



March 2025 Preliminary Economic Forecast

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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. The November forecast assumed 2.0% and 2.1% growth in 2025 and 2026. 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 previous 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 in the near term than in the November forecast. 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 from \$71 per barrel in the previous forecast. By the fourth quarter of 2029 the refiner acquisition price of crude is expected to average \$64 per barrel, unchanged from the November forecast.

A comparison of the preliminary March U.S. forecast with the November U.S. forecast is shown in Table 2.

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 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.

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.

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 expects an average of 39,900 new housing units per year from 2025 through 2029, down from 40,900 units in the previous forecast.

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 2025 through 2029, down slightly from the 0.9% average rate in the previous forecast. Our forecast for nominal personal income growth this year is 4.8%, up from 4.6% in the November forecast. The forecast for nominal personal income growth in 2025 through 2029 averages 5.5% per year, up slightly from the 5.4% average rate in the previous forecast.

A comparison of the preliminary March Washington forecast with the November Washington forecast is shown in Table 3.

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 2025 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%