



Economic and Revenue Forecast Council

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Minimal change in forecast, but downside risks remain

OLYMPIA, November 17, 2011 –Our current economic forecast is very similar to our September forecast, with the same muddle-through conditions expected for the rest of the biennium, along with a high degree of downside risk. In the two months since that forecast, there have been no unpleasant surprises, despite the high level of uncertainty in the baseline. The biggest threats to the U.S. economy remains the sovereign debt crisis in southern Europe and the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence.

We estimate that the Washington economy gained just 500 net new jobs in the two months since the September forecast was released. The private sector added 5,600 jobs in September and October, only slightly less than the 5,900 jobs we had expected, however government shed 5,100 jobs in the last two months, which was much worse than the 2,300 government jobs we had expected to lose.

Monthly revenue collections through November 10 were \$12 million (0.5%) below what we had expected in the period since the September forecast.

The final total of GF-S revenue for the 2009-11 biennium came in \$25 million higher than the preliminary total.

Forecast of GF-S Revenues (probabilities in parenthesis): 2011-13

Baseline (50%): \$30,188 billion; \$122.0 million lower than the previous forecast.

Optimistic (10%): \$32,204 billion; \$2,016 million more than the baseline forecast.

Pessimistic (40%): \$28,208 billion; \$1,980 million less than the baseline forecast.

Governor's Council of Economic Advisors' assumptions: \$30,127 billion; \$61 million less than the baseline forecast.

Please see our full report for more information. You can access this report at:
<http://www.erfc.wa.gov/forecast/documents/rev20111117color.pdf>

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About the ERFC:

The ERFC was established under RCW 82.33 to provide the Governor and the Legislature with official independent and professional forecasts of the state economy and revenues.