



# SOUTH JERSEY BUSINESS SURVEY

Third Quarter 2020

The region's economy experienced increases in business activity for the third quarter, according to firms responding to the *South Jersey Business Survey*. After two quarters of decline, reflecting the effects of the pandemic and state-mandated closings, firms reported increases in overall activity and sales for the third quarter. The survey's indicators for future activity were down from readings in the second quarter but still suggest that growth is expected to continue over the next six months.

### Current Indicators Reflect Improvement

The survey's diffusion indexes for company activity and sales turned positive for the first time this year (see Charts 1 and 3 on page 2). The survey's measure of individual company activity increased from a reading of -4.7 in the second quarter to 10.5, its first positive reading since a deep plunge in the first quarter. The percentage of firms reporting increases in activity (43 percent) was greater than the percentage reporting decreases (21 percent). The current sales index also moved into positive territory, increasing from -12.1 to 7.0.

Firms perceived continued weakness for the whole region in the third quarter: The general business activity index for the region remained at a low reading, -0.4, although it rose from a much lower reading of -36.6 in the second quarter (see Chart 2).

On balance, respondents still reported decreases in employment in the third quarter. The current employment index remained negative for the second consecutive quarter at -5.7 (see Chart 4).

### Firms' Outlook Moderate

Overall, firms expect increases in activity at the firm level over the next six

months. The indexes for future company activity and sales remained positive but declined from their readings in the second quarter. Nearly 39 percent of the respondents expect increases in activity at their own firms over the next six months, compared with 27 percent that expect decreases. Firms remained optimistic about future employment increases: The future employment index edged 2 points higher to 11.4. Over 24 percent expect increases in employment, but 13 percent expect decreases.

## South Jersey Business Survey (Third Quarter 2020)

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?	-36.6	30.0	30.0	38.6	-0.4
At your company?	-4.7	21.4	32.9	42.9	10.5
Other company measures:					
Total sales	-12.1	24.3	30.0	38.6	7.0
Total employees	-7.7	24.3	48.6	21.4	-5.7
Prices received	-7.5	15.7	71.4	4.3	-12.5
Prices paid (excluding energy)	10.3	1.4	42.9	24.3	17.0
2. Future Measures (expectations for the next six months)					
Business activity for the region	7.8	32.9	31.4	31.4	-6.6
Business activity for your company	33.7	27.1	30.0	38.6	6.1
Total sales	26.3	28.6	28.6	35.7	2.5
Total employees	9.2	12.9	55.7	24.3	11.4
Prices received	0.8	12.9	70.0	7.1	-6.7
Prices paid (excluding energy)	7.0	2.9	41.4	22.9	16.8

Released: October 8, 2020

Note: Survey responses were collected from September 29 to October 5.

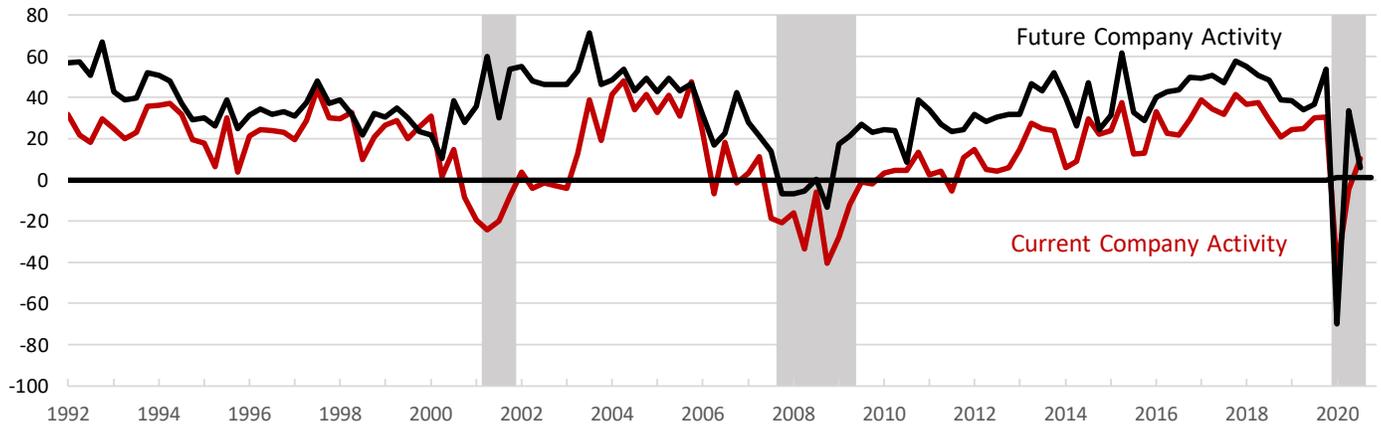
The Fourth Quarter 2020 *South Jersey Business Survey* will be released on January 14, 2021.

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>).

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

**Chart 1. Current and Future Company General Activity Indexes**  
1st Quarter 1992 to 3rd Quarter 2020

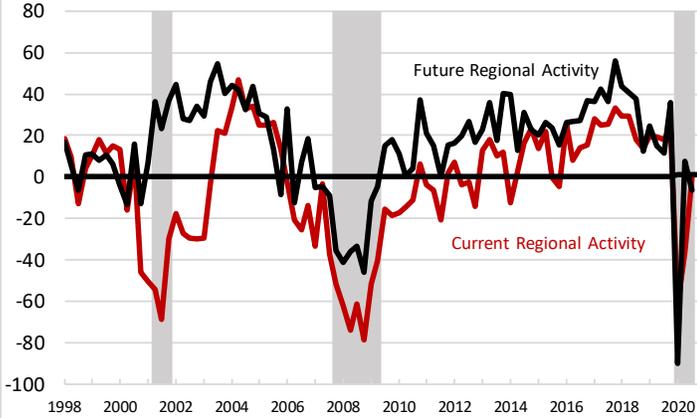
Diffusion Index



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 3rd Quarter 2020

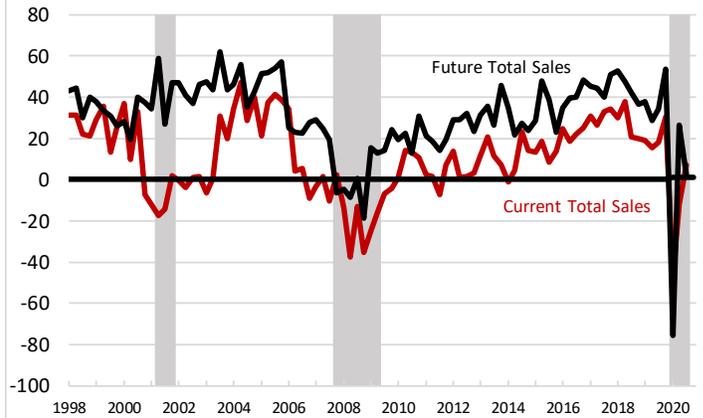
Diffusion Index



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 3rd Quarter 2020

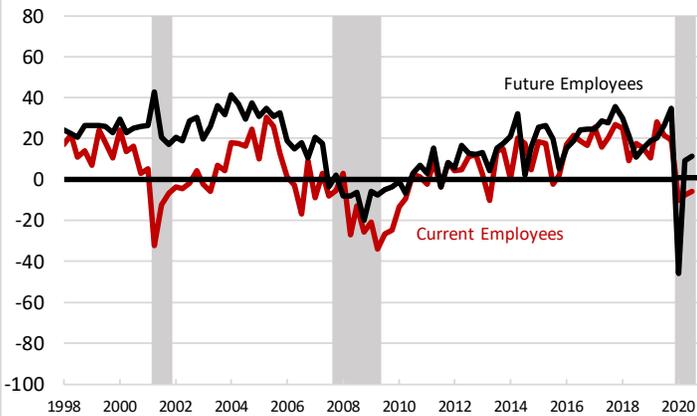
Diffusion Index



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 3rd Quarter 2020

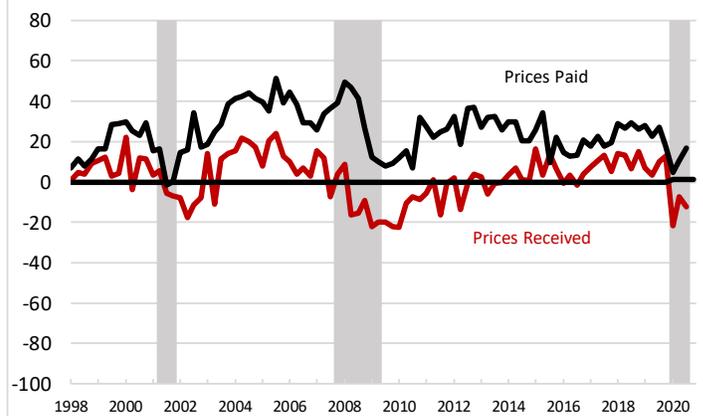
Diffusion Index



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 3rd Quarter 2020

Diffusion Index



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.