

SBU

Survey of Business Uncertainty



Federal Reserve
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Monthly Report: November 2023

Based on survey responses from 13-24 November

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Headline Results

November 2023 Survey of Business Uncertainty

1. Sales and employment growth expectations continue to edge lower for U.S. firms. (Slides 4 & 5)
2. Firms also remain more uncertain about future sales growth than before the pandemic. (Slide 4)
3. About 20 percent of firms report offering a 4-day workweek to some full-time staff, with these employees working 9.6 hours per day, on average. (Slides 7-11)
4. Main sources of uncertainty over the year ahead include the strength of the economy, interest rates, labor availability, and inflation pressures. (Slide 12)

The logo for the Survey of Business Uncertainty (SBU) features the letters "SBU" in a bold, blue, sans-serif font, enclosed within a white rectangular border.

Survey of Business Uncertainty



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About the Survey

The Survey of Business Uncertainty (SBU) is fielded each month by the Federal Reserve Bank of Atlanta. It is 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 to support their work on this project. Davis also received research support from Chicago Booth.

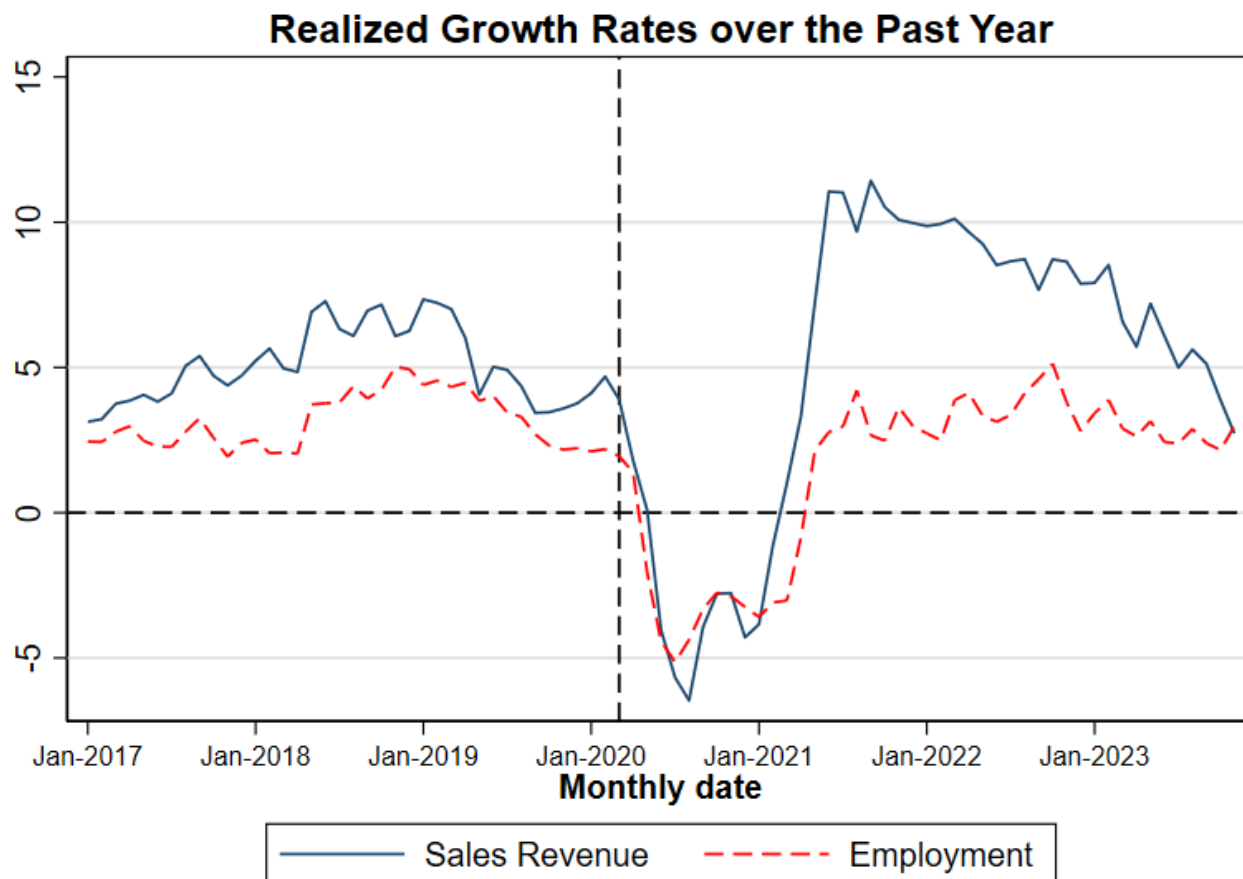
The SBU questionnaire goes to about 1500 panel members, who occupy senior finance and managerial positions at U.S. firms. We contact panel members each month by email, and they respond via a web-based instrument.

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–November 2023



NOTE: Calculated using monthly data through November 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.

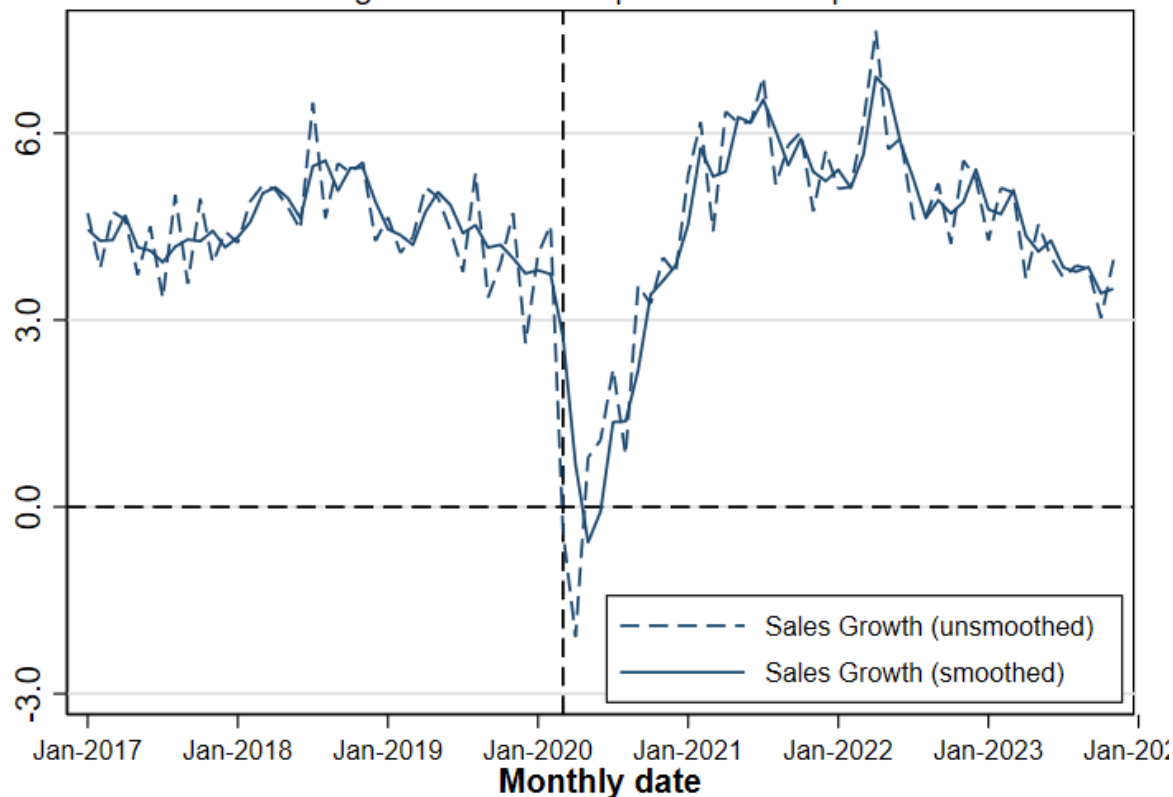
Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business. For more information, see "[Surveying Business Uncertainty](#)" by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent 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.

January 2017–November 2023

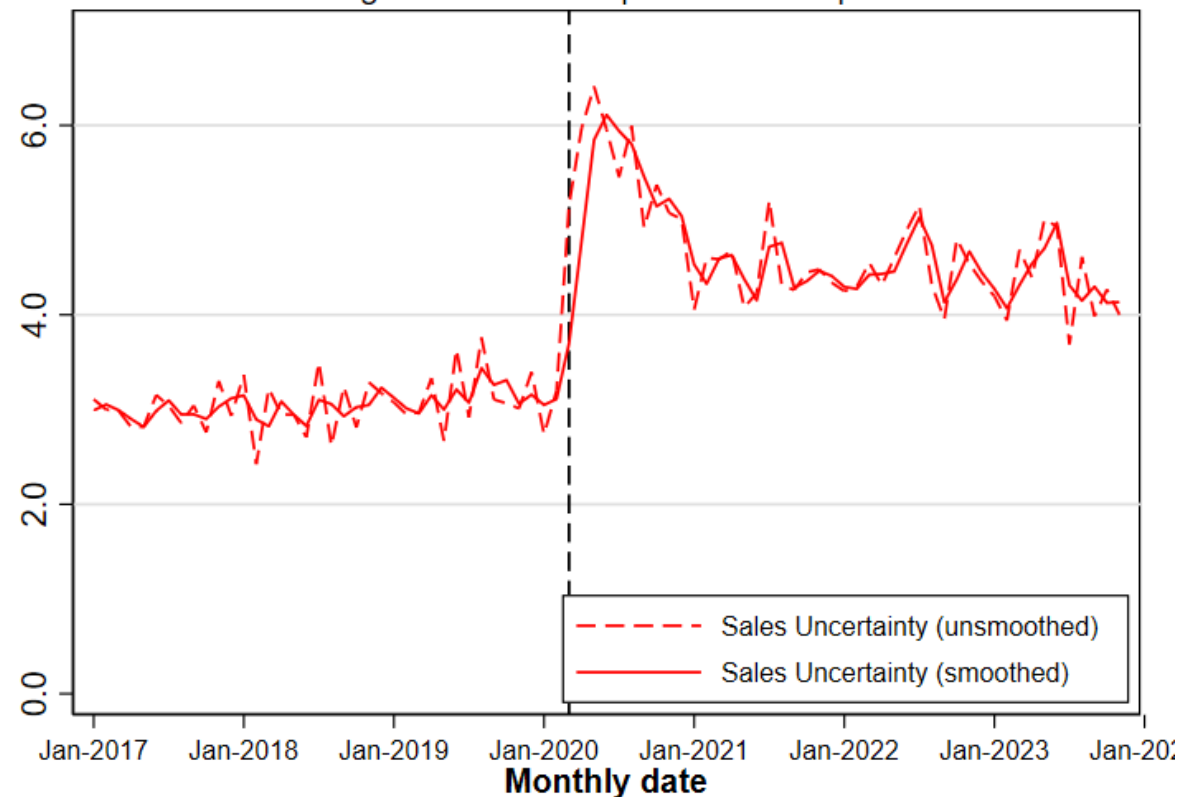
Year-Ahead Sales Growth Rate Expectations

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.

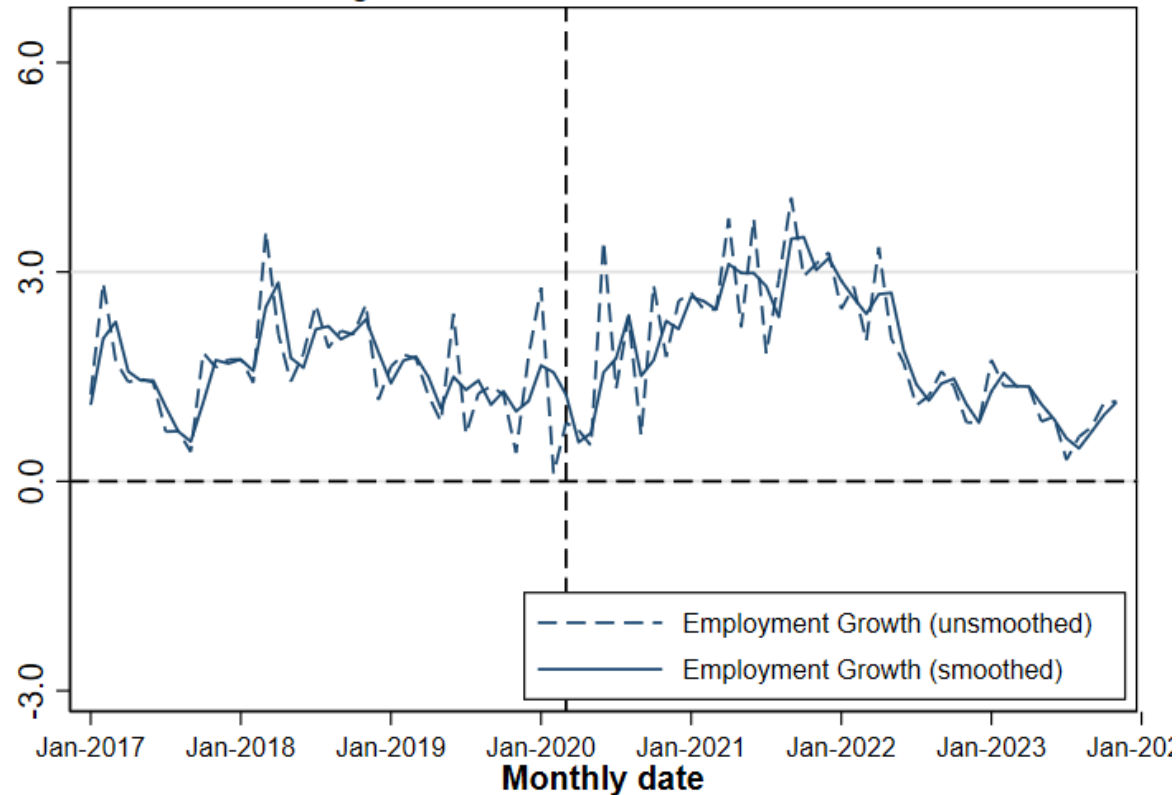
Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business. For more information, see "[Surveying Business Uncertainty](#)" by David Altig, Jose Maria Barrero, Nick Bloom, Steven J. Davis, Brent 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–November 2023

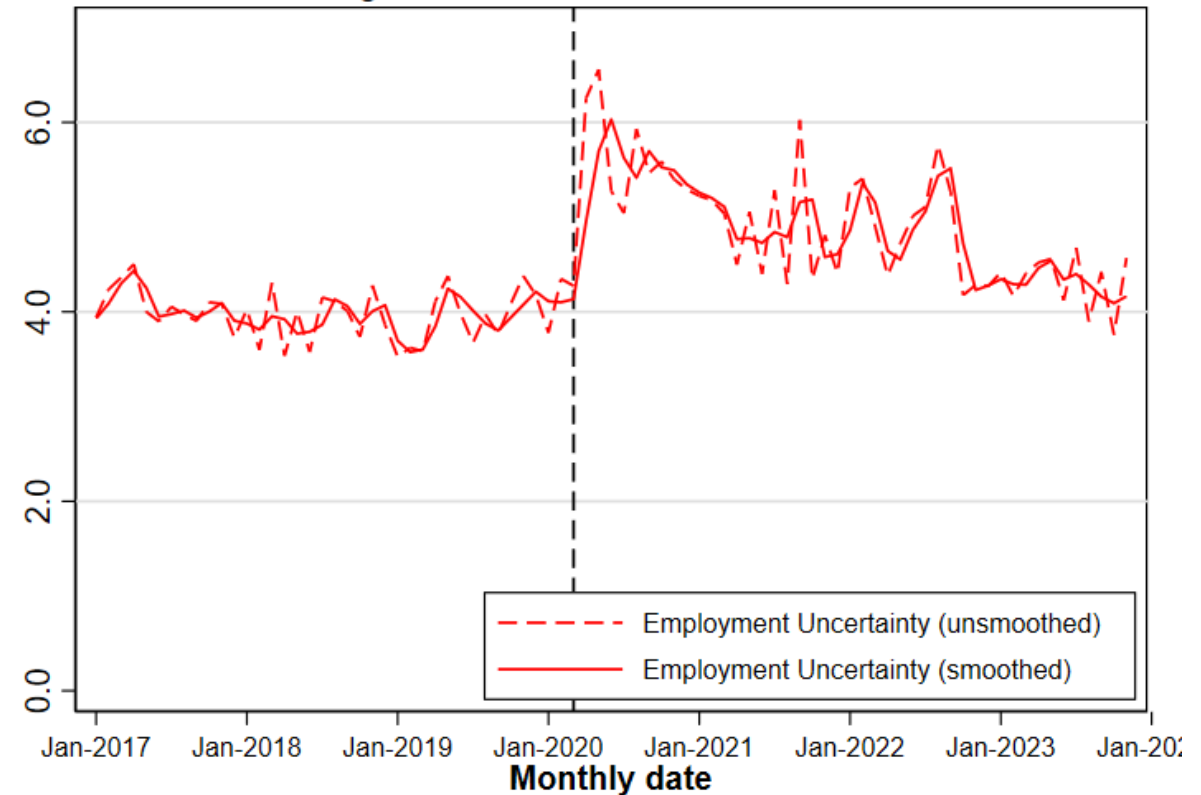
Year-Ahead Employment Growth Rate Expectations

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

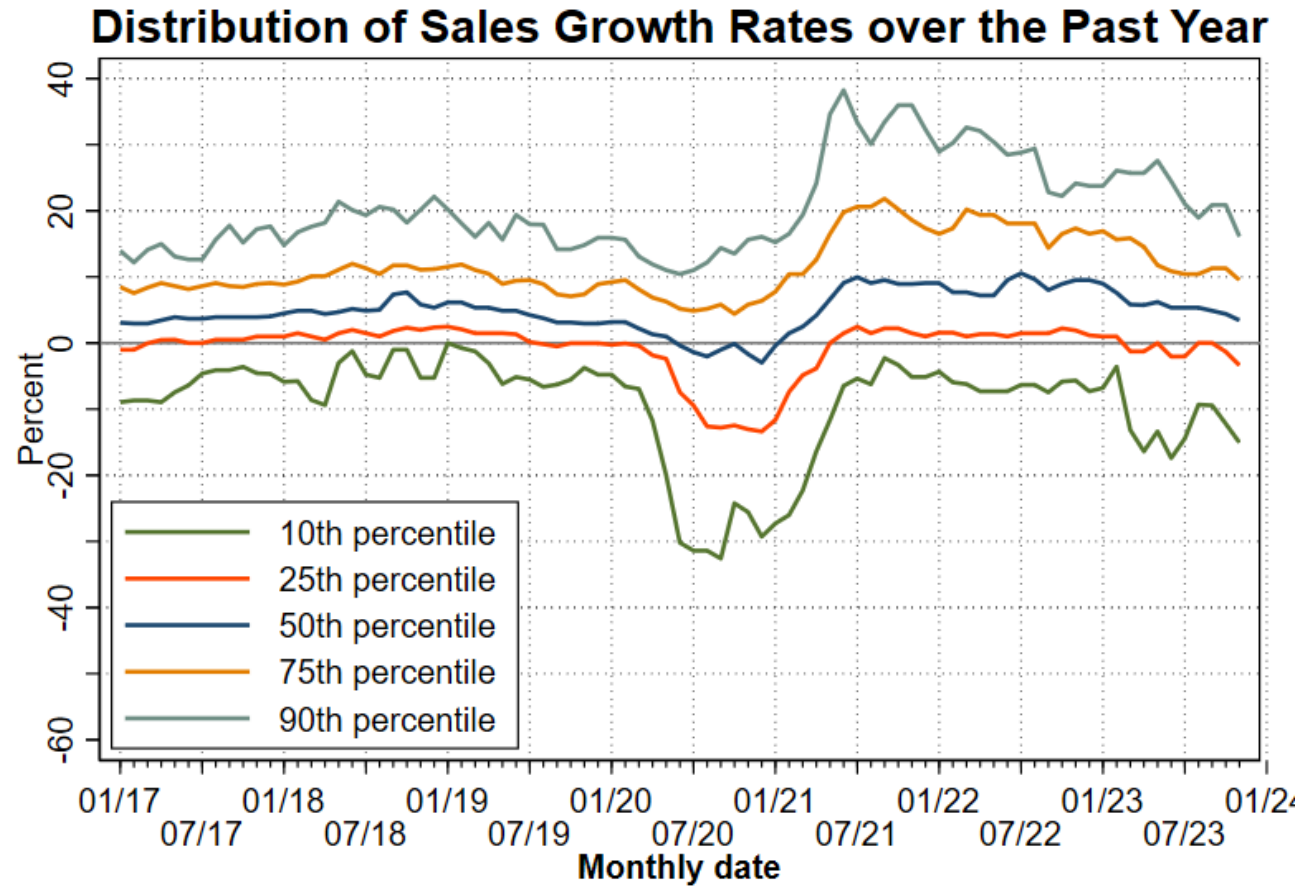


NOTE: The charts show smoothed series.

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 sales growth rates across firms remains wider than before the pandemic.

January 2017–November 2023

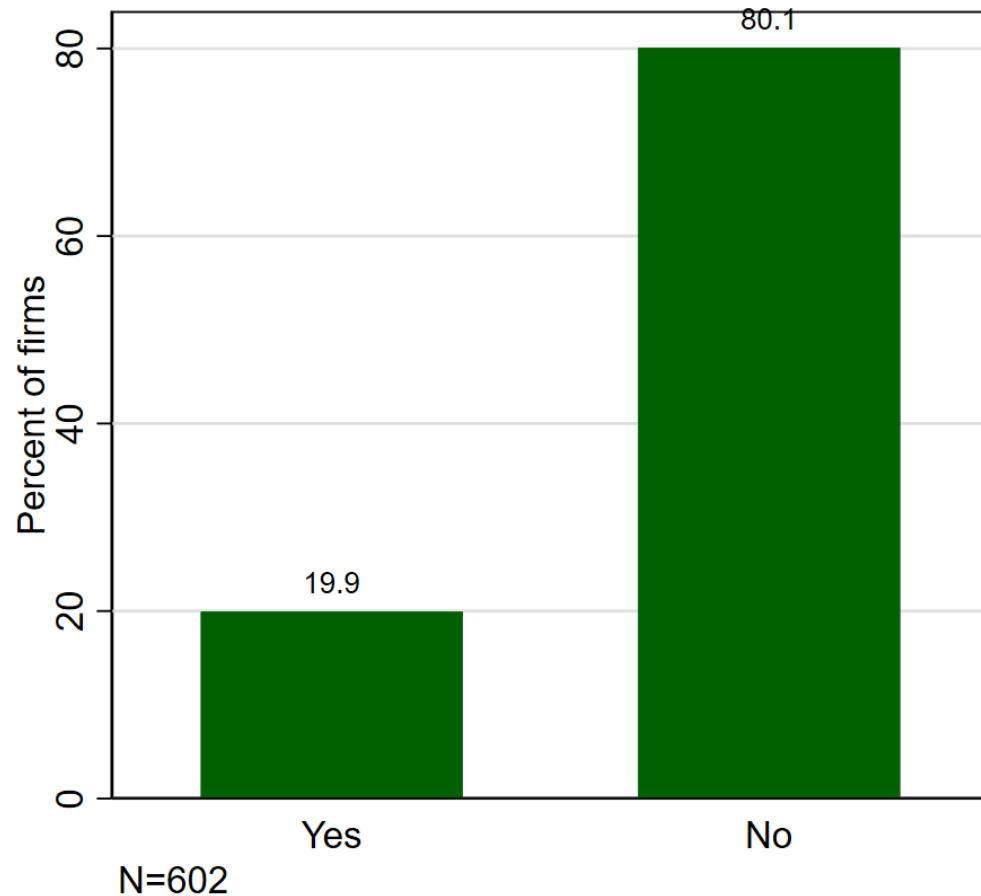


NOTES: Calculated using monthly data through November 2023. The chart shows smoothed series. Lines show percentiles of the activity-weighted distribution of firm-level sales growth rates over the past year.

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

About 20% of the firms in the SBU panel say they offer the option to work a 4-day week to some of their employees

Does your firm offer the option to work a 4-day week to any of your full-time employees?



In percentage terms, what share of your full-time employees work a 4-day week?

	N	Share of full-time employees who work 4-day work weeks
Construction, real estate, mining & utilities	105	6.5
Manufacturing	111	10.0
Retail and Wholesale trade	104	5.7
Business Services	242	2.4
Other Services	40	8.2
<50 employees	249	5.7
50-99 employees	101	4.3
100-249 employees	113	7.1
250+ employees	139	4.6
Overall	602	5.5

This question was given to panelists who answered “Yes” to “Does your firm offer the option to work a 4-day week to any of your full-time employees?”. Those who responded with “No” to that question were assigned ‘0’ values in order to be included in the calculations of the table above.

Note: Results equally weighted. Responses collected between 9-20 October.

Firms who currently don't offer 4-day workweek option say there is 5% likelihood that they will offer it by the end of 2024

Roughly speaking, what is the percentage likelihood that your firm will offer 4-day workweeks to any of your full-time employees by the end of 2024?

	N	Percent chance that firms will offer 4-day work weeks
Construction, real estate, mining & utilities	82	5.6
Manufacturing	82	3.8
Retail and Wholesale trade	84	5.7
Business Services	206	4.7
Other Services	28	6.1
<50 employees	202	5.0
50-99 employees	88	4.8
100-249 employees	88	4.5
250+ employees	104	5.5
Overall	482	5.0

Note: Responses equally weighted. Responses collected between 9-20 October. This question was given to panelists who answered “No” to “Does your firm offer the option to work a 4-day week to any of your full-time employees?”

Most employees who are on a 4-day work-week schedule work between 9 and 10 hours per day

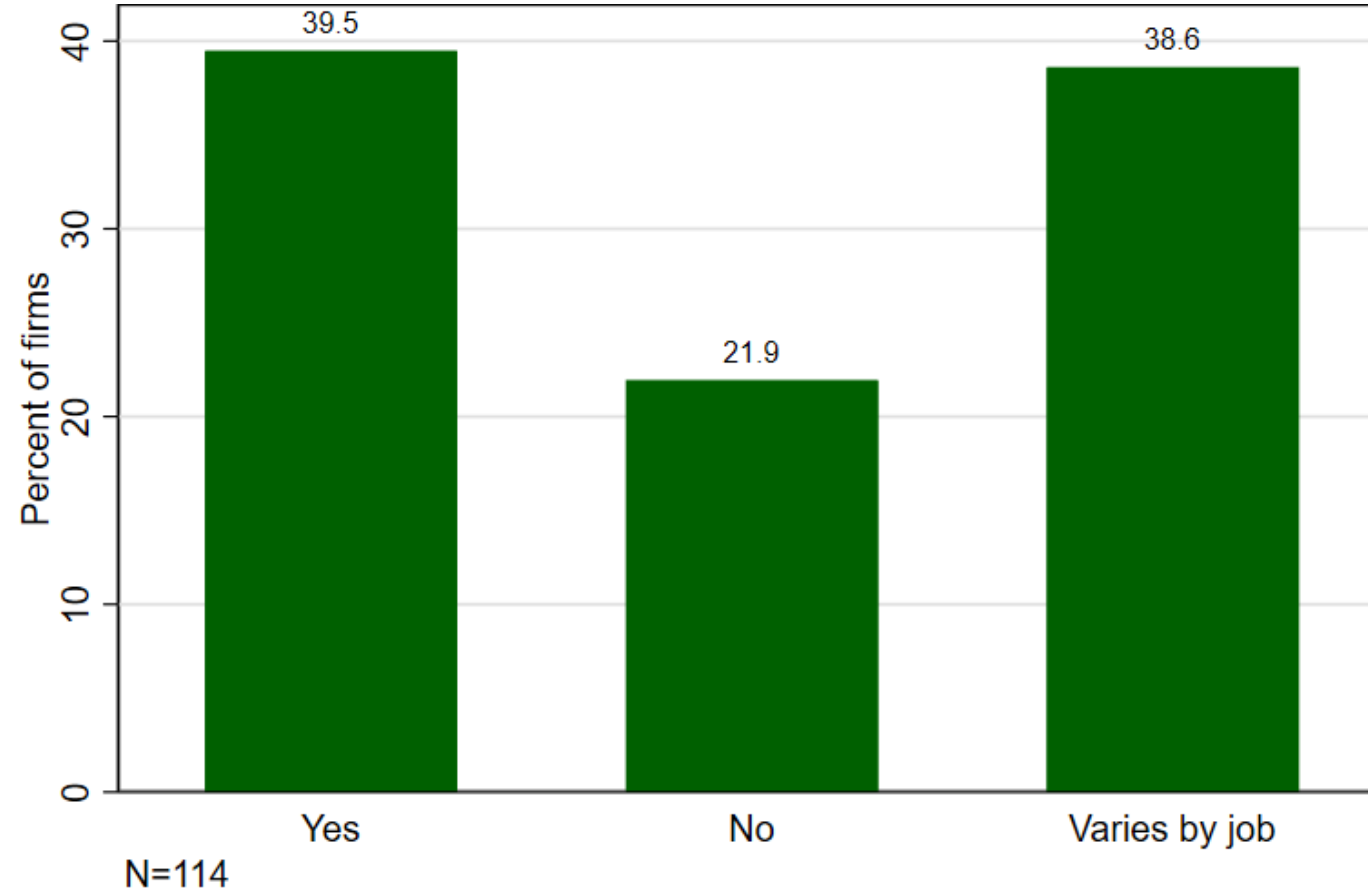
For your full-time employees on a 4-day workweek, how many hours do they typically work on a workday?

	N	Hours worked a day on a 4-day work-week schedule
Construction, real estate, mining & utilities	22	9.5
Manufacturing	27	10.2
Retail and Wholesale trade	18	10.1
Business Services	30	8.8
Other Services	10	9.3
<50 employees	40	9.2
50-99 employees	12	9.5
100-249 employees	21	10.0
250+ employees	34	9.7
Overall	107	9.6

Note: Responses equally weighted. Responses collected between 9-20 October. This question was given to panelists who answered “Yes” to “Does your firm offer the option to work a 4-day week to any of your full-time employees?”

Most firms who have employees on a 4-day workweek schedule expect them to be available on other days as well

For your full-time employees on a 4-day workweek, do you expect them to be available for some work on other days?



Note: Responses equally weighted. Responses collected between 9-20 October. This question was given to panelists who answered “Yes” to “Does your firm offer the option to work a 4-day week to any of your full-time employees?”

Employees on a 4-day workweek schedule could work around 5 hours on extra day

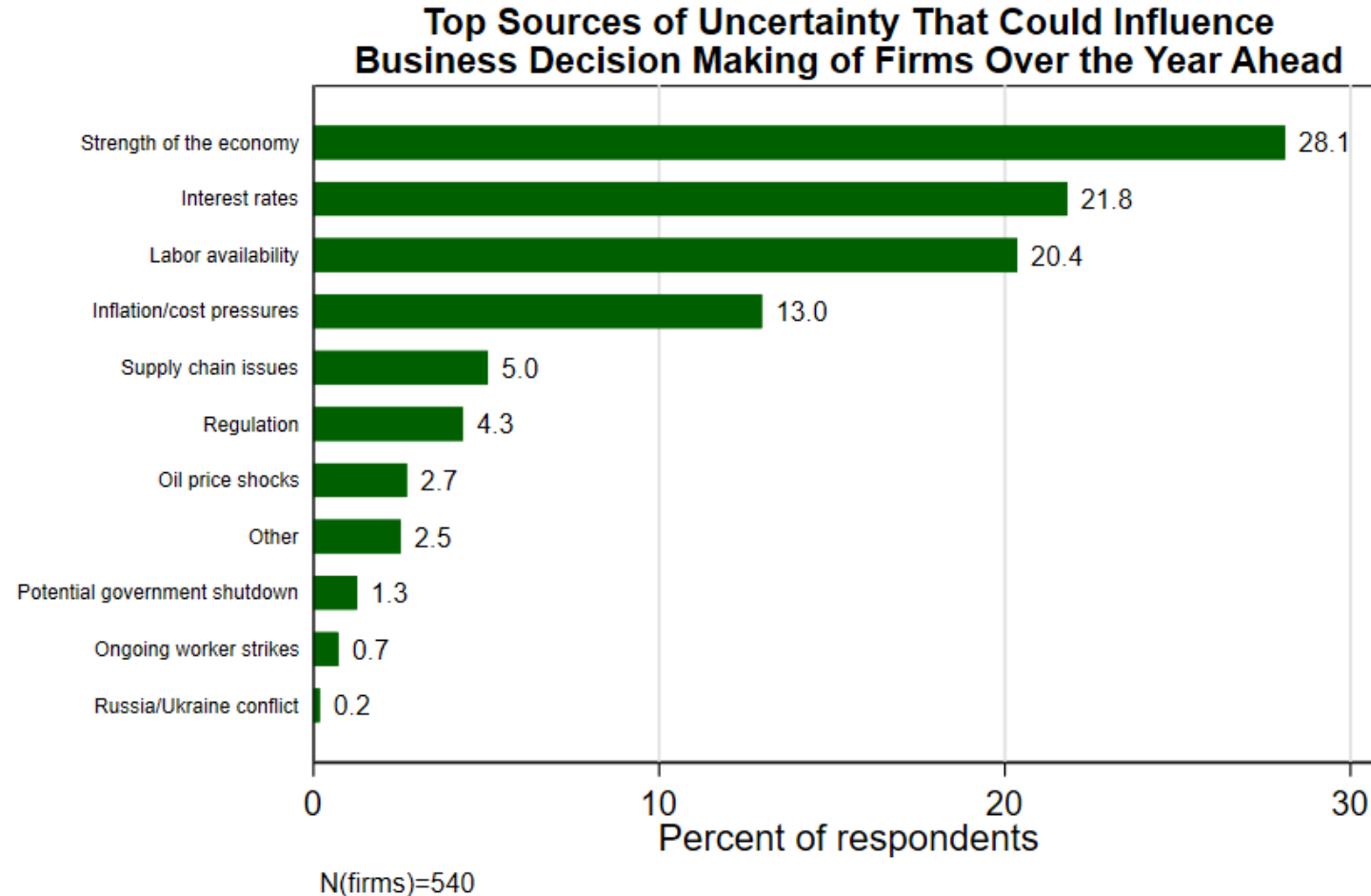
How many hours per day do they typically work on those other days?

	N	Hours worked a day on additional day
Construction, real estate, mining & utilities	18	4.0
Manufacturing	23	5.5
Retail and Wholesale trade	12	6.3
Business Services	26	3.4
Other Services	9	4.9
<50 employees	35	4.4
50-99 employees	12	4.2
100-249 employees	18	5.9
250+ employees	23	4.1
Overall	88	4.6

Note: Responses equally weighted. Responses collected between 9-20 October. This question was given to panelists who answered “Yes” or “Varies by job” to “For your full-time employees on a 4-day workweek, do you expect them to be available for some work on other days?”

Main sources of uncertainty over the year ahead include the strength of the economy, interest rates, labor availability, and inflation pressures

From the list below, please select up to three sources of uncertainty that have the potential to affect your firm's decision making over the next 12 months. Rank the sources of uncertainty from 1 to 3, with 1 being the most important



Appendix: Technical Information

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 $g_t = 2(x_t - x_{t-1}) / (x_t + x_{t-1})$.

Employment

$CEmp$ = firm's current employment level, as reported by the respondent

$FEmp_i$ = employment 12 months hence in scenario i , for $i = 1, 2, 3, 4, 5$

p_i = the associated probabilities, $i = 1, 2, 3, 4, 5$

Scenario-Specific Growth Rates

$EGr_i = 2(FEmp_i - CEmp) / (FEmp_i + CEmp)$, $i = 1, 2, 3, 4, 5$

First and Second Moments of the Subjective Growth Rate Forecast Distribution

$Mean(EGr) = \sum_{i=1}^5 p_i EGr_i$

$Var(EGr) = \sum_{i=1}^5 p_i (EmpGr_i - Mean(EGr))^2$

$SD(EGr) = \sqrt{Var(EGr)}$

Sales Revenue

$CSale$ = firm's sales revenue in the current quarter, as reported by the respondent

$FSaleGr_i$ = respondent's scenario-specific sales growth rate from now to four quarters hence, $i = 1, 2, 3, 4, 5$

p_i = the associated probabilities, $i = 1, 2, 3, 4, 5$

Implied Future Sales Level

$FSale_i = \left(1 + \frac{FSaleGr_i}{100}\right) CSale$, $i = 1, 2, 3, 4, 5$

Scenario-Specific Growth Rates (re-expressing respondent growth rates to our growth rate measure)

$SaleGr_i = 2(FSale_i - CSale) / (FSale_i + CSale) = 2FSaleGr_i / (FSaleGr_i + 2)$, $i = 1, 2, 3, 4, 5$

First and Second Moments of the Subjective Growth Rate Forecast Distribution

$Mean(SaleGr) = \sum_{i=1}^5 p_i SaleGr_i$

$Var(SaleGr) = \sum_{i=1}^5 p_i (SaleGr_i - Mean(SaleGr))^2$

$SD(SaleGr) = \sqrt{Var(SaleGr)}$

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.

- 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 ($Mean(Gr)$), 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- t index of year-ahead subjective uncertainty for employment (sales) growth is the activity-weighted mean of ($SD(Gr)$) 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 ($CEmp_{it}$) and its expected employment level ($EEmp_{it}$). 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 firms i 's subjective mean growth rate expectation and uncertainty by the average of its month- t sales revenue ($CSale_{it}$) and its expected sales level ($ESale_{it}$). 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.

Topic-specific Expected Excess Reallocation Indices

We construct forward-looking indices of excess job and sales revenue reallocation. These series measure the volume of cross-firm reallocation in economic activity above the reallocation required to support aggregate growth. For ease of exposition, we often refer to these as simply "reallocation rates":

- First, in each month t , we compute the activity-weighted average of own-firm expected gross job creation and destruction rates, which boils down to the activity-weighted average of the absolute value of subjective mean growth rates $|Mean(EGr)|$.
- Then, in each month t , we compute the absolute value of the activity weighted average of own-firm expected employment growth $Mean(EGr)$. This is effectively the absolute value of the employment growth expectations index in month t .
- We then obtain the expected job reallocation rate index value for month t by subtracting the outcome of the second bullet from the first. Letting w_{it} be firm i 's activity weight in month t ,

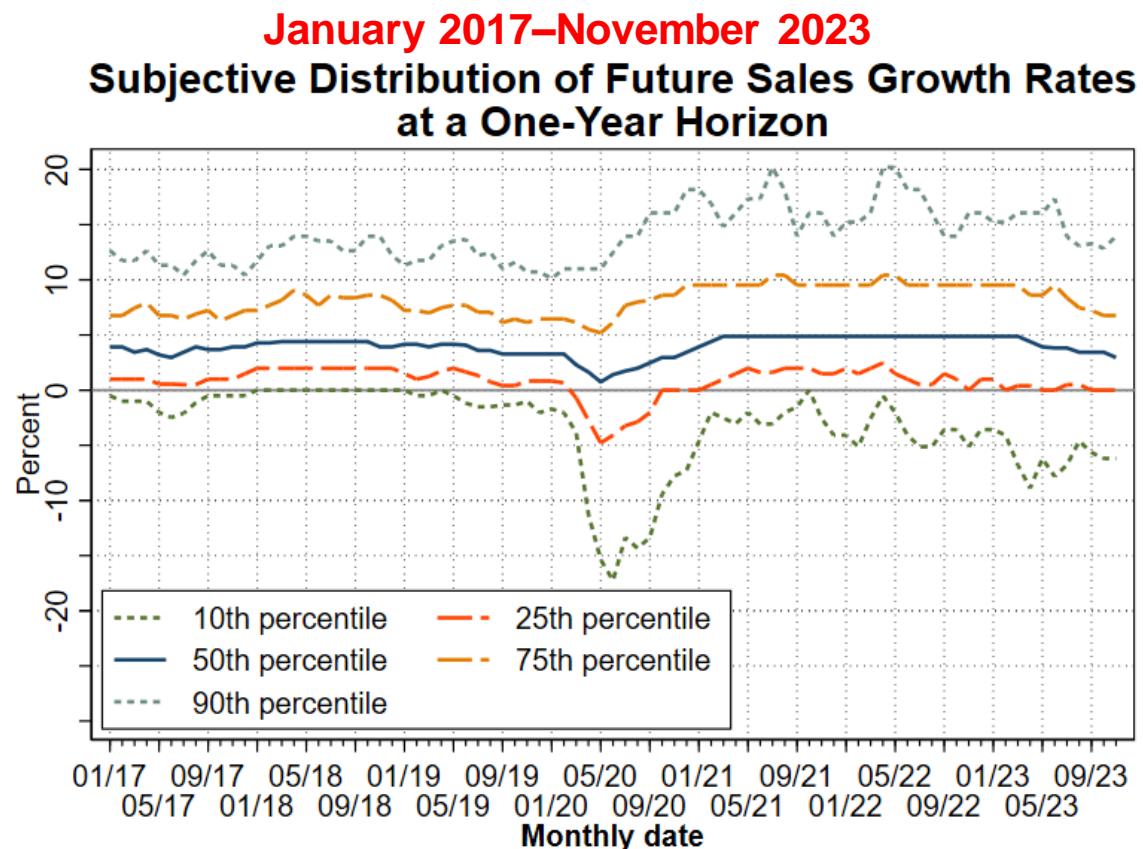
$$Expected\ Job\ Reallocation\ Rate_t = \sum_i w_{it} \cdot |Mean(EGr)| - \left| \sum_i w_{it} \cdot Mean(EGr) \right|$$

- 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:

$$Expected\ Reallocation\ Rate\ For\ Sales\ Revenue_t = \sum_i w_{it} \cdot |Mean(SaleGr)| - \left| \sum_i w_{it} \cdot Mean(SaleGr) \right|$$

- We compute the subjective mean growth rates $Mean(EGr)$ and $Mean(SaleGr)$ 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_{it} is the average of its month- t employment or sales level ($CEmp_{it}$ or $CSale_{it}$) and its expected employment or sales level twelve months hence ($FEmp_{it}$ or $FSale_{it}$). 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.

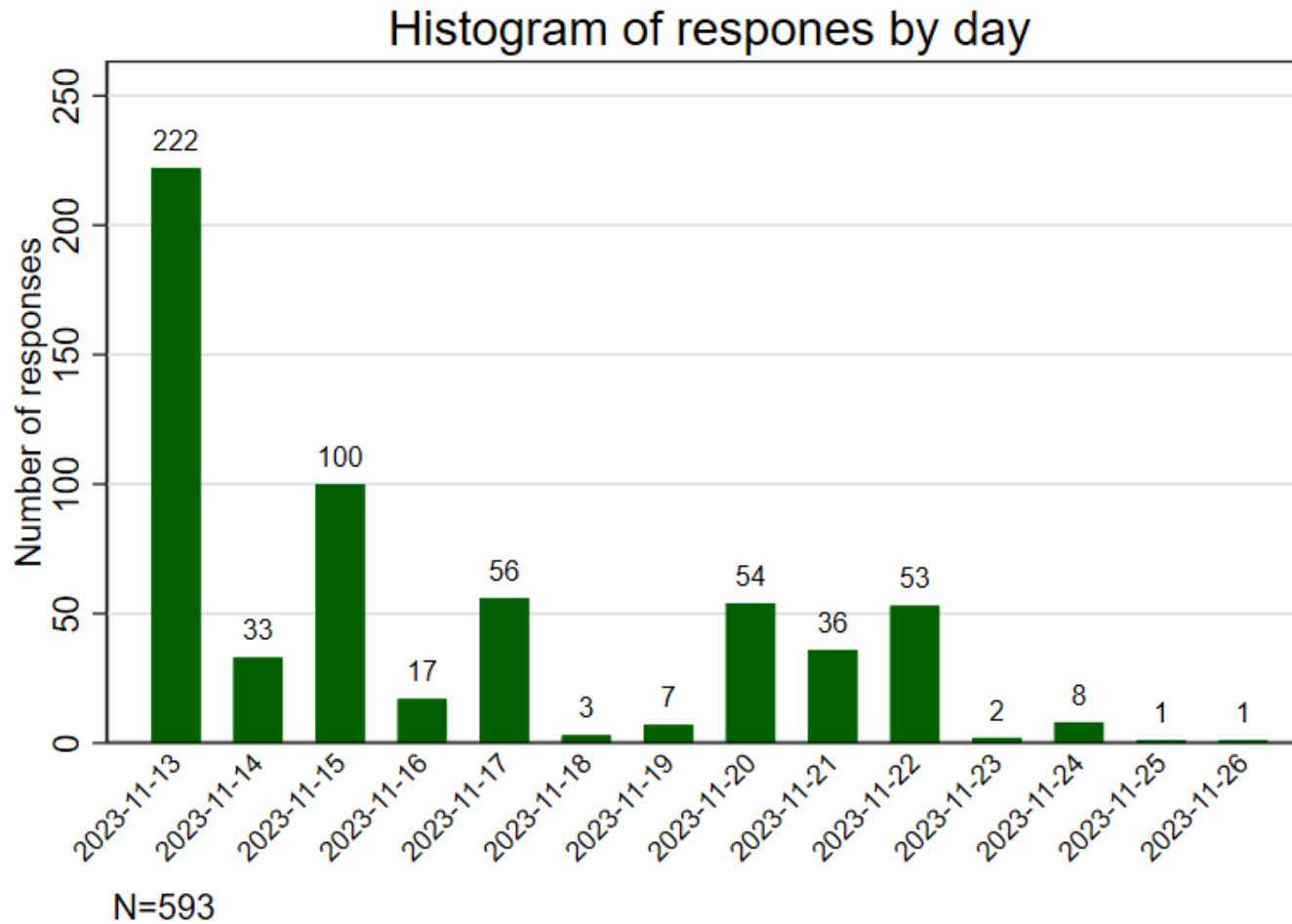
Appendix: Subjective Forecast Distribution of Future Sales Growth Rates at a One-Year Horizon



NOTES: Calculated using monthly data through November 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.

Appendix: Histogram of survey response frequency for the November 2023 survey wave

November 2023



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