

The Amarillo Economy

FEBRUARY 2023



Still Here to Stay

Amarillo Economic Analysis

Amarillo Retail sales were the main uptick, as our other categories continued their flattening or dips.

Retail Sales were up 9.5% from last year for December, showing Christmas sales exceeded the inflation rate (for the first time in six months). Vehicle Sales increased 10% for both new and used, as supplies of new increased and used prices slipped—bucking the headwind of higher financing costs.

Airline Boardings in January were up 9% over 12 months ago, as Southwest recovered. However, Motel Taxes continued soft: down 13%, as declining occupancy more than offset higher rates.

The State does not publish Employment numbers in February.

Construction slowed, as housing starts dropped from 67 last year to 17 in January, hurt by high mortgage rates. The Median house price dropped 4% from December; but was up 7% over 12 months ago. Building Permits were only \$17 million vs. \$25 million 12 months ago. Construction in progress is still ok, but down from the strong pace 12 months ago.

Energy is soft, as oil is flat with last year; while natural gas fell off the cliff, down 42%. Drilling Rigs operating are 9 vs. 13 in December and 10 last year.

Agribusiness is mixed, with cattle, wheat and corn prices up, but cotton (-4%) and milk (-10%) off. Dry conditions persist; but hope for a switch to El Nino by summer keeps farmers going (along with last year's insurance checks).

Inflation continues tricky at about 8% locally: groceries +12%; housing +12%; transportation +6%; and health and miscellaneous low. Please see adjacent "Stage Two Inflation" comments.

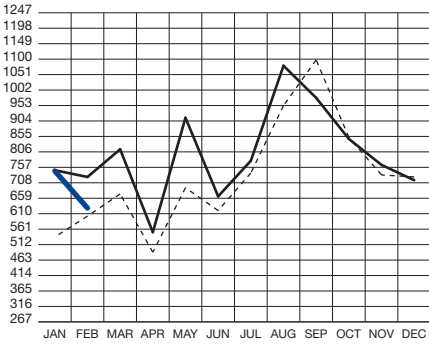
Amarillo Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	211.60	223.53	217.56
Sales Tax Collections	\$ 10,669,805	\$ 8,149,473	\$ 9,751,254
Sales Tax Collections – Year to Date	\$ 18,819,279	\$ 108,130,286	\$ 17,767,144
New Vehicle Sales	665	544	601
Used Vehicle Sales	1,307	1,065	1,191
Airline Boardings	25,518	31,228	23,375
Hotel/Motel Receipt Tax	\$ 627,889	\$ 745,540	\$ 726,407
Population	201,106	201,106	199,747
Employment – CLF*	134,268	134,268	134,447
Unemployment Rate*	% 2.60	% 2.60	% 3.30
Total Workers Employed* (Household Survey)	130,822	130,822	129,944
Total Workers Employed* (Employer Survey)	126,600	126,600	123,100
Average Weekly Wages	\$ 980.00	\$ 980.00	\$ 936.50
Gas Meters	69,880	69,271	69,584
Interest Rates (30 year mortgage rates)	% 6.625	% 6.125	% 4.250
Building Permits (Dollar Amount)	\$ 17,017,397	\$ 63,964,716	\$ 25,465,410
Year to Date Permits (Dollar Amount)	\$ 17,017,397	\$ 1,080,963,361	\$ 25,465,410
Residential Starts	17	25	67
Year to Date Starts	17	640	67
Median House Sold Price	\$ 235,000	\$ 245,000	\$ 220,000
Drilling Rigs in Panhandle	9	13	10
Oil Per Barrel	\$ 79.36	\$ 79.86	\$ 94.97
Natural Gas	\$ 2.44	\$ 3.20	\$ 4.17
Wheat Per Bushel	\$ 8.65	\$ 8.36	\$ 7.80
Fed Cattle Per CWT	\$ 158.00	\$ 155.00	\$ 140.00
Corn	\$ 6.85	\$ 6.79	\$ 6.44
Cotton (Cents Per Pound)	\$ 84.40	\$ 80.00	\$ 87.60
Milk	\$ 18.00	\$ 20.50	\$ 20.00

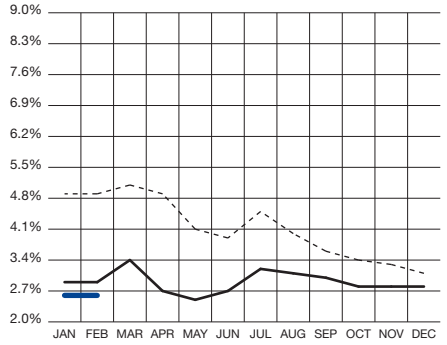
Economic Pulse Charts

LEGEND | 2023 — | 2022 — | 2021 - - - -

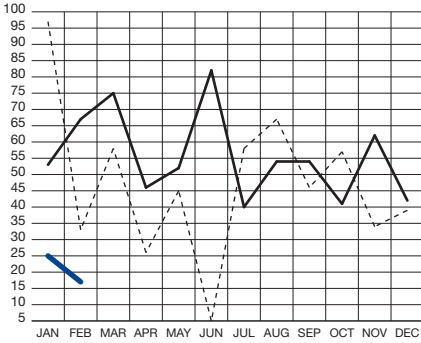
Hotel/Motel Receipt Tax (In Thousands)



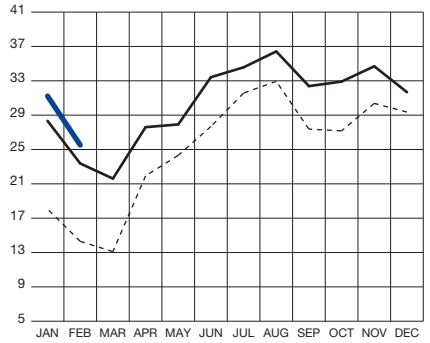
Percent Unemployment (State Adjusted Numbers)



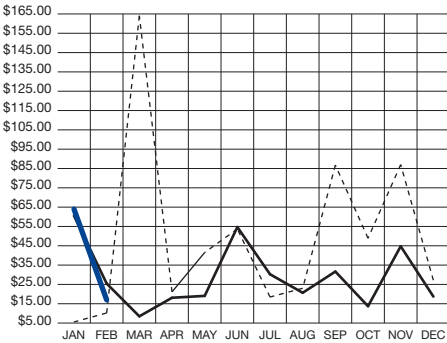
Residential Housing Starts



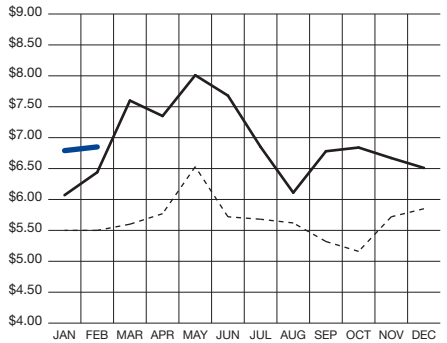
Airline Boardings (In Thousands)



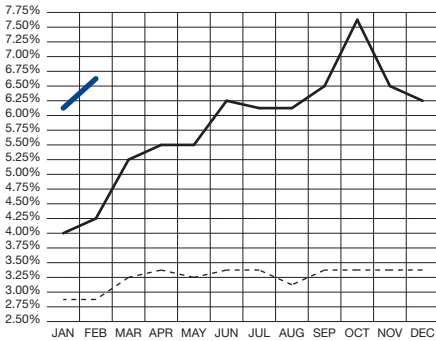
Building Permits (Residential/Commercial - Millions of Dollars)



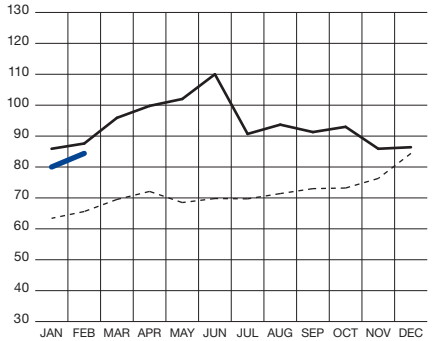
Corn (Price Per Bushel)



Interest Rates (30 Year Mortgage Rates)

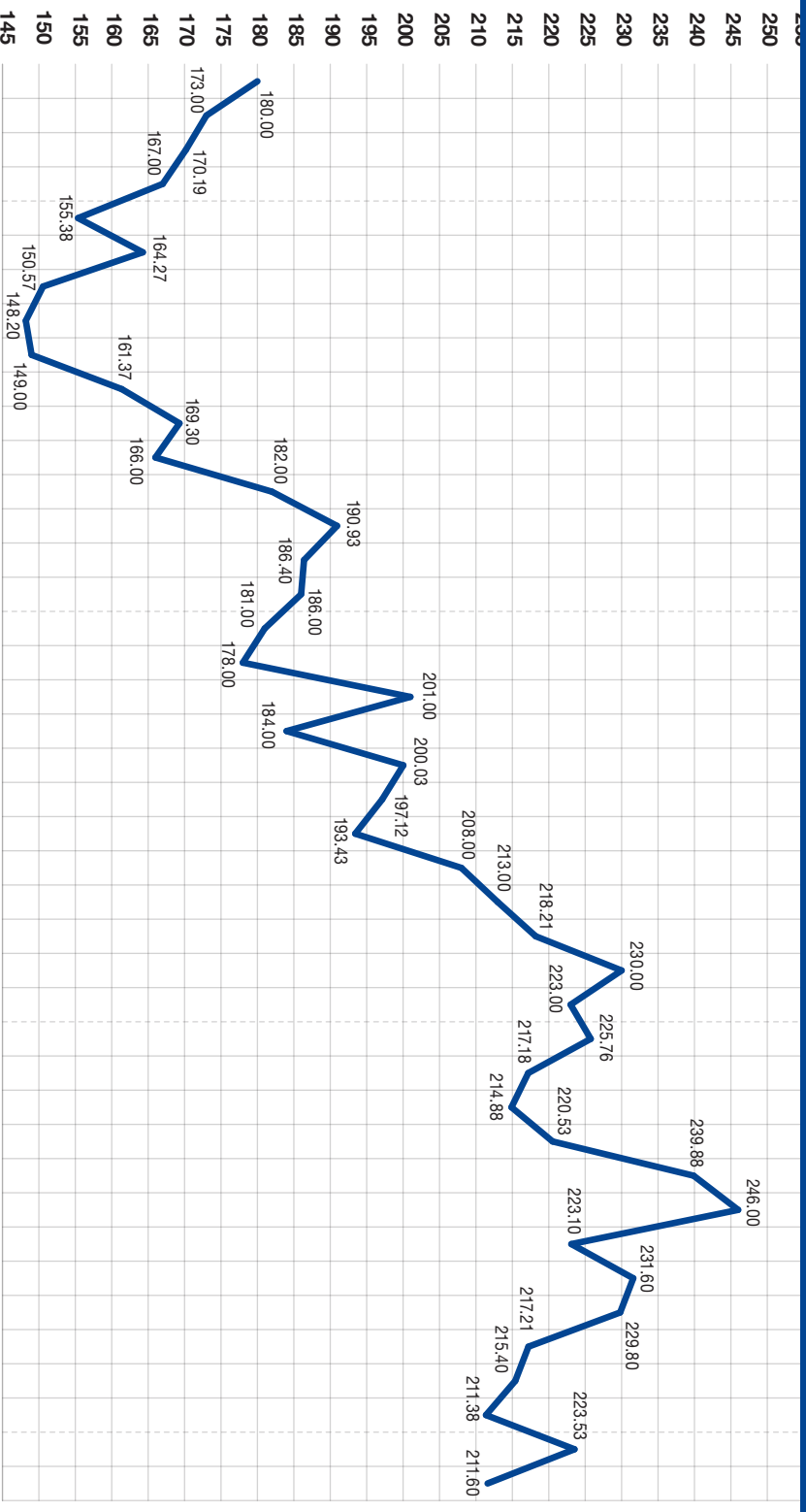


Cotton (Cents Per Pound)



Amarillo Economic Pulse

FEBRUARY 2023



2019

2020

2021

2022

SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB

Stage Two Inflation

Winter 2023

In many areas our economy has entered the second stage of inflation. In the first phase, prices jumped easily, as businesses passed along cost increases or took advantages of shortage of supplies. Consumers were relatively flush and paid higher prices to keep their lifestyles level.

Now the supply chains are getting caught up and more goods are available, just as demand is dropping due to the consumer being tapped out. Many industries have retail price leaders, who are negotiating for cheaper inventory costs and passing along savings to their customers.

This has stalled some price increases, although there are few reports of price declines from the new higher inflated levels. Grocery prices are flattening, commodities, produce and meat are showing more availability and some price drops. Lower gasoline prices have reduced transportation costs.

Some industries are just catching up with inflation, such as new car prices, travel and hotels, and rents (or home mortgages).

This competitive situation should slow the rate of inflation, but put pressure on profits at most businesses. Higher interest rates will slow demand for cars, houses and big-ticket items. Then the question is how much wage inflation will continue to push up costs and therefore prices. All of this is a different environment from the raging inflation of 12 months ago.