

Winter 1-5-2018

# Nebraska Business and Consumer Confidence Indexes: January 5, 2018

Eric Thompson

University of Nebraska-Lincoln, ethompson2@unl.edu

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

 Part of the [Behavioral Economics Commons](#), [Business Commons](#), [Economic Theory Commons](#), [Growth and Development Commons](#), [Labor Economics Commons](#), [Macroeconomics Commons](#), [Political Economy Commons](#), [Public Economics Commons](#), and the [Regional Economics Commons](#)

---

Thompson, Eric, "Nebraska Business and Consumer Confidence Indexes: January 5, 2018" (2018). *Leading Economic Indicator Reports*. 131.

<http://digitalcommons.unl.edu/bbrleir/131>

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: January 5, 2018**

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

**Author:** Dr. Eric Thompson

*Summary: Consumer and business confidence declined in Nebraska during December 2017. The Consumer Confidence Index – Nebraska (CCI-N) fell to 93.3 in December, well below the neutral level of 100.0. The index had reached a record level of 106.2 in November, but that high level of confidence was not sustained. The Business Confidence Index – Nebraska (BCI-N) fell from 114.1 in November to 107.5 in December. While lower, the December reading remains well above the neutral value of 100.0. When asked about the most important issue facing their business, customer demand was mentioned by 38 percent of respondents. The availability and quality of labor was mentioned by 20 percent of December respondents while competition from other businesses was cited by 10 percent. Respondents choosing competition were particularly concerned about competition from larger businesses and on-line businesses. Households reported a variety of financial concerns with 52 percent choosing the cost of living including health care costs, taxes, major expenses (furniture, appliances, automobiles) and the general cost of living. With the New Year approaching, a higher than usual 13 percent of households reported that their primary financial issue was a concern about their job or business.*

### **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 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 December, responses were received from 113 of the 500 surveyed households, for a 23 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 93.3 in December 2017. This value is well below the neutral value of 100.0. The value of the index fell 12.9 points from 106.2 in November.

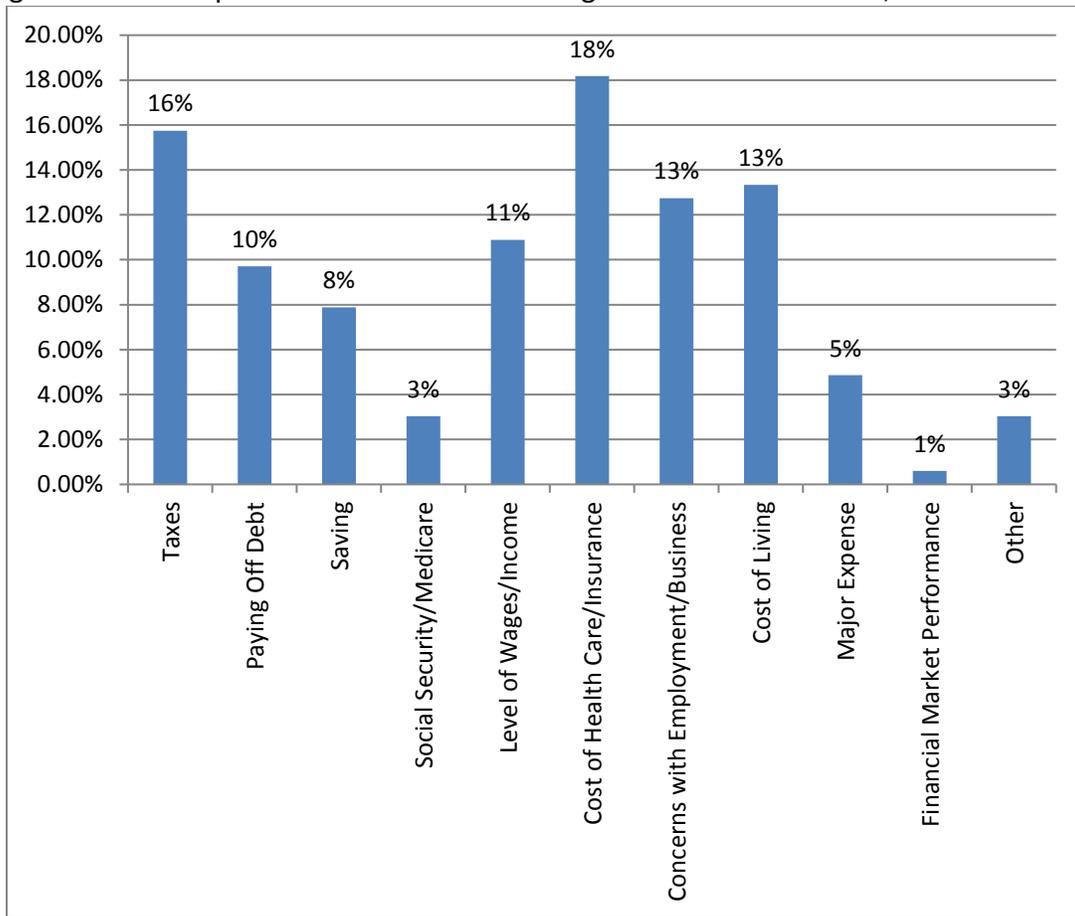
Table 1: Consumer Confidence Index - Nebraska, December 2017

Consumer Confidence Index - Nebraska	
Month	Index Value
December 2017	93.3
November 2017	106.2
Change from Previous Month	-12.9

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 December respondents were the cost of healthcare or health care insurance (18 percent) and taxes (16 percent). Overall, 52 percent of respondents chose some type of cost factor as their top issue, whether the cost of health care, taxes, the general cost of living (13 percent) or major expenses (5 percent). Among other responses, 11 percent chose their level of wages or income as their top concern while 13 percent chose concerns about their job or business. Eighteen percent of respondents choose paying off debt (10 percent) or saving (10 percent) as their top issue.

Figure 1: Most Important Financial Issue Facing Nebraska Households, December 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 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 December, responses were received from 111 of the 500 surveyed businesses, for a 22 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, December 2017

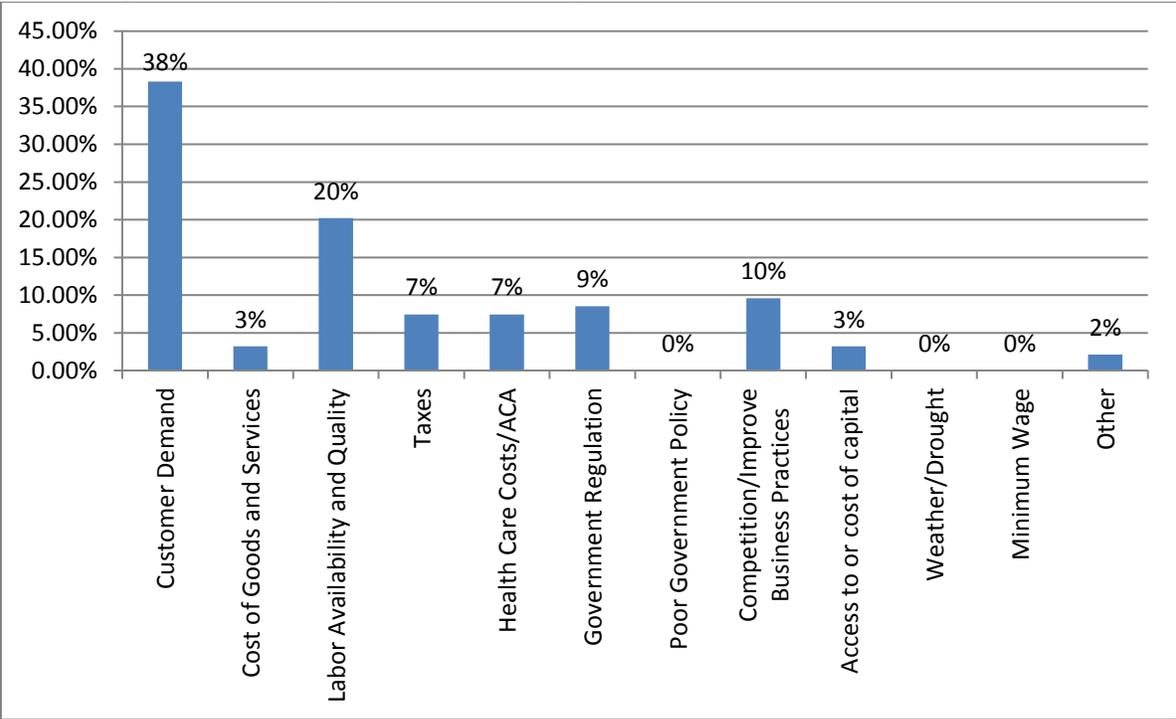
Business Confidence Index - Nebraska	
Month	Index Value
December 2017	107.5
November 2017	114.1
Change from Previous Month	-6.6

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska had a value of 107.5 in December 2017. This value is well above 100 and indicates that business confidence is strong in Nebraska. The value of the index, however, fell by 6.6 points between November and December of 2017.

Results in Figure 2 show the top concerns of business owners and managers responding to the December survey. Three in four responses were related to business operations issues such as customer demand for goods or services, labor availability and quality, or competition and the need to improve business practices. Customer demand was the most common top concern, named by 38 percent of respondents. Health care providers, agricultural businesses and other business located in small towns were especially likely to cite concerns with customer demand. Businesses also faced growing competition for labor. Twenty percent of respondents mentioned the quality and availability of labor as their top concern. Ten percent chose competition with other businesses. Among public policy issues, 7 percent of respondents chose taxes and the same percentage chose the cost of health care or the Affordable Care Act. Regulations were chosen by 9 percent.

Figure 2: Most Important Issue Facing Nebraska Businesses, December 2017



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