

# Business Inflation Expectations (BIE) Survey

Monthly Report: October 2024



Federal Reserve  
Bank *of* Atlanta

# Headline Results

1. Firms' year-ahead unit cost expectations remain relatively unchanged at 2.2 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' sales levels continue to run below "normal," though the number of small firms reporting below-normal sales levels has decreased from July 2024.
3. In October's special questions, we asked firms questions about employment.
4. Most firms in our sample expect little to no change in the number of employees over the next 12 months, although about 30 percent of firms in our sample said they expect to increase their number of employees. In line with this, nearly 70 percent of firms reported currently having at least one opening.
5. For firms that expected to decrease their level of employment over the next 12 months, most attributed this decrease to an expected decrease in consumer demand and wages being too high to maintain current employment levels.
6. While these results are largely similar across sectors in our sample, there is some variation among firm size. Smaller firms in our sample were more likely to expect holding employment levels steady (approximately 70 percent) than to expect hiring more (approximately 24 percent). Meanwhile, about 40 percent of medium and large firms expect to increase employment levels over the next 12 months.

## About the BIE

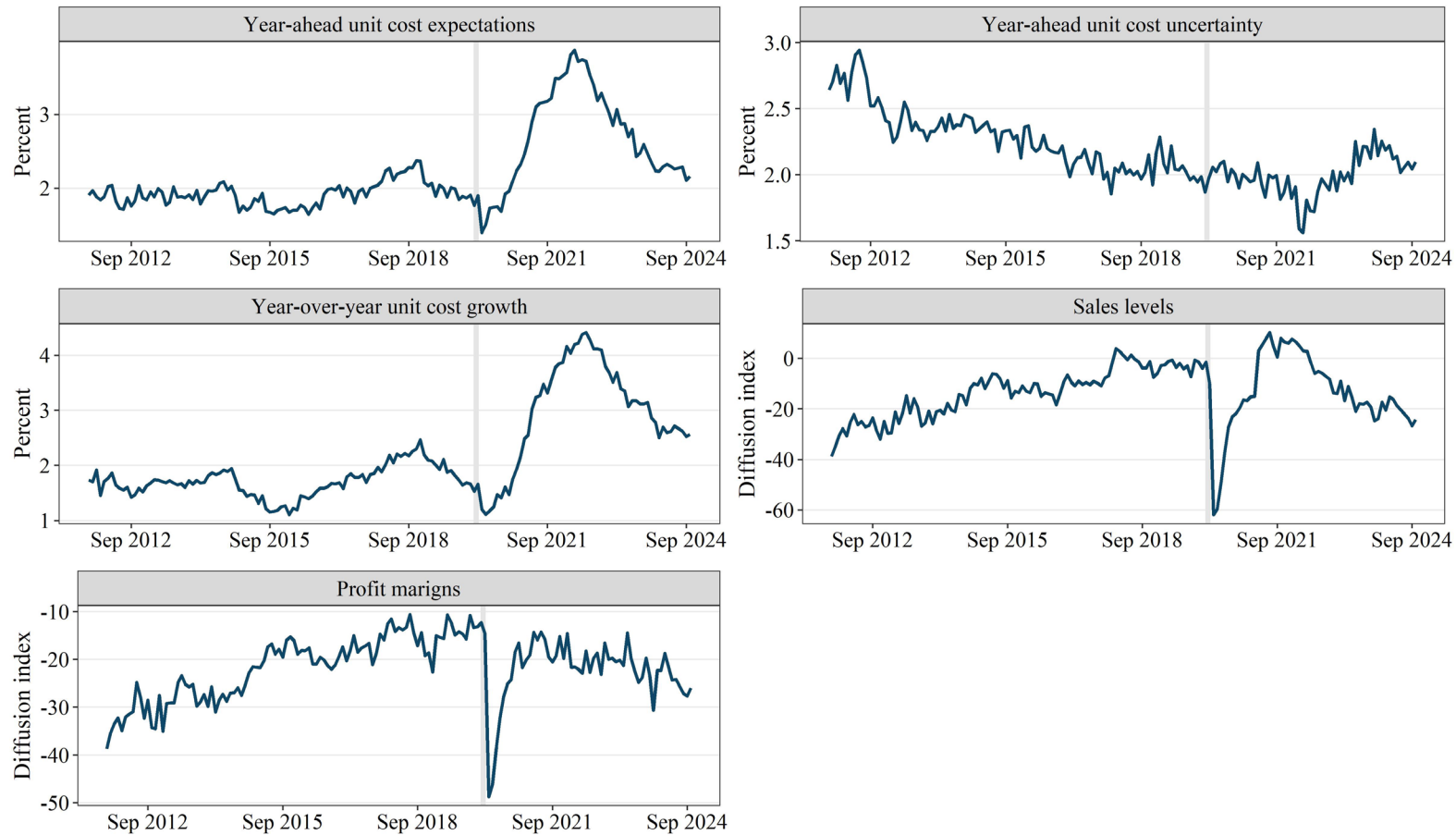
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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](#).

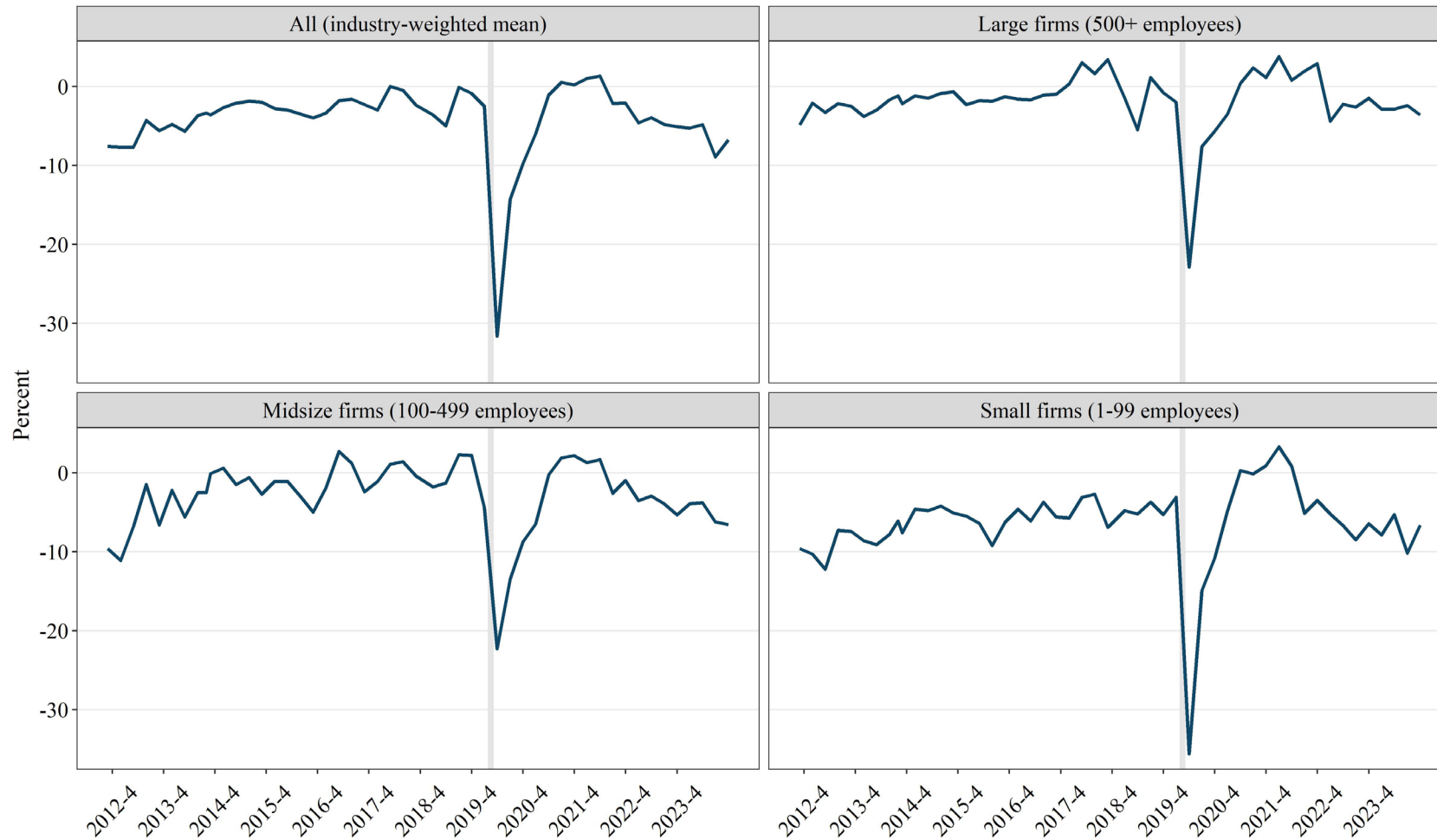
# Core Monthly Questions



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

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



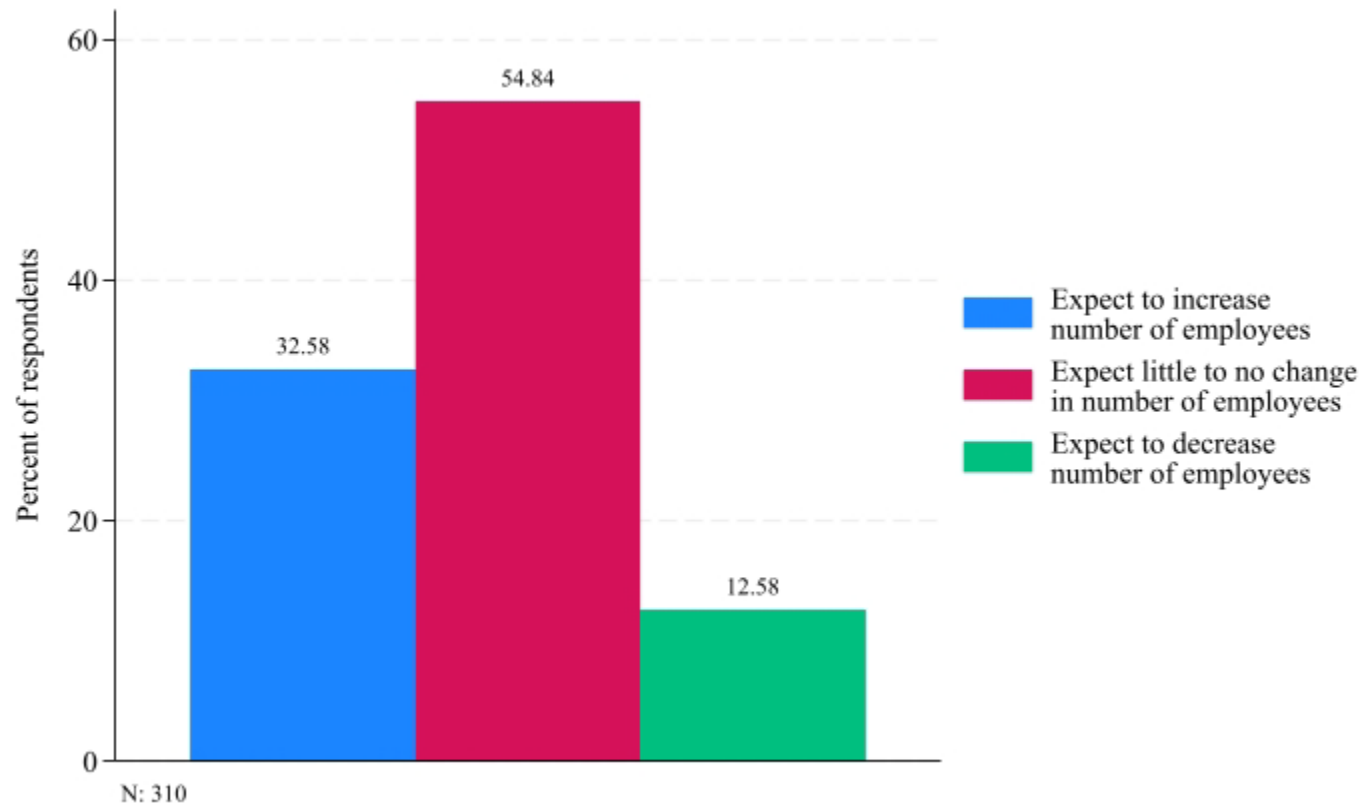
Note: This quarterly question officially started in February 2024. The results prior to that were results collected through our Special Questions Series.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

# **BIE Special Questions: October 2024**

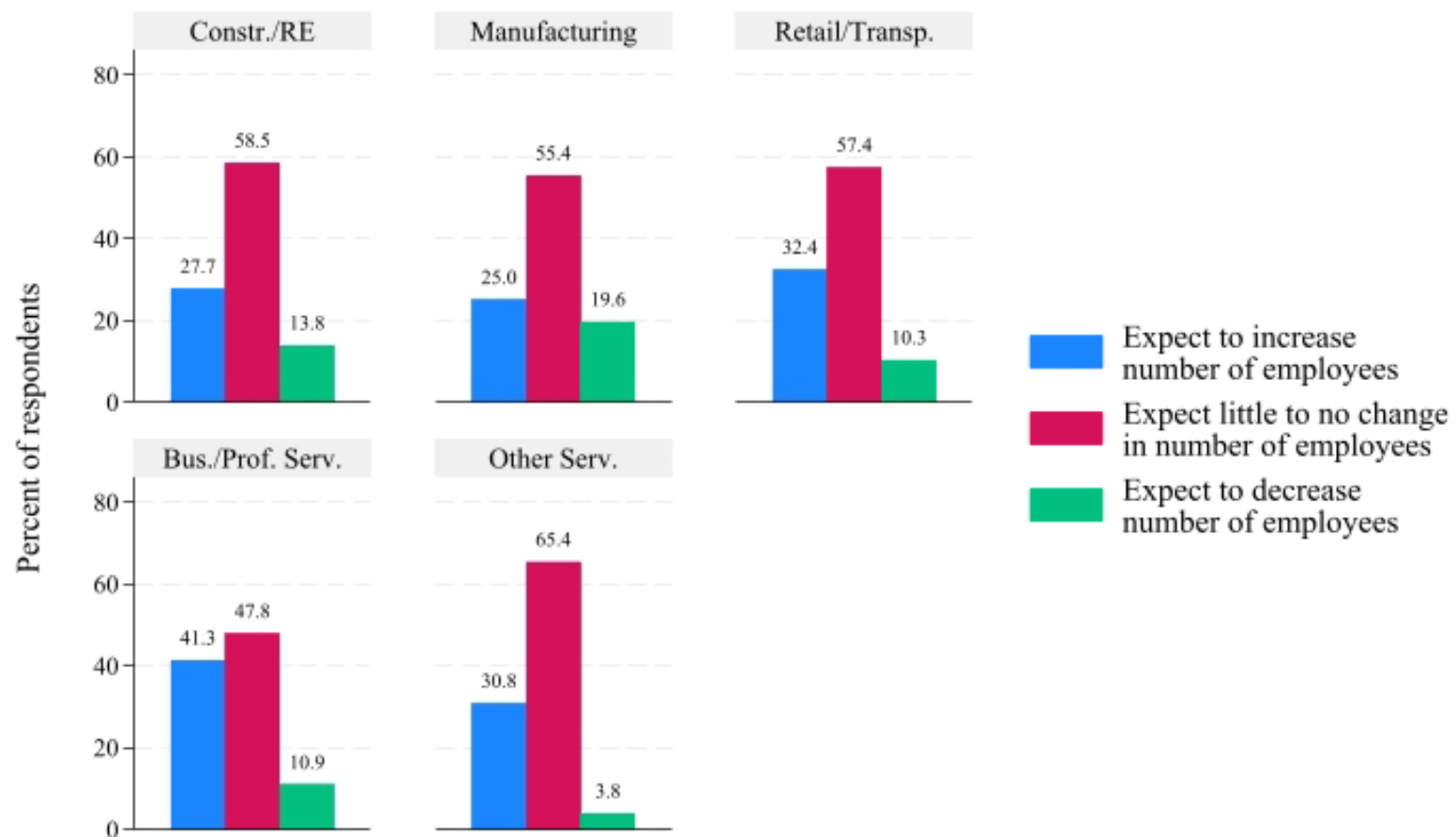
Thinking forward 12 months from now, compared to current levels, how would you describe your firm's expectations for number of employees?

**Most firms in our sample expected to hold levels of employment steady over the next 12 months, though around 32 percent expect to increase their level of employment.**



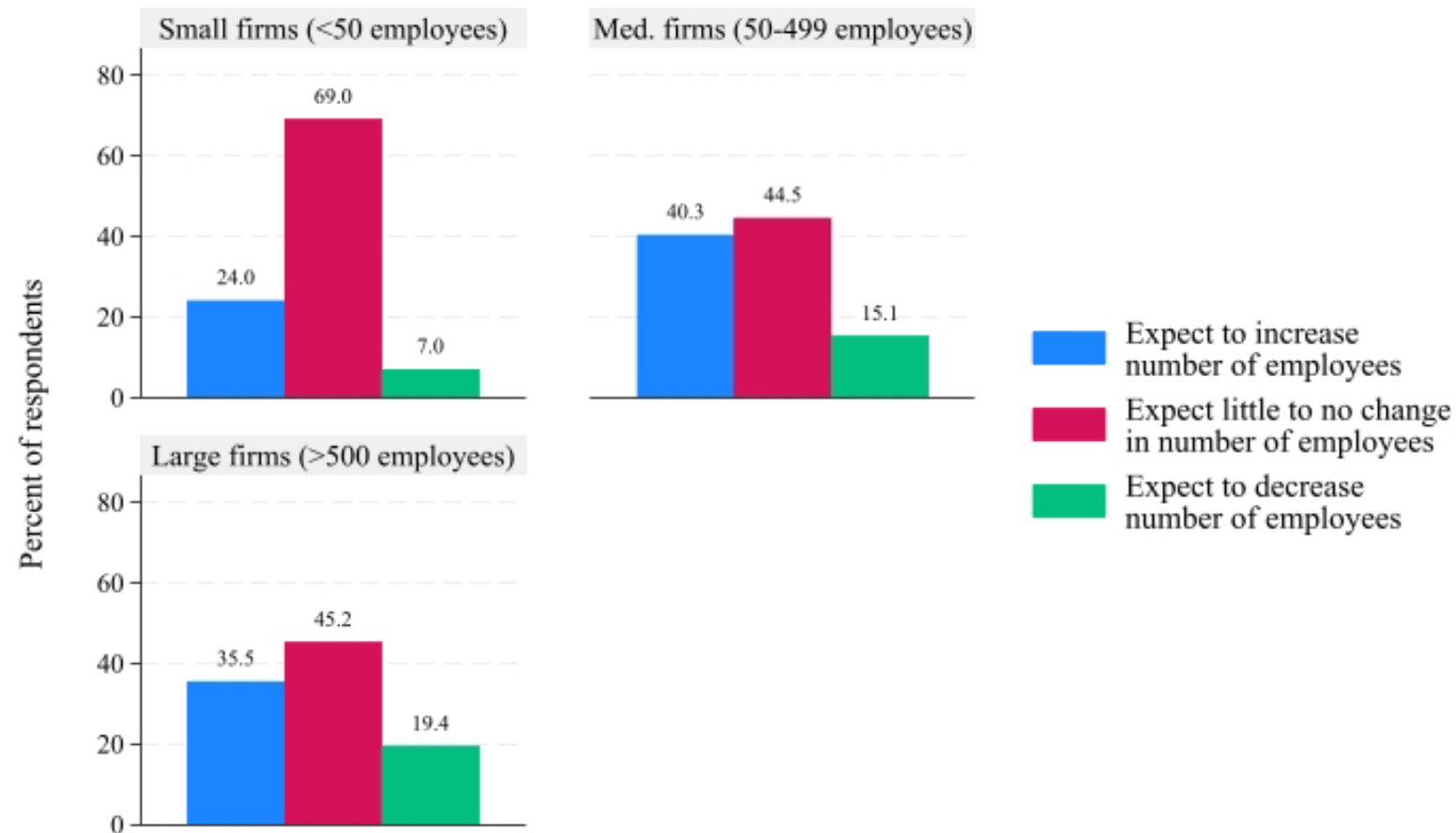
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

**This result is largely consistent among industry cuts in our sample.**



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

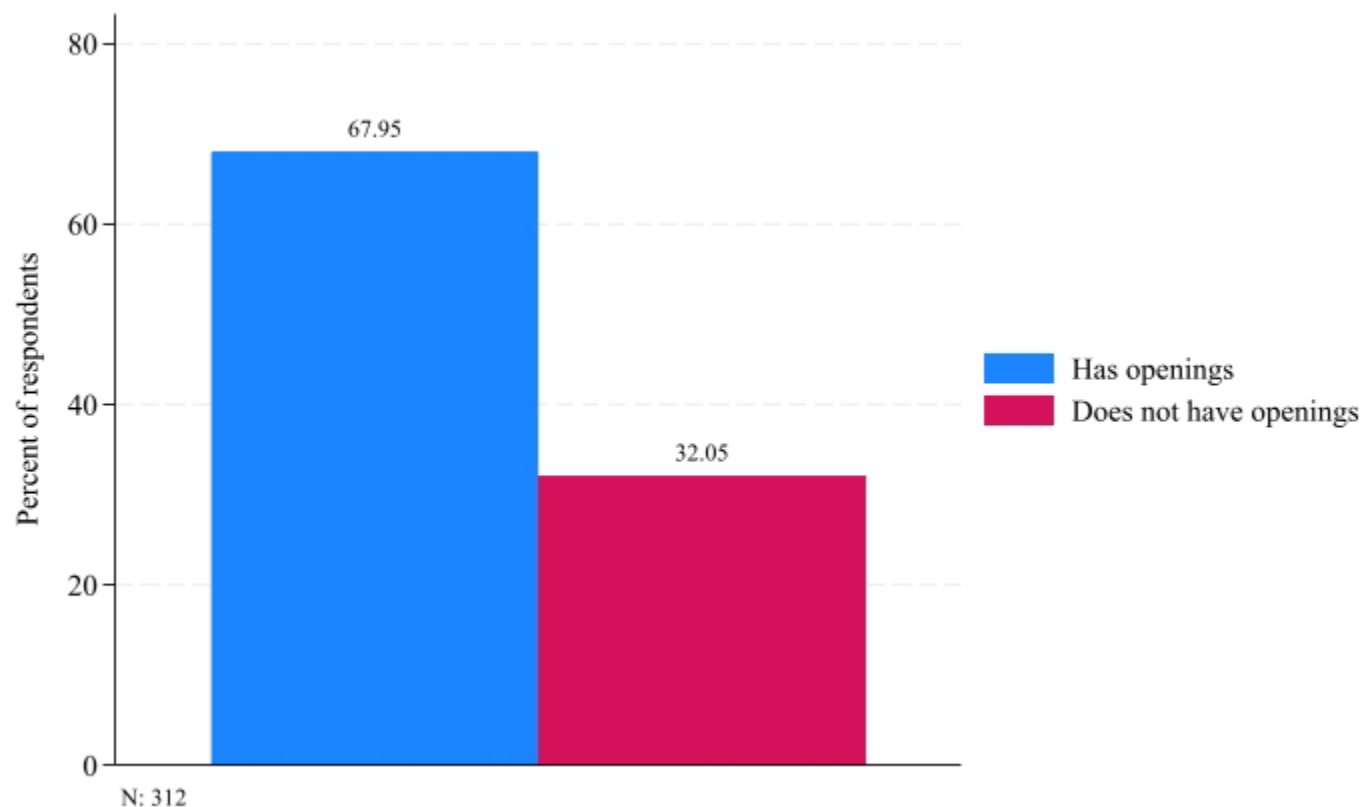
**However, when splitting the sample by firm size, we see some divergence. Small firms are more likely to expect to keep their levels of employment steady compared to medium and large firms.**



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

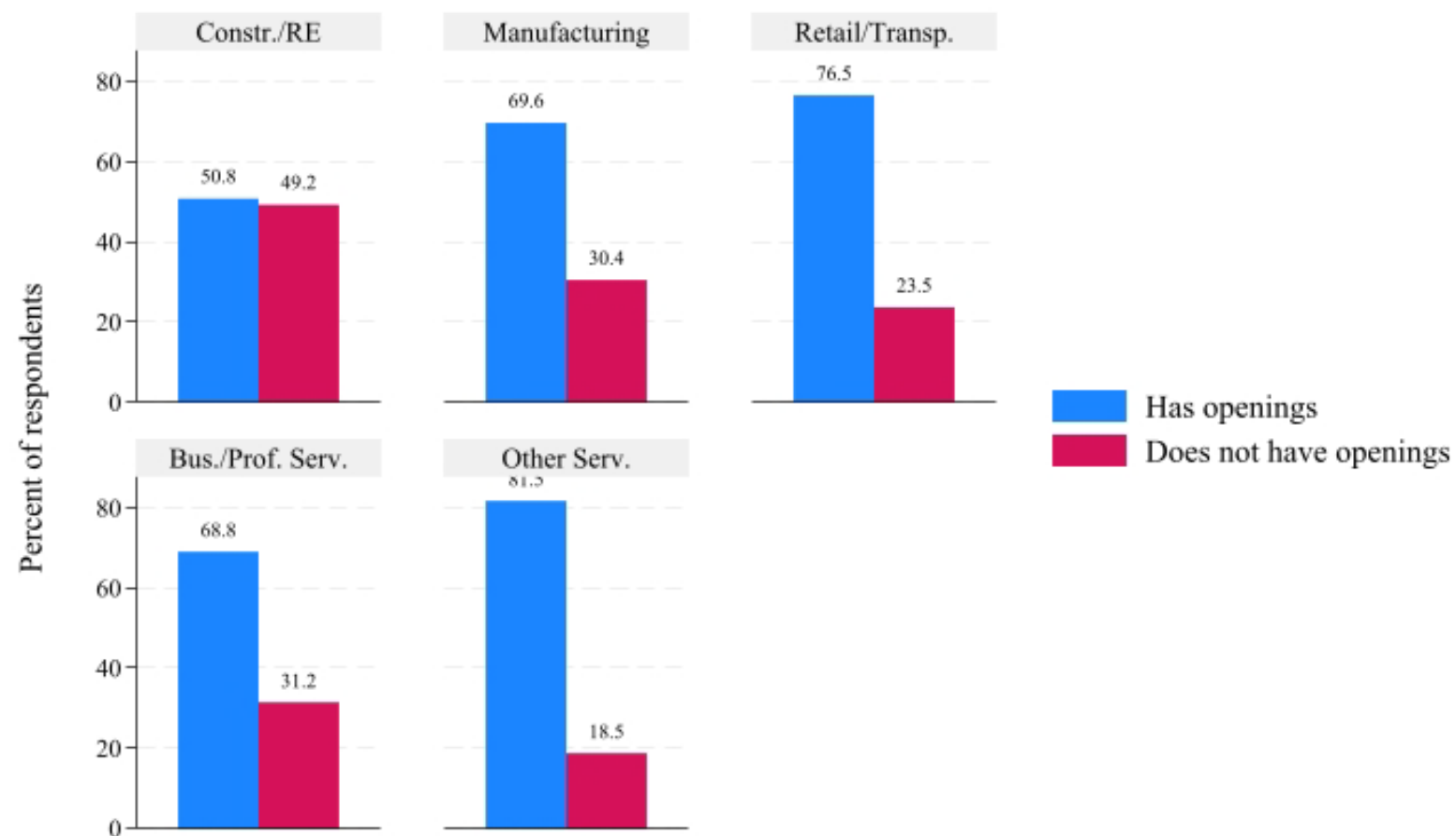
What was your firm's number of job openings as of last Friday,  
October 4?

# About 70 percent of firms in our sample reported having openings.



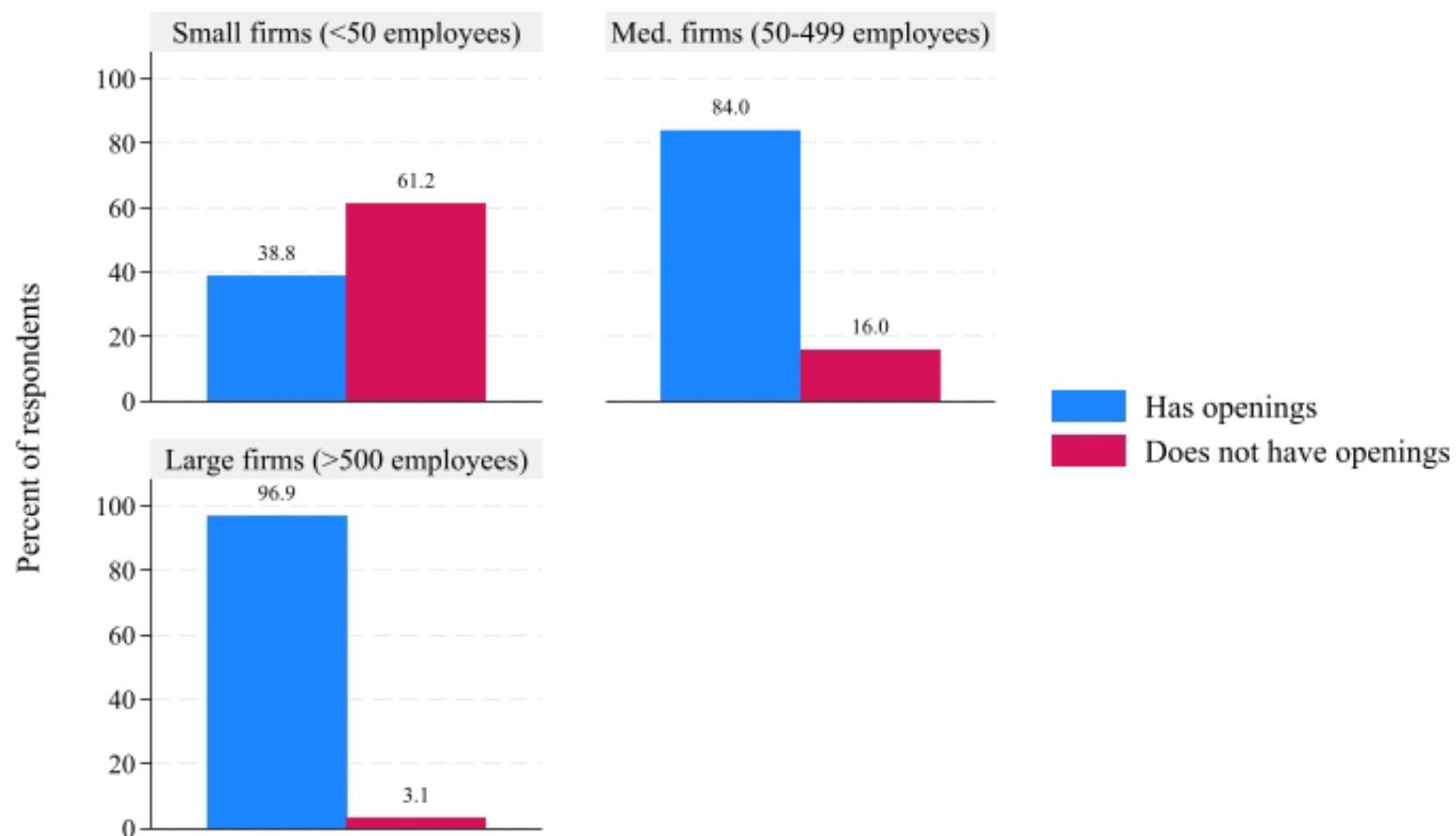
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

Unlike the previous question, we do see differences in whether firms have openings when we cut the sample by industry.



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

Once again, when split by firm size, we see some differences in whether firms currently have openings.

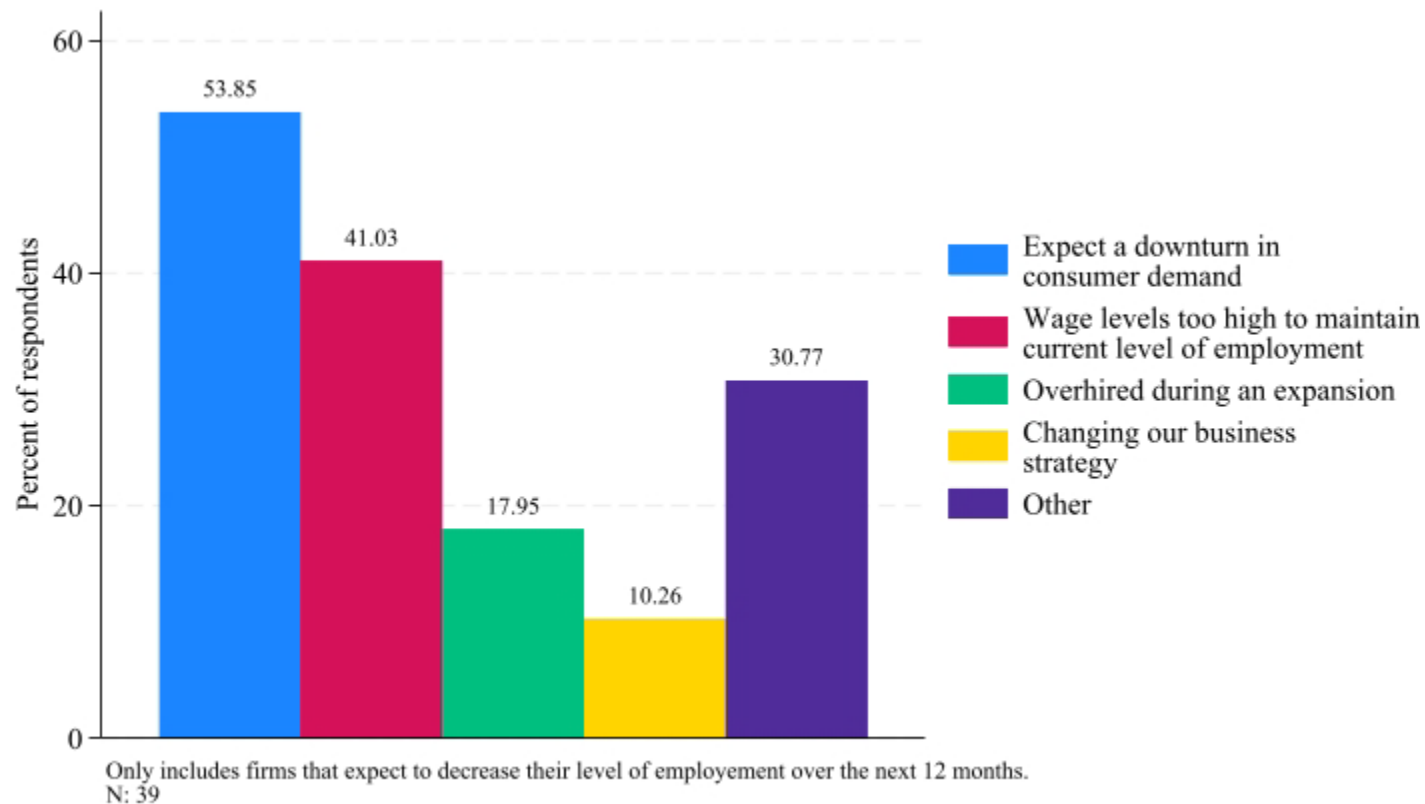


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

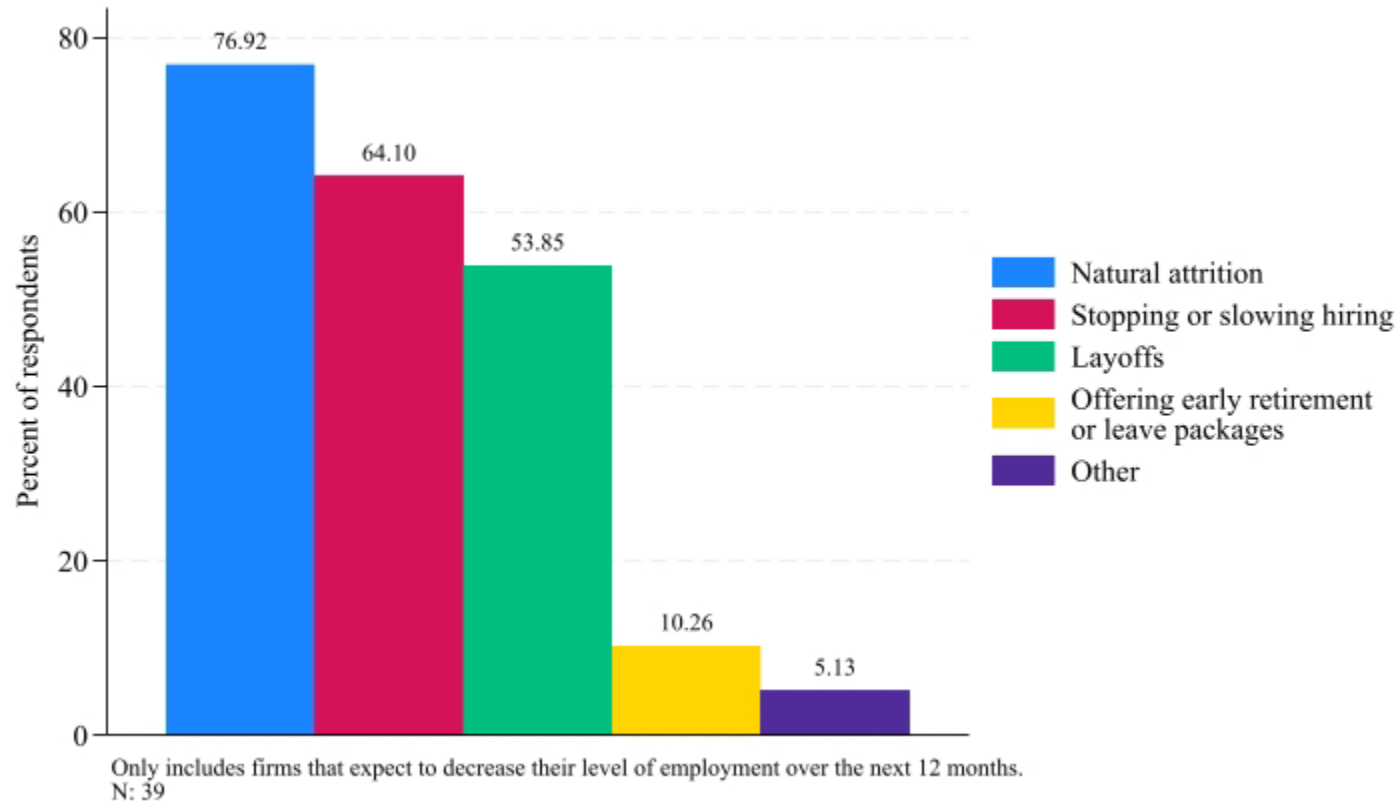
Why is your firm planning on reducing the number of employees over the next 12 months?

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**Firms that are planning to decrease their level of employment over the next 12 months identify high wage levels and an expected downturn in consumer demand as among their primary concerns.**

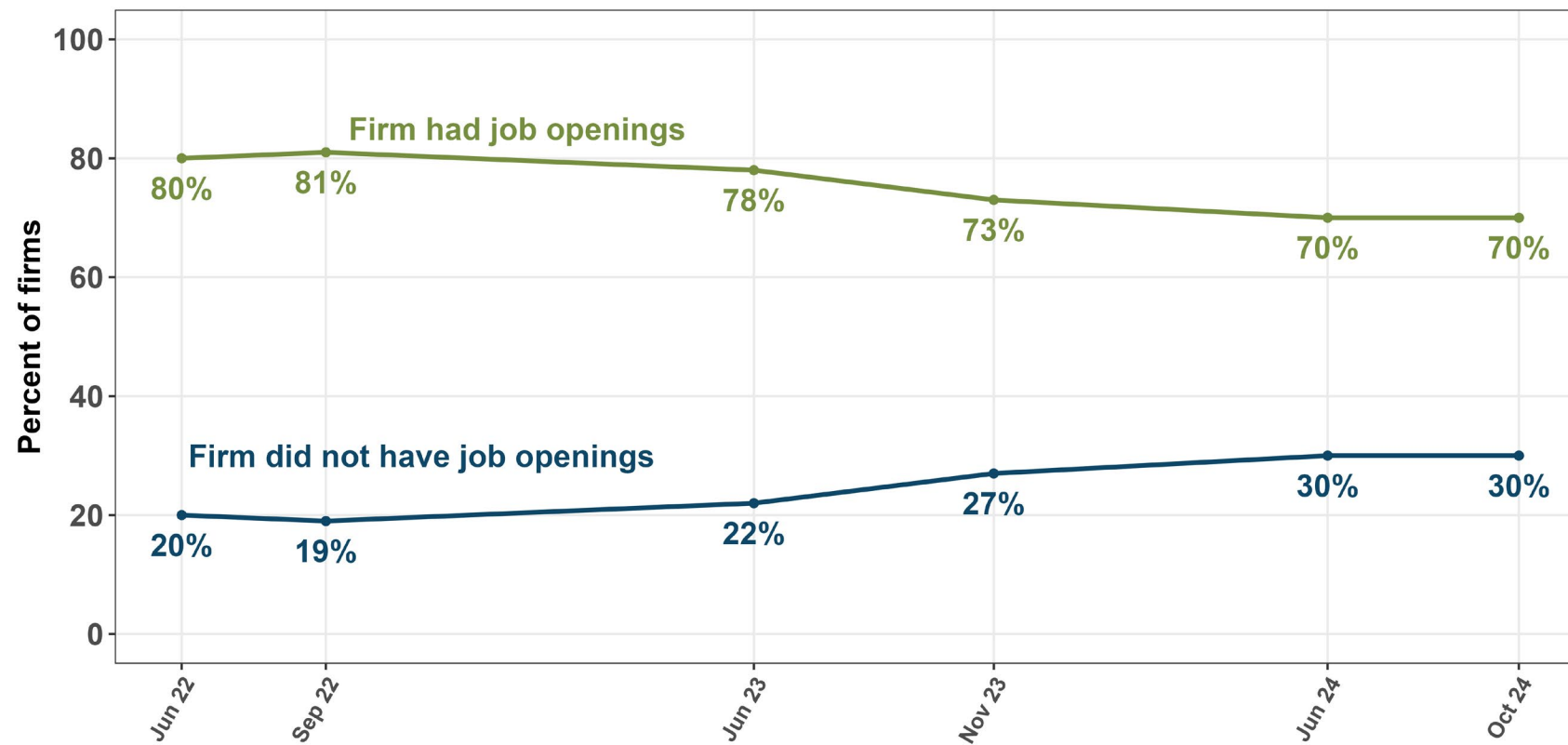


**Firms that are planning to decrease their level of employment over the next 12 months report that they will accomplish this primarily through natural attrition, slowing hiring, and layoffs.**

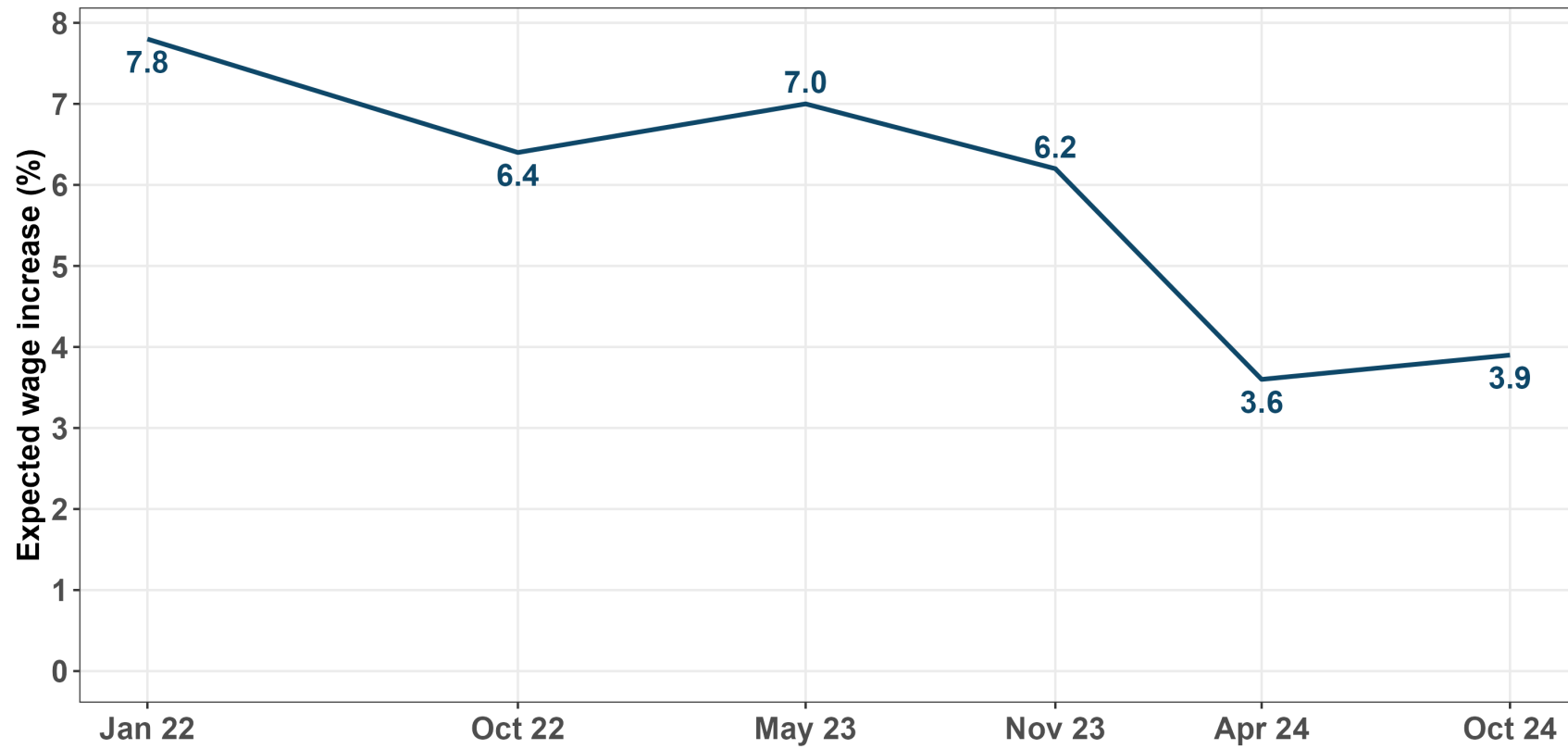


How does this compare to previous times we asked these questions?

The percent of firms that have at least one job opening has declined since its peak in September 2022, but it has remained relatively steady since the last time we asked this question (June 2024).



**Expected wage growth among firms has fallen considerably since the levels we had seen from January 2022 (the first time we asked a similar question) to November 2023. However, it is around the same level as what firms reported in April 2024.**



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

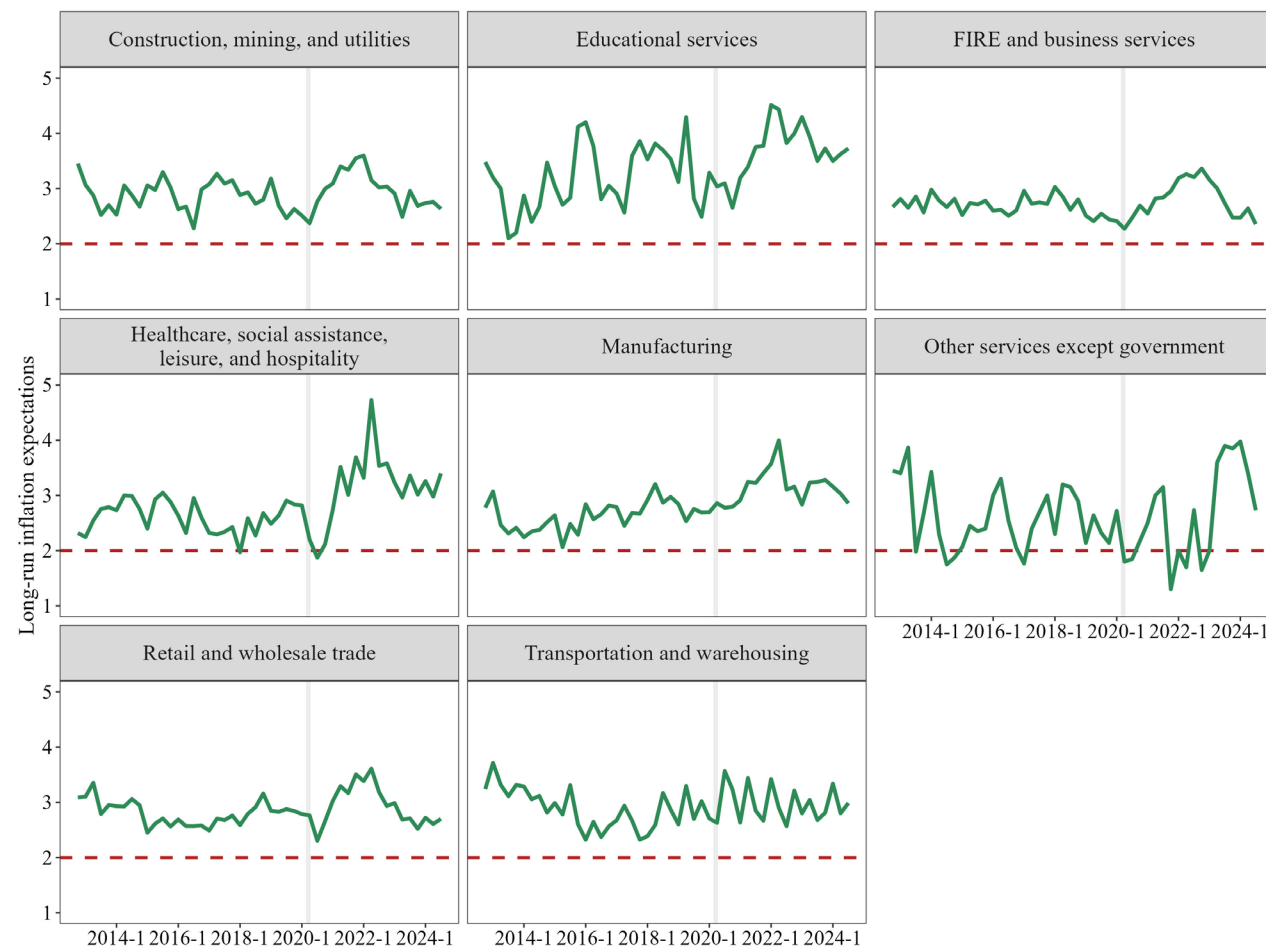
# Year-ahead unit-cost expectations vary meaningfully by sector.



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.

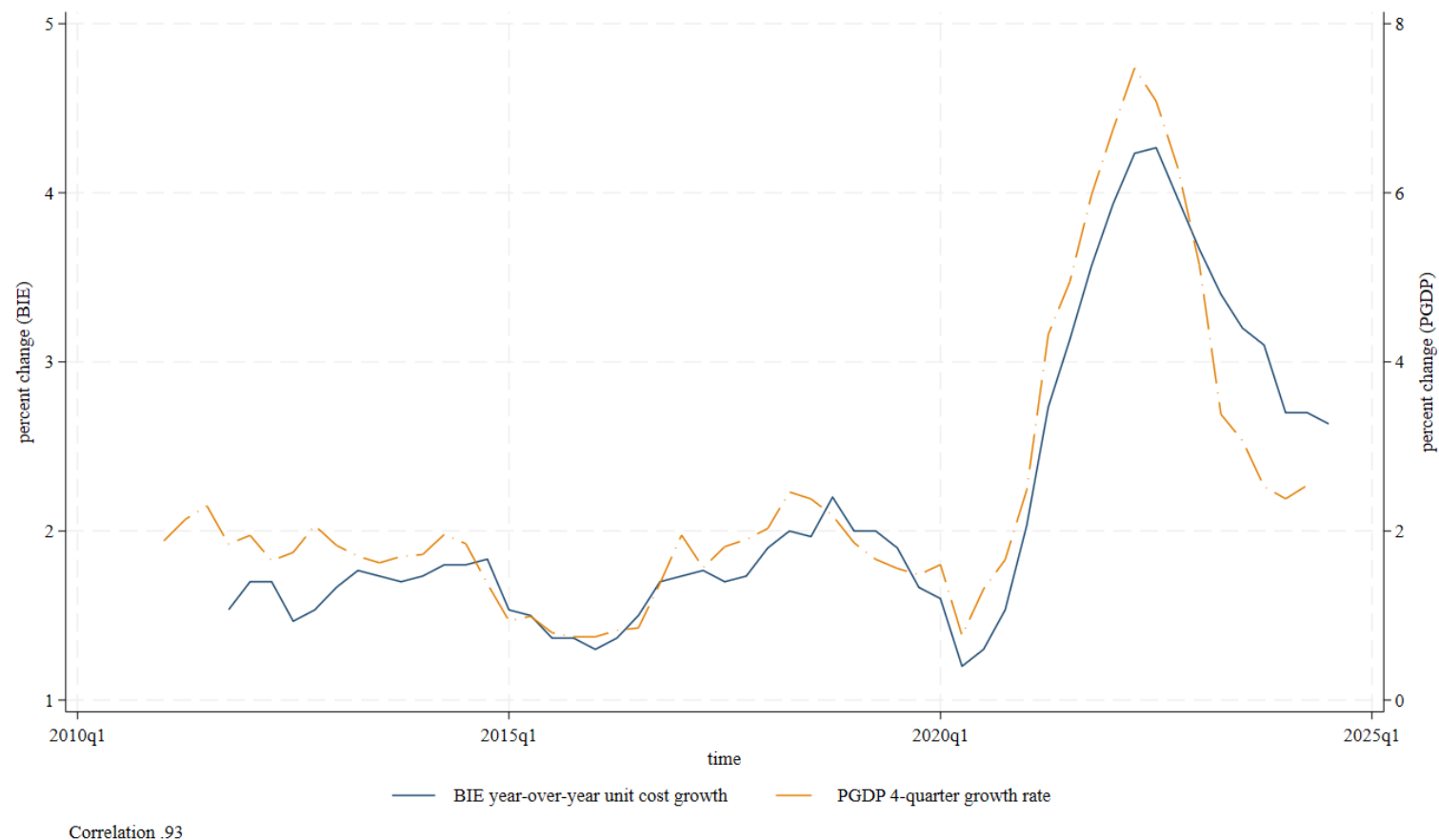


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

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

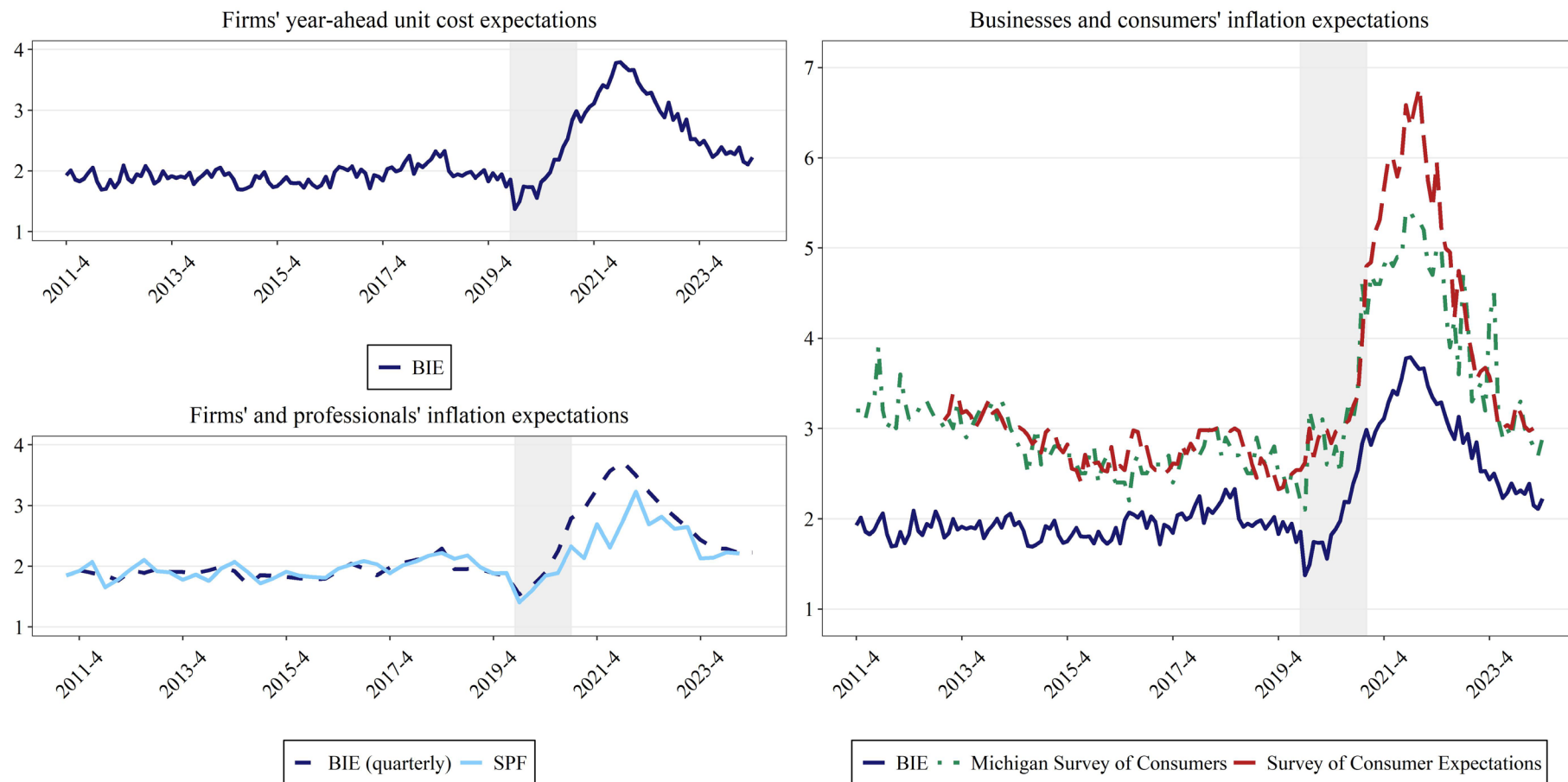
# BIE Unit Cost Growth versus GDP Chain-type Price Index



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>

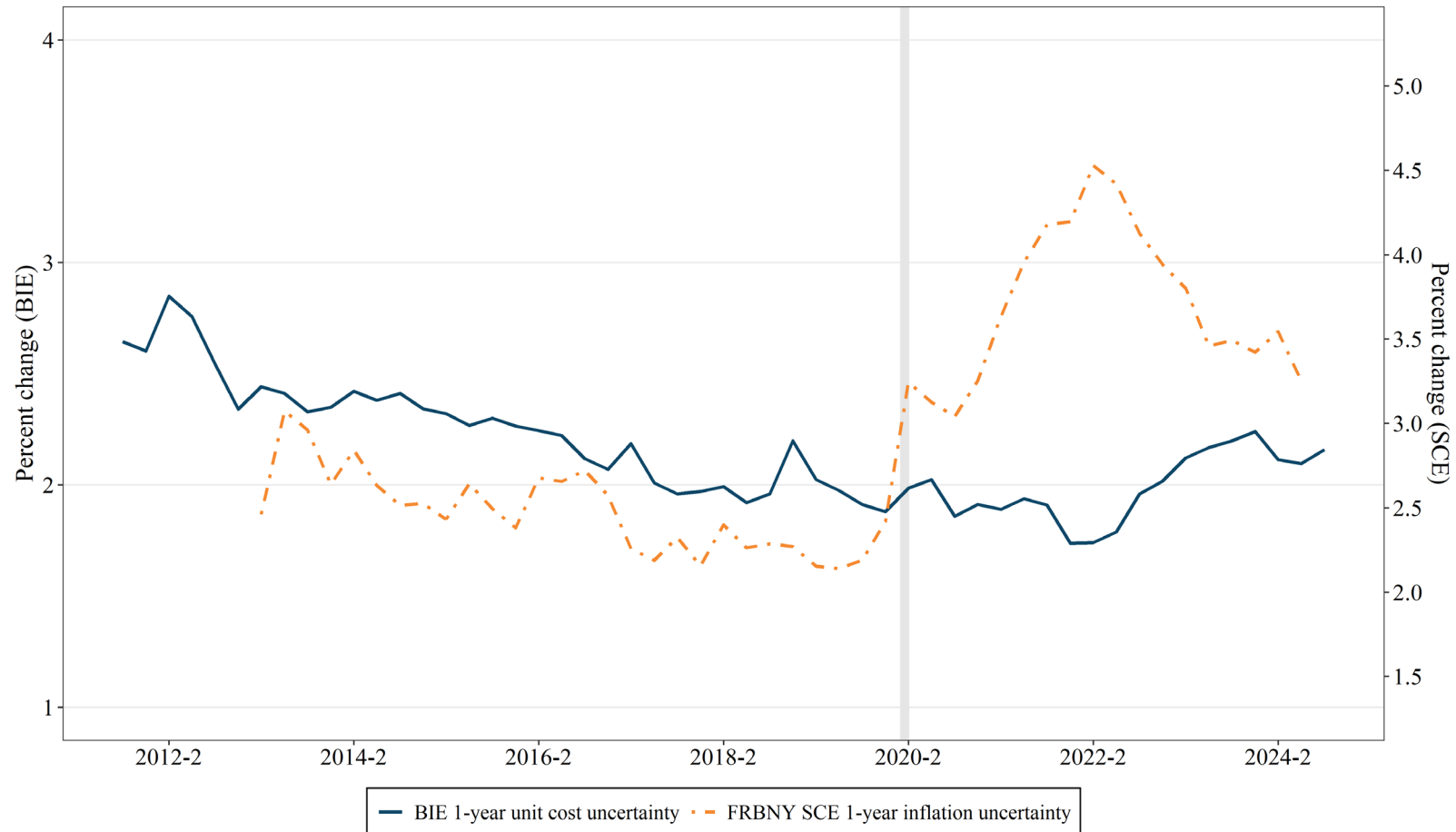
# BIE Survey versus SPF and Survey of Consumers



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:**  
**Aaron Jalca ([Aaron.Jalca@atl.frb.org](mailto:Aaron.Jalca@atl.frb.org))**  
**Grace Guynn ([Grace.Guynn@atl.frb.org](mailto:Grace.Guynn@atl.frb.org))**



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