



SOUTH JERSEY BUSINESS SURVEY

Second Quarter 2016

Business activity in South Jersey slowed in the second quarter, according to firms responding to the *South Jersey Business Survey*. The respondents reported a decline in the pace of growth in company activity, sales, and overall regional activity, but employment growth remained near the pace reported in the first quarter. Firms reported slightly higher prices for their own products and a slower pace of growth in input prices (excluding energy). Business expectations remained positive, and employment forecasts for the future were marginally stronger.

Indicators Show Slower Growth

The survey's broad measure of individual company activity fell from 32.8 in the first quarter to 22.2 in the second quarter (see Chart 1). The index measuring perceptions of the overall regional economy decreased by a much larger amount, from 28.8 to 4.6.

The survey's company-level sales index fell from 24.6 to 15.3. While the share of firms that reported higher sales increased from 38 percent in the first quarter to 40 percent in the second quarter, there was a slightly larger increase in the share that reported a decrease (from 16 percent to 19 percent). Nonetheless, the share of firms that re-

ported increased hiring rose from 27 percent in the first quarter to 33 percent in the second quarter, and the current employment index increased from 17.8 to 18.3.

Both indexes for prices were positive this quarter, but neither suggested a significant rise in price pressures. The prices received index rose from a marginal negative level of -2.5 to a marginal positive level of 5.4; the prices paid index fell 8 points to 8.0. Fifty-seven percent of the firms reported no change in prices for

their goods or services, and 41 percent reported no change in prices paid (excluding energy).

Expectations Are Positive

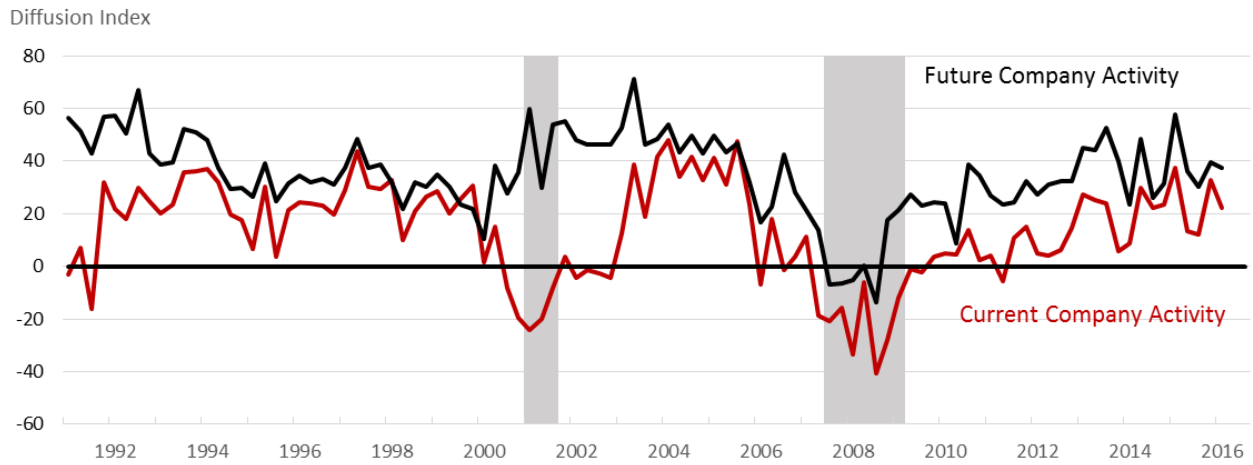
The index for future company activity fell slightly but remains positive at 37.4. Expectations for future sales and for the region's economy rose slightly. In addition, the index for future employment improved, although 53 percent of the firms expect to keep employment levels unchanged over the next six months.

South Jersey Business Survey (Second Quarter 2016)						
1. Current Measures (change from previous quarter)	Previous Diffusion Index (SA)*	Lower	Same	Higher	Diffusion Index	Diffusion Index (SA)
What is your assessment of the level of general business activity:						
In the region?	28.8	10.4	60.4	23.8	13.3	4.6
At your company?	32.8	15.8	40.0	41.3	25.4	22.2
Other company measures:						
Total sales	24.6	19.2	28.3	40.4	21.3	15.3
Total employees	17.8	10.4	48.3	32.9	22.5	18.3
Prices received	-2.5	9.6	57.1	13.3	3.8	5.4
Prices paid (excluding energy)	15.7	4.6	41.3	16.7	12.1	8.0
2. Future Measures (expectations for the next six months)						
Business activity for the region	23.3	7.5	51.3	32.5	25.0	25.5
Business activity for your company	39.5	6.7	41.3	46.3	39.6	37.4
Total sales	34.4	7.9	32.9	45.4	37.5	36.6
Total employees	13.0	8.8	52.9	26.3	17.5	16.5

1. The *South Jersey Business Survey* is conducted each quarter and is based on responses from members of the Chamber of Commerce of Southern New Jersey.
 2. The diffusion indexes represent the percentage of respondents indicating an increase minus the percentage indicating a decrease. Items may not add up to 100 because of omission by respondents.
 3. The previous diffusion index is different from last quarter's because of seasonal adjustment.
 *SA: Seasonally adjusted

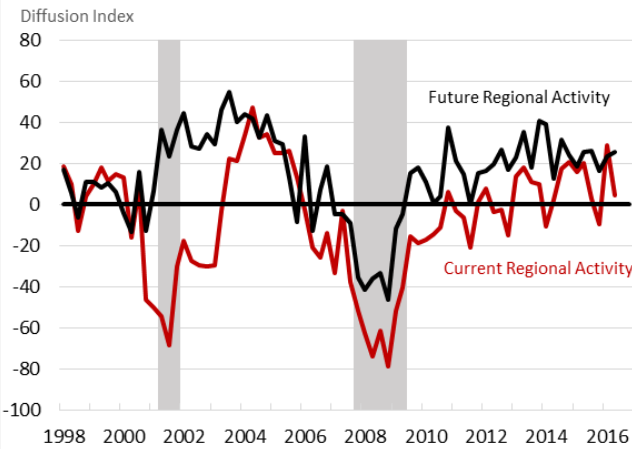
Note: The *South Jersey Business Survey* was reduced to 10 questions beginning with the fourth quarter 2015 survey. The indexes are now adjusted for seasonality and are presented in the table and charts. The quarterly diffusion indexes for the 10 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
2nd Quarter 1991 to 2nd Quarter 2016



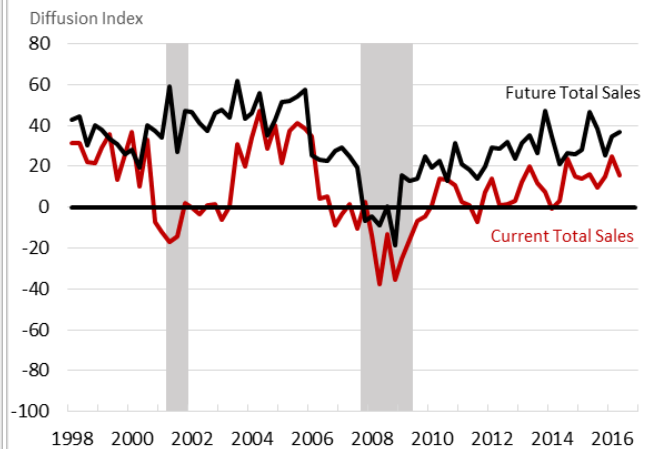
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 2nd Quarter 2016



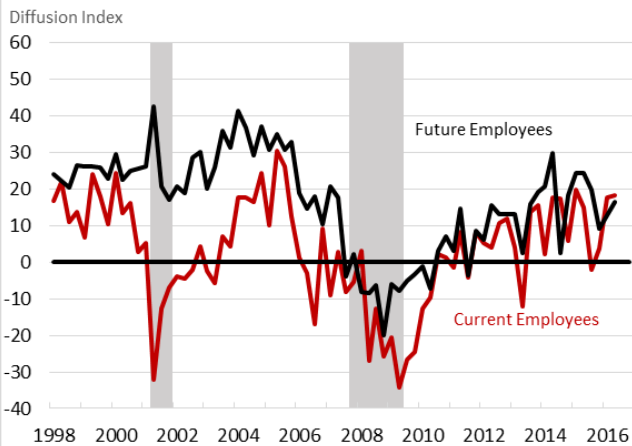
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 2nd Quarter 2016



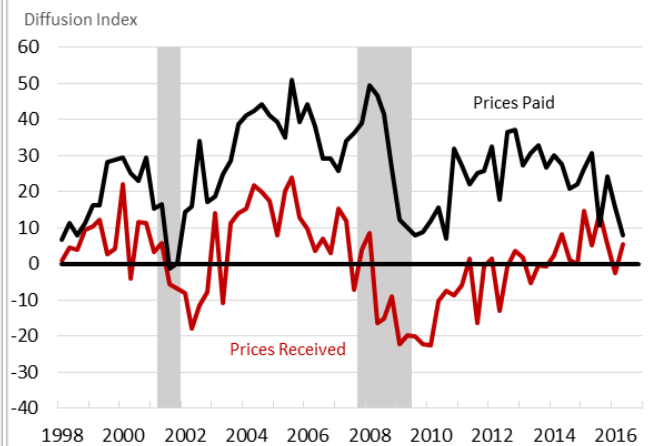
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 2nd Quarter 2016



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. Prices Received and Prices Paid Indexes
1st Quarter 1998 to 2nd Quarter 2016



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.