Survey of Business Uncertainty Monthly Report

August 2025

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SBU

Federal Reserve Bank *of* Atlanta

Based on survey responses from 11-22 August 2025

Headline Results

August 2025 Survey of Business Uncertainty

1. Sales revenue growth expectations have ticked up slightly after a few months of decline. (Slide 4)
2. Firms remain more uncertain about future sales growth than before the pandemic. (Slide 4)
3. Nearly a third of business executives report employing or planning to employ fewer workers in 2025 due to policy uncertainty. (Slide 7-8)
4. Changes to tariff policy is currently the uncertainty with the largest effect on firms' employment decisions. (Slides 9)

SBU Survey of Business Uncertainty

About the Survey

The Survey of Business Uncertainty (SBU) is fielded each month by the Federal Reserve Bank of Atlanta.

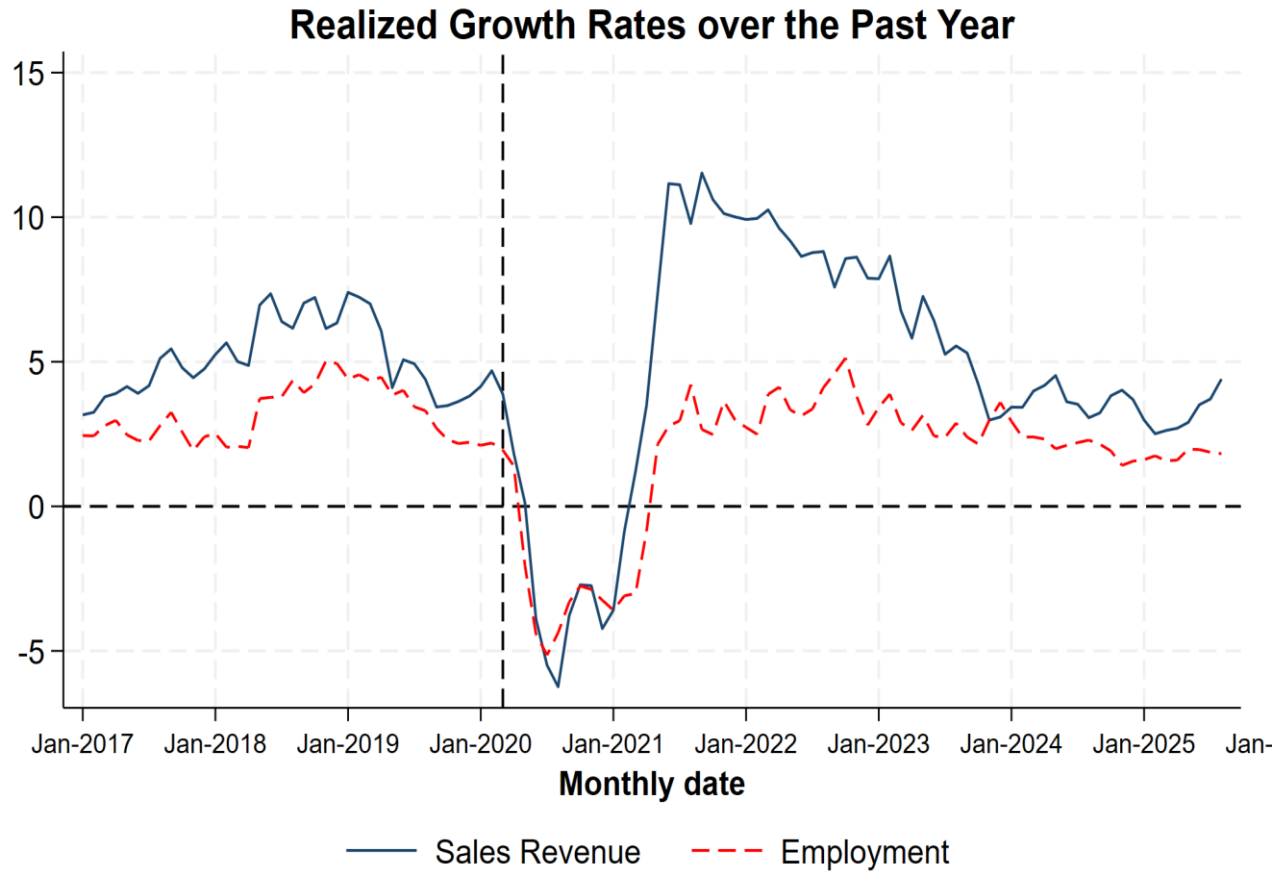
The SBU questionnaire goes to about 1500 panel members, who occupy senior finance and managerial positions at U.S. firms. We contact panel members each month by email, and they respond via a web-based instrument.

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 has slowed considerably over the past two years. Recent employment growth is in line with pre-pandemic growth.

January 2017–August 2025



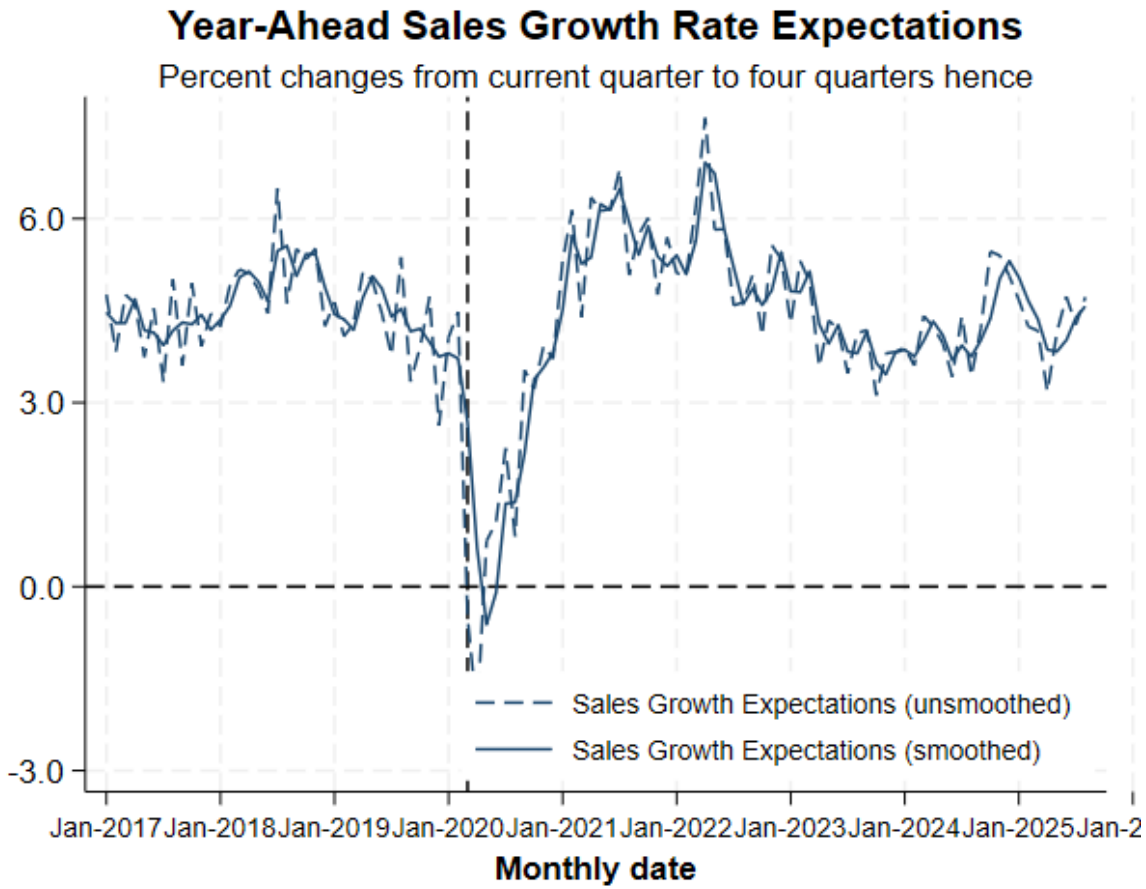
NOTE: Calculated using monthly data through August 2025. Realized growth rate series for sales revenue and employment are activity-weighted averages of firms' reported (look-back) growth rates over the past year (specifically, the previous four quarters for sales revenue and previous 12 months for employment).

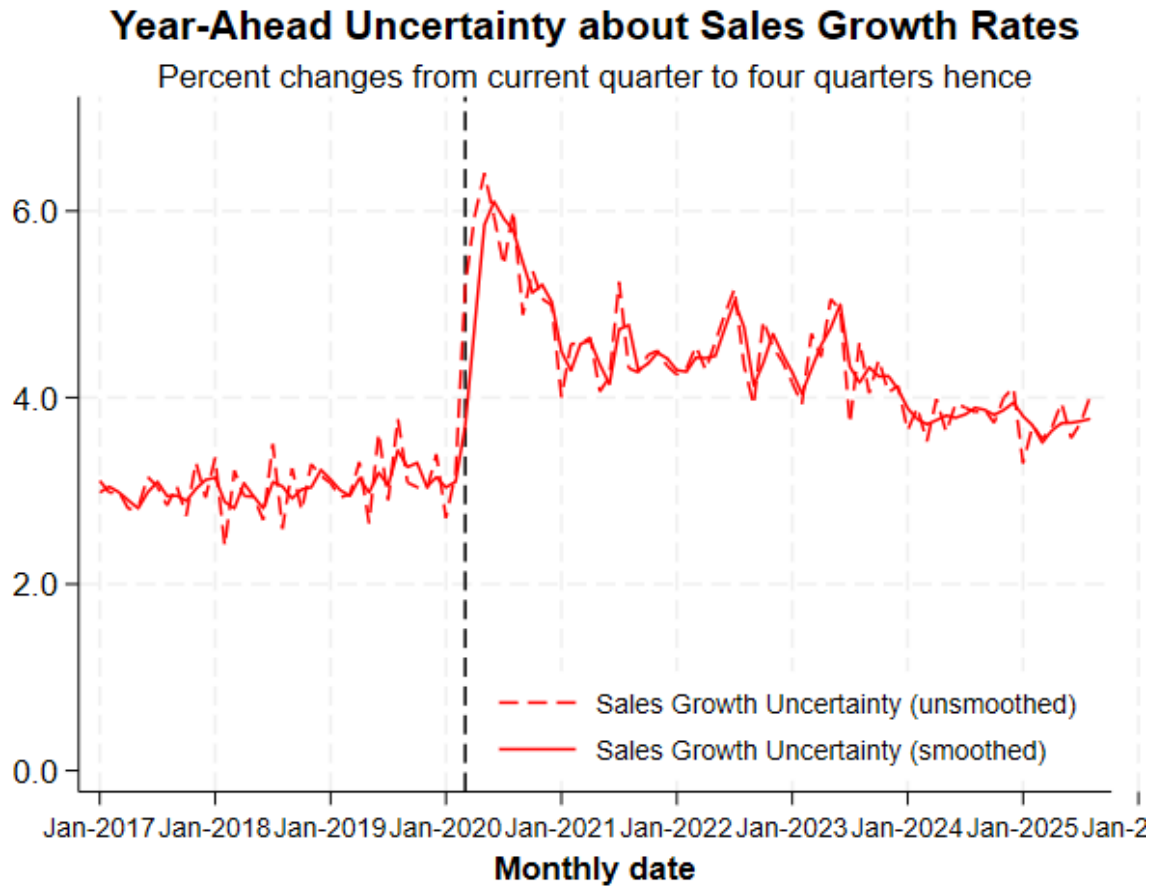
NOTE: The chart shows smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta. 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 vertical dashed line shown in the plot marks the start of the COVID-19 pandemic.

Sales revenue growth expectations have declined in recent months. However, firms remain more uncertain about future revenue growth than they were before the pandemic.

January 2017–August 2025



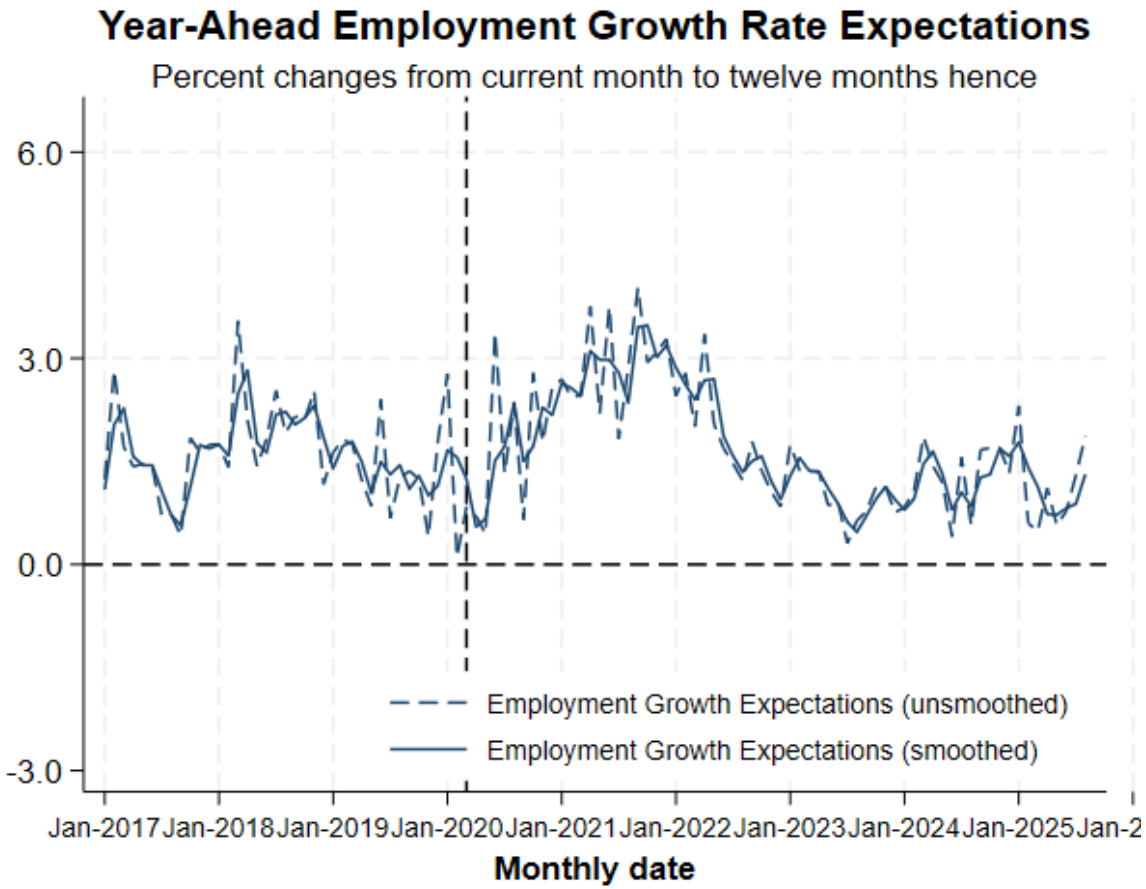


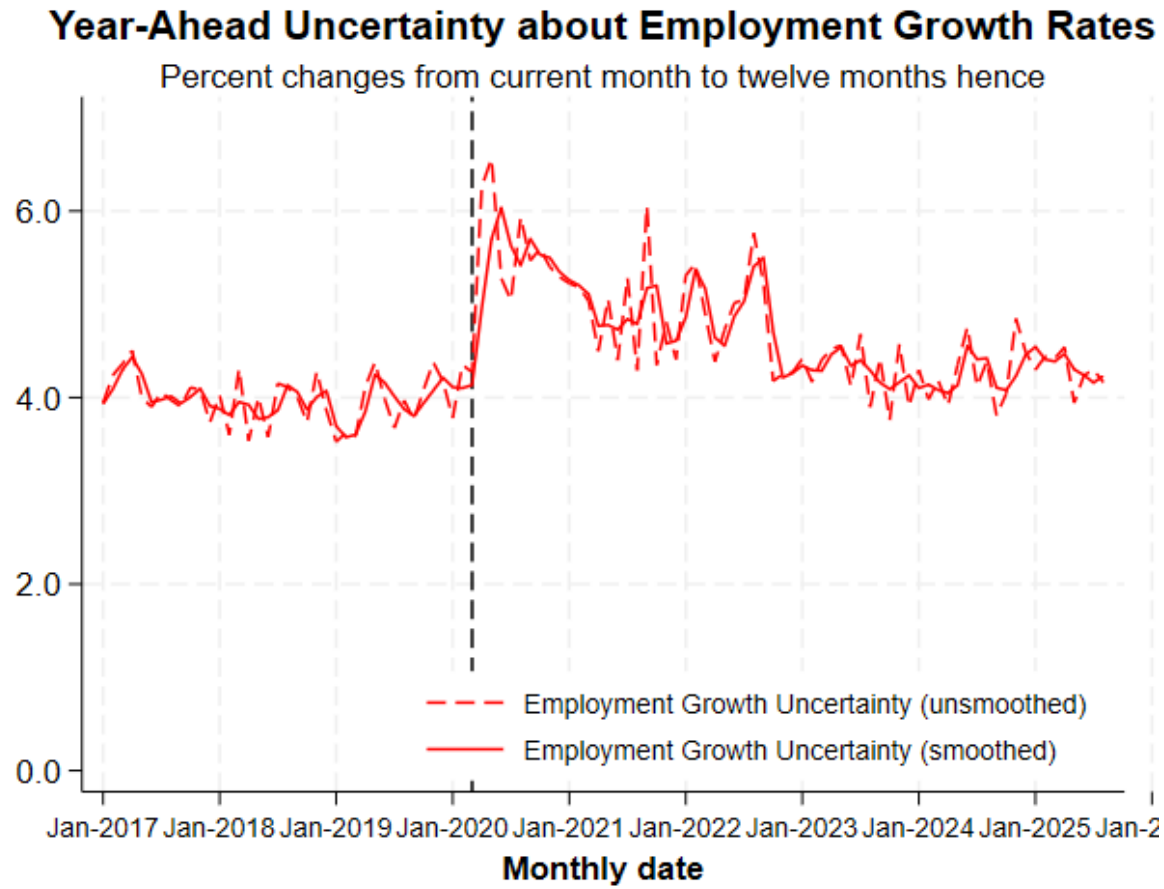
NOTE: The charts show smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta. 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 vertical dashed lines shown in the plots mark the start of the COVID-19 pandemic.

Expected employment growth has decreased in recent months. Uncertainty about employment growth has returned to pre-pandemic levels.

January 2017–August 2025



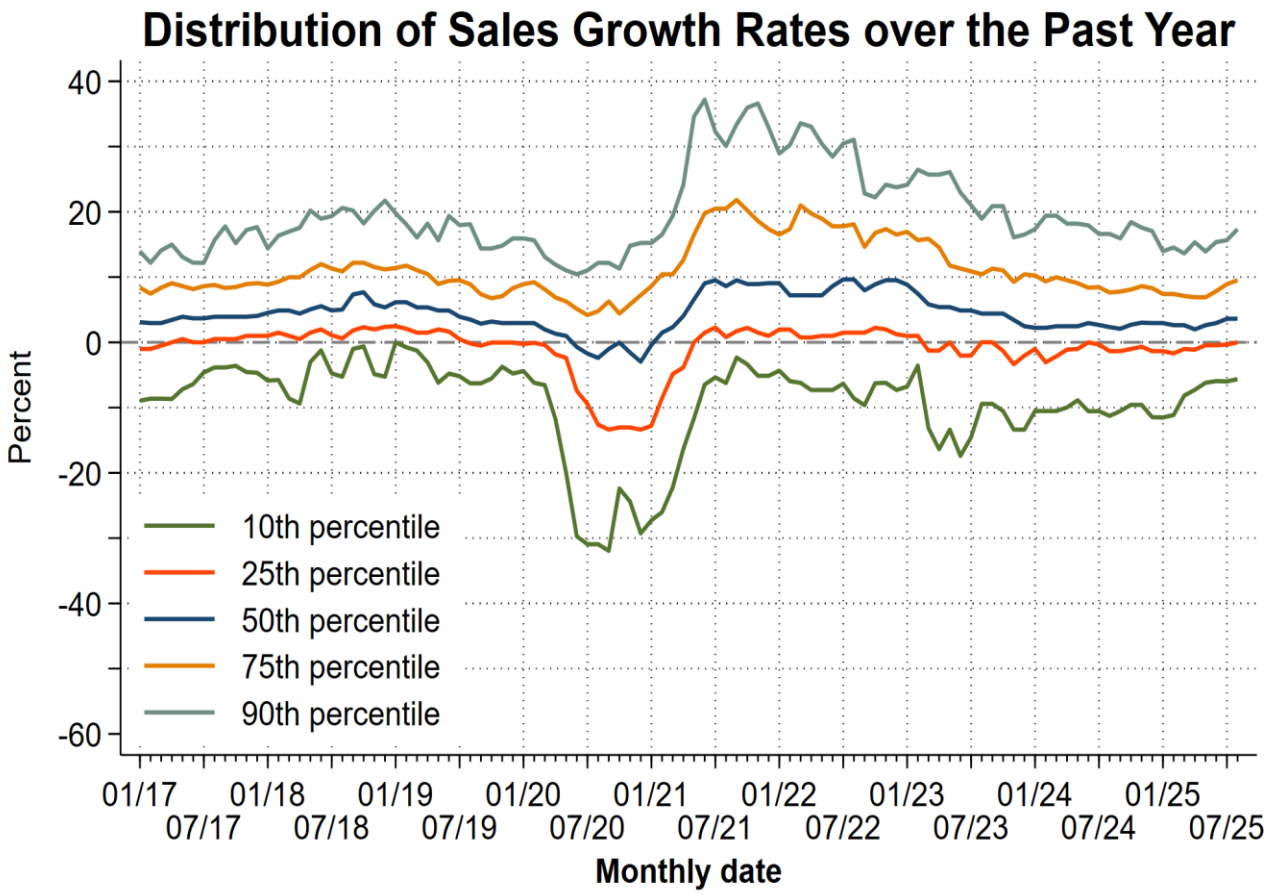


NOTE: The charts show smoothed series.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta. 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 vertical dashed lines shown in the plots mark the start of the COVID-19 pandemic.

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

January 2017–August 2025



NOTES: Calculated using monthly data through August 2025. 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.

Nearly a third of business executives say they employed fewer workers in the first half of 2025 than they otherwise would have due to policy uncertainty. More say they expect to do the same in the second half of the year.

Question: Thinking back over the first half of 2025, from January through June, did uncertainty about tariffs, taxes, government spending, monetary policy, geopolitical risk, or regulation affect your firm's number of employees?

Effect of policy uncertainty on firms' employment in the first half of 2025
July 2025 SBU (% of firms, Employment-weighted)

	N	No change in employment	Employed more workers	Employed fewer workers
Full sample	**1141**	**67.7**	**1.0**	**31.3**
Full sample (Equal-weighted)	1141	72.9	1.7	25.4
Industry Class				
Construction, Real Estate, Mining, and Utilities	193	72.9	0.1	27.0
Manufacturing	196	56.9	1.9	41.2
Retail and Wholesale Trade and Transportation	199	68.7	1.1	30.2
Business and Professional Services	421	68.1	1.1	30.8
Other Services	131	72.0	0.7	27.3
Firm Size Class				
0-50 Employees	433	77.0	1.9	21.1
50-99 Employees	184	75.5	0.6	23.9
99-249 Employees	233	68.2	2.1	29.7
250+ Employees	291	66.1	0.7	33.2

Effect of policy uncertainty on firms' employment plans for the second half of 2025
July 2025 SBU (% of firms, Employment-weighted)

	N	No change in employment	Plans to employ more workers	Plans to employ fewer workers
Full sample	**1142**	**61.3**	**1.4**	**37.2**
Full sample (Equal-weighted)	1142	63.7	2.4	33.9
Industry Class				
Construction, Real Estate, Mining, and Utilities	193	66.4	1.0	32.6
Manufacturing	196	49.2	3.5	47.3
Retail and Wholesale Trade and Transportation	199	62.4	1.0	36.6
Business and Professional Services	421	62.8	0.2	37.0
Other Services	132	64.8	2.9	32.3
Firm Size Class				
0-50 Employees	433	66.4	2.3	31.3
50-99 Employees	184	62.5	2.8	34.7
99-249 Employees	233	61.1	2.9	36.0
250+ Employees	292	61.0	0.8	38.2

Note: These questions were fielded in the July 2025 SBU survey wave (7/14/25 – 7/25/25). Data sampled across all states and private sectors.

Businesses report employing 1.4 percent fewer workers in the first half of the year than they otherwise would have due to policy uncertainty, and with similar results for the second half of the year.

Question: How many [more/fewer] workers does your firm now employ because of uncertainty over the past six months about tariffs, taxes, government spending, monetary policy, geopolitical risks, or regulation? Over the next six months, how many [more/fewer] workers does your firm plan to employ due to uncertainty?

Percent change in employment in the first half of 2025 due to policy uncertainty
July 2025 SBU (% of employment)

	N	Mean	SE
Full sample	**1128**	**-1.4**	**0.1**
Full sample (Equal-weighted)	1128	-2.0	0.2
Industry Class			
Construction, Real Estate, Mining, and Utilities	187	-1.1	0.2
Manufacturing	195	-1.8	0.3
Retail and Wholesale Trade and Transportation	199	-1.4	0.3
Business and Professional Services	418	-1.3	0.2
Other Services	128	-1.2	0.3
Firm Size Class			
0-50 Employees	425	-2.4	0.3
50-99 Employees	183	-1.5	0.3
99-249 Employees	233	-1.9	0.3
250+ Employees	287	-1.1	0.2

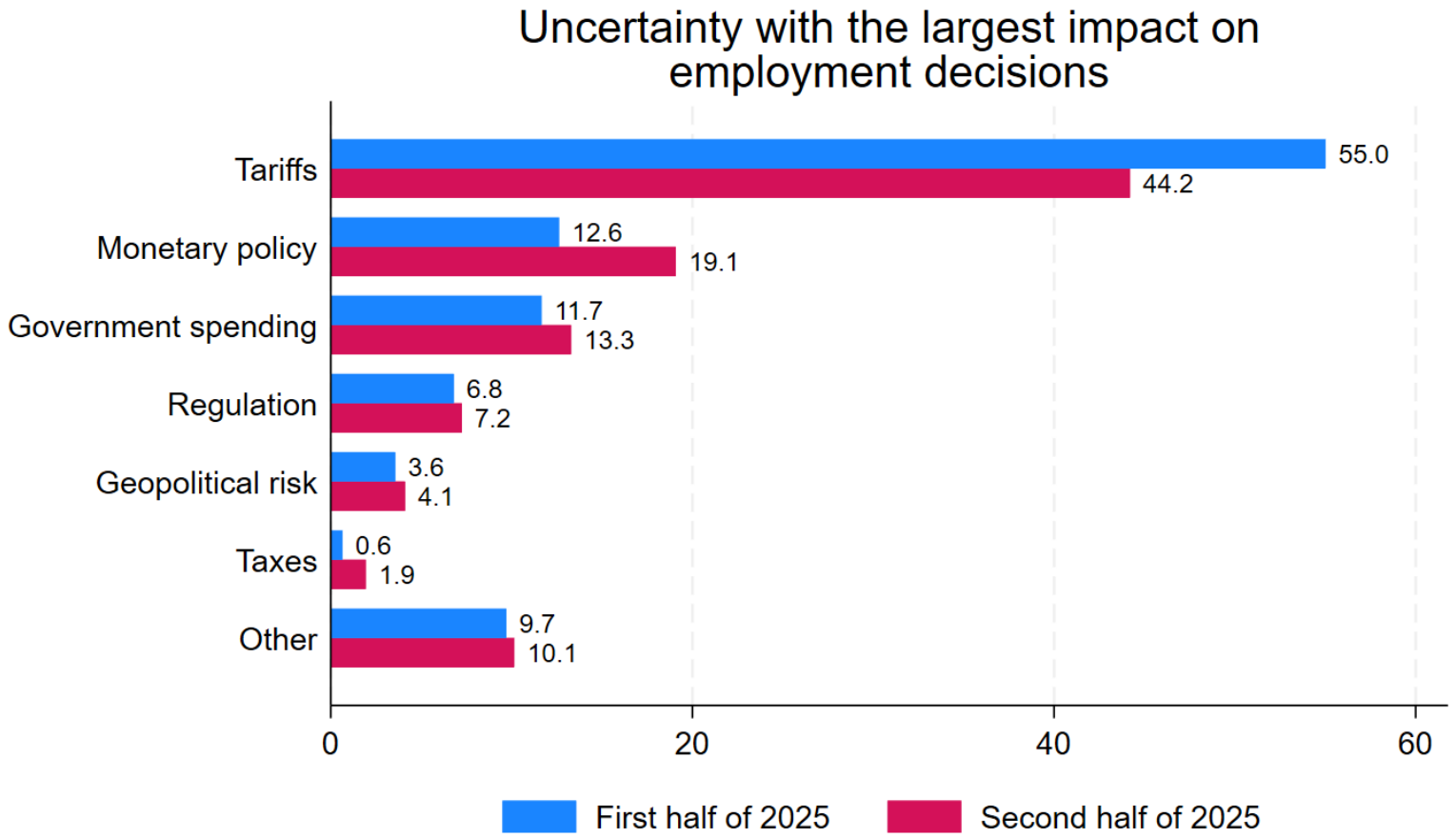
Percent change in planned employment for the second half of 2025 due to policy uncertainty
July 2025 SBU (% of employment)

	N	Mean	SE
Full sample	**959**	**-1.5**	**0.1**
Full sample (Equal-weighted)	959	-2.4	0.2
Industry Class			
Construction, Real Estate, Mining, and Utilities	156	-1.1	0.3
Manufacturing	165	-2.3	0.5
Retail and Wholesale Trade and Transportation	175	-1.7	0.3
Business and Professional Services	358	-1.3	0.2
Other Services	104	-1.2	0.5
Firm Size Class			
0-50 Employees	352	-2.9	0.4
50-99 Employees	155	-1.8	0.3
99-249 Employees	202	-2.1	0.4
250+ Employees	250	-1.2	0.3

Note: These questions were fielded in the July 2025 SBU survey wave (7/14/25 – 7/25/25). Data sampled across all states and private sectors. Response coded as "0" if firm reported "No change." Data winsorized at the 1st and 99th percentiles.

Tariffs are the key source of policy-related uncertainty in 2025.

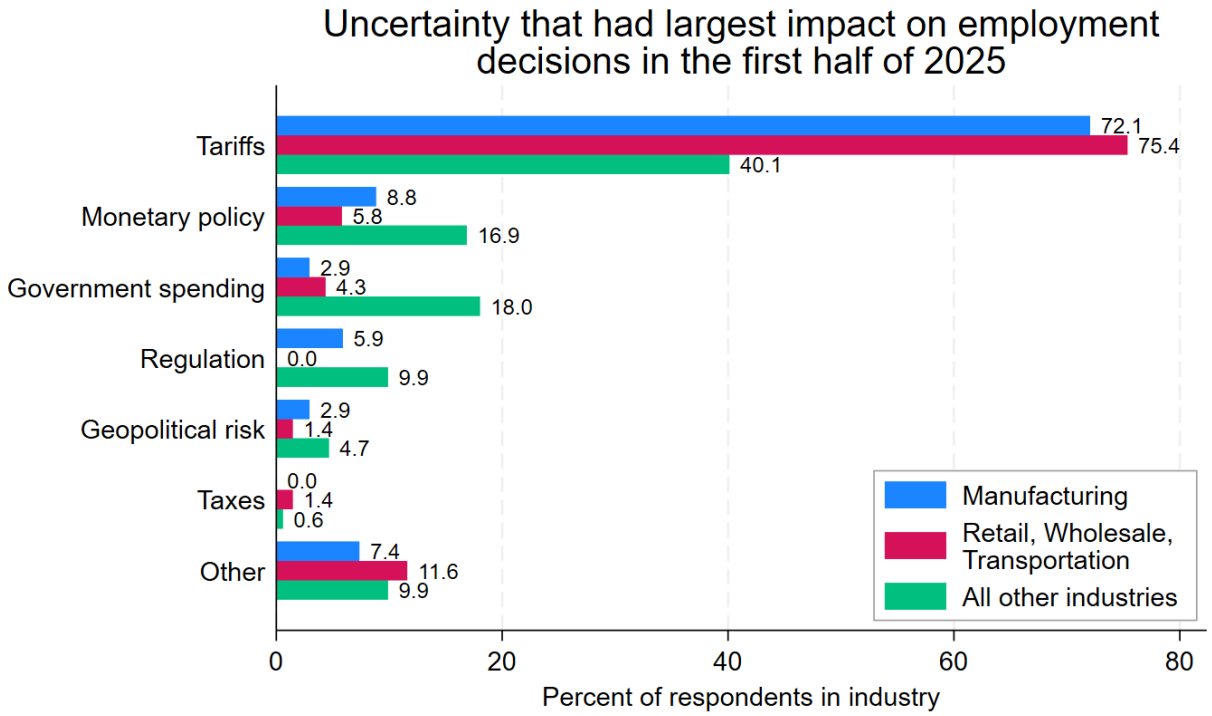
Question: Thinking back over the first half of 2025, from January through June, which of the following uncertainties has had the largest impact on your firm's employment levels?

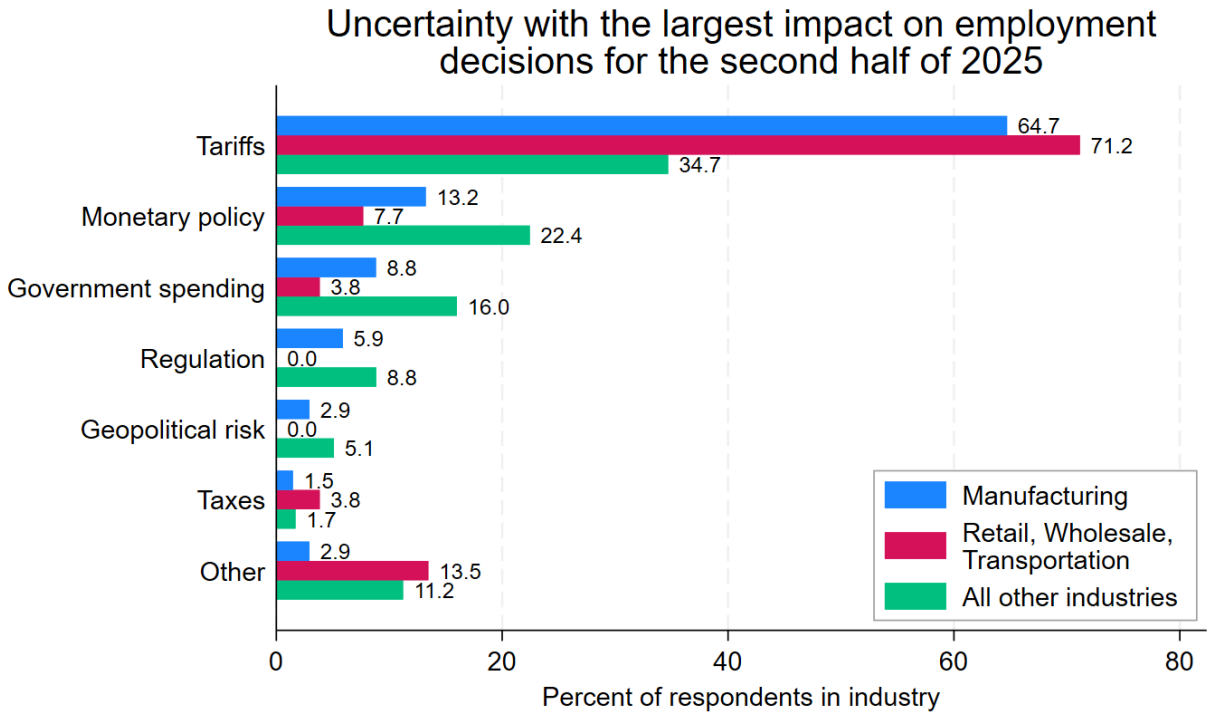


Note: These questions were fielded in the July 2025 SBU survey wave (7/14/25 – 7/25/25). Data sampled across all states and private sectors. Conditional on firm reporting change in employment due to uncertainty. $N_{first\ half} = 309$. $N_{second\ half} = 414$.

Tariffs are an especially important source of uncertainty for manufacturing and trade-related sectors.

Question: Thinking [back over the first half of 2025/ahead over the next six months], which of the following uncertainties has had the largest impact on your firm's employment levels?





Note: These questions were fielded in the July 2025 SBU survey wave (7/14/25 – 7/25/25). Data sampled across all states and private sectors. Conditional on firm reporting change in employment/planned employment due to uncertainty. $N_{first\ half} = 308$; $N_{second\ half} = 413$.

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)

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

First and Second Moments of the Subjective Growth Rate Forecast Distribution

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

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

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

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,

$$Expected\ Job\ Reallocation\ Rate_t = \sum_i w_t \cdot |Mean(EGr)\ | - \left| \sum_i w_t \cdot Mean(EGr) \right|$$

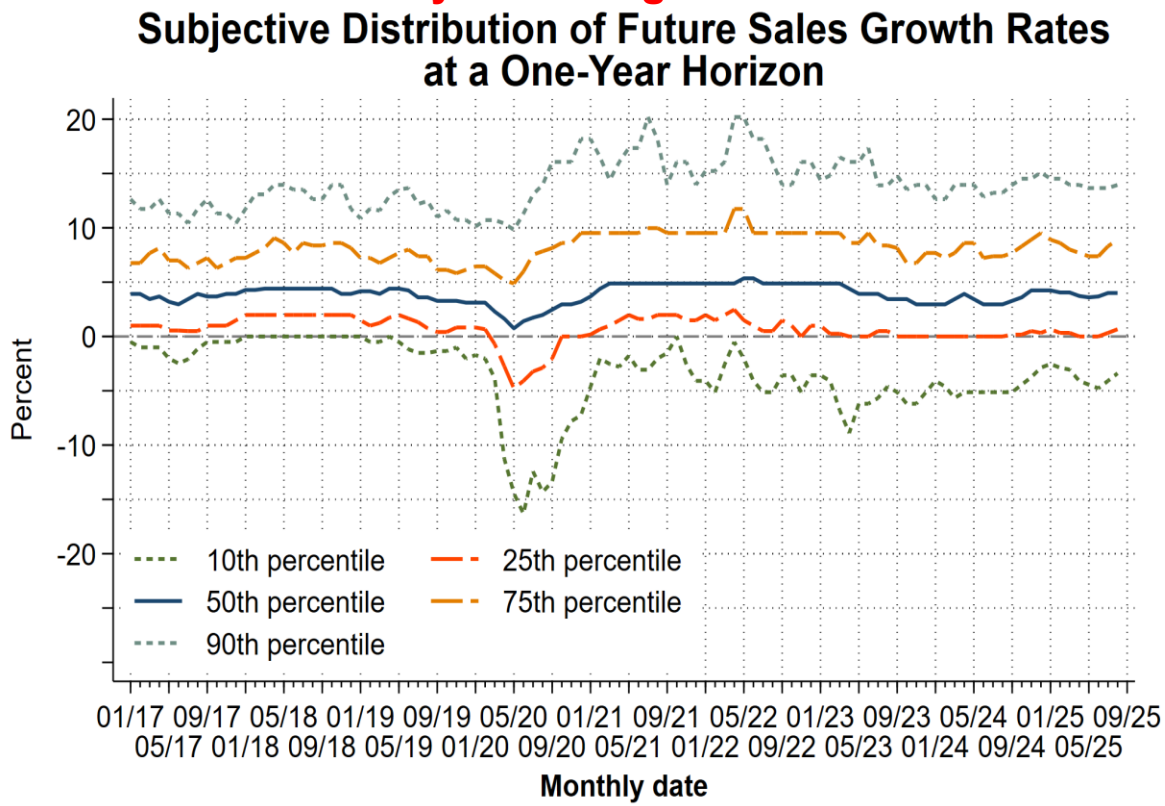
- Analogously, the expected sales revenue reallocation rate index in month *t* is the difference between the activity-weighted average of absolute expected sales growth rates, minus the absolute value of the average activity-weighted growth rate:

$$Expected\ Reallocation\ Rate\ For\ Sales\ Revenue_t = \sum_i w_t \cdot |Mean(SaleGr)\ | - \left| \sum_i w_t \cdot Mean(SaleGr) \right|$$

- 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

January 2017–August 2025

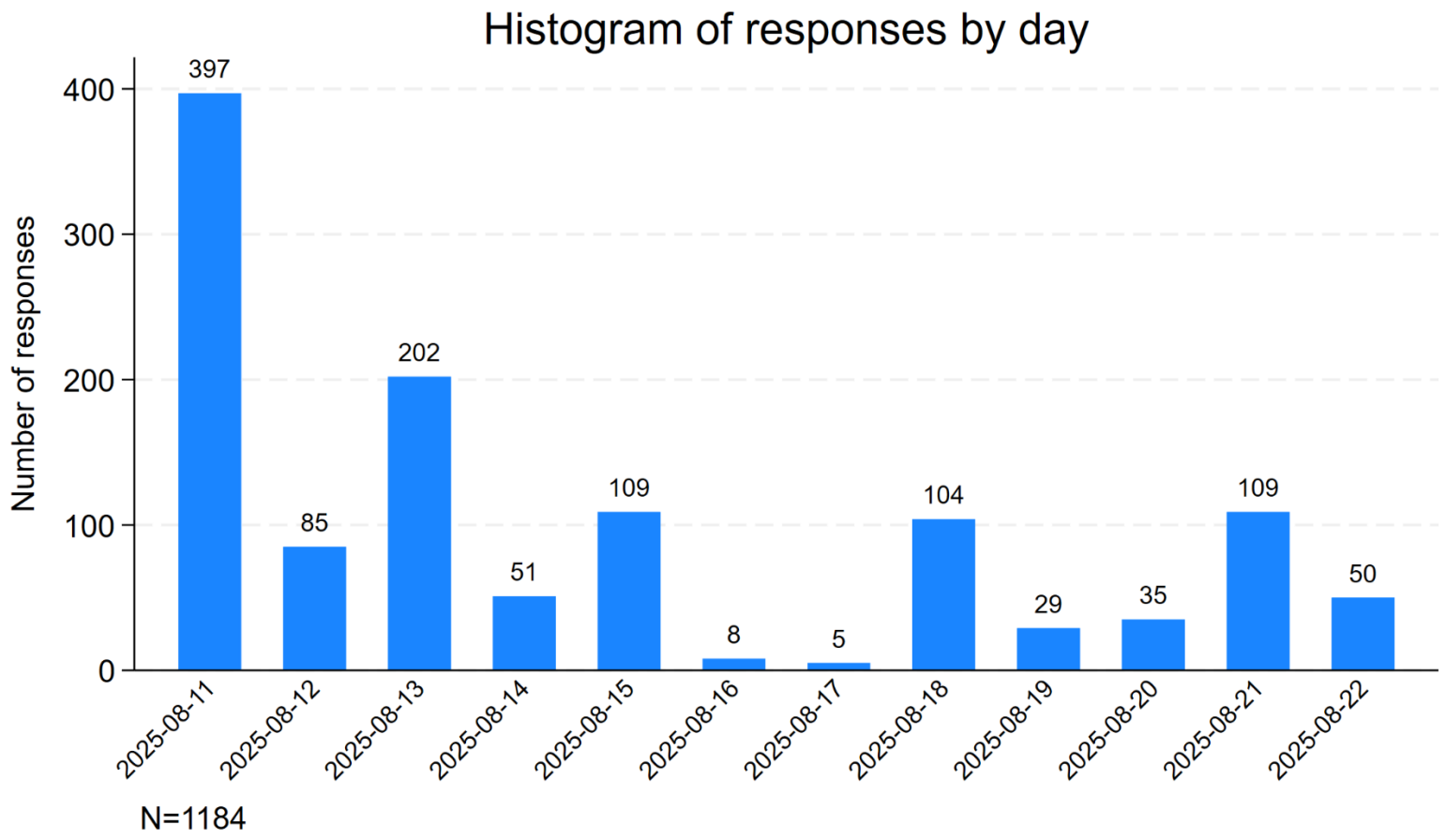


NOTES: Calculated using monthly data through August 2025. The charts show smoothed series. This is a plot of the subjective distribution for the representative firm's future sales growth rates over a 4-quarter look-ahead horizon. To calculate this distribution, we pool over all firm-level subjective 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.

Appendix: Histogram of survey response frequency for the August 2025 survey wave

August 2025



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