

Nebraska Business and Consumer Confidence Indexes: June 1, 2018

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Summary: Consumer and business confidence fell in Nebraska during May 2018. The Consumer Confidence Index – Nebraska (CCI-N) fell to 101.3 in May from a value of 104.3 in April. Consumer confidence is now close to the neutral value of 100.0. The Business Confidence Index – Nebraska (BCI-N) fell to 102.4 in May from 104.8 In April. When asked about the most important issue facing their business, customer demand was mentioned by 36 percent of respondents, while the availability and quality of labor was mentioned as the most important issue by 21 percent. Households reported a variety of financial concerns with 43 percent choosing the cost of living including health care costs, taxes, major expenses (furniture, appliances, automobiles) and the general cost of living. Twenty-nine percent reported that their primary financial issue was either paying off debt or saving and 11 percent indicated that their top concern was with their level of income or wages.

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 May, responses were received from 120 of the 500 surveyed households, for a 24 percent response rate.

The Consumer Confidence Index – Nebraska is estimated based on responses to the first four questions. For each question, the share of respondents indicating that they are worse off (or that it is a bad time to make a major household purchase) is subtracted from the percentage who indicate they are better off (or that it is a good time to make a purchase). The number 100 is added to the difference in percentages. A value of 100, therefore, indicates that households

are neutral, since a value of 100 would only arise if the same share of households declare that they are better off as declare that they are worse off. A value above 100 indicates 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 101.3 in May 2018. This value is close to the neutral value of 100.0. The value of the index fell 3.0 points from 104.3 in April 2018.

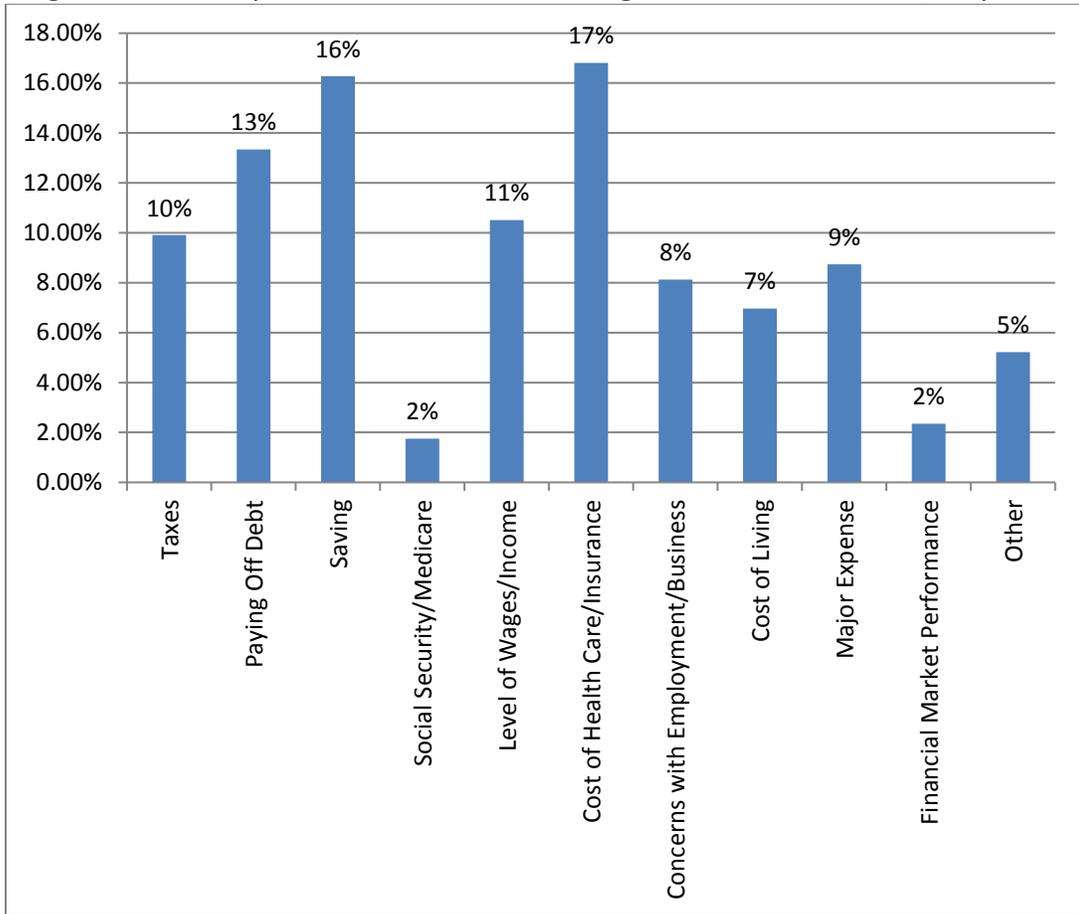
Table 1: Consumer Confidence Index - Nebraska, May 2018

Consumer Confidence Index - Nebraska	
Month	Index Value
May 2018	101.3
April 2018	104.3
Change from Previous Month	-3.0

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 May respondents were the cost of health care and health insurance (17 percent) and household savings (16 percent). Overall, 43 percent of respondents chose some type of cost factor as their top issue, whether the cost of health care, taxes (10 percent), a major expense (home or vehicle repairs, a new home or college tuition) (9 percent), or the overall cost of living (7 percent). Forty-three percent is a lower level of concern about the cost of living than is found during most months. By contrast, concerns about income, debt and savings were elevated in May. Eleven percent of respondents chose their level of wages or income as the top concern and 8 percent chose concerns about their job or business. Twenty-nine percent of respondents choose savings or paying off debt (13 percent) as their top issue.

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



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

Survey of Nebraska Business

The Business Confidence Index – Nebraska (BCI-N) summarizes responses to the monthly *Survey of Nebraska Business* regarding sales and employment. Respondents provide their assessment of both recent employment and sales growth and expectations for the next 6 months. The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks respondents whether: 1) the dollar sales volume at their business was higher, lower, or about the same as it was over the previous 6 months 2) the dollar sales volume at their business will be higher, lower, or about the same over the next 6 months, 3) the total number of employees at their business increased, decreased or stayed the same over the last 6 months and 4) the total number of employees at their business will increase, decrease, or stay the same over the next 6 months. The survey also asks “What is the most important issue facing your business today?” Individual responses to that question fall into one dozen categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In May, responses were received from 134 of the 500 surveyed businesses, for a 27 percent response rate.

The Business Confidence Index – Nebraska is estimated based on responses to the first four questions. For each question, the percentage of respondents who indicate that sales or employment decreased (or will decrease) is subtracted from the percentage who indicate that sales or employment increased (or will increase). The number 100 is added to the difference in percentages. A value of 100, therefore, indicates that businesses are neutral, since a value of 100 would only arise if the same percentage of businesses declare an increase as declare a decrease. A value above 100 indicates 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, May 2018

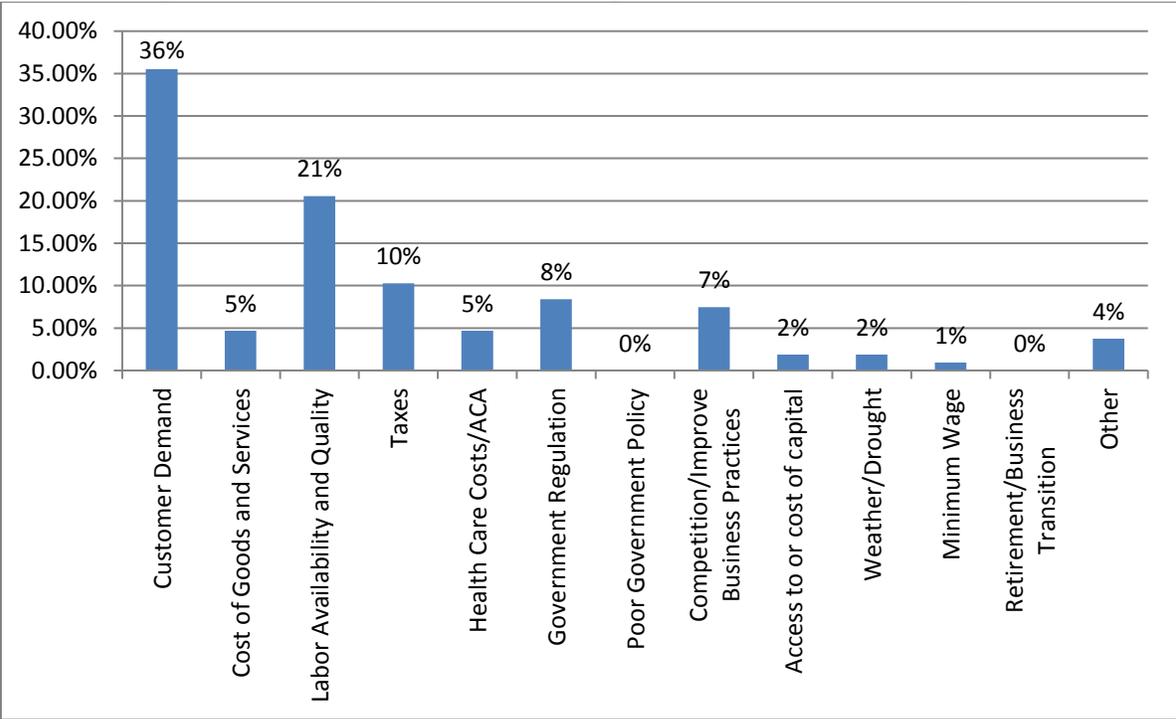
Business Confidence Index - Nebraska	
Month	Index Value
May 2018	102.4
April 2018	104.8
Change from Previous Month	-2.4

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska had a value of 102.4 in May 2018. This value is above 100 and indicates that business confidence is fairly strong in Nebraska. The value of the index fell by 2.4 points between April and May of 2018.

Results in Figure 2 show the top issues of business owners and managers responding to the May survey. Seventy-five percent of 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 issue, named by 36 percent of respondents. Businesses also faced competition for labor. Twenty-one percent of respondents mentioned the quality and availability of labor as their top issue. Seven percent chose a need to improve businesses practices or competition from other businesses. This is a lower level of concern about competition than seen in the February, March and April surveys. One-quarter of respondents focused on public policy issues. Ten percent chose taxes as their top concern while 8 percent chose government regulation. Health care costs was the top concern of 5 percent of respondents.

Figure 2: Most Important Issue Facing Nebraska Businesses, May 2018



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