Technical Appendix to 'Effects of Tariff Uncertainty on Small and Medium-Sized Businesses Expectations'

August 8, 2025

1 Survey Description

This brief uses data from a survey of US small and medium-sized businesses (SMBs) administered by Morning Consult, which has introduced other large-scale surveys (see, for example, Hajdini et al. (2022, 2024)). We use three waves of the survey administered December 24, 2024 through January 2, 2025, February 18–24, 2025, and April 22–27, 2025. Each survey wave contains a cross-sectional sample of 500 to 600 firms. See the Technical Appendix of "Small and Medium-sized Businesses' Expectations Concerning Tariffs, Costs, and Prices" for full details.

We measure tariff and business uncertainty using implied variances based on assuming a simple triangular distribution defined over their lowest, average, and highest expected values (see for example, Kotz and van Dorp (2004)). Before computing these implied variances, we winsorize the top and bottom 1 percent of responses for each of the lowest, average, and highest expected values reported for each tariff or aspect of the firms' businesses.

For our analysis, we exclude approximately 10 percent of firms from each wave that pervasively choose the "stay the same" response for questions about cost changes over the next year for both total unit costs and costs within 11 different subcategories as well as price changes at four different horizons up to a year into the future (a total of 16 responses). We consider these respondents to potentially not be answering the questions to the best of their abilities.

The next section contains a selection of survey questions from the firm and consumer surveys that we use in our analysis to estimate these causal effects.

2 Select Survey Questions

MCSMB701: In 2025, tariffs may increase for many imported goods and services. How high do you think the new tariffs will be for Canada/Mexico/China/other Asian countries/European countries? Please indicate your answer in percent. [Note: Question asked individually for each country/region.]

○ Average tariff %_____

○ Lowest possible tariff %_____

○ Highest possible tariff %_____

MCSMB715a/b: For this next question, we would like you to think about the ways in which uncertainty about business conditions faced by your firm may (or may not) affect decisions in your firm. In particular, for each of the following options, please provide an answer ranging from "much more likely" to "much less likely" that best describes how you would be affected by an increase/decrease in your firm's business uncertainty.

If uncertainty for your business went up/down, how likely would your firm be to ...
[Note: Random groups of respondents received either the uncertainty increase or decrease prompt.]

	Much more likely	Somewhat more likely	Neither more nor less likely	Somewhat less likely	Much less likely
Increase headcount	○	○	○	○	○
Increase investment	○	○	○	○	○
Expect higher revenues	○	○	○	○	○
Expect higher demand for my products	○	○	○	○	○
Expect higher profitability	○	○	○	○	○

MCSMB716: Over the next 12 months, by what percent do you expect each of the following aspects of your business to change? We are interested in the scenario you expect, but also in your best and worst case scenario. Please answer in %, using negative values for decreases.

	Average change (expected scenario)	Lowest possible change (worst-case scenario)	Highest possible change (best-case scenario)
Headcount	_____	_____	_____
Investment	_____	_____	_____
Unit costs	_____	_____	_____
Revenues from domestic sales	_____	_____	_____
Revenues from foreign sales	_____	_____	_____
Profit margins	_____	_____	_____

References

Hajdini, Ina, Edward Knotek, John Leer, Mathieu Pedemonte, Robert Rich, and Raphael Schoenle. 2024. "Indirect Consumer Inflation Expectations: Theory and Evidence." *Journal of Monetary Economics* 145:103568.

Hajdini, Ina, Edward Knotek, Mathieu Pedemonte, Robert Rich, John Leer, and Raphael Schoenle. 2022. "Indirect Consumer Inflation Expectations." Working Paper 2022-03, Federal Reserve Bank of Cleveland.

Kotz, Samuel and Johan Rene van Dorp. 2004. *Beyond Beta: Other Continuous Families Of Distributions With Bounded Support And Applications.* World Scientific.