



SOUTH JERSEY BUSINESS SURVEY

First Quarter 2017

Business conditions in South Jersey continued to improve in the first quarter, according to firms responding to the *South Jersey Business Survey*. The survey's indexes suggest that the pace of growth also improved. The indexes for overall company activity, sales, and employment increased from their readings in the previous quarter. Business expectations, including the six-month forecast for employment, remained at high levels.

Indicators Suggest a Pickup in Growth

Most indicators reflected continued growth for South Jersey businesses. The survey's broad measure of individual company activity increased from 28.9 in the fourth quarter to 37.4, its highest reading since the second quarter of 2015 (see Chart 1). The survey's company-level sales index edged only slightly higher, from 27.0 to 29.0. Forty-three percent of the firms reported higher sales for the first quarter, while 15 percent reported lower sales. Employment gains were reported by 31 percent of the businesses, up from 25 percent in the fourth quarter. The current employment index edged higher to 23.2, its highest reading since the third quarter of 2005. Firms reported an increase for prices of their own products as well as an increase in input prices (excluding energy). Twenty-three percent of the firms reported paying

higher input prices in the first quarter, and 14 percent reported higher prices for their own products.

The index measuring perceptions of the overall regional economy remained positive and improved notably, from 13.3 to 30.5. One reason the regional indicator remains below the company indicator is that only 33 percent of the respondents reported that they perceived higher activity for the region compared with 49 percent who reported higher activity for their own companies.

Expectations Remain Optimistic

The indexes for future activity declined modestly from relatively high readings last quarter. The index for future company activity fell 4 points, to 47.3 (see Chart 1), and the future sales index also fell 4 points, to 46.5. The index for future employment declined from 29.6 to 21.1. Although 50 percent of the firms expect to maintain current employment levels over the next six months, nearly 35 percent of the firms expect to increase employment.

South Jersey Business Survey
(First Quarter 2017)

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?	13.3	8.7	51.4	32.8	24.0	30.5
At your company?	28.9	14.2	33.9	49.2	35.0	37.4
Other company measures:						
Total sales	27.0	14.8	35.0	42.6	27.9	29.0
Total employees	20.2	7.1	52.5	31.1	24.0	23.2
Prices received	3.6	3.8	68.9	14.2	10.4	5.5
Prices paid (excluding energy)	21.3	1.6	45.4	23.0	21.3	17.9
2. Future Measures (expectations for the next six months)						
Business activity for the region	37.4	4.4	41.0	44.8	40.4	33.8
Business activity for your company	51.3	6.6	30.1	60.7	54.1	47.3
Total sales	50.6	7.1	29.0	55.7	48.6	46.5
Total employees	29.6	5.5	50.3	34.4	29.0	21.1
Prices received	10.2	2.7	58.5	21.3	18.6	16.5
Prices paid (excluding energy)	22.9	1.6	44.8	21.3	19.7	17.9

Released: April 13, 2017

The second quarter 2017 *South Jersey Business Survey* will be released on July 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>).

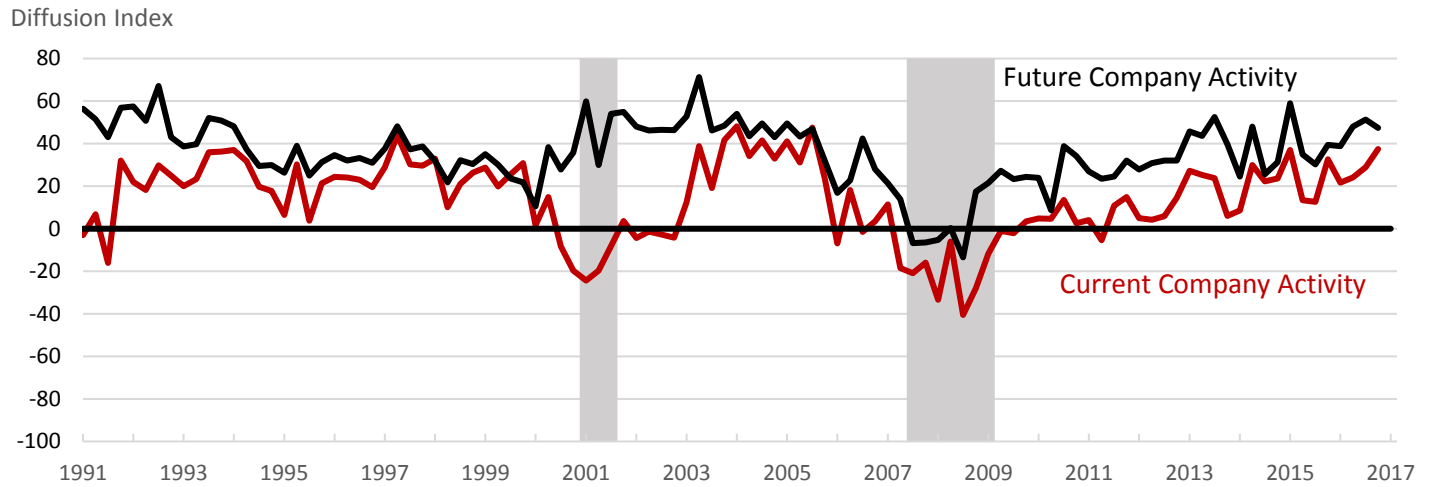
1. The *South Jersey Business Survey* is conducted each quarter and is based on responses from members of the Chamber of Commerce Southern New Jersey. Over 220 individuals responded to the web survey this quarter.

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.

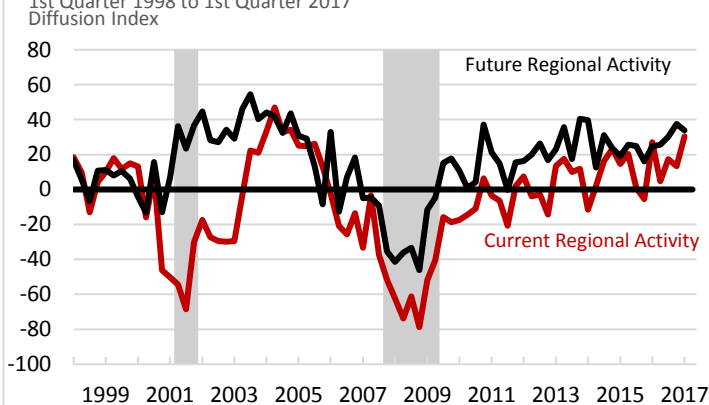
* SA: Seasonally adjusted

Chart 1. Current and Future Company General Activity Indexes
2nd Quarter 1991 to 1st Quarter 2017



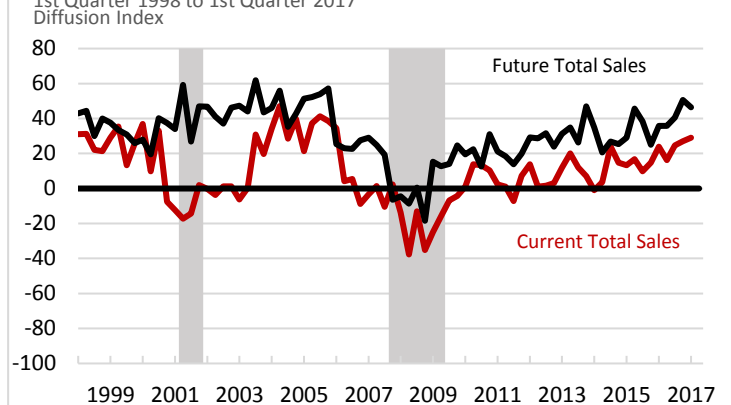
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 1st Quarter 2017



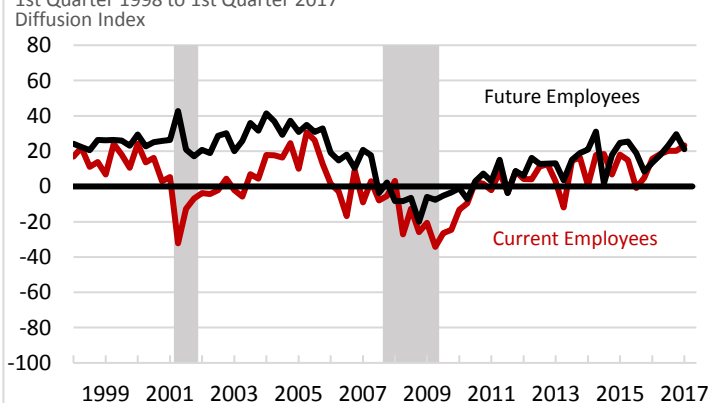
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 1st Quarter 2017



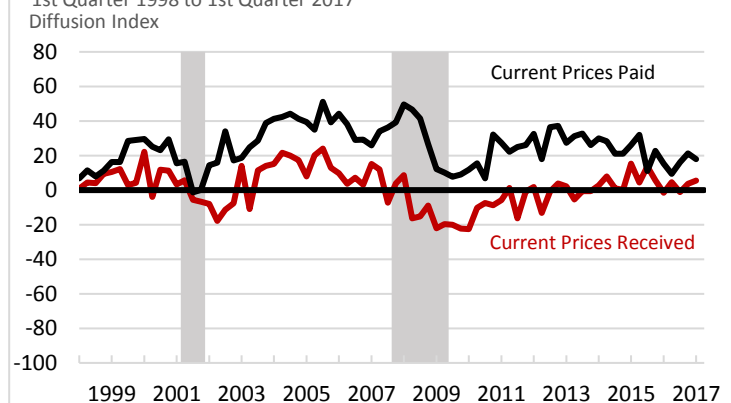
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 1st Quarter 2017



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 1st Quarter 2017



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.