

Overall business
confidence

44%



Monthly
change

-3 points



Plan to increase
headcount

53%



Trading
prospects

59%

Embargoed until 00:01 Friday 30 January 2025

Businesses confident in their own trading outlook while wider economic sentiment softens

- Overall business confidence decreases by three points, but remains seven points higher than at start of 2025
- Businesses' confidence in their own trading prospects increased to a three-month high
- Over half of businesses expect to increase headcount in the year ahead
- Strong regional gains seen in London and the West Midlands

Business confidence softened slightly to 44% in January, decreasing three points from last month according to the latest Lloyds Business Barometer.

The results from the Business Barometer, a survey of 1,200 business from across the UK, found that confidence was seven points higher than at the start of 2025 and above the long-term average of 30%.

Businesses confidence in their own trading prospects was up seven points to 59% - a three-month high. However, optimism towards the wider UK economy reduced to 28%.

Hiring intentions improve

Firms' hiring plans for the year ahead improved in line with businesses confidence in their own trading performance, with the net balance rising three points to 41%, the first rise in three months. 53% now plan to increase headcount and 12% plan to reduce it, down from 17%.

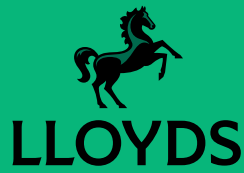
Wage growth expectations rose in line with hiring plans, with 21% expecting salaries to grow by 4% or more in 2026, a five-month high.

Prices pressures remains steady

Businesses' price expectations moderately increased for the first time in five months, with 64% of businesses, up from 63%, expecting to raise prices with 2% planning to reduce them.

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

“Firms are reporting confidence in their trading prospects at the start of the year, despite a slight softening of wider economic optimism. This points to businesses’ ability to manage external risks and a focus on growth opportunities.

“The first rise in confidence in the services sector in seven months is encouraging given the sector’s central role in supporting UK economic activity.”

Sector Highlights

Retail sentiment increased marginally in January, up two points to 49%, while confidence in the service sector rose slightly, up one point to 42%, the first increase since the summer. Confidence fell in the construction sector following a particularly strong increase in December.

Regional Outlook

Five of the UK’s twelve regions and nations saw a rise in confidence in January. The strongest monthly gains were seen in London and the North West. London remains the most confident region at 69%, a six-point increase from December with sentiment in the West Midlands edging higher, up two points to 65%.

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

“It’s encouraging to see businesses start the year with renewed confidence in their ability to deliver for customers, setting themselves up well to capture the growth opportunities ahead. Keeping a close focus on cashflow and making strategic investment decisions will be key to acting quickly as new opportunities emerge.”

Ends

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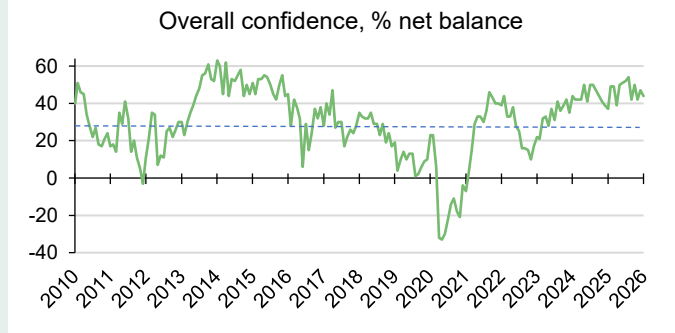
Notes to Editors

- The fieldwork for the Lloyds Bank Business Barometer was conducted during **5–20 January** by BVA BDRC.
- 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.
- 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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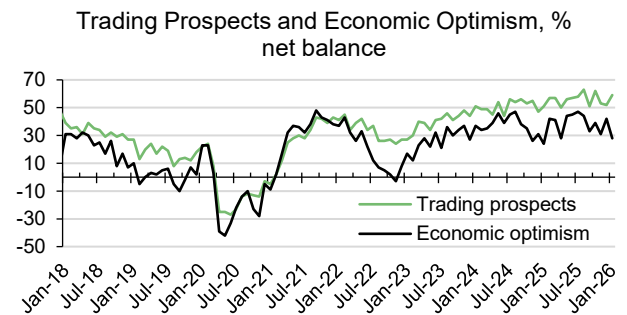
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Chart 1: Confidence momentum eased modestly



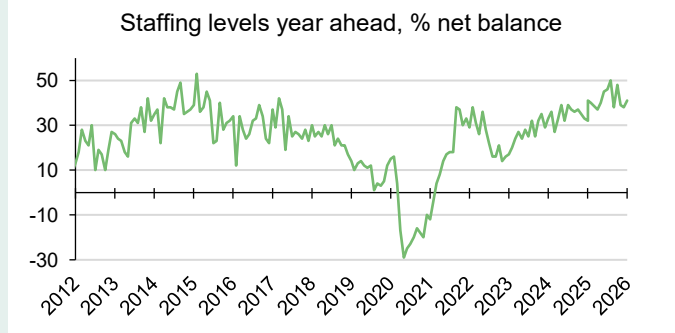
Source: Lloyds Business Barometer (January 2026), BVA BDRC

Chart 2: Trading prospects improve



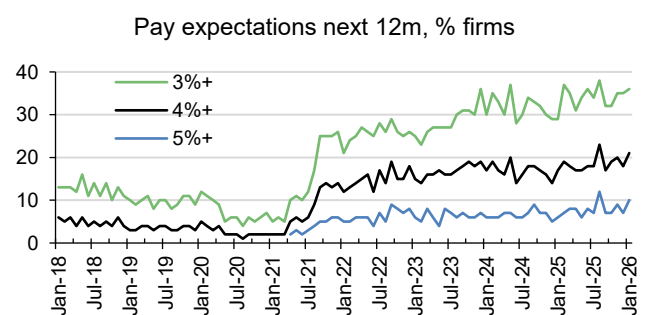
Source: Lloyds Business Barometer (January 2026), BVA BDRC

Chart 3: Hiring outlook up for the first time in three months



Source: Lloyds Business Barometer (January 2026), BVA BDRC

Chart 4: Pay pressures increase at the upper end



Source: Lloyds Business Barometer (January 2026), BVA BDRC

Chart 5: Output prices edge up amid cost pressures

Chart 6: Wide regional divergence in confidence

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