

Economic Review

February 27, 2025



Washington State
Economic and Revenue Forecast Council

This page left intentionally blank.



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

ECONOMIC REVIEW

February 27, 2025
8:00 a.m.

- Call to order
- Approval of meeting minutes from January 24, 2025
- Presentation of the economic outlook and revenue collection experience
- Adjournment

This page left intentionally blank.



STATE OF WASHINGTON
ECONOMIC AND REVENUE FORECAST COUNCIL
PO Box 40912 • Olympia, Washington 98504-0912 • (360) 534-1560

Meeting Minutes
Budget Outlook: Adoption
January 24, 2025
Conference Call

Economic and Revenue Forecast Council

June Robinson, Senate, Chair
April Berg, House of Representatives
Travis Couture, House of Representatives
Chris Gildon, Senate
Timm Ormsby, House of Representatives
Ed Orcutt, House of Representatives
Yasmin Trudeau, Senate
Mike Pellicciotti, Treasurer
Katherine Chapman-See, Office of Financial Management
Drew Shirk, Department of Revenue

Staff

Dave Reich, Executive Director
Rachel Knutson, Office of Financial Management
Corban Nemeth, Senate Ways and Means
Andy Toulon, House Appropriations

Call to Order

Senator Robinson called the meeting to order at 3:00 p.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Representative Ormsby, to adopt the meeting minutes from January 14, 2025. Motion passed at 3:01 p.m.

Budget Outlook: Methodology

The Budget Outlook Work Group members presented Governor Inslee's proposed Budget Outlook.

Motion

Representative Ormsby moved, seconded by Senator Robinson, to adopt the Budget Outlook as presented. Motion passed with 7 votes at 3:16 p.m.

Motion Follow-up

Representative Orcutt, Representative Couture, and Senator Gildon voted no on the motion to adopt the Budget Outlook. Representative Orcutt and Representative Couture requested the Budget Outlook Work Group prepare an alternative Budget Outlook that removes the impact of the 4.5% revenue growth rate assumption, which shall be posted on the ERFC website.

Adjournment

With no further business, the meeting adjourned at 3:17 p.m.

This page left intentionally blank.

**Economic & Revenue Forecast Council
State of Washington**



Economic Review: February 27, 2025

Executive Summary

United States

- This forecast is based on a modified version of S&P Global Market Intelligence’s February 2025 control forecast for the U.S. economy. We have adjusted real gross domestic product (GDP) to be consistent with the Blue Chip “Consensus” GDP forecast for 2025 and 2026. We expect real GDP to increase 2.2% in 2025 and 2.0% in 2026, compared with the 2.0% and 2.1% growth rates assumed in the November forecast. Our forecast for real GDP growth in 2027-29 is based on the most recent long-term forecast from Blue Chip which was released in October 2024. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2027 through 2029 unchanged from the November forecast.
- Our oil price forecast reflects the futures markets for the Brent (North Sea) oil price and West Texas Intermediate (WTI) benchmarks. This forecast was based on the Wednesday, February 12, 2025 closing prices for Brent and WTI futures. Oil prices are higher than in the November forecast in the near-term. As in November, oil prices are expected to decline throughout the forecast. The latest futures prices indicate that the refiner acquisition price of crude oil will average \$74 per barrel in the first quarter of 2025, up \$3 compared to the November forecast. By the fourth quarter of 2029 the refiner acquisition price of crude is expected to average \$64 per barrel, unchanged from the \$64 per barrel in the November forecast.
- National employment in January increased by 143,000 net jobs and employment levels for November and December were revised up due to additional data and updated seasonal factors by a combined 100,000 jobs. Sectors with the largest job gains in January included healthcare (+43,700), government (+32,000) and retail (+34,000). Sectors with declining employment in January included accommodation and food service (-17,500), transportation equipment manufacturing (-12,400) and administration and support services (-26,900).
- Two key measures of consumer confidence decreased in February. The University of Michigan (UM) consumer sentiment survey decreased by 7.0 points to 64.7 in February after decreasing by 2.3 points in January. The Conference Board index of consumer confidence decreased by 7.0 points in February to 98.3. Survey results indicated increased pessimistic opinions about current and future labor markets, income, and business conditions.
- Initial claims for unemployment insurance increased by 5,000 to 219,000 (SA) in the week ending February 15th. The four-week moving average of initial claims decreased by 1,000 to 215,250.

- Consumer prices increased 0.5% (SA) in January following a 0.4% increase in December. Compared to January 2024, prices are up 3.0%. Core prices, which exclude food and energy, rose by 3.3% compared to January 2024.
- Industrial production increased by 0.5% in January following a 1.0% increase in December. Industrial production was up 2.0% compared with its January 2024 level. New orders for core capital goods (i.e., durables excluding aircraft and military), which is a proxy for business investment, increased by 0.5% (SA) in December following a 0.9% increase in November according to U.S. Census Bureau data. New orders for core capital goods were 0.6% above their December 2023 level.
- Residential construction activity was mixed in January compared with December, and new home sales were up, but existing home sales were down. January housing starts decreased by 9.8% (SA) compared to December and were 0.7% below their January 2024 level. Housing units authorized by building permits in January were 0.1% (SA) above their December level but 1.7% below their year-ago level. New home sales in December increased by 3.6% (SA) compared to November and were 6.7% above their year-ago level. Existing home sales in January decreased by 4.9% (SA) compared to December but were up 2.0% compared to January 2024. The seasonally adjusted Case-Shiller national home price index for December was 0.5% above its November level and 4.0% above its year-ago level.
- The major risks to the U.S. and Washington economies continue to be the impacts of elevated prices, high interest rates and geopolitical and labor conflict along with trade policy and federal government reforms.

Washington

- Washington job growth has been stronger than expected compared to the November forecast. Total seasonally adjusted nonfarm payroll employment increased 48,200 in November and December which was 9,100 more than the increase of 39,200 expected in the forecast. The recently resolved Boeing strike raised employment in November by approximately 33,000 as striking workers returned to payrolls. The construction sector increased by 600 jobs while manufacturing employment increased by 31,500 in the two months since the forecast. Leisure and hospitality had the largest increase in the private service sector, gaining 4,300 jobs over the two months. The largest decline was in non air, water, and truck transportation and warehousing with a loss of 1,800 jobs. Government employment increased by 4,600, with a decline of 600 jobs in federal government partially offsetting a 5,200 job gain in state and local government.
- Washington's aerospace employment increased 17,100 jobs since reaching a trough of 66,700 in August 2021, bringing the level to 83,900 in September 2024. The preliminary March economic forecast incorporates the announced layoffs by Boeing following the resolution of the machinists strike in November. The forecast calls for aerospace employment to reach a trough in the first quarter of 2025 of 79,900 jobs. Going forward, we expect aerospace employment to increase through the forecast period and reach 88,500 jobs by the fourth quarter of 2029.
- We expect a 1.1% increase in Washington employment this year, up from 0.9% in the November forecast. We expect slower growth during the

- remainder of the forecast as the U.S economy slows. We expect Washington employment growth to average 0.8% per year in 2026 through 2029, down slightly from the 0.9% average rate in the previous forecast.
- Washington's unemployment rate is trending down. The unemployment rate fell to 4.5% in December from 4.6% in November. This is the lowest the unemployment rate has been since December 2023. The decline, however, has been due to a reduction in the labor force. The labor force participation rate remained at 63.0% in December, unchanged from the month before, but is down from 64.3% a year ago.
 - The preliminary March forecast expects the Washington unemployment rate to reach 4.6% this year, down from the 4.9% rate expected in the November forecast. We expect the unemployment rate to peak at 4.8% in 2026 and 2027 and then trend down and reach 4.5% in 2029. The previous forecast assumed a peak of 5.0% in 2026, trending down to 4.6% in 2029.
 - In December, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the third quarter of 2024. Washington personal income increased from \$667.8 billion (SAAR) in the second quarter of 2024 to \$669.0 billion in the third quarter. The 0.7% increase (SAAR) in Washington personal income was the 2nd lowest among the states and trailed the 3.2% rate of increase for the U.S. as a whole. Washington net earnings increased 0.4% (SAAR) compared to a 3.8% increase for the national average rate. Transfer receipts increased at a 4.2% annual rate in Washington compared to a 5.2% increase for the nation. Property income (dividends, interest, and rent) declined 0.7% (SAAR) in both Washington and the nation in the third quarter. Some of the weakness in Washington can be attributed to seasonal adjustment issues relating to reclassification of major Washington companies into new industries.
 - Our forecast for nominal personal income growth this year is 4.8%, up from 4.6% in the November forecast. The preliminary March forecast for nominal personal income growth in 2026 through 2029 averages 5.5% per year, up from 5.3% in the previous forecast.
 - Seattle-area home prices are increasing. Home prices grew 0.5% in December, the ninth consecutive increase. In comparison, the composite-20 index has increased in each of the past 23 months, growing 0.5% in December as well. Seattle home prices in December were up 5.6% over the year, while composite-20 index was up 4.5%.
 - For the first time in over three years, Seattle-area consumer price inflation was lower than the U.S. City average. From December 2023 to December 2024, the Seattle CPI rose 2.7% compared to the 2.9% increase in the U.S. City average index. Inflation has come down sharply since reaching a peak in June of 2023 at 10.1% for Seattle and 9.1% for the U.S. Shelter costs in both Washington and the U.S. continue to outpace topline inflation, increasing 4.4% and 4.6% respectively. Core inflation (excluding food and energy) remains elevated. Seattle core CPI rose 2.8% in December compared to 3.2% for the U.S. City average.
 - Washington exports fell sharply in the fourth quarter, declining 18.5% from a year ago. Some of the drop was due to a 42.5% year-over-year decline in transportation equipment exports which were delayed due to the Boeing

- strike. Excluding transportation equipment exports, total exports declined 6.5% over the year with each of the top five export sectors declining.
- Washington new car and truck sales increased for the third consecutive month in January. The seasonally adjusted number of new vehicle registrations grew 4.7% over the month in January to 307,810 (SAAR). New car and truck sales in January were the highest since April. Passenger car registrations increased 4.5% while light truck registrations increased 6.5%. The number of total registrations were up 11.0% over the year in January.
 - Washington housing construction continued to improve in the fourth quarter of 2024. A total of 38,600 units (SAAR) were permitted in October, November, and December, up from 35,800 units (SAAR) in the third quarter. Permits in the fourth quarter consisted of 18,700 single-family units and 19,900 multi-family units. The November forecast assumed 36,900 units for the fourth quarter as a whole, consisting of 19,800 single-family units and 17,100 multi-family units.
 - The preliminary March forecast calls for housing permits to increase slightly to 37,600 units this year from the trough of 37,500 units in 2024. We expect housing permits to grow through 2029 reaching 42,600 units. The previous forecast called for total housing permits of 36,900 units this year, reaching 43,800 units in 2029.

This page left intentionally blank.

Washington State Economic Outlook & Revenue Collection Experience

Presented to
The Economic & Revenue Forecast Council

Dave Reich
Executive Director

February 27, 2025



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Overview

- The preliminary U.S. economic forecast for output is slightly stronger, but inflation/interest rates are higher
- The preliminary WA economic forecast for employment & permits is higher in 2025, but lower after
- Generally, the U.S. and Washington economies are transitioning to slower growth (GDP, employment)
- There is a significant amount of uncertainty in the forecast due to trade and federal/fiscal policy
- GF-S revenue collections since the November forecast are \$17.2 million (0.2%) below expectations

Economic Review
February 27, 2025

Slide 1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Economic forecast risks

Upside

- Inflation falls faster, stronger consumer spending, faster interest rate cuts
- Quicker resolution of Russia – Ukraine, Middle East conflicts leads to lower commodity prices
- Tariffs are avoided or lower

Downside

- Inflation stays higher longer and elevated interest rates slow the economy
- Russia – Ukraine, Middle East conflicts intensify, leading to higher prices for energy
- Trade policy (higher U.S. tariffs and retaliation)
- Larger federal employment/spending reductions

Economic Review
February 27, 2025

Slide 2

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

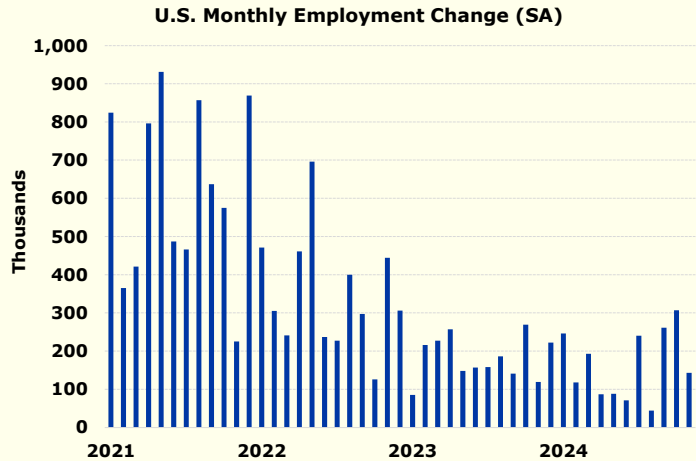


U.S. employment growth has slowed, and the Federal Reserve is now balancing this with inflation

Employment growth has been stronger the last few months reducing the incentive to lower interest rates

Economic Review
February 27, 2025

Slide 3



Source: U.S. Bureau of Labor Statistics; data through January 2025

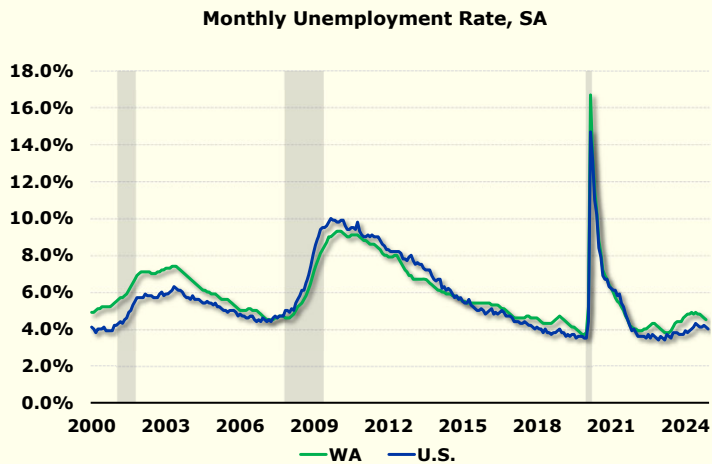
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Unemployment rates have increased but remain near historically low levels

Economic Review
February 27, 2025

Slide 4

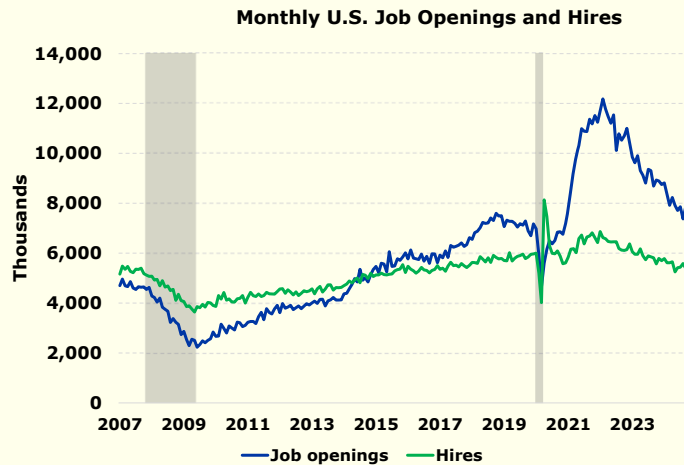


Source: U.S. Bureau of Labor Statistics, data through January 2025 (U.S.), December 2024 (WA)

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Job openings have fallen leading to better labor market balance



Economic Review
February 27, 2025

Source: U.S. Bureau of Labor Statistics, data through December 2024

Slide 5

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

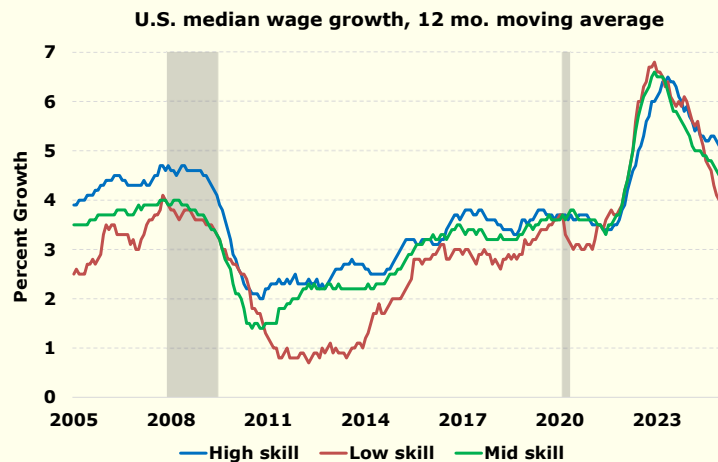


Wage growth continues to slow as the job market becomes more balanced

High-skill: Managers, Professionals, Technicians

Middle-skill: Office & Administration, Operators, Production, Sales

Low-skill: Food Preparation & Serving, Cleaning, individual Care Services, Protective Services



Economic Review
February 27, 2025

Source: Federal Reserve Bank of Atlanta, data through January 2025

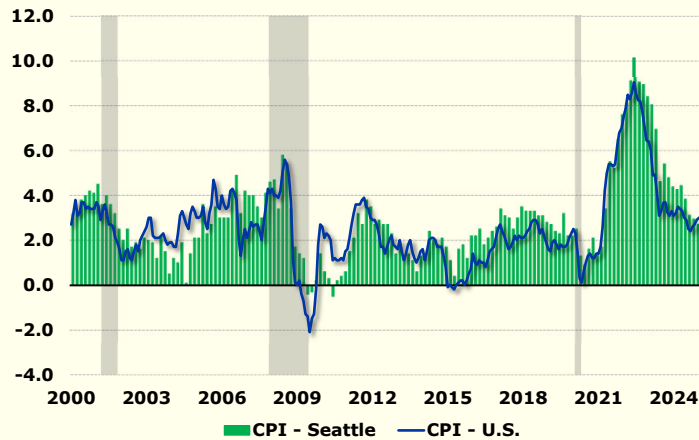
Slide 6

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Inflation has slowed significantly but is likely to remain near current levels in the near-term

Inflation, % change over the year



Economic Review
February 27, 2025

Slide 7

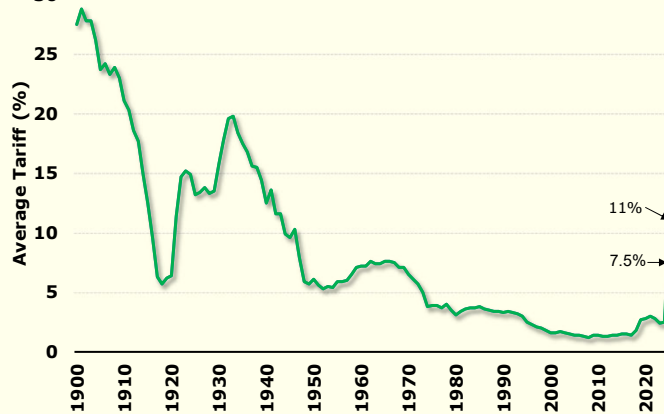
Source: U.S. Bureau of Labor Statistics, data through January 2025 (U.S.) and December 2024 (WA)

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Tariffs rates have decreased over time, but recent proposals would increase them significantly

U.S. Average Tariff Rate (1900-2024, 2025 estimated)



25% tariffs on Canada and Mexico and the additional 10% on Chinese goods would raise the average tariff rate:

~11% (EY)
~7.5% (Tax Policy Center)

Economic Review
February 27, 2025

Slide 8

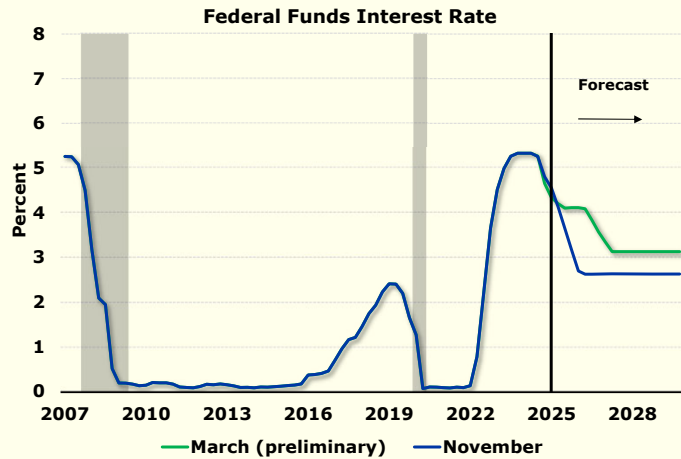
Source: Tax Policy Center & EY analysis

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



The Federal Reserve began reducing interest rates in September 2024

The Federal Reserve reduced interest rates by one percentage point in 2024 and the current rate range is 4.25%-4.5%.



Economic Review
February 27, 2025

Source: ERFC preliminary March 2025 forecast; historical data through 2024 Q4

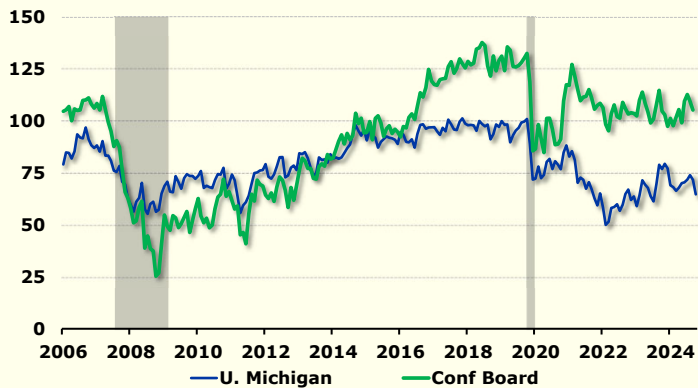
Slide 9

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Consumer sentiment improved near the end of 2024, but fell in January and February

Index
Mich: 1966Q1 = 100, SA
Conf Board: 1985 = 100, SA



Economic Review
February 27, 2025

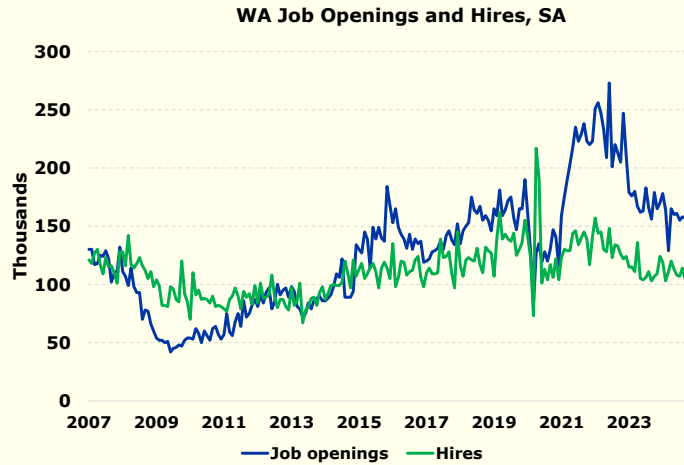
Sources: Data through February 2025

Slide 10

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Washington job openings down from 2022 peak, consistent with national picture



Economic Review
February 27, 2025

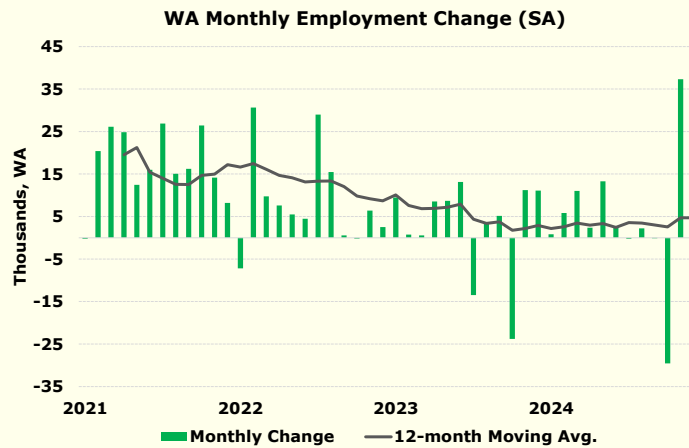
Source: U.S. Bureau of Labor Statistics, data through December 2024

Slide 11

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA employment growth slowed in 2024



The Boeing strike showed up in the October and November 2024 data.

Economic Review
February 27, 2025

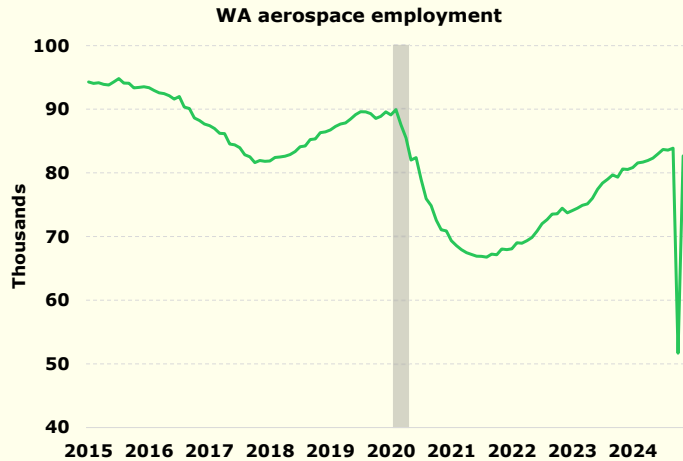
Source: U.S. Bureau of Labor Statistics, WA Employment Security Dept., ERFC; data through December 2024

Slide 12

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA aerospace employment was up 17,100 since low point in August 2021 until October's Boeing strike



Economic Review
February 27, 2025

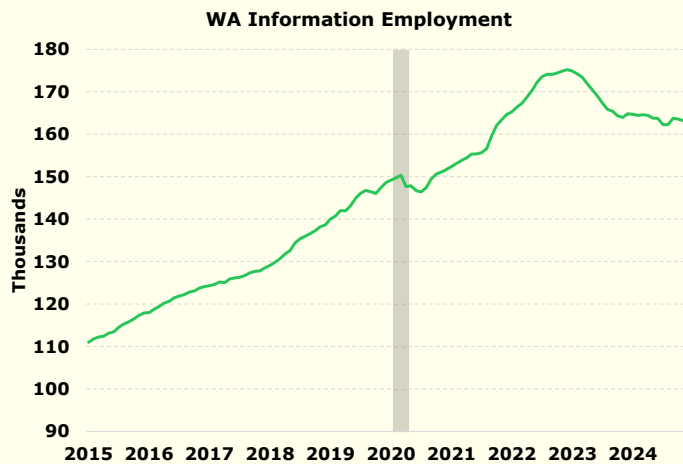
Slide 13

Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through December 2024

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA information employment is down 10,700 since December 2022



Microsoft announced layoffs in 2023; other tech firms also slowed or reduced hiring.

Economic Review
February 27, 2025

Slide 14

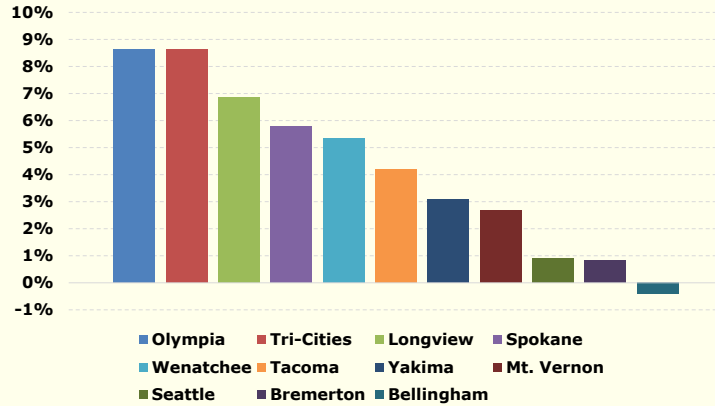
Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through December 2024

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Post-pandemic employment changes vary widely across metro areas

Employment Change: December 2024 compared to January 2020 (SA)



Economic Review
February 27, 2025
Slide 15

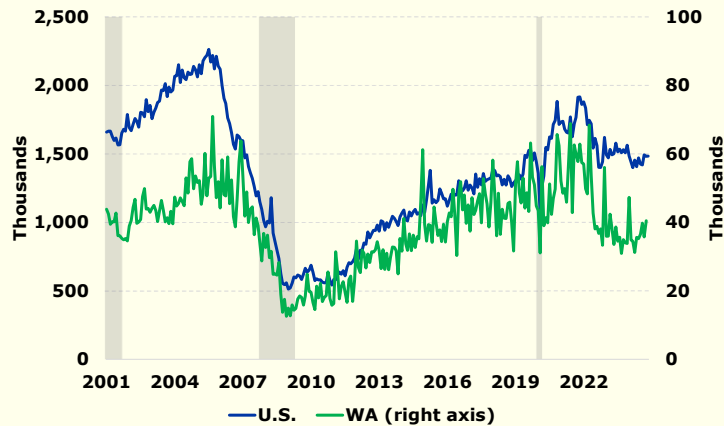
Source: WA Employment Security Dept.

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA residential construction permits have increased recently

Building Permits (thousands of units, SAAR)



Economic Review
February 27, 2025
Slide 16

Source: U.S. Census Bureau; monthly, data through January 2025 (U.S.) and December 2024 (WA)

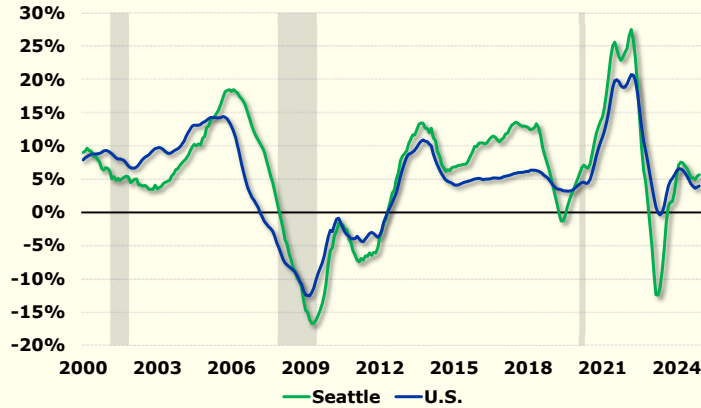
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Seattle area home price growth averaged 6.1% in 2024

Seattle home prices bottomed in March 2023

Case-Shiller Home Price Index, Year over Year Change, SA



Economic Review
February 27, 2025

Source: Case-Shiller, data through December 2024

Slide 17

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

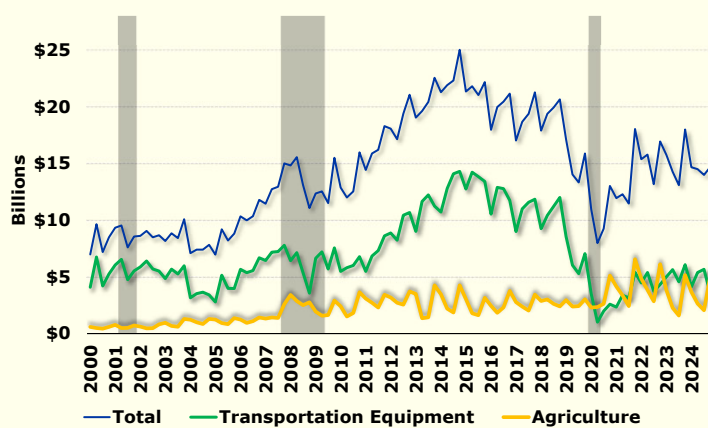


Washington exported \$57.8B in goods in 2024, down 5.4% from 2023

Total Export Growth

2023: -0.3%
2024: -5.4%

WA Merchandise Exports, quarterly



Economic Review
February 27, 2025

Source: WISERTrade; data through 2024 Q4

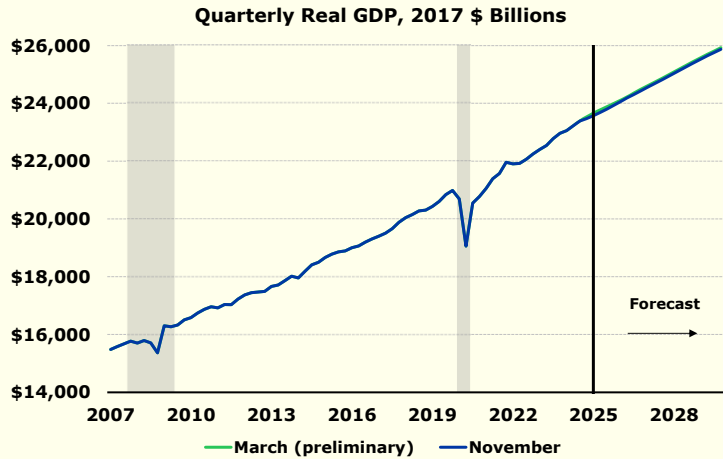
Slide 18

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



U.S. GDP forecast is slightly higher than in November

U.S. GDP is now expected to grow by 2.2% in 2025 versus 2.0% in November



Economic Review
February 27, 2025

Slide 19

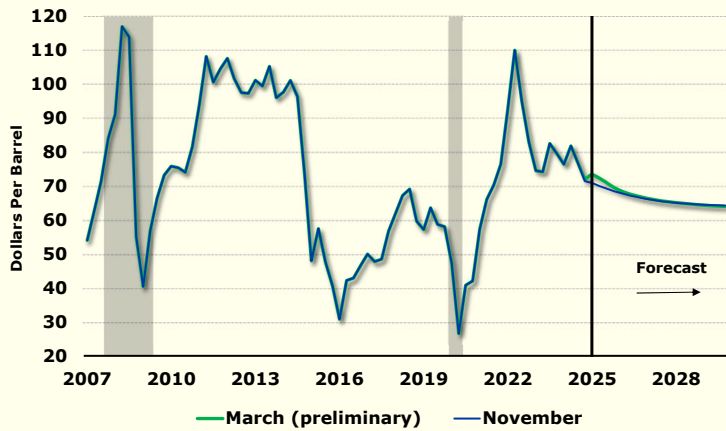
Source: IHS Markit, ERFEC preliminary March 2025 forecast; historical data through 2024 Q4

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Oil prices are higher in the near-term than in the November forecast

Oil prices in the fourth quarter of 2024 were slightly higher than expected in the November forecast



Economic Review
February 27, 2025

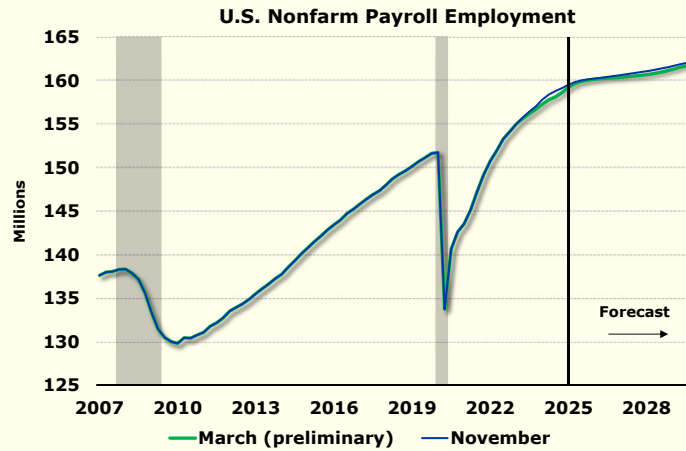
Slide 20

Source: Energy Information Administration, IHS Markit, ERFEC; data through 2024 Q4
Note: Vertical black line indicates last actual

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



U.S. nonfarm employment grows slowly over the next few years



Economic Review
February 27, 2025
Slide 21

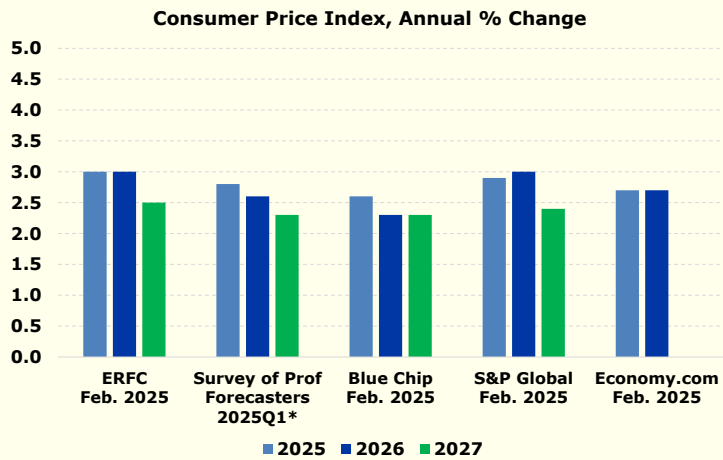
Source: IHS Markit, ERFC preliminary March 2025 forecast; data through 2024 Q4

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Inflation moderation will likely be delayed by momentum/tariffs

The Consumer Price Index increased by 3.0% in 2024



Economic Review
February 27, 2025
Slide 22

Survey of Professional Forecasters reflects change in price level in 4th quarter compared to 4th quarter of prior year; all others reflect average change over the year compared to prior year.

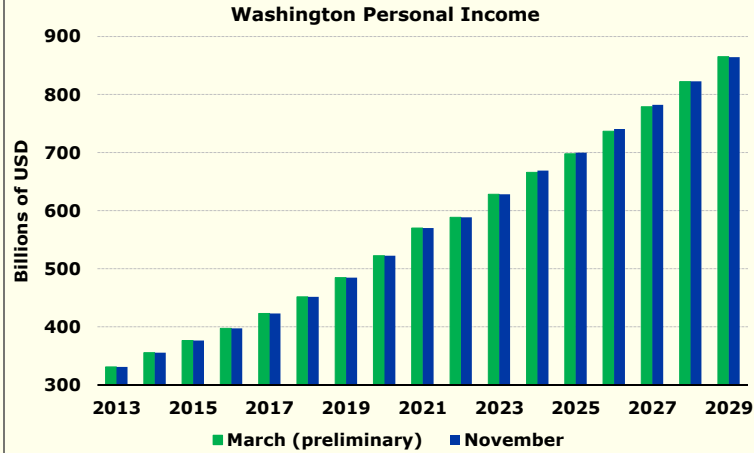
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA personal income forecast averages 5.4% annual growth from 2024-2029, up from 5.3% in Nov.

In December, BEA released 2024:3Q personal income and WA was up 0.7% (SAAR)

Economic Review
February 27, 2025
Slide 23



Source: ERFC preliminary March 2025 forecast; historical data through 2024 3Q

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



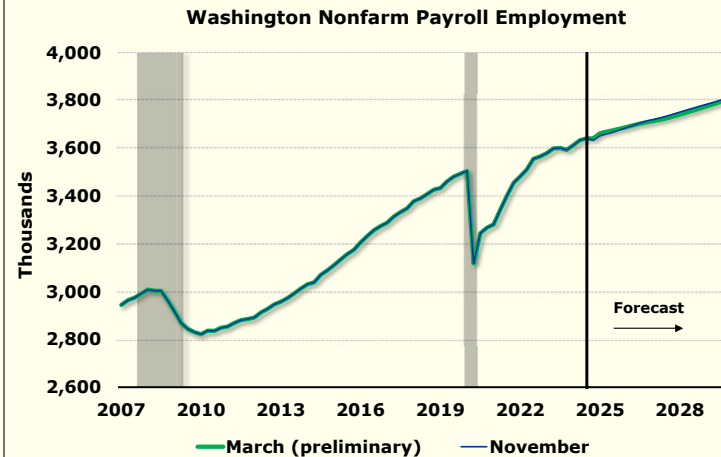
WA employment forecast is slightly higher in 2025 but grows slower over the forecast period

Average annual employment growth, 2024 to 2029:

U.S. = 0.5%

WA = 0.8%

Economic Review
February 27, 2025
Slide 24

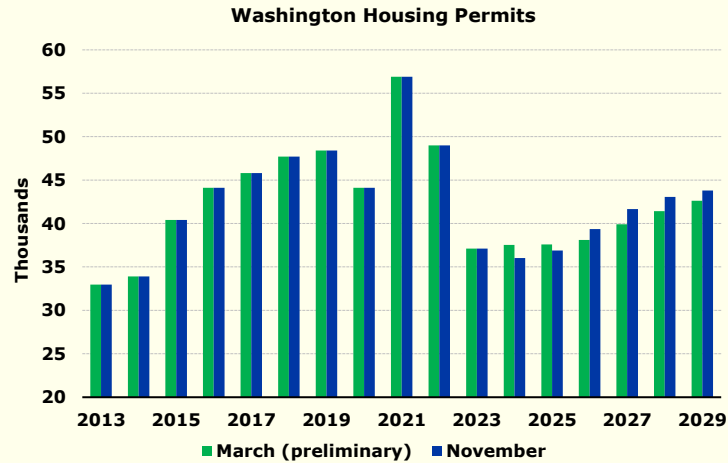


Source: ERFC preliminary March 2025 forecast; historical data through 2024 Q4

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA housing permit forecast; stronger in 2025, slower in 2026-2029



Economic Review
February 27, 2025
Slide 25

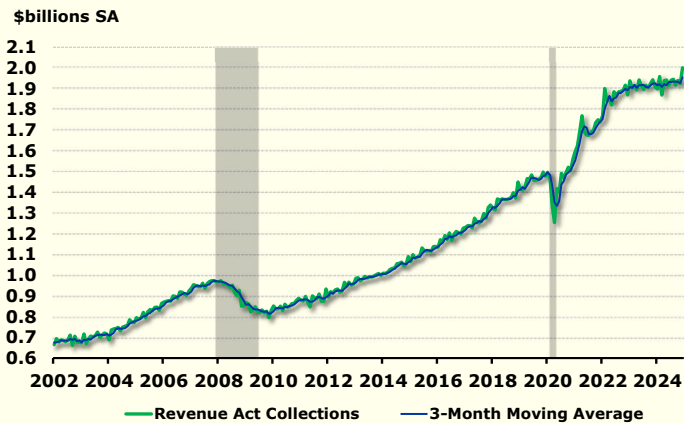
Source: ERFC preliminary March 2025 forecast; historical data through 2024

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Revenue Act collections growth has slowed; December activity was up 4.3% (SA) compared with December 2023

Revenue Act includes:
Sales tax
B&O tax
Use tax
Pub util tax
Penalties
Tobacco



Economic Review
February 27, 2025
Slide 26

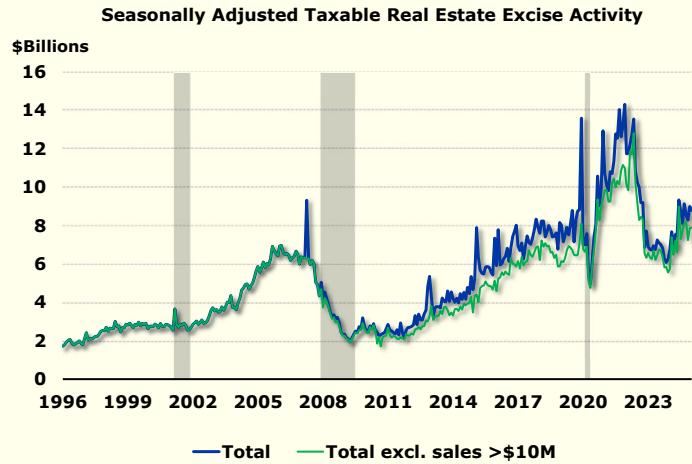
* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred 2020 payments, current definition of Revenue Act
Source: DOR and ERFC; monthly data through December 2024 activity

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Taxable real estate activity increased in 2024

Transactions of \$10 million or more were about \$889M in January 2025



Economic Review
February 27, 2025

Source: ERFC; Monthly data through January 2025 estimate

Slide 27

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Revenue collections since the November forecast

**Collections Variance Since November Forecast
(November 11, 2024 – February 10, 2025)
dollars in thousands**

	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>	<u>Pct.</u>
Dept. of Revenue	\$8,462,744	\$8,445,430	(\$17,315)	-0.2%
Other revenue	13,632	13,756	124	+0.9%
Total GF-S	\$8,476,376	\$8,459,185	(\$17,191)	-0.2%

Economic Review
February 27, 2025

Slide 28

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Summary

- The U.S. economic forecast calls for higher GDP & inflation and the WA forecast calls for higher near-term employment and building permits
- Employment growth is likely to slow both nationally and in WA
- Forecast risks are elevated due primarily to trade policy and federal spending/employment
- The next monthly revenue collection report will be available on March 14th and the revenue forecast will be presented on March 18th

Economic Review
February 27, 2025
Slide 29

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Questions



Economic Review
February 27, 2025
Slide 30

Economic & Revenue Forecast Council
PO BOX 40912
Olympia WA 98504-0912
www.ercf.wa.gov
360-534-1560

This page left intentionally blank.

Table 1

U.S. Economic Forecast Comparison

Preliminary March 2025

	2024Q4	2025Q1	2025Q2	2025Q3	2025	2026	2027	2028	2029
Real GDP, Percent Change, Annual Rate									
ERFC (Prelim March)	2.3	2.2	1.9	1.8	2.2	2.0	2.0	2.0	1.9
S&P Global	2.3	2.5	2.0	1.6	2.3	2.0	1.6	1.8	1.6
Economy.com	2.3	2.5	1.8	1.6	2.3	1.6			
Blue Chip Average*	2.3	2.2	1.9	1.9	2.2	2.0	2.0	2.0	1.9
Blue Chip Top 10*	2.3	2.6	2.5	2.4	2.5	2.4	2.2	2.1	2.1
Blue Chip Bottom 10*	1.2	1.6	1.4	1.2	1.9	1.4	1.9	1.9	1.8
Real Consumption, Percent Change, Annual Rate									
ERFC (Prelim March)	4.2	2.1	1.9	1.8	2.7	2.0	2.1	2.0	2.0
S&P Global	4.2	3.1	2.4	2.4	3.1	2.3	2.4	2.6	2.2
Economy.com	4.2	3.0	2.8	2.3	3.1	1.9			
Blue Chip Average*	4.2	2.4	2.1	1.9	2.7	2.0	2.1	2.0	2.0
Blue Chip Top 10*	2.6	3.1	2.6	2.4	3.0	2.4	2.2	2.1	2.1
Blue Chip Bottom 10*	1.2	1.9	1.5	1.4	2.3	1.5	2.0	1.9	1.9
Federal Funds Rate									
ERFC (Prelim March)	4.7	4.3	4.2	4.1	4.2	3.9	3.2	3.1	3.1
S&P Global	4.7	4.3	4.2	4.1	4.2	3.9	3.2	3.1	3.1
Economy.com	4.7	4.3	4.3	4.3	4.2	3.4			
Three Month T-Bill Rate									
ERFC (Prelim March)	4.4	4.2	4.0	3.9	4.0	3.6	2.9	2.8	2.8
S&P Global	4.4	4.2	4.1	3.9	4.0	3.6	2.9	2.8	2.8
Blue Chip Average*	4.4	4.3	4.2	4.0	4.1	3.6	3.0	2.9	2.9
Blue Chip Top 10*	4.8	4.4	4.3	4.2	4.4	4.1	3.3	3.3	3.2
Blue Chip Bottom 10*	4.2	4.2	4.0	3.7	3.9	3.1	2.7	2.6	2.6
10-Yr. T-Note Yield									
ERFC (Prelim March)	4.3	4.6	4.4	4.4	4.4	4.1	3.9	3.9	3.8
S&P Global	4.3	4.6	4.4	4.4	4.4	4.1	3.9	3.9	3.9
Economy.com	4.3	4.5	4.4	4.4	4.4	4.3			
Blue Chip Average*	4.3	4.5	4.5	4.4	4.4	4.2	3.7	3.7	3.7
Blue Chip Top 10*	4.1	4.6	4.7	4.7	4.7	4.8	4.0	4.1	4.1
Blue Chip Bottom 10*	3.6	4.3	4.2	4.2	4.1	3.7	3.4	3.4	3.4
Consumer Price Index, Percent Change, Year-over-Year									
ERFC (Prelim March)	2.7	2.7	2.8	3.2	3.0	3.0	2.5	1.9	2.3
S&P Global	2.7	2.7	2.7	3.1	2.9	3.0	2.4	2.0	2.4
Economy.com	2.7	2.5	2.5	2.9	2.7	2.7			
Blue Chip Average*	2.7	2.6	2.5	2.9	2.7	2.6	2.3	2.2	2.2
Blue Chip Top 10*	2.7	2.8	2.9	3.4	3.0	3.2	2.4	2.4	2.4
Blue Chip Bottom 10*	2.7	2.4	2.2	2.4	2.4	2.2	2.1	2.0	2.0
Payroll Employment, Millions									
ERFC (Prelim March)	158.6	159.2	159.7	159.9	159.7	160.3	160.5	160.9	161.6
Percent Change, Annual Rate	1.3	1.5	1.1	0.7	1.1	0.3	0.1	0.2	0.4
S&P Global	158.6	159.2	159.7	159.9	159.7	160.4	160.4	160.7	161.2
Percent Change, Annual Rate	1.3	1.5	1.2	0.6	1.1	0.4	0.0	0.1	0.3
Economy.com	158.6	159.1	159.4	159.7	159.5	160.2			
Percent Change, Annual Rate	1.3	1.2	0.9	0.6	1.0	0.4			
Unemployment Rate, Percent									
ERFC (Prelim March)	4.2	4.1	4.2	4.2	4.2	4.4	4.5	4.4	4.3
S&P Global	4.2	4.1	4.2	4.2	4.2	4.4	4.5	4.4	4.3
Economy.com	4.1	4.1	4.1	4.1	4.1	4.2			
Blue Chip Average*	4.1	4.2	4.2	4.3	4.3	4.2	4.1	4.0	4.1
Blue Chip Top 10*	4.4	4.3	4.4	4.5	4.4	4.6	4.2	4.2	4.2
Blue Chip Bottom 10*	4.2	4.1	4.1	4.0	4.1	3.9	3.9	3.9	3.9
Real Disposable Personal Income, Percent Change, Annual Rate									
ERFC (Prelim March)	2.8	2.0	1.8	7.3	2.6	3.2	3.1	2.9	2.4
S&P Global	2.8	2.1	2.2	7.4	2.8	3.4	3.0	2.9	2.4
Blue Chip Average*	2.8	2.4	2.0	2.5	2.2	2.3	2.1	2.1	2.1
Blue Chip Top 10*	2.6	3.2	2.6	4.4	2.6	3.1	2.4	2.3	2.2
Blue Chip Bottom 10*	0.9	1.6	1.3	1.3	1.7	1.5	1.9	1.9	1.9
West Texas Intermediate									
ERFC (Prelim March)	70.7	74.0	72.7	71.5	72.1	67.9	65.9	64.7	63.8
S&P Global	70.7	74.9	69.2	65.5	68.3	63.9	65.4	68.8	72.5
Economy.com	70.8	75.4	74.0	73.5	73.5	67.5			

* Forecasts beyond 2026 are from the October 2024 Blue Chip Economic Indicators

Table 2

U.S. Forecast Comparison

	2024Q4	2025Q1	2025Q2	2025Q3	2024	2025	2026	2027	2028	2029
Real GDP (Billions of 2017 Dollars)										
March Forecast, Preliminary	23,531	23,661	23,771	23,879	23,302	23,824	24,290	24,775	25,271	25,751
Percent Change	2.3%	2.2%	1.9%	1.8%	2.8%	2.2%	2.0%	2.0%	2.0%	1.9%
November Forecast	23,472	23,570	23,680	23,798	23,284	23,743	24,241	24,726	25,221	25,700
Percent Change	1.5%	1.7%	1.9%	2.0%	2.7%	2.0%	2.1%	2.0%	2.0%	1.9%
Real Consumption (Billions of 2017 Dollars)										
March Forecast, Preliminary	16,280	16,366	16,445	16,520	16,054	16,483	16,811	17,164	17,508	17,858
Percent Change	4.2%	2.1%	1.9%	1.8%	2.8%	2.7%	2.0%	2.1%	2.0%	2.0%
November Forecast	16,217	16,271	16,329	16,397	16,038	16,368	16,712	17,063	17,404	17,752
Percent Change	2.6%	1.3%	1.4%	1.7%	2.7%	2.1%	2.1%	2.1%	2.0%	2.0%
PCE Price Index (2017=100)										
March Forecast, Preliminary	124.4	125.4	126.4	127.4	123.5	126.8	130.5	133.2	135.7	138.5
Percent Change	2.3%	3.0%	3.3%	3.1%	2.5%	2.7%	2.9%	2.1%	1.9%	2.1%
November Forecast	124.3	124.9	125.7	126.3	123.5	126.0	128.8	131.4	134.0	136.8
Percent Change	1.8%	2.1%	2.5%	2.0%	2.5%	2.1%	2.2%	2.0%	1.9%	2.1%
Real Personal Income (Billions of 2017 Dollars)										
March Forecast, Preliminary	20,158	20,257	20,346	20,506	19,994	20,440	20,997	21,661	22,340	22,929
Percent Change	2.9%	2.0%	1.8%	3.2%	2.9%	2.2%	2.7%	3.2%	3.1%	2.6%
November Forecast	20,234	20,383	20,524	20,676	20,054	20,602	21,197	21,824	22,419	22,977
Percent Change	2.5%	3.0%	2.8%	3.0%	3.3%	2.7%	2.9%	3.0%	2.7%	2.5%
Nonfarm Payroll Employment (Millions)										
March Forecast, Preliminary	158.6	159.2	159.7	159.9	158.0	159.7	160.3	160.5	160.9	161.6
Percent Change	1.3%	1.5%	1.1%	0.7%	1.3%	1.1%	0.3%	0.1%	0.2%	0.4%
November Forecast	159.1	159.5	159.8	160.0	158.5	159.9	160.4	160.8	161.3	162.0
Percent Change	0.8%	1.0%	0.8%	0.5%	1.6%	0.9%	0.3%	0.3%	0.3%	0.4%
Unemployment Rate (Percent of Labor Force)										
March Forecast, Preliminary	4.2	4.1	4.2	4.2	4.0	4.2	4.4	4.5	4.4	4.3
November Forecast	4.2	4.4	4.4	4.4	4.0	4.4	4.5	4.6	4.5	4.4
Oil Price, Refiner's Acquisition										
March Forecast, Preliminary	72.0	73.5	72.4	71.1	76.7	71.7	67.7	65.8	64.8	64.2
November Forecast	71.4	70.9	70.1	69.4	76.6	69.8	67.2	65.7	64.8	64.3
30 Year Fixed Mortgage Rate (Percent, average)										
March Forecast, Preliminary	6.7	7.0	6.7	6.6	6.7	6.7	6.2	5.8	5.7	5.6
November Forecast	6.5	6.2	5.9	5.7	6.7	5.8	5.3	5.0	5.0	4.9
3 Month T-Bill Rate (Percent, average)										
March Forecast, Preliminary	4.4	4.2	4.0	3.9	5.0	4.0	3.6	2.9	2.8	2.8
November Forecast	4.6	4.2	3.9	3.5	5.0	3.7	2.5	2.4	2.4	2.4

Table 3

Washington Forecast Comparison

	2024Q4	2025Q1	2025Q2	2025Q3	2024	2025	2026	2027	2028	2029
Real Personal Income (Billions of 2017 Dollars)										
March Forecast, Preliminary	542.8	546.2	548.1	551.4	539.3	550.1	564.6	584.6	605.7	624.4
Percent Change	2.3%	2.5%	1.4%	2.4%	3.4%	2.0%	2.6%	3.5%	3.6%	3.1%
November Forecast	547.4	548.9	552.9	557.4	541.8	555.4	574.9	595.0	614.1	631.9
Percent Change	2.1%	1.1%	2.9%	3.3%	3.9%	2.5%	3.5%	3.5%	3.2%	2.9%
Personal Income (Billions of Dollars)										
March Forecast, Preliminary	675.5	684.8	692.8	702.2	666.0	697.8	736.9	778.9	822.2	865.0
Percent Change	4.6%	5.6%	4.8%	5.6%	6.0%	4.8%	5.6%	5.7%	5.6%	5.2%
November Forecast	680.3	685.8	695.0	704.2	668.8	699.7	740.6	782.1	822.8	864.4
Percent Change	3.9%	3.3%	5.4%	5.4%	6.5%	4.6%	5.8%	5.6%	5.2%	5.0%
Disposable Personal Income (Billions of Dollars)										
March Forecast, Preliminary	593.2	601.0	608.0	624.0	585.1	616.3	654.6	691.2	727.7	763.9
Percent Change	4.4%	5.4%	4.7%	10.9%	5.9%	5.3%	6.2%	5.6%	5.3%	5.0%
November Forecast	596.3	601.5	609.3	617.1	586.8	613.3	648.1	683.9	718.7	754.6
Percent Change	3.8%	3.5%	5.3%	5.2%	6.2%	4.5%	5.7%	5.5%	5.1%	5.0%
Nonfarm Payroll Employment (Thousands)										
March Forecast, Preliminary	3640.8	3662.1	3668.9	3675.2	3632	3672	3698	3722	3753	3788
Percent Change	0.0%	2.4%	0.7%	0.7%	1.1%	1.1%	0.7%	0.6%	0.8%	0.9%
November Forecast	3632.8	3651.9	3659.4	3667.3	3630	3664	3700	3730	3763	3796
Percent Change	-0.9%	2.1%	0.8%	0.9%	1.0%	0.9%	1.0%	0.8%	0.9%	0.9%
Unemployment Rate (Percent of Labor Force)										
March Forecast, Preliminary	4.6	4.5	4.5	4.6	4.8	4.6	4.8	4.8	4.7	4.5
November Forecast	4.8	4.8	4.9	4.9	4.8	4.9	5.0	4.9	4.8	4.6
Manufacturing Employment (Thousands)										
March Forecast, Preliminary	267.0	274.5	275.2	276.2	275.1	275.6	276.5	277.0	277.8	278.4
Percent Change	-16.5%	11.7%	1.0%	1.5%	0.5%	0.2%	0.3%	0.2%	0.3%	0.2%
November Forecast	266.9	276.1	276.1	277.2	275.1	276.7	278.7	280.7	280.1	279.7
Percent Change	-16.6%	14.4%	0.1%	1.5%	0.5%	0.6%	0.7%	0.7%	-0.2%	-0.1%
Construction Employment (Thousands)										
March Forecast, Preliminary	229.9	230.7	231.7	232.7	228.7	232.2	236.8	241.8	247.2	253.1
Percent Change	1.7%	1.3%	1.8%	1.8%	-1.4%	1.6%	2.0%	2.1%	2.3%	2.4%
November Forecast	230.5	233.3	235.3	236.9	228.8	236.0	242.9	250.1	257.5	263.6
Percent Change	2.7%	4.8%	3.6%	2.7%	-1.4%	3.1%	3.0%	3.0%	2.9%	2.4%
Housing Permits (Thousands)										
March Forecast, Preliminary	39.7	39.3	36.7	37.0	37.5	37.6	38.1	39.9	41.4	42.6
Percent Change	36.3%	-3.7%	-23.7%	3.4%	1.2%	0.1%	1.4%	4.7%	3.8%	2.9%
November Forecast	36.9	36.5	36.6	36.9	36.0	36.9	39.4	41.7	43.1	43.8
Percent Change	10.4%	-4.2%	1.5%	2.9%	-2.9%	2.4%	6.7%	5.8%	3.4%	1.7%

U.S. Forecast Comparison	Fiscal Years					
	2024	2025	2026	2027	2028	2029
Real GDP						
Billions of 2017 dollars						
March Preliminary Forecast	23,005	23,591	24,049	24,534	25,021	25,516
<i>Growth</i>	3.1%	2.5%	1.9%	2.0%	2.0%	2.0%
November Forecast	23,005	23,527	23,989	24,484	24,972	25,465
<i>Growth</i>	3.1%	2.3%	2.0%	2.1%	2.0%	2.0%
Difference in level	0	64	59	50	49	50
<i>Difference in growth forecast</i>	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%
Real Consumption						
Billions of 2017 dollars						
March Preliminary Forecast	15,813	16,301	16,643	16,986	17,336	17,683
<i>Growth</i>	2.6%	3.1%	2.1%	2.1%	2.1%	2.0%
November Forecast	15,813	16,232	16,528	16,889	17,234	17,578
<i>Growth</i>	2.6%	2.7%	1.8%	2.2%	2.0%	2.0%
Difference in level	0	69	115	97	102	104
<i>Difference in growth forecast</i>	0.0%	0.4%	0.3%	-0.1%	0.0%	0.0%
PCE Price Index						
2017 = 100						
March Preliminary Forecast	122.1	125.0	128.8	132.0	134.4	137.1
<i>Growth</i>	2.9%	2.4%	3.0%	2.5%	1.9%	2.0%
November Forecast	122.1	124.7	127.4	130.2	132.6	135.4
<i>Growth</i>	2.9%	2.1%	2.2%	2.2%	1.8%	2.1%
Difference in level	0.0	0.3	1.4	1.7	1.8	1.7
<i>Difference in growth forecast</i>	0.0%	0.3%	0.9%	0.2%	0.0%	-0.1%
Unemployment Rate						
Percent of Labor Force						
March Preliminary Forecast	3.8%	4.1%	4.3%	4.5%	4.5%	4.4%
November Forecast	3.8%	4.3%	4.5%	4.6%	4.6%	4.4%
<i>Difference in forecast</i>	0.0%	-0.1%	-0.2%	-0.1%	-0.1%	-0.1%
30 Year Fixed Mortgage Rate						
Annual Average						
March Preliminary Forecast	7.0%	6.7%	6.4%	6.0%	5.7%	5.6%
November Forecast	7.0%	6.2%	5.5%	5.1%	5.0%	5.0%
<i>Difference in forecast</i>	0.0%	0.5%	0.9%	0.9%	0.8%	0.6%
3 Month T-Bill Rate						
Annual Average						
March Preliminary Forecast	5.3%	4.4%	3.9%	3.2%	2.9%	2.8%
November Forecast	5.3%	4.4%	2.9%	2.5%	2.4%	2.4%
<i>Difference in forecast</i>	0.0%	0.0%	1.0%	0.8%	0.5%	0.5%

Washington Forecast Comparison	Fiscal Years					
	2024	2025	2026	2027	2028	2029
Real Personal Income						
Billions of 2017 dollars						
March Preliminary Forecast	530.7	544.2	556.6	574.2	595.5	615.2
<i>Growth</i>	3.4%	2.5%	2.3%	3.2%	3.7%	3.3%
November Forecast	530.7	548.4	565.1	584.6	604.9	623.1
<i>Growth</i>	3.4%	3.3%	3.0%	3.5%	3.5%	3.0%
Difference in level	NA	NA	NA	NA	NA	NA
<i>Difference in growth forecast</i>	0.0%	-0.8%	-0.8%	-0.3%	0.2%	0.3%
Nominal Personal Income						
Billions of dollars						
March Preliminary Forecast	647.8	680.2	716.9	757.7	800.4	843.6
<i>Growth</i>	6.3%	5.0%	5.4%	5.7%	5.6%	5.4%
November Forecast	647.8	683.7	719.9	761.3	802.3	843.6
<i>Growth</i>	6.3%	5.5%	5.3%	5.8%	5.4%	5.2%
Difference in level	0.0	-3.5	-3.0	-3.6	-1.9	0.0
<i>Difference in growth forecast</i>	0.0%	-0.5%	0.1%	-0.1%	0.2%	0.2%
Nonfarm Payroll Employment						
Thousands						
March Preliminary Forecast	3,610.1	3,653.2	3,685.2	3,710.3	3,736.6	3,769.9
<i>Growth</i>	1.0%	1.2%	0.9%	0.7%	0.7%	0.9%
November Forecast	3,610.1	3,646.3	3,681.5	3,716.3	3,746.4	3,779.4
<i>Growth</i>	1.0%	1.0%	1.0%	0.9%	0.8%	0.9%
Difference in level	0.0	6.9	3.7	-5.9	-9.8	-9.5
<i>Difference in growth forecast</i>	0.0%	0.2%	-0.1%	-0.3%	-0.1%	0.0%
Housing Permits						
Units Authorized, Thousands						
March Preliminary Forecast	35.6	38.1	37.4	39.0	40.7	42.1
<i>Growth</i>	-11.8%	6.9%	-1.7%	4.1%	4.3%	3.6%
November Forecast	35.2	36.5	37.9	40.7	42.4	43.6
<i>Growth</i>	-13.0%	3.5%	4.0%	7.2%	4.3%	2.7%
Difference in level	0.4	1.6	-0.5	-1.7	-1.8	-1.4
<i>Difference in growth forecast</i>	1.2%	3.4%	-5.7%	-3.1%	0.0%	0.9%

Year-Over-Year Employment Growth by Industry (December 2023 to December 2024) Washington vs. U.S.

	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	56.4	1.6%	1.3%
State and Local Gov Education	12.8	5.1%	1.3%
Education and Health Services	21.0	3.9%	3.8%
State and Local Gov Non-Education	10.1	3.8%	1.6%
Information Excluding Software	2.4	3.1%	-1.3%
Aerospace Product and Parts Manufacturing	2.1	2.6%	0.4%
Transportation, Warehousing and Utilities	3.4	2.5%	0.0%
Other Services	1.2	1.0%	1.7%
Construction	2.0	0.9%	2.3%
Financial Activities	1.4	0.9%	0.4%
Manufacturing Excluding Aerospace	1.5	0.8%	-0.9%
Leisure and Hospitality	0.7	0.2%	1.5%
Wholesale Trade	-1.4	-1.0%	0.7%
Mining and Logging	-0.1	-1.0%	-2.4%
Management of Companies and Enterprises	-1.8	-1.8%	0.3%
Software Publishers	-2.7	-3.1%	1.7%
Information	-0.2	-0.1%	-0.6%
Manufacturing	3.6	1.3%	-0.8%
Professional and Business Services	-1.2	-0.2%	-0.2%

Source: WA State ERFC Kalman filtered data, U.S. Bureau of Labor Statistics