



SOUTH JERSEY BUSINESS SURVEY

Second Quarter 2018

The region continued to grow in the second quarter, according to the firms responding to the *South Jersey Business Survey*. The survey's broad own-company indicator of business activity remained positive and improved from its readings in the first quarter. The firms reported less widespread increases in employment in the second quarter, however. Surveyed firms in the South Jersey region remained generally optimistic about growth over the next six months, although the survey's future indicators moderated from the readings in the past two quarters.

Current Indicators Show Improvement, but Employment Growth Moderates

The survey's current broad indicators remained positive in the second quarter. The survey's broad measure of individual company activity edged 3 points higher, from 32.2 in the first quarter to 35.2 (see Chart 1). Nearly 49 percent of the firms reported increases in activity in the second quarter, while 10 percent reported decreases. Notably, the survey's company-level sales index improved by 10 points. The current employment index remained positive but decreased 13 points (see Chart 4). Nearly 23 percent of the businesses reported employment increases, compared with 32 percent last quarter.

The index measuring perceptions of the overall regional economy remained positive but fell from 26.9 in the first quarter to 24.5. Over 36 percent of the

respondents reported that they perceived higher activity for the region in the second quarter, although that percentage is lower than the 49 percent who reported higher activity for their own companies.

Price Pressures Slightly Less Widespread

The firms' overall responses suggest continued but moderated price pressures. On the cost side, the prices paid index decreased 4 points to 23.6, with 24 percent of the firms reporting increasing prices for inputs excluding energy. Last quarter, 32 percent of the firms reported higher input prices. The prices received index decreased 1 point, with 15 percent of the firms reporting higher prices for their own prod-

ucts. However, 68 percent of the firms reported no change in the prices for their products.

Firms' Optimism Continues to Moderate

Overall, expectations remain optimistic, although most of the survey's future indicators continued to moderate from last year. The index for future company activity decreased 5 points to 46.0 (see Chart 1). Over 51 percent of the firms expect increases in activity over the next six months, and only 7 percent expect decreases. The firms' forecast for future employment decreased 6 points. Nearly 29 percent of the firms expect to hire additional workers over the next six months, down from 38 percent last quarter.

South Jersey Business Survey (Second 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?	26.9	6.3	50.0	36.1	24.5
At your company?	32.2	10.4	37.5	48.6	35.2
Other company measures:					
Total sales	26.4	9.7	34.7	47.2	36.4
Total employees	21.2	12.5	59.0	22.9	8.1
Prices received	13.2	2.1	67.4	15.3	11.9
Prices paid (excluding energy)	27.7	0.7	45.1	23.6	23.6
2. Future Measures (expectations for the next six months)					
Business activity for the region	41.3	7.6	41.0	44.4	37.7
Business activity for your company	51.4	6.9	37.5	51.4	46.0
Total sales	51.4	7.6	36.1	49.3	42.1
Total employees	26.5	8.3	57.6	28.5	20.1
Prices received	17.3	1.4	65.3	19.4	16.7
Prices paid (excluding energy)	26.3	0.0	43.1	28.5	28.6

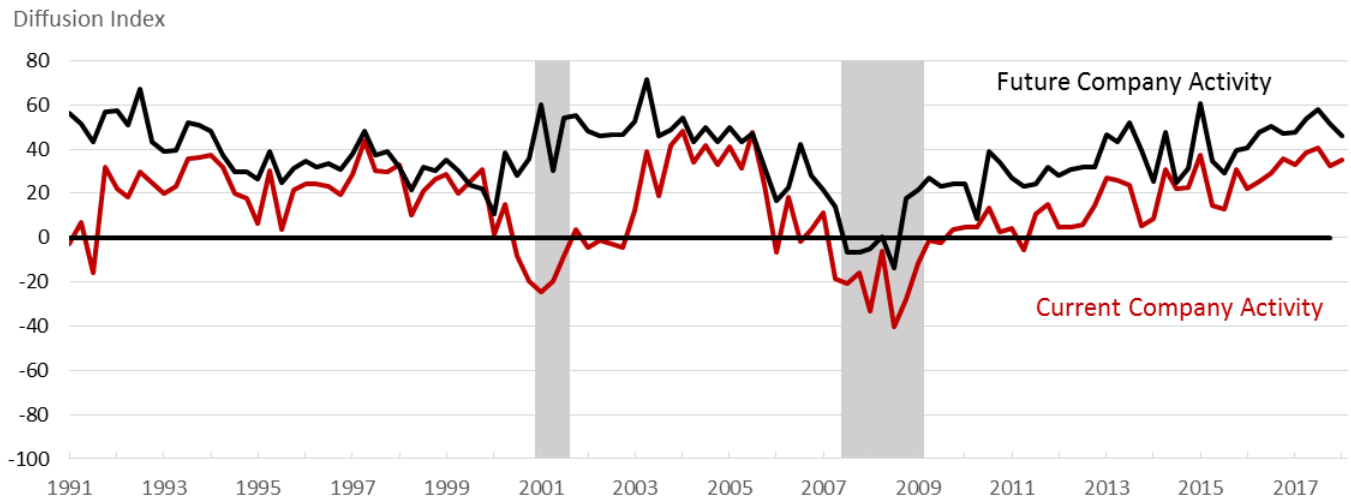
1. The *South Jersey Business Survey* is conducted each quarter and is based on responses from members of the Chamber of Commerce Southern New Jersey.
 2. Diffusion indexes represent the percentage indicating an increase minus the percentage indicating a decrease. Percentages may not sum to 100 percent 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: July 12, 2018

The third quarter 2018 *South Jersey Business Survey* will be released on October 11, 2018.

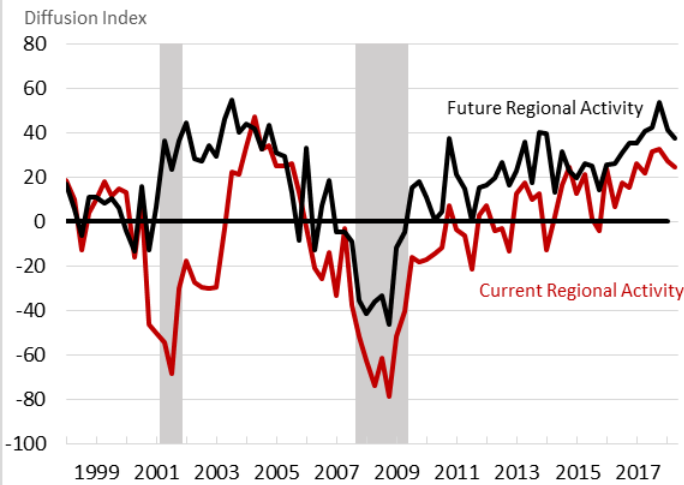
Note: The diffusion indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1991 to 2nd Quarter 2018



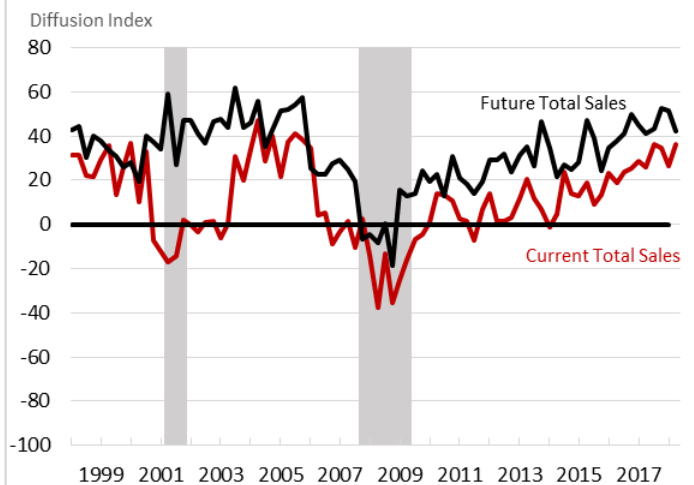
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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



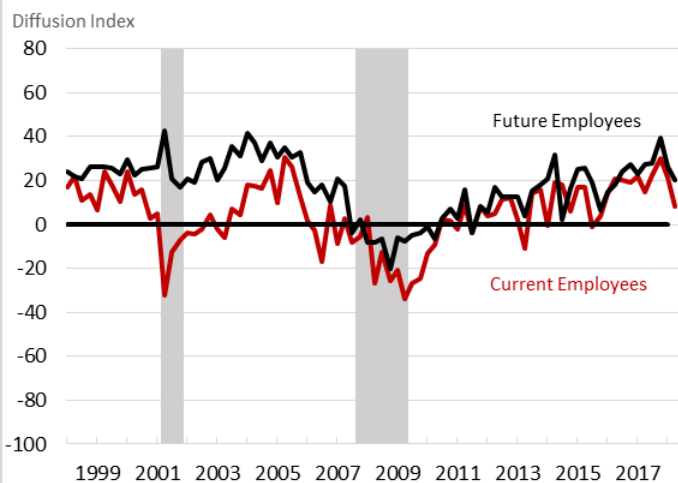
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 2nd Quarter 2018



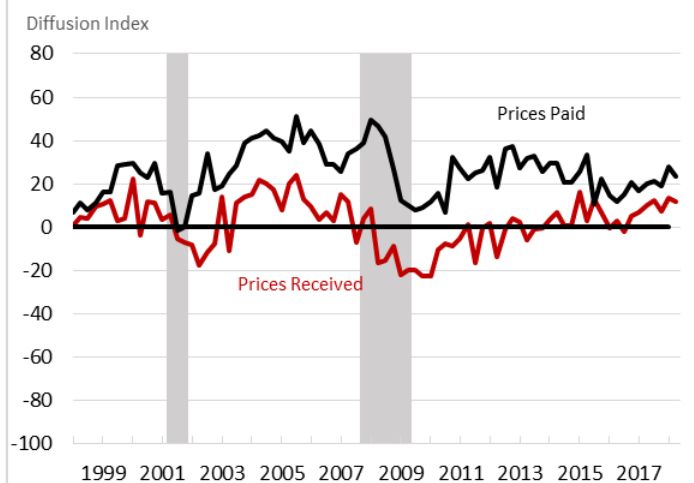
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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