

Overall business
confidence

47%



Monthly
change

+5 points



Construction sector
business confidence

61%



Economic
optimism

42%

Business confidence ends year higher than start of 2025

- Business confidence ends 2025 up 10 points from the start of the year
- Economic optimism at four-month high in December
- Construction firms saw biggest sector rise, up 22 points and its highest level this year
- Price expectations fell for second month in a row
- Strongest regional gains seen in Wales and Yorkshire & the Humber

Business confidence increased to 47% in December, rising five points from last month and standing 10 points higher than the start of 2025, according to the latest Lloyds Business Barometer.

In addition, optimism towards the wider economy reached a four-month high, up 11 points to 42%. The renewed economic optimism offset a slight dip in firms expectations in their own trading prospects, down by one point to 52%.

Hiring intentions ease

Firms hiring plans for the year ahead remained positive but eased slightly to 55%, down one point, while businesses expecting to increase headcount over the next year remained unchanged at 17%.

Wage growth expectations remained steady with 18% of firms anticipating wage growth of 4% or more in the next 12 months in line with the 2025 average.

Prices pressures soften

Businesses' price expectations reduced in December, returning to levels seen at the start of the year. Overall a net balance of 59% of firms, down one point, expect to raise prices next year.

Contact

Charlotte Varney | charlotte.varney@lloydsbanking.com | 07799 474 355



Hann-Ju Ho, Senior Economist, Lloyds Commercial Banking, said:

“It is great to see business confidence ending the year on a higher note, up ten points from the start of the year.

“The uplift in business confidence is driven by an 11 point increase in optimism in the wider economy, increasing to a four month high.

“Confidence changed most in the construction sector which saw a big boost in December, to the highest level this year.”

Sector Highlights

Construction saw the sharpest improvement, up 22 points to 61%, its highest level seen this year. Manufacturing also was up five points to 49%, while retail firms edged higher to 47%, likely reflecting seasonal demand. Services confidence fell one percentage point to 41%.

Regional Outlook

Seven of the UK's twelve regions and nations saw a rise in confidence in December. The strongest monthly gains were recorded in Wales and Yorkshire & the Humber, both rebounding sharply from November. The East Midlands also posted a notable rise. Despite smaller monthly increases, the West Midlands and London hold the highest confidence levels nationally, at 63% each, well above the UK average of 47%.

Paul Kempster, Managing Director for Commercial Banking Coverage, Lloyds Business & Commercial said:

“To end the year stronger than where we started will be a boost for businesses as they gear up for the growth opportunities that they hope lie ahead in 2026.

“As we approach the peak sales period for retailers, it's great to see their confidence rise as well as the considerable gains seen in construction.

“For all businesses regardless of sector, maximising cashflows, investment and a keen eye on margins will stand them in good stead as we head into 2026.”

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Ends

Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **28 November –12 December** by BVA BDRC.
- To understand more about how the Business Barometer compares to other confidence surveys, read our report [here](#).
- 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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Chart 1: Businesses regain confidence

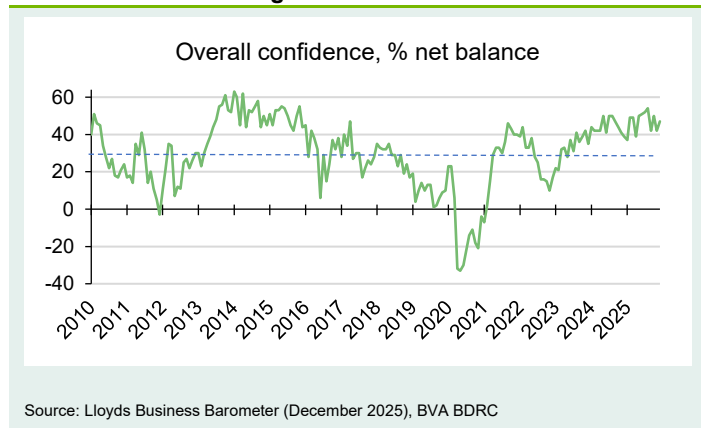


Chart 2: Trading prospects eased further

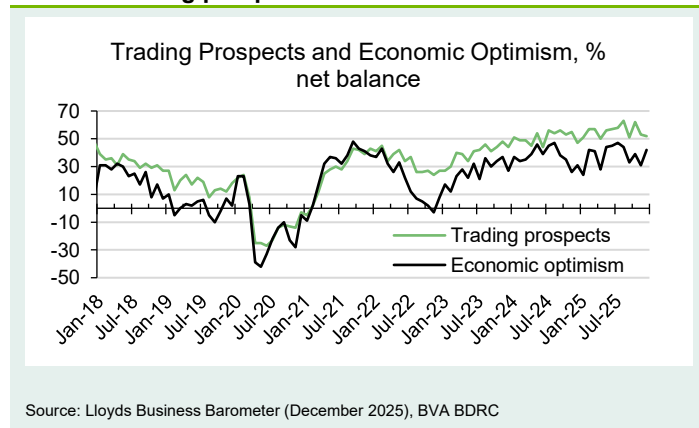


Chart 3: Positive staffing plans despite pullback

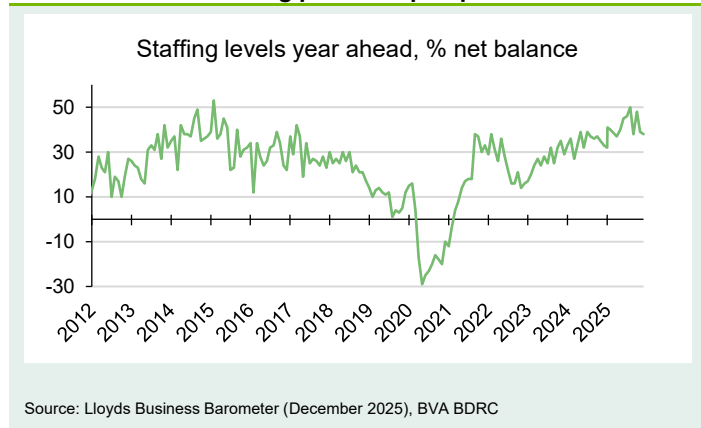
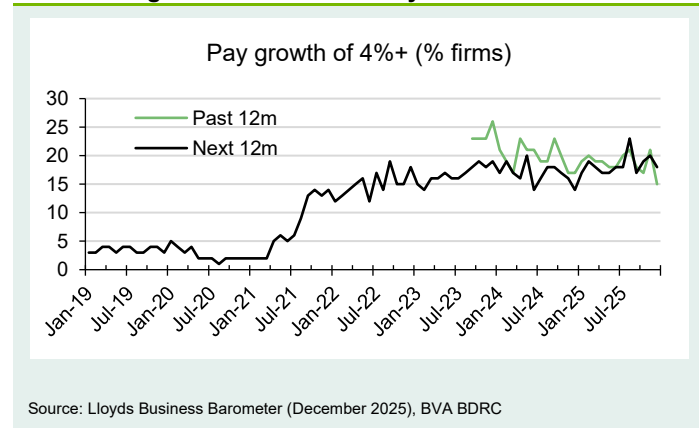


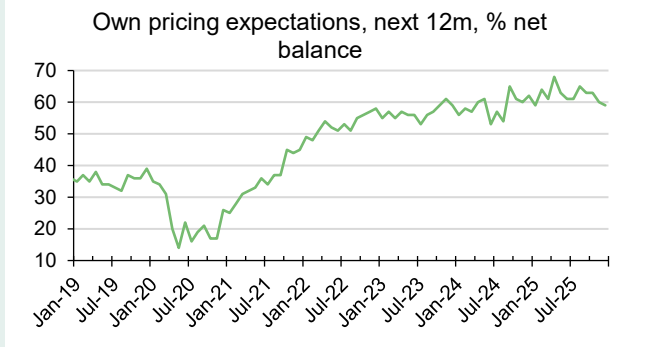
Chart 4: Wage outlook holds steady



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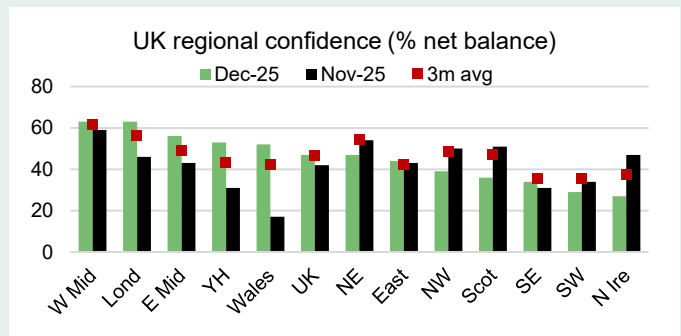
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Chart 5: Majority of firms still plan price rises



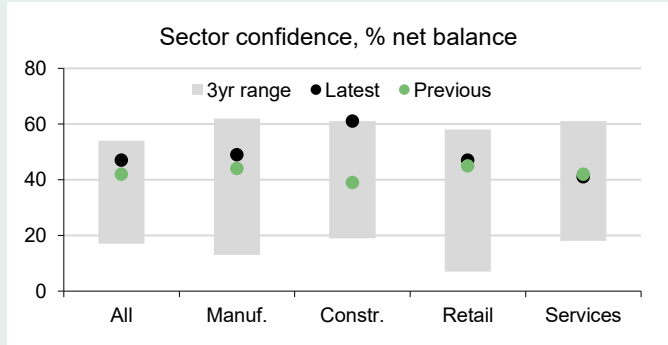
Source: Lloyds Business Barometer (December 2025), BVA BDRC

Chart 6: West Midlands and London outperform



Source: Lloyds Business Barometer (December 2025), BVA BDRC

Chart 7: Confidence strengthens across most sectors



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