

Business Inflation Expectations (BIE) Survey

Monthly Report: November 2024

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 reported a median 3.0 percent (4.1 percent mean) price increase over the past 12 months and a median 3.0 percent (3.2 percent) expected price increase over the next 12 months. This has decreased from August 2024, the last time we asked this question (5.0 percent median realized price increase, 4.0 percent median expected price increase).
3. In November's special questions, we asked firms questions about their inflation expectations, own-industry price change expectations, and their number of competitors.
4. Most firms (~73 percent) reported that price measures had at least some influence on their firm's decisions.
5. Firms in our sample expect the price level in their firm and their industry to increase at a greater rate (3.3 percent) than their unit costs and the CPI over the next 12 months (2.2 percent and 2.0 percent, respectively). This largely holds true when we cut the sample by sector, goods and services, firm size, and number of direct competitors, though there is some variation in a few sectors.
6. The distributions of firms' CPI and unit cost growth expectations are very similar, but they differ from the distributions of firms' own-industry and own-firm price growth expectations.

About the BIE

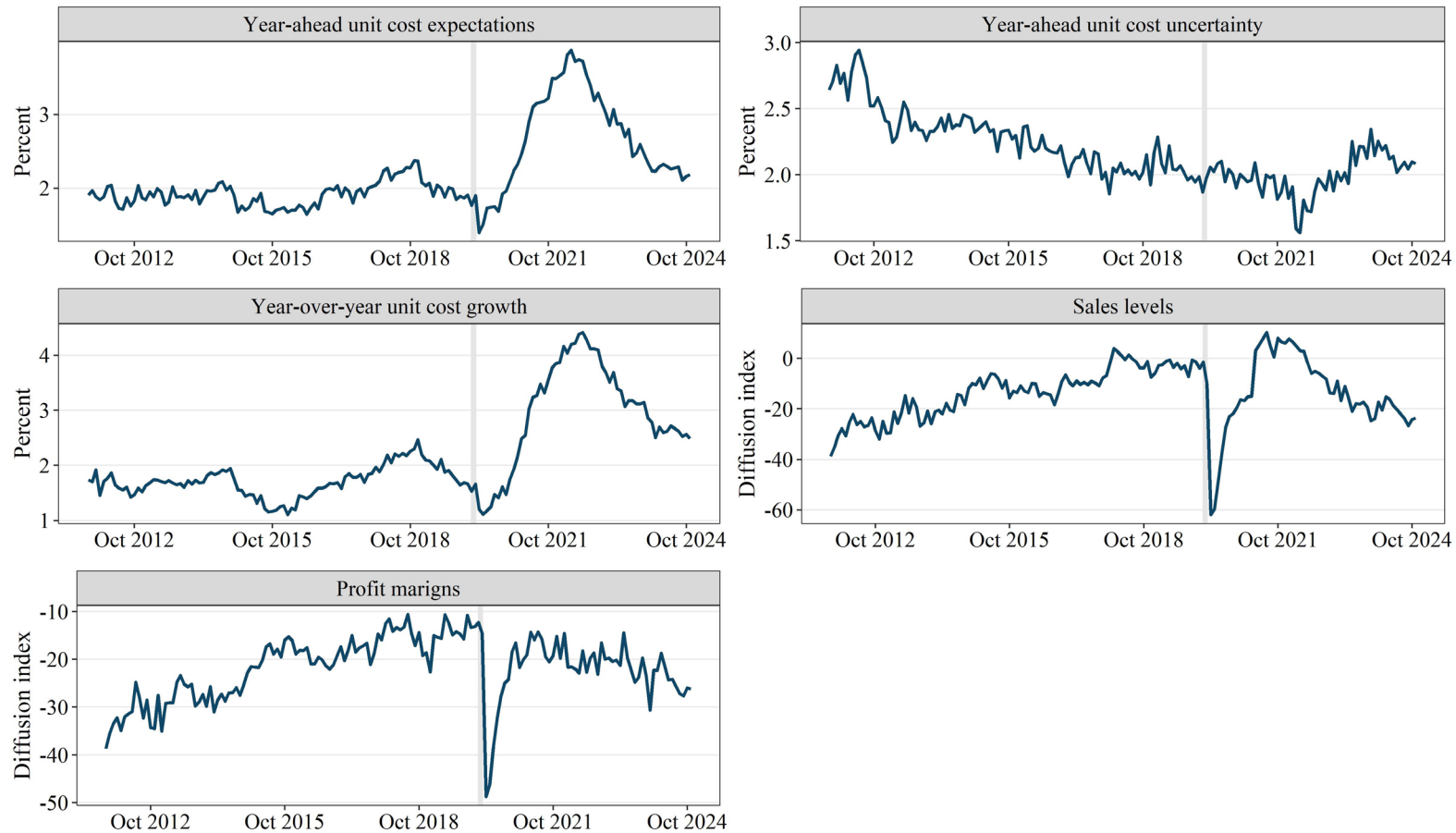
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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



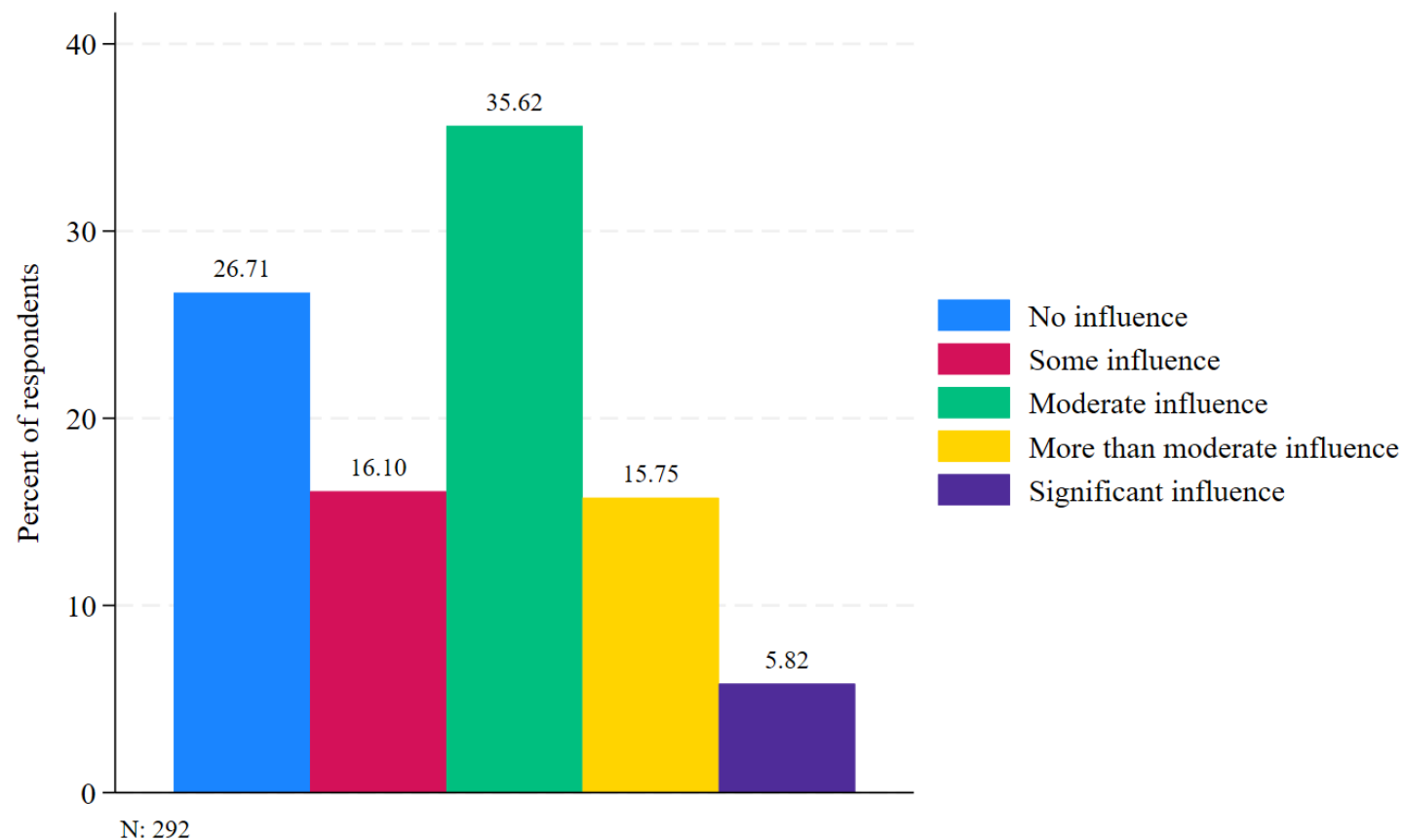
Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

BIE Special Questions: November 2024

On a scale from 1 to 5, with 1 being “no influence,” please indicate what level of influence, if any, price statistics such as the Consumer Price Index (CPI) have on your business decisions.

Most firms in our sample reported that price measures had at least some influence on their firm's decisions. However, nearly 27% said that it had no influence, and only ~6% said that it had significant influence.

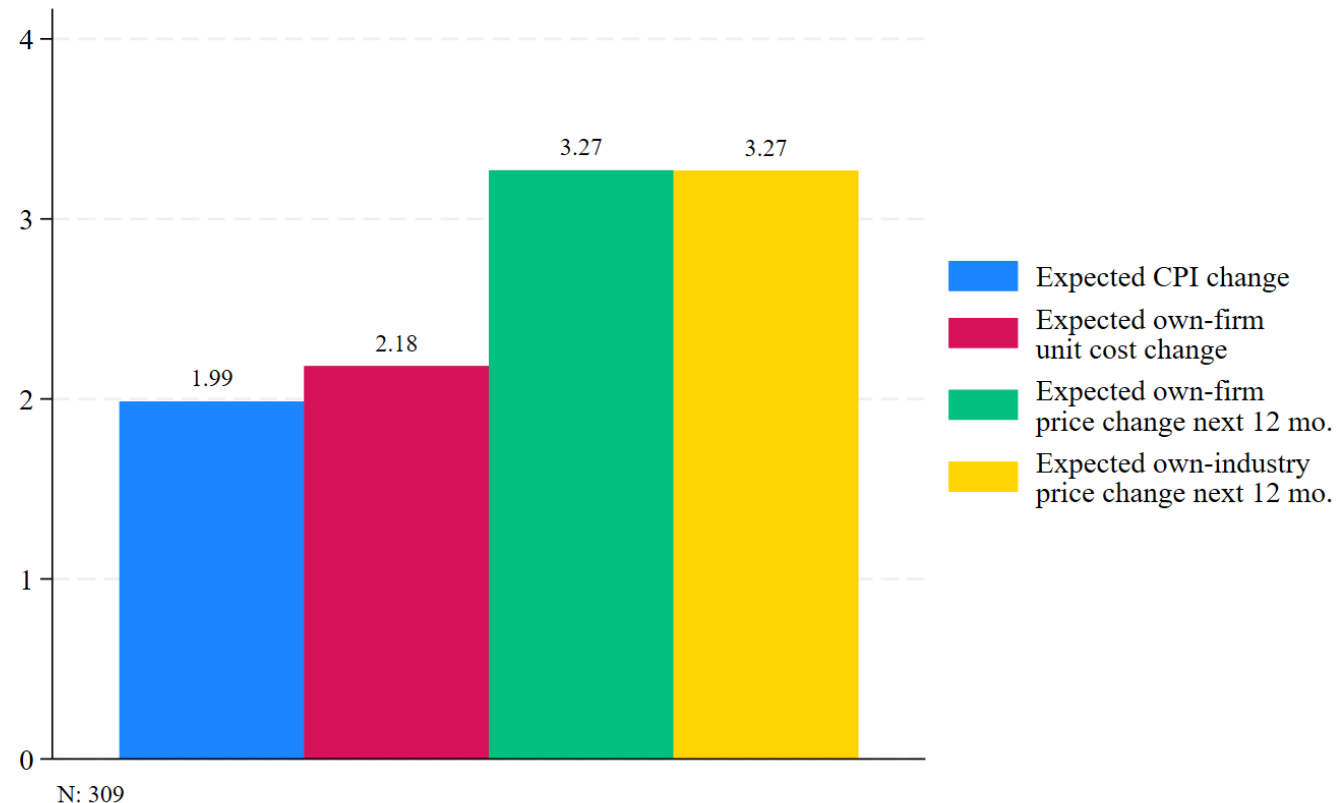


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

Projecting ahead, to the best of your ability, please assign a percent likelihood to the aggregate rate of inflation, as measured by the Consumer Price Index (CPI), over the next 12 months.

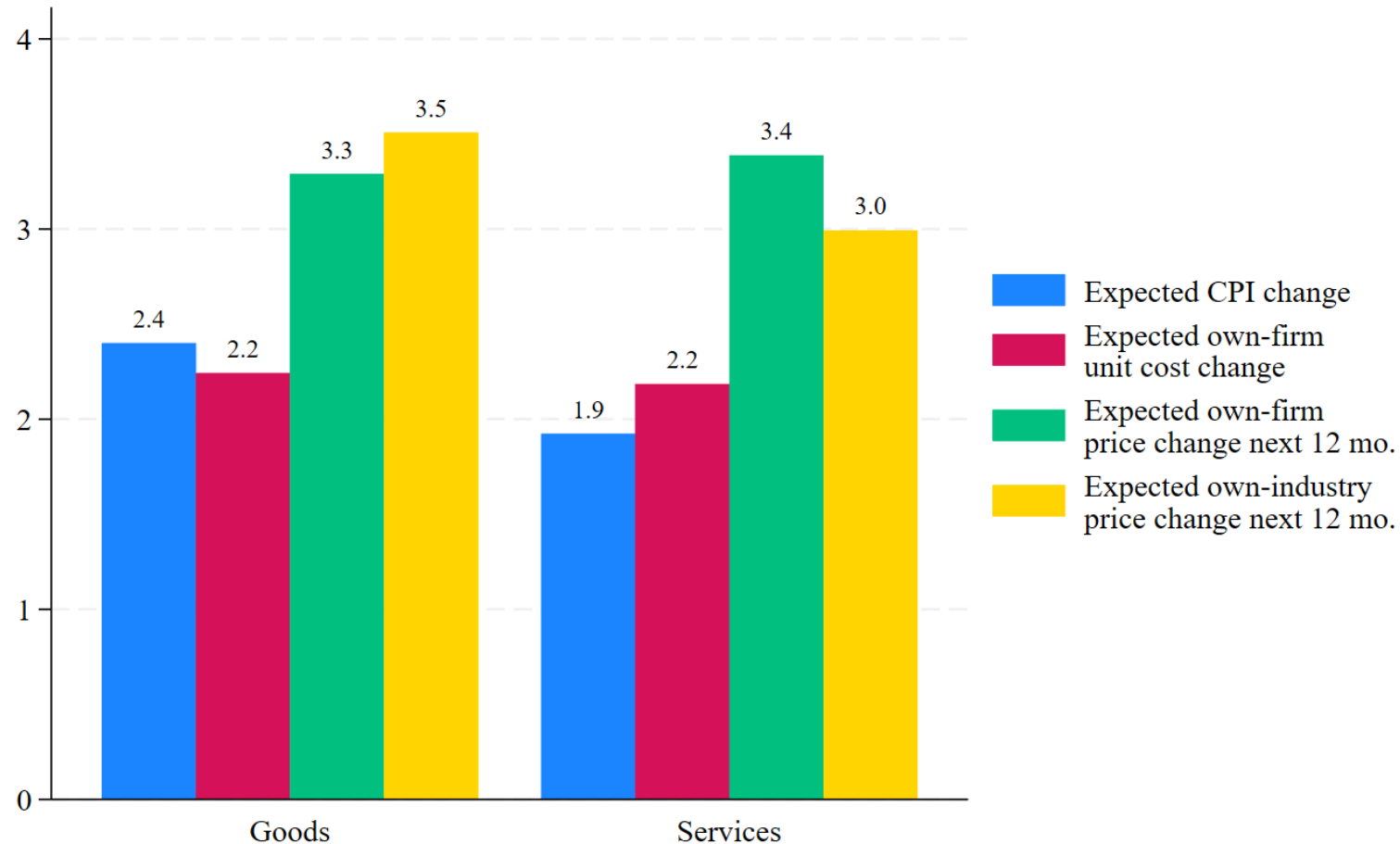
Looking ahead, from now to 12 months from now, what do you expect will be the year-over-year percentage change in average prices in your firm's main industry? (Please use a negative sign to indicate a decline)

Firms in our sample expect prices in their industry and firm to grow by 3.3% over the next 12 months. However, they expect their own unit costs to only increase by 2.2% over the same period. They expect overall CPI to change by even less, at roughly 2% over the next year.

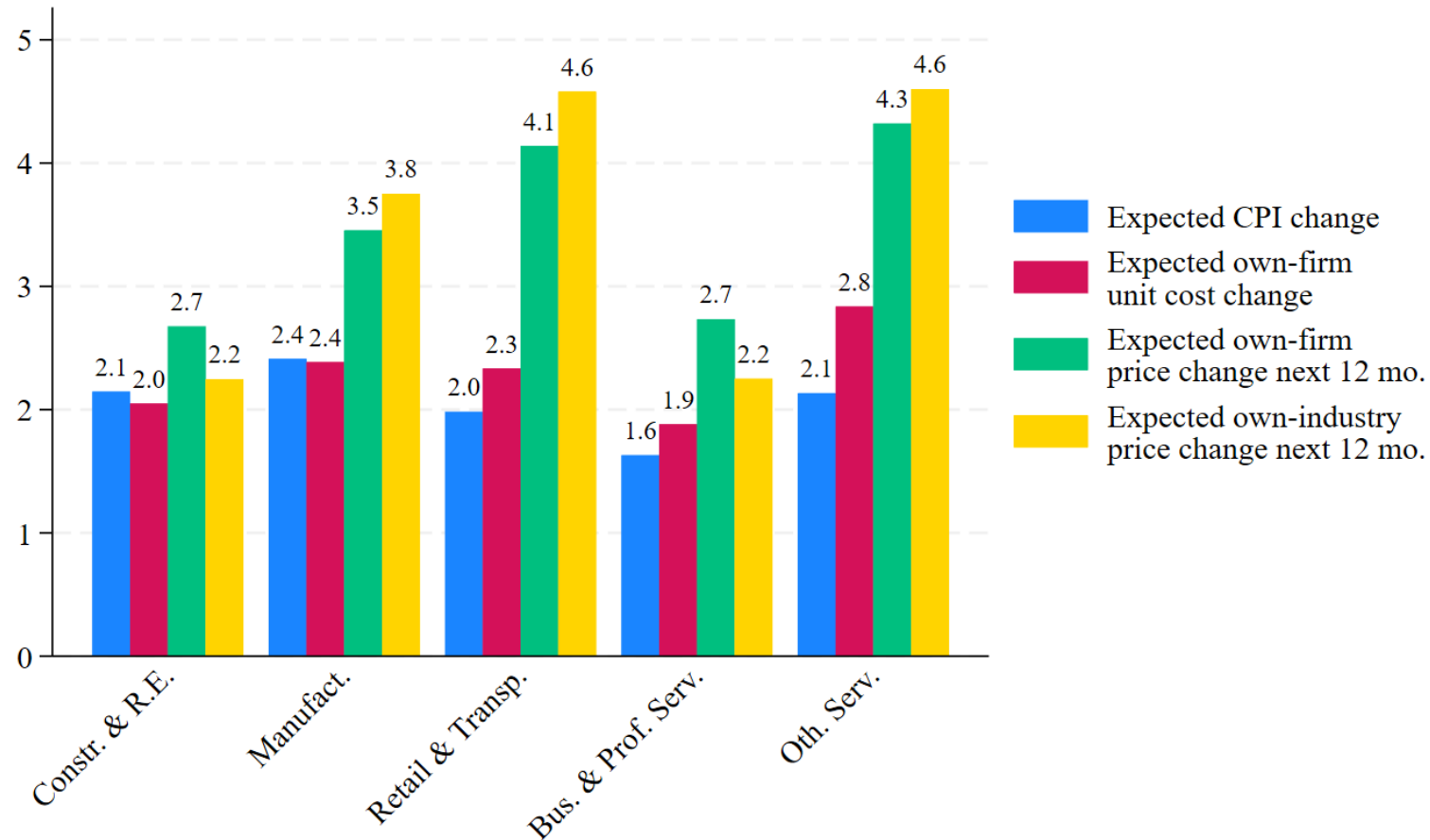


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

This disparity is the same when the sample is split by goods and services. At the same time, we see that services expect a lower expected price change and CPI over the next 12 months.

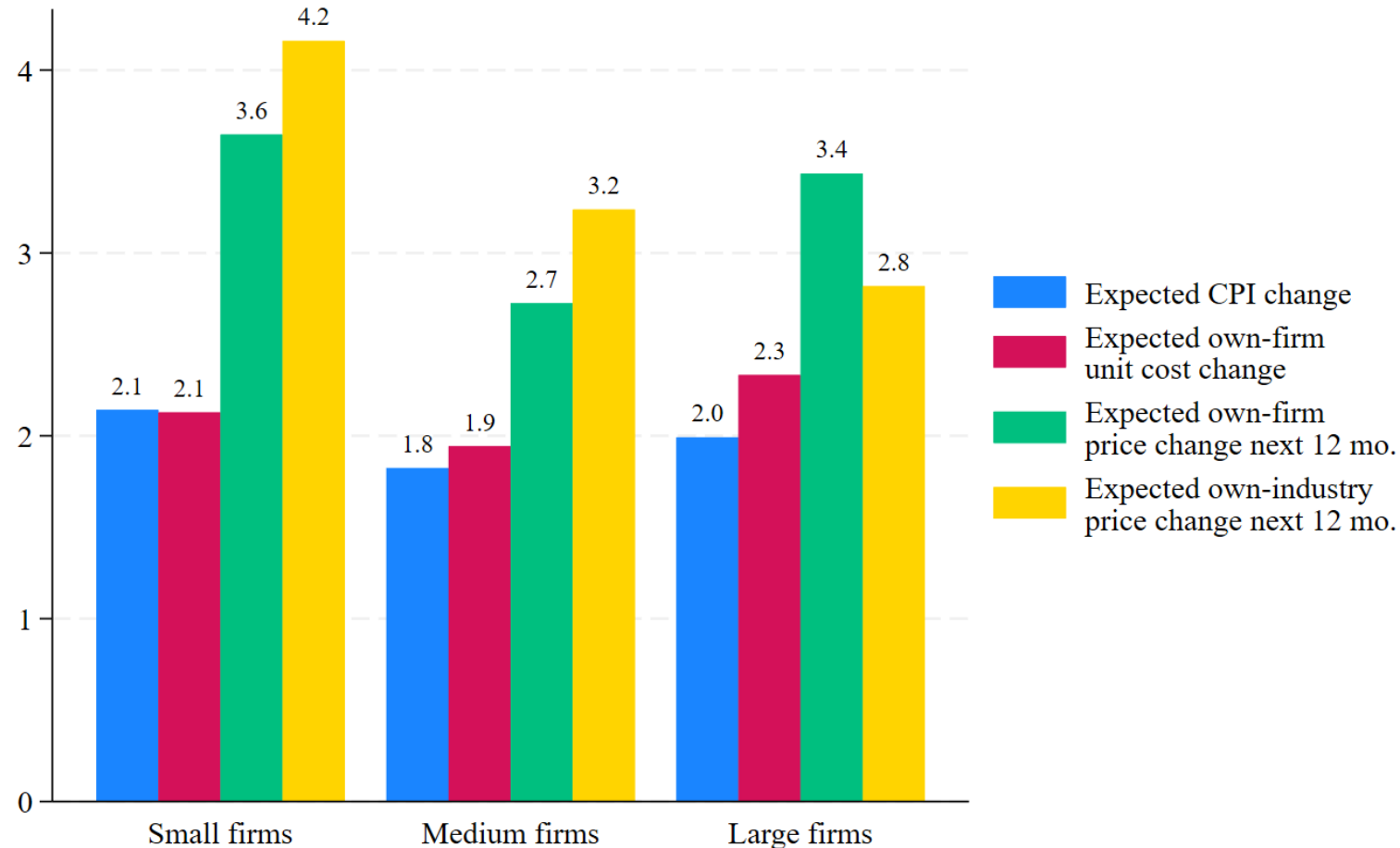


When the sample is split by sector, we see some large differences in expected own-industry and own-firm price change. However, all sectors reported similar expected unit cost and CPI growth.



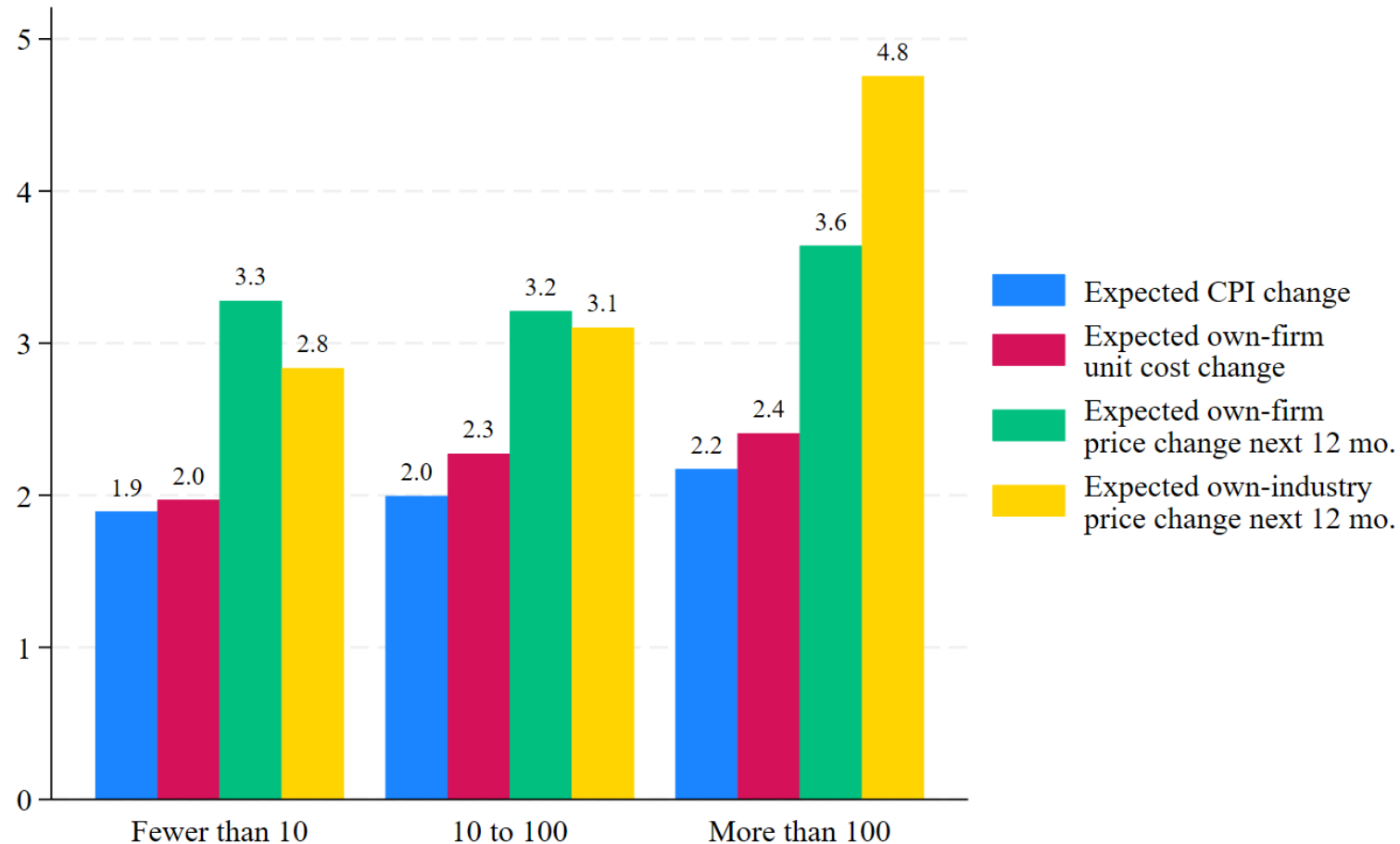
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

There are also large differences between firms of different sizes. Small firms expect their industry's prices to increase by nearly 4.2% compared to the 2.8% reported by large firms. Each group still reported similar expected unit cost and CPI growth.



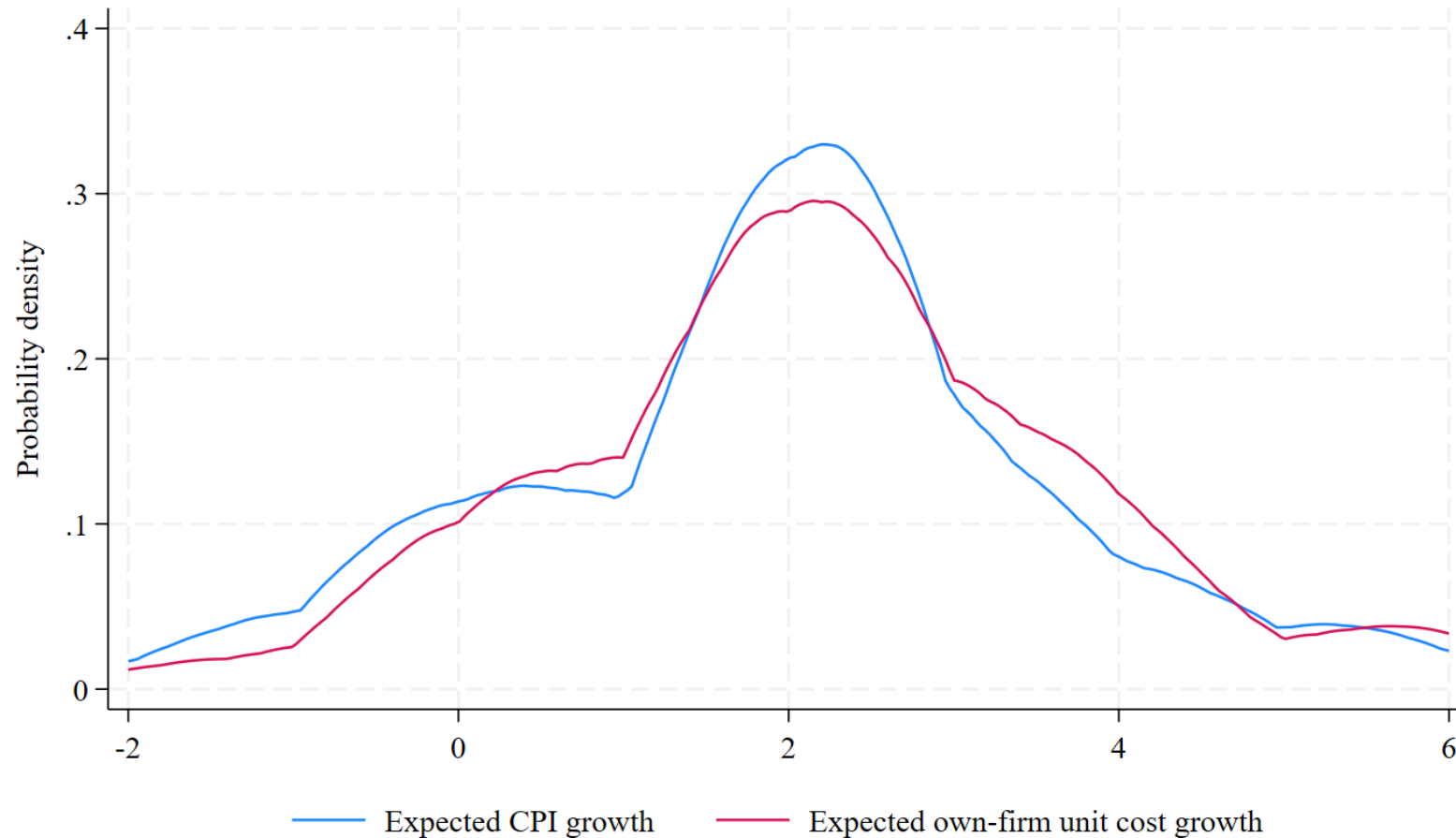
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

We asked firms how many direct competitors they have. Firms with more competitors report higher expected industry price changes. However, expected *own-firm* price growth is similar across these bins. Once again, firms in each group report similar expected unit cost and CPI growth.



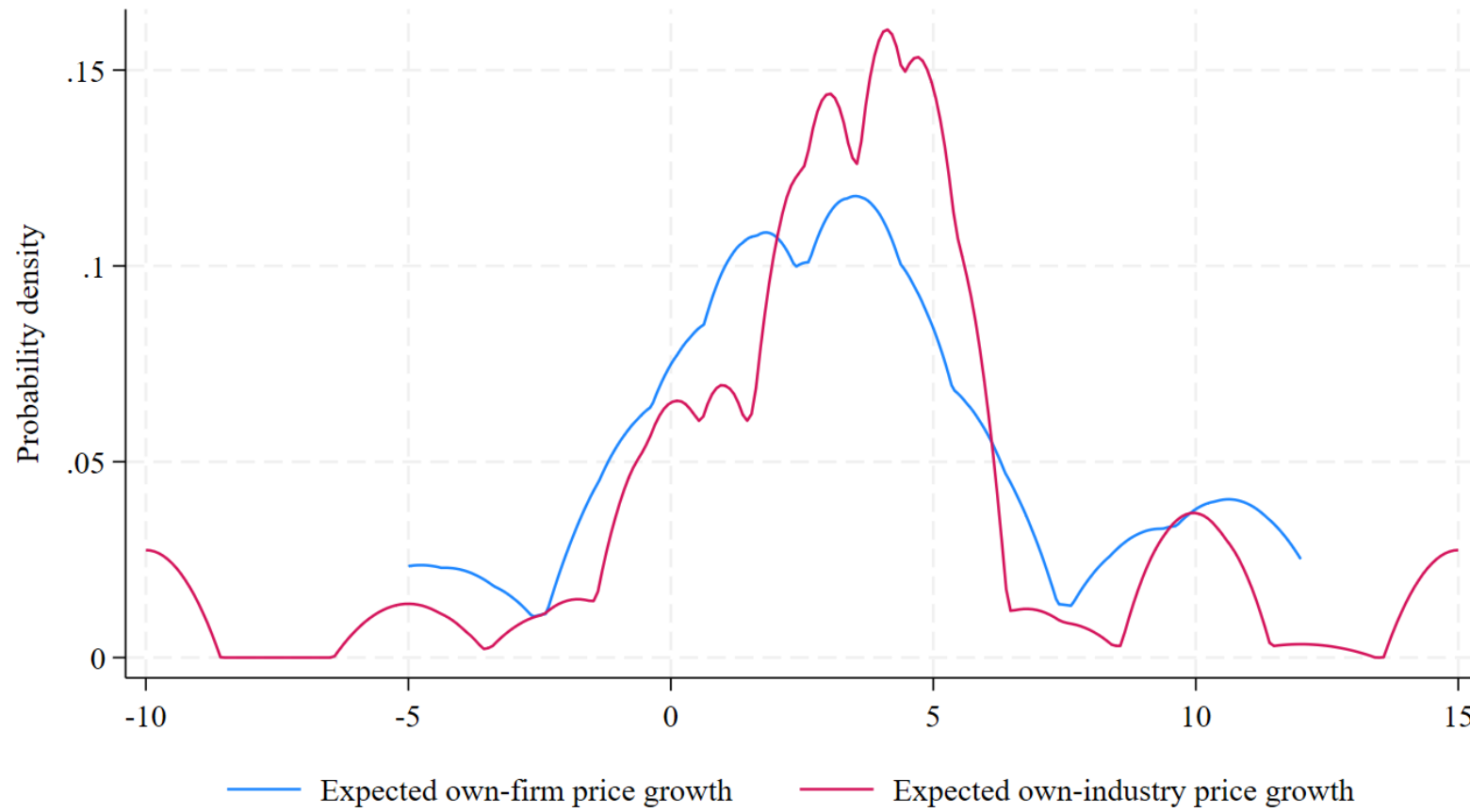
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

The distributions of firms' CPI and unit cost growth expectations are very similar.



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

Firms reported both a mean expected own-industry and own-firm price growth of 3.3% (3% median). The distributions of own-firm and own-industry price growth are not statistically different. However, expected industry price growth looks to be skewed slightly right and has higher variance.



Winsorized at the 5th and 95th percentiles.

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

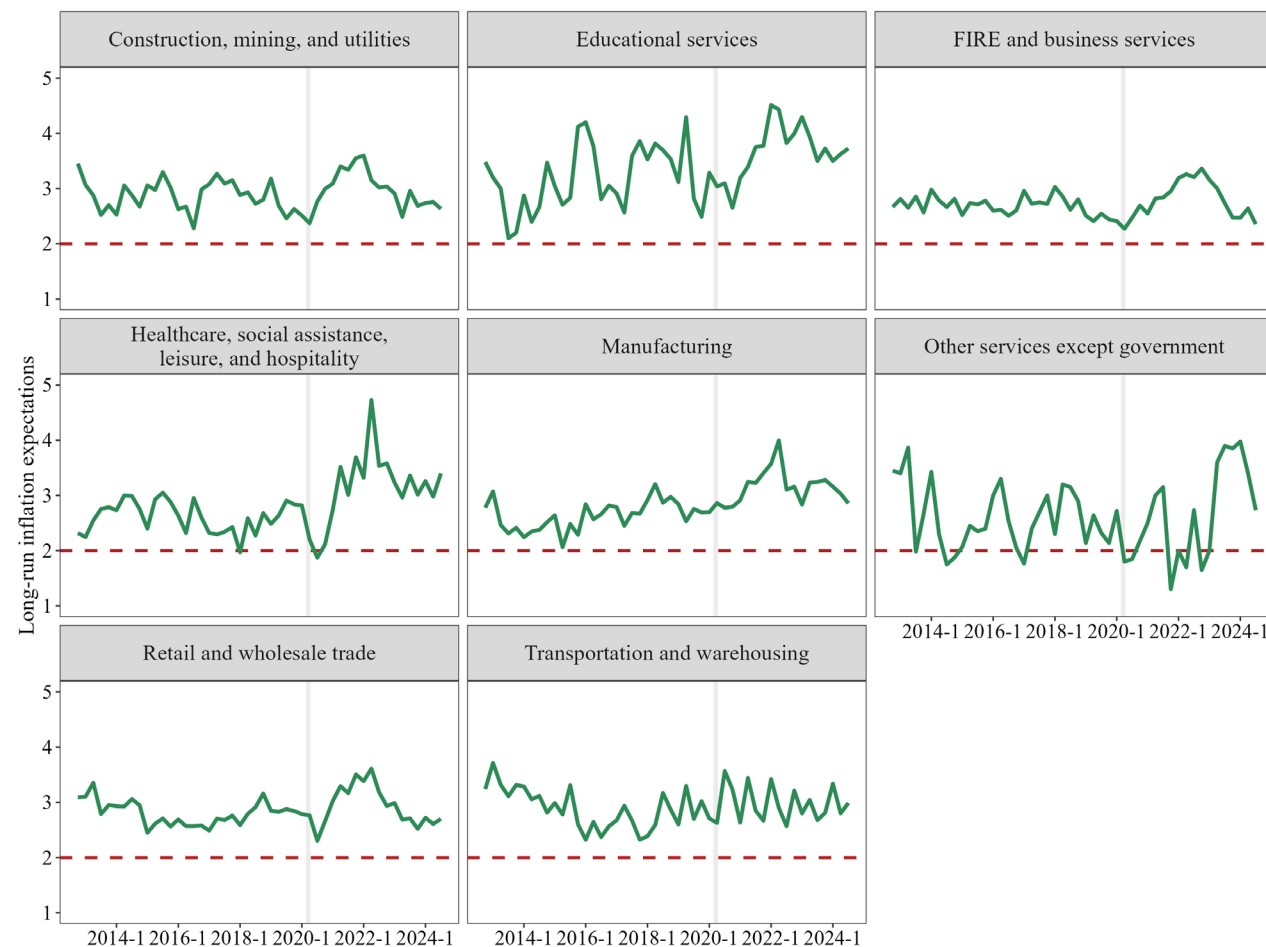
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

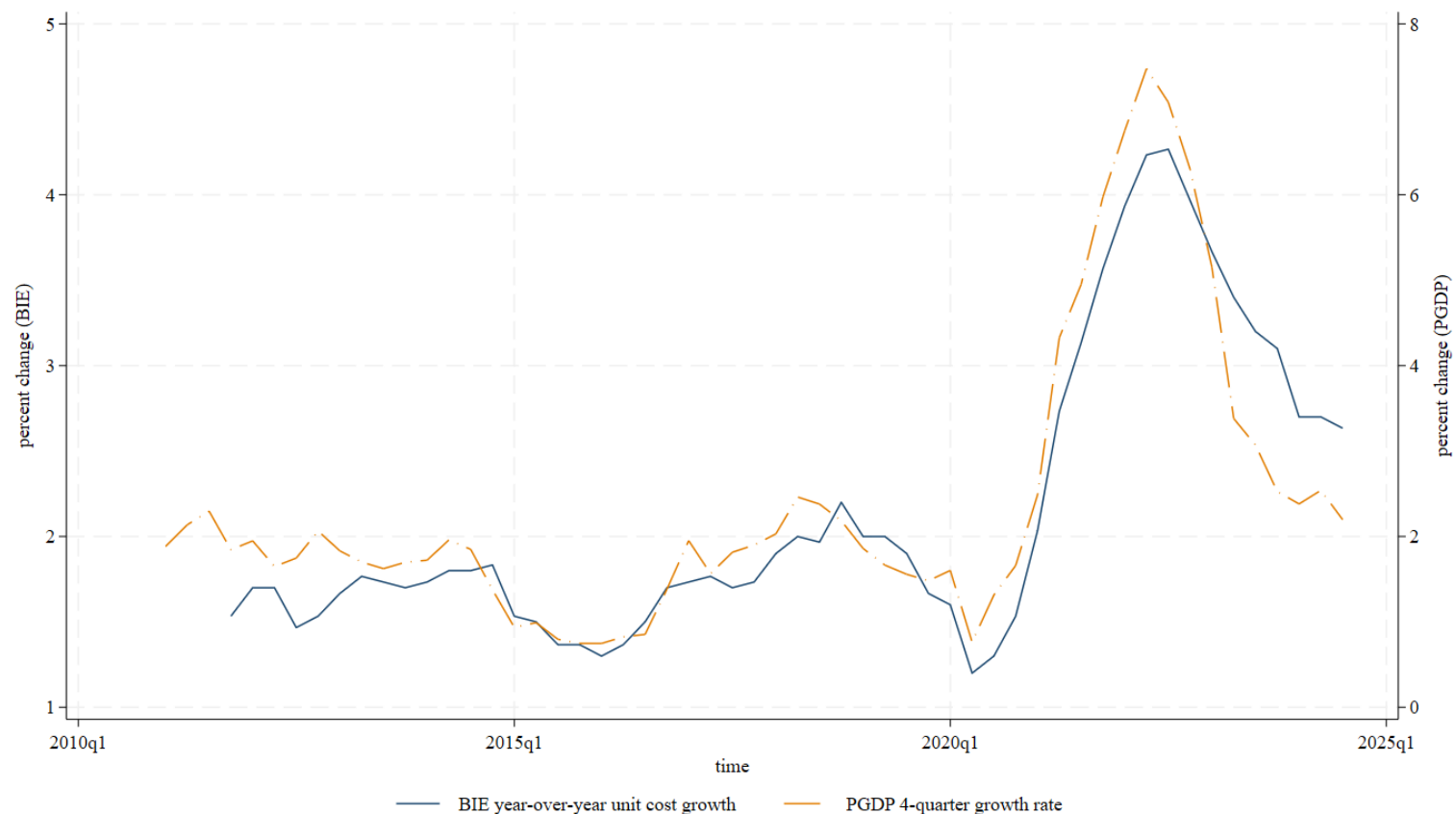


Note: The data are shown monthly.

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

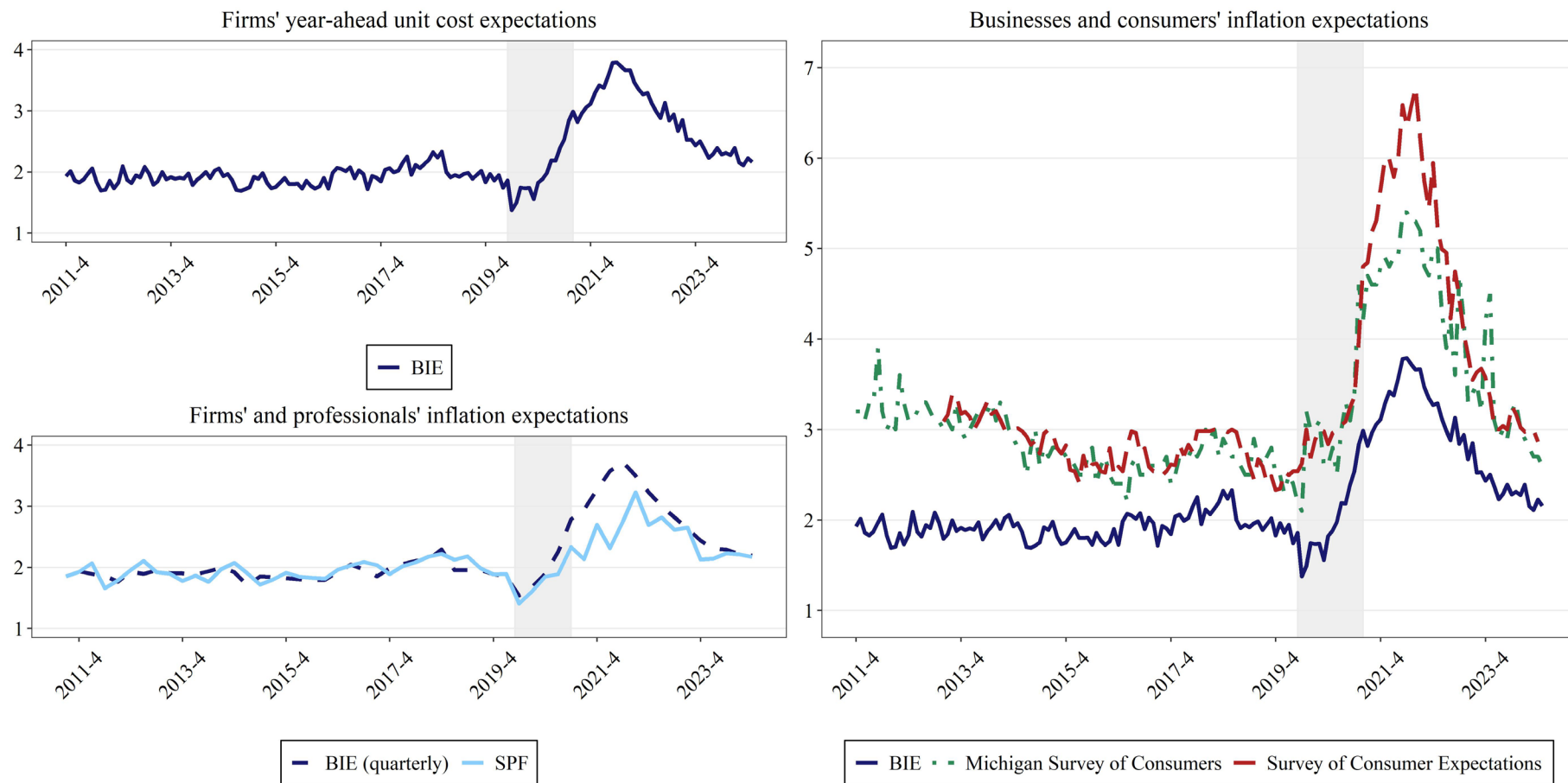


Correlation .93

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>

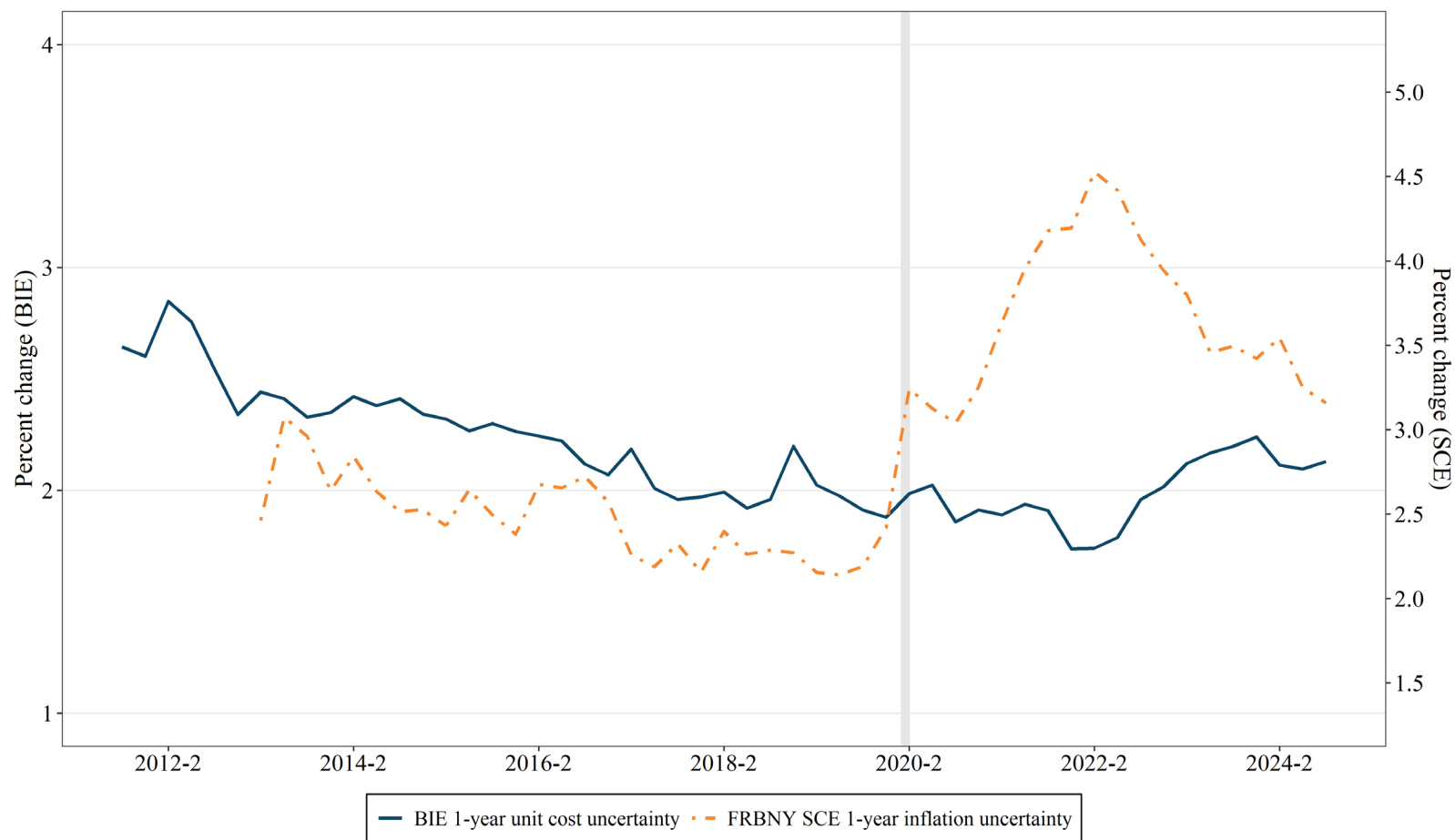
BIE Survey versus SPF and Survey of Consumers



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)

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