



June 2024 Preliminary Economic Forecast

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This forecast is based on a modified version of S&P Global Market Intelligence's May 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 2.4% in 2024 and 1.8% in 2025, up from the 2.0% and 1.7% growth rates assumed in the February 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 March 2024. We expect growth rates of 2.0%, 2.0%, 1.9%, and 1.9% in 2026 through 2029 which is very close to the 2.1%, 1.9%, 1.9%, and 1.8% rates in the February 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 14, 2024 closing prices for Brent and WTI futures. Oil prices are higher than in the February forecast. As in February, oil prices are expected to decline throughout the forecast. The latest futures prices indicate that the refiner acquisition price of crude oil will average \$80 per barrel in the second quarter of 2024 compared to \$72 in the February forecast. By the fourth quarter of 2029 the refiner acquisition price of crude is expected to average \$64 per barrel, unchanged from the February forecast.

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

Washington job growth has been stronger than expected in the four months since the February forecast, although historical revisions have lowered the level of employment. Total seasonally adjusted nonfarm payroll employment increased 24,800 since December, which was 10,800 more than the 13,900 increase expected in the forecast. The construction sector increased by 4,700 jobs while manufacturing employment increased by 2,000 in the four-month period. Education and health services had the largest increase in the private service sector, gaining 6,500 jobs since December. The largest decline was in employment services with a loss of 5,400 jobs. Government employment increased by 8,300 primarily due to a 5,100 job gain in state government education. The combination of downward revisions to history and stronger than expected job growth have resulted in the level of employment being 12,200 lower than expected in the February forecast.

Washington's unemployment rate has been trending upward. The unemployment rate remained at 4.8% in April from the month before, but up from a recent trough of 3.8% in June 2023. Labor force participation declined to 63.8% in April from 63.9% the month before and is down from the recent peak of 64.5% in June 2023.

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 2023. We have incorporated the new BEA estimates as well as additional Washington

Quarterly Census of Employment and Wages (QCEW) data. Our current estimate of Washington personal income in the fourth quarter of 2023 was \$13.6 million (0.0%) higher than in the February forecast. Wages and salaries were \$1.3 billion (0.4%) higher than expected and nonwage income was \$1.3 billion (0.4%) lower than expected.

Washington housing construction rebounded in the final month of the first quarter of 2024. A total of 38,000 units (SAAR) were permitted in first quarter, up from 34,500 units (SAAR) in the fourth quarter. The increase in the first quarter was due to 47,400 units (SAAR) being permitted in March. This increase was primarily due to a large number of apartment buildings being permitted. Permits in the first quarter consisted of 20,600 single-family units and 17,400 multi-family units. The February forecast assumed 38,700 units for the first quarter, consisting of 21,200 single-family units and 17,500 multi-family units. Permits fell in April to 35,200 units (SAAR) on weaker multi-family activity.

We expect a 1.5% increase in Washington employment this year, up from the 1.4% growth rate expected in the February forecast. We expect slower growth during the remainder of the forecast as the U.S economy slows. We expect Washington employment growth to average 1.0% per year in 2025 through 2029, up slightly from the 0.9% average rate in the previous forecast. Our forecast for nominal personal income growth this year is 5.2%, down from 5.4% in the February forecast. Our new forecast for nominal personal income growth in 2025 through 2029 averages 5.7% per year up from the 5.4% rate in the February forecast.

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

Table 1

U.S. Economic Forecast Comparison

May 2024

	2024Q2	2024Q3	2024Q4	2025Q1	2024	2025	2026	2027	2028	2029
Real GDP, Percent Change, Annual Rate										
ERFC (Prelim June)	2.0	1.6	1.5	1.8	2.4	1.8	2.0	2.0	1.9	1.9
S&P Global	2.1	1.9	1.5	1.5	2.5	1.6	1.6	1.7	1.8	1.7
Economy.com	2.3	1.9	1.5	1.7	2.5	1.7				
Blue Chip Average*	2.1	1.6	1.5	1.8	2.4	1.8	2.0	2.0	1.9	1.9
Blue Chip Top 10*	2.9	2.4	2.4	2.4	2.7	2.4	2.2	2.2	2.1	2.1
Blue Chip Bottom 10*	1.2	0.7	0.6	1.2	2.1	1.3	1.8	1.7	1.7	1.7
Real Consumption, Percent Change, Annual Rate										
ERFC (Prelim June)	2.1	1.6	1.6	1.9	2.4	1.9	2.1	2.0	2.0	2.0
S&P Global	3.3	2.3	1.7	1.8	2.7	1.9	1.9	2.1	2.1	2.0
Economy.com	2.4	2.4	2.2	2.2	2.6	2.2				
Blue Chip Average*	2.3	1.7	1.7	1.9	2.4	1.9	2.1	2.0	2.0	2.0
Blue Chip Top 10*	3.1	2.4	2.5	2.6	2.7	2.4	2.3	2.2	2.2	2.1
Blue Chip Bottom 10*	1.5	0.8	0.8	1.2	2.0	1.3	1.9	1.8	1.9	1.8
Federal Funds Rate										
ERFC (Prelim June)	5.3	5.3	5.3	5.1	5.3	4.5	2.9	2.6	2.6	2.6
S&P Global	5.3	5.3	5.3	5.1	5.3	4.5	2.9	2.6	2.6	2.6
Economy.com	5.3	5.1	4.9	4.6	5.2	4.3				
Three Month T-Bill Rate										
ERFC (Prelim June)	5.4	5.3	5.1	4.8	5.3	4.2	2.7	2.3	2.4	2.4
S&P Global	5.3	5.2	5.1	4.8	5.2	4.2	2.6	2.4	2.4	2.4
Blue Chip Average*	5.3	5.2	4.9	4.5	5.2	4.1	3.0	2.9	2.9	2.8
Blue Chip Top 10*	5.5	5.3	5.1	4.9	5.3	4.6	3.5	3.3	3.3	3.2
Blue Chip Bottom 10*	5.2	5.0	4.6	4.2	5.0	3.7	2.4	2.5	2.5	2.4
10-Yr. T-Note Yield										
ERFC (Prelim June)	4.7	4.3	4.1	3.9	4.3	3.6	3.4	3.1	3.2	3.2
S&P Global	4.5	4.3	4.1	3.9	4.3	3.7	3.3	3.2	3.2	3.2
Economy.com	4.4	4.3	4.2	4.2	4.3	4.1				
Blue Chip Average*	4.5	4.3	4.2	4.1	4.3	4.0	3.5	3.6	3.6	3.6
Blue Chip Top 10*	4.6	4.6	4.5	4.5	4.5	4.3	3.9	3.9	4.0	4.0
Blue Chip Bottom 10*	4.3	4.1	4.0	3.8	4.2	3.6	3.2	3.2	3.2	3.2
Consumer Price Index, Percent Change, Year-over-Year										
ERFC (Prelim June)	3.2	2.8	2.8	2.4	3.0	2.4	2.6	2.4	2.4	2.2
S&P Global	3.5	3.2	3.1	2.5	3.3	2.2	2.4	2.3	2.3	2.1
Economy.com	3.2	2.9	2.8	2.4	3.0	2.4				
Blue Chip Average*	3.4	3.1	3.0	2.6	3.1	2.4	2.2	2.2	2.2	2.2
Blue Chip Top 10*	3.6	3.5	3.5	3.3	3.4	2.8	2.4	2.4	2.4	2.3
Blue Chip Bottom 10*	3.2	2.8	2.5	1.9	2.8	2.1	2.1	2.1	2.0	2.0
Payroll Employment, Millions										
ERFC (Prelim June)	158.4	158.8	159.2	159.5	158.5	159.7	160.0	160.4	161.0	161.6
Percent Change, Annual Rate	1.4	1.1	1.0	0.7	1.6	0.7	0.2	0.2	0.4	0.4
S&P Global	158.5	159.0	159.3	159.5	158.7	159.7	159.9	160.3	160.8	161.4
Percent Change, Annual Rate	1.8	1.2	0.8	0.5	1.7	0.6	0.2	0.2	0.3	0.4
Economy.com	158.4	158.8	159.1	159.3	158.5	159.6				
Percent Change, Annual Rate	1.4	1.0	0.7	0.6	1.6	0.7				
Unemployment Rate, Percent										
ERFC (Prelim June)	3.9	3.9	3.9	3.9	3.9	4.0	4.2	4.3	4.3	4.3
S&P Global	3.8	3.8	3.9	3.9	3.8	4.1	4.4	4.6	4.5	4.4
Economy.com	4.0	4.0	4.0	4.1	4.0	4.1				
Blue Chip Average*	3.9	4.0	4.1	4.1	4.0	4.1	3.9	3.9	3.9	4.0
Blue Chip Top 10*	4.0	4.3	4.4	4.5	4.2	4.4	4.2	4.1	4.1	4.1
Blue Chip Bottom 10*	3.8	3.9	3.9	3.8	3.8	3.8	3.7	3.8	3.7	3.8
Real Disposable Personal Income, Percent Change, Annual Rate										
ERFC (Prelim June)	2.1	3.1	2.3	3.6	1.8	2.7	3.3	2.5	2.3	2.8
S&P Global	1.2	2.4	2.6	4.4	1.6	3.0	2.9	2.7	2.6	2.4
Blue Chip Average*	2.0	2.2	2.3	2.6	1.8	2.4	2.3	2.2	2.1	2.1
Blue Chip Top 10*	3.4	3.3	3.2	4.2	2.5	3.2	2.6	2.5	2.3	2.3
Blue Chip Bottom 10*	0.7	0.9	1.1	1.5	1.2	1.4	1.9	2.0	2.0	1.9
West Texas Intermediate										
ERFC (Prelim June)	80.8	77.2	75.7	74.4	77.8	72.7	69.2	66.7	65.0	63.7
S&P Global	86.7	88.3	84.0	76.0	84.1	74.7	72.2	77.6	81.3	83.3
Economy.com	83.5	84.4	81.7	79.0	81.6	76.6				

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

Table 2

U.S. Forecast Comparison

	2024Q1	2024Q2	2024Q3	2024Q4
Real GDP (Billions of 2017 Dollars)				
June Forecast, Preliminary	22,769	22,884	22,973	23,056
Percent Change	1.6%	2.0%	1.6%	1.5%
February Forecast	22,677	22,759	22,831	22,917
Percent Change	2.1%	1.4%	1.3%	1.5%
Real Consumption (Billions of 2017 Dollars)				
June Forecast, Preliminary	15,684	15,764	15,825	15,890
Percent Change	2.5%	2.1%	1.6%	1.6%
February Forecast	15,696	15,783	15,849	15,907
Percent Change	3.2%	2.2%	1.7%	1.5%
PCE Price Index (2017=100)				
June Forecast, Preliminary	122.4	123.2	123.7	124.5
Percent Change	3.4%	2.7%	1.8%	2.5%
February Forecast	122.0	122.5	123.1	123.7
Percent Change	1.5%	1.7%	1.9%	2.2%
Real Personal Income (Billions of 2017 Dollars)				
June Forecast, Preliminary	19,387	19,491	19,636	19,740
Percent Change	3.7%	2.2%	3.0%	2.1%
February Forecast	19,380	19,571	19,744	19,867
Percent Change	3.8%	4.0%	3.6%	2.5%
Nonfarm Payroll Employment (Millions)				
June Forecast, Preliminary	157.8	158.4	158.8	159.2
Percent Change	2.0%	1.4%	1.1%	1.0%
February Forecast	157.8	157.9	157.9	158.0
Percent Change	2.0%	0.1%	0.1%	0.1%
Unemployment Rate (Percent of Labor Force)				
June Forecast, Preliminary	3.8	3.9	3.9	3.9
February Forecast	3.8	3.9	3.9	4.0
Oil Price, Refiner's Acquisition				
June Forecast, Preliminary	76.6	80.3	77.1	75.7
February Forecast	73.2	72.4	71.6	70.5
30 Year Fixed Mortgage Rate (Percent, average)				
June Forecast, Preliminary	6.8	7.1	6.7	6.3
February Forecast	6.6	6.4	6.1	5.8
3 Month T-Bill Rate (Percent, average)				
June Forecast, Preliminary	5.2	5.4	5.3	5.1
February Forecast	5.3	5.2	4.8	4.5

	2023	2024	2025	2026	2027	2028	2029
Real GDP (Billions of 2017 Dollars)							
June Forecast, Preliminary	22,377	22,920	23,337	23,804	24,280	24,741	25,211
Percent Change	2.5%	2.4%	1.8%	2.0%	2.0%	1.9%	1.9%
February Forecast	22,351	22,796	23,173	23,659	24,109	24,567	25,009
Percent Change	2.4%	2.0%	1.7%	2.1%	1.9%	1.9%	1.8%
Real Consumption (Billions of 2017 Dollars)							
June Forecast, Preliminary	15,426	15,791	16,085	16,423	16,751	17,086	17,428
Percent Change	2.2%	2.4%	1.9%	2.1%	2.0%	2.0%	2.0%
February Forecast	15,427	15,809	16,059	16,396	16,724	17,059	17,383
Percent Change	2.2%	2.5%	1.6%	2.1%	2.0%	2.0%	1.9%
PCE Price Index (2017=100)							
June Forecast, Preliminary	120.4	123.4	126.3	129.3	132.3	135.2	138.0
Percent Change	3.7%	2.5%	2.3%	2.4%	2.3%	2.2%	2.1%
February Forecast	120.4	122.8	125.4	128.1	130.8	133.5	136.3
Percent Change	3.8%	2.0%	2.1%	2.2%	2.1%	2.1%	2.1%
Real Personal Income (Billions of 2017 Dollars)							
June Forecast, Preliminary	19,088	19,563	20,078	20,754	21,322	21,866	22,456
Percent Change	1.4%	2.5%	2.6%	3.4%	2.7%	2.5%	2.7%
February Forecast	19,082	19,640	20,175	20,857	21,421	21,923	22,477
Percent Change	1.4%	2.9%	2.7%	3.4%	2.7%	2.3%	2.5%
Nonfarm Payroll Employment (Millions)							
June Forecast, Preliminary	156.1	158.5	159.7	160.0	160.4	161.0	161.6
Percent Change	2.3%	1.6%	0.7%	0.2%	0.2%	0.4%	0.4%
February Forecast	156.1	157.9	158.0	158.2	158.5	158.9	159.3
Percent Change	2.3%	1.2%	0.1%	0.1%	0.2%	0.3%	0.2%
Unemployment Rate (Percent of Labor Force)							
June Forecast, Preliminary	3.6	3.9	4.0	4.2	4.3	4.3	4.3
February Forecast	3.6	3.9	4.1	4.2	4.1	4.1	4.1
Oil Price, Refiner's Acquisition							
June Forecast, Preliminary	77.6	77.4	72.8	69.5	67.1	65.4	64.3
February Forecast	77.7	71.9	68.3	65.9	64.5	63.9	63.6
30 Year Fixed Mortgage Rate (Percent, average)							
June Forecast, Preliminary	6.8	6.7	5.7	5.2	5.0	5.0	4.9
February Forecast	6.8	6.2	5.5	5.1	4.9	4.9	4.8
3 Month T-Bill Rate (Percent, average)							
June Forecast, Preliminary	5.1	5.3	4.2	2.7	2.3	2.4	2.4
February Forecast	5.1	4.9	3.2	2.5	2.3	2.4	2.4

Table 3

Washington Forecast Comparison

	2024Q1	2024Q2	2024Q3	2024Q4
Real Personal Income (Billions of 2017 Dollars)				
June Forecast, Preliminary	521.7	525.1	529.0	532.2
Percent Change	3.0%	2.6%	3.1%	2.4%
February Forecast ¹	494.1	500.8	505.4	509.1
Percent Change	3.7%	5.5%	3.8%	2.9%
Personal Income (Billions of Dollars)				
June Forecast, Preliminary	638.4	646.8	654.6	662.5
Percent Change	6.5%	5.4%	4.9%	4.9%
February Forecast	636.5	647.8	657.0	665.3
Percent Change	5.3%	7.3%	5.8%	5.2%
Disposable Personal Income (Billions of Dollars)				
June Forecast, Preliminary	557.4	565.7	572.6	579.5
Percent Change	2.8%	6.1%	5.0%	5.0%
February Forecast	563.2	573.0	581.3	588.7
Percent Change	5.5%	7.1%	5.9%	5.2%
Nonfarm Payroll Employment (Thousands)				
June Forecast, Preliminary	3633.2	3649.5	3656.9	3667.8
Percent Change	2.4%	1.8%	0.8%	1.2%
February Forecast	3652.7	3661.6	3665.6	3670.9
Percent Change	1.8%	1.0%	0.4%	0.6%
Unemployment Rate (Percent of Labor Force)				
June Forecast, Preliminary	4.7	4.9	4.9	4.9
February Forecast	4.3	4.4	4.5	4.5
Manufacturing Employment (Thousands)				
June Forecast, Preliminary	277.0	277.4	276.6	274.9
Percent Change	3.2%	0.6%	-1.2%	-2.4%
February Forecast	282.1	282.3	281.3	279.5
Percent Change	3.3%	0.4%	-1.5%	-2.5%
Construction Employment (Thousands)				
June Forecast, Preliminary	230.4	234.1	236.7	239.0
Percent Change	3.3%	6.6%	4.4%	4.0%
February Forecast	237.5	239.6	240.6	241.9
Percent Change	1.2%	3.5%	1.8%	2.1%
Housing Permits (Thousands)				
June Forecast, Preliminary	38.0	35.7	37.6	38.8
Percent Change	50.0%	-22.3%	23.8%	13.5%
February Forecast	38.7	40.7	42.6	43.7
Percent Change	76.8%	21.5%	20.3%	10.9%

¹ Real forecasts in February were in 2012 dollars

	2023	2024	2025	2026	2027	2028	2029
Real Personal Income (Billions of 2017 Dollars)							
June Forecast, Preliminary	513.6	527.0	542.9	564.6	583.0	600.4	619.4
Percent Change	2.1%	2.6%	3.0%	4.0%	3.3%	3.0%	3.2%
February Forecast ¹	485.7	502.4	518.5	539.4	556.7	572.3	589.5
Percent Change	2.1%	3.4%	3.2%	4.0%	3.2%	2.8%	3.0%
Personal Income (Billions of Dollars)							
June Forecast, Preliminary	618.2	650.6	685.7	730.1	771.1	811.8	855.0
Percent Change	5.9%	5.2%	5.4%	6.5%	5.6%	5.3%	5.3%
February Forecast	618.5	651.6	686.6	729.7	768.9	807.2	848.6
Percent Change	5.9%	5.4%	5.4%	6.3%	5.4%	5.0%	5.1%
Disposable Personal Income (Billions of Dollars)							
June Forecast, Preliminary	544.9	568.8	599.3	637.4	671.1	705.3	742.8
Percent Change	8.1%	4.4%	5.4%	6.4%	5.3%	5.1%	5.3%
February Forecast	546.7	576.6	606.9	643.8	675.8	707.8	743.6
Percent Change	8.5%	5.5%	5.3%	6.1%	5.0%	4.7%	5.1%
Nonfarm Payroll Employment (Thousands)							
June Forecast, Preliminary	3598	3652	3690	3731	3762	3796	3834
Percent Change	2.0%	1.5%	1.0%	1.1%	0.8%	0.9%	1.0%
February Forecast	3612	3663	3689	3728	3757	3788	3821
Percent Change	2.4%	1.4%	0.7%	1.1%	0.8%	0.8%	0.9%
Unemployment Rate (Percent of Labor Force)							
June Forecast, Preliminary	4.1	4.8	4.8	4.8	4.8	4.6	4.4
February Forecast	4.0	4.4	4.6	4.5	4.4	4.4	4.3
Manufacturing Employment (Thousands)							
June Forecast, Preliminary	273.9	276.5	271.4	274.4	274.3	273.7	274.2
Percent Change	1.9%	0.9%	-1.8%	1.1%	-0.1%	-0.2%	0.2%
February Forecast	276.0	281.3	276.7	278.7	277.9	276.9	277.8
Percent Change	2.7%	1.9%	-1.7%	0.7%	-0.3%	-0.3%	0.3%
Construction Employment (Thousands)							
June Forecast, Preliminary	232.2	235.1	243.3	252.0	260.8	269.4	278.2
Percent Change	-0.1%	1.2%	3.5%	3.6%	3.5%	3.3%	3.3%
February Forecast	236.2	239.9	245.0	253.7	261.1	268.7	276.8
Percent Change	1.6%	1.6%	2.1%	3.6%	2.9%	2.9%	3.0%
Housing Permits (Thousands)							
June Forecast, Preliminary	37.1	37.5	41.1	42.9	44.1	44.8	45.3
Percent Change	-24.3%	1.2%	9.4%	4.4%	2.8%	1.6%	1.1%
February Forecast	37.2	41.4	44.4	45.1	45.9	45.8	45.6
Percent Change	-24.2%	11.5%	7.2%	1.5%	1.7%	-0.2%	-0.3%