

# The Amarillo Economy

## MARCH 2022



Still Here to Stay

### Unable to Measure Inflation

Over the years we have published a local rate of inflation for the Amarillo CPI. Now we find it impossible to get a handle on the price changes that are occurring in most businesses. Wild swings in prices, coupled with supply chain disruptions and scarcity of inventory, have made determining market prices almost impossible.

Groceries reported nationally are up 8%, and yet most items are up 16-25%. Car prices fluctuate wildly, but at higher levels. Apartment rents are increasing, so it's hard to get a handle on the average rents.

Cost of supplies in businesses and restaurants change weekly. Inputs in agriculture are up 10-300% depending on availability.

Fuel costs for gasoline and diesel were up 40% before the Russian invasion and now fluctuate daily. Utility costs are just beginning to flow through the economy.

Misguided policies in Washington, coupled with denial of current economic conditions, are in line to make decision making even more risky.

Labor costs have increased, but local worker availability has improved, since the government transfer payments were reduced in December.

Supply chain shortages continue. The hope for first quarter decline in shortages did not occur. Reports are that shortages will continue into the 4th quarter. All this makes for very interesting times.

**Groceries:** Most items up 15-30%. Shortages are now 35% improved from 50% in December.

**Farming:** Prices up 40%, but input cost up 40% and some seed and fertilizers not available.

**Auto, Trucks & Equipment:** Used vehicles up 30-40%; shortages expected now through December on new equipment and vehicles, plus parts shortages.

**Retail:** Price increases each quarter. 6-9-month delay on major item availability.

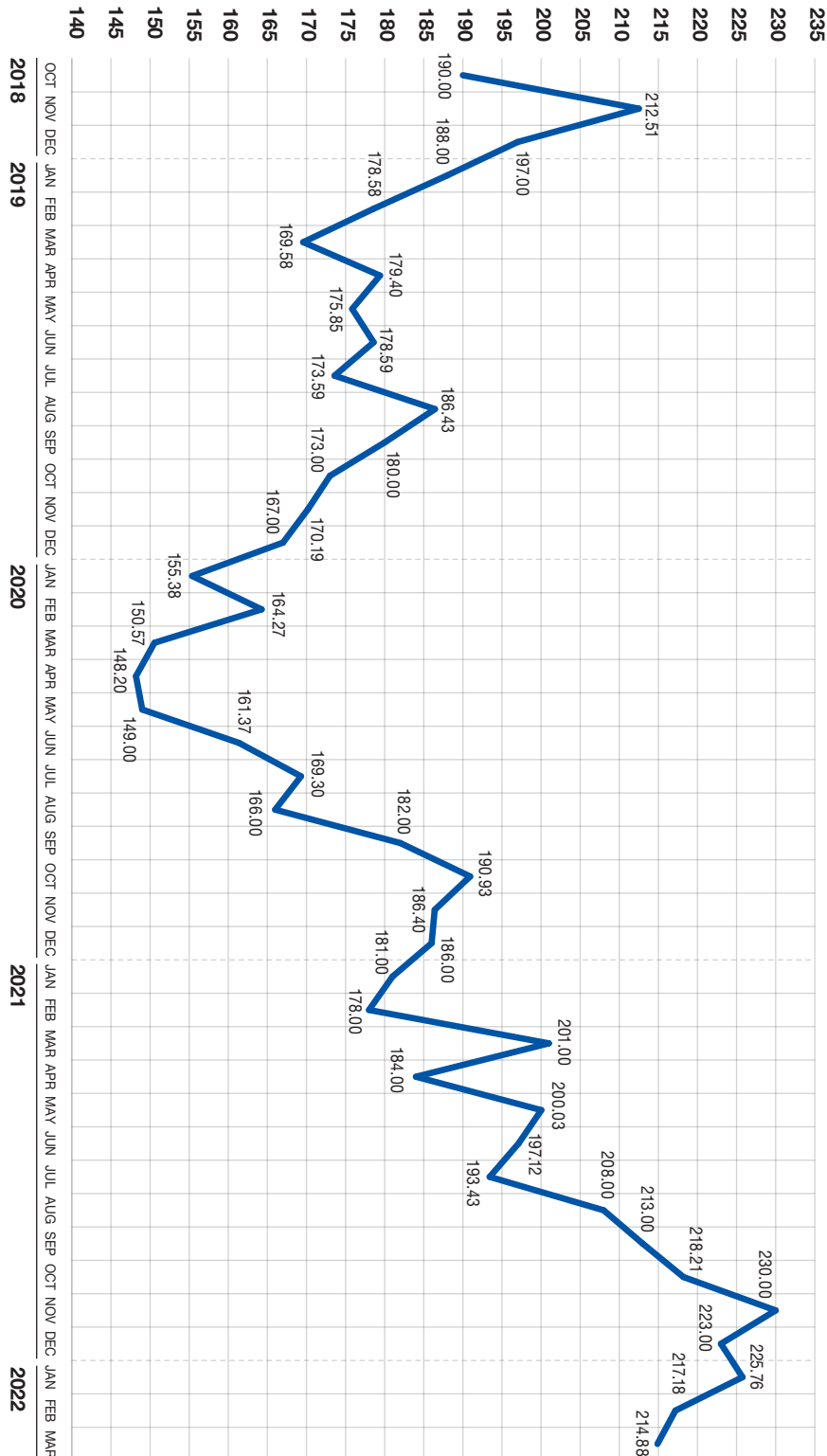
**Construction:** Steel and lumber off highs, but still up 50-100% from low. Availability of materials unreliable.

**Apartments:** Rents up 10-30%. Motel rates up 30-40%.

**Housing:** Mortgage rates up from 3% to 5%. Raising payments by 40%. Plus escrow payments will start to reflect higher insurance rates.

## Amarillo Economic Pulse

### MARCH 2022



# Amarillo Economic Analysis

Jarring inflation numbers might mean some tough times ahead for the Panhandle. Please see our attached narrative on measuring inflation.

Airline Boarding are up 64% from last year, but down 18% from 2019.

Motel taxes are up 21% from last year's strong level due to high occupancy, plus higher room rates.

Employment shows an increase of 3,300 in the Household Survey and 4,300 in the Employer's Survey.

Second lowest unemployment rate (3.4%) in Texas behind only Austin.

The city's retail sales are up 9% from 12 months ago, and up 14% YTD (inflation makes up part of this).

Wheat prices are up 70% from last year, but only irrigated wheat will make a crop. Corn is above \$7 (adding to input cost for feedyards and dairy).

A slow down in construction from last year's high mark is due to last year's Amazon Warehouse. March's total was \$8.4 million vs. \$164 million last year. YTD is \$35 million.

Residential housing starts have slowed due to shortages of materials and higher mortgage rates (up from 3% to 5%).

Energy is a booming sector; boosting area incomes, with Oil up 42% and Natural Gas up 75%. 4 rigs are operating, up from zero a year ago.

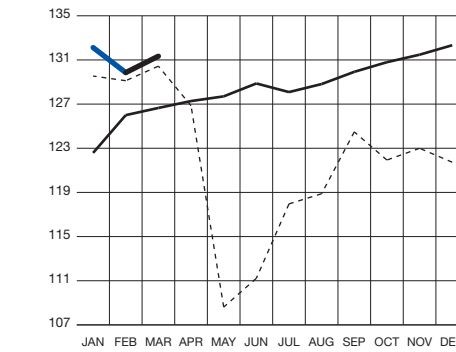
(Full Disclosure: The first letter of each paragraph spells out William Ware's new-born son's name, born the day we printed this. Welcome James T. Ware).

# Amarillo Economic Pulse

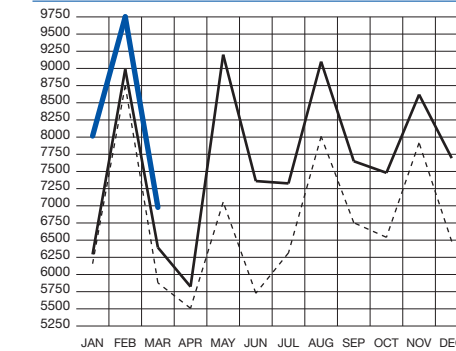
Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	214.88	217.18	201.00
Sales Tax Collections	\$ 6,976,928	\$ 9,751,254	\$ 6,393,339
Sales Tax Collections – Year to Date	\$ 24,744,073	\$ 17,767,144	\$ 21,674,172
New Vehicle Sales	632	601	489
Used Vehicle Sales	1,266	1,191	1,248
Airline Boardings	21,615	23,375	13,116
Hotel/Motel Receipt Tax	\$ 814,184	\$ 726,407	\$ 672,696
Population	199,747	199,747	191,514
Employment – CLF*	135,926	134,355	134,184
Unemployment Rate*	% 3.40	% 3.40	% 4.60
Total Workers Employed* (Household Survey)	131,340	129,854	127,953
Total Workers Employed* (Employer Survey)	123,800	123,057	119,432
Average Weekly Wages	\$ 936.50	\$ 936.50	\$ 896.50
Gas Meters	69,842	69,584	69,533
Interest Rates (30 year mortgage rates)	% 5.250	% 4.250	% 3.250
Building Permits (Dollar Amount)	\$ 8,488,939	\$ 25,465,410	\$ 164,066,949
Year to Date Permits (Dollar Amount)	\$ 34,303,622	\$ 25,465,410	\$ 174,294,919
Residential Starts	75	67	58
Year to Date Starts	142	67	91
Median House Sold Price	\$ 219,000	\$ 220,000	\$ 200,000
Drilling Rigs in Panhandle	4	10	4
Oil Per Barrel	\$ 96.18	\$ 94.97	\$ 65.61
Natural Gas	\$ 4.54	\$ 4.17	\$ 2.60
Wheat Per Bushel	\$ 11.35	\$ 7.80	\$ 6.70
Fed Cattle Per CWT	\$ 148.00	\$ 140.00	\$ 113.95
Corn	\$ 7.60	\$ 6.44	\$ 5.60
Cotton (Cents Per Pound)	\$ 95.90	\$ 87.60	\$ 69.50
Milk	\$ 22.00	\$ 20.00	\$ 16.00

## Economic Pulse Charts

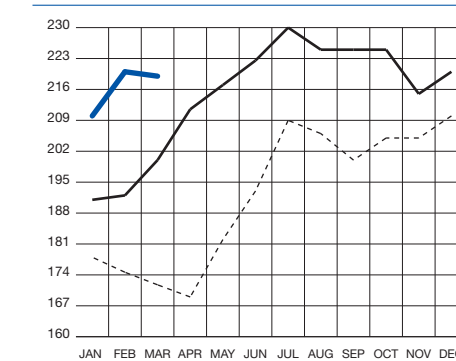
Workers Employed (In Thousands) – Household Survey



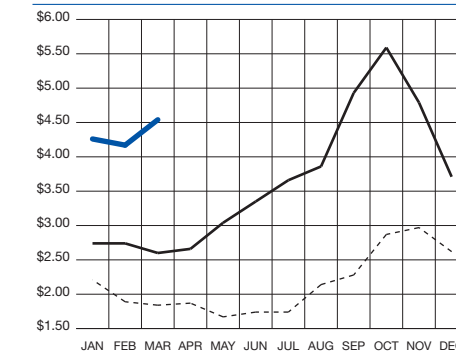
Sales Tax Receipts (In Thousands)



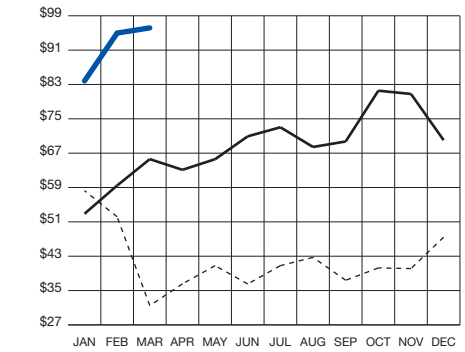
Median House Sold Price (In Thousands)



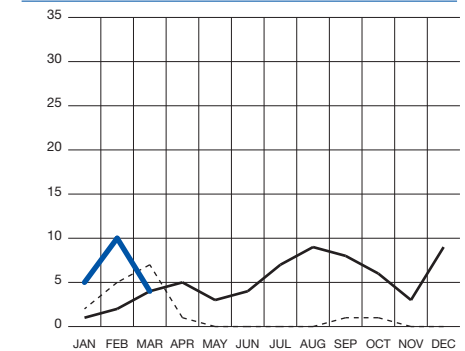
Natural Gas Price Per Mmbtu (In Dollars)



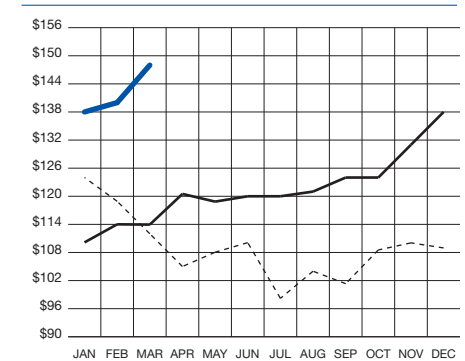
Oil Price Per Barrel (In Dollars)



Active Drilling Rigs In Panhandle



Fed Cattle Per Hundred Weight (In Dollars)



Wheat (Price Per Bushel)

