Results of the January Survey of Nebraska Business: July 10, 2015

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Summary: *Respondents to the June Survey of Nebraska Business reported optimism for business sales and employment growth over the next six months. To be specific, 35 percent of respondents to the June 2015 survey expected to increase sales over the next 6 months while 16 percent expected to decrease sales. Respondents also were more likely to plan to increase employment (14%) than reduce it (7%). Businesses in the Omaha area were particularly optimistic about the outlook for sales and employment. Businesses in Southeast and Central Nebraska were optimistic in their outlook while businesses in West Nebraska were only slightly optimistic and businesses in the Northeast Nebraska were neutral. These two regions of the state are most impacted by the agricultural economy, which has been faced lower crop prices. When asked about the most important issue facing their business, customer demand was the top issue named by 37 percent of respondents. The quality and availability of labor was named as the top issue by 19 percent while competition from other businesses and a need to improve business practices was named by 11 percent.*

Survey of Nebraska Business

The *Survey of Nebraska* Business is sent to 500 Nebraska business establishments each month. The survey asks business owners and managers whether they expect to expand sales and employment 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 June, responses were received from 173 of the 500 surveyed businesses. This 35% response rate is more than sufficient for analysis of the results.

As seen in Table 1 below, respondents to the June 2015 *Survey of Nebraska Business* were positive in their outlook for sales and employment. While nearly half of June respondents expected no change in sales, 35 percent expected sales to increase and just 16 percent sales to decrease over the next 6 months. This is a positive 19 percent gap. For employment, 14 percent of June respondents expected to add jobs over the next 6 months while 7 percent expected to reduce employment, a positive 7 percent gap. The outlook for sales and employment has been positive in the *Survey of Nebraska Business* every month this year.

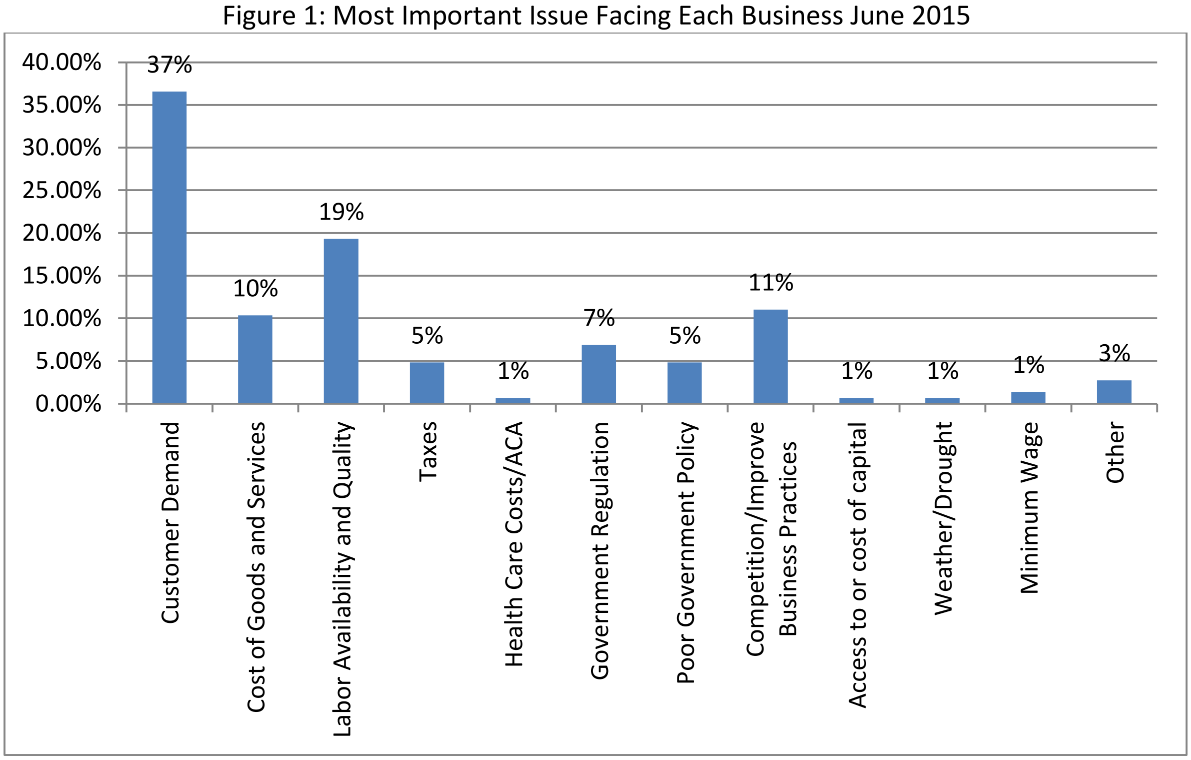
Table 1: Business Expectations for the Next Six Months, June 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	35%	14%
Stay the Same	49%	79%
Decrease	16%	7%

Note: Column totals may not sum to 100% due to rounding.

Results in Figure 1 show the top concerns of responding business owners and managers. Four of five responses were related to business operations issues such as customer demand for business products or services, the cost of supplies (goods and services), labor availability and quality, competition from other businesses or the need to improve business practices. Customer demand was the most common top concern, named by 37 percent of respondents. For the tenth consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 19 percent of respondents. Competition with other businesses and the need to improve their own businesses practices was named by 11 percent of respondents. The cost of goods and services was named by 10 percent. These percentages are all similar to what has been found in previous months, suggesting that a consistent pattern has been established regarding business concerns. One in five respondents listed public policy issues as their top concern. The most common public policy concern was government regulation, which was named by 7 percent of respondents.

Figure 1: Most Important Issue Facing Each Business June 2015



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

Omaha Area Responses to the Survey of Nebraska Business

Table 2 and Figure 2 summarize responses from Omaha Metropolitan Area businesses (Nebraska portion only).[1] The responses are combined from the May and June 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 100 responses from Omaha Metropolitan Area businesses during May and June.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) were much more positive in their outlook for sales and employment than businesses from other parts of the state. For sales, 50 percent expected sales to increase over the next six months and just 18 percent sales to decline. This was much more positive than in the balance of the state. In particular, Omaha businesses were 21 percent more likely to expect an increase in sales over the next 6 months. For employment, 30 percent of Omaha respondents expected to add jobs over the next 6 months, which is 16 percent higher than the share in other parts of the state.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, May and June, 2015

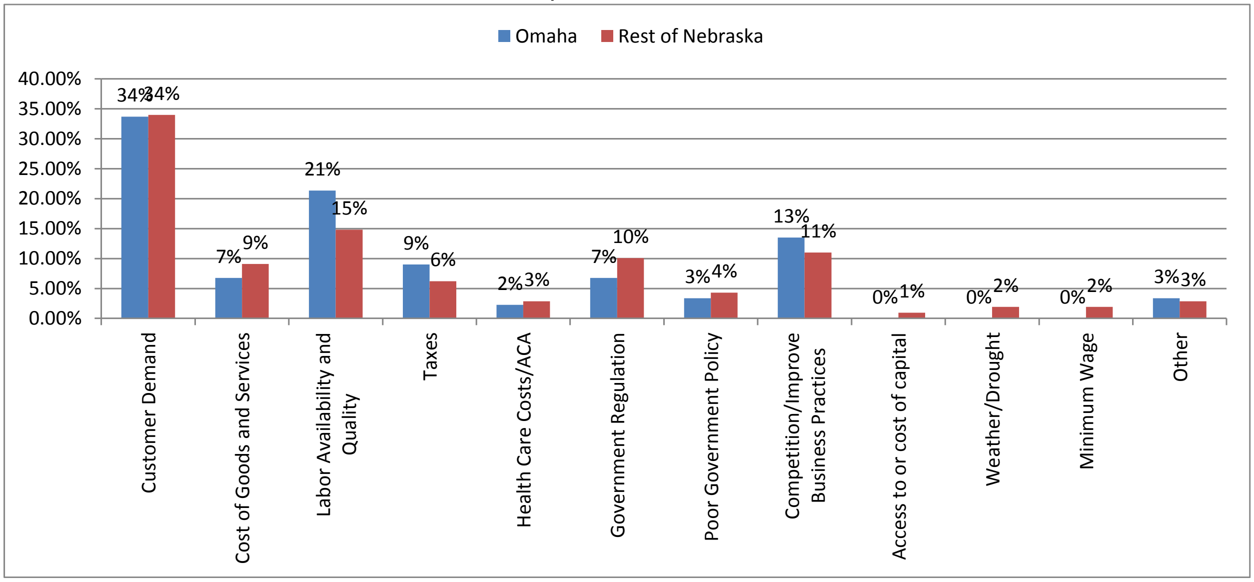
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	29%	50%	21%
Stay the Same	51%	32%	-19%
Decrease	20%	18%	-2%
	Employment		
Increase	14%	30%	16%
Stay the Same	80%	64%	-16%
Decrease	6%	6%	0%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from May and June with those from businesses located in other parts of Nebraska. Responses from Omaha area businesses were consistent with those from respondents in other parts of the state. The only notable difference is that a higher share of Omaha respondents selected the quality and availability of labor as their top concern. This is somewhat surprising given the solid population and labor force growth in Omaha. The results likely reflects the strong job growth anticipated over the next 6 months. Workers will be needed to fill those jobs.

[1] The region includes Cass, Douglas, Sarpy, Saunders and Washington counties.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, May and June, 2015



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

Southeast Nebraska Responses to the Survey of Nebraska Business

Table 3 and Figure 3 summarize responses from Southeast Nebraska businesses. Southeast Nebraska includes counties stretching east from York County through Lancaster County to Otoe County and also south to the Nebraska-Kansas border.[2] The responses discussed in Table 3 and Figure 3 are combined from the May and June 2015 surveys, in order to generate a sufficient sample size. There were a combined 80 responses from Southeast Nebraska businesses during May and June.

As seen in Table 3, Southeast Nebraska businesses were somewhat less optimistic than business in the balance of the state during May and June. In particular, Southeast Nebraska businesses were somewhat less likely to expect an increase in sales or employment. For sales, 30 percent expected sales to increase and 16 percent sales to decrease in the next 6 months. For employment, 15 percent of businesses expected to add employment over the next 6 months while 6 percent expected to reduce it.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, May and June, 2015

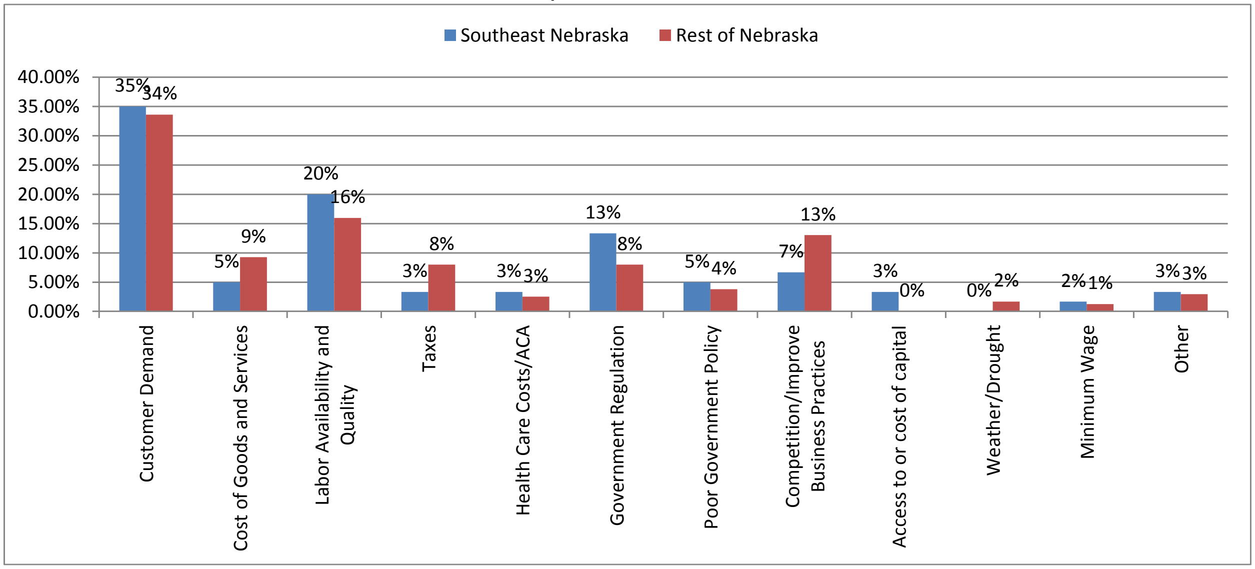
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	37%	30%	-6%
Stay the Same	44%	53%	10%
Decrease	20%	16%	-3%
	Employment		
Increase	19%	15%	-4%
Stay the Same	75%	79%	3%
Decrease	6%	6%	0%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 3 compares the top business concerns of Southeast Nebraska respondents from May and June with those from businesses located in other parts of the state. Responses from Southeast Nebraska businesses were largely consistent with those from respondents in other parts of the state. Southeast Nebraska businesses, however, were slightly more concerned about the availability and quality of labor and slightly less concerned about competition from other businesses. Southeast Nebraska businesses were less likely to list taxes as their top concern but more likely to list government regulation.

[2] The regions include Filmore, Gage, Jefferson, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Richardson, Saline, Seward, Thayer, and York counties.

Figure 3: Most Important Issue Facing Southeast Nebraska Businesses, May and June, 2015



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

Central Nebraska Responses to the Survey of Nebraska Business

Table 4 and Figure 4 summarize responses from Central Nebraska businesses. Central Nebraska includes Hall County and Buffalo County, counties to the north including Custer County and counties to the south to the Nebraska-Kansas border, including Adams County.[3] The responses discussed in Table 4 and Figure 4 are combined from the May and June 2015 surveys, in order to generate a sufficient sample size. There were a combined 65 responses from Central Nebraska businesses during May and June.

Central Nebraska businesses had similar expectations for sales and employment than businesses located in other parts of the state. As seen in Table 4, 35 percent of Central Nebraska businesses expected sales to rise in the next six months while 15 percent expected sales to decline. For employment, 20 percent of Central Nebraska businesses planned to expand employment while 9 percent planned to reduce it. These percentages are similar to those found in the rest of Nebraska.

Table 4: Central Nebraska Business Expectations for the Next Six Months, May and June, 2015

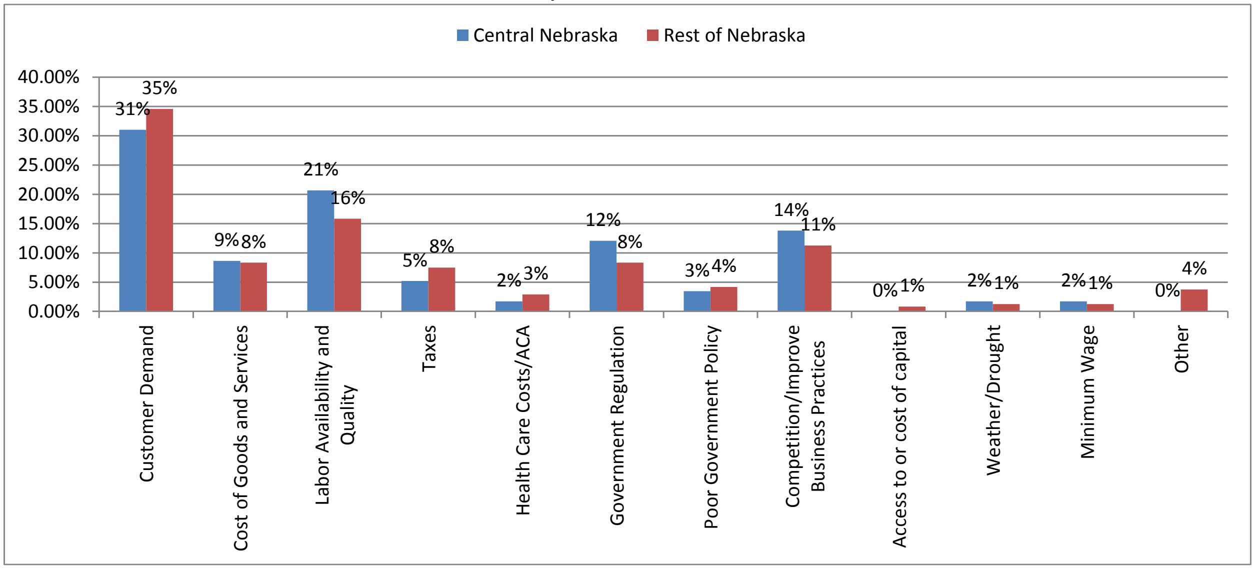
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	35%	35%	0%
Stay the Same	45%	49%	4%
Decrease	20%	15%	-5%
	Employment		
Increase	18%	20%	2%
Stay the Same	77%	70%	-6%
Decrease	5%	9%	4%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 4 compares the top business concerns of Central Nebraska respondents from May and June with those from businesses located in other parts of the state. Responses from Central Nebraska businesses were largely consistent with those from respondents in other parts of the state. The primary difference is that Central Nebraska businesses were somewhat more concerned about the quality and availability of labor.

[3] The region includes Adams, Blaine, Buffalo, Clay, Custer, Franklin, Garfield, Greeley, Hall, Hamilton, Harlan, Howard, Kearney, Loup, Merrick, Nance, Nuckolls, Phelps, Sherman, Valley, Webster, and Wheeler counties.

Figure 4: Most Important Issue Facing Central Nebraska Businesses, May and June, 2015



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

Northeast Nebraska Responses to the Survey of Nebraska Business

Table 5 and Figure 5 summarize responses from Northeast Nebraska businesses. Northeast Nebraska includes Platte and Madison Counties, counties to the north and east through to the borders with Iowa and South Dakota.[4] The responses discussed in Table 5 and Figure 5 are combined from the May and June 2015 surveys, in order to generate a sufficient sample size. There were a combined 57 responses from Northeast Nebraska businesses during May and June.

Responding businesses in Northeast Nebraska were slightly pessimistic in their outlook for sales and slightly optimistic in their outlook for employment. For sales, 20 percent of respondents expected sales to rise over the next six months, compared to 24 percent who expected sales to fall. For employment, 7 percent of businesses expected to add employees in the next six months while 4 percent expected to reduce employment. Taking sales and employment together, expectations for the next 6 months are neutral in Northeast Nebraska. These neutral expectations likely reflect continued concern about crop prices among some respondents.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, May and June, 2015

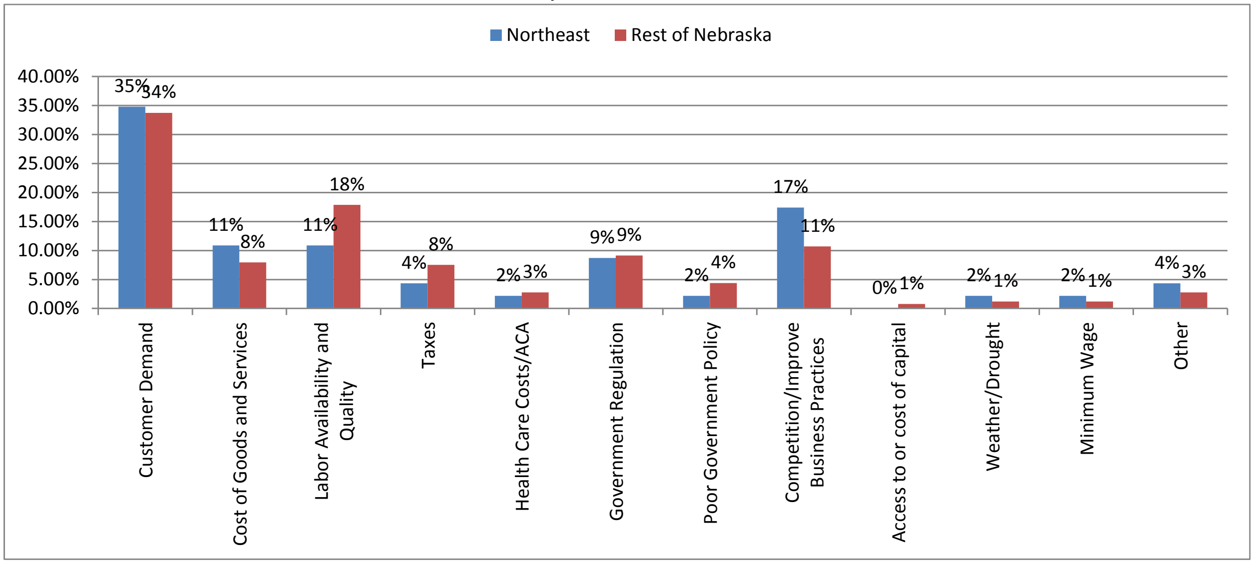
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	38%	20%	-18%
Stay the Same	44%	56%	13%
Decrease	18%	24%	5%
	Employment		
Increase	21%	7%	-14%
Stay the Same	73%	89%	16%
Decrease	6%	4%	-3%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 5 compares the top business concerns of Northeast Nebraska respondents from May and June with those from businesses located in other parts of the state. Responses from Northeast Nebraska businesses were largely consistent with those from respondents in other parts of the state. Business in Northeast Nebraska were less likely to be concerned about the quality and availability of labor but more likely to be concerned about competition from other businesses, or a need to improve business practices.

[4] The region includes Antelope, Boyd, Boone, Brown, Burt, Butler, Colfax, Cedar, Cuming, Dakota, Dixon, Dodge, Holt, Keya Paha, Knox, Madison, Pierce, Platte, Polk, Rock, Stanton, Thurston and Wayne counties.

Figure 5: Most Important Issue Facing Northeast Nebraska Businesses, May and June, 2015



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

West Nebraska Responses to the Survey of Nebraska Business

Table 6 and Figure 6 summarize responses from West Nebraska businesses. West Nebraska includes Dawson and Lincoln Counties, counties north to the Dakota border, south to Kansas border, Scottsbluff County and the rest of the Nebraska Panhandle.[5] The responses discussed in Table 6 and Figure 6 are combined from the May and June 2015 surveys, in order to generate a sufficient sample size. There were a combined 52 responses from West Nebraska businesses during May and June.

Responding businesses in West Nebraska were slightly optimistic in their outlook for sales and employment over the next 6 months, and less optimistic than in other parts of the state. For sales, 29 percent of West Nebraska respondents expected sales to increase at their business over the next six months while 25 percent expected sales to fall. For employment, 12 percent expected to increase employment while just 4 percent expected to decrease it.

Table 6: West Nebraska Business Expectations for the Next Six Months, May and June, 2015

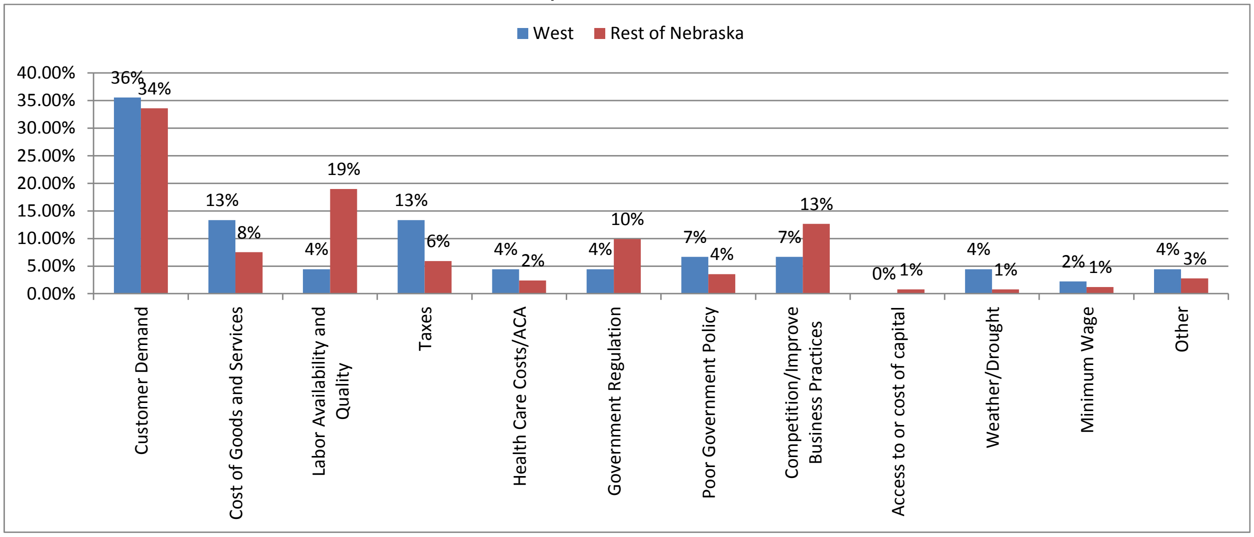
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	36%	29%	-7%
Stay the Same	46%	45%	-1%
Decrease	18%	25%	7%
	Employment		
Increase	20%	12%	-8%
Stay the Same	74%	84%	10%
Decrease	6%	4%	-2%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 6 compares the top business concerns of West Nebraska respondents from May and June with those from businesses located in other parts of the state. West Nebraska respondents were more concerned about taxes than business in other parts of the state but less concerned about regulations and the availability and quality of labor.

[5] The region includes Arthur, Banner, Box Butte, Chase, Cherry, Cheyenne, Deuel, Dawes, Dawson, Dundy, Frontier, Furnas, Garden, Gosper, Grant, Hayes, Hitchcock, Hooker, Keith, Kimball, Lincoln, Logan, McPherson, Morrill, Perkins, Red Willow, Scotts Bluff, Sheridan, Sioux and Thomas counties.

Figure 6: Most Important Issue Facing West Nebraska Businesses, May and June, 2015



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