

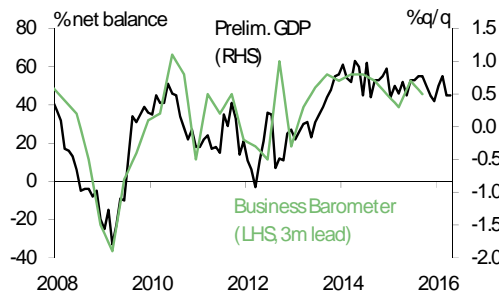


UK BUSINESS CONFIDENCE LEVELS REMAIN RESILIENT

Lloyds Bank’s Business Barometer for January 2016 shows:

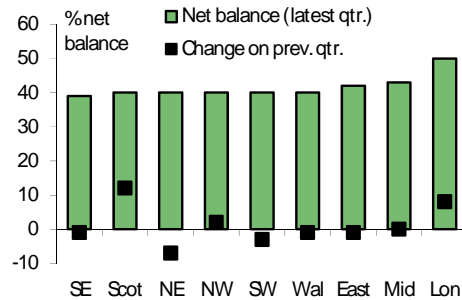
- UK business confidence levels remain resilient, despite financial market volatility
- A decline in perceptions of wider economic prospects was offset by an improvement in business prospects
- The net balance of firms expecting to increase their staff levels rose for a third consecutive month

Chart 1: Near-term prospects for growth remain positive



Source: LBCB, BDRG Continental

Chart 2: Sentiment improved the most in Scotland and London



Source: LBCB, BDRG Continental

UK business confidence levels have shown a steady start to the year, despite an increase in financial market volatility, according to the latest Business Barometer from Lloyds Bank Commercial Banking.

The net score of business confidence remained at 45% in January, consistent with quarterly GDP growth of 0.5 – 0.6%. The net balance of firms expecting their business or trading prospects to improve throughout 2016 increased by 10 points to 55% - the first rise in three months.

This positive outlook for business prospects, however, was offset by an easing of economic optimism. The net balance of firms that are more optimistic about economic prospects compared with three months ago remains in firmly positive territory, but fell for a second consecutive month by 10 points, to 34%, matching the lowest level recorded during 2015.

Nonetheless, for the third consecutive month the companies surveyed expected to increase their headcount. The net balance rose by two points to 34%, with almost four in ten (39%)

firms expect to increase their staff levels over the coming year, whilst only 5% anticipate a reduction.

Hann-Ju Ho, senior economist for Lloyds Bank Commercial Banking, said: “The resilient start to 2016 and specific factors such as an expected increase in headcount are encouraging in the context of current financial market volatility. Economic optimism eased but remained positive and the survey overall continues to signal positive economic growth.”

Business confidence levels are similarly reflected across the regions, with London and the Midlands showing the most optimism. The biggest improvements in prospects were recorded in Scotland and London, whilst they fell most notably in the North East and South West.

ENDS

Notes to Editors:

Business Barometer measure of overall business confidence is the average of responses about how businesses regard the economic outlook and their own trading prospects.

- The overall “balance” of opinion weighs up the percentage of firms that are positive in outlook against those that are negative. Responses are re-weighted to reflect the composition of the economy.
- The industrial sector in this report represents mainly manufacturing and construction; the consumer services sector comprises distribution and transport & communications; business & other services consists of financial & business services and the public sector.
- The Business Barometer results provide early signals about UK economic trends and other business surveys such as the PMI survey. The survey started in January 2002 and research is carried out monthly on behalf of Lloyds Bank by BDRC Continental.
- This survey was conducted with around 200 companies with turnover above £1 million between 18 and 22 January 2016 from all sectors and regions of Great Britain.

Barometer Statistics

TABLE 1: Overall business confidence

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
Jan-16	58	29	13	45	0
Dec-15	50	45	5	45	-10
Nov-15	62	31	7	55	+5
Oct-15	58	34	8	50	+8
Sep-15	52	38	10	42	-3
Aug-15	52	41	7	45	-5

TABLE 2: Are you presently more optimistic about the economy than you were three months ago?

	OPTIMISTIC	SAME	PESSIMISTIC	NET BALANCE (%)	MONTHLY CHANGE
Jan-16	54	26	20	34	-10
Dec-15	54	36	10	44	-14
Nov-15	68	22	10	58	+17
Oct-15	51	39	10	41	+7
Sep-15	51	32	17	34	-6
Aug-15	50	40	10	40	-11

TABLE 3: Do you expect business activity for your company to increase in the next year?

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
Jan-16	61	33	6	55	+10
Dec-15	46	53	1	45	-6
Nov-15	55	41	4	51	-8
Oct-15	64	31	5	59	+10
Sep-15	52	45	3	49	-1
Aug-15	53	44	3	50	+2

TABLE 4: Do you expect to increase or decrease your staff levels over the next year?

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
Jan-16	39	56	5	34	+2
Dec-15	35	53	3	32	+1
Nov-15	34	41	3	31	+3
Oct-15	30	31	2	28	-12
Sep-15	43	45	3	40	+17
Aug-15	28	44	5	23	-25

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