



SOUTH JERSEY BUSINESS SURVEY

Third Quarter 2017

The region's economy continued to expand in the third quarter, according to firms responding to the *South Jersey Business Survey*. The survey's indexes suggest that the pace of company growth also improved. The indexes for overall company activity, sales, and employment increased from their readings in the previous quarter. Business expectations also improved, and only a small share of firms were forecasting declines over the next six months.

Indicators Suggest Improved Growth

Most indicators reflected continued growth for South Jersey businesses. The survey's broad measure of individual company activity increased from 32.8 in the second quarter to 38.1, its highest reading since the fourth quarter of 2005 (see Chart 1). The survey's company-level sales index increased 11 points, from 25.3 to 36.3 and continues to trend higher (see Chart 3). Fifty-one percent of the firms reported higher sales for the third quarter, while 15 percent reported lower sales. Employment gains were reported by 34 percent of the businesses, up from 26 percent in the second quarter. The current employment index also edged higher to 22.3, its highest reading since the third quarter of 2005.

The index measuring perceptions of the overall regional economy remained

positive and improved notably this quarter, from 20.7 to 31.7. One reason the regional indicator remains below the company indicator is that only 35 percent of respondents reported that they perceived higher activity for the region compared with 49 percent who reported higher activity for their own companies.

Price Pressures Increased Slightly

Firms' responses regarding prices suggest a slight rise in price pressures. The prices received index rose from a reading of 10.8 to 13.4, but 64 percent of the firms reported no change in prices for their goods or services. On the cost side, the prices paid index edged 3 points

higher to 21.9, with 45 percent of the firms reporting steady prices for inputs excluding energy.

Expectations Remain Optimistic

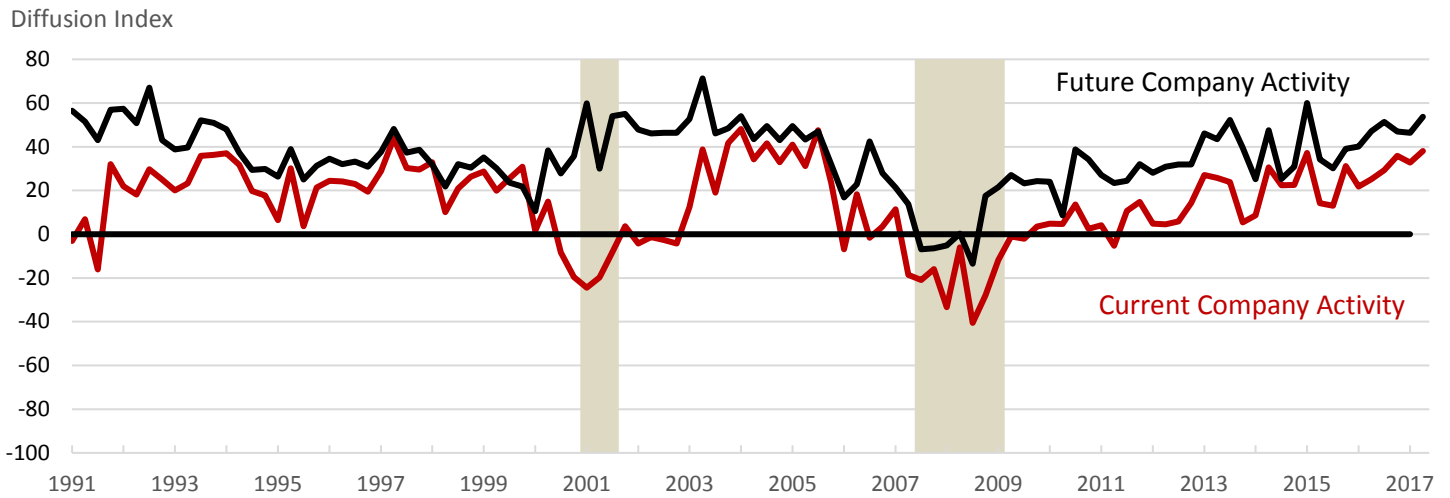
The index for future company activity increased 7 points and is at a relatively high positive reading of 53.7 and above its nonrecession average of 37.5 (see Chart 1). The future sales index increased 3 points. Firms' forecast for future employment showed a 1 point improvement this quarter. Thirty-one percent of the firms expect to hire additional workers over the next six months, while only 5 percent expect to make cuts.

South Jersey Business Survey (Third 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?	20.7	8.1	53.7	35.3	27.2	31.7
At your company?	32.8	11.8	37.5	48.5	36.8	38.1
Other company measures:						
Total sales	25.3	14.7	29.4	50.7	36.0	36.3
Total employees	13.7	11.0	50.0	33.8	22.8	22.3
Prices received	10.8	5.1	64.0	18.4	13.2	13.4
Prices paid (excluding energy)	18.6	0.7	44.9	19.9	19.1	21.9
Business activity for the region	39.9	5.9	47.1	41.2	35.3	41.3
Business activity for your company	46.4	7.4	32.4	53.7	46.3	53.7
Total sales	39.6	9.6	32.4	49.3	39.7	42.4
Total employees	26.3	5.1	57.4	30.9	25.7	27.3
Prices received	16.7	4.4	64.7	17.6	13.2	18.6
Prices paid (excluding energy)	18.9	2.2	40.4	25.0	22.8	25.4
1. The <i>South Jersey Business Survey</i> 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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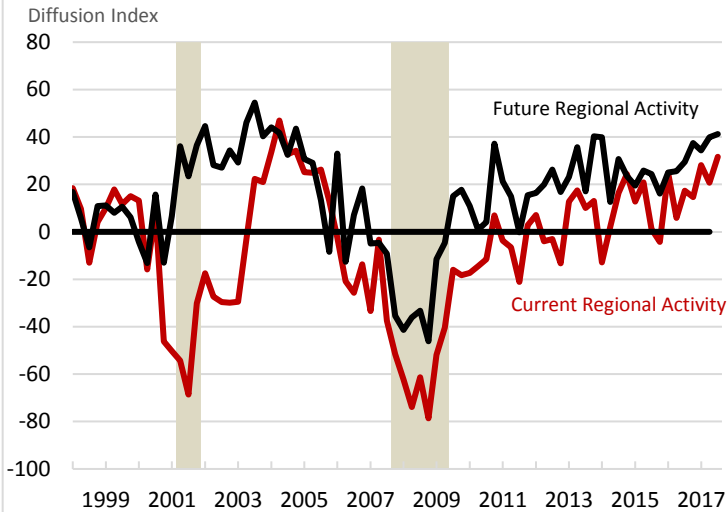
The fourth quarter 2017 *South Jersey Business Survey* will be released on January 11, 2018. Note: The diffusion indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1991 to 3rd Quarter 2017



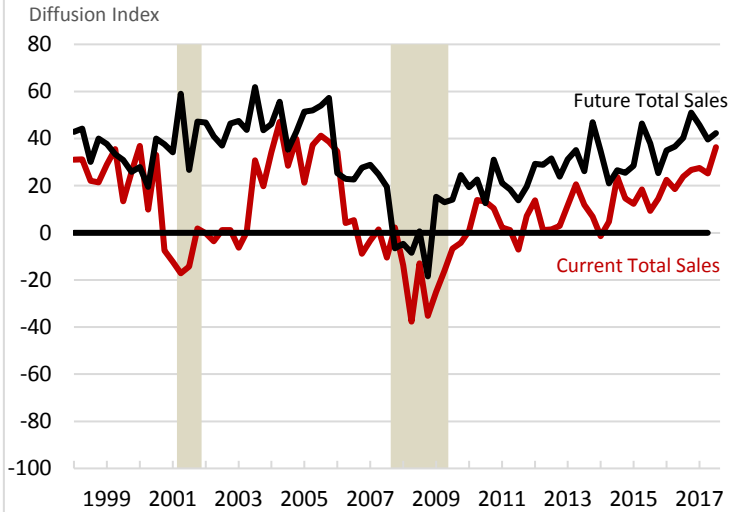
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 3rd Quarter 2017



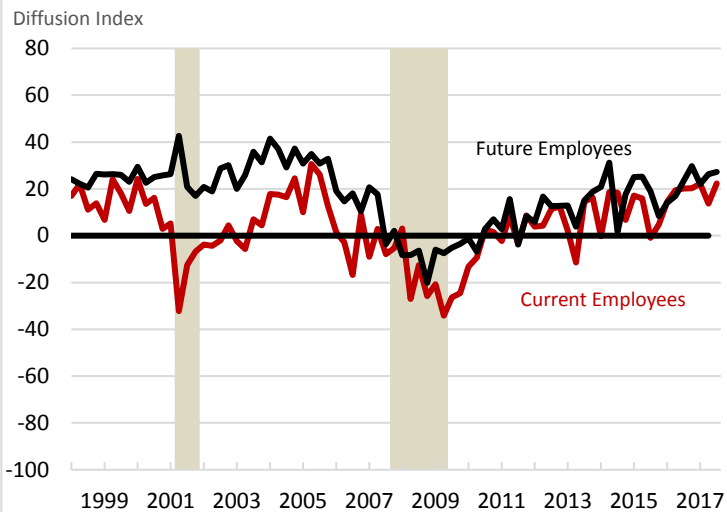
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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



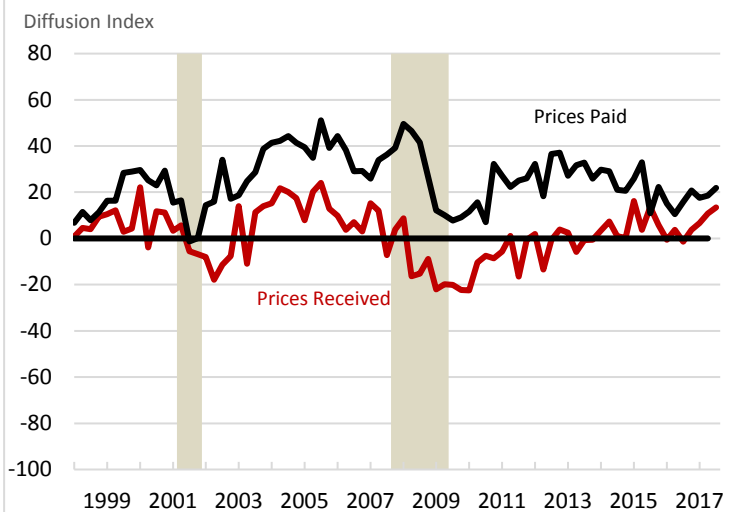
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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