

Jersey Business Tendency Survey

December 2013

Statistics Unit: www.gov.je/statistics

Summary

In December 2013:

- the **headline all-sector Business Activity Indicator was 3 percentage points (pp)**, implying that the proportion of businesses in Jersey reporting an increase in business activity compared with three months previously was 3 pp greater than the proportion reporting a decrease. Half of all businesses reported 'no change';
- the all-sector Business Activity Indicator was essentially unchanged from the marginally positive level of the previous quarter, which recorded the highest level for this indicator to date;
- for the **Finance** sector:
 - four of the ten indicators saw significant improvement in the latest quarter;
 - Business Optimism and Future Business Activity were both strongly positive; the Business Optimism indicator recorded its highest level to date, whilst the Future Business Activity indicator recorded its highest level for two and a half years, since mid-2011;
 - the Profitability indicator also improved in the latest quarter, recording its most positive level since mid-2011;
 - in contrast, the Employment indicator declined in the latest quarter, returning to the slightly negative level seen in late 2012;
- for the **non-finance** sectors overall:
 - most indicators were essentially unchanged on the previous quarter;
 - eight of the ten indicators were significantly improved compared with twelve months ago; Business Optimism, Business Activity and New Business were the most improved;
 - the Future Business Activity indicator was positive and at its highest level to date;
- for the **Construction** sector, seven of the ten indicators saw significant improvement in the latest quarter. Business Optimism and Future Business Activity recorded the greatest improvement and were both positive for the first time in more than four years;
- for the **Wholesale & retail** sector, four of the ten indicators declined in the latest quarter, with Business Activity and Profitability recording the greatest declines. However, compared with twelve months previously (December 2012) six of the ten indicators were significantly improved, with Business Optimism and Business Activity being the most improved.

Introduction

The Jersey Business Tendency Survey (BTS) was launched in September 2009 in order to provide qualitative information about the Island's economy in a timely manner. The survey enables a set of ten indicators to be produced; the headline indicator is that of Business Activity.

Responses to the survey are used to calculate weighted net balances (WNB), defined as the difference between the proportion of businesses reporting seeing an increase in a particular measure compared to three months earlier and the proportion of businesses seeing a decrease.

Appendix 1 presents the WNB for each indicator for the current quarter; Appendix 2 presents the back series of WNBs since the survey was introduced. A copy of the survey form is contained in Appendix 3.

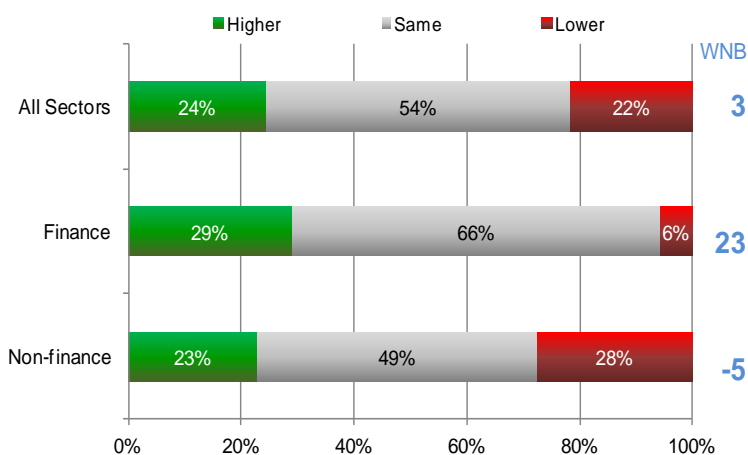
It should be emphasised that the Business Activity Indicator, and the other “current” indicators, represent a qualitative expression of the relative position of economic performance between the current point in time and that of three months previously rather than an absolute measure of performance. The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

Section 1: Business Activity

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

Figure 1.1 – Business Activity Indicator

December 2013 compared with the situation three months previously



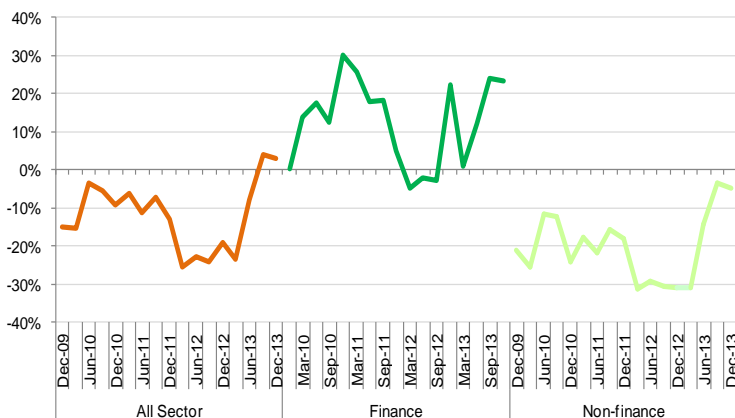
The all-sector Business Activity Indicator in December 2013 was essentially unchanged (down by 1 pp) from the marginally positive level recorded in September 2013, the highest level recorded for this indicator to date.

The non-finance sectors, overall, were more negative in terms of Business Activity than the Finance sector.

Two-thirds of businesses in the Finance (66%) and half (49%) of businesses in the non-finance sectors reported no change in Business Activity over the latest three months.

Figure 1.2 – Business Activity Indicator: time series

December 2009 – December 2013



The Business Activity indicators for the Finance and non-finance sectors were essentially unchanged (down by 1 pp) compared with the previous quarter.

In the latest quarter, the Business Activity indicator for the Finance sector was at a similar level to that of twelve months previously (December 2012), whilst for the non-finance sectors this indicator was at a considerably higher (less negative) level than that of December 2012.

Section 2: Business Optimism Indicator

Business Optimism improved significantly in the latest quarter, recording its highest level to date for the Finance sector, non-finance sectors (overall) and the Construction sector. In particular, Business Optimism in Construction improved by 59 pp in December 2013 to become positive for the first time; almost half of companies in the sector reported no change. In contrast, four-fifths of firms in Wholesale & retail reported either a decrease or no change in Business Optimism in the latest quarter.

Figure 2.1 Business Optimism

Dec 2013 compared with the situation three months previously

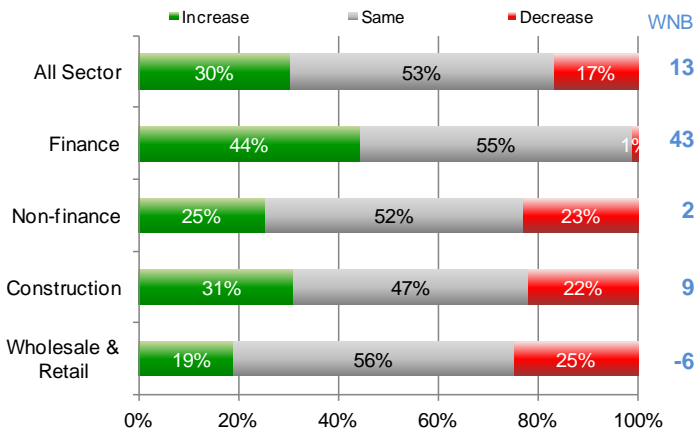
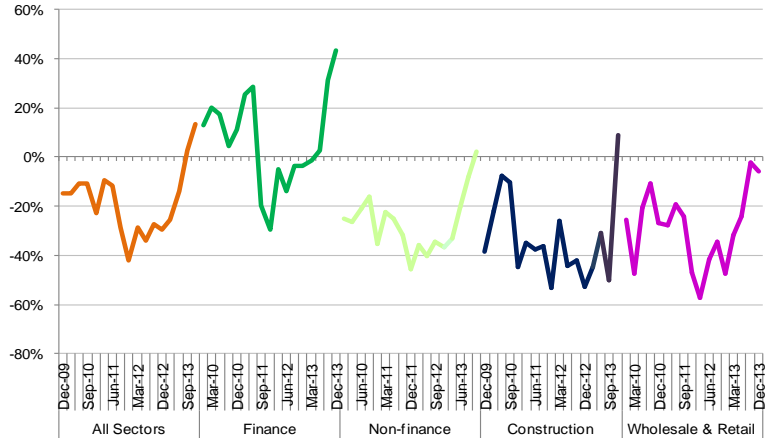


Figure 2.2 Business Optimism

December 2009 – December 2013



Section 3: Finance

Four of the ten indicators for the Finance sector improved in the latest quarter, increasing by at least 10 pp (see Appendix 2). For more detailed analysis of short-term and longer-term expectations see the Annex.

Figure 3.1 – Finance Sector Indicators

Dec 2013 compared with the situation three months previously

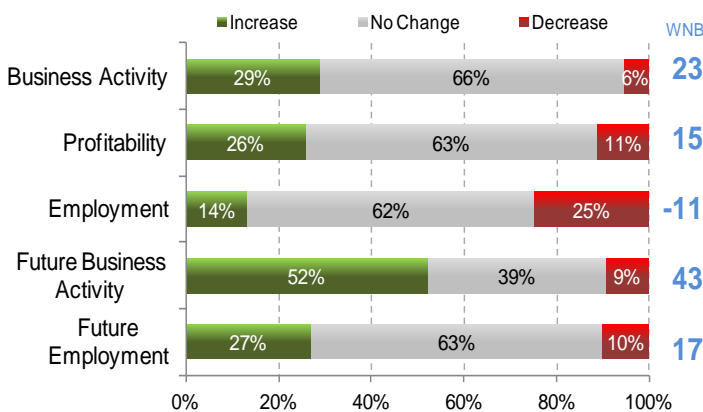
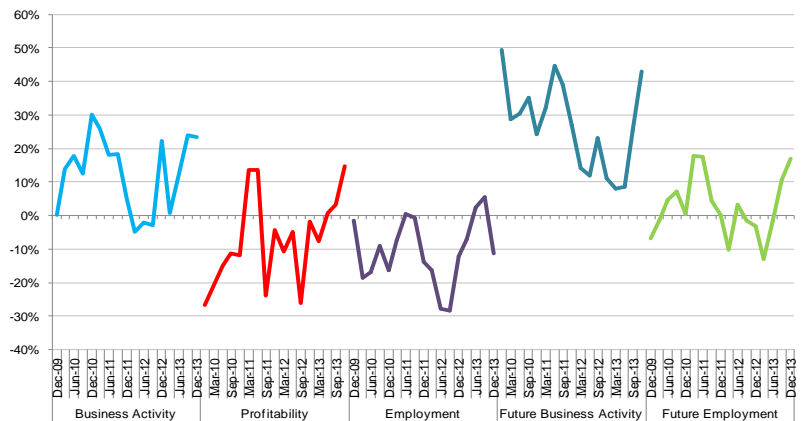


Figure 3.2 – Finance Sector Indicators

December 2009 – December 2013



The Future Business Activity, Business Optimism and Profitability indicators saw significant improvement compared with the previous quarter, whilst Input Costs saw the greatest improvement, recording its least negative level since December 2009. Business Activity and Capacity Utilisation were relatively unchanged in the latest quarter.

The Employment indicator saw a significant decline in the latest quarter returning to a negative level similar to that of a year ago, in December 2012, and almost two-thirds of firms anticipated no change in short-term Future Employment.

In the latest quarter, the Business Optimism indicator recorded its highest level to date and the Future Business Activity indicator recorded its highest level for two and a half years, since mid-2011.

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

Section 4: Non-finance

For the non-finance sectors, overall, most indicators were essentially unchanged on the previous quarter.

Figure 4.1 Non-finance sector indicators

Dec 2013 compared with the situation three months previously

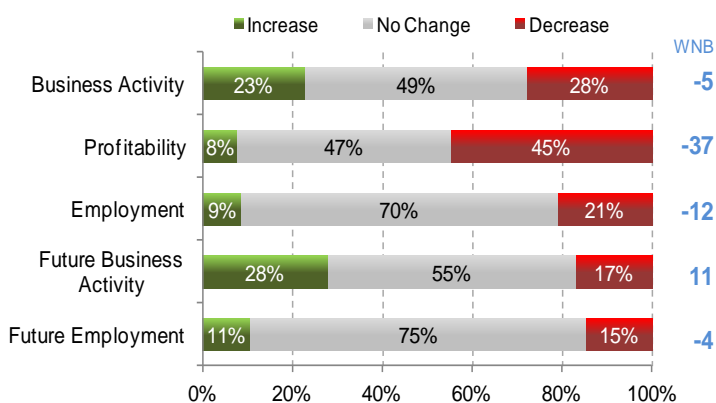
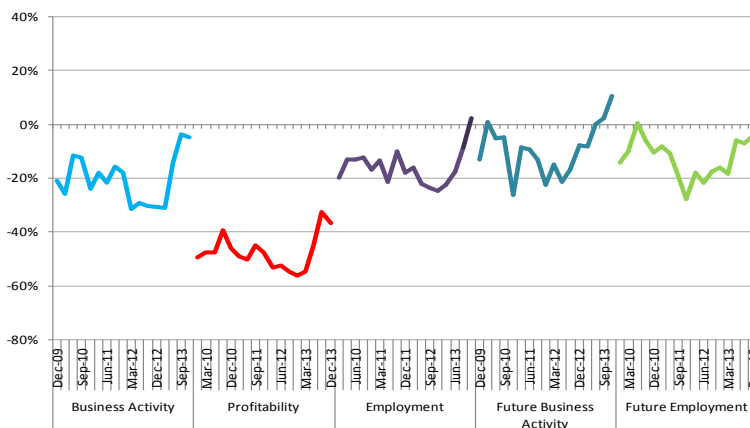


Figure 4.2 Non-finance sector indicators

December 2009 – December 2013



Eight of the ten indicators were significantly improved compared with twelve months ago; Business Optimism, Business Activity and New Business were the most improved.

Section 5: Construction sector

Figure 5.1 Construction sector indicators

Dec 2013 compared with the situation three months previously

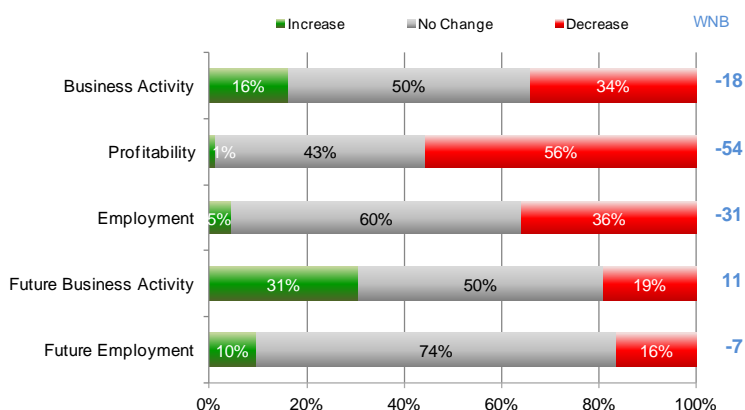
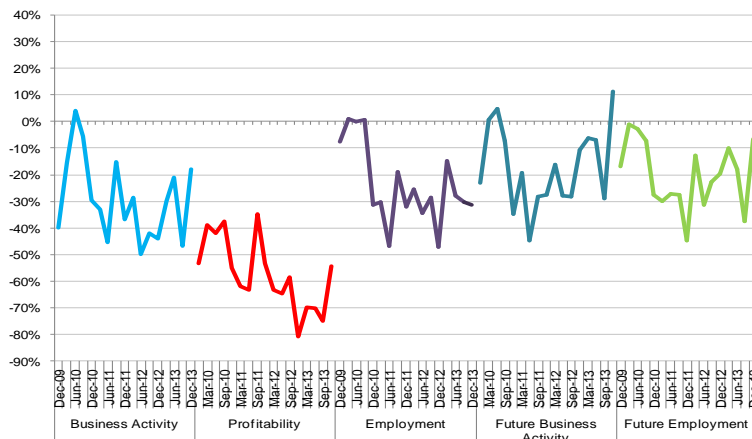


Figure 5.2 Construction sector indicators

December 2009 – December 2013



Seven of the ten indicators for the **Construction** sector saw significant improvement in the latest quarter. Business Optimism and Future Business Activity recorded the greatest improvement and were both positive for the first time in more than four years.

Section 6: Wholesale and retail sector

All ten indicators for **Wholesale & Retail** either declined or were essentially unchanged from the levels recorded in the previous quarter. Profitability (down by 27 pp), Business Activity (down by 21 pp) and New Business (down by 17 pp) recorded the greatest declines. Almost all businesses anticipated either a decline or no change in Future Employment.

However, compared with twelve months previously (December 2012) six of the ten indicators for the sector were significantly improved, with Business Optimism and Business Activity being the most improved.

Figure 6.1 Wholesale & Retail sector indicators

Dec 2013 compared with the situation three months previously

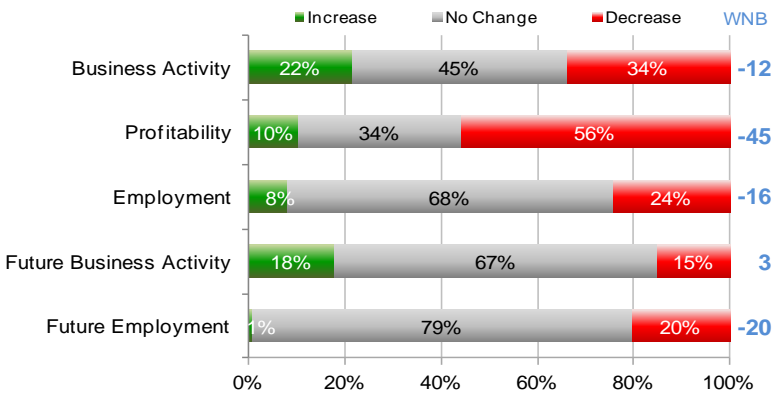
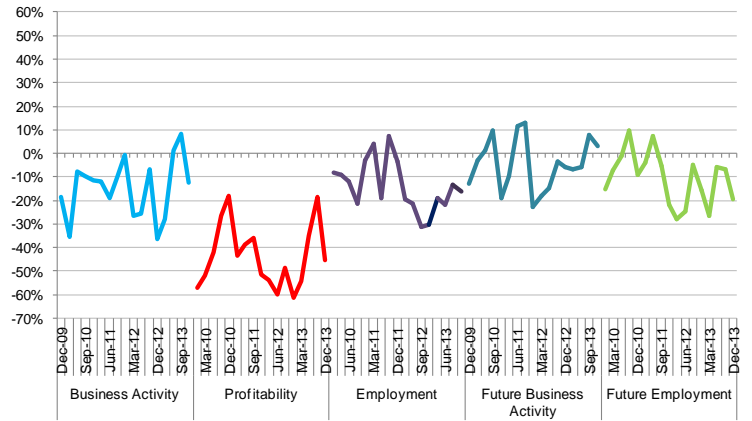


Figure 6.2 Wholesale & Retail sector

December 2009 – December 2013



Statistics Unit
22nd January 2014

Notes

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

The December 2013 round of the survey ran in the first four weeks of December. 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:**

Around 510 firms were sent a survey questionnaire for this survey; some 350 completed questionnaires were returned, constituting an overall response rate of 70%. The respondents accounted for two-fifths (41%) of total private sector employment.

5. **Weighting:**

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

December 2013 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	3	54	23	66	-5	50	-18	50	-12	45	1	51
New Business	5	51	28	50	-5	51	-13	49	-18	49	1	52
Capacity Utilisation	-13	59	11	78	-23	52	-28	45	-44	40	-15	57
Input costs	-29	63	-2	80	-41	57	-37	61	-37	63	-44	54
Product prices	-3	84	0	93	-5	80	-20	79	0	82	-2	80
Profitability	-23	52	15	63	-37	48	-54	43	-45	34	-29	53
Employment	-12	68	-11	62	-12	70	-31	60	-16	68	-6	74
Business optimism	13	53	43	55	2	52	9	47	-6	56	3	52
Future business activity	19	51	43	39	11	55	11	50	3	67	13	52
Future employment	2	71	17	63	-4	74	-7	74	-20	79	1	73

December 2013 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	22	67%	25	63%	10	66%	-10	43%
New Business	26	48%	36	52%	14	62%	-11	47%
Capacity Utilisation	18	75%	-8	84%	-16	54%	-25	51%
Input costs	-3	78%	-1	85%	-40	54%	-42	58%
Product prices	1	94%	-3	93%	-7	87%	-4	78%
Profitability	18	65%	9	59%	-31	48%	-39	47%
Employment	-13	65%	-5	50%	-4	60%	-15	74%
Business optimism	43	55%	46	50%	15	65%	-2	47%
Future business activity	39	36%	51	49%	21	58%	7	54%
Future employment	10	68%	39	44%	-2	65%	-4	79%

* Weighted percentage of respondents who replied "same".

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

WNB Indicators

All Sectors

Indicator	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013
Business Activity	-15	-15	-4	-6	-9	-6	-11	-7	-13	-25	-23	-24	-19	-23	-8	4	3
New Business	-15	-13	-9	-3	-3	0	-9	-16	-17	-22	-26	-20	-17	-14	-14	3	5
Capacity Utilisation	-18	-21	-10	-11	-12	-17	-17	-20	-18	-19	-34	-30	-24	-29	-17	-12	-13
Input costs	-32	-35	-44	-42	-39	-52	-52	-53	-43	-38	-42	-44	-32	-40	-39	-38	-29
Product prices	-13	-6	0	-1	-6	2	2	1	1	-1	-6	-5	-16	-3	-8	-7	-3
Profitability	-43	-41	-39	-32	-37	-32	-34	-40	-38	-43	-41	-48	-44	-43	-33	-23	-23
Employment	-15	-15	-14	-12	-17	-12	-16	-8	-17	-16	-23	-25	-22	-19	-12	-5	-12
Business optimism	-15	-15	-11	-11	-23	-10	-11	-29	-42	-29	-34	-27	-30	-26	-14	3	13
Future business activity	4	8	5	6	-12	2	5	0	-11	-8	-13	-7	-4	-4	2	9	19
Future employment	-12	-8	2	-2	-7	-1	-4	-13	-21	-16	-16	-14	-13	-17	-5	-2	2

Finance

Indicator	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013
Business Activity	0	14	18	13	30	26	18	18	5	-5	-2	-3	22	1	12	24	23
New Business	5	25	15	12	36	35	19	-5	11	15	6	-6	25	24	-3	36	28
Capacity Utilisation	-12	-5	-1	-4	-6	-7	6	-7	3	2	-11	1	2	-8	11	9	11
Input costs	1	-13	-19	-14	-7	-13	-25	-29	-17	-5	-21	-26	-4	-9	-14	-28	-2
Product prices	-12	-15	2	6	-7	4	-3	-5	5	0	6	1	-5	4	-2	-6	0
Profitability	-27	-21	-15	-11	-12	14	14	-24	-4	-11	-5	-26	-2	-8	1	3	15
Employment	-1	-19	-17	-9	-16	-7	0	-1	-14	-16	-28	-28	-12	-7	2	5	-11
Business optimism	13	20	17	4	11	25	28	-20	-29	-5	-14	-4	-4	-1	3	31	43
Future business activity	50	29	30	35	24	32	45	39	27	14	12	23	11	8	9	25	43
Future employment	-7	-1	5	7	0	18	17	4	0	-10	3	-2	-3	-13	-2	10	17

Non-Finance

Indicator	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	March 2013	June 2013	Sept 2013	Dec 2013
Business Activity	-21	-26	-12	-12	-24	-18	-22	-16	-18	-31	-29	-30	-31	-31	-14	-4	-5
New Business	-23	-27	-19	-9	-18	-13	-20	-19	-24	-33	-36	-25	-29	-27	-18	-10	-5
Capacity Utilisation	-20	-27	-14	-14	-14	-21	-25	-24	-25	-26	-41	-39	-31	-36	-26	-20	-23
Input costs	-45	-43	-54	-52	-51	-66	-61	-61	-51	-47	-49	-49	-49	-50	-47	-42	-41
Product prices	-13	-3	0	-3	-6	2	4	3	-1	-2	-10	-7	-19	-5	-10	-7	-5
Profitability	-49	-48	-48	-39	-46	-49	-50	-45	-47	-53	-52	-55	-56	-55	-45	-33	-37
Employment	-20	-13	-13	-12	-17	-13	-21	-10	-18	-16	-22	-24	-25	-22	-17	-8	-12
Business optimism	-25	-26	-21	-16	-35	-22	-25	-32	-46	-36	-40	-34	-37	-33	-20	-8	2
Future business activity	-13	1	-5	-5	-26	-9	-9	-13	-22	-15	-21	-17	-8	-8	0	2	11
Future employment	-14	-10	0	-6	-10	-8	-11	-19	-28	-18	-22	-17	-16	-18	-6	-7	-4

Construction

Indicator	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013
Business Activity	-40	-15	4	-6	-30	-33	-45	-15	-37	-29	-50	-42	-44	-30	-21	-47	-18
New Business	-59	-31	-1	-2	-25	-24	-46	-17	-52	-35	-50	-38	-39	-19	-16	-41	-13
Capacity Utilisation	-33	-14	9	-12	-27	-28	-42	-22	-28	-29	-56	-58	-57	-40	-45	-47	-28
Input costs	-41	-34	-64	-64	-43	-63	-39	-46	-37	-22	-18	-33	-36	-46	-38	-38	-37
Product prices	-12	-12	-15	-2	-12	-20	-10	-16	-6	-27	-37	-37	-43	-23	-29	-27	-20
Profitability	-53	-39	-42	-37	-55	-62	-63	-35	-53	-63	-65	-59	-81	-70	-70	-75	-54
Employment	-8	1	0	1	-31	-30	-47	-19	-32	-25	-34	-29	-47	-15	-28	-30	-31
Business optimism	-38	-22	-8	-10	-45	-35	-37	-36	-53	-26	-44	-42	-53	-45	-31	-50	9
Future business activity	-23	1	5	-7	-35	-19	-45	-28	-28	-16	-28	-28	-11	-6	-7	-29	11
Future employment	-17	-1	-3	-7	-28	-30	-27	-28	-45	-13	-31	-23	-20	-10	-18	-37	-7

Wholesale & retail

Indicator	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013
Business Activity	-18	-36	-8	-9	-11	-12	-19	-10	-1	-27	-25	-7	-36	-28	1	8	-12
New Business	-6	-47	-22	-25	-3	-24	-19	-19	3	-26	-39	0	-36	-35	-11	-1	-18
Capacity Utilisation	-11	-44	-35	-28	-15	-22	-19	-16	-1	-19	-50	-44	-48	-45	-37	-37	-44
Input costs	-52	-48	-46	-45	-45	-63	-49	-57	-67	-47	-50	-45	-41	-50	-38	-36	-37
Product prices	-12	6	16	3	1	17	14	25	7	7	7	5	-12	-14	-7	-1	0
Profitability	-57	-52	-42	-27	-18	-43	-39	-36	-52	-54	-60	-49	-61	-54	-35	-18	-45
Employment	-8	-9	-12	-22	-3	4	-19	7	-4	-20	-21	-31	-30	-19	-22	-13	-16
Business optimism	-25	-47	-21	-11	-27	-28	-19	-24	-47	-57	-42	-35	-47	-32	-24	-2	-6
Future business activity	-13	-3	1	9	-19	-9	11	13	-23	-18	-15	-3	-6	-7	-6	8	3
Future employment	-15	-7	-1	10	-9	-4	7	-5	-22	-28	-25	-5	-16	-26	-6	-7	-20

Other non-finance

Indicator	Dec 2009	Mar 2010	June 2010	Sept 2010	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	Mar 2012	June 2012	Sept 2012	Dec 2012	Mar 2013	June 2013	Sept 2013	Dec 2013
Business Activity	-14	-26	-18	-16	-27	-13	-14	-18	-18	-34	-25	-35	-24	-32	-18	5	1
New Business	-15	-20	-23	-7	-21	-3	-10	-20	-24	-35	-31	-29	-23	-26	-20	-4	1
Capacity Utilisation	-18	-26	-15	-9	-9	-17	-20	-28	-32	-27	-33	-32	-17	-31	-17	-6	-15
Input costs	-43	-44	-53	-49	-55	-69	-73	-68	-50	-55	-57	-56	-40	-51	-53	-46	-44
Product prices	-14	-2	-1	-6	-6	5	5	1	-2	3	-9	-2	-12	5	-6	-3	-2
Profitability	-45	-49	-51	-44	-53	-45	-50	-53	-44	-50	-46	-55	-46	-50	-42	-25	-29
Employment	-29	-19	-17	-15	-17	-13	-13	-13	-18	-12	-19	-19	-15	-26	-13	0	-6
Business optimism	-19	-22	-25	-20	-35	-14	-23	-33	-42	-31	-38	-32	-28	-30	-16	2	3
Future business activity	-9	2	-11	-9	-26	-3	-3	-17	-20	-13	-22	-18	-7	-9	5	10	13
Future employment	-13	-13	2	-11	-5	0	-11	-21	-24	-16	-18	-20	-15	-18	-3	2	1

BTSRef:

Business Tendency Survey – December 2013

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:..... Email:.....

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, Miscellaneous business activities. (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)

Increase No change Decrease N/A

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

Increase No change Decrease N/A

Credit: Availability and Affordability

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

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

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

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

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

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

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

Compared to 3 months ago: ₁ Increase ₂ Same ₃ Decrease ₄ Don't know

Compared to 12 months ago: ₁ Increase ₂ Same ₃ Decrease ₄ Don't know

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

Compared to 3 months ago: ₁ More affordable ₂ No change ₃ Less affordable ₄ Don't know

Compared to 12 months ago: ₁ More affordable ₂ No change ₃ Less affordable ₄ Don't know

Exceptional circumstances

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

.....

.....

.....

.....

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

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

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.

Please contact Andreia Gomes (Tel: 01534-440417 Email: a.gomes@gov.je) if you have any questions relating to the survey or are unable to submit the completed form

Thank you for your time.

GUIDELINES ON COMPLETING THE SURVEY

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

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

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

Finance sector: Future Expectations

Finance Future Profits

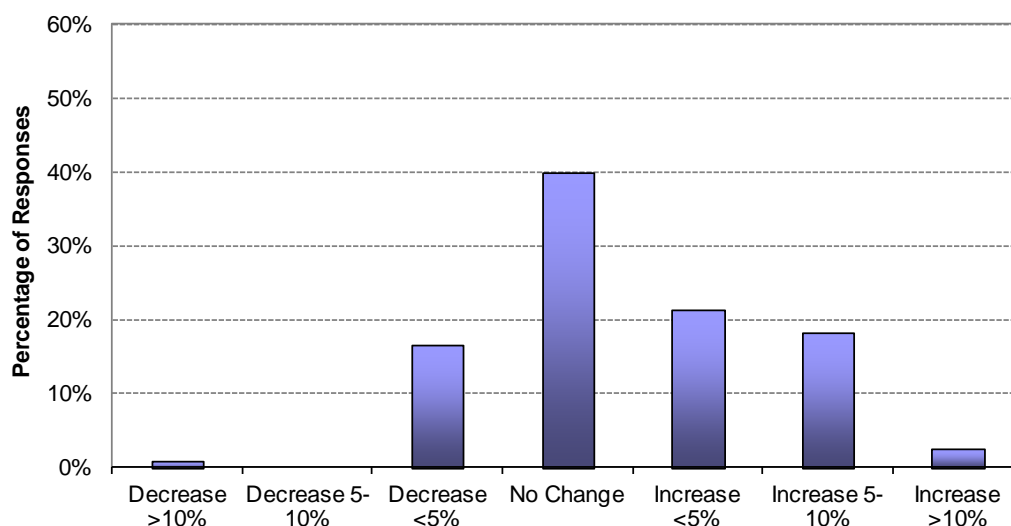
The following sections of the report focus on future expectations for the finance sector overall and for individual sub-sectors. This information is derived from a set of extra questions included in the December 2013 round of the Business Tendency Survey (BTS).

Companies were asked how they expected annual profits for 2014 to compare with their actual profits recorded in current year 2013. They were also asked for a short-term outlook on profits for the next three months (January-March 2014). The distributions of short-term and long-term profit expectations are presented in Figures A1 and A2, respectively.

Responses are weighted by manpower, whereby the responses of larger companies are given more significance.

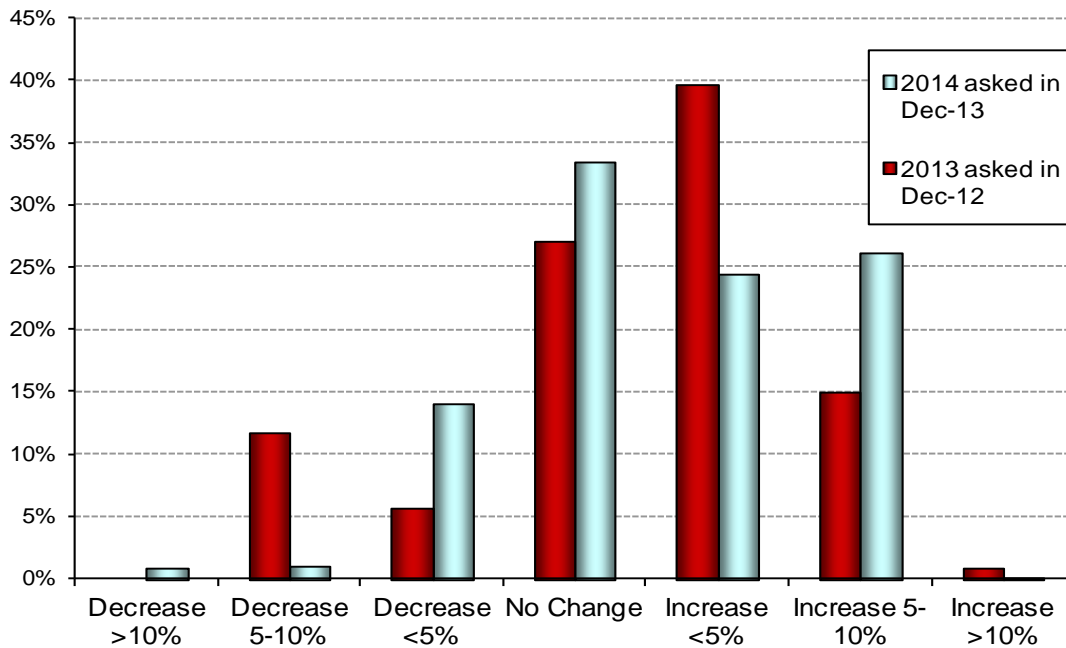
Overall, short-term profit expectations were positive on balance (see Figure A1), with around two-fifths (42%) of companies reporting that they anticipated profits to increase in the first quarter of 2014 compared with the last quarter of 2013, whilst almost a fifth (18%) expected profit levels to decrease. Two-fifths of companies (40%) anticipated profits to be unchanged in the short-term.

Figure A1 – Future Profit expectations: short-term (3 months: Jan - Mar 2014)



The longer term outlook for profits in 2014 was slightly more positive than the short-term outlook, with half of companies (51%) anticipating that profits would increase in 2014 and a sixth (16%) anticipating profits to be lower than in 2013 (see Figure A2). A third (33%) of companies expected profits in 2014 to be unchanged compared with 2013.

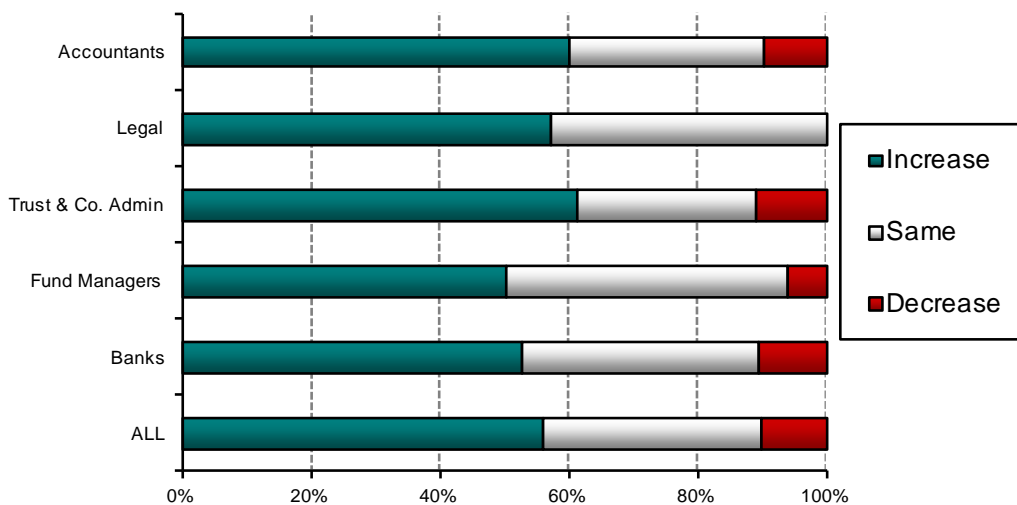
Figure A2 – Future Profit expectations: long-term (calendar years 2013 and 2014)



This latest longer term perspective was similar to that recorded a year earlier (in December 2012), when just over half (55%) of companies anticipated a rise in profits in 2013 at some level and around one in six (17%) of businesses expected a fall in profits to occur.

The longer term outlook for profits for 2014 was fairly consistent across the finance sub-sectors (see Figure A3). The Legal sub-sector were the most optimistic, with all respondent companies reporting that they anticipated profits to either increase or remain the same in 2014.

Figure A3 - Long-term expectations of profits (for 2014) by sub-sector; percentages

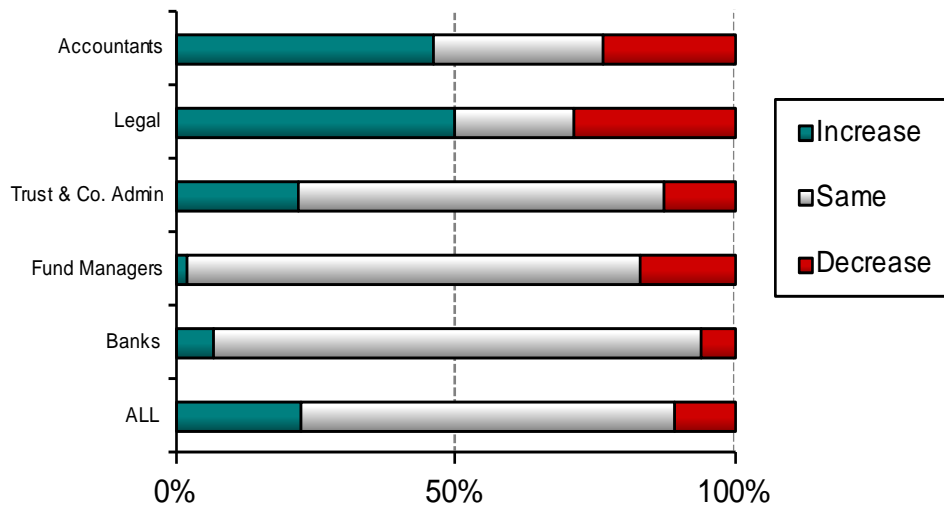


Expectation of changes in Employment

Firms were asked to forecast how they expected their staff numbers to change over the next three months (January – March 2014) and over 2014 as a whole.

Overall, two-thirds of companies (67%) in the Finance sector expected no change in employment during the next three months, compared with more than a fifth of companies anticipating a rise (22%) and one in ten anticipating a fall (11%) in employment. In the short-term, the Accountants and Legal sub-sectors were the most positive, with around half of firms in each sub-sector anticipating an increase in employment during the next three months. In contrast, very few Fund Managers anticipated an increase in employment in the short-term.

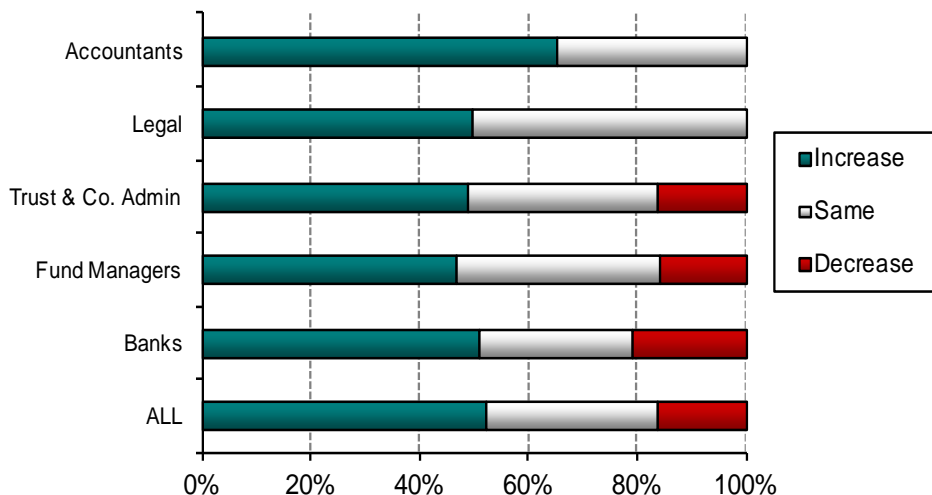
Figure A4 - Short term expectation of employment (Jan-Mar 2014) by sub-sector; percentages



The longer-term outlook for employment was also positive on balance, with around a half (52%) of companies anticipating that employment numbers will rise in 2014 compared with a sixth (16%) anticipating a fall. Almost a third (31%) of companies expected their employment levels to remain unchanged during 2014.

These employment expectations for the Finance sector in 2014 are more optimistic than those expressed twelve months ago for 2013.

Figure A5 - Expectation of change in employment for 2014 by sub-sector; percentages



As can be seen from Figure A5, expectations regarding employment in 2014 varied across the sub-sectors. The Accountants and Legal sub-sectors were the most positive, with all respondent companies in these sub-sectors expecting employment levels to either increase or remain the same during 2014. The Banking sub-sector had the greatest proportion of companies anticipating a decrease in employment in 2014, reported by about a fifth (21%) of such companies.

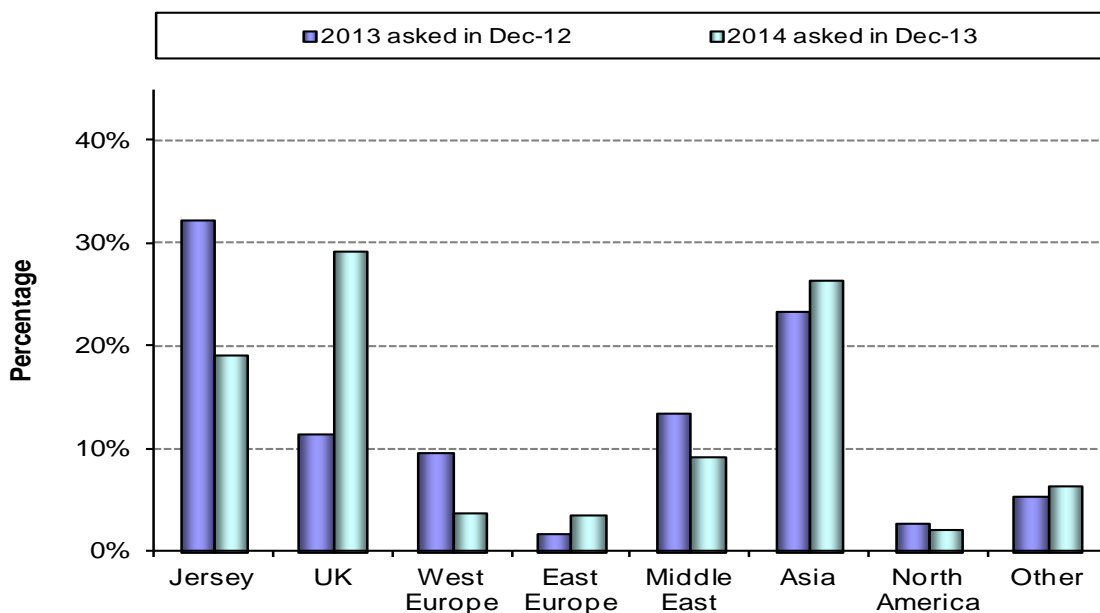
Business development

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

More than a quarter (29%) of companies felt that the UK would be a **key developing region** in 2014 (Figure A6), followed by Asia (26%), Jersey (19%) and the Middle East (9%).

The greatest shift in opinion since a year ago relates to the UK's potential for developing key business referrers, with more than twice the proportion of companies identifying the UK as a key region for 2014 compared with 2013.

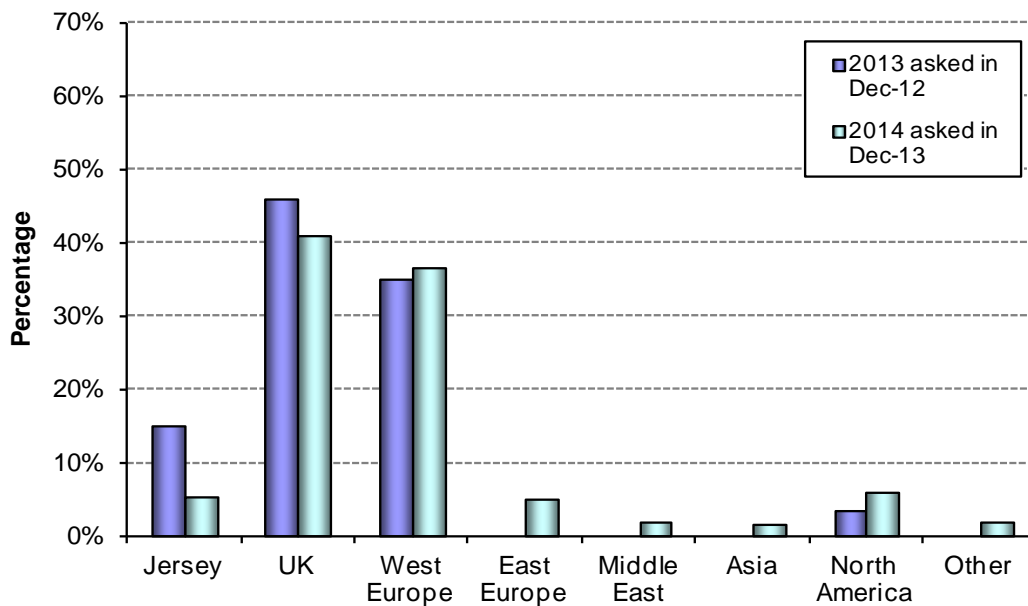
Figure A6 - Geographical regions with highest potential for developing key business referrers in 2013 and 2014; *percentages*.



When asked which geographical regions had the greatest **potential for decline** in 2014 (Figure A7), in terms of key business referrers, the majority of companies (80%) identified regions within Europe, with specific focus on the UK (41%) and Western Europe (37%).

These latest results suggest that opinion has generally remained similar to last year's survey (run in December 2012). The proportion of companies considering Jersey as an area of potential decline has decreased from 15% to 5% since last year's survey.

Figure A7 - Geographical regions with highest potential for decline of key business referrers in 2013 and 2014; percentages.

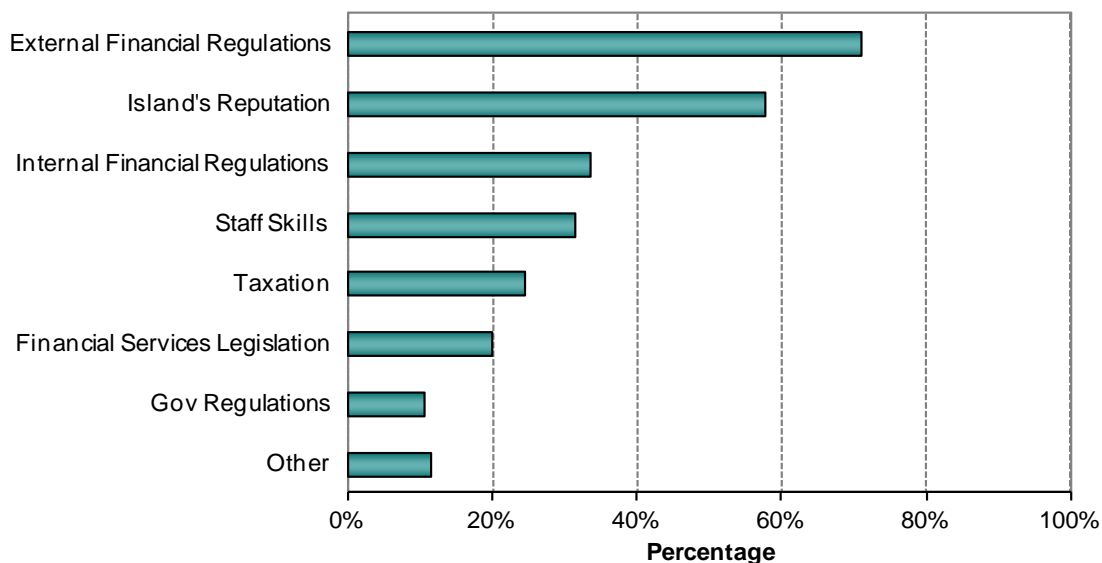


Jersey’s business environment

Firms were asked to identify the key issues which they considered Jersey’s business environment faced over the next six months. Respondents were asked to tick up to three options and were also able to identify other issues.

The two most frequently cited key issues identified for the first six months of 2014 were: “External financial regulations”, identified by almost three-quarters (71%) of businesses (see Figure A8), and the “Island’s reputation”, identified by almost three-fifths (58%) of businesses. “Internal Financial Regulations” (33%) and “Staff Skills” (31%) were each cited by around a third of businesses as key issues for the first six months of 2014.

Figure A8 - Key issues for Jersey’s business environment over the next 6 months



Comparison with the results of the survey of a year ago (December 2012) gives a generally similar perspective to the key issues faced by the Island at the two points in time:

- as in December 2013, “External financial regulations” was the most frequently cited issue in December 2012, and by a similar proportion of companies (by 71% in both cases);
- the “Island’s reputation” was the second most frequently cited key issue in both surveys, but by an increased proportion of firms in December 2013 (58%) than a year ago (45% in December 2012);
- the greatest change compared with a year ago relates to “Staff skills”, cited as a key issue by almost a third (31%) in December 2013 but by only around one in ten (9%) companies in December 2012.

Parent company perspective

Companies who have a non-Jersey parent were asked about the current confidence of their parent company towards Jersey compared with the situation three months earlier.

Two-thirds of companies (68%) indicated that parent company confidence was the same compared with the previous three months, a quarter (24%) reported increased parent company confidence whilst fewer than one in ten (8%) reported decreased parent company confidence.