



SOUTH JERSEY BUSINESS SURVEY

First Quarter 2018

The region continued to grow in the first quarter, according to the firms responding to the *South Jersey Business Survey*. The survey's broad indicators of business activity remained positive, although most indicators moderated from their readings in the fourth quarter. The firms also reported increasing price pressures. Surveyed firms in the South Jersey region remained generally optimistic about growth over the next six months, although the survey's future indicators also moderated from the end of last year.

Current Indicators Moderate but Suggest Continued Growth

The survey's current broad indicators remained positive but fell from higher readings in the fourth quarter. The survey's broad measure of individual company activity decreased 10 points, from 41.1 in the fourth quarter to 31.2 (see Chart 1). Over 47 percent of the firms reported increases in activity in the first quarter, while 15 percent reported decreases. The survey's company-level sales index also decreased 10 points. Thirty-two percent of the businesses reported employment increases, while 7 percent reported decreases. The current employment index decreased 8 points from its record-high reading last quarter (see Chart 4).

The index measuring perceptions of the overall regional economy remained positive but fell from 32.7 in the fourth quarter to 27.1. Over 34 percent of the respondents reported that they perceived higher activity for the region in the first quarter,

although that percentage is lower than the 47 percent who reported higher activity for their own companies this quarter.

Price Pressures Increase

The firms' responses suggest an increase in price pressures. On the cost side, the prices paid index increased 9 points to 28.4, with 32 percent of the firms reporting increasing prices for inputs excluding energy. The prices received index increased 7 points, with 19 percent of the firms reporting higher prices for their own products. However, 70 percent of the firms reported no change in the prices for their products.

Firms Remain Optimistic

Overall, expectations remain optimistic, although most of the survey's future indicators moderated from their fourth-quarter readings. The index for future company activity decreased 7 points to 52.0 (see Chart 1). Sixty-two percent of the firms expect increases in activity over the next six months, and only 4 percent expect decreases. The future sales index remained at a high reading and was virtually unchanged from the previous quarter. The firms' forecast for future employment decreased 12 points. Nearly 38 percent of the firms expect to hire additional workers over the next six months, edging down from 42 percent in the previous quarter.

South Jersey Business Survey (First Quarter 2018)

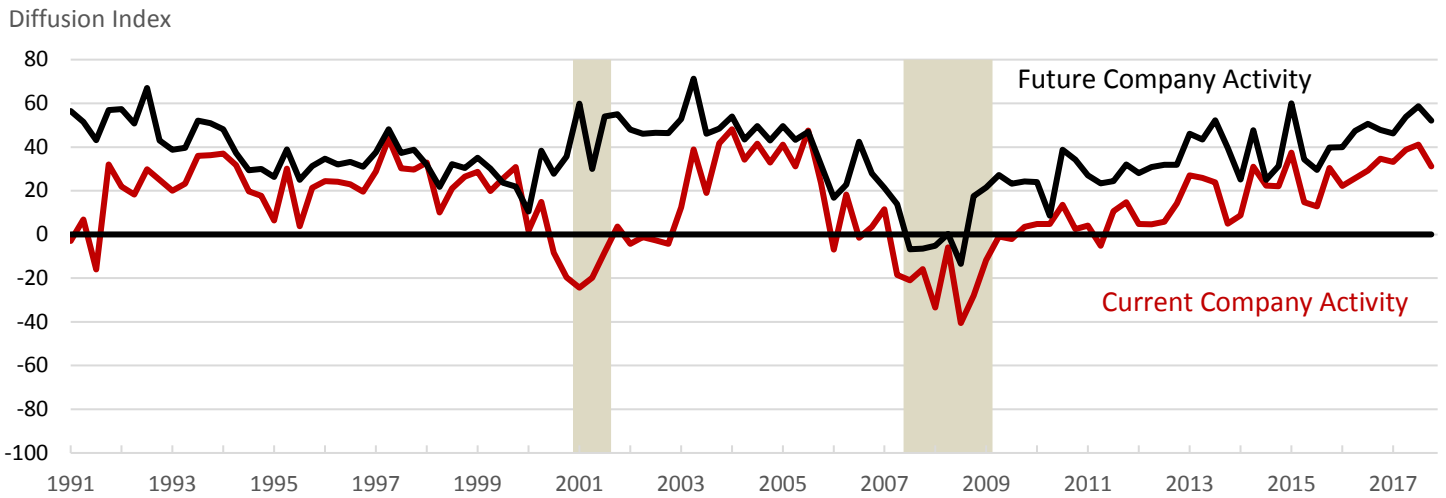
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)*	Lower	Same	Higher	Diffusion Index (SA)
What is your assessment of the level of general business activity:					
In the region?	32.7	8.3	50.9	34.3	27.1
At your company?	41.1	14.8	35.2	47.2	31.2
Other company measures:					
Total sales	35.2	13.9	38.0	39.8	25.4
Total employees	29.9	7.4	57.4	31.5	21.7
Prices received	6.9	1.9	70.4	18.5	13.4
Prices paid (excluding energy)	19.3	0.0	37.0	32.4	28.4
2. Future Measures (expectations for the next six months)					
Business activity for the region	54.2	4.6	38.0	50.9	41.7
Business activity for your company	58.7	3.7	31.5	62.0	52.0
Total sales	52.8	3.7	30.6	59.3	52.6
Total employees	39.1	5.6	50.9	38.0	27.2
Prices received	20.3	2.8	64.8	23.1	17.4
Prices paid (excluding energy)	24.4	0.9	41.7	28.7	26.2

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. 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: April 12, 2018
The second quarter 2018 *South Jersey Business Survey* will be released on July 12, 2018.

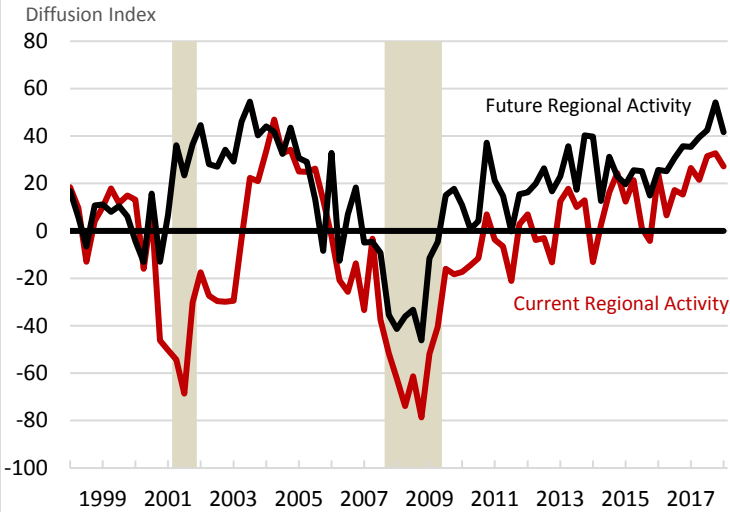
Note: The diffusion indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1991 to 1st Quarter 2018



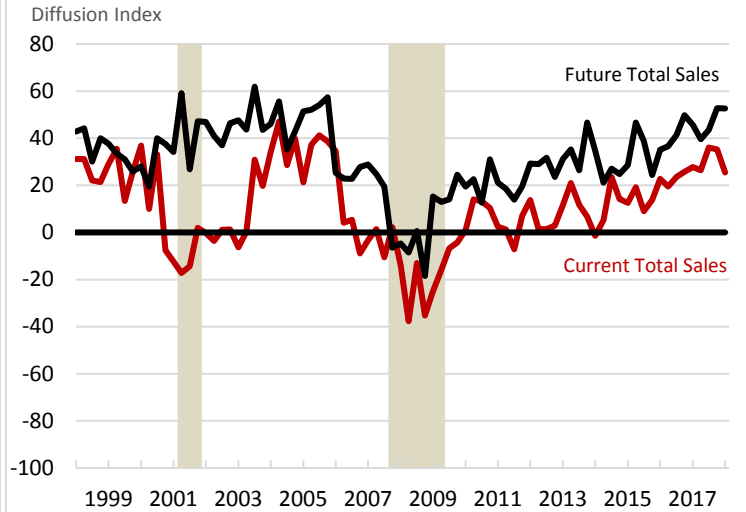
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 1st Quarter 2018



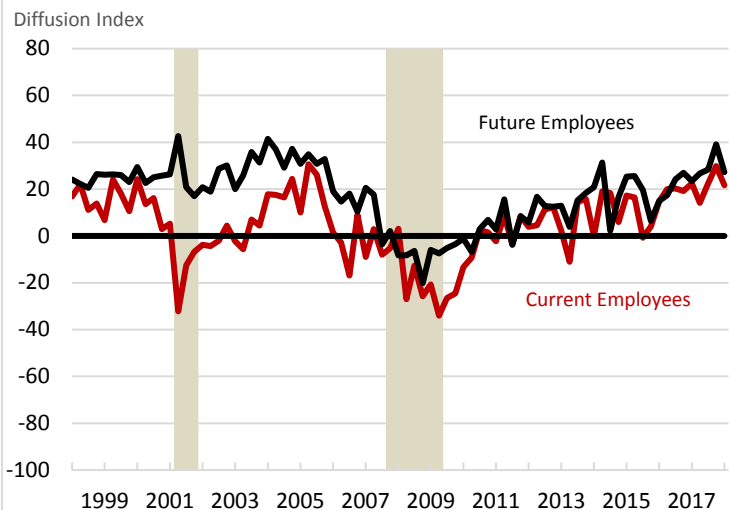
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 1st Quarter 2018



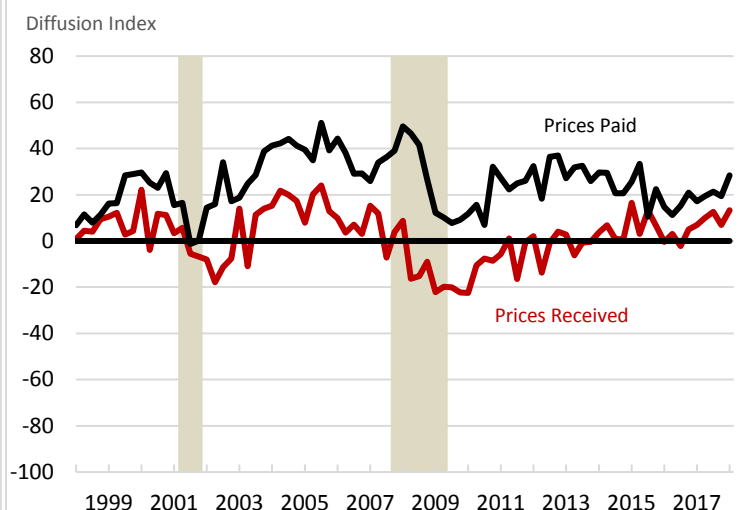
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 1st Quarter 2018



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 2018



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.