

Overall business
confidence

49%



Monthly
change

+12 points



Trading
Prospects

57%



Economic
Optimism

42%

Business confidence rises to a six-month high in February

- Business confidence hits highest level since August 2024, mainly driven by a strong rise in increased economic optimism
- Businesses in 11 out of 12 regions and nations report higher confidence
- Confidence grew across all sectors in manufacturing, construction, retail and services
- Trading prospects increase, prompting a rise in firms' hiring intentions

Business confidence increased 12 points to 49% in February, the highest level since August 2024, according to the latest Lloyds Business Barometer.

The boost in confidence was mainly driven by increased economic optimism, which rose 18 points to 42%, the highest level for six months and the largest single monthly increase since late 2020. Currently, 63% of firms said they feel more optimistic about the economy, up from 52% last month.

Businesses' own trading prospects also improved with a six-point rise to 57%, marginally surpassing last year's high of 56%, and the highest level since 2017. Nearly two-thirds (65%) expect stronger activity in the coming year, up from 60% last month, while 8% expect less activity, down from 9% last month.

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

The results show that businesses confidence levels in February were significantly above the long-term average of 29%.

The increased sentiment is being felt by businesses across the UK, with 11 out of 12 regions reporting higher confidence, the most widespread increase since April 2021.

Employment Insights

Businesses reported a significant rise in hiring intentions, with the net balance rising nine points to 41%. This comes as firms identified hiring and upskilling employees as their biggest growth opportunity over the

Contact

Sam Boden | samuel.boden@lloydsbanking.com | 07868 675 107
Laura Brodtkin | laura.brodtkin@lloydsbanking.com | 07939 566 017



next six months.

The majority (56%) of businesses plan to expand their workforce, up from 49% last month. Several industries anticipate higher staffing levels, including manufacturing, retail and parts of the services sector, such as hospitality.

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

“The rise in business confidence demonstrates the resilience of UK businesses and their ability to navigate challenges, such as rising costs and uncertainty. Increased optimism, along with an expected uplift in trading prospects, is prompting businesses to invest in growing and upskilling their workforce, putting them in a prime position to capitalise on increased demand and drive future growth.

“This chimes with the expectations businesses set out at the beginning of the year, where they predicted a strong start to 2025, with the majority (70%) expecting to see their turnover increase in the year ahead. To sustain this positive momentum, it is important that businesses continue to innovate and adapt, ensuring they remain competitive and resilient to future challenges.”

Regional Insights

11 of the UK's 12 regions and nations reported stronger business confidence, with the East of England and North East experiencing the largest increases, followed by the North West and South East. Sentiment in the West Midlands, London and Scotland also exceeded the UK average. The North East is the most confident region, followed jointly by the North West and East of England. The East Midlands was the only outlier, registering a small decline in confidence.

Sector Insights

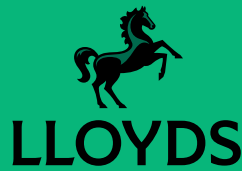
All four sectors surveyed saw double-digit increases in confidence. The largest improvements were seen in manufacturing, which rose by 13 points to 51%, and construction, which increased by 14 points to 50%. Retail also experienced a significant gain, up 11 points to 51%, and services rose by 10 points to 48%.

Within the services sector, hospitality firms posted a particularly strong rebound in sentiment. Confidence across these sectors reached their highest levels in several months, ranging from four months in services to seven months in manufacturing.

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

Contact

Sam Boden | samuel.boden@lloydsbanking.com | 07868 675 107
Laura Brodtkin | laura.brodtkin@lloydsbanking.com | 07939 566 017



“The findings of the latest Business Barometer are encouraging, showing a significant uplift in business confidence and economic optimism across the UK.

“At Lloyds, we are committed to supporting businesses through this positive phase. Our range of financial services and expert advice are designed to help firms navigate the evolving economic landscape, seize new opportunities, and achieve their growth ambitions. We stand ready to assist businesses in capitalising on this momentum, ensuring they have the resources and support needed to thrive in the coming months.”

Pricing Insights

Two-thirds of businesses (66%) expect to raise their prices in the coming year, up from 61% last month. The proportion of businesses expecting to reduce prices is unchanged at 2%. This resulted in a 5-point increase in the net balance to 64%, with the most significant rises in price expectations reported by firms in the manufacturing, retail and education sectors.

Ends

Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **February 3rd-17th** by BVA BDRC.
- 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.

Chart 1: Business confidence hits six-month high

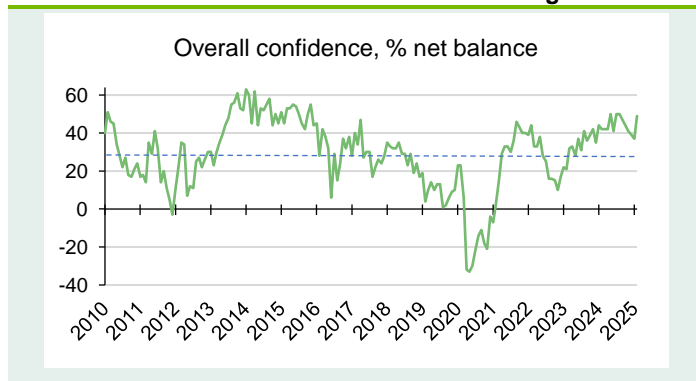
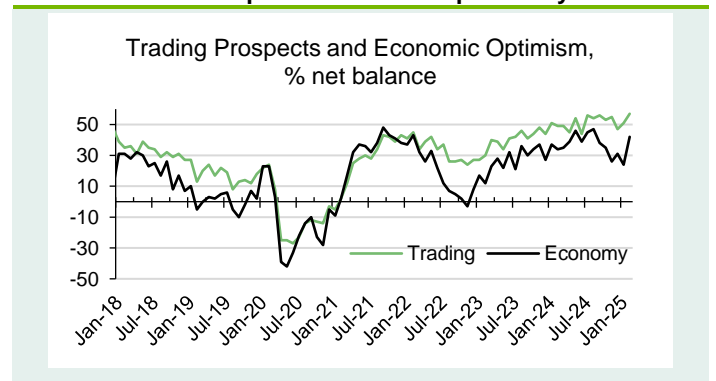


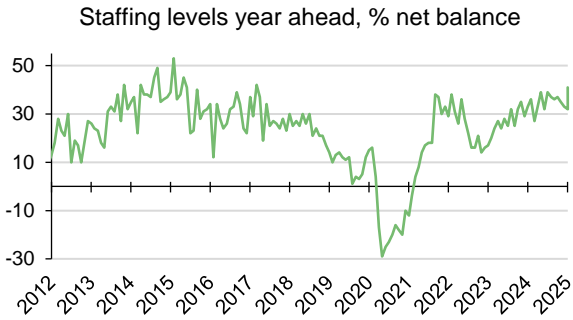
Chart 2: Economic optimism sees sharp monthly rise



Contact

Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

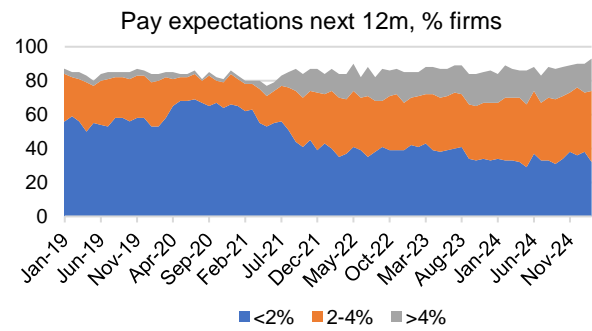
Chart 3: Firms plan workforce expansion



Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

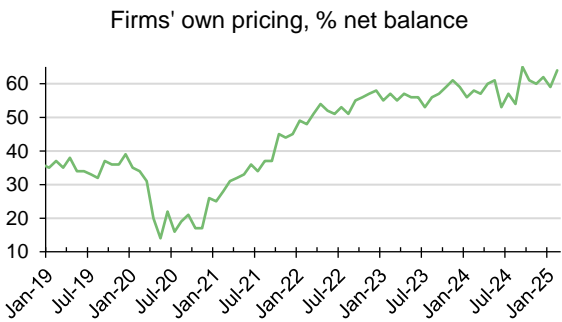
Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

Chart 4: Wage growth expectations strengthen



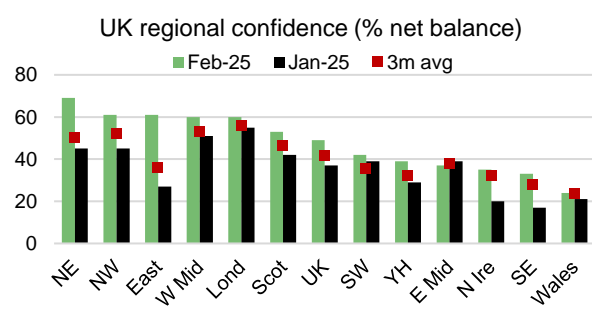
Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

Chart 5: Price expectations hit five-month high



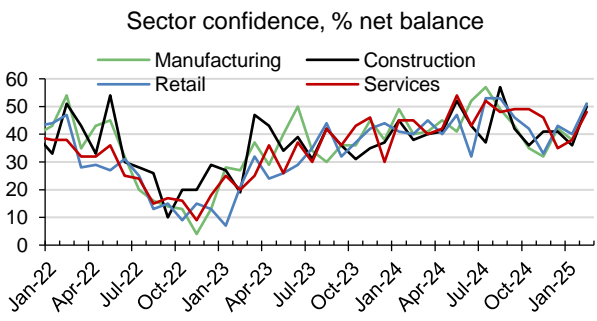
Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

Chart 6: Confidence rises in 11 of 12 UK regions



Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

Chart 7: Double-digit confidence gains across all sectors



Source: Lloyds Bank Business Barometer (February 2025), BVA BDRC

Contact

Sam Boden | samuel.boden@lloydsbanking.com | 07868 675 107
 Laura Brodtkin | laura.brodtkin@lloydsbanking.com | 07939 566 017