

Regional Surveys of Business Activity

Maryland Survey of Business Activity

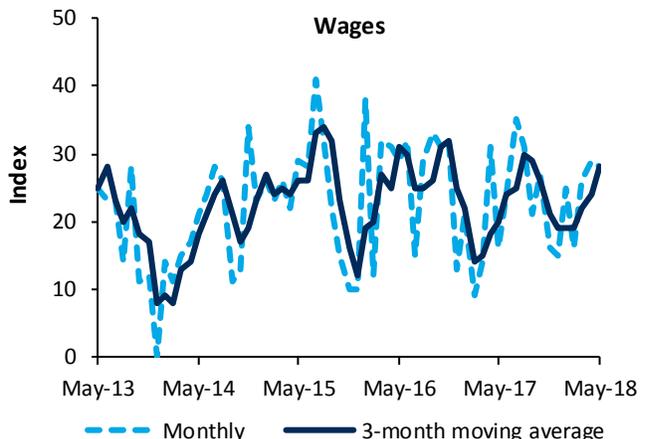
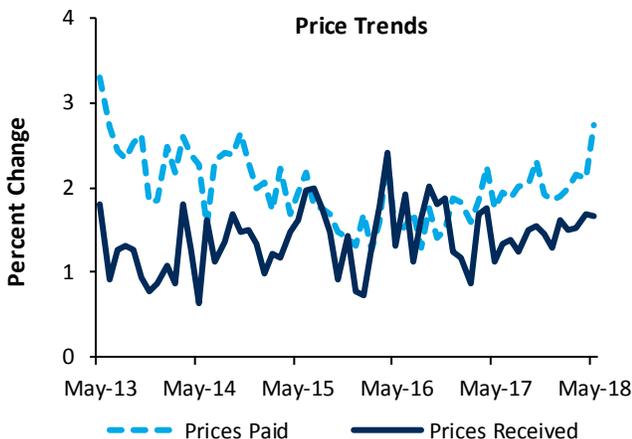
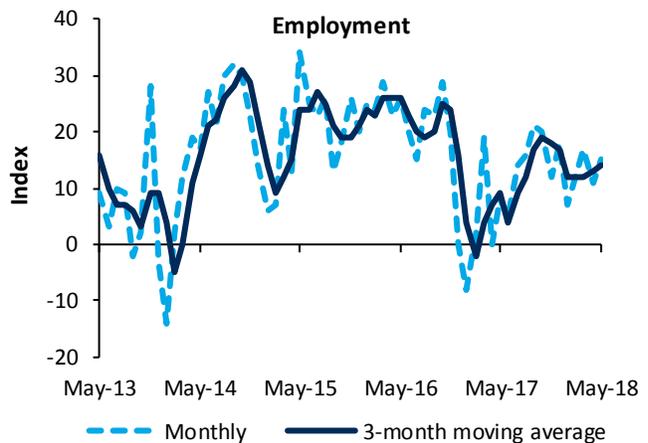
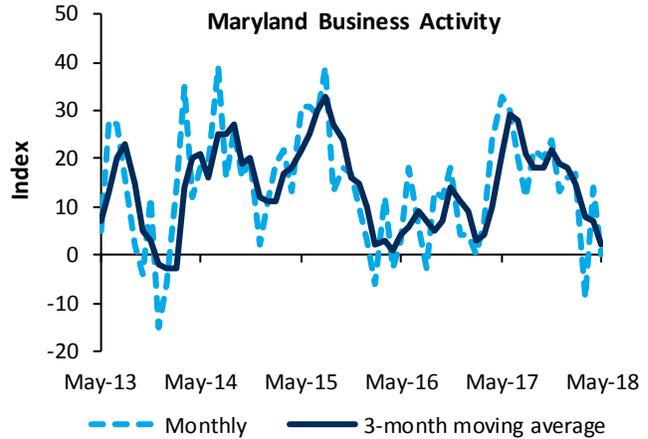
May 24, 2018

Maryland Firms Reported Softening Business Conditions in May

Results from the latest survey by the Federal Reserve Bank of Richmond suggest that business conditions softened in Maryland in May. The general business conditions indicator dropped from 14 in April to 0 in May, but some firms observed an uptick in sales, as the index rose from 0 to 5. While the corresponding expectations indexes decreased in May, they remained in positive territory.

Survey results suggest an increase in equipment expenditures among Maryland firms in May, after two months of declines, but less growth in spending on services. While firms continued to see gains in employment and wages, overall, an increasing share reported difficulty finding qualified workers, as the skills index dropped to -18, its lowest reading since May 2016. Firms expected skills shortages to persist in the next six months.

Prices paid grew at a faster rate in May, but firms anticipated that they will increase at a slower pace in coming months. Meanwhile, prices received increased at a steady pace, a trend that is expected to continue for several months.



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Business Activity Indexes ¹						
Business Conditions in Maryland	Current Conditions			Expectations ²		
	May-18	Apr-18	Mar-18	May-18	Apr-18	Mar-18
General Business Conditions	0	14	-9	5	39	33
Sales	5	0	3	14	33	36
Employment						
Number of Employees	15	11	17	24	28	9
Availability of Skills Needed	-18	-5	-9	-22	-3	-3
Average Workweek	10	3	0	5	17	9
Wages	28	29	26	22	44	42
Spending						
Business Services Expenditures	0	8	6	-3	17	6
Total Capital Expenditures	8	8	9	11	19	22
Equipment or Software	13	-3	-3	5	14	24
Price Trends³						
Prices Paid for Inputs	2.74	2.10	2.15	2.17	2.10	2.37
Prices Received for Outputs	1.67	1.68	1.53	1.66	2.15	1.93

Technical Notes:

- ¹ Each index equals the percentage of responding firms reporting increase minus the percentage reporting decrease. Data are not seasonally adjusted. Results are based on responses from 39 firms.
- ² Expectations refer to the time period six months out from the survey period.
- ³ Price changes are expressed as a percent change, annualized.
- ⁴ All firms surveyed are located within the state of Maryland.

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