States of Jersey Statistics Unit

Jersey Economic Digest 2004

States of Jersey

Foreword

2004 has seen many developments in the production and dissemination of Official Statistics in Jersey.

For the first time Jersey now has estimates of the size of its economy (Gross Value Added and Gross National Income) produced to internationally agreed methodology. The information available on the financial services sector has been expanded to include a look forward on profits. We now know more about our energy consumption through the new publication “Jersey Energy Trends”.

At the same time data are now easier to access via the new Statistics Unit website www.gov.je/statistics and easier to understand via redesigned releases.

However, all official data are only of value if used, be it: in the development and debate on policy; by businesses in their planning; or by individuals in understanding more about how the Island is developing. From what I have seen this year there is an encouraging appetite for data and information in Jersey and the feedback we have had on the developments mentioned above has been positive.

But sometimes it is too easy just to focus on the latest set of data and not see a wider picture or to look at longer term trends. This report aims to assist that wider perspective. It brings together key data on the economy and adds some additional commentary, interpretation and cross analysis to the data.

No new data are presented here in terms of a new data point in a series. But new analysis is presented which shows how data can be used to further our understanding of the Jersey economy.

The report focuses on economic data including employment and prices. A wider cross-section of data on Jersey will be published as usual in “Jersey in Figures” in the spring.

The developments we have achieved this year have only been possible because individuals and companies have continued to provide us with data. I am very grateful for that and I can reassure you again that all data provided are only used for the production of aggregate statistics.

I trust the report is both interesting and of use.

Duncan Millard
Head of Statistics, States of Jersey Statistics Unit

Contents

Summary

The Jersey Economic Digest pulls together a wide range of statistics relating to the economy up to the end of 2003, or middle of 2004 for quarterly series.

Overall it shows that, despite falls in Gross Value Added and employment seen in 2003, the Jersey economy is performing well with a high level of gross value added per capita and low unemployment.

Of course there is a great deal more to look at in understanding the economy than a simple sentence can portray. Different sectors of the economy experience different conditions, but in Jersey the health of the finance sector is central. It employs a quarter of the workforce and accounts for half of Gross Value Added. As such the decline in profits, and thus value added, of the finance sector seen in 2003 inevitably means that Jersey's overall value added has fallen; in real terms it is nearly 5% smaller than in 2002. But this is just a mirror image of the growth seen in the late 1990's when finance grew and so did the overall economy. Looking forward the finance industry is generally optimistic about 2004.

2003/4 also saw a reduction in the number of people employed, down by around 1,000, with the finance sector seeing the largest falls. However, early signs suggest that employment may be picking up in 2004, with a net increase in non-seasonal sectors in the first half of the year.

The Retail Prices Index (RPI) have been very much in the headlines this year as the 12-month annual change has increased from 3.7% in March, to 4.8% in June and on to 5.6% in September. This increase has been driven by the increases in the Bank of England base rate and in global oil prices, but does still mean that inflation in Jersey is currently higher than it has been for a number of years. Conversely the rate of increase in RPI(X), the RPI excluding house purchase costs, has fallen and this index saw its lowest ever annual percentage change in September 2004, 3.3%.

The increases in RPI have also meant that in 2004 average earnings increased by less than RPI (3.3% compared to 4.8% - earnings are measured in June). In the context of recent years this difference is unusual; the last time RPI increased faster than average earnings was in 1995. Since 1990 the RPI has increased by an average of 4.3% per year compared to average earnings increasing by 5.5% per year.

After a long period of continued growth house prices have been very stable over the past three years, as indicated by the fact that the average price of a property in each of the last three September quarters has varied by no more that 1.5%. The current average price of a dwelling in Jersey is £322,000.

This summary is just a snap shot of some of the data and areas covered in this report; other topics included are gross value added per employee (showing that this measure is two to four times greater for the finance sector than for any other sector), average earnings by sector and much more.

Section 1: Economy

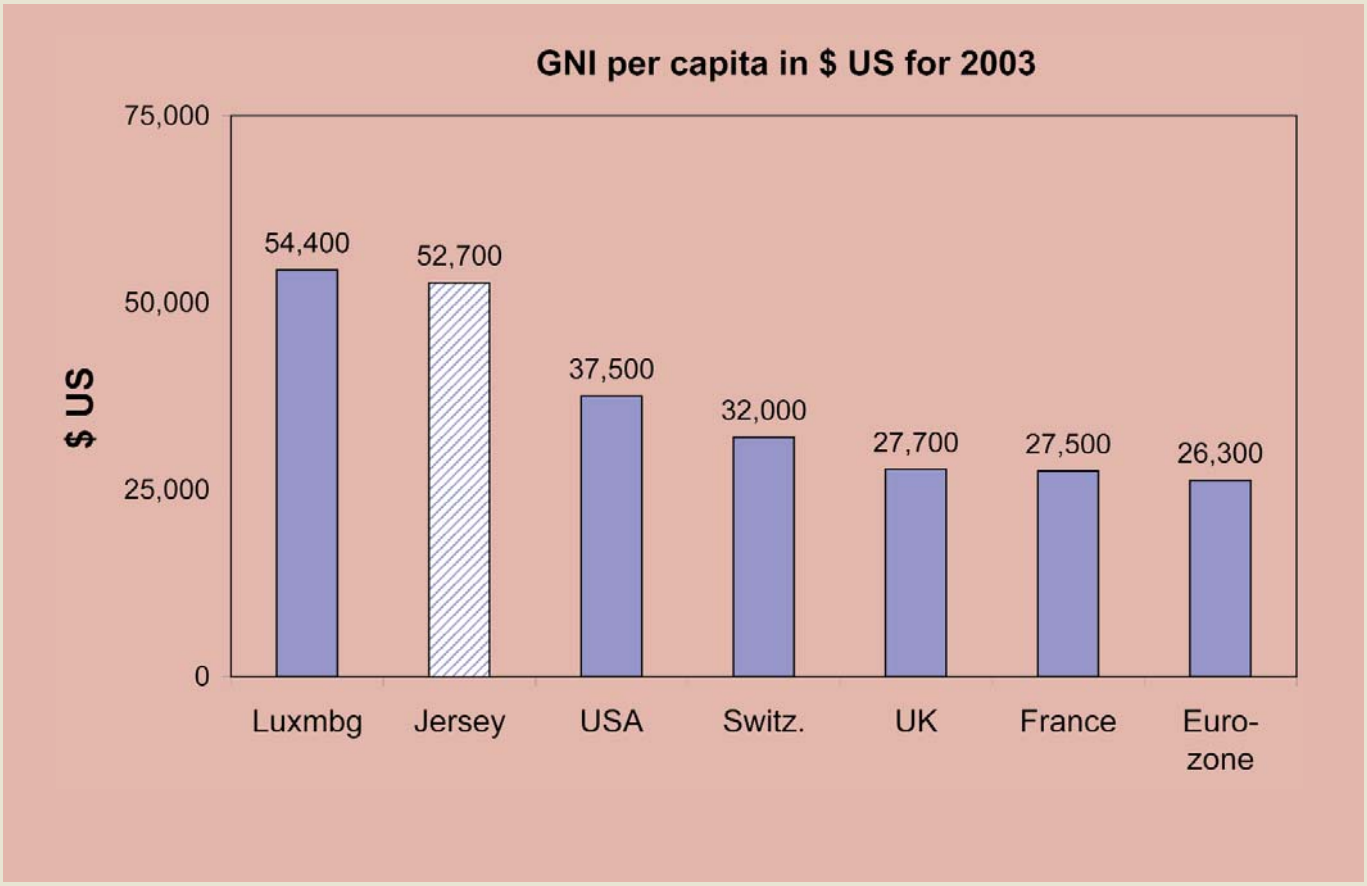
Overview

In 2003 the value of economic activity in Jersey was some £3.13 billion pounds. This measure of the value of activity is derived by calculating the Gross Value Added (GVA) for the Island; in essence, GVA is the sum of wages and salaries and company profits.

The economic activity of Jersey can also be considered in another way, in terms of the wealth of Jersey people and Jersey-owned businesses; this measure is known as Gross National Income (GNI). GNI is derived from GVA by subtracting money earned in Jersey by businesses owned off-Island but adding back money earned abroad by Jersey residents and businesses. In 2003 GNI for Jersey was approximately £2.9 billion pounds.

Jersey's GNI per capita is amongst the highest in the world, and is shown in chart 1.1 in terms of $US for comparative purposes.

Chart 1.1: Jersey GNI per capita



Source World Bank, calculated using OECD purchasing power parities for £ sterling.

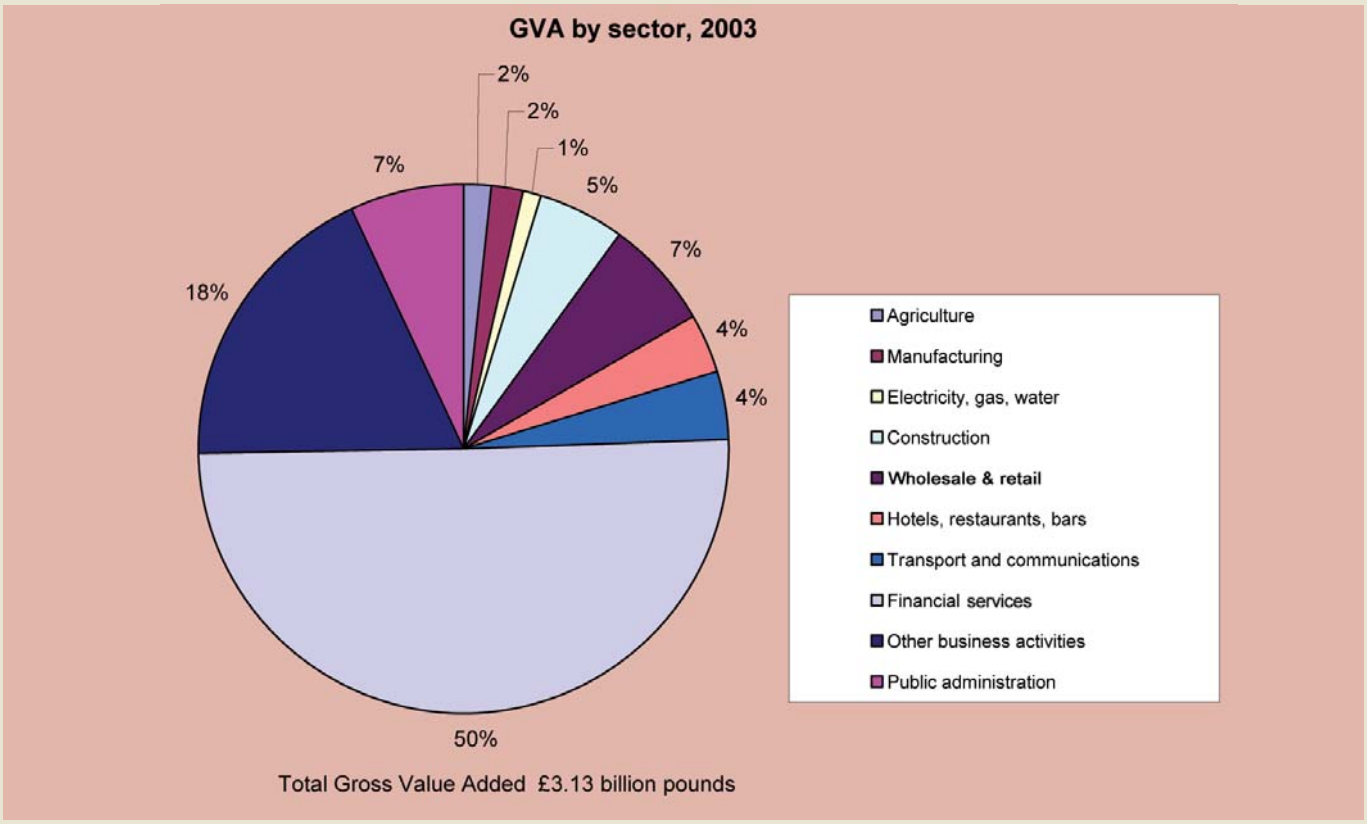
In 2003, only Luxembourg had a higher GNI per capita ($54,400), whilst the USA and UK stood at $37,500 and $27,700 respectively.

Development of the Jersey economy

The economy of Jersey has seen a great deal of change during the past 30 to 40 years as markets have become more international and global travel has increased. This has meant that traditional Jersey industries such as agriculture and tourism are having to operate in fiercely competitive markets and are no longer the dominant industries in Jersey.

However, the international nature of business has allowed the single-most dramatic change to the Jersey economy to take place. Over the past 20 to 30 years the Financial services sector (banking, trust and fund administration and management, accountancy and legal activities) has grown such that it now accounts for half of all the economic activity in Jersey (chart 1.2) and employs nearly a quarter of the workforce.

Chart 1.2: Gross Value Added by sector, 2003



Reliable data on the size of the Jersey economy only exist from 1998 onwards, with the latest data being for 2003[1] . As such, it is difficult to track in detail the growth of the finance industry in Jersey since its inception, but we can look at more recent developments.

Chart 1.3 shows GVA in real terms, i.e. excluding the impact of inflation. This chart clearly shows two features. Firstly, that the past five years have been split into two distinct periods: 1998-2000 saw strong economic growth whilst 2000-2003 saw the economy performing less well. The second feature is the strong relationship between the fortunes of the finance industry and the Jersey economy overall. So whilst the GVA of the finance industry grew by 16% in real terms between 1998 and 2000, the overall GVA for Jersey correspondingly grew by 9%, but total GVA then fell by 10% in the three years to 2003 when the value added of the Finance sector declined by 18%. Annual real-term changes in GVA are shown in chart 1.4.

[1] *Jersey Gross Value Added (GVA) and Gross National Income (GNI) 1998-2003: Statistics Unit, September 2004.*

Chart 1.3: Gross Value Added in real terms

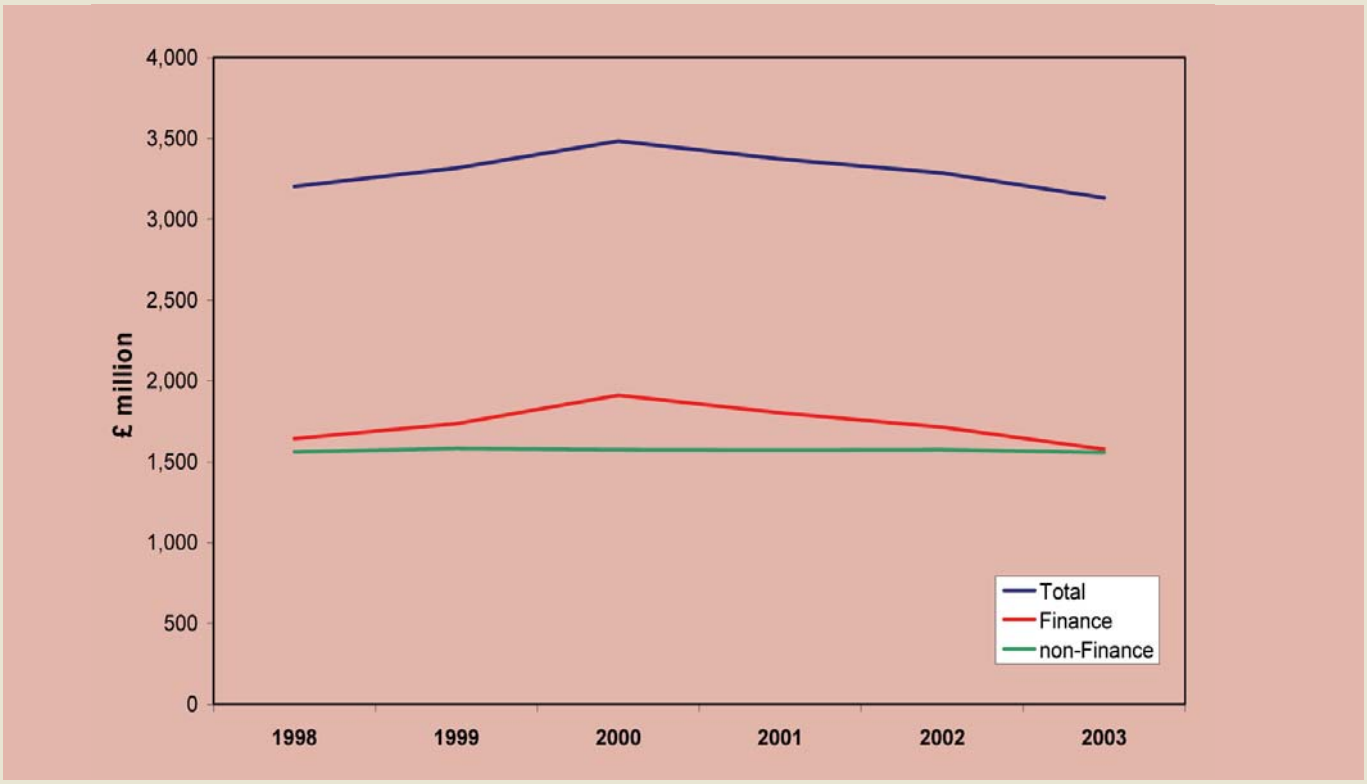
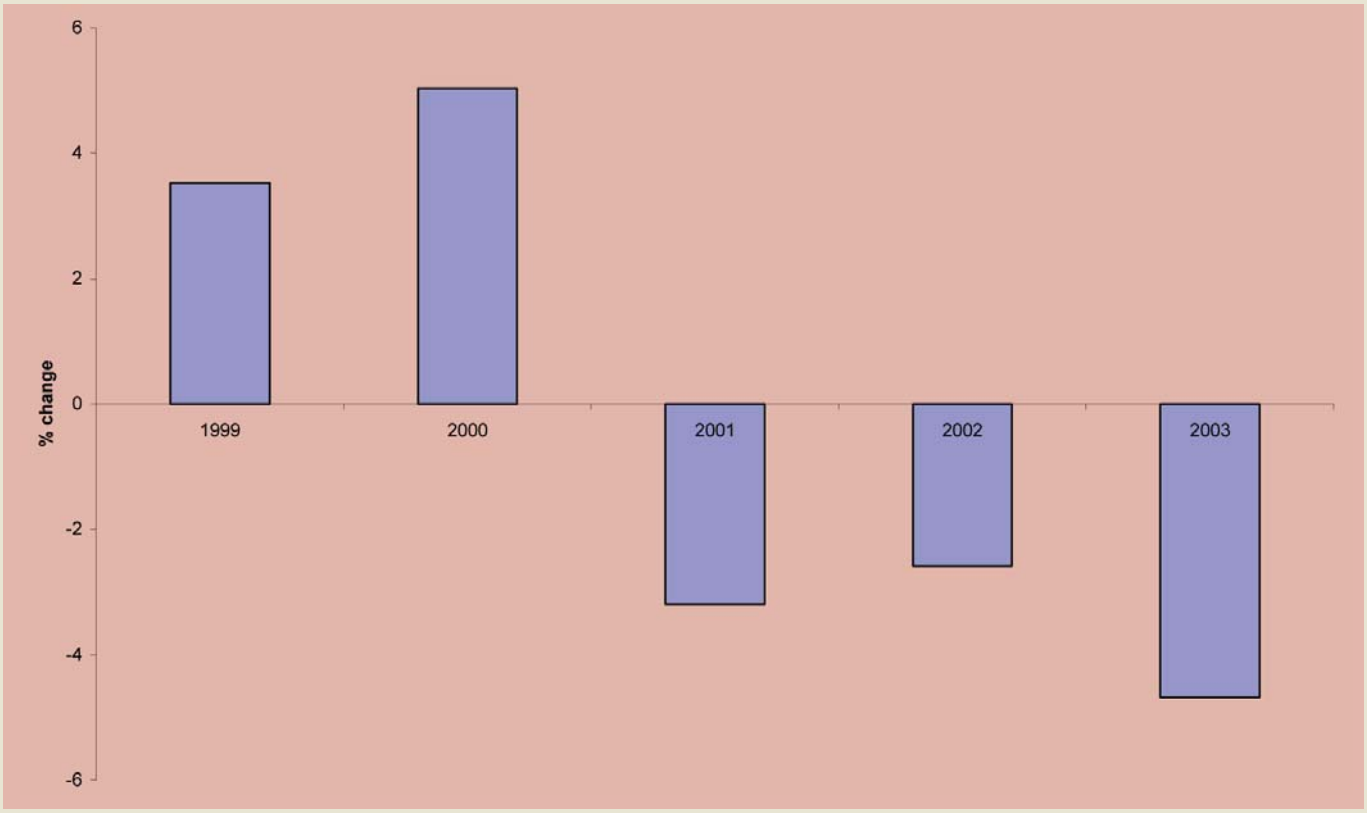


Chart 1.4: Annual percentage change in Gross Value Added in real terms



Another feature which impacts strongly on the Jersey economy, but is not directly visible in chart 1.3 or 1.4, is the performance of global financial markets. This point is important because the interrelation of financial markets means it is very unlikely that the sector can be performing well in one geographic region when it is falling elsewhere. However, this does not mean that an economy can not be performing well in relative terms. It is hard to accurately assess how Jersey has performed compared to other jurisdictions

since comprehensive comparable data are not available, but compared to near-neighbours Jersey's Finance sector decline of 18% between 2000 and 2003 is not anomalous: Guernsey's finance sector declined by 13% between 2001 and 2003 whilst that of the UK fell by 17% between 2002 and 2003 (after growing strongly in 2001).

Economic sectors

Whilst the performance of the whole economy has mirrored that of the Finance sector during the past five years there have been differences in the performance of individual sectors as measured by GVA (see Table 1.1 and Annex tables A1a and A1b).

	GVA in 2003 prices, £ million			Percentage change		
	1998	2000	2003	1998 - 2000	2000.- 2003	1998 - 2003
Agriculture	60	57	49	*-5.5*	*-13.3*	*-18.1*
Manufacturing	73	72	66	*-1.5*	*-8.5*	*-9.8*
Electricity, gas, water	41	41	36	*0.6*	*-12.5*	*-12.0*
Construction	161	167	163	*3.5*	*-2.2*	*1.2*
Wholesale & retail	221	217	207	*-1.9*	*-4.6*	*-6.4*
Hotels, restaurants & bars	132	124	114	*-6.1*	*-8.2*	*-13.8*
Transport & communications	134	133	130	*-1.0*	*-1.9*	*-2.9*
Financial services	1,642	1,910	1,575	*16.3*	*-17.5*	*-4.1*
Other business activities	544	551	568	*1.3*	*3.2*	*4.5*
Public administration	193	211	222	*9.0*	*5.3*	*14.7*
Total	**3,203**	**3,483**	**3,131**	***8.7***	***-10.1***	***-2.2***

Table 1.1: Gross Value Added by sector

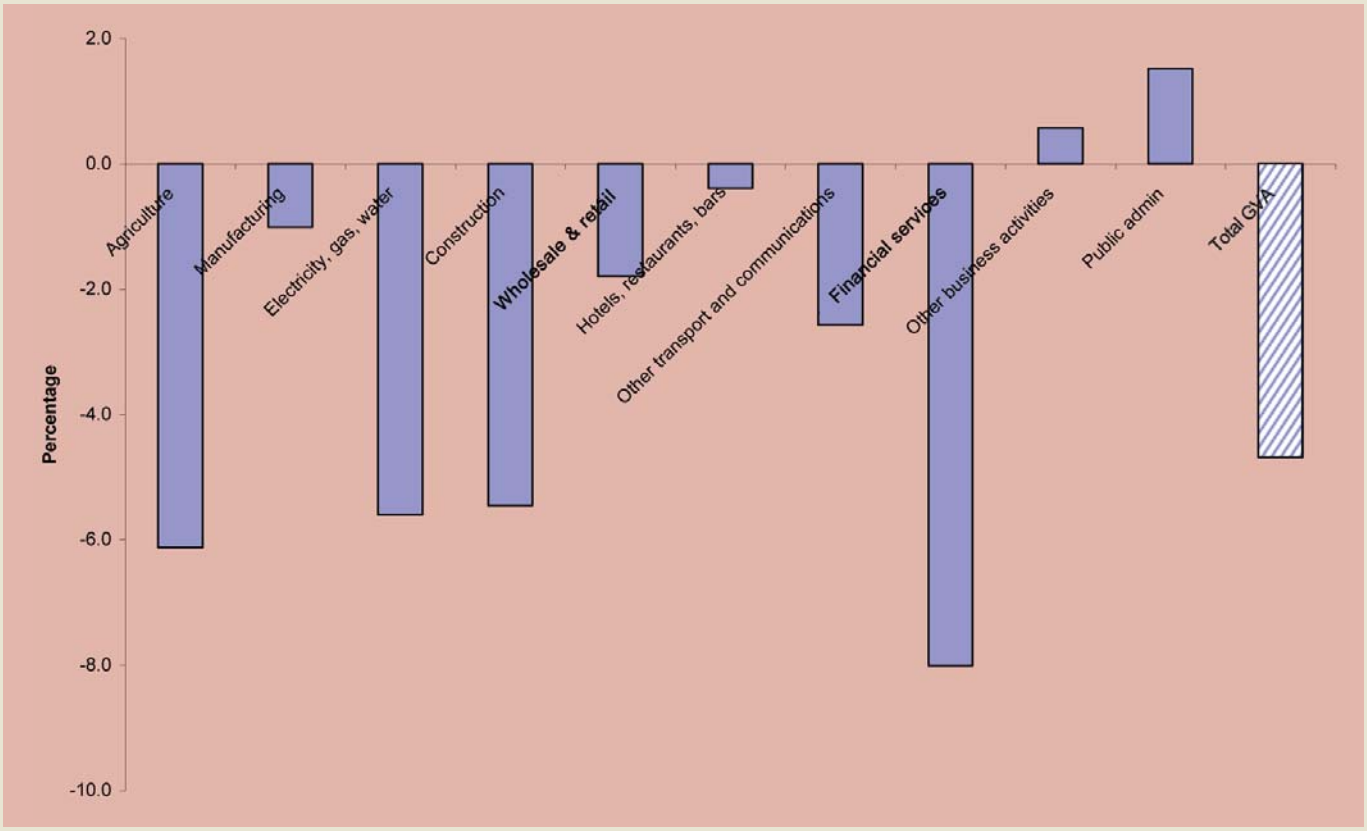
The Agriculture and Hotels, restaurants and bars sectors have both seen large real-term falls (-18 and -14% respectively) between 1998 and 2003. Manufacturing and Wholesale and retail have not seen such large real-term declines but have still fallen more than the whole Jersey economy, whilst Construction and Other business activities have seen real-term growth (1 and 5% respectively).

However, whilst GVA, which is the sum of compensation of employees (wages, pensions, etc.) and company gross operating surplus (profits), is a good measure of the overall performance of the economy, some care is needed in interpreting changes for certain sectors. For example, between 1998 and 2003 real GVA in the Electricity, gas and water sector fell by 12%; but this fall coincided with a period of significant job losses in the sector resulting in the compensation of employee component of GVA falling in real terms. However, as described below, real GVA per employee in this sector was higher in 2003 than in 1998.

Similarly, by convention, the GVA of the public sector is determined as only the compensation of its employees: the public sector is defined to consume all of its own output. Thus the 15% growth between 1998 and 2003 in the GVA of the public sector reflects increased employment in the sector and the extent to which wage settlements have been above RPI(X), the measure used to deflate current price GVA to real terms. These two employment factors are also pertinent for other sectors, but with the addition of changes in company profits.

The most recent changes in GVA mirror are shown in chart 1.5 below.

Chart 1.5: Real-term change in GVA, 2002 - 2003

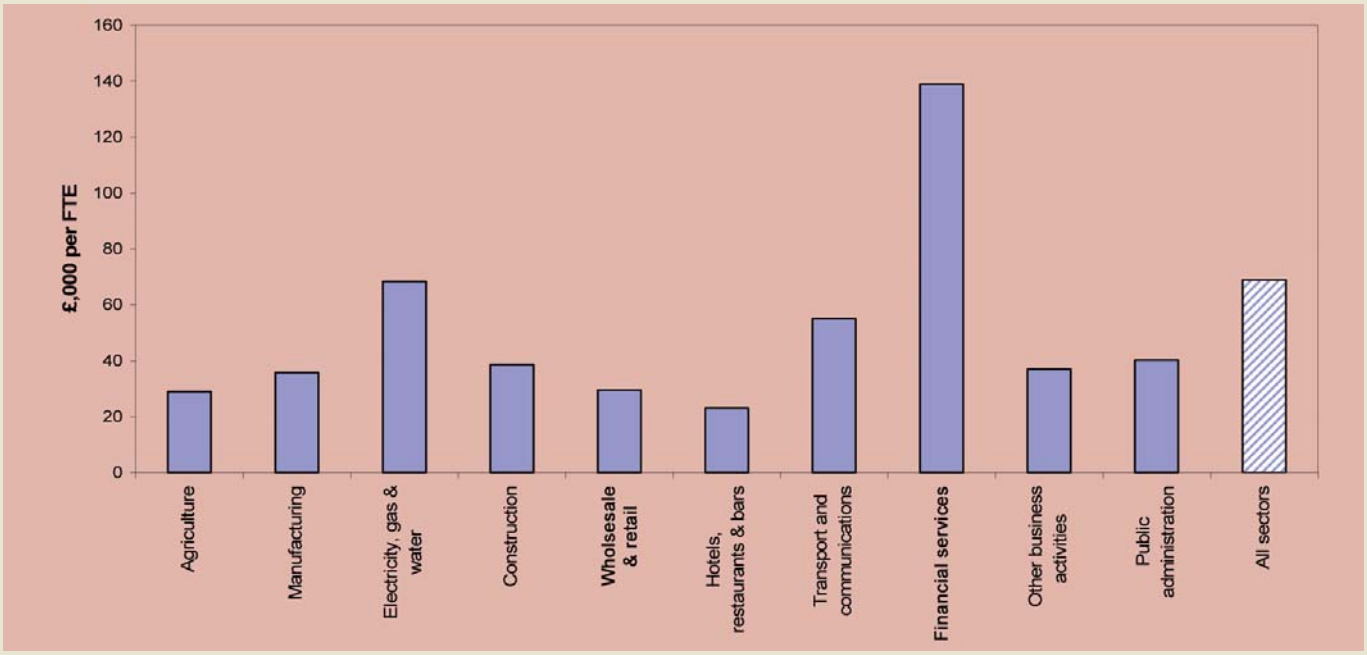


Gross Value Added per employee

Another way of assessing the contribution which sectors make to the overall economy is to look at GVA per employee, derived by dividing GVA by the number of full-time equivalent[2] (FTE) employees, both at sector and whole economy level. GVA per employee is not quite an absolute measure of productivity but can be viewed as a proxy since it does show the value of economic output produced per employee. GVA per employee is, however, conceptually different to GNI per capita; the latter is a measure of the total value of economic activity of Jersey-owned businesses and resident individuals divided by the total Island population and as such is a smaller number than GVA per employee (which measures output per those employed only).

[2] The number of full-time equivalent employees is calculated by assigning a full-time employee a weight of 1 and a part-time employee a weight of 0.5.

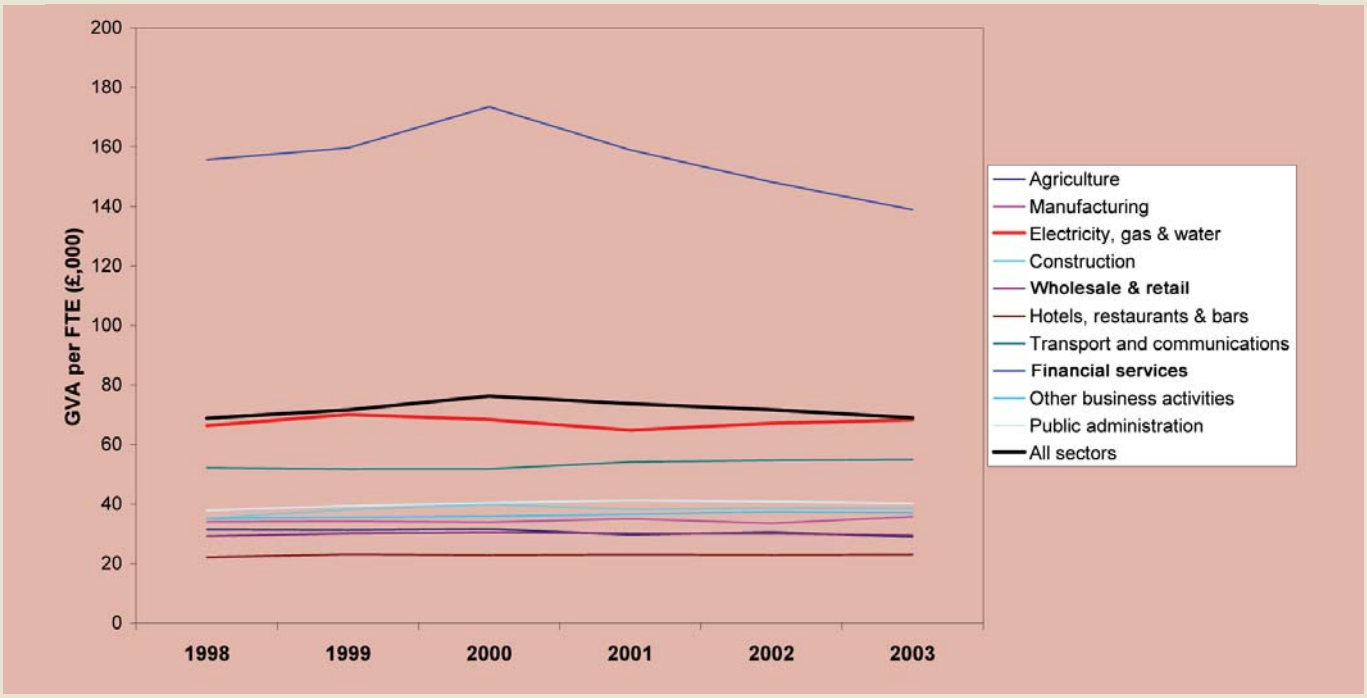
Chart 1.6: GVA per full-time equivalent employee in 2003



In 2003 GVA per employee (chart 1.6) was greatest in the Finance sector at £139,000 per FTE. This value was twice as large as the next sector, Electricity, gas and water (£68,000), and approximately three and a half times the level of most other sectors. The lowest values of GVA per employee were seen in the Hotels, restaurants and bars, Agriculture and Wholesale and retail sectors, all of which had figures below £30,000 per FTE.

The longer term trend in GVA per employee is shown in chart 1.7 below, with underlying data in Annex table A2. The most dramatic changes have occurred in the Finance sector: GVA per employee in this sector grew to a real-term peak of £174,000 in 2000 before falling in each of the past three years to £139,000 by 2003, which is below the level seen in 1998. Most other sectors have seen relatively small real-term growth of order £1,000-3,000 per FTE between 1998 and 2003, except for Wholesale and retail, which has remained largely flat at around £29,000 per FTE, and Agriculture, which has fallen from £31,000 per FTE in 1998 to £29,000 per FTE in 2003.

Chart 1.7: GVA per FTE in 2003 prices

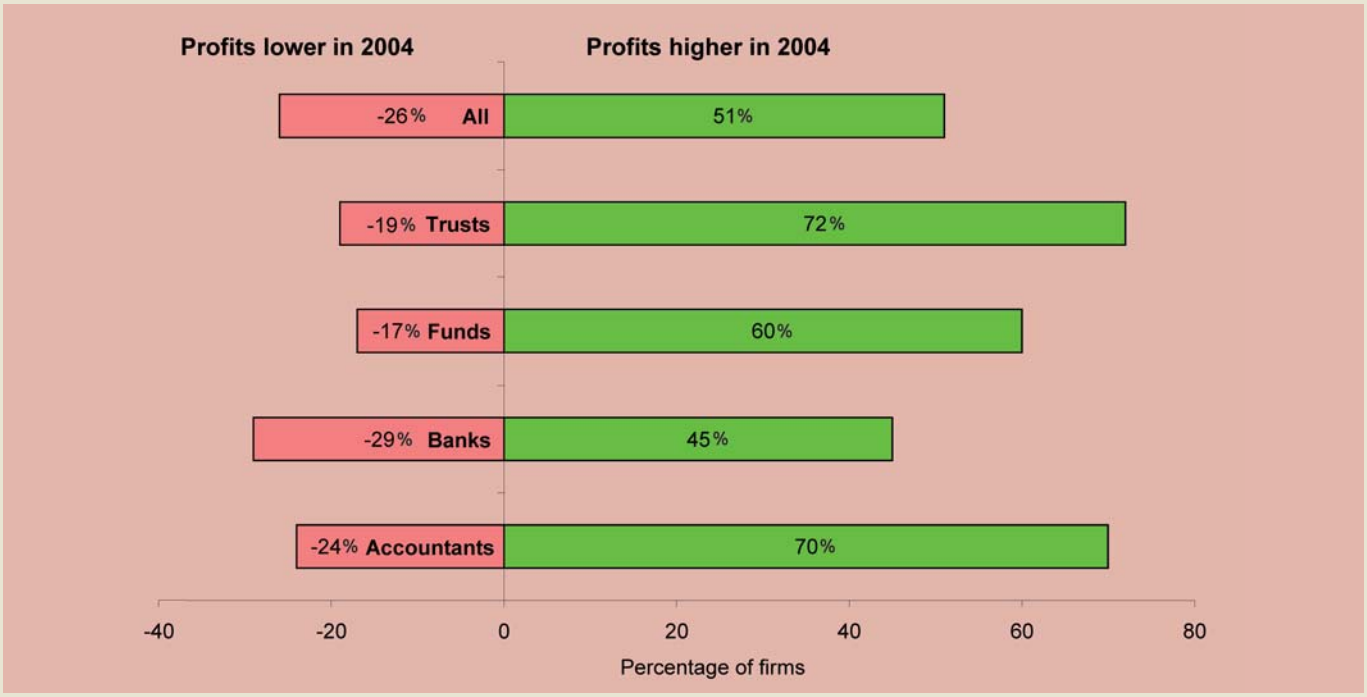


Finance sector profits

As indicated previously, the performance of the overall Jersey economy during the past few years reflects that of the Finance sector; total profits in the sector reached a peak in 2000 since when profits have fallen, most recently by 4% for 2003 compared to 2002. The various sub-sectors within the Finance sector, however, have exhibited contrasting performances: profits for fund managers and for trust and company administrators increased by 12% and 9%, respectively, between 2002 and 2003, whereas those for banking (which accounts for around three-quarters of total profit in the sector) fell by 6% over the same period.

There was, however, a degree of optimism expressed by the Finance sector overall for 2004, with twice as many firms anticipating that profits would increase rather than decrease (Chart 1.8). Also, due to some rationalisation (notably the outsourcing, or "offshoring", of back-office activities) the profit per employee across the sector in 2003 was slightly higher than that noted in 2002.

Chart 1.8: Finance companies expectation of profits for 2004 relative to 2003



The percentages of firms expressing "same" or "don't know" are not shown in chart 1.8

Section 2: Employment

Overview

In relative terms, employment levels in Jersey are high. For example, in 2001 82% of people of working age in Jersey were economically active (i.e. in work or looking for work) compared to 78% in the UK. The same differential of 4 percentage points applied to both sexes: the economic activity rates of men and women were 87% and 76% respectively in Jersey compared to 83% and 72% in the UK. These activity rates resulted in there being on average 1.24 full-time equivalent employees per household in Jersey compared to 0.96 in the UK[3].

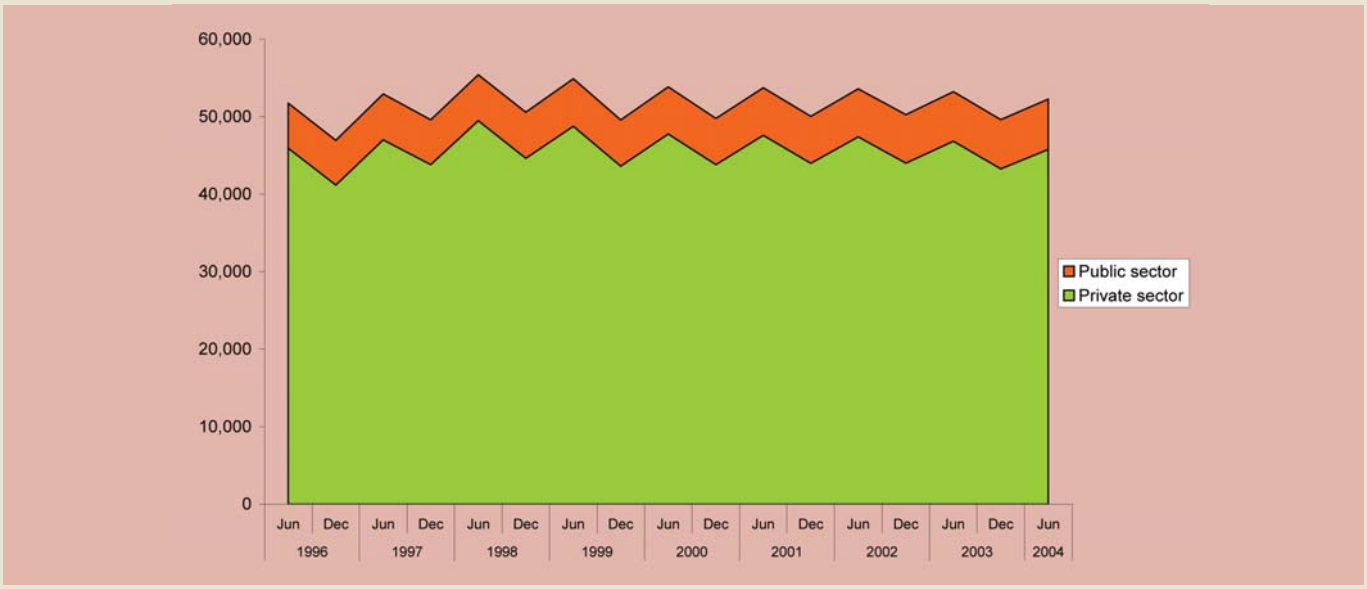
In June 2004, 52,280 people were employed in Jersey, around 60% of the total population. This total represents a fall of 910 on June 2003 and is some 2,600 lower than 1999 which saw the last peak in employment.

Seasonality in employment

As chart 2.1 demonstrates, there is a fair degree of seasonality in the Jersey labour market, with around 3,500 more people employed in the summer than in the winter. The main drivers behind this seasonal variation are agriculture and tourism: the Agriculture sector employed about 300 more people in June 2004 than in December 2003; Hotels, restaurants and bars employed around 2,000 more people in the summer; and the Transport and communications sector around 200 more. Some other sectors, most notably the "other services" component of private sector Education, health and other services, also display some seasonal variation driven by tourism, but generally less marked.

The extent of the seasonal variation in employment has lessened over the past few years as the Agriculture and Hotels, restaurants and bars sectors have seen real-term economic decline (as discussed above). In 1996 the total difference between summer and winter levels was around 4,800, including differences of some 700 in Agriculture and 3,000 in Hotels, restaurants and bars alone.

Chart 2.1: Number of people in employment

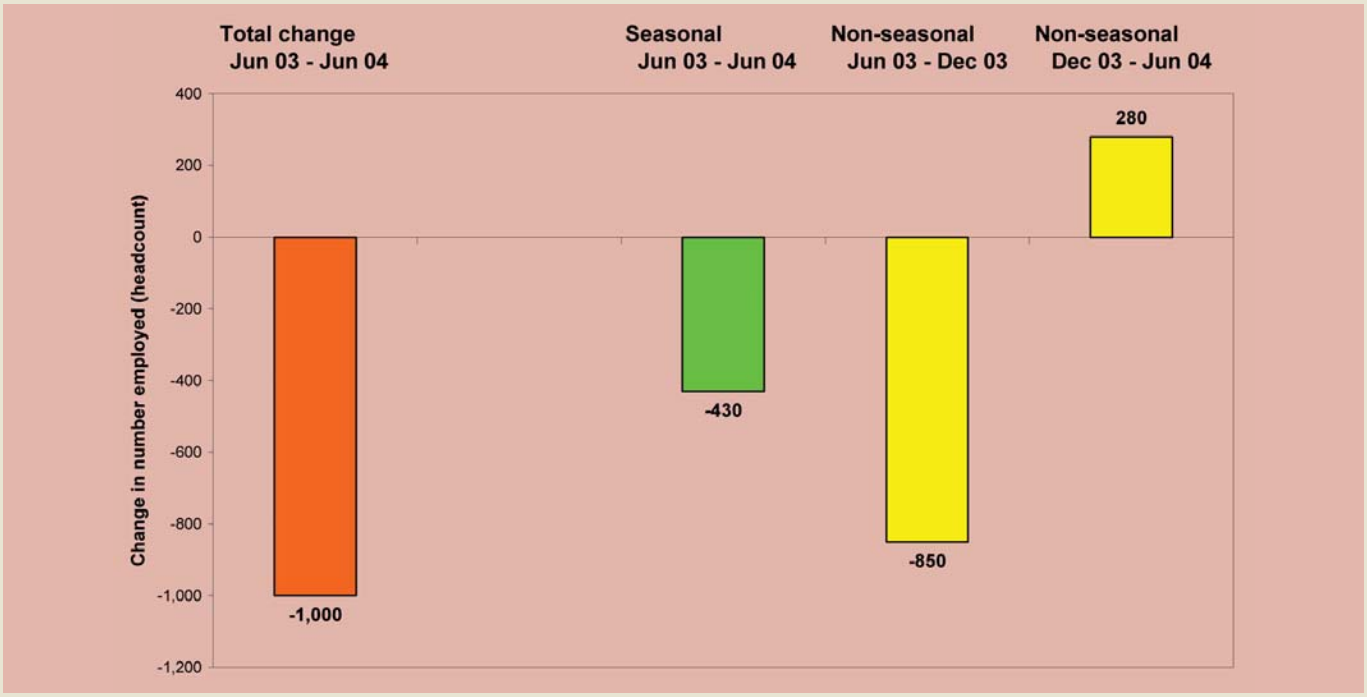


[3] *Jersey data are from the 2001 Census; UK data from UK Social Trends no 32 (2002 edition) and the Labour Force Survey (GB strictly rather than the UK).*

As noted previously, the most recent twelve-month period (June 2003 to June 2004) recorded a decrease of 910 in employment in Jersey; this net decrease was comprised of a fall of 1,000 in the private sector and an increase of 90 in the public sector.

However, splitting the private sector into seasonal and non-seasonal activities shows a different behaviour pattern for the latter category on a shorter six-monthly timescale (chart 2.2).

Chart 2.2: Change in employment in seasonal and non-seasonal private sectors, June 03 to June 04

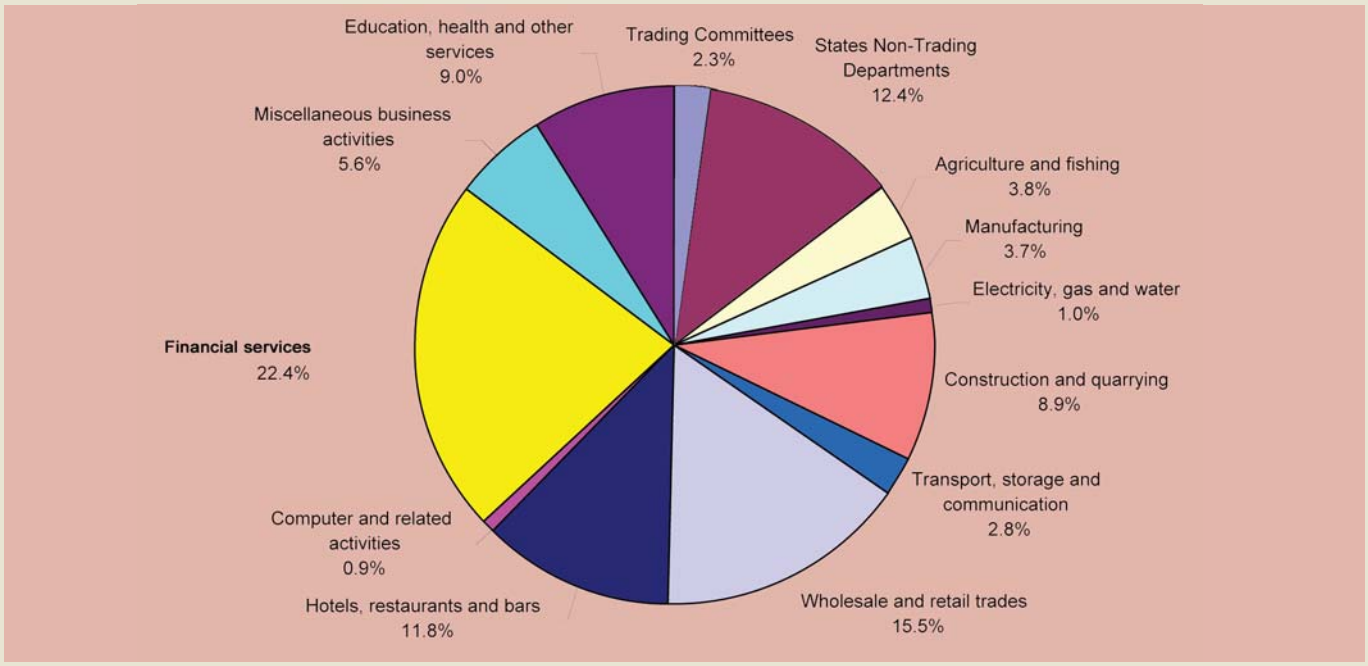


Some 430 fewer seasonal staff were employed in June 2004 compared to a year earlier, reflecting the loss of a few major hotels as well as some rationalisation in both the hotel and agricultural sectors. The non-seasonal sectors recorded a sharp net decline during the final six months of 2003, particularly in the areas of banking and construction, whilst the first six months of 2004, in contrast, saw a net increase in employment of nearly 300 in non-seasonal activities.

Employment by sector

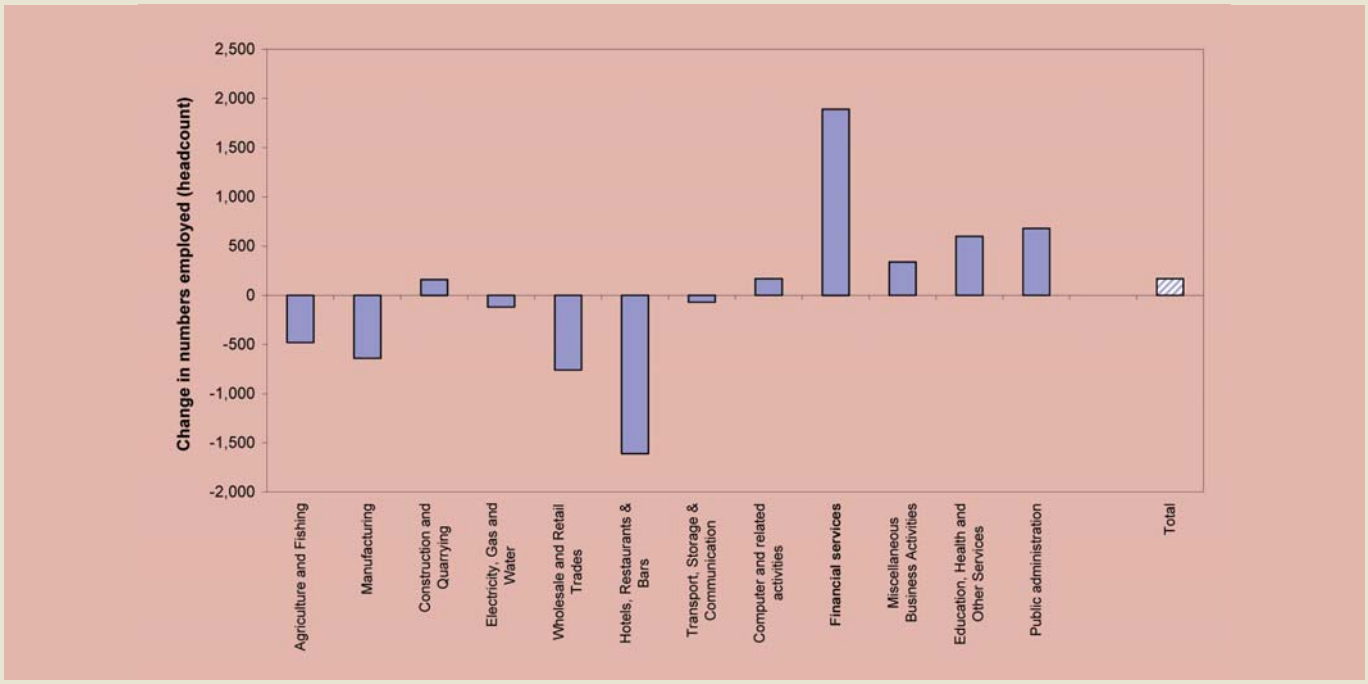
As chart 2.3 shows, almost a quarter of Jersey's labour market is now employed in the Financial services sector. The next largest sectors in terms of employment are Wholesale and retail trades and the Public Sector (excluding States Trading Committees[4]), accounting for about a sixth and an eighth of total employment, respectively.

Chart 2.3: Percentage employed by sector, June 2004 - headcount basis



The change in employment in Jersey over the past eight years towards an increasingly more service-oriented economy is reflected by chart 2.4 and Annex table A3. These data indicate the decline in Agriculture, Manufacturing and Tourism-oriented activities and the contrasting growth in Financial services, and public and private sector service activities.

Chart 2.4: Change in employment by sector, 1996 - 2004



[4] *Jersey Airport, Harbours, Postal Administration and Jersey Telecom.*

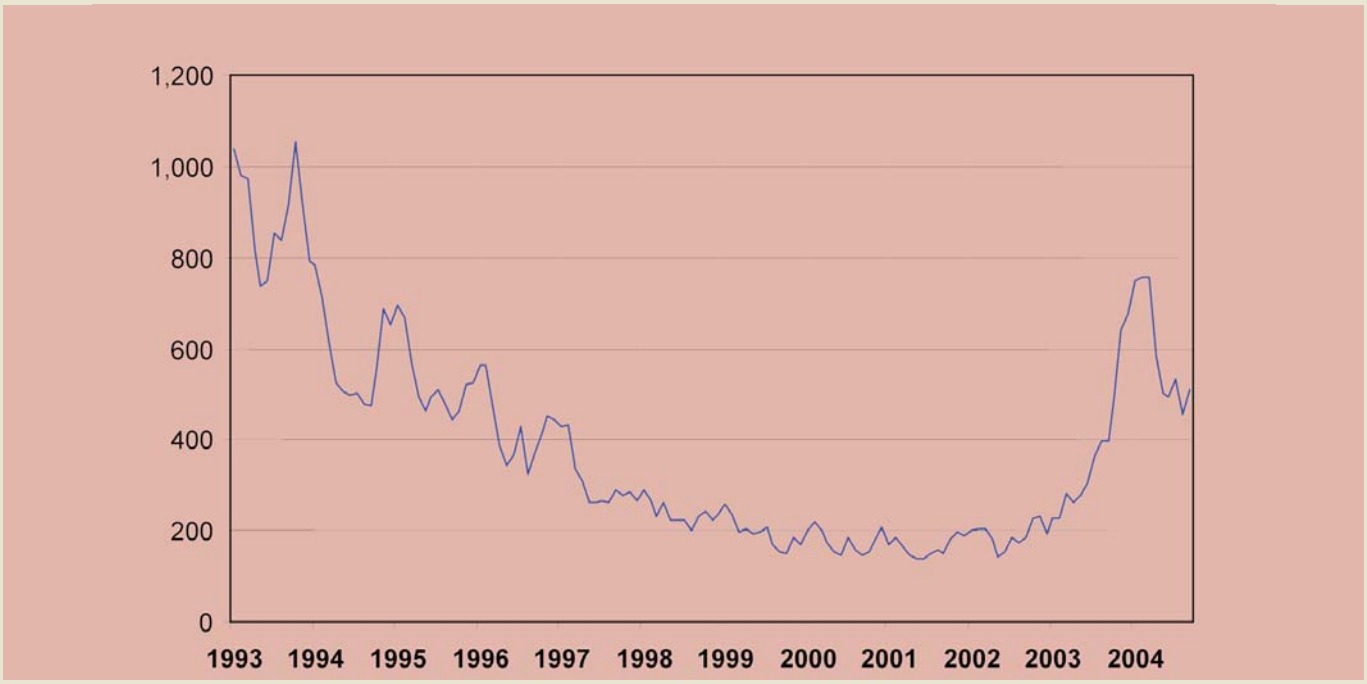
Over the twelve months to June 2004, the public sector grew by about 80 full-time equivalent staff; the Health and Social Services and Education, Sports and Culture departments each recorded increases of about 50 FTEs, with all other departments recording a net decrease over the period.

Unemployment

Registered unemployment in Jersey rose throughout 2003 and during the first quarter of 2004 (see chart 2.5); the level fell in April 2004, and more recently has been relatively stable, averaging about 500 per month between May and September 2004. It should be noted, however, that due to the absence of unemployment benefit in Jersey the number of people registered as unemployed should be regarded as an indicator rather than a measure of the actual level of unemployment.

In the UK, for the second quarter of 2004 there were an estimated 28.2 million people employed and 0.87 million people claiming Jobseeker's Allowance (the Claimant Count). In Jersey there were 500 persons registered as unemployed in June 2004. People registered as unemployed were therefore 1% of total employment in Jersey in June 2004, compared to 3% in the UK [5].

Chart 2.5: Registered unemployment in Jersey: 1993 - 2004



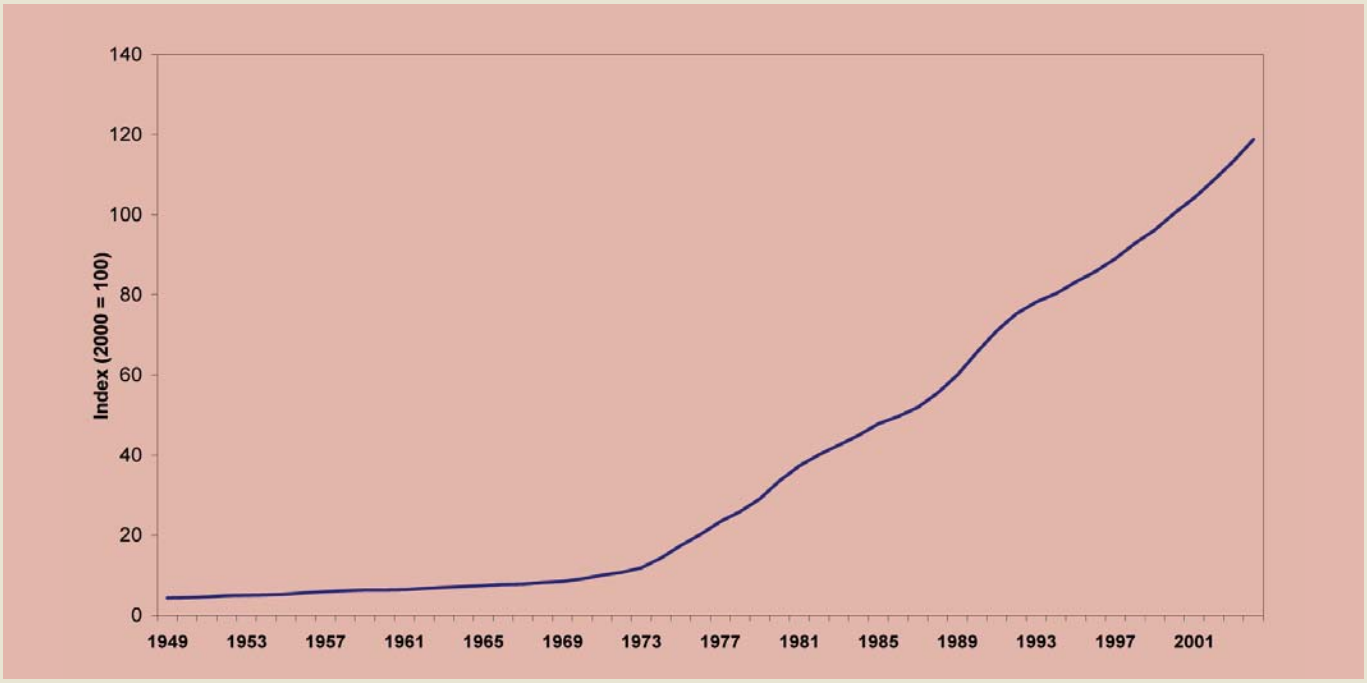
[5] *Figures for the UK are from: Labour Market Trends, Vol 112 No 10.*

Section 3: Prices and Earnings

Retail Prices Index (RPI)

The Retail Prices Index (RPI) is one of the longest standing data series produced in Jersey, dating back to 1947. The RPI measures changes in the cost of a representative selection of goods and services bought by Jersey households. Over 500 items are included in the Index, ranging from food and drink to insurance, rent, larger goods such as TV's, and services such as hairdressing. The RPI is an index number based on a point in time (currently June 2000 being set equal to 100) and measures the average change in price for all these items. The rate of change in the RPI, which is quoted as a percentage, normally compares the current index to the same quarter a year previously and hence measures the rate at which all prices are changing (also known as the rate of inflation).

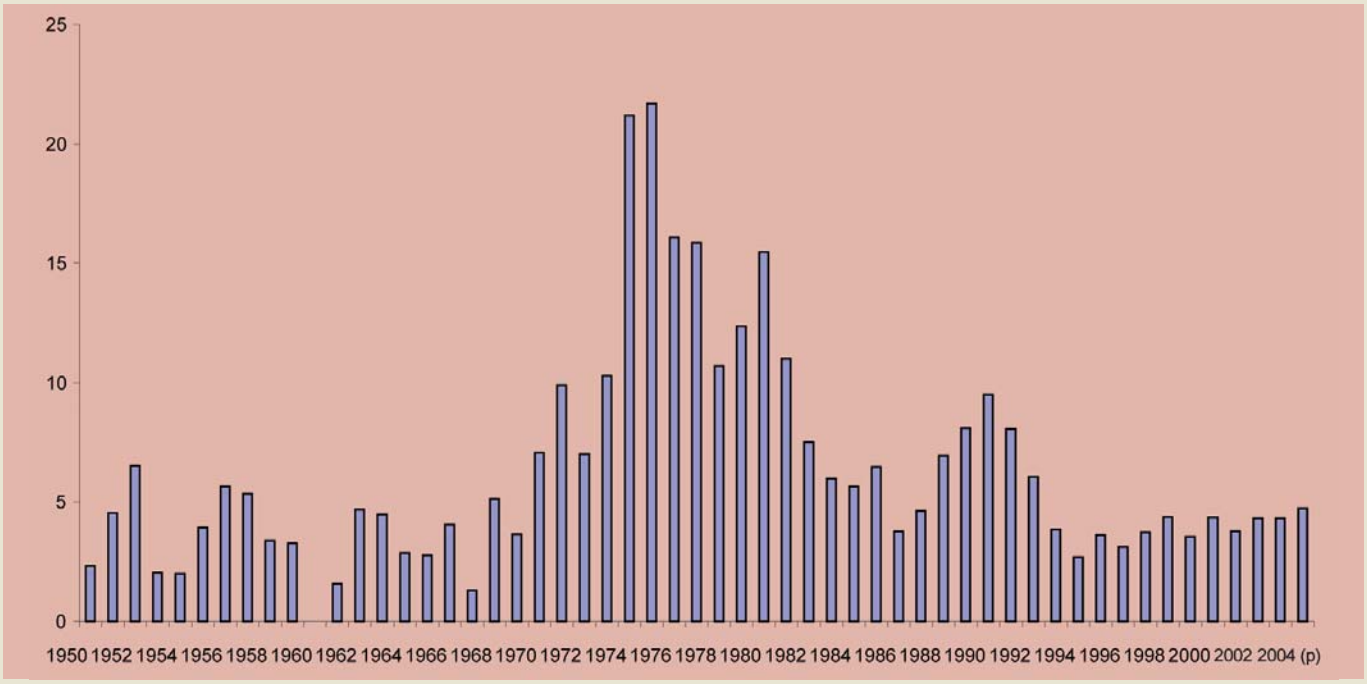
Chart 3.1: All-Items Retail Prices Index (RPI) 1948 to 2004



The last 55 years can basically be split into two periods in terms of the Jersey RPI: a period running post-war to 1973 when prices increased by 4% per year on average, followed by a period of average annual increases of around 8% running from 1974 until the present. Many factors will have and do contribute to the rate of change in prices, but to try and find a reason that may have caused the turning point in the series it is difficult to look beyond the 1973 oil crisis (oil prices quadrupled between 1972 and 1974), especially when at this time the Jersey economy would have been very heavily dependent on oil products for its energy use.

Another way to view the long-term trend in RPI is to consider the annual percentage change in each year (Chart 3.2). This shows a number of distinct periods: inflation running at below 5% up till the early 1970's followed by a sustained period of high inflation of over 10% per year until the early 1980's; the late 1980's and early 1990's saw another period of high price rises, while the last 10 years saw increases back to around 3 to 5% per year.

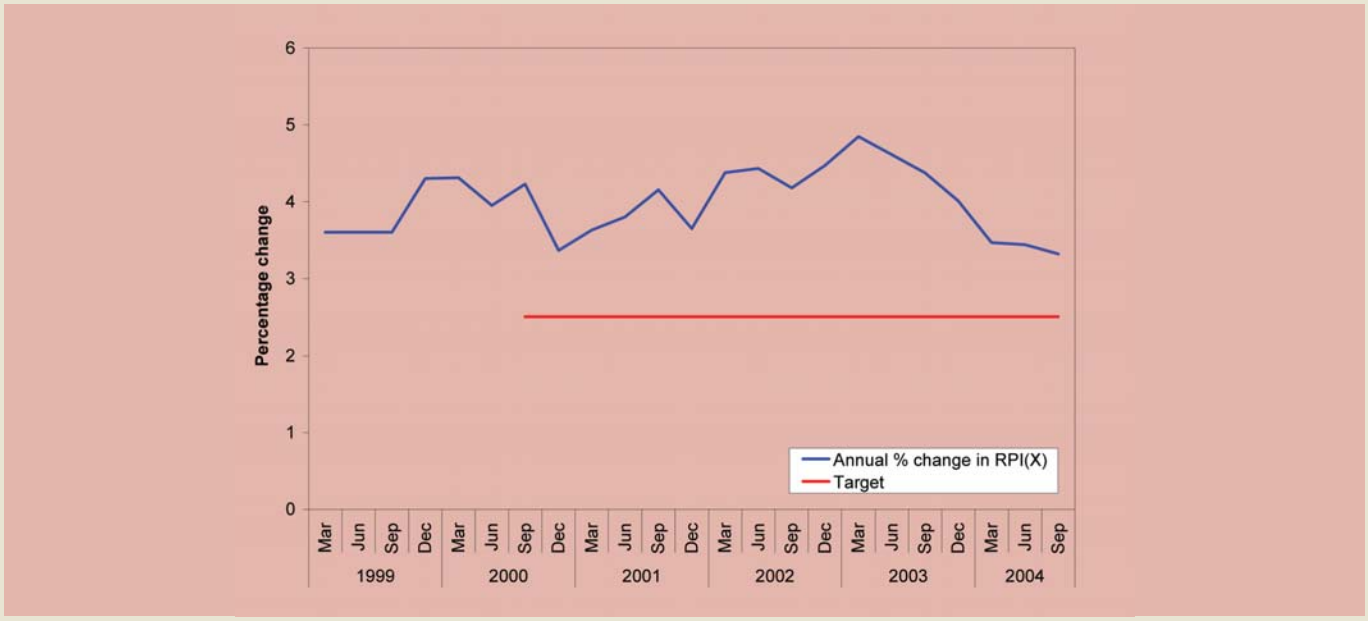
Chart 3.2: Annual percentage change in RPI



In September 2004 the annual increase in the RPI was 5.6%, compared to 4.8% in the twelve months to June and 3.7% in the twelve months to March. External factors have been the main drivers behind this recent rapid growth in the rate of inflation, with increases in mortgage interest payments following increases in the Bank of England base rate (for example in September 2003 the base rate was 3.5% but had increased to 4.75% by September 2004) and fuel costs as global oil prices have increased markedly; as a result, external factors have accounted for over half the current increase in the Jersey RPI. However, closer to home, prices of various goods and services have also increased, with increases in food prices, impôts and motoring costs all contributing to a higher rate of inflation. The RPI at group level is presented in Annex table A4.

The RPI is often known as the All-Items or Headline RPI because it comprises a representative selection of all the elements of a household budget. However, a measure known as RPI (X) is also produced, where the X stands for eXcluding house purchase costs, measured by interest paid on an average mortgage; RPI(X) is known as the “underlying rate of inflation”. In 2000 the States of Jersey agreed to work towards a target for underlying inflation of 2.5%. As chart 3.3 shows, although this target is still to be achieved, the past six quarters have seen successive reductions in the rate of increase of RPI(X) such that in September 2004 the annual change of 3.3% represented the closest the measure has ever been to the target.

Chart 3.3: Annual percentage change in RPI(X)

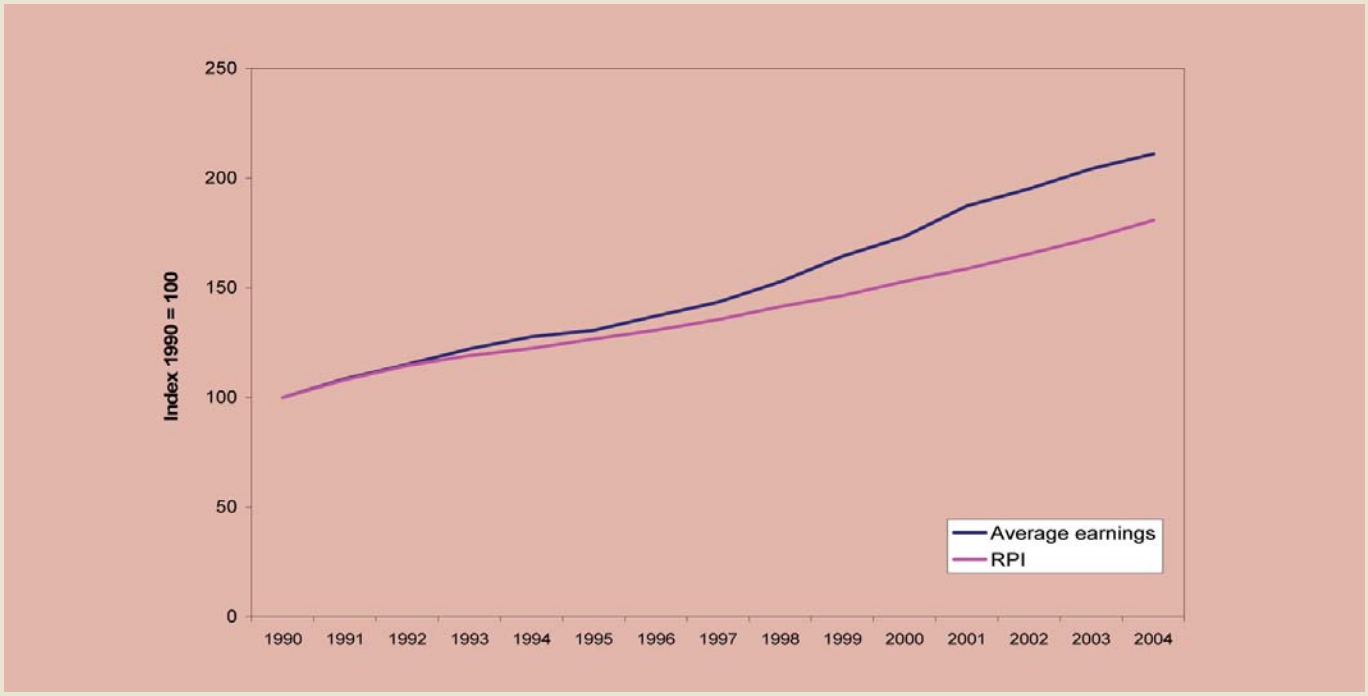


Earnings and prices

The RPI is one of the key economic indictors for Jersey, not only because until very recently it has been one of relatively few economic indicators available but also because other payments such as wage agreements, rents, leases and maintenance payments are often linked directly to the RPI or RPI(X).

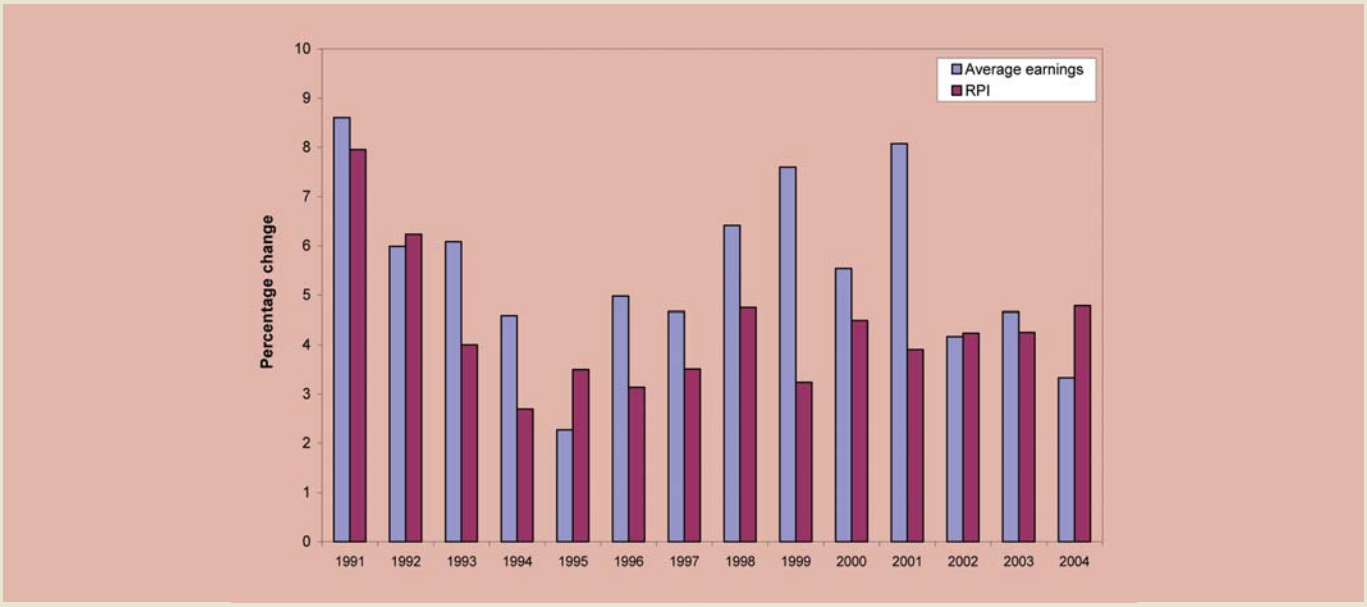
However, in examining the change in the RPI and in average earnings it is clear that often in the past, most likely because of economic growth, earnings have on average increased at a faster rate that prices (chart 3.4). Between 1990 and 2004 the RPI increased by 80% (or an average of 4.3% per year) whilst average earnings increased by 111% (i.e. more than doubled and at an average rate of 5.5% per year). More recently the increases have been fairly similar, for example over the past five years the RPI has increased by 24% and average earnings by 29%.

Chart 3.4: Index of Average Earnings and the RPI



Whilst the long-term trend shows average earnings increasing at a faster rate than average retail prices, there will be years which buck the trend; 2004 was one such year, when in the twelve months to June (the month in which earnings are measured) the RPI increased by 4.8% compared to average earnings increasing by 3.3%[6] (chart 3.5). Annual comparisons between earnings and the RPI can be difficult, as often in the past the public sector has agreed two-year pay settlements. However, despite this fact, and therefore the increased volatility in earnings data, 2004 was one of only three years in the past fourteen when the rate of increase in average earnings was below that of the RPI. In 2002 both increased by 4.2%.

Chart 3.5: Annual percentage changes in the Index of Average Earnings and in the RPI at June each year

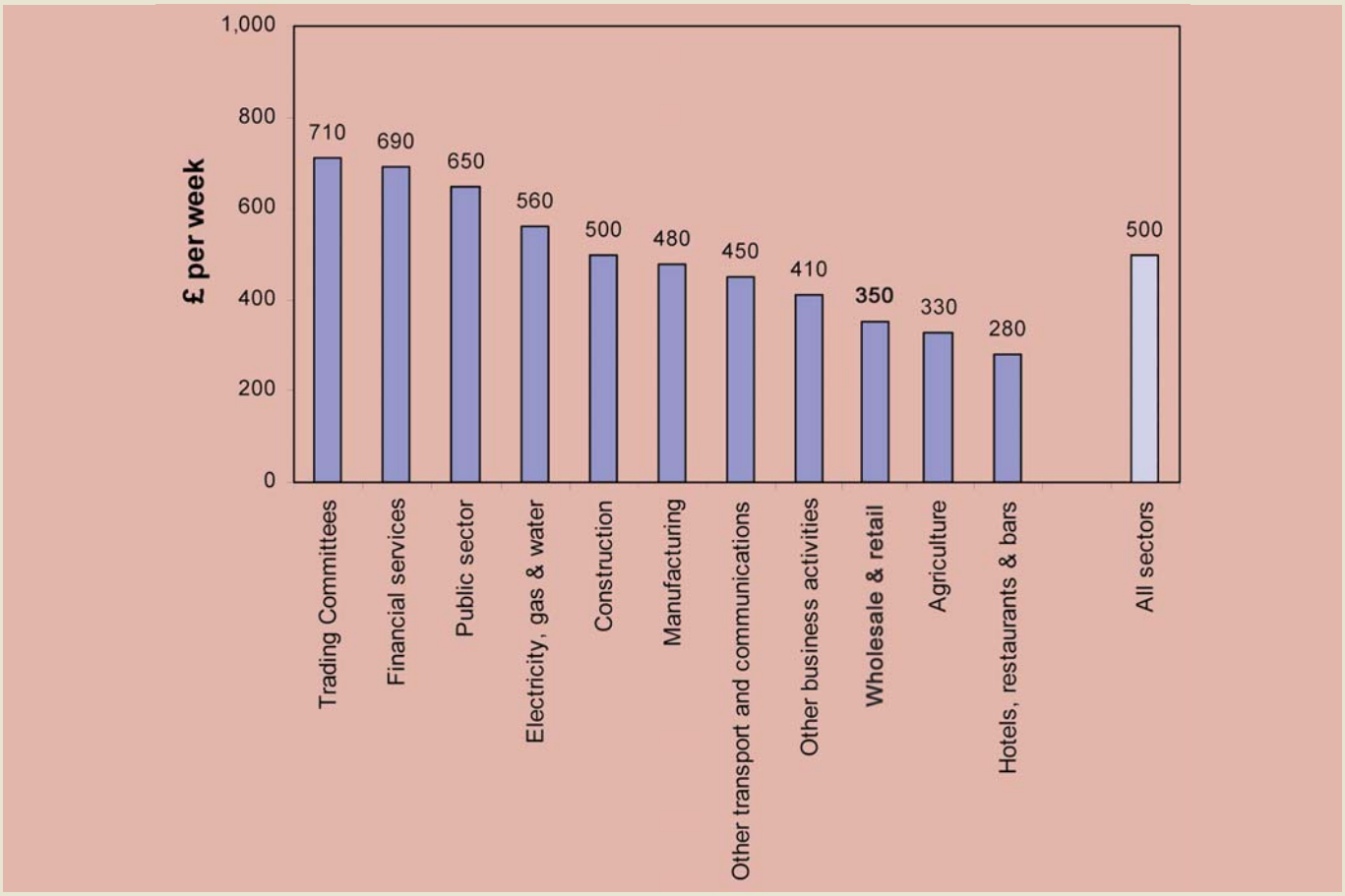


Average Earnings

In June 2004, the average weekly earnings for full-time equivalent employees at the sectoral level ranged from less than £300 per week in Hotels, restaurants & bars to about £700 per week in Financial services and the States Trading Committees (chart 3.6, underlying data are shown in Annex table A5). The average weekly earnings over all sectors was about £500 per week.

[6] *This figure excludes the 2004 public sector pay increases which were not finalised in June 2004. The Civil Service union has subsequently agreed to a 2.5% increase.*

Chart 3.6: Average earnings by sector in June 2004



In chart 3.6 the category "Other business activities" comprises private sector "Miscellaneous business activities" and "Education, health & other services".

It should be noted that the survey from which earnings data in Jersey is derived is designed specifically to measure changes in earnings rather than the actual level at a given point in time, as a result of the underlying methodology of matching respondent firms on an annual basis. Hence, the figures for weekly earnings shown in chart 3.6 should be considered as reasonable approximations, but with not quite the same degree of accuracy attributable to the annual percentage changes shown in chart 3.5.

House Prices

The measurement of dwelling prices in Jersey underwent a thorough review in 2002, resulting in a far more extensive measure which included both flats and houses, as well as enabling a breakdown by size of property. Overall, the average (mix-adjusted) price of dwellings has been fairly stable since the beginning of 2002, at more than £300,000. There have, however, been some property-type specific movements during this period, notably a small increase in price for 3-bedroom houses, a decrease and then a stabilisation for 2 bedroom houses, and rather more volatile behaviour in the price of larger houses and 2-bedroom flats.

The Jersey House Price Index contributes to the Jersey Retail Prices Index in three ways: estate agents' fees, conveyancing costs and the value of the average mortgage, on which interest charges are calculated. Thus, dwelling prices feed into the RPI somewhat indirectly and after a delay, primarily as a result of the slow impact of a change in dwelling prices on the value of, and specifically the interest payments on, the average mortgage. Mortgage costs do not affect RPI(X).

The relative affordability of dwellings in Jersey can be gauged from the ratio of average (mix-adjusted) dwelling price to average earnings (FTE employees). For the last three years in Jersey this ratio has stood at around 12 - 13.

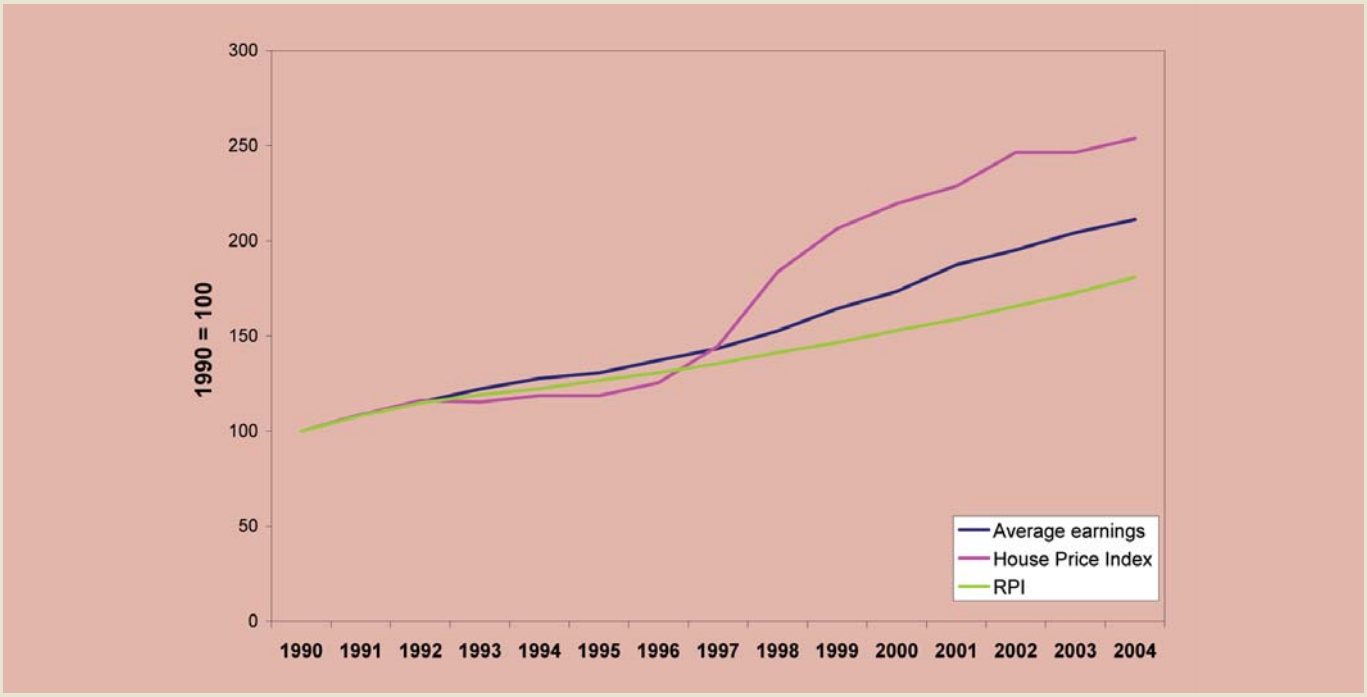
Comparable affordability figures for the UK may be derived for 2003: for the UK overall the ratio was about 7, ranging from 4 in the North-East of England, 7 in Greater London and to a maximum of 9 in the South-East (excluding London). However, due to the ongoing increase in dwelling prices in the UK (+13.6% over the twelve months to September 2004), these UK ratios will have slightly increased more recently, though methodological changes for earnings calculations in the UK do not currently permit a meaningful direct comparison for calendar 2004.

RPI, earnings and house prices

In the early 1990s retail prices, house prices and average earnings initially increased at similar rates (chart 3.7). However, the economic slowdown between 1993 and 1996, and concurrent tightening of the labour market, saw earnings increase at a faster rate than both retail and house prices. Earnings continued to grow at a faster rate than retail prices in the subsequent recovery, which was driven locally by the growth of the finance sector. House prices, however, underwent a considerable increase at the end of the last decade, such that the average annual growth rate in house prices since 1990 of 6.8% is greater than that of earnings (5.5%) and retail prices (4.3%) for the same period.

In the UK between 1990 and 2004, house prices increased at a similar average annual rate (6.7%) to Jersey, but with the sharpest increases occurring in the past three years, compared to the late 1990's in Jersey. UK earnings and retail prices increased at lower average rates, of 4.3% and 2.8%, respectively.

Chart 3.7: RPI, Average Earnings Index and House Price Index



Annex

Table A1a GVA by sector in **current** prices; £ million.

	Agriculture	Manufacturing	Electricity, gas & water	Construction	Wholesale & retail	Hotels, restaurants & bars	Transport and communication	Financial services	Other business activities	Public admin.	**Total**
1998	49	59	33	131	180	107	109	1,335	442	157	**2,603**
1999	51	62	36	142	187	113	115	1,474	463	174	**2,817**
2000	50	64	37	147	192	109	117	1,687	486	186	**3,076**
2001	48	65	36	153	195	109	125	1,652	513	199	**3,093**
2002	50	64	37	165	202	109	128	1,638	540	209	**3,143**
2003	49	66	36	163	207	114	130	1,575	568	222	**3,131**

Table A1b GVA by sector in real terms (**constant** prices, 2003); £ million.

	Agriculture	Manufacturing	Electricity, gas & water	Construction	Wholesale & retail	Hotels, restaurants & bars	Transport and communication	Financial services	Other business activities	Public admin.	**Total**
1998	60	73	41	161	221	132	134	1,642	544	193	**3,203**
1999	60	73	42	167	220	133	135	1,735	545	205	**3,316**
2000	57	72	41	167	217	124	133	1,910	551	211	**3,483**
2001	52	70	39	166	212	118	136	1,801	559	217	**3,372**
2002	53	67	38	173	211	114	134	1,712	565	218	**3,285**
2003	49	66	36	163	207	114	130	1,575	568	222	**3,131**

Table A2 GVA per FTE employee in real terms (**constant** prices, 2003); £ million.

	Agriculture	Manufacturing	Electricity, gas & water	Construction	Wholesale & retail	Hotels, restaurants & bars	Transport and communication	Financial services	Other business activities	Public admin.	**All sectors**
1998	31.4	34.0	66.3	35.1	29.2	22.0	52.1	155.7	35.1	37.9	68.8
1999	31.2	34.2	70.1	38.2	30.1	23.0	51.7	159.7	35.5	39.4	71.6
2000	31.6	33.9	68.4	39.9	30.4	22.8	51.8	173.5	35.8	40.4	76.2
2001	29.7	35.0	64.8	38.2	30.1	23.0	54.1	159.0	36.6	41.2	73.7
2002	30.5	33.5	67.1	38.6	30.1	22.8	54.7	148.2	37.4	40.8	71.6
2003	29.0	35.7	68.3	38.6	29.5	23.0	54.9	138.9	37.0	40.2	68.9

Table A3 Employment by sector; FTE employees.

	Agriculture	Manufacturing	Electricity, gas & water	Construction	Wholesale & retail	Hotels, restaurants & bars	Transport and communication	Financial services	Other business activities	Public admin.	**Total**
1998	1,920	2,150	620	4,600	7,580	5,980	2,580	10,550	5,460	5,100	46,550
1999	1,920	2,140	610	4,370	7,320	5,770	2,620	10,870	5,510	5,210	46,330
2000	1,810	2,130	610	4,190	7,140	5,430	2,570	11,010	5,590	5,220	45,690
2001	1,750	2,010	600	4,360	7,050	5,140	2,520	11,330	5,710	5,270	45,750
2002	1,730	1,990	570	4,480	7,010	5,000	2,450	11,560	5,750	5,350	45,880
2003	1,710	1,850	530	4,240	7,030	4,940	2,380	11,340	5,910	5,510	45,420

Table A4 RPI group level indices and RPI(X), quarterly 2000 - 2004

	Food	Catering	Alcohol Drink	Tobacco	Housing	Fuel & Light	Hhold goods	Hhold service	Clothing	Pers G&S	Motoring	Fares & travel	Leisure goods	Leisure service	**All Items**	RPI(X)
Jun-00	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**	100.0
Sep-00	100.7	99.6	100.0	100.2	101.9	107.5	100.2	101.4	101.5	100.5	98.6	101.3	98.7	103.2	**101.1**	101.1
Dec-00	99.8	100.6	98.9	101.9	103.5	107.3	100.4	102.5	100.8	100.9	98.1	104.1	100.9	104.3	**101.6**	101.4
Mar-01	103.5	100.8	104.5	111.0	104.7	101.5	101.1	103.6	97.2	104.5	98.8	109.7	99.8	105.5	**103.0**	102.8
Jun-01	105.1	101.6	106.3	111.0	105.3	103.9	99.6	107.0	95.1	102.7	100.2	118.4	97.6	107.1	**103.9**	103.8
Sep-01	105.4	103.2	106.2	111.9	107.1	104.5	100.8	107.5	97.2	104.7	101.0	120.0	97.8	111.2	**105.3**	105.3
Dec-01	105.8	104.2	105.2	112.1	105.5	96.8	99.2	106.7	94.3	104.5	99.1	128.6	99.9	111.9	**104.7**	105.1
Mar-02	106.6	104.8	111.6	121.7	108.0	98.3	101.2	110.5	98.3	106.4	102.7	122.6	99.9	114.1	**107.1**	107.3
Jun-02	107.3	106.5	112.0	121.7	109.5	99.4	101.1	112.0	96.1	108.2	103.6	128.5	98.6	117.8	**108.3**	108.4
Sep-02	108.0	107.2	111.8	123.5	112.0	102.0	101.3	113.3	99.1	108.7	104.2	124.0	98.1	121.8	**109.7**	109.7
Dec-02	107.6	107.2	111.2	123.5	113.3	101.7	102.0	114.0	92.7	108.1	105.1	127.7	97.7	123.0	**109.8**	109.8
Mar-03	108.8	107.7	118.3	133.2	114.0	111.4	102.0	116.1	96.7	111.2	110.7	128.3	98.3	124.1	**112.4**	112.5
Jun-03	109.6	109.9	117.7	133.2	114.3	102.0	102.8	117.4	94.5	113.3	112.3	150.0	96.7	123.5	**112.9**	113.4
Sep-03	111.0	111.3	118.0	133.1	114.8	102.5	101.9	119.4	97.3	112.6	112.9	156.7	98.0	124.9	**113.9**	114.5
Dec-03	111.8	110.8	117.6	133.2	117.8	106.1	102.1	119.4	93.9	112.6	114.1	141.2	98.7	124.5	**114.2**	114.2
Mar-04	112.9	111.9	123.6	149.2	121.0	106.1	102.0	122.3	93.0	115.6	117.3	151.4	98.4	124.9	**116.6**	116.4
Jun-04	114.0	113.9	123.0	151.1	125.9	108.6	102.7	123.0	92.4	116.8	118.5	151.8	98.4	125.8	**118.3**	117.3
Sep-04	114.8	115.9	122.8	151.1	132.1	114.4	102.3	124.3	93.1	116.7	121.7	142.4	97.4	128.0	**120.3**	118.3

Table A5 Average earnings by sector; £ per week

Sector	1997	1998	1999	2000	2001	2002	2003	2004
Agriculture	280	300	300	320	340	330	320	330
Manufacturing	360	380	390	410	440	440	470	480
Electricity, gas & water	400	420	450	470	490	520	540	560
Construction	350	370	410	430	450	480	480	500
Wholesale & retail	240	260	280	300	310	330	340	350
Hotels, restaurants & bars	190	200	220	230	260	260	270	280
Trading Committees	480	490	550	570	610	650	690	710
Other transport & communications	310	320	350	370	400	400	430	450
Financial services	430	480	500	540	580	630	660	690
Other business activities	270	280	300	330	360	380	400	410
Public administration	460	490	530	570	600	620	640	650
All sectors	**340**	**360**	**390**	**410**	**440**	**460**	**480**	**500**

Numbers are rounded to the nearest £10.
Figures shown for "Public administration" have been smoothed to remove the effect of the two-year structure of recent pay awards in this sector

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