

Overall business
confidence
55%



Monthly
change
+11 points



Trading
Prospects
60%



Economic
optimism
50%

Business confidence holds, but sentiment varies across firm sizes

- Overall business confidence rose 11 points to 55% as majority report strong demand in early March
- Trading outlook rose for smaller firms but fell among larger businesses
- Similarly, economic optimism rose for smaller firms but fell for larger firms
- West Midlands leads optimism among UK regions and nations

Business confidence rose 11 points to 55% in March, driven mainly by smaller firms, according to the latest Lloyds Business Barometer.

This month's survey was conducted between 2–16 March, with more than 90% of responses in the first week, before the potential impact in the Middle East filtered through to smaller businesses. Larger firms, by contrast, reported lower confidence, reflecting differing exposures to global conditions.

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

“While businesses are adept at reacting to uncertain, fast-moving conditions, this month's results show an interesting divergence in sentiment.

“Smaller businesses may have remained confident because they had not yet seen an immediate change in customer demand or supply chain disruption. Larger firms, however, read global events more cautiously because of their closer exposure to global markets.

“With most responses coming in the very early stages of the Middle East conflict, we'll be watching closely to see how confidence evolves.”

Trading outlook varies across business size

Businesses' confidence in their own trading outlook rose in March, with 66% (up four points) of firms feeling positive about their trading prospects in the next 12 months. 6% of firms felt negative about their trading outlook, three points lower than February, resulting in a net balance of 60%.

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Smaller businesses saw a five-point increase in trading outlook compared to February. However, larger businesses saw a reduction in confidence in their trading outlook, while SMEs remained stable, up one point in March.

Size of business	% positive	Change	% negative	Change
All businesses	66	+4	6	-3
Smaller businesses (Turnover <£4.9m)	65	+5	6	-3
SMEs (Turnover £5–24.9m)	76	+1	4	-2
Larger businesses (Turnover £25–99.9 m)	71	-8	8	0

Table showing businesses confidence in their own trading outlook by size of organisation and the month-on-month percentage point change.

Firms who felt positive anticipate stronger customer demand, increased investment and improved supply chain conditions. In contrast, those who felt negatively cite higher cost pressures, economic uncertainty and increased competition.

Confidence in wider economy strengthened in smaller firms

Optimism in the wider economy rose for a second consecutive month. 65% of firms (up seven points) said they were feeling more optimistic towards the economy, while 15% (down seven points) were feeling more negative. This led to the net balance increasing by 14 points to 50%.

Confidence fell among SMEs and larger businesses citing rising cost pressures, global uncertainty and tighter financial conditions as the main drivers for pessimism in the economy. However smaller businesses were more optimistic, citing increased customer demand as the main driver.

Size of business	% optimistic	Change	% pessimistic	Change
All businesses	65	+7	15	-7
Smaller businesses (Turnover <£4.9m)	66	+ 9	15	-8
SMEs (Turnover £5–24.9m)	62	-7	18	+5
Larger businesses (Turnover £25–99.9 m)	54	-11	17	+5

Table showing economic optimism by size of organisation and month-on-month percentage point change.

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

“Firms continue to report cost pressures and economic uncertainty, with some mindful of potential disruption linked to global events. Despite this backdrop, confidence edged higher in March, helped by firmer demand and a more positive trading outlook by smaller businesses.”

Regional insights

Business sentiment rose across ten out of twelve UK regions and nations. Firms in the West Midlands were the most confident driven by stronger customer demand and desire for increased capacity. Yorkshire & Humber and the East Midlands were the next most confident.

Rank	Region / Nation	Mar-26	Change (pp)	Rank change vs Feb
1	West Midlands	66%	+32	▲ 9
2	Yorkshire & Humber	62%	+22	▲ 5
3	East Midlands	62%	+6	▲ 1
4	London	61%	+2	▼ 3
5	Northern Ireland	59%	+1	▼ 3
6	East of England	57%	+21	▲ 3
7	North East	54%	-1	▼ 2
8	North West	53%	-5	▼ 6
9	Scotland	51%	+10	▼ 3
10	South West	48%	+30	▲ 2
11	South East	45%	+7	▼ 3
12	Wales	30%	+1	▼ 1

Ends

Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **2-16 March** by Ipsos.
- 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.

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- Smaller business are defined as businesses with a turnover of less than £4.9 million. SMEs are defined as businesses with a turnover between £5 million and £24.9 million. Larger businesses are defined as businesses with a turnover between £25 million to £99.9 million, as defined by Lloyds Commercial Bank.
- 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.

Chart 1: Firms report higher confidence in early March

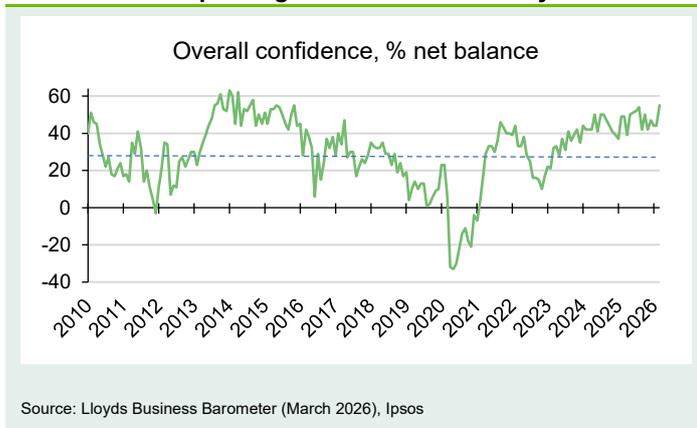


Chart 2: Optimism and activity expectations improve

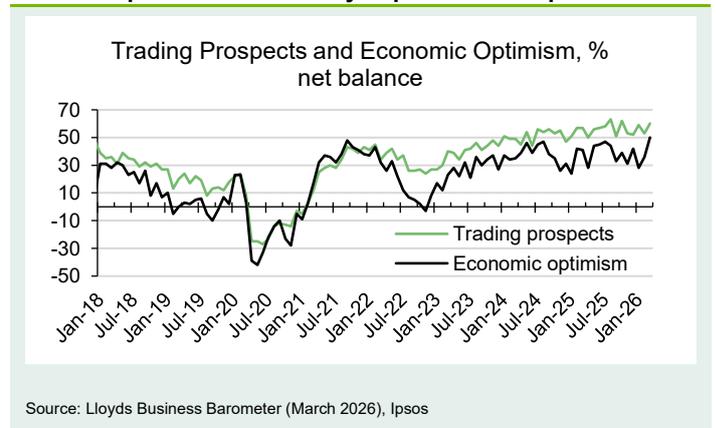


Chart 3: Confidence near three-year highs across sectors

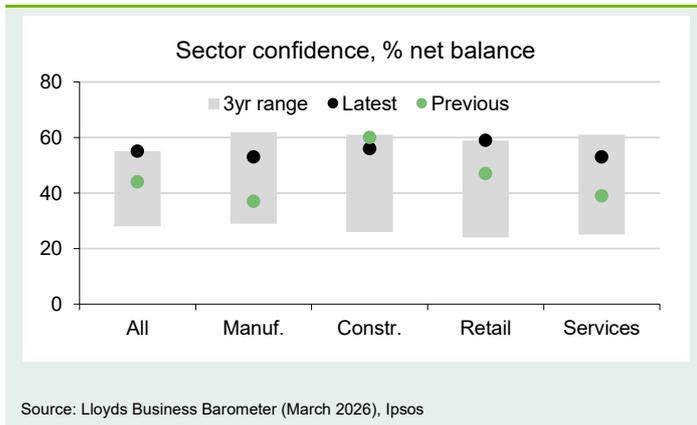
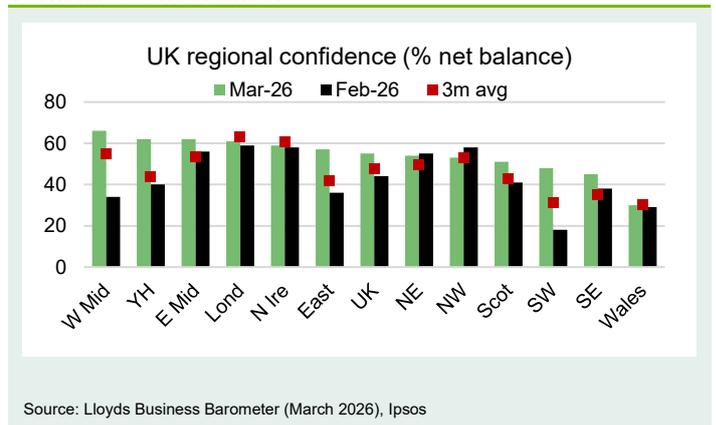


Chart 4: Sentiment highest in the West Midlands and Yorkshire & the Humber



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