



## Nebraska Business Conditions Survey Report - February 2003

*Charles Lamphear, Director Bureau of Business Research (BBR)*

**R**ecent monthly business conditions survey results indicate business jitters, likely due to such factors as the unbroken drought, persistent weak stock prices, rising oil prices, the state revenue shortfall and the possibility of higher state taxes, and the increasing threat of war with Iraq. January's business conditions survey showed a significant drop in the percent of reporting businesses that expect near-term economic conditions to improve. The January rate was 40 percent, down from 47 percent in December. The February survey shows that only 33 percent of the reporting businesses statewide expect near-term economic conditions to improve, 34 percent and 32 percent, respectively, in the metro and nonmetro counties. The 33 percent statewide rate in February is 14 percentage points below the December high of 47 percent, 7 percentages below the January rate, and 9 percentage points below the October-December average of 42 percent. If business jitters continue, the downward spiral in business confidence likely will continue, adversely affecting the state's ability to grow.

Two hundred and fifteen Nebraska businesses participated in the February survey, a 28 percent response rate. Participation was nearly equally divided between the state's metro and nonmetro counties. The metro counties include Cass, Douglas, Lancaster, Sarpy, and Washington.

Statewide, 46 percent of the February respondents anticipated some increase in goods/services sold in the upcoming three months, 51 percent and 41 percent, respectively, in the metro and nonmetro counties.

These relatively high percentages mainly reflect approaching seasonal changes that affect short-term demand rather than an anticipated improvement in the overall economy.

With the exception of construction, only 17 percent of other reporting businesses anticipated price increases in the next three months. However, nearly half of the reporting businesses in the construction sector anticipated price increases, reflecting price volatility of construction materials.

Each month businesses are asked to indicate the most important issues facing businesses today. Since the first survey in June 2002, one of the most often cited issues is the rising cost of health insurance coverage for employees. To compensate for this rising share of labor costs, employer actions likely will be to reduce employee benefits and/or to slow down new job hires. The ultimate economic impact of either action will be slower growth. Other factors of concern include wage costs, quality of labor, and government regulation. However, the importance of wage costs and government regulation differs between metro and nonmetro respondents. Eighteen percent of the metro respondents view wage costs as an important concern, compared to 9 percent of the nonmetro respondents. In contrast, 25 percent of the nonmetro respondents view government regulation as an important concern, compared to 13 percent of the metro respondents.

The attached charts and tables provide additional information from the February survey.

The Nebraska Business Conditions Survey (NBCS) is conducted each month from a representative sample of businesses drawn from files maintained by the Nebraska Department of Labor, Nebraska Workforce Development.

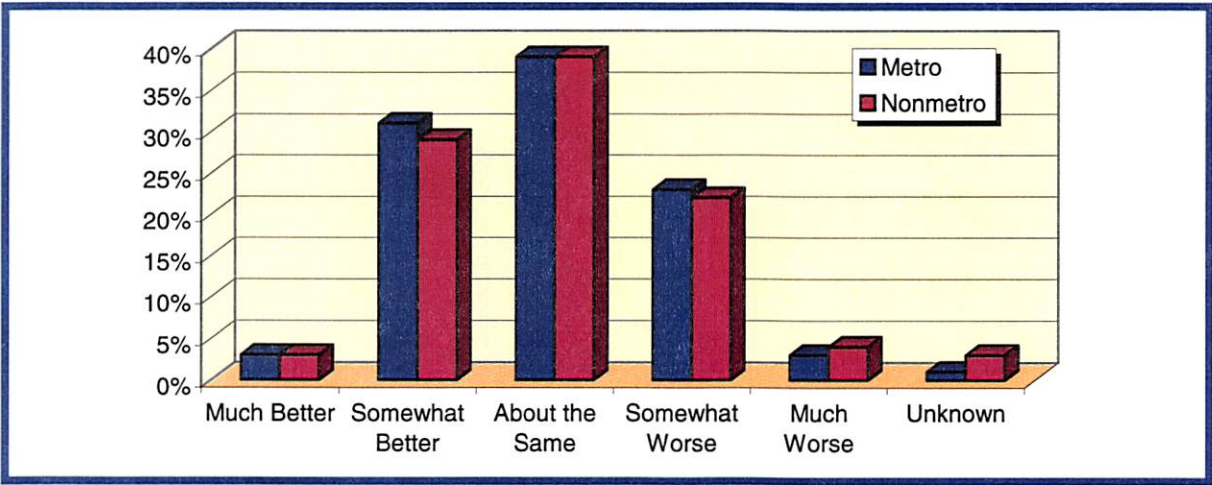
### Future NBCS Report release dates:

April 8, 2003  
May 13, 2003  
June 10, 2003  
July 8, 2003

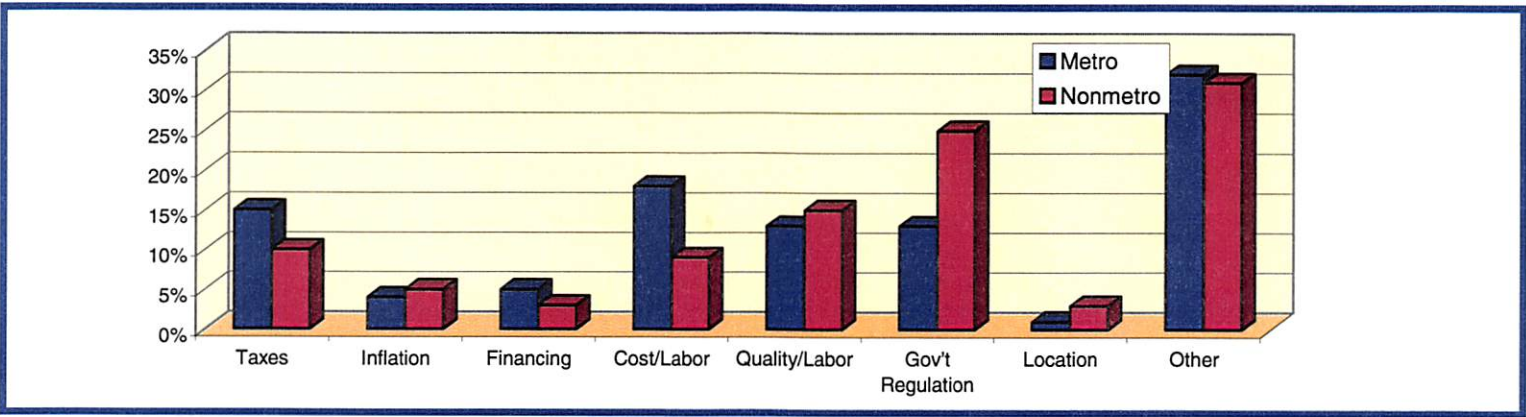


Nebraska Business Conditions Survey Detail - February 2003

Question 1 - Opinion of the general economic conditions in six months:



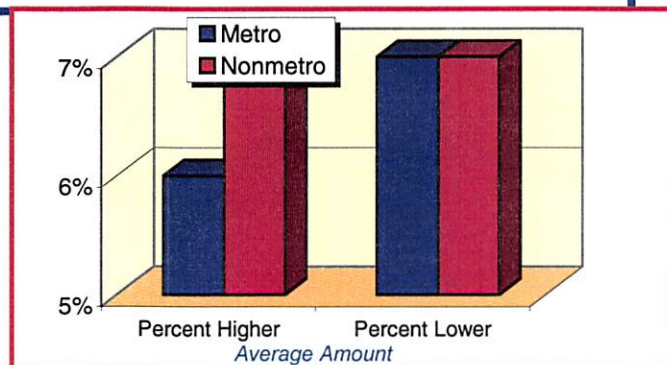
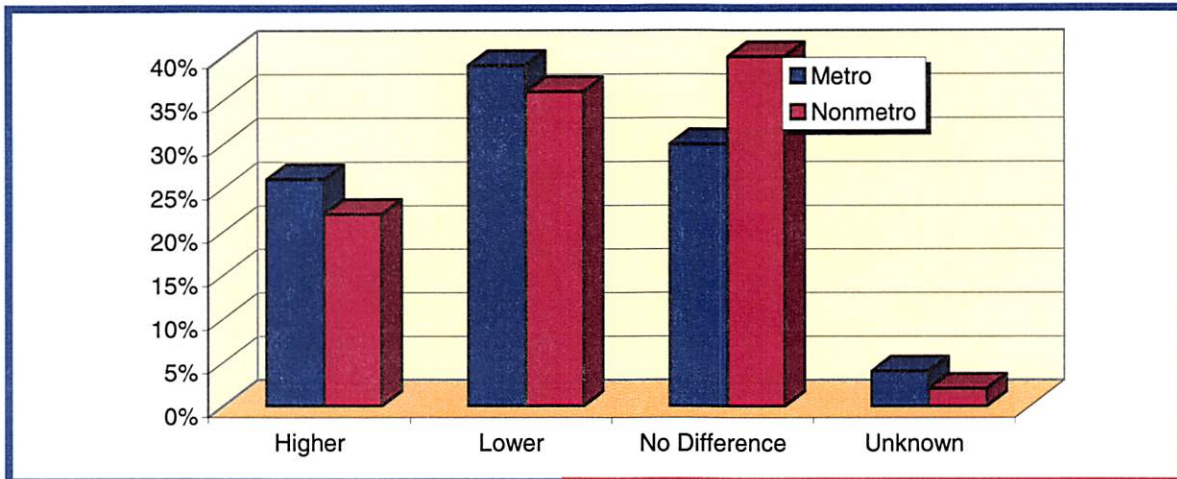
Question 2 - Most important issue facing business today:



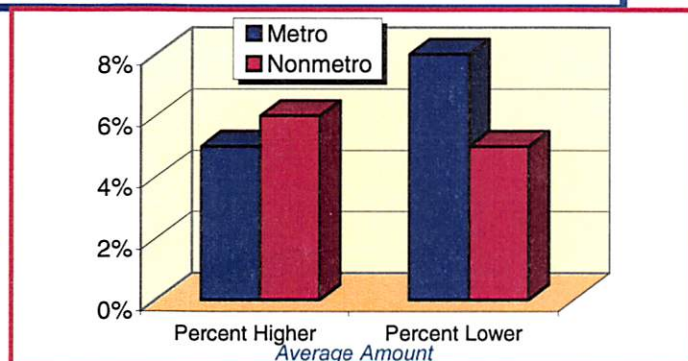
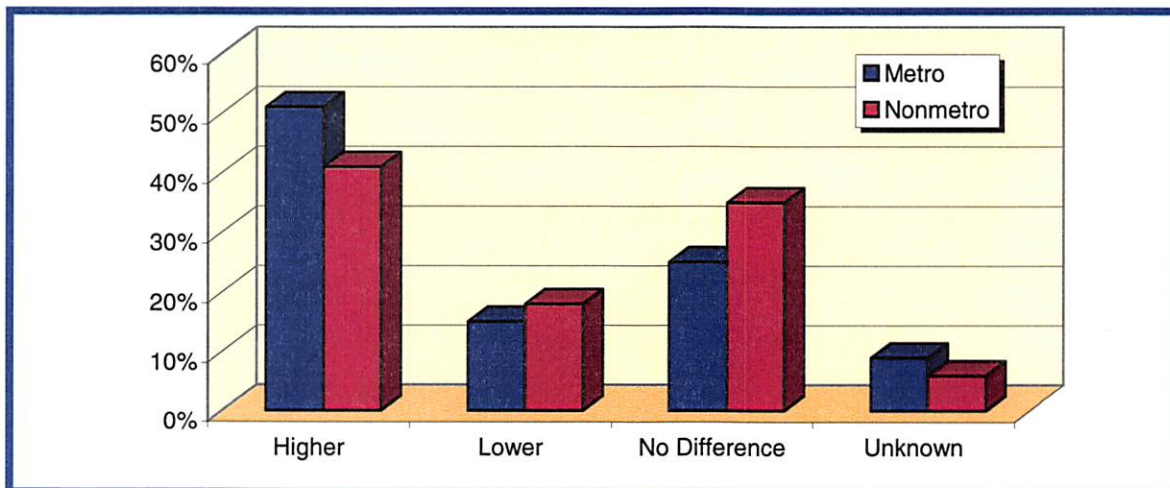
Source: Nebraska Workforce Development,  
Nebraska Department of Labor



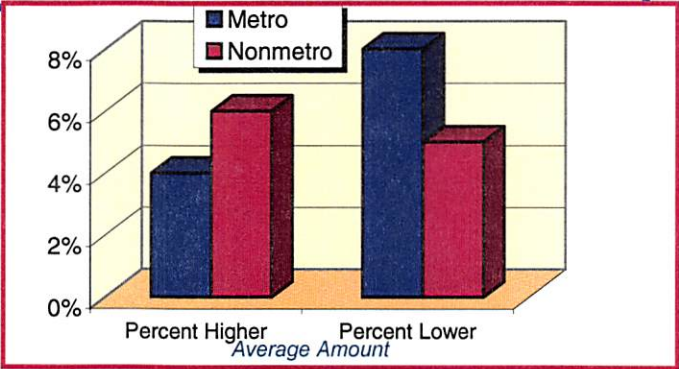
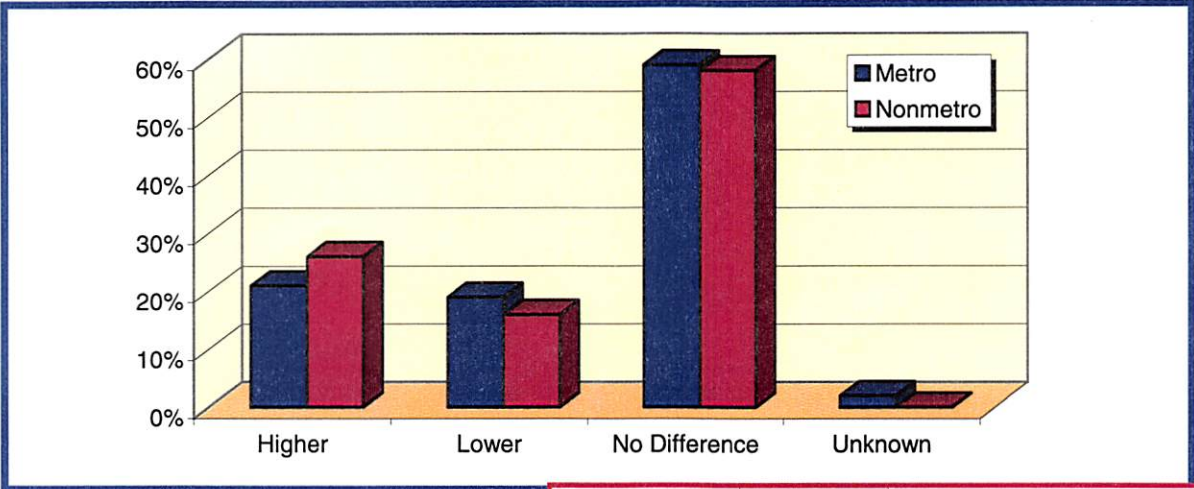
**Question 3 - Expected real volume (number of units) of goods/services sold this month compared to the last three months:**



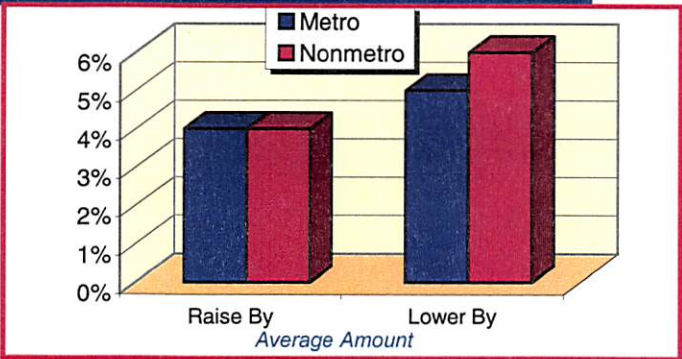
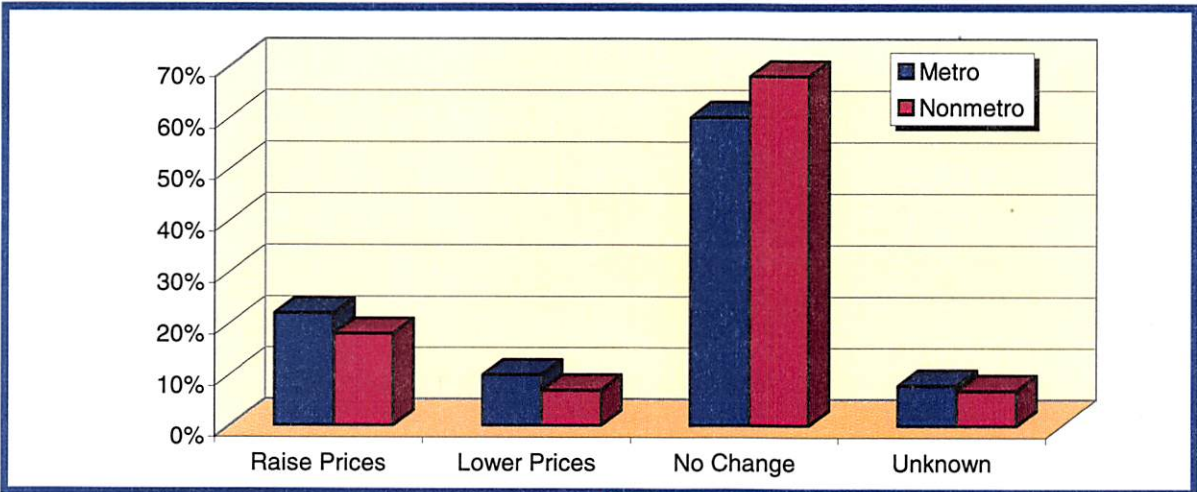
**Question 4 - Anticipated real volume (number of units) of goods/services to be sold in the upcoming three months, compared to this month:**



**Question 5 - Current average selling prices, compared to three months ago:**



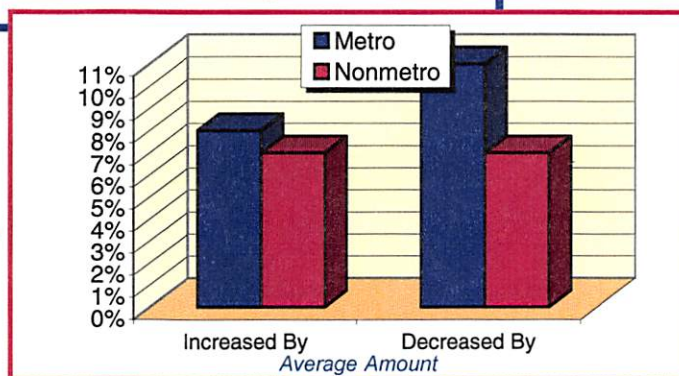
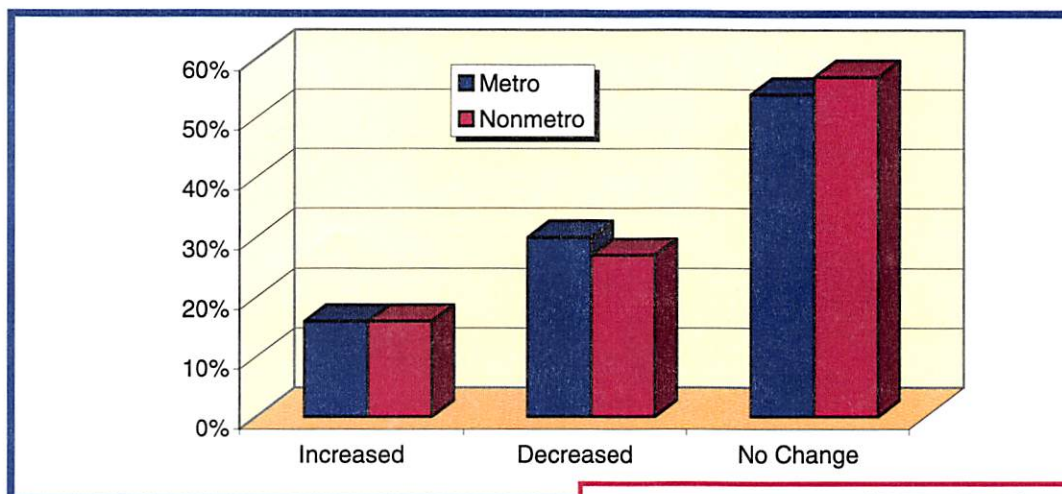
**Question 6 - Expected change in the average selling prices of goods/services in the next three months:**



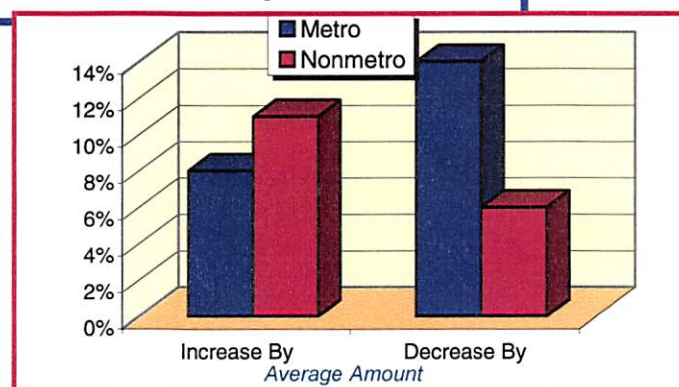
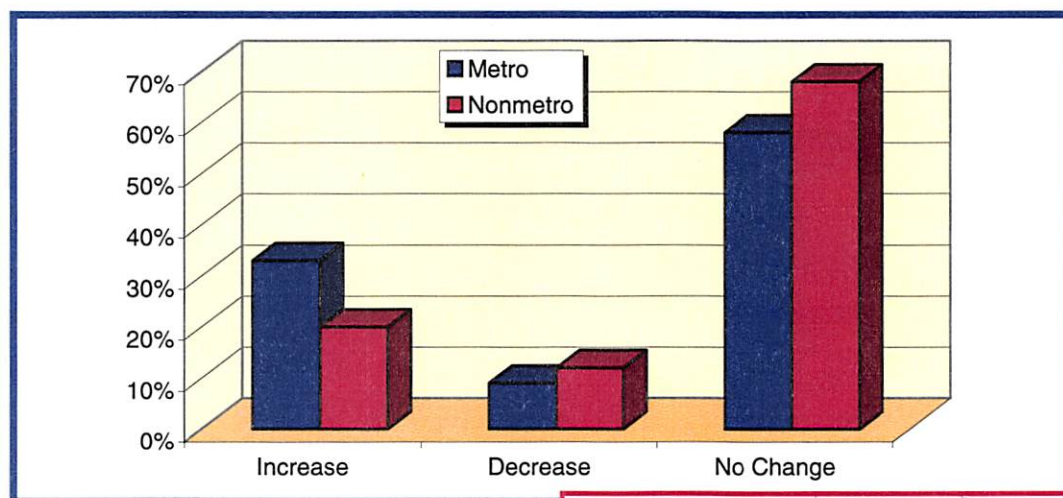
Source: Nebraska Workforce Development,  
Nebraska Department of Labor



**Question 7 - Status of total number of employees in the last three months:**



**Question 8 - Expected changes in number of employees during the next three months:**



# Nebraska Business Conditions Survey - February 2003

Q1 - Opinion of the general economic conditions in six months.

	Much Better	Somewhat Better	About the Same	Somewhat Worse	Much Worse	Unknown
Metro	3%	31%	39%	23%	3%	1%
Nonmetro	3%	29%	39%	22%	4%	3%

Q2 - Most important issue facing business today.

	Taxes	Inflation	Financing	Cost/Labor	Quality/Labor	Gov't Regulation	Location	Other
Metro	15%	4%	5%	18%	13%	13%	1%	32%
Nonmetro	10%	5%	3%	9%	15%	25%	3%	31%

Q3 - Expected real volume (number of units) of goods/services sold this month compared to the last three months. Percent Higher/Lower

	Higher	Lower	No Difference	Unknown
Metro	26%	39%	30%	4%
Nonmetro	22%	36%	40%	2%
	Percent Higher	Percent Lower		
Metro	6%	7%		
Nonmetro	7%	7%	Average Amount	

Q4 - Anticipated real volume (number of units) of goods/services to be sold in the upcoming three months, compared to this month. Percent Higher/Lower.

	Higher	Lower	No Difference	Unknown
Metro	51%	15%	25%	9%
Nonmetro	41%	18%	35%	6%
	Percent Higher	Percent Lower		
Metro	5%	8%		
Nonmetro	6%	5%	Average Amount	

Q5 - Current average selling prices, compared to three months ago. Percent Higher/Lower.

	Higher	Lower	No Difference	Unknown
Metro	21%	19%	59%	2%
Nonmetro	26%	16%	58%	0%
	Percent Higher	Percent Lower		
Metro	4%	8%		
Nonmetro	6%	5%	Average Amount	

Q6 - Expected change in the average selling prices of goods/services in the next three months. Percent Raised/Lowered.

	Raise Prices	Lower Prices	No Change	Unknown
Metro	22%	10%	60%	8%
Nonmetro	18%	7%	68%	7%
	Raise By	Lower By		
Metro	4%	5%		
Nonmetro	4%	6%	Average Amount	

Q7 - Status of total number of employees in the last three months. Percent increased/decreased.

	Increased	Decreased	No Change
Metro	16%	30%	54%
Nonmetro	16%	27%	57%
	Increased By	Decreased By	
Metro	8%	11%	
Nonmetro	7%	7%	Average Amount

Q8 - Expected changes in number of employees during the next three months. Percent Increased/Decreased.

	Increase	Decrease	No Change
Metro	33%	9%	58%
Nonmetro	20%	12%	68%
	Increase By	Decrease By	
Metro	8%	14%	
Nonmetro	11%	6%	Average Amount

Source: Nebraska Workforce Development,  
Nebraska Department of Labor