

Nebraska Business and Consumer Confidence Indexes: December 6, 2019

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Summary: Consumer and business confidence held steady in Nebraska during November 2019. The Consumer Confidence Index – Nebraska (CCI-N) fell to 103.7 in November, above the neutral value of 100 and down slightly from an October value of 104.2. The Business Confidence Index – Nebraska (BCI-N) stood at 106.0 in November, above the neutral level but down slightly from 106.9 in October. When asked about the most important issue facing their business, 32 percent of respondents chose customer demand while 28 mentioned the quality and availability of labor, 8 percent mentioned taxes and 8 percent mentioned competition from other businesses. Fifty-three percent of responding households listed a cost factor as their top financial concern, including taxes, health care costs, the general cost of living and major expenses (furniture, appliances, automobiles). Twenty percent reported that their top financial issue was either saving or paying off debt. Twelve percent of respondents reported that their top financial issue was their level of wages or income while 6 percent chose concern about their employment or business.

Consumer Confidence Index - Nebraska

The Consumer Confidence Index – Nebraska (CCI-N) summarizes responses to the monthly *Survey of Nebraska Households* regarding the household financial situation and the environment for a making a major household purchase. Respondents provide their assessment of both current conditions and expectations for the next 6 months. The *Survey of Nebraska Households* is sent to 500 households each month. The survey asks respondents whether: 1) their household is better off financially now than it was six months ago, 2) they expect their household to be better off financially in six months, 3) they believe now is a good time to make a major household purchase (automobile, appliance, or electronics) and 4) they expect it will be a good time to make a major household purchase 6 months in the future. The survey also asks a fifth question “What is the most important financial issue facing your household today?” Individual responses to that question fall into eleven categories. In November, responses were received from 144 of the 500 surveyed households, for a 29 percent response rate.

The Consumer Confidence Index – Nebraska is estimated based on responses to the first four questions. For each question, the share of respondents indicating that they are worse off (or that it is a bad time to make a major household purchase) is subtracted from the percentage

who indicate they are better off (or that it is a good time to make a purchase). The number 100 is added to the difference in percentages. A value of 100, therefore, indicates that households are neutral, since a value of 100 would only arise if the same share of households declare that they are better off as declare that they are worse off. A value above 100 indicates positive consumer confidence. A value below 100 indicates negative consumer confidence.

The Consumer Confidence Index – Nebraska is the average of the values for the four questions. Therefore, a value over 100 for the CCI-N indicates positive consumer confidence.

As seen in Table 1, the Consumer Confidence Index – Nebraska had a value of 103.7 in November 2019. This value is above the neutral level of 100.0. The value of the index fell by 0.4 points from 104.2 during October 2019.

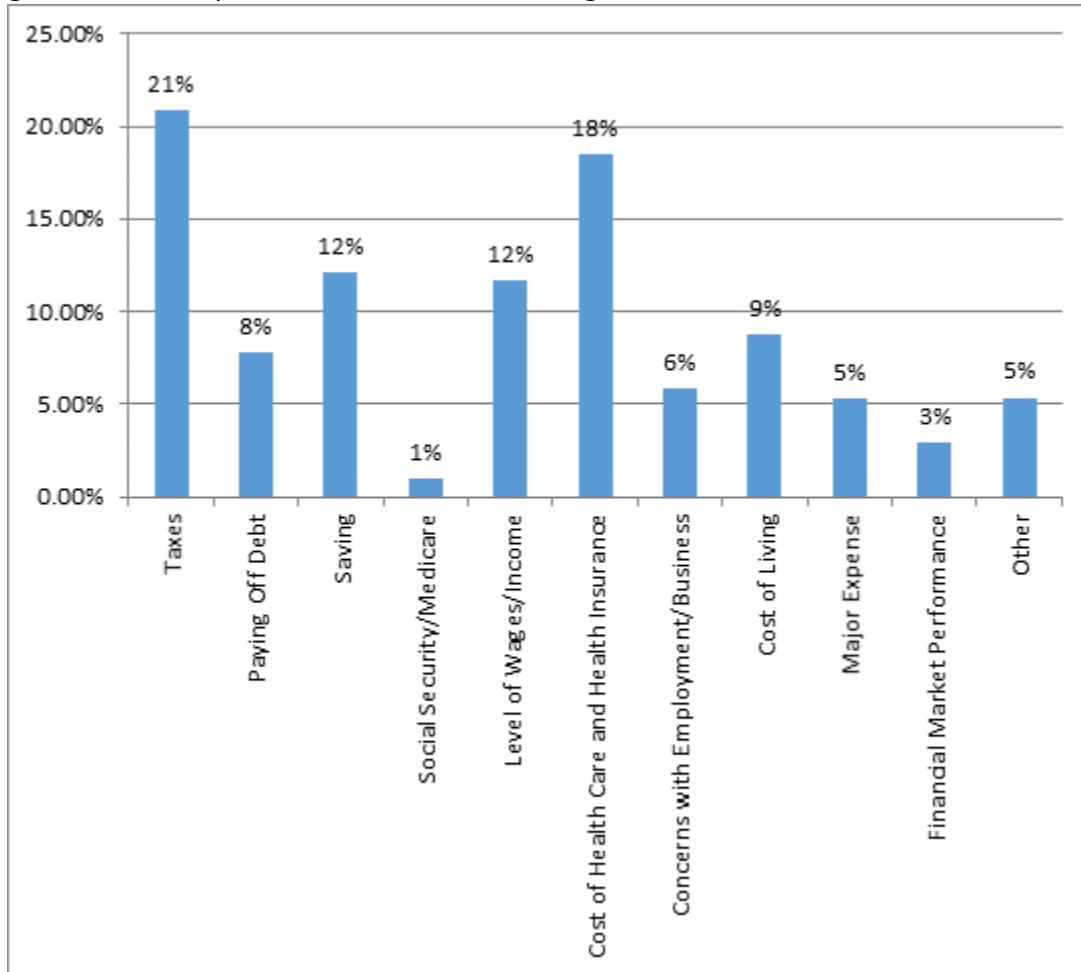
Table 1: Consumer Confidence Index – Nebraska November 2019

Consumer Confidence Index - Nebraska	
Month	Index Value
November 2019	103.7
October 2019	104.2
Change from Previous Month	-0.4

Source: Survey of Nebraska Households

Figure 1 shows household responses to the question about the most important financial issue they face. The most common issues raised by November respondents were taxes (21 percent) and the cost of health care or health insurance (18 percent). Overall, 53 percent of respondents chose some type of cost factor as their top issue, whether taxes, health care insurance, taxes, the general cost of living (9 percent) or a major expense (home or vehicle repairs, a new home or college tuition) (5 percent). Twenty percent of respondents chose saving (12 percent) or paying off debt (8 percent) as their top issue. Twelve percent of households choose concern about their level of income and 6 percent chose concern about their job or business.

Figure 1: Most Important Financial Issue Facing Nebraska Households, November 2019



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

Source: Survey of Nebraska Households

Survey of Nebraska Business

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 growth 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 November, responses were received from 125 of the 500 surveyed businesses, for a 25 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 indicate 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. A value above 100 indicates positive business confidence. A value below 100 indicates negative business confidence.

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. Recent values for the Business Confidence Index – Nebraska are reported in Table 2.

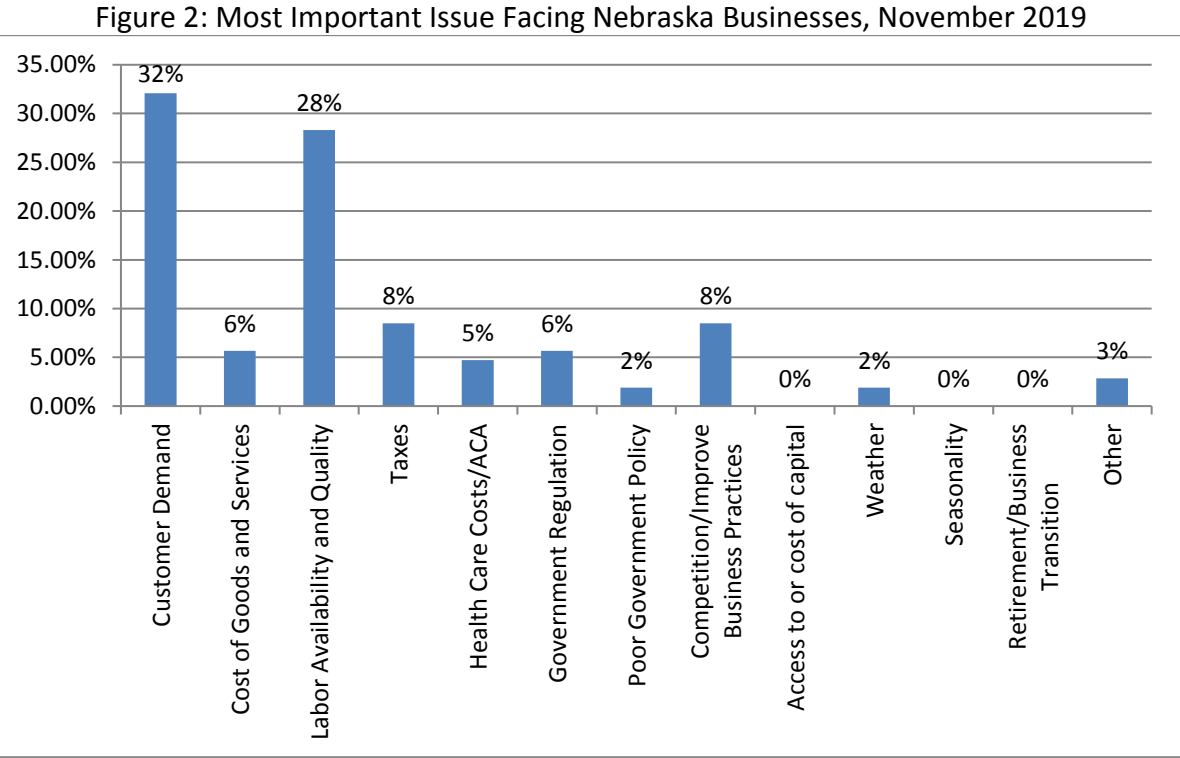
Table 2: Business Confidence Index - Nebraska, November 2019

Business Confidence Index - Nebraska	
Month	Index Value
November 2019	106.0
October 2019	106.9
Change from Previous Month	-0.9

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska fell slightly during November 2019. The value was 106.9 in October 2019, but fell to 106.0 in November. The November value is above the neutral level of 100, indicating that businesses confidence remains positive in Nebraska.

Results in Figure 2 show the top issues of business owners and managers responding to the November survey. Seventy-five percent of responses were related to business operations issues such as customer demand, the cost of goods and services, labor availability and quality, or competition and the need to improve business practices. Customer demand was the most common top issue, named by 32 percent of respondents. Twenty-eight percent of respondents mentioned the quality and availability of labor as their top issue while 8 percent focused on competition with other businesses. One quarter of respondents focused on public policy issues. Eight percent of respondents chose taxes as their top concern, while 6 percent chose government regulation and another 5 percent choose health care costs.



Note: Percentages may not sum to 100% due to rounding
 Source: Survey of Nebraska Business