



Overall business
confidence

54%



Monthly
change

+2 points



Trading
prospects

63%



Economic
Optimism

44%

Embargoed until 00:01 Friday 29 August 2025

Business confidence rises despite drop in economic optimism

- Business confidence rose two points to 54%
- Economic optimism falls by three points; but remains above long-term trend
- Trading prospects rose five points to 63%
- Hiring intentions increased for the fourth month in a row, despite cost pressures
- Manufacturers confidence highest in a decade

UK business confidence has risen two points to 54%, according to the latest Lloyds Business Barometer. The August reading marked the fourth consecutive monthly increase. Economic optimism edged down for the first time since April, with a fall of three points to 44%, but remains above the long-term average of 19%. The increase was driven by a five-point rise in businesses confidence in their trading prospects to 63%, which is the highest level since 2014.

Wage growth strengthens

Wage growth expectations increased by four points, with 38% forecasting average pay increases of 3% or more. Firms expecting to increase wages by 4% rose five points to 23%, while those forecasting 5% or higher also climbed five points 12%.

Businesses' hiring intentions for the next 12 months increased again in August, despite cost pressures. Most (83%) of the firms surveyed said that increases in employment-related costs would have limited impact on hiring plans, with a third saying it would have a moderate effect. However, 17% said it would have a major or severe impact on their business.

62% of all businesses surveyed expect to hire more staff in the coming year, with 12% anticipating reducing employee numbers, increasing the net balance by one point to 50%.

Price pressures remain elevated

In August, the net balance of firms expecting to raise prices over the next year was up four points to 65%. 67% (from 65%) of firms said they would raise prices in the coming year, while those anticipating price reductions fell slightly to 2% (from 4%).

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

“This continued upward trend in business confidence suggests UK firms remain optimistic about their own trading prospects while there is a modest cooling of confidence in the wider UK economy. Firms are focusing on what they can control, with many looking to pursue growth opportunities, including entering new markets and adopting new technologies.

“Wage expectations have seen a notable shift this month, but it remains to be seen whether this signals the start of a sustained trend or a temporary uplift, as they have been broadly stable in recent months.”

Manufacturers confidence increases

Manufacturing firms saw confidence up 14 points this month, to 62%. This level was previously seen in 2015. Retailers also saw an increase in confidence this month, with levels up 13 points to 57%, a five-month high. However, construction firms confidence fell by five points to 40%, a four-month low while confidence in service sector firms also fell eight points to 53%.

National surge not felt equally across all the regions

Five of the UK's twelve regions and nations saw a rise in confidence in August. London, the East of England and the West Midlands saw strong improvements this month. However, firms in Wales were less confident, with a fall of 13 points. But Wales remains the joint third most confident nation/region.

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

“August's figures show a build on business confidence. Opportunities continue to lie ahead for businesses, whether that be upskilling their workforce or exploring new markets.

“While confidence isn't rising evenly across all sectors and regions, it's encouraging to see positive sentiment holding well above the long-term average.”

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Ends

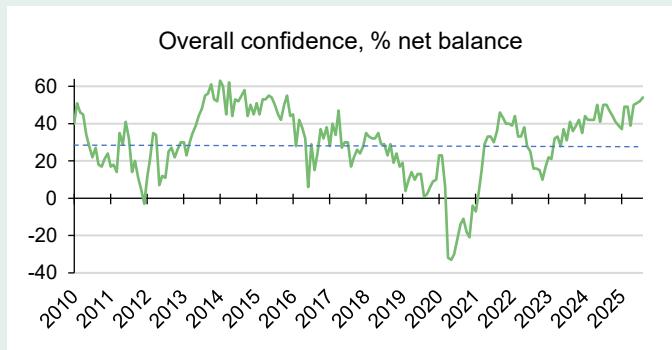
Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **1–15 August** 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.

Contact

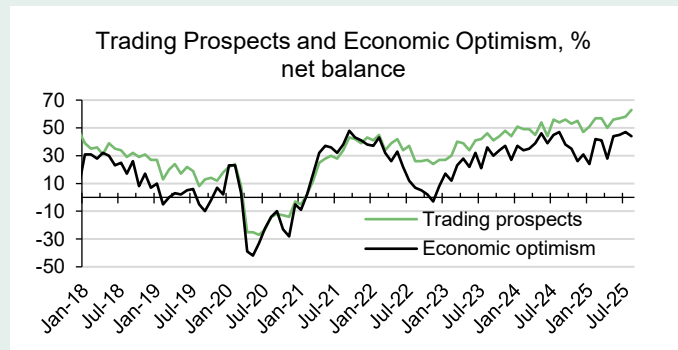
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Chart 1: Confidence at highest level since 2015



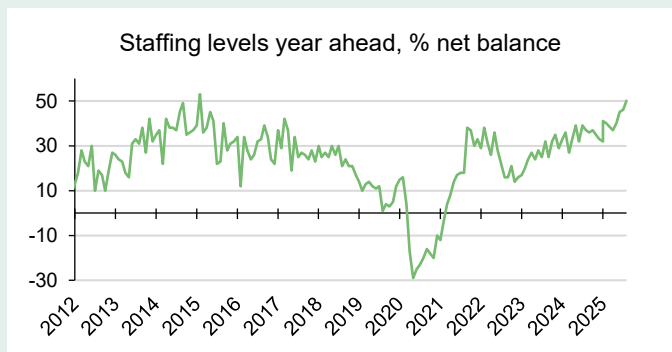
Source: Lloyds Bank Business Barometer (August 2025), BVA BDRC

Chart 2: Business activity outlook drives confidence gains



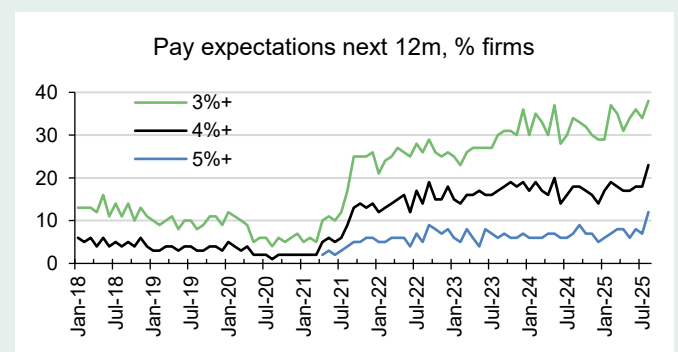
Source: Lloyds Bank Business Barometer (August 2025), BVA BDRC

Chart 3: Hiring optimism reaches decade high



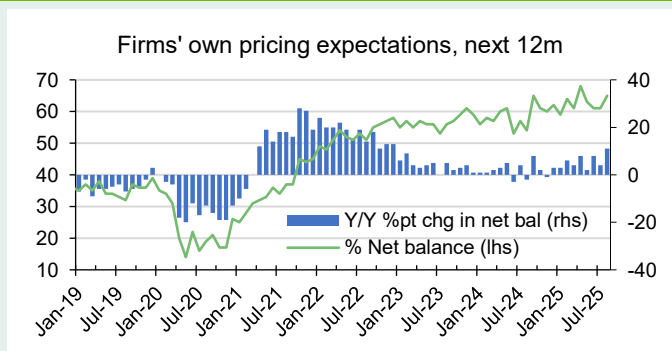
Source: Lloyds Bank Business Barometer (August 2025), BVA BDRC

Chart 4: Wage expectations rise to new highs



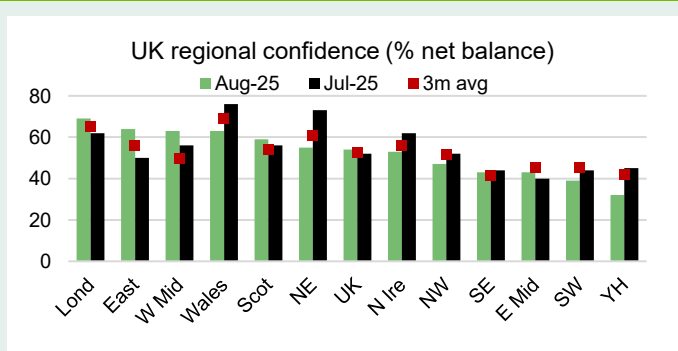
Source: Lloyds Bank Business Barometer (August 2025), BVA BDRC

Chart 5: Price expectations rise for first time since April



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

Chart 6: London and East of England lead region rise

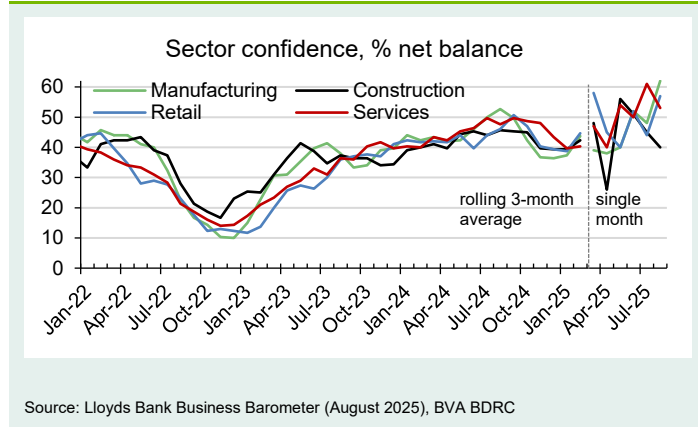


Source: Lloyds Bank Business Barometer (August 2025), BVA BDRC

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Chart 7: Construction and services confidence eases



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