

The Amarillo Economy

OCTOBER 2023



**Amarillo
National
Bank**

Awesome Service

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Amarillo Economic Analysis

Amarillo's economy showed signs of growth through September, with increases in worker's employed, retail sales, and commercial construction. Commodities remain off last year's levels, with vehicle sales and motel taxes flat.

Retail sales were up 5.1%, (for August) bringing the YTD to flat, with last year. New vehicles were up 4%, but used down 3%. Used prices have increased.

Airline boardings continue to be a bright spot (up 4.2%). Although motel occupancy and revenues are off more than 5%.

2,000 more workers are employed in the Household Survey and 1,800 more in the Employer's Survey compared to 12-months ago. This is a good boost for future retail sales.

Construction is mixed, with housing starts slowing to 14 from 53 last year, but overall building permits are triple 12-months ago, bringing the YTD to a 38% increase led by commercial construction. Housing starts are 24 versus the 41 a year ago, with YTD at 385 and starts down 25%. Median house prices are up 16% from last year and flat with last month.

Oil prices have dropped slightly, but are rebounding. Natural gas prices have been moving up above \$3, but our rig count is only 2 versus 11 this time last year.

Most commodities are off about 25%. Cattle prices, the only outlier, are up 27%. Corn is down 28% and cotton 17%, as the Fall harvest come in. Milk has dropped back below last month and last year, with dairies back to unprofitable levels.

Amarillo Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	218.73	226.43	217.21
Sales Tax Collections	\$ 8,761,516	\$ 8,278,179	\$ 8,336,364
Sales Tax Collections – Year to Date	\$ 83,622,481	\$ 74,860,964	\$ 83,004,803
New Vehicle Sales	747	655	717
Used Vehicle Sales	1,683	1,359	1,750
Airline Boardings	34,278	33,626	32,914
Hotel/Motel Receipt Tax	\$ 832,924	\$ 1,006,030	\$ 847,055
Population	201,106	201,106	199,747
Employment – CLF*	137,392	137,663	134,902
Unemployment Rate*	% 3.20	% 3.50	% 2.80
Total Workers Employed* (Household Survey)	133,057	132,790	131,087
Total Workers Employed* (Employer Survey)	127,300	126,536	125,517
Average Weekly Wages	\$ 1,109.50	\$ 1,109.50	\$ 1,088.50
Gas Meters	69,374	69,842	69,285
Interest Rates (30 year mortgage rates)	% 8.000	% 7.250	% 7.625
Building Permits (Dollar Amount)	\$ 53,827,904	\$ 66,022,751	\$ 13,722,953
Year to Date Permits (Dollar Amount)	\$ 305,150,571	\$ 221,181,297	\$ 221,207,846
Residential Starts	24	50	41
Year to Date Starts	385	361	511
Median House Sold Price	\$ 257,000	\$ 257,000	\$ 222,500
Drilling Rigs in Panhandle	2	3	11
Oil Per Barrel	\$ 83.49	\$ 89.93	\$ 86.05
Natural Gas	\$ 3.38	\$ 2.76	\$ 6.06
Wheat Per Bushel	\$ 6.79	\$ 6.81	\$ 9.50
Fed Cattle Per CWT	\$ 184.51	\$ 187.87	\$ 145.00
Corn	\$ 4.94	\$ 4.63	\$ 6.84
Cotton (Cents Per Pound)	\$ 76.40	\$ 73.30	\$ 93.00
Milk	\$ 16.75	\$ 17.75	\$ 21.75

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Inflation Update

October 2023

As we enter this late phase of the 2nd stage of inflation, higher costs for inputs, labor, and interest are hurting nearly every company. Meanwhile, gross margins are under pressure due to competition and adequate supply of goods, as customer resistance to some of the higher prices stiffens.

Motel occupancy is off of the post-pandemic highs, with occupancy down 5-9% and room rates off slightly. Reports say business travel is slowing, while weekend occupancy remains good.

Gasoline prices have dropped, even though crude oil has stayed high. Refiners are facing a glut of production and have made big cuts to their margins. This situation will probably self-correct, and prices at the pump will head back up.

Fall harvests have had fairly good yields, but some of the timing on the rain was not ideal. Lower prices will cut into farm incomes.

Higher interest rates have worked through the economy, with savers being paid adequate returns (finally). Most banks are down slightly in deposits (however, Amarillo National has seen record deposits 14 of the last 62 days, and is one of the few banks that has grown). National reports are that the lending standards are tightening, and the run up in the 5 and 10-year treasury rates will be felt in autos, housing and most corporate income statements. The loose Fiscal Policy is overcoming the tight Monetary Policy. There are less buyers for bonds to finance the record federal deficits, as China and Japan drop out of the market, and Europeans are unable to handle all the excess debt issuance.

Consumers continue to be shocked in the grocery store. If gasoline goes back up, it will certainly hurt attitudes going into the holiday season, as much of the excess savings have already been spent. Interest rates on car loans and mortgages have doubled from the Covid lows back to more normal levels, and they may be headed higher. Meanwhile, loan loss rates have also doubled on auto loans.