



SOUTH JERSEY BUSINESS SURVEY

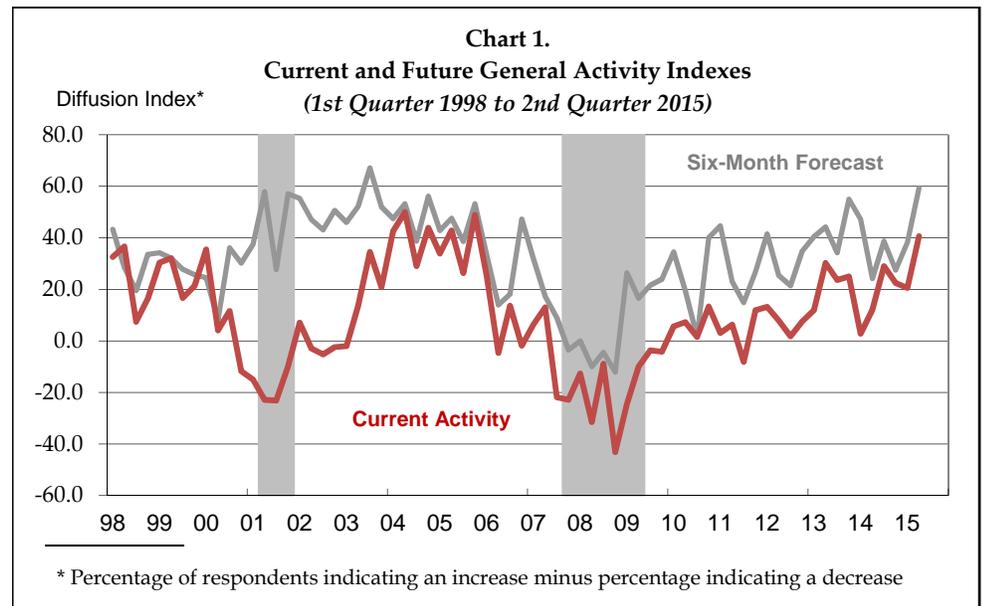
Second Quarter 2015

Firms responding to the *South Jersey Business Survey* reported a marked improvement in overall business in the second quarter following weather-related weakness in the first quarter. The survey's broadest measure of individual company performance remained positive and improved notably from the first quarter. Firms also reported a pickup in sales and employment. Firms' forecasts for the next six months are notably more optimistic.

Current Indicators Reflect Business Bounceback

The survey's indicators of business conditions for the second quarter reflected a pickup in growth. The survey's broadest measure of performance, the index of general activity at individual companies, increased from a reading of 20.6 in the first quarter to 40.6. This is the highest reading in the index since the fourth quarter of 2005 (see Chart 1). Fifty percent of the firms reported that activity at their companies grew in the second quarter. Firms perceived improved growth in the region as a whole for the quarter: The index of regional general business conditions increased from a reading of 8.8 to 28.1.

The overall sales index for individual companies also showed a marked im-



provement. The total sales index increased from 11.8 in the first quarter to 21.9. More than one-third of the firms reported higher sales compared with the first quarter.

Employment continued to edge higher at reporting firms during the second quarter. The current employment index increased from 17.6 to 18.8 (see Chart 2). Just over 31 percent of the surveyed firms reported higher employment, which is up slightly from the previous quarter in which 29 percent of the firms reported higher employment.

Firms' Own Prices Are Steady

Although firms continued to report higher input prices, the prices of firms' products were near steady. Nearly 66 percent of the firms reported steady prices for their own products, and the percentage of the firms reporting higher prices (9 percent) was slightly higher than the percentage reporting lower prices (6 percent). The prices received index dropped sharply from 20.6 in the first quarter to 3.1 percent this quarter. Price pressures remained relatively widespread, according to the responding firms. Nearly 38 percent of the firms reported higher input prices. The index of prices paid for raw materials (excluding energy) rose from 29.4 to 34.4.

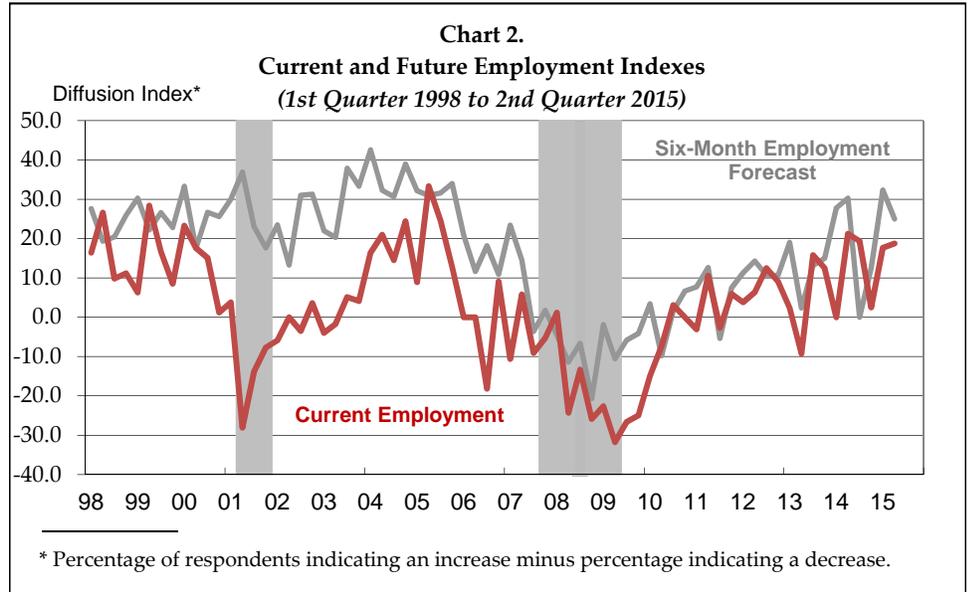
Firms Expect a Pickup in Growth

Indexes representing the firms' expectations for the next six months showed further improvement in the second quarter. The index of future activity for individual companies rose from its reading of 38.2 in the first quarter to 59.4, its highest reading since 2003 (see Chart 1). The percentage of the firms expecting conditions to improve over the next six months was 59.4 percent compared with 47 in the previous quarter. No firms expected declines in activity over the next six months. The survey's future index for total sales also increased from 32.4 to 46.9, its highest reading since 2014.

Firms' forecasts for future employment weakened somewhat. More than 31 percent of the firms expect to hire additional workers during the second half of 2015, down from 35 percent in the first quarter. The future employment index decreased from 32.4 to 25 (see Chart 2).

Summary

The *South Jersey Business Survey* suggests an acceleration in growth in overall business activity in the second quarter of 2015. Firms reported an improvement in their overall business activity and sales. Employment growth was reported by just under one-third of the surveyed firms. Responses suggest overall steady prices for



the products of the firms, despite higher production costs. Looking forward, the firms were notably more optimistic about growth in business over the second half of 2015.

South Jersey Business Survey (Second Quarter 2015)

	Compared with Three Months Ago					Six Months from Now				
	<i>Previous Diffusion Index</i>	Lower	Same	Higher	Diffusion Index	<i>Previous Diffusion Index</i>	Lower	Same	Higher	Diffusion Index
1. What is your assessment of the level of general business activity?										
1.1 In the region?	8.8	9.4	53.1	37.5	28.1	26.5	9.4	53.1	34.4	25.0
1.2 At your company?	20.6	9.4	40.6	50.0	40.6	38.2	0.0	37.5	59.4	59.4
2. Specific company performance measures:	<i>Previous Diffusion Index</i>	Lower	Same	Higher	Diffusion Index	<i>Previous Diffusion Index</i>	Lower	Same	Higher	Diffusion Index
2.1 Total sales	11.8	15.6	31.3	37.5	21.9	32.4	0.0	37.5	46.9	46.9
2.2 Big ticket sales	11.8	9.4	25.0	18.8	9.4	11.8	9.4	34.4	18.8	9.4
2.3 Product inventories	8.8	21.9	18.8	9.4	-12.5	5.9	9.4	31.3	15.6	6.3
2.4 Number of employees	17.6	12.5	50.0	31.3	18.8	32.4	6.3	46.9	31.3	25.0
2.5 Prices actually received	20.6	6.3	65.6	9.4	3.1	14.7	3.1	53.1	28.1	25.0
2.6 Prices paid for raw materials (not energy)	29.4	3.1	21.9	37.5	34.4	26.5	3.1	18.8	40.6	37.5

- 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.