

The Chamber of Commerce for Greater Philadelphia Economic Outlook Survey Results

January 19, 2018

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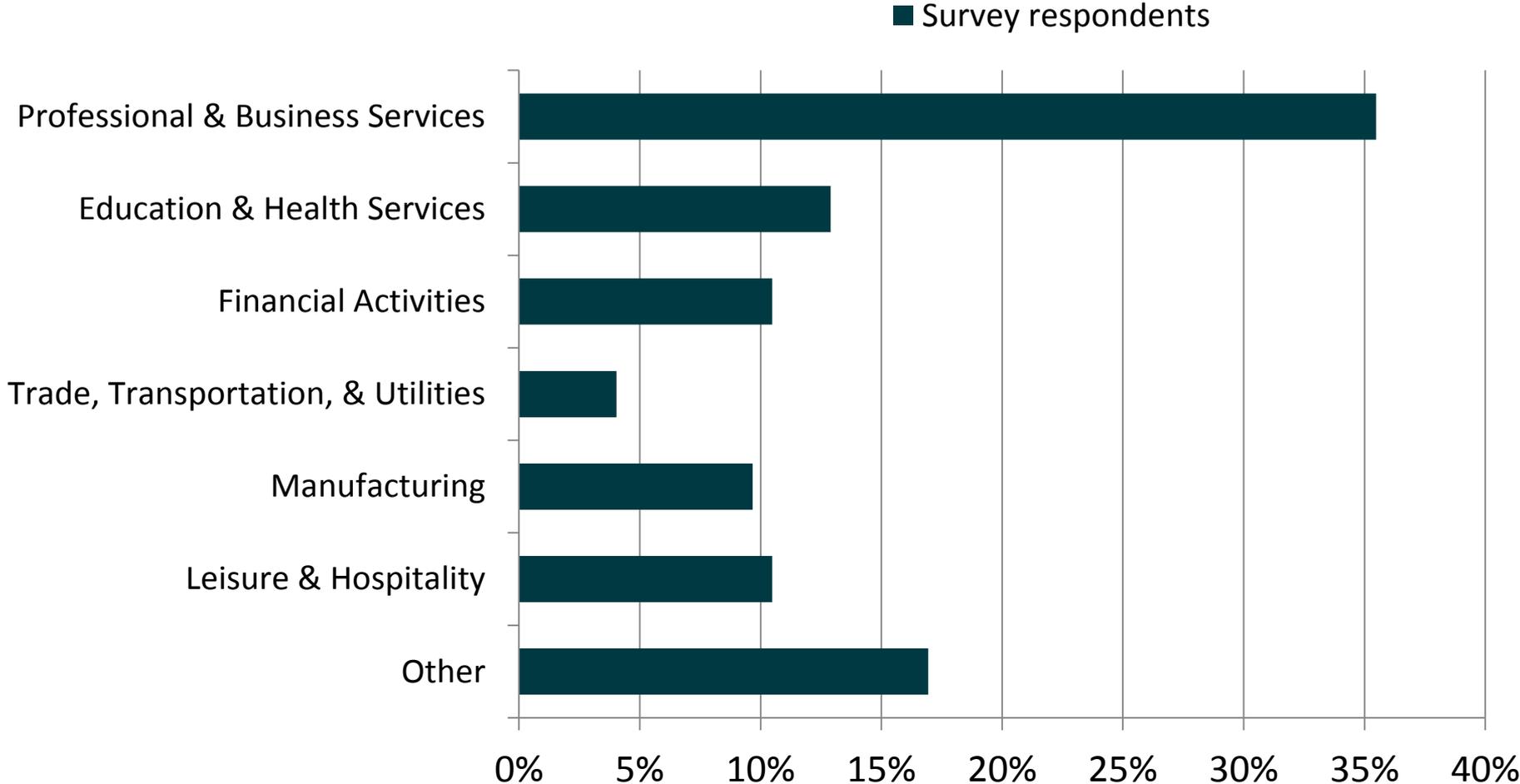
FEDERAL RESERVE BANK OF PHILADELPHIA

** The views expressed today are my own and not necessarily those of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.*



ECONOMIC OUTLOOK SURVEY

Respondent Distribution

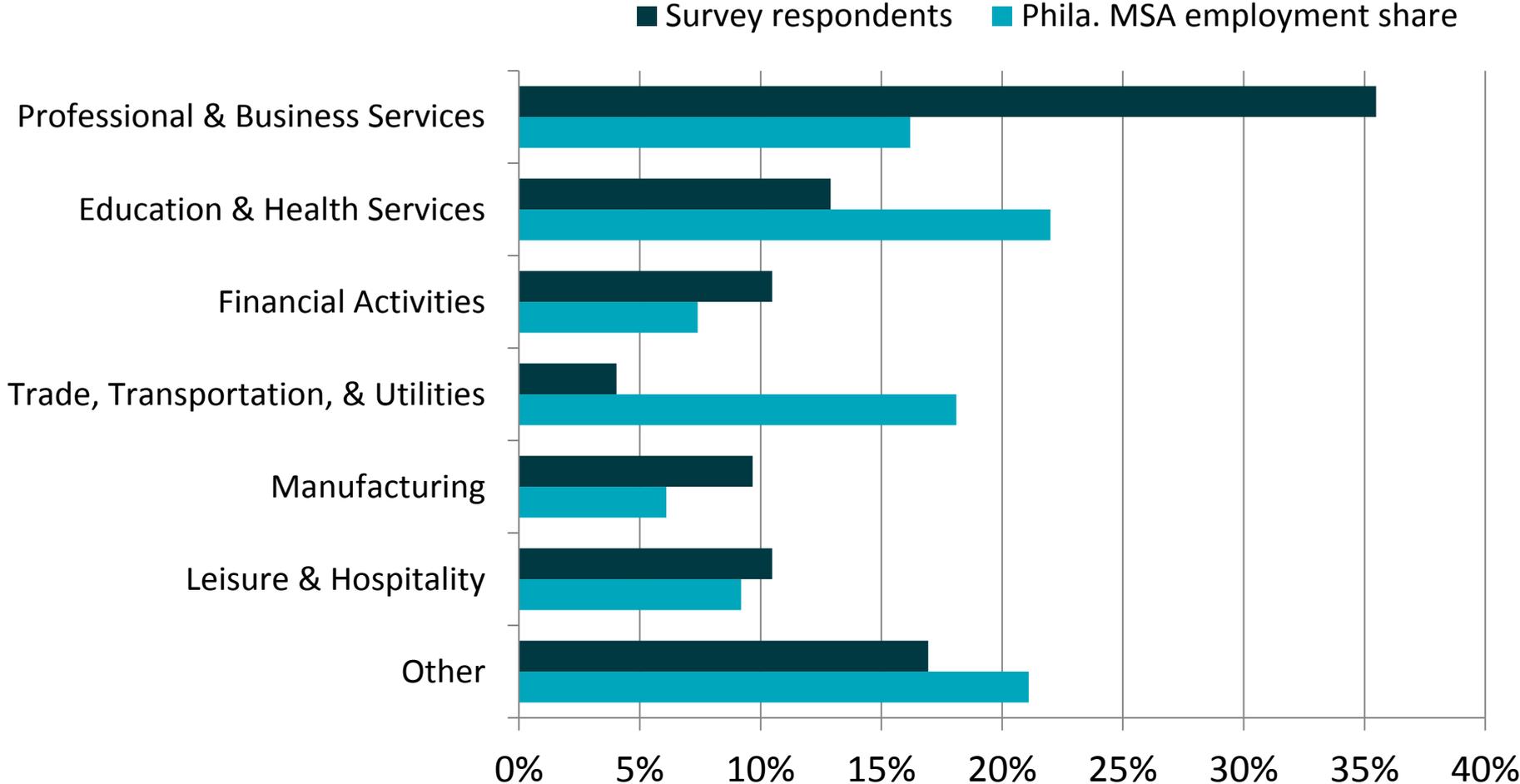


Notes: Survey conducted from Nov. 29 to Dec. 13, 2017. Other category includes Information; Construction, Natural Resources, and Logging; Government; and Other Services sectors.



ECONOMIC OUTLOOK SURVEY

Respondent Distribution



Sources: Survey results; Bureau of Labor Statistics

Notes: Survey conducted from Nov. 29 to Dec. 13, 2017. Other category includes Information; Construction, Natural Resources, and Logging; Government; and Other Services sectors.



DIFFUSION INDEXES

What is your assessment of changes in business activity for your company?

2017 Compared with 2016

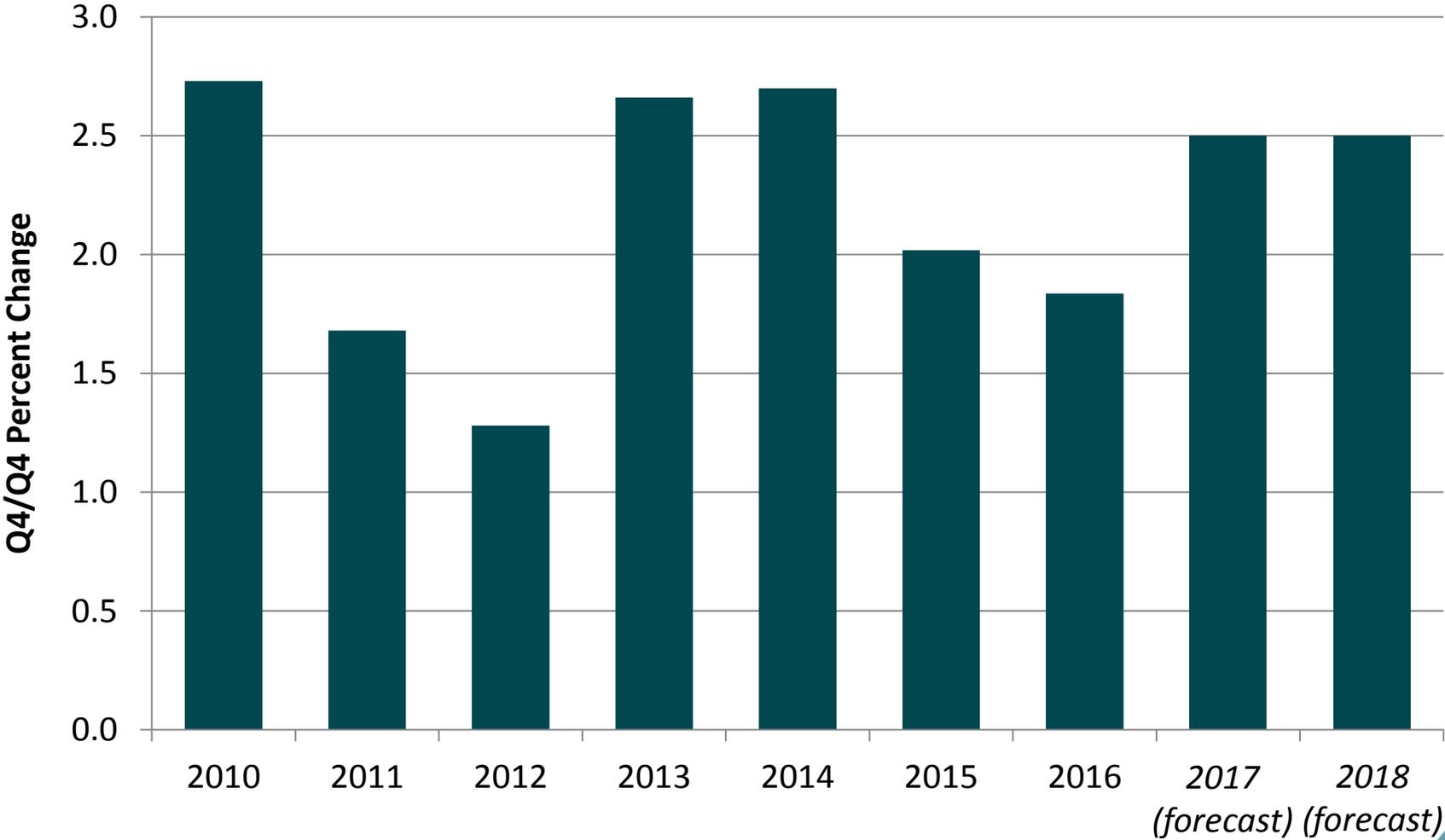
Significantly Lower	Slightly Lower	Same	Slightly Higher	Significantly Higher
5.6%	14.5%	16.1%	43.5%	15.3%

$$(43.5 + 15.3) - (14.5 + 5.6)$$

$$\text{Diffusion Index} = 38.7$$



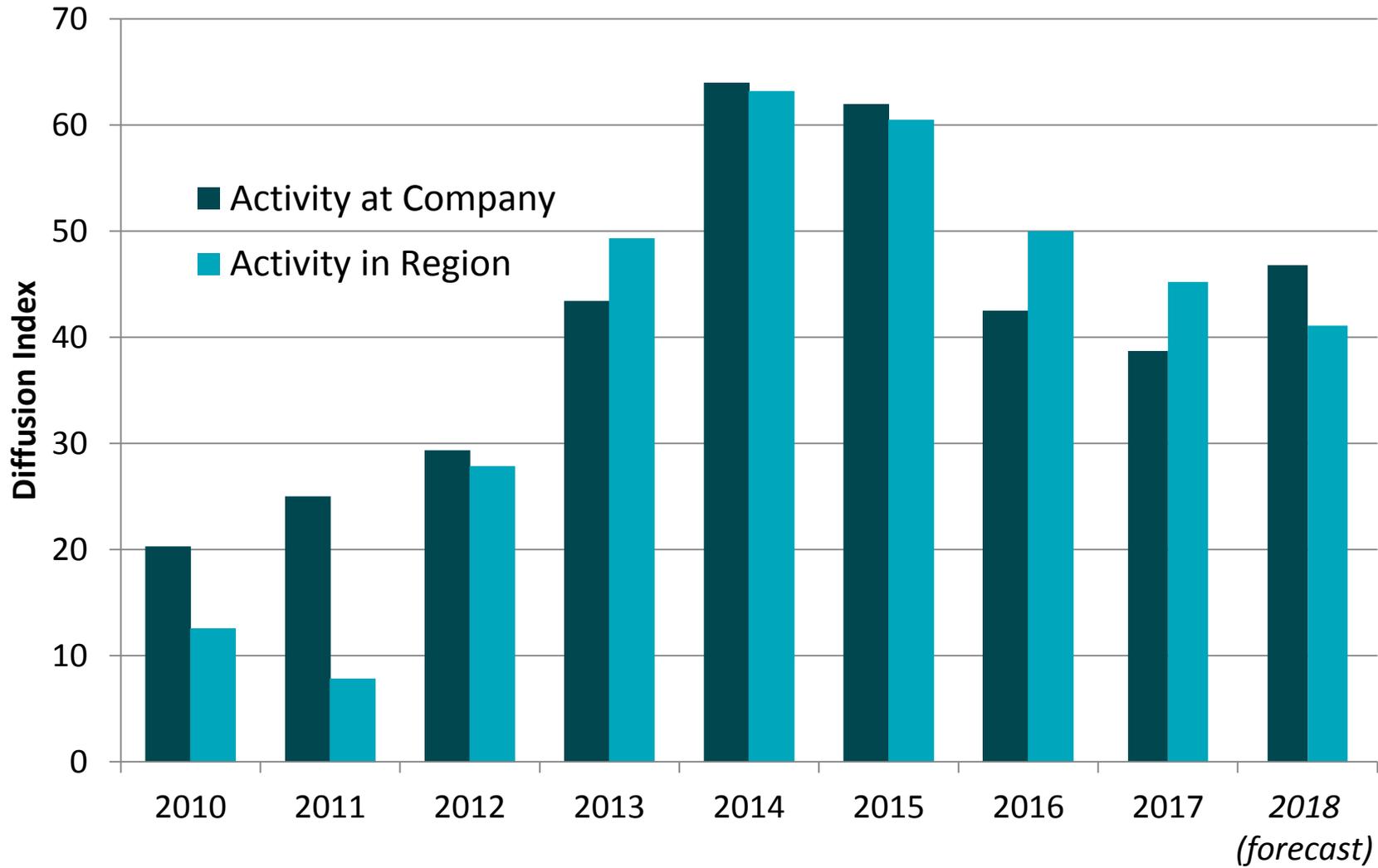
REAL GROSS DOMESTIC PRODUCT — U.S.



Source: Bureau of Economic Analysis via Haver Analytics; FOMC Summary of Economic Projections, December 13, 2017



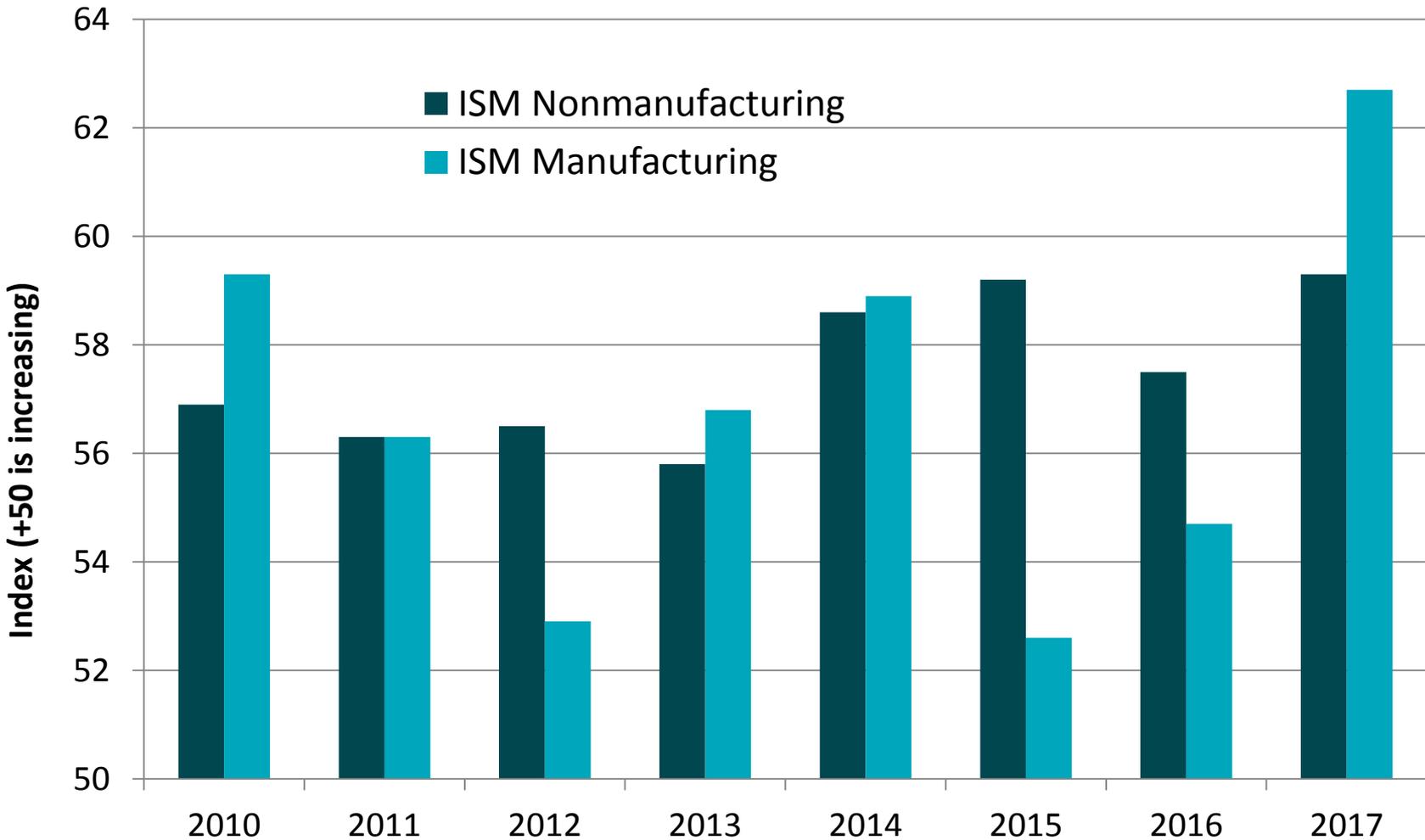
SURVEY RESPONSE — BUSINESS ACTIVITY



Source: Survey Results



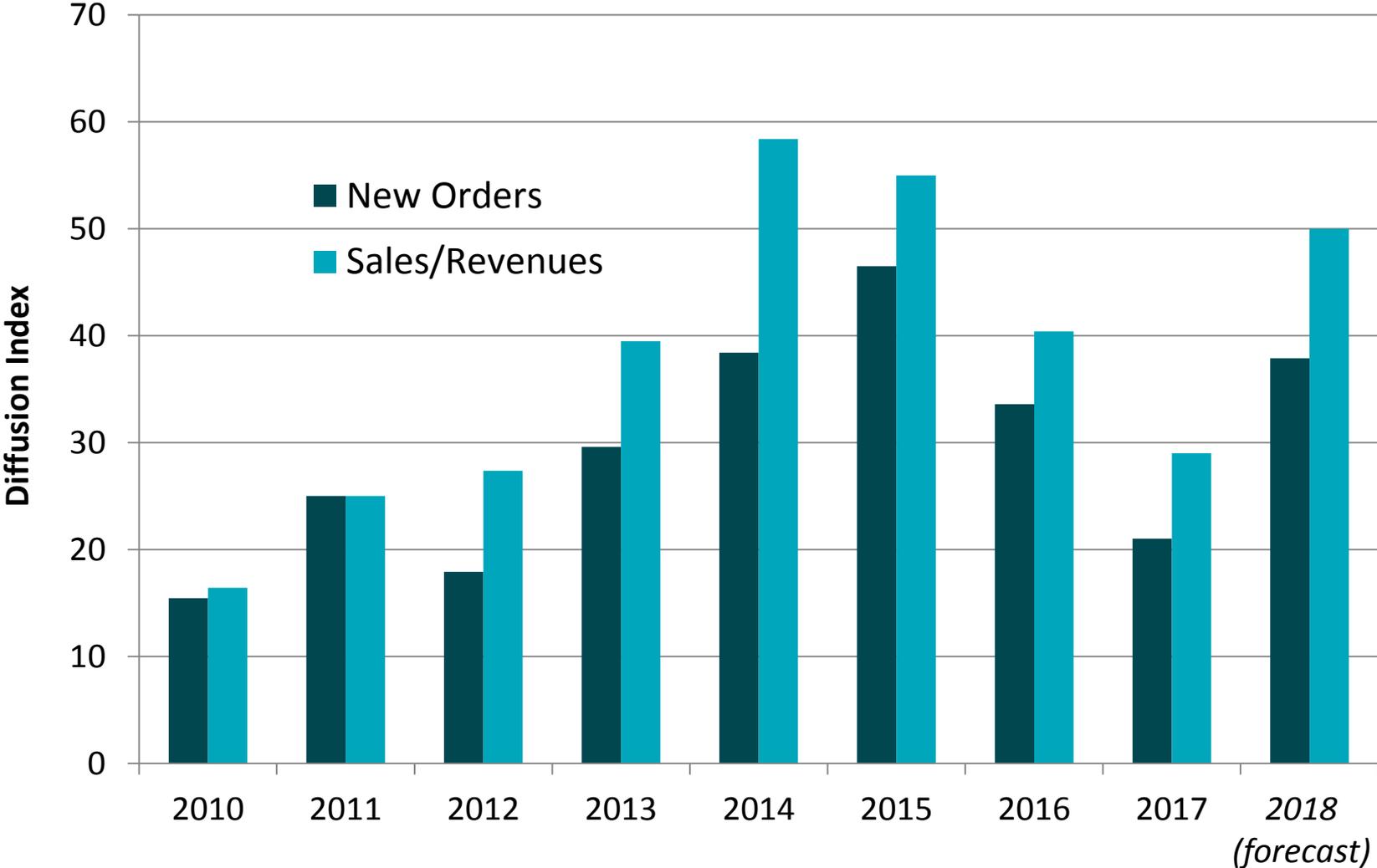
NEW ORDERS — U.S.



Source: Institute for Supply Management (ISM) via Haver Analytics



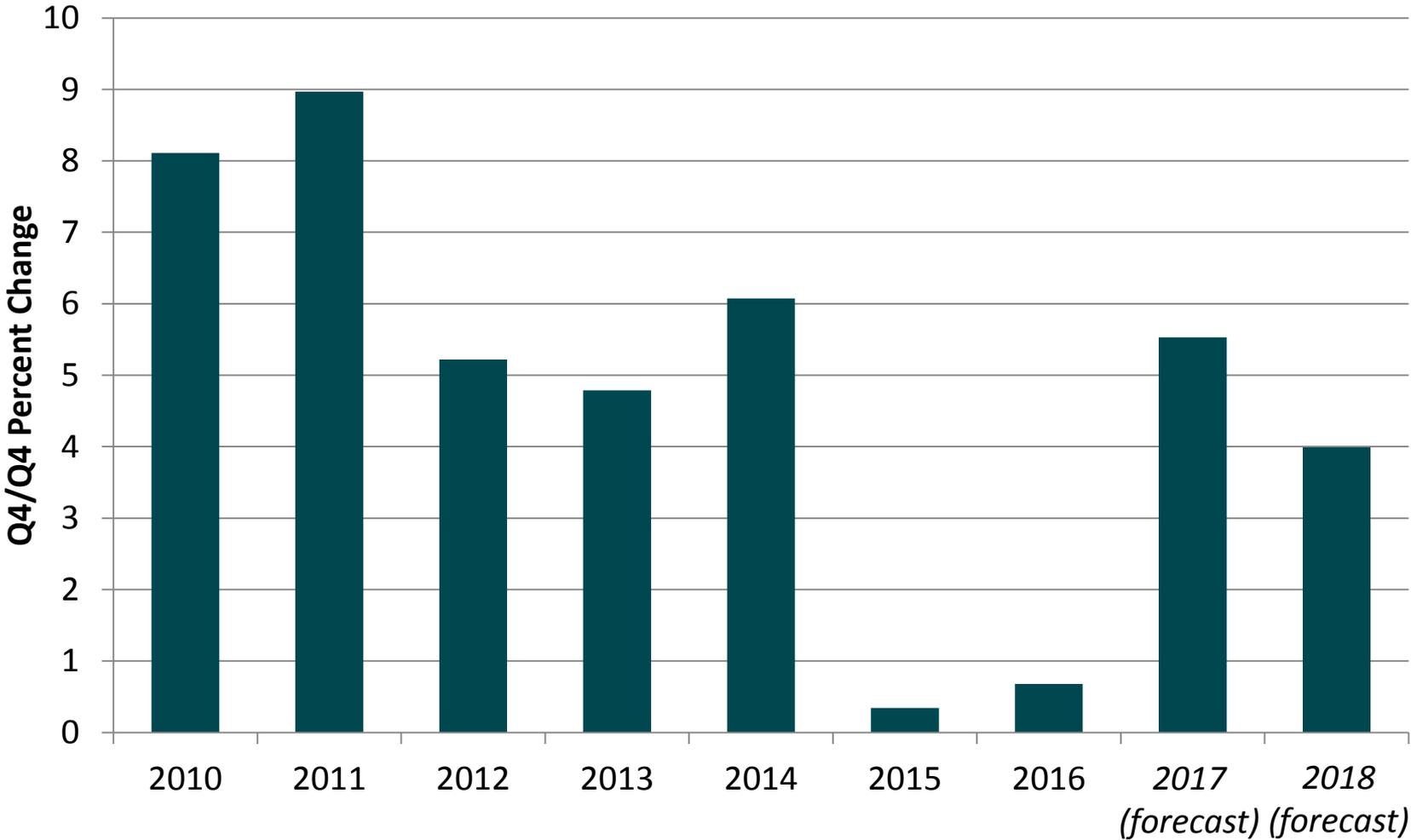
SURVEY RESPONSE — NEW ORDERS AND SALES



Source: Survey Results



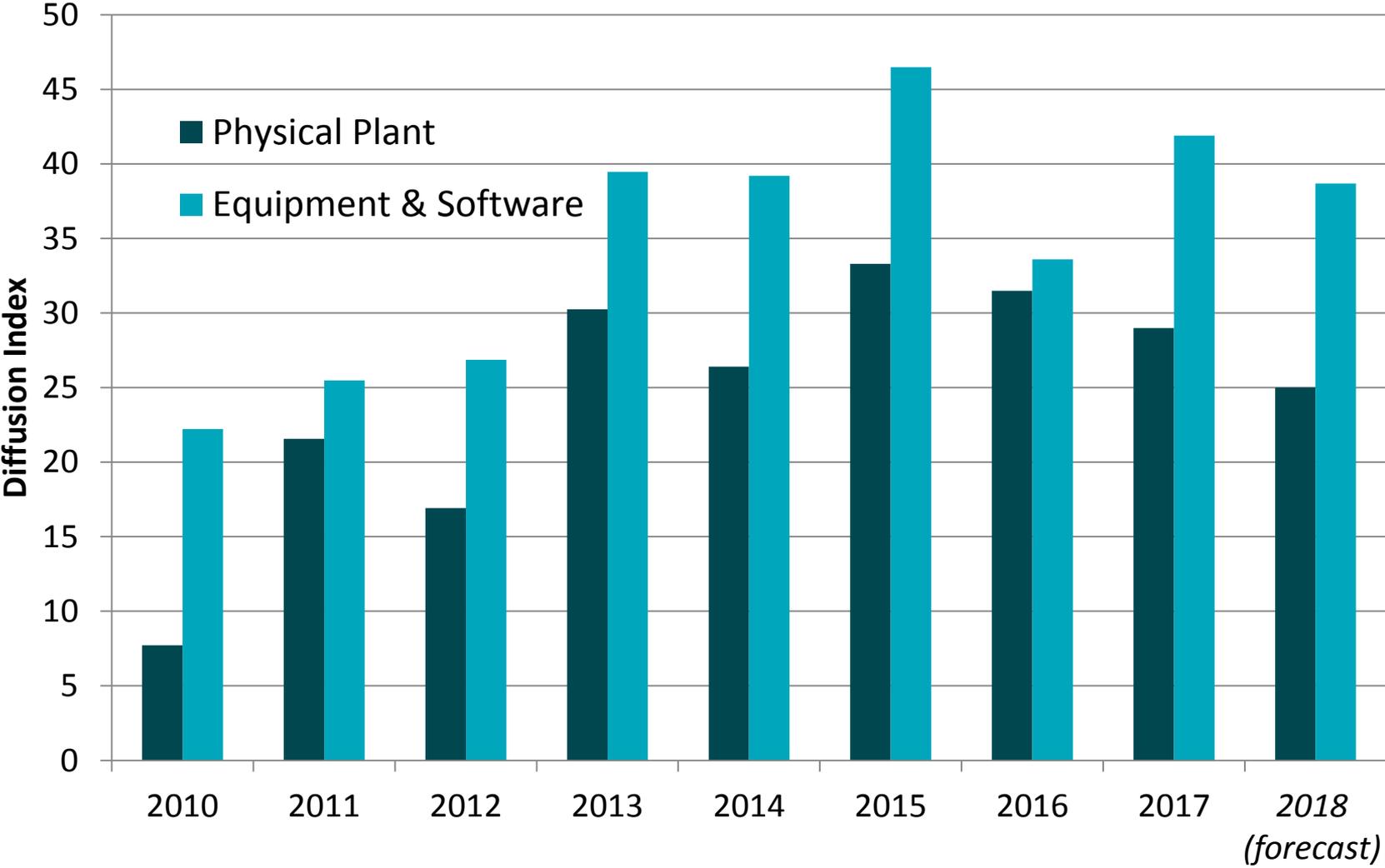
NONRESIDENTIAL INVESTMENT — U.S.



Sources: Bureau of Economic Analysis via Haver Analytics; Federal Reserve Bank of Philadelphia Fourth Quarter 2017 Survey of Professional Forecasters



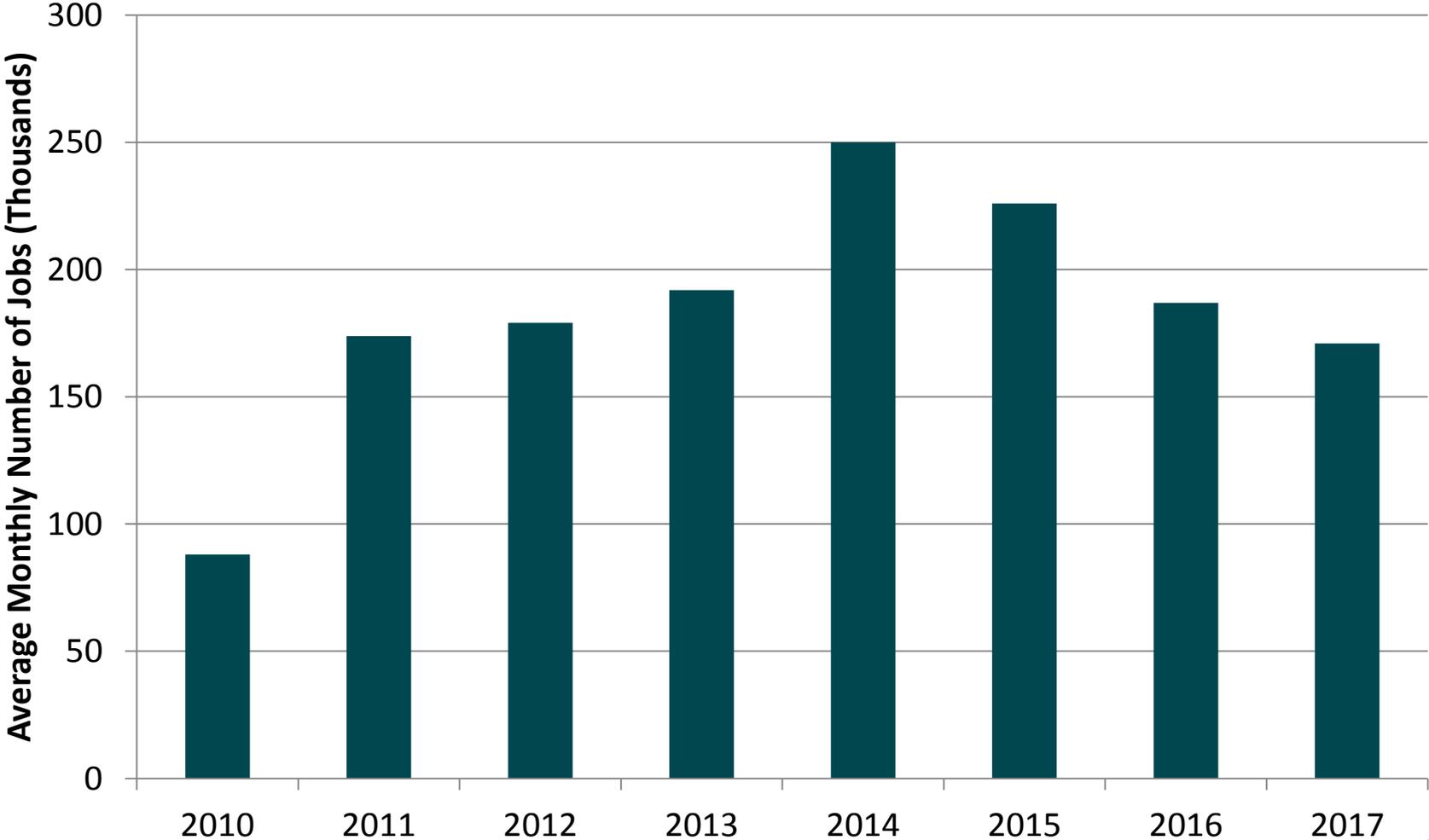
SURVEY RESPONSE — CAPITAL EXPENDITURES



Source: Survey Results



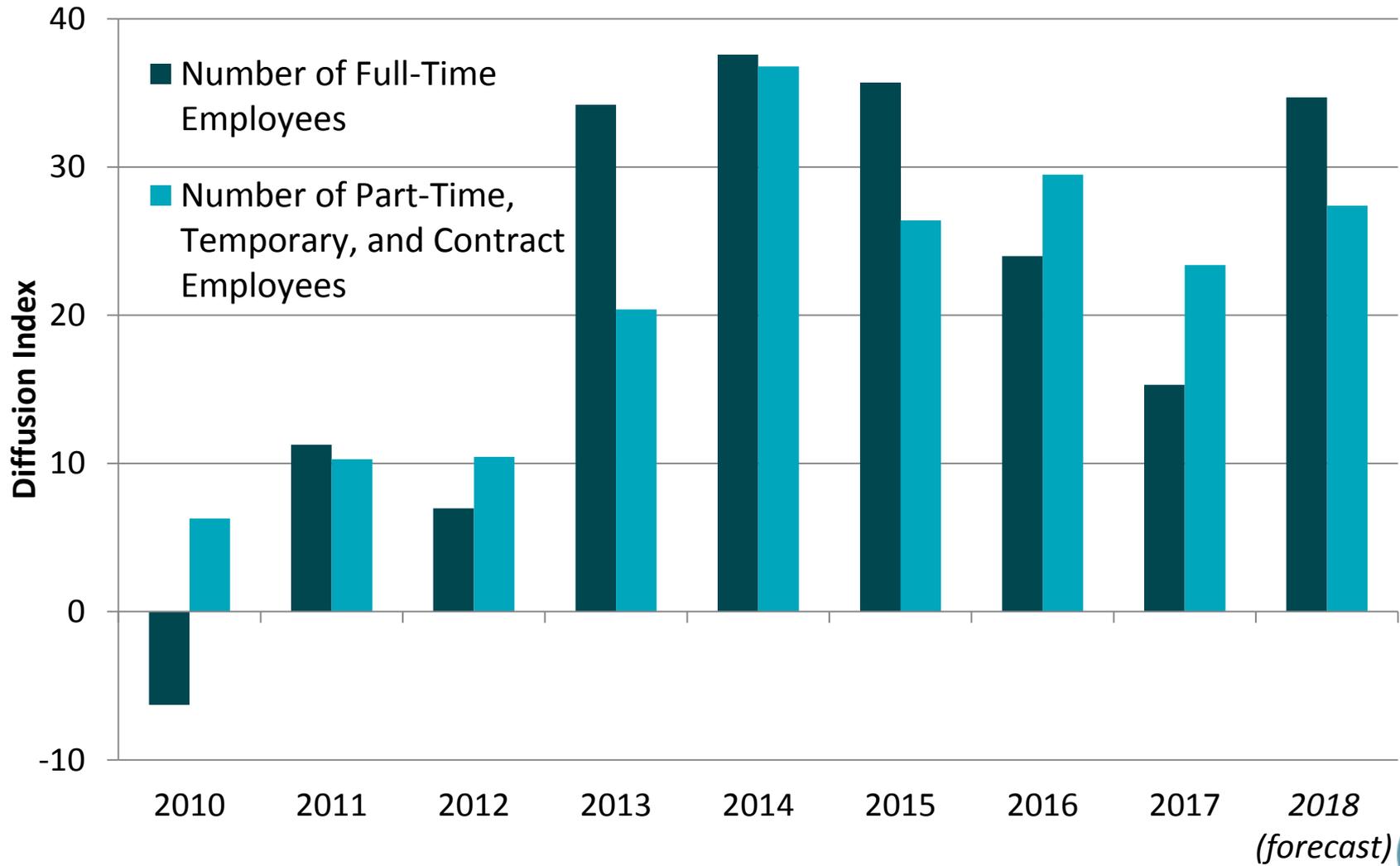
NONFARM JOB GROWTH — U.S.



Source: Bureau of Labor Statistics via Haver Analytics



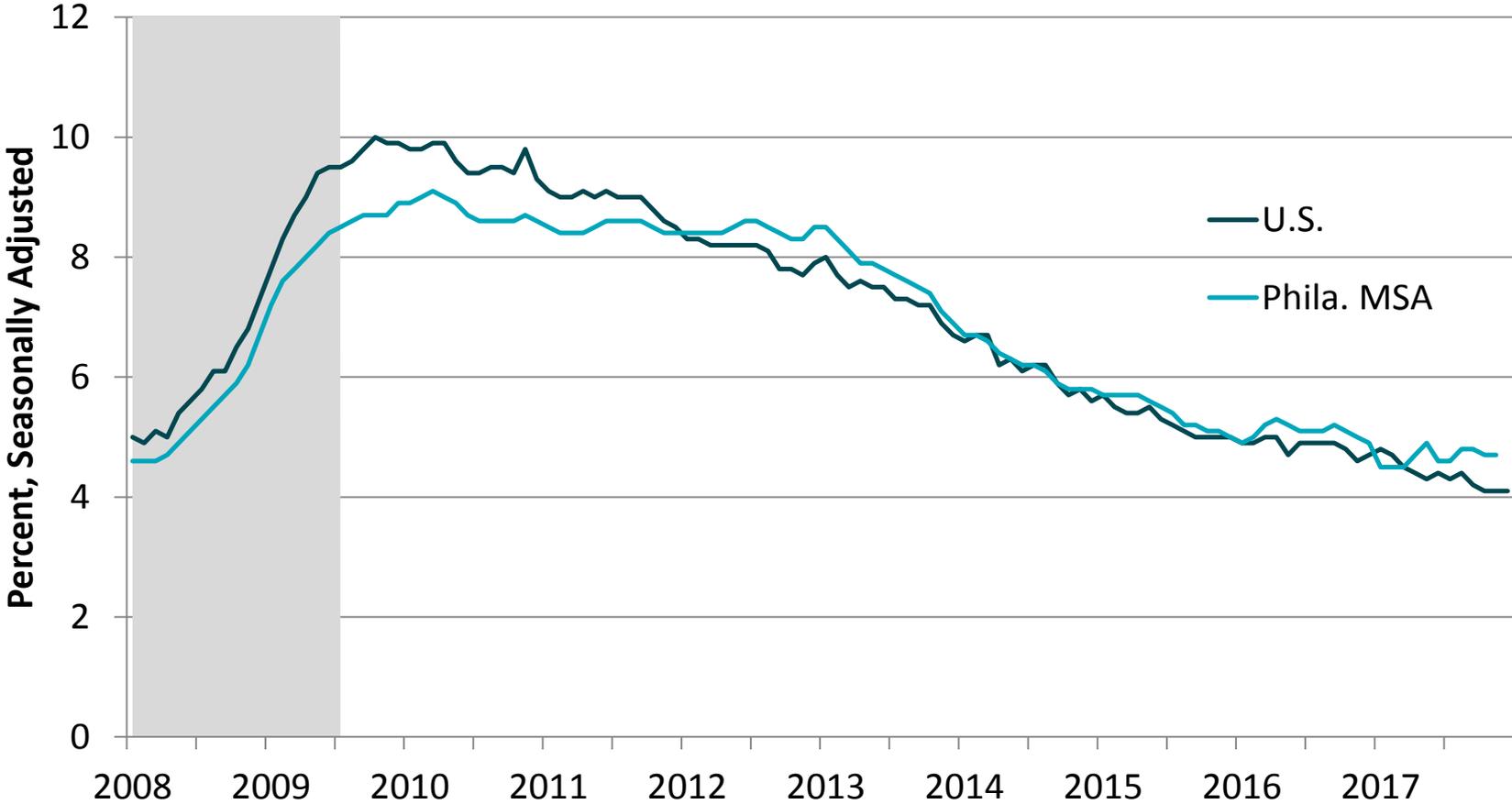
SURVEY RESPONSE — HIRING



Source: Survey Results



NATIONAL AND REGIONAL UNEMPLOYMENT

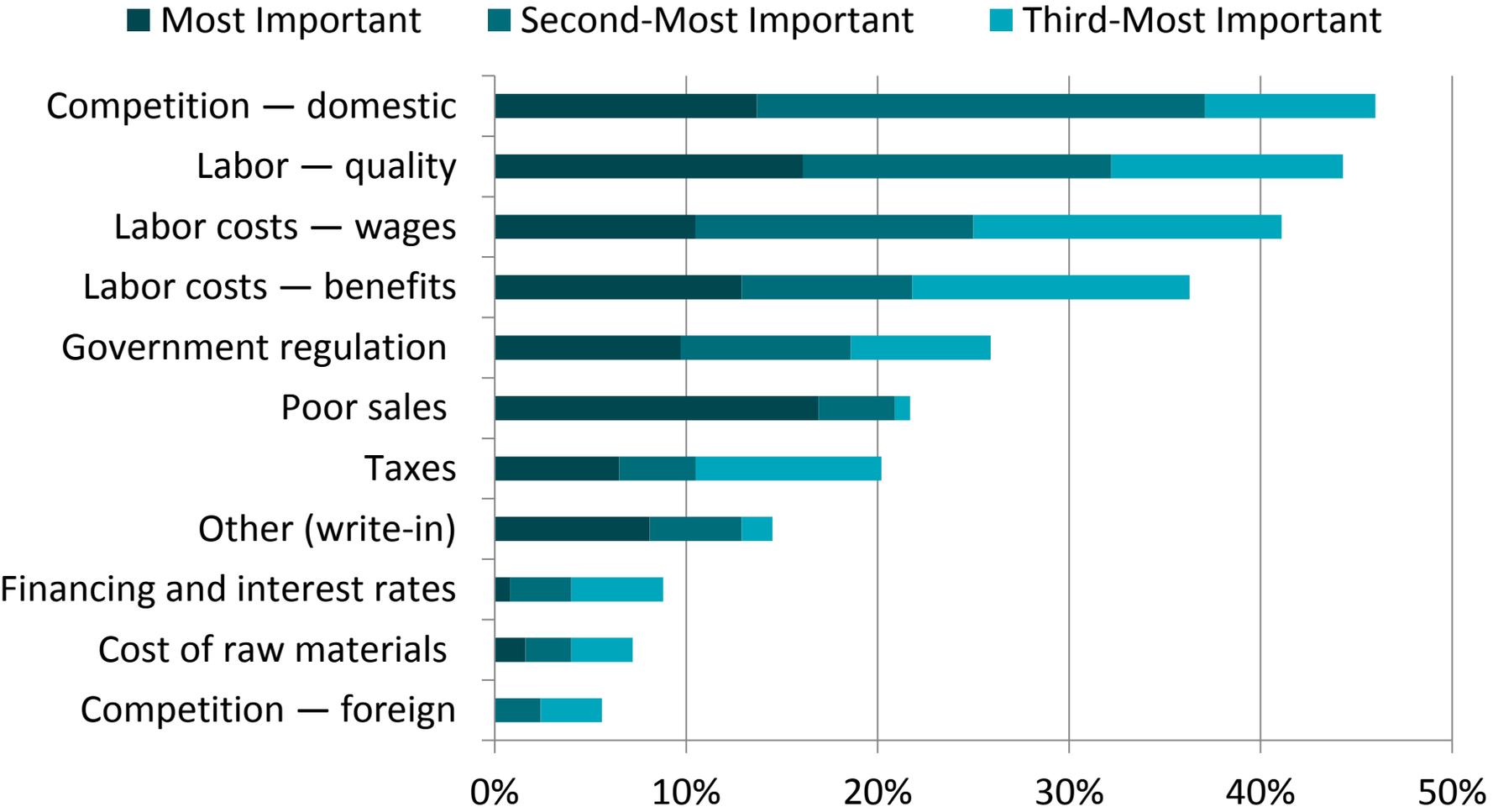


Source: Bureau of Labor Statistics via Haver Analytics

Last month plotted: December 2017 for U.S. and November 2017 for Philadelphia-Camden-Wilmington Metropolitan Statistical Area (MSA)



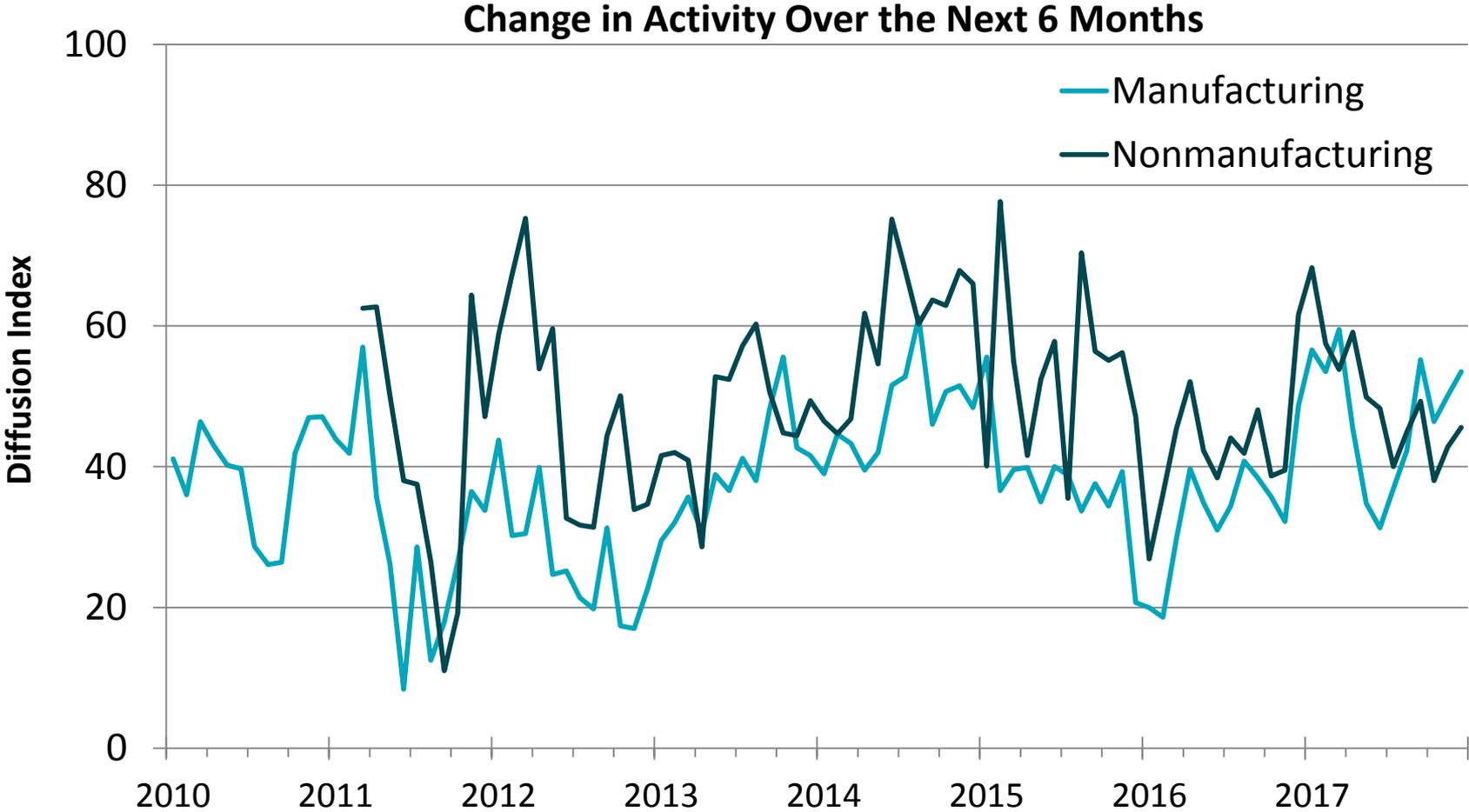
BIGGEST PROBLEMS FACING MEMBERS FOR 2018



Source: Survey Results



PHILADELPHIA FED MONTHLY BUSINESS OUTLOOK SURVEYS



Source: Federal Reserve Bank of Philadelphia
Last month plotted: December 2017



TO PARTICIPATE IN OUR SURVEYS

E-mail us at phil.surveys@philadelphiafed.org

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APPENDIX — SURVEY RESULTS

	Significantly lower	Slightly lower	Same	Slightly higher	Significantly higher	Not applicable	No response	Diffusion Index
A. What is your assessment of changes in business conditions:								
General activity								
1. For the REGION:								
2017 compared with 2016	3.2%	10.5%	18.5%	53.2%	5.6%	2.4%	6.5%	45.2
2018 compared with 2017	2.4%	8.9%	26.6%	45.2%	7.3%	1.6%	8.1%	41.1
2. For your COMPANY:								
2017 compared with 2016	5.6%	14.5%	16.1%	43.5%	15.3%	1.6%	3.2%	38.7
2018 compared with 2017	3.2%	7.3%	25.0%	38.7%	18.5%	0.0%	7.3%	46.8
B. Specific company performance measures:								
1. New Orders								
2017 compared with 2016	3.2%	15.3%	15.3%	29.0%	10.5%	16.9%	9.7%	21.0
2018 compared with 2017	1.6%	7.3%	16.1%	30.6%	16.1%	14.5%	13.7%	37.9
2. Sales or Revenues								
2017 compared with 2016	8.1%	17.7%	12.9%	39.5%	15.3%	4.0%	2.4%	29.0
2018 compared with 2017	2.4%	10.5%	16.1%	47.6%	15.3%	2.4%	5.6%	50.0
3. Unfilled Orders								
2017 compared with 2016	0.8%	1.6%	16.1%	4.0%	0.8%	48.4%	28.2%	2.4
2018 compared with 2017	0.8%	2.4%	14.5%	2.4%	0.8%	46.0%	33.1%	0.0
4. Inventories (Finished Goods or Goods for Sale)								
2017 compared with 2016	0.0%	8.9%	14.5%	4.8%	1.6%	45.2%	25.0%	-2.4
2018 compared with 2017	0.0%	1.6%	17.7%	7.3%	0.8%	44.4%	28.2%	6.5
5. Prices Paid								
2017 compared with 2016	0.8%	1.6%	35.5%	41.1%	4.0%	9.7%	7.3%	42.7
2018 compared with 2017	0.8%	3.2%	26.6%	46.0%	3.2%	8.9%	11.3%	45.2
6. Prices Received								
2017 compared with 2016	2.4%	4.0%	37.1%	36.3%	0.8%	12.1%	7.3%	30.6
2018 compared with 2017	1.6%	6.5%	24.2%	43.5%	1.6%	10.5%	12.1%	37.1
7. Number of Employees— Full-time Permanent								
2017 compared with 2016	4.0%	19.4%	30.6%	33.1%	5.6%	1.6%	5.6%	15.3
2018 compared with 2017	0.0%	12.1%	30.6%	39.5%	7.3%	0.0%	10.5%	34.7
8. Number of Employees—Part-Time, Temporary, and Contract								
2017 compared with 2016	1.6%	10.5%	45.2%	32.3%	3.2%	5.6%	1.6%	23.4
2018 compared with 2017	0.8%	9.7%	40.3%	34.7%	3.2%	4.8%	6.5%	27.4



APPENDIX – SURVEY RESULTS

	Significantly lower	Slightly lower	Same	Slightly higher	Significantly higher	Not applicable	No response	Diffusion Index
9. Average Hours Worked Per Week								
2017 compared with 2016	0.0%	2.4%	58.1%	26.6%	6.5%	3.2%	3.2%	30.6
2018 compared with 2017	0.0%	3.2%	53.2%	29.0%	5.6%	1.6%	7.3%	31.5
10. Wage and Benefit Costs								
2017 compared with 2016	0.0%	3.2%	22.6%	62.9%	8.1%	1.6%	1.6%	67.7
2018 compared with 2017	0.0%	2.4%	20.2%	58.1%	12.9%	0.0%	6.5%	68.5
11. Capital Expenditures—Physical Plant								
2017 compared with 2016	0.8%	3.2%	38.7%	27.4%	5.6%	15.3%	8.9%	29.0
2018 compared with 2017	2.4%	7.3%	27.4%	23.4%	11.3%	13.7%	14.5%	25.0
12. Capital Expenditures—Equipment and Software								
2017 compared with 2016	0.8%	1.6%	39.5%	37.1%	7.3%	4.8%	8.9%	41.9
2018 compared with 2017	0.8%	2.4%	37.9%	33.9%	8.1%	4.0%	12.9%	38.7

C. What are the three most important problems your business is facing at this time?

	Most Important Problem	Second-Most Important Problem	Third-Most Important Problem	Total
Competition—domestic	13.7%	23.4%	8.9%	46.0%
Labor—quality	16.1%	16.1%	12.1%	44.4%
Labor costs—wages	10.5%	14.5%	16.1%	41.1%
Labor costs—benefits	12.9%	8.9%	14.5%	36.3%
No response	3.2%	7.3%	17.7%	28.2%
Government regulation	9.7%	8.9%	7.3%	25.8%
Poor sales	16.9%	4.0%	0.8%	21.8%
Taxes	6.5%	4.0%	9.7%	20.2%
Other (write-in)	8.1%	4.8%	1.6%	14.5%
Financing and interest rates	0.8%	3.2%	4.8%	8.9%
Cost of raw materials	1.6%	2.4%	3.2%	7.3%
Competition—foreign	0.0%	2.4%	3.2%	5.6%

