



SOUTH JERSEY BUSINESS SURVEY

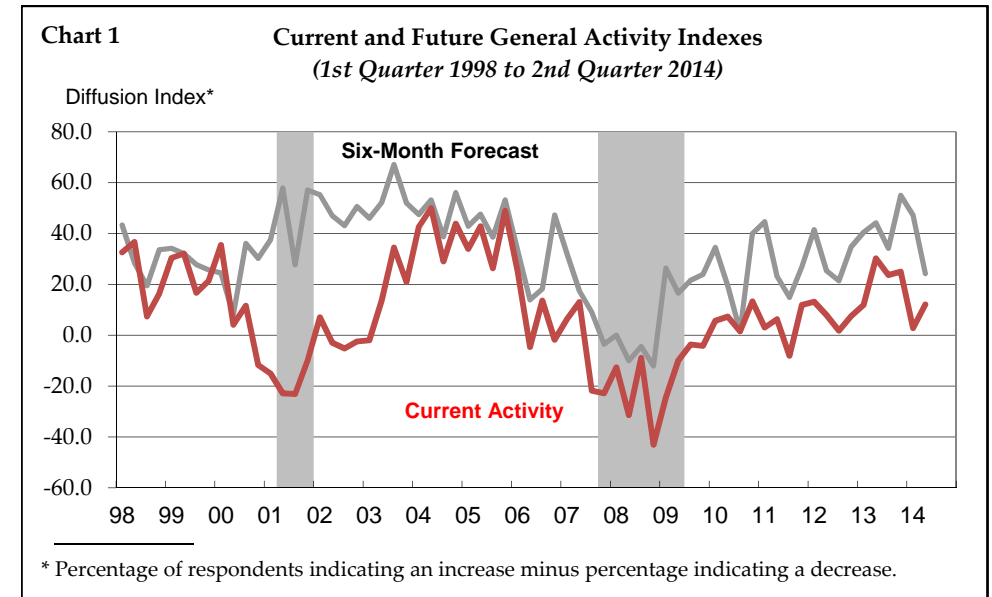
Second Quarter 2014

Firms in the South Jersey region reported a pickup in growth during the second quarter, following weakness in the first quarter attributable to the harsh winter. Firms indicated increases in levels of overall activity and an increase in sales for the quarter. Employment among the firms polled also showed a notable pickup. Most indicators for growth over the next six months remained generally positive but weakened from readings over recent history.

Second Quarter Activity Recovers

The survey's indicators generally showed a recovery in the second quarter, following the weaker first quarter readings. The survey's broadest measure of performance, the index of general activity at individual companies, increased from a reading of 2.8 in the first quarter to 12.1 in the second quarter (see Chart 1). More than 33 percent of the firms reported that activity at their companies grew in the second quarter; 21 percent reported weaker activity. Firms perceived a marked improvement in the region as a whole for the quarter: The index of regional general business conditions increased from a reading of -16.7 in the first quarter to 9.1.

More than 33 percent of the firms reported higher sales in the second quarter. The overall sales index increased from -2.8 to 9.1 and returned the index to



readings slightly above its readings in the fourth quarter of last year (see Chart 2).

Employment levels, which had held steady at reporting firms in the first quarter, increased in the second quarter. The current employment index, which had slipped to a zero reading in the first quarter indicating flat growth, rebounded to 21.2 (see Chart 2). The percentage of firms that reported increases in employment (33 percent) exceeded the percentage that reported decreases (12 percent).

Some Firms Report Price Pressures

A significant share of South Jersey businesses continue to report higher input prices. More than 30 percent reported paying higher input prices, while no firms reported

paying lower prices. Prices for the firms' own products and services were steady for most reporting firms (61 percent). But the share of firms with higher prices (18 percent) was higher than the percentage with lower prices (12 percent). Both the prices paid and prices received diffusion indexes decreased slightly, compared with their first quarter readings.

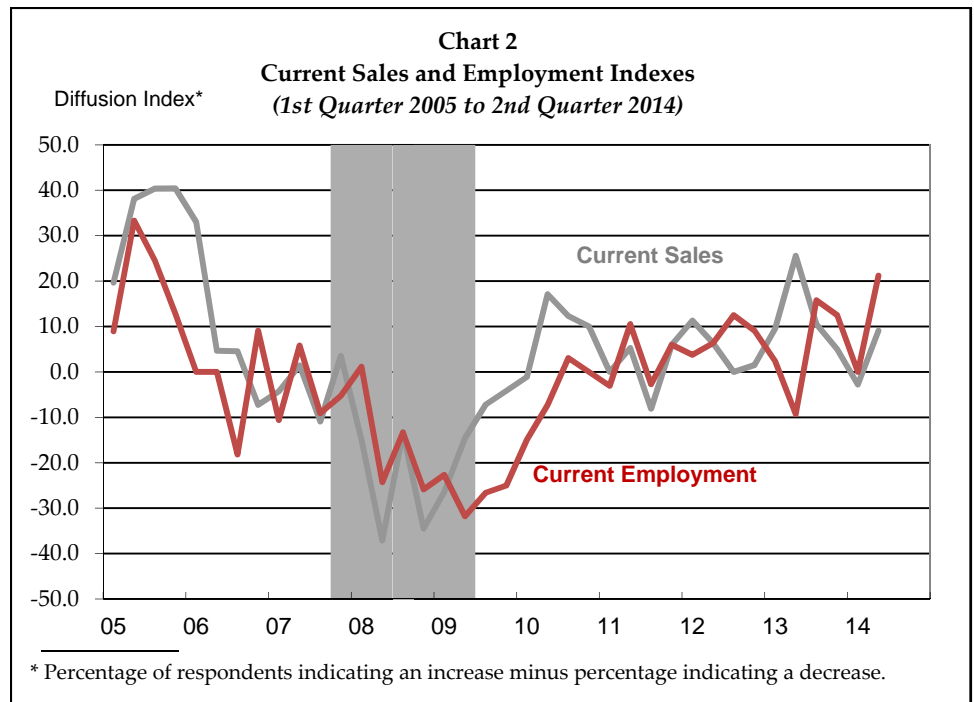
Firms Remain Optimistic Overall, but Indicators Fall Back

The index of future activity at individual companies edged down, from 47.2 in the first quarter to 24.2 (see Chart 1). Despite the decline, the index still reflects overall optimism about future business

conditions. The percentage of firms expecting conditions to improve over the next six months (39 percent) exceeded the percentage that expected conditions to deteriorate (15 percent). However, the future employment index showed continuous improvement, increasing from 27.8 to 30.3. This marked the fourth consecutive quarter of improvement in this index. More than 39 percent of the firms expect to hire additional workers over the next six months.

Summary

The *South Jersey Business Survey* results suggest a pickup in growth in the second quarter following slower activity in the first quarter. Firms reported improvement in general activity, sales, and employment. Both the sales and employment indexes rebounded to above their readings in the fourth quarter. Although optimism about growth prospects for their own businesses over the next six months remained positive, the firms' overall optimism did not fully recover to levels achieved over most of last year. Firms' employment forecasts, however, showed continued improvement.



South Jersey Business Survey (Second Quarter 2014)

	Compared with Three Months Ago					Six Months from Now				
	Previous Diffusion Index	Lower	Same	Higher	Diffusion Index	Previous Diffusion Index	Lower	Same	Higher	Diffusion Index
1. What is your assessment of the level of general business activity?										
1.1 In the region?	-16.7	24.2	42.4	33.3	9.1	47.2	18.2	51.5	30.3	12.1
1.2 At your company?	2.8	21.2	42.4	33.3	12.1	47.2	15.2	45.5	39.4	24.2
2. Specific company performance measures:	Previous Diffusion Index	Lower	Same	Higher	Diffusion Index	Previous Diffusion Index	Lower	Same	Higher	Diffusion Index
2.1 Total sales	-2.8	24.2	24.2	33.3	9.1	38.9	18.2	24.2	39.4	21.2
2.2 Big ticket sales	-2.8	12.1	30.3	9.1	-3.0	8.3	12.1	27.3	12.1	0.0
2.3 Product inventories	2.8	6.1	36.4	12.1	6.1	11.1	3.0	33.3	15.2	12.1
2.4 Number of employees	0.0	12.1	48.5	33.3	21.2	27.8	9.1	45.5	39.4	30.3
2.5 Prices actually received	8.3	12.1	60.6	18.2	6.1	8.3	12.1	57.6	18.2	6.1
2.6 Prices paid for raw materials (not energy)	33.3	0.0	33.3	30.3	30.3	36.1	0.0	30.3	33.3	33.3
1. The <i>South Jersey Business Survey</i> is conducted each quarter and is based on responses from members of the Chamber of Commerce of Southern New Jersey. 2. The diffusion indexes represent the percentage of respondents indicating an increase minus the percentage indicating a decrease. Items may not add up to 100 because of omission by respondents.										