Note on the Utility Electricity Retail Sales Forecast

August 2019

Loc Quach

The forecast equation for the utility retail sales of electricity has been respecified. This is a seasonally adjusted variable, but Moody's Analytics was using seasonal factors as regressors in its equation. This produces forecasts with seasonal patterns for a seasonally adjusted series, which is undesirable. For this reason, we removed the seasonal terms as regressors. We continue to use industrial production for electric and gas utilities as the primary driver of the utility retail sales of electricity forecast.

New equation specification

Dependent Variable: DLOG(FELE_US)
Method: Least Squares
Date: 07/07/19   Time: 17:59
Sample (adjusted): 1990Q2 2019Q1
Included observations: 116 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DLOG(FIPEGU_US)	0.885915	0.039696	22.31758	0.0000

R-squared	0.808549	Mean dependent var	0.002870
Adjusted R-squared	0.808549	S.D. dependent var	0.020063
S.E. of regression	0.008779	Akaike info criterion	-6.624371
Sum squared resid	0.008863	Schwarz criterion	-6.600633
Log likelihood	385.2135	Hannan-Quinn criter.	-6.614735
Durbin-Watson stat	2.586471		

Mnemonics referenced in the above equation, for example FET, can be defined using the Mnemonic 411 feature on DataBuffet. Please contact Help@economy.com for assistance.

Previous equation specification

Dependent Variable: DLOG(FELE_US)
Method: Least Squares
Date: 08/01/13   Time: 14:05
Sample (adjusted): 1990Q2 2013Q1
Included observations: 92 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001118	0.001556	0.718610	0.4743
DLOG(FIPEGU_US)	0.894802	0.042684	20.96318	0.0000
@SEAS(1)	0.001702	0.002201	0.773527	0.4413
@SEAS(2)	-0.003740	0.002205	-1.696075	0.0934
@SEAS(3)	-0.002150	0.002201	-0.976584	0.3315

R-squared	0.836203	Mean dependent var	0.003475
Adjusted R-squared	0.828672	S.D. dependent var	0.018011
S.E. of regression	0.007455	Akaike info criterion	-6.906997
Sum squared resid	0.004835	Schwarz criterion	-6.769943
Log likelihood	322.7219	Hannan-Quinn criter.	-6.851681
F-statistic	111.0366	Durbin-Watson stat	2.453640
Prob(F-statistic)	0.000000		

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