

# Jersey Business Tendency Survey

September 2014

Statistics Unit: [www.gov.je/statistics](http://www.gov.je/statistics)

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## Summary

In September 2014:

- the **headline all-sector Business Activity Indicator was 12 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting an increase in business activity compared with three months previously was 12 pp greater than the proportion reporting a decrease. More than half of all businesses reported 'no change';
- the all-sector Business Activity Indicator remained positive, essentially unchanged from the previous quarter which had recorded the highest level since the survey was introduced;
- for the **Finance** sector:
  - two indicators were significantly improved compared with the previous quarter; four were essentially unchanged; and four were down;
  - the indicators seeing improvement were Capacity Utilisation and Employment which were strongly positive and recorded their highest levels to date;
  - the Business Activity, Profitability, Future Employment and Future Business Activity indicators all declined compared with the previous quarter, the first three returning to the positive levels seen in late 2013 and early 2014;
- for the **non-finance sectors overall**:
  - nine of the ten indicators were essentially unchanged in the latest quarter;
  - Business Activity, Business Optimism and Future Business Activity remained positive;
  - the Current Employment indicator was neutral, its highest level to date;
  - Input costs and Profitability indicators remained strongly negative;
- **Construction sector**: Input Costs, Product Prices, Profitability and Future Employment indicators were significantly improved in the latest quarter. In contrast, the Business Activity, New Business and Capacity Utilisation indicators declined in the latest quarter. Nine of the ten indicators for the sector were significantly improved compared with twelve months ago (September 2013).
- **Wholesale & retail** sector: the Business Activity, Capacity Utilisation, Future Business Activity and Future Employment indicators declined significantly compared with the previous quarter, whilst the Input Costs and Product Prices indicators improved.

## 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 Business Activity.

Responses to the survey are used to calculate weighted net balances (WNB), defined as the difference between the proportion of businesses reporting seeing an increase in a particular measure compared to three months earlier and the proportion of businesses seeing a decrease.

Appendix 1 presents the WNB for each indicator for the current quarter; Appendix 2 presents the back series of WNBs for the last four years. A copy of the survey form is contained in Appendix 3. In addition, the longer-term expectations of the Finance sector for profit and development are presented in the Annex.

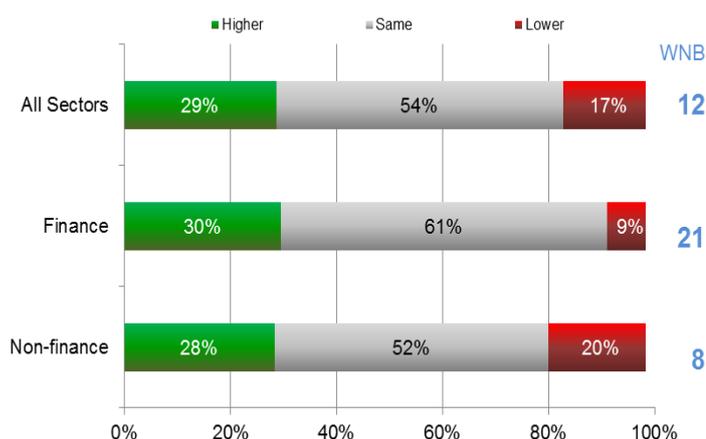
*It should be emphasised that the Business Activity Indicator, and the other “current” indicators, represent a qualitative expression of the relative position of economic performance between the current point in time and that of three months previously rather than an absolute measure of performance. 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 be considered as, for example, turnover, number of products produced, gross income or chargeable hours.

### Figure 1.1 – Business Activity Indicator

September 2014 compared with the situation three months previously



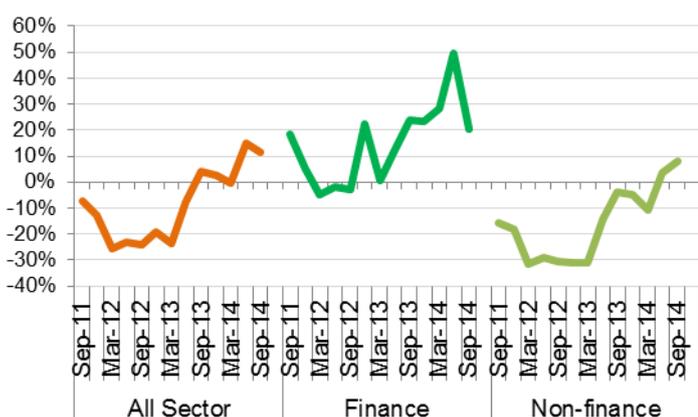
The all-sector **Business Activity** Indicator in September 2014 was essentially unchanged (down 3 pp) from that recorded in June 2014, the highest level recorded for this indicator to date.

The non-finance sectors, overall, were more negative in terms of Business Activity than the Finance sector.

Three-fifths of businesses in the Finance (61%) and half (52%) of businesses in the non-finance sectors reported no change in Business Activity over the latest three months.

### Figure 1.2 – Business Activity Indicator: time series

September 2011 – September 2014



The Business Activity indicator for the Finance sector declined in September 2014, down from the strongly positive level recorded in the previous quarter and returning to the positive level seen in late 2013 and early 2014.

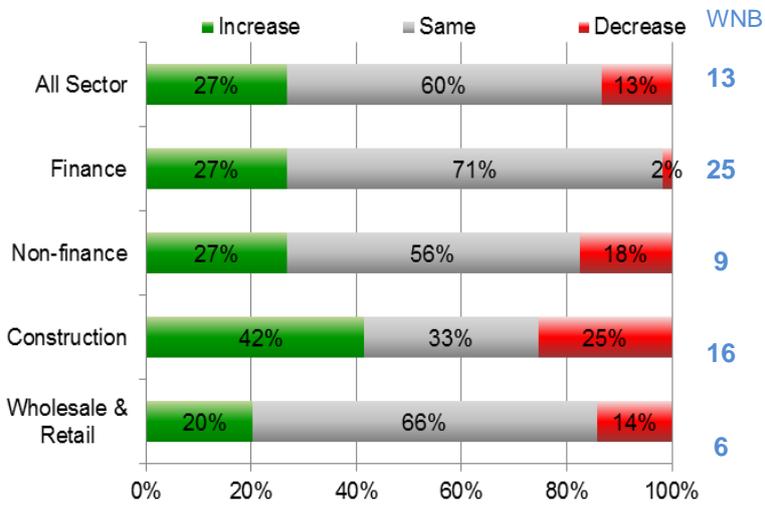
The Business Activity indicator for the non-finance sectors overall improved marginally compared with the previous quarter, recording its most positive level to date.

## Section 2: Business Optimism Indicator

**Business Optimism** was relatively unchanged compared to the previous quarter, remaining positive for all sectors. The Finance sector remained at the strongly positive level recorded in the previous quarter.

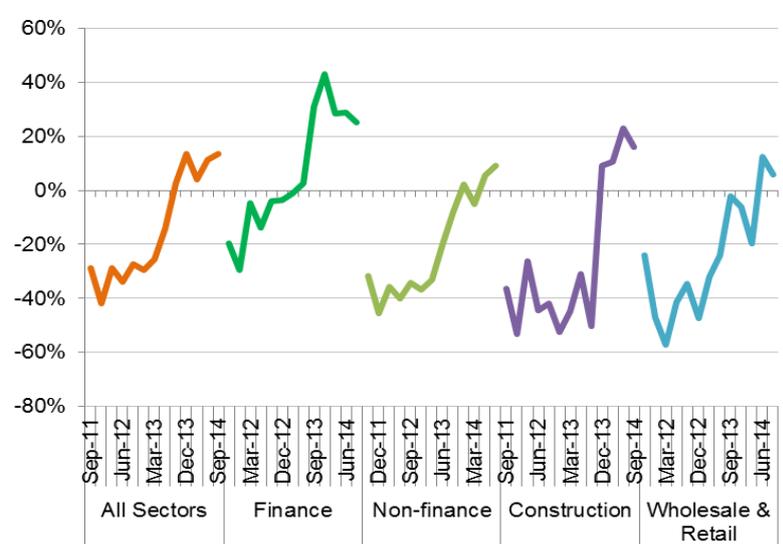
**Figure 2.1 Business Optimism**

September 2014 compared with the situation three months previously



**Figure 2.2 Business Optimism**

September 2011 – September 2014



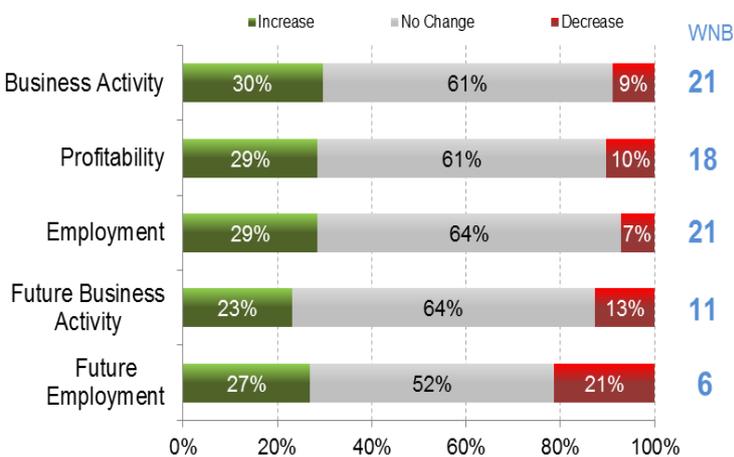
## Section 3: Finance

The Capacity Utilisation and Employment indicators for the **Finance** sector improved significantly in the latest quarter, both recording their highest levels to date. In contrast the Business Activity, Profitability, Future Employment and Future Business Activity indicators all declined compared with the previous quarter, the first three returning to the positive levels seen in late 2013 and early 2014. The remaining four indicators were relatively unchanged compared to the previous quarter (see Appendix 2).

Smaller firms in the Finance sector (having 50 or fewer full-time equivalent employees, FTEs), were significantly more positive about Future Business Activity and Future Employment than the larger companies. Larger firms were more positive for Capacity Utilisation.

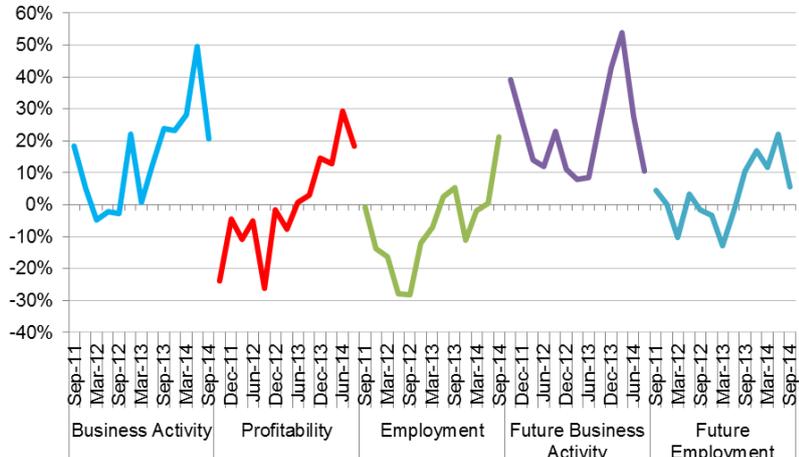
**Figure 3.1 – Finance Sector Indicators**

September 2014 compared with the situation three months previously



**Figure 3.2 – Finance Sector Indicators**

September 2011 – September 2014

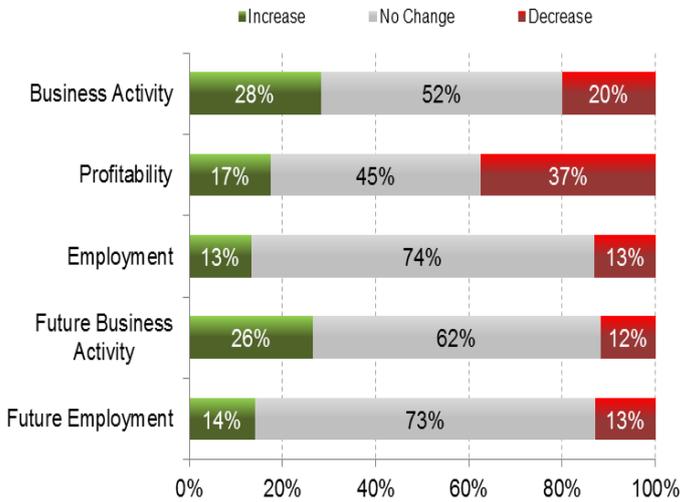


## Section 4: Non-finance

In the current quarter, nine of the ten indicators for the non-finance sectors overall were essentially unchanged. Capacity Utilisation declined in the latest quarter, returning to the negative level seen six months previously. Business activity, Business Optimism and Future Employment all remained marginally positive. The Current Employment indicator was neutral, its highest level to date, while the Input Costs and Profitability indicators remained strongly negative.

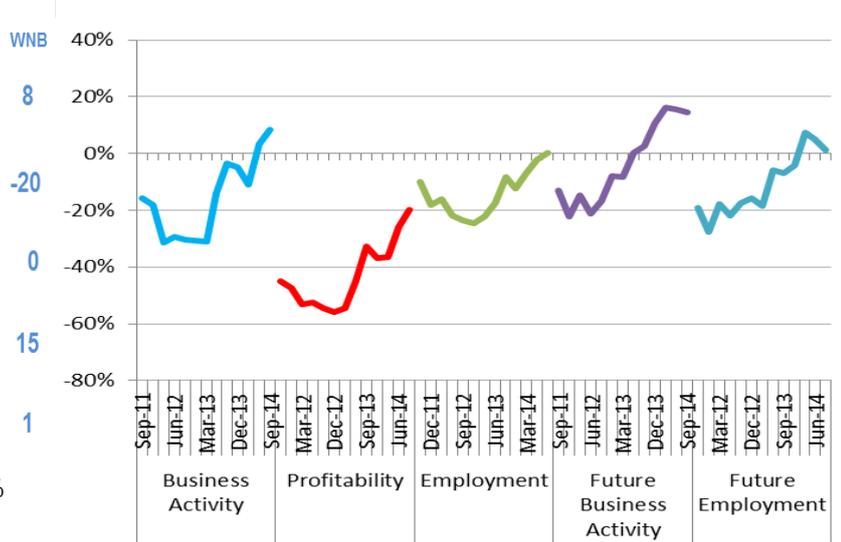
**Figure 4.1 Non-finance sector indicators**

September 2014 compared with the situation three months previously



**Figure 4.2 Non-finance sector indicators**

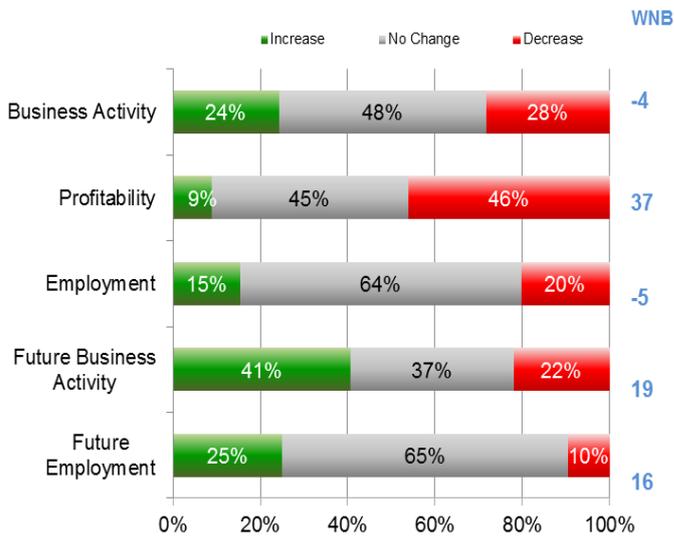
September 2011 – September 2014



## Section 5: Construction sector

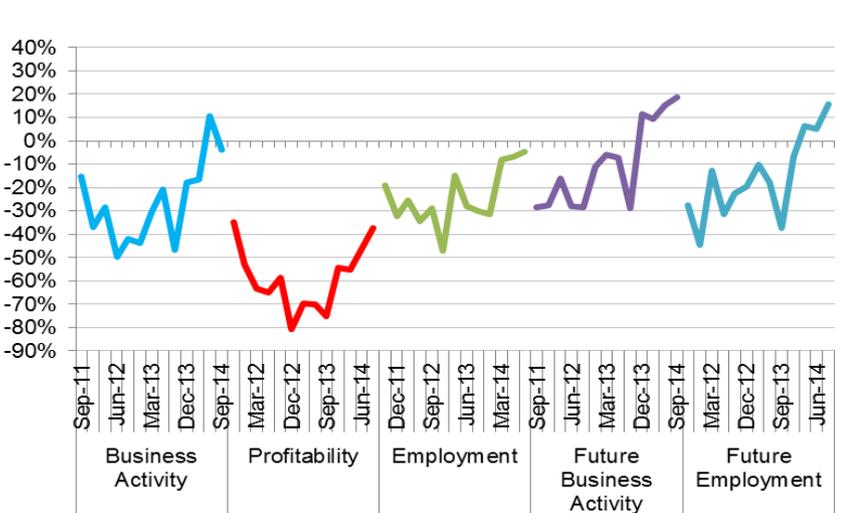
**Figure 5.1 Construction sector indicators**

September 2014 compared with the situation three months previously



**Figure 5.2 Construction sector indicators**

September 2011 – September 2014



In the **Construction** sector, the Input Costs, Product Prices, Profitability and Future Employment indicators saw significant improvement in the latest quarter. In contrast, three indicators declined in the latest quarter with Business Activity, New Business and Capacity Utilisation returning to negative levels following significant improvements in the previous quarter.

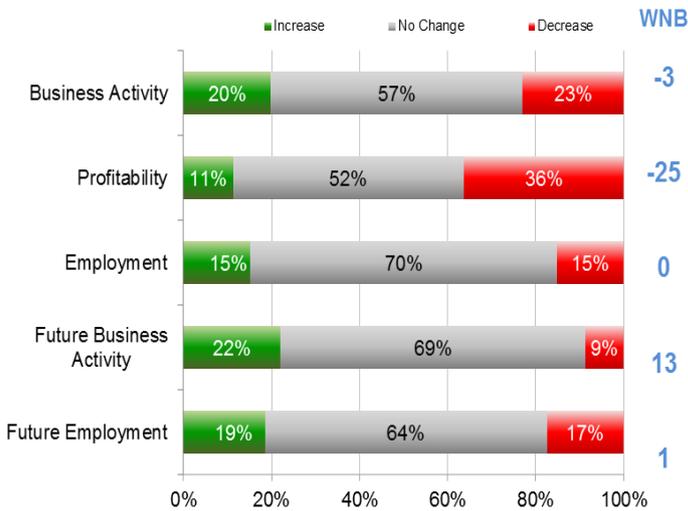
Nine out of the ten indicators for the Construction sector were significantly improved compared with twelve months ago (September 2013).

## Section 6: Wholesale and retail sector

For the **Wholesale and retail** sector, the Business Activity, Capacity Utilisation, Future Business Activity and Future Employment indicators declined compared with the previous quarter. The Input Costs and Product Prices indicators improved in the latest quarter; the remaining three indicators were essentially unchanged.

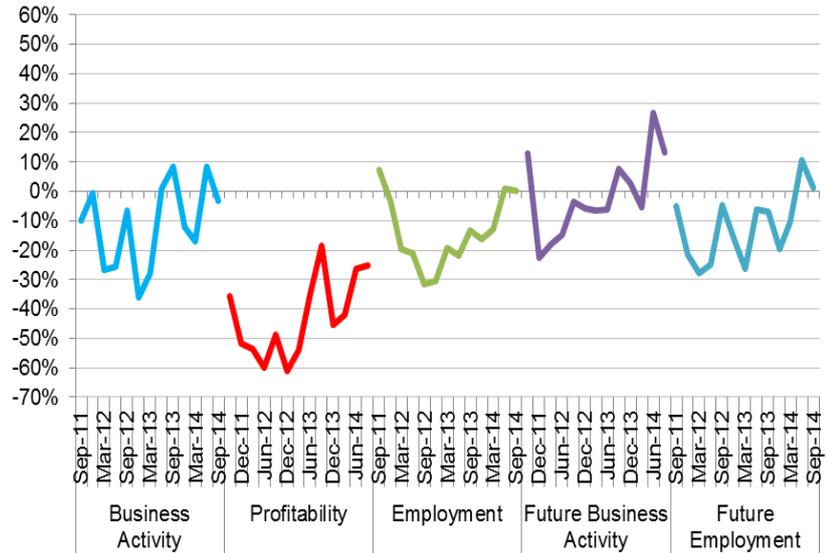
**Figure 6.1 Wholesale & Retail sector indicators**

September 2014 compared with the situation three months previously



**Figure 6.2 Wholesale & Retail sector**

September 2011 – September 2014



## 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**.

The September 2014 round of the survey ran during the first four weeks of September.

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  $\pm 2$  to  $\pm 3$  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:**

About 530 firms were sent a survey questionnaire for this survey; some 360 completed questionnaires were returned, constituting an overall response rate of 69%. The respondents accounted for more than two-fifths (43%) of total private sector employment.

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.

**September 2014 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*
<b>Business Activity</b>	<b>12</b>	<b>54</b>	<b>21</b>	<b>61</b>	<b>8</b>	<b>52</b>	<b>-4</b>	<b>48</b>	<b>-3</b>	<b>57</b>	<b>15</b>	<b>51</b>
New Business	8	53	24	51	2	53	-21	23	0	67	9	58
Capacity Utilisation	-2	64	27	67	-12	63	-29	58	-24	59	-4	66
Input costs	-38	58	-19	78	-44	52	-35	61	-37	61	-49	46
Product prices	2	78	6	84	1	76	-5	67	16	74	-2	80
Profitability	-10	49	18	61	-20	45	-37	45	-25	52	-14	43
Employment	6	71	21	64	0	74	-5	64	0	70	2	77
Business optimism	13	60	25	71	9	56	16	33	6	66	8	59
Future business activity	14	64	11	64	15	62	19	37	13	69	14	66
Future employment	2	67	6	52	1	73	16	65	1	64	-2	78

**September 2014 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*
<b>Business Activity</b>	<b>21</b>	<b>58</b>	<b>18</b>	<b>71</b>	<b>35</b>	<b>46</b>	<b>-2</b>	<b>54</b>
New Business	24	53	22	46	21	61	-5	50
Capacity Utilisation	32	61	13	84	-3	65	-16	62
Input costs	-23	77	-4	82	-42	47	-45	53
Product prices	5	83	7	87	6	60	-1	83
Profitability	20	57	13	74	6	49	-30	44
Employment	20	63	26	69	4	76	-1	73
Business optimism	26	70	21	77	16	62	7	53
Future business activity	4	63	30	68	21	68	12	59
Future employment	-7	51	40	54	-13	66	7	76

\* 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**

**All Sectors**

Indicator	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014
<b>Business Activity</b>	-6	-9	-6	-11	-7	-13	-25	-23	-24	-19	-23	-8	4	3	0	15	12
New Business	-3	-3	0	-9	-16	-17	-22	-26	-20	-17	-14	-14	3	5	7	11	8
Capacity Utilisation	-11	-12	-17	-17	-20	-18	-19	-34	-30	-24	-29	-17	-12	-13	-8	1	-2
Input costs	-42	-39	-52	-52	-53	-43	-38	-42	-44	-32	-40	-39	-38	-29	-42	-42	-38
Product prices	-1	-6	2	2	1	1	-1	-6	-5	-16	-3	-8	-7	-3	4	-1	2
Profitability	-32	-37	-32	-34	-40	-38	-43	-41	-48	-44	-43	-33	-23	-23	-23	-12	-10
Employment	-12	-17	-12	-16	-8	-17	-16	-23	-25	-22	-19	-12	-5	-12	-5	-2	6
Business optimism	-11	-23	-10	-11	-29	-42	-29	-34	-27	-30	-26	-14	3	13	4	11	13
Future business activity	6	-12	2	5	0	-11	-8	-13	-7	-4	-4	2	9	19	26	19	14
Future employment	-2	-7	-1	-4	-13	-21	-16	-16	-14	-13	-17	-5	-2	2	9	9	2

**Finance**

Indicator	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014
<b>Business Activity</b>	13	30	26	18	18	5	-5	-2	-3	22	1	12	24	23	28	50	21
New Business	12	36	35	19	-5	11	15	6	-6	25	24	-3	36	28	51	23	24
Capacity Utilisation	-4	-6	-7	6	-7	3	2	-11	1	2	-8	11	9	11	8	9	27
Input costs	-14	-7	-13	-25	-29	-17	-5	-21	-26	-4	-9	-14	-28	-2	-24	-24	-19
Product prices	6	-7	4	-3	-5	5	0	6	1	-5	4	-2	-6	0	4	2	6
Profitability	-11	-12	14	14	-24	-4	-11	-5	-26	-2	-8	1	3	15	13	29	18
Employment	-9	-16	-7	0	-1	-14	-16	-28	-28	-12	-7	2	5	-11	-2	1	21
Business optimism	4	11	25	28	-20	-29	-5	-14	-4	-4	-1	3	31	43	29	29	25
Future business activity	35	24	32	45	39	27	14	12	23	11	8	9	25	43	54	28	11
Future employment	7	0	18	17	4	0	-10	3	-2	-3	-13	-2	10	17	12	22	6

## Non-Finance

Indicator	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	March 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014
<b>Business Activity</b>	-12	-24	-18	-22	-16	-18	-31	-29	-30	-31	-31	-14	-4	-5	-11	3	8
New Business	-9	-18	-13	-20	-19	-24	-33	-36	-25	-29	-27	-18	-10	-5	-11	7	2
Capacity Utilisation	-14	-14	-21	-25	-24	-25	-26	-41	-39	-31	-36	-26	-20	-23	-14	-2	-12
Input costs	-52	-51	-66	-61	-61	-51	-47	-49	-49	-49	-50	-47	-42	-41	-48	-48	-44
Product prices	-3	-6	2	4	3	-1	-2	-10	-7	-19	-5	-10	-7	-5	4	-2	1
Profitability	-39	-46	-49	-50	-45	-47	-53	-52	-55	-56	-55	-45	-33	-37	-37	-26	-20
Employment	-12	-17	-13	-21	-10	-18	-16	-22	-24	-25	-22	-17	-8	-12	-7	-2	0
Business optimism	-16	-35	-22	-25	-32	-46	-36	-40	-34	-37	-33	-20	-8	2	-5	6	9
Future business activity	-5	-26	-9	-9	-13	-22	-15	-21	-17	-8	-8	0	2	11	16	15	15
Future employment	-6	-10	-8	-11	-19	-28	-18	-22	-17	-16	-18	-6	-7	-4	7	5	1

## Construction

Indicator	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014
<b>Business Activity</b>	-6	-30	-33	-45	-15	-37	-29	-50	-42	-44	-30	-21	-47	-18	-17	11	-4
New Business	-2	-25	-24	-46	-17	-52	-35	-50	-38	-39	-19	-16	-41	-13	-18	10	-21
Capacity Utilisation	-12	-27	-28	-42	-22	-28	-29	-56	-58	-57	-40	-45	-47	-28	-23	7	-29
Input costs	-64	-43	-63	-39	-46	-37	-22	-18	-33	-36	-46	-38	-38	-37	-56	-56	-35
Product prices	-2	-12	-20	-10	-16	-6	-27	-37	-37	-43	-23	-29	-27	-20	-4	-18	-5
Profitability	-37	-55	-62	-63	-35	-53	-63	-65	-59	-81	-70	-70	-75	-54	-55	-47	-37
Employment	1	-31	-30	-47	-19	-32	-25	-34	-29	-47	-15	-28	-30	-31	-8	-7	-5
Business optimism	-10	-45	-35	-37	-36	-53	-26	-44	-42	-53	-45	-31	-50	9	11	23	16
Future business activity	-7	-35	-19	-45	-28	-28	-16	-28	-28	-11	-6	-7	-29	11	9	15	19
Future employment	-7	-28	-30	-27	-28	-45	-13	-31	-23	-20	-10	-18	-37	-7	6	5	16

### Wholesale & retail

Indicator	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014
<b>Business Activity</b>	-9	-11	-12	-19	-10	-1	-27	-25	-7	-36	-28	1	8	-12	-16	8	-3
New Business	-25	-3	-24	-19	-19	3	-26	-39	0	-36	-35	-11	-1	-18	-3	9	0
Capacity Utilisation	-28	-15	-22	-19	-16	-1	-19	-50	-44	-48	-45	-37	-37	-44	-10	-10	-24
Input costs	-45	-45	-63	-49	-57	-67	-47	-50	-45	-41	-50	-38	-36	-37	-46	-46	-37
Product prices	3	1	17	14	25	7	7	7	5	-12	-14	-7	-1	0	9	-7	16
Profitability	-27	-18	-43	-39	-36	-52	-54	-60	-49	-61	-54	-35	-18	-45	-42	-26	-25
Employment	-22	-3	4	-19	7	-4	-20	-21	-31	-30	-19	-22	-13	-16	-13	1	0
Business optimism	-11	-27	-28	-19	-24	-47	-57	-42	-35	-47	-32	-24	-2	-6	-19	12	6
Future business activity	9	-19	-9	11	13	-23	-18	-15	-3	-6	-7	-6	8	3	-5	27	13
Future employment	10	-9	-4	7	-5	-22	-28	-25	-5	-16	-26	-6	-7	-20	-10	11	1

### Other non-finance

Indicator	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014
<b>Business Activity</b>	-16	-27	-13	-14	-18	-18	-34	-25	-35	-24	-32	-18	5	1	-8	0	15
New Business	-7	-21	-3	-10	-20	-24	-35	-31	-29	-23	-26	-20	-4	1	-11	6	9
Capacity Utilisation	-9	-9	-17	-20	-28	-32	-27	-33	-32	-17	-31	-17	-6	-15	-13	-1	-4
Input costs	-49	-55	-69	-73	-68	-50	-55	-57	-56	-40	-51	-53	-46	-44	-47	-47	-49
Product prices	-6	-6	5	5	1	-2	3	-9	-2	-12	5	-6	-3	-2	5	3	-2
Profitability	-44	-53	-45	-50	-53	-44	-50	-46	-55	-46	-50	-42	-25	-29	-31	-21	-14
Employment	-15	-17	-13	-13	-13	-18	-12	-19	-19	-15	-26	-13	0	-6	-5	-2	2
Business optimism	-20	-35	-14	-23	-33	-42	-31	-38	-32	-28	-30	-16	2	3	-5	0	8
Future business activity	-9	-26	-3	-3	-17	-20	-13	-22	-18	-7	-9	5	10	13	24	12	14
Future employment	-11	-5	0	-11	-21	-24	-16	-18	-20	-15	-18	-3	2	1	13	3	-2