



SOUTH JERSEY BUSINESS SURVEY

Second Quarter 2017

The South Jersey economy continued to expand in the second quarter, according to firms responding to the *South Jersey Business Survey*. The respondents reported a continuation of growth for company activity, sales, and employment, although indexes suggested a slightly slower pace of growth than in the first quarter. Business expectations remained positive, with only a small share of firms forecasting declines over the next six months. Firms' employment forecasts showed some improvement.

Indicators Suggest Continued Expansion

The survey's broad measure of individual company activity fell 3 points, from 36.1 in the first quarter to 32.7 in the second quarter (see Chart 1). The index remains significantly higher than its non-recession average of 17.5 spanning the 25-year history of the survey. The company sales index moderated 4 points but remains at a strong reading. Forty-one percent of the firms reported higher sales, while 14 percent reported lower sales. The index measuring perceptions of the overall regional economy remained positive this quarter but decreased by 9 points, from 28.8 to 19.9.

Released: July 13, 2017

The third quarter 2017 *South Jersey Business Survey* will be released on October 12, 2017. Note: The diffusion indexes are 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>).

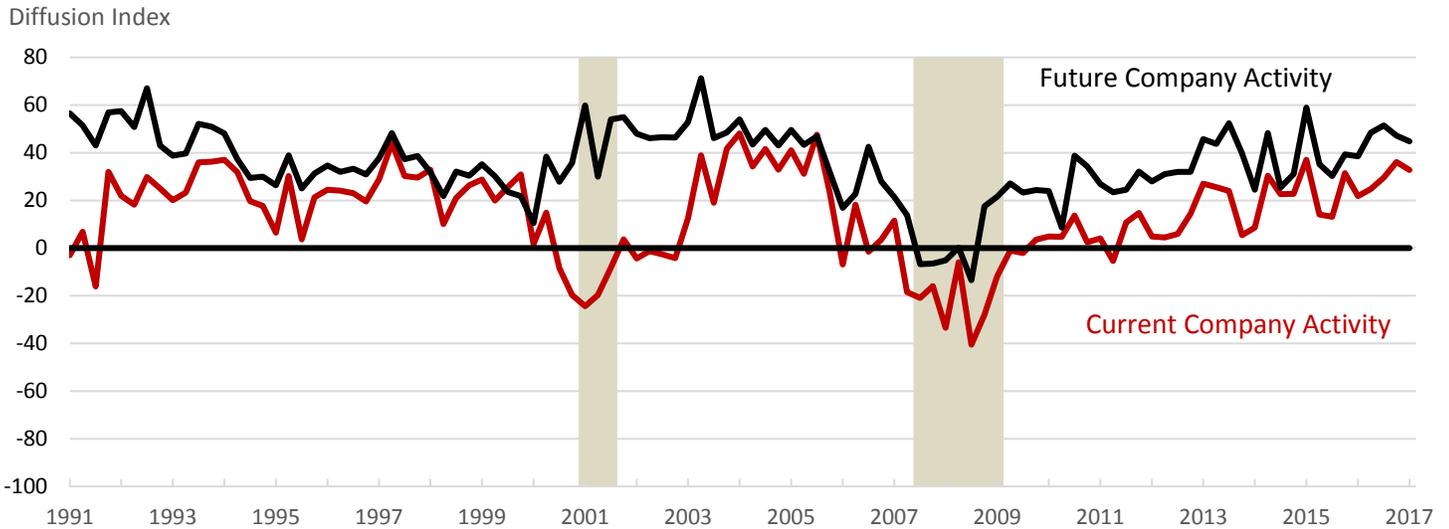
Both indexes for prices remained positive this quarter, but neither suggested a significant rise in price pressures. The prices received index rose from a reading of 6.1 to 10.9. Sixty-four percent of the firms reported no change in prices for their goods or services. On the cost side, the prices paid index held steady at 17.9, with 44 percent of the firms reporting steady prices for inputs excluding energy.

Expectations Remain Optimistic

The index for future company activity fell 2 points but remains positive at 44.7 and above its nonrecession average of 37.3. The future sales index fell 7 points. Firms' forecast for future employment showed a 5 point improvement this quarter. Thirty-two percent of the firms expect to hire additional workers over the next six months, while only 4 percent expect to make cuts.

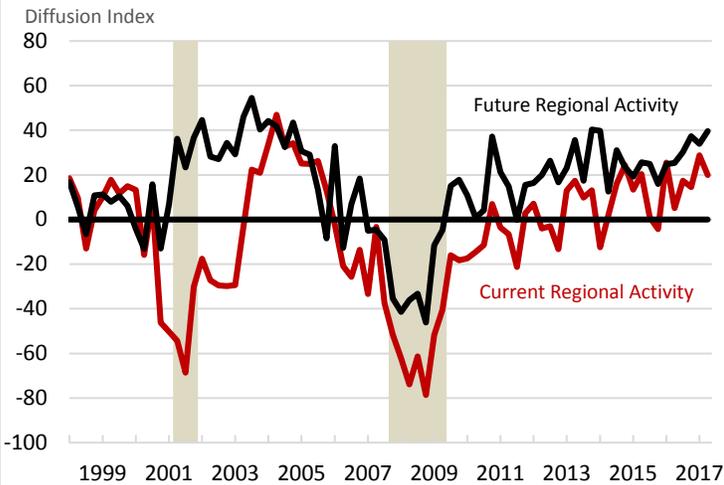
South Jersey Business Survey (Second Quarter 2017)						
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)*	Lower	Same	Higher	Diffusion Index	Diffusion Index (SA)
What is your assessment of the level of general business activity:						
In the region?	28.8	7.3	52.6	35.0	27.7	19.9
At your company?	36.1	11.7	38.0	46.7	35.0	32.7
Other company measures:						
Total sales	28.2	13.9	37.2	40.9	27.0	23.9
Total employees	22.7	10.2	58.4	26.3	16.1	12.4
Prices received	6.1	5.8	63.5	16.8	10.9	10.9
Prices paid (excluding energy)	17.9	3.6	43.8	23.4	19.7	17.9
2. Future Measures (expectations for the next six months)						
Business activity for the region	34.0	5.1	46.0	44.5	39.4	39.6
Business activity for your company	47.2	7.3	35.8	53.3	46.0	44.7
Total sales	45.9	8.0	34.3	48.9	40.9	38.6
Total employees	21.7	4.4	54.0	32.1	27.7	26.2
Prices received	16.9	2.9	59.1	21.9	19.0	16.6
Prices paid (excluding energy)	18.1	0.7	50.4	19.0	18.2	18.1
1. The <i>South Jersey Business Survey</i> is conducted each quarter and is based on responses from members of the Chamber of Commerce 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						

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



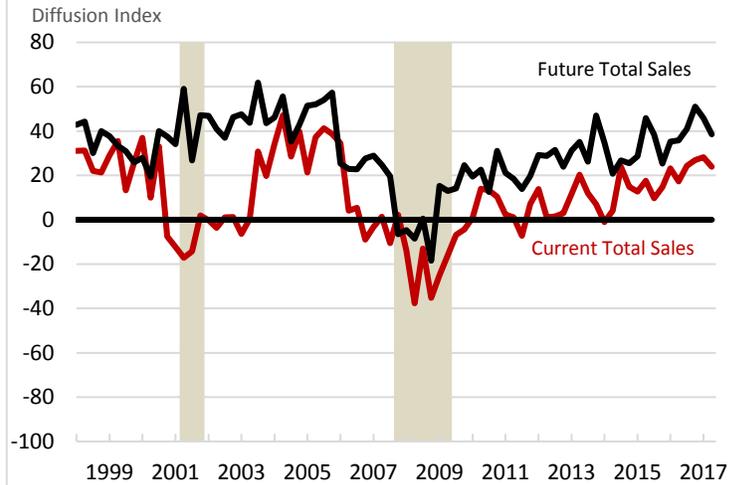
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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



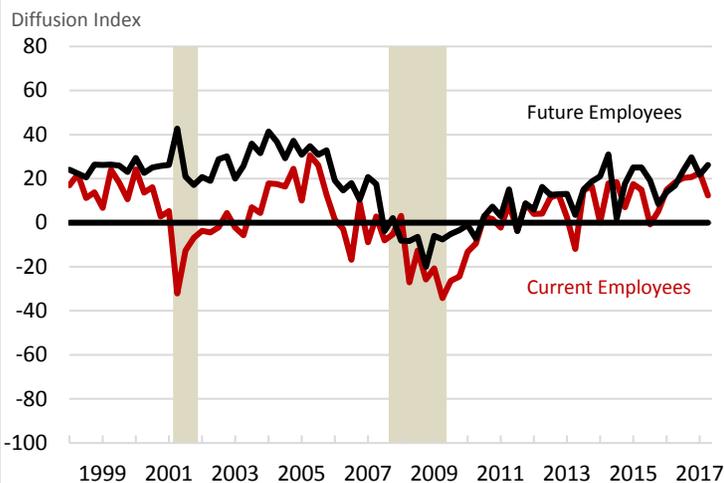
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 2nd Quarter 2017



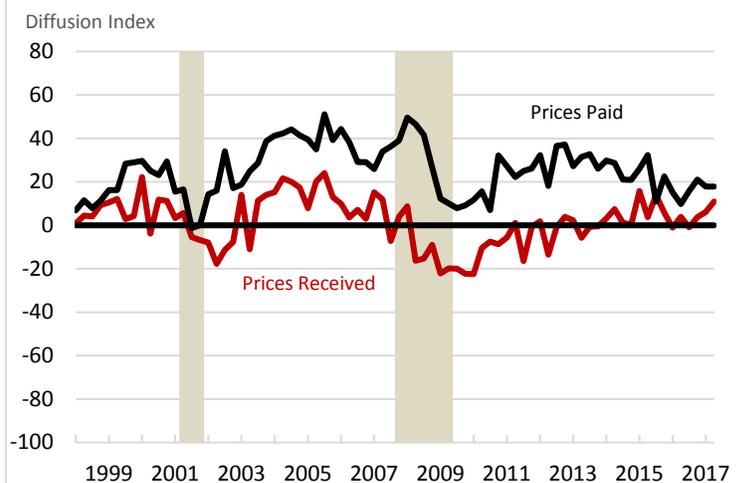
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 2nd 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 2nd 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.