

# Preliminary AEO2019 Macroeconomic Results



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*For*

*Macroeconomic Working Group*

*July 19, 2018 / Washington, DC*

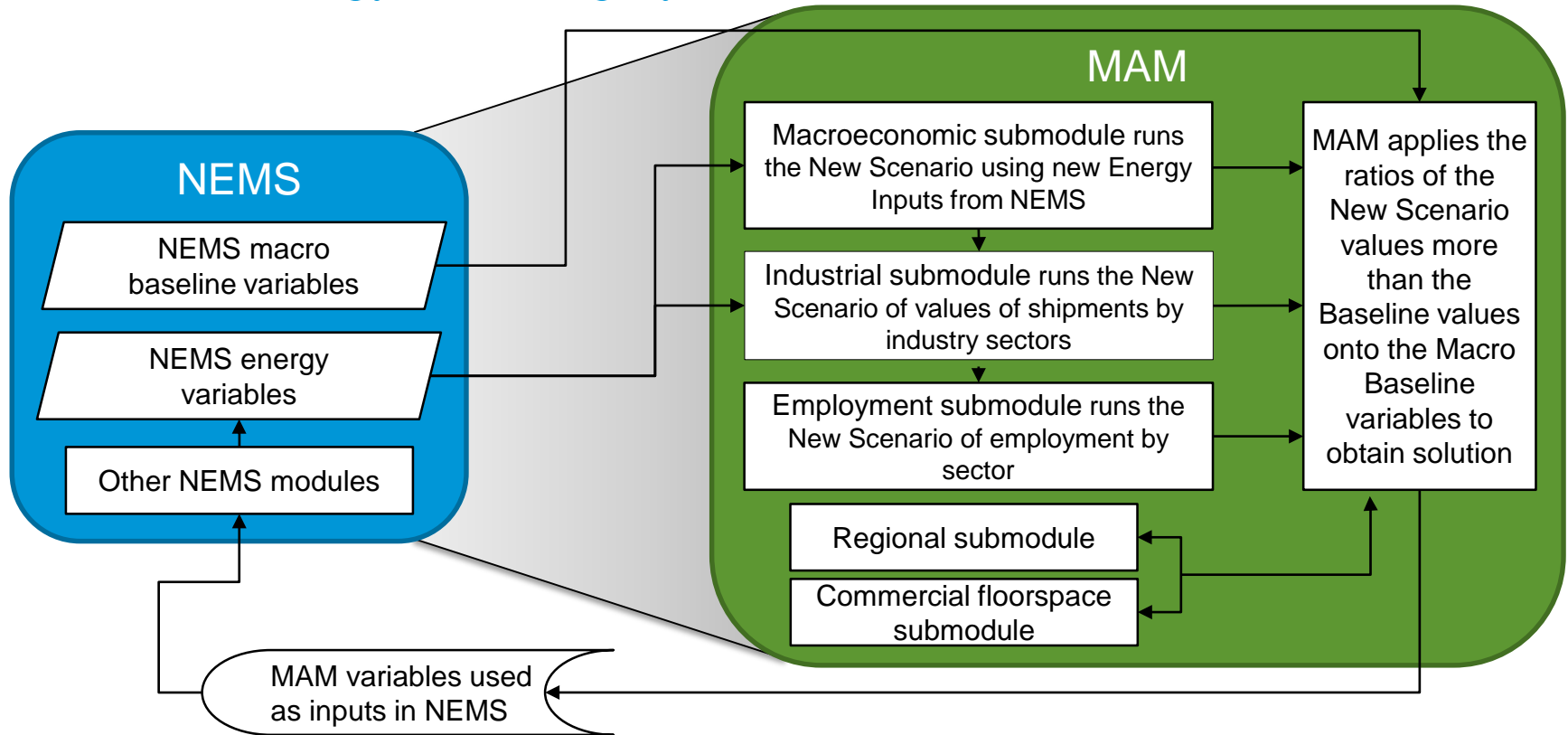
*By*

*Macroeconomic Analysis Team*

## Key preliminary results

- Preliminary AEO2019 real GDP grows an average of 1.9% per year from 2018-50, down 0.1 percentage points from AEO2018
- Preliminary AEO2019 manufacturing output grows 2.0% per year on average from 2018-50, up 0.2 percentage points; nonmanufacturing increases by an average of 1.3% per year, unchanged from AEO2018
- Preliminary AEO2019 employment growth is concentrated in services and construction

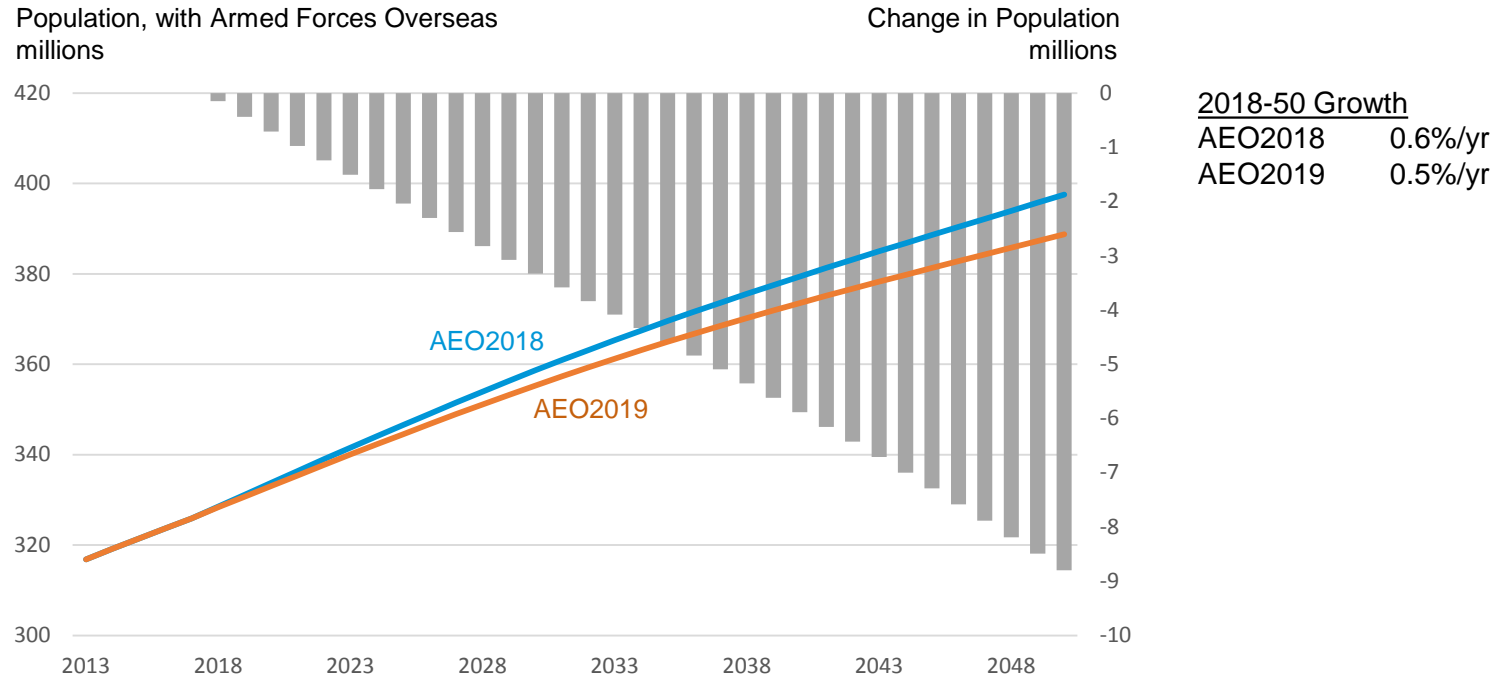
# Summary of the Macroeconomic Activity Module (MAM) in the National Energy Modeling System (NEMS)



## Key changes from last AEO

- Updates to the U.S. macro, industrial output and employment by industry models

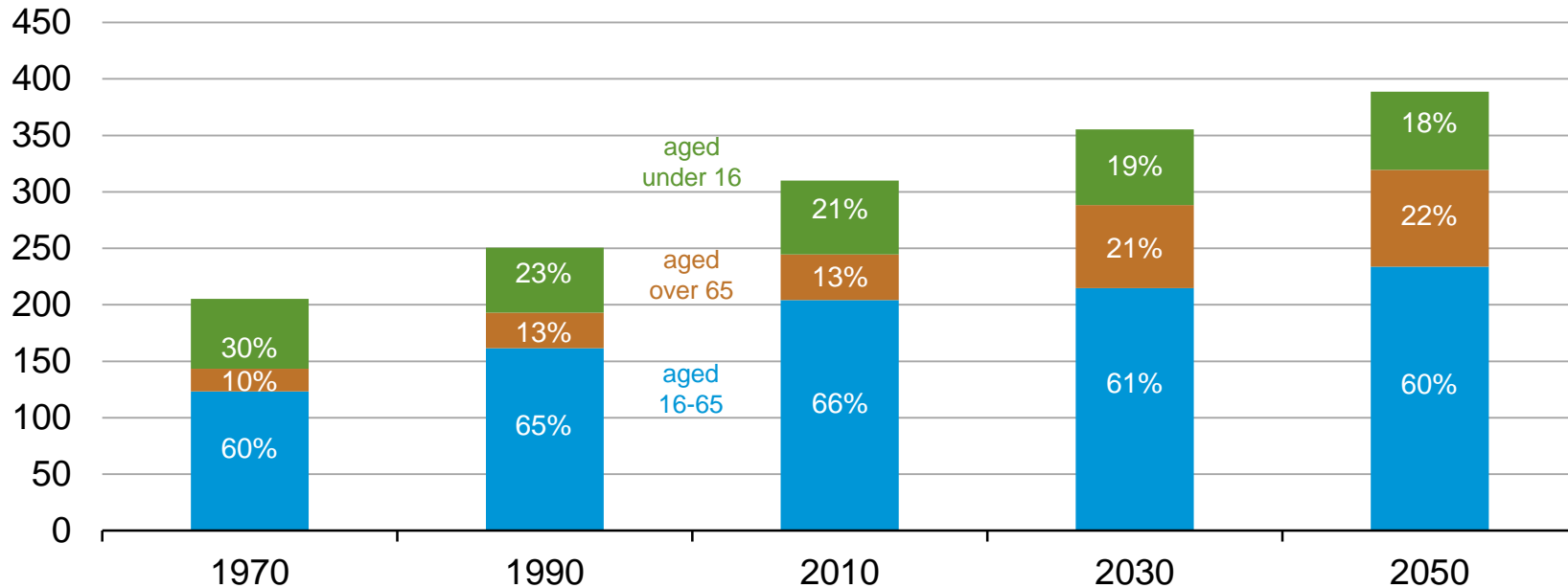
# New Census projections point to slower population growth and less immigration—offsetting any positive impacts from the new tax cuts on potential GDP by 2027



Source: AEO2019 Preliminary run

# The share of the population aged 16 to 65 is projected to fall to 60% in 2050

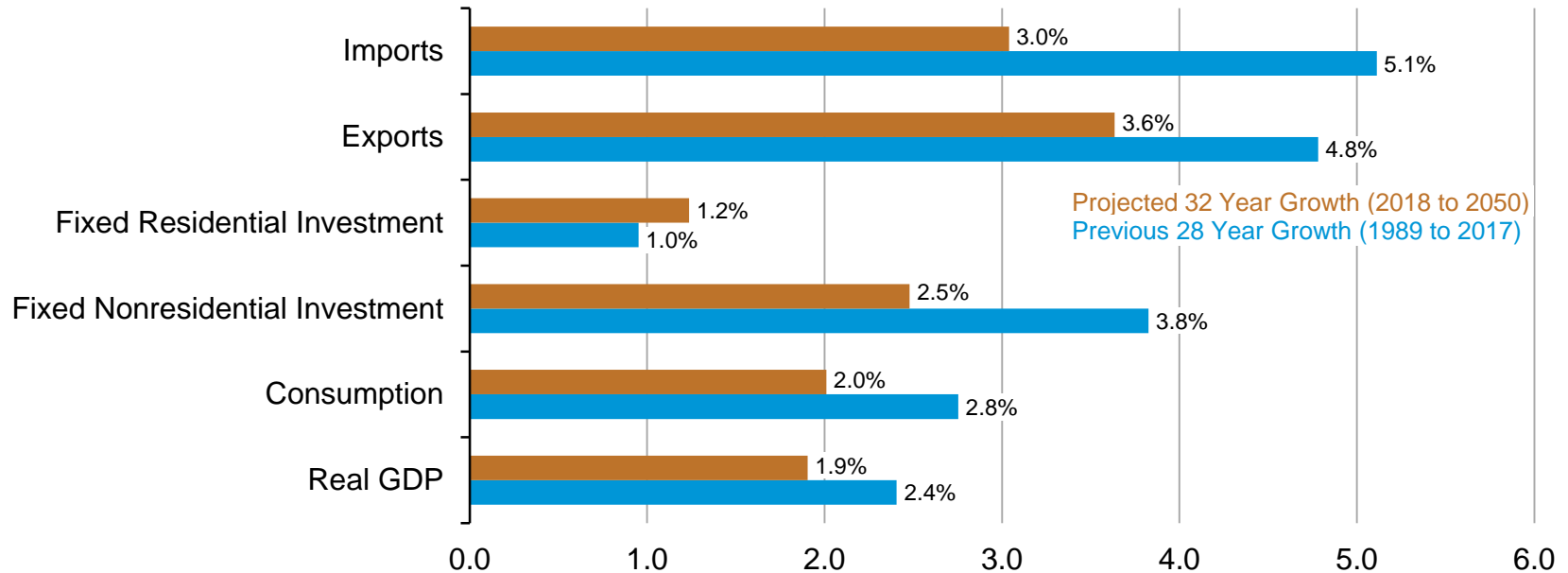
population  
millions



Source: AEO2019 Preliminary run

# Growth in GDP and most of its components is slower in the preliminary AEO2019 projection than history

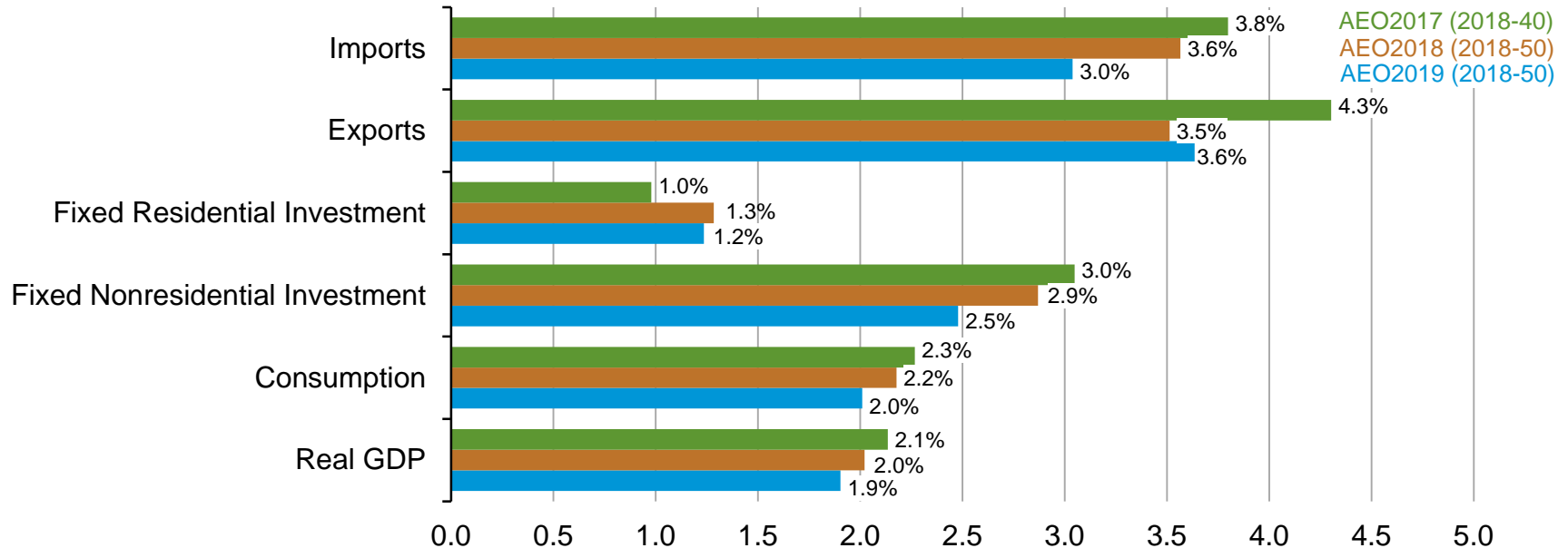
average annual percent growth



Source: AEO2019 Preliminary run

# The preliminary AEO2019 projection for GDP and most of its components is slower than recent projections

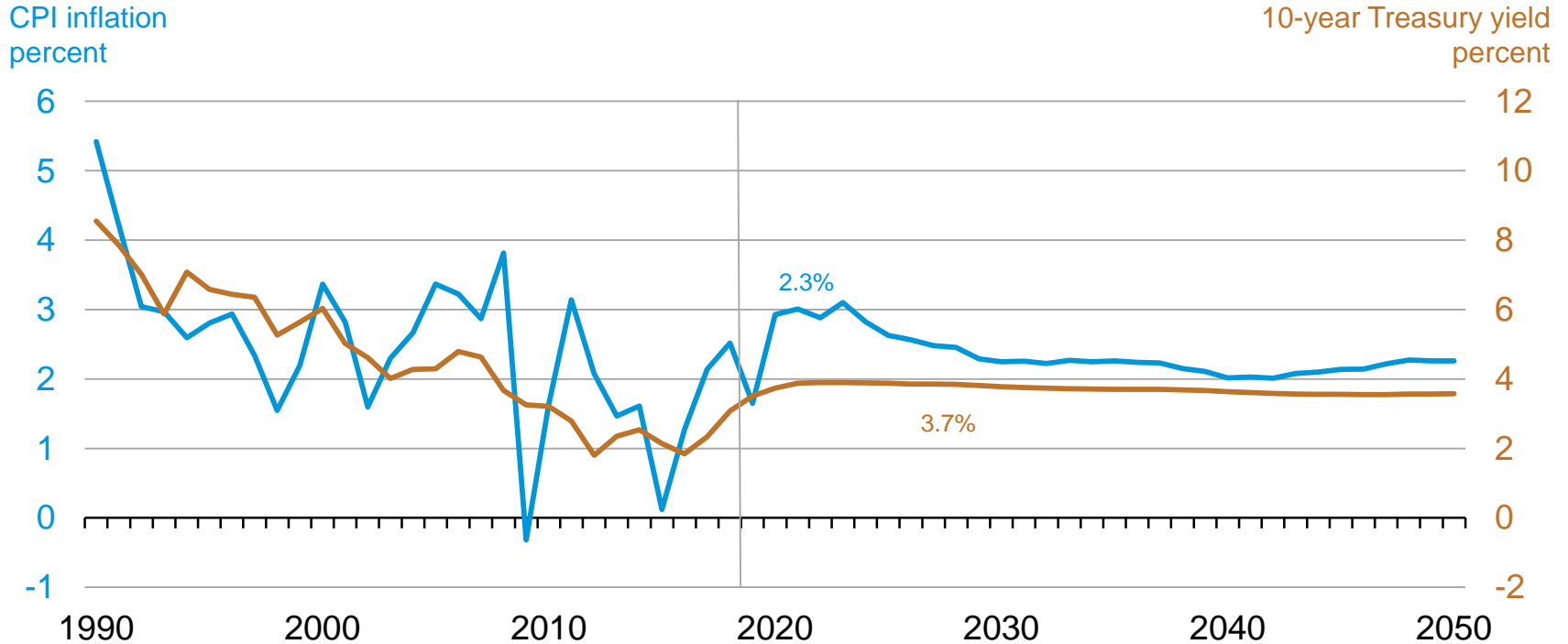
average annual percent growth



Source: AEO2019 Preliminary run



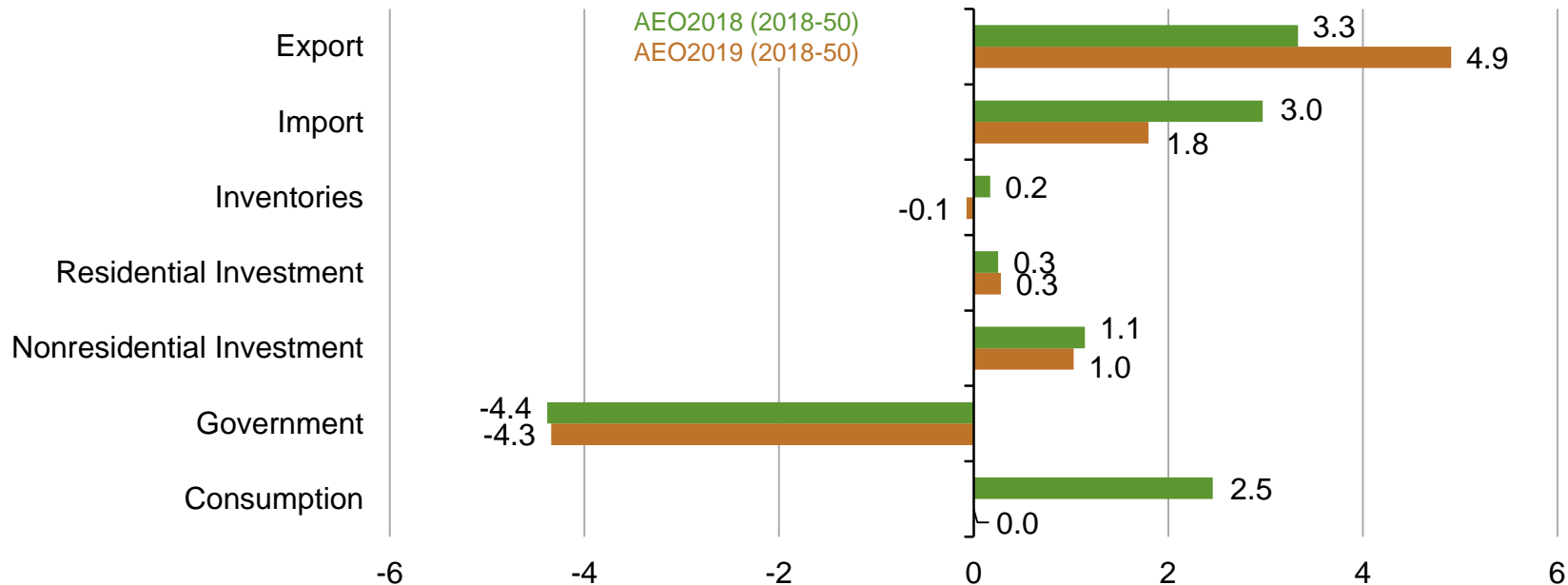
# Inflation remains moderate throughout the projection and bond yields gradually rise from historic lows



Source: AEO2019 Preliminary run

# Consumption's importance in the demand mix fades as exports becomes more important

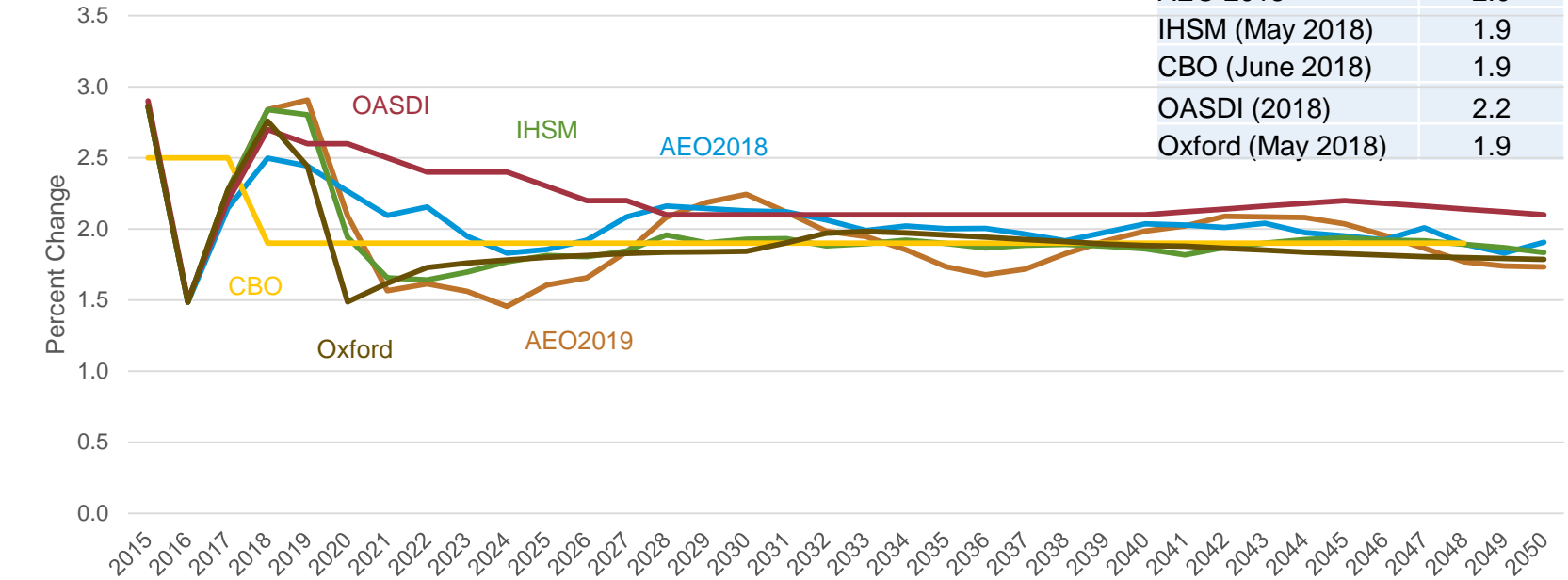
change in GDP share between 2018 and 2050  
percentage points



Source: AEO2019 Preliminary run

# Preliminary AEO2019 real GDP growth is similar to other forecasts/projections

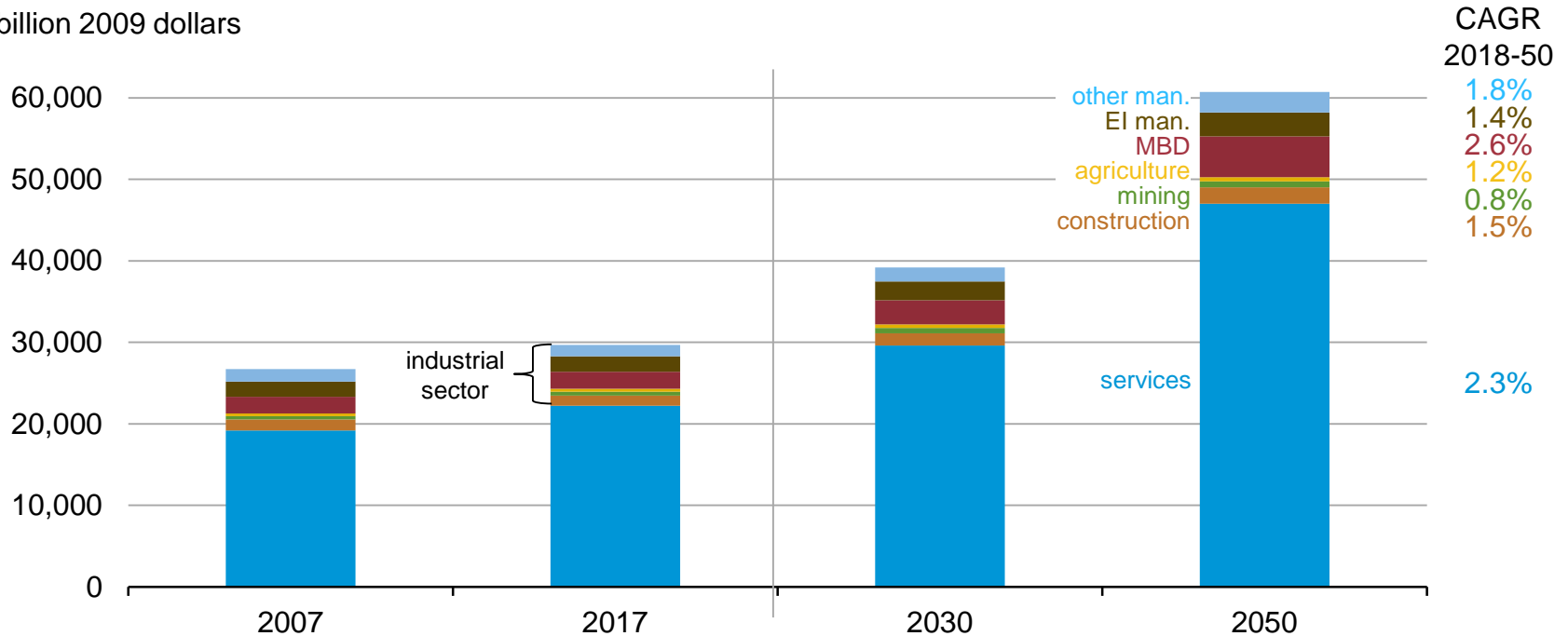
annual average growth in real GDP



Sources: as listed

# Services are the largest sector, metal-based durables grow the fastest

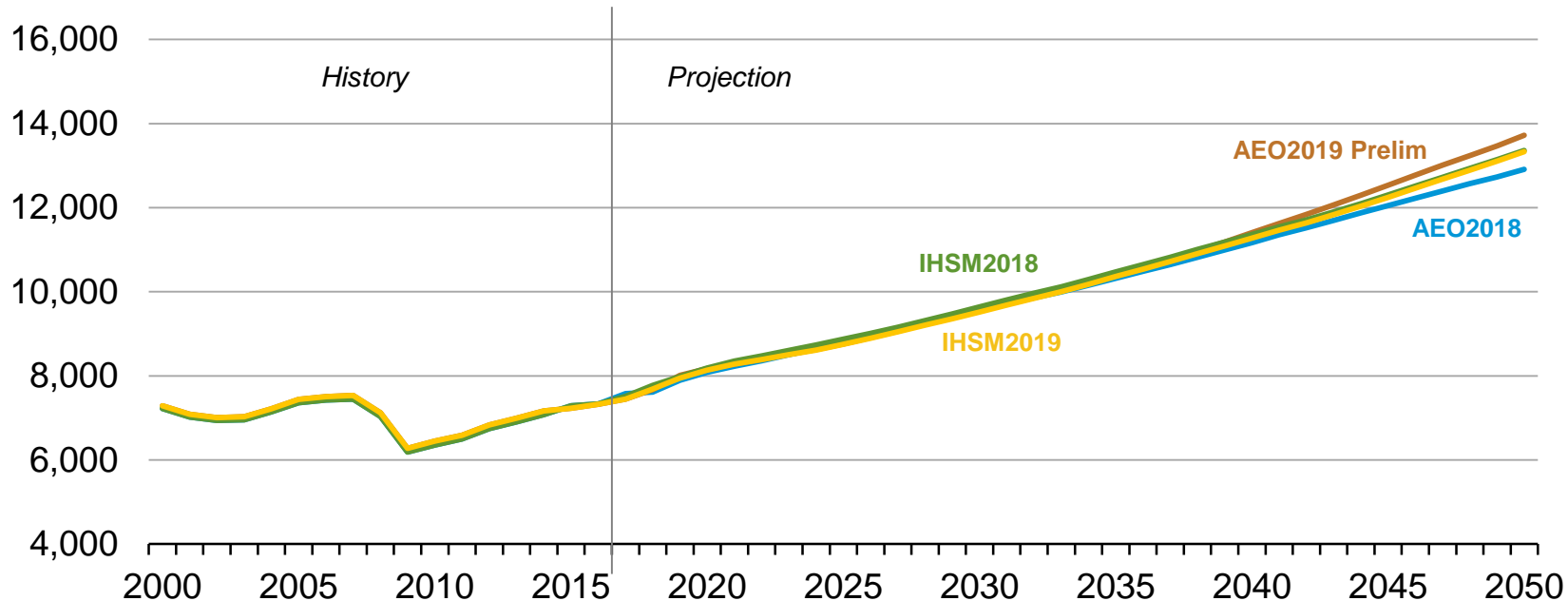
billion 2009 dollars



Source: AEO2019 Preliminary run

# Overall industrial sector gross output is higher relative to last year in the later years of the projection on higher exports of industrial supplies

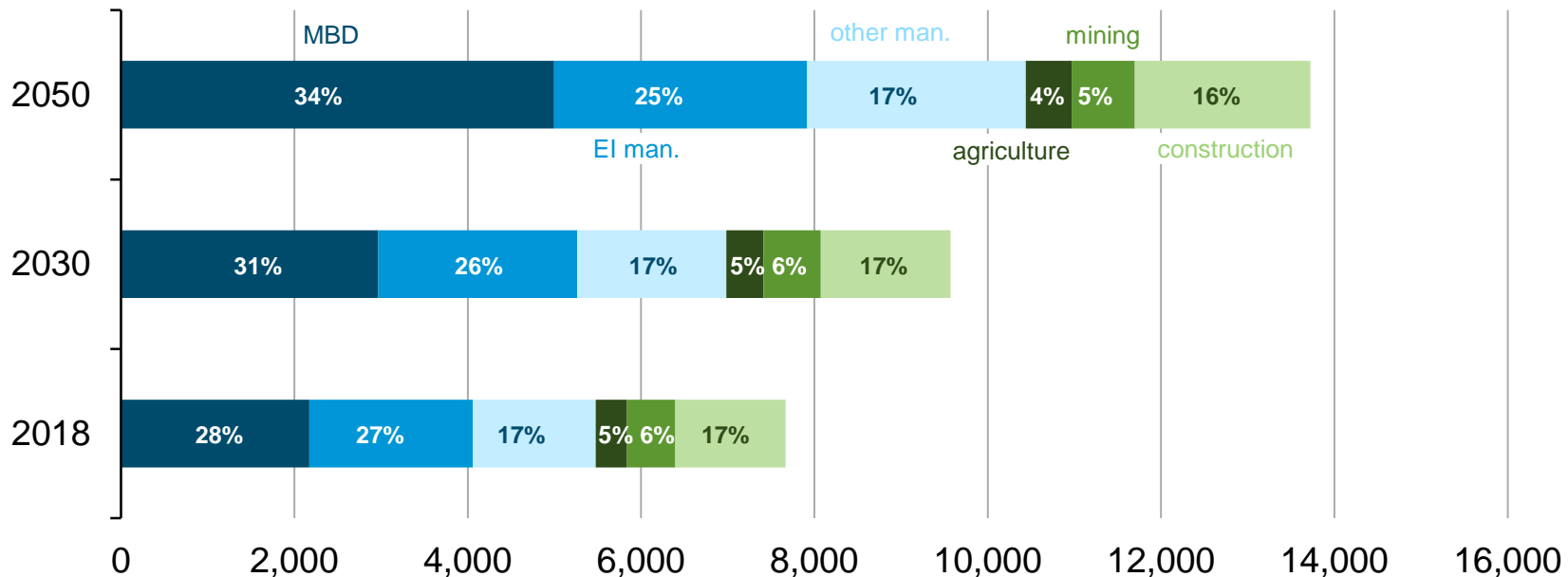
billion 2009 dollar



Source: IHS Markit, AEO2018, AEO2019 Preliminary run; bulk chemicals includes NAICS 3251-3

# Industrial sector shipments grow fastest in nonenergy-intensive manufacturing, primarily due to share loss in energy-intensives

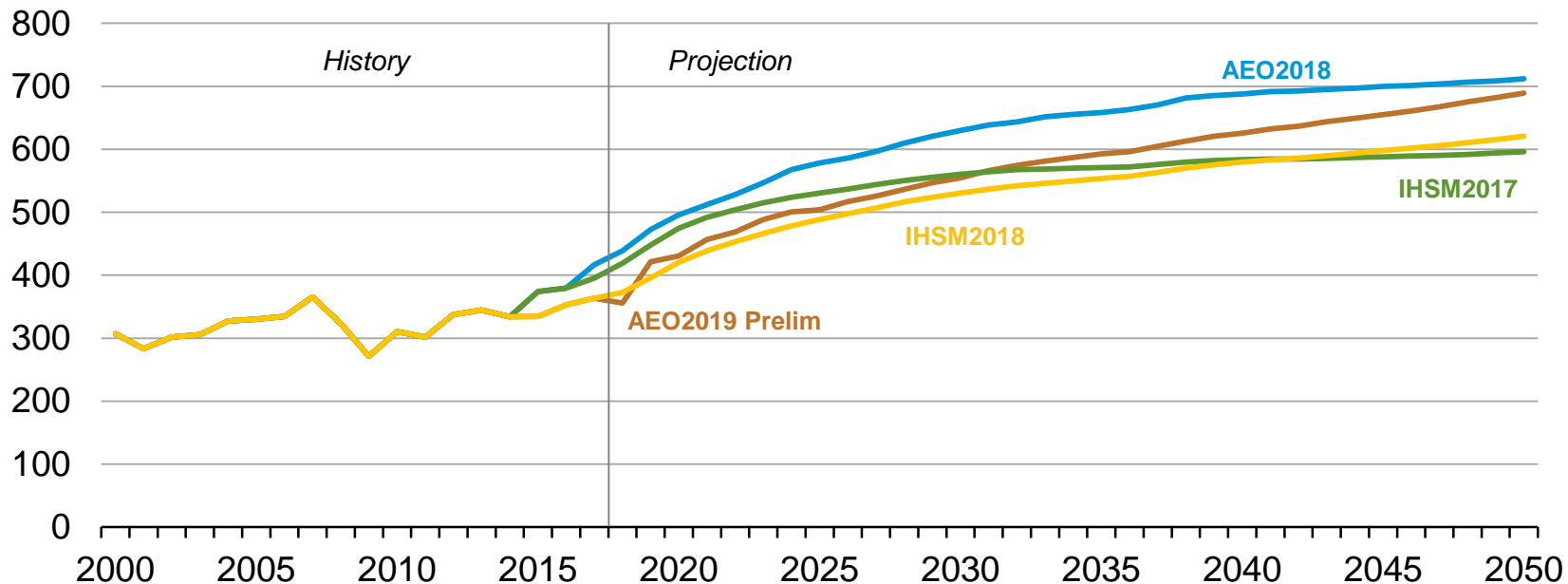
billion 2009 dollar



Source: AEO2019 Preliminary run

# Bulk chemicals output is lower than last year but awaiting updates, major changes expected

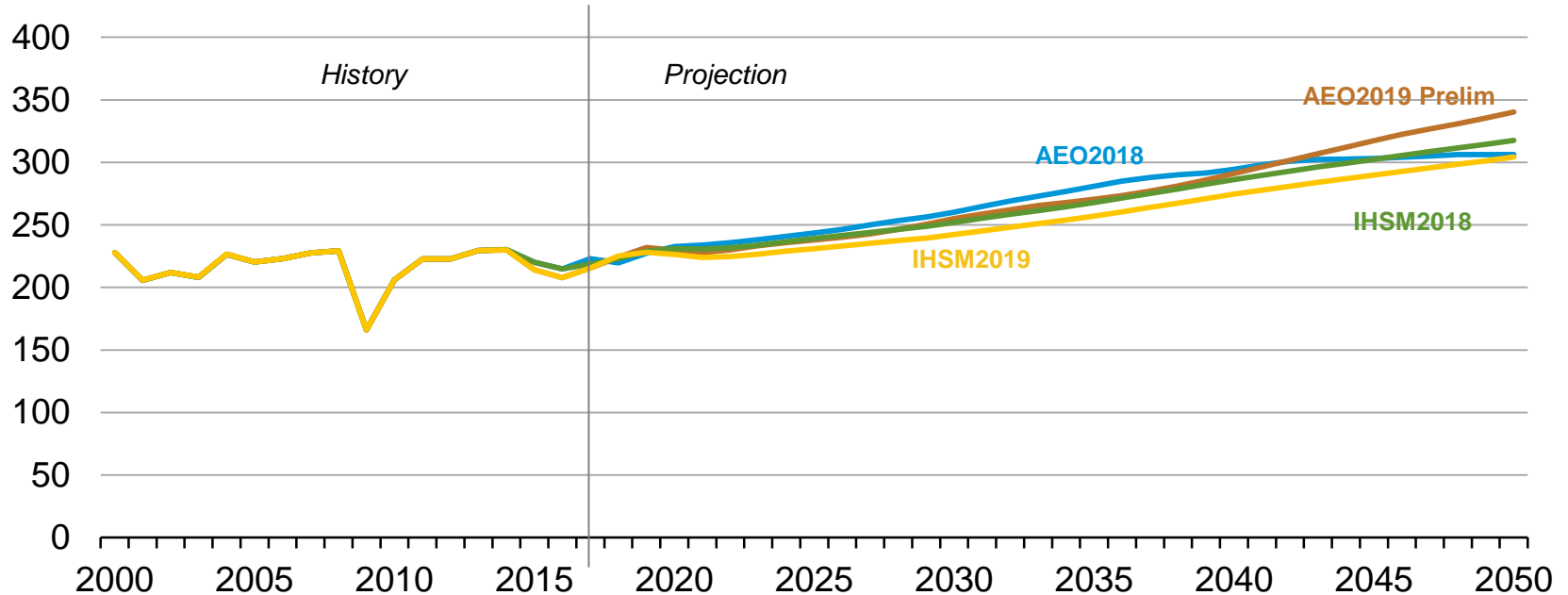
billion 2009 dollar



Source: IHS Markit, AEO2018, AEO2019 Preliminary run; bulk chemicals includes NAICS 3251-3

# Primary metals output is higher after 2040 but some revision possible with other updates

billion 2009 dollar

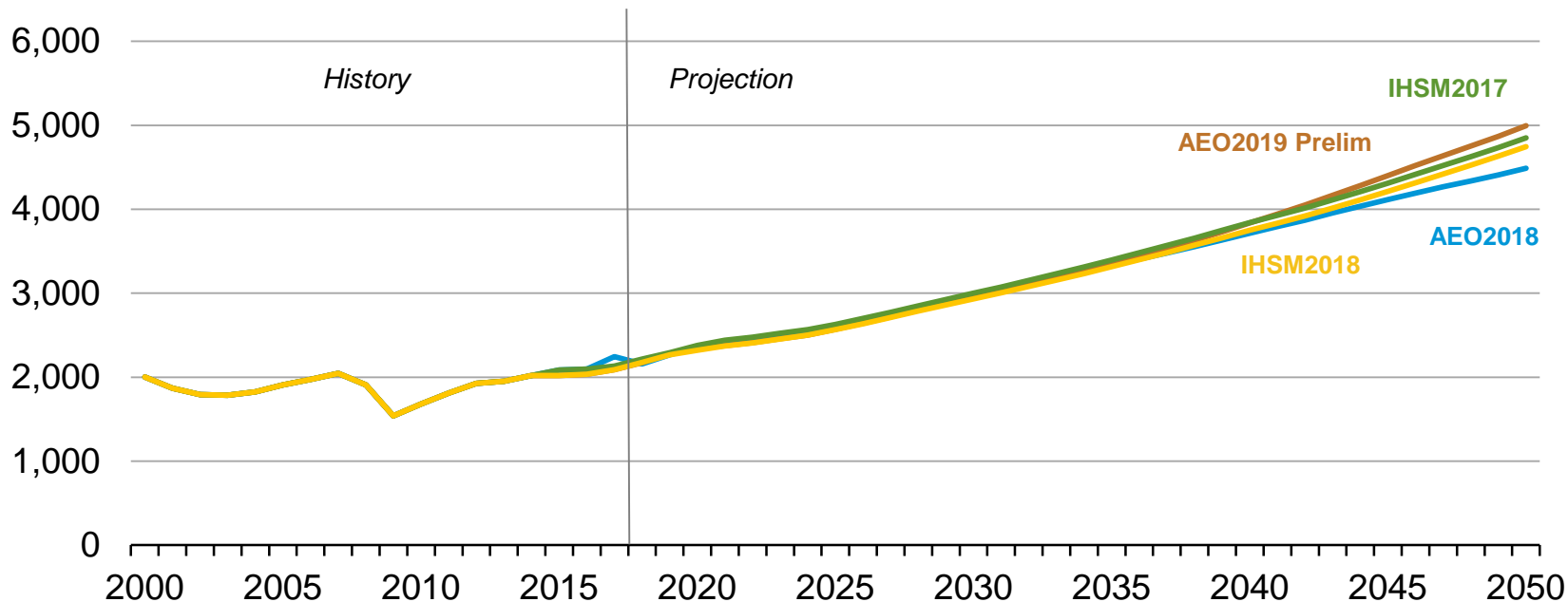


Source: IHS Markit, AEO2018, AEO2019 Preliminary run; primary metals includes all NAICS 331



# Metal-based durables output relatively insensitive to price so less change expected

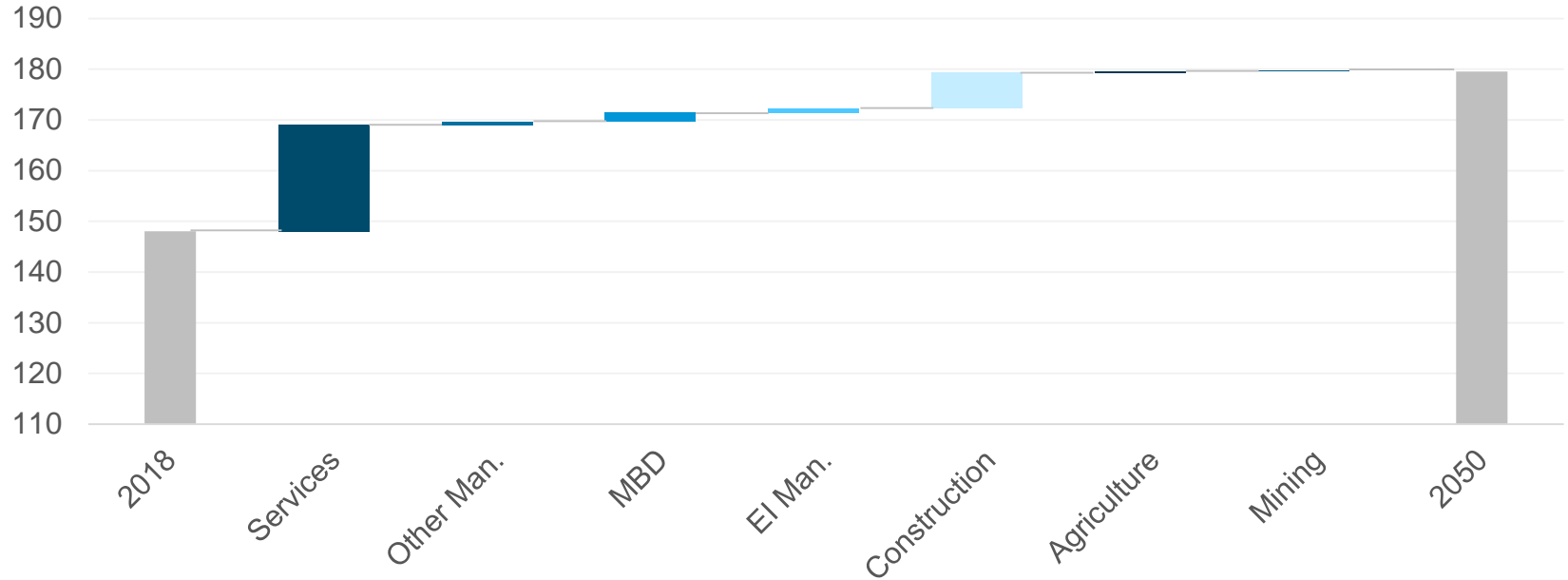
billion 2009 dollar



Source: IHS Markit, AEO2018, AEO2019 Preliminary run; metal-based durables includes NAICS 332-6

# Employment increases most in services and construction

million jobs



Source: AEO Preliminary run; MBD = metal-based durables, EI = energy-intensive, man. = manufacturing

# Thank you

Annual Energy Outlook | [www.eia.gov/forecasts/aeo](http://www.eia.gov/forecasts/aeo)

Short-Term Energy Outlook | [www.eia.gov/forecasts/steo](http://www.eia.gov/forecasts/steo)

International Energy Outlook | [www.eia.gov/forecasts/ieo](http://www.eia.gov/forecasts/ieo)

Today In Energy | [www.eia.gov/todayinenergy](http://www.eia.gov/todayinenergy)

Monthly Energy Review | [www.eia.gov/totalenergy/data/monthly](http://www.eia.gov/totalenergy/data/monthly)

State Energy Portal | [www.eia.gov/state](http://www.eia.gov/state)