

Business Inflation Expectations (BIE) Survey

Monthly Report: September 2024

Headline Results

1. Firms' year-ahead unit cost expectations remain relatively unchanged at 2.1 percent. Year-ahead unit cost expectations have fallen considerably 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 year-ahead) unit cost expectations remained relatively unchanged at 2.7 percent in September 2024, well below their recent peak of 3.5 percent in June 2022.
3. In September's special questions, we asked firms about a downturn in their industry and a recession in the United States.
4. The median firm has a moderate amount of concern about both a potential downturn in their industry or a recession in the US economy. However, almost 18 percent of firms believe their industry is already in a downturn.
5. In response to either an industry downturn or a recession, firms seem more inclined to stop capital expenditures, slow or halt hiring, and decrease employee counts through attrition rather than lay off employees.
6. Concern among firms about a potential recession is driven primarily by consumer demand, inflation, elections, geopolitical risk, and Federal Reserve policy. These choices were left intentionally ambiguous in the survey.

About the BIE

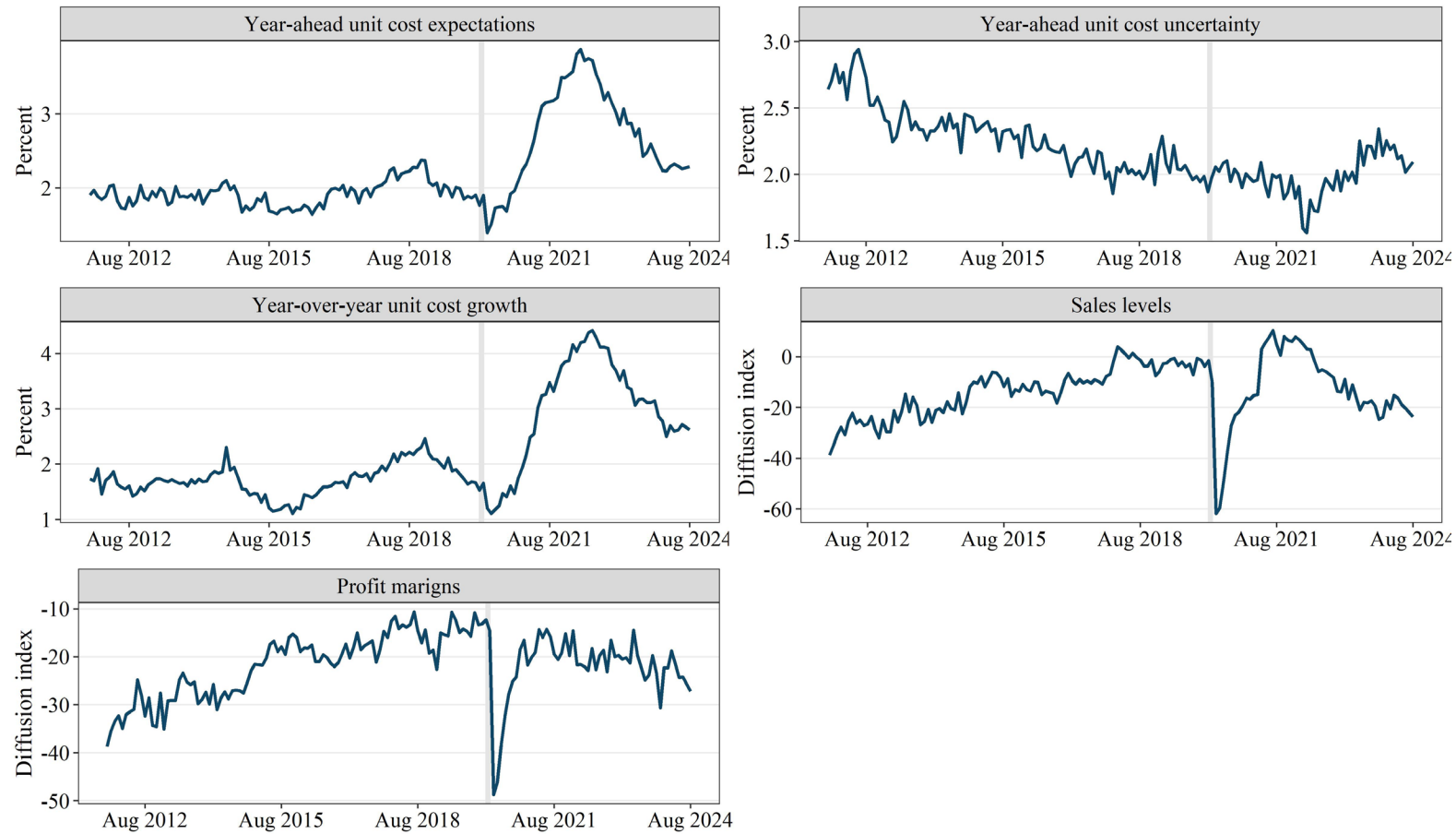
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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](#).

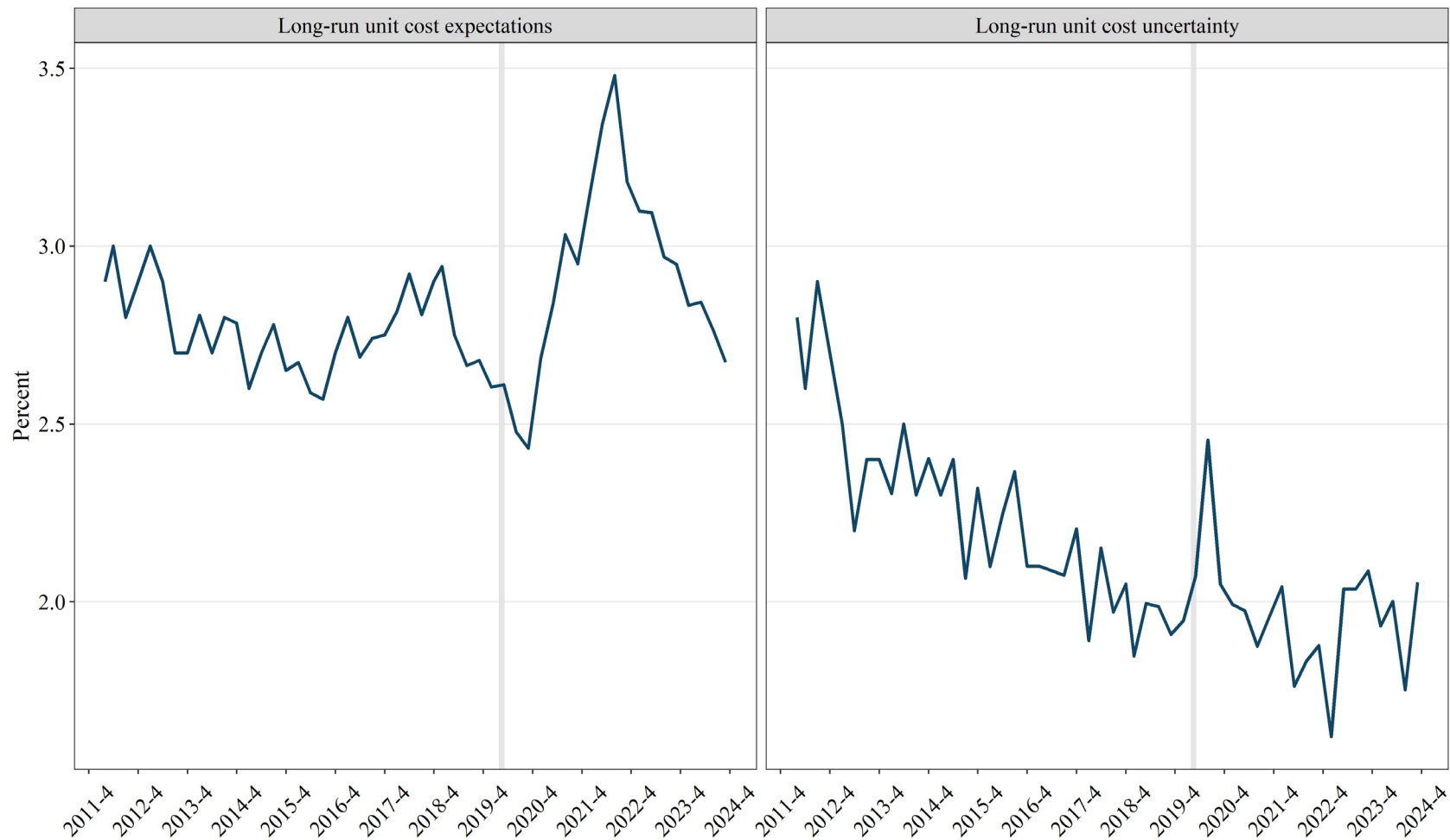
Core Monthly Questions



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.

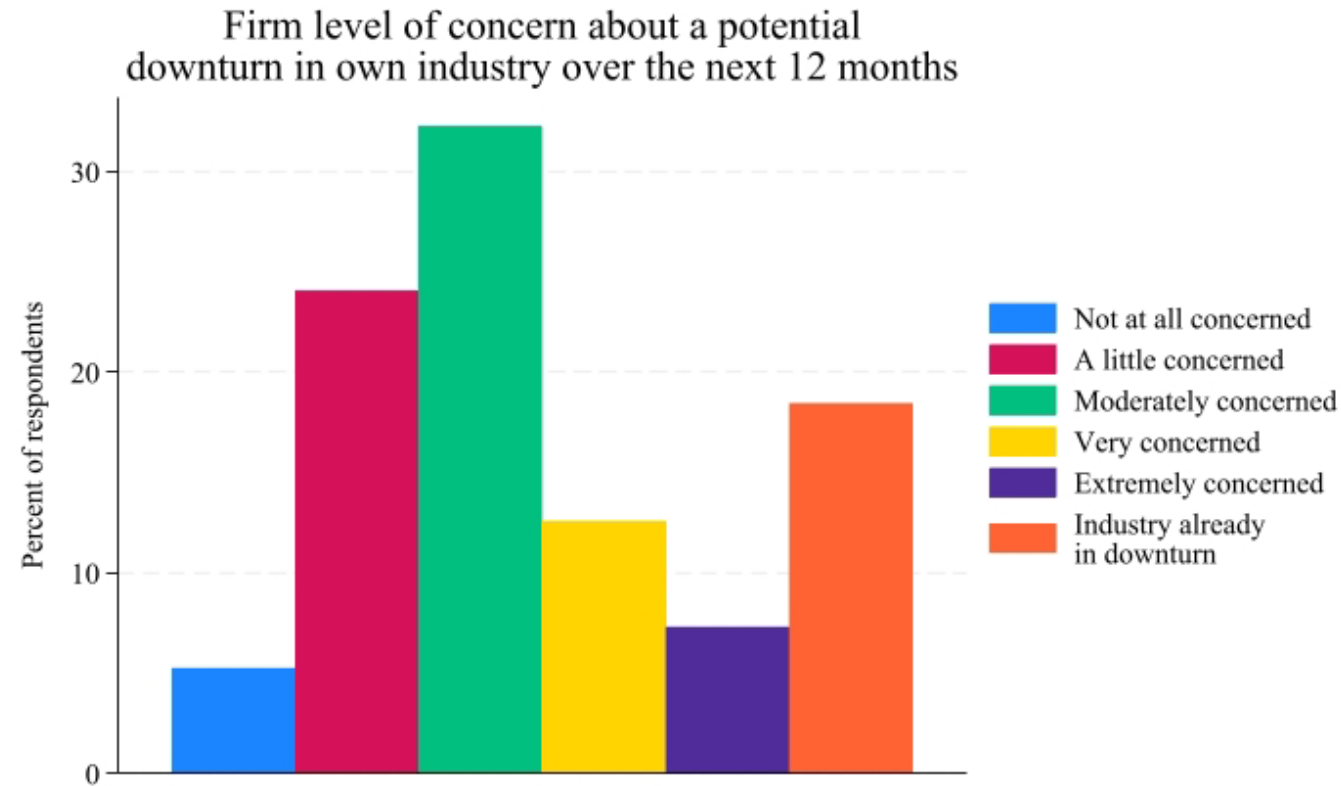


Source: Atlanta Fed Business Inflation Expectations (BIE) survey

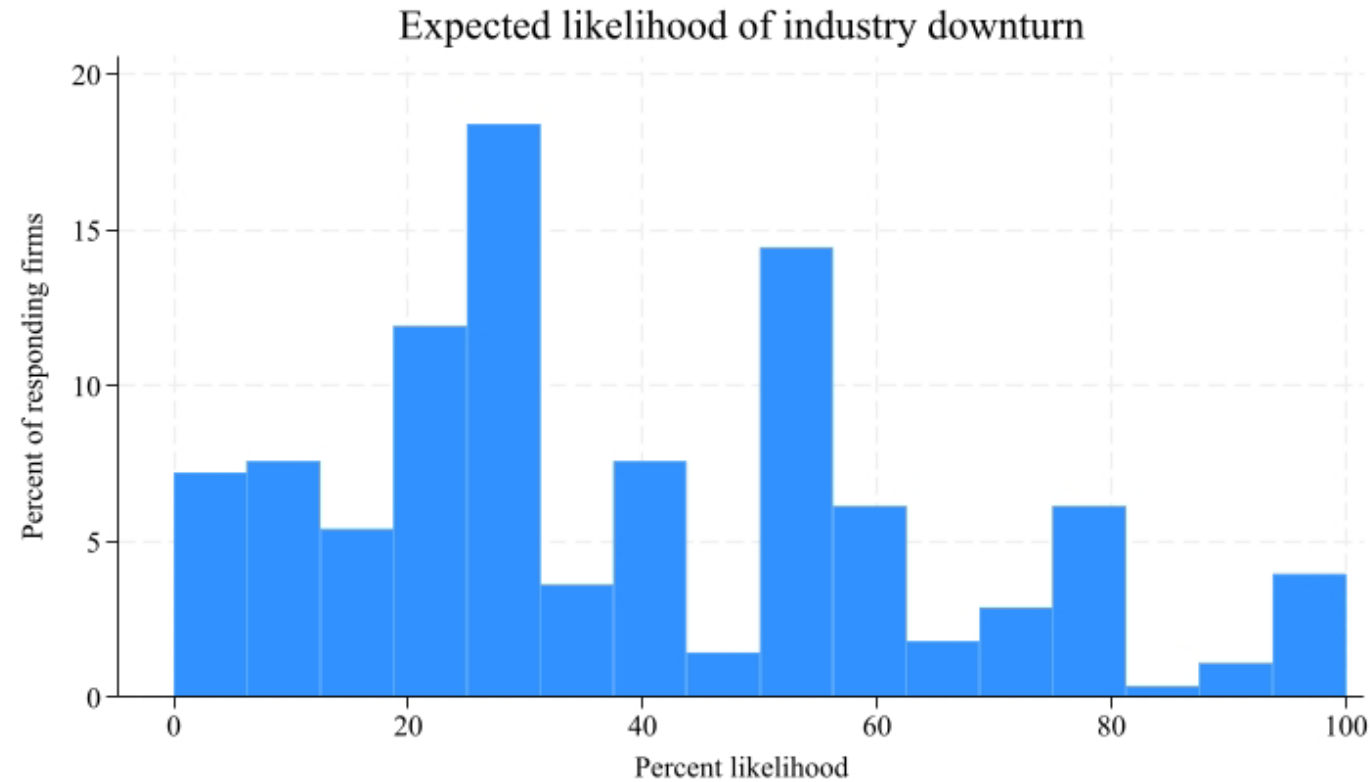
Note: This quarterly question officially started in February 2024. The results prior to that were results collected through our Special Questions Series.

BIE Special Questions: September 2024

Please indicate your firm's level of concern about a potential downturn in your industry over the next 12 months.

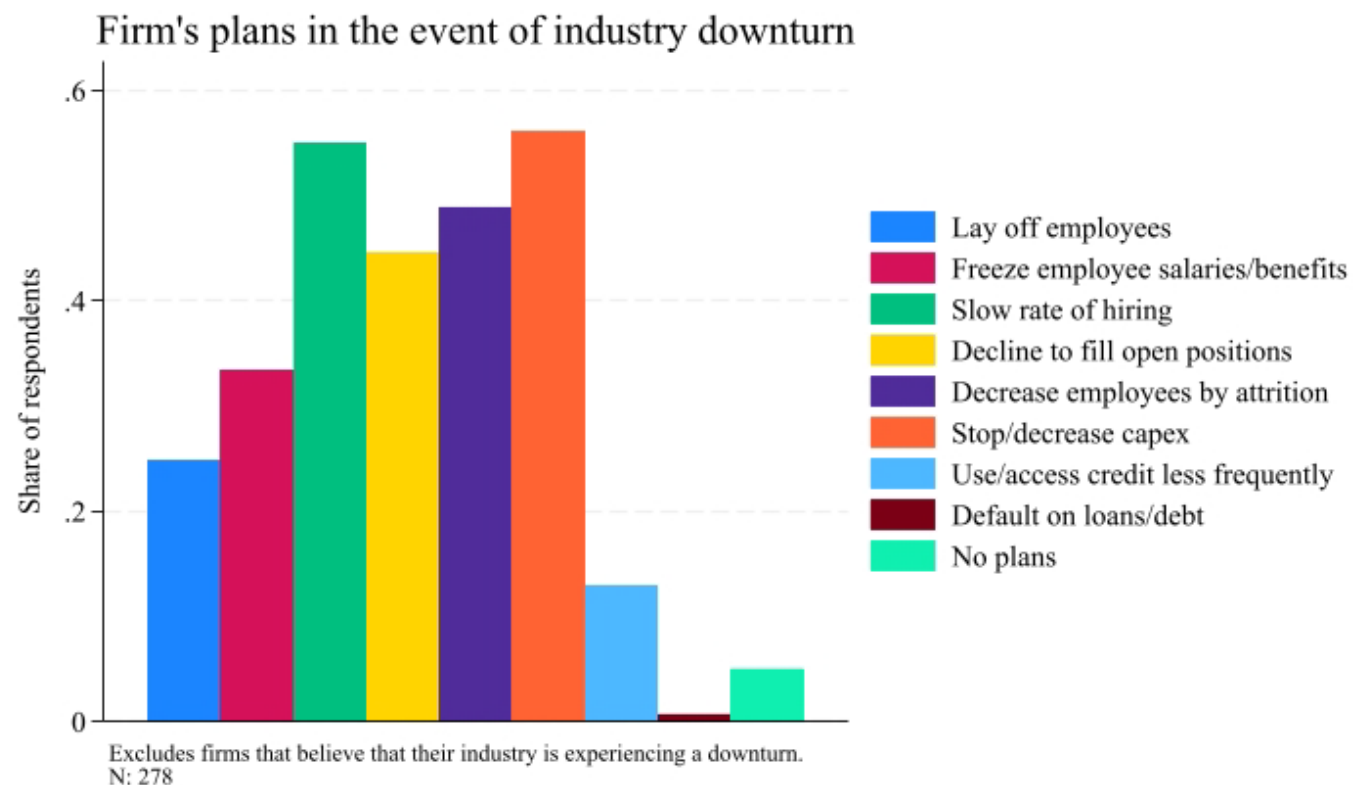


In your view, what do you think is the percent likelihood of a downturn in your firm's industry during the next 12 months?

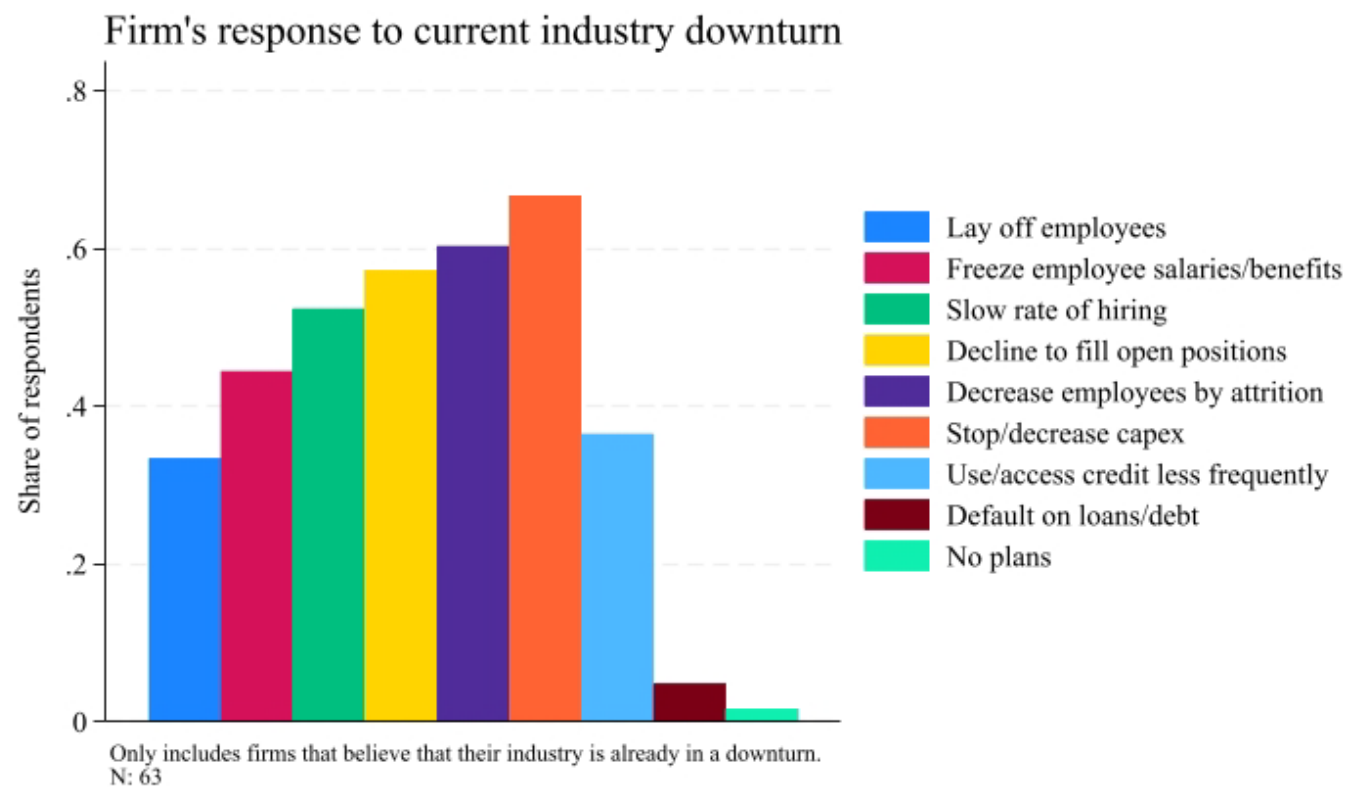


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

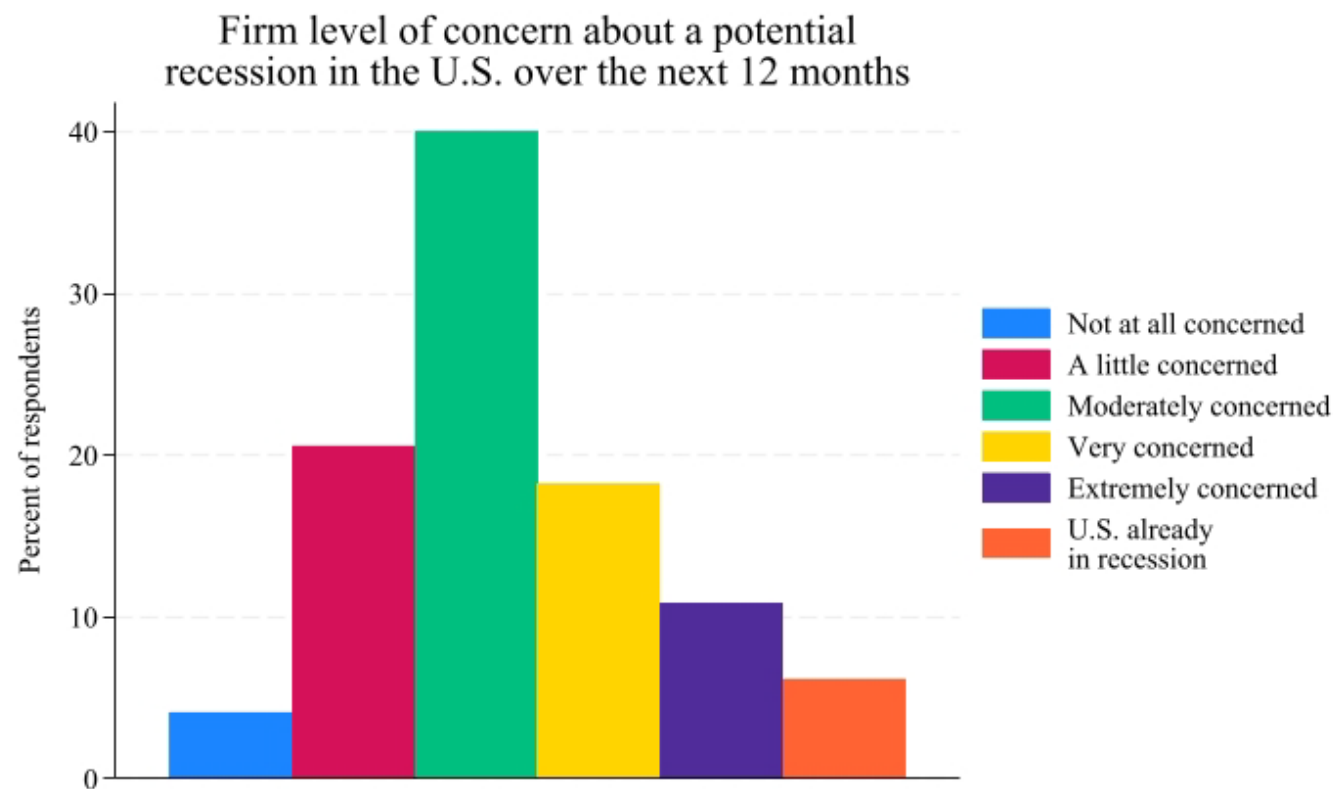
What is your firm planning to do if a downturn occurs in your firm's industry?



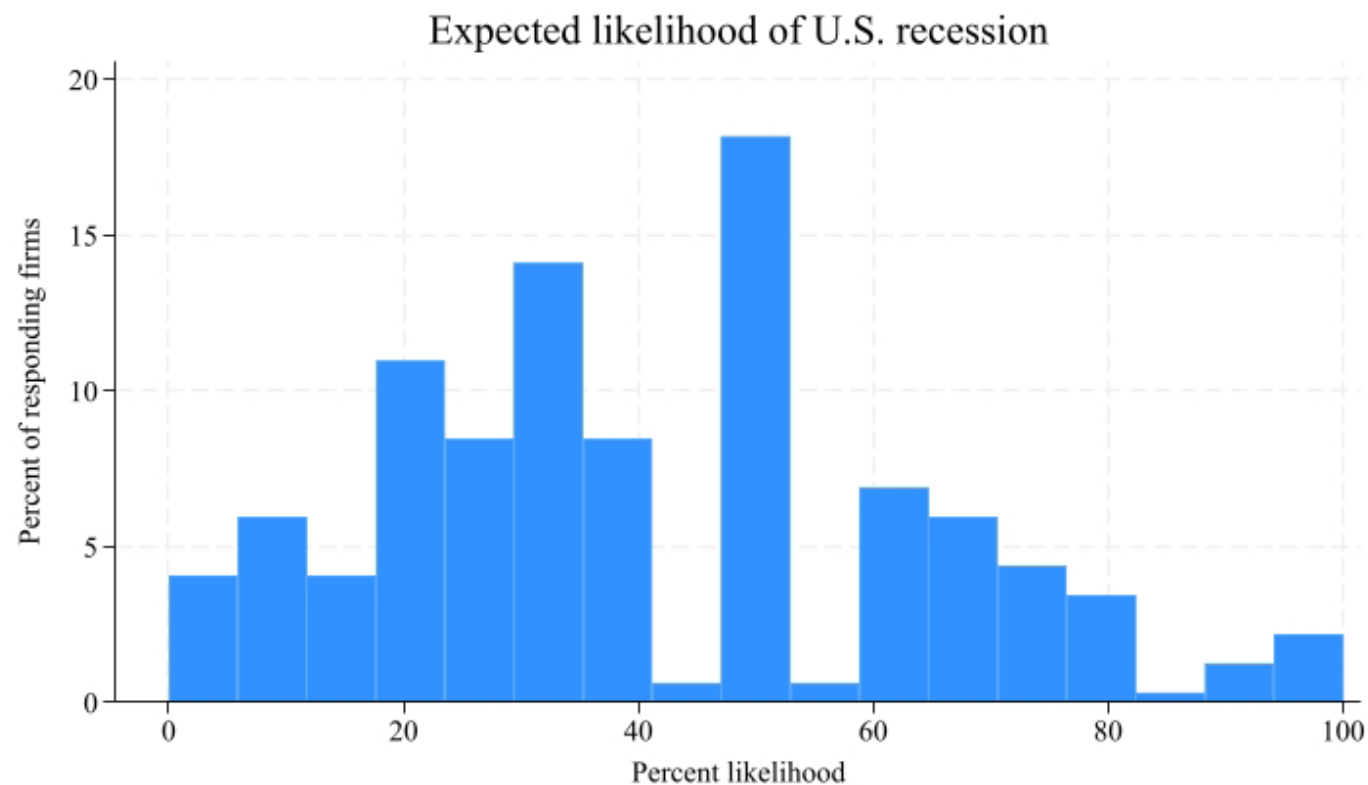
What is your firm doing in response to current downturn conditions in your firm's industry?



Please indicate your firm's level of concern about a potential recession in the United States during the next 12 months.

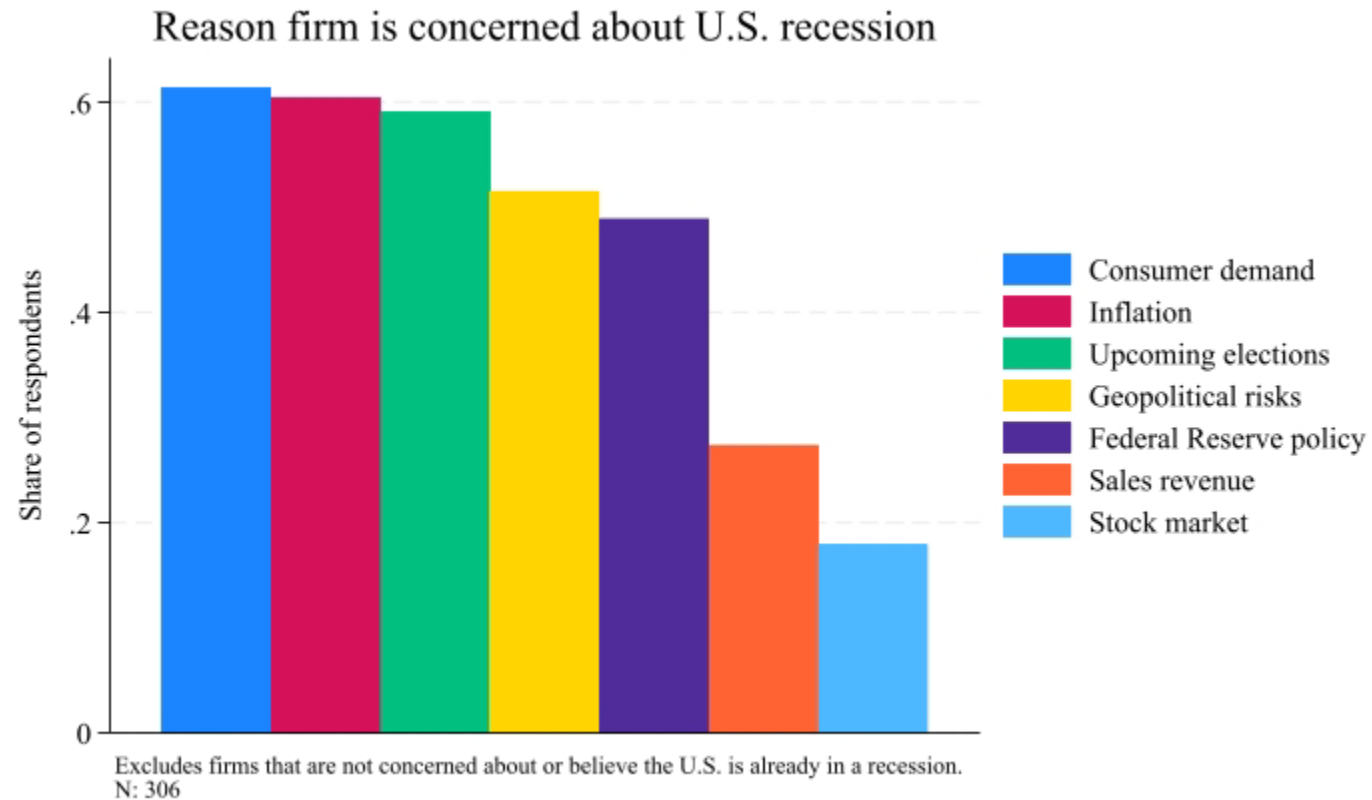


In your view, what do you think is the percent likelihood of a recession during the next 12 months?

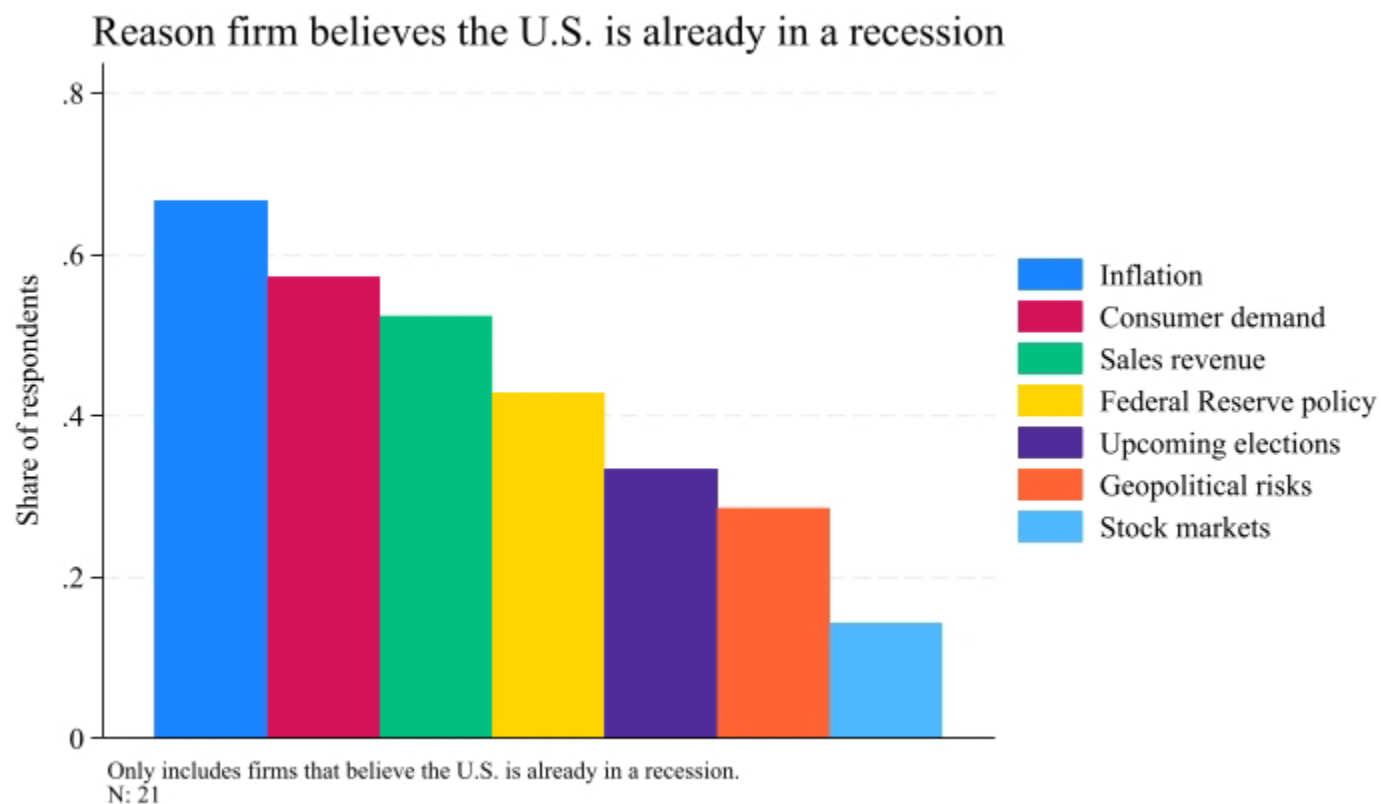


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

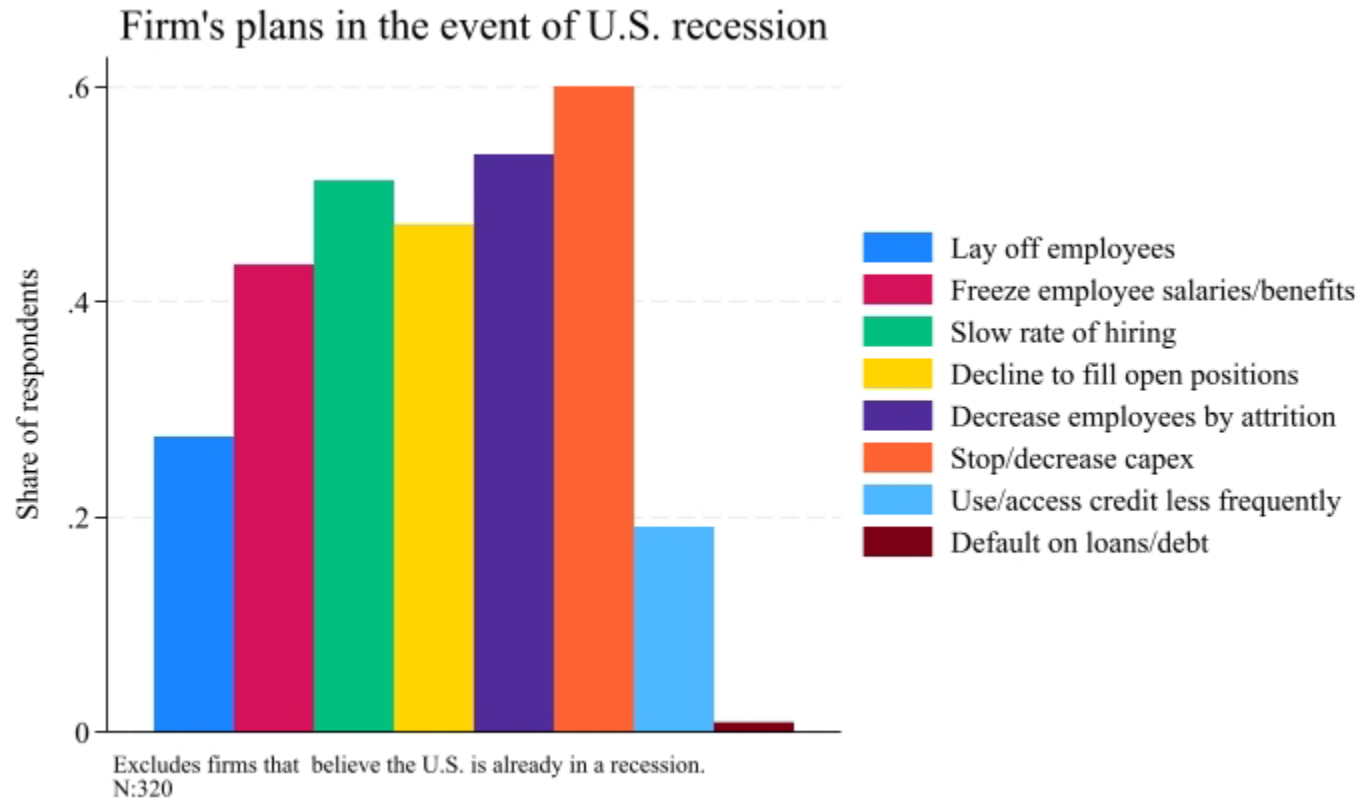
What are the reasons your firm has concerns about a potential recession in the United States during the next 12 months?



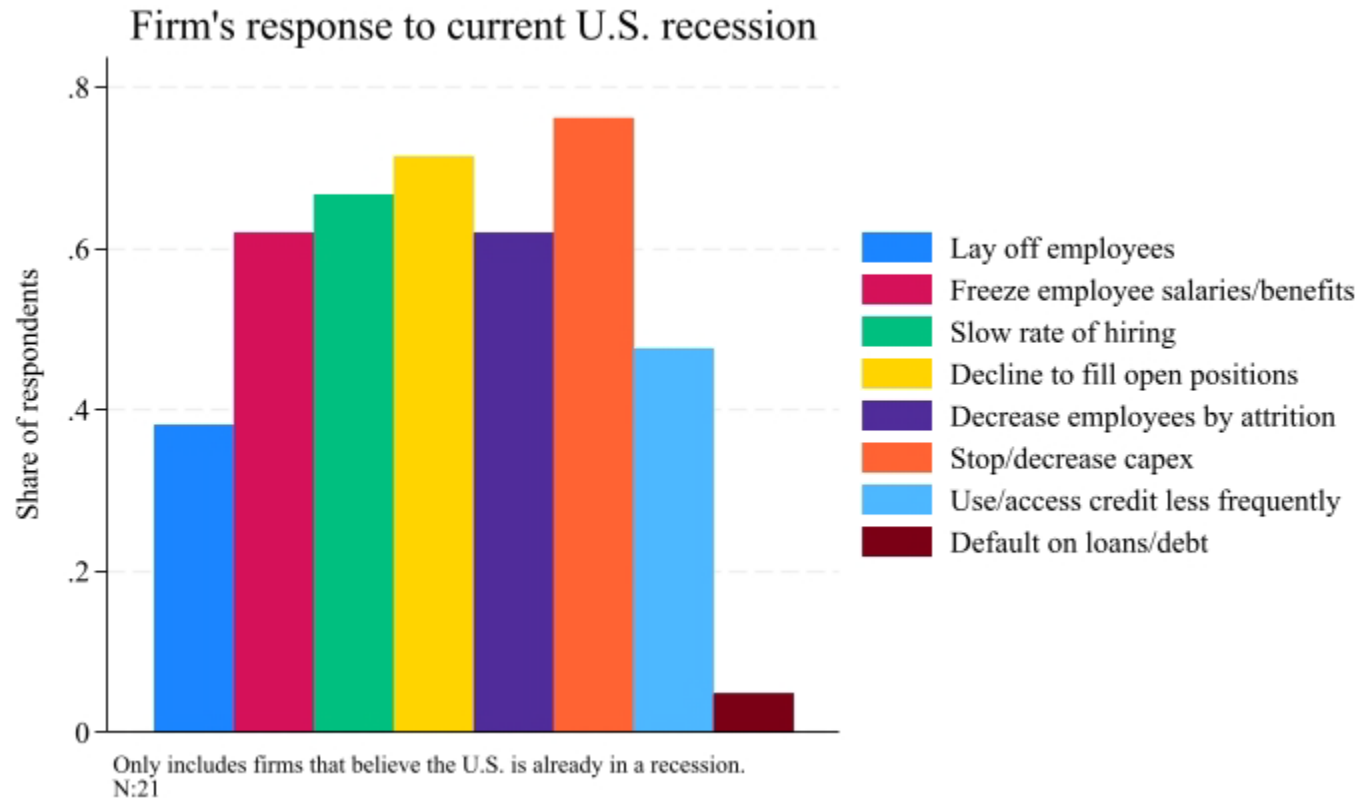
What are the reasons your firm believes the United States is already in a recession?



What is your firm doing in response to current recession conditions in the United States?



What is your firm doing in response to current recession conditions in the United States?



Realizations and expectations by industry

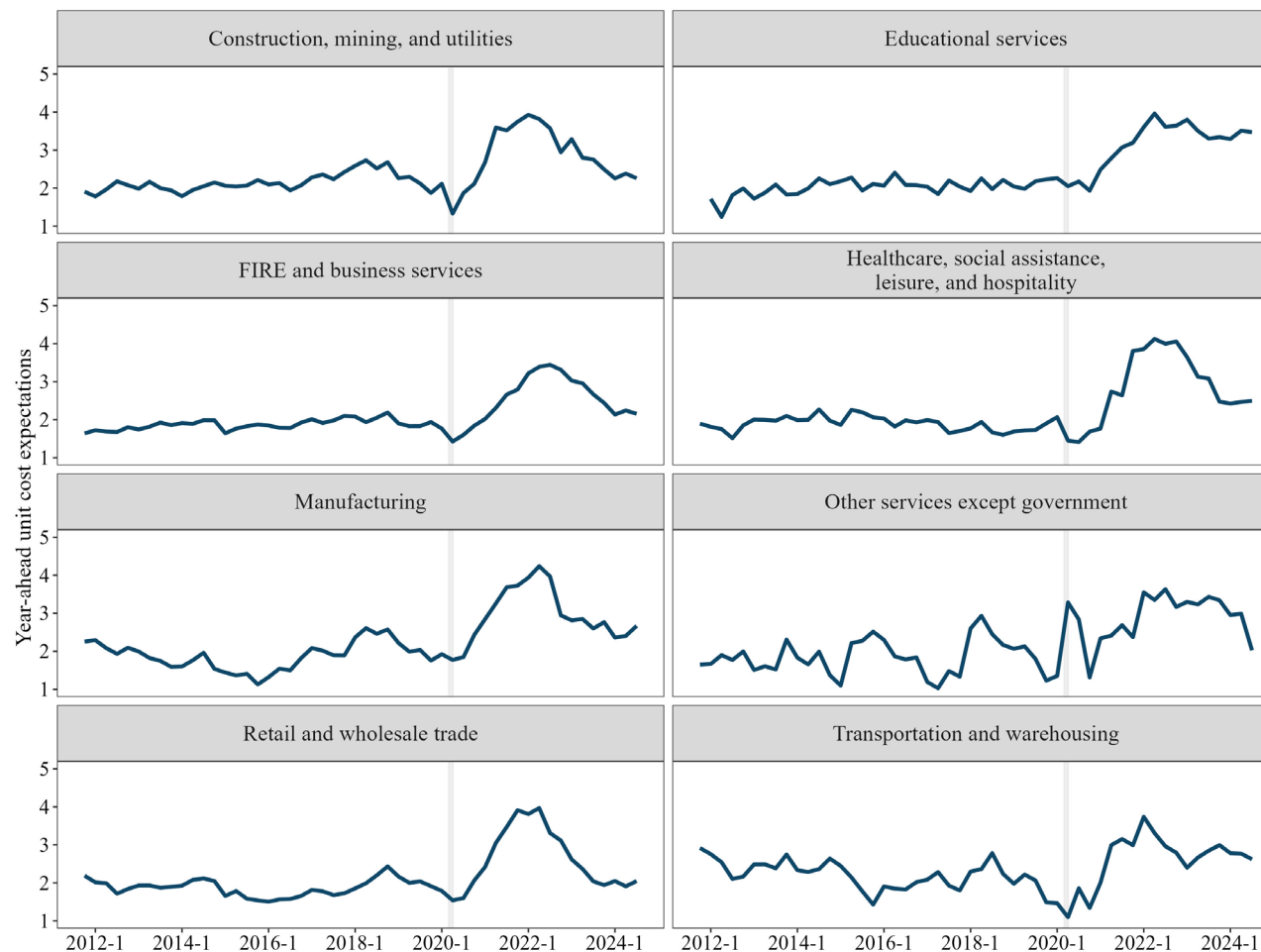
Firms' realized unit-cost growth across most broad industry classifications continues to ebb from peak levels.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

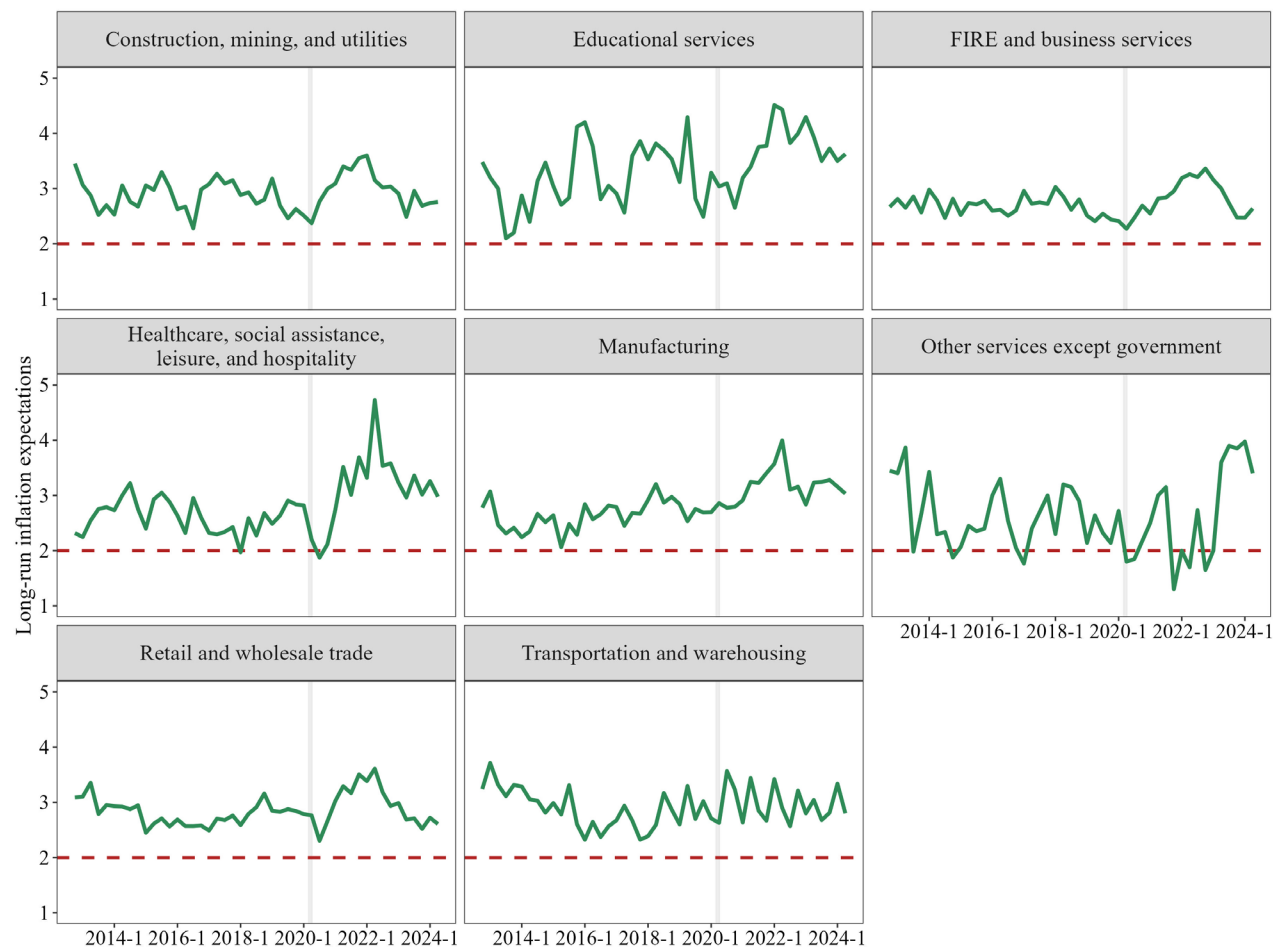
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

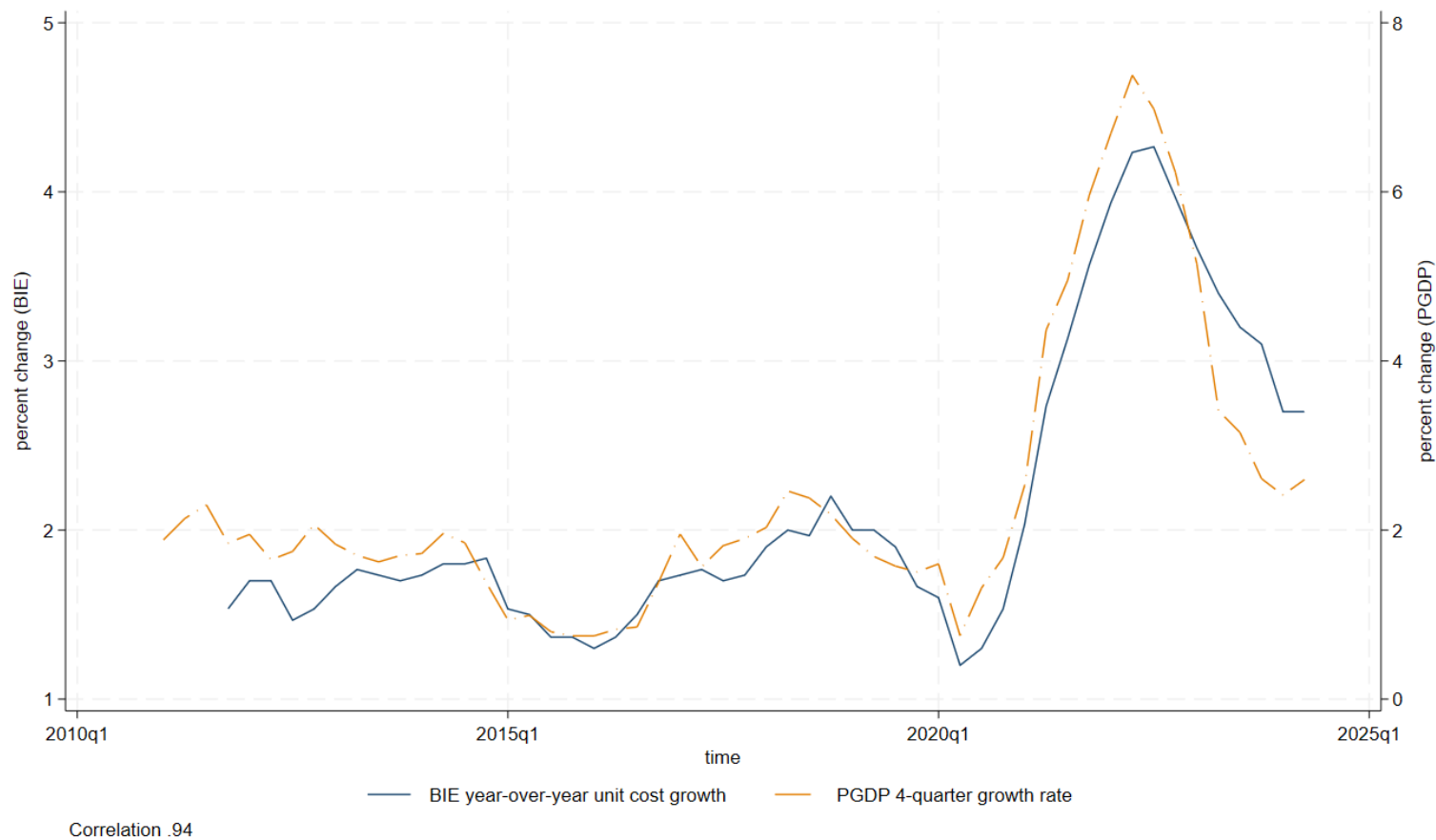


Note: The data are shown monthly.

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

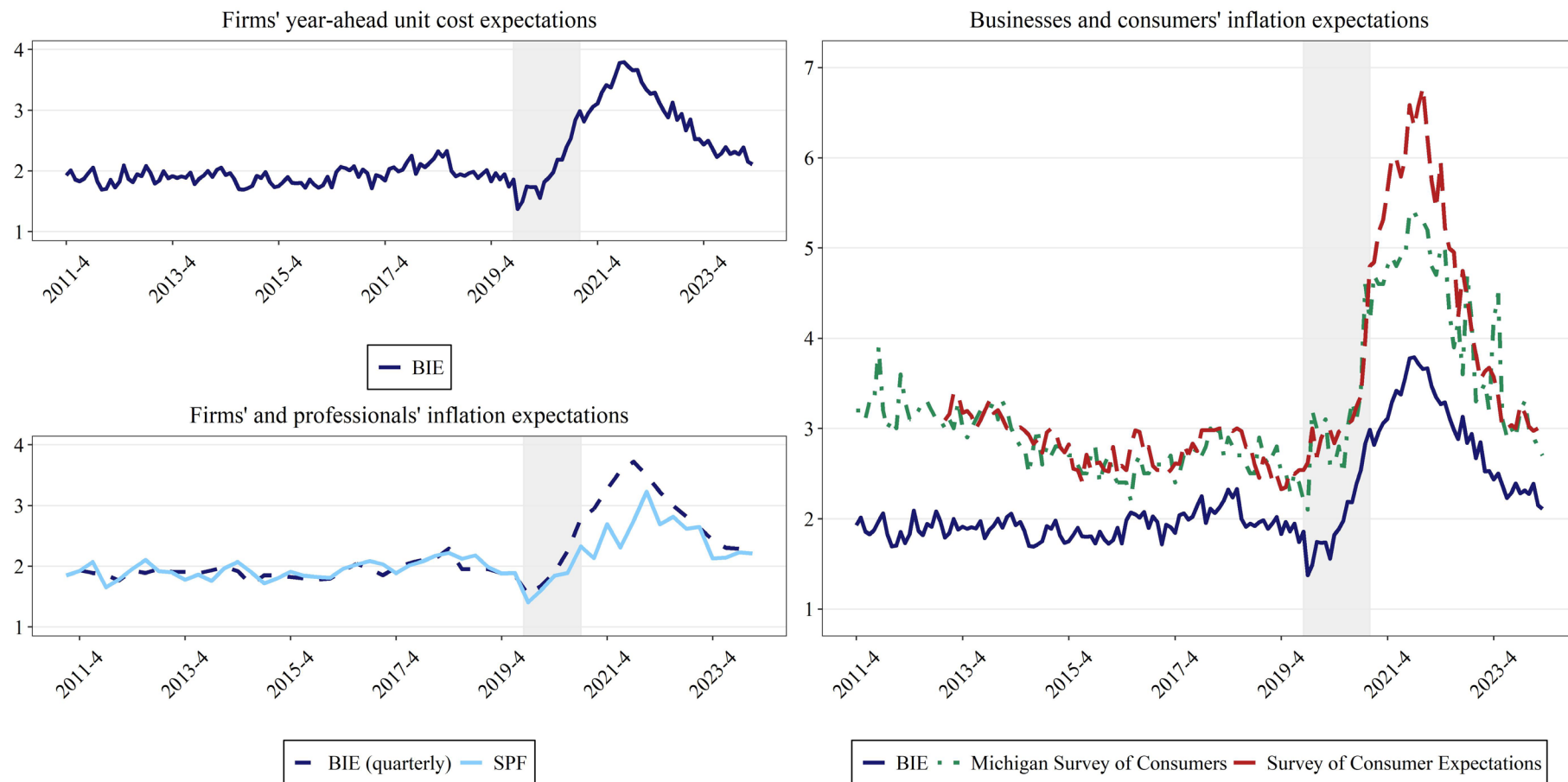


Correlation .94

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>

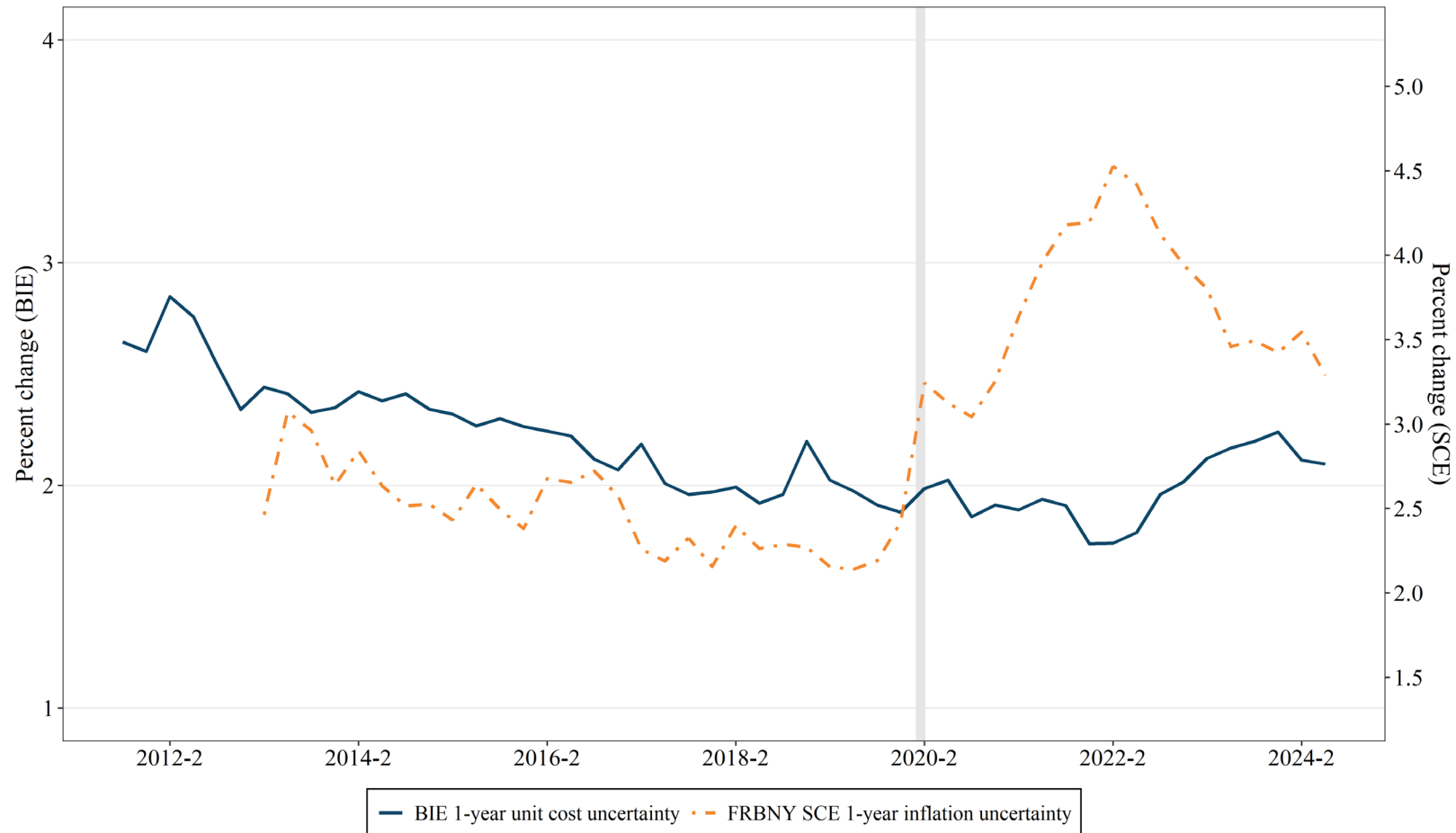
BIE Survey versus SPF and Survey of Consumers



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:
Aaron Jalca (Aaron.Jalca@atl.frb.org)
Grace Guynn (Grace.Guynn@atl.frb.org)



Federal Reserve
Bank *of* Atlanta