

Jersey Business Tendency Survey December 2011

Statistics Unit: www.gov.je/statistics

Summary

- In December 2011, the **headline all-sector Business Activity Indicator was -13 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting a decline in business activity compared with three months previously was 13 pp greater than the proportion reporting an increase. Half of all businesses reported 'no change';
- the Business Activity Indicator was down slightly compared with September 2011;
- the Business Optimism and Future Employment indicators recorded their most negative levels in the two-year period that this survey has run;
- for the **Finance** sector in December 2011:
 - the Business Activity indicator was at its lowest level for two years;
 - Business Optimism was strongly negative for the second consecutive quarter;
 - the Profitability indicator was less negative than in the previous quarter, having been positive during the first six months of 2011;
 - the Future Employment indicator was essentially neutral for the second consecutive quarter, having been positive during the first six months of 2011;
- for the **non-finance** sectors, overall, all ten indicators were negative; Profitability, Business Optimism and Input Costs were the most strongly negative;
- all indicators for the **Construction** sector were negative, with Business Optimism and Future Employment recording their most negative levels to date and New Business returning to the strongly negative levels seen in 2009;
- three of the ten indicators for **Wholesale and retail** were at their most positive levels seen for two years; in contrast, three other indicators were at their most negative.

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 enables a set of indicators to be produced that can be used to monitor economic performance. The headline indicator is that of Business Activity.

It should be emphasised that the Business Activity Indicator, and the other "current" indicators, represent a qualitative expression of the relative position of economic performance between the current point in time and that of three months previously rather than an absolute measure of performance. The two "future" indicators represent a qualitative expression of expected changes over the next three months.

The December 2011 round of the survey ran in the first three weeks of December and achieved a response rate of 76%, covering almost half of total private sector employment.

Section 1 - Business Activity Indicator

The **Business Activity Indicator** represents a measure of the total amount of work undertaken by businesses operating in Jersey. Such activity will have specific definitions relevant to each sector of business and may be considered as, for example, turnover, number of products produced, gross income or chargeable hours.

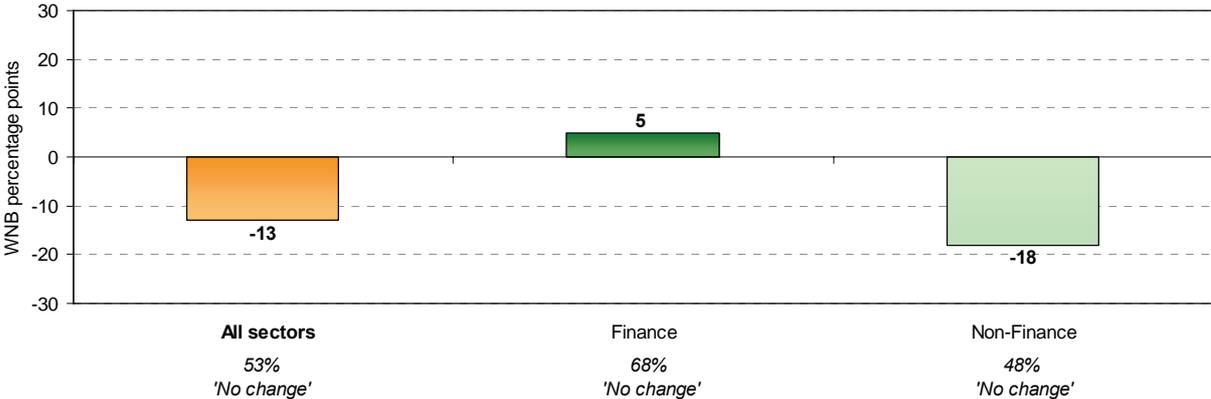
The resultant indicator is a weighted net balance (WNB) calculated as the difference between the proportion of businesses reporting that their current business activity is higher than it was three months earlier and the proportion reporting that their activity is lower¹.

The **all-sector Business Activity Indicator in December 2011 was -13 percentage points (pp)**, implying that the proportion of businesses reporting a decline in business activity compared with three months previously was 13 pp greater than the proportion reporting an increase. Around half (53%) of businesses reported no change in their business activity in the latest quarter (see Figure 1).

The all-sector Business Activity Indicator for December 2011 was down slightly (by 6 pp) compared with that recorded in September 2011.

Figure 1 – Business Activity Indicator (percentage points)².

Dec 2011 compared with the situation three months previously.



As Figure 1 shows, and as recorded in previous rounds of the survey, there was a notable difference between the Business Activity Indicator of the Finance sector and that of the other sectors of the economy:

- the Finance sector had a WNB of 5 pp in December 2011, with 18% of businesses reporting an increase in activity compared with three months earlier and 13% reporting a decrease;
- the non-finance sectors, overall, had a negative WNB of -18 pp, with 17% of businesses reporting an increase in activity and 35% reporting a decrease;
- around two-thirds of businesses in the Finance sector (68%) and around half of non-finance sectors (48%) reported 'no change' in their business activity.

¹ Such an indicator, derived from relative business activity, is fundamentally similar to the Chartered Institute of Purchasing and Supply (CIPS) Services Business Activity Index which is widely used in the UK: the UK Services PMI (Purchasing Managers Index), produced for CIPS by Markit Economics, 2009.

² Throughout this report, bar charts are plotted using unrounded WNBs; numbers on charts and in the tables of the Appendix are shown rounded to the nearest integer.

Although marginally positive in December 2011 (at 5 pp), the Business Activity Indicator for the Finance sector recorded its lowest level for two years, since December 2009. The indicator for this sector had recorded its highest level in December 2010, since when it has declined.

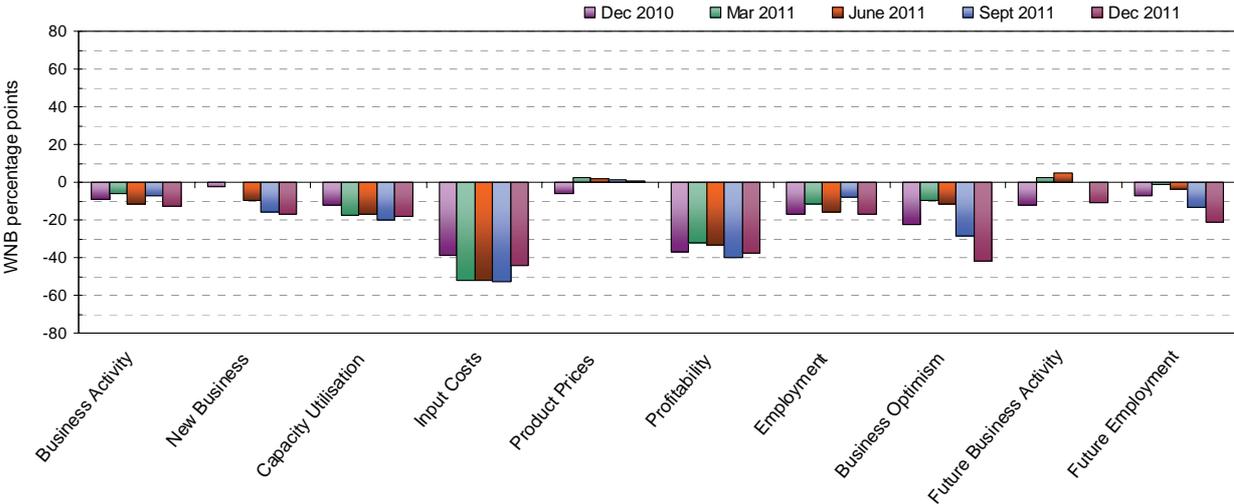
The Business Activity Indicator for the non-finance sectors remained significantly negative, at a level similar to that seen throughout the previous two years.

It should be re-iterated that the Business Activity Indicator expresses a relative measure of economic performance between the current point in time and that of three months previously, rather than an absolute measure of economic performance.

Section 2 - All Indicators

Figure 2 presents the ten all-sector WNB indicators derived from the responses to each question of the survey; the measures of each indicator are shown for the latest and four previous rounds of the survey. Results for all indicators are shown in Appendices 1 and 2.

Figure 2 – Ten all-sector WNB indicators³
Dec 2010 and March, June, Sept and Dec 2011.



Over all sectors of the economy, nine of the ten indicators were negative and only one indicator (Product Prices) was marginally positive. Profitability, Business Optimism and Input Costs were the most strongly negative indicators.

Eight of the ten indicators remained at essentially the same level as in the previous quarter (changing by less than 10 pp).

Business Optimism saw a further decrease of 13 pp on September 2011. In the latest quarter, the Business Optimism and Future Employment indicators were at their most negative levels in the two-year period that the BTS has run.

Future Business Activity returned to a negative level last seen in December 2010, having been essentially neutral during the first three quarters of 2011.

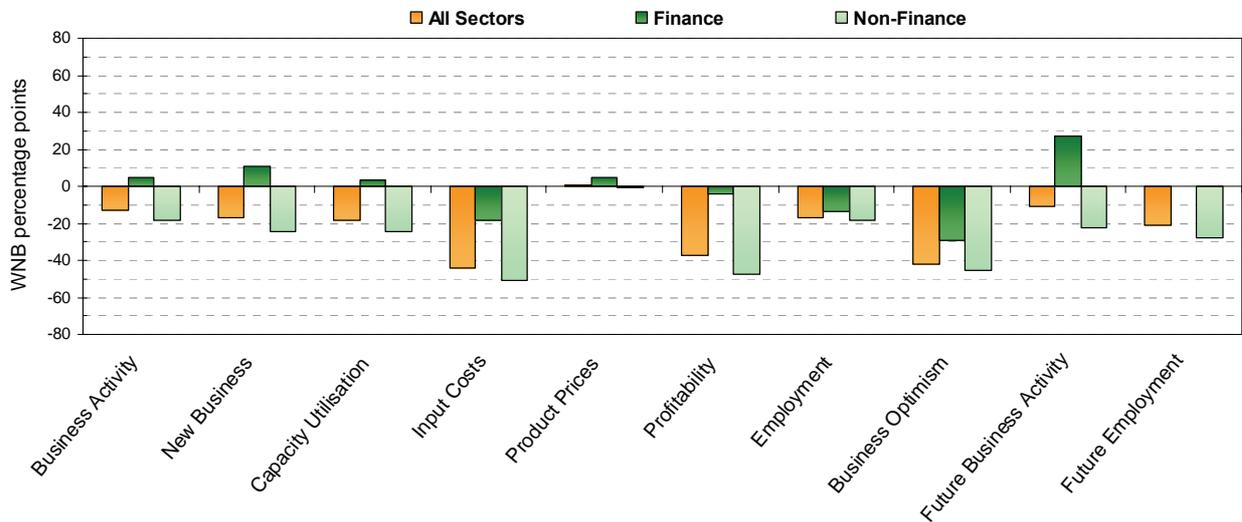
³ The Input Costs indicator has been constructed such that a negative net balance implies that more businesses have seen input costs increase than decrease.

Section 3 - Finance and non-finance sectors

The Finance sector had a more positive or less negative balance than the non-finance sectors for all ten indicators in December 2011 (see Figure 3).

Figure 3 – WNB indicators: Finance and non-finance

December 2011 compared with the situation three months previously.



The Finance sector was considerably more positive (or less negative) than the non-finance sectors (by more than 20 pp) for seven of the indicators, the greatest differences being for New Business, Profitability and Future Business Activity.

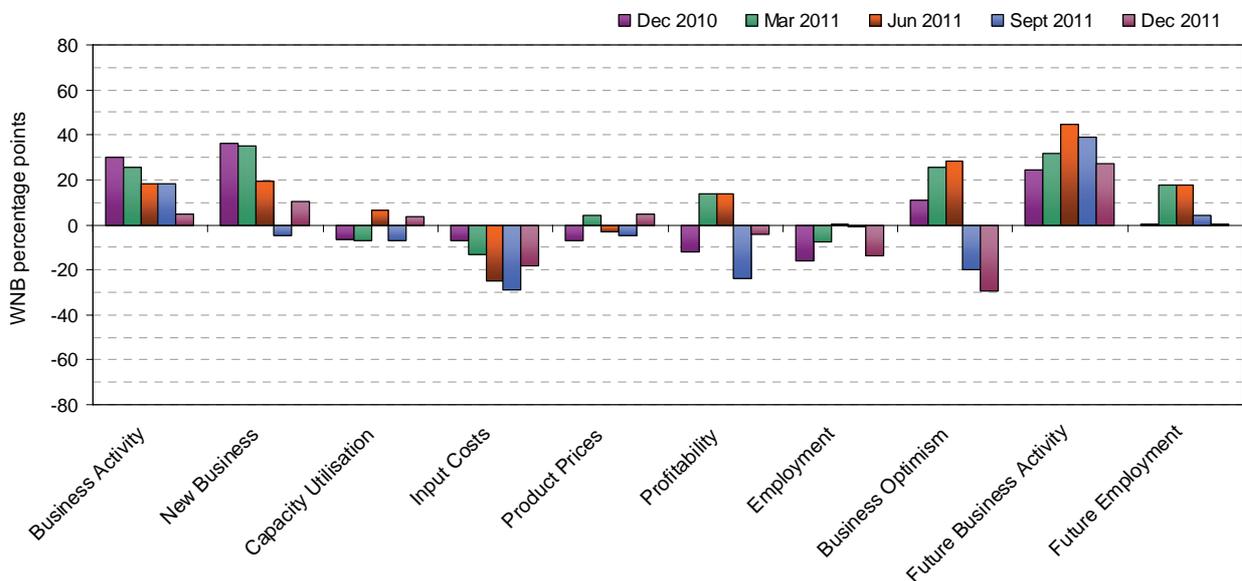
Business Optimism and Input Costs were strongly negative for both the Finance and non-finance sectors.

Section 4: Finance sector

Figure 4 compares all ten indicators for the Finance sector in December 2011 with those measured in the previous four rounds of the BTS.

Figure 4 – Finance sector WNB indicators

December 2010 and March, June, September and December 2011.



In December 2011, eight of the ten indicators for the Finance sector were at levels similar to those recorded in September 2011, differing at most by 13 pp.

However, the Business Optimism indicator was strongly negative for the second consecutive quarter, having been positive during the first six months of 2011. In the latest quarter, the Business Optimism indicator for the Finance sector recorded its lowest level in the two-year period that the BTS has run.

The Future Employment indicator for the sector had also been positive during the first half of 2011, but has since declined to become essentially neutral in the latest six months.

The Profitability indicator had been notably positive in the first half of 2011, before recording a strongly negative balance in September 2011. The latest quarter recorded a marginally negative balance, improving by 20 pp on that of September 2011.

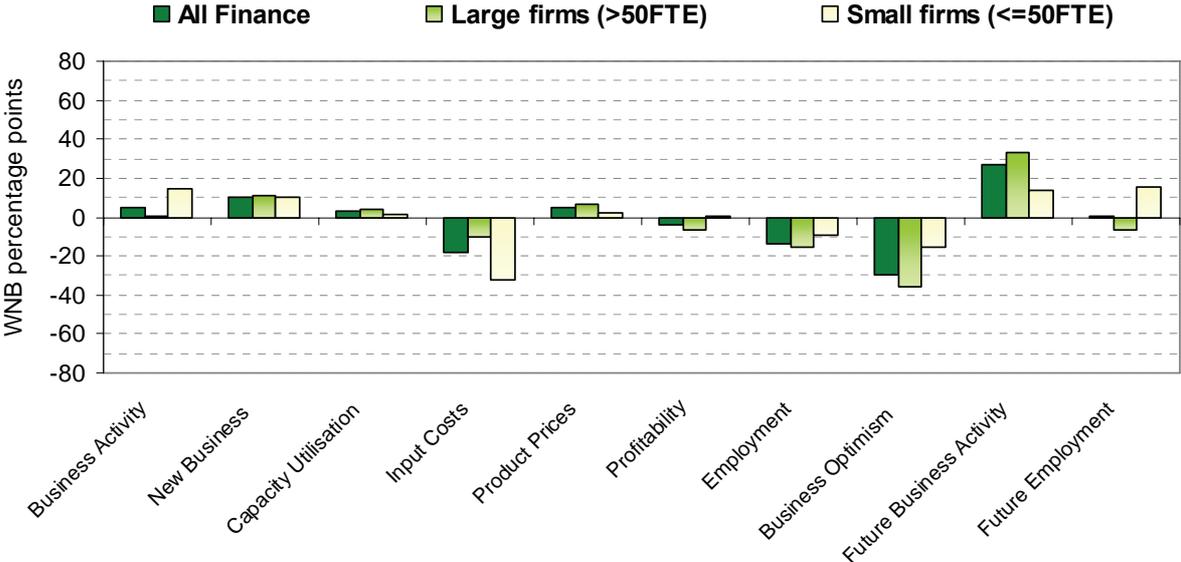
In contrast, the Future Business Activity indicator remained strongly positive, as in all previous rounds of this survey.

Around four-fifths of Finance companies indicated that there had been no change to levels of Capacity Utilisation, Input Costs or Product Prices compared to the previous quarter.

Smaller Finance firms with (50 or fewer full-time equivalent employees, FTEs) were significantly more positive, or less negative, than their larger counterparts for Business Activity, Business Optimism and Future Employment (see Figure 5 and Appendix 1).

In contrast, the larger Finance firms were more positive for Future Business Activity.

Figure 5 – Finance sector WNB indicators for large and small companies
December 2011 compared with the situation three months previously.

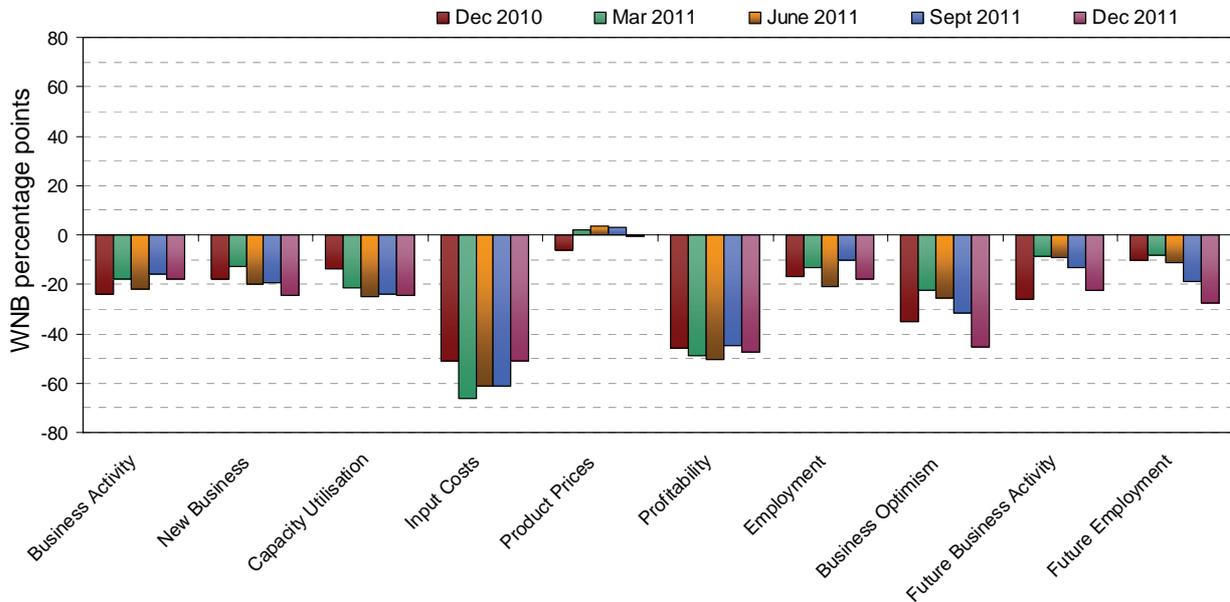


Section 5 - Non-finance sectors

Figure 6 compares all ten indicators for the non-finance sectors with the previous four rounds of the survey. All ten indicators were negative in December 2011.

Figure 6 – Non-finance sectors WNB indicators

December 2010 and March, June, September and December 2011.



In December 2011, the ten indicators for the non-finance sector were each at similar levels to those recorded in the previous quarter, though nine of the ten were marginally more negative.

In particular, the balance for Business Optimism declined by a further 14 pp to attain the most negative level recorded for this indicator in the two years that the BTS has run.

As seen in the previous quarter, analysing by size of company showed that smaller firms (those with 50 or fewer FTEs) were significantly more negative than the larger non-finance firms for Profitability (see Appendix 1) and were also more negative for Business Activity and New Business.

Construction

The Construction sector accounts for about 10% of Jersey's total workforce⁴ and for about 7% of total economic activity as measured by Gross Value Added, GVA⁵.

As Figure 7 shows, the Construction sector was negative for all indicators in December 2011, with New Business, Profitability and Business Optimism being the most strongly negative.

Seven of the ten indicators were more negative in December 2011 than in the previous quarter. In particular, the indicators for Business Optimism and Future Employment were at their most negative levels seen in the two-year period that the BTS has run.

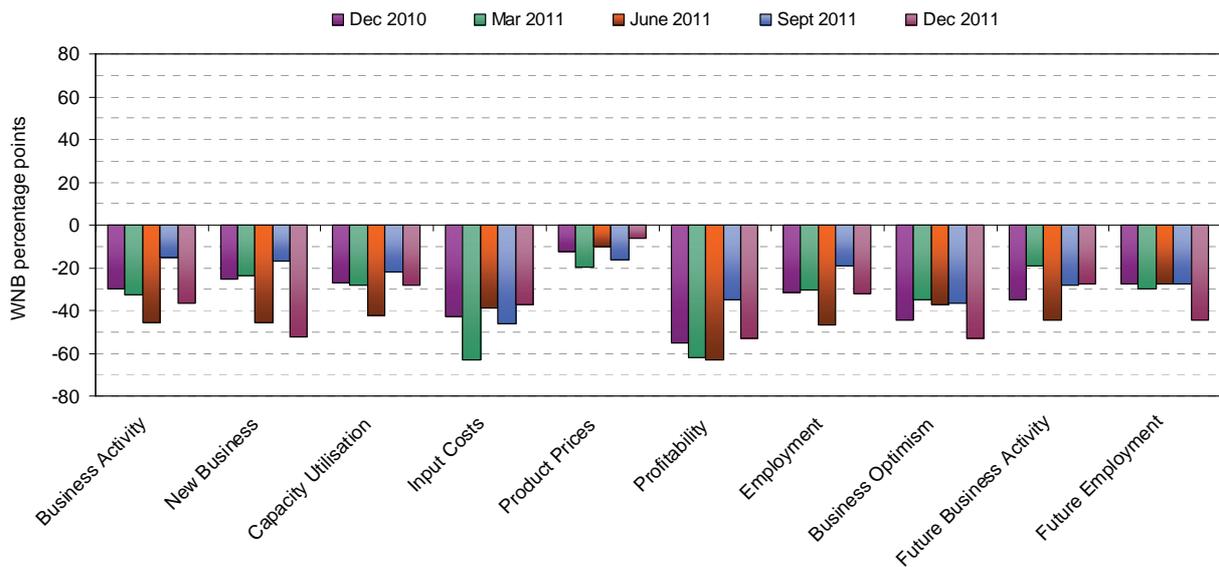
The indicator for New Business returned to the strongly negative levels seen two years previously, in December 2009, having declined by 35 pp in the latest quarter.

⁴ Jersey Labour Market at June 2011, States of Jersey Statistics Unit October 2011.

⁵ Jersey Gross Value Added (GVA) and Gross National Income (GNI) 2010, Statistics Unit, September 2011.

Figure 7 – Construction sector WNB indicators

December 2010 and March, June, September and December 2011.



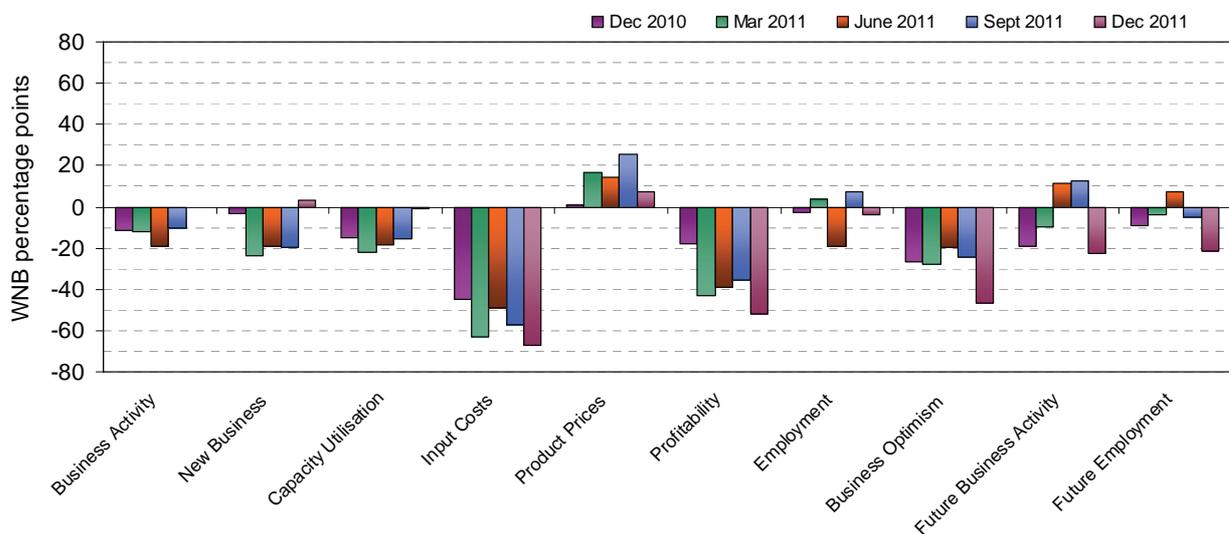
Wholesale & retail

The Wholesale & retail sector accounts for almost a sixth (16%) of Jersey’s total workforce⁴ and for about 7% of total economic activity as measured by GVA⁵.

Eight of the ten indicators for the sector were negative in December 2011 (see Figure 8).

Figure 8 – Wholesale & retail sector WNB indicators

December 2010 and March, June, September and December 2011.



Three of the indicators, Business Activity, New Business and Capacity Utilisation, were at their most positive (or least negative) levels for two years.

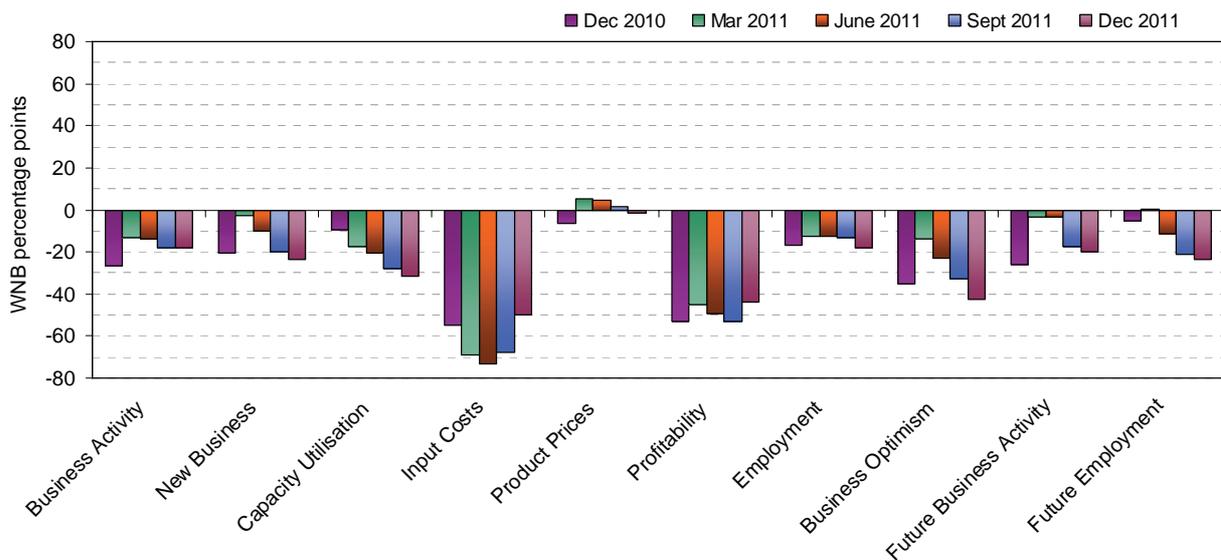
In contrast, the indicators for Input Costs, Future Business Activity and Future Employment reached their most negative levels to date. Business Optimism and Profitability were also at strongly negative levels, similar to those seen at the beginning of 2010.

Other non-finance sectors

The remaining non-finance sectors, excluding Construction and Wholesale & retail, together account for two-fifths (40%) of the Island's workforce⁴ and for about a fifth (21%) of total economic activity as measured by GVA⁵.

All ten indicators showed a negative tendency in December 2011 (see Figure 9), with Input Costs, Profitability and Business Optimism recording particularly negative balances.

Figure 9 – Other Non-finance sector WNB indicators
December 2010 and March, June, September and December 2011



The change in nine of the ten indicators in the latest quarter was small (less than 10 pp).

In the latest quarter, Capacity Utilisation, Business Optimism and Future Employment recorded their most negative balances to date.

Notes

The Business Tendency Survey samples private sector businesses in Jersey. The survey asks the Chief Executive or Managing Director of sampled businesses for their opinions on the **current situation of their business compared to three months previously** and also for their **expectations for the next three months**. A copy of the questionnaire is included in Appendix 3.

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

1. **Net Balance:**

Net balances are used to summarise respondents' answers to the multiple-choice questions of the Business Tendency Survey. The net balance is obtained by taking the difference between the weighted percentages of respondents giving positive (such as "*increase*" or "*higher*") and negative responses (such as "*decrease*" or "*lower*"). The net balance is given as a difference measured in percentage points (pp). The statistical uncertainty on each net balance (expressed as a 95% confidence interval) depends on the effective (weighted) numbers of respondents to each question and ranges from ± 2 to ± 3 pp.

2. **Seasonal effects:**

Businesses are asked to exclude normal seasonal fluctuations from their responses.

3. **Stratified sample:**

To design a representative sample of Jersey's businesses, a random sampling approach was invoked, stratified by business size (employment on a full-time equivalent, FTE, basis) and type of activity (SIC sector). Size-dependent sampling probabilities were applied, businesses with more than 50 FTE employees having a sampling probability of 1. The sample will be reviewed twice yearly to incorporate new or expanding businesses, in order that the sample remains representative of Jersey's economy.

4. **Response:**

Over 480 firms were sent a survey questionnaire for this survey; some 370 completed questionnaires were returned, constituting an overall response rate of 76%. The respondents accounted for almost half (45%) of total private sector employment.

5. **Weighting:**

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

December 2011 WNB indicators: all sectors, Finance, non-finance, Construction and Wholesale & retail; percentage points.

Indicator	ALL SECTORS		FINANCE		NON-FINANCE		CONSTRUCTION		WHOLESALE & RETAIL		OTHER NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	-13	53	5	68	-18	48	-37	40	-1	56	-18	48
New Business	-17	44	11	55	-24	41	-52	36	3	52	-24	39
Capacity Utilisation	-18	56	3	80	-25	50	-28	46	-1	60	-32	47
Input costs	-44	50	-18	77	-51	41	-37	39	-67	33	-50	45
Product prices	1	76	5	85	-1	73	-6	78	7	60	-2	76
Profitability	-38	39	-4	54	-47	34	-53	37	-52	38	-44	32
Employment	-17	71	-14	65	-18	73	-32	54	-4	82	-18	76
Business optimism	-42	47	-29	65	-46	42	-53	36	-47	33	-42	47
Future business activity	-11	52	27	53	-22	52	-28	54	-23	49	-20	52
Future employment	-21	65	0	64	-28	66	-45	54	-22	73	-24	67

December 2011 WNB indicators: Finance & non-finance by size of business: percentage points.**

Indicator	Large: FINANCE		Small: FINANCE		Large: NON-FINANCE		Small: NON-FINANCE	
	WNB	No change*	WNB	No change*	WNB	No change*	WNB	No change*
Business Activity	1	75	14	54	-6	55	-21	46
New Business	11	63	10	40	-11	61	-28	36
Capacity Utilisation	4	82	2	74	-18	51	-26	49
Input costs	-10	82	-32	66	-50	50	-51	39
Product prices	6	81	2	94	3	80	-2	71
Profitability	-7	51	0	60	-29	43	-52	32
Employment	-16	62	-10	72	-14	75	-19	72
Business optimism	-36	62	-16	71	-57	31	-43	44
Future business activity	33	50	14	60	-29	61	-20	49
Future employment	-7	63	16	64	-32	57	-26	68

* Weighted percentage of respondents who replied "same".

** Large firms are defined as having more than 50 FTEs; small firms defined as having 50 or fewer FTEs.

All Sectors

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
Business Activity	-11	-15	-15	-4	-6	-9	-6	-11	-7	-13
New Business	-11	-15	-13	-9	-3	-3	0	-9	-16	-17
Capacity Utilisation	-9	-18	-21	-10	-11	-12	-17	-17	-20	-18
Input costs	-31	-32	-36	-44	-42	-39	-52	-52	-53	-44
Product prices	-11	-13	-6	0	-1	-6	2	2	1	1
Profitability	-41	-43	-41	-39	-32	-37	-32	-34	-40	-38
Employment	-18	-15	-15	-14	-12	-17	-12	-16	-8	-17
Business optimism	-13	-15	-15	-11	-11	-23	-10	-11	-29	-42
Future business activity	12	4	8	5	6	-12	2	5	0	-11
Future employment	-14	-12	-8	2	-2	-7	-1	-4	-13	-21

Finance

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
Business Activity	1	0	14	18	13	30	26	18	18	5
New Business	10	5	25	15	12	36	35	19	-5	11
Capacity Utilisation	8	-12	-5	-1	-4	-6	-7	6	-7	3
Input costs	-16	1	-13	-19	-14	-7	-13	-25	-29	-18
Product prices	-1	-12	-15	2	6	-7	4	-3	-5	5
Profitability	-26	-27	-21	-15	-11	-12	14	14	-24	-4
Employment	-30	-1	-19	-17	-9	-16	-7	0	-1	-14
Business optimism	12	13	20	17	4	11	25	28	-20	-29
Future business activity	33	50	29	30	35	24	32	45	39	27
Future employment	-22	-7	-1	5	7	0	18	17	4	0

Non-Finance

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
Business Activity	-16	-21	-26	-12	-12	-24	-18	-22	-16	-18
New Business	-19	-23	-27	-19	-9	-18	-13	-20	-19	-24
Capacity Utilisation	-15	-20	-27	-14	-14	-14	-21	-25	-24	-25
Input costs	-48	-45	-43	-54	-52	-51	-66	-61	-61	-51
Product prices	-15	-13	-3	0	-3	-6	2	4	3	-1
Profitability	-46	-49	-48	-48	-39	-46	-49	-50	-45	-47
Employment	-14	-20	-13	-13	-12	-17	-13	-21	-10	-18
Business optimism	-22	-25	-26	-21	-16	-35	-22	-25	-32	-46
Future business activity	4	-13	1	-5	-5	-26	-9	-9	-13	-22
Future employment	-11	-14	-10	0	-6	-10	-8	-11	-19	-28

Construction

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
Business Activity	-34	-40	-15	4	-6	-30	-33	-45	-15	-37
New Business	-31	-59	-31	-1	-2	-25	-24	-46	-17	-52
Capacity Utilisation	-7	-33	-14	9	-12	-27	-28	-42	-22	-28
Input costs	-39	-41	-34	-64	-64	-43	-63	-39	-46	-37
Product prices	-12	-12	-12	-15	-2	-12	-20	-10	-16	-6
Profitability	-42	-53	-39	-42	-37	-55	-62	-63	-35	-53
Employment	-5	-8	1	0	1	-31	-30	-47	-19	-32
Business optimism	-29	-38	-22	-8	-10	-45	-35	-37	-36	-53
Future business activity	3	-23	1	5	-7	-35	-19	-45	-28	-28
Future employment	-15	-17	-1	-3	-7	-28	-30	-27	-28	-45

Wholesale & retail

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
Business Activity	13	-18	-36	-8	-9	-11	-12	-19	-10	-1
New Business	13	-6	-47	-22	-25	-3	-24	-19	-19	3
Capacity Utilisation	-22	-11	-44	-35	-28	-15	-22	-19	-16	-1
Input costs	-50	-52	-48	-46	-45	-45	-63	-49	-57	-67
Product prices	-6	-12	6	16	3	1	17	14	25	7
Profitability	-30	-57	-52	-42	-27	-18	-43	-39	-36	-52
Employment	1	-8	-9	-12	-22	-3	4	-19	7	-4
Business optimism	5	-25	-47	-21	-11	-27	-28	-19	-24	-47
Future business activity	33	-13	-3	1	9	-19	-9	11	13	-23
Future employment	6	-15	-7	-1	10	-9	-4	7	-5	-22

Other non-finance

Indicator	Sept 2009	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
Business Activity	-16	-14	-26	-18	-16	-27	-13	-14	-18	-18
New Business	-25	-15	-20	-23	-7	-21	-3	-10	-20	-24
Capacity Utilisation	-12	-18	-26	-15	-9	-9	-17	-20	-28	-32
Input costs	-52	-43	-44	-53	-49	-55	-69	-73	-68	-50
Product prices	-21	-14	-2	-1	-6	-6	5	5	1	-2
Profitability	-52	-45	-49	-51	-44	-53	-45	-50	-53	-44
Employment	-22	-29	-19	-17	-15	-17	-13	-13	-13	-18
Business optimism	-32	-19	-22	-25	-20	-35	-14	-23	-33	-42
Future business activity	-8	-9	2	-11	-9	-26	-3	-3	-17	-20
Future employment	-17	-13	-13	2	-11	-5	0	-11	-21	-24

BEFORE COMPLETING THE SURVEY PLEASE READ THE ATTACHED GUIDANCE NOTES

Company Name:

Contact Details:

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

Current situation

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

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

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

1. **Level of business activity / output:** Gross income, chargeable hours worked or turnover. **(see note 1)**
 Higher Same Lower N/A
2. **Incoming new business / new orders:** New business 'won' or placed with your organisation. **(see note 2)**
 Higher Same Lower N/A
3. **Level of capacity utilisation:** Current business activity relative to 'normal capacity' (e.g. 'above capacity' means busier and longer hours worked than normal). **(see note 3)**
 Above capacity Normal capacity Below capacity N/A
4. **Average costs that you pay for inputs:** Prices paid for supplies, purchases, wages and salaries etc. **(see note 4)**
 Higher Same Lower N/A
5. **Average prices that you charge for your products:** Prices charged per item or unit of time on average. **(see note 5)**
 Higher Same Lower N/A
6. **Profitability:** Total profits earned on all activities of your organisation. **(see note 6)**
 Higher Same Lower N/A
7. **Employment:** Number of employees employed. **(see note 7)**
 Higher Same Lower N/A
8. **Business optimism:** Optimism about the overall business situation in your sector, . **(see note 8)**
 Increase Same Decrease N/A

Future expectations

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

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

1 Increase 2 No change 3 Decrease 4 N/A

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

1 Increase 2 No change 3 Decrease 4 N/A

Exceptional circumstances

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

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

Thank you for your time.

GUIDELINES ON COMPLETING THE SURVEY

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

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

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