The region’s economy continued to expand in the fourth quarter, according to firms responding to the South Jersey Business Survey. The survey’s company performance indicators for activity, sales, and employment remained positive for the quarter. Nearly all of the survey’s six-month forecast indicators improved from their readings in the third quarter.

**Current Indicators Were Positive but Changes Were Mixed**

The survey’s broad indicators for activity, sales, and employment remained positive for the fourth quarter. The survey’s measure of individual company activity decreased from 36.3 in the third quarter to 31.0 but remained higher than readings in the first half of 2019 (see Chart 1). Over 38 percent of the firms reported increases in activity in the fourth quarter, while 10 percent reported decreases. Additionally, the survey’s company-level sales index increased 7 points to 30.6, its highest reading in six quarters (Chart 3). Forty percent of the firms reported higher sales in the fourth quarter.

On balance, respondents reported continued increases in employment in the fourth quarter. Over 25 percent of the businesses reported employment increases, although this was down from 30 percent in the third quarter, and 7 percent reported employment decreases. The current employment index edged down 2 points (see Chart 4).

**Firms Report Price Increases but Most Report Steady Prices**

The firms’ responses suggested a lessening of price pressures in the fourth quarter: Seventeen percent reported higher prices for inputs excluding energy, down from 32 percent in the third quarter. The prices paid index, at 19.1, fell 11 points. When asked about their own prices, 15 percent of the firms reported increases and 5 percent reported decreases. The largest percentage (70 percent) reported steady prices.

**Firms’ Outlook Improved**

The firms’ forecasts for the next six months showed improvement this quarter. Indicators for regional and company-level activity and sales increased from their readings in the third quarter. The own company future activity index increased 8 points, its second consecutive increase (see Chart 1). The firms were also more optimistic about future employment: The future employment index edged up 5 points, with nearly 41 percent of the firms indicating that they will increase employment over the next six months. Only 4 percent of the surveyed firms were expecting decreases in employment.

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**South Jersey Business Survey**

**(Fourth Quarter 2019)**

<table>
<thead>
<tr>
<th>1. Current Measures (change from previous quarter)</th>
<th>Previous Diffusion Index (SA)*</th>
<th>Lower</th>
<th>Same</th>
<th>Higher</th>
<th>Diffusion Index (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is your assessment of the level of general business activity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the region?</td>
<td>25.3</td>
<td>9.6</td>
<td>56.5</td>
<td>31.3</td>
<td>24.3</td>
</tr>
<tr>
<td>At your company?</td>
<td>36.3</td>
<td>10.4</td>
<td>49.6</td>
<td>38.3</td>
<td>31.0</td>
</tr>
<tr>
<td>Other company measures:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total sales</td>
<td>23.3</td>
<td>9.6</td>
<td>44.3</td>
<td>40.0</td>
<td>30.6</td>
</tr>
<tr>
<td>Total employees</td>
<td>23.3</td>
<td>7.0</td>
<td>60.0</td>
<td>25.2</td>
<td>21.5</td>
</tr>
<tr>
<td>Prices received</td>
<td>11.1</td>
<td>5.2</td>
<td>69.6</td>
<td>14.8</td>
<td>13.3</td>
</tr>
<tr>
<td>Prices paid (excluding energy)</td>
<td>29.8</td>
<td>1.7</td>
<td>57.4</td>
<td>16.5</td>
<td>19.1</td>
</tr>
<tr>
<td>2. Future Measures (expectations for the next six months)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business activity for the region</td>
<td>22.6</td>
<td>5.2</td>
<td>50.4</td>
<td>41.7</td>
<td>30.5</td>
</tr>
<tr>
<td>Business activity for your company</td>
<td>44.3</td>
<td>4.3</td>
<td>33.9</td>
<td>60.9</td>
<td>52.5</td>
</tr>
<tr>
<td>Total sales</td>
<td>41.0</td>
<td>3.5</td>
<td>29.6</td>
<td>59.1</td>
<td>52.6</td>
</tr>
<tr>
<td>Total employees</td>
<td>30.2</td>
<td>4.3</td>
<td>49.6</td>
<td>40.9</td>
<td>34.8</td>
</tr>
<tr>
<td>Prices received</td>
<td>20.8</td>
<td>1.7</td>
<td>58.3</td>
<td>29.6</td>
<td>24.9</td>
</tr>
<tr>
<td>Prices paid (excluding energy)</td>
<td>28.3</td>
<td>1.7</td>
<td>48.7</td>
<td>26.1</td>
<td>24.2</td>
</tr>
</tbody>
</table>

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: January 9, 2020

The First Quarter 2020 South Jersey Business Survey will be released on April 9, 2020.

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).

Diffusion Index

Future Company Activity

Current Company Activity

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 2019

Diffusion Index

Future Regional Activity

Current Regional Activity

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 2019

Diffusion Index

Future Total Sales

Current Total Sales

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 2019

Diffusion Index

Future Employees

Current Employees

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 2019

Diffusion Index

Prices Paid

Prices Received

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.