



LLOYDS BANK

UK BUSINESS CONFIDENCE FALLS TO A TWO YEAR LOW

Lloyds Bank's Business Barometer for February 2016 shows:

- UK business confidence has fallen to a two year low, but remains in positive territory
- Business prospects have eased more moderately with recorded improvements for almost 50% of companies surveyed, despite challenging market conditions
- Almost 25% of companies expect to increase their staff levels over the next year, while 11% anticipate a reduction

Chart 1: Increased financial volatility has weighed on overall confidence

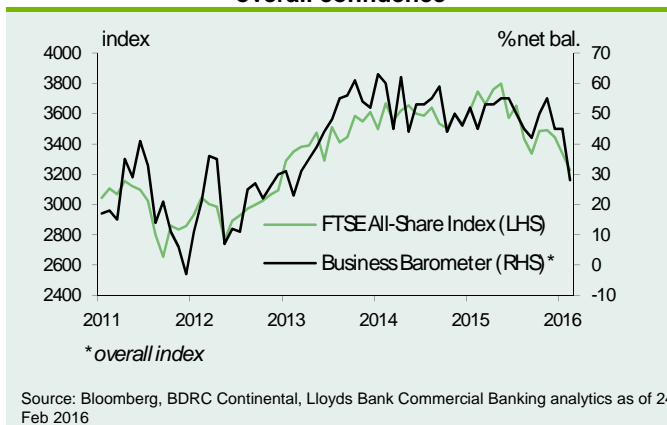
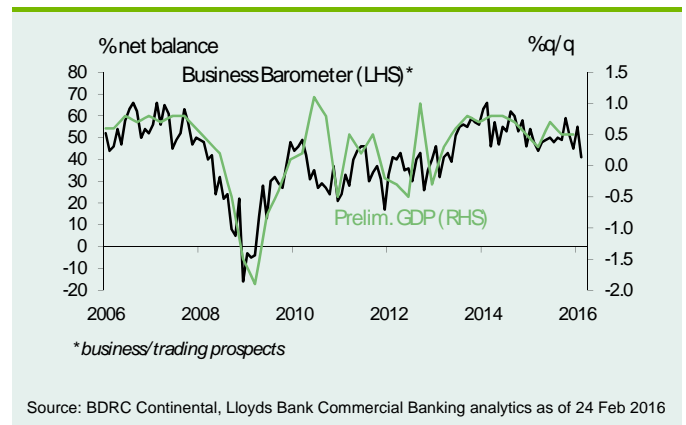


Chart 2: Business prospects have eased more moderately



UK business confidence levels remain in positive territory despite having fallen 17 points to 28%, according to the latest Business Barometer from Lloyds Bank Commercial Banking. Despite the drop of 17 points confidence is still above levels recorded during the global financial crisis.

Whilst the net balance of firms saying that prospects for the wider economy had improved fell 19 points to 15%, the biggest one-month decline since May 2014, almost half (47%) of all companies surveyed said that economic prospects had improved.

Firms' business prospects suggest a more moderate slowdown in growth, with 49% of companies expecting trading conditions to improve, while only 8% expected deterioration over the coming year. Furthermore, 89% expect staff levels to increase or remain constant in the next twelve months.

Hann-Ju Ho, senior economist for Lloyds Bank Commercial Banking, said: "As expected, the rise in global financial market volatility since the start of the year has now begun to have a more perceptible negative impact on business confidence. Nonetheless,

firms' own trading conditions and employment plans remain consistent with continued economic expansion at the start of 2016.”

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 15 and 19 February 2016 from all sectors and regions of Great Britain.

Barometer Statistics

TABLE 1: Overall business confidence

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
FEB-16	48	32	20	28	-17
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

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

	OPTIMISTIC	SAME	PESSIMISTIC	NET BALANCE (%)	MONTHLY CHANGE
FEB-16	47	21	32	15	-19
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

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

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
FEB-16	49	43	8	41	-14
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

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

	INCREASE	SAME	DECREASE	NET BALANCE (%)	MONTHLY CHANGE
FEB-16	23	66	11	12	-22
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	+40

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