Survey of Business Uncertainty Monthly Report

September 2025

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SBU

Federal Reserve Bank *of* Atlanta

Based on survey responses from 8-19 September 2025

Headline Results

September 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. Forty-five percent of business execs say tariff changes raised overall input costs at their firms. (Slide 7)
4. Business executives say recent tariff changes raised overall input costs at their firms by an average of 3.1 percent. (Slide 8)

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.

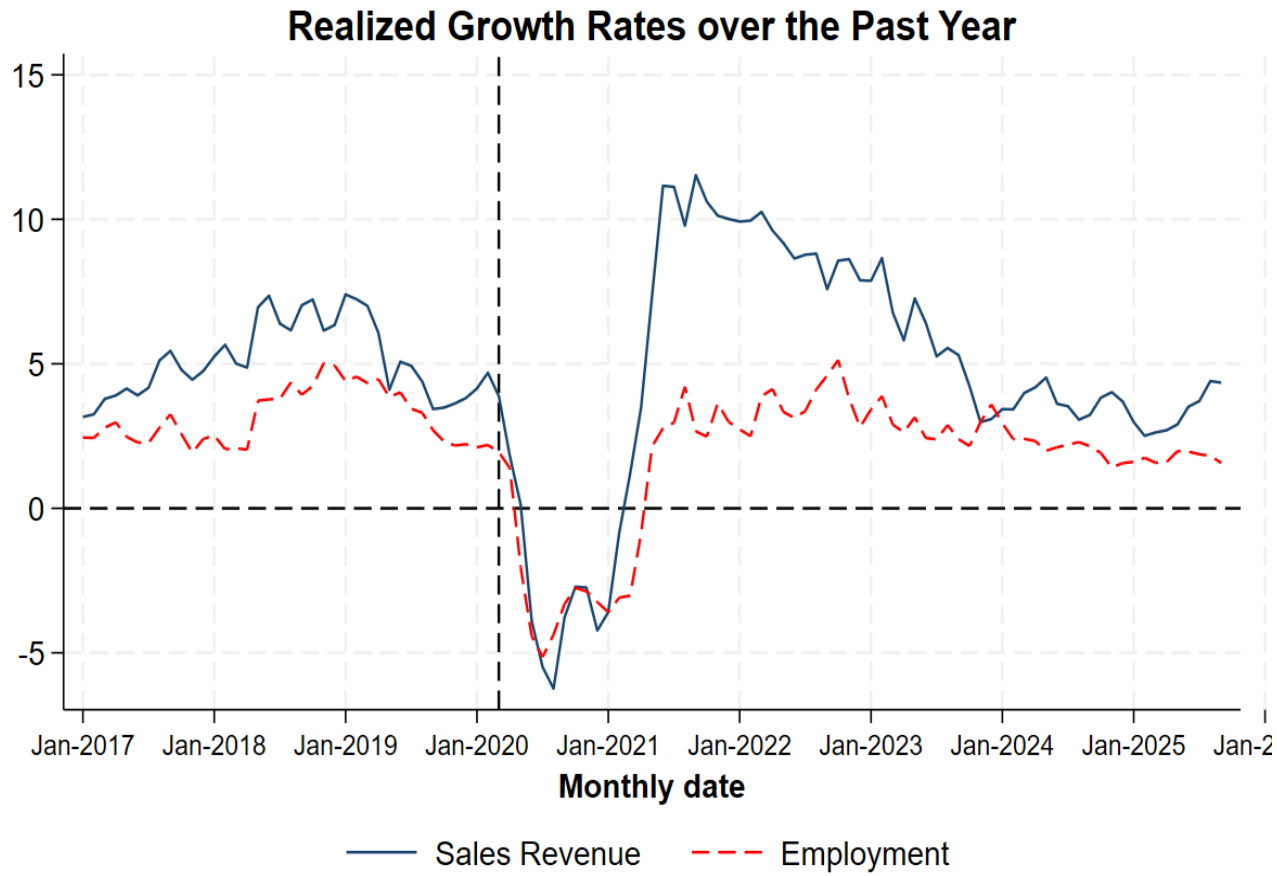
The SBU questionnaire goes to about 1500 panel members, who occupy senior finance and managerial positions at U.S. firms. We contact panel members each month by email, and they respond via a web-based instrument.

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 but has ticked up over the past few months. Recent employment growth is in line with pre-pandemic growth.

January 2017–September 2025



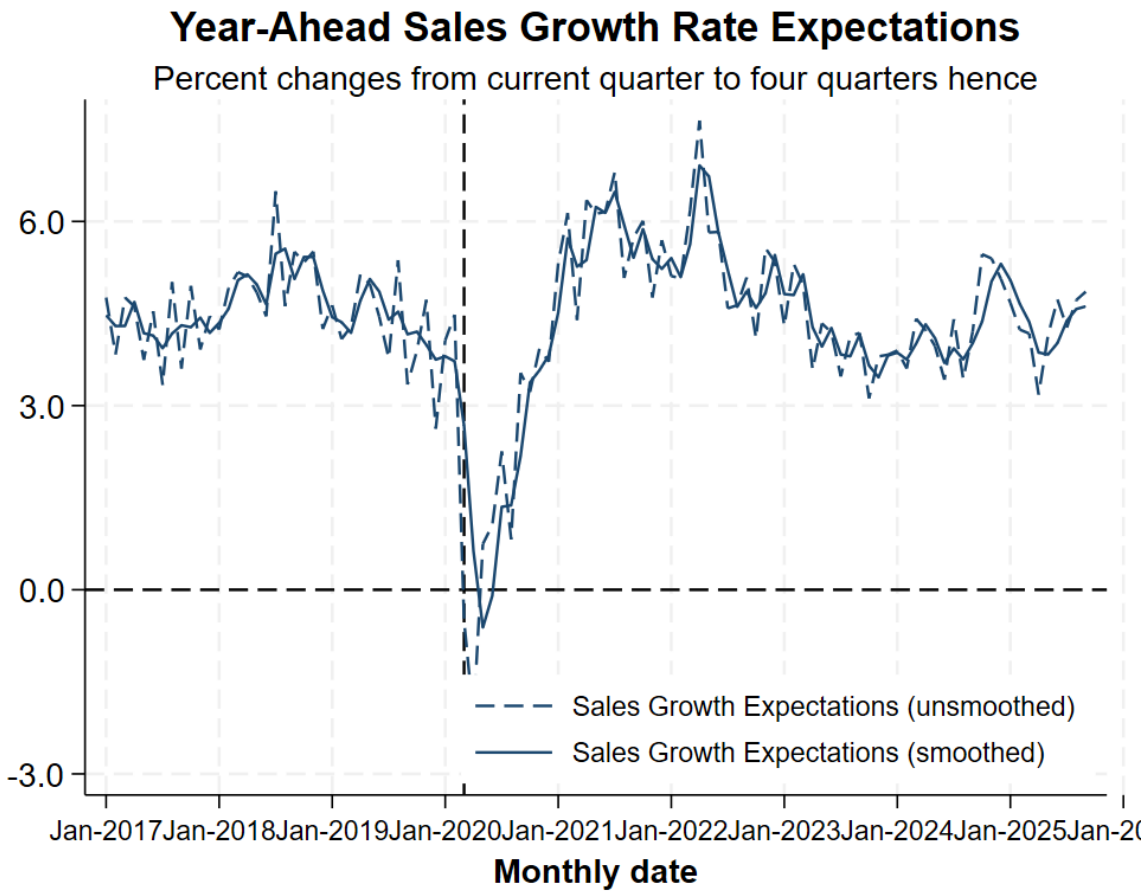
NOTE: Calculated using monthly data through September 2025. Realized growth rate series for sales revenue and employment are activity-weighted averages of firms' reported (look-back) growth rates over the past year (specifically, the previous four quarters for sales revenue and previous 12 months for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

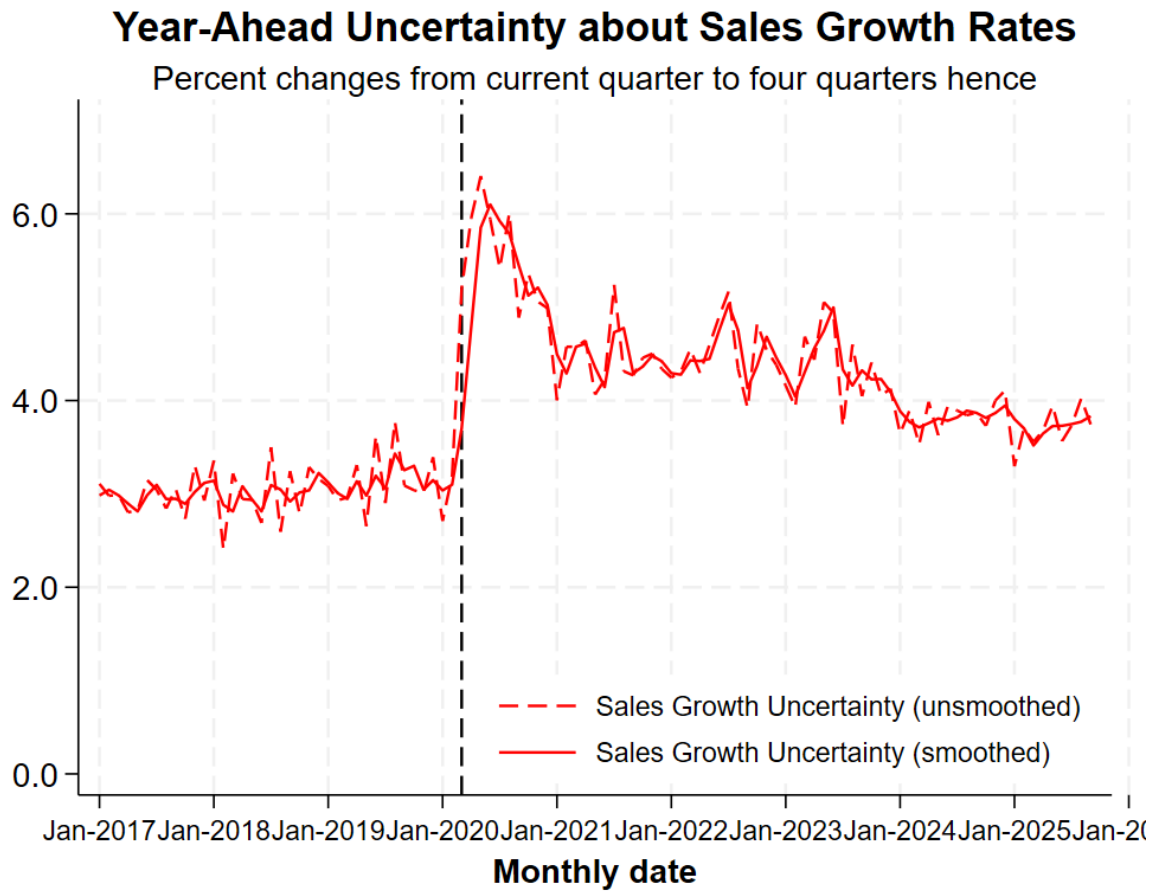
NOTE: The chart shows smoothed series.

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 risen slightly in recent months after declining. Firms remain more uncertain about future revenue growth than they were before the pandemic.

January 2017–September 2025





NOTE: The charts show smoothed series.

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

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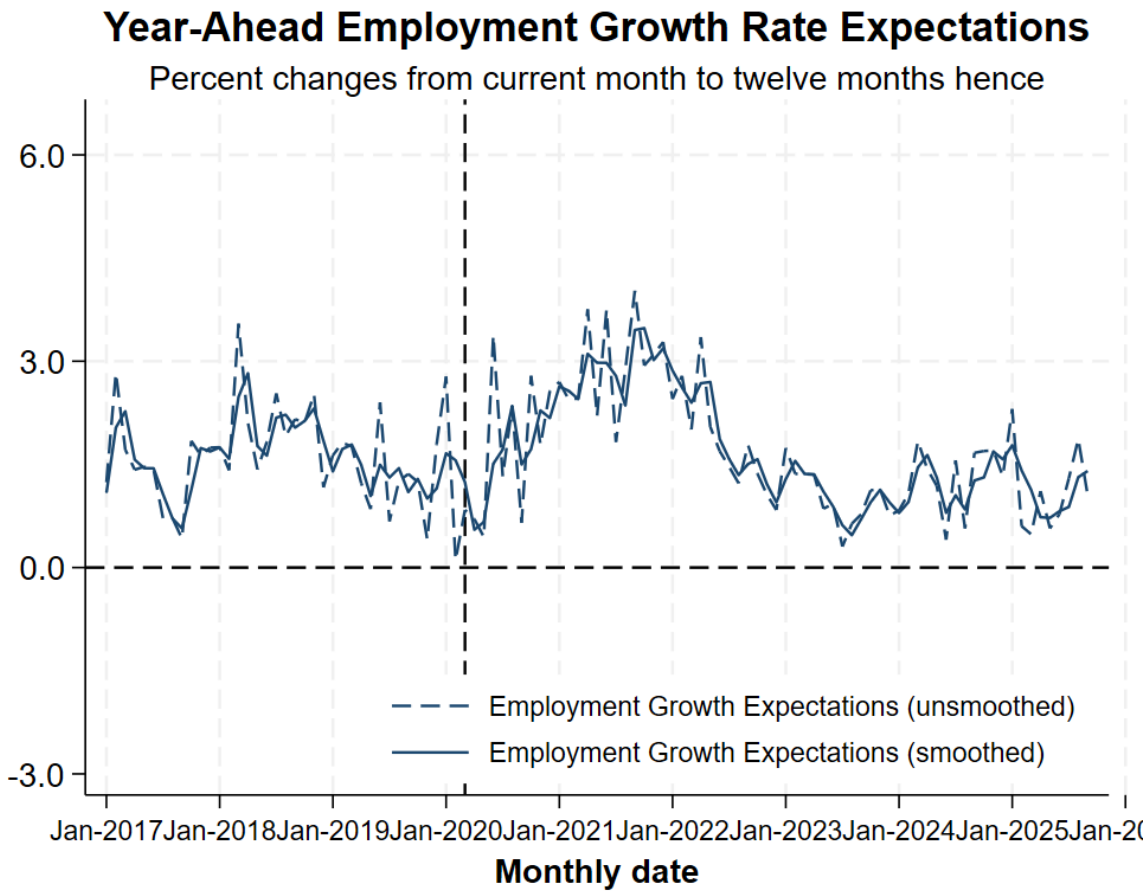

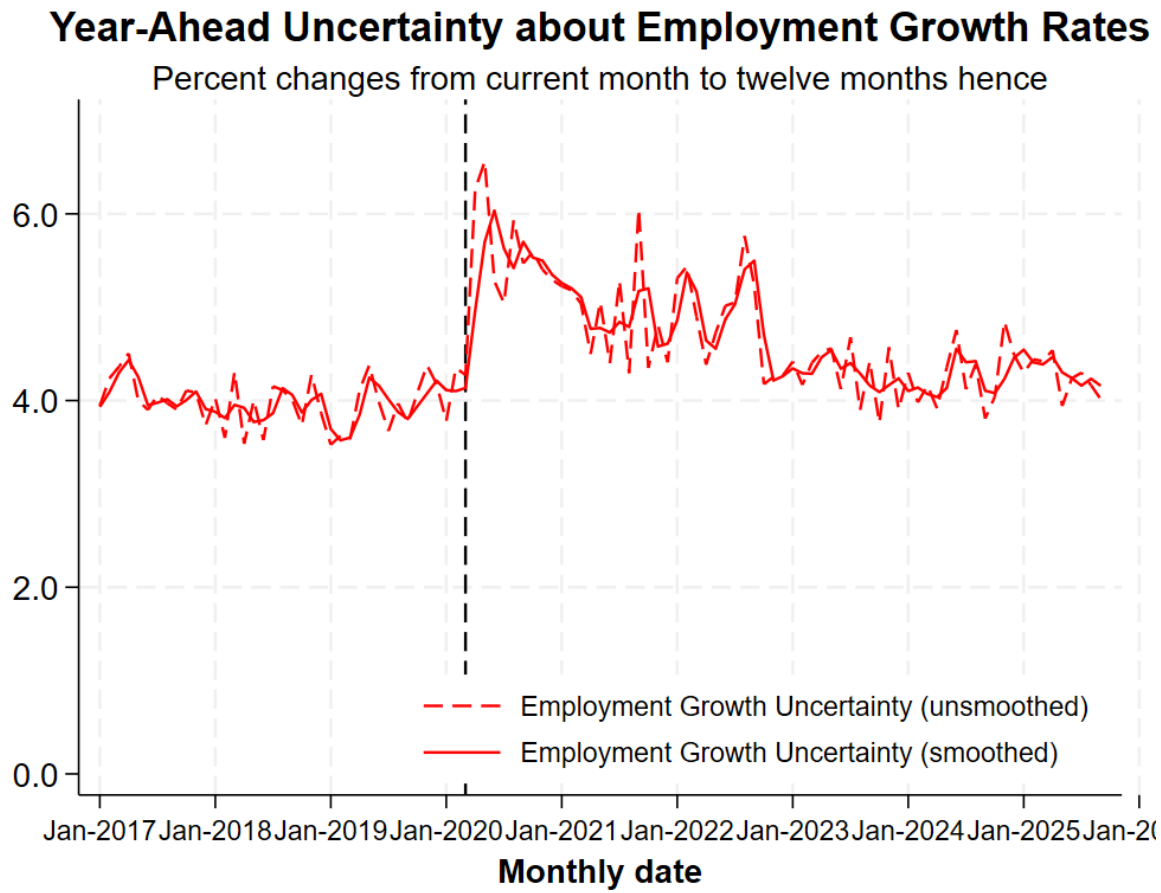

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The distribution of sales growth rates across firms remains wider than before the pandemic.

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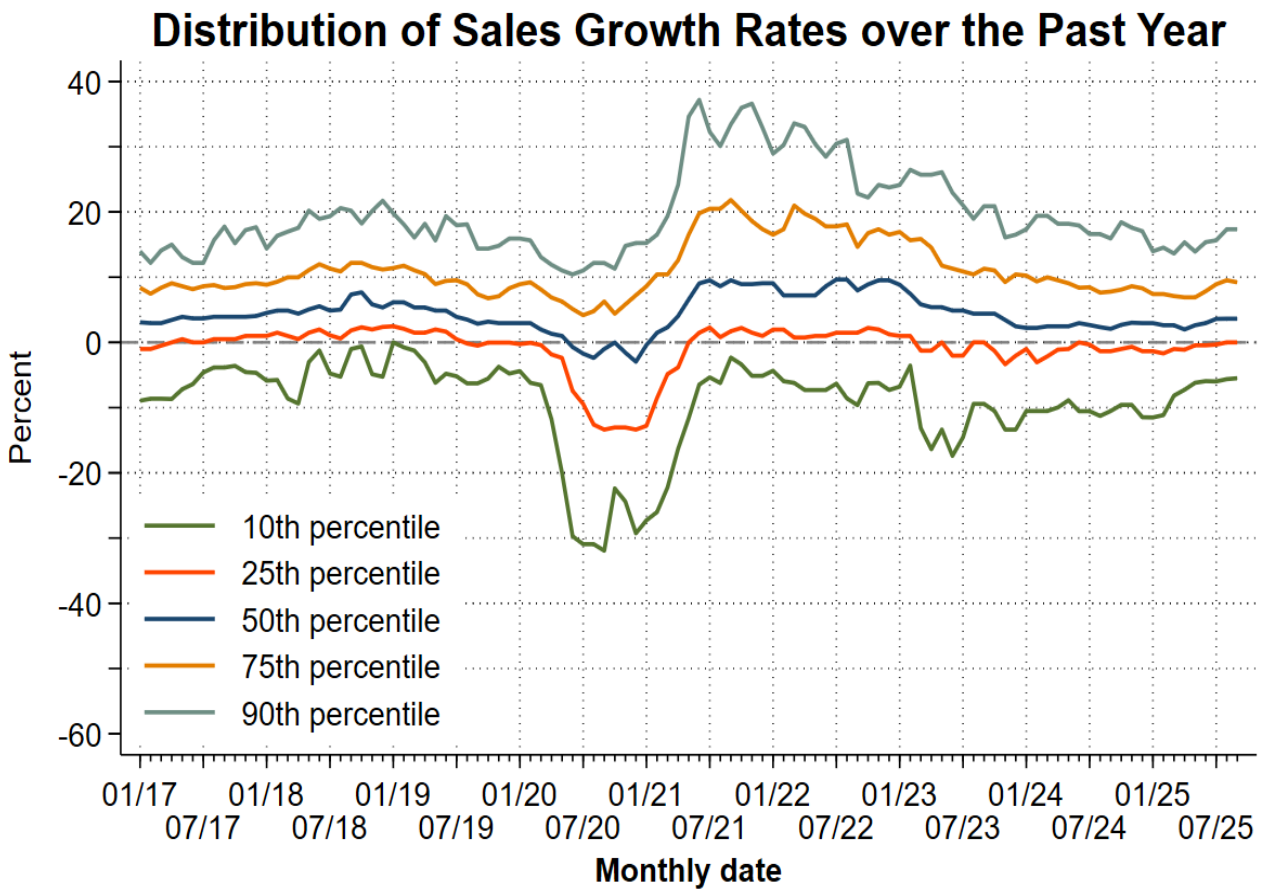


NOTES: Calculated using monthly data through September 2025. The chart shows smoothed series. Lines show percentiles of the activity-weighted distribution of firm-level sales growth rates over the past year.

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta.

45 percent of business execs say tariff changes raised overall input costs at their firms.

Question: *How, if at all, have tariff changes affected your firm's overall input costs in the past 12 months?*
Response Options: [in randomized order] *No change, decrease, increase*

Percent of firms, Employment-weighted, August 2025 Survey of Business Uncertainty

	N	Increased overall input costs	No change	Decreased overall input costs
Full sample	**1173**	**44.6**	**54.8**	**0.7**
Full sample (Equal-weighted)	1173	41.2	58.3	0.5
		Industry Sector		
Construction, Real Estate, Mining, and Utilities	210	44.9	51.1	1.9
Manufacturing	210	73.4	26.0	0.7
Retail and Wholesale Trade and Transportation	200	64.6	32.2	0.0
Business and Professional Services	422	20.3	77.8	0.7
Other Services	130	42.6	57.4	0.0
		Firm Size Class		
0-50 Employees	466	42.1	57.5	0.4
50-99 Employees	186	39.4	60.1	0.6
99-249 Employees	229	46.5	52.7	0.8
250+ Employees	292	77.8	0.7	33.2

Note: The SBU survey fielded these questions to panelists from 8/11/25 – 8/22/25. The sample covers all U.S. states and major industry sectors. All table entries are employment-weighted unless noted otherwise.

Business executives say recent tariff changes raised overall input costs at their firms by an average of 3.1 percent.

Question: *In percentage terms, by how much did tariff changes [increase/decrease] your firm's overall input costs over the past 12 months?*

Percent change in overall input costs that business execs attribute to recent tariff changes
August 2025 SBU (Employment-weighted)

	N	Mean
Full sample	**1171**	**3.1**
Full sample (Equal-weighted)	1171	3.5
Industry Sector		
Construction, Real Estate, Mining, and Utilities	209	2.2
Manufacturing	210	6.2
Retail and Wholesale Trade and Transportation	200	4.7
Business and Professional Services	421	1.3
Other Services	130	2.7
Firm Size Class		
0-50 Employees	466	4.7
50-99 Employees	186	2.9
99-249 Employees	228	3.2
250+ Employees	291	2.9

Note: The SBU survey fielded these questions to panelists from 8/11/25 – 8/22/25. The sample covers all U.S. states and major industry sectors. All table entries are employment-weighted unless noted otherwise. We record "0" if respondent reported "No change" to the previous question. We winsorize responses at the 1st and 99th percentiles.

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,

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

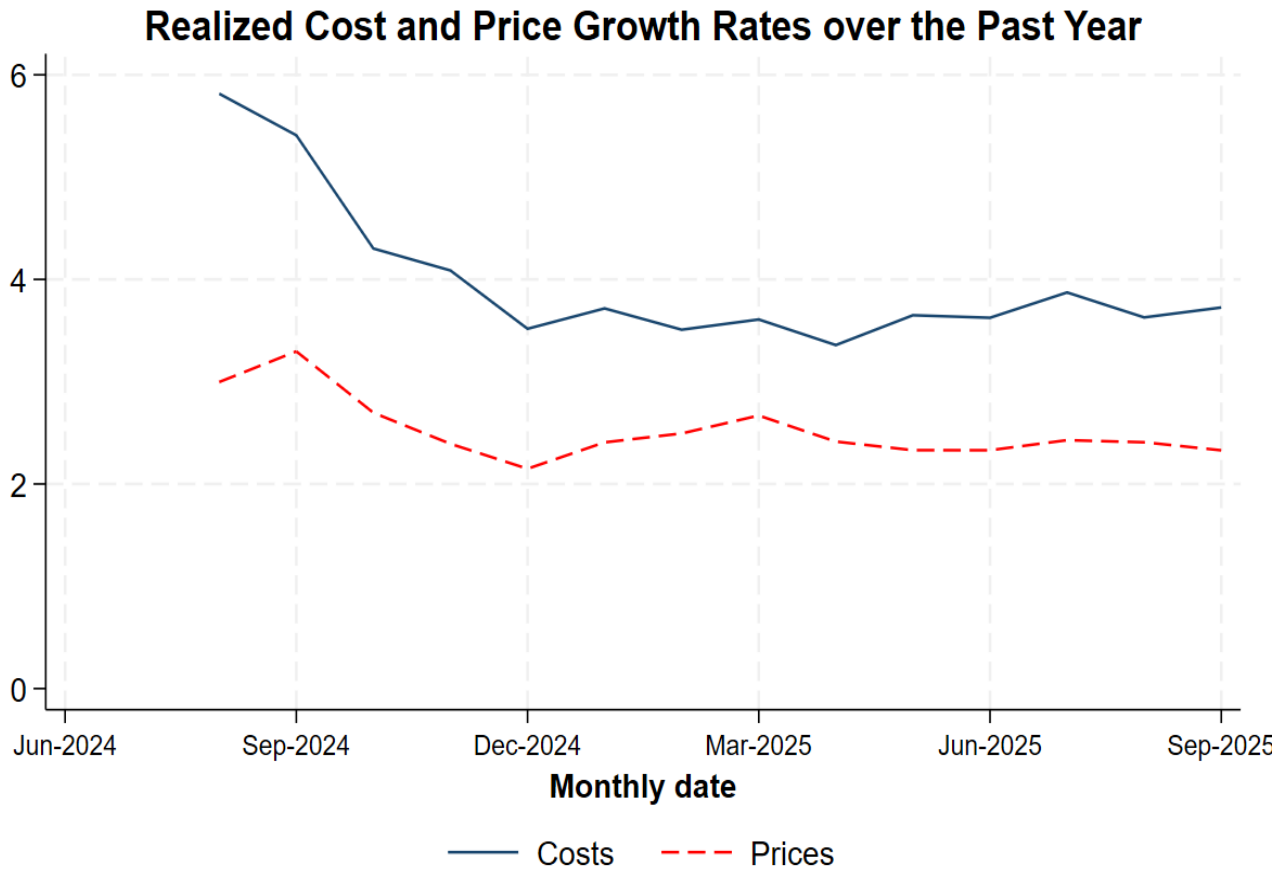
- Analogously, the expected sales revenue reallocation rate index in month *t* is the difference between the activity-weighted average of absolute expected sales growth rates, minus the absolute value of the average activity-weighted growth rate:

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

- 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.

Nominal cost and price growth has remained steady over the past year.

January 2017–September 2025



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Cost growth expectations remain elevated after falling considerably last year. Cost growth uncertainty remains steady.

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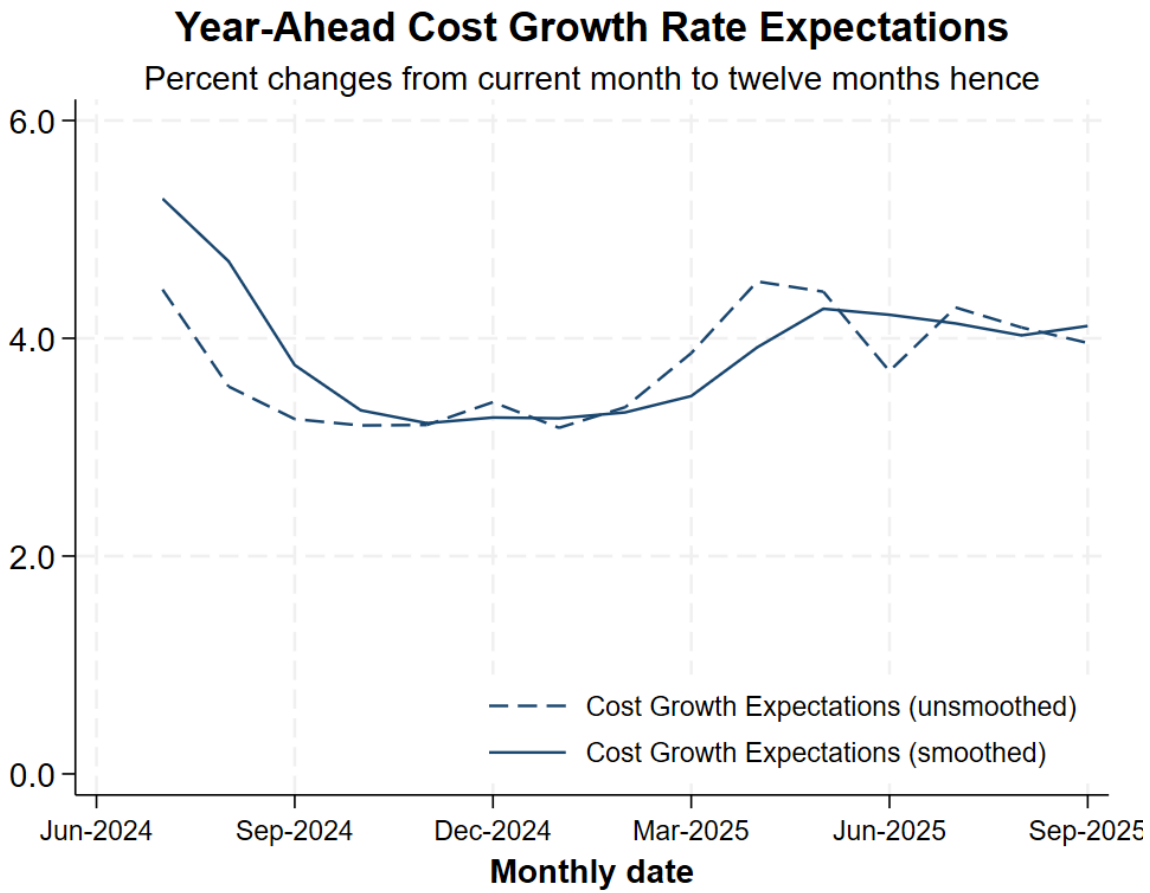

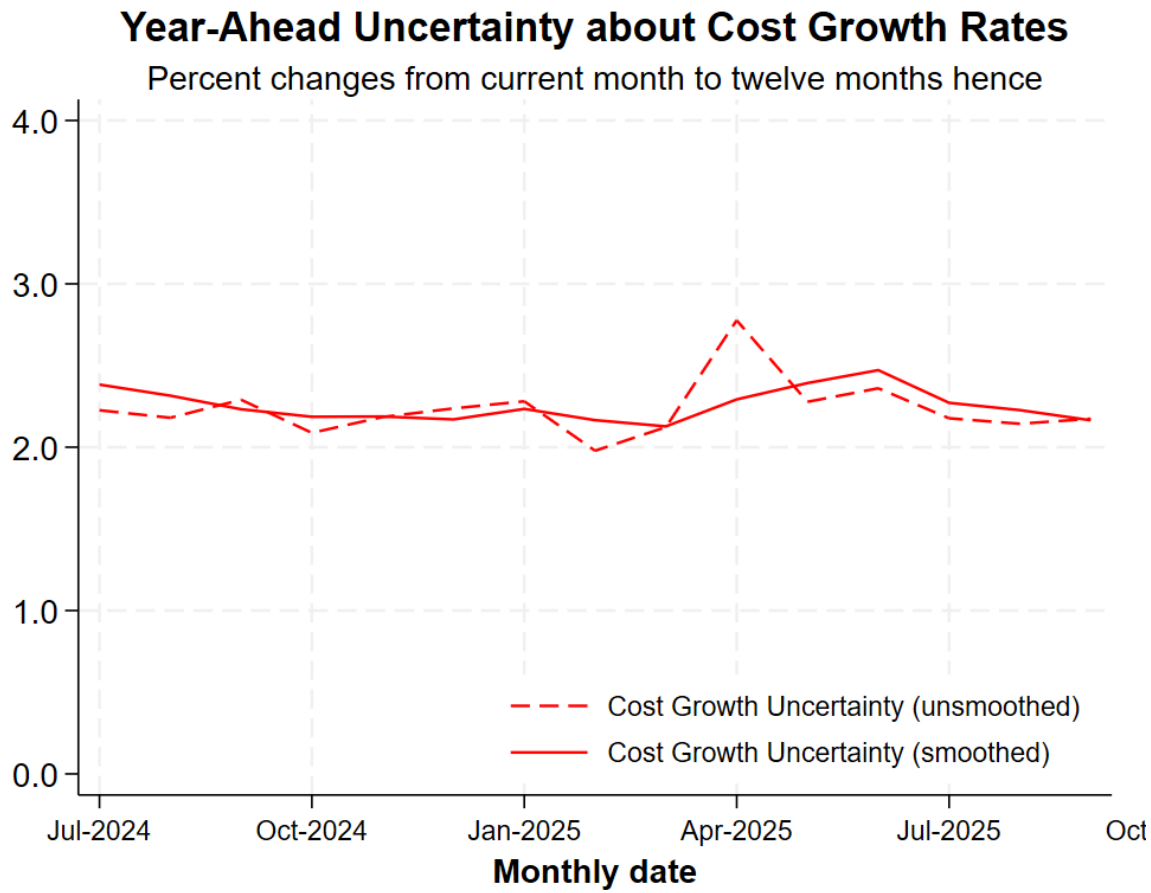

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Price growth expectations have declined after a spike earlier in the year. Price growth uncertainty has fallen slightly over the past few months.

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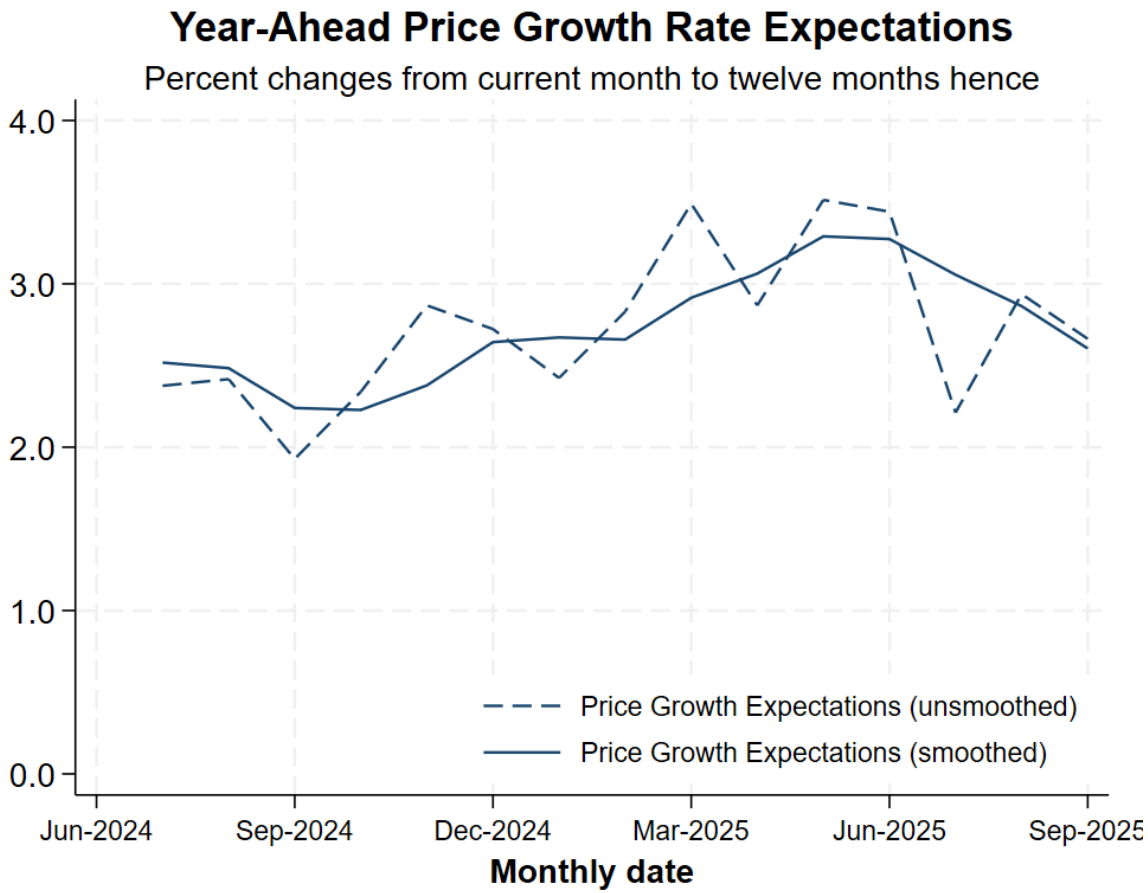

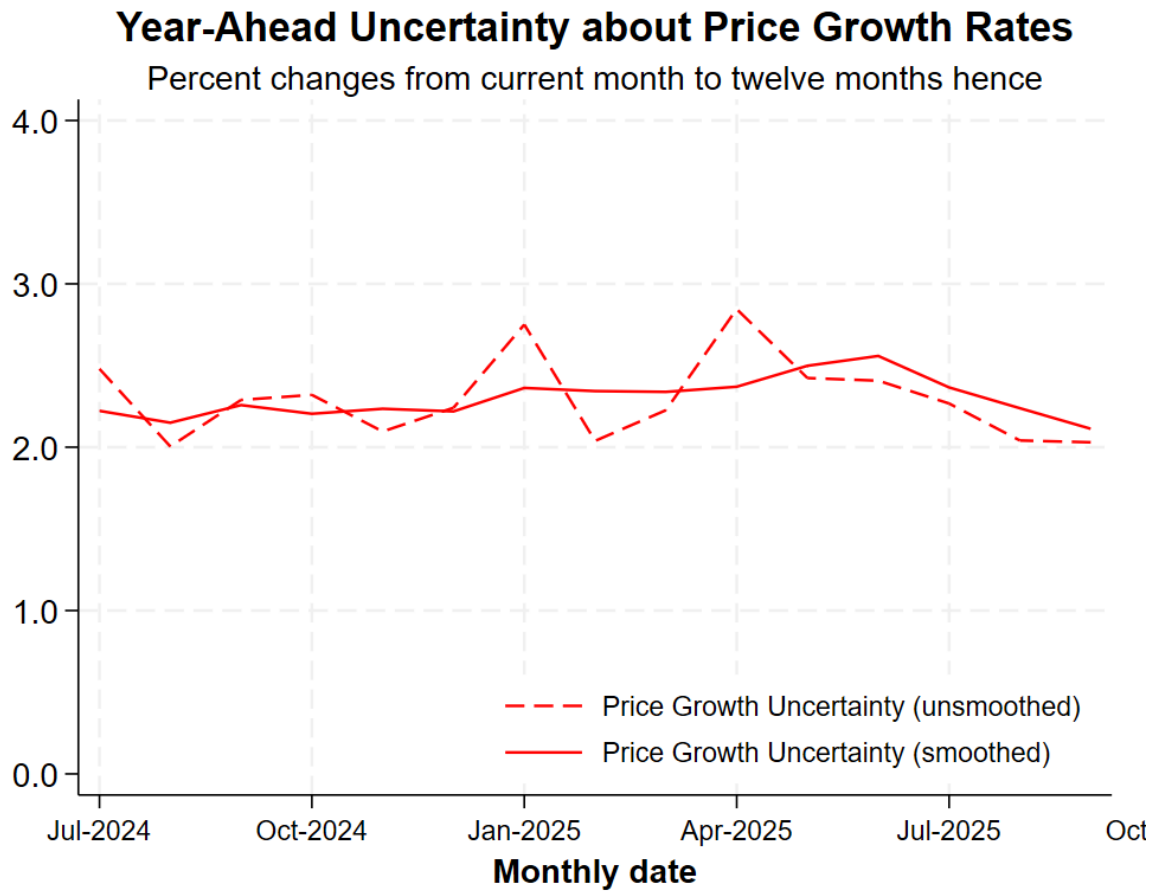

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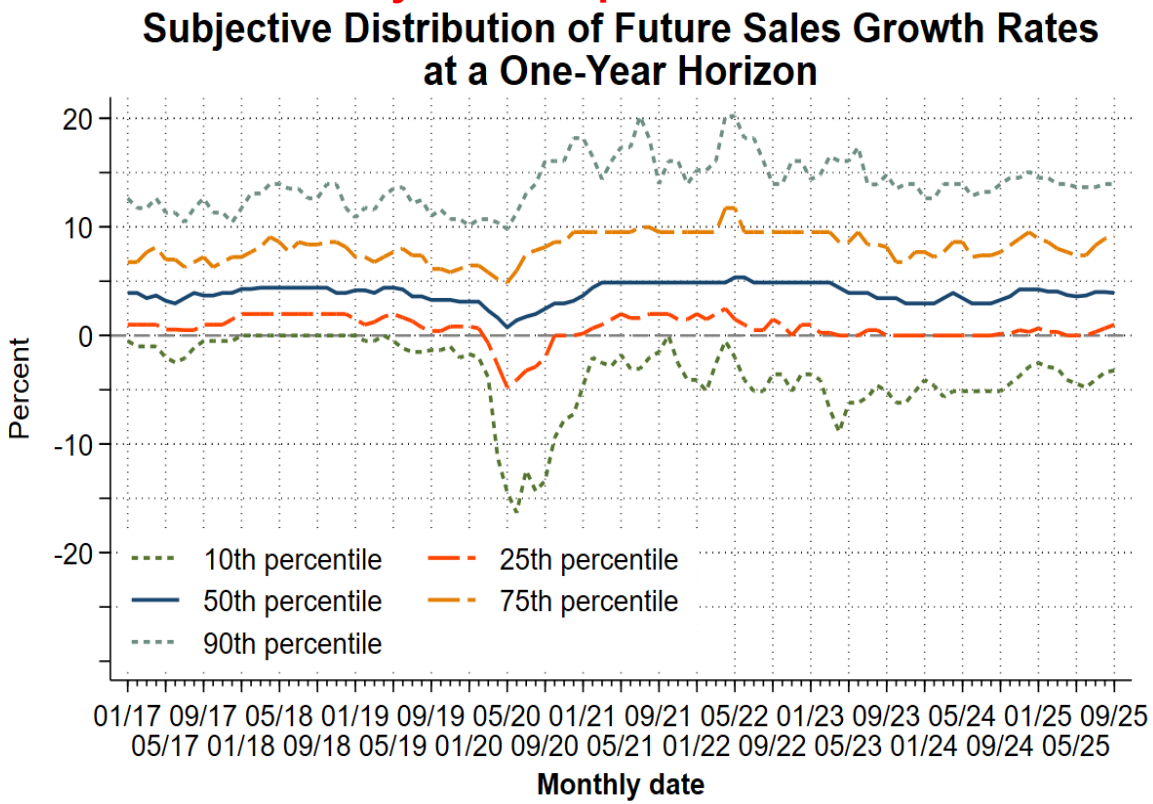
Appendix: Subjective Forecast Distribution of Future Sales Growth Rates at a One-Year Horizon

January 2017–September 2025

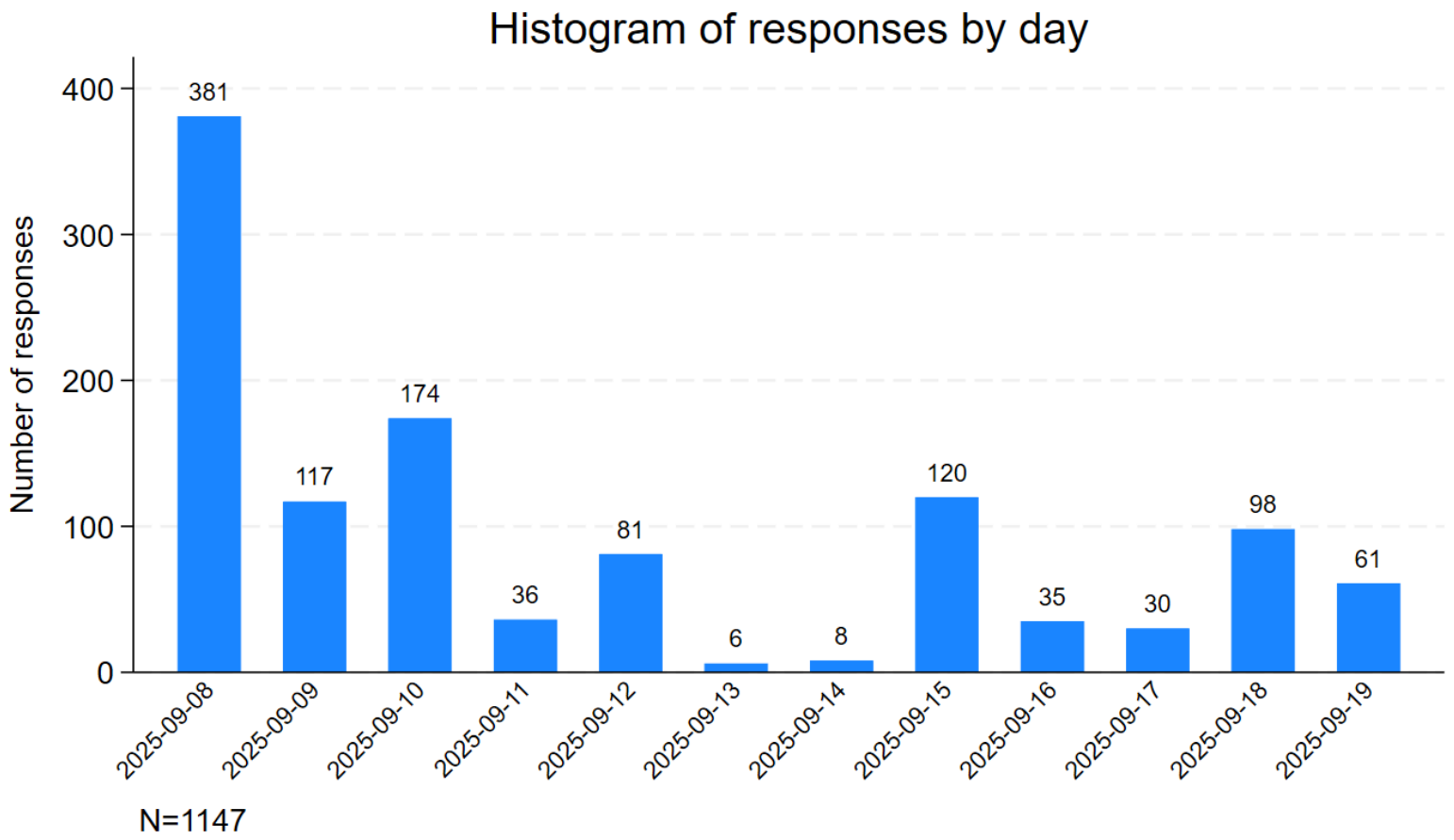


NOTES: Calculated using monthly data through September 2025. The charts show smoothed series. This is a plot of the subjective distribution for the representative firm's future sales growth rates over a 4-quarter look-ahead horizon. To calculate this distribution, we pool over all firm-level subjective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

September 2025



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