

# Business Inflation Expectations (BIE) Survey

Monthly Report: February 2024



Federal Reserve  
Bank *of* Atlanta

# Headline Results

1. Firms' year-ahead unit cost expectations remain relatively unchanged at 2.3 percent. Year-ahead unit cost expectations have fallen meaningfully 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. Over the past 12 months, firms saw prices rise by an average of 5.8 percent, but they project a more moderate increase of approximately 3.5 percent in the next 12 months.
3. In January's special questions, businesses continue to prioritize labor quality and availability as their foremost concerns. Following closely are concerns related to demand and monetary policy.
4. Compared to January 2023, inflation—once the second most pressing concern—has now shifted to the fourth position. Notably, in January 2024, firms express a greater concern about monetary policy than about inflation.
5. Businesses anticipate a reduction in their turnover rate within the coming 12 months.

## About the BIE

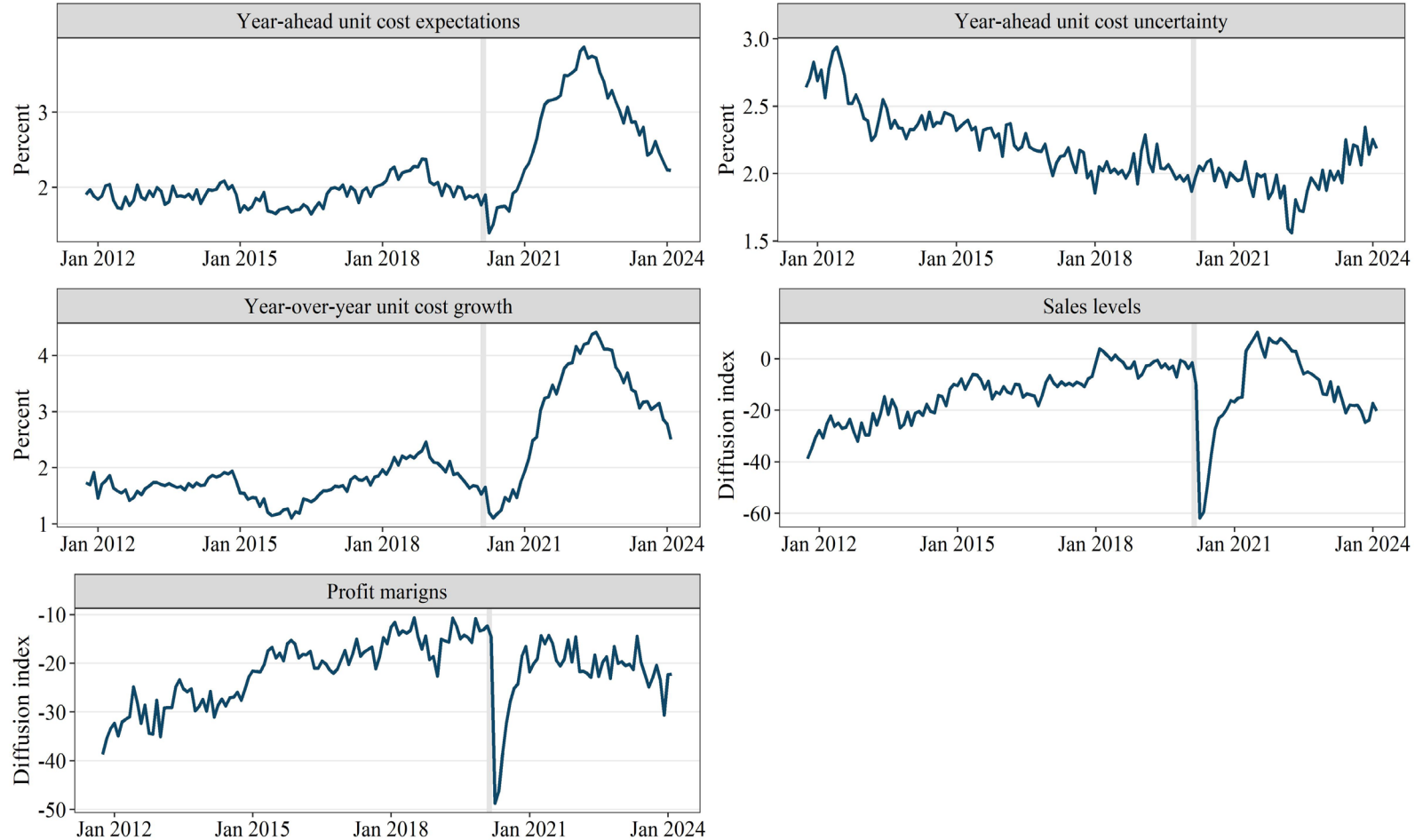
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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 factors influencing pricing. 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.

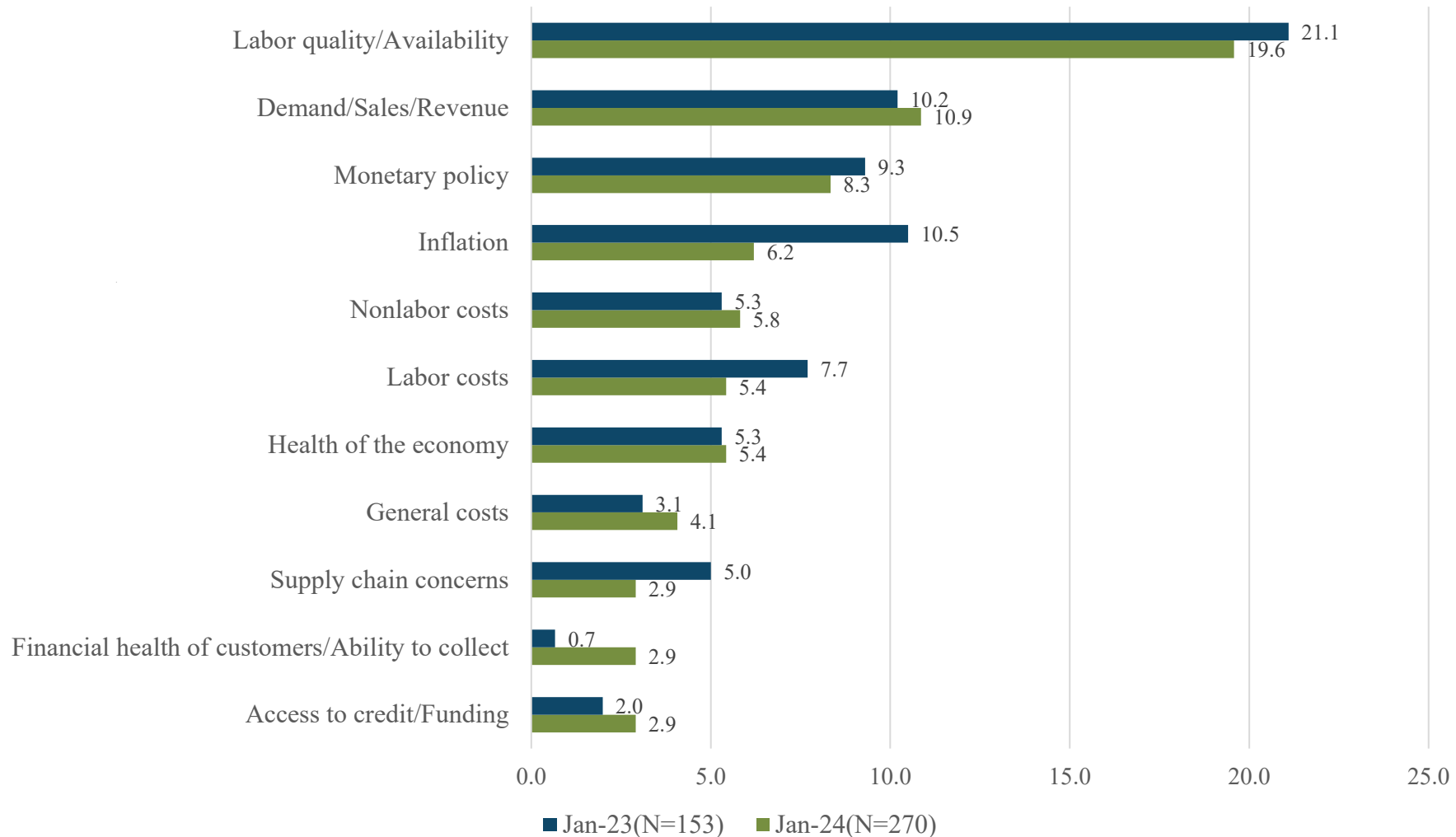
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

# Rotating Quarterly Question: Firms' Price Change

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>Median</b>	<b>Std. Dev.</b>	<b>P25</b>	<b>P75</b>	<b>Min</b>	<b>Max</b>
Realized Price change - Last 12 months	293	5.8	5.0	7.8	2.0	10.0	-10	25
Expected Price change – Next 12 months	294	3.5	3.0	3.9	0.0	5.0	-5	10

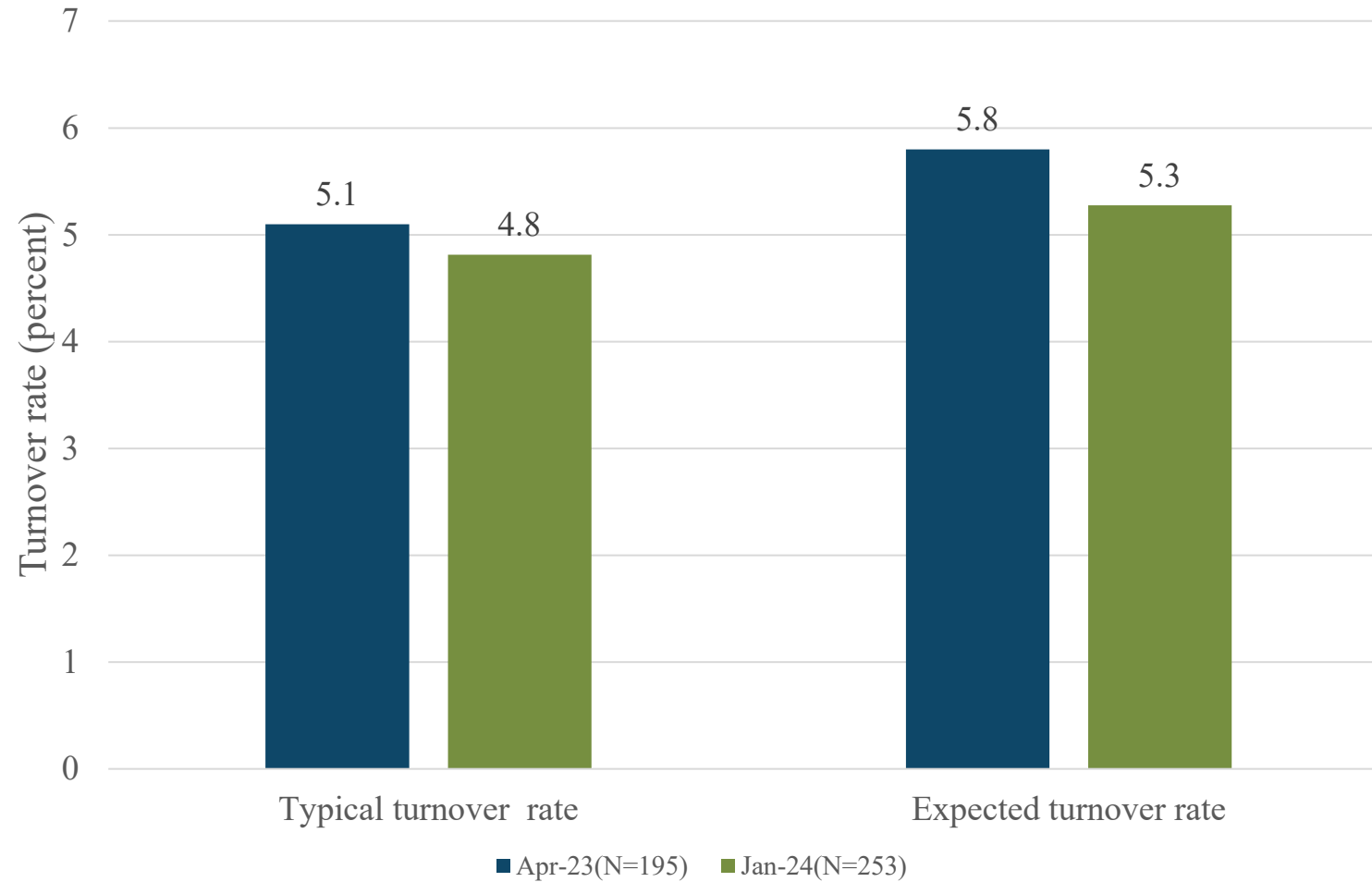
# **BIE Special Questions: January 2024**

# Firms' Most Pressing Concerns



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

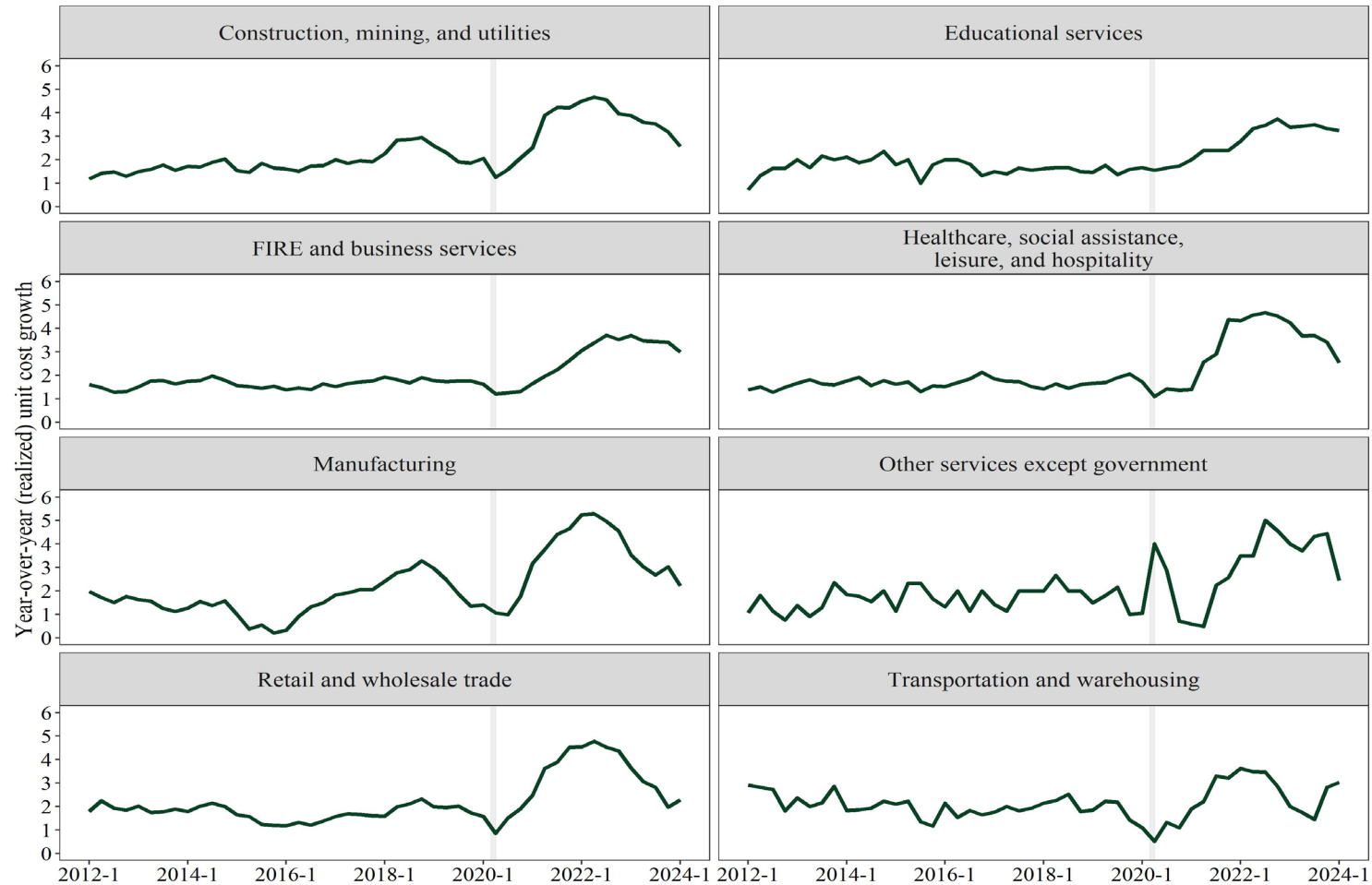
# Firms' Turnover Rate





# Realizations and expectations by industry

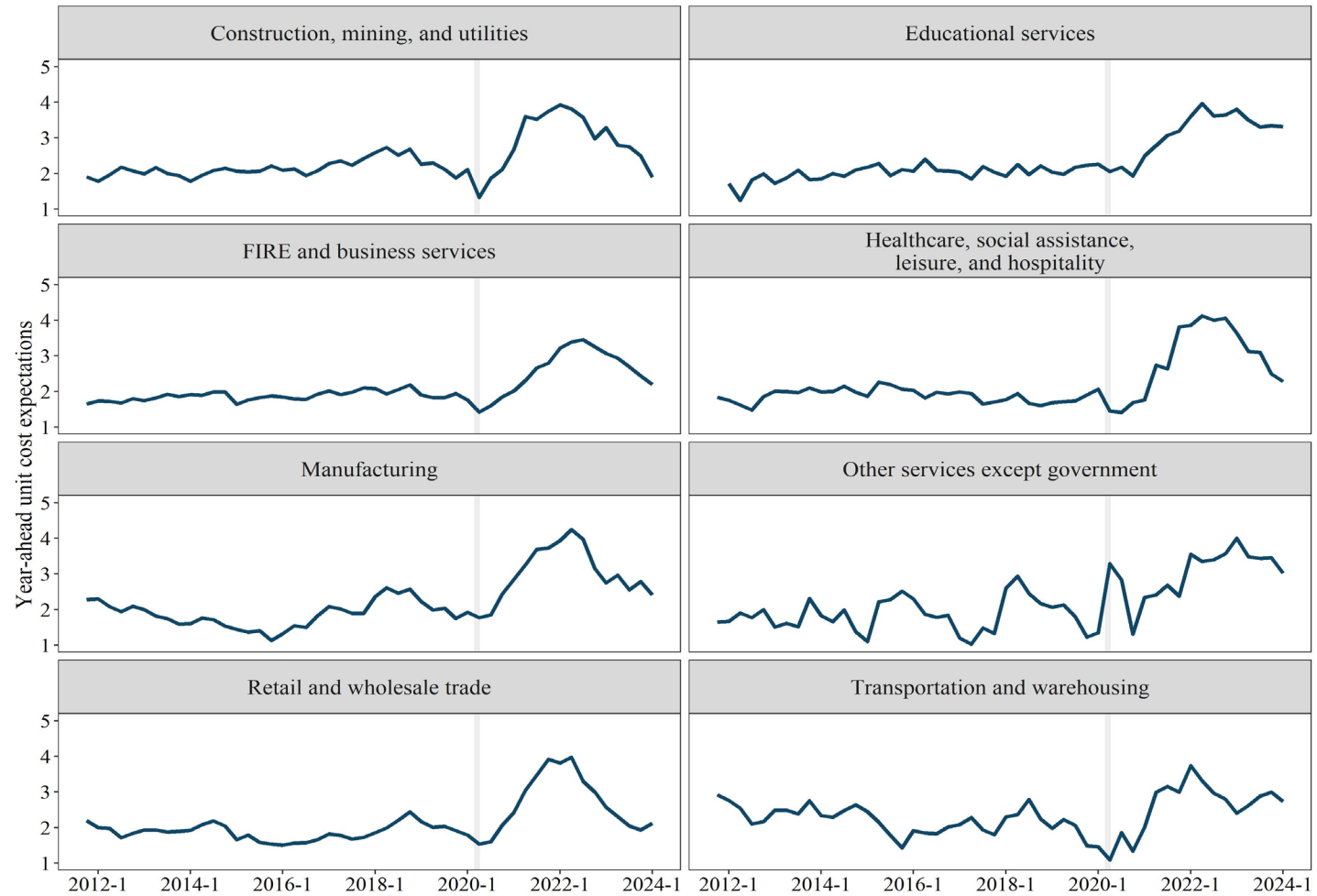
# Firms' realized unit-cost growth across most broad industry classifications continues to ebb from peak levels.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

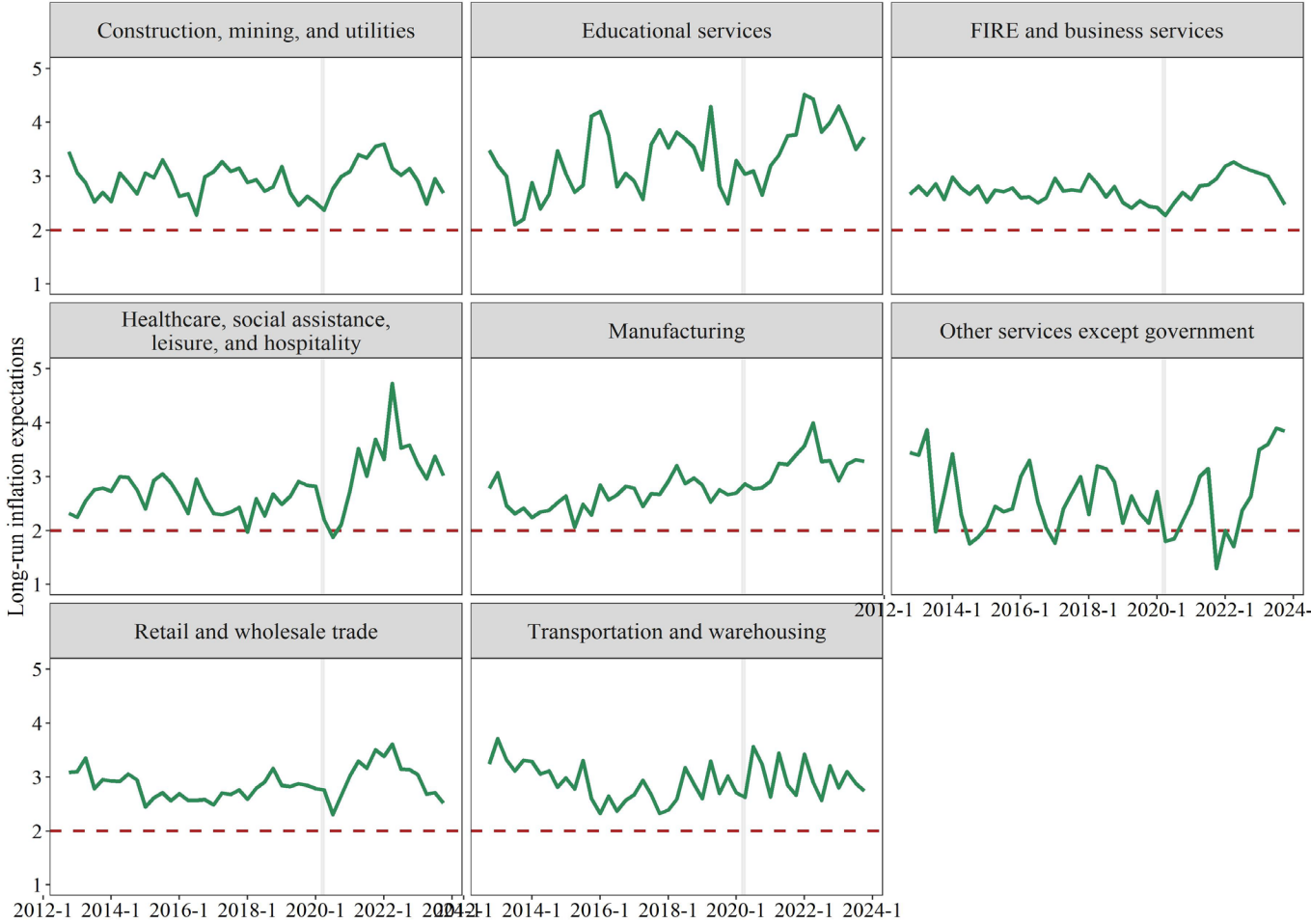
# Year-ahead unit-cost expectations vary meaningfully by sector.



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.

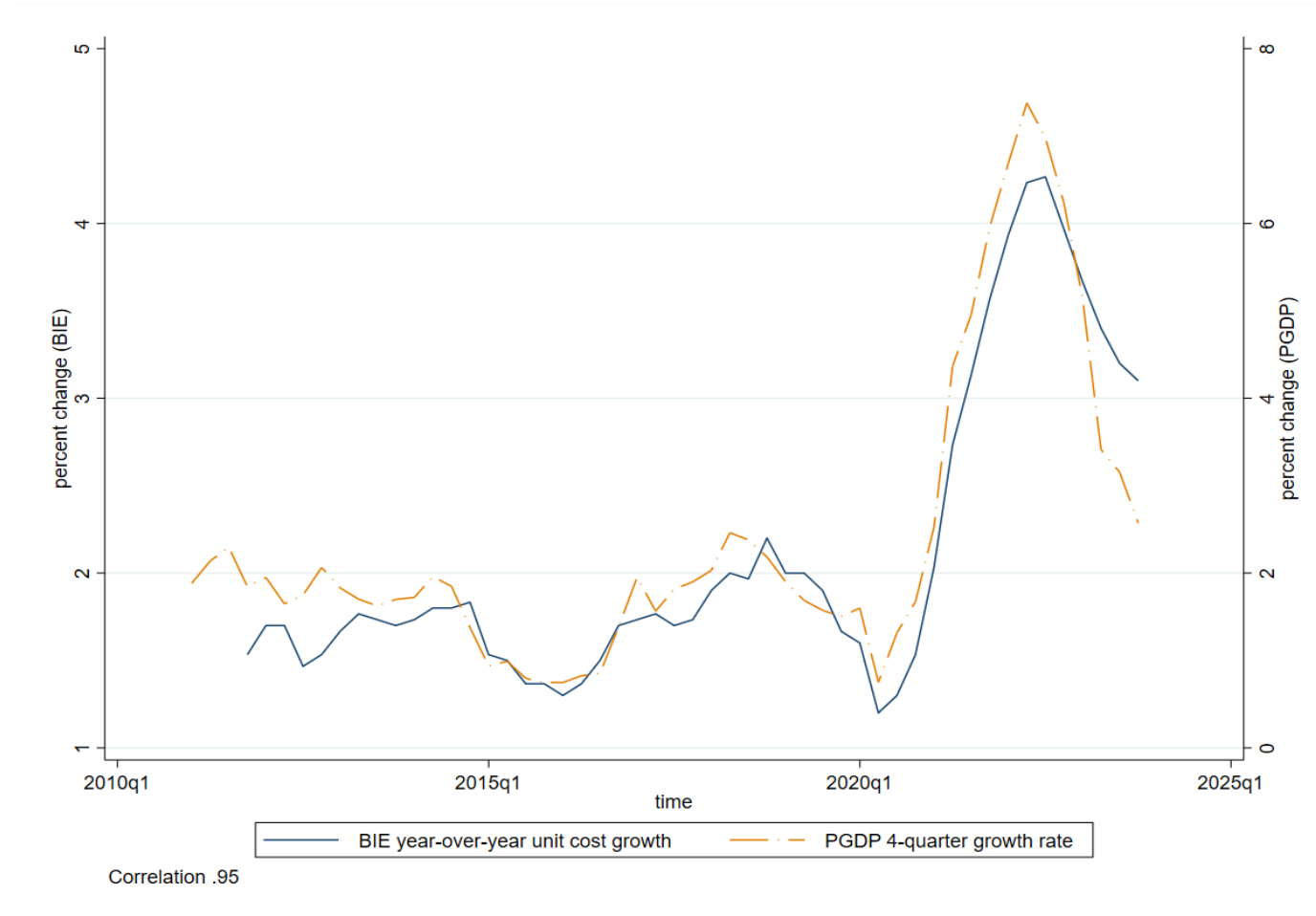


Note: The data are shown monthly.

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

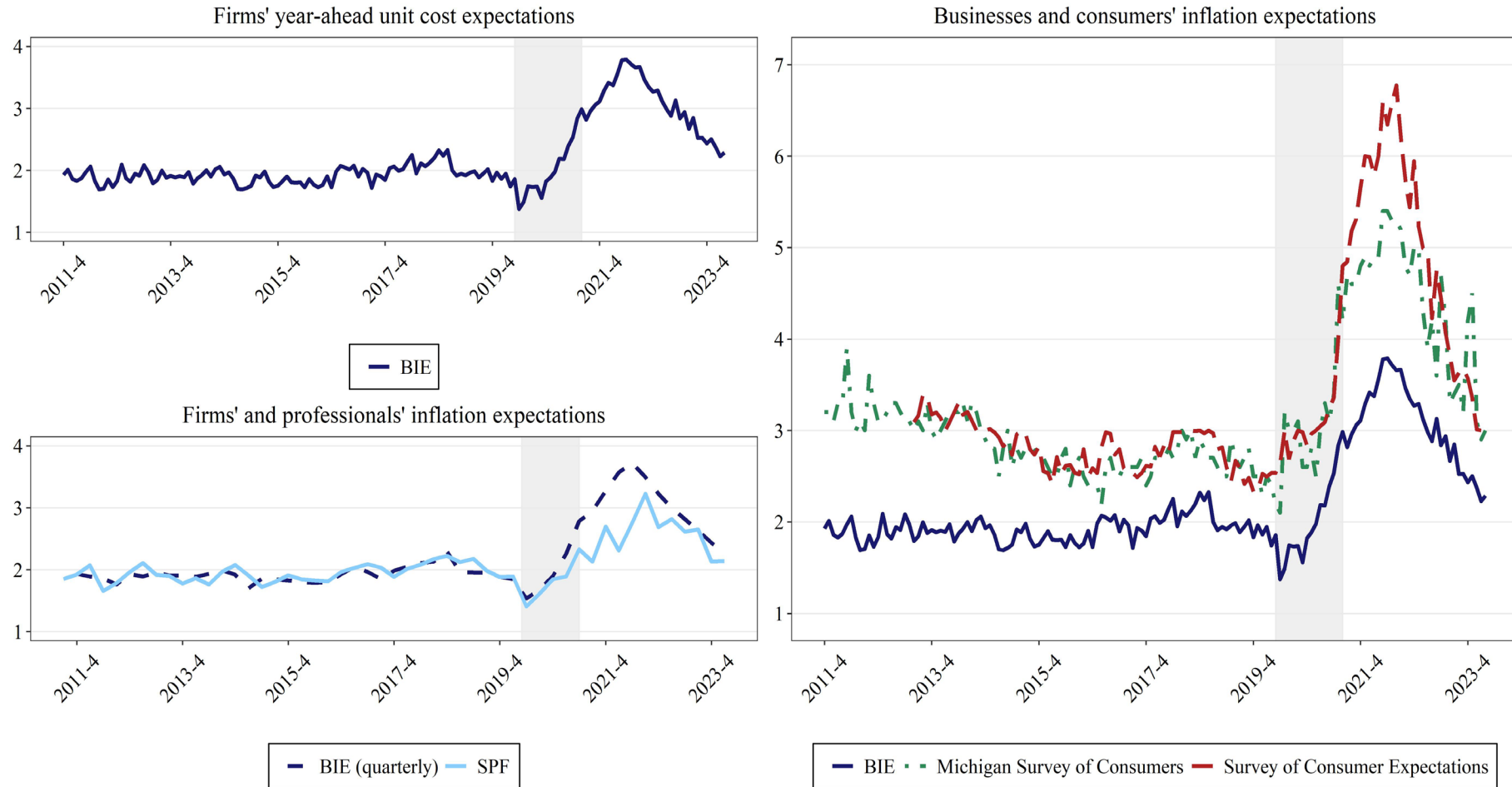


Correlation .95

Note: The data are shown quarterly for both measures.

Source: Atlanta Fed's Business Inflation Expectations survey and the Federal Reserve Economic Data (FRED) GDP Price Index <<https://fred.stlouisfed.org/series/GDPCTPI>>

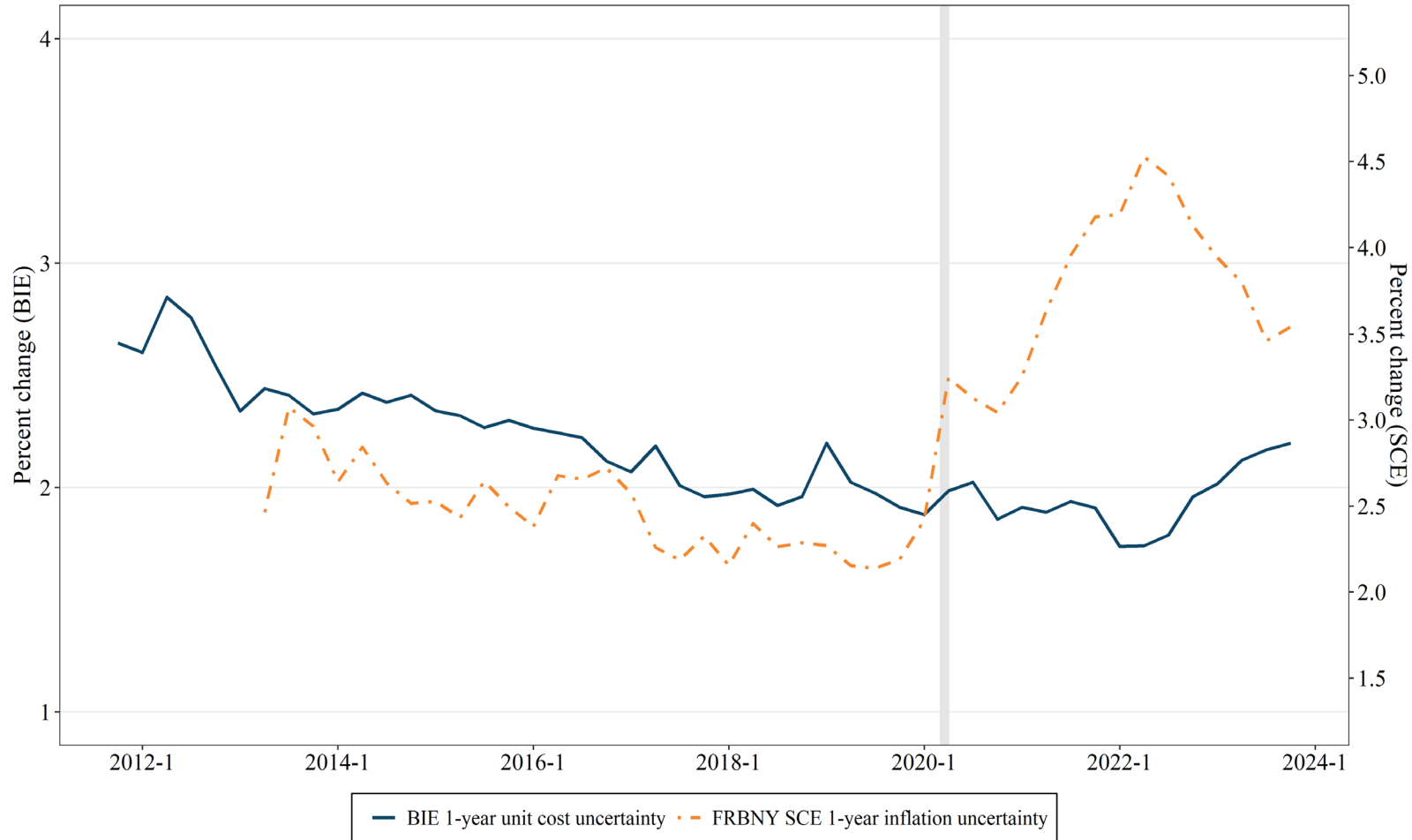
# BIE Survey versus SPF and Survey of Consumers



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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