

Nebraska Business and Consumer Confidence Indexes: March 6, 2020

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Summary: Consumer and business confidence was solid in Nebraska during February 2020. The Consumer Confidence Index – Nebraska (CCI-N) fell to 107.9 in February 2020, which is well above the neutral level but down sharply from a value of 115.8 in January 2020. Nebraska business confidence, by contrast, was steady in February. The Business Confidence Index – Nebraska (BCI-N) rose to 111.1 in February from 110.2 in January. Most surveys were received in early or mid-February. When asked about the most important issue facing their business, 32 percent of respondents chose customer demand while 26 mentioned the quality and availability of labor and an elevated 11 percent mentioned the cost of goods and services. 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). Twenty-six percent of households listed saving or paying off debt as their top concern, while 11 percent mentioned the level of wages or income.

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 February, responses were received from 125 of the 500 surveyed households, for a 25 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 107.9 in February 2020. This value is well above the neutral level of 100.0 and but down sharply from a value of 115.8 during January. The higher value in January may have partly reflected optimism around the New Year.

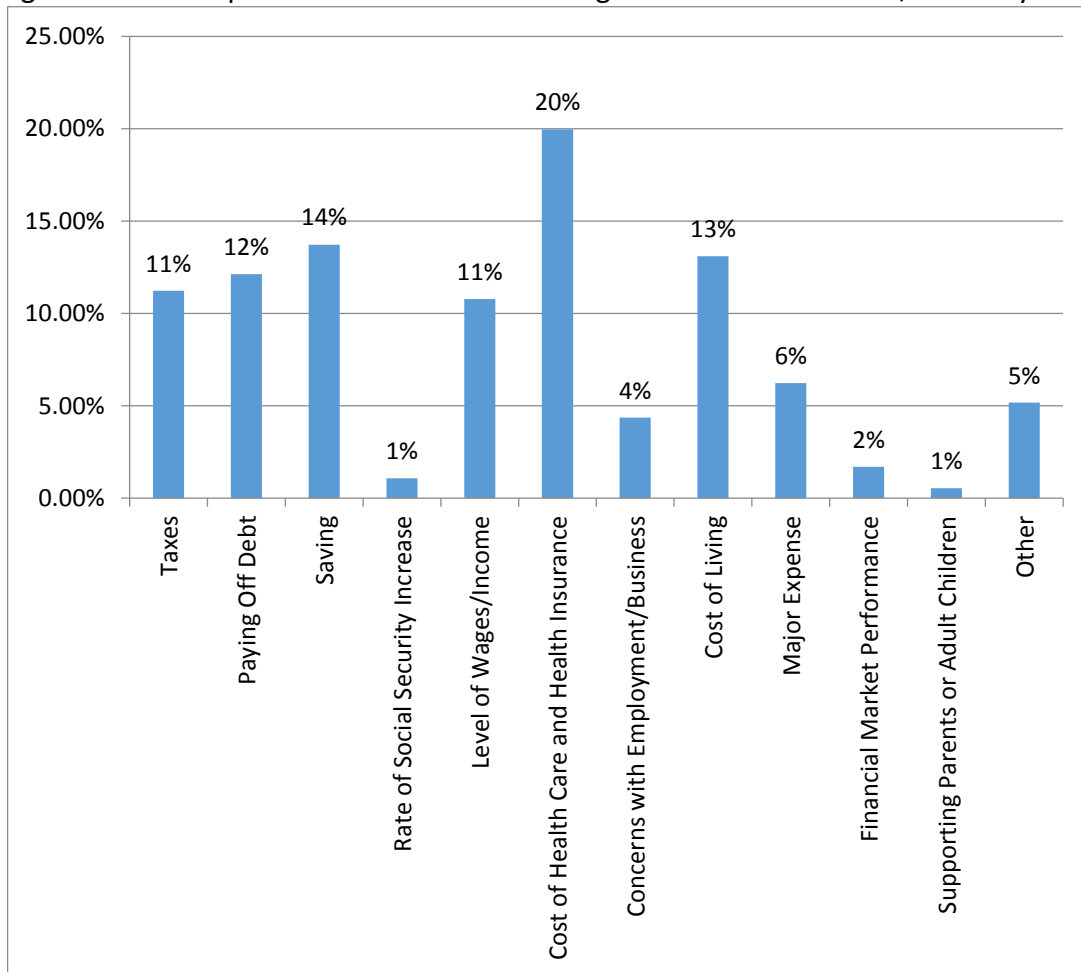
Table 1: Consumer Confidence Index – Nebraska February 2020

Consumer Confidence Index – Nebraska	
Month	Index Value
January 2020	107.9
January 2020	115.8
Change from Previous Month	-7.9

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 February respondents were the cost of health care and health insurance (20 percent) and saving (14 percent). Overall, one-half of respondents chose some type of cost factor as their top issue, whether the cost of healthcare and health insurance, the general cost of living (13 percent), taxes (11 percent), or a major expense (home or vehicle repairs, a new home or college tuition) (6 percent). In addition, 26 percent of respondents chose saving or paying off debt (12 percent) as their top issue. Eleven percent of households indicated their top issue is the level of wages or household income.

Figure 1: Most Important Financial Issue Facing Nebraska Households, February 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 February, responses were received from 131 of the 500 surveyed businesses, for a 26 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.

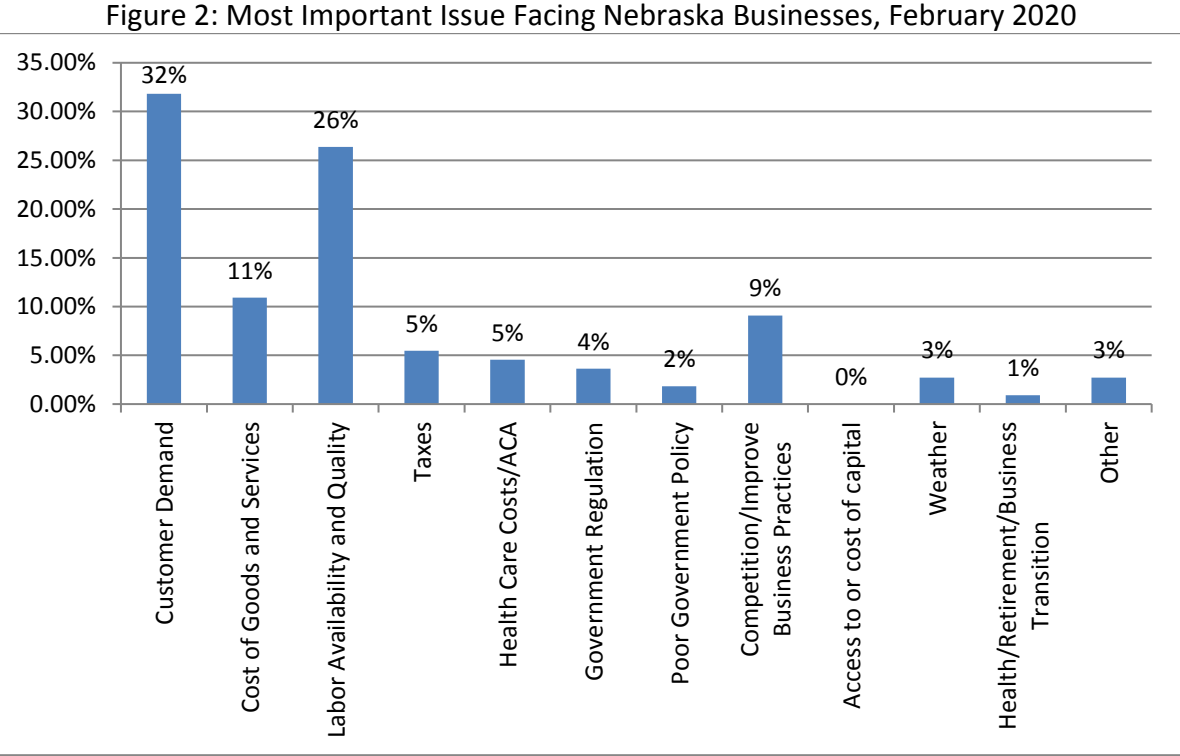
Table 2: Business Confidence Index - Nebraska, February 2020

Business Confidence Index - Nebraska	
Month	Index Value
February 2020	111.1
January 2020	110.2
Change from Previous Month	0.9

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska changed little between January and February 2020. The value was 110.2 in January and rose to 111.1 in February. 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 February survey. Eighty-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-six percent of respondents mentioned the quality and availability of labor as their top issue while 11 percent focused on the cost of goods and services. This is a much higher share focused on costs than in most monthly survey results. Sixteen percent of respondents focused on public policy issues, including 5 percent mentioning taxes, 5 percent citing health care costs, 4 percent government regulation and 2 percent general government policy.



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