

SCOTTISH BUSINESS CONFIDENCE RETURNS TO PRE-PANDEMIC LEVELS BUT REMAINS IN NEGATIVE TERRITORY

Bank of Scotland's Business Barometer for March 2021 shows:

- **Overall confidence of firms in Scotland rose 15 points in the past month to -2%**
- **Optimism grew in all UK nations and regions for a second consecutive month after roadmap for ending lockdown restrictions was laid out**
- **Overall UK business confidence surged to its highest level since February 2020**

Business confidence in Scotland rose 15 points during March to -2%, the highest reading since March 2020, according to the latest Business Barometer from Bank of Scotland Commercial Banking. The data has been released just a week after the one-year anniversary of the first COVID-19 lockdown.

Companies reported higher confidence in their own business prospects month-on-month, up 6 points at -5%. When taken alongside their optimism in the economy, which was up 24 points to 2%, the increases give a headline confidence reading of -2%. Despite the increase, Scotland was the only area of the UK to give a net pessimistic reading during March.

The Business Barometer questions 1,200 businesses monthly and provides early signals about UK economic trends both regionally and nationwide.

When it comes to jobs, a net balance of 20% of firms in Scotland expect to reduce staff levels over the next year, up 16 points on last month.

The UK picture

Overall UK business confidence rose for a second consecutive month in March. Firms' confidence increased by 13 points to 15%, the highest reading since February 2020, before coronavirus was confirmed as a pandemic by the World Health Organisation.

UK firms' economic optimism also increased by 15 points to 17%, while confidence in their own business prospects jumped 10 points to 12%.

In fact, every UK region and nation reported an increase in overall confidence during March, with most reporting a double-digit rise month-on-month. The North East (1% to 26%), West Midlands (3% to 27%) and East of England (-8% to 12%) reported the largest increases.

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Press Release

30th March 2021



Fraser Sime, regional director for Bank of Scotland Commercial Banking, said:

“Scottish business confidence has increased for a second consecutive month and is the highest since March 2020. Despite it remaining in negative territory, there is hope that the end of a challenging year is now in sight.

“We’ll remain by the side of businesses in Scotland as restrictions are eased in the coming weeks and months, helping them on the road to recovery and as they seek new growth opportunities.”

In the sectors, manufacturing and retail recorded the highest confidence levels, both at 25%, while services and construction rose to 11% and 12% respectively.

Paul Gordon, Managing Director for SME and Mid Corporates, Lloyds Bank

Commercial Banking, said: “We have completed a full circle since lockdown began in March 2020 and it is uplifting to see businesses portraying confidence for the months ahead. The regions have reported a tremendous result in confidence, especially England which is positive across the board.

“In the sectors, the uptick in confidence for manufacturing is driven by strong trading prospects, while in retail, there is an anticipation that pent-up demand will drive consumption when restrictions are lifted. The months ahead will play a pivotal role in charting the course for the UK’s recovery and we remain by the side of businesses as they go along on this journey.”

Hann-Ju Ho, Senior Economist, Lloyds Bank Commercial Banking, said: “It’s been a year since the first lockdown and the surge in confidence this month tells us firms are increasingly confident about economic recovery.

“The broadly positive outlook is driven by steady vaccine deployment, the roadmap out of lockdown and the extension of government support measures. It will be interesting to see whether the momentum for stronger business optimism is sustained in the months ahead.”

Notes to editors

The Business Barometer’s 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. The survey started in January 2002 and research is carried out monthly on behalf of Lloyds Bank by BVA BDRC.
- This survey was conducted with 1,200 companies – including 100 businesses in Scotland - between 1st – 15th March 2021

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Support for SMEs

- Lloyds Banking Group is committed to helping businesses of all types and sizes, giving them the funding and support they need to grow at home and abroad. We have set out our pledges in our Helping Britain Prosper Plan.
- Since the start of 2011, we have grown our net lending to SMEs by 36% whilst the market has contracted by 12%.
- To see the latest supporting businesses factsheet please visit:
<https://www.lloydsbankinggroup.com/globalassets/documents/media/media-kit/cb-factsheet/190220-cb-factsheet.pdf>
- For more information on the Lloyds Bank Working Capital Index please visit:
www.lloydsbank.com/workingcapitalindex

Financing businesses through the crisis

- Businesses can borrow from Lloyds Bank Commercial Banking using the normal process and we remain committed to helping our customers with their lending needs.
- Businesses that are experiencing lost or deferred income as a result of coronavirus may be eligible for the government's Coronavirus Business Interruption Loan Scheme (CBIL), Coronavirus Large Business Interruption Loan Scheme (CLBIL) or the Bounce Back Loan Scheme.

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