

JULY 19, 2018

MEMORANDUM FOR: Ian Mead
Assistant Administrator for Energy Analysis

FROM: Lynn Westfall
Director, Office of Energy Markets & Financial Analysis

SUBJECT: Summary of AEO2019 Macroeconomic Working Group held on July 19, 2018

This memorandum provides an overview of the presentation given for the only Macroeconomic Working Group meeting that will be held for AEO2019 and a summary of the resulting discussion that took place. The presentation materials are available in a separate document.

Model updates

The meeting began with EIA staff providing an overview of Macroeconomic Module (MAM) and the currently anticipated changes for AEO2019. Given that this is a lite AEO year, changes are minimal. Material covered both macroeconomic growth and industrial output and focused on the following highlights:

- Planned model updates include new versions of the U.S. macro, industrial output and employment by industry from IHS Markit.
- In preliminary AEO2019 runs, real GDP is projected to grow 1.9%/year on average from 2018-2050. This rate is down one tenth of a percent relative to that in AEO2018 and is consistent with the current forecasts of many others.
- The importance of consumption, fixed nonresidential investment, and imports in the demand mix fades over the projection period as exports becomes more important.
- In preliminary AEO2019 runs, manufacturing output is projected to grow 2.0%/year on average from 2018-50. Nonmanufacturing output is expected to grow 1.3%/year on average over the same period.
- Employment growth is projected to become more concentrated in service and construction industries.

Additional issues

Participants had no questions after the presentation. In addition, participants were informed that the slides on will soon become available the AEO Working Group webpage. An email notifying all attendees on the invitation list will also be sent once they are posed.

**WORKING GROUP PRESENTATION FOR DISCUSSION PURPOSES ONLY.
DO NOT QUOTE OR CITE AS RESULTS ARE SUBJECT TO CHANGE.**

Attendees

Guests (WebEx/phone)

Andre Barbe	International Trade Commission
Neal Elliott	American Council for an Energy-Efficient Economy
Bob Hershey	Private consultant
Frederick Joutz	Private consultant
Ethan Rogers	American Council for an Energy-Efficient Economy
Jerry Schwartz	American Forest & Paper Association
Sharon Showalter	On Location, Inc.

EIA attendees (in person)

Tom Lorenz	EIA
Ian Mead	EIA

EIA attendees (WebEx/phone)

Angelina LaRose	EIA
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