



LLOYDS BANK

# Business Barometer



Overall business confidence

**41%**



Monthly change

**9 points**



Trading Prospects

**44%**



Economic Optimism

**39%**

## Business confidence falls back in June from previous month's high

- Latest survey data shows overall business confidence fell to 41%, but remains above long-term average (28%)
- Businesses still showing positive hiring intentions, despite expectations falling to a three-month low
- Confidence in construction, retail and services sectors fell, but increased in manufacturing sector
- Regional disparities narrow across the country, but Yorkshire & the Humber recorded the highest levels of confidence at 48% (up 3 points)

The latest Lloyds Bank Business Barometer has found that overall business confidence fell by 9 points to 41% in June. Despite falling from last month's highs, this latest confidence reading is consistent with levels seen during Q1 2024, before the sharp rise in May.

The Barometer measures businesses' overall confidence by assessing their trading prospects and optimism for the economy. At 41%, this month's result is considerably higher than the long-term average of 28%, pointing to a continued positive outlook from firms.

June's Barometer also highlighted that respondents' views in relation to their trading prospects remain robust. However, the data suggests the positive sentiment shared by some businesses about their trading prospects at the beginning of the year has started to ease. 53% of businesses reported stronger output



### Contact

Adam Charles | [adam.charles@lloydsbanking.com](mailto:adam.charles@lloydsbanking.com) | 07387745658



LLOYDS BANK

expectations, while 9% anticipated weaker output. The resulting net balance fell by 10 points to 44%, which is the lowest reading since December 2023.

Businesses' economic optimism also remains robust at 39%, despite a dip of seven points. This is still higher than the results recorded in Q1 2024, with 55% of respondents saying they felt more positive about the economy compared to three months ago – down from 62% in May – while 16% were more negative – unchanged from May.

## Employment Insights

Staffing level expectations eased back in June with nearly half of all businesses surveyed saying they expect their workforce to increase in the next 12 months, while 16% said they expect a lower headcount. The resulting net balance fell 7 points to 32%, the lowest since March, but the results still signify positive hiring intentions overall.

Similarly, wage growth expectations also dipped as the share of businesses expecting pay growth between 4-5% fell to a one-year low. Despite this remaining higher than pre-Covid levels, the share expecting pay growth of more than 5% also saw a decrease to a 3-month low.

### Hann-Ju Ho

#### Senior Economist, Lloyds Bank Commercial Banking said:

"These results suggest a slight drop in business confidence in June as firms' trading outlook and economic optimism fell below levels seen in recent months. However, these results are still broadly in line with the positive readings we were seeing towards the start of the year."

"Fewer businesses indicated that their prices would increase in the next few months, which chimes with last week's fall in inflation figures. Meanwhile, there was a mixed set of results seen across the sectors, but following last month's increase, confidence fell in construction as well as retail and services".

## Pricing Insights

Firms' own price expectations fell to an 11-month low, as 57% of businesses intend to increase their prices over the next 12 months, while 4% said they plan to lower prices leaving the resulting net balance at 53%.

## Sector Insights



### Contact

Adam Charles | [adam.charles@lloydsbanking.com](mailto:adam.charles@lloydsbanking.com) | 07387745658



LLOYDS BANK

Results across the sectors were mixed in June as three of the four sectors saw a decline in trading prospects. Construction fell 16 points to 42% and there were other notable decreases in retail (down 14 points to 35%) and services (down 11 points to 46%). Manufacturing however, bucked this trend, increasing by two points to 51%.

## Paul Gordon

### Managing Director for Relationship Management, Lloyds Bank Business & Commercial said:

---

"It's encouraging to see that businesses are still feeling optimistic, with business confidence currently sitting well above the long-term average for over a year. The regions saw a mixed picture, with confidence particularly strong in Yorkshire & the Humber, the North East and the East Midlands".

"As we round up the first half of the year, it's an opportune moment for businesses to review, set out their ambitions and know that we are here to support them as we move into the second half of the year".

---

## Regional insights

There were significant monthly changes in confidence in several UK regions. Confidence rose and was the highest in Yorkshire & the Humber, the North East and East Midlands. Firms in Northern Ireland, Wales and the South West were also more upbeat than in May.

Sentiment fell in other parts of the country, with the biggest drops in the South East, the East of England and the West Midlands. Smaller declines occurred in Scotland, London and the North West.



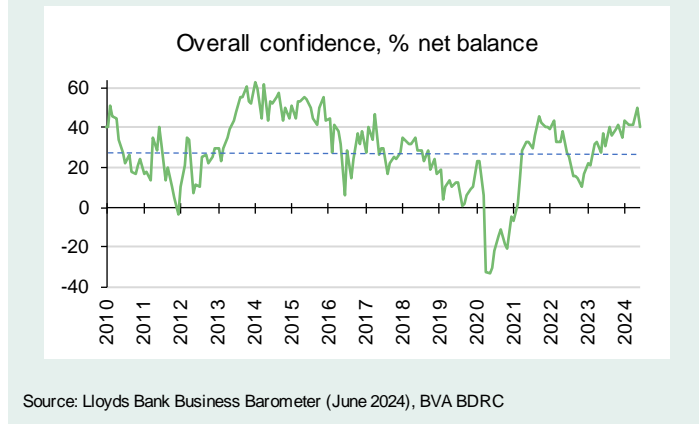
## Contact

Adam Charles | [adam.charles@lloydsbanking.com](mailto:adam.charles@lloydsbanking.com) | 07387745658

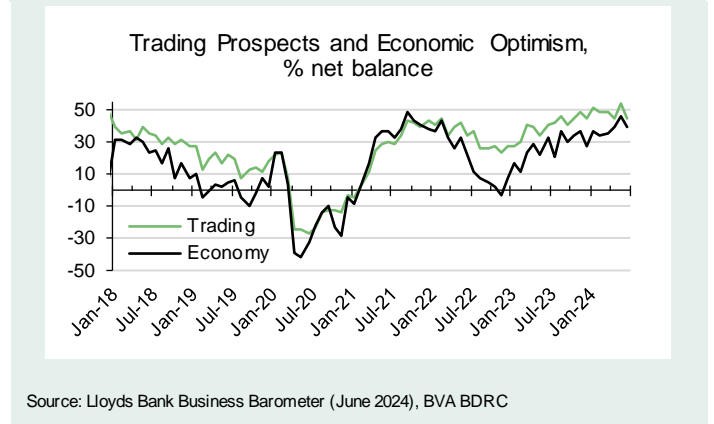


LLOYDS BANK

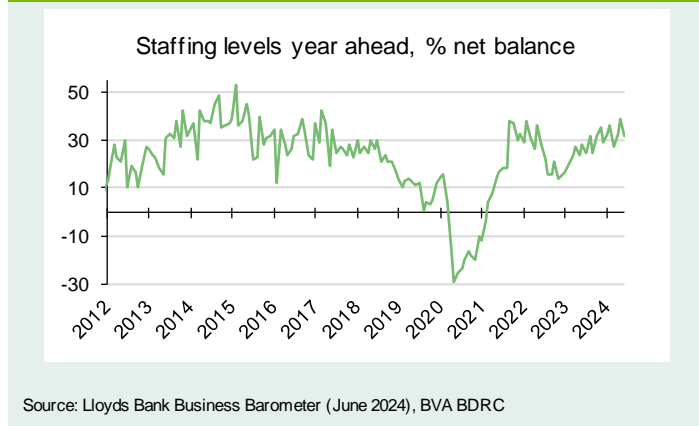
**Chart 1: Confidence falls from last month's high**



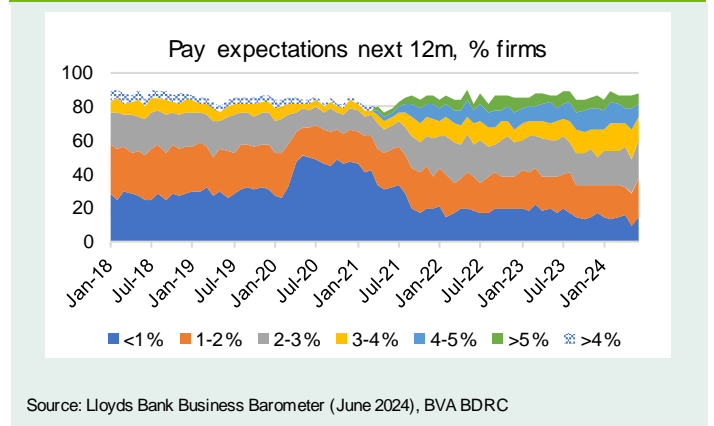
**Chart 2: Trading prospects and economic optimism dip**



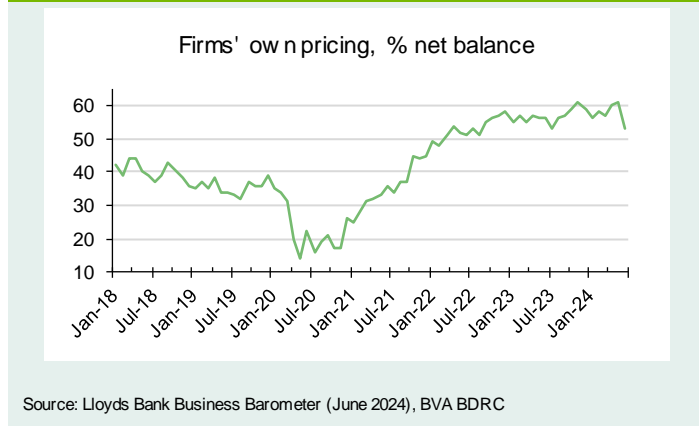
**Chart 3: Still positive despite this month's pullback**



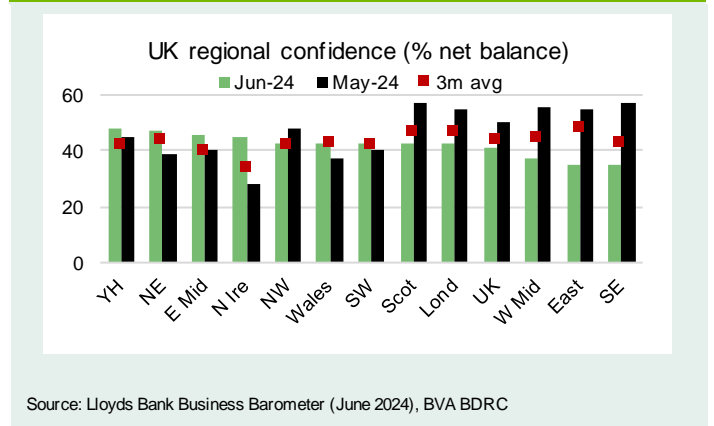
**Chart 4: Tentative signs of moderation**



**Chart 5: Net balance at 11-month low**



**Chart 6: Even split between rises and fallers**



Contact

Adam Charles | adam.charles@lloydsbanking.com | 07387745658



LLOYDS BANK

## Notes to editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during 3 to 17 June 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 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.



### Contact

Adam Charles | [adam.charles@lloydsbanking.com](mailto:adam.charles@lloydsbanking.com) | 07387745658