

Washington State Economic Outlook

Pacific Northwest Regional Economic Conference

May 15, 2008

Bret Bertolin

Senior Economic Forecaster

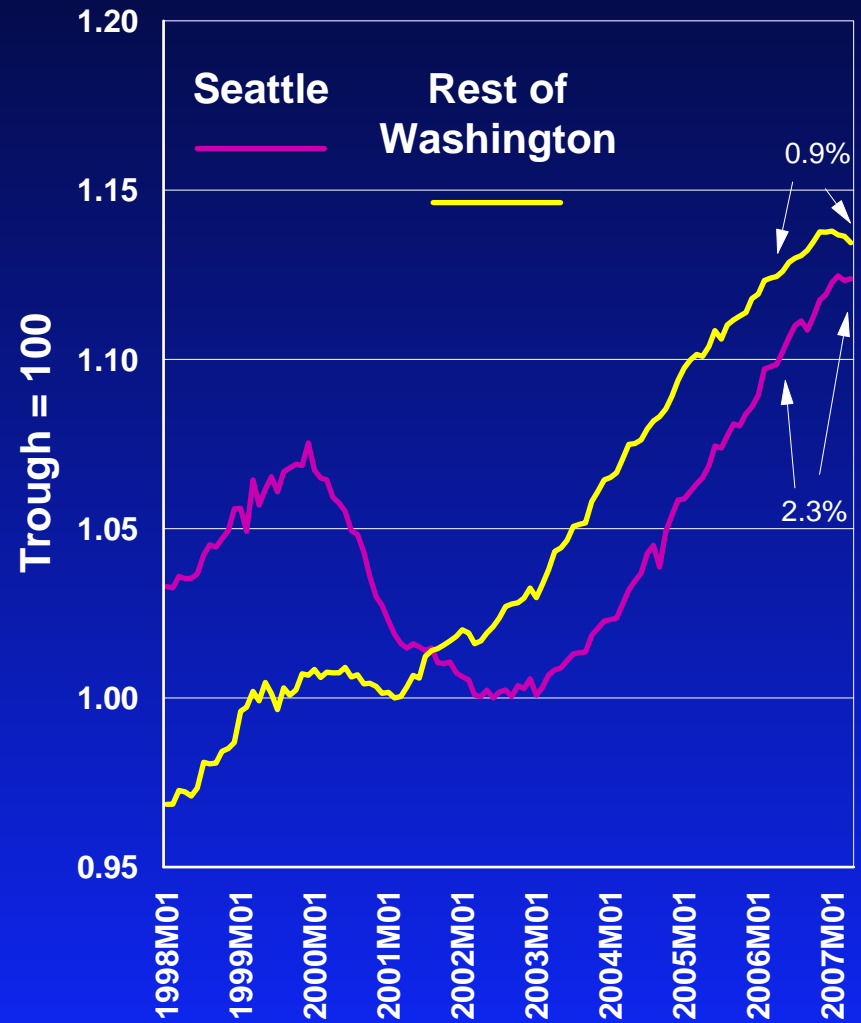
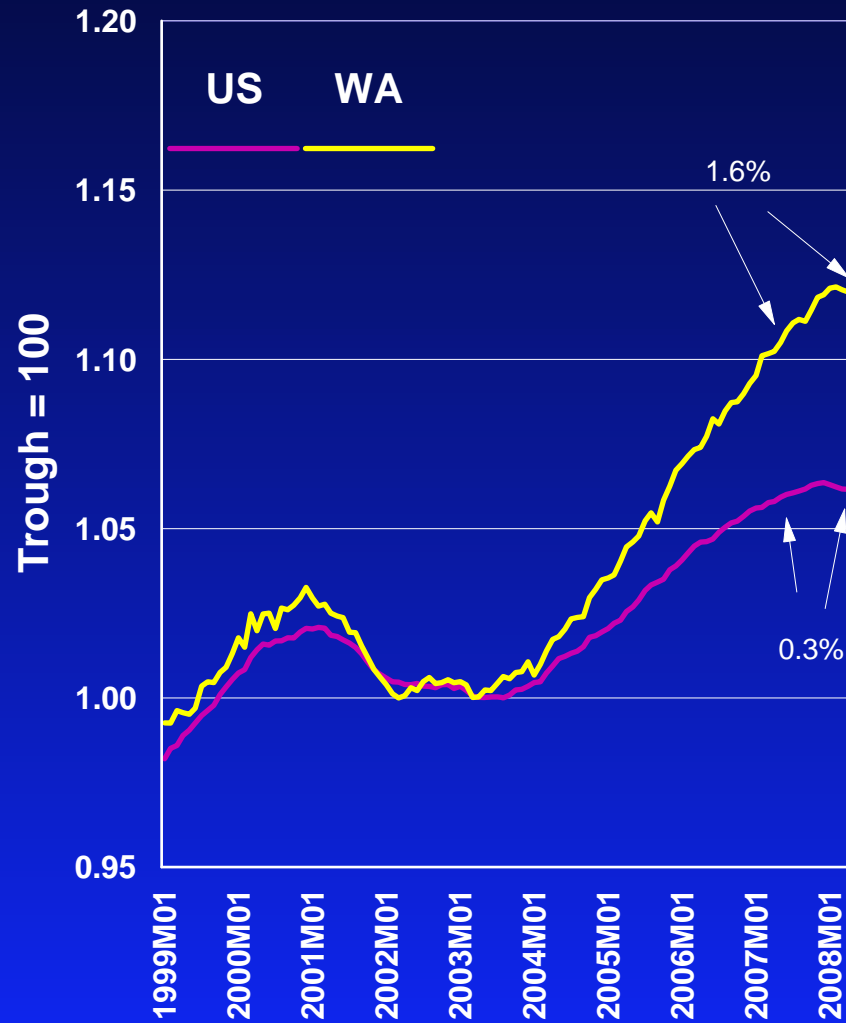
Economic and Revenue Forecast Council

www.erfc.wa.gov

Key National Economic Variables

	2006	2007	2008	2009	2010	2011
Real GDP, %Ch	2.9	2.2	1.4	2.2	3.0	3.2
Personal Income, %Ch	6.6	6.2	4.1	4.4	5.1	5.6
Disable Personal Income, %Ch	5.9	5.8	5.4	3.4	4.8	5.4
Consumer Price Index, %Ch	3.2	2.9	2.5	1.6	1.9	1.8
Housing Starts, %Ch	-12.6	-25.8	-33.0	31.1	24.7	14.1
Nonfarm Payroll Employment, %Ch	1.8	1.1	0.3	0.7	1.3	1.6
Manufacturing Employment, %Ch	-0.5	-1.9	-2.4	-2.3	-0.1	1.3
Construction Employment, %Ch	4.9	-1.0	-5.5	-2.3	1.1	4.1
Unemployment Rate	4.6	4.6	5.3	5.6	5.5	5.1
3-month Treasury Bill Rate	4.7	4.4	1.8	2.5	4.3	4.6
Mortgage Rate	6.4	6.3	5.1	5.6	6.8	7.1

Employment Growth

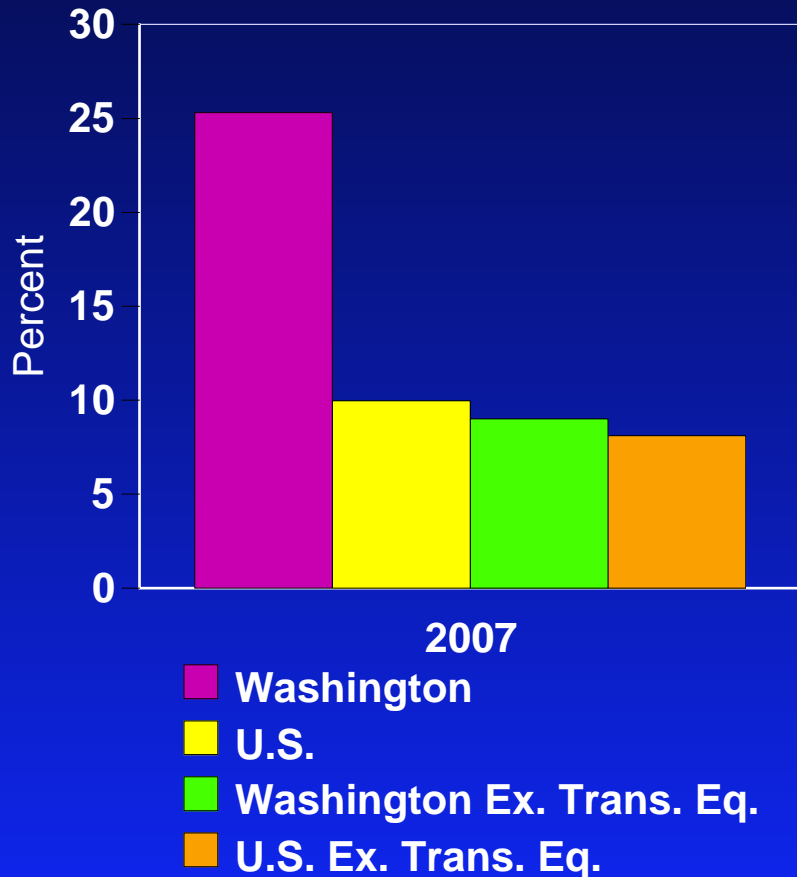


Washington's Relative Advantages

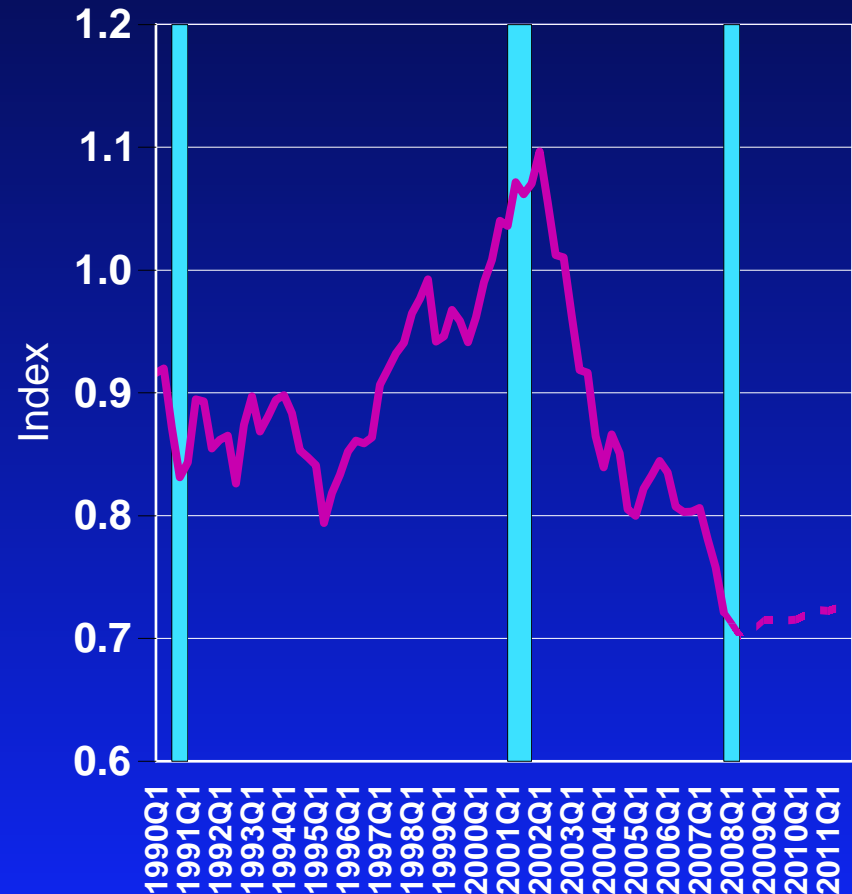
- Above Average Exposure to Export Markets
- Expanding Aerospace and Software Sectors
- Not too "Bubbly" a Housing Market

Washington's Export Orientation

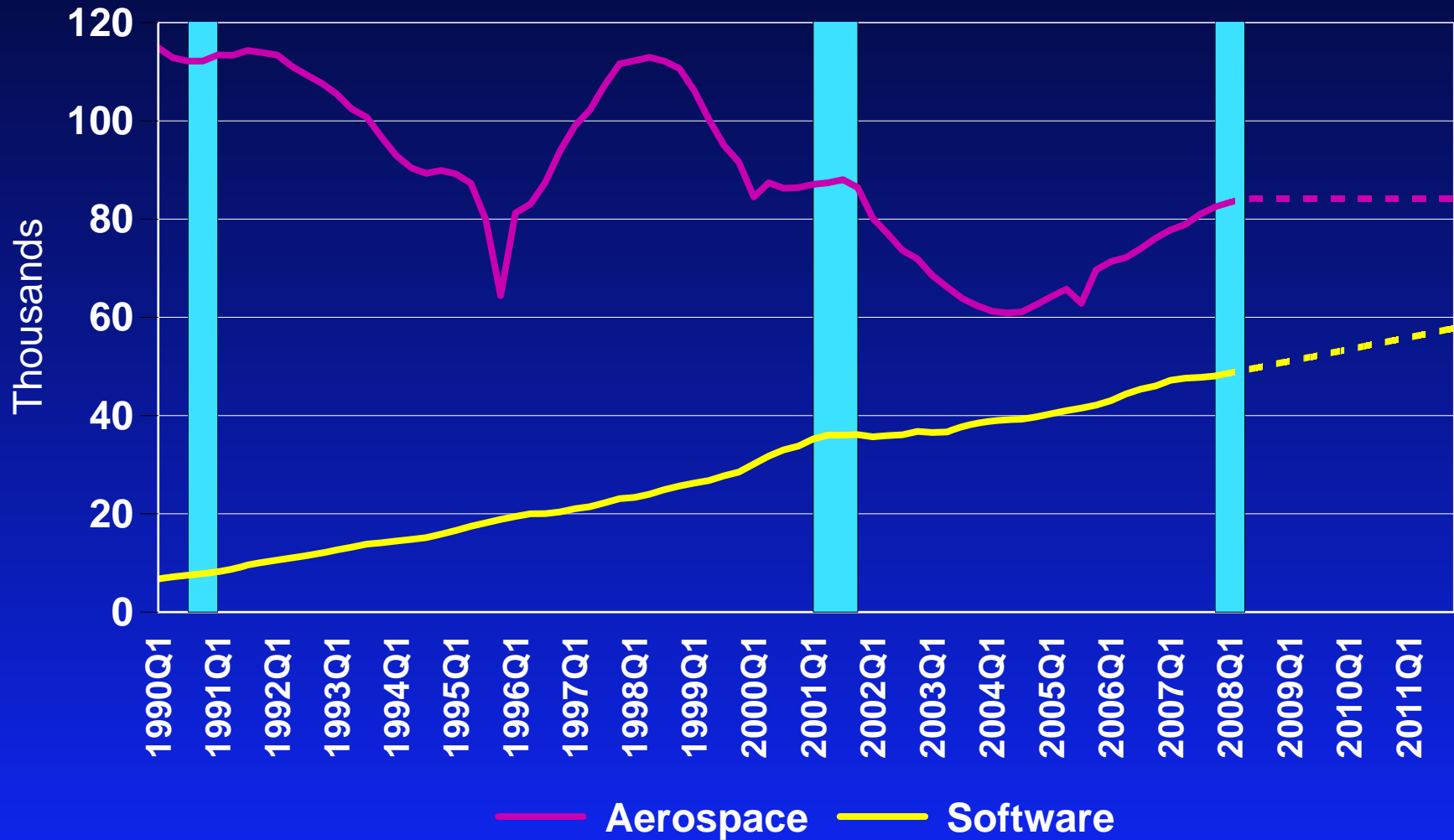
Exports/Personal Income



Exchange Rate

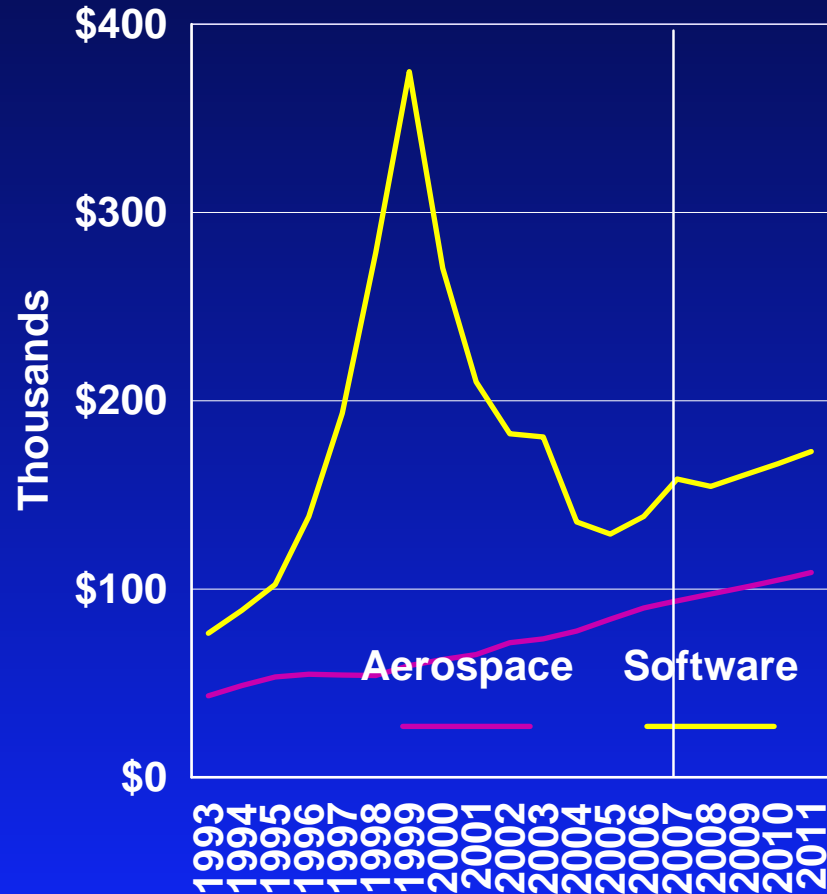


Key Sectors Continue to Expand

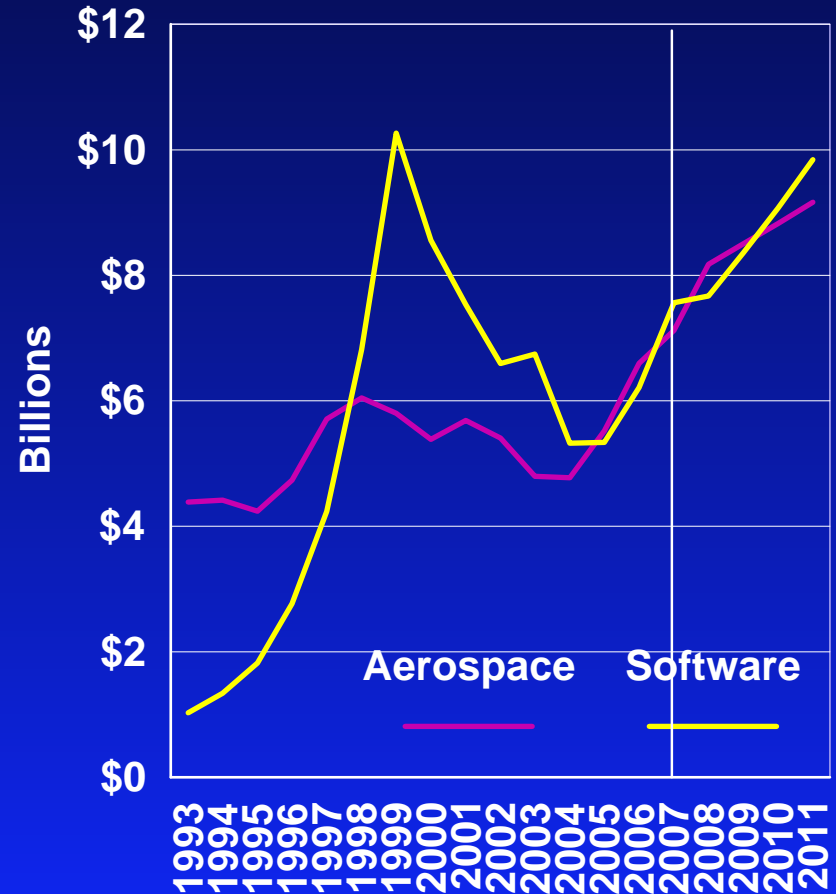


Aerospace and Software Wages

Average Annual Wage



Total Wages

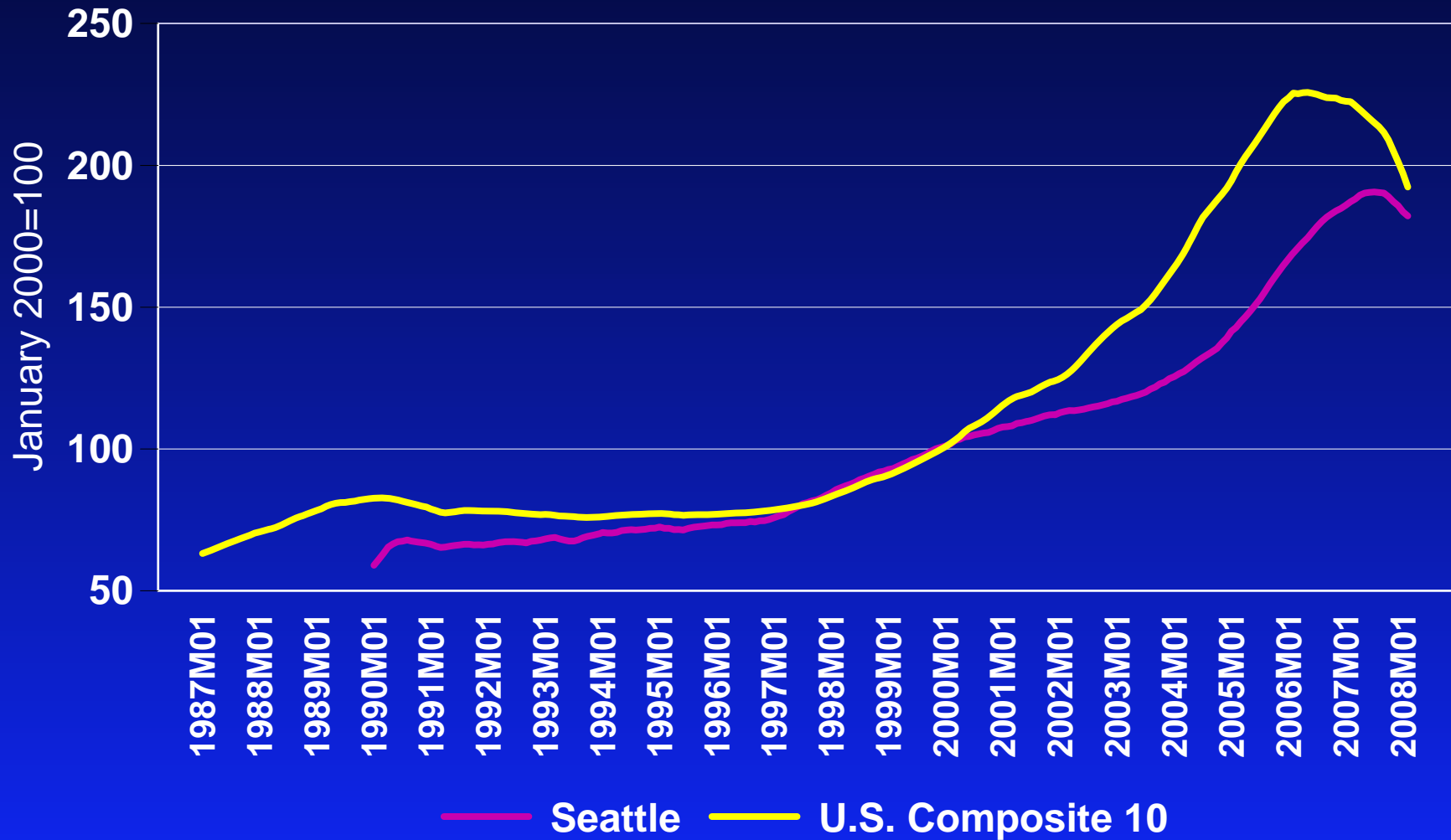


Employment Drivers in Context

Employment Compared to 2004Q2

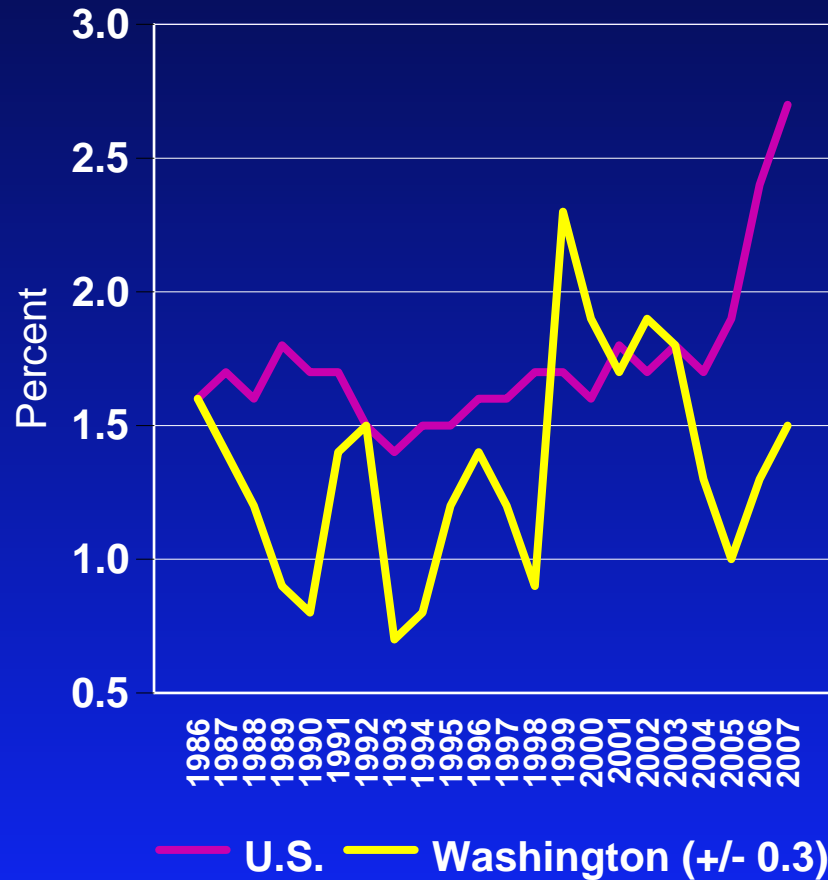


Case-Shiller Home Prices, SA

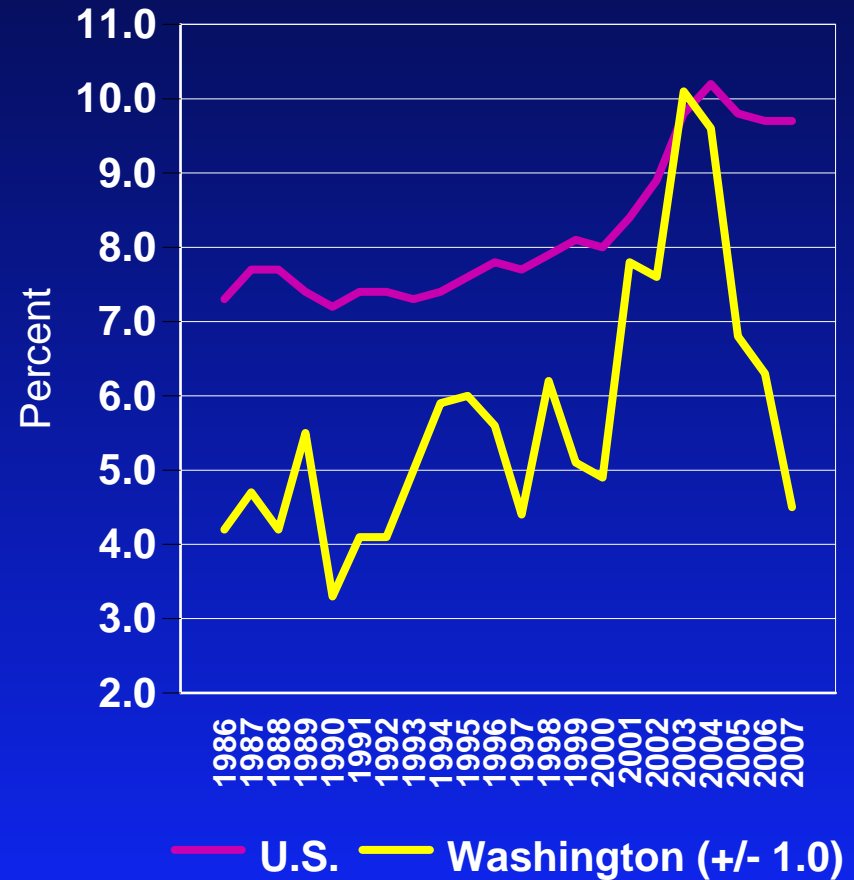


Housing Vacancy Rates

Homeowner

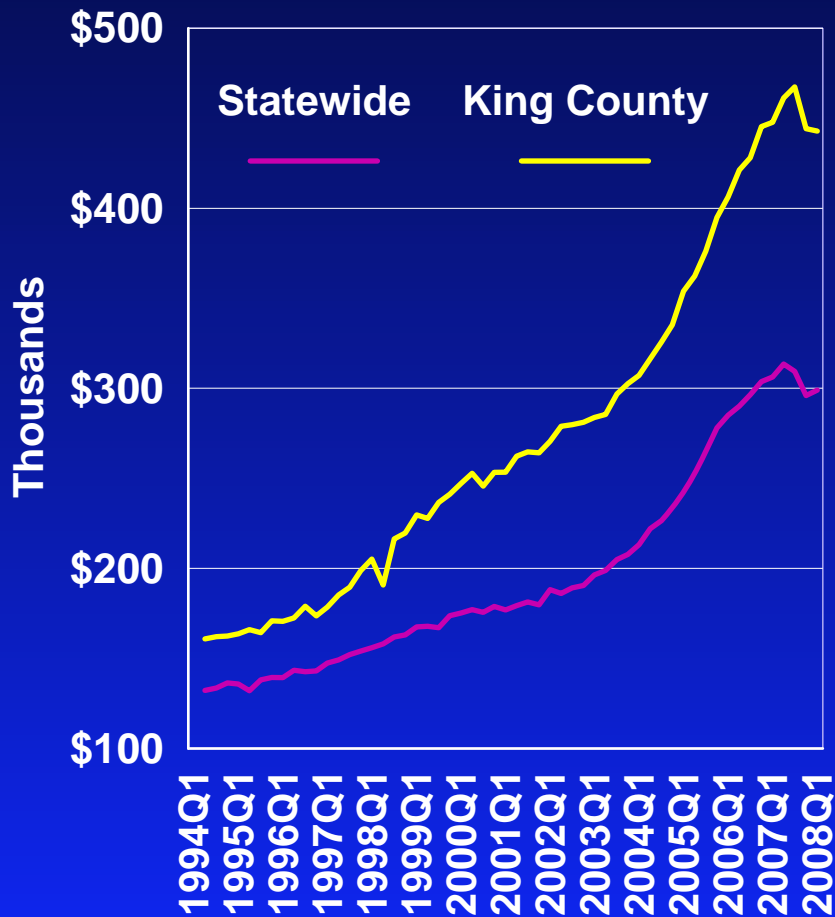


Rental

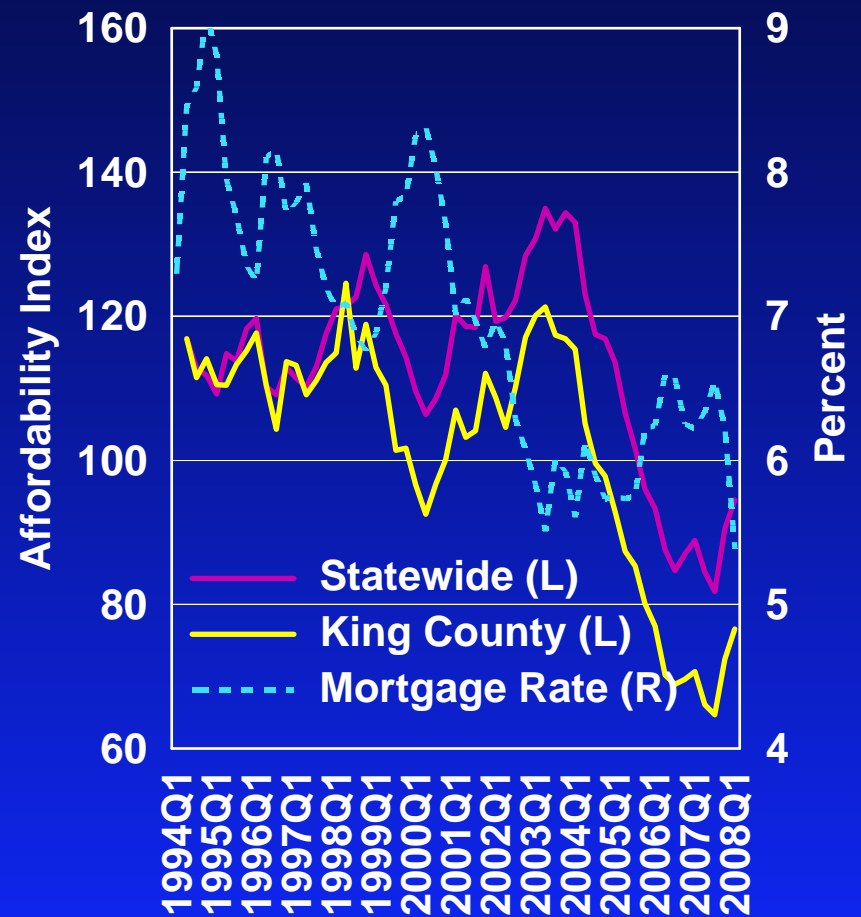


Home Prices and Affordability

Home Prices, SA

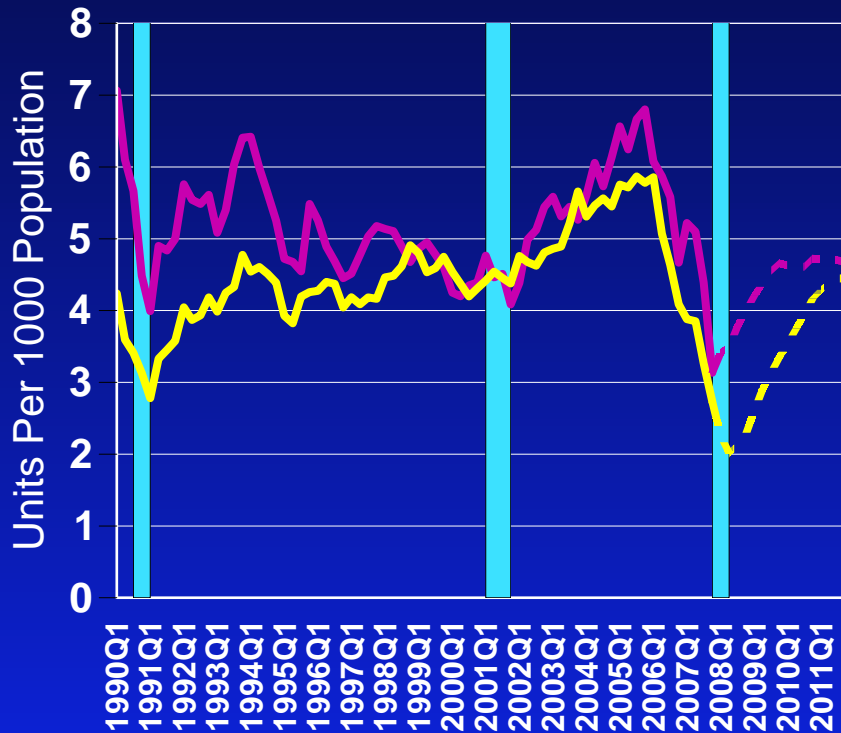


Affordability



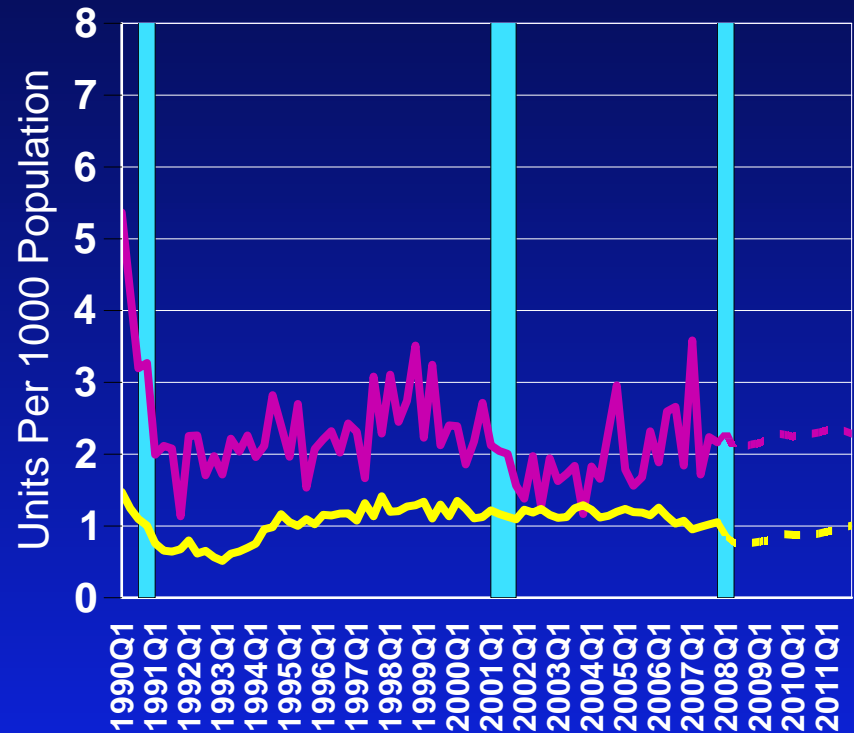
Housing Starts/Permits

Single-Family



— Washington (Permits)
— U.S. (Starts)

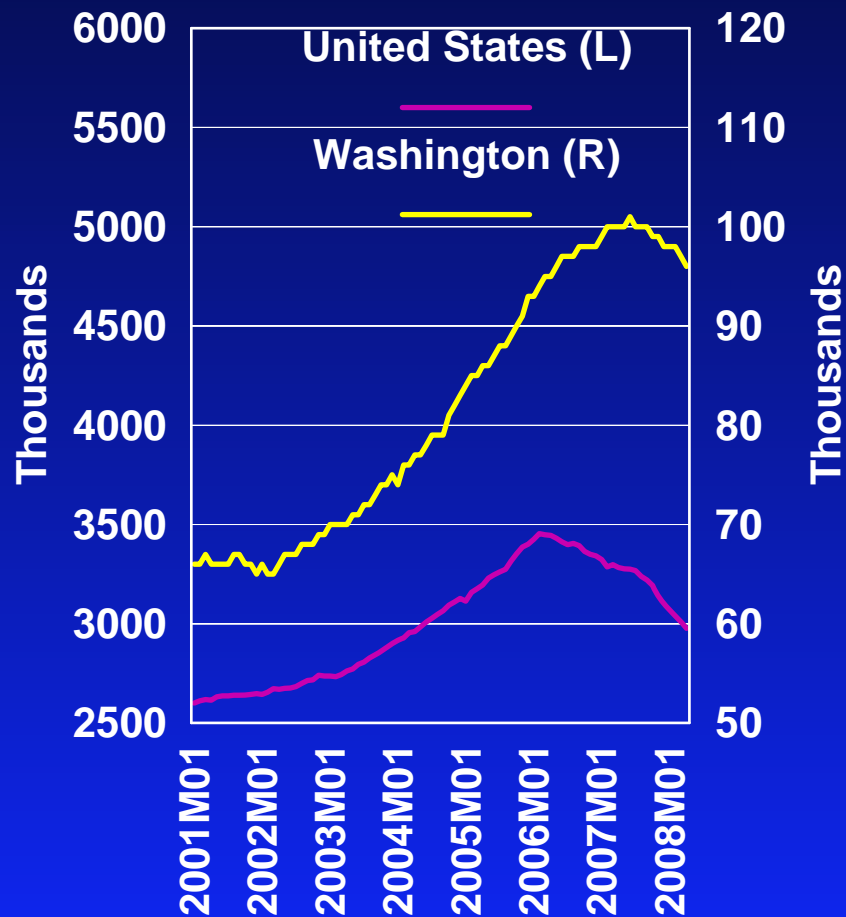
Multi-Family



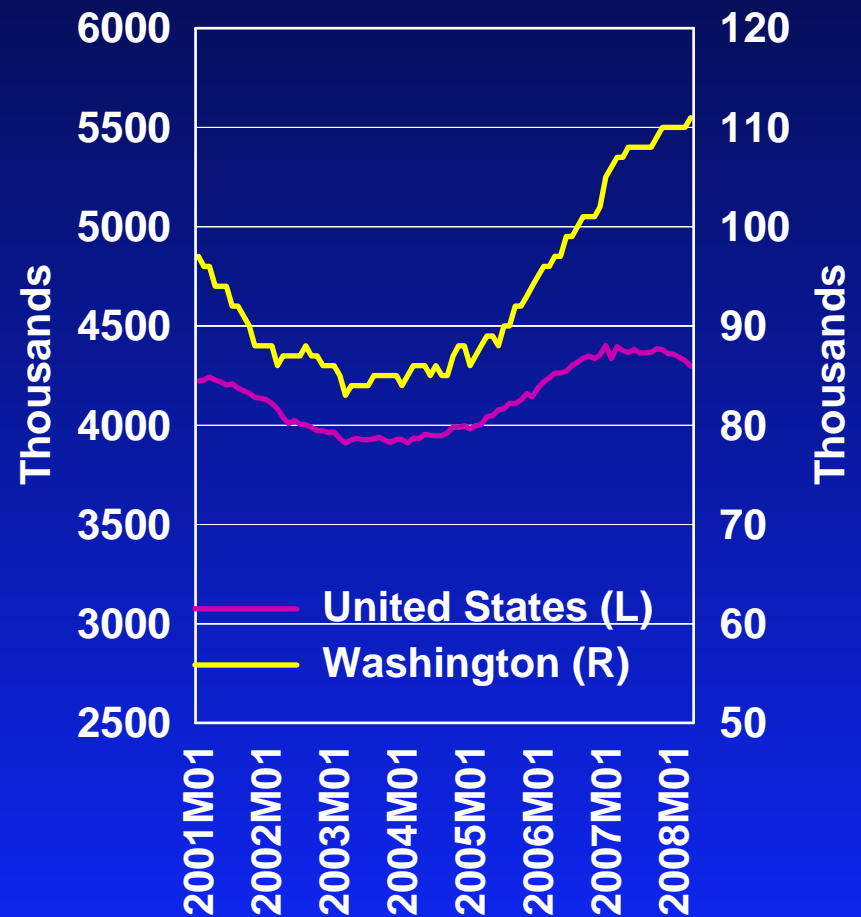
— Washington (Permits)
— U.S. (Starts)

Construction Employment

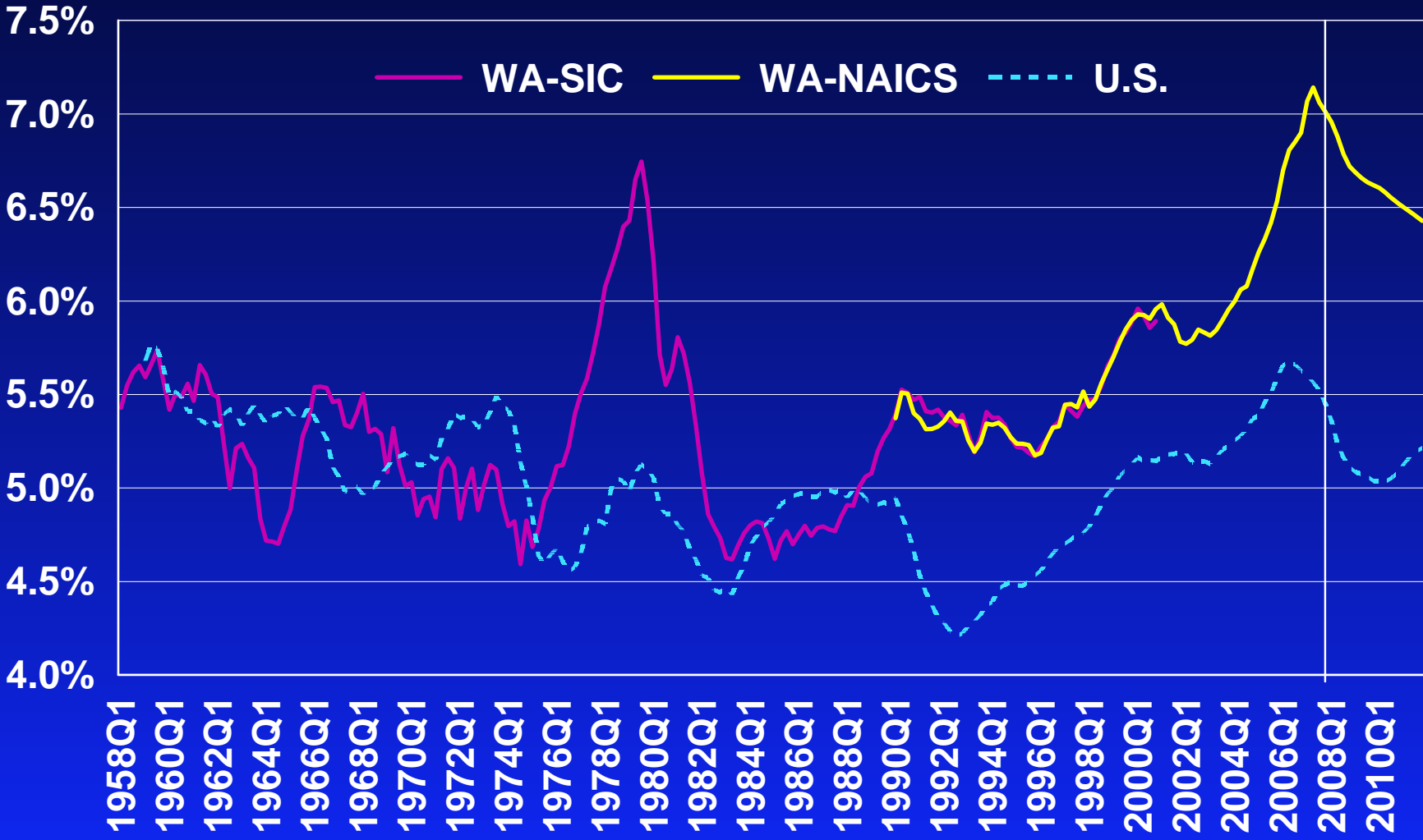
Residential and Rel. Special Trades



All Other Construction

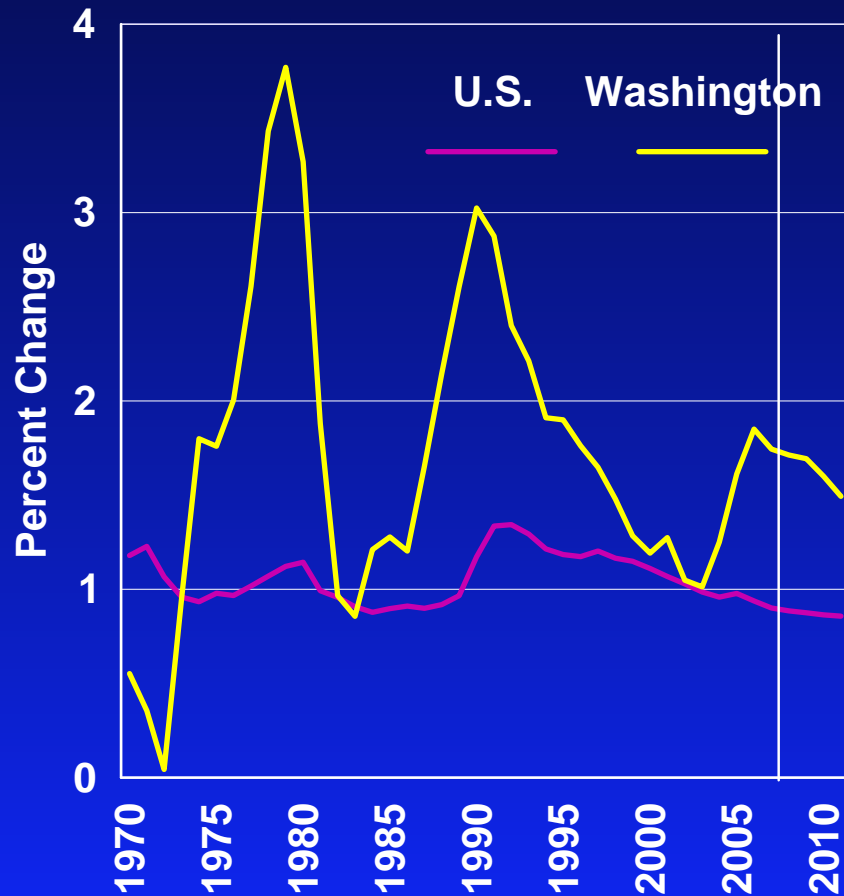


Construction's Share of Total Employment

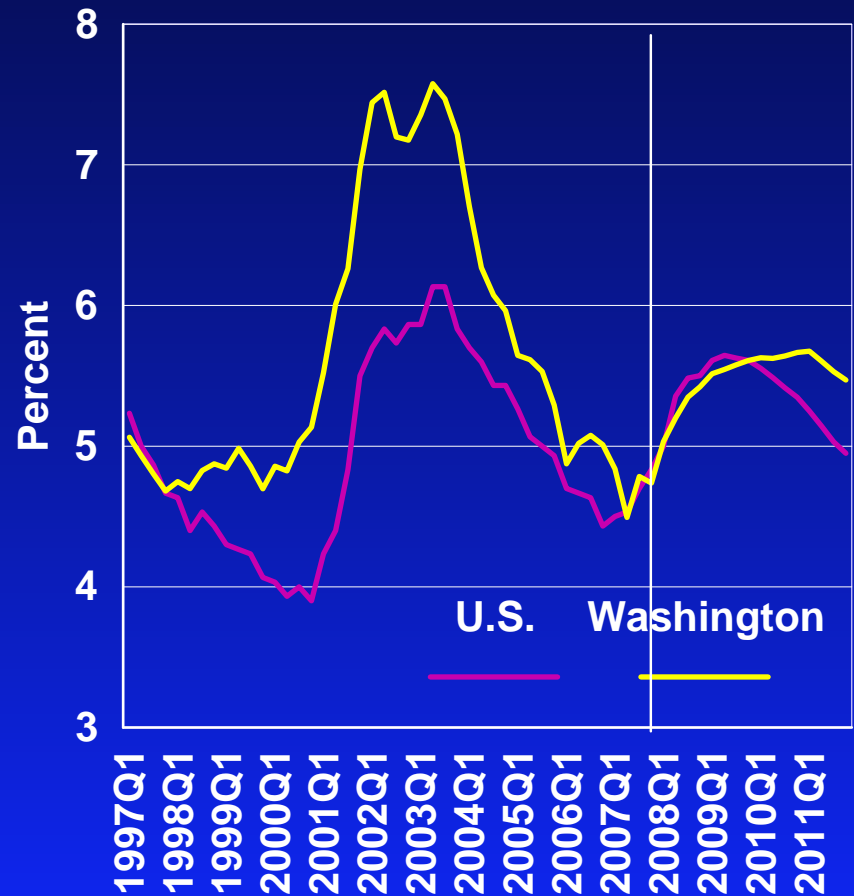


Population/Labor Market

Population

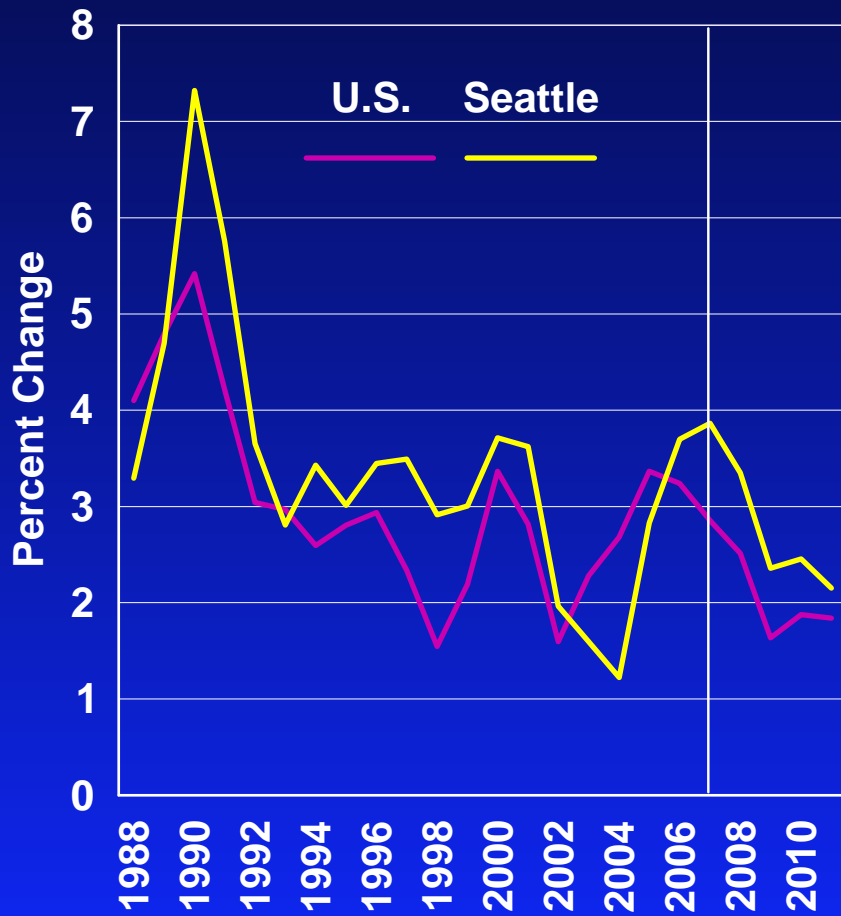


Unemployment Rate

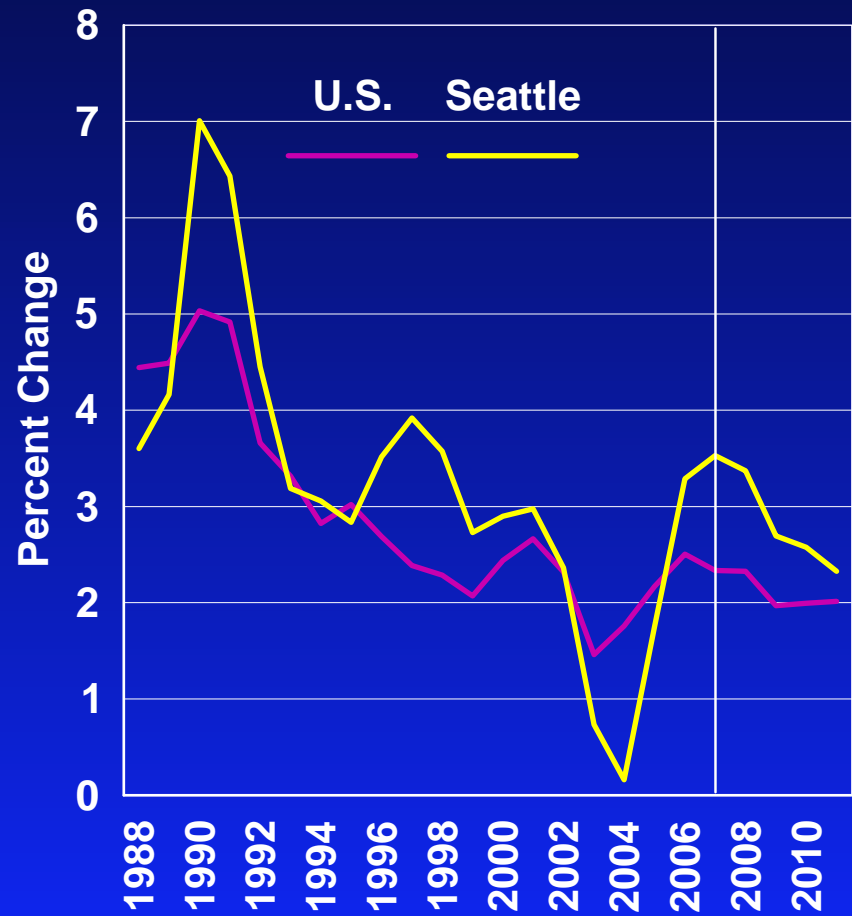


Inflation

All Items CPI



Core CPI

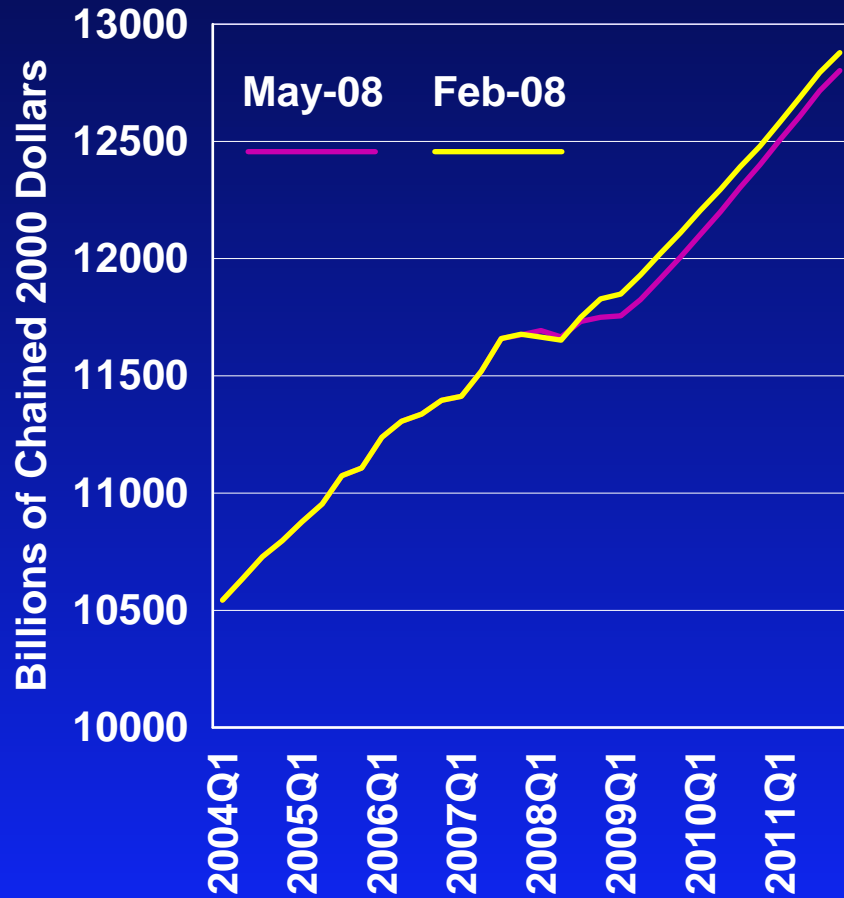


Key Washington Economic Variables

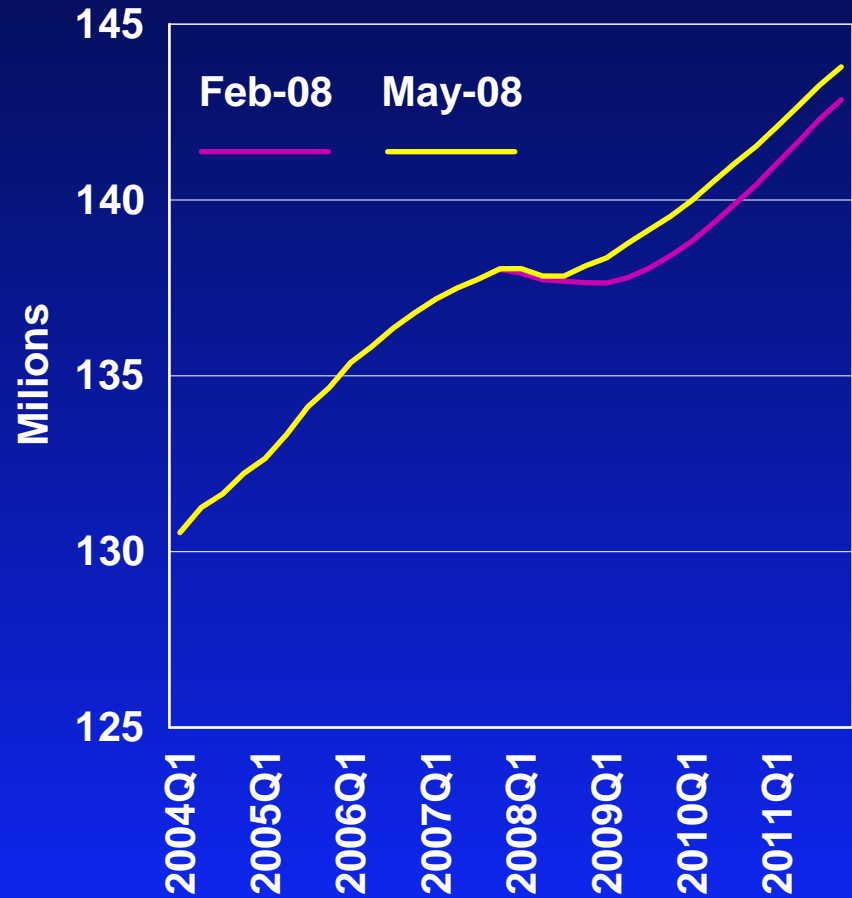
	2006	2007	2008	2009	2010	2011
Nonfarm Payroll Employment, %Ch	3.0	2.5	1.2	1.4	1.8	1.7
Manufacturing Employment, %Ch	4.9	2.5	0.7	-1.1	0.5	1.5
Aerospace Employment, %Ch	11.9	9.0	4.9	0.3	0.0	0.0
Other Manufacturing Employment, %Ch	2.7	0.3	-0.9	-1.6	0.7	2.1
Software Employment, %Ch	8.4	6.6	4.0	4.8	4.7	4.4
Construction Employment, %Ch	9.9	6.3	-2.2	-1.3	0.5	0.2
Service-Producing, %Ch	2.2	2.2	1.6	2.0	2.0	1.9
Unemployment Rate	5.0	4.7	5.3	5.6	5.6	5.6
Real Personal Income, %Ch	5.4	4.8	2.8	3.6	4.0	4.2
Seattle CPI, %Ch	3.7	3.9	3.4	2.4	2.5	2.2
Population, %Ch	1.9	1.7	1.7	1.7	1.6	1.5
Housing Units Authorized by Permit, %Ch	-5.6	-10.2	-14.0	16.8	5.1	3.0

U.S. Forecast Comparison

Real GDP

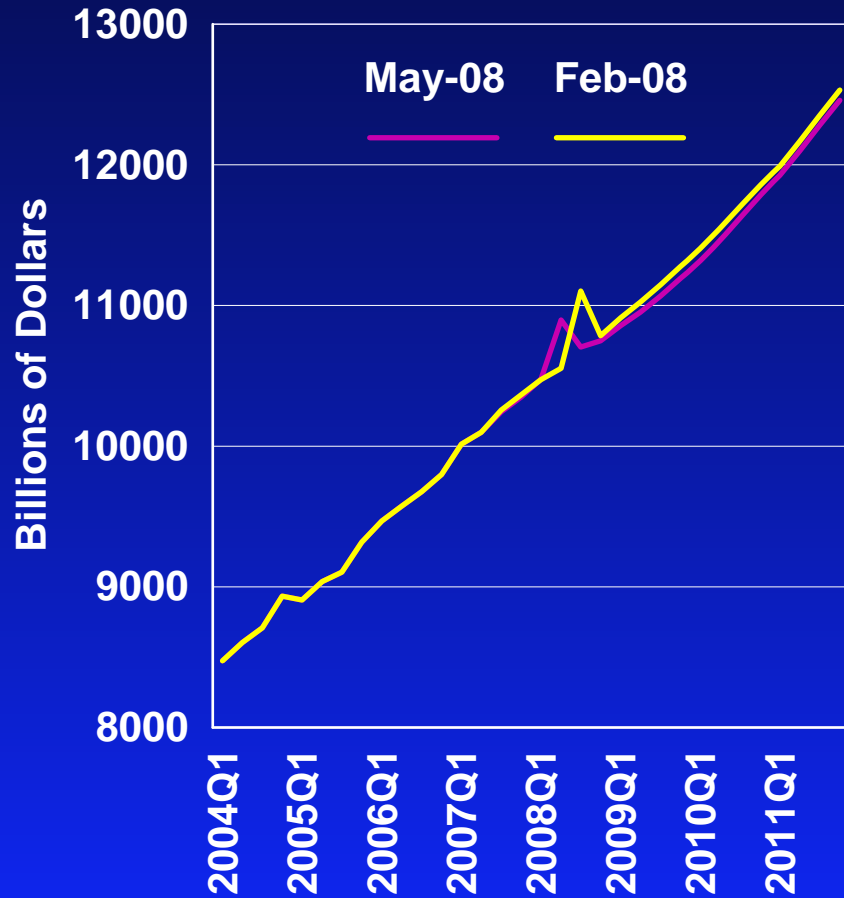


Payroll Employment

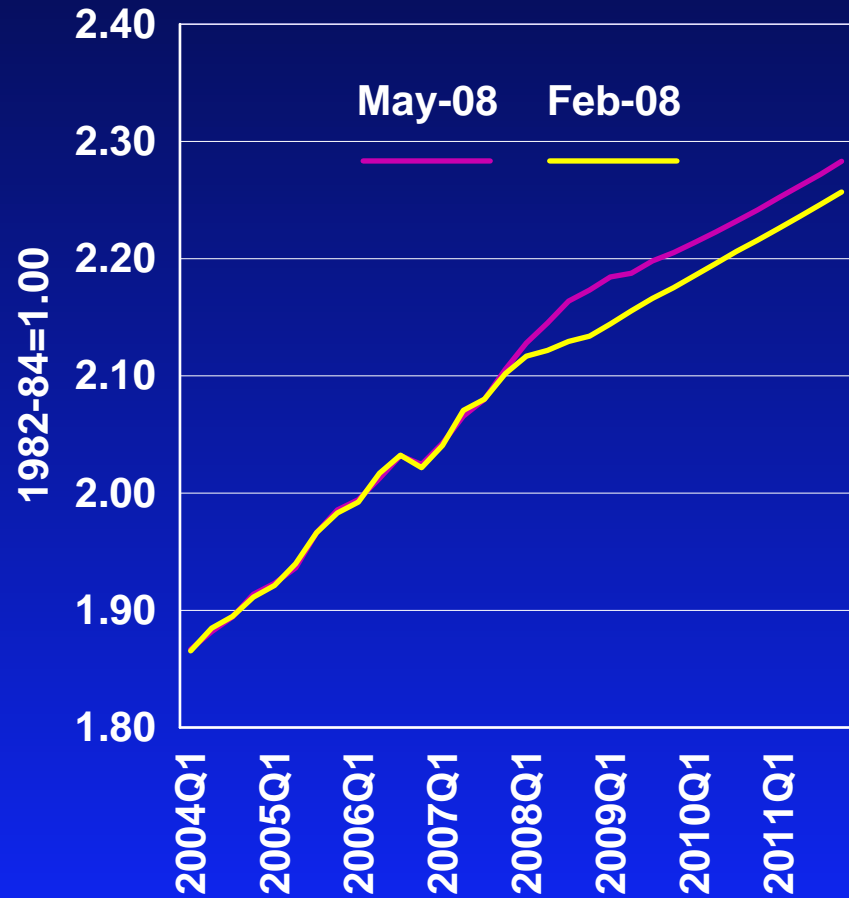


U.S. Forecast Comparison

Disp. Personal Income

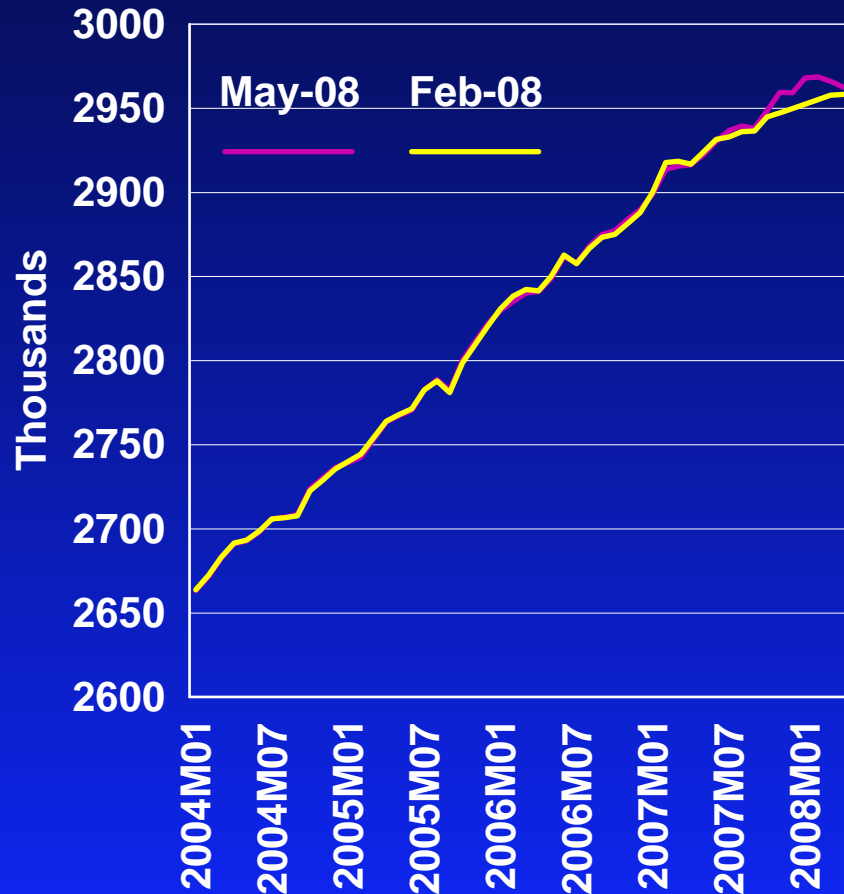


CPI

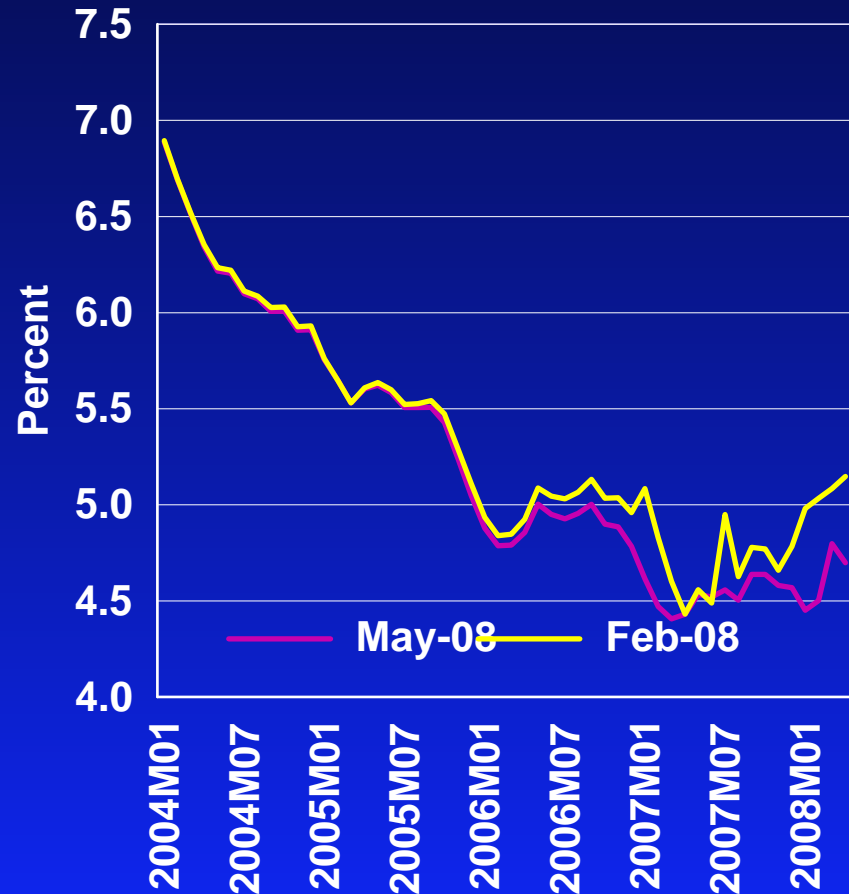


Recent Economic Activity in Washington

Employment

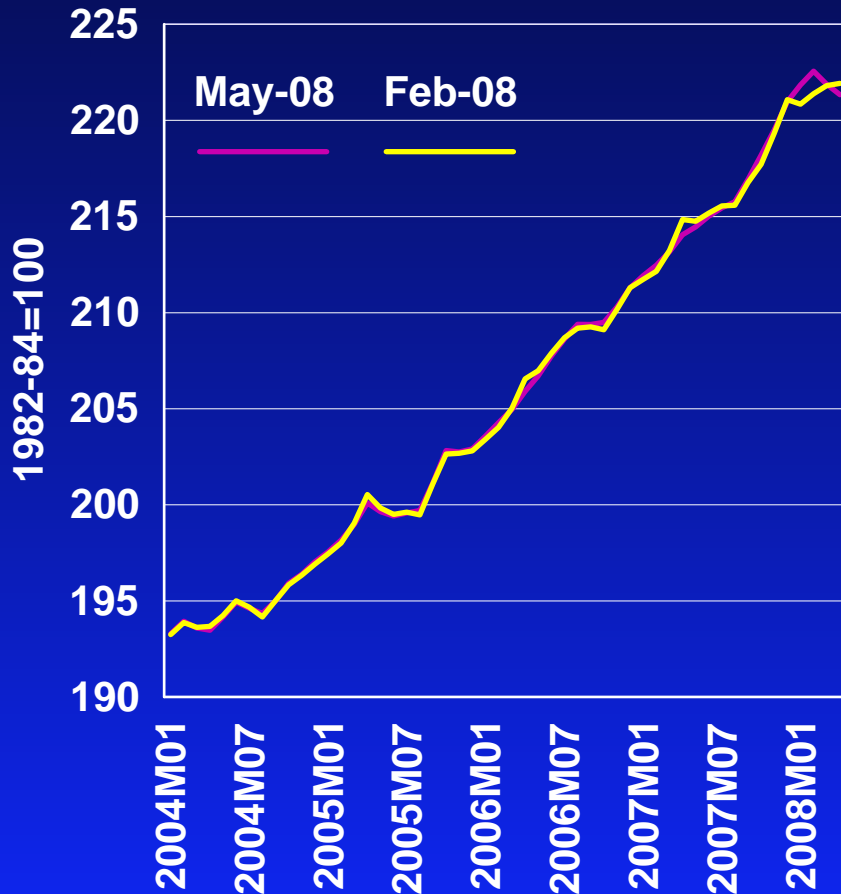


Unemployment Rate

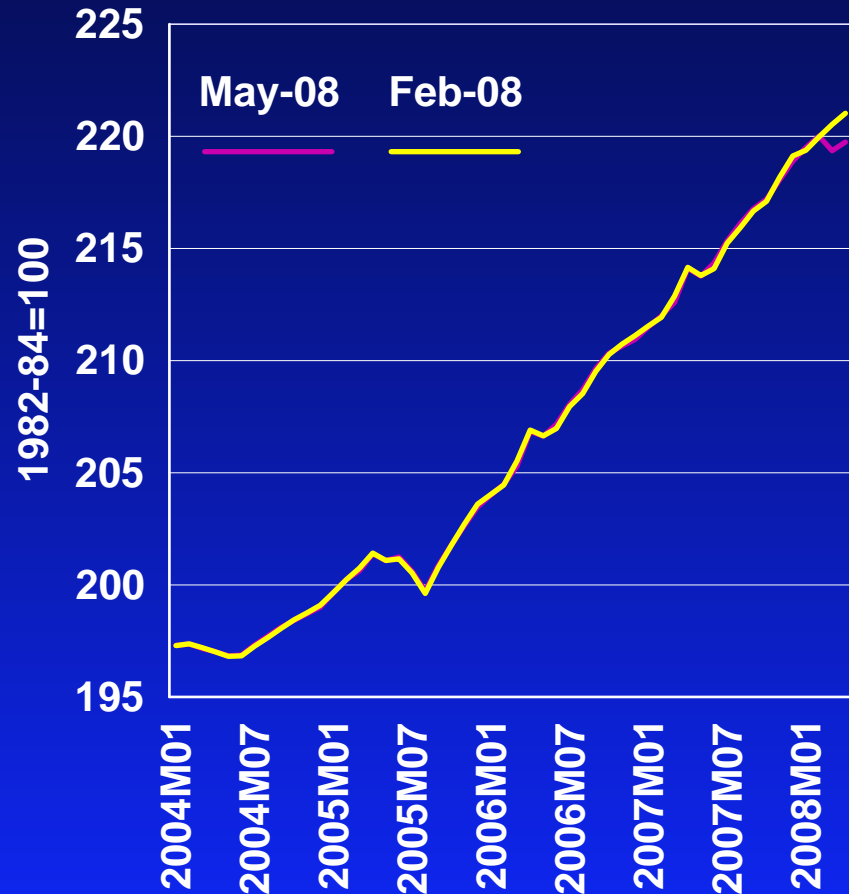


Recent Economic Activity in Washington

Seattle CPI (All Items)

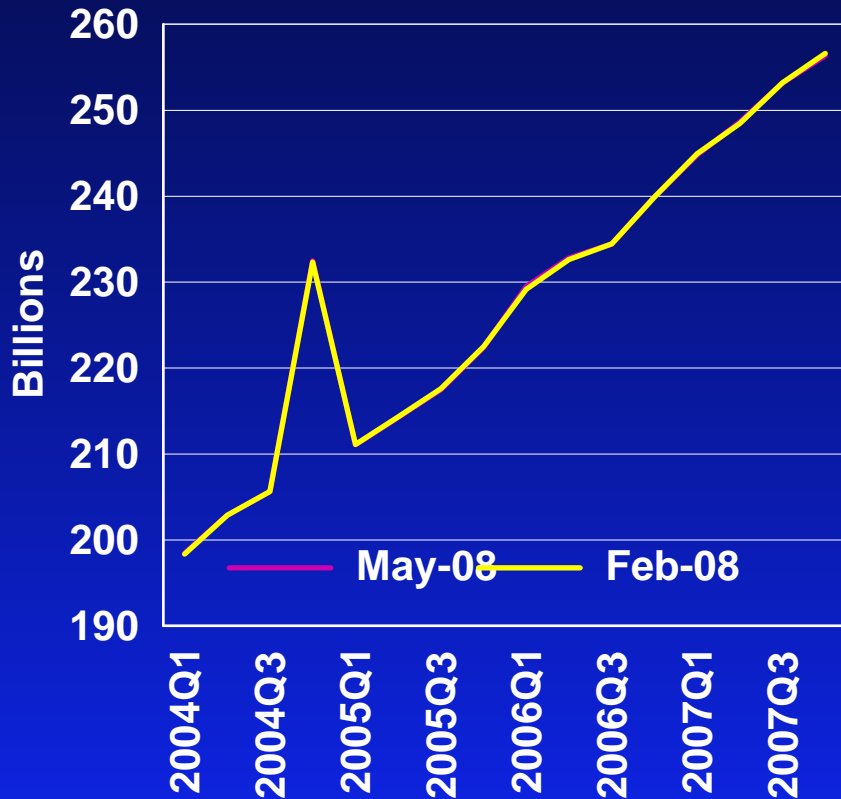


Seattle CPI (Core)



Recent Economic Activity in Washington

Personal Income*



* Excluding Information Wages

Housing Permits

