Business in Nebraska

VOLUME 65 NO. 697-SUPPLEMENT PRESENTED BY THE UNL BUREAU OF BUSINESS RESEARCH (BBR) MARCH 2010

NEBRASKA OUTLOOK UPDATE: CONTINUED OPTIMISM

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This supplement to the March 2010 *Business in Nebraska* updates the Nebraska economic outlook provided in the January 2010 issue of *Business in Nebraska*. This update continues to encapsulate the judgments of the Nebraska Business Forecast Council during its December 2009 meeting but also reflects new information about the national economic outlook and about recent economic growth in Nebraska. This update is the spring 2010 Nebraska economic outlook and is summarized in Table 1 below.

Table 1-- Key Economic Growth Rates

	Nonfarm Employment	Nonfarm Personal Income (nominal)
2008	0.8%	3.3%
2009	-2.1%	1.9%
2010	0.8%	4.2%
2011	1.5%	5.0%

Note: Nominal income growth includes inflation

The 2009 employment growth data now fully reflect Bureau of Labor Statistics estimates, rather than a forecast. There was significant job loss in 2009 but employment growth will improve in 2010 and 2011. Income data for 2009 still reflect forecasts, since this data is released later. Our forecast for nonfarm personal income suggests slow growth in 2009, but solid growth in 2010 and 2011.

Table 2 compares the current Nebraska employment forecast with two previous forecasts.

Table 2-- Comparison of Non-Farm Employment Forecasts

	June 2009 Forecast	January 2010 Forecast	Current Forecast
2008	0.8%	0.8%	0.8%
2009	-1.3%	-1.6%	-2.1%
2010	0.9%	1.0%	0.8%
2011	1.9%	1.8%	1.5%

Job losses in 2009 were more severe than originally forecast and we are slightly less optimistic about employment growth in 2010 and 2011. This reflects lower expectations for future job growth in the national forecast.

Table 3 compares the current Nebraska income forecast with two previous forecasts.

Table 3-- Comparison of Forecasts for Nominal Nonfarm Income

	June 2009 Forecast	January 2010 Forecast	Current Forecast
2008	4.4%	3.3%	3.3%
2009	2.5%	1.5%	1.9%
2010	4.8%	3.9%	4.2%
2011	5.1%	5.0%	5.0%

Note: Nominal income growth includes inflation

We continue to anticipate a substantial improvement in nonfarm income growth in 2010 and 2011 compared to 2009. The forecast growth rate for 2010 has risen slightly since the previous forecast.