

ECONOMIC UPDATE VLGMA 2025 SUMMER CONFERENCE

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AFFILIATE FACULTY, SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS

VIRGINIA TECH

JUNE 19, 2025

OVERVIEW

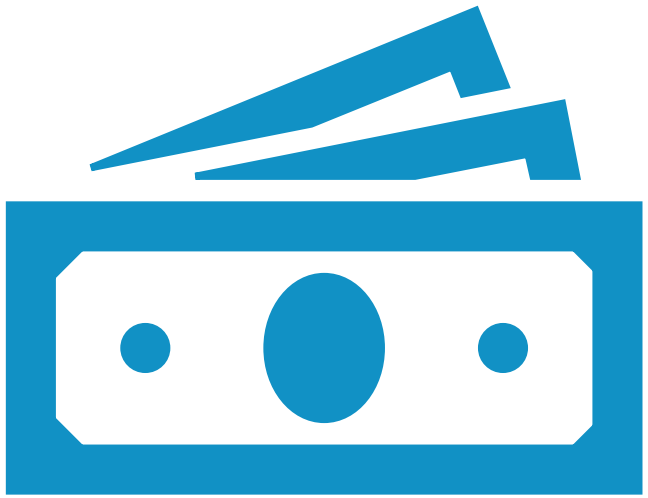
U.S. & Virginia Economic Conditions April – May 2025

Federal Policy Implications

U.S. Economic Outlook

Key Considerations for Organizations

WHAT ARE YOUR MAIN CONCERNS FOR THE FY2026 BUDGET?



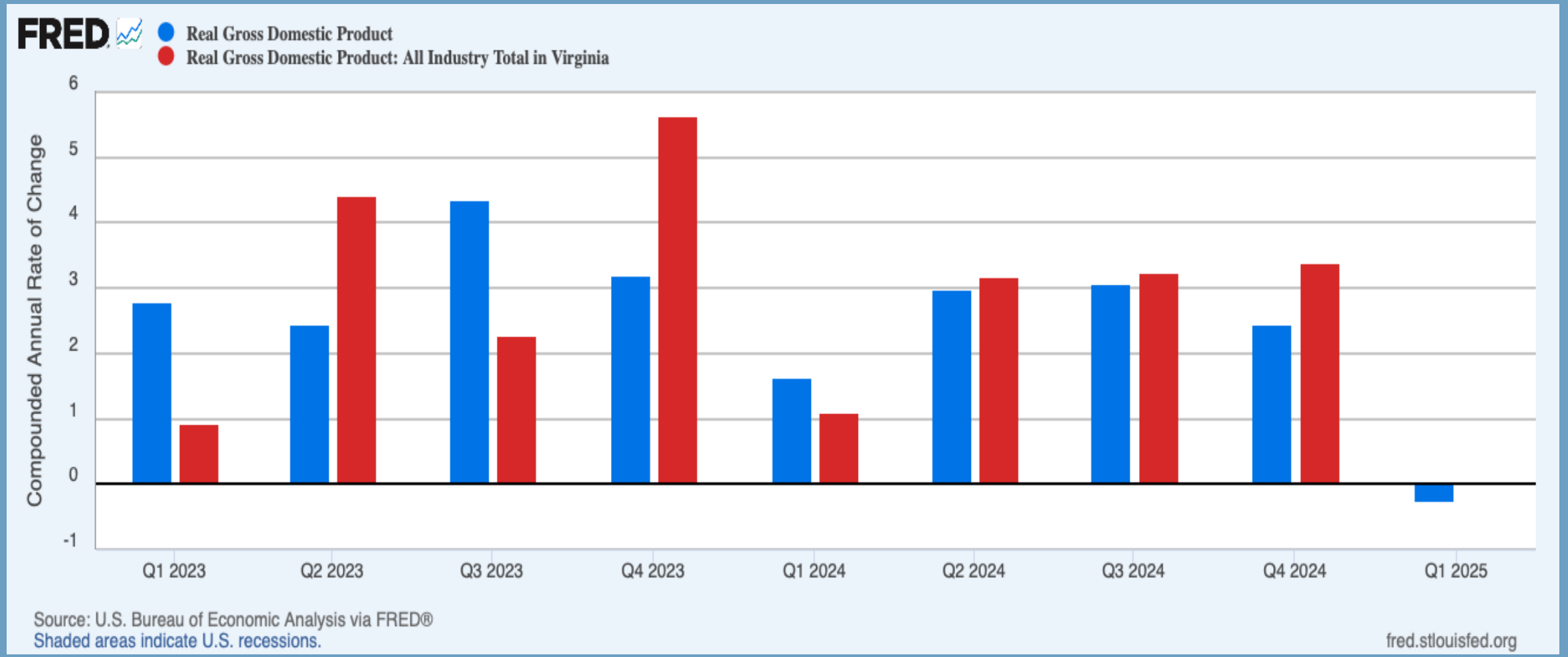
A. Revenue projections
B. Inflationary cost increases
C. Wages and salaries
D. Staff recruitment and retention
E. Other considerations

ECONOMIC CONDITIONS APRIL–MAY 2025

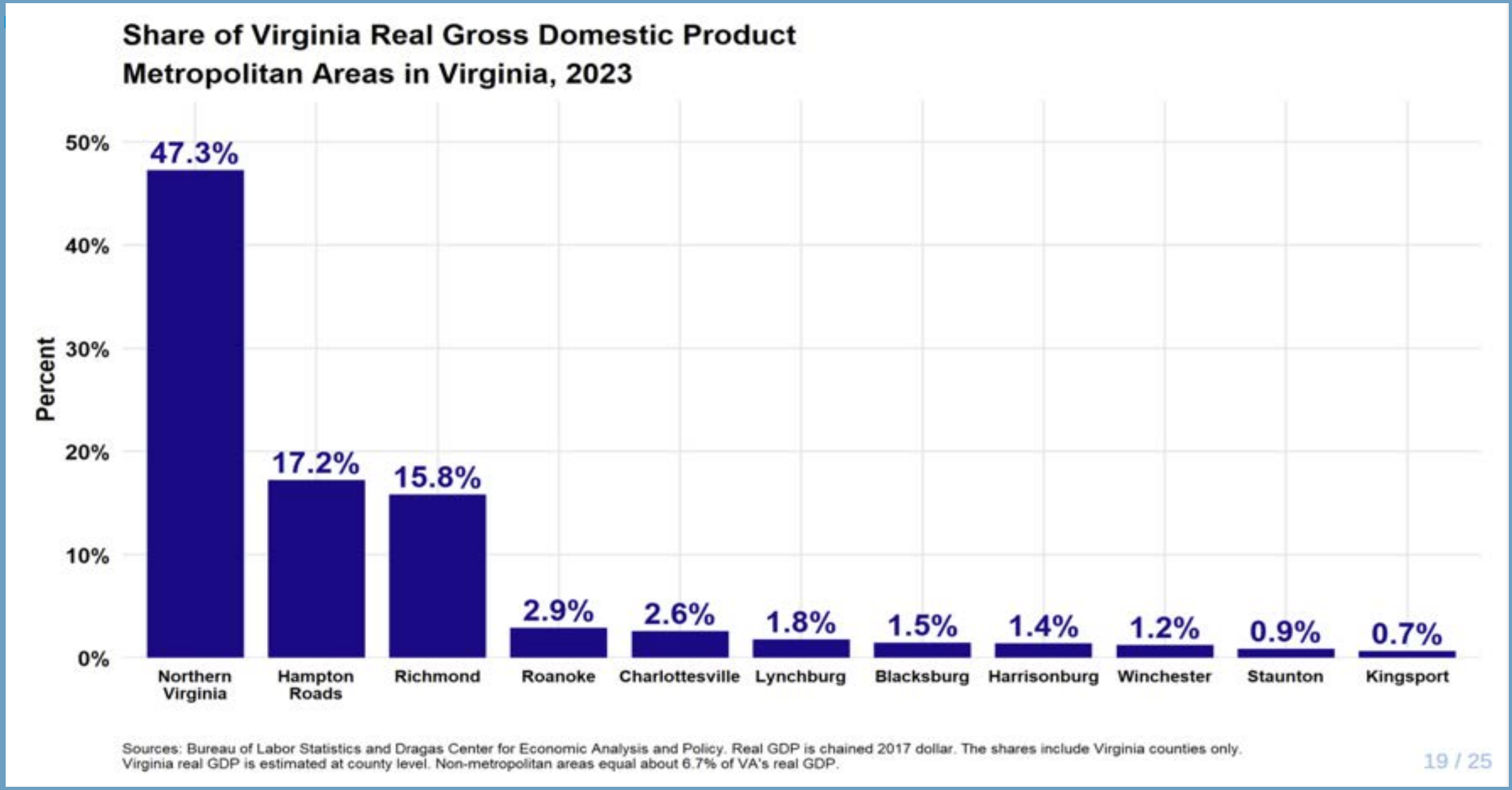
Photo: Shutterstock

U.S. & VIRGINIA REAL GDP* Q1:2023 – Q1:2025

(SECOND ESTIMATE; RATE OF GROWTH)

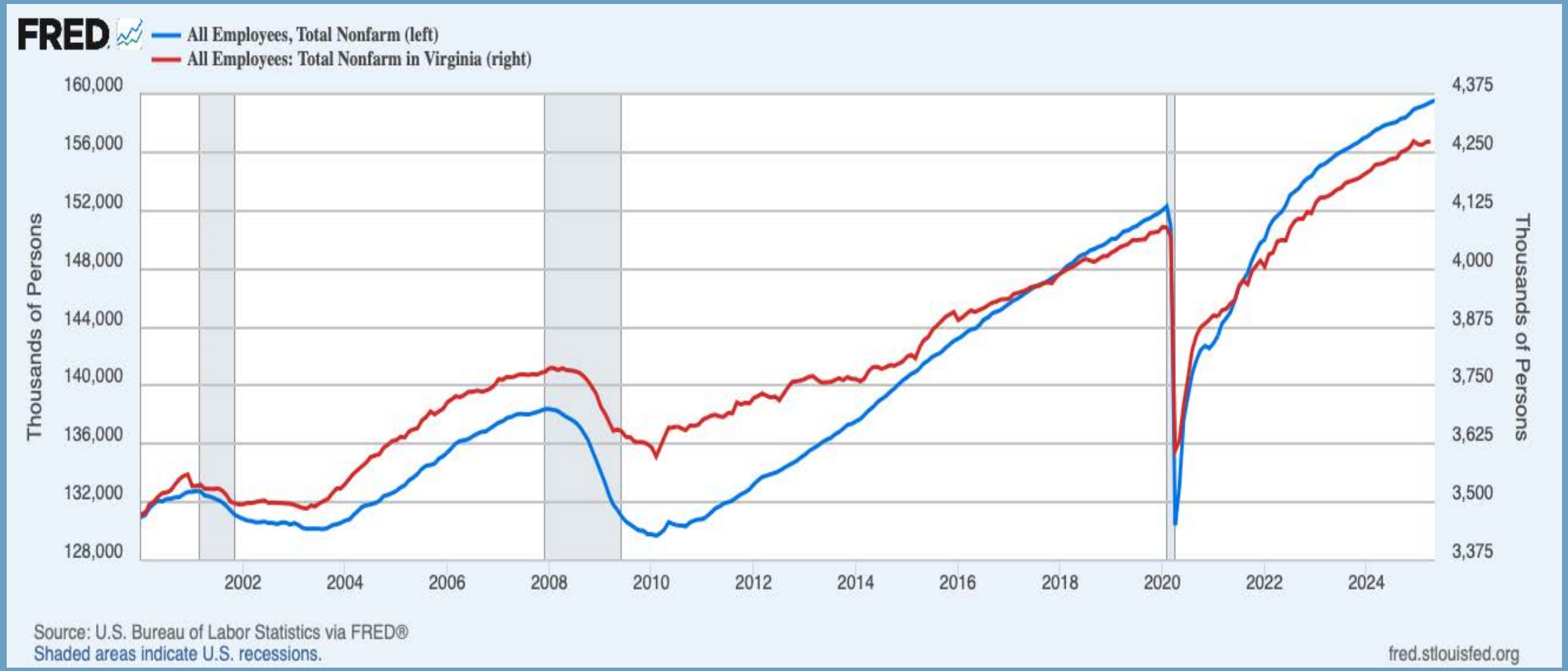


Seasonally adjusted annual rate; *Real indicates constant dollars or inflation-adjusted.



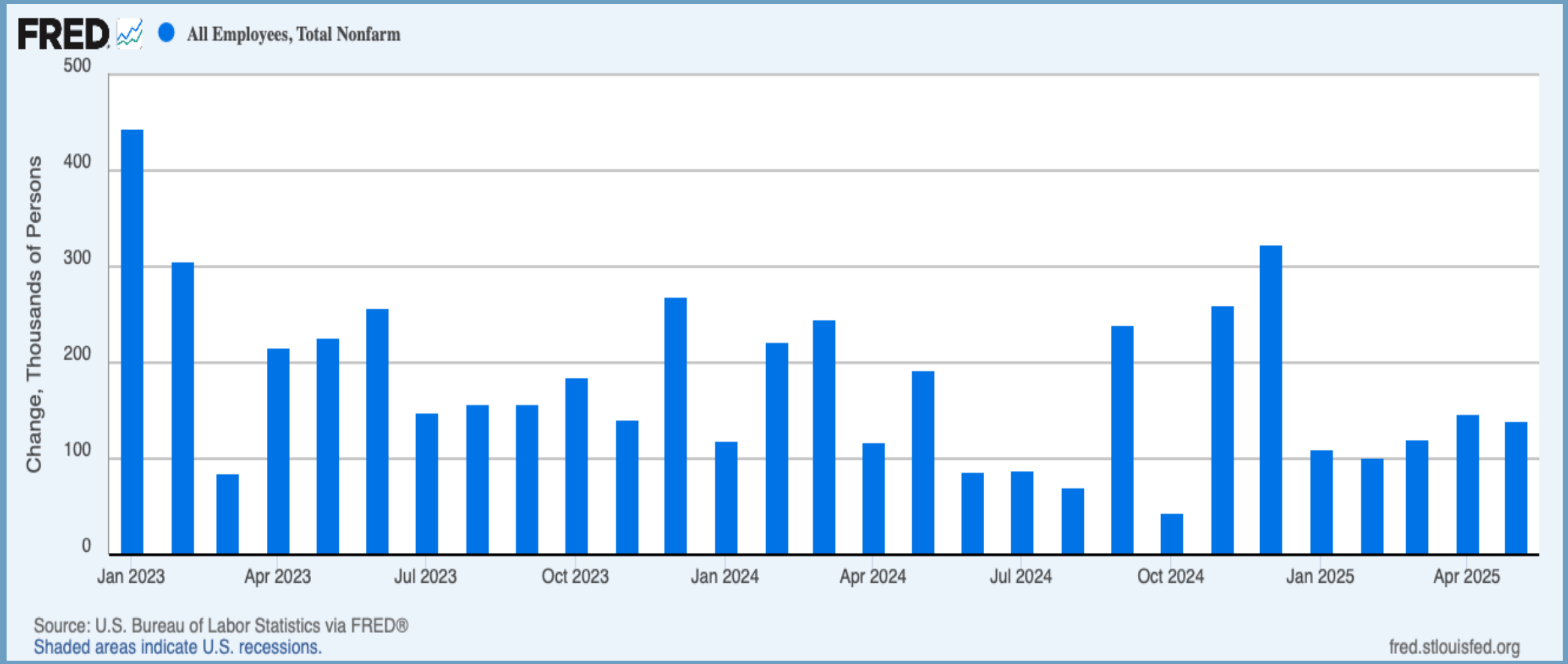
Old Dominion University

U.S. & VIRGINIA TOTAL NONFARM JOBS (#)



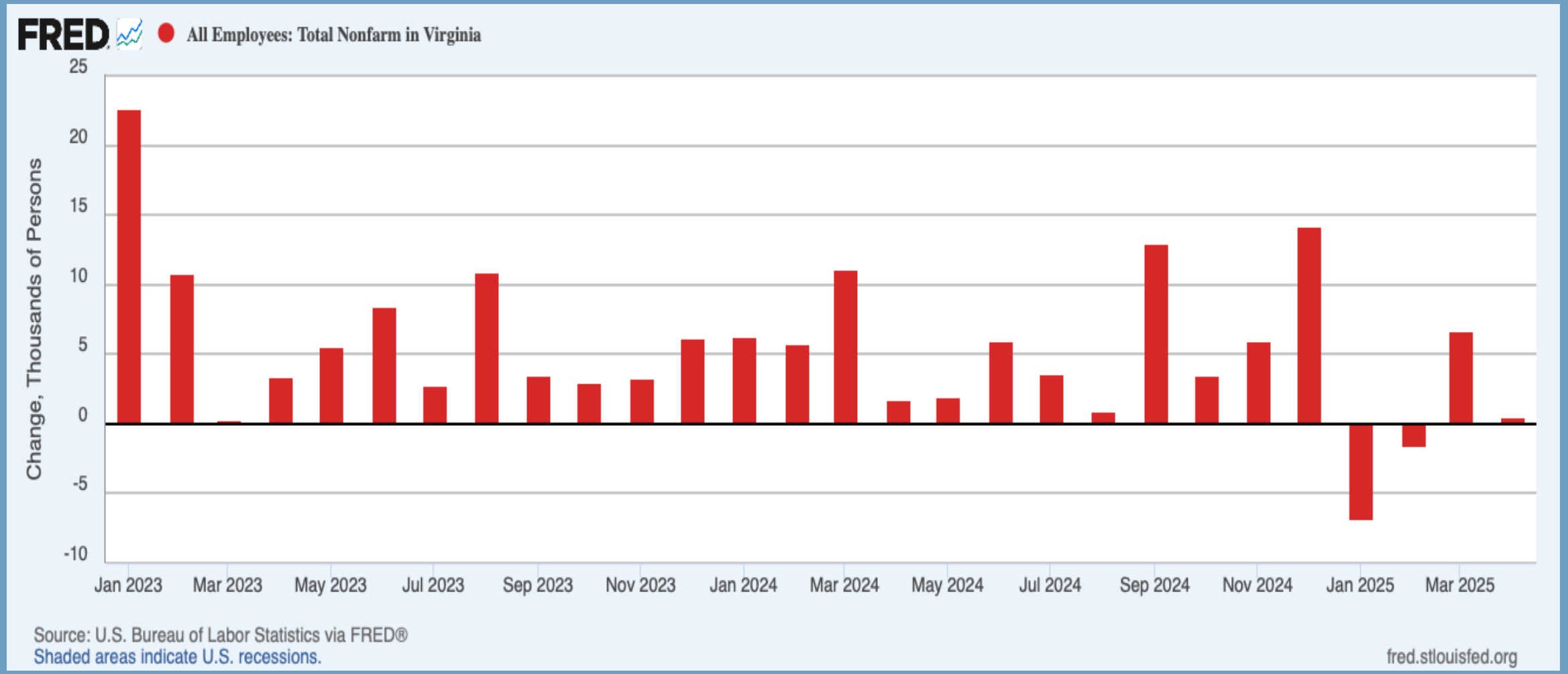
BLS establishment survey, seasonally adjusted

U.S. JOB GROWTH (MOM)



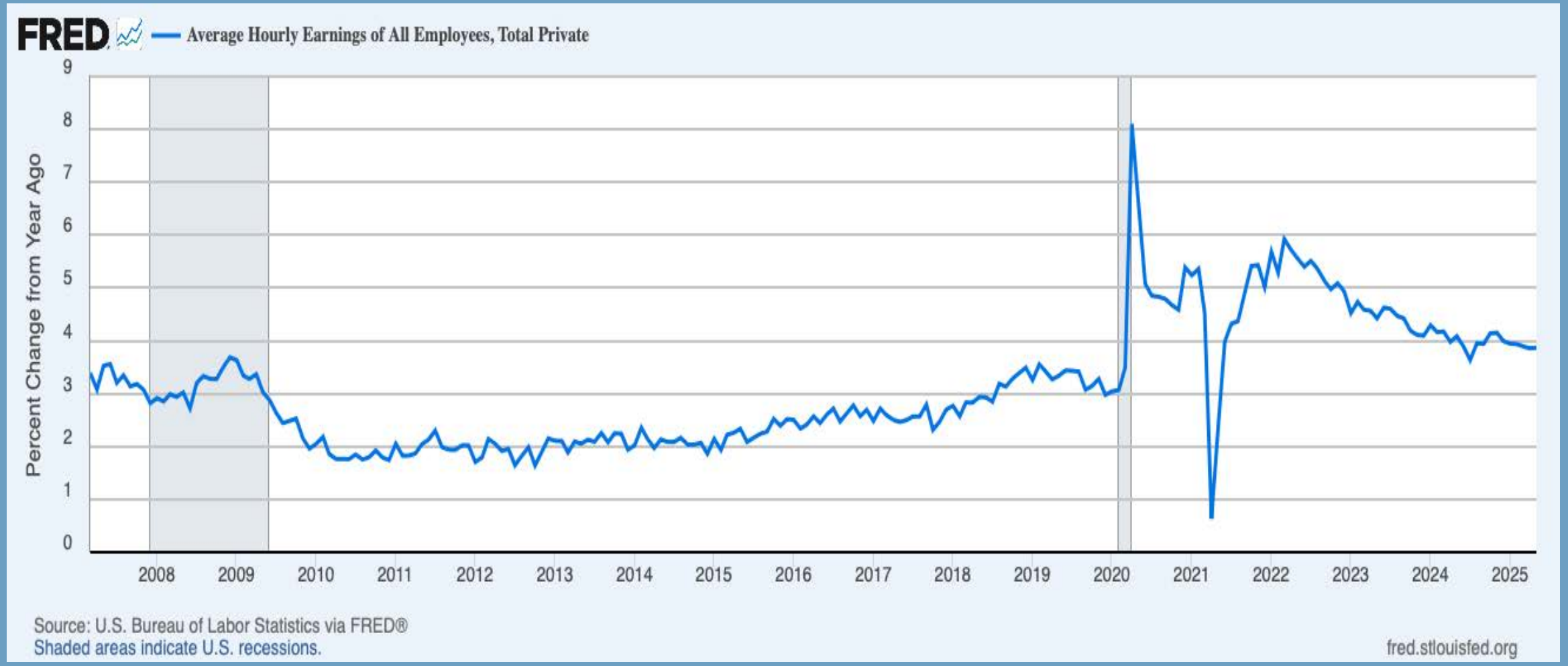
BLS establishment survey; seasonally adjusted

VIRGINIA JOB GROWTH (MOM)



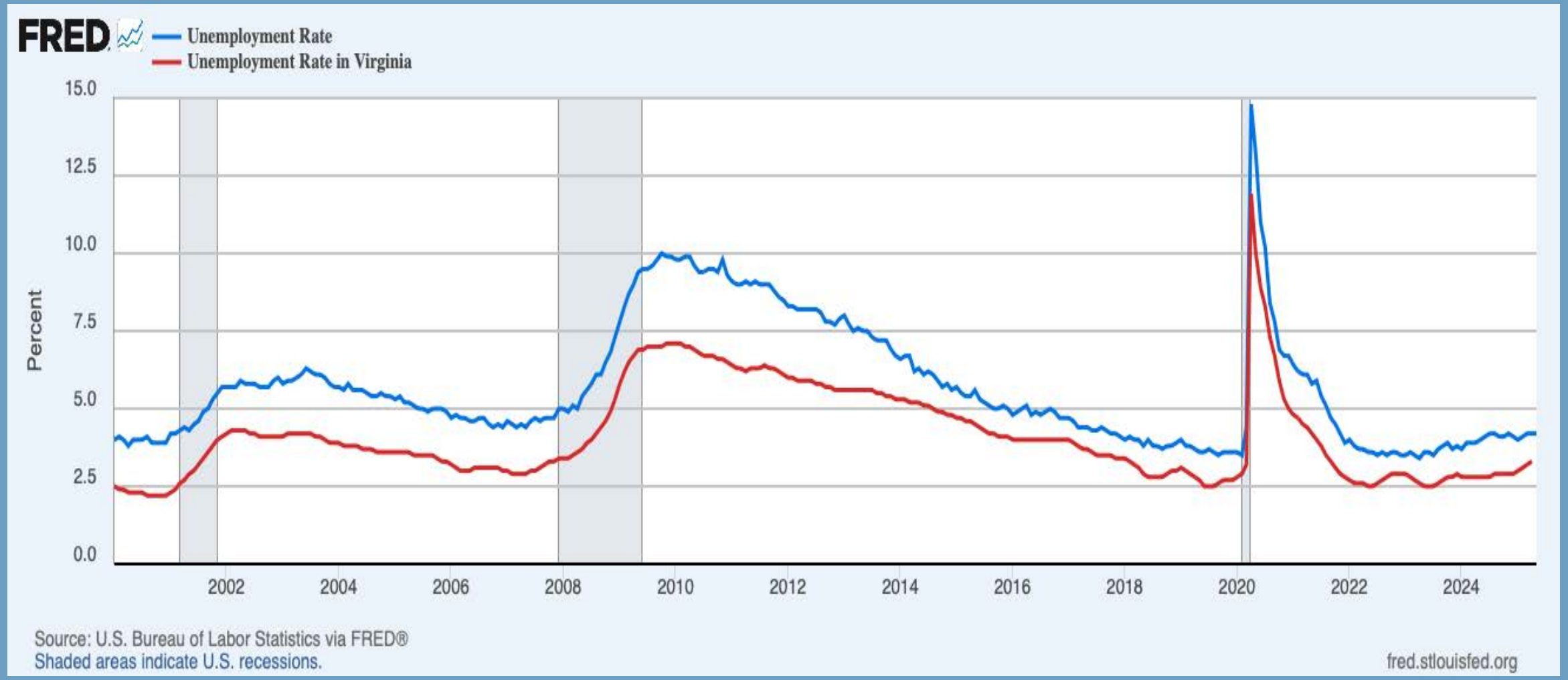
BLS establishment survey, seasonally adjusted

U.S. AVERAGE HOURLY WAGE GROWTH (%YOY)



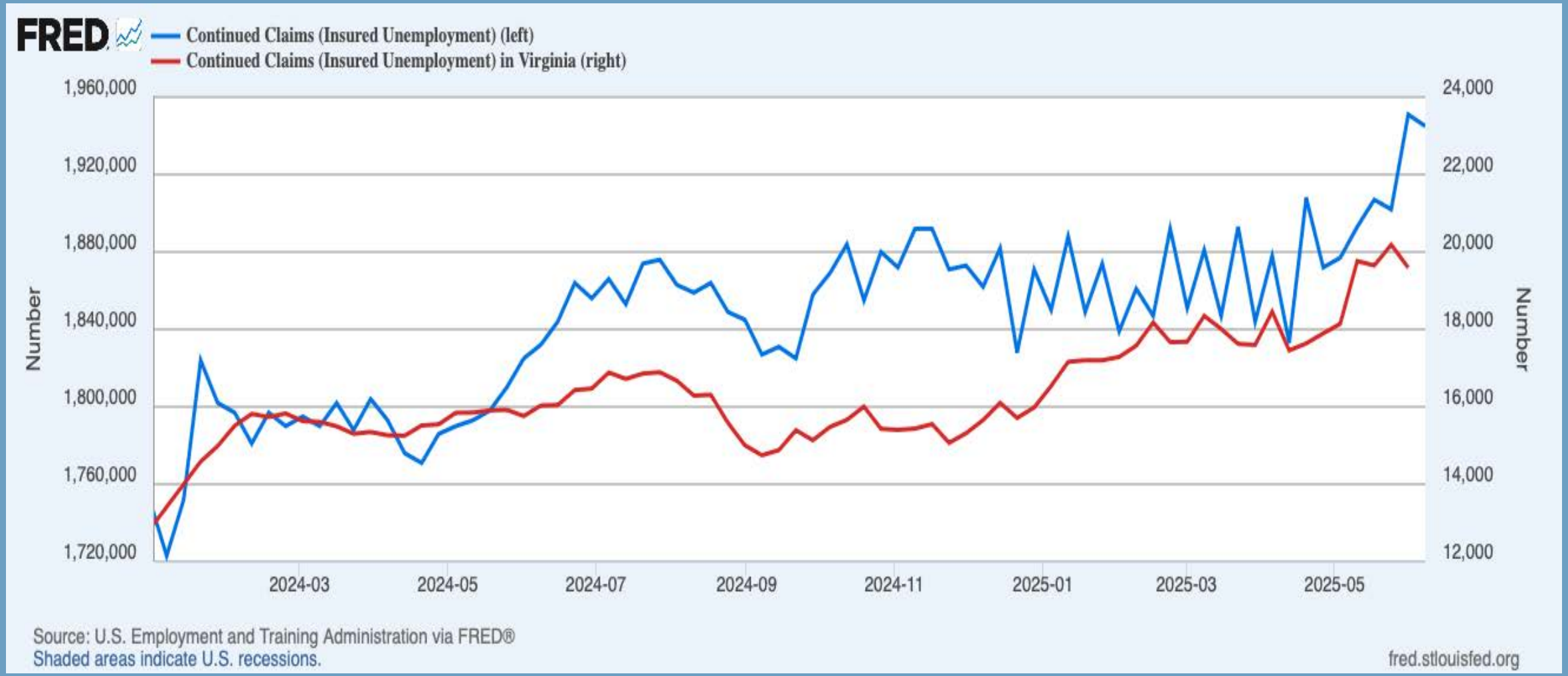
BLS establishment survey; seasonally adjusted

U.S. & VIRGINIA OFFICIAL UNEMPLOYMENT RATE (U-3) (%)



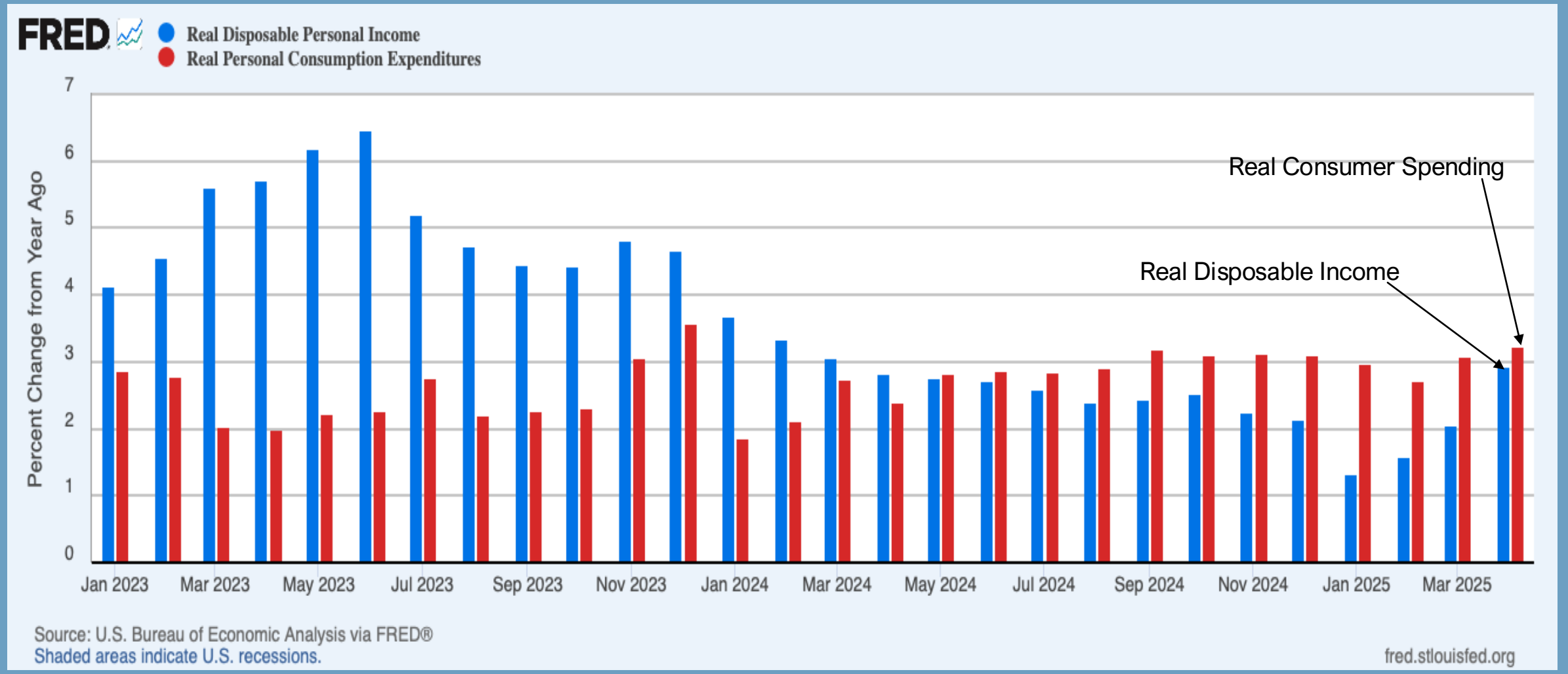
BLS household survey; seasonally adjusted

U.S. & VIRGINIA UNEMPLOYMENT CONTINUED CLAIMS (#)



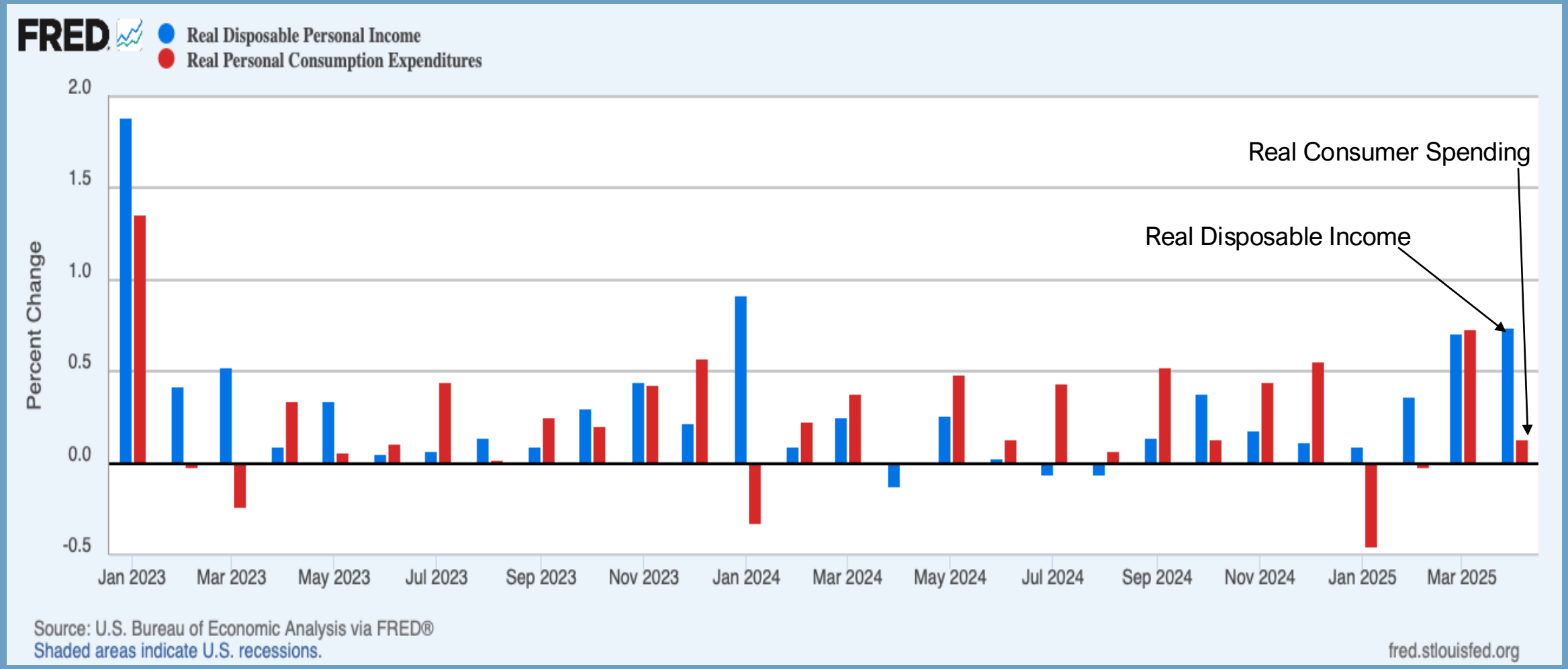
Seasonally adjusted

U.S. REAL DISPOSABLE INCOME & REAL CONSUMER SPENDING (%YOY)



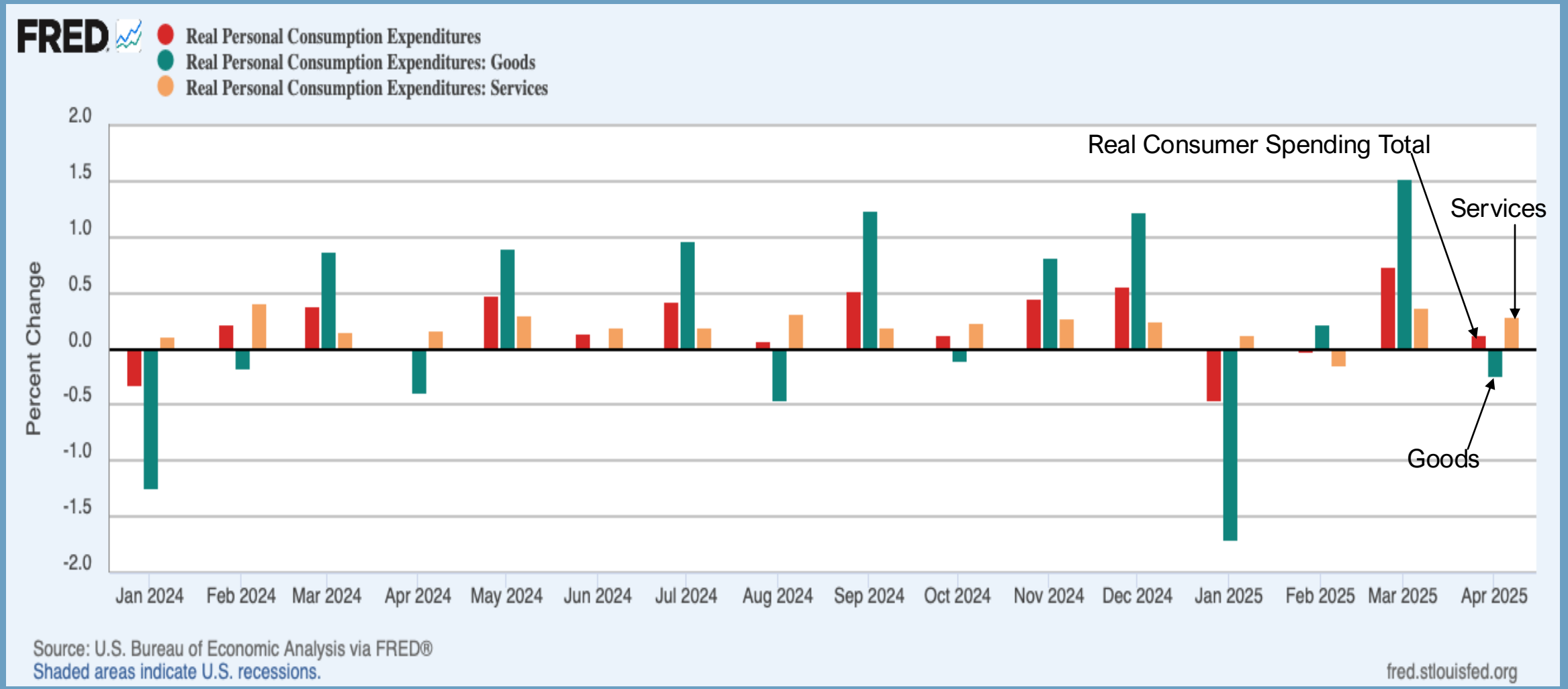
Seasonally adjusted annual rate

U.S. REAL DISPOSABLE INCOME & REAL CONSUMER SPENDING (%MOM)



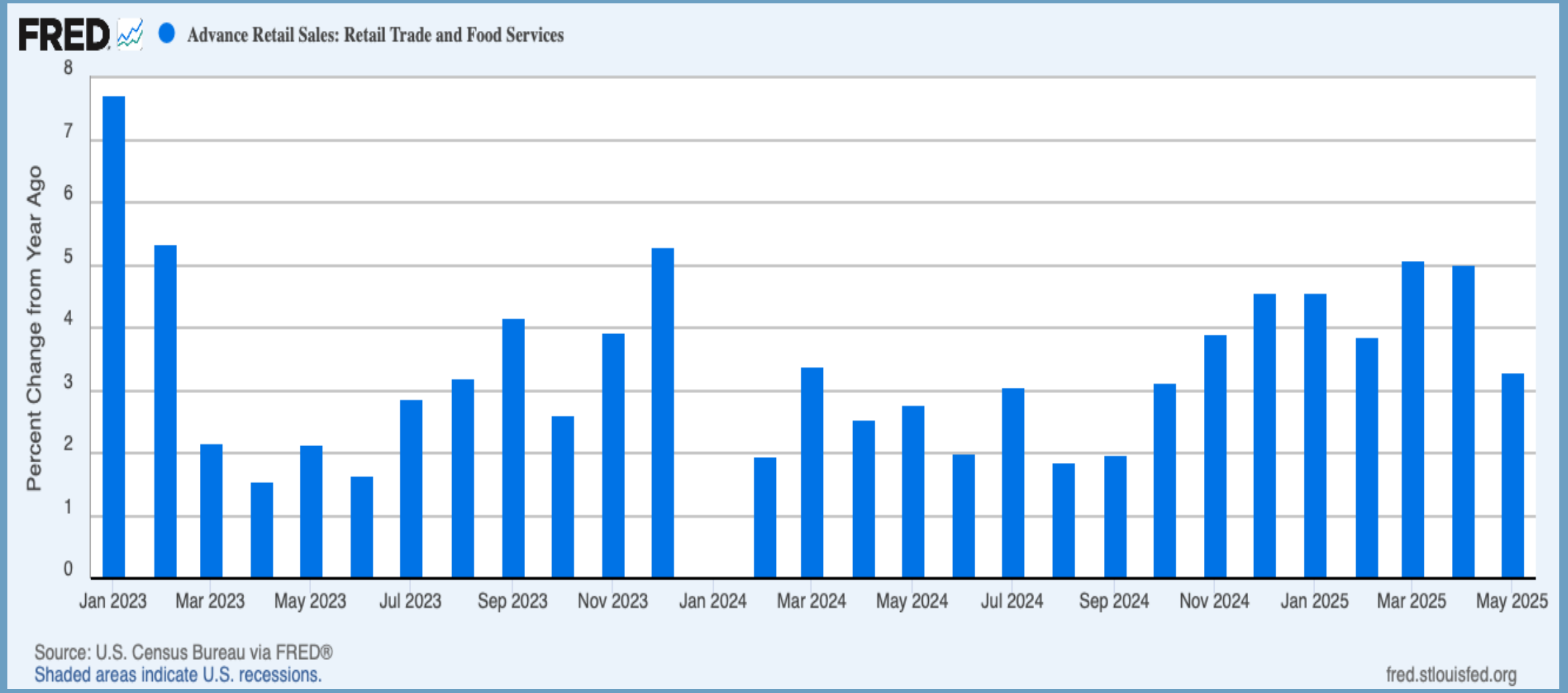
Seasonally adjusted annual rate

U.S. REAL CONSUMER SPENDING TOTAL-GOODS-SERVICES (%MOM)



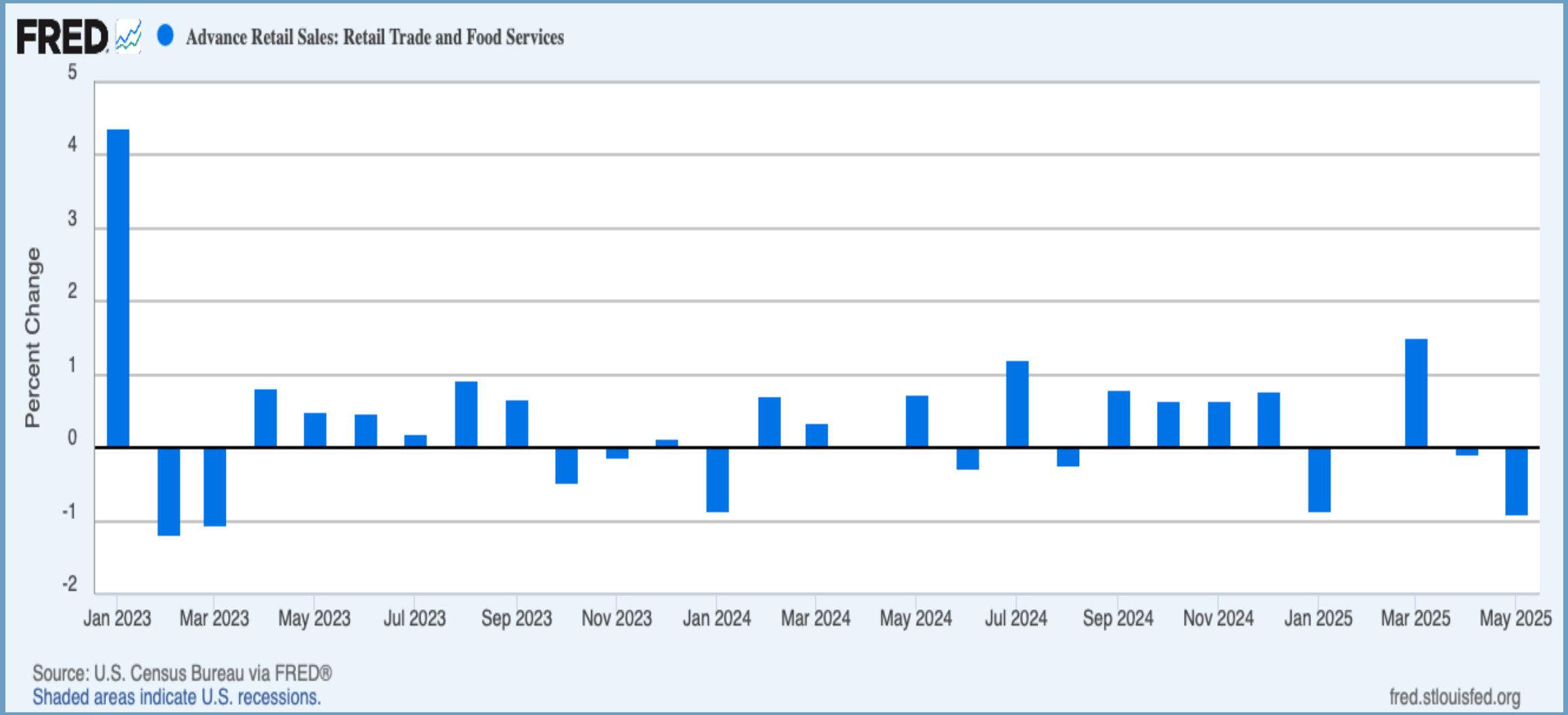
Seasonally adjusted annual rate

U.S. RETAIL SALES %YOY



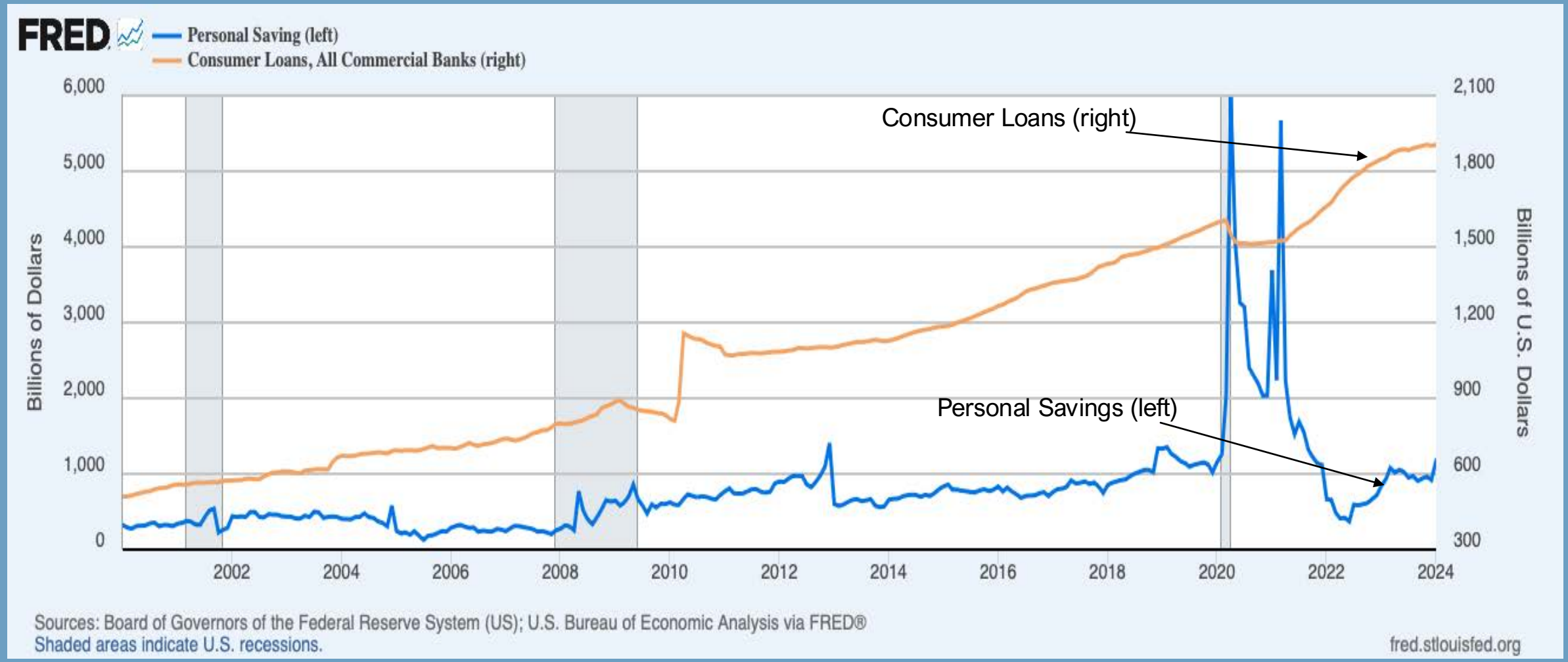
Seasonally adjusted

U.S. RETAIL SALES %MOM



Seasonally adjusted

U.S. PERSONAL SAVINGS & CONSUMER LOANS ($)



Seasonally adjusted annual rate

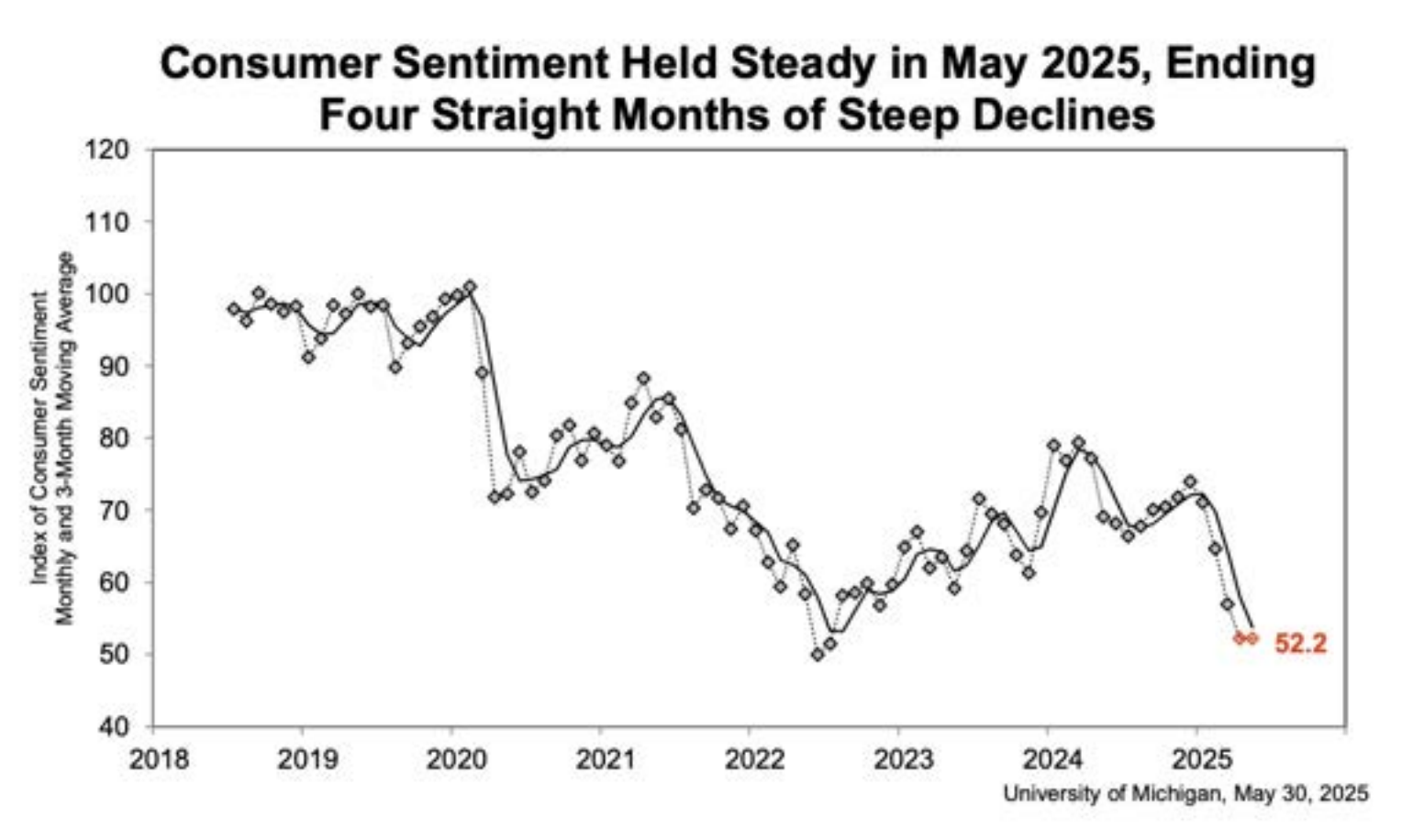
U.S. CONSUMER CONFIDENCE

Conference Board, May 27. 2025

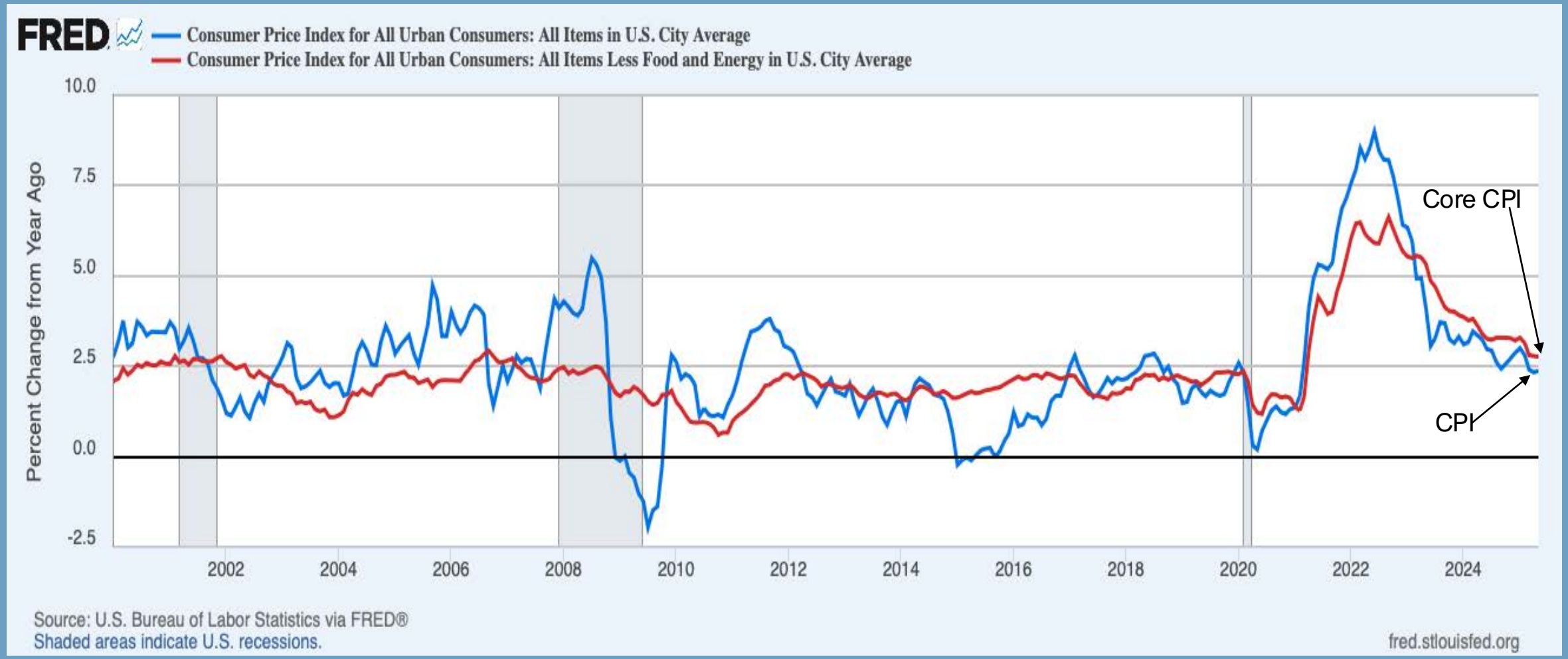


U.S. CONSUMER SENTIMENT

University of Michigan, May 30, 2025



U.S. INFLATION (%Y/Y)



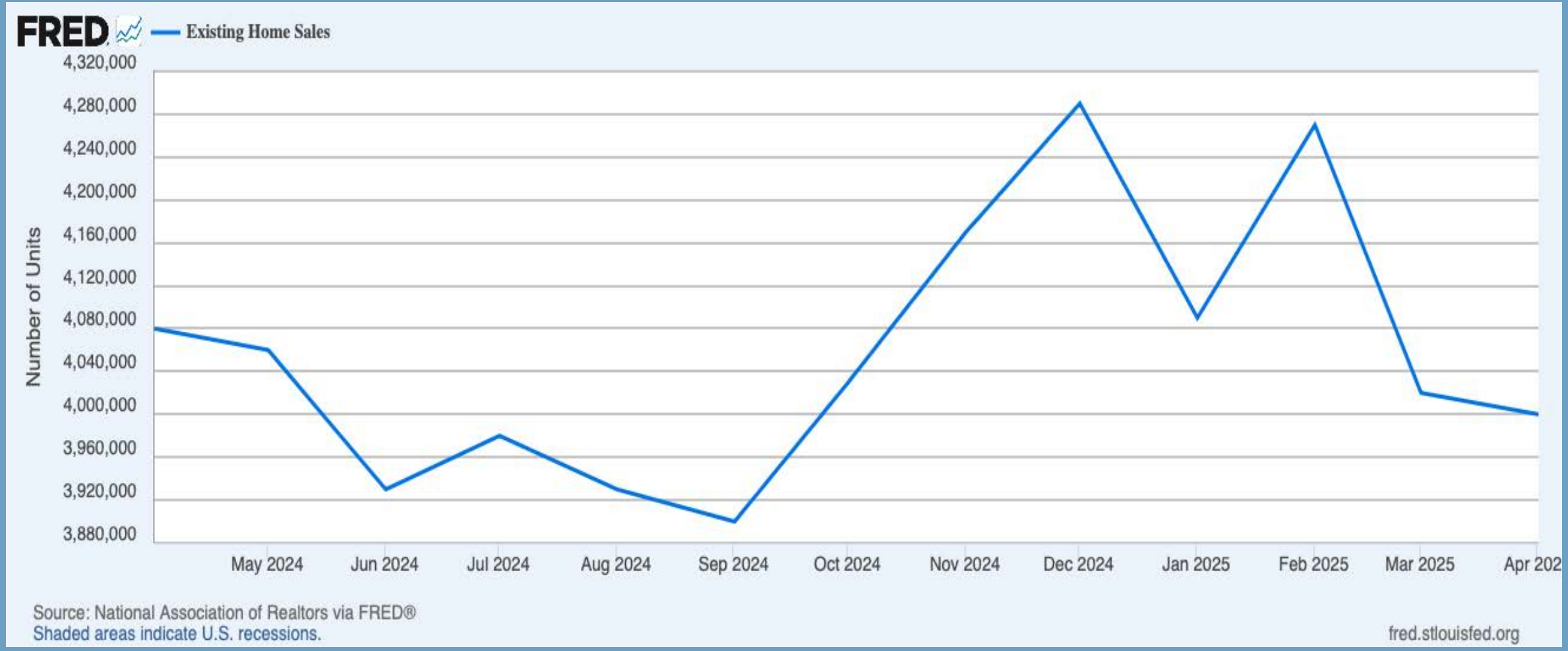
Seasonally adjusted

U.S. NEW HOME SALES (UNITS)



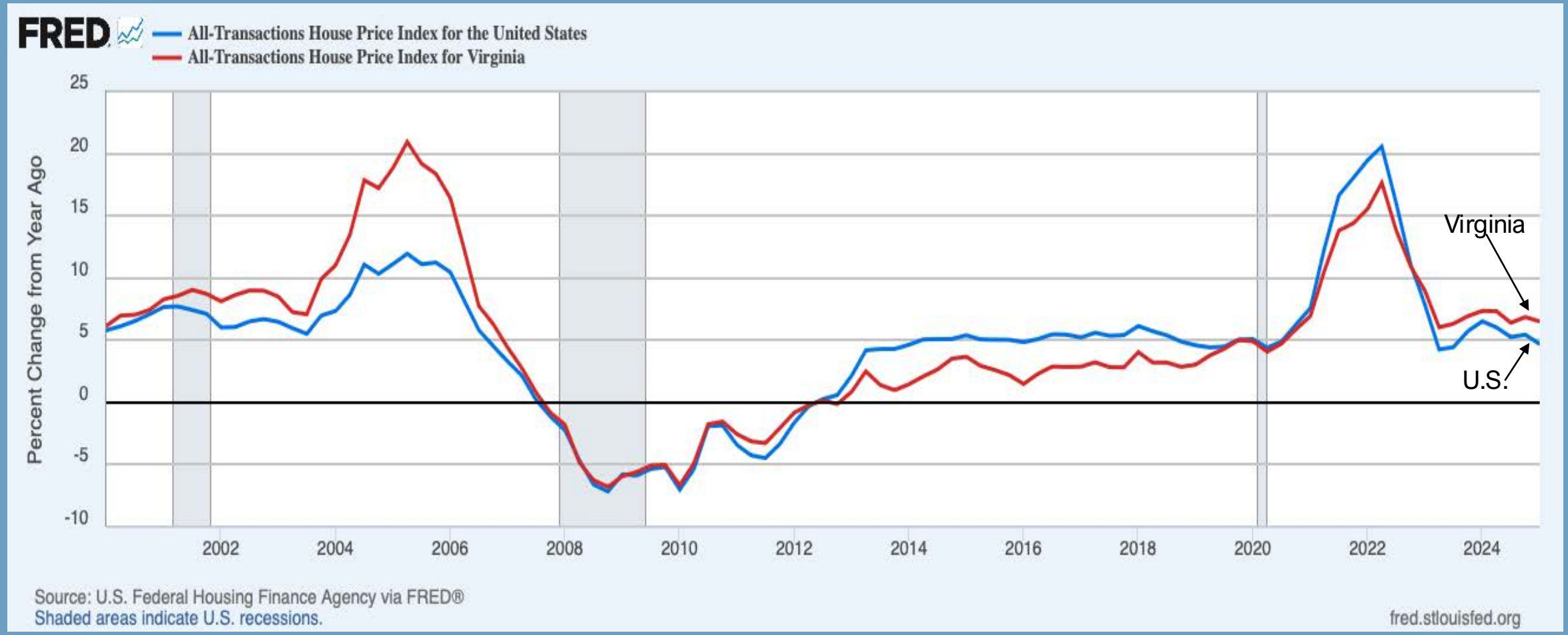
Seasonally adjusted annual rate

U.S. EXISTING HOME SALES (UNITS)



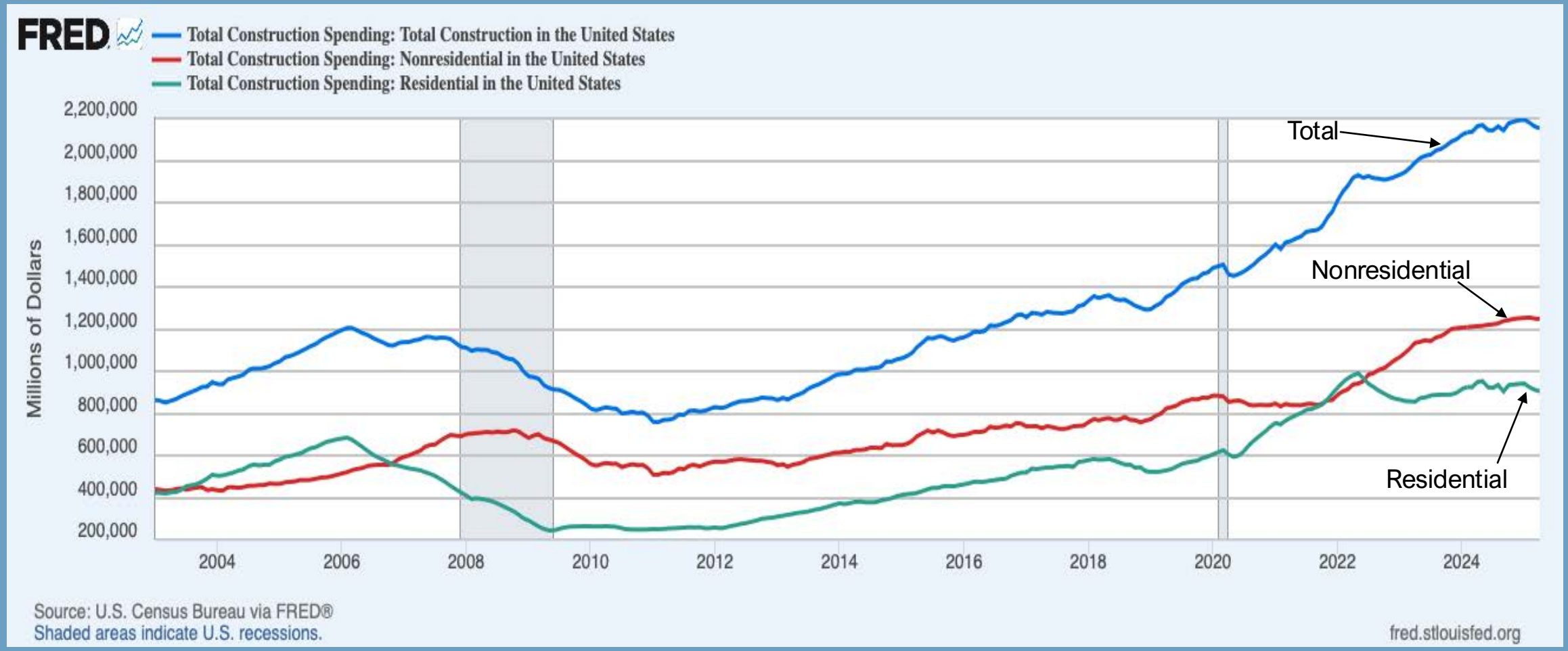
Seasonally adjusted annual rate

SINGLE FAMILY HOME PRICE RATE OF GROWTH: U.S. & VIRGINIA (%YOY, FHFA)



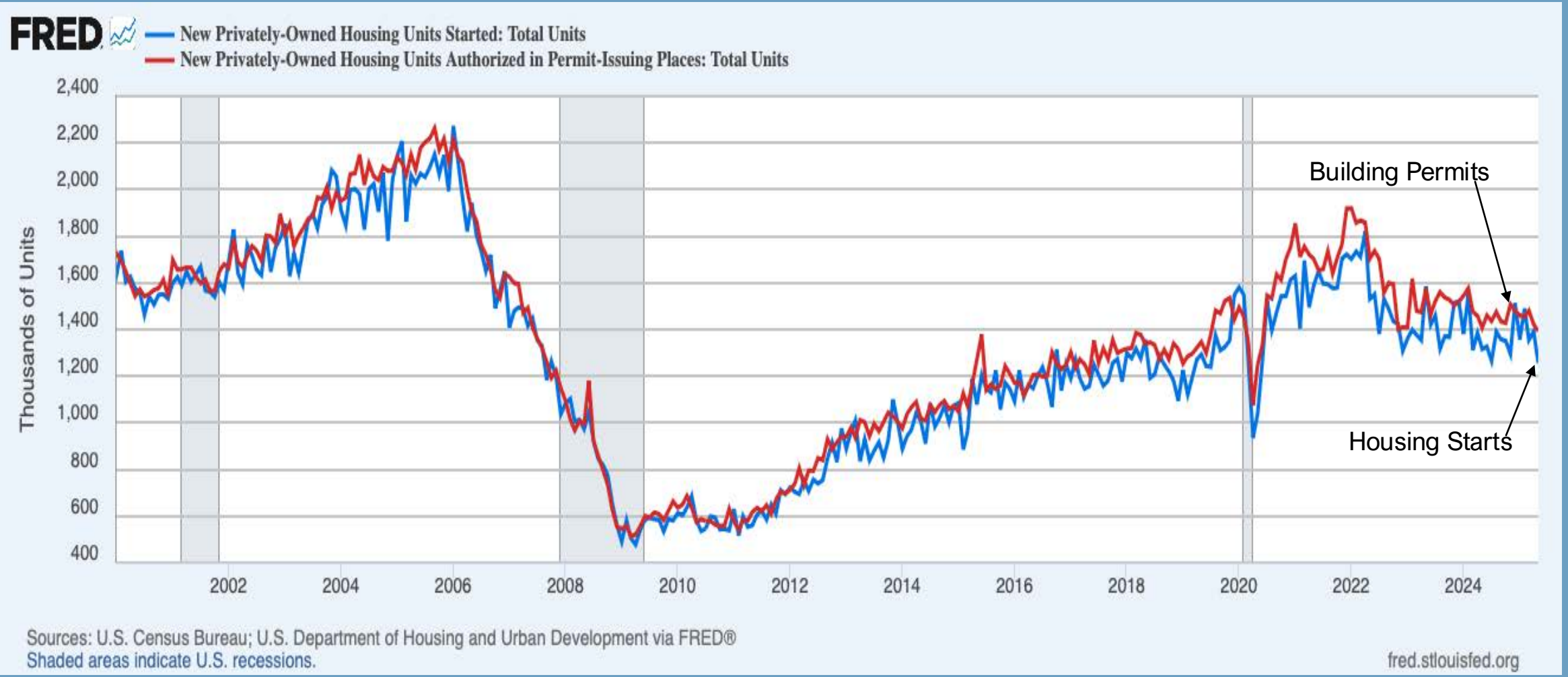
Not seasonally adjusted

U.S. TOTAL CONSTRUCTION: RESIDENTIAL & NONRESIDENTIAL ($)



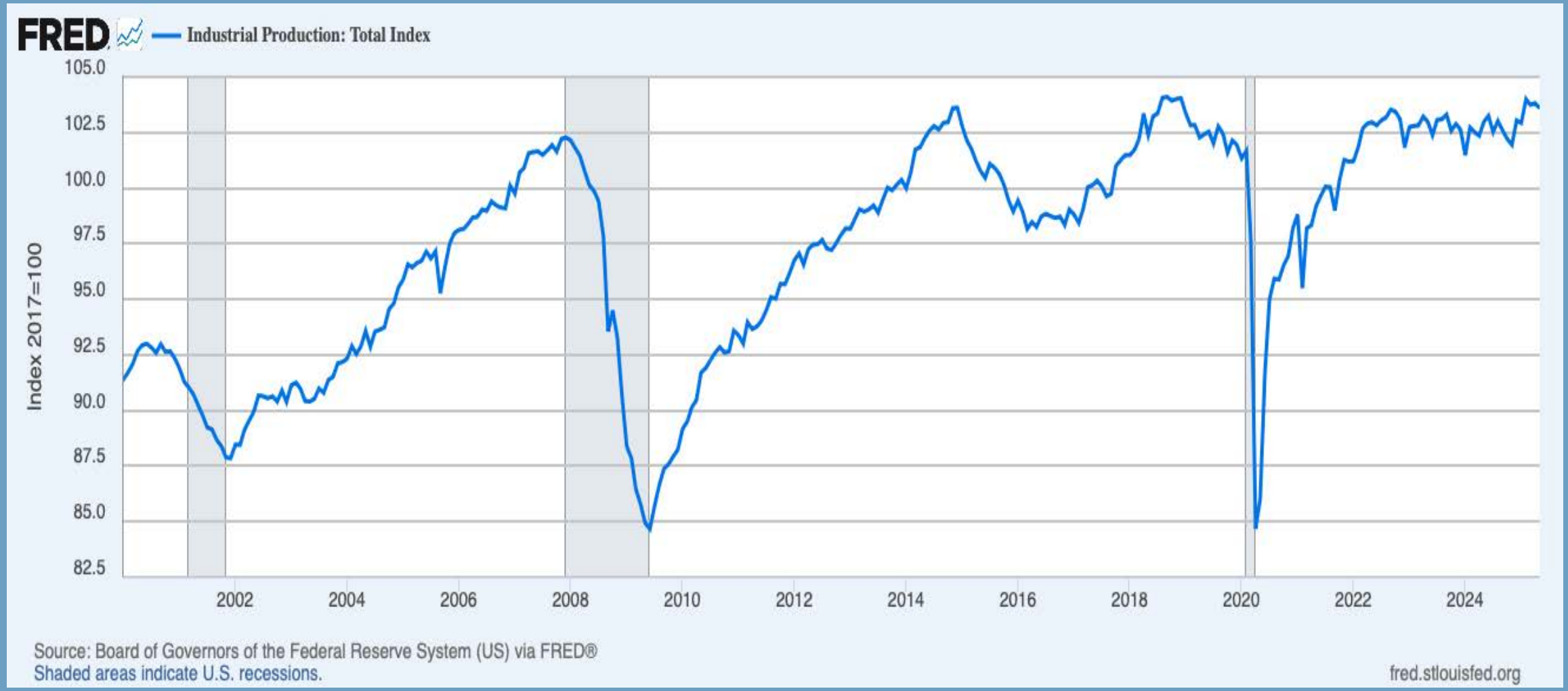
Seasonally adjusted annual rate

U.S. HOUSING STARTS & BUILDING PERMITS ($)



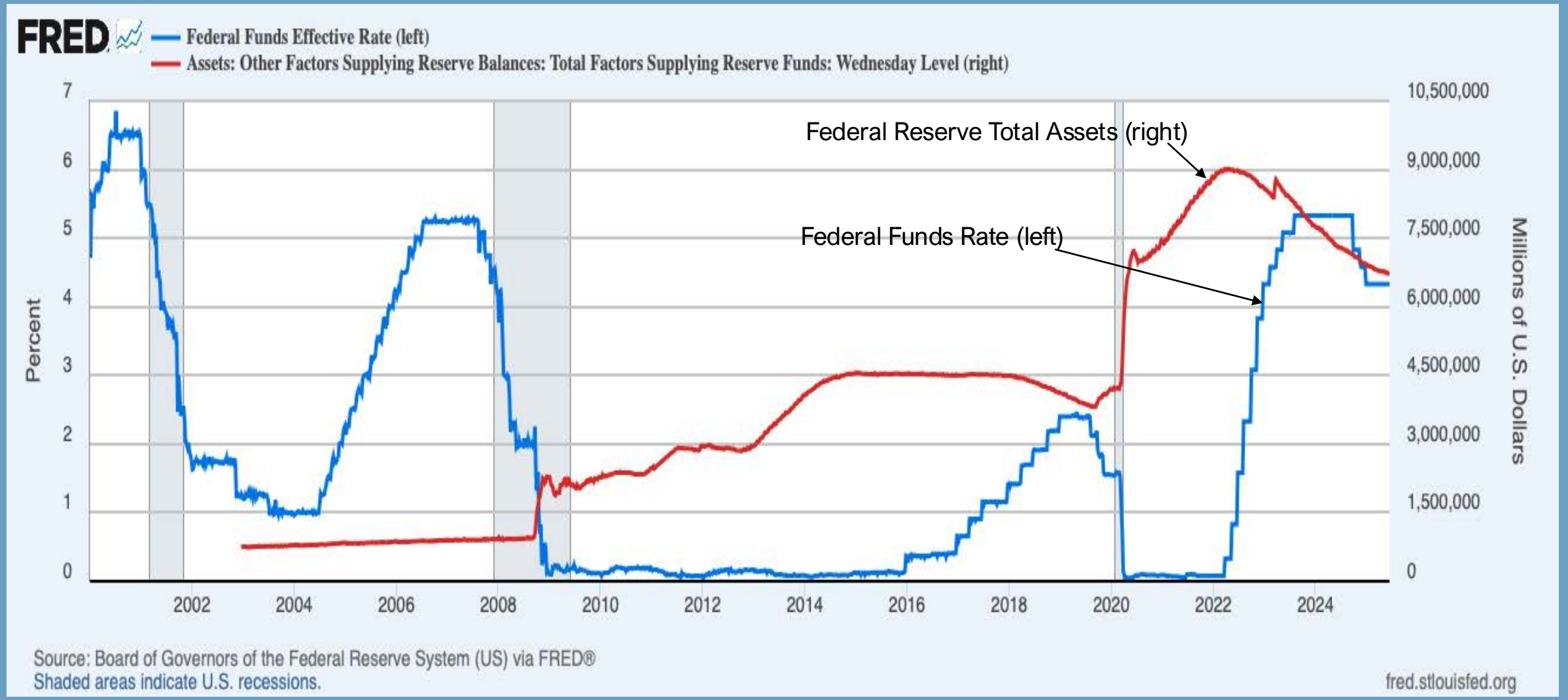
Seasonally adjusted annual rate

U.S. INDUSTRIAL PRODUCTION (INDEX)



Seasonally adjusted

FEDERAL FUNDS RATE & FEDERAL RESERVE BALANCE SHEET (% & $)

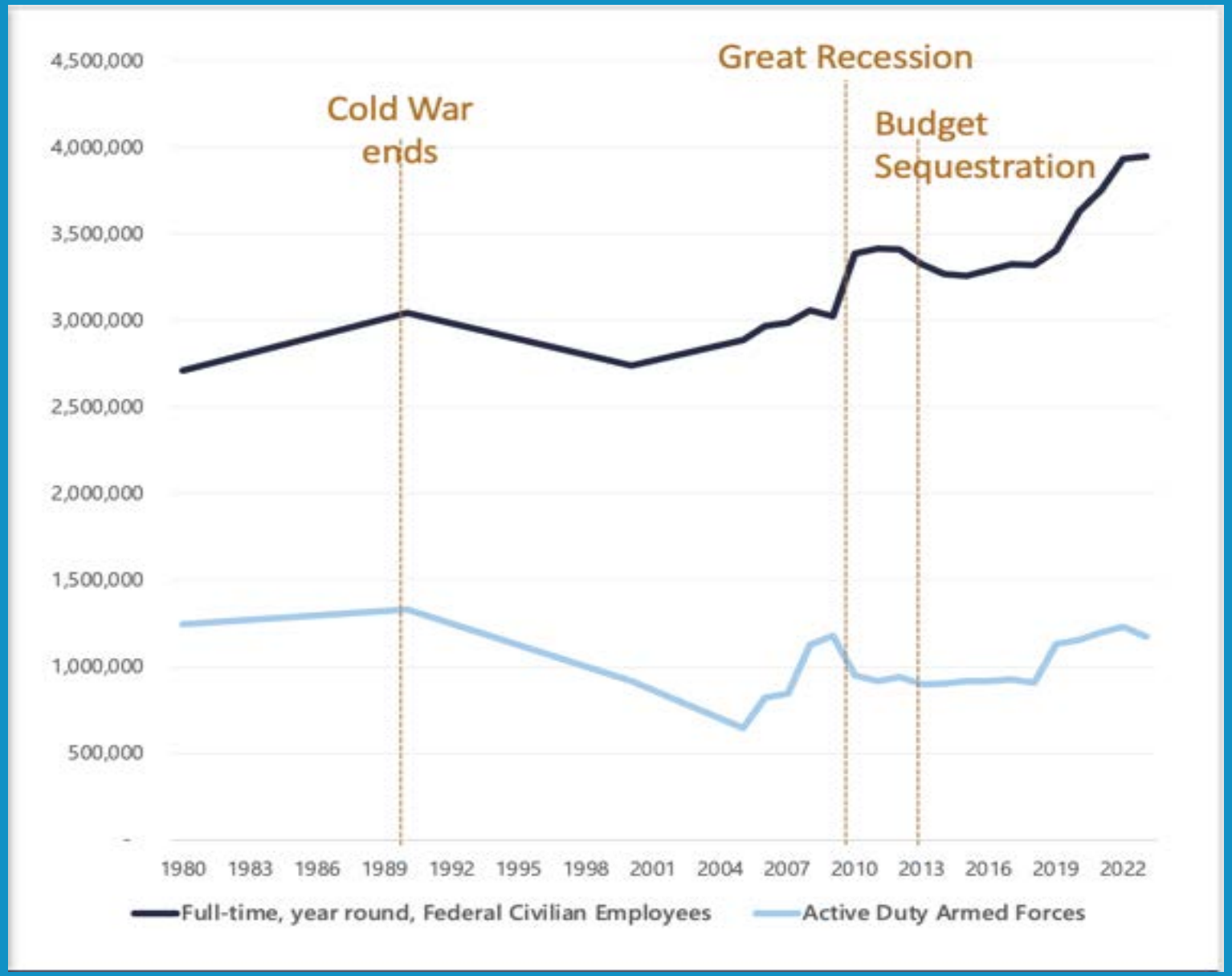


FEDERAL POLICY CONSIDERATIONS



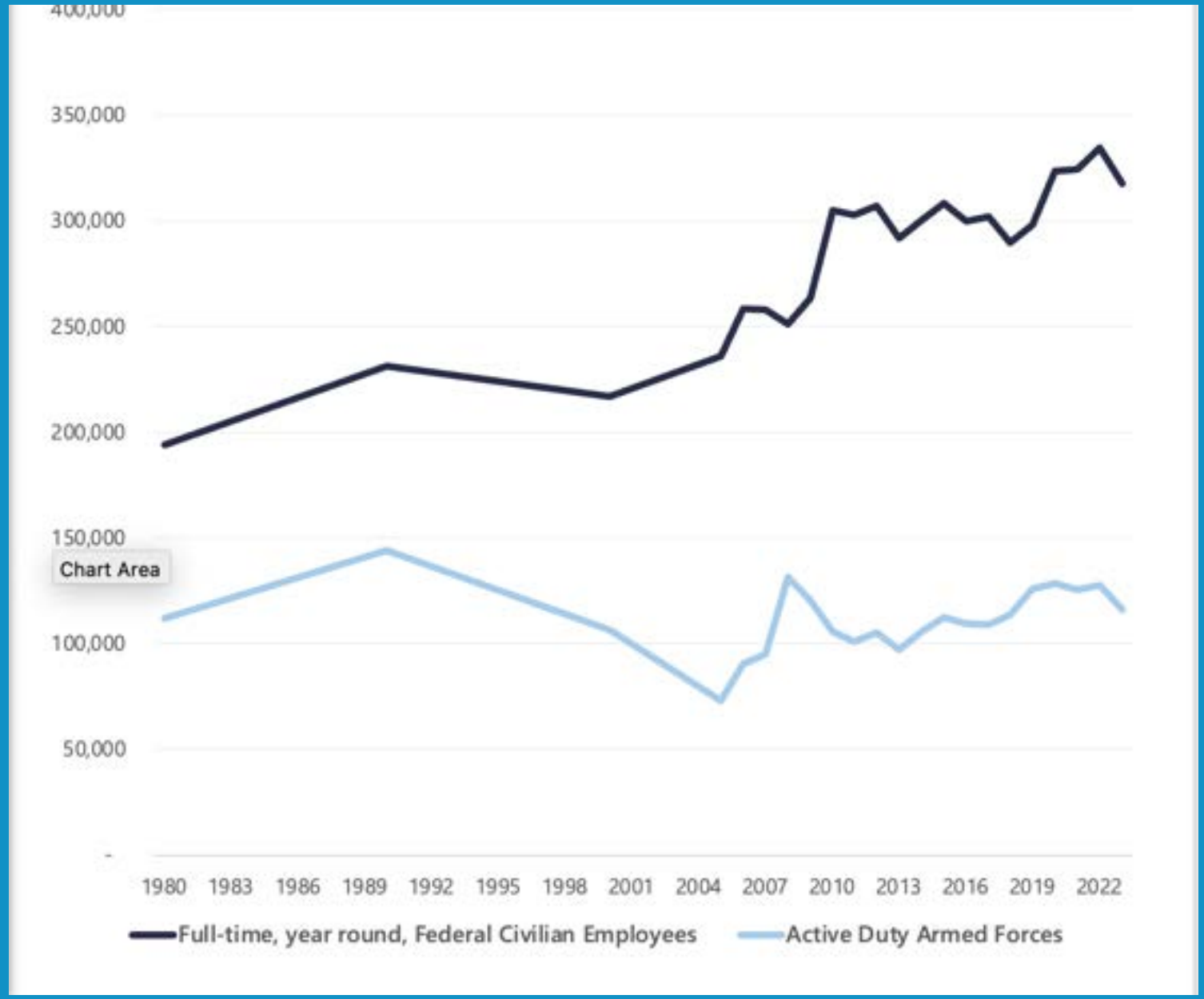
U.S. FEDERAL FULL-TIME CIVILIAN EMPLOYMENT

WELDON COOPER CENTER; CENSUS ACS 2023 5-YEAR ESTIMATE (PLACE OF RESIDENCE)



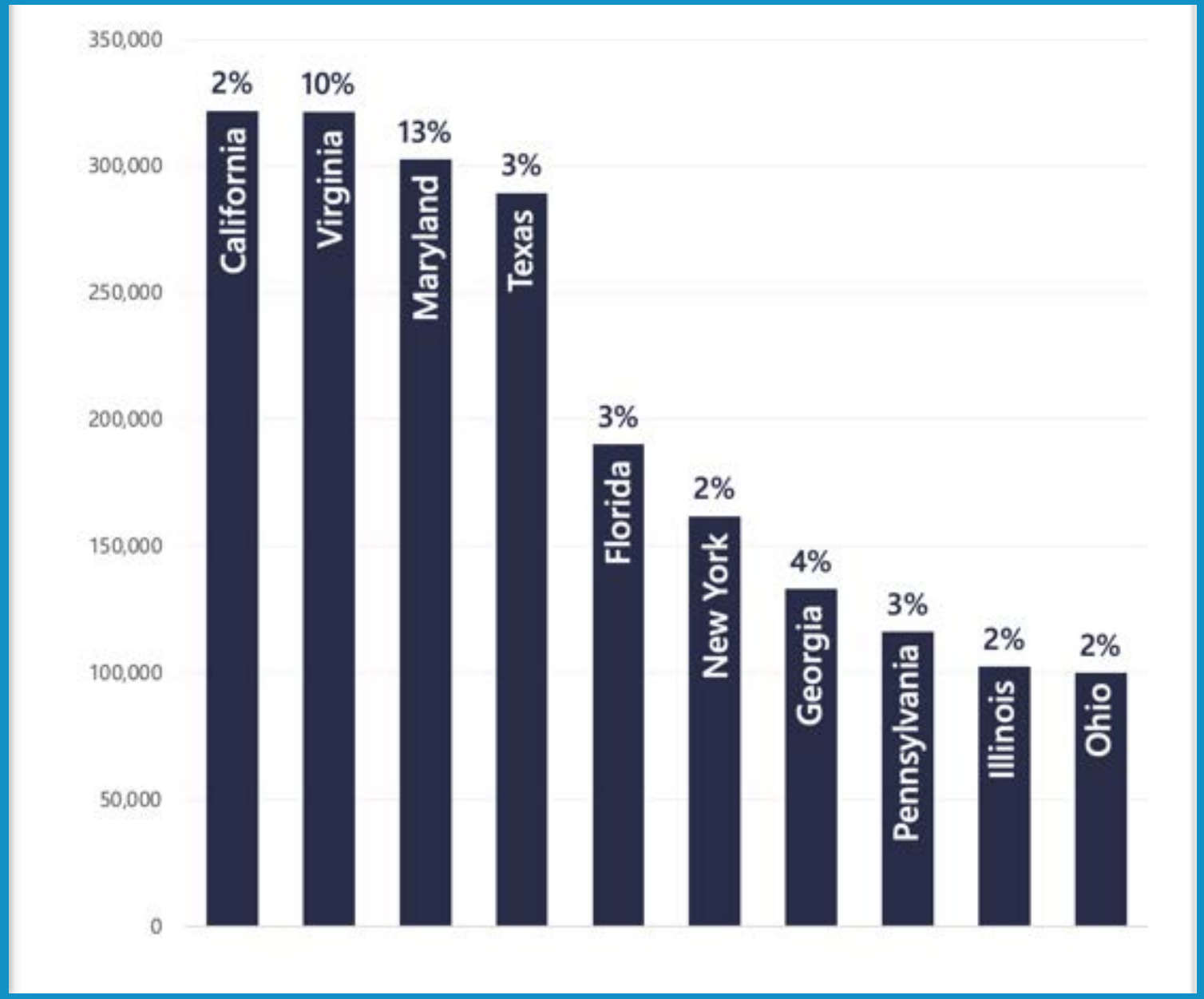
VIRGINIA FEDERAL FULL-TIME CIVILIAN EMPLOYMENT: 321,516

WELDON COOPER CENTER; CENSUS ACS 2023 5-YEAR ESTIMATE (PLACE OF RESIDENCE)



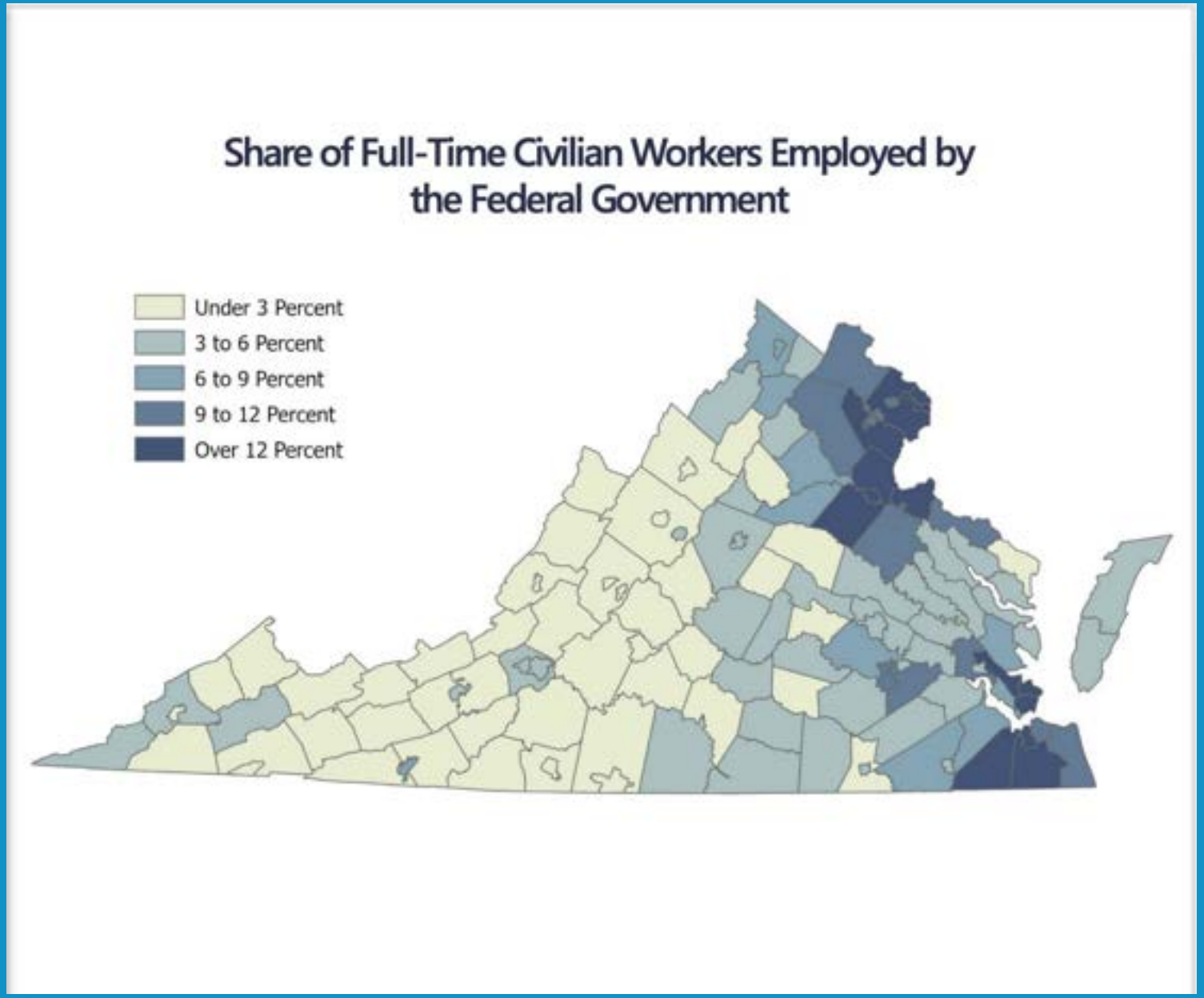
FEDERAL WORKERS BY STATE & PERCENT OF RESIDENTS

WELDON COOPER CENTER; CENSUS ACS 2023 5-YEAR ESTIMATE (PLACE OF RESIDENCE)



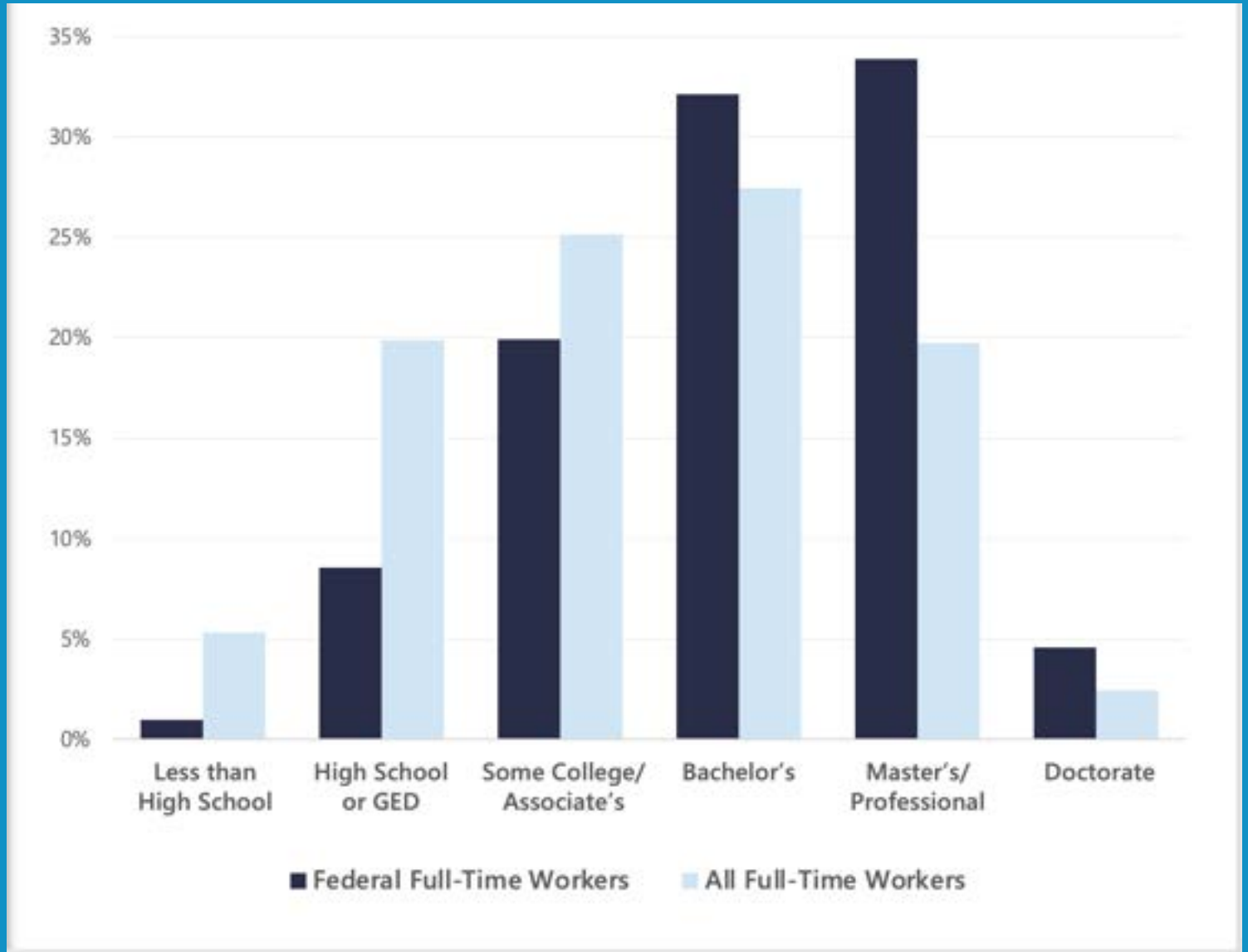
VIRGINIA SHARE OF FEDERAL WORKERS BY CITY AND COUNTY

WELDON COOPER CENTER; CENSUS ACS 2023 5-YEAR ESTIMATE (PLACE OF RESIDENCE)



VIRGINIA EDUCATIONAL ATTAINMENT OF FULL-TIME WORKERS

WELDON COOPER CENTER; CENSUS ACS 2023 5-YEAR ESTIMATE (PLACE OF RESIDENCE)

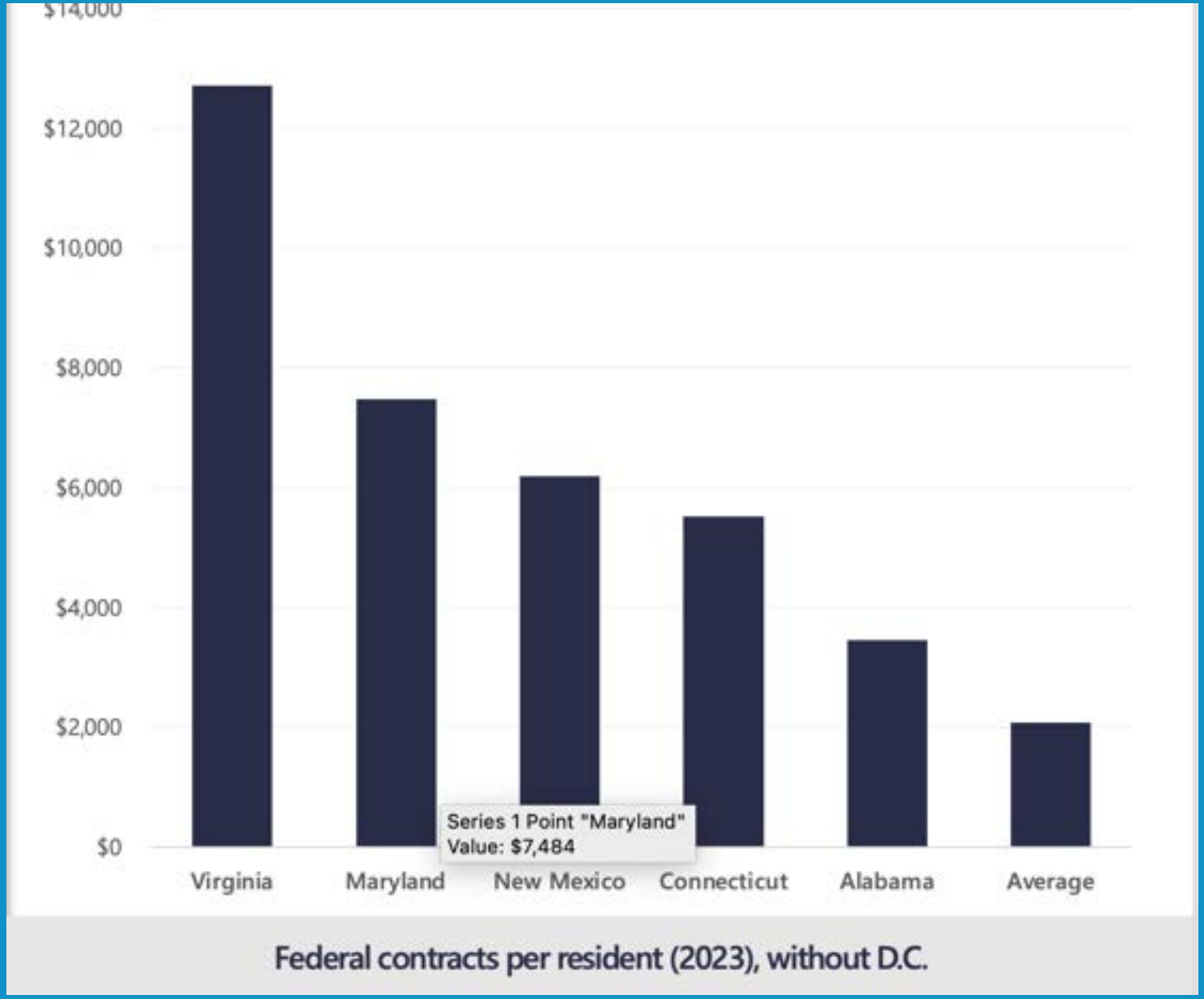


Educational Attainment of Full-Time Workers in Virginia (2023)

FEDERAL CONTRACTS PER RESIDENT BY STATE

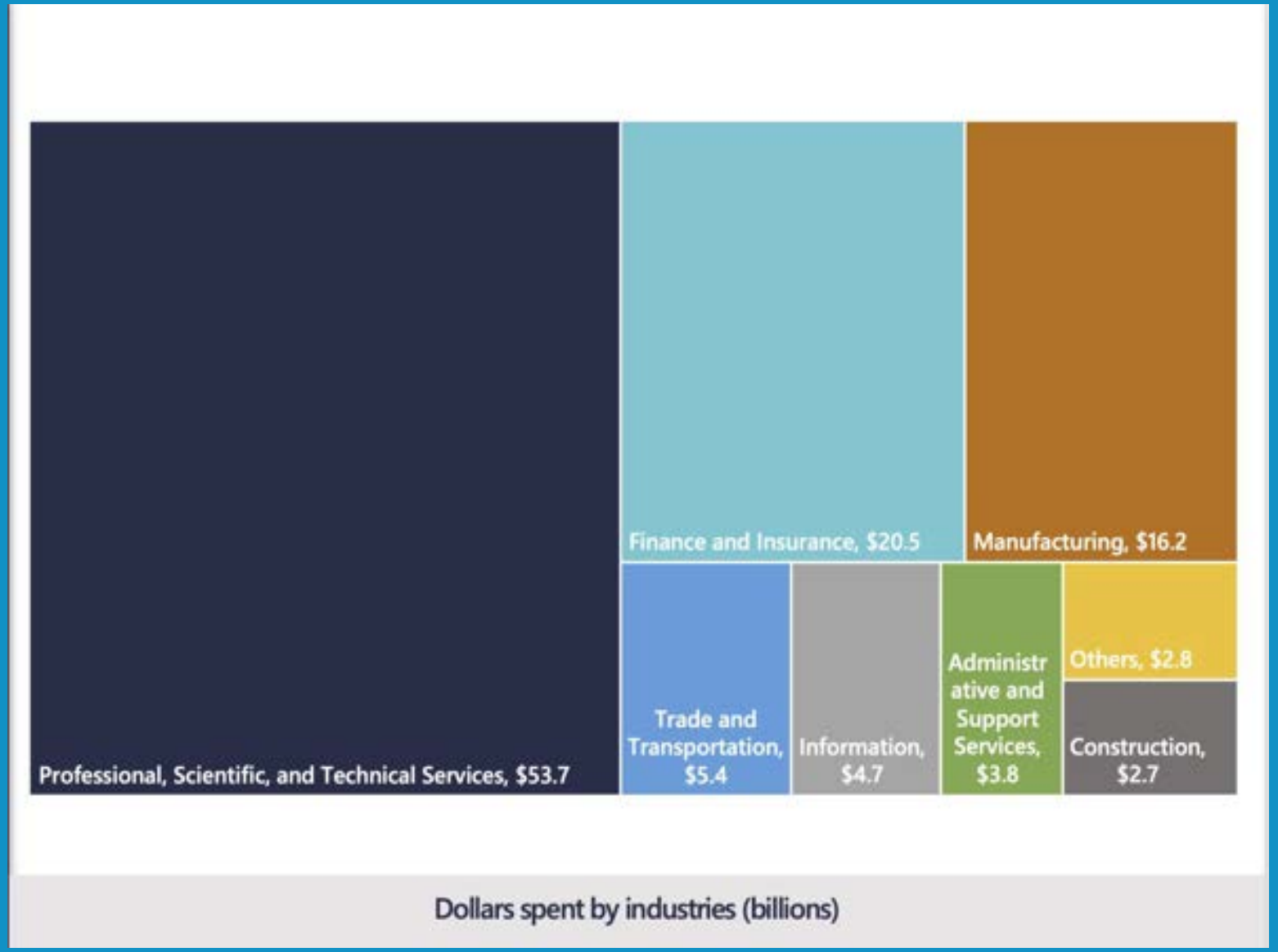
VIRGINIA: $109B TOTAL FEDERAL CONTRACTS

WELDON COOPER CENTER; FFY2023 USSPENDING.GOV (PLACE OF PERFORMANCE)



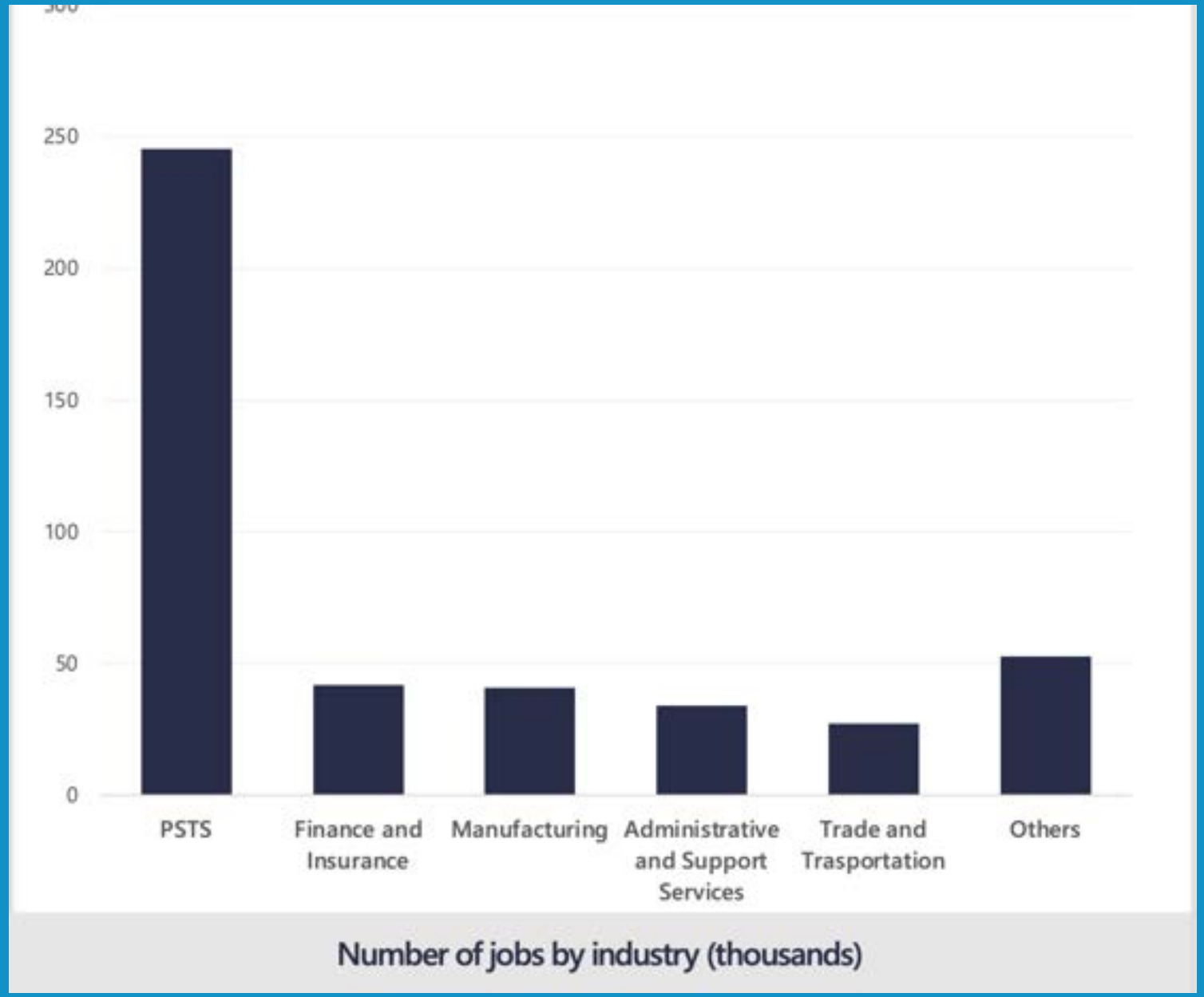
VIRGINIA $109B FEDERAL CONTRACTS BY INDUSTRY

WELDON COOPER CENTER; FFY2023 USSPENDING.GOV; PLACE OF PERFORMANCE



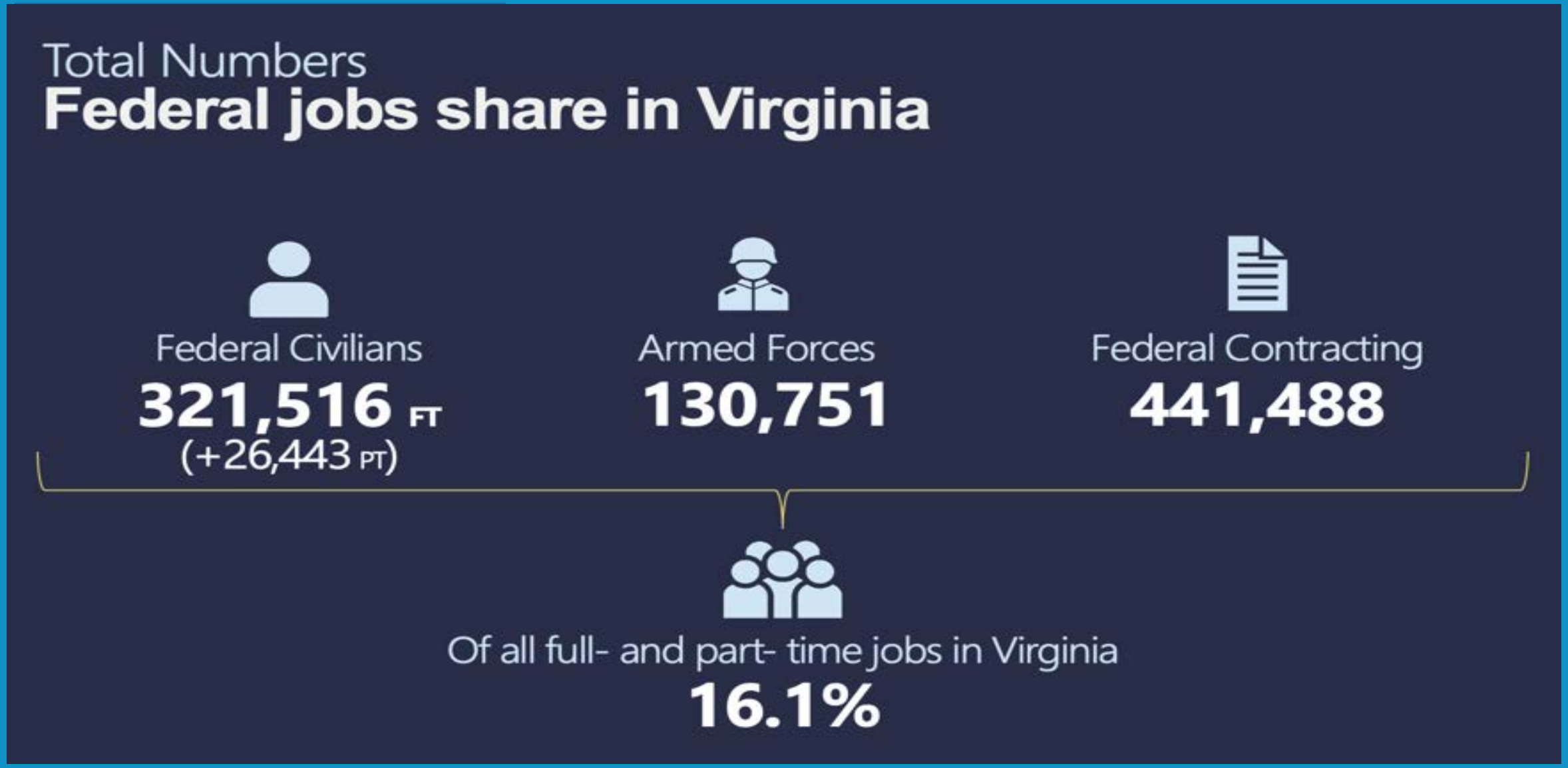
VIRGINIA $109B TOTAL FEDERAL CONTRACTS CORRESPOND TO **441,488 JOBS**

WELDON COOPER CENTER; FFY2023 USSPENDING.GOV; PLACE OF PERFORMANCE



Total Numbers

Federal jobs share in Virginia

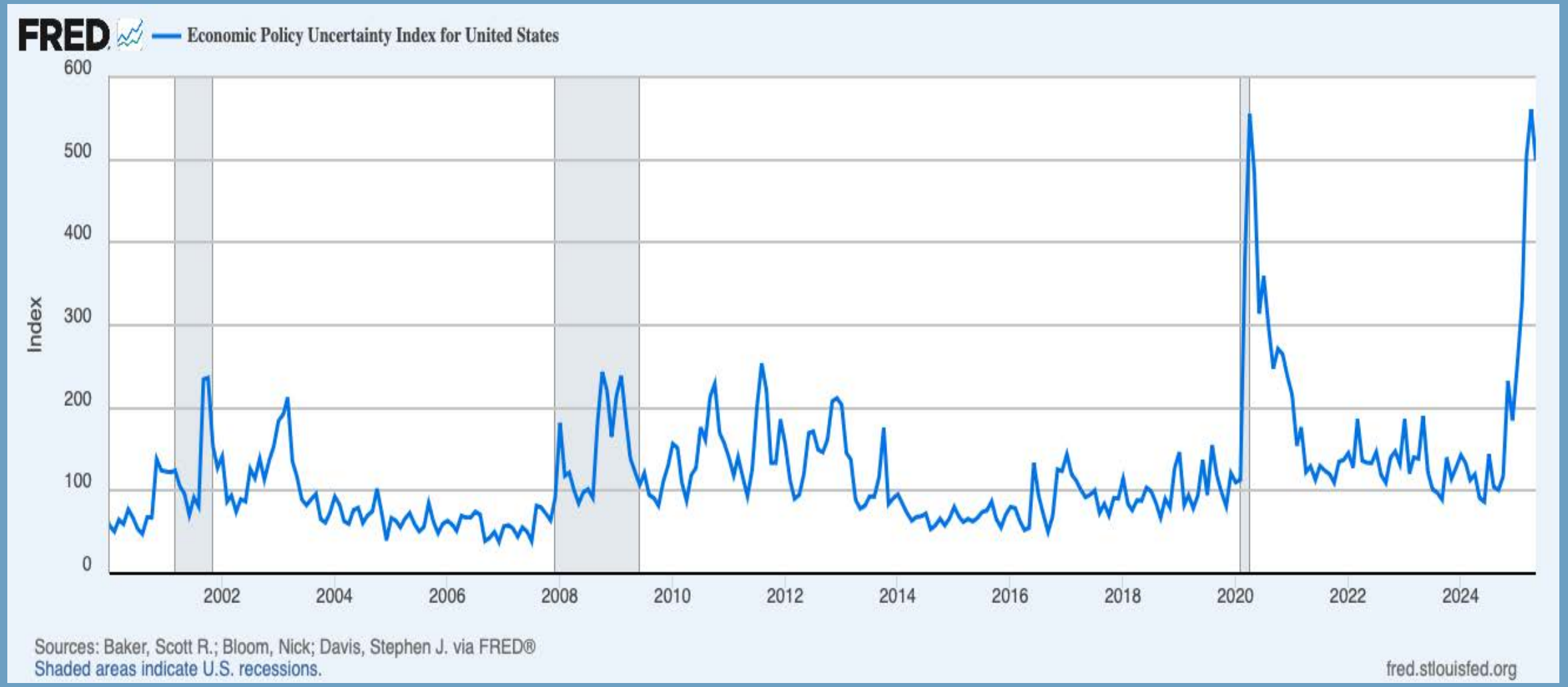


WELDON COOPER CENTER; CENSUS ACS 5-YEAR ESTIMATE (PLACE OF RESIDENCE); FFY2023;USSPENDING.GOV; (PLACE OF PERFORMANCE)

U.S. ECONOMIC OUTLOOK

Photo: Gannett

U.S. ECONOMIC POLICY UNCERTAINTY INDEX



Selected U.S. Economic Forecasts for 2025 – 2027 (annual % change) as of 6-12-25									
Organization	Actual U.S. Real GDP						Forecast U.S. Real GDP		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Federal Open Market Committee (Federal Reserve), June 18, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.4%	1.6%	1.8%
National Association for Business Economics, June 16, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.3%	1.4%	
S&P Global, May 9, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.5%	1.7%	2.1%
Fitch Ratings, June 3, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.5%		
Wells Fargo, U.S. Economic Outlook, June 11, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.6%	1.9%	
KPMG Economics, Economic Compass, June 11, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.2%	1.7%	
Conference Board, June 11, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.6%	1.4%	
University of Michigan, May 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.4%	1.6%	2.2%
International Monetary Fund, April 22, 2025	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.8%	1.7%	

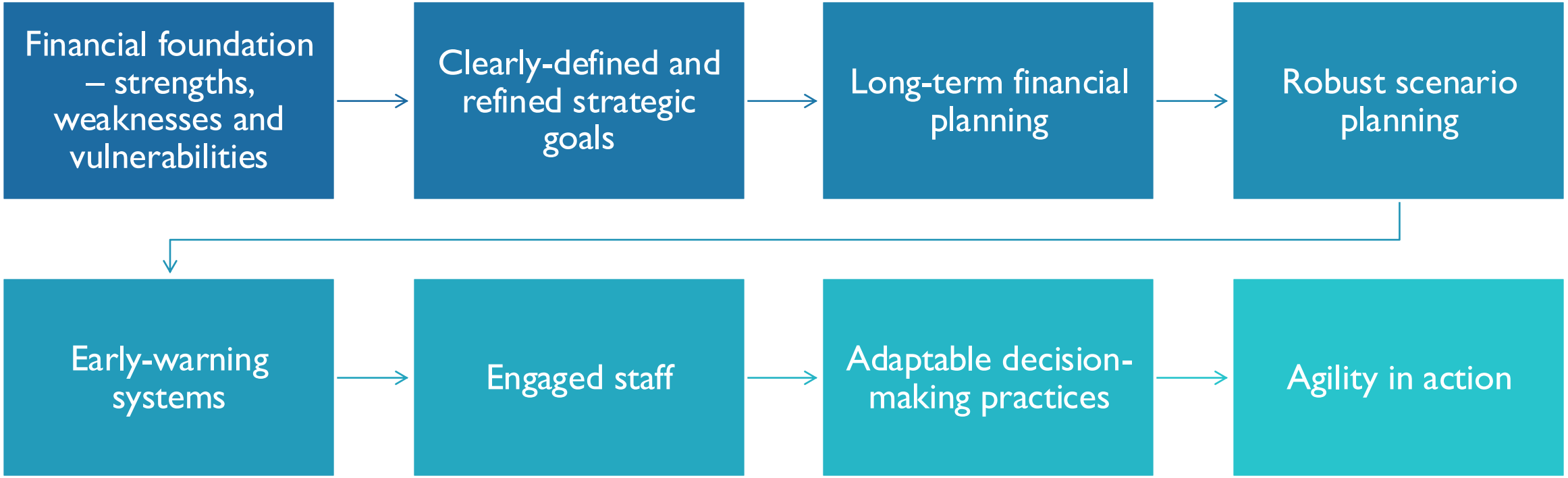
Selected U.S. Inflation Forecasts for 2025 – 2027 (annual % change) as of 6-12-25

Organization	Actual U.S. CPI						Forecast U.S. CPI		
	2019	2020	2021	2022	2023	2024	2025	2026	2027
National Association for Business Economics, June 16, 2025	1.8%	1.3%	4.7%	8.0%	4.1%	3.0%	3.1%	2.8%	
S&P Global, May 9, 2025	1.8%	1.3%	4.7%	8.0%	4.1%	3.0%	3.0%		
Wells Fargo, U.S. Economic Outlook, June 11, 2025	1.8%	1.3%	4.7%	8.0%	4.1%	3.0%	2.7%	2.9%	
KPMG Economics, Economic Compass, June 11, 2025	1.8%	1.3%	4.7%	8.0%	4.1%	3.0%	3.5%	3.1%	
University of Michigan, May 2025	1.8%	1.3%	4.7%	8.0%	4.1%	3.0%	2.9%	3.4%	3.0%

SWIRLING WINDS FACING THE U.S. ECONOMY

U.S. policy uncertainty & impacts on U.S. & global economies	Upward pressure and sticky core inflation in the U.S. & abroad	Cooling labor market conditions	Tight credit conditions & lending standards worldwide
Commercial real estate market challenges	Pressured real personal income	Cooling consumer and business demand	Geopolitical risks Russia-Ukraine, Middle East & Asia
Higher global energy, food & commodity prices	Continued supply-chain challenges	Shifting global trade flows	Slower global growth

DR. BAILEY'S KEY CONSIDERATIONS FOR ORGANIZATIONS



KEY REFERENCES

- Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis
- Federal Open Market Committee
- Federal Deposit Insurance Corporation
- U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Research, U.S. Census Bureau, Federal Housing Finance Agency
- University of Michigan, Economic Forecasts & Surveys of Consumers
- National Bureau of Economic Research
- National Association for Business Economics, *NABE Outlook Survey,* June 16, 2025
- Fitch Ratings, '*Liberation Day' Takes US Tariff Rate Back to Level Last Seen in 1909*, April 3, 2025
- Fitch Ratings, *Impact of US Tariff Hikes Starting to Appear in Macro Data,* March 27, 2025
- Fitch Ratings, *Future Trends and Impacts of Tariff Policies,* June 3, 2025
- S&P Global, *Global Credit Conditions: An Update On The Credit Impact Of Shifting Trade Dynamics,* May 23, 2025
- KPMG Economics, *Economic Compass: Walking a tightrope: Biannual Economic Outlook,* June 11, 2025
- Wells Fargo, *US Economic Outlook, June 11*, 2025.
- Conference Board, *US Economic Forecast: Unresolved Uncertainties to Weigh on Growth amid Solid Fundamentals, June 11,* 2025
- International Monetary Fund, *World Economic Outlook*, April 22, 2025

CONTACT INFORMATION

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- Affiliated Faculty, School of Public and International Affairs
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