

# The Amarillo Economy

## OCTOBER 2022



Still Here to Stay

### Inflation Fall 2022

Rates of inflation vary in a wide range whether discussing categories, cities or the national rate. U.S. inflation rate in September was listed at 8.2%, with the core at 6.6%. Dallas reports inflation at 9.2% for September, which is down slightly from 9.4% in July. Decreases were due to lower gasoline.

Other categories in Dallas were groceries up 16.8%, but fruits and vegetables up 22%. Apartment/Rent is usually reported over a wide range, although, Dallas is up 10%. Used car prices remain high, up 7% compared to minus 4% in July.

We are unable to get an overall inflation rate for locally due to categories fluctuating wildly. Some analysis shows the overall inflation up 8-9%, with health care at 4%, fuel fluctuating, groceries up 15-20%, and retail up 5-20%. Other items such as airfares, rental cars, restaurant prices and motels are all up.

As we enter the Intermediate Stage of this inflation cycle (the initial stage had rapidly rising prices, with little constraints from the market). The Intermediate Stage shows some improvements in the supply chain, with reports of about 10% of prices being actually lower than six months ago. Commodities are off about one-third. Gross Margins will begin to shrink, and rising interest rates will combine to cut profits for businesses.

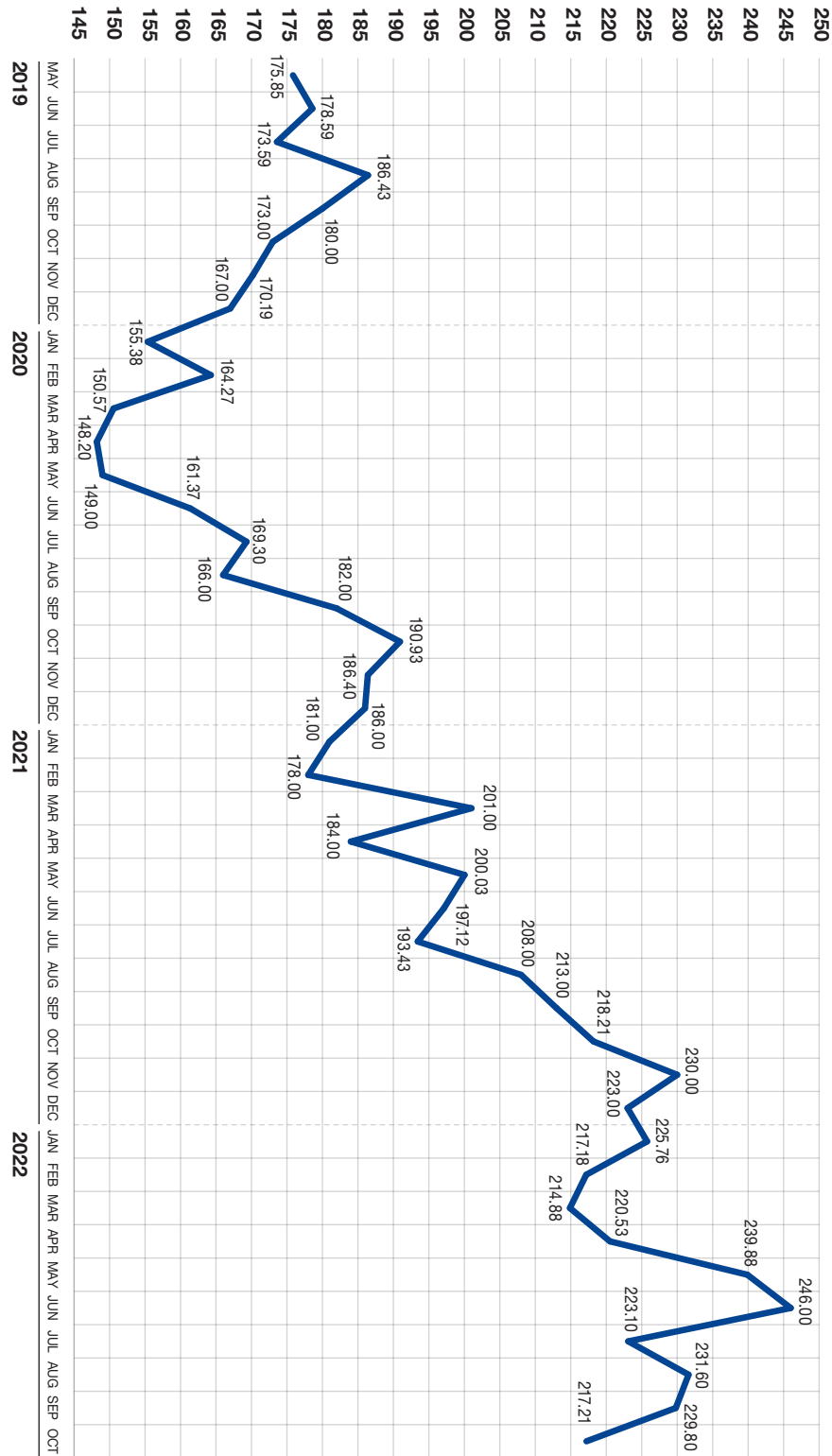
Utility costs are going up. The only question is how much, with forecasts of 15-30% in West Texas (vs. the 50-100% increases being reported in New England). City taxes and sales taxes are also up, and the Federal government took in 19% more in tax revenue in 2022.

The Final Stage of inflation cycle should show a flattening of overall prices, with some price competition reaching into markets, as the supply chain improves and the shortage of workers eases. This may be mid-2023.

Thus, we are unable to quote a local CPI increase. However, we will be trying to get data over the next year. Meanwhile many companies are looking at cost of living increases for their workers, with antidotal reports of around 6% overall, but higher increases among the lowest paid workers. We wish we could provide more accurate information.

## Amarillo Economic Pulse

OCTOBER 2022



# Amarillo Economic Analysis

A drop in commodity prices, along with slowing construction and less job growth could mean the economic growth in the Panhandle is about to slow down.

Retail sales are up 11% from 12 months ago. 2022 year to date retail sales are up 10%. Airport passengers are up 21%, but Hotel/Motel tax collections are flat. New car sales are up 38%, and used car sales are up 28%. We think this shows inventories are coming back.

Higher interest rates (the 30-year mortgage rate is at 7.5%) have hit housing. The median price for a house in Amarillo is DOWN 1%. Residential starts are down 28% from 12 months ago. Year to Date starts are still ahead of last year, but we are comparing to those months where supplies were still lingering due to pandemic shutdowns. Job growth has slowed. The Household Survey is flat with a year ago. The Employers' Survey shows a 2% increase of 2,350 jobs. Wages are up 19%. The Unemployment Rate is lowest in Texas at 2.80%.

Overall construction is down 72% from a year ago. Year to date building is down 52%.

There are 11 drilling rigs operating in the Panhandle with Natural Gas dropping to around \$6. Oil prices are at \$86, which is pretty close to the \$81 we saw last Fall.

Wheat is up 31% and the Panhandle has been getting some rain this month, which should help the Winter Wheat. Cotton wasn't much of a crop this year. Neither was corn, which was up 33% to \$9.50.

Cattle prices are up 17% and area ranchers should see brighter days if they can regrow their herd and see some grass growth. Dairies are a little more profitable than earlier in the year, with milk prices at \$21.

We attached a White Paper on Inflation this Fall, since it just won't seem to calm down. It is hard to get a handle on a number, but we see price increases everywhere we look.

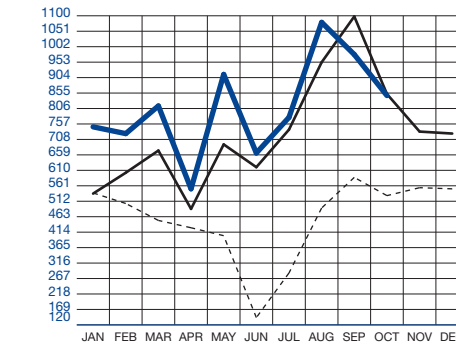
# Amarillo Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	217.21	229.80	218.21
Sales Tax Collections	\$ 8,336,364	\$ 8,078,158	\$ 7,480,368
Sales Tax Collections – Year to Date	\$ 83,004,803	\$ 74,668,439	\$ 75,611,992
New Vehicle Sales	717	610	519
Used Vehicle Sales	1,750	1,569	1,361
Airline Boardings	32,914	32,388	27,172
Hotel/Motel Receipt Tax	\$ 847,055	\$ 977,146	\$ 851,992
Population	199,747	199,747	199,747
Employment – CLF*	132,310	133,002	133,201
Unemployment Rate*	% 2.80	% 3.00	% 3.50
Total Workers Employed* (Household Survey)	128,644	129,041	128,518
Total Workers Employed* (Employer Survey)	123,800	123,800	121,447
Average Weekly Wages	\$ 1,088.50	\$ 1,088.50	\$ 915.00
Gas Meters	69,285	68,712	69,413
Interest Rates (30 year mortgage rates)	% 7.625	% 6.500	% 3.375
Building Permits (Dollar Amount)	\$ 13,722,953	\$ 31,650,333	\$ 48,885,046
Year to Date Permits (Dollar Amount)	\$ 221,207,846	\$ 207,781,540	\$ 467,815,195
Residential Starts	41	54	57
Year to Date Starts	511	470	239
Median House Sold Price	\$ 222,500	\$ 248,000	\$ 225,000
Drilling Rigs in Panhandle	11	8	6
Oil Per Barrel	\$ 86.05	\$ 85.08	\$ 81.55
Natural Gas	\$ 6.06	\$ 8.27	\$ 5.59
Wheat Per Bushel	\$ 9.50	\$ 9.05	\$ 7.25
Fed Cattle Per CWT	\$ 145.00	\$ 142.00	\$ 124.00
Corn	\$ 6.84	\$ 6.78	\$ 5.16
Cotton (Cents Per Pound)	\$ 93.00	\$ 91.30	\$ 73.20
Milk	\$ 21.75	\$ 20.25	\$ 17.00

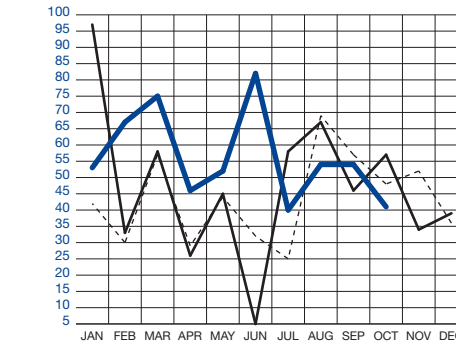
## Economic Pulse Charts

LEGEND 2022 — 2021 — 2020 - - - -

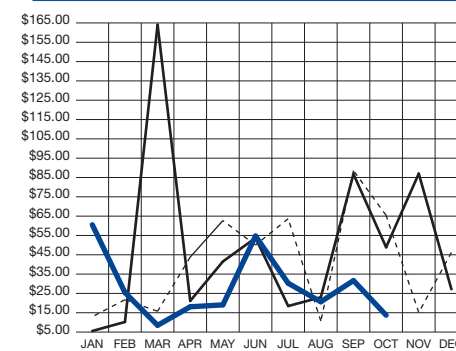
Hotel/Motel Receipt Tax (In Thousands)



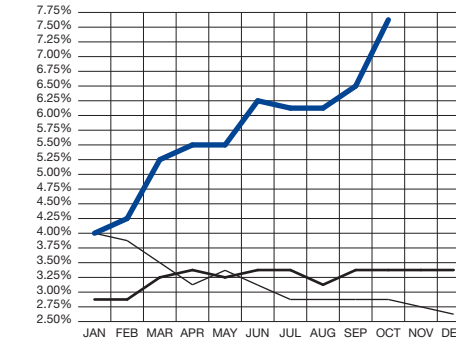
Residential Housing Starts



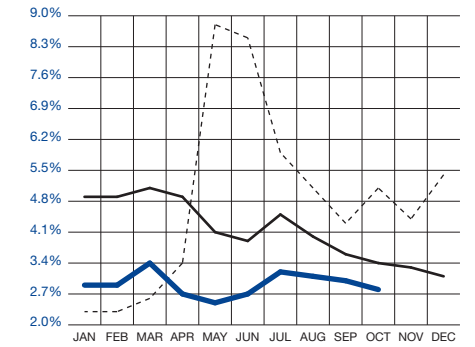
Building Permits (Residential/Commercial - Millions of Dollars)



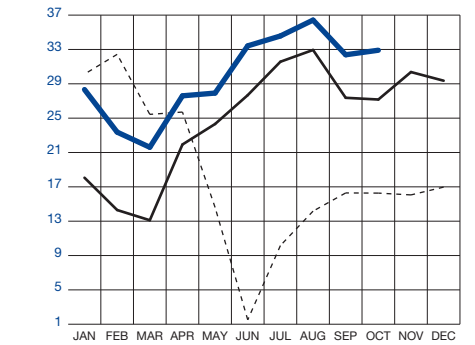
Interest Rates (30 Year Mortgage Rates)



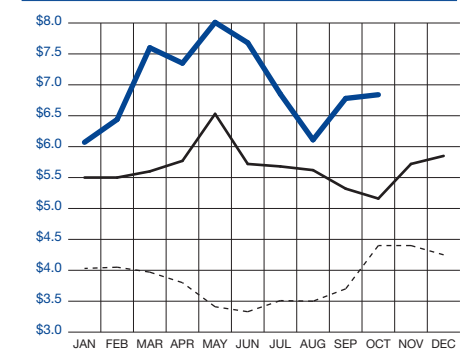
Percent Unemployment (State Adjusted Numbers)



Airline Boardings (In Thousands)



Corn (Price Per Bushel)



Cotton (Cents Per Pound)

