

# Regional Surveys of Business Activity

## Maryland Survey of Business Activity

### *Business Activity Remains Modest in September*

#### Overview

According to the latest survey results, business activity rose modestly in September for a second consecutive month. The general business activity index registered 4, down slightly from 8 last month. Respondents reported a slight increase in sales, customer traffic, employment and inventories compared to August. However, pricing conditions remained weak with respondents indicating another decline. Expectations for activity in the future edged higher with over half of the respondents anticipating greater business activity six months from now.

#### Current Activity

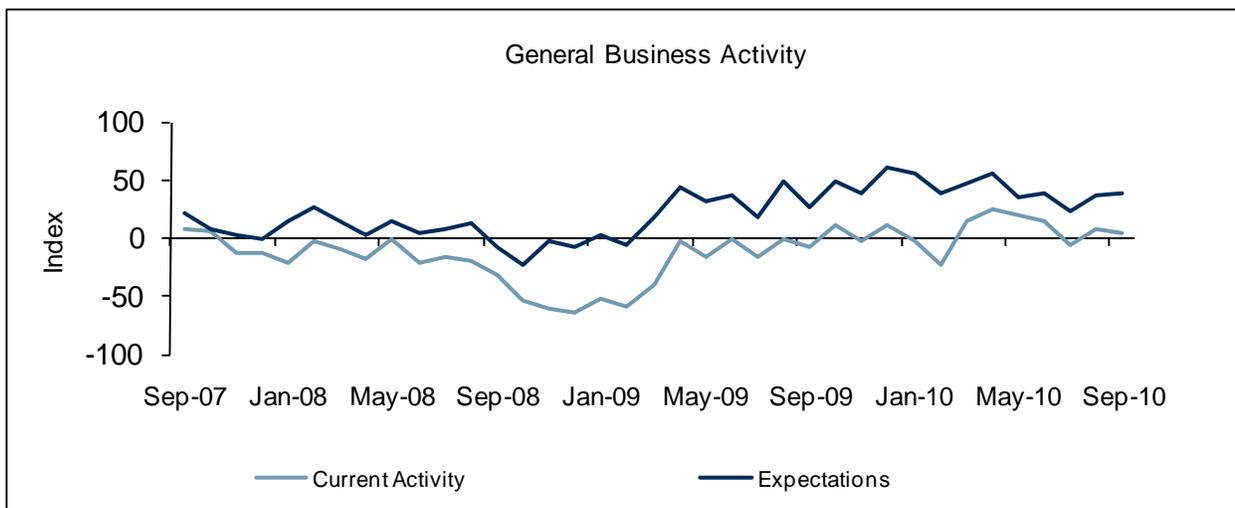
The latest survey results indicated that business activity grew modestly in September as the general business conditions index registered 4, down from 8 in August. Sales edged higher for the month with the sales index also registering 4. Respondents indicated an increase in customer traffic and inquiries with the index registering 9, up three points from August. There was noticeable improvement in inventories with the index

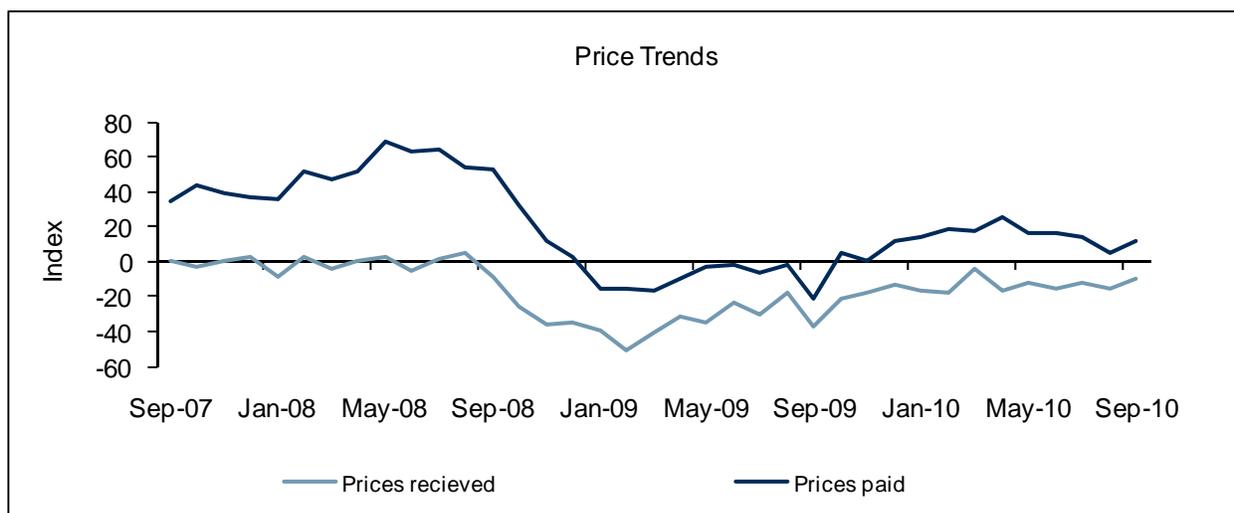
rebounding into positive territory after dropping in August. Investment in new equipment and software remained weak in September with the index edging higher to -2 from -6 last month.

Despite the increase in business activity at their companies, respondents' assessment of the state and national economy remained pessimistic in September as the business activity indexes for the state and the nation remained in negative territory. The state index remained at -2 while the national index edged higher to -8 from -13.

#### Employment

According to the survey results, labor market conditions remained lackluster. Participants reported a modest increase in employment and weekly hours. The number of employees index edged down to 2 from 4 while the index of weekly hours rose to 2 from -10. In addition, respondents reported that wages were flat for the month. Despite the ongoing uncertainty in the economy and the modest improvement in current activity, a number of survey respondents continue to anticipate an increase in business activity over the





next six months that will result in greater labor demand.

Looking at respondents' expectations six months from now, the number of employees index edged down to 18 from 24 last month while the weekly hours index declined one point to 12. Close to one-third of respondents anticipate expanding their workforce over the next six months while roughly 15 percent expect to reduce their workforce.

**Prices**

Businesses reported that prices received for final goods and services continued to decline in September while prices for materials and energy increased. The prices received index rose to -9 from -16 last month. Input prices rose at a moderate pace with the prices paid for materials and energy indexes registering 12 and 11, respectively. The expectations index for prices received for final goods and services was essentially unchanged at 12. Respondents anticipate both materials and energy prices to increase over the next six months.

**Expectations**

Expectations of economic activity six months from now improved in September. The expectations index for general business activity at respondents' companies increased by three points to 39. Over 50 percent of respondents anticipate greater business activity six months from now while

roughly 15 percent anticipate business activity to decline. Expectations for sales, customer traffic and inventories rose in September while expectations for investment in equipment and software edged lower. Expectations of economic activity for the state and national economy also improved, rising 16 and 7 points, respectively, to 36 and 30.

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## Business Activity Indexes

General Business Assessment <sup>2</sup>	Current Conditions			Expectations <sup>1</sup>		
	Sep-10	Aug-10	Jul-10	Sep-10	Aug-10	Jul-10
In the Nation	-8	-13	-12	30	23	8
In the State	-2	-2	-12	36	20	7
At your Company	4	8	-5	39	36	23
<b>Company Conditions</b>						
Sales	4	4	-5	41	34	26
Number of Employees	2	4	0	18	24	14
Weekly Hours	2	-10	-3	12	13	7
Prices Received	-9	-16	-13	12	13	-1
Product Inventories	8	-9	0	3	-14	-6
Customer Traffic or Inquiries	9	6	0	46	26	15
Investment in New Equipment/Software	-2	-6	1	12	17	1
<b>Labor Market Conditions</b>						
Average Wages	0	-4	5	25	15	29
Availability of Labor w/ Skills Needed by Your Company	15	8	14	2	9	13
<b>Price Trends</b>						
Prices Paid for Materials	12	5	14	40	27	38
Prices Paid for Energy	11	13	16	39	40	38

**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.