Nebraska Business Conditions Survey Report - March 2003

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The March survey shows that statewide business pessimism has not bottomed. Only 30 percent of the respondents in the March survey believe that general economic conditions will improve in the next six months. The highest response rate, 47 percent, was reached in December, followed by three months of steady decline. The March decline largely reflects business attitudes in the state's nonmetro region. Only 26 percent of nonmetro businesses expect economic conditions to improve in the near term, down from 32 percent in the February survey. Respondents in the wholesale and retail trade sectors led the decline. Only 10 percent of wholesale trade respondents and 11 percent of retail trade respondents in the nonmetro region expect general economic conditions to improve in the near term. Wholesale trade is being severely impacted by poor economic conditions in agriculture. Nonmetro wholesale trade largely represents grain handlers and implement dealers. Competition is a major factor affecting retailers' attitudes about the future. In many rural communities small, family-owned retail stores continue to be squeezed by the growth and/or expansion of large regional retail outlets. Retailers in the state's metro region are more optimistic about the future—55 percent expect economic conditions to improve in the near term. A similar attitude exists for wholesalers—40 percent expect improvement in near-term economic conditions. The most optimistic reporting group on future economic conditions was manufacturing, but the optimism was concentrated in the state's metro region, Cass, Douglas, Lancaster, Sarpy, and Washington counties, where 75 percent of durables and 71 percent of nondurables manufacturers expect economic conditions to improve in the next six months. During the recent national recession, one of the hardest hit sectors at the national level was manufacturing. By almost any measure the sector still is in recession. Comparatively, Nebraska manufacturing seems to be in good shape.

One hundred and sixty-nine Nebraska businesses participated in the March survey, a 23 percent response rate. Participation was nearly equally divided between the state's metro and nonmetro regions.

As expected, most businesses continue to report stable prices. The slow economy and global competition place downward pressure on prices. Statewide, 19 percent of the respondents expect to raise prices in the next three months, 4 percentage points below the October-March, six-month, average. None of the respondents in the construction sector expects price increases in the next three months.

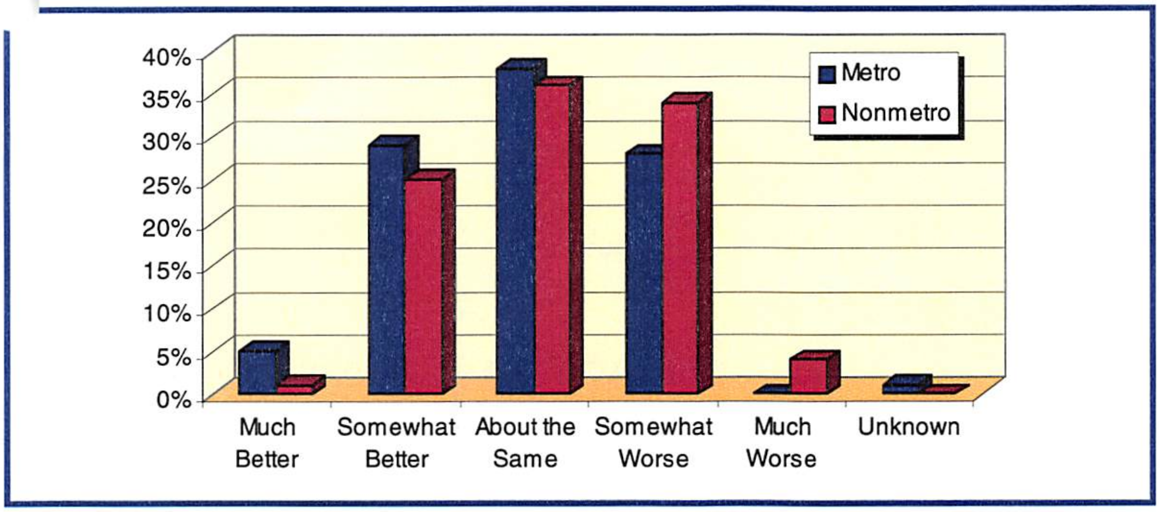
For the 169 businesses that participated in the March survey, net job growth during the next three months is expected to be slightly over 200, a healthy 3 percent increase over current total employment. Most of the expected growth is concentrated in construction, due to seasonal factors, and manufacturing, likely due to anticipated improvements in near-term economic conditions. Over 90 percent of the expected net job growth will occur in the state's metro region.

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

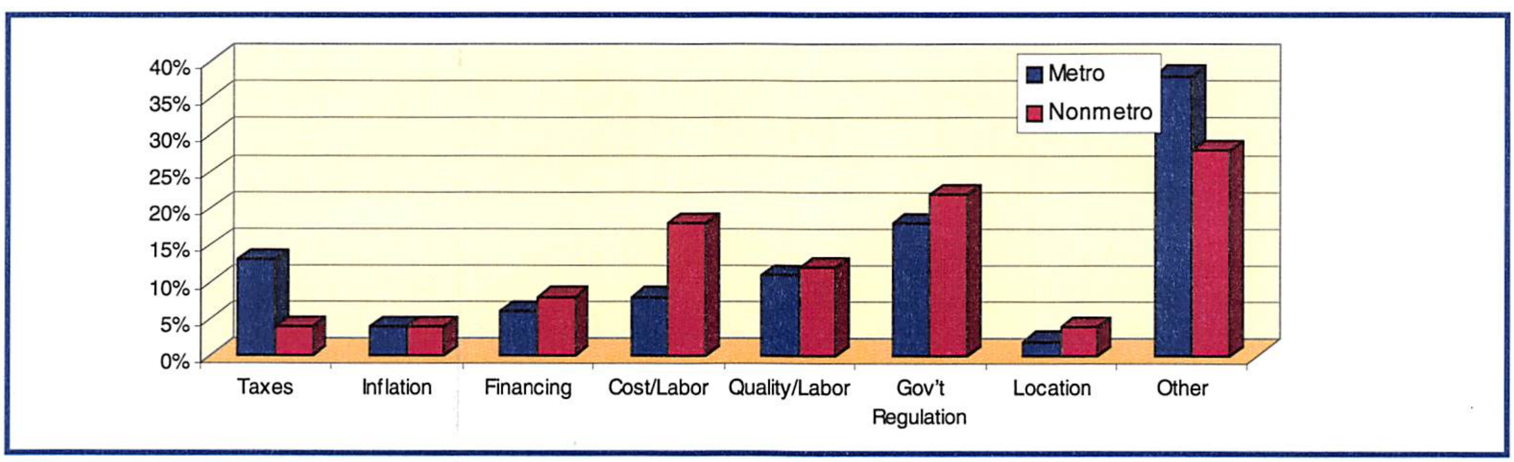
The Nebraska Business Conditions Survey (NBCS) has been conducted each month since June 2002 from a representative sample of businesses drawn from files maintained by the Nebraska Department of Labor, Nebraska Workforce Development. Because of proposed University budget cuts that include the elimination of the Bureau of Business Research, the survey will not be continued.

Nebraska Business Conditions Survey Detail - March 2003

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

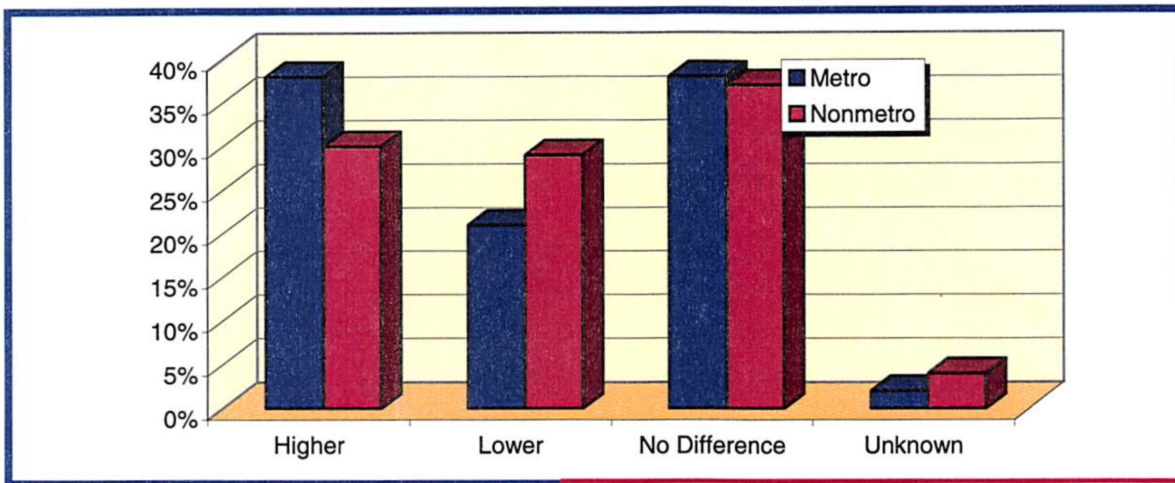


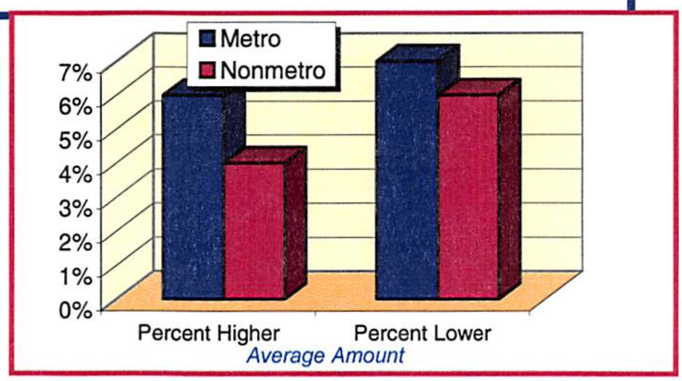
Question 2 - Most important issue facing business today:



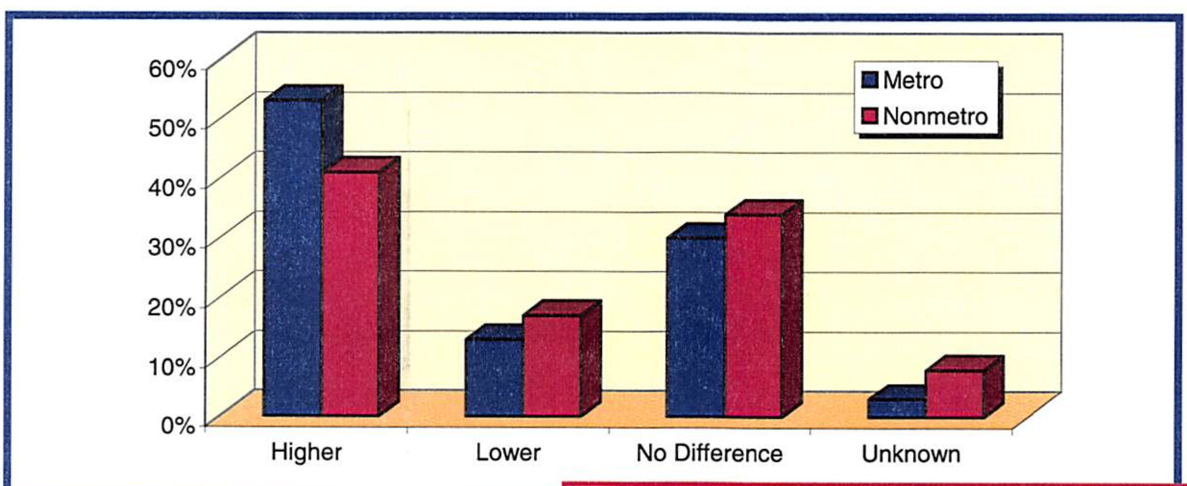
Source: Nebraska Workforce Development, Nebraska Department of Labor

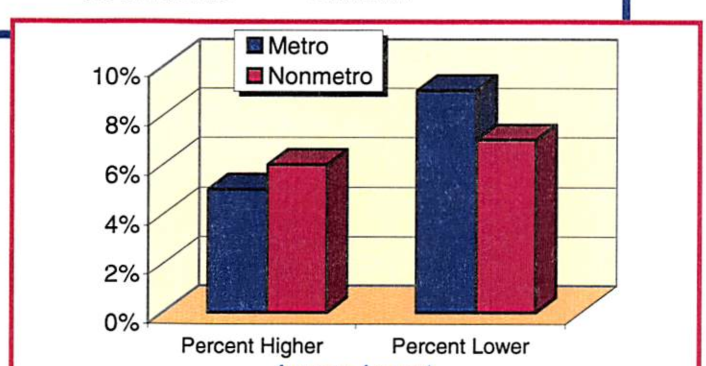
Question 3 - Expected real volume (number of units) of goods/services sold this month compared to the last three months:





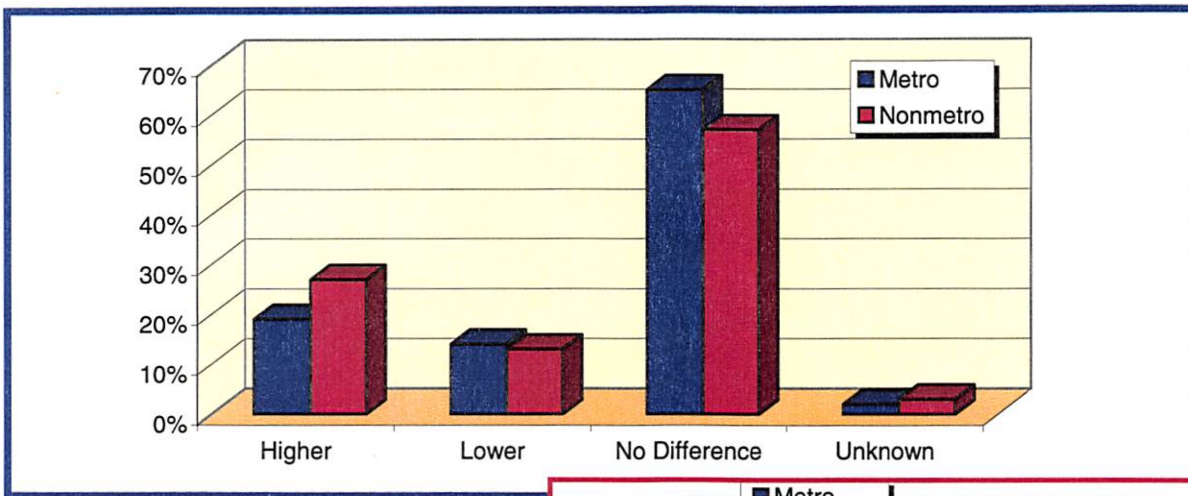
estion 4 - Anticipated real volume (number of units) of goods/services to be sold in the upcoming three months, compared to this month:

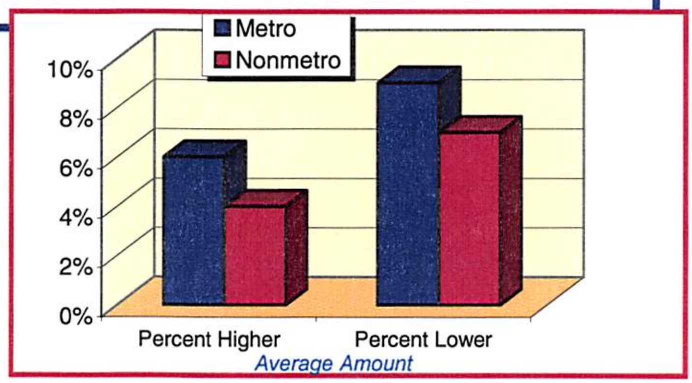




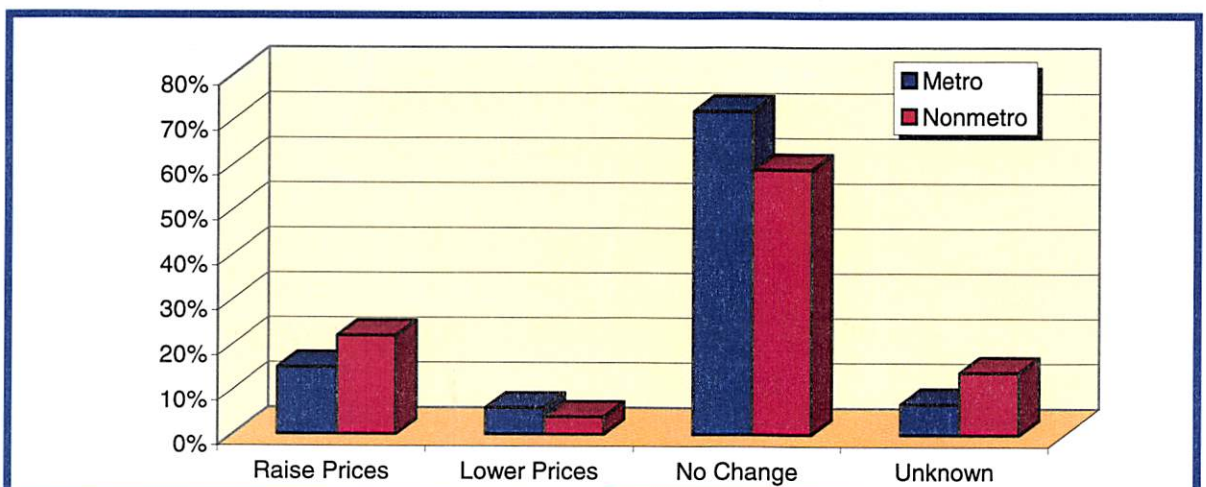
Source: Nebraska Workforce Development, Nebraska Department of Labor

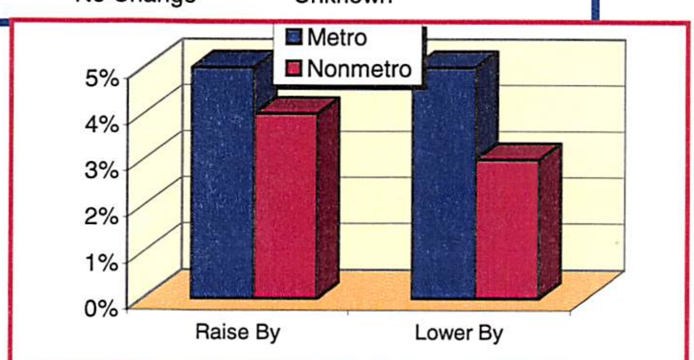
Question 5 - Current average selling prices, compared to three months ago:





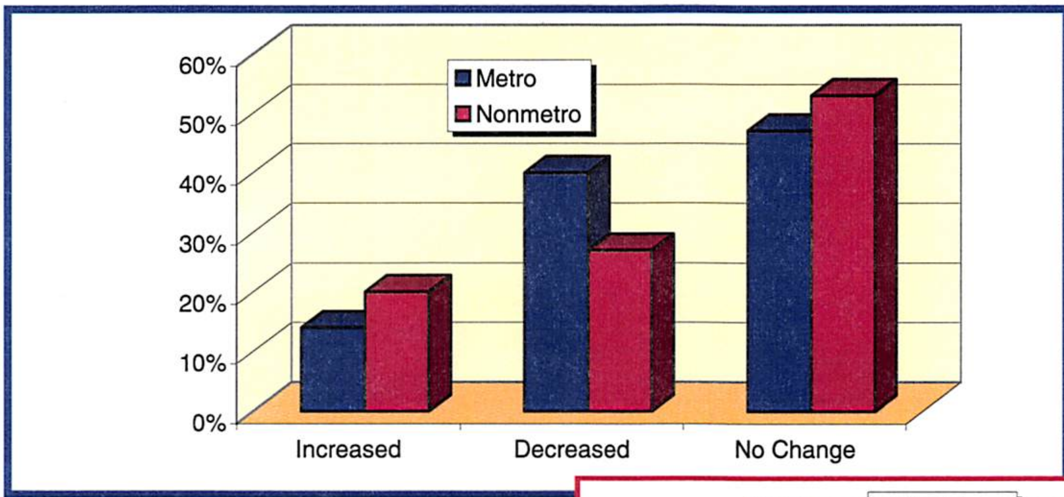
Question 6 - Expected change in the average selling prices of goods/services in the next three months:

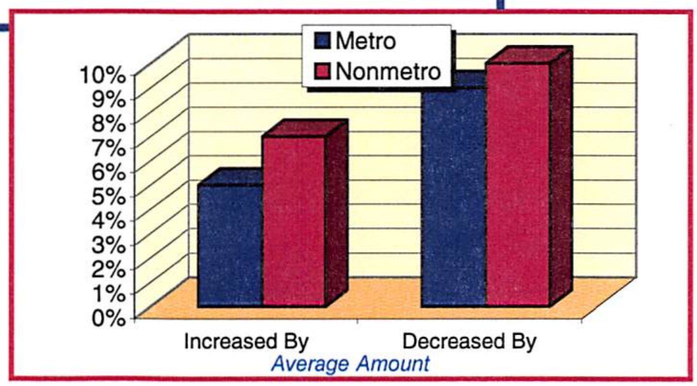




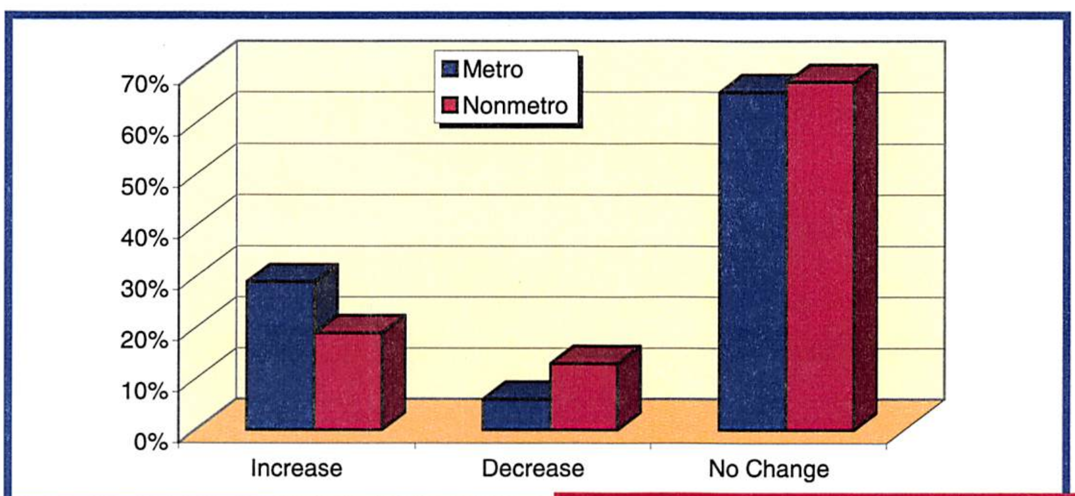
Source: Nebraska Workforce Development, Nebraska Department of Labor

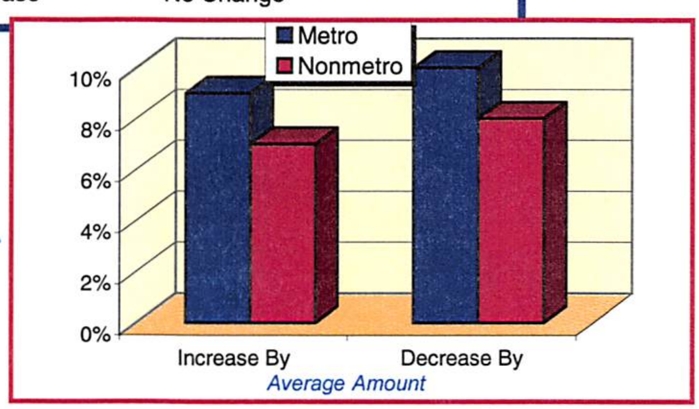
Question 7 - Status of total number of employees in the last three months:





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





Source: Nebraska Workforce Development, Nebraska Department of Labor

Nebraska Business Conditions Survey - March 2003

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

	Much Better	Somewhat Better	About the Same	Somewhat Worse	Much Worse	Unknown
Metro	5%	29%	38%	28%	0%	1%
Nonmetro	1%	25%	36%	34%	4%	0%

Q2 - Most important issue facing business today.

	Taxes	Inflation	Financing	Cost/Labor	Quality/Labor	Gov't Regulation	Location	Other
Metro	13%	4%	6%	8%	11%	18%	2%	38%
Nonmetro	4%	4%	8%	18%	12%	22%	4%	28%

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	38%	21%	38%	2%
Nonmetro	30%	29%	37%	4%

	Percent Higher	Percent Lower
Metro	6%	7%
Nonmetro	4%	6%

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	53%	13%	30%	3%
Nonmetro	41%	17%	34%	8%

	Percent Higher	Percent Lower
Metro	5%	9%
Nonmetro	6%	7%

Average Amount

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

	Higher	Lower	No Difference	Unknown
Metro	19%	14%	65%	2%
Nonmetro	27%	13%	57%	3%

	Percent Higher	Percent Lower
Metro	6%	9%
Nonmetro	4%	7%

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	15%	6%	72%	7%
Nonmetro	22%	4%	59%	14%

	Raise By	Lower By
Metro	5%	5%
Nonmetro	4%	3%

Average Amount

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

	Increased	Decreased	No Change
Metro	14%	40%	47%
Nonmetro	20%	27%	53%

	Increased By	Decreased By
Metro	5%	9%
Nonmetro	7%	10%

Average Amount

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

	Increase	Decrease	No Change
Metro	29%	6%	66%
Nonmetro	19%	13%	68%

	Increase By	Decrease By
Metro	9%	10%
Nonmetro	7%	8%

Average Amount

Source: Nebraska Workforce Development, Nebraska Department of Labor

Nebraska Business Conditions Survey

*Please **check** appropriate box or fill in the blank.*

1. About the economy in general, do you think that **six** months from now general business conditions will be better than they are right now, about the same, or worse?

☐ Much Better ☐ Somewhat better ☐ About the same
☐ Somewhat worse ☐ Much worse ☐ Don't know

2. What is the **single most important** issue facing your business today? (Please ***check*** only one box.)

☐ Taxes ☐ Inflation ☐ Financing ☐ Cost of labor
☐ Quality of labor ☐ Government regulation ☐ Location
☐ Other (please explain) ____________

3. Compared to the last three months, what do you expect will be your **real volume** (number of units) of goods and/or services sold for this month?

☐ Higher ☐ Lower ☐ No difference ☐ Don't know

3a. If higher or lower, by approximately what percent?

☐ Less than 1.0% ☐ 3.0-3.9% ☐ 7.0-8.9%
☐ 1.0-1.9% ☐ 4.0-4.9% ☐ 9.0-11.9%
☐ 2.0-2.9% ☐ 5.0-6.9% ☐ 12.0% or more

4. Looking ahead, how will your next three months' **real volume** (number of units) of goods and/or services compare to this month's sales?

☐ Higher ☐ Lower ☐ No difference ☐ Don't know

4a. If higher or lower, by approximately what percent?

☐ Less than 1.0% ☐ 3.0-3.9% ☐ 7.0-8.9%
☐ 1.0-1.9% ☐ 4.0-4.9% ☐ 9.0-11.9%
☐ 2.0-2.9% ☐ 5.0-6.9% ☐ 12.0% or more

5. How do your current **average** selling prices compare to three months ago?

☐ Higher ☐ Lower ☐ No difference ☐ Don't know

5a. If higher or lower, by what percent, on average?

☐ Less than 1.0% ☐ 3.0-3.9% ☐ 7.0-8.9%
☐ 1.0-1.9% ☐ 4.0-4.9% ☐ 9.0-11.9%
☐ 2.0-2.9% ☐ 5.0-6.9% ☐ 12.0% or more

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6. In the next three months, do you plan to change the **average** selling prices of your goods and/or services?

☐ Yes, raise prices ☐ Yes, lower prices ☐ No change
☐ Don't know

6a. If you raise or lower prices, by what percent, on average?

☐ Less than 1.0% ☐ 3.0-3.9% ☐ 7.0-8.9%
☐ 1.0-1.9% ☐ 4.0-4.9% ☐ 9.0-11.9%
☐ 2.0-2.9% ☐ 5.0-6.9% ☐ 12.0% or more

7. In the last three months, has the **total** number of your employees increased, decreased, or stayed about the same?

☐ Increased ☐ Decreased ☐ Stayed the same

7a. If increased or decreased, by approximately what percent?

☐ 0.0-4.9% ☐ 10.0-19.9% ☐ 30.0-39.9%
☐ 5.0-9.9% ☐ 20.0-29.9% ☐ 40.0% or more

7b. If the total number of employees increased or decreased, was the change due primarily to seasonal factors affecting your business?

☐ Yes ☐ No

8. In the next three months, do you plan to increase, decrease, or maintain your **current** total number of employees?

☐ Increase ☐ Decrease ☐ Maintain

8a. If increase or decrease, by approximately what percent?

☐ 0.0-4.9% ☐ 10.0-19.9% ☐ 30.0-39.9%
☐ 5.0-9.9% ☐ 20.0-29.9% ☐ 40.0% or more

8b. If you plan to increase or decrease the total number of employees, will the change be due primarily to seasonal factors affecting your business?

☐ Yes ☐ No

If this survey needs to be sent to the person completing the survey or if the survey needs to be mailed to a different address, please indicate that information below. In addition, if you would like to participate by using the online survey form, please provide your e-mail address. Thank you!

Name: ____________

Organization: ____________

Address: ____________

____

E-mail: ____________