



SOUTH JERSEY BUSINESS SURVEY

Second Quarter 2020

The region's economy experienced overall declines in business activity for the second consecutive quarter, reflecting the effects of the pandemic and state-mandated closings, according to firms responding to the *South Jersey Business Survey*. The survey's indicators of overall company activity and sales moved away from the historical low readings in the first quarter but remained negative in the second quarter. The survey's indicators for future activity showed notable improvements, suggesting that the firms expect growth over the next six months.

Current Indicators Remain Negative

The survey's diffusion indexes — which convey the direction and breadth of change but not the magnitude — for company activity and sales remained negative but rose from record lows in the first quarter (see Charts 1–3 on page 2). The survey's measure of individual company activity increased from a low reading of -45.3 in the first quarter to -5.6 in the second quarter. The percentage of firms reporting decreased activity at their companies (41 percent) remained higher than the percentage of firms reporting increased activity (36 percent). The current sales index remained negative at -13.6 but also increased from a record low in the first quarter.

Firms perceived continued declines for the whole region in the second quarter: The general business activity index for the region remained at a low reading of -39.5, although it increased from the 12-year low reading of -63.7 in the first quarter (see Chart 2).

On balance, respondents also reported continued decreases in employment in the second quarter. The current employment index remained negative for the second consecutive quarter at -9.5 (see Chart 4).

Firms' Outlook Improves

Overall, firms expect increases in future activity over the next six months. The indexes for future company activity, sales, and employment all returned to positive readings. Nearly 49 percent of the respondents expect increases in activity at their own firms compared with 23 percent that expect decreases.

South Jersey Business Survey
(Second 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?	-63.7	61.5	12.8	23.1	-39.5
At your company?	-45.3	41.0	20.5	35.9	-5.6
Other company measures:					
Total sales	-48.4	41.0	20.5	28.2	-13.6
Total employees	-9.5	20.5	59.0	12.8	-9.5
Prices received	-21.6	10.3	71.8	2.6	-7.5
Prices paid (excluding energy)	3.9	2.6	59.0	7.7	9.1
2. Future Measures (expectations for the next six months)					
Business activity for the region	-91.6	41.0	10.3	43.6	5.9
Business activity for your company	-71.5	23.1	28.2	48.7	32.3
Total sales	-77.0	25.6	25.6	43.6	24.9
Total employees	-47.8	15.4	56.4	23.1	9.2
Prices received	-33.5	5.1	76.9	5.1	1.6
Prices paid (excluding energy)	22.7	5.1	59.0	7.7	5.5

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

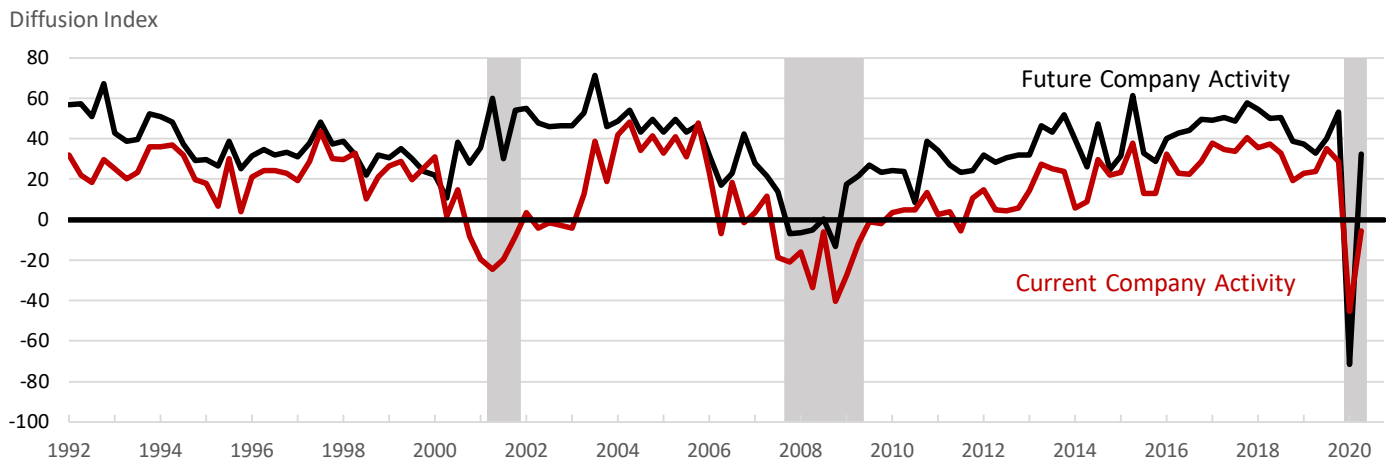
Released: July 9, 2020

Note: Survey responses were collected from July 1 to July 6.

The Third Quarter 2020 *South Jersey Business Survey* will be released on October 8, 2020.

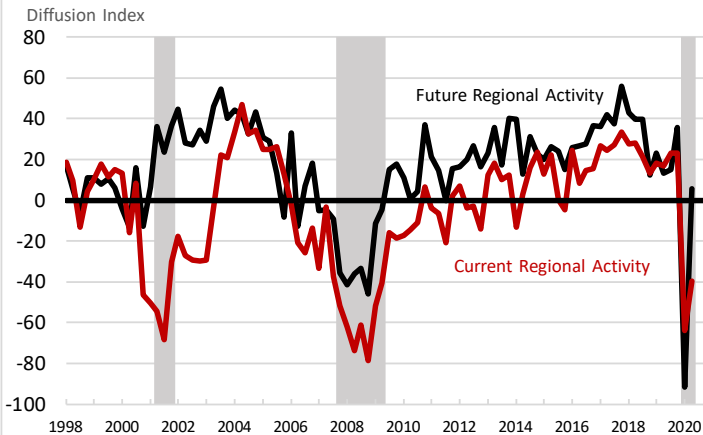
Note: The quarterly diffusion indexes for the 12 questions are available for as far back as 1991 on our website (<https://www.philadelphiafed.org/sjbs>).

Chart 1. Current and Future Company General Activity Indexes
1st Quarter 1992 to 2nd Quarter 2020



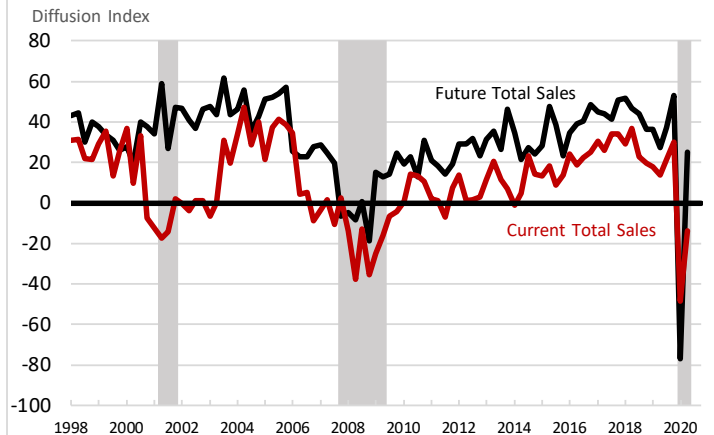
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 2. Current and Future Regional General Activity Indexes
1st Quarter 1998 to 2nd Quarter 2020



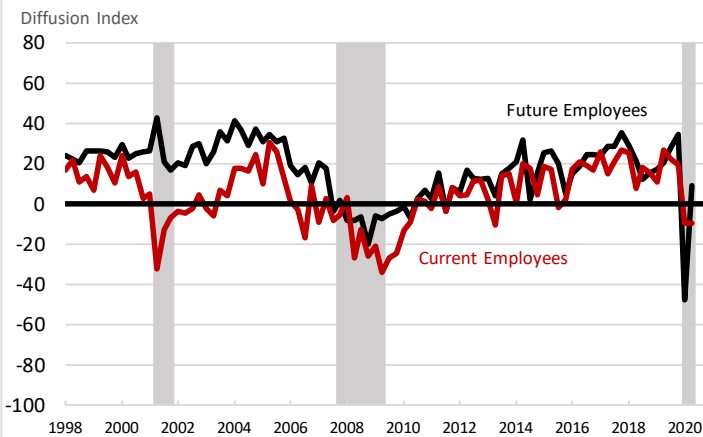
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 3. Current and Future Total Sales Indexes
1st Quarter 1998 to 2nd Quarter 2020



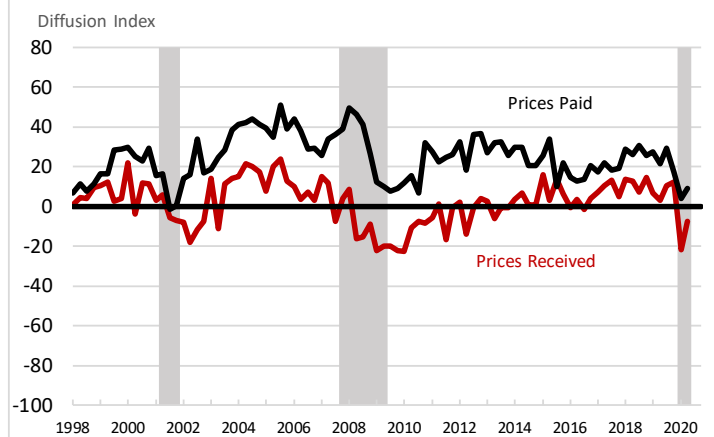
Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Chart 4. Current and Future Employees Indexes
1st Quarter 1998 to 2nd Quarter 2020



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 2020



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.