

# Economic Review

January 29, 2024



Washington State  
Economic and Revenue Forecast Council

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WASHINGTON STATE  
**ECONOMIC AND REVENUE FORECAST COUNCIL**

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## AGENDA

### **ECONOMIC REVIEW MEETING**

January 29, 2024  
2:00 p.m.

- Approval of meeting minutes from January 26, 2024
- Presentation of economic outlook and revenue collection experience
- 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**  
**Governor's Proposed Budget Outlook: Methodology Adoption**  
January 26, 2024  
Conference Call

**Economic and Revenue Forecast Council**

Lynda Wilson, Senate, Chair  
April Berg, House of Representatives  
Chris Corry, House of Representatives  
Chris Gildon, Senate  
Timm Ormsby, House of Representatives  
June Robinson, Senate  
Ed Orcutt, House of Representatives  
Mike Pellicciotti, Treasurer  
Drew Shirk, Department of Revenue  
David Schumacher, Office of Financial Management

*Staff*

Dave Reich, Executive Director  
Rachel Knutson, Office of Financial  
Management  
Corban Nemeth, Senate Ways and  
Means  
Andy Toulon, House Appropriations

**Call to Order**

Senator Wilson called the meeting to order at 1:01 p.m.

**Approval of the Minutes**

Representative Orcutt moved, seconded by Senator Wilson, to adopt the meeting minutes from January 11, 2024. Motion passed with 10 votes at 1:02 p.m.

**Budget Outlook**

The Budget Outlook Work Group presented the Governor's proposed 2024 supplemental budget outlook.

**Motion**

Representative Ormsby moved, seconded by Senator Wilson, to adopt the Governor's budget outlook as presented. Motion passed with 10 votes at 1:14 p.m.

**Adjournment**

With no further business, the meeting adjourned at 1:14 p.m.

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



**Economic Review: January 29, 2024**

**Executive Summary**

**United States**

- 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 match the January 2024 Blue Chip “Consensus” GDP forecast for 2024 and 2025. We expect real GDP to increase 1.6% in 2024 and 1.7% in 2025 which is slightly higher than 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, primarily the Brent (North Sea) oil price but also the West Texas Intermediate (WTI) benchmark. This forecast was based on the Wednesday, January 17, 2024 closing prices for Brent and WTI futures. Oil prices were up slightly in the fourth quarter of 2023 relative to the November forecast, but are expected to decline from current levels, and expected to remain lower than in the November forecast throughout the forecast period. 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 just below the \$66 per barrel in the November forecast. The refiner acquisition price is then expected to continue to decline, reaching \$64 at the end of 2029.
- National employment in December increased by 216,000 net jobs. Employment in October and November was revised down by a combined 71,000 jobs. Payroll employment rose 2.7 million in 2023 and average monthly employment increased by 225,000; this compares to an average monthly gain of 399,000 jobs in 2022. Sectors with the largest job gains in December included construction (+17,000), healthcare (+38,000), warehouse clubs (+14,000), private education (15,000), social assistance (+21,000), local government excluding education (+18,000), food services and drinking places (+22,000), motion picture and sound recording industries (+11,000) and professional, scientific, and technical services (+25,000). Sectors with declining employment in December included couriers and messengers (-32,000), employment services (-29,000), department stores (-13,000), and credit intermediation and related activities (-6,000).
- Two key measures of consumer confidence have increased significantly over the past two months. The University of Michigan (UM) consumer sentiment survey increased 9.1 points to 78.8 (preliminary) in January. Consumers were optimistic about the future path of inflation and income prospects. The Conference Board index of consumer confidence increased 9.7 points in December to 110.7. Survey results indicated more positive views on business conditions and job

availability. Concerns remain around inflation, but unease around politics, interest rates and global conflicts were all reduced.

- Initial claims for unemployment insurance increased by 25,000 to 214,000 (SA) in the week ending January 20th. The four-week moving average of initial claims decreased by 1,500 to 202,250.
- Industrial production in December increased by 0.1% (SA) following a revised flat reading in November. Industrial production is 1.0% (SA) above its December 2022 level. New orders for core capital goods (i.e., durables excluding aircraft and military), which is a proxy for business investment, were up 0.3% (SA) in December following a revised 1.0% increase in November according to U.S. Census Bureau data. New orders for core capital goods increased by 1.8% over their December 2022 level.
- Residential construction indicators were mixed in December and existing home sales slowed. December housing starts decreased by 4.3% (SA) compared to November but were 7.6% above their December 2022 level. Housing units authorized by building permits in December were 1.9% (SA) above their November level and 6.1% above their year-ago level. New home sales in December increased by 8.0% (SA) compared to November and were 4.4% above their year-ago level. Existing home sales in December decreased by 1.0% (SA) compared to November and were down 6.2% compared to December 2022. The seasonally adjusted Case-Shiller national home price index for October was 0.6% above its September level and 4.8% above its year-ago level.
- The major risks to the U.S. and Washington economies are the impact of elevated interest rates, the Ukraine-Russia and Middle East conflicts, and slower consumer spending.

## Washington

- 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.
- After the grounding of the 737 Max and then the pandemic, Washington's aerospace employment declined from 89,600 at end of 2019 to a low of 66,700 in August 2021, a loss of 22,800 jobs. Since August 2021, the industry added back 15,100 jobs, bringing the level to 81,900 in December 2023. We expect aerospace employment to continue to expand into 2028, reaching a peak of 87,400 jobs. The forecast then calls for aerospace employment to level off and then slowly decline through the end of the forecast horizon in 2029.
- 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.

- 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.
- The preliminary February forecast has 2023 as the trough in the unemployment rate at 4.0% and then average 4.5% from 2024 through 2027. The previous forecast also had an unemployment rate trough of 4.0% in 2023, but then average 4.6% through 2027. We expect the unemployment rate to trend down and reach 4.3% in 2029.
- 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.
- 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.
- Seattle-area home prices are increasing. Home prices increased 0.4% in October, the seventh straight increase. Prior to this, Seattle home prices had declined for eleven consecutive months. In comparison, the composite-20 index has increased in each of the past nine months following seven months of decline. Seattle home prices in October were up 1.5% over the year while the composite-20 index was up 4.9% over the year.
- Seattle-area consumer price inflation continues to outpace the national average. From December 2022 to December 2023, the Seattle CPI rose 4.4% compared to the 3.4% increase in the U.S. City average index. Inflation has come down sharply since reaching a peak in June of last year at 10.1% for Seattle and 9.1% for the U.S. Shelter costs in both Washington and the U.S. continue to outpace topline inflation, increasing 6.0% and 6.2% respectively. Core inflation (excluding food and energy) remains elevated. Seattle core CPI rose 4.9% in December compared to 3.9% for the U.S. City average.
- Washington exports declined 0.8% from the third quarter of 2022 to the third quarter of 2023. The decline was primarily due to a 44.6% drop in passthrough exports of agricultural products which are not produced in the state. Excluding

agricultural products, Washington exports increased 11.0% year over year in the third quarter of 2023. Exports of transportation equipment (mostly Boeing planes) increased for a third consecutive quarter, rising 22.1%.

- Washington car and truck sales increased for the second consecutive month in December. The seasonally adjusted number of new vehicle registrations increased 4.5% in December to 271,700 (SAAR). Passenger car registrations increased 6.9% while light truck registrations declined 13.2%. The number of total registrations were up 15.1% over the year in December.
- Washington housing construction continued to slow in the fourth quarter of 2023. A total of 34,100 units (SAAR) were permitted in October, November, and December, down from 35,700 units (SAAR) in the third quarter. Permits in the fourth quarter consisted of 19,900 single-family units and 14,100 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.
- Housing permits are expected to reach a trough this year of 37,500 units. We expect housing permits to grow through 2028 reaching 45,300 units before declining slightly to 45,100 in 2029. The previous forecast called for total housing permits of 38,300 units this year, growing to 44,800 units in 2027.

# Washington State Economic Outlook & Revenue Collection Experience

Presented to  
The Economic & Revenue Forecast Council

Dave Reich  
Executive Director

January 29, 2024



**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**



## Overview

### U.S. Economy

- U.S. GDP forecast is slightly higher in 2024-2027 compared to the November forecast
- Inflation forecast is lower in 2024, similar for 2025-2027
- The Federal Reserve did not change the federal funds rate in December and is likely to begin reducing it in 2024

### Washington

- WA personal income forecast slightly lower than the November forecast

### Revenue

- Revenue collections since the November forecast are \$62.2 million (1.0%) above expectations

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## Forecast risks

### Upside

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

### Downside

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

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## Recession views

### January 2024 Blue Chip Survey

Probability of U.S. recession in 2024:

- 42%

### Q1 2024 (January) WSJ Forecasting Survey

Probability of U.S. recession in next 12 months:

- 39%

### January 2024 Natl. Assoc. Bus. Econ.

Probability of U.S. recession in 2024:

- 91% of respondents say 50% or less

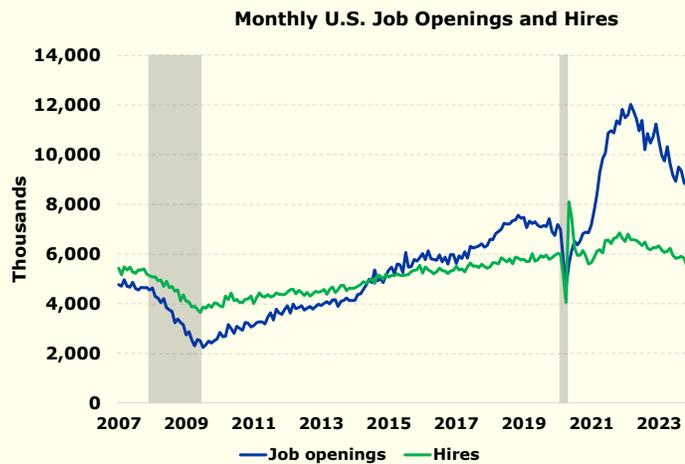
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## Job openings peaked in 2022 and are slowing



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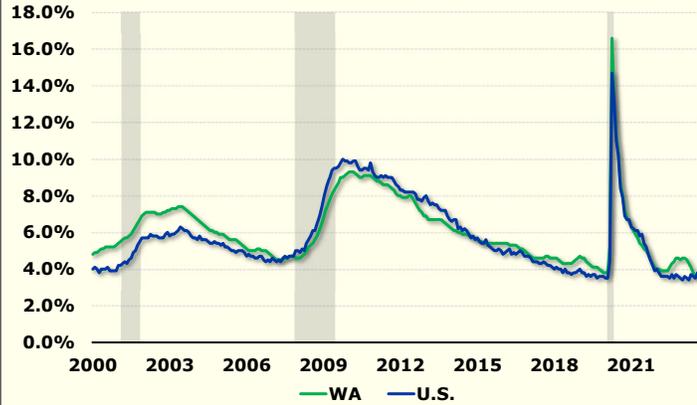
Source: U.S. Bureau of Labor Statistics, data through November 2023

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## Unemployment rates remain near historically low levels

Monthly Unemployment Rate, SA



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Source: U.S. Bureau of Labor Statistics, data through December 2023

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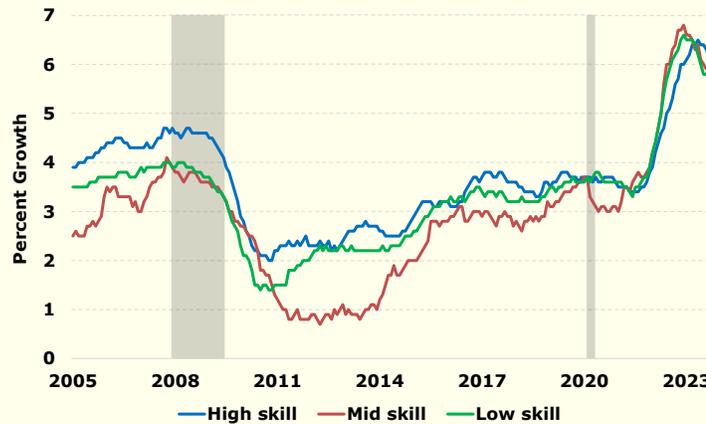
## Wage growth has been very high but has slowed of late

**High-skill:**  
Managers,  
Professionals,  
Technicians

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

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

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



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Source: Federal Reserve Bank of Atlanta, data through December 2023

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## Inflation has slowed significantly but remains above the target rate



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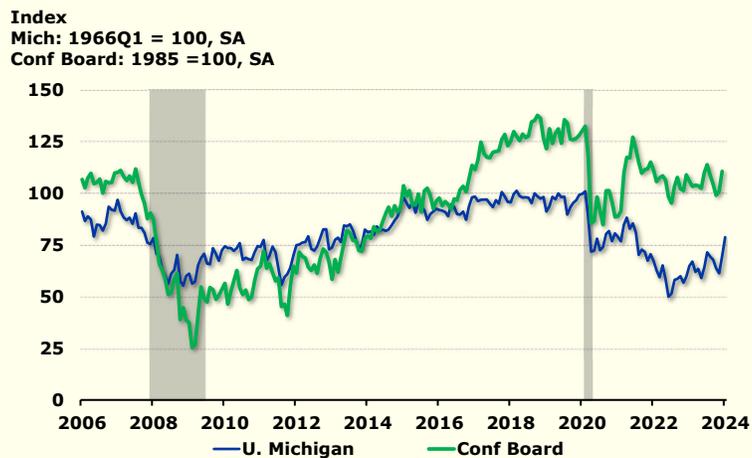
Source: U.S. Bureau of Labor Statistics, data through December 2023

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## Consumer confidence has been down but increased significantly in December and January



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Sources: University of Michigan data through January 2024, Conference Board data through December 2023

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# U.S. retail sales were up in November and December and were up 3.2% in 2023 compared with 2022

Sectors with large sales increases in December (yoy):

Electronics & appliance stores: +10.7%

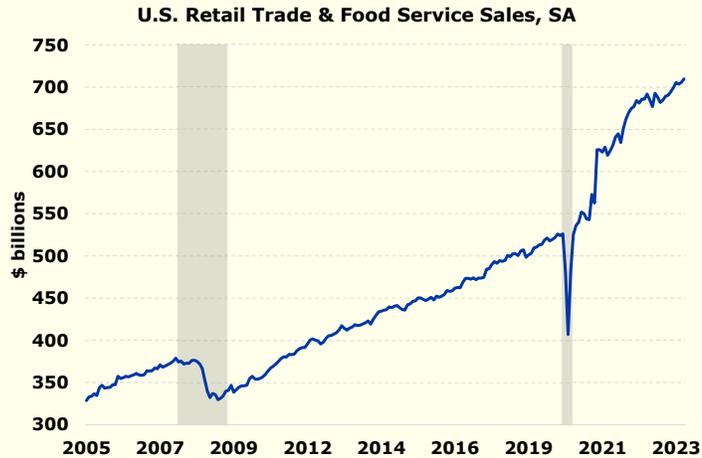
Food services & drinking places: +11.1%

Auto & motor vehicle dealers: +10.5%

Nonstore retailers: +9.7%

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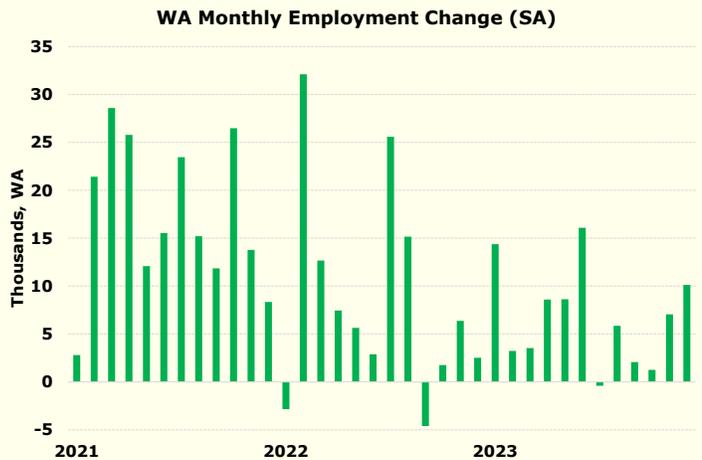


Source: U.S. Census Bureau; data through December 2023

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# WA employment growth is also trending down, but Nov/Dec data were stronger than expected



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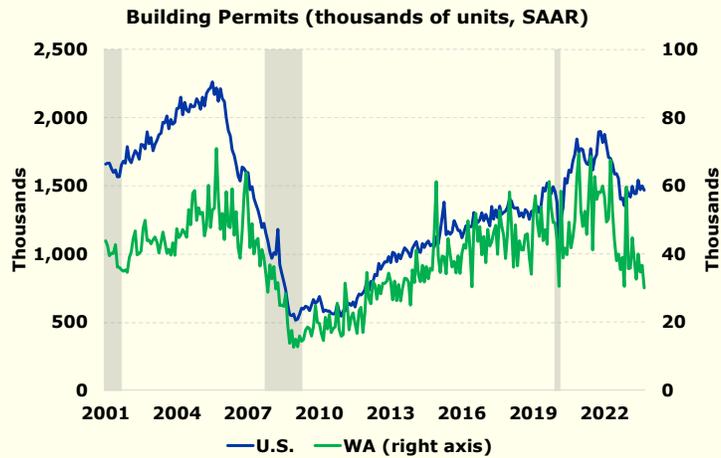
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Source: U.S. Bureau of Labor Statistics, WA Employment Security Dept., ERFC; data through December 2023

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## WA and U.S. residential construction activity below 2022 levels



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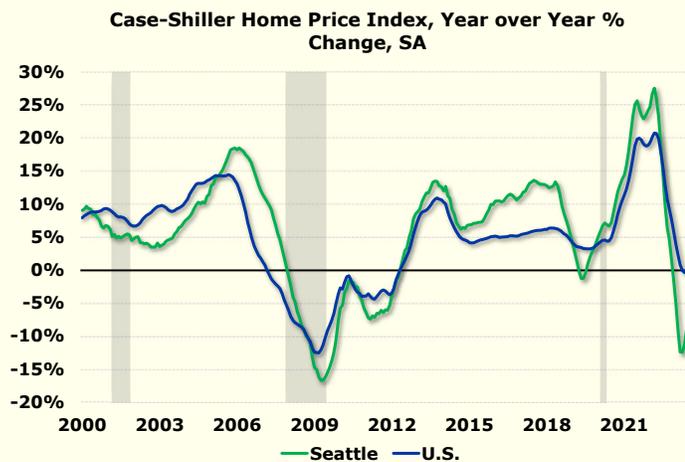
Source: U.S. Census Bureau; monthly, data through Nov. 2023

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## Home price growth turned negative in late 2022, but is increasing again



Seattle home prices bottomed in March 2023 and have been increasing for the last seven months

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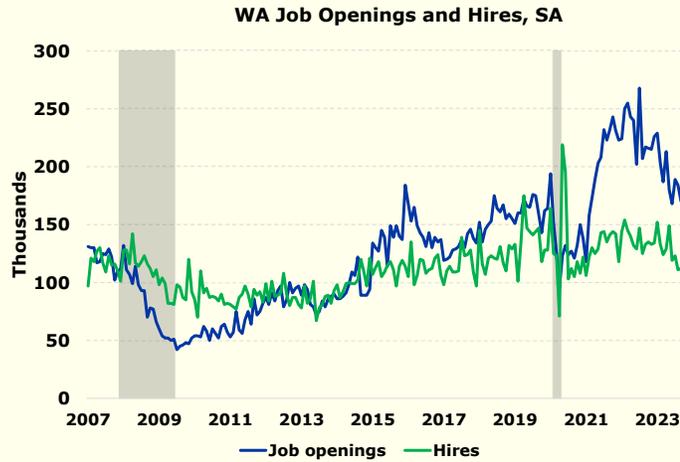
Source: Case-Shiller, data through October 2023

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



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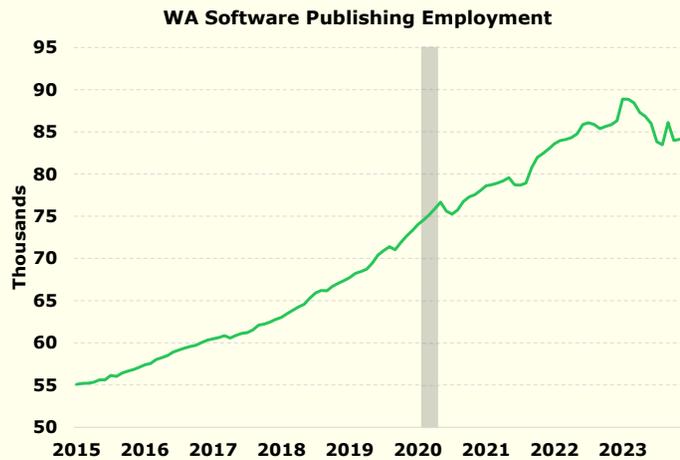
Source: U.S. Bureau of Labor Statistics, data through November 2023

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## WA software publishing employment is down 4,700 since January 2023

Microsoft announced layoffs in 2023; other tech firms have announced plans to slow or reduce hiring.



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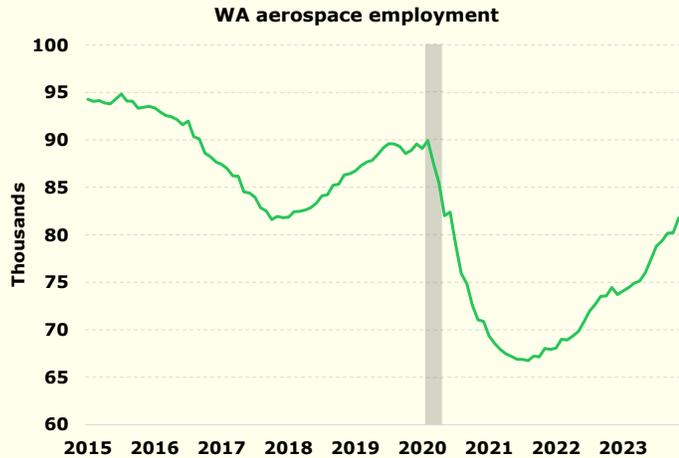
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Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through December 2023

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## WA aerospace employment is up 15,100 since low point in August 2021



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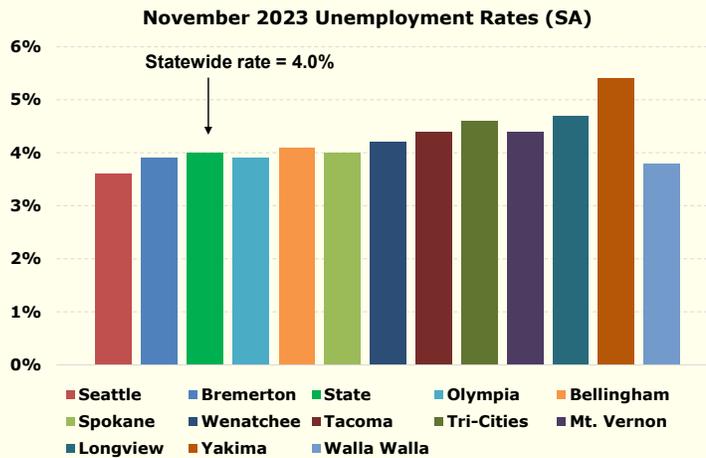
Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through December 2023

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## Unemployment rates mostly low across Washington metro areas



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Source: WA Employment Security Dept.

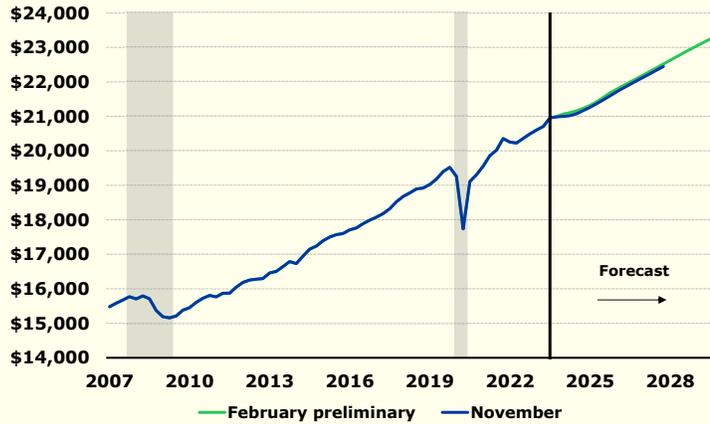
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## U.S. GDP forecast is slightly higher than in November

Quarterly Real GDP, 2012 \$ Billions



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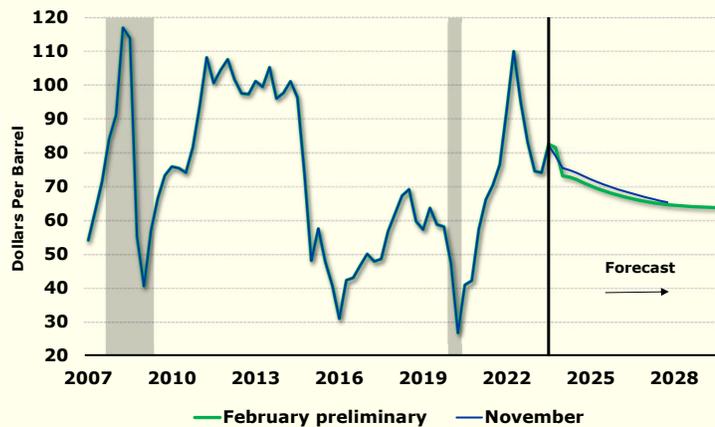
Source: IHS Markit, ERFC February 2024 Preliminary forecast; historical data through 2023 Q3

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## Oil prices are lower than in the November forecast

Oil prices in the fourth quarter of 2023 were slightly higher than expected in the November forecast



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Source: Energy Information Administration, IHS Markit, ERFC; data through 2023 Q4  
Note: Vertical black line indicates last actual

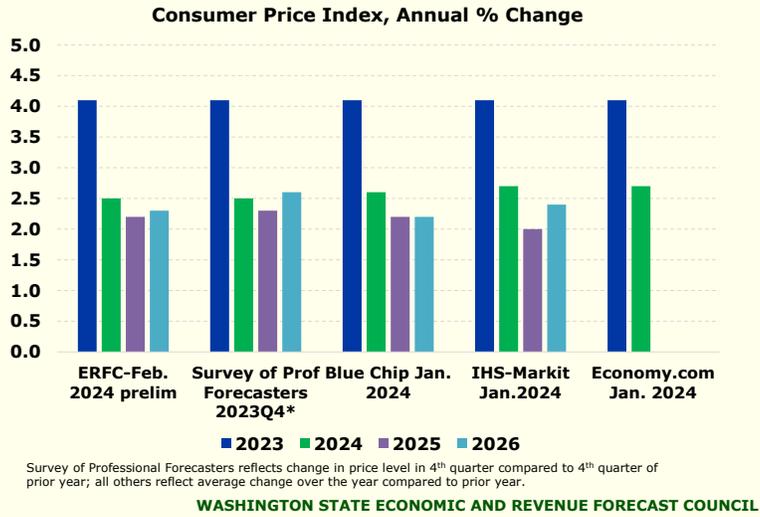
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# Inflation should continue to moderate

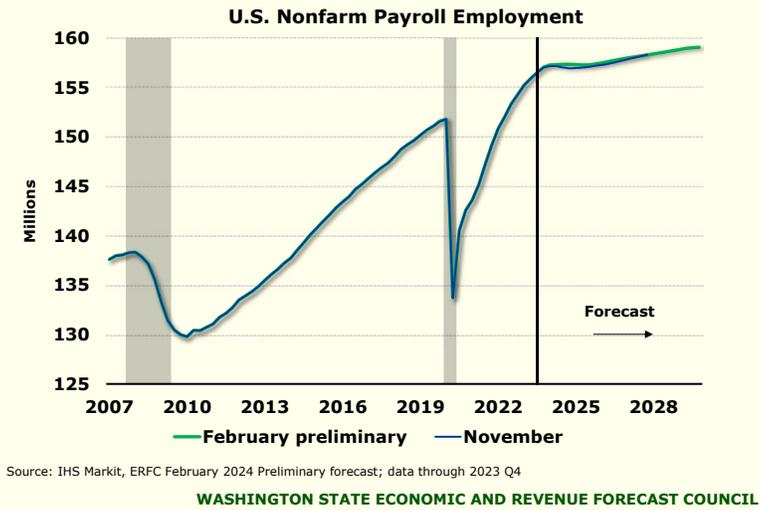
The Consumer Price Index increased by 4.1% in 2023

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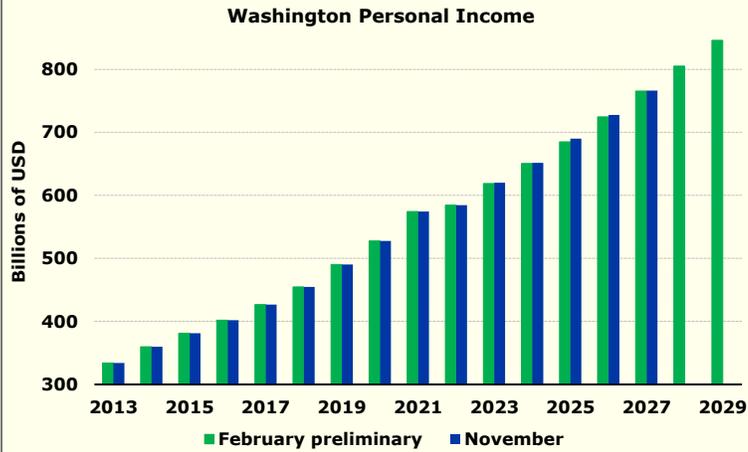
# U.S. nonfarm employment grows slowly over the next few years

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## WA personal income forecast slightly lower for 2024-2027



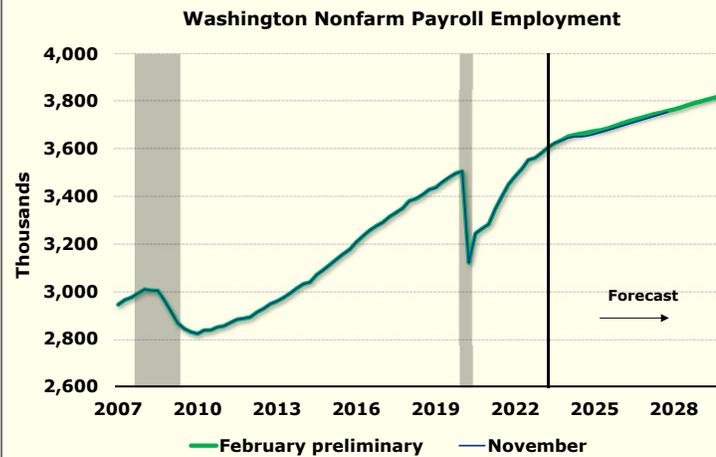
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Source: ERFC February 2024 Preliminary forecast; historical data through 2023 3Q

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## WA employment forecast is slightly stronger over the forecast period



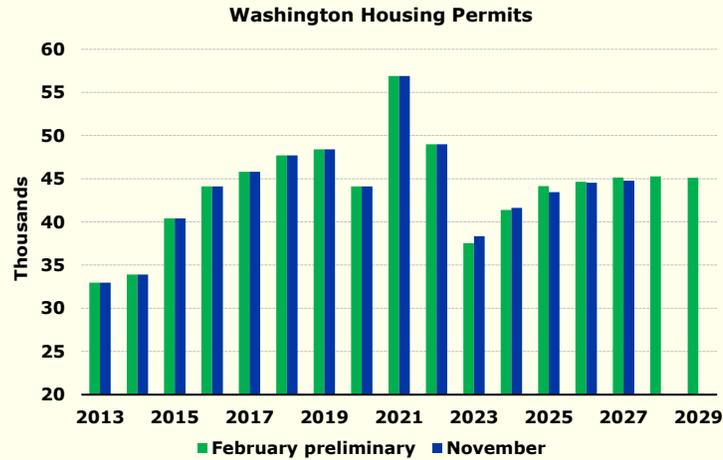
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Source: ERFC February 2024 Preliminary forecast; historical data through 2024 Q4

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## WA housing permit forecast; slightly lower in the short-run, slightly higher in the longer-run



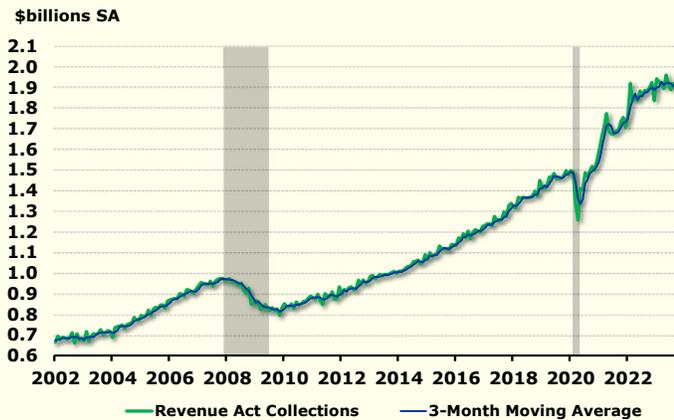
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Source: ERFC February 2024 Preliminary forecast; historical data through 2023

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## Revenue Act collections growth has slowed; November activity was up 1.5% compared with November 2022



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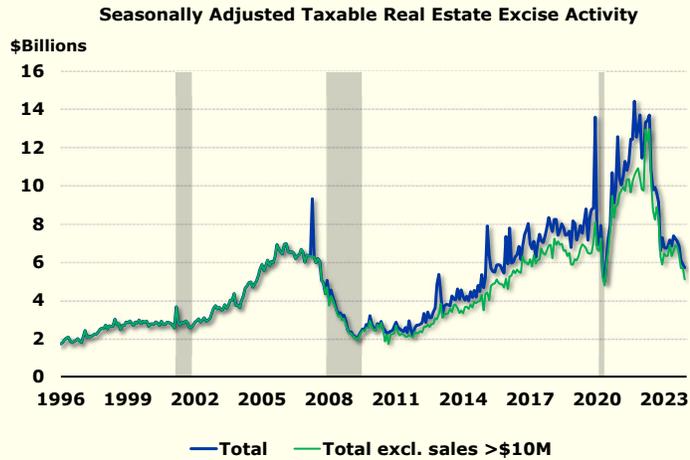
\* Adjusted for large one-time transactions, amnesty payments, reporting frequency change and deferred 2020 payments, current definition of Revenue Act  
Source: DOR and ERFC; monthly data through November 2023 activity

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## Seasonally adjusted taxable real estate activity declined slightly in December

Transactions of \$10 million or more decreased from \$1.4 billion in December 2022 to \$620 million in December 2023



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## Revenue collections since the November forecast

**Collections Variance Since November Forecast  
(November 11, 2023 – January 10, 2024)  
dollars in thousands**

	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>	<u>Pct.</u>
Dept. of Revenue	\$5,967,251	\$6,025,653	\$58,402	1.0%
Other revenue	6,158	9,954	3,796	61.6%
<b>Total GF-S</b>	<b>\$5,973,409</b>	<b>\$6,035,607</b>	<b>\$62,198</b>	<b>1.0%</b>

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## Summary

- The U.S. forecast calls for slightly higher GDP growth and slightly lower inflation over 2024-2027
- The WA forecast calls for slightly lower personal income and slightly higher employment than in the November forecast
- Impacts of the Russia-Ukraine and Middle East conflicts, and lower spending or more rate increases pose risks to the forecast
- The quarterly revenue forecast will be presented on February 14<sup>th</sup> and the monthly collection report will be available on February 15<sup>th</sup>

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## Questions



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Economic & Revenue Forecast Council  
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Olympia WA 98504-0912

[www.ercf.wa.gov](http://www.ercf.wa.gov)  
360-534-1560

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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

U.S. Forecast Comparison	Fiscal Years					
	2024	2025	2026	2027	2028	2029
<b>Real GDP</b>						
Billions of 2012 dollars						
February Preliminary Forecast	21,032	21,282	21,725	22,147	22,571	22,991
<i>Growth</i>	2.4%	1.2%	2.1%	1.9%	1.9%	1.9%
November Forecast	20,991	21,216	21,649	22,083		
<i>Growth</i>	2.2%	1.1%	2.0%	2.0%		
Difference in level	41	66	76	64		
<b><i>Difference in growth forecast</i></b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>		
<b>Real Consumption</b>						
Billions of 2012 dollars						
February Preliminary Forecast	14,706	14,888	15,188	15,496	15,805	16,116
<i>Growth</i>	2.1%	1.2%	2.0%	2.0%	2.0%	2.0%
November Forecast	14,700	14,872	15,173	15,486		
<i>Growth</i>	2.0%	1.2%	2.0%	2.1%		
Difference in level	6	17	15	10		
<b><i>Difference in growth forecast</i></b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>		
<b>PCE Price Index</b>						
2012 = 100						
February Preliminary Forecast	128.6	131.1	133.9	136.8	139.7	142.7
<i>Growth</i>	2.5%	2.0%	2.1%	2.2%	2.1%	2.1%
November Forecast	129.0	132.0	134.8	137.7		
<i>Growth</i>	2.8%	2.3%	2.1%	2.1%		
Difference in level	-0.4	-0.9	-0.9	-0.9		
<b><i>Difference in growth forecast</i></b>	<b>-0.4%</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>0.0%</b>		
<b>Unemployment Rate</b>						
Percent of Labor Force						
February Preliminary Forecast	3.9%	4.1%	4.2%	4.2%	4.1%	4.1%
November Forecast	4.0%	4.4%	4.3%	4.2%		
<b><i>Difference in forecast</i></b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-0.1%</b>	<b>0.0%</b>		
<b>30 Year Fixed Mortgage Rate</b>						
Annual Average						
February Preliminary Forecast	6.8%	5.6%	5.1%	4.9%	4.8%	4.8%
November Forecast	7.4%	6.3%	5.4%	5.0%		
<b><i>Difference in forecast</i></b>	<b>-0.6%</b>	<b>-0.6%</b>	<b>-0.2%</b>	<b>-0.1%</b>		
<b>3 Month T-Bill Rate</b>						
Annual Average						
February Preliminary Forecast	5.2%	4.0%	2.7%	2.4%	2.3%	2.4%
November Forecast	5.5%	4.6%	3.1%	2.4%		
<b><i>Difference in forecast</i></b>	<b>-0.2%</b>	<b>-0.5%</b>	<b>-0.4%</b>	<b>0.0%</b>		

Washington Forecast Comparison	Fiscal Years					
	2024	2025	2026	2027	2028	2029
<b>Real Personal Income</b>						
Billions of 2012 dollars						
February Preliminary Forecast	492.2	509.0	525.8	544.5	561.6	578.7
<i>Growth</i>	2.6%	3.4%	3.3%	3.6%	3.2%	3.0%
November Forecast	491.7	507.9	525.9	542.0		
<i>Growth</i>	2.5%	3.3%	3.5%	3.1%		
Difference in level	0.5	1.0	-0.1	2.4		
<b><i>Difference in growth forecast</i></b>	<b>0.1%</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>0.5%</b>		
<b>Nominal Personal Income</b>						
Billions of dollars						
February Preliminary Forecast	632.9	667.5	704.3	745.1	784.9	825.8
<i>Growth</i>	5.1%	5.5%	5.5%	5.8%	5.3%	5.2%
November Forecast	634.4	670.7	709.1	746.5		
<i>Growth</i>	5.4%	5.7%	5.7%	5.3%		
Difference in level	-1.5	-3.2	-4.8	-1.4		
<b><i>Difference in growth forecast</i></b>	<b>-0.2%</b>	<b>-0.2%</b>	<b>-0.2%</b>	<b>0.5%</b>		
<b>Nonfarm Payroll Employment</b>						
Thousands						
February Preliminary Forecast	3,642.5	3,671.2	3,700.0	3,734.2	3,762.3	3,795.0
<i>Growth</i>	1.9%	0.8%	0.8%	0.9%	0.8%	0.9%
November Forecast	3,638.9	3,659.3	3,690.5	3,723.9		
<i>Growth</i>	1.8%	0.6%	0.9%	0.9%		
Difference in level	3.6	12.0	9.5	10.3		
<b><i>Difference in growth forecast</i></b>	<b>0.1%</b>	<b>0.2%</b>	<b>-0.1%</b>	<b>0.0%</b>		
<b>Housing Permits</b>						
Units Authorized, Thousands						
February Preliminary Forecast	37.0	43.6	44.4	44.8	45.3	45.1
<i>Growth</i>	-9.8%	17.8%	1.9%	0.8%	1.2%	-0.5%
November Forecast	38.7	42.5	44.2	44.6		
<i>Growth</i>	-5.7%	9.8%	4.0%	1.1%		
Difference in level	-1.7	1.1	0.3	0.1		
<b><i>Difference in growth forecast</i></b>	<b>-4.1%</b>	<b>8.0%</b>	<b>-2.1%</b>	<b>-0.2%</b>		

**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
<i>Percent Change</i>	3.7%	5.3%	3.4%	3.2%
November Forecast	488.6	493.5	497.2	501.1
<i>Percent Change</i>	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
<i>Percent Change</i>	5.5%	6.6%	5.7%	5.4%
November Forecast	628.5	638.3	647.2	656.0
<i>Percent Change</i>	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
<i>Percent Change</i>	6.0%	6.8%	5.8%	5.5%
November Forecast	554.2	563.3	571.8	580.3
<i>Percent Change</i>	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
<i>Percent Change</i>	1.4%	1.7%	0.7%	0.6%
November Forecast	3634.8	3645.9	3650.7	3650.7
<i>Percent Change</i>	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
<i>Percent Change</i>	2.8%	3.6%	0.2%	-1.7%
November Forecast	278.6	280.5	280.9	280.1
<i>Percent Change</i>	1.0%	2.8%	0.6%	-1.1%
<b>Construction Employment (Thousands)</b>				
February Forecast, Preliminary	236.8	237.7	239.3	239.9
<i>Percent Change</i>	0.3%	1.6%	2.6%	1.1%
November Forecast	237.3	238.8	239.2	238.8
<i>Percent Change</i>	1.1%	2.6%	0.7%	-0.7%
<b>Housing Permits (Thousands)</b>				
February Forecast, Preliminary	33.0	37.2	42.0	42.5
<i>Percent Change</i>	-27.0%	61.5%	62.9%	4.8%
November Forecast	36.3	41.3	41.4	41.6
<i>Percent Change</i>	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
<i>Percent Change</i>	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		
<i>Percent Change</i>	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
<i>Percent Change</i>	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		
<i>Percent Change</i>	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
<i>Percent Change</i>	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		
<i>Percent Change</i>	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
<i>Percent Change</i>	2.4%	1.3%	0.6%	0.9%	0.8%	0.8%	0.9%
November Forecast	3612	3651	3674	3707	3741		
<i>Percent Change</i>	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
<i>Percent Change</i>	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		
<i>Percent Change</i>	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
<i>Percent Change</i>	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		
<i>Percent Change</i>	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
<i>Percent Change</i>	-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		
<i>Percent Change</i>	-21.8%	8.5%	4.4%	2.5%	0.6%		

**Year-Over-Year Employment Growth by Industry  
(November 2022 to November 2023)  
Washington vs. U.S.**

	Washington		U.S.
	(000)	% Chg.	% Chg.
<b>Total</b>	<b>72.7</b>	<b>2.0%</b>	<b>1.8%</b>
Aerospace Product and Parts Manufacturing	7.3	9.8%	6.4%
State and Local Gov Non-Education	12.2	5.7%	2.8%
Education and Health Services	20.7	4.0%	4.2%
Leisure and Hospitality	12.4	3.7%	3.0%
State and Local Gov Education	7.6	3.1%	2.8%
Other Services	3.7	3.1%	1.9%
Transportation, Warehousing and Utilities	4.2	3.0%	0.4%
Wholesale Trade	2.7	2.0%	1.2%
Construction	3.0	1.3%	2.6%
Financial Activities	0.7	0.4%	0.5%
Manufacturing Excluding Aerospace	0.4	0.2%	-0.2%
Software Publishers	-1.7	-2.0%	-2.7%
Mining and Logging	-0.1	-2.4%	2.9%
Information Excluding Software	-2.4	-2.8%	-3.0%
Management of Companies and Enterprises	-4.3	-4.1%	0.5%
Information	-4.1	-2.4%	-2.9%
Professional and Business Services	-3.5	-0.6%	0.6%
Manufacturing	7.7	2.8%	0.1%

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