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Businesses with 6 to 50 employees reported the largest increase in their planned hiring for the next 6 months

The Kamran Afshar- Greater Lehigh Valley Chamber of Commerce survey of Lehigh Valley businesses is done on a quarterly basis and collects around 800 observations per year. The Employment and Purchasing Index for the Lehigh Valley highlights the results of these surveys.

In January 2016 we conducted our 65th quarterly survey of this series, according to the survey, despite the small dip in the overall confidence in the economy, local businesses increased their expenditures during the last 6 months.

While the overall business sentiment in the Valley dropped slightly in January, its trend is continuing to move up steadily, albeit slowly.

The only indicator in our model, which recorded an increase in January was actual purchases in the last 6 months. This indicator, at 66.8 stands 9.2% above its last January's level and is at its highest level since January 2007, local businesses have spent more in the last 6 months than any time since 2007.

Hiring plans index for the next 6 months is slightly higher than its last January's level and is now very close to the range which is historically associated with rapid growth. Businesses with 6 to 50 employees reported the largest increase in their planned hiring for the next 6 months. A third of local businesses are also planning to hire more people, while only 6% of them plan to lay off employees in the next 6 months. The layoff plans are now similar to what they used to be before the recession.

Contrasting the increased plans for future hiring, the index for actual hiring over the last 6 months dropped by 7%. While businesses with less than 6 employees increased their number of new hires, those with more than 21 employees significantly cut back on their numbers.

The index of expected revenues rebounded in January after two consecutive declines last year.

In the last 6 months, healthcare, professional / technical, and finance / insurance businesses hired more people than others in the Valley. Going forward, healthcare, professional / technical businesses are planning to hire more people than others during the next 6 months.

Based on the results of our January survey we expect the Valley's economy to go back to its previous slow but steady growth. The slower than expected growth during the 4th quarter of last year appears to be behind us. We expect local employment growth to go back to its healthy pace after its slower than expected performance during the second half of last year. Based on labor pool and the projected growth data, we also expect to see a measurable increase in local wages in this year.

