

Business Inflation Expectations (BIE) Survey

Monthly Report: July 2025



Federal Reserve
Bank *of* Atlanta

Headline Results

1. Firms' year-ahead unit cost expectations decreased to 2.3 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). Firms' year-ahead unit cost uncertainty has increased sharply since the start of the year.
2. Firms' sales levels were relatively unchanged compared to April 2025. Sales levels for small and medium firms remained relatively the same while sales levels for large firms decreased by 2.4 percentage points.
3. In July's special questions, we asked firms about their price increases in 2025 and the impact of trade policy changes on their pricing decisions.
4. About 60 percent of firms report that they have plans to raise or already have raised prices in 2025. Of the firms that raised prices or plan to raise prices, more than 70 percent expect firms in their industry to likewise raise prices. Similarly, firms that have not raised prices in 2025 and do not plan to do so did not expect firms in their industry to raise prices.
5. More than half of firms attributed their price increases to tariffs, with sector differences explaining the majority of variation across firms.

About the BIE

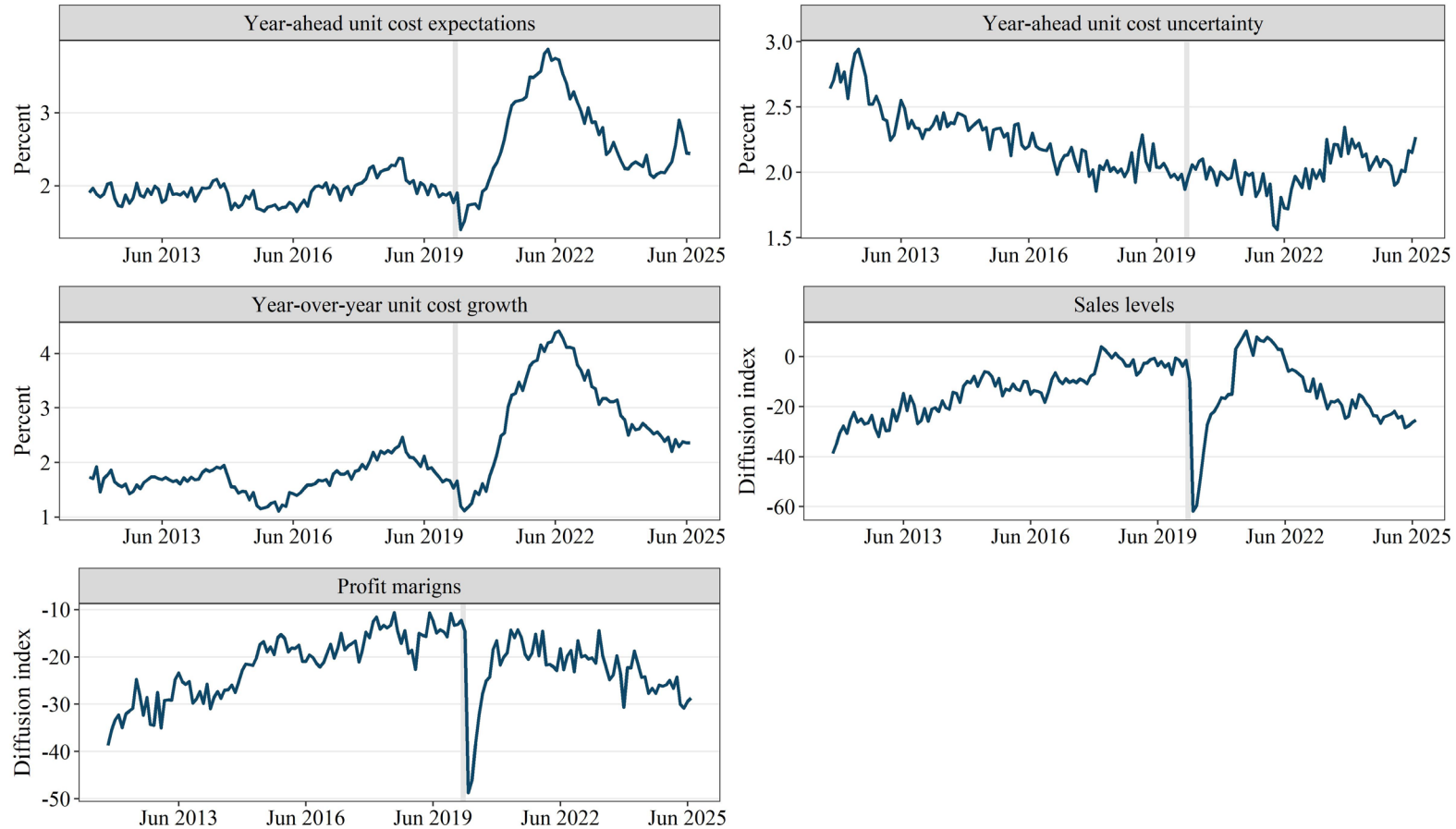
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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.

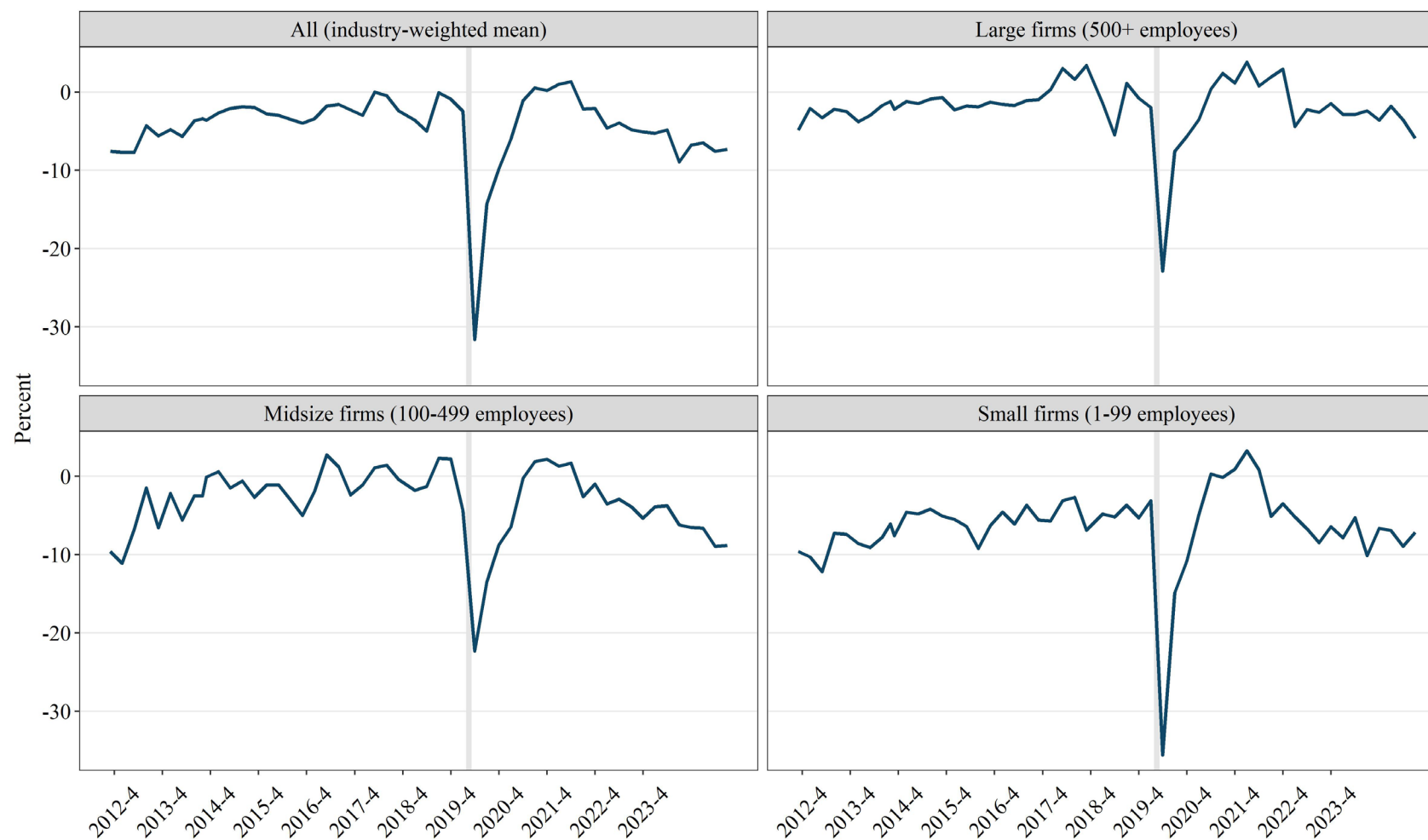
For more information on survey design and methodology, please refer to resources on the [BIE page](#).

Core Monthly Questions



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

Rotating quarterly question: By roughly what percent are your firm's sales levels above or below normal, if at all?



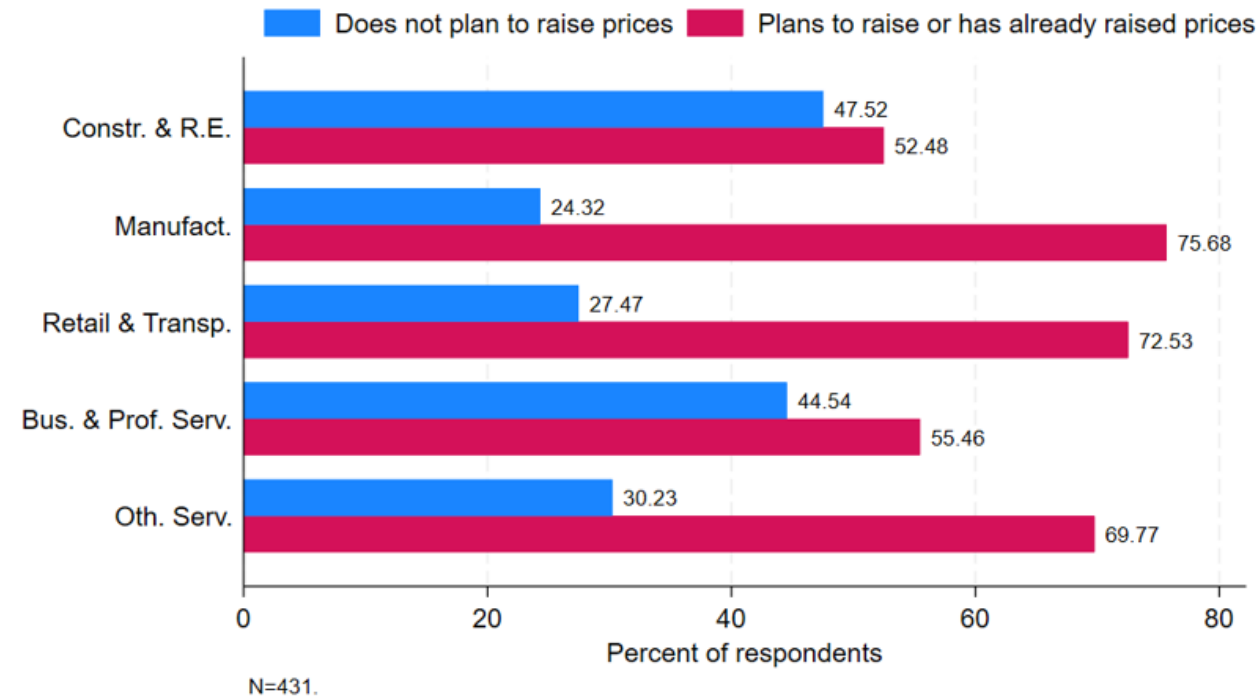
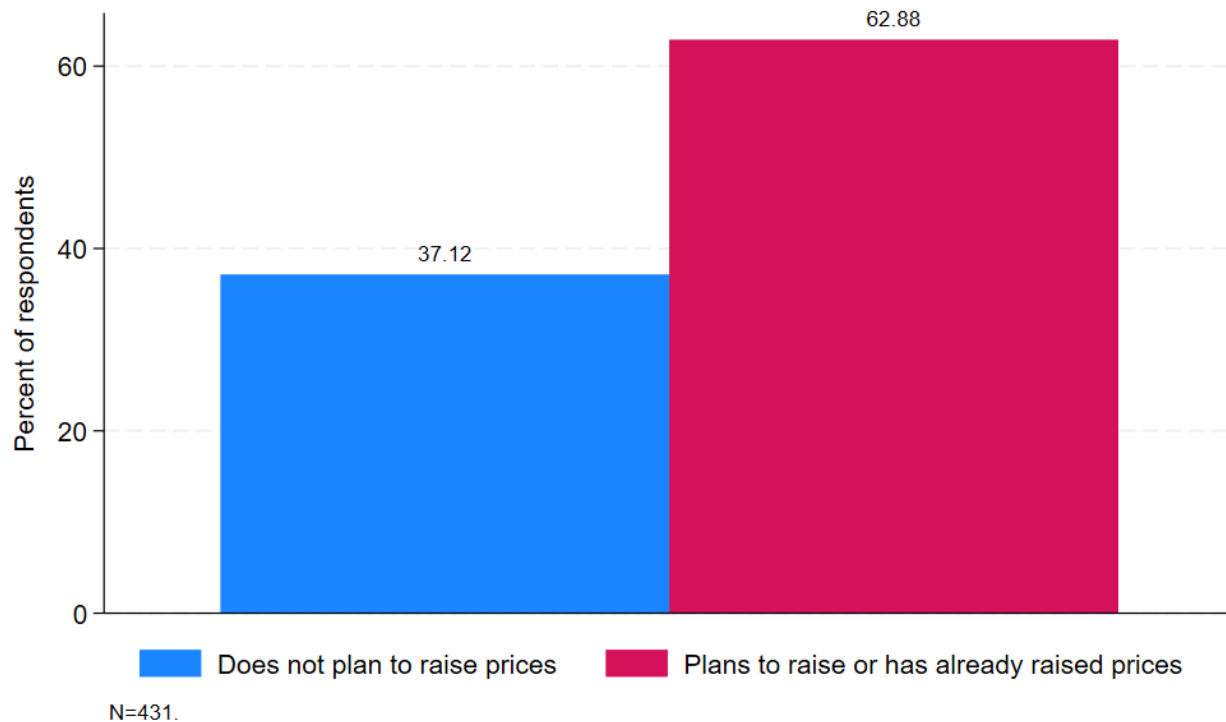
Note: This quarterly question officially started in February 2024. The results prior to that were results collected through our Special Questions Series.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

BIE Special Questions: July 2025

Does your firm plan on raising prices in 2025?

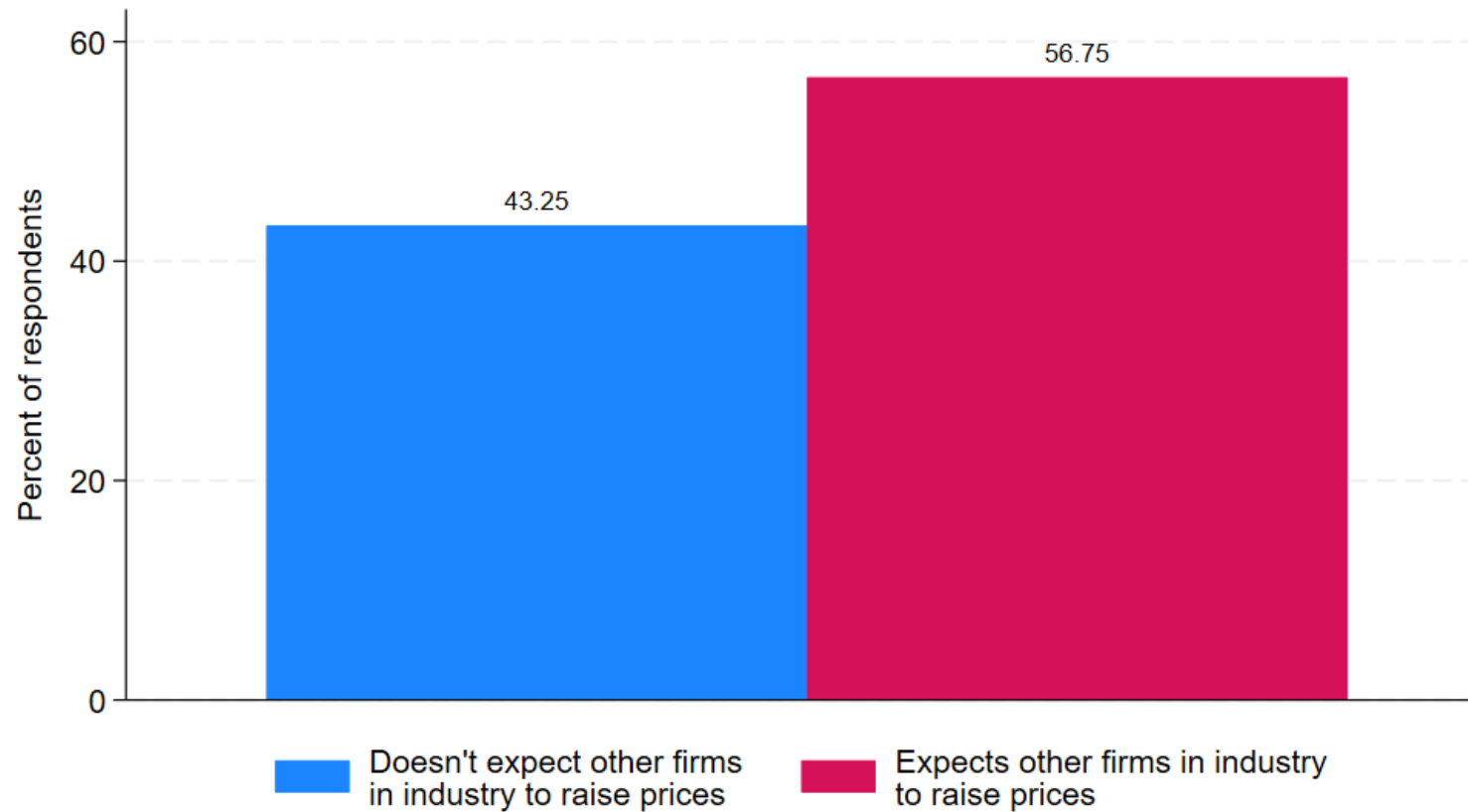
In our sample around 60 percent of firms have increased prices or plan to do so within the current year. This result holds true across firms of different sizes. However, a greater share of firms in the Manufacturing or Retail/Transportation sectors have raised prices or plan to raise prices relative to firms of other sectors.



Think about other firms in your industry.

Do you anticipate that other firms in your industry will have to raise their prices in 2025 due to tariffs?

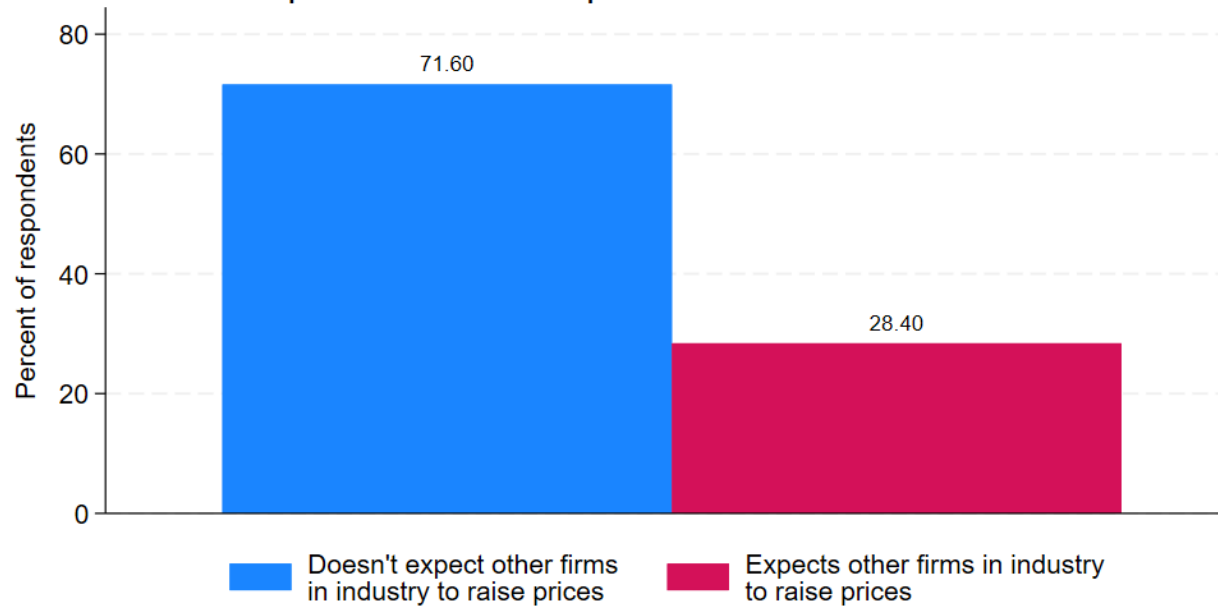
Over half of firms expect others in their industry to increase prices this year.



N=437.

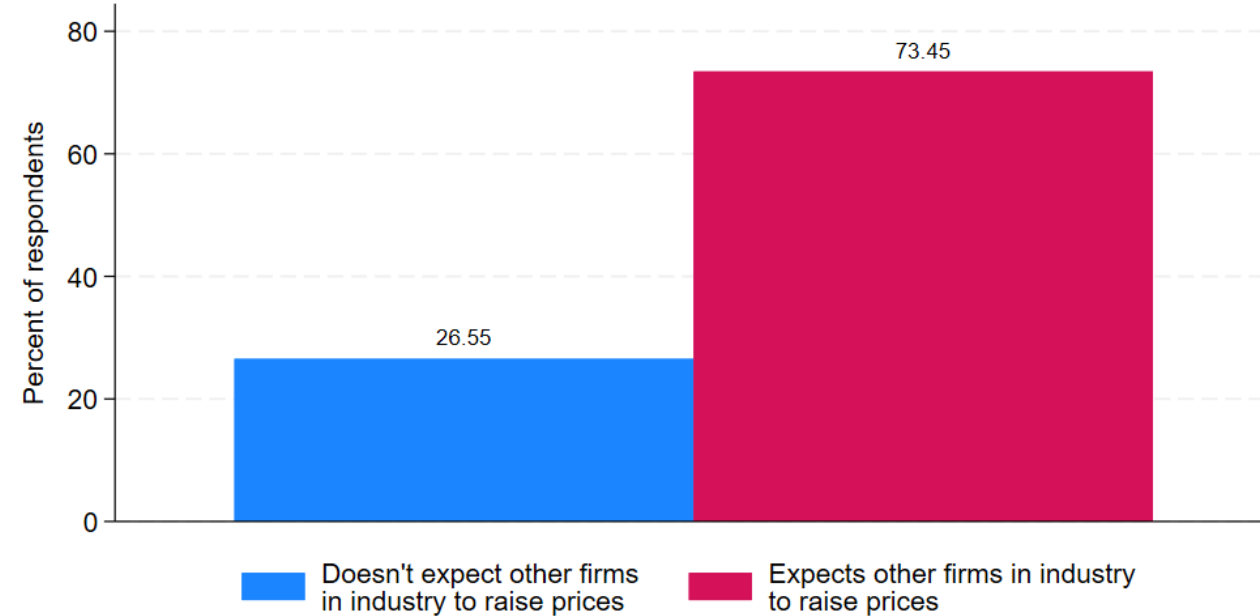
Interestingly, we see that firms who raised or plan to raise prices feel that their competitors are doing the same thing. The inverse is also true: firms that did not raise and do not plan to raise prices do not expect others in their industry to do so, either.

Expectations of Competitors if Price Hikes Not Used



Conditional on firm indicating that it does not plan on increasing prices.
N=437

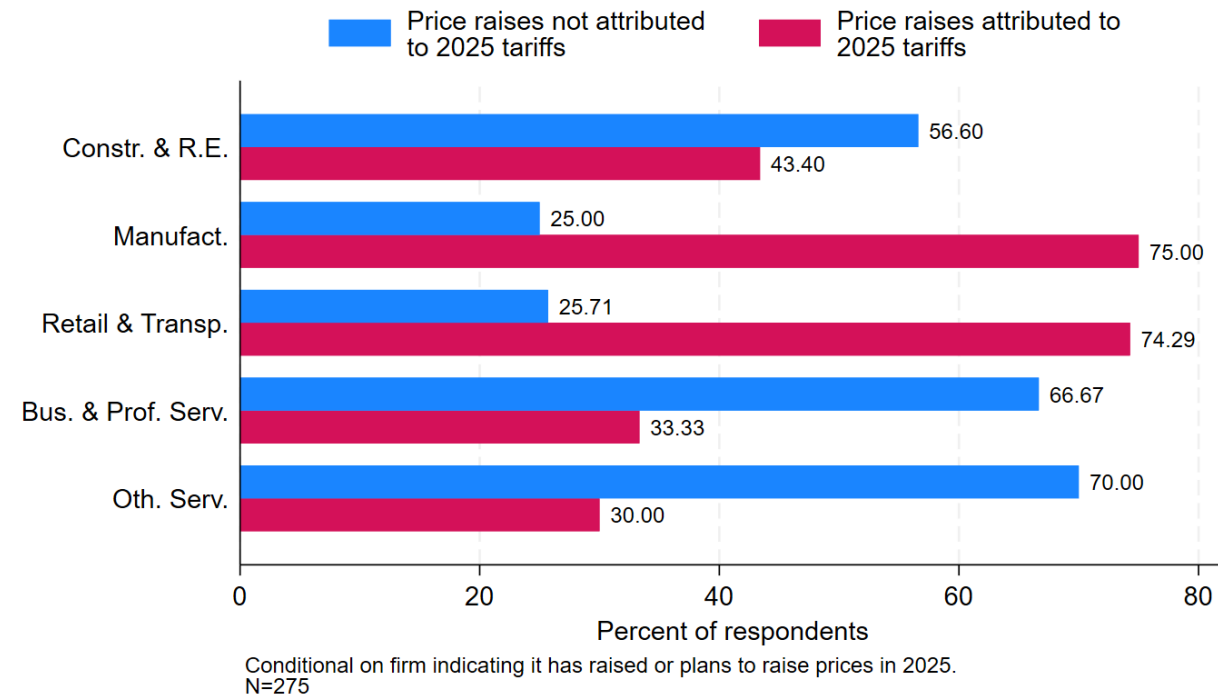
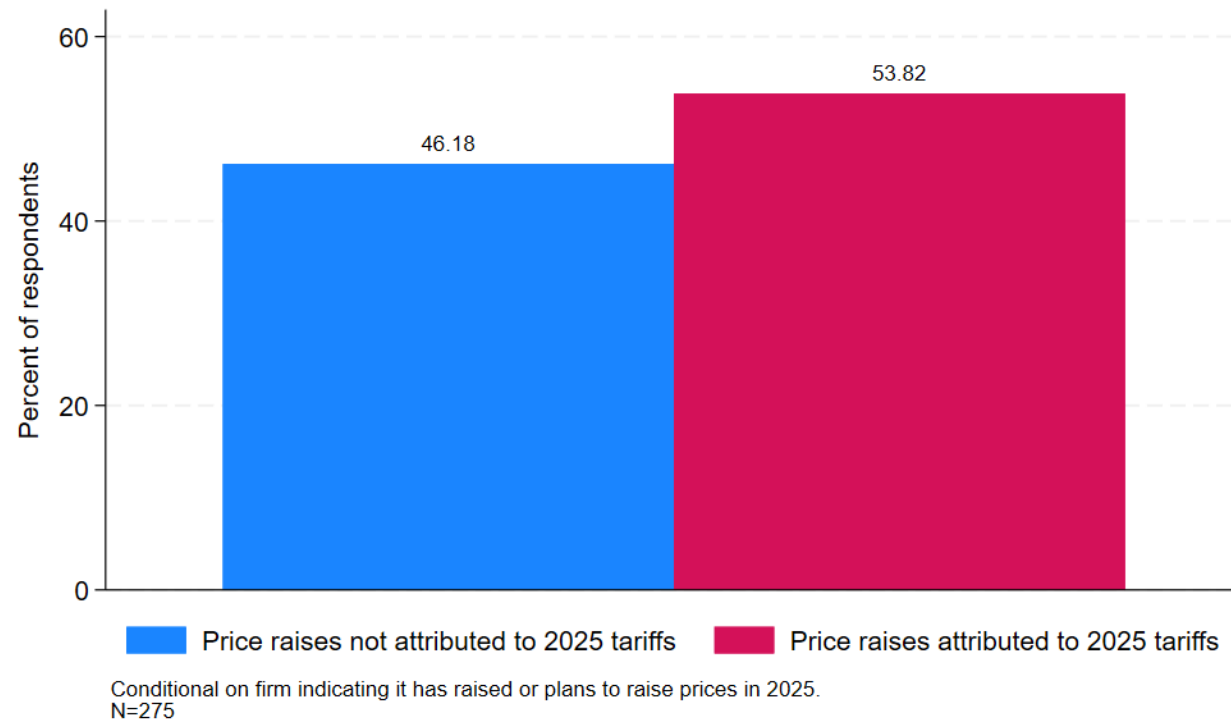
Expectations of Competitors if Price Hikes are Used



Conditional on firm indicating that it has increased or plans on increasing prices.
N=437

Are any of your firm's price increases in 2025 due to tariffs announced since January 2025?

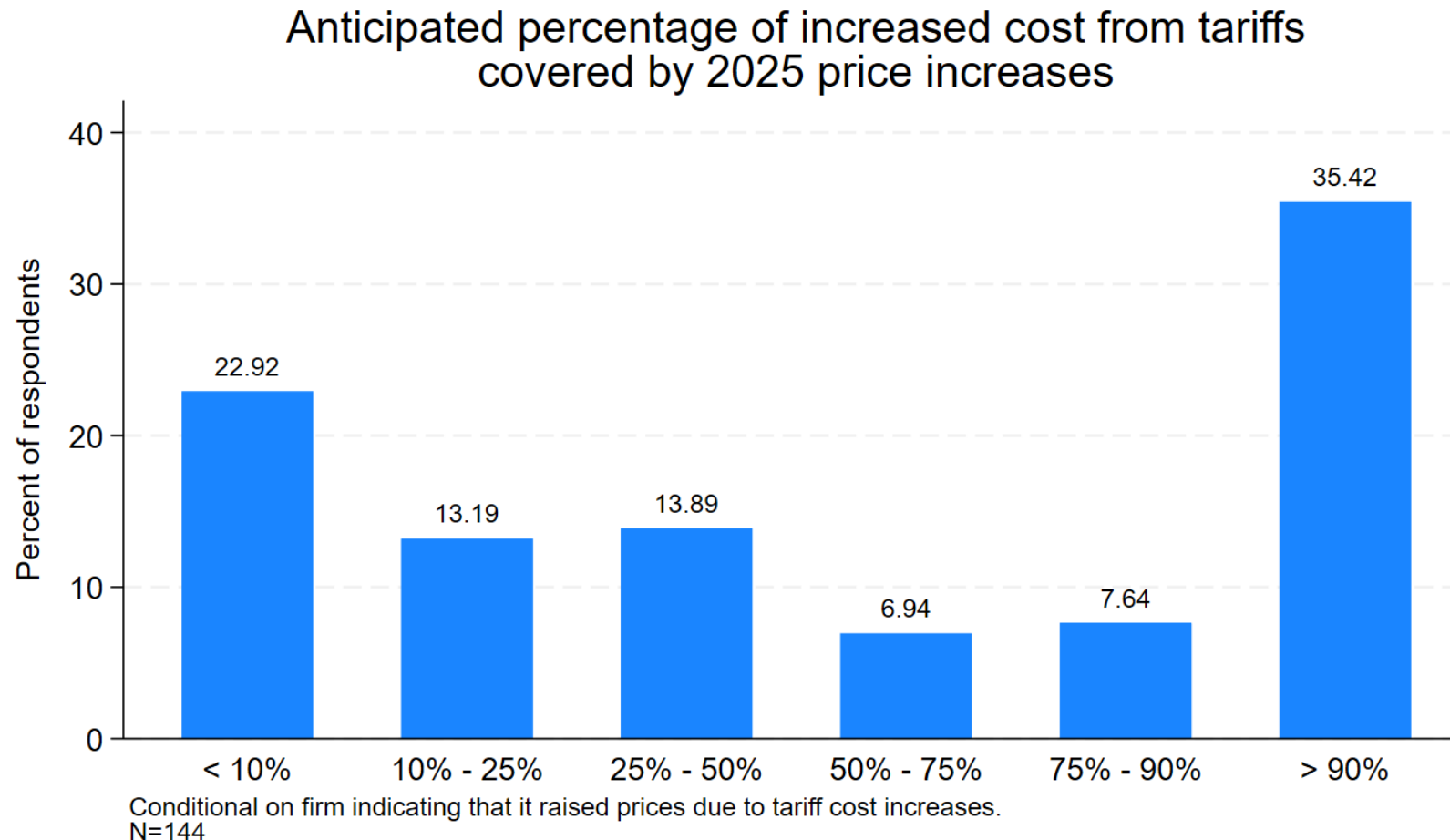
More than half of firms that raised prices or plan to raise prices in 2025 attributed their price increases to tariff policy. Once again, when cutting by firm size there is little difference from the full sample, while industry variation is particularly high.



Are any of your firm's price increases in 2025 due to tariffs announced since January 2025?

What percentage of the increased cost from tariffs do you anticipate your firm's 2025 price increases to cover?

Most firms have not yet fully passed their tariff-related cost increases onto customers. Only about a third of respondents anticipate their price hikes to cover 90 percent or more of these increased costs. Firms may be choosing between preserving their margins or preserving their market share.



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

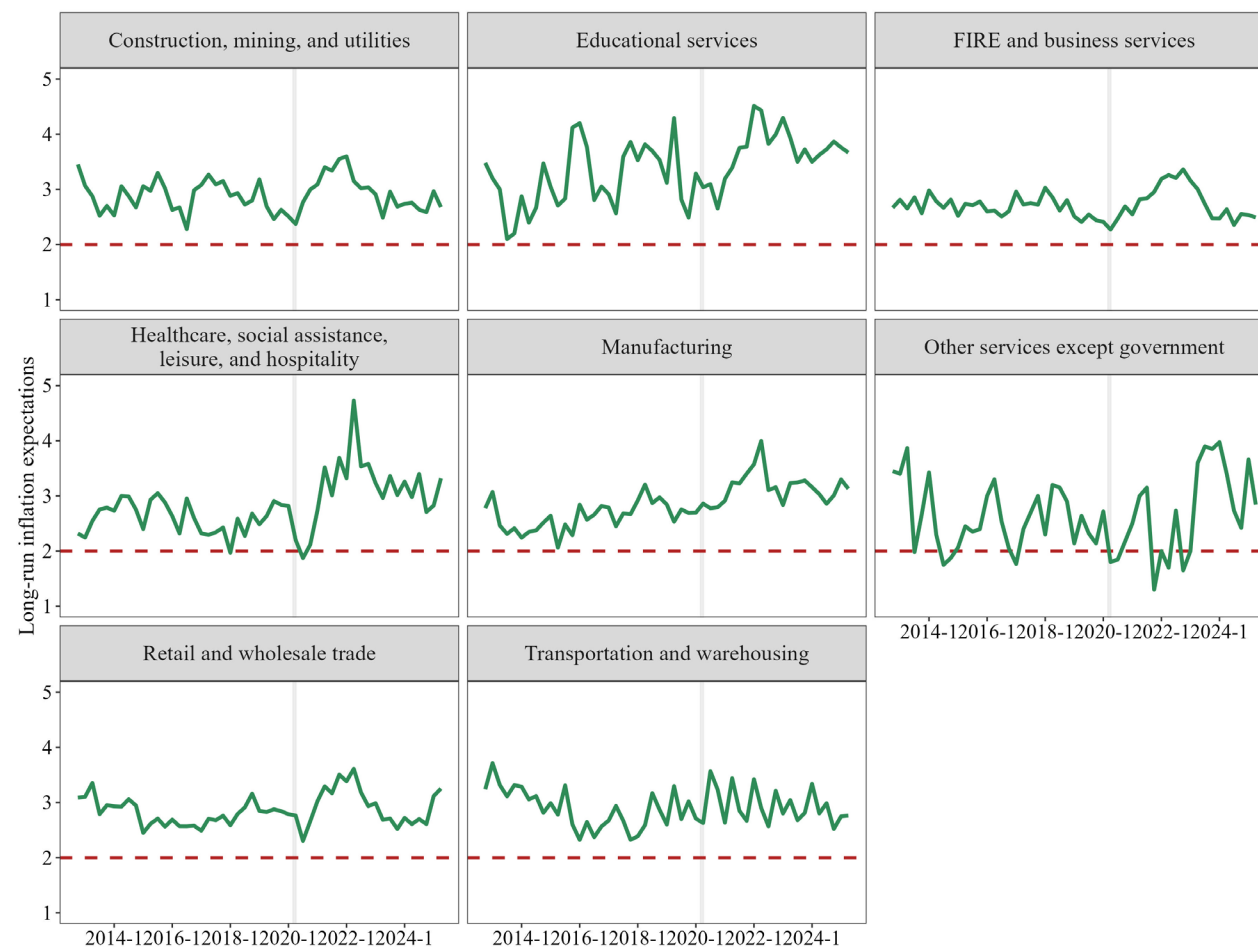
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

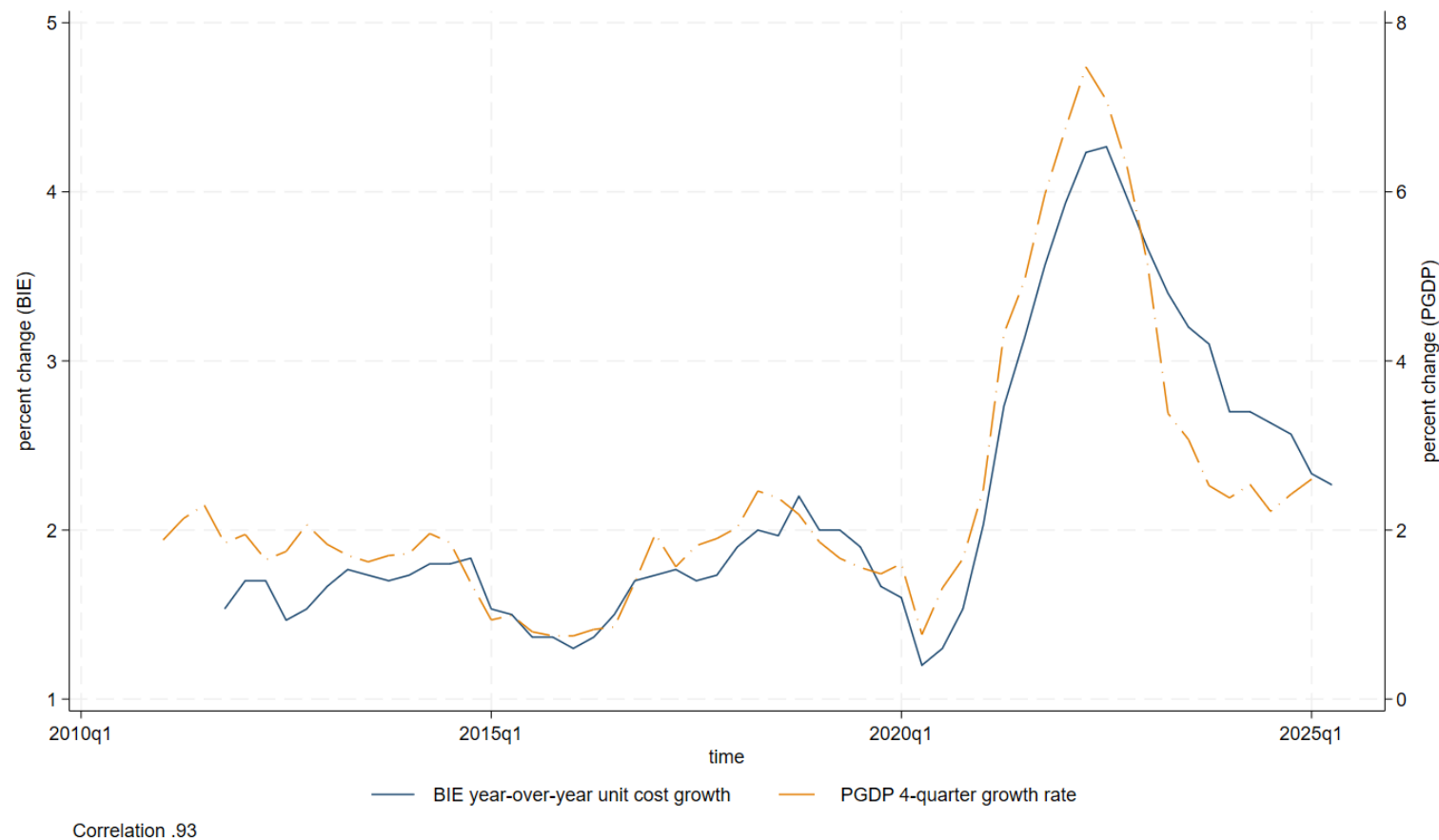


Note: The data are shown monthly.

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

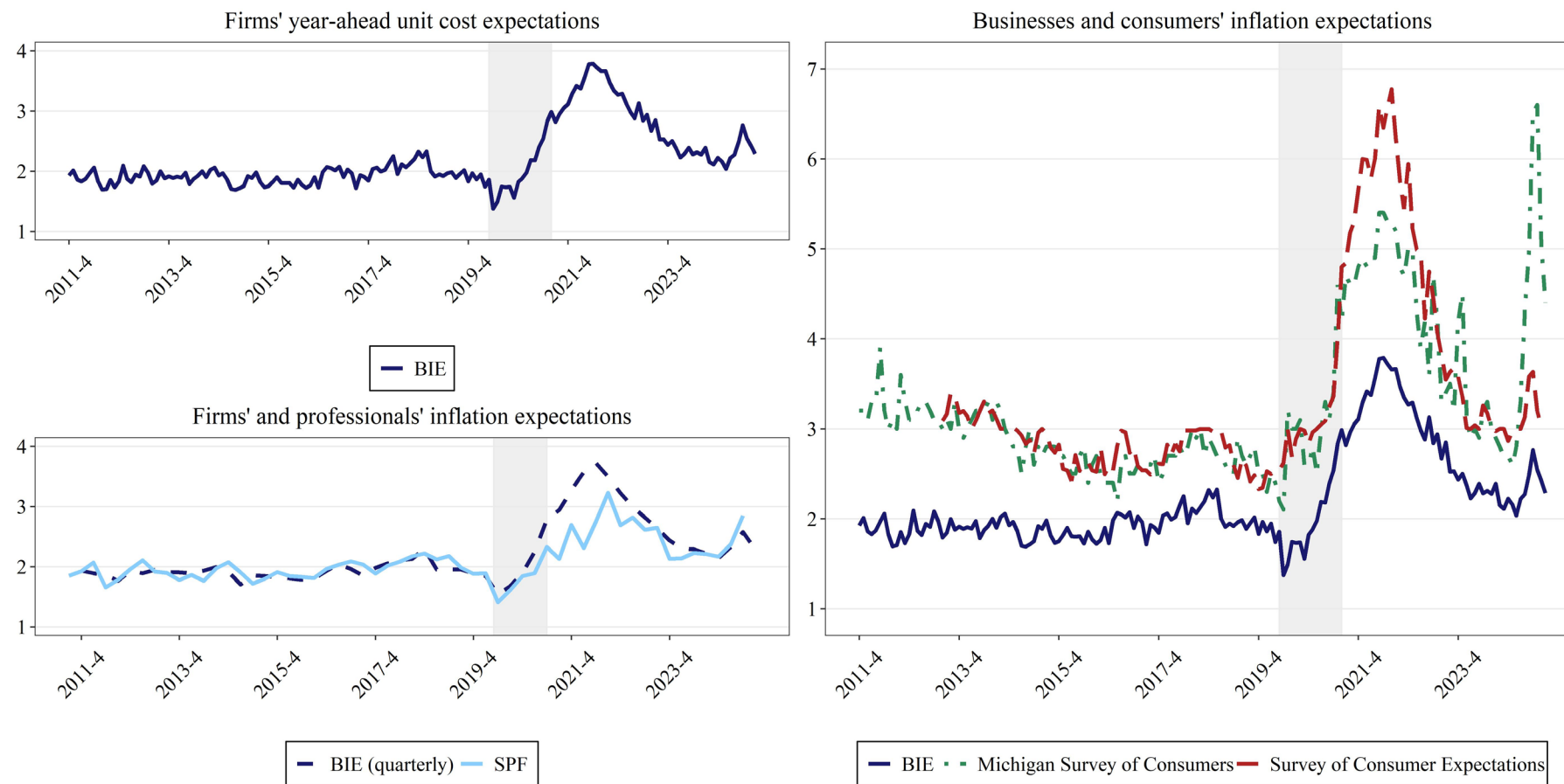


Correlation .93

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>

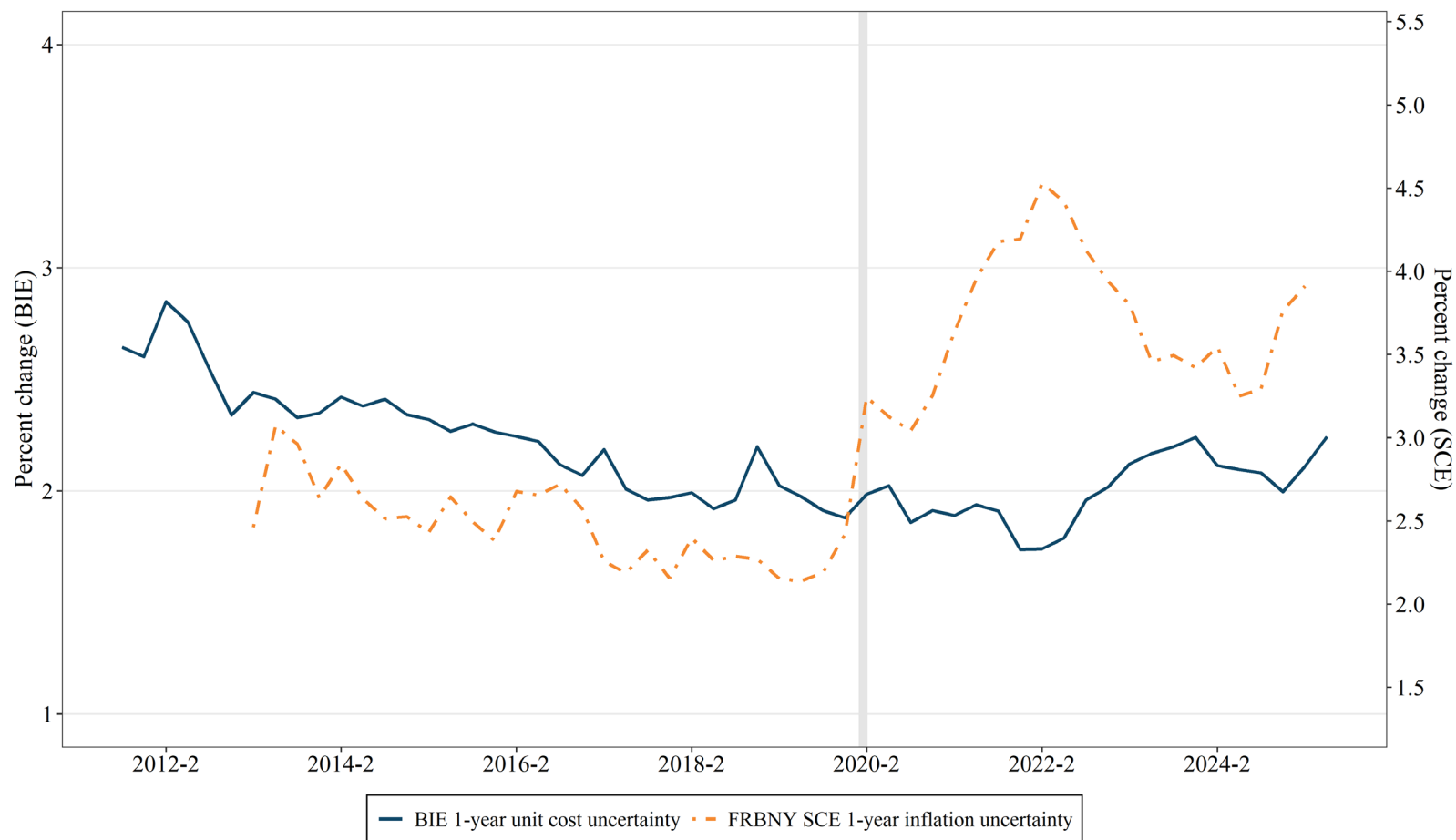
BIE Survey versus SPF and Survey of Consumers



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)

Questions can be directed to:
Aaron Jalca (Aaron.Jalca@atl.frb.org)
Ty McClure (Ty.McClure@atl.frb.org)
Grace Guynn (Grace.Guynn@atl.frb.org)



Federal Reserve
Bank *of* Atlanta