



LLOYDS BANK

Business Barometer



Overall business confidence

50%



Monthly change

+9 points



Trading Prospects

56%



Economic Optimism

45%

Business confidence rebounds sharply in July

- **Overall business confidence rebounds from June, led by seven-year high in trading prospects**
- **Business confidence now matches May data, equalling the highest level for eight years**
- **Retail trading prospects rose to a post-pandemic high of 60% with increases in manufacturing and services**
- **Three-quarters of the UK regions and nations reported stronger confidence, with the East Midlands and Wales the most upbeat**

Lloyds Bank's latest Business Barometer found that overall business confidence rose significantly in July to equal the highest level in confidence shown by businesses for eight years. Business confidence increased by 9 points to 50% this month, reversing the drop in June and equalling the eight-year high seen in May.

Underpinning July's strong result was an improved outlook for trading prospects and economic optimism. 62% of businesses reported stronger activity - up from 53% in June - while 6% predicted weaker trading prospects - down from 9%. The resulting net balance increased 12 points to 56%, which, for the trading prospects data specifically, is a level last exceeded in April 2017 (a seven-year high).

Wider economic optimism also rebounded as 62% of respondents - up from 55% in June - felt more positively about the economy while another 17% - up from 16% - felt more negatively.



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Employment Insights

Similarly, staffing expectations also increased in July. Over half of businesses surveyed (53%) said they planned to expand their workforce, while 14% expected a lower headcount. This meant the net balance rose by 7 points to 39% to equal May's result – the joint highest level since March 2017.

However, expectations for wage growth were mixed. While the number of businesses expecting to offer employees pay rises of 3% or more increased to 30% (up from 28% in June), this was below May's level of 37%.

Hann-Ju Ho

Senior Economist, Lloyds Bank Commercial Banking said:

"This month shows that businesses are feeling more confident, buoyed by their positive trading prospects and economic outlook. Retail-focused businesses were the main driving force behind the positive rise in trading prospects and these results tally with the improvement we have seen in consumer confidence.

"With the data suggesting that businesses may have taken a more cautious approach in June, next month will be one to watch to see if the renewed sense of optimism continues."

Pricing Insights

Firms' own price expectations rose by 4 points to 57% but remained below May's 61%. 60% of businesses planned to increase their prices, while 3% intend to lower them.

Sector Insights

There was an improvement across all sector categories this month – most notably in retail which rose by 25 points to a post-pandemic high of 60%. There were also significant gains in manufacturing trading prospects, with the net balance increasing by 9 points to a two-year high. Services rose 10 points to 56%, while construction saw a more modest increase by 2 points to 44%



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Paul Gordon

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

“We’ve seen business confidence rebound in July, returning to the level we saw in May. Businesses may be feeling more resilient about their prospects which in the long term can help drive innovation and create jobs across the sectors.

“In retail, we’ve seen the highest level of confidence since the pandemic, which is a positive sign for a sector that has faced several challenges in recent years.

“We are committed to supporting UK businesses, whatever their confidence levels, providing the resources and guidance they need to thrive and grow.

Regional insights

Nine of the UK’s 12 regions and nations reported stronger business confidence in July. There were strong monthly increases in the East Midlands and Wales, followed by the East of England and South East, where confidence in these areas are at post-pandemic highs.

Confidence fell in the South-West, Yorkshire & the Humber and the North West.

Notes to editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during 1 to 15 July 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.



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Chart 1: Confidence bounces back

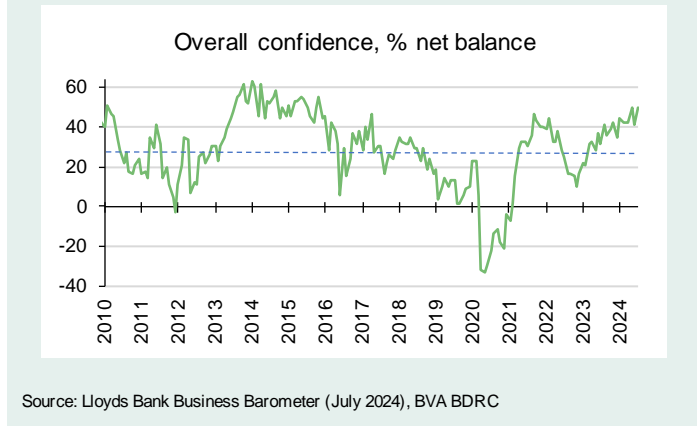


Chart 2: Stronger trading prospects and optimism

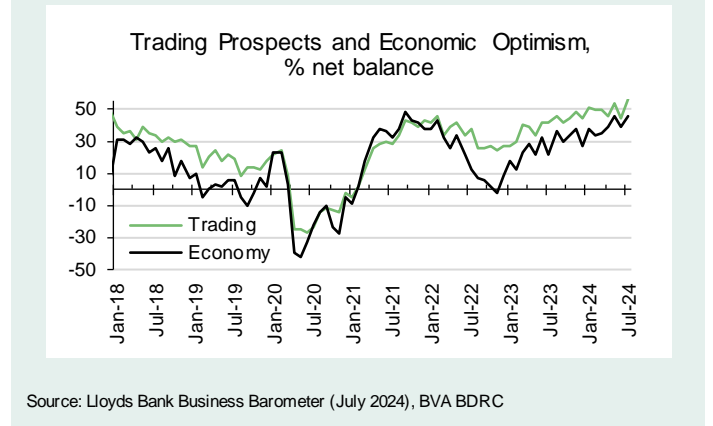


Chart 3: Jobs prospects at joint 7-year high

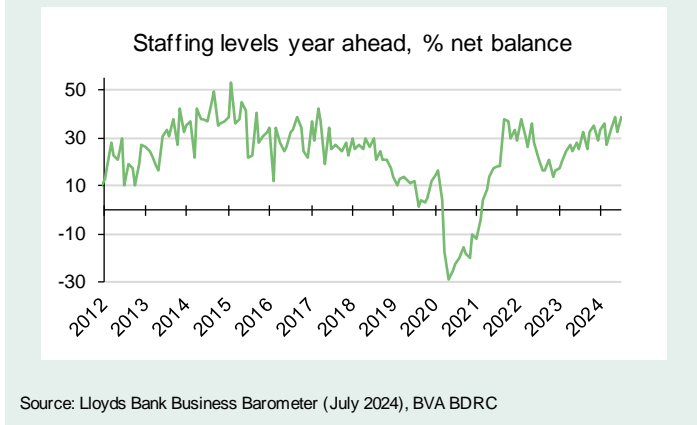


Chart 4: Wage pressures fluctuate

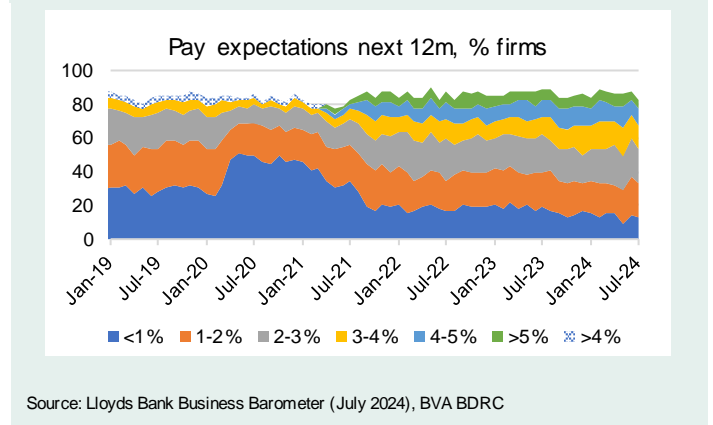


Chart 5: Pricing expectations still below April and May

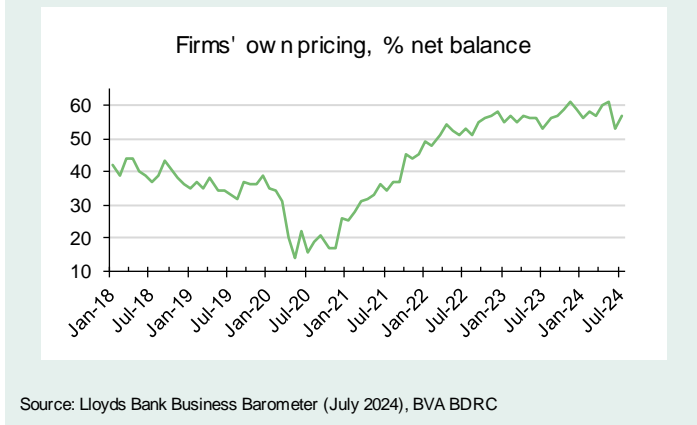
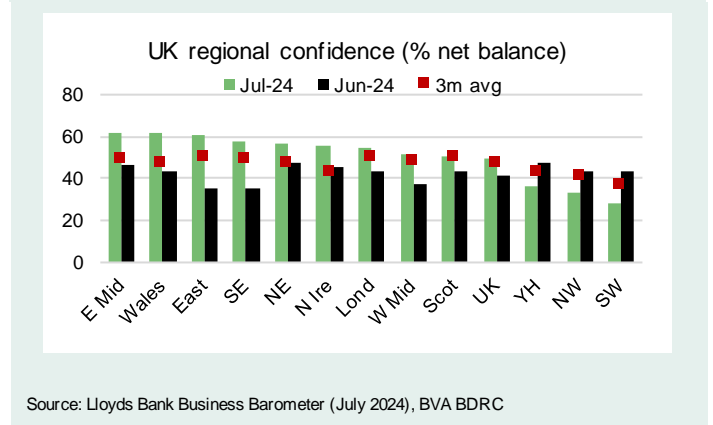


Chart 6: Confidence up in most regions/nations



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