

# Regional Surveys of Business Activity

## Maryland Survey of Business Activity

*Business Activity Rebounds in March after February Decline; Sales and Customer Traffic Increase; Expectations for Future Activity Remains Strong*

### Overview

According to the latest survey results, business activity in Maryland rebounded in March after experiencing a sharp drop in February. The general business activity index rose to 14 from -23, its highest level since the beginning of the survey in September 2007. The improvement was reflected in all of the specific company indicators of activity. Expectations for activity six months from now strengthened as well, with a solid majority of survey respondents anticipating increases in general business activity. Respondents expect sales, labor demand, prices and investment to increase over the next six months.

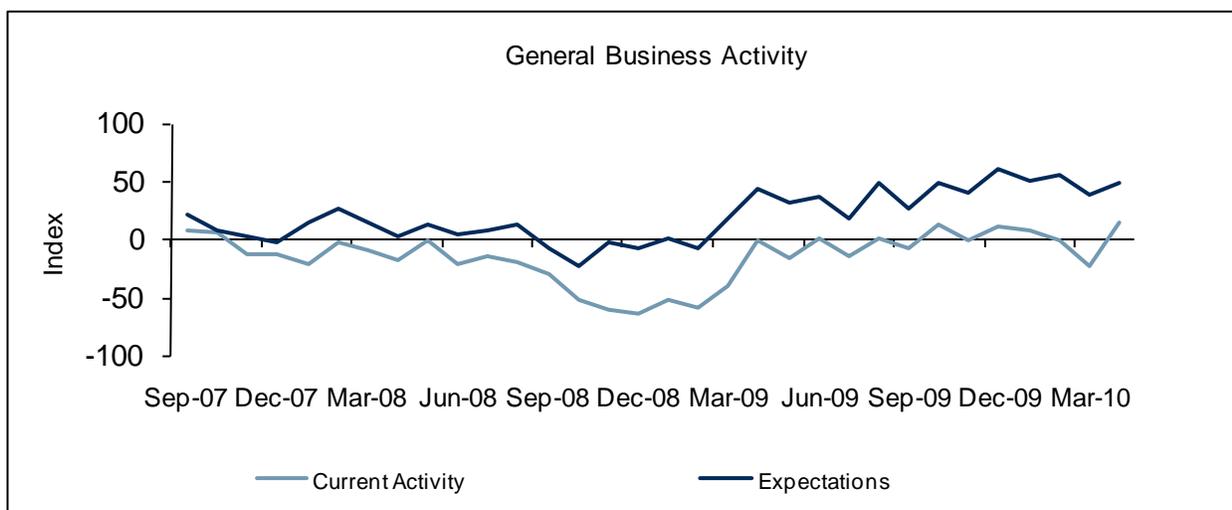
### Current Activity

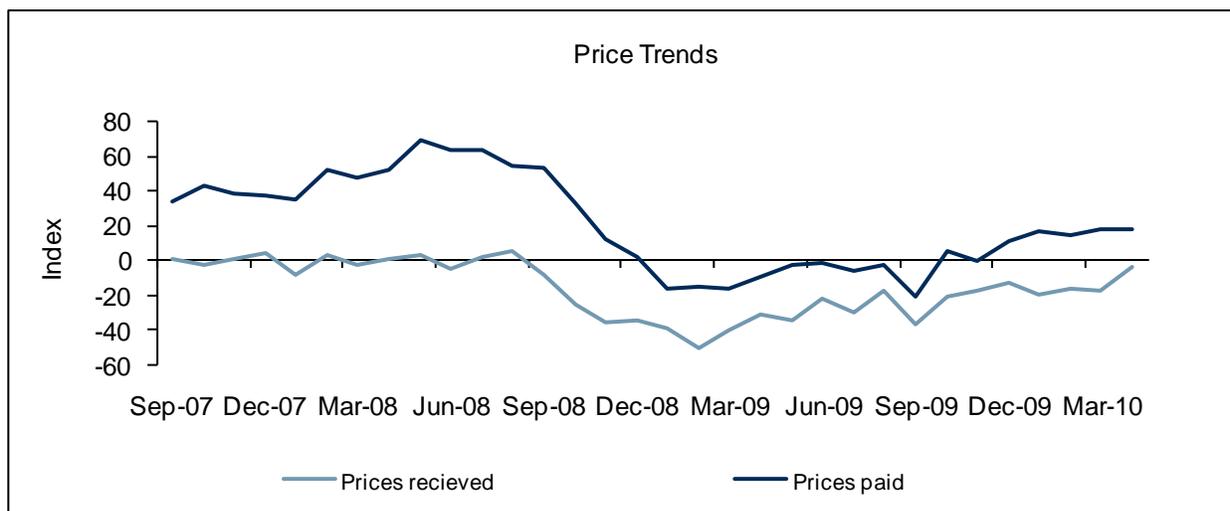
The March survey results indicated that business activity rebounded after the sharp decline last month due to the record snowstorms. The general business conditions index jumped to 14 from -23, its highest reading in the short history of the

survey. There was improvement in each of the specific indicators of activity, although many remained in negative territory. Notably, the sales index rebounded to 4 from -44, registering a positive reading for just the second time since the beginning of the recession. The index of customer traffic or inquires also rose sharply to 10 from -14. Firms continued to adjust inventories lower, although the pace was more modest in March. Investment in equipment and software also declined but at its slowest pace in over a year. Respondents' views of the state and national economy rebounded in March. The business activity indexes for the state and the nation jumped to 20 and 24, respectively, from -30 and -11 in February.

### Employment

Although the labor market remains weak, conditions improved in March as the decline in hours worked and employees moderated notably. The number of employees index rose 10 points to





-4, indicating less job loss, while the index of weekly hours rose 16 points to -4. Despite the weak labor conditions, the index for average wages rebounded to 8 from last month's reading of -12.

Survey respondents anticipate an increase in business activity over the next six months that will result in a greater demand for labor. Looking at respondents' expectations six months from now, the number of employees index rebounded to 37 from 17 while the hours worked index edged higher to 26. Just over 40 percent of respondents indicated that they will be expanding their workforce over the next six months.

**Prices**

Businesses reported that prices received for final goods and services continued to decline in March. The decline in prices received was the most modest since the sharp falloff in economic activity in the second half of 2008. The prices received index increased to -4 from -18, its highest reading since August 2008. Prices paid for materials and energy both increased in March, with the materials index registering 17 and the energy index edging down to 25. Expectations for pricing conditions for final goods and services improved to 18 from 8 last month. 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 improved in March. The expectations index for general business activity at respondents' companies increased to 48 from 38. Close to 60 percent of respondents anticipate greater business activity six months from now. Expectations for sales, customer traffic and investment also rose, with two-thirds of respondents expecting higher sales. Expectations of economic activity for the state and national economy also rebounded this month to 51 and 49, respectively.

Contact

**Andy Bauer**

Regional Economist  
 Research Dept./Regional Economics  
 Federal Reserve Bank of Richmond  
 Baltimore Branch  
 Ph. 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)

## Business Activity Indexes

General Business Assessment <sup>2</sup>	Current Conditions			Expectations <sup>1</sup>		
	Mar-10	Feb-10	Jan-10	Mar-10	Feb-10	Jan-10
In the Nation	24	-11	11	49	30	46
In the State	20	-30	11	51	28	47
At your Company	14	-23	-2	48	38	55
<b>Company Conditions</b>						
Sales	4	-44	-10	56	43	55
Number of Employees	-4	-14	-4	37	17	37
Weekly Hours	-4	-20	-6	26	24	28
Prices Received	-4	-18	-17	18	8	14
Product Inventories	-5	-13	-29	3	8	-6
Customer Traffic or Inquiries	10	-14	6	48	37	52
Investment in New Equipment/Software	-2	-9	-14	23	0	27
<b>Labor Market Conditions</b>						
Average Wages	8	-12	2	36	17	22
Availability of Labor w/ Skills Needed by Your Company	24	30	29	13	21	12
<b>Price Trends</b>						
Prices Paid for Materials	17	18	14	37	32	40
Prices Paid for Energy	25	27	27	37	45	46

### 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.