

University of Nebraska - Lincoln
DigitalCommons@University of Nebraska - Lincoln

Leading Economic Indicator Reports

Bureau of Business Research

12-11-2018

Nebraska Business and Consumer Confidence Indexes: December 11, 2018

Eric Thompson

Follow this and additional works at: <https://digitalcommons.unl.edu/bbrleir>

 Part of the [Business Commons](#), and the [Regional Economics Commons](#)

This Article is brought to you for free and open access by the Bureau of Business Research at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Leading Economic Indicator Reports by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Nebraska Business and Consumer Confidence Indexes: December 11, 2018

Prepared by the UNL College of Business, Bureau of Business Research

Author: Dr. Eric Thompson

Summary: Nebraska consumer and business confidence remained positive during November 2018. The Business Confidence Index – Nebraska (BCI-N) stood at 107.2 in November 2018, well above the neutral value of 100, although down from the sky-high level of 117.3 achieved during October. The Consumer Confidence Index – Nebraska (CCI-N) stood at 106.4 in November, down slightly from 108.3 in October, but still well above the neutral value. When asked about the most important issue facing their business, 28 percent of respondents chose the availability and quality of labor while 24 mentioned customer demand and 9 percent mentioned the cost of goods and services or taxes. November was the second consecutive month that labor availability was the top issue in the business survey. Almost half of responding households listed a cost factor as their top financial concern, with 49 percent choosing taxes, health care costs, major expenses (furniture, appliances, automobiles) or the general cost of living. Twenty-three percent reported that their primary financial issue was either saving or paying off debt while 12 percent choose their level of wages or household income.

Consumer Confidence Index - Nebraska

The Consumer Confidence Index – Nebraska (CCI-N) summarizes responses to the monthly *Survey of Nebraska Households* regarding 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 122 of the 500 surveyed households, for a 24 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 106.4 in November 2018. This value is well above the neutral value of 100.0. The value of the index fell by 1.9 points from 108.3 during October 2018.

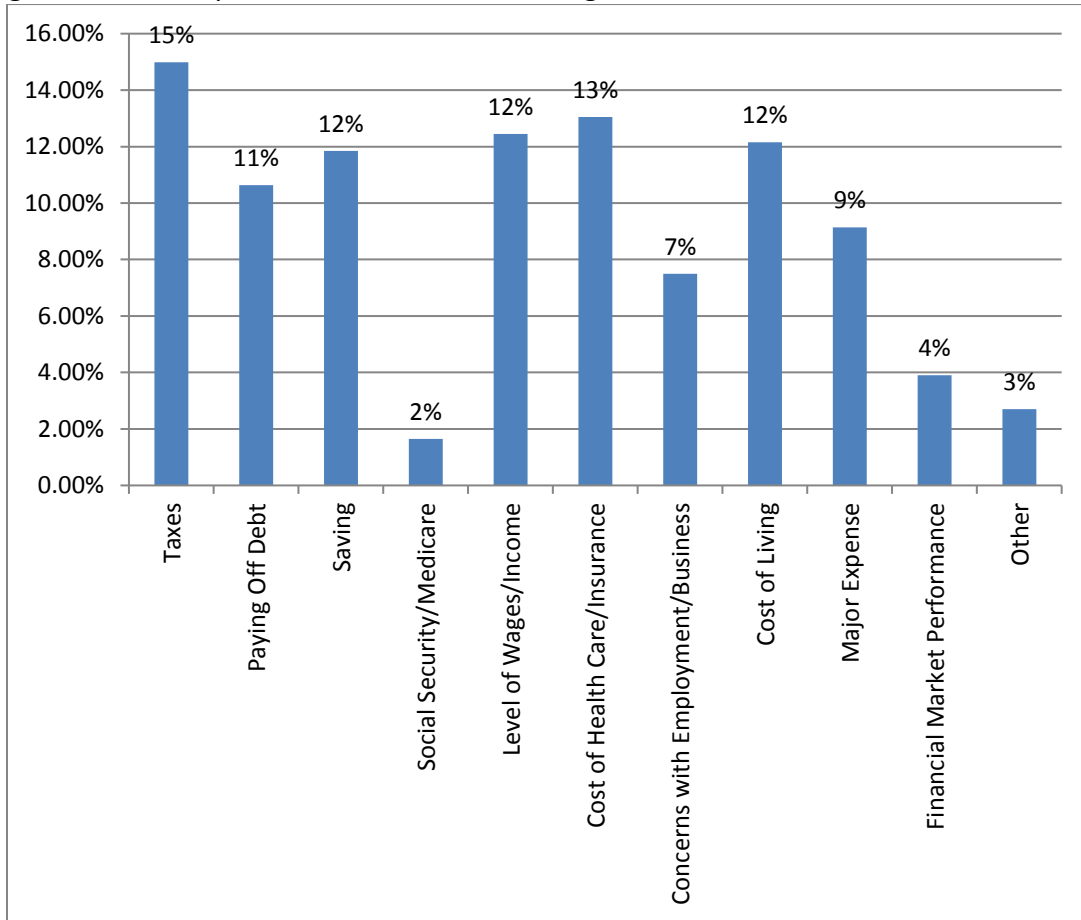
Table 1: Consumer Confidence Index - Nebraska, November 2018

Consumer Confidence Index - Nebraska	
Month	Index Value
November 2018	106.4
October 2018	108.3
Change from Previous Month	-1.9

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 November respondents were taxes (15 percent) and the cost of health care and health insurance (13 percent). Overall, 49 percent of respondents chose some type of cost factor as their top issue, whether taxes, the cost of health care, the general cost of living (12 percent) or a major expense (home or vehicle repairs, a new home or college tuition) (9 percent). Twenty-three percent of respondents choose saving (12 percent) or paying off debt (11 percent) as their top issue. One in 8 households choose concerns about their level of wages or income as their top issue.

Figure 1: Most Important Financial Issue Facing Nebraska Households, November 2018



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 137 of the 500 surveyed businesses, for a 27 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.

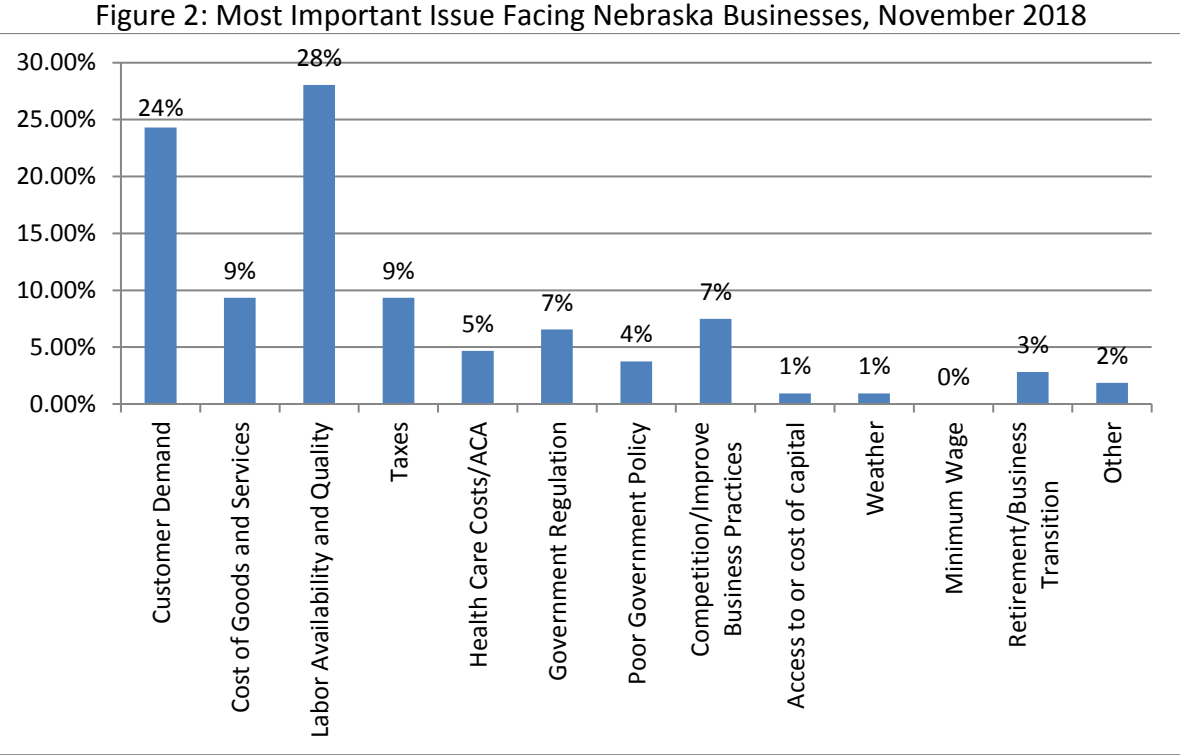
Table 2: Business Confidence Index - Nebraska, November 2018

Business Confidence Index - Nebraska	
Month	Index Value
November 2018	107.2
October 2018	117.3
Change from Previous Month	-10.1

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska fell during November 2018. The value was at the sky-high level of 117.3 in October, but fell to 107.2 in November. The November value is well above the neutral value of 100, indicating that business confidence is strong 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. The quality and availability of labor was the most common top issue, named by 28 percent of respondents. Twenty-four percent of respondents mentioned customer demand as their top issue while nine percent chose the cost of goods and services. The November survey was the second consecutive monthly survey where the availability of labor was the top issue. Twenty-five percent of respondents focused on public policy issues. Taxes were chosen by 9 percent of respondents while government regulations were chosen by 7 percent and 5 percent chose health care costs.



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