

## **Nebraska Business Confidence Index: April 9, 2021**

**Prepared by the UNL College of Business, Bureau of Business Research**

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*Summary: The Business Confidence Index – Nebraska had a value of 107.7 during March of 2021. That value is well above the neutral level of 100 and reflects positive business confidence. The recent conditions sub-index was below neutral, at a value of 90.8, due to a loss of sales and employment over the last 6 months. However, the expectations sub-index had a value of 124.6, which is well above the neutral level. This level of expectations suggests that Nebraska businesses plan to grow at a rapid pace over the next 6 months. In terms of specific issues, a significant share of businesses were concerned about the COVID-19 Pandemic, customer demand, supply issues, and operational challenges. Twenty-one percent of businesses specifically mentioned the COVID-19 Pandemic as their top issue. Another 23 percent of respondents chose customer demand without specifically mentioning COVID-19. Labor availability and quality was the top issue for 17 percent of businesses while another 13 percent chose operational issues and 12 percent picked the costs of goods and services.*

### **Business Confidence Index - Nebraska**

The Business Confidence Index – Nebraska (BCI-N) summarizes responses to the monthly *Survey of Nebraska Business* regarding sales and employment. Respondents provide their assessment of both recent employment and sales change and expectations for the next 6 months. The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks respondents whether: 1) the dollar sales volume at their business was higher, lower, or about the same as it was over the previous 6 months, 2) the dollar sales volume at their business will be higher, lower, or about the same over the next 6 months, 3) the total number of employees at their business increased, decreased or stayed the same over the last 6 months and 4) the total number of employees at their business will increase, decrease, or stay the same over the next 6 months. The survey also asks, “What is the most important issue facing your business today?” Individual responses to that question fall into one dozen categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In March, responses were received from 93 of the 500 surveyed businesses, for a 19 percent response rate.

The Business Confidence Index – Nebraska is estimated based on responses to the first four questions. For each question, the percentage of respondents, who indicates that sales or

employment decreased (or will decrease), is subtracted from the percentage who indicate that sales or employment increased (or will increase). The number 100 is added to the difference in percentages. A value of 100, therefore, indicates that businesses are neutral since a value of 100 would only arise if the same percentage of businesses declare an increase as declare a decrease.

The Business Confidence Index – Nebraska is the average of the values for the four questions. Therefore, a value over 100 for the BCI-N indicates positive business confidence. A value below 100 indicates negative business confidence. The recent conditions sub-index is the average of the two questions about sales and employment change over the last 6 months. The expectations sub-index is the average of the two questions about sales and employment change over the next 6 months. March values for the Business Confidence Index – Nebraska are reported in Table 1.

Table 1: Business Confidence Index - Nebraska, March 2021

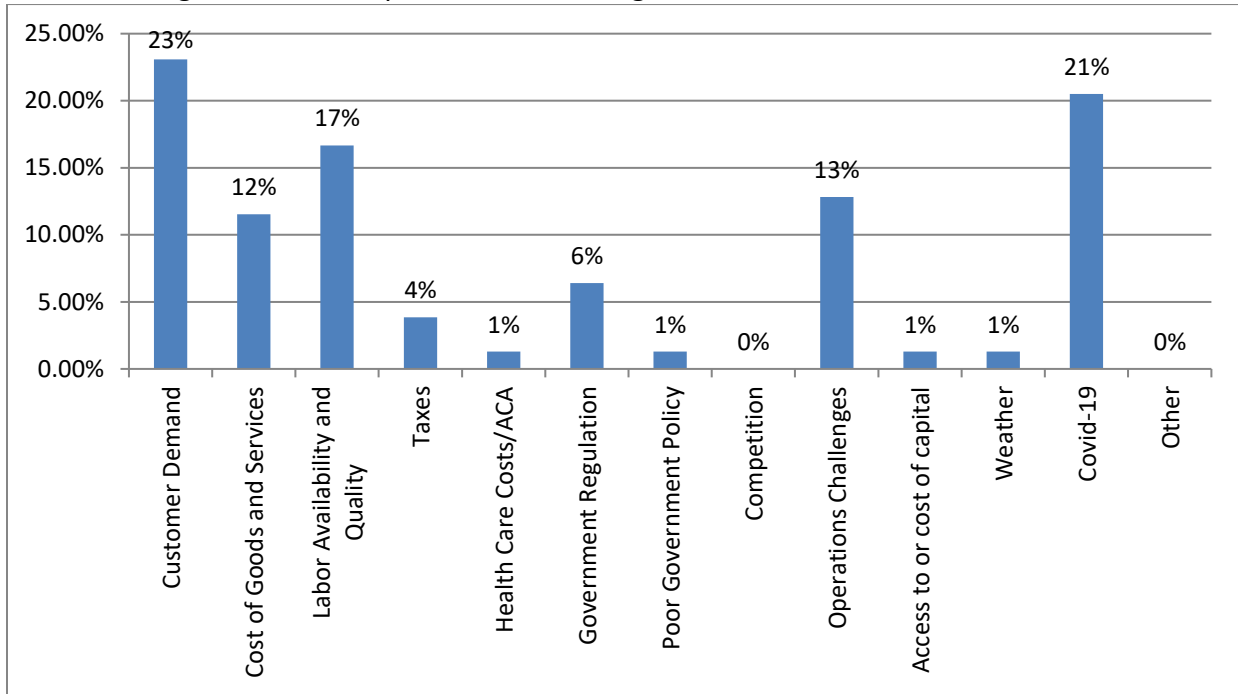
Business Confidence in Nebraska March 2021	
Index/Sub-Index	Value
Business Confidence Index	107.7
Recent Conditions Sub-Index	90.8
Expectations Sub-Index	124.6

Source: Survey of Nebraska Business

As seen in Table 1, the Business Confidence Index – Nebraska was at 107.7 in March, well above the neutral level of 100. Nebraska business confidence also was positive in January, although it was slightly negative in February. Results in January and March suggest that business confidence has improved in Nebraska with the new year, due to strong expectations. The recent conditions sub-index had a below-neutral value of 90.8 in March but the expectations sub-index had a value of 124.6.

Results in Figure 1 show the top issues of business owners and managers responding to the March survey. Respondents were most often concerned about the COVID-19 virus, customer demand, supply issues, and business operations. Twenty-one percent of businesses mentioned the COVID-19 Pandemic when describing the most important issues facing their business. Another 23 percent of respondents discussed challenges with customer demand without specifically mentioning COVID-19. The quality and availability of labor was the top issue for 17 percent of respondents. Another 13 percent indicated the challenges with business operations was their top concern while 12 percent choose the cost of goods and services.

Figure 1: Most Important Issue Facing Nebraska Businesses, March 2021



Note: Percentages may not sum to 100% due to rounding

Source: Survey of Nebraska Business