



LLOYDS BANK

# Business Barometer



Overall business confidence

**47%**



Monthly change

**-3 points**



Trading Prospects

**56%**



Economic Optimism

**38%**

## Business confidence falls in September, from recent highs

- **Confidence falls to lowest level for three months, but remains above long-term trends**
- **Businesses' trading prospects remain high, suggesting increased activity over the coming months**
- **Five UK regions reported higher confidence levels – firms in the West Midlands and London most upbeat**

Confidence dipped to a three-month low in September, the latest Lloyds Bank Business Barometer has found.

The survey, which ran from 2<sup>nd</sup> – 16<sup>th</sup> September, showed that confidence fell three points to 47%, its lowest for three months, but remained higher than the long-term average of 29%. The dip followed a period of sustained positivity from businesses. In July and August 2024, confidence reached 50% – the highest level reported since November 2015.

The decline in September comes alongside a decrease in economic optimism. While 57% of businesses felt confident about the economy, 19% were less positive, causing a fall in the net balance (of 9 points), dipping to its lowest level since March this year (38%) – although still above long-term trends.



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In contrast to the fall in economic optimism, firms' own trading prospects increased two points to 56%, matching this year's high to signal solid business activity in the next twelve months. 63% (up from 62%) anticipated stronger output, while 7% (down from 8%) forecast weaker returns.

## Employment Insights

The Barometer survey data also showed that many firms still have positive hiring intentions, although slightly tempered from previous months. 53% of respondents said they planned to increase their staffing levels within the next year – a figure which is unchanged from last month.

But a one percentage point increase (16% to 17%) in the proportion of businesses that said they expected to reduce their workforce brought the overall net balance down to 36%.

### Hann-Ju Ho

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

“Although overall confidence fell this month, that fall was from a nine-year high and businesses remain positive about their own trading prospects. The joint-highest result this year could suggest that respondents still see a positive future for their own companies, which is also reflected in the largely unchanged employment figures.

“The more mixed picture for economic optimism points to some businesses maintaining a degree of caution. While we still expect economic expansion, it may occur at a slower rate than the first half of 2024.”

## Pricing Insights

A significant number of businesses also expressed their intentions to raise prices in the next year. An 11-point rise brought this figure to 65%, which was largely driven by small business-owners seeking to maintain current profit margins.

The Barometer looks at how many businesses might raise prices, rather than by how much. This indicates that businesses could increase prices in the coming 12 months, rather than the scale of the increase and is not indicative of longer-term pricing.



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## Sector Insights

Projections for output were mixed across the sectors, with some showing significant changes from previous results. In construction, the sharp increase last month was largely counteracted by a drop in expectations in September, falling by 12 points to 46%.

Similarly, in manufacturing, trading prospects fell for a second month to 53%, although this figure is still stronger than the year-on-year figure. However, the falls in manufacturing & construction sectors were more than offset by a small rise in retail and a bigger rise in the dominant service sector.

**Paul Gordon**

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

“These results show that businesses are navigating a complex period, but it’s important to recognise that the underlying numbers remain strong.

“We continue to see robust confidence levels in the key sectors and regions, while firms show increasing confidence in themselves as evidenced by the joint-highest trading prospects results this year.

“At Lloyds Bank, we’re committed to supporting businesses and are confident that with our help, businesses can maintain a positive outlook as we move towards the final quarter of this year.”.

## Regional insights

Five of the UK’s 12 regions and nations reported stronger confidence in September. The most significant rise was seen in the West Midlands, where confidence rose 17 points to 59% – equalling the London result.

There was very little change in confidence readings in the North-West, which maintained its strong



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position, while sentiment levels in Northern Ireland and Scotland were also above the UK average. The least confident region in September was the East of England.

#### Notes to editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during 2 to 16 September 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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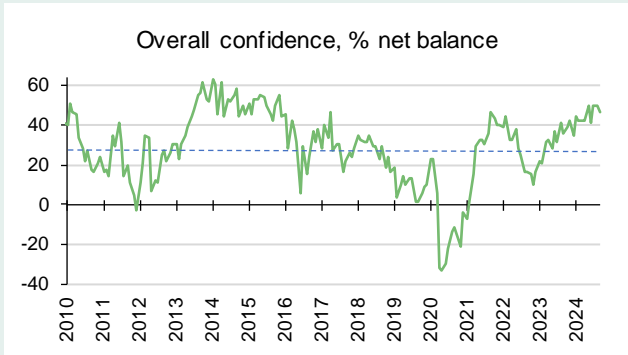
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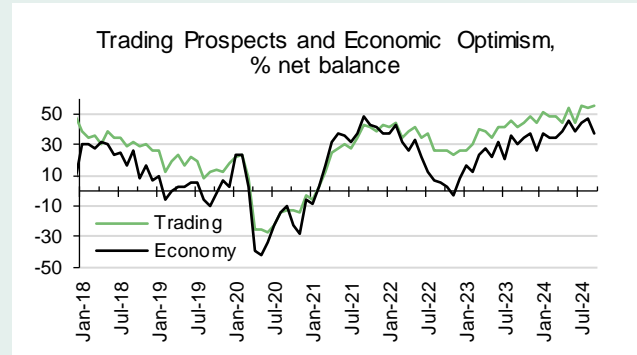
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**Chart 1: Confidence remains strong**



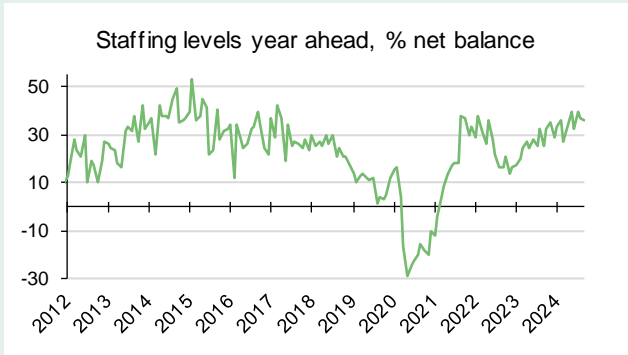
Source: Lloyds Bank Business Barometer (September 2024), BVA BDRC

**Chart 2: Economic optimism eases back**



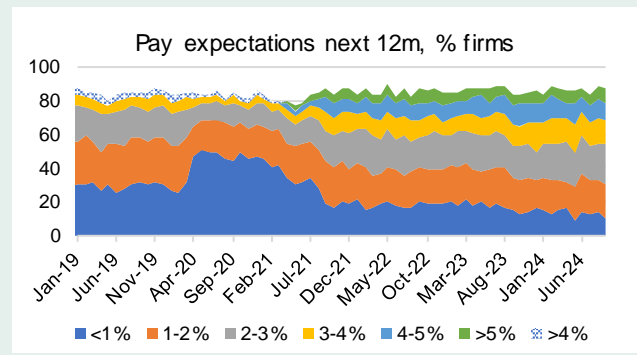
Source: Lloyds Bank Business Barometer (September 2024), BVA BDRC

**Chart 3: Hiring intentions remain positive**



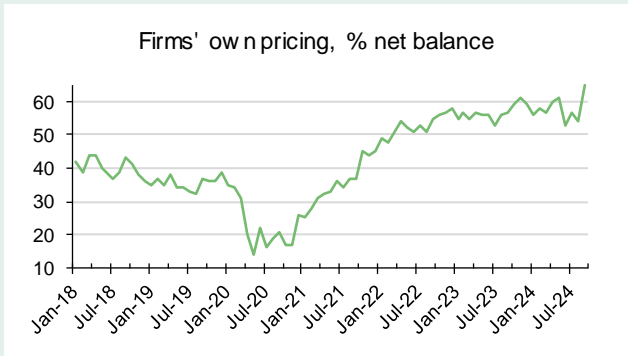
Source: Lloyds Bank Business Barometer (September 2024), BVA BDRC

**Chart 4: Expected wage signals mixed**



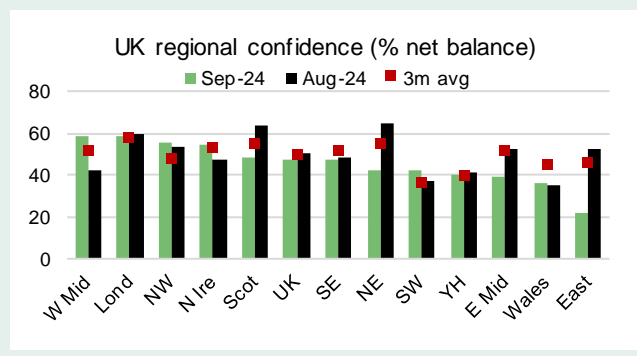
Source: Lloyds Bank Business Barometer (September 2024), BVA BDRC

**Chart 5: New high in price expectations**



Source: Lloyds Bank Business Barometer (September 2024), BVA BDRC

**Chart 6: West Midlands and London on top**



Source: Lloyds Bank Business Barometer (September 2024), BVA BDRC



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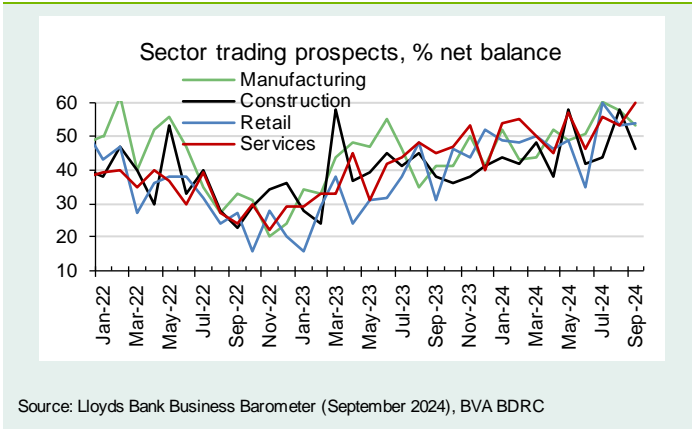
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Chart 7: Construction falls back



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