

Summary

In March 2015:

- the **headline all-sector Business Activity Indicator was 26 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting an increase in business activity compared with three months previously was 26 pp greater than the proportion reporting a decrease;
- the all-sector Business Activity Indicator increased significantly in the latest quarter, recording its highest level since this survey was introduced in September 2009;
- over all sectors: five of the ten indicators increased significantly, three recording their highest levels to date, whilst one declined in the latest quarter and four were relatively unchanged;
- for the **Finance** sector:
 - four indicators improved compared with the previous quarter, five were essentially unchanged and one declined;
 - the Business Activity, Profitability, Employment and Future Business Activity indicators improved in the latest quarter, whilst the Input Costs indicator declined;
- for the **non-finance** sectors overall:
 - seven indicators were improved compared with the previous quarter, two were essentially unchanged whilst the Input Costs indicator declined;
- for the **Construction** sector: eight indicators improved in the latest quarter, each recording their highest levels to date; in contrast, the Input Costs and Profitability indicators were essentially unchanged and remained strongly negative;
- for the **Wholesale & retail** sector: four indicators improved in the latest quarter, two of which recorded their highest levels to date; in contrast, the Input Costs and Future Employment indicators declined.

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 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 time series of WNBs.

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.

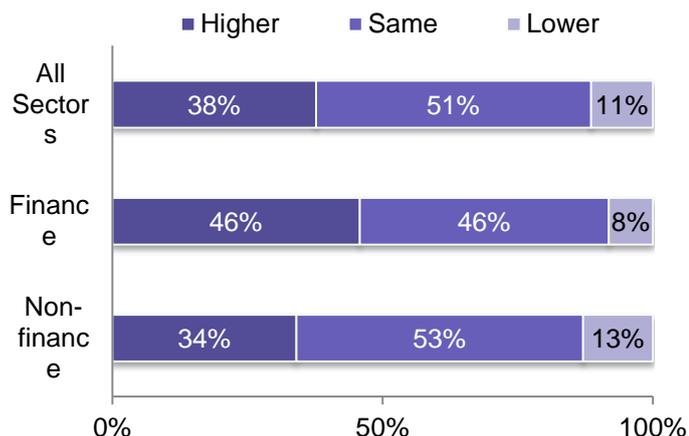
Section 1: Business Activity

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.

The **All-sector** Business Activity Indicator in March 2015 was strongly positive at 26 pp, representing a significant increase on the previous quarter and recording its highest level to date.

Figure 1.1 – Business Activity Indicator

March 2015 compared with the situation three months previously



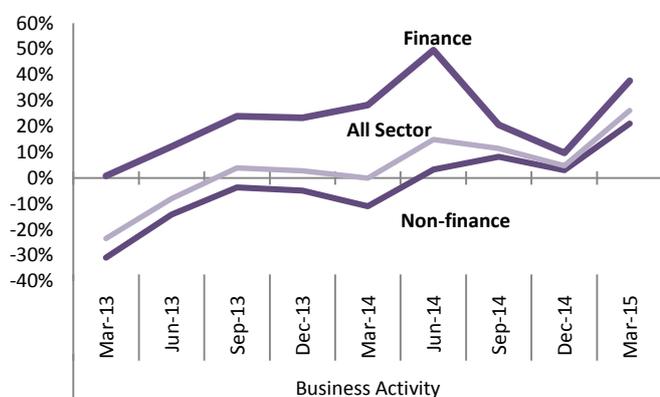
The Business Activity indicators for both the **Finance** and **non-Finance** sectors were positive in the latest quarter (see Figure 1.1).

As in previous quarters, the Finance sector was more positive than the non-Finance sectors overall (38 and 21 pp, respectively).

Around half of all businesses reported no change in Business Activity in the latest quarter.

Figure 1.2 – Business Activity Indicator: time series

March 2013 – March 2015



The Business Activity indicator for the **Finance** sector improved in the latest quarter (Figure 1.2), recording a similar level to that seen in the latter half of 2013 and early 2014.

For the **non-Finance** sectors, overall, the Business Activity indicator continued to see improvement, and in the latest quarter recorded its highest level to date.

Section 2: Business Optimism

All-sector **Business Optimism** was positive (see Figure 2.1) and was essentially at a similar level to that seen since December 2013 (Figure 2.2).

The Business Optimism indicators for the **Finance** and **non-finance** sectors were at a similar level in the latest quarter; Business Optimism for the Finance sector was essentially unchanged from the previous quarter whilst for the non-Finance sectors Business Optimism saw continued marginal improvement.

Business Optimism in both the **Construction** and **Wholesale & retail** sectors was at its highest level recorded to date and was significantly improved on the previous quarter (up by more than 20 pp).

Figure 2.1 - Business Optimism

March 2015 compared with the situation three months previously

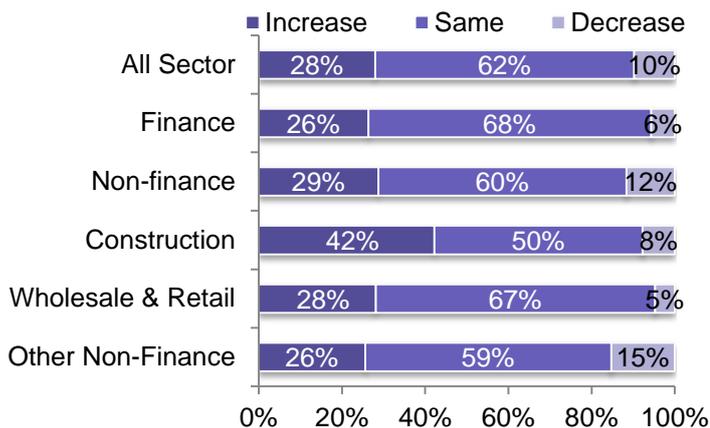
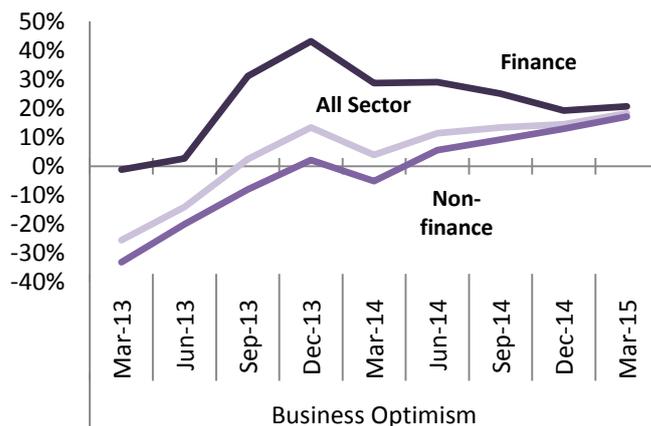


Figure 2.2 - Business Optimism: time series

March 2013 – March 2015



Section 3: Sectoral analysis

All sectors

Over all sectors of the economy, five of the ten indicators increased significantly in the latest quarter (up by at least 10 pp), with Business Activity, New Business and Capacity Utilisation recording their highest levels to date.

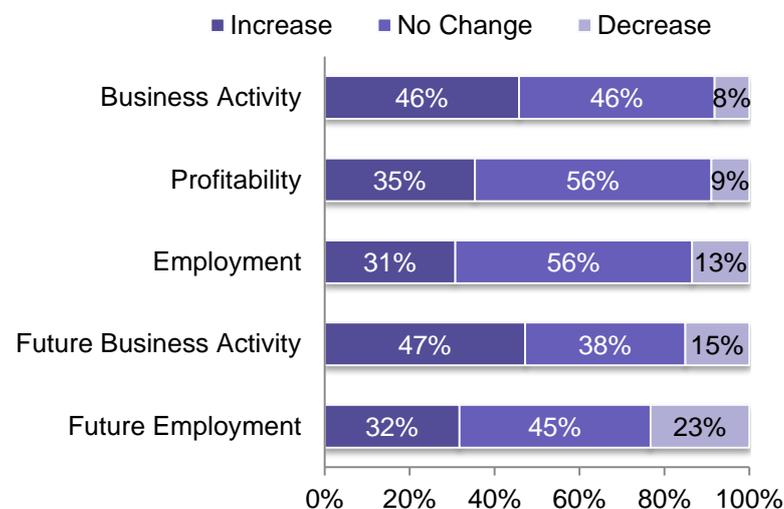
Four indicators were essentially unchanged compared with the previous quarter, whilst the Input Costs indicator declined, returning to the strongly negative level seen for most of the past four years.

Finance sector

In the latest quarter, four of the indicators for the **Finance** sector improved (up by at least 10 pp) whilst one declined compared with the previous quarter. Seven of the ten indicators for the sector remained positive or strongly positive.

Figure 3.1 - Finance sector indicators

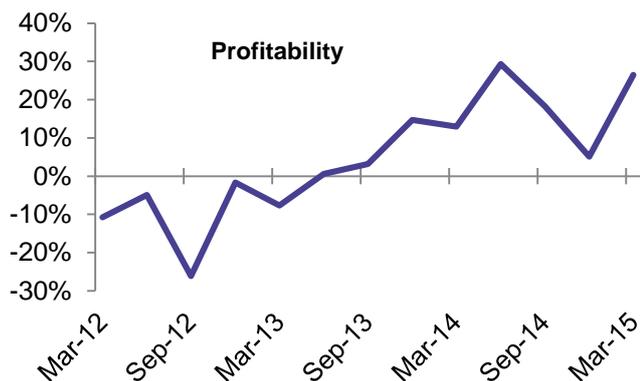
March 2015 compared with the situation three months previously



The Business Activity and Profitability indicators were the most improved compared with the previous quarter.

Figure 3.2 - Finance sector Profitability indicator, Mar-12 to Mar-15:

March 2012 – March 15



The Profitability indicator for the Finance sector showed significant improvement in the latest quarter, returning to the positive level reported in mid-2014.

Larger finance companies (having more than 50 full-time equivalent employees, FTEs) were more positive than smaller companies in the sector in terms of Business Activity (see Appendix 1). Larger finance companies were also more positive from the perspective of New Business, Capacity Utilisation and Profitability than smaller companies in the sector.

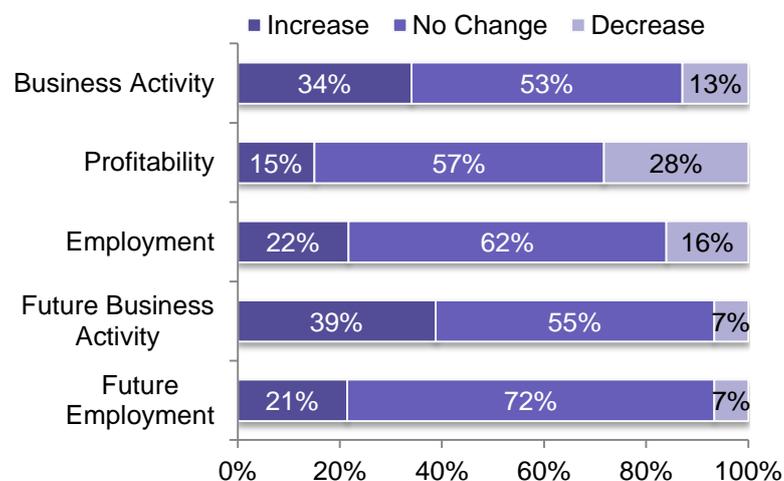
Smaller finance companies (having 50 or fewer FTEs) were slightly more positive than larger finance companies for Future Employment.

Non-finance sectors, overall

For the **non-finance** sectors overall, seven of the ten indicators were improved in the latest quarter, three of which recorded their highest levels to date (see Appendix 2). The Business Activity, New Business and Future Employment indicators were significantly positive for the first time, Business Optimism remained positive, as in the previous quarter, and the Future Business Activity indicator improved further. The Profitability indicator improved in the latest quarter, but remained negative, whilst the Input Costs indicator remained strongly negative.

Figure 4 - Non-finance sector indicators

March 2015 compared with the situation three months previously



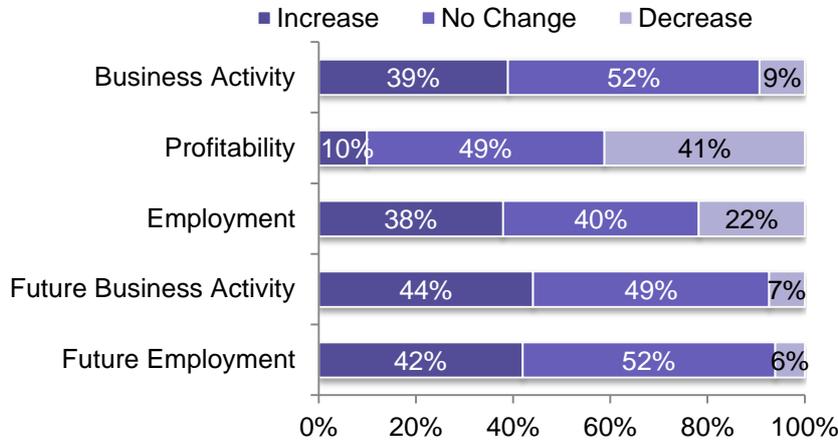
Larger non-finance companies (having more than 50 FTEs) were more positive than smaller non-finance companies for five of the ten indicators (see Appendix 1).

Construction sector

The **Construction** sector reported an overall positive perspective, with eight indicators improving significantly in the latest quarter and recording their highest levels to date. The two remaining indicators (Input Costs and Profitability) were essentially unchanged and remained at strongly negative levels.

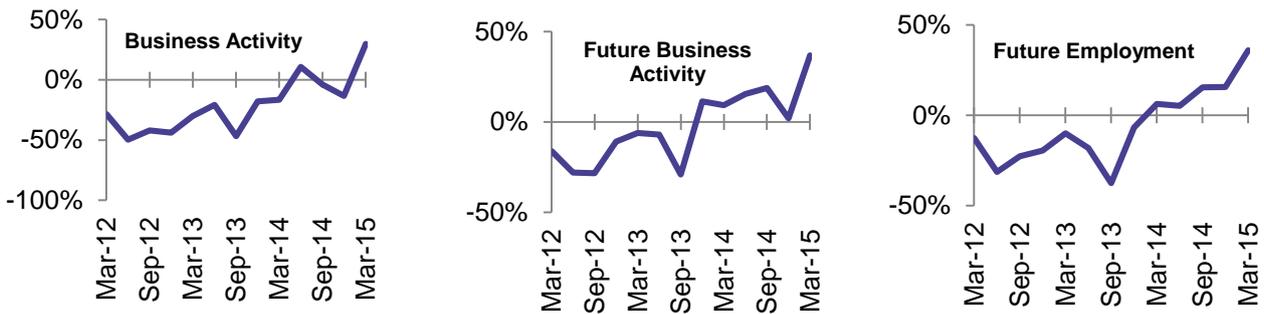
Figure 5.1 - Construction sector indicators

March 2015 compared with the situation three months previously



Figures 5.2 – 5.4 Construction sector time series:

March 2012 – March 2015

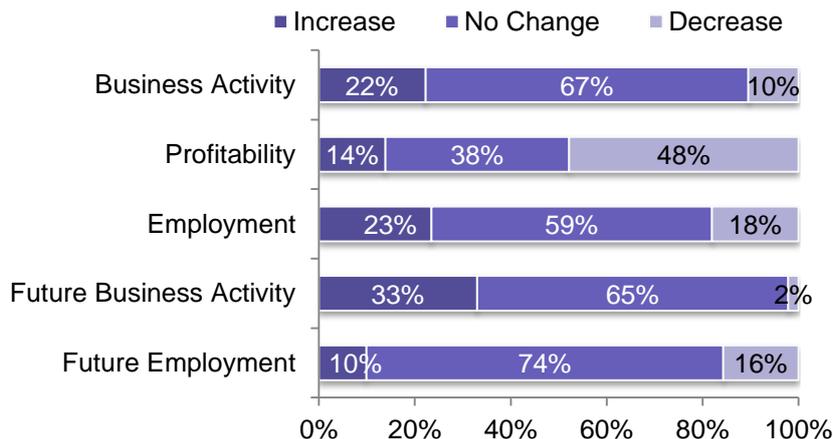


Wholesale & retail sector

In the **Wholesale & retail sector**, four indicators improved in the latest quarter, three declined and three were comparatively unchanged. Of those indicators that showed an improvement, two (Capacity Utilisation and Business Optimism) recorded their highest levels to date. In contrast, the Input Costs indicator declined significantly, returning to the strongly negative levels seen for most of the past four years.

Figure 6 - Wholesale & retail sector indicators

March 2015 compared with the situation three months previously

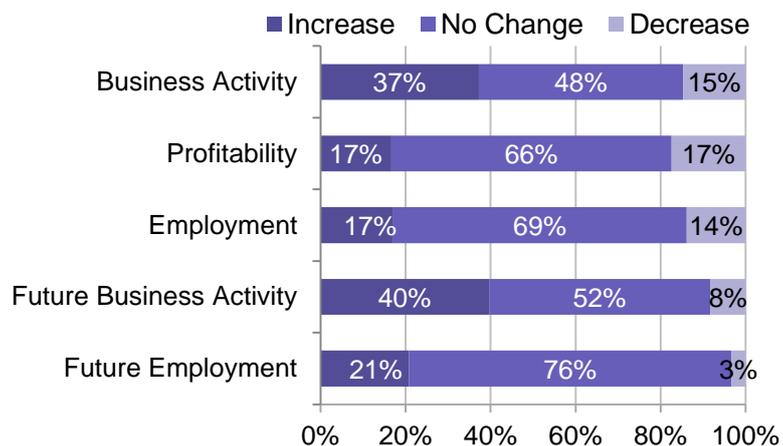


Other non-finance sectors

Six of the ten indicators for the **other non-finance** sectors were improved compared with the previous quarter; the remaining four indicators were essentially unchanged.

The Business Activity indicator for the other non-finance sectors remained positive for the third consecutive quarter and was slightly improved on the previous quarter.

Figure 7 – Other non-finance sectors indicators



The New Business; Future Employment and Future Business Activity indicators were improved on the previous quarter.

The Profitability indicator was improved and was essentially neutral for the first time to date.

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:**

503 firms were sent a survey questionnaire for this survey; 300 completed questionnaires were returned, constituting an overall response rate of 60%. The respondents accounted for two-fifths (40%) 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.

March 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	26	51	38	46	21	53	30	52	12	67	23	48
New Business	26	54	34	52	22	55	17	58	17	68	25	50
Capacity Utilisation	11	70	23	72	6	70	13	66	18	69	-1	70
Input costs	-40	53	-27	64	-46	48	-46	48	-49	49	-44	49
Product prices	9	73	9	90	9	66	17	64	-12	69	16	66
Profitability	-1	56	26	56	-13	57	-31	49	-34	38	-1	66
Employment	9	60	17	56	6	62	16	40	5	59	3	69
Business optimism	18	62	21	68	17	60	34	50	23	67	10	59
Future business activity	32	49	32	38	32	55	37	49	31	65	31	52
Future employment	13	63	9	45	15	72	36	52	-6	74	17	76

March 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	44	47	17	44	38	47	7	58
New Business	40	52	16	50	38	52	8	58
Capacity Utilisation	30	70	4	78	9	70	3	69
Input costs	-29	64	-21	63	-43	50	-48	47
Product prices	7	93	12	84	8	60	10	71
Profitability	31	59	13	44	-8	64	-18	51
Employment	17	52	19	66	12	52	1	70
Business optimism	22	73	16	53	23	67	13	54
Future business activity	34	35	28	46	38	55	27	54
Future employment	5	38	19	67	16	67	14	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

Appendix 2

All Sectors

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

Finance

Indicator	Mar-11	Jun-11	Sep-11	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
Business Activity	26	18	18	5	-5	-2	-3	22	1	12	24	23	28	50	21	10	38
New Business	35	19	-5	11	15	6	-6	25	24	-3	36	28	51	23	24	27	34
Capacity Utilisation	-7	6	-7	3	2	-11	1	2	-8	11	9	11	8	9	27	16	23
Input costs	-13	-25	-29	-17	-5	-21	-26	-4	-9	-14	-28	-2	-24	-24	-19	-2	-27
Product prices	4	-3	-5	5	0	6	1	-5	4	-2	-6	0	4	2	6	11	9
Profitability	14	14	-24	-4	-11	-5	-26	-2	-8	1	3	15	13	29	18	5	26
Employment	-7	0	-1	-14	-16	-28	-28	-12	-7	2	5	-11	-2	1	21	4	17
Business optimism	25	28	-20	-29	-5	-14	-4	-4	-1	3	31	43	29	29	25	19	21
Future business activity	32	45	39	27	14	12	23	11	8	9	25	43	54	28	11	17	32
Future employment	18	17	4	0	-10	3	-2	-3	-13	-2	10	17	12	22	6	8	9

Non-Finance

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

Construction

Indicator	Mar-11	Jun-11	Sep-11	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
Business Activity	-33	-45	-15	-37	-29	-50	-42	-44	-30	-21	-47	-18	-17	11	-4	-13	30
New Business	-24	-46	-17	-52	-35	-50	-38	-39	-19	-16	-41	-13	-18	10	-21	-9	17
Capacity Utilisation	-28	-42	-22	-28	-29	-56	-58	-57	-40	-45	-47	-28	-23	7	-29	-18	13
Input costs	-63	-39	-46	-37	-22	-18	-33	-36	-46	-38	-38	-37	-56	-56	-35	-50	-46
Product prices	-20	-10	-16	-6	-27	-37	-37	-43	-23	-29	-27	-20	-4	-18	-5	-19	17
Profitability	-62	-63	-35	-53	-63	-65	-59	-81	-70	-70	-75	-54	-55	-47	-37	-40	-31
Employment	-30	-47	-19	-32	-25	-34	-29	-47	-15	-28	-30	-31	-8	-7	-5	-3	16
Business optimism	-35	-37	-36	-53	-26	-44	-42	-53	-45	-31	-50	9	11	23	16	8	34
Future business activity	-19	-45	-28	-28	-16	-28	-28	-11	-6	-7	-29	11	9	15	19	2	37
Future employment	-30	-27	-28	-45	-13	-31	-23	-20	-10	-18	-37	-7	6	5	16	16	36

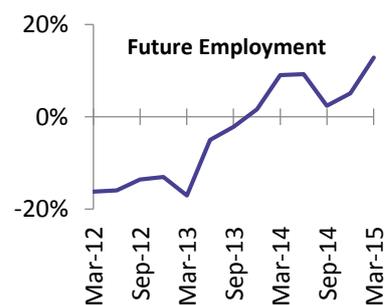
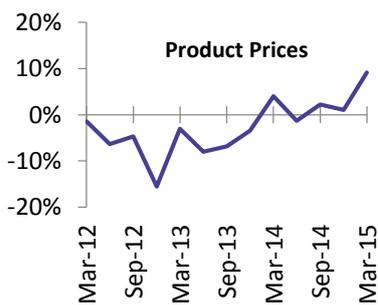
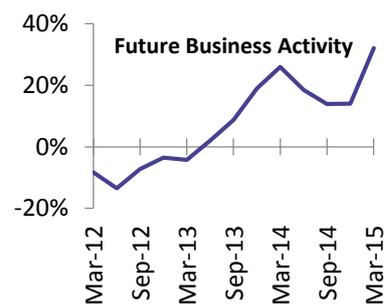
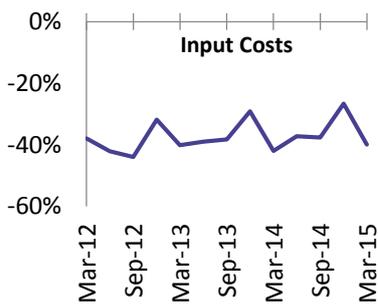
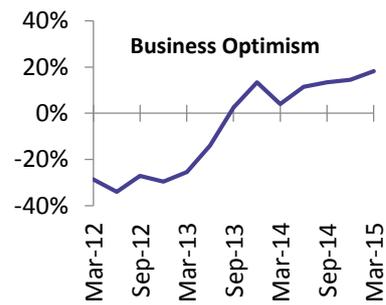
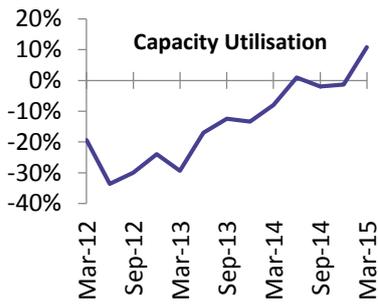
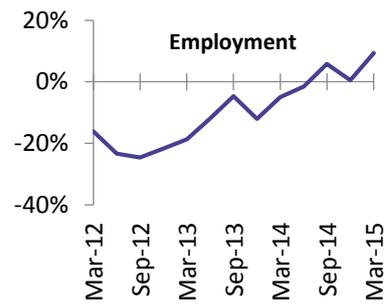
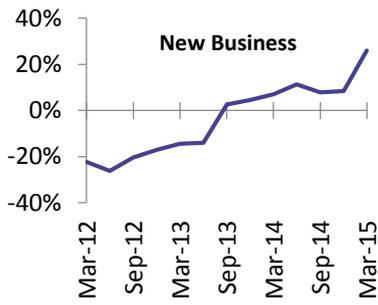
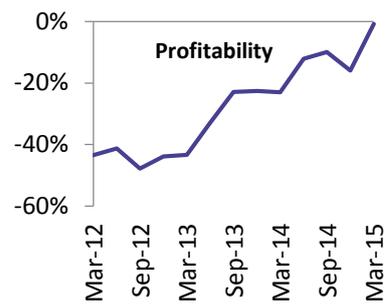
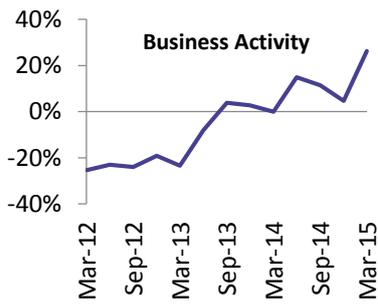
Wholesale & retail

Indicator	Mar-11	Jun-11	Sep-11	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
Business Activity	-12	-19	-10	-1	-27	-25	-7	-36	-28	1	8	-12	-16	8	-3	-3	12
New Business	-24	-19	-19	3	-26	-39	0	-36	-35	-11	-1	-18	-3	9	0	8	17
Capacity Utilisation	-22	-19	-16	-1	-19	-50	-44	-48	-45	-37	-37	-44	-10	-10	-24	-16	18
Input costs	-63	-49	-57	-67	-47	-50	-45	-41	-50	-38	-36	-37	-46	-46	-37	-11	-49
Product prices	17	14	25	7	7	7	5	-12	-14	-7	-1	0	9	-7	16	-11	-12
Profitability	-43	-39	-36	-52	-54	-60	-49	-61	-54	-35	-18	-45	-42	-26	-25	-23	-34
Employment	4	-19	7	-4	-20	-21	-31	-30	-19	-22	-13	-16	-13	1	0	1	5
Business optimism	-28	-19	-24	-47	-57	-42	-35	-47	-32	-24	-2	-6	-19	12	6	0	23
Future business activity	-9	11	13	-23	-18	-15	-3	-6	-7	-6	8	3	-5	27	13	10	31
Future employment	-4	7	-5	-22	-28	-25	-5	-16	-26	-6	-7	-20	-10	11	1	9	-6

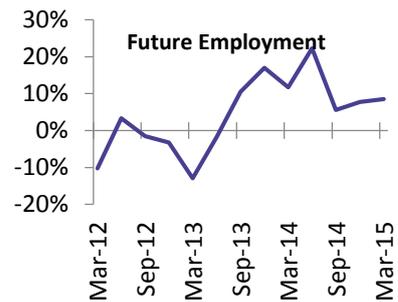
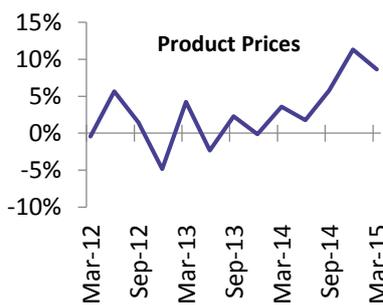
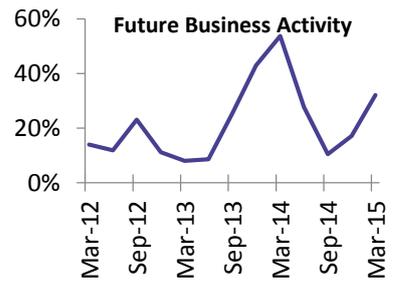
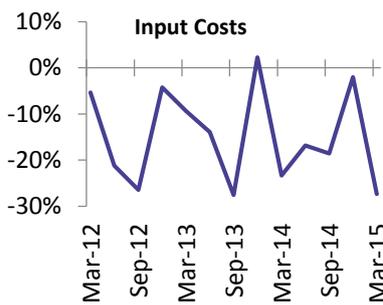
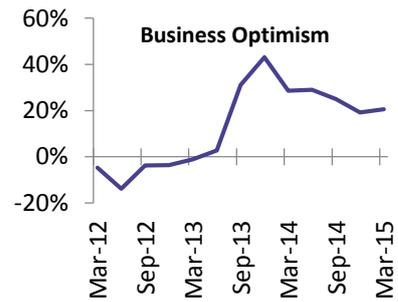
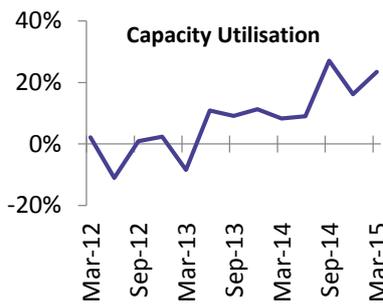
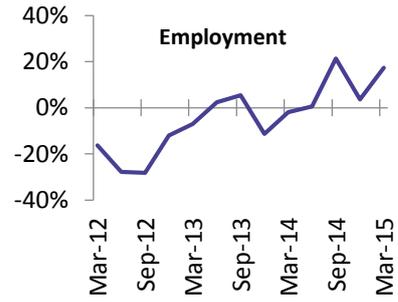
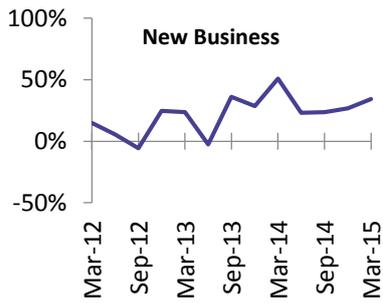
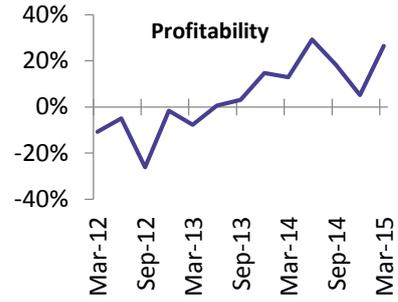
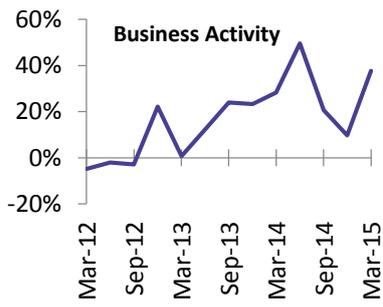
Other non-finance

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

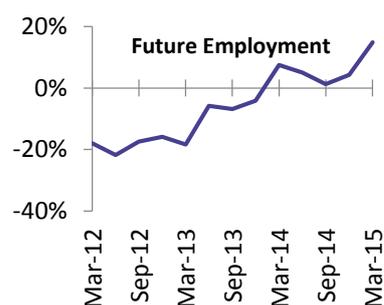
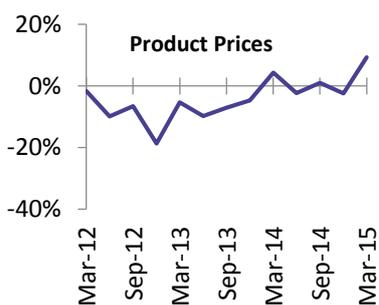
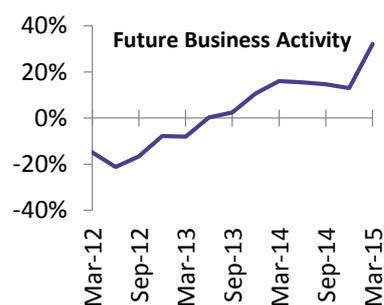
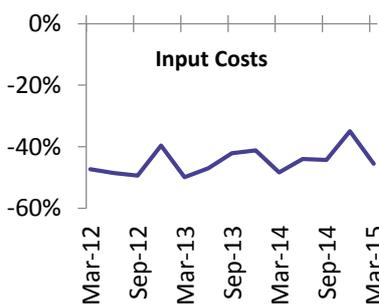
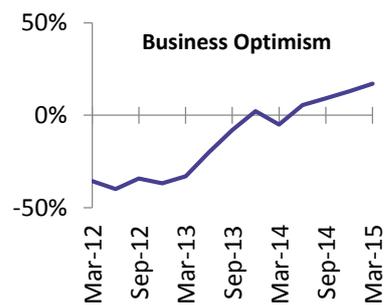
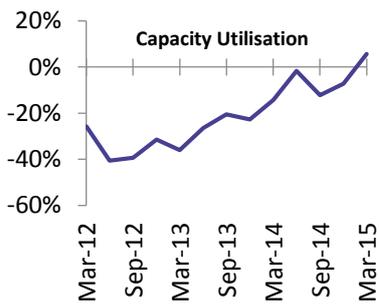
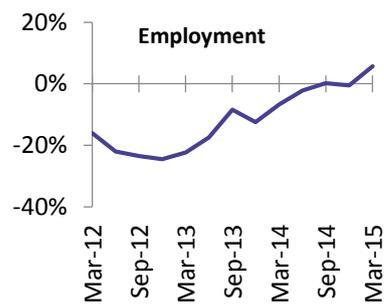
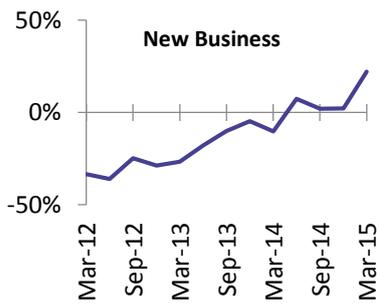
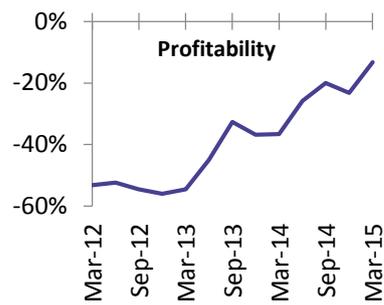
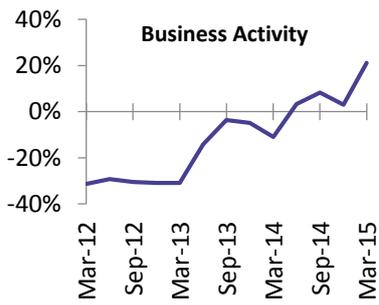
All Sector



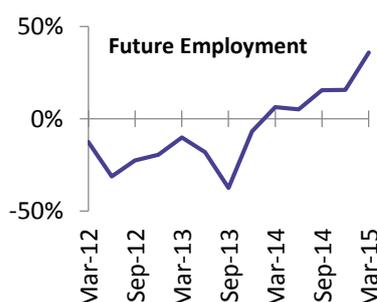
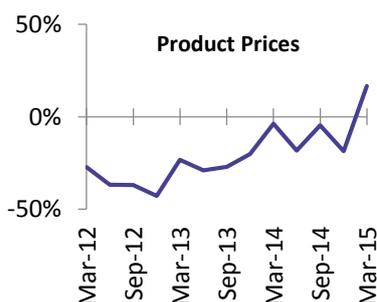
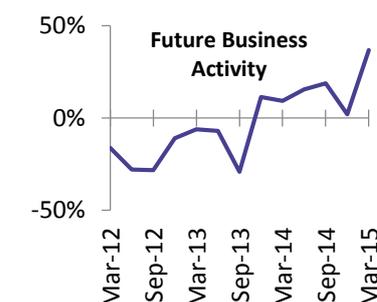
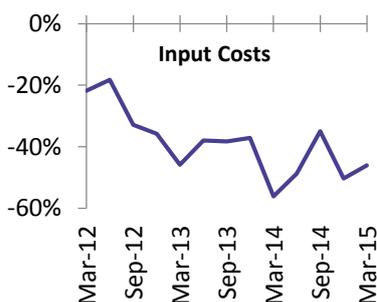
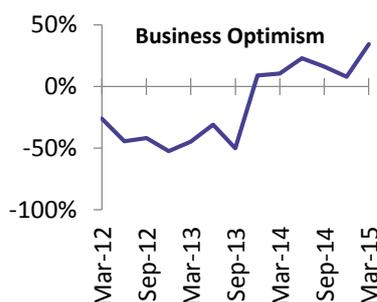
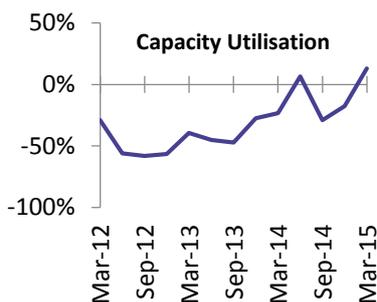
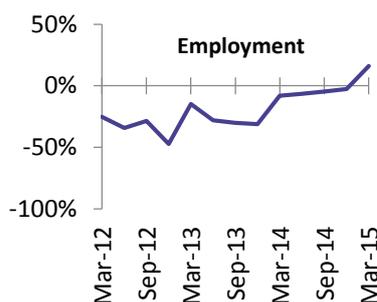
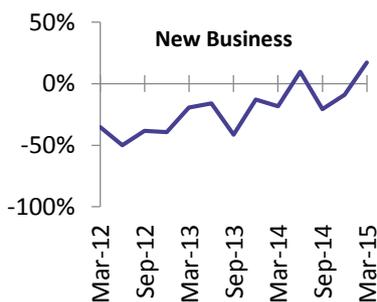
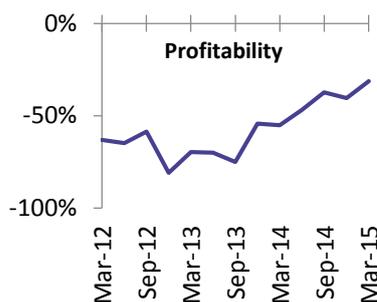
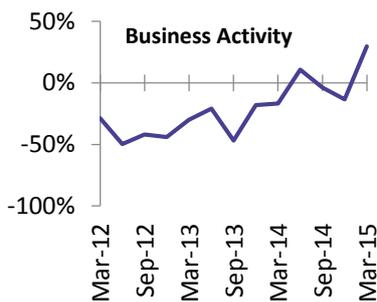
Finance



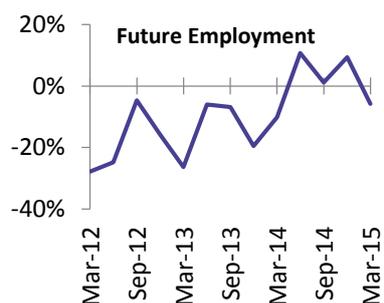
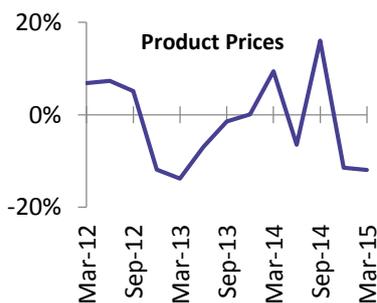
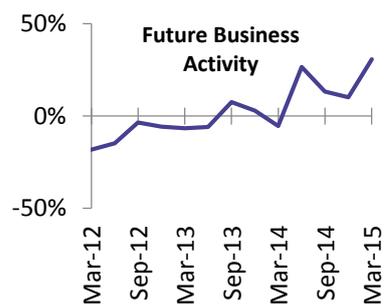
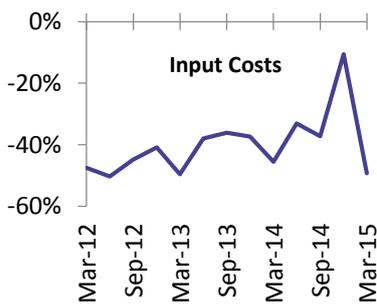
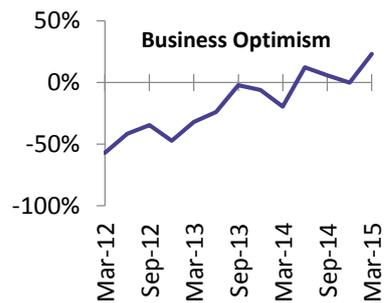
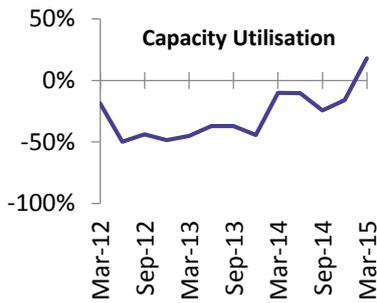
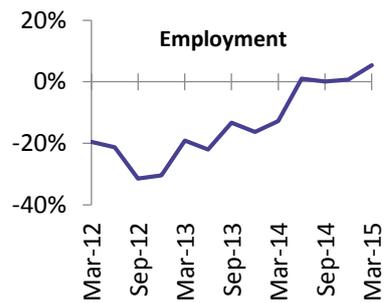
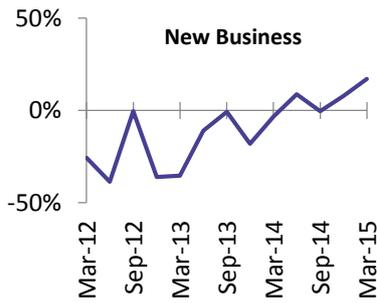
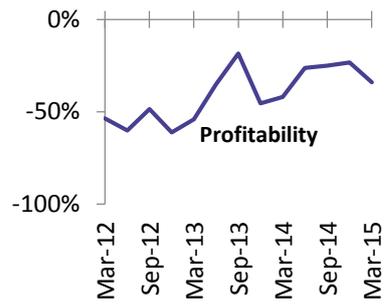
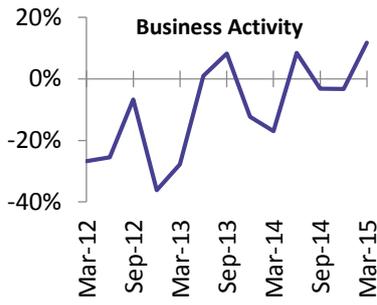
Non-finance



Construction



Wholesale & Retail



Other Non-finance

