

## **Consumer Confidence Index – Nebraska and Survey of Nebraska Business: September 2, 2016**

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

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***Summary:** Consumer confidence and business expectations held near July levels during the month of August. The Consumer Confidence Index – Nebraska (CCI-N) stood at 97.4 during August, slightly below the neutral value of 100, and similar to its value of 97.5 in July. Further, Nebraska businesses maintained a positive outlook during August. In particular, respondents to the August 2016 Survey of Nebraska Business had a positive outlook for both sales and employment over the next six months. Twenty-nine percent of businesses expect sales to rise, while 24 percent expect sales to fall. For employment, 15 percent of businesses expect to increase employment while 13 percent plan to reduce it. When asked about the most important issue facing their business, customer demand was mentioned most frequently, followed by the availability and quality of labor, and government regulation. Households reported a variety of financial concerns with 16 percent listing paying off debt as their top concern, 12 percent listing savings and 12 percent listing taxes.*

### **Consumer Confidence Index - Nebraska**

The Consumer Confidence Index – Nebraska (CCI-N) summarizes responses to the *Survey of Nebraska Households* regarding household financial situation and the environment for 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) whether they believe now is a good time to make a major household purchase (automobile, appliance, or electronics) and 4) whether 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 one dozen categories. In August, responses were received from 122 of the 500 surveyed households, for 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.

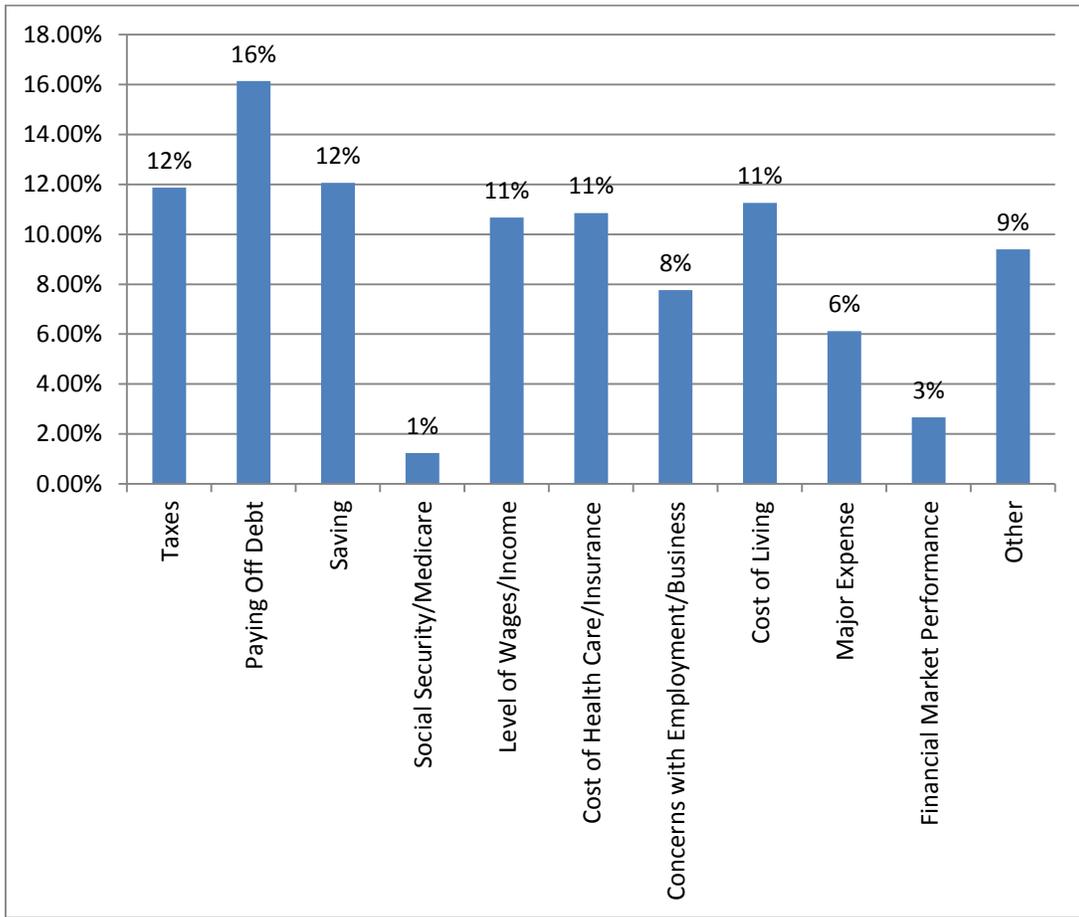
As seen in Table 1, the Consumer Confidence Index – Nebraska had a value of 97.4 in August 2016. This value is very similar to the value of 97.5 in July and is just below the neutral value of 100. Consumer confidence, therefore, remains weak, although it has improved substantially since the beginning of the year.

Table 1: Consumer Confidence Index - Nebraska, August 2016

Consumer Confidence Index - Nebraska	
Month	Index Value
July 2016	97.4
June 2016	97.5
Change from Previous Month	-0.1

Figure 1 shows household responses to the question about the most important financial issue they face. The most common issues raised in August responses were the paying off debt (16 percent), savings (12 percent) and taxes (12 percent). More generally, 40 percent of respondents chose some type of cost factor as their top issue, whether taxes, the general cost of living (11 percent), the cost of health care (11 percent) or major expenses (furniture, appliance, automobile, home repair or college tuition) (6 percent). Just over one in four respondents cite paying off debt or savings as their top issue. Among other concerns, 11 percent mention their level of wages or income and 8 percent point to concerns about their job situation or their own business. Overall, relative to July, respondents are more concerned about paying off debt and saving and less concerned about the cost of living.

Figure 1: Most Important Financial Issue Facing Nebraska Households, August 2016



Note: Percentages may not sum to 100% due to rounding

## Survey of Nebraska Business

The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks business owners and managers whether they expect to expand sales and employment 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 August, responses were received from 96 of the 500 surveyed businesses, for a 19 percent response rate.

As seen in Table 2 below, respondents to the August 2016 Survey of Nebraska Business had a positive outlook for sales and employment at their businesses over the next 6 months. Twenty-nine percent of businesses expect sales to rise over the next six months while 24 percent expect sales to decline. This is a positive 5 percent gap. For employment, 15 percent expect to increase employment over the next 6 months while just 13 percent expect to reduce it. This is a positive 2 percent gap.

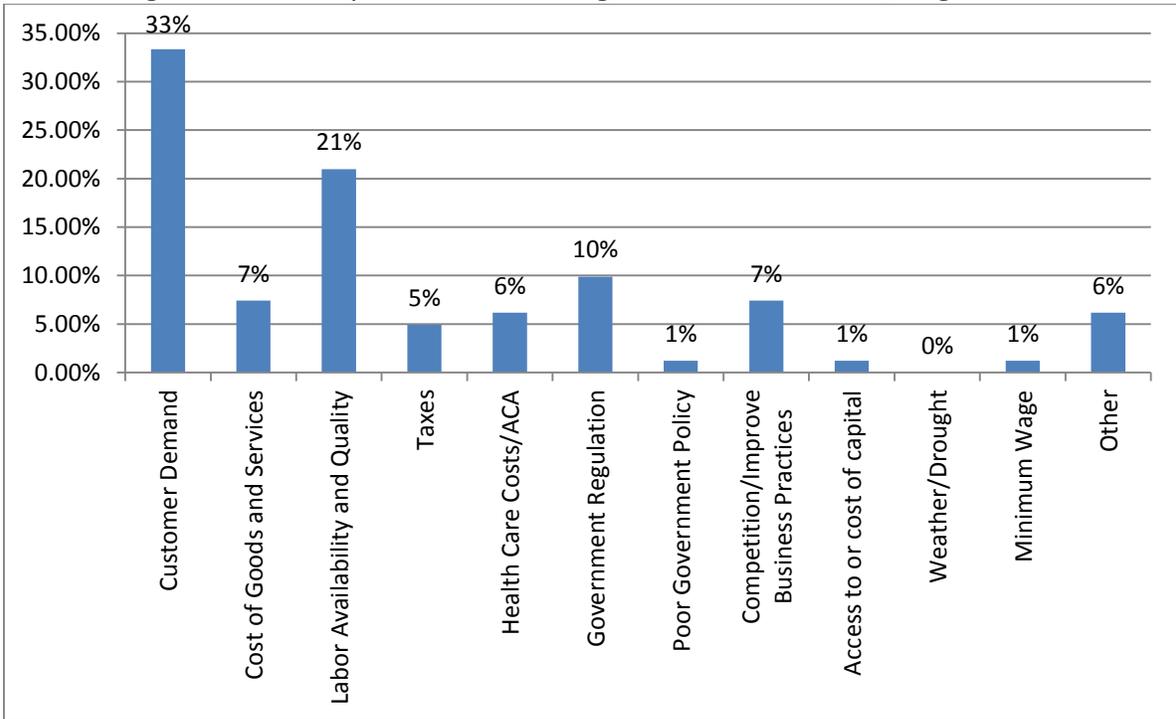
Table 2: Business Expectations for the Next Six Months, August 2016

	Change Over the Next Six Months	
	Sales	Employment
Increase	29%	15%
Stay the Same	47%	73%
Decrease	24%	13%

Note: Column totals may not sum to 100% due to rounding.

Results in Figure 2 show the top concerns of business owners and managers responding to the August survey. Three in 4 responses were related to business operations issues such as customer demand for goods or services, the cost of supplies, labor availability and quality, competition from other businesses or the need to improve business practices. Customer demand was the most common top concern, named by 33 percent of respondents. The availability and quality of labor was the second most cited top concern, chosen by 21 percent of respondents. Approximately one in 4 businesses choose a public policy issue as their top concern. Government regulation was chosen by 10 percent, health care costs chosen by 6 percent and taxes chosen by 5 percent of respondents.

Figure 2: Most Important Issue Facing Nebraska Businesses, August 2016



Note: Percentages may not sum to 100% due to rounding