

Amarillo Economic Analysis

The impact of the virus induced shutdowns are evident in this month's economic numbers. Sizable job losses and lower retail sales will mean Amarillo's economy is going to be strained for the foreseeable future.

Retail sales were down 7% (these are March numbers) from 12 months ago. Grocery stores are reporting increases in sales, but most other non-discretionary activity is down.

The job numbers are starting to hit us hard, as unemployment climbs to 8.8%. There are 20,000 less people working according to the Household Survey. The Employers' Survey shows a decrease of 9,000. The Household Survey is more important for our area during these times, as it includes people working for unincorporated businesses, part time and also farming and ranching operations. We will closely watch the Employers' Survey this Summer, as it will breakout the hardest hit industries- Hospitality, Oil, Manufacturing, and Construction.

Medical job trends will also be interesting, as doctor's offices and Hospitals hopefully open back up over the next month. Manufacturing was down 7% and Construction was down 3%. Our bank saw giant Payment Protection Program demand over the last 7 weeks and hopefully this program will allow many jobs to stay intact after the crisis ends.

The airport is reporting a 52% drop in March and 94% in April for Airline Boardings from a year ago. Motel tax is down 37% for March and will probably drop more.

Housing is a bright spot, with starts up 13% for the year and interest rates below 3.5% on a 30-year mortgage. Sales prices were up 7%. Building Permits doubled from 12 months ago, bringing YTD to +10%.

Oil prices are down 60% from 12 months ago. Natural Gas prices are down 37%. For the first time in over 30 years, there is not a single active rig in operation in the Panhandle.

Farmers are hurt by lack of rain and smaller wheat crops. Packing plants are only buying 50% of normal cattle levels, pushing cattle prices down 10%. Milk prices are down to \$12.50 (schools closed) or 18% for the year.

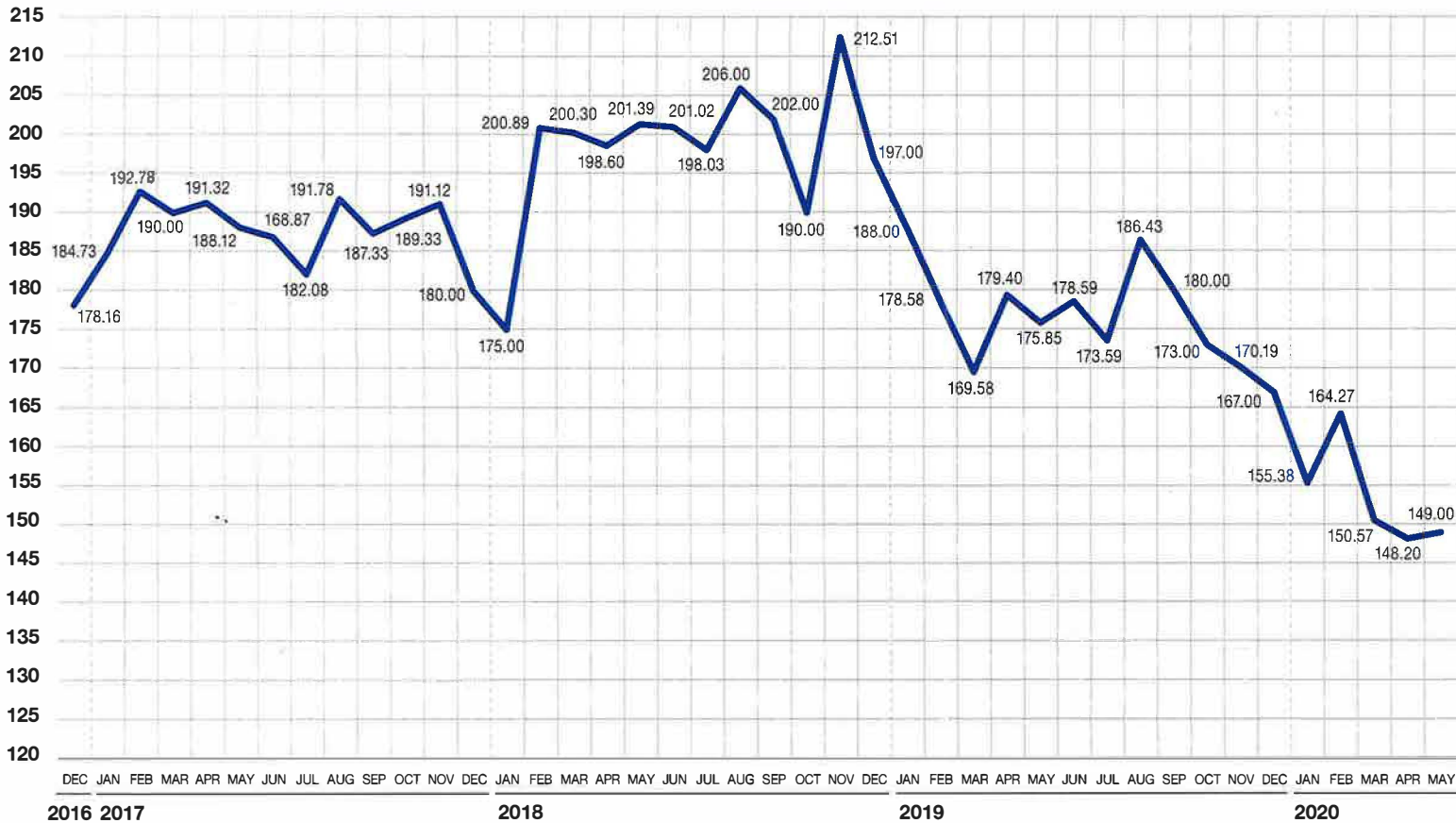
We have a White Paper ("Amarillo Unknowns") on other economic impacts to Amarillo and how certain government funds will flow through the area.

Amarillo Economic Pulse

| Economic Components | Current Month | Last Month | One Year Ago |
|--|----------------|---------------|----------------|
| Index (Base Jan. 88 @ 100) | 149.00 | 148.20 | 175.85 |
| Sales Tax Collections | \$ 7,054,758 | \$ 5,507,678 | \$ 7,561,918 |
| Sales Tax Collections – Year to Date | \$ 33,350,058 | \$ 26,295,300 | \$ 32,501,149 |
| New Vehicle Sales | 450 | 575 | 587 |
| Used Vehicle Sales | 1,022 | 1,838 | 1,727 |
| Airline Boardings | 14,603 | 25,715 | 30,543 |
| Hotel/Motel Receipt Tax | \$ 402,823 | \$ 427,958 | \$ 643,388 |
| Population | 191,514 | 191,514 | 191,514 |
| Employment – CLF* | 119,039 | 131,654 | 131,790 |
| Unemployment Rate* | % 8.80 | % 3.60 | % 2.10 |
| Total Workers Employed* (Household Survey) | 108,614 | 126,854 | 129,003 |
| Total Workers Employed* (Employer Survey) | 111,400 | 121,203 | 120,423 |
| Average Weekly Wages | \$ 955.84 | \$ 865.22 | \$ 924.45 |
| Gas | 66,963 | 69,640 | 63,466 |
| Interest Rates (30 year mortgage rates) | % 3.375 | % 3.125 | % 4.50 |
| Building Permits (Dollar Amount) | \$ 62,698,906 | \$ 43,821,543 | \$ 29,764,832 |
| Year to Date Permits (Dollar Amount) | \$ 141,816,849 | \$ 81,311,039 | \$ 129,352,677 |
| Residential Starts | 44 | 29 | 35 |
| Year to Date Starts | 160 | 116 | 142 |
| Median House Sold Price | \$ 182,000 | \$ 169,000 | \$ 168,900 |
| Drilling Rigs in Panhandle | 0 | 1 | 11 |
| Oil Per Barrel | \$ 27.50 | \$ 15.83 | \$ 63.89 |
| Natural Gas | \$ 1.67 | \$ 1.87 | \$ 2.66 |
| Wheat Per Bushel | \$ 4.59 | \$ 4.35 | \$ 4.11 |
| Fed Cattle Per CWT | \$ 108.05 | \$ 105.00 | \$ 119.85 |
| Corn | \$ 3.41 | \$ 3.80 | \$ 3.84 |
| Cotton (Cents Per Pound) | \$ 57.60 | \$ 60.70 | \$ 68.80 |
| Milk | \$ 12.50 | \$ 15.00 | \$ 15.30 |

Amarillo Economic Pulse

MAY 2020



Amarillo Unknowns

May, 2020

Amarillo's drop in overall economic activity looks like it will be from 10-20% (slightly less than some national numbers). Gasoline sales were down 30%, but have recovered to down 15-20%.

Amarillo's economy will be supported by:

- \$11 million in Federal funds to the City

- \$7 million in Federal funds to the Airport

- Some money in Federal funds to Potter and Randall Counties

- \$500 million (approximately) PPP loans to businesses

- Unemployment Insurance

- \$1,200 Government Stimulus Checks

Overall, the economy will get a boost from lower interest rates, which should put a floor under house prices, auto sales and credit card payments. Our bank's past due loans and mortgages have not spiked as of now.

Declines will come from:

- Declining confidence in businesses

- Halt in travel and hotel visits

- 50% drop in restaurants

- Unemployment

- Consumer pessimism delaying purchases

We expect unemployment to reach about 15% in Amarillo. If the economy recovers, we could be back to 6% unemployment by year end.

Another positive is the amount of savings available, as people have just spent less money while at home. This built up liquidity should be a force for future growth in the Fall.

The Farm Program is coming together, with \$19 billion for farmers and ranchers. Some farm losses will be covered. Cattle have been especially hard hit, with the packers able to take only half the amount of cattle available. Cattle losses during February to April will be covered up to \$250,000. Dairy has a protection program in place, so they will probably do alright.

Oil and gas will be a drag on the economy, as will tourism during the usually busy summer season. If we have a V-shaped recovery, the Fall should pick up, but estimates are that year-end numbers will still be below last January's numbers.