

Business Inflation Expectations (BIE) Survey

Monthly Report: September 2025



Federal Reserve
Bank *of* Atlanta

Headline Results

1. Firms' year-ahead unit cost expectations remained the same at 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 come down some after a peak in July.
2. Firms' long-run (five to 10 year-ahead) unit cost expectations remained relatively unchanged from March 2025 at 2.8 percent.
3. In September's special questions, we asked firms about how potential changes in their competitors' pricing and changes in conditions would alter their pricing plan.
4. Broadly, about half of firms would increase their prices by some amount in response to a 10 percentage point increase in competitors' pricing regardless of the condition given. However, when informed that cost or a shared impact of cost increases, disproportionate amounts of firms responded with plans to raise prices.

About the BIE

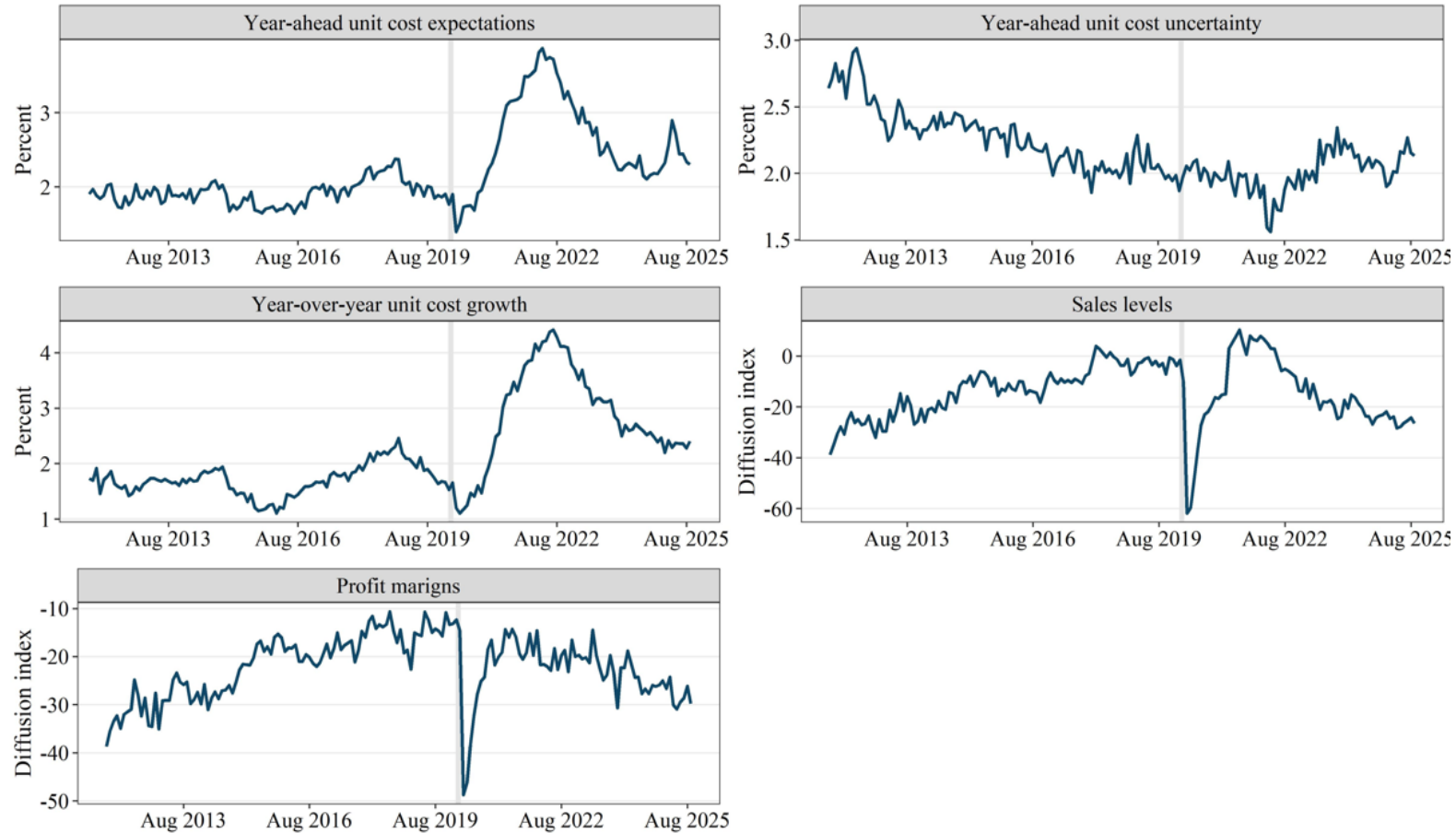
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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](#).

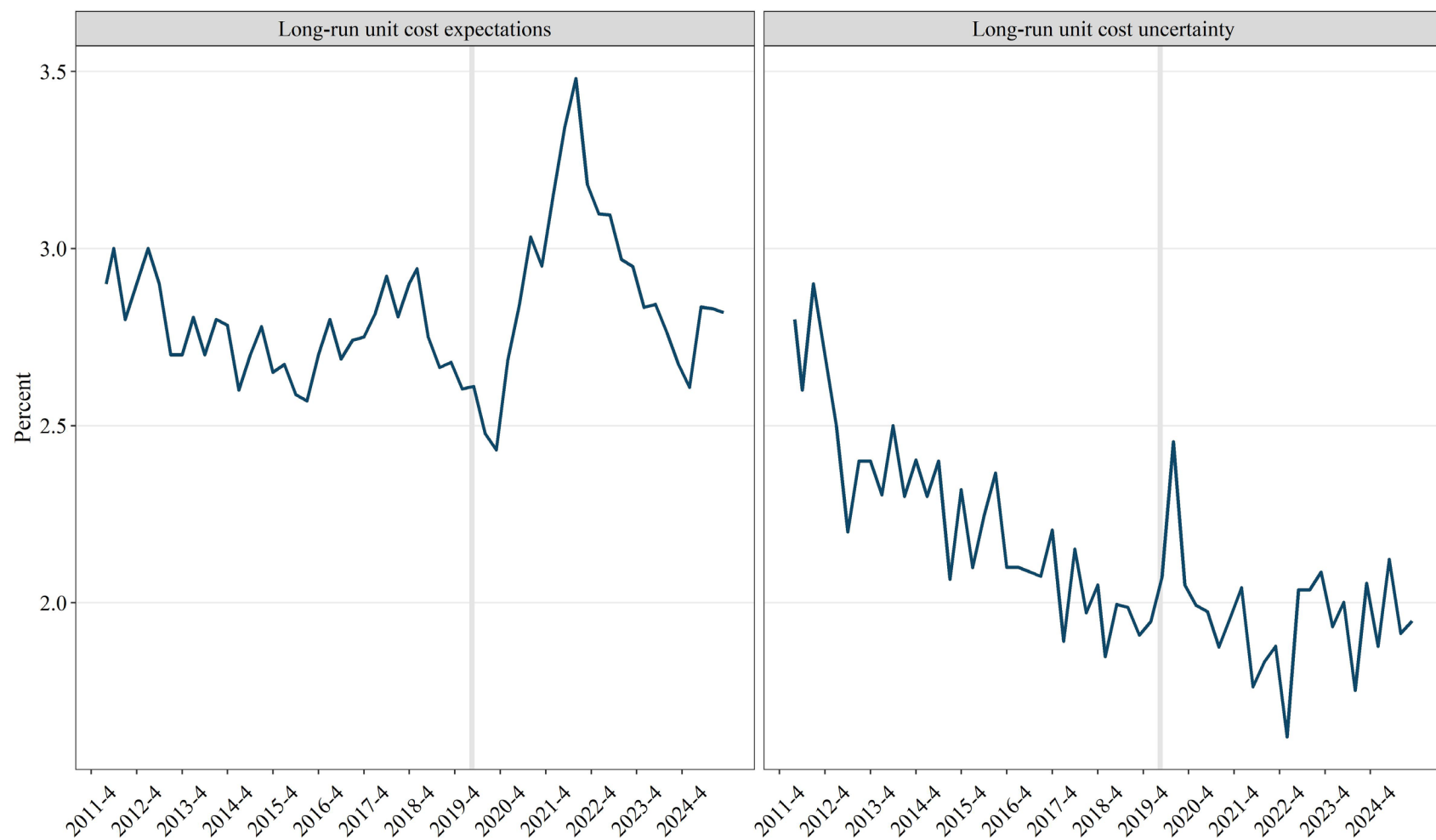
Core Monthly Questions



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.



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: September 2025

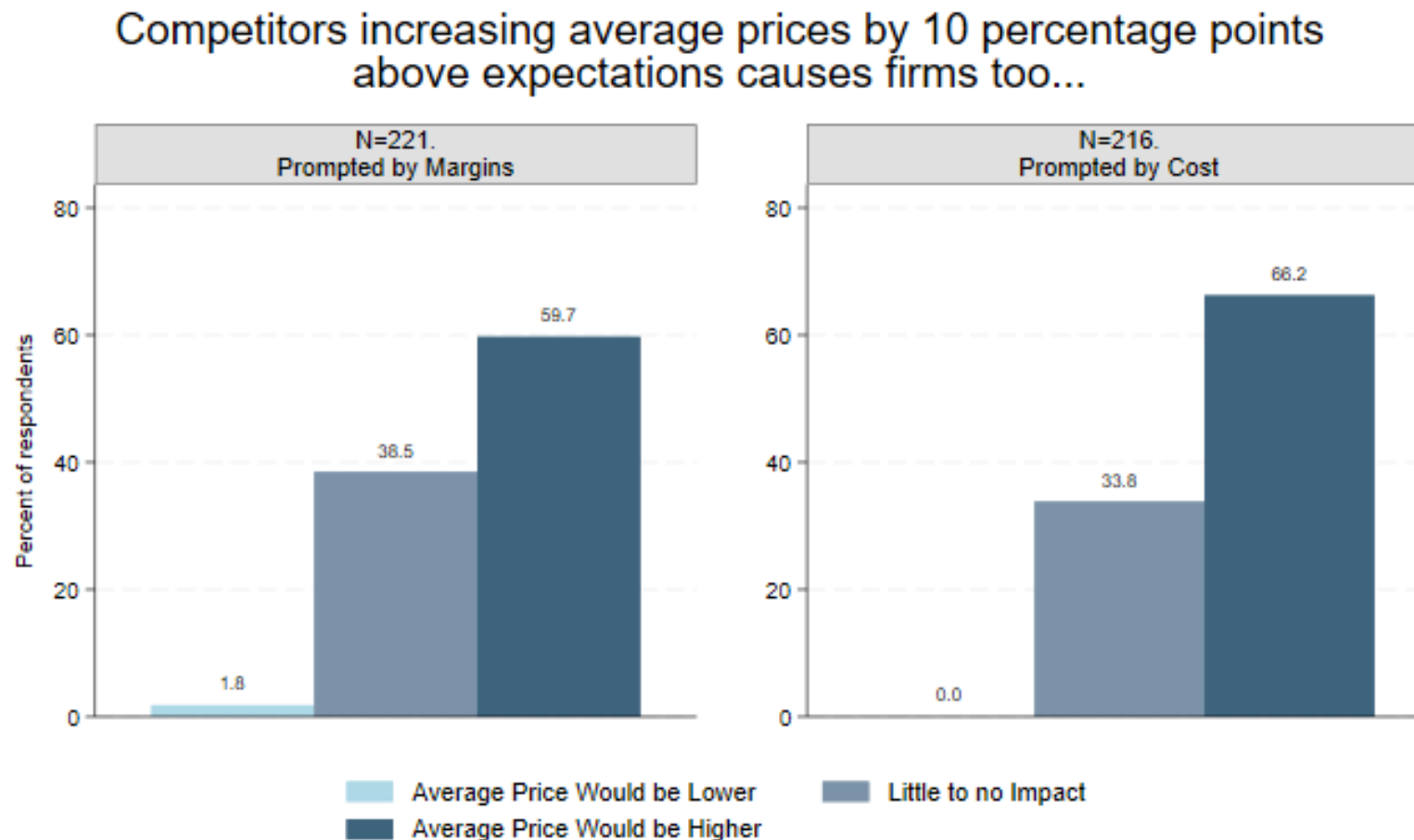
Suppose you were adjusting your firm's average price today, and you learned that your competitors were raising their average prices by 10 percentage points above what you had expected, driven by an effort to increase their profit margins.

How would this news affect the average price your firm would set today, relative to your original plans?

Suppose you were adjusting your firm's average price today, and you learned that your competitors were raising their average prices by 10 percentage points above what you had expected, driven by an unexpected increase in their costs.

How would this news affect the average price your firm would set today, relative to your original plans?

When firms are prompted by being told competitors are acting due to an increase in their cost, there is about a 7 percentage point increase in those raising prices.



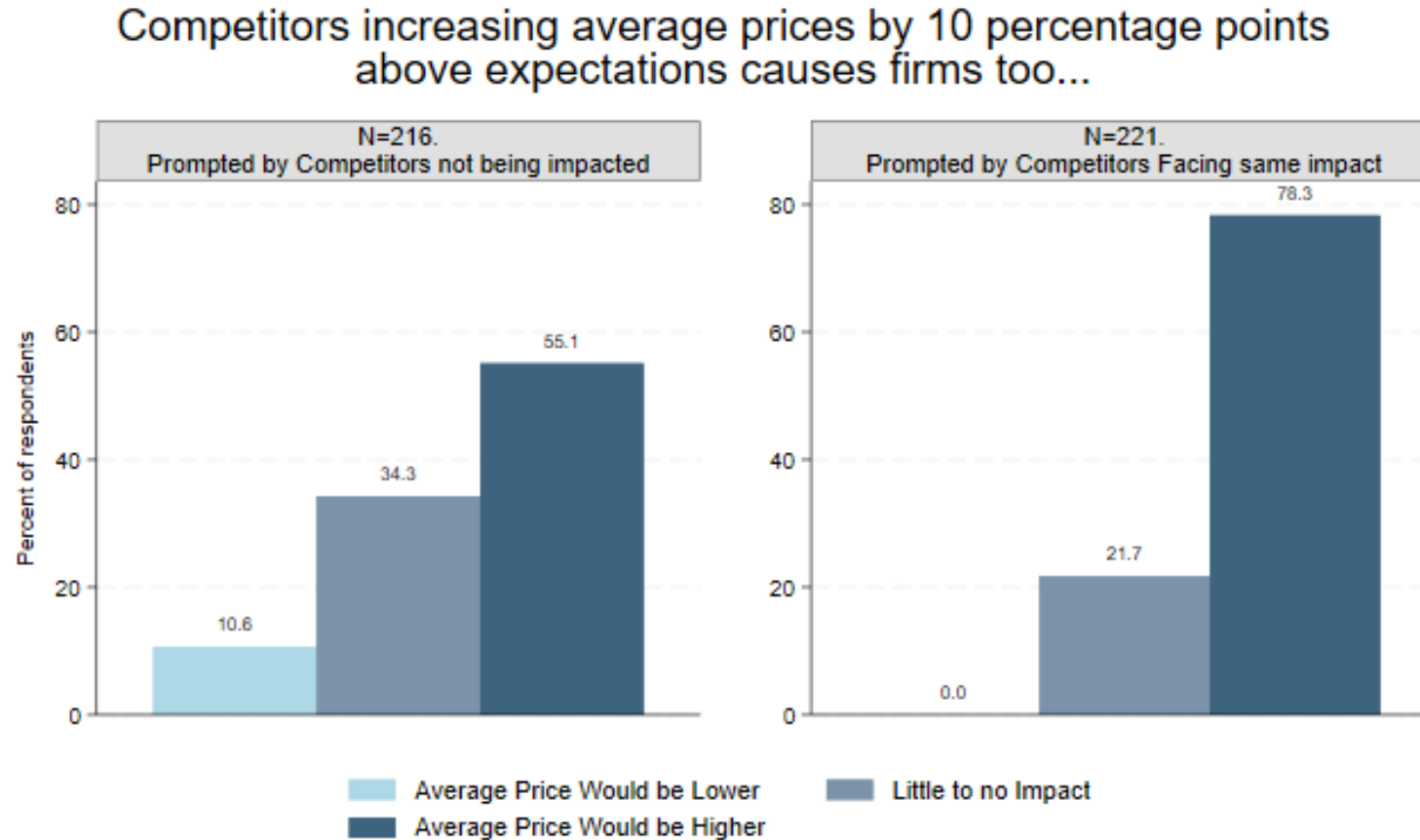
Next, suppose instead that you were adjusting your firm's average price today, and that your own firm's costs have risen by 10 percentage points above what you had expected, and you learned that none of your competitors' costs have been affected.

How would this news affect the average price your firm would set today, relative to your original plans?

Next, suppose instead that you were adjusting your firm's average price today and that your own firm's costs have risen by 10 percentage points above what you had expected, and you learned that all of your competitors' costs have been affected the same way.

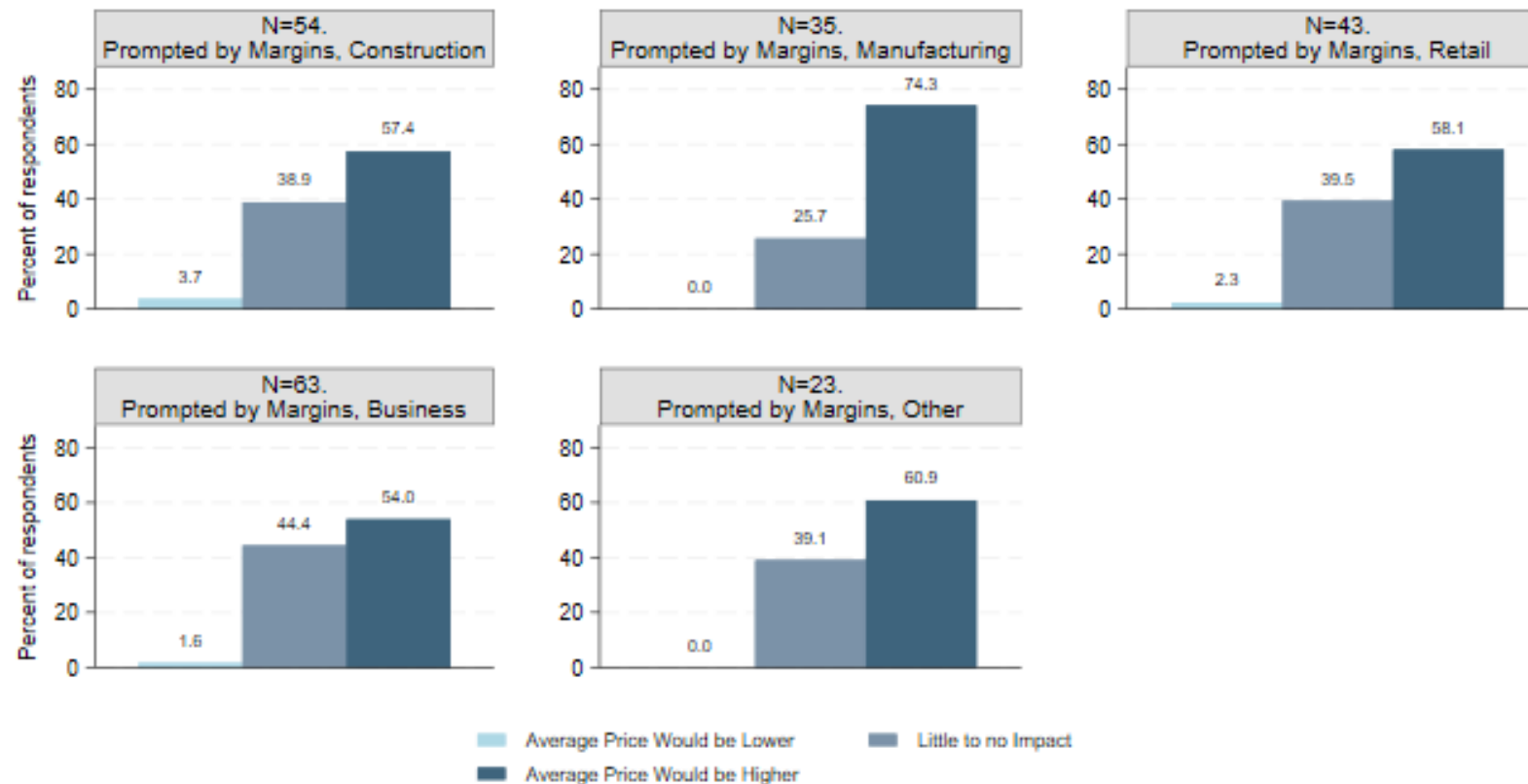
How would this news affect the average price your firm would set today, relative to your original plans?

Additionally, when prompted by competitors not being affected, a little more than half of firms would increase their prices, with about 10 percent decreasing. However, when prompted with competitors facing the same increase in prices, almost 80 percent of firms would increase with none planning a reduction in prices.



When looking across sectors, some interesting differences occur with manufacturing responding strongest to a 10 percentage point increase in competitors' pricing. This heightened sensitivity to competitors' pricing also occurs in responding to cost, uniquely impacted, and commonly impacted prompts.

Competitors increasing average prices by 10 percentage points above expectations causes firms too...



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

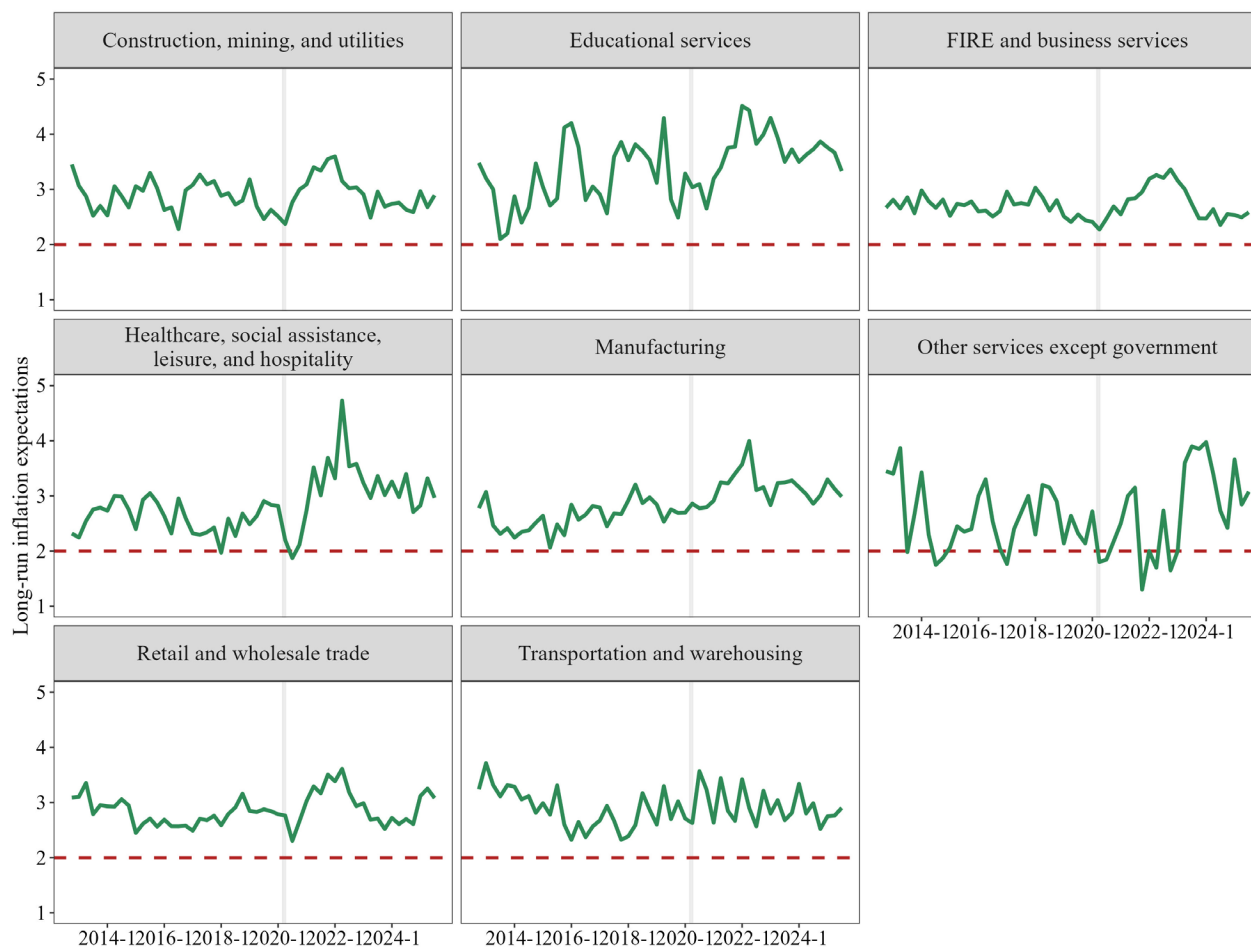
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

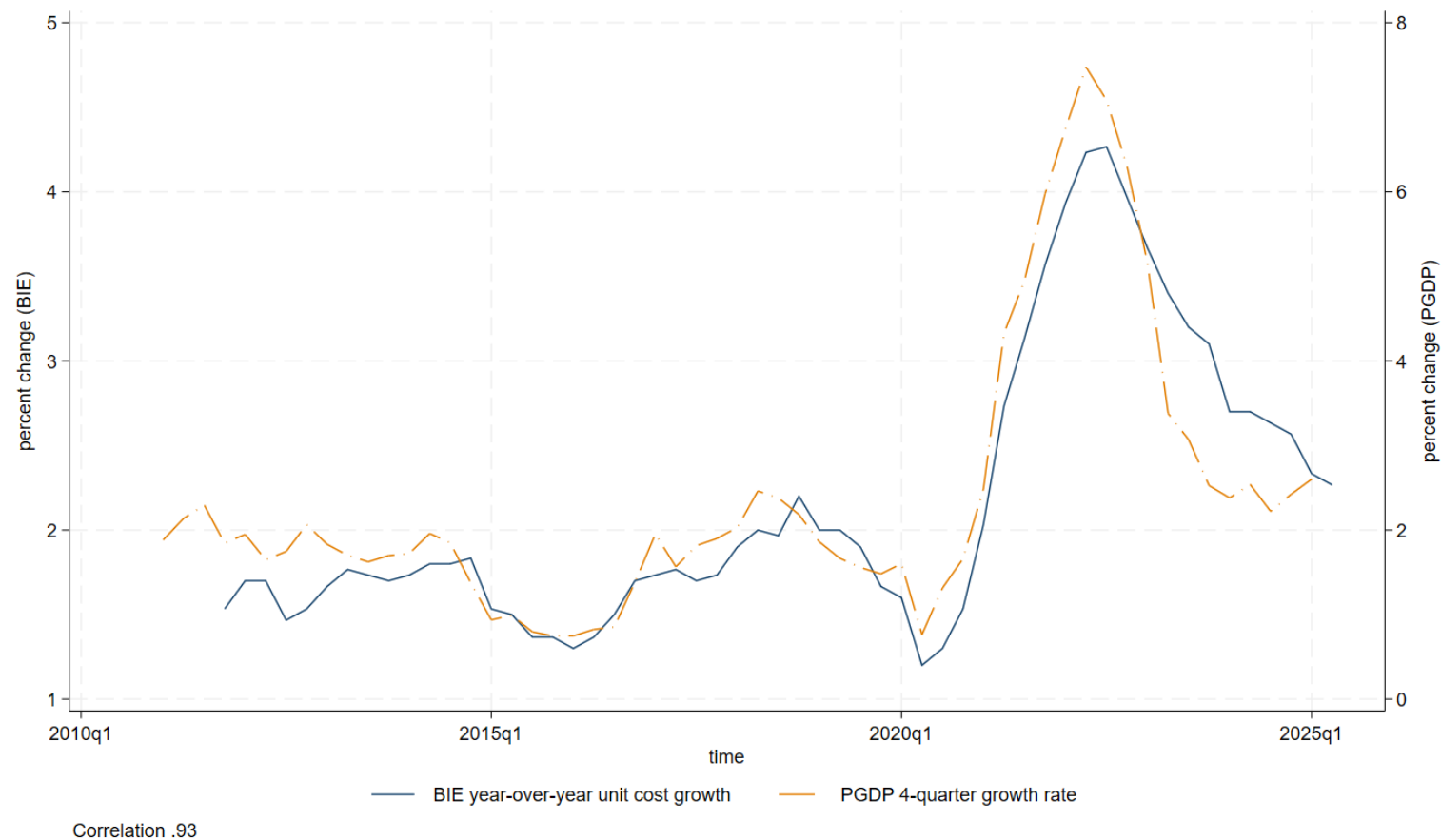


Note: The data are shown monthly.

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

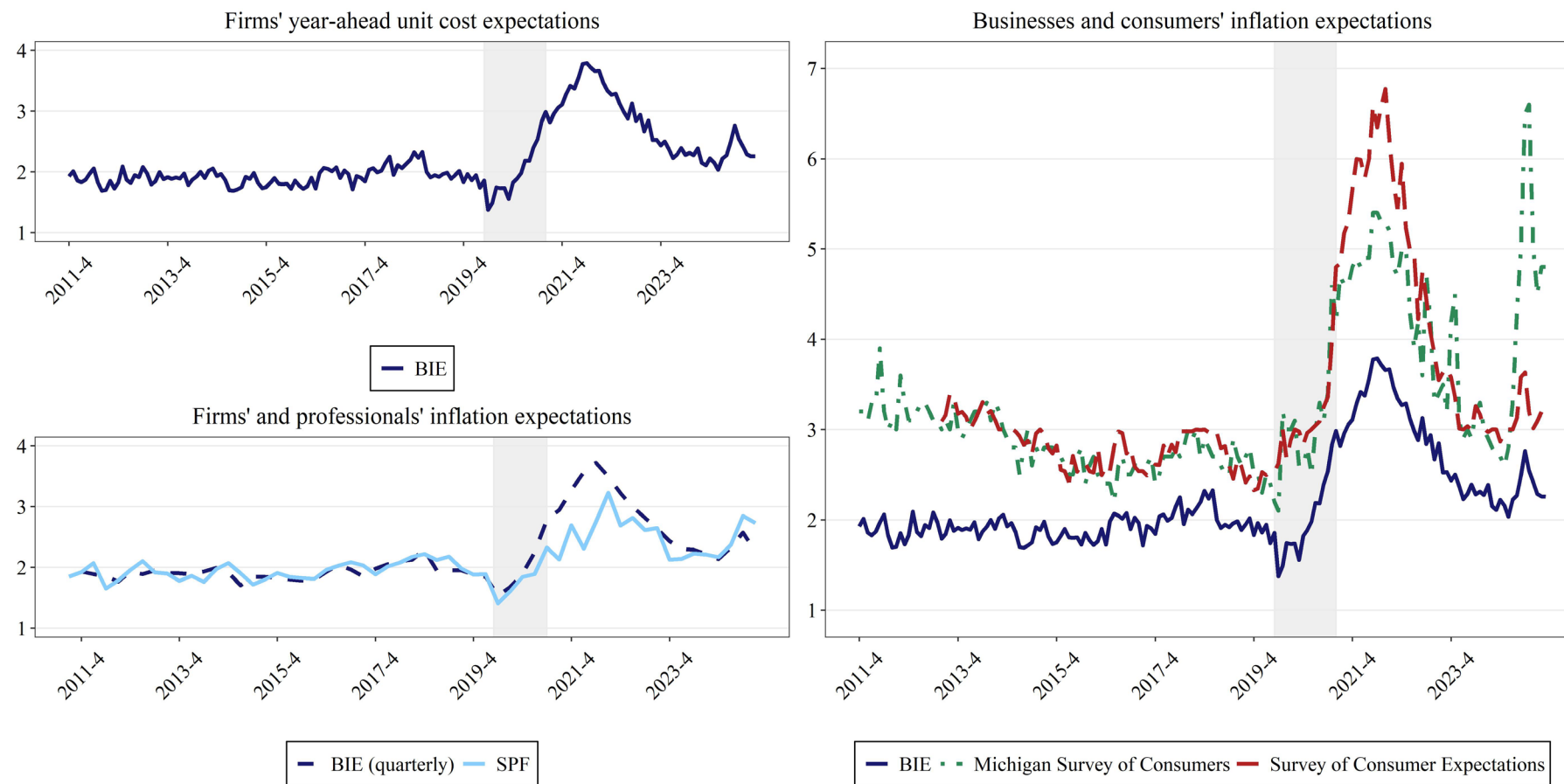


Correlation .93

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>

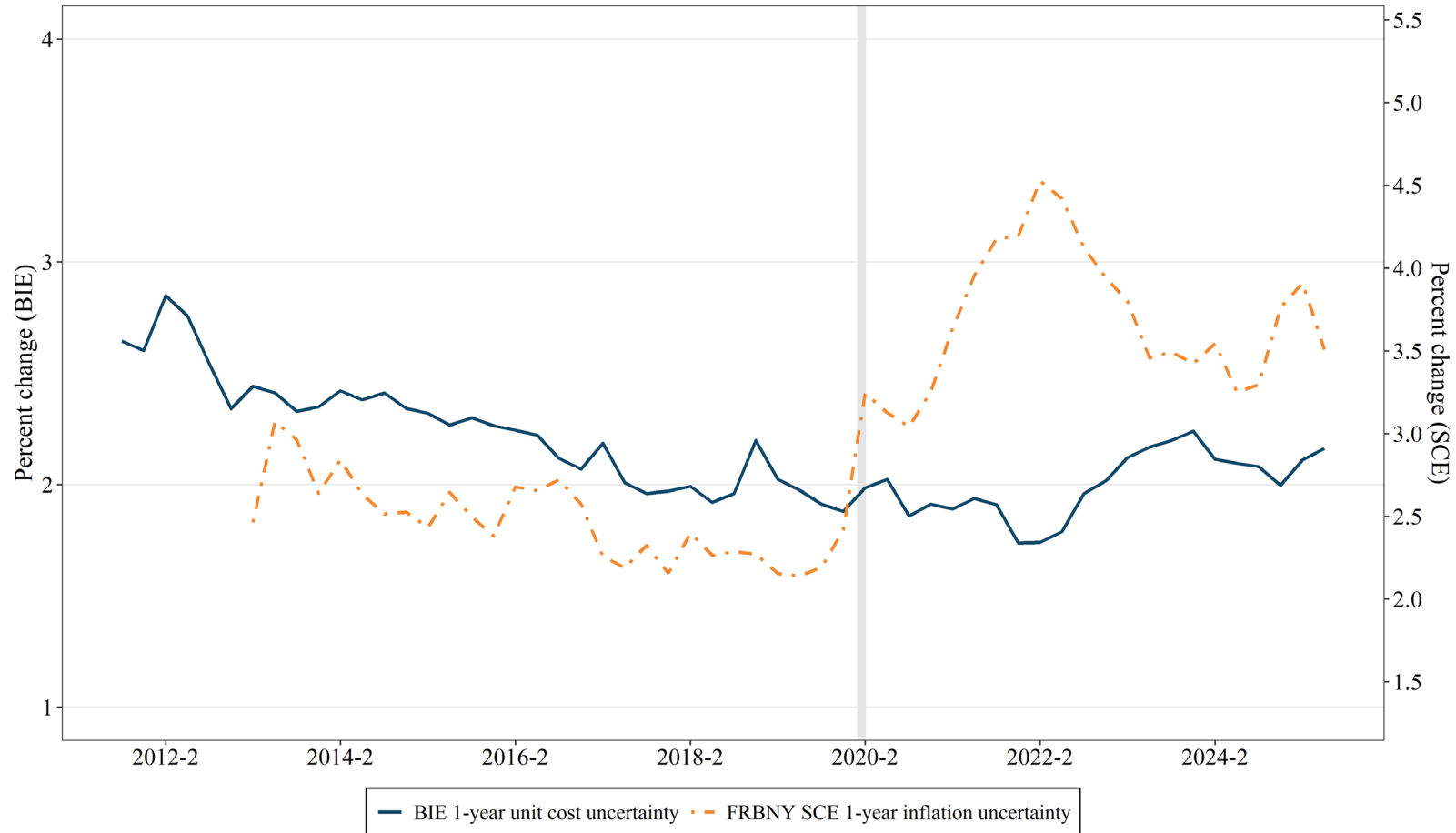
BIE Survey versus SPF and Survey of Consumers



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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