

Business Inflation Expectations (BIE) Survey

Monthly Report: March 2025



Federal Reserve
Bank *of* Atlanta

Headline Results

1. Firms' year-ahead unit cost expectations rose by 0.2 percentage points to 2.5 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).
2. Firms' longer-run (five to 10 years ahead) unit cost expectations also rose by 0.2 percentage points, to 2.8 percent, in March 2025, though they are still well below their recent peak of 3.5 percent in June 2022.
3. In March's special questions, we asked firms questions about their openings over the month of February 2025 and their average pecuniary and work-hour search costs for one new hire.
4. Each month over the past five months, about 67 percent of firms have reported having at least one opening, down from a peak of 81 percent in September 2022, but only slightly lower than 70 percent last June. This figure varies between firm size and sector.
5. Firms in our sample reported around 2,500 openings in February and just under 1,000 hires. The average firm in our sample reported about 20 openings, about 14 of which were carried over from January, and about 10 of which resulted in hires.
6. Firms reported a mean of \$4,155 and 23 work-hours in average search costs per each one hire. Smaller firms reported much lower average pecuniary and work-hour spending than medium and large firms.

About the BIE

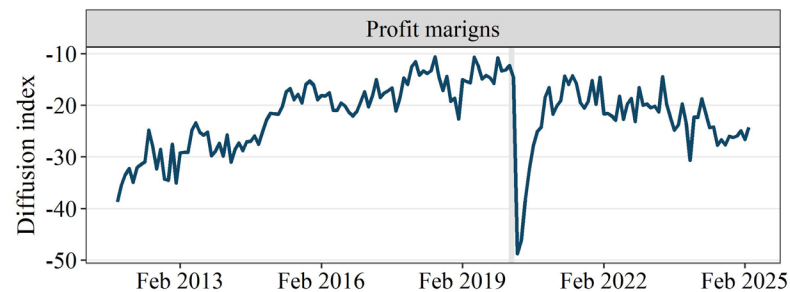
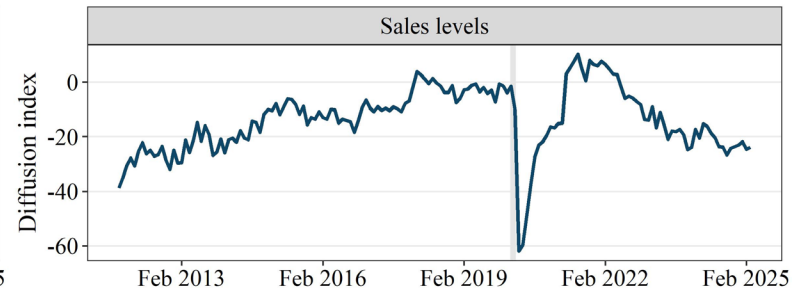
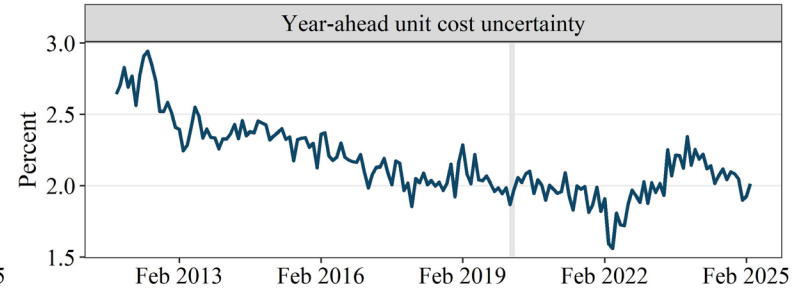
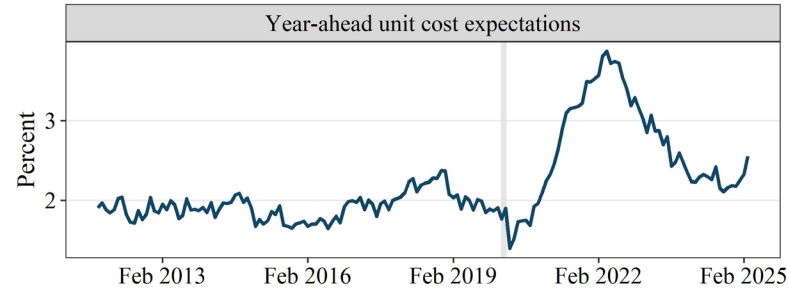
The Business Inflation Expectations (BIE) survey is fielded by the Federal Reserve Bank of Atlanta. It was designed, tested, and refined by the Atlanta Fed Economic Research Survey Center.

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](#).

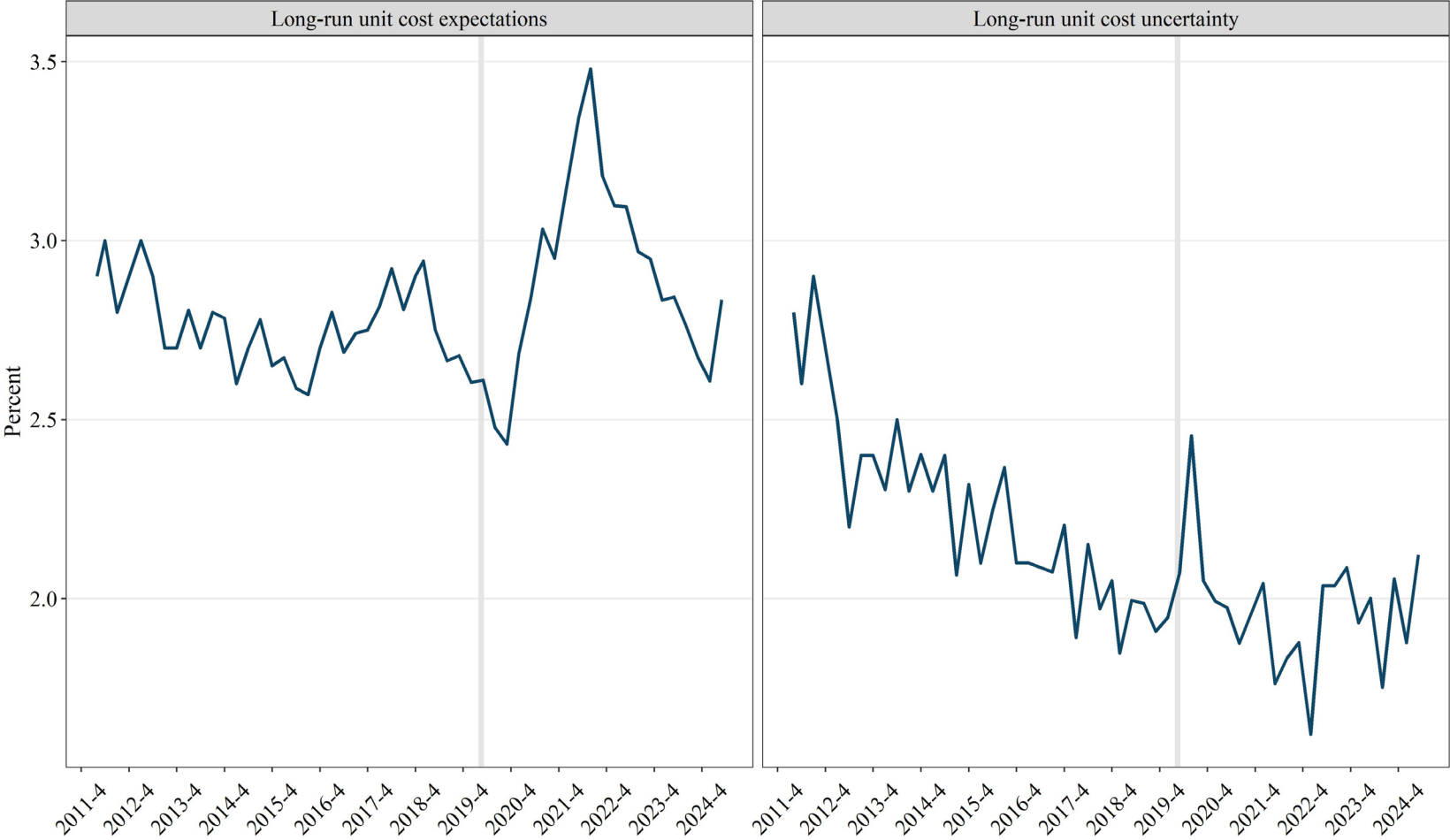
Core Monthly Questions



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: March 2025

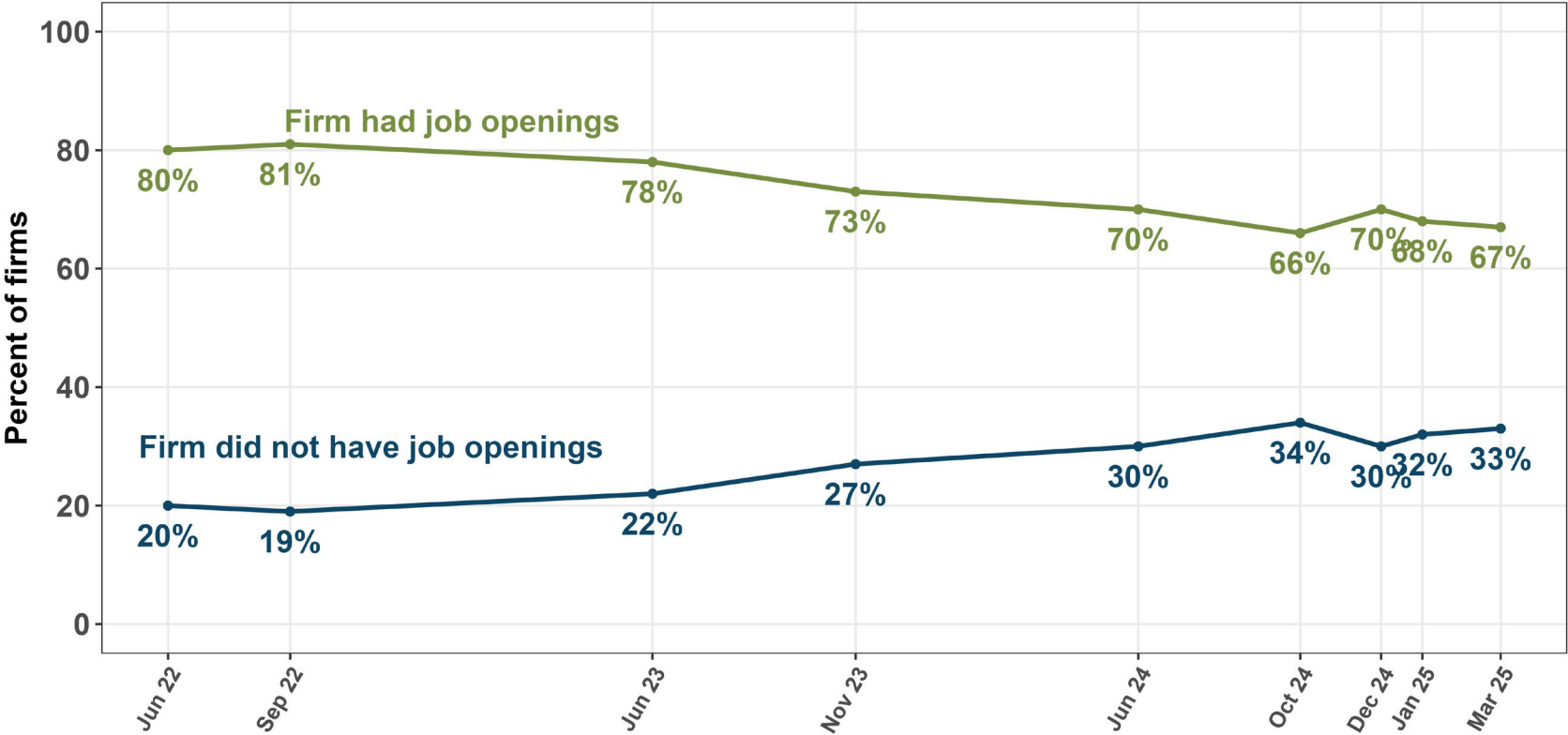
How many job openings did your firm have last month, from February 1 through February 28?

Include all job openings that were active and eligible to be filled on any day in February.

(If >0): How many of these openings were carried over from January?

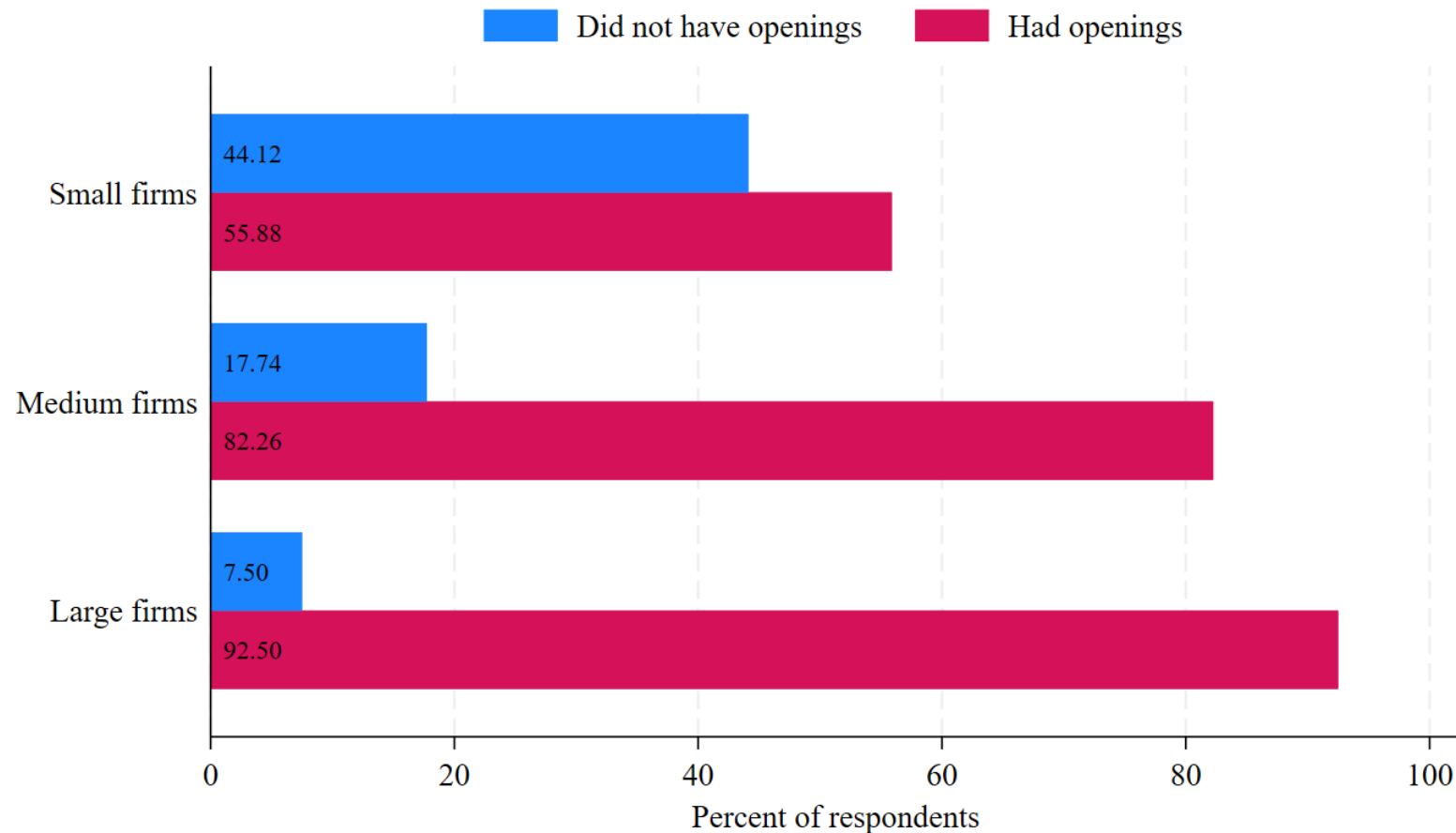
How many hires did your firm make in February?

We have previously asked how many openings firms have, though our wording was slightly different this month. Assuming the responses are similar, we note that over the past five months, about 67% of firms reported having at least one opening.



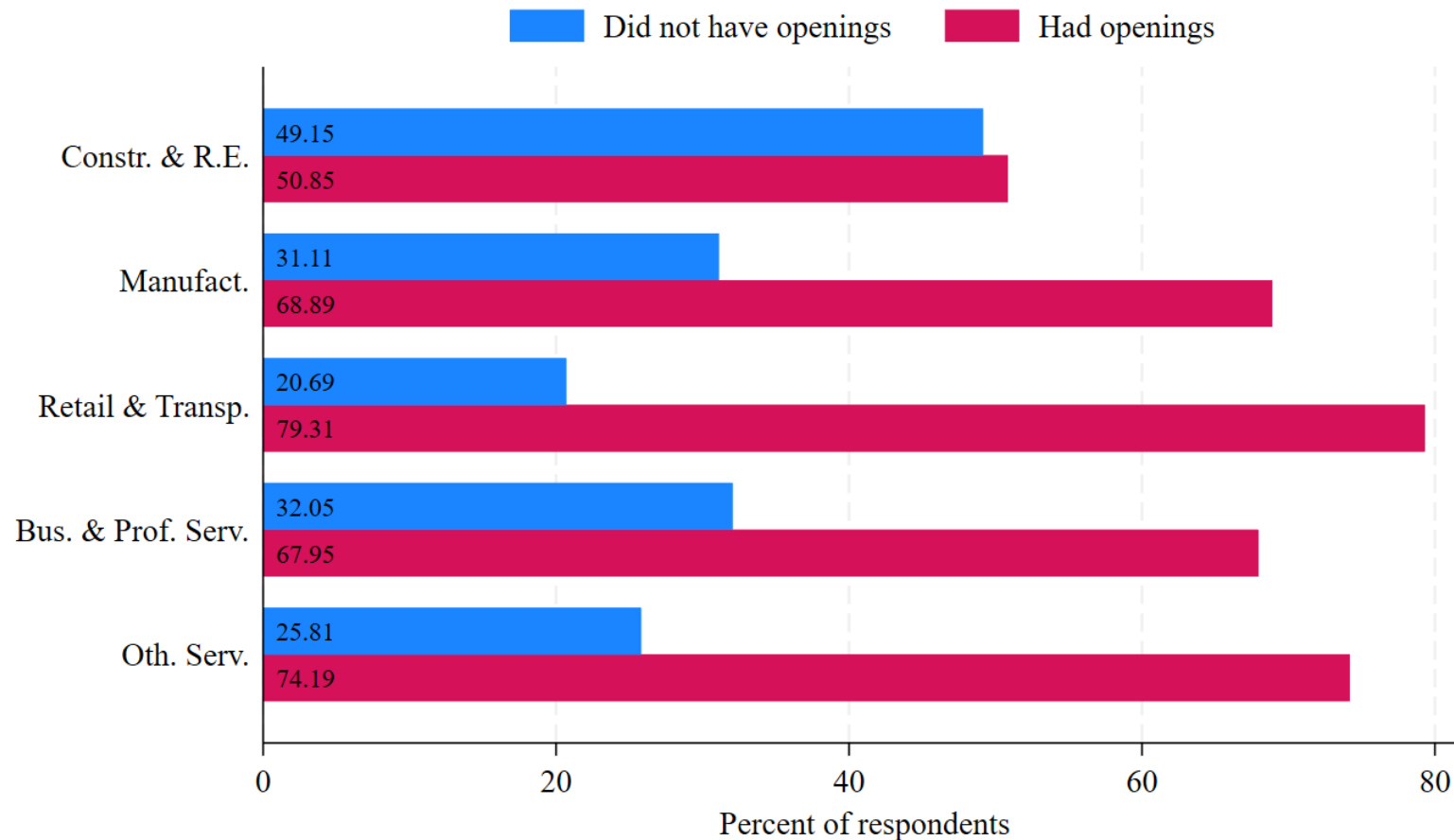
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

As expected, there are large differences in firm size. Only 56% of small firms in our sample reported having openings, compared to more than 80% of medium and large firms.



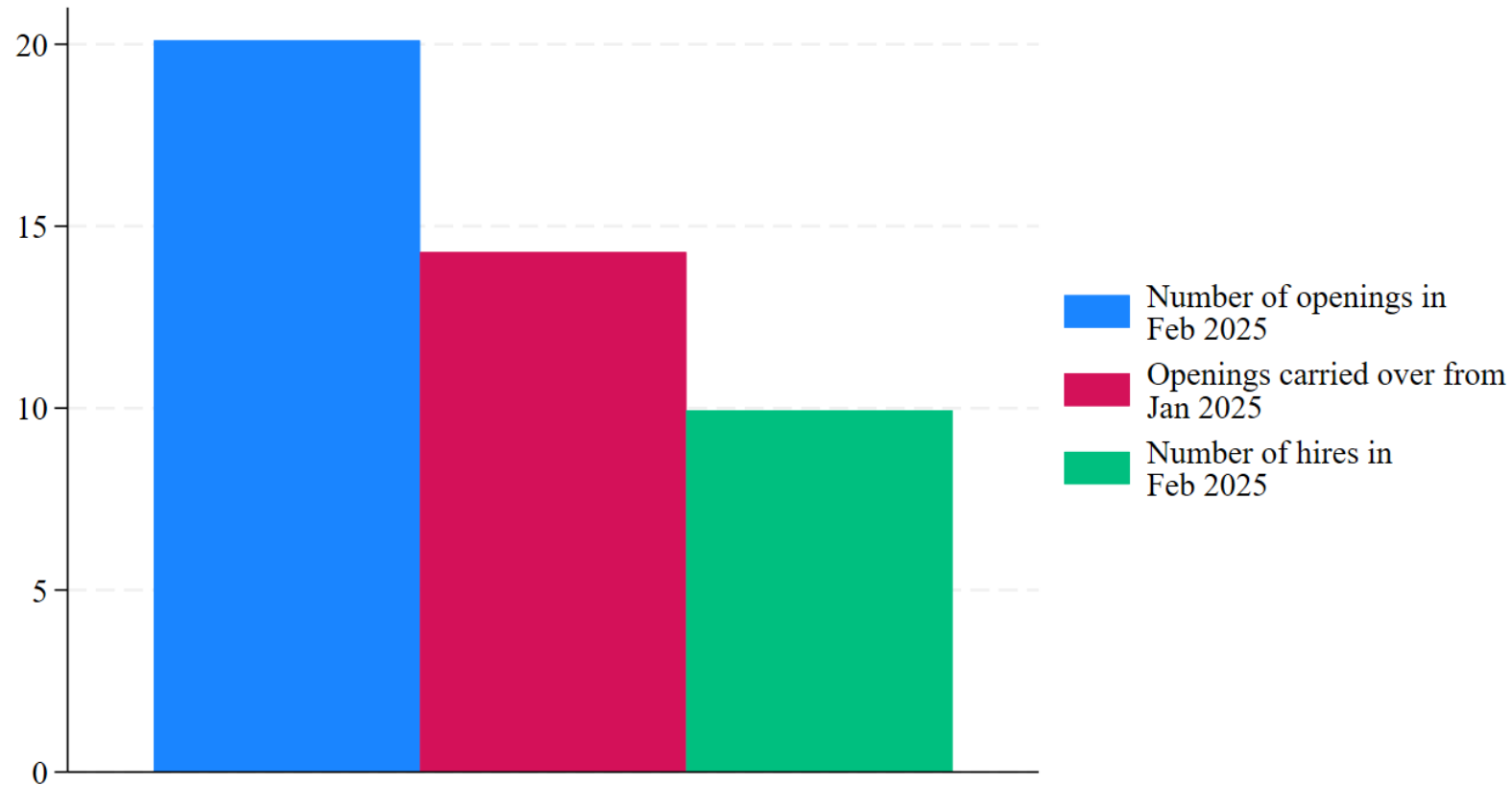
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

There are also some differences by sector. These sector differences are less pronounced, with the exception of Constr./R.E.



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

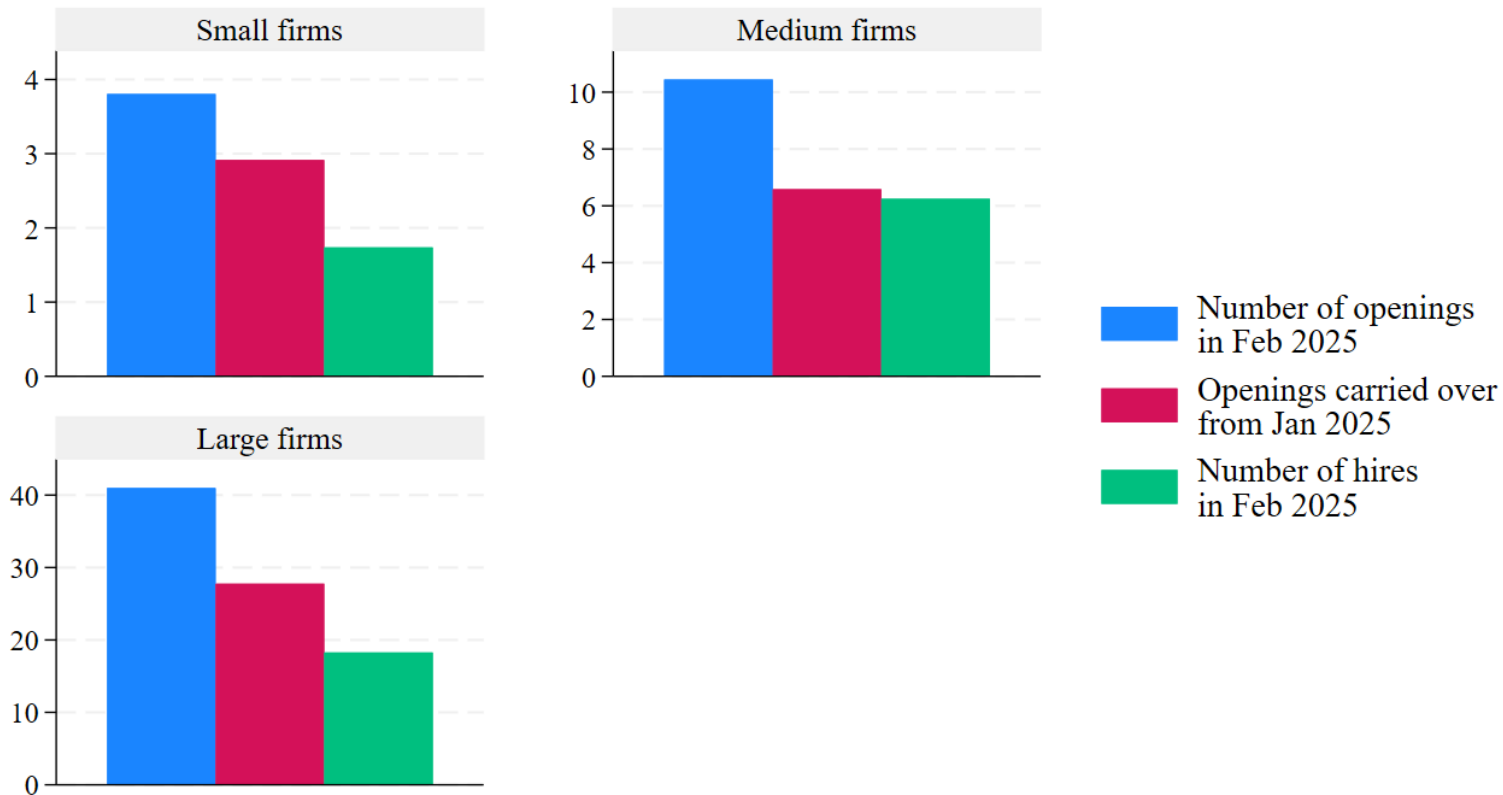
The average firm in our sample reported about 20 openings throughout February, about 14 of which were carried over from the previous month. However, over the same period, the average firm reported only about 10 hires. Totals are reported in the Special Questions results on our webpage.



N: 272. Number of openings calculated by multiplying firms' imputed employment by the average proportion of openings to employees. Number of openings carried over/number of hires calculated by multiplying imputed openings by the average proportion of openings carried over/hires.

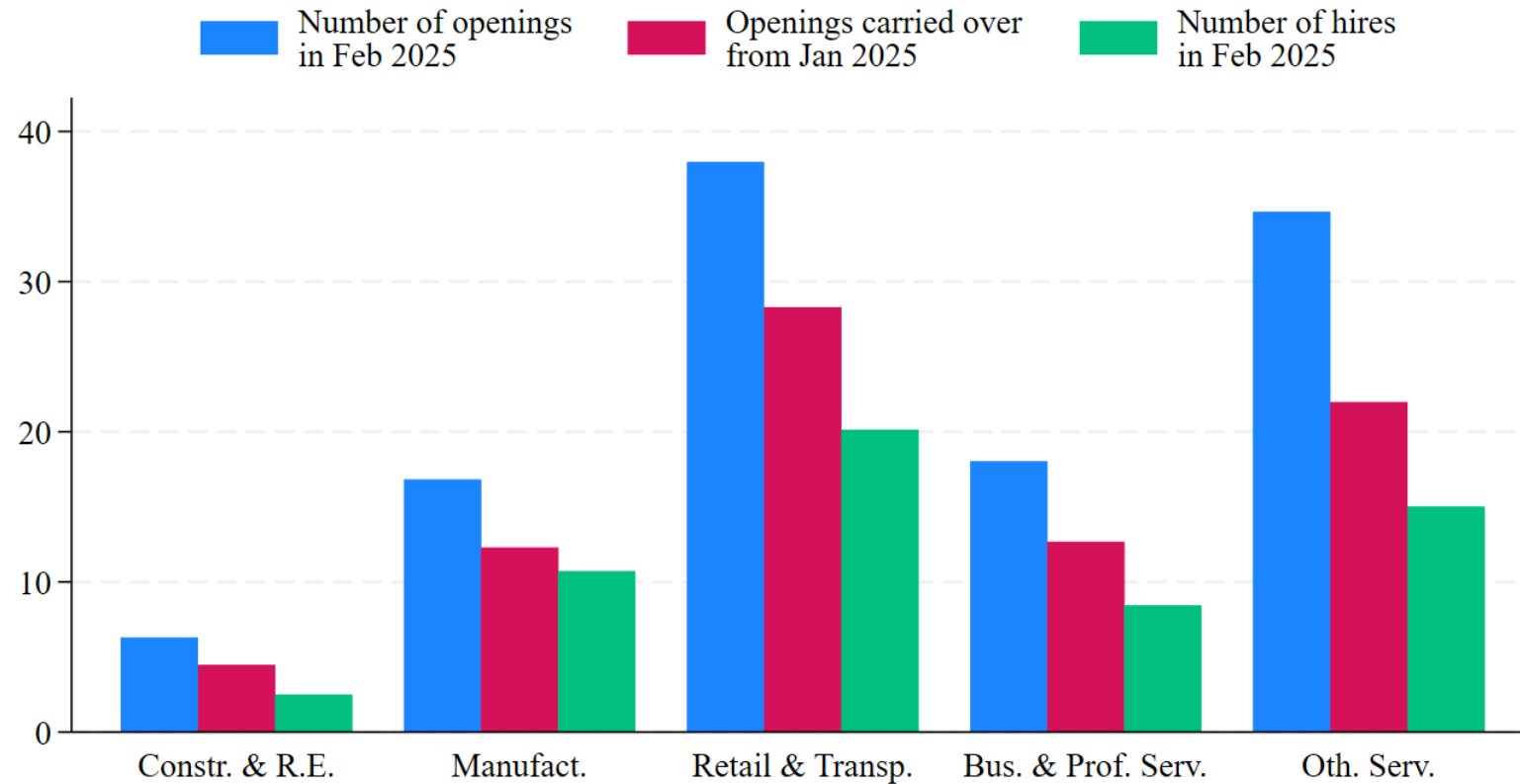
When we look at the average firm within each size, there are obviously some differences in totals. Interestingly, though, there aren't large differences in *proportions*. The proportions of openings carried over or that resulted in hires for each group are roughly the same as the proportions for the full sample.

Totals for each firm size category can be found in the Special Questions results on our webpage.



N: 272. Number of openings calculated by multiplying firms' imputed employment by the average proportion of openings to employees. Number of openings carried over/number of hires calculated by multiplying imputed openings by the average proportion of openings carried over/hires.

We do see some differences between the average firm in each sector, although some of this is due to firm size. Again, however, the proportions are relatively similar, excluding that the average manufacturing firm reported a higher proportion of hires to openings. Totals for each sector can be found in the Special Questions results on our webpage.



N: 271. Number of openings calculated by multiplying firms' imputed employment by the average proportion of openings to employees. Number of openings carried over/number of hires calculated by multiplying imputed openings by the average proportion of openings carried over/hires.

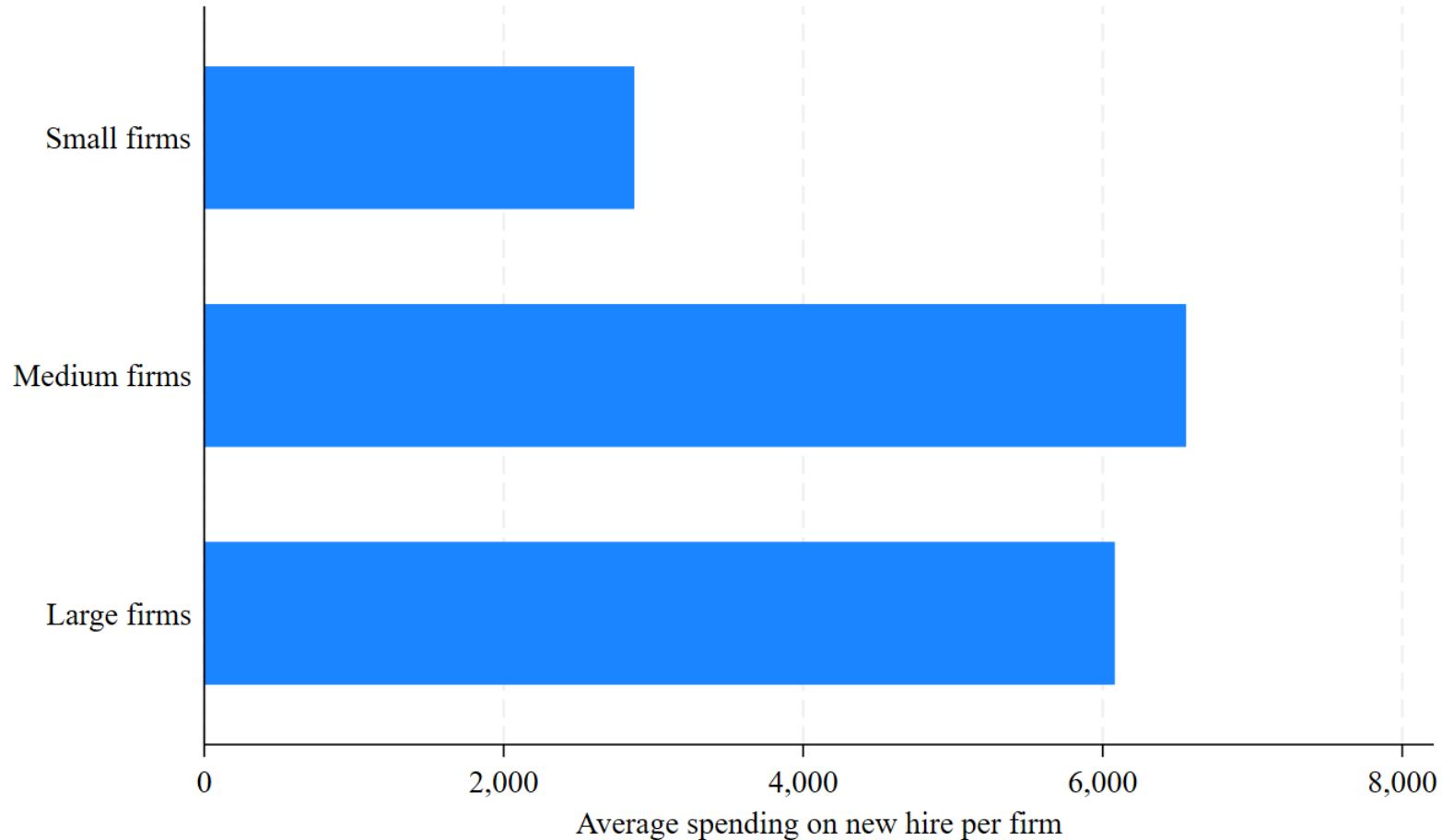
On average, how much does your firm spend on goods and services procured from outside organizations, related to the search for one new hire?

This might include costs for posting and maintaining job advertisements, fees for personnel consultants, etc.

On average, about how many work-hours by current employees are required to search for and interview candidates to make one new hire at your firm?

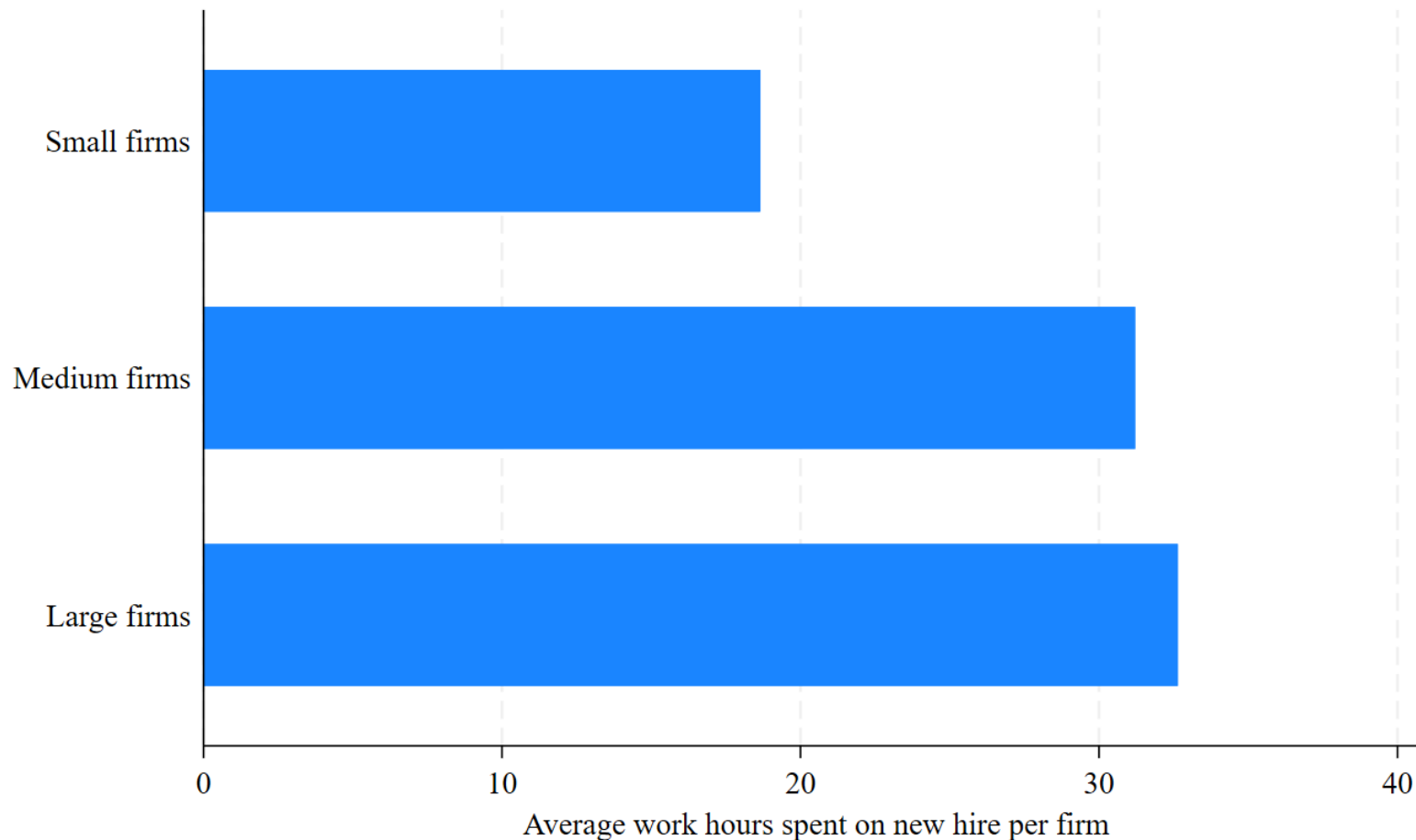
This might include time spent writing and posting job openings, reviewing resumes, interviewing candidates, and making final hiring decisions.

We see some expected variation in how much firms of different sizes spend on outside organizations for each new hire. On average, small businesses in our sample reported spending significantly less than medium and large businesses when searching for a new hire.



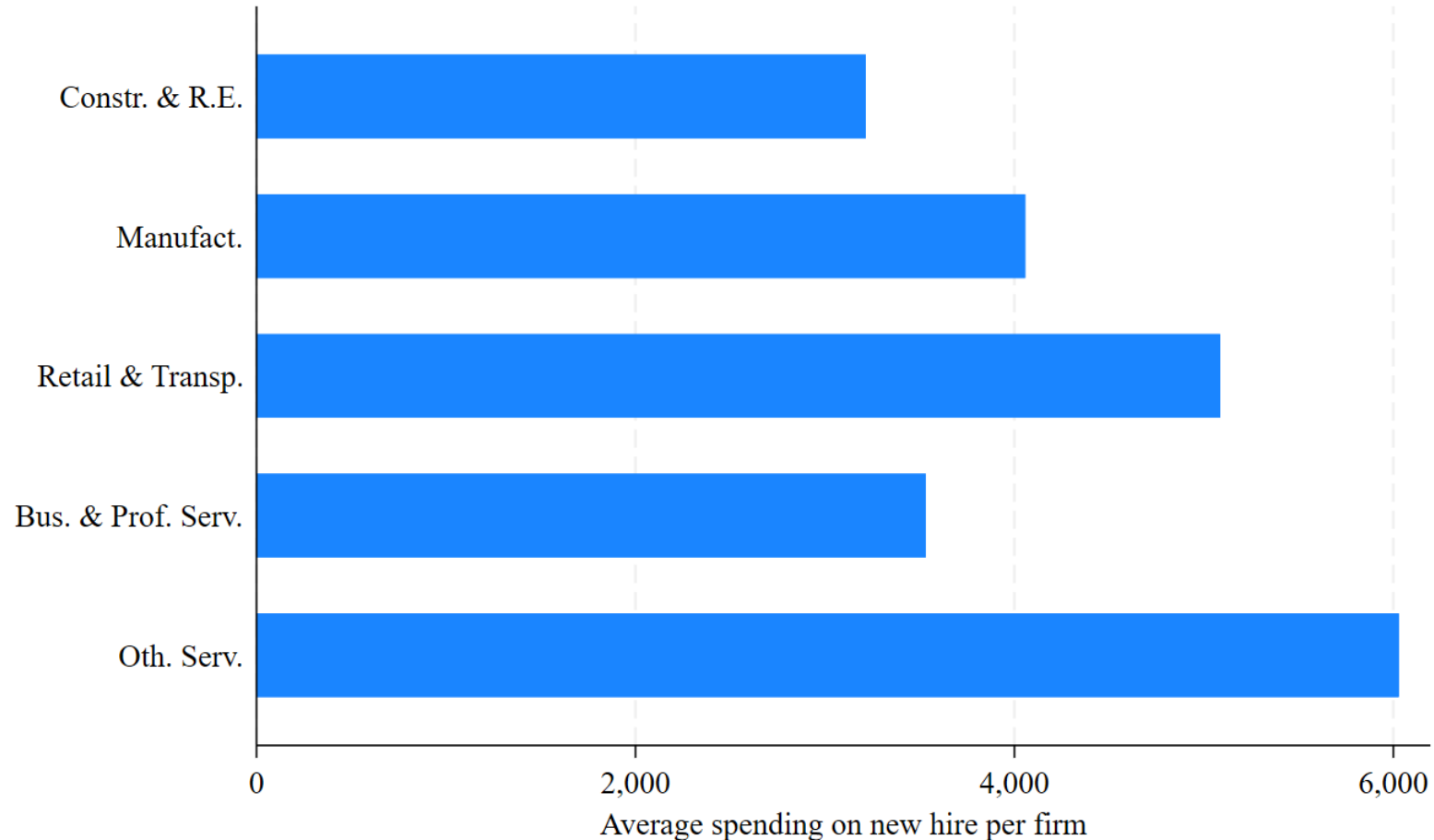
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

Similarly, small firms' employees spend fewer work hours in the search for a new hire.



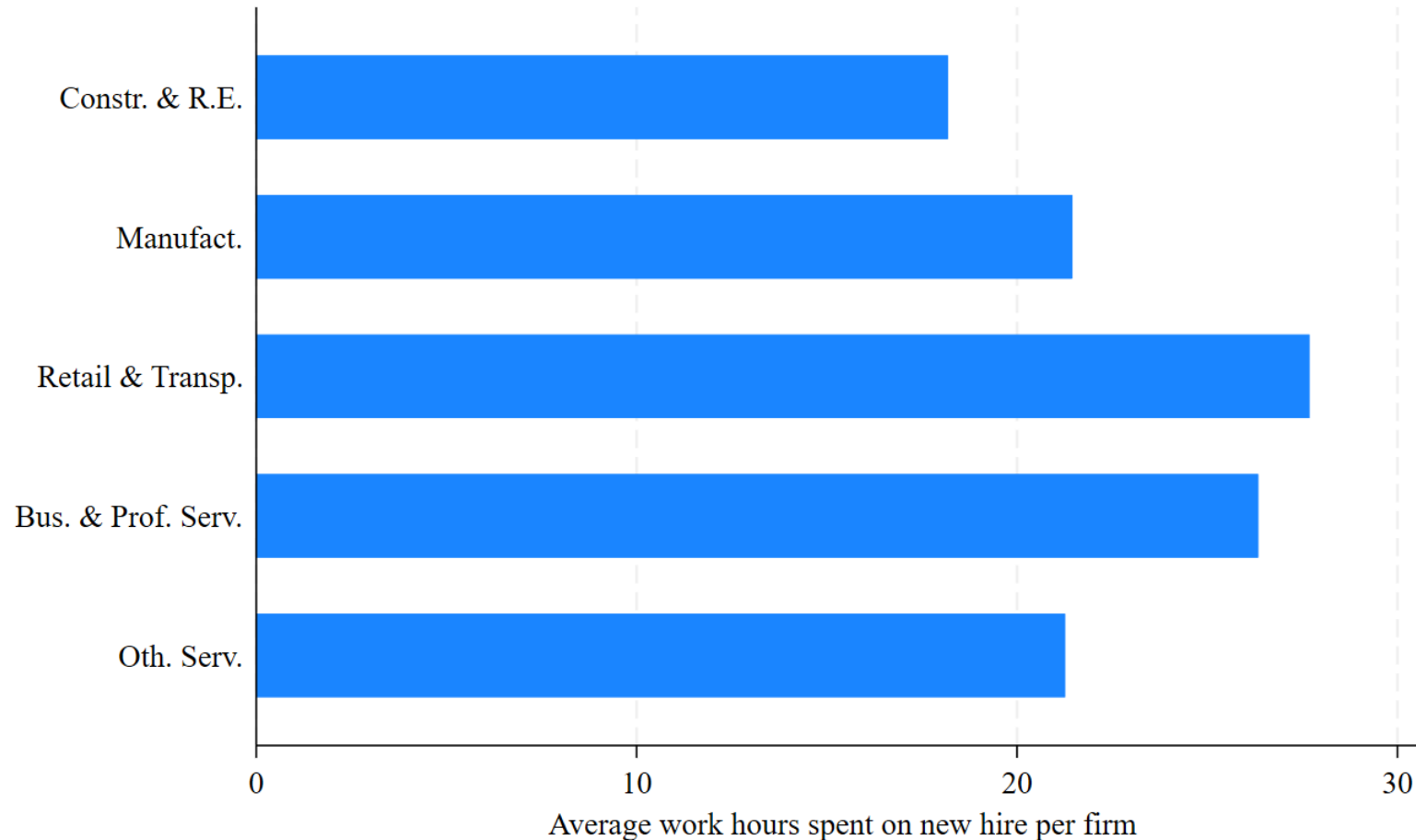
Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

We see some variation among sectors as well. Constr./R.E. and Bus./Prof. Services firms in our sample reported the lowest average spending per new hire, while firms classified in Other Services reported a much higher average spending per new hire.



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

We also see industry differences in the average work hours spent on new hires. Retail & Transp. leads the sample at around 28 hours per new hire, although no industry drops below 15 hours.



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

Suppose you wanted to double the number of hires your firm made. How would that impact the total search costs for all your openings, in dollar terms?

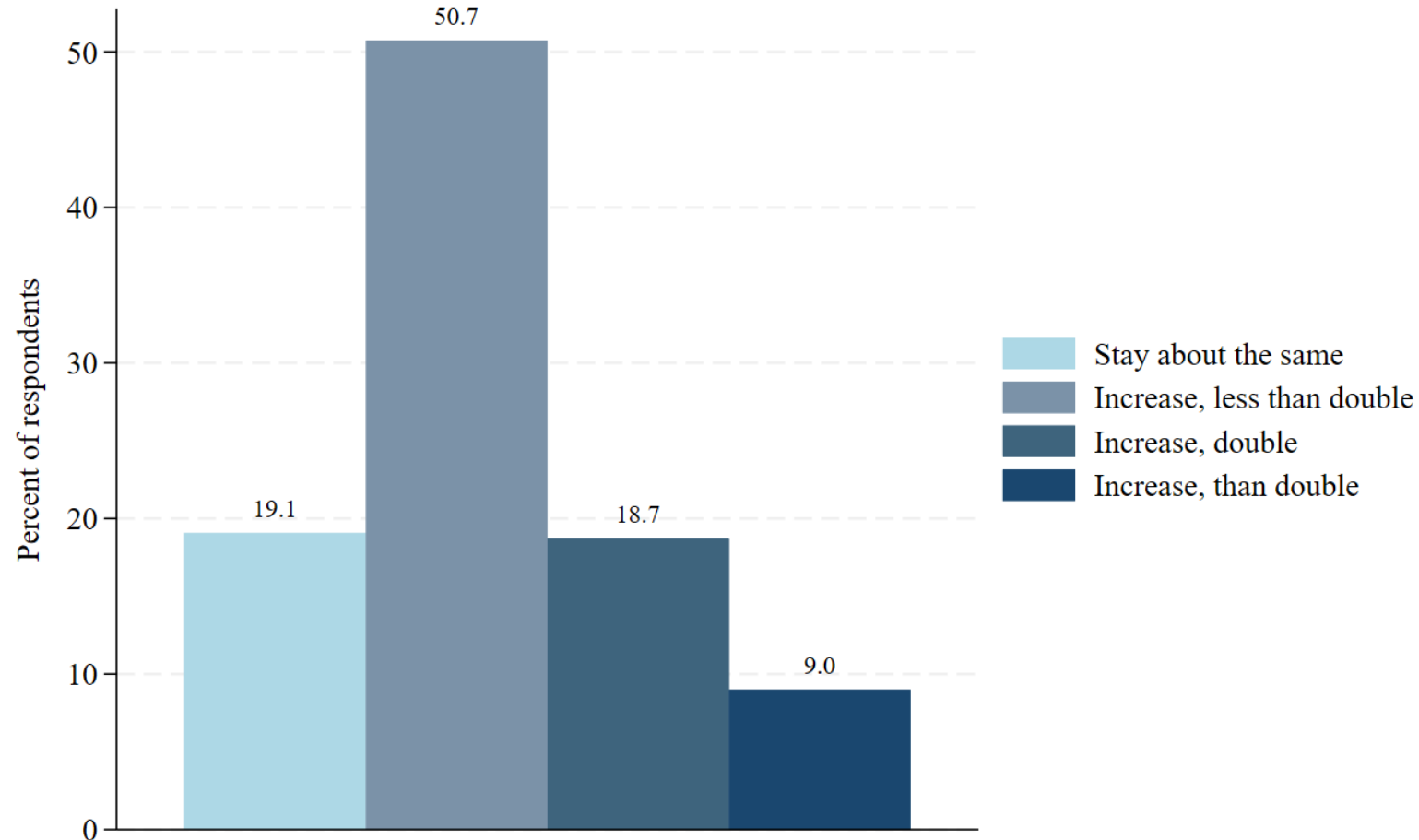
Note on this question

This question asked firms in our sample what would happen if they wished to double the number of hires they made. If they wanted to make more hires, firms might need to purchase more advertisement space, hire more consultants, etc., which means that they might have higher search costs.

In this scenario, it's not necessarily true that firms would have higher search costs. For example, they could have chosen to extend offers to applicants whom they would otherwise decide to reject.

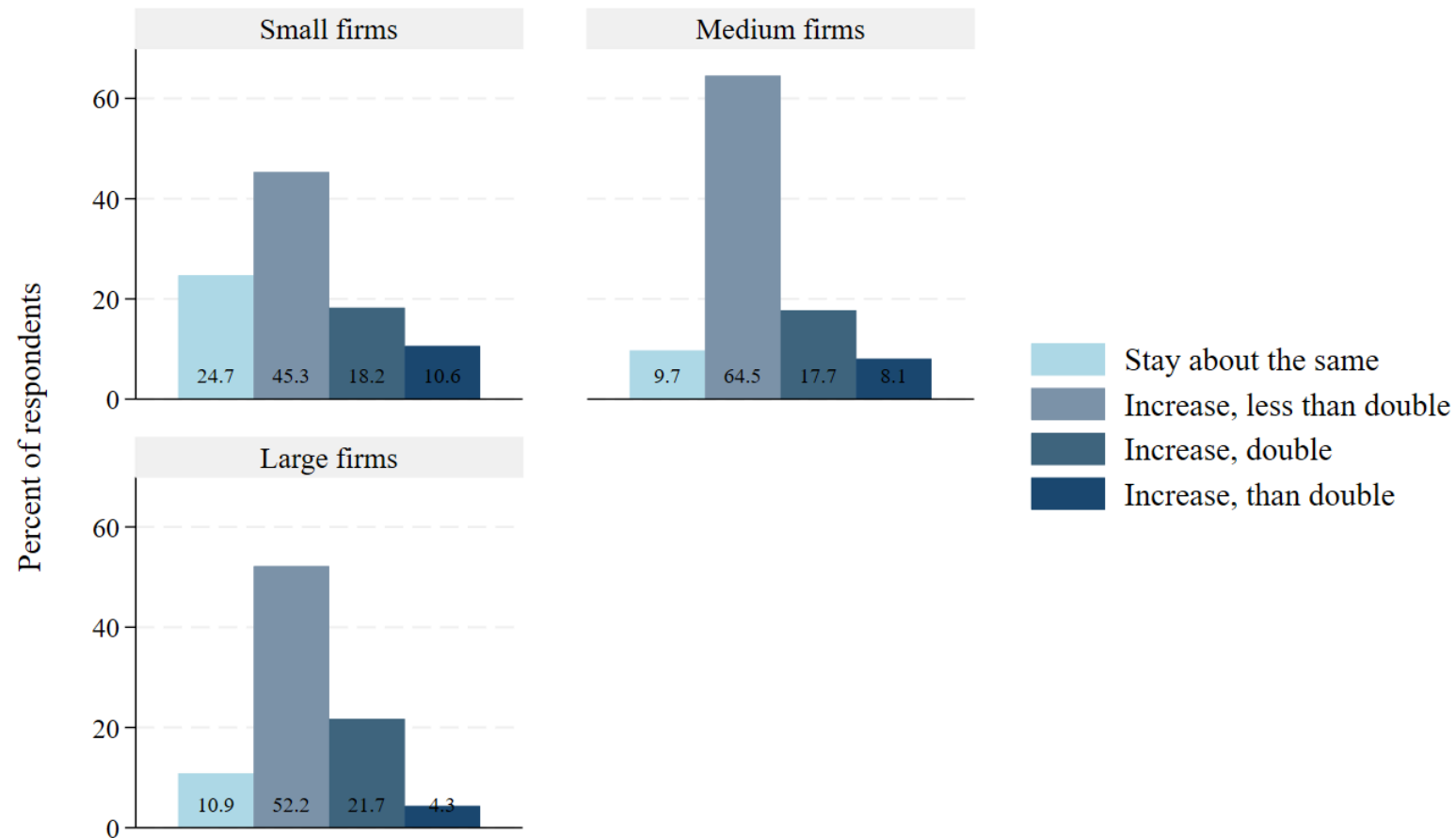
However, firms could have higher search costs. For example, if a firm's hiring consultant charges by the number hires the firm wishes to make, the firm would obviously have higher fees if they doubled their desired number of hires.

Most firms in our sample reported if they wished to double the number of hires they made, total search costs for all their openings would increase but not double. However, about 27% of firms said that seeking doubling this number of hires would double or more than double their search costs.

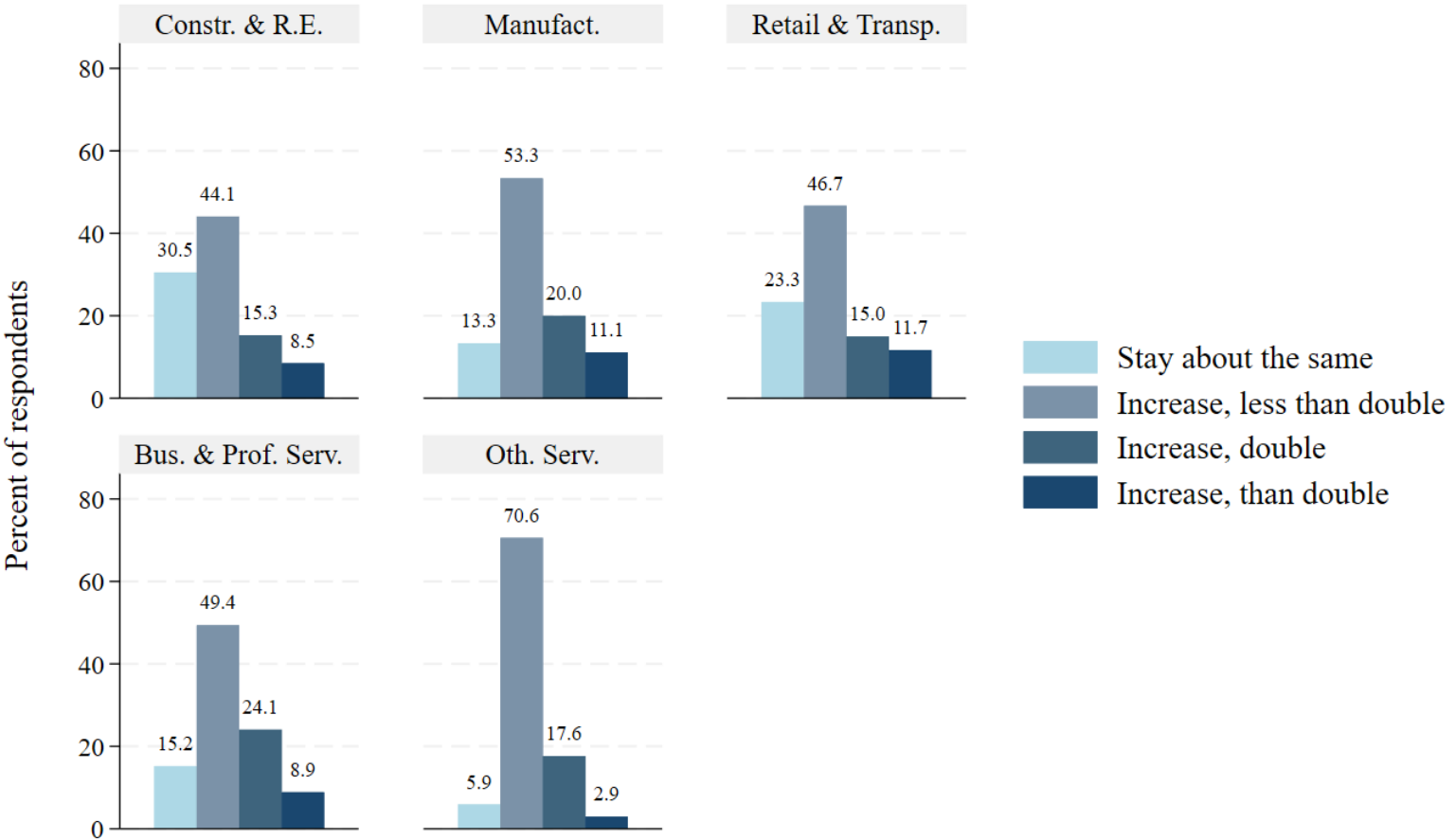


Source: Atlanta Fed's Business Inflation Expectations (BIE) survey

There is quite a bit of variation between firm size. About 25% of small firms in our sample reported that search costs on all openings would stay about the same if they wished to double the number of hires they made. This figure is more than twice that of medium and large firms. Meanwhile, medium and large firms were more likely to report that search costs would increase but not double.



We also see some differences between industry. Nearly 94% of firms in the Other Services category reported that search costs would increase. Meanwhile, more than 30% of Constr./R.E. and Ret./Transp. firms in our sample reported that search costs would stay about the same.



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

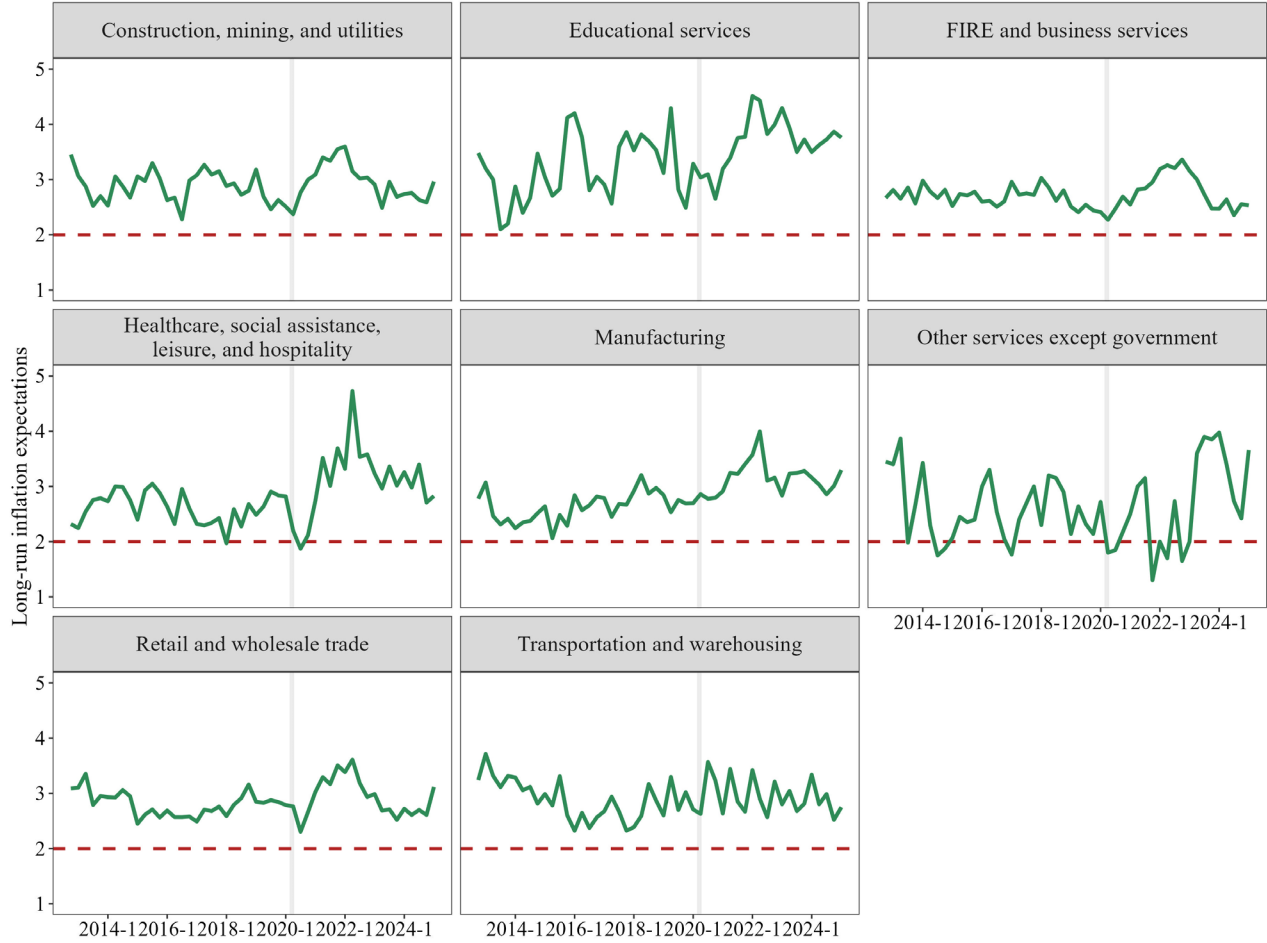
Year-ahead unit-cost expectations vary meaningfully by sector.



Note: The data are shown monthly.

Source: Atlanta Fed Business Inflation Expectations (BIE) survey

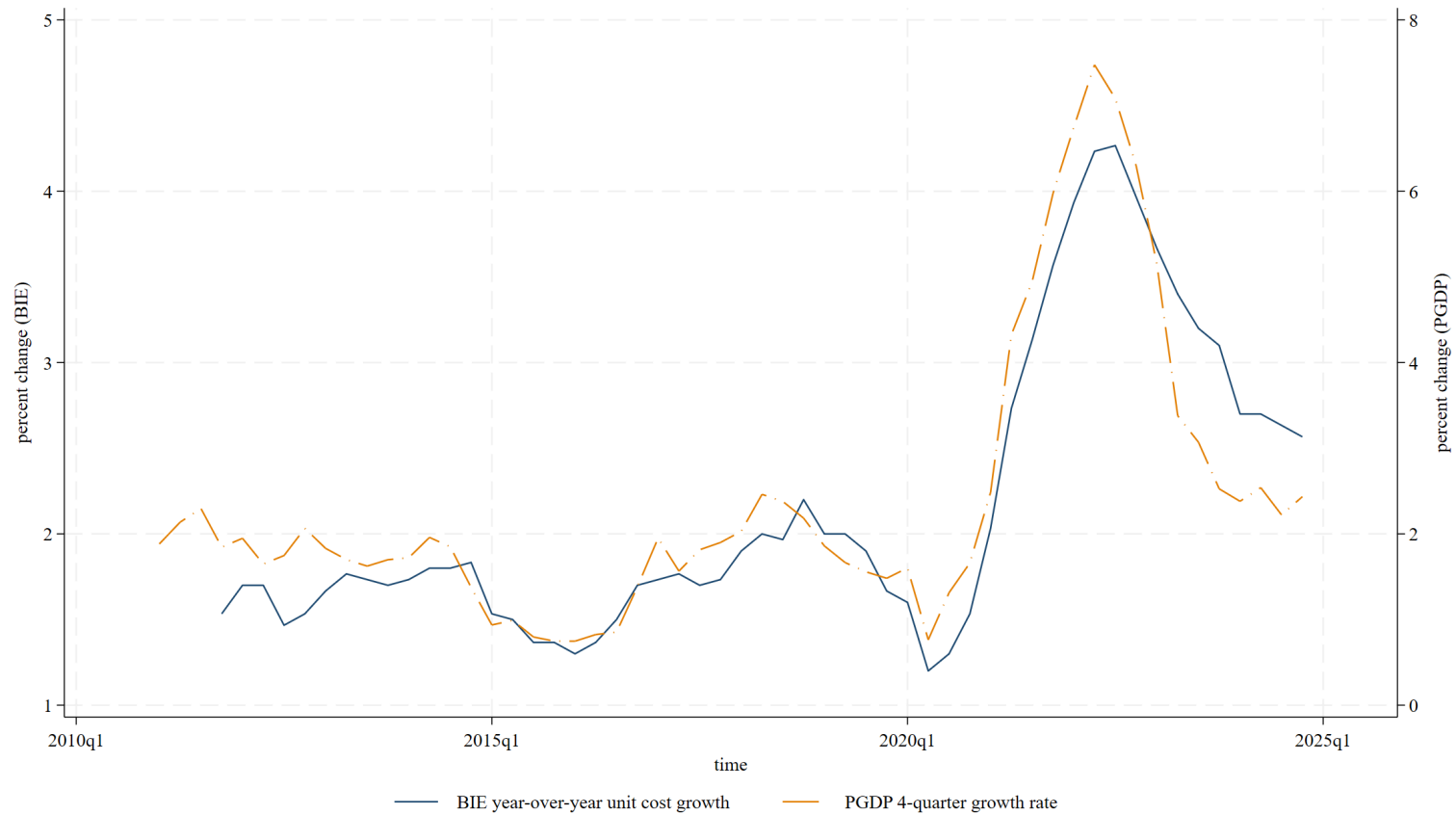
Longer-run unit cost expectations across most broad industry classifications remain elevated relative to prepandemic averages.



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

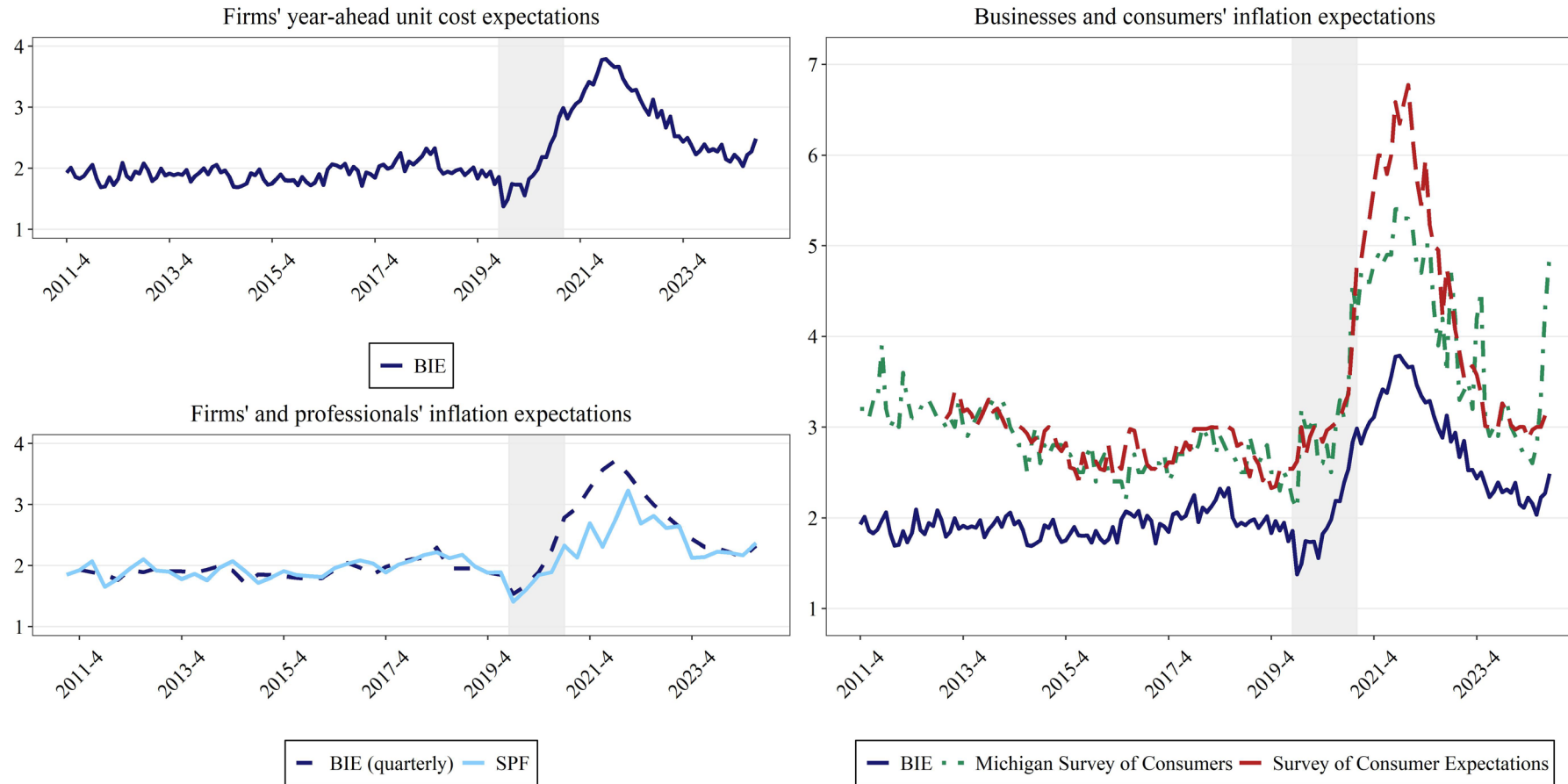


Correlation .93

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>

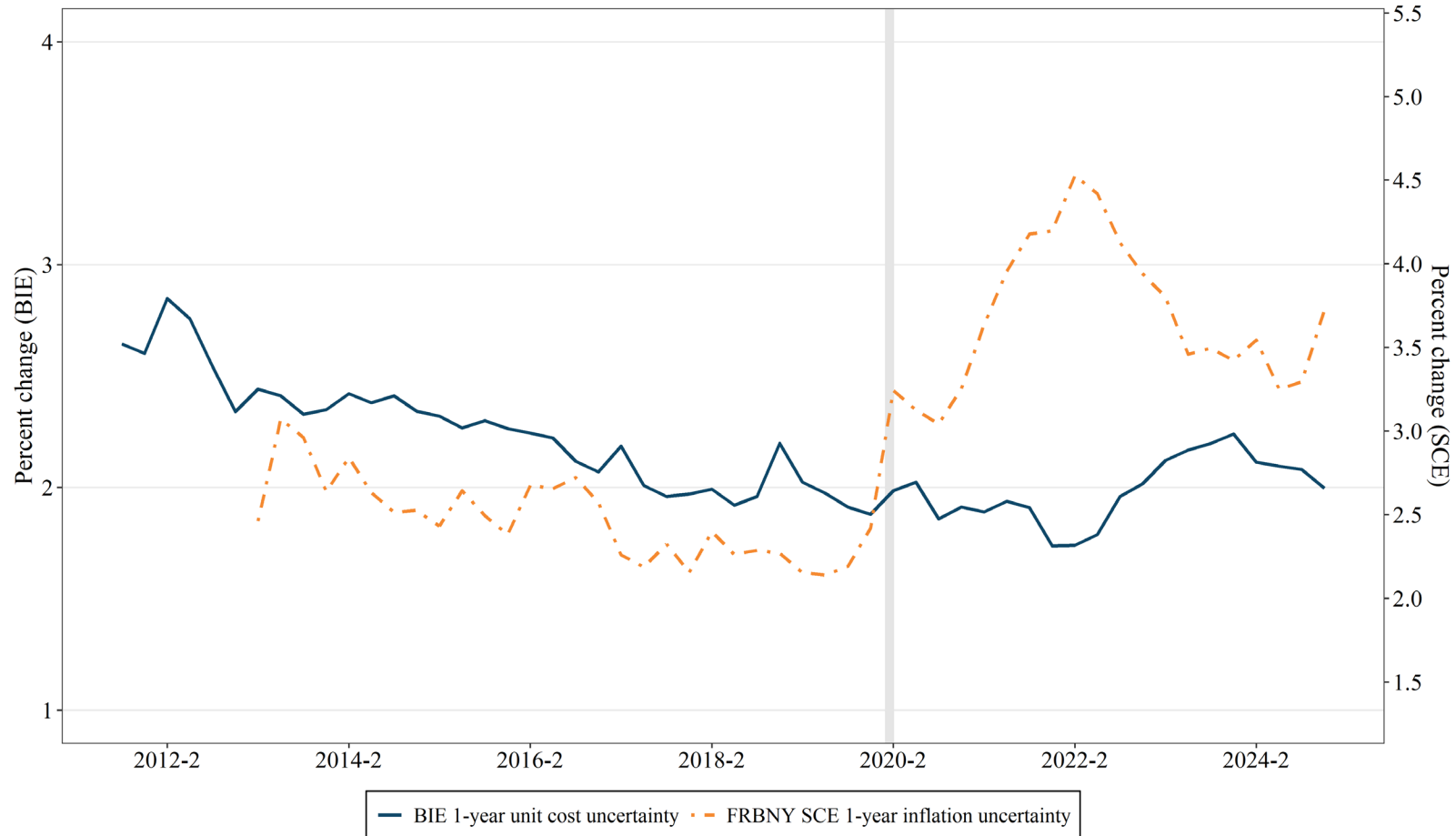
BIE Survey versus SPF and Survey of Consumers



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)

Questions can be directed to:
Aaron Jalca (Aaron.Jalca@atl.frb.org)
Grace Guynn (Grace.Guynn@atl.frb.org)



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