

# Business Inflation Expectations (BIE) Survey

Monthly Report: April 2025



Federal Reserve  
Bank *of* Atlanta

# Headline Results

1. Firms' year-ahead unit cost expectations rose by 0.3 percentage points to 2.8 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 pre-pandemic average of 2.0 percent (from January 2017 through December 2019).
2. Firms' sales levels fell by 1 percentage point compared to January 2025. Sales levels for small firms decreased by 2 percentage points, sales levels for medium firms decreased by 2.2 percentage points, and sales levels for large firms decreased by 1.7 percentage points.
3. In April's special questions, we asked firms questions about cost passthroughs under a shock unit cost increase as well as their concerns about a potential recession in the United States.
4. Ability to pass through shocks to unit cost increases is bimodal. Small firms reported a lower ability to pass through unit cost increases, while medium and large firms reported a large distribution of ability to pass through unit cost increases. Goods reported slightly greater pass through unit cost increases than services.
5. In general, firms reported a greater worry and expected likelihood of a recession in the next 12 months compared to September 2024, the last time we asked this question. However, there are large differences between firms of different sizes, which "swapped" their outlooks from September to April.
6. Firms who reported that they are concerned about a potential recession or a current recession largely reported factors related to unit cost increases but also reported the stock market and geopolitical risks.

## About the BIE

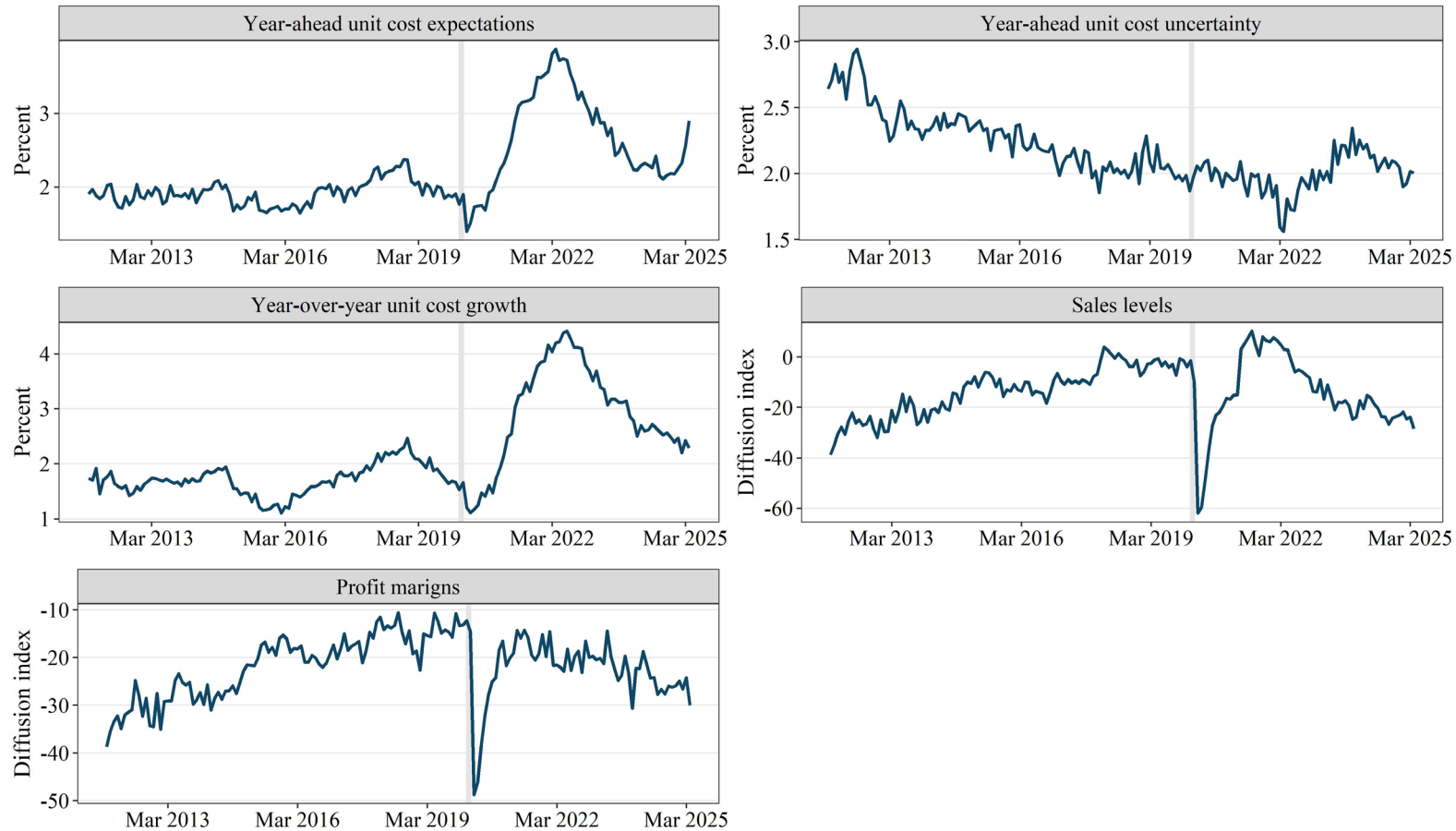
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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](#).

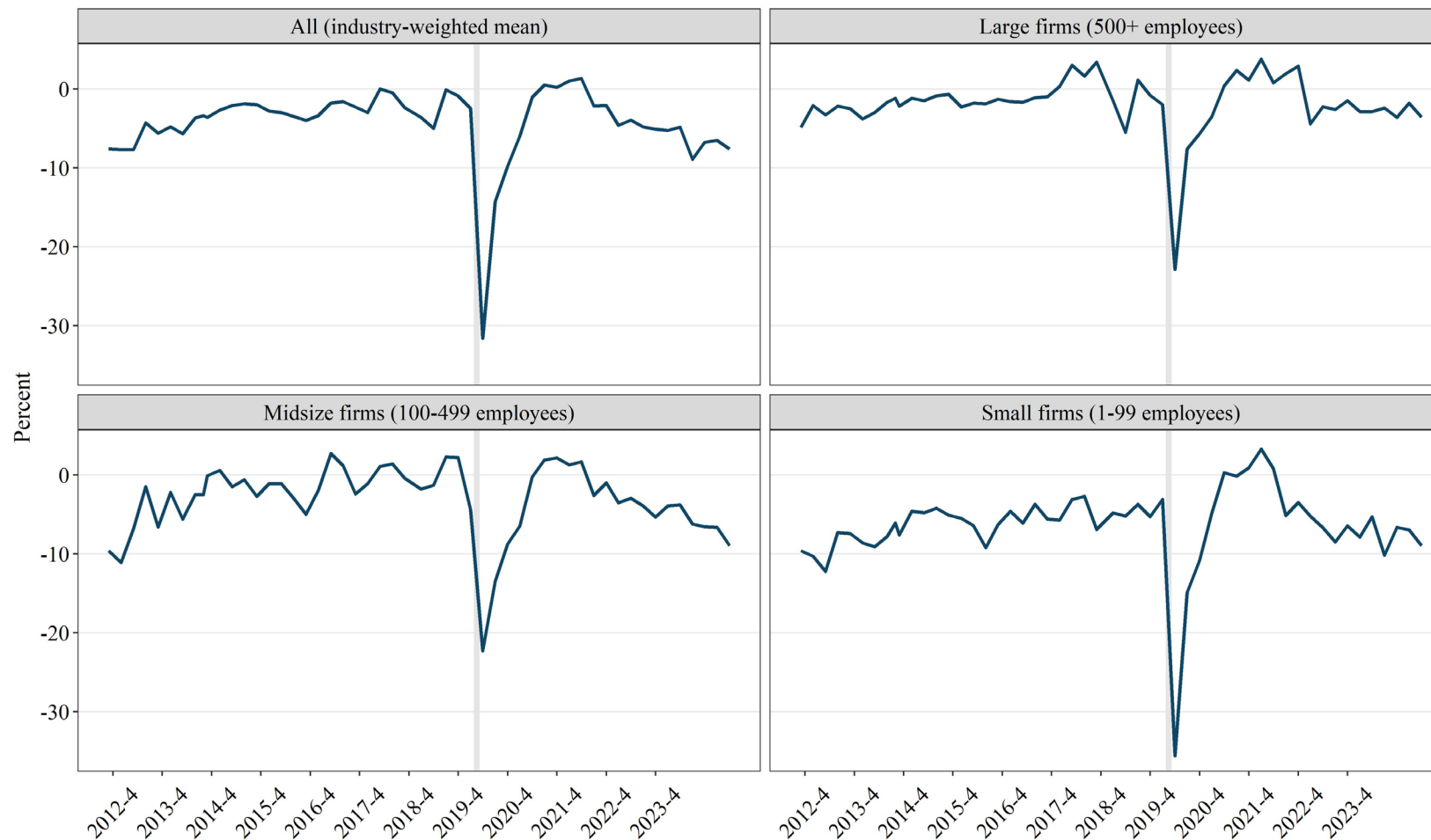
# Core Monthly Questions



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

**Rotating quarterly question: Projecting ahead, to the best of your ability, please assign a percent likelihood to the following changes to unit costs per year, over the next five to 10 years.**



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.

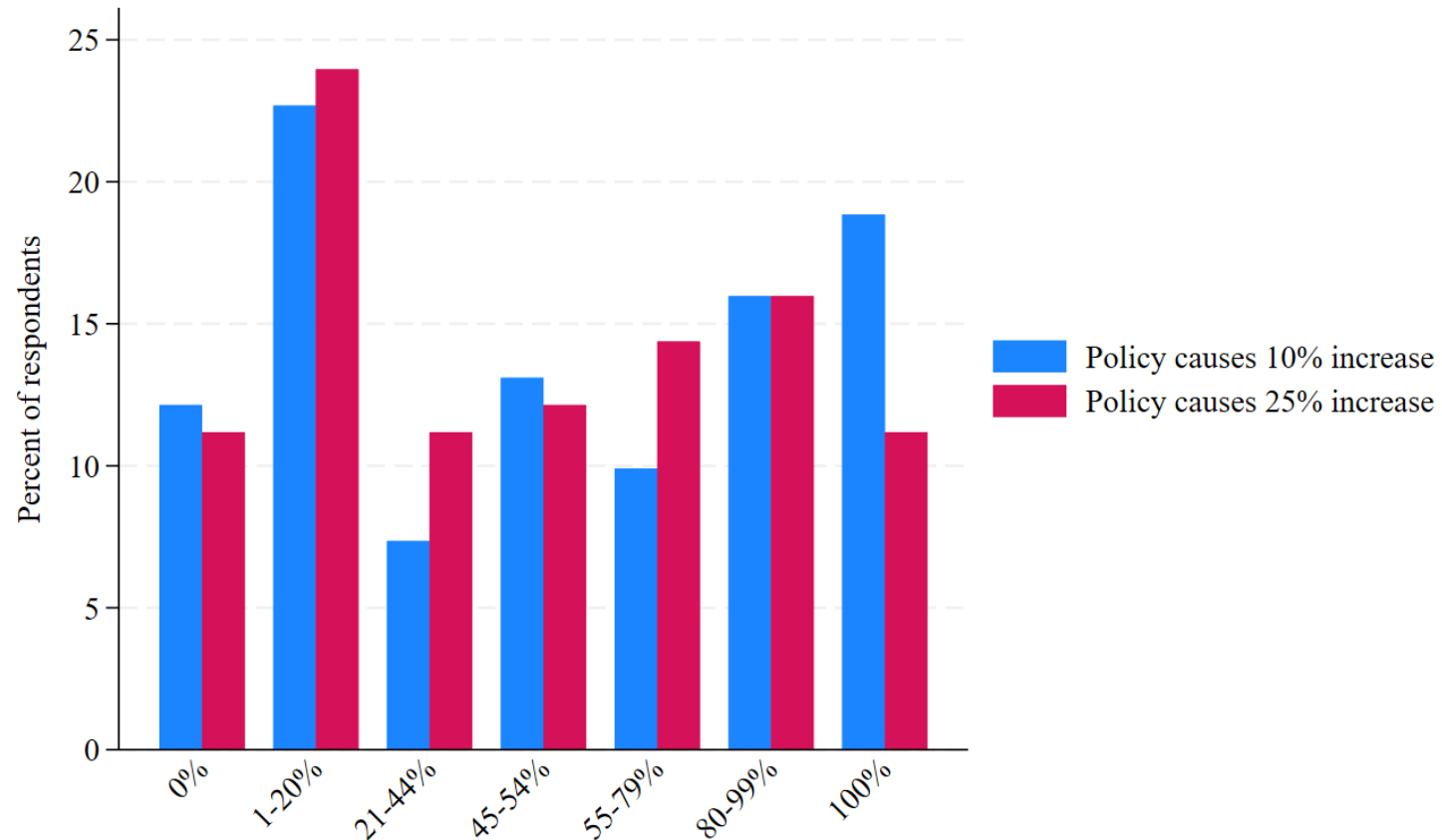
# **BIE Special Questions: April 2025**

*For the next two questions, think about your firm's main good or service, the one that produces the largest share of revenue at your firm.*

*Suppose a new economic policy causes unit costs for your main good or service to increase by [PERCENT], effective immediately.*

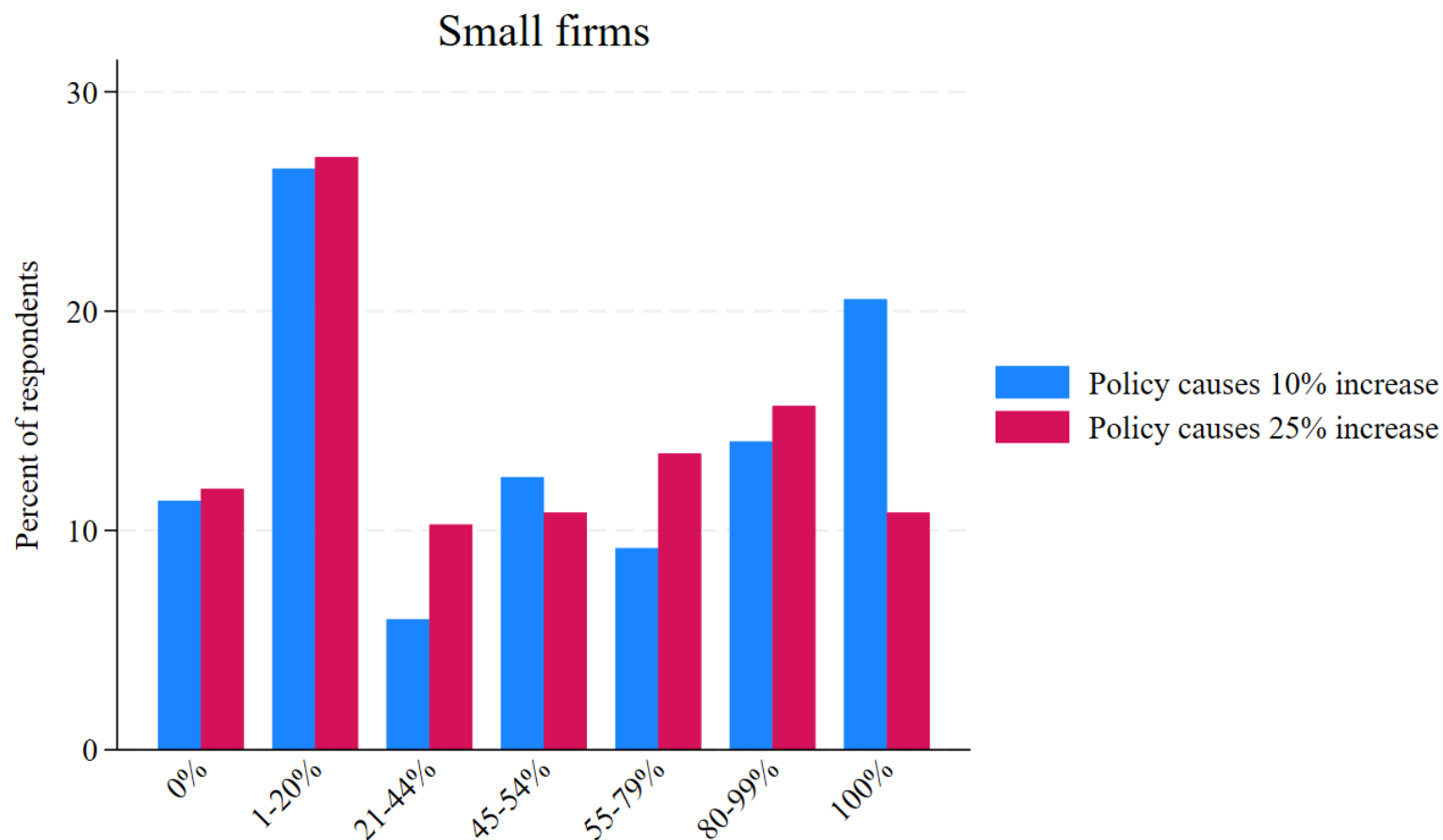
Based on current levels of demand for your main good or service, how much of that cost increase would your firm be able to pass through to consumers?

**Firms in our sample reported a wide distribution of ability to pass through unit cost increases from policy. There is huge variation between firm size and sector, which makes the (unweighted) full sample result hard to interpret.**

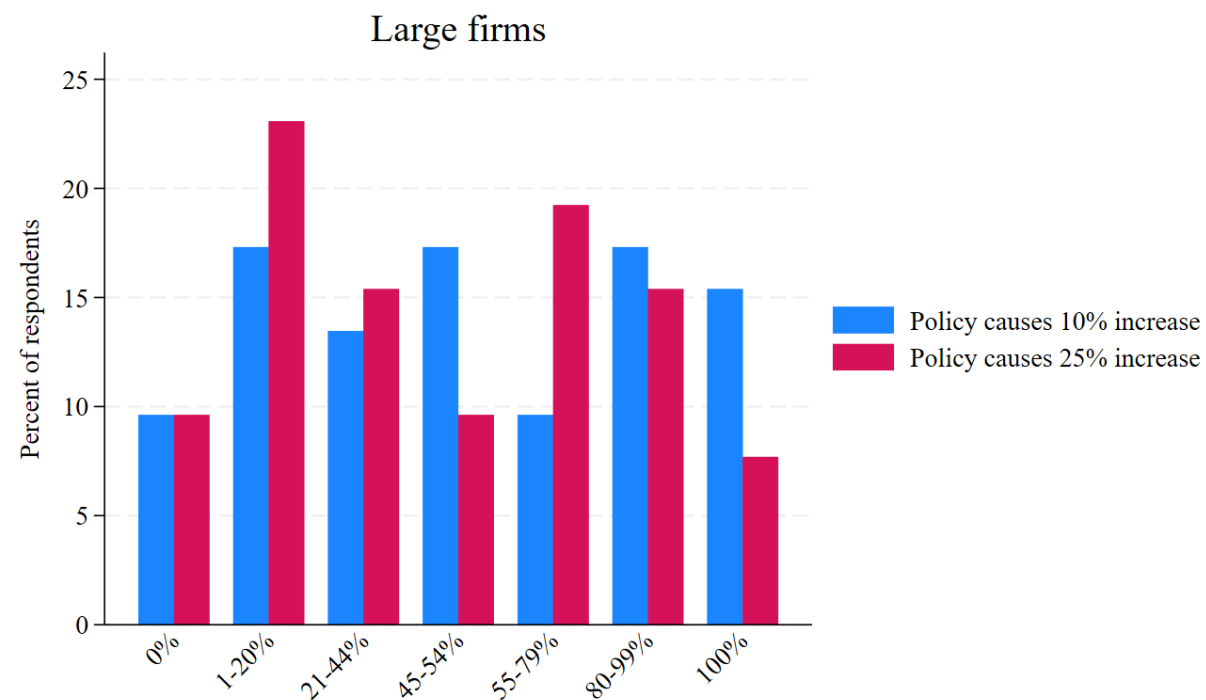
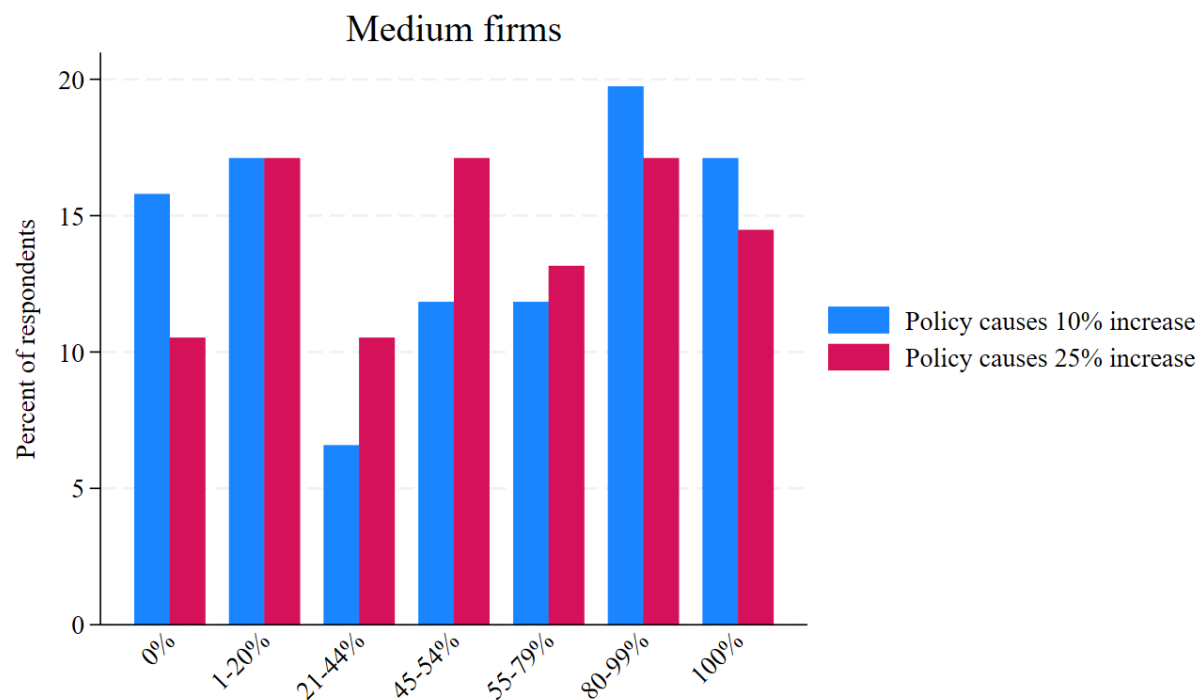




**As expected, small firms report less of an ability to pass through cost increases. However, once again, the variation by sector makes this difficult to interpret, as we can see two peaks (1-20% and about 55-99%).**

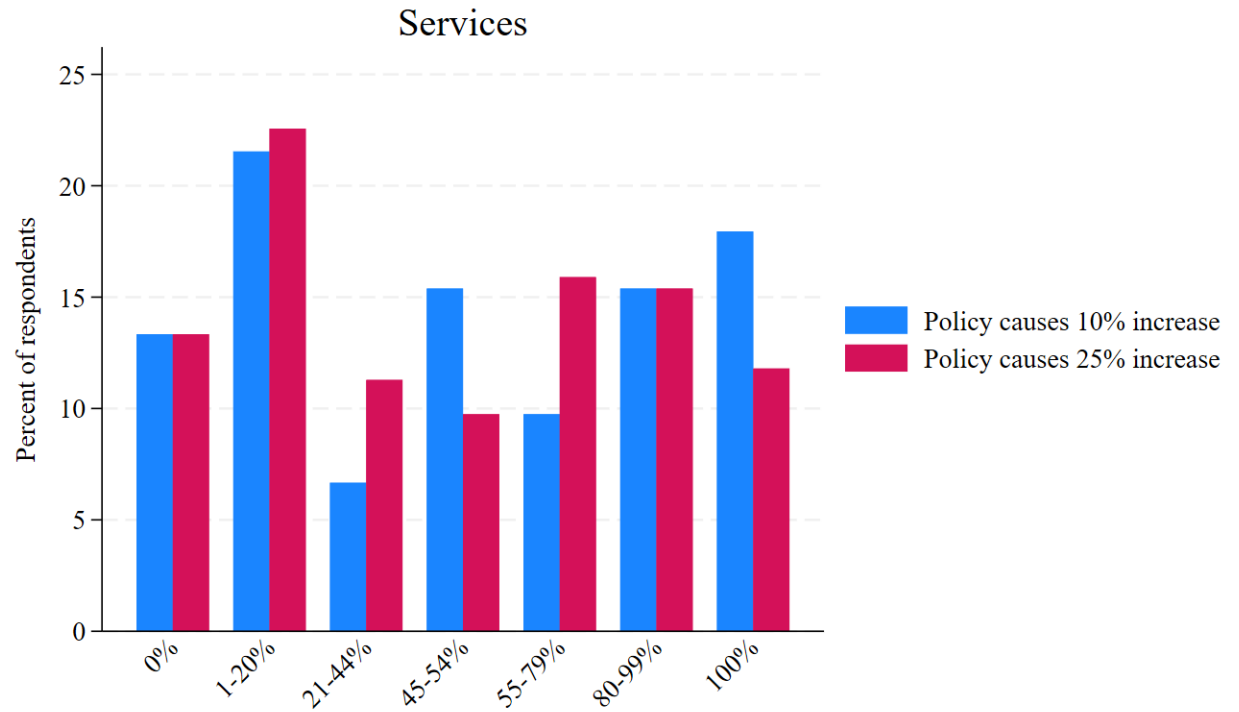
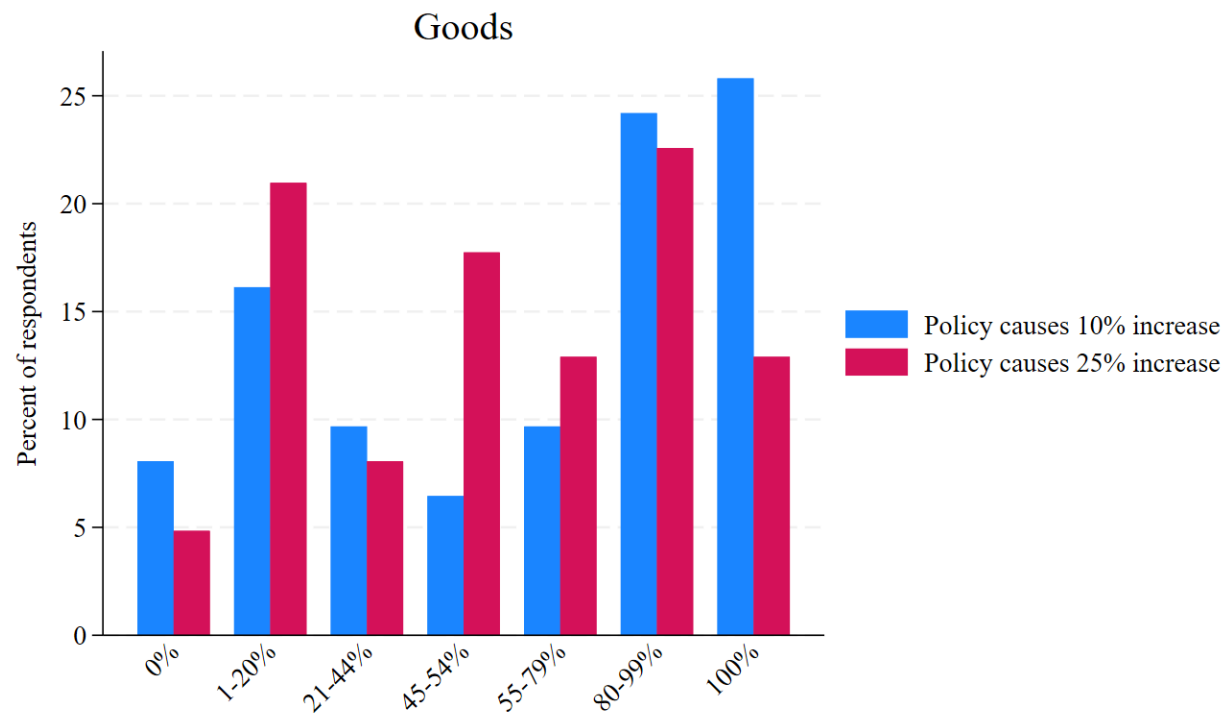


**Let's look at medium and large firms. Once again, it's difficult to interpret, but it's clear that medium and larger firms report a greater ability to pass through unit cost increases resulting from policy changes.**



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

**Goods-producing firms (left) report a greater ability to pass through cost increases resulting from policy than services-producing firms (right). Once again, we see two “peaks” in the distributions. This could be a difference between sectors or small versus medium and large firms.**

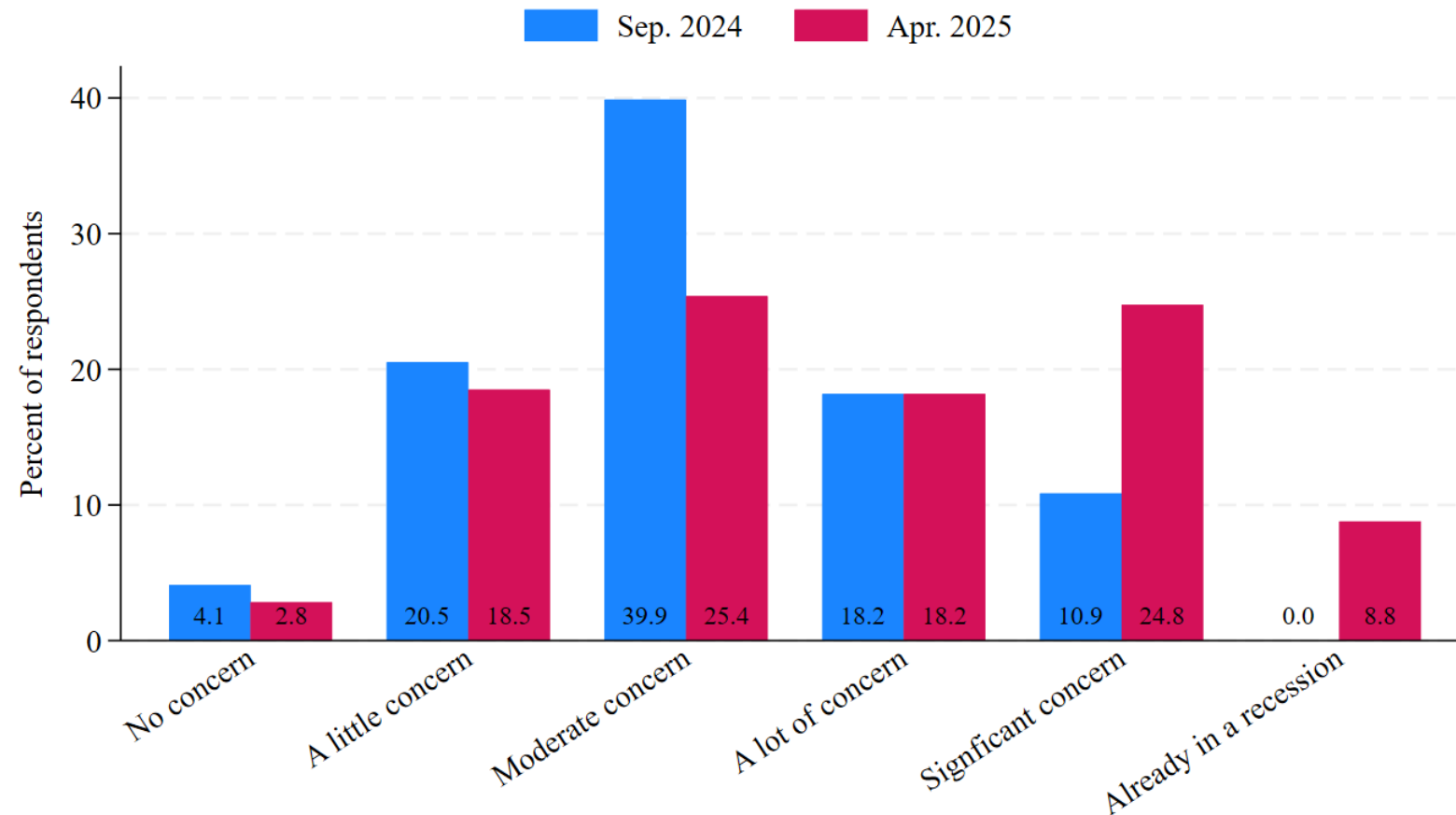


*Now, we'd like you to think more generally about the US economy as a whole.*

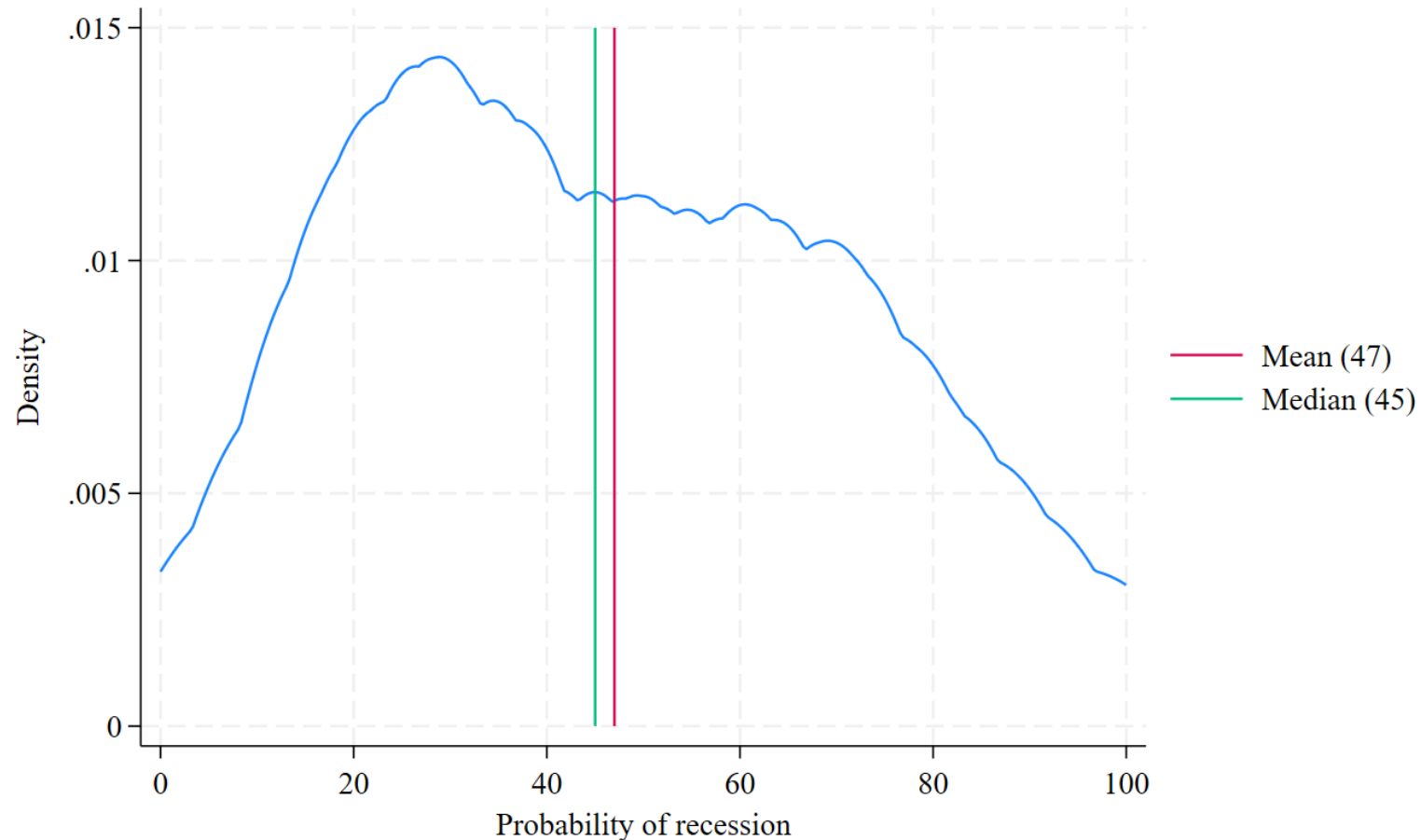
Please indicate your firm's level of concern about a potential recession in the United States during the next 12 months.

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

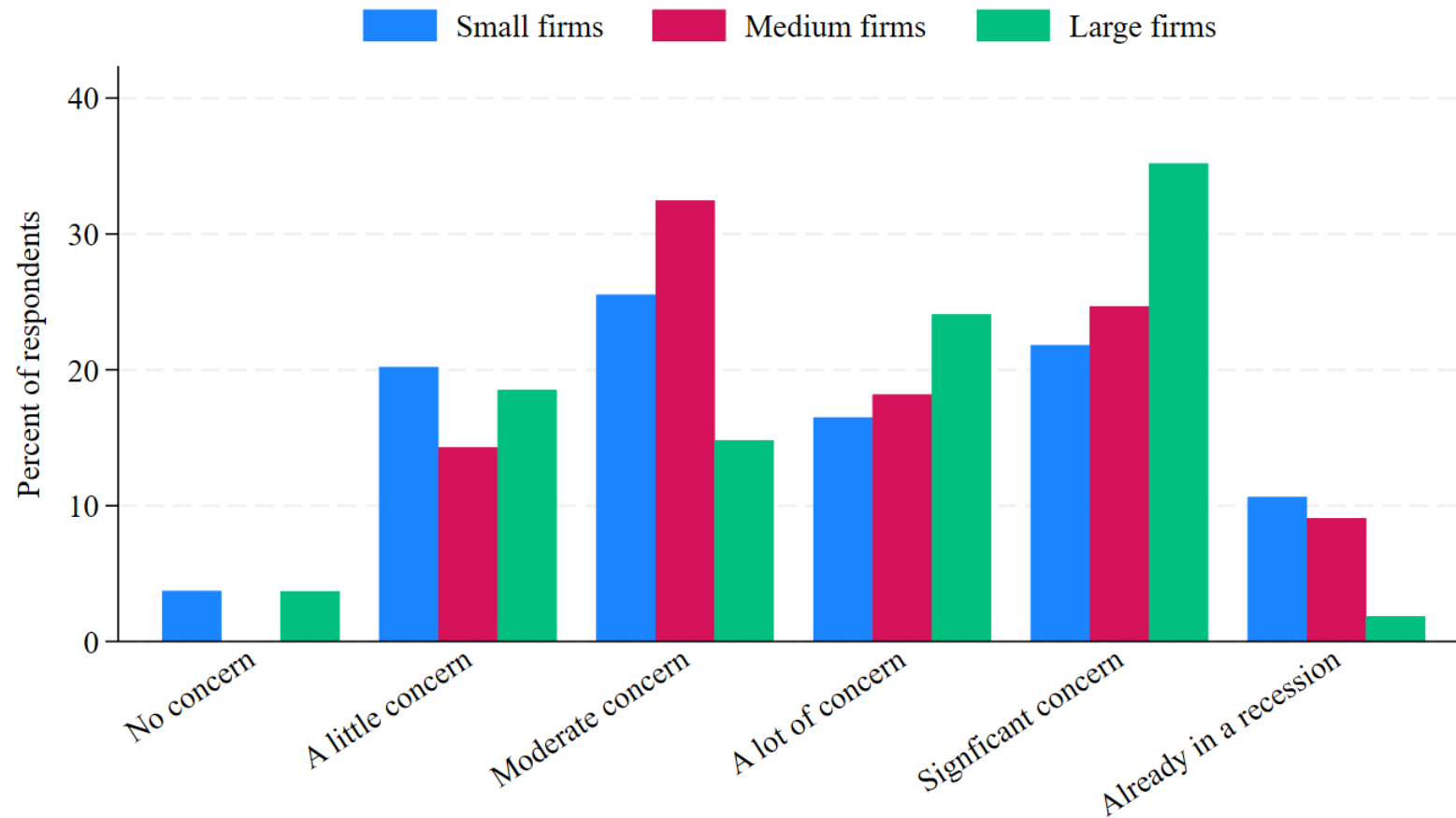
**The distribution of firm's concerns (left) about a recession is skewed right, with about 25 percent of firms in our sample reporting that they have significant concern about a recession in the next 12 months. A little under 10 percent already believe the US is in a recession, more than reported no concern. This has changed significantly from what firms reported to the same question in September 2024 (right), the last time we asked this question.**



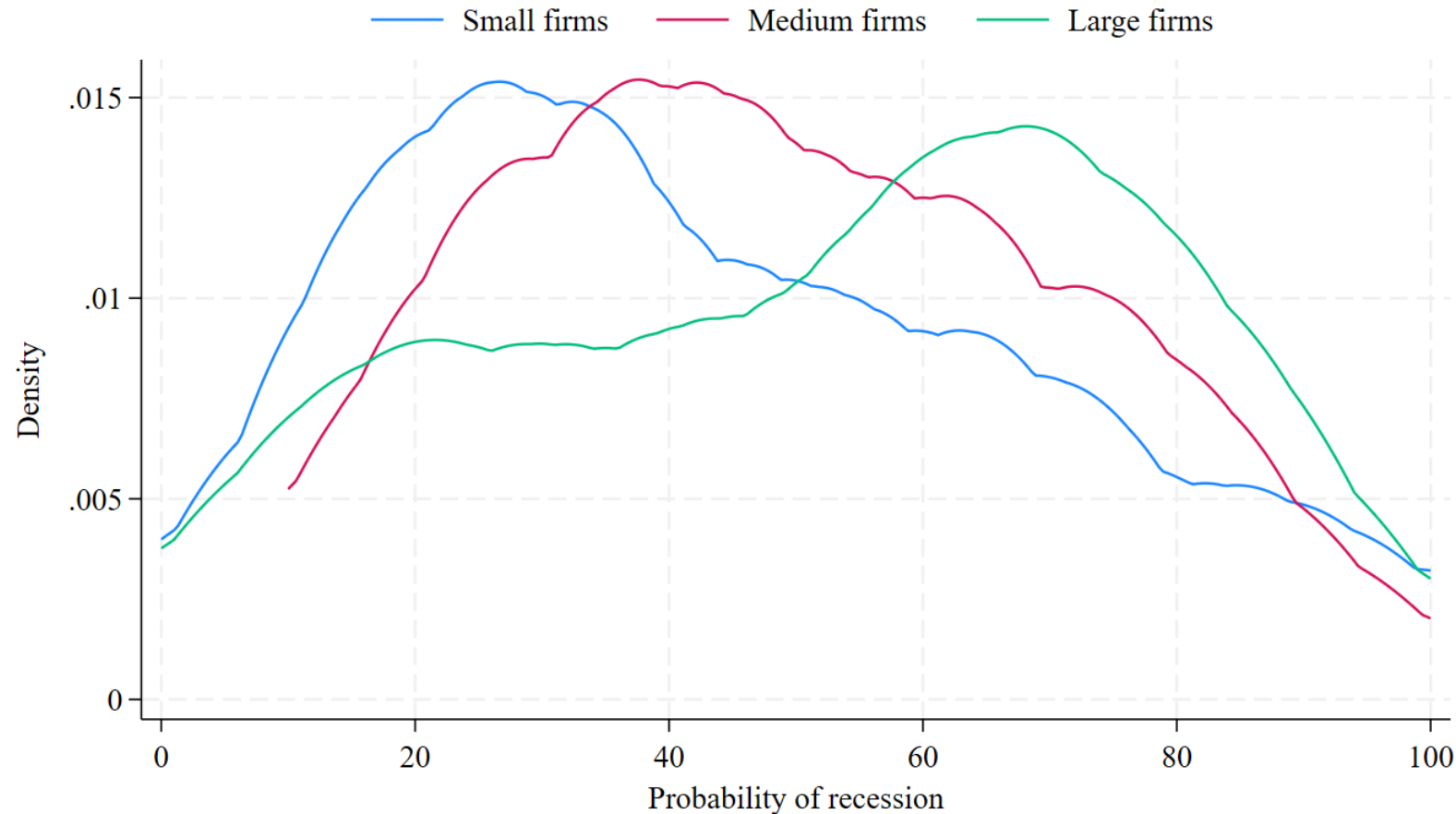
**Firms reported an (unweighted) mean of 47 percent likelihood of a recession in the next 12 months. Differences in responses by firm size cause the strange shape of the distribution.**



**Looking at these firm size differences, we see large firms have significant concern, while the level of concern for small and medium firms is more dispersed.**

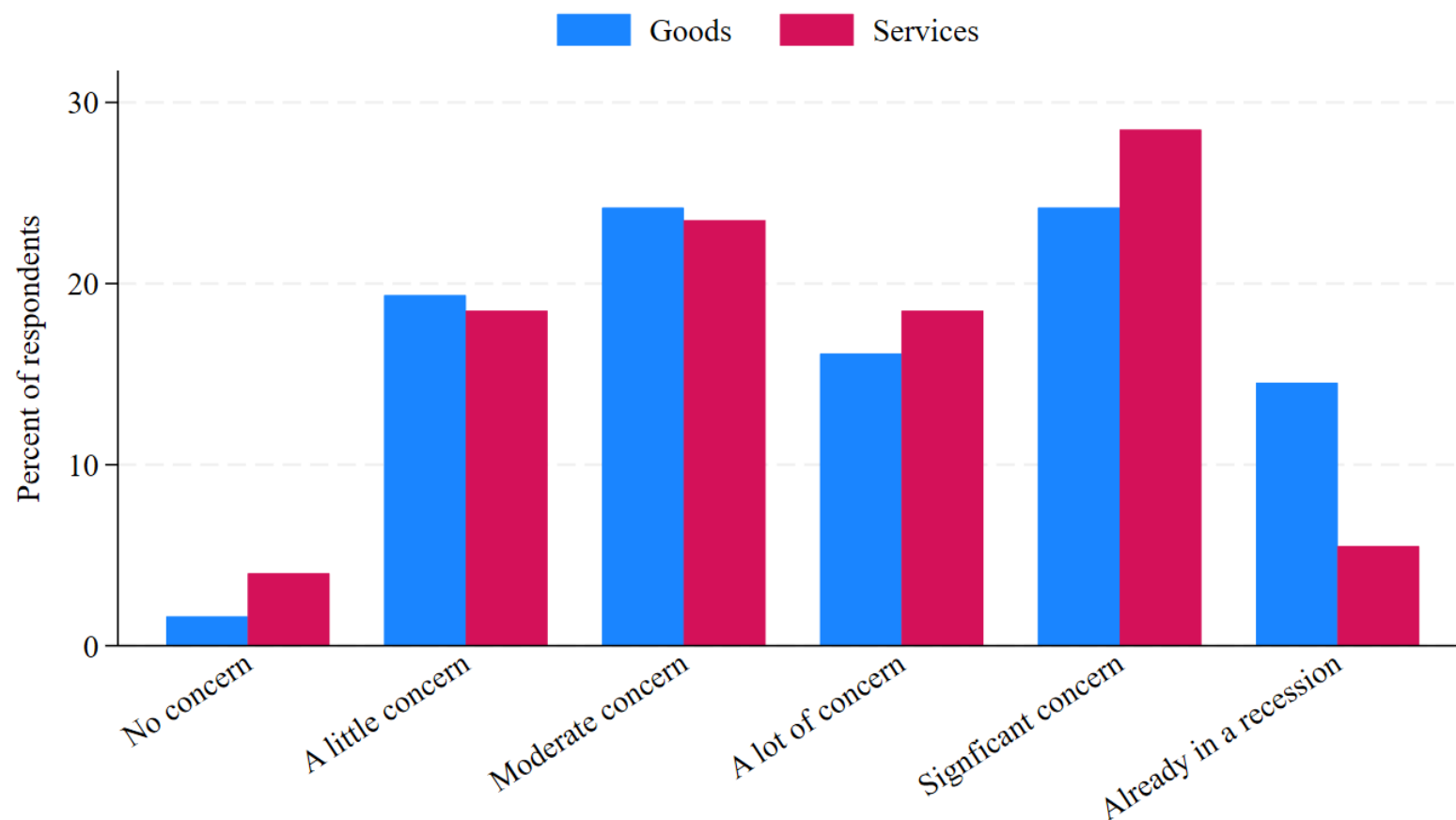


**The distribution for expected probability of recession also varies but skews increasingly right as firm size increases. Large firms expect a much higher probability of a recession, with medium firms in the middle, and small firms expecting a lower probability of a recession.**



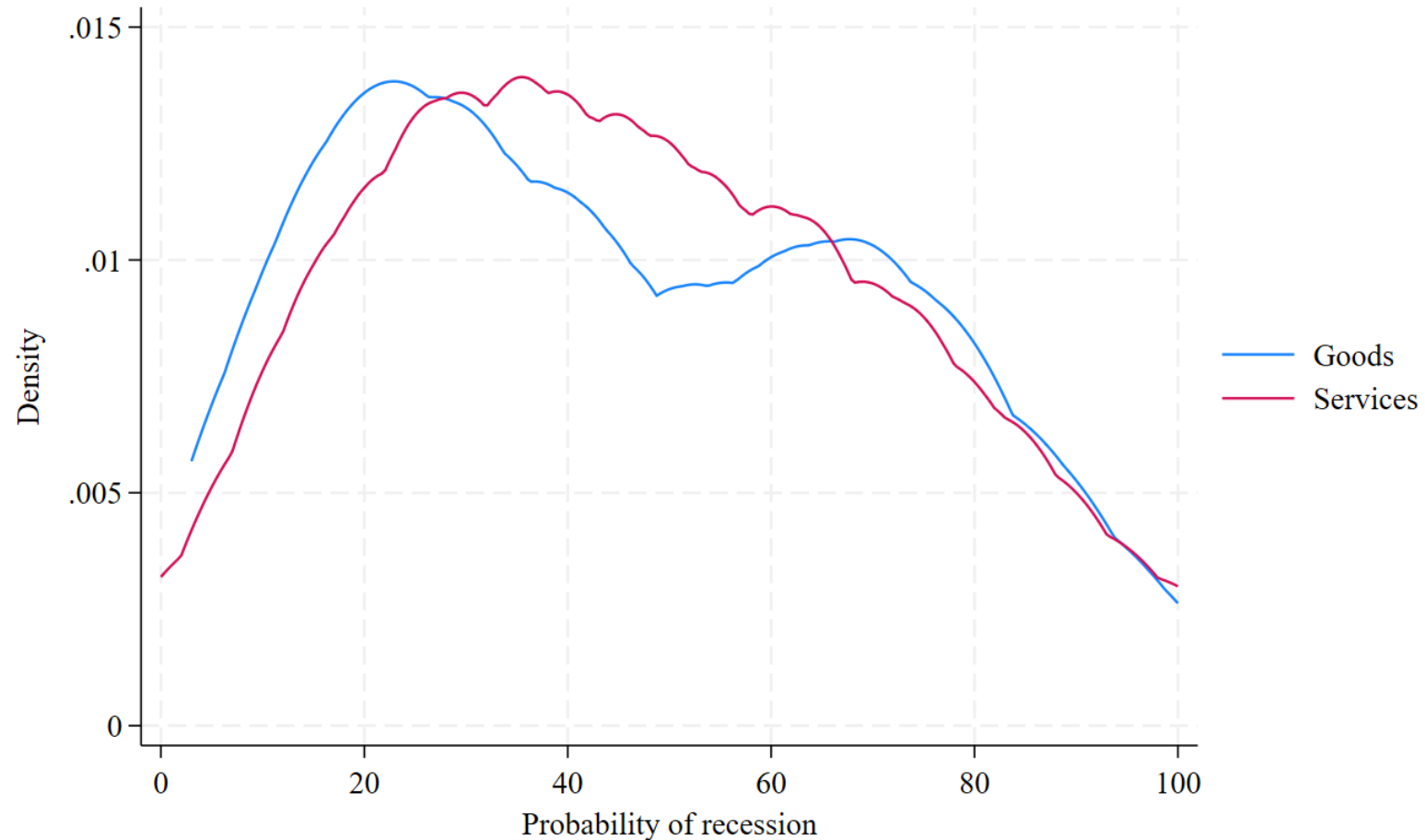


**There's less variation between goods/services. Both distributions are similar and skewed slightly right.**



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

**There is not much variation between their distribution of expected probability of recession, either. The most interesting variation comes from firms of different sizes.**

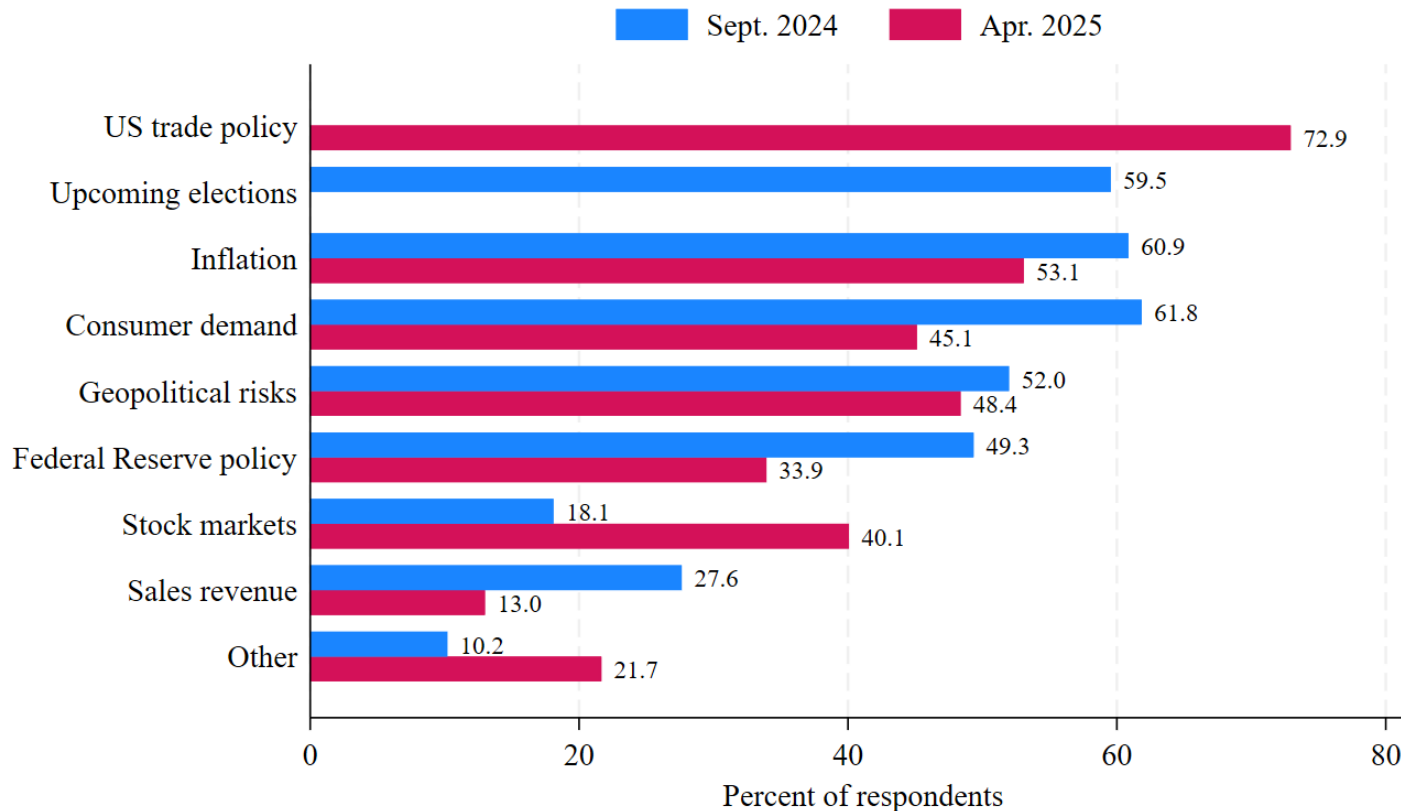


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

*(If reported recession concern):* What are the reasons your firm has concerns about a potential recession in the United States during the next 12 months?

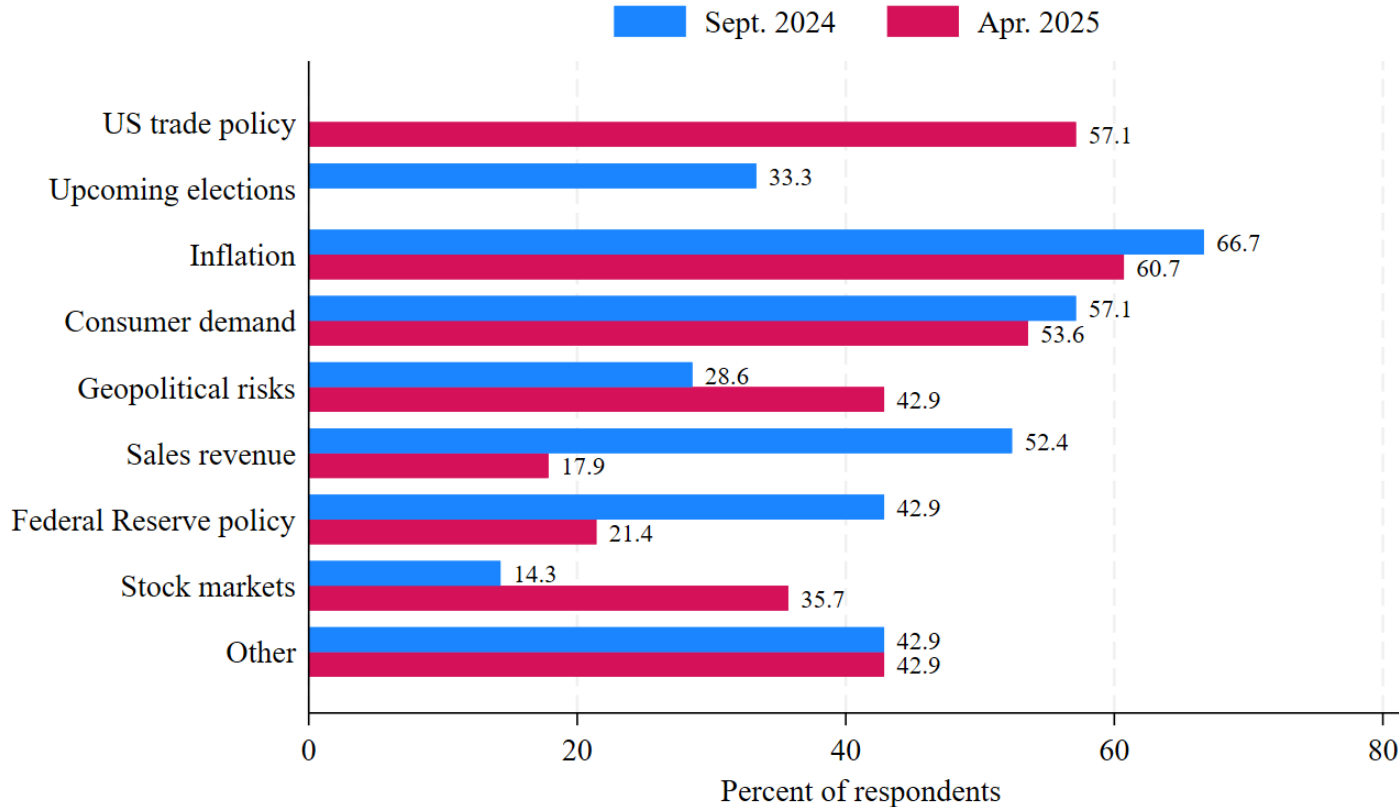
*(If believe the US is currently in a recession):* What are the reasons your firm believes the United States is already in a recession?

## Reasons firms concerned about a potential recession (September 2024 versus April 2025)



- In April, firms concerned about a potential US recession overwhelmingly cited US trade policy as reason for their concern (around 73 percent). Everything has taken a backseat to trade policy.
- However, many (around 45 to 50 percent) also flagged inflation, consumer demand, geopolitical risks, and the stock market. These shares have not fallen greatly from September.
- Elections are obviously no longer on firms' minds (and was not included in the April 2025 questionnaire).

## Reasons firms believe the US is currently in a recession (September 2024 versus April 2025)



- We're dealing with a small sample size here, but in April, inflation and trade policy are cited by 60 percent of firms that believe the US is already in a recession. Consumer demand follows them at about 48 percent, and then geopolitical risks follows at about 44 percent.
- Inflation is cited less, but not by a large amount.
- Compared to September 2024, geopolitical risks and stock markets are now cited by more than 40 percent of these firms as the reason they believe the US is in a recession.

# 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.

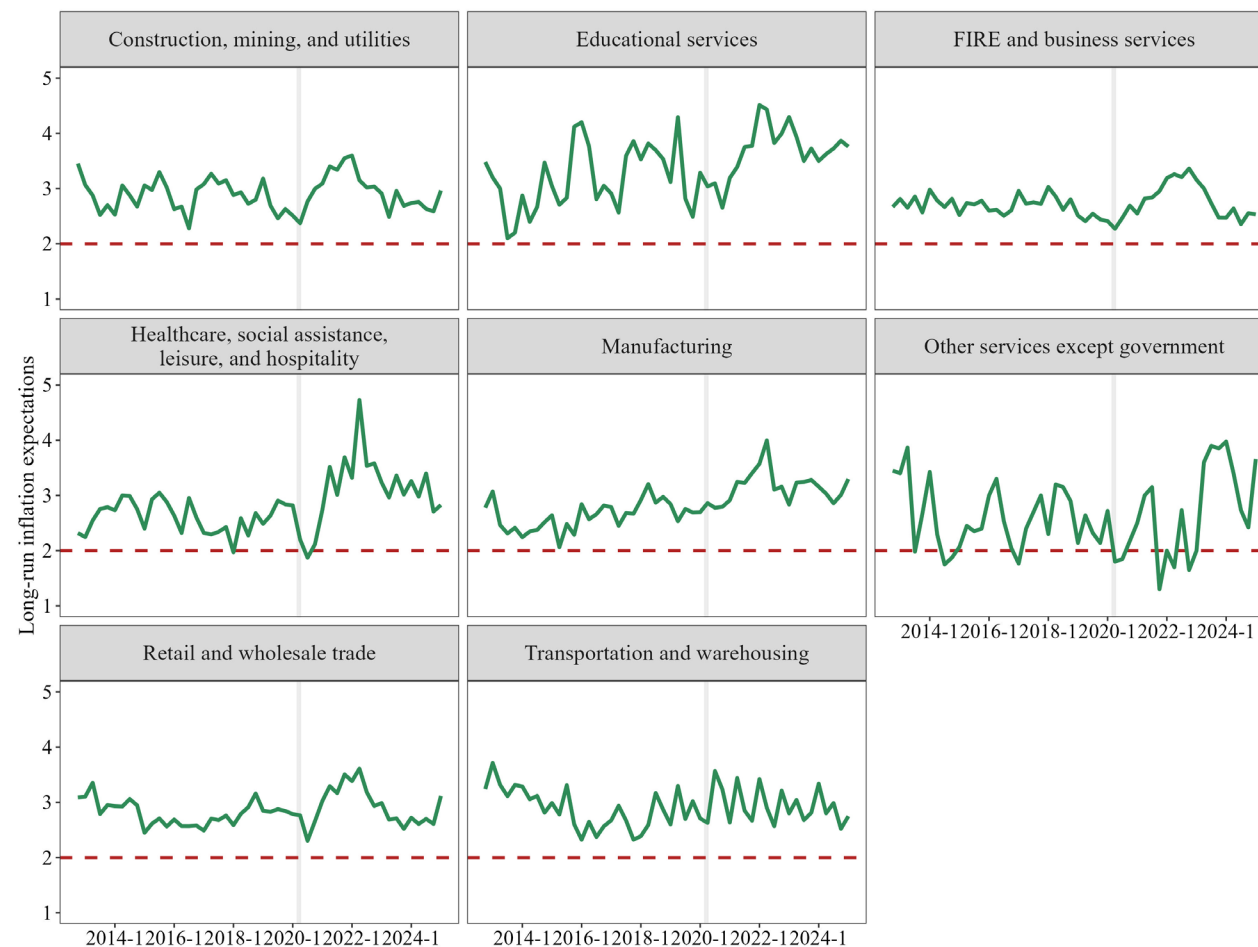


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey



# Longer-run unit cost expectations across most broad industry classifications remain elevated relative to prepandemic averages.

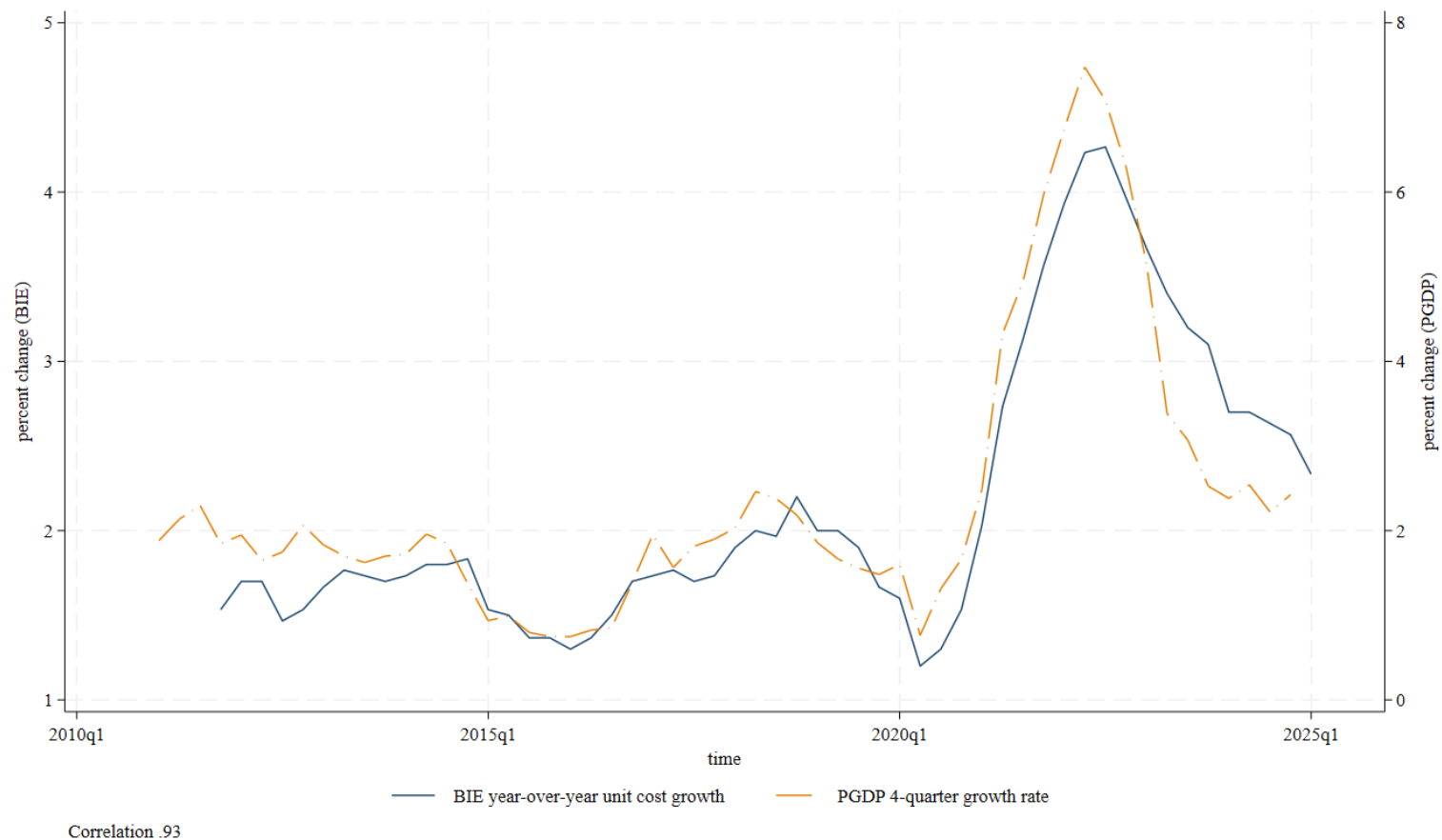


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

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

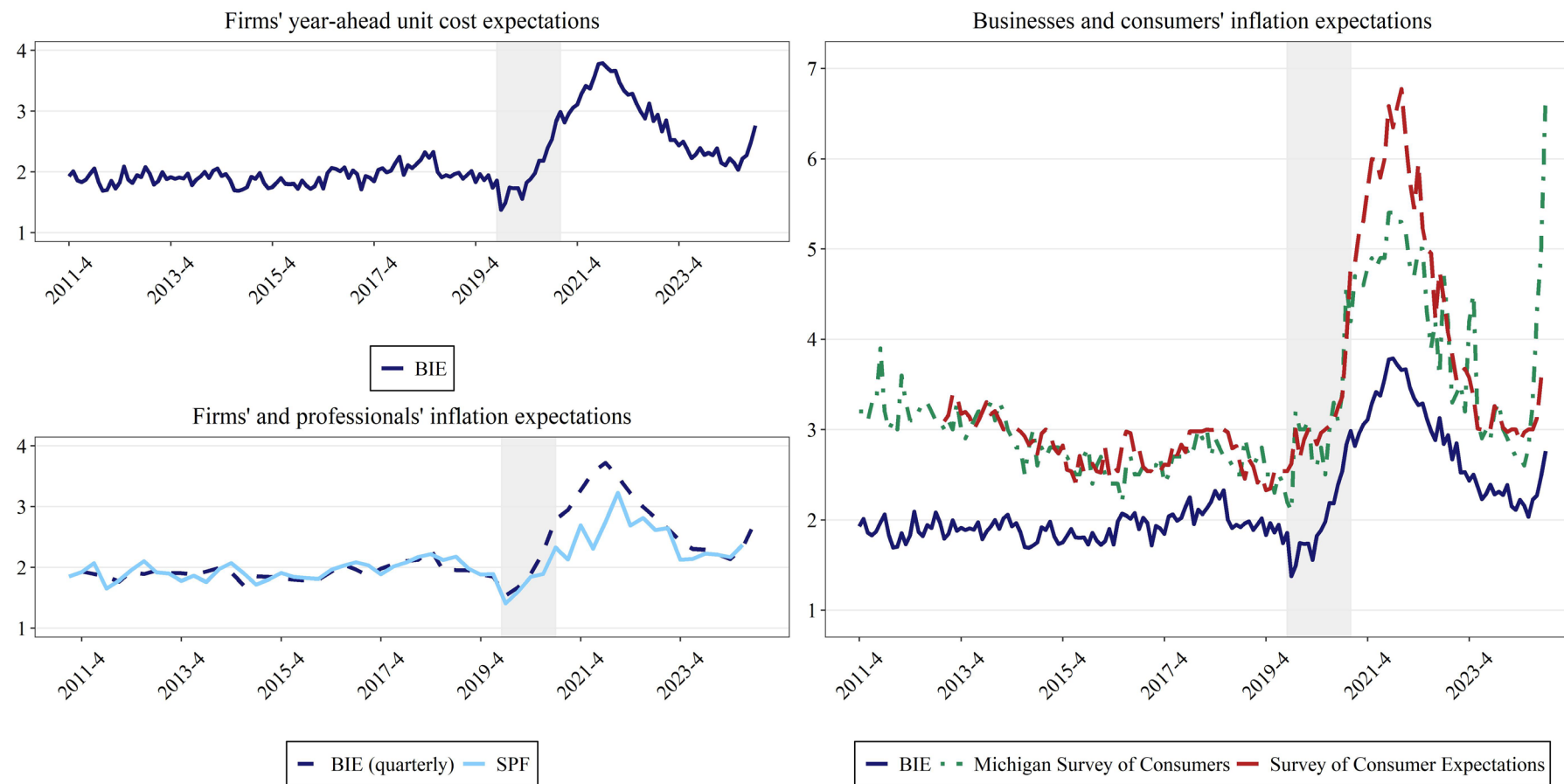
# BIE Unit Cost Growth versus GDP Chain-type Price Index



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>

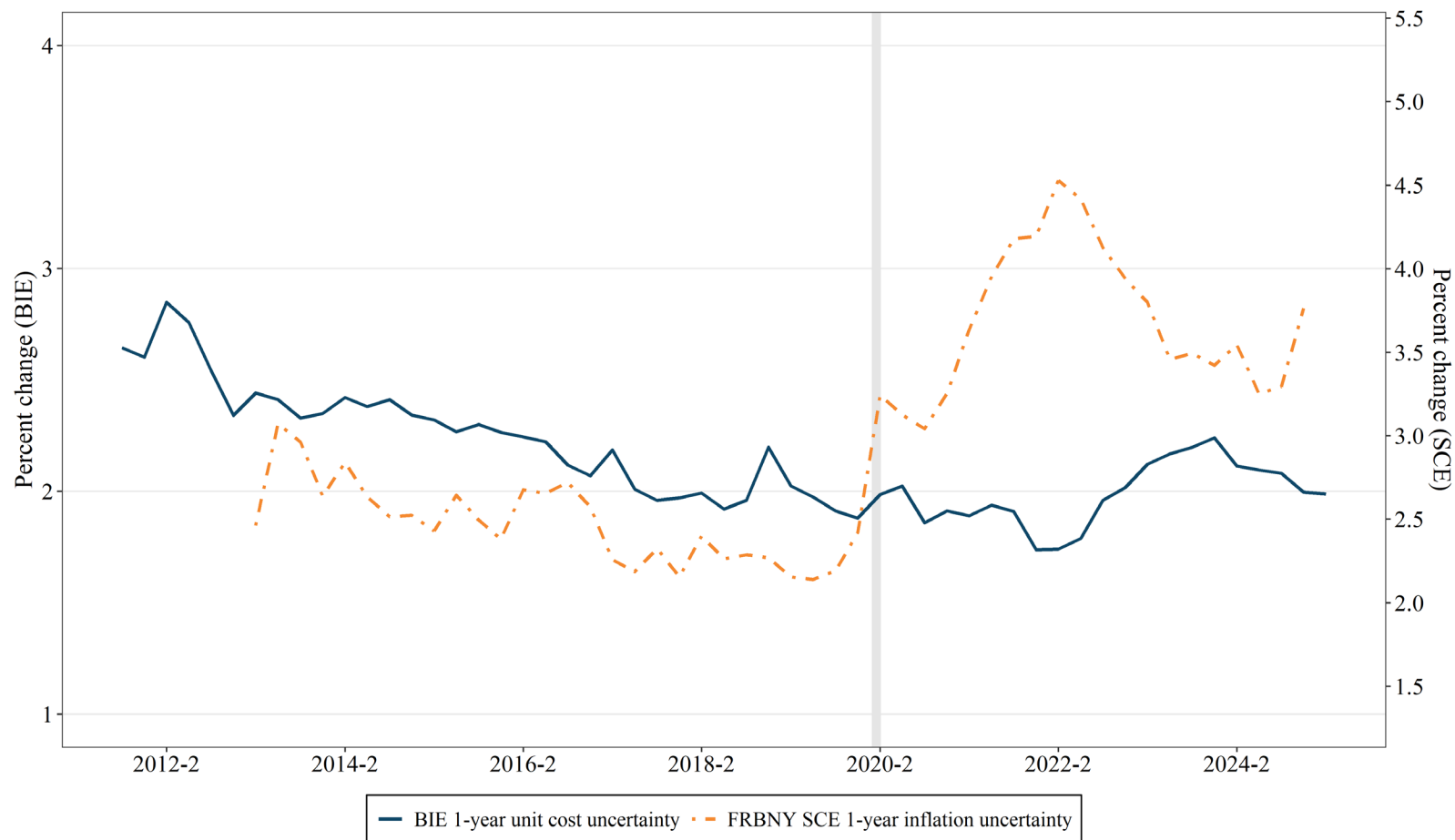
# BIE Survey versus SPF and Survey of Consumers



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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