

Amarillo Economic Analysis

Amarillo's economy held surprisingly steady, as Texas reopened the economy after the pandemic shutdown.

Retail sales were flat compared to 12 months ago and year to date. This compares to declines of 17% in New York City and other closed cities.

Car sales were stronger than expected with new cars up 6% from a year ago and used cars up 13%.

Tourism has come to a halt, with less people flying (boardings down 84%) and staying in hotels (Hotel/Motel Tax down 57%).

Employment is a little worse than reported. We think the unemployment rate is around 10.5% both here and Lubbock (versus the 6% reported by the State-but they do not count the 6,100 who dropped out of the work force). The Household Survey shows a decrease of 10,134 jobs and the Employers' Survey is down 7,600. Most of the losses are in Hospitality and Energy.

Large Construction has held up well during the pandemic. Building permits are up 150% from a year ago. Year to Date permits are up 30%. Residential starts are down 40% and a flat year to date.

Housing is strong, with close to record sales for Amarillo and prices up 17%. Low rates (2.88% 30-year mortgage) and people's fear that the government will shut them down again in the future are driving people to look for better housing.

Commodities are suffering. There are 0 drilling rigs operating in the Panhandle. Natural Gas prices remain under \$2 at \$1.74, down 25% from a year ago. Oil is at \$40, down 32% from last July.

The drought is getting more and more severe with the recent heat wave. There was some wheat cut earlier this Summer and prices are down 7% from a year ago. Some cotton has been planted and prices are down 23%.

Dairies are faring better with \$21.50 milk, up 28% from last year. We will watch school openings to see if the supply is met with demand. Cattle are decent with prices at \$98, down 10% from a year ago.

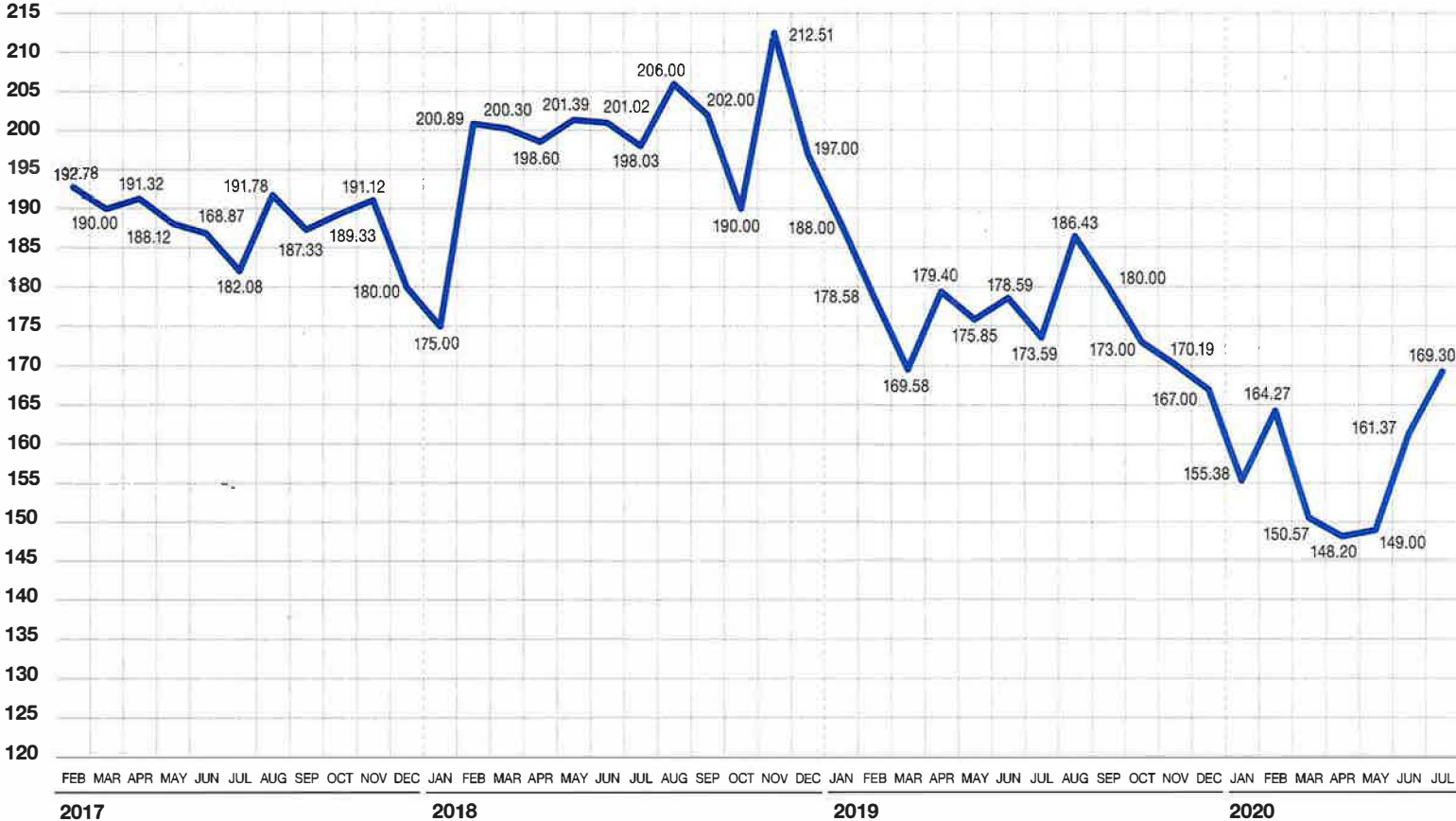
Our bank will watch the 3rd quarter as a gauge on economic momentum. The virus remains with us and with the PPP coming to an end, we will see if Washington D.C. has any more stimulus in store. There is more uncertainty out there than we saw in March.

Amarillo Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	169.30	161.37	173.59
Sales Tax Collections	\$ 6,314,715	\$ 5,726,982	\$ 6,344,387
Sales Tax Collections – Year to Date	\$ 45,391,756	\$ 39,077,041	\$ 45,135,635
New Vehicle Sales	683	585	642
Used Vehicle Sales	1,807	1,590	1,606
Airline Boardings	5,041	1,512	33,127
Hotel/Motel Receipt Tax	\$ 284,572	\$ 143,158	\$ 656,305
Population	191,514	191,514	191,514
Employment – CLF*	125,555	121,586	131,854
Unemployment Rate*	% 6.00	% 8.50	% 2.80
Total Workers Employed* (Household Survey)	117,959	111,218	128,193
Total Workers Employed* (Employer Survey)	112,900	111,884	120,577
Average Weekly Wages	\$ 955.84	\$ 955.84	\$ 924.45
Gas	68,904	68,832	62,983
Interest Rates (30 year mortgage rates)	% 2.875	% 3.125	% 4.13
Building Permits (Dollar Amount)	\$ 63,685,646	\$ 50,043,199	\$ 25,433,767
Year to Date Permits (Dollar Amount)	\$ 255,216,275	\$ 191,530,629	\$ 196,890,076
Residential Starts	25	32	42
Year to Date Starts	217	192	218
Median House Sold Price	\$ 209,000	\$ 193,000	\$ 177,900
Drilling Rigs in Panhandle	0	0	12
Oil Per Barrel	\$ 40.80	\$ 36.56	\$ 59.60
Natural Gas	\$ 1.74	\$ 1.74	\$ 2.32
Wheat Per Bushel	\$ 4.22	\$ 4.43	\$ 4.55
Fed Cattle Per CWT	\$ 98.20	\$ 110.10	\$ 108.92
Corn	\$ 3.51	\$ 3.33	\$ 4.62
Cotton (Cents Per Pound)	\$ 55.00	\$ 54.90	\$ 71.70
Milk	\$ 21.50	\$ 19.00	\$ 16.75

Amarillo Economic Pulse

JULY 2020



Big Picture Economics

July 2020

The Federal Reserve Bank of Dallas published a paper on analyzing the effects of the economic downturn. They looked at "High Risk Industries" and their effect on individual cities.

These industries employment levels are:

	<u>Amarillo</u>		<u>Lubbock</u>	
Energy (mining)	7,400		9,600	
Transportation and Retail	25,900		29,800	
Hospitality and Restaurants	<u>9,300</u>		<u>17,300</u>	
Total	40,100	36%	50,900	38%
Government	22,000		33,000	

These industries may have bigger unemployment shocks as the resulting drag on the cities. They said Midland, Odessa and Laredo had the highest share of employment at 43%, 33% and 30%. Waco was one of the lowest at 15%. State-wide is 21% and nationally 13%.

<u>Other Comparisons (vs. 12 months ago)</u>	<u>Amarillo</u>	<u>Lubbock</u>
Retail Sales (Month)	- .5%	+2.4%
Airline Boardings	- 85%	- 70%
Hotel Motel Tax	- 57%	- 51%
Building Permits Month	+150%	+ 7%
Housing Starts Month	- 41%	+ 85%
Housing Starts YTD	Flat	+ 35%
Median House Price	+ 17%	+ 3%

Actual

Housing Starts YTD	217	1,035
Median House Price	\$ 208,000	\$ 192,000
Building Permits YTD	\$255 Million	\$254 Million
Gas Hookups	68,904	73,218
Wages (weekly)	\$ 955	\$ 885
Airline Boardings	5,041	14,827
New Vehicle Sales (June)	683	944
Used Vehicle Sales	1,807	2,320