

Business Inflation Expectations (BIE) Survey

Monthly Report: May 2024



Federal Reserve
Bank *of* Atlanta

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. Over the past 12 months, firms saw prices rise by an average of 4.5 percent, but they project a more moderate increase of approximately 3.4 percent in the next 12 months.
3. In April's special questions, wage expectations in the business sector over the next 12 months anticipate a 3.7 percent rise for low-skilled positions and a 3.6 percent increase for high-skilled roles. These projections mark a notable decline from the 10.2 percent anticipated for low-skilled jobs in January 2022 and the 7.7 percent projected for high-skilled positions in May 2023.
4. At a typical (median) firm in the panel, only 5 percent of high-skilled employees use A.I. tools on a regular basis.
5. That said, more than three-quarters of firms' managers indicated at least some increase in productivity among employees that use A.I. tools on a regular basis.

About the BIE

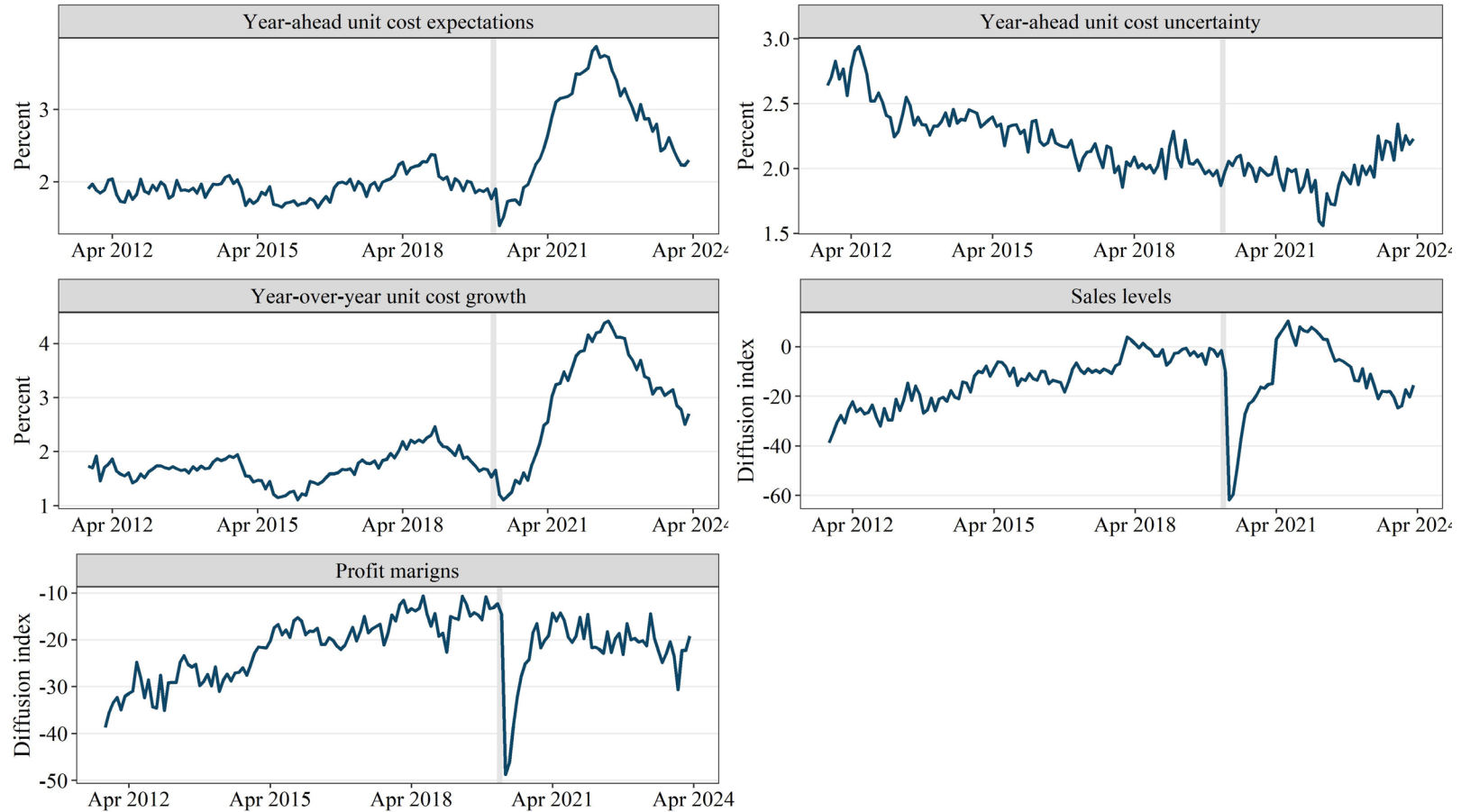
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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.

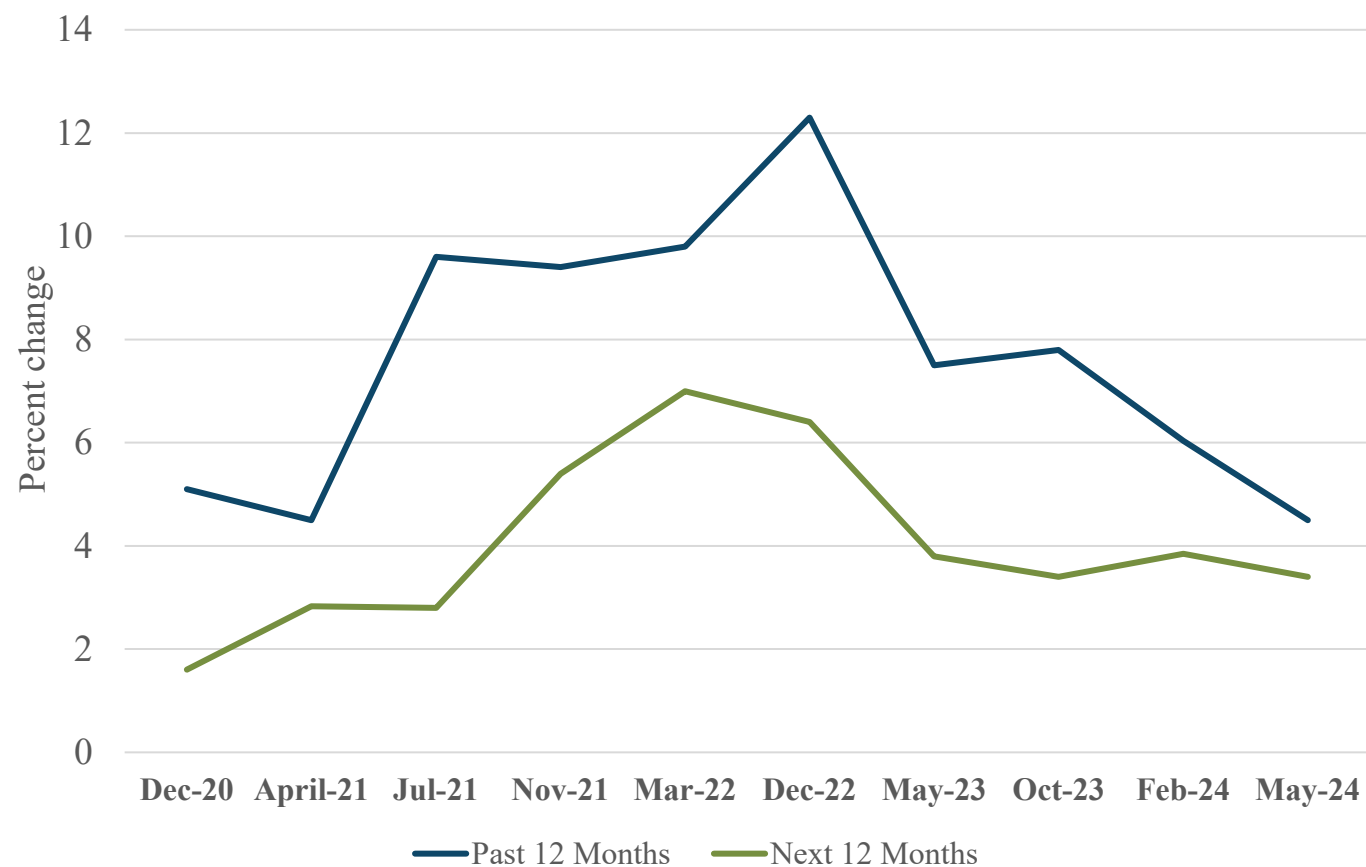
For more information on survey design and methodology, please refer to resources on the [BIE page](#).

Core Monthly Questions



Note: The data are shown monthly.
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Rotating Quarterly Question: Firms' Price Change

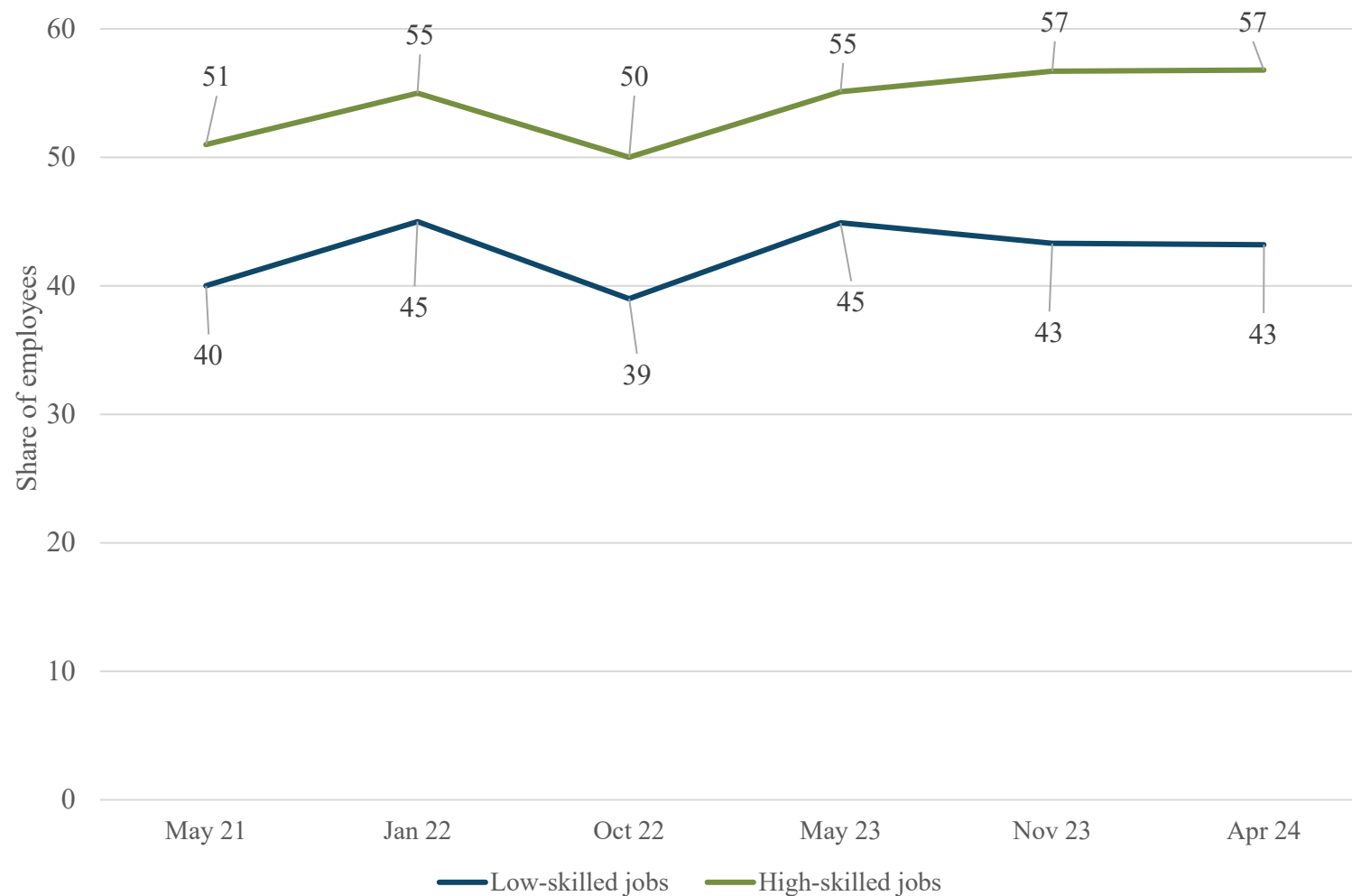


Note: This quarterly question officially started in February 2024. The results prior to that were results collected through our Special Questions Series.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

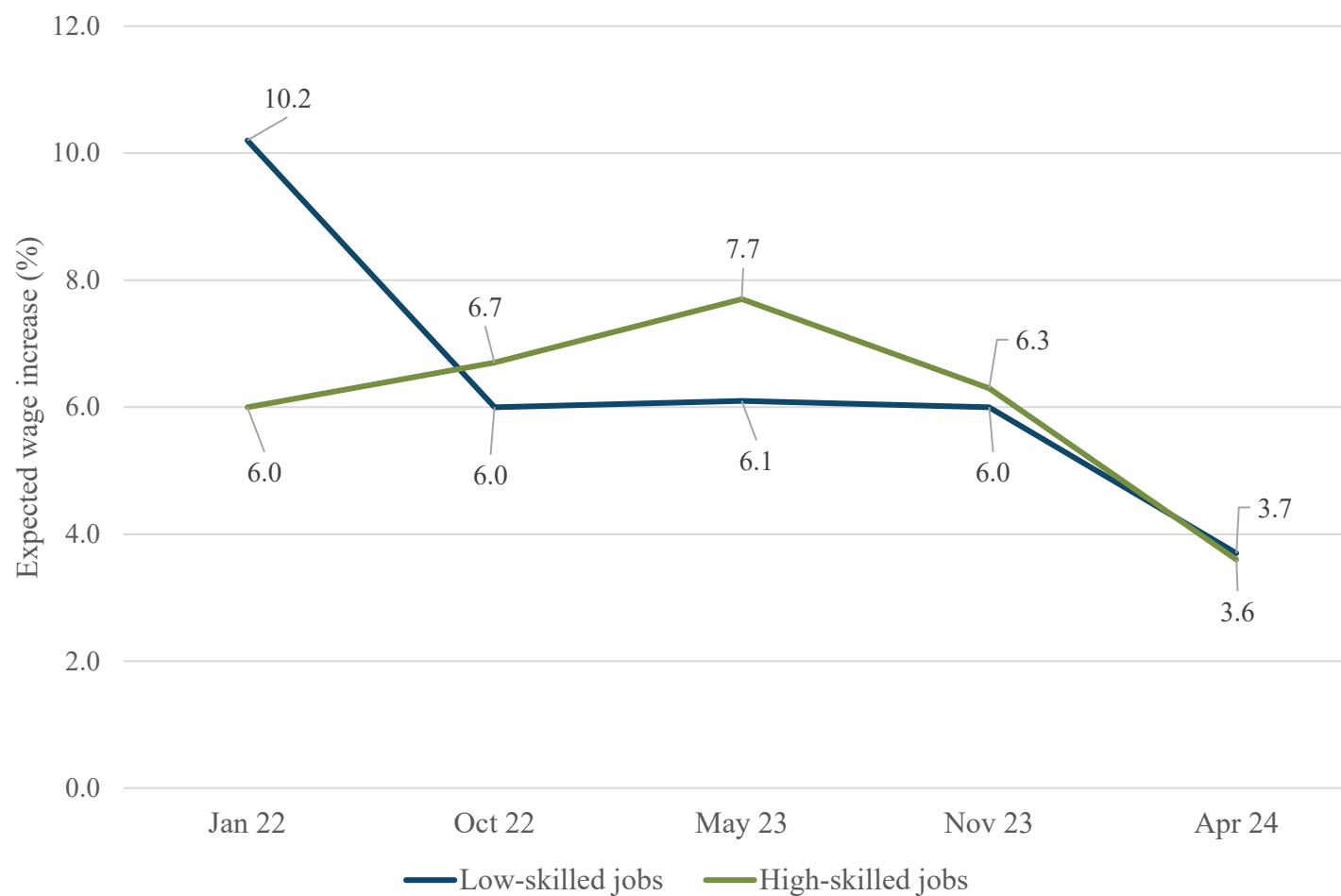
BIE Special Questions: April 2024

Firms' Share of Employees



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Firms' Expected Average Wage Change over the Next 12 Months



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

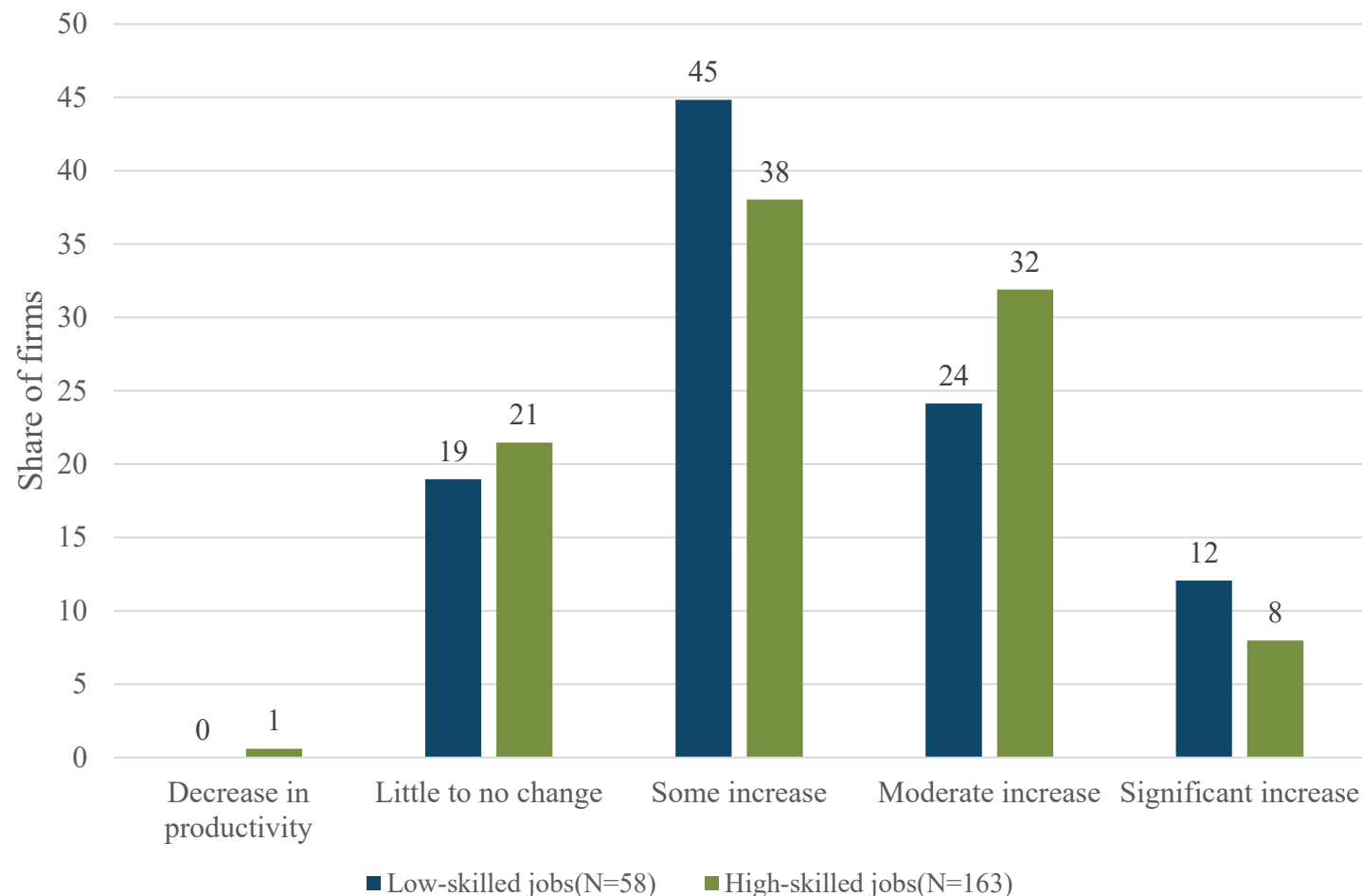
Firms' Realized Average Wage Change over the Last 12 Months

	Nov 2023		April 2024	
	Mean	Median	Mean	Median
Low-skilled jobs	11.1	7.0	5.4	4.0
High-skilled jobs	9.2	6.0	4.3	4.0

Summary Statistics: Share of Low-Skilled and High-Skilled Jobs Using A.I. Regularly

Jobs	N	Mean	Median	Std. Dev.	P25	P75	Min.	Max.
Low-skilled	249	5.3	0.0	16.4	0.0	0.0	0	100
High-skilled	280	13.5	5.0	22.7	0.0	15.0	0	100

How does the use of A.I. tools impact the productivity of your firm's employees in low-skilled or high-skilled jobs?



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Note: This graph shows the results only for firms that have some of their employees using A.I. tools on a regular basis.

Realizations and expectations by industry

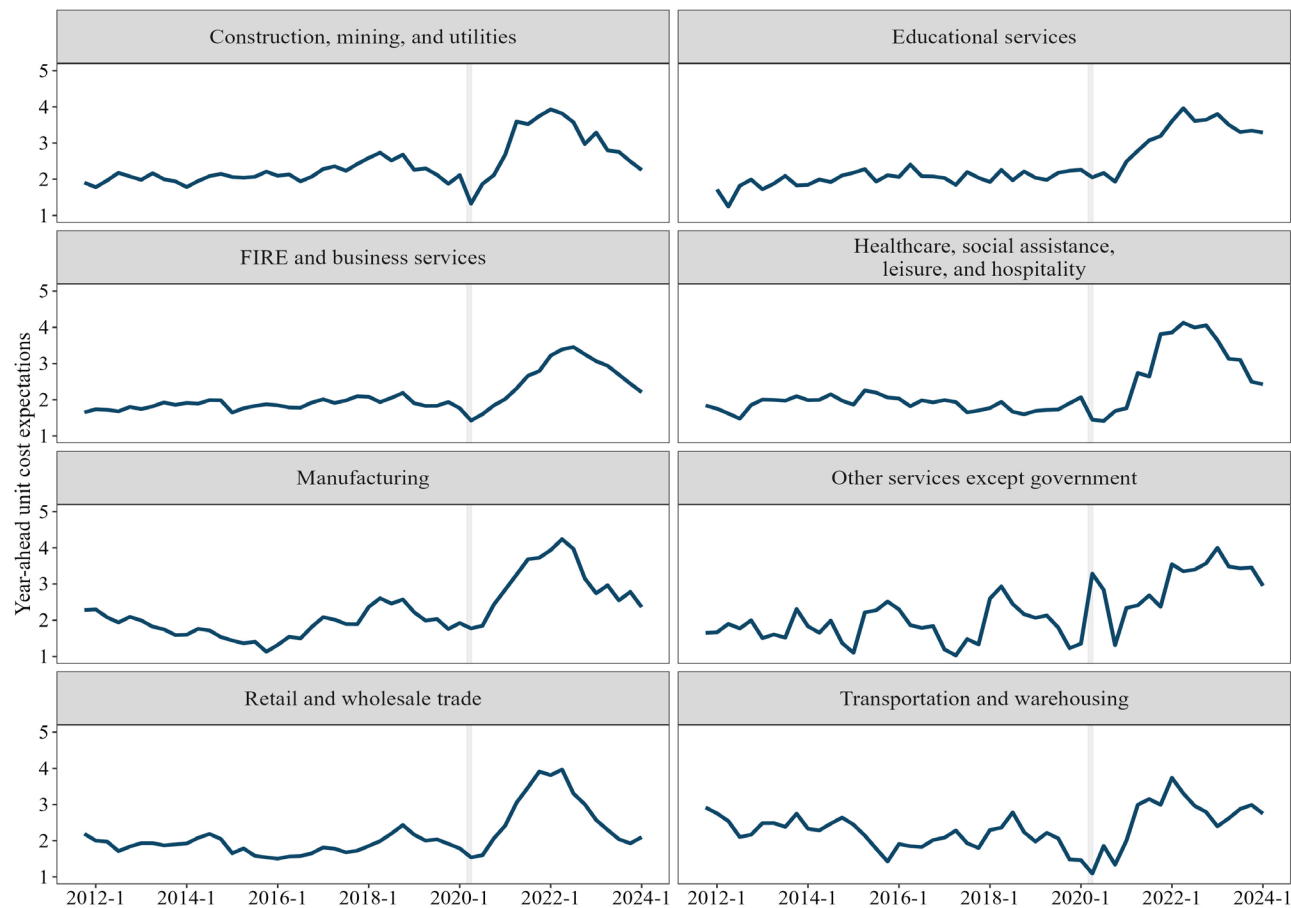
Firms' realized unit-cost growth across most broad industry classifications continues to ebb from peak levels.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

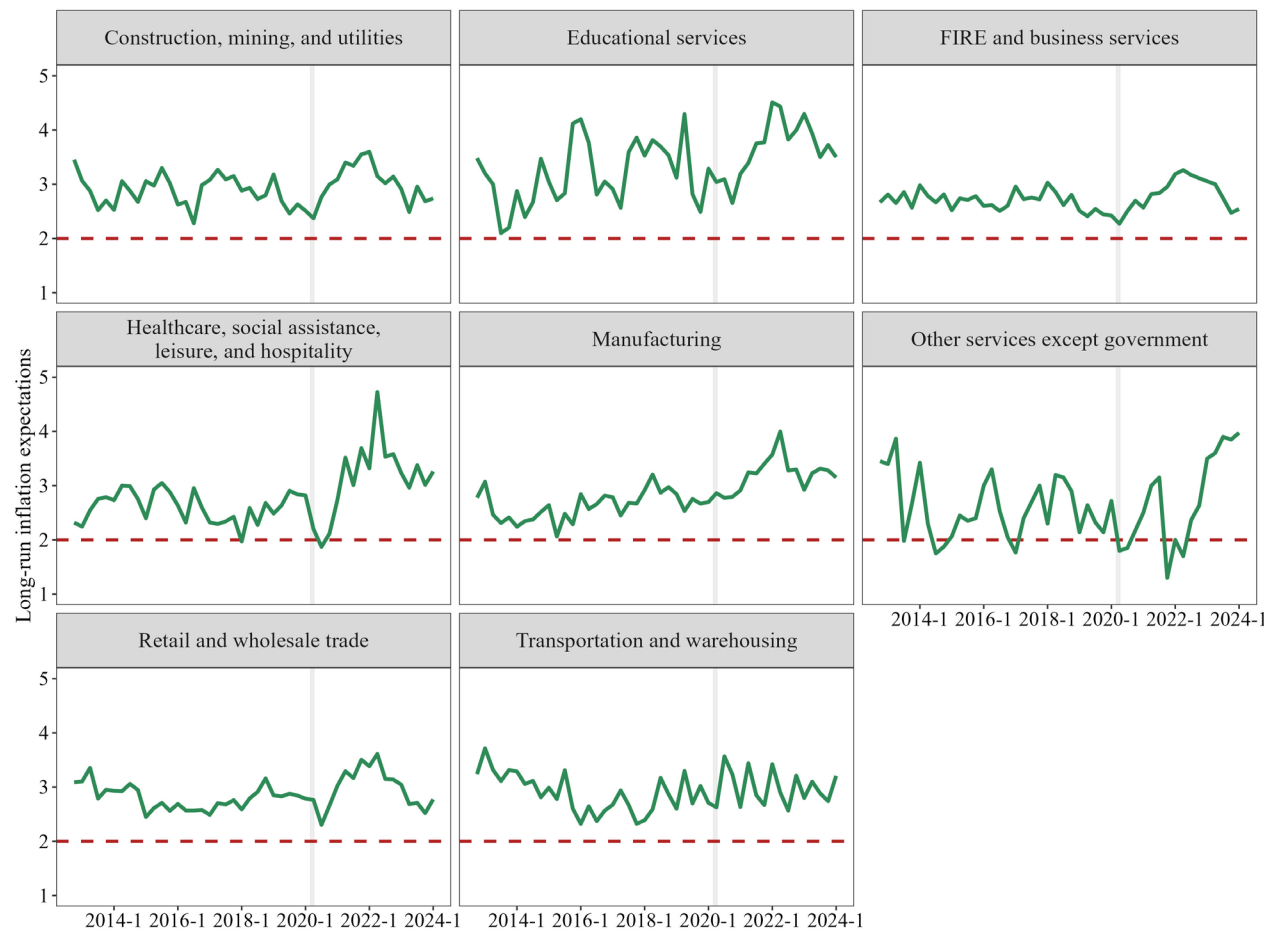
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

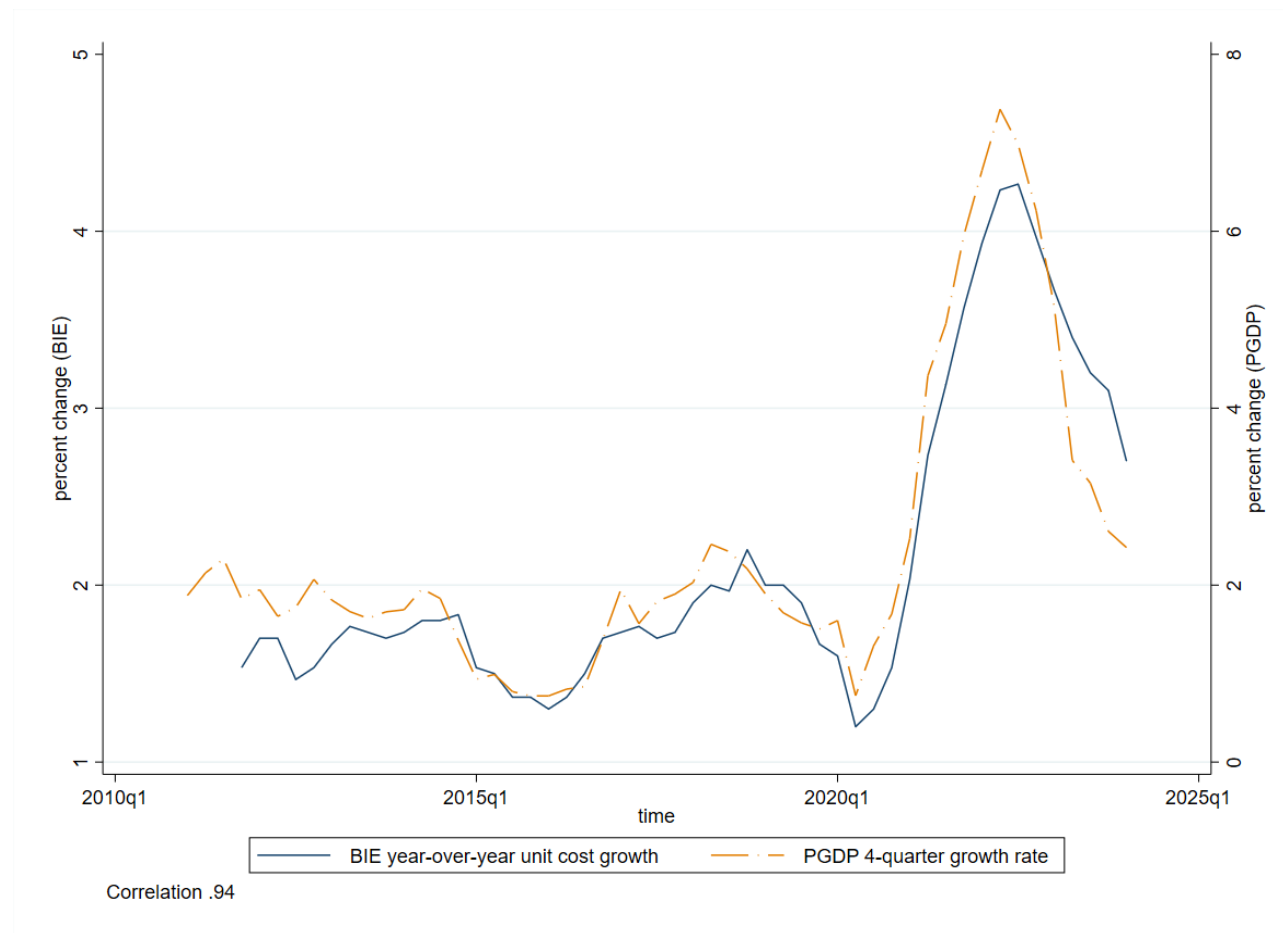


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Comparing BIE realizations and expectations to actual data and other surveys

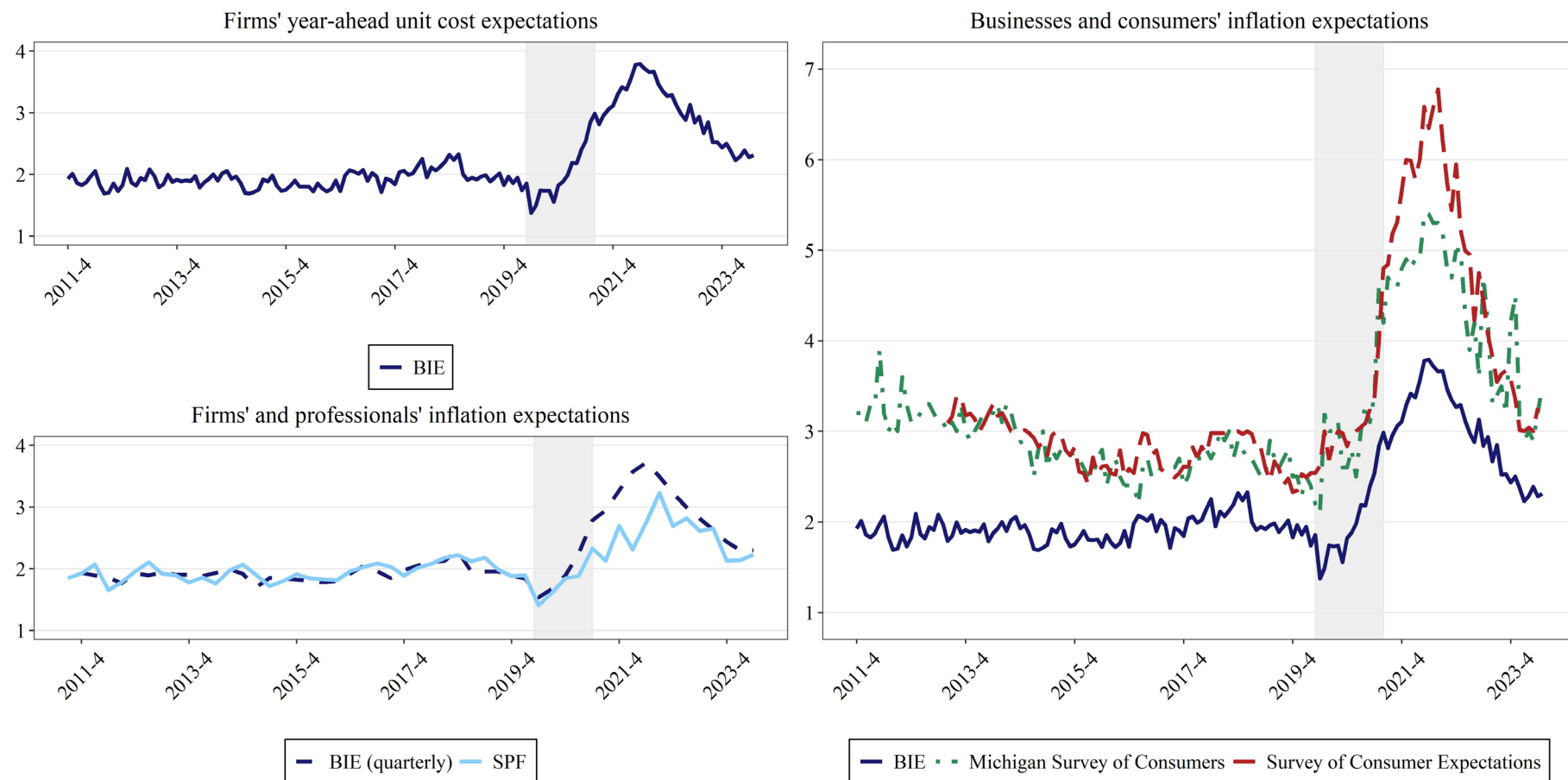
BIE Unit Cost Growth versus GDP Chain-Type Price Index



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>

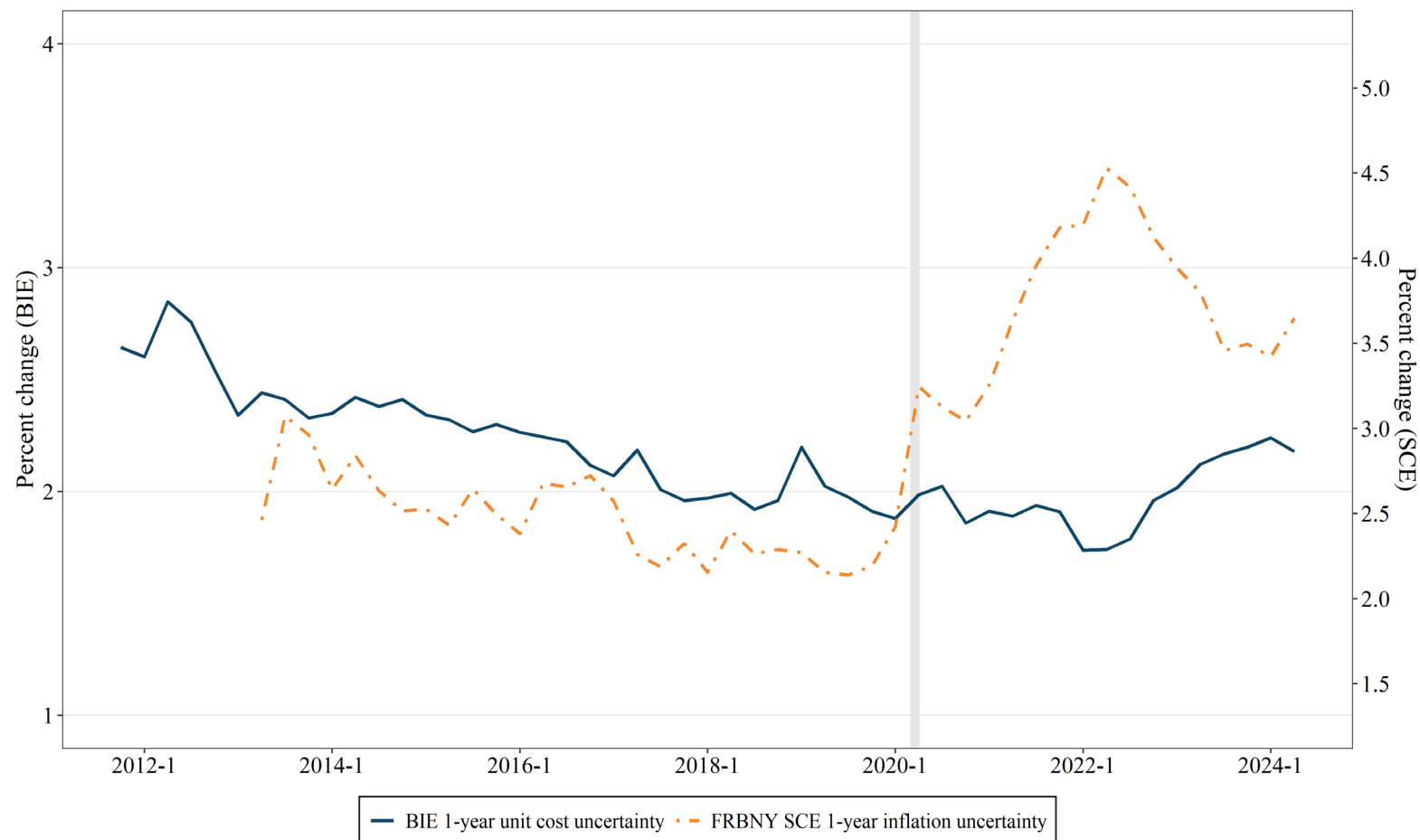
BIE Survey versus SPF and Survey of Consumers



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 New York Fed Survey of Consumer Expectations (SCE)

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