

Washington Monthly Economic Report



The Office of Financial Management’s Forecasting and Research Division provides nonpartisan, data-driven research and analysis and supports decision-making by the Governor, the legislature, state agencies, and the public. Our work includes health care, education, demographics, criminal justice, traffic safety, and economic trends. Visit ofm.wa.gov to learn more.

Washington Jobs, Unemployment, and Revenue Summary

	2023	2024	Numeric Change	Percent Change
Total Nonfarm Jobs				
June	3,609,000	3,655,400	46,400	1.3%
July	3,604,200	3,652,300	48,100	1.3%
August	3,607,800	3,653,900	46,100	1.3%
Unemployment Rate (%)				
June	3.8%	4.8%	1.0%	26.3%
July	3.6%	4.9%	1.3%	36.1%
August	3.6%	4.8%	1.2%	33.3%
Revenue Collections (\$ millions)				
June	\$2,445	\$2,429	-\$16	-0.7%
July	\$2,311	\$2,299	-\$12	-0.5%
August	\$2,099	\$2,156	\$57	2.7%

Nonfarm Jobs

↑46,100

Year-over-year in August 2024

Nonfarm Jobs Growth

↑1.3%

August 2024 year-over-year

Unemployment

↓0.1%

Compared to July 2024

Total Revenue

↑2.7%

Compared to August 2023

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Washington Jobs, Unemployment, and Revenue Summary

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Steady Nonfarm Job Growth

- **In August 2024, Washington's nonfarm jobs increased by 46,100, representing a 1.3% year-over-year rise, consistent with the growth seen in June and July.** Over the three months, the job market exhibited steady expansion, with the same 1.3% growth rate despite small variations in the number of jobs added. (Source: Employment Security Department, quarterly benchmarked nonfarm series).

Rising Unemployment Amid Job Growth

- **The unemployment rate in August 2024 rose by 1.2 percentage points, from 3.6% in August 2023 to 4.8%.** In June, the rate increased by 1.0 percentage point, from 3.8% to 4.8%, while July saw a 1.3 percentage point rise, from 3.6% to 4.9%. (Source: Employment Security Department Local Area Unemployment Statistics).

Revenue Collection Rebounded in August

- **In August 2024, revenue collections increased by \$57 million, representing a 2.7% year-over-year rise compared to August 2023.** This follows a decrease of \$16 million (-0.7%) in June and a \$12 million (-0.5%) decline in July. (Source: Economic and Revenue Forecast Council revenue series, removing the effects of amnesty collections, and large, one-time audit payments or tax refunds).

Select Economic Indicators

U.S. Economic Indicators

	2023Q4	2024Q1	2024Q2 (R)	2023Q2
Gross Domestic Product (GDP)				
Change in Real GDP (annual rate)* (Advanced)	3.4%	1.4%	2.8%	2.1%
	Jun-24	Jul-24	Aug-24	Aug-23
U.S. Employment				
Change in Monthly Nonfarm Payrolls*	216,000	179,000	114,000	184,000
Unemployment Rate*	4.0%	4.1%	4.3%	3.5%
	Jun-24	Jul-24	Aug-24	Aug-23
Prices				
Change in CPI (year/year)	3.0%	2.9%	2.5%	3.7%
Exchange Rate (foreign currency per US\$)				
Trade Weighted Dollar (Jan 06 = 100)	124.03	123.72	122.88	120.21
Interest Rates				
Prime Rate (percent)	8.50	8.50	8.50	8.50
Fed's Fund Rate	5.33	5.33	5.33	5.33
30-Year Mortgage Rate (percent)	6.92	6.85	6.50	7.07
	Jun-24	Jul-24	Aug-24	Aug-23
US Average Retail Gas (Regular \$ per gallon)	\$3.46	\$3.48	3.389	\$3.84
West Texas Intermediate Crude (\$ per barrel)	\$79.77	\$81.80	\$76.68	\$81.39

Washington Economic Indicators

	Jun-24	Jul-24	Aug-24	Aug-23
Washington Employment				
Change in Monthly Nonfarm Payrolls*	8,700	-3,100	1,600	3,600
Aerospace Employment (level)*	81,800	82,700	82,800	79,000
Construction Employment (level)*	235,200	235,600	234,800	231,800
Software Employment (level)*	81,800	80,900	81,100	84,800
Unemployment Rate*	4.8%	4.9%	4.8%	3.6%
	Jun-24	Jul-24	Aug-24	Aug-23
Energy Indicators				
WA Average Retail Gas (Regular, \$ per gallon)	\$4.25	\$4.13	\$4.05	\$4.95
	Apr-24	Jun-24	Aug-24	Aug-23
Seattle-Tacoma-Bremerton CPI (bi-monthly)				
Change in CPI (year/year)	4.4%	3.8%	3.1%	5.4%

Select Economic Indicators

Continued

Washington Economic Indicators

	2023Q4	2024Q1	2024Q2	2023Q2
Washington Real Estate Market				
Median Home Price Statewide	\$583,200	\$626,100	\$695,100	\$654,900
	May-24	Jun-24	Jul-24	Jul-23
Housing Permits (annual rate)*	34,000	30,500	35,400	32,600
	May-24	Jun-24	Jul-24	Jul-23
Exports Produced in Washington				
Total State Exports (\$ millions)	\$4,142.5	\$5,315.1	\$4,614.1	\$4,362.1
Total Imports to Washington Destinations				
Total Imports (\$ millions)	\$5,193.3	\$5,193.3	\$5,193.3	\$5,162.9

















Washington Revenue

	Actual	Adjusted
Variance since June 2024 Forecast (\$ millions)	26	26

“Adjusted variance” includes adjustments for special factors (e.g., one time payments).

* Adjusted for seasonal variations

Select Leading Economic Indicators

Indicator	Impact on Outlook	Comment
 <p>Initial Claims for Unemployment Insurance in Washington State</p>		<p>The monthly count of initial claims for unemployment insurance were down by 600 in August 2024, but up 600 year-over-year. In July, unemployment claims were much higher, around 1,500 year-over year.</p>
 <p>Year-over-Year Job Growth in Washington State</p>		<p>Washington’s nonfarm employment grew by 46,100 jobs year-over-year in August 2024, a gain of 1.3%, like June and July.</p>
 <p>Housing Units Authorized in Washington State</p>		<p>In July 2024, 35,400 building permits were issued, up 4,900 from the previous month and up 2,800 from the previous year, but 3,102 below the long-term average. In June, permits were 7,997 below the long-term average.</p>
 <p>10-year Treasury Note, 3-Month Treasury Bill Interest Rate Spread</p>		<p>Throughout the year, the spread is consistently negative, with the most pronounced inversion in August (-143 basis points). This could suggest ongoing market concerns about economic growth.</p>
 <p>Standards on Consumer Loans in the U.S.</p>		<p>The percentage of lenders willing to make consumers loans has increased by 5.3 percentage points from Q2 2024 to Q3 2024.</p>
 <p>Manufacturing Overtime Hours in the U.S.</p>		<p>In August 2024, manufacturing overtime rose to 3.7 hours per week, up 0.1 hour over four months, but still below the 4.0-hour threshold linked to recession risk.</p>
 <p>Pending Home Sales in the U.S.</p>		<p>In July 2024, pending home sales fell 5.5% nationwide and 3.8% year-over-year in Washington, likely due to anticipation of a Fed rate cut in September.</p>
 <p>Aruoba-Diebold-Scotti Business Conditions Index</p>		<p>In July, the index was -0.618, indicating below-average economic conditions. By August, it improved to 0.047, signaling a shift to above-average growth.</p>

[View leading indicator graphs](#)

Economic Highlights

U.S. Economy

General Economic Activity

- **Interest Rate Cut by the Fed:** The Federal Reserve lowered the target range for the federal funds rate by **1/2 percentage point** to **4.75% - 5.00%**, citing progress on inflation and balanced risks to employment and inflation goals. The Fed remains vigilant and will assess future adjustments based on evolving economic data and risks. (Source: *Federal Open Market Committee*)
- **Strong GDP Growth:** The second estimate of Q2 2024 real GDP growth is 3.0%, an improvement from 1.4% in Q1. (Source: *U.S. Bureau of Economic Analysis*)
- **Moderate Inflation:** Consumer prices increased by 0.2% in both July and August, with a 2.5% year-over-year increase (Source: *U.S. Bureau of Labor Statistics*).
- **Rising Consumer Confidence:** Confidence measures rose in August, with the University of Michigan index at 67.9 and the Conference Board index at 103.3. (Source: *University of Michigan, The Conference Board*)

Employment

- **Slowing Job Growth:** National employment increased by 142,000 jobs in August, with a slowdown in the 3-month average job gains to 116,000 (Source: *U.S. Bureau of Labor Statistics*).
- **Sharp Rise in Layoffs:** Layoff announcements surged by 193% in August, while initial unemployment claims rose by 2,000. The unemployment rate dropped to 4.2% (Source: *Challenger, Gray & Christmas; U.S. Department of Labor*).
- **Higher Earnings and Longer Hours:** Average hourly earnings increased by \$0.14 in August, and the average workweek increased by 0.1 hours (Source: *U.S. Bureau of Labor Statistics*).

Sectorial Trends

- **Manufacturing Decline:** Industrial production fell by 0.6% in July; manufacturing jobs decreased by 24,000 in August. (Source: *Federal Reserve, U.S. Bureau of Labor Statistics*)
- **Mixed Housing Market:** Residential construction declined in July, but home sales increased. New home sales were up 10.6%, while housing starts dropped by 6.8%. (Source: *U.S. Census Bureau*)
- **Growth in Transportation:** Truck tonnage rose by 0.3% in July, while rail carloads were up 0.6% and intermodal rail units surged by 14.3% in August. (Source: *American Trucking Associations, Association of American Railroads*)
- **Weakening Auto Sales:** Light vehicle sales dropped 4.5% in August, down 1.1% compared to a year ago. (Source: *U.S. Bureau of Economic Analysis*)
- **Declining Energy Prices:** Gasoline prices decreased by \$0.21 in early September, while oil prices dropped by \$7 (WTI) and \$5 (Brent) from a month earlier. (Source: *U.S. Energy Information Administration*).

Economic Highlights

Washington's Economy

General Economic Activity

- **Declining Inflation:** Seattle's CPI increased **3.1%** year-over-year in August, still higher than the national average of **2.5%**. Energy prices in Seattle dropped **6.2%**, while core inflation rose **3.9%**. *(Source: U.S. Bureau of Labor Statistics)*
- **Higher Revenue Collections:** Major General Fund-State (GF-S) revenue collections from August 11 to September 10, 2024, were **\$30.6 million (1.4%)** above forecast, with cumulative revenue now **\$26.0 million (0.4%)** higher than expected. *(Source: Washington State Department of Revenue)*

Employment

- **Nonfarm Jobs Growth:** Washington added 15,600 nonfarm jobs in June and July, surpassing the forecasted increase by 12,000 (Washington State Employment Security Department). The manufacturing sector gained 2,100 jobs, construction rose by 3,800, and private services added 8,200 jobs, led by a 3,400 job increase in social assistance. However, administrative and support services saw a decline of 3,900 jobs, while government employment rose by 1,600 jobs.
- **Stronger Job Growth:** Washington added 12,500 nonfarm jobs between June and August, 5,700 more than expected, with notable gains in construction (+3,300), manufacturing (+2,400), and health services (+3,600). *(Source: Washington State Employment Security Department)*
- **High but declining Unemployment:** While the unemployment rate fell to 4.8% in August, it remains higher than 4.1% a year ago. The labor force participation rate also declined from 63.6% to 63.5%. *(Source: Washington State Employment Security Department)*

Sectorial trends

- **Auto Sales Rebound:** Washington's new vehicle registrations increased by 2.8% in August, driven by a 37.7% jump in light truck registrations, though overall registrations were down 5.3% year-over-year. *(Source: Washington State Department of Licensing)*
- **Housing Permits Slowdown in Q2 2024:** Housing units authorized by permits fell to 33,300 (SAAR) in Q2 2024, down from 38,000 in Q1, with single-family permits declining by 3,000 units. However, July saw a modest increase to 35,400 permits. *(Source: Washington State Economic and Revenue Forecast Council)*
- **Rising Home Prices:** Seattle home prices increased 0.9% in June, marking the strongest growth since August 2023, with prices up 6.6% year-over-year. *(Source: Case-Shiller Home Price Index)*
- **Food Services Decline:** The food services sector lost 2,000 jobs from June to August, marking the largest decline in the private services sector during this period. *(Source: Washington State Employment Security Department)*

Economic Highlights

Layoffs Around Washington State

Layoffs in August 2024

According to the Worker Adjustment and Retraining Notification (WARN), Washington State saw several companies implement significant layoffs, resulting in a total of 829 job losses in August 2024. These layoffs occurred across various industries, impacting locations in Tukwila, Seattle, Vancouver, Centralia, Yakima, and Port Angeles.

- **Amazon in Tukwila** closed, resulting in 172 layoffs on August 1, 2024.
- **Expedia, Inc. in Seattle** laid off 36 workers on August 1, 2024.
- **Prestige Care, Inc. in Vancouver** laid off 150 workers on August 1, 2024.
- **Synchronous LLC dba First Mode in Seattle and Centralia** laid off 65 workers on August 5, 2024.
- **New Columbia Fruit Packers, LLC in Yakima** permanently closed, leading to 216 job losses on August 16, 2024.
- **McKinley Paper Company in Port Angeles** permanently laid off 190 employees on August 25, 2024.

Layoffs in September 2024 and beyond

Washington State is set to experience a total of 269 permanent layoffs from multiple companies between September and November 2024. Additionally, Boeing will implement temporary furloughs affecting tens of thousands of workers starting September 18, as a measure to preserve cash during the union machinists' strike, with employees furloughed for one week every four weeks while retaining benefits:

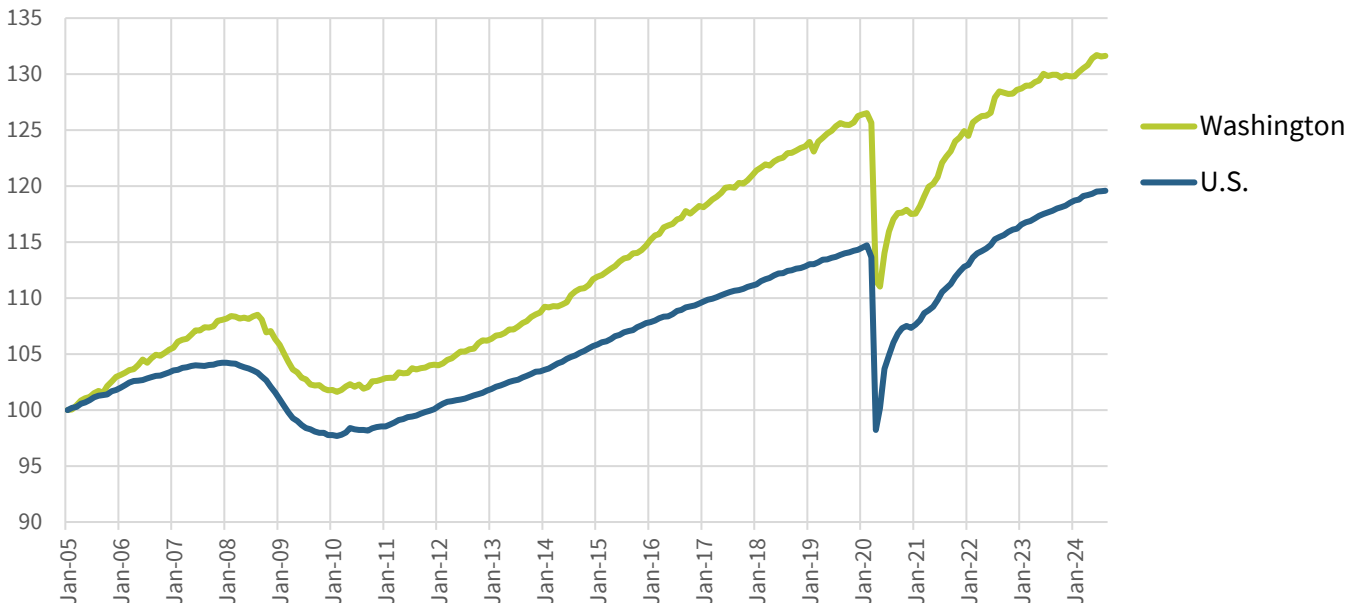
- **Providence Sacred Heart Medical Center in Spokane** has closed, affecting 50 employees on September 7, 2024.
- **Lost Boys Interactive, LLC** has laid off 3 workers across various Washington locations on September 9, 2024.
- **Homegrown Partners LLC** has closed, leading to 158 job losses in King County on September 15, 2024.
- **SunPower Corporation** will permanently lay off 98 employees due to a closure in Bellevue on September 24, 2024.
- **AGC Biologics, Inc. in Bothell** will lay off 10 workers on November 22, 2024.
- **Boeing's** CEO announced temporary furloughs on September 18, 2024, affecting tens of thousands of workers, including executives, managers, and employees, as a cash-preserving measure during the union machinists' strike, with workers furloughed one week every four weeks while retaining their benefits.

Sector Specific Highlights

Labor Market: Jobs

Nonfarm Job Indices: Washington and U.S.

January 2005 – July 2024 (January 2005=100)



WA Nonfarm Jobs

↑1,600

Month-to-Month in August 2024

WA Nonfarm Jobs Growth

↑1.3%

Year-over-Year in August 2024

U.S. Nonfarm Jobs

↑56,000

Month-to-Month in August 2024

U.S. Nonfarm Jobs Growth

↑1.5%

Year-over-Year in August 2024

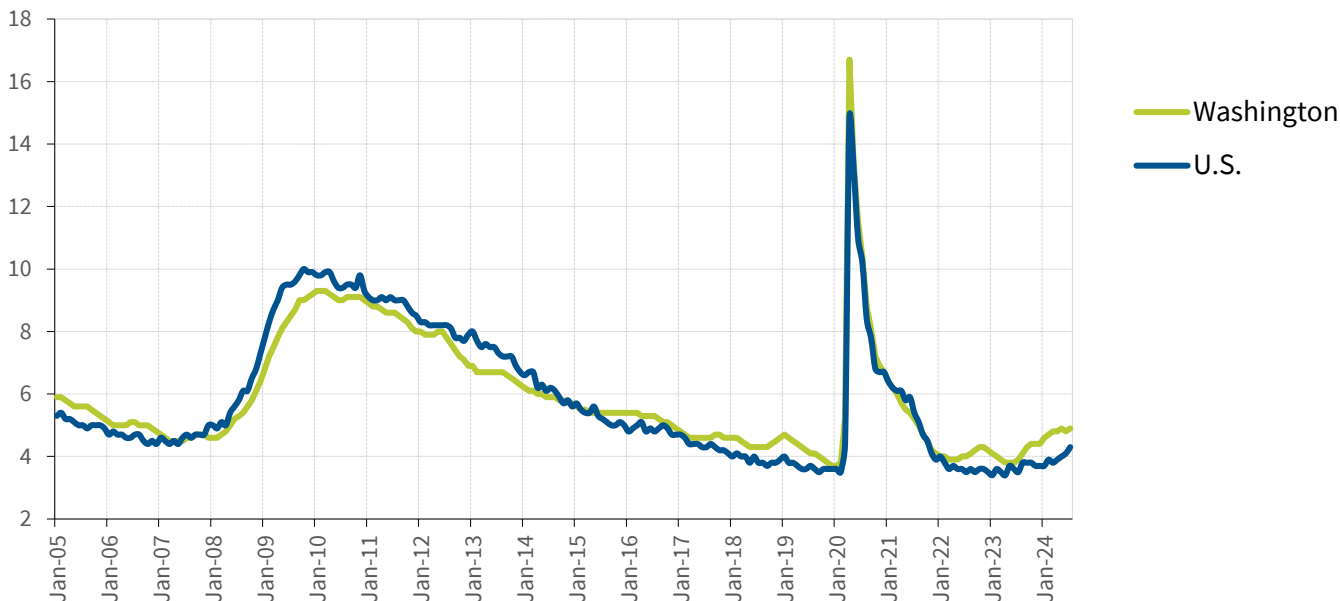
In August 2024, Washington total nonfarm job count increased from July 2024 with a net monthly gain of 1,600, while the national job count rose by 56,000. Revised data show that, over the past three months, nonfarm jobs have increased by 7,200 in Washington State and 349,000 nationwide. As a result, Washington captured 2.9% of the Nation’s job growth in August 2024.

Sector Specific Highlights

Labor Market (Continued): Unemployment

Unemployment Rates: Washington and U.S.

January 2005 - July 2024



WA Unemployment

4.8%

in August 2024

U.S. Unemployment

4.2%

in August 2024

WA Unemployment Trend

↓0.1%

Month-to-Month in August 2024

U.S. Unemployment Trend

↓0.1%

Month-to-Month in August 2024

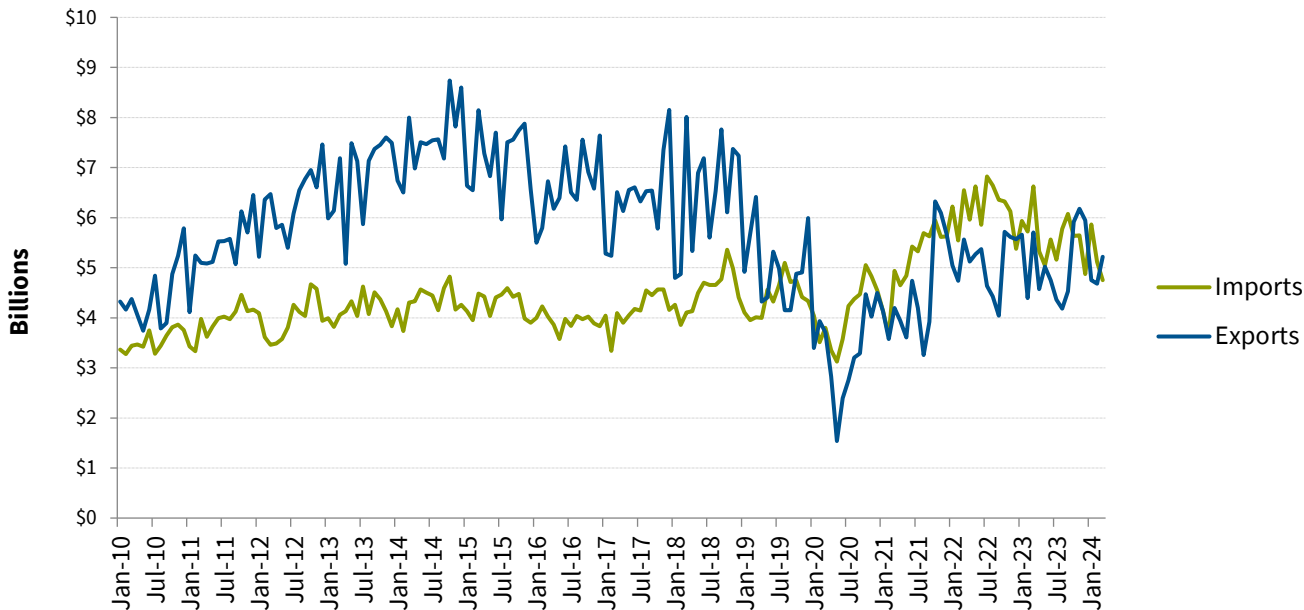
Washington’s unemployment rate held at 4.8% in August, 0.1% lower than June. The nation’s jobless went slightly down to 4.2% in August from 4.3% in July and was up from 3.8% last August. In the last year Washington State’s jobless rate ranged from a low of 4.1% to a high of 4.9%, while the nation’s rate tracked in the 3.7% - 4.3% range. The current U.S unemployment rate is the second-to-highest since last August.

Sector Specific Highlights

Washington Trade

Washington State Origin Exports and Destination Imports

January 2010 - July 2024, Source: BEA



WA Exports
↑16.8%
 in July 2024

Year-Over-Year Exports
↑5.8%
 July 2023 to July 2024

WA Imports
↑2.2%
 in July 2024

Year-Over-Year Imports
↓13.2%
 July 2023 to July 2024

Washington’s June 2024 exports were up 16.8% over the month, and up 5.8% over the year. Imports were up 2.2% over the month, and down 13.2% over the year.

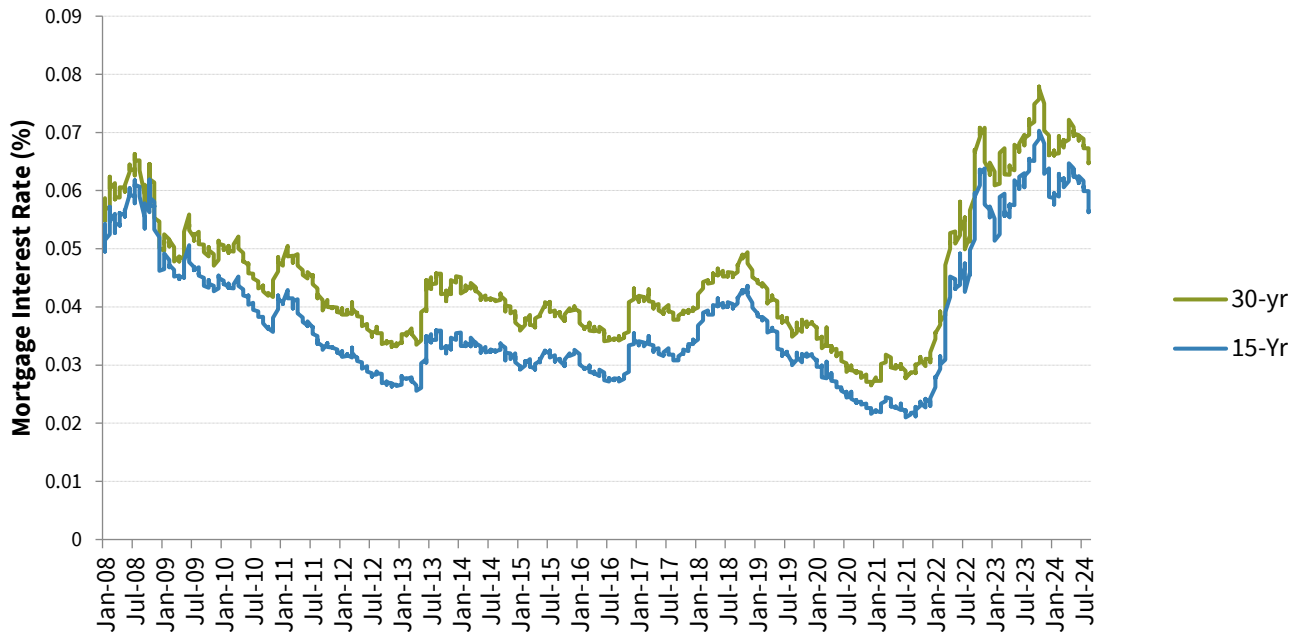
Sector Specific Highlights

Housing Market

United States

Mortgage Interest Rate: 30-Yr vs 15-Yr

January 2008 – August 2024 Source: Freddie Mac



- Mortgage Rates Falling:** The 30-year mortgage rate dropped to 6.09%, the lowest since February 2023, down 11 basis points from the previous week, and 1.7% lower than its October 2023 high of 7.79%.
- Impact of Fed Rate Cut:** The Federal Reserve’s 50 basis point rate cut in September is the first since 2020 and indirectly influences the mortgage rate decline.
- Further Rate Decreases Expected:** The Fed’s plan to cut rates two more times this year and four times in 2025 suggests mortgage rates could continue to fall in the near future.

Sector Specific Highlights

Housing Market (Continued)

Washington

Washington Housing Market Pricing

- **Home Price Growth:** Home prices in Washington increased 4.9% year-over-year, with a median price of \$644,600 in August 2024. *(Source: Redfin)*
- **Longer Time on Market:** Median days on the market increased by 6 days, reaching 21 days in August 2024. *(Source: Redfin)*

Washington Housing Supply

- **Increase in Homes for Sale:** There were 28,248 homes for sale in August 2024, a 18.7% year-over-year increase. *(Source: Redfin)*
- **New Listings Up:** 9,670 new homes were listed, a 2.9% increase compared to last year. *(Source: Redfin)*
- **Stable Supply:** The months of supply remained at 2 months, unchanged year-over-year. *(Source: Redfin)*

Washington Housing Demand

- **Fewer Homes Selling Above List Price:** 28.8% of homes sold above list price in August, down 5.1 percentage points year-over-year. *(Source: Redfin)*
- **Decline in Home Sales:** The number of homes sold in August 2024 decreased by 1.9% compared to last year, with 8,381 homes sold, down from 8,540 in August 2023. *(Source: Redfin)*
- **Increase in Price Drops:** 36.4% of homes had price drops, slightly up from 36.0% last year. *(Source: Redfin)*