

# Regional Surveys of Business Activity

## Maryland Survey of Business Activity

*Business Activity Accelerated in November; Solid Job Growth and Business Investment*

### Overview

According to the latest survey results, business activity increased at a strong pace in Maryland in November. The general business conditions index registered 29 while the sales index rose to 38. Labor market conditions improved with an increase in hiring and a moderate increase in the workweek. Firms continued to report difficulty finding workers. More firms reported increasing wages in November. Business spending on services and equipment or software picked up after very little spending last month.

Expectations for business activity in the near term remained positive. Slightly more than 50 percent of respondents expected general business conditions and sales to improve over the next six months.

### Current Activity

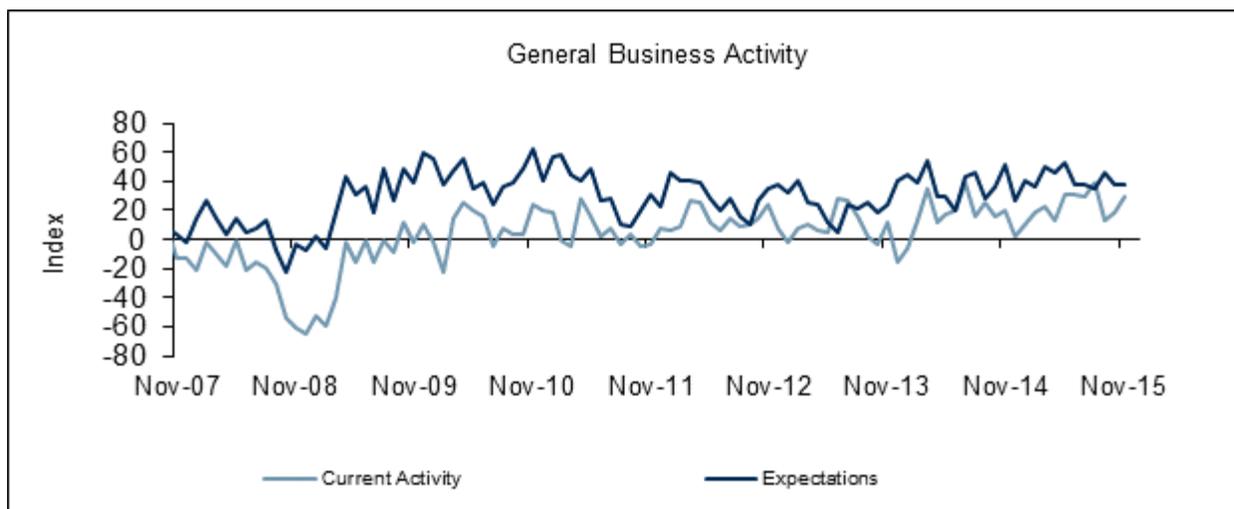
Overall business activity was strong in November. The general business conditions index registered 29, up 11 points from last month, as 37 percent of firms surveyed indicated that general business conditions increased. The sales index jumped 32 points to a series high of 38. The general business

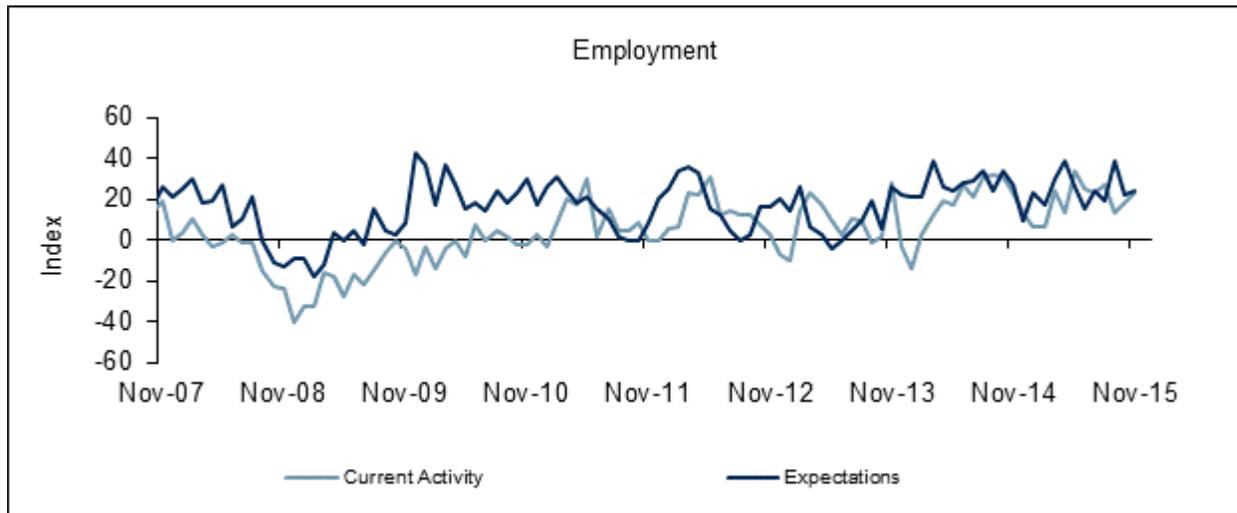
conditions index has remained in the double-digits for 20 of the last 21 months.

Business spending increased at a moderate pace in November. The business spending on services index registered 14 while the total capital expenditures index rose to 16. Spending on equipment and software fared slightly better, rising 14 points to 19. Roughly 20 percent of respondents indicated that they increased spending on equipment or software.

### Employment

Labor market conditions were solid in November. The employment index registered 23, up five points from last month while the average workweek index edged higher by two points to 15. The labor availability index remained in negative territory for a second consecutive month. The labor availability index has been negative in 11 of the last 14 months, indicating that businesses are having some difficulty finding workers with the right skill sets. A greater number of survey respondents reported an increase in wages with the wage index registering 44, up sharply from last month. In the November survey, 31 percent of respondents





indicated that they added workers for the month while 8 percent reported a decline.

Expectations for future labor market conditions remained solid. The employment expectations index registered 24, up two points from last month. Thirty-eight percent of respondents anticipated hiring over the next six months while 14 percent were planning on reducing their workforce. Respondents continue to expect difficulty in finding workers with the right skills over the next six months.

**Prices**

Respondents reported that input prices rose 1.8 percent in November on an annualized basis, up from 1.8 percent from last month. Output prices rose by 2.0 percent on an annualized basis. Businesses expected profit margins to remain under pressure over the next six months. Input prices were expected to increase at a 1.9 percent annualized rate over the next six months, while output prices were expected to increase by 0.8 percent.

**Expectations**

Expectations of economic activity remained positive in November. The expectations index for general business conditions was unchanged at 38

while the sales indexes rose eight points to 39. Close to 55 percent of respondents expected business conditions and sales to improve over the next six months.

The latest survey results indicated that overall business activity in Maryland was strong in November. Respondents reported strong overall conditions and sales with solid hiring and moderate expenditures on services. Expenditures on equipment and software picked up solidly from October. Expectations for growth over the next six months remained positive, suggesting that activity will pick up in coming months with significant gains in employment and capital spending.

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## Business Activity Indexes<sup>1</sup>

Business Conditions in Maryland	Current Conditions			Expectations <sup>2</sup>		
	Nov-15	Oct-15	Sep-15	Nov-15	Oct-15	Sep-15
General Business Conditions	29	18	13	38	38	45
Sales	38	6	0	39	31	42
<b>Employment</b>						
Number of Employees	23	18	13	24	22	39
Availability of Skills Needed	-10	-16	0	-14	-11	-5
Average Workweek	15	13	11	-3	11	14
Wages	41	15	22	16	36	36
<b>Spending</b>						
Business Services Expenditures	14	3	18	22	14	27
Total Capital Expenditures	16	5	13	24	30	23
Equipment or Software	19	5	20	31	24	36
<b>Price Trends<sup>3</sup></b>						
Prices Paid for Inputs	1.8	1.5	1.7	1.9	2.5	2.3
Prices Received for Outputs	2.0	0.9	1.5	0.8	2.1	2.1

### Technical Notes:

- 1 Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are not seasonally adjusted.
- 2 Expectations refer to the time period six months out from the survey period.
- 3 Price changes are expressed as a percent change, annualized.

