Chicago Fed Survey of Business Conditions

Survey shows growth increased in late February and March

The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index increased to +13 from +6, suggesting that growth in economic activity stayed at a moderate pace in late February and March. The CFSBC Manufacturing Activity Index rose to +50 from +30, while the CFSBC Nonmanufacturing Activity Index remained at −8.

- Respondents’ outlooks for the U.S. economy for the next six to 12 months remained optimistic on balance. Respondents with optimistic outlooks highlighted increased demand for their firms’ products (particularly those from manufacturing and construction firms) and the potential for fiscal stimulus and tax and regulatory reform under the new U.S. presidential administration. Respondents with pessimistic outlooks cited the slowdown in auto sales and elevated policy uncertainty under the new U.S. presidential administration.
- The pace of current hiring decreased, as did respondents’ expectations for the pace of hiring over the next six to 12 months. Both hiring indexes were negative.
- The pace of current capital spending decreased, and respondents’ expectations for the pace of capital spending over the next six to 12 months declined as well. While the current capital spending index continued to be negative, the capital spending expectations index remained in positive territory.
- The wage cost pressures index increased and turned positive. The nonwage cost pressures index decreased and turned negative.

Activity Indexes: Overall and by Sector

The CFSBC will be released:
May 31, 2017
3:00 pm Eastern Time
2:00 pm Central Time
Additional Survey Results

### Activity

- **Hiring**
  - 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.

### Capital Spending

- **Spending for (%):**
  - **Replacement:** 69%
  - **Expansion:** 36%
  - **Research & Development:** 37%
  - **Mergers & Acquisitions:** 11%

- **Spending on (%):**
  - **Industrial Equipment:** 48%
  - **IT Equipment:** 46%
  - **Transportation Equipment:** 9%
  - **Structures:** 36%
  - **Intellectual Property:** 16%
  - **Other:** 9%

### Cost Pressures

- **Increasing Wage Costs (%):**
  - **Management:** 59%
  - **Professional & Technical:** 63%
  - **Sales:** 35%
  - **Administration:** 39%
  - **Maintenance:** 22%
  - **Production:** 45%
  - **Transportation:** 10%
  - **Other:** 6%

- **Increasing Nonwage Costs (%):**
  - **Materials:** 42%
  - **Energy:** 23%
  - **Equipment:** 18%
  - **Property:** 9%
  - **Benefits:** 60%
  - **Shipping:** 11%
  - **Taxes & Regulations:** 21%
  - **Other:** 9%

**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.*