

Economic Review

June 11, 2024



Washington State
Economic and Revenue Forecast Council

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WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

ECONOMIC REVIEW

June 11, 2024
2:00 p.m.

- Approval of meeting minutes from April 25, 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
Enacted Budget Outlook: Adoption
April 25, 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 9:01 a.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Senator Wilson, to adopt the minutes from the April 10, 2024, meeting. Motion passed at 9:02 a.m.

Budget Outlook: Methodology

The Budget Outlook Work Group members presented the draft Outlook for the Enacted 2024 Supplemental Operating Budget.

Motion

Representative Orcutt moved, seconded by Representative Berg, to adopt the budget outlook as presented. Motion passed with 9 votes at 9:16 a.m.

Adjournment

With no further business, the meeting adjourned at 9:16 a.m.

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



Economic Review: June 11, 2024

Executive Summary

United States

- 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.
- National employment in May increased by 272,000 net jobs. Employment in March and April was revised down due to additional data and updated seasonal factors by a combined 15,000 jobs. Sectors with the largest job gains in May included healthcare (+68,000), professional and business services (+33,000), leisure and hospitality (+42,000) and government (+43,000). Sectors with declining employment in May included employment services (-16,000) and general merchandise retailing (-6,000).
- Two key measures of consumer confidence diverged in May. The University of Michigan (UM) consumer sentiment survey decreased by 8.1 points to 69.1 in May after decreasing by 2.2 points in April. Most of the decline in consumer sentiment reflected negative views on labor markets as consumers expect unemployment to increase and income growth to slow. The Conference Board index of consumer confidence increased by 4.5 points in May to 102.0. Survey results indicated that the increase in consumer confidence was due to improved assessments of the labor market and expectations about future business conditions, job availability and income.
- Initial claims for unemployment insurance increased by 8,000 to 229,000 (SA) in the week ending June 1st. The four-week moving average of initial claims decreased by 750 to 222,250.

- Industrial production was unchanged (+0.0%, SA) in April following a 0.1% increase in March. Industrial production was down 0.4% compared to its April 2023 level. New orders for core capital goods (i.e., durables excluding aircraft and military), which is a proxy for business investment, increased by 0.3% (SA) in April following a revised 0.1% decrease in March according to U.S. Census Bureau data. New orders for core capital goods were 1.2% above their April 2023 level.
- Residential construction data was mixed in April compared with March and both new and existing home sales were down. April housing starts increased by 5.7% (SA) compared to March but were 0.6% below their April 2023 level. Housing units authorized by building permits in April were 3.0% (SA) below their March level and 2.0% below their year-ago level. New home sales in April decreased by 4.7% (SA) compared to March and were 7.7% below their year-ago level. Existing home sales in April decreased by 1.9% (SA) compared to March and were also down 1.9% compared to April 2023. The seasonally adjusted Case-Shiller national home price index for March was 0.3% above its February level and 6.5% 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 conflict.

Washington

- 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.
- 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 15,600 jobs, bringing the level to 82,400 in April 2024. We expect aerospace employment to continue to expand into 2028, reaching a peak of 89,400 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 1.5% 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 0.9% in the previous 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.
- The preliminary June forecast has 2023 as the trough in the Washington unemployment rate at 4.1%. We expect the unemployment rate to peak at 4.8% this year, up from 4.4% in the February forecast. We expect the unemployment rate to trend down and reach 4.4% in 2029, up from 4.3% in the previous forecast.
- 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.
- 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.
- Seattle-area home price growth is weakening. Home prices fell 0.1% in March, the third decrease in the past five months. Prior to this, Seattle home prices had increased for seven consecutive months. In comparison, the composite-20 index has increased in each of the past thirteen months. Seattle home prices in March were up 7.8% over the year while the composite-20 index was up 7.4% over the year.
- Seattle-area consumer price inflation continues to outpace the national average. From April 2023 to April 2024, the Seattle CPI rose 4.4% compared to the 3.4% increase in the U.S. City average index. U.S. Shelter costs in both Washington and the U.S. continue to outpace topline inflation, increasing 5.9% and 5.5% respectively. Core inflation (excluding food and energy) remains elevated. Seattle core CPI rose 4.9% in April compared to 3.6% for the U.S. City average.
- Washington exports declined 6.9% from the first quarter of 2023 to the first quarter of 2024. The decline was primarily due to a 19.7% drop in aerospace products and parts manufacturing. Excluding aerospace, Washington exports still declined 1.4% year over year in the first quarter of 2024. Exports of petroleum and coal products were once again strong, increasing 54.2% since last year.
- Washington car and truck sales declined for the second consecutive month in May. The seasonally adjusted number of new vehicle registrations decreased 2.1% in May from the month before to 271,700 (SAAR). Passenger car

registrations fell 3.5% while light truck registrations increased 8.9%. The number of total registrations were down 4.1% over the year in May.

- 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.
- The preliminary June forecast calls for housing permits of 37,500 this year, up from the trough in 2023 of 37,100 units. We expect housing permits to grow through 2029 reaching 45,300 units. The previous forecast called for total housing permits of 41,400 units this year, reaching 45,600 units in 2029.

Washington State Economic Outlook & Revenue Collection Experience

Presented to
The Economic & Revenue Forecast Council

Dave Reich
Executive Director

June 11, 2024



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



Overview

- Generally, the U.S. and Washington economies are slowing (GDP, employment)
- U.S. GDP and inflation forecasts are slightly higher in 2024-2029 compared to the February forecast
- The Federal Reserve is likely to begin interest rate cuts later this year
- WA personal income forecast slightly lower in 2024-2025, higher in 2026-2029 than the February forecast
- Preliminary GF-S revenue collections since the February forecast are \$9.5 million (0.1%) above expectations

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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 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

May 2024 Blue Chip Survey

Probability of U.S. recession in 2024:

- 30%

Q2 2024 (April) WSJ Forecasting Survey

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

- 29%

May 2024 Natl. Assoc. Bus. Econ.

“Is the U.S. economy heading for a soft landing this year”: 90% of respondents indicated “yes”

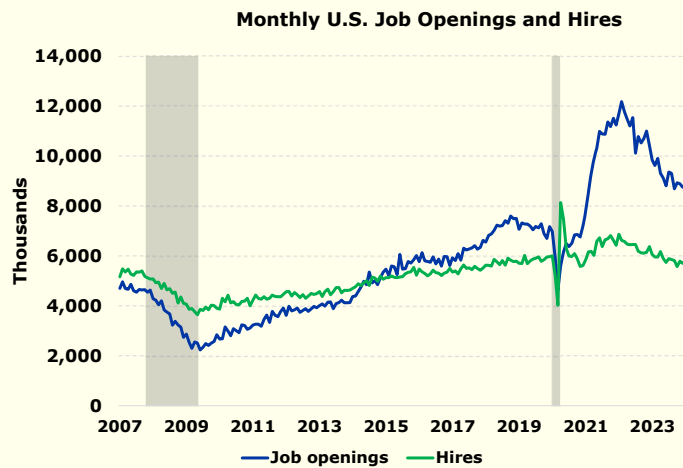
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Job openings continue to slow after peaking in 2022



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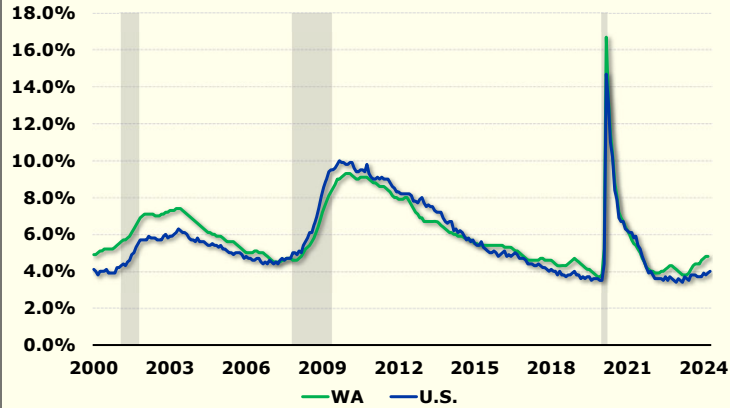
Source: U.S. Bureau of Labor Statistics, data through April 2024

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Unemployment rates are up a little, but remain near historically low levels

Monthly Unemployment Rate, SA



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

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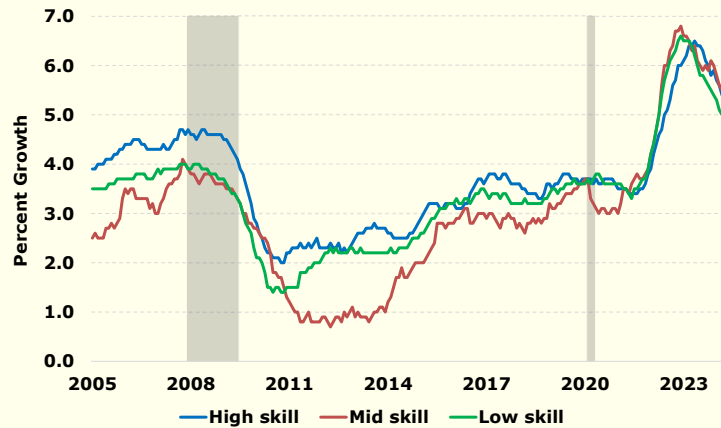
Wage growth has been very high but continues to slow

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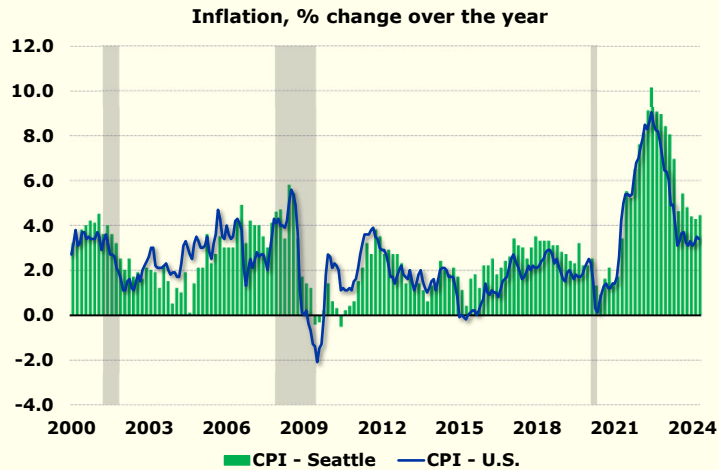
Source: Federal Reserve Bank of Atlanta, data through March 2024

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Inflation has slowed significantly but remains above the target rate



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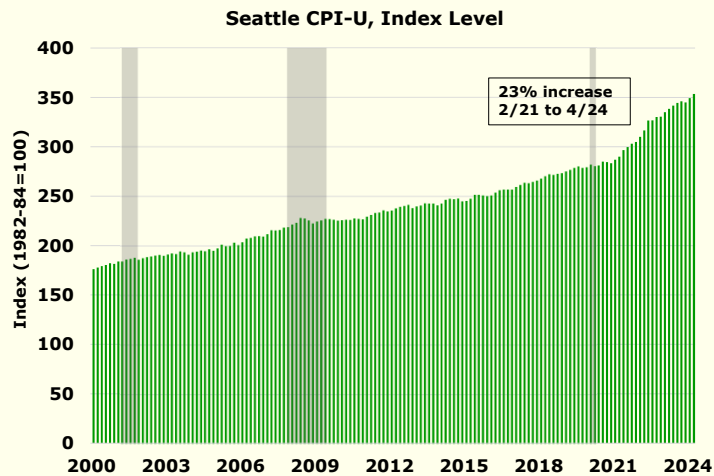
Source: U.S. Bureau of Labor Statistics, data through April 2024

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Slowing inflation is good news, but the level of prices has increased significantly of late



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

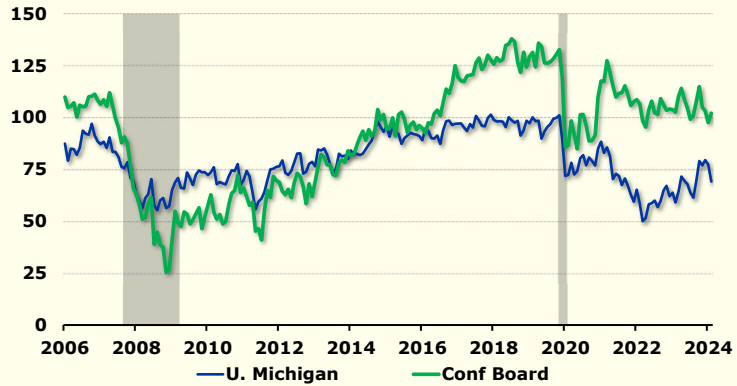
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This elevated inflation and "price nostalgia" has weighed on consumer confidence

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



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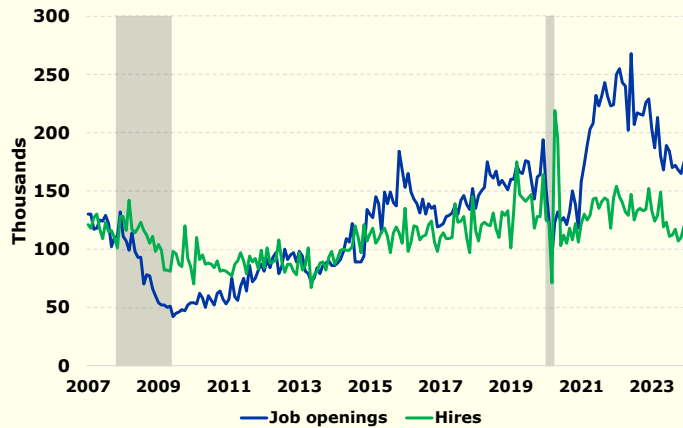
Sources: Data through May 2024

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

WA Job Openings and Hires, SA



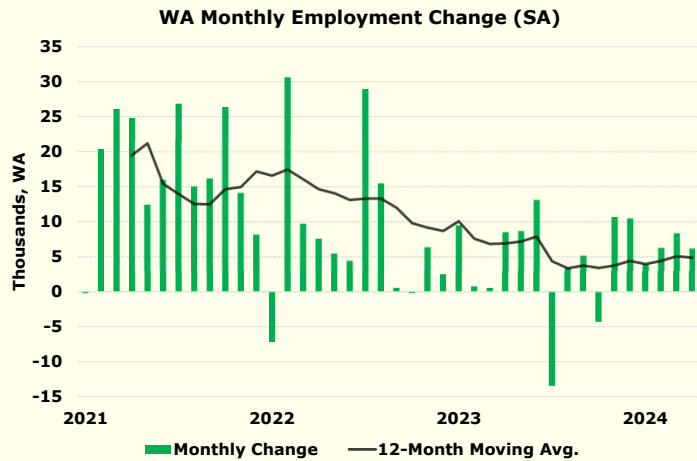
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Source: U.S. Bureau of Labor Statistics, data through March 2024

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WA employment growth slowed in 2023 but is stronger so far in 2024



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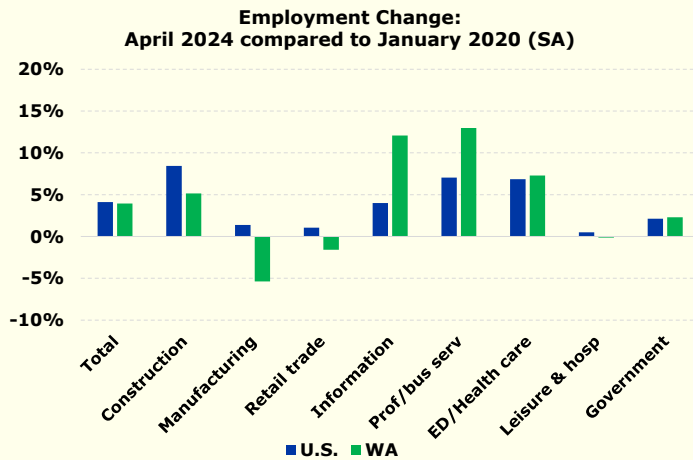
Source: U.S. Bureau of Labor Statistics, WA Employment Security Dept., ERFC; data through April 2024

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U.S., WA post-pandemic employment changes differ across industries

April 2024 employment:
U.S. = 4.1% above January 2020
WA = 3.9% above January 2020



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Source: ERFC, U.S. Bureau of Labor Statistics, WA Employment Security Dept.

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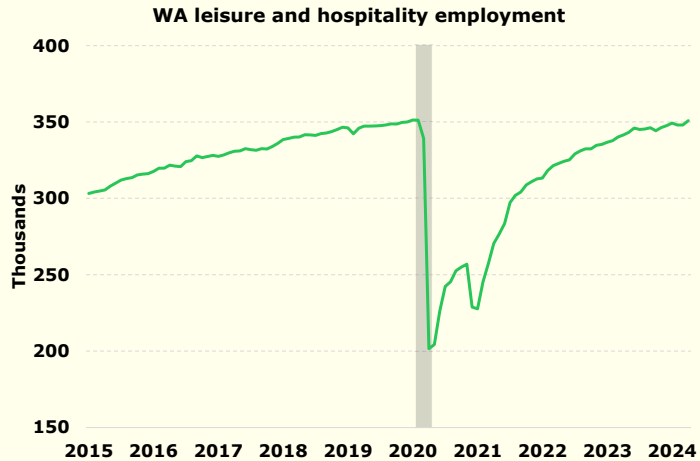


WA leisure and hospitality employment has essentially recovered from Covid

The leisure and hospitality sector is down 400 jobs in April 2024 compared with January 2020

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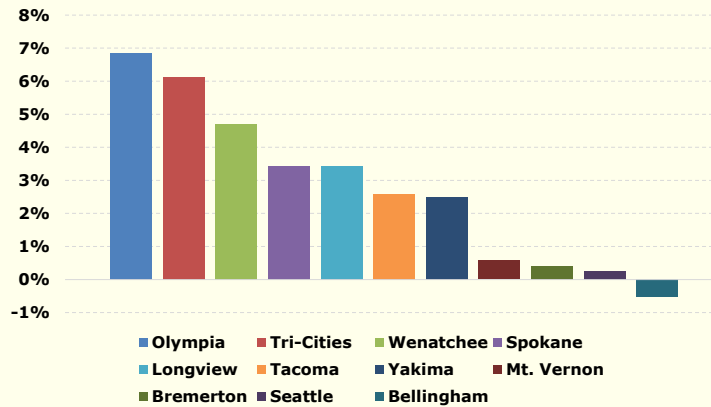
Source: ERFC, U.S. Bureau of Labor Statistics, Employment Security Dept., data through April 2024

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Post-pandemic employment changes vary across metro areas

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



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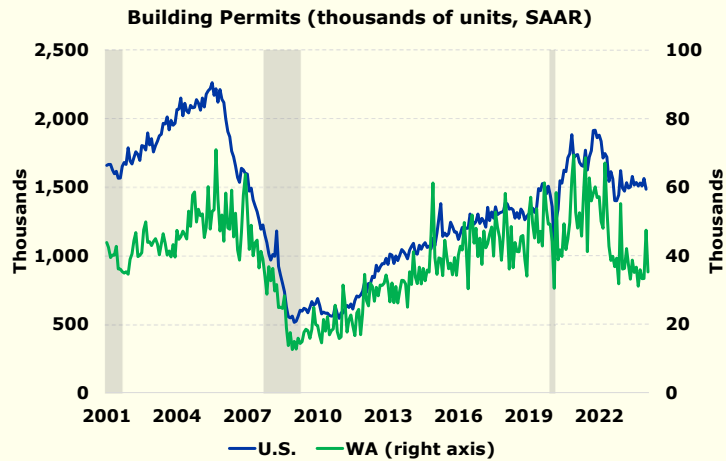
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Source: WA Employment Security Dept.

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



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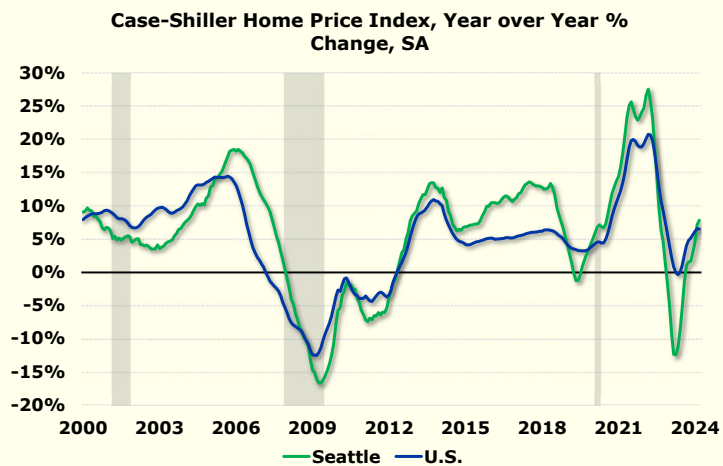
Source: U.S. Census Bureau; monthly, data through April 2024

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Home price growth turned positive in 2023



Seattle
home prices
bottomed in
March 2023

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Source: Case-Shiller, data through March 2024

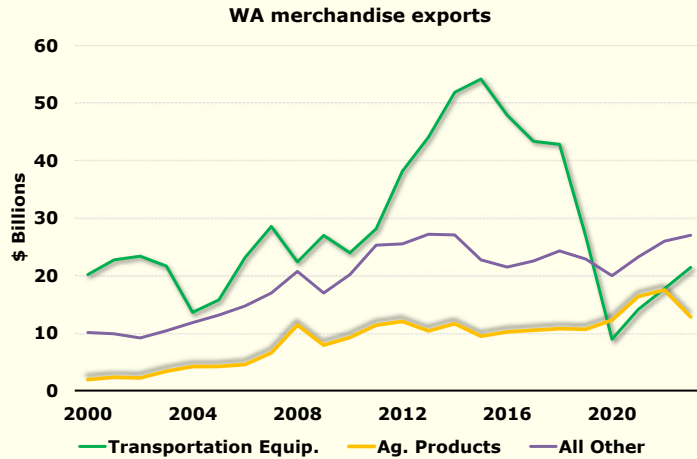
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WA exports have increased from their 2020 low

Total Exports
2019: \$60.3 B
2020: \$41.1 B
2021: \$53.7 B
2022: \$61.2 B
2023: \$61.2 B



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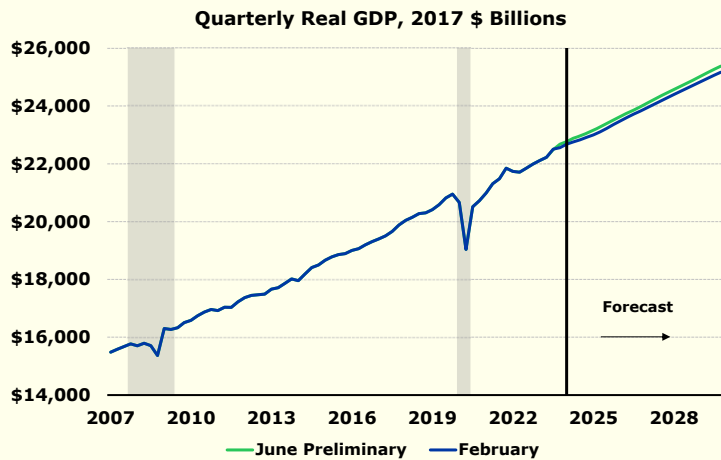
Source: WISERTrade; data through 2023

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



U.S. GDP forecast is slightly higher than in February



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Source: IHS Markit, ERFC June 2024 Preliminary forecast; historical data through 2024 Q1

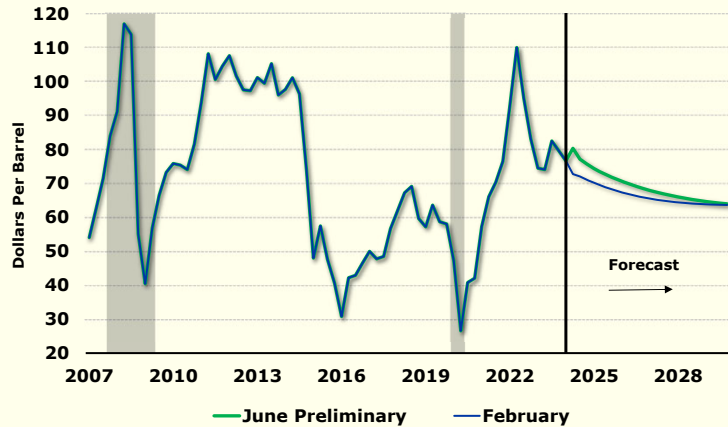
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Oil prices are higher than in the February forecast

Oil prices in the first quarter of 2024 were higher than expected in the February forecast



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

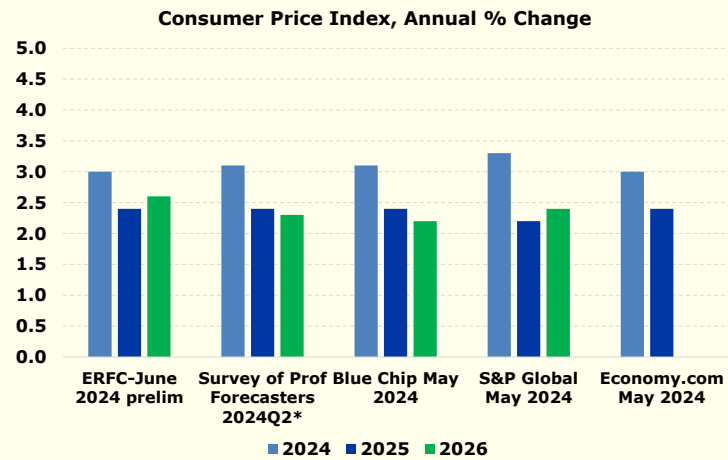
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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Inflation should continue to moderate

The Consumer Price Index increased by 4.1% in 2023



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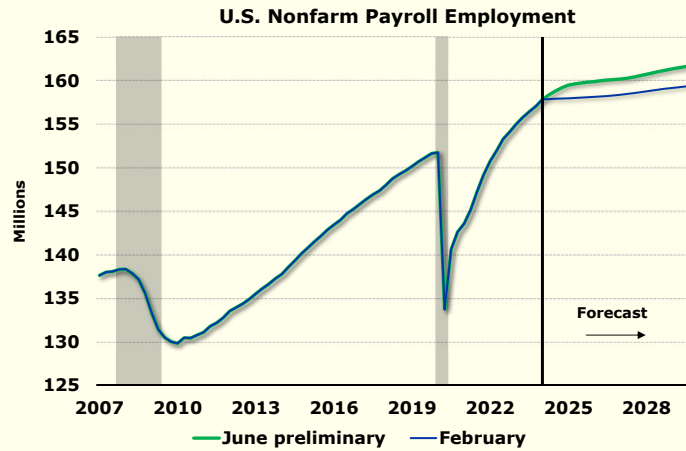
* Survey of Professional Forecasters reflects change in price level in 4th quarter compared to 4th quarter of prior year; all others reflect average change over the year compared to prior year.

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U.S. nonfarm employment revised up from February



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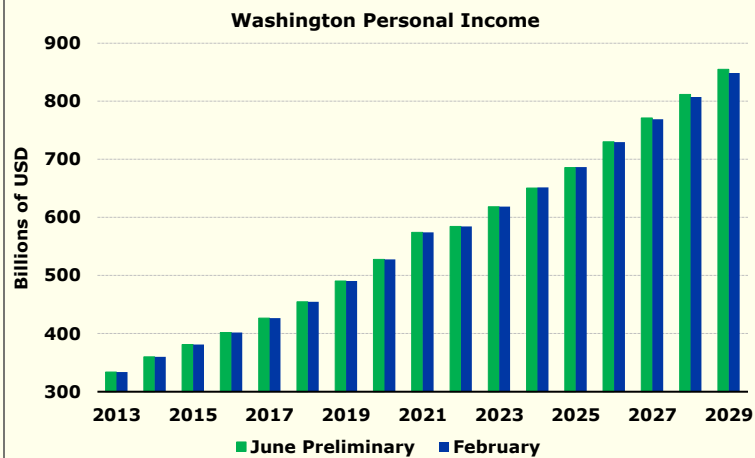
Source: IHS Markit, ERFC June 2024 Preliminary forecast; data through April 2024

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WA personal income forecast slightly lower in 2024-2025; higher after



In March, BEA released 2023:4Q personal income and WA was up 4.2% (SAAR)

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Source: ERFC June 2024 preliminary forecast; historical data through 2023:4Q

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WA employment forecast is slightly stronger over the forecast period

Average annual employment growth, 2024 to 2029:

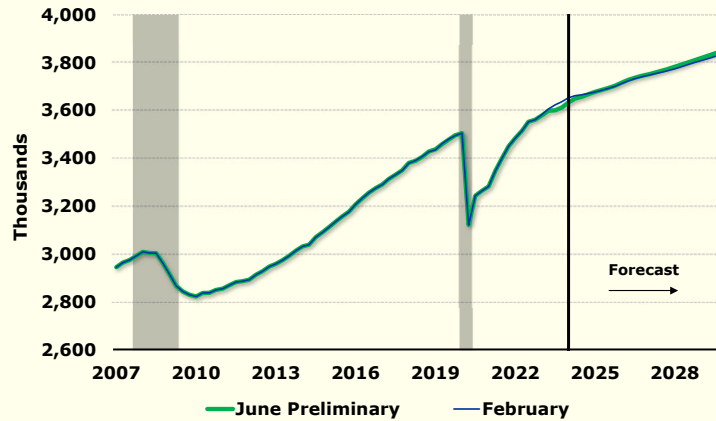
U.S. = 0.4%

WA = 1.0%

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Washington Nonfarm Payroll Employment



Source: ERFC June preliminary 2024 forecast; historical data through April 2024

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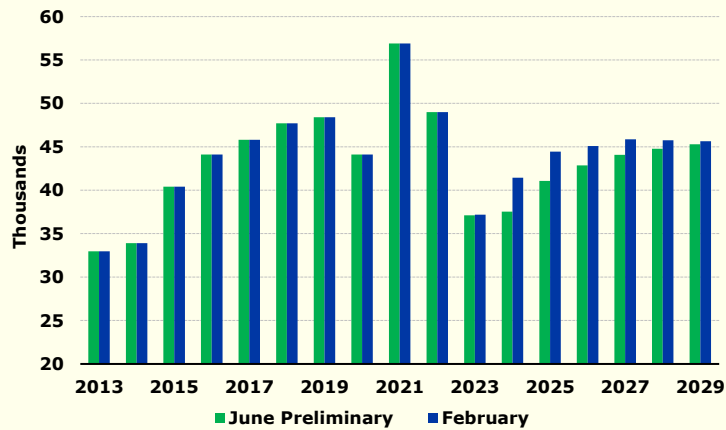


WA housing permit forecast is reduced from February

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Washington Housing Permits



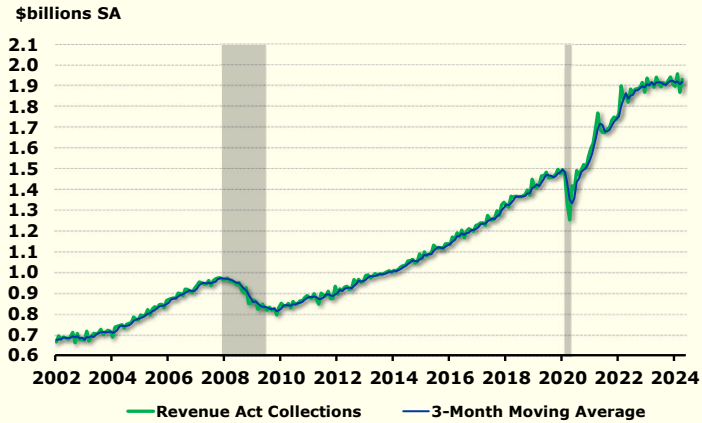
Source: ERFC June preliminary 2024 forecast; historical data through April 2024

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Revenue Act collections growth has slowed; for the four months since the last forecast revenues* are up 0.8% YOY

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 April 2024 preliminary activity

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Taxable real estate activity has increased in the last several months

Taxable REET sales for the February-May period were up 8.7% compared with 2023

Transactions of \$10 million or more were about \$800M in May 2024



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Source: ERFC; Monthly data through May 2024 estimate

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Preliminary GF-S revenue collections since the February forecast

Collections Variance Since February Forecast (February 11, 2024 – June 7, 2024) dollars in thousands

	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>	<u>Pct.</u>
Dept. of Revenue	\$10,004,822	\$10,012,736	\$7,914	0.1%
Other revenue	\$15,448	\$17,044	\$1,595	10.3%
Total GF-S	\$10,020,270	\$10,029,779	\$9,509	0.1%

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WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Summary

- The U.S. forecast calls for slightly higher GDP and slightly higher inflation over 2024-2029 than in the February forecast
- The WA forecast calls for higher employment levels (after 2024) and higher personal income (after 2025)
- Impacts of elevated interest rates, lower spending and the Russia-Ukraine and Middle East conflicts, pose risks to the forecast
- The quarterly revenue forecast will be presented on June 26th 2024

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Questions

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Economic & Revenue Forecast Council
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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

U.S. Forecast Comparison	Fiscal Years					
	2024	2025	2026	2027	2028	2029
Real GDP						
Billions of 2017 dollars						
June Preliminary Forecast	22,706	23,114	23,575	24,038	24,513	24,975
<i>Growth</i>	3.0%	1.8%	2.0%	2.0%	2.0%	1.9%
February Forecast	22,625	22,963	23,420	23,882	24,341	24,789
<i>Growth</i>	2.6%	1.5%	2.0%	2.0%	1.9%	1.8%
Difference in level	80	152	156	155	173	186
<i>Difference in growth forecast</i>	0.4%	0.3%	0.0%	0.0%	0.1%	0.0%
Real Consumption						
Billions of 2017 dollars						
June Preliminary Forecast	15,624	15,930	16,252	16,589	16,916	17,260
<i>Growth</i>	2.5%	2.0%	2.0%	2.1%	2.0%	2.0%
February Forecast	15,633	15,932	16,222	16,561	16,893	17,220
<i>Growth</i>	2.6%	1.9%	1.8%	2.1%	2.0%	1.9%
Difference in level	-9	-2	30	28	23	40
<i>Difference in growth forecast</i>	-0.1%	0.0%	0.2%	0.0%	0.0%	0.1%
PCE Price Index						
2017 = 100						
June Preliminary Forecast	121.9	124.8	127.8	130.8	133.7	136.6
<i>Growth</i>	2.8%	2.4%	2.4%	2.3%	2.3%	2.1%
February Forecast	121.7	124.1	126.7	129.4	132.2	134.9
<i>Growth</i>	2.6%	1.9%	2.2%	2.1%	2.1%	2.1%
Difference in level	0.2	0.8	1.1	1.4	1.6	1.7
<i>Difference in growth forecast</i>	0.2%	0.5%	0.2%	0.2%	0.1%	0.1%
Unemployment Rate						
Percent of Labor Force						
June Preliminary Forecast	3.8%	3.9%	4.1%	4.3%	4.3%	4.3%
February Forecast	3.8%	4.0%	4.2%	4.2%	4.1%	4.1%
<i>Difference in forecast</i>	0.0%	-0.1%	0.0%	0.1%	0.2%	0.2%
30 Year Fixed Mortgage Rate						
Annual Average						
June Preliminary Forecast	7.0%	6.2%	5.5%	5.0%	5.0%	4.9%
February Forecast	6.8%	5.7%	5.3%	4.9%	4.9%	4.9%
<i>Difference in forecast</i>	0.2%	0.4%	0.2%	0.1%	0.1%	0.1%
3 Month T-Bill Rate						
Annual Average						
June Preliminary Forecast	5.3%	4.9%	3.4%	2.4%	2.3%	2.4%
February Forecast	5.3%	4.1%	2.7%	2.4%	2.3%	2.4%
<i>Difference in forecast</i>	0.0%	0.8%	0.7%	0.0%	0.0%	0.0%

Washington Forecast Comparison	Fiscal Years					
	2024	2025	2026	2027	2028	2029
Real Personal Income						
Billions of 2017 dollars						
June Preliminary Forecast	519.2	534.8	553.3	574.2	591.1	610.3
<i>Growth</i>	2.4%	3.0%	3.5%	3.8%	2.9%	3.2%
February Forecast ¹	492.3	511.0	528.4	548.7	564.0	581.3
<i>Growth</i>	2.7%	3.8%	3.4%	3.8%	2.8%	3.1%
Difference in level	NA	NA	NA	NA	NA	NA
<i>Difference in growth forecast</i>	-0.3%	-0.8%	0.1%	-0.1%	0.2%	0.2%
Nominal Personal Income						
Billions of dollars						
June Preliminary Forecast	633.1	667.6	707.2	751.1	790.6	833.8
<i>Growth</i>	5.3%	5.4%	5.9%	6.2%	5.3%	5.5%
February Forecast	633.0	669.5	707.3	749.9	787.2	828.2
<i>Growth</i>	5.3%	5.8%	5.6%	6.0%	5.0%	5.2%
Difference in level	0.1	-2.0	-0.1	1.2	3.4	5.6
<i>Difference in growth forecast</i>	0.0%	-0.3%	0.3%	0.2%	0.3%	0.3%
Nonfarm Payroll Employment						
Thousands						
June Preliminary Forecast	3,623.9	3,672.2	3,710.2	3,747.7	3,778.2	3,815.4
<i>Growth</i>	1.4%	1.3%	1.0%	1.0%	0.8%	1.0%
February Forecast	3,643.6	3,674.6	3,707.6	3,743.7	3,770.9	3,804.8
<i>Growth</i>	1.9%	0.9%	0.9%	1.0%	0.7%	0.9%
Difference in level	-19.6	-2.4	2.6	4.0	7.3	10.5
<i>Difference in growth forecast</i>	-0.5%	0.5%	0.1%	0.0%	0.1%	0.1%
Housing Permits						
Units Authorized, Thousands						
June Preliminary Forecast	35.8	39.4	42.1	43.5	44.5	45.0
<i>Growth</i>	-11.6%	9.8%	6.9%	3.4%	2.2%	1.2%
February Forecast	37.1	43.7	44.8	45.5	46.0	45.6
<i>Growth</i>	-8.8%	18.0%	2.5%	1.5%	1.1%	-0.8%
Difference in level	-1.2	-4.3	-2.7	-1.9	-1.5	-0.6
<i>Difference in growth forecast</i>	-2.7%	-8.1%	4.5%	1.9%	1.1%	2.0%

¹ Real forecasts in February were in 2012 dollars

Table 2

U.S. Forecast Comparison

	2024Q1	2024Q2	2024Q3	2024Q4	2023	2024	2025	2026	2027	2028	2029
Real GDP (Billions of 2017 Dollars)											
June Forecast, Preliminary	22,769	22,884	22,973	23,056	22,377	22,920	23,337	23,804	24,280	24,741	25,211
Percent Change	1.6%	2.0%	1.6%	1.5%	2.5%	2.4%	1.8%	2.0%	2.0%	1.9%	1.9%
February Forecast	22,677	22,759	22,831	22,917	22,351	22,796	23,173	23,659	24,109	24,567	25,009
Percent Change	2.1%	1.4%	1.3%	1.5%	2.4%	2.0%	1.7%	2.1%	1.9%	1.9%	1.8%
Real Consumption (Billions of 2017 Dollars)											
June Forecast, Preliminary	15,684	15,764	15,825	15,890	15,426	15,791	16,085	16,423	16,751	17,086	17,428
Percent Change	2.5%	2.1%	1.6%	1.6%	2.2%	2.4%	1.9%	2.1%	2.0%	2.0%	2.0%
February Forecast	15,696	15,783	15,849	15,907	15,427	15,809	16,059	16,396	16,724	17,059	17,383
Percent Change	3.2%	2.2%	1.7%	1.5%	2.2%	2.5%	1.6%	2.1%	2.0%	2.0%	1.9%
PCE Price Index (2017=100)											
June Forecast, Preliminary	122.4	123.2	123.7	124.5	120.4	123.4	126.3	129.3	132.3	135.2	138.0
Percent Change	3.4%	2.7%	1.8%	2.5%	3.7%	2.5%	2.3%	2.4%	2.3%	2.2%	2.1%
February Forecast	122.0	122.5	123.1	123.7	120.4	122.8	125.4	128.1	130.8	133.5	136.3
Percent Change	1.5%	1.7%	1.9%	2.2%	3.8%	2.0%	2.1%	2.2%	2.1%	2.1%	2.1%
Real Personal Income (Billions of 2017 Dollars)											
June Forecast, Preliminary	19,387	19,491	19,636	19,740	19,088	19,563	20,078	20,754	21,322	21,866	22,456
Percent Change	3.7%	2.2%	3.0%	2.1%	1.4%	2.5%	2.6%	3.4%	2.7%	2.5%	2.7%
February Forecast	19,380	19,571	19,744	19,867	19,082	19,640	20,175	20,857	21,421	21,923	22,477
Percent Change	3.8%	4.0%	3.6%	2.5%	1.4%	2.9%	2.7%	3.4%	2.7%	2.3%	2.5%
Nonfarm Payroll Employment (Millions)											
June Forecast, Preliminary	157.8	158.4	158.8	159.2	156.1	158.5	159.7	160.0	160.4	161.0	161.6
Percent Change	2.0%	1.4%	1.1%	1.0%	2.3%	1.6%	0.7%	0.2%	0.2%	0.4%	0.4%
February Forecast	157.8	157.9	157.9	158.0	156.1	157.9	158.0	158.2	158.5	158.9	159.3
Percent Change	2.0%	0.1%	0.1%	0.1%	2.3%	1.2%	0.1%	0.1%	0.2%	0.3%	0.2%
Unemployment Rate (Percent of Labor Force)											
June Forecast, Preliminary	3.8	3.9	3.9	3.9	3.6	3.9	4.0	4.2	4.3	4.3	4.3
February Forecast	3.8	3.9	3.9	4.0	3.6	3.9	4.1	4.2	4.1	4.1	4.1
Oil Price, Refiner's Acquisition											
June Forecast, Preliminary	76.6	80.3	77.1	75.7	77.6	77.4	72.8	69.5	67.1	65.4	64.3
February Forecast	73.2	72.4	71.6	70.5	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	7.1	6.7	6.3	6.8	6.7	5.7	5.2	5.0	5.0	4.9
February Forecast	6.6	6.4	6.1	5.8	6.8	6.2	5.5	5.1	4.9	4.9	4.8
3 Month T-Bill Rate (Percent, average)											
June Forecast, Preliminary	5.2	5.4	5.3	5.1	5.1	5.3	4.2	2.7	2.3	2.4	2.4
February Forecast	5.3	5.2	4.8	4.5	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%

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

	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	58.6	1.6%	1.8%
Aerospace Product and Parts Manufacturing	7.2	9.6%	6.2%
Transportation, Warehousing and Utilities	9.6	7.0%	0.1%
State and Local Gov Non-Education	13.5	5.2%	2.9%
Education and Health Services	18.0	3.4%	4.3%
State and Local Gov Education	8.0	3.2%	2.4%
Leisure and Hospitality	9.3	2.7%	2.5%
Management of Companies and Enterprises	1.4	1.4%	-0.1%
Wholesale Trade	0.7	0.5%	1.1%
Financial Activities	0.5	0.3%	0.5%
Construction	0.0	0.0%	3.1%
Other Services	-0.1	-0.1%	1.8%
Manufacturing Excluding Aerospace	-2.5	-1.3%	-0.1%
Mining and Logging	-0.1	-2.2%	-0.3%
Information Excluding Software	-2.2	-2.6%	-1.5%
Software Publishers	-2.5	-2.8%	-0.6%
Information	-4.6	-2.7%	-1.3%
Professional and Business Services	1.7	0.3%	0.5%
Manufacturing	4.7	1.7%	0.1%

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