The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index increased to +27 from –14, suggesting that growth in economic activity picked up to a moderate pace in late November and December. The CFSBC Manufacturing Activity Index moved up to +48 from +9, and the CFSBC Nonmanufacturing Activity Index rose to +15 from –29.

- Respondents’ outlooks for the U.S. economy for the next six to 12 months improved, and remained optimistic on balance. Respondents with optimistic outlooks highlighted the federal tax reform, good economic data, and increased demand for their firms’ products. Respondents with pessimistic outlooks expressed concern that the federal tax reform could have a negative long-term effect on the economy.

- The pace of current hiring edged up, and respondents’ expectations for the pace of hiring over the next six to 12 months improved. But both indexes remained negative.

- The pace of current capital spending was unchanged, but respondents’ expectations for the pace of capital spending over the next six to 12 months increased. While the current capital spending index remained negative, the capital spending expectations index turned positive.

- The wage cost pressures index edged down and moved into negative territory. In contrast, the nonwage cost pressures index increased and moved into positive territory.

### Activity Indexes: Overall and by Sector

<table>
<thead>
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<th></th>
<th>2013</th>
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<th>2015</th>
<th>2016</th>
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<th>2018</th>
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<tr>
<td><strong>Manufacturing</strong></td>
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<td>Activity Index</td>
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<tr>
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<tr>
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</table>

The next CFSBC will be released:
March 7, 2018
3:00 pm Eastern Time
2:00 pm Central Time

**FEDERAL RESERVE BANK OF CHICAGO**
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.