Headline Results
September 2023 Survey of Business Uncertainty

1. About a quarter of firms consider GDP forecasts when making business decisions and plans. (Slide 8)
2. U.S. firms remain more uncertain about future sales growth than before the pandemic. (Slide 4)
3. Sales revenue growth and employment growth expectations continue to edge lower. (Slides 4 & 5)
About the Survey

The Survey of Business Uncertainty (SBU) is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined in cooperation with Nick Bloom of Stanford University and Steven Davis of the Hoover Institution and the University of Chicago Booth School of Business. Bloom and Davis received research support from the Sloan Foundation and the U.S. National Science Foundation. Davis also received research support from Chicago Booth.

Our monthly Survey of Business Uncertainty (SBU) goes to about 1500 panel members (as of September 2022), who occupy senior finance and managerial positions at U.S. firms. We contact panel members each month by email, and they respond via a web-based instrument.

Survey questions pertain to current, past, and future outcomes at the respondent’s firm. Our primary objective is to elicit the respondent’s subjective forecast distributions over own-firm future sales growth rates and employment levels. We also ask special questions on timely topics.

For more information on survey design and methodology, please refer to the resources on the SBU page and “Surveying Business Uncertainty,” published in the Journal of Econometrics and also available as NBER Working Paper 25956.
Nominal sales growth remains higher than before the pandemic but has fallen over the past year. Recent employment growth is in line with pre-pandemic growth.

January 2017–September 2023

Realized Growth Rates over the Past Year

NOTE: Calculated using monthly data through September 2023. Realized growth rate series for sales revenue and employment are activity-weighted averages of firms’ reported (look-back) growth rates over the past year (specifically, the previous four quarters for sales revenue and previous 12 months for employment).

NOTE: The chart shows smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business. For more information, see “Surveying Business Uncertainty” by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer, and Nick Parker, NBER Working Paper No. 25956, February 2020.
Sales revenue growth expectations have dropped in recent months. Firms remain more uncertain about future revenue growth than they were before the pandemic.

Year-Ahead Sales Growth Rate Expectations
Percent changes from current quarter to four quarters hence

Year-Ahead Uncertainty about Sales Growth Rates
Percent changes from current quarter to four quarters hence

NOTE: The charts show smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business. For more information, see “Surveying Business Uncertainty” by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer, and Nick Parker, NBER Working Paper No. 25956, February 2020.
Expected employment growth has dropped in recent months. Uncertainty about employment growth has returned to pre-pandemic levels.

January 2017–September 2023

Year-Ahead Employment Growth Rate Expectations

Percent changes from current month to twelve months hence

Year-Ahead Uncertainty about Employment Growth Rates

Percent changes from current month to twelve months hence

NOTE: The charts show smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business. For more information, see “Surveying Business Uncertainty” by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent Meyer, and Nick Parker, NBER Working Paper No. 25956, February 2020.
The distribution of realized sales growth remains wider than it was in the pre-pandemic period.

January 2017–September 2023

Distribution of Sales Growth Rates over the Past Year

NOTES: Calculated using monthly data through September 2023. The chart shows smoothed series. Lines show percentiles of the activity-weighted distribution of firm-level sales growth rates over the past year.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business.
Over 90 percent of the respondents on the SBU panel are at least moderately familiar with the concept of Gross Domestic Product (GDP).

Question: How familiar are you with the concept of a country’s Gross Domestic Product (GDP)?

Results not weighted. This question was given to panelists who answered the employment questionnaire in August 2023.
Roughly a quarter of firms consider GDP forecasts in their business decision making.

Does your firm consider GDP forecasts when making business decisions and plans?

Results not weighted. The question was given to respondents who said they are at least slightly familiar with the concept of a country’s GDP. This question was given to panelists who answered the employment questionnaire in August 2023.
Computing Moments of the Firm-Level Subjective Forecast Distributions

We calculate first and second moments of the subjective growth rate distributions of employment and sales revenue over the next 12 months or four quarters, as appropriate. Following standard practice in the literature on business-level dynamics, we calculate the growth rate of x from t−1 to t as \( g_t = (x_t - x_{t-1}) / (x_t + x_{t-1}) \).

**Employment**
\[ \text{EEmp} = \text{firm’s current employment level, as reported by the respondent} \]
\[ \text{FEmp} = \text{employment 12 months hence in scenario } i, \text{ for } i = 1, 2, 3, 4, 5 \]
\[ p_i = \text{the associated probabilities, } i = 1, 2, 3, 4, 5 \]

**Scenario-Specific Growth Rates**
\[ \text{EGr}_i = 2(\text{EEmp} - \text{CEmp}) / (\text{EEmp} + \text{CEmp}), \text{ } i = 1, 2, 3, 4, 5 \]

**First and Second Moments of the Subjective Growth Rate Forecast Distribution**
\[ \text{Mean(EGr)} = \sum_{i=1}^{p_i} \text{EGr}_i \]
\[ \text{Var(EGr)} = \sum_{i=1}^{p_i} p_i (\text{EGr}_i - \text{Mean(EGr)})^2 \]
\[ \text{SD(EGr)} = \sqrt{\text{Var(EGr)}} \]

**Sales Revenue**
\[ \text{Sale} = \text{firm’s sales revenue in the current quarter, as reported by the respondent} \]
\[ \text{FSaleGr}_i = \text{respondent’s scenario-specific sales growth rate from now to four quarters hence,} \text{ } i = 1, 2, 3, 4, 5 \]
\[ p_i = \text{the associated probabilities, } i = 1, 2, 3, 4, 5 \]

**Implied Forward Sales Level**
\[ \text{FSale}_i = \left( \frac{\text{Sale}\text{Gr}_i}{1 + \frac{\text{presho}100}{\text{FSale}}} \right) \text{Sale}, \text{ } i = 1, 2, 3, 4, 5 \]

**Scenario-Specific Growth Rates (re-expressing respondent growth rates to our growth rate measure)**
\[ \text{SaleGr}_i = 2(\text{FSale} - \text{CSale}) / (\text{FSale} + 4\text{CSale}) = 2\text{FSaleGr}_i / (\text{FSaleGr}_i + 2), \text{ } i = 1, 2, 3, 4, 5 \]

**First and Second Moments of the Subjective Growth Rate Forecast Distribution**
\[ \text{Mean(SaleGr)} = \sum_{i}^{p_i} \text{SaleGr}_i \]
\[ \text{Var(SaleGr)} = \sum_{i}^{p_i} p_i (\text{SaleGr}_i - \text{Mean(SaleGr)})^2 \]
\[ \text{SD(SaleGr)} = \sqrt{\text{Var(SaleGr)}} \]

**Subjective Expectations and Uncertainty Indices**

We construct a monthly activity-weighted expectations (first-moment) index for employment growth and sales growth looking one year ahead. We also construct a monthly activity-weighted uncertainty (second-moment) index for the employment growth and sales growth looking one year ahead.

### Monthly Activity-Weighted Expectations Index
- In month \( t \), the index for employment (sales) takes a value equal to the activity-weighted average of subjective mean employment (sales) growth rates looking one year hence (Mean\(\text{EGr} \)), averaging across all firms responding that month. We compute these subjective mean growth rates as described on slide 3, and winsorize them at the first and 99th percentiles before using them to construct the index.
- The month-\( i \)-index of year-ahead subjective uncertainty for employment (sales) growth is the activity-weighted mean of \( (SD(EGr)) \) values across firms responding in month \( t \). We compute these subjective standard deviations over growth rates as described on slide 3, and winsorize them at the first and 99th percentiles before inputting them into the index construction formula.
- When constructing first- and second-moment employment growth indexes, we weight firm \( i \)'s subjective mean growth rate expectation and uncertainty by the average of its month-\( t \) employment (CEmp\( j \)) and its expected employment level (EEmp\( j \)). We top-code these weights at 500 to diminish the influence of outliers among very large firms.
- When constructing first- and second-moment sales revenue growth indexes, we weight firm \( i \)'s subjective mean growth rate expectation and uncertainty by the average of its month-\( t \) sales revenue (CSale\( j \)) and its expected sales level (ESale\( j \)). We winsorize these activity-weights at the 1st and 80th percentile.
- Finally, we smooth our topic-specific indices by taking a moving average. We set the window for the moving average to 2 or 3 months, to match the panel structure of our survey.

**Expected Job Reallocation Rates**
\[ \sum_{i}^{w_i} \text{Expected Reallocation Rate}_i = \left| \sum_{i}^{w_i} \text{Mean(EGr)} - \sum_{i}^{w_i} \text{Mean(SaleGr)} \right| \]

### Monthly Activity-Weighted Uncertainty Index
- Analogously, the expected sales revenue reallocation rate index in month \( t \) is the difference between the activity-weighted average of absolute expected sales growth rates, minus the absolute value of the average activity-weighted growth rate:
\[ \sum_{i}^{w_i} \text{Expected Reallocation Rate For Sales Revenue}_i = \left| \sum_{i}^{w_i} \text{Mean(SaleGr)} - \sum_{i}^{w_i} \text{Mean(SaleGr)} \right| \]

- We compute the subjective mean growth rates Mean\(\text{EGr} \) and Mean\(\text{SaleGr} \) as described on slides 18-21, and winsorize them at the 1st and 99th percentiles before using them to construct the index.
- Firm \( i \)'s activity weight \( w_i \) is the average of its month-\( t \) employment or sales level (CEmp\( i \) or CSale\( i \)) and its expected employment or sales level twelve months hence (EEmp\( i \) or ESale\( i \)). We top-code these weights at 500 for employment and at the 80th percentile for sales to diminish the influence of outliers among very large firms.
Appendix: Subjective Forecast Distribution of Future Sales Growth Rates at a One-Year Horizon

NOTES: Calculated using monthly data through September 2023. The charts show smoothed series. This is a plot of the subjective distribution for the representative firm’s future sales growth rates over a 4-quarter look-ahead horizon. To calculate this distribution, we pool over all firm-level subjective forecast distributions in the indicated month and weight each firm by its activity level. Then we use the probabilities assigned to each possible future sales growth rate to obtain activity-weighted quantiles of the future sales growth rate distribution.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business.
Appendix: Histogram of survey response frequency for the September 2023 survey wave

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business.