



SOUTH JERSEY BUSINESS SURVEY

First Quarter 2016

South Jersey businesses reported that growth in overall business activity picked up in the first quarter. Firms reported improved growth in overall company activity and sales along with an expansion in employment. Compared with previous surveys, firms reported a reduction in price pressures. Business expectations remained generally positive, and optimism improved compared with the fourth quarter. Employment forecasts for the future were also moderately stronger.

Indicators Suggest a Pickup in Growth

The survey's broadest measure of individual company performance remained positive and increased notably from 11.5 in the fourth quarter to 34.2 in the first quarter, its highest reading since the second quarter of last year (see Chart 1). The survey's current sales index also increased, from 14.6 to 25.8. Thirty-eight percent of the firms reported higher sales in the first quarter.

Firms reported increased hiring this month: The share of firms reporting increases was 27 percent, which was an improvement from the fourth quarter when 15 percent reported employment increases. The current employment index increased from 3.5 in the fourth quarter to 18.9 in the first quarter.

Note: The *South Jersey Business Survey* was reduced to 10 questions beginning with the fourth quarter 2015 survey. The indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 10 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

The regional activity index, measuring firms' perceptions of the region's economy, increased from -10.1 in the fourth quarter to 29.0.

The indexes for firms' prices showed moderation this quarter, suggesting a reduction in price pressures. The prices paid index fell 9 points, while the prices received index fell 11 points. The share of firms reporting higher prices for their goods or services (14 percent) was only narrowly higher than those reporting lower prices (11 percent).

Expectations Are Rising

The indexes for future regional and company activity also showed improvement in the first quarter, rising 7 points and 10 points, respectively. Expectations for future employment improved moderately, increasing 4 points. While 51 percent of the firms expect growth in business activity over the next six months, 32 percent expect to add workers.

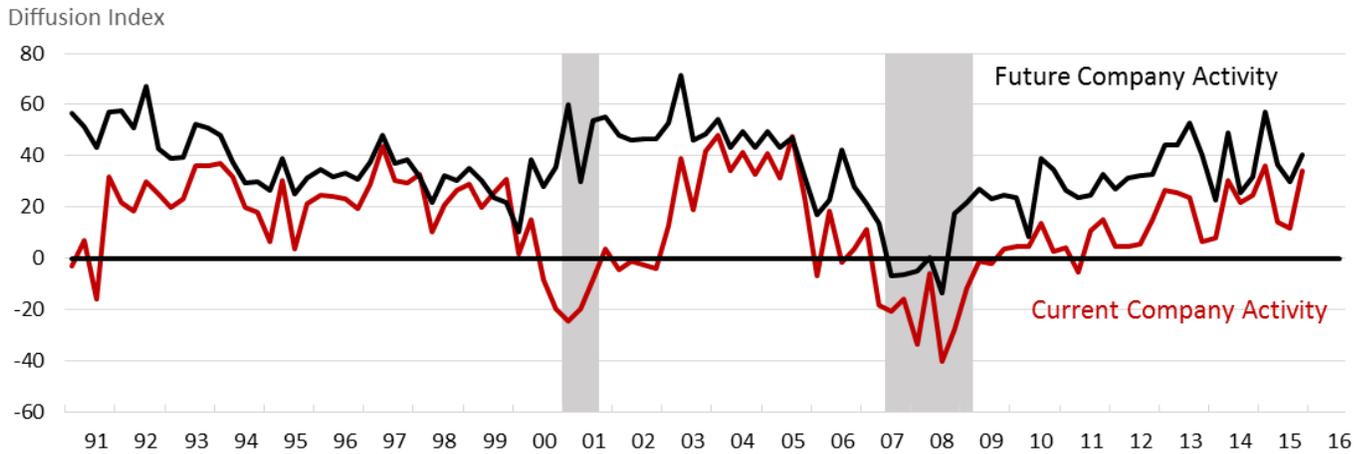
South Jersey Business Survey (First Quarter 2016)						
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)*	Lower	Same	Higher	Diffusion Index	Diffusion Index (SA)
What is your assessment of the level of general business activity:						
In the region?	-10.1	11.2	53.4	32.0	20.8	29.0
At your company?	11.5	12.9	42.7	42.7	29.8	34.2
Other company measures:						
Total sales	14.6	15.7	37.6	38.2	22.5	25.8
Total employees	3.5	11.2	55.1	27.0	15.7	18.9
Prices received	5.8	10.7	57.3	14.0	3.4	-5.0
Prices paid (excluding energy)	23.9	3.4	41.6	21.9	18.5	15.3
2. Future Measures (expectations for the next six months)						
Business activity for the region	16.1	7.3	50.0	38.8	31.5	23.0
Business activity for your company	29.8	4.5	41.0	50.6	46.1	40.2
Total sales	25.9	6.2	37.1	44.4	38.2	33.7
Total employees	8.4	10.1	47.8	31.5	21.3	12.0

1. 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.
 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.
 3. The previous diffusion index is different from last month's because of seasonal adjustment.
- * SA: Seasonally adjusted

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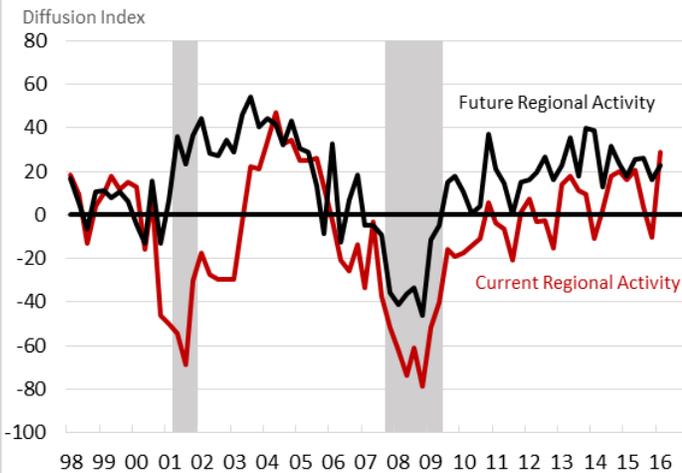
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Chart 1. Current and Future Company General Activity Index
2nd Quarter 1991 to 1st Quarter 2016



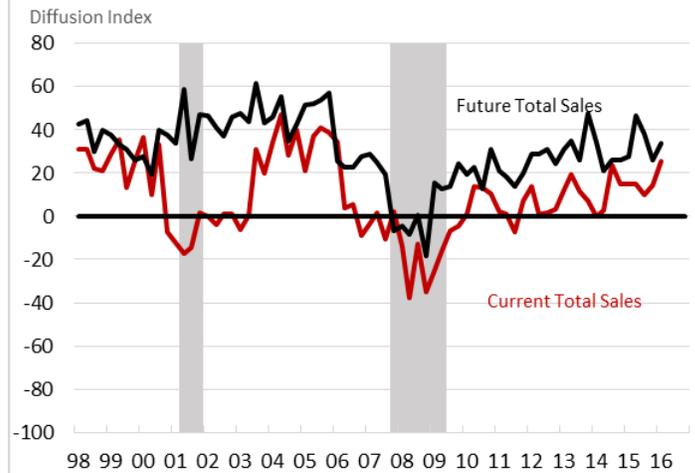
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Index
1st Quarter 1998 to 1st Quarter 2016



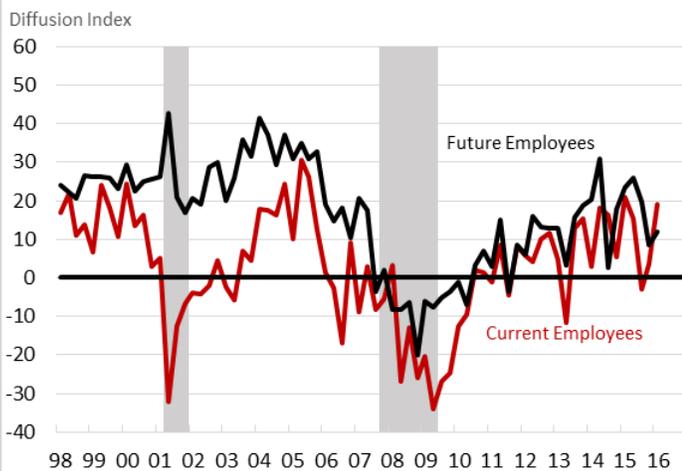
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Index
1st Quarter 1998 to 1st Quarter 2016



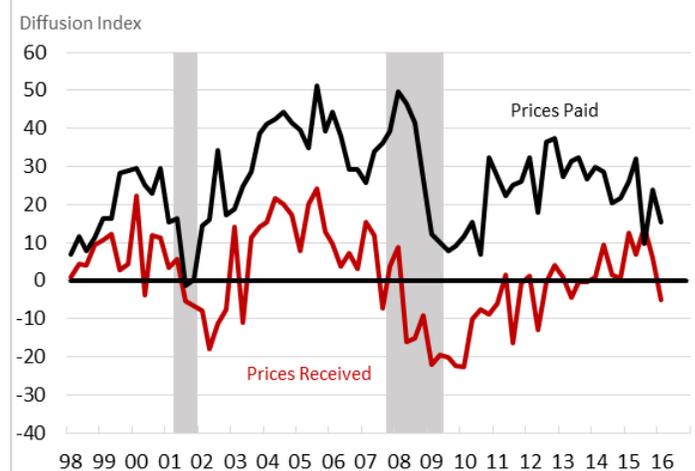
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Index
1st Quarter 1998 to 1st Quarter 2016



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. Prices Received and Prices Paid Index
1st Quarter 1998 to 1st Quarter 2016



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.