

NET TAXABLE RETAIL SALES, 1974 AND 1975

Net Taxable Retail Sales made by Nebraska firms were \$5,574 million in 1975 (Table 2, page 2). This represented a 6.6 percent gain over the 1974 dollar volume of \$5,228 million. The increased dollar-volume activity reflected a mixture of changes in real or physical volume and the level of prices.

The *commodities* component of the Consumer Price Index rose about 8.9 percent from 1974 to 1975. Estimates of population show an increase from mid-1974 to mid-1975 of about 0.5 percent.

Discounting the 1974-1975 growth in dollar sales (6.6 percent) for the general rise in retail commodity prices (8.9 percent) gives a 2.0 percent decline in the real volume of taxable retail activity. Further discounting for the estimated 0.5 percent increase in population means a fall of about 2.5 percent in goods purchased on the average per person.

Despite some lack of representation of the commodities component of the Consumer Price Index and some impreciseness in the population estimates, real taxable retail activity per person—as measured in 1974 dollars—fell from \$3,393 in 1974 to \$3,310 in 1975, or 2.4 percent. Not all persons shared equally, of course, in the decline in real consumption. There is, nevertheless, ample indication that the real consumption *on the average or per person* fell during 1975, when the year is taken as a whole.

Although 1975, when taken as a whole, was a year of decline

in real or physical volume, data available elsewhere indicate that the last part of the year was a period of considerable recovery. The tabulation below shows quarter-to-quarter comparisons in *real volumes*, that is, as though volumes were in constant dollars. Thus, for example, from first quarter, 1974, to first quarter, 1975, physical volume declined 8.6 percent; yet from the fourth quarter, 1974, to fourth quarter, 1975, physical volume increased 3.0 percent.

Change from	Quarter				Year
	1	2	3	4	
1973 to 1974	+2.1% ^r	+3.3% ^r	-2.3% ^r	-1.9% ^r	0
1974 to 1975	-8.6% ^r	-4.3%	+0.8%	+3.0%	-2.1%

^rRevised from previously published.

Analysis of the 1974 to 1975 changes (as set forth in Table 1 below and Table 2 on page 2) reveals that 17 of the state's 26 planning and development regions experienced declines in real sales volumes. Sixty-seven, or nearly three-fourths, of the state's counties reported real declines. *Excluding motor vehicle sales*, 15 of the 30 principal trading centers (see Table 1 below) had real declines. As a group, these 30 centers had a decline of 1.7 percent in nonmotor vehicle sales, which was slightly more than the 1.5 percent decline of the state as a whole. Thus, in general, the trading centers had sales experiences less favorable than those of the regions they served.

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TABLE 1
NET TAXABLE RETAIL SALES¹ IN SELECTED NEBRASKA TRADING CENTERS, 1974 AND 1975
WITH PERCENTAGE CHANGES FOR SALES UNADJUSTED AND ADJUSTED FOR PRICE CHANGES

Trade Center	Region ²	Unadjusted for Price Changes			Adjusted for Prices ³ Percent of Change	Trade Center	Region ²	Unadjusted for Price Changes			Adjusted for Prices ³ Percent of Change
		Thousands of Dollars		Percent of Increase				Thousands of Dollars		Percent of Increase	
		1974 ⁴	1975					1974 ⁴	1975		
Alliance	23	31,045	35,672	14.9	+5.5	Lincoln	2	578,270	620,056	7.2	-1.6
Beatrice	14	52,138	57,658	10.6	+1.6	McCook	20	49,244	52,866	7.4	-1.4
Bellevue	1	68,042	68,694	1.0	-7.3	Nebraska City	4	30,624	32,728	6.9	-1.9
Broken Bow	26	25,582	27,632	8.0	-0.8	Norfolk	11	99,200	113,085	14.0	+4.7
Chadron	23	21,523	23,007	6.9	-1.9	North Platte	18	103,023	116,238	12.8	+3.6
Columbus	10	77,872	84,412	8.4	-0.5	Ogallala	19	34,014	35,624	4.7	-3.9
Fairbury	14	23,848	25,161	5.5	-3.2	O'Neill	24	23,889	26,577	11.3	+2.2
Falls City	7	22,016	23,978	8.9	-	Omaha	1	1,435,629	1,490,553	3.8	-4.7
Fremont	5	99,025	108,891	10.0	+1.0	Scottsbluff	22	95,914	105,781	10.3	+1.3
Grand Island	12	188,586	211,986	12.4	+3.2	Seward	8	24,200	27,970	15.6	+6.1
Hartington	25	9,637	10,430	8.2	-0.6	Sidney	21	25,915	27,409	5.8	-2.9
Hastings	13	114,556	123,017	7.4	-1.4	So. Sioux City	3	25,596	27,443	7.2	-1.6
Holdrege	17	34,221	40,174	17.4	+7.8	West Point	6	16,098	18,064	12.2	+3.0
Kearney	15	88,564	98,713	11.5	+2.4	York	9	45,819	50,405	10.0	+1.0
Kimball	21	20,022	20,757	3.7	-4.8	Total 30 Centers		3,496,513	3,741,854	7.0	-1.7
Lexington	16	32,401	36,883	13.8	+4.5	Total State		4,647,079	4,988,567	7.3	-1.5

¹Excluding motor vehicle sales.
²Nebraska Planning and Development Regions.
³Current dollar sales adjusted (deflated) for price changes using commodity prices component of the Bureau of Labor Statistics' Consumer Price Index.
⁴Revised since originally published in August, 1975, *Business in Nebraska*.
 Source: Compilations by Bureau of Business Research from special tabulations provided by Nebraska Tax Commissioner.

TABLE 2

NET TAXABLE RETAIL SALES¹ IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS, 1974 AND 1975
BY COUNTIES, WITH PERCENTAGE CHANGES FOR SALES UNADJUSTED AND ADJUSTED FOR PRICE CHANGES

Region and County	Unadjusted for Price Changes			Adjusted for Prices ² Percent of Change	Region and County	Unadjusted for Price Changes			Adjusted for Prices ² Percent of Change
	Thousands of Dollars		Percent of Change			Thousands of Dollars		Percent of Change	
	1974 ³	1975				1974 ³	1975		
Region 1	<u>1,709,586</u>	<u>1,784,102</u>	+ 4.4	- 4.2	Region 16	<u>96,847</u>	<u>103,992</u>	+ 7.4	- 1.4
Douglas	1,595,956	1,662,273	+ 4.2	- 4.4	Dawson	81,961	88,879	+ 8.4	- 1.4
Sarpy	113,630	121,829	+ 7.2	- 1.6	Frontier	7,988	8,023	+ 0.4	- 7.8
Region 2	<u>640,182</u>	<u>685,561</u>	+ 7.1	- 1.7	Gosper	6,898	7,090	+ 2.8	- 5.6
Lancaster	640,182	685,561	+ 7.1	- 1.7	Region 17	<u>89,035</u>	<u>96,584</u>	+ 8.5	- 0.4
Region 3	<u>39,137</u>	<u>43,069</u>	+10.0	+ 1.1	Franklin	13,283	13,596	+ 2.4	- 6.0
Dakota	39,137	43,069	+10.0	+ 1.1	Furnas	19,871	20,090	+ 1.1	- 7.2
Region 4	<u>127,021</u>	<u>131,497</u>	+ 3.5	- 4.9	Harlan	11,991	12,459	+ 3.9	- 4.6
Cass	35,337	36,297	+ 2.7	- 5.7	Phelps	43,890	50,439	+14.9	+ 5.5
Otoe	49,613	52,704	+ 6.2	- 2.5	Region 18	<u>130,581</u>	<u>143,593</u>	+10.0	+ 1.0
Saunders	42,071	42,496	+ 1.0	- 7.3	Hooker	2,425	2,326	- 4.1	-12.0
Region 5	<u>167,553</u>	<u>182,778</u>	+ 9.1	+ 0.2	Lincoln	123,437	137,195	+11.1	+ 2.0
Dodge	131,950	144,328	+ 9.4	+ 0.4	Logan	1,470	1,416	- 3.7	-11.6
Washington	35,603	38,450	+ 8.0	- 0.9	McPherson	497	400	-19.5	-26.1
Region 6	<u>69,770</u>	<u>73,228</u>	+ 5.0	- 3.6	Thomas	2,752	2,256	-18.0	-24.7
Burt	27,249	26,771	- 1.8	- 9.8	Region 19	<u>85,709</u>	<u>88,652</u>	+ 3.4	- 5.0
Cuming	30,752	33,868	+10.1	+ 1.1	Arthur	757	664	-12.3	-19.5
Thurston	11,769	12,589	+ 7.0	- 1.8	Chase	22,185	24,460	+10.3	+ 1.3
Region 7	<u>76,107</u>	<u>80,655</u>	+ 6.0	- 2.7	Grant	2,557	2,418	- 5.4	-13.1
Johnson	13,014	13,278	+ 2.0	- 6.4	Keith	42,777	44,562	+ 4.2	- 4.3
Nemaha	21,073	22,713	+ 7.8	- 1.0	Perkins	17,433	16,548	- 5.1	-12.9
Pawnee	7,758	8,408	+ 8.4	- 0.5	Region 20	<u>78,287</u>	<u>81,113</u>	+ 3.6	- 4.8
Richardson	34,262	36,256	+ 5.8	- 2.9	Dundy	8,417	8,568	+ 1.8	- 6.5
Region 8	<u>99,944</u>	<u>109,003</u>	+ 9.1	+ 0.2	Hayes	1,687	1,313	-22.2	-28.6
Butler	20,828	21,741	+ 4.4	- 4.2	Hitchcock	7,411	7,882	+ 6.4	- 2.3
Saline	38,651	42,555	+10.1	+ 1.1	Red Willow	60,722	63,350	+ 4.2	- 4.3
Seward	40,465	44,707	+10.5	+ 1.5	Region 21	<u>67,910</u>	<u>68,934</u>	+ 1.5	- 6.8
Region 9	<u>104,964</u>	<u>115,099</u>	+ 9.7	+ 0.7	Cheyenne	34,763	36,386	+ 4.7	- 3.9
Fillmore	27,857	30,803	+10.6	+ 1.6	Deuel	8,627	8,030	- 6.9	-14.5
Polk	15,880	16,978	+ 6.9	- 1.9	Kimball	24,520	24,518	---	- 8.9
York	61,227	67,318	+ 9.9	+ 0.9	Region 22	<u>178,754</u>	<u>194,557</u>	+ 8.8	- 0.1
Region 10	<u>164,049</u>	<u>177,097</u>	+ 8.0	- 0.9	Banner	1,181	1,366	+15.7	+ 6.2
Boone	22,845	24,854	+ 8.8	- 0.1	Garden	6,977	7,666	+ 9.9	+ 0.9
Colfax	27,208	29,996	+10.2	+ 1.2	Morrill	21,180	22,581	+ 6.6	- 2.1
Nance	9,440	10,012	+ 6.1	- 2.6	Scotts Bluff	149,416	162,944	+ 9.1	+ 0.2
Platte	104,556	112,235	+ 7.3	- 1.5	Region 23	<u>98,133</u>	<u>105,310</u>	+ 7.3	- 1.4
Region 11	<u>207,320</u>	<u>229,287</u>	+10.6	+ 1.6	Box Butte	38,552	43,691	+13.3	+ 4.0
Antelope	26,302	28,525	+ 8.5	- 0.4	Dawes	28,864	30,309	+ 5.0	- 3.6
Madison	129,517	146,112	+12.8	+ 3.6	Sheridan	28,309	28,989	+ 2.4	- 6.0
Pierce	18,484	20,631	+11.6	+ 2.5	Sioux	2,408	2,321	- 3.6	-11.5
Stanton	7,846	8,889	+13.3	+ 4.0	Region 24	<u>100,377</u>	<u>103,562</u>	+ 3.2	- 5.3
Wayne	25,171	25,130	- 0.2	- 8.4	Boyd	7,808	7,570	- 3.0	-10.9
Region 12	<u>281,236</u>	<u>311,056</u>	+10.6	+ 1.6	Brown	16,012	16,071	+ 0.4	- 7.8
Hall	214,020	238,705	+11.5	+ 2.4	Cherry	21,296	21,483	+ 0.9	- 7.3
Hamilton	26,872	28,166	+ 4.8	- 3.8	Holt	42,532	45,170	+ 6.2	- 2.5
Howard	14,852	16,232	+ 9.3	+ 0.4	Keya Paha	1,693	1,578	- 6.8	-14.4
Merrick	25,492	27,953	+ 9.7	+ 0.7	Rock	11,036	11,690	+ 5.9	- 2.8
Region 13	<u>190,476</u>	<u>204,142</u>	+ 7.2	- 1.6	Region 25	<u>65,472</u>	<u>71,324</u>	+ 8.9	---
Adams	130,693	140,839	+ 7.8	- 1.0	Cedar	26,712	28,281	+ 5.9	- 2.8
Clay	24,415	27,058	+10.8	+ 1.7	Dixon	10,564	11,986	+13.5	+ 4.2
Nuckolls	21,670	23,010	+ 6.2	- 2.5	Knox	28,196	31,057	+10.1	+ 1.1
Webster	13,698	13,235	- 3.4	-11.3	Region 26	<u>90,962</u>	<u>94,364</u>	+ 3.7	- 4.7
Region 14	<u>128,200</u>	<u>136,347</u>	+ 6.4	- 2.3	Blaine	1,565	1,453	- 7.2	-14.8
Gage	69,859	75,833	+ 8.6	- 0.3	Custer	44,300	45,698	+ 3.2	- 5.2
Jefferson	34,300	35,789	+ 4.3	- 4.2	Garfield	7,061	7,968	+12.8	+ 3.6
Thayer	24,041	24,725	+ 2.8	- 5.6	Greeley	7,396	7,255	- 1.8	-10.8
Region 15	<u>140,010</u>	<u>158,658</u>	+13.3	+ 4.1	Loup	1,053	983	- 6.6	-14.2
Buffalo	119,806	136,058	+13.6	+ 4.3	Sherman	9,296	9,521	+ 2.4	- 6.0
Kearney	20,204	22,600	+11.9	+ 2.8	Valley	18,905	20,183	+ 6.8	- 1.9
					Wheeler	1,386	1,303	- 6.0	-13.7
					State Total	<u>5,227,622</u>	<u>5,573,564</u>	+ 6.6	- 2.1

¹ Motor vehicle sales are recorded as in counties in which the vehicles were first registered regardless of point of sale.

² Current dollar sales adjusted (deflated) for price changes using commodity prices component of the Bureau of Labor Statistics' Consumer Price Index.

³ Due to revisions these figures differ in some cases from figures previously published.

Source: Compilation by Bureau of Business Research, University of Nebraska-Lincoln, from tabulations provided by the Nebraska Tax Commissioner.

AGRICULTURAL OUTLOOK: INPUTS

The following is a reprint of an article which was prepared by John Gale, Carl Vosloh, Jr., Philip Allen, and Earle E. Gavett, staff members of the U.S. Department of Agriculture's Economic Research Service Division, and was originally published in the March, 1976, issue of *Agricultural Outlook*. It is relevant to the farmers and agribusinesses of our state. E. L. H.

At planting time, farmers are facing relatively favorable product prices as well as larger supplies for many of their important inputs. Fertilizer prices are off sharply from a year ago, pesticide prices are generally holding, and fuel costs have edged down slightly since fall. Credit will also be a bit cheaper, as interest rates on nonreal estate farm loans are well under early 1975.

The gains in prices paid by farmers slowed markedly in 1975. In January, prices of production items, interest, wages, and taxes were up only about 6 percent from a year earlier, versus a 12 percent hike during the comparable 1974-1975 period.

FERTILIZER PRICES SOFT

Fertilizer prices this spring are expected to be down considerably—perhaps as much as 25 percent—from prices during the 1975 planting season as supplies are much more ample than a year ago. Some materials could be down as much as 40 percent in the Midwest.

On the supply side, nitrogen production could be somewhat larger in 1976 because of the number of new plants which began operations in 1975. (Two more plants are slated to come on stream in late 1976, which will boost supplies still further next year.) The potential increase in the supply of fertilizer is almost 20 percent more nitrogen in 1976 than actual 1975 use, although current price levels production increases will probably be limited to about 5 percent. The larger acreages of corn and cotton slated for this year should boost demand for nitrogen over last season's levels.

Phosphate production capacity in 1976 far outstrips U.S. farmers' projected needs. U.S. manufacturers are capable of producing over 9 million tons of phosphates—more than twice farm phosphate use in 1975 and a third more than the 6 million tons projected to be needed for domestic and export use this year.

Potash supplies in 1976 should about match demand. Imports from Canada will supply about three-fourths of our needs this year, with domestic production expected to hold fairly steady.

PESTICIDE PRODUCTION UP—PRICES HOLDING

The pesticide supply situation continues to improve. Pesticide manufacturers may increase production from a year ago by 10 to 15 percent. Production of herbicides and insecticides is expected to increase about the same as for all pesticides, with lesser gains for fungicides. In addition, the overall inventory situation has improved from a year earlier.

Acreage hikes for certain crops will boost pesticide needs for these crops about in proportion to changes in planted acres. Early season planting intentions for corn, cotton, sorghum, durum, and other spring wheat point to larger plantings, ranging from 2 to 17 percent above a year ago. Soybean acreage is expected to decline by perhaps 5 to 10 percent with a corresponding decrease in pesticide needs. Although cotton acreage is likely to increase, possibly 15 to 20 percent, supplies of pesticides used in cotton production are expected to be adequate. In fact, cotton pesticide supplies should be close to 1974 levels when farmers planted 13.7 million acres.

Manufacturers' pesticide prices have averaged about 5 percent above a year earlier. However larger supplies are holding retail pesticide prices near year-earlier levels, and in some cases prices are down slightly.

FEED PRICES BELOW A YEAR AGO

Feed prices at the beginning of 1976 have declined from last autumn and were around 9 percent below last January's level. Among the major livestock feeds, only hay prices were running above year-earlier levels. However, average feed prices did rise around 1 percent from December to January with hay and feed grains accounting for most of the rise.

Commercial feed sales increased steadily during January and early February spurred by cold weather and feeder optimism. However, warm, open weather in many areas of the country during mid-February resulted in some short-run cutback in feeding.

Domestic utilization of grains and high-protein feeds is expected to be up substantially this year over last year's depressed levels. Feed grain and soybean meal used in livestock feeding are likely to be up 10 to 15 percent in 1975/76 over year-earlier levels.

FEED PRICES PAID BY FARMERS					
Item	1975				1976
	Jan.	June	Sept.	Dec.	Jan.
	Dollars				
Laying feed (ton)	160	144	149	143	143
Broiler grower feed (ton) . . .	176	162	164	160	158
Turkey grower feed (ton) . . .	178	165	170	165	165
Dairy feed,					
16% protein (ton)	148	130	135	134	136
Hog feed,					
14-18% protein (cwt.) . . .	8.84	8.01	8.27	8.04	8.01
Beef cattle conc.,					
32-36% protein (cwt.) ¹ . . .	8.60	7.87	8.18	8.15	8.14
Soybean meal,					
44% protein (cwt.)	9.86	8.48	9.24	8.74	8.81
Wheat bran (cwt.)	8.00	7.12	7.11	7.26	7.36
Corn meal (cwt.)	7.80	6.92	7.23	6.56	6.55
Alfalfa hay, baled (ton)	66.60	67.20	63.30	66.60	68.40
	1967 = 100				
Feed price index (pct.)	202	183	187	181	183

¹In 1975, cattle feed, 30% protein and over.

INTEREST RATES EASE ON OPERATING LOANS

Interest rates on nonreal estate farm loans have declined from the peaks reached in early 1975 and currently appear to be leveling out. Rates charged by commercial banks are down considerably. Rates of rural banks, while fluctuating less than those of large commercial banks, have also declined from the 1975 average of about 9 percent. Interest rates charged by Production Credit Associations (PCA's) were at (Continued on page 6)

Review and Outlook

The business situation continues to improve gradually, both in Nebraska and the United States. As measured by our indexes, the turnaround took place last April for the nation and the state. At the present pace, however, it will take the nation at least another year to reach the peak level of 1973. The state, though, has moved back nearly to its 1974 level, which until late in the year had been well above the 1973 level.

The December indexes for both the nation and the state were at December, 1974, levels, yet it may still be too early to say for sure that the recession is over. These observations refer to the physical volume of business, of course. The dollar volume has been consistently higher than the year before because of inflation.

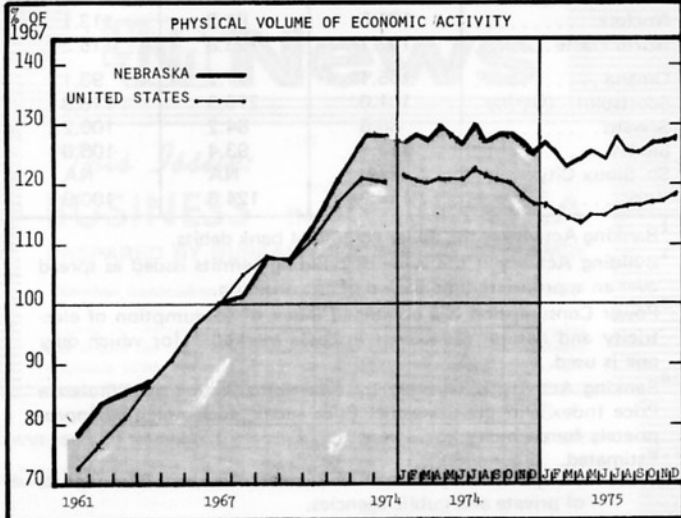
The physical volume of U.S. business had been below that of the same month of a previous year since January, 1974. That of the state had been below from October, 1974, until June, 1975.

The weak spots are still in agriculture and construction—especially in the state's economy. In both these industries, the physical volume—when taken to the base 1967 (see Table 2)—is below its last month's level. For the year *as a whole*, the year-to-date figures in the third and fourth columns of Table 1 are especially significant, because they refer to the entire year of 1975 as compared with the year of 1974. In these columns, we see that every industry—both in the state and the nation—was below 1974 in physical volume except government. Nebraska fell less than the United States, however, (Continued on page 5)

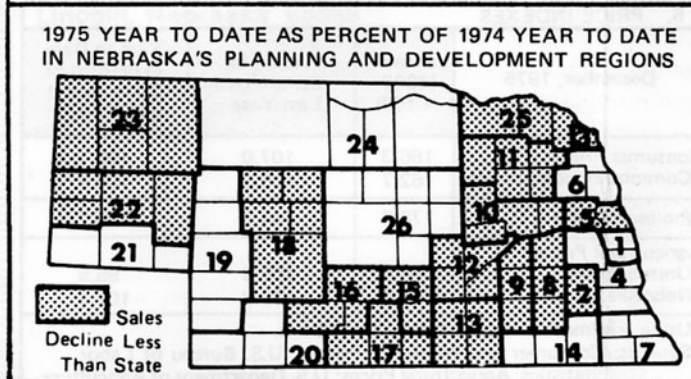
Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES				
1. CHANGE FROM PREVIOUS YEAR				
December, 1975	Current Month as Percent of Same Month Previous Year		1975 Year to Date as Percent of 1974 Year to Date	
	Nebraska	U.S.	Nebraska	U.S.
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	107.4	106.9	106.6	104.5
Agricultural	112.6	102.0	103.4	95.0
Nonagricultural	106.5	107.1	107.3	104.9
Construction	89.0	103.4	107.7	96.4
Manufacturing	99.9	102.2	103.0	100.0
Distributive	110.3	109.6	107.8	107.4
Government	108.5	108.8	112.0	108.9
Physical Volume	101.4	101.0	98.3	96.4
Agricultural	102.5	96.8	95.8	96.4
Nonagricultural	101.2	101.2	98.7	96.4
Construction	85.3	99.1	98.5	87.8
Manufacturing	97.9	97.7	93.9	90.0
Distributive	103.0	102.4	98.8	98.4
Government	103.4	104.0	106.3	104.2
2. CHANGE FROM 1967				
Indicator	Percent of 1967 Average			
	Nebraska	U.S.		
Dollar Volume	222.2	199.9		
Agricultural	242.9	226.9		
Nonagricultural	218.7	198.9		
Construction	179.6	172.8		
Manufacturing	240.7	187.3		
Distributive	213.6	203.8		
Government	224.0	215.8		
Physical Volume	127.8	118.1		
Agricultural	124.5	120.1		
Nonagricultural	128.3	118.0		
Construction	93.0	89.5		
Manufacturing	134.9	107.2		
Distributive	128.5	122.5		
Government	131.6	135.7		

3. NET TAXABLE RETAIL SALES OF NEBRASKA REGIONS AND CITIES (Adjusted for Price Changes)			
Region Number ¹ and City	City Sales ²		Sales in Region ²
	Dec. 1975 as percent of Dec. 1974	Dec. 1975 as percent of Dec. 1974	Year to date '75 as percent of Year to date '74
<i>The State</i>	104.4	105.7	97.9
1 Omaha	97.0	98.4	95.8
Bellevue	97.4		
2 Lincoln	107.7	108.9	98.3
3 So. Sioux City	101.5	113.4	101.1
4 Nebraska City	103.4	101.6	95.1
5 Fremont	106.5	111.1	100.2
Blair	108.4		
6 West Point	117.7	116.8	96.4
7 Falls City	112.6	115.5	97.3
8 Seward	122.8	120.5	100.2
9 York	107.6	105.2	100.7
10 Columbus	108.5	112.3	99.1
11 Norfolk	110.1	113.5	101.6
12 Grand Island	111.2	111.4	101.6
13 Hastings	103.9	106.2	98.4
14 Beatrice	107.2	109.0	97.7
Fairbury	103.9		
15 Kearney	109.6	112.5	104.1
16 Lexington	113.2	106.1	98.6
17 Holdrege	118.5	112.9	99.6
18 North Platte	106.6	106.7	101.0
19 Ogallala	100.2	90.1	95.0
20 McCook	99.3	102.6	95.2
21 Sidney	130.1	107.0	93.2
Kimball	106.1		
22 Scottsbluff/Gering	108.3	105.7	100.0
23 Alliance	89.1	99.4	98.6
Chadron	111.5		
24 O'Neill	115.5	118.5	94.7
25 Hartington	133.3	127.1	100.0
26 Broken Bow	104.4	111.7	95.3



¹ See region map below.
² Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales; city totals exclude motor vehicle sales.
 Compiled from data provided by Nebraska Department of Revenue.



(Continued from page 4) in every industry except agriculture. Nevertheless, as pointed out above, there has been a tendency for improvement during the last part of the year.

In Table 3 we find a remarkable surge in retail sales for December as compared with December, 1974. All of the principal trading centers except Omaha, Bellevue, McCook, and Alliance reported physical volumes of sales above those of the same month of the previous year. Among the regions, all except those centering on Omaha, Ogallala, and Alliance/Chadron had volumes above those of last year. (More can be found on this in the article on page 1.) The cities of Scottsbluff and Gering have been combined in the retail sales table this month, as they were combined in Table 4 last month. These two places are essentially one business community—even having the same Chamber of Commerce—and we feel that they can best represent their region as a single trading center.

The city business indexes in Table 4 show varying results for the different indexes, as usual. But the banking activity index, which has been adjusted for price changes, is up almost 10 percent. This is a remarkable rise, but, except for November, it has been characteristic of the state data since September. Banking activity is one of the best indexes of total business activity on a local level, although it is somewhat chancy for individual cities. It looks as though the cities of the state, as a group, began to "take off" in September on a real upsurge. All but three (Broken Bow, McCook, Seward) of the cities on this list were above 1974.

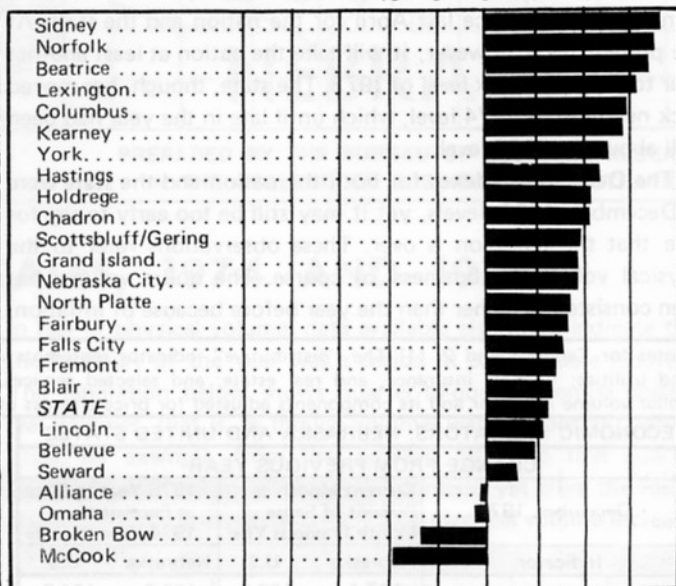
Building activity still lags, even though these figures are not price adjusted. A few cities, of course, show strength in this activity compared with 1974—including Beatrice, Kearney, Nebraska City, and Scottsbluff/Gering.

Conservation of power is still not much in evidence. More power is being used than a year ago. This is mostly in electricity, for which consumption is 8 percent above a year ago; gas consumption, however, is down by 3 percent. The combined ratio, shown in Table 4, is up 2.6 percent. Omaha seemed to have been especially saving on the use of power. This may, though, reflect for the most part the lowered level of industrial activity in Omaha.

Combining the four city indexes, including retail sales, into the chart, we have all the cities except Alliance, Broken Bow, McCook, and Omaha at levels above December, 1974, with the total being 5.6 percent above. Alliance and Omaha are not far below the 100 percent figure. This confirms the feeling that the cities are continuing their climbs out of the recession. Kearney, Beatrice, Norfolk, and Columbus continue the leading roles they had last month.

One can only hope that the slow rise out of the recession will continue without a setback, although it would be more pleasant to have a faster rise than seems likely at the present. E. Z. P.

CITY BUSINESS INDEXES
Percent Change December 1974 to December 1975
-10 -5 0 5 10 15 20



Source: Table 4 below.

4. DECEMBER CITY BUSINESS INDICATORS

The State and Its Trading Centers	Percent of Same Month a Year Ago		
	Banking Activity ¹ (Adjusted for Price Changes) ⁴	Building Activity ²	Power Consumption ³
The State	109.5	94.1	102.6
Alliance	106.6	75.3	120.1
Beatrice	125.5	226.8	98.4
Bellevue	106.9**	162.8	108.7*
Blair	115.3	55.5	98.3
Broken Bow	97.8	11.2	110.8
Chadron	107.1	150.1	109.5
Columbus	122.9	142.9	108.2
Fairbury	116.8	91.8	101.6*
Falls City	105.4	106.9	103.5
Fremont	111.9	84.9	103.2*
Grand Island	109.3	108.7	111.7
Hastings	116.9	144.4	111.1
Holdrege	102.5	127.0	107.6
Kearney	108.3	340.2	117.0
Lexington	122.6	72.8	123.5
Lincoln	112.9	48.1	104.6
McCook	70.9	148.3	103.2
Nebraska City	111.4	208.0	106.1
Norfolk	131.5	81.3	113.1
North Platte	107.7	123.8	115.2
Omaha	105.1	77.1	93.1
Scottsbluff./Gering	101.0	275.3	116.9
Seward	86.8	84.2	100.2
Sidney	113.1	93.4	105.0
So. Sioux City	NA	NA	NA
York	119.9	124.6	100.9

¹ Banking Activity is the dollar volume of bank debits.
² Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
³ Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
⁴ Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city.
 ** Estimated.
 Source: Compilation by Bureau of Business Research from reports of private and public agencies.

5. PRICE INDEXES

December, 1975	Index (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	166.3	107.0	109.1
Commodity component	162.7	106.3	108.9
Wholesale Prices	178.7	104.2	109.2
Agricultural Prices			
United States	188.9	105.3	98.5
Nebraska	195.0	109.8	107.3

*Using arithmetic average of monthly indexes.
 Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

BUSINESS RECOVERY WELL UNDER WAY*

The business expansion that started in the spring of 1975 retained substantial momentum early in 1976. Fears expressed in December that the recovery was faltering and might "abort" appear ill-founded.

The recession that began on a broad front in the fall of 1974 proved to be the deepest and most traumatic since the 1930s. The upswing that followed has been rapid and pervasive. Virtually all sectors have scored gains in the past six to eight months—although of widely varying magnitudes—and look to further gains in 1976.

All business recessions since World War II have been dominated by a shift from inventory accumulation to liquidation. Such a shift occurred in massive proportions from the fourth quarter of 1974 to the first quarter of 1975. In addition, purchases of many finished products by consumers and businesses declined during this period and construction activity, led by residential building, also dropped. Finally, many state and local governments were forced to curtail services to the public.

Production and sales of both consumer and producer durable goods outstripped the general economy both in the boom of 1973 and in the subsequent recession. In the current upswing, durables have lagged the rest of the economy. These phenomena are typical of past business cycles.

Forecasters [are] on target. In contrast to 1974 when most projections overshot the mark, the "standard forecast" offered at the start of 1975 proved to be reasonably accurate, at least for

broad measures. Some sectors—notably residential construction and steel—failed to match expectations.

Department of Commerce estimates show total output adjusted for price change [real Gross National Product] down 2 percent for 1975 as a whole, about the same as the decline in 1974 and about as expected. Never before since World War II has real GNP declined in two successive years. Price inflation measured by the GNP deflator was 9 percent year-to-year, down from 10 percent in 1974. Unemployment averaged about 8.5 percent, up from 5.6 percent, and the highest since 1941.

[Forecasts for 1976], whether based on relatively informal judgments or on elaborate econometric models, reveal an unusual tendency to cluster in a narrow range. Substantial growth is expected to continue through the year, while inflation moderates further. Unemployment is expected to decline again but to remain uncomfortably high. More specifically, real GNP growth is projected at about 6 percent, inflation at about 6 percent, and the average unemployment rate at about 7.5 percent.

While gratifying, this consensus forecast for 1976 leaves the economy well below levels associated with reasonably full employment of people and resources. Moreover, the relative price stability of the early 1960s remains an elusive goal.

*This article is a partial reprint of an article in the February, 1975, issue of *Business Conditions* published by the Federal Reserve Bank of Chicago. Editorial additions or paraphrases are shown in brackets. E. L. H.

(Continued from page 3) 8.5 percent in January, 1976, down more than 1 percentage point from the peak of 1975.

The decline in PCA rates is a reflection of the reduction in the cost of money in the central money markets, where PCA loan funds are obtained. For example, the prime rate charged by major commercial banks in early February was about 6.5 percent, down from a high of around 12 percent reached in mid-1974.

Banks furnish about half of the total operating loan funds used by farmers, while PCA's provide about 30 percent. This decline in the rates charged by the major lenders significantly affects the total interest charges paid by farmers on their operating loans.

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NO FUEL SHORTAGE THREAT

Fuel supplies, in general, will pose few problems for farmers this year. Gasoline and diesel supplies are plentiful and prices are sliding as much as 1 to 2 cents per gallon from those paid in the fall. Propane stocks are adequate due largely to a relatively mild winter, which enabled public utilities to meet peak customer demands without having to supplement natural gas with large quantities of LP gas. Deregulation of natural gas would increase the delivered price of gas to farmers, but it should encourage exploration, increase supply, and prolong farm use of natural gas for irrigation, brooding, and other production purposes.

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