PIES

Price and Inflation Expectations Survey

FEDERAL RESERVE BANK PHILADELPHIA

2026 Q3

Release Date: August 26, 2026

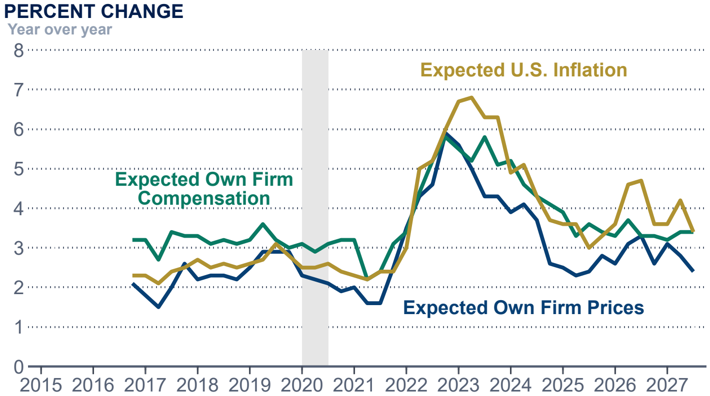
Firms' Expectations of Price Growth Fell Relative to Last Quarter

Third District firms reported in the third quarter of 2026 that expected increases for their own prices and U.S. inflation over the next four quarters moved lower compared with the second quarter of 2026. Their expectations for compensation held steady. Compared with last quarter, firms reported a smaller increase in their own prices over the past year.

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

For the third quarter of 2026 through the third quarter of 2027, the firms' mean forecast for their own prices was for an increase of 2.4 percent, down from 2.8 percent last quarter. Firms expected compensation costs per employee to rise 3.4 percent over the same period, unchanged from expectations last quarter. The mean forecast for U.S. inflation declined from last quarter (see page 2).

One-Year-Ahead Expectations

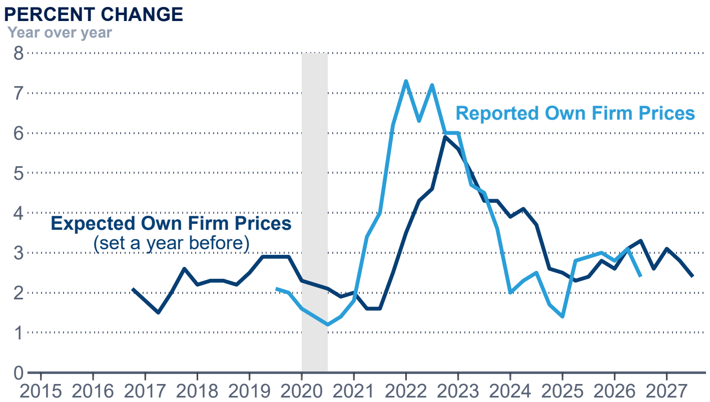


Notes: PIES data are the 10 percent trimmed mean of responses provided by firms through 2026 Q3. Data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

Firms Expect Similar Price Increases Compared with Their Current Price Growth

Looking back over the past year (the third quarter of 2025 to the third quarter of 2026), firms reported that the prices they received for their own goods and services rose 2.4 percent, down from the 3.1 percent they reported last quarter and in line with the 2.4 percent growth they expect over the next four quarters.

Reported Changes in Own Prices vs. Expectations



Notes: PIES data are the 10 percent trimmed mean of responses provided by firms through 2026 Q3. Expected Own Firm Prices data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

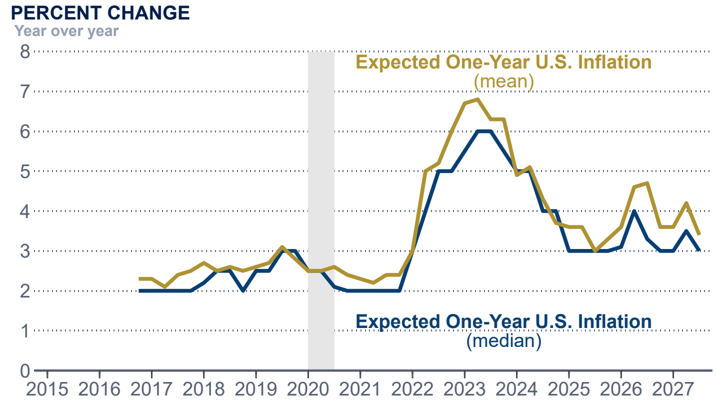
Note: Survey responses were collected from August 10 to August 20.
The Fourth Quarter 2026 Price and Inflation Expectations Survey will be released on November 25, 2026.

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

Firms' U.S. Inflation Expectations Fall Relative to Last Quarter

Firms' median expectation for U.S. inflation moved down to 3.0 percent after rising to 3.5 percent last quarter. The mean expectation was 3.4 percent, down from 4.2 percent last quarter.

One-Year-Ahead U.S. Inflation Expectations

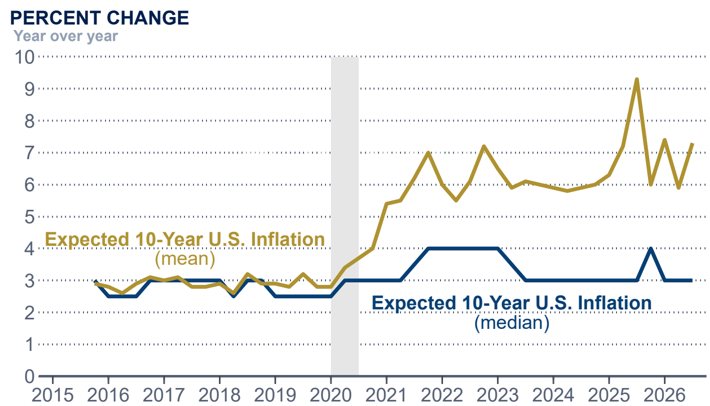


Notes: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2026 Q3. Data are plotted four quarters ahead to reflect the period for which they are forecast. Shaded areas indicate NBER recessions.

Long-Term Median Inflation Expectations Hold Steady

For the longer run, firms' median expectations of the average annual price increase that U.S. consumers will experience over the next 10 years held steady from last quarter at 3.0 percent. The mean expectation rose to 7.3 percent from 5.9 percent, after falling last quarter.

Ten-Year-Ahead U.S. Inflation Expectations



Notes: PIES data are the 10 percent trimmed mean and median of responses provided by firms through 2026 Q3. 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 Q3 (%)**	**Previous 2026 Q2 (%)**
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**	**2.4**	**3.1**
	Manufacturing	3.1	4.5
	Nonmanufacturing	1.9	2.0
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**	**2.4**	**2.8**
	Manufacturing	3.2	3.4
	Nonmanufacturing	1.8	2.3
Expected Change in Own Compensation Compensation the respondent's firm will pay per employee (for wages and benefits) over the next four quarters	**All**	**3.4**	**3.4**
	Manufacturing	3.5	3.6
	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**	**3.5**
	All	**3.4**	**4.2**
	Manufacturing	3.2	4.0
	Nonmanufacturing	3.6	4.4
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**	**3.0**
	All	**7.3**	**5.9**
	Manufacturing	7.0	6.1
	Nonmanufacturing	7.6	5.8

Notes: Results reflect data received through August 20, 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 2026 Q2 for 2027 Q2.