PIES

Price and Inflation Expectations Survey

FEDERAL RESERVE BANK PHILADELPHIA

2026 Q1

Release Date: February 25, 2026

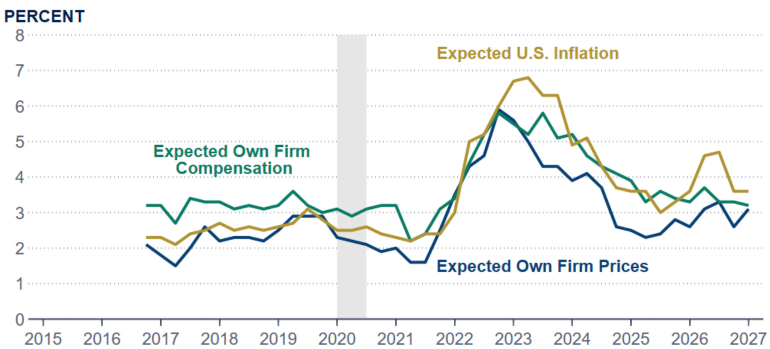
Firms' Expectations of Price Growth Are Mixed Relative to Last Quarter

Compared with the fourth quarter of 2025, Third District firms reported in the first quarter of 2026 that expected increases for their own prices over the next four quarters moved up while their expectations for U.S. inflation held steady. Their expectations for compensation were little changed and remain near pre-pandemic levels. Firms reported a slightly smaller increase in their own prices over the past year compared with last quarter.

Firms Expect Larger Rise in Own Prices and Mostly Steady Growth in Compensation Relative to Last Quarter

For the first quarter of 2026 through the first quarter of 2027, the firms' mean forecast for their own prices was for an increase of 3.1 percent, up from 2.6 percent last quarter. Firms expected compensation costs per employee to rise 3.2 percent over the same period, similar to the 3.3 percent they expected last quarter. The mean forecast for U.S. inflation was unchanged at 3.6 percent.

One-Year-Ahead Expectations

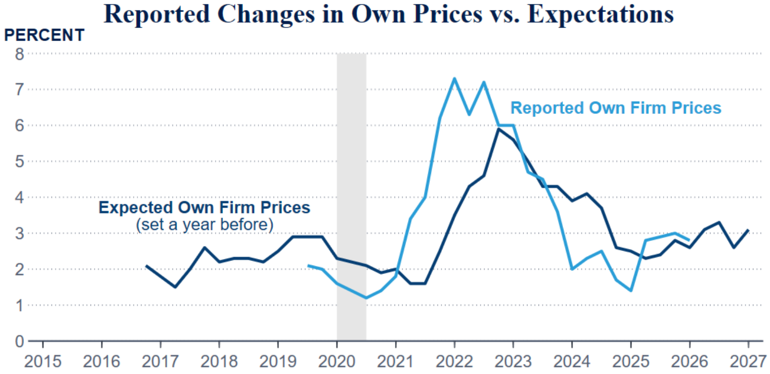


Note: PIES data are the 10 percent trimmed mean of responses provided by firms through 2026 Q1. Data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

Firms Expect Larger Price Increases Compared with Their Current Price Growth

Looking back over the past year (the first quarter of 2025 to the first quarter of 2026), firms reported that the prices they received for their own goods and services rose 2.8 percent, down slightly from the 3.0 percent they reported last quarter but lower than the 3.1 percent growth they expect over the next four quarters.

Reported Changes in Own Prices vs. Expectations



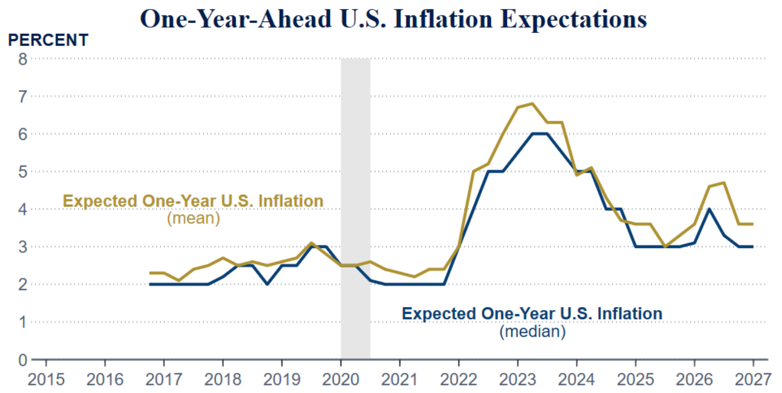
Note: PIES data are the 10 percent trimmed mean of responses provided by firms through 2026 Q1. Expected Own Firm Prices data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

Note: Survey responses were collected from February 9 to February 19.
The Second Quarter 2026 Price and Inflation Expectations Survey will be released on May 27, 2026.

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

Firms' U.S. Inflation Expectations Hold Steady Relative to Last Quarter

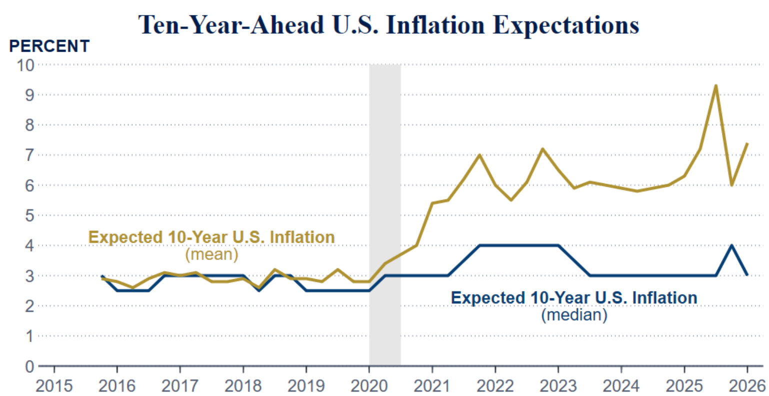
Firms' median expectation for U.S. inflation was unchanged at 3.0 percent, holding at its lowest reading in more than a year. The mean expectation was also unchanged at 3.6 percent.



Note: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2026 Q1. 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 Down

For the longer run, firms' median expectation of the average annual price increase that U.S. consumers will experience over the next 10 years declined to 3.0 percent from 4.0 percent. This has been the firms' median expectation in 10 of the past 11 quarters. The mean expectation rose to 7.4 percent from 6.0 percent, after declining last quarter.



Note: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2026 Q1. 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 2026 Q1 (%)**	**Previous 2025 Q4 (%)**
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**	**2.8**	**3.0**
	Manufacturing	4.0	2.9
	Nonmanufacturing	2.0	3.0
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**	**3.1**	**2.6**
	Manufacturing	3.7	2.9
	Nonmanufacturing	2.5	2.4
Expected Change in Own Compensation Compensation the respondent's firm will pay per employee (for wages and benefits) over the next four quarters	**All**	**3.2**	**3.3**
	Manufacturing	3.7	3.2
	Nonmanufacturing	2.8	3.3
Expected U.S. Inflation Prices U.S. consumers will pay for goods and services over the next four quarters	**All (median)**	**3.0**	**3.0**
	All	**3.6**	**3.6**
	Manufacturing	3.8	3.2
	Nonmanufacturing	3.5	4.1
Expected Long-Run U.S. Inflation Prices U.S. consumers will pay for goods and services over the next 10 years (2026–2035)	**All (median)**	**3.0**	**4.0**
	All	**7.4**	**6.0**
	Manufacturing	6.2	5.4
	Nonmanufacturing	8.3	6.6

Notes: Results reflect data received through February 19, 2026. 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 Q4 for 2026 Q4.