



SOUTH JERSEY BUSINESS SURVEY

Fourth Quarter 2017

The region's economy continued to expand in the fourth quarter, according to firms responding to the *South Jersey Business Survey*. All of the survey's broad indicators of current activity increased from their readings in the third quarter, suggesting a faster pace of economic growth. Business expectations also improved, and a sizable share of firms expect to increase employment over the next six months.

All Indicators Suggest Improved Growth

The survey's broad measure of individual company activity increased from 38.1 in the third quarter to 41.9, its highest reading since the fourth quarter of 2005 (see Chart 1). The survey's company-level sales index increased slightly, from 35.8 to 36.1 and has continued to trend higher over the past two years (see Chart 3). Over 43 percent of the firms reported higher sales for the fourth quarter, while 9 percent reported lower sales. Employment increases were reported by 32 percent of the businesses, and 8 percent reported employment decreases. The current employment index also edged higher to 31.1, its highest reading recorded for the index.

The index measuring perceptions of the overall regional economy continued to show improvement in the fourth quarter, from 31.5 to 33.6. Nearly 39 percent of the respondents reported that they perceived higher activity for the region in the quarter, although that percentage is

lower than the 49 percent who reported higher activity for their own companies.

Price Pressures Decrease Slightly

Firms' responses regarding prices suggest a slight moderation in price pressures. The prices received index decreased from a reading of 12.9 to 6.5, but 69 percent of the firms reported no change in prices for their goods or services. On the cost side, the prices paid index edged 4 points lower to 18.2, with 49 percent of the firms reporting steady prices for inputs excluding energy.

Expectations Continue to Improve

The index for future company activity increased 6 points to 59.7 and is at its highest reading since the second quarter of 2015 (see Chart 1). The future sales index increased 10 points. The firms' forecast for future employment improved 13 points. Nearly 42 percent of the firms expect to hire additional workers over the next six months, up from 31 percent in the previous quarter.

South Jersey Business Survey
(Fourth Quarter 2017)

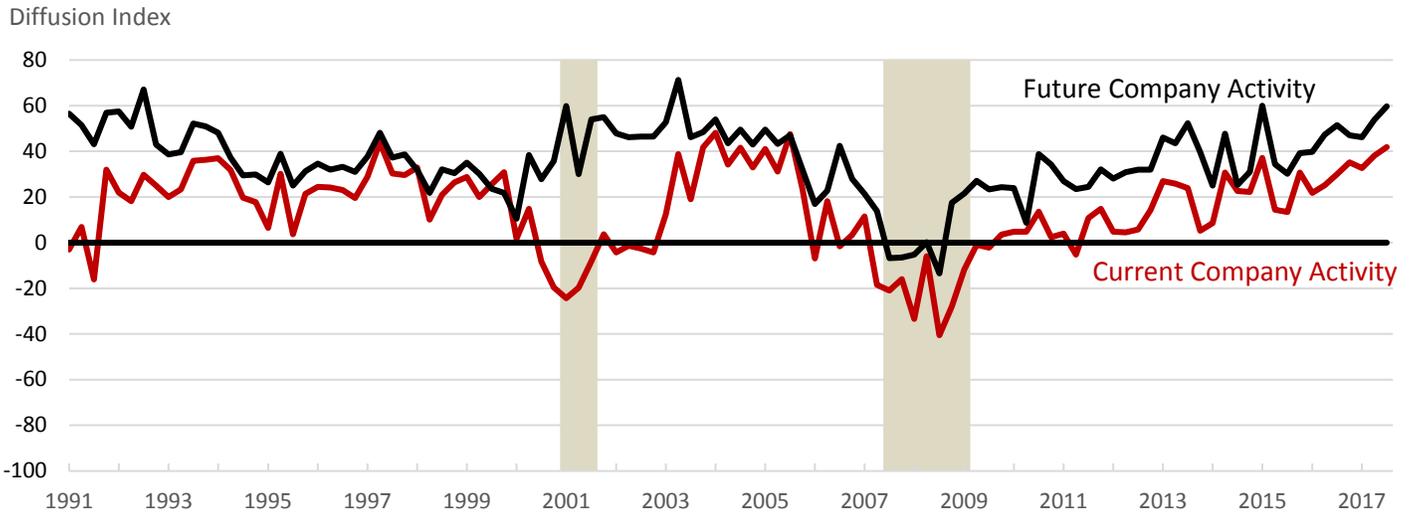
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)	Lower	Same	Higher	Diffusion Index (SA)*
What is your assessment of the level of general business activity:					
In the region?	31.5	6.6	48.6	38.8	33.6
At your company?	38.1	9.8	37.2	49.2	41.9
Other company measures:					
Total sales	35.8	9.3	33.3	43.2	36.1
Total employees	22.3	7.7	49.2	32.2	31.1
Prices received	12.9	5.5	68.9	7.1	6.5
Prices paid (excluding energy)	21.7	1.1	49.2	18.0	18.2
2. Future Measures (expectations for the next six months)					
Business activity for the region	42.1	3.3	30.6	60.1	55.9
Business activity for your company	53.8	4.4	26.2	64.5	59.7
Total sales	43.2	5.5	24.0	57.9	53.3
Total employees	28.2	6.0	41.0	41.5	41.6
Prices received	17.9	4.9	50.8	25.7	20.6
Prices paid (excluding energy)	24.9	3.3	38.8	28.4	24.7

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

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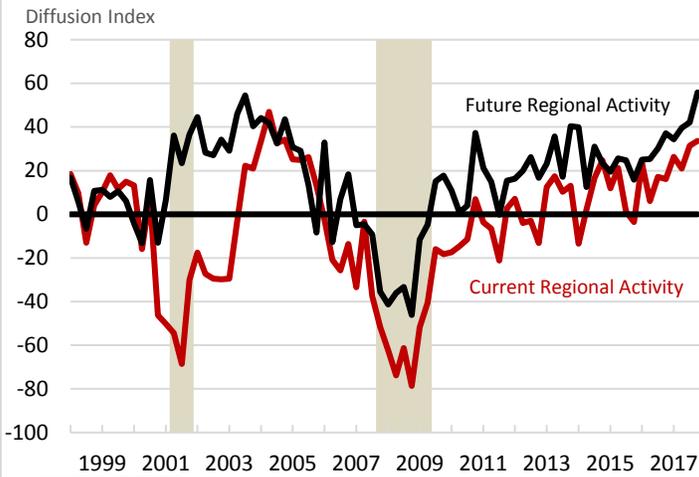
The first quarter 2018 *South Jersey Business Survey* will be released on April 12, 2018. Note: The diffusion indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1991 to 4th Quarter 2017



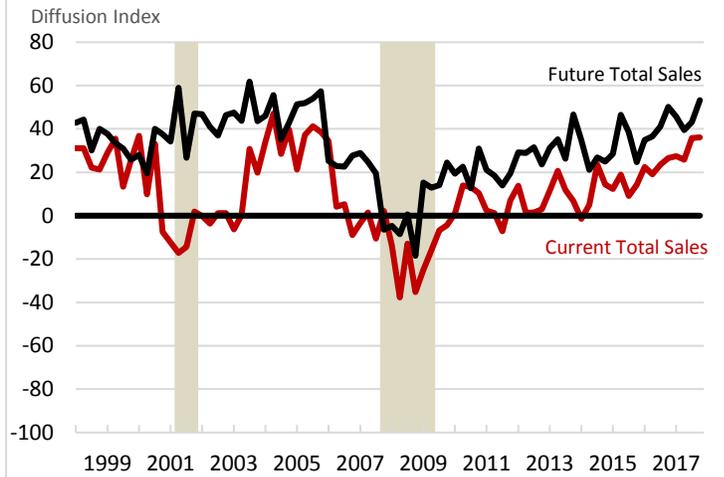
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 4th Quarter 2017



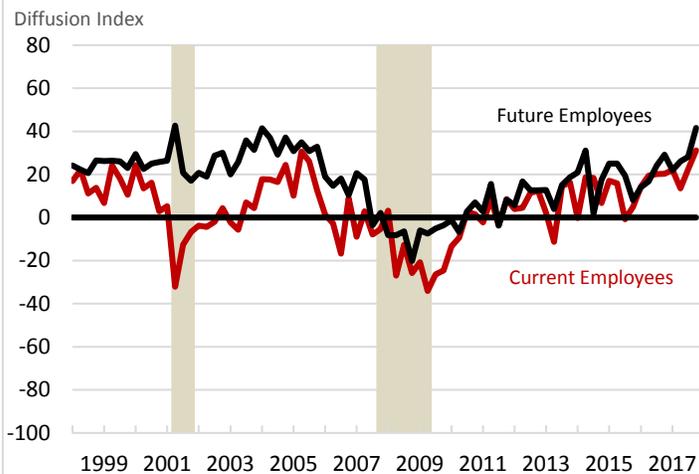
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 4th Quarter 2017



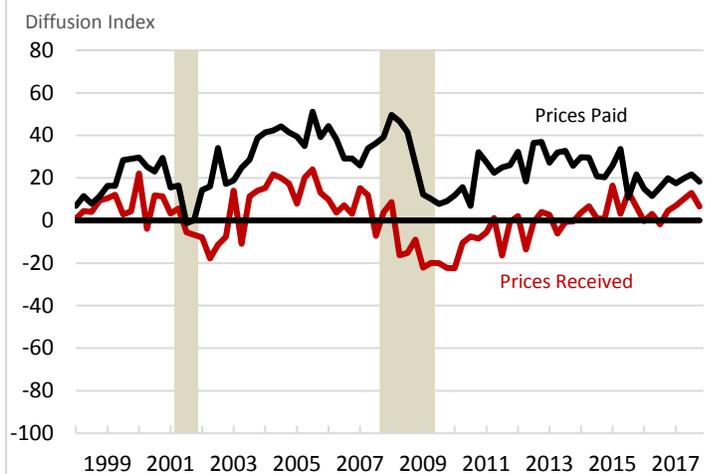
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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