

# Jersey Business Tendency Survey

June 2014

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

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## Summary

In June 2014:

- the **headline all-sector Business Activity Indicator was 15 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting an increase in business activity compared with three months previously was 15 pp greater than the proportion reporting a decrease. More than two-fifths of all businesses reported 'no change';
- the all-sector Business Activity Indicator improved in the latest quarter, recording its highest positive level seen since this survey was introduced in 2009;
- for the **Finance** sector:
  - three indicators were significantly improved compared with the previous quarter; five were essentially unchanged; and two were down;
  - the indicators seeing improvement were: Business Activity, Future Employment and Profitability; each indicator was strongly positive and recorded their highest levels to date;
  - Business Optimism remained at the positive level seen throughout the last four quarters;
  - the New Business and Future Business Activity indicators declined in the latest quarter, but both remained significantly positive; the decline in these indicators, from very strong levels, reflects the complementary increase in Business Activity;
- for the **non-finance** sectors overall:
  - five of the ten indicators improved in the latest quarter; the remainder were relatively unchanged;
  - Business Activity and New Business were both marginally positive for the first time since this survey was introduced, Capacity Utilisation and Employment were essentially neutral for the first time;
  - the Profitability and Inputs Costs indicators remained strongly negative;
- **Construction** sector: four of the ten indicators improved significantly in the latest quarter; Business Activity and New Business were positive for the first time in four years and Business Optimism recorded its highest positive level to date. In contrast, the Profitability and Input Costs indicators remained strongly negative;
- **Wholesale & retail** sector: seven of ten of the indicators improved significantly in the latest quarter; Future Business Activity, Business Optimism and Business Activity were the most improved. In contrast, the Profitability and Input Costs indicators remained strongly negative.

## 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.

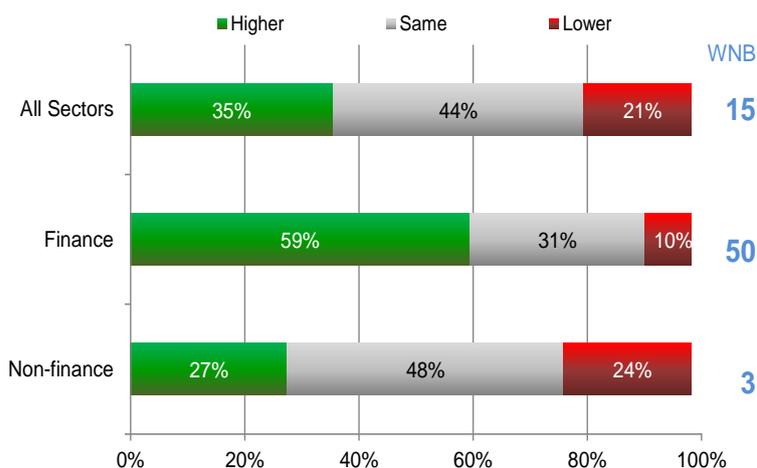
*It should be emphasised that the Business Activity Indicator, and the other “current” indicators, represent a qualitative expression of the relative position of economic performance between the current point in time and that of three months previously rather than an absolute measure of performance. 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**

June 2014 compared with the situation three months previously



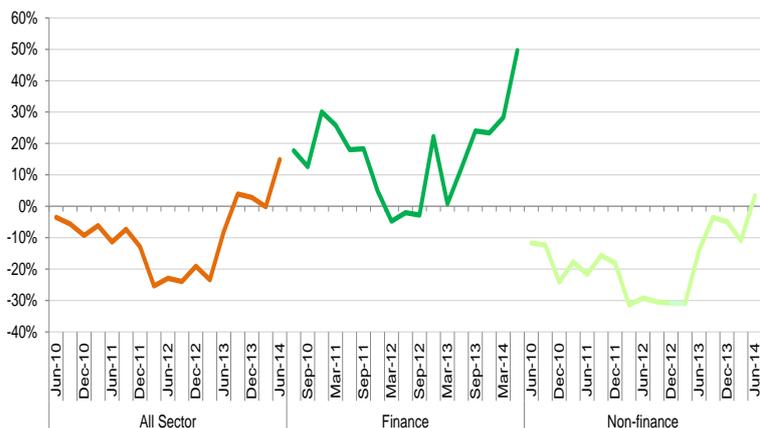
The all-sector Business Activity Indicator in June 2014 significantly improved in the latest quarter (up by 15 pp), recording its highest positive level since the survey was introduced in 2009.

The Finance sector was significantly more positive in terms of business activity than the non-finance sectors overall.

Around a third of businesses in Finance and about half of businesses in the non-finance sectors reported no change in Business Activity in the latest three months.

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

June 2010 – June 2014



The Business Activity indicators for the Finance and non-finance sectors both improved (up by 22 pp and 14 pp, respectively) compared with the previous quarter.

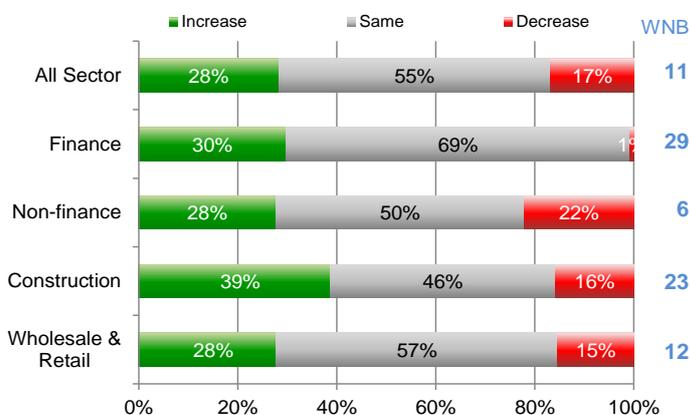
In the latest quarter, the Business Activity indicator for the Finance sector recorded its highest positive level for more than four years. For the non-finance sectors overall this indicator was marginally positive for the first time to date.

## Section 2: Business Optimism Indicator

Business Optimism improved in the latest quarter for the non-finance, Construction and Wholesale and retail sectors to its highest level recorded to date. For the Finance sector, the Business Optimism indicator remained at the significantly positive level seen in the previous quarter.

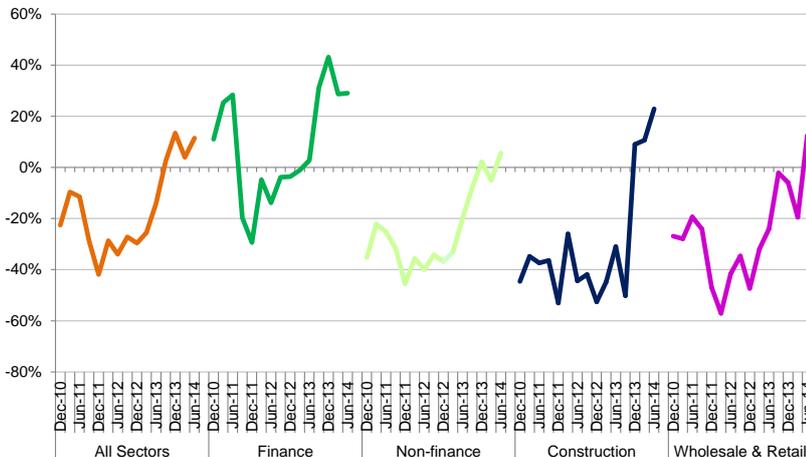
**Figure 2.1 Business Optimism**

June 2014 compared with the situation three months previously



**Figure 2.2 Business Optimism**

Dec 2010 – June 2014

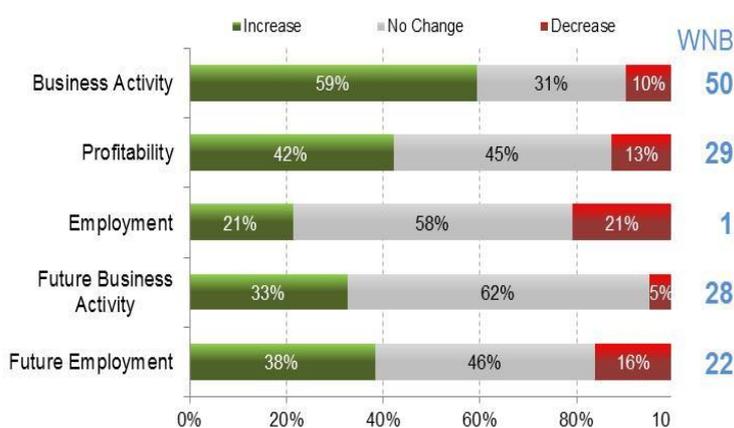


## Section 3: Finance

In the latest quarter, the Business Activity, Profitability and Future Employment indicators for the Finance sector were strongly positive, increasing further from the significantly positive levels recorded in the previous quarter (see Appendix 2).

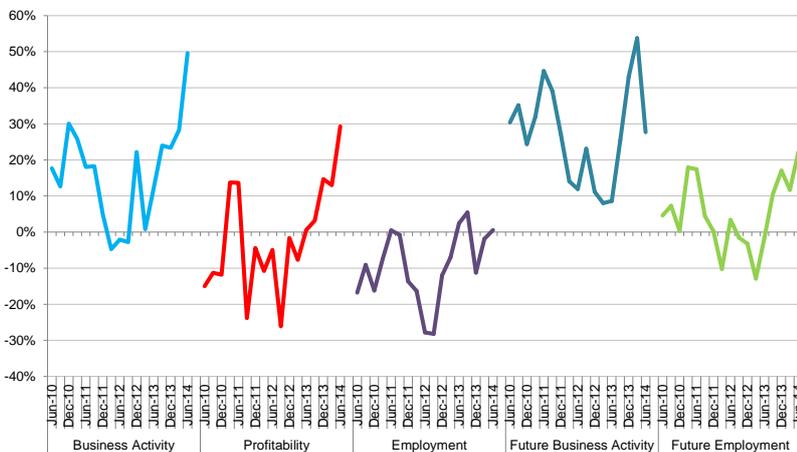
**Figure 3.1 – Finance Sector Indicators**

June 2014 compared with the situation three months previously



**Figure 3.2 – Finance Sector Indicators**

June 2010 – June 2014



Most other indicators for the Finance sector were relatively unchanged on the previous quarter, including Business Optimism which remained positive. In contrast, New Business and Future Business Activity declined in the latest quarter, returning to levels observed in late 2013; the decline in these latter two indicators, from very strong positive levels, reflects the complementary increase in Business Activity.

Almost all businesses in the Finance sector reported Produce Prices as being unchanged compared with the previous quarter; almost half of businesses anticipated no change in short-term Future Employment.

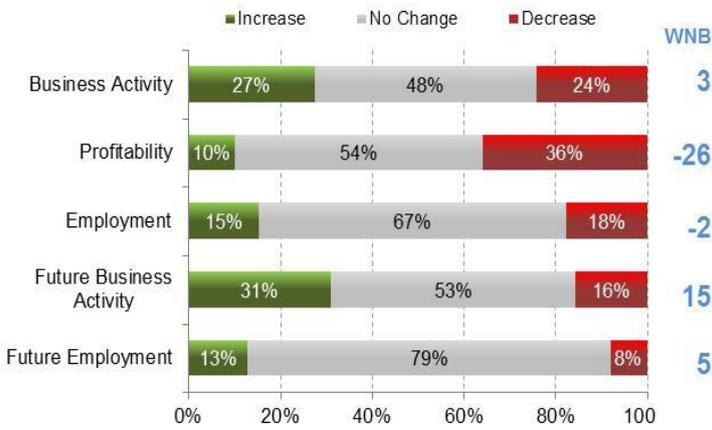
Larger finance companies (having more than 50 full-time equivalent employees, FTEs) were more positive than smaller finance companies for Business Activity, New Business and Profitability. Smaller finance companies were more positive for Employment, Future Business Activity and Future Employment.

### Section 4: Non-finance

For the non-finance sectors overall, five of the ten indicators significantly improved in the latest quarter, whilst the remainder were essentially unchanged;

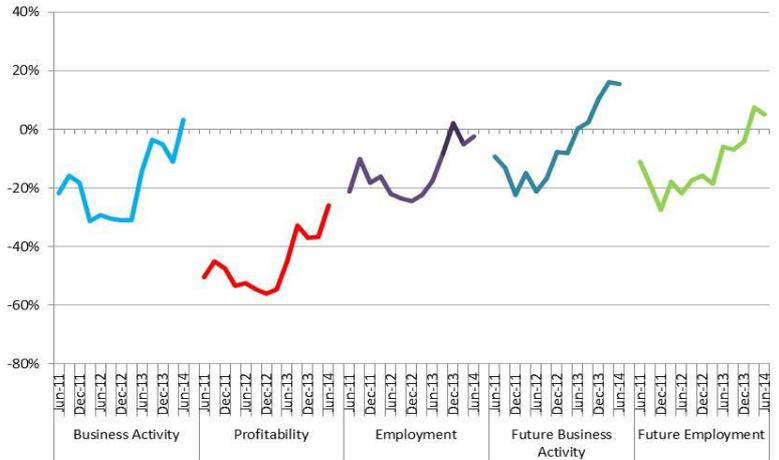
**Figure 4.1 Non-finance sector indicators**

June 2014 compared with the situation three months previously



**Figure 4.2 Non-finance sector indicators**

June 2011 – June 2014



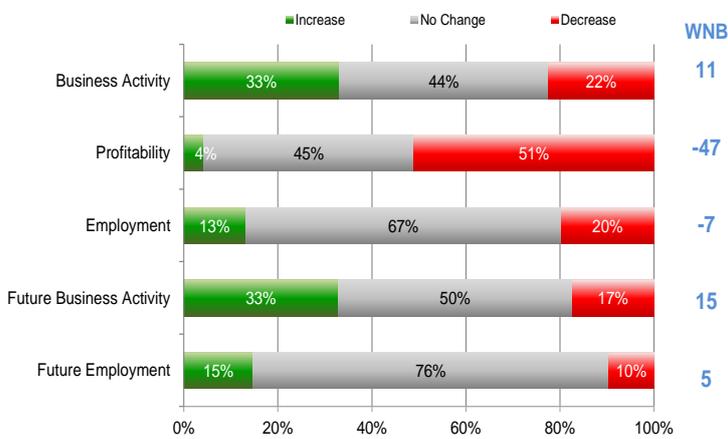
In the latest quarter, the Business Activity and New Business indicators were both marginally positive for the first time to date, whilst Capacity Utilisation and Employment were almost neutral for the first time.

The Profitability and Inputs Costs indicators remained strongly negative.

### Section 5: Construction sector

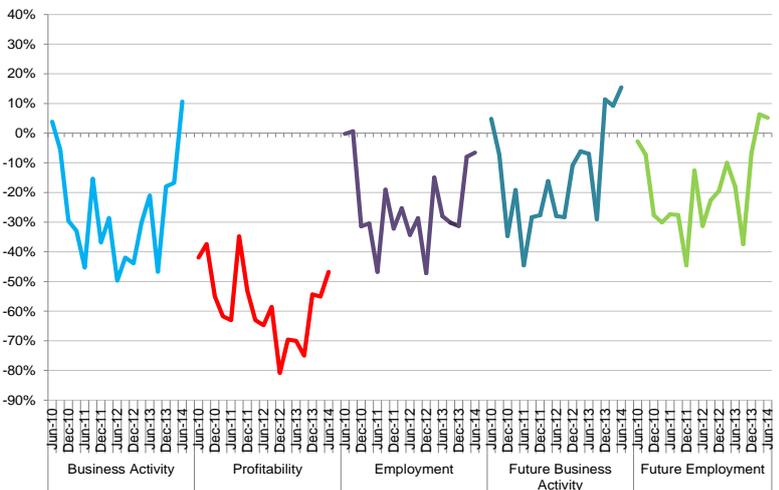
**Figure 5.1 Construction sector indicators**

June 2014 compared with the situation three months previously



**Figure 5.2 Construction sector indicators**

June 2010 – June 2014



Four of the ten indicators for the **Construction** sector saw significant improvement in the latest quarter; Business Activity and New Business were positive for the first time in four years and Business Optimism recorded its highest positive level to date.

In contrast, the Profitability and Input Costs indicators remained strongly negative.

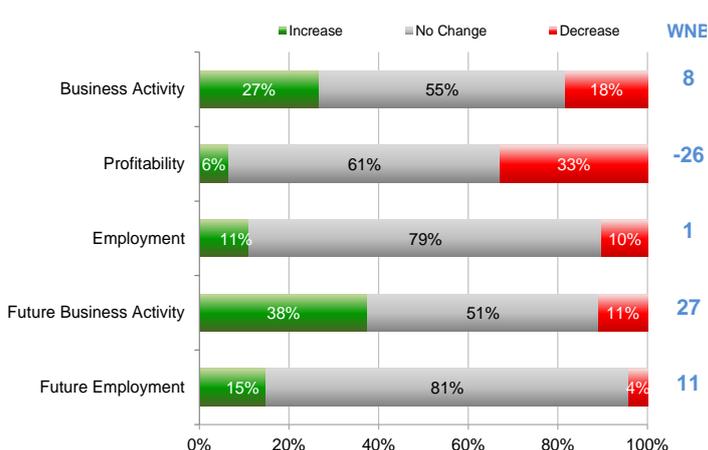
## Section 6: Wholesale and retail sector

Seven of the ten indicators for the **Wholesale & retail** sector were significantly improved compared with the previous quarter.

The Future Business Activity, Business Optimism and Business Activity indicators were the most improved. In contrast, the Profitability and Input Costs indicators remained strongly negative.

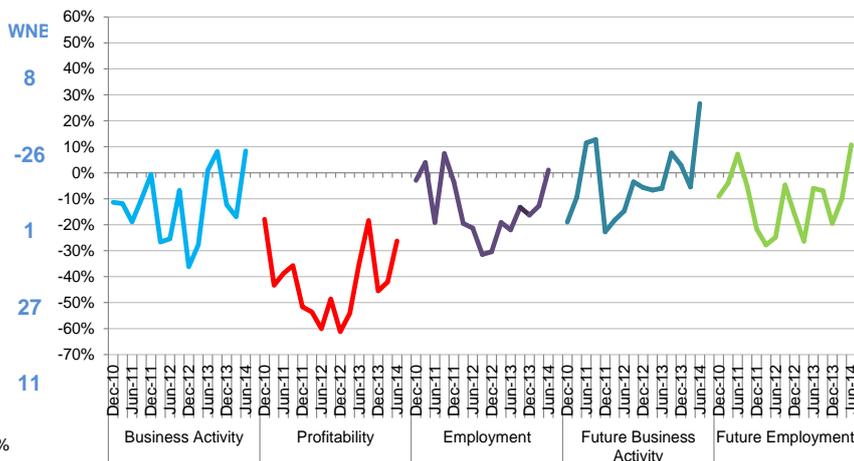
**Figure 6.1 Wholesale & Retail sector indicators**

June 2014 compared with the situation three months previously



**Figure 6.2 Wholesale & Retail sector**

Dec 2010 – June 2014



Compared with twelve months previously (June 2013) six of the ten indicators for the sector were significantly improved, with Business Optimism and Future Business Activity being the most improved.

## 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 June 2014 round of the survey ran during the first four weeks of June. A copy of the questionnaire is included in Appendix 3.

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:**

Around 510 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 two-fifths (41%) 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.

**June 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>15</b>	<b>44</b>	<b>50</b>	<b>31</b>	<b>3</b>	<b>48</b>	<b>11</b>	<b>44</b>	<b>8</b>	<b>55</b>	<b>0</b>	<b>47</b>
New Business	11	46	23	42	7	47	10	39	9	49	6	48
Capacity Utilisation	1	61	9	77	-2	56	7	39	-10	58	-1	60
Input costs	-42	58	-24	79	-48	51	-56	51	-46	67	-47	47
Product prices	-1	82	2	95	-2	78	-18	74	-7	86	3	77
Profitability	-12	52	29	45	-26	54	-47	45	-26	61	-21	54
Employment	-2	65	1	58	-2	67	-7	67	1	79	-2	63
Business optimism	11	55	29	69	6	50	23	46	12	57	0	49
Future business activity	19	56	28	62	15	53	15	50	27	51	12	55
Future employment	9	71	22	46	5	789	5	76	11	81	3	79

**June 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>56</b>	<b>27</b>	<b>32</b>	<b>42</b>	<b>8</b>	<b>58</b>	<b>2</b>	<b>45</b>
New Business	26	38	15	56	11	48	6	47
Capacity Utilisation	9	80	9	67	-7	68	0	52
Input costs	-23	82	-29	70	-43	63	-51	47
Product prices	2	94	0	97	8	64	-6	83
Profitability	39	39	2	63	-4	67	-33	49
Employment	-10	59	31	55	-5	71	-1	65
Business optimism	29	69	30	70	11	49	4	50
Future business activity	23	65	42	55	31	46	10	56
Future employment	19	41	32	59	2	90	6	75

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

**Finance**

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

## Non-Finance

Indicator	June 2010	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
<b>Business Activity</b>	-12	-12	-24	-18	-22	-16	-18	-31	-29	-30	-31	-31	-14	-4	-5	-11	3
New Business	-19	-9	-18	-13	-20	-19	-24	-33	-36	-25	-29	-27	-18	-10	-5	-11	7
Capacity Utilisation	-14	-14	-14	-21	-25	-24	-25	-26	-41	-39	-31	-36	-26	-20	-23	-14	-2
Input costs	-54	-52	-51	-66	-61	-61	-51	-47	-49	-49	-49	-50	-47	-42	-41	-48	-48
Product prices	0	-3	-6	2	4	3	-1	-2	-10	-7	-19	-5	-10	-7	-5	4	-2
Profitability	-48	-39	-46	-49	-50	-45	-47	-53	-52	-55	-56	-55	-45	-33	-37	-37	-26
Employment	-13	-12	-17	-13	-21	-10	-18	-16	-22	-24	-25	-22	-17	-8	-12	-7	-2
Business optimism	-21	-16	-35	-22	-25	-32	-46	-36	-40	-34	-37	-33	-20	-8	2	-5	6
Future business activity	-5	-5	-26	-9	-9	-13	-22	-15	-21	-17	-8	-8	0	2	11	16	15
Future employment	0	-6	-10	-8	-11	-19	-28	-18	-22	-17	-16	-18	-6	-7	-4	7	5

## Construction

Indicator	June 2010	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
<b>Business Activity</b>	4	-6	-30	-33	-45	-15	-37	-29	-50	-42	-44	-30	-21	-47	-18	-17	11
New Business	-1	-2	-25	-24	-46	-17	-52	-35	-50	-38	-39	-19	-16	-41	-13	-18	10
Capacity Utilisation	9	-12	-27	-28	-42	-22	-28	-29	-56	-58	-57	-40	-45	-47	-28	-23	7
Input costs	-64	-64	-43	-63	-39	-46	-37	-22	-18	-33	-36	-46	-38	-38	-37	-56	-56
Product prices	-15	-2	-12	-20	-10	-16	-6	-27	-37	-37	-43	-23	-29	-27	-20	-4	-18
Profitability	-42	-37	-55	-62	-63	-35	-53	-63	-65	-59	-81	-70	-70	-75	-54	-55	-47
Employment	0	1	-31	-30	-47	-19	-32	-25	-34	-29	-47	-15	-28	-30	-31	-8	-7
Business optimism	-8	-10	-45	-35	-37	-36	-53	-26	-44	-42	-53	-45	-31	-50	9	11	23
Future business activity	5	-7	-35	-19	-45	-28	-28	-16	-28	-28	-11	-6	-7	-29	11	9	15
Future employment	-3	-7	-28	-30	-27	-28	-45	-13	-31	-23	-20	-10	-18	-37	-7	6	5

### Wholesale & retail

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

### Other non-finance

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

# Business Tendency Survey – June 2014

**BEFORE COMPLETING THE SURVEY PLEASE READ THE ATTACHED GUIDANCE NOTES**

Company Name:

Contact Details:

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

## Current situation

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

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

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

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

Higher       Same       Lower       N/A

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

Higher       Same       Lower       N/A

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

Above capacity       Normal capacity       Below capacity       N/A

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

Higher       Same       Lower       N/A

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

Higher       Same       Lower       N/A

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

Higher       Same       Lower       N/A

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

Higher       Same       Lower       N/A

8. **Business optimism:** Optimism about the overall business situation in your sector, Financial and legal activities. (see note 8)

Increase       Same       Decrease       N/A

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### Future expectations

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

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

Increase       No change       Decrease       N/A

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

Increase       No change       Decrease       N/A

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### Credit: Availability and Affordability

For your organisation, please **compare the current situation** with that **three months ago** and with that **twelve months ago**; e.g. *current situation is higher (the same or lower) than three months ago (see Note 9).*

11. **Affordability of existing credit:** Current loans, overdrafts, credit cards.

Compared to 3 months ago:     More affordable     No change     Less affordable     Don't know

Compared to 12 months ago:     More affordable     No change     Less affordable     Don't know

**12. Has your organisation applied for new credit in the last 3 months? Or in the last 12 months?**

Yes – in the last 3 months       Yes – in the last 12 months       No

**13. Availability of new credit: ease of obtaining new loans, overdrafts, credit cards.**

Compared to 3 months ago:     Increase       Same       Decrease       Don't know

Compared to 12 months ago:     Increase       Same       Decrease       Don't know

**14. Affordability of new credit: How affordable are new loans, overdrafts, credit cards.**

Compared to 3 months ago:     More affordable     No change       Less affordable     Don't know

Compared to 12 months ago:     More affordable     No change       Less affordable     Don't know

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### Exceptional circumstances

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

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

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

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

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

**Thank you for your time.**

## GUIDELINES ON COMPLETING THE SURVEY

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

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

1. **Level of business activity / output:** This is the total amount of work undertaken by your organisation. Business activity can be thought of as gross income, chargeable hours worked, turnover or the number of products produced. The measure of business activity used depends on the nature of your organisation. For example, a legal firm may use the number of chargeable hours worked. A bank may decide to use values of fees, commission and premium income.
2. **Incoming new business / new orders:** This is the amount of new business placed with your organisation. This may include any new clients, new orders or contracts from existing clients or any new contracts.
3. **Level of capacity utilisation:** This is your current business activity relative to 'normal capacity'. Please tick 'above capacity' if your current business activity is above its normal capacity (e.g. because your organisation is busier than normal or staff are working longer hours than normal). Please tick 'below capacity' if your current business activity is below its normal capacity (e.g. because your organisation is quieter than normal or staff are working shorter hours than normal).
4. **Average cost of inputs:** This is the average cost for all inputs used by your organisation. Inputs include supplies obtained, stocks/materials bought in and costs of employees, including wages, salaries and pension costs paid by your organisation. Please try to give a weighted average of costs. For example, if employment costs are the largest share, give them the largest weighting (i.e. importance) when answering the question.
5. **Average prices that you charge for your products:** This is the price charged per item or per unit of time on average. For example, a legal firm will know how much they charge an hour. However, if your organisation offers various services/products then please try to give a weighted average. For example, if one service accounts for most of your sales and its prices have increased then give it the largest weighting (i.e. importance) when answering the question by indicating that prices have risen on average.
6. **Profitability:** This is the total profits earned on all activities of your organisation. If your organisation does not calculate profits over the most recent three months, please try to estimate how your profitability has changed, taking into account changes in turnover, changes in input costs and changes in mark-ups/spreads over input costs.
7. **Employment:** This is the number of employees employed on average. Please count two part-time employees as equivalent to one full-time employee. For example, if two part-time employees resigned and one full-time employee was taken on, please count this as no net change and tick 'same'. Ignore seasonal or temporary hirings.
8. **Business optimism:** This refers to your confidence or optimism about the overall business situation in your sector generally. Unlike the previous questions, it is *not* about what is actually happening to *your organisation* at present, but asks about your opinions for your *sector generally*.
9. **Credit (availability and affordability):** This refers to credit from banking and non-banking sources. Please include the re-financing of existing credit under existing credit (question 11) and not under new credit (questions 13 and 14).

## Finance Sector

### Future expectations

This Annex of the report focuses on future expectations of profits for the finance sector, 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 the June 2014 round of the Business Tendency Survey (BTS).

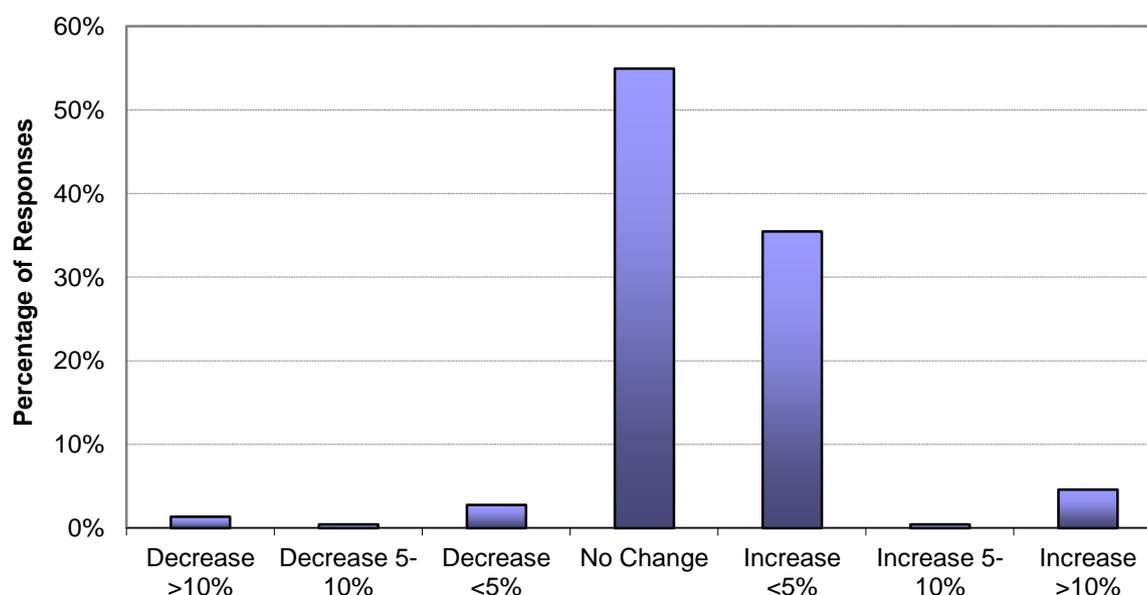
The BTS is completed by the Chief Executive or Managing Director of each sampled company; he/she is asked for their opinion on the current situation of their business, as well as future expectations for the next three months, six months and three years.

Results presented have been weighted by manpower, whereby the responses of larger companies are given more significance.

#### Profits – financial year 2014

Companies were asked for their short-term outlook on profits for the next three months (June to September 2014) and also for their expectation of annual profits for the current financial year (2014) compared with that recorded in 2013. The distributions of short-term and long-term profit expectations are shown in Figures A1a and A1b, respectively.

**Figure A1a – Short –term profit expectations: June-September 2014**



More than half of companies (55%) anticipated profits to be unchanged in the short-term, whilst around two-fifths (41%) of companies reported that they anticipated profits to increase during the next three months; the majority of companies anticipating a short-term increase expected profits to rise by less than 5%. A much smaller proportion (4%) of companies expected profit levels to decline at some level.

The longer term outlook for profits for 2014 was positive (see Figure A1b), with more than two-thirds of companies (70%) anticipating that profits would increase in 2014 compared with those recorded in 2013; for the most part this anticipated increase was expected to be less than 5%. Around a sixth (18%) of companies anticipated profits for 2014 to be similar to those recorded in 2013, whilst around one in eight (12%) expected profits for 2014 to be lower than in 2013.

**Figure A1b – Longer-term profit expectations: financial years 2013 and 2014**

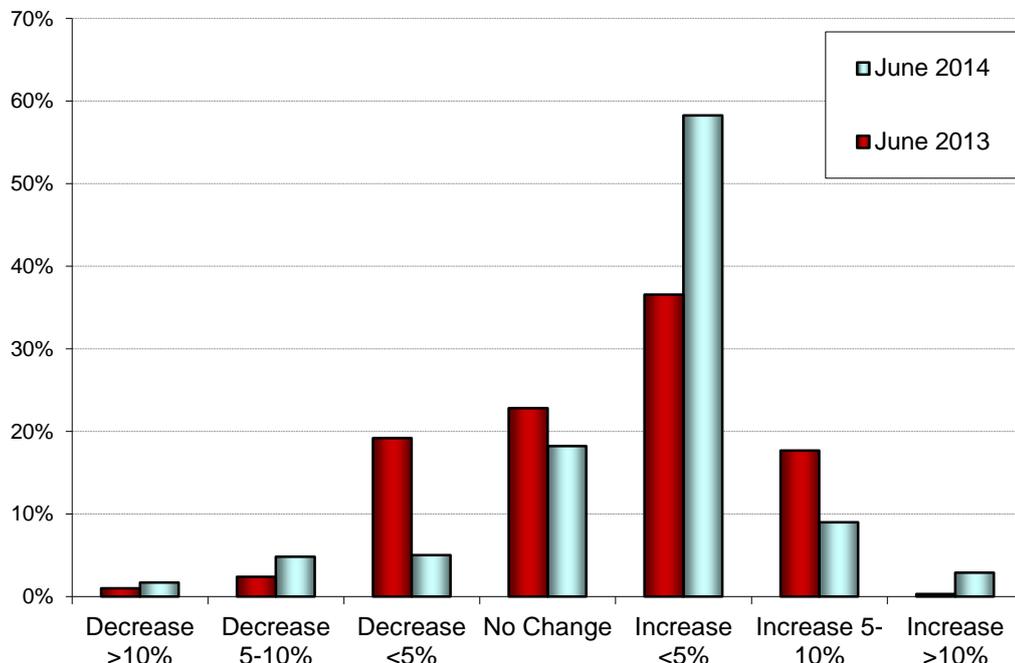
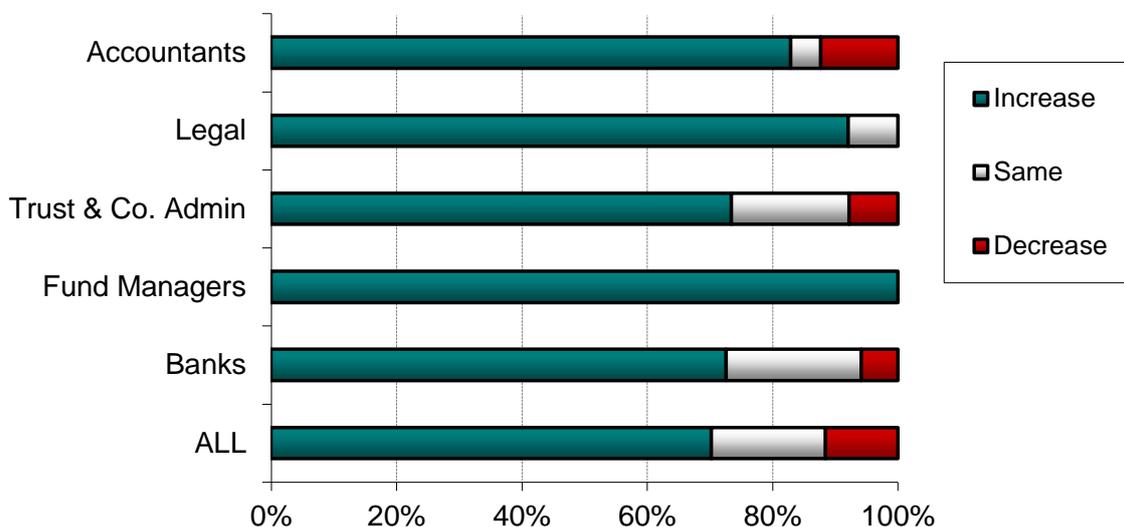


Figure A1b also shows the profit expectations expressed in the previous round of this survey (run in June 2013), whereby companies were asked to compare expectations for 2013 with profits recorded in 2012. The profit expectations for 2014 were more positive than those expressed at this time last year, when more than a half (55%) of companies anticipated a rise in profits in 2013 whilst almost a quarter (23%) anticipated a fall in profits on such a basis.

The longer-term outlook for profits for 2014 was fairly consistent across the individual finance sub-sectors (see Figure A1c).

**Figure A1c – Longer-term expectation of profits (financial year 2014) by sub-sector; percentages**



## **Changes in Manpower**

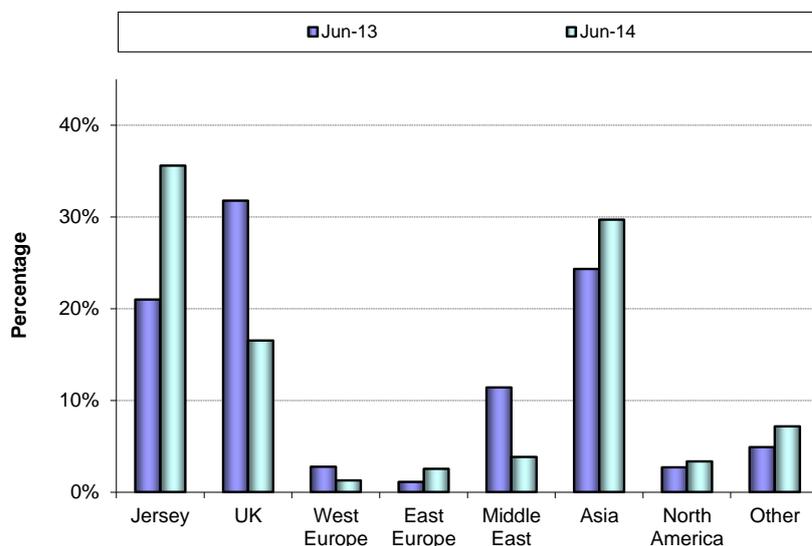
Companies were asked how their staff numbers in June 2014 compared with those of twelve months earlier (June 2013). The overall outlook was slightly positive, with more than two-fifths (44%) of companies reporting that employment numbers in June 2014 were greater than in June 2013; more than a quarter reported that manpower was either the same (26%) or lower (29%).

## **Business development**

Companies were asked which geographical regions had the greatest potential for developing key business referrers in 2014 and also, in contrast, which regions had the greatest potential for decline.

Around a third of companies felt that Jersey or Asia would be the key region for developing referrers in 2014 (see Figure A2), followed by the UK (cited by a sixth of companies).

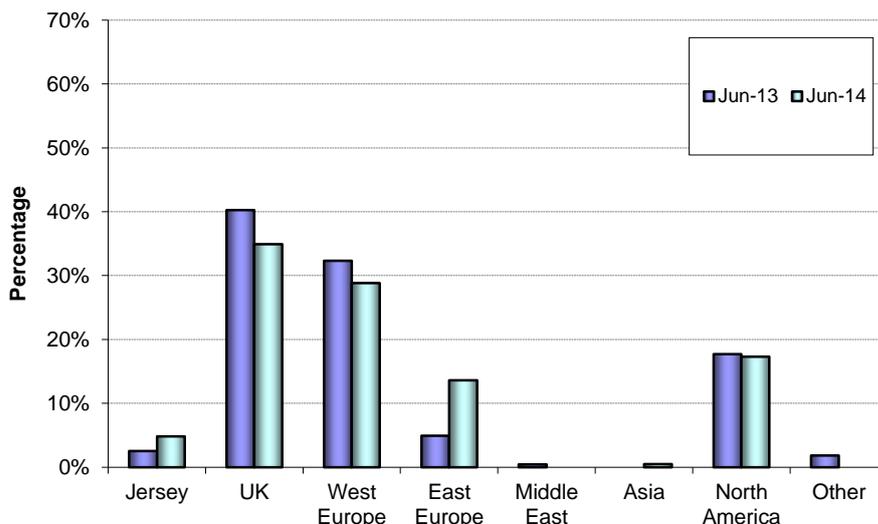
**Figure A2 – Geographical regions with greatest potential for developing key business referrers in 2013 and 2014, percentages.**



A higher proportion of companies in 2014 identified Jersey as having the greatest potential for developing key business referrers than in 2013; in contrast a lower proportion cited the UK in the latest round of the survey.

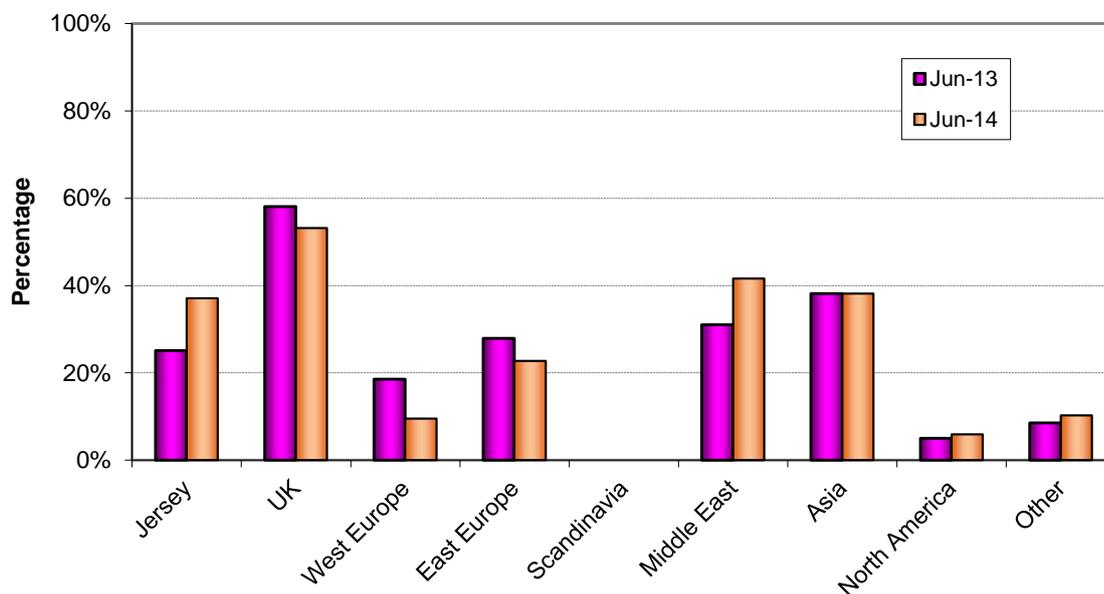
When asked which geographical region had the greatest potential for decline in 2014, in terms of key business referrers, the majority of companies identified regions within Europe, notably the UK (35%) and, Western Europe (29%) – see Figure A3. These latest results are similar to those expressed in last year's survey (run in June 2013).

**Figure A3 – Geographical regions with greatest potential for decline of key business referrers in 2013 and 2014; *percentages*.**



Companies were also asked to identify the geographical regions in which they anticipated focusing their **business development initiatives in the next three years**. Respondents were able to select up to three geographical regions (hence, totals shown in Figure A4 do not sum to 100%).

**Figure A4 – Geographical regions in which to focus business development initiatives over the next three years; *percentages***



*Respondents were able to tick up to three options, hence totals do not sum to 100%*

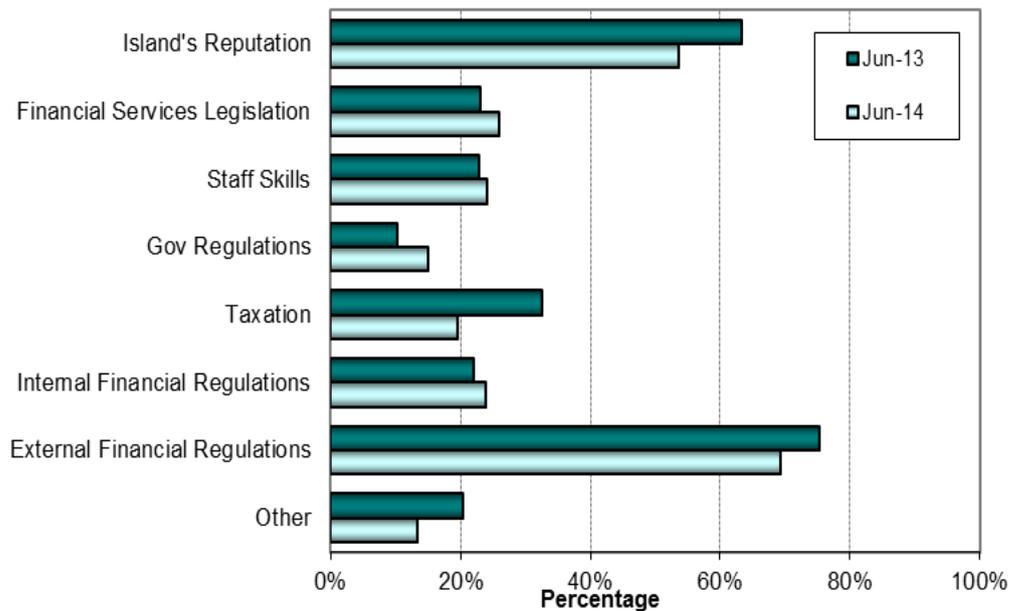
Around half (53%) of companies reported that the UK would be a focus for business development initiatives during the next three years. Around two-fifths of companies identified the Middle East (42%) and Asia (38%). The overall picture expressed in June 2014 was similar that reported a year earlier (in June 2013).

## **Jersey's business environment**

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

Key issues particularly identified were "External financial regulations", cited by over two-thirds (69%) of companies, and "the Island's reputation", cited by around half (54%) of companies - see Figure A5.

**Figure A5 – Key issues for Jersey's business environment for the next six months; percentages**



The opinions expressed in June 2014 were similar to those reported a year earlier, in June 2013, both in terms of frequency and distribution.