

6-2001

Nebraska Economy Grows Despite Recession Concerns

John Austin

Bureau of Business Research

Nebraska Business Foremst Council

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

Austin, John and Nebraska Business Foremst Council, "Nebraska Economy Grows Despite Recession Concerns" (2001). *Business in Nebraska*. 93.

<http://digitalcommons.unl.edu/bbrbin/93>

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.



Business in Nebraska

Volume 56, No. 658

presented by Bureau of Business Research (BBR)

June 2001

Nebraska's Economy Grows Despite Recession Concerns

John Austin and Members of the Nebraska Business Forecast Council

Overview

This issue of *Business in Nebraska* presents a final forecast for the Nebraska economy in 2001, the revised forecast for 2002, and the preliminary forecast for 2003. The November/December issue will include the year-end summary for 2001.

The national economy continues to give off mixed signals. Consumer confidence has spiraled down after having soared in mid-2000. The nation's manufacturing sector has been in a recession for the last several months. Yet, the nation's Gross Domestic Product (GDP) grew 1.3 percent at an annual rate of gain in first quarter 2001. Strength reportedly is coming from consumers. Further, housing starts remain healthy—1.6 million. Light vehicle sales may have bottomed out at the end of last year. The question at hand is whether the nation is poised for a downturn, or will return to moderate rates of growth with low inflation and completely skip an official recession. Leading

forecast firms state the odds of a national recession at about 40 percent, while the odds of continued growth are about half. With all this uncertainty, it is difficult to forecast with conviction.

The Nebraska economy has slowed marginally from the growth rates of the late 1990s. The reduction in growth is not as great as previously reported, due to an upward revision of the employment statistics. Nebraska's employment grew just under 2 percent in 2000. Growth will slow marginally in 2001 as the impact of the manufacturing recession works its way through the Nebraska economy. The expected slowdown in job growth will be related to an actual slowdown in business activity in selected sectors, rather than to a restriction based on tight labor markets. Thus, the image of the current state of the Nebraska economy has changed from the last forecast. Previously, the slowdown in employment was due to tight labor mar-



FORECAST

kets. Some spot slackening of the demand for labor has taken place. There are indications that some employers are making special efforts to retain their best employees despite weakened markets in their lines of business. The forecast indicates that total nonfarm employment (jobs) will increase 1.4 percent in 2001, 1.9 percent in 2002, and 2.1 percent in 2003.

The general easing of labor market pressures has resulted in a slight easing in the forecast of wage rate increases. This forecast calls for average wage rates¹ to increase 4.4 percent in 2001, 4.7 percent in 2002, and 4.9 percent in 2003. When combined, the forecast of the average wage rate and the forecast of employment yield a forecast of total wages and salaries. The latter is a key element in the forecast of total nonfarm personal income.

The slight slowing of total employment growth and the moderation of the wage rate forecast ultimately results in a slowdown in the growth of nonfarm personal income. After having increased by an estimated 6.4 percent in 2000, nonfarm personal income will grow 5.6 percent in 2001, 6.2 percent in 2002, and 6.4 percent in 2003.

Despite a gain in excess of 6 percent in nonfarm personal income last year, net taxable retail sales took a dive at the end of 2000. It is not entirely clear why Nebraska retail sales did so poorly at the end of last year, but it is possible that despite healthy income gains, Nebraska consumers suffered from the same loss of confidence, as did the nation's consumers. In part, the loss was a reflection of a major stock market correction. Future gains in Nebraska's retail trade are tied to the notion that the consumer will ignore gyrations in national indicators and will pay more attention to their own pocketbooks. After a slow start, total net taxable retail sales will grow 3.6 percent in 2001, 4.7 percent in 2002, and 5.2 percent in 2003.

¹A unique definition of the average wage rate is used in this forecast. It is the annual wages and salaries paid (BEA basis) in an industry divided by the number of employees (NDOL basis). It is convenient in that it allows the crosswalk from a forecast of employment to a forecast of total wages and salaries.

Nonfarm Employment Manufacturing

*Ernie Goss, Donis Petersan,
and Charles Lamphear*

The manufacturing sector, particularly the durables component, has suffered from the effects of the nation's manufacturing recession and will continue to do so. Approximately 70 percent of the jobs in the durables component of manufacturing are related to the production of capital items. Numerous recent reports indicate that businesses have substantially cut back on scheduled capital orders, resulting in a sharp fall in the output of capital goods². This impact affects job growth in Nebraska's durables manufacturing. Recent actions by the Federal Reserve that lowered interest rates should have a positive impact on the capital goods industry. Significant job growth in the durables producing industries likely will follow. However, lags in the reaction to monetary policy imply that the effect on Nebraska will not be felt until sometime in 2002. Therefore, the forecast of job growth in the state's durables manufacturing is -1 percent in 2001, followed by gains of 2.7 and 2.4 percent in 2002 and 2003, respectively (Table 1).

Nearly 60 percent of the state's jobs in the nondurables component of manufacturing are food related. About 40 percent of all nondurables jobs are in meat processing. Projections for livestock inventories show little or no change in 2001 or 2002. Because of the long cycle, especially for cattle, the continuation of relatively cheap feed grain prices will not significantly increase the number of livestock on feed. On the demand side, fears about foot and mouth disease are likely to reduce overall red meat consumption. Some of this reduction in red meat consumption will benefit poultry producers and processors. However, if the U.S. Department of Agriculture can keep the dreaded disease at bay, the concerns should dissipate by next year. The forecast is for a slight increase in nondurables employment, 0.8 percent in 2001 and similar growth in 2002 and 2003. Indications are that meat processors will continue to enhance products, doing more processing at the factory so that less work will be done by the retailer. These enhancements imply continued expansion of employment in nondurables manufacturing.

²Capital goods are goods used to create other goods, e.g., machinery and equipment.

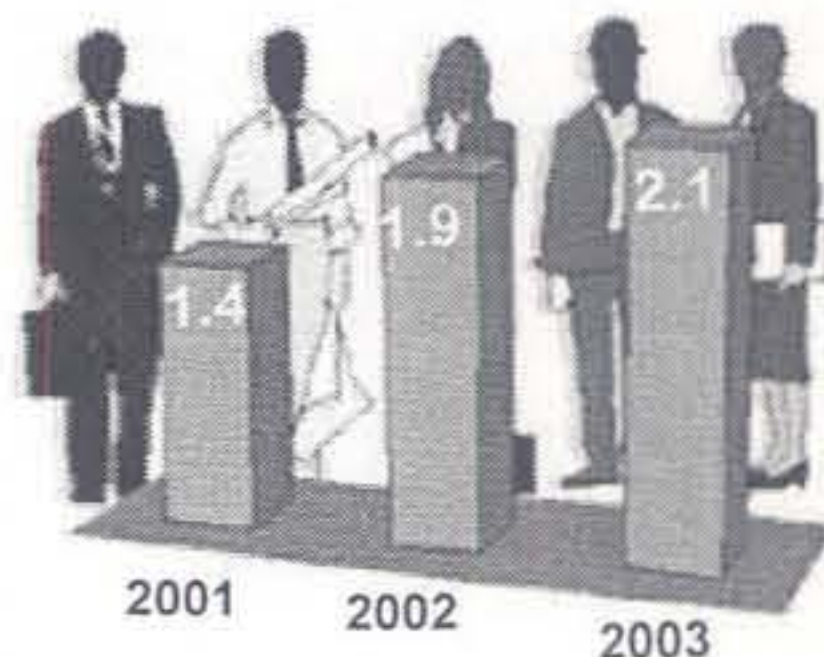


Table 1
Number of Nonfarm Jobs and Percent Changes, by Industry

Annual Totals (whole numbers)

	<i>Total</i>	<i>Manufacturing</i>		<i>Construction & Mining</i>	<i>TCU¹</i>	<i>Retail Trade</i>	<i>Wholesale Trade</i>	<i>FIRE</i>	<i>Services</i>	<i>Federal Gov't²</i>	<i>State & Local Gov't</i>
		<i>Durables</i>	<i>Nondurables</i>								
1998	892,160	57,479	61,338	42,241	55,872	157,370	54,708	57,996	238,230	32,032	134,894
1999	907,680	57,216	61,014	44,387	57,904	161,051	55,132	60,769	243,778	30,859	135,570
2000	923,852	58,639	61,285	45,601	58,301	163,399	54,822	61,070	252,228	30,742	137,765
2001	936,919	58,053	61,775	47,379	58,884	165,523	55,096	61,681	259,290	29,819	139,418
2002	954,748	59,620	62,393	49,559	59,767	168,337	55,206	62,421	267,847	28,925	140,673
2003	974,899	61,051	63,017	52,037	60,963	171,199	55,317	63,295	278,025	28,057	141,939

Annual Percent Changes

1998	2.3	1.3	3.6	6.4	4.5	1.4	-0.1	6.1	3.8	-2.5	-1.1
1999	1.7	-0.5	-0.5	5.1	3.6	2.3	0.8	4.8	2.3	-3.7	0.5
2000	1.8	2.5	0.4	2.7	0.7	1.5	-0.6	0.5	3.5	-0.4	1.6
2001	1.4	-1.0	0.8	3.9	1.0	1.3	0.5	1.0	2.8	-3.0	1.2
2002	1.9	2.7	1.0	4.6	1.5	1.7	0.2	1.2	3.3	-3.0	0.9
2003	2.1	2.4	1.0	5.0	2.0	1.7	0.2	1.4	3.8	-3.0	0.9

Average Annual Growth Rates

1990 to 1992	1.2	-1.7	4.5	2.0	1.0	1.2	-1.0	1.0	2.1	-4.3	2.1
1992 to 1995	2.6	4.8	2.7	6.6	1.7	3.3	0.3	2.1	4.4	-3.8	0.9
1995 to 2000	2.1	1.7	1.0	4.8	3.3	1.5	0.8	3.0	3.6	-1.7	0.5
1990 to 2000	2.1	1.9	2.2	4.8	2.3	2.0	0.3	2.3	3.5	-2.8	0.9

¹Transportation, Communication, & Utilities

²Federal government column has been revised to include military.

Construction and Mining

John Austin

The state's nonresidential building activity continues to be dominated by construction in Omaha. Construction of the state's tallest building is well underway and work on Omaha's new convention center/arena will begin soon. Years of work lie ahead before these structures will be completed. The commitment of Gallup and Union Pacific to their new building sites in the area has firmed recently.

Nonresidential building activity outside Omaha is slower. Lincoln has several smaller projects in various stages and activity in nonmetro Nebraska is spotty.

Residential construction remains slow in nonmetro areas but is recovering from a very slow fall and winter period in Omaha. Lincoln is doing well, slightly off last year's pace. Interest rates are low. If income remains up and interest rates low, the outlook indicates some strengthening in residential construction over the forecast period.

The Nebraska Department of Roads will not run out of projects any time soon. The five-year plan for Nebraska interstates, alone, will cost \$336 million. Current plans indicate that total dollars for state projects are expected to increase 4.2 percent between fiscal 2001 and 2002.³ Funding remains principally linked to the gas tax. High gasoline prices could lead to reduced tax receipts.

Growth slowed in Nebraska's construction business during 2000. Employment grew by a mere 2.7 percent that year in contrast with a 4.8 percent average annual growth rate for the 1995 to 2000 period. The forecast calls for a moderate increase in construction employment this year. Growth rates will return to the average annual rate for the 1990s, averaging 4.8 percent per year in 2002 and 2003.

Transportation, Communications, and Utilities (TCU)

Gene Koepke

Nebraska's transportation industry is tied to national markets, not just local markets. Thus, the state's transporta-

³The state's fiscal year runs through June.

tion activity is vulnerable to the slowdown in the nation's manufacturing sector. Although the national economy is slowing, there still is a lack of evidence to support the conclusion that Nebraska's economy is slowing significantly enough to relieve tight labor markets in the area of transportation. If the nation's economy goes into a full-scale recession, the Nebraska transportation sector will falter.

The growth rate of employment in the trucking and warehousing components of TCU, was 4.2 percent between 1999 and 2000. Even though this is the largest component of the sector, the growth rate for the entire TCU sector was less than 1 percent. The growth in trucking was offset by a 4.5 percent drop in railroad employment from 1999 to 2000. This loss occurred when some Lincoln area jobs were moved to another location in the state, but not all workers transferred with the jobs.

Despite the growth rate slowdown, labor supplies are still tight. Turnover rates for drivers and dock workers have slowed.

Transportation constitutes over 75 percent of TCU employment. Communications and utilities comprise the remainder. The forecast calls for no change in the communications and utilities subsectors. Expansion by one company often is matched by contractions in another.

Retail Trade

Franz Schwarz

According to the Nebraska Department of Labor (NDOL) last year's retail employment grew 1.5 percent and current year-to-date figures (January-March) by 1 percent. The retail trade sector is the second largest employer in Nebraska. The employment is very sensitive to total sales and employment growth will follow the pattern of net taxable sales, conditioned by the availability of workers. Nebraska's unemployment rate of 3 percent in March 2001 is relatively low and is an indication of the continued tight labor market. The tight labor market is expected to continue in Nebraska for the entire forecast period. It will become more serious when the demand for labor in the manufacturing sector increases in 2002 and 2003.

Employment is expected to increase by 1.3 percent, or about 80 percent of the long-term growth rate, in 2001 and is expected to achieve the long-term growth rate of about 1.7 percent per year in 2002 and 2003.

Wholesale Trade

Bryan Skalberg

Wholesale trade employment levels continue to vacillate. Wholesale trade employment consists of two parts, durables and nondurables. While statewide durables employment increased 1.5 percent from 1999 to 2000, employment in the nondurables component fell 2.5 percent. This mixed picture occurred one year after each sector experienced a 1.3 percent increase in employment. Total wholesale trade employment in 2000 fell 0.6 percent from 1999.

Durables employment growth is expected to slow in 2001. A slower national economy, decreased aggregate demand, and shaky consumer confidence could result in increased inventories dampening employment growth. With less optimism for output growth, durables employment may not match the 1999 to 2000 growth rate of 1.3 percent. Expect durables employment to increase by only 1 percent each year of the forecast period.

A second year of nondurables employment that declines 2.5 percent would be unlikely. Although the industry sector is continually busy with merger and acquisition activity, expect an employment rebound in 2001. Historical analysis of annual employment averages indicates a cyclical pattern suggesting an employment increase in the current year. Nondurables employment should increase 0.5 percent each year of the forecast period.

Overall, total wholesale trade employment will grow 0.7 percent in 2001 and 0.2 percent in 2002 and 2003.

Finance, Insurance, and Real Estate (FIRE)

Keith Turner

Recently benchmarked data from NDOL show that, overall, the FIRE sector has become more stable. Growth patterns within the FIRE sector are complex.

Rates of increase in the FIRE sector during 2001 are likely to be lower than in recent years for four reasons.

- The national economy is still hesitant.
- There may be continued mismatches in the labor market such that growth is hindered.
- The decline in the stock market has brought about a decline in expectations.
- Stock market declines cause some curtailment of wealth-effect spending.

These factors will bring about a slowdown in the rate of increase in the FIRE sector during 2001. There is some offset to the negatives in Nebraska since injections of federal spending into the farm sector help bolster economic activity.

A good deal of what will happen depends on the stock market in 2001 as well as the impacts of tight monetary policy in 2000 and easy monetary policy in 2001. Changes in interest rates and money supply generally take time to work into the economy. Some stability leading to recent growth in the stock market will bring about important favorable expectations.

FIRE sector employment growth will be modest in the near term. Overall, the FIRE sector likely will grow about 1 percent during 2001. The finance subsector will show about 2.5 percent improvement with depository employment moving sluggishly, about 1.5 to 2 percent throughout the year, and nondepository employment accelerating to about 5 percent. The insurance and real estate subsectors should grow fast enough to break even and show small positive gains, 0.5 percent per subsector. Recent monetary loosening should help the real estate subsector considerably. Gains in positive expectations and improved wealth effect also contribute to the health of the real estate subsector.

Services

Tom Doering

Over half of the gain in last year's total nonfarm employment in Nebraska came from job growth in the services sector. Employment in services grew 3.5 percent in 2000, compared to 1.3 percent for all other nonfarm jobs. The services sector gains continue a long trend of above average growth in the state. That trend also is projected to continue throughout the forecast period. However, the services growth rate will slow to 2.8 percent in 2001, due to a slowdown in the overall economy. In addition, the rates of job growth in services in the next few years likely will not be as high as in

most years during the 1990s because of Nebraska's relatively tight labor market. The state has among the nation's highest labor force participation rates and employment-to-population ratios.

Rooms have been rapidly added in Nebraska's lodging industry, but occupancy rates declined from 59.2 percent in 1999 to 57.2 percent in 2000. Rising gasoline prices slowed demand for travel and commercial lodging in 2000 and likely will slow the demand in 2001. Consequently, the forecast for this services sector employment component is 1.5 percent in 2001, only slightly better than the 1.2 percent gain in 2000.

The business services subsector consists of advertising, computer and data processing services, equipment rental and leasing, etc. The business services segment is one of the largest and fastest growing industries in Nebraska's services sector. But, largely because of the expected general slowdown in the national economy, employment growth in this industry is projected to drop to 3.5 percent in 2001 from 6.4 percent in 2000.

The health services industry currently is the largest employer in the Nebraska services sector. It should experience solid long-term growth in both metro and nonmetro areas because of the state's growing elderly population. The industry's employment is forecast to increase 3 percent in 2001, up from 1.6 percent in 2000, and at faster rates thereafter.

Government

John Austin

Federal government employment did not fall as fast in 2000 as it had throughout the 1990s. That reversal of trend was due to the hiring of census workers. In the absence of census hires, Nebraska's federal government employment will continue its long downward trend. Some of that loss could be tempered if additional national defense spending results in additional military employment at Nebraska's major military installation.

State and local government employment patterns continue to defy the notion that jobs will be cut in this employment sector. Despite state employment freezes and local spending limitation mandates, employment continues to grow. The forecast calls for continued moderate growth.

Income

Nonfarm Personal Income

John Austin

Growth in employment, combined with growth in wage rates, yields estimates of the growth in total nonfarm wages and salaries. In 2001 employment growth will slacken its pace of advance and wage rate growth will ease as pressure from the tight labor market is reduced and overall inflation remains in check. The forecast for 2001 is that total nonfarm wages and salaries will increase 5.9 percent—more than a full percentage point below last year's advance. With a resumption of job growth in 2002 and some increased tightness in labor markets, total nonfarm wages and salaries will move toward 7 percent growth in 2003 (Table 2).

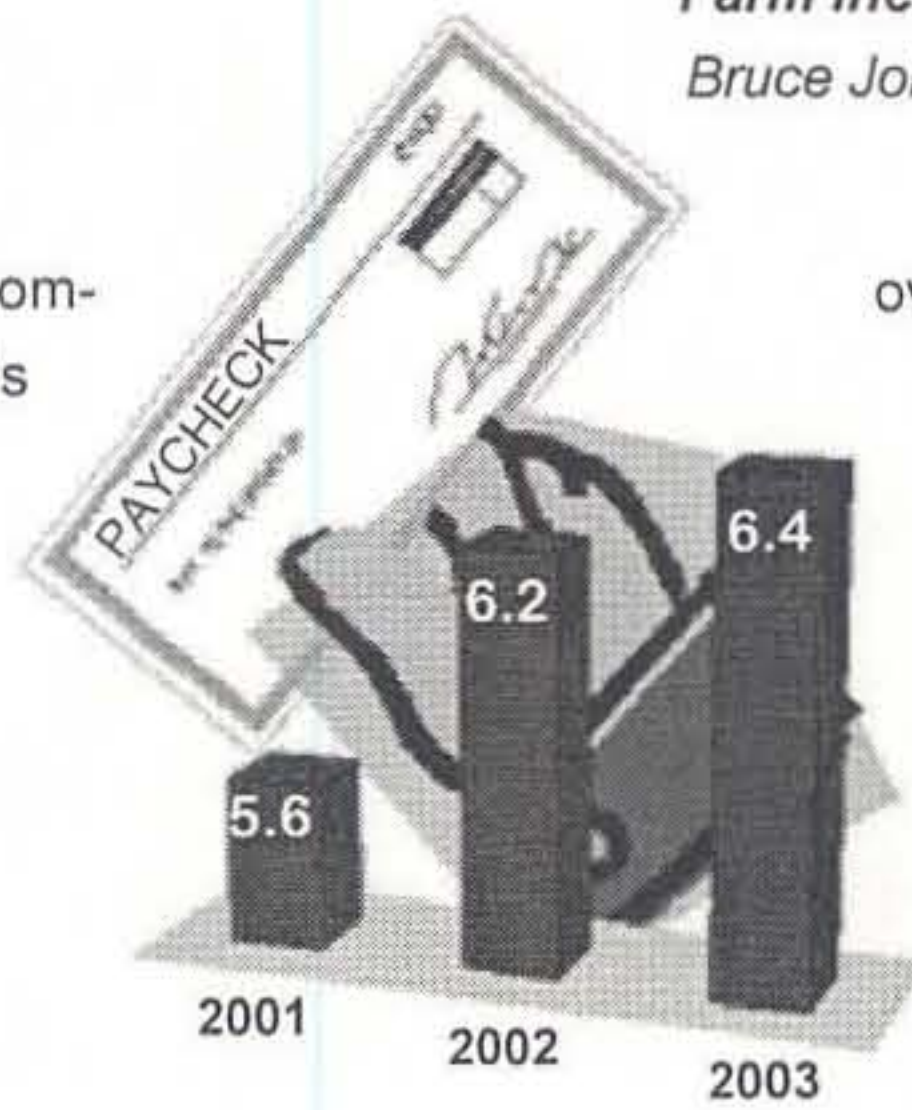
Lowered interest rates and reduced stock market earnings combine to reduce the income expected from the dividends, interest, and rent (DIR) component. DIR income is expected to grow 5 percent in 2001. Growth rates will improve only marginally thereafter for the remainder of the forecast period.

Growth in other labor income (benefits) continues to improve from the low growth rates experienced in the late 1990s. Despite the expected improvement, this component will not keep pace with the growth of nonfarm wages and salaries.

Nonfarm proprietors' income will continue to be the fastest growing major segment of nonfarm personal income. Expected growth in 2001 will nearly match the performance of 2000. Growth in 2002 and 2003 is expected to reach 7.5 percent per year—a virtual match to the long-term average annual growth rate of the 1990s.

Farm Income

Bruce Johnson



A 9 percent reduction in 2001 net farm income over 2000 levels to \$1.7 million is expected, primarily due to the decline in government payments and increased production expenses. The 2001 net farm income level will approach 76 percent of the annual average during the 1990s. USDA expectations of about a 40 percent reduction of government payments in 2001 from record levels in 2000 would essentially reduce dollar inflows into Nebraska's farm sector by more than \$550 million. Substantial increases in fertilizer costs in 2001 will reduce income flows further for crop producers. Most grain prices will remain low throughout the year, averaging as much as 20 percent below 1995 to 1999 levels. A shift to more soybean acreage, coupled with expanding foreign supplies, could drive soybean prices even lower in 2001.

The livestock price outlook will remain mixed through 2001. Fed cattle prices should remain fairly strong throughout 2001, providing positive income impact for Nebraska's agricultural sector. However, recent major focus on mad cow disease and foot and mouth disease in Europe could curtail some domestic consumption for many years.

While both grain and meat exports appear staged for some recovery in the near future, the unsettled world economy, coupled with a continuing relatively strong dollar have reduced the likelihood of any significant shifts in 2001 and early 2002. In addition, recent political stress between the U.S. and China will, at minimum, slow the trade flow with China under recently enacted most favored nation status, leading to rather limited agricultural export potential in the short term.

Table 2
Nonfarm Personal Income and Selected Components, and Net Farm Income (USDA)

Annual Totals (\$ millions)

	<i>Nonfarm Personal Income</i>	<i>DIR¹</i>	<i>Transfer Payments</i>	<i>Nonfarm Wages & Salaries</i>	<i>Other Labor Income</i>	<i>Nonfarm Proprietors' Income</i>	<i>Net Farm Income (USDA Basis)</i>
1998	41,414	8,866	5,472	23,455	2,748	3,367	1,833
1999	43,580	9,228	5,678	24,883	2,837	3,605	1,651
2000	46,369	9,761	5,993	26,646	2,930	3,851	1,900
2001	48,962	10,249	6,293	28,211	3,050	4,120	1,729
2002	51,980	10,781	6,607	30,113	3,178	4,429	1,643
2003	55,320	11,364	6,938	32,253	3,311	4,762	1,890

Annual Percent Changes

1998	6.0	5.6	5.5	6.5	1.9	7.2	-11.4
1999	5.2	4.1	3.8	6.1	3.2	7.1	-9.9
2000	6.4	5.8	5.5	7.1	3.3	6.8	15.1
2001	5.6	5.0	5.0	5.9	4.1	7.0	-9.0
2002	6.2	5.2	5.0	6.7	4.2	7.5	-5.0
2003	6.4	5.4	5.0	7.1	4.2	7.5	15.0

Average Annual Growth Rates

1990 to 1992	5.6	3.4	8.7	5.5	9.1	3.9	0.1
1992 to 1995	5.9	5.4	5.9	5.6	3.6	11.3	-13.3
1995 to 2000	5.8	5.2	5.0	6.6	1.5	6.5	3.1
1990 to 2000	5.8	4.9	6.0	6.1	3.6	7.4	-2.7

¹DIR: Dividends, Interest and Rent

Note: The nonfarm personal income and net farm income columns are from different sources and do not add to total personal income. Data shown exclude adjustments for place of residence and personal contributions for social insurance.

Additional reductions in government payments in 2002 and continuing anemic U.S. agricultural exports, will reduce net farm income levels further. Net farm income for the state could fall to \$1.6 billion—5 percent below 2001 levels. Crop commodity prices will not turn upward significantly in 2002, unless serious weather conditions curtail world production, or declining interest rates weaken the dollar sufficiently to make U.S. agricultural commodities more attractive to foreign buyers. Barring political intervention that would issue emergency farm relief payments in 2002, the major crop sector likely will continue to experience economic stress and income shortfalls.

Income potential in the cattle industry should remain strong through 2002, if U.S. demand is not shocked down-

ward by consumer shifts in diet due to recent events in Europe.

Some economic recovery in production agriculture should be evident in 2003, with a 15 percent increase in net farm income over 2002 levels. World demand and supply conditions likely will lead to higher prices for the major crop commodities. Still, the net income total may be at least 10 percent short of the 1990s average for the state. The economic condition in 2003 largely will depend upon government program policy that is undetermined. However, given the current political agenda, major government transfusions of funds into the nation's agricultural production sector appear remote.

Net Taxable Retail Sales

Franz Schwarz

Other net taxable retail sales grew 5.2 percent during the first half of 2000 and 1.5 percent the second half of the year, compared to 1999. Motor vehicle net taxable retail sales grew 6.1 percent the first half of 2000 and 0.4 percent the second half. These growth rates mirrored the behavior of consumer confidence as measured by the Conference Board and the University of Michigan Indexes. January 2001 showed some improvement in other net taxable retail sales to 4.3 percent, but motor vehicle net taxable sales experienced a decline of 0.9 percent compared to January 2000. Some of the decline, especially in motor vehicle retail sales, may be attributed to bad weather during November and December 2000 and January 2001. High heating costs, and associated concerns last winter likely contributed to Nebraska's reduction in total retail sales.

The biggest impact on net taxable retail sales in 2001 is expected to be in motor vehicle sales. Consumer confidence is not expected to improve dramatically until the first quarter of 2002. Overall inflation rates will remain around 2 percent over the forecast period. Recent action by the Federal Reserve and the expected reduction in federal taxes will enhance the outlook of net taxable retail sales in 2002 and 2003.

Total net taxable sales in 2001 are forecast to grow 3.6 percent, or about 70 percent of the normal expected growth (Table 3). Net taxable retail sales growth is estimated to be 4.7 percent in 2002, and will return to the normal growth rate of 5.2 percent in 2003.

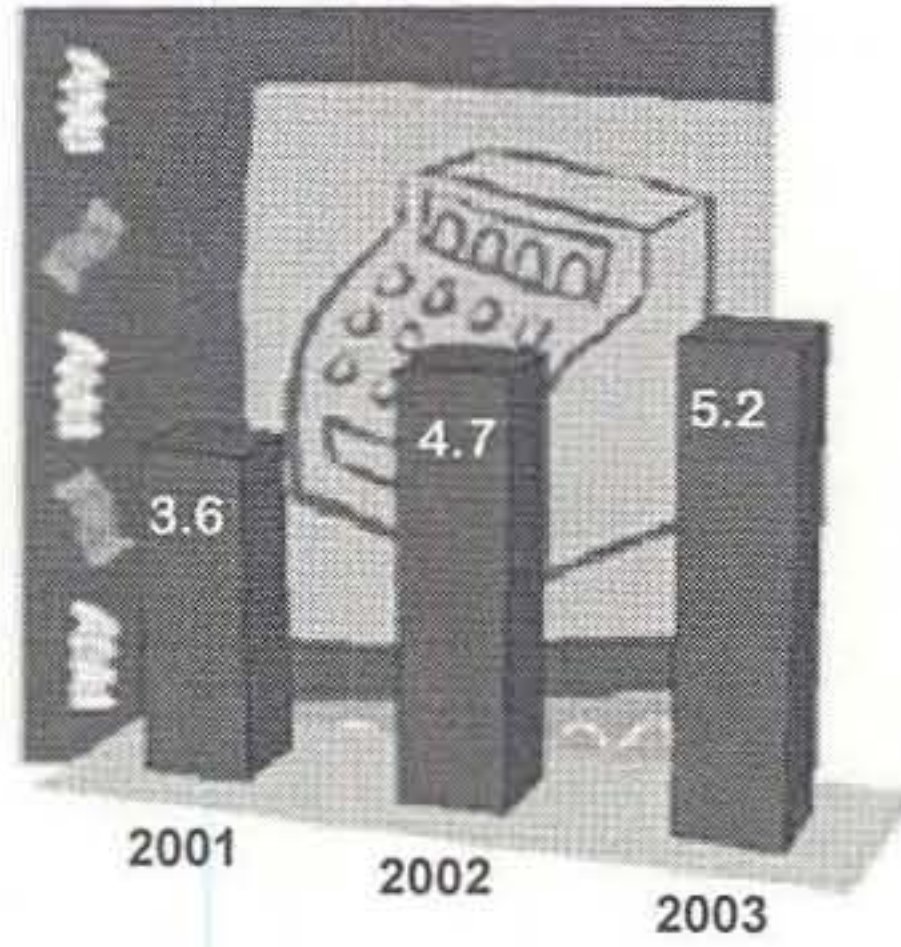


Table 3
Net Taxable Retail Sales

Annual Totals (\$ millions)

	Total Sales	Motor Vehicle	Other Sales
1998	19,005	2,417	16,588
1999	19,806	2,520	17,286
2000	20,443	2,605	17,838
2001	21,185	2,681	18,505
2002	22,189	2,815	19,374
2003	23,343	3,000	20,343

Annual Percent Changes

	Total Sales	Motor Vehicle	Other Sales
1998	6.7	9.6	6.3
1999	4.2	4.3	4.2
2000	3.2	3.4	3.2
2001	3.6	2.9	3.7
2002	4.7	5.0	4.7
2003	5.2	6.6	5.0

Average Annual Growth Rates

	Total Sales	Motor Vehicle	Other Sales
1990 to 1992	3.6	-0.5	4.1
1992 to 1995	5.8	8.2	5.5
1995 to 2000	5.2	6.7	5.0
1990 to 2000	5.4	6.8	5.2

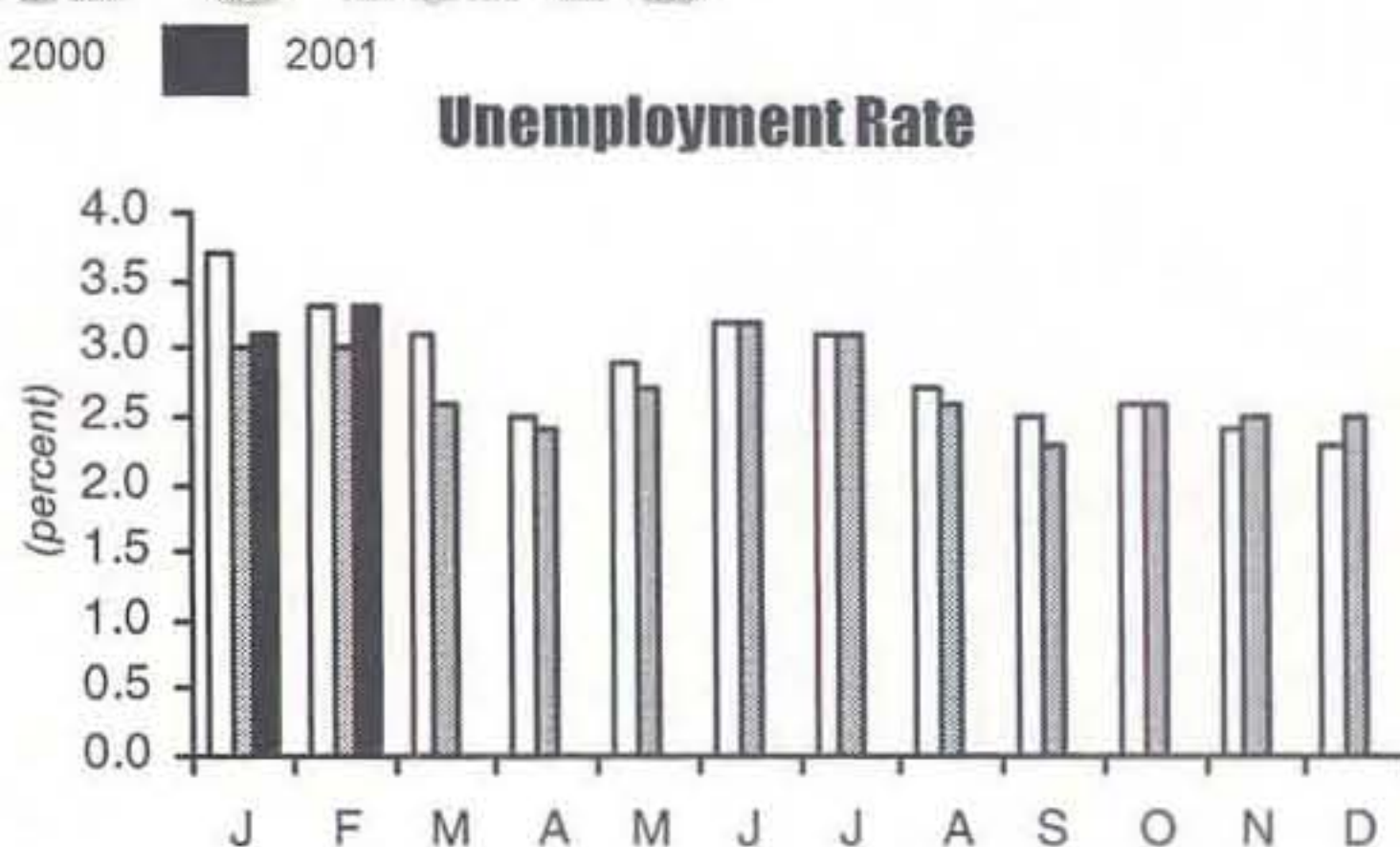
BBR is grateful for the help of the Nebraska Business Forecast Council. Serving this session were: Tom Doering, Department of Economic Development; Ernie Goss, Department of Economics and Finance, Creighton University; Bruce Johnson, Department of Agricultural Economics, UNL; Gene Koepke, Department of Management and Marketing, UNK; Donis Petersan, Nebraska Public Power District; Franz Schwarz, Nebraska Department of Revenue; Bryan Skalberg, Nebraska Department of Labor; Keith Turner, Department of Economics, UNO (emeritus); Charles Lamphear and John Austin, BBR.

Nebraska Stats

Total Nonfarm Wage & Salary Employment

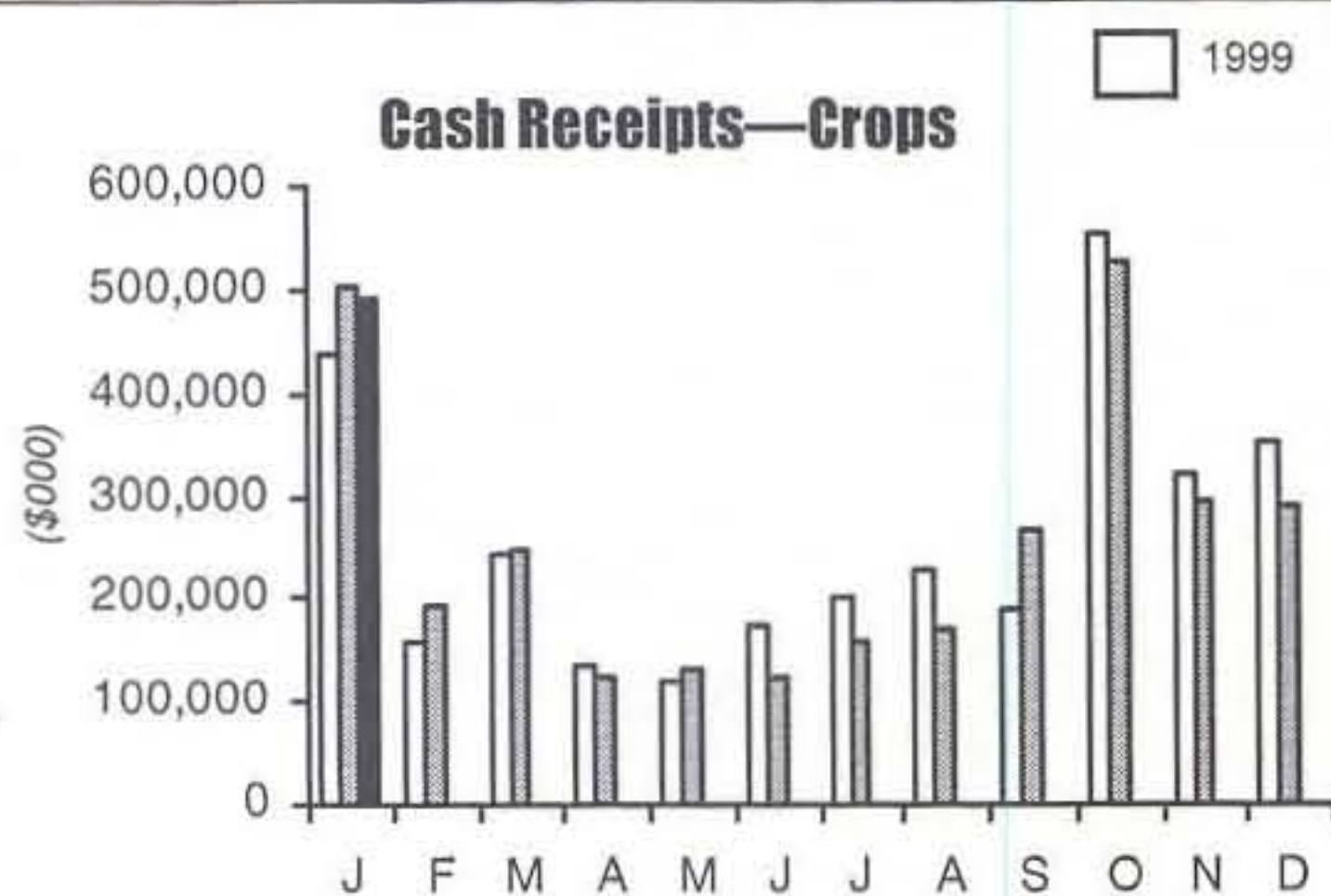


Unemployment Rate

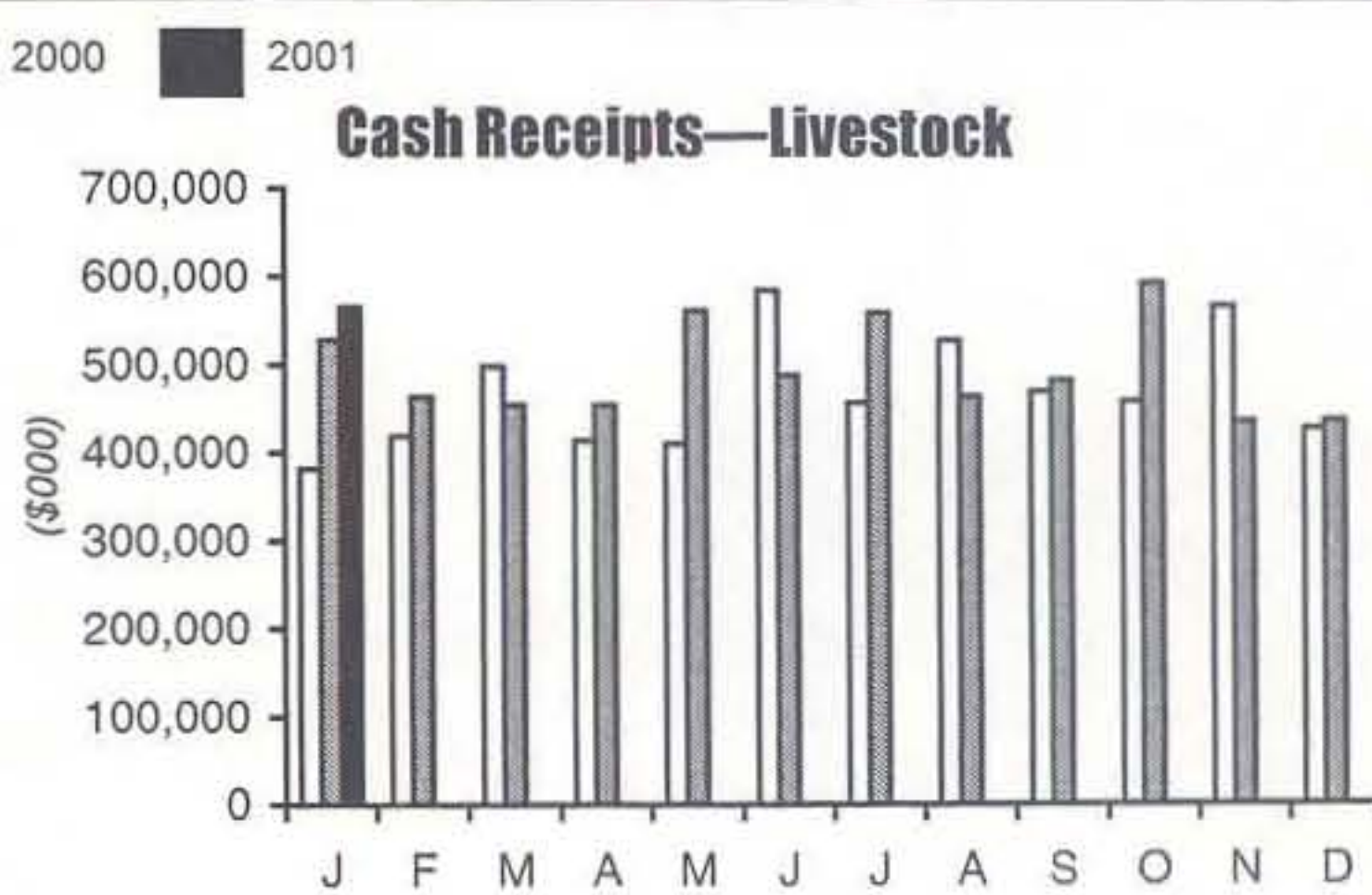


Note: All 1999 and January-March 2000 data are benchmarked. April-March 2000 data are estimates and will be benchmarked in early 2002. Data for April-December 2001 are estimates until benchmarked in 2003. All estimates are the most current revised data available.

Cash Receipts—Crops



Cash Receipts—Livestock



Net Taxable Retail Sales* for Nebraska Cities (\$000)

	January 2001 (\$000)	YTD (\$000)	YTD % Change vs Yr. Ago		January 2001 (\$000)	YTD (\$000)	YTD % Change vs Yr. Ago
Ainsworth, Brown	1,547	1,547	21.4	Kenesaw, Adams	427	427	44.3
Albion, Boone	1,342	1,342	-0.4	Kimball, Kimball	1,714	1,714	21.9
Alliance, Box Butte	5,448	5,448	8.4	La Vista, Sarpy	9,929	9,929	15.1
Alma, Harlan	493	493	30.1	Laurel, Cedar	310	310	17.0
Arapahoe, Furnas	745	745	5.4	Lexington, Dawson	7,217	7,217	9.3
Arlington, Washington	252	252	10.0	Lincoln, Lancaster	214,074	214,074	9.4
Arnold, Custer	239	239	-50.0	Louisville, Cass	372	372	14.8
Ashland, Saunders	1,176	1,176	32.1	Loup City, Sherman	434	434	14.5
Atkinson, Holt	922	922	14.0	Lyons, Burt	411	411	23.8
Auburn, Nemaha	2,358	2,358	8.9	Madison, Madison	810	810	-5.2
Aurora, Hamilton	2,307	2,307	14.9	McCook, Red Willow	8,584	8,584	-15.1
Axtell, Kearney	60	60	50.0	Millard, Seward	1,513	1,513	23.4
Bassett, Rock	369	369	11.5	Minatare, Scotts Bluff	110	110	-20.3
Battle Creek, Madison	889	889	41.8	Minden, Kearney	1,625	1,625	12.5
Bayard, Morrill	523	523	20.0	Mitchell, Scotts Bluff	500	500	-22.4
Beatrice, Gage	11,822	11,822	19.1	Morrill, Scotts Bluff	485	485	15.8
Beaver City, Furnas	137	137	13.2	Nebraska City, Otoe	5,378	5,378	8.6
Bellevue, Sarpy	19,519	19,519	13.5	Neligh, Antelope	1,163	1,163	7.8
Benkelman, Dundy	499	499	-1.2	Newman Grove, Madison	333	333	31.1
Bennington, Douglas	469	469	27.1	Norfolk, Madison	28,998	28,998	5.2
Blair, Washington	7,502	7,502	19.4	North Bend, Dodge	529	529	36.7
Bloomfield, Knox	557	557	34.5	North Platte, Lincoln	22,421	22,421	11.8
Blue Hill, Webster	424	424	9.3	O'Neill, Holt	4,147	4,147	2.5
Bridgeport, Morrill	1,117	1,117	20.4	Oakland, Burt	643	643	21.8
Broken Bow, Custer	3,436	3,436	2.2	Ogallala, Keith	4,800	4,800	-0.7
Burwell, Garfield	710	710	12.0	Omaha, Douglas	488,384	488,384	1.1
Cairo, Hall	199	199	13.1	Ord, Valley	1,838	1,838	8.5
Central City, Merrick	1,611	1,611	2.9	Osceola, Polk	417	417	-6.5
Ceresco, Saunders	1,189	1,189	-10.8	Oshkosh, Garden	551	551	47.3
Chadron, Dawes	7,056	7,056	59.7	Osmond, Pierce	270	270	-20.4
Chappell, Deuel	532	532	16.7	Oxford, Furnas	552	552	24.6
Clarkson, Colfax	354	354	20.0	Papillion, Sarpy	8,100	8,100	23.3
Clay Center, Clay	255	255	-39.7	Pawnee City, Pawnee	358	358	18.9
Columbus, Platte	18,519	18,519	-0.5	Pender, Thurston	715	715	19.4
Cozad, Dawson	2,877	2,877	2.9	Pierce, Pierce	667	667	14.0
Crawford, Dawes	460	460	26.7	Plainview, Pierce	685	685	6.5
Creighton, Knox	1,132	1,132	16.9	Plattsmouth, Cass	3,472	3,472	20.6
Crete, Saline	2,935	2,935	10.4	Ponca, Dixon	260	260	38.3
Crofton, Knox	319	319	15.2	Ralston, Douglas	3,488	3,488	22.5
Curtis, Frontier	374	374	23.4	Randolph, Cedar	420	420	17.3
Dakota City, Dakota	382	382	20.5	Ravenna, Buffalo	620	620	15.7
David City, Butler	1,594	1,594	11.3	Red Cloud, Webster	662	662	11.8
Deshler, Thayer	365	365	36.7	Rushville, Sheridan	411	411	11.4
Dodge, Dodge	225	225	18.4	Sargent, Custer	215	215	28.0
Doniphan, Hall	1,281	1,281	-22.4	Schuyler, Colfax	2,134	2,134	27.3
Eagle, Cass	211	211	21.3	Scottsbluff, Scotts Bluff	21,168	21,168	9.5
Elgin, Antelope	445	445	7.5	Scribner, Dodge	400	400	26.2
Elkhorn, Douglas	1,936	1,936	37.2	Seward, Seward	4,718	4,718	6.2
Elm Creek, Buffalo	351	351	-9.8	Shelby, Polk	374	374	16.5
Elwood, Gosper	252	252	18.9	Shelton, Buffalo	501	501	34.7
Fairbury, Jefferson	3,030	3,030	2.6	Sidney, Cheyenne	7,694	7,694	7.0
Fairmont, Fillmore	191	191	20.1	South Sioux City, Dakota	6,936	6,936	-2.0
Falls City, Richardson	2,282	2,282	9.3	Springfield, Sarpy	409	409	-17.7
Franklin, Franklin	604	604	26.6	St. Paul, Howard	1,341	1,341	28.2
Fremont, Dodge	21,768	21,768	0.5	Stanton, Stanton	708	708	28.7
Friend, Saline	647	647	54.8	Stromsburg, Polk	811	811	19.3
Fullerton, Nance	565	565	9.1	Superior, Nuckolls	1,391	1,391	7.7
Geneva, Fillmore	1,236	1,236	0.9	Sutherland, Lincoln	414	414	14.0
Genoa, Nance	349	349	29.7	Sutton, Clay	819	819	15.7
Gering, Scotts Bluff	3,753	3,753	-0.2	Syracuse, Otoe	985	985	5.8
Gibbon, Buffalo	804	804	13.4	Tecumseh, Johnson	961	961	23.4
Gordon, Sheridan	1,327	1,327	-1.4	Tekamah, Burt	998	998	16.5
Gothenburg, Dawson	2,196	2,196	15.0	Tilden, Madison	253	253	-25.8
Grand Island, Hall	51,285	51,285	10.8	Utica, Seward	423	423	55.5
Grant, Perkins	964	964	7.5	Valentine, Cherry	4,744	4,744	33.9
Gretna, Sarpy	2,399	2,399	24.0	Valley, Douglas	804	804	-15.1
Hartington, Cedar	1,638	1,638	22.7	Wahoo, Saunders	2,442	2,442	11.6
Hastings, Adams	20,213	20,213	12.1	Wakefield, Dixon	293	293	-9.3
Hay Springs, Sheridan	412	412	17.0	Wauneta, Chase	354	354	4.4
Hebron, Thayer	977	977	-35.3	Waverly, Lancaster	1,109	1,109	57.3
Henderson, York	544	544	20.4	Wayne, Wayne	4,397	4,397	34.5
Hickman, Lancaster	274	274	8.7	Weeping Water, Cass	615	615	23.2
Holdrege, Phelps	4,192	4,192	13.4	West Point, Cuming	4,955	4,955	61.0
Hooper, Dodge	556	556	36.3	Wilber, Saline	499	499	10.6
Humboldt, Richardson	319	319	7.4	Wisner, Cuming	484	484	2.5
Humphrey, Platte	655	655	11.6	Wood River, Hall	367	367	17.6
Imperial, Chase	1,614	1,614	9.3	Wymore, Gage	545	545	25.3
Juniata, Adams	307	307	34.6	York, York	9,308	9,308	2.1
Kearney, Buffalo	32,185	32,185	5.8				

*Does not include motor vehicle sales. Motor vehicle net taxable retail sales are reported by county only.

Source: Nebraska Department of Revenue

Net Taxable Retail Sales for Nebraska Counties (\$000)

	Motor Vehicle Sales			Other Sales				Motor Vehicle Sales			Other Sales		
	January 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago	January 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago		January 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago	January 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago
Nebraska	187,916	187,916	-0.9	1,390,429	1,390,429	4.3	Howard	900	900	10.2	1,701	1,701	25.9
Adams	3,201	3,201	-9.7	21,116	21,116	11.7	Jefferson	1,035	1,035	3.1	4,069	4,069	6.2
Antelope	900	900	-25.0	1,915	1,915	8.0	Johnson	561	561	-2.9	1,341	1,341	22.7
Arthur	37	37	-54.9	(D)	(D)	(D)	Kearney	1,149	1,149	25.0	1,770	1,770	13.4
Banner	164	164	5.1	(D)	(D)	(D)	Keith	1,506	1,506	-3.9	5,089	5,089	-1.5
Blaine	106	106	-31.2	(D)	(D)	(D)	Keya Paha	128	128	-9.9	74	74	-18.7
Boone	776	776	-3.5	1,763	1,763	3.2	Kimball	656	656	47.1	1,744	1,744	21.9
Box Butte	1,131	1,131	-33.1	5,777	5,777	9.5	Knox	995	995	-22.7	2,671	2,671	18.9
Boyd	167	167	-12.6	466	466	2.0	Lancaster	23,377	23,377	5.2	218,036	218,036	10.2
Brown	392	392	-35.5	1,600	1,600	19.9	Lincoln	3,970	3,970	10.1	23,332	23,332	11.3
Buffalo	4,488	4,488	-11.7	34,771	34,771	6.3	Logan	179	179	-23.2	(D)	(D)	(D)
Burt	1,085	1,085	20.0	2,292	2,292	18.1	Loup	67	67	-43.2	(D)	(D)	(D)
Butler	1,332	1,332	21.1	2,146	2,146	14.3	McPherson	132	132	-25.8	(D)	(D)	(D)
Cass	2,651	2,651	-5.0	6,326	6,326	20.2	Madison	3,207	3,207	-5.8	31,386	31,386	5.7
Cedar	1,203	1,203	16.2	2,611	2,611	20.7	Merrick	1,150	1,150	-15.4	2,210	2,210	7.8
Chase	855	855	8.1	2,001	2,001	-1.5	Morrill	936	936	-3.8	1,666	1,666	21.1
Cherry	1,013	1,013	10.5	4,910	4,910	33.0	Nance	683	683	16.2	930	930	16.8
Cheyenne	1,231	1,231	-5.1	8,001	8,001	7.2	Nemaha	859	859	8.3	2,790	2,790	13.6
Clay	1,057	1,057	-2.3	2,045	2,045	2.8	Nuckolls	639	639	-36.2	2,240	2,240	22.5
Colfax	1,316	1,316	12.6	2,971	2,971	22.8	Otoe	1,671	1,671	-4.1	6,768	6,768	7.9
Cuming	1,441	1,441	11.2	5,977	5,977	49.5	Pawnee	327	327	-21.6	563	563	22.1
Custer	1,860	1,860	2.0	4,451	4,451	-1.9	Perkins	629	629	-23.8	1,153	1,153	8.4
Dakota	1,536	1,536	-18.5	8,011	8,011	0.7	Phelps	1,532	1,532	-4.8	4,510	4,510	14.6
Dawes	926	926	-1.6	7,517	7,517	57.2	Pierce	782	782	-17.8	1,679	1,679	4.4
Dawson	3,005	3,005	-10.9	12,576	12,576	7.6	Platte	3,670	3,670	-9.1	19,756	19,756	0.7
Deuel	350	350	7.4	1,105	1,105	11.7	Polk	745	745	-41.2	1,820	1,820	12.3
Dixon	684	684	-5.3	672	672	7.3	Red Willow	1,532	1,532	-3.0	8,870	8,870	-14.7
Dodge	3,532	3,532	-4.2	23,810	23,810	2.6	Richardson	996	996	-8.9	2,951	2,951	12.0
Douglas	42,702	42,702	1.4	496,515	496,515	1.3	Rock	231	231	-0.9	379	379	11.1
Dundy	517	517	30.9	506	506	-1.7	Saline	1,729	1,729	-7.3	4,601	4,601	17.7
Fillmore	1,084	1,084	-19.6	2,232	2,232	9.0	Sarpy	13,100	13,100	5.7	42,401	42,401	15.9
Franklin	744	744	45.6	835	835	25.0	Saunders	2,687	2,687	-0.5	6,266	6,266	9.5
Frontier	638	638	-0.3	693	693	30.5	Scotts Bluff	3,855	3,855	-10.3	26,089	26,089	7.1
Furnas	926	926	24.6	2,433	2,433	21.4	Seward	2,060	2,060	12.7	6,915	6,915	12.1
Gage	2,771	2,771	1.0	13,480	13,480	22.6	Sheridan	936	936	-17.4	2,436	2,436	4.8
Garden	332	332	7.4	706	706	32.5	Sherman	500	500	16.3	547	547	13.7
Garfield	280	280	13.4	710	710	12.0	Sioux	294	294	-34.8	92	92	-8.9
Gosper	415	415	-3.3	324	324	20.0	Stanton	672	672	17.5	935	935	37.1
Grant	190	190	49.6	327	327	66.8	Thayer	941	941	0.0	1,847	1,847	-20.5
Greeley	693	693	76.8	589	589	13.7	Thomas	175	175	-21.9	216	216	6.9
Hall	5,368	5,368	-6.7	53,486	53,486	9.9	Thurston	467	467	4.2	940	940	30.0
Hamilton	1,378	1,378	-13.0	2,581	2,581	13.3	Valley	618	618	-1.1	1,996	1,996	7.5
Harlan	683	683	7.6	606	606	22.4	Washington	2,625	2,625	10.9	8,623	8,623	24.0
Hayes	301	301	56.0	(D)	(D)	(D)	Wayne	1,193	1,193	21.0	4,540	4,540	31.4
Hitchcock	707	707	27.6	695	695	28.5	Webster	651	651	-8.2	1,196	1,196	12.6
Holt	1,263	1,263	-24.1	5,655	5,655	5.0	Wheeler	254	254	238.7	64	64	4.9
Hooker	141	141	48.4	295	295	56.1	York	1,990	1,990	-6.9	10,326	10,326	-6.0

*Totals may not add due to rounding
(D) Denotes disclosure suppression

Source: Nebraska Department of Revenue

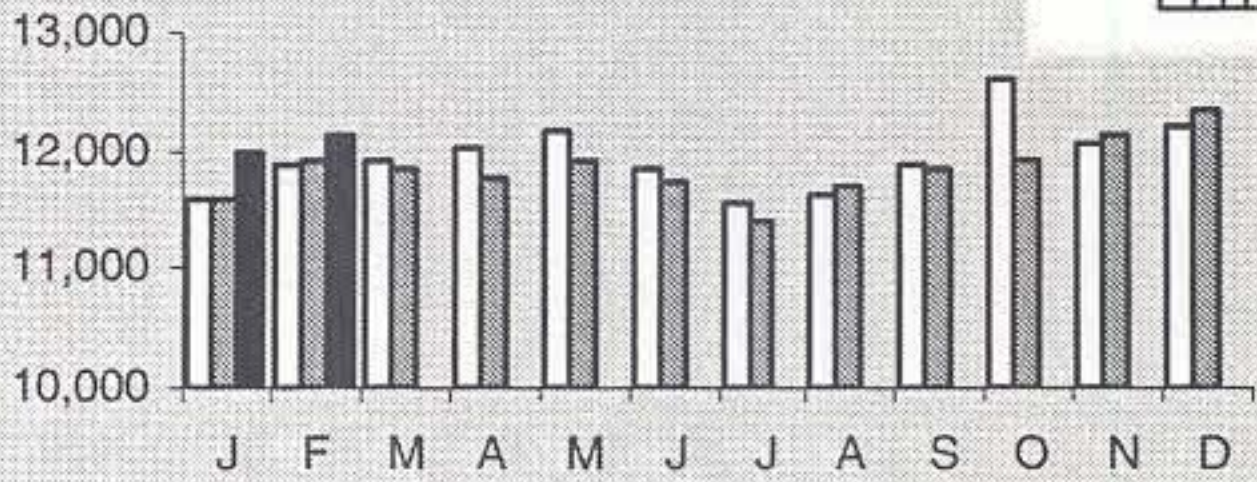
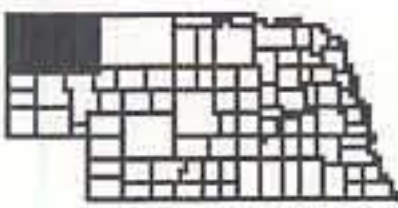
Note on Net Taxable Retail Sales

Users of this series should be aware that taxable retail sales are not generated exclusively by traditional outlets such as clothing, discount, and hardware stores. While businesses classified as retail trade firms account for, on average, slightly more than half of total taxable sales, sizable portions of taxable sales are generated by service establishments, electric and gas utilities, wholesalers, telephone and cable companies, and manufacturers.

Regional Nonfarm Wage and Salary Employment* 1999 to February** 2001

1999 2000 2001

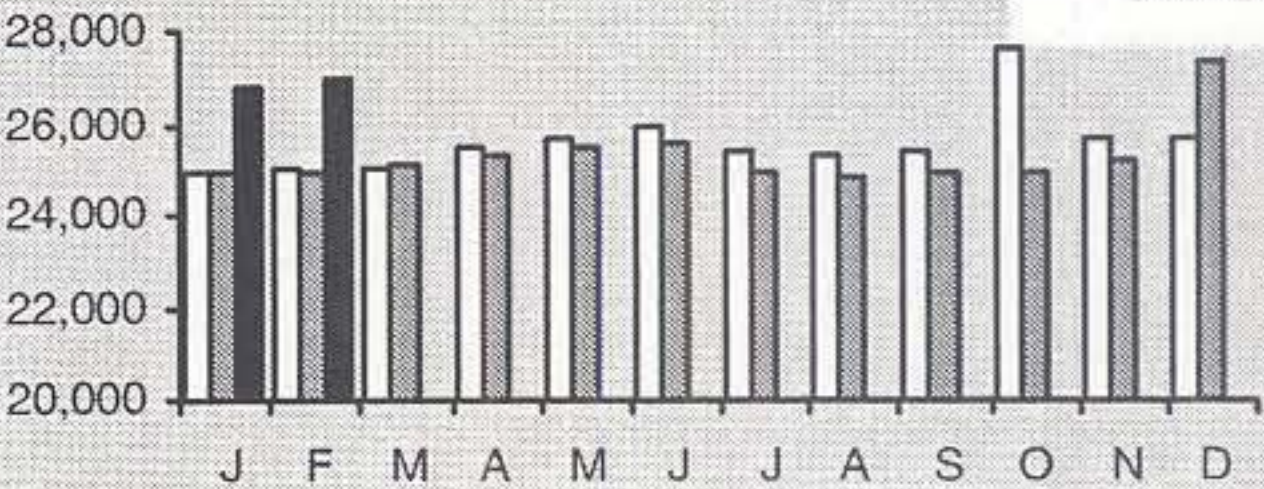
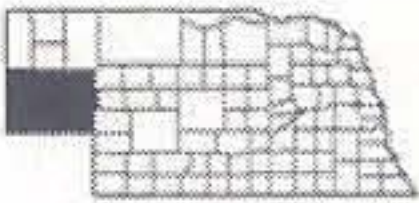
Northwest Panhandle



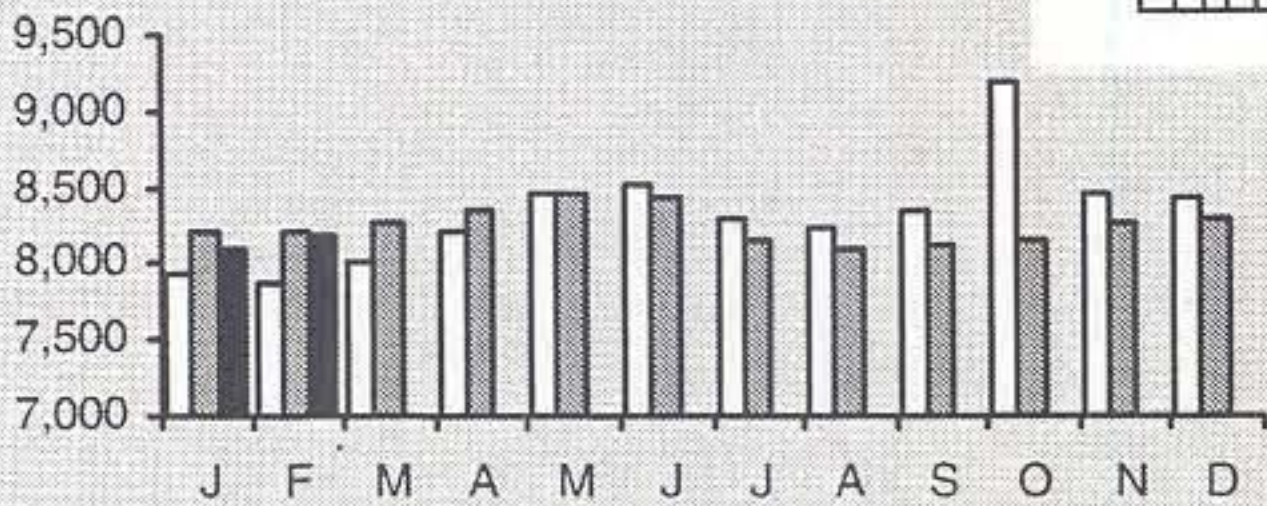
Note to Readers

The charts on pages 12 and 13 report nonfarm employment by place of work for each region.

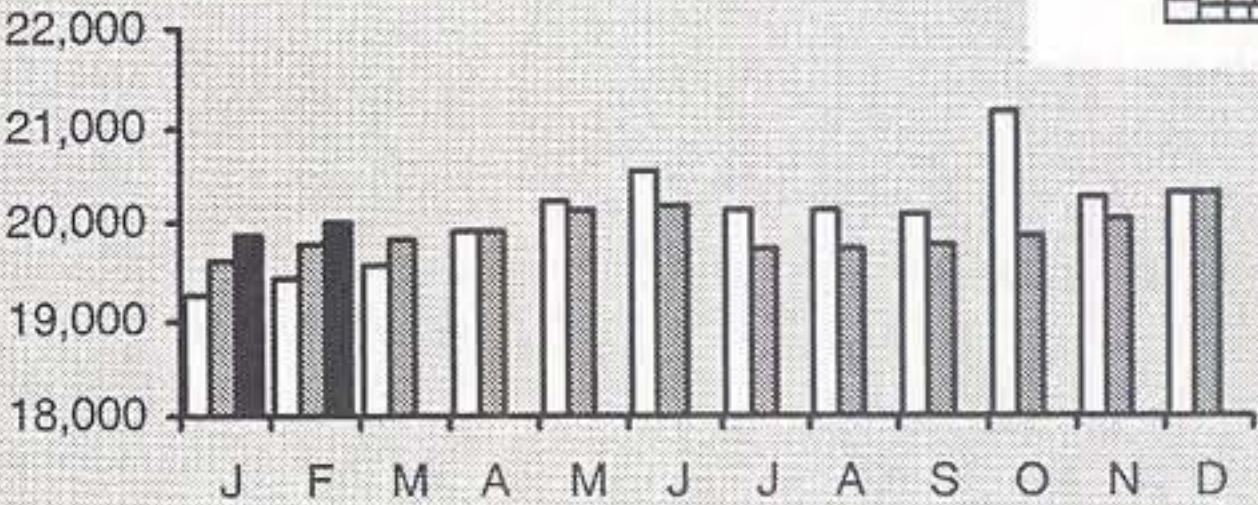
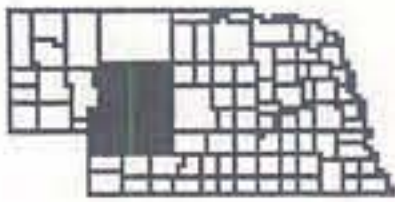
Southwest Panhandle



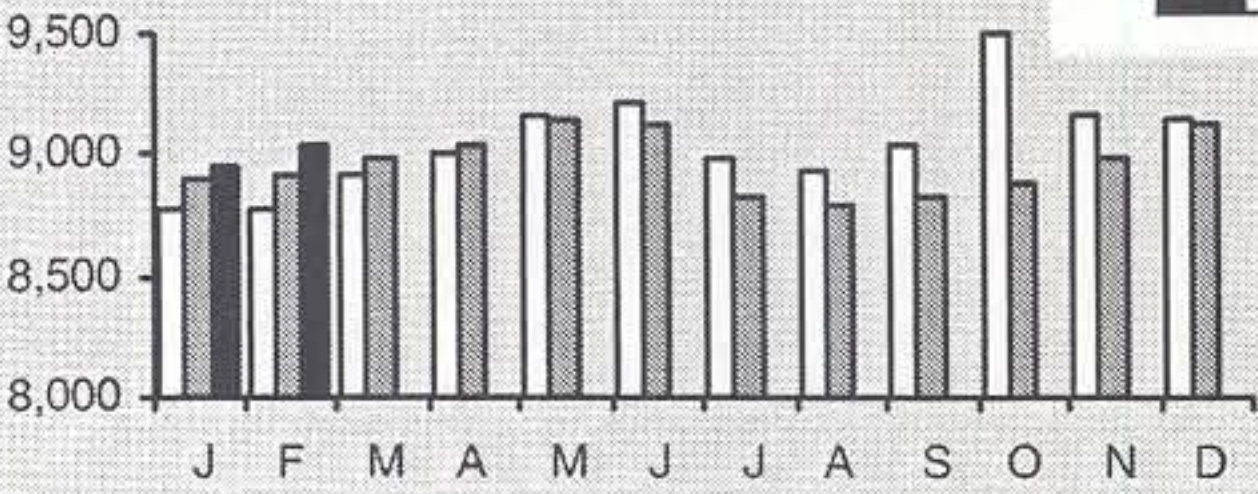
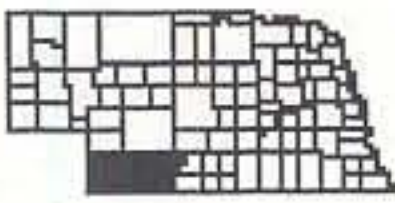
North Central



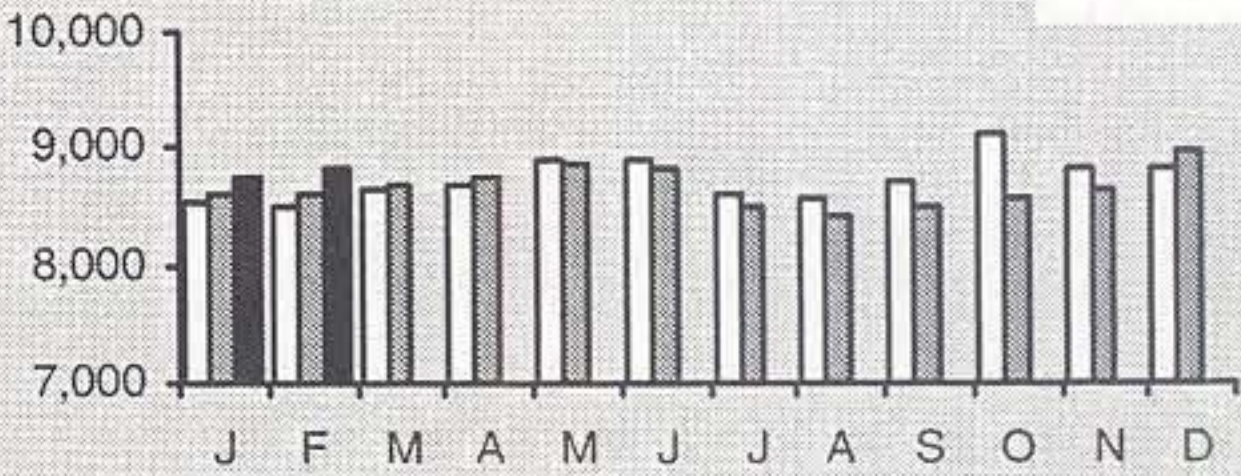
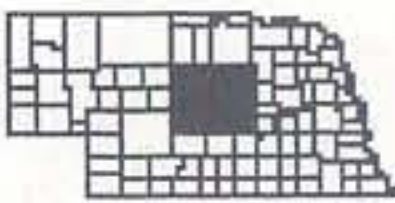
West Central



Southwest Central



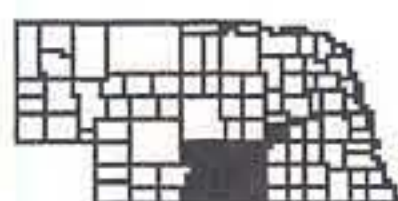
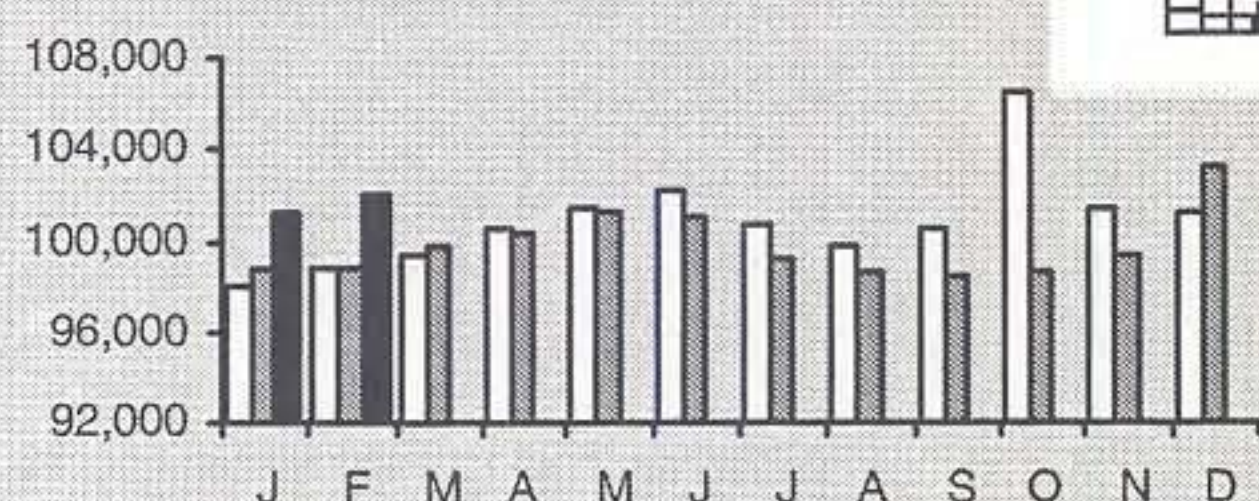
East Central



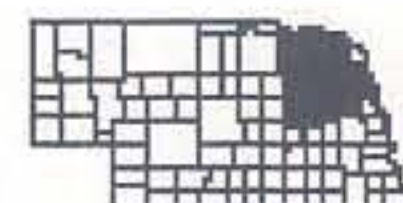
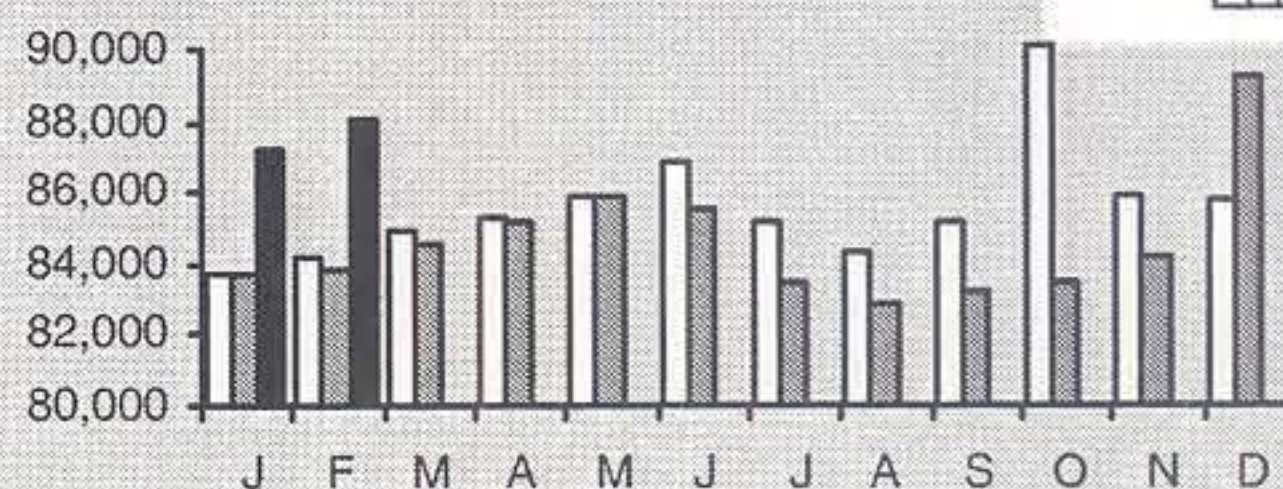
Regional Nonfarm Wage and Salary Employment* 1999 to February** 2001

1999 2000 2001

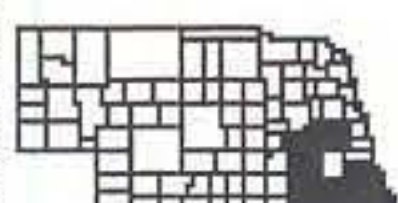
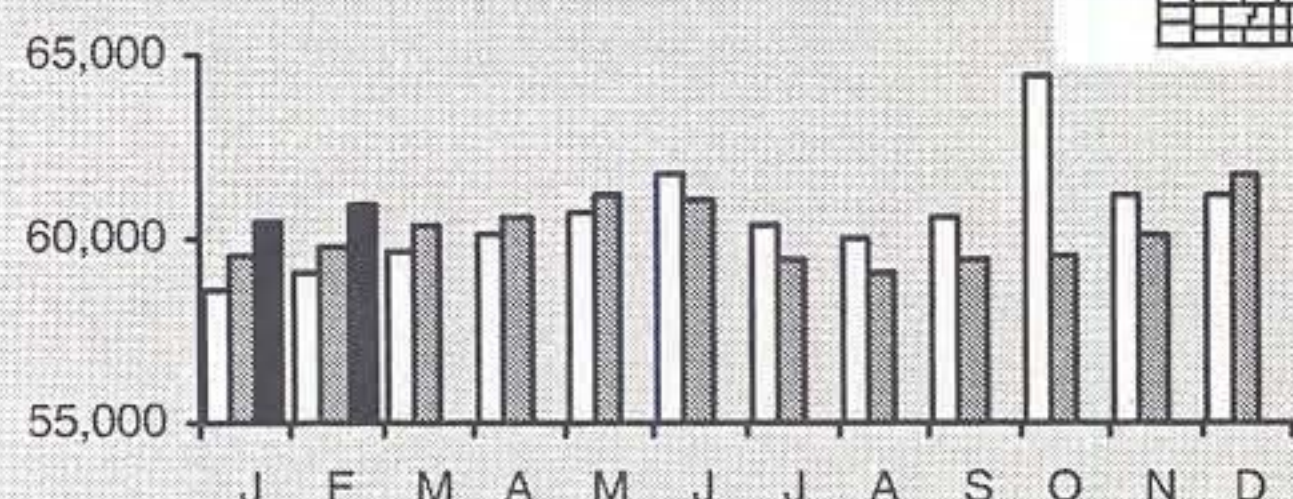
Southeast Central



Northeast

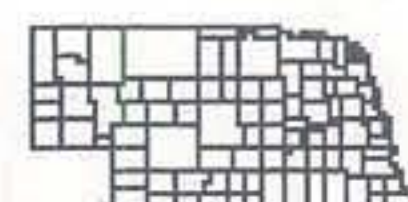
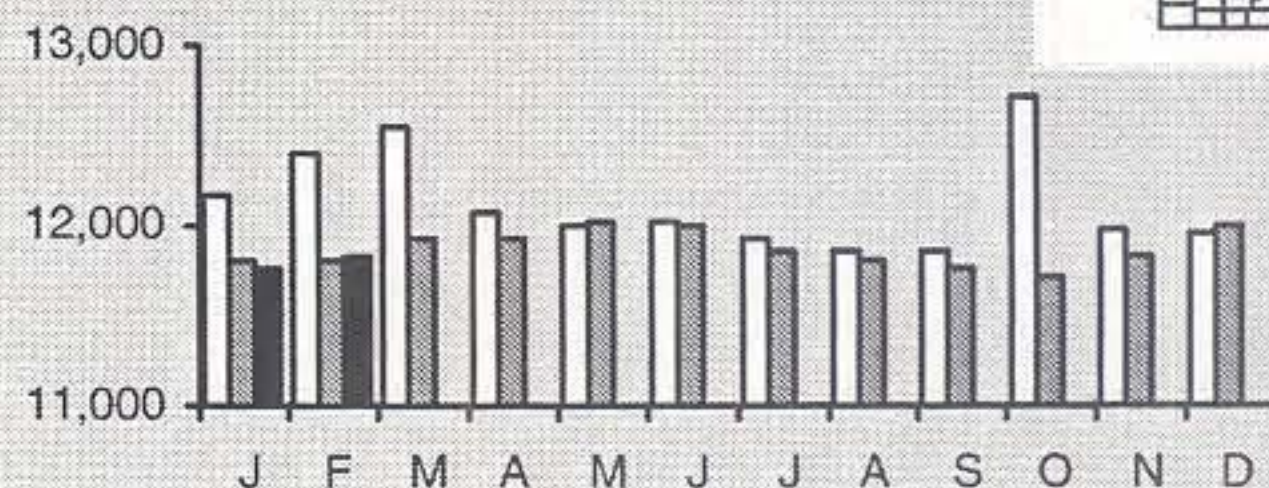


Southeast



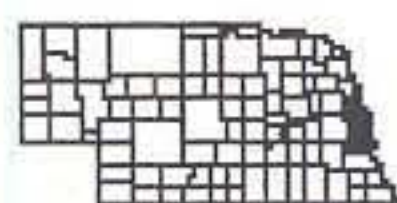
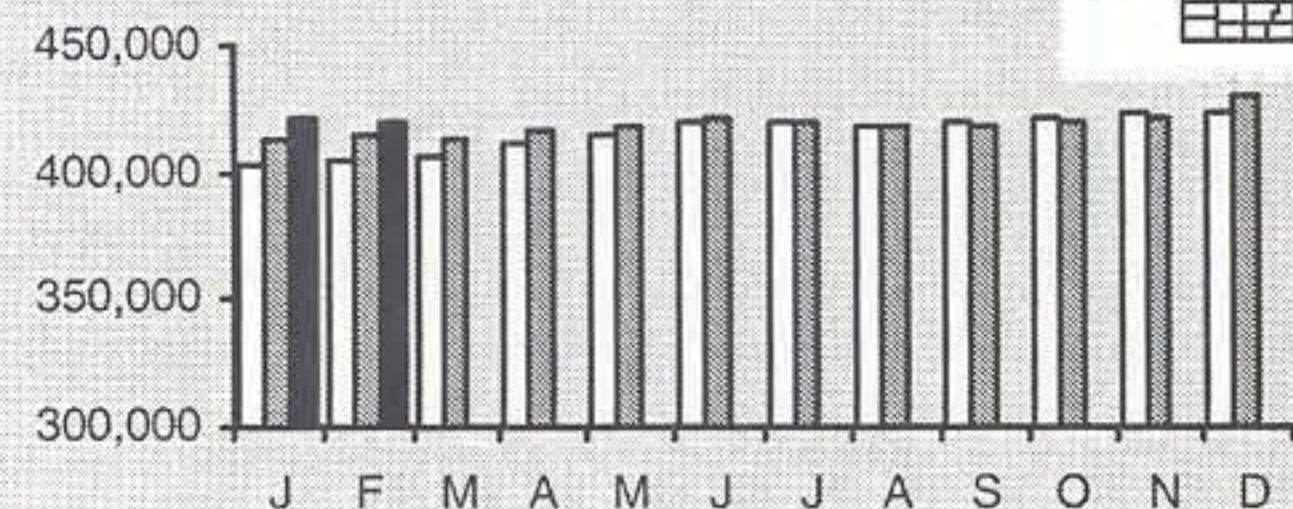
Sioux City MSA

Nebraska portion only

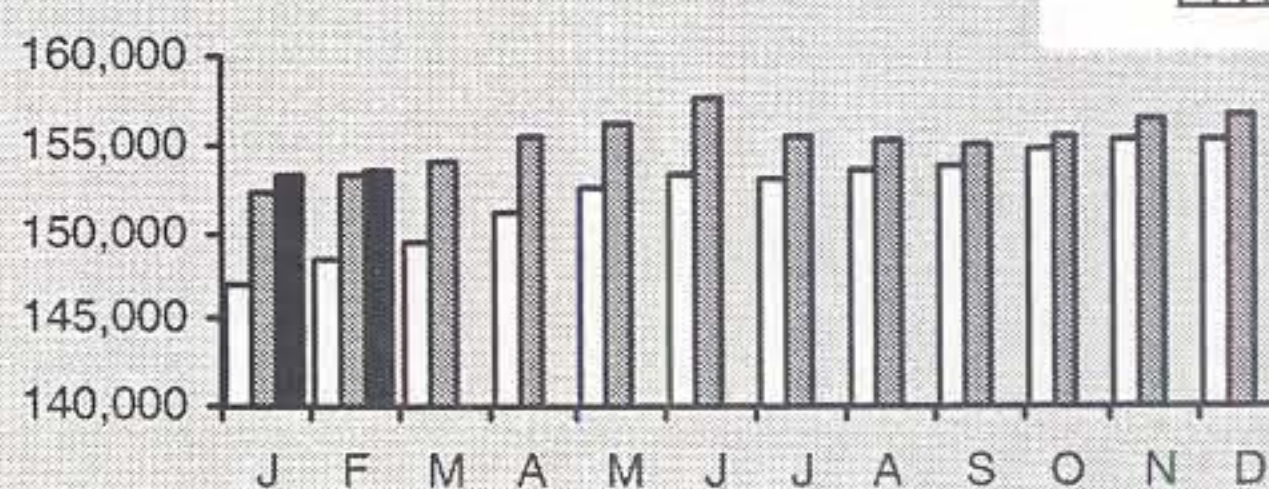


Omaha MSA

Nebraska portion only



Lincoln MSA



*By place of work

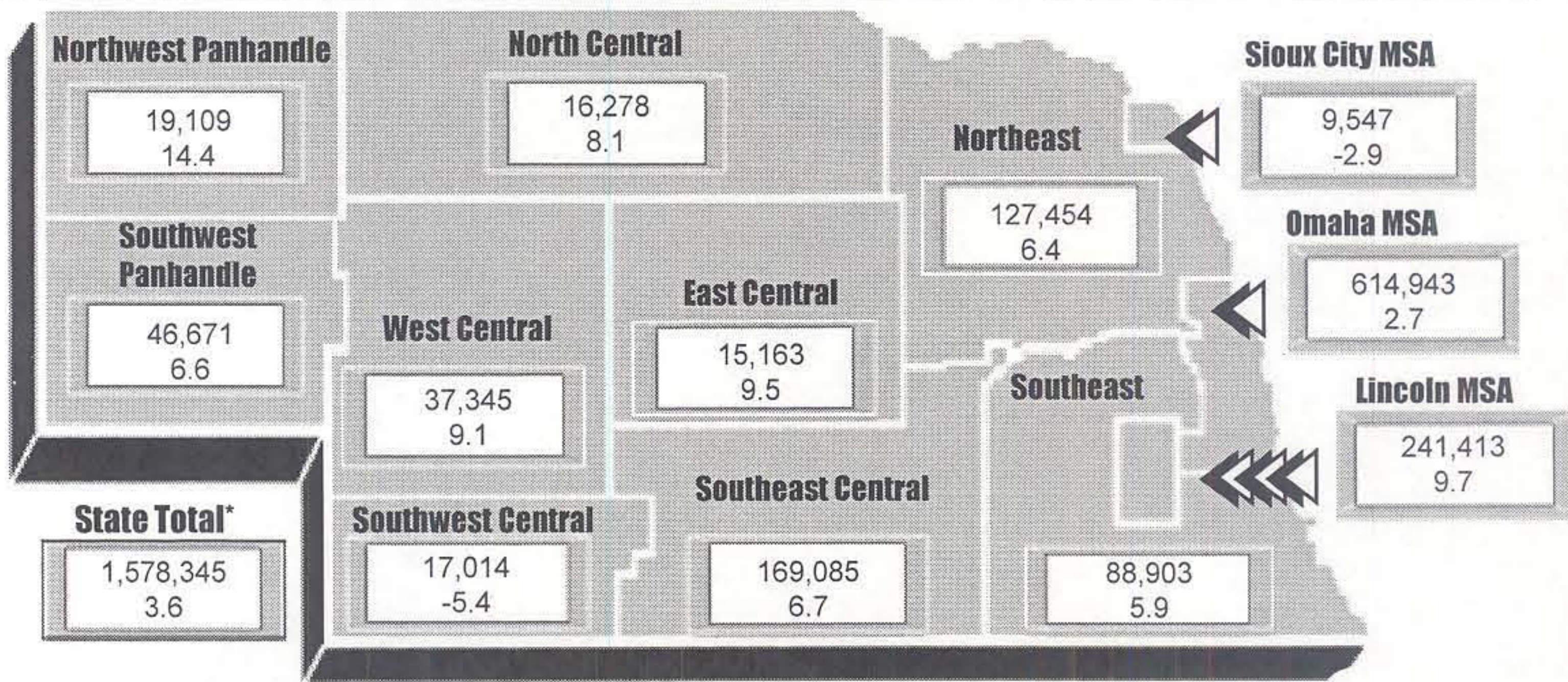
**Current month data are preliminary and subject to revision

Note: January-March 2000 monthly employment data are benchmarked. April 2000-March 2001 data are estimates and will be benchmarked in early 2002. Data for April-December 2001 are estimates until benchmarked in early 2003. All estimates are the most current revised data available.

Source: Nebraska Department of Labor, Labor Market Information - Kathy Copas

January 2001 Regional Retail Sales (\$000)

YTD Change vs Yr. Ago



*Regional values may not add to state total due to unallocated sales
Source: Nebraska Department of Revenue

State Nonfarm Wage & Salary Employment by Industry*

	February 2001
Total	904,022
Construction & Mining	40,962
Manufacturing	118,763
Durables	57,168
Nondurables	61,595
TCU**	58,103
Trade	214,407
Retail	160,658
Wholesale	53,749
FIRE***	60,973
Services	254,598
Government	156,216

*By place of work
**Transportation, Communication, and Utilities
***Finance, Insurance, and Real Estate
Source: Nebraska Department of Labor, Labor Market Information

Note: January-March 2000 monthly employment data are benchmarked. April 2000-March 2001 data are estimates and will be benchmarked in early 2002. Data for April-December 2001 are estimates until benchmarked in early 2003. All estimates are the most current revised data available. Labor force data for 2000 and 2001 will be revised.

Consumer Price Index

Consumer Price Index - U* (1982-84 = 100) (not seasonally adjusted)			
	April 2001	% Change vs Yr. Ago	YTD % Change vs Yr. Ago (inflation rate)
All Items	176.9	3.3	2.5
Commodities	151.9	1.7	1.3
Services	201.9	4.4	3.4

*U = All urban consumers
Source: U.S. Bureau of Labor Statistics



State Labor Force Summary*

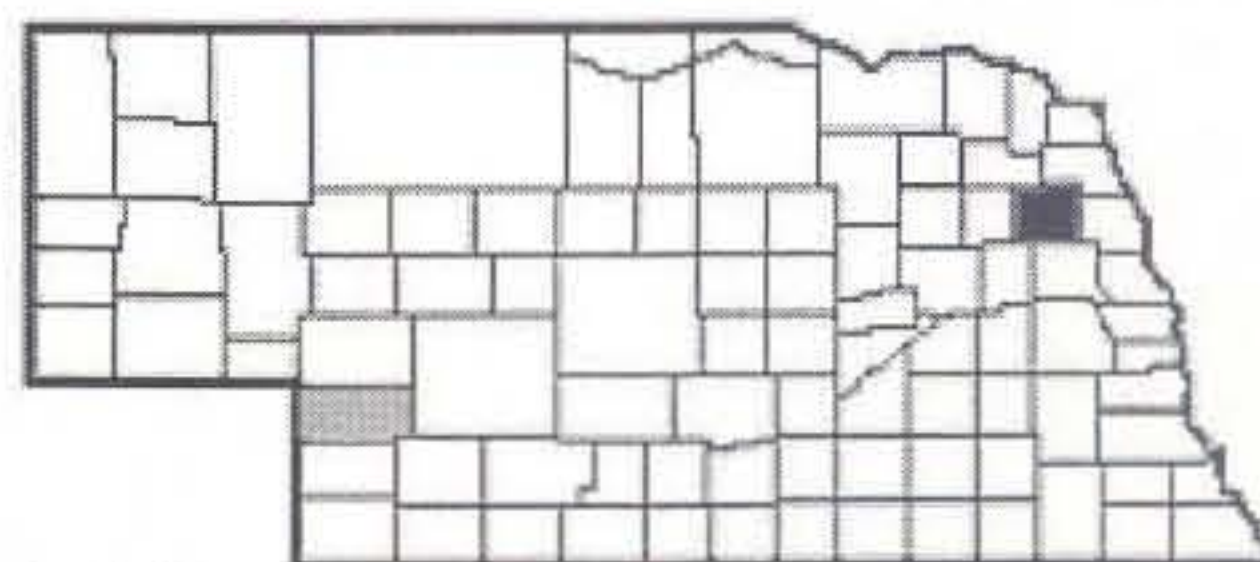
	February 2001
Labor Force	940,440
Employment	909,748
Unemployment Rate	3.3

*By place of residence
Source: Nebraska Department of Labor, Labor Market Information

County of the Month

Cuming

West Point - County Seat



License plate prefix number: 24

Size of county: 575 square miles, ranks 51st in the state

Population: 10,203 in 2000, a change of 0.9 percent from 1990

Per capita personal income: \$27,462 in 1998, ranks 4th in the state

Net taxable retail sales (\$000): \$73,704 in 1999 a change of -2.7 percent from 1998; \$7,418 in January 2001, a change of 40.1 percent from January 2000.

Unemployment rate: 2.1 percent in Cuming County, 2.9 percent in Nebraska in 1999

	State	Cuming County
Nonfarm employment (1999)¹:	890,821	3,848
(wage & salary)	(percent of total)	
Construction and Mining	5.0	5.1
Manufacturing	13.2	21.5
TCU	6.4	4.1
Wholesale Trade	6.2	8.4
Retail Trade	18.0	18.3
FIRE	6.8	5.0
Services	27.3	18.7
Government	17.1	19.0

Agriculture:

Number of farms: 995 in 1997; 1,079 in 1992; 1,185 in 1987

Average farm size: 361 acres in 1997; 320 acres in 1992

Market value of farm products sold: \$506.9 million in 1997 (\$509,501 average per farm); \$434.6 million in 1992 (\$402,869 average per farm)

¹By place of work

Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, Nebraska Department of Labor, Nebraska Department of Revenue.

bulletin board

Presenting...
ChartMaker in NU ONRAMP!!



ChartMaker is a new feature in NU ONRAMP. ChartMaker enables users to select a row of data and a series of years, view the information in a chart, format a chart title, and save the chart to a hard drive or print it directly from the website.

ChartMaker currently is applicable to Nebraska income and employment data. Later, other data sets will be added to the feature to give ChartMaker users a broader range of data.

See the
Consumer Price
Index
(CPI)
at BBR Online!

www.bbr.unl.edu

Copyright 2001 by Bureau of Business Research, University of Nebraska-Lincoln. ISSN 0007-683X. Business in Nebraska is published in ten issues per year by the Bureau of Business Research. Subscription orders and inquiries should be directed to Bureau of Business Research, 114 CBA, University of Nebraska-Lincoln 68598-0406. Annual subscription rate is \$10.

University of Nebraska-Lincoln—Harvey Pedman, *Chancellor*
College of Business Administration—Cynthia H. Milligan, *Dean*



University of Nebraska-Lincoln
An equal opportunity employer
with a comprehensive plan for diversity.

Bureau of Business Research (BBR)



specializes in ...

- economic impact assessment
- demographic and economic projections
- survey design
- compilation and analysis of data
- public access to information via **BBR Online**

For more information on how BBR can assist you or your organization, contact us
(402) 472-2334; send e-mail to: flamphear1@unl.edu; or use the
World Wide Web: www.bbr.unl.edu

Nebraska
UNIVERSITY OF NEBRASKA - LINCOLN



...business is not our only business