



Jersey Economic Trends 2014

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Foreword

This publication brings together a wide range of statistics relating to the Island's economy which have been published by the States of Jersey Statistics Unit during 2014. This edition presents annual data up to 2013 and quarterly series up to the third quarter of 2014.

Section 1 looks at economic indicators and particularly focuses on Gross Value Added (GVA) which measures the size and performance of the Island's economy as a whole and also at sectoral level. Since the Finance sector accounts for two-fifths of all economic activity in Jersey, this sector is considered separately in further detail.

Also in this section, the value and volume of retail sales are presented, providing a complementary perspective of economic activity in Jersey.

Section 2 provides information on employment and unemployment in Jersey. Again, the Finance sector is analysed in detail as this sector accounts for around a quarter of Jersey's workforce.

Section 3 covers prices and earnings; trends in the Retail Prices Index, House Price Index and the Index of Average Earnings are reported as well as relative consumer price level comparisons

Whilst this publication provides a summary of the data produced by the Statistics Unit in 2014 more information on each of the topics covered can be found in individual, detailed reports. These publications can be viewed and downloaded from the Statistics Unit website www.gov.je/statistics.

Section 1: Economic Indicators

GVA and GDP

The Statistics Unit estimates the size and growth of Jersey's economy on an annual basis, measured according to the internationally agreed framework specified by the United Nations¹ and European Union². Two measures are calculated: Gross Value Added (GVA) and Gross Domestic Product (GDP).

GVA shows the value of economic activity taking place in Jersey and permits a breakdown by each sector of the economy. GDP is the traditional aggregate measure of an economy which requires specific treatment for services indirectly charged by financial services institutions (FISIM).

Each of the above measures are presented in current year values of income (specific to each calendar year, and referred to as "nominal" values) and in constant year values (adjusted for inflation, and referred to as "in real terms").

For further information see: [Measuring Jersey's Economy, GVA and GDP 2013 report](#).

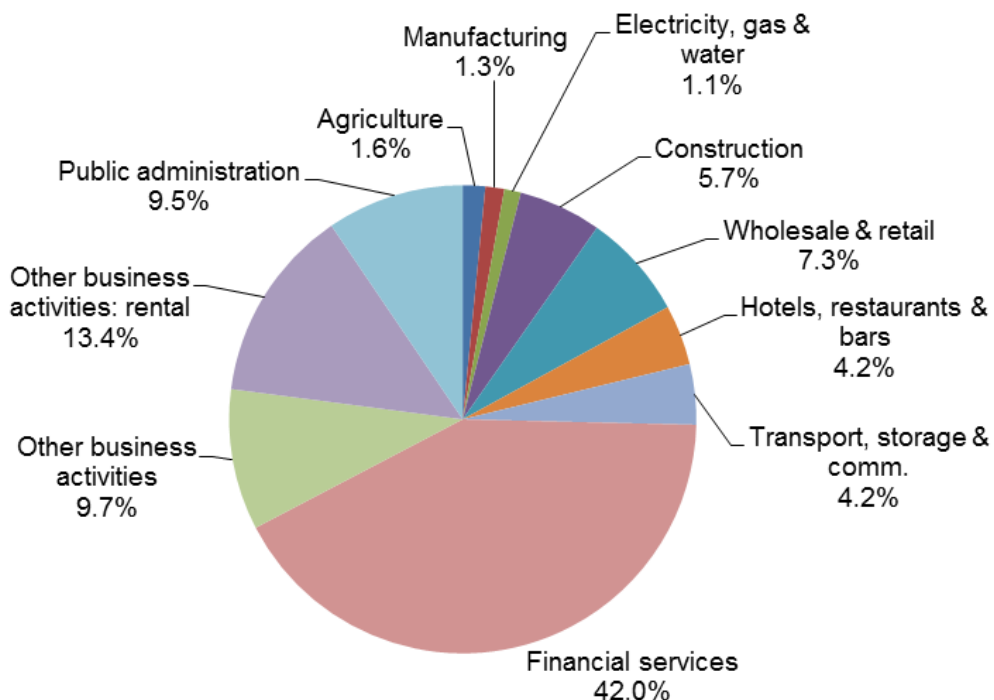
Current year values of income

Gross Value Added (GVA)

In nominal terms (expressed in current year values of income) the total GVA of Jersey's economy in 2013 was £3.7 billion.

The contribution of each sector of the economy to total GVA in 2013 is shown in Figure 1.1.

Figure 1.1: GVA by sector, 2013



The Finance sector was the largest component of total GVA, accounting for more than two-fifths (42%) of total GVA in 2013, and for almost half of all economic activity excluding the rental income of private households. The next largest sectors in terms of GVA were 'Other business activities'³ (excluding the rental income of private households) and 'Public administration'; each of these sectors accounted for almost 10% of total GVA in 2013.

¹ System of National Accounts 1993 (SNA93): United Nations.

² European System of Accounts (ESA 1995): Eurostat.

³ "Other business activities" is comprised predominantly of private sector service industries: businesses servicing other businesses; and businesses servicing households.

Table 1.1 shows the contribution of each sector to total GVA in each of the last two calendar years, 2012 and 2013.

Table 1.1: GVA (basic) by sector at *current year* values of income: £ million

	2012 (r)	2013(p)
Agriculture	50	57
Manufacturing	52	48
Electricity, gas & water	40	42
Construction	214	212
Wholesale & retail	266	269
Hotels, restaurants & bars	148	153
Transport, storage & communications	143	154
Financial services	1,570	1,548
Other business activities <i>(excluding rental income of private households)</i>	343	359
Rental income of private households	479	496
Public administration	338	350
Total GVA (basic)	3,643	3,690

GVA figures are shown rounded to the nearest million. (r) revised; (p) provisional.

In nominal terms (not adjusted for inflation), total GVA in 2013 was 1% greater than in 2012. At a sectoral level, most sectors of the economy saw an increase in GVA in nominal terms in 2013. The exceptions were the Construction, Finance and Manufacturing sectors, each of which saw nominal GVA lower in 2013 than in 2012.

Gross Domestic Product (GDP)

The measures presented in Figure 1.1 and Table 1.1 show GVA at basic prices, that is excluding taxes (GST and impôts) and including subsidies. GDP is defined as total GVA at market prices adjusted for the allocation of FISIM. As Table 1.2 indicates, in both 2012 and 2013 the difference between total GVA at basic prices and market prices was around £130 million, whilst the downward FISIM adjustment in 2012 was greater than that in 2013.

Table 1.2: Total GVA and GDP at *current year* values of income: £ million

	2012	2013
Total GVA (basic)	3,643	3,690
Total GVA (market)	3,775	3,820
FISIM adjustment	-141	-117
GDP	3,635	3,703

Figures are shown rounded to the nearest £ million

GDP in 2013 is estimated at £3.7 billion, corresponding to a nominal annual increase of 2%.

Constant year values of income

A more informative perspective of economic performance is provided by considering constant year values of income (that is “in real terms”), achieved by deflating the estimates of GVA and GDP using the underlying rate of inflation⁴.

GVA in real terms

Table 1.3 shows total and sectoral GVA for each of the last two calendar years in latest year (2013) values of income. In real terms, total GVA in 2013 was essentially unchanged on an annual basis, down by £7 million and differing by 0% compared with that in 2012. The real term stability of total GVA in 2013 relative to 2012 was driven by the non-finance sectors of the economy which (overall, and excluding the rental income of private households) recorded a growth in GVA of almost 2% on an annual basis.

Table1.3: GVA (basic) at *constant year* (2013) values of income: £ million and percentages

	2012	2013	Real term change (%)
Agriculture	51	57	12%
Manufacturing	53	48	-9%
Electricity, gas & water	41	42	3%
Construction	217	212	-2%
Wholesale & retail	270	269	0%
Hotels, restaurants & bars	150	153	2%
Transport, storage & communications	145	154	6%
Financial services	1,593	1,548	-3%
Other business activities (excluding rental income of private households)	348	359	3%
Rental income of private households	486	496	2%
Public administration	343	350	2%
Total GVA (basic)	3,697	3,690	0%

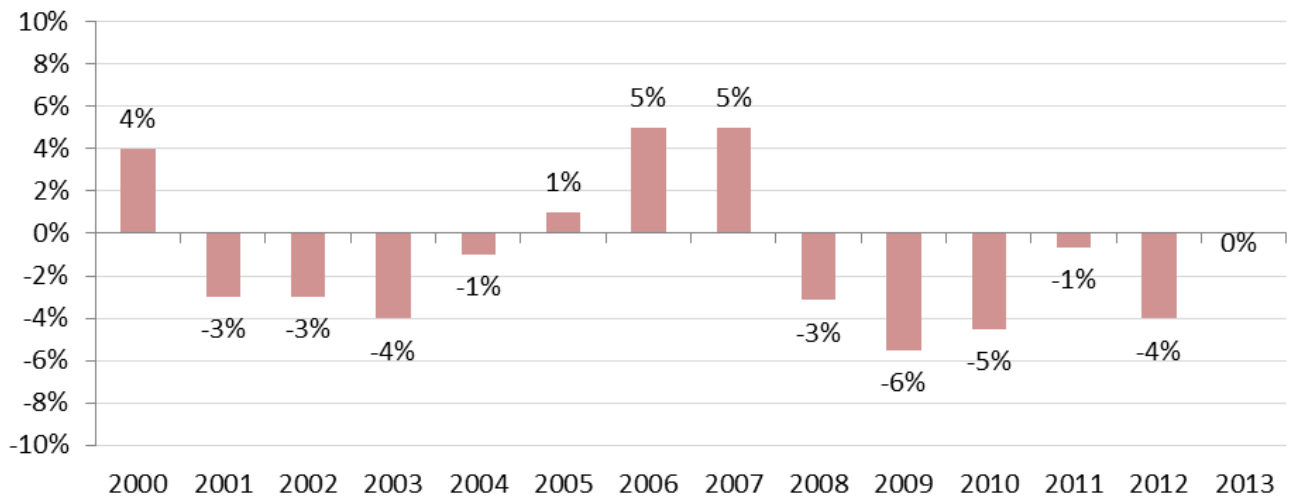
The upward contribution to the annual change of total GVA from the non-finance sectors, overall, was counter-balanced by the fall in GVA of the Finance sector. In 2013, the GVA of the Finance sector decreased by 3% in real terms.

Figure 1.2 shows annual percentage changes of total GVA in real terms since 2000. 2013 represents the first occasion in six years that total GVA has not recorded a significant fall in real terms on an annual basis.

2013 represents the first occasion in six years that total GVA has not recorded a significant fall in real terms on an annual basis.

⁴ A GDP deflator is normally used to deflate national accounting aggregates as it is a measure of the inflation in the whole economy. In the absence of this measure for Jersey, RPI(X) provides an appropriate proxy deflator, and specifically RPI(Y) during periods which include the introduction or change in the rate of consumption taxes (a Goods and Services Tax, GST, was introduced in May 2008 at 3%; the rate of GST was increased to 5% in June 2011). For calendar years 2008-2013 RPI(Y) has been used as the deflator.

Figure 1.2 - Annual percentage change of GVA (basic) in *real terms*



As a consequence of the proportion of Jersey's economy represented by the Finance sector, the performance of this sector has been central to the overall performance of Jersey's economy in recent years. Since the global economic downturn in 2008, total GVA has decreased by a sixth (16%) in real terms; over this period the GVA of the Island's Finance sector has decreased by a third (33%) in real terms, whilst that of the non-finance sectors (overall, and excluding the rental income of private households) has decreased by 5%.

Annual percentage changes of total and sectoral GVA in real terms from 2000 to 2013 are available in the full [GVA and GDP report for 2013](#).

GDP in real terms

In 2013 values of income, GDP is estimated as £3,688 million and £3,703 million in 2012 and 2013, respectively. In real terms, GDP in 2013 was essentially unchanged on an annual basis, differing by 0% from that in 2012.

Finance sector

Since the Finance sector accounts for around two-fifths of all economic activity in Jersey, it is informative to examine Finance sector profits in detail. The Statistics Unit runs a survey of financial institutions on an annual basis which looks at the activities of banks, fund managers, trust and company administrators, accountancy and legal firms operating in Jersey.

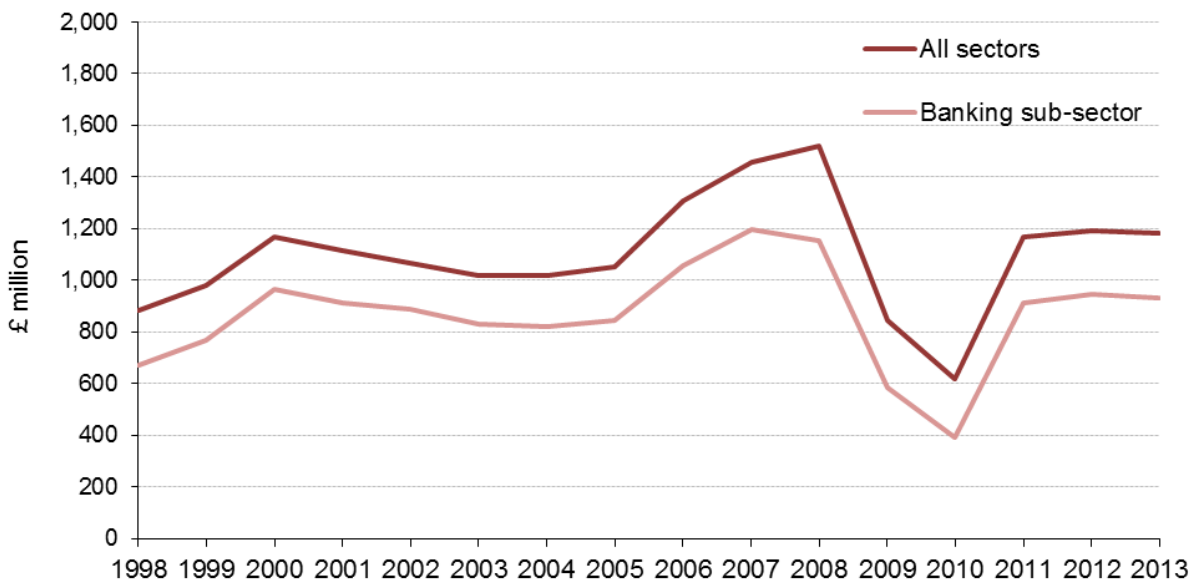
The [Survey of Financial Institutions 2013 report](#) contains more detailed commentary and historic data; as well as information on revenue, employment costs, bonus payments, expenditure on goods and services and recruitment.

Total Net Profit

In 2013, the total annual net profit (on which Jersey income tax is levied) of Jersey's financial services sector was estimated to be £1,180 million. This latest estimate of total net profit is at a similar level to that recorded for each of the two previous calendar years.

Figure 1.3 shows that total net profit had previously peaked in 2008 at more than £1,500 million. Total net profit then fell in each of the two subsequent years, declining by almost three-fifths between 2008 and 2010; calendar year 2010 recorded the lowest level of total net profit since this survey was introduced in the mid-1990s. In contrast to the preceding two years, 2011 saw total net profit almost double on an annual basis, to almost £1.2 billion, a level at which it has since remained relatively unchanged.

Figure 1.3: Total net profit for all sectors and banking sub-sector; 1998-2013



The substantial increase in total net profit recorded in 2011 was driven by a small number of companies reporting large transfers of income from non-resident units to resident parent companies based in Jersey. The subsequent relative stability of such inward income transfers in both 2012 and 2013 (compared with the period 2008-2010) has been a key factor in the overall behaviour of total net profit during the latest three-year period, 2011 to 2013.

Although a recovery and stabilisation in net profit has been observed since 2011 (acknowledging the factors outlined above), the estimate of total net profit in 2013 is more than a fifth lower than that recorded in 2008, in nominal terms, and at a similar level to that observed during the period 2000 to 2005.

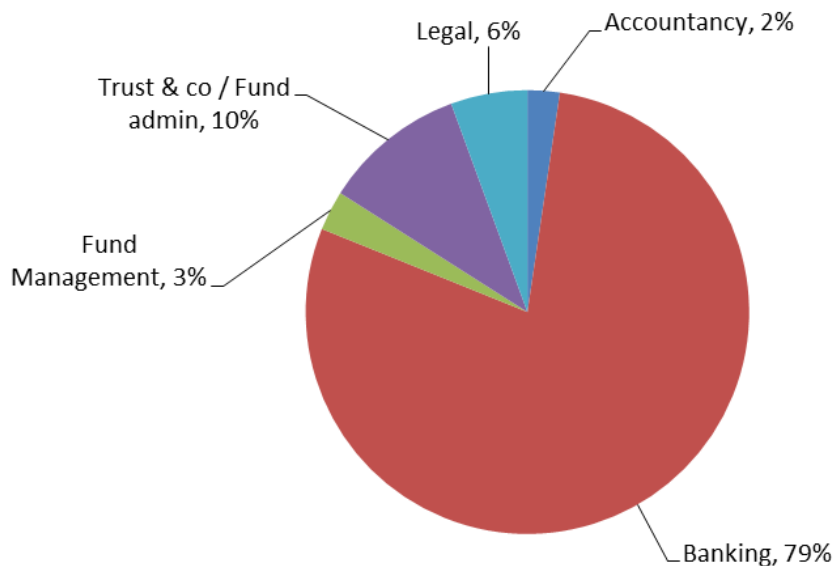
Gross Operating Surplus

The national accounting measure Gross Operating Surplus (GOS) measures the economic activity of the Jersey operations of businesses in the Island; as such it is not susceptible to the fluctuation of income transfers from non-resident units. In nominal terms, the GOS of the Finance sector in 2013 was 5% lower than in 2012.

Total Net Profit by subsector

In 2013, the Banking sub-sector accounted for almost four-fifths (79%) of the total net profit of Jersey's finance sector (see Figure 1.4), a similar proportion to that recorded in 2011 and 2012 and to that observed from the mid-1990s up to 2008. In 2009 and 2010 the proportion of total net profit accounted for by banking had declined to around two-thirds.

Figure 1.4: Total annual net profit by sub-sector, 2013



The total net profit of Jersey's finance sector is strongly influenced by movements in the net profit of the Banking sub-sector (the behaviour of net profit of Jersey's Banking sub-sector since 2008 has been driven by the factors indicated previously, see Figure 1.3):

- the net profit of the Banking sub-sector declined in each year from 2008 to 2010 such that the net profit in 2010 was two-thirds (67%) lower than the peak recorded in 2007;
- this period of decline was followed by a large increase in 2011 when the net profit of the Banking sub-sector more than doubled on an annual basis;
- during the latest three-year period, from 2011 to 2013, the net profit of the Banking sub-sector has been relatively more stable.

Figure 1.5 shows net profits recorded by the Accountancy, Fund management and Trust & company administration (including Legal) sub-sectors.

Overall, the estimated net profit of the Trust & company administration (including Legal) sub-sector declined in 2013, down by 5% compared with that recorded in 2012.

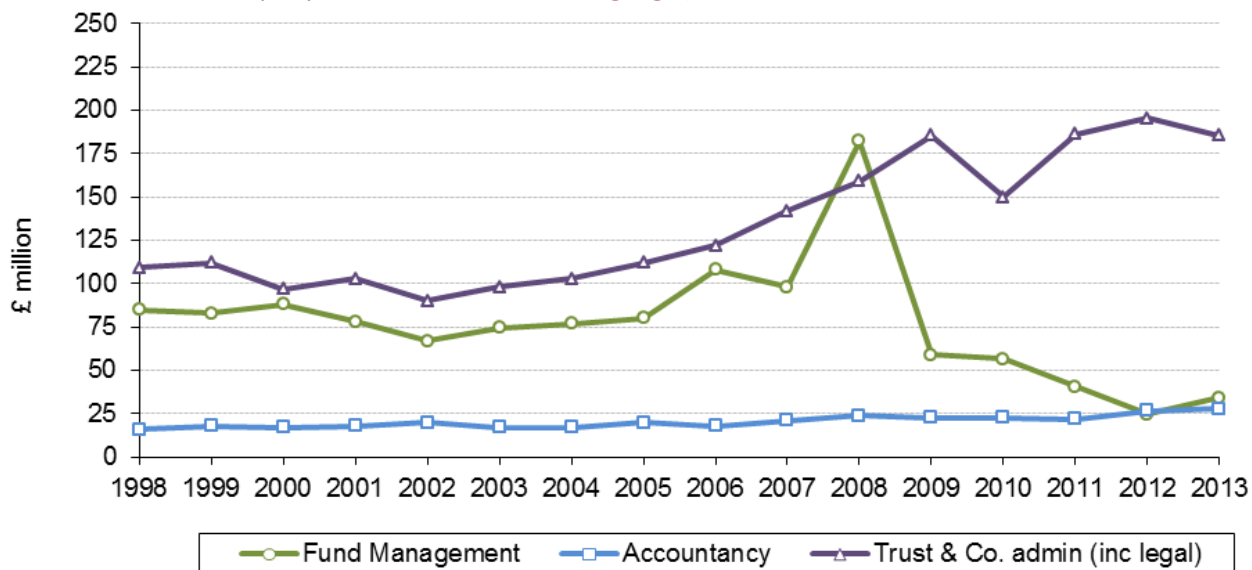
However, since 2009 it has been possible to analyse the Trust & company administration and Legal sub-sectors separately. Such analysis shows that in 2013 the net profit of the Trust & company administration sub-sector increased for the third consecutive year, up by almost 3% on an annual basis, from £120 million in 2012 to £123 million in 2013.

In contrast, the net profit of the Legal sub-sector decreased by 9% to £66 million in 2013. The Legal sub-sector had recorded a similar decline in net profit in 2012, down by 9% on an annual basis. This most recent two-year period of decline for the Legal sub-sector follows increases in net profit in both 2010 and 2011. Since 2009, when it was first possible to analyse this sub-sector separately, the net profit of the Legal sub-sector has increased by more than a fifth (22%).

In 2013 the Fund management sub-sector recorded an increase in net profit of more than a third (38%), to £34 million in 2013. This latest annual increase follows declines in net profit in each of the previous four years; between 2008 and 2012 the net profit of the Fund management sub-sector fell by 86%.

The net profit of the Accountancy sub-sector in 2013 was estimated at £28 million, an increase of 4% on an annual basis and representing the highest level of net profit recorded for this sub-sector since at least 1998.

Figure 1.5: Annual net profit of the Accountancy, Fund management and Trust & company administration (including legal) sub-sectors



Net Interest Income

Net Interest Income (NII) represents the difference between the interest a company generates from its assets and the interest it pays out on its liabilities; the amount of NII generated is, therefore, sensitive to changes in interest rates.

Table 1.4 shows the estimated Net Interest Income (NII) of Jersey’s banking sub-sector from 2005 to 2013.

Table 1.4: Net Interest Income (NII) in banking (£ millions) and as a percentage of banking revenue; 2005-2013

Year	NII from Banking £ million	NII as a percentage of Banking revenue %
2005	£790	66
2006	£1,010	72
2007	£910	59
2008	£1,040	60
2009	£730	58
2010	£640	51
2011	£540	43
2012	£730	60
2013	£760	60

NII figures have been rounded to the nearest £10 million.

The amount of Net Interest Income generated by banking in Jersey peaked in 2008 at £1,040 million and accounted for three-fifths (60%) of banking revenue in that year. During the subsequent period, from 2009 to 2011 the Net Interest Income of the banking sub-sector decreased by about a half, representing a fall of some £500 million in three years.

In the latest two years, 2012 and 2013, Net Interest Income returned to a level similar to that recorded in 2009 and accounted for a similar proportion of banking revenue as in that year (around three-fifths).

Business Tendency Survey

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 Business Tendency Survey report is published on a quarterly basis and the latest report is available on our website: [Business Tendency Survey](#).

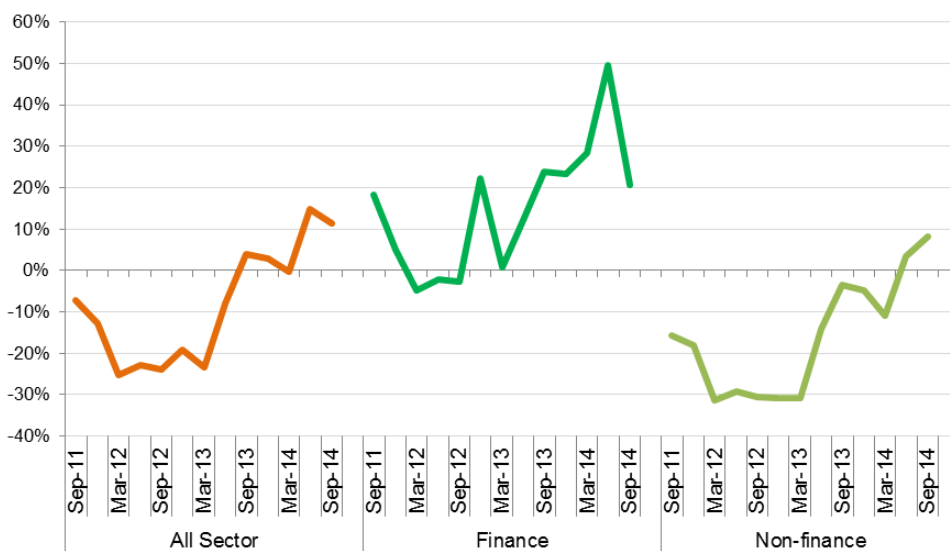
The survey enables a set of ten indicators to be produced; the headline indicator is that of Business Activity. Responses to the survey are used to calculate weighted net balances (WNB), defined as the difference between the proportion of businesses reporting seeing an increase in a particular measure compared to three months earlier and the proportion of businesses seeing a decrease.

Business activity (all-sectors)

The headline all-sector Business Activity Indicator in September 2014 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 in September 2014, essentially unchanged from the previous quarter which had recorded the highest level since the survey was introduced.

Figure 1.6 – Business Activity Indicator: time series, September 2011 – September 2013



Finance sector

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 [Business Tendency Survey September 2014 report](#)).

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.

Non-finance sector

In the September 2014, nine of the ten indicators for the *non-finance sectors overall* were essentially unchanged. Capacity Utilisation declined in September 2014, 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.

In the *Construction* sector, the Input Costs, Product Prices, Profitability and Future Employment indicators saw significant improvement in the September 2014. 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).

For the *Wholesale and retail* sector, the Business Activity, Capacity Utilisation, Future Business Activity and Future Employment indicators declined in September 2014 compared with the previous quarter. The Input Costs and Product Prices indicators improved in September 2014; the remaining three indicators were essentially unchanged.

Retail Sales

The Statistics Unit launched the Jersey Retail Sales Survey in April 2007 to collect information on the performance of the Island's retail sector⁵. Each sampled business is asked to report total retail turnover for a given quarter.

The main measures are total value and total volume estimates on a seasonally adjusted basis. Value estimates reflect the total turnover that businesses have recorded in a given quarter, whilst volume estimates remove the effect of price changes⁶.

Value and volume measures from 2005 onwards are published in the quarterly [Retail Sales Survey Report](#).

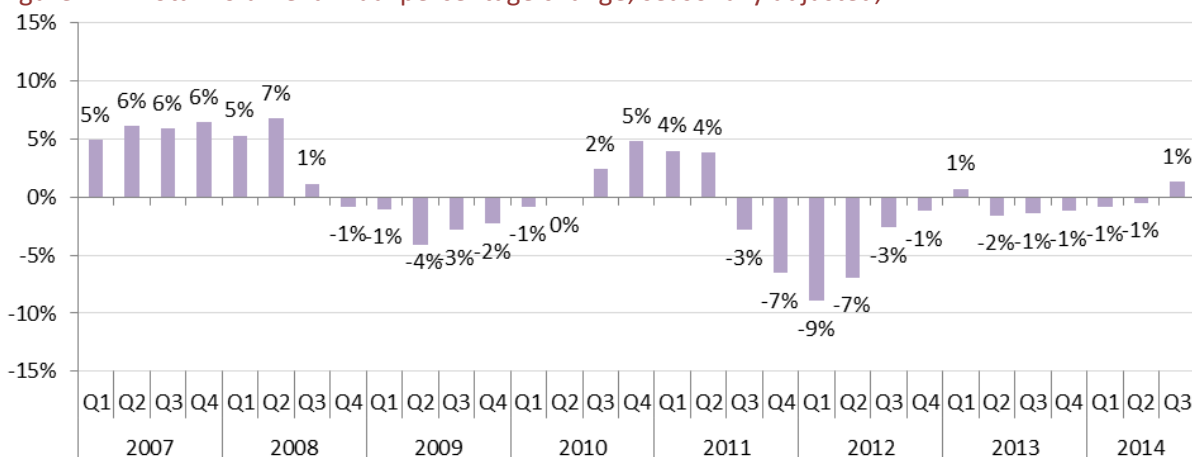
Value of retail sales

Comparing the same quarter in a given year with that of a year earlier, in each quarter of the last two years (from Q3 2012 to Q3 2014) the total value of retail sales has been essentially flat on an annual basis, with annual percentage changes of between $\pm 1\%$ (on a seasonally adjusted basis). The total value of retail sales in the latest quarter (Q3 2014) was 1% higher than in the corresponding quarter of 2013.

Volume of retail sales

On an annual basis, the total volume of retail sales in the latest quarter, Q3 2014, was 1% greater than in the corresponding quarter of 2013 (see Figure 1.7), representing the first increase in total volume on an annual basis for a year and a half, since Q1 2013.

Figure 1.7: Total Volume: annual percentage change; seasonally adjusted,



⁵ "Retail" is defined as the sales of goods to the general public for personal or household consumption, excluding motor trades.

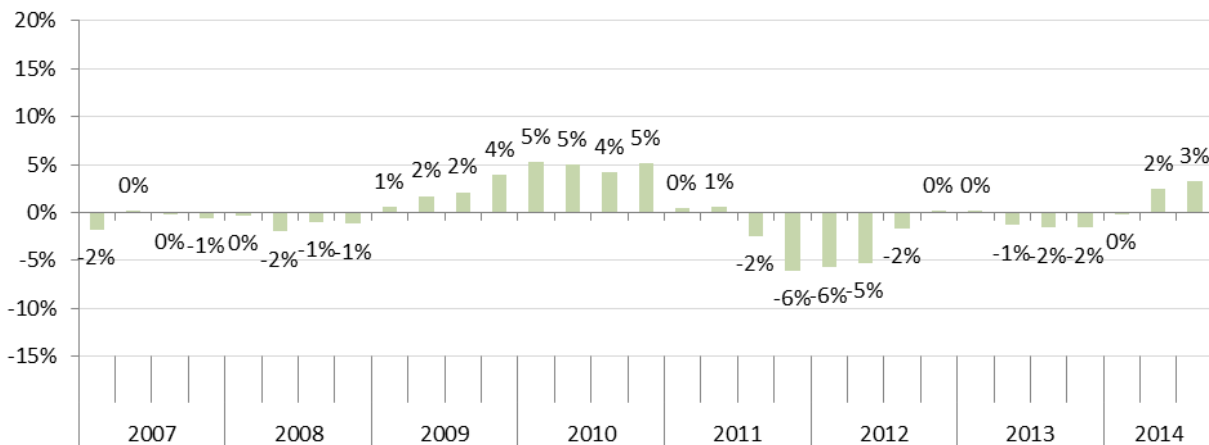
⁶ A volume index is an average of the proportionate changes in the quantities of a specified set of goods between two periods of time. The deflators used are a weighted combination of the relevant section level indices of the Retail Prices Index (RPI).

Volumes of retail sales, by sector

The “Predominantly food” sector is comprised of supermarkets, convenience stores and other small food stores. The “Predominantly non-food” sector is comprised of three sub-categories: Household goods; Textiles, Clothing and footwear; and Non-food specialised stores.

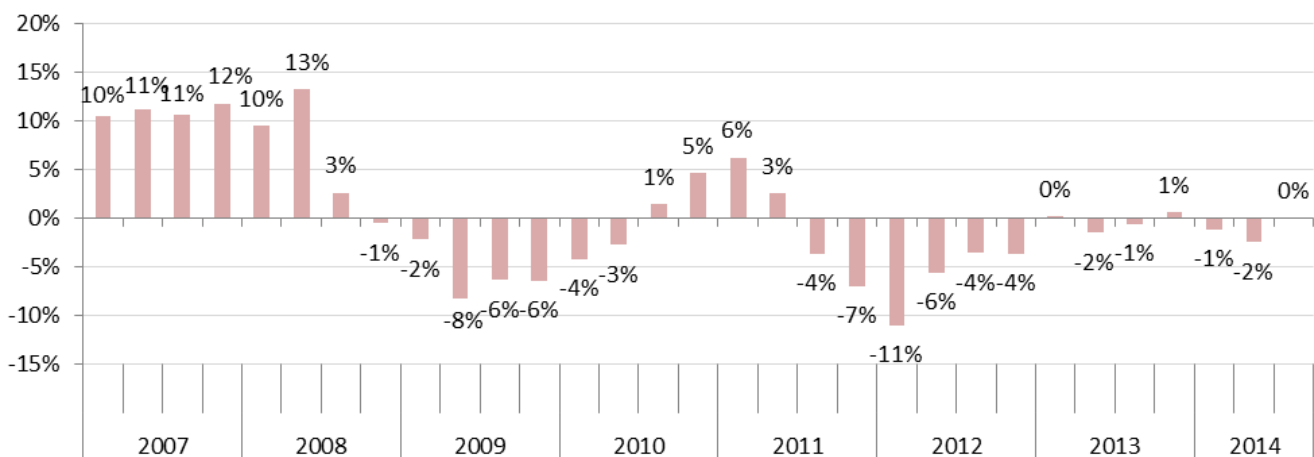
Following a period of almost three years of increases recorded from 2009 to mid-2011, the total volume of retail sales in predominantly *food* stores had either declined or remained static on an annual basis in each quarter until early 2014. However, since mid-2014, the total volume of retail sales in predominantly food stores has increased on an annual basis (by 2% in Q2 2014 and 3% in Q3 2014).

Figure 1.8: Predominantly food: annual percentage change in volume (seasonally adjusted).



For predominantly *non-food* stores a period of annual growth in the volume of retail sales (seasonally adjusted) recorded from early 2007 to mid-2008 (Figure 1.9) was followed by a period of annual decline in each quarter throughout 2009 and early 2010. The volume of retail sales in predominantly non-food stores then saw growth in each of the four quarters throughout late 2010 and early 2011. However since Q3 2011 the volume of retail sales in each quarter has either fallen or remained static on an annual basis.

Figure 1.9: Predominantly non-food: annual percentage change in volume (seasonally adjusted).



Section 2: Employment

Economic activity

In relative terms, employment levels in Jersey are high. The “economic activity rate” gives the proportion of those people in employment, or actively seeking employment, as a percentage of *all* those of working age (between 16 and 64 years for men, and 16 and 59 for women, inclusive). As recorded by the [2011 Jersey census](#), the proportion of the working age population who were economically active was 82% (52,522 persons). Over three-quarters (77%) of working age women were economically active compared with 86% of men.

The [2014 Jersey Annual Social Survey \(JASS\)](#) estimated the economic activity rate to be 88%, corresponding to 92% of working age men and 83% of working age women. However, due to a greater tendency for working adults to respond to JASS, the economic activity rate measured by this survey is slightly higher than that recorded by the census.

Table 2.1: Economic activity rate (men aged 16 to 64 years and women 16 to 59 years)

	JASS 2014	Census 2011
Men (16-64 years)	92	86
Women (16-59 years)	83	77
All	88	82

Labour market

In July 2013 the new Control of Housing and Work Law (CHWL) came into effect in Jersey. Under this law all undertakings operating in Jersey are required to report employment status and residential status to the States of Jersey for every employee. Over the previous fifteen-year period, under the auspices of the Regulation of Undertaking and Development Law (RUDL) undertakings were required to report *aggregate* employee numbers to the States of Jersey through the Manpower Survey, rather than the *individual employee-level* information now required by the new law. In addition to the employment status categories already reported under the previous law, the CHWL also requires the reporting of employees who have worked in the latest month on zero-hour contracts and also of employees who are classified as exempt under the CHWL. The CHWL has also introduced new categories of residential status.

The additional reporting criteria of the CHWL, specifically of zero-hour and exempt employees, renders the analysis and interpretation of changes in reported manpower numbers across the periods covered by the two laws problematic. Furthermore, the change in the level of detail required (from aggregate to individual information) and the change in the categories of residential status have introduced additional levels of complexity and uncertainty on the part of reporting undertakings.

Therefore, labour market data collected on a consistent basis for the first two rounds of the Manpower survey conducted under the new CWHL are presented below for December 2013 and June 2014.

For further explanation of the new reporting basis and the effect on total employment figures, refer to the [Jersey Labour Market report for June 2014 and December 2013](#).

Historic data prior to December 2013 collected under the RUDL can be found in the [Jersey Labour Market report for June 2013](#)

Total employment

Total employment (headcount) in June 2014 was 58,330 (see Table 2.2). The total reported headcount employment for Jersey’s private sector in June 2014 was 49,980. Headcount for the public sector overall, which includes core and zero-hours staff, Non States workers, the States of Jersey Development Company and the Parishes was 8,350 in June 2014.

Table 2.2: Total employment, headcount – December 2013 and June 2014

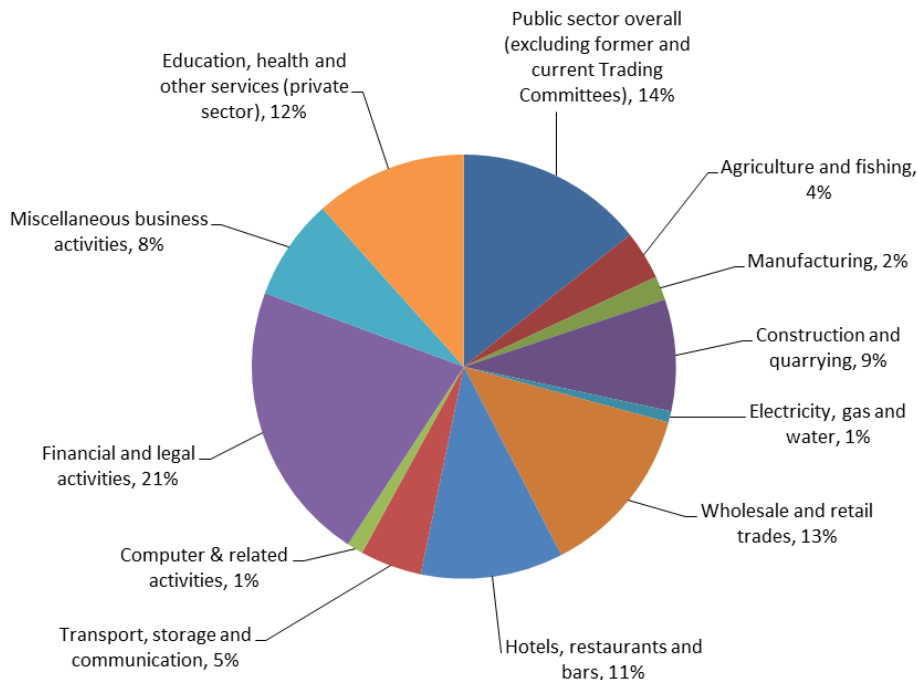
	Dec-13	Jun-14
Private sector	46,510	49,980
Public sector (overall)	8,260	8,350
Total	54,770	58,330

It is possible to derive⁷ consistent measures of the change in total employment on an annual basis, across the period covered by the two laws. On an annual basis:

- total employment in December 2013 was 350 lower than in December 2012, representing an annual decrease of 0.6%;
- total employment in June 2014 was 620 higher than in June 2013, an annual increase of 1.1%.

Employment by sector

Figure 2.1: Employment (headcount) by sector, June 2014



In June 2014, on a headcount basis:

- over a fifth (21%) of all employees were employed in the Finance sector (12,510);
- 13% were employed in Wholesale and retail (7,680);
- 11% were employed in Hotels, restaurants and bars (6,340);
- the public sector (overall, but excluding current and former States Trading Committees) accounted for around one in seven (14%) of Jersey's labour force.

⁷ In order to derive changes in total employment on an annual basis, across the timeframe covered by the two laws, the assumption has been made that undertakings were previously reporting all zero-hour and exempt staff within the aggregate figures returned under the RUDL. Furthermore, an adjustment is made to account for employees engaged in undertakings which were previously exempt from reporting under the RUDL.

Zero-hour contracts

The total number of jobs filled which were on zero-hour contracts were:

- 4,700 in December 2013, representing 9% of all jobs filled in that month
- 6,050 in June 2014, representing 10% of all jobs filled in that month

Residential qualifications

Table 2.3 presents the breakdown by residential status of core and zero-hour employees and Non States workers in June 2014.

Table 2.3: Residential qualifications of all employees, June 2014

	Entitled	Licensed	Registered
Private sector	42,800	1,250	5,880
Public sector (overall)	7,690	570	90
Total	50,490	1,820	5,970

Of the 58,290 employees in Jersey in June 2014 (excluding exempt staff):

- 87% were entitled/entitled to work;
- 3% were licensed;
- 10% were registered.

Finance sector employment

In June 2014 the Finance sector accounted for a quarter (25%) of total private sector employment in Jersey. The levels of employment since December 2012 in the sub-sectors comprising the Island's finance industry are shown in Table 2.4.

Table 2.4: Employment in the Finance subsectors, December 2013 and June 2014

	Dec-13	Jun-14
Banking	4,770	4,770
Trust & co. admin & Fund Management	3,390	3,470
Legal	2,190	2,260
Accountancy	1,020	1,020
Other	1,000	980
Total	12,370	12,510

The total number of employees in the Finance sector in June 2014 (12,510) was 110 higher than a year earlier (June 2013), but more than 900 lower than the peak recorded in December 2008. (see [Jersey Labour Market at June 2013](#)).

The increase in employment in the sector on an annual basis was driven by the Legal (up 130) and Trust & co. admin. and Fund management sub-sectors (up 100). The Accountancy and Other sub-sectors also recorded increased numbers of employees on an annual basis.

In contrast, the Banking sub-sector recorded a decrease of 180 employees on an annual basis but was unchanged on a six-monthly basis. The number of employees in Banking in Jersey has decreased by around 1,300 since the peak numbers recorded in late 2007 and throughout 2008, representing a fall in employment in this sub-sector of more than a fifth (21%).

Unemployment

Unemployment rate

The internationally comparable unemployment rate is that defined by the International Labour Organisation (ILO). The ILO unemployment rate includes people who are registered as actively seeking work with the Social Security Department and also those people who are not registered as unemployed.

The ILO unemployment rate for Jersey is measured through the [Jersey Census](#) and the [Jersey Annual Social Survey \(JASS\)](#). The ILO unemployment rate for Jersey on the 27 March 2011, as measured by the 2011 census, was 4.7%; this rate corresponded to 2,570 people being unemployed at that point of time.

In June 2014, the ILO unemployment rate measured by JASS was estimated to be 4.6%. This rate corresponded to 2,800 people being unemployed and looking for work.

Registered unemployment

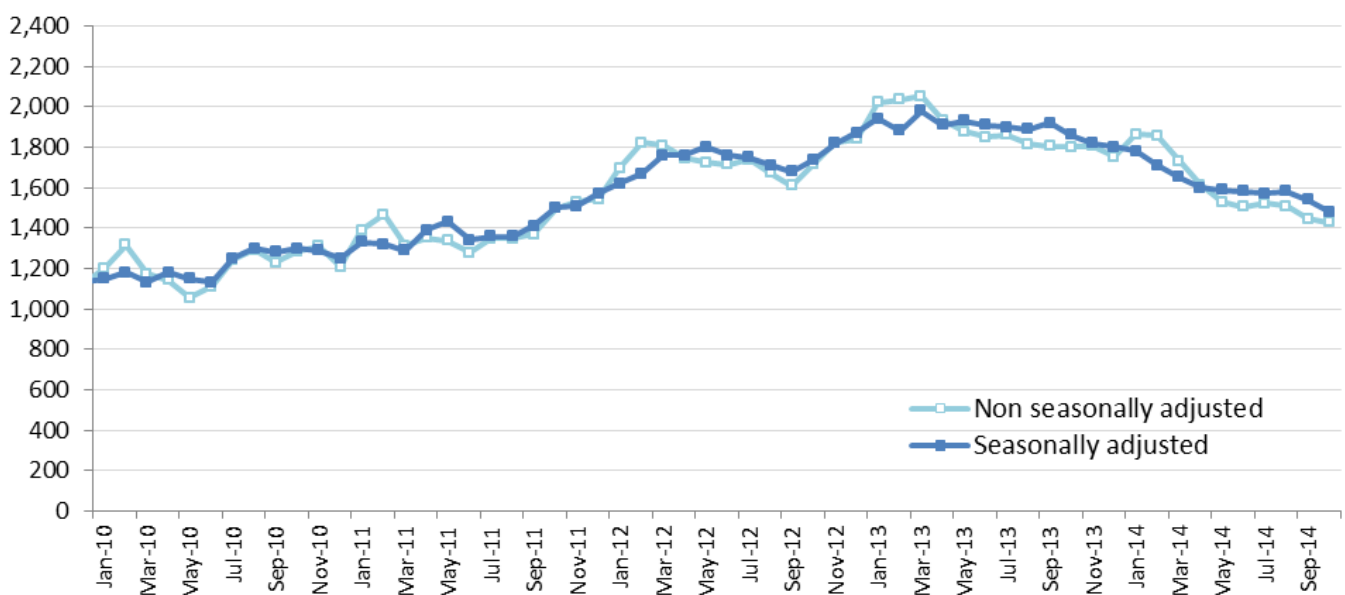
Data on people registered as actively seeking work (ASW) in Jersey is compiled and administered by the Social Security Department. When interpreting the numbers of people registered as ASW it should be kept in mind that there is no legal requirement for all unemployed residents to register as actively seeking work with the Social Security Department.

The number of individuals registered as ASW includes people who are on the Advance to Work, Advance Plus and Workwise schemes. The ASW figures also include individuals who are working fewer than the 35 hours per week as required under the terms of Income Support; such individuals will be both working and actively seeking work simultaneously.

[Registered unemployment \(ASW\) reports](#) are published monthly and provide data from 2010 onwards for the total number of individuals registered in each month, as well as a break down by gender. The monthly reports also provide details on the age, length of period registered, nationality and last industry of employment of registered individuals.

Figure 2.2 shows the total number of individuals registered as ASW from January 2010 to October 2014 and the seasonally adjusted series.

Figure 2.2: Total number of individuals registered as ASW, January 2010 to October 2014



On a seasonally adjusted basis, the total number of people registered as ASW in Jersey in October 2014 was:

- 60 lower than a month earlier, September 2014;
- 80 lower than the mean for the preceding three-month period, July to September 2014;
- 380 lower than a year earlier (October 2013);
- the lowest seasonally adjusted total for more than three years, since September 2011.

Underemployment

Workers are classified as 'underemployed' when they are willing to work more hours than their employers are able to offer.

In JASS 2014, one in eight (13%) workers reported that they would prefer to work longer hours at their current rate of pay if given the opportunity.

The proportion of underemployed workers ranged from one in four (24%) of those in routine or manual occupations (such as cleaner, farm worker, catering assistant) to around one in ten of those in professional (12%) or managerial roles (11% of middle managers, 9% of senior managers).

Section 3: Prices and Earnings

Retail Prices Indices

The all items Retail Prices Index (RPI) is an index number based on a point in time (June 2000 set equal to 100) and measures the average change in price for a representative selection of goods and services bought by Jersey households. The rate of change of the RPI, which is quoted as a percentage, compares the current index to the same quarter a year previously and hence measures the average annual rate at which prices are changing (“the rate of inflation”).

The Jersey RPI is produced on a quarterly basis, and the [latest report, historic reports and data](#) are available online.

RPI and RPI(X)

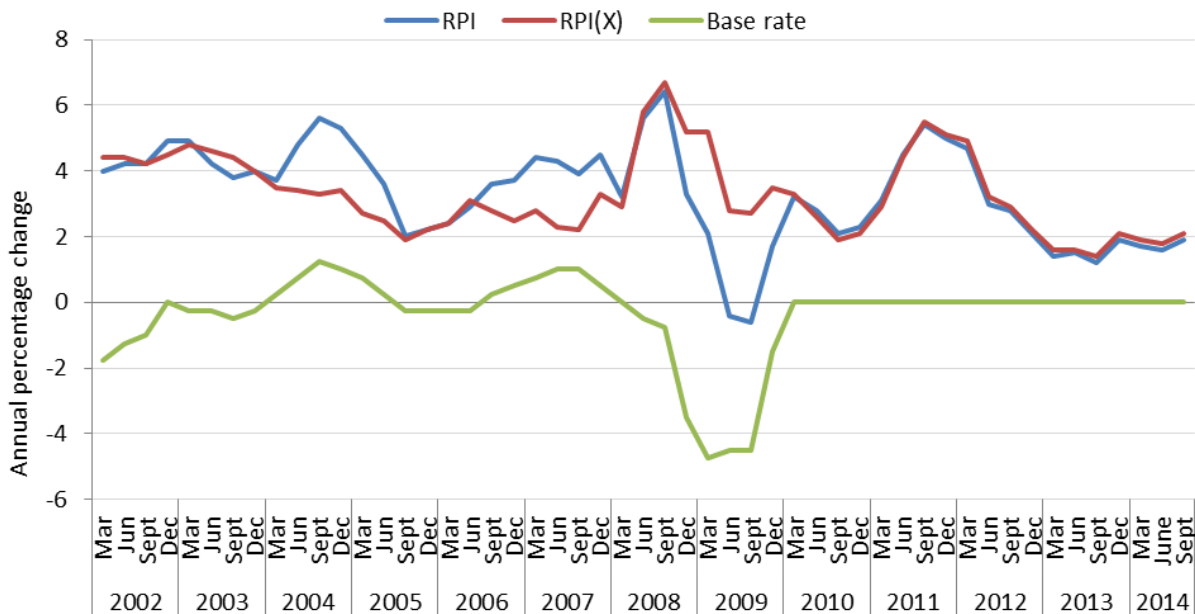
In September 2014 the RPI increased by 1.9% on an annual basis (over the 12 months from September 2013). The increase in the RPI over the 12 months to June 2014 was 1.6%; hence the annual rate of inflation increased by 0.3 percentage points in the latest quarter.

The latest increase in the annual rate of inflation was due to several groups of the RPI seeing greater rates of price increase in the twelve months to September 2014 compared with the twelve months to June 2014; namely Leisure services, Household services, Fares & other travel, Housing and Food.

The annual change in RPI(X), where the X stands for eXcluding house purchase costs (measured by the interest paid on an average mortgage), is often considered a measure of “underlying inflation”.

Over the twelve months to September 2014, RPI(X) increased by 2.1. Annual rates of change since 2002 of the RPI, RPI(X) and the Bank of England’s base rate are shown in Figure 3.1; the effect of the introduction of GST in May 2008 and of the increase in the rate of GST in June 2011 are apparent.

Figure 3.1: Annual percentage changes in RPI, RPI(X) and the Bank of England base rate



Other inflation measures

In December 2007, a further three consumer price indices were introduced for Jersey, namely: RPI Pensioners for pensioner households; RPI Low Income for low income households (defined as those in the lowest quintile of household income), and RPI(Y). The latter provides a further measure of underlying inflation by removing the effect not only of mortgage interest payments but also of indirect taxes⁸. Table 3.1 shows the annual increases for these indices as well as the all items RPI and RPI(X) since 2009.

Table 3.1: Annual percentage increases in RPI, RPI(X), RPI(Y), RPI Pensioners and RPI Low Income

		RPI	RPI(X)	RPI(Y)	RPI (Pensioners)	RPI (Low income)
2009	Mar	2.1	5.2	3.3	5.0	5.3
	Jun	-0.4	2.8	2.9	2.9	2.9
	Sep	-0.6	2.7	2.7	2.8	2.7
	Dec	1.7	3.5	3.6	3.9	3.3
2010	Mar	3.2	3.3	3.4	3.6	3.1
	Jun	2.8	2.6	2.7	2.7	2.6
	Sep	2.1	1.9	2.0	2.0	2.1
	Dec	2.3	2.1	2.2	2.1	2.2
2011	Mar	3.1	2.9	3.1	3.2	3.2
	Jun	4.5	4.4	3.0	4.5	4.4
	Sep	5.4	5.5	3.9	5.4	5.3
	Dec	5.0	5.1	3.7	5.0	5.0
2012	Mar	4.7	4.9	3.5	4.4	4.9
	Jun	3.0	3.2	3.1	2.9	3.2
	Sep	2.8	2.9	3.1	2.6	3.0
	Dec	2.1	2.2	2.1	2.1	2.4
2013	Mar	1.4	1.6	1.3	1.4	1.9
	Jun	1.5	1.6	1.4	1.6	2.1
	Sep	1.2	1.4	1.2	1.2	1.8
	Dec	1.9	2.1	2.0	1.9	2.3
2014	Mar	1.7	1.9	1.8	1.8	2.0
	Jun	1.6	1.8	1.6	1.5	1.7
	Sep	1.9	2.1	1.8	2.0	2.1

Underlying inflation, as measured by RPI(Y) increased by 1.8% over the 12 months to September 2014. The annual rates of increase of RPI Pensioners and RPI Low Income over the twelve months to September 2014 were 2.0% and 2.1% respectively.

Jersey and UK relative consumer price levels for goods and services

The [Jersey-UK relative consumer price level report for goods and services](#) was published for the first time for 2013. This report examines relative consumer price levels in Jersey and the UK by measuring the cost of purchasing a common basket of consumer goods and services (containing around 500 items) in Jersey and the regions of the UK.

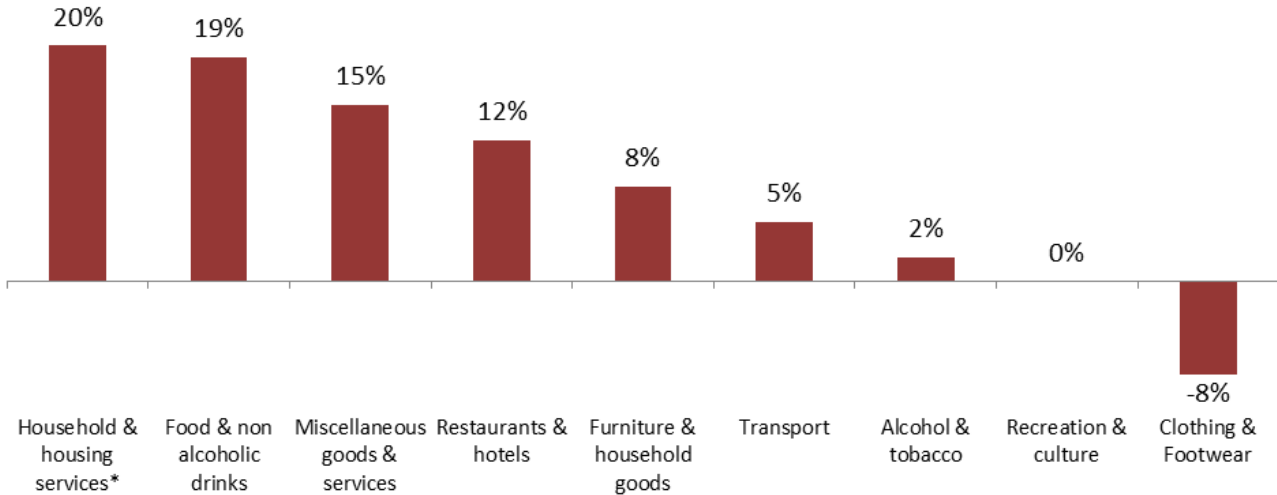
In 2013, price levels for consumer goods and services (excluding housing costs, health and education⁹) in Jersey were 9% greater than the UK average. Consumer price levels were marginally greater in Jersey than in London (by 2%). When housing, health and education costs are taken into account, the overall estimated relative price level for goods and services in Jersey was 20% greater than the UK average.

⁸ In Jersey the indirect taxes excluded from RPI(Y) are Parish rates and all taxes and duties that are directly applied to retail prices, namely impôts (on tobacco, alcohol and motor fuels), the Goods and Services Tax (GST), Air Passenger Duty and also Vehicle Emissions Duty (VED) since its introduction in September 2010.

⁹ See the [Jersey-UK relative consumer price level report](#) for full explanation of the treatment of housing costs, health and education in this analysis.

Figure 3.2 shows the percentage difference in price levels between Jersey and the UK for nine expenditure categories. The greatest price variations were seen for Food and non-alcoholic drinks and the predominantly services categories. The only category where price levels were lower in Jersey compared to the UK average was Clothing and footwear, with prices 8% below the UK average. Price levels for Recreation and culture in Jersey were similar to the UK average.

Figure 3.2: Percentage difference in price levels between Jersey and the UK average for nine expenditure categories.



See the [Jersey-UK relative consumer price level report](#) for further commentary as well as a breakdown of relative price levels for the nine expenditure categories for Jersey and five UK regions (London, England, Wales, Scotland, Northern Ireland).

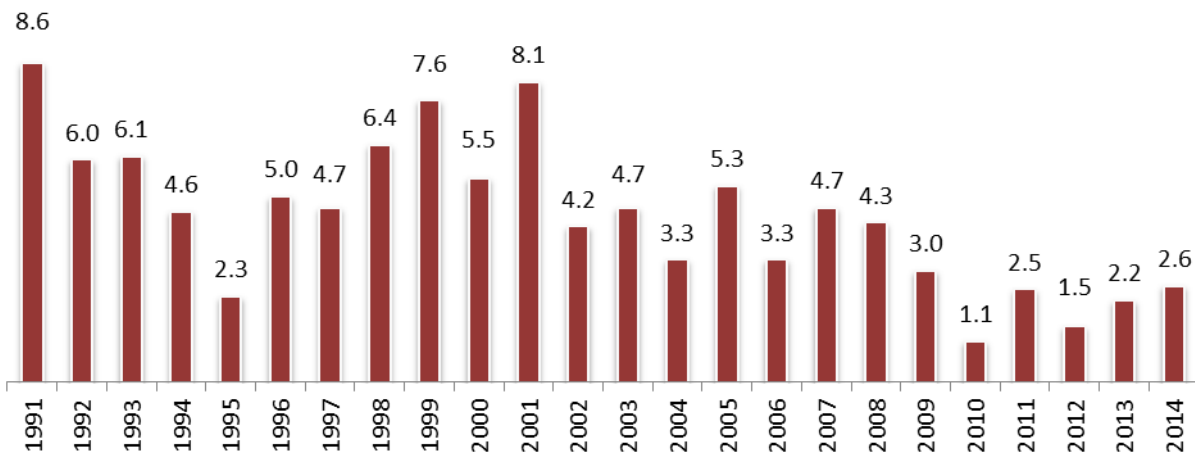
Average Earnings

The [Index of Average Earnings](#) measures changes in average earnings (gross wages and salaries) that have been paid to workers in Jersey. The principal use of the index is to measure the average *rate of change* of earnings. The index is compiled annually using data from a matched-pair sample of employers who provide data on the monthly or weekly earnings paid and the number of employees covered by those earnings.

In June 2014 the average weekly earnings of workers in Jersey was 2.6% higher than in June 2013. As shown by Figure 3.3 this latest annual increase is 0.4 percentage points greater than that of the previous twelve-month period (2.2% to June 2013).

Further reading: [Index of Average Earnings June 2014 report](#)

Figure 3.3: Annual percentage change in average earnings



The increase seen in average earnings in June 2014 was greater than the preceding five-year average of 2.1% per annum; however it was below the long-term average of 4.5% per annum since 1990.

Individual business sectors

The majority of sectors saw average earnings increase by between 1 and 3 percent over the twelve-months to June 2014. Notable movements for the private sector included:

- average earnings in **Agriculture** rose by 4.5%, largely due to increased hours being worked in June 2014 compared to June 2013, as well as an increase in the minimum wage on 1st April 2014.
- the lowest annual rate of increase was seen in the **Construction** sector with earnings increasing by 1.3% over the twelve months to June. This latest increase was in contrast to that seen in the previous year, when this sector recorded an increase in average earnings of 5.2%, the largest rise since 2007.
- average earnings (excluding bonuses) in the **Finance** sector rose by 2.4% over the twelve months to June 2014. The latest increase was similar to the preceding five-year average of 2.3% per annum for this sector.

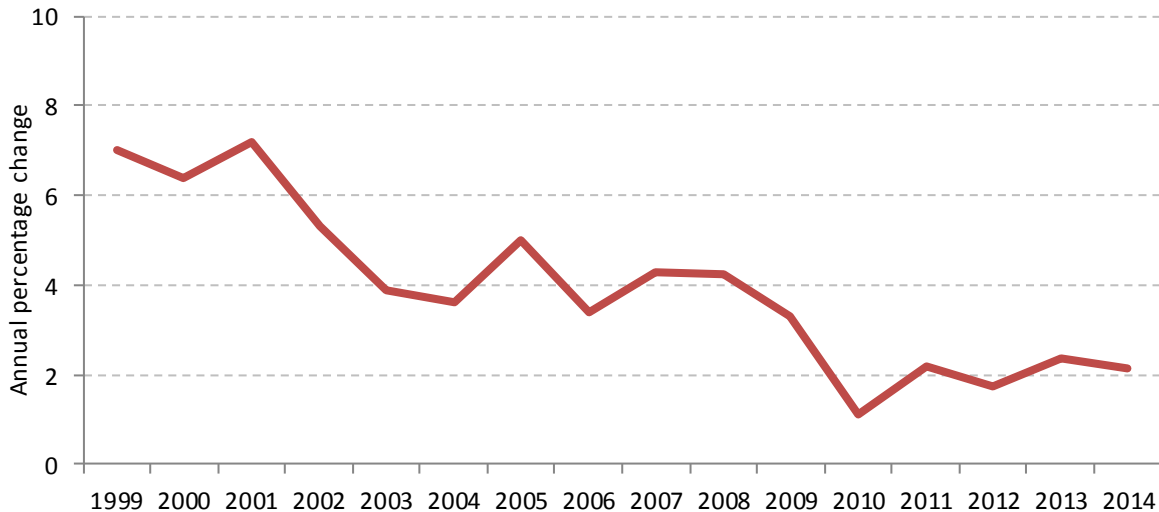
Figure 3.4: Annual percentage changes in the Index of Average Earnings by sector 2014¹⁰



As Figure 3.5 shows, the rate of growth of average earnings in the private sector exhibited a downward trend between 1999 and 2010. The latest five years (2010-2014) recorded lower annual rates of increase than in each of the preceding ten years, with average earnings in the latest period increasing by 2.1% per annum on average.

¹⁰ In Figures 3.3 and 3.6 the category “Other business activities” comprises private sector “Miscellaneous business activities”, “Education, health and other services” and “Computer and related activities”. Former and current States Trading Committees are included in the Transport, storage and communication sector.

Figure 3.5: Annual percentage change in average earnings

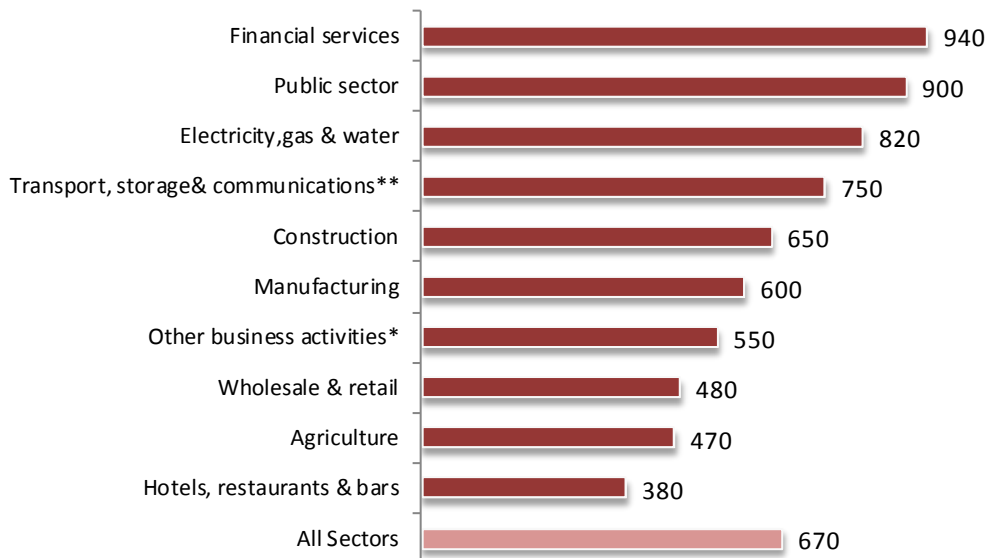


Level of Earnings

From the data collected to produce the Index of Average Earnings it is also possible to estimate levels of average pay. Such figures are informative in that they illustrate the difference in levels of pay across sectors, with a statistical uncertainty of approximately £20. Hence, the figures for weekly earnings shown in Figure 3.6 should be considered as reasonable approximations.

Mean average weekly earnings per full-time equivalent (FTE) employee can be calculated whereby part-time staff are converted into full-time equivalents based on the number of hours worked. It should be noted, therefore, that *part-time workers will actually earn a fraction of the weekly averages shown in Figure 3.6, depending on the proportion of a full-time week worked.*

Figure 3.6: Average earnings (£s per week) by sector in June 2014; per FTE



Based on data recorded for the 2013 Survey of Financial Institutions, bonus payments increase the average earnings of employees in the Finance sector by around £110 per week per FTE.

The mean average weekly earnings for full-time equivalent (FTE) employees in Jersey in June 2014 was £670 per week. This figure excludes bonuses paid in the Finance sector (which are excluded from the calculation of the Index of Average Earnings due to potential volatility).

In June 2014, Average earnings (per FTE) by sector ranged from £380 per week in Hotels, restaurants and bars and £470 per week in Wholesale and retail to £900 per week in the Public sector and £940 per week in Financial services. Mean weekly earnings in June 2014 in Agriculture were £480 per week, reflecting the large numbers of hours worked by employees in this sector.

Median Earnings

The median average cannot be determined from the data collected for the Index of Average Earnings, since calculation of the median requires earnings at an individual level rather than at a company level.

The Jersey Income Distribution Survey (IDS), which was carried out over the twelve-month period from May 2009 to May 2010, collected the necessary household and individual income information required to determine median income from earnings. The results derived from the IDS data have been up-rated from the survey period to June 2014 using the Jersey Index of Average Earnings.

Applying this methodology, the estimated median earnings in June 2014 was £550 per week per FTE employee.

House Prices

The Jersey House Price Index calculates the combined (“mix-adjusted”) average price of 1- and 2- bedroom flats and 2-, 3- and 4- bedroom houses. Figure 3.7 shows the Jersey House Price Index since 2003, including share transfer properties.

For quarterly house price index data, mean property prices by dwelling type, turnover and comparisons with the UK and Guernsey, see the latest [Jersey House Price Index report](#). Mean house prices by property type from 2002 onwards are available to download on the [Jersey House Price Index web page](#).

The mix-adjusted average price of dwellings sold in Jersey saw strong growth from early 2007 to mid-2008. More recently, over the period from 2009 to 2013 the Jersey House Price Index has experienced a downward trend of about 1% per annum. On a *rolling four-quarter* basis, the Jersey House Price Index in the latest quarter (Q3 2014) was essentially unchanged from the previous quarter (differing by 0%).

Figure 3.7: Jersey House Price Index
(2002 = 100; including share transfer properties and non-seasonally adjusted)

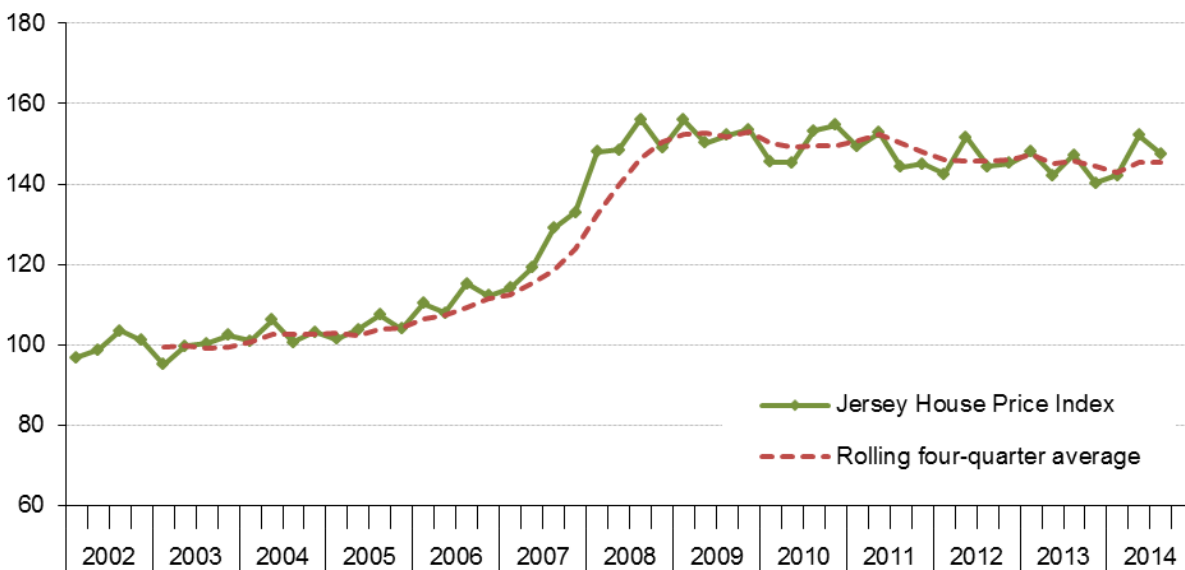
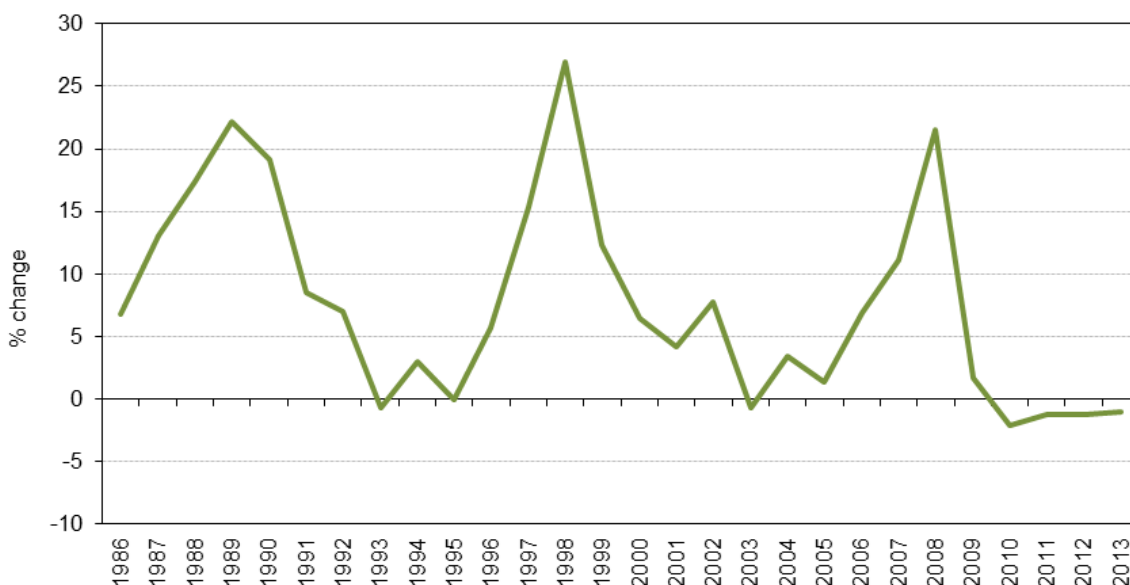


Figure 3.8 shows the average price changes from 1986 to 2013 on a *calendar year* basis.

Figure 3.8: Annual percentage change in Jersey House Price Index, 1986-2013



The Jersey House Price Index has seen three periods of strong growth during the last three decades, with peaks in the annual rate of increase of property prices occurring in 1989, 1998 and 2008; in each of these years annual price increases of more than 20% were recorded. In the past, these peaks have been followed by periods of lower rates of increase or, more recently, by a period of decline on an annual basis.

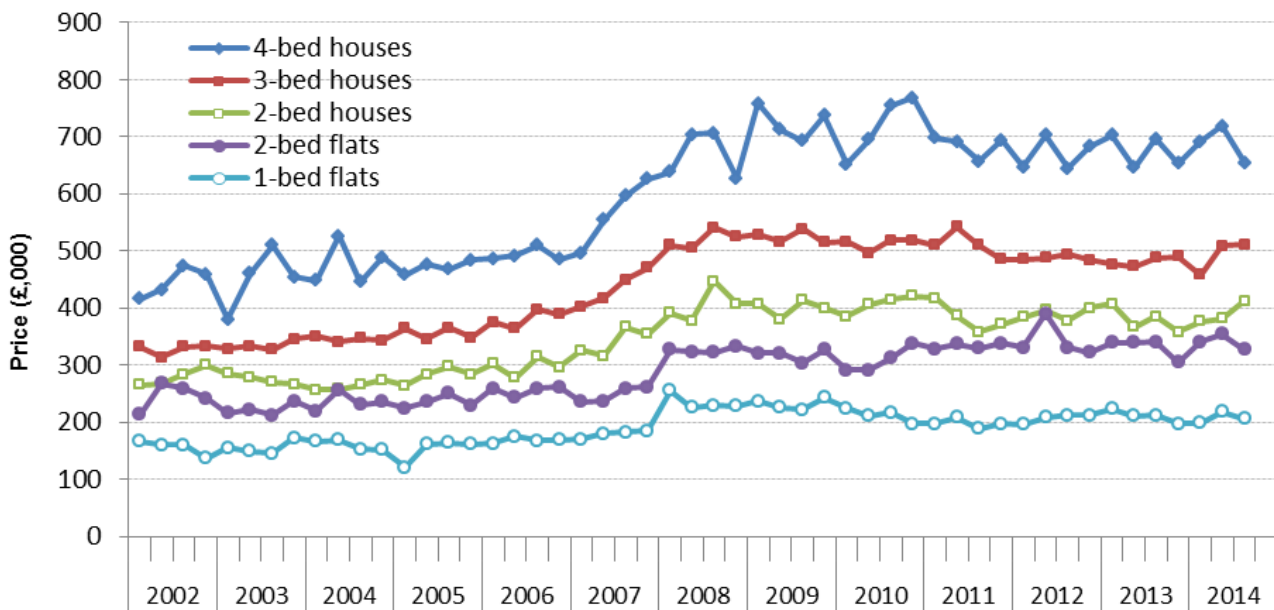
In 2013 the Jersey House Price Index fell by 1% on an annual basis, representing the fourth consecutive year of decline. Over the period from 2009 to 2013 the Jersey House Price Index has experienced an overall fall of almost 6%.

Mean house prices

Price movements for the individual categories of dwelling are shown in Figure 3.9. After a period of stability in 2008 and 2009 when the mean price of 1-bedroom flats was around £230,000, a reduction in the average price of this property type was observed during the subsequent two years (2010 and 2011). The mean price of 1-bedroom flats sold in the latest quarter (£205,000) was around £5,000 below the annual average of the previous calendar year (2013) and similarly below the average seen during the first six months of 2014 (£210,000)

At the end of 2010 the mean price of 2-bedroom flats increased to around £330,000 and remained, for the most part, at this level throughout 2011 and 2012. Since the first quarter of 2013 the mean price of 2-bedroom flats generally remained at around this level, except for a downward fluctuation observed in Q4 2013. In the latest quarter the mean price of 2-bedroom flats (£327,000) was around £20,000 lower than the average price seen during the first six months of 2014.

Figure 3.9: Mean prices (£,000) for individual property types



The mean price of 2-bedroom houses sold between 2008 and 2010 was around £400,000. The mean price of this property type subsequently reduced, with the annual average price recorded in each year from 2011 to 2013 being below £400,000. In the latest quarter the mean price of 2-bedroom houses (£412,000) was the highest for more than three years, since Q1 2011.

After a period of strong growth from 2006 to early 2008, the mean price of 3-bedroom houses remained relatively stable throughout the subsequent four-year period from 2008 to 2011. At the end of 2011 the mean price of this property type fell below £500,000 for the first time since 2007 and remained below this level for almost three years, until Q2 2014. The mean price of 3-bedroom houses sold in Q3 2014 (£512,000) was above the £500,000 level for the second consecutive quarter.

Although there has been some volatility in the mean price of 4-bedroom houses since the beginning of 2008, for the most part the mean price of this property type has fluctuated around £700,000.

Median house prices

Although the overall mix adjusted House Price Index is calculated from the mean prices of property types and sizes, examining changes in the median price of dwellings can provide a complimentary insight into the behaviour of residential property prices in Jersey.

The median property price represents the middle value when all property prices are ranked in price order from smallest to highest, i.e. 50% of all property prices fall above the median price and 50% fall below.

Table 3.2 shows the median property prices of 2-, 3- and 4-bedroom houses on an annual basis from 2003 to 2013.

Table 3.2: Median property price of houses sold in Jersey; 2003 - 2013

Year	2-bedroom	3-bedroom	4-bedroom
2003	£275,000	£310,000	£432,000
2004	£255,000	£325,000	£474,000
2005	£275,000	£345,000	£455,000
2006	£298,000	£365,000	£479,000
2007	£330,000	£420,000	£575,000
2008	£390,000	£490,000	£699,000
2009	£400,000	£506,000	£714,000
2010	£393,000	£475,000	£716,000
2011	£375,000	£465,000	£688,000
2012	£390,000	£455,000	£638,000
2013	£360,000	£455,000	£650,000

Over the ten-year period from 2003 to 2013 the mean and median prices of 2-bedroom houses have been similar; the median prices of such properties on an annual basis have been less than £20,000 below the mean prices.

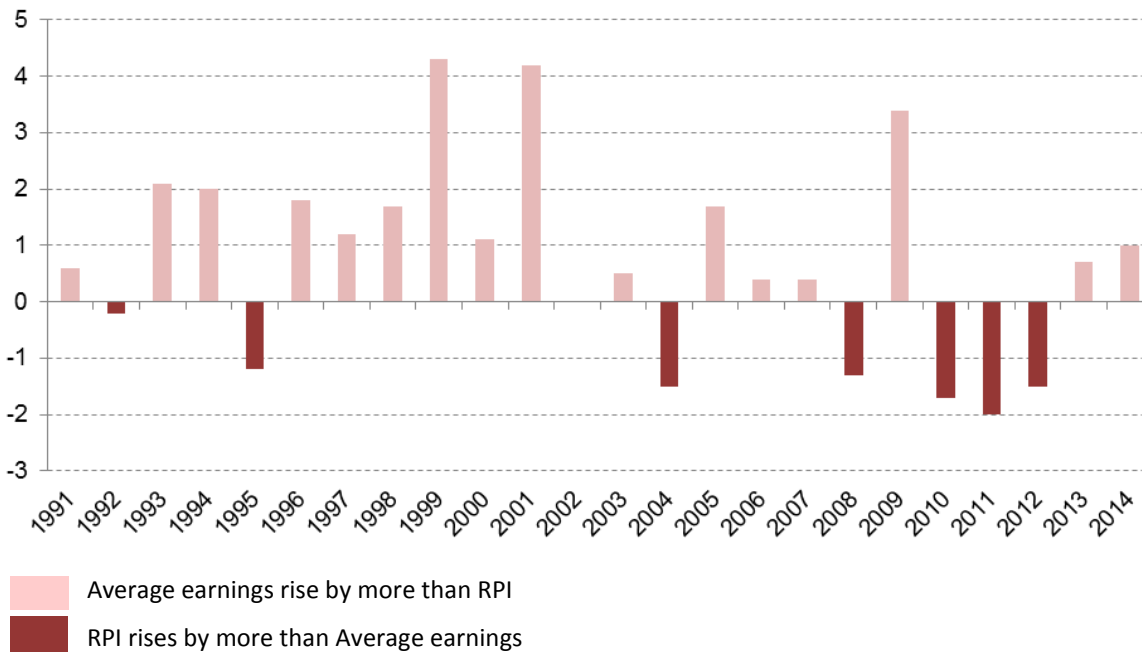
For 3-bedroom houses, prior to 2010 the difference between the mean and median prices was generally less than £20,000. However, in the latest four years (2010 to 2013) the median price of 3-bedroom houses has been around £40,000 lower than the mean.

The difference between the median and mean prices of 4-bedroom houses has been less than £30,000 during the last ten years (median prices below mean).

Earnings and prices

Figure 3.10 shows the difference between the annual change in average earnings and the annual change in the RPI for each year from 1991 to 2014.

Figure 3.10: Difference between annual changes in average earnings and the RPI, 1991 to 2014 (percentage points)



As Figure 3.10 shows, between 1991 and 2003 the growth of earnings in Jersey was greater than that of retail prices; the higher earnings growth was particularly prominent in 1999 and 2001 when earnings increased by around 4 percentage points more than prices.

More recent years have constituted a different period in the relative behaviour of earnings and retail prices compared to that seen prior to 2003. Earnings have risen by less than prices in three out of the last five years; however, the increase in June 2014 was the second consecutive twelve-month period in which earnings had risen at a greater rate than prices.

Changes in earnings and retail prices during the most recent five-year period are shown in Table 3.3. Changes in retail prices are presented in terms of headline inflation (as measured by the all items Retail Prices Index, RPI) and the RPI for pensioner households.

Table 3.3 shows that average earnings rose by more than both headline and pensioner inflation in the latest twelve-month period. During the latest three-year period, average earnings have risen similarly to both inflation measures, whilst over the latest five-year period average earnings have risen by less than both headline and pensioner inflation.

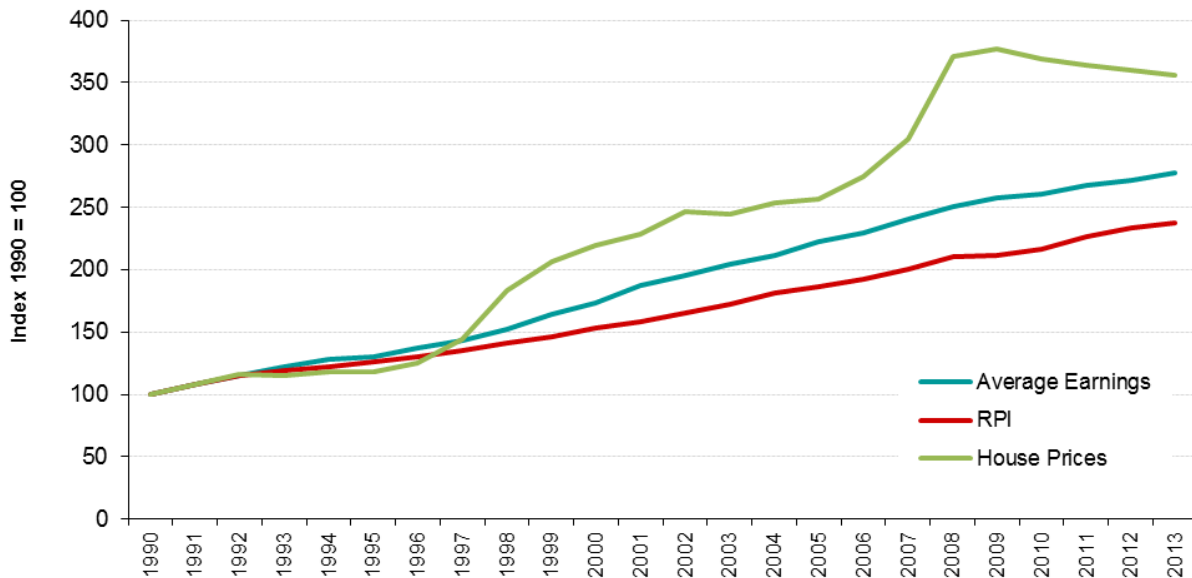
Table 3.3: Changes in retail price indices and average earnings; percentages

	1-year 2013-2014	3-year 2011-2014	5-year 2009-2014
RPI	1.6	6.3	14.2
RPI(Pensioner)	1.5	6.2	13.9
Average Earnings	2.6	6.4	10.3

Earnings, retail prices and house prices

Figure 3.11 shows the long-term growth of average earnings, the RPI and the Jersey House price Index from 1990 to 2013.

Figure 3.11: Index of Average Earnings, the RPI and House Price Index; annual averages



It is apparent from Figure 3.11 that the growth of property prices in Jersey has, historically, increased at a greater rate than both earnings and inflation over the long-term (1990 to 2013). Since 1990:

- the Jersey **RPI** has increased by 137% (i.e. prices have more than doubled), corresponding to an average annual rate of increase of 3.8% per annum;
- **earnings** have increased by 177% over the same period, corresponding to an average annual rate of increase of 4.5% per annum.
- the Jersey **House Price Index** has more than tripled since 1990 (increased by 256%), corresponding to property prices in Jersey having increased at an average annual rate of 5.7% per annum.

However, more recently, the relative behaviour of the three indices has been different to that of the long-term. Since 2009:

- the Jersey **House Price Index** has fallen by almost 6%, corresponding to an average annual decrease of around 1% per annum and representing the first sustained period of property price decline seen in Jersey during the last three decades;
- **earnings and retail prices**, on the other hand, have continued to rise during the four-year period from 2009 to 2013, up by 8% and 12% respectively.

Schedule of Statistics Unit publications for 2015

January	16	RPI – December 2014
	28	Business Tendency Survey – Q4 2014
February	26	House Price Index – Q4 2014
March	4	Retail Sales Index – Q4 2014
April	10	Business Tendency Survey – Q1 2015
	15 (p)	Labour Market – December 2014
	24	RPI – March 2015
	29	Jersey in Figures
May	21	House Price Index – Q1 2015
June	10	Retail Sales Index – Q1 2015
	24(p)	Jersey’s Resident Population - 2014
July	1	Survey of Financial Institutions – 2014
	8	Business Tendency Survey – Q2 2015
	17	RPI – June 2015
August	20	House Price Index – Q2 2015
	26	Index of Average Earnings – June 2015
September	9	UK/Jersey Price Comparisons – June 2015
	16	Retail Sales Index – Q2 2015
	30	Measuring Jersey’s Economy, GVA and GDP – 2014
October	7	Business Tendency Survey – Q3 2015
	14(p)	Labour Market – June 2015
	23	RPI - September 2015
November	19	House Price Index – Q3 2015
	25(p)	Jersey Annual Social Survey 2015
December	2	Retail Sales Index – Q3 2015

(p) Provisional

Statistics Unit publications for 2015 will be available on the Statistics Unit website: www.gov.je/statistics.