Energy Economic Outlook

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Energy Outlook Themes

• The oil and gas sector experienced a profound demand shock following the onset of the global pandemic, resulting in historically low global and domestic oil prices.

• Lower energy prices add financial stress, accelerate consolidation, and result in more bankruptcies for oil and gas firms.

• The oil and gas sector was undergoing structural changes prior to the pandemic and the arrival of COVID-19 accelerated trends towards lower capital and labor utilization.

• The energy sector is facing elevated uncertainty for demand and energy prices going into 2021.
The energy sector witnessed a historic demand shock this year that is on-going.
Low prices and diminished profitability are leading to more bankruptcies and consolidation.
The striking demand shock lead to reduced drilling activity and investment.

Sources: Baker Hughes, Haver Analytics
The oil and gas sector realized efficiency gains in the last decade, which accelerates during periods of low oil prices.

Sources: EIA, BLS, Baker Hughes, Haver Analytics
The trend in labor efficiency paints a bleak outlook for oil and gas employment.
Transportation activity fell sharply this year and the outlook is uncertain.