



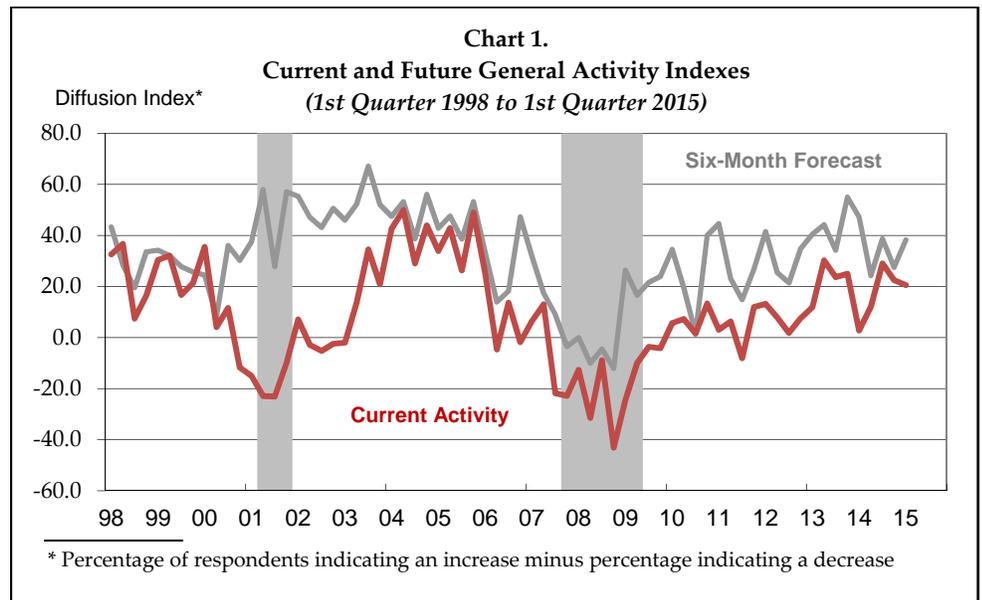
SOUTH JERSEY BUSINESS SURVEY

First Quarter 2015

Firms responding to the *South Jersey Business Survey* reported continued expansion in overall business in the first quarter. The survey's broadest measure of individual company performance remained positive for the fourth consecutive quarter. Firms also reported a pickup in hiring. Forecasts for the next six months remained generally optimistic, and firms were notably more optimistic about future employment increases.

Current Indicators Suggest Continued Moderate Growth

The survey's indicators of business conditions for the first quarter reflected continued growth. The survey's broadest measure of performance, the index of general activity at individual companies, decreased from a reading of 22.5 in the fourth quarter to 20.6. The index has edged lower over the past two quarters but remains above its readings in the first and second quarters of 2014 (see Chart 1). More than 44 percent of the firms reported that activity at their companies grew in the first quarter, which was nearly identical to the fourth quarter. Twenty-four percent of the firms reported weaker activity in the first quarter. Firms perceived slower growth in the region as a whole for the quarter: The index of regional general business conditions decreased from a reading of 27.5 to 8.8.



The overall sales index for individual companies remained positive for the first quarter but fell slightly from 12.5 in the fourth quarter to 11.8. About 35 percent of the firms reported higher sales in the first quarter, although 24 percent reported lower sales.

Employment growth was stronger in the first quarter, according to the reporting firms. About 29 percent of the firms reported hiring additional workers, compared with 13 percent in the previous quarter. The current employment index increased from 2.5 to 17.6, a reading similar to reports in the second and third quarters of last year (see Chart 2).

Firms Report Price Increases

Price pressures were more widespread in the first quarter compared with last quarter. The index of prices paid for raw materials excluding energy rose from 17.5 to 29.4, with about 32 percent of the firms reporting higher input prices, while only 3 percent reported lower input prices. The index for prices received also increased significantly from -2.5 to 20.6. This is the highest reading for the prices received index since the third quarter of 2005. Twenty-seven percent of the firms reported higher prices received, while only 6 percent reported lower prices. The largest percentage of firms (47 percent) reported stable prices during the first quarter.

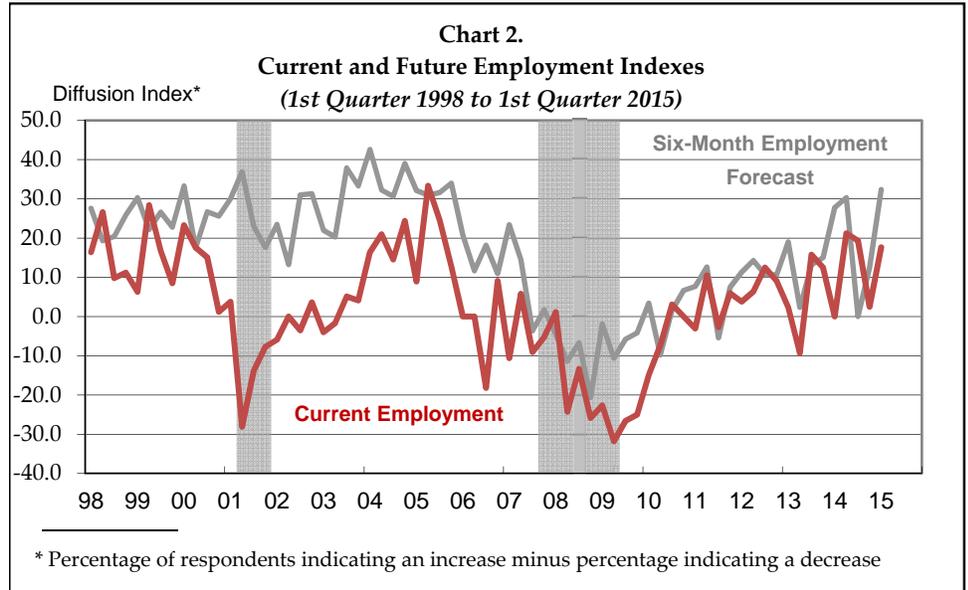
Firms Expect a Pickup in Growth

Indexes representing firms' expectations for the next six months showed improvement in the first quarter. The index of future activity for the region as a whole improved, increasing from 25 in the fourth quarter of last year to 26.5 in the first quarter of this year. The index of future activity for individual companies rose from its reading of 27.5 in the fourth quarter to 38.2 in the first quarter, returning its level to near its reading in the third quarter of last year (see Chart 1). The percentage of firms expecting conditions to improve over the next six months was 47 percent, compared with 9 percent expecting deterioration over the next six months.

The survey's future indexes for total sales, big ticket sales, inventories, and employment all recorded positive readings and indicate increases from the fourth quarter. The future total sales index increased 7 points to 32.4, a reading close to its average over recent years.

Employment Forecasts Improve

The future employment index, measuring firms' hiring expectations over the next six months, increased nearly 20 points this quarter, to a reading of 32.4. This is the highest reading for future employment since the fourth quarter of 2005 (see Chart 2).



Summary

The *South Jersey Business Survey* suggests continued improvement in overall business conditions in the first quarter of 2015. All indexes, both current and future, show positive readings, marking the first time this has occurred since the third quarter of 2005. Employment growth improved among the reporting firms, and contacts were notably more optimistic about adding to their payrolls over the next six months. The survey's price indexes suggested increased price pressures, although nearly half of the firms reported stable prices during the quarter. Future indicators for the region

continue to reflect relative optimism about the future.

South Jersey Business Survey (First Quarter 2015)

	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?	27.5	17.6	50.0	26.5	8.8	25.0	11.8	41.2	38.2	26.5
1.2 At your company?	22.5	23.5	26.5	44.1	20.6	27.5	8.8	35.3	47.1	38.2
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	12.5	23.5	20.6	35.3	11.8	25.0	8.8	26.5	41.2	32.4
2.2 Big ticket sales	-2.5	2.9	20.6	14.7	11.8	5.0	5.9	14.7	17.6	11.8
2.3 Product inventories	-2.5	2.9	20.6	11.8	8.8	-7.5	5.9	17.6	11.8	5.9
2.4 Number of employees	2.5	11.8	47.1	29.4	17.6	12.5	2.9	47.1	35.3	32.4
2.5 Prices actually received	-2.5	5.9	47.1	26.5	20.6	12.5	8.8	47.1	23.5	14.7
2.6 Prices paid for raw materials (not energy)	17.5	2.9	14.7	32.4	29.4	22.5	5.9	11.8	32.4	26.5

- The *South Jersey Business Survey* is conducted each quarter and is based on responses from members of the Chamber of Commerce of Southern New Jersey.
- 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.