



# SOUTH JERSEY BUSINESS SURVEY

Fourth Quarter 2016

Business conditions in South Jersey continued to improve in the fourth quarter, according to firms responding to the *South Jersey Business Survey*. The respondents reported a slightly faster pace of growth in the fourth quarter for company activity and sales, and overall employment continued to expand. Business expectations, including the six-month forecast for employment, showed improvement.

### Indicators Suggest Improved Growth

Most indicators reflected continued growth for South Jersey businesses. The survey's broad measure of individual company activity increased from 24.3 in the third quarter to 28.6, its highest reading since the first quarter of 2016 (see Chart 1). The survey's company-level sales index rose from 24.4 to 27.0. Forty percent of the firms reported higher sales, while 16 percent reported lower sales. Employment gains were reported by about one-quarter of the businesses. The current employment index was virtually unchanged at 20.4. Firms reported an overall slight increase for prices of their own products but a moderate increase in input prices (excluding energy). Twenty percent of the firms reported paying higher input prices in the fourth quarter.

The index measuring perceptions of the

overall regional economy remained positive but fell 6 points to 12.1. One reason the regional indicator remains below the company indicator is that only 27 percent of the respondents reported that they perceived higher activity for the region compared with 42 percent who reported higher activity for their company.

### Business Expectations Improve

The index for future company activity

rose 4 points to 52.3, its highest reading in six quarters (see Chart 1). Expectations for future sales increased notably by 12 points. In addition, the index for future employment improved from 23.3 to 31.2. Although 53 percent of the firms expect to keep employment levels unchanged over the next six months, over 31 percent of the firms expect to increase employment over the next six months.

## South Jersey Business Survey (Fourth 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?	17.7	10.9	58.5	26.9	16.1	12.1
At your company?	24.3	14.0	42.5	42.0	28.0	28.6
Other company measures:						
Total sales	24.4	16.1	32.6	40.4	24.4	27.0
Total employees	19.7	10.4	57.5	24.9	14.5	20.4
Prices received	-0.9	10.4	63.2	10.4	0.0	3.9
Prices paid (excluding energy)	15.7	2.1	47.7	20.2	18.1	22.1
2. Future Measures (expectations for the next six months)						
Business activity for the region	30.2	6.2	44.0	44.6	38.3	38.3
Business activity for your company	48.1	7.3	31.1	59.6	52.3	52.3
Total sales	40.5	7.3	27.5	57.0	49.7	52.5
Total employees	23.3	7.8	53.4	31.1	23.3	31.2
Prices received	15.1	9.3	54.4	21.2	11.9	9.9
Prices paid (excluding energy)	17.2	3.1	42.5	26.9	23.8	23.6

1. The *South Jersey Business Survey* is conducted each quarter and is based on responses from members of the Chamber of Commerce Southern New Jersey. Over 250 firms responded to the web survey this quarter.
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.

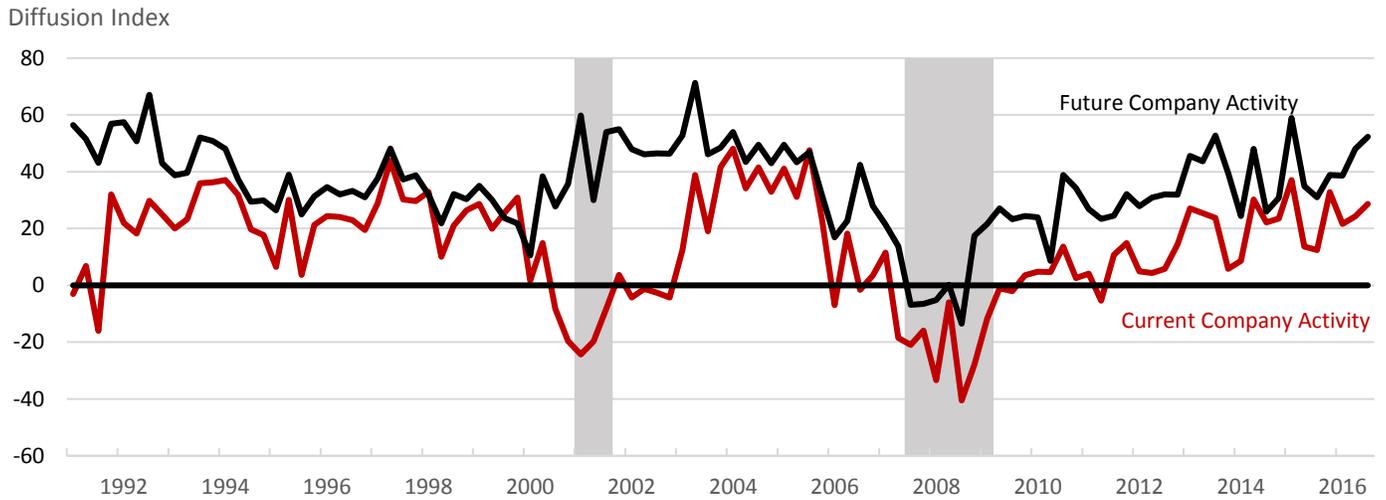
\* SA: Seasonally adjusted

Released: January 12, 2017

The first quarter 2017 *South Jersey Business Survey* will be released on April 13, 2017.

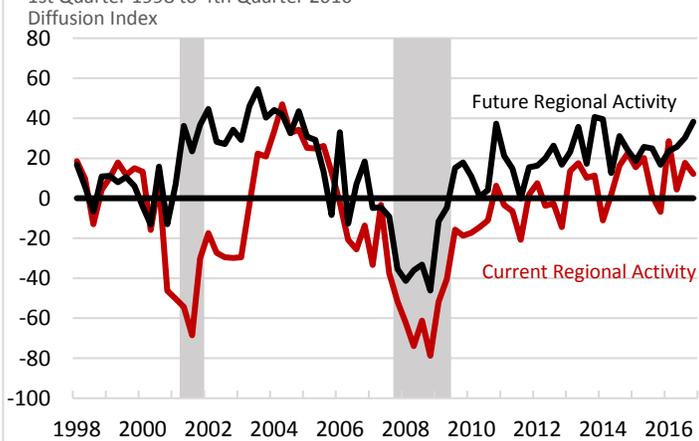
Note: The diffusion indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

**Chart 1. Current and Future Company General Activity Indexes**  
2nd Quarter 1991 to 4th Quarter 2016



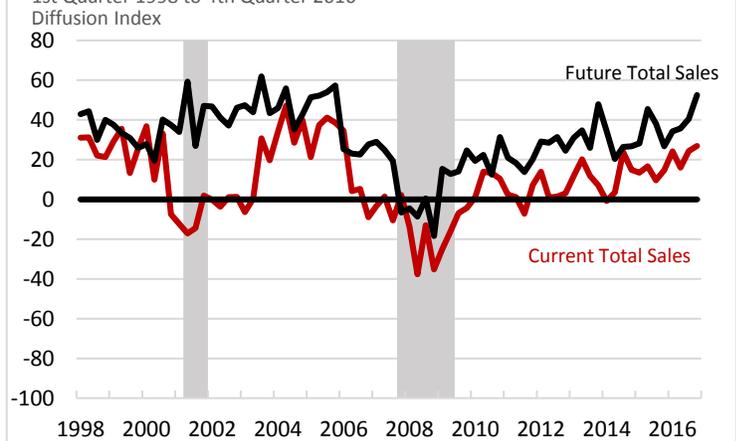
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

**Chart 2. Current and Future Regional General Activity Indexes**  
1st Quarter 1998 to 4th Quarter 2016



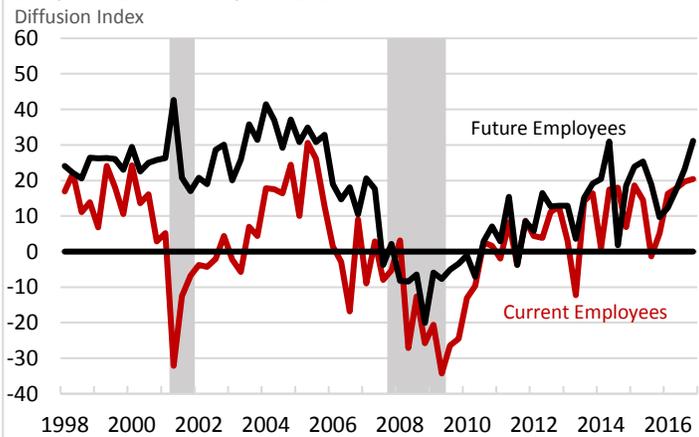
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

**Chart 3. Current and Future Total Sales Indexes**  
1st Quarter 1998 to 4th Quarter 2016



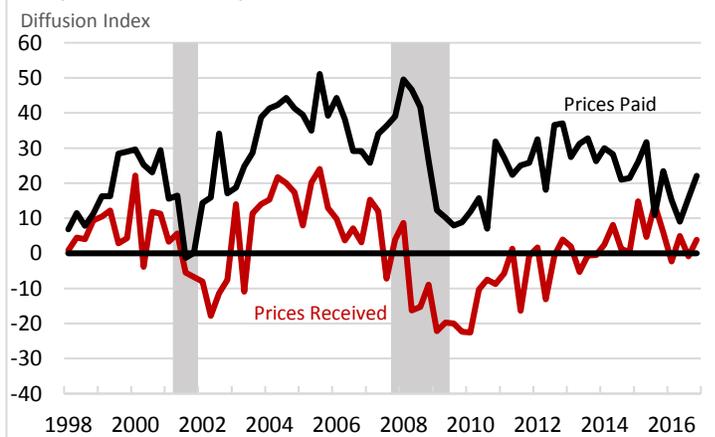
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

**Chart 4. Current and Future Employees Indexes**  
1st Quarter 1998 to 4th 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. Current Prices Received and Prices Paid Indexes**  
1st Quarter 1998 to 4th 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.