



BUSINESS CONFIDENCE CLIMBS TO EIGHT-MONTH HIGH

The Lloyds Bank Business Confidence Barometer ‘monthly snapshot’ for May 2015 shows:

- UK business confidence rises to highest level since September reflecting improved sentiment for companies’ own prospects and the wider economy
- The biggest rise in sentiment was in the industrial (including manufacturing) sector.
- Companies expecting to increase staff over the coming year at strongest level for three months.

Business Barometer Question	Positive (%)	Same (%)	Negative (%)	Net Balance (%)	Monthly Change
Optimism about the economy	69	23	8	61	+3
Optimism about own business	54	41	5	49	+1
Overall Business Confidence (Average of above indicators)	62	31	7	55	+2

Business confidence is at its highest level since September, according to the latest Lloyds Bank Business Confidence Barometer, which tracks over 300 firms’ views of their own prospects and the wider economy.

The Barometer’s measure of overall business confidence increased two points to 55 per cent, as a result of rising optimism about trading prospects and the economy.

A balance of 49 percent said they were upbeat about their own trading outlook, rising one point from the previous month, while a balance of 61 percent reported that they were still positive about the economic outlook – an increase of three percent since April.

The survey was conducted between 7 and 17 May after the general election result.

Manufacturing sentiment improves

The net balance of firms feeling more confident in the industrial (including manufacturing) sector rose significantly by 15 points to 59 per cent on a three month average, having been subdued at the beginning of the year. The consumer services sector’s confidence reading rose by one point to 53 per cent while in the business services sector, it declined slightly by two points to 52 per cent.

Employment outlook strongest in three months

The Barometer shows that in the last month, the net balance of firms expecting to increase staff numbers rose seven points to 45 percent from April, suggesting that employment levels will continue to rise.

North and Midlands show increase in confidence

The regional picture shows that the biggest increase in confidence came from firms in the North rising by 11 points to 55 per cent. The Midlands also edged up by two points to 51 per cent. Business confidence among firms in the South decreased marginally by one point, to 55 per cent on a three month average.

Trevor Williams, Chief Economist, Lloyds Bank Commercial Banking, said: “Business confidence has reached an eight month high which could be due to a level of uncertainty being removed following the election. This high level of confidence points to an acceleration of GDP growth in the second quarter of the year, following a slowdown in the first 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 7 and 17 May 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
May 2015	62	31	7	55	2
April 2015	60	33	7	53	0
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
May 2015	69	23	8	61	3
April 2015	69	20	11	58	-3
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

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

	Optimistic	Same	Pessimistic	Net balance (per cent)	Monthly change
May 2015	54	41	5	49	1
April 2015	50	48	2	48	4
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

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
May 2015	45	0	20
April 2015	38	15	22

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

Overall confidence by region – Net balance (per cent, 3m average)			
	North	Midlands	South
May 2015	55	51	55
April 2015	44	49	56
March 2015	42	44	59
February 2015	41	42	56
January 2015	53	42	51
December 2014	48	41	49
November 2014	47	44	57
October 2014	41	49	62
September 2014	51	50	62
August 2014	52	50	58
July 2014	53	47	51
June 2014	51	52	56
May 2014	39	59	53

Overall confidence by sector – Net balance (per cent, 3m average)			
	Industrial	Consumer services	Business services
May 2015	59	53	52
April 2015	44	52	54
March 2015	43	50	54
February 2015	38	49	53
January 2015	43	46	57
December 2014	42	41	56

November 2014	49	45	57
October 2014	56	48	53
September 2014	59	54	53
August 2014	56	50	54
July 2014	54	43	53
June 2014	53	48	57
May 2014	57	45	50

Overall confidence by turnover – Net balance (per cent, 3m average)			
	£1-5m	£5-20m	Over £20m
May 2015	53	60	55
April 2015	51	48	49
March 2015	49	48	55
February 2015	45	49	56
January 2015	46	55	62
December 2014	43	55	57
November 2014	49	55	58
October 2014	51	54	56
September 2014	55	56	59
August 2014	52	57	56
July 2014	48	59	52
June 2014	51	60	58
May 2014	48	53	62