



LLOYDS BANK

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BUSINESS CONFIDENCE BOUNCES BACK IN MARCH

The Lloyds Bank Business Confidence Barometer 'monthly snapshot' for March 2015 shows:

- *Overall business confidence for March bounced back to a six-month high.*
- *The improvement has been driven by businesses being more confident about the UK economy.*
- *However, businesses are less confident about their own future trading prospects for the second consecutive month.*

Overall business confidence, which looks at companies' attitudes towards the UK economic outlook and their own trading prospects, bounced back in March to a six-month high of 53 percent, a rise of eight points from last month according to the latest **Lloyds Bank Business Confidence Barometer**. Over Q1, sentiment remained the highest in the business services and consumer services sectors.

It is likely that lower oil prices and signs of increased activity and confidence in the Euro area are boosting confidence of UK businesses. However, various external factors, including the stronger pound could be impacting on firms' perceptions of their own future trading prospects.

The number of businesses that cited increased confidence in the UK economy rose sharply by 19 points to an 11-month high. The overall balance of firms that were more optimistic about the economy than three months ago increased 15 points to 70 percent while those less optimistic fell four points to nine percent. The overall increase in business confidence can be attributed to the lower oil price and a more positive outlook for the economy.

In contrast, businesses' trading prospects fell for the second month in a row by four points to 44 percent, though this is still above the long-term historical average. The number of firms that were more positive about trading prospects fell by 11 points to 49 percent but those that were negative also declined, by seven points to five percent. A greater proportion of businesses were neutral, with a rise from 28 percent to 46 percent. As stated, the fall in future trading prospects may be explained by numerous external factors, including the stronger pound.

ECONOMY CONTINUES TO EXPAND IN Q1

From a sector perspective, this month saw increases in sentiment in the industrial and business services sectors, but a small decline in consumer services. The sector breakdown for Q1 shows that overall sentiment remained highest in the business service sector at 54 percent. This was broadly unchanged from Q4 2014. The consumer services sector showed an overall improvement in overall confidence with a rise of ten points from the previous quarter to 50 percent. Confidence in the industrial sector, although marginally lower than the other two sectors, remained broadly unchanged for Q1 at 43 percent.

Over the quarter, overall confidence averaged 50 percent in Q1, slightly higher than 47 percent in Q4 and indicates a modest improvement. Indications suggest that the economy continued to expand in Q1 at a similar pace to the prior quarter.

Trevor Williams, Chief Economist, Lloyds Bank Commercial Banking, said: "Business confidence this month has risen, largely driven by an improvement in economic outlook and likely due to the lower oil price and more favourable conditions for those businesses exporting to the euro area. Overall growth in Q1 looks likely to be at a similar pace to the previous quarter."

-Ends-

Notes to editors:

- The overall “balance” of opinion weighs up the percentage of firms that are positive in outlook against those that are negative. Responses are re-weighted to reflect the composition of the economy.
- The industrial sector in this report represents mainly manufacturing and construction; the consumer services sector comprises distribution and transport & communications; business & other services consists of financial & business services and the public sector.

The Business Barometer results provide early signals about UK economic trends and other business surveys such as the PMI survey.

The survey started in January 2002 and research is carried out monthly on behalf of Lloyds Bank by BDRG Continental. This survey was conducted with around 300 companies with turnover above £1 million between 2 and 12 March 2015 from all sectors and regions of Great Britain.

<http://www.lloydsbankcommercial.com/economic-research/>

Barometer Statistics

Overall Business Confidence					
	Optimistic	Same	Pessimistic	Net balance (per cent)	Monthly change
March 2015	60	33	7	53	8
February 2015	58	29	13	45	-7
January 2015	61	30	9	52	6
December 2014	57	32	11	46	-4
November 2014	61	28	11	50	6
October 2014	57	30	13	44	-15
September 2014	64	31	5	59	4

Are you presently more optimistic about the economy than you were three months ago?					
	Optimistic	Same	Pessimistic	Net balance (per cent)	Monthly change
March 2015	70	21	9	61	19
February 2015	55	32	13	42	-7
January 2015	62	25	13	49	4
December 2014	63	19	18	45	3
November 2014	58	26	16	42	7

October 2014	56	23	21	35	-22
September 2014	65	27	8	57	10
August 2014	60	27	13	47	-5
July 2014	66	20	14	52	1
June 2014	61	29	10	51	10
May 2014	61	19	20	41	-25
April 2014	70	26	4	66	22
March 2014	59	26	15	44	-9

Do you expect trading prospects for your company to increase in the next year?

	Optimistic	Same	Pessimistic	Net balance (per cent)	Monthly change
March 2015	49	46	5	44	-4
February 2015	60	28	12	48	-6
January 2015	60	34	6	54	8
December 2014	51	44	5	46	-12
November 2014	64	30	6	58	5
October 2014	58	37	5	53	-7
September 2014	63	34	3	60	-2
August 2014	65	32	3	62	9
July 2014	58	37	5	53	-2
June 2014	58	39	3	55	8
May 2014	50	47	3	47	-10
April 2014	61	35	4	57	11
March 2014	55	36	9	46	-20
February 2014	69	28	3	66	3

Other indicators – Net balance (per cent) (The below calculations are based on whether respondents felt more optimistic than pessimistic)

	Staff levels	Profit margins	Domestic prices
March 2015	36	1	17
February 2015	53	-10	4
January 2015	39	5	11

December 2014	37	-3	9
November 2014	36	-5	3
October 2014	35	-3	7
September 2014	49	1	10
August 2014	45	3	12
July 2014	37	-7	6
June 2014	38	-3	15
May 2014	38	-6	14
April 2014	42	6	18
March 2014	22	-7	13

Overall confidence by region – Net balance (per cent)

	North	Midlands	South	Total
March 2015	59	45	55	53
February 2015	23	40	62	45
January 2015	44	48	59	52
December 2014	55	37	47	46
November 2014	59	40	48	50
October 2014	31	46	53	44
September 2014	52	46	71	59
August 2014	39	56	63	55
July 2014	61	47	53	53
June 2014	56	47	57	53
May 2014	41	48	44	44
April 2014	55	62	66	62
March 2014	20	66	50	45

Overall confidence by sector – Net balance (per cent)

	Industrial	Consumer Services	Business & Other Services	Total
March 2015	55	49	55	53
February 2015	23	56	50	45
January 2015	52	45	56	52
December 2014	38	45	53	46
November 2014	38	47	62	50
October 2014	50	30	52	44
September 2014	59	58	58	59

August 2014	59	55	50	55
July 2014	59	50	50	53
June 2014	51	46	62	53
May 2014	51	32	48	44
April 2014	57	65	62	62
March 2014	62	39	40	45

Overall confidence by turnover – Net balance (per cent)				
	£1-5m	£5-20m	>£20m	Total
March 2015	53	58	48	53
February 2015	45	30	54	45
January 2015	49	55	64	52
December 2014	42	61	51	46
November 2014	47	49	70	50
October 2014	40	56	51	44
September 2014	59	61	54	59
August 2014	55	46	62	55
July 2014	50	60	61	53
June 2014	52	64	45	53
May 2014	41	53	49	44
April 2014	59	64	80	62
March 2014	45	43	58	45