

Cross Timbers Business Report

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GDP Continues Growth

By Valerie A. Stevens

According to the U.S Department of Commerce, real gross domestic product (GDP), the dollar measure of all goods and services produced in the U.S economy, has showed increases for the past six quarters. The third quarter of 2009 measured out a 2.5 percent increase in GDP, and the fourth quarter showed an increase of 3.1 percent. The increase in real GDP for the fourth quarter came primarily from personal consumption, exports, and nonresidential fixed investments.

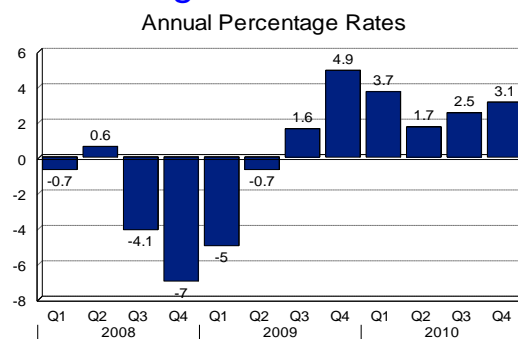
The *Wall Street Journal* stated that consumer spending rose 4.4 percent in the last quarter of 2010, which doubled the average rise in spending in the previous three quarters. The holiday season presented welcome news, as shoppers showed increasing willingness to return to the marketplace.

Federal government spending for goods and services decreased 0.2 percent in the fourth quarter, while outlays by state and local governments reflected a 0.9 percent decline.

Exports, which increase the GDP growth statistic, grew by 8.5 percent in the fourth quarter, while imports fell by 13.6 percent.

Gross domestic product estimates are reported on a quarterly basis by the Department of Commerce. A second GDP estimate with more complete data will be released at a later date.

Changes in Real GDP



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

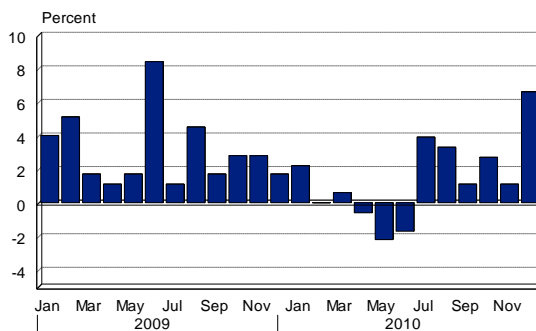
Valerie A. Stevens is a senior at Tarleton State University. She graduates in the summer with a BBA in Economics and a minor in accounting. Valerie also serves as student editor for this semester's *Cross Timbers Business Reports*.

Energy Costs Boost Consumer Prices

By: Ethan Chesnut

INFLATION RATES

(Annual Changes in Consumer Prices)



Source: Bureau of Labor Statistics

Rising gasoline prices pushed the consumer price index sharply higher in December and contributed to an accelerating inflation rate in 2010's final quarter.

The Bureau of Labor Statistics reported inflation rates of 2.7 percent in October, 1.1 percent in November, and 6.6 percent in December. The 6.6 percent rise is the largest increase since June of 2009.

2010 ended with an inflation rate of 1.4 percent. This rise is lower than the 2.8 percent figure in 2009 and higher than the -0.2 percent of 2008.

Ethan Chesnut is a senior majoring in Accounting at Tarleton State University.

Unemployment Rates Remain Elevated

By Clarice Nickerson

According to updated data published by the U.S. Bureau of Labor Statistics and the Texas Workforce Commission, U.S., Texas, and local unemployment rates remained elevated in the fourth quarter of 2010, when compared to figures reported the two previous years.

U.S. unemployment rates moved from 9.6 percent in October to 9.8 percent in November then declined to 9.4 percent in December. The nation's unemployment rate averaged 9.6 percent in 2010, which compares unfavorably to the 9.3 percent and 5.8 percent values noted in 2009 and 2008.

The Texas jobless rate rose from 8.1 percent in October to 8.2 percent in November to 8.3 percent in December. Last year's average rate stood at 8.2 percent. This value lies significantly above the 7.6 percent figure for 2009 and the 4.9 percent value posted in 2008.

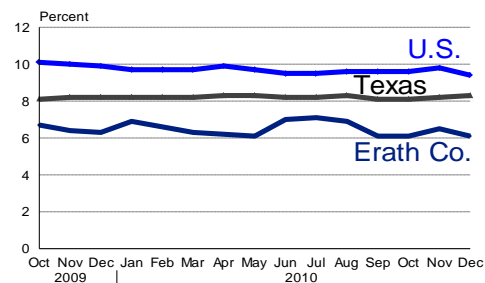
Bosque County had the highest unemployment rate among Cross Timbers counties last year. Bosque's unemployment rate was 8.4 percent October, then it rose to 8.7 percent in November and made a small decrease to 8.6 percent in December. The county's average jobless rate for 2010 was 8.6 percent, which is higher than both the 7.8 percent average noted the year before and the 4.7 percent mean posted two years earlier.

Comanche County's October unemployment rate was recorded at 6.3 percent. This statistic rose to 6.6 percent in November then fell back down to 6.3 percent in December.

Comanche County's annual jobless rate was 6.6 percent in 2010, which is higher than the 5.8 and 4.0 percent values posted in 2009 and 2008.

Eastland County also experienced high unemployment rates in the fourth quarter. The county's jobless rate showed a large increase from 7.6 percent to 8.0 percent between October and November then declined to 7.8 percent in December. Eastland County concluded 2010 with an average rate of 8.2 percent.

UNEMPLOYMENT RATES



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

Erath County's unemployment rate for October was 6.1 percent. This figure jumped to 6.5 percent in November then returned to 6.1 percent in December. Erath's 2010 average jobless rate was 6.5 percent, which compares unfavorably to the 6.2 percent and 3.8 percent values posted in 2009 and 2008.

Hamilton County had an increase in unemployment from 6.1 percent to 6.5 percent between October and November. December's rate concluded the year at 6.2 percent. The annual average for 2010 stood at 6.5 percent. This value lies above the 5.3 percent mean calculated for 2009 and the 3.8 percent rate posted in 2008.

The U.S. Bureau of Labor Statistics and the Texas Workforce Commission collect and report labor market data on a monthly basis. National and state statistics are adjusted for normal seasonal variation, while local figures remain unadjusted.

Clarice Nickerson is a sophomore majoring in accounting and economics at 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.

Retail Sales Post Small Rebound

By William L. Beaty

Cross Timbers retail merchants registered slightly higher sales through the first six months of 2010 than they reported during the same period the previous year, according to a recent report from the Texas State Comptroller's Office. Last year's figures remain significantly below values posted two years earlier, however.

Erath County reported the highest retail sales value of any local county during the January-June period of 2010. The county's \$207.1 million revenue total is 6.3 percent greater than the value noted for the same period of 2009 but falls 7.4 percent below the total noted in 2008.

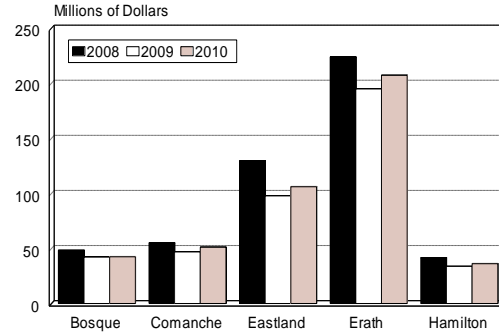
Eastland County noted 106.0 million in retail sales during the first half of last year. This figure lies 8.5 percent above the total reported the year before but falls 18.2 percent below the value posted two years earlier.

Comanche County retail merchants posted \$51.0 million in sales during the first two

quarters of 2010. This value represents a gain of 9.0 percent over the 2009 figure but shows a 7.0 percent loss from the value reported in 2008.

RETAIL SALES

Area Counties, January - June



Source: State Comptroller's Office

Bosque County reported \$42.4 million in retail sales for the January-June period of last year. This value is 0.7 percent greater than the total noted the year before but is 12.0 percent less than the aggregate reported two years earlier.

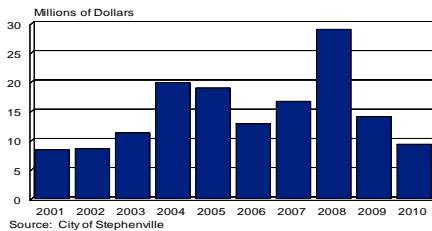
Hamilton County noted \$36.1 million in retail sales during the first two quarters of last year. This value represents a gain of 8.2 percent over the 2009 figure but shows a loss of 12.8 percent when compared to the same six months of 2008.

The Texas State Comptroller's Office collects and reports total sales values on a quarterly basis. Because of time lags associated with collection and aggregation processes, four to five months typically elapse between the end of a quarter and the release of that period's statistics.

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

BUILDING PERMITS

Stephenville, January - December



Source: City of Stephenville

According to the Stephenville City Office, sizeable permits issued to Caporal Steel, Allsup's, the First Presbyterian Church, and FMC Corporation helped push Stephenville's 2010 building permit value to \$9,284,333. This figure is 33.8 percent below the 2009 value and falls 67.9 percent short of 2008's record level.

Business College Dean Presents Paper

By Candice Tabor

Recently, Dr. Adolfo Benavides, the Dean of the College of Business Administration, presented the results of his study on intra and inter-industry trade to the College of Business Administration faculty. His research used 2008 data to estimate the United States' intra and inter-industry trade coefficients with twelve industrial nations and eleven developing countries. Intra-industry trade involves the importation and exportation of goods in the same industries or product categories, while inter-industry trade involves exchange of goods of different categories. This research discovered that more trade in a given industry takes place between the U.S. and its industria-

lized partners than between the U.S. and developing countries.

Dr. Benavides' findings also show that in the absence of international trade or with impediments to the free flow of labor intensive goods from developing nations, consumers in countries such as the United States would, at best, have to pay higher prices for items or, at worst, be excluded entirely from their consumption if there are no domestic suppliers.

Candice Tabor will receive a Master of Business Administration degree from Tarleton State University this May.

Milk Sales Continue Dominance of Erath Agricultural Sector

By Zach Davis

Income generated from milk sales dominated other sources of agricultural income in 2010, despite impressive income gains in the crop sector, according to a recent report the Texas AgriLife Extension Service.

Milk production and sales continued to lead other Erath County income sources last year, accounting for 70.5 percent of agricultural sales. The county's total milk revenues of \$184.0 million reflect a gain of 18.5 percent over the previous year's figure but show a loss of 19.0 percent when compared for the value posted in 2008.

Crops took the lead in sales increases in 2010, rising from a mere 1.8 percent of total income generated in 2009 to a whopping 17.0 percent last year. Driven largely by higher prices, last year's crop revenues of \$44.4 million reflect increases of \$40.8 million over the 2009 figure and \$31.7 million over the figure for 2008.

Sales of livestock and products, such as poultry, goats, cattle, sheep, horses, and hunting were reported at \$30.9 million in 2010. This value falls 20.1 percent and 31.3 percent below the 2009 and 2008 aggregates.

Government payments totaled \$1.6 million last year. This figure compares to receipts of \$4.9 million in 2009 and \$0.2 million in 2008.

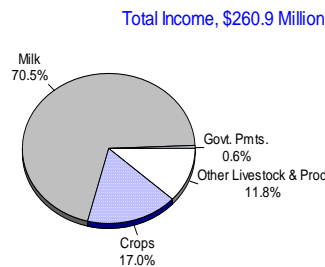
Texas AgriLife Extension agents report Erath farmers and ranchers contributed \$260.9 million to the county's total

income in 2010. This value lies 28.9 percent above the figure posted the year before but falls 8.5 percent below the total noted in 2008.

Zach Davis is in his third year of Tarleton State University's Bachelor of Business Administration program.

AGRICULTURAL INCOME BY SOURCE

Erath County, 2010



Source: Agricultural Extension Service