



## February 2024 Preliminary Economic Forecast

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This forecast is based on a modified version of S&P Global Market Intelligence's January 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 1.6% in 2024 and 1.7% in 2025, up from the 1.2% and 1.7% growth rates assumed in the November 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 2023. As in November, we expect growth rates of 2.1%, and 1.9% in 2026 and 2027. Our initial forecast for 2028 and 2029, also from the October long term forecast, is for growth rates of 1.9% and 1.8%.

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, January 17, 2024 closing prices for Brent and WTI futures. Oil prices are generally lower 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 \$73 per barrel in the first quarter of 2024 compared to \$75 in the November forecast. By the fourth quarter of 2027 the refiner acquisition price of crude is expected to average \$65 per barrel, unchanged from the November forecast. The refiner acquisition price is then expected to continue to decline, reaching \$64 at the end of 2029.

A comparison of the preliminary February 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 17,200 in November and December which was 9,900 more than the increase of 7,300 expected in the forecast. The construction sector declined by 500 jobs while manufacturing employment increased by 3,000 in the two months since the forecast. The increase in manufacturing was fueled by a 1,700 job gain in aerospace. Arts, entertainment, and recreation had the largest increase in the private service sector, gaining 4,300 jobs over the two months. The largest decline was in administrative and support services with a loss of 2,400 jobs. Government employment increased by 5,000, with a decline of 600 jobs in federal government and a loss of 400 jobs in local government partially offsetting a 6,000 job gain in state government.

Washington's unemployment rate has increased in each of the past three months. The unemployment rate increased to 4.2% in December from a recent trough of 3.6% in September. The September jobless rate was at a historic all-time low at 3.6% with data going back to 1958. Labor force participation remained at 64.3% in December from the month before, although it is down from the recent peak of 64.8% in May.

In December, the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the third quarter of 2023. Washington personal income increased from \$621.3 billion (SAAR) in the second quarter of 2023 to \$622.7 billion in the third quarter. The 0.9% increase (SAAR) in Washington personal income was the 4th lowest among the states and trailed the 3.5% rate of increase for the U.S. as a whole. At 1.7% (SAAR), growth in Washington net earnings trailed the 5.9% national average rate. Transfer receipts fell at a 3.1% annual rate in Washington compared to a 2.5% decline for the nation. Property income (dividends, interest, and rent) also trailed the nation, growing 1.3% (SAAR) in Washington compared to 1.5% for the national average.

Washington housing construction continued to slow in the third quarter of 2023. A total of 35,700 units (SAAR) were permitted in July, August, and September, down from 39,500 units (SAAR) in the second quarter. Permits slowed further in the first two months of the fourth quarter. In October and November, a total of 33,300 (SAAR) units were permitted consisting of 19,600 single-family units and 13,800 multi-family units. The November forecast assumed 36,300 units for the fourth quarter as a whole, consisting of 19,700 single-family units and 16,500 multi-family units.

We expect a 1.3% increase in Washington employment this year, up from the 1.1% growth rate expected 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 0.9% per year in 2025 through 2027, unchanged from the November forecast. Our forecast for nominal personal income growth this year is 5.2%, up from 5.1% in the November forecast. Our new forecast for nominal personal income growth in 2025 through 2027 averages 5.7% per year up from the 5.4% rate in the November forecast.

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

Table 1  
**U.S. Economic Forecast Comparison**  
 January 2024

	2023Q4	2024Q1	2024Q2	2024Q3	2024	2025	2026	2027	2028	2029
<b>Real GDP, Percent Change, Annual Rate</b>										
ERFC (Prelim February)	0.8	1.3	0.8	0.9	1.6	1.7	2.1	1.9	1.9	1.8
S&P Global	0.8	1.2	1.1	1.5	1.7	1.5	1.4	1.4	1.5	1.4
Economy.com	1.4	1.5	1.3	1.6	1.9					
Blue Chip Average*	1.5	1.0	0.7	0.9	1.6	1.7	2.1	1.9	1.9	1.8
Blue Chip Top 10*	2.4	2.0	1.8	2.1	2.2	2.4	2.4	2.1	2.0	2.0
Blue Chip Bottom 10*	0.8	0.0	-0.8	-0.7	1.0	0.9	1.8	1.7	1.7	1.6
<b>Real Consumption, Percent Change, Annual Rate</b>										
ERFC (Prelim February)	2.2	2.4	2.0	2.0	1.5	1.6	2.1	2.0	2.0	1.9
S&P Global	2.2	1.3	1.4	1.5	1.8	1.2	1.4	1.7	1.8	1.8
Economy.com	2.5	2.5	1.7	1.8	2.0					
Blue Chip Average*	2.0	1.2	0.9	1.0	1.5	1.6	2.1	2.0	2.0	1.9
Blue Chip Top 10*	2.7	2.0	1.8	2.2	2.1	2.3	2.4	2.3	2.2	2.1
Blue Chip Bottom 10*	0.9	0.1	-0.3	-0.5	1.0	0.9	1.8	1.8	1.8	1.8
<b>Federal Funds Rate</b>										
ERFC (Prelim February)	5.3	5.3	5.1	4.8	4.9	3.6	2.6	2.6	2.6	2.6
S&P Global	5.3	5.3	5.1	4.8	4.9	3.6	2.6	2.6	2.6	2.6
Economy.com	5.3	5.3	5.1	4.7	4.9					
<b>Three Month T-Bill Rate</b>										
ERFC (Prelim February)	5.3	5.3	5.1	4.7	4.8	3.3	2.4	2.4	2.4	2.4
S&P Global	5.3	5.3	4.9	4.6	4.8	3.3	2.4	2.4	2.4	2.4
Blue Chip Average*	5.3	5.3	5.0	4.6	4.8	3.6	2.8	2.7	2.7	2.6
Blue Chip Top 10*		5.5	5.4	5.1	5.2	4.4	3.2	3.1	3.1	3.0
Blue Chip Bottom 10*		5.0	4.6	3.8	4.2	2.7	2.3	2.3	2.3	2.2
<b>10-Yr. T-Note Yield</b>										
ERFC (Prelim February)	4.5	3.8	3.8	3.5	3.6	3.2	3.2	3.1	3.1	3.1
S&P Global	4.5	3.8	3.7	3.5	3.6	3.2	3.2	3.2	3.2	3.2
Economy.com	4.4	4.2	4.2	4.1	4.2					
Blue Chip Average*	4.4	4.1	4.0	3.9	3.9	3.7	3.5	3.5	3.5	3.5
Blue Chip Top 10*		4.4	4.4	4.4	4.3	4.4	3.9	3.9	3.9	3.9
Blue Chip Bottom 10*		3.8	3.7	3.5	3.6	3.1	3.1	3.1	3.1	3.0
<b>Consumer Price Index, Percent Change, Annual Rate</b>										
ERFC (Prelim February)	2.7	1.8	2.5	2.3	2.5	2.2	2.3	2.3	2.3	2.3
S&P Global	2.7	2.4	2.8	2.8	2.7	2.0	2.4	2.4	2.2	2.2
Economy.com	2.7	2.5	2.8	2.6	2.7					
Blue Chip Average*	2.7	2.4	2.3	2.4	2.6	2.2	2.2	2.2	2.2	2.1
Blue Chip Top 10*	3.3	3.0	2.8	2.8	2.9	2.6	2.4	2.4	2.3	2.3
Blue Chip Bottom 10*	2.1	1.9	1.7	1.9	2.3	2.0	2.0	2.0	2.0	2.0
<b>Payroll Employment, Millions</b>										
ERFC (Prelim February)	157.1	157.3	157.3	157.4	157.3	157.3	157.7	158.2	158.6	159.0
Percent Change, Annual Rate	1.4	0.6	0.1	0.1	0.7	0.0	0.2	0.3	0.3	0.3
S&P Global	157.1	157.3	157.3	157.4	157.4	157.8	158.0	158.2	158.6	159.0
Percent Change, Annual Rate	1.4	0.5	0.2	0.2	0.8	0.2	0.2	0.1	0.3	0.3
Economy.com	157.0	157.4	157.6	157.8	157.7					
Percent Change, Annual Rate	1.3	0.9	0.6	0.5	1.0					
<b>Unemployment Rate, Percent</b>										
ERFC (Prelim February)	3.8	3.9	4.0	4.0	4.0	4.1	4.2	4.2	4.1	4.1
IHS	3.8	3.9	4.0	4.1	4.0	4.1	4.3	4.4	4.3	4.3
Economy.com	3.7	3.8	3.9	4.0	3.9					
Blue Chip Average*	3.7	3.9	4.1	4.2	4.1	4.2	4.0	4.0	4.0	4.0
Blue Chip Top 10*		4.1	4.3	4.6	4.4	4.7	4.3	4.2	4.2	4.3
Blue Chip Bottom 10*		3.8	3.8	3.9	3.8	3.8	3.8	3.8	3.8	3.8
<b>Real Disposable Personal Income, Percent Change, Annual Rate</b>										
ERFC (Prelim February)	2.3	4.6	3.0	3.1	2.9	2.7	2.8	2.5	2.0	2.3
S&P Global	2.3	4.3	2.4	2.7	2.7	2.9	2.4	2.3	2.2	2.1
Blue Chip Average*	2.2	2.5	1.8	1.8	1.9	2.2	2.1	2.0	2.0	1.9
Blue Chip Top 10*	3.5	4.1	2.7	3.2	2.8	3.0	2.4	2.3	2.2	2.2
Blue Chip Bottom 10*	1.0	1.1	0.5	-0.2	1.0	1.2	1.8	1.8	1.7	1.7
<b>West Texas Intermediate</b>										
ERFC (Prelim February)	78.6	72.5	72.4	71.8	71.9	68.5	65.9	64.1	63.1	62.7
S&P Global	78.6	75.9	79.0	82.0	78.7	69.7	72.6	79.6	83.2	85.5
Economy.com	80.8	77.6	79.5	81.3	79.3					

\* Forecasts beyond 2025 are from the October 2023 Blue Chip Economic Indicators

**Table 2**

**U.S. Forecast Comparison**

	2023Q4	2024Q1	2024Q2	2024Q3
<b>Real GDP (Billions of 2012 Dollars)</b>				
February Forecast, Preliminary	20,999	21,065	21,109	21,157
Percent Change	0.8%	1.3%	0.8%	0.9%
November Forecast	20,985	21,001	21,022	21,074
Percent Change	0.5%	0.3%	0.4%	1.0%
<b>Real Consumption (Billions of 2012 Dollars)</b>				
February Forecast, Preliminary	14,695	14,740	14,773	14,807
Percent Change	2.2%	1.2%	0.9%	0.9%
November Forecast	14,700	14,717	14,735	14,773
Percent Change	1.5%	0.5%	0.5%	1.0%
<b>PCE Price Index (2012=100)</b>				
February Forecast, Preliminary	128.3	128.7	129.4	130.1
Percent Change	1.7%	1.2%	2.3%	2.1%
November Forecast	128.6	129.3	130.2	130.9
Percent Change	2.3%	2.2%	2.6%	2.3%
<b>Real Personal Income (Billions of 2012 Dollars)</b>				
February Forecast, Preliminary	18,145	18,344	18,481	18,617
Percent Change	2.2%	4.5%	3.0%	3.0%
November Forecast	18,100	18,263	18,386	18,517
Percent Change	1.2%	3.7%	2.7%	2.9%
<b>Nonfarm Payroll Employment (Millions)</b>				
February Forecast, Preliminary	157.1	157.3	157.3	157.4
Percent Change	1.4%	0.6%	0.1%	0.1%
November Forecast	157.0	157.2	157.2	157.0
Percent Change	1.3%	0.4%	0.0%	-0.4%
<b>Unemployment Rate (Percent of Labor Force)</b>				
February Forecast, Preliminary	3.8	3.9	4.0	4.0
November Forecast	3.9	4.1	4.3	4.4
<b>Oil Price, Refiner's Acquisition</b>				
February Forecast, Preliminary	81.5	73.1	72.7	72.0
November Forecast	79.0	75.4	74.8	74.0
<b>30 Year Fixed Mortgage Rate (Percent, average)</b>				
February Forecast, Preliminary	7.1	6.6	6.4	6.0
November Forecast	7.6	7.5	7.2	6.8
<b>3 Month T-Bill Rate (Percent, average)</b>				
February Forecast, Preliminary	5.3	5.3	5.1	4.7
November Forecast	5.5	5.6	5.5	5.1

	2023	2024	2025	2026	2027	2028	2029
<b>Real GDP (Billions of 2012 Dollars)</b>							
February Forecast, Preliminary	20,817	21,141	21,490	21,941	22,358	22,783	23,193
Percent Change	2.4%	1.6%	1.7%	2.1%	1.9%	1.9%	1.8%
November Forecast	20,814	21,065	21,423	21,873	22,289		
Percent Change	2.4%	1.2%	1.7%	2.1%	1.9%		
<b>Real Consumption (Billions of 2012 Dollars)</b>							
February Forecast, Preliminary	14,573	14,793	15,027	15,343	15,650	15,963	16,266
Percent Change	2.2%	1.5%	1.6%	2.1%	2.0%	2.0%	1.9%
November Forecast	14,582	14,765	15,016	15,332	15,638		
Percent Change	2.2%	1.3%	1.7%	2.1%	2.0%		
<b>PCE Price Index (2012=100)</b>							
February Forecast, Preliminary	127.3	129.8	132.5	135.4	138.3	141.2	144.2
Percent Change	3.7%	1.9%	2.1%	2.2%	2.1%	2.1%	2.1%
November Forecast	127.4	130.6	133.4	136.3	139.2		
Percent Change	3.8%	2.4%	2.2%	2.2%	2.1%		
<b>Real Personal Income (Billions of 2012 Dollars)</b>							
February Forecast, Preliminary	18,035	18,540	19,027	19,596	20,170	20,680	21,192
Percent Change	1.4%	2.8%	2.6%	3.0%	2.9%	2.5%	2.5%
November Forecast	18,027	18,448	19,021	19,524	20,043		
Percent Change	1.3%	2.3%	3.1%	2.6%	2.7%		
<b>Nonfarm Payroll Employment (Millions)</b>							
February Forecast, Preliminary	156.2	157.3	157.3	157.7	158.2	158.6	159.0
Percent Change	2.3%	0.7%	0.0%	0.2%	0.3%	0.3%	0.3%
November Forecast	156.2	157.1	157.1	157.5	158.1		
Percent Change	2.3%	0.6%	0.0%	0.3%	0.4%		
<b>Unemployment Rate (Percent of Labor Force)</b>							
February Forecast, Preliminary	3.6	4.0	4.1	4.2	4.2	4.1	4.1
November Forecast	3.7	4.3	4.3	4.2	4.2		
<b>Oil Price, Refiner's Acquisition</b>							
February Forecast, Preliminary	78.1	72.2	69.0	66.6	65.0	64.1	63.7
November Forecast	77.4	74.3	70.9	68.2	66.0		
<b>30 Year Fixed Mortgage Rate (Percent, average)</b>							
February Forecast, Preliminary	6.8	6.2	5.3	5.0	4.9	4.9	4.8
November Forecast	6.9	7.0	5.7	5.1	4.9		
<b>3 Month T-Bill Rate (Percent, average)</b>							
February Forecast, Preliminary	5.1	4.8	3.3	2.4	2.4	2.4	2.4
November Forecast	5.1	5.3	3.8	2.6	2.4		

**Table 3**

**Washington Forecast Comparison**

	2023Q4	2024Q1	2024Q2	2024Q3
<b>Real Personal Income (Billions of 2012 Dollars)</b>				
February Forecast, Preliminary	489.1	495.5	499.6	503.6
Percent Change	3.7%	5.3%	3.4%	3.2%
November Forecast	488.6	493.5	497.2	501.1
Percent Change	0.8%	4.1%	3.0%	3.2%
<b>Personal Income (Billions of Dollars)</b>				
February Forecast, Preliminary	627.7	637.7	646.7	655.2
Percent Change	5.5%	6.6%	5.7%	5.4%
November Forecast	628.5	638.3	647.2	656.0
Percent Change	3.1%	6.3%	5.7%	5.6%
<b>Disposable Personal Income (Billions of Dollars)</b>				
February Forecast, Preliminary	555.8	565.0	573.0	580.8
Percent Change	6.0%	6.8%	5.8%	5.5%
November Forecast	554.2	563.3	571.8	580.3
Percent Change	2.5%	6.7%	6.1%	6.1%
<b>Nonfarm Payroll Employment (Thousands)</b>				
February Forecast, Preliminary	3636.2	3651.6	3658.3	3663.7
Percent Change	1.4%	1.7%	0.7%	0.6%
November Forecast	3634.8	3645.9	3650.7	3650.7
Percent Change	1.2%	1.2%	0.5%	0.0%
<b>Unemployment Rate (Percent of Labor Force)</b>				
February Forecast, Preliminary	4.0	4.4	4.4	4.5
November Forecast	3.8	4.2	4.5	4.7
<b>Manufacturing Employment (Thousands)</b>				
February Forecast, Preliminary	279.8	282.3	282.4	281.2
Percent Change	2.8%	3.6%	0.2%	-1.7%
November Forecast	278.6	280.5	280.9	280.1
Percent Change	1.0%	2.8%	0.6%	-1.1%
<b>Construction Employment (Thousands)</b>				
February Forecast, Preliminary	236.8	237.7	239.3	239.9
Percent Change	0.3%	1.6%	2.6%	1.1%
November Forecast	237.3	238.8	239.2	238.8
Percent Change	1.1%	2.6%	0.7%	-0.7%
<b>Housing Permits (Thousands)</b>				
February Forecast, Preliminary	33.0	37.2	42.0	42.5
Percent Change	-27.0%	61.5%	62.9%	4.8%
November Forecast	36.3	41.3	41.4	41.6
Percent Change	6.6%	68.2%	0.3%	2.1%

	2023	2024	2025	2026	2027	2028	2029
<b>Real Personal Income (Billions of 2012 Dollars)</b>							
February Forecast, Preliminary	485.9	501.4	516.8	535.1	553.5	570.1	586.9
Percent Change	2.0%	3.2%	3.1%	3.5%	3.4%	3.0%	2.9%
November Forecast	486.6	499.1	517.3	533.9	550.7		
Percent Change	2.2%	2.6%	3.6%	3.2%	3.1%		
<b>Personal Income (Billions of Dollars)</b>							
February Forecast, Preliminary	618.7	650.7	684.9	724.6	765.4	805.1	846.1
Percent Change	5.9%	5.2%	5.3%	5.8%	5.6%	5.2%	5.1%
November Forecast	620.1	651.7	690.1	727.6	766.3		
Percent Change	6.1%	5.1%	5.9%	5.4%	5.3%		
<b>Disposable Personal Income (Billions of Dollars)</b>							
February Forecast, Preliminary	547.2	576.7	607.0	640.6	673.5	705.0	739.1
Percent Change	8.4%	5.4%	5.3%	5.5%	5.1%	4.7%	4.8%
November Forecast	547.6	576.1	610.2	641.7	673.7		
Percent Change	8.5%	5.2%	5.9%	5.2%	5.0%		
<b>Nonfarm Payroll Employment (Thousands)</b>							
February Forecast, Preliminary	3612	3661	3683	3718	3749	3778	3811
Percent Change	2.4%	1.3%	0.6%	0.9%	0.8%	0.8%	0.9%
November Forecast	3612	3651	3674	3707	3741		
Percent Change	2.4%	1.1%	0.6%	0.9%	0.9%		
<b>Unemployment Rate (Percent of Labor Force)</b>							
February Forecast, Preliminary	4.0	4.4	4.5	4.5	4.4	4.4	4.3
November Forecast	4.0	4.5	4.7	4.6	4.5		
<b>Manufacturing Employment (Thousands)</b>							
February Forecast, Preliminary	276.0	281.0	274.8	274.6	276.0	276.6	278.1
Percent Change	2.7%	1.8%	-2.2%	0.0%	0.5%	0.2%	0.5%
November Forecast	275.7	280.0	276.6	275.7	275.3		
Percent Change	2.5%	1.5%	-1.2%	-0.3%	-0.1%		
<b>Construction Employment (Thousands)</b>							
February Forecast, Preliminary	236.2	239.4	242.8	250.6	257.0	264.3	271.8
Percent Change	1.6%	1.3%	1.4%	3.2%	2.6%	2.8%	2.8%
November Forecast	236.3	239.2	243.0	250.8	257.0		
Percent Change	1.7%	1.2%	1.6%	3.2%	2.5%		
<b>Housing Permits (Thousands)</b>							
February Forecast, Preliminary	37.5	41.4	44.1	44.6	45.1	45.3	45.1
Percent Change	-23.5%	10.2%	6.7%	1.1%	1.1%	0.3%	-0.4%
November Forecast	38.3	41.6	43.4	44.5	44.8		
Percent Change	-21.8%	8.5%	4.4%	2.5%	0.6%		