

## News Release

Embargoed for release:  
3:00 pm Eastern Time  
July 17, 2019

Contact:  
**Michael Adleman**  
Media Relations  
Federal Reserve Bank of Chicago  
312-322-2934

### What is the *Survey of Business Conditions*?

Business contacts in the Seventh Federal Reserve District are asked to rate various aspects of business conditions along a seven-point scale ranging from “substantially increased” to “substantially decreased.” A series of diffusion indexes summarizing the distribution of responses is then calculated.

### How are the indexes constructed?

Respondents’ answers on the seven-point scale are assigned a numeric value ranging from +3 to -3. Each diffusion index is calculated as the difference between the number of respondents with answers above their respective average responses and the number of respondents with answers below their respective average responses, divided by the total number of respondents. The index is then multiplied by 100 so that it ranges from +100 to -100 and will be +100 if every respondent provides an above-average answer and -100 if every respondent provides a below-average answer. Respondents with no prior history of responses are excluded from the calculation.

### What do the numbers mean?

Respondents’ respective average answers to a question can be interpreted as representing their historical trends or long-run averages. Thus, zero index values indicate that, on balance, activity, hiring, capital spending, and cost pressures are growing at their trend rates or that outlooks are neutral. Positive index values indicate above-average growth (or optimistic outlooks) on balance, and negative values indicate below-average growth (or pessimistic outlooks) on balance.

The next CFSBC will be released:  
September 4, 2019  
3:00 pm Eastern Time  
2:00 pm Central Time

FEDERAL RESERVE BANK  
OF CHICAGO

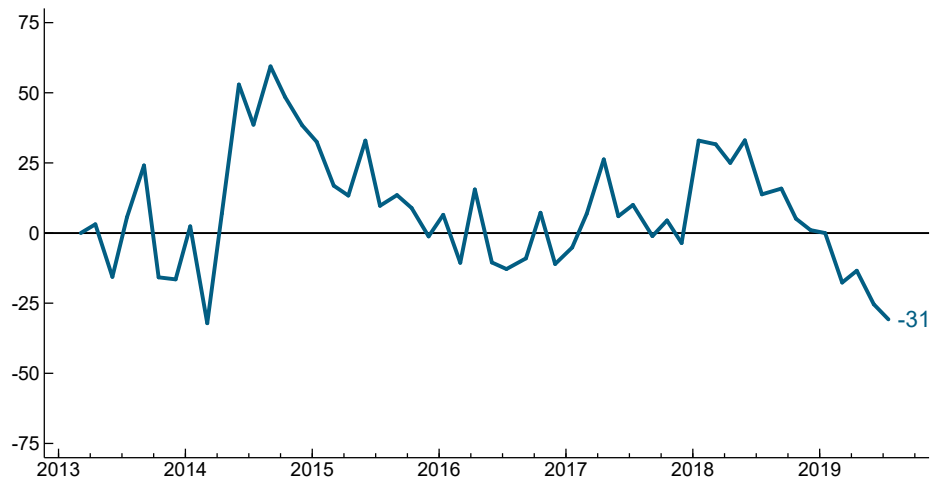
# Chicago Fed Survey of Business Conditions

## Survey shows growth slowed some in late May and June

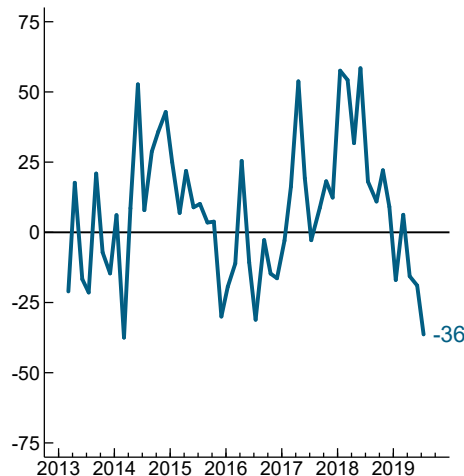
The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index decreased to -31 from -25, suggesting that growth in economic activity remained at a modest pace in late May and June. The CFSBC Manufacturing Activity Index fell to -36 from -19, and the CFSBC Nonmanufacturing Activity Index edged up to -26 from -29.

- Respondents’ outlooks for the U.S. economy for the next 12 months improved, turning optimistic on balance. Respondents with optimistic outlooks highlighted good economic data, particularly for the labor market, and growing demand for their firms’ products. Respondents with pessimistic outlooks highlighted elevated policy uncertainty under the current U.S. presidential administration, particularly in regard to trade policy.
- The pace of current hiring decreased, as did respondents’ expectations for the pace of hiring over the next 12 months. Both hiring indexes remained negative.
- The pace of current capital spending increased, while respondents’ expectations for the pace of capital spending over the next 12 months decreased. Both capital spending indexes remained negative.
- The wage cost pressures index moved down, as did the nonwage cost pressures index. Both cost pressures indexes remained negative.

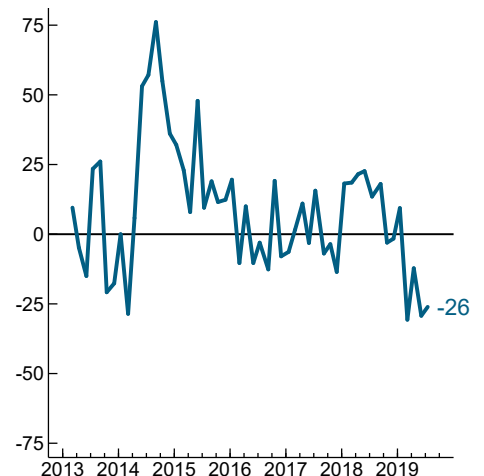
### Activity Indexes: Overall and by Sector



### Manufacturing

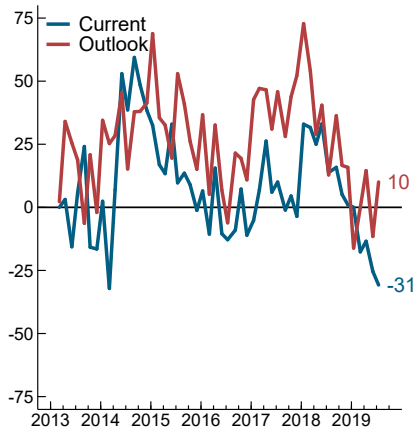


### Nonmanufacturing

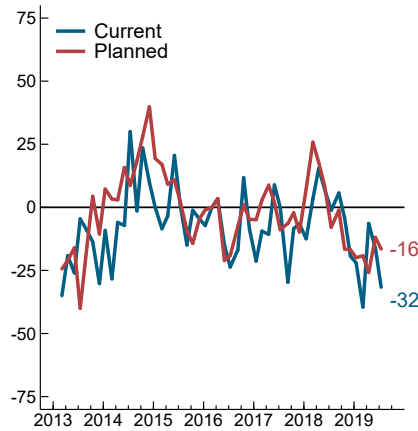


## Additional Survey Results

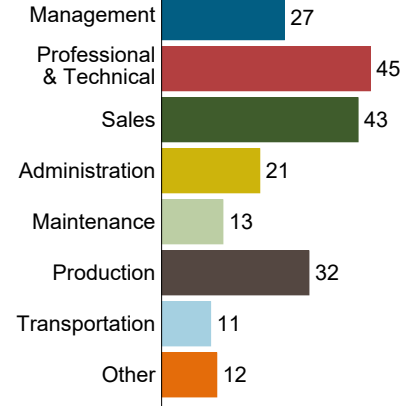
### Activity



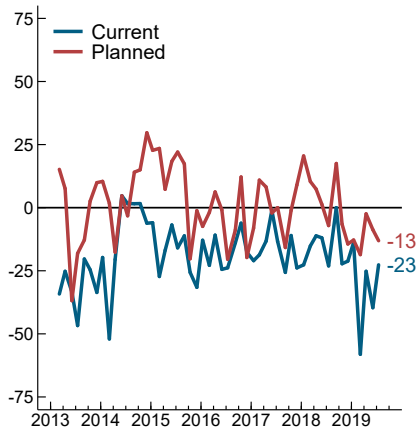
### Hiring



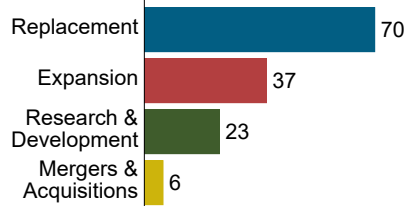
### Occupations (%)



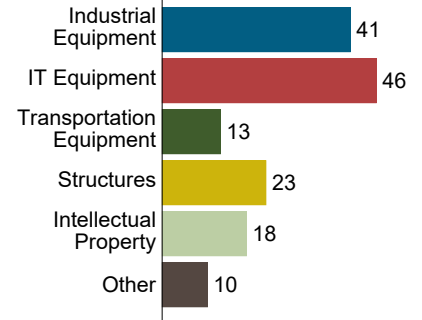
### Capital Spending



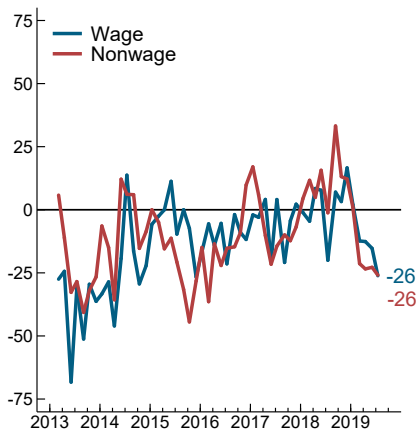
### Spending for (%)



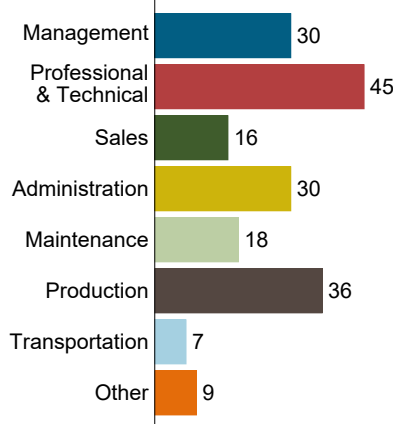
### Spending on (%)



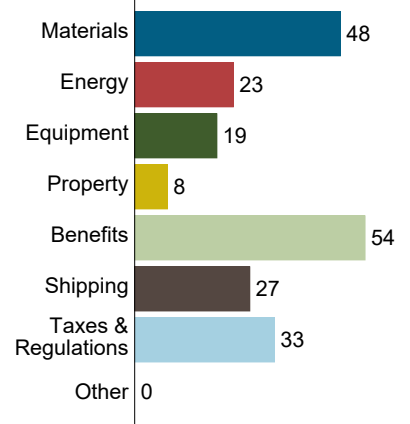
### Cost Pressures



### Increasing Wage Costs (%)



### Increasing Nonwage Costs (%)



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.