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Nebraska Business and Consumer Confidence Indexes: December 1, 2017

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Summary: Consumer and business confidence surged in Nebraska during November. The Consumer Confidence Index – Nebraska (CCI-N) rose to 106.2 in November from 95.1 in October. The November value is well above the neutral level of 100.0. Likewise, the Business Confidence Index – Nebraska (BCI-N) rose from 102.7 in October to 114.1 in November, which is also well above the neutral value of 100.0. When asked about the most important issue facing their business, customer demand was mentioned by 32 percent of respondents. Nearly as many businesses mentioned workforce issues. In particular, the availability and quality of labor was mentioned as the most important issue by 28 percent of November respondents. Households reported a variety of financial concerns with 56 percent choosing the cost of living including health care costs, taxes, major expenses (furniture, appliances, automobiles) and the general cost of living. During November, another twelve percent of households reported that their primary financial issue was a low annual income.

Consumer Confidence Index - Nebraska

The Consumer Confidence Index – Nebraska (CCI-N) summarizes responses to the *Survey of Nebraska Households* regarding the 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 112 of the 500 surveyed households, for a 22 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 strong consumer confidence. A value below 100 indicates weak 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 strong consumer confidence.

As seen in Table 1, the Consumer Confidence Index – Nebraska had a value of 106.2 in November 2017. This value is well above the neutral value of 100.0. The value of the index rose 11.1 points from 95.1 in October.

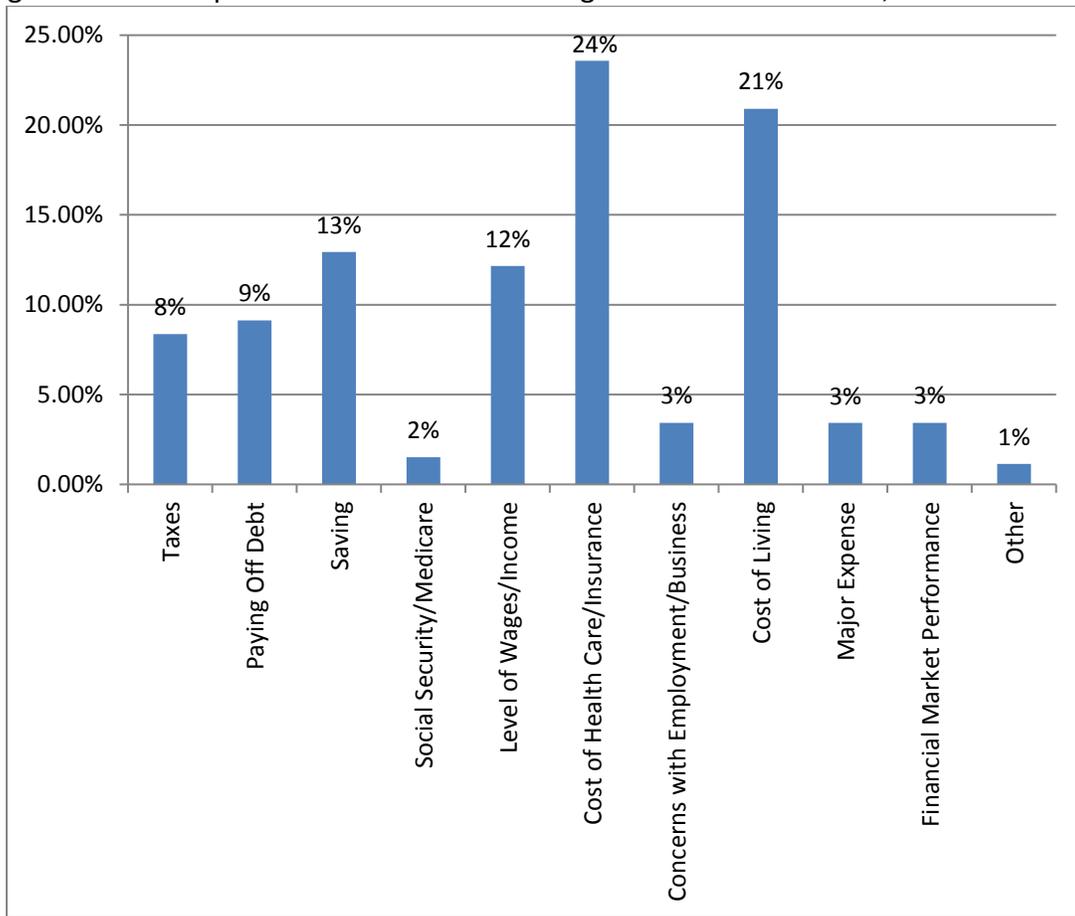
Table 1: Consumer Confidence Index - Nebraska, November 2017

Consumer Confidence Index - Nebraska	
Month	Index Value
November 2017	106.2
October 2017	95.1
Change from Previous Month	11.1

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 the cost of healthcare or health care insurance (24 percent) and the general cost of living (21 percent). Overall, 56 percent of respondents chose some type of cost factor as their top issue, whether the cost of health care, the general cost of living, taxes (8 percent) or major expenses (3 percent). Twenty-two percent of respondents choose saving (13 percent) or paying off debt (9 percent) as their top issue. Among other responses, 12 percent chose their level of wages or income.

Figure 1: Most Important Financial Issue Facing Nebraska Households, November 2017



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 *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 and 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 103 of the 500 surveyed businesses, for a 21 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 strong business confidence. A value below 100 indicates weak 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 strong business confidence. Recent values for the Business Confidence Index – Nebraska are reported in Table 2.

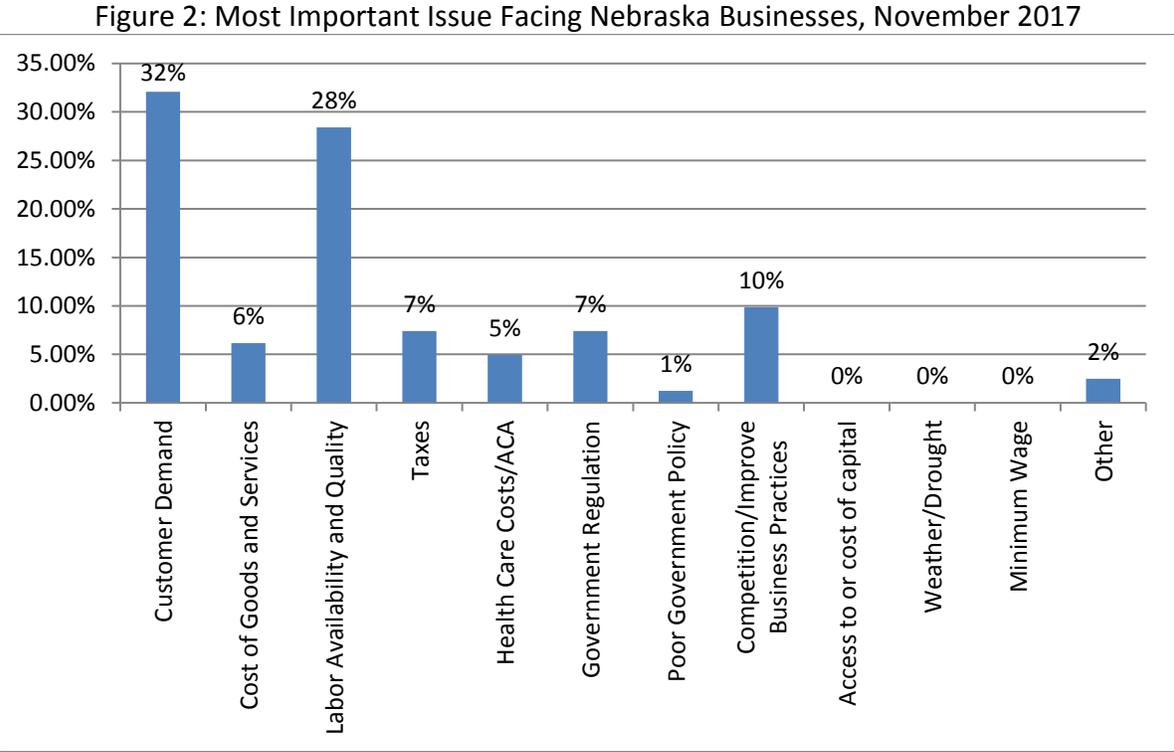
Table 2: Business Confidence Index - Nebraska, November 2017

Business Confidence Index - Nebraska	
Month	Index Value
November 2017	114.1
October 2017	102.7
Change from Previous Month	11.4

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska had a value of 114.1 in November 2017. This value is well above 100 and indicates that business confidence is strong in Nebraska. The value of the index also rose by 11.4 points between October and November of 2017.

Results in Figure 2 show the top concerns of business owners and managers responding to the November survey. Four-fifths of responses were related to business operations issues such as customer demand for goods or services, labor availability and quality, competition or the cost of goods and services. Customer demand was the most common top concern, named by 32 percent of respondents. Agricultural businesses and business located in small towns were especially likely to cite concerns with customer demand. Businesses also faced growing competition for labor. Twenty-eight percent of respondents mentioned the quality and availability of labor as their top concern. Among public policy issues, 7 percent of respondents chose taxes and the same percentage chose government regulation. Health care costs or the Affordable Care Act were chosen by 5 percent. Competition to improve business practices were chosen by 10 percent. Access to or cost of capital, Weather/Drought, and Minimum Wage were chosen by 0 percent. Other was chosen by 2 percent.



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