



Bureau of Business Research

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The Nebraska Economic Outlook

Presented by

Eric Thompson

Karl H. Nelson Professor of Economics and
Director of the Bureau of Business Research





Outline

- U.S. Economic Outlook (briefly)
- Nebraska Economic Outlook, including income and taxable sales



U.S. Economic Forecast

- The Covid-19 Pandemic has upended the U.S. economy and pushed it into recession
- The recession has been characterized as a deep decline in industries which:
 - Require face-to-face interaction between customers and workers
 - Serve travelers or
 - Serve crowds of customers



U.S. Economic Forecast

- While the impact has spread to the broader economy, monetary and fiscal policy have helped and a strong recovery can begin in May or early-June
- GDP and employment decline by 4.0% to 6.0% in 2020
- GDP will rise by 4.0% to 5.0% in 2021 and 2.5% in 2022
 - Employment will bounce back as well



Nebraska Economic Forecast

- While Nebraska has been hard-hit too, the contraction should be less sharp
- Smaller share of economy in some heavily impacted sectors
 - Travel and tourism, including major tourism attractions and entertainment centers
 - Automobile parts and assembly
 - Oil production and support industries



Nebraska Economic Forecast

- A larger share of the Nebraska economy is in less heavily impacted sectors
 - Food production and processing
 - While there are challenges, demand is stable for “necessities”
- Finance and insurance - more potential to work from home



Hardest-Hit Nebraska Sectors in 2020

- Retail trade employment is expected to decline by 3.9%
- Services employment is expected to decline by 3.6%
- Manufacturing employment to decline by 2% to 3%



Non-Farm Employment Forecast (%)

Geography	Rate of Growth		
	2020	2021	2022
Nebraska	-2.4%	2.0%	1.4%



Non-Farm Income

- A sharp decline in income from
 - Wages and salaries (and benefits)
 - Proprietor income
 - Dividends, interest and rent
- A sharp increase in transfer payments
 - Economic impact payments (one-time checks; not taxable)
 - Unemployment insurance benefits



Taxable Sales

- Declining nominal non-farm and farm income
- Key taxable sectors severely impacted
 - Rotation from taxed restaurants to untaxed groceries
- Automobile sales down
- Taxable sales for **calendar year 2020** will fall (somewhat) more rapidly than in Great Recession



Other Measures of Growth

Measure	Rate of Growth		
	2020	2021	2022
Farm Income	-22.6%	2.1%	2.5%
Non-Farm Personal Income	-0.8%	2.2%	3.7%
“Taxable” Non-Farm Income	-2.4%	3.9%	3.7%
Taxable Sales	-4.3%	6.4%	3.7%
CPI	0.5%	1.8%	1.8%



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Economic Outlook

THANK YOU