

Nebraska Business Confidence Index: February 12, 2021

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Summary: The Business Confidence Index – Nebraska had a value of 105.9 during January 2021. That value is above the neutral level of 100 and indicates that Nebraska businesses were confident at the beginning of the year. That confidence stems from positive expectations for the future. The recent conditions sub-index was below neutral, at a value of 92.6, due to a loss of sales and employment over the last 6 months. The expectations sub-index, by contrast, had a value of 119.3, which is well above the neutral level. In terms of specific issues, businesses were most concerned about the COVID-19 Pandemic, customer demand, and the quality and availability of labor. Thirty-five percent of businesses specifically mentioned the COVID-19 Pandemic as the top issue, typically due to its impact on customer demand or firm operations. Another 29 percent of respondents indicated that customer demand was their top issue, without specifically mentioning COVID-19. Labor availability and quality was the top issue for another 15 percent of businesses. These percentages are similar to the values seen in recent months.

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 January, responses were received from 95 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 indicates 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. 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. January values for the Business Confidence Index – Nebraska are reported in Table 1.

Table 1: Business Confidence Index - Nebraska, January 2021

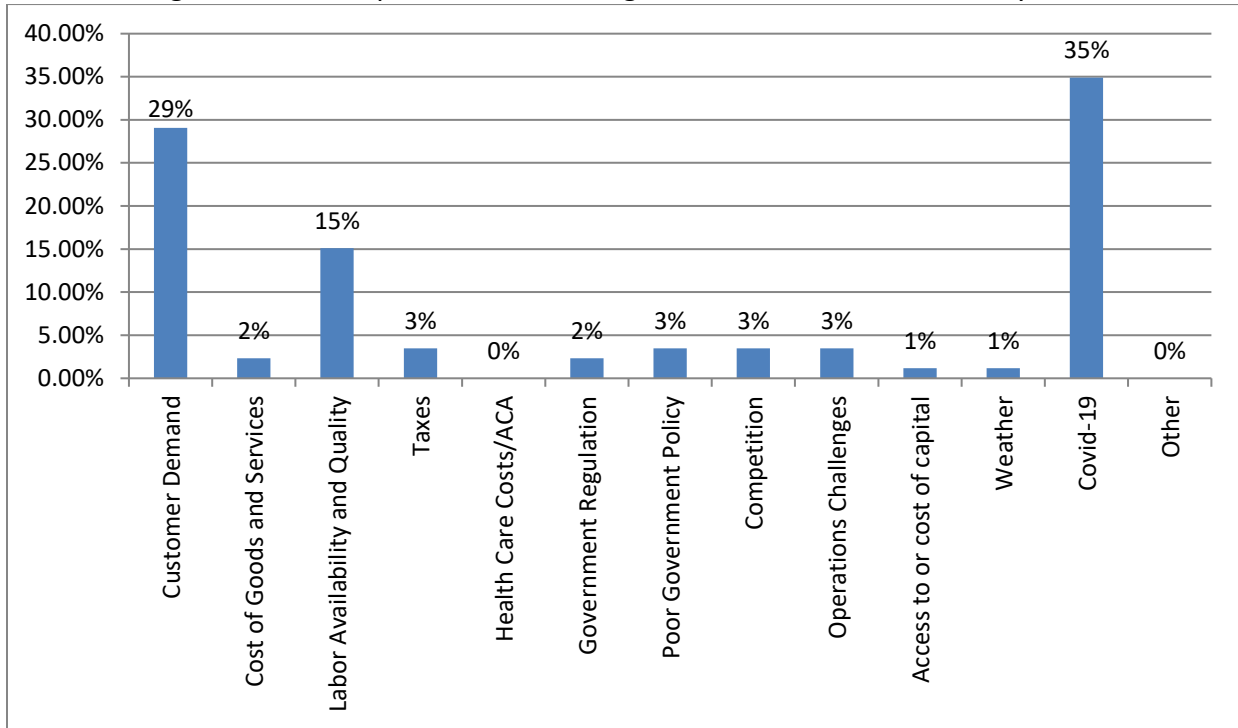
Business Confidence in Nebraska January 2021	
Index/Sub-Index	Value
Business Confidence Index	105.9
Recent Conditions Sub-Index	92.6
Expectations Sub-Index	119.3

Source: Survey of Nebraska Business

As seen in Table 1, the Business Confidence Index – Nebraska was at 105.9 in January, above the neutral level of 100. The finding suggests that businesses were confident at the beginning of the year, especially about the future. The recent conditions sub-index had a value of 92.6 during January but the expectations index had a value of 119.3.

Results in Figure 1 show the top issues of business owners and managers responding to the January survey. Respondents were primarily concerned about the COVID-19 virus, customer demand, and the quality and availability of labor. Thirty-five percent of businesses mentioned the COVID-19 Pandemic when describing the most important issues facing their business. Many of those responses discussed how COVID-19 was impacting customer demand, but some discussed the impact on business operations. Another 29 percent of respondents discussed challenges with customer demand without specifically mentioning COVID-19. Fifteen percent of January respondents indicated that their top concern was the quality and availability of labor.

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



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

Source: Survey of Nebraska Business