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Overall business confidence	Monthly change	Trading Outlook	Economic Optimism
53%	**+4 points**	**58%**	**49%**

Business confidence highest since March driven by stronger customer demand

- Fewer businesses expect to raise prices in the coming year, the third consecutive monthly fall.
- Economic optimism increased seven points in August, up 18 points since June.
- Domestic firms reported a strong 10-point increase in business confidence.
- Services sector reported 13-month high in business confidence.

Business confidence rose four points in August to 53%, according to the Lloyds Business Barometer, the highest reading since the start of the Middle East conflict in March (55%) and above the 12-month average of 47%. This is the second consecutive increase in business confidence, driven by a rise in economic optimism which is up 18 points since June.

The overall business confidence figure is an average of economic optimism and trading outlook.

Economic optimism

Optimism in the wider economy rose seven points to 49%, compared to a 12-month average of 37%. Of those surveyed, 64% said they were optimistic (up five points from July) in the wider economy, while those who felt pessimistic decreased by two points to 15%. The main factors cited by firms who felt more positive included stronger customer demand and improving financial conditions.

Trading outlook

Businesses' own trading outlook improved two points to a three-month high of 58% in August, compared to a 12-month average of 56%. Sixty-six percent of firms (up one point from July) expect an increase in output over the year ahead, while those expecting a decrease in activity reduced by one point to 8%. Among firms expecting stronger activity, the main factors were stronger customer demand, increased investment in capacity or tech and improved supply chain conditions.

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Pricing insights

The number of firms expecting to raise prices in the next 12 months declined by three points to 51%. This latest fall represents the largest decrease out of three consecutive months of decline, with one-point decreases in both June and July, seeing the metric now at its lowest level since 2022. Firms reported the main drivers of this change as easing cost pressures and ongoing efficiency gains helping to avoid future price rises.

Domestic vs International

Domestic firms reported a strong 10-point increase in business confidence, rising to 44%. These firms reported a 10-point increase in economic optimism to 35%, driven by stronger customer demand, more stable global environment and improving financial conditions. Trading outlook also increased for domestic firms, up 10 points to 53% driven by stronger customer demand, increased investment in technology and improved economic conditions.

Overall business confidence for international firms increased three points to 59%. These firms saw an increase in economic optimism of seven points to 57%, driven by strong customer demand, improving financial conditions and industry specific improvements. They saw a small decline in trading outlook of one point to 61%.

Turnover size

Business confidence among smaller firms with a turnover below £5m rose five points to 53%, driven by stronger customer demand, improving financial conditions and industry-specific improvements. Larger businesses with a turnover of £25m-£100m saw confidence rise 11 points to 72% driven by improving financial conditions, industry-specific improvements and better economic news.

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

"It's encouraging to see business confidence rise for the second month in a row, reaching its highest level since March. While international firms remain more confident, it's good to see domestic companies register a strong month-on-month increase.

"Overall, businesses are reporting stronger customer demand, greater optimism about the wider economy and growing confidence in their own trading outlook, all of which will be helping to support investment and growth plans. While businesses continue to operate in a challenging environment, easing cost pressures and fewer firms expecting to raise prices in the coming year should allow them to focus less on managing headwinds and more on pursuing growth."

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Sector insights

Firms in the Services sector saw an increase in business confidence of seven points to 56%, against a 12-month average of 45%, the highest result since July 2025. This was driven by stronger customer demand, improving financial conditions and a more stable global environment.

Business confidence among manufacturers rose eight points to 55%, compared to a 12-month average of 45%, the highest result since October 2025. This was driven by stronger customer demand, industry-specific improvements, and better economic news.

Retail firms saw an increase of five points to 48%, compared to a 12-month average of 49% driven by stronger customer demand, improving financial conditions and better economic news. Business confidence among construction firms marginally decreased one point to 55%, compared to a 12-month average of 48%.

Hann-Ju Ho, Senior Economist, Lloyds Commercial:

August's results indicate that firms are taking a more positive view of the wider economic outlook. Economic optimism has increased for a second consecutive month, alongside a broad improvement across regions and sectors.

"The fall in price-setting intentions is also significant. It suggests that easing cost pressures and efficiency gains are giving firms greater scope to limit future price increases. While that is a welcome development for the wider economy, global energy prices and geopolitical pressures could still influence both costs and confidence in the months ahead."

Regional insights

Confidence rose in eight of the UK's 12 regions and nations, with London, North West and South East reporting strong monthly readings. However, sentiment fell in four regions; East of England, West Midlands, Yorkshire & Humber and the North East.

Rank	Region/Nation	August-26	Change vs July	Rank change vs July
1	London	61%	+10pp	▲ 4
2	North West	59%	+10pp	▲ 5
2	South East	59%	+9pp	▲ 4
4	Scotland	55%	+13pp	▲ 6

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5	South West	55%	+25pp	▲ 7
6	Wales	54%	+10pp	▲ 3
7	Northern Ireland	51%	+25pp	▲ 5
8	East Midlands	51%	+2pp	0
9	West Midlands	47%	-10pp	▼ 6
10	Yorkshire and Humber	46%	-15pp	▼ 8
11	North East	45%	-30pp	▼ 10
12	East of England	44%	-9pp	▼ 8

Ends

Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **3 – 17 August** by Ipsos. The full report for August can be found here.
- To understand more about how the Business Barometer compares to other confidence surveys, read our report here.
- International firms are defined in the survey data as UK businesses that export or import or do both. Domestic firms only trade within the UK.
- 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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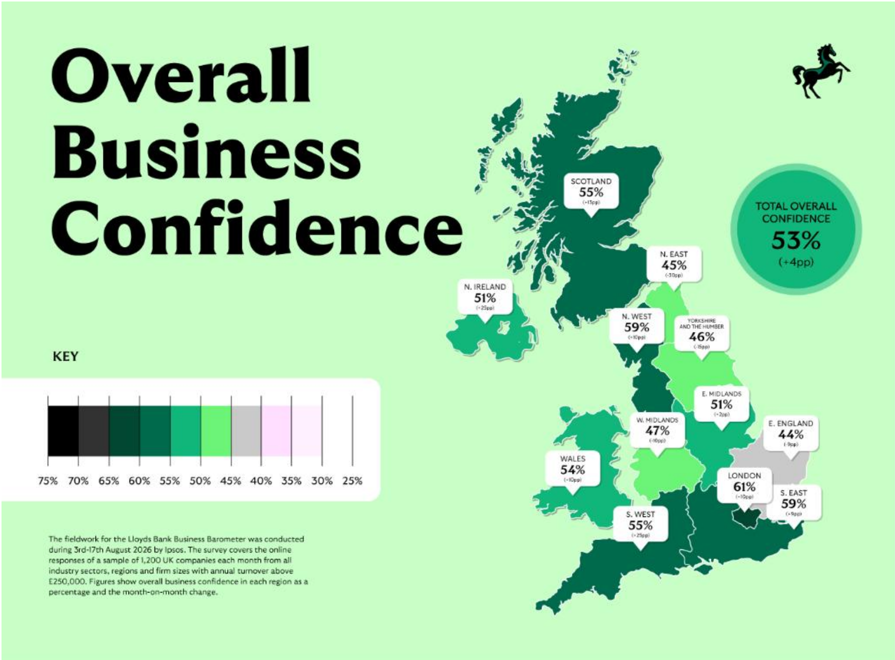
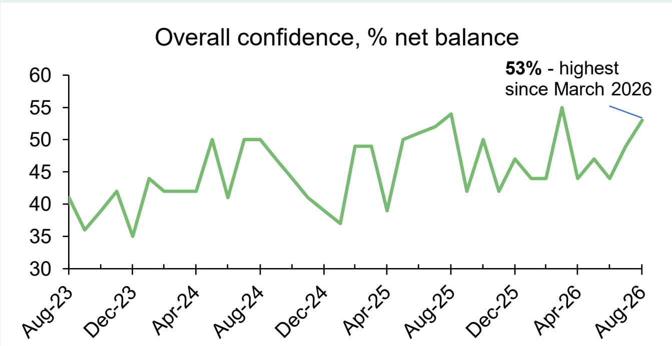
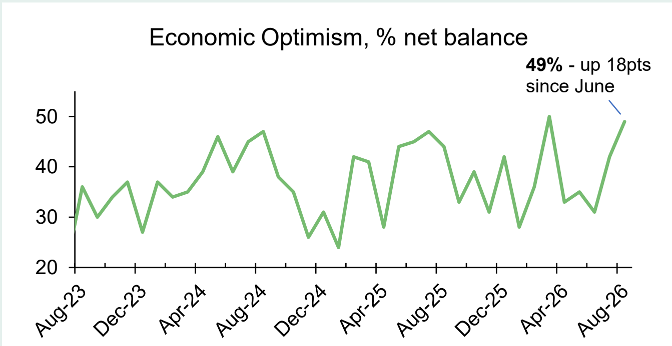


Chart 1: Confidence extends summer recovery



Source: Lloyds Business Barometer (August 2026), Ipsos

Chart 2: Economic optimism gains further momentum



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