

The Amarillo Economy

JUNE 2023



**Amarillo
National
Bank**

Awesome Service

No BS.

Amarillo Economic Analysis

Amarillo's economy has slowed down this Summer, with flat employment leading to lower retail sales and less construction.

Retail sales for the month are down 1.5% compared to 12 months ago. Year to Date sales are up 4%, which is a little less than inflation in our area.

New Car Sales are up 18% and area dealership lots have noticeably more cars. Used car sales are down, as higher interest rates push people into new cars or leases.

Airline Boardings are up 7%, and Hotel/Motel Tax Collections are up 5%.

The Household Survey shows employment levels are exactly flat with a year ago. The Employers Survey has an increase of 2,000 jobs. Unemployment Rate is 3.20%, which is very low, but higher than last year's 2.80%.

Wages are up 4.6%, which again is less than inflation.

Construction is slowing with Building Permits half last year for the month and YTD. Housing starts are down 58% from 12 months ago and down 22% YTD. Selling prices are up 4%; although there are reports that construction costs are stabilizing.

With lower Natural Gas prices (\$2.34 down, and 69% from a year ago) there are only 4 drilling rigs in the Panhandle. Oil is staying around \$70 where it was \$118 this time last year.

The giant rains of the last month have made harvesting and planting harder. Good irrigated wheat in the Northern Panhandle came out even though wheat prices are 34% lower than last year.

If any corn was planted, the growers should see better yields and a premium price for sales in the Panhandle, even though prices are 20% lower than last year. Dairy and Feedyard demand should help prices over the Summer.

Dairies are having a tough year. Milk prices are down 32% and input prices are up. Dairies have been producing at or below break-even prices for all of 2023.

Cattle prices are up 34% from a year ago. Area ranchers are finally seeing higher prices, as yards are trying to fill up with feeders and packers are paying up for fat cattle. Feedyards are seeing profits of \$100 per head.

Amarillo Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	193.67	201.13	246.00
Sales Tax Collections	\$ 7,723,803	\$ 9,842,000	\$ 7,845,459
Sales Tax Collections – Year to Date	\$ 51,042,927	\$ 43,319,123	\$ 49,009,117
New Vehicle Sales	722	523	607
Used Vehicle Sales	1,509	1,130	1,607
Airline Boardings	35,645	31,333	33,425
Hotel/Motel Receipt Tax	\$ 696,979	\$ 846,160	\$ 664,916
Population	201,106	201,106	199,747
Employment – CLF*	137,825	138,535	137,279
Unemployment Rate*	% 3.20	% 2.80	% 2.80
Total Workers Employed* (Household Survey)	133,440	134,655	133,401
Total Workers Employed* (Employer Survey)	128,400	128,143	126,345
Average Weekly Wages	\$ 980.00	\$ 980.00	\$ 936.50
Gas Meters	70,035	69,134	69,821
Interest Rates (30 year mortgage rates)	% 6.625	% 6.500	% 6.250
Building Permits (Dollar Amount)	\$ 28,834,761	\$ 12,739,459	\$ 54,681,116
Year to Date Permits (Dollar Amount)	\$ 49,811,014	\$ 20,550,637	\$ 127,289,490
Residential Starts	34	53	82
Year to Date Starts	250	216	322
Median House Sold Price	\$ 250,000	\$ 249,000	\$ 240,000
Drilling Rigs in Panhandle	4	6	8
Oil Per Barrel	\$ 69.42	\$ 70.04	\$ 118.78
Natural Gas	\$ 2.34	\$ 2.44	\$ 7.50
Wheat Per Bushel	\$ 6.91	\$ 7.02	\$ 10.50
Fed Cattle Per CWT	\$ 180.00	\$ 174.00	\$ 134.00
Corn	\$ 6.05	\$ 5.97	\$ 7.68
Cotton (Cents Per Pound)	\$ 76.00	\$ 80.30	\$ 110.00
Milk	\$ 16.75	\$ 18.25	\$ 24.50

Second Inflation Stage

June 2023

As we move through the 2nd stage of inflation (1st stage was rapid price increases, with demand outstripping supply), the supply chain has caught up in most businesses and price competition is returning. Price levels are higher and have only declined in some commodity-based items. The Fed has tightened monetary policy, but fiscal policy remains very loose (down from excessively loose). This probably forecasts continued inflation around 5% for the next year.

Amarillo retail sales softened in March, but our bank's debit card purchases rebounded in April. Our credit card balances have increased.

Loan losses are beginning to show in vehicle financing, as used car prices dropped and government stimulus money ran out.

Grocery prices overall are up about 6%, with some Produce slightly lower and meats flat (both at higher levels). Dry grocery prices are higher. Restaurant prices are up 8%.

Travel is up in our area and nationwide. Airline boardings continue higher, with levels back to those seen before the Pandemic. The Amarillo airport parking garage is now full 4-5 days a week (up from 1 or 2 days a year ago). Southwest Airlines has increased their market share to 46% from 41% at the expense of American, whose market share dropped from 41% to 35%. Both major airlines are reporting good load factors. United is flat at about 19%. Amarillo motel business is off from the highs of the last 2 years.

Farming is all over the map, with some wheat farmers and last year's row crops relying on insurance, which basically pays all input costs (about 75% of what a normal crop would make). Some irrigated wheat worked this year, and prospects have improved for Fall crops.

Gasoline costs are down \$1 from 1 year ago, but have recently increased. This is a direct hit to disposable income. Another hit in August will come from the requirement that Student Loan payments resume.

Businesses are beginning to see the higher costs of interest hitting their monthly income statements; meanwhile, savers have seen their interest income increase by a factor of over 5 times.

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