

Jersey Business Tendency Survey

March 2010

Statistics Unit: www.gov.je/statistics



Introduction

The Jersey Business Tendency Survey (BTS) was launched in 2009 to provide qualitative information about the Island's economy in a timely manner. The survey enables a set of indicators to be produced that can be used to monitor economic performance. The headline indicator is that of Business Activity.

It should be emphasised that the Business Activity Indicator, and the other "current" indicators, represent a qualitative expression of the relative position of economic performance between the current point in time and that of three months previously rather than an absolute measure of economic performance. The two "future" indicators represent a qualitative expression of expected changes over the next three months.

The March 2010 round of the survey (which ran in the first two weeks of March) achieved a response rate of 76% and covered almost half of total private sector employment in the Island. This latest quarter has also seen the inclusion of two questions asking about anticipated changes to employees' earnings in 2010.

Summary

- The **headline all-sector Business Activity Indicator was -15 percentage points (pp)**, indicating that the proportion of businesses in Jersey reporting a decline in business activity compared with three months previously was 15 pp greater than the proportion reporting an increase. About two-fifths reported 'no change'.
- The all-sector Business Activity Indicator was at the same level as in December 2009.
- The Finance sector saw a significant improvement in Business Activity Indicator, from 0 in December 2009 to +14 pp in March 2010; in contrast, the non-finance sectors saw a further decline in this indicator, from -21 to -26 pp.
- The Finance sector saw improvement in six indicators, with Business Activity, New Business and Business Optimism being the most positive seen in the three rounds of the survey.
- Nine indicators for the non-finance sectors have been negative in each round of the survey over the last nine months. There has been an ongoing decline in Business Activity, New Business, Capacity Utilisation and Business Optimism.
- Profitability remains strongly negative in all sectors.
- About half (51%) of respondents reported that they anticipated "no change" in the basic earnings of employees in 2010. Slightly fewer than half (46%) anticipated an increase; the remaining 3% anticipated that employees' earnings would decrease.
- Across all respondents from all sectors, the mean anticipated change in employees' earnings for 2010 was +1.0%.

Section 1: Business Activity Indicator

The **Business Activity Indicator** represents a measure of the total amount of work undertaken by businesses operating in Jersey. Such activity will have specific definitions relevant to each sector of business and may be considered as, for example, turnover, number of products produced, gross income or chargeable hours.

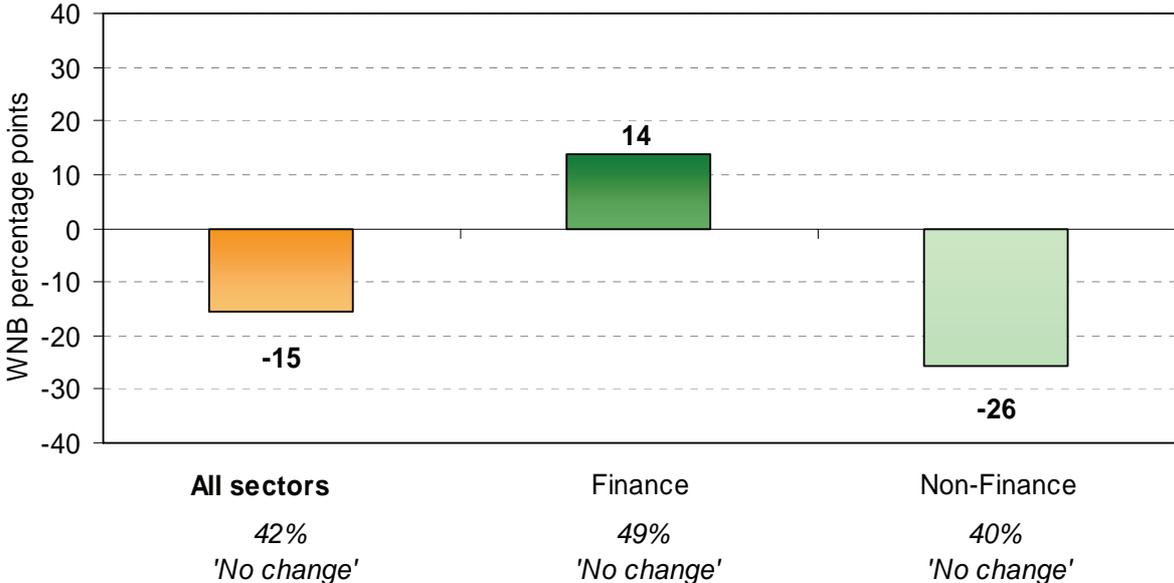
The resultant indicator is a weighted net balance (WNB) calculated as the difference in the proportion of businesses reporting that their current business activity is higher than it was three months earlier compared with the proportion reporting that their activity is lower¹.

The all-sector Business Activity Indicator in March 2010 was -15 pp (percentage points), implying that the proportion of businesses reporting a decline in business activity compared with three months previously was 15 pp greater than the proportion reporting an increase. About two-fifths (42%) of businesses reported no change to their business activity over the period (see Figure 1).

The all-sector Business Activity Indicator for March 2010 was at the same level as in December 2009; the indicator value in September 2009 was -11 pp.

Figure 1 – Business Activity Indicator; percentage points².

March 2010 compared with the situation three months previously.



As Figure 1 shows, there was a notable difference in the Business Activity Indicator for Jersey’s Finance sector compared with the other sectors of the economy:

- the Finance sector overall had a WNB of 14 pp in March 2010, indicating that a greater proportion of businesses reported an increase as reported a decrease in business activity compared with three months earlier. About half (49%) of businesses in the Finance sector reported no change in business activity;
- in contrast, the non-finance sectors had a strongly negative WNB of -26 pp, with more than two-fifths (43%) of businesses reporting a decrease compared with a sixth (17%) reporting an increase in activity.

¹ Such an indicator, derived from relative business activity, is fundamentally similar to the Chartered Institute of Purchasing and Supply (CIPS) Services Business Activity Index which is widely used in the UK: the UK Services PMI (Purchasing Managers Index), produced for CIPS by Markit Economics, 2009.

² Throughout this report, bar charts are plotted using unrounded WNBs; numbers on charts and in the tables of the Appendix are shown rounded to the nearest integer.

The Business Activity Indicator for the Finance sector (14 pp) was considerably higher in March 2010 than in the two previous rounds of the survey, September and December 2009, which recorded values of 1 and 0 pp, respectively.

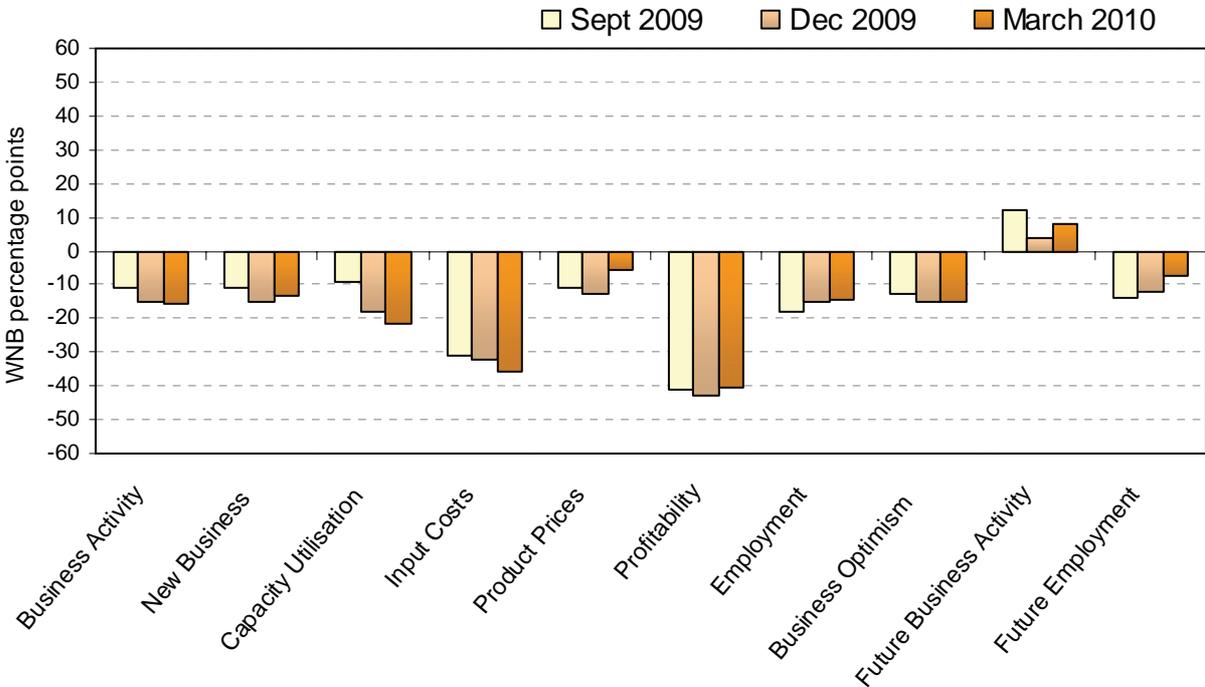
In contrast, the non-finance sectors, overall, saw a further decline in the Business Activity Indicator, from -21 pp in December 2009 to -26 pp in March 2010.

It should be re-iterated that the Business Activity Indicator expresses a relative measure of economic performance between the current point in time and that of three months previously, rather than an absolute measure of economic performance.

Section 2: All Indicators

Figure 2 presents the ten all-sector WNB indicators derived from the responses to each question of the survey; the measures of each indicator are shown for the latest and two previous rounds of the survey. Detailed results for all indicators are shown in Appendix 1.

Figure 2 – Ten all-sector WNB indicators
Sept and Dec 2009 and March 2010.



Nine of the ten all-sector indicators had a negative tendency in March 2010, with three indicators (Business Activity, Capacity Utilisation and Input Costs³) having seen an ongoing decline over the last three quarters.

The New Business and Future Business Activity indicators saw marginal improvements compared with December 2009, although the former remained negative. Business Optimism and Profitability remained at their previous negative levels.

The Employment indicator remained at a similar negative level as the previous quarter. However, the Future Employment Indicator, whilst still negative in March 2010, has shown a continued marginal improvement.

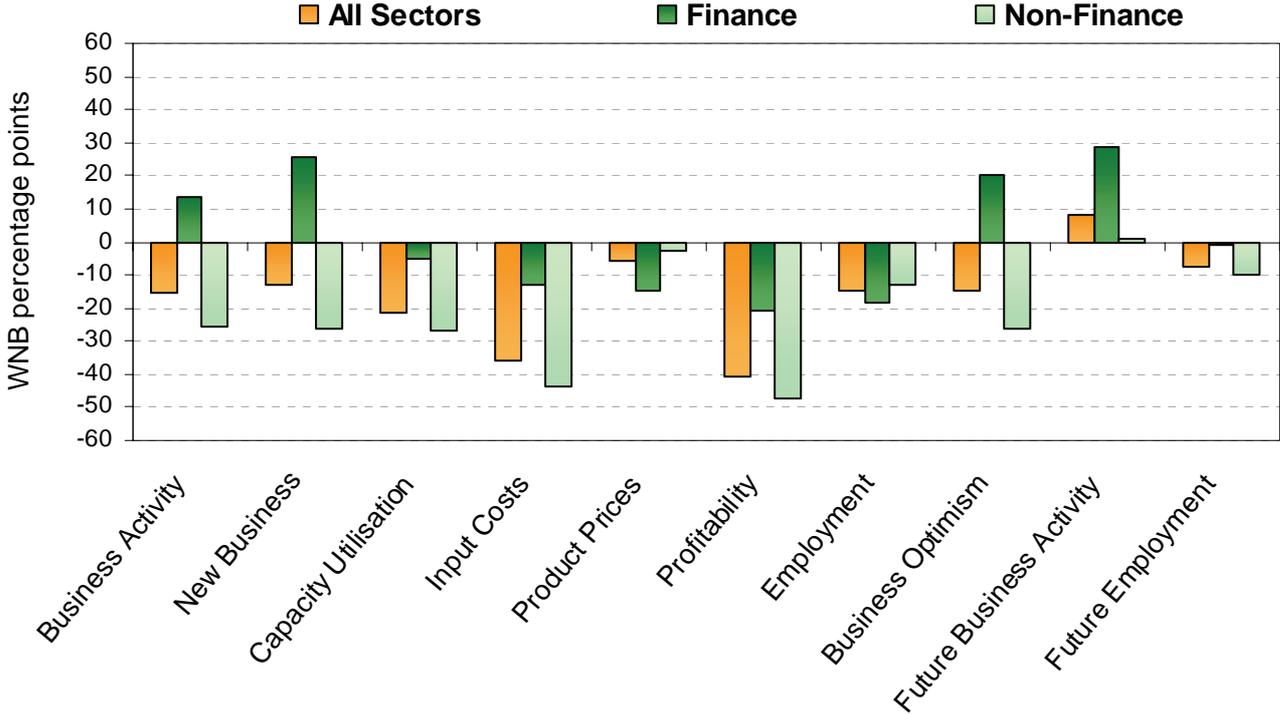
³ The input costs indicator has been constructed such that a negative net balance implies more businesses have seen input costs increase than decrease.

Section 3: Finance and non-finance sectors

The Finance sector had a more positive tendency for eight of the ten indicators than the non-finance sectors (see Figure 3) in March 2010, being either positive or less negative.

Nine of the ten indicators for the non-finance sectors had a negative tendency in March 2010.

Figure 3 – WNB indicators: Finance and non-finance
March 2010 compared with the situation three months previously.



In March 2010, the Finance sector had positive WNBs for Business Activity, New Business; Business Optimism and Future Business Activity.

In contrast, the non-finance sectors were positive, and only marginally so, for one indicator: Future Business Activity at +1 pp.

The Finance sector was considerably more positive (or less negative) than the non-finance sectors, by more than 20 pp, for seven of the ten indicators.

Profitability was the most strongly negative indicator for both sectors.

The Finance sector had a more negative WNB than the non-finance sectors for Employment, but was slightly less negative for Future Employment.

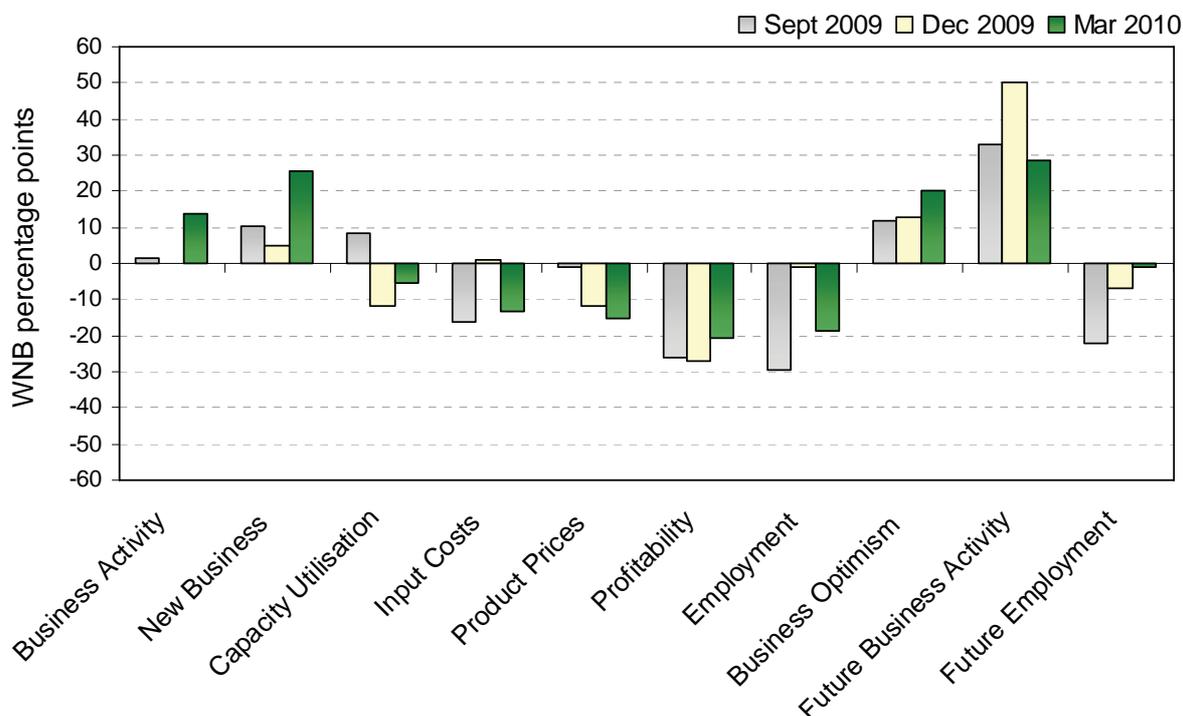
Section 4: Finance sector

Figure 4 compares all ten indicators for the Finance sector in March 2010 with those measured in the September and December 2009 rounds of the survey.

The Finance sector has seen improvement in six indicators compared with December 2009. In particular, Business Activity, New Business and Business Optimism in March 2010 were the most positive seen for these indicators in the three rounds of the BTS.

Figure 4 – Finance sector WNB indicators

Sept 2009, Dec 2009 and Mar 2010.



The BTS recorded a high expectation by the Finance sector for Future Business Activity (50 pp) in December 2009. Such optimism materialised to some extent in the March round of the survey, which saw the Business Activity and New Business indicators improve by 14 pp and 20 pp, respectively. The March result for Future Business Activity (29 pp) was less than that of December, but remained strongly positive.

The negative Employment indicator recorded during the last nine months corroborates the results of the Jersey Manpower Survey December 2009⁴, which showed a reduction in Finance sector staff of 420 on an annual basis, 250 of which occurred in the last six months of 2009. The Future Employment indicator had been strongly negative in September 2009, but has improved over the last two quarters and in March 2010 was only marginally negative.

Smaller finance companies (those with less than 50 full-time equivalent employees, FTEs) had positive indicators for current Employment and Future Employment, of 7 pp and 15 pp respectively. In contrast, the larger firms had negative tendencies for these indicators (-25 and -5 pp, respectively), reflecting the results of the Jersey Manpower Survey December 2009, which revealed that decreases in staff numbers had occurred primarily in the banking sub-sector.

Profitability was still strongly negative in the Finance sector, although slightly improved on September and December. The smaller companies in the sector had a less negative Profitability indicator than the larger companies (-5 pp compared with -25 pp).

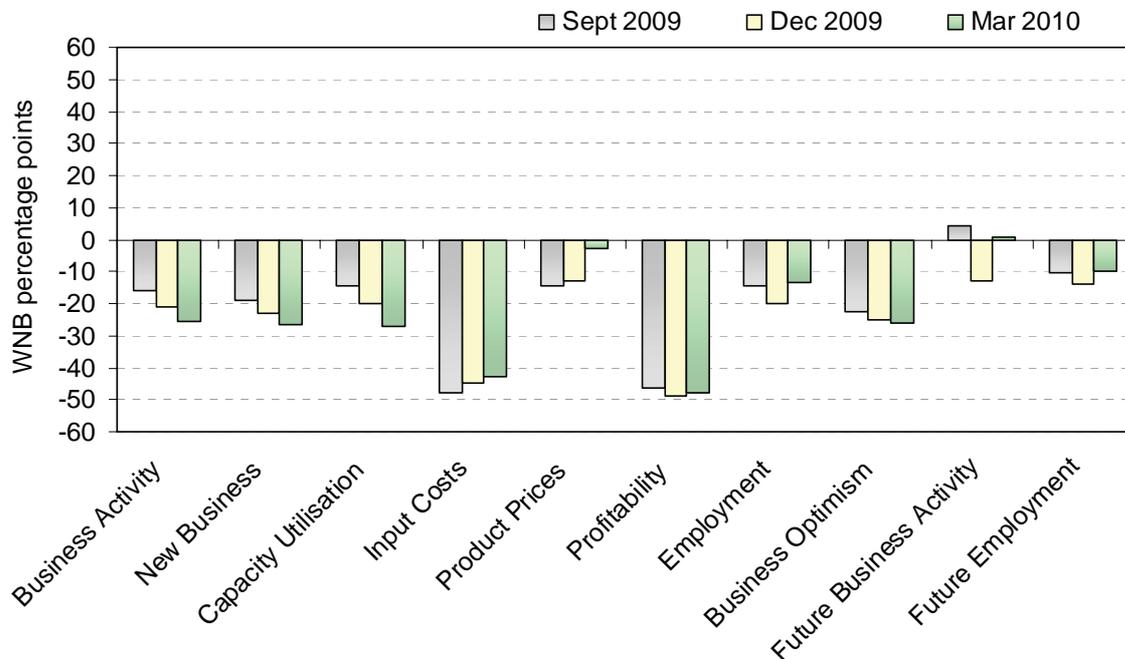
⁴ Jersey Labour Market at December 2009, States of Jersey Statistics Unit March 2010.

Section 5: Non-finance sectors

Figure 5 compares all ten indicators for the non-finance sectors for the September, December and March rounds of the BTS.

Figure 5 – Non-finance sectors WNB indicators

Sept and Dec 2009 and March 2010.



Nine indicators for the non-finance sectors have been negative in each round of the survey over the last nine months. There has been an ongoing decline in the indicators of Business Activity, New Business, Capacity Utilisation and Business Optimism.

Profitability and Input Costs remain strongly negative for the non-finance sectors.

Four indicators for the non-finance sectors did record an improvement compared with December 2009, notably Future Business Activity going from a negative WNB (-13 pp) to being marginally positive (+1 pp).

The Employment and Future Employment indicators for the non-finance sectors remain negative.

Larger businesses were more positive for eight of the ten indicators, having significantly more positive WNBs for Business Activity (52 pp greater than that for smaller businesses), Profitability (35 pp greater) and Future Business Activity (42 pp greater).

Construction

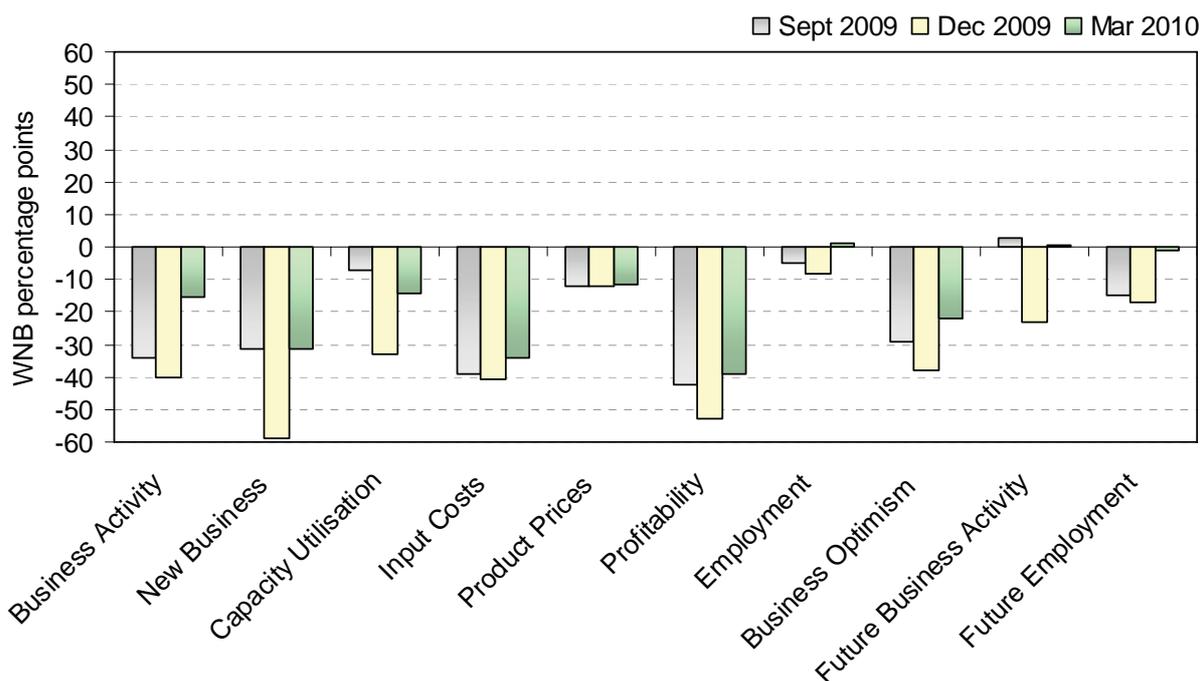
The Construction sector accounts for about 10% of Jersey's total workforce⁴ and for about 5% of total economic activity as measured by Gross Value Added, GVA⁵.

As Figure 6 shows, although eight of the ten indicators for the Construction sector remained negative in March 2010, nine of the ten indicators recorded an improvement on those measured in December 2009.

The Employment and Future Business Activity indicators were both marginally positive in March 2010 (at 1 pp).

Figure 6 – Construction sector WNB indicators

Sept 2009, Dec 2009 and March 2010.



Six of the ten indicators for the Construction sector were at their most positive levels seen by the three rounds of the BTS; another two indicators returned to their levels of September 2009.

The greatest improvement was seen in Business Activity and New Business, both indicators recording an increase of at least 25 pp in WNB between December 2009 and March 2010.

The Employment indicator for this sector has also improved since December 2009 and the outlook for Future Employment is less negative, improving by 16 pp.

Wholesale & retail

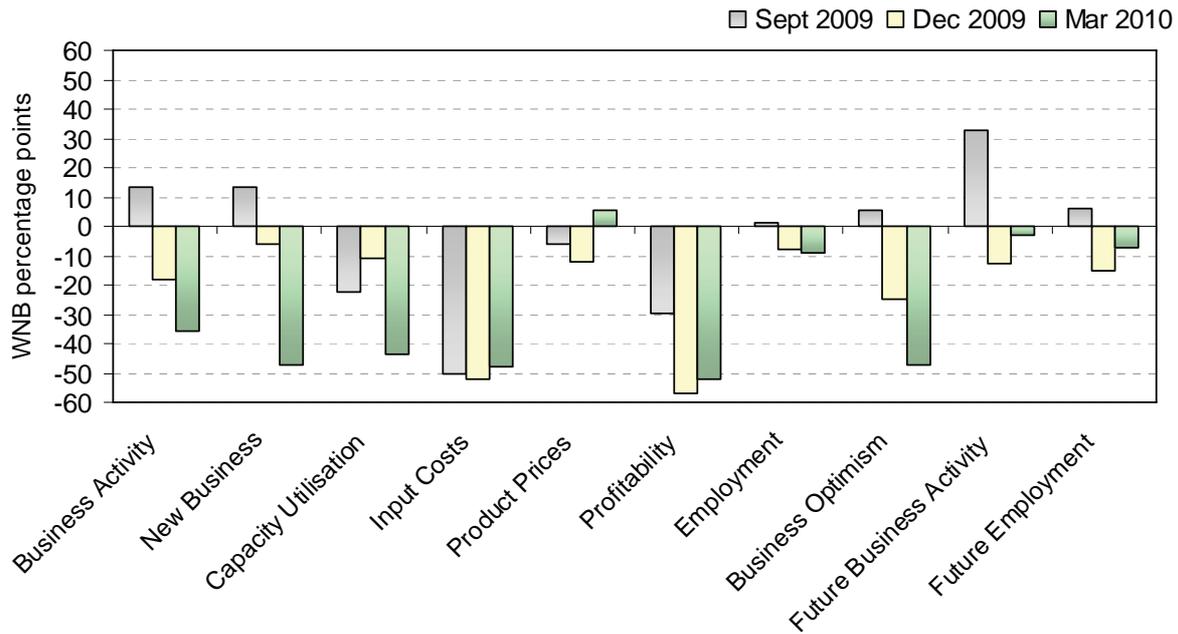
The Wholesale and retail sector accounts for almost a sixth 16% of Jersey's total workforce⁴ and for about 6% of total economic activity as measured by GVA⁵.

As Figure 7 shows, the Wholesale and retail sector had nine negative indicators in March 2010, four of which were more negative than those of December 2009 by at least 15 pp.

⁵ Jersey Gross Value Added (GVA) and Gross National Income (GNI), Statistics Unit, September 2009.

Figure 7 – Wholesale & retail sector WNB indicators

Sept 2009, Dec 2009 and Mar 2010.



An ongoing decline over the three quarters has been seen in four of the indicators: Business Activity, New Business, Employment and Business Optimism.

Business Activity, New Business, Capacity Utilisation, Input Costs, Profitability and Business Optimism were all strongly negative, with WNBs of less than -35 pp, indicating that around half of companies sampled saw decreases in these areas in the previous three months to March 2010.

Looking forward to the next quarter, marginal improvements were seen for the indicators of Future Business Activity and Future Employment.

Other Non-finance sectors

The remaining non-finance sectors, excluding Construction and Wholesale and retail, together account for more than a third (37%) of the Island's workforce⁴ and for about a sixth (17%) of total economic activity as measured by GVA⁵.

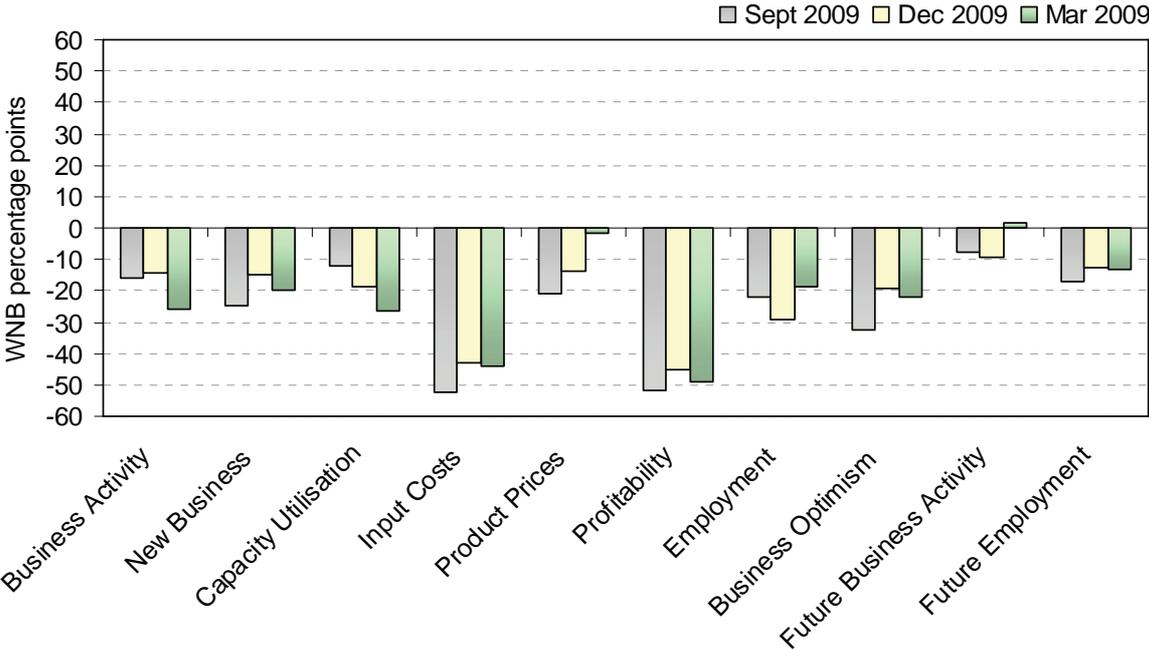
Nine of the ten indicators in March 2010 had a negative tendency; in the two previous rounds of the survey all indicators had been negative (see Figure 8). The Future Business Activity indicator was marginally positive in the latest quarter.

Seven of the ten indicators were strongly negative in March 2010, having WNBs of around -20 pp or less.

Profitability and Input Costs were particularly negative, with more than a half of companies in each case reporting lower profitability and/or higher input costs.

Figure 8 – Other Non-finance sector WNB indicators

Sept, Dec 2009 and March 2010



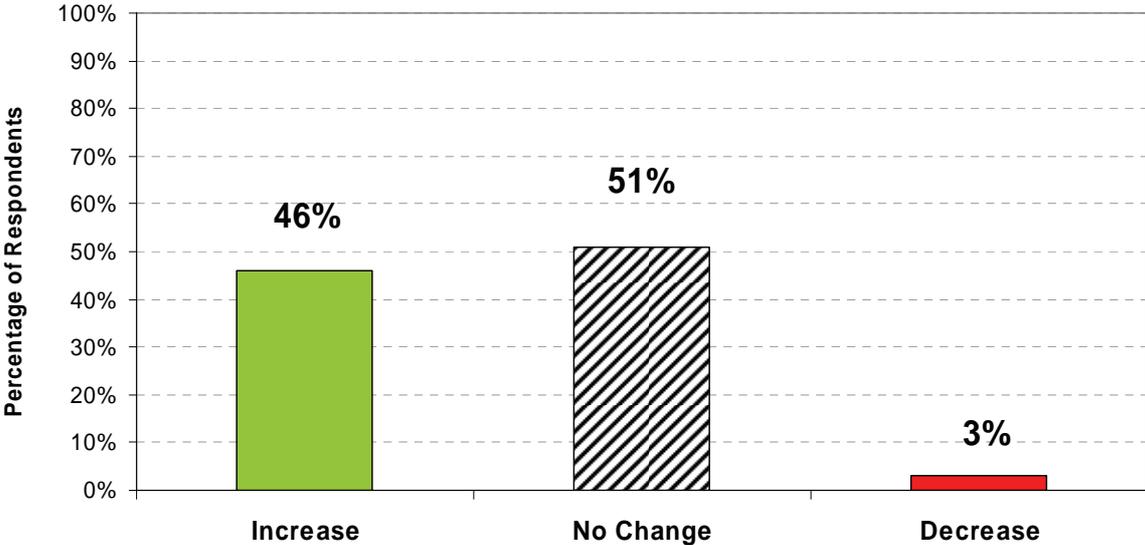
Section 6: Employees’ Earnings

The March 2010 round of the BTS saw the inclusion of two questions concerning the anticipated change to employees’ basic earnings in 2010. The first question asked respondents to specify either: ‘increase’, ‘no change’, ‘decrease’ or ‘prefer not to disclose’ (see survey form in Appendix 2). If a change (increase or decrease) was anticipated, the second question asked for an estimate of the average percentage change.

About half (51%) of respondents (weighted by sampling probability and size of company, see Notes) indicated that they anticipated “no change” in the basic earnings of employees in 2010 (see Figure 9). Slightly fewer than half (46%) anticipated an increase in employees’ earnings. The remaining 3% anticipated that employees’ earnings would decrease.

Figure 9 – Employees’ basic earnings: anticipated change in 2010

Percentage of respondents for All-Sectors



The all-sector anticipated change in employees' earnings in 2010 thus showed a WNB of 43 pp.

The distributions of (weighted) responses and corresponding WNBs for the various sectors of the economy, and also for large and small companies, are shown in Table 1.

Table 1 – Employees' basic earnings: anticipated change in 2010, by sector

Sector	Weighted distribution			WNB (pp)
	<u>Increase</u>	<u>No change</u>	<u>Decrease</u>	
All sectors	46%	51%	3%	43
Large (All)	64%	35%	1%	63
Small (All)	36%	60%	5%	31
Finance	55%	44%	1%	53
Large (Finance)	61%	37%	2%	59
Small (Finance)	32%	68%	0%	32
Non-finance	43%	53%	4%	39
Large (non-finance)	67%	32%	1%	66
Small (non-finance)	36%	59%	5%	31
Construction	27%	70%	3%	24
Wholesale & retail	59%	38%	4%	55
Other non-finance	44%	51%	4%	40

The greatest WNBs were for larger companies, with almost two-thirds (64%) anticipating an increase in employees' basic earnings in 2010. For smaller firms, about a third (36%) anticipated an increase and around 60% anticipated that no change would occur. The distributions of the large and small firms were similar in both the Finance and non-finance sectors.

Construction saw the greatest proportion of respondents anticipating no change in 2010 (70%), and the lowest WNB (positive at 24 pp).

Mean Percentage Change

Across all respondents from all sectors, the weighted mean anticipated change in employees' earnings for 2010 was +1.0%. The mean anticipated change for the Finance sector was +1.3% and that for the non-finance sectors, overall, was +0.9%.

Notes

The Business Tendency Survey samples private sector businesses in Jersey. The survey asks the Chief Executive or Managing Director of sampled businesses for their opinions on the **current situation of their business compared to three months previously** and also for their **expectations for the next three months**. A copy of the questionnaire is included in Appendix 2.

Each indicator derived from the survey responses is calculated as a net balance, that is the difference between the percentage of respondents answering *higher* or *increase* compared with the percentage answering *lower* or *decrease*. Responses are weighted according to the sampling probability and size of workforce of each business. Hence, each indicator constitutes a **weighted net balance (WNB)**.

1. **Net Balance:**

Net balances are used to summarise respondents' answers to the multiple-choice questions of the Business Tendency Survey. The net balance is obtained by taking the difference between the weighted percentages of respondents giving positive (such as "*increase*" or "*higher*") and negative responses (such as "*decrease*" or "*lower*"). The net balance is given as a difference measured in percentage points (pp). The statistical uncertainty on each net balance (expressed as a 95% confidence interval) depends on the effective (weighted) numbers of respondents to each question and ranges from ± 2 to ± 3 pp.

2. **Seasonal effects:**

Businesses are asked to exclude normal seasonal fluctuations from their responses.

3. **Stratified sample:**

To design a representative sample of Jersey's businesses, a random sampling approach was invoked, stratified by business size (employment on a full-time equivalent, FTE, basis) and type of activity (SIC sector). Size-dependent sampling probabilities were applied, businesses with more than 50 FTE employees having a sampling probability of 1. The sample will be reviewed twice yearly to incorporate new or expanding businesses, in order that the sample remains representative of Jersey's economy.

4. **Response:**

Over 440 firms were sent a survey questionnaire for this survey; some 340 completed questionnaires were returned, representing an overall response rate of 76%. This represents coverage of private sector employment of 46%.

5. **Weighting:**

The response data collected were analysed by calculating a weighted net balance. Each reporting business was assigned two weights: a sampling probability weight and a size weight (FTE workforce). The sampling weight adjusts for the different likelihoods of different sized businesses being included in the sample, an effect of the sampling methodology used. The size weight ensures that companies contribute to each indicator in proportion to the size of their workforce.

6. **Percentage Change in Employees' Earnings**

Mean percentage changes were calculated using the same inclusion probabilities and size weights as applied to the net balances. A weighted mean was calculated from the percentage changes reported by respondents. The statistical uncertainty on the all-sectors weighted mean (expressed as a 95% confidence interval) was $\pm 0.5\%$.

Statistics Unit
14th April 2010

March 2010 WNB indicators: all sectors, Finance, non-finance, Construction and Wholesale & retail; percentage points.

Indicator	ALL SECTORS		FINANCE		NON-FINANCE		CONSTRUCTION		WHOLESALE & RETAIL		OTHER NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	-15	42	14	49	-26	40	-15	25	-36	37	-26	45
New Business	-13	44	25	51	-27	42	-31	27	-47	48	-20	45
Capacity Utilisation	-21	64	-5	89	-27	56	-14	35	-44	56	-26	82
Input costs	-36	53	-13	79	-43	45	-34	61	-48	52	-44	38
Product prices	-6	74	-15	76	-3	73	-12	85	6	70	-2	70
Profitability	-41	41	-21	48	-48	39	-39	39	-52	37	-41	39
Employment	-15	65	-19	54	-13	68	1	59	-9	76	-19	69
Business optimism	-15	47	20	49	-26	46	-22	37	-47	47	-22	49
Future business activity	8	51	29	55	1	49	1	37	-3	56	2	51
Future employment	-8	65	-1	59	-10	68	-1	46	-7	73	-13	73
Employees Wages	43	51	53	44	39	53	24	70	55	38	40	51

March 2010 WNB indicators: Finance & non-finance by size of business **: percentage points.

Indicator	Large: FINANCE		Small: FINANCE		Large: NON-FINANCE		Small: NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	13	48	16	50	14	38	-38	40
New Business	23	53	34	45	-8	45	-32	41
Capacity Utilisation	-7	91	0	83	-9	64	-33	53
Input costs	-12	79	-19	81	-21	53	-50	42
Product prices	-20	72	4	93	2	56	-4	78
Profitability	-25	43	-5	66	-21	35	-56	39
Employment	-25	49	7	75	-15	54	-13	73
Business optimism	24	44	5	68	-16	60	-29	42
Future business activity	30	51	25	71	33	46	-9	50
Future employment	-5	55	15	71	-15	56	-8	71
Employees Wages	59	37	32	68	66	32	31	59

* Weighted percentage of respondents who replied "same".

** Large firms are defined as having more than 50 FTEs; small firms defined as having 50 or fewer FTEs.

December 2009 WNB indicators: all sectors, Finance, non-finance, Construction and Wholesale & retail; percentage points.

Indicator	ALL SECTORS		FINANCE		NON-FINANCE		CONSTRUCTION		WHOLESALE & RETAIL		OTHER NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	-15	52	0	72	-21	44	-40	52	-18	29	-14	47
New Business	-15	48	5	59	-23	44	-59	27	-6	54	-15	47
Capacity Utilisation	-18	58	-12	75	-20	52	-33	44	-11	63	-18	50
Input costs	-32	61	1	96	-45	48	-41	48	-52	46	-43	49
Product prices	-13	76	-12	83	-13	74	-12	74	-12	77	-14	72
Profitability	-43	37	-27	43	-49	34	-53	38	-57	30	-45	35
Employment	-15	63	-1	52	-20	67	-8	74	-8	86	-29	57
Business optimism	-15	54	13	68	-25	49	-38	49	-25	51	-19	48
Future business activity	4	40	50	32	-13	43	-23	33	-13	38	-9	49
Future employment	-12	70	-7	70	-14	70	-17	59	-15	80	-13	71

December 2009 WNB indicators: Finance & non-finance by size of business **: percentage points.

Indicator	Large: FINANCE		Small: FINANCE		Large: NON-FINANCE		Small: NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	4	73	-15	69	2	47	-31	43
New Business	6	55	2	75	11	54	-39	40
Capacity Utilisation	-12	73	-12	81	-10	60	-24	48
Input costs	2	96	-5	95	-19	64	-56	41
Product prices	-14	79	-2	95	-18	62	-11	79
Profitability	-23	45	-41	38	-33	41	-56	32
Employment	-8	50	24	59	-37	53	-13	73
Business optimism	16	69	1	63	-9	67	-32	41
Future business activity	59	28	17	46	-3	48	-18	41
Future employment	-10	66	4	82	-26	64	-9	73

* Weighted percentage of respondents who replied "same".

** Large firms are defined as having more than 50 FTEs; small firms defined as having 50 or fewer FTEs.

September 2009 WNB indicators: all sectors, Finance, non-finance, Construction and Wholesale & retail; percentage points.

Indicator	ALL SECTORS		FINANCE		NON-FINANCE		CONSTRUCTION		WHOLESALE & RETAIL		OTHER NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	-11	41	1	43	-16	41	-34	37	13	36	-16	46
New Business	-11	44	10	50	-19	41	-31	34	13	34	-25	48
Capacity Utilisation	-9	53	8	54	-15	53	-7	50	-22	61	-12	52
Input costs	-31	50	16	69	-48	43	-39	38	-50	49	-52	47
Product prices	-11	62	-1	75	-15	58	-12	59	-6	64	-21	52
Profitability	-41	30	-26	28	-46	31	-42	25	-30	26	-52	36
Employment	-18	56	-30	42	-14	60	-5	73	1	47	-22	61
Business optimism	-13	52	12	72	-22	45	-29	26	5	48	-32	49
Future business activity	12	53	33	55	4	52	3	55	33	43	-8	52
Future employment	-14	60	-22	53	-11	63	-15	60	6	54	-17	68

September 2009 WNB indicators: Finance & non-finance by size of business **: percentage points.

Indicator	Large: FINANCE		Small: FINANCE		Large: NON-FINANCE		Small: NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	-5	44	21	39	7	39	-26	42
New Business	10	49	11	54	0	32	-29	46
Capacity Utilisation	4	56	21	47	-8	55	-18	52
Input costs	23	63	-6	91	-37	57	-53	36
Product prices	1	71	-7	86	-27	45	-9	64
Profitability	-34	23	-3	46	-43	30	-48	32
Employment	-46	35	22	63	-11	34	-16	72
Business optimism	7	76	27	60	-7	53	-30	42
Future business activity	34	52	28	66	13	51	0	53
Future employment	-32	43	9	82	-8	47	-12	70

* Weighted percentage of respondents who replied "same".

** Large firms are defined as having more than 50 FTEs; small firms defined as having 50 or fewer FTEs.

BEFORE COMPLETING THE SURVEY PLEASE READ THE GUIDANCE NOTES OVERLEAF

Company Name:

Contact Details:

If the contact details have changed please update details: Name:.....Tel number:.....

The survey is to be **completed by the Chief Executive or Managing Director** and all answers should refer to the local Jersey-based unit of your organisation, not the performance of the international operations of your organisation outside the Island. The basis for answers should be consistent from one survey quarter to the next.

Current situation

Please **compare the current trading situation** for your organisation to **three months ago**; **excluding normal seasonal fluctuations** e.g. *current trading situation is higher (the same or lower) than three months ago when seasonal fluctuations are excluded.*

Note: If it is not practical to compare the current trading situation for your organisation with that of three months ago then please compare it with that of one year ago and make a note of this in the exceptional circumstances below. **(see guidance notes)**

Please tick one option only when answering the following questions regarding your organisation:

1. **Level of business activity / output:** Gross income, chargeable hours worked or turnover. **(see note 1)**

Higher Same Lower N/A

2. **Incoming new business / new orders:** New business 'won' or placed with your organisation. **(see note 2)**

Higher Same Lower N/A

3. **Level of capacity utilisation:** Current business activity relative to 'normal capacity' (e.g. 'above capacity' means busier and longer hours worked than normal). **(see note 3)**

Above capacity Normal capacity Below capacity N/A

4. **Average costs that you pay for inputs:** Prices paid for supplies, purchases, wages and salaries etc. **(see note 4)**

Higher Same Lower N/A

5. **Average prices that you charge for your products:** Prices charged per item or unit of time on average. **(see note 5)**

Higher Same Lower N/A

6. **Profitability:** Total profits earned on all activities of your organisation. **(see note 6)**

Higher Same Lower N/A

7. **Employment:** Number of employees employed. **(see note 7)**

Higher Same Lower N/A

8. **Business optimism:** Optimism about the overall business situation in your sector generally. **(see note 8)**

Increase Same Decrease N/A

Future expectations

Please **compare your expectations** for your organisation over **the next three months** to the current situation; **excluding normal seasonal fluctuations** e.g. *the next quarter will be higher (the same or lower) than the current quarter, excluding seasonal fluctuations.*

9. **Level of business activity / output:** Gross income, chargeable hours worked or turnover. *(see note 1)*

₁ Increase ₂ No change ₃ Decrease ₄ N/A

10. **Employment:** Number of employees employed. *(see note 7)*

₁ Increase ₂ No change ₃ Decrease ₄ N/A

Employees' Salaries

Please indicate your expectations for your employees' basic salaries in 2010, **excluding overtime, bonuses, commission, incentives etc** *(see note 9)*

11. **Anticipated Change in 2010:**

₁ Increase ₂ No change ₃ Decrease ₄ Prefer not to disclose

12. **If an increase or decrease is anticipated; please estimate average percentage change:**

-----%

Exceptional circumstances

Please list any recent exceptional circumstances such as business re-structuring, mergers or changes in accounting practices and what impact these circumstances have had on the answers provided.

.....
.....
.....
.....
.....

Would you like to receive a copy of the **quarterly report** via email? Yes / No

Would you like to receive the **next quarterly Business Tendency Survey questionnaire** via email? Yes / No

Please provide a contact email address:.....

The information contained in each survey will be treated with the strictest confidence and will only be used to produce aggregate measures.

Thank you for your time.

GUIDELINES ON COMPLETING THE SURVEY

Please try to **exclude normal seasonal variations** from your responses. For example, activity in hotels is typically higher in the summer than in spring, so do not tick 'higher' *unless* business activity is higher than three months ago *excluding* normal seasonal variations.

If it is not practical to compare the *current* trading situation for your organisation with that of three months ago (e.g. where there may be strong seasonal activities such as in Agriculture or Hospitality) then please compare the current trading situation with that of one year ago. Also use the same annual comparison for the future expectations of your organisation.

- Level of business activity / output:** This is the total amount of work undertaken by your organisation. Business activity can be thought of as gross income, chargeable hours worked, turnover or the number of products produced. The measure of business activity used depends on the nature of your organisation. For example, a legal firm may use the number of chargeable hours worked. A bank may decide to use values of fees, commission and premium income.
- Incoming new business / new orders:** This is the amount of new business placed with your organisation. This may include any new clients, new orders or contracts from existing clients or any new contracts.
- Level of capacity utilisation:** This is your current business activity relative to 'normal capacity'. Please tick 'above capacity' if your current business activity is above its normal capacity (e.g. because your organisation is busier than normal or staff are working longer hours than normal). Please tick 'below capacity' if your current business activity is below its normal capacity (e.g. because your organisation is quieter than normal or staff are working shorter hours than normal).
- Average cost of inputs:** This is the average cost for all inputs used by your organisation. Inputs include supplies obtained, stocks/materials bought in and costs of employees, including wages, salaries and pension costs paid by your organisation. Please try to give a weighted average of costs. For example, if employment costs are the largest share, give them the largest weighting (i.e. importance) when answering the question.
- Average prices that you charge for your products:** This is the price charged per item or per unit of time on average. For example, a legal firm will know how much they charge an hour. However, if your organisation offers various services/products then please try to give a weighted average. For example, if one service accounts for most of your sales and its prices have increased then give it the largest weighting (i.e. importance) when answering the question by indicating that prices have risen on average.
- Profitability:** This is the total profits earned on all activities of your organisation. If your organisation does not calculate profits over the most recent three months, please try to estimate how your profitability has changed, taking into account changes in turnover, changes in input costs and changes in mark-ups/spreads over input costs.
- Employment:** This is the number of employees employed on average. Please count two part-time employees as equivalent to one full-time employee. For example, if two part-time employees resigned and one full-time employee was taken on, please count this as no net change and tick 'same'. Ignore seasonal or temporary hirings.
- Business optimism:** This refers to your confidence or optimism about the overall business situation in your sector generally. Unlike the previous questions, it is *not* about what is actually happening to *your organisation* at present, but asks about your opinions for your *sector generally*.
- Employees Salaries:** This is the change in your employees' basic salary excluding any add-ons such as commission or overtime. If an increase or decrease is anticipated, please indicate this figure as an average percentage change across the whole company.