

Economic Conditions in Virginia and the United States

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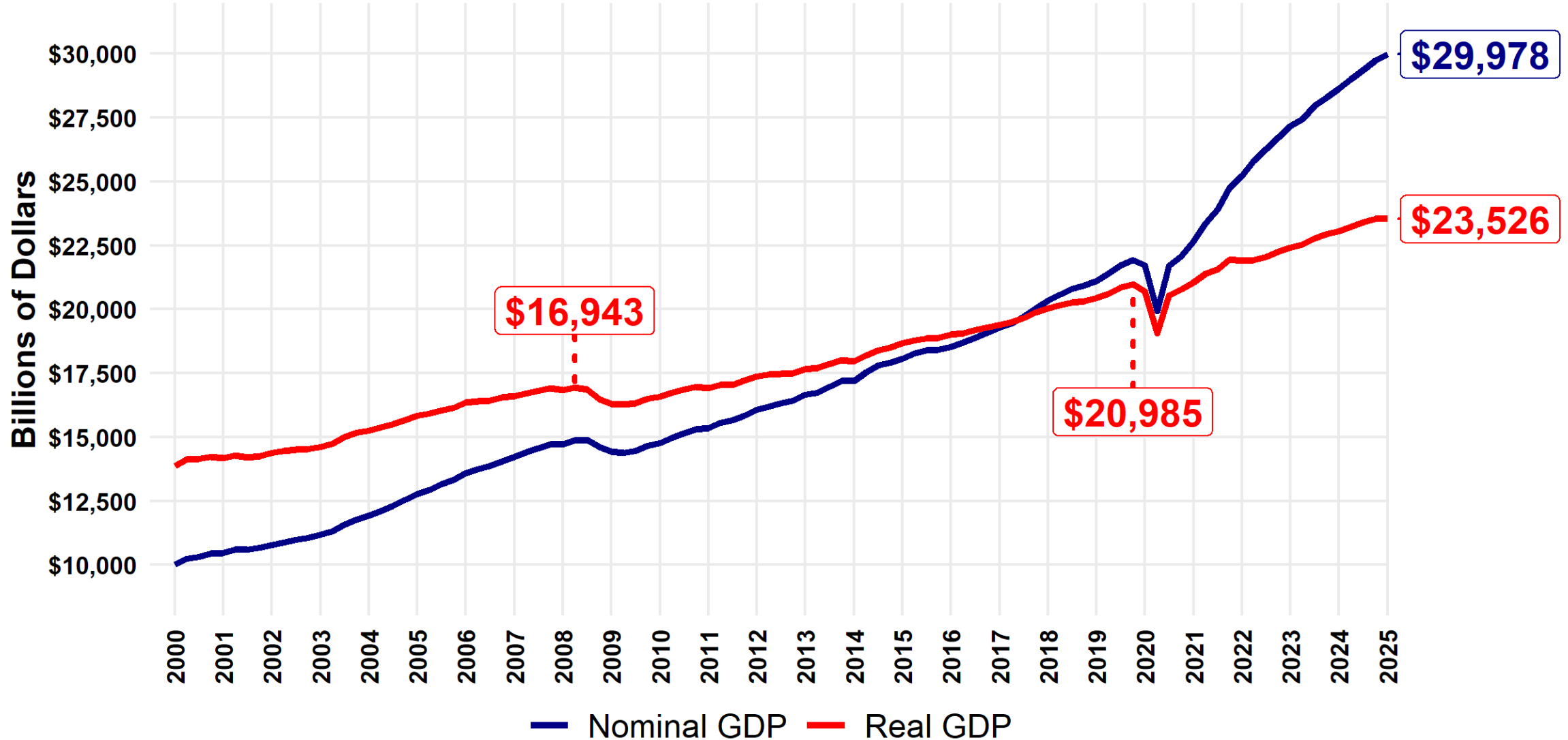




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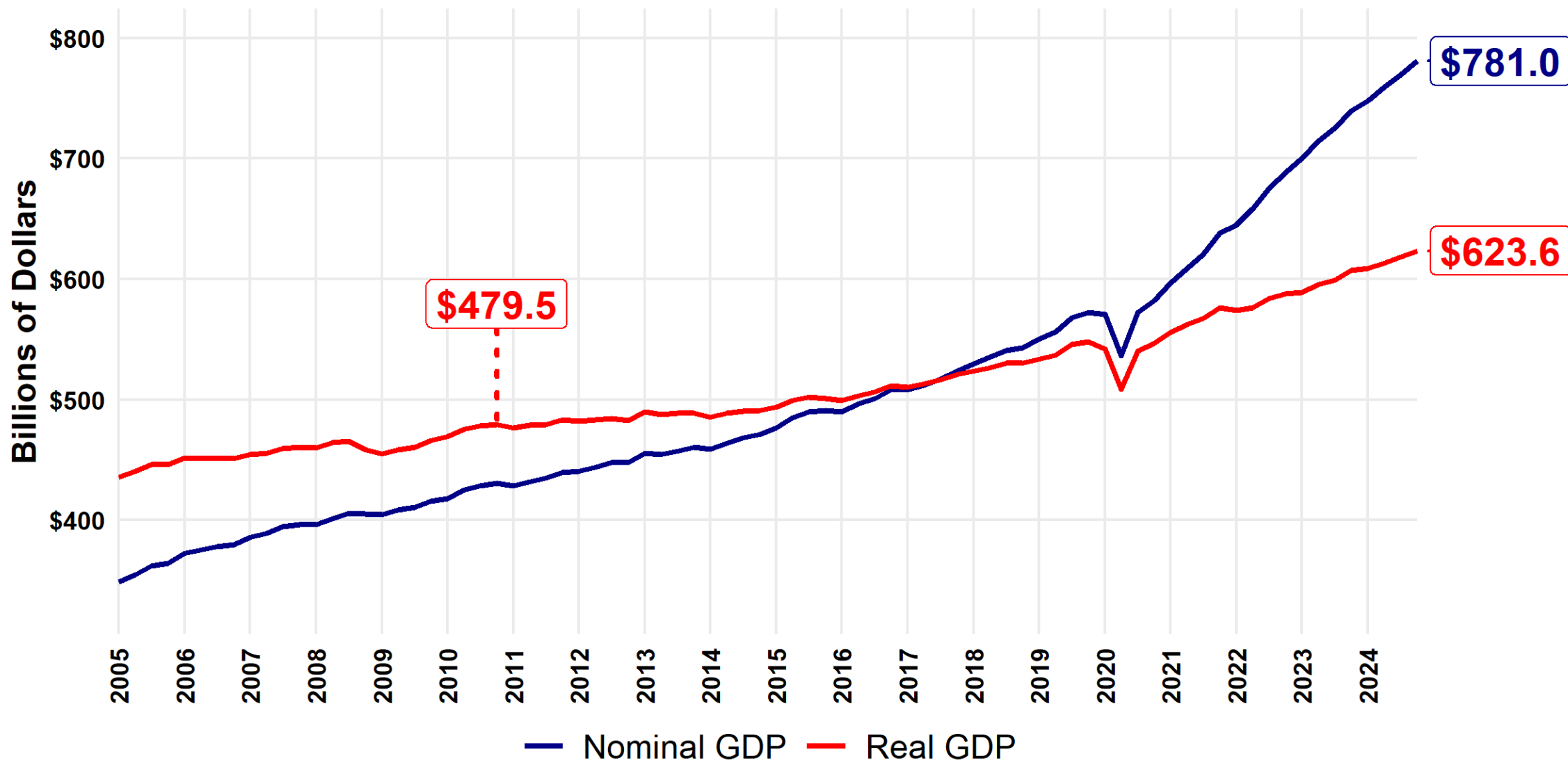
Nominal and Real Gross Domestic Product

United States, Q1 2000 - Q1 2025

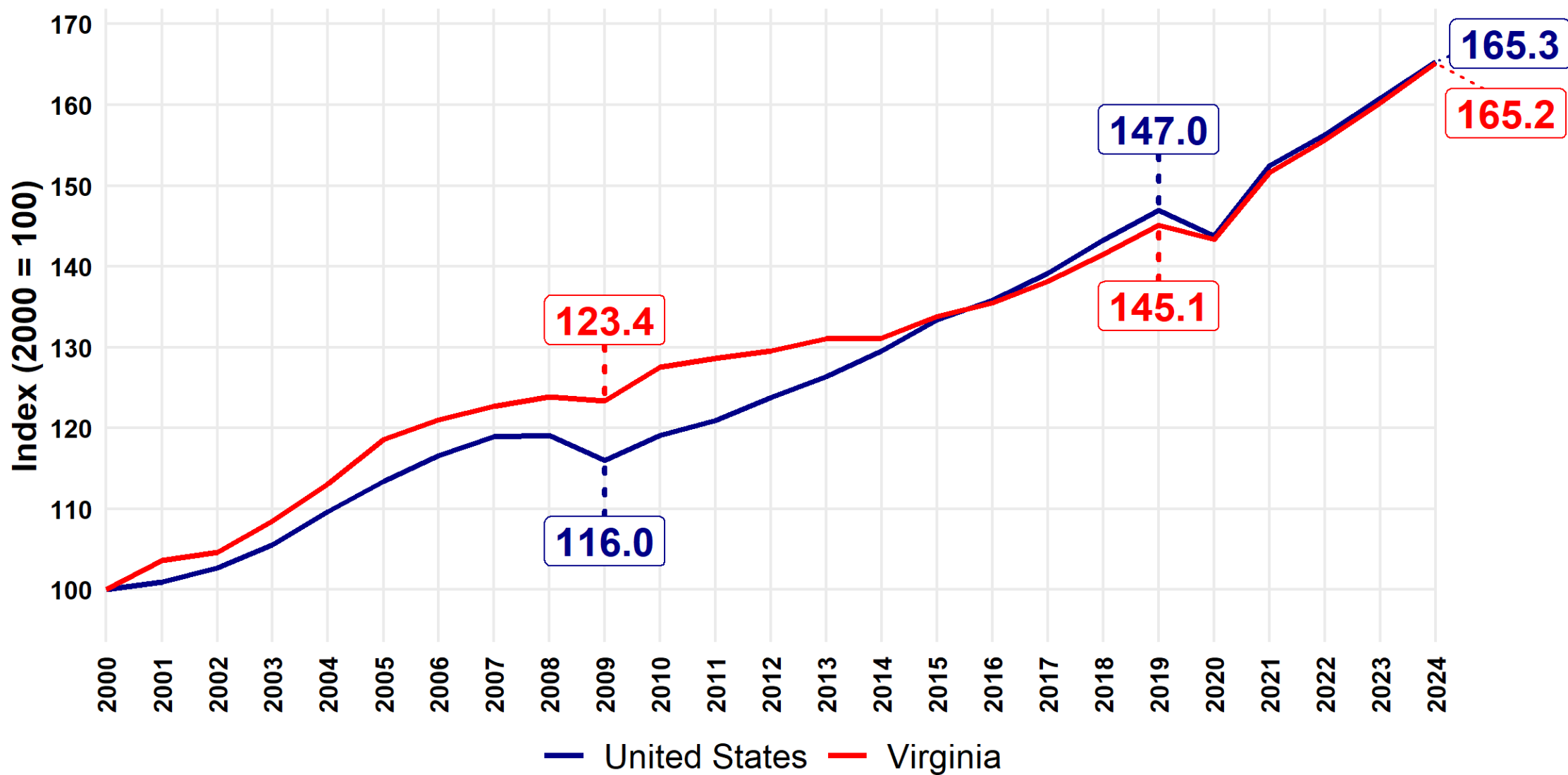


Nominal and Real Gross Domestic Product

Virginia, Q1 2005 - Q4 2024

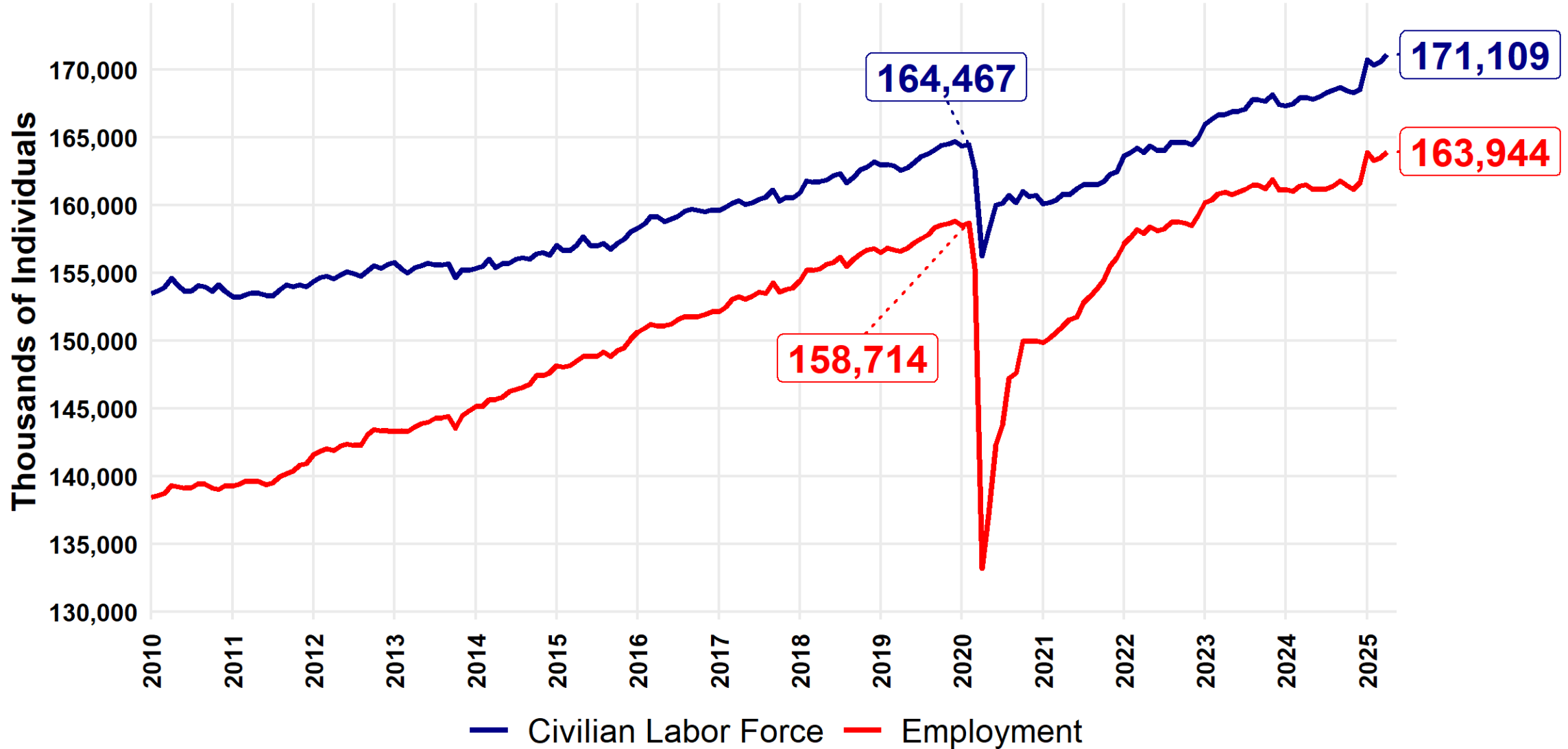


Index of Real Gross Domestic Product Virginia and the United States, 2000 - 2024



Civilian Labor Force and Individual Employment

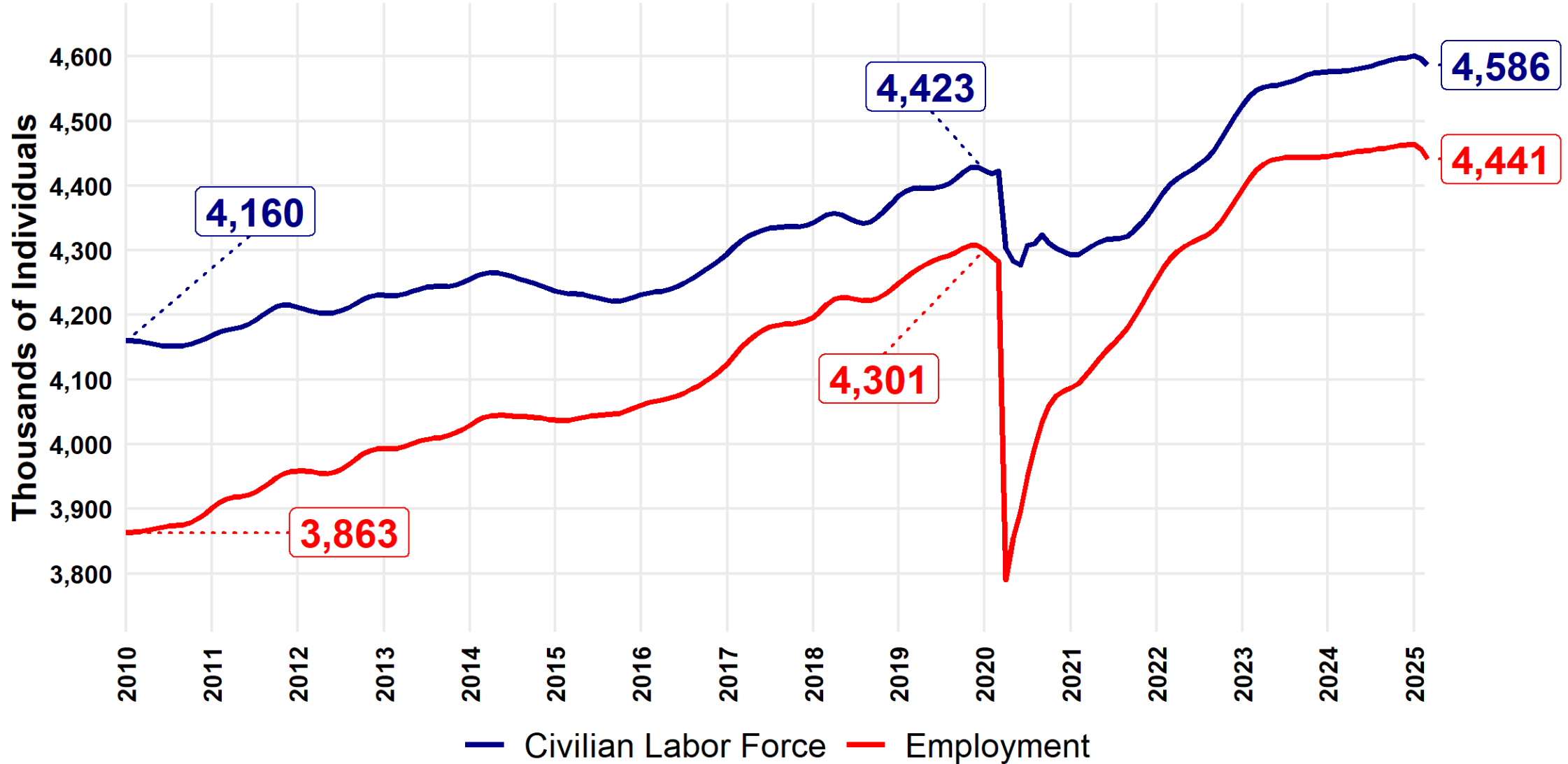
United States, January 2010 - April 2025



Source: Bureau of Labor Statistics, seasonally adjusted data.

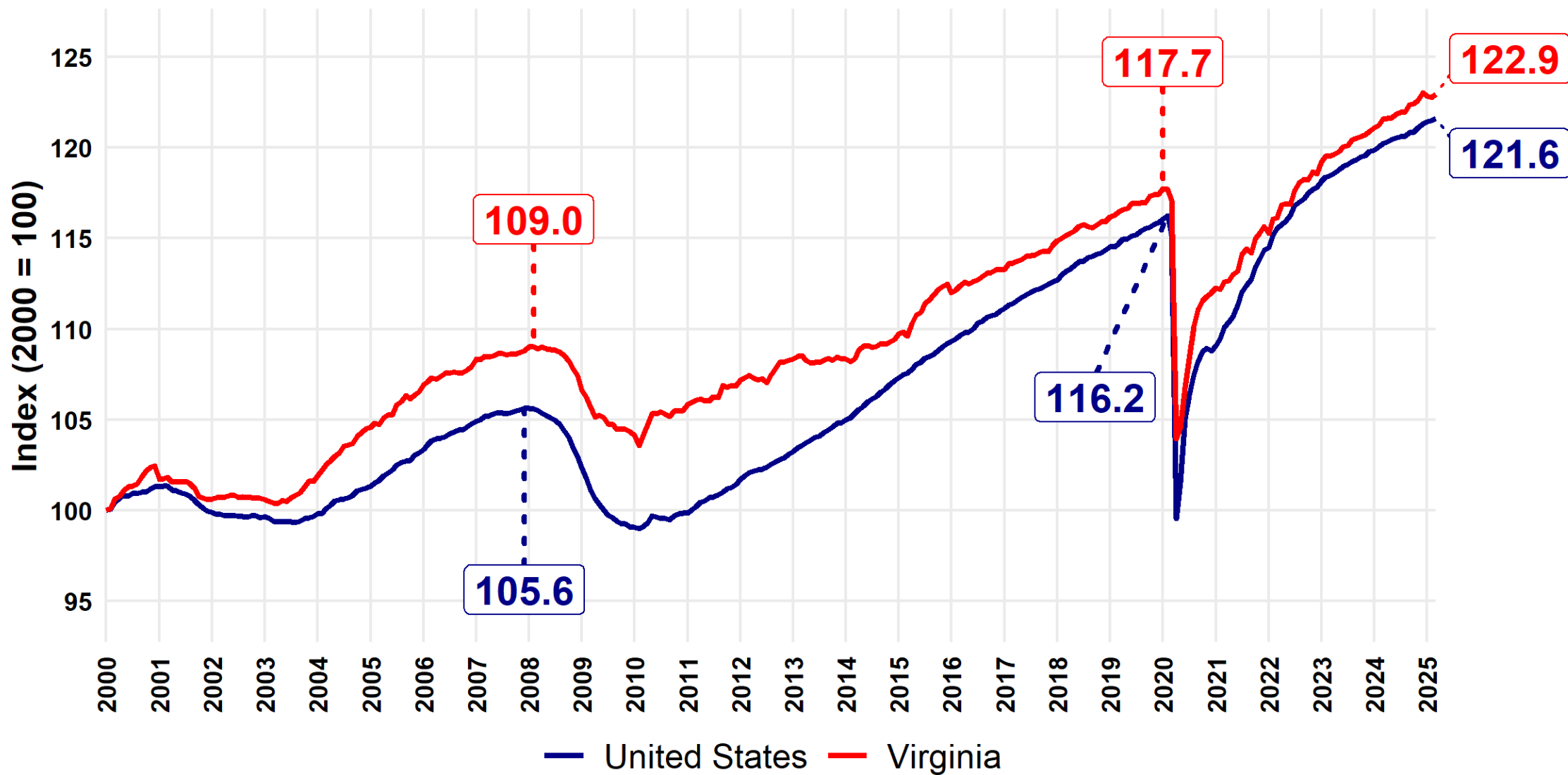
Civilian Labor Force and Individual Employment

Virginia, January 2010 - March 2025



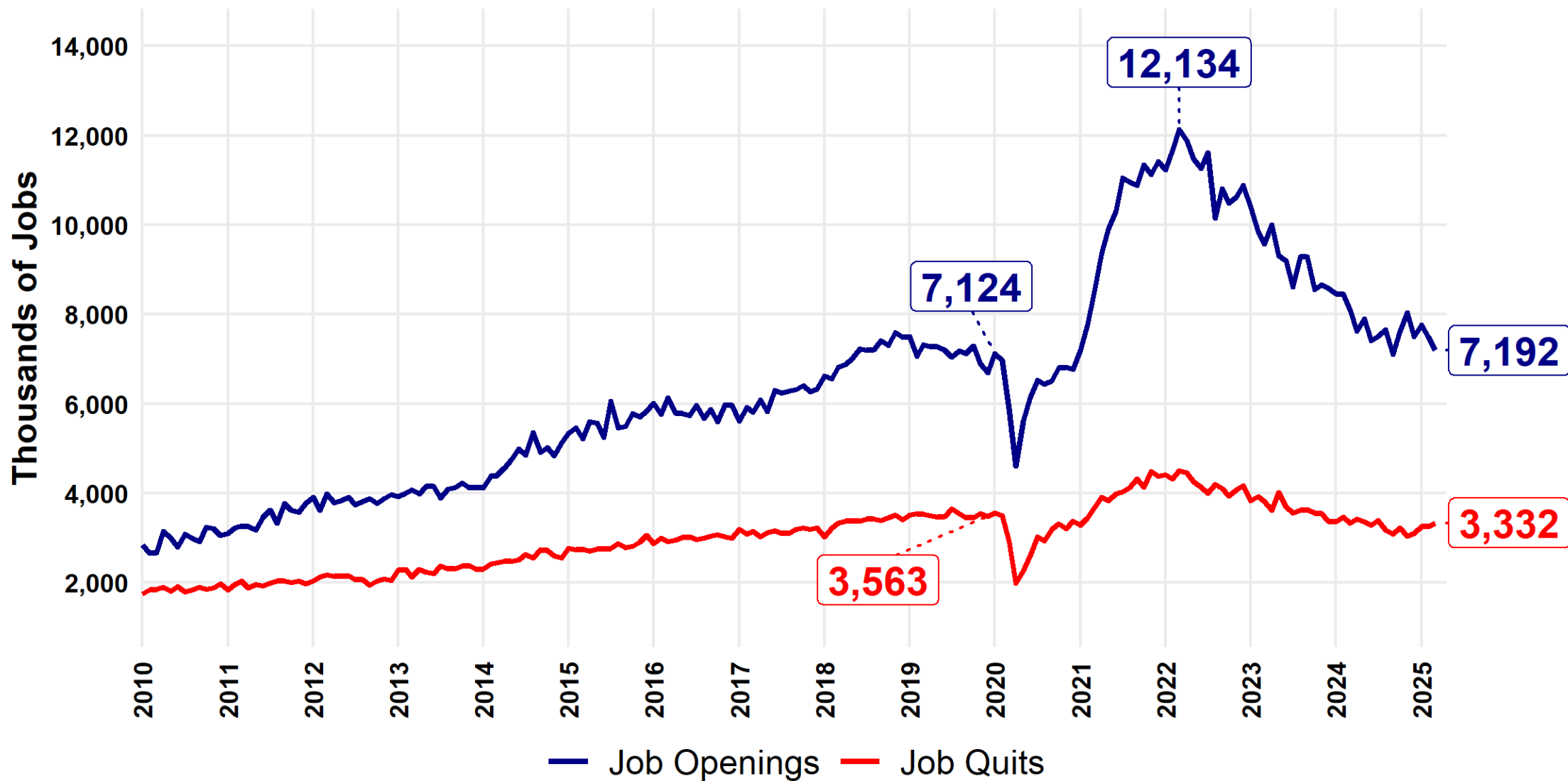
Index of Nonfarm Payrolls

Virginia and the United States, January 2000 - March 2025



Job Openings and Quits

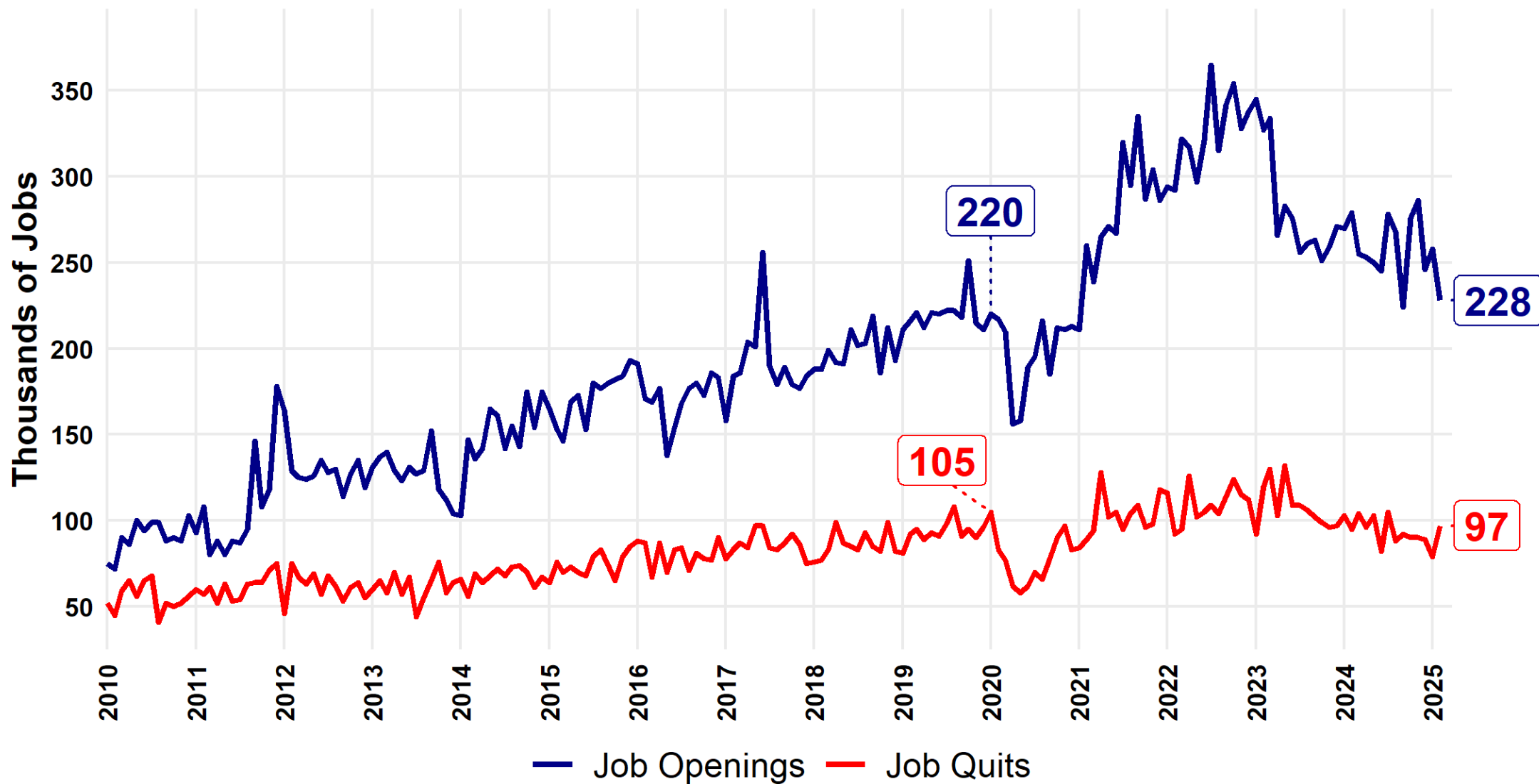
United States, January 2010 - March 2025



Source: Bureau of Labor Statistics, seasonally adjusted data.

Job Openings and Quits

Virginia, January 2010 - February 2025



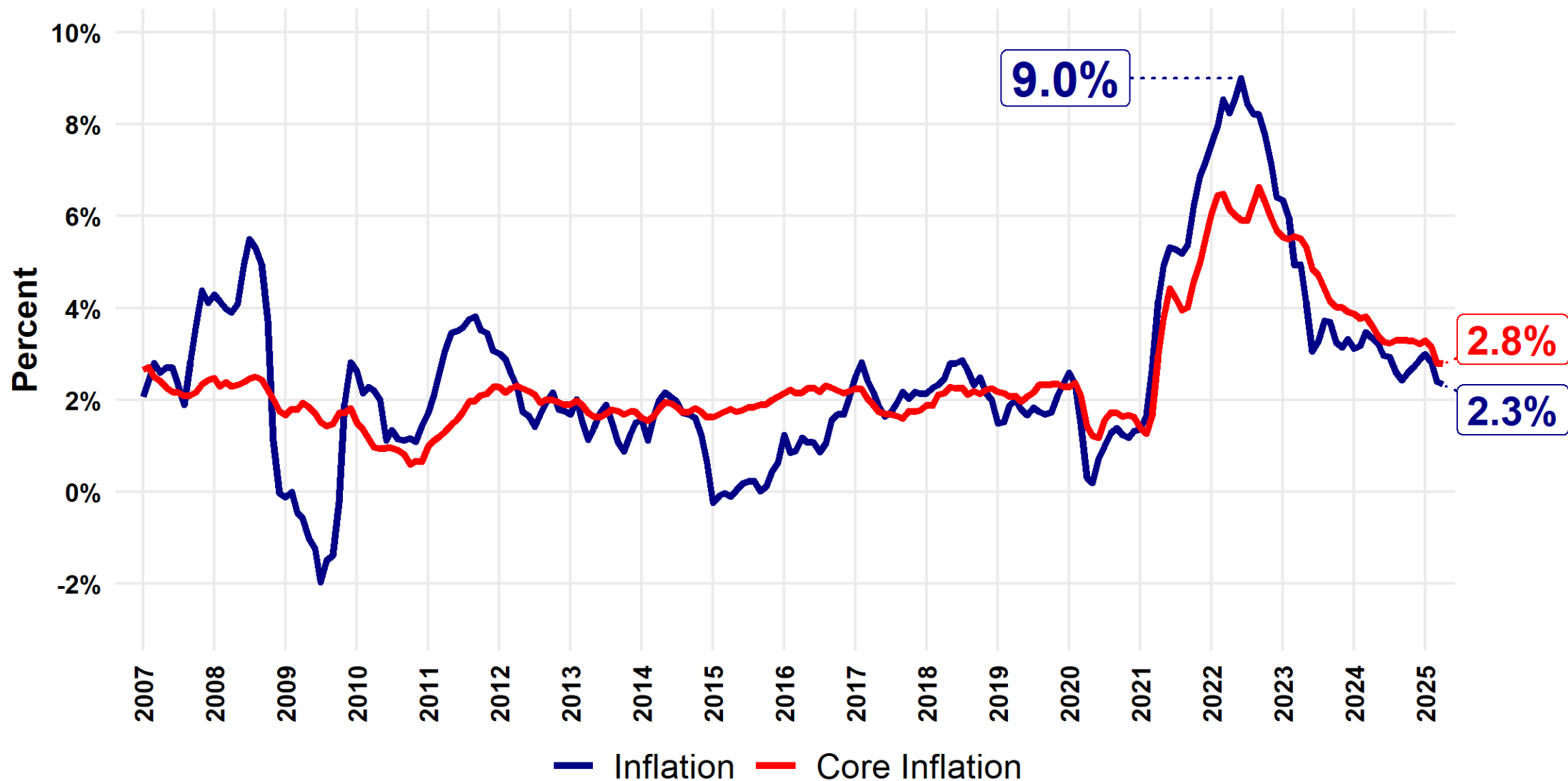
Source: Bureau of Labor Statistics, seasonally adjusted data.

Inflation, Uncertainty, and Sentiment



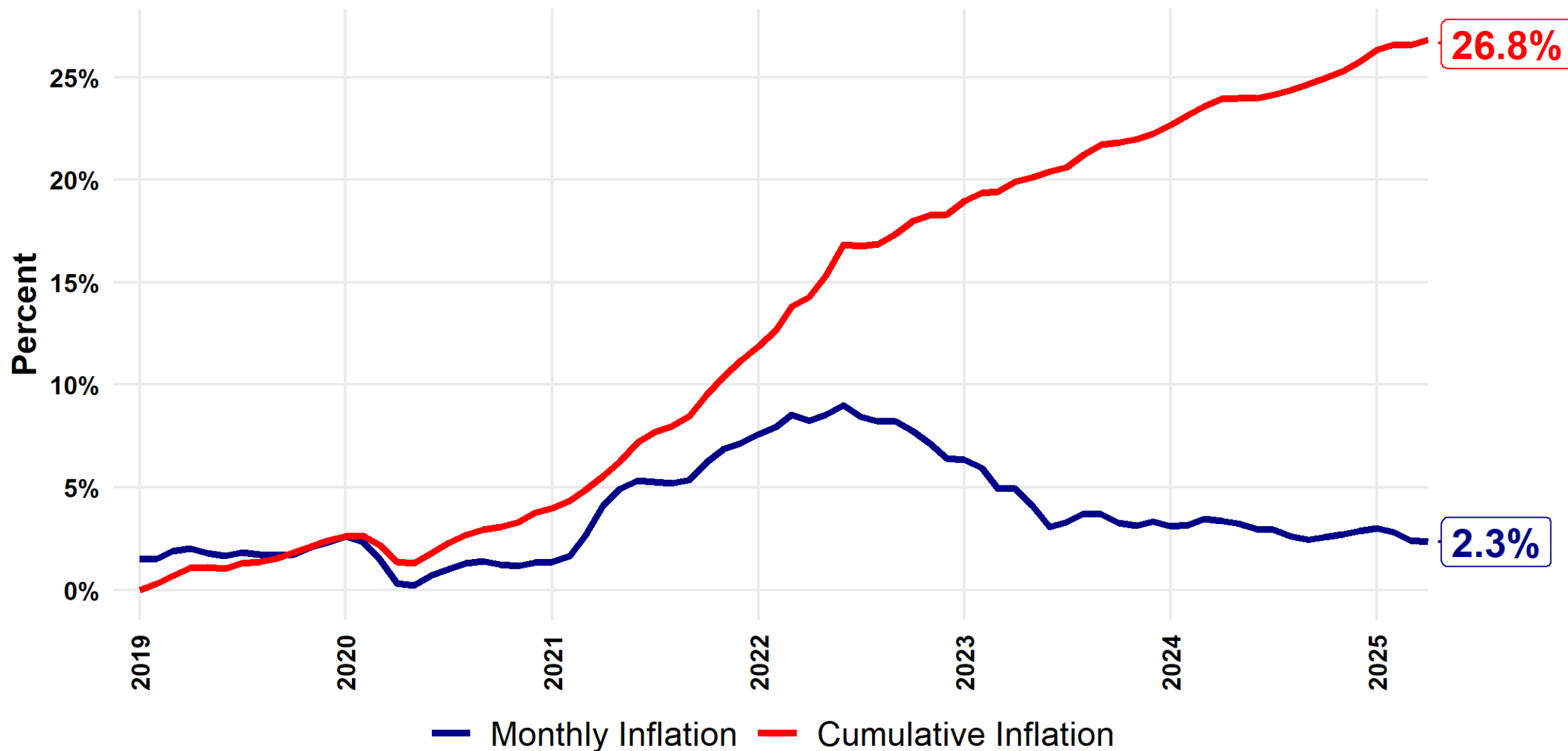
Monthly Inflation

United States, January 2007 - April 2025



Monthly and Cumulative Inflation

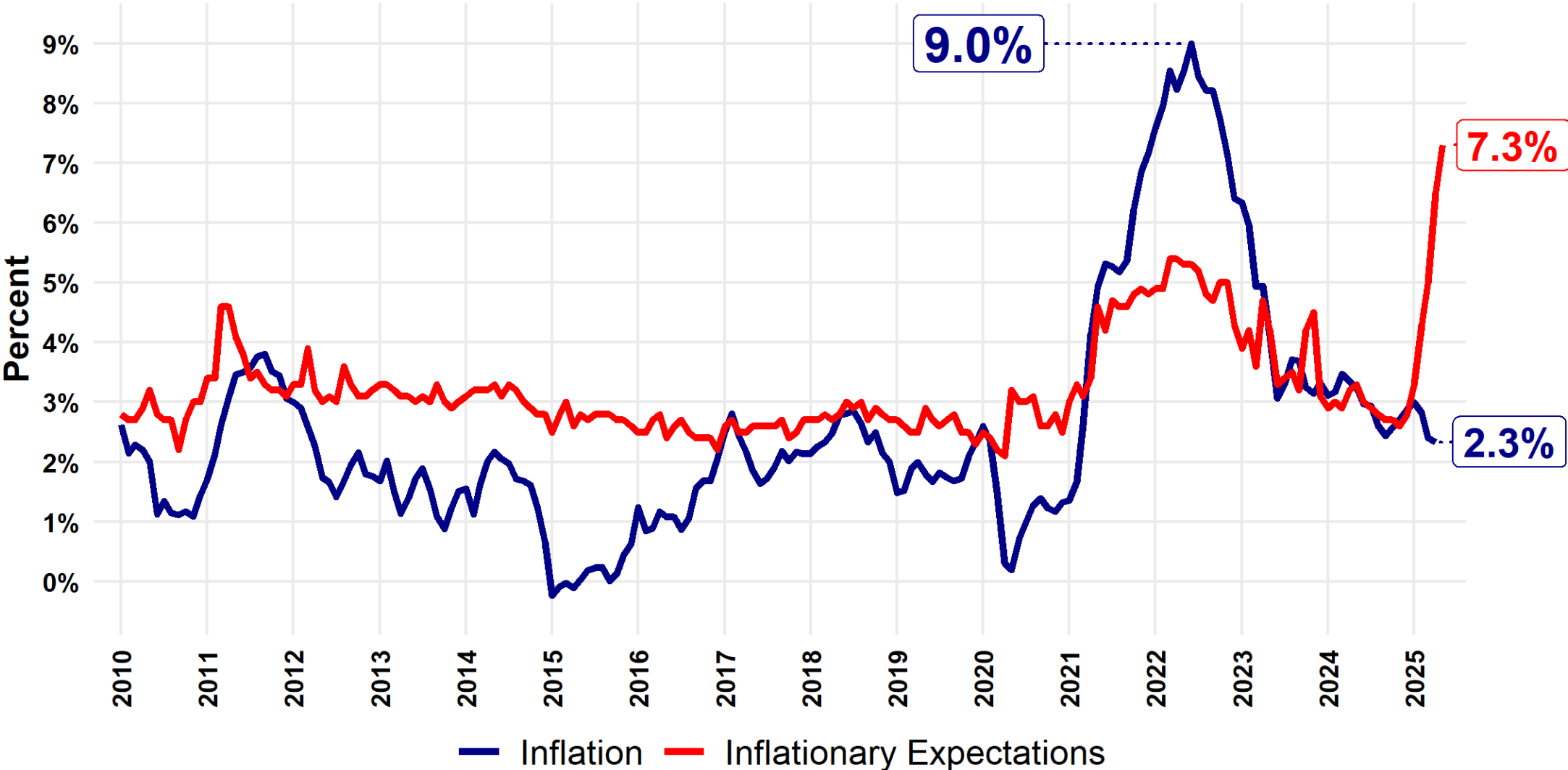
United States, January 2019 - April 2025



Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is the year-over-year change in the Consumer Price Index. Cumulative inflation is equal to the percentage change in the Consumer Price Index from January 2019 to present.

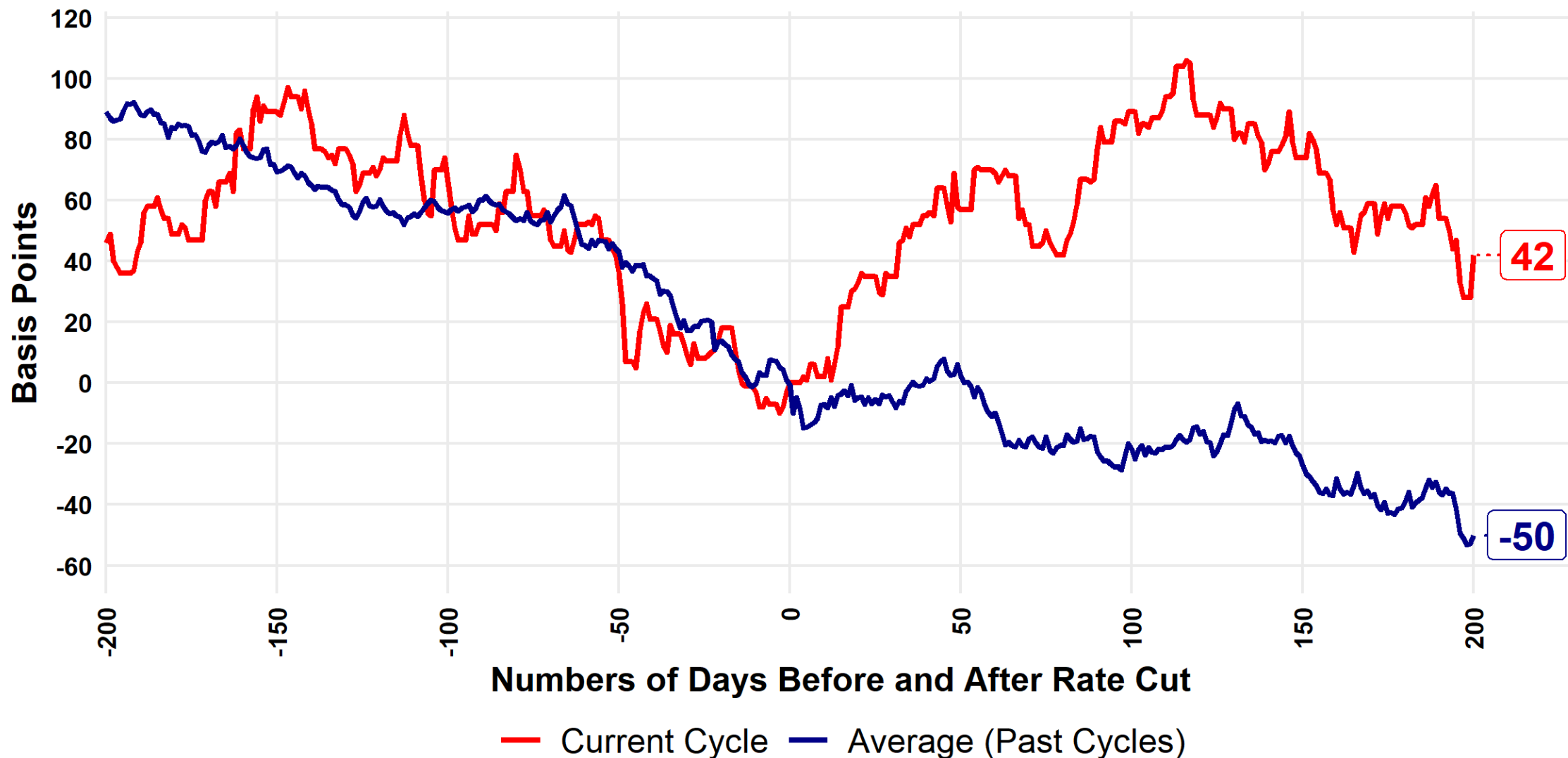
Monthly Inflation and Inflationary Expectations

United States, January 2010 - May 2025



Sources: Bureau of Labor Statistics, Inflation. Data are seasonally adjusted. Inflation data are for April 2025.
University of Michigan, Inflationary Expectations. Data are non-seasonally adjusted. Data for May are preliminary.

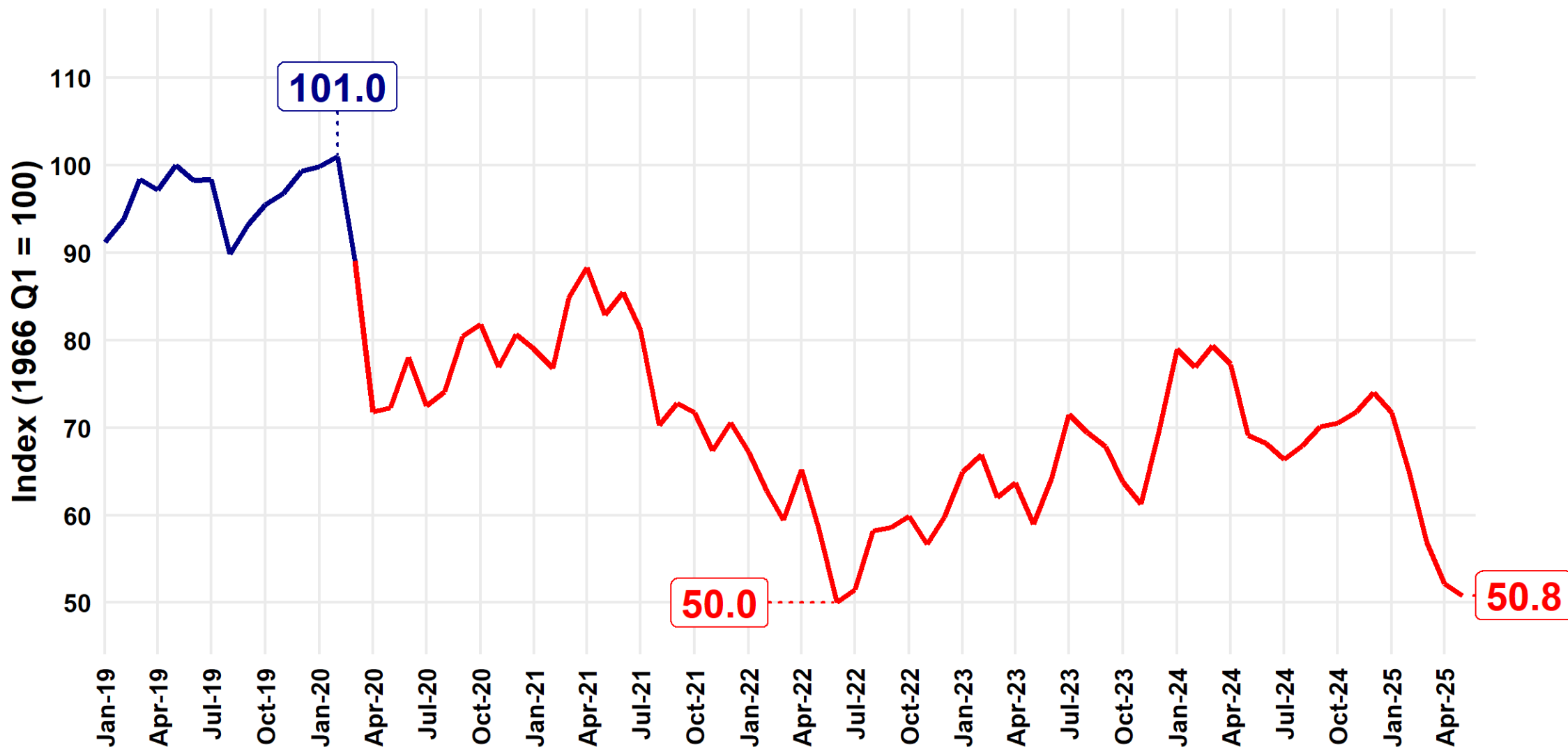
Change in 10-Year U.S. Treasuries Prior to and After the First Reduction in the Discount Rate



Sources: Torsten Slok of Apollo, Board of Governors of the Federal Reserve System (US) and the Dragas Center for Economic Analysis and Policy.
First reduction in discount rate after peak, 1995, 2001, 2007, 2019, and 2024.

University of Michigan: Consumer Sentiment

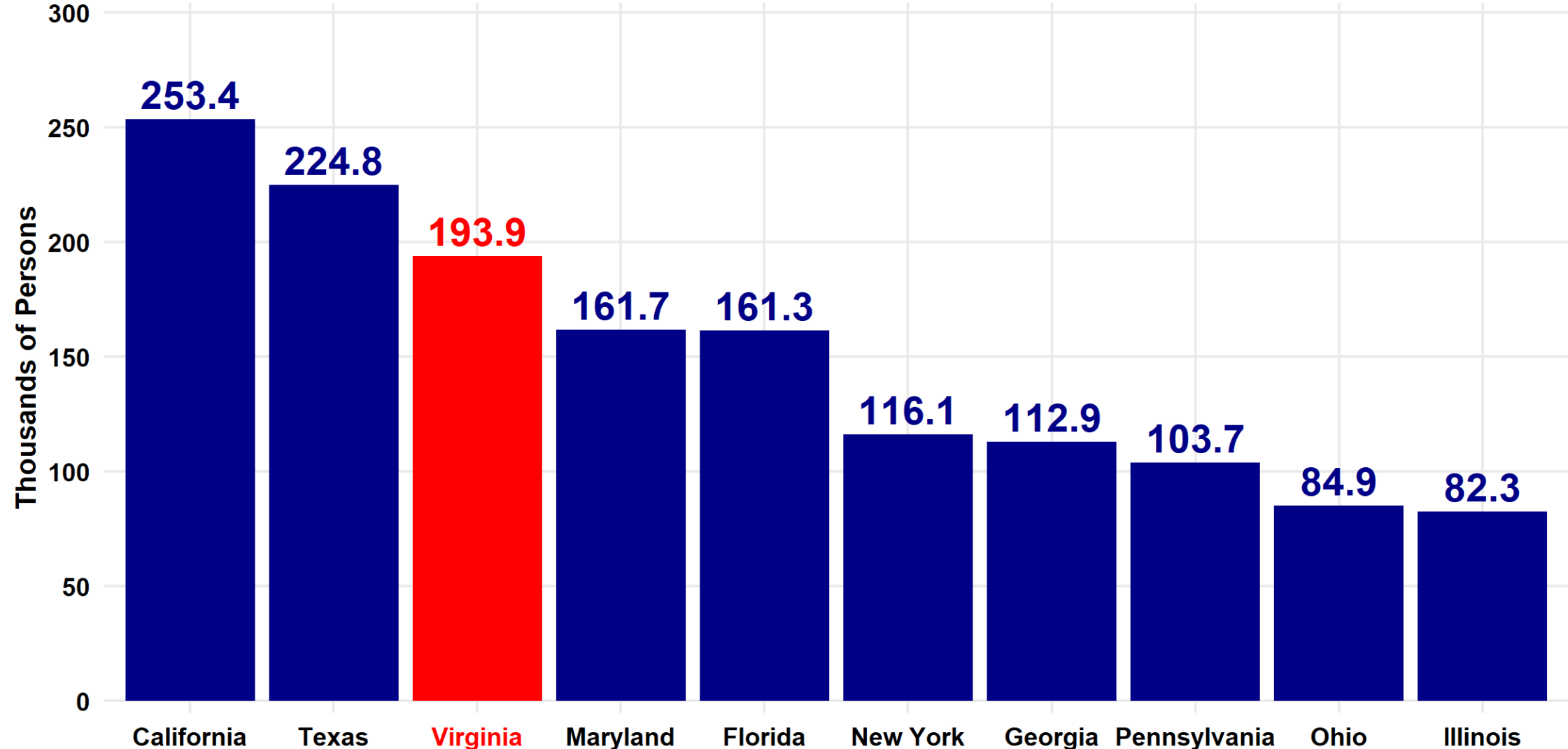
United States, January 2019 - May 2025



Impacts on Virginia

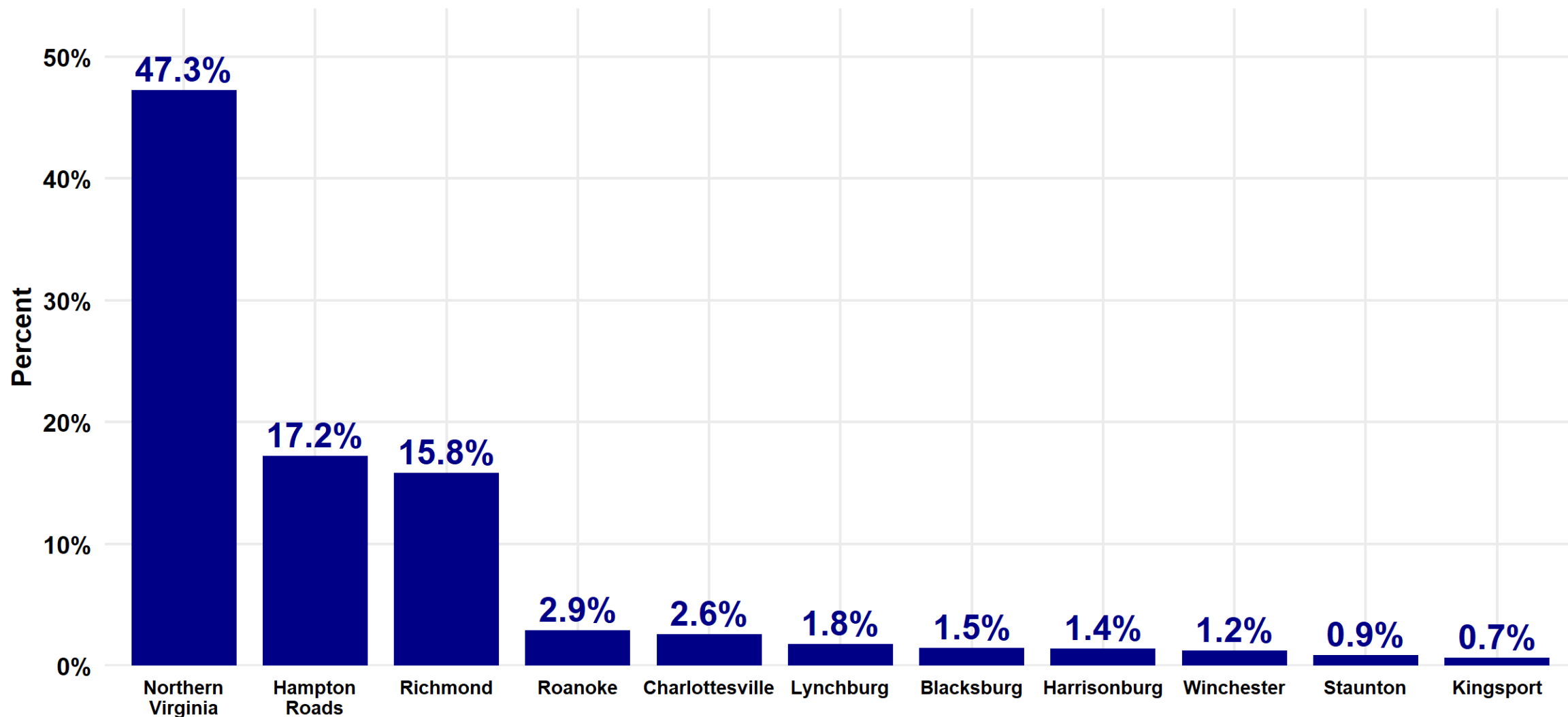


Top 10 States: Federal Civilian Employees 2024



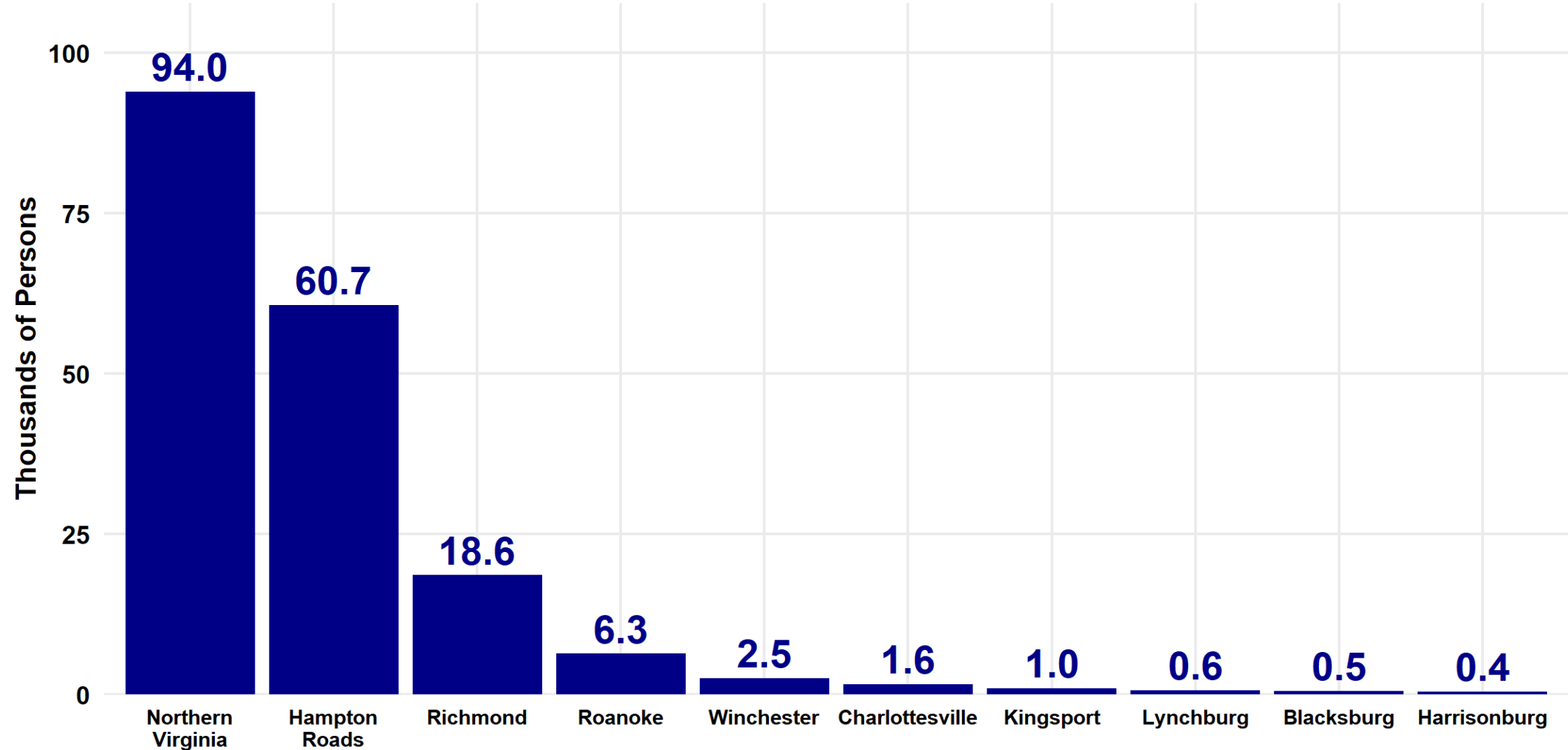
Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy.

Share of Virginia Real Gross Domestic Product Metropolitan Areas in Virginia, 2023



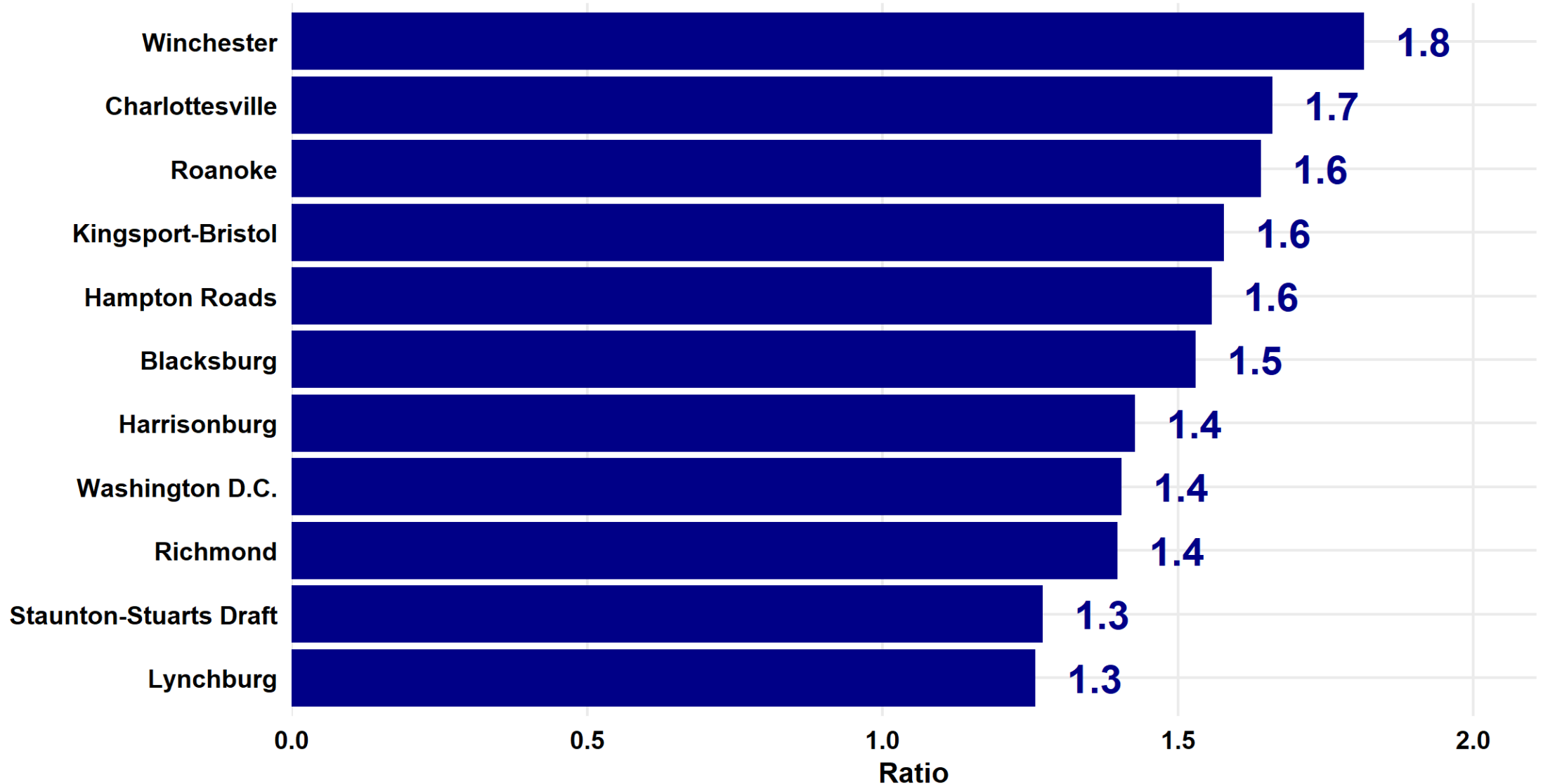
Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy. Real GDP is chained 2017 dollar. The shares include Virginia counties only. Virginia real GDP is estimated at county level. Non-metropolitan areas equal about 6.7% of VA's real GDP.

Federal Civilian Employees
Metropolitan Areas in Virginia, 2024



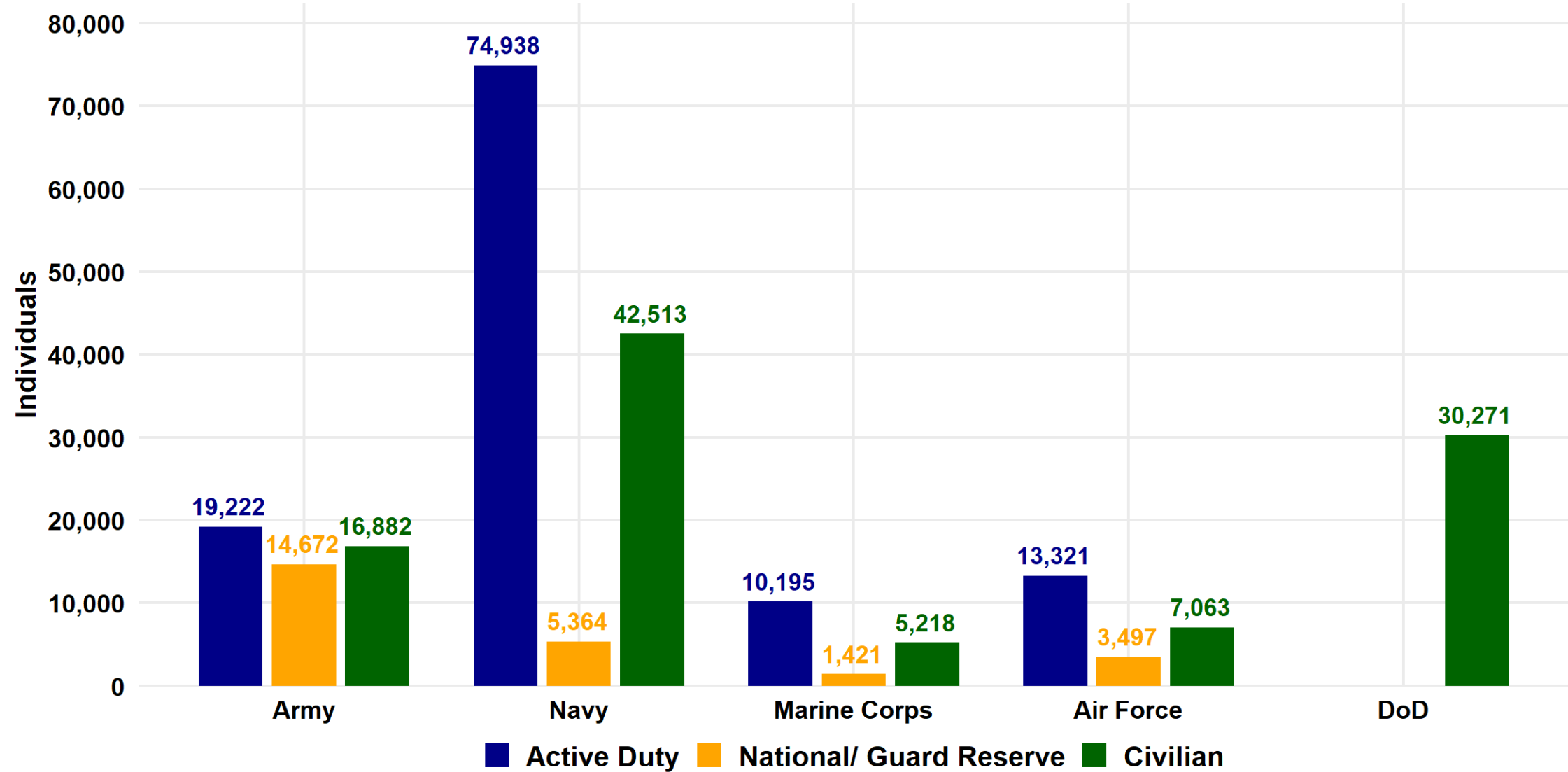
Sources: Bureau of Labor Statistics and Dragas Center for Economic Analysis and Policy.

Ratio of Federal Civilian Wages to Private Sector Wages Metropolitan Areas in Virginia, 2023



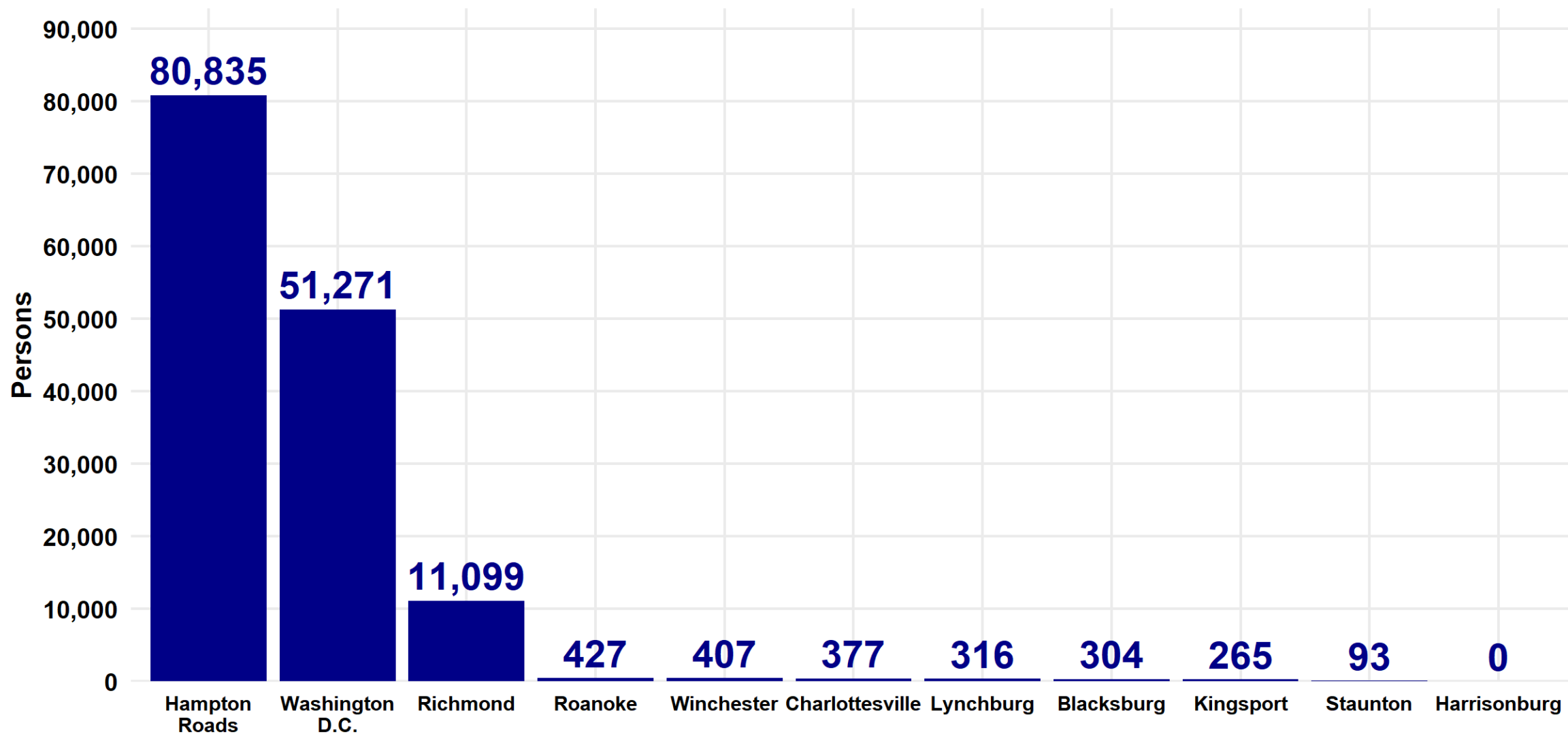
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Active Duty, Reserve, National Guard, and DoD Civilian Personnel
Virginia, June 2024



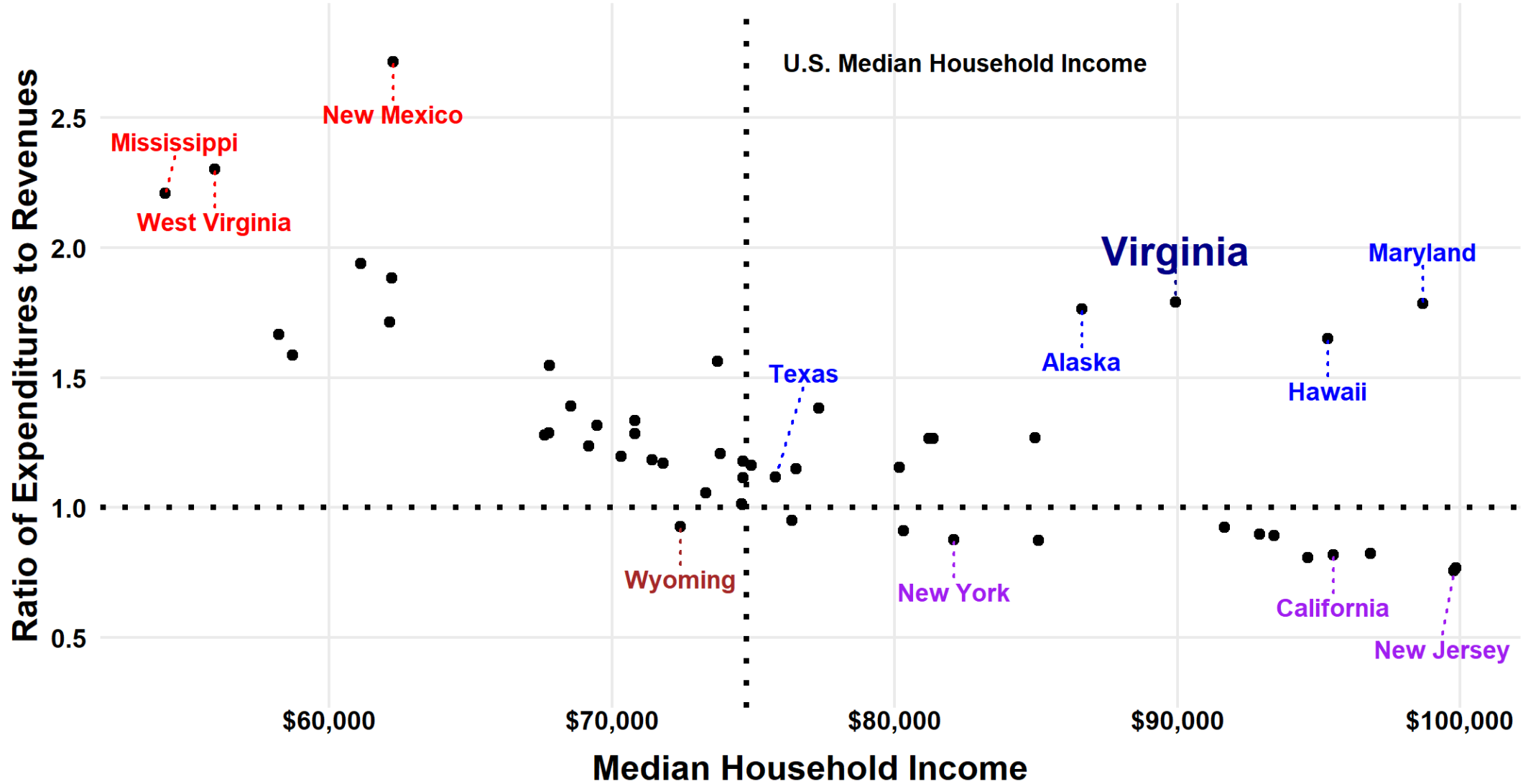
Source: Defense Manpower Data Center (June 2024). Number of Military and DoD Appropriated Fund (APF) Civilian Personnel by Assigned Duty Location and Service/Component.

Employment in the Armed Forces, Census Estimates Metropolitan Statistical Areas in Virginia, 2023



Median Household Income and Ratio of Federal Expenditures to Revenues

U.S. States, 2022



Sources: Rockerfeller Institute, U.S. Census Bureau, and Dragas Center for Economic Analysis and Policy. U.S. median household income in 2022 was \$74,755. Return on the dollar is the ratio of federal spending in a state to the amount paid to the federal government by a state's residents and businesses.

Uncertainty, Inflation, and a Recession?

- Economic data continues to lag policy. Forward-looking data on container bookings points to a slowdown in cargo traffic from China in the coming months. If this materializes, we will experience significant layoffs and persistent supply chain disruptions through the remainder of 2025.
- While the April jobs and inflation reports were positive, macroeconomic data typically lag policy by 3 to 6 months. Imports surged in the first quarter as businesses attempted to avoid higher import taxes. If the current pauses on automobile, electronic, and other goods expire in the coming months, then prices will increase as inventories are depleted.
- The April Federal Reserve Beige Book noted that “Many firms have already received notices from suppliers that costs would be increasing. Firms reported adding tariff surcharges or shortening pricing horizons to account for uncertain trade policy.” A reoccurring theme from earnings reports and business surveys is that tariff uncertainty is increasing costs, delaying investments, and undermining expectations.
- Virginia is relatively vulnerable to changes in federal policy. Reductions in federal employment and persistent tariffs will reduce incomes in Northern Virginia and the flow of goods through the Port of Virginia. The growth prospects for the Commonwealth are markedly diminished from January 2025.