



SOUTH JERSEY BUSINESS SURVEY

Fourth Quarter 2018

The region continued to grow in the fourth quarter but at a slower pace than in the third quarter, according to the firms responding to the *South Jersey Business Survey*. The survey's own-company indicator of business activity remained positive but decreased from its third quarter reading. The firms reported overall increases in employment in the fourth quarter. Surveyed firms in the South Jersey region were not as optimistic about future growth as in previous surveys but expect further increases in employment.

Current Indicators Suggest Slower Growth

The survey's broad indicators remained positive in the fourth quarter. The survey's measure of individual company activity, however, decreased 17 points, from 37.1 in the third quarter to 20.4 (see Chart 1). Nearly 37 percent of the firms reported increases in activity in the fourth quarter, while 18 percent reported decreases. The survey's company-level sales index remained positive but edged down 5 points. Nearly 37 percent of the firms still reported higher sales than in the third quarter. The current employment index also remained positive and decreased only 2 points (see Chart 4). Twenty percent of the businesses reported employment increases, compared with 29 percent last quarter.

The index measuring perceptions of the overall regional economy remained positive but decreased 12 points. Thirty percent of the respondents perceived higher activity for the South Jersey region

in the fourth quarter, although that was lower than the 37 percent who reported higher activity for their own companies.

Firms Report Higher Prices

The firms' responses suggest less widespread cost pressures in the fourth quarter, but more firms reported higher prices for their own products. The prices paid index decreased 7 points to 26.3, with 27 percent of the firms reporting higher prices for inputs excluding energy. Last quarter, 33 percent reported higher input prices. The prices received index, however, increased 9 points, with 18 percent of the firms reporting higher prices for their own products.

Firms' Optimism Has Moderated

Overall, the firms expect growth over the next six months, but the survey's future indicators declined notably in the fourth quarter. The index for future company activity decreased from 55.5 to 39.4. (see Chart 1). Nearly 52 percent of the firms expect increases in activity over the next six months, and only 10 percent expect decreases. The firms' forecast for future employment, however, increased 3 points. Over 28 percent of the firms expect to hire additional workers over the next six months, up from 24 percent in the third quarter.

South Jersey Business Survey (Fourth 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?	25.4	18.3	48.3	30.0	13.3
At your company?	37.1	18.3	43.3	36.7	20.4
Other company measures:					
Total sales	25.7	16.7	36.7	36.7	21.0
Total employees	19.1	6.7	68.3	20.0	17.4
Prices received	7.9	6.7	63.3	18.3	17.0
Prices paid (excluding energy)	33.6	3.3	43.3	26.7	26.3
2. Future Measures (expectations for the next six months)					
Business activity for the region	44.8	11.7	53.3	25.0	10.1
Business activity for your company	55.5	10.0	36.7	51.7	39.4
Total sales	47.9	10.0	30.0	48.3	37.0
Total employees	13.7	11.7	55.0	28.3	17.0
Prices received	27.5	6.7	48.3	35.0	28.5
Prices paid (excluding energy)	41.7	5.0	40.0	33.3	27.3

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 published number because of seasonal adjustment.

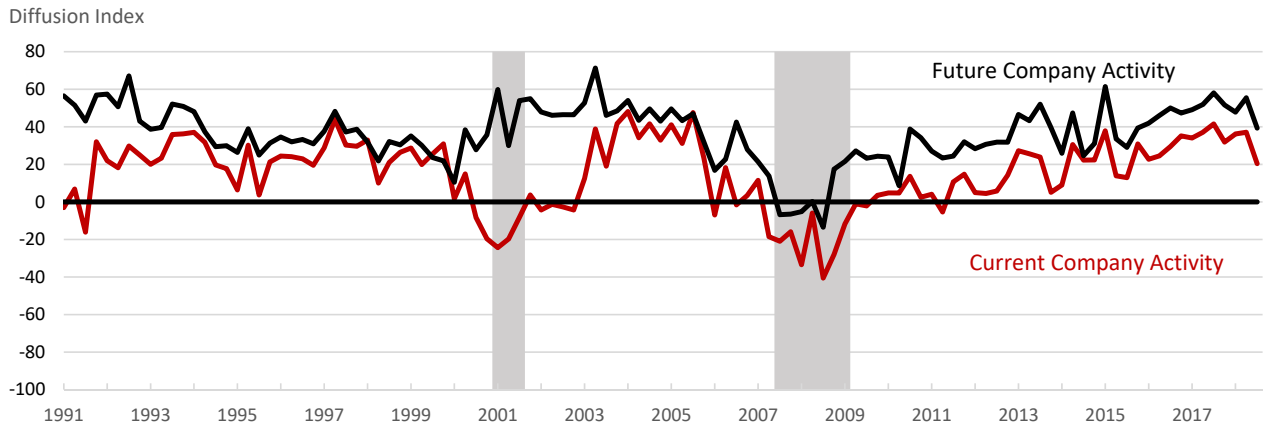
* SA: Seasonally adjusted

Released: January 10, 2019

The first quarter 2019 *South Jersey Business Survey* will be released on April 11, 2019.

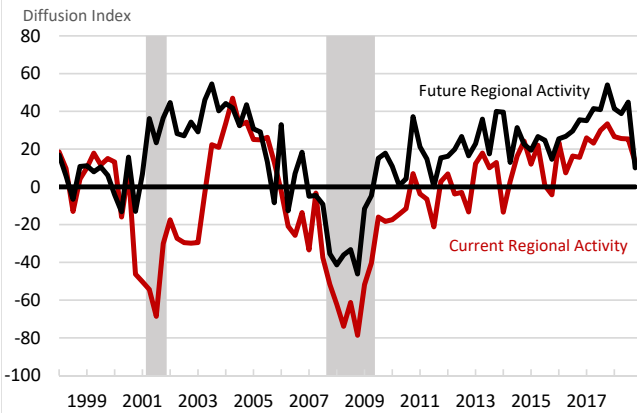
Note: The diffusion indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1991 to 4th Quarter 2018



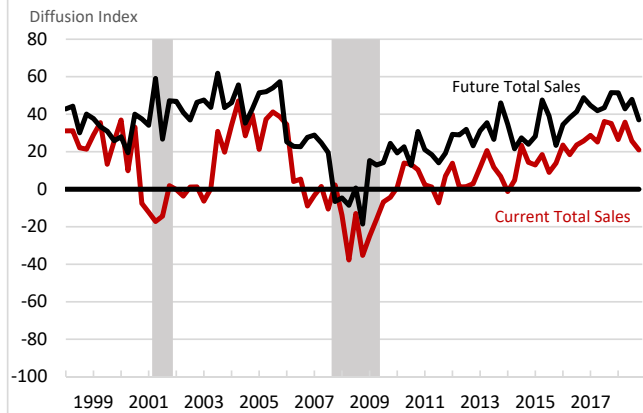
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 4th Quarter 2018



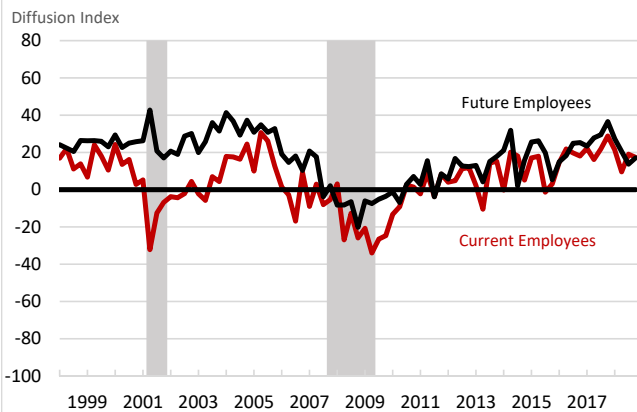
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 4th Quarter 2018



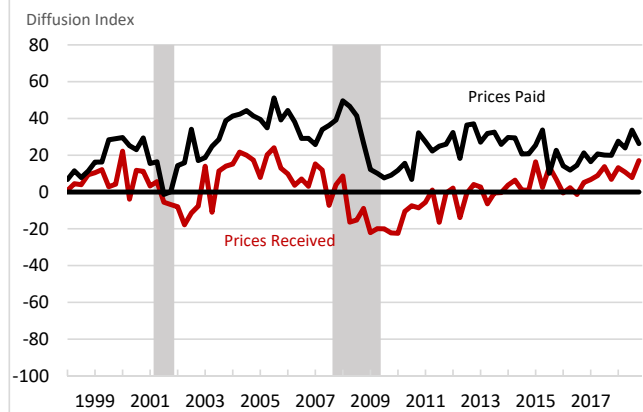
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

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