

2025 Q4

Release Date: December 15, 2025

Firms' Expectations of Price Growth Fell Relative to Last Quarter

Third District firms reported that expected increases both for prices they will receive for their own goods and services and for U.S. inflation over the next four quarters moved down in the fourth quarter of 2025 compared with the third quarter. Their expectations for compensation held steady. Firms reported a similar increase in their own prices over the past year compared with last quarter.

Firms Expect Smaller Rise in Own Prices and Steady Growth in Compensation Costs Relative to Last Quarter

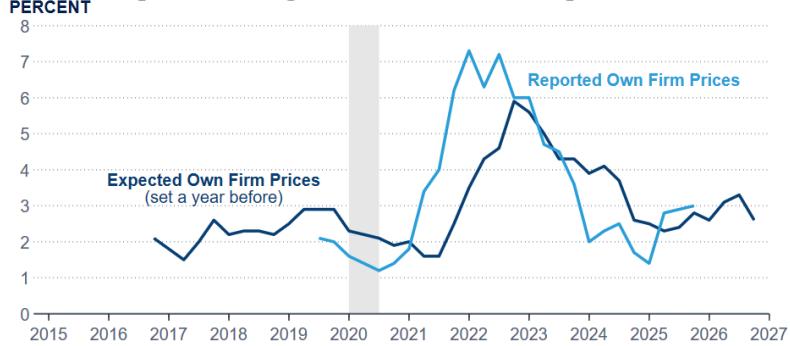
For the fourth quarter of 2025 through the fourth quarter of 2026, the firms' mean forecast for their own prices was for an increase of 2.6 percent, down from 3.3 percent last quarter. Firms expected compensation costs per employee to rise 3.3 percent over the same time period, unchanged from last quarter. The mean forecast for U.S. inflation was 3.6 percent, down from 4.7 percent last quarter.

One-Year-Ahead Expectations



Note: PIES data are the 10 percent trimmed mean of responses provided by firms through 2025 Q4. Data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

Reported Changes in Own Prices vs. Expectations



Note: PIES data are the 10 percent trimmed mean of responses provided by firms through 2025 Q4. Expected Own Firm Prices data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

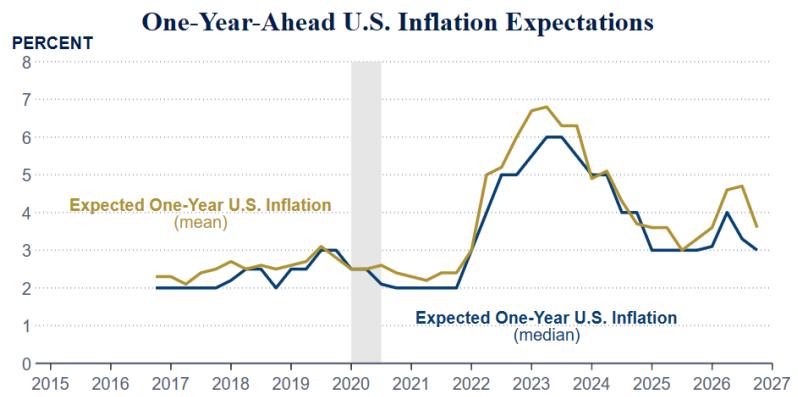
Note: Survey responses were collected from November 10 to November 20.

The First Quarter 2026 Price and Inflation Expectations Survey will be released on February 25, 2026.

For more regional economic analysis, see www.philadelphiahed.org/regional-economy.

Firms Expect Lower U.S. Inflation Relative to Last Quarter's Expectation

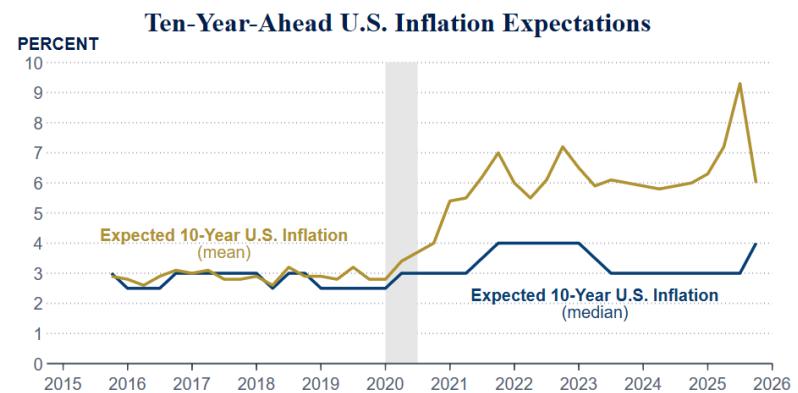
Firms' median expectation for U.S. inflation declined to 3.0 percent from 3.3 percent, its second consecutive decrease and lowest reading in a year. The mean expectation also moved down, to 3.6 percent from 4.7 percent last quarter.



Note: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2025 Q4. Data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

Long-Term Median Inflation Expectations Tick Up

For the longer run, firms' median expectation of the average annual price increase that U.S. consumers will experience over the next 10 years moved up to 4.0 percent, following nine consecutive quarters at 3.0 percent. The mean expectation dropped to 6.1 percent from 9.3 percent, after rising in five consecutive quarters.



Note: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2025 Q4. Data are plotted in the quarter in which the forecasts were collected. Shaded areas indicate NBER recessions.

Relationship with U.S. Inflation Data

To see how reported and expected firm prices compare with U.S. CPI over time, see the [PIES Data Explorer](#) on our website.

For more information on how PIES data compare with U.S. CPI as well as with other inflation forecasts, see [Introducing PIES](#).

Price and Inflation Expectations Survey			
	Firm Type	Current 2025 Q4 (%)	Previous 2025 Q3 (%)
Reported Change in Own Firm Prices Prices the respondent's firm received (for its own goods and services sold) over the past four quarters	All	3.0	2.9
	Manufacturing	2.9	3.7
	Nonmanufacturing	3.0	2.3
Expected Change in Own Firm Prices Prices the respondent's firm will receive (for its own goods and services sold) over the next four quarters	All	2.6	3.3
	Manufacturing	2.9	3.8
	Nonmanufacturing	2.4	3.0
Expected Change in Own Compensation Compensation the respondent's firm will pay per employee (for wages and benefits) over the next four quarters	All	3.3	3.3
	Manufacturing	3.2	3.3
	Nonmanufacturing	3.3	3.2
Expected U.S. Inflation Prices U.S. consumers will pay for goods and services over the next four quarters	All (median)	3.0	3.3
	All	3.6	4.7
	Manufacturing	3.2	4.5
	Nonmanufacturing	4.1	4.8
Expected Long-Run U.S. Inflation Prices U.S. consumers will pay for goods and services over the next 10 years (2025–2034)	All (median)	4.0	3.0
	All	6.0	9.3
	Manufacturing	5.4	7.8
	Nonmanufacturing	6.6	10.3
Notes: Results reflect data received through November 20, 2025. The numbers in the table represent the trimmed means of individual firm forecasts (percent changes) unless noted otherwise. For Long-Run U.S. Inflation forecasts, firms provided a 10-year annual-average change. The previous quarter's results reflect forecasts made in 2025 Q3 for 2026 Q3.			