



Overall business confidence

41%



Monthly change

-3 points



Trading Prospects

55%



Economic Optimism

26%

Business confidence rows back from summer highs but trading prospects increase

- Business confidence dips but remains above long-term trends
- Firms' trading prospects increase, pointing to resilient output expectations, while overall hiring intentions fall
- London and West Midlands the most upbeat regions, with confidence slipping elsewhere

The latest Lloyds Business Barometer found that confidence fell in November, with the index dipping three points to 41%. Considerably above the long-term average of 29%, the change followed a period of sustained positivity from businesses, as confidence reached the highest level reported since 2015 during May, July and August this year.

The Business Barometer, which surveys 1,200 businesses monthly and which has been running for more than 20 years since 2002, provides early signals about UK economic trends both regionally and nationwide. Businesses were asked about their optimism in the wider economy as well as their own trading prospects, with results indicating relatively positive sentiment. Despite indications of uncertainty in the wider environment, trading prospects continued to be resilient.

Trading Prospects & the Economy

Although more than half of all respondents (52%) were more optimistic about the economy than three months ago, 26% felt less positive – up from 20% in October. Consequently, the overall result for economic optimism fell 9 points to 26%.

Businesses did, however, demonstrate more positivity in their own trading prospects. Only 8% of firms said they expected less activity in the coming year, while 63% predicted more. As a result, the overall score for trading prospects in November rose to 55%.

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Employment Insights

Although hiring intentions reduced for the third time in four months, over half of all business-owners expected to increase the number of employees on their books. 52% of respondents had plans to increase the size of their workforce, three times the number of businesses expecting to downsize (17%).

Despite a moderate reduction, expectations around pay are still elevated in comparison to the last four years. Nevertheless, the number of businesses that expected wage growth of 3% or more fell for the third month in a row (30%). Similarly, the proportion of businesses expecting at least 4% pay growth dipped to 16% - a four-month low.

Hann-Ju Ho, Senior Economist, Lloyds Commercial Banking, said:

“In November, the overall confidence metric fell by 3 points for the third month running. This is the lowest level since June, but still above the survey’s long-term average, which is ultimately positive from a longer-term perspective.

“These results suggest that while firms have mixed views about the economy, they see their businesses in a good place to cope with any challenges they might face. Hiring intentions, although moderating this month, haven’t fallen by much which is also positive news.

“Overall, these results show that businesses are still positive and feeling resilient, albeit with tempered views on the economic outlook”.

Pricing Insights

Slightly fewer businesses plan to increase prices in the coming months. 63% of respondents said they expected the costs of their goods and services to increase (down from 64%), while a further 3% expected to lower them. These results still indicate that the breadth of businesses expecting to raise their prices remains above pre-pandemic levels.

Sector Insights

Firms in the manufacturing sector reported the first rise in trading prospects in four months, with the net balance up 3 points to 49%. Companies in construction and services also indicated stronger business growth outlooks with net balances of 56% (up 6 points) and 61% (up 4 points), respectively. Retail firms, however, signalled softer prospects for a second month running, with the trading prospects net balance down 6 points at 45%.

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Paul Kempster, Managing Director for Relationship Management, Lloyds Business & Commercial said:

“It’s clear that businesses are feeling confident in themselves, evidenced by their buoyant trading prospects, which is great news for the UK.

“There has been an improvement in manufacturing – for the first time in four months – as well as construction and services which is welcome news, considering our sectors can play a huge role in boosting economic growth.

“Despite a fall in some of the regions, it is encouraging to see resilience elsewhere. But no matter where businesses are based, we are here to support and continue helping them – and Britain – prosper.”

Regional Insights

Confidence fell in nine of the 12 UK regions and nations this month.

The biggest drops were in Yorkshire & the Humber, and Northern Ireland. There were also sizeable pullbacks in the North East, Scotland and the East Midlands. The North East still remained in the top three in terms of the level of confidence, owing to previously strong results. Bucking the trend with stronger confidence are the West Midlands, the East of England and London. The West Midlands’ sharp rise propelled the region into second place behind the Capital which registered a marginal improvement. The North West is in joint third place with the North East.

Ends

Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **1 to 15 November 2024** by BVA BDRC.
- The survey covers the online responses of a sample of 1,200 UK companies each month from all industry sectors, regions and firm sizes with annual turnover above £250,000.
- The Lloyds Business Barometer surveys 1,200 businesses monthly and has been running for more than 20 years since 2002. The Barometer provides early signals about UK economic trends both regionally and nationwide.
- The results are re-weighted to match proportions by sector, region and size of the total business population, as published by the Department for Business, Energy and Industrial Strategy and the Office for National Statistics.
- Net balances are calculated by deducting the percentage of negative responses from the percentage of positive responses. Prior to January 2018, the fieldwork was based on telephone responses of 200-300 companies with annual turnover above £1 million.

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Chart 1: Down from recent highs

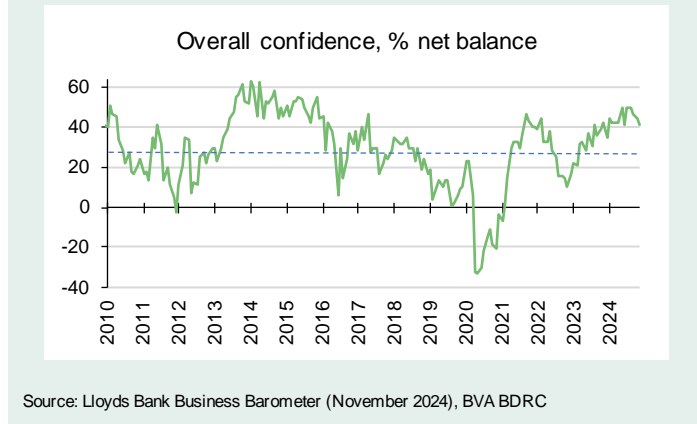


Chart 2: Resilient trading prospects

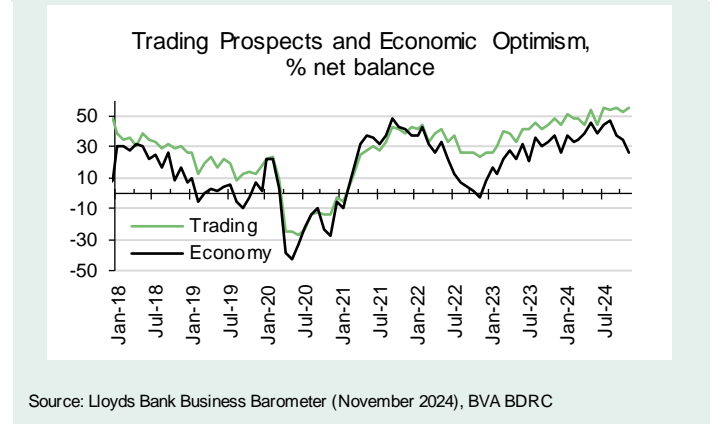


Chart 3: Appetite to hire maintained

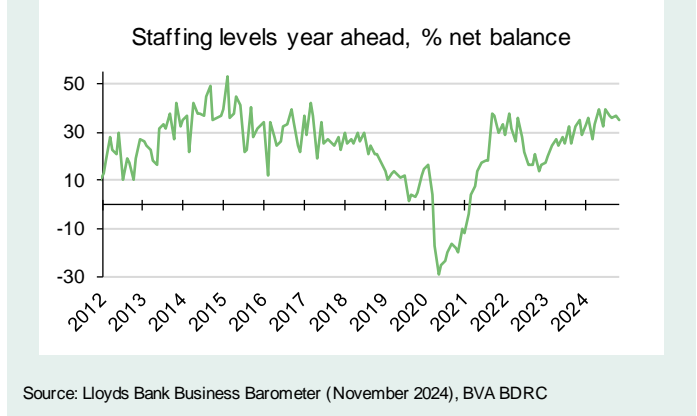


Chart 4: Still elevated relative to pre-Covid

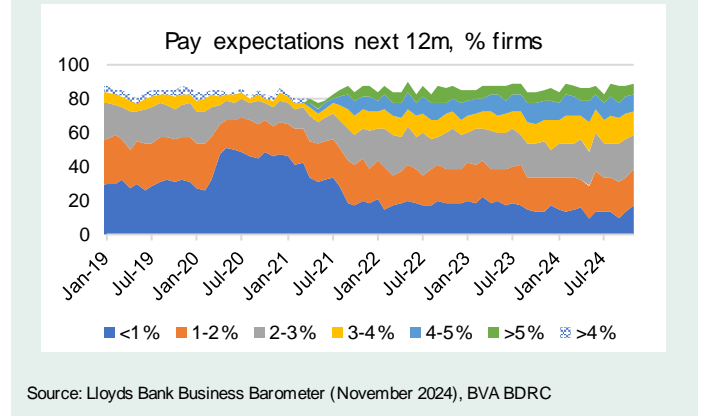


Chart 5: Significant breadth of price rises anticipated

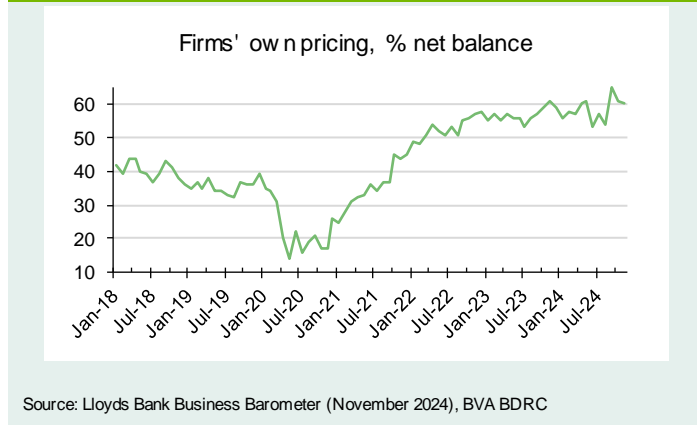


Chart 6: London and West Midlands in top spots

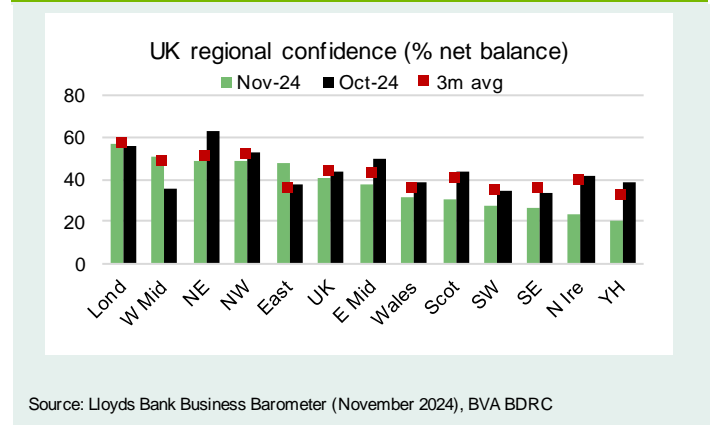


Chart 7: Services activity expected to outperform

