collects and reports output and price levels of agricultural products on a monthly basis. For more information regarding Texas and U.S. agriculture visit [www.nass.usda.gov](http://www.nass.usda.gov).

*Jeffrey Webster will graduate in May 2011 with a Bachelor of Science degree in Economics at Tarleton State University.*