

Business Barometer

June 2025

51%



+1pp vs. previous month



+22pp vs. long-term average

Overall business confidence



LLOYDS

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Summary

June confidence builds on May's strong rebound

Key highlights

- Business confidence increased by 1 point to 51% in June, building on May's sharp rebound
- Economic optimism reached a 10-month high, with trading prospects for the next year at a three-month high
- Increased confidence helped lead to a second consecutive rise in workforce projections for the coming year
- Manufacturing and retail firms were notably more upbeat this month after lagging in May's upturn
- Sharp confidence gains propelled Wales and London into the top two positions among regions and nations

Our latest survey, focused on expectations over the next 12 months, reveals a relatively positive outlook among businesses regarding output and staffing levels. Business confidence saw a modest increase in June, rising by 1 percentage point to 51%, building on May's more significant rebound. This slight uptick

continues the positive momentum seen since April's decline during peak global trade tariff concerns. Economic optimism reached a 10-month high, while trading prospects for the next year improved, hitting a three-month high, indicating a more favourable outlook for business activity.

The sustained rise in confidence is likely influenced by signs of de-escalation in global trade tariff tensions. Most responses were given before the recent shifts in Middle East tensions. Manufacturing and retail firms, which had lagged in the previous month, showed marked improvements in confidence, contributing to the overall positive sentiment. The Spending Review may also have played a role in shaping business expectations.

Positive sentiment extended to workforce projections, which saw a second consecutive monthly rise, suggesting businesses are increasingly optimistic about their staffing needs for the coming year. Within the aggregate total, sharp gains in confidence propelled Wales and London into the top two positions among regions and nations. Meanwhile, output price expectations eased for a second straight month, despite wage expectations edging up. This month's responses were collected between 2-16 June.

“

Business confidence has continued its positive momentum, following the significant gains we saw in May.

In particular, the sustained rise in hiring intentions suggests that while firms do still face challenges, they may be starting to look beyond short-term staffing needs and preparing for future growth.

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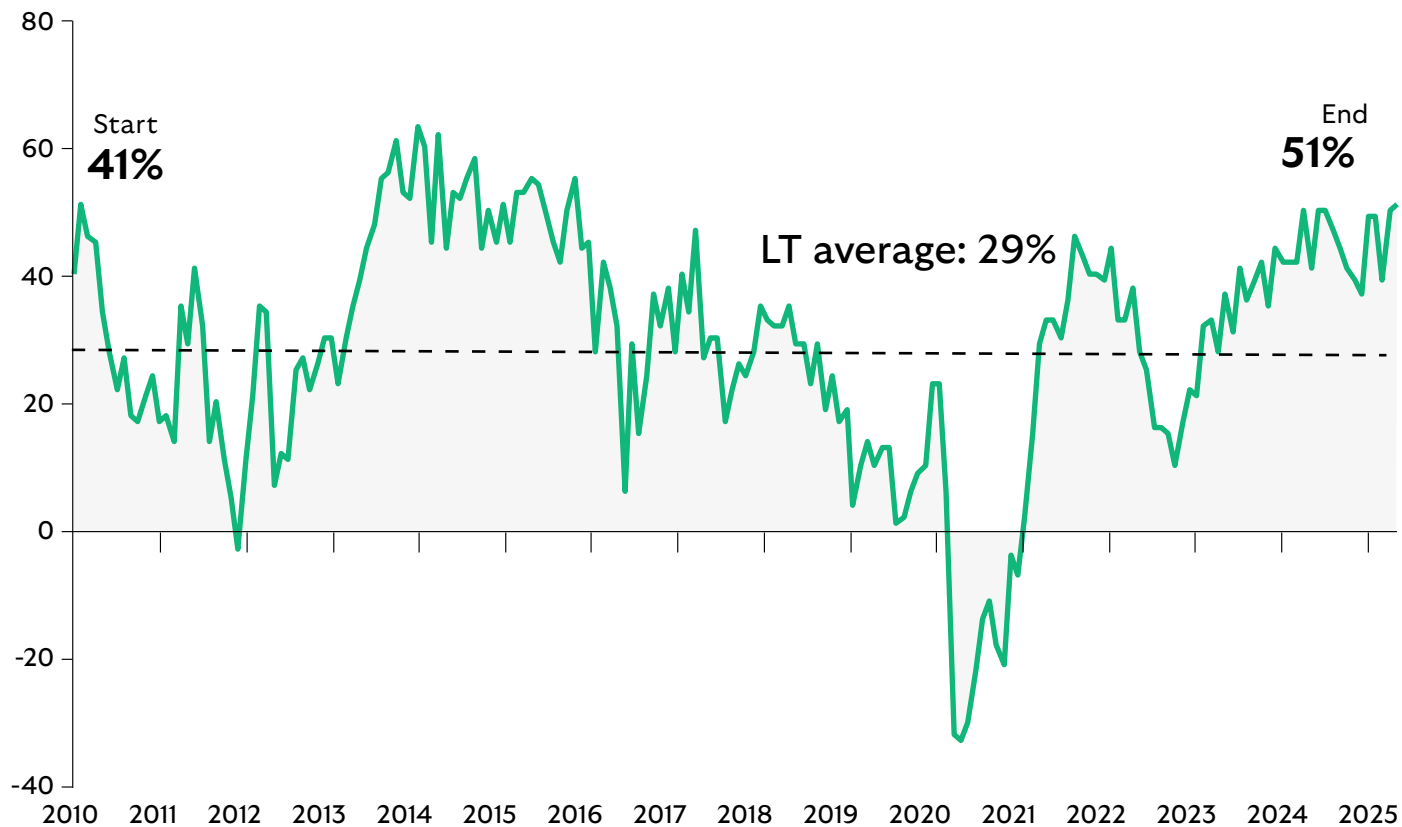


Hann-Ju Ho
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Lloyds Bank Corporate
& Institutional Banking

Business confidence

Chart 1: Highest confidence reading for over nine years

% net balance



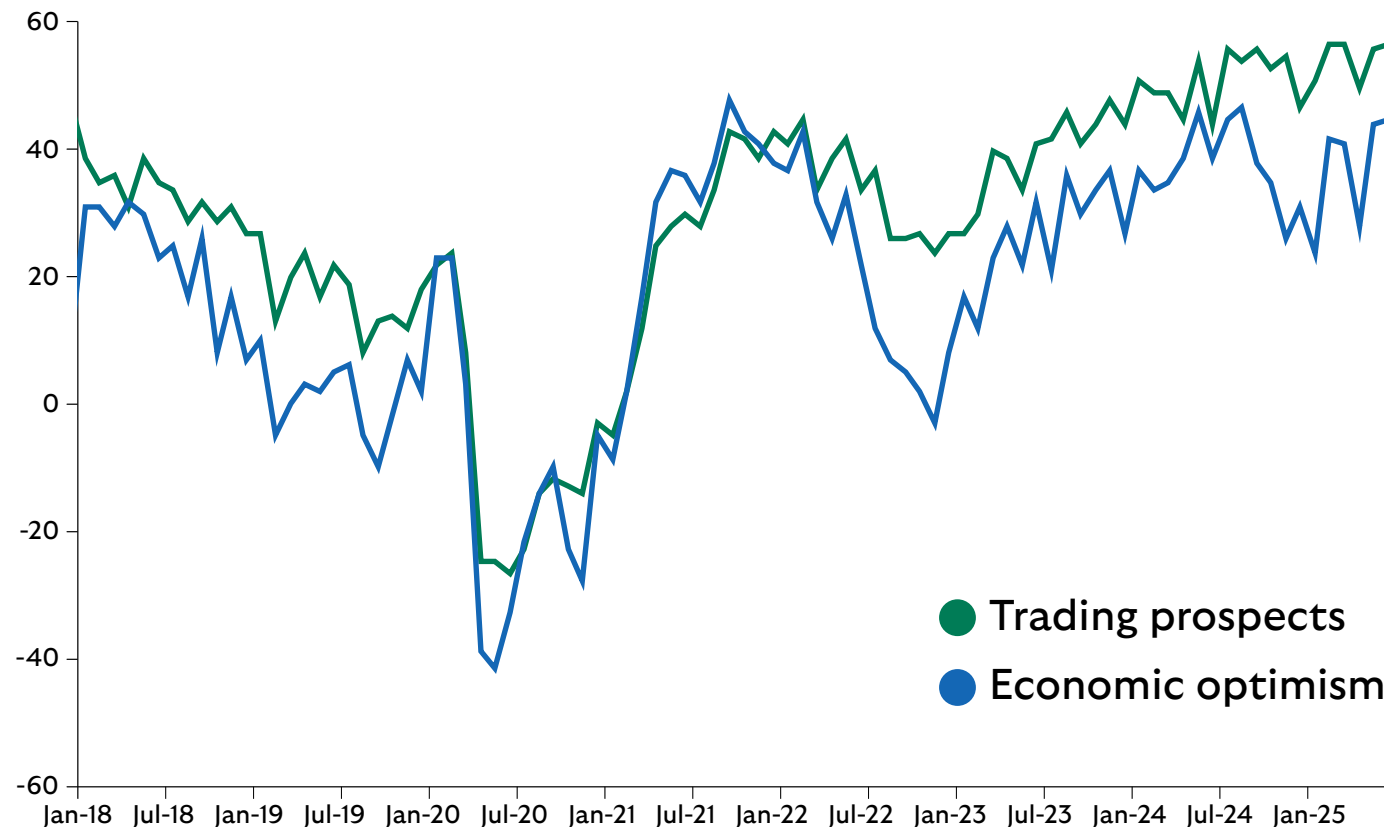
Manufacturing and retail sectors lift sentiment

The overall business confidence metric, which combines economic optimism and trading prospects, increased slightly in June by 1 percentage point to 51%, the highest level since late 2015. This builds on the sharp rebound in May following the easing of global trade tariff tensions and the resulting decrease in economic uncertainty. This initially boosted confidence in the construction and services sectors in May, but in June this positive sentiment extended to the manufacturing and retail sectors, both seeing marked increases in confidence.

Trading prospects and the economy

Chart 2: Trading prospects at three-month high

% net balance



Economic optimism reaches 10-month high

Economic optimism increased by 1 percentage point to 45%, reaching its highest level in 10 months. Although the proportion of those more optimistic about the economy fell slightly to 63% (from 64%), this was more than offset by a decline in pessimism to 18% (from 20%). This month's rise consolidates the surge seen in May, reflecting reductions in global trade uncertainty and broader macroeconomic risks.

Firms' output expectations for the next year also edged up by 1 point to 57%, marking a three-month high and matching the highs seen earlier in the year. While a slightly lower 64% (down from 65%) anticipated stronger business activity, this was outweighed by a two-point fall to 7% in the share expecting weaker output.

Employment insights

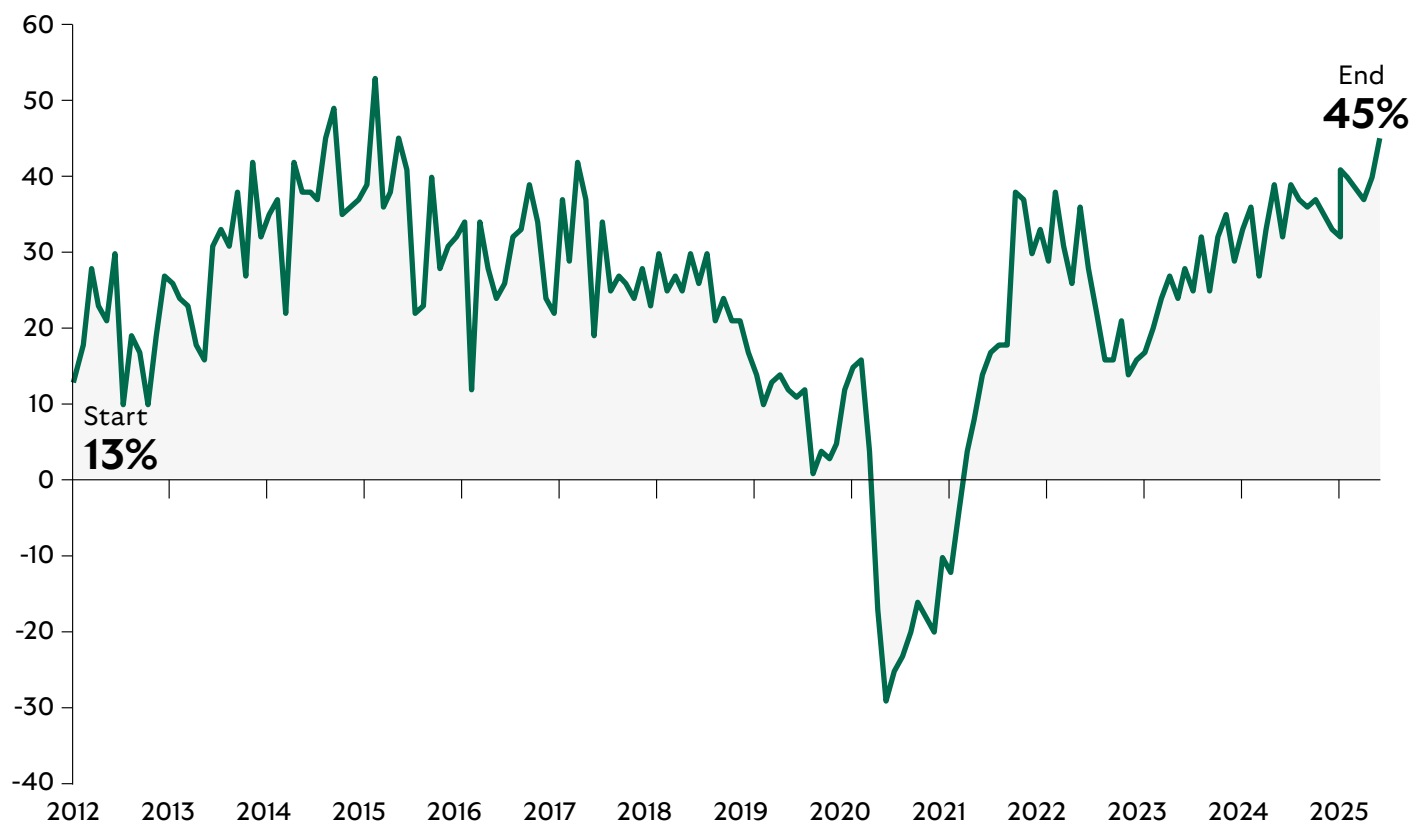
Higher confidence in staffing needs

Projections for headcount over the next year increased for the second consecutive month, indicating growing optimism about staffing needs beyond the short term. Sixty percent of firms (up from 57%) expect higher staffing levels in the next year. Conversely, only 15% (down from 17%) anticipate a reduced workforce. The resulting net balance increased by 5 points to 45%, underscoring a significant shift towards a more favourable employment outlook.



Chart 3: Optimism in workforce projections

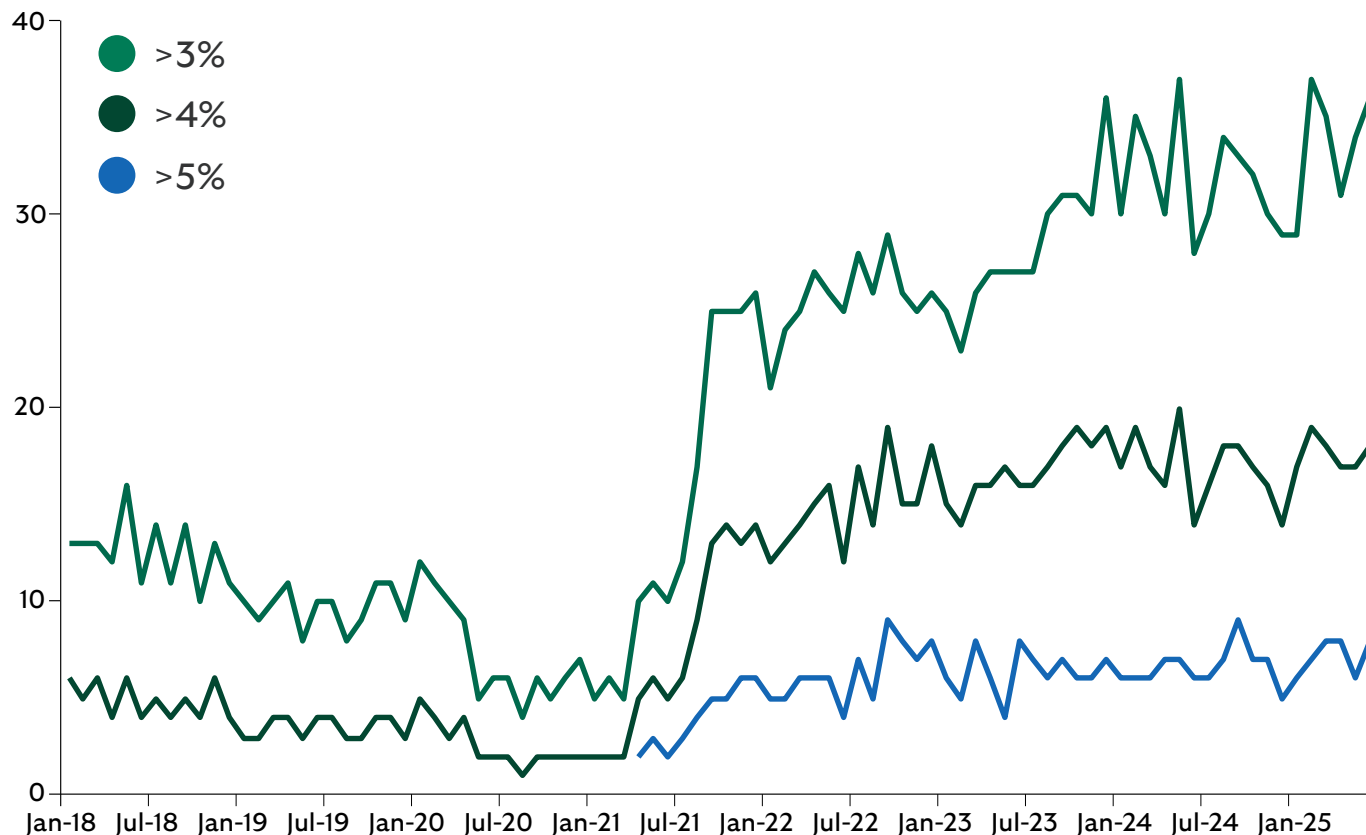
% net balance reporting higher staffing levels, next 12m



Employment insights

Chart 4: Steady trend with recent uptick

Pay growth expectations, next 12m % firms



Wage expectations rise for a second month

Wage expectations edged up for the second consecutive month, although the overall trend has remained broadly steady over the past year. The proportion of firms expecting average wage growth of 3% or higher increased to 36%, reaching a four-month high. Additionally, the share of firms anticipating average pay growth of 4% or higher edged up by 1 percentage point to 18%.



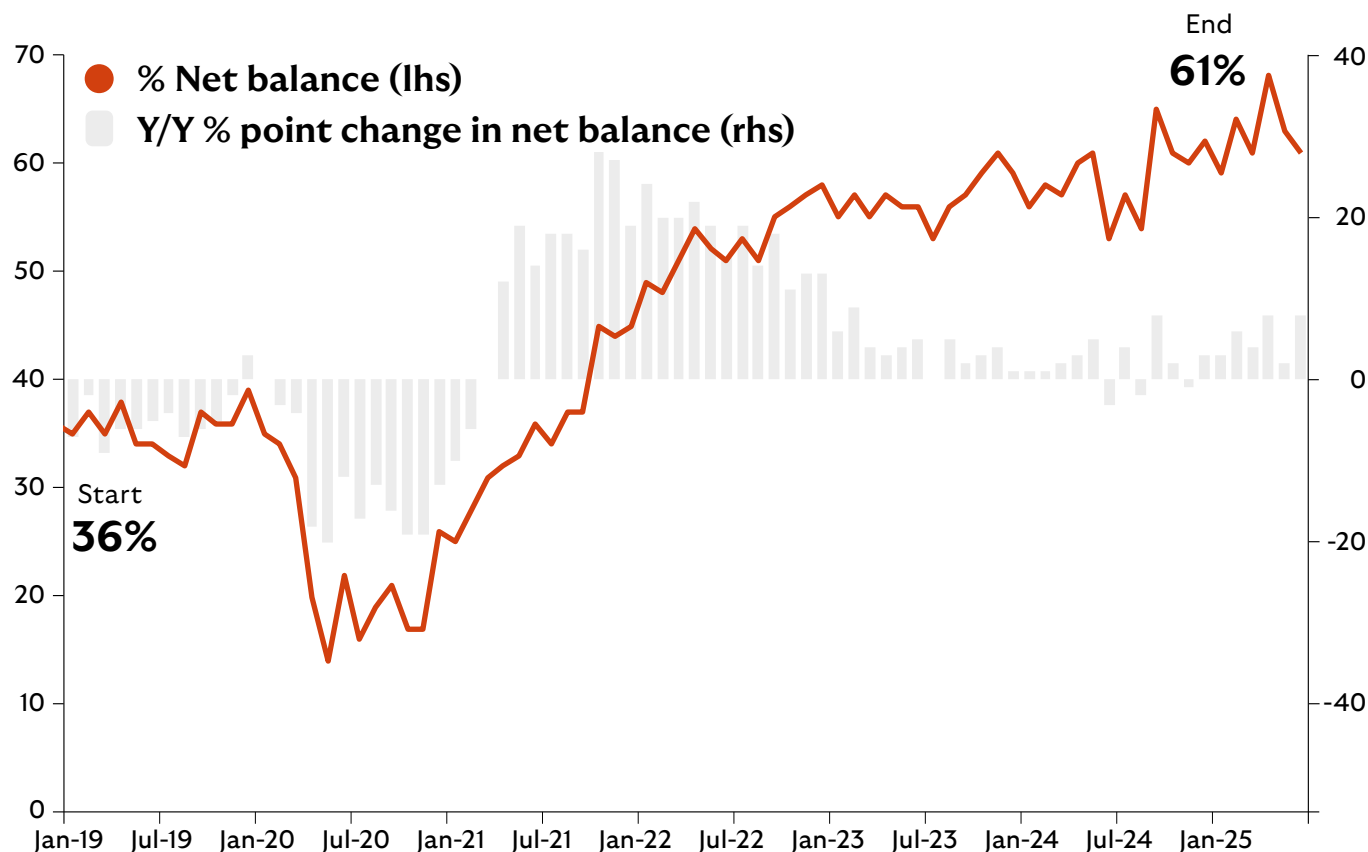
Pricing insights

Price expectations fall for a second month

Firms' price expectations fell for the second successive month, reaching a three-month low. Currently, 64% of firms (down from 65%) plan to raise their prices in the next 12 months. Conversely, only 3% (up from 2%) expect to lower their charges. The resulting net balance declined by 2 percentage points to 61%. While the balance remains high from a longer-term perspective, the recent declines may reflect caution among some firms in passing on higher costs to consumers.

Chart 5: Price rise expectations remain broad-based

% net balance reporting higher prices charged in the next year



Region insights

Wales and London at the forefront

Sharp gains in confidence propelled Wales and London into the top two positions, although results in Wales have been particularly volatile recently. There were small increases in the East of England and the South West, and more marginal rises in the North West and the South East. The North West still ranks third overall. Confidence fell in the remaining six regions or nations, including Scotland, with the most notable declines in the West Midlands, the East Midlands and the North East. Despite these declines, confidence in the East Midlands and the North East remains above the UK average, with the North East still ranking fourth.

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June's figures for UK businesses shows a sustained picture of growth and opportunity. Overall, while there have been some fluctuations, it's encouraging to see all regions and nations well above the long-term average.

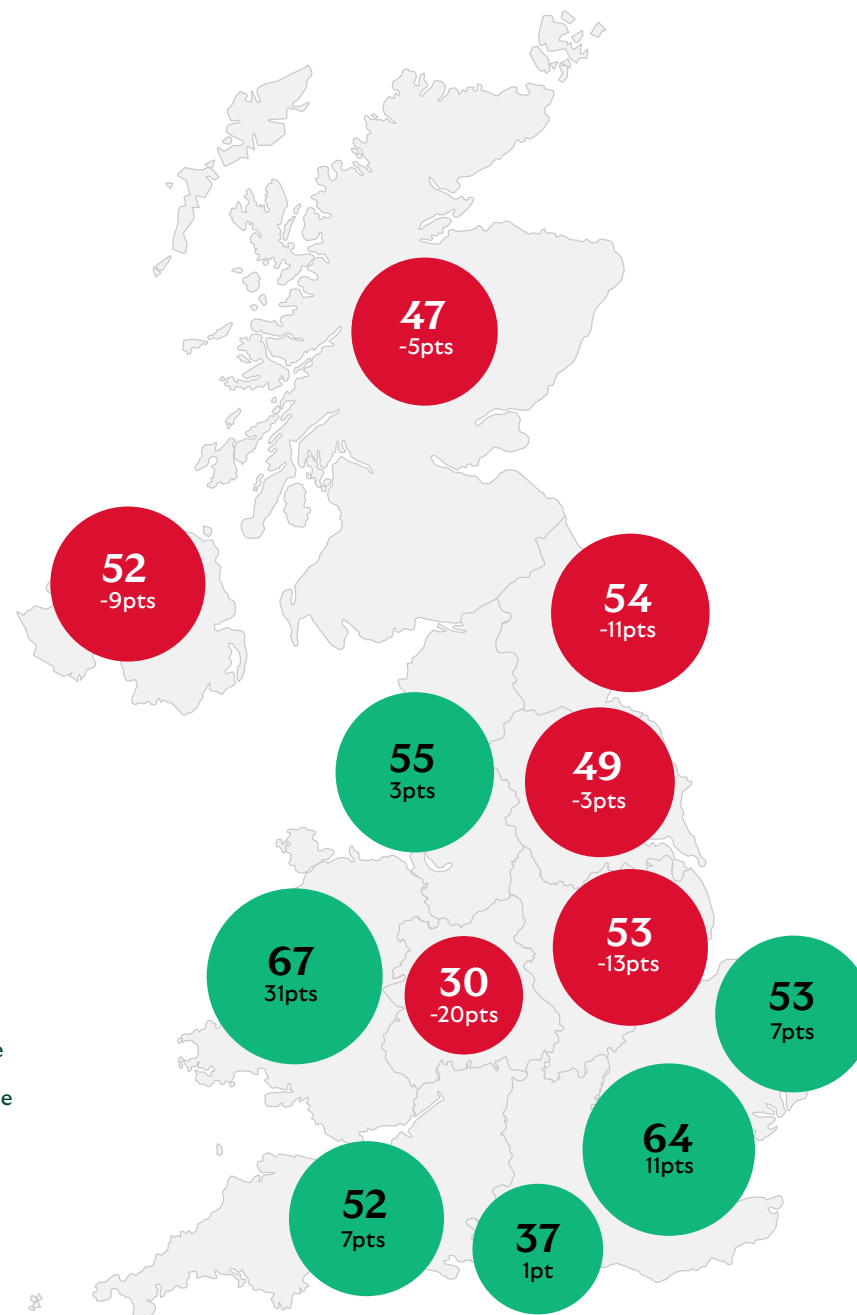
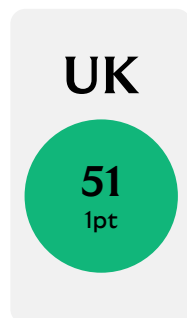
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Paul Kempster

MD for Relationship Management
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Commercial Banking

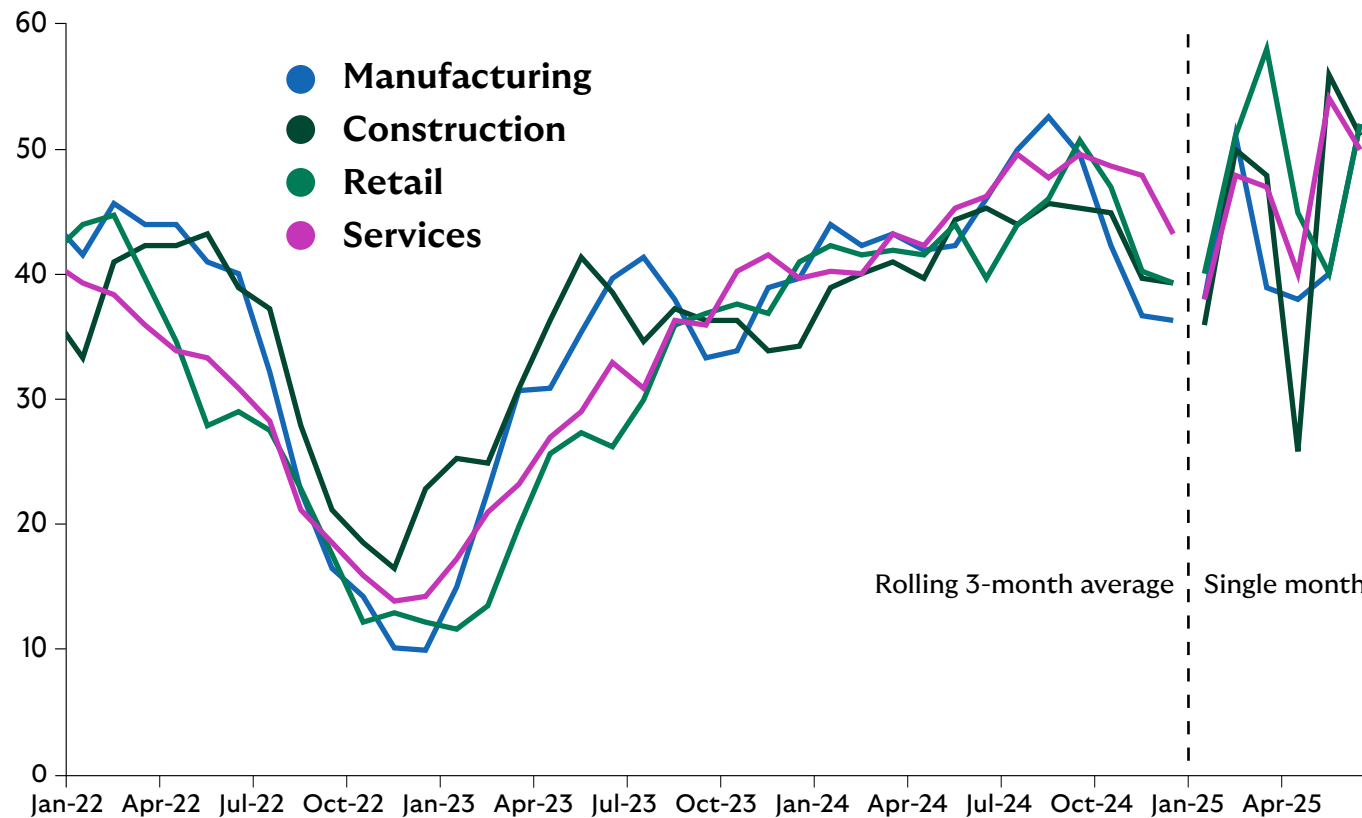
**Chart 6:
Mixed regional
trends**



Sector insights

Chart 7: Confidence converges across sectors

% net balance



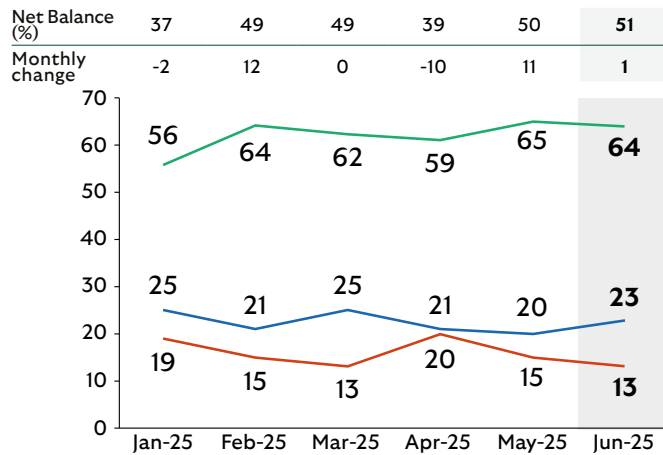
Manufacturing and retail lead confidence gains in June

Manufacturing and retail firms, which had lagged in the previous month, showed a marked improvement in confidence. The broad reduction in economic uncertainty initially mostly boosted confidence in the construction and services sectors in May, but by June this had extended to the manufacturing and retail sectors. Confidence in manufacturing and retail both increased by 12 points to 52%, representing 11-month and three-month highs, respectively. In contrast, confidence in the construction and services sectors edged down to 51% (down 5 points) and 50% (down 4 points), respectively.

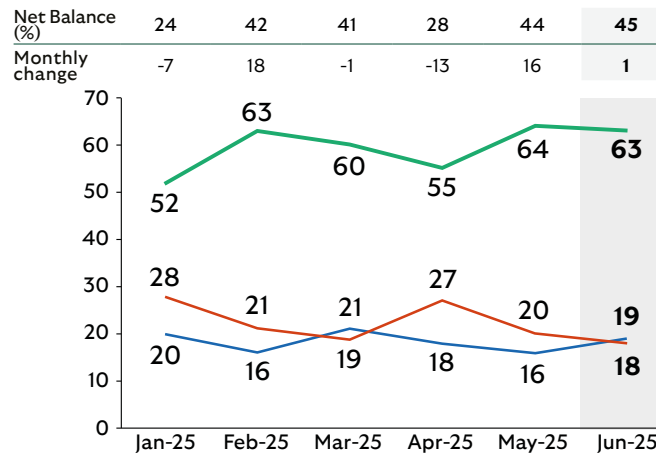
Month-on-month trends

Higher Same Lower

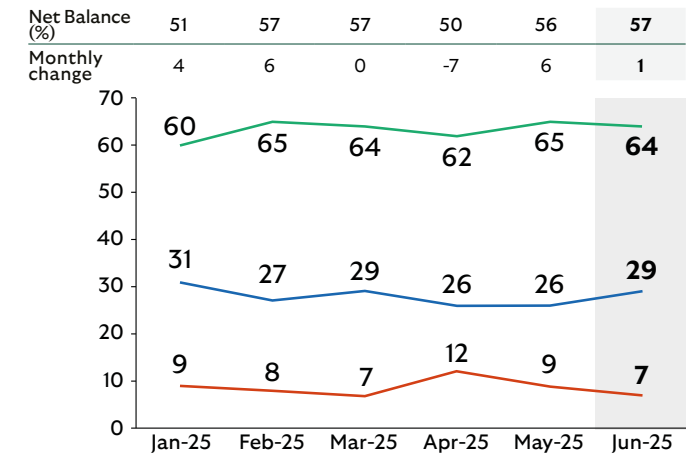
Overall business confidence



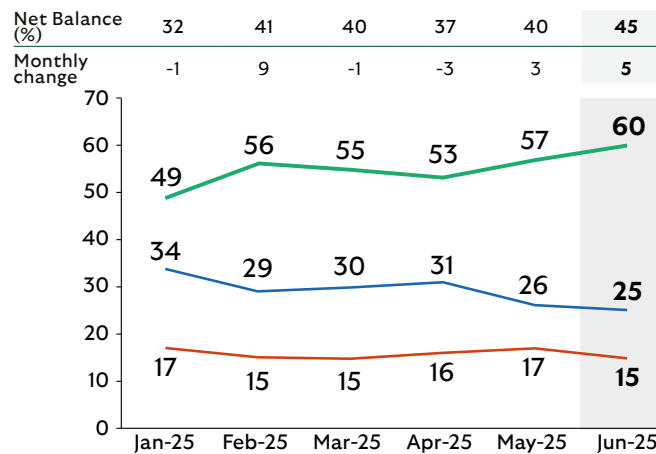
Economic optimism compared with three months ago



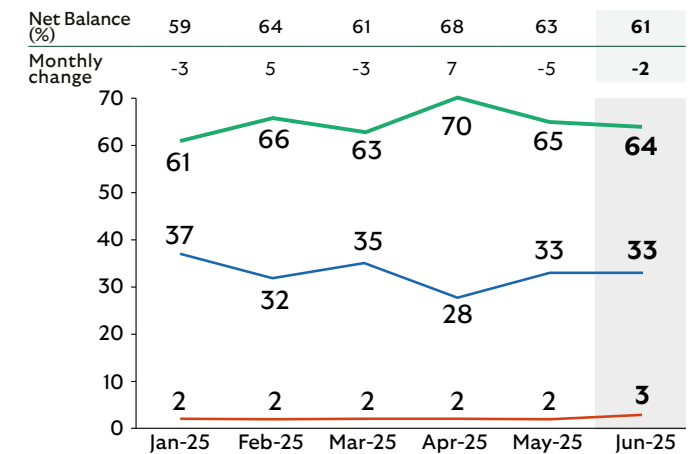
Trading prospects in the next year



Staff levels in the next year



Prices charged for goods and services in the next year



6 out of 12

of the UK's regions saw a month-on-month increase in confidence in June

Methodology

The fieldwork for the Lloyds Bank Business Barometer was conducted during 2 – 16 June 2025 by BVA BDRC. The sample size was expanded in January 2018 and now covers the online responses of a sample of 1,200 UK companies each month from all industry sectors, regions and firm sizes, including those with annual turnover below £1 million.

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.

The editor



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