

Overall business  
confidence

**42%**



Monthly  
change

**-12 points**



Trading  
prospects

**51%**



Economic  
Optimism

**33%**

## Business confidence returns to levels seen in first quarter

- Business confidence fell from 54% to 42% but remains above long-term average
- Over half of businesses expect to increase workforce in the next 12 months
- Pricing pressures fall but remain above pre-pandemic levels
- North East sees confidence rise by 13 points

After four months of elevated confidence, September saw a return to levels seen in the first part of the year. The latest Lloyds Business Barometer saw a reduction of 12 points in September, with confidence remaining above the long-term average of 29%, close to the average seen across 2024 (44%) and above the average in 2023 (33%).

Economic optimism edged down for the second time since April, with a fall of 11 points to 33%, but remains above the long-term average of 19%. The fall in business confidence included a 12-point fall in trading prospects to 51%.

The figures that make up business confidence, such as economic optimism and trading prospects, are arrived at by calculating the difference between the percentage who responded positively and the percentage who responded negatively.

### Wage expectations soften

Wage growth expectations eased to a five-month low, with 32% (down six points) of businesses forecasting average pay increases of 3% or more. Firms expecting to increase wages by 4% fell six points to 17%, although these levels are still above pre-pandemic norms, suggesting some underlying buoyancy.

Hiring intentions for the next 12 months fell for the first time in four months despite the majority of firms expecting to take on more staff. Over half, (55% down from 62%) of businesses surveyed expect to hire more staff in the coming year, with 17% anticipating reducing employee numbers, decreasing the net balance by 12 points to 38%.

### Price pressures cool

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In September, the net balance of firms expecting to raise prices over the next year was down two points to 63%. Of firms surveyed, 65% (down two points) said they would raise prices in the coming year, while those anticipating price reductions remained unchanged at 2%. As with wages, pricing expectations remain significantly above pre-pandemic levels.

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

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“While increased market volatility earlier in the month may have impacted confidence, levels of trading prospects and economic optimism remain above their long-term averages. Businesses may find reassurance that the Bank of England is expected to reduce interest rates further in the next six months, while long-term global bond yields have calmed which, if sustained, may have a positive impact on businesses as we move into the last few months of the year.”

## **Sectors see confidence ease**

Firms across manufacturing, construction, retail and services all saw confidence fall this month. The biggest change was in manufacturing with a decline of 31 points to 31%, a two-year low. Retail sentiment fell 17 points to 40%, its lowest level in four months. Similarly, confidence in the service sector fell six points to 47%, the lowest reading since April. Construction continued to decline for the fourth consecutive month, dropping 5 points to 35%.

## **Regional confidence slips**

Most of the UK's twelve regions and nations saw a decline in confidence in September. Notable exceptions include the North East, South East and Northern Ireland, where confidence rose 13%, 3% and 2% points respectively.

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

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“While business confidence has returned to levels seen earlier in the year, a range of metrics remain well above the long-term average.

“Businesses still have opportunities ahead, whether that be upskilling their workforce, evolving their products or exploring new markets.”

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## Ends

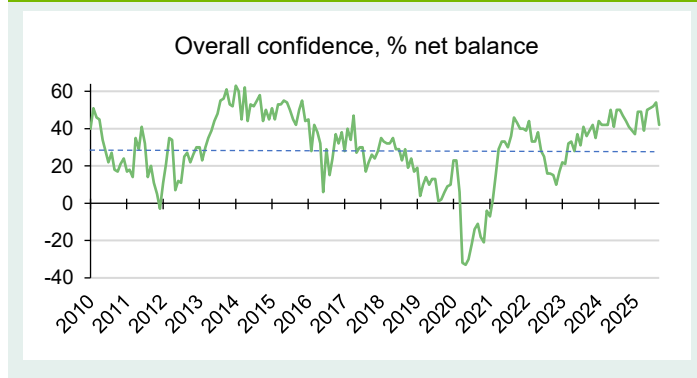
### Notes to Editors

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

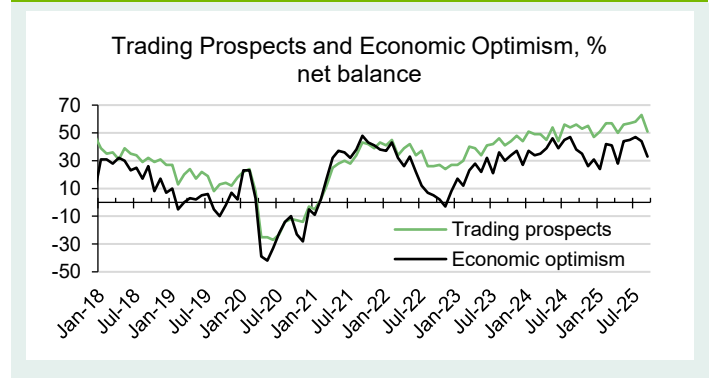
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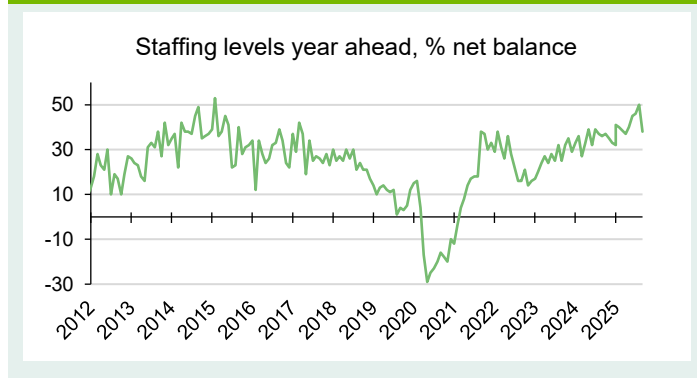
**Chart 1: Confidence drops but holds above average**



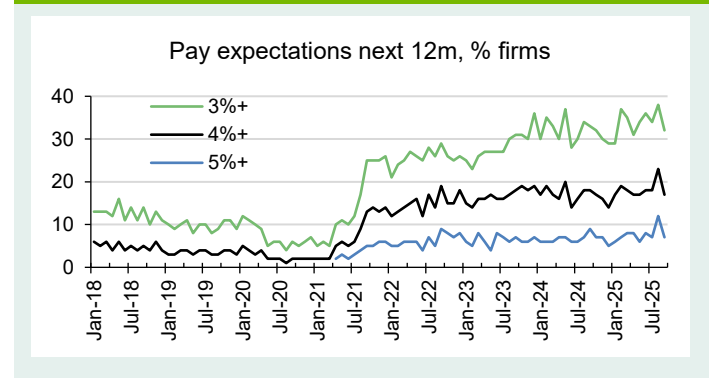
**Chart 2: Economic sentiment slips for a second month**



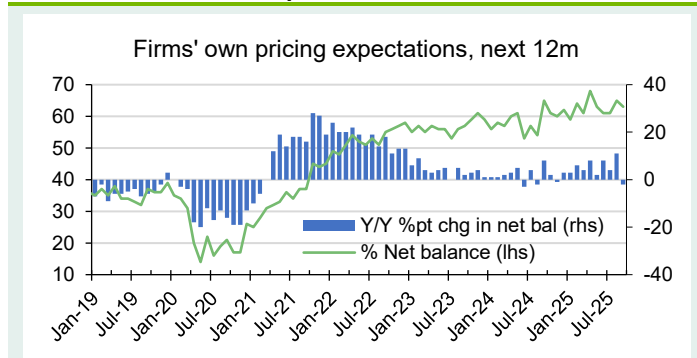
**Chart 3: Employment prospects dip after four-month rise**



**Chart 4: Hiring slowdown weighs on wage outlook**

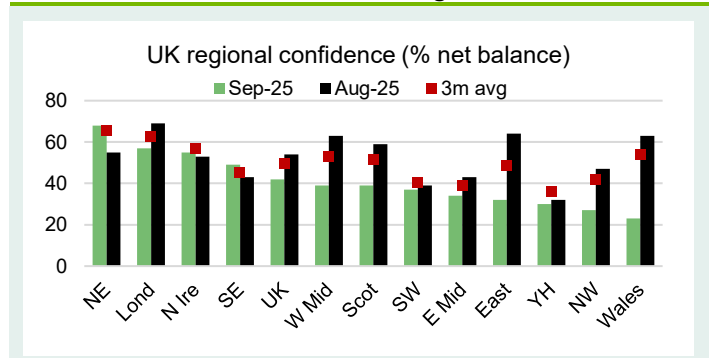


**Chart 5: Price outlook dips for first time in three months**



Source: Lloyds Bank Business Barometer (September 2025), BVA BDRG

**Chart 6: Sentiment falls in nine UK regions and nations**

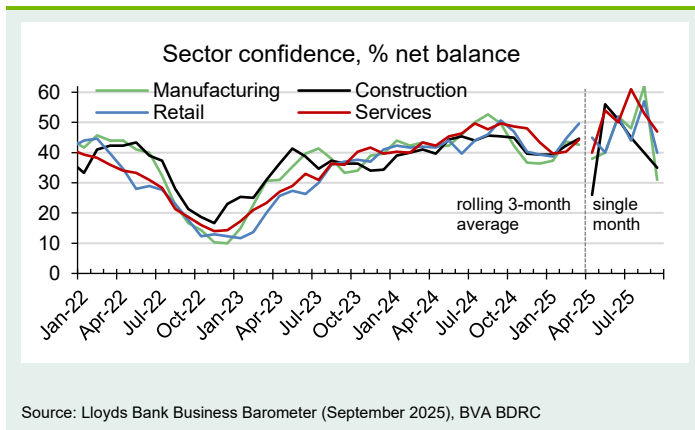


Source: Lloyds Bank Business Barometer (September 2025), BVA BDRG

**Chart 7: Confidence fall led by manufacturing and retail**

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