Summary for the Business Tendency Survey in December 2019

Business activity indicator

- the headline **all-sector business activity** indicator was **slightly positive**, at +6 percentage points (pp); this means the proportion of businesses reporting an increase was 6 pp greater than those reporting a decrease
    - the business activity indicator was positive for the finance sector (+17 pp) and neutral for the non-finance sector (0 pp)
    - the all-sector business activity indicator increased marginally over the three months to December (up 3 pp); the indicator increased significantly by 10 pp for finance, and was essentially unchanged for non-finance (down 2 pp)

Current indicators

- **two** of the **eight current indicators** were **significantly negative** and **one** was **significantly positive**
    - for the finance sector, there were three significantly positive indicators and one significantly negative indicator
    - for the non-finance sector, three of the eight current indicators were significantly negative and one was significantly positive
- the **overall** picture was **essentially unchanged** from last quarter; none of the current indicators changed significantly
    - the finance sector was significantly more positive than last quarter in five current indicators:, new business, business optimism, employment, profitability, and business activity
    - for the non-finance sector, the only significant quarterly changes was in the employment indicator, which was significantly more negative

Next quarter – the three months to March 2020

- the outlook for **future business activity** was **significantly positive** (+16 pp) overall, with the finance sector strongly positive (+38 pp) and the non-finance sector slightly positive (+5 pp)
    - the overall future business activity indicator was significantly higher than 3 months ago, up 18 pp, but was not significantly different to the previous December or the three-year mean
- the **future employment** outlook was **neutral** (+2 pp) overall, with finance positive (+16 pp) and non-finance slightly negative (-6 pp)
    - the future employment indicator was significantly lower than last quarter, down 10 pp, but was essentially the same as twelve months previously (down 1 pp)

2020 – Finance sector expectations

- the employment expectations indicator for 2020 was positive (+17 pp)
    - this indicator was slightly lower than in June 2019 and December 2018, down 7 pp and 9 pp respectively
- the profit expectations indicator for 2020 was strongly positive (+48 pp); 69% of finance companies predicted an increase, compared to 22% that predicted a decrease
    - the expected profits indicator was slightly lower than in June 2019 (down 7 pp), and significantly lower than in December 2018 (down 11 pp)

Introduction

The Jersey Business Tendency Survey (BTS) was launched in September 2009 to provide qualitative information about the Island's economy in a timely manner.

The survey provides a set of ten qualitative indicators. There are:

- **eight current indicators:** these are measures of current performance relative to that of three months previously (rather than absolute measures of performance)
- **two future indicators:** these measure anticipated change over the next three months

Detailed definitions of the indicators are provided in the glossary.

For each indicator a net balance is calculated, defined as the difference between the proportion of businesses reporting an increase in a particular measure and the proportion reporting a decrease. Note that figures in this report are rounded independently; therefore, an indicator's balance may differ by up to one percentage point from the difference between stated percentages.

The survey is run quarterly and most comparisons are made with the previous four rounds of the survey. However, the survey did not take place in June 2016 or September 2016; therefore, comparisons with previous years are made without reference to this period.

Section 1: Current situation

Business activity

The headline indicator is business activity, which is a measure of the total amount of work undertaken by businesses operating in Jersey. The type of business activity will be specific to each sector of business; for example turnover, number of products produced, or chargeable hours. Detailed definitions for this indicator and others can be found in the glossary.

In December 2019, the all-sector business activity indicator was slightly positive, with a value of +6 percentage points (pp). A quarter (27%) of businesses reported an increase in business activity, compared with a fifth (22%) that reported a decline; the difference in the unrounded figures results in a net balance of +6 pp, which provides the value of the indicator. Half (51%) of companies reported that business activity was unchanged; see Figure 1.1.

Figure 1.1 – Business activity, December 2019
Compared with situation three months previously

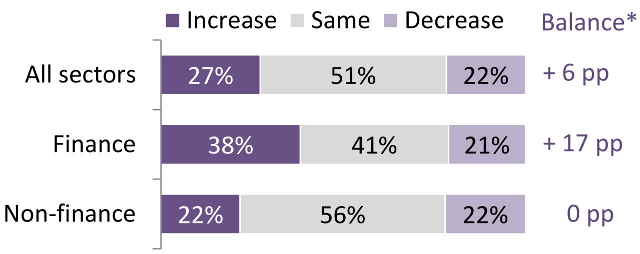
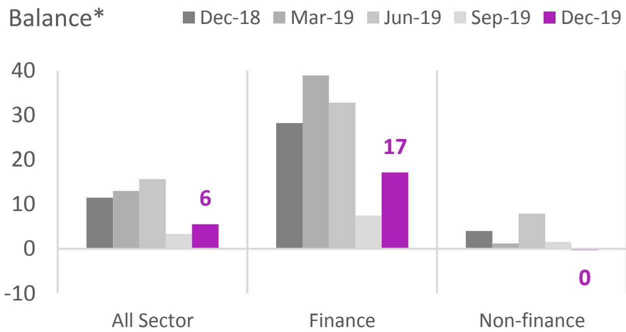


Figure 1.2 – Business activity, time series
December 2018 - December 2019 (percentage points)



* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.

The business activity indicator was positive for the finance sector (+17 pp) and neutral for the non-finance sector (0 pp). The overall business activity indicator was marginally higher than in the previous quarter, up 3 pp. The indicator increased significantly for the finance sector (up 10 pp), and it was essentially unchanged for non-finance (down 2 pp); see Figure 1.2.

Within the non-finance sector, the business activity indicator for December 2019 was slightly negative for construction (-8 pp), marginally negative for wholesale and retail (-3 pp), and neutral for other non-finance businesses (+2 pp). See the appendix for further sectoral breakdown.

The balances for all sectors, finance and non-finance were all significantly below the three-year averages for the period up to September 2019, lower by 10 pp, 12 pp and 10 pp respectively.

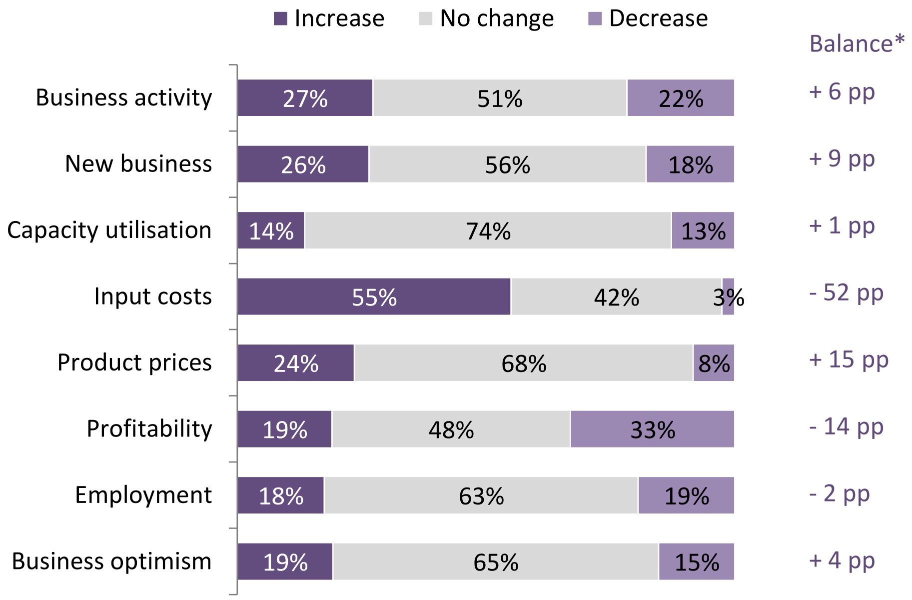
Current indicators

In December 2019, two out of the eight all-sector indicators relating to the current situation were significantly negative, and one was significantly positive. A positive balance indicates that a greater proportion of companies reported increases than decreases, and similarly for a negative balance, while an indicator is significant if it has a balance of at least $\pm$10 pp. For seven of the eight current indicators, the most common response was 'no change'; the exception was input costs, where 55% of companies reported increased costs, 42% reported no change and 3% reported decreased costs; see Figure 2.1. This resulted in a balance of -52 pp for the input costs indicator[1], making it the most negative of the eight current indicators. For this indicator, a negative balance indicates that more businesses have seen input costs increase than decrease.

[1] Input costs relate to the prices paid for supplies, purchases, wages and salaries etc.. See the glossary for more detail.

The only significantly positive indicator was product prices, at +15 pp. Over half (55%) of companies reported increased input costs, but only a quarter (24%) reported increased product prices (charged to customers).

Figure 2.1 – All-sector indicators, comparing current situation (December 2019) to three months previously



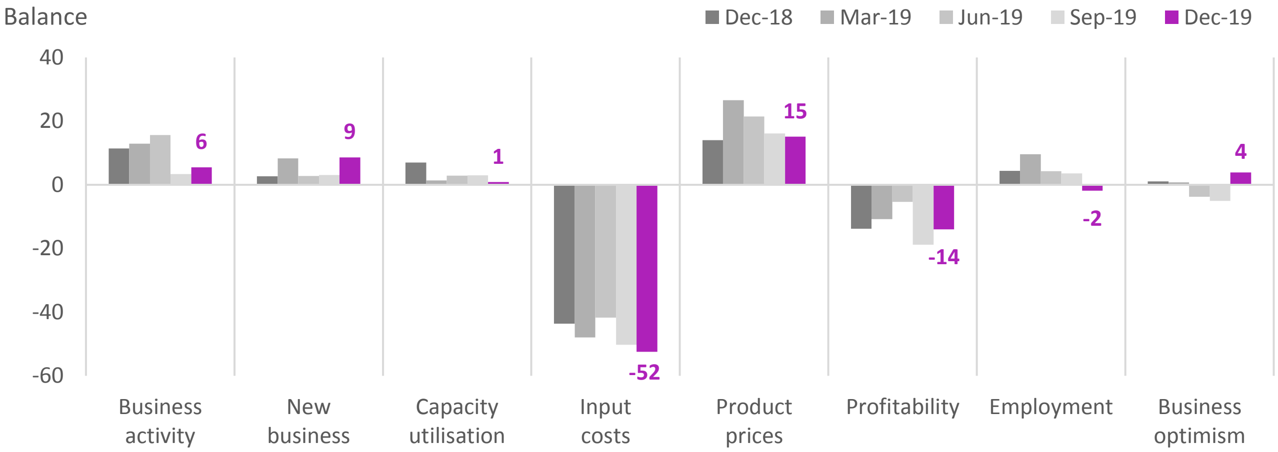
* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, a negative balance indicates that more businesses have seen input costs increase than decrease.

The profitability indicator was significantly negative (-14 pp), and comprised a third (33%) of businesses that reported a decrease in profitability and a fifth (19%) that reported an increase, with no change for the remaining 48%.

Figure 2.2 shows the eight current indicators for December 2019 against those of the previous four quarters.

Figure 2.2 – All-sector current indicators, time series

December 2018 - December 2019



There were no significant changes from the previous quarter; four indicators increased slightly, one decreased slightly, and the remainder were essentially unchanged.

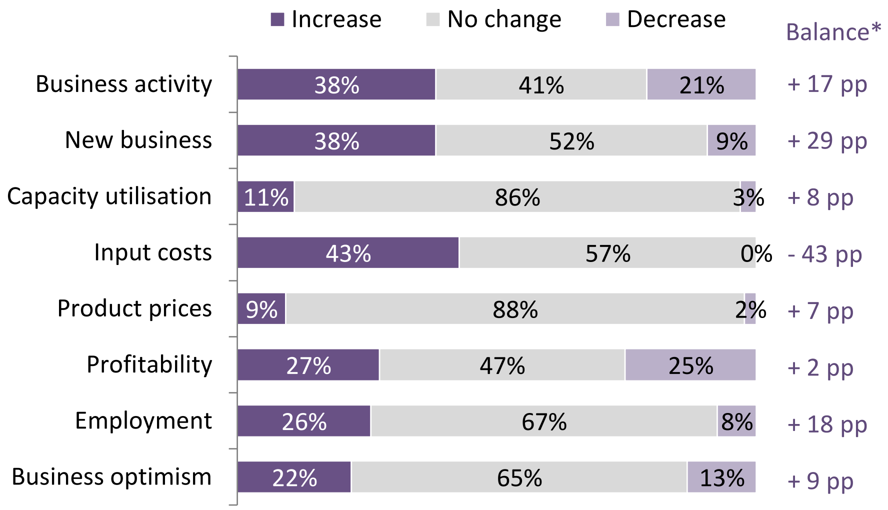
The input costs indicator continued to be the most negative of the indicators, and was marginally lower than last quarter (down 2 pp), making it the most negative it has been since September 2018. This indicator has remained around or below -40 pp since December 2016, indicating that input costs have risen for a large proportion of businesses in each round of the survey. See Figure 2.2 for a time series of recent values and the appendix for previous years.

Compared to twelve months ago (December 2018), there were no significant differences between the current indicators.

Finance sector

In December 2019 the finance industry was positive overall; there were three indicators with significantly positive balances, and one significantly negative indicator; see Figure 3.1. An indicator is significant if it has a balance of at least ±10 pp.

Figure 3.1 – Finance sector indicators, comparing current situation (December 2019) to three months previously



* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, a negative balance indicates that more businesses have seen input costs increase than decrease.

The most positive indicator was new business at +29 pp, followed by employment (+18 pp) and business activity (+17 pp). All of these indicators are significantly more positive than in the previous quarter.

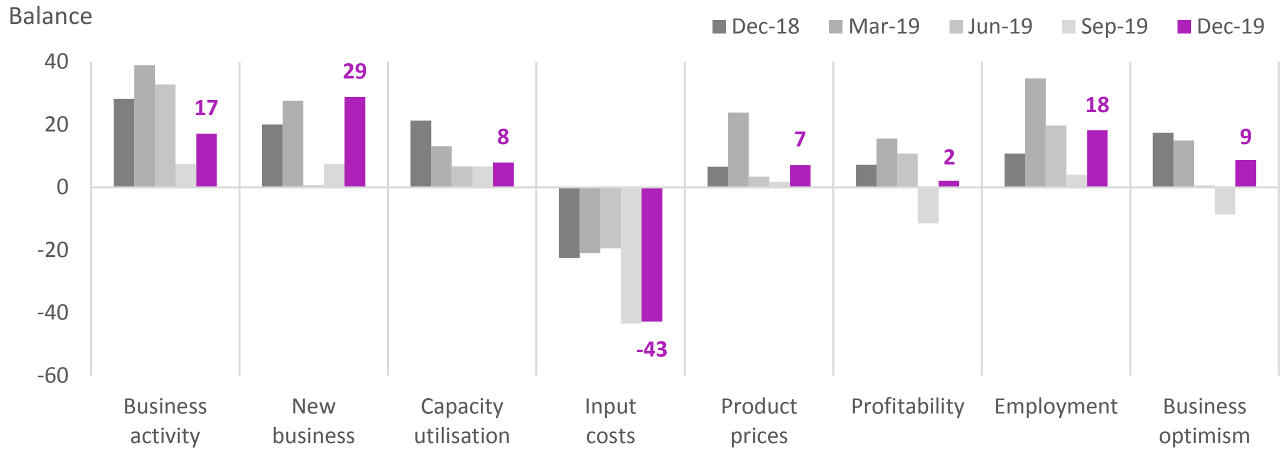
The only significantly negative indicator was input costs (-43 pp), unchanged from the previous quarter.

The balance of significantly positive indicators with significantly negative indicators (2) is lower than the three-year mean for the period up to September 2019 for finance (4.2).

Figure 3.2 illustrates that there were five significant changes (of at least 10 pp) since last quarter, all of which were increases; these indicators were: new business; business optimism; employment; profitability; and business activity. This contrasts with the two preceding quarters, both of which saw four significant quarterly decreases in the current indicators.

Figure 3.2 – Finance sector current indicators, time series

December 2018 - December 2019



The greatest quarterly change was in the new business indicator, which increased by 22 pp. After two quarters with balances significantly below the three-year mean of +21 pp, the latest quarterly increase was 10 pp higher than this mean. The business optimism indicator exhibited similar behaviour.

The employment and profitability indicators were both significantly higher in December 2019 than the previous quarter, following significant quarterly decreases for both indicators in September 2019.

The input costs indicator was essentially unchanged from the previous quarter, despite having decreased significantly in September 2019 to the lowest balance on record. Aside from the last two quarters, the previous low recorded was -34 pp in March 2017.

Overall, compared with December 2018, this round of the survey is less positive. The only significant annual changes were all negative: input costs (down 21 pp); capacity utilisation (down 13 pp); and business activity (down 11 pp). Additionally, there were three significantly positive indicators and one significantly negative indicator in December 2019, a balance of +2, compared with five significantly positive indicators and one significantly negative indicator the year before – a balance of +4.

Non-finance sector

For the non-finance sector, three out of the eight indicators for the current situation were significantly negative in the latest quarter, and one was significantly positive; see Figure 4.1. Input costs, profitability and employment were the significantly negative indicators, while product prices was the only significantly positive indicator.

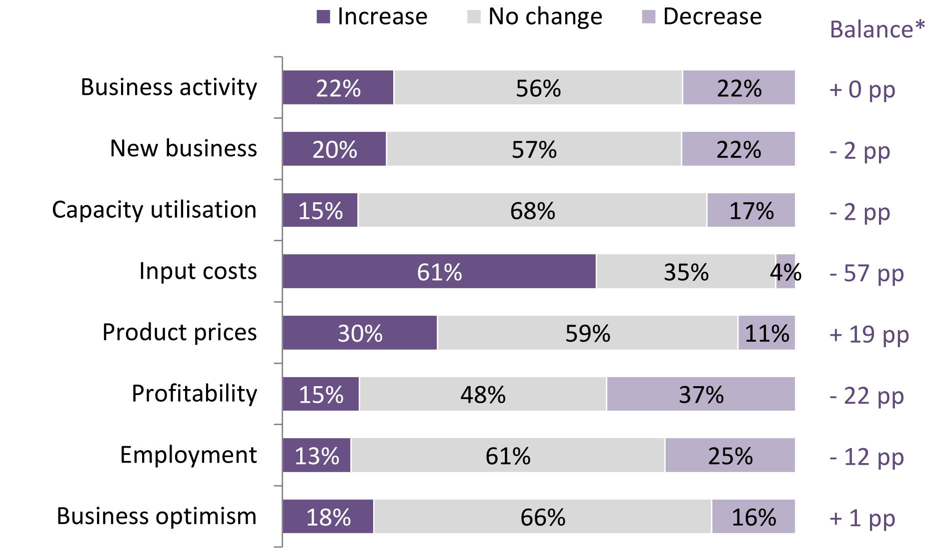
Input costs was the most strongly negative indicator, with a balance of -57 pp (a negative balance for this indicator implies increased costs overall). An increase in input costs was reported by 61% of companies in the latest quarter, in contrast to product prices (balance of +19 pp), for which only 30% of non-finance companies reported an increase and 11% reported a decrease.

The input costs indicator was most negative for wholesale and retail (-68 pp), and was strongly negative for construction (-56 pp) and other non-finance (-54 pp).

The profitability indicator was also significantly negative (-22 pp). This comprised over a third (37%) of companies that reported decreased profitability and 15% that reported an increase, whilst 48% reported no change. The profitability indicator was strongly negative for wholesale and retail (-31 pp) and construction (-27 pp), and negative for other non-finance (-18 pp). For a breakdown by sector, see the appendix.

Employment was the other indicator with a significantly non-zero balance (-12 pp). The remaining indicators were either marginally positive or negative, or neutral.

Figure 4.1 – Non-finance sector indicators, comparing current situation (December 2019) to three months previously



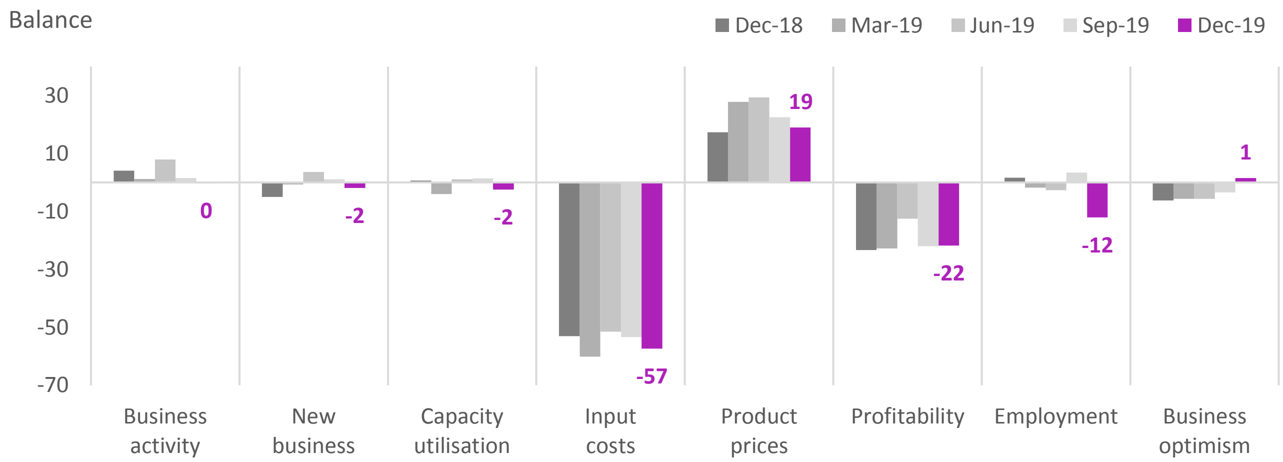
* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, the balance indicates that more businesses have seen input costs increase than decrease.

Three of the eight current indicators were significantly more positive for small non-finance companies than large companies[2], input costs, profitability and business optimism (17 pp, 16 pp and 12 pp higher respectively for small companies). Large companies were also significantly more positive in the new business indicator (11 pp higher). See the appendix for detailed breakdowns by size and sector.

For the non-finance sector overall, the only significant quarterly change was in the employment indicator, which decreased by 15 pp; see Figure 4.2. The sub-sector indicators saw greater quarterly change; there were five significant quarterly decreases for construction, and two significant increases. In wholesale and retail, there were also five significant quarterly decreases, and one significant increase. In other non-finance, there were two significant decreases and one significant increase. See the appendix for detailed breakdowns by size and sector.

Figure 4.2 – Non-finance sector current indicators, time series

December 2018 - December 2019



[2] Large companies are defined as having more than 50 FTEs and small companies are defined as having 50 or fewer FTEs.

The employment indicator saw the largest and only significant quarterly change, decreasing by 15 pp. The indicator decreased significantly for other non-finance (down 21 pp) and construction (down 13 pp), while it was unchanged for wholesale and retail.

The business activity indicator for the non-finance sector was neutral (0 pp), essentially unchanged from the previous quarter (down 2 pp). This indicator decreased significantly for construction and wholesale and retail (down 11 and 12 pp respectively), but increased marginally for other non-finance (up 3 pp). See the appendix for a breakdown by sector.

The input costs indicator decreased slightly since September 2019, down 4 pp. Since the survey restarted in December 2016, more than half of non-finance companies have reported increased input costs every quarter. In December 2019, 61% of businesses reported higher input costs, compared to a 30% that reported raising their product prices.

Looking at the non-finance sub-sectors, the input costs indicator decreased strongly (down 45 pp) for wholesale and retail since last quarter, while it increased significantly (up 13 pp) for construction and slightly for other non-finance (up 6 pp).

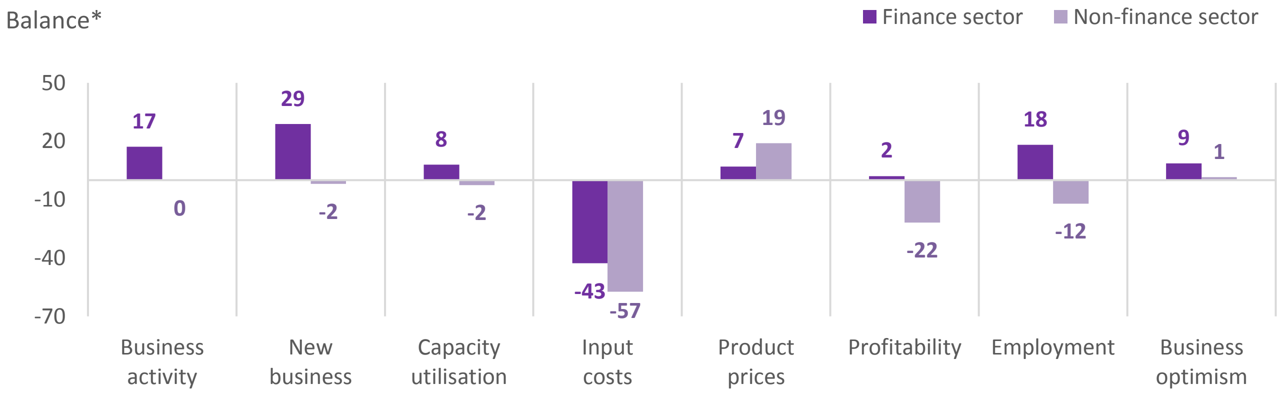
Compared to twelve months ago (December 2018), the only significant annual change in the non-finance sector was in the employment indicator, which was 14 pp lower.

Comparison of finance and non-finance sectors

The finance sector was significantly more positive than the non-finance sector in six of the eight current indicators, and was significantly more negative in one indicator (product prices), for a net balance of +5; see Figure 5.1. This is typical for these sectors – the three-year mean balance between significantly more positive and significantly more negative indicators is +4.3 for the period ending September 2019. In the previous quarter (September 2019) the sectors were much more similar, with a net balance of significant indicators of +1, the joint-lowest balance recorded, with September 2015 being the only other round with a balance of +1.

Figure 5.1 – Finance and non-finance sector indicators (net balances, percentage points)

December 2019



* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. For input costs, the balance indicates that more businesses have seen input costs increase than decrease.

Six current indicators were significantly more positive for the finance sector, three of them by more than 20 pp: new business, employment, and profitability.

The product prices indicator was the only indicator that was significantly more positive for the non-finance sector (+19 pp) than the finance sector (+7 pp).

Business optimism was the only indicator where the two sectors differed by less than 10 pp.

Section 2: Future indicators

Future business activity

The outlook for all-sector future business activity over the next three months (to March 2020) was positive (+16 pp). Over a quarter (28%) of businesses expected to see an increase, compared to 12% that expected a decrease, and the remaining 61% anticipated seeing no change; see Figure 6.1.

Figure 6.1 – Future business activity
Expectations for next three months (March 2020)

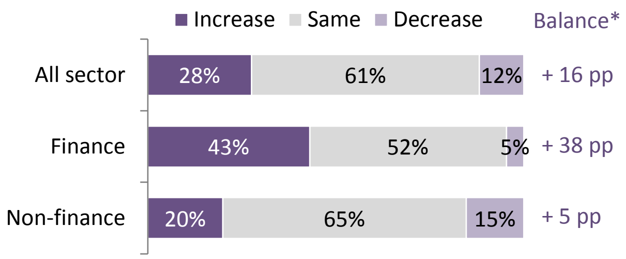
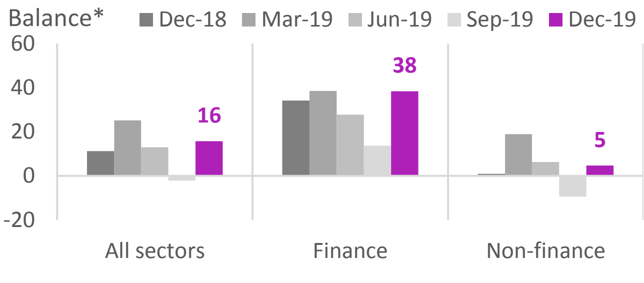


Figure 6.2 – Future business activity time series
December 2018 – December 2020 (percentage points)



* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.

The future business activity indicator was strongly positive for the finance sector (+38 pp); 43% of finance companies anticipated increased activity over the next three months, whilst 5% anticipated decreased activity. Both large and small finance companies had a strongly positive balance (+38 pp and +41 pp respectively).

The future business activity indicator for the non-finance sector was slightly positive (+5 pp). The indicator was slightly positive for construction and other non-finance (both +6 pp), and neutral for wholesale and retail (-1 pp). The indicator was neutral (-1 pp) for large non-finance companies and slightly positive (+8 pp) for small non-finance companies.

The overall future business activity indicator increased significantly from the previous quarter, up 18 pp; see Figure 6.2. This increase brought the balance back to the level it was in June 2019 and 2 pp off the three-year mean of +18 pp. There were significant increases in both finance and non-finance, up 24 pp and 14 pp respectively, and both sectors exhibited similar behaviour as the overall indicator over the last three quarters.

Within the non-finance sector, the future business activity indicator increased significantly since the previous quarter for other non-finance (up 25 pp), but decreased slightly for both construction and wholesale and retail (down 6 pp and 7 pp respectively).

Compared to twelve months earlier, the overall future business activity indicator was slightly higher, up 5 pp. The future business activity indicators for finance and non-finance were also slightly more positive than last year, both up 4 pp. See the appendix for a breakdown of the non-finance sector.

Future employment

The outlook for all-sector future employment was neutral (+2 pp). A fifth (20%) of companies expected to see an increase, and a fifth (18%) expected to see a decrease; see Figure 7.1. In comparison, 30% of finance companies expected to increase their employment compared to 13% that expected a decrease, resulting in a positive balance of +16 pp. The non-finance sector was slightly negative (-6 pp).

Figure 7.1 – Future employment
Expectations for next three months (March 2020)

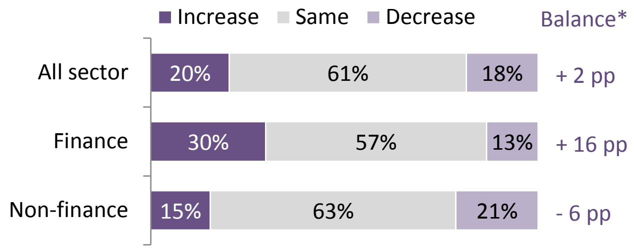
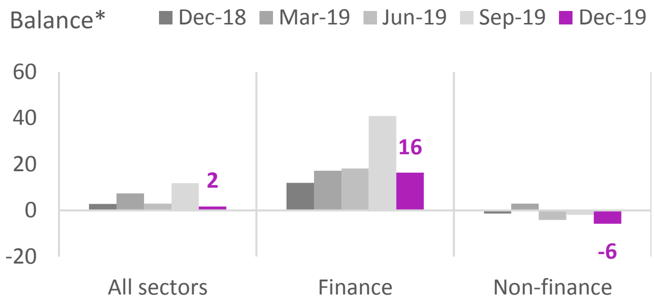


Figure 7.2 – Future employment time series
December 2018 – December 2019 (percentage points)



* The net balance is the difference between the proportion of companies reporting an increase and those reporting a decrease. The net balance and individual percentages are rounded independently, and therefore the percentages may not sum to the balance.

The overall indicator decreased significantly from the previous quarter (down 10 pp), driven by a significant decrease in the finance indicator (down 25 pp); the indicator was slightly lower for non-finance (down 4 pp), see Figure 7.2. The finance sector indicator returned to the level of the other three quarters in the previous 12 months. However, its current balance is significantly lower (10 pp lower) than the mean balance of the last three years (+26 pp).

Within the non-finance sector, the future employment indicator was slightly positive for construction (+9 pp), slightly negative for other non-finance (-9 pp) and neutral for wholesale and retail (-2 pp). See the appendix for a detailed breakdown by size and sector.

Annex – Finance sector

Future expectations

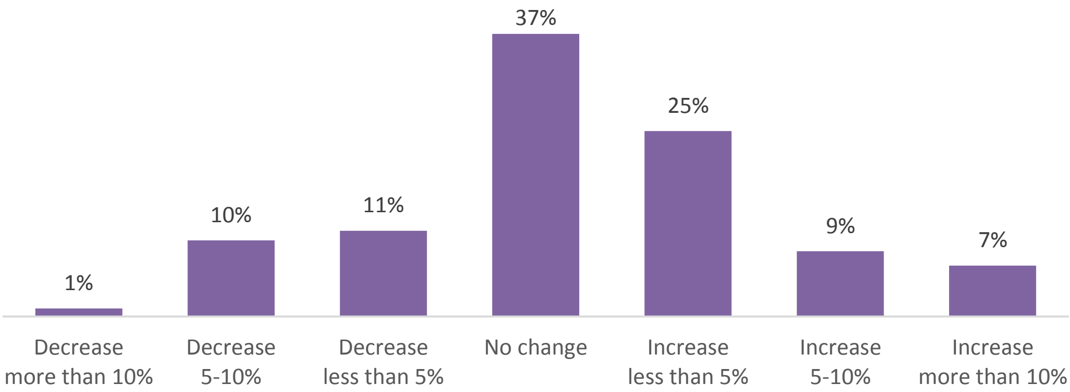
Additional questions were asked of the finance sector to gauge their expectations for future employment, profits and business development.[3]

Employment expectations

Businesses were asked to quantify their expected changes in employment from December 2019 to December 2020.

The longer-term employment expectations indicator was positive (+17 pp), with 40% of finance companies expecting employment to be higher in December 2020, compared to a quarter (23%) that expected a decrease and 37% that expected no change; see Figure A.1.

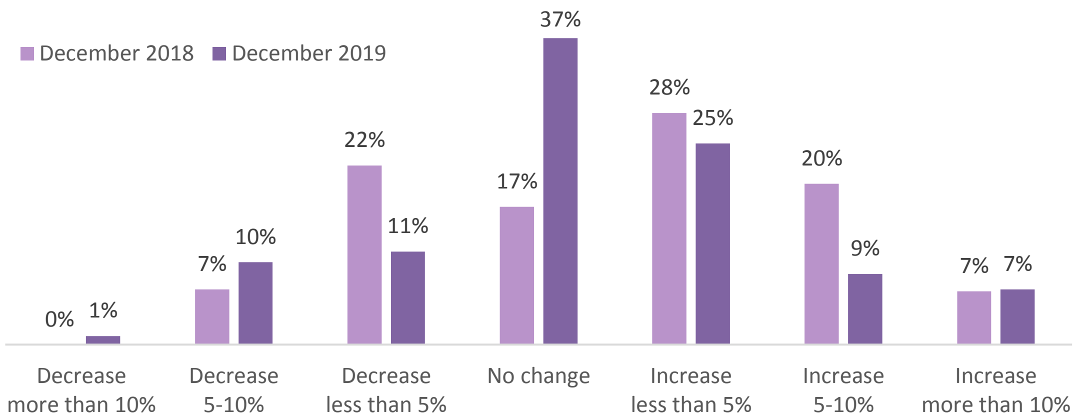
Figure A.1 – Longer-term employment expectations (December 2019 to December 2020)



A quarter (25%) of companies expected employment increases of less than 5%, whilst 15% of companies expected an increase of 5% or more. Companies that expected a decrease were split evenly between decreases of less than 5% and decreases of 5% or more (both 11%).

Compared to expectations in December 2018 (for December 2019), this indicator was down 9 pp (from +26 pp to +17 pp). This was due to more companies in December 2019 predicting “no change” and fewer companies predicting increased employment; see Figure A.2.

Figure A.2 – Longer-term employment expectations for 2020 (expressed in December 2019), compared with expectations for 2019 (expressed in December 2018)

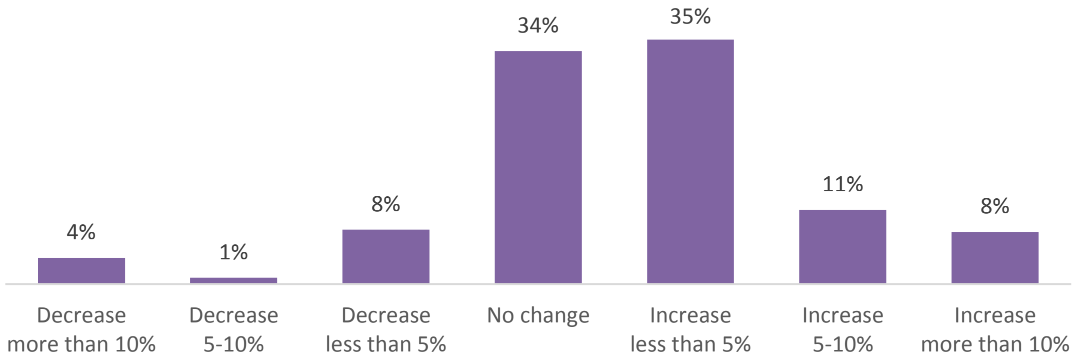


[3] In publications prior to June 2019, the finance annex was weighted by company size only. The annex is now weighted by company size and sampling probability, as in the rest of the report.

Profit expectations

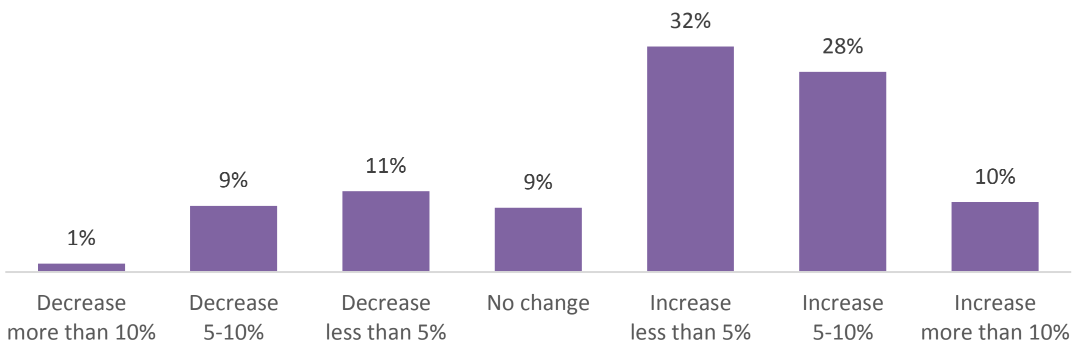
Companies were asked their expected level of profits for the following three months, between December 2019 and March 2020. The outlook for profits in the short term was strongly positive (+41 pp); 54% of finance companies expected increases, with most of those companies predicting increases of less than 5%, see Figure A.3. Some 13% of companies expected a decrease in profits in the short term.

Figure A.3 – Short-term profit expectations (December 2019 to March 2020)



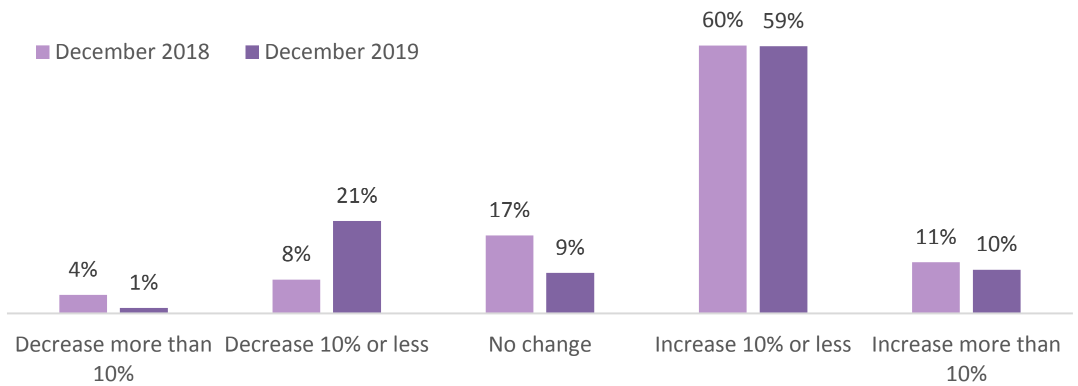
Businesses were also asked to compare their profits for financial year 2019 with their expected profits for financial year 2020. The longer-term outlook for next year's profits was more strongly positive (+48 pp), with over two-thirds (69%) of finance companies expecting that profits in 2020 would be higher than in 2019, compared to 22% that expected decreases; see Figure A.4.

Figure A.4 – Longer-term profit expectations (for 2020, compared with 2019)



While strongly positive, the balance of this indicator is significantly lower than a year ago, down 11 pp. This can be seen in Figure A.5, which compares the profit expectations for 2020 expressed in December 2019 with expectations for the year 2019 expressed in December 2018.

Figure A.5 – Longer-term profit expectations for 2020 (expressed in December 2019), compared with expectations for 2019 (expressed in December 2018)



There was an increase in the proportion predicting a decrease of 10% or less, up from 8% in December 2018 to 21% in December 2019. There was a similar decrease in the proportion predicting no change in profits, from 17% in 2018 to 9% in 2019. However, a majority of companies predicted increased profits in both rounds of the survey (71% and 69% respectively).

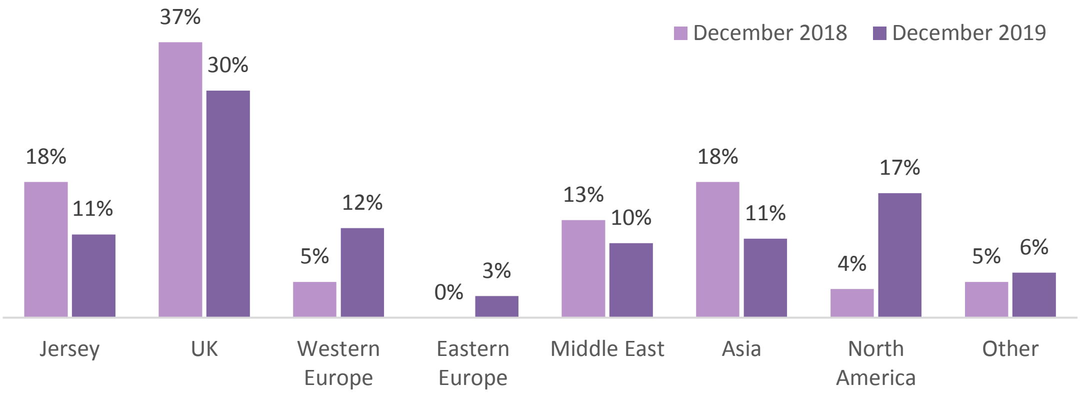
Geographical regions

Respondents were asked to identify which geographical region had the greatest potential for developing key business referrers in 2020 and which had the greatest potential for decline.

Developing regions

The UK was the most commonly cited regions with the highest potential for developing business, cited by 30% of finance companies; see Figure A.6. The UK was followed by North America (17%), and most other regions were cited by between 10 and 12 % of companies.

Figure A.6 – Geographical regions with the greatest potential for developing key business for 2020 (expressed in Dec 2019), compared with expectations for 2019 (expressed in Dec 2018)

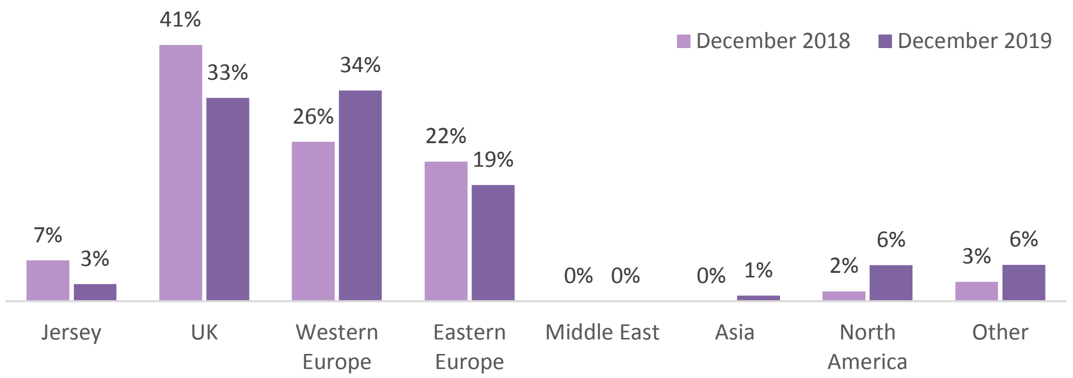


The largest annual changes have been seen in North America (up 13 pp), the UK and Jersey (both down 7 pp).

Declining regions

The UK and Western Europe were the regions mostly commonly cited as having the greatest potential for decline in 2020, with 33% and 34% of finance companies choosing them respectively; see Figure A.7. There were no significant annual changes; the UK, Western Europe and Eastern Europe were the most commonly cited regions in both rounds of the survey.

Figure A.7 – Geographical regions with the greatest potential for decline of key business for 2020 (expressed in Dec 2019), compared with expectations for 2019 (expressed in Dec 2018)

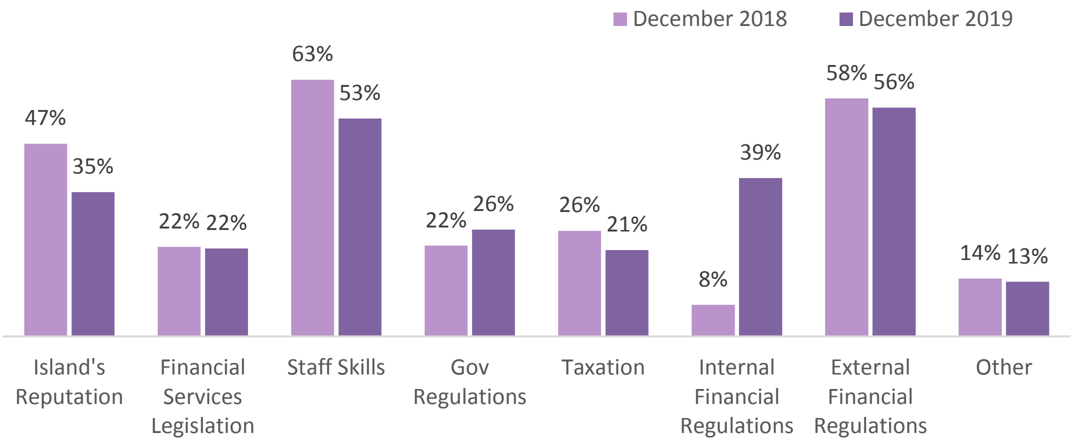


Key issues

Respondents were asked to identify the three key issues for Jersey's business environment for the next six months (to June 2020).

External financial regulations was the most commonly cited issue (56%), followed by staff skills (53%) and internal financial regulation (39%); see Figure A.8. This is the first time since June 2011 that the Island's reputation was not in the top three most cited issues.

Figure A.8 – Key issues for Jersey's business environment for the next six months (to June 2020)



Compared with the key issues cited in December 2018, there was a significant annual increase in companies citing Jersey's internal financial regulations as a key issue for the next six months, up 31 pp from 8% to 39%. This is the first time that this issue has been in the top three most cited issues since June 2011.

In contrast, there were decreases in the number of companies citing the Island's reputation and staff skills as key issues (down 12 pp and 10 pp respectively).

Looking at the mean scores for the three years prior to December 2019, the top three key issues are distinct from other issues, being at least 20 pp higher. These top-three key issues are: the Island's reputation (63%); external financial regulations (58%); and staff skills (49%).

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 with three months previously, and for their expectations for the next three months.

Each indicator derived from the survey responses is calculated as a net balance; that is, the difference between the percentage of respondents answering higher or increase compared with the percentage answering lower or decrease. Responses are weighted according to the sampling probability and size of workforce of each business. Hence, each indicator constitutes a weighted net balance (WNB).

The survey is run in the last month of each quarter. In June and December, additional questions are asked of the finance sector to gauge their expectations for future employment, profits and business development.

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 ±4 to ±6 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 used, stratified by business size (employment on a full-time equivalent, FTE, basis) and type of activity (UK SIC 2007 sector). Size-dependent sampling probabilities were applied, and businesses with more than 50 FTE employees were given a sampling probability of one. The sample is reviewed twice yearly to incorporate new businesses and changes in staffing, in order that the sample remains representative of Jersey's economy.

4. **Response**:

   Around 500 firms were sent a survey questionnaire for this survey; 257 completed questionnaires were returned, constituting an overall response rate of 51%. The respondents accounted for 37% of total private sector employment in the Island.

5. **Weighting**:

   The response data collected were analysed by calculating a weighted net balance. Each reporting business was assigned two weights: a sampling probability weight and a size weight (FTE workforce). The sampling weight adjusts for the different likelihoods of different sized businesses being included in the sample, an effect of the sampling methodology used. The size weight ensures that companies contribute to each indicator in proportion to the size of their workforce.

Statistics Jersey welcomes suggestions on how we can improve our surveys and reports to ensure we are meeting the needs of our users. If you have any feedback relating to this report, please email statistics@gov.je.

Statistics Jersey

30 January 2020

Glossary

1. **Level of business activity / output:** This is the total amount of work undertaken by an 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 an 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 an 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 the current business activity relative to 'normal capacity'. 'Above capacity' indicates that a business is above its normal capacity, for example because an organisation is busier than normal or staff are working longer hours than normal. Similarly, 'below capacity' indicates the current business activity is below its normal capacity, for example because an 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 an organisation. Inputs include supplies obtained, stocks/materials bought in and costs of employees, including wages, salaries and pension costs paid by an organisation. We ask businesses to try to give a weighted average of costs. For example, if employment costs are the largest share, they should be given the largest weighting (i.e. importance) when answering the question.

5. **Average prices that charged for 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 an organisation offers various services/products, we ask them to try to give a weighted average. For example, if one service accounts for most sales and its prices have increased, then it should be given the largest weighting (i.e. importance) when answering the question, indicating that prices have risen on average.

6. **Profitability:** This is the total profits earned on all activities of an organisation. If an organisation does not calculate profits over the most recent three months, we ask them to try to estimate how their 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. Two part-time employees are equivalent to one full-time employee. For example, if two part-time employees resigned and one full-time employee was taken on, we ask organisations to count this as no net change (so employment was the 'same'). We ask organisations to ignore seasonal or temporary hirings.

8. **Business optimism:** This refers to confidence or optimism about the overall business situation in an organisations' industry generally. Unlike the previous questions, it is not about what is actually happening to an organisation at present, but asks about their opinions for their sector generally.

Appendix

December 2019 – Net balances of indicators (percentage points) and percentage of responders reporting 'no change'

All sectors, finance, non-finance, construction, wholesale and retail, and other non-finance

	All sectors		Finance		Non-finance		Construction		Wholesale and retail		Other non-finance	
Indicator	Net balance	*No change*	Net balance	*No change*	Net balance	*No change*	Net balance	*No change*	Net balance	*No change*	Net balance	*No change*
Business Activity	**6**	***51***	**17**	***41***	**0**	***56***	**-8**	***71***	**-3**	***65***	**2**	***51***
New Business	9	*56*	29	*52*	-2	*57*	-7	*68*	-1	*70*	-1	*52*
Capacity Utilisation	1	*74*	8	*86*	-2	*68*	4	*62*	0	*70*	-4	*68*
Input costs	-52	*42*	-43	*57*	-57	*35*	-56	*44*	-68	*32*	-54	*34*
Product prices	15	*68*	7	*88*	19	*59*	14	*70*	29	*55*	17	*58*
Profitability	-14	*48*	2	*47*	-22	*48*	-27	*63*	-31	*51*	-18	*45*
Employment	-2	*63*	18	*67*	-12	*61*	-5	*74*	5	*65*	-19	*58*
Business optimism	4	*65*	9	*65*	1	*66*	13	*69*	-5	*72*	1	*63*
Future business activity	16	*61*	38	*52*	5	*65*	6	*69*	-1	*77*	6	*60*
Future employment	2	*61*	16	*57*	-6	*63*	9	*72*	-2	*71*	-9	*60*

December 2019 – Net balances of indicators (percentage points) and percentage of respondents reporting 'no change'

All sectors, finance and non-finance sectors by size of business*

	All sectors				Finance				Non-finance			
	Large		Small		Large		Small		Large		Small	
Indicator	Net balance	*No change**	Net balance	*No change**	Net balance	*No change**	Net balance	*No change**	Net balance	*No change**	Net balance	*No change**
Business Activity	**7**	***50***	**4**	***52***	**18**	***36***	**16**	***53***	**-3**	***63***	**1**	***52***
New Business	20	*56*	-2	*56*	34	*53*	16	*49*	5	*58*	-6	*57*
Capacity Utilisation	1	*78*	1	*70*	11	*84*	1	*90*	-8	*73*	1	*65*
Input costs	-60	*39*	-45	*46*	-52	*48*	-20	*80*	-68	*29*	-51	*39*
Product prices	16	*71*	14	*65*	8	*86*	6	*94*	24	*58*	16	*59*
Profitability	-19	*42*	-9	*53*	-6	*36*	22	*76*	-32	*48*	-16	*48*
Employment	3	*66*	-6	*60*	19	*61*	16	*81*	-13	*70*	-11	*56*
Business optimism	1	*69*	6	*62*	9	*63*	7	*68*	-6	*75*	6	*60*
Future business activity	18	*66*	14	*56*	38	*52*	41	*54*	-1	*79*	8	*56*
Future employment	-2	*60*	5	*62*	12	*51*	27	*73*	-17	*70*	1	*60*

* Large companies are defined as having more than 50 FTEs and small companies are defined as having 50 or fewer FTEs.

Statistics Jersey

Indicators – net balances (percentage points)

All sectors

	2014	2015				2016*		2017				2018				2019			
Indicator	**Dec**	**March**	**June**	**Sept**	**March**	**March**	**Dec**	**March**	**Sept**	**Sept**	**Dec**	**March**	**June**	**Sept**	**Dec**	**March**	**June**	**Sept**	**Dec**
Business Activity	**5**	**26**	**20**	**5**	**13**	**7**	**20**	**18**	**3**	**7**	**12**	**16**	**25**	**21**	**11**	**13**	**16**	**3**	**6**
New Business	8	26	24	12	8	14	14	14	3	12	21	19	16	18	3	8	3	3	9
Capacity Utilisation	-1	11	7	9	1	2	9	9	3	4	9	6	11	8	7	1	3	3	1
Input costs	-27	-40	-31	-19	-48	-23	-45	-55	-50	-39	-42	-50	-54	-53	-44	-48	-42	-50	-52
Product prices	1	9	10	4	27	7	14	16	16	21	14	26	29	22	14	27	21	16	15
Profitability	-16	-1	2	-8	-11	-9	-11	-16	-19	-8	-7	-9	1	-2	-14	-11	-5	-19	-14
Employment	1	9	-4	7	10	8	3	2	4	6	13	9	14	10	4	10	4	4	-2
Business optimism	15	18	15	5	1	9	4	7	-5	8	18	11	10	7	1	1	-4	-5	4
Future business activity	14	32	27	25	25	22	14	26	-2	10	27	20	25	21	11	25	13	-2	16
Future employment	5	13	12	10	7	11	0	7	12	11	22	12	16	17	3	7	3	12	2

*Data is not available for June and September 2016

Finance

	2014	2015				2016*		2017				2018				2019			
Indicator	**Dec**	**March**	**June**	**Sept**	**March**	**March**	**Dec**	**March**	**June**	**Sept**	**Dec**	**March**	**June**	**Sept**	**Dec**	**March**	**June**	**Sept**	**Dec**
Business Activity	**10**	**38**	**31**	**0**	**39**	**33**	**41**	**34**	**35**	**12**	**28**	**36**	**31**	**28**	**28**	**39**	**33**	**7**	**17**
New Business	27	34	39	15	28	41	31	18	16	18	38	33	17	23	20	28	1	7	29
Capacity Utilisation	16	23	16	23	13	19	28	30	25	4	27	28	20	8	21	13	7	7	8
Input costs	-2	-27	-26	-13	-21	-22	-18	-34	-23	-11	-23	-25	-30	-27	-22	-21	-19	-43	-43
Product prices	11	9	12	0	24	14	3	16	13	7	21	18	16	7	7	24	3	2	7
Profitability	5	26	17	-3	16	7	12	-7	15	23	31	18	17	20	7	16	11	-12	2
Employment	4	17	-4	8	35	19	-5	12	6	18	29	33	28	11	11	35	20	4	18
Business optimism	19	21	18	4	15	11	13	19	12	22	33	24	20	16	17	15	1	-9	9
Future business activity	17	32	29	36	39	22	49	38	45	25	51	39	54	49	34	39	28	14	38
Future employment	8	9	24	11	17	6	-2	11	28	29	57	37	39	24	12	17	18	41	16

*Data is not available for June and September 2016

Non-finance

	2014	2015				2016*		2017				2018				2019			
Indicator	Dec	March	June	Sept	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec
Business Activity	3	21	14	9	10	-4	12	12	21	5	4	6	23	18	4	1	8	2	0
New Business	2	22	15	10	10	1	7	13	26	9	11	12	16	15	-5	-1	4	1	-2
Capacity Utilisation	-7	6	3	2	-3	-5	2	3	2	4	0	-3	8	8	1	-4	1	1	-2
Input costs	-35	-46	-33	-22	-30	-23	-55	-62	-66	-54	-51	-62	-64	-65	-53	-60	-51	-53	-57
Product prices	-2	9	10	6	1	4	18	16	30	28	11	29	35	29	17	28	29	22	19
Profitability	-23	-13	-5	-10	-9	-16	-21	-19	-9	-24	-26	-22	-5	-12	-23	-23	-13	-22	-22
Employment	-1	6	-4	7	3	3	6	-1	-1	0	5	-2	8	10	2	-2	-3	3	-12
Business optimism	13	17	14	5	6	8	1	3	15	0	10	5	6	3	-6	-6	-6	-3	1
Future business activity	13	32	26	19	8	23	0	22	18	1	14	12	14	9	1	19	6	-9	5
Future employment	4	15	6	9	8	13	0	5	9	1	5	1	7	14	-1	3	-4	-2	-6

*Data is not available for June and September 2016

Construction

	2014	2015				2016*		2017				2018				2019			
Indicator	Dec	March	June	Sept	Dec	March	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec
Business Activity	-13	30	8	8	-5	2	25	16	10	7	16	20	21	11	3	-8	-10	3	-8
New Business	-9	17	4	12	10	2	14	17	16	6	20	9	18	4	-10	-6	19	9	-7
Capacity Utilisation	-18	13	11	-4	-5	-10	8	3	12	-2	18	-5	-2	13	-7	21	7	3	4
Input costs	-50	-46	-37	-27	-24	-28	-57	-64	-73	-51	-62	-78	-76	-75	-44	-54	-77	-69	-56
Product prices	-19	17	2	40	-4	-1	13	24	24	16	17	31	34	33	12	3	38	25	14
Profitability	-40	-31	-14	-19	-6	-29	-6	-15	-12	-29	-22	-24	8	-6	-17	-25	-25	-37	-27
Employment	-3	16	-4	30	17	-5	-4	1	-1	1	25	4	18	28	6	-2	-10	8	-5
Business optimism	8	34	17	36	31	11	20	18	34	27	26	21	32	21	5	-11	9	34	13
Future business activity	2	37	23	53	22	3	21	13	16	13	32	17	17	19	8	-1	-1	12	6
Future employment	16	36	21	36	6	-10	4	11	14	-14	16	-17	2	19	9	-2	3	16	9

*Data is not available for June and September 2016

Wholesale and retail

Indicator	2014 Dec	2015 March	2015 June	2015 Sept	2015 Dec	2016* March	2016* Dec	2017 March	2017 June	2017 Sept	2017 Dec	2018 March	2018 June	2018 Sept	2018 Dec	2019 March	2019 June	2019 Sept	2019 Dec
Business Activity	**-3**	**12**	**11**	**-1**	**10**	**-11**	**9**	**-4**	**40**	**11**	**4**	**-19**	**41**	**1**	**2**	**14**	**16**	**9**	**-3**
New Business	8	17	13	6	4	-6	8	-6	48	15	1	-14	33	6	-9	7	3	3	-1
Capacity Utilisation	-16	18	1	-5	-10	-10	3	-11	0	7	-9	-13	15	-21	3	-15	10	26	0
Input costs	-11	-49	-29	-13	-28	-8	-57	-56	-71	-57	-53	-47	-73	-67	-66	-65	-51	-23	-68
Product prices	-11	-12	10	-7	-10	-8	12	23	45	51	20	32	36	22	27	22	29	8	29
Profitability	-23	-34	0	-10	-4	-16	-26	-20	12	-20	-46	-24	3	-30	-36	-13	-23	-12	-31
Employment	1	5	-13	3	19	-5	17	-9	3	7	-5	-12	-2	-8	1	-1	-7	5	5
Business optimism	0	23	15	7	-1	2	-8	-27	26	3	4	1	-2	-20	-27	-15	-16	6	-5
Future business activity	10	31	28	30	9	21	-1	18	28	11	19	17	16	-3	5	25	6	6	-1
Future employment	9	-6	-6	14	19	16	1	-3	16	24	-10	-14	5	14	-7	-3	3	14	-2

*Data is not available for June and September 2016

Other non-finance

Indicator	2014 Dec	2015 March	2015 June	2015 Sept	2015 Dec	2016* March	2016* Dec	2017 March	2017 June	2017 Sept	2017 Dec	2018 March	2018 June	2018 Sept	2018 Dec	2019 March	2019 June	2019 Sept	2019 Dec
Business Activity	**9**	**23**	**16**	**16**	**14**	**-2**	**10**	**19**	**23**	**1**	**1**	**12**	**16**	**25**	**5**	**-1**	**9**	**-1**	**2**
New Business	3	25	19	12	14	4	5	21	19	7	13	22	9	21	-2	-2	1	-1	-1
Capacity Utilisation	-2	-1	2	8	1	-2	0	10	9	5	0	1	7	17	2	-6	-3	-7	-4
Input costs	-38	-44	-34	-28	-32	-30	-54	-65	-47	-54	-48	-63	-57	-62	-52	-60	-46	-60	-54
Product prices	5	16	11	8	8	12	23	10	20	22	6	28	35	30	16	36	27	27	17
Profitability	-19	-1	-5	-9	-12	-13	-21	-19	-5	-25	-19	-21	-12	-7	-21	-26	-6	-22	-18
Employment	0	3	0	4	-8	9	2	2	0	-3	5	1	10	13	1	-2	0	2	-19
Business optimism	18	10	12	-3	4	11	0	14	8	-8	9	2	2	8	-3	-1	-5	-14	1
Future business activity	17	31	27	3	3	28	-5	27	26	-6	8	8	12	12	-2	22	8	-19	6
Future employment	0	17	8	0	3	16	-1	8	12	-3	8	11	9	13	-2	6	-8	-10	-9

*Data is not available for June and September 2016

Past reports are available online at www.gov.je/BTS

Data tables for the above and earlier years are available online at opendata.gov.je/dataset/business-tendency-survey