



The Macroeconomic Outlook – January 31, 2019

NATIONS®



**STATE OF THE
ECONOMY**
—AMARILLO—

The Macroeconomic Outlook

- Interest rates
- Energy prices
- Commodity prices
- China trade

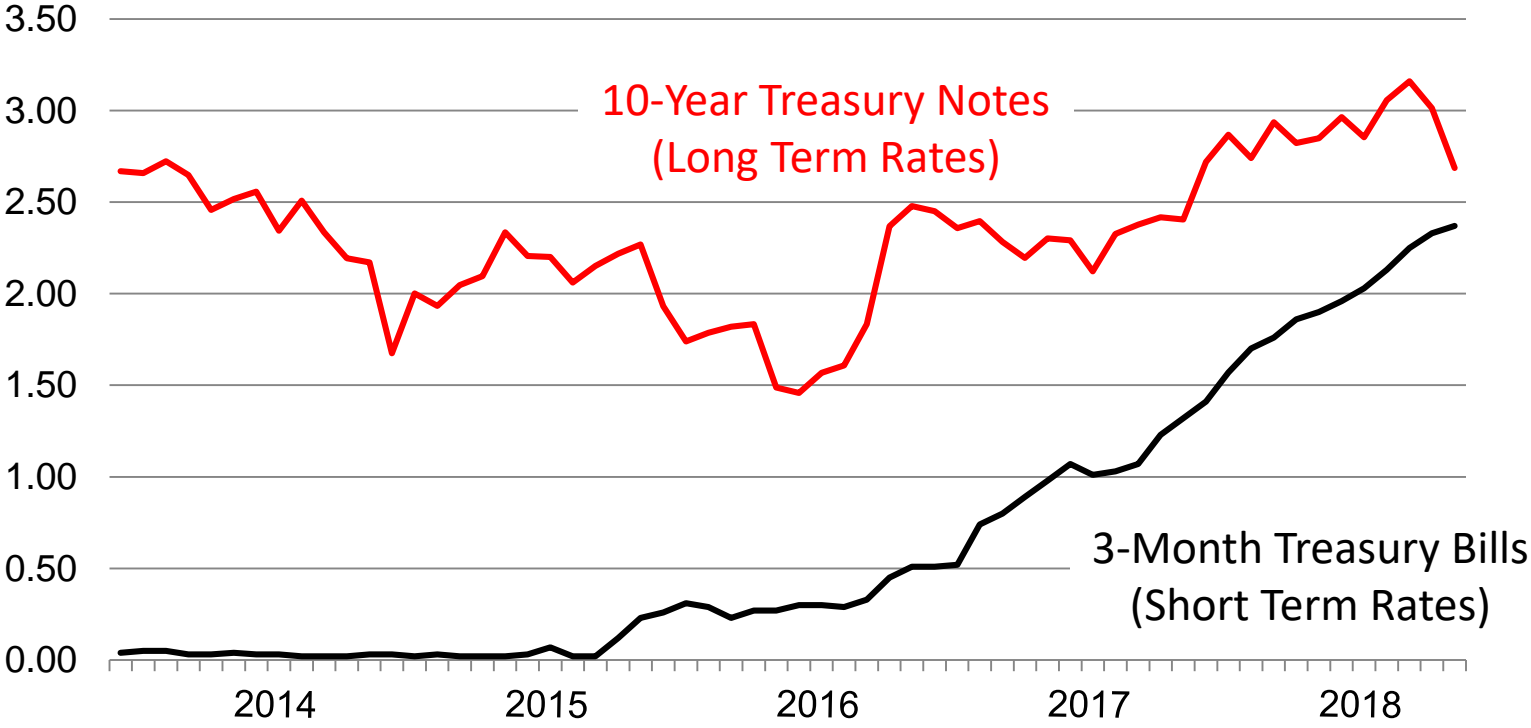


The Macroeconomic Outlook

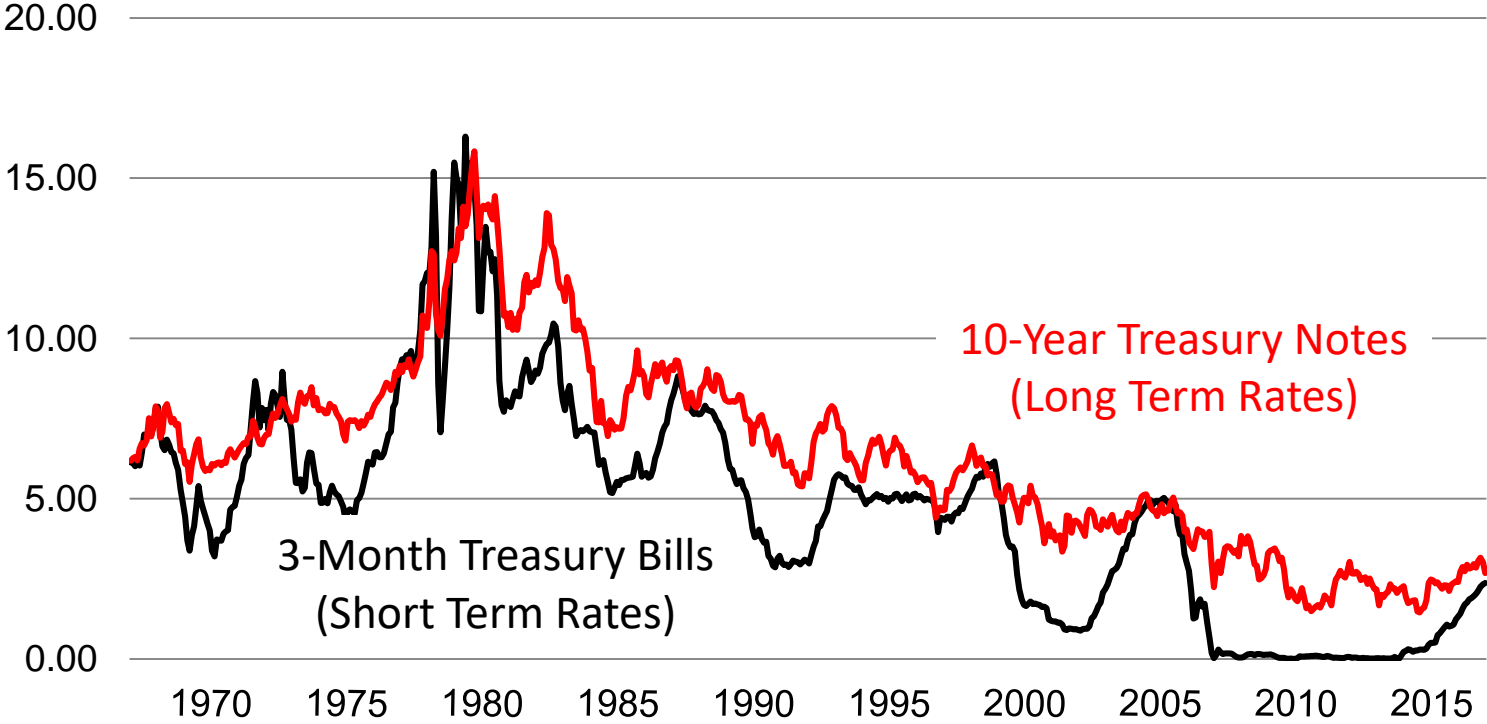
The goal is to learn how these issues will impact Amarillo and to help everyone make **BETTER DECISIONS.**

To that end I'll offer some forecasts but...

Interest Rates – 5-Year History



Interest Rates – 50-Year History



Interest Rate Outlook

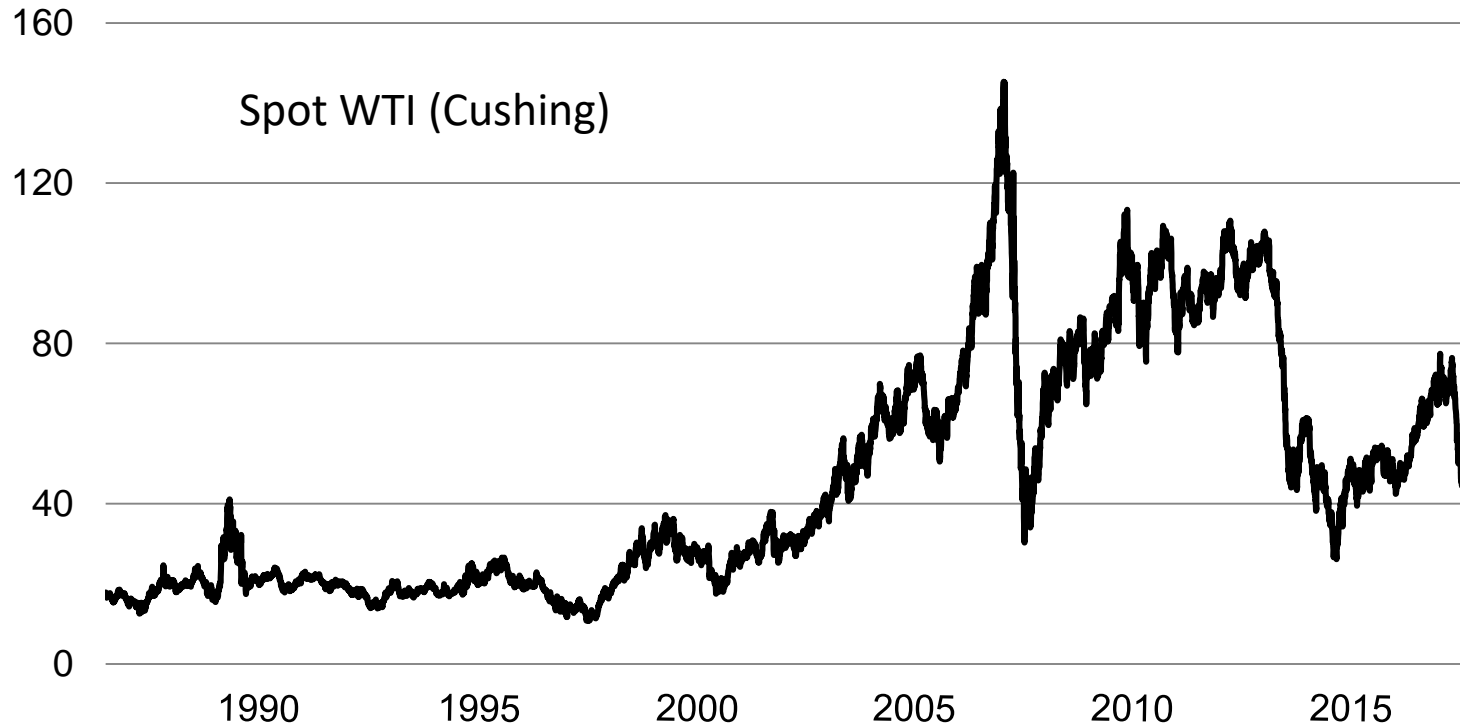
While interest rates have climbed over the last few years they were still historically **VERY** low

They are very likely to continue to increase – the Federal Reserve is expected to raise short-term rates twice in 2019

But any increase is likely to be very gradual

The important caveats...

Crude Oil Prices – 30-Year History



Crude Oil Outlook

Frackers are in control – the US was recently a net exporter of crude oil for the first time in decades

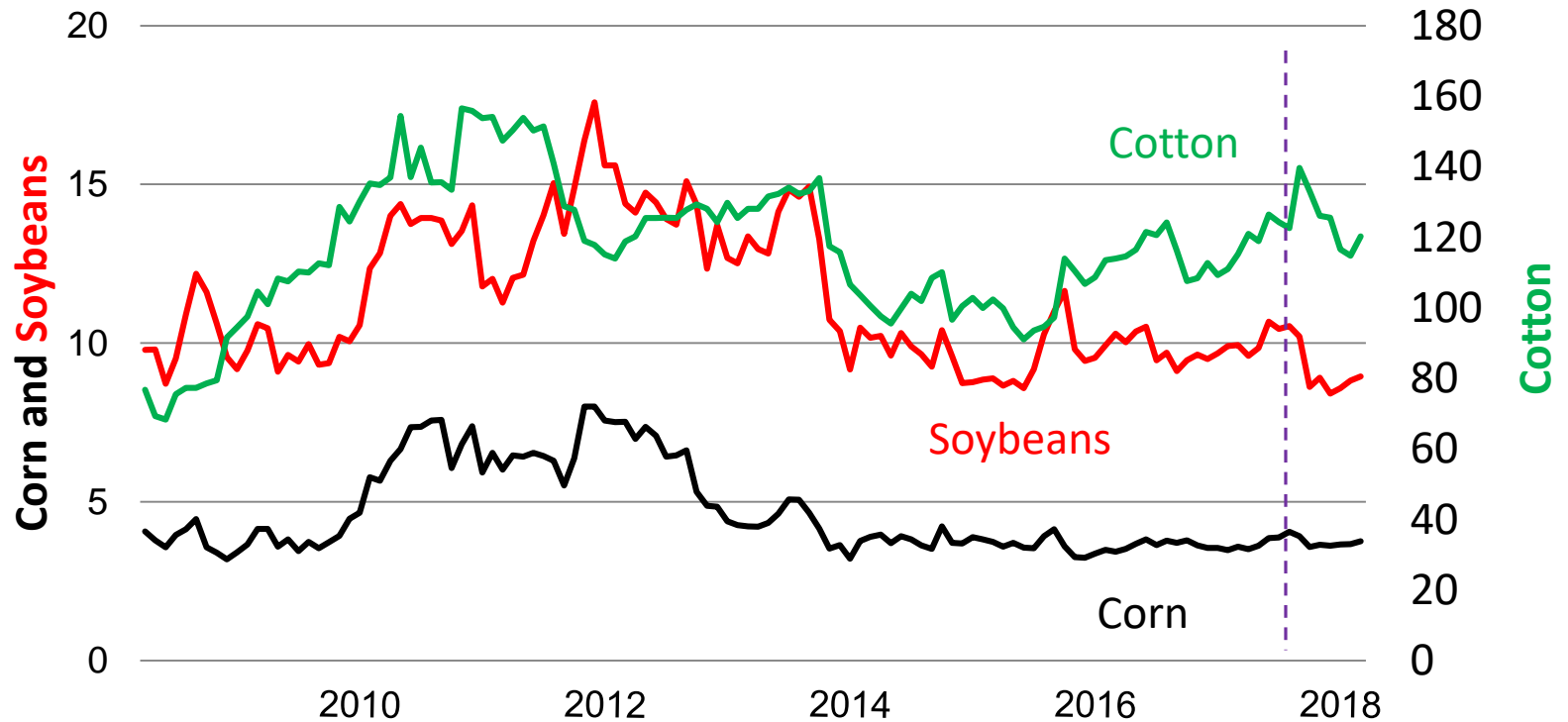
OPEC+ working hard to reduce supply

Iranian waivers due to expire in May 2019

Saudi Arabia is historically “the sheriff” in OPEC and they seem determined to reduce supply

\$50 a barrel would seem a likely bottom

Agriculture – 10-Year History



Agricultural Outlook

The trade and tariff battle with China is the biggest story

Until last week we thought progress was being made

Last week Secretary of Commerce Ross said we were “miles and miles” away from a deal


Nearly any deal will require that China substantially increase their purchases of American agricultural commodities

State of the Economy

Interest rates are historically low and rising slowly 

Frackers are in charge of domestic energy prices 

Crude oil prices have likely bottomed  or 

Agricultural prices are lower due to tariffs 

Any trade deal is almost certain to include Chinese promises to buy more agricultural commodities 