

Business Inflation Expectations (BIE) Survey

Monthly Report: March 2024



Federal Reserve
Bank *of* Atlanta

Headline Results

1. Firms' year-ahead unit cost expectations remain relatively unchanged at 2.4 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. Firms' longer-run (five to 10 years ahead) unit-cost expectations remained relatively unchanged at 2.8 percent in December 2023, well below their recent peak of 3.5 percent in June 2022.
3. In February's special questions, firms expressed that profit margins and strength of demand are the top two most important factors when setting prices, followed by wages and labor costs, and then interest rates. The supply chain appears to be the least important factor.
4. In February 2024, about 71 percent of firms said that the Consumer Price Index (CPI) has only minor or moderate influence on their business decisions, indicating that businesses appear to be less influenced by CPI in their decisions, compared to May 2022.
5. Businesses anticipate a 3.7 percent CPI inflation rate over the next 12 months.

About the BIE

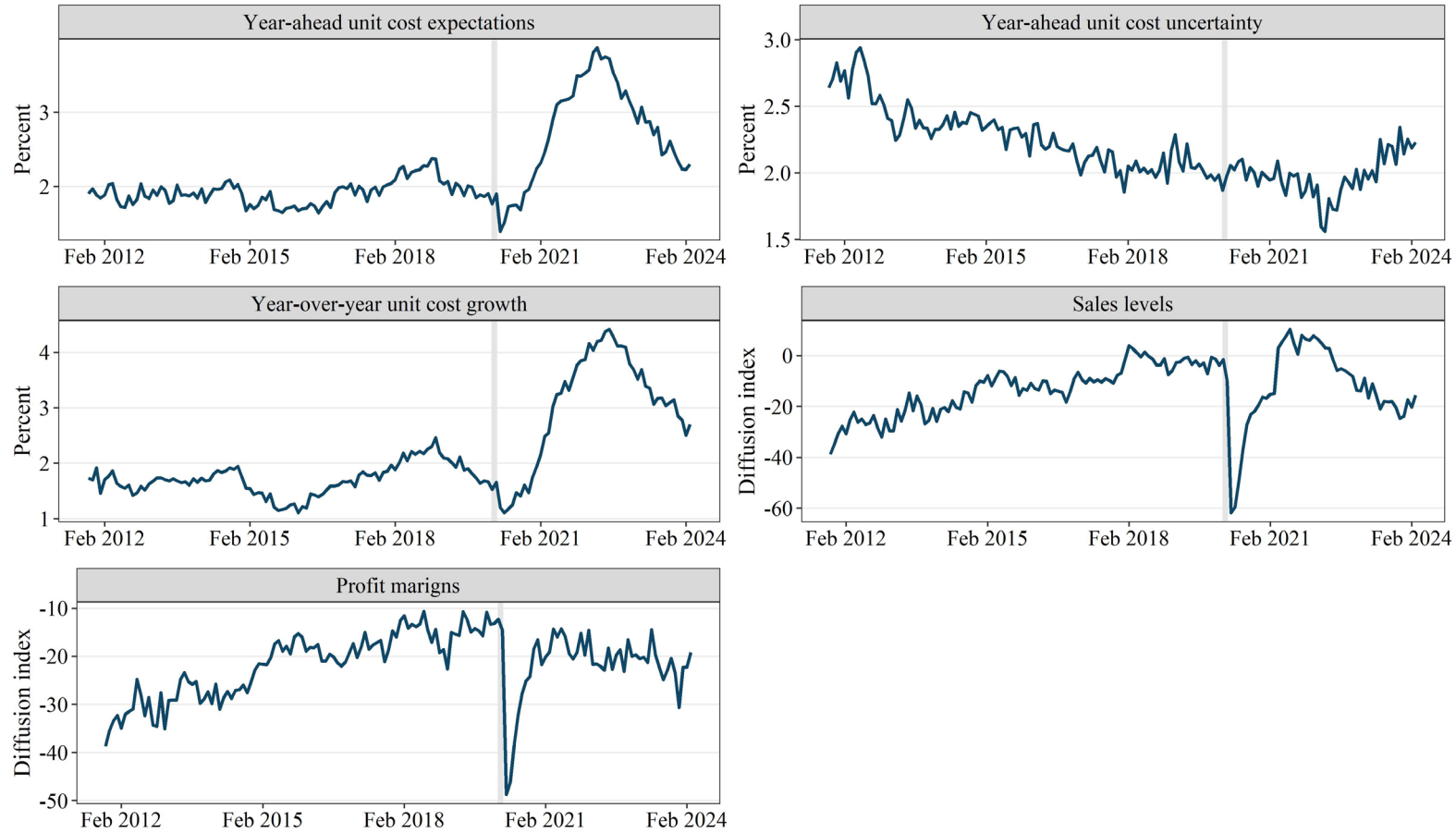
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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](#).

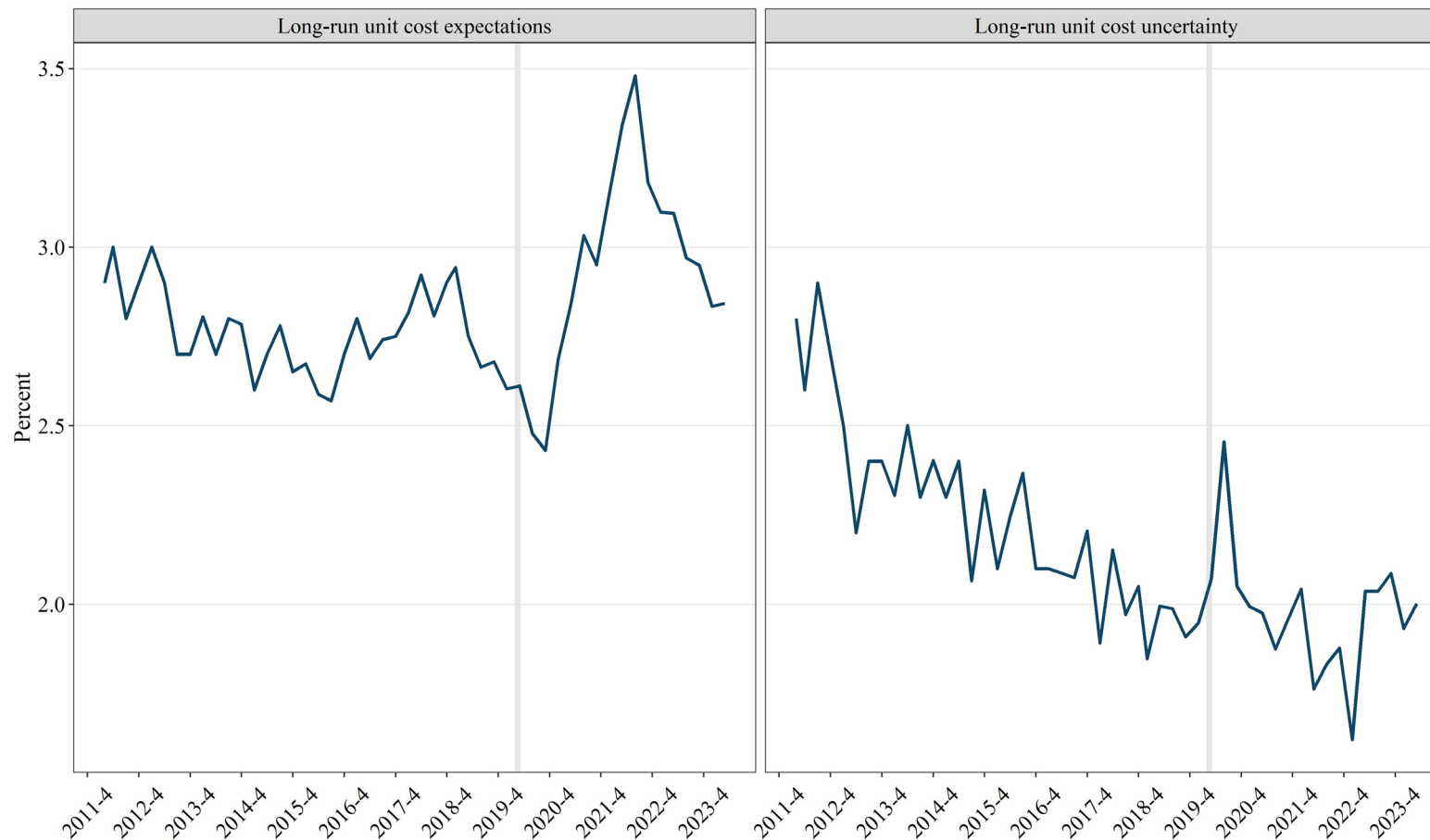
Core Monthly Questions



Note: The data are shown monthly.

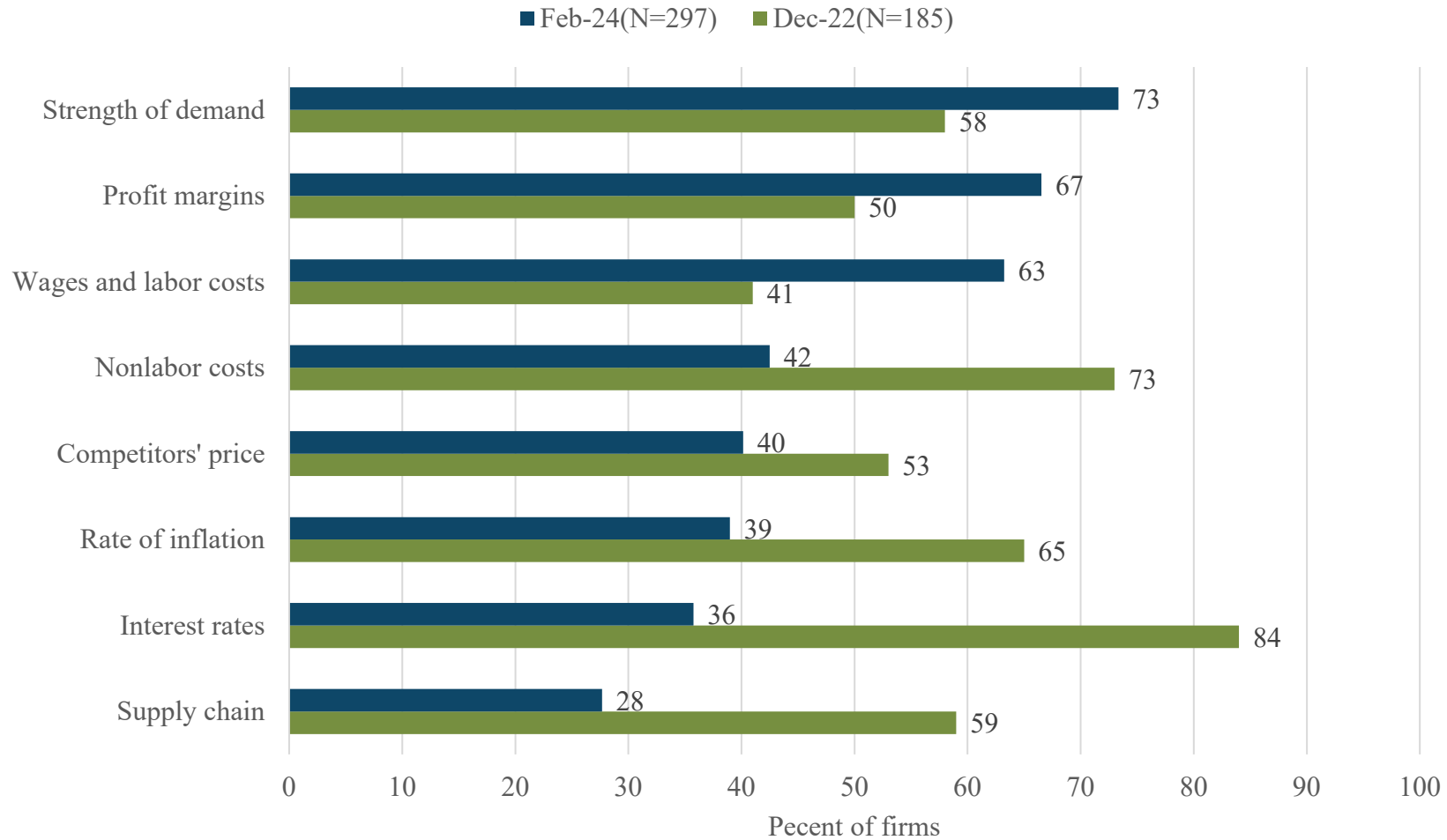
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Rotating quarterly question: Firms' longer-run unit-cost expectations remain well below their peak levels in 2022 Q2.



BIE Special Questions: March 2024

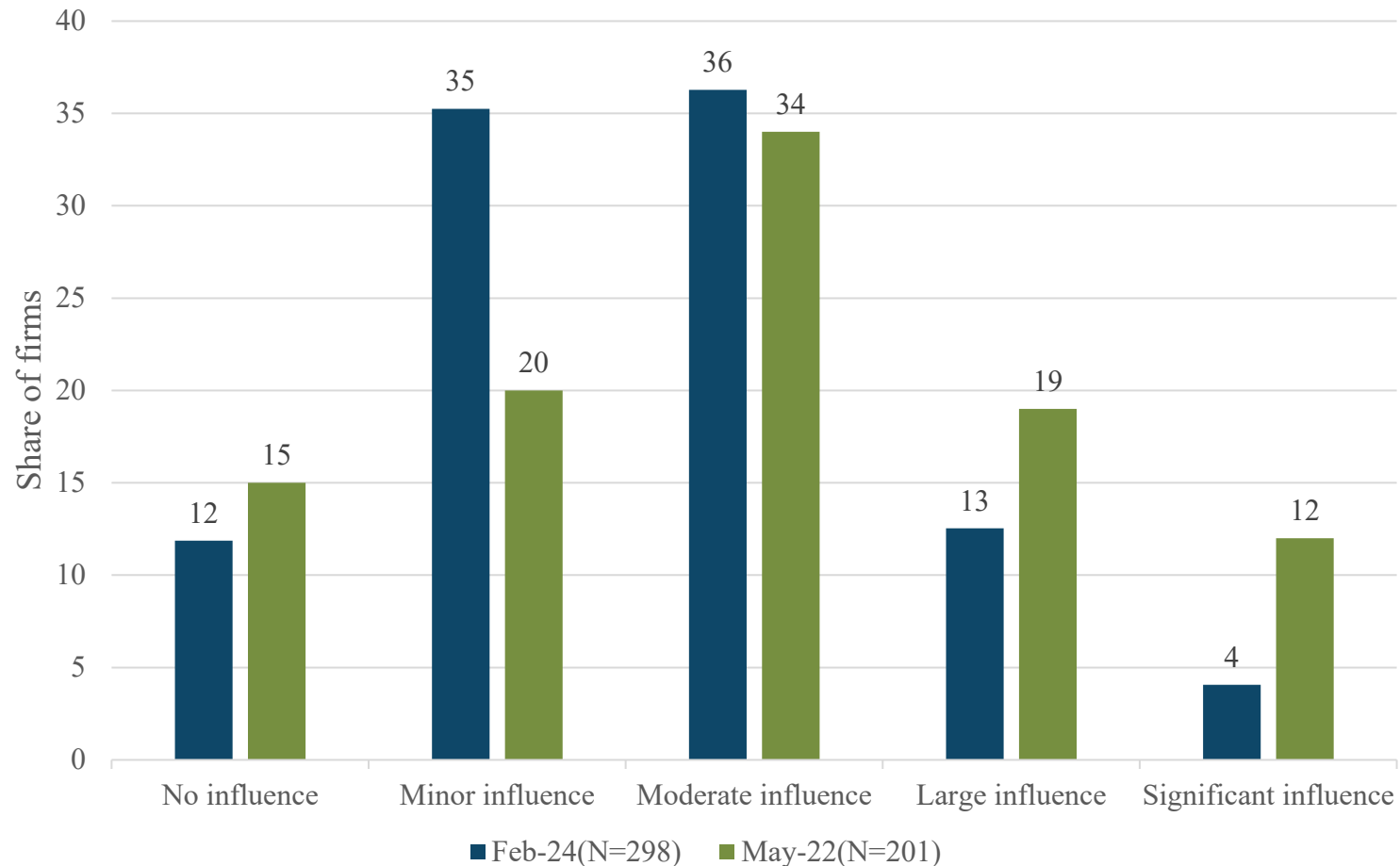
How important are the following factors in setting prices?



Note: This graph shows the results for very and extremely important factors.

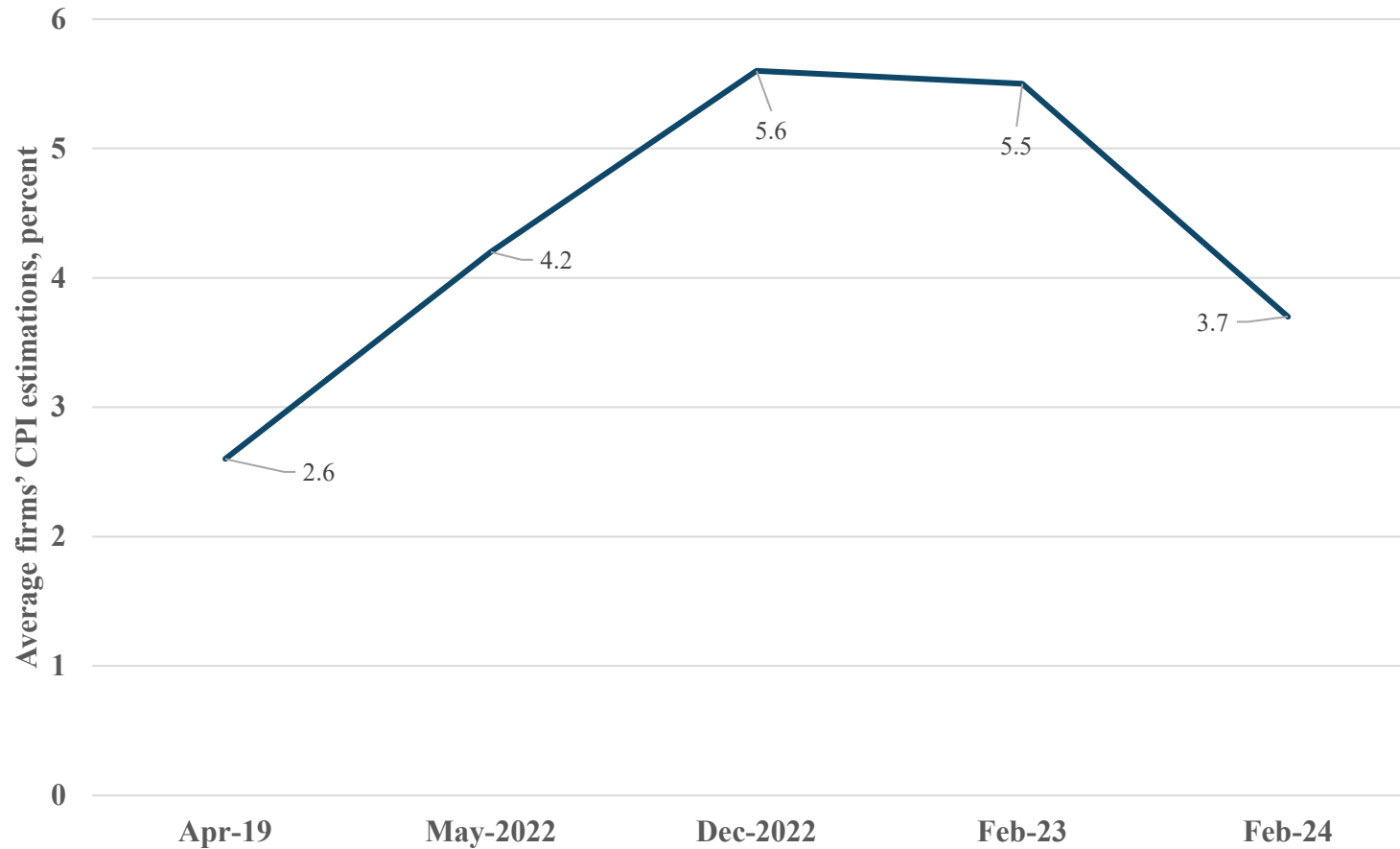
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Please indicate what level of influence, if any, price statistics such as the Consumer Price Index (CPI) have on your firm's business decisions.



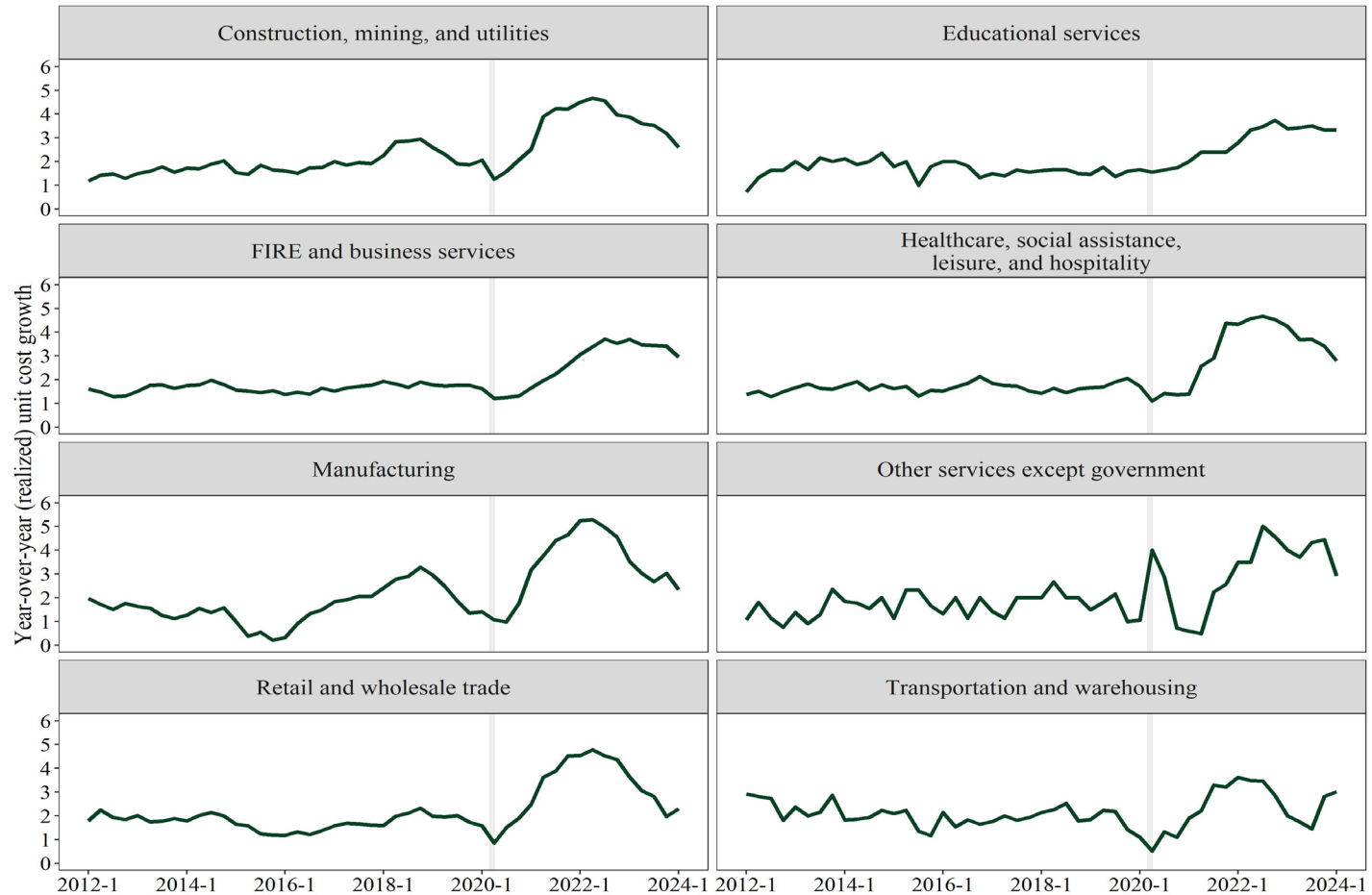
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

What do you think will be the inflation rate, as measured by the Consumer Price Index, over the next 12 months?



Realizations and expectations by industry

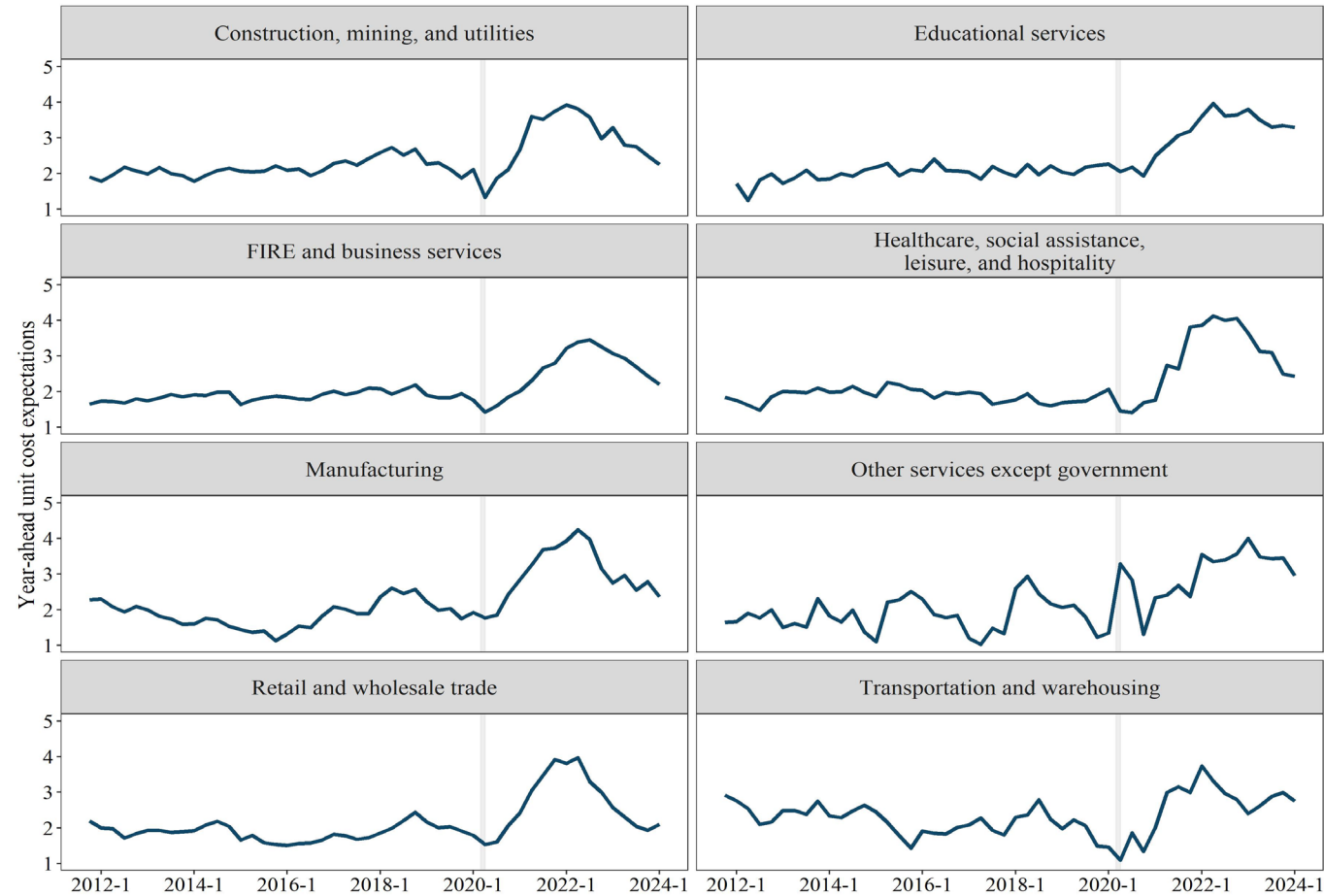
Firms' realized unit-cost growth across most broad industry classifications continues to ebb from peak levels.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

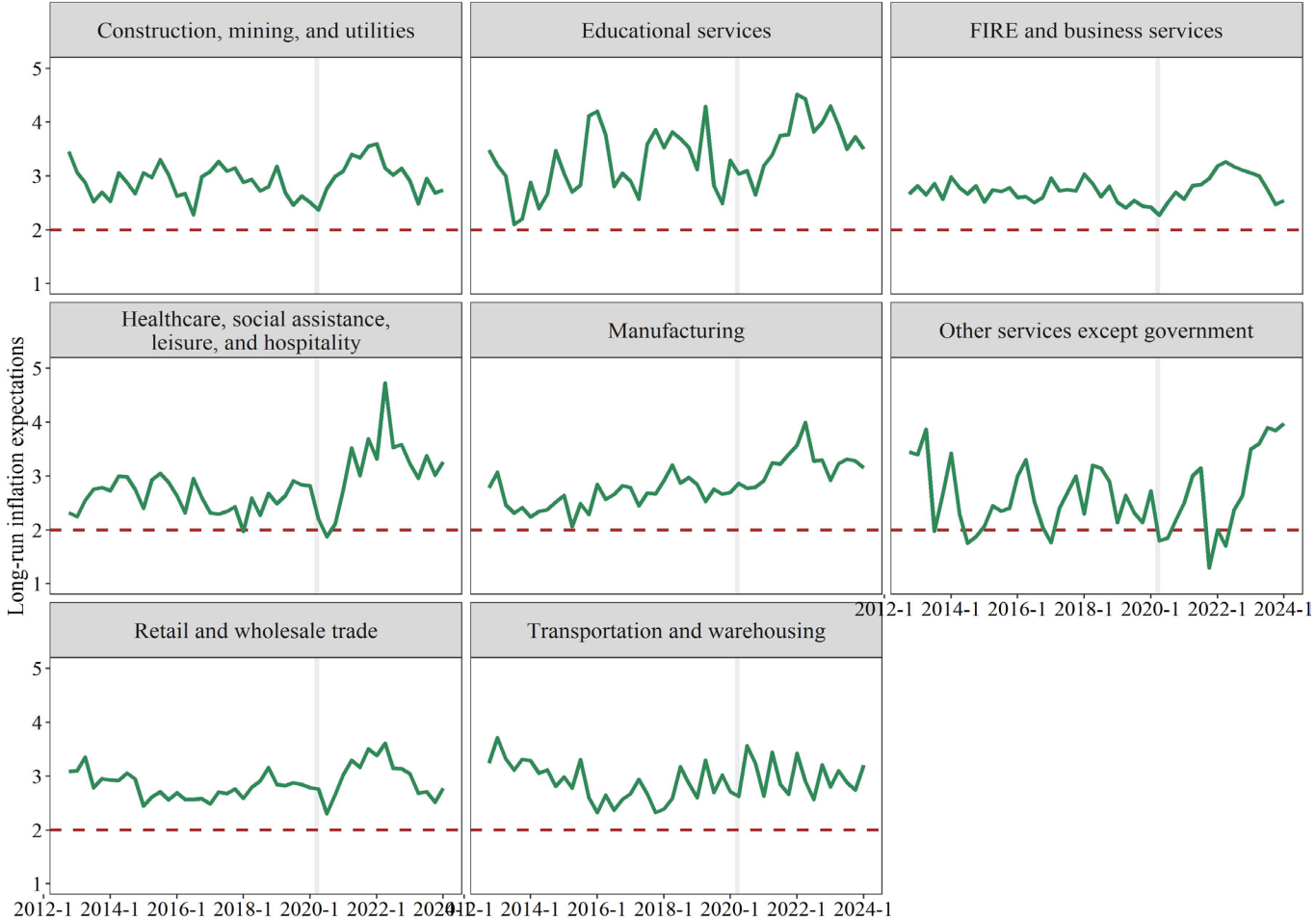
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

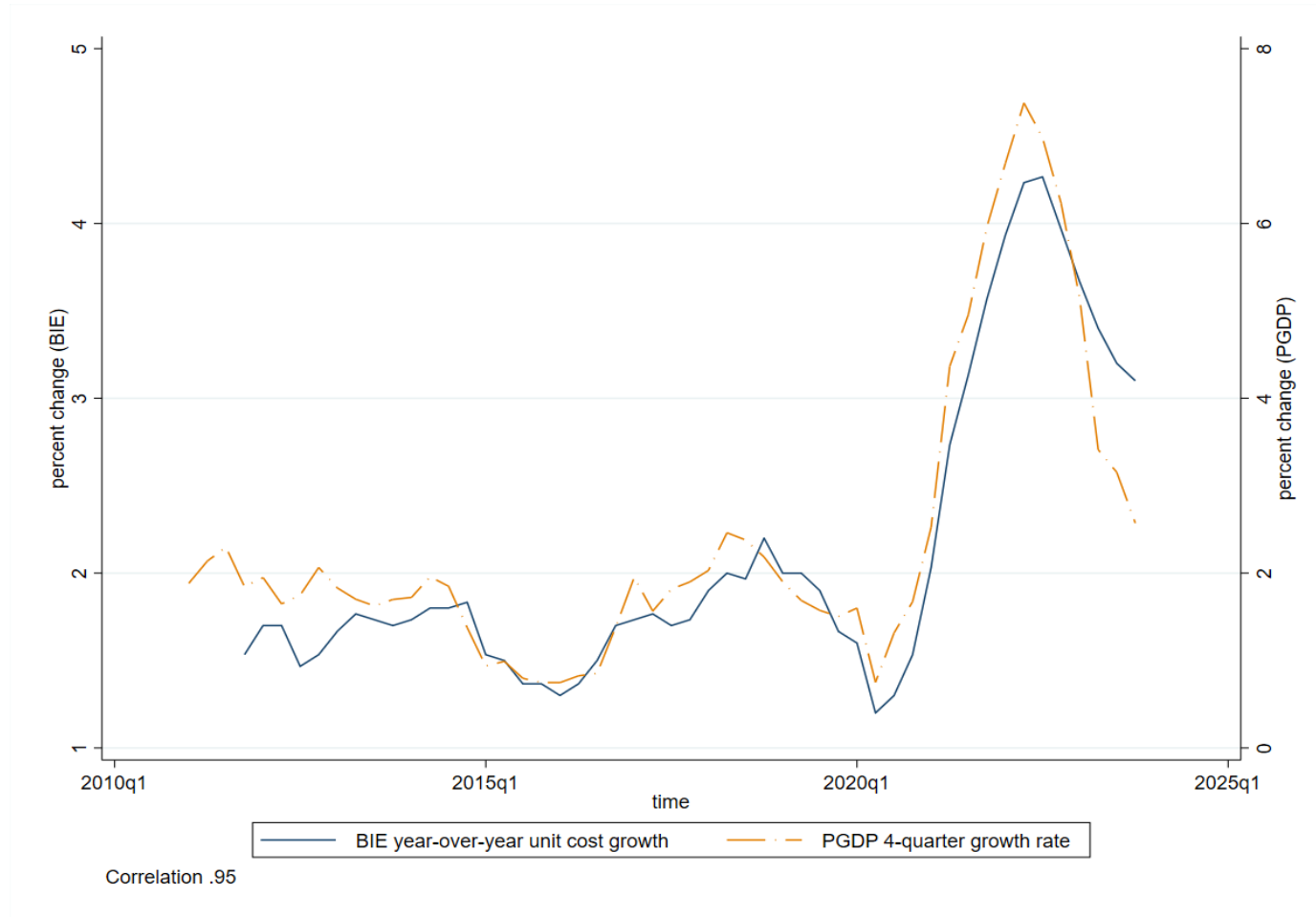


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Comparing BIE realizations and expectations to actual data and other surveys

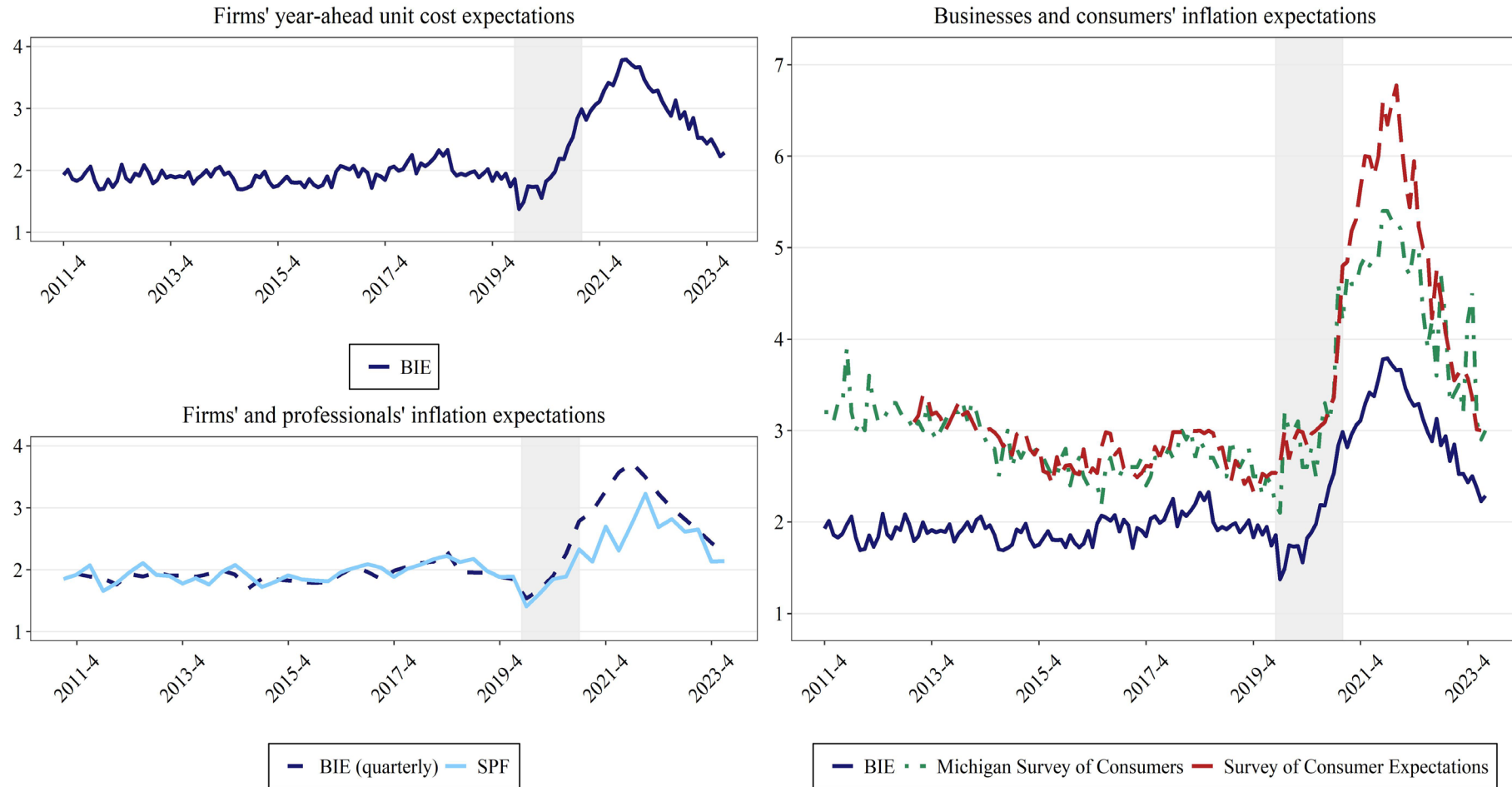
BIE Unit Cost Growth versus GDP Chain-type Price Index



Note: The data are shown quarterly for both measures.

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

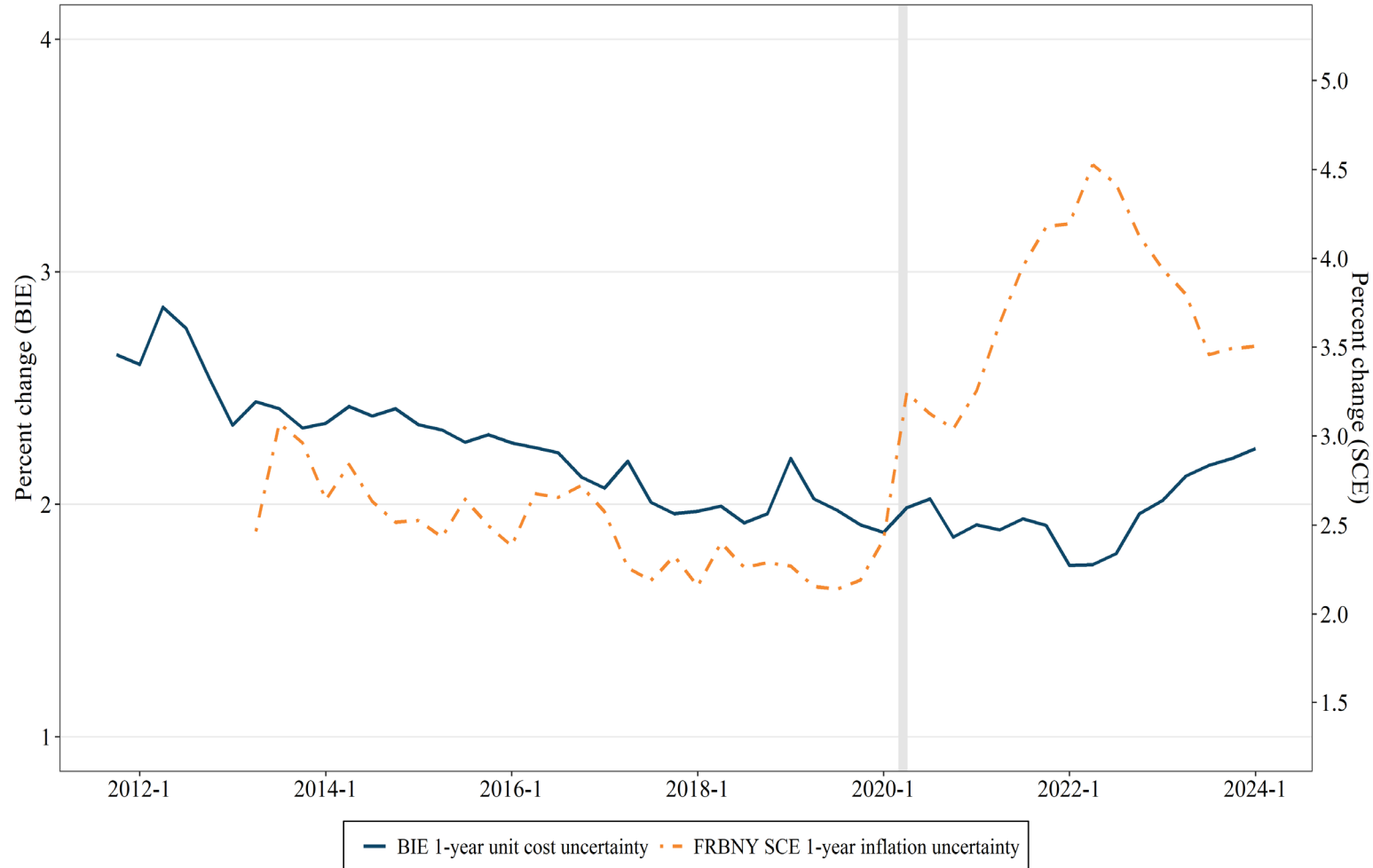
BIE Survey versus SPF and Survey of Consumers



Note: Except for 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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