

Jersey Business Tendency Survey September 2011

Statistics Unit: www.gov.je/statistics

Summary

- The **headline all-sector Business Activity Indicator was -7 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting a decline in business activity compared with three months previously was 7 pp greater than the proportion reporting an increase. Half of businesses reported 'no change';
- as in previous quarters, there was a considerable difference between the positive Business Activity Indicator of the Finance sector (+18 pp) and the negative balance recorded by the other sectors of the economy (-16 pp);
- for the **Finance** sector in September 2011:
 - five of the ten indicators were at a similar level to the previous quarter; the other five indicators were more negative, with several changing from positive to negative;
 - Profitability was strongly negative, having been positive in the two previous quarters;
 - Business Optimism was strongly negative for the first time since the survey was introduced, having been strongly positive in the two previous quarters;
 - New Business was marginally negative for the first time in two years, having been strongly positive since late 2010;
 - the Employment indicator remained neutral in the latest quarter; the Future Employment Indicator decreased in the latest quarter, from being significantly positive to neutral.
- for the **non-finance** sectors, overall, nine of the ten indicators were negative; the Profitability and Input Costs indicators were the most strongly negative;
- all indicators for **Construction** were negative; six of the ten were improved on the negative levels seen in the previous round, with four being at their least negative for twelve months.
- seven of the ten indicators for **Wholesale and retail** were 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 September 2011 round of the survey ran in the first three weeks of September and achieved a response rate of 74%, 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.

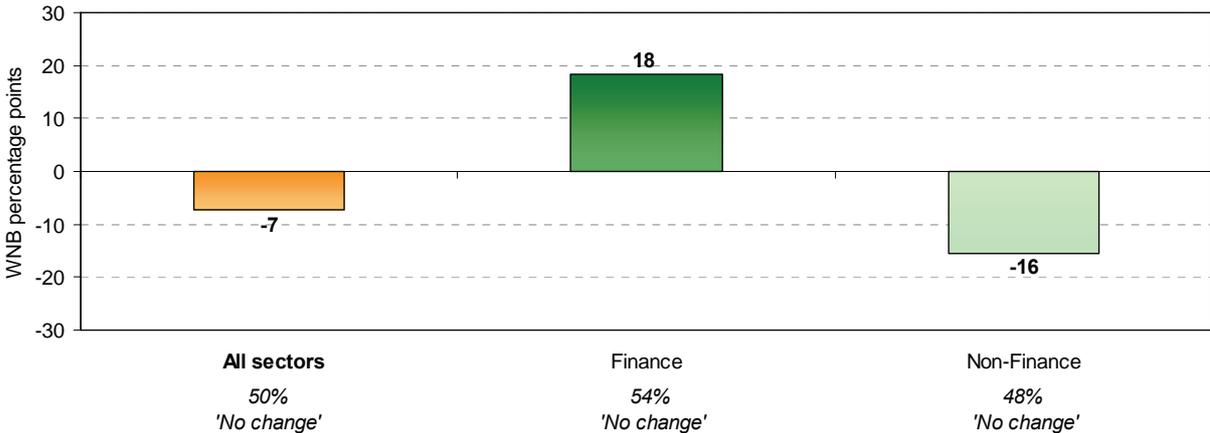
The resultant indicator is a weighted net balance (WNB) calculated as the difference between the proportion of businesses reporting that their current business activity is higher than it was three months earlier and the proportion reporting that their activity is lower¹.

The all-sector Business Activity Indicator in September 2011 was - 7 percentage points (pp), implying that the proportion of businesses reporting a decline in business activity compared with three months previously was 7 pp greater than the proportion reporting an increase. Half (50%) of businesses reported no change in their business activity in the latest quarter (see Figure 1).

The all-sector Business Activity Indicator for September 2011 was at a similar level (up marginally, by 4 pp) to that seen in June 2011.

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

Sept 2011 compared with the situation three months previously.



As Figure 1 shows, there was a considerable 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 18 pp in September 2011, with 32% of businesses reporting an increase in activity compared with three months earlier and 14% reporting a decrease;
- the non-finance sectors, overall, had a negative WNB of -16 pp, with 18% of businesses reporting an increase in activity and 34% reporting a decrease;
- around half of businesses in the Finance sector (54%) and 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.

The Business Activity Indicator for the Finance sector in September 2011 was at a similar level to that of three months earlier (in June 2011) and mid-2010, but was lower than that recorded at the end of 2010 and early 2011.

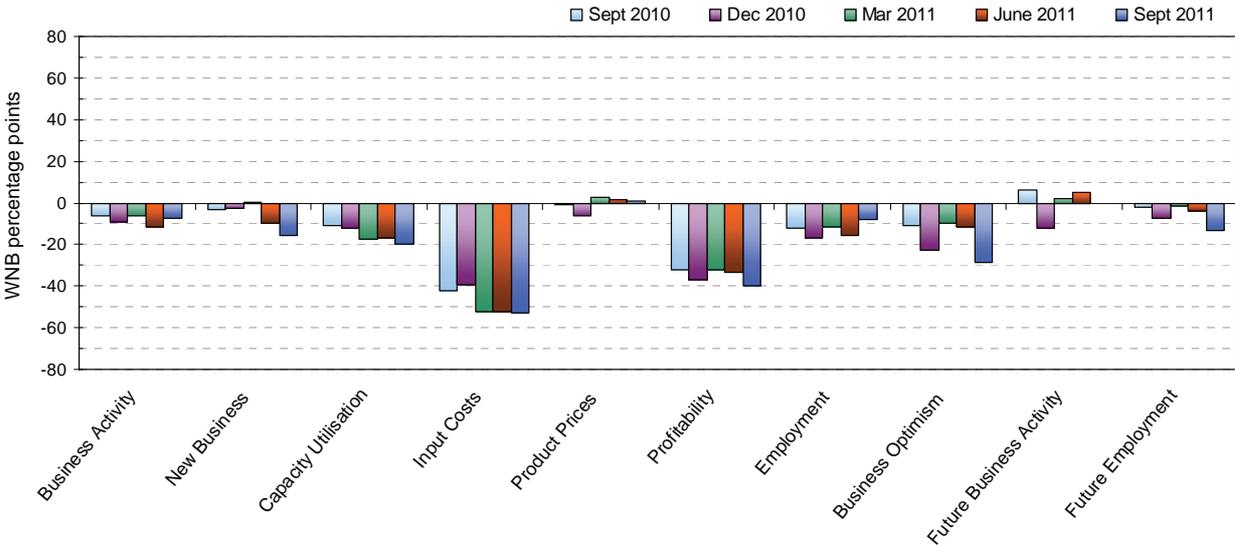
The Business Activity Indicator for the non-finance sectors remained significantly negative, at a level similar to the mean recorded during the previous two years.

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
Sept, Dec 2010 and March, June, Sept 2011.



Over all sectors of the economy, eight of the ten indicators were negative and two were neutral.

Nine of the ten indicators remained at essentially the same level as that seen in the previous quarter (changing by less than 10 pp), though generally becoming more negative

In September 2011 Business Optimism saw the largest decrease when compared with the previous quarter (June 2011), recording the most negative balance seen by this indicator in the two years that the survey has been run.

The New Business and Future Employment indicators also decreased from the previous quarter, returning to negative levels last seen in late 2009.

As in all previous rounds of the survey, Profitability and Input Costs were the most strongly negative indicators.

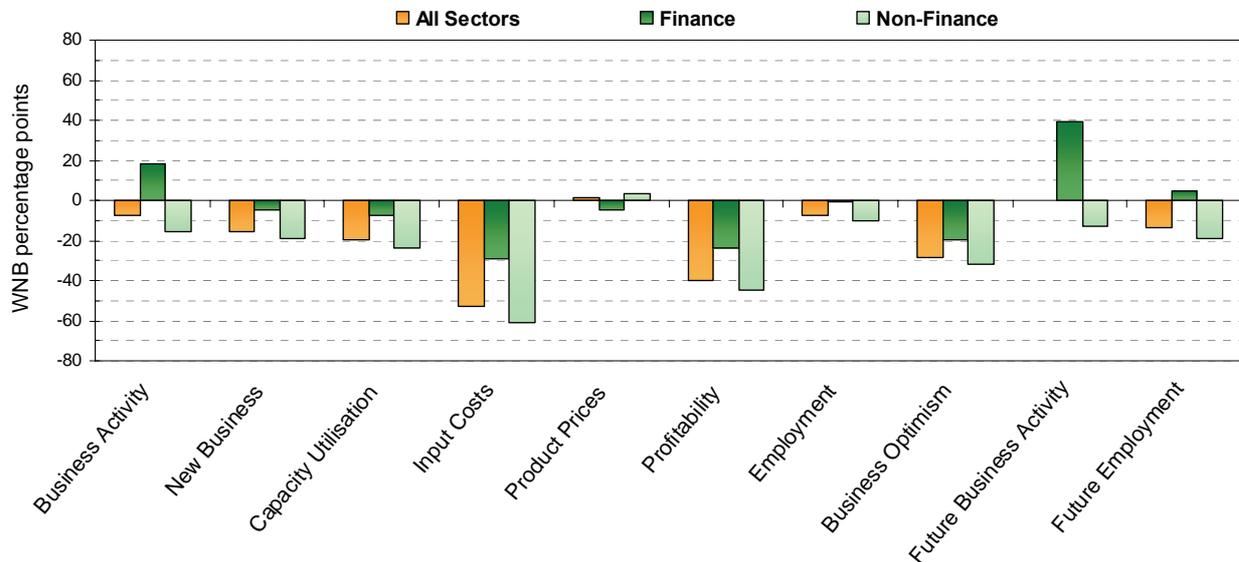
³ The Input Costs indicator has been constructed such that a negative net balance implies that more businesses have seen input costs increase than decrease.

Section 3 - Finance and non-finance sectors

The Finance sector had a more positive balance than the non-finance sectors for nine of the ten indicators in September 2011 (see Figure 3).

Figure 3 – WNB indicators: Finance and non-finance

September 2011 compared with the situation three months previously.



In September 2011, the Finance sector had positive WNBs for three of the ten indicators. Only Product Prices was positive for the non-finance sectors.

The Finance sector was considerably more positive (or less negative) than the non-finance sectors (by more than 20 pp) for five of the indicators, the largest differences being for Business Activity, Input Costs and Future Business Activity. In particular, the Business Activity and Future Business Activity indicators were significantly positive for the Finance sector but were negative for the non-finance sectors.

Profitability and Input Costs were the most negative indicators for both the Finance and non-finance sectors.

Section 4: Finance sector

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

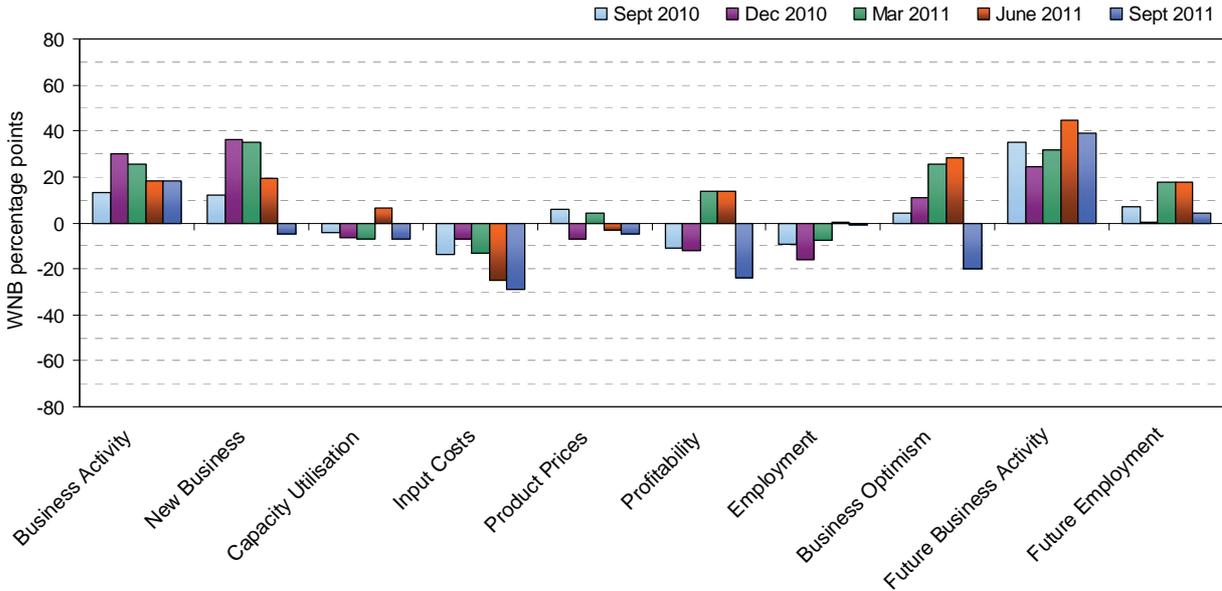
Five of the ten indicators were at a similar level to the previous quarter. However, five indicators were more negative, with four of the indicators changing their tendency from positive to negative. In particular, in the latest quarter, September 2011:

- the Profitability indicator was strongly negative, having been positive in each of the two previous quarters;
- the Business Optimism indicator was strongly negative for the first time since the survey was introduced, having been strongly positive in the two previous quarters;
- the New Business indicator was marginally negative in September 2011, for the first time since the survey was introduced, and having been strongly positive since late 2010.

In June 2011 the Employment indicator for the Finance sector had been neutral for the first time, having been negative for all previous quarters; this indicator remained neutral in the latest quarter. The Future Employment Indicator decreased in the latest quarter, from being significantly positive in each of the two previous quarters to essentially neutral in the latest.

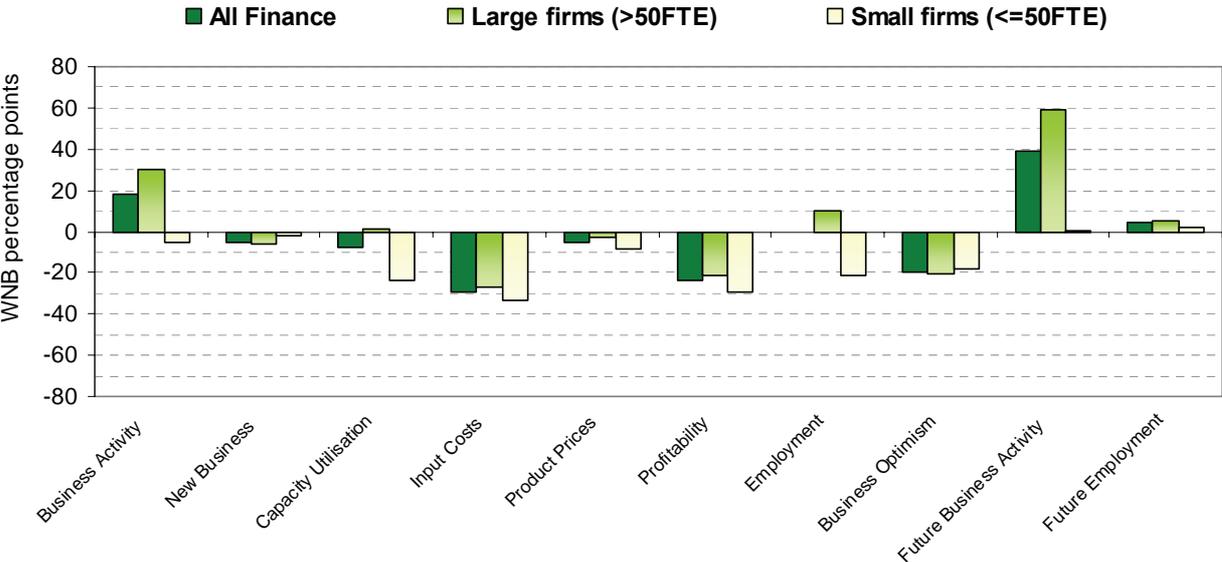
For the second consecutive quarter, the Input Costs indicator recorded its most negative level seen. In contrast, the Future Business Activity indicator remained strongly positive.

Figure 4 – Finance sector WNB indicators
September, December 2010 and March, June, September 2011.



Larger firms (those with more than 50 full-time equivalent employees, FTEs) and smaller firms were similarly negative for the New Business, Profitability and Business Optimism indicators (see Figure 5). The larger Finance firms saw each of these indicators change from positive to negative in the latest quarter.

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



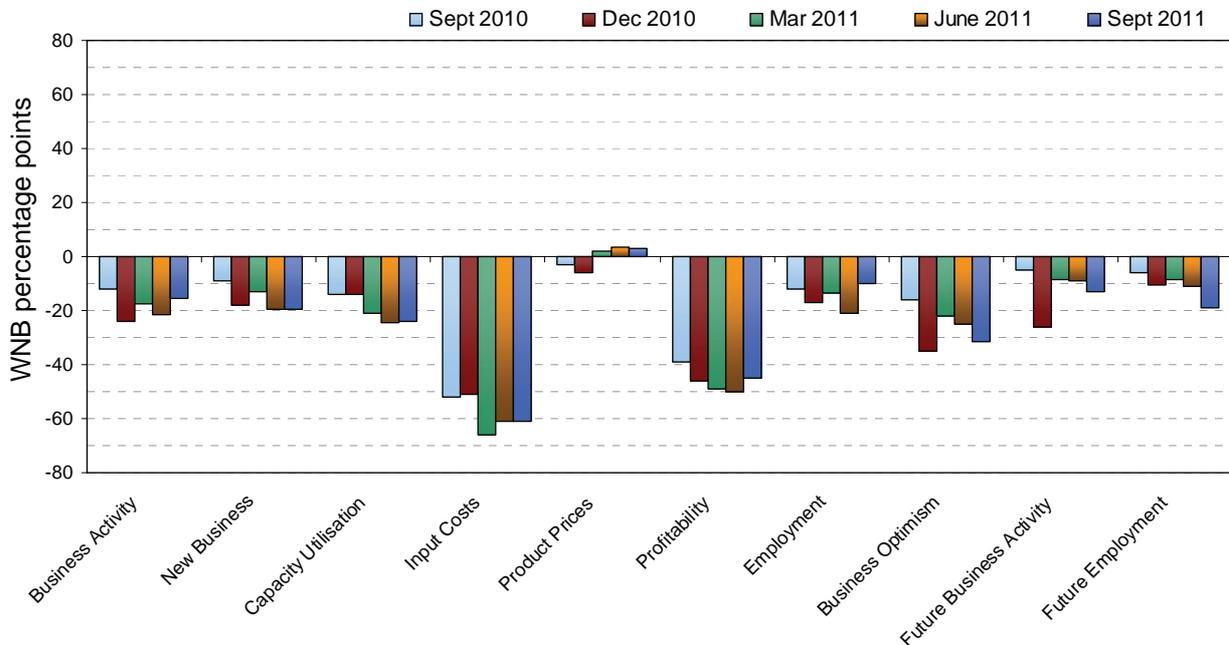
Larger Finance firms were significantly more positive than their smaller counterparts for Business Activity, Capacity Utilisation, Employment and Future Business Activity.

Section 5 - Non-finance sectors

Figure 6 compares all ten indicators for the non-finance sectors with the previous four rounds of the survey.

Figure 6 – Non-finance sectors WNB indicators

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



All ten indicators for the non-finance sectors remained at essentially the same levels as those recorded in the previous round of the survey.

In September 2011 nine out of the ten indicators for the non-finance sectors overall were negative, with the balances for Input Costs and Profitability being particularly strongly negative.

Analysing by size of company showed that smaller firms (those with fewer than 50 FTEs) were significantly more negative than the larger firms for Profitability, but were less negative than their larger counterparts for Business Optimism and Future Employment (see Appendix 1).

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 September 2011, with Input Costs, Profitability and Business Optimism being the most strongly negative.

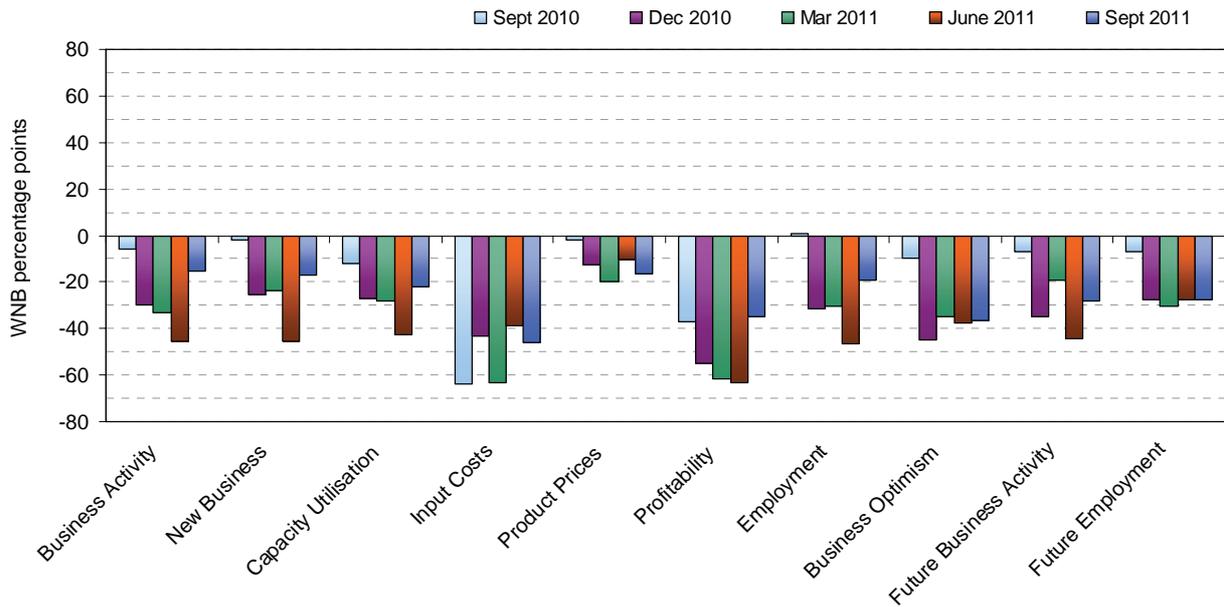
However, six of the ten indicators did see some improvement, being significantly less negative than in the previous quarter; Business Activity, New Business, Capacity Utilisation and Profitability were at their least negative levels for twelve months.

The indicators for Business Optimism and Future Employment remained at essentially the same strongly negative levels seen in the previous three quarters.

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

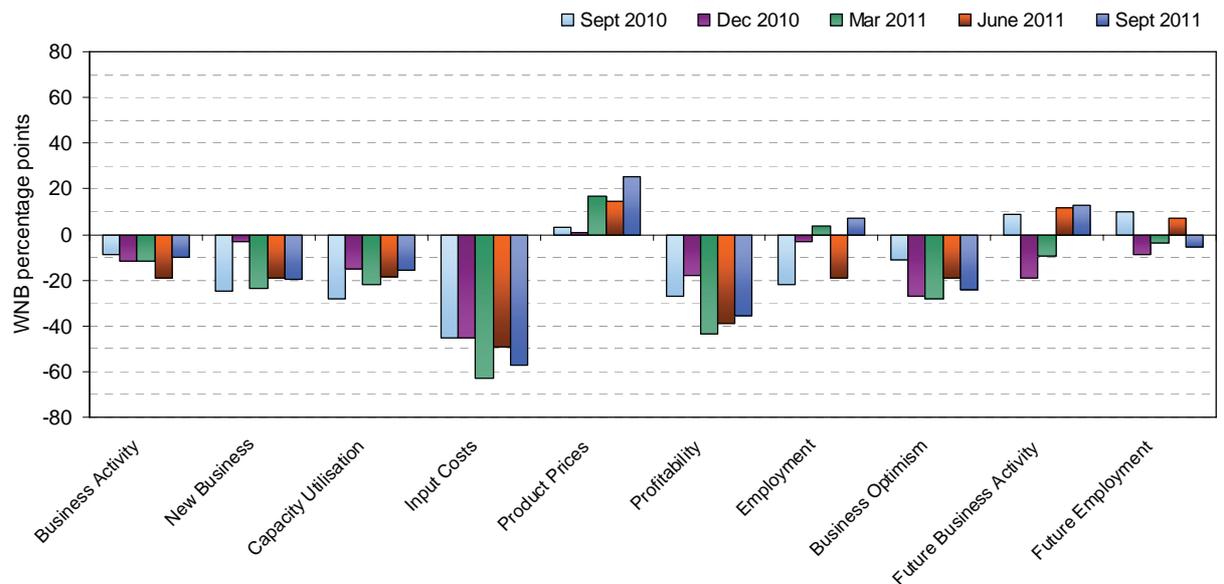


Wholesale & retail

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.

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

Figure 8 – Wholesale & retail sector WNB indicators
 September, December 2010 and March, June, September 2011.



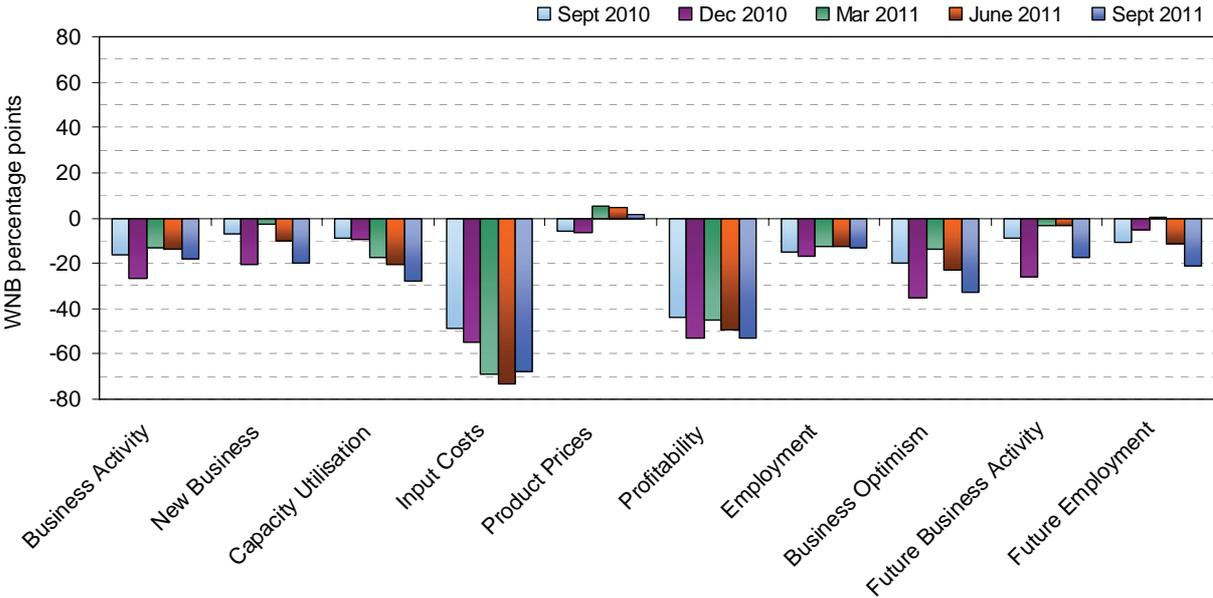
Six indicators were at similar levels to those of the previous quarter and two were marginally more positive (Business Activity and Product Prices). The indicator for Employment was slightly positive in the latest quarter, having been negative in June 2011; in contrast the indicator for Future Employment was marginally negative having been slightly positive.

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.

Nine of the ten indicators showed a negative tendency in September 2011 (see Figure 9), with Input Costs and Profitability again recording particularly negative balances.

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



The change in nine of the ten indicators in the latest quarter was small (less than 10 pp); Future Business Activity recorded the largest decrease, down by 14 pp.

In the latest quarter, Capacity Utilisation and Future Employment recorded their most negative balances in the two years that the survey has been run.

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 360 completed questionnaires were returned, constituting an overall response rate of 74%. The respondents accounted for almost half (44%) 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.

September 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	-7	50	18	54	-16	48	-15	51	-10	53	-18	46
New Business	-16	46	-5	42	-19	47	-17	34	-19	58	-20	48
Capacity Utilisation	-20	57	-7	74	-24	52	-22	37	-16	52	-28	58
Input costs	-53	41	-29	65	-61	33	-46	38	-57	32	-68	32
Product prices	1	64	-5	84	3	58	-16	54	25	56	1	60
Profitability	-40	36	-24	31	-45	38	-35	45	-36	50	-53	31
Employment	-8	66	-1	54	-10	71	-19	55	7	76	-13	75
Business optimism	-29	57	-20	79	-32	50	-36	40	-24	48	-33	56
Future business activity	0	48	39	35	-13	52	-28	44	13	54	-17	55
Future employment	-13	66	4	66	-19	65	-28	60	-5	79	-21	62

September 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	30	37	-5	86	-16	41	-15	51
New Business	-6	36	-2	54	-24	44	-18	48
Capacity Utilisation	1	84	-23	54	-14	60	-27	50
Input costs	-27	64	-33	67	-66	34	-60	33
Product prices	-3	84	-8	84	21	56	-3	59
Profitability	-21	23	-29	47	-30	50	-49	35
Employment	10	49	-21	62	-9	59	-10	74
Business optimism	-21	79	-18	77	-42	50	-28	50
Future business activity	59	26	1	52	-11	53	-14	52
Future employment	6	56	2	86	-31	63	-15	66

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

Finance

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

Non-Finance

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

Construction

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

Wholesale & retail

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

Other non-finance

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

Business Tendency Survey – September 2011

BEFORE COMPLETING THE SURVEY PLEASE READ THE ATTACHED GUIDANCE NOTES

Company Name:

Contact Details:

If the contact details have changed please update details: Name:.....Tel number:.....

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

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

Please provide a contact email address:.....

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.

- 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.
- 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.
- 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).
- 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.
- 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.
- 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.
- 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.
- 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*.