



SOUTH JERSEY BUSINESS SURVEY

Fourth Quarter 2020

The region's economy experienced overall declines in business activity in the fourth quarter during the resurgence of the pandemic in the region and associated restrictions, according to the firms responding to the *South Jersey Business Survey*. Despite current conditions, most of the survey's indicators for future activity showed increases from the previous quarter, indicating firms' expectations for growth over the next six months.

Current Indicators Weaken

The survey's indicators for activity and sales turned negative in the fourth quarter but were still higher than record lows reported in the first quarter (see Charts 1–3 on page 2). The survey's measure of individual company activity decreased from 9.6 in the third quarter to -9.5 in the fourth. The percentage of firms reporting decreases in general business activity (36 percent) was greater than the percentage reporting increases (22 percent). Additionally, the current sales index decreased from a

reading of 7.8 in the third quarter to -11.0 in the fourth but remained higher than the first half of the year.

The firms perceived overall declines in South Jersey in the fourth quarter: The region's general business activity index for the fourth quarter fell from a marginally positive reading of 0.5 in the previous quarter to -21.6 in the fourth quarter (see Chart 2).

The respondents continued to report decreases in employment. The current employment index decreased to a reading of -10.9 in the fourth quarter and remained negative for the fourth consecutive quarter (see Chart 4).

Firms' Outlook Is Optimistic

Overall, the firms expect increases in future activity over the next six months. The indexes for all of the survey's future measures have positive readings. Additionally, almost all future indicators showed improvements in the fourth quarter. Nearly 45 percent of the respondents expect increases in activity at their own firms, compared with 22 percent that expect decreases. The firms also remained moderately optimistic about future employment: The future employment index remained positive at 4.8 but decreased from 10.6 in the third quarter.

South Jersey Business Survey (Fourth Quarter 2020)					
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)*	Lower	Same	Higher	Diffusion Index (SA)
What is your assessment of the level of general business activity:					
In the region?	0.5	39.8	37.3	15.7	-21.6
At your company?	9.6	36.1	42.2	21.7	-9.5
Other company measures:					
Total sales	7.8	34.9	36.1	24.1	-11.0
Total employees	-5.4	22.9	61.4	12.0	-10.9
Prices received	-11.1	13.3	65.1	8.4	-4.2
Prices paid (excluding energy)	18.8	0.0	39.8	27.7	30.2
2. Future Measures (expectations for the next six months)					
Business activity for the region	-6.3	24.1	38.6	32.5	8.5
Business activity for your company	6.8	21.7	32.5	44.6	19.5
Total sales	3.3	21.7	31.3	42.2	17.2
Total employees	10.6	18.1	54.2	24.1	4.8
Prices received	-5.9	7.2	59.0	20.5	7.3
Prices paid (excluding energy)	17.2	1.2	39.8	24.1	20.9
1. The <i>South Jersey Business Survey</i> is conducted each quarter and is based on responses from members of the Chamber of Commerce Southern New Jersey. 2. Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease. Percentages may not sum to 100 percent because of rounding, omission by respondents, or both. 3. The previous diffusion index may be different from last quarter's because of seasonal adjustment. * SA: Seasonally adjusted					

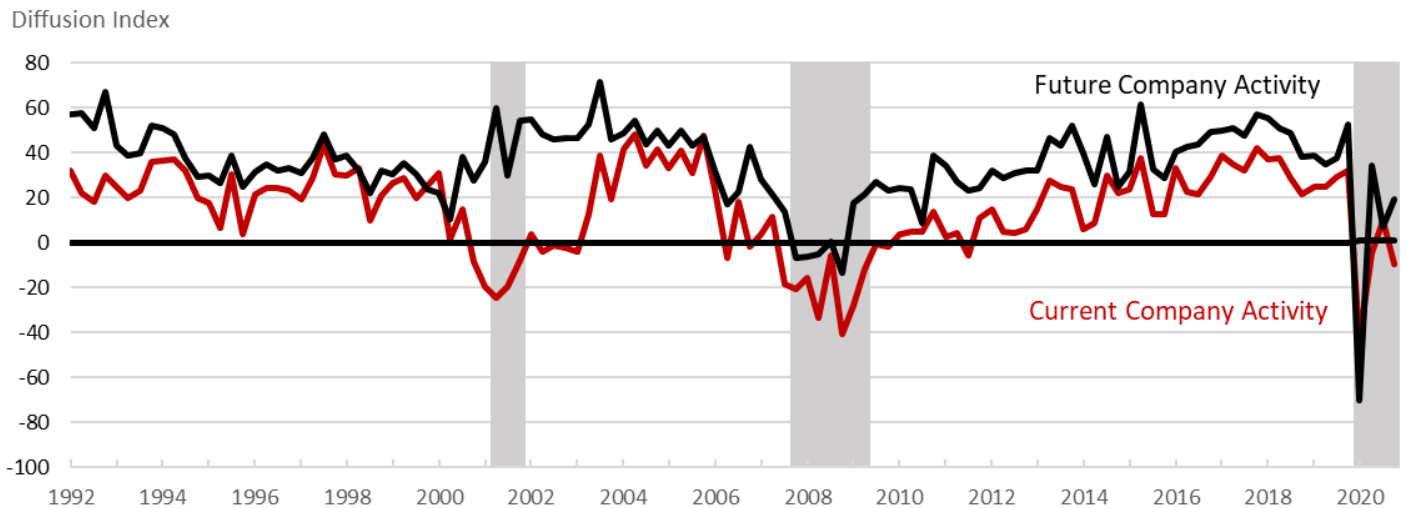
Released: January 14, 2021

Note: Survey responses were collected from January 4 to January 11.

The First Quarter 2021 *South Jersey Business Survey* will be released on April 8, 2021.

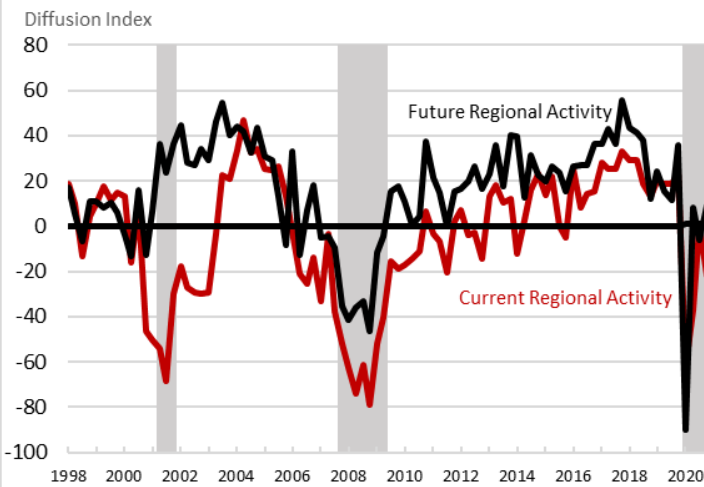
Note: The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/south-jersey-business-survey>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1992 to 4th Quarter 2020



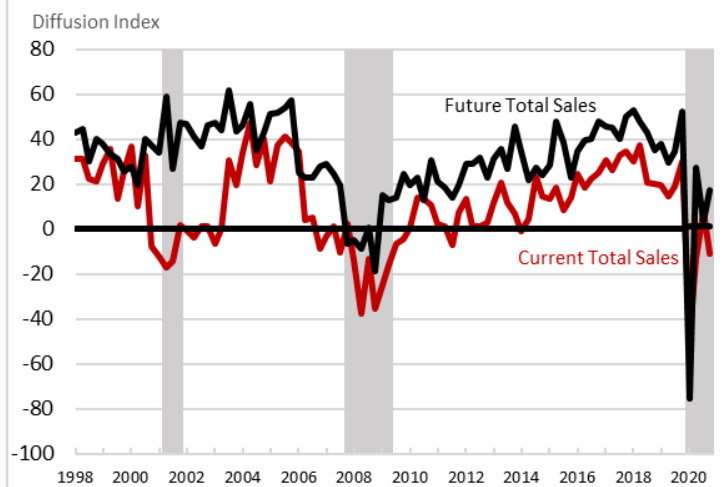
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 4th Quarter 2020



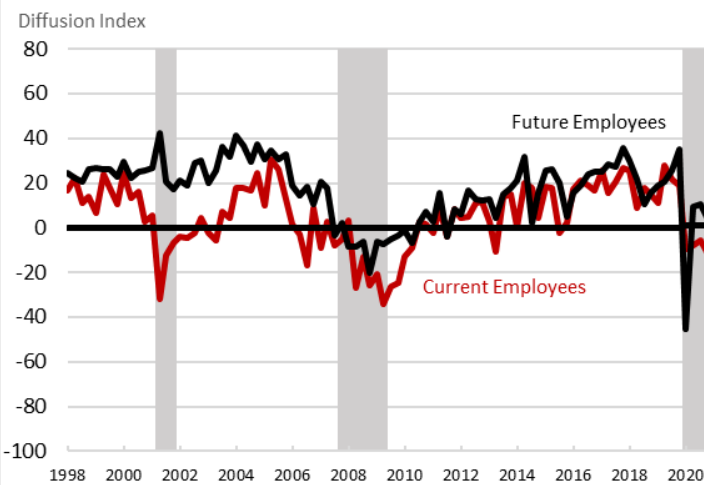
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 4th Quarter 2020



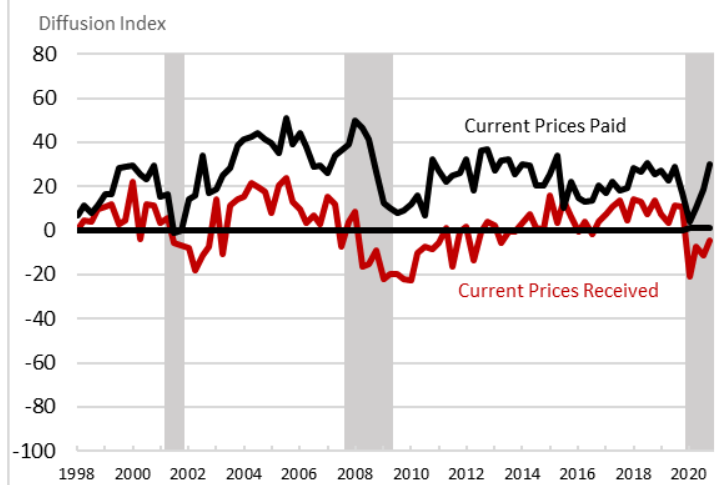
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 4th Quarter 2020



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 5. Current Prices Received and Prices Paid Indexes
1st Quarter 1998 to 4th Quarter 2020



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.