

6-2008

A Long Spell of Uncertainty

John Austin

University of Nebraska - Lincoln

Chris Decker

Department of Economics, UNO

Tom Doering

Nebraska Department of Economic Development

Ernie Goss

Department of Economics, Creighton University

Bruce Johnson

University of Nebraska - Lincoln, bjohnson2@unl.edu

See next page for additional authors

Follow this and additional works at: <http://digitalcommons.unl.edu/bbrbin>



Part of the [Entrepreneurial and Small Business Operations Commons](#)

Austin, John; Decker, Chris; Doering, Tom; Goss, Ernie; Johnson, Bruce; Johnson, Lisa; Lemke, Ken; Schwarz, Franz; Strain, Scott; Thompson, Eric; and Turner, Keith, "A Long Spell of Uncertainty" (2008). *Business in Nebraska*. 8.
<http://digitalcommons.unl.edu/bbrbin/8>

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 Business in Nebraska by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

Authors

John Austin, Chris Decker, Tom Doering, Ernie Goss, Bruce Johnson, Lisa Johnson, Ken Lemke, Franz Schwarz, Scott Strain, Eric Thompson, and Keith Turner



Business in Nebraska

VOLUME 63 NO. 691

PRESENTED BY THE UNL BUREAU OF BUSINESS RESEARCH (BBR)

JUNE 2008

A LONG SPELL OF UNCERTAINTY

By the Nebraska Business Forecast Council

U.S. Macroeconomic Outlook

We find ourselves in a period of sustained economic uncertainty. Today, like 6 months ago, the U.S. economy is on the brink of a recession. Weakness in lending activity, coupled with weakness in the housing sector and related manufacturing industries has stymied economic growth since late 2007. At times, recession seems imminent. But, the official measures, such as quarterly gross domestic product, do not clearly signal that the economy is contracting. Further, prices are rising rapidly for food and energy. That is the uncertainty. Will 2008 be remembered as a recession year, or as a period of disappointing but slow growth? And, will 2008 be known as the year when inflation reignited in America.

In some sense, the answer does not matter. The United States and its citizens already are experiencing some of the consequences of recession, and of higher inflation. Job counts are declining and unemployment is rising. Many face the prospect of losing their homes. Prices including food and energy are rising 2% faster than in most recent years.

But, of course, the answer matters quite a lot. If the U.S. economy falls into recession, or if a recession has already begun, job losses will accelerate and unemployment will rise sharply. The real estate and financial markets may spiral down faster. There is also a risk that prices increases will accelerate if inflation in food and energy spreads into wage inflation impacting a broad spectrum of sectors.

Our view is that the economy will avoid both a significant recession and rapid inflation. Strong exports will encourage growth, and consumers and the financial sector will slowly work their way through their current difficulties. Inflation largely will be contained to the food and energy sectors. But, the scenario is far from rosy. We expect weak economic growth through 2008 and early 2009, and elevated inflation rates through 2010. In particular, we expected annual growth in real GDP of 1.1% in 2008, 1.7% in 2009. GDP growth rates only returns to trend growth of 2.8% in 2010. Inflation will hit 4.0% in 2008, and will be well above 2% in subsequent years, at 2.6% in 2009, and 2.7% in 2010.

A significant slowdown will be avoided because the weak dollar will encourage strong exports, and because consumer spending will expand modestly despite a weak employment situation and high energy prices. Consumer confidence has declined rapidly but consumer spending should stay steady thanks to lower interest rates, and in the very short-term, federal government rebate checks. Current high energy prices also are expected to stabilize, and therefore, will not cause even further strain on consumer spending for other goods and services.

This relatively positive scenario naturally assumes that the U.S. economy will avoid other major dislocations. The economy may fall into a significant recession if there are other major disruptions in the financial system that limit access to capital. Inflation may spike further if oil prices rise or additional weather causes further increases in food prices.

Nebraska Outlook



he panel remains relatively optimistic about the outlook for the Nebraska economy. The Nebraska economy will outperform the national economy given the state's strong farm sector, a manufacturing sector linked to farm implements and food processing and limited exposure to housing price declines. As a consequence, the Nebraska economy is expected to grow modestly in 2008, as seen in Table 1 below.

Table 1— Key Economic Growth Rates

	Non-farm Employment	Non-farm Personal Income (nominal)	Net Farm Income (nominal)
2007	1.7%	5.8%	35.2%
2008	1.2%	4.9%	24.7%
2009	1.5%	4.8%	-9.3%
2010	1.7%	4.8%	-2.4%

Note: Nominal income growth includes inflation.

Employment growth is expected to be weak in 2008, before recovering in mid-2009. Strong growth only will return in 2010. Farm income will continue to grow in 2008, and maintain most of its recent growth in 2009 and 2010.

Employment

The pace of employment growth will slow in 2008 as the economy slows. Job losses in manufacturing and information will limit growth as will relatively slow growth expected for the insurance industry and the transportation and utilities industry. But, growth will remain solid in services, and employment is expected to grow in the construction sector. As is seen in Table 2, this outlook is similar to our previous outlook from December 2007. For some time, growth in 2008 was expected to be slow. The estimates for 2009 are somewhat lower in the current forecast, as slow growth is now expected to continue into early 2009. The December 2007 forecast did not cover the year 2010.

Table 2— Comparison of Non-Farm Employment Forecasts

	December 2007 Forecast	Current Forecast
2007	1.6%	1.7%
2008	1.1%	1.2%
2009	1.7%	1.5%
2010	N/A	1.7%

Construction and Mining

Despite continuing woes in new home construction, overall levels of construction employment will rise in the next few years. The main reason for the rise will be strength in non-residential building construction. Construction employment will grow by 2.0% in 2008, and then jump to 4.0% in 2009, due to a resurgence in home construction later in that year. Growth will moderate to 3.0% in 2010.

Since home mortgage financing conditions are determined in national markets, Nebraska shares in national woes in home construction. Closings have become more difficult, with borrowers required to put up more money than expected and jumbo loans are placeable only in private markets. Further, builders are trying to get their inventories reduced. Inventory correction, however, will allow a turnaround in home construction, perhaps in spring 2009.

The non-residential building sector is doing well in Nebraska. Many major projects are planned and set well in advance, so the sector has considerable momentum for the next few years. Both builders and architects describe themselves as busy, and major projects such as Aksarben Village and the Mid-town project are underway. There are many in-fill buildings as well in other parts of the Omaha metropolitan Area. Rural areas also are described as busy.

Highway construction activity will continue to increase in dollars terms but real activity will rise only slightly in 2008 and 2009 amid weak growth in fuel tax revenues.

Manufacturing

Manufacturing is among the most cyclical industries in the economy, and manufacturing employment is declining in the current national economy. Nebraska manufacturing should perform relatively well over the next few years, given that the durable goods sector has strength in manufacturing farm machinery, and components for the emerging wind energy sector. And, the non-durable goods sector is focused on food processing, which is a relatively stable sector within manufacturing.

Table 3—Number of Nonfarm Jobs and Percent Changes by Industry Annual Averages (in thousands of jobs)

	Nonfarm	Construction, Mining & Natural		Non-	Wholesale	Retail	Trans- portation and		Financial	All	Federal	Local
	Total	Resources	Durables	durables	Trade	Trade	Utilities	Info		Services	Gov't	Gov't
1998	880.0	42.4	58.5	55.9	42.2	107.2	43.3	26.3	58.8	295.9	16	134.9
1999	897.5	44.3	57.7	55.7	42.5	110.1	44.5	27.1	60.9	304.6	15.9	135.6
2000	914.1	45.2	58.9	55.4	41.9	111.2	45.1	26.9	60.5	315.8	16.6	137.9
2001	919.7	45.3	54.6	56.2	42.5	110.5	45.2	25.8	60.2	322.4	16	140.8
2002	911.5	46.1	50.6	55.4	41.5	108.9	44.9	23.2	61.4	320.5	16.3	142.6
2003	914.2	47.4	47.3	55.1	41.0	107.2	46.4	21.5	62.4	326.1	16.7	143.1
2004	922.2	48.4	47.0	54.0	40.8	106.9	48.9	21.1	63.2	331.8	16.5	143.6
2005	934.9	47.8	48.4	52.9	40.6	107.2	52.3	20.2	64.5	339.8	16.3	144.9
2006	946.8	48.4	49.7	51.8	40.8	106.4	53.4	19.5	66.7	347.8	16.2	146.1
2007	962.6	50.5	50.0	51.3	40.7	107.7	56.1	19.3	69.0	353.9	15.9	148.2
Forecast Number												
2008	973.9	51.5	50.0	50.7	40.5	108.5	56.6	19.1	69.6	362.0	15.9	149.4
2009	988.3	53.6	50.0	50.2	40.4	109.0	58.4	19.0	71.0	370.4	15.9	150.6
2010	1,005.3	55.2	50.5	50.2	40.3	109.5	60.6	18.9	72.4	378.9	16.7	152.1
Forecast Number												
2008	1.2%	2.0%	0.0%	-1.1%	-0.5%	0.7%	0.9%	-1.0%	0.9%	2.3%	0.0%	0.8%
2009	1.5%	4.0%	0.0%	-1.1%	-0.3%	0.5%	3.1%	-0.5%	2.0%	2.3%	0.0%	0.8%
2010	1.7%	3.0%	1.0%	0.0%	-0.3%	0.5%	3.9%	-0.5%	2.0%	2.3%	5.0%	1.0%

Source: <http://data.bls.gov/cgi-bin/dsrv, 2008>

But, even in Nebraska, manufacturing employment is likely to decline modestly in 2008 and 2009. Durable goods employment will be flat in both 2008 and 2009, and grow by 1.0 percent in 2010 when the economy is well into recovery. Non-durable goods employment will decline by 1.1 percent per year in 2008 and 2009, but remain flat in 2010. Overall manufacturing employment will fall by 0.6 percent in 2008, 0.5 percent in 2009, and grow by 0.5 percent in 2010.

Finally, two other trends are expected to impact the manufacturing industry. A weak dollar is expected to improve exports and potential for foreign direct investment. At the same time, labor supply constraints, particularly in nonmetropolitan Nebraska, may limit growth.

Transportation and Utilities

After posting healthy gains in 2007, this sector is poised for a cyclical slowdown in 2008. A combination of higher than anticipated diesel fuel prices and slowing demand for construction materials and general merchandise will slow demand for new drivers.

Moreover, the aggressive hiring in the rail industry in the early part of this decade to rebuild its workforce has largely run its course. This hiring was in response to healthy export growth (which tends to favor rail), and also necessary because of dramatic cuts in the late 1990s.

After growing 0.9 percent in 2008, employment will recover moderately through 2009 and 2010. Factors such as favorable demographics, the state's central location, low entry costs and state economic development efforts in trucking and warehousing will foster long-term job growth in this sector. Overall, employment in the sector is expected to grow by 3.1 percent in 2009 and 3.9 percent in 2010.

Wholesale Trade

Wholesale trade employment in Nebraska has declined since the year 2000. Rising labor productivity has meant that employment has failed to grow even as industry output has expanded in a growing Nebraska economy. This pattern is expected to continue through

2010. Industry employment will decline by 0.5 percent in 2008 and 0.3 percent in both 2009 and 2010.

Retail Trade

After years of decline, job growth has returned to the retail industry. Retail trade employment grew rapidly in 2007, by 1.2 percent. But despite recent strength, it remains true that the retail trade sector is no longer a consistent source of job growth in Nebraska. There are several factors that limit growth in retail employment. First of all, larger retailers, who utilize fewer workers relative to sales, are capturing a growing share of the retail market. Another factor has been the increased sales by on-line and other nontraditional retailers. These factors will limit retail employment growth over the next three years. Retail employment is expected to increase by 0.7 percent in 2008 and by 0.5 percent in 2009 and 2010.

Information

The information industry contains a diverse group of industries included newspapers, movie theatres and sound studios. These locally-oriented portions of the industry are stable. The industry also contains high technology or information processing industries such as telecommunications, data processing, web site development, and web publishing. These industries have consolidated and downsized in recent years, losing 7,500 jobs since 2000. Consolidation also is anticipated in 2008. Industry employment is expected to decline by 1.0 percent in 2008. Losses of just 0.5 percent are expected in 2009 and 2010.

Financial Services

The financial services industry comprises finance, insurance, and real estate. Segments of the industry such real estate, loan activity, and mortgage brokers are being negatively impacted by weakness in the housing sector. We expect that these industry segments will continue to be impacted throughout 2008, but should recover as the housing sector recovers beginning in 2009. Other portions of the industry, such as insurance and investments, should exhibit steady growth throughout the next three years. Taking all of this into account, we expected employment growth of just 0.9 percent in 2008. Growth will then return to the long-term trend rate of 2.0 percent in both 2009 and 2010.

Services

Accounting for one-third of employment in the economy, the diverse and rapidly growing services industry is a key to our employment forecast. As is evident in Table 3, 65,000 of the approximately 90,000 jobs added to the Nebraska economy from 1998 to 2007 were added in the services industry. Nebraska can maintain a health rate of employment growth if services industry employment grows by more than 2 percent.

Despite weakness in the overall economy, we anticipate that services industry employment will grow by 2.3 percent in 2008. Similar rates of growth will be achieved in 2009 and 2010. The health care sector will be the key to job growth in services. Industry employment continues to expand as an aging population requires more health care services, and as innovation in the industry continually adds new treatments and products. Further, solid health care growth is expected even in difficult times since health care is a necessity rather than the type of discretionary spending that is curtailed during times of economic stress. We anticipate that health care employment will grow by around 2.5 percent per year during the period. Ambulatory health care services such as home health care services, ambulance services, blood donor stations, and health screening services are the fast growing portion of health care.

Other portions of the services industry include professional and business services, education services, personal services, accommodations, food and drinking places, and arts, entertainment, and recreation. Among remaining industries, a strong growth rate also is expected for administrative support services, and arts, entertainment, and recreation. Growth in arts, entertainment, and recreation is also aided by demographic trends, particularly increasing leisure time and disposable income among retired and “baby-boomer” age groups. In 2008, slower growth is expected for both the accommodations and for food and drinking places. Accommodation activity in Nebraska has been affected by declining highway traffic counts on Interstate 80 and other major routes in Nebraska in reaction to rapidly rising gasoline prices. Food and drinking places have been hurt by rapidly increasing food prices, which have caused some consumers to cut back on dining away from home.

Government

Our outlook calls for no change in federal government employment in 2008 and 2009, and a 5 percent increase in 2010 in order to conduct the decennial census. This was the percentage increase observed in the last census year of 2000. Steady growth is expected in state and local government employment, following recent trends. Growth in state and local government employment has tended to exceed, though only slightly, the rate of population growth in Nebraska. State and local government employment historically has grown 1% per year on average, as the need for teachers, police, fire, and other state and local employees who work directly with the public rises with population. Also, as incomes rise, the demand for government services per person also rises. This said, there may be some weakness in government employment in the next few years given that stagnant or declining property values have reduced growth in local property tax revenues. Our expectation is that state and local government employment will grow 0.8 percent in 2008, and 2009. Growth will recover to the historic trend of 1.0 percent in 2010.

Personal Income

Personal income growth will be solid in Nebraska over the outlook period, though non-farm income growth will moderate as the economy slows in 2008. Farm income growth was very strong in 2007. Strong growth is expected to continue in 2008 before incomes pull back from record levels in 2009 and 2010. Table 4 below compares the current income forecast with our June 2007 forecast. We now expect slower growth in non-farm income due to much lower expectations for dividend, interest, and proprietor income.

Table 4— Comparison of Forecasts for Nominal Income

Non-Farm Income		
	December 2007 Forecast	Current Forecast
2007	5.8%	5.8%
2008	6.3%	4.9%
2009	6.5%	4.8%
2010	N/A	4.8%
Farm Income		
	December 2007 Forecast	Current Forecast
2007	27.8%	39.4%
2008	2.9%	24.7%
2009	2.8%	-9.3%
2010	N/A	-2.4%

Note: Nominal income growth includes inflation.

Non-Farm Personal Income

Non-farm personal income growth is expected to moderate as economic growth slows. In particular, non-farm personal income growth is expected to slow to around 5% per year beginning in 2008. A weak labor market also will limit growth in wages per job in 2008, 2009, and 2010.

As seen in Table 5, we expect non-farm wages and salaries to grow by 4.7 percent in 2008 slow to 4.3 percent growth in 2009 and rise to 4.5 percent in 2010. Employee benefits (other labor income) are expected to grow about 1% faster than wage and salary income, by 5.3 percent to 5.7 percent each year. Changes in other labor income are primarily driven by increasing health care costs.

Slower economic growth in 2008 and early 2009 is expected to impact growth in both non-farm proprietor income and dividend, interest, and rent income. Profits are very pro-cyclical. As a result, non-farm proprietor income growth will be weak in both 2008 and 2009 before recovering in 2010. Non-farm proprietor income is expected to increase by 3.6 percent in 2008 and 3.9 percent in 2009. The rate of growth will increase to 4.3 percent in 2010, as the economy continues to recover. At the same time, growth in transfer income is expected to be robust, between 5.2 percent and 6.2 percent per year.

Declining profits will affect dividend, interest, and rent income as well. Declining profits will lead some firms to cut their dividend payment to stockholders. Interest rates on certificates of deposits, money market funds, checking accounts, and other interest bearing accounts also will decline as the economy weakens. This is because falling dividends and heightened risk of declining stock prices increase the appeal of investments in money market funds or certificates of deposit. A growing supply of potential lenders means that interest rates can fall. All of these factors create an expectation of modest growth in dividend, interest, and rent income. Growth is expected to fall to 4.2 percent in 2008, just above the rate of inflation. Growth is expected to be 4.5 percent in 2009 before accelerating to 5.4 percent growth in 2010.

Table 5—Non-farm Personal Income and Selected Components and Net Farm Income (USDA) (\$ millions)

	Consumer Price Index	Non-farm Personal Income	Dividends, Interest, & Rent	Total Personal Current Transfer Receipts	Non-farm Wages & Salaries (Wages & Salaries — Farm Wages)	Other Labor Income	Contributions to Social Insurance	Residential Adjustment	Non-Farm Proprietor Income	Net Farm Income (USDA)
Millions of Dollars										
1998	163.7	\$41,591	\$9,096	\$5,477	\$23,343	\$4,744	\$3,686	-\$684	\$3,300	\$1,816
1999	167.8	\$43,644	\$9,148	\$5,822	\$24,796	\$4,999	\$3,874	-\$762	\$3,517	\$1,707
2000	173.6	\$46,366	\$9,991	\$6,075	\$26,186	\$5,317	\$4,032	-\$825	\$3,654	\$1,446
2001	177.5	\$48,102	\$9,998	\$6,667	\$26,908	\$5,612	\$4,200	-\$833	\$3,952	\$1,906
2002	180.9	\$49,730	\$10,023	\$7,069	\$27,713	\$6,362	\$4,350	-\$869	\$3,782	\$862
2003	184.6	\$51,441	\$10,002	\$7,426	\$28,688	\$6,753	\$4,520	-\$911	\$4,003	\$2,730
2004	190.2	\$53,547	\$9,835	\$7,710	\$30,050	\$7,181	\$4,724	-\$933	\$4,428	\$3,554
2005	197.4	\$56,131	\$10,373	\$8,094	\$31,242	\$7,641	\$4,960	-\$946	\$4,687	\$2,847
2006	202.6	\$59,648	\$11,392	\$8,695	\$32,901	\$8,027	\$5,288	-\$933	\$4,855	\$2,600
2007	209.0	\$63,091	\$12,338	\$9,259	\$34,666	\$8,402	\$5,586	-\$1,003	\$5,015	\$3,625
Forecast Number										
2008	217.3	\$66,188	\$12,858	\$9,769	\$36,280	\$8,881	\$5,742	-\$1,051	\$5,194	\$4,520
2009	223.0	\$69,347	\$13,431	\$10,376	\$37,834	\$9,385	\$5,995	-\$1,081	\$5,397	\$4,100
2010	229.0	\$72,650	\$14,159	\$10,916	\$39,530	\$9,883	\$6,344	-\$1,124	\$5,631	\$4,000
Forecast % (nominal growth)										
2008	4.0%	4.9%	4.2%	5.5%	4.7%	5.7%	2.8%	4.8%	3.6%	24.7%
2009	2.6%	4.8%	4.5%	6.2%	4.3%	5.7%	4.4%	2.8%	3.9%	-9.3%
2010	2.7%	4.8%	5.4%	5.2%	4.5%	5.3%	5.8%	4.0%	4.3%	-2.4%

Source: <http://www.bea.gov>, 2008

Note: Nominal income growth includes inflation.

Farm Income

Over the past 24 months, U.S. production agriculture has entered into a new period. Record agricultural exports occurred in 2007 due to rising world demand and a falling dollar. U.S. agricultural exports are projected to rise another 25% in 2008. These factors, along with the rapid expansion of the bio-fuels industry, have created a surge in commodity crop prices. Nebraska's agricultural production industry is a major player in this new emerging era. That said, while strong prices will translate into higher farm incomes in the state, several factors will limit the growth in farm incomes. First, input costs for crop producers have also moved up sharply, particularly those inputs tied directly to petroleum. There been substantial price increases for fertilizer, fuels, seed, and land rents.

The second factor is that high crop prices have lead to higher feed prices for livestock producers. As a result, the state's livestock sector is struggling through a difficult economic period. Pork production is currently not profitable for most operators. Cattle feeders are

dealing with slim profit margins, at best, even with the opportunity of utilizing ethanol by-products in their rations. Until prices to the final consumer rise, income for the state's livestock sector will fail to grow. Livestock prices could rise to reflect higher input costs later in the forecast period, But, at this point, dairy and egg producers are the only components of the livestock sector where such cost flow-through has occurred,.

After growing by over 30 percent in 2007, Nebraska farm income is expected to jump by another 24.7 percent in 2008. Farm income will hit a record of just over \$4.5 billion in 2008. Farm income will retreat modestly in 2009 and 2010, which is not surprising after two years of 25 percent to 30 percent growth. However, farm income will remain at or above \$4.0 billion in both years, making the \$4 billion mark the new income plateau for Nebraska agriculture. Further, the vast majority of this income will come from profitable sales rather than farm programs.

Net Taxable Retail Sales

In Table 6, data on net taxable retail sales are divided into motor vehicle sales and non-motor vehicle sales. The distinction is important. Motor vehicle net taxable sales are growing over time, but from year to year follow a very cyclical pattern. Non-motor vehicle taxable sales rise steadily, but are affected by periodic changes to Nebraska's sales tax base.

Table 6 shows non-motor vehicle taxable sales over the 2008 to 2010 period. With a weak economy, 2008 non-motor vehicle taxable sales will grow at just 2.4 percent, below the rate of inflation. Growth in non-motor vehicle taxable sales will strengthen to 3.6 percent in 2009, as the economy begins to recover, and reach 5.1 percent in 2010. In the latter years, revenue also will be aided by efforts to improve compliance by non-traditional retailers.

Motor vehicle net taxable sales, always very cyclical, begin a sharp turn-around in 2007, growing by 9 percent after years of decline. Growth will moderate in 2008, when motor vehicle taxable sales are expected to grow by 5.0 percent. Growth will continue to moderate to 3.2 percent in 2009, and growth will stall in 2010, when 0.3 percent growth is anticipated.

Overall growth in net taxable sales is expected to reach 2.7 percent in 2008. This is below the anticipated inflation rate of 4 percent. Growth will accelerate to 3.6 percent in 2009. Growth in net taxable sales is expected to reach nearly 4.6 percent in 2010, well above the 2.7 percent inflation rate anticipated during that year. The State of Nebraska therefore will not see a solid year for real sales tax growth until 2010.

Table 6—Net Taxable Retail Sales, Annual Totals (\$ millions)

	Consumer Price Index	Total Net Taxable Sales	Motor Vehicle Net Taxable Sales	Non Motor Vehicle Net Taxable Retail Sales
Millions of Dollars				
1998	163.7	\$19,005	\$2,417	\$16,588
1999	167.8	\$19,806	\$2,520	\$17,286
2000	173.6	\$20,443	\$2,605	\$17,838
2001	177.5	\$21,057	\$2,897	\$18,160
2002	180.9	\$21,426	\$2,926	\$18,500
2003	184.6	\$22,092	\$2,894	\$19,199
2004	190.2	\$23,618	\$2,885	\$20,733
2005	197.4	\$24,443	\$2,751	\$21,691
2006	202.6	\$24,978	\$2,661	\$22,317
2007	209.0	\$26,237	\$2,902	\$23,335
Forecast Number				
2008	217.3	\$26,942	\$3,047	\$23,895
2009	223.0	\$27,899	\$3,144	\$24,755
2010	229.0	\$29,171	\$3,154	\$26,018
Forecast % (nominal growth)				
2008	4.0%	2.7%	5.0%	2.4%
2009	2.6%	3.6%	3.2%	3.6%
2010	2.7%	4.6%	0.3%	5.1%

Source: Nebraska Department of Revenue, 2008

Note: Nominal taxable sales growth includes inflation.

Our Thanks ...

The Bureau of Business Research is grateful for the help of the Nebraska Business Forecast Council.

Serving this session were

- John Austin, Department of Economics, UNL;
- Chris Decker, Department of Economics, UNO;
- Tom Doering, Nebraska Department of Economic Development;
- Ernie Goss, Department of Economics, Creighton University;
- Bruce Johnson, Department of Agricultural Economics, UNL;
- Lisa Johnson, Lincoln Partnership for Economic Development;
- Ken Lemke, Nebraska Public Power District;
- Franz Schwarz, Nebraska Department of Revenue;
- Scott Strain, Greater Omaha Chamber of Commerce
- Eric Thompson, Bureau of Business Research UNL;
- Keith Turner, Department of Economics, UNO (emeritus)

Copyright 2007 by Bureau of Business Research, University of Nebraska-Lincoln. Business in Nebraska is published in four issues per year by the Bureau of Business Research. Inquiries should be directed to Bureau of Business Research, 347 CBA, University of Nebraska-Lincoln 68588-0406. See the latest edition of Business in Nebraska at <http://www.bbr.unl.edu>


UNIVERSITY OF
Nebraska
Lincoln
BUREAU OF BUSINESS RESEARCH
347 CBA
LINCOLN NE 68588-0406
<http://www.bbr.unl.edu>

Nonprofit
U.S. Postage
PAID
Permit No. 46
Lincoln, Nebraska

Bureau of Business Research [BBR]

Specializes in ...

- Studies of economic competitiveness
- Economic modeling and forecasting
- Labor market analysis
- Fiscal analysis
- Policy analysis

For more information on how BBR can assist you or your organization, contact us (402) 472-3188; send email to: ethompson2@unl.edu; or visit the website at: <http://www.bbr.unl.edu>