

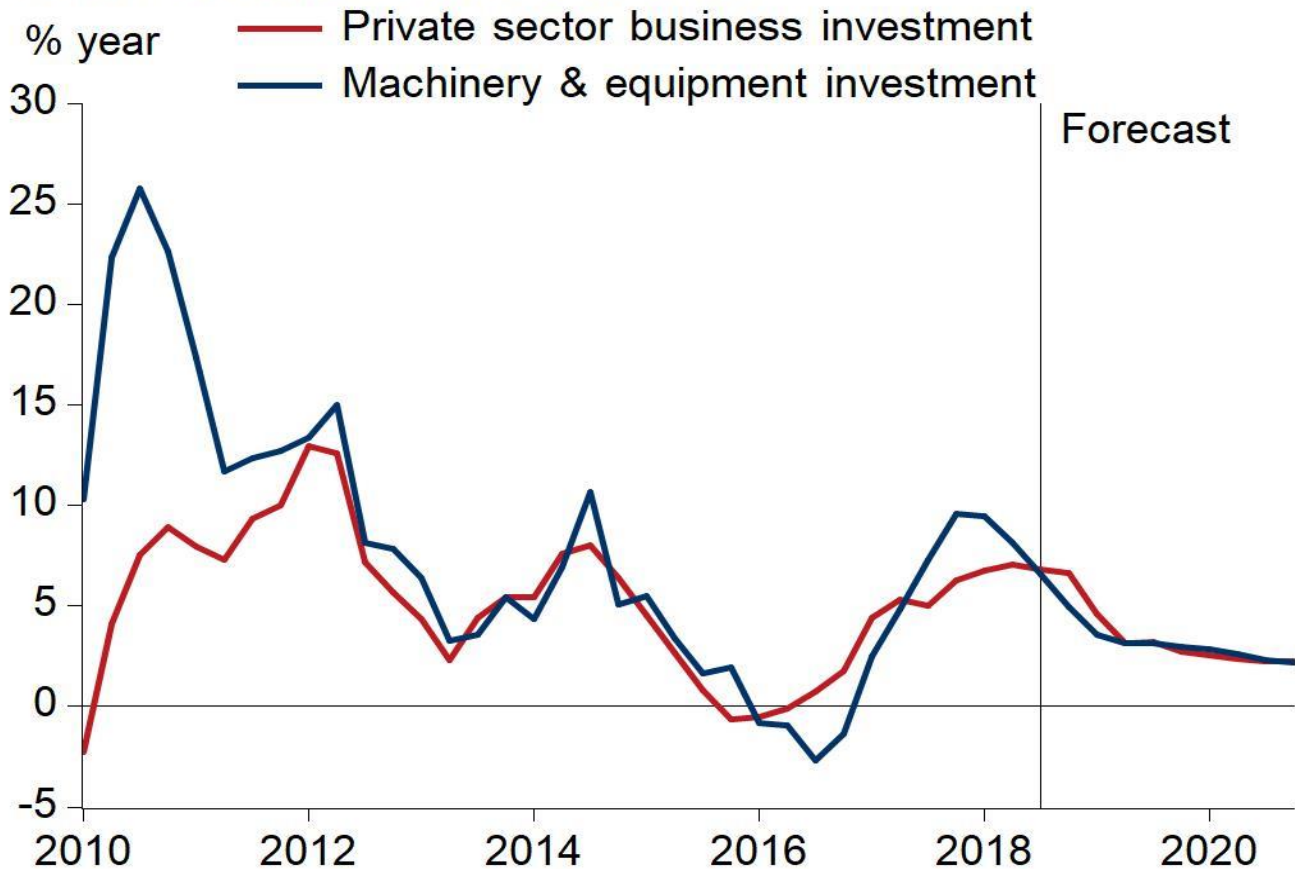
US Industry Outlook for 2019

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Business CapEx remains strong, but growth has peaked

US: Business investment



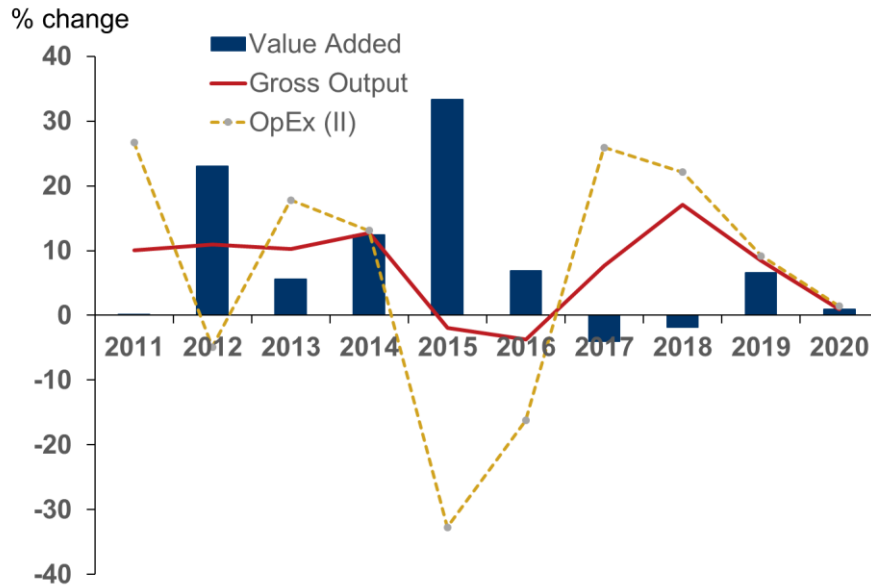
Source: Oxford Economics

Key tailwinds for business investment will moderate

1. Solid domestic demand → moderating
2. Tax incentives & deregulation → diminishing boost
3. Favorable financing conditions → tightening
4. Solid global growth → slowing
5. Energy activity → slowing

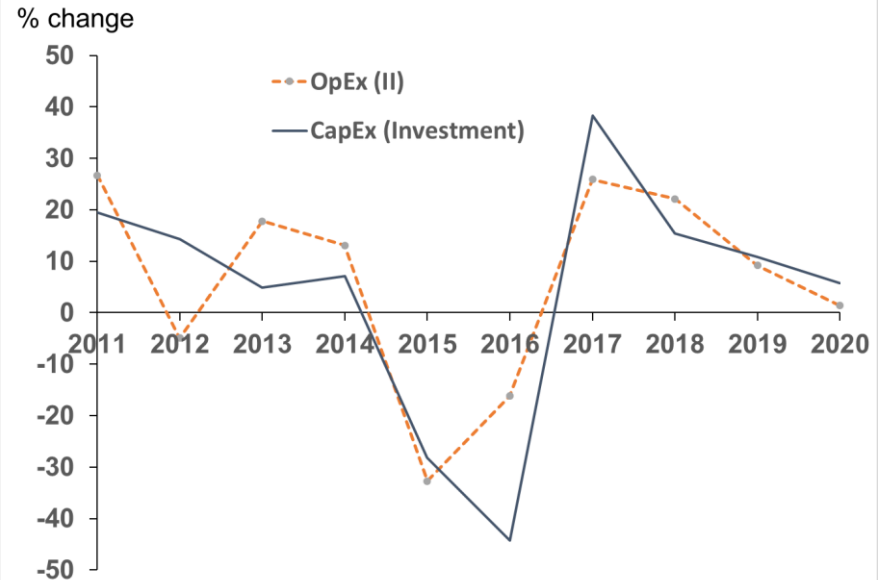
Energy sector output and spending still rising

Growth in oil & gas mining (inflation adjusted)



Source : BEA/Oxford Economics

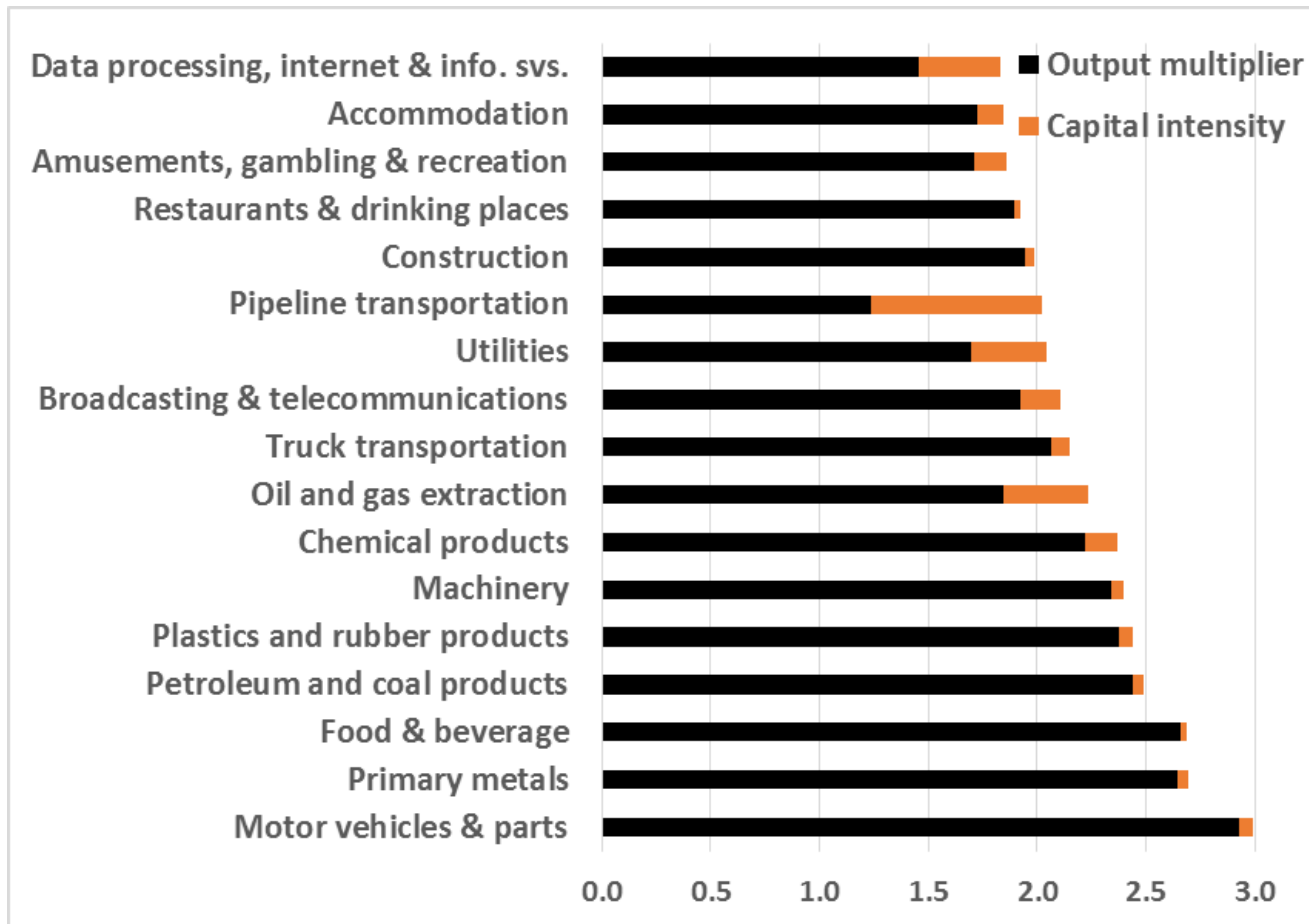
Spending by oil & gas mining (inflation adjusted)



Source : BEA/Oxford Economics

Energy industry spending has large impacts

US supply chain multipliers: economic activity and capital spending per \$ of sector production (selected from 70-sector list)



Source : BEA/Oxford Economics

Investment slows, chemicals & intermediate goods take over growth leadership in forecast

US Industry Forecast					
(Percent change of inflation adjusted output)					
	2017	2018	2019	2020	2021
Industrial production	1.8	3.8	2.9	2.0	1.8
Manufacturing	2.3	4.5	2.5	2.2	2.1
Consumer goods	1.3	3.5	1.9	1.5	1.7
Electronics & hi-tech	4.3	7.5	3.6	3.4	3.2
Transport equipment	-0.3	4.4	1.9	2.0	1.6
Engineering & metal goods	7.8	6.7	2.6	2.0	2.3
Basic metals	2.2	4.9	3.5	1.8	1.8
Intermediate goods	2.8	4.9	3.0	2.8	2.5
Chemicals & pharma	1.9	5.5	4.4	3.1	2.8
Utilities	-1.0	1.7	2.2	2.2	1.1
Extraction	1.5	1.9	5.6	1.0	0.4
Construction	0.8	2.9	2.1	2.5	2.3
Services	2.3	2.8	2.6	1.6	1.7
Agriculture	-4.8	-3.7	0.3	2.3	2.6
All sector gross value added	2.1	2.9	2.6	1.7	1.7

US manufacturing boosted by energy, investment & technology

US - Top 12 Fastest Growing out of 254 Granular Industries

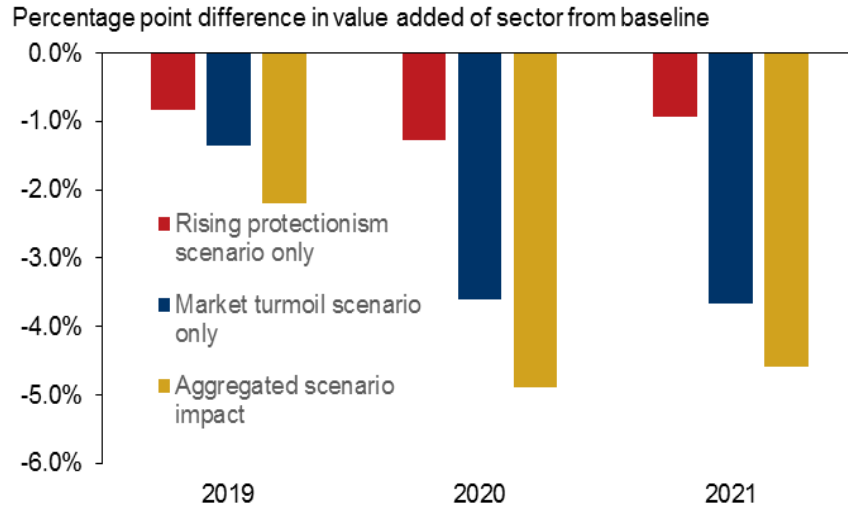
(2019 Real Gross Output Growth Forecast)

NAICS Code		Annual Growth (%)
211111C	Crude oil extraction	9.2
51913	Internet publishing, broadcasting & web search portals	8.8
33313	Mining and oil and gas field machinery	8.5
32512	Industrial gases	8.0
211112	Natural gas liquid extraction	7.7
32513	Synthetic dyes & pigment	7.3
5174, 5719	Satellite broadcasting, telecom resellers, & all other	6.9
33612	Heavy duty trucks	6.9
51121	Software publishers	6.9
33422	Broadcast and wireless communications equipment	6.8
5182	Data processing, hosting & related services	6.5
211111G	Natural gas extraction	6.2

Source: Oxford Economics

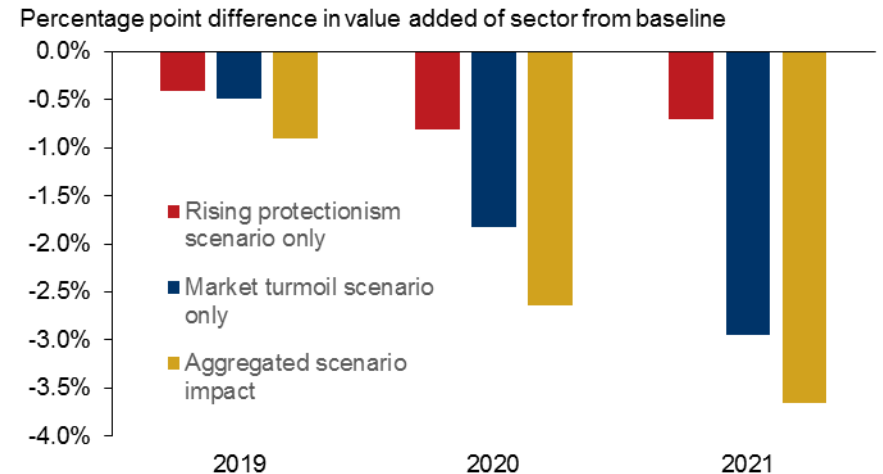
Scenarios for protectionism and financial turmoil

US: Effect of scenarios on the motor vehicles sector



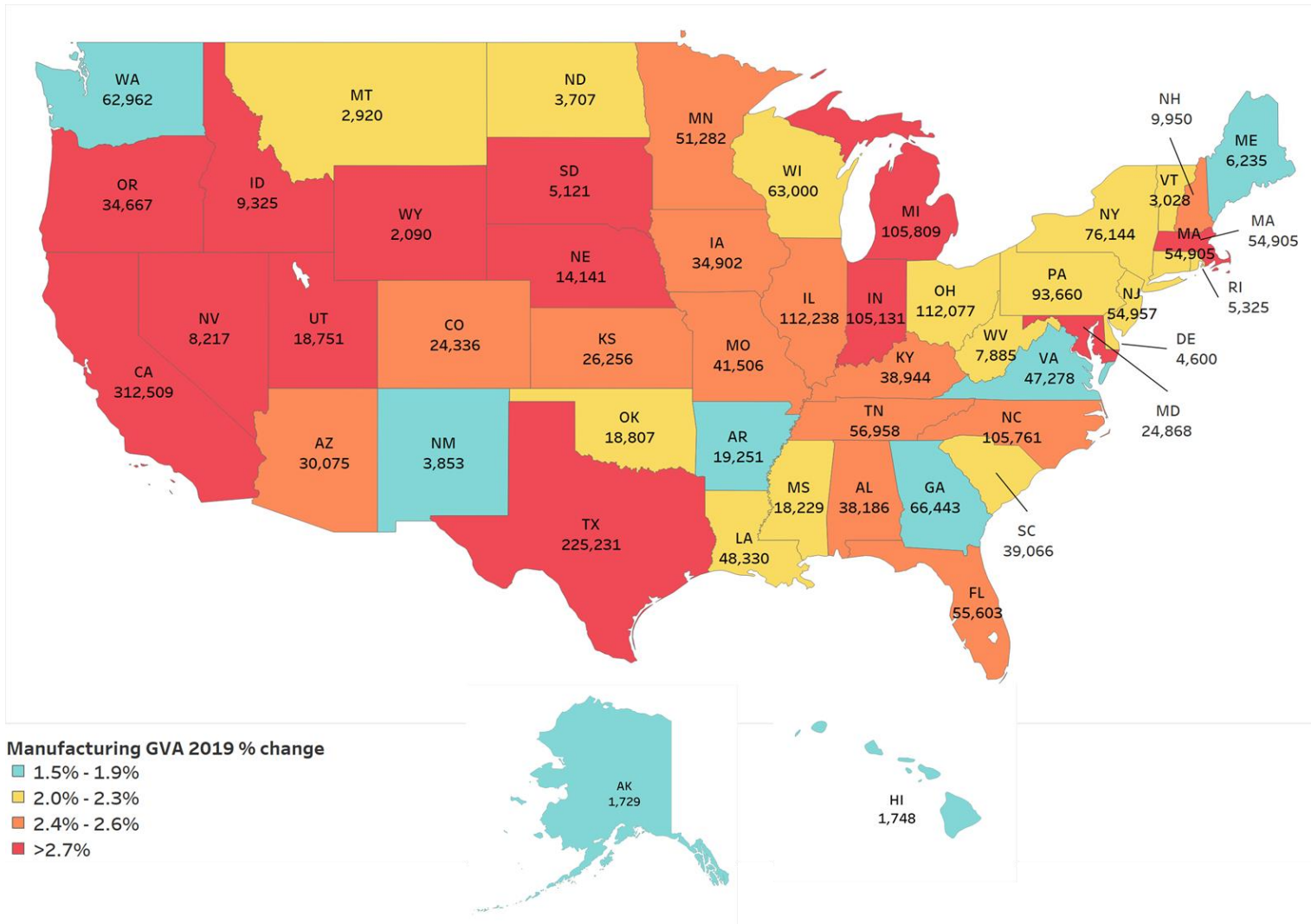
Source: Oxford Economics GSS Scenario - December 2018 baseline

US: Effect of scenarios on the basic metals sector

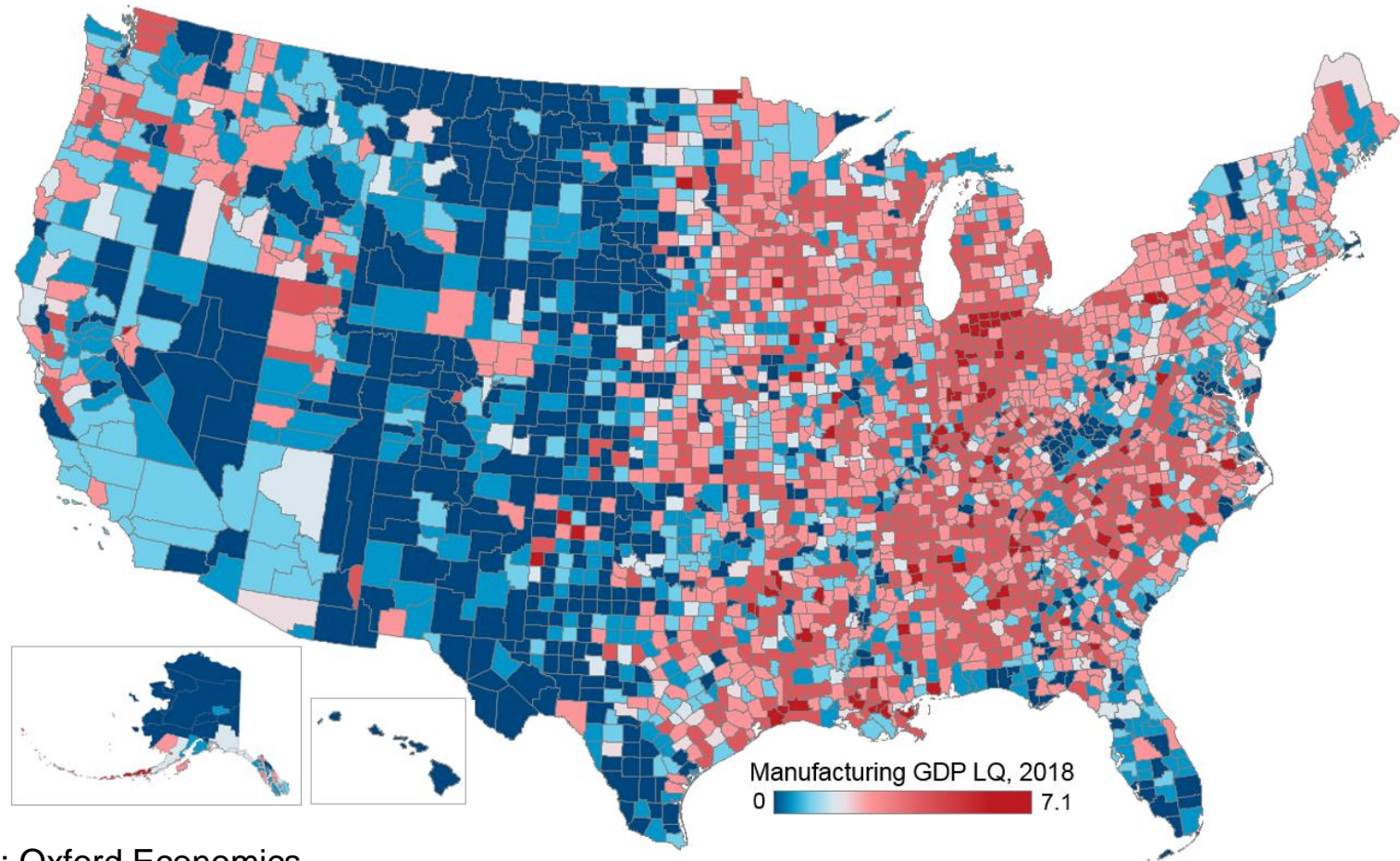


Source: Oxford Economics GSS Scenario - December 2018 baseline

What is the location of fastest manufacturing growth?



Which counties are most reliant on manufacturing?



Source : Oxford Economics

Note : LQ (location quotient) refers to the concentration of manufacturing in total GDP for each country as compared to the US total

(1 = same concentration as US; <1 less concentrated than US; >1 more concentrated than US)

Thank you!

Questions?