



## June 2025 Preliminary Economic Forecast

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This forecast is based on a modified version of S&P Global Market Intelligence's May 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 1.2% in 2025 and 1.3% in 2026. The March forecast assumed 2.2% and 2.0% 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 March 2025. We expect growth rates of 2.0%, 2.0%, and 1.9% in 2027 through 2029, up from 1.9%, 1.9%, and 1.8% in 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 Tuesday, May 20, 2025 closing prices for Brent and WTI futures. Oil prices are lower in the near term compared to the March forecast. The latest futures prices indicate that the refiner acquisition price of crude oil will average \$62 per barrel in the second quarter of 2025, down from \$67 per barrel in the previous forecast. Oil prices are expected to increase slightly throughout the forecast after reaching a trough of \$60 in the first quarter of 2026. By the fourth quarter of 2029 the refiner acquisition price of crude is expected to average \$63 per barrel, unchanged from the March forecast.

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

Washington job growth has been weaker than expected in the three months since the March forecast, and historical revisions have significantly lowered the level of employment. Total seasonally adjusted nonfarm payroll employment experienced no growth in February, March, and April which was 4,200 less than expected in the forecast. The construction sector increased by 1,200 jobs while manufacturing employment declined by 500 in the three-month period. Social assistance had the largest increase in the private service sector, gaining 4,700 jobs in February, March, and April. The largest decline was in food and drinking places with a loss of 7,000 jobs. Government employment declined by 900, led by a 4,400 job loss in state and local government education partially offset by a 3,000 increase in non-education related state and local government employment. Large downward revisions to historical data, combined with weaker than expected job growth, have resulted in the level of employment being 12,600 lower than expected in the March forecast.

Washington's unemployment rate has held steady the past three months. The unemployment rate remained at 4.4% in April, but is down from 4.6% a year ago. The labor force participation rate continues to trend down. In April, the labor force participation rate declined to 62.7% in April from 62.9% the month before and is down from the recent peak of 64.2% in May 2023. The preliminary June forecasts expects the Washington unemployment rate to

increase from 4.6% this year to 5.0% in 2026 and 2027. The forecast then calls for the unemployment rate to trend down and reach 4.5% in 2029.

In March, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the fourth quarter of 2024. Washington personal income increased from \$669.8 billion (SAAR) in the third quarter of 2024 to \$676.9 billion in the fourth quarter. The 4.3% increase (SAAR) in Washington personal income was the 17th lowest among the states and District of Columbia and trailed the 4.6% rate of increase for the U.S. as a whole. Washington net earnings growth of 4.7% (SAAR) trailed the 5.1% national average growth rate. Property income (dividends, interest, and rent) grew 2.9% (SAAR) for both Washington and the nation. Transfer receipts grew 5.0% (SAA) in both Washington and the nation.

Washington housing construction was again weak in the final month of the first quarter of 2025 with 29,800 (SAAR) units permitted. A total of 32,500 units (SAAR) were permitted in first quarter, down from 38,600 units (SAAR) in the fourth quarter. Permits in the first quarter consisted of 18,000 (SAAR) single-family units and 14,500 (SAAR) multi-family units. March multi-family permits totaled 11,300 (SAAR), up from 9,800 in February. This was the weakest two-month period for multi-family construction since 2014. The March forecast assumed 39,900 units for the first quarter as a whole, consisting of 17,800 single-family units and 22,200 multi-family units. The preliminary June forecast expects an average of 38,300 new housing units per year from 2025 through 2029, down from 39,400 units in the previous forecast.

We expect a 0.6% increase in Washington employment this year, down from 1.0% in the March forecast. We expect slow growth during the remainder of the forecast as the U.S economy slows. We expect Washington employment growth to average 0.7% per year in 2025 through 2029, down slightly from the 0.8% average rate in the previous forecast. Our forecast for nominal personal income growth this year is 5.3%, up from 4.7% in the March forecast. The forecast for nominal personal income growth in 2025 through 2029 averages 5.3% per year, down slightly from the 5.4% average rate in the previous forecast.

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

Table 1  
**U.S. Economic Forecast Comparison**  
Preliminary June 2025

	2025Q2	2025Q3	2025Q4	2026Q1	2025	2026	2027	2028	2029
<b>Real GDP, Percent Change, Annual Rate</b>									
ERFC (Prelim June)	1.1	0.2	0.6	1.6	1.2	1.3	2.0	2.0	1.9
S&P Global	1.0	0.9	1.4	2.0	1.3	1.7	1.6	1.7	1.8
Economy.com	0.4	1.3	1.6	1.4	1.3	1.5			
Blue Chip Average*	1.1	0.2	0.7	1.5	1.2	1.3	2.0	2.0	1.9
Blue Chip Top 10*	3.0	1.7	2.2	2.4	1.7	2.0	2.4	2.3	2.1
Blue Chip Bottom 10*	-1.0	-1.8	-1.1	0.5	0.6	0.5	1.7	1.8	1.8
<b>Real Consumption, Percent Change, Annual Rate</b>									
ERFC (Prelim June)	0.7	0.0	0.6	1.7	2.0	1.3	2.1	2.1	2.0
S&P Global	1.4	0.7	1.2	1.5	2.3	1.4	1.9	2.4	2.4
Economy.com	0.9	0.5	1.3	1.1	2.1	1.0			
Blue Chip Average*	1.1	0.2	0.7	1.4	2.0	1.3	2.1	2.1	2.0
Blue Chip Top 10*	2.2	1.4	1.7	2.6	2.5	2.0	2.4	2.3	2.2
Blue Chip Bottom 10*	-0.4	-1.3	-0.9	0.4	1.3	0.5	1.8	1.8	1.9
<b>Federal Funds Rate</b>									
ERFC (Prelim June)	4.4	4.4	4.3	3.9	4.3	3.5	2.9	2.9	3.1
S&P Global	4.4	4.4	4.3	3.9	4.3	3.5	2.9	2.9	3.1
Economy.com	4.3	4.1	3.8	3.5	4.1	3.2			
<b>Three Month T-Bill Rate</b>									
ERFC (Prelim June)	4.2	4.2	4.1	3.7	4.2	3.2	2.6	2.7	2.8
S&P Global	4.2	4.2	4.1	3.7	4.2	3.2	2.6	2.6	2.8
Blue Chip Average*	4.2	4.1	3.8	3.7	4.1	3.4	3.3	3.1	3.1
Blue Chip Top 10*	4.3	4.4	4.3	4.1	4.3	3.9	3.8	3.5	3.4
Blue Chip Bottom 10*	4.1	3.8	3.4	3.2	3.9	2.8	2.8	2.8	2.7
<b>10-Yr. T-Note Yield</b>									
ERFC (Prelim June)	4.1	4.1	4.1	4.0	4.2	4.0	3.9	4.0	4.0
S&P Global	4.1	4.1	4.1	4.0	4.2	4.0	3.9	3.9	4.0
Economy.com	4.2	4.1	4.1	4.1	4.2	4.2			
Blue Chip Average*	4.3	4.2	4.1	4.1	4.2	4.0	4.0	3.9	3.8
Blue Chip Top 10*	4.4	4.5	4.5	4.5	4.4	4.4	4.5	4.4	4.2
Blue Chip Bottom 10*	4.1	3.9	3.8	3.7	4.0	3.6	3.5	3.5	3.5
<b>Consumer Price Index, Percent Change, Year-over-Year</b>									
ERFC (Prelim June)	3.4	3.6	3.5	3.4	3.3	2.9	2.1	2.0	2.0
S&P Global	3.4	3.7	3.6	3.4	3.4	2.9	2.2	2.0	1.9
Economy.com	3.0	3.5	3.5	3.4	3.2	3.0			
Blue Chip Average*	2.9	3.5	3.6	3.4	3.2	3.0	2.5	2.3	2.2
Blue Chip Top 10*	3.3	4.3	4.7	4.8	3.7	3.7	2.9	2.4	2.4
Blue Chip Bottom 10*	2.5	2.9	2.6	2.2	2.8	2.4	2.1	2.1	2.0
<b>Payroll Employment, Millions</b>									
ERFC (Prelim June)	159.6	159.7	159.8	159.9	159.6	160.0	160.4	160.9	161.7
Percent Change, Annual Rate	1.1	0.3	0.2	0.2	1.0	0.3	0.3	0.3	0.5
S&P Global	159.6	159.7	159.6	159.7	159.5	159.9	160.2	160.8	161.8
Percent Change, Annual Rate	1.0	0.3	-0.2	0.2	1.0	0.2	0.2	0.3	0.6
Economy.com	159.5	159.5	159.5	159.5	159.4	159.5			
Percent Change, Annual Rate	0.8	0.1	0.0	-0.1	0.9	0.0			
<b>Unemployment Rate, Percent</b>									
ERFC (Prelim June)	4.3	4.5	4.6	4.8	4.4	4.9	5.0	4.8	4.4
S&P Global	4.3	4.5	4.7	4.8	4.4	4.9	5.0	4.8	4.5
Economy.com	4.2	4.2	4.4	4.6	4.2	4.8			
Blue Chip Average*	4.3	4.5	4.7	4.7	4.4	4.7	4.2	4.1	4.0
Blue Chip Top 10*	4.4	4.7	5.1	5.2	4.6	5.3	4.4	4.2	4.2
Blue Chip Bottom 10*	4.2	4.3	4.4	4.4	4.3	4.2	3.9	3.9	3.9
<b>Real Disposable Personal Income, Percent Change, Annual Rate</b>									
ERFC (Prelim June)	-1.1	4.5	1.2	3.2	1.5	2.6	3.3	2.9	2.6
S&P Global	-1.2	4.6	1.5	3.5	1.6	2.8	3.2	2.9	2.7
Blue Chip Average*	1.2	0.5	0.8	2.2	1.4	1.7	2.2	2.1	2.1
Blue Chip Top 10*	2.8	3.5	2.1	3.8	2.1	2.7	2.7	2.4	2.3
Blue Chip Bottom 10*	-0.9	-2.5	-0.9	0.6	0.6	0.6	1.7	1.9	1.9
<b>West Texas Intermediate</b>									
ERFC (Prelim June)	62.8	61.5	60.3	60.3	64.1	60.6	61.4	62.2	62.6
S&P Global	62.4	59.7	56.8	58.4	62.7	60.8	65.1	68.7	72.1
Economy.com	63.8	64.9	65.0	65.3	66.3	64.9			

\* Forecasts beyond 2026 are from the March 2025 Blue Chip Economic Indicators

Table 2

**U.S. Forecast Comparison**

	2025Q2	2025Q3	2025Q4	2026Q1
<b>Real GDP (Billions of 2017 Dollars)</b>				
June Forecast, Preliminary	23,592	23,602	23,638	23,732
Percent Change	1.1%	0.2%	0.6%	1.6%
March Forecast	23,771	23,879	23,986	24,108
Percent Change	1.9%	1.8%	1.8%	2.1%
<b>Real Consumption (Billions of 2017 Dollars)</b>				
June Forecast, Preliminary	16,375	16,374	16,399	16,470
Percent Change	0.7%	0.0%	0.6%	1.7%
March Forecast	16,445	16,520	16,600	16,685
Percent Change	1.9%	1.8%	2.0%	2.1%
<b>PCE Price Index (2017=100)</b>				
June Forecast, Preliminary	127.5	128.2	129.0	129.9
Percent Change	6.4%	2.2%	2.4%	2.8%
March Forecast	126.3	127.3	128.2	129.2
Percent Change	3.1%	3.1%	2.9%	3.3%
<b>Real Personal Income (Billions of 2017 Dollars)</b>				
June Forecast, Preliminary	20,163	20,179	20,232	20,382
Percent Change	-1.2%	0.3%	1.1%	3.0%
March Forecast	20,361	20,518	20,659	20,819
Percent Change	1.9%	3.1%	2.8%	3.1%
<b>Nonfarm Payroll Employment (Millions)</b>				
June Forecast, Preliminary	159.6	159.7	159.8	159.9
Percent Change	1.1%	0.3%	0.2%	0.2%
March Forecast	159.5	159.8	160.0	160.1
Percent Change	1.0%	0.9%	0.5%	0.3%
<b>Unemployment Rate (Percent of Labor Force)</b>				
June Forecast, Preliminary	4.3	4.5	4.6	4.8
March Forecast	4.2	4.2	4.3	4.3
<b>Oil Price, Refiner's Acquisition</b>				
June Forecast, Preliminary	62.3	61.1	60.0	60.0
March Forecast	67.1	65.9	64.9	64.2
<b>30 Year Fixed Mortgage Rate (Percent, average)</b>				
June Forecast, Preliminary	6.6	6.5	6.4	6.3
March Forecast	6.7	6.6	6.5	6.4
<b>3 Month T-Bill Rate (Percent, average)</b>				
June Forecast, Preliminary	4.2	4.2	4.1	3.7
March Forecast	4.0	3.9	3.9	3.8

2024	2025	2026	2027	2028	2029
23,305	23,590	23,901	24,379	24,866	25,339
2.8%	1.2%	1.3%	2.0%	2.0%	1.9%
23,302	23,824	24,290	24,751	25,221	25,675
2.8%	2.2%	2.0%	1.9%	1.9%	1.8%
16,053	16,373	16,584	16,932	17,288	17,633
2.8%	2.0%	1.3%	2.1%	2.1%	2.0%
16,054	16,483	16,811	17,147	17,473	17,805
2.8%	2.7%	2.0%	2.0%	1.9%	1.9%
123.5	127.6	131.0	133.5	135.8	138.2
2.5%	3.3%	2.6%	1.9%	1.8%	1.7%
123.5	126.8	130.4	133.1	135.6	138.4
2.5%	2.6%	2.9%	2.1%	1.9%	2.0%
19,966	20,199	20,596	21,258	21,929	22,563
2.8%	1.2%	2.0%	3.2%	3.2%	2.9%
19,994	20,451	21,004	21,663	22,315	22,882
2.9%	2.3%	2.7%	3.1%	3.0%	2.5%
158.0	159.6	160.0	160.4	160.9	161.7
1.3%	1.0%	0.3%	0.3%	0.3%	0.5%
158.0	159.6	160.2	160.4	160.7	161.3
1.3%	1.0%	0.4%	0.1%	0.2%	0.4%
4.0	4.4	4.9	5.0	4.8	4.4
4.0	4.2	4.4	4.5	4.4	4.3
76.6	63.9	60.3	61.3	62.3	62.9
76.7	67.3	63.7	62.9	62.7	62.6
6.7	6.6	6.1	5.9	5.8	5.8
6.7	6.7	6.2	5.8	5.7	5.6
5.0	4.2	3.2	2.6	2.7	2.8
5.0	4.0	3.6	2.9	2.8	2.8

Table 3

**Washington Forecast Comparison**

	2025Q2	2025Q3	2025Q4	2026Q1	2024	2025	2026	2027	2028	2029
<b>Real Personal Income (Billions of 2017 Dollars)</b>										
June Forecast, Preliminary	552.1	553.0	555.0	559.5	543.0	553.6	566.4	586.7	608.3	628.3
Percent Change	-1.5%	0.7%	1.4%	3.3%	4.0%	1.9%	2.3%	3.6%	3.7%	3.3%
March Forecast	548.3	551.5	554.8	558.4	539.3	550.2	564.7	584.6	605.0	623.2
Percent Change	1.5%	2.3%	2.4%	2.6%	3.4%	2.0%	2.6%	3.5%	3.5%	3.0%
<b>Personal Income (Billions of Dollars)</b>										
June Forecast, Preliminary	704.2	709.2	716.0	726.8	670.7	706.3	741.7	783.0	826.2	868.1
Percent Change	4.8%	2.9%	3.9%	6.2%	6.6%	5.3%	5.0%	5.6%	5.5%	5.1%
March Forecast	692.4	701.8	711.1	721.4	666.0	697.5	736.4	778.4	820.5	862.4
Percent Change	4.6%	5.5%	5.4%	6.0%	6.0%	4.7%	5.6%	5.7%	5.4%	5.1%
<b>Disposable Personal Income (Billions of Dollars)</b>										
June Forecast, Preliminary	617.8	630.0	636.2	646.1	589.9	623.6	659.7	696.4	732.7	767.9
Percent Change	4.9%	8.2%	4.0%	6.4%	6.6%	5.7%	5.8%	5.6%	5.2%	4.8%
March Forecast	607.7	623.6	631.7	640.9	584.9	616.0	654.1	690.8	726.3	762.2
Percent Change	4.7%	10.9%	5.3%	6.0%	5.9%	5.3%	6.2%	5.6%	5.1%	4.9%
<b>Nonfarm Payroll Employment (Thousands)</b>										
June Forecast, Preliminary	3650.1	3654.9	3657.9	3661.0	3632	3653	3666	3685	3719	3752
Percent Change	0.2%	0.5%	0.3%	0.3%	1.0%	0.6%	0.4%	0.5%	0.9%	0.9%
March Forecast	3664.4	3671.9	3680.6	3687.2	3632	3669	3698	3721	3750	3783
Percent Change	0.6%	0.8%	1.0%	0.7%	1.1%	1.0%	0.8%	0.6%	0.8%	0.9%
<b>Unemployment Rate (Percent of Labor Force)</b>										
June Forecast, Preliminary	4.5	4.7	4.8	4.9	4.5	4.6	5.0	5.0	4.7	4.5
March Forecast	4.4	4.5	4.6	4.6	4.5	4.5	4.7	4.7	4.6	4.4
<b>Manufacturing Employment (Thousands)</b>										
June Forecast, Preliminary	272.0	272.9	273.9	274.4	274.0	272.8	274.8	275.2	276.7	277.4
Percent Change	-0.8%	1.4%	1.4%	0.7%	0.0%	-0.4%	0.7%	0.1%	0.6%	0.3%
March Forecast	274.2	275.0	275.4	275.4	275.1	274.6	275.6	276.3	276.8	277.0
Percent Change	0.6%	1.1%	0.6%	-0.1%	0.5%	-0.2%	0.4%	0.2%	0.2%	0.1%
<b>Construction Employment (Thousands)</b>										
June Forecast, Preliminary	223.1	224.2	225.3	226.2	224.1	223.6	227.6	231.7	236.0	240.1
Percent Change	2.4%	1.9%	2.1%	1.6%	-2.6%	-0.2%	1.8%	1.8%	1.8%	1.8%
March Forecast	230.5	231.6	232.8	234.0	228.7	231.1	235.8	240.7	246.0	251.8
Percent Change	2.2%	1.9%	2.1%	2.1%	-1.4%	1.1%	2.1%	2.1%	2.2%	2.4%
<b>Housing Permits (Thousands)</b>										
June Forecast, Preliminary	34.5	35.4	36.0	36.5	37.8	34.6	37.2	38.7	40.1	40.9
Percent Change	26.6%	10.0%	7.3%	5.9%	1.8%	-8.4%	7.5%	3.9%	3.6%	2.0%
March Forecast	35.4	36.0	36.6	37.0	37.5	37.0	37.6	39.4	40.9	42.1
Percent Change	-38.5%	7.6%	6.8%	4.1%	1.2%	-1.5%	1.7%	4.7%	3.8%	2.9%