Chicago Fed Survey of Business Conditions

Survey shows growth continued at a modest pace in late November and December

The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index declined to \(-17\) from \(-12\), suggesting that growth in economic activity continued at a modest pace in late November and December. The CFSBC Manufacturing Activity Index rose to \(-20\) from \(-37\), and the CFSBC Nonmanufacturing Activity Index fell to \(-16\) from zero.

- Respondents’ outlooks for the U.S. economy for the next six to 12 months improved, and remained positive. Those respondents with optimistic outlooks expected steady growth in the U.S. economy in 2016 and highlighted continuing improvement in the labor market, while those with pessimistic outlooks cited the negative effects on exports from weak growth overseas and the strong dollar.
- The pace of current hiring slowed some, and respondents lowered their expectations for the pace of hiring over the next six to 12 months. Both hiring indexes remained negative.
- The pace of current capital spending increased slightly, and respondents raised their expectations for the pace of capital spending over the next six to 12 months. However, both capital spending indexes remained negative.
- Growth in wage and nonwage cost pressures ticked up, but both indexes remained negative.
Additional Survey Results

Activity

Hiring

Capital Spending

Cost Pressures

Notes: Positive readings of the current activity, hiring, capital spending, and wage and nonwage cost pressures indexes indicate that more respondents reported above-average growth at their respective firms than below-average growth in current activity, hiring, capital spending, and wage and nonwage cost pressures. Positive readings of the planned hiring and capital spending indexes indicate similar outcomes for questions pertaining to expectations for hiring and capital spending in the next six to 12 months. Positive readings of the outlook index indicate more respondents reported above-average outlooks for the U.S. economy over the next six to 12 months than below-average ones. The bar charts report the percentage of responses for types of occupations currently in demand; reasons for capital spending and its allocation; and sources of increasing wage and nonwage cost pressures. The numbers may add up to more than 100 percent because more than one option can be chosen.

CFSBC release dates, historical data, and background information are available at chicagofed.org/cfsbc.