

BUSINESS CONFIDENCE DIPS SLIGHTLY IN NOVEMBER, ECONOMIC CONFIDENCE AT LOWEST LEVEL SINCE JUNE 2016

Lloyds Bank's Business Barometer for November 2017 shows:

- Overall business confidence fell 2 points to 24%, after slightly increasing in the last two months
- Economic optimism decreased by 9 points to 4%, the lowest level since June 2016
- Confidence in business prospects increased by 5 points to 44%, the highest level since April 2017
- Firms' hiring intentions remained positive and rose by 4 points to 28%

Chart 1: Stronger business prospects, but weaker economic optimism

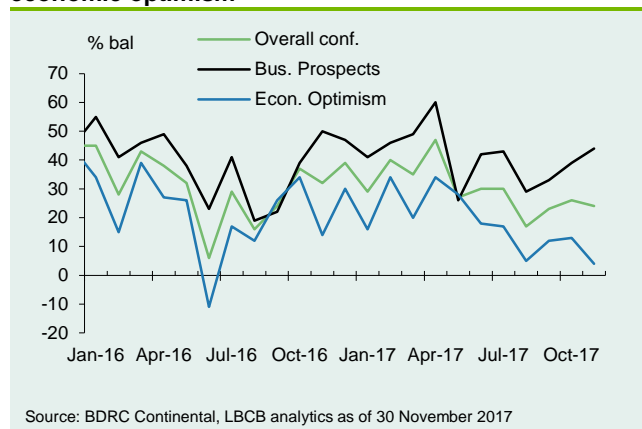
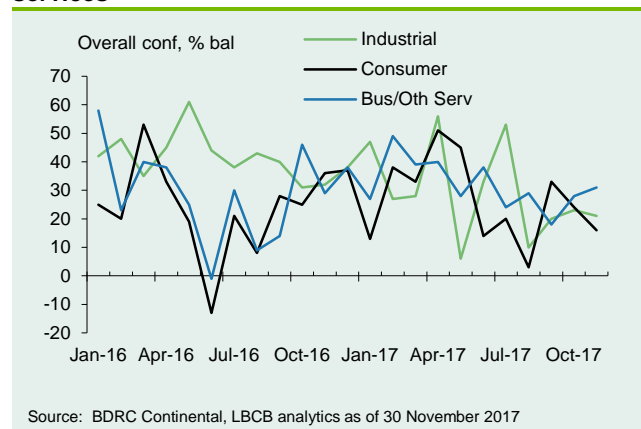


Chart 2: Confidence is highest in business & other services



Overall business confidence fell by 2 points to 24% in November, according to the latest Business Barometer from Lloyds Bank Commercial Banking. This follows the slight increase in confidence seen over the last two months and remains below the long-term average of 32%.

Economic optimism decreased by 9 points to 4%. The share of companies who were more optimistic about the economy increased by 4 points to 40%, but those who were pessimistic also increased by 13 points to 36%. As a result, economic optimism is well below the long-term average of 19%.

Firms' confidence in their own business prospects increased by 5 points to 44%. This was driven by a 2 point increase to 50% in those expecting a rise in business activity in the next year and a 3 point fall to 6% in those expecting a fall.

Overall business confidence in the North improved by 1 point to 33%, and remains higher than both the Midlands and the South. Sentiment in the South rose by 9 points to 29%, almost erasing last month's fall, while it fell in the Midlands by 22 points to 6%.

Confidence rose for a third straight month for the business / other services sectors, rising by 3 points to 31%. This outperformed both the industrial and consumer services sectors. Confidence in consumer services fell for a second month and went down by 8 points to 16%, while confidence in the industrial sector fell slightly by 2 points to 23% after increasing in the last two months.

Companies' hiring intentions remain positive. The net balance of firms expecting to increase headcount over the next year rose by 4 points to 28%, a five month high. Companies indicating that they expect to increase staff levels over the next year fell by 1 point to 33%, while the share expecting lower staff levels fell 5 points to 5%. The results remain consistent with further employment growth and a tight labour market.

Net hiring intentions were strongest in the Midlands (39%) followed by the South (32%) and the North (15%). In the sectors, they were the strongest in the industrial sector (41%), followed by business services (34%) and consumer services (9%).

Hann-Ju Ho, senior economist for Lloyds Bank Commercial Banking, commented:

“Despite a slight dip in overall Business Confidence, the rise in business prospects suggests that firms are confident about their future, although the fall in economic optimism is an indication of economic and political uncertainties that lie ahead. For now, the results point to the economy continuing to expand in Q4 at a similar pace to recent quarters.”

- Ends -

Business Barometer measure of overall business confidence is the average of responses about how businesses regard the economic outlook and their own trading prospects.

- The overall “balance” of opinion weighs up the percentage of firms that are positive in outlook against those that are negative. Responses are 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 200 companies with turnover above £1 million between 6th and 10th November 2017 from all sectors and regions of Great Britain.