Energy Investment Variability within the Macroeconomy

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U.S. investment has become more variable due to both increased energy investment and an increased concentration of investment in more volatile segments of the energy sector.

Over the past 10 years, the U.S. energy sector has exerted substantial influence—both positive and negative—on overall U.S. business fixed investment. From 2010 to 2014, a time when energy production in the United States was expanding, investment in the energy sector was a boon to aggregate investment. However, following the sharp oil price decline in 2014, the energy sector was a drag on aggregate investment.

Assessing the energy sector’s contribution to aggregate investment requires an understanding of both the size of the sector as well as its individual segments. David Rodziewicz estimates how individual segments of the energy sector have contributed to U.S. aggregate investment activity over time. He finds that the share of energy investment in the United States increased during the last decade, and the concentration of investment shifted toward more volatile segments of the energy sector. Together, these changes contributed to higher aggregate investment variability.

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David Rodziewicz is a senior economics specialist at the Denver Branch of the Federal Reserve Bank of Kansas City. His research focuses on energy economics, natural resource economics, climate change, and regional economics. His outreach efforts focus on the Rocky Mountain West region (Colorado, Wyoming, and northern New Mexico). Rodziewicz is also responsible for briefing the Kansas City Fed's president – a member of the Federal Open Market Committee – on regional economic conditions as well as energy related issues. Prior to joining the Economic Research Department at the Bank in 2017, Rodziewicz was as an officer in the National Oceanic and Atmospheric Administration's Commissioned Officer Corps, where he served as a deck watch officer in Alaska and database manager in Boulder. Earlier in his career, he worked in the financial services industry as a stock analyst, covering real estate investment trusts (REITs). Rodziewicz holds a master's degree in Mineral and Energy Economics from Colorado School of Mines and a bachelor's degree in Finance and Economics from University of Illinois.