



SOUTH JERSEY BUSINESS SURVEY

Third Quarter 2016

Business activity in South Jersey advanced in the third quarter, according to firms responding to the *South Jersey Business Survey*. The respondents reported a continuation of positive trends for company activity, sales, and employment and generally indicated a slightly faster pace of growth than in the second quarter. Firms also reported no change in prices for their own products but a moderate increase in input prices (excluding energy). Business expectations remained positive and were especially optimistic about company activity for the next six months.

in the third quarter was 30 percent and the share that reported decreased hiring was 8 percent, yielding a current employment index of 19.9. This measure of employment conditions in South Jersey was 2 points above last quarter's reading.

The indexes for prices suggested that the prices received by businesses in the region held steady, and there was a slight rise in price pressures. The prices received index fell from 5.6 in the second quarter to an effectively flat reading of -0.8. The prices paid index rose 5 points to 14.8. Sixty-three percent of the firms reported no change in

prices for their goods or services, and 47 percent reported no change in prices paid (excluding energy).

Firms' Expectations Are More Optimistic

The index for future company activity rose 8 points to 48.1, its highest reading in five quarters (see Chart 1). Expectations for future sales and for the region's economy also rose. In addition, the index for future employment improved from 17.7 to 23.9, although 58 percent of the firms expect to keep employment levels unchanged over the next six months.

Indicators Suggest Improved Growth

The survey's broad measure of individual company activity held relatively steady at 23.4 in the third quarter (see Chart 1). The index measuring perceptions of the overall regional economy increased 14 points to 19.4. One reason the regional indicator remains below the company indicator is that only 25 percent of the respondents reported that they perceived higher activity for the region compared with 38 percent who reported higher activity for their company.

The survey's company-level sales index rose from 16.0 to 24.4. The share of firms that reported higher sales was 42 percent, while 18 percent reported a decrease. The share of firms that reported increased hiring

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>).

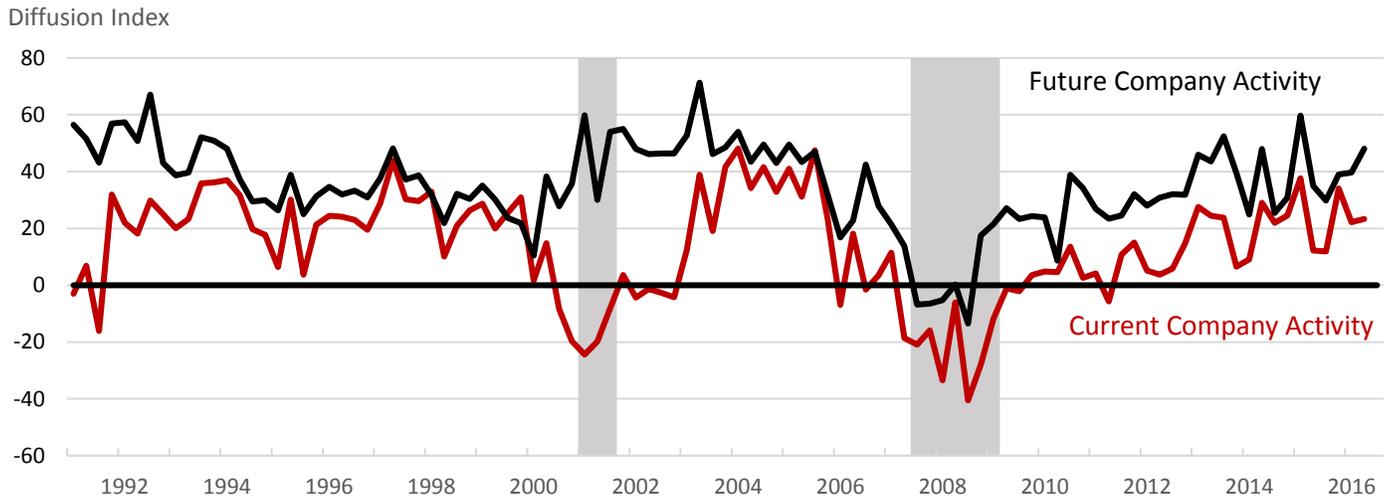
South Jersey Business Survey (Third Quarter 2016)						
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)*	Lower	Same	Higher	Diffusion Index	Diffusion Index (SA)
What is your assessment of the level of general business activity:						
In the region?	5.3	12.4	57.7	25.3	12.9	19.4
At your company?	22.3	13.7	44.8	38.2	24.5	23.4
Other company measures:						
Total sales	16.0	17.8	32.0	41.9	24.1	24.4
Total employees	17.7	8.3	55.2	29.5	21.2	19.9
Prices received	5.6	13.3	63.1	11.6	-1.7	-0.8
Prices paid (excluding energy)	9.9	2.1	46.9	15.4	13.3	14.8
2. Future Measures (expectations for the next six months)						
Business activity for the region	26.1	9.1	53.1	32.0	22.8	29.3
Business activity for your company	39.7	8.3	39.0	47.7	39.4	48.1
Total sales	36.7	7.5	36.5	44.8	37.3	39.7
Total employees	17.7	6.2	57.7	28.2	22.0	23.9

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. Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease. Percentages may not sum to 100 percent because of rounding, omission by respondents, or both.
 3. The previous diffusion index may be different from last quarter's because of seasonal adjustment.
 *SA: Seasonally adjusted

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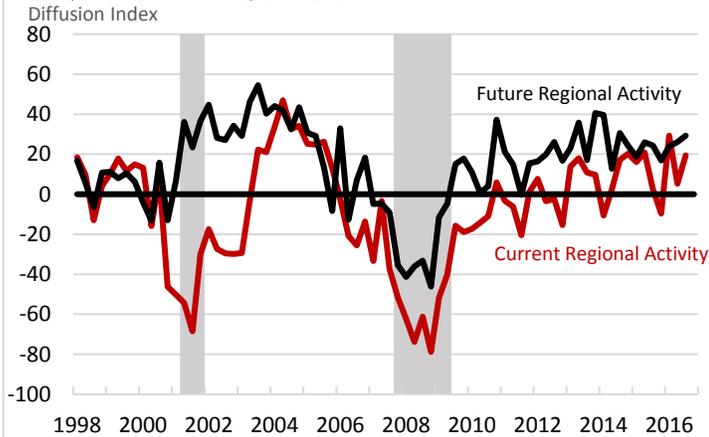
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Chart 1. Current and Future Company General Activity Indexes
2nd Quarter 1991 to 3rd Quarter 2016



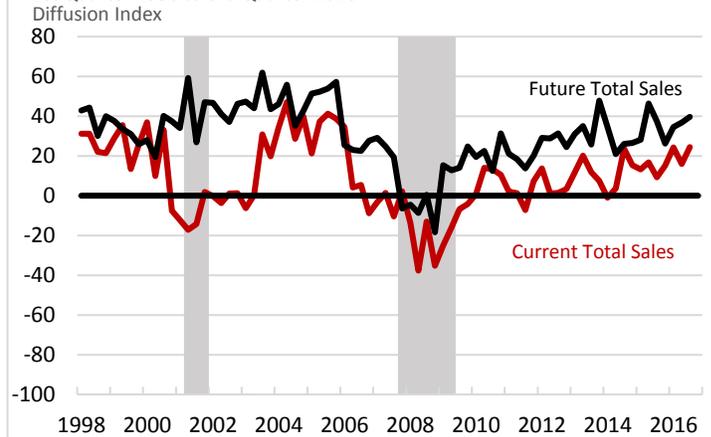
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 3rd Quarter 2016



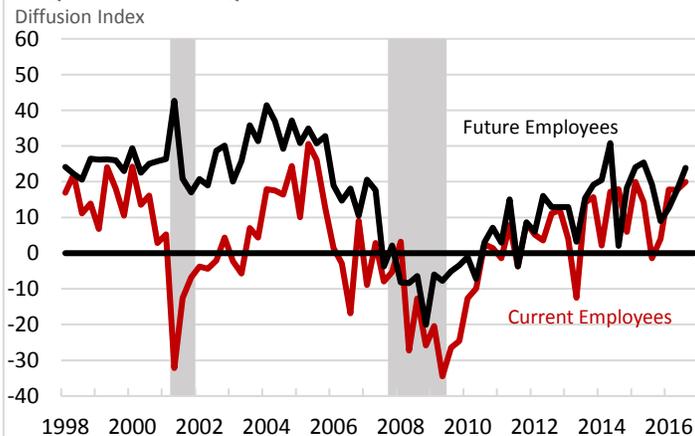
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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



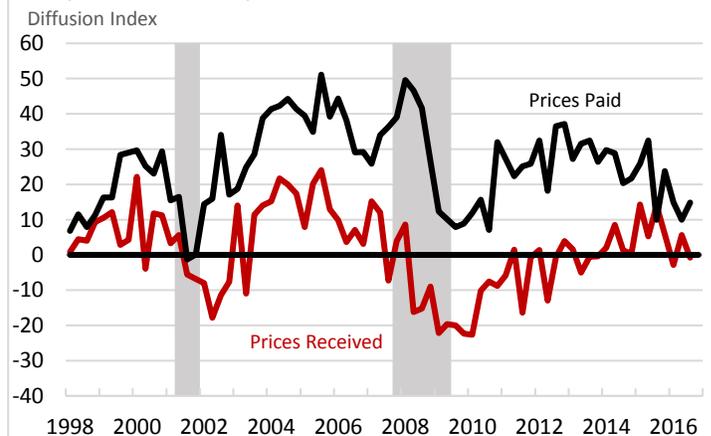
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 3rd 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 Indexes
1st Quarter 1998 to 3rd 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.