

Business Inflation Expectations (BIE) Survey

Monthly Report: April 2024

Headline Results

1. Firms' year-ahead unit cost expectations remain relatively unchanged at 2.3 percent. Year-ahead unit cost expectations have fallen meaningfully since hitting a peak of 3.8 percent in April 2022 but remain somewhat elevated relative to their prepandemic average of 2.0 percent (from January 2017 through December 2019).
2. Firms' sales level continue to run below "normal."
3. In March's special questions, businesses expect the following changes from now to the end of 2024: sales revenue to increase by 3.6 percent, the number of employees to increase by 2.8 percent, and CapEx to increase by 2.6 percent. They expect the prime rate to be 7.6 percent over year-end 2024.
4. Firms expect a more pronounced impact of a 2 percent rise in the prime rate compared to a 2 percent cut for labor and capital expenditures, in the event of a 2 percent decrease or increase of the prime rate.

About the BIE

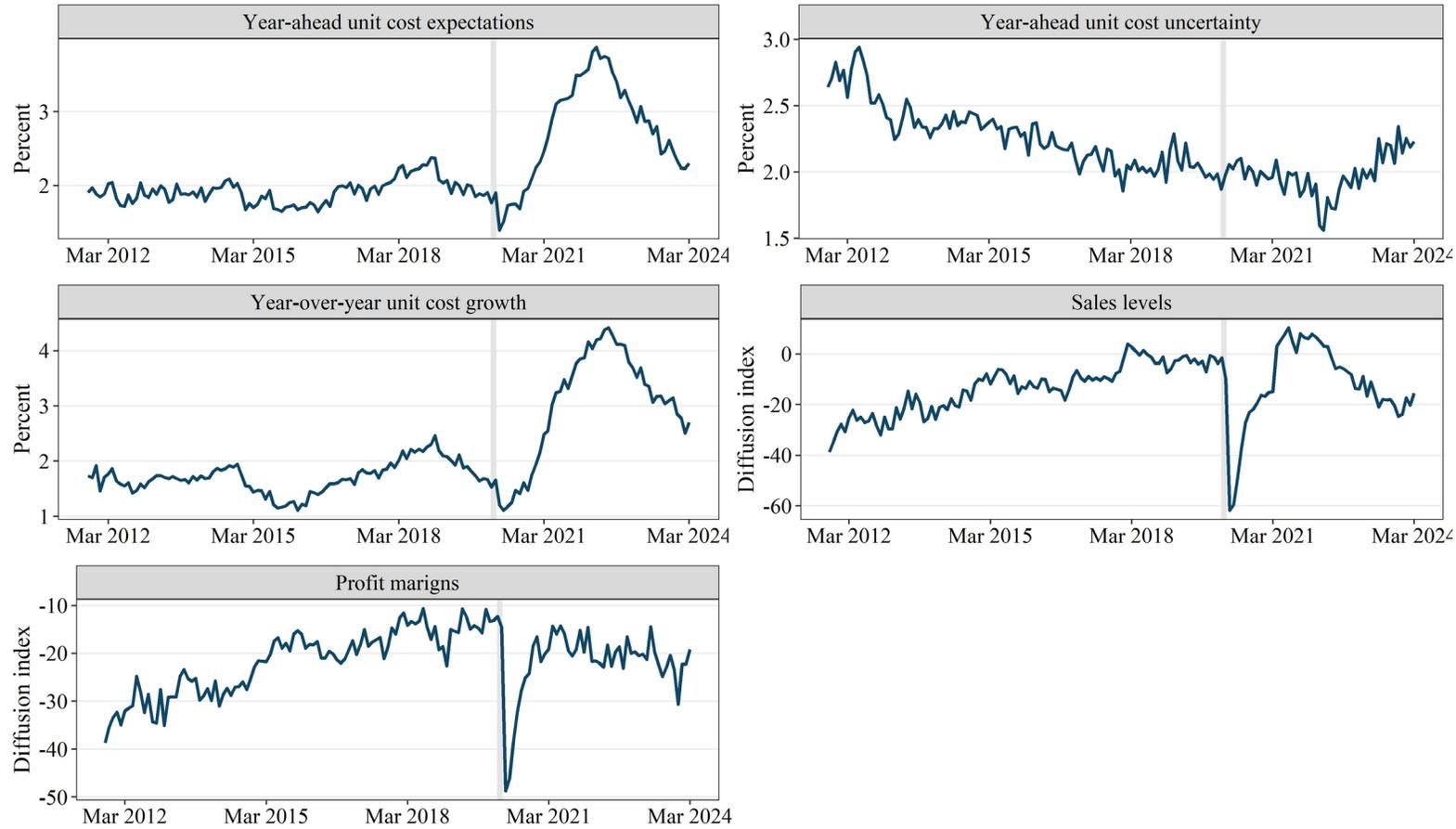
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

Our monthly Business Inflation Expectations survey goes to about 690 panel members (as of February 2024), who occupy executive and managerial positions at Sixth District 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 respondents' firms. Our primary objective is to elicit the respondent's subjective forecast distributions over own-firm future unit-cost growth. We gather qualitative information on firms' sales levels and margins on a monthly basis. We include a set of rotating quarterly questions covering firms' longer-run probabilistic unit-cost expectations, quantitative sales gaps, and realized/expected price change. Our survey also includes special questions on timely, policy-relevant topics.

For more information on survey design and methodology, please refer to resources on the [BIE page](#).

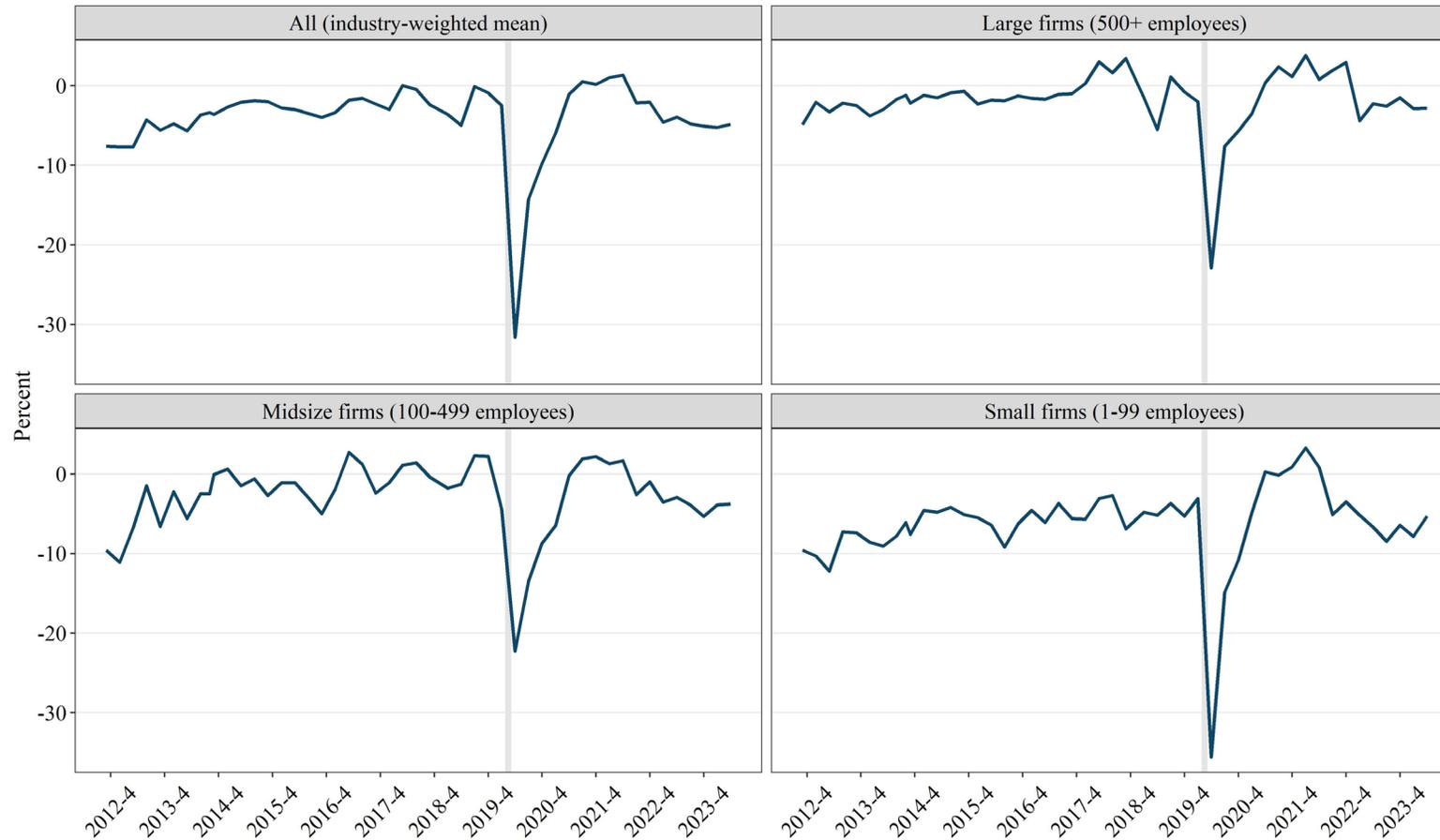
Core Monthly Questions



Note: The data are shown monthly.

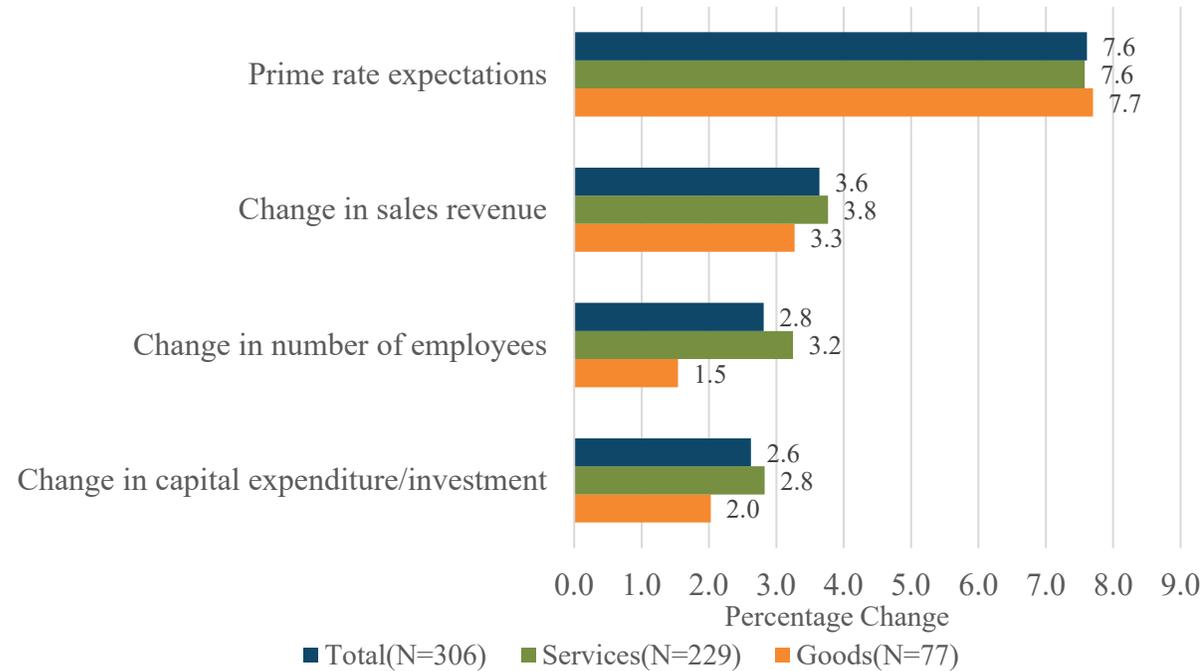
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Rotating quarterly question: How would you describe your firm's unit sales levels versus what you consider to be normal?



BIE Special Questions: March 2024

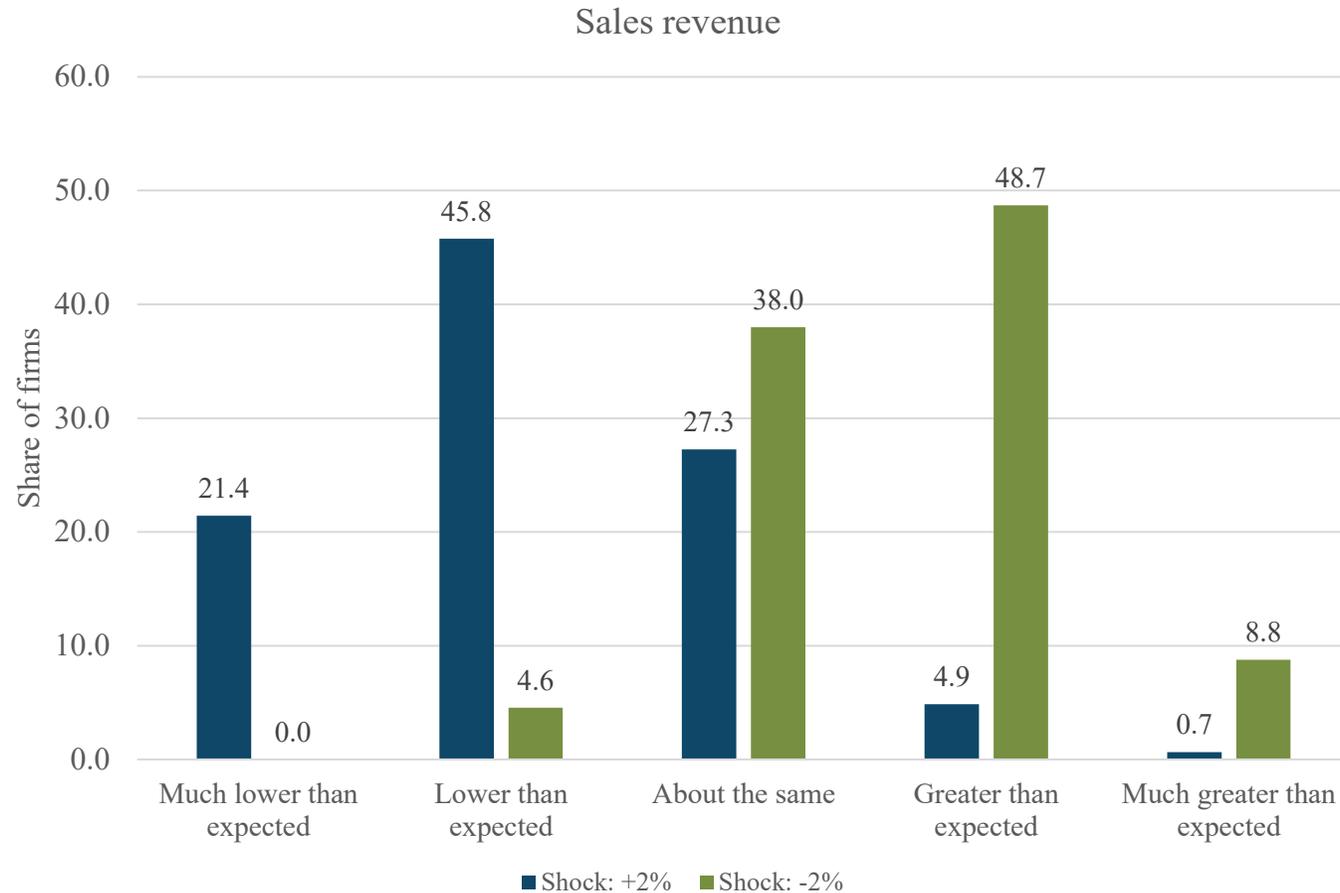
Percentage change expected in the following factors for year-end 2024



Variables	N	Mean	Median	Std. Dev.	P25	P75	Min	Max
Expected Prime Rate	306	7.6	7.8	0.8	7.0	8.0	5.5	9.8
Change in Sales Revenue	305	3.8	5.0	12.7	0.0	10.0	-25	50
Change in Number of employees	304	2.8	0.0	8.4	0.0	5.0	-15	35
Change in CapEx/Investment	305	2.6	3.0	17.1	0.0	10.0	-50	50

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

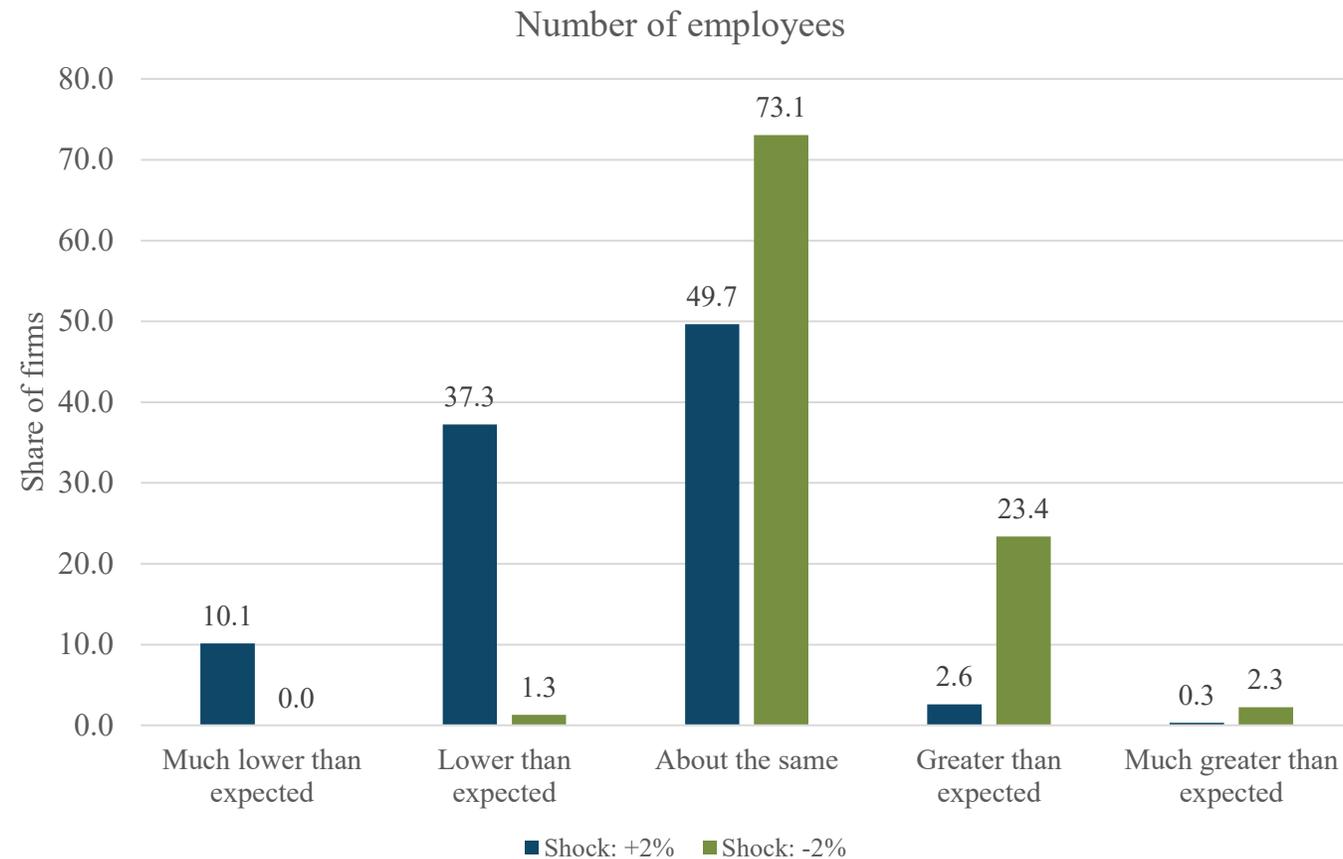
How would you change your expectations for the following aspects of your firm, if the borrowing rate is 2 percent higher or 2 percent lower compared to your original expectations? – Sales revenue



Note: The results are based on 306 observations.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

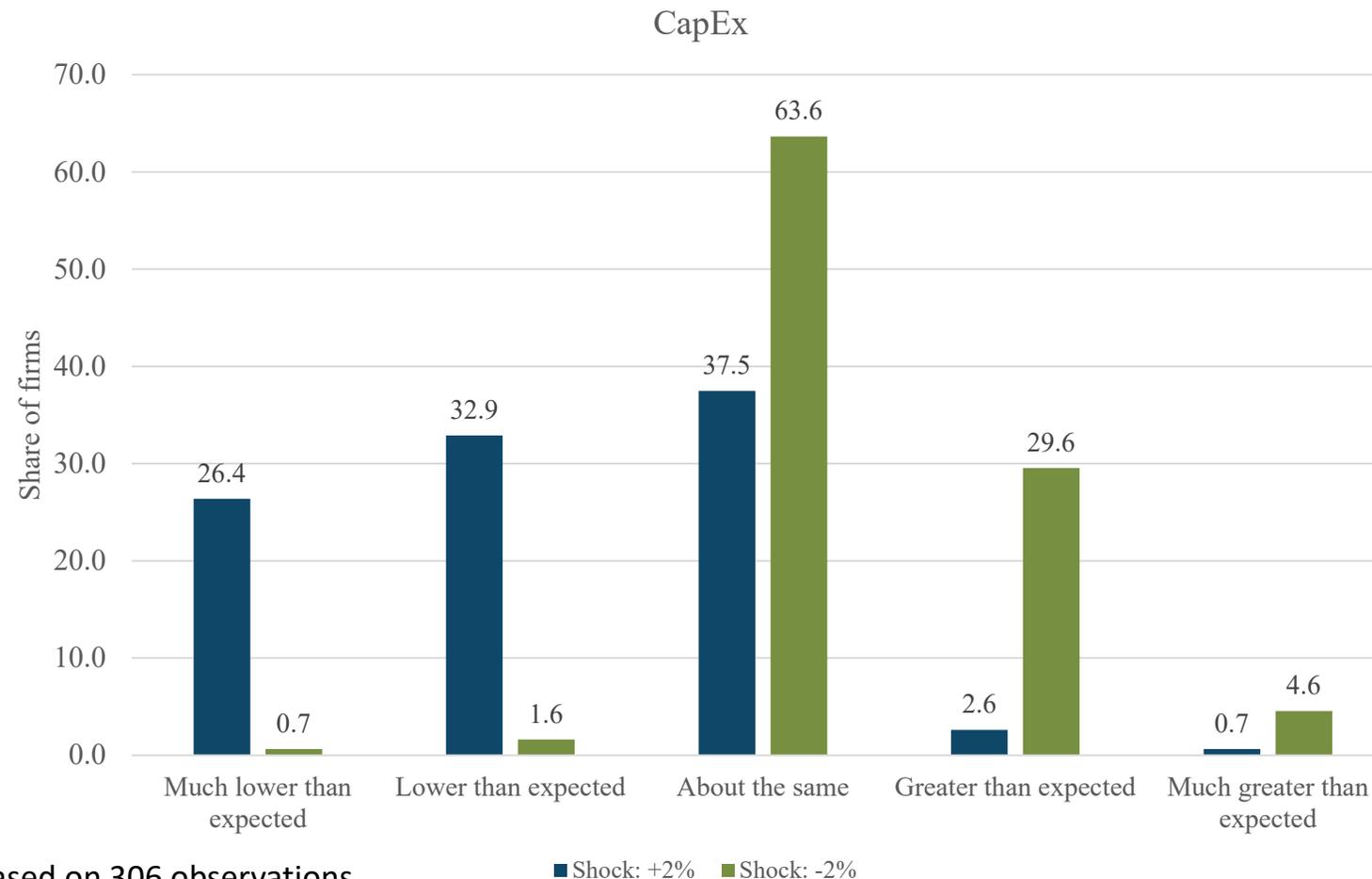
How would you change your expectations for the following aspects of your firm, if the borrowing rate is 2 percent higher or 2 percent lower compared to your original expectations? – Number of employees



Note: The results are based on 306 observations.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

How would you change your expectations for the following aspects of your firm, if the borrowing rate is 2 percent higher or 2 percent lower compared to your original expectations? – CapEx

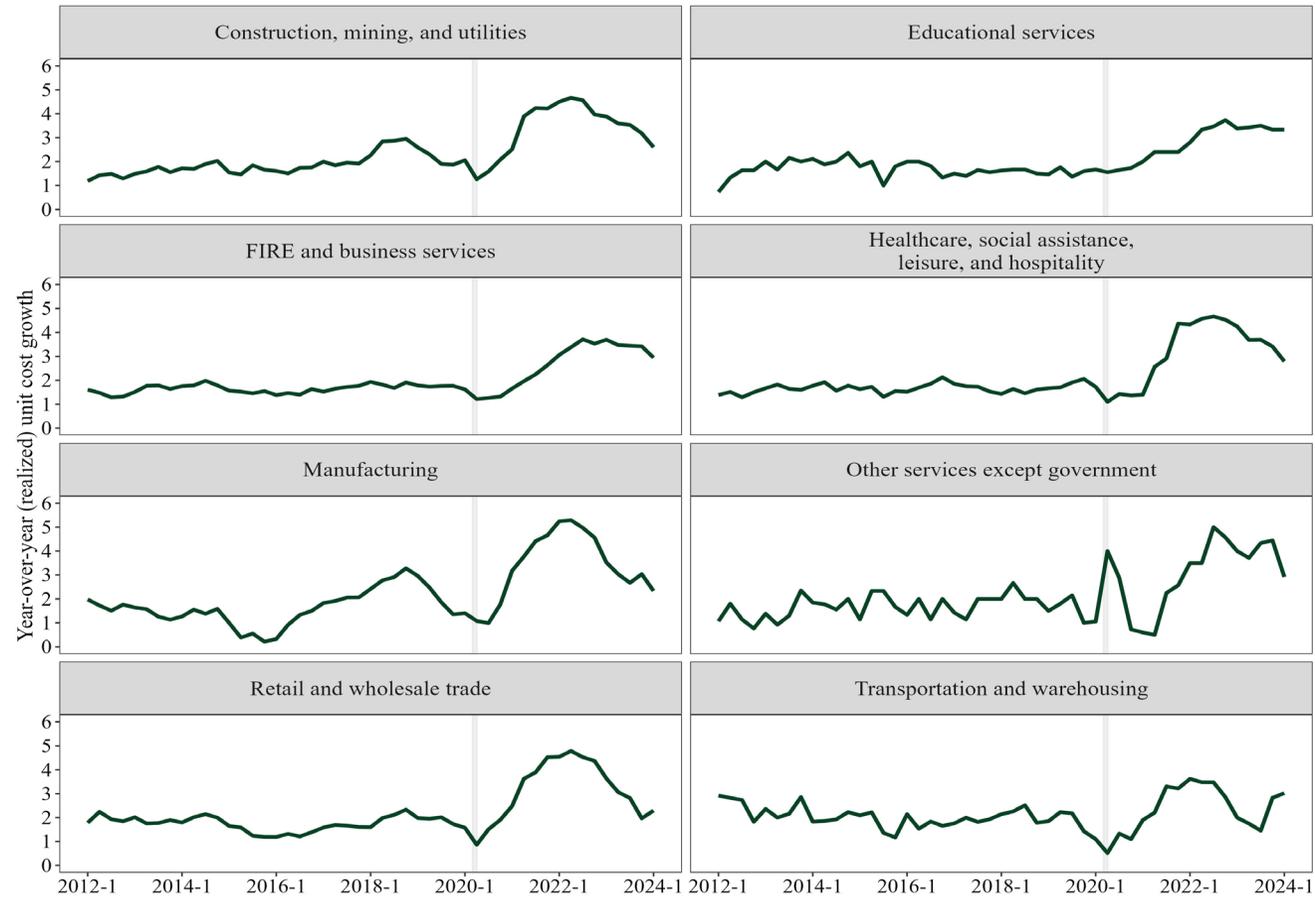


Note: The results are based on 306 observations.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Realizations and expectations by industry

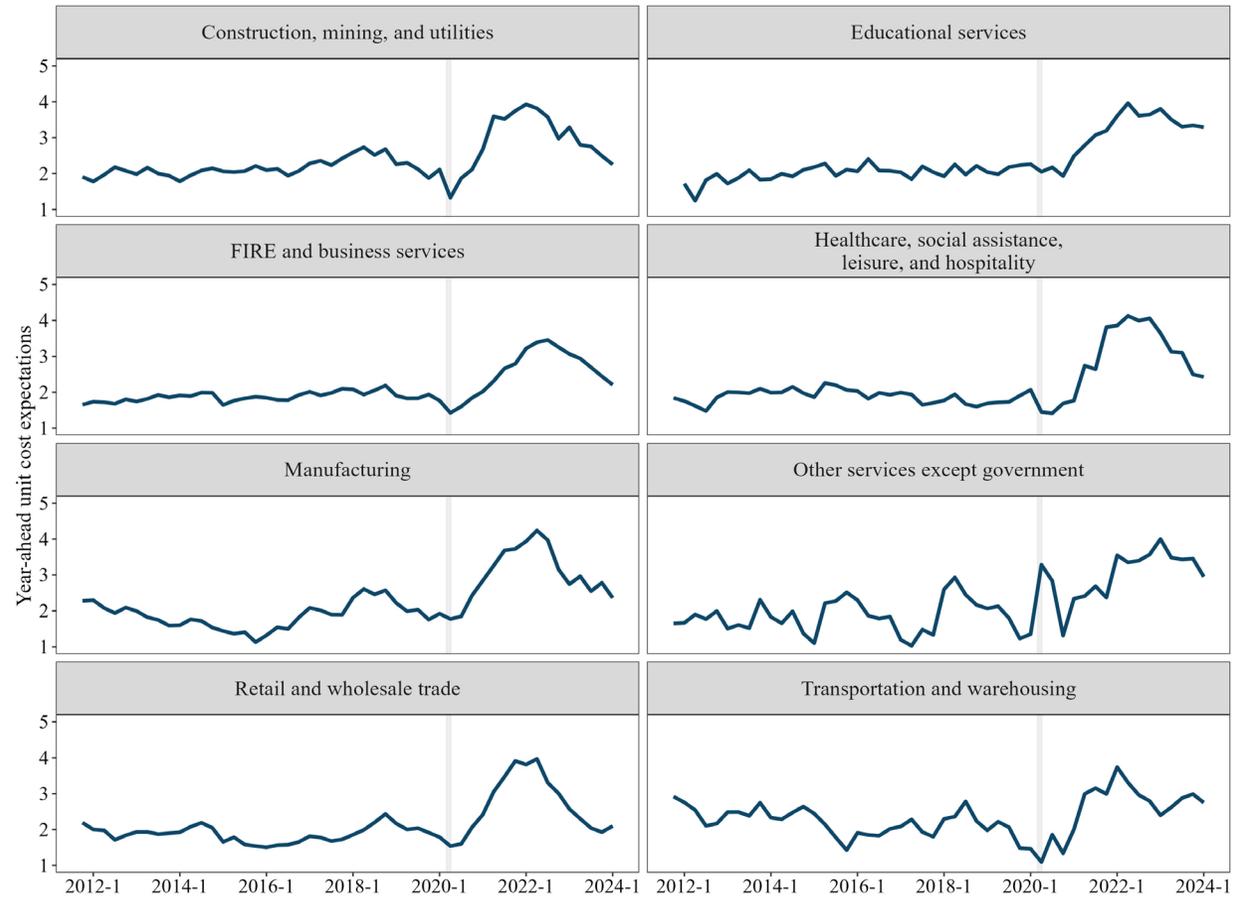
Firms' realized unit-cost growth across most broad industry classifications continues to ebb from peak levels.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

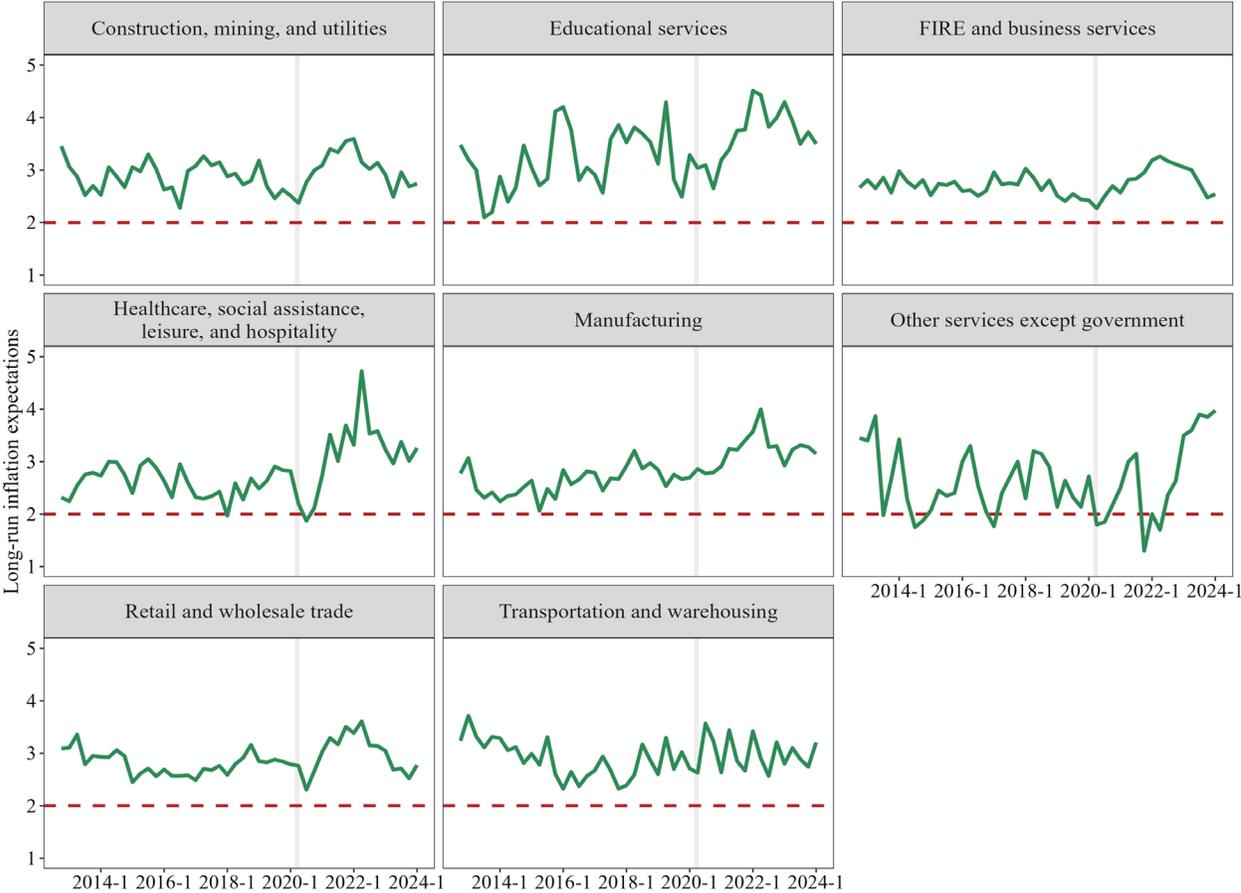
Year-ahead unit-cost expectations vary meaningfully by sector.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Longer-run unit cost expectations across most broad industry classifications remain elevated relative to prepandemic averages.

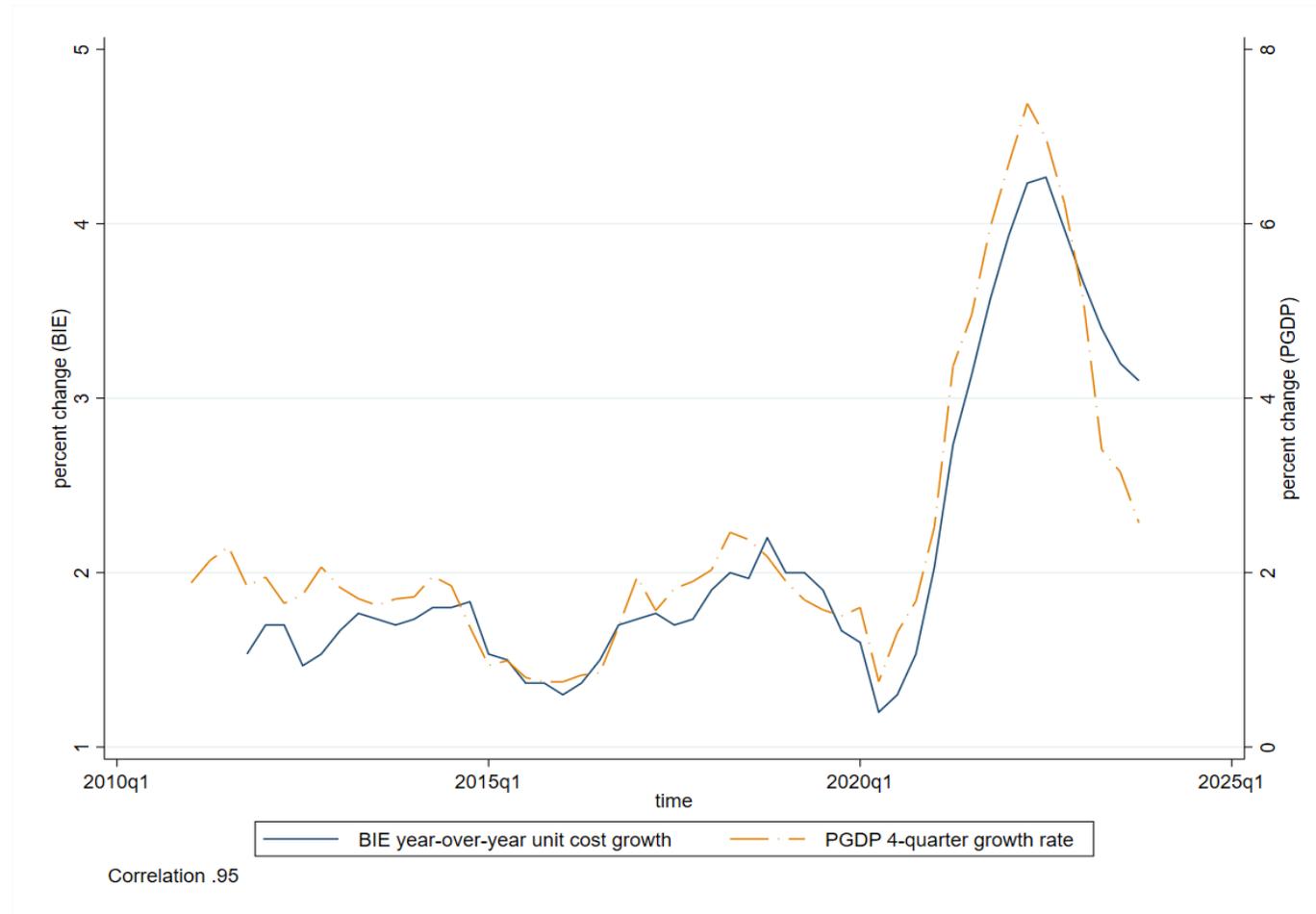


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Comparing BIE realizations and expectations to actual data and other surveys

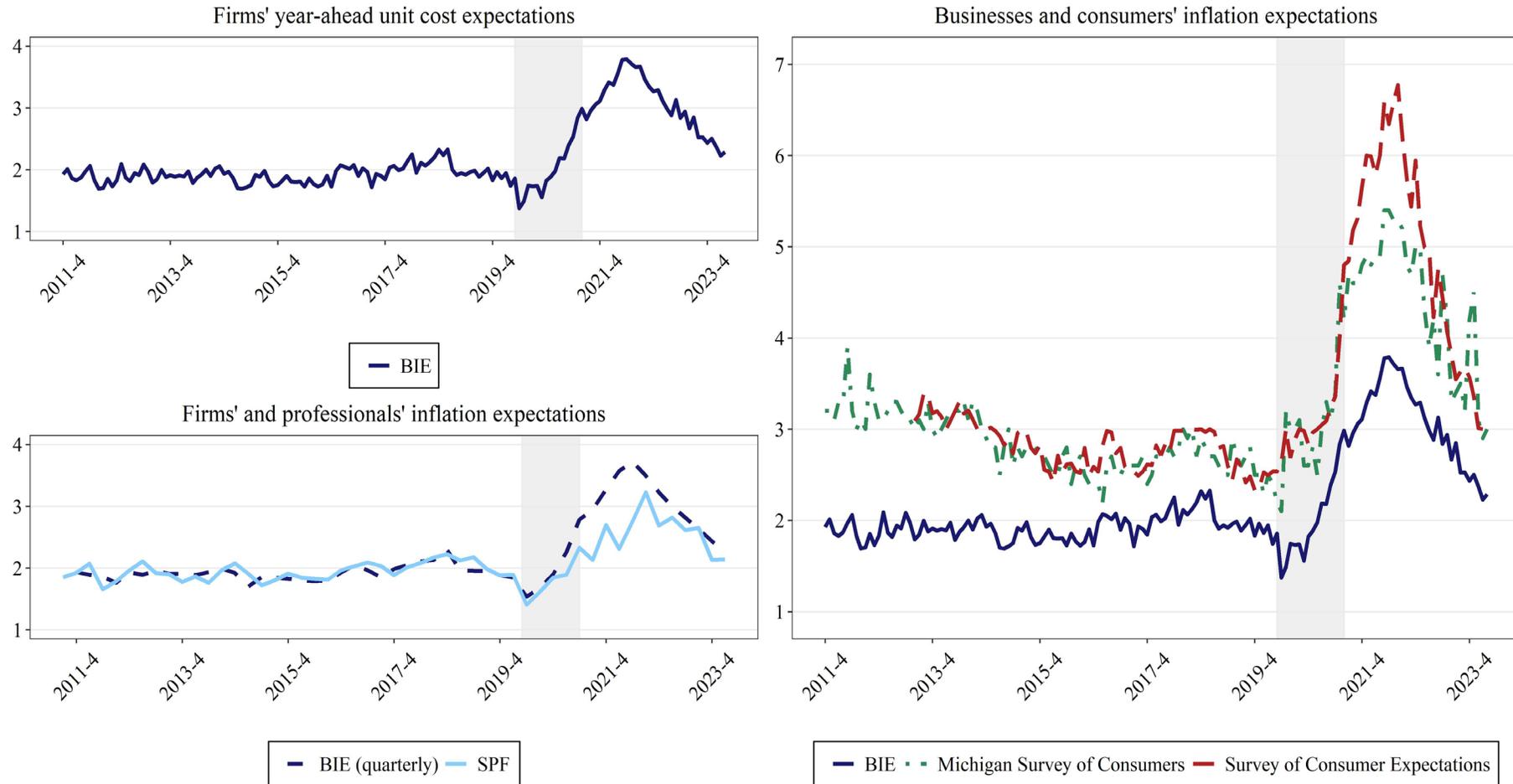
BIE Unit Cost Growth versus GDP Chain-type Price Index



Note: The data are shown quarterly for both measures.

Source: Atlanta Fed's Business Inflation Expectations survey, Haver Analytics, and the Federal Reserve Economic Data (FRED) GDP Price Index <<https://fred.stlouisfed.org/series/GDPCTPI>>

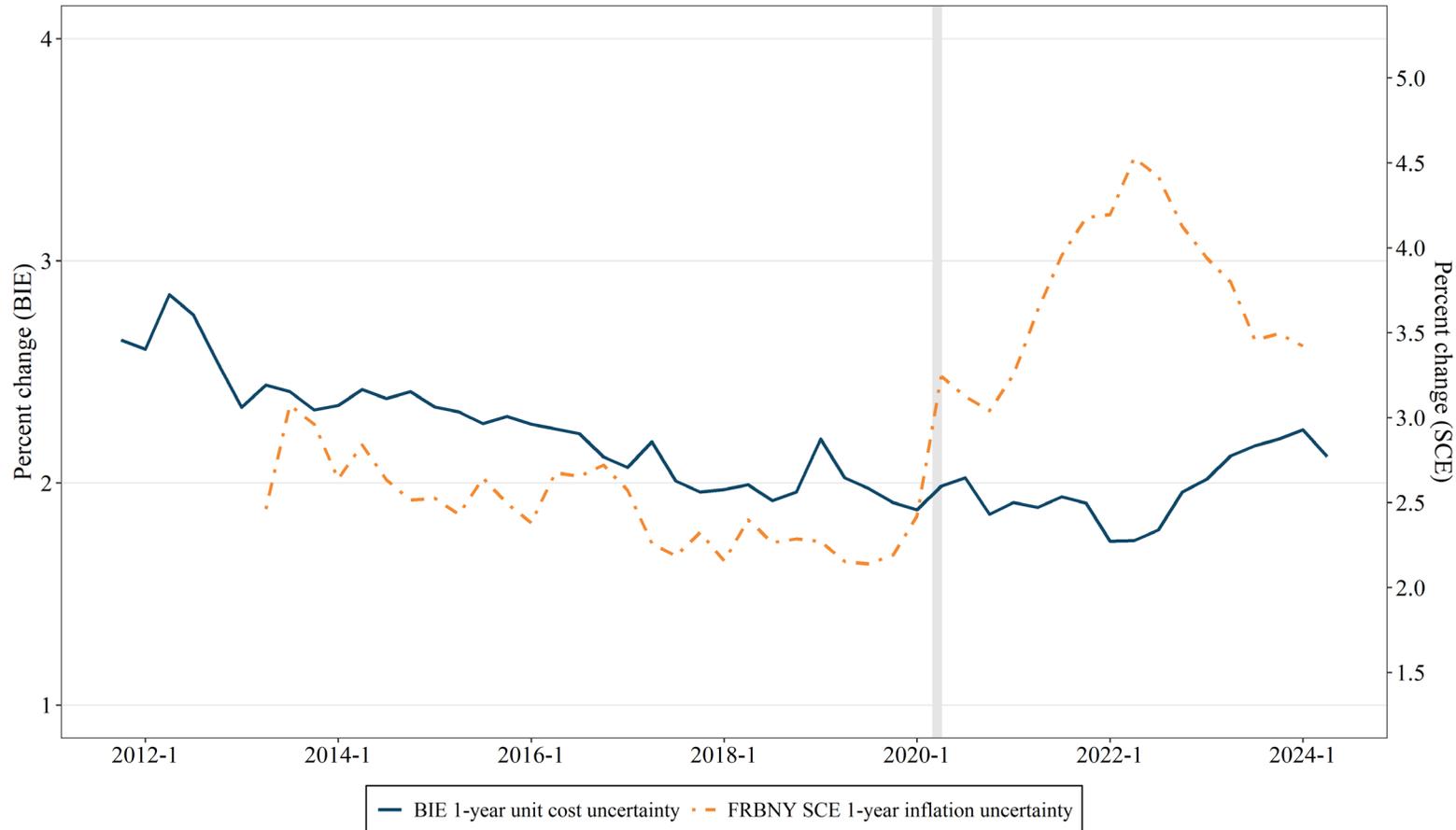
BIE Survey versus SPF and Survey of Consumers



Note: Except the chart at lower left with quarterly data, all remaining chart data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey, Philadelphia Fed Survey of Professional Forecasters (SPF), and University of Michigan Survey of Consumers

Uncertainty: BIE versus SCE



Note: The data are shown quarterly for both measures.

Source: Atlanta Fed's Business Inflation Expectations (BIE) survey and the New York Fed Survey of Consumer Expectations (SCE)

Questions can be directed to:
Antar Diallo (Antar.Diallo@atl.frb.org)
Grace Guynn (Grace.Guynn@atl.frb.org)



Federal Reserve
Bank *of* Atlanta