Survey suggests growth slowed further in April

The Chicago Fed Survey of Business Conditions (CFSBC) Activity Index decreased to –69 in April from –55 in March, suggesting that economic growth remained well below trend. The CFSBC Manufacturing Activity Index fell to –94 in April from –48 in March, but the CFSBC Nonmanufacturing Activity Index ticked up to –57 in April from –58 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months improved, but remained pessimistic on balance. Respondents with more optimistic outlooks expected a faster recovery from the Covid-19 crisis. A number of respondents raised concerns about a second wave of Covid-19 infections and expressed uncertainty about when an effective treatment or vaccine would be developed.
- The pace of current hiring decreased, but respondents’ expectations for the pace of hiring over the next 12 months increased. Both hiring indexes remained negative.
- Respondents’ expectations for the pace of capital spending over the next 12 months increased, but the capital spending expectations index remained negative.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. Both cost pressures indexes remained negative.

Activity Indexes: Overall and by Sector

The next CFSBC will be released:
June 10, 2020
10:00 am Eastern Time
9:00 am Central Time

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Notes: Positive readings of the current activity, hiring, and labor and nonlabor cost pressures indexes indicate that more respondents reported above-average growth at their respective firms than below-average growth in current activity, hiring, and labor and nonlabor 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 12 months. Positive readings of the outlook index indicate more respondents reported above-average outlooks for the U.S. economy over the next 12 months than below-average ones. The bar charts report the percentage of responses indicating increased employment by skill type; purchases of new capital by purpose and type; and increased unit labor and nonlabor costs by type. The numbers may add up to more than 100 percent because more than one option can be chosen. In late 2019, the underlying survey questions on cost pressures were changed to focus on labor and nonlabor costs instead of wage and nonwage costs. The results based on this change were first reported in the November 27, 2019, release.