

# Regional Surveys of Business Activity

## Maryland Survey of Business Activity

*Business Activity Increases in October; Businesses Report Higher Sales and Customer Inquiries*

### Overview

Business activity in Maryland increased in October according to the results of the latest survey. The general business activity index for Maryland firms rose to 12 in October after registering -9 in September. Businesses reported an increase in sales and customer traffic while prices and investment spending continued to decline, although the rate of decline eased. Accompanying the increase in activity was an improvement in the outlook. Expectations for business activity six months from now rebounded sharply in October after dropping last month.

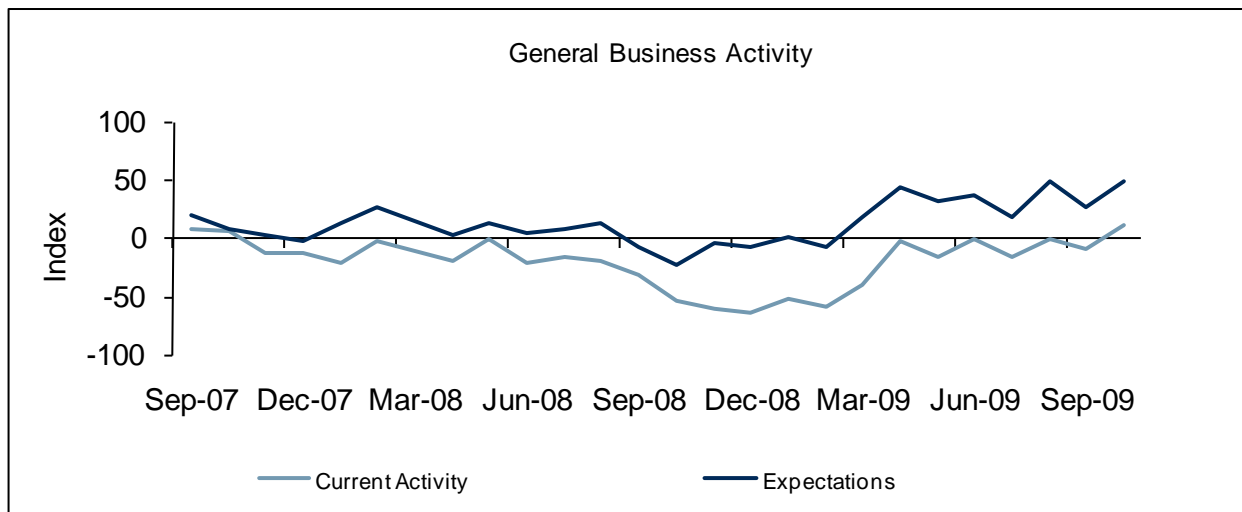
### Current Activity

Respondents indicated that business activity picked up in October with the general business conditions index increasing to 12 from -9 from last month. Sales rose in October for the first time since November 2007—just before the onset of the recession. Respondents also reported an increase in customer traffic as the index for

customer traffic or inquiries edged up to 5 from 0 last month. However, businesses continued to report a decline in inventories and investment in new equipment and software although the rate of decline moderated from last month. The product inventories index improved to -10 from -32 while the investment index rose nine points to -17. The ongoing decline in inventories indicates that businesses are still attempting to get inventories in line with the slower rate of sales. Respondents held a more pessimistic view of the state and national economy. The general business activity index for the state and the nation improved modestly but remained in negative territory with the state index edging higher by six points to -5 and the national index increasing by eight points to -7.

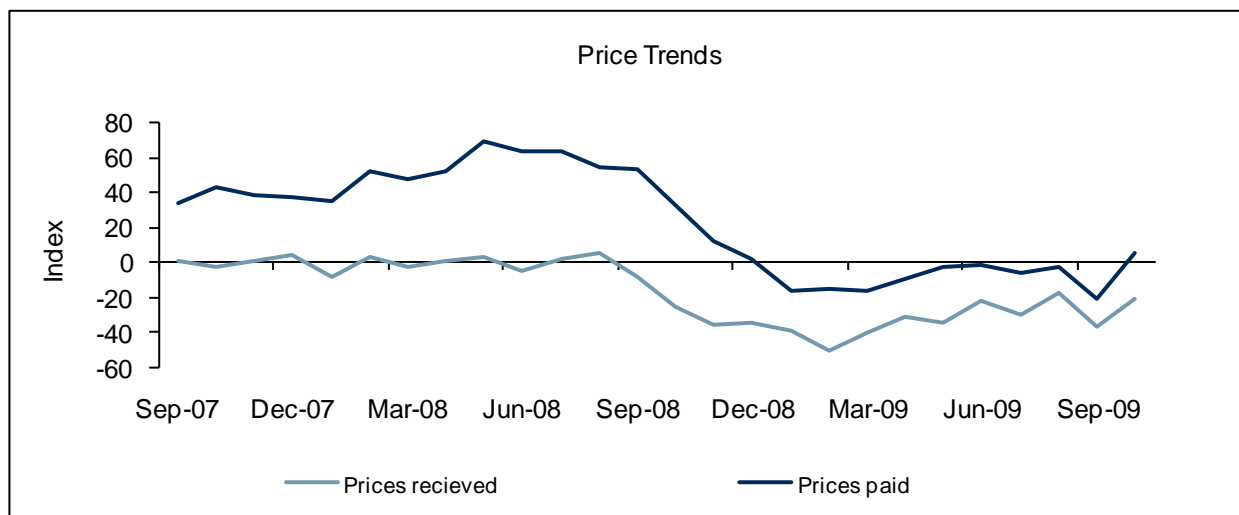
### Employment

Although labor markets remain weak, conditions improved in October, albeit very moderately. The index for number of employees rose 6 points to 0 for the month—the first non-negative reading since



## Regional Surveys of Business Activity

### Maryland Survey of Business Activity



June 2008 and indicating a steady in the number of employees in the survey. At the same time, however, weekly hours continued to decline and wages remained flat. The index of weekly hours rose six points to -7 while the index for average wages edged to -2 from 0 last month. In addition, firms are not currently planning on hiring in the near term as the expectations index for number of employees remained close to 0. As has been the case since early in the recession, respondents continued to indicate that skilled workers were less difficult to find.

#### Prices

Prices received for final goods and services remained weak while input prices firmed in October. The prices received index remained in negative territory for the fourteenth consecutive month, increasing to -21 from -38 last month. Prices paid for materials rose for the first time since the end of 2008 as the index jumped to 5 from -21 last month. As has been the case since early this year, businesses reported increasing energy costs. Expectations for pricing conditions for final goods and services rose to 0 from -7, partially reversed last month's drop. Businesses continue to expect prices for materials and energy to increase over the next six months.

#### Expectations

Expectations of economic activity six months from now increased in October. The expectations index for general business activity at respondent's companies increased to 49 from 27 last month. Similarly, the expectations index for future sales increased to 45 from 28 and expectations for customer traffic or inquiries also rose sharply. Additionally, respondents anticipate higher inventories as well as an increase in investment spending. Expectations of economic activity six months from now for the state and national economy also improved considerably in October, rising 10 and 15 points to 43 and 45, respectively.

#### Contact

##### Andy Bauer

Regional Economist  
Regional Economics Department  
The Federal Reserve Bank of Richmond  
Baltimore Branch  
Office 410- 576- 3392 · Fax 410- 576- 3391  
[andy.bauer@rich.frb.org](mailto:andy.bauer@rich.frb.org)  
[www.richmondfed.org](http://www.richmondfed.org)

## Regional Surveys of Business Activity

Maryland Survey of Business Activity

Business Activity Indexes						
General Business Assessment <sup>2</sup>	Current Conditions			Expectations <sup>1</sup>		
	Oct-09	Sep-09	Aug-09	Oct-09	Sep-09	Aug-09
In the Nation	-5	-11	-7	45	30	48
In the State	-7	-15	-7	43	23	54
At your Company	12	-9	0	49	27	49
Company Conditions						
Sales	5	-13	-9	45	28	46
Number of Employees	0	-6	-16	2	4	15
Weekly Hours	-7	-13	-4	5	11	28
Prices Received	-21	-38	-18	0	-7	20
Product Inventories	-10	-32	-23	11	-6	0
Customer Traffic or Inquiries	5	0	7	40	11	44
Investment in New Equipment/Software	-17	-26	-12	13	-2	11
Labor Market Conditions						
Average Wages	-2	0	0	24	27	23
Availability of Labor w/ Skills Needed by Your Company	44	25	27	29	20	13
Price Trends						
Prices Paid for Materials	5	-21	-2	22	25	42
Prices Paid for Energy	22	12	23	51	48	47

### Technical Notes:

<sup>1</sup> Expectations refer to the time period six months out from the survey period.

<sup>2</sup> All firms surveyed are located within Maryland.