

Overall business
confidence

52%



Monthly
change

+1 points



Trading
prospects

58%



Economic
Optimism

47%

Business confidence remains buoyant

- Business confidence up one point to 52%
- Hiring intentions increased for the third month in a row
- Price pressures remain elevated
- The services sector saw the biggest increase in confidence, rising 11 points
- Welsh firms remain most optimistic for second month in a row

UK business confidence has climbed one point to 52%, its highest level since 2015, according to the latest Lloyds Business Barometer. The July reading marked the third consecutive monthly increase and signalling growing optimism across the economy. This uplift was driven by both stronger trading prospects and economic optimism, the latter reaching a 11-month high at 47% (up two-points) a consistent positive trend in recent months, recovering from April's decline amid concerns over trade conditions.

Hiring Intentions Soar

Businesses' hiring intentions for the next 12 months climbed to a 10-year high, despite cost pressures. This increase was driven by strength seen in the services sector, which helped offset softer hiring signals from retail and manufacturing firms. 60% of all businesses surveyed expect to hire more staff in the coming year, with 14% anticipating reducing employee numbers, increasing the net balance by one point to 46%.

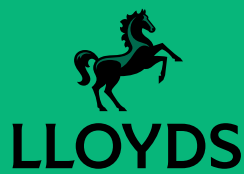
Wage growth expectations declined by two points, the first decrease in three months, with 34% forecasting average pay increases of 3% or more.

Price Pressures Remain Elevated But Stable

Businesses' price expectations remained elevated but were stable in July, with a net balance of 61% of firms expecting to raise prices over the next year. 65% (from 64%) of firms said they would raise prices in the coming year, while those anticipating price reductions also rose slightly to 4% (from 3%). Although this does not offset the two-point fall seen in June, expectations remain above the long-term average of 45%.

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

“This continued upward trend reflects a growing sense of cautious optimism across the UK economy, underpinned by both improved trading prospects and broader economic sentiment. Despite ongoing cost pressures, firms are positioning for growth, particularly in services where hiring and investment plans are accelerating.

“Overall business confidence remains buoyant, with firms well placed to take advantage of opportunities such as new markets, adopting new technology and workforce expansion amid evolving market conditions.”

Service Sector in the Spotlight

July saw the service sector's confidence increase by 11 points to 61%, one of the main drivers behind this month's overall increase in business confidence, indicating strong momentum in the sector. This gain was partially offset by declines in other areas, with retail firms down eight points, manufacturers down four points and the construction sector down six points.

Wales Most Optimistic

Six of the UK's twelve regions and nations saw a rise in confidence in July. Wales remained the most optimistic region with the West Midlands and the North East seeing strong improvements this month. However, firms in London were less confident, with a fall of two points but the capital remains the third most confident region.

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

“July's figures show that businesses are looking to the future. 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.

“As confidence builds, we remain committed to supporting firms with a range of financial services to help them achieve their growth ambitions.”

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Ends

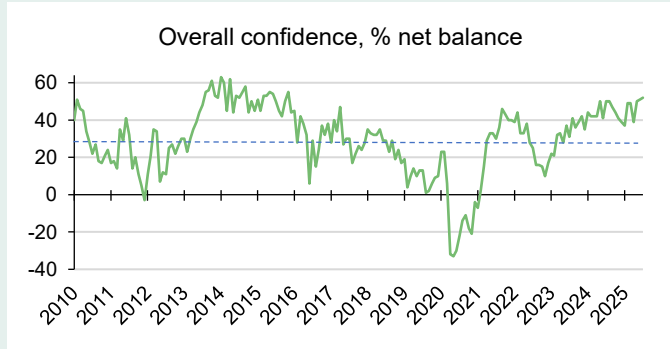
Notes to Editors

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

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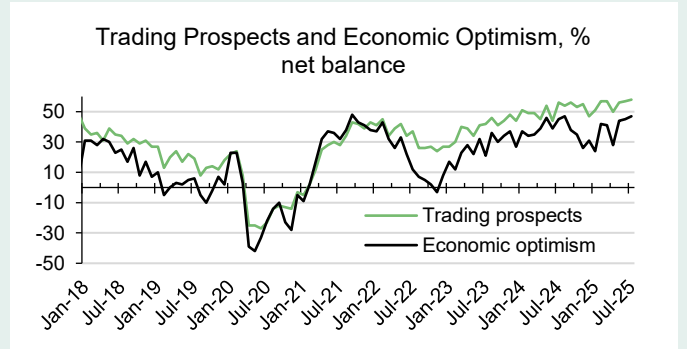
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Chart 1: Confidence at highest level since 2015



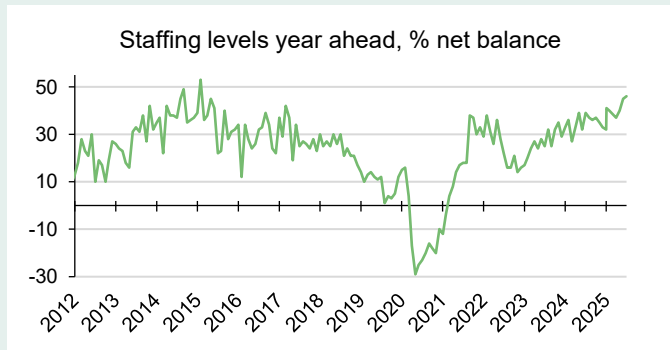
Source: Lloyds Bank Business Barometer (July 2025), BVA BDRC

Chart 2: Trading prospects hit multi-year highs



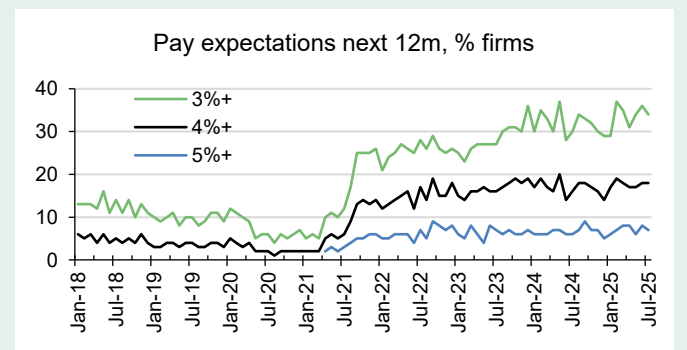
Source: Lloyds Bank Business Barometer (July 2025), BVA BDRC

Chart 3: Employment outlook at decade high



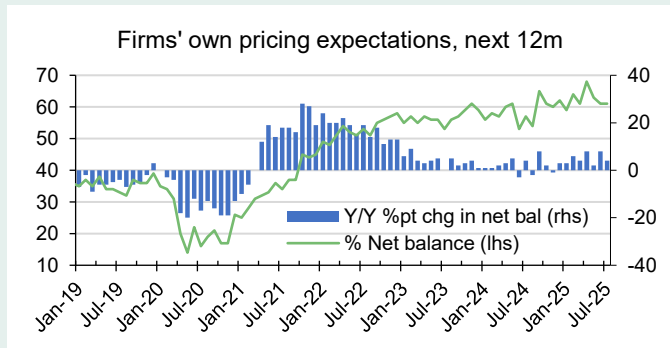
Source: Lloyds Bank Business Barometer (July 2025), BVA BDRC

Chart 4: Steady but uneven pay outlook over the past year



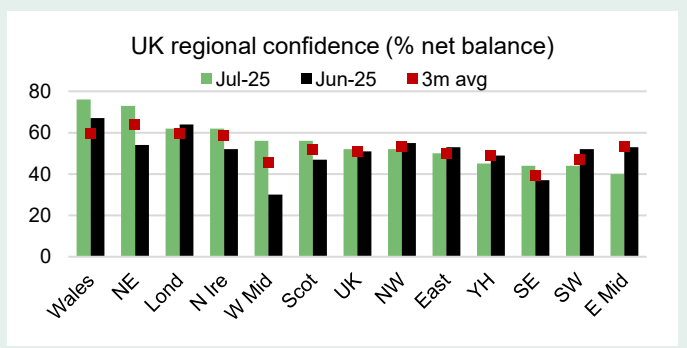
Source: Lloyds Bank Business Barometer (July 2025), BVA BDRC

Chart 5: Firms maintain elevated pricing outlook



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

Chart 6: Wales maintains lead in business confidence

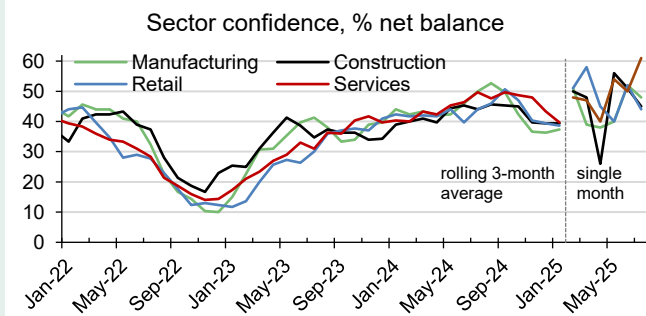


Source: Lloyds Bank Business Barometer (July 2025), BVA BDRC

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Chart 7: Confidence climbs on services growth



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

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