



SOUTH JERSEY BUSINESS SURVEY

Second Quarter 2019

Firms responding to the *South Jersey Business Survey* reported continued growth in overall business activity in the second quarter. All of the survey's broad measures of individual company performance remained positive but stayed below readings over most of last year. Responses this quarter, however, suggested a broadening increase in employment across the region. Firms' six-month forecasts were overall positive but continued to moderate from the levels of the previous two years.

Current Indicators Continue to Suggest a Slowed Pace of Growth This Year

The survey's broad indicators remained positive in the second quarter. The survey's measure of individual company activity increased 3 points, from 19.4 in the first quarter to 22.1. The index remains below its higher readings over the previous two years (see Chart 1). Nearly 39 percent of the firms reported increases in activity in the second quarter, while 14 percent reported decreases. The survey's company-level sales index remained positive but decreased for the third consecutive quarter (Chart 3). Nearly 36 percent of the firms reported higher sales, while 21 percent reported lower sales.

Despite the modest business indicator readings this month, responses suggested a broadening increase in employment across the region in the second quarter. Nearly 37 percent of the businesses reported employment increases, up from 25 percent in the first quarter. The current

employment index increased 20 points (see Chart 4).

The index measuring perceptions of the overall regional economy remained positive but edged 1 point lower. The regional activity index remains at a relatively low reading after falling notably in the fourth quarter of last year (see Chart 2).

Fewer Firms Report Price Increases

Firms' responses suggested moderating cost pressures this quarter: Twenty percent reported higher prices for inputs excluding energy, down from 32 percent in the first quarter. The prices paid index, at 20.1, fell 6 points. When asked about their own prices, only 13 percent of the firms reported increases, down slightly from 15 percent in the first quarter.

Firms' Optimism Continues to Moderate

Although still positive, most future indicators continued to moderate this quarter. The indicators for future regional and company-level activity fell from their higher readings in the first quarter. The firms were slightly more optimistic about future employment, however. The future employment index edged slightly higher, with nearly 27 percent of the firms indicating that they will increase employment over the next six months, whereas 8 percent indicated that they will decrease employment.

South Jersey Business Survey (Second Quarter 2019)

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?	15.9	10.0	56.7	27.8	14.6
At your company?	19.4	14.4	44.4	38.9	22.1
Other company measures:					
Total sales	14.6	21.1	30.0	35.6	12.8
Total employees	8.2	7.8	52.2	36.7	28.6
Prices received	6.2	10.0	64.4	13.3	1.3
Prices paid (excluding energy)	25.7	2.2	50.0	20.0	20.1
2. Future Measures (expectations for the next six months)					
Business activity for the region	20.8	17.8	46.7	27.8	12.2
Business activity for your company	34.1	18.9	33.3	45.6	31.1
Total sales	34.5	17.8	32.2	38.9	25.0
Total employees	15.2	7.8	61.1	26.7	19.3
Prices received	13.2	7.8	53.3	24.4	16.9
Prices paid (excluding energy)	31.2	4.4	43.3	25.6	22.4

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.

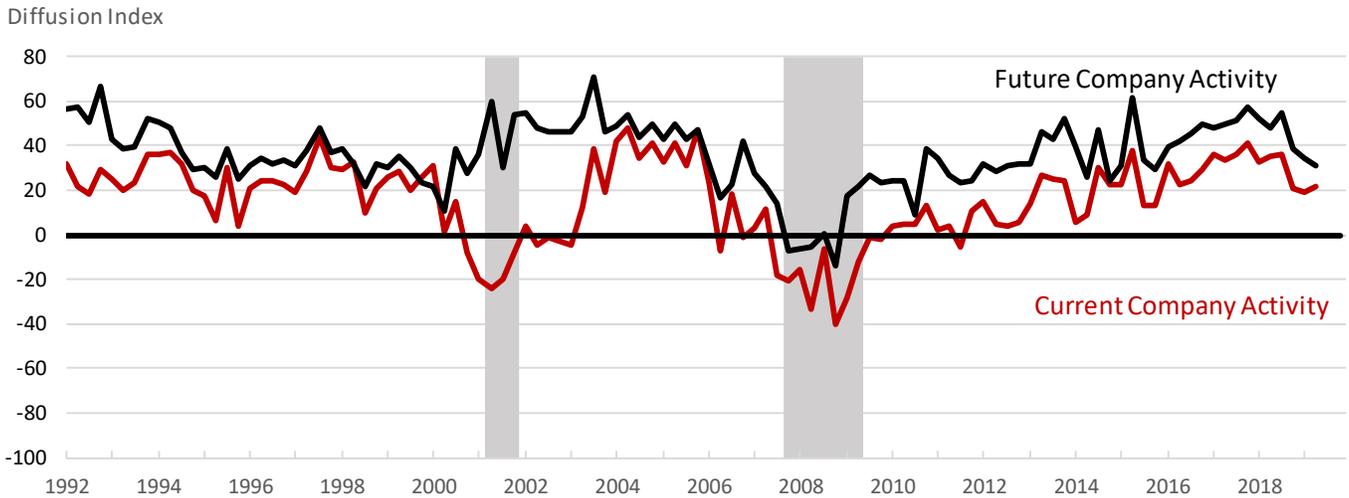
* SA: Seasonally adjusted

Released: July 11, 2019

The Third Quarter 2019 *South Jersey Business Survey* will be released on October 10, 2019.

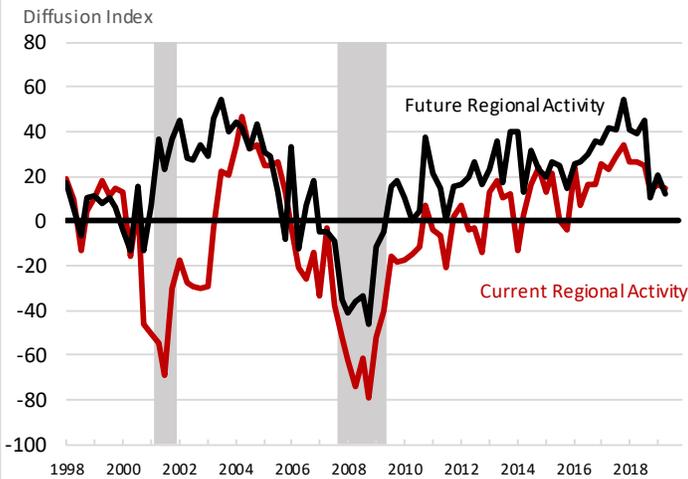
Note: The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1992 to 2nd Quarter 2019



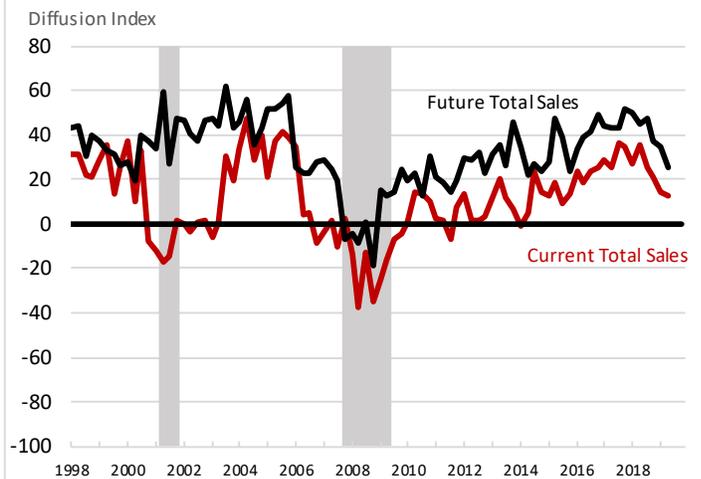
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 2nd Quarter 2019



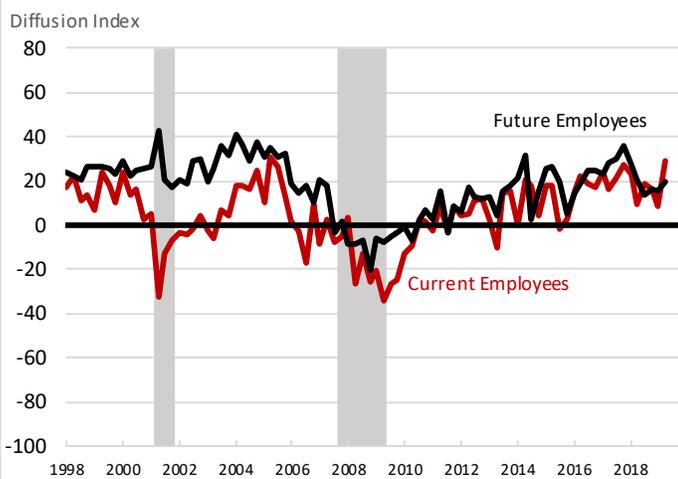
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 2nd Quarter 2019



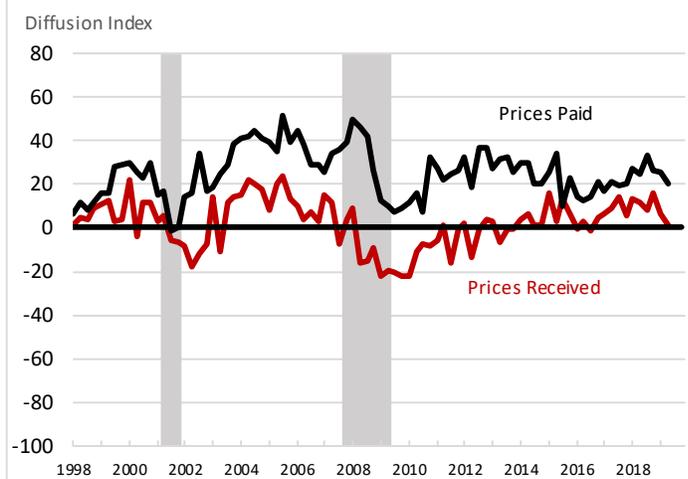
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 2nd Quarter 2019



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 2019



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.