Research Working Papers

Resource Booms and the Macroeconomy: The Case of U.S. Shale Oil

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The U.S. shale oil boom had sizable effects not only on upstream and downstream energy sectors but also on GDP and trade flows. However, the crude oil export ban created large distortions in the energy sector.

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We examine the implications of the U.S. shale oil boom for the U.S. economy, trade balances, and the global oil market. Using comprehensive data on different types of crude oil, and a two-country general equilibrium model with heterogenous oil and refined products, we show that the shale boom boosted U.S. real GDP by 1 percent and improved the oil trade balance as a share of GDP by more than 1 percentage points from 2010 to 2015. The boom led to a decline in oil and fuel prices, and a dramatic fall in U.S. light oil imports. In addition, we find that the crude oil export ban, which was in place during a large part of this boom, was a binding constraint, and would likely have remained a binding constraint thereafter had the policy not been removed at the end of 2015.

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Article Citations

- Çakr Melek, Nida, Michael Plante, and Mine K. Yücel. 2017. "Resource Booms and the Macroeconomy: The Case of U.S. Shale Oil." Federal Reserve Bank of Kansas City, Research Working Paper 17-10, September. Available at https://doi.org/10.18651/RWP2017-10

Related Research

- Bodenstein, Martin, Christopher J. Erceg, and Luca Guerrieri. 2011. "Oil Shocks and External Adjustment." *Journal of International Economics*, vol. 83, no. 2, pp. 168-184. Available at https://doi.org/10.1016/j.jinteco.2010.10.006
- Farrokhi, Farid. 2017. "Global Sourcing in Oil Markets." Purdue University, Working Paper. Available at http://web.ics.purdue.edu/~ffarrokh/Farrokhi_jmp.pdf

- Çakr Melek, Nida, and Elena Ojeda. 2017. "Lifting the U.S. Crude Oil Export Ban: Prospects for Increasing Oil Market Efficiency." Federal Reserve Bank of Kansas City, Economic Review, vol. 102, no. 2, pp. 51–74.

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