

Nebraska Business and Consumer Confidence Indexes: February 7, 2020

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Summary: Consumer confidence surged in Nebraska during January 2020. The Consumer Confidence Index – Nebraska (CCI-N) rose to 115.8 in January 2020, which is well above the neutral level and up sharply from a value of 102.0 in December 2019. Nebraska business confidence, by contrast, fell in January after spiking in December. The Business Confidence Index – Nebraska (BCI-N) fell to 110.2 in January, comfortably above the neutral value of 100 but down sharply from the December value of 119.3. When asked about the most important issue facing their business, 32 percent of respondents chose customer demand while 21 mentioned the quality and availability of labor and 16 percent mentioned competition from other businesses. Fifty 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). An elevated thirty-three percent of households listed saving or paying off debt as their top concern.

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 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 twelve categories. In January, responses were received from 141 of the 500 surveyed households, for a 28 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 115.8 in January 2020. This value is well above the neutral level of 100.0 and up sharply from a value of 102.0 during December 2019.

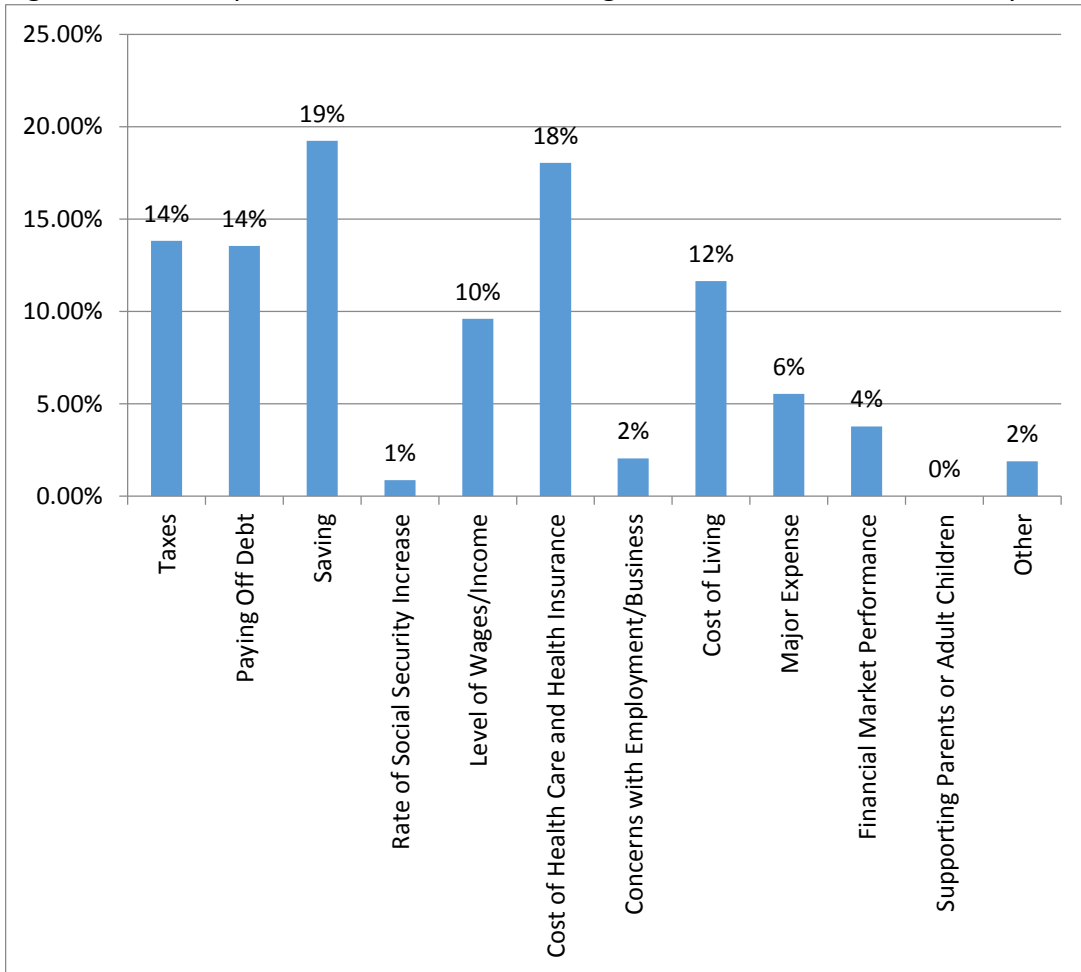
Table 1: Consumer Confidence Index – Nebraska January 2020

Consumer Confidence Index - Nebraska	
Month	Index Value
January 2020	115.8
December 2019	102.0
Change from Previous Month	13.8

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 January respondents were saving (19 percent) and the cost of healthcare and health insurance (18 percent). Overall, one-half of respondents chose some type of cost factor as their top issue, whether the cost of healthcare and health insurance, taxes (16 percent), the general cost of living (12 percent) or a major expense (home or vehicle repairs, a new home or college tuition) (6 percent). In addition, an elevated 33 percent of respondents chose saving or paying off debt (14 percent) as their top issue. Ten percent of households indicated their top issue is the level of wages or household income.

Figure 1: Most Important Financial Issue Facing Nebraska Households, January 2020



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 January, responses were received from 124 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, January 2020

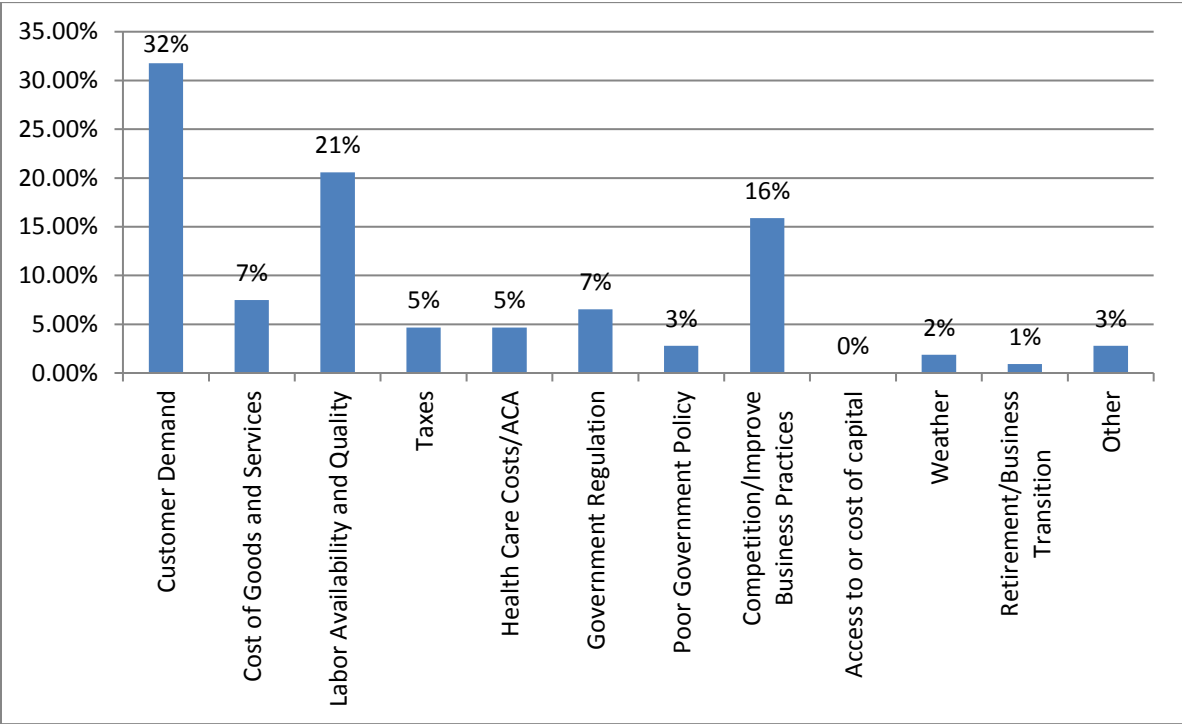
Business Confidence Index - Nebraska	
Month	Index Value
January 2020	110.2
December 2019	119.3
Change from Previous Month	-9.0

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska fell sharply during January 2020 from an elevated level in December 2019. The value was 119.3 in December but fell to 110.2 in January. Both values are well above the neutral value of 100.

Results in Figure 2 show the top issues of business owners and managers responding to the December survey. Four-fifths 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. There also was evidence of competition in the labor and product markets. Twenty-one percent of respondents mentioned the quality and availability of labor as their top issue while 16 percent focused on competition with other businesses or the need to improve business practices. These percentages are all consistent with results from recent months. One in five responses focused on public policy issues, including 7 percent mentioning government regulation, 5 percent citing health care costs, 5 percent taxes and 3 percent general government policy.

Figure 2: Most Important Issue Facing Nebraska Businesses, January 2020



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