The Chicago Fed Survey of Business Conditions

Survey shows growth slowed in October and early November

The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index decreased to −20 from +9, suggesting that growth in economic activity slowed to a modest pace in October and early November. The CFSBC Manufacturing Activity Index remained at +3, and the CFSBC Nonmanufacturing Activity Index decreased to −33 from +12.

- Respondents’ outlooks for the U.S. economy for the next six to 12 months remained optimistic on balance. Respondents with optimistic outlooks highlighted solid demand from U.S. consumers, continuing improvements in the labor and housing markets, and the potential for fiscal stimulus and tax and regulatory reform following the U.S. elections. Respondents with pessimistic outlooks cited signs of slowing demand for automobiles and housing and elevated policy uncertainty following the U.S. elections.
- The pace of current hiring moved down slightly, as did respondents’ expectations for the pace of hiring over the next six to 12 months. Both hiring indexes remained negative.
- The pace of current capital spending decreased, and respondents’ expectations for the pace of capital spending over the next six to 12 months also moved lower. Both capital spending indexes were negative.
- The wage cost pressures index decreased and remained negative, while the nonwage cost pressures index increased and moved into positive territory.

The next CFSBC will be released:
January 18, 2017
3:00 pm Eastern Time
2:00 pm Central Time

Federal Reserve Bank of Chicago
312-322-2387

Notes: Positive readings of the overall activity index indicate that more respondents reported above-average growth in activity at their respective firms than below-average growth over the past four to six weeks. The manufacturing and nonmanufacturing activity indexes are calculated in a similar manner by dividing survey responses between manufacturing and nonmanufacturing firms. All three indexes are measured in percentage terms, such that if all respondents report above-average growth they will be +100; and, conversely, if all respondents report below-average growth they will be −100 (see the sidebar for further details on the indexes’ construction).
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.