



Overall business confidence

47 %



Monthly change

+3 points



Trading Outlook

58%



Economic Optimism

35%

Business confidence sees modest rise amid continuing global uncertainty

- Firms own trading outlook rose by four points to 58%
- Confidence in the wider economy rose two points to 35%
- Business confidence increased in seven out of 12 regions and nations
- Construction saw the biggest rebound in confidence, increasing 15 points to 44%

Business confidence edged upwards by three points to 47% in May, according to the latest Lloyds Business Barometer, indicating tentative stabilisation after the decline seen in April. The 12-month average for overall confidence is currently sitting at 48% and trending above the long-term average of 30% since the survey began in 2002.

Trading outlook

Businesses' own trading outlook increased by four points in May to 58%, this compares to a 12-month average of 57%. Sixty-six percent expected stronger output over the year ahead, while 8% predicted weaker activity. The main drivers behind businesses expecting a decrease in activity remained the same as in April; economic uncertainty, higher cost pressures and weaker customer demand.

Economic optimism

Confidence in the wider economy saw a small rise in May, up two points to 35%, which compares to a 12-month average of 39%. Of those surveyed, 55% said they were optimistic about the wider economy, and 20% were more pessimistic. The top drivers of negative sentiment in May were rising inflation and cost pressures, and global uncertainty; there was a month-on-month fall in concerns about higher interest rates.

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Amanda Murphy, CEO for Lloyds Business and Commercial Banking, said:

“Business confidence edged up modestly in May, suggesting firms are beginning to steady after April’s decline. This month, confidence levels from businesses in the North East particularly stands out. It’s also reassuring to see that increased confidence from the construction sector has brought them more in line with their retail, services and manufacturing counterparts.

“Across the UK, each region and nation presents unique opportunities and drivers of growth - whether that’s clean energy in the North East, advanced manufacturing in the West Midlands or tourism and hospitality in Scotland. We’ve seen first-hand what the right financial support and advice can do for ambitious businesses and are keen to continue supporting our customers as they grow - helping Britain prosper.”

Investment opportunities

Businesses are still open to investment opportunities. Firms’ appetite to invest increased in May, up four points to 37%, with most looking to invest in training (43%), technology (38%), and AI (36%).

Hann-Ju Ho, Senior Economist, Lloyds Commercial:

“Businesses in May were more optimistic about their own trading prospects, with two thirds expecting stronger output over the year ahead.

“The biggest change appears to be softening demand in manufacturing, possibly linked to the earlier front-loading of activity ahead of wider geopolitical events. The rebound in construction is consistent with the improving trend over the past year and follows temporary weakness in April.

“Services confidence remains unchanged and reflects a mixed picture of stronger demand alongside cost pressures and some wider economic uncertainty.”

Sector insight

Construction firms saw a strong confidence month-on-month increase in May, up 15 points to 44%, compared to a 12-month average of 48%. Retail also saw significant gains up eight points to 53%, compared to a 12-month average of 49%. Services were unchanged at 45%, against a 12-month average of 47%. Manufacturing eased this month, down four points to 43%, against a 12-month average of 46%.

Three of the four sectors were more optimistic about the wider economy, with Construction up 12 points to 34%, Retail up nine points to 44%, Manufacturing up one point to 36%, while Services declined three points to 31%.

Contact



Three of the four sectors were more confident towards their own trading outlook, with Construction up 18 points to 54%, Retail up six points to 61% and Services up two points to 59%. Manufacturing was the only sector that saw a decline of seven points to 51%.

Regional insights

Business confidence rose across seven of the twelve UK regions and nations in May and decreased in four. The North East saw a notable 23 point gain to 69%, and West Midlands increased by 13 points to 62% becoming the most confident regions. The North East said that stronger customer demand was driving their confidence in their own trading outlook.

Rank	Region/Nation	May-26	Change vs Apr	Rank change vs Apr
1	North East	69%	+23pp	▲ 4
2	West Midlands	62%	+13pp	▲ 1
3	East Midlands	54%	+1pp	▼ 2
4	East of England	54%	+11pp	▲ 4
5	North West	54%	+16pp	▲ 6
6	Scotland	50%	+2pp	▼ 2
7	London	47%	-3pp	▼ 5
8	Northern Ireland	47%	+37pp	▲ 4
9	Yorkshire & Humber	42%	0pp	▼ 1
10	South East	41%	-3pp	▼ 4
11	Wales	23%	-15pp	▼ 1
12	South West	22%	-2pp	▼ 1

Ends

Notes to Editors

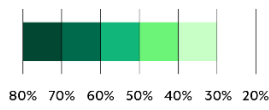
- The fieldwork for the Lloyds Bank Business Barometer was conducted during **30 April - 18 May** by Ipsos. The full report for May can be found [here](#).
- To understand more about how the Business Barometer compares to other confidence surveys, read our report [here](#).
- The survey has been running since 2002 and 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 and Trade 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.
- We provide in depth regional press releases for eleven of the UK's regions and nations.

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Overall Business Confidence

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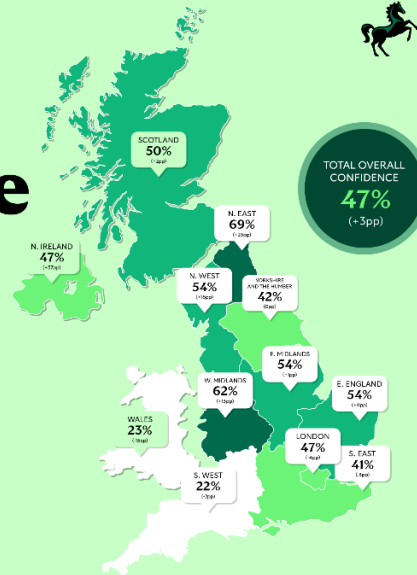
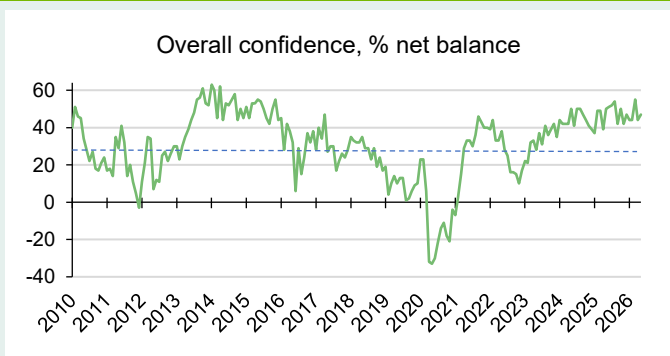
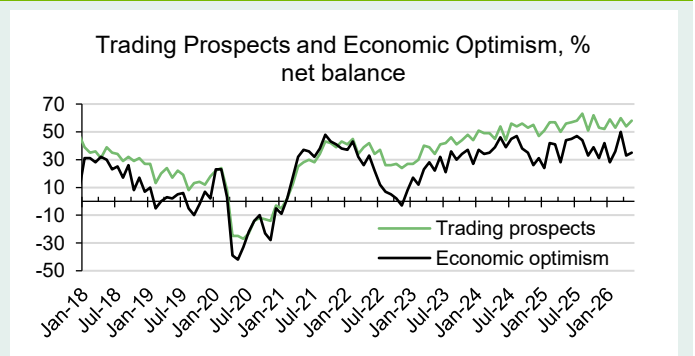


Chart 1: Confidence steadies after April drop



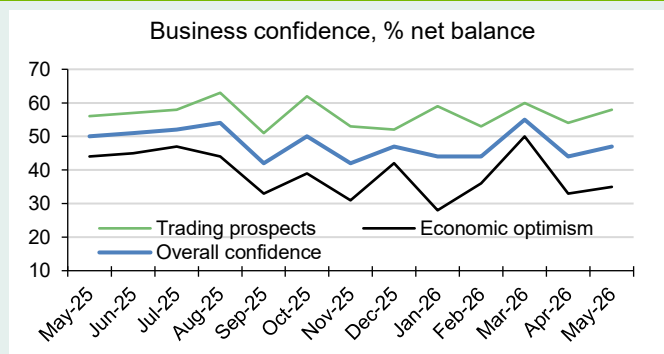
Source: Lloyds Business Barometer (May 2026), Ipsos

Chart 2: Stronger trading expectations underpin confidence



Source: Lloyds Business Barometer (May 2026), Ipsos

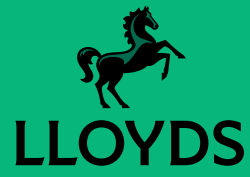
Chart 3: Confidence, trading prospects and economic optimism over the year



Source: Lloyds Business Barometer (May 2026), Ipsos

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