

University of Nebraska - Lincoln

DigitalCommons@University of Nebraska - Lincoln

Leading Economic Indicator Reports

Bureau of Business Research

10-5-2018

Nebraska Business and Consumer Confidence Indexes: October 5, 2018

Eric Thompson

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

 Part of the [Business Commons](#), and the [Regional Economics Commons](#)

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: October 5, 2018

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

Author: Dr. Eric Thompson

Summary: Nebraska consumer and business confidence diverged further during September 2018. The Business Confidence Index – Nebraska (BCI-N) remained at a high level, rising from 110.4 in August to 110.6 in September. The Consumer Confidence Index – Nebraska (CCI-N) fell, dropping from a neutral value of 100.2 in August to 97.0 in September. Business confidence is strong, but consumer confidence has turned negative. When asked about the most important issue facing their business, customer demand was mentioned by 35 percent of respondents, while the availability and quality of labor was mentioned by 26 percent and 16 percent mentioned competition from other businesses. Almost half of responding households listed a cost factor as their top financial concern, with 44 percent choosing taxes, health care costs, major expenses (furniture, appliances, automobiles) or the general cost of living. Twenty-two percent reported that their primary financial issue was either saving or paying off debt while 17 percent choose their level of wages or household income.

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 September, responses were received from 121 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 positive consumer confidence. A value below 100 indicates negative 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 positive consumer confidence.

As seen in Table 1, the Consumer Confidence Index – Nebraska had a value of 97.0 in September 2018. This value is below the neutral value of 100.0. The value of the index fell 3.2 points from 100.2 in August 2018.

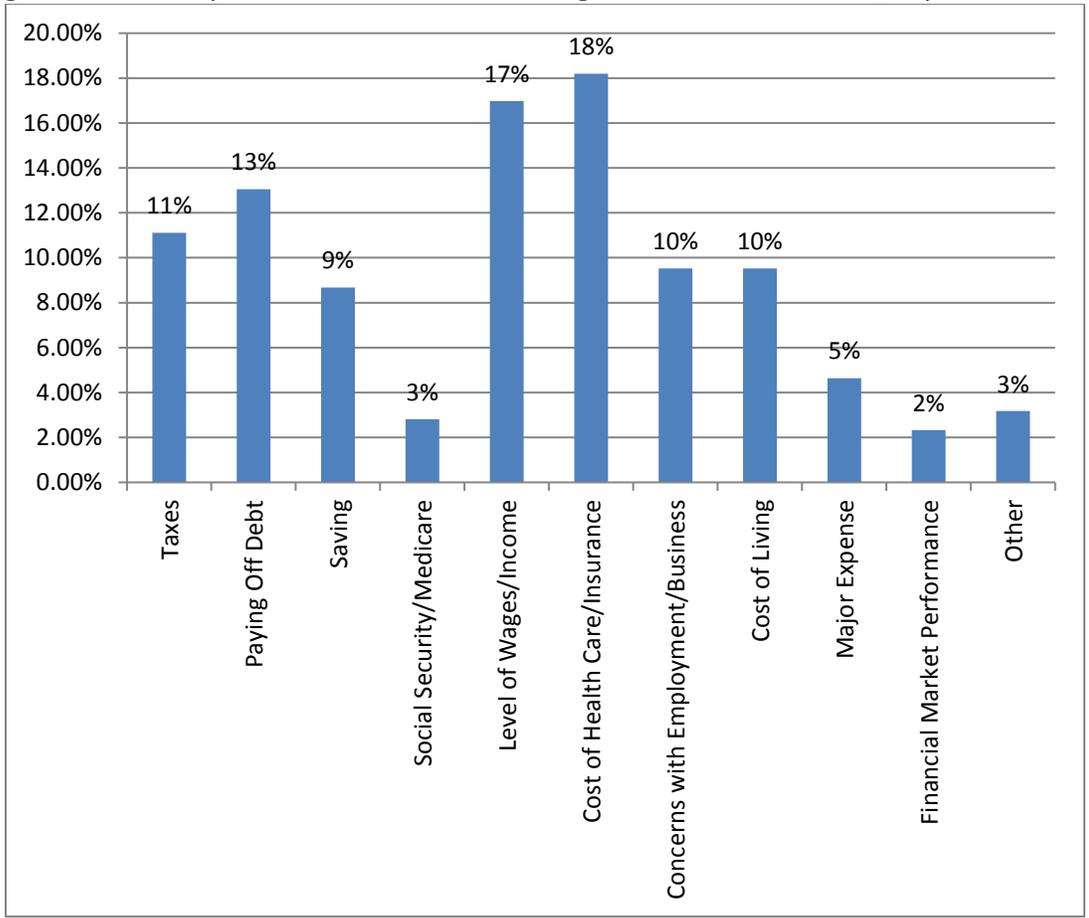
Table 1: Consumer Confidence Index - Nebraska, September 2018

Consumer Confidence Index - Nebraska	
Month	Index Value
September 2018	97.0
August 2018	100.2
Change from Previous Month	-3.2

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 September respondents were the cost of health care and health insurance (18 percent) and the level of income or wages (17 percent). Overall, 44 percent of respondents chose some type of cost factor as their top issue, whether taxes (11 percent), the cost of health care, the general cost of living (10 percent) or a major expense (home or vehicle repairs, a new home or college tuition) (5 percent). Twenty-two percent of respondents choose paying off debt (13 percent) or saving (9 percent) as their top issue. One in 10 households choose concerns about their employment or business as their top issue.

Figure 1: Most Important Financial Issue Facing Nebraska Households, September 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 September, responses were received from 128 of the 500 surveyed businesses, for a 26 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 positive business confidence. A value below 100 indicates negative 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 positive business confidence. Recent values for the Business Confidence Index – Nebraska are reported in Table 2.

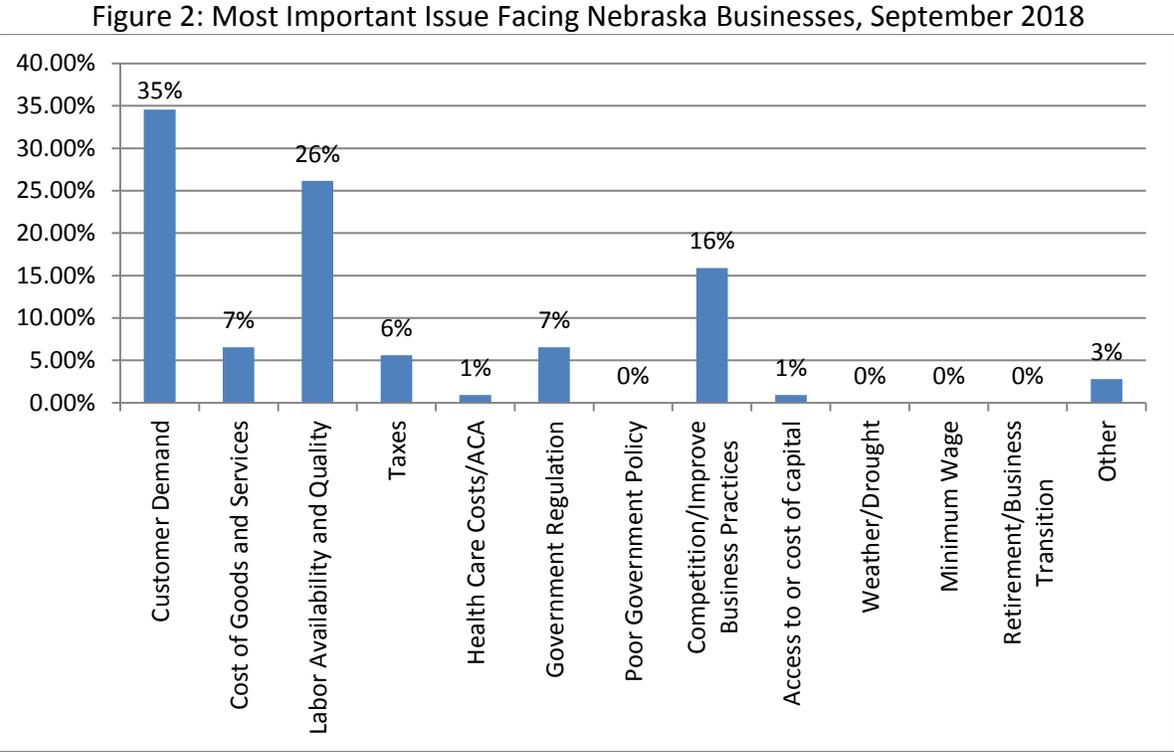
Table 2: Business Confidence Index - Nebraska, September 2018

Business Confidence Index - Nebraska	
Month	Index Value
September 2018	110.6
August 2018	110.4
Change from Previous Month	0.2

Source: Survey of Nebraska Business

As seen in Table 2, the Business Confidence Index – Nebraska remained strong during September 2018. The value was 110.6 in September, just above the value of 110.4 in August. Both values are well above 100 and indicate that business confidence is strong in Nebraska.

Results in Figure 2 show the top issues of business owners and managers responding to the September survey. Eighty-five percent of responses were related to business operations issues such as customer demand for goods or services, the cost of goods and services, labor availability and quality, or competition and the need to improve business practices. Customer demand was the most common top issue, named by 35 percent of respondents. Twenty-six percent of respondents mentioned the quality and availability of labor as their top issue. Sixteen percent chose competition with other businesses as their top issue while 7 percent of choose the costs of goods and services. Fifteen percent of respondents focused on public policy issues. Government regulations were chosen by 7 percent of respondents while 6 percent chose taxes.



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