

Slowdown Fears Drove Mass. Biz Confidence Down in June

By [Erin Delaney](#) | Special to Banker & Tradesman | Jul 16, 2024 | [Reprints](#) | [Unlock Link](#) | [Print](#)



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Massachusetts business confidence fell in June amid indications that the Federal Reserve's two-year effort to moderate inflation may finally be slowing down the economy, according to a monthly survey conducted by The Associated Industries of Massachusetts.

The Associated Industries of Massachusetts Business Confidence Index declined 3.5 points to 49.8 from last month, which is its lowest mark since September.

Sara Johnson, chair of the AIM Board of Economic Advisors, which oversees the index's production, provided a possible explanation for the monthly result.

"One constant in the AIM survey has been weak sentiment among manufacturers. Thus, most of the June deterioration was in service sectors, where post-pandemic recoveries are largely completed, and activity

may be stalling,” Johnson said in a statement.

The confidence employers have in their own companies also dropped four points to 50.8, the survey revealed. A second index assessing business conditions within Massachusetts fell 4.1 points to 49.7, almost the same as the June 2023 rating of 49.5.

The Current Index, which assesses overall business conditions at the time of the survey, fell 4.9 points to 48.2.

Employers who took part in the June survey indicated a slowdown in new orders and a lengthening of sales cycles.

“Last year was fantastic! This year is off by 13 percent for bookings and invoicing,” one company wrote, according to AIM’s announcement.

Another company wrote: “No one is ordering. Quoting is active but ordering is only what businesses need at the moment. It feels like everyone is holding to see what the election brings. In the meantime, we are reducing our work force by 20 percent.”

AIM President and CEO Brooke Thomson said employers are encouraged that the Massachusetts House of Representatives and Senate have approved their versions of economic development legislation that provides funding and tax credits for life sciences, climate tech and other industries. The chambers must still reconcile their versions of the bill in a conference committee and pass the compromise legislation before the end of this month.

“These bills maintain the Commonwealth’s competitive edge as other states attempt to attract the life-sciences industry. It also extends our lead as the go-to state in the breakthrough climate technology sector. AIM applauds the Legislature for taking a wholistic approach to economic development by spreading the benefits across regions and providing significant support for our foundational industries,” Thomson said in a statement.

The AIM Index is based on a survey of more than 140 Massachusetts employers that has been conducted monthly since 1991. It is calculated on a 100-point scale, with a reading above 50 indicating that the state’s employer community is predominately optimistic, while a reading below 50 points to a negative assessment of business conditions.

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