Business Inflation Expectations (BIE) Survey

Monthly Report: August 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 prepandemic 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 reported a median 4.0% (4.3% mean) price increase over the past 12 months and a median 3.0% (3.9%) expected price increase over the next 12 months. Realized price change has increased from May 2025 while expected price change decreased (4.0% median realized price increase, 3.0% median expected price increase).
3. In August's special questions, we asked firms about the sources of their inputs for US operations and how changes in the level of demand for core products over the last 12 months may have affected overall revenue.
4. About 75 percent of inputs reported by firms are sourced from the United States, with the sourcing of inputs varying by firm size. Medium and large firms are using inputs sourced from countries other than Mexico, Canada, and China at disproportionate levels compared to smaller peers.
5. Around half of respondents reported demand for core products has remained about the same as 12 months ago, but well over a third are reporting that demand has decreased from where it was.

About the BIE

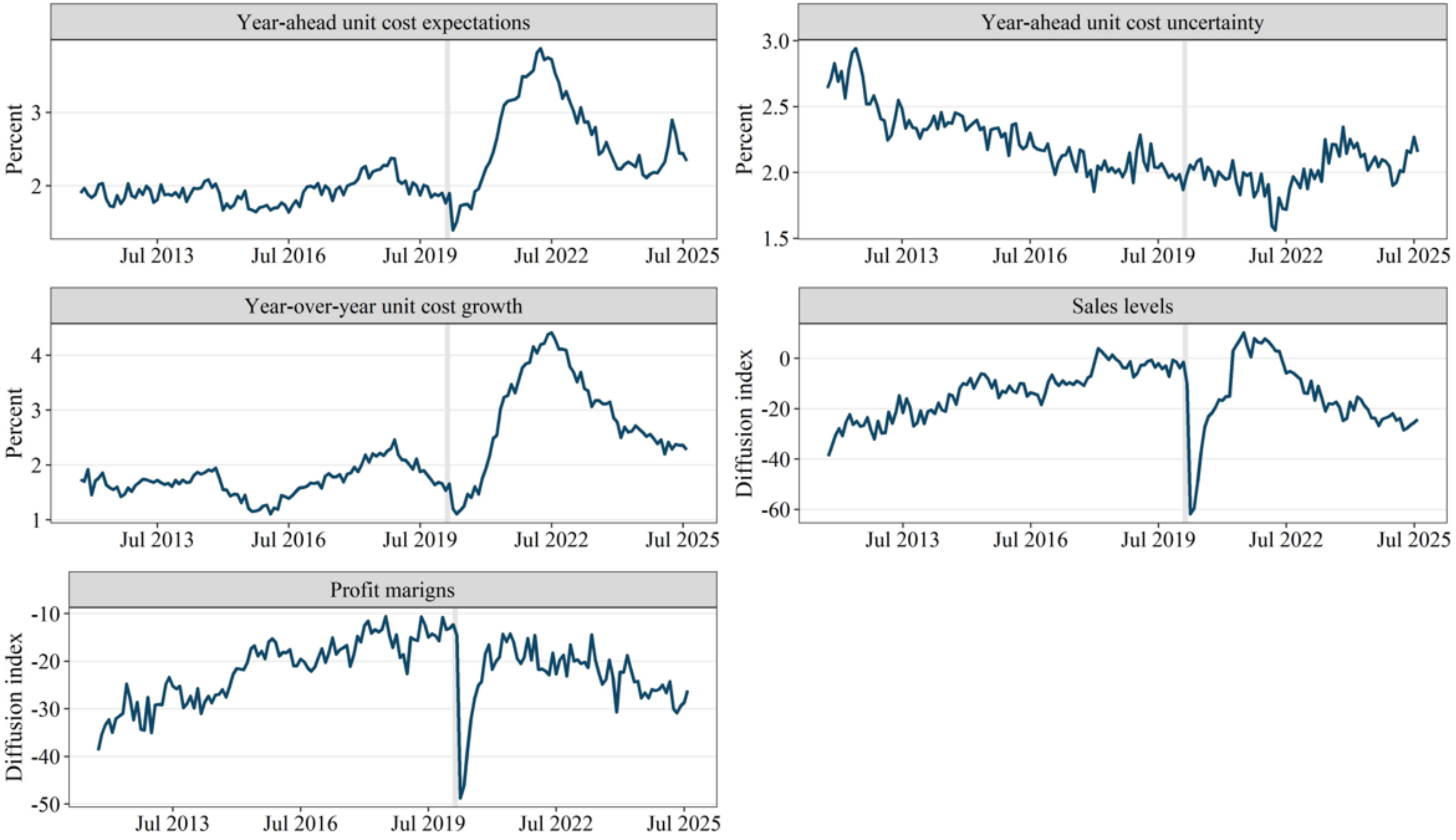
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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.

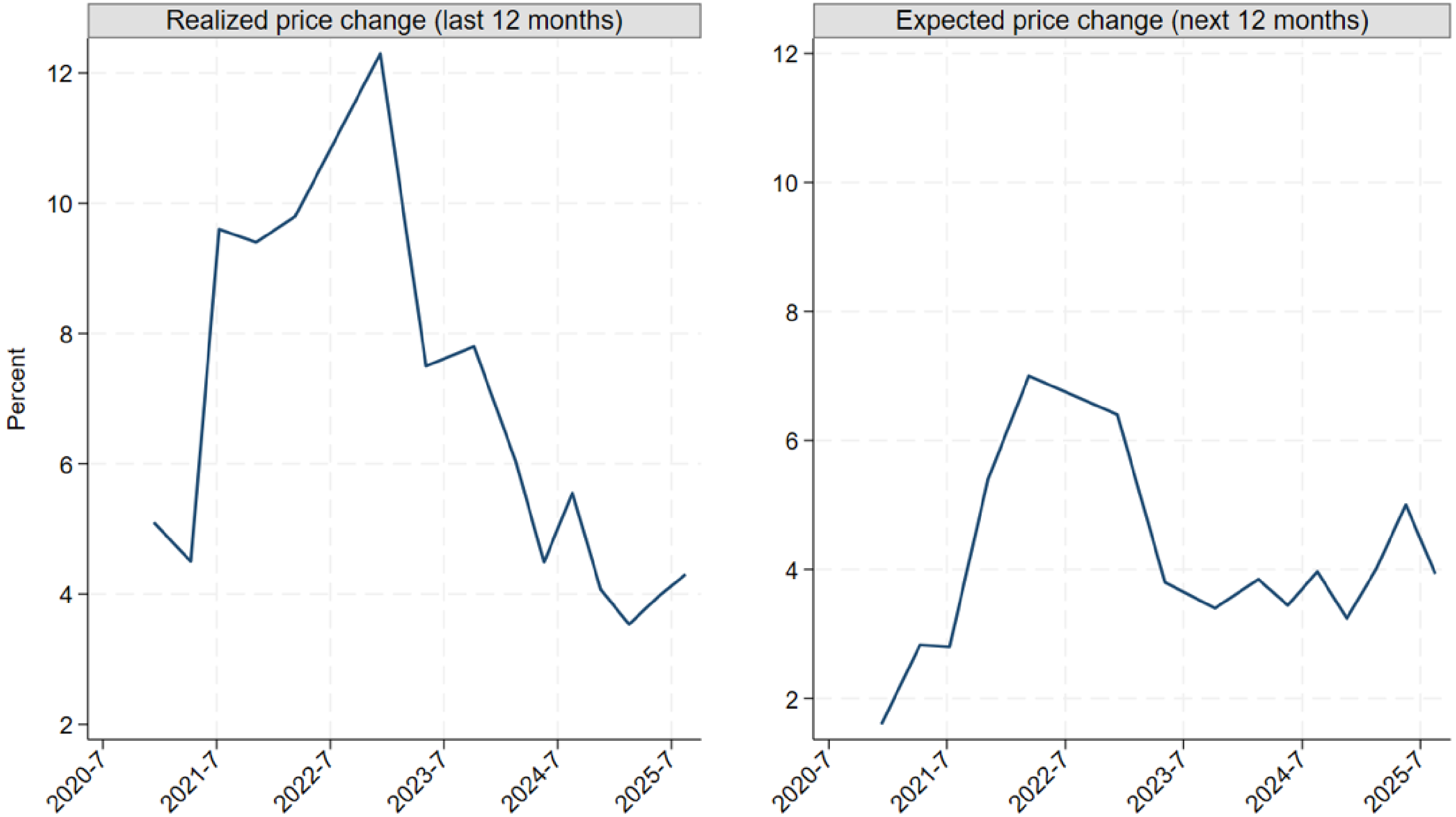
For more information on survey design and methodology, please refer to resources on the BIE page.

Core Monthly Questions



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

Rotating quarterly question: Looking back over the last 12 months, by about what percent did your firm change prices? Looking ahead over the next 12 months, by about what percent does your firm expect to change prices?



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

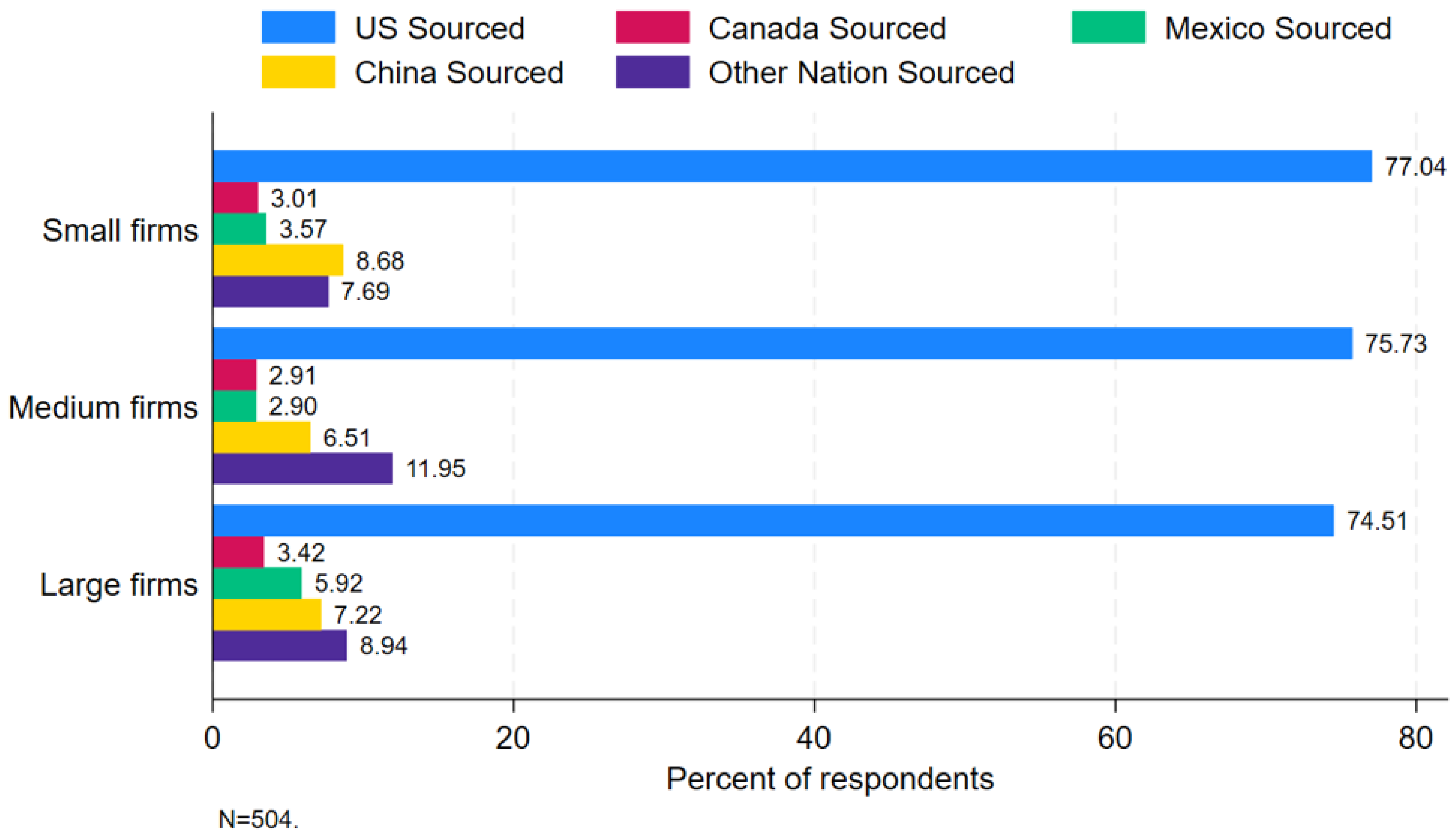
Note: This quarterly question officially started in February 2024. The results prior to that were results collected through our Special Questions Series.

BIE Special Questions: August 2025

Approximately what percent of inputs/supplies for your firm's US operations are sourced from the following countries?

Results should sum to 100%

Overall, BIE firms source around 75 percent of inputs from the United States. When looking at firm sizes, the sources of inputs coming from other nonlisted sources increase for both medium and large firms when compared to small firms.

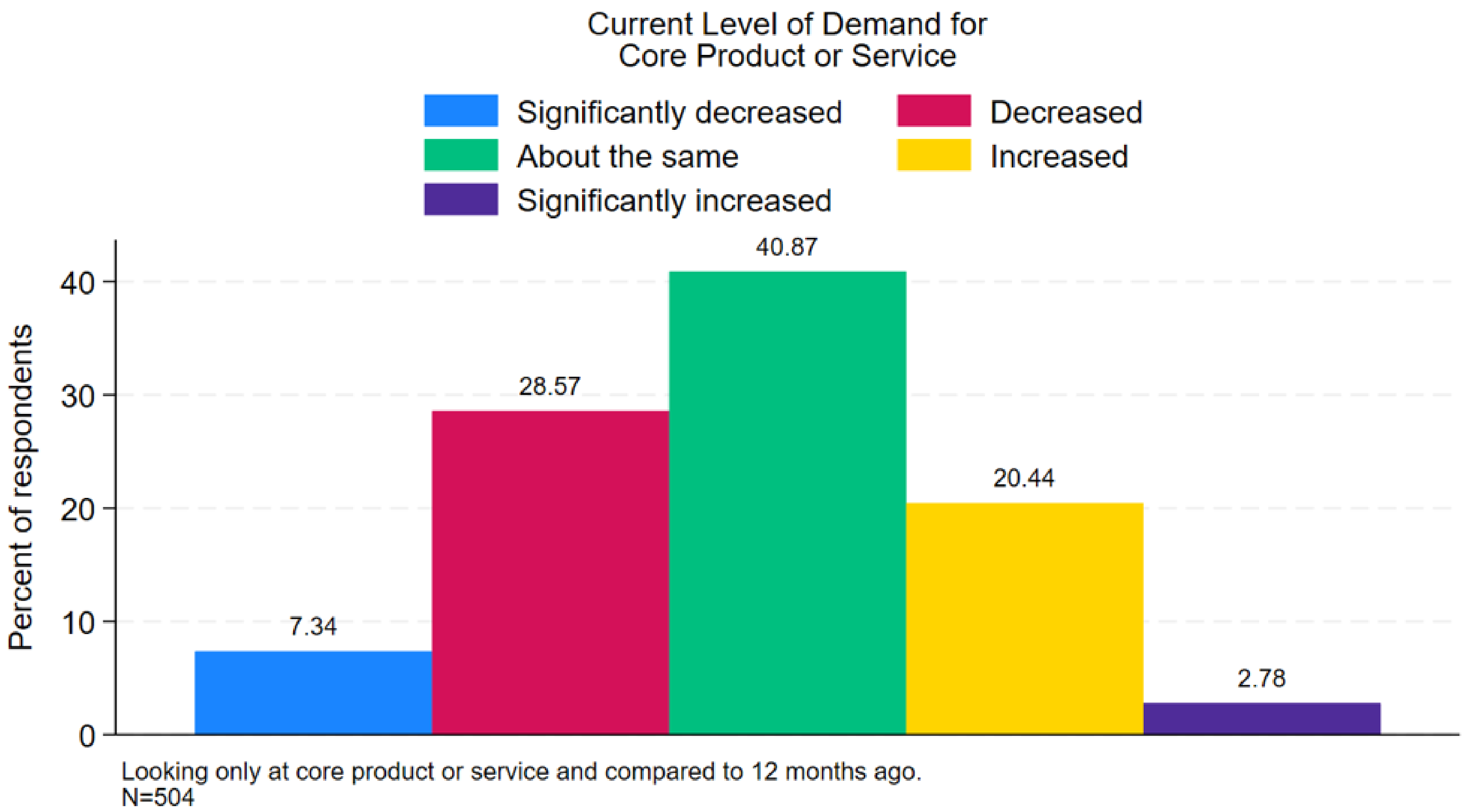


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

Now, think about your firm’s core product(s) or service(s).

Compared to 12 months ago, how would you describe the current level of demand for that product or service?

Over one third of firms in the BIE have reported that their current level of demand for core products has decreased from the previous year.



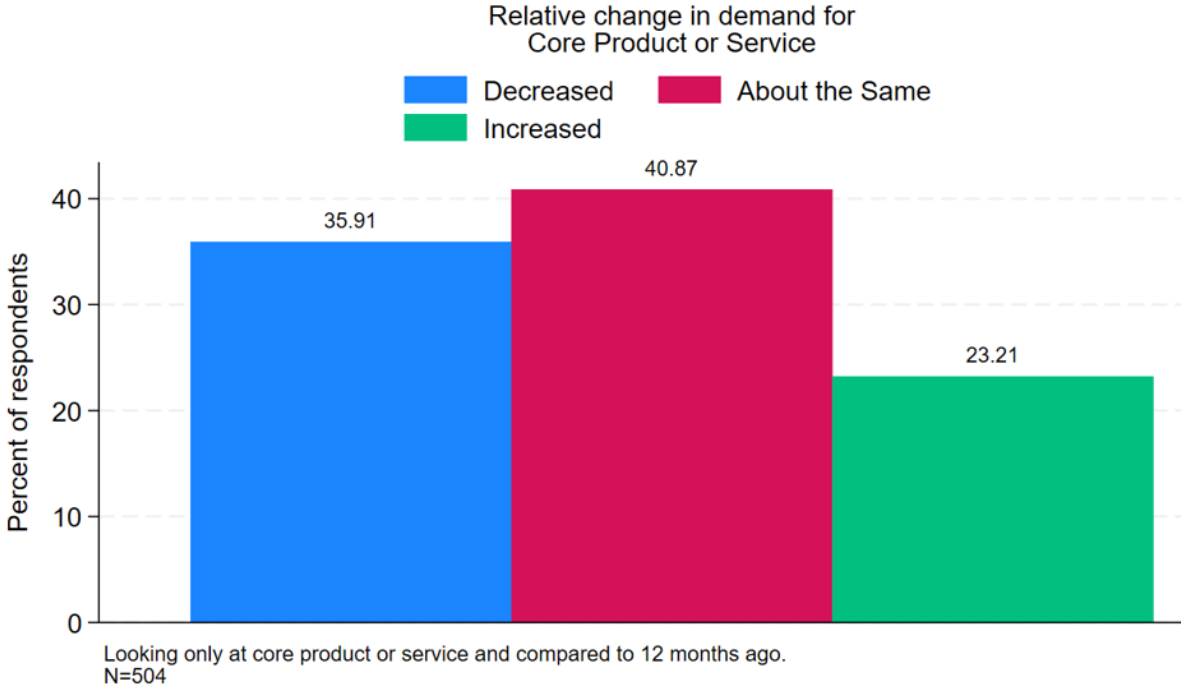
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

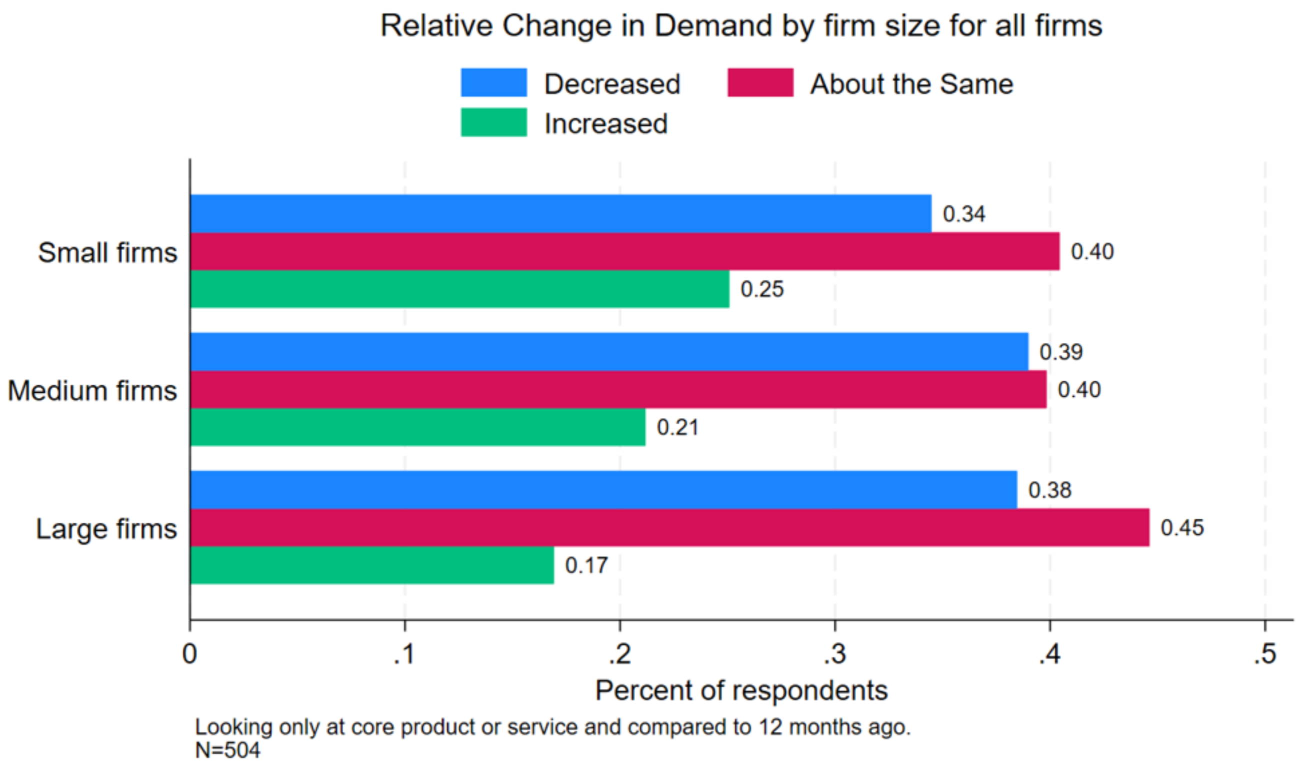
Approximately what percent of inputs/supplies for your firm's US operations are sourced from the following countries?

Now, think about your firm's core product(s) or service(s).

Compared to 12 months ago, how would you describe the current level of demand for that product or service?

Close to half of firms are reporting demand for core products or services as about the same from 12 months ago. Interestingly, little over a third of firms report decreased demand, with these firms evenly distributed across firm size.





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

Now, think about your firm's core product(s) or service(s)

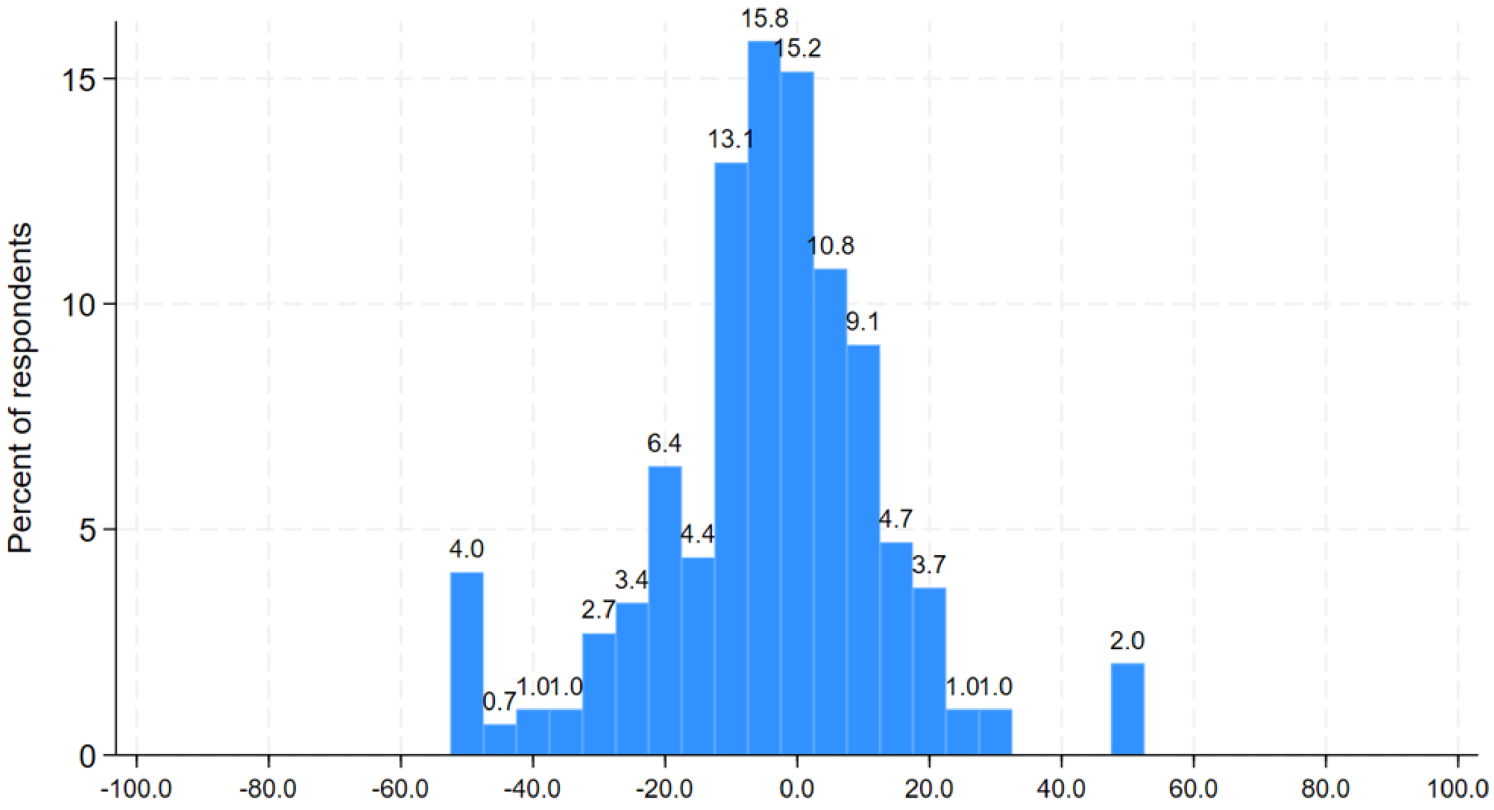
Compared to 12 months ago, how would you describe the current level of demand for that product of service?

For this question and the next one continue to think about your firm's core product(s) or service(s).

In terms of percentage change, over the past 12 months, by how much has revenue decreased for the firm as a result of decreased demand on that product or service?

In terms of percentage change, over the past 12 months, by how much has revenue decreased for the firm as a result of increased demand on that product or service?

32.3 percent of BIE firms experienced a decline of 5 percent or more in revenue. On the other hand, 20.3 percent of BIE firms experienced an increase in revenue of 5 percent or more

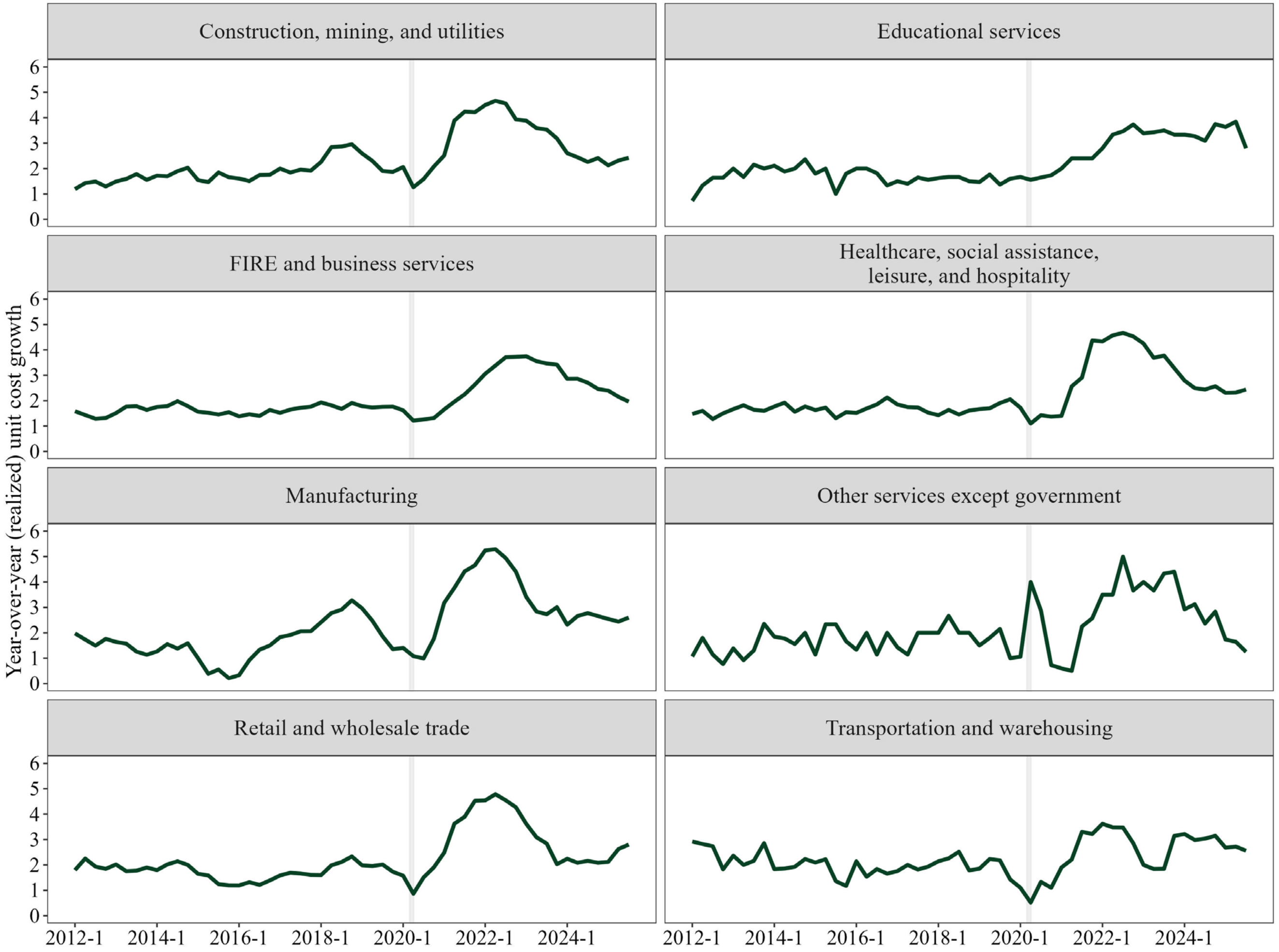


Conditional on firm indicating that it anticipates a change in their respective revenue.
Results Windsorized to 5th and 95th percentile. N=297

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.



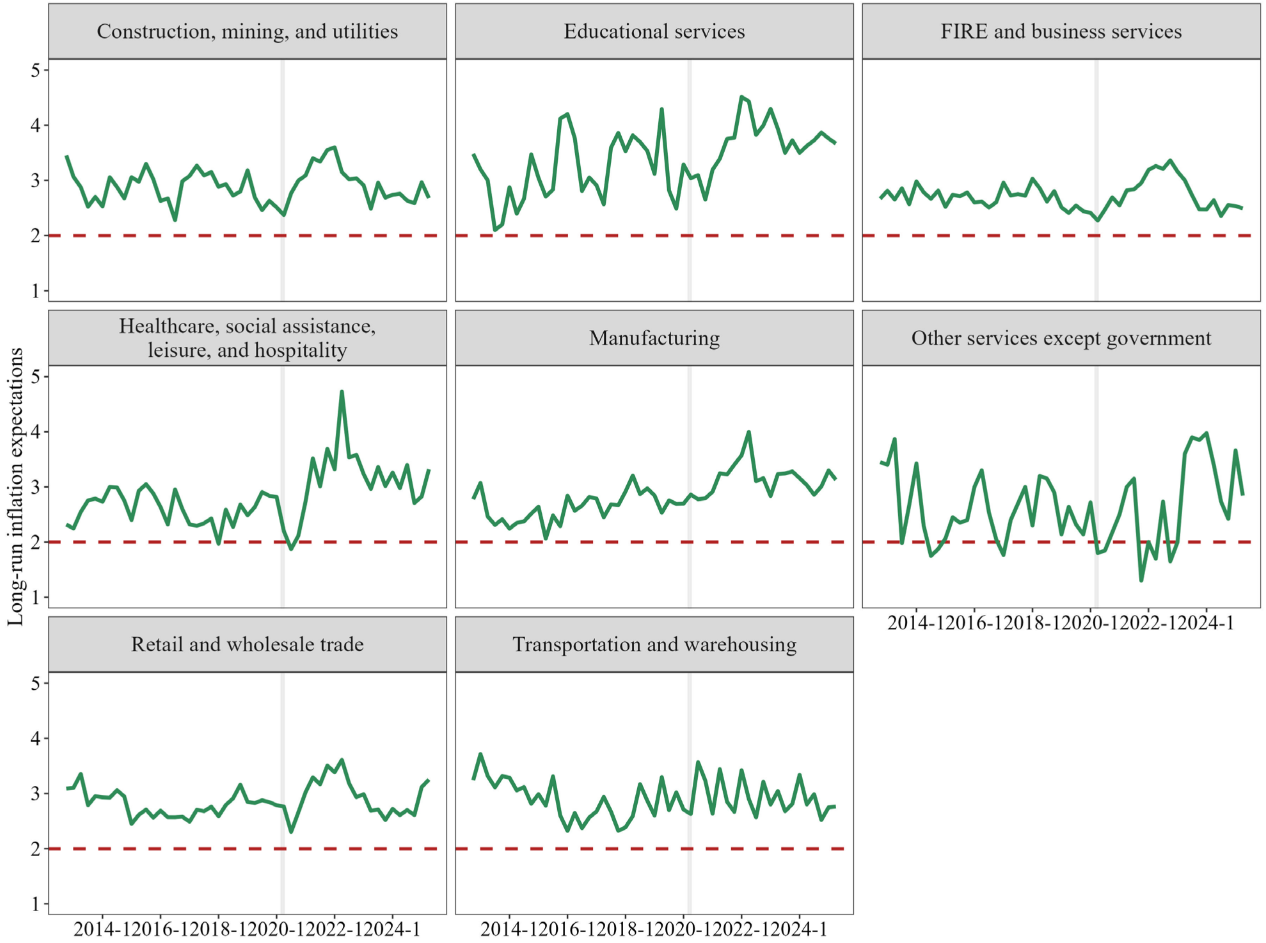
Note: The data are shown monthly.

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.



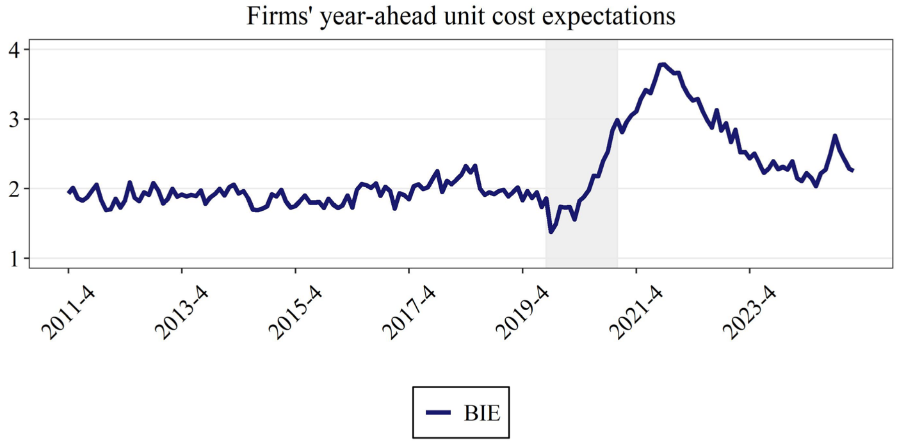
Note: The data are shown monthly.
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

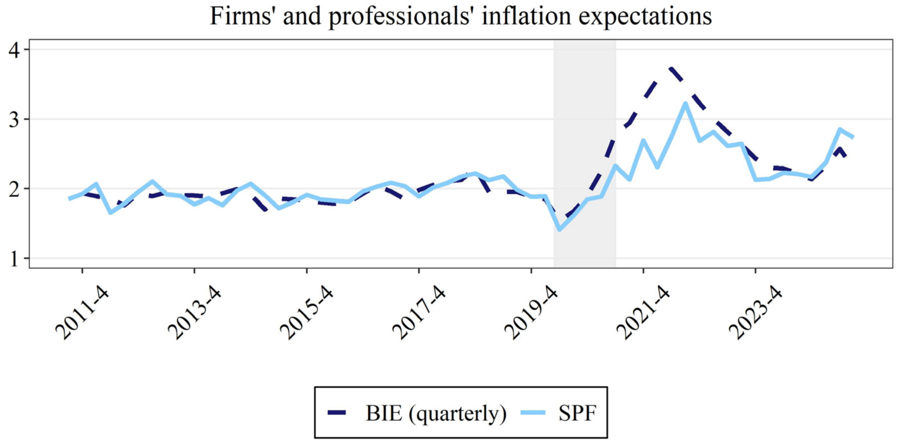
Comparing BIE realizations and expectations to actual data and other surveys

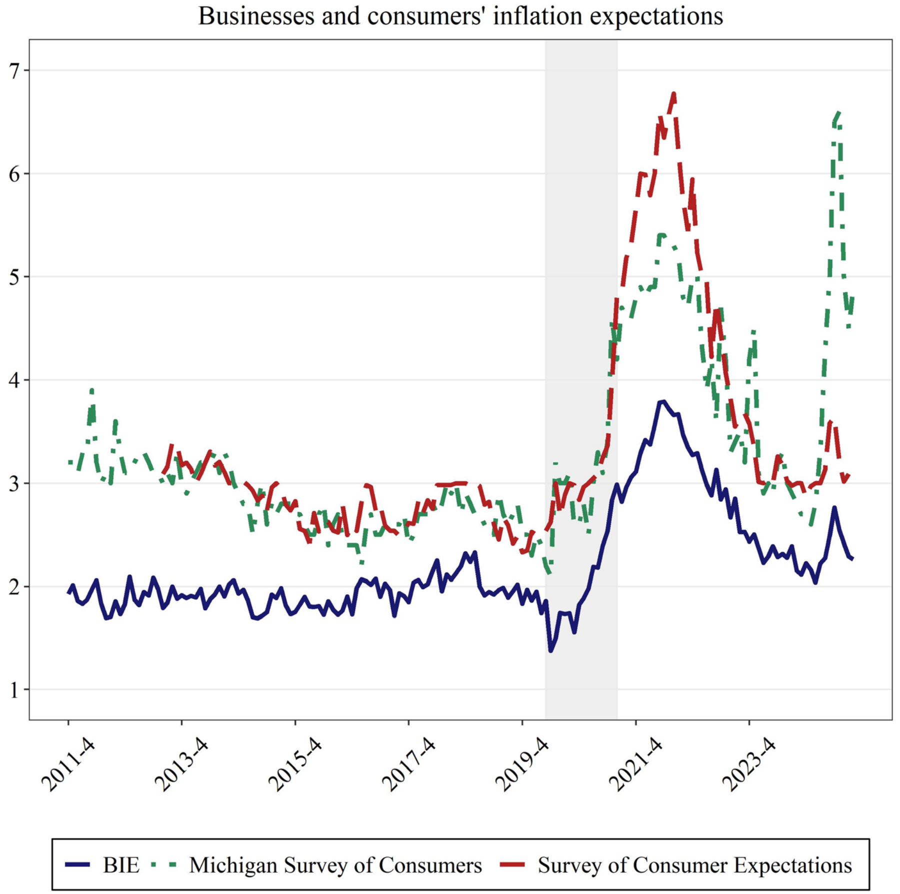
BIE Unit Cost Growth versus GDP Chain-type Price Index

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



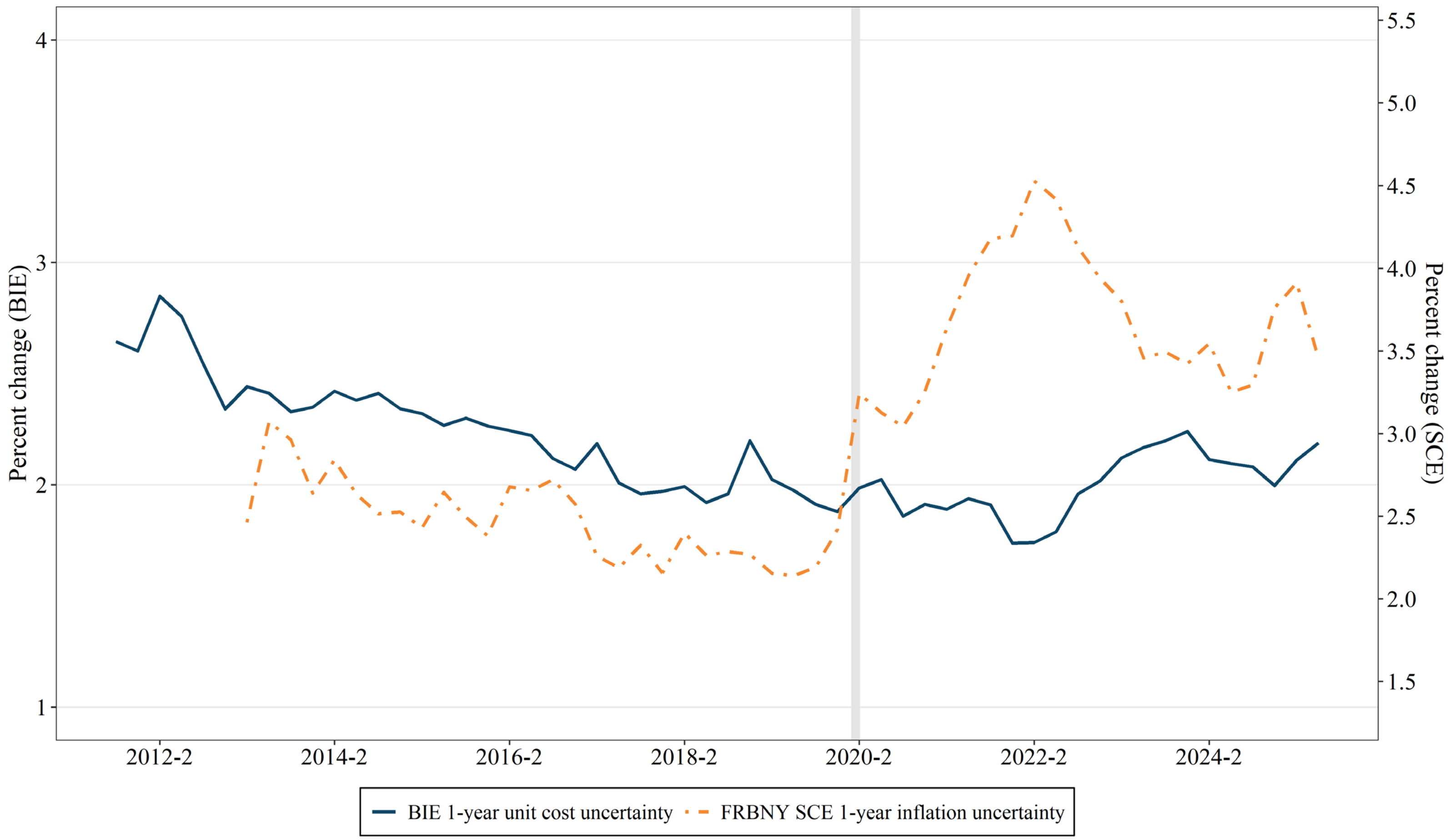




Note: Except the chart at lower left with quarterly data, all remaining chart data are shown monthly.

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:

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