

OCTOBER 2024

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				
July	3,604,200	3,652,300	48,100	1.3%
August	3,607,800	3,654,400	46,600	1.3%
September	3,607,700	3,652,400	44,700	1.2%
Unemployment Rate (%)				
July	3.6%	4.9%	1.3%	36.1%
August	3.6%	4.8%	1.2%	33.3%
September	3.6%	4.8%	1.2%	33.3%
Revenue Collections (\$ millions)				
July	2,311	2,308	-\$3	-0.1%
August	2,098	2,146	\$48	2.3%
September	2,121	2,190	\$69	3.2%

Nonfarm Jobs

↑44,700

Year-over-Year in Sept 2024

Unemployment

↑1.2%

Year-over-Year in Sept. 2024

Nonfarm Jobs Growth

↑1.2%

Compared to Sept. 2023

Total Revenue

↑3.2%

Compared to Sept. 2023

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Washington Jobs, Unemployment, and Revenue Summary

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Moderate Nonfarm Job Growth

- **In September 2024, Washington's nonfarm jobs increased by 44,700, representing a 1.2% year-over-year rise, lower by 0.1% than the growth seen in July and August.** The job market is continuing to grow in Washington but at a slower pace than the previous months. *(Source: Employment Security Department, quarterly benchmarked nonfarm series).*

Steady Unemployment Rate

- **The unemployment rate in September 2024 rose by 1.2 percentage points, from 3.6% in September 2023 to 4.8%.** The unemployment rate in August was also at 4.8%, resulting in a 1.2 percentage points increase year-over-year. *(Source: Employment Security Department Local Area Unemployment Statistics).*

Revenue Collection on the Rise

- **In September 2024, revenue collections increased by \$69 million, representing a 3.2% year-over-year rise compared to September 2023.** This follows an increase of \$48 million (2.3% year-over-year) in August. *(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	2023Q2
Gross Domestic Product (GDP)				
Change in Real GDP (annual rate)* (Advanced)	3.4%	1.6%	3.0%	2.1%
	Jul-24	Aug-24	Sep-24	Sep-23
U.S. Employment				
Change in Monthly Nonfarm Payrolls*	144,000	159,000	254,000	246,000
Unemployment Rate*	4.3%	4.2%	4.1%	3.8%
	Jul-24	Aug-24	Sep-24	Sep-23
Prices				
Change in CPI (year/year)	2.9%	2.5%	2.4%	3.7%
Exchange Rate (foreign currency per US\$)				
Trade Weighted Dollar (Jan 06 = 100)	123.72	122.88	122.13	121.98
Interest Rates				
Prime Rate (percent)	8.50	8.50	8.30	8.50
Fed's Fund Rate	6.85	6.50	6.18	7.20
30-Year Mortgage Rate (percent)	6.85	6.50	6.18	7.20
	Jul-24	Aug-24	Sep-24	Sep-23
US Average Retail Gas (Regular \$ per gallon)	\$3.48	\$3.39	\$3.21	\$3.84
West Texas Intermediate Crude (\$ per barrel)	\$81.80	\$76.68	\$70.24	\$89.43

Washington. Economic Indicators

	Jul-24	Aug-24	Sep-24	Sep-23
Washington Employment				
Change in Monthly Nonfarm Payrolls*	-3,100	2,100	-2,000	-100
Aerospace Employment (level)*	82,700	82,700	82,600	79,700
Construction Employment (level)*	235,600	235,000	236,600	231,500
Software Employment (level)*	80,900	80,700	80,200	84,700
Unemployment Rate*	4.9%	4.8%	4.8%	3.6%
	Jul-24	Aug-24	Sep-24	Sep-23
Energy Indicators				
WA Average Retail Gas (Regular, \$ per gallon)	\$4.13	\$4.05	\$3.98	\$4.96
	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
	Jun-24	Jul-24	Aug-24	Aug-23
Housing Permits (annual rate)*	30,500	35,400	35,300	35,100
	Jun-24	Jul-24	Aug-24	Aug-23
Exports Produced in Washington				
Total State Exports (\$ millions)	\$5,315.0	\$4,752.1	\$5,245.3	\$4,184.7
Total Imports to Washington Destinations				
Total Imports (\$ millions)	\$4,517.6	\$5,278.1	\$5,403.1	\$5,773.9

















Washington Revenue

	September 2024 Actual	September 2024 Adjusted
Variance in revenue from September 2024 forecast (\$ millions) (September 11 - October 10, 2024)	\$68.0	\$68.0

“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 up by 4,600 in September 2024, and up 4,500 year-over-year. In August, the rise in unemployment claims was lower, around 600 year-over-year. The September rise is due to the Boeing strike.</p>
 <p>Year-over-Year Job Growth in Washington State</p>		<p>Washington's nonfarm employment grew by 44,700 jobs year-over-year in September 2024, a gain of 1.2%. Compared to June, July, and August, there was a slight drop in the increase by 0.1%.</p>
 <p>Housing Units Authorized in Washington State</p>		<p>In July 2024, 35,300 building permits were issued, down by 100 compared to the previous month and down 4,700 from the previous year.</p>
 <p>10-year Treasury Note, 3-Month Treasury Bill Interest Rate Spread</p>		<p>Throughout the year, the spread is consistently negative, with a less pronounced inversion in September (-120 basis points) vs -143 in August. This could suggest that long term expectations for economic growth and inflation have improved in September</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 September 2024, manufacturing overtime decreased to 3.6 hours per week, down 0.1 hour compared to the last month, and still below the 4.0-hour threshold linked to recession risk.</p>
 <p>Pending Home Sales in the U.S.</p>		<p>In August 2024, pending home sales fell 3.0% nationwide and increase 2.7% year-over-year in Washington</p>
 <p>Aruoba-Diebold-Scotti Business Conditions Index</p>		<p>In September, the index was -0.01, indicating below-average economic conditions. In August, the index was slightly positive.</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*).
- **Steady GDP Growth:** The third estimate of Q2 2024 real GDP growth remains unchanged at 3.0% seasonally adjusted. Q1 2024 growth was 1.6% (Source: *U.S. Bureau of Economic Analysis*).
- **Inflation Moderated:** Consumer prices rose 0.2% in both August and September. Year-over-year, prices are up 2.4%, while core inflation (excluding food and energy) increased 3.3%. (Source: *U.S. Bureau of Labor Statistics*)
- **Conflicting Consumer Confidence:** The University of Michigan consumer sentiment index increased to 70.1 in September, but the Conference Board index fell to 98.7 due to concerns about prices, business conditions, and labor (Sources: *University of Michigan, The Conference Board*).

Employment

- **Job Gains in September:** U.S. employment rose by 254,000 jobs, with the strongest gains in healthcare (+45,200), leisure and hospitality (+78,000), and government (+31,000) (Source: *Bureau of Labor Statistics*).
- **Revised Job Numbers:** Employment for July and August was revised up by 72,000 jobs based on additional data and seasonal adjustments (Source: *Bureau of Labor Statistics*).
- **Unemployment rate fell, while unemployment claims rose:** The unemployment rate fell to 4.1% in September. However, initial unemployment claims increased by 33,000 to 258,000 due to hurricanes and strikes (Source: *Bureau of Labor Statistics*).
- **Average Earnings Growth:** Average hourly earnings increased by \$0.13 in September and have grown 4.0% over the past year (Source: *Bureau of Labor Statistics*).

Sectorial Trends

- **Manufacturing Contracts:** The manufacturing PMI remained at 47.2 in September, indicating contraction for the 22nd time in 23 months (Source: *Institute for Supply Management*).
- **Service Sector Expansion:** The services PMI increased to 54.9 in September, signaling growth for seven of the past nine months (Source: *Institute for Supply Management*).
- **Real Estate:** August housing starts rose 9.6% month-over-month, but home sales declined. New home sales fell 4.7%, and existing home sales decreased 2.5% (Sources: *U.S. Census Bureau, National Association of Realtors*).
- **Energy Prices Are Up:** As of October 4th, WTI crude was \$72 per barrel, up by \$2 from the previous month, while Brent crude rose to \$76 per barrel (Source: *U.S. Energy Information Administration*).
- **Freight and Transportation Activities Rose:** Truck tonnage increased 1.8% in August, while intermodal rail shipments grew 10.7% year-over-year in September (Source: *American Trucking Association*).

Economic Highlights

Washington's Economy

General Economic Activity

- **Steady Personal Income Growth:** Washington's personal income rose from **\$657.3 billion** in Q1 2024 to **\$665.4 billion** in Q2 2024, a **5.1% increase (seasonally adjusted)**, ranking 28th among U.S. states. This growth trailed the national average of **5.3%** (Source: U.S. Bureau of Economic Analysis).
- **Revised Personal Income for 2023 released in September:** Washington's personal income for 2023 increased to **\$632.3 billion** from **\$589.1 billion** in 2022, marking a **7.3% growth rate**, which was the 3rd highest in the U.S. (Source: U.S. Bureau of Economic Analysis).
- **Higher Revenue Collections:** Major General Fund-State (GF-S) revenue collections for the September 11 - October 10, 2024, collection period came in **\$68.1 million (3.2%)** higher than forecasted in September. Revenue Act collections were **\$38.5 million (2.0%)** higher than forecasted and all other tracked revenue was **\$29.5 million (16.1%)** higher than forecasted (Source: Washington State Department of Revenue).

Employment

- **Job Market Slight Decline:** Total nonfarm employment in Washington decreased by 2,000 jobs (seasonally adjusted) in September, against the forecasted gain of 2,700 jobs (Source: Washington State Employment Security Department).
- **Sector Job Changes:** The information sector led growth with 1,300 new jobs in September, followed by construction (+700) and manufacturing (+400). The largest declines occurred in state government education (-8,000) and accommodation and food services (-900) (Source: Washington State Employment Security Department).
- **Unemployment Hold Steady:** Washington's unemployment rate remained at 4.8% in September, within a consistent range since March. Labor force participation dropped to 63.3%, down from 63.5% in August and 64.3% a year ago (Source: Washington State Employment Security Department).

Sectorial trends

- **Increased Housing Permits:** In July and August, Washington issued permits for **35,300 housing units** (seasonally adjusted), up from 33,300 in Q2 2024, with 17,800 single-family and 17,500 multi-family units. (Source: U.S. Census Bureau)
- **Seattle Home Prices Rising:** Seattle-area home prices rose 1.1% in July, marking the fourth consecutive monthly increase. Year-over-year, Seattle home prices were up 6.0%, compared to a 5.9% increase in the broader Composite-20 index (Source: S&P CoreLogic Case-Shiller Index).
- **Vehicle Sales Growth:** New vehicle registrations in Washington grew 4.8% (seasonally adjusted) in September, continuing a three-month upward trend and marking a 3.3% year-over-year increase (Source: Washington State Department of Licensing).

Economic Highlights

Layoffs Around Washington State

Layoffs in September 2024

In September 2024, Washington state saw significant layoffs across industries, with Boeing leading the cuts with a plan to lay off 10% of its workforce—approximately 17,000 employees—amid financial struggles and labor disputes. Additional layoffs included closures and workforce reductions from Providence Sacred Heart Medical Center (50 jobs), Homegrown Partners LLC (158 jobs), SunPower Corporation (98 jobs), AGC Biologics, Inc. (10 jobs), and Lost Boys Interactive, LLC (3 jobs), bringing announced layoffs to 17,319 in September.

- **Providence Sacred Heart Medical Center** in Spokane closed parts of its operations on September 7, 2024, leading to the layoff of 50 employees.
- **Lost Boys Interactive, LLC** laid off 3 employees on September 9, 2024, across various locations in Washington as part of a permanent reduction in workforce.
- **Boeing** will lay off 10% of its workforce, impacting approximately 17,000 employees, as it struggles with cash flow issues exacerbated by a month-long machinists' strike that began on September 13, 2024. The company also plans to end production of its 767 freighter by 2027 and delay the launch of its new 777X to 2026, aligning its operations with financial realities while navigating labor disputes and production setbacks.
- **Homegrown Partners LLC** permanently closed its operations on September 15, 2024, affecting 158 employees in King County.
- **AGC Biologics, Inc.** layoffs in Bothell on September 18, 2024, impacting 10 employees as part of a restructuring effort. implemented
- **SunPower Corporation** shut down its operations in Bellevue on September 24, 2024, resulting in 98 permanent job losses, following an earlier announcement on July 29, 2024.

Layoffs in October 2024 and beyond

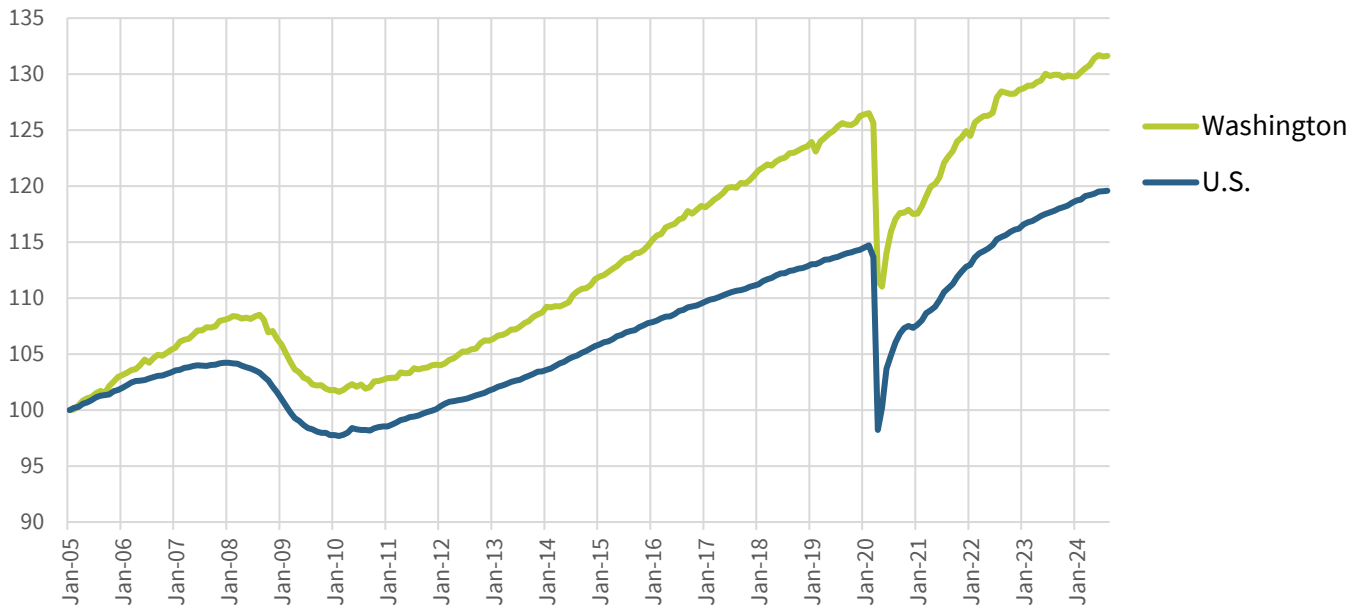
- **Lamb Weston, Inc.** announced on October 1, 2024, the closure of its operations in Connell, WA, scheduled to take effect on November 30, 2024, impacting 379 employees permanently.
- **AGC Biologics, Inc.** will proceed on November 22, 2024, with another round of layoffs in Bothell, affecting 10 employees permanently.

Sector Specific Highlights

Labor Market: Jobs

Nonfarm Job Indices: Washington and U.S.

January 2005 – September 2024 (January 2005=100)



WA Nonfarm Jobs

↓2,000

Month-to-Month in September 2024

WA Nonfarm Jobs Growth

↑1.2%

Year-over-Year in September 2024

U.S. Nonfarm Jobs

↑254,000

Month-to-Month in September 2024

U.S. Nonfarm Jobs Growth

↑1.2%

Year-over-Year in September 2024

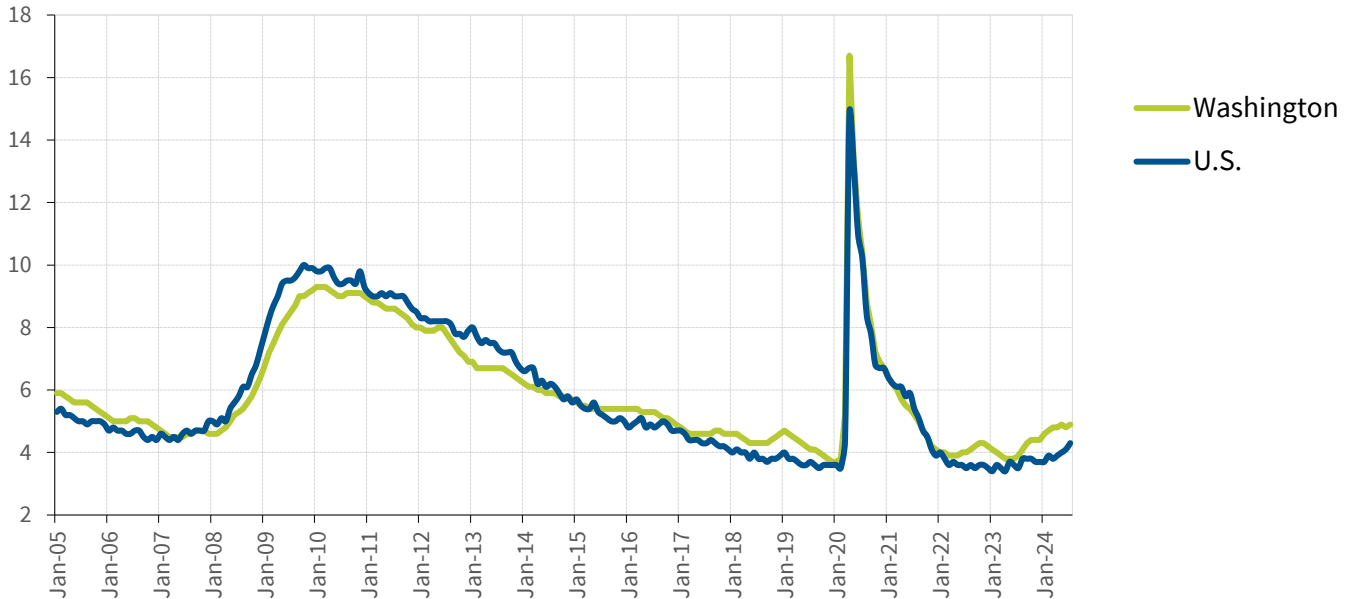
In September 2024, Washington total nonfarm job count decreased by 2,000 month-to month, while the national job count rose by 254,000. Over the past three months, nonfarm jobs have decreased by 1000 in Washington State and increased by 557,000 nationwide.

Sector Specific Highlights

Labor Market (Continued): Unemployment

Unemployment Rates: Washington and U.S.

January 2005 - September 2024



WA Unemployment

4.8%

in September 2024

U.S. Unemployment

4.1%

in September 2024

WA Unemployment Trend

0%

Month-to-Month in August 2024

U.S. Unemployment Trend

↓0.1%

Month-to-Month in September 2024

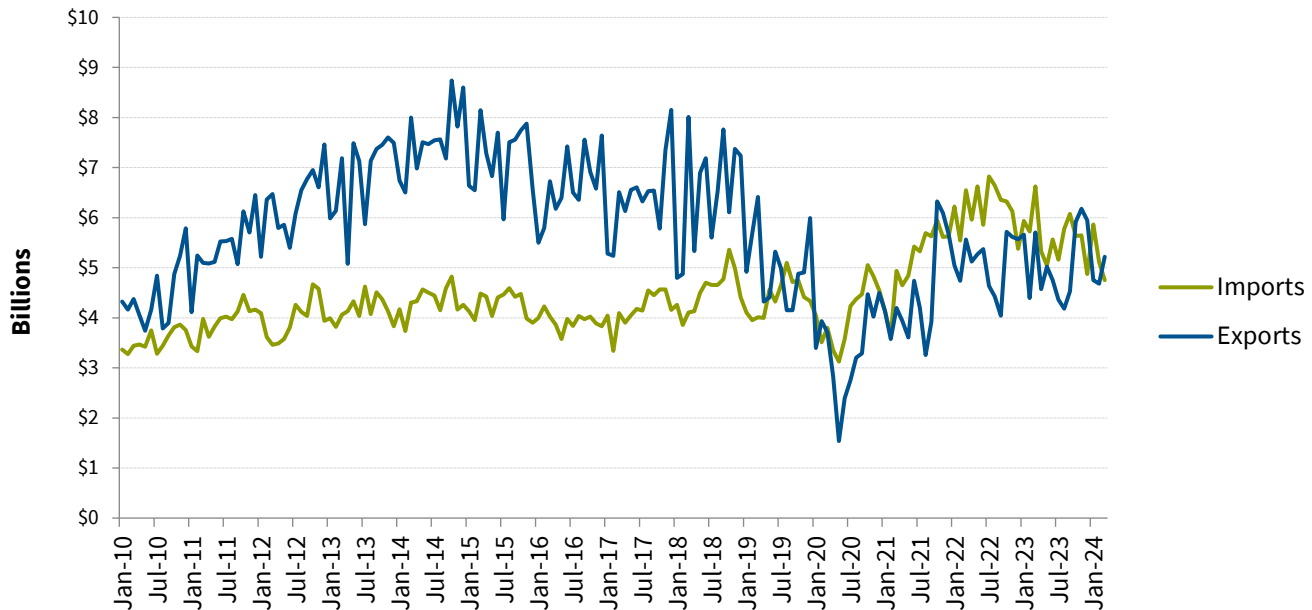
Washington’s unemployment rate held at 4.8% in September, unchanged from August. The nation’s jobless went slightly down to 4.1% in September from 4.2% in August and was up from 3.8% last September. In the last year Washington State’s jobless rate ranged from a low of 4.1% to a high of 4.9%, while the nation’s rate tracked in the 3.7% - 4.3% range. Since July, U.S unemployment rate has been trending downward by 0.1% every month.

Sector Specific Highlights

Washington Trade

Washington State Origin Exports and Destination Imports

January 2010 - August 2024, Source: BEA



WA Exports (Month-to-month)

↑10.4%

in August 2024

WA Exports (Year-over-Year)

↑25.3%

August 2023 to August 2024

WA Imports (Month-to-Month)

↑2.4%

in August 2024

WA Imports (Year-over-Year)

↓6.4%

August 2023 to August 2024

Washington’s August 2024 imports were up 2.4% over the month, but down 6.4% over the year. Exports were up 10.4% over the month, and up 25.83% over the year.

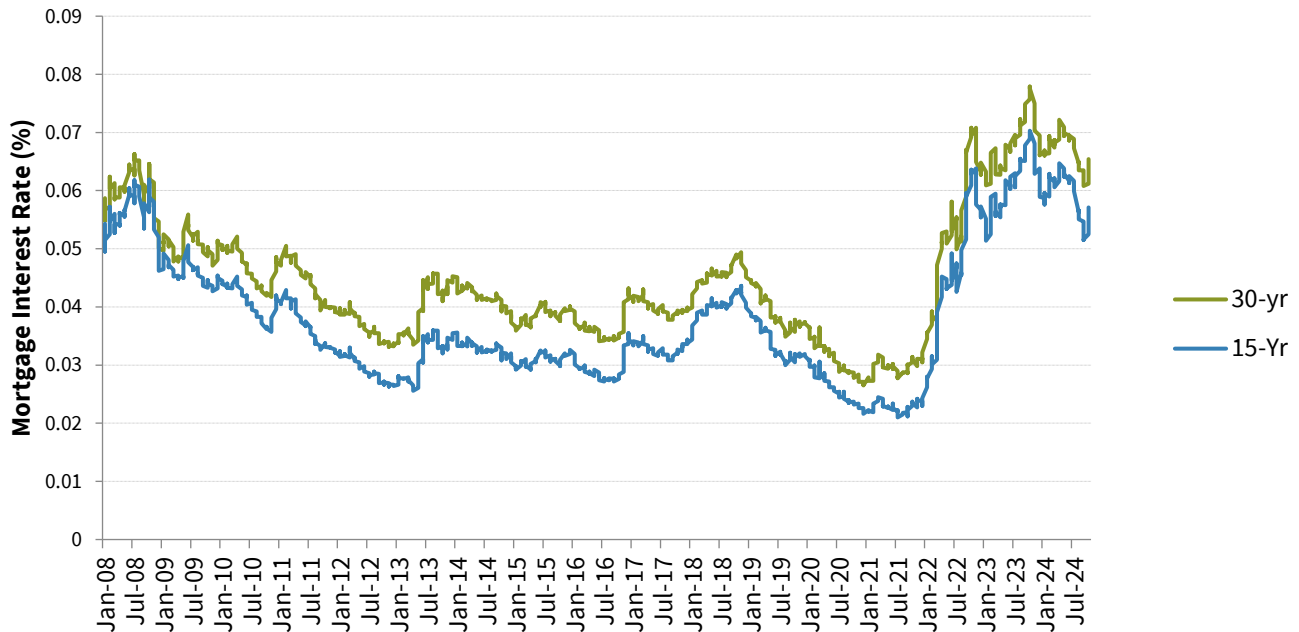
Sector Specific Highlights

Housing Market

United States

Mortgage Interest Rate: 30-Yr vs 15-Yr

January 2008 – October 2024 Source: Freddie Mac



- 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.
- Mortgage Rates Fell in September:** On average, the 30-year mortgage rate decreased to 6.18% in September, 0.32 points compared to August. Similarly, the 15-year mortgage rate decreased on average by 0.42 points, from 5.68% in August.
- Mortgage Rates kept increasing in October:** Over the last three weeks in October, the 30-year-mortgage rates increased by 0.36 points, and the 15-year mortgage rate increased on average by 0.24 points. This is related to the fact that the rate on mortgage bonds is intrinsically related to the yield on treasury notes. The September strength in the economy drove the yield on treasury notes higher, and therefore mortgage rates.

Sector Specific Highlights

Housing Market (Continued)

Washington

In September 2024, Washington's housing market saw home prices rise 5.6% year-over-year to a median of \$635,500, with a 2.0% increase in sales despite longer selling times. Inventory surged 19.3%, while softer demand led to fewer homes selling above list price and more price reductions.

Washington Housing Market Pricing

- **Home Price Growth:** Home prices in Washington increased by 5.6% year-over-year in September 2024, with a median price of \$635,500 (*Source: Redfin*).
- **Homes Sold:** 7,392 homes were sold in September 2024, up from 7,243 homes sold in September 2023 (2.0% increase year-over-year) (*Source: Redfin*).
- **Median Days on Market:** The median time for homes to sell was 26 days in September 2024, up by 8 days year-over-year (*Source: Redfin*).

Washington Housing Supply

- **Homes for Sale:** In September 2024, there were 28,138 homes for sale in Washington, reflecting a 19.3% increase year-over-year (*Source: Redfin*).
- **Newly Listed Homes:** A total of 9,171 homes were newly listed in September 2024, representing a 7.6% increase from the previous year (*Source: Redfin*).
- **Months of Supply:** The average supply remained at 2 months in September 2024, unchanged year-over-year (*Source: Redfin*).

Washington Housing Demand

- **Above List Price Sales:** 26.8% of homes sold above their list price in September 2024, down 3.4 percentage points compared to the previous year (*Source: Redfin*).
- **Price Drops:** 34.5% of homes had price reductions, an increase from 33.0% in September 2023 (*Source: Redfin*).
- **Sale-to-List Price Ratio:** The sale-to-list price ratio in September 2024 was 99.3%, down 0.25 percentage points year-over-year, which is an indicator of weaker demand (*Source: Redfin*).