

Business

ECONOMIC STRESS WRENCHES S.J. COUNTY PICTURE BRIGHTER IN MOST OTHER AREAS OF COUNTRY

By ***Staff and wire reports***

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Job gains around the country offset higher foreclosures and helped reduce the nation's economic stress in October to an 18-month low, according to The Associated Press' monthly analysis.

Stress fell in 56 percent of the roughly 3,100 U.S. counties analyzed and in 28 of the states, the AP's Economic Stress Index shows.

But not in California, where 10 of the 20 most-stressed counties are found. San Joaquin County was listed eighth.

A combination of factors, including a continuing foreclosure crisis and high unemployment (16.6 percent), contributed to the economic stress rating for San Joaquin County.

Elsewhere in the country, the picture was brighter.

Demand overseas for U.S. semiconductors and strength in technology companies have helped lower unemployment in New England, for example.

And higher exports and inventory rebuilding for heavy equipment have boosted manufacturing, distribution and wholesale jobs in the Midwest, said William Testa, a vice president of the Federal Reserve Bank of Chicago.

The AP's index calculates a score from 1 to 100 based on unemployment, foreclosure and bankruptcy rates. A higher score signals more economic stress. Under a rough rule of thumb, a county is considered stressed when its score exceeds 11.

San Joaquin County's score was 22.29. Stanislaus was ninth on the national list at 22.15.

The average county's score in October was 9.9, down from 10 in September. A little over one-third of counties were deemed stressed. That's down slightly from 35 percent in September.

Except for Florida, even the most troubled states showed month-to-month improvements in October. Nevada, for example, again had by far the worst state economy, with a stress score of 21.68. Yet that was below its September score (21.93) thanks to lower unemployment and bankruptcy rates.

Florida surpassed California for the second-worst stress score: 16.56. Though its unemployment rate didn't change from September, its foreclosure rate rose.

Rounding out the five most-stressed states were California (16.01), Michigan (15.52) and Arizona (14.6). Several Western states are lagging behind the strides made by the overall U.S. economy. Besides Nevada, California and Arizona, for example, Utah and Hawaii have been squeezed in recent months.

The healthiest states were in the Great Plains and New England. Once again, North Dakota (3.5) was best. It was followed by South Dakota (4.86), Nebraska (5.44), Vermont (5.69) and New Hampshire (6.72).

Counties with substantial workers in farming, manufacturing, retail, finance and insurance enjoyed the greatest declines in stress in October. By contrast, counties with employment bases in transportation and warehousing endured more.

For October, the national unemployment rate was 9.6 percent. It rose to 9.8 percent in November. Last month's higher rate was a reminder that the national economy remains sluggish even as it slowly strengthens. The White House and Republican lawmakers have agreed on a package of tax cuts that could help invigorate the economy.

Nariman Behraves, chief economist at IHS Global Insight, forecasts that the tax cuts will boost growth, as measured by the gross domestic product, as high as 3 percent next year, up from his previous forecast of 2.4 percent. That should be enough to lower unemployment to below 9 percent by the end of 2011, Behraves said.

Since the year began, stress has declined the most in South Carolina, Alabama, New Hampshire, Michigan and Massachusetts. It's risen the most in Utah, Nevada, Florida, Hawaii and Louisiana.

Florida's economy lacks a substantial manufacturing base and depends on tourists, who typically cut back on spending or eliminate travel plans when money is tight.

"Manufacturing is having a bit of a resurgence, and with Florida lacking a large manufacturing sector, we're not really participating in that particular uptick," said Sean Snaith, an economist at the University of Central Florida. "We were certainly impacted by the Gulf oil spill, and we still have high unemployment. All of these things kind of swirl into this misery stew that keeps stress high in Florida."

Before going to Central Florida, Snaith was the first director of the business forecasting center at University of the Pacific's Eberhardt School of Business. He left Stockton in 2006.

Some Western states, like Idaho, New Mexico and Utah, suffered higher unemployment in October, though their rates were still below the 9.6 percent national rate. A slow recovery in those states, coupled with high stress in Arizona, California and Nevada, have caused the West to trail the overall U.S. recovery.

Among the 3,141 counties with at least 25,000 residents, Imperial County, Calif., was again the most stressed in October; its score was 33.26. Next were Yuma County, Ariz. (28.72), Lyon County, Nev. (26.32), Nye County, Nev. (25.19) and Yuba County, Calif. (23.3).

Ward County, N.D. (2.88) was the economically healthiest county. It was followed by Burleigh County, N.D. (3.44); Sioux County, Iowa (3.73); Brown County, S.D. (3.74); and Grand Forks County, N.D. (3.77).

The AP Stress Index goes back to October 2007, two months before the recession began. Over that time, Nevada, Florida, Arizona, California and Idaho have suffered the largest increases in stress. North Dakota, Nebraska, Vermont, South Dakota and Alaska have seen the smallest increases in hardship.

The counties with the largest increases in stress over the past three years are Lyon County, Nev.; Nye County, Nev.; Clark County, Nev.; Deschutes County, Ore.; and Yuma County, Ariz.

Those with the smallest increases in hardship are St. Francis County, Ark.; Ward County, N.D.; Burleigh County, N.D.; Grand Forks County, N.D.; and Polk County, Minn.

Most stressed

A list of the 10 most economically stressed counties with populations of 25,000 or more:

1. Imperial County
2. Yuma County, Ariz.
3. Lyon County, Nev.
4. Nye County, Nev.
5. Yuba County
6. Clark County, Nev.
7. Santa Cruz County, Ariz.
8. San Joaquin County

9. Stanislaus County

10. Merced County

Source: AP Economic Stress Index

Least stressed

A list of the 10 least economically stressed counties with populations of 25,000 or more, according to The Associated Press:

1. Ward County, N.D.

2. Burleigh County, N.D.

3. Sioux County, Iowa

4. Brown County, S.D.

5. Grand Forks County, N.D.

6. Ellis County, Kansas

7. Brookings County, S.D.

8. Buffalo County, Neb.

9. Morton County, N.D.

10. Ford County, Kansas

Source: AP Economic Stress Index