

June 2016:

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*The index of business sentiment in the Lehigh Valley dropped for the second time in a row in April*

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 April 2016 we conducted our 66<sup>th</sup> quarterly survey, and according to the survey, business sentiment in the Valley picked last October and has been dropping since then.

The largest decline among the indicators in the model was in the index of purchasing plans for the next 6 months. It dropped 11% below its January level, falling all the way back to where it was in 2014. While majority of the participants in the survey reduced their future expenditures plans, businesses with 11 to 20 and those with 21 to 50 employees actually increased theirs.

Actual expenditures over the last 6 months dropped by almost 7% below its January level. This is a large drop. And this was almost across the board with the exception of businesses with 11 to 20 employees which increased their expenditure level compared to January.

The index of Hiring recorded a slight drop below its January level. Average business participating in the survey increased their employment level by 0.4 employees, a significant drop from last October when the average was 1.1 new employees. A quarter of the participants in the April survey reported net additions to their employment level, while 10% reported layoffs, a slight up-tick in the layoff trend.

Hiring plans index for the next 6 months, is the only indicator in the model that dropped by less than 1% and is in statistical tie with its January level. This indicator has dropped slightly over the last 6 months, however, it is still in the positive range. Average participant in the survey is planning to hire one new employee in the next 6 months, similar to the previous surveys.

Around 36% of the participants are also planning to hire more people, an up-tick for this indicator, while only 6% of them plan to lay off employees in the next 6 months, similar to previous surveys. The layoff plans are now in the same range that they were before the recession.

It appear that businesses with 11 to 20 employees are growing faster than the rest in the Lehigh Valley.

The overall index of business sentiment has dropped by 7% since last October, and this is a cause for concern, however, the index is still higher than its 2014 level. And at this level we still expect

to see economic growth, may be little slower than previous years.

