

Summary

In December 2015:

- the **headline all-sector Business Activity Indicator was 18 percentage points (pp)**, representing an improvement from the almost neutral level recorded in the previous quarter to a level similar to that seen during the first six months of 2015
- for the **Finance** sector:
 - seven of the ten indicators were essentially unchanged from the previous quarter
 - the Business Activity, Profitability and Future Employment indicators improved on the previous quarter, with Future Employment recording its highest level to date
 - the Business Activity indicator was strongly positive, returning to a level similar to that seen during the first six months of 2015
 - the longer-term outlook for profit expectations was positive, with almost three-quarters of businesses in the sector anticipating that profits in 2016 would be higher than in 2015
- for the **non-finance** sectors, overall:
 - nine of the ten indicators were essentially unchanged in the latest quarter; the Future Business Activity indicator declined but remained slightly positive
- for the **Wholesale & retail** sector:
 - six indicators were essentially unchanged from the previous quarter; two were improved (Business Activity and Employment) and two declined (Input Costs and Future Business Activity)
- for the **Construction** sector:
 - there was a fall from the overall positive perspective seen in the previous quarter, with five indicators declining, four remaining at essentially the same level, and one improving
 - the indicators for Future Business Activity and Future Employment declined considerably in the latest quarter, though Future Business Activity remained positive, as throughout 2015

Introduction

The Jersey Business Tendency Survey (BTS) was launched in September 2009 in order to provide qualitative information about the Island's economy in a timely manner. The survey enables a set of ten indicators to be produced; the headline indicator is that of all-sector Business Activity.

Responses to the survey are used to calculate weighted net balances (WNB), defined as the difference between the proportion of businesses reporting an increase in a particular measure compared to three months earlier and the proportion of businesses reporting a decrease. Appendix 1 presents the WNB for each indicator for the current quarter, whilst Appendix 2 presents time series.

The Annex to this report provides a longer-term perspective for the Finance sector in 2016, particularly of expectations for employment and profits.

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 performance. The two “future” indicators represent a qualitative expression of anticipated changes over the next three months.

Section 1: Business Activity

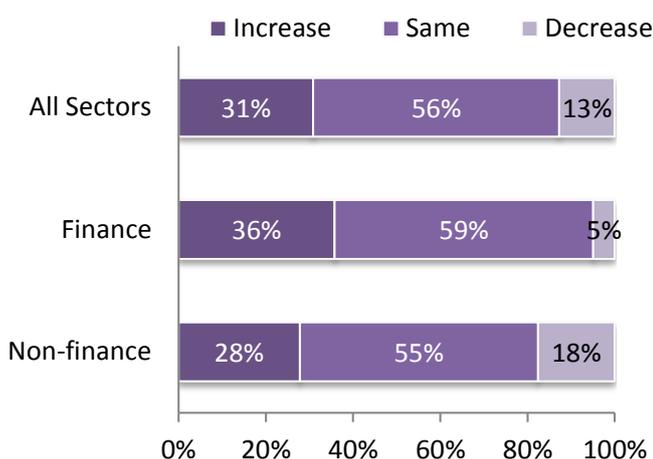
The Business Activity Indicator represents a measure of the total amount of work undertaken by businesses operating in Jersey. Such activity will have specific definitions relevant to each sector of business and may, for example, be considered as turnover, number of products produced, gross income or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

The All-sector Business Activity Indicator was positive (18 pp) in December 2015, improving from the almost neutral level of the previous quarter to a level similar to that recorded in the first six months of 2015.

Around a third of businesses reported that Business Activity was higher in December 2015 than three months earlier, whilst over half reported that Business Activity remained at the same level (see Figure 1.1).

Figure 1.1 – Business Activity Indicator

Dec 2015

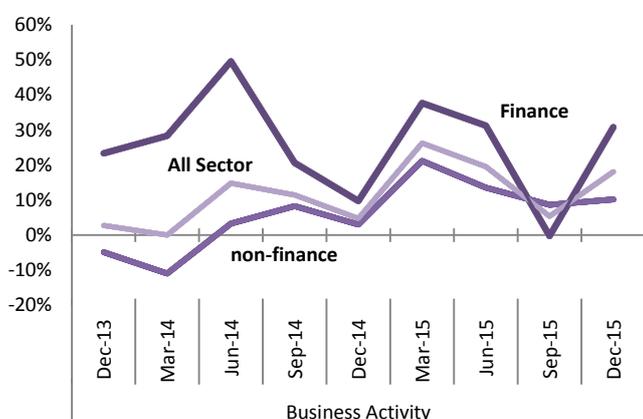


The WNBs of both the Finance and non-finance sectors were positive in December 2015, with the Finance sector being more positive than the non-finance sectors overall.

Almost a fifth (18%) of businesses in the non-finance sectors reported that activity was lower than three months earlier; a smaller proportion (5%) of businesses in the Finance sector reported that this was the case.

Figure 1.2 – Business Activity Indicator

Dec 2013 – Dec 2015



The All-sector Business Activity indicator in December 2015 was positive, returning to a level similar to that seen during the first six months of 2015, having declined in September 2015 (see Figure 1.2).

Business Activity was up significantly for the Finance sectors, increasing by 31 pp compared with the previous round of the survey.

The Business Activity indicator for the non-finance sectors was essentially unchanged in the current round, but remained slightly positive.

Section 2: Business Optimism

All-sector Business Optimism was essentially unchanged in December 2015 compared with the previous quarter, remaining slightly positive.

Figure 2.1 - Business Optimism

Dec 2015

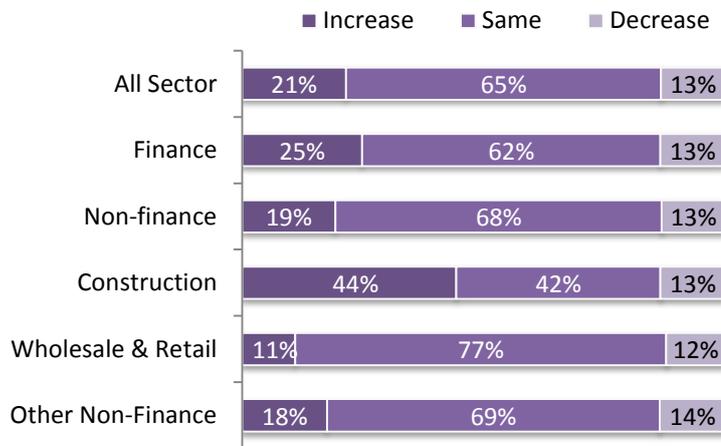
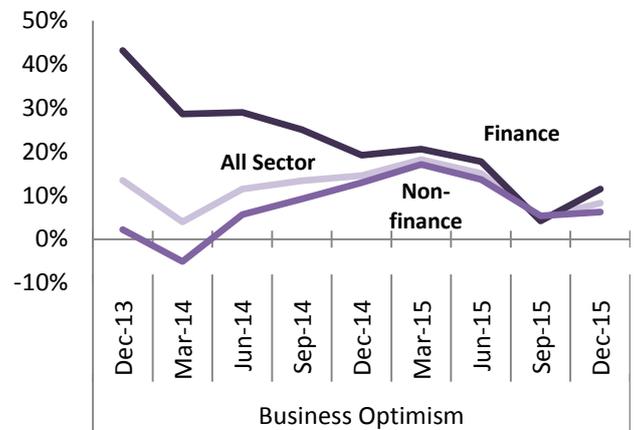


Figure 2.2 - Business Optimism

Dec 2013 – Dec 2015



The Business Optimism indicators for both the Finance and non-finance sectors were essentially unchanged compared with the previous quarter, and remained slightly positive (see Figure 2.2).

Business Optimism in the **Construction** industry was strongly positive for the second consecutive quarter, with more than two-fifths (44%) of firms in this sector reporting that Business Optimism was higher than three months earlier (see Figure 2.1). The Wholesale & retail and other non-finance sectors were essentially neutral in terms of Business Optimism.

Section 3: Sectoral analysis

All sectors

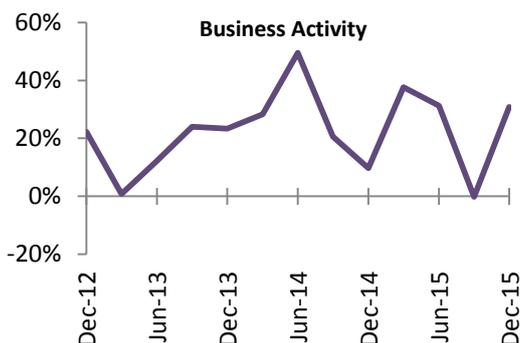
Across all sectors of the economy, eight of the ten indicators were essentially unchanged in December 2015 (changes of less than 10 pp compared with September 2015), whilst the Business Activity and Future Employment indicators saw improvement. The Future Employment indicator recorded its most positive level for six years, driven by the Finance sector.

Finance sector

In the latest round, seven of the indicators for the Finance sectors of the economy were essentially unchanged from the previous round, whilst three were improved (Business Activity, Profitability and Future Employment). Overall, eight of the indicators were at positive levels, whilst the indicator for Input costs was negative (implying higher costs) and that for Product Prices was neutral.

Figure 3.1 - Finance sector Business Activity indicator

Dec 2012 – Dec 2015

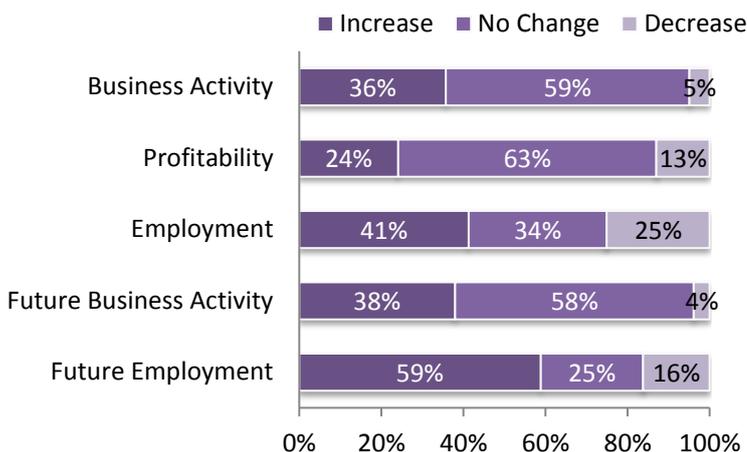


The Business Activity indicator in December 2015 was strongly positive at 31 pp, improving from the neutral level seen in the previous round (Figure 3.1).

Business Activity in December 2015 was at a similar level to that seen during the first six months of 2015, and was up compared to twelve months earlier (in December 2014).

Figure 3.2 - Finance sector indicators

Dec 2015

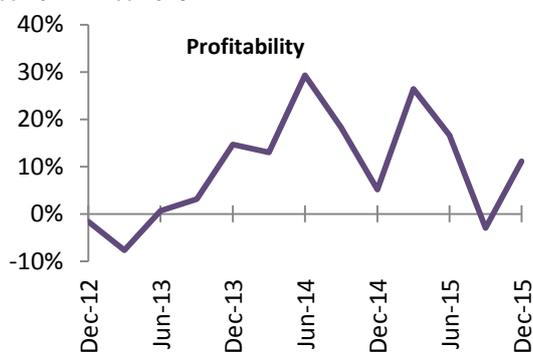


The Future Employment indicator for the Finance sector increased significantly in the latest quarter (up by 31 pp), recording its most positive level to date.

Three-fifths of businesses in the Finance sector anticipated that Employment would be higher in the short-term, over the next three months (see Figure 3.2).

Figure 3.3 - Finance sector Profitability indicator

Dec 2012 – Dec 2015



The Profitability indicator for the Finance sector improved in the latest quarter, with a quarter of firms reporting that profitability was higher compared to the situation in September 2015 (see Figures 3.2 and 3.3).

For a longer-term perspective of expectations for profits and employment in the Finance sector in 2016, as well as a breakdown by sub-sector, see the Annex to this report.

Larger finance companies (having more than 50 full-time equivalent employees, FTEs) were more positive than smaller companies for Capacity Utilisation, Profitability and Future Employment (see Appendix 1). Smaller finance companies were more positive from the perspectives of Business Activity, New Business, Business Optimism and Future Business Activity.

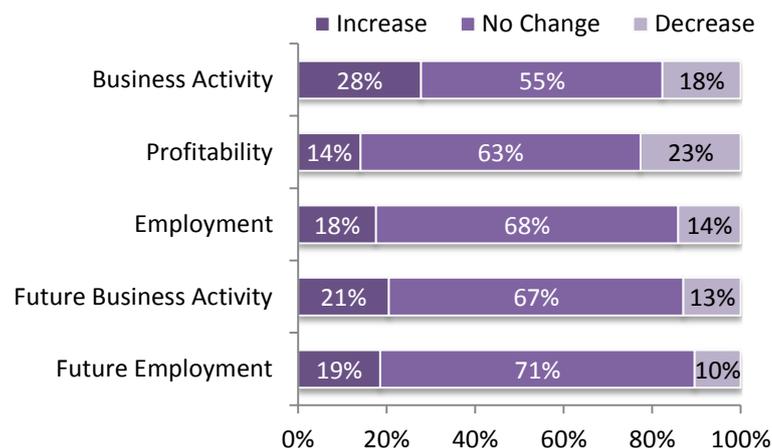
Overall, both large and small finance firms were strongly positive for Business Activity, Future Business Activity and Future Employment.

Non-finance sectors, overall

For the non-finance sectors overall, nine of the ten indicators were unchanged in the latest quarter, whilst the indicator for Future Business Activity declined. Overall, five indicators were positive, three were negative and two were neutral – see Appendix 2.

Figure 4.1 - non-Finance sector indicators

Dec 2015

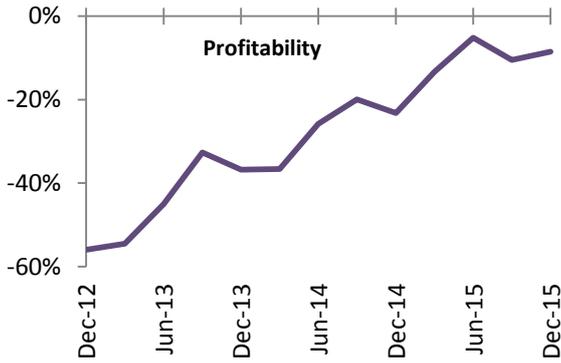


The Business Activity indicator was slightly positive (at 10 pp) in the latest quarter (see Figure 4.1).

Around two-thirds of non-finance businesses anticipated no change in Future Business Activity or Future Employment in the short-term (see Figure 4.1).

Figure 4.2 – non-Finance sector Profitability indicator

Dec 2012 – Dec 2015



The Profitability indicator for the non-finance sectors, overall, was essentially unchanged in the latest quarter, remaining slightly negative and having seen a general upward trend during the last three years (Figure 4.2).

Larger non-finance companies (having more than 50 FTEs) were more positive than smaller companies for the Business Activity and New Business indicators. Smaller non-finance companies were more positive than the larger companies for Future Business Activity (see Appendix 1).

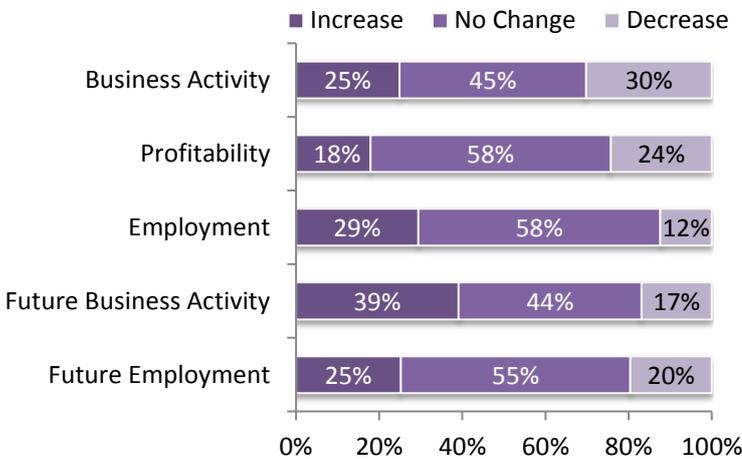
Construction sector

The indicators for the Construction sector saw a fall from the overall positive perspective of the previous quarter, with five indicators declining, four remaining at essentially the same level, and one improving.

The Future Business Activity and Future Employment indicators declined considerably in the latest quarter, though Future Business Activity remained positive, as it had been throughout 2015 (see Appendix 2).

Figure 5.1 - Construction sector indicators

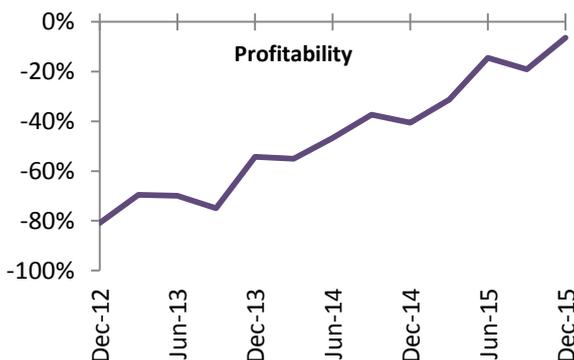
Dec 2015



The Business Activity indicator declined (down by 13 pp) in the latest quarter, becoming marginally negative for the first time since the latter half of 2014.

Figure 5.2 - Construction sector Profitability indicator

Dec 2012 – Dec 2015



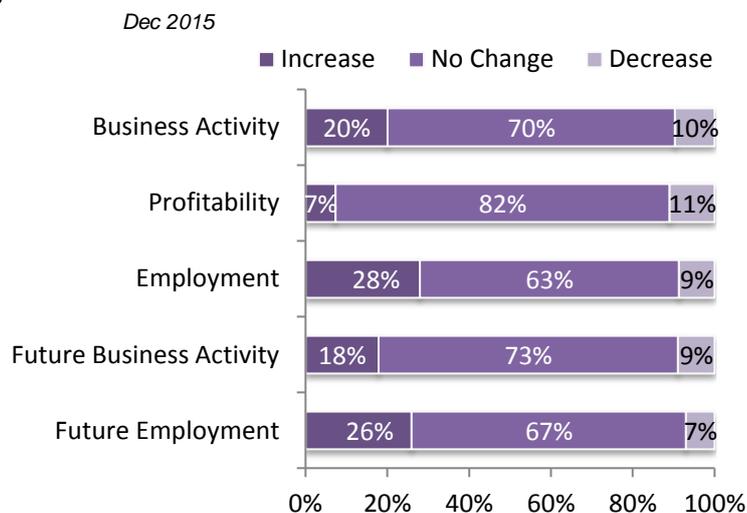
The only indicator for the sector to improve in the latest quarter was that for Profitability, which recorded its least negative level to date.

The Profitability indicator for the Construction sector has seen a generally upward trend during the last three years, towards a neutral WNB (see Figure 5.2).

Wholesale & retail sector

For the Wholesale & retail sector, six indicators were essentially unchanged compared with the previous quarter, two were improved and two declined. The Business Activity and Employment improved in the latest quarter, whilst those for Future Business Activity and Input Costs (implying higher costs) declined.

Figure 6.1 - Wholesale & retail sector indicators

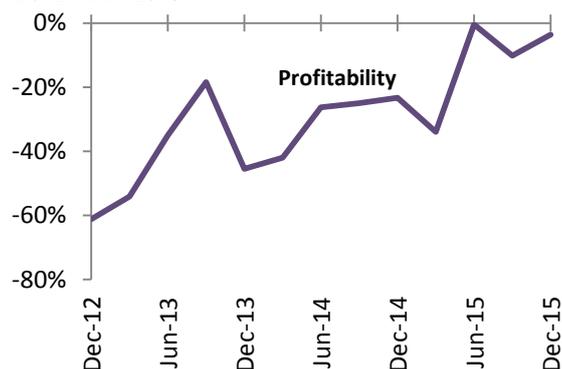


The indicator for Business Activity was up in the latest quarter (at 10 pp), returning to the slightly positive level seen during the first six months of 2015 (see Figure 6.1 and Appendix 2).

Around two-thirds of businesses in the Wholesale & retail sector anticipated no change in Future Business Activity or Future Employment in the short-term.

Figure 6.2 - Wholesale & retail sector Profitability indicator

Dec 2012 – Dec 2015



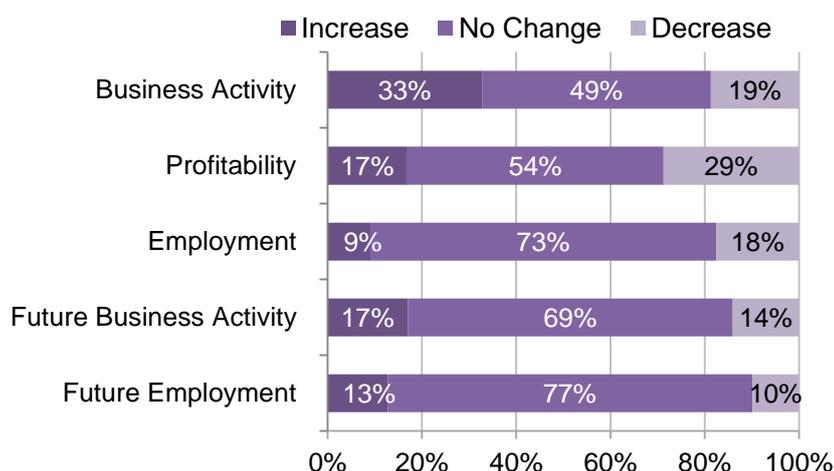
The Profitability indicator almost attained a neutral WNB in the latest quarter (see Figure 6.2), though more than four-fifths of businesses in the sector reported that profitability was unchanged compared with three months earlier (see Figures 6.1).

Other non-finance sectors

For the other non-finance sectors of the economy, nine of the ten indicators were essentially unchanged compared with the previous round of the survey (see Appendix 2).

Figure 7.1 – Other non-finance sectors indicators

Dec 2015

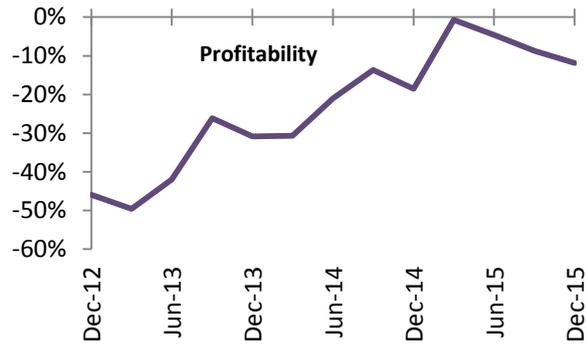


The Business Activity indicator for the other non-finance sectors was at a positive level similar to that seen throughout 2015, whilst the Profitability indicator remained negative.

Three-quarters of firms anticipated no change in Future Employment in the short-term, whilst more than two-thirds anticipated no change in Future Business Activity (see Figure 7.2).

Figure 7.2 - Other non-finance sector Profitability indicator

Dec 2012 – Dec 2015



Statistics Unit
27 January 2016

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**.

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 is reviewed twice yearly to incorporate new or expanding businesses, in order that the sample remains representative of Jersey's economy.

4. **Response:**

494 firms were sent a survey questionnaire for this survey; 294 completed questionnaires were returned, an overall response rate of 60%. The respondents accounted for more than two-fifths (41%) of total private sector employment in the Island.

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.

Dec 2015 WNB indicators: all sectors, Finance, non-finance, Construction, Wholesale & retail and other non-finance; 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	18	56	31	59	10	55	-5	45	10	70	14	49
New Business	10	59	10	67	10	54	10	42	4	69	14	49
Capacity Utilisation	9	68	29	67	-3	69	-5	56	-10	70	1	71
Input costs	-25	71	-18	79	-30	65	-24	70	-28	62	-32	66
Product prices	2	85	4	88	1	84	-4	86	-10	82	8	84
Profitability	-1	63	11	63	-9	63	-6	58	-4	82	-12	54
Employment	8	55	16	34	3	68	17	58	19	63	-8	73
Business optimism	8	65	11	62	6	68	31	42	-1	77	4	69
Future business activity	18	63	34	58	8	67	22	44	9	73	3	69
Future employment	21	54	43	25	8	71	6	55	19	67	3	77

Dec 2015 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	28	62	41	49	19	54	2	54
New Business	5	68	33	63	23	55	-2	55
Capacity Utilisation	32	63	14	83	-6	71	-1	71
Input costs	-18	79	-17	78	-34	64	-26	64
Product prices	5	87	-1	90	1	85	0	85
Profitability	14	65	0	53	-11	65	-6	65
Employment	15	33	23	35	3	65	4	65
Business optimism	9	60	23	71	4	79	8	79
Future business activity	31	62	48	44	1	73	14	73
Future employment	45	21	34	42	12	68	5	68

* 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.

WNB Indicators

Appendix 2

All Sectors

Indicator	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Business Activity	-13	-25	-23	-24	-19	-23	-8	4	3	0	15	12	5	26	20	5	18
New Business	-17	-22	-26	-20	-17	-14	-14	3	5	7	11	8	8	26	24	12	10
Capacity Utilisation	-18	-19	-34	-30	-24	-29	-17	-12	-13	-8	1	-2	-1	11	7	9	9
Input costs	-43	-38	-42	-44	-32	-40	-39	-38	-29	-42	-42	-38	-27	-40	-31	-19	-25
Product prices	1	-1	-6	-5	-16	-3	-8	-7	-3	4	-1	2	1	9	10	4	2
Profitability	-38	-43	-41	-48	-44	-43	-33	-23	-23	-23	-12	-10	-16	-1	2	-8	-1
Employment	-17	-16	-23	-25	-22	-19	-12	-5	-12	-5	-2	6	1	9	-4	7	8
Business optimism	-42	-29	-34	-27	-30	-26	-14	3	13	4	11	13	15	18	15	5	8
Future business activity	-11	-8	-13	-7	-4	-4	2	9	19	26	19	14	14	32	27	25	18
Future employment	-21	-16	-16	-14	-13	-17	-5	-2	2	9	9	2	5	13	12	10	21

Finance

Indicator	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Business Activity	5	-5	-2	-3	22	1	12	24	23	28	50	21	10	38	31	0	31
New Business	11	15	6	-6	25	24	-3	36	28	51	23	24	27	34	39	15	10
Capacity Utilisation	3	2	-11	1	2	-8	11	9	11	8	9	27	16	23	16	23	29
Input costs	-17	-5	-21	-26	-4	-9	-14	-28	-2	-24	-24	-19	-2	-27	-26	-13	-18
Product prices	5	0	6	1	-5	4	-2	-6	0	4	2	6	11	9	12	0	4
Profitability	-4	-11	-5	-26	-2	-8	1	3	15	13	29	18	5	26	17	-3	11
Employment	-14	-16	-28	-28	-12	-7	2	5	-11	-2	1	21	4	17	-4	8	16
Business optimism	-29	-5	-14	-4	-4	-1	3	31	43	29	29	25	19	21	18	4	11
Future business activity	27	14	12	23	11	8	9	25	43	54	28	11	17	32	29	36	34
Future employment	0	-10	3	-2	-3	-13	-2	10	17	12	22	6	8	9	24	11	43

Non-Finance

Indicator	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Business Activity	-18	-31	-29	-30	-31	-31	-14	-4	-5	-11	3	8	3	21	14	9	10
New Business	-24	-33	-36	-25	-29	-27	-18	-10	-5	-11	7	2	2	22	15	10	10
Capacity Utilisation	-25	-26	-41	-39	-31	-36	-26	-20	-23	-14	-2	-12	-7	6	3	2	-3
Input costs	-51	-47	-49	-49	-49	-50	-47	-42	-41	-48	-48	-44	-35	-46	-33	-22	-30
Product prices	-1	-2	-10	-7	-19	-5	-10	-7	-5	4	-2	1	-2	9	10	6	1
Profitability	-47	-53	-52	-55	-56	-55	-45	-33	-37	-37	-26	-20	-23	-13	-5	-10	-9
Employment	-18	-16	-22	-24	-25	-22	-17	-8	-12	-7	-2	0	-1	6	-4	7	3
Business optimism	-46	-36	-40	-34	-37	-33	-20	-8	2	-5	6	9	13	17	14	5	6
Future business activity	-22	-15	-21	-17	-8	-8	0	2	11	16	15	15	13	32	26	19	8
Future employment	-28	-18	-22	-17	-16	-18	-6	-7	-4	7	5	1	4	15	6	9	8

Construction

Indicator	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Business Activity	-37	-29	-50	-42	-44	-30	-21	-47	-18	-17	11	-4	-13	30	8	8	-5
New Business	-52	-35	-50	-38	-39	-19	-16	-41	-13	-18	10	-21	-9	17	4	12	10
Capacity Utilisation	-28	-29	-56	-58	-57	-40	-45	-47	-28	-23	7	-29	-18	13	11	-4	-5
Input costs	-37	-22	-18	-33	-36	-46	-38	-38	-37	-56	-56	-35	-50	-46	-37	-27	-24
Product prices	-6	-27	-37	-37	-43	-23	-29	-27	-20	-4	-18	-5	-19	17	2	40	-4
Profitability	-53	-63	-65	-59	-81	-70	-70	-75	-54	-55	-47	-37	-40	-31	-14	-19	-6
Employment	-32	-25	-34	-29	-47	-15	-28	-30	-31	-8	-7	-5	-3	16	-4	30	17
Business optimism	-53	-26	-44	-42	-53	-45	-31	-50	9	11	23	16	8	34	17	36	31
Future business activity	-28	-16	-28	-28	-11	-6	-7	-29	11	9	15	19	2	37	23	53	22
Future employment	-45	-13	-31	-23	-20	-10	-18	-37	-7	6	5	16	16	36	21	36	6

Wholesale & retail

Indicator	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Business Activity	-1	-27	-25	-7	-36	-28	1	8	-12	-16	8	-3	-3	12	11	-1	10
New Business	3	-26	-39	0	-36	-35	-11	-1	-18	-3	9	0	8	17	13	6	4
Capacity Utilisation	-1	-19	-50	-44	-48	-45	-37	-37	-44	-10	-10	-24	-16	18	1	-5	-10
Input costs	-67	-47	-50	-45	-41	-50	-38	-36	-37	-46	-46	-37	-11	-49	-29	-13	-28
Product prices	7	7	7	5	-12	-14	-7	-1	0	9	-7	16	-11	-12	10	-7	-10
Profitability	-52	-54	-60	-49	-61	-54	-35	-18	-45	-42	-26	-25	-23	-34	0	-10	-4
Employment	-4	-20	-21	-31	-30	-19	-22	-13	-16	-13	1	0	1	5	-13	3	19
Business optimism	-47	-57	-42	-35	-47	-32	-24	-2	-6	-19	12	6	0	23	15	7	-1
Future business activity	-23	-18	-15	-3	-6	-7	-6	8	3	-5	27	13	10	31	28	30	9
Future employment	-22	-28	-25	-5	-16	-26	-6	-7	-20	-10	11	1	9	-6	-6	14	19

Other non-finance

Indicator	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Business Activity	-18	-34	-25	-35	-24	-32	-18	5	1	-8	0	15	9	23	16	16	14
New Business	-24	-35	-31	-29	-23	-26	-20	-4	1	-11	6	9	3	25	19	12	14
Capacity Utilisation	-32	-27	-33	-32	-17	-31	-17	-6	-15	-13	-1	-4	-2	-1	2	8	1
Input costs	-50	-55	-57	-56	-40	-51	-53	-46	-44	-47	-47	-49	-38	-44	-34	-28	-32
Product prices	-2	3	-9	-2	-12	5	-6	-3	-2	5	3	-2	5	16	11	8	8
Profitability	-44	-50	-46	-55	-46	-50	-42	-25	-29	-31	-21	-14	-19	-1	-5	-9	-12
Employment	-18	-12	-19	-19	-15	-26	-13	0	-6	-5	-2	2	0	3	0	4	-8
Business optimism	-42	-31	-38	-32	-28	-30	-16	2	3	-5	0	8	18	10	12	-3	4
Future business activity	-20	-13	-22	-18	-7	-9	5	10	13	24	12	14	17	31	27	3	3
Future employment	-24	-16	-18	-20	-15	-18	-3	2	1	13	3	-2	0	17	8	0	3

Finance Sector - future expectations

This Annex focuses on the future expectations of the finance sector for employment, profit and business development, overall and for the individual sub-sectors: Accountancy, Banking, Fund management, Legal, and Trust & company administration. The information presented is derived from a set of questions included in both the June and December 2015 rounds of the Business Tendency Survey (BTS). Results presented have been weighted by manpower, whereby the responses of larger companies are given more significance.

Changes in Employment – short-term

Companies were asked for their expectations of staff numbers for their organisation in Jersey over the next three months (i.e. for the first quarter of 2016) compared with the current situation, in December 2015. The outlook was positive overall (see Figure A1a), with three-fifths of companies in the sector anticipating that employment would be higher in March 2016 than in December 2015. Half (50%) of respondent companies thought that any such increases would be less than 5%. In contrast, a sixth (17%) of companies anticipated employment numbers would decrease over the next three months.

Figure A1a – Short-term employment expectations (Dec 2015 to Mar 2016)

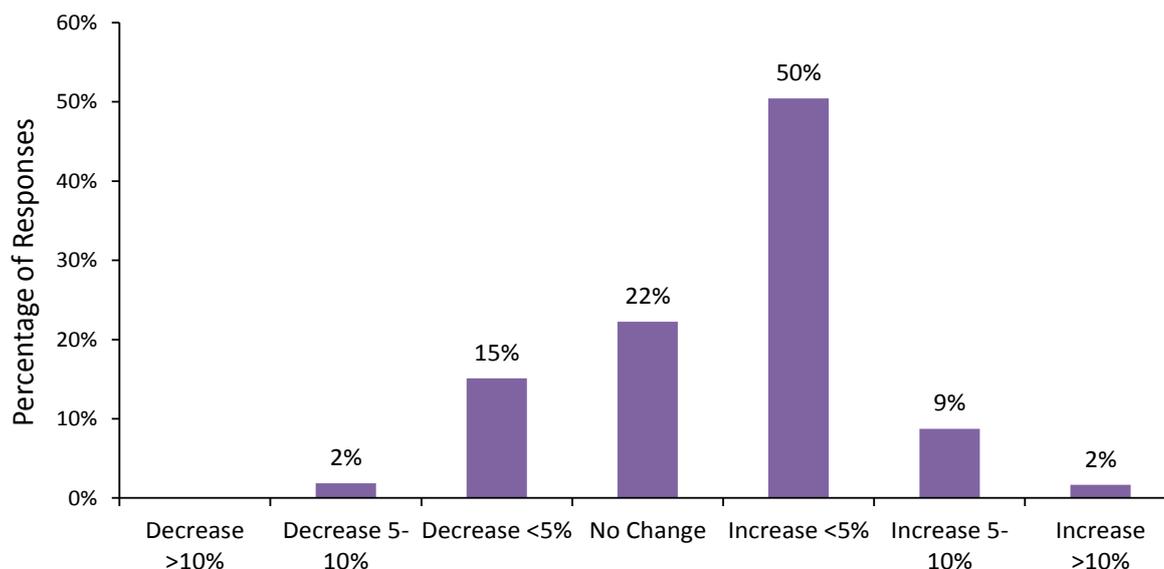
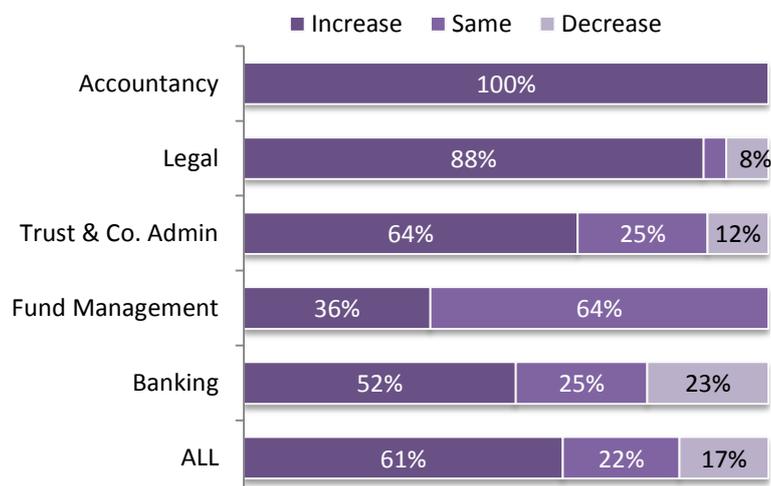


Figure A1b – Short-term employment expectations (Dec 2015 to Mar 2016), by sub-sector



The Accountancy and Legal sub-sectors were the most positive for short-term employment, with all respondents from the Accountancy sub-sector anticipating an increase.

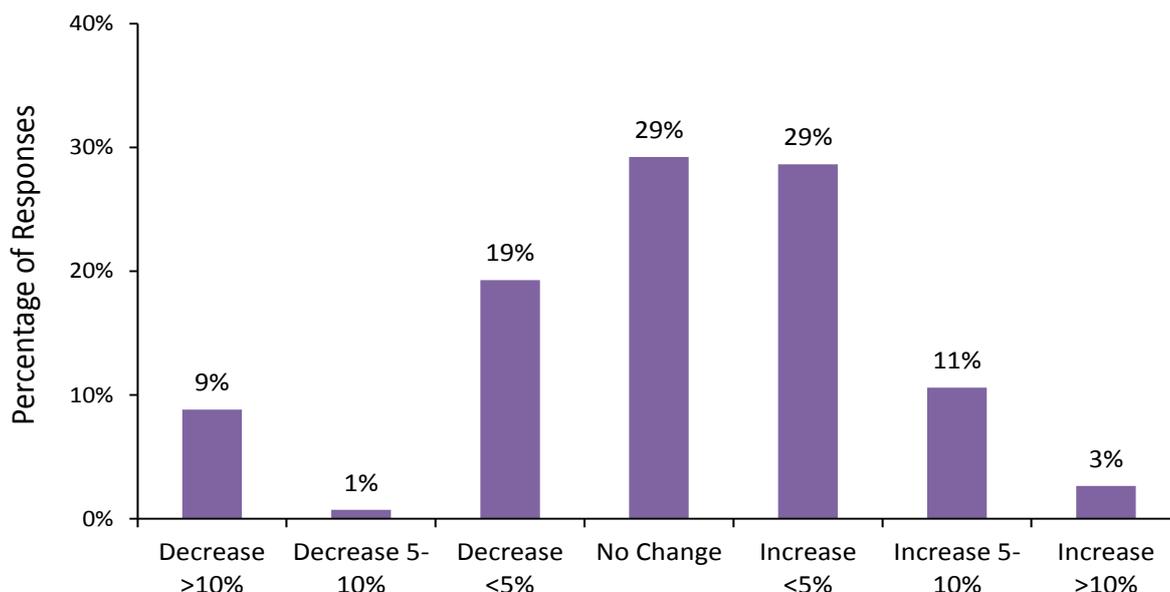
Half of firms in the Banking sub-sector anticipated an increase in short-term employment, whilst a quarter anticipated a decrease.

Changes in Employment – longer-term

Companies were asked for their longer-term expectations of staff numbers, comparing their expected manpower in December 2016 with that in December 2015.

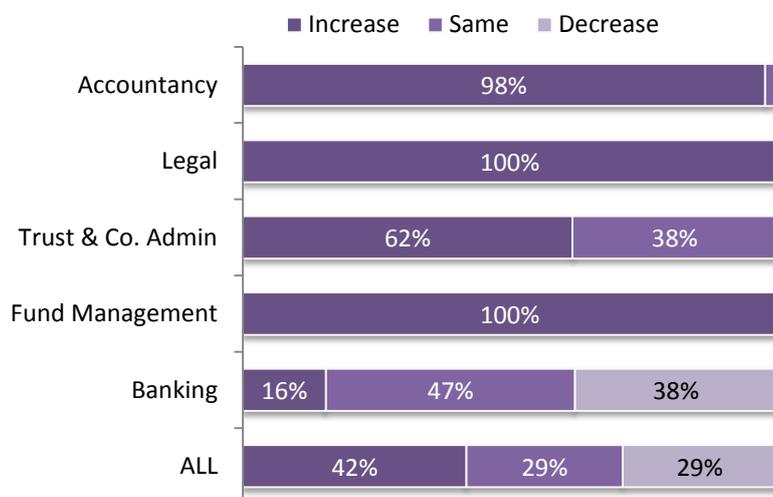
Two-fifths (42%) of businesses anticipated that their staff numbers would increase during 2016, with the majority of these anticipating an increase of less than 5%. Almost one in three businesses reported that there would be no change in their staff numbers in 2016, whilst a further one in three thought that their employment would decrease over the next twelve months.

Figure A2a – Longer-term employment expectations for 2016



The weighted net balance for employment in the sector overall during the next twelve months was positive, at 13 pp.

Figure A2b – Longer-term employment expectations for 2016, by sub-sector



The Legal, Fund Management and Accountancy sub-sectors were the most positive for longer-term future employment, with almost all respondent businesses in these sub-sectors anticipating increased staff numbers in 2016.

Banking was the least positive and most negative sub-sector for longer-term employment, with nearly two-fifths (38%) of companies anticipating a decrease in employment in 2016.

Profit expectations

Companies were asked for their short-term outlook on profits for the next three months (December 2015 to March 2016) and also for their profit expectations on a longer-term basis, that is for calendar year 2016 compared with 2015.

Profits – short term

Overall, the short-term profit outlook was positive, with around half (53%) of businesses expecting profits to increase during the next three months, whilst only a very small proportion (around 1%) thought that profits would decrease. Almost half of businesses (46%) anticipated profits would be unchanged in the short-term (see Figure A3a).

Figure A3a – Short-term profit expectations (Dec 2015 to Mar 2016)

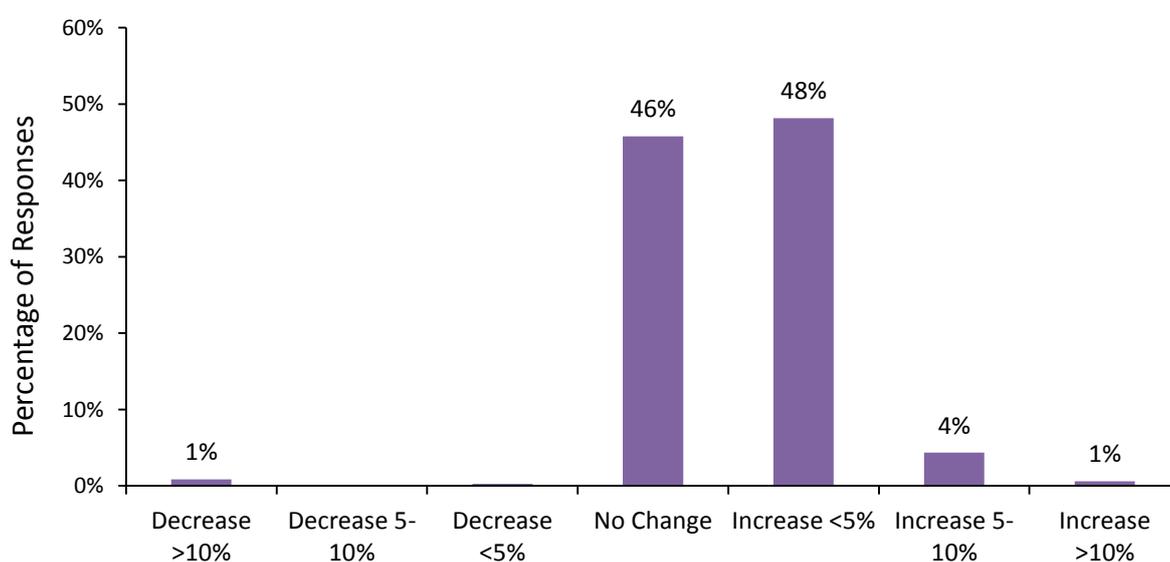
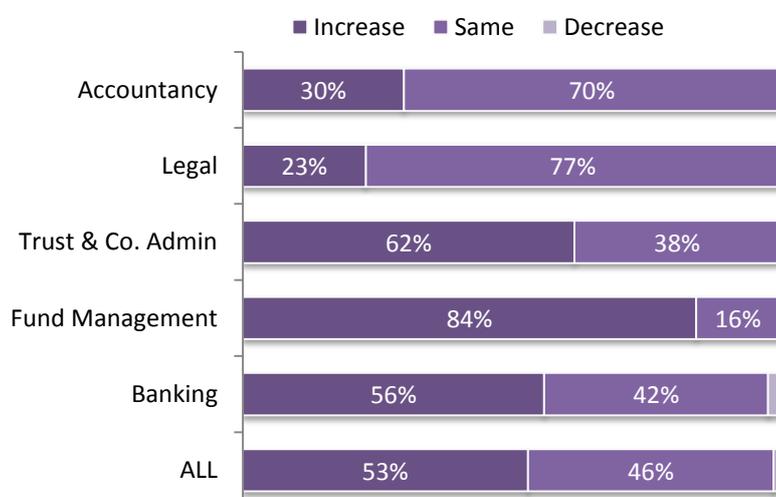


Figure A3b – Short-term profit expectations (Dec 2015 to Mar 2016), by sub-sector



Fund Management was the most positive sub-sector, with most businesses involved in this activity anticipating profits to increase over the next three months. Around three-fifths of businesses in Trust & company administration and Banking anticipated increased profits in the first three months of 2016.

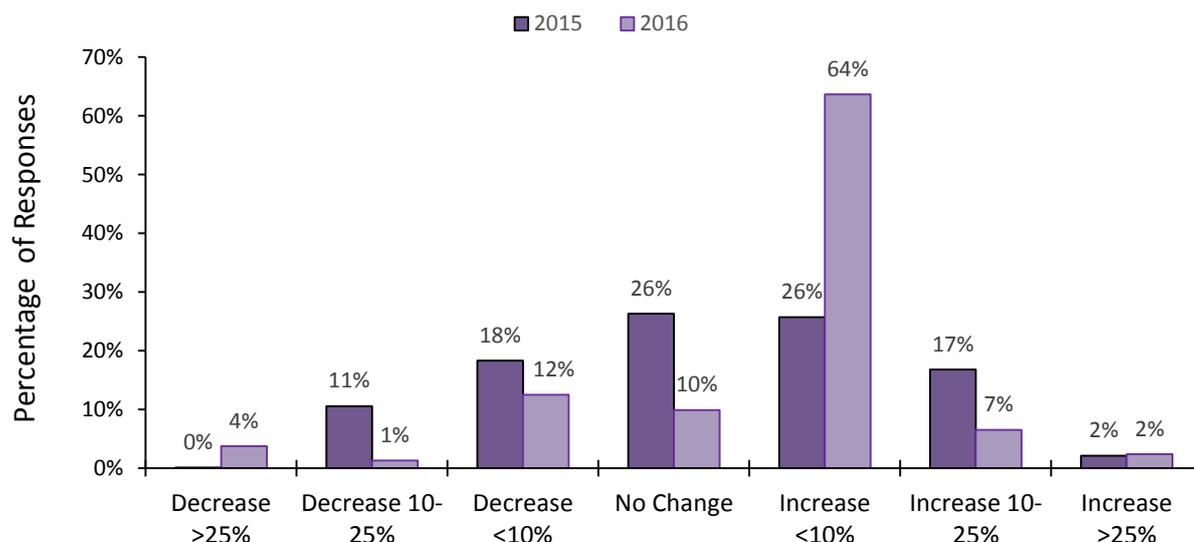
The majority of Accountancy and Legal businesses indicated that they expected profits to remain at the same level over the next three-months.

Profits – Longer-term

Overall, the longer-term outlook for profit expectations in 2016 was positive, with almost three-quarters (73%) of businesses in the sector anticipating that profits in 2016 would be higher than in 2015.

The level of positivity for 2016 was greater than that expressed for 2015 in a previous round of this survey (in June 2015) when fewer than half (45%) of businesses anticipated that profits for 2015 would be higher than those recorded in 2014 (see Figure A4a).

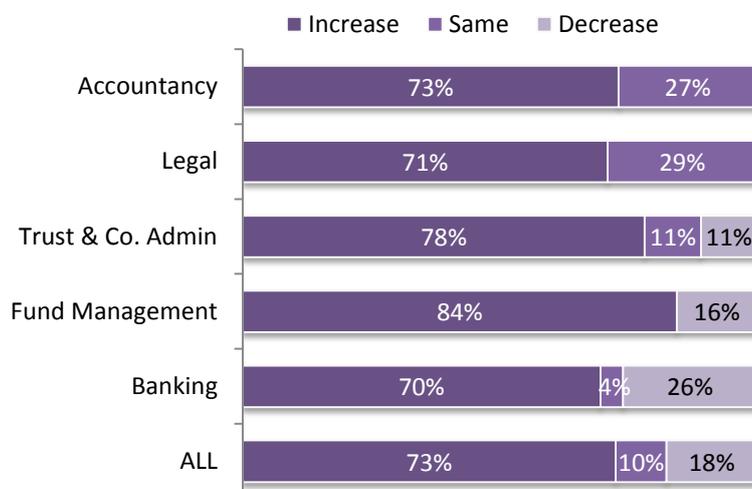
Figure A4a – Longer-term profit expectations for 2016 (expressed in Dec 2015) compared with expectations for 2015 (expressed in Jun 2015)



The weighted net balance for profits in 2016 (expressed in December 2015) was strongly positive (55 pp).

The majority of companies expecting increased profits in 2016 anticipated that such increases would be less than 10% (see Figure A4a).

Figure A4b – Longer-term profit expectations for 2016, by sub-sector



All sub-sectors were predominantly positive for profit expectations for 2016 (see Figure A4b), ranging from around seven out of ten companies in Banking anticipating increased profits in 2016 to around eight out of ten companies in Trust & company administration and Fund Management.

Banking had the greatest proportion of companies anticipating that profits would decrease in 2016, with around a quarter of companies in the sub-sector expecting profits to be lower in 2016 than in 2015.

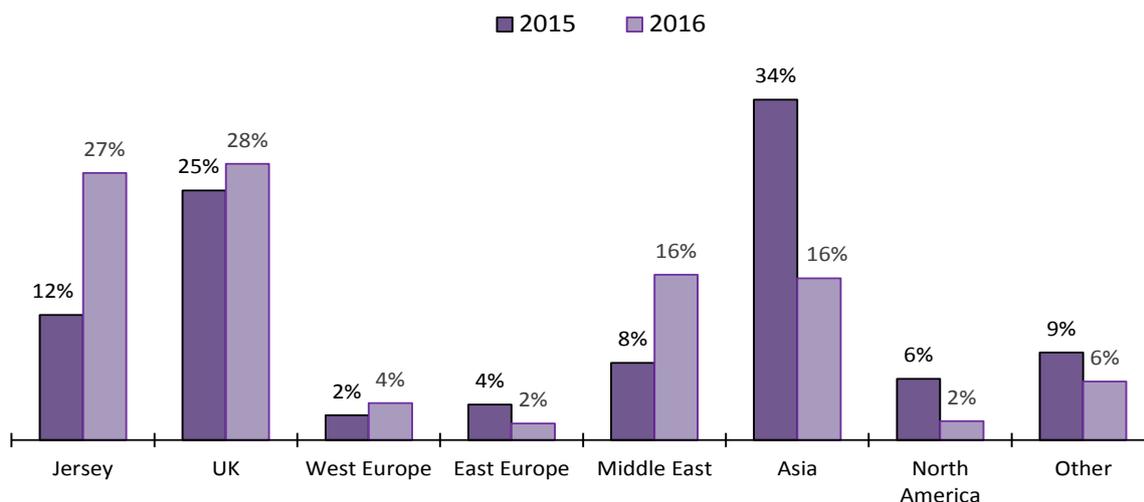
Business development – geographical regions

Companies were asked which geographical regions had the greatest potential for developing key business referrers in 2016 and also, in contrast, which regions had the greatest potential for decline.

Development

Figure A5 shows that over a quarter of responding companies felt that Jersey and the UK were regions with the greatest potential for developing key business referrers in 2016.

Figure A5 – Geographical regions with greatest potential for developing key business referrers in 2015 and 2016 (expressed in Jun and Dec 2015, respectively)

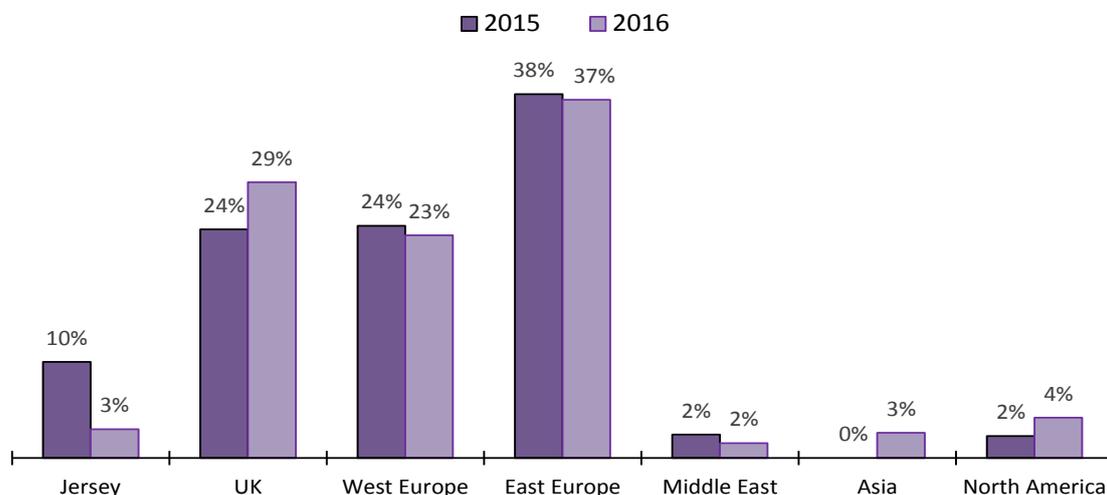


The proportions of firms citing Jersey and the Middle East as regions for developing business in 2016 were greater than in 2015 (as recorded by the June 2015 round of this survey). In contrast, the proportion citing Asia as a potential region for developing key referrers in 2016 was down from that cited for 2015.

Decline

When asked which geographical regions had the greatest potential for decline in terms of key business referrers, Eastern Europe was the most commonly identified region, cited by almost two-fifths of businesses for both 2015 and 2016. The UK was the next most frequently cited region as having potential for decline in 2016 (see Figure A6).

Figure A6 – Geographical regions with greatest potential for decline of key business referrers in 2015 and 2016 (expressed in Jun and Dec 2015, respectively)

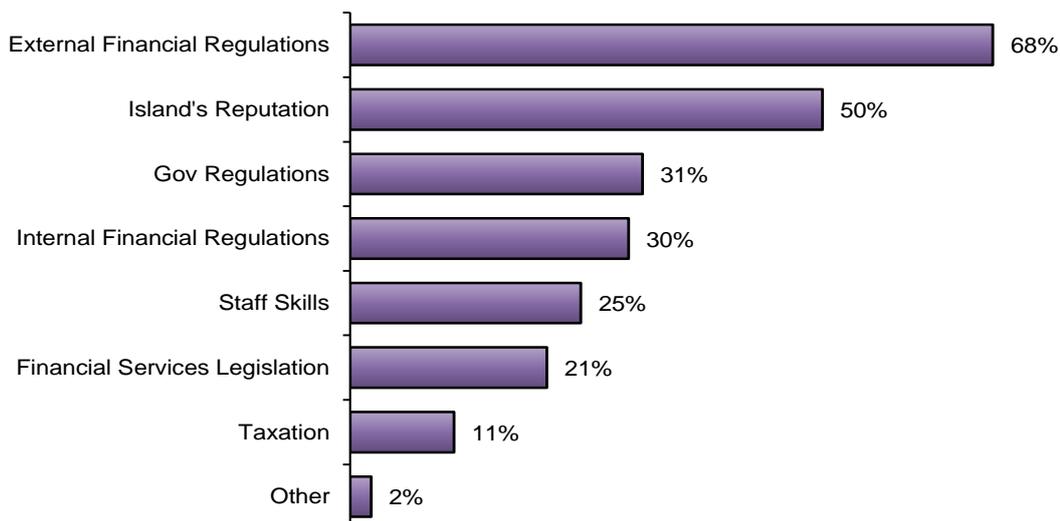


Jersey's business environment

Companies were asked to identify the key issues facing Jersey's business environment during the first six months of 2016. Respondents were asked to tick up to three options and were also able to identify other issues.

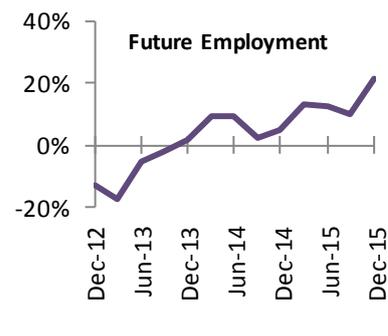
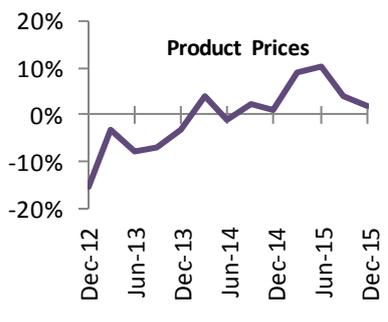
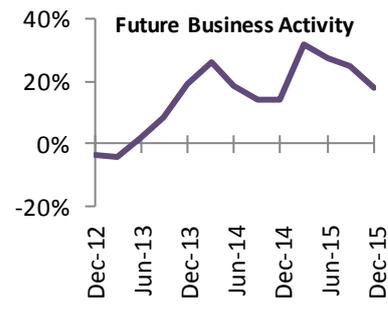
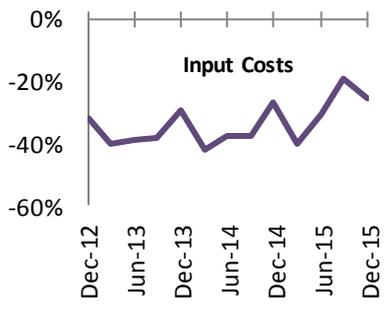
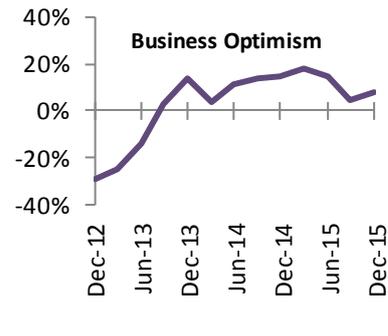
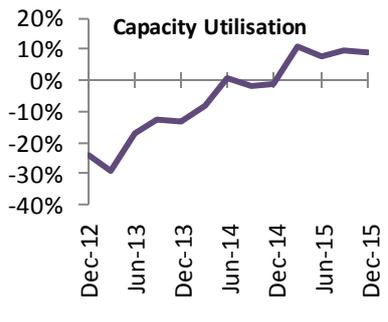
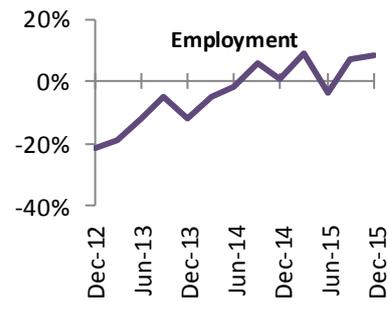
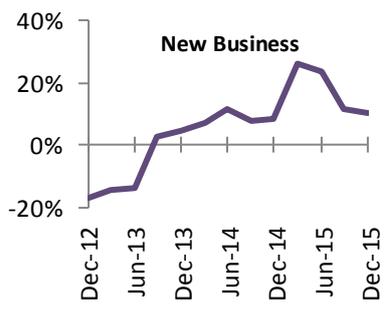
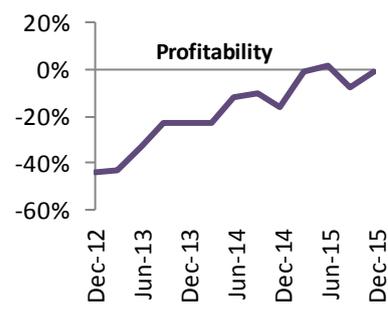
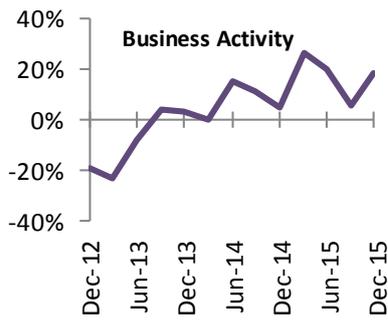
The key issue identified most strongly, was "*External financial regulations*", cited by around two-thirds (68%) of respondents, followed by the "*Island's reputation*", cited by half (50%) of respondents.

Figure A7 – Key issues for Jersey's business environment for the next six months (Jun to Dec 2016)

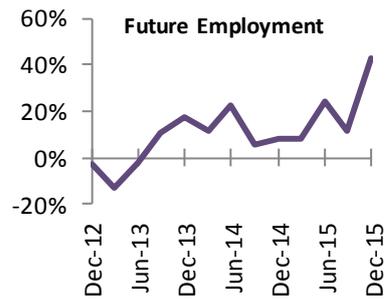
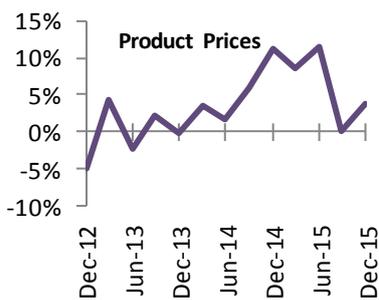
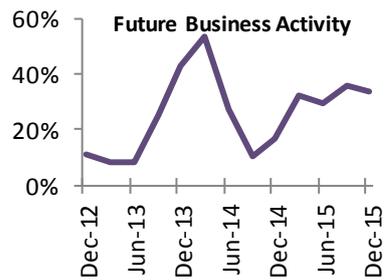
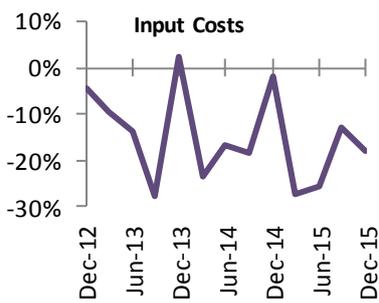
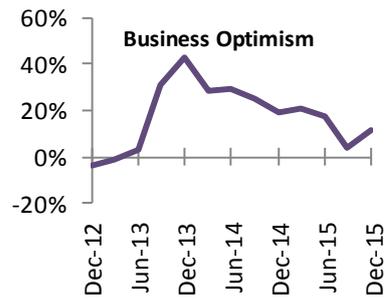
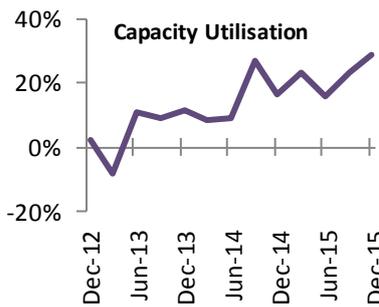
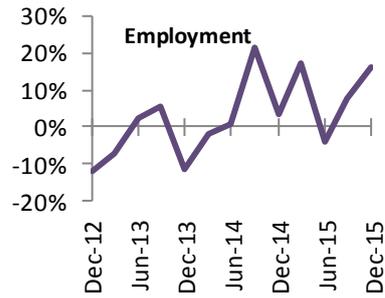
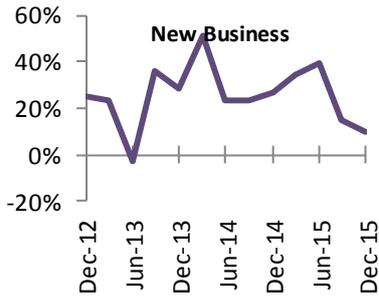
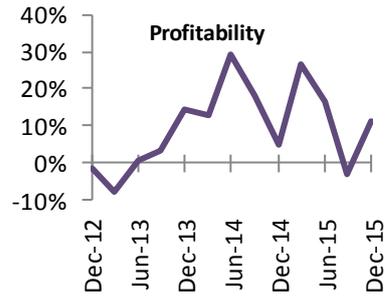
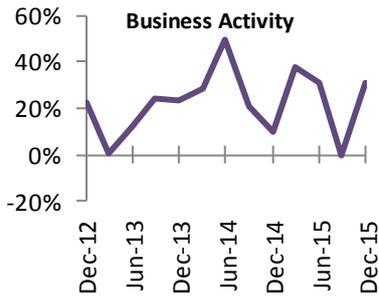


Around one in three respondents identified "*Government regulations*" and "*Internal Financial Regulations*", as being key issues for Jersey's business environment during the next six months.

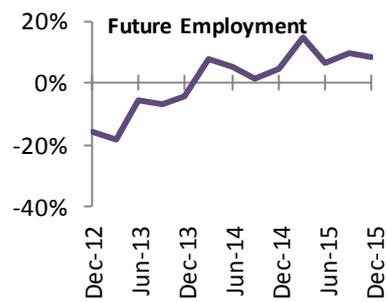
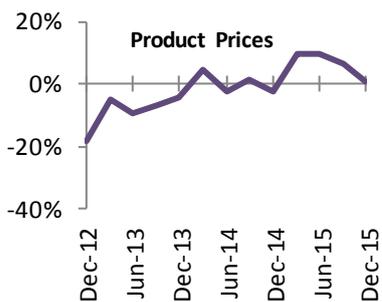
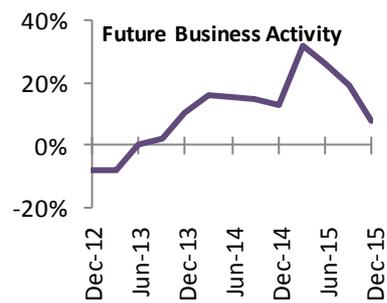
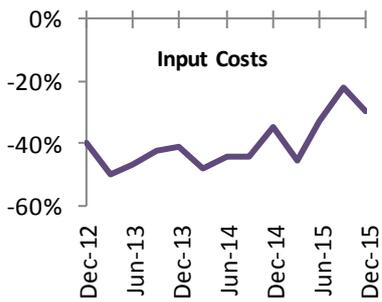
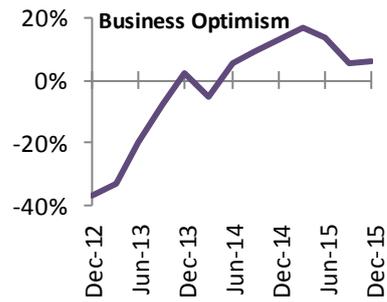
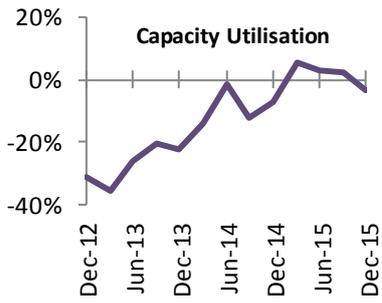
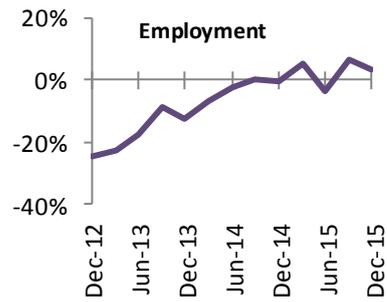
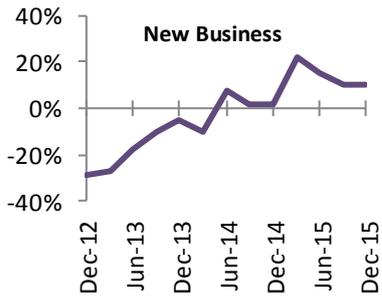
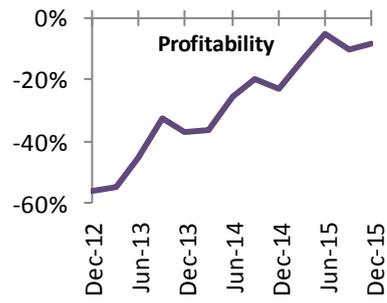
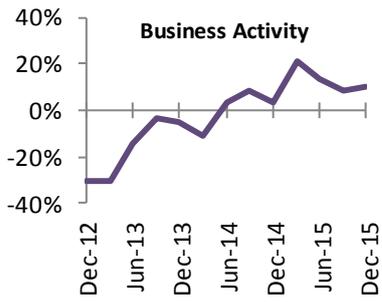
All Sector Indicators



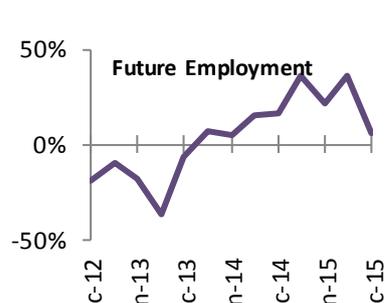
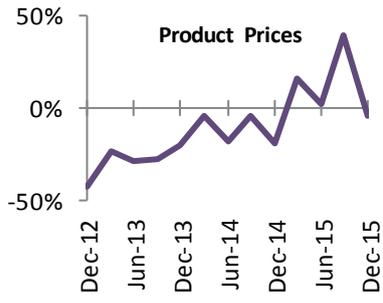
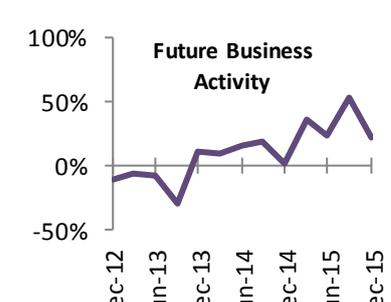
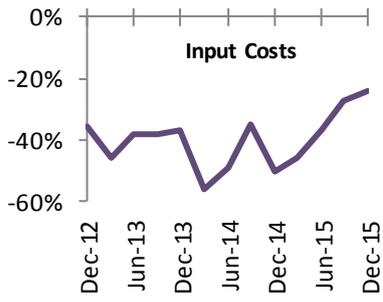
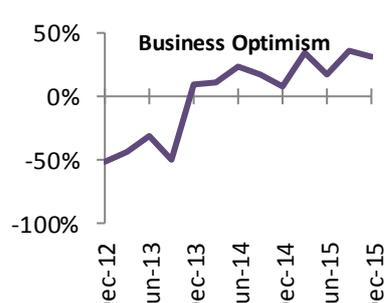
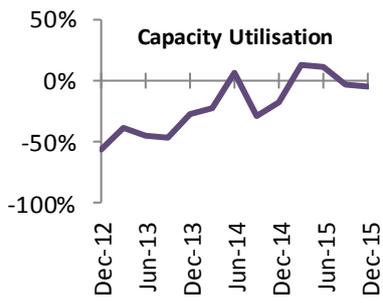
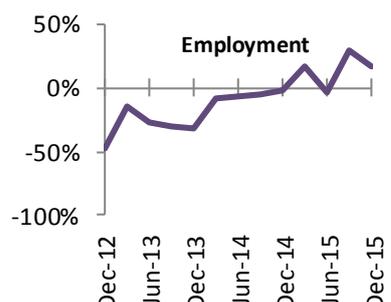
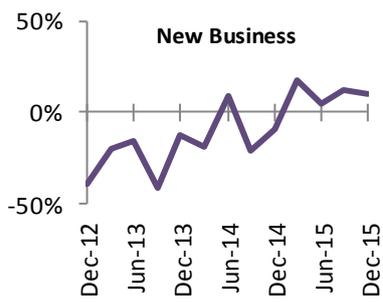
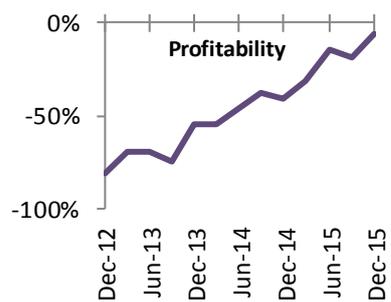
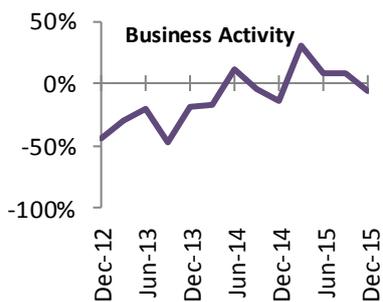
Finance Indicators



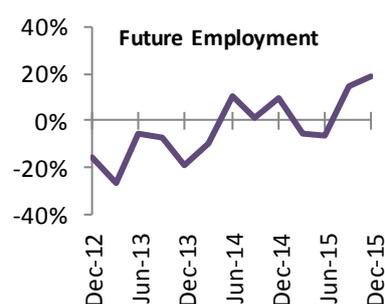
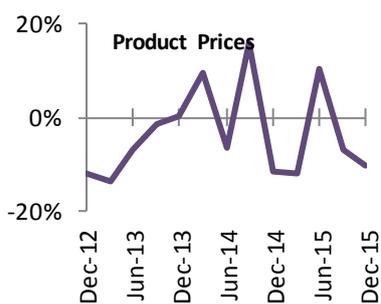
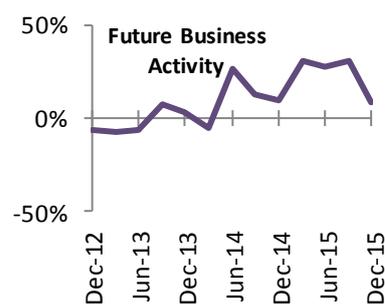
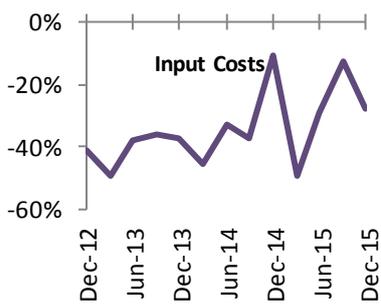
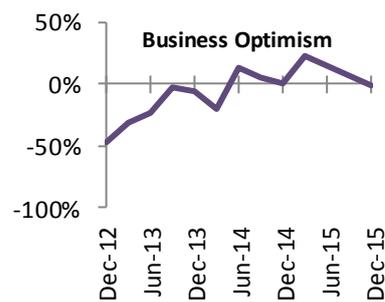
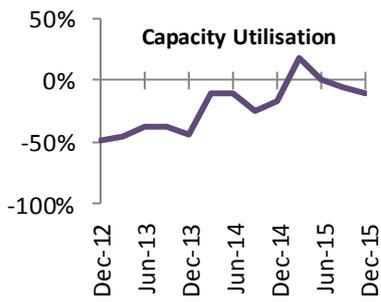
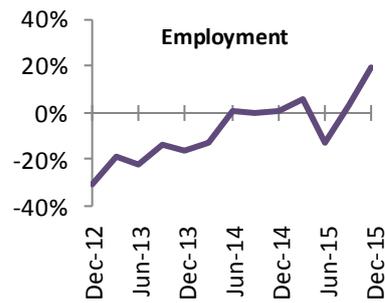
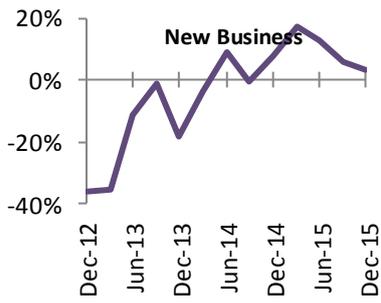
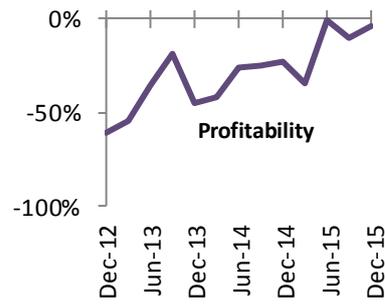
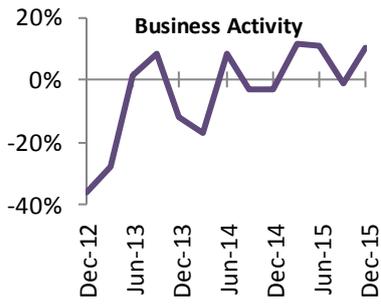
Non-finance Indicators



Construction



Wholesale & Retail



Other Non-finance

