

# Business Inflation Expectations (BIE) Survey

Monthly Report: June 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. Firms' longer-run (five to 10 years ahead) unit cost expectations remained unchanged at 2.8 percent in June 2024, well below their recent peak of 3.5 percent in June 2022.
3. In May's special questions, we focused on firms' pricing power and demand. We found that an increasing number of firms are now less able to pass on cost increases compared to previous months.
4. Over the past 12 months, many firms have experienced stable demand. Among those reporting changes in demand, whether increases or decreases, most expect these trends to continue over the next 12 months.

## About the BIE

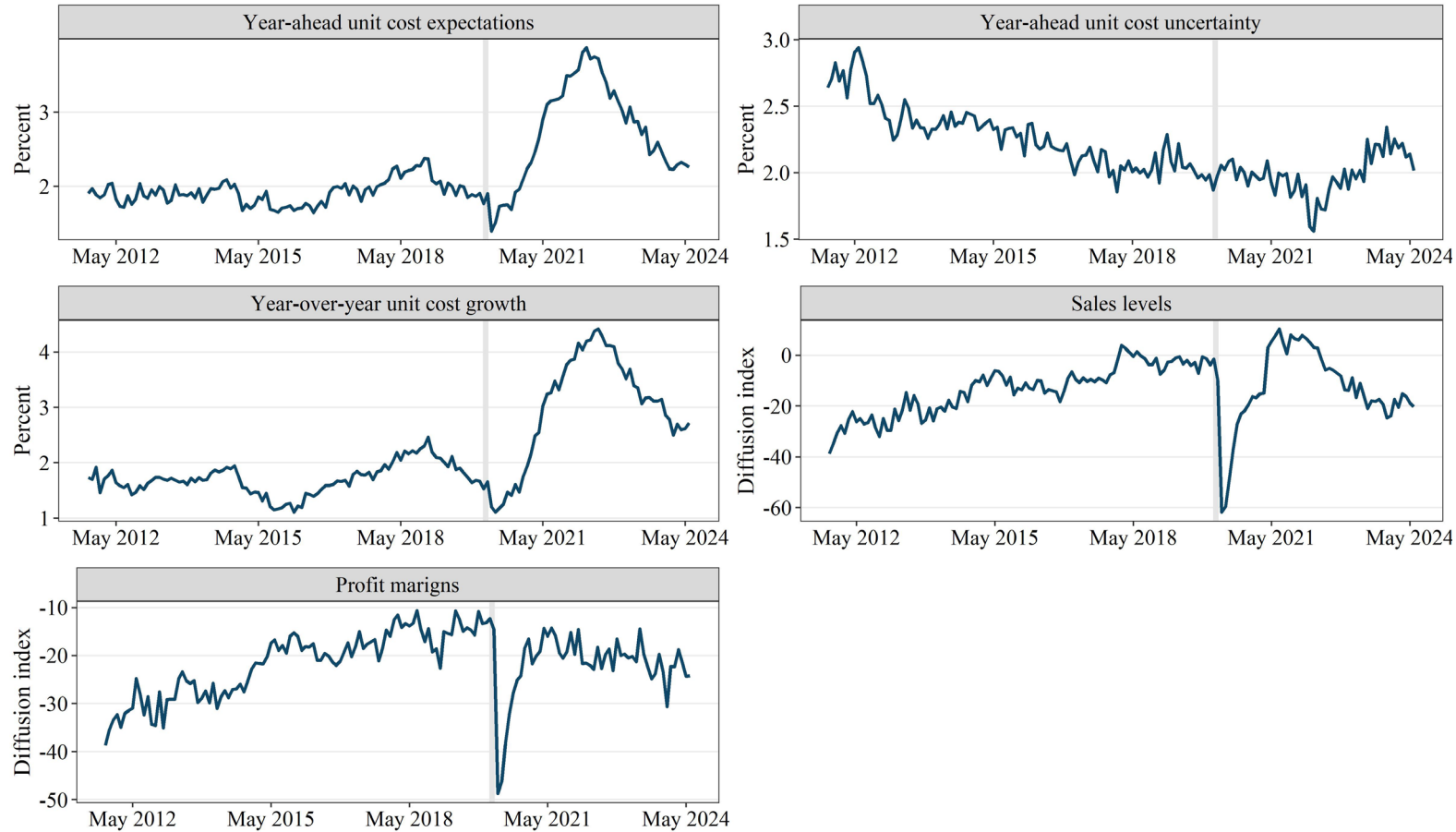
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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.

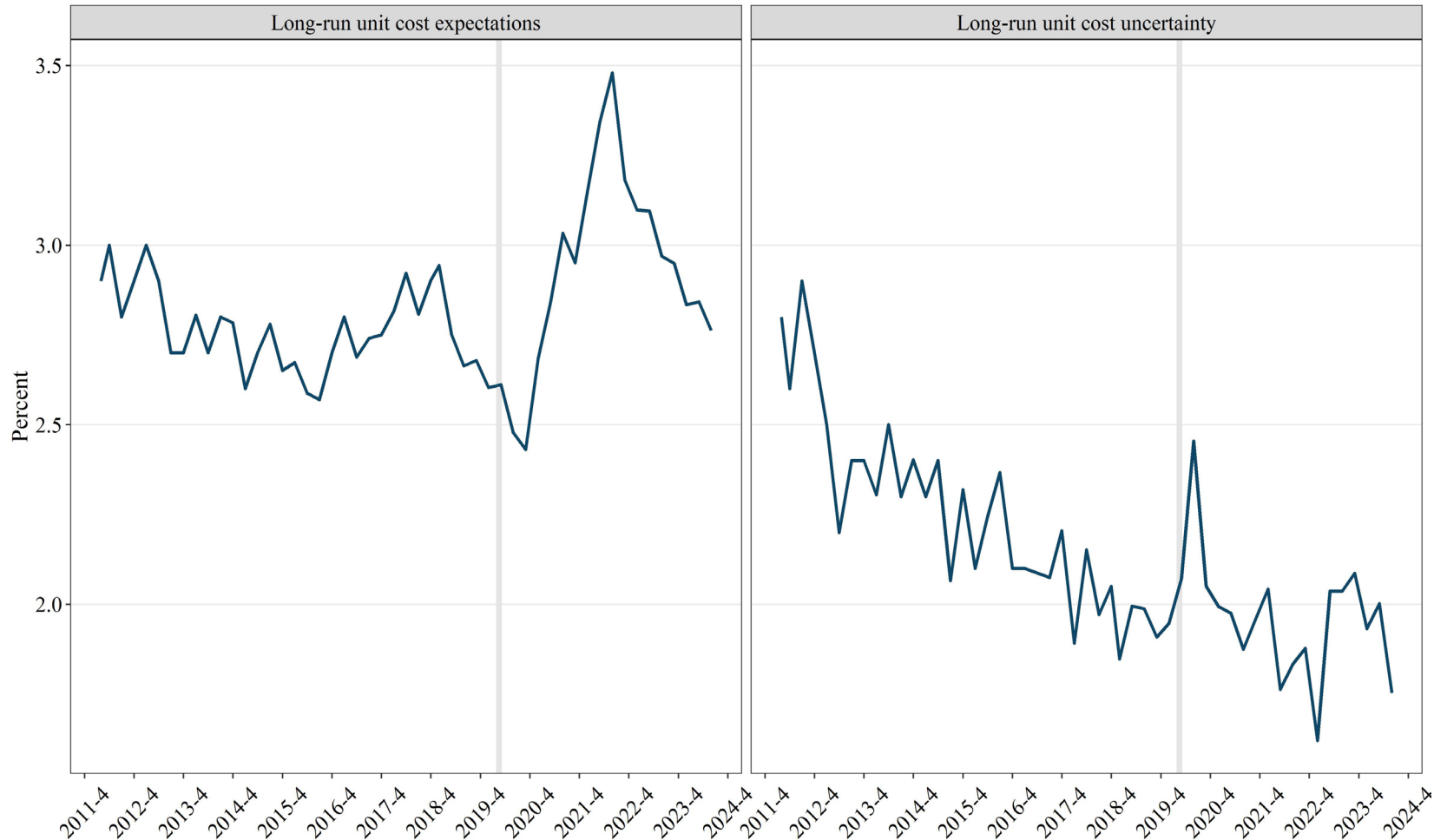
For more information on survey design and methodology, please refer to resources on the [BIE page](#).

# Core Monthly Questions



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

# Rotating quarterly question: Firms' longer-run unit-cost expectations remain well below their peak levels in 2022 Q2.

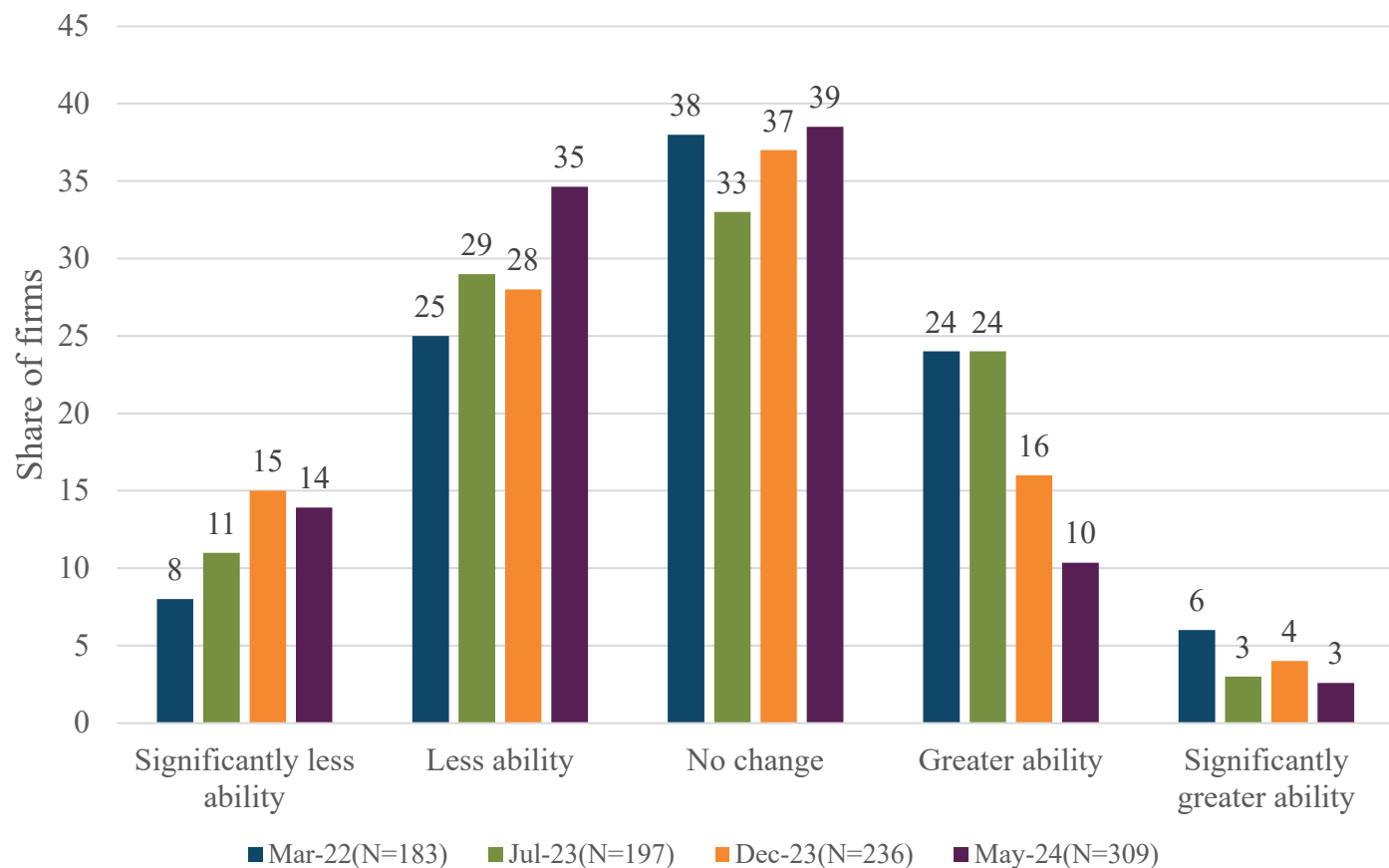


Note: This quarterly question officially started in February 2024. The results prior to that were results collected through our Special Questions Series.

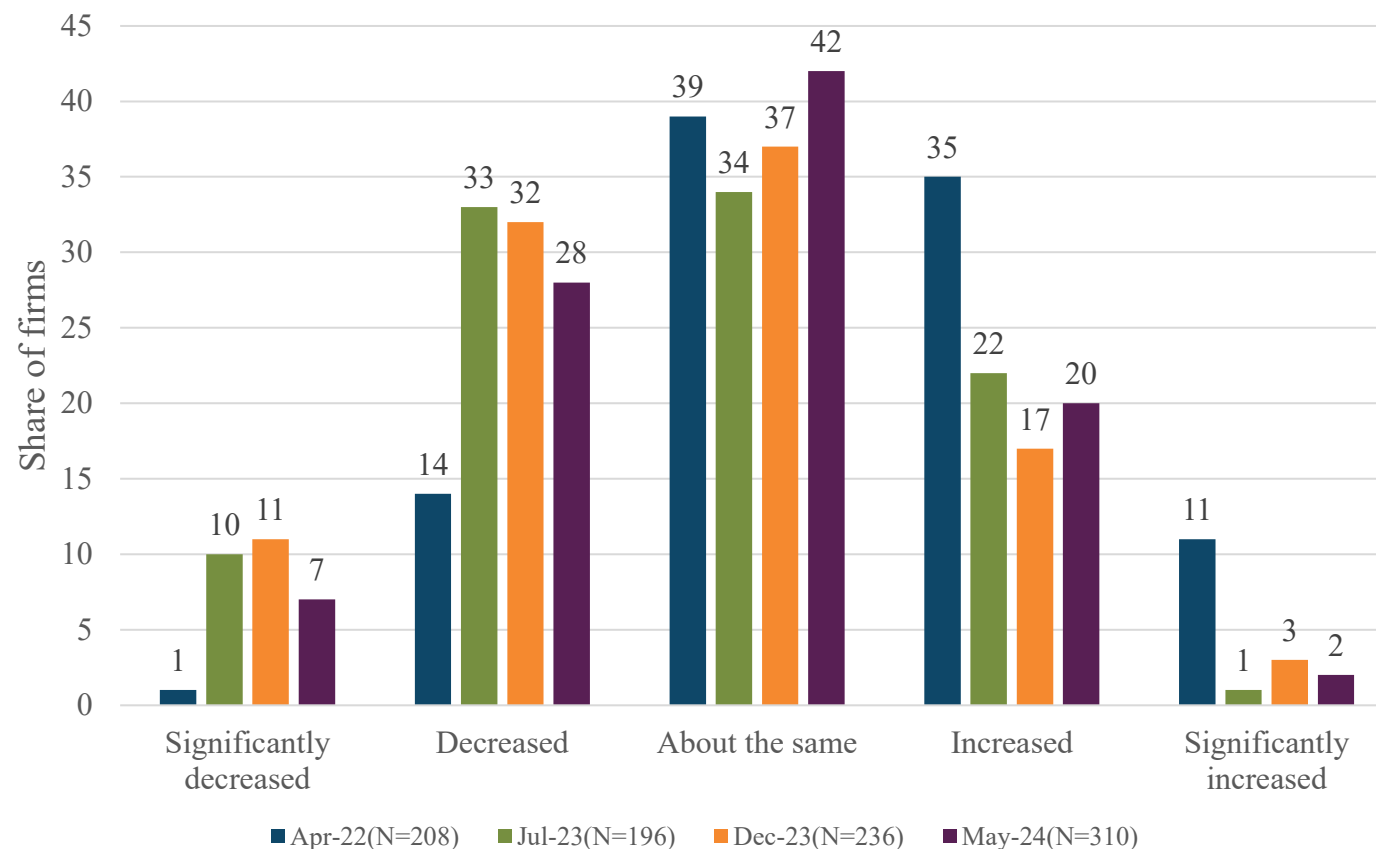
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

# **BIE Special Questions: May 2024**

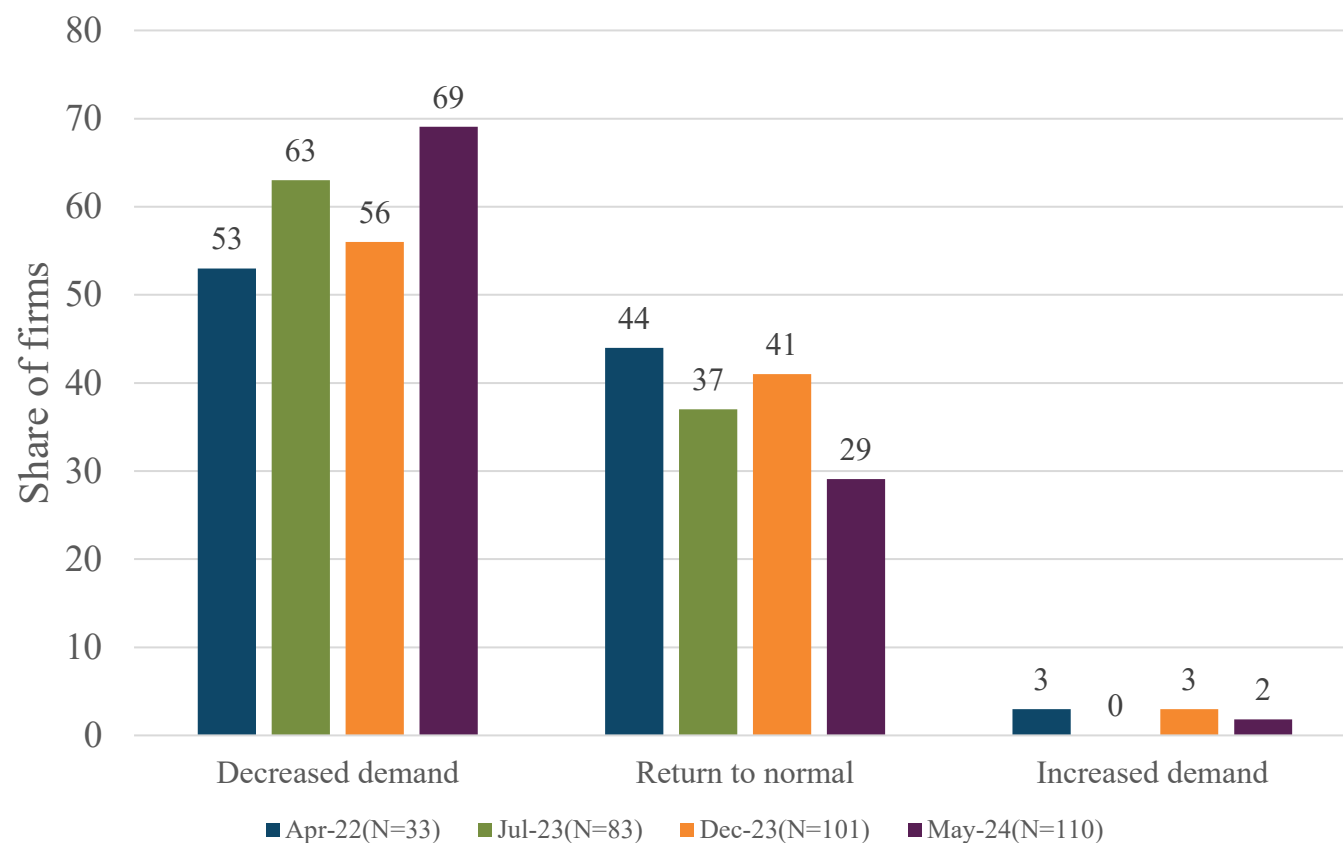
# Compared to 12 months ago, how is your firm's current ability to pass through cost increases?



# Compared to 12 months ago, how would you describe the current level of demand for your firm's core product(s) or service(s)?

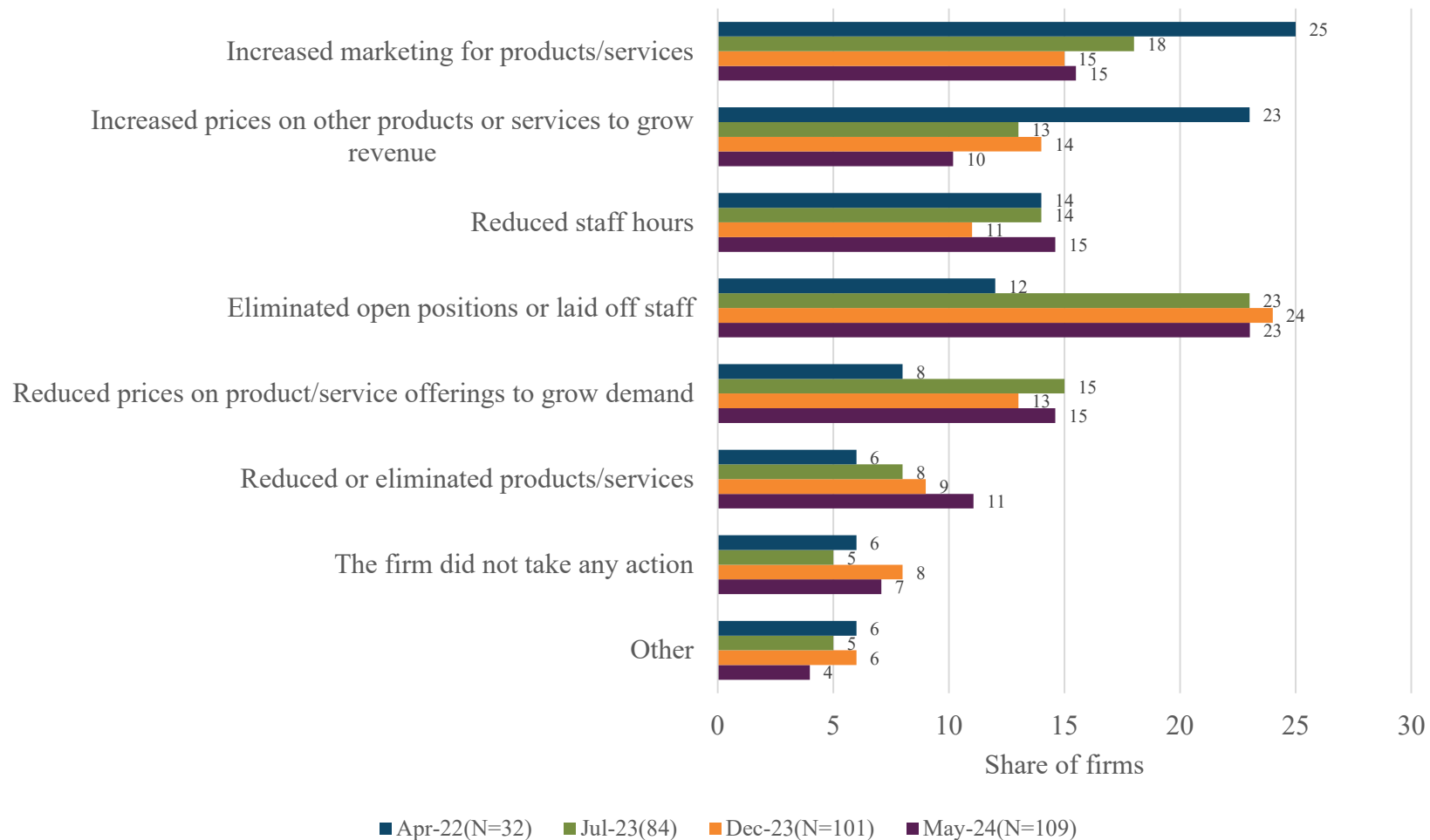


# Looking ahead to 12 months from now, what level of demand does your firm expect (in case of decreased demand over last 12 months)?

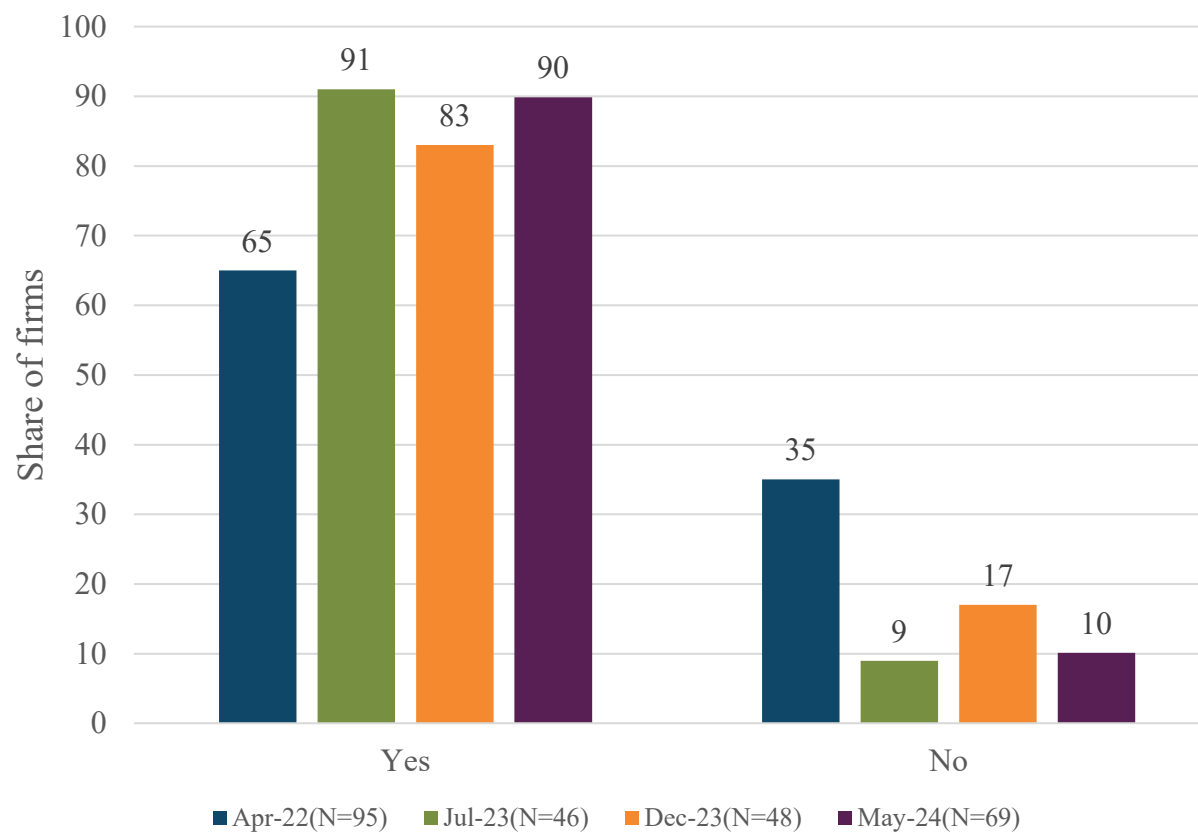


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

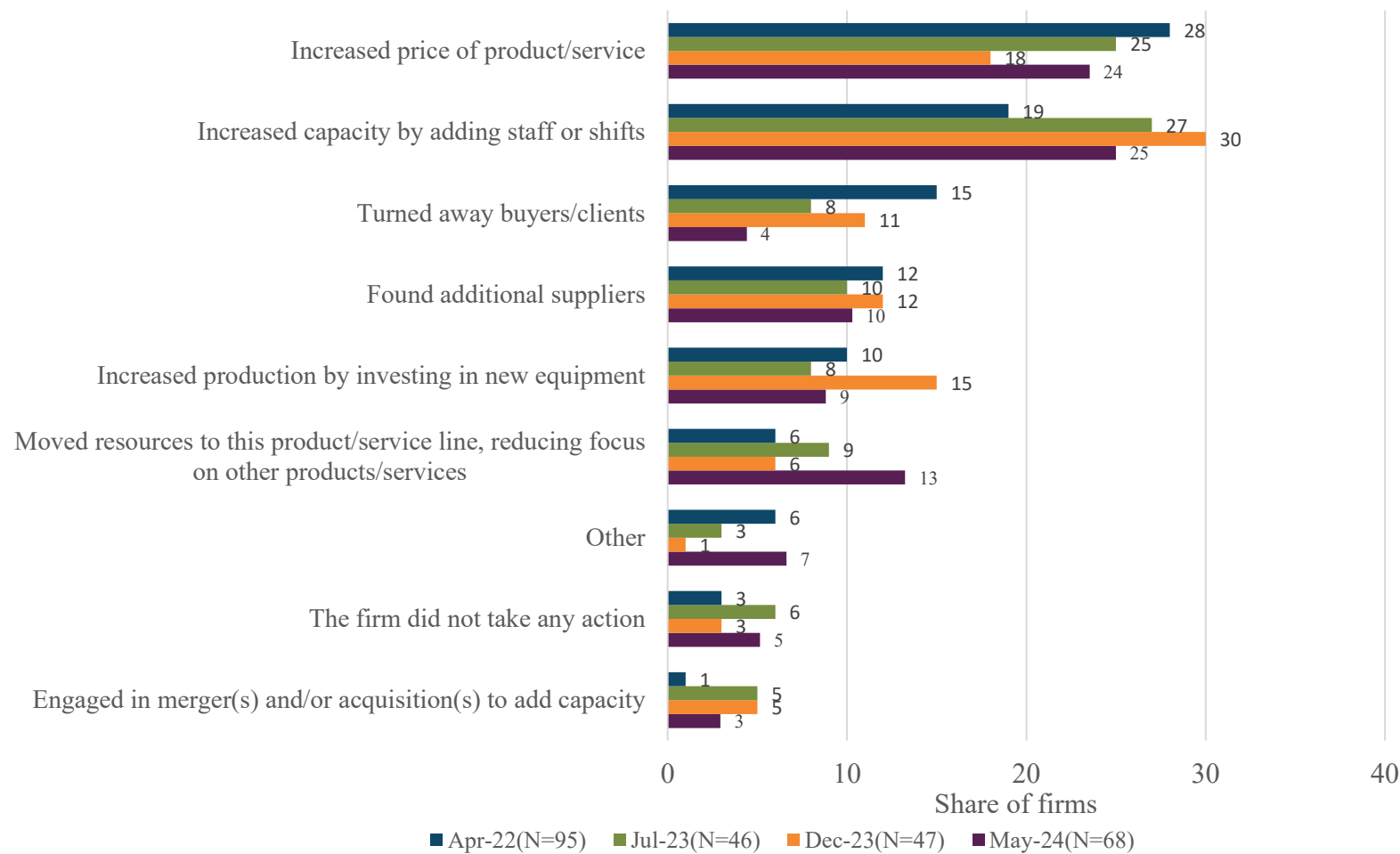
# What actions did your firm take because of decreased demand?



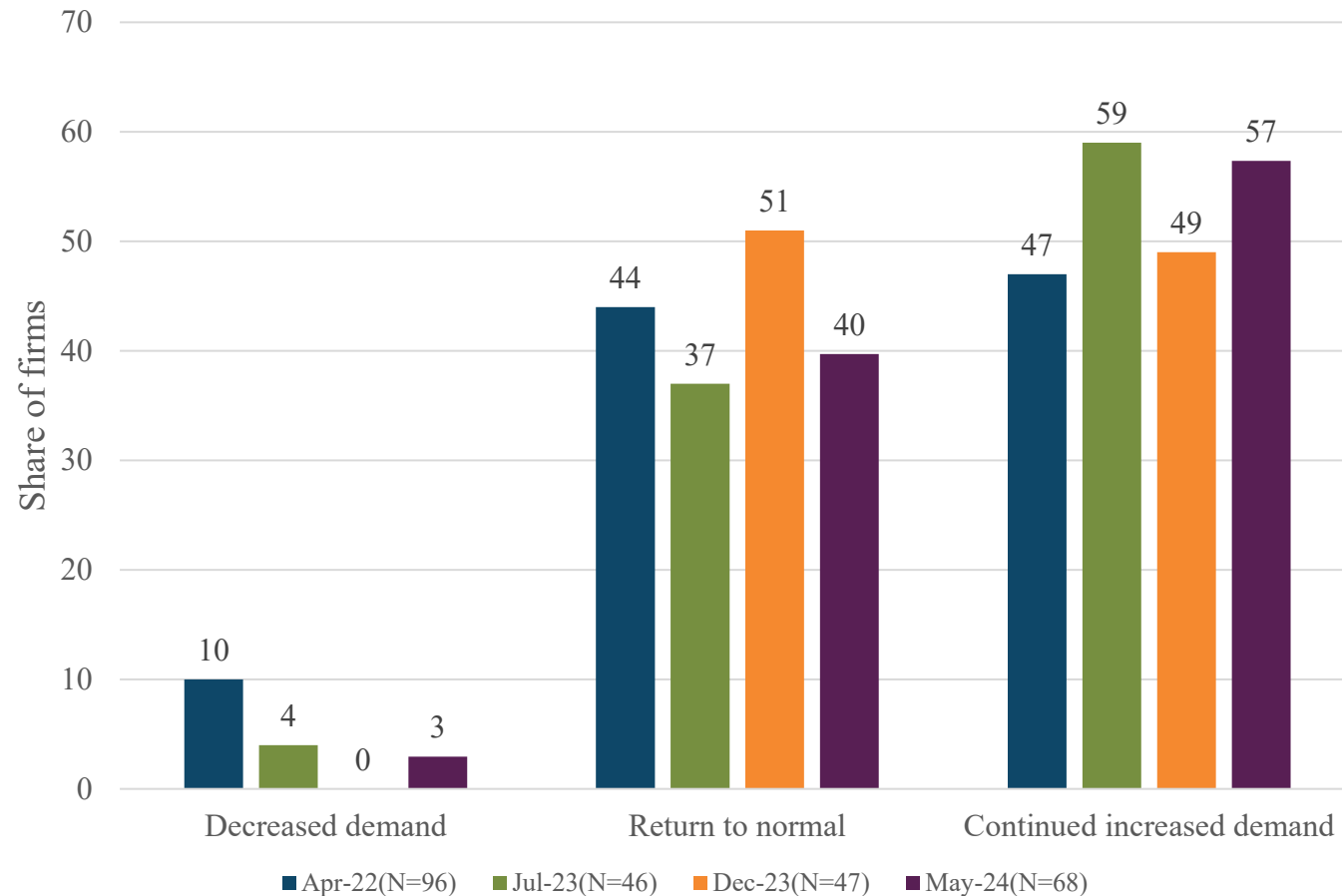
# Was your firm able to meet the increased demand on the firm's core product(s) or service(s)?



# What actions did your firm take because of increased demand?

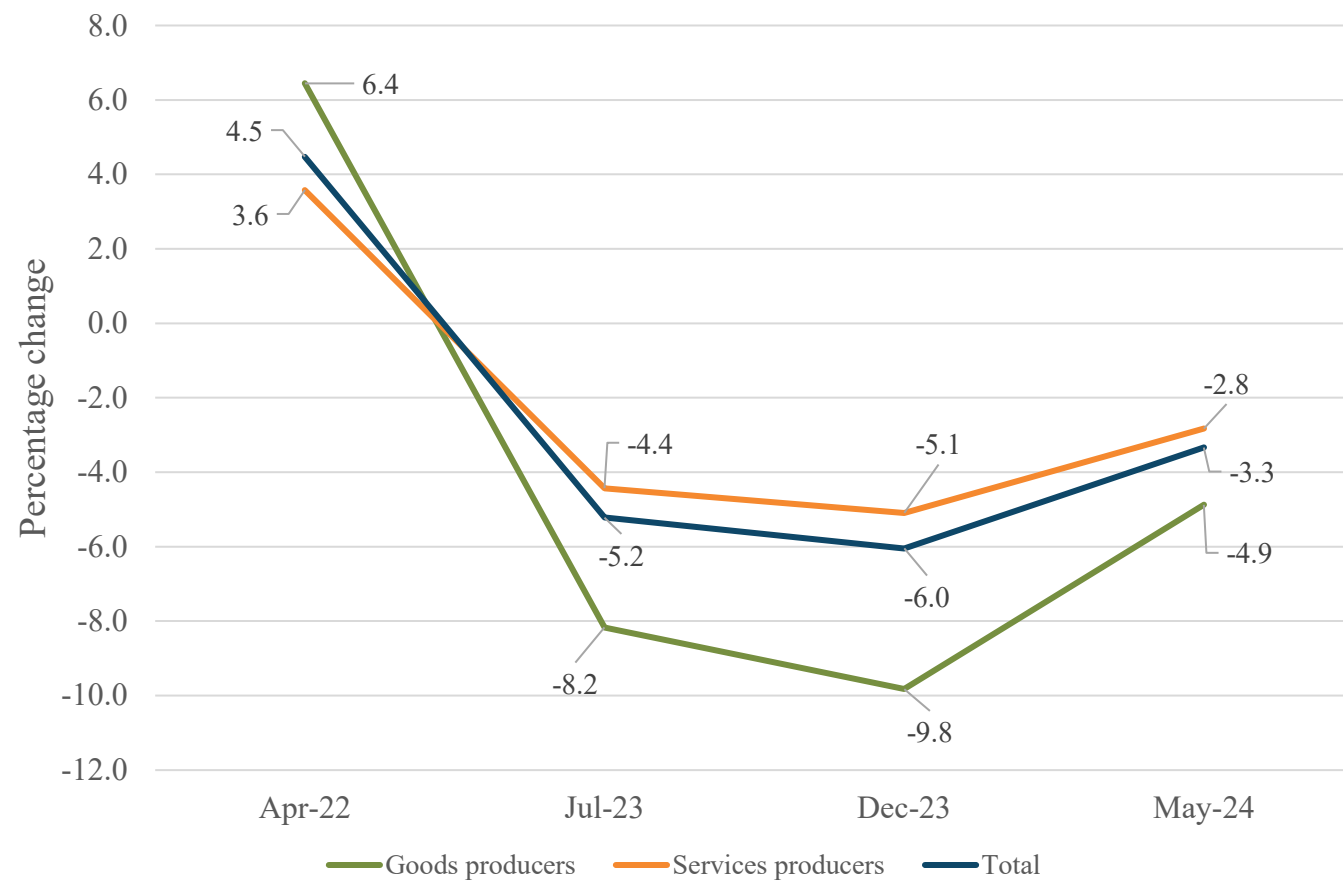


# Looking ahead to 12 months from now, what level of demand does your firm expect (in case of increase demand over last 12 months)?



Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

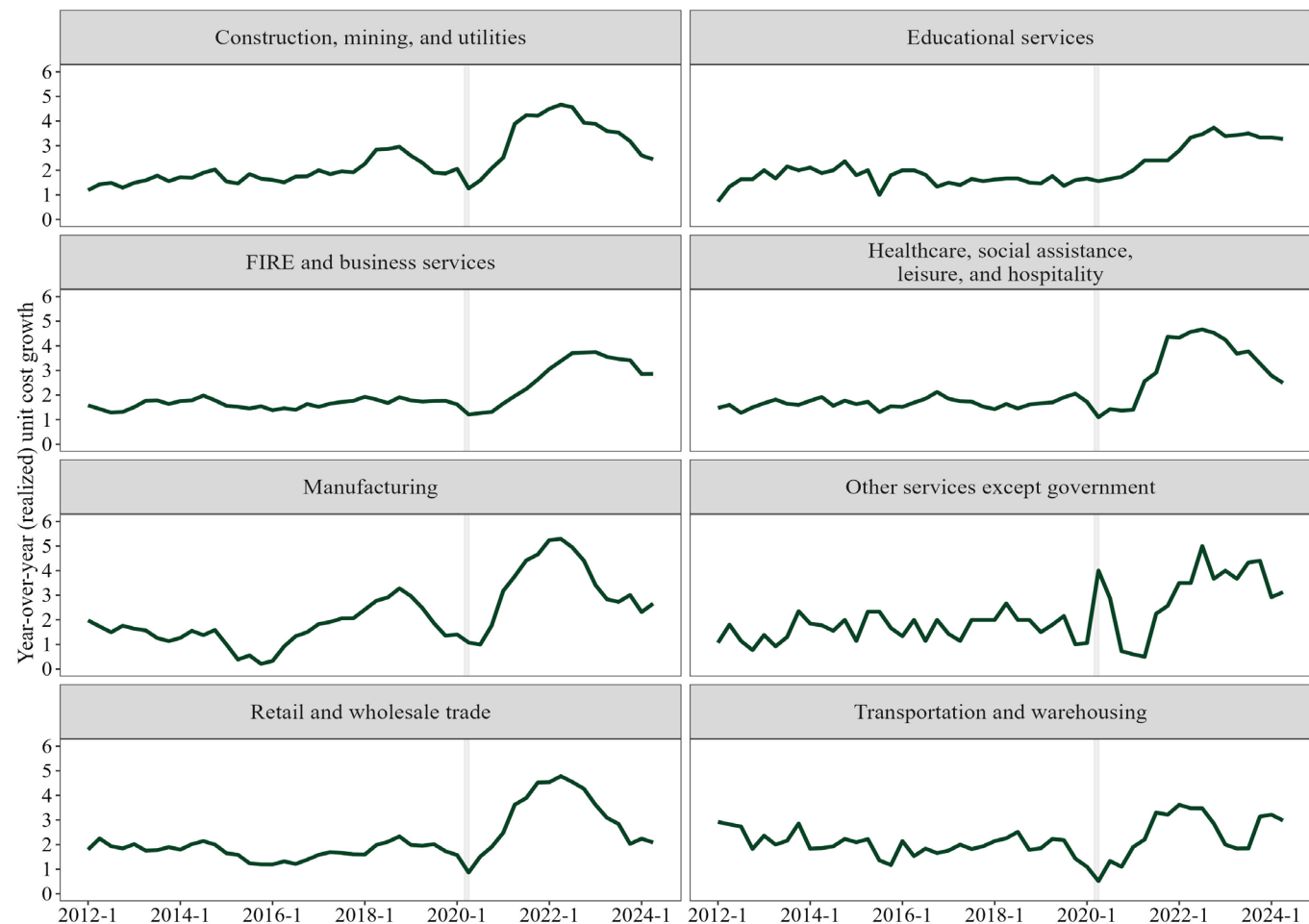
# Firms' change in revenue over the last 12 months



Source: Atlanta Fed's 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

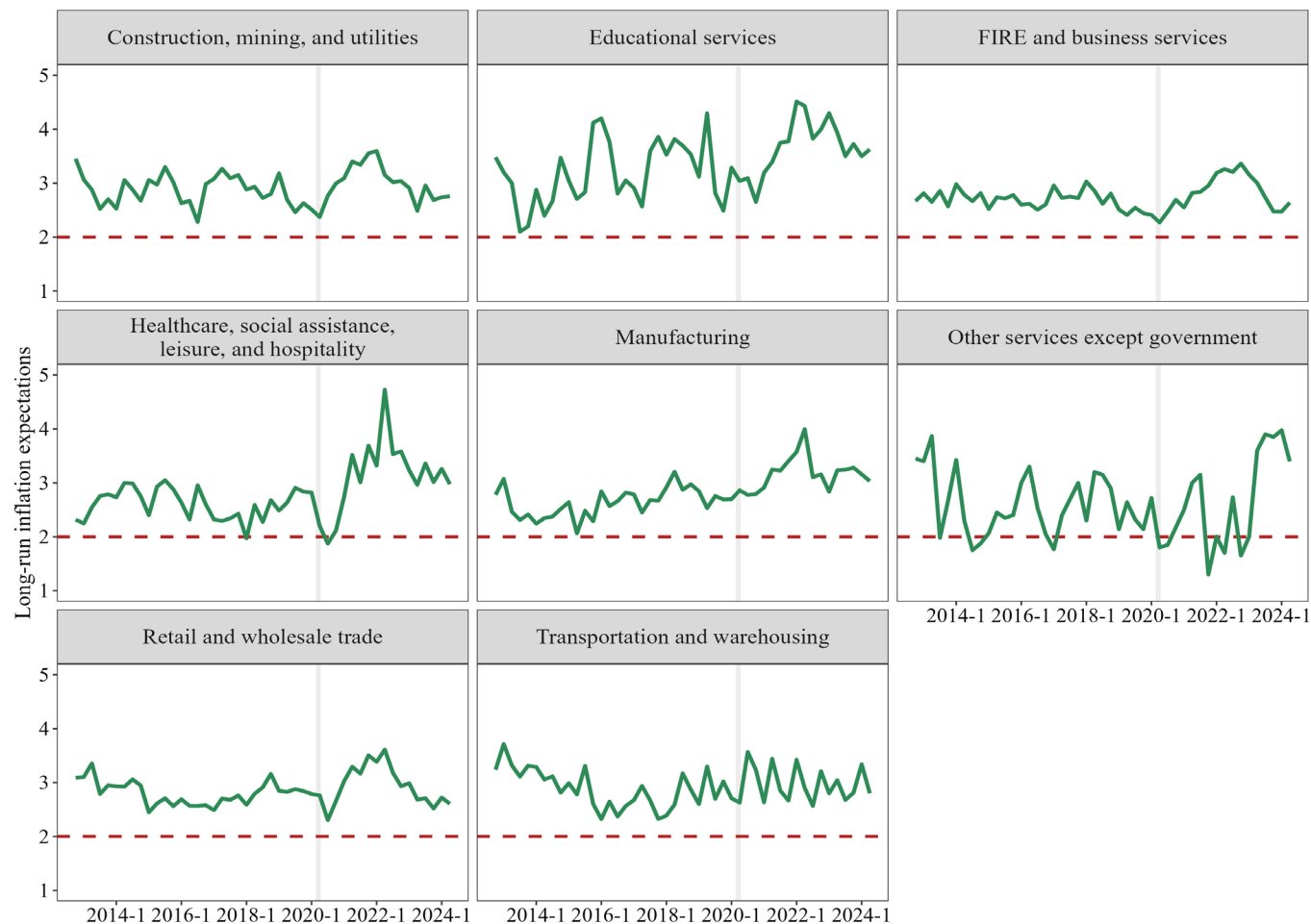
# Year-ahead unit-cost expectations vary meaningfully by sector.



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.

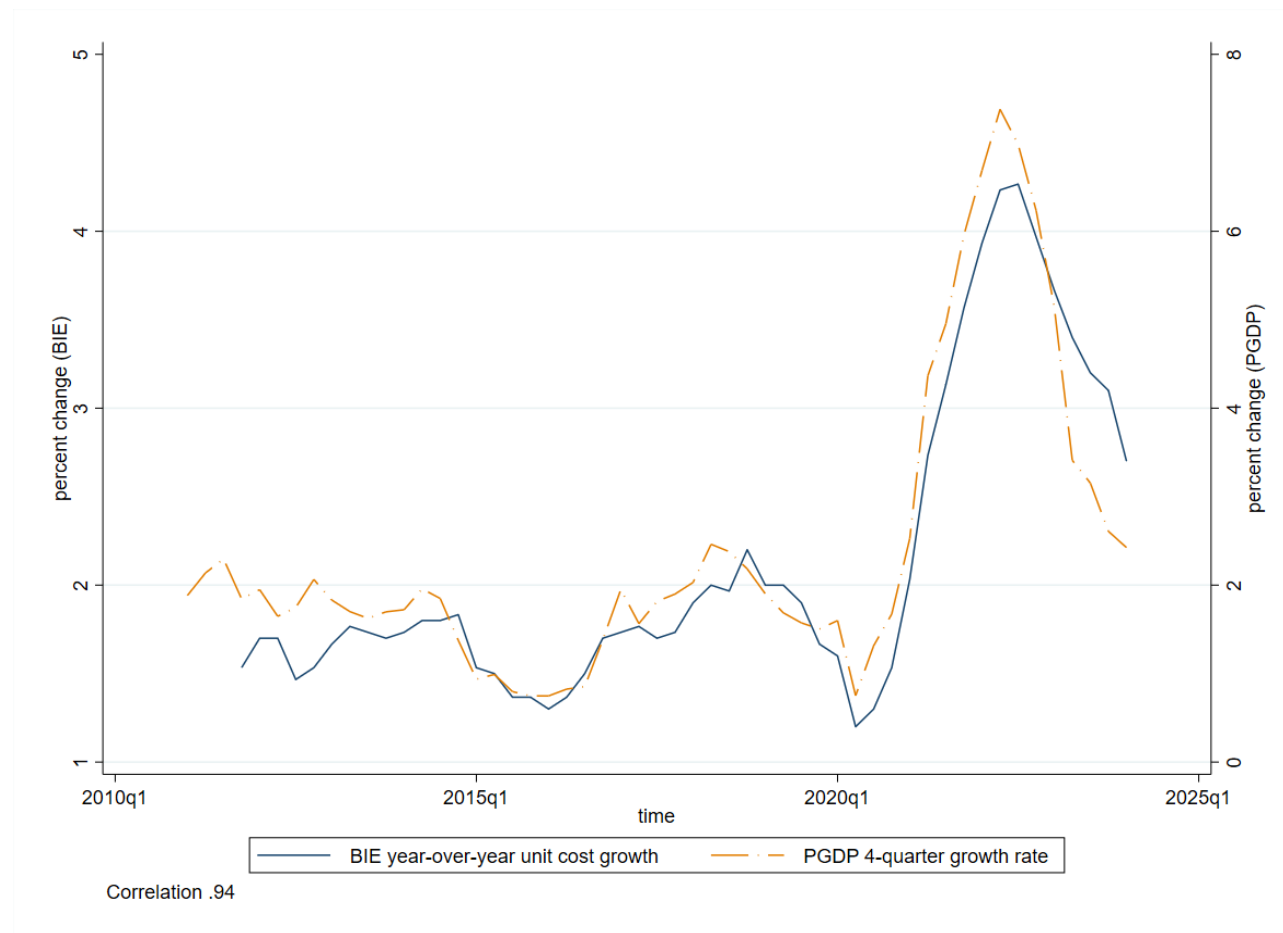


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

# **Comparing BIE realizations and expectations to actual data and other surveys**

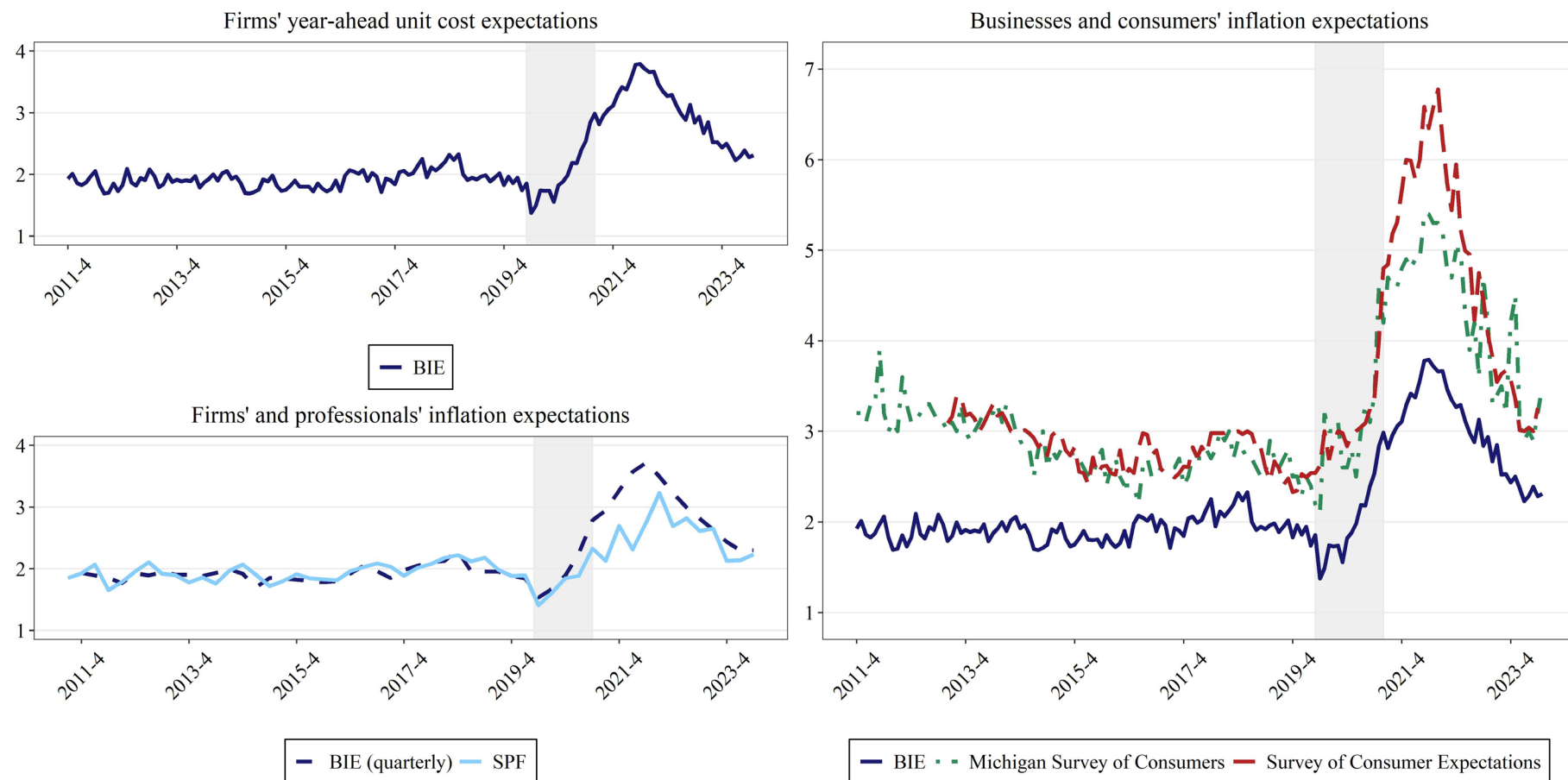
# BIE Unit Cost Growth versus GDP Chain-type Price Index



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>

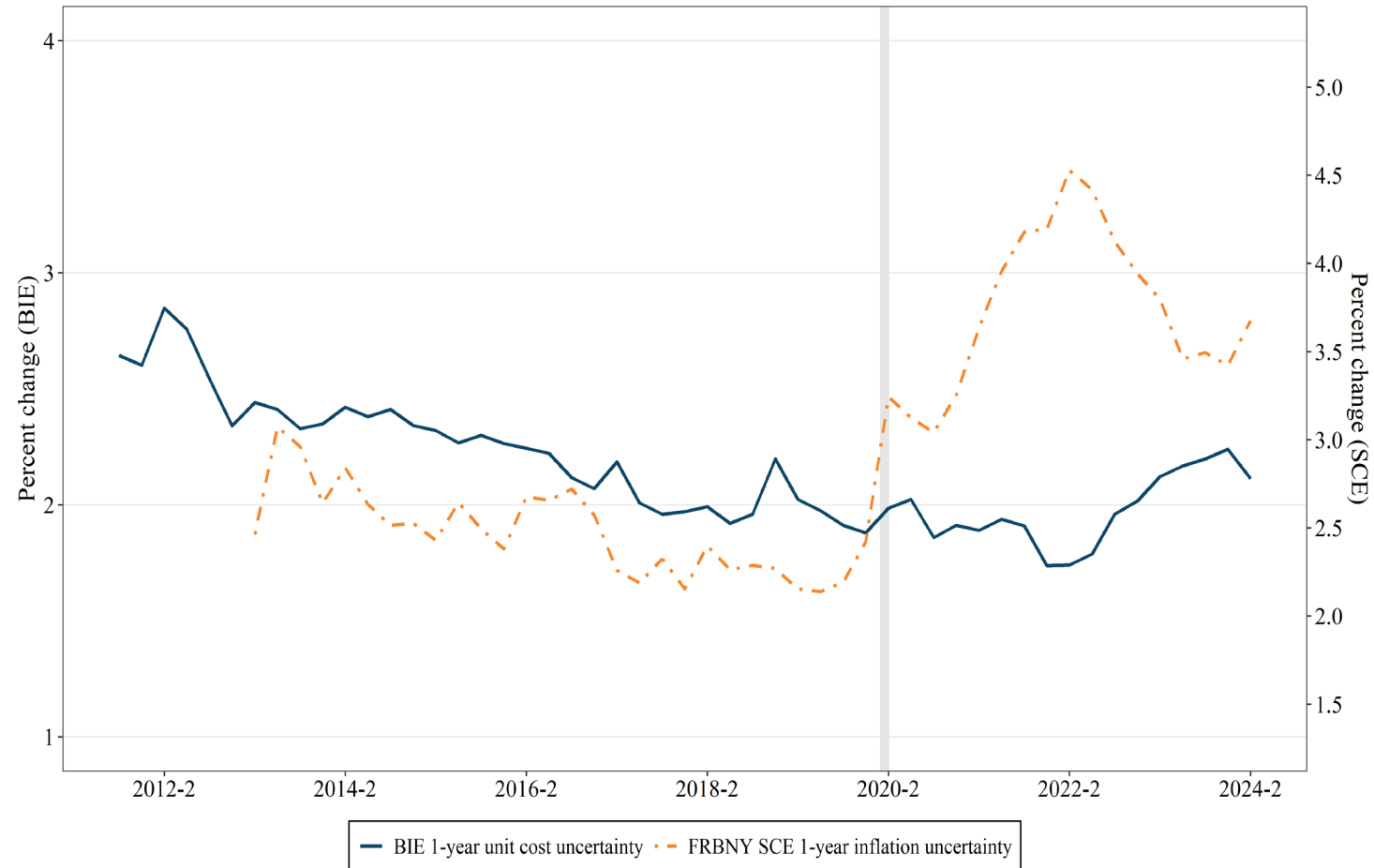
# BIE Survey versus SPF and Survey of Consumers



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:**  
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