

Overall business  
confidence

**47%**



Monthly  
change

**+6 points**



Trading  
Outlook

**55%**



Economic  
Optimism

**40%**

## Business confidence rises as economic optimism increases

- Business confidence rose six points to 47%, sitting above the long-term average of 30%.
- Economic optimism increased nine points to 40%, though cost pressures remain.
- Trading outlook climbed five points to 55% driven by stronger customer demand.
- More firms identifying technology adoption as a growth opportunity.

Business confidence rose six points to 47% in October as economic optimism and firms' own trading outlook improved, according to the latest Lloyds Business Barometer. Business sentiment is higher than at the start of the year with firms referencing strong demand, while cost pressures continue to present a challenge.

### Economic optimism

Optimism in the wider economy rose nine points to 40%, compared to a 12-month average of 37%. Of those surveyed, 59% said they were optimistic in the wider economy (up seven points from September), while those who felt pessimistic decreased two points to 19%. The drivers of the increase, as detailed in the survey responses, included stronger customer demand, better economic news, and improving financial conditions.

### Trading outlook

Businesses' own trading outlook increased five points to 55%, compared to a 12-month average of 56%. Nearly two thirds of firms (63% up six points from September) expect an increase in activity over the year ahead, while those expecting a decrease in activity rose by one point to 8%. Among firms expecting stronger activity, the main drivers were stronger customer demand, increased investment in technology and improved supply chain conditions.

### Growth opportunities

Looking ahead to the next six months, 43% of firms said their biggest growth opportunity was the introduction of new technology, such as AI, automation and digitalisation, up nine points from last month, and up 17 points since 2023.

## Contact

Media Relations | [charlotte.varney@lloydsbanking.com](mailto:charlotte.varney@lloydsbanking.com) | 0207 356 2374



## Domestic vs International

Confidence between businesses that trade internationally and domestic-only operators widened. Businesses that trade internationally rose by nine points to 58%, while confidence among domestic-only businesses rose one point to 33%. Nearly half (45%) of those with international operations cited investment in technology as a driver for growth, while three-quarters (75%) of domestic firms cited local customer demand.

## Turnover size

Business confidence among smaller firms with a turnover below £5m increased eight points to 47%. These firms saw an increase in both economic optimism and trading outlook, driven by stronger customer demand and better economic news. For larger businesses with a turnover of £25m-£100m, business confidence fell by 20 points to 55%. These firms saw a decrease in both economic optimism and trading outlook, driven by rising cost pressures, global uncertainty and general inflation.

## Pricing insights

The number of firms expecting to raise prices in the next 12 months rose for the second consecutive month by three points to 55%. Cost pressures were the main factor behind firms' expectations for higher prices, as businesses weigh passing on rising costs against maintaining a competitive advantage.

### **Fiamma Morton, Managing Director, SME Banking at Lloyds, said:**

"I hear from business owners every day about their determination to keep moving forward. There are still challenges, but increasingly the conversation is about what comes next: where new customers will come from, how technology can make the business better, and where investing today might create an opportunity tomorrow.

"There are careful choices to make. Cost pressures haven't gone away, so investment needs to work hard. But the ambition is absolutely there. Businesses are continuing to find ways to grow, adapt and make their next move."

## Sector insights

The Services sector saw an increase of 17 points to 52%, compared to a 12-month average of 45%. This was driven by stronger customer demand, better economic news and improving cost pressures. Manufacturing firms increased 12 points to 48%, compared to a 12-month average of 45%, which was driven by improved supply chain, industry specific improvements and economic conditions.

## Contact

Media Relations | [charlotte.varney@lloydsbanking.com](mailto:charlotte.varney@lloydsbanking.com) | 0207 356 2374



Business confidence among construction firms decreased two points to 45%, compared with a 12-month average of 50%, this was driven by rising cost pressures, global uncertainty and general inflation. Retail firms fell 12 points to 39%, compared to a 12-month average of 49%, which was driven by rising cost pressures, global uncertainty and general inflation.

## Hann-Ju Ho, Senior Economist, Lloyds Commercial:

"Business confidence recovered some ground in October as firms responded to resilient demand and greater optimism about the overall economic outlook.

"Despite ongoing cost pressures and global uncertainty, the increase in economic optimism and investment plans suggests businesses remain focused on growth. With overall confidence remaining well above its long-term average, the results point to a UK economy that continues to show resilience heading into the final months of the year."

## Regional insights

Confidence improved across nine of the UK's 12 regions and nations in October. The East of England was the most confident region, rising 27 points to 63%, followed by the North East at 56%, while Wales saw the largest monthly rebound, increasing 38 points to 54%.

| Rank | Region/Nation        | Oct-26 | Change vs Sept | Rank change |
|------|----------------------|--------|----------------|-------------|
| 1    | East of England      | 62%    | +26pp          | ▲ 7         |
| 2    | North East           | 56%    | +6pp           | Unchanged   |
| 3    | North West           | 56%    | +7pp           | ▲ 1         |
| 4    | Wales                | 54%    | +38pp          | ▲ 8         |
| 5    | London               | 52%    | +6pp           | ▼ 1         |
| 6    | Scotland             | 49%    | +13pp          | ▲ 2         |
| 7    | East Midlands        | 44%    | +24pp          | ▲ 4         |
| 8    | West Midlands        | 42%    | -27pp          | ▼ 7         |
| 9    | South East           | 42%    | +2pp           | ▼ 2         |
| 10   | South West           | 38%    | +13pp          | Unchanged   |
| 11   | Yorkshire and Humber | 35%    | -10pp          | ▼ 6         |

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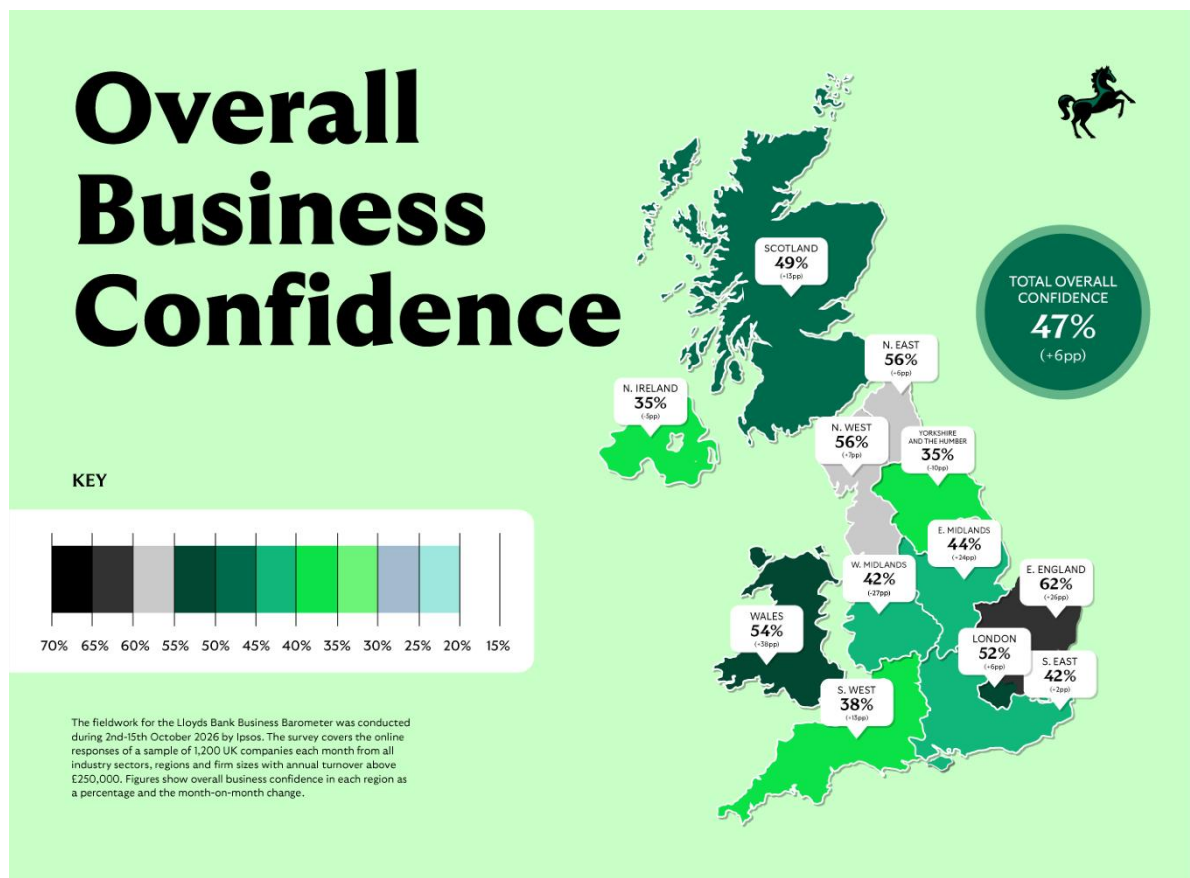
Media Relations | [charlotte.varney@lloydsbanking.com](mailto:charlotte.varney@lloydsbanking.com) | 0207 356 2374

|    |                  |     |      |     |
|----|------------------|-----|------|-----|
| 12 | Northern Ireland | 35% | -5pp | ▼ 5 |
|----|------------------|-----|------|-----|

## Ends

### Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **2 – 15 October** by Ipsos. The full report for October 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.



## Contact

**Chart 1: Business confidence rebounds in October**

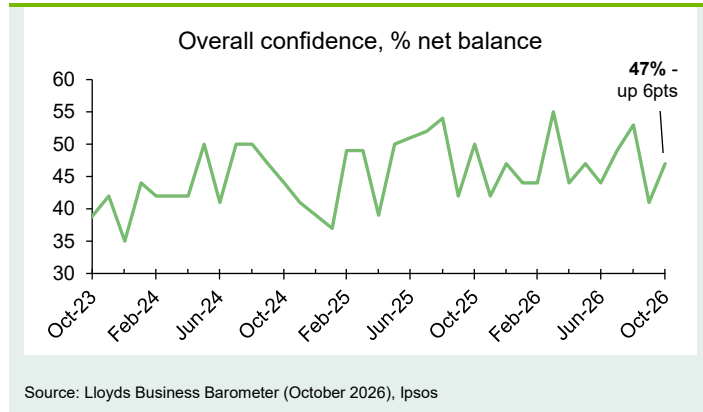
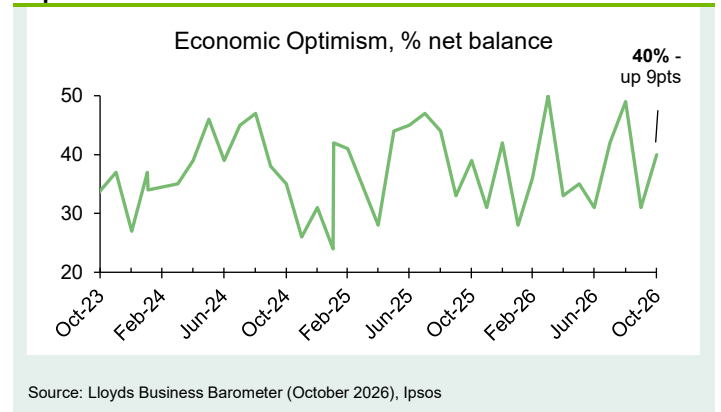


**Chart 2: Economic optimism partially recovers from September's fall**



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