

Budget Outlook and Economic Review

November 4, 2024



Washington State
Economic and Revenue Forecast Council

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

ECONOMIC REVIEW

November 4, 2024
2:00 p.m.

- Approval of meeting minutes from September 27, 2024
- Presentation of economic outlook and revenue collection experience
- Chief Economist contract renewal
- Adjournment

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

Meeting Minutes Revenue Review

September 27, 2024

John A. Cherberg Bldg., Room A/B/C and Zoom

Economic and Revenue Forecast Council

Ed Orcutt, House of Representatives – Acting Chair
April Berg, House of Representatives
Chris Corry, House of Representatives
Timm Ormsby, House of Representatives
June Robinson, Senate
Mike Pellicciotti, Treasurer
Drew Shirk, Department of Revenue
Pat Sullivan, Office of Financial Management

Staff

Dave Reich, Executive Director

Call to Order

Representative Orcutt called the meeting to order at 2:01 p.m.

Approval of the Minutes

Treasurer Pellicciotti moved, seconded by Representative Orcutt, to adopt the meeting minutes from September 13, 2024. Motion passed at 2:03 p.m.

Revenue Forecast Presentation

Dr. Reich presented information on the economic and revenue forecast. Dr. Reich summarized the forecast changes.

Pause

Due to the Zoom portion of the meeting being compromised, the review was paused and resumed at 2:24 p.m.

Motion

Treasurer Pellicciotti moved, seconded by Representative Orcutt, to approve the revenue forecast as presented. Motion passed at 2:38 p.m.

Adjournment

With no further business, the meeting adjourned at 2:45 p.m.

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



Economic Review: November 4, 2024

Executive Summary

United States

- This forecast is based on a modified version of S&P Global Market Intelligence's October 2024 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 2024 and 2025. We expect real GDP to increase 2.7% in 2024 and 2.0% in 2025, up from the 2.6% and 1.8% growth rates assumed in the September forecast. Our forecast for real GDP growth in 2026-29 is based on the most recent long-term forecast from Blue Chip which was released in October 2024. We expect growth rates of 2.1%, 2.0%, 2.0%, and 1.9% in 2026 through 2029 slightly higher than the September 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, October 15, 2024 closing prices for Brent and WTI futures. Oil prices are slightly higher than in the September forecast. As in September, oil prices are expected to decline throughout the forecast. The latest futures prices indicate that the refiner acquisition price of crude oil will average \$70 per barrel in the fourth quarter of 2024, up \$1 compared to the September forecast. By the fourth quarter of 2029 the refiner acquisition price of crude is expected to average \$66 per barrel, up from \$64 per barrel in the September forecast.
- National employment in October increased by 12,000 net jobs. Employment levels for August and September were revised down due to additional data and updated seasonal factors by a combined 112,000 jobs. It is likely that two major hurricanes and labor disputes impacted the October values. Job growth has slowed in the last few months with the 3-month moving average of monthly job adds now at 104,000. Sectors with the largest job gains in October included healthcare (+52,000), wholesale trade (+10,000) and government (+40,000). Sectors with declining employment in October included manufacturing (-46,000), employment services (-52,000) and arts and entertainment (-10,000).
- Two key measures of consumer confidence improved in October. The University of Michigan (UM) consumer sentiment survey increased by 0.4 points to 70.5 in October after increasing by 2.2 points in September. The Conference Board index of consumer confidence increased by 9.5 points in October to 108.7. Survey results indicated improved opinions about future business conditions, income and job availability.
- Initial claims for unemployment insurance decreased by 12,000 to 216,000 (SA) in the week ending October 26th. The four-week moving average of initial claims decreased by 2,250 to 236,500.
- Consumer prices increased 0.2% (SA) in September following a 0.2% increase in August. Compared to September 2023, prices are up 2.4%. Core

- prices, which exclude food and energy, rose by 3.3% compared to September 2023.
- Industrial production decreased by 0.3% in September following a 0.3% increase in August. Industrial production was down 0.6% compared with its September 2023 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 September following a 0.3% increase in August according to U.S. Census Bureau data. New orders for core capital goods were 0.3% above their September 2023 level.
 - Residential construction activity was down in September compared with August. New home sales were up in September while existing home sales were down. September housing starts decreased by 0.5% (SA) compared to August and were 0.7% below their September 2023 level. Housing units authorized by building permits in September were 2.9% (SA) below their August level and 5.7% below their year-ago level. New home sales in September increased by 4.1% (SA) compared to August and were 6.3% above their year-ago level. Existing home sales in September decreased by 1.0% (SA) compared to August and were down 3.5% compared to September 2023. The seasonally adjusted Case-Shiller national home price index for August was 0.3% above its July level and 4.2% 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.

Washington

- We have just one new month of Washington employment data since the September forecast was released. Total seasonally adjusted nonfarm payroll employment declined 2,100 in September. The forecast expected a gain of 2,700 jobs over the month. The construction sector increased by 700 jobs while manufacturing employment increased by 400 in September. The information sector had the largest increase with a gain of 1,300 jobs. The largest declines in private sector services were in accommodation and food services and membership associations with declines of 900 jobs each. Government employment declined by 4,000, although the decline was due to an 8,000 reduction in state government education which is notorious for seasonal adjustment issues around summer months.
- Washington's aerospace employment has increased 16,500 jobs since reaching a trough of 66,700 in August 2021, bringing the level to 83,300 in September 2024. The preliminary November economic forecast incorporates the September 12th vote to go on strike by machinists at Boeing. We assume a 60-day strike duration. Aerospace employment is temporarily reduced by approximately 30,000, and wages associated with striking workers temporarily reduce our forecast of wages as well. The forecast also includes announced layoffs and furloughs. The combination of these factors, along with the underlying growth in the industry, results in a lower forecast of aerospace employment compared to September. We now expect aerospace employment to peak at 89,500 jobs in early 2029 and then slowly decline through the rest of the year.

- We expect a 1.3% increase in Washington employment this year, unchanged from the September forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect Washington employment growth to average 0.9% per year in 2025 through 2029, up slightly from the 0.8% average rate in the previous forecast.
- Washington's unemployment rate continues to hold steady. The unemployment rate was unchanged at 4.8% in September. The jobless rate has remained between 4.9% and 4.8% each month since March. The labor force participation rate fell from 63.5% to 63.3% in September and is down from 64.3% a year ago.
- The preliminary November forecast expects the Washington unemployment rate to reach 4.8% this year, up from a trough of 4.1% in 2023. We expect the unemployment rate to peak at 5.0% in 2026. The forecast then calls for the unemployment rate to trend down and reach 4.7% in 2029, up from 4.6% in the previous forecast.
- In September, after the forecast was complete, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the second quarter of 2024. Washington personal income increased from \$657.3 billion (SAAR) in the first quarter to \$665.4 billion in the second quarter of 2024. The 5.1% increase (SAAR) in Washington personal income was the 28th among the states and District of Columbia and trailed the 5.3% (SAAR) rate of increase for the U.S. as a whole. Growth in Washington net earnings slightly trailed the U.S. in the second quarter, with Washington net earnings increasing 6.2% (SAAR) compared to 6.3% (SAAR) for the nation. Dividends, interest, and rent grew 1.5% (SAAR) in both Washington and the nation. Transfer payments grew for both Washington and the nation, increasing 5.3% (SAAR) and 6.1% (SAAR) respectively.
- Our forecast for nominal personal income growth this year is 6.3%, up from 5.2% in the September forecast. The preliminary November forecast for nominal personal income growth in 2025 through 2029 averages 5.6% per year, unchanged from the previous forecast.
- Seattle-area home prices are increasing. Home prices grew 0.9% in August, the fifth consecutive increase. In comparison, the composite-20 index has increased in each of the past 19 months, growing 0.4% in August. Seattle home prices in August were up 5.2% over the year, equal to the increase in the composite-20 index.
- Seattle-area consumer price inflation is declining, although it continues to outpace the national average. From August 2023 to August 2024, the Seattle CPI rose 3.1% compared to the 2.5% increase in the U.S. City Average index. Energy prices were down 6.2% in Seattle since August 2023. National energy prices were 4.0% lower than a year ago. Core prices, which exclude food and energy, increased 3.9% in Seattle and 3.2% in the U.S. City Average index. Seattle shelter cost inflation exceeded the U.S. city average at 6.2% compared to 5.2%. Excluding shelter, inflation in Seattle and the U.S. city average both rose 1.1% over the year.

- Washington exports grew 1.6% from the second quarter of 2023 to the second quarter of 2024. The increase was led by growth in agricultural products (+17.2%) and petroleum and coal products (+71.8%). Transportation equipment exports fell for the second consecutive quarter, declining 4.6% year over year. Exports to China, Washington's largest trade partner, increased 17.5% year over year in the second quarter after declining in each of the previous four quarters.
- Washington car and truck sales have increased in each of the past three months. The seasonally adjusted number of new vehicle registrations grew 4.8% in September to 282,600 (SAAR). Passenger car registrations grew 5.7% while light truck registrations fell 1.4%. The number of registrations is up 3.3% over the year in September.
- Washington housing construction picked up in the first two months of the third quarter. A total of 35,300 units were permitted in July and August (SAAR) consisting of 17,800 single-family units and 17,500 multi-family units. Total permits in the second quarter totaled 33,300 (SAAR). The September forecast expected 35,100 units (SAAR) in the third quarter, consisting of 16,900 single-family units and 18,300 multi-family units.
- The preliminary November forecast calls for housing permits to reach a trough of 35,400 units this year, down from 37,100 units in 2023. We expect housing permits to grow through 2029 reaching 43,200 units. The previous forecast called for total housing permits of 35,600 units this year, reaching 43,400 units in 2029.

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Washington State Economic Outlook & Revenue Collection Experience

Presented to
The Economic & Revenue Forecast Council

Dave Reich
Executive Director

November 4, 2024



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Overview

- The preliminary U.S. economic forecast is stronger on revised data and slightly improved outlook
- The preliminary WA economic forecast is slightly weaker than September
- Generally, the U.S. and Washington economies are transitioning to slower growth (GDP, employment)
- The Federal Reserve began reducing interest rates in September
- GF-S revenue collections since the September forecast are \$68 million (3.2%) above expectations

Economic Review
November 4, 2024

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Economic forecast risks

Upside

- Stronger consumer spending, faster interest rate cuts
- Quicker resolution of Russia – Ukraine, Middle East conflicts leads to lower commodity prices

Downside

- High interest rates push economy into recession
- Russia – Ukraine, Middle East conflicts intensify, leading to higher prices for energy
- Boeing labor dispute

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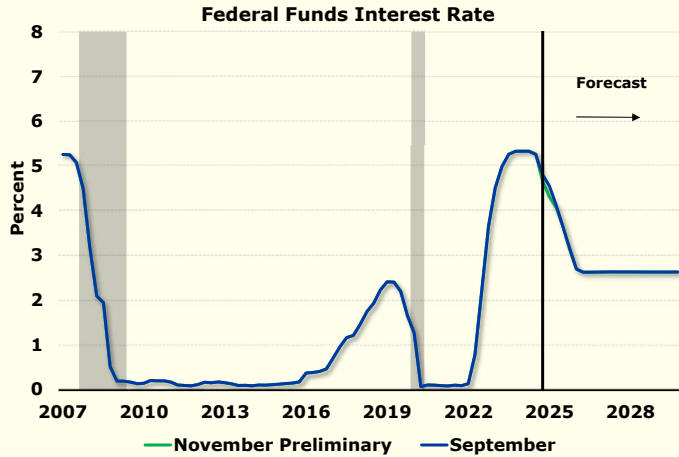
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The Federal Reserve began reducing interest rates in September

The Federal Reserve reduced interest rates 0.5% in September 2024



Economic Review November 4, 2024

Source: ERFC preliminary November 2024 forecast; historical data through 2024 Q3

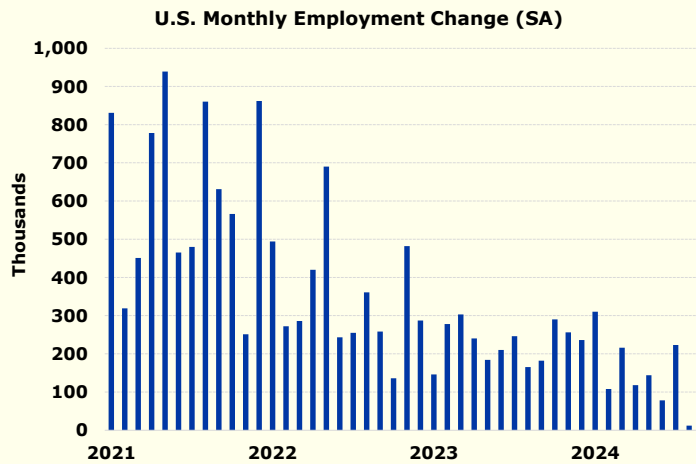
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U.S. employment growth is moderating

Employment growth in October 2024 was impacted by hurricanes and the Boeing strike



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Source: U.S. Bureau of Labor Statistics; data through October 2024

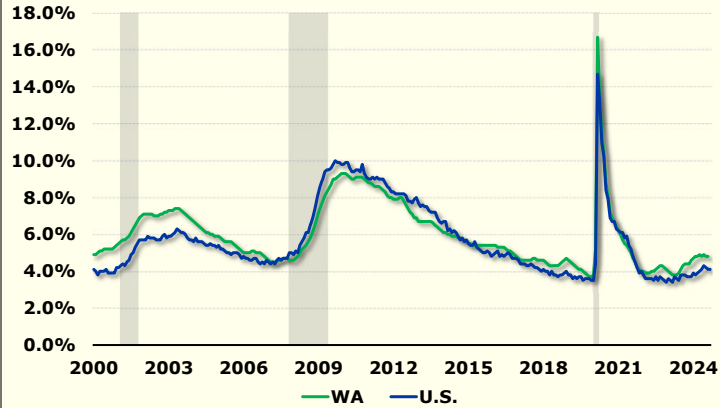
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Unemployment rates have increased but remain near historically low levels

Monthly Unemployment Rate, SA



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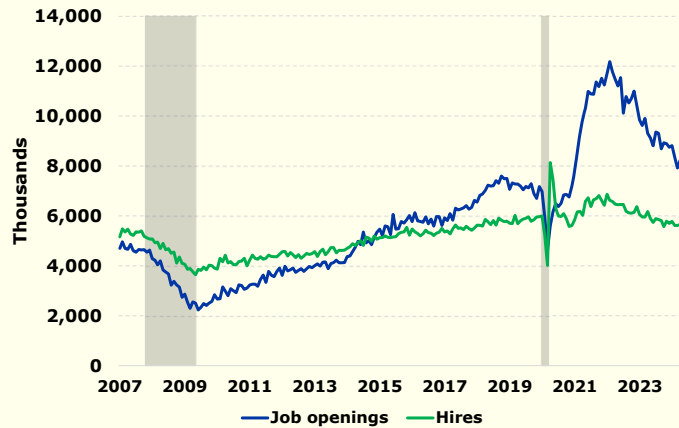
Source: U.S. Bureau of Labor Statistics, data through October 2024 (U.S.), September 2024 (WA)

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Job openings continue to fall leading to better labor market balance

Monthly U.S. Job Openings and Hires



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

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Wage growth has been slowing as the job market becomes more balanced

High-skill:
Managers,
Professionals,
Technicians

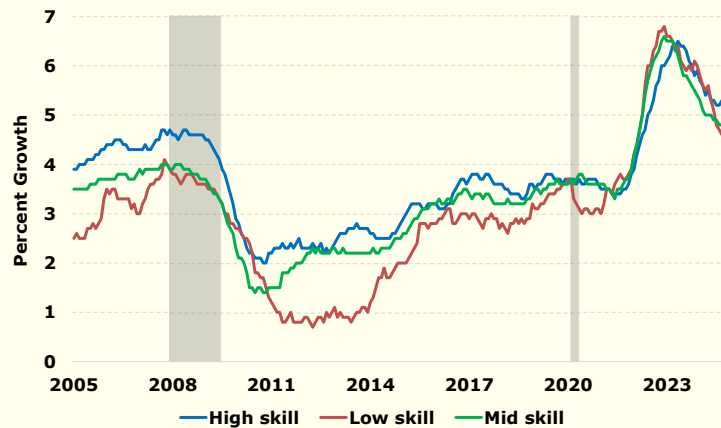
Middle-skill:
Office &
Administration,
Operators,
Production, Sales

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

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U.S. median wage growth, 12 mo. moving average



Source: Federal Reserve Bank of Atlanta, data through September 2024

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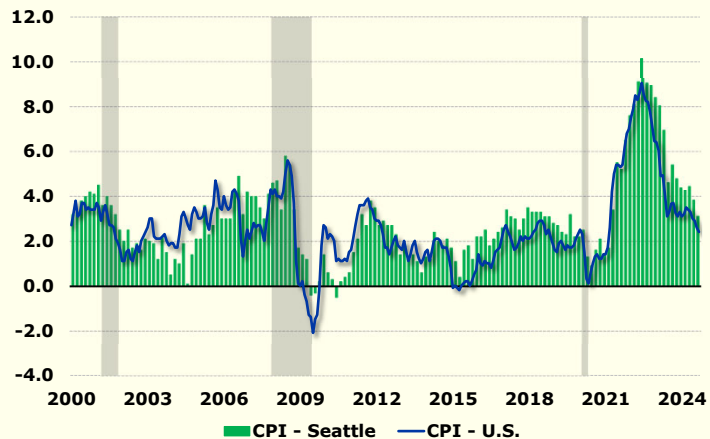


Inflation has slowed significantly but remains above the target rate

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Inflation, % change over the year



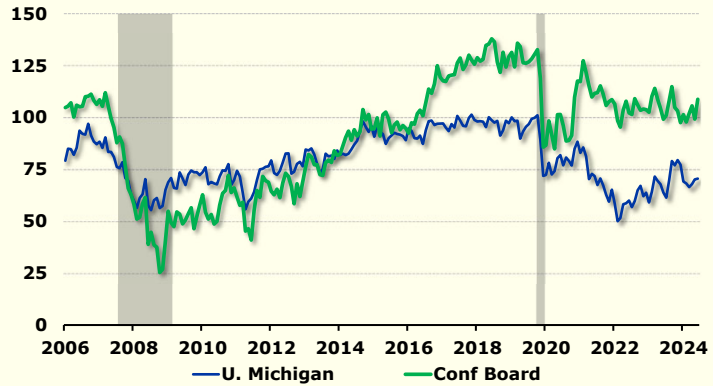
Source: U.S. Bureau of Labor Statistics, data through September 2024

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Consumer sentiment dropped in 2024, but indicators were up in October

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



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Sources: Data through October 2024

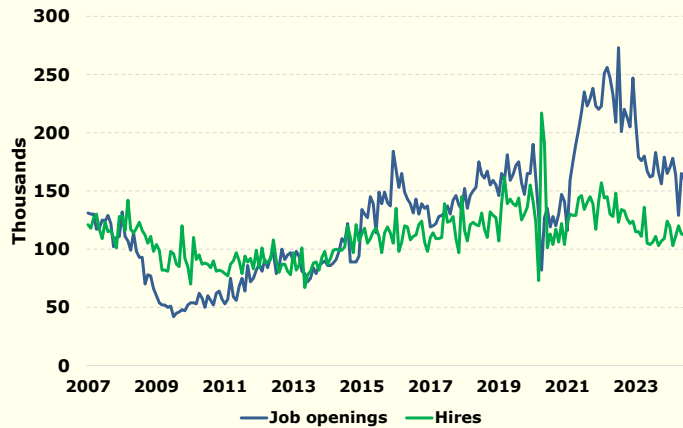
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Washington job openings down from 2022 peak, consistent with national picture

WA Job Openings and Hires, SA



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

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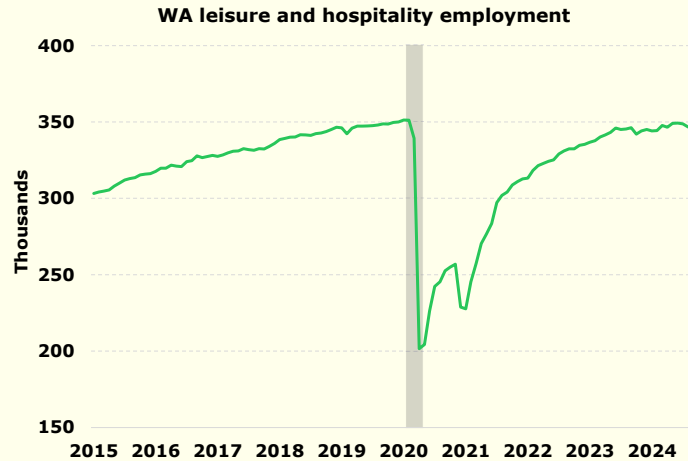


WA leisure and hospitality employment has not quite recovered from the pandemic

The leisure and hospitality sector is down 5,200 jobs in September 2024 compared with January 2020

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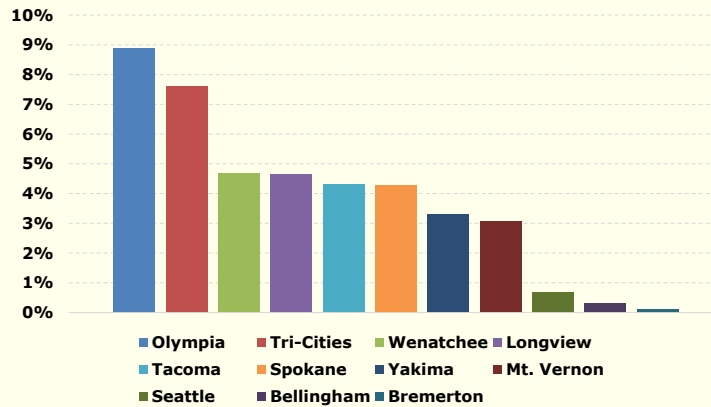
Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through September 2024

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Post-pandemic employment changes vary widely across metro areas

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



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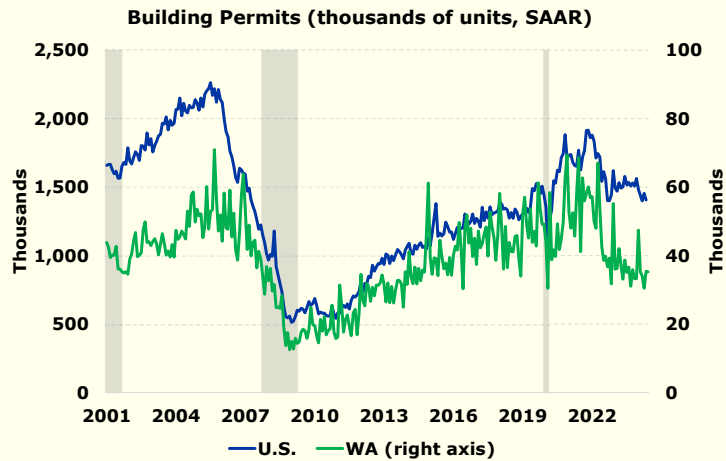
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Source: WA Employment Security Dept.

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WA and U.S. residential construction permits below 2022 levels



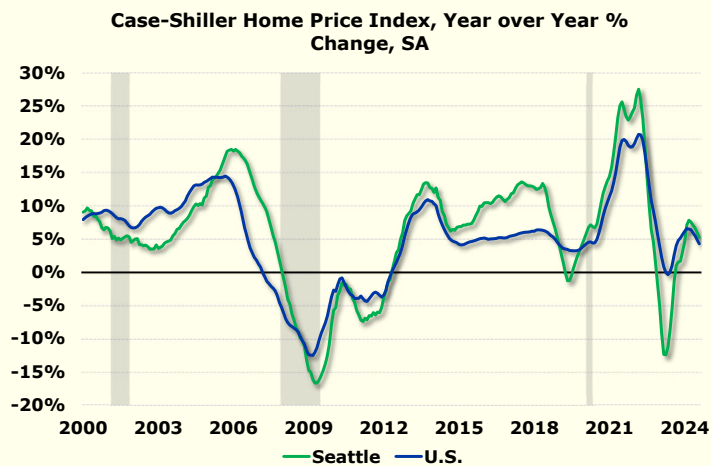
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Source: U.S. Census Bureau; monthly, data through August 2024

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Home price growth turned positive in 2023, but is slowing in 2024



Seattle home prices bottomed in March 2023

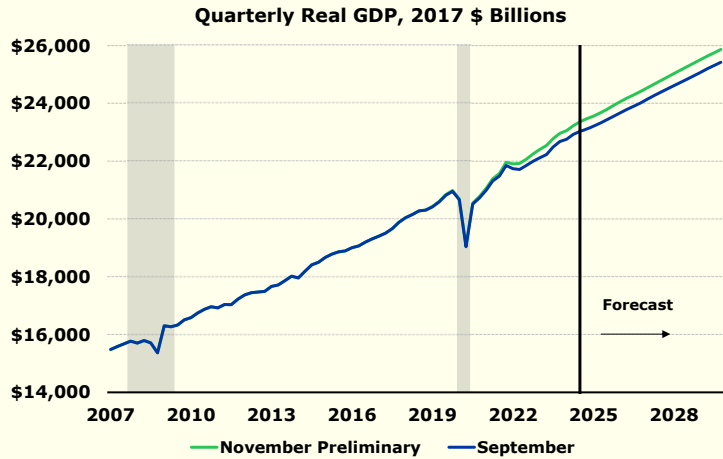
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Source: Case-Shiller, data through August 2024

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U.S. GDP forecast (level and growth) is higher than in September



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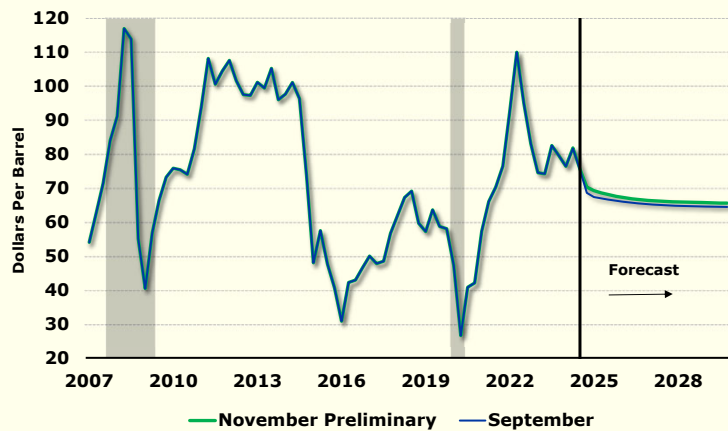
Source: IHS Markit, ERFEC preliminary November 2024 forecast; historical data through 2024 Q2

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Oil prices are higher than in the September forecast

Oil prices in the third quarter of 2024 were slightly higher than expected in the September forecast



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Source: Energy Information Administration, IHS Markit, ERFEC; data through 2024 Q3
Note: Vertical black line indicates last actual

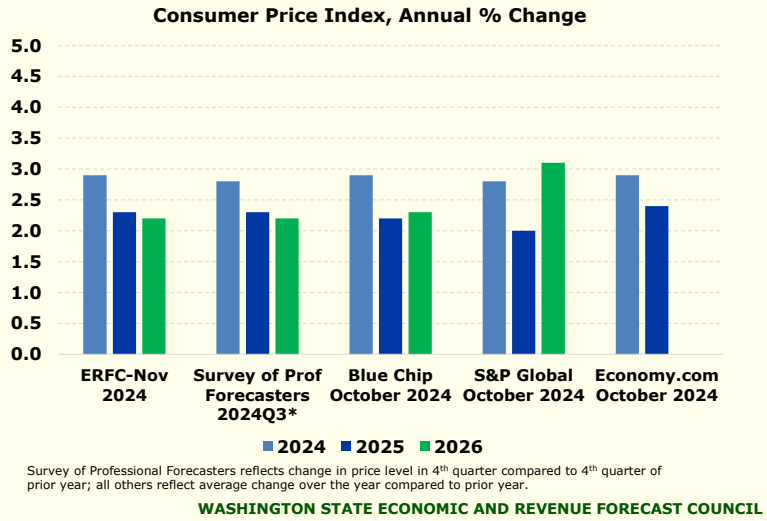
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Inflation should continue to moderate

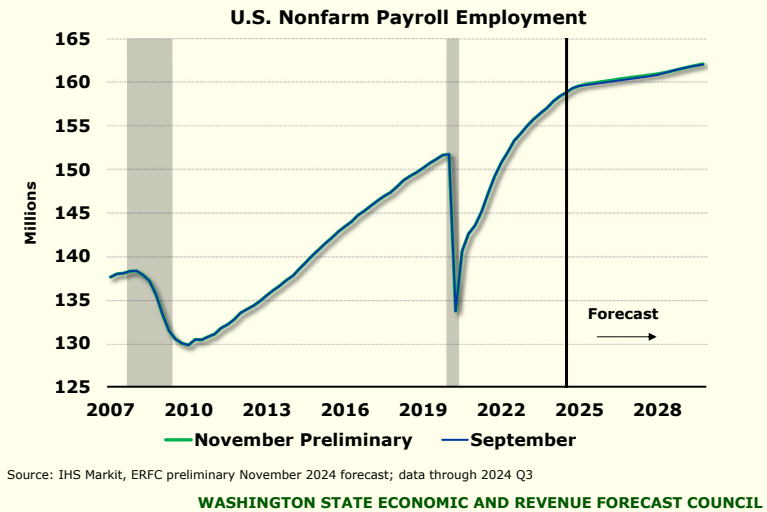
The Consumer Price Index increased by 4.1% in 2023

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

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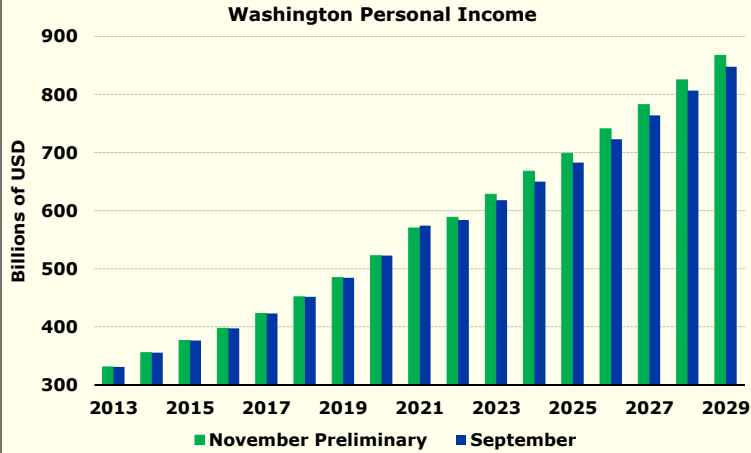




WA personal income forecast averages 5.4% annual growth from 2024-2029, down from 5.5% in Sept.

In September, BEA released 2024:2Q personal income and WA was up 5.1% (SAAR)

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Source: ERFEC preliminary November 2024 forecast; historical data through 2024 2Q

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



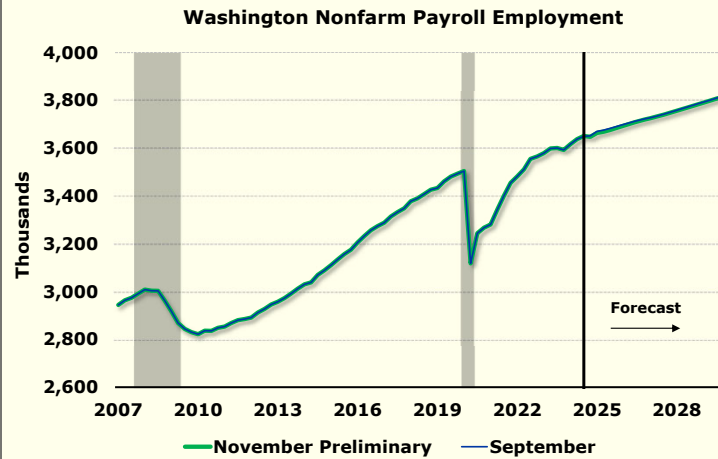
WA employment forecast is slightly lower over the forecast period

Average annual employment growth, 2024 to 2029:

U.S. = 0.4%

WA = 0.9%

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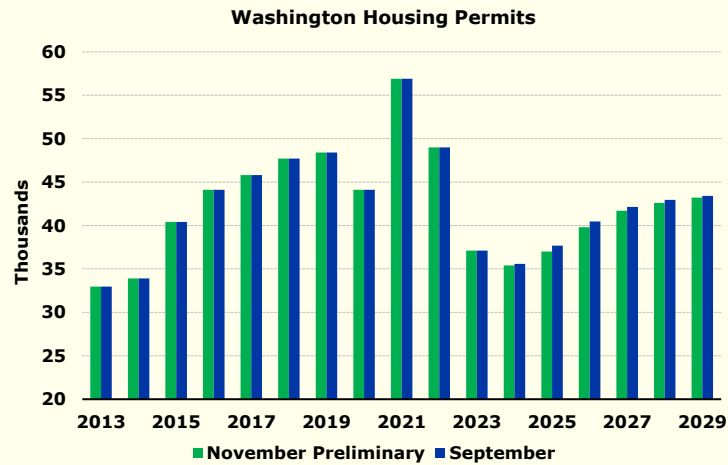


Source: ERFEC preliminary November 2024 forecast; historical data through 2024 Q3

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WA housing permit forecast; slightly lower over the 2024-2029 period



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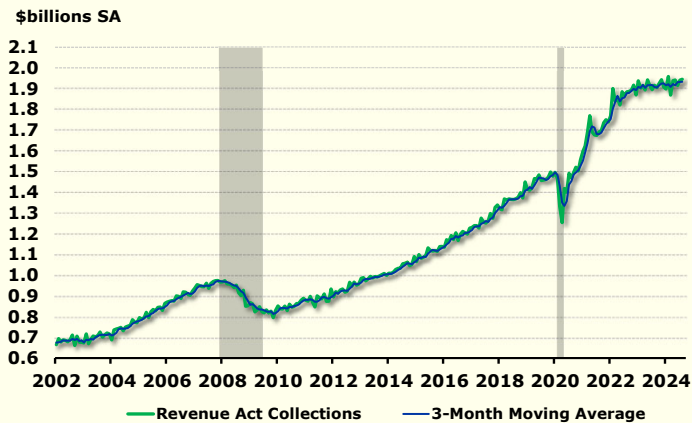
Source: ERFC preliminary November 2024 forecast; historical data through 2023

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Revenue Act collections (SA) growth has slowed; August activity was up 1.5% compared with August 2023

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



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* 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 August 2024 activity

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Taxable real estate activity has increased in 2024

Transactions of \$10 million or more were about \$890M in September 2024



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Source: ERF; Monthly data through September 2024 estimate

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Preliminary GF-S revenue collections since the September forecast

**Collections Variance Since September Forecast
(September 11, 2024 – October 10, 2024)
dollars in thousands**

	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>	<u>Pct.</u>
Dept. of Revenue	\$2,109,181	\$2,177,688	\$68,507	+3.2%
Other revenue	4,822	4,375	(447)	-9.3%
Total GF-S	\$2,114,003	\$2,182,063	\$68,061	+3.2%

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Summary

- The U.S. economic forecast is stronger but the WA forecast is slightly weaker than September's forecast
- Employment growth is likely to slow both nationally and in WA
- Impacts of elevated interest rates, lower spending, geopolitical conflicts and labor disputes, pose risks to the forecast
- The next monthly revenue collection report will be available on November 15th and the revenue forecast will be presented on November 20th

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Questions



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

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Table 1
U.S. Economic Forecast Comparison
 October 2024

	2024Q3	2024Q4	2025Q1	2025Q2	2024	2025	2026	2027	2028	2029
Real GDP, Percent Change, Annual Rate										
ERFC (Prelim November)	2.4	1.8	1.6	1.9	2.7	2.0	2.1	2.0	2.0	1.9
S&P Global	2.8	1.9	2.0	1.9	2.7	2.1	1.8	1.7	1.8	1.8
Economy.com	2.2	2.3	2.0	2.4	2.7	2.3				
Blue Chip Average*	2.3	1.8	1.7	1.9	2.7	2.0	2.1	2.0	2.0	1.9
Blue Chip Top 10*	2.9	2.3	2.3	2.5	2.7	2.4	2.4	2.2	2.1	2.1
Blue Chip Bottom 10*	1.8	1.2	1.0	1.3	2.6	1.6	1.9	1.9	1.9	1.8
Real Consumption, Percent Change, Annual Rate										
ERFC (Prelim November)	2.7	1.8	1.9	1.8	2.5	2.1	2.1	2.1	2.0	2.0
S&P Global	3.2	2.5	2.3	2.3	2.6	2.4	2.1	2.3	2.5	2.4
Economy.com	3.6	3.0	2.4	2.1	2.7	2.6				
Blue Chip Average*	2.8	1.9	1.9	1.8	2.5	2.1	2.1	2.1	2.0	2.0
Blue Chip Top 10*	3.4	2.6	2.7	2.4	2.6	2.6	2.3	2.2	2.1	2.1
Blue Chip Bottom 10*	1.8	1.2	1.3	1.2	2.3	1.6	1.9	2.0	1.9	1.9
Federal Funds Rate										
ERFC (Prelim November)	5.3	4.7	4.3	4.1	5.1	3.8	2.6	2.6	2.6	2.6
S&P Global	5.3	4.7	4.3	4.1	5.1	3.8	2.6	2.6	2.6	2.6
Economy.com	5.3	4.6	4.3	4.0	5.1	3.9				
Three Month T-Bill Rate										
ERFC (Prelim November)	5.0	4.5	4.1	3.8	5.0	3.5	2.4	2.4	2.3	2.4
S&P Global	5.0	4.5	4.1	3.8	5.0	3.5	2.4	2.4	2.4	2.4
Blue Chip Average*	5.0	4.5	4.1	3.8	5.1	3.6	3.0	3.0	2.9	2.9
Blue Chip Top 10*	5.0	4.8	4.4	4.1	5.2	4.0	3.3	3.3	3.3	3.2
Blue Chip Bottom 10*	5.0	4.2	3.7	3.4	4.9	3.4	2.7	2.7	2.6	2.6
10-Yr. T-Note Yield										
ERFC (Prelim November)	3.9	3.8	3.7	3.6	4.1	3.6	3.3	3.2	3.2	3.2
S&P Global	3.9	3.8	3.6	3.5	4.1	3.5	3.3	3.3	3.2	3.3
Economy.com	4.0	4.0	4.1	4.1	4.2	4.1				
Blue Chip Average*	3.9	3.8	3.8	3.7	4.1	3.7	3.7	3.7	3.7	3.7
Blue Chip Top 10*	3.9	4.1	4.0	4.0	4.1	4.0	4.0	4.0	4.1	4.1
Blue Chip Bottom 10*	3.9	3.6	3.5	3.4	4.0	3.4	3.3	3.4	3.4	3.4
Consumer Price Index, Percent Change, Year-over-Year										
ERFC (Prelim November)	2.5	2.4	2.4	2.4	2.9	2.3	2.2	2.3	2.4	2.3
S&P Global	2.6	2.3	1.7	1.6	2.8	2.0	3.1	2.1	2.2	2.2
Economy.com	2.6	2.5	2.2	2.2	2.9	2.4				
Blue Chip Average*	2.7	2.6	2.2	2.1	2.9	2.2	2.3	2.3	2.2	2.2
Blue Chip Top 10*	2.9	2.9	2.7	2.6	3.1	2.5	2.4	2.4	2.4	2.4
Blue Chip Bottom 10*	2.6	2.3	1.8	1.5	2.8	1.9	2.1	2.1	2.0	2.0
Payroll Employment, Millions										
ERFC (Prelim November)	158.8	159.4	159.6	159.8	158.6	159.8	160.3	160.7	161.2	161.9
Percent Change, Annual Rate	1.1	1.3	0.6	0.4	1.6	0.8	0.3	0.3	0.3	0.4
S&P Global	158.9	159.4	159.7	159.9	158.6	159.9	160.3	160.5	160.9	161.6
Percent Change, Annual Rate	1.2	1.4	0.7	0.4	1.6	0.8	0.2	0.1	0.2	0.4
Economy.com	158.9	159.3	159.7	160.0	158.6	160.1				
Percent Change, Annual Rate	1.2	1.0	0.9	0.8	1.6	0.9				
Unemployment Rate, Percent										
ERFC (Prelim November)	4.2	4.2	4.3	4.3	4.0	4.4	4.5	4.5	4.5	4.4
S&P Global	4.2	4.2	4.2	4.3	4.0	4.3	4.5	4.6	4.5	4.4
Economy.com	4.2	4.2	4.2	4.1	4.0	4.1				
Blue Chip Average*	4.2	4.3	4.3	4.4	4.1	4.3	4.1	4.1	4.0	4.1
Blue Chip Top 10*	4.2	4.4	4.6	4.7	4.1	4.6	4.3	4.2	4.2	4.2
Blue Chip Bottom 10*	4.2	4.2	4.2	4.1	4.0	4.1	3.9	3.9	3.9	3.9
Real Disposable Personal Income, Percent Change, Annual Rate										
ERFC (Prelim November)	1.7	2.1	3.3	2.8	3.1	2.6	3.0	2.9	2.7	2.6
S&P Global	1.7	2.3	3.4	2.7	3.2	2.6	2.6	2.7	2.5	2.4
Blue Chip Average*	1.9	1.9	2.2	2.1	2.5	2.0	2.1	2.1	2.1	2.1
Blue Chip Top 10*	3.1	2.6	3.3	2.7	3.2	2.7	2.6	2.4	2.3	2.2
Blue Chip Bottom 10*	0.8	0.9	1.0	1.4	1.4	1.2	1.7	1.9	1.9	1.9
West Texas Intermediate										
ERFC (Prelim November)	76.2	70.6	69.3	68.6	76.5	68.4	66.7	65.8	65.4	65.1
S&P Global	76.2	70.5	67.0	67.8	76.4	68.8	74.7	77.9	80.8	82.9
Economy.com	76.4	76.5	76.2	76.4	78.1	75.6				

* Forecasts beyond 2025 are from the October 2024 Blue Chip Economic Indicators

Table 2

U.S. Forecast Comparison

	2024Q3	2024Q4	2025Q1	2025Q2	2023	2024	2025	2026	2027	2028	2029
Real GDP (Billions of 2017 Dollars)											
November Forecast, Preliminary	23,361	23,464	23,556	23,666	22,671	23,275	23,734	24,232	24,717	25,211	25,691
Percent Change	2.4%	1.8%	1.6%	1.9%	2.9%	2.7%	2.0%	2.1%	2.0%	2.0%	1.9%
September Forecast	23,030	23,112	23,207	23,311	22,377	22,956	23,374	23,841	24,318	24,780	25,251
Percent Change	1.8%	1.4%	1.6%	1.8%	2.5%	2.6%	1.8%	2.0%	2.0%	1.9%	1.9%
Real Consumption (Billions of 2017 Dollars)											
November Forecast, Preliminary	16,072	16,146	16,222	16,297	15,622	16,011	16,340	16,683	17,033	17,374	17,721
Percent Change	2.7%	1.8%	1.9%	1.8%	2.5%	2.5%	2.1%	2.1%	2.1%	2.0%	2.0%
September Forecast	15,847	15,910	15,974	16,046	15,426	15,789	16,089	16,427	16,755	17,090	17,432
Percent Change	2.4%	1.6%	1.6%	1.8%	2.2%	2.4%	1.9%	2.1%	2.0%	2.0%	2.0%
PCE Price Index (2017=100)											
November Forecast, Preliminary	123.6	124.1	124.8	125.4	120.5	123.4	125.8	128.8	131.2	134.0	136.7
Percent Change	1.2%	1.6%	2.1%	2.2%	3.8%	2.4%	2.0%	2.4%	1.9%	2.1%	2.1%
September Forecast	123.5	124.1	124.7	125.4	120.4	123.3	125.7	128.7	131.2	134.0	136.8
Percent Change	1.3%	1.7%	2.0%	2.2%	3.7%	2.4%	2.0%	2.4%	2.0%	2.1%	2.1%
Real Personal Income (Billions of 2017 Dollars)											
November Forecast, Preliminary	20,109	20,212	20,366	20,499	19,422	20,049	20,564	21,178	21,824	22,427	22,998
Percent Change	2.1%	2.1%	3.1%	2.6%	2.1%	3.2%	2.6%	3.0%	3.0%	2.8%	2.5%
September Forecast	19,531	19,647	19,821	19,927	19,074	19,473	20,004	20,623	21,284	21,902	22,454
Percent Change	2.9%	2.4%	3.6%	2.2%	1.3%	2.1%	2.7%	3.1%	3.2%	2.9%	2.5%
Nonfarm Payroll Employment (Millions)											
November Forecast, Preliminary	158.8	159.4	159.6	159.8	156.1	158.6	159.8	160.3	160.7	161.2	161.9
Percent Change	1.1%	1.3%	0.6%	0.4%	2.3%	1.6%	0.8%	0.3%	0.3%	0.3%	0.4%
September Forecast	158.9	159.4	159.6	159.7	156.1	158.6	159.8	160.2	160.6	161.2	161.9
Percent Change	1.2%	1.3%	0.6%	0.3%	2.3%	1.6%	0.7%	0.3%	0.3%	0.4%	0.4%
Unemployment Rate (Percent of Labor Force)											
November Forecast, Preliminary	4.2	4.2	4.3	4.3	3.6	4.0	4.4	4.5	4.5	4.5	4.4
September Forecast	4.2	4.3	4.3	4.4	3.6	4.1	4.4	4.5	4.6	4.5	4.3
Oil Price, Refiner's Acquisition											
November Forecast, Preliminary	75.6	70.3	69.2	68.6	77.7	76.0	68.4	66.8	66.1	65.8	65.6
September Forecast	75.4	68.6	67.4	67.0	77.7	75.5	66.8	65.6	65.0	64.7	64.5
30 Year Fixed Mortgage Rate (Percent, average)											
November Forecast, Preliminary	6.5	6.1	5.8	5.7	6.8	6.6	5.6	5.1	4.9	5.0	4.9
September Forecast	6.5	6.1	5.8	5.6	6.8	6.6	5.5	5.1	4.9	4.9	4.9
3 Month T-Bill Rate (Percent, average)											
November Forecast, Preliminary	5.0	4.5	4.1	3.8	5.1	5.0	3.5	2.4	2.4	2.3	2.4
September Forecast	5.1	4.7	4.3	3.9	5.1	5.1	3.6	2.4	2.4	2.4	2.4

Table 3

Washington Forecast Comparison

	2024Q3	2024Q4	2025Q1	2025Q2
Real Personal Income (Billions of 2017 Dollars)				
November Forecast, Preliminary	544.5	546.2	549.1	553.1
Percent Change	1.5%	1.3%	2.2%	2.9%
September Forecast	528.6	532.8	538.4	540.2
Percent Change	2.5%	3.3%	4.2%	1.3%
Personal Income (Billions of Dollars)				
November Forecast, Preliminary	673.2	678.0	685.1	693.8
Percent Change	2.7%	2.9%	4.3%	5.2%
September Forecast	652.9	661.0	671.3	677.3
Percent Change	3.8%	5.0%	6.4%	3.6%
Disposable Personal Income (Billions of Dollars)				
November Forecast, Preliminary	589.8	594.0	600.6	608.3
Percent Change	2.1%	2.9%	4.5%	5.2%
September Forecast	569.7	576.4	585.1	590.5
Percent Change	3.4%	4.8%	6.2%	3.7%
Nonfarm Payroll Employment (Thousands)				
November Forecast, Preliminary	3650.7	3647.9	3663.6	3669.1
Percent Change	1.4%	-0.3%	1.7%	0.6%
September Forecast	3649.7	3651.4	3670.7	3675.8
Percent Change	1.4%	0.2%	2.1%	0.6%
Unemployment Rate (Percent of Labor Force)				
November Forecast, Preliminary	4.8	4.8	4.9	4.9
September Forecast	4.9	4.9	5.0	5.0
Manufacturing Employment (Thousands)				
November Forecast, Preliminary	279.1	267.9	274.3	272.5
Percent Change	3.0%	-15.1%	9.8%	-2.6%
September Forecast	278.9	268.0	277.2	276.3
Percent Change	2.7%	-14.7%	14.4%	-1.3%
Construction Employment (Thousands)				
November Forecast, Preliminary	232.7	233.7	235.3	237.2
Percent Change	3.7%	1.8%	2.7%	3.3%
September Forecast	232.5	234.6	236.3	237.8
Percent Change	3.4%	3.7%	2.9%	2.6%
Housing Permits (Thousands)				
November Forecast, Preliminary	35.3	35.0	35.8	36.7
Percent Change	26.8%	-3.2%	9.3%	10.3%
September Forecast	35.1	35.9	36.7	37.3
Percent Change	24.4%	9.7%	8.1%	6.9%

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Billions of 2017 Dollars)							
November Forecast, Preliminary	521.4	541.3	555.3	575.2	596.1	615.9	634.3
Percent Change	2.9%	3.8%	2.6%	3.6%	3.6%	3.3%	3.0%
September Forecast	513.3	527.3	542.9	561.7	582.3	602.0	619.5
Percent Change	2.0%	2.7%	3.0%	3.5%	3.7%	3.4%	2.9%
Personal Income (Billions of Dollars)							
November Forecast, Preliminary	628.3	667.8	698.6	740.8	782.4	825.1	867.3
Percent Change	6.7%	6.3%	4.6%	6.0%	5.6%	5.5%	5.1%
September Forecast	617.9	650.0	682.7	722.9	764.1	806.6	847.7
Percent Change	5.8%	5.2%	5.0%	5.9%	5.7%	5.6%	5.1%
Disposable Personal Income (Billions of Dollars)							
November Forecast, Preliminary	552.4	585.8	612.5	648.5	683.3	719.4	755.8
Percent Change	9.5%	6.0%	4.6%	5.9%	5.4%	5.3%	5.1%
September Forecast	544.6	567.5	594.9	629.1	663.4	699.2	735.4
Percent Change	8.0%	4.2%	4.8%	5.7%	5.5%	5.4%	5.2%
Nonfarm Payroll Employment (Thousands)							
November Forecast, Preliminary	3593	3638	3673	3707	3737	3769	3803
Percent Change	1.8%	1.3%	1.0%	0.9%	0.8%	0.9%	0.9%
September Forecast	3593	3639	3680	3711	3738	3771	3805
Percent Change	1.8%	1.3%	1.1%	0.8%	0.7%	0.9%	0.9%
Unemployment Rate (Percent of Labor Force)							
November Forecast, Preliminary	4.1	4.8	4.9	5.0	4.9	4.8	4.7
September Forecast	4.1	4.8	5.0	5.0	5.0	4.8	4.6
Manufacturing Employment (Thousands)							
November Forecast, Preliminary	273.7	275.2	272.8	274.8	276.8	277.4	277.6
Percent Change	1.8%	0.5%	-0.9%	0.7%	0.7%	0.2%	0.1%
September Forecast	273.7	275.2	276.3	277.5	278.4	278.8	278.8
Percent Change	1.8%	0.5%	0.4%	0.4%	0.3%	0.2%	0.0%
Construction Employment (Thousands)							
November Forecast, Preliminary	232.0	231.4	237.9	244.7	251.9	259.4	266.2
Percent Change	-0.1%	-0.3%	2.8%	2.9%	2.9%	3.0%	2.6%
September Forecast	232.0	231.6	238.5	245.1	252.2	259.8	267.4
Percent Change	-0.1%	-0.2%	3.0%	2.8%	2.9%	3.0%	2.9%
Housing Permits (Thousands)							
November Forecast, Preliminary	37.1	35.4	37.0	39.8	41.7	42.6	43.2
Percent Change	-24.3%	-4.6%	4.6%	7.4%	4.8%	2.3%	1.3%
September Forecast	37.1	35.6	37.7	40.5	42.1	43.0	43.4
Percent Change	-24.3%	-4.1%	5.9%	7.4%	4.2%	1.9%	1.1%

U.S. Forecast Comparison**Fiscal Years**

	2024	2025	2026	2027	2028	2029
Real GDP						
Billions of 2017 dollars						
November Preliminary Forecast	23,005	23,512	23,987	24,470	24,967	25,453
<i>Growth</i>	3.1%	2.2%	2.0%	2.0%	2.0%	1.9%
September Forecast	22,713	23,165	23,609	24,076	24,551	25,015
<i>Growth</i>	3.0%	2.0%	1.9%	2.0%	2.0%	1.9%
Difference in level	291	347	378	394	415	438
<i>Difference in growth forecast</i>	0.1%	0.2%	0.1%	0.0%	0.1%	0.1%

Real Consumption

Billions of 2017 dollars

November Preliminary Forecast	15,813	16,184	16,508	16,857	17,206	17,546
<i>Growth</i>	2.6%	2.3%	2.0%	2.1%	2.1%	2.0%
September Forecast	15,612	15,944	16,256	16,591	16,921	17,263
<i>Growth</i>	2.4%	2.1%	2.0%	2.1%	2.0%	2.0%
Difference in level	201	240	253	266	284	283
<i>Difference in growth forecast</i>	0.1%	0.2%	0.1%	0.0%	0.1%	0.0%

PCE Price Index

2017 = 100

November Preliminary Forecast	122.1	124.5	127.3	130.0	132.5	135.4
<i>Growth</i>	2.9%	2.0%	2.3%	2.1%	1.9%	2.1%
September Forecast	121.9	124.4	127.2	130.0	132.5	135.4
<i>Growth</i>	2.8%	2.0%	2.3%	2.2%	2.0%	2.2%
Difference in level	0.1	0.1	0.1	0.1	0.0	-0.1
<i>Difference in growth forecast</i>	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%

Unemployment Rate

Percent of Labor Force

November Preliminary Forecast	3.8%	4.3%	4.4%	4.5%	4.5%	4.4%
September Forecast	3.8%	4.3%	4.4%	4.5%	4.5%	4.4%
<i>Difference in forecast</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

30 Year Fixed Mortgage Rate

Annual Average

November Preliminary Forecast	7.0%	6.0%	5.3%	4.9%	5.0%	5.0%
September Forecast	7.0%	6.0%	5.2%	5.0%	4.9%	4.9%
<i>Difference in forecast</i>	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%

3 Month T-Bill Rate

Annual Average

November Preliminary Forecast	5.3%	4.3%	2.8%	2.4%	2.3%	2.3%
September Forecast	5.3%	4.5%	2.8%	2.4%	2.3%	2.4%
<i>Difference in forecast</i>	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%

Washington Forecast Comparison**Fiscal Years**

	2024	2025	2026	2027	2028	2029
Real Personal Income						
Billions of 2017 dollars						
November Preliminary Forecast	530.5	548.2	564.9	585.8	606.1	625.3
<i>Growth</i>	3.3%	3.3%	3.0%	3.7%	3.5%	3.2%
September Forecast	519.2	535.0	551.9	571.9	592.5	610.9
<i>Growth</i>	2.4%	3.0%	3.2%	3.6%	3.6%	3.1%
Difference in level	NA	NA	NA	NA	NA	NA
<i>Difference in growth forecast</i>	0.9%	0.3%	-0.1%	0.1%	-0.1%	0.1%
Nominal Personal Income						
Billions of dollars						
November Preliminary Forecast	647.5	682.5	719.2	761.8	803.2	846.4
<i>Growth</i>	6.3%	5.4%	5.4%	5.9%	5.4%	5.4%
September Forecast	633.0	665.6	702.2	743.4	785.3	827.3
<i>Growth</i>	5.3%	5.2%	5.5%	5.9%	5.6%	5.3%
Difference in level	14.5	16.9	17.0	18.4	17.9	19.1
<i>Difference in growth forecast</i>	1.0%	0.2%	-0.1%	0.1%	-0.2%	0.0%
Nonfarm Payroll Employment						
Thousands						
November Preliminary Forecast	3,612.2	3,657.8	3,689.7	3,721.7	3,752.4	3,786.1
<i>Growth</i>	1.0%	1.3%	0.9%	0.9%	0.8%	0.9%
September Forecast	3,612.1	3,661.9	3,695.1	3,724.3	3,754.3	3,788.5
<i>Growth</i>	1.0%	1.4%	0.9%	0.8%	0.8%	0.9%
Difference in level	0.1	-4.1	-5.3	-2.6	-1.9	-2.4
<i>Difference in growth forecast</i>	0.0%	-0.1%	0.0%	0.1%	0.0%	0.0%
Housing Permits						
Units Authorized, Thousands						
November Preliminary Forecast	35.2	35.7	38.4	40.9	42.2	42.9
<i>Growth</i>	-13.0%	1.3%	7.7%	6.3%	3.2%	1.8%
September Forecast	35.2	36.2	39.1	41.5	42.6	43.2
<i>Growth</i>	-13.0%	2.9%	8.0%	5.9%	2.8%	1.3%
Difference in level	0.0	-0.6	-0.7	-0.6	-0.4	-0.2
<i>Difference in growth forecast</i>	0.0%	-1.6%	-0.3%	0.4%	0.4%	0.5%

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

	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	44.8	1.2%	1.5%
State and Local Gov Non-Education	14.2	5.4%	1.9%
Aerospace Product and Parts Manufacturing	3.6	4.5%	3.0%
Other Services	3.9	3.2%	1.2%
Education and Health Services	15.2	2.8%	3.9%
State and Local Gov Education	5.7	2.3%	1.7%
Management of Companies and Enterprises	1.1	1.1%	-0.1%
Construction	2.0	0.8%	2.9%
Financial Activities	1.3	0.8%	0.3%
Information Excluding Software	0.5	0.6%	0.0%
Transportation, Warehousing and Utilities	0.4	0.3%	1.1%
Leisure and Hospitality	-0.2	-0.1%	1.7%
Manufacturing Excluding Aerospace	-0.1	-0.1%	-0.4%
Software Publishers	-0.2	-0.3%	-2.1%
Wholesale Trade	-0.5	-0.3%	0.9%
Mining and Logging	-0.3	-6.1%	-1.2%
Information	0.3	0.2%	-0.5%
Professional and Business Services	-2.3	-0.4%	0.2%
Manufacturing	3.5	1.3%	-0.3%

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