

Business Inflation Expectations (BIE) Survey

Monthly Report: December 2023



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 November's special questions, more than 75 percent of firms increased wages for their employees over the past 12 months.
4. Across both high- and low-skilled jobs, firms expect to continue easing the pace of wage increases over the next 12 months.
5. About 86 percent of firms are experiencing little to no delays in their supply chain over the past three months, and 93 percent of firms say supply chain conditions are the same as or better than 12 months ago.
6. On average, more firms in November 2023 are experiencing easing in hiring conditions, compared to June 2023.

About the BIE

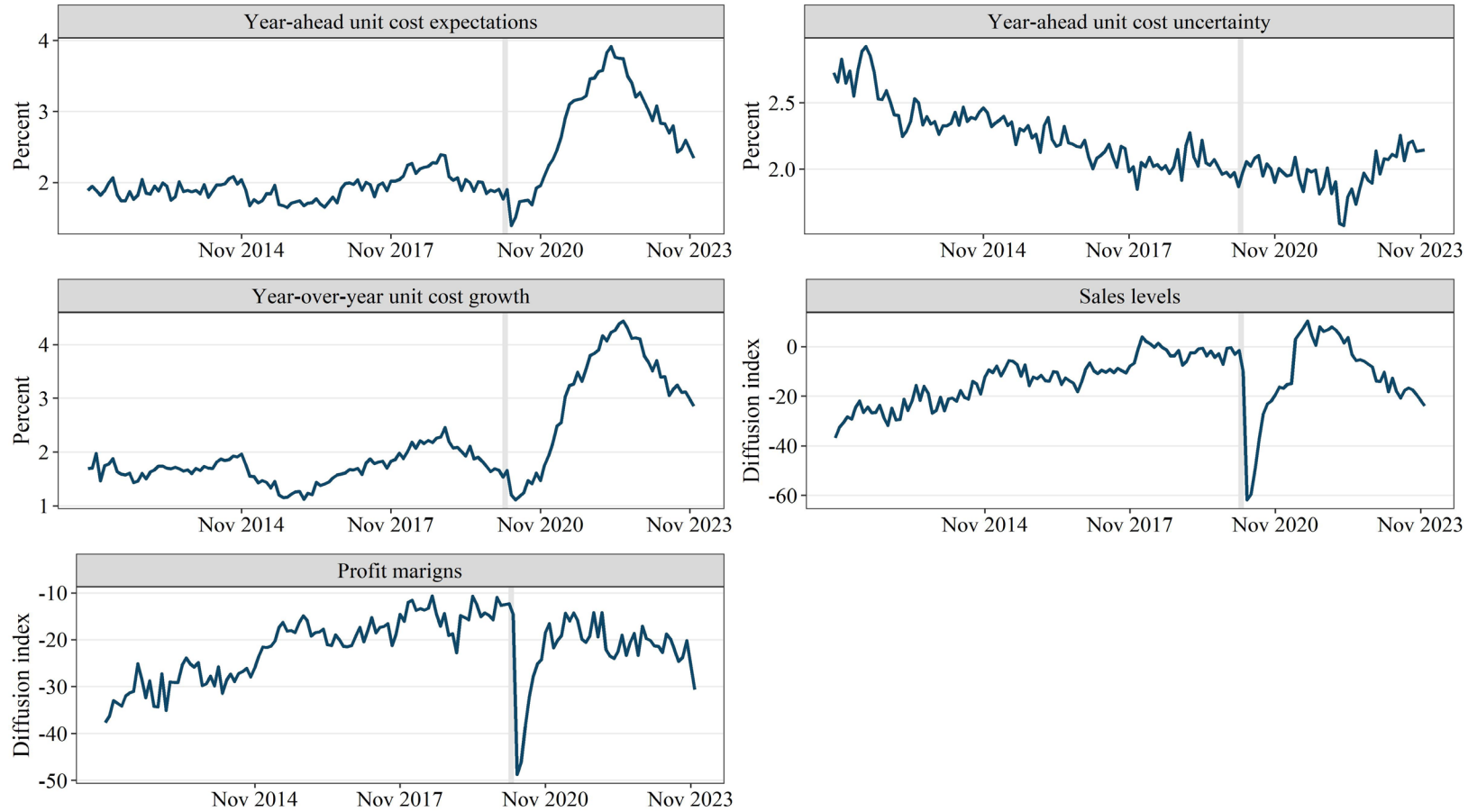
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

Our monthly Business Inflation Expectations survey goes to about 640 panel members (as of June 2023), 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 respondents' 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](#).

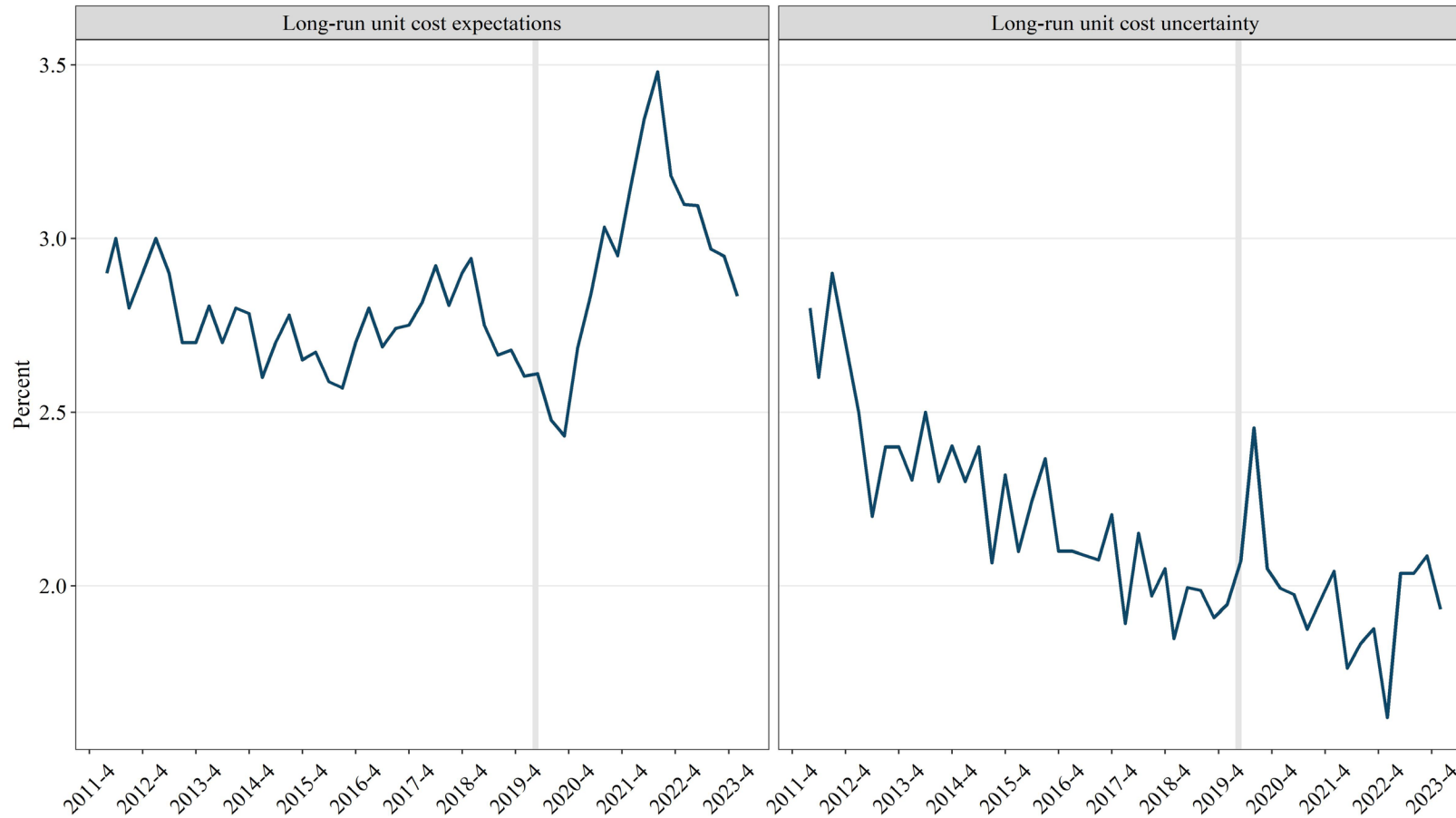
Core Monthly Questions



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

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



Note: The data are shown monthly.

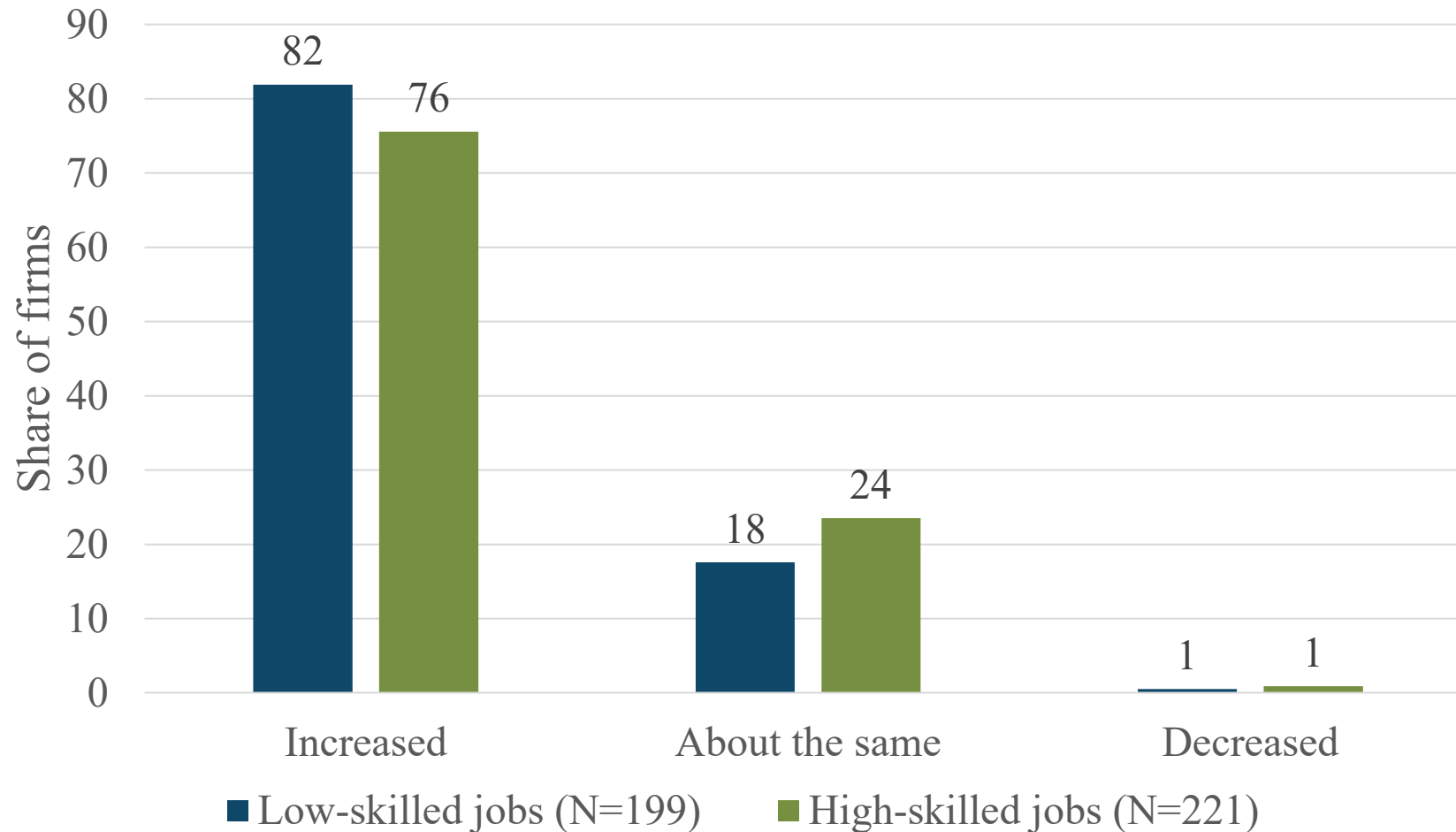
Source: Atlanta Fed Business Inflation Expectations (BIE) survey

BIE Special Questions: November 2023

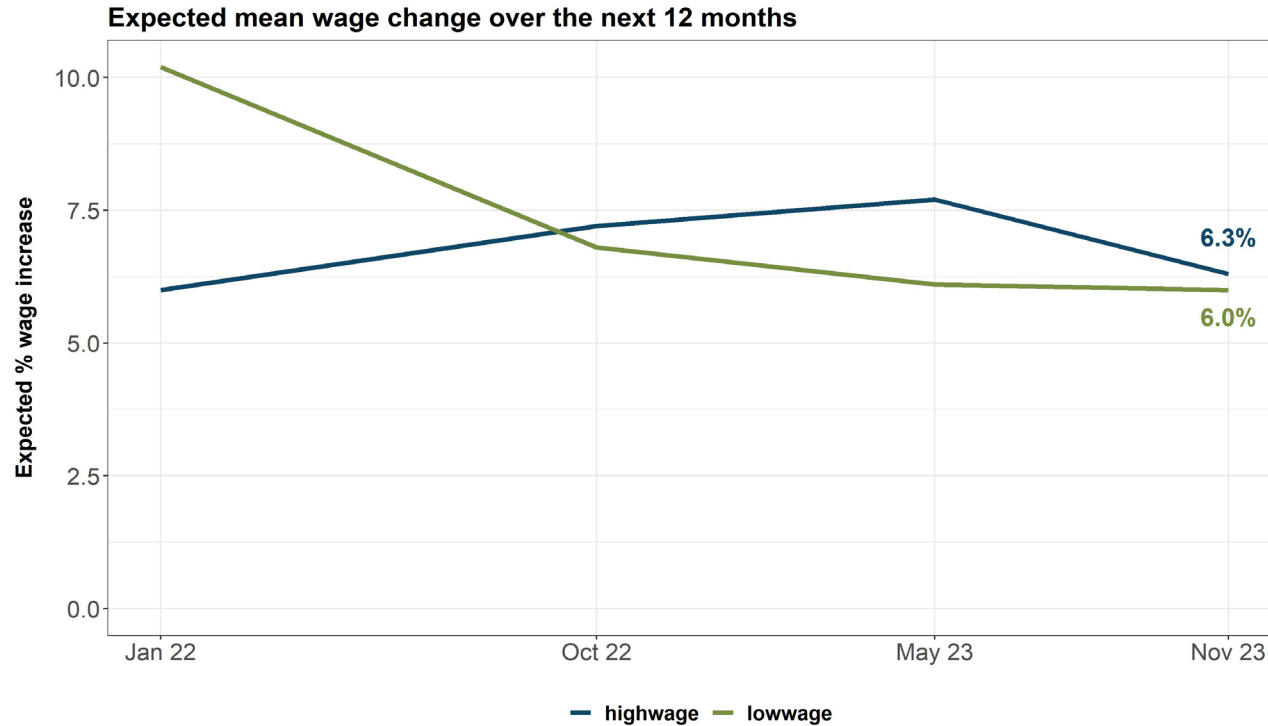
Summary Statistics: Share of Low-Skilled and High-Skilled Jobs

Jobs	N	Mean	Median	Std. Dev.	P25	P75	Min.	Max.
Low-skilled	223	43.3	40.0	31.8	14.0	70.6	0	100
High-skilled	223	56.7	60.0	31.8	29.4	86.0	0	100

How did the average hourly wage change at your firm over the past 12 months?

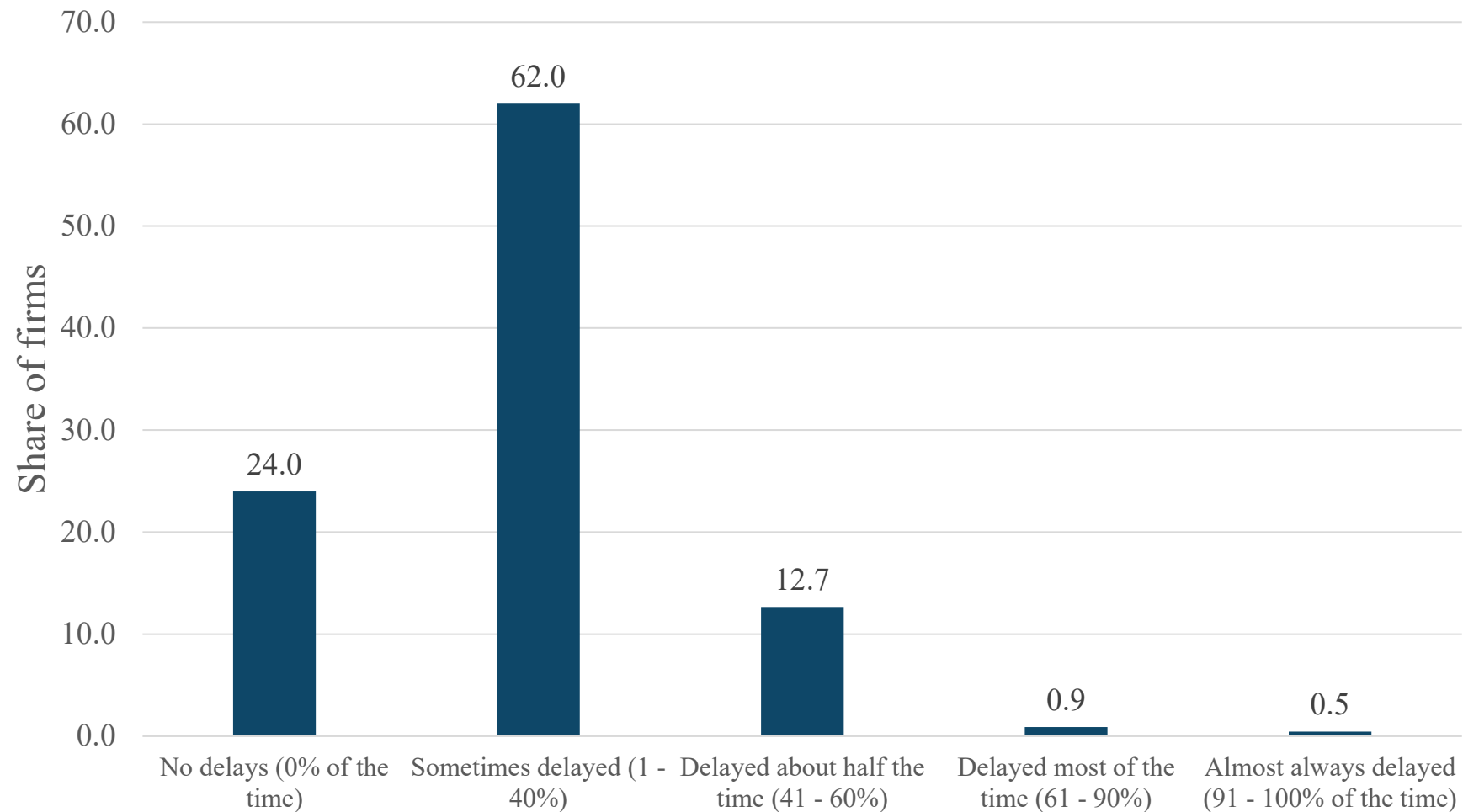


Wage Growth by Skill Level: Realizations and Perceptions



	Realizations (Past 12 months)		Expectations (Next 12 months)	
	Mean	Median	Mean	Median
Low-skilled	11.1	7.0	6.0	5.0
High-skilled	9.2	6.0	6.3	5.0
Overall	10.2	6.5	6.1	5.0

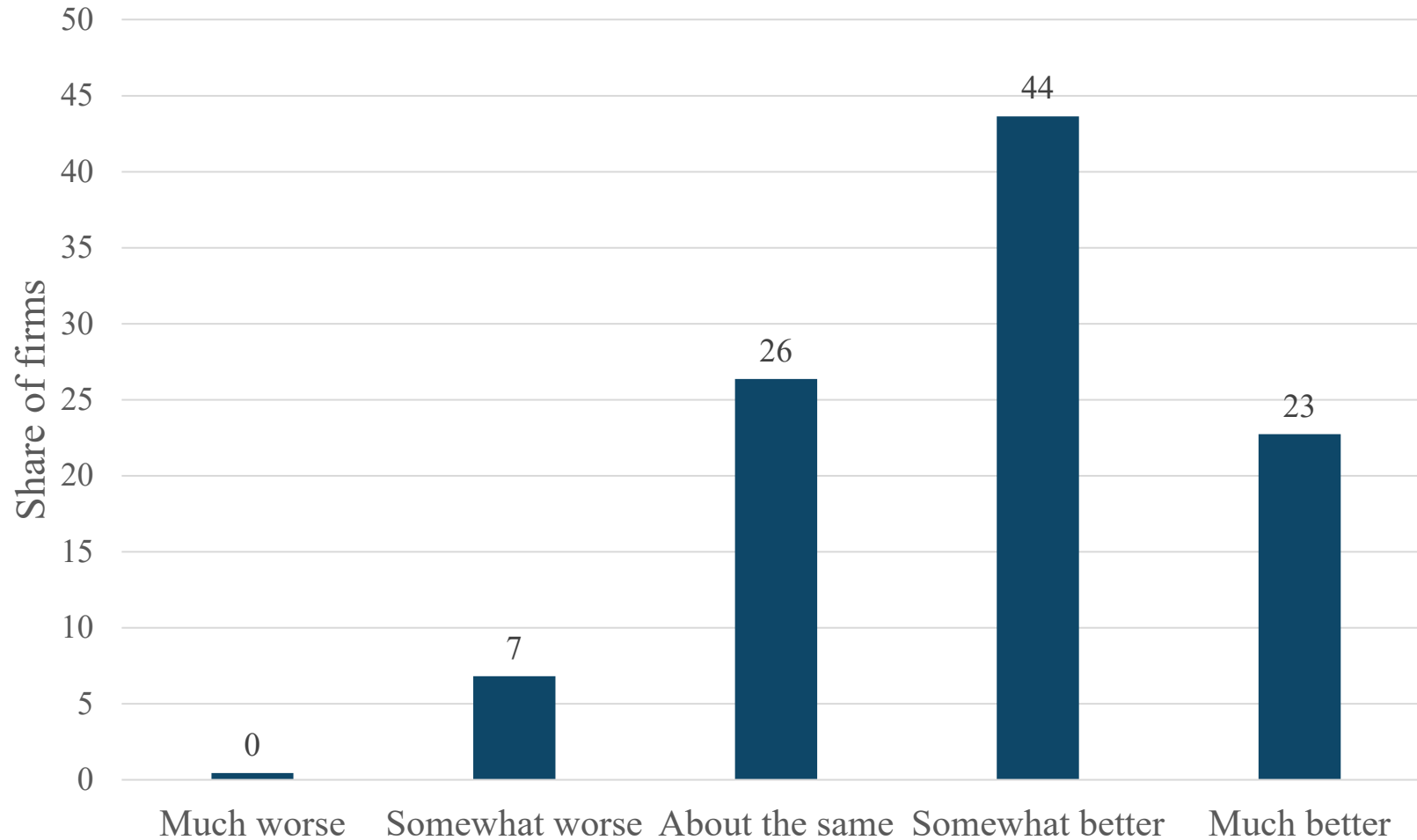
Over the past 90 days, how would you describe the timeliness of sourcing inputs/materials from your suppliers?



Note: The results are based on 221 observations.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

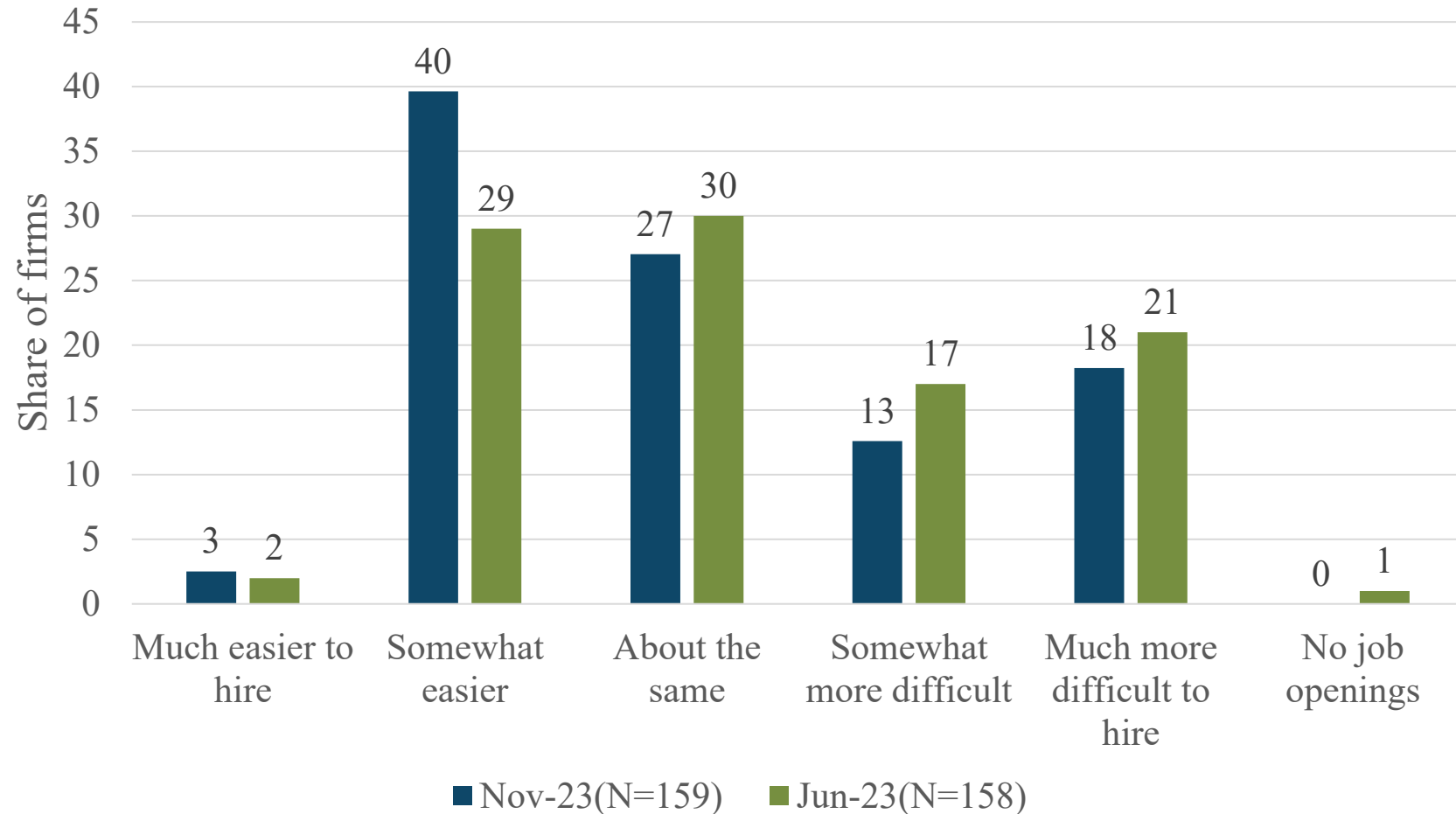
How would you compare the current level of supply delays to the same period 12 months ago?



Note: The results are based on 220 observations.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

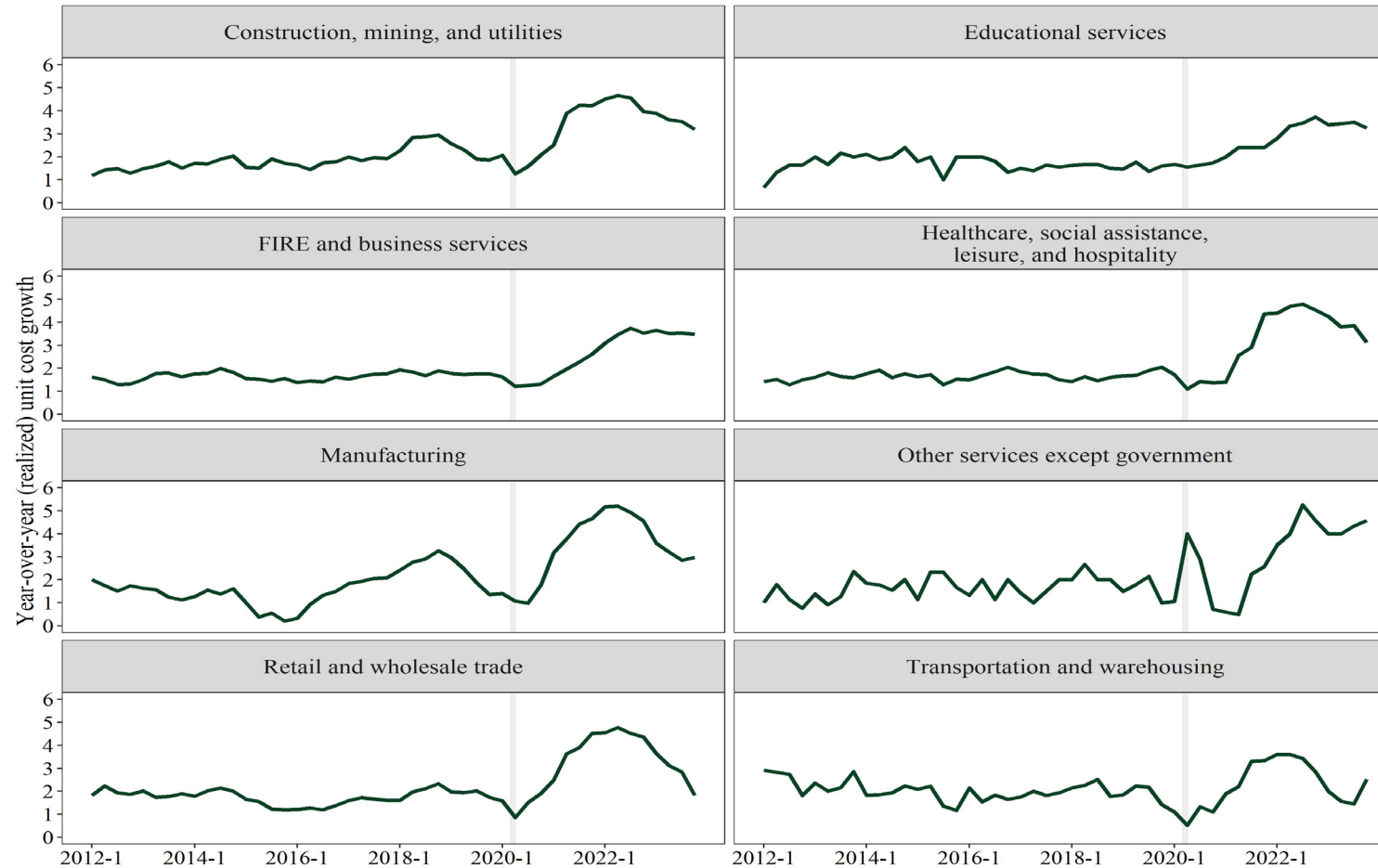
Compared to 12 months ago, how would you describe current hiring conditions?



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Realizations and expectations by industry

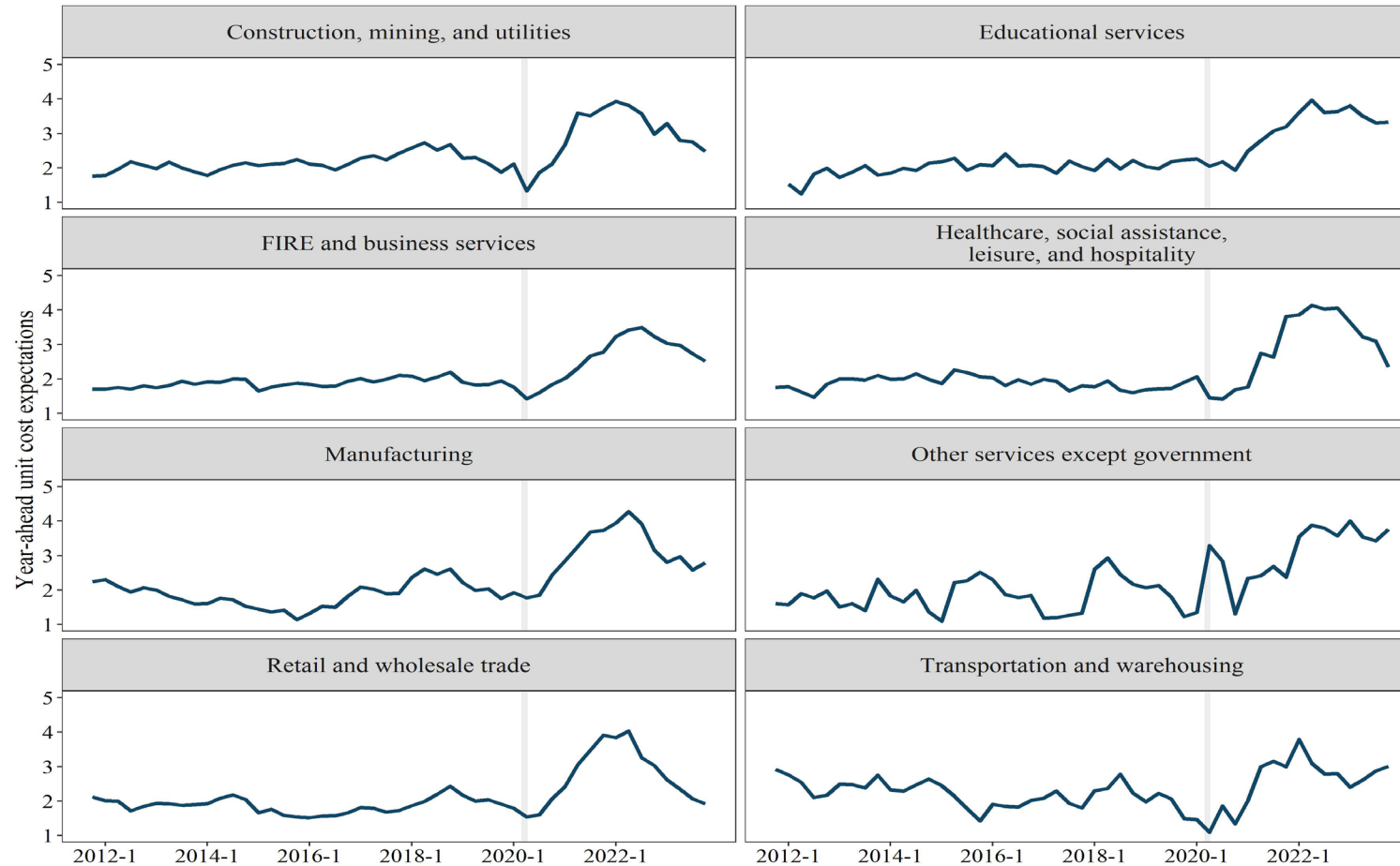
Firms' realized unit-cost growth across most broad industry classifications continues to ebb from peak levels.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

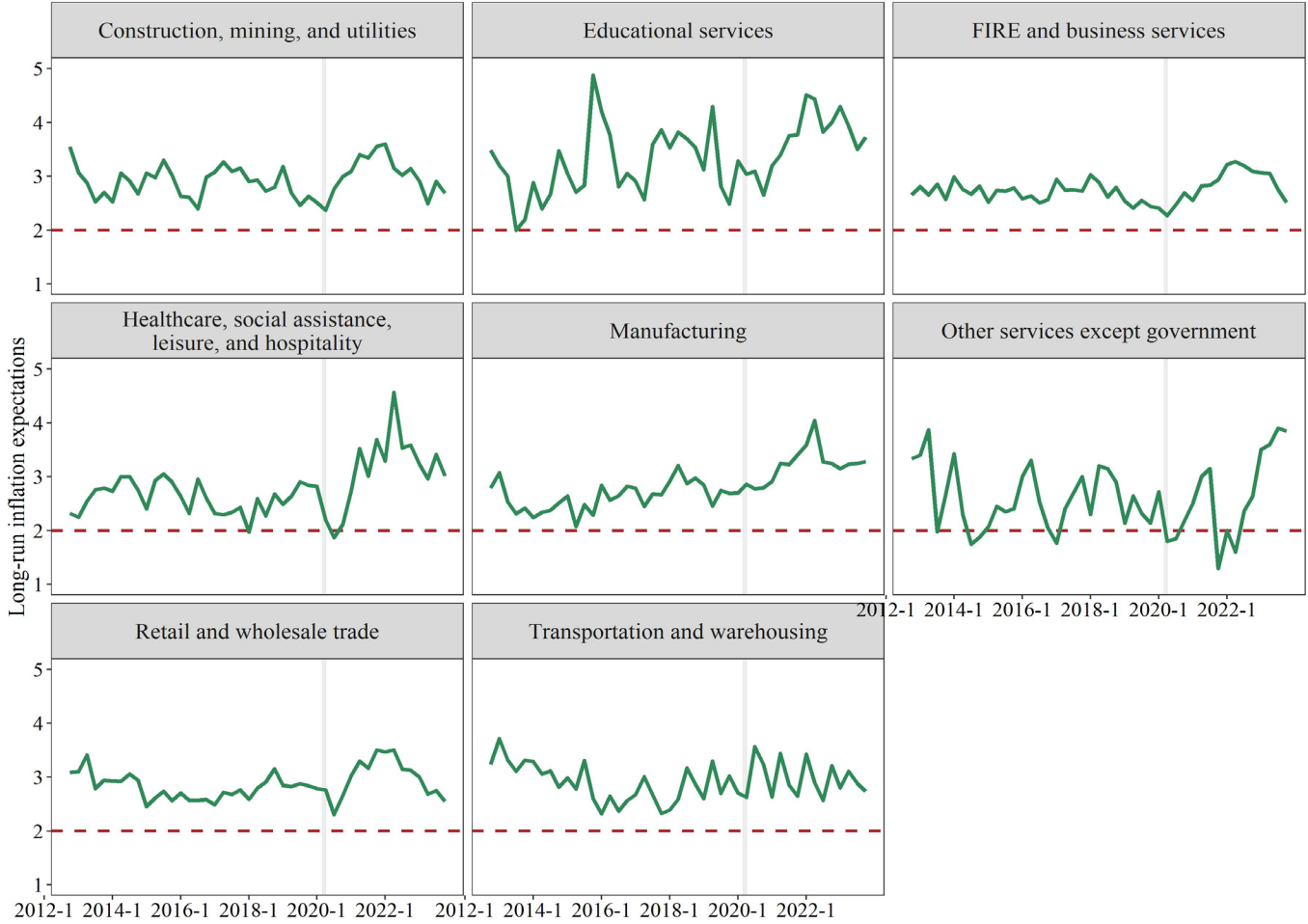
Year-ahead unit-cost expectations vary meaningfully by sector.



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.

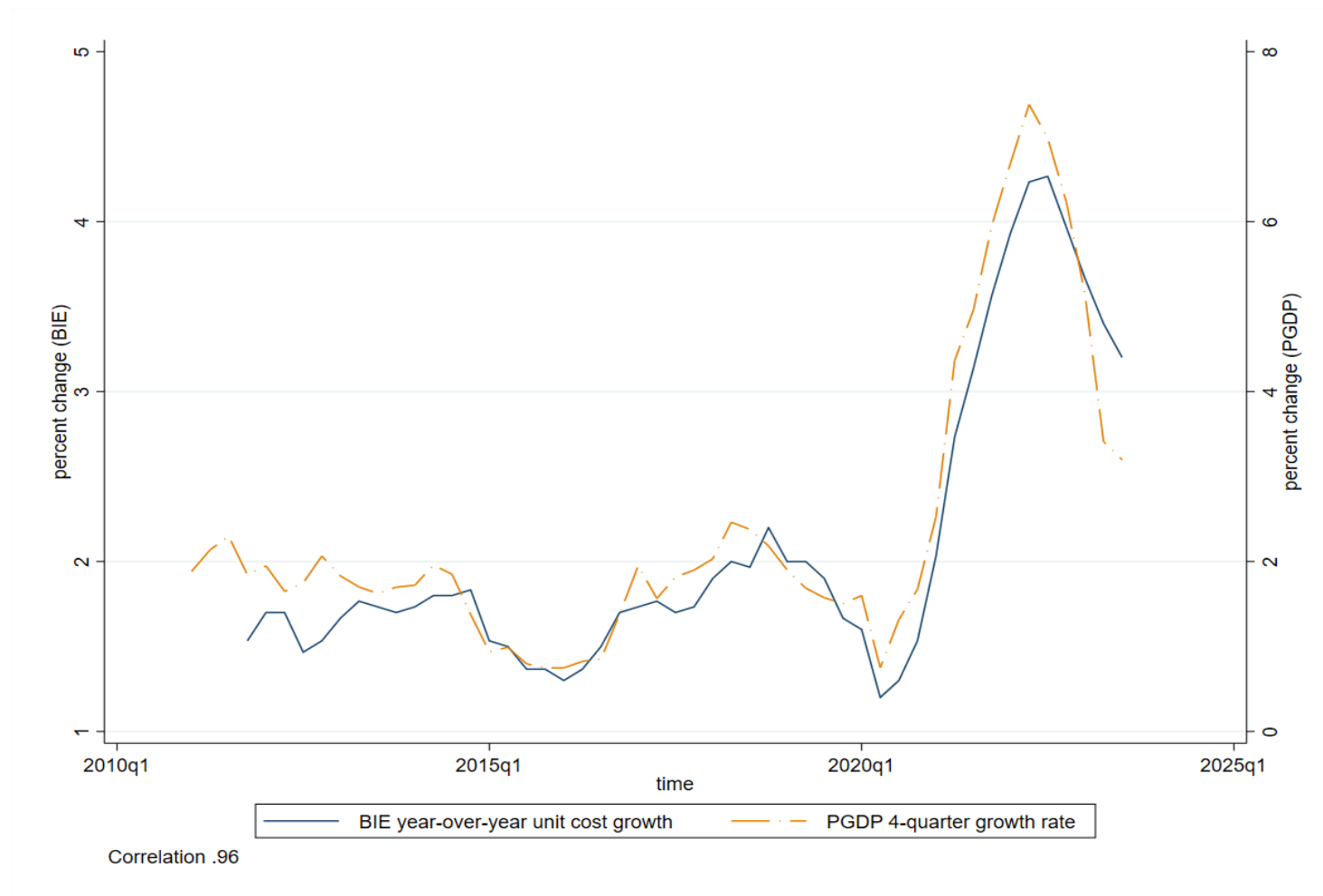


Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

Comparing BIE realizations and expectations to actual data and other surveys

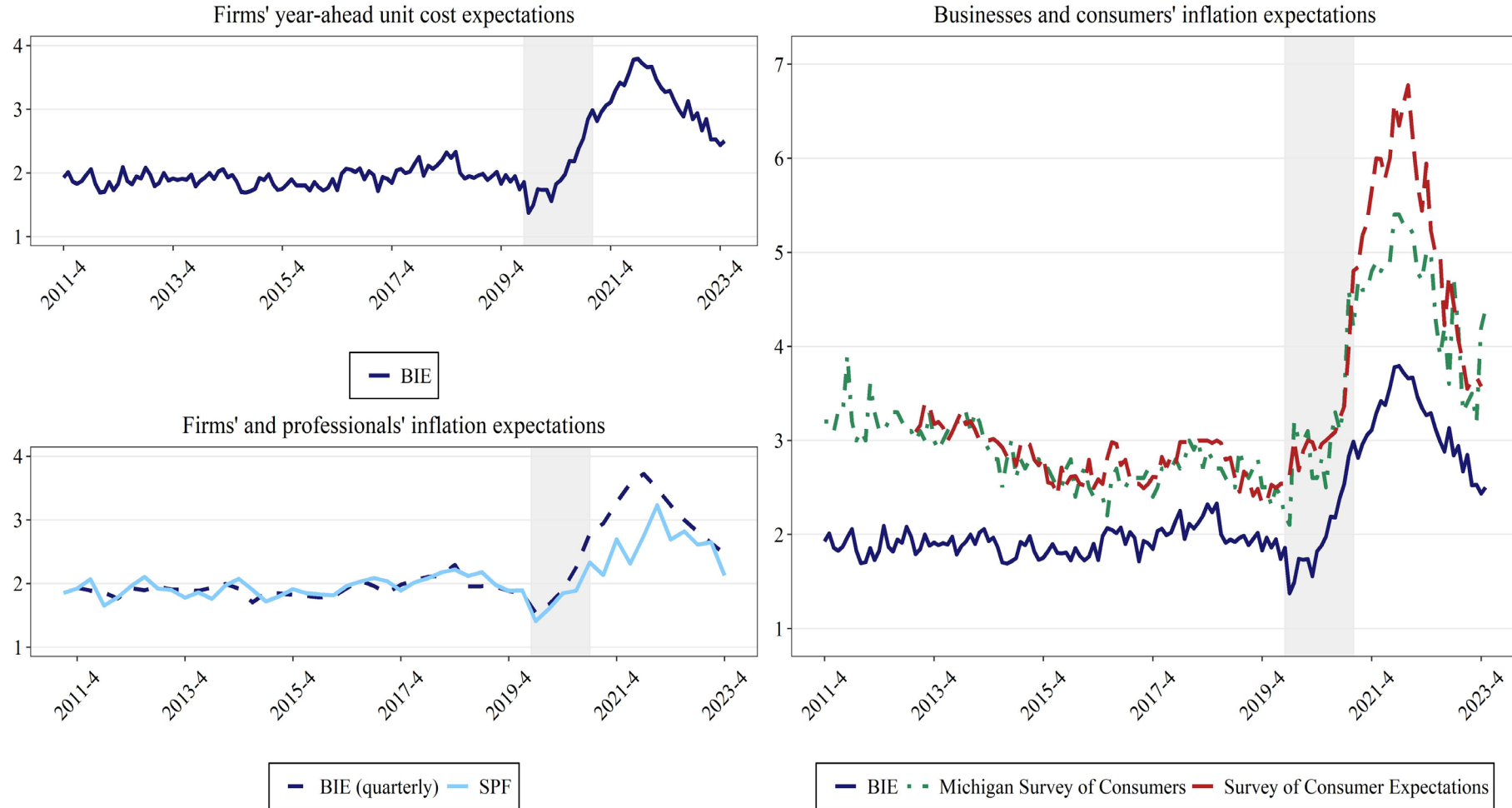
BIE Unit Cost Growth versus GDP Chain-Type Price Index



Note: The data are shown quarterly for both measures.

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

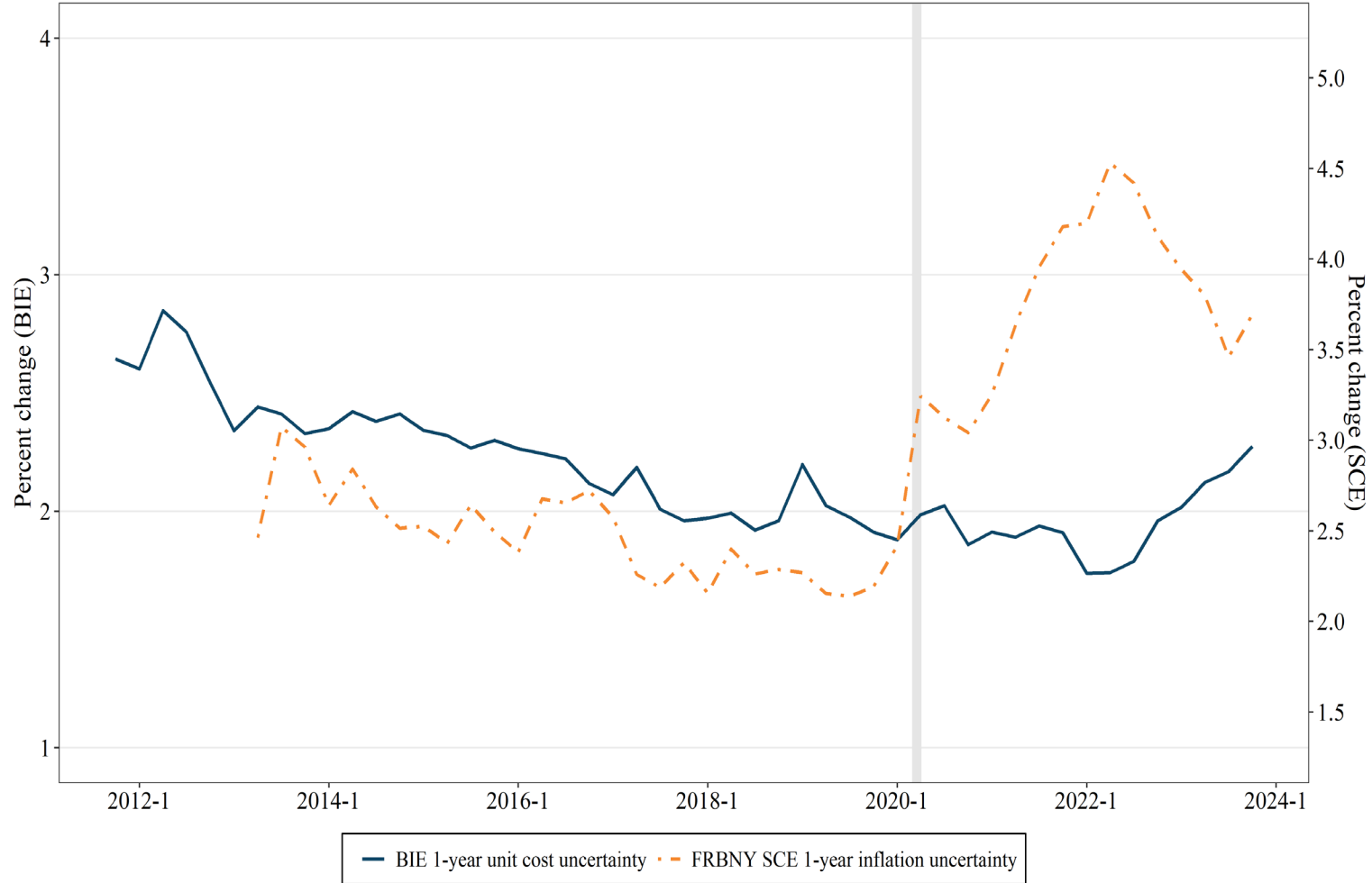
BIE Survey versus SPF and Survey of Consumers



Note: Except the chart at lower left with quarterly data, all other 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:
Antar Diallo (Antar.Diallo@atl.frb.org)
Grace Guynn (Grace.Guynn@atl.frb.org)



Federal Reserve
Bank *of* Atlanta