

# The Amarillo Economy

**FEBRUARY 2022**



**Still Here to Stay**

# Amarillo Economic Analysis

Higher inflation impacts Amarillo economy both good and bad. Higher commodity prices help out our Ag and Energy sectors, but consumers have less purchasing power with their dollars.

Retail Sales are up 8% from last year. When comparing to 2019, which was a more normal year, retail is up 28%. How much of this is inflation? It is hard for us to figure out, but we think 30%-40% of the increase is due to higher prices.

Car sales are down, as tax credits for this year were received at the end of 2021. Our bank expects lower sales and less car loans when people realize they aren't getting their tax refund, as they have in years past.

Airline Boardings are up 61% from 12 months ago. Compared to 2019, they are down 25%.

February is when the state updates and reconciles their employment numbers every year. We will look at these numbers in our next Pulse.

30-Year Mortgage rates are up to 4.25% from 2.88% a year ago. This will really slow down housing activity in Amarillo, as new sales are down and refinances will stop.

Building permits are up 149% from 12 months ago. They are up 7% from February 2019.

One year ago, there were 5 drilling rigs in the Panhandle. Today there are 10. In February 2019, there were 11. Natural Gas prices are above \$4-very good for our energy producers. Oil is above \$94.

The administration's crackdown on the Energy Sector was poorly timed with Russia's plan to invade Ukraine. When we achieved Energy independence a few years ago-thanks to production in the Permian basin-we never thought we would see \$3 gasoline. We were wrong.

The drought is one of the worst in our history. Wheat prices are at \$7.80, up 20%. Corn is at \$6.44, up 17%. Cotton is at \$87.60, up 34%.

Cattle prices are up 22% from a year ago. Feedyards are making \$35-\$50 per head.

Milk prices are up to \$20, up 27% from 12 months ago and Dairies are seeing strong profits.

# Inflation

## February 2022

The pernicious effects of inflation are widespread, especially when it becomes the “crack cocaine for politicians”. Basically, inflation is “debasement of the currency”.

### Types:

- Demand Pull
- Cost Push
- (Doubly bad when have both)

### Inflation effects:

- Savers
  - Savings worth less
  - Destroy retirement plans
  - Bond holders are hurt

### Workers

- Salaries and wages buy less
- Living costs rise
- Consumer confidence drops
- Monthly payments up 25%; raises cost of house or car

### Businesses

- Profits hurt by higher interest costs
- Inventory replacement requires more cash
- Tight money finally occurs; making some loans unavailable
- Higher debt levels risk long term survivability

### Investors

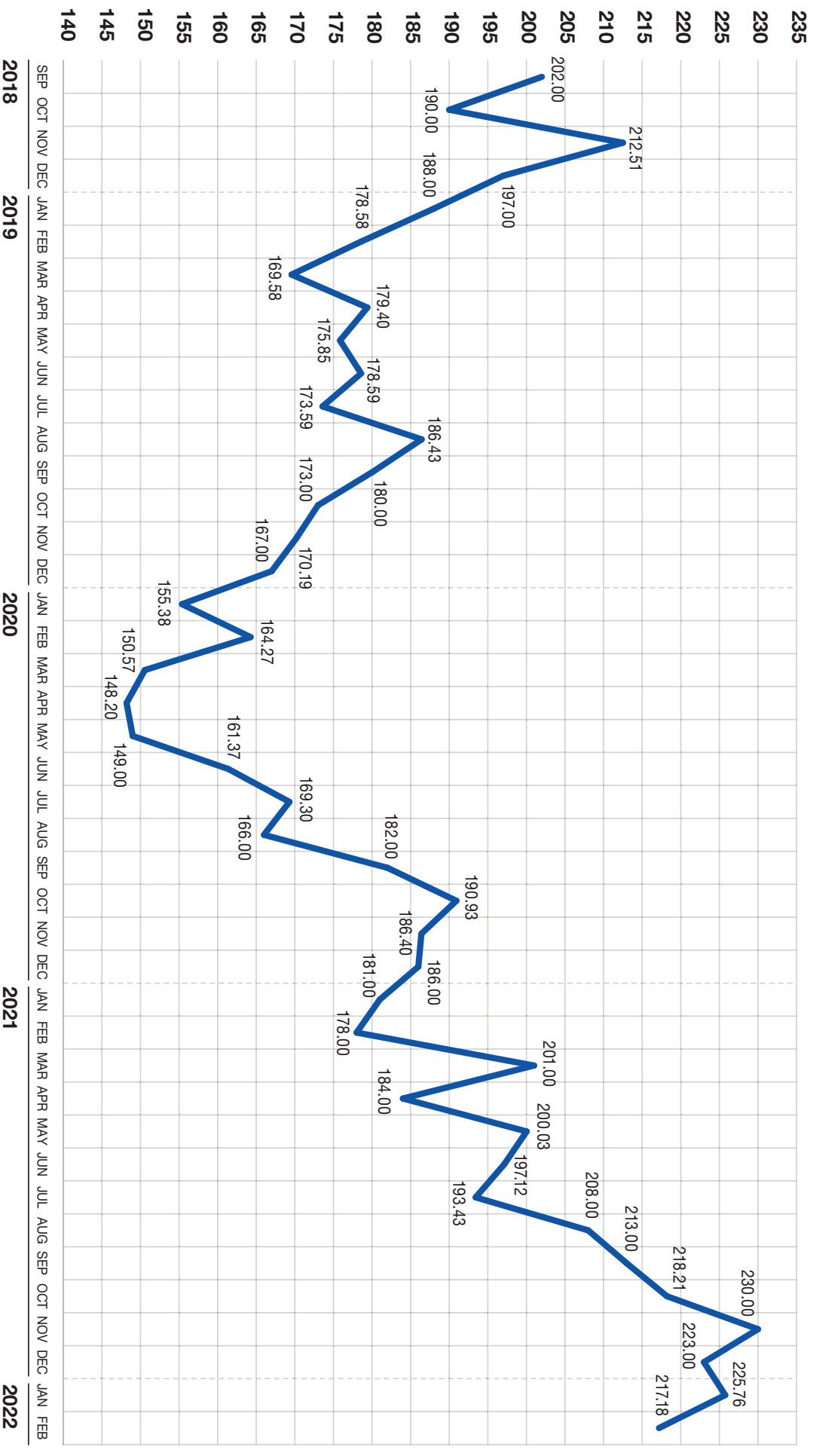
- Funds flow to non-productive assets (gold and silver) and risky assets
- Disincentive to hold cash
- Misaligns economic decisions
- Dollar is worth less

# Amarillo Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	217.18	225.76	178.00
Sales Tax Collections	\$ 9,751,254	\$ 8,015,890	\$ 8,988,130
Sales Tax Collections – Year to Date	\$ 17,767,144	\$ 99,941,520	\$ 15,280,833
New Vehicle Sales	601	480	714
Used Vehicle Sales	1,191	1,252	1,426
Airline Boardings	23,375	28,339	14,306
Hotel/Motel Receipt Tax	\$ 726,407	\$ 747,843	\$ 602,383
Population	199,747	199,747	191,514
Employment – CLF*	136,015	136,015	132,551
Unemployment Rate*	% 2.90	% 2.90	% 4.90
Total Workers Employed* (Household Survey)	132,121	132,121	126,000
Total Workers Employed* (Employer Survey)	124,300	124,300	119,997
Average Weekly Wages	\$ 936.50	\$ 938.00	\$ 896.50
Gas Meters	69,584	69,581	69,377
Interest Rates (30 year mortgage rates)	% 4.250	% 4.000	% 2.875
Building Permits (Dollar Amount)	\$ 25,465,410	\$ 60,542,455	\$ 10,227,969
Year to Date Permits (Dollar Amount)	\$ 25,465,410	\$ 642,540,317	\$ 10,227,696
Residential Starts	67	53	33
Year to Date Starts	67	530	33
Median House Sold Price	\$ 220,000	\$ 210,000	\$ 192,000
Drilling Rigs in Panhandle	10	5	2
Oil Per Barrel	\$ 94.97	\$ 83.82	\$ 59.47
Natural Gas	\$ 4.17	\$ 4.26	\$ 2.74
Wheat Per Bushel	\$ 7.80	\$ 7.79	\$ 6.50
Fed Cattle Per CWT	\$ 140.00	\$ 138.00	\$ 114.01
Corn	\$ 6.44	\$ 6.07	\$ 5.50
Cotton (Cents Per Pound)	\$ 87.60	\$ 85.90	\$ 65.60
Milk	\$ 20.00	\$ 18.75	\$ 15.75

# Amarillo Economic Pulse

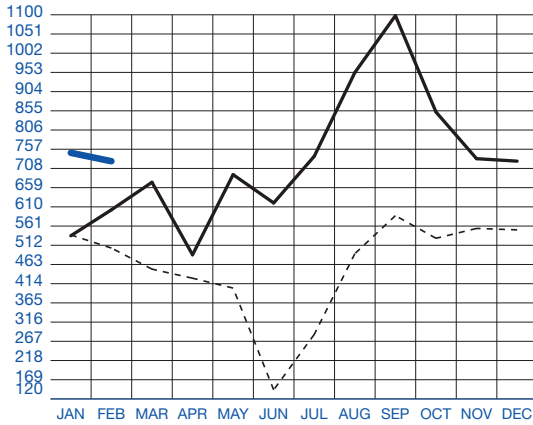
## FEBRUARY 2022



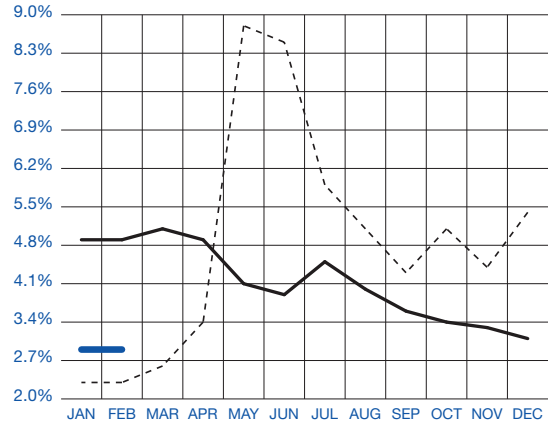
# Economic Pulse Charts

LEGEND | 2022 — | 2021 — | 2020 - - -

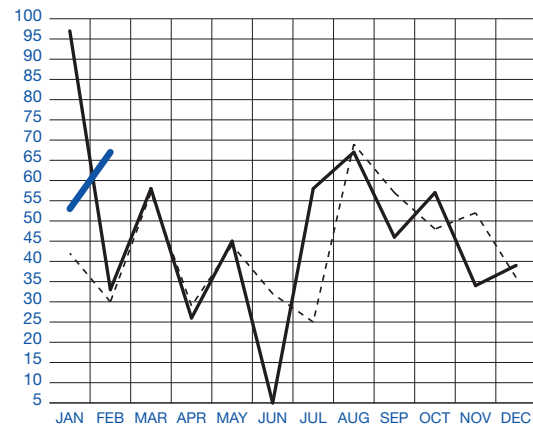
Hotel/Motel Receipt Tax (In Thousands)



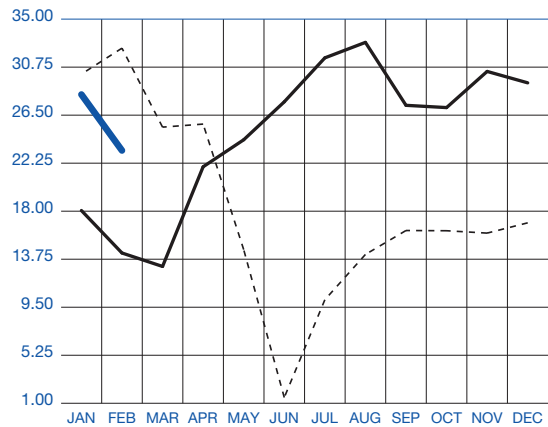
Percent Unemployment (State Adjusted Numbers)



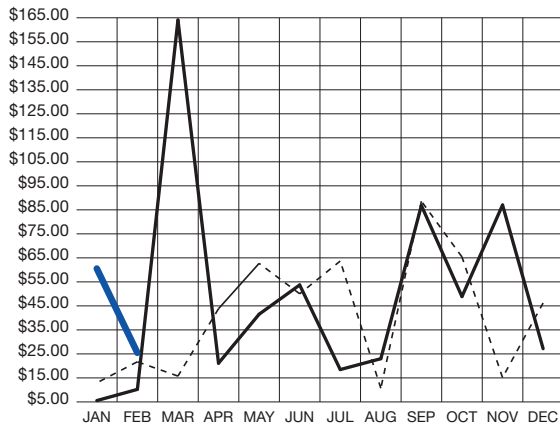
Residential Housing Starts



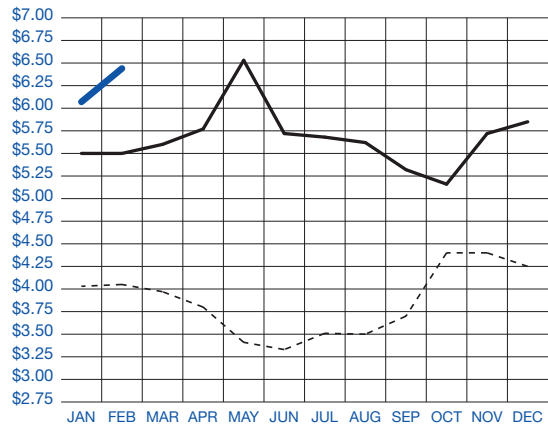
Airline Boardings (In Thousands)



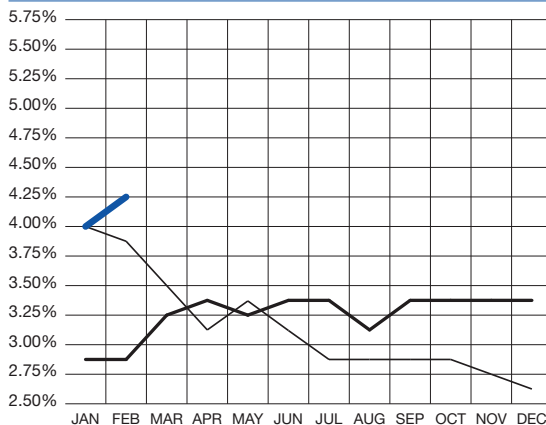
Building Permits (Residential/Commercial - Millions of Dollars)



Corn (Price Per Bushel)



Interest Rates (30 Year Mortgage Rates)



Cotton (Cents Per Pound)

