



LLOYDS BANK

UK BUSINESS CONFIDENCE REBOUNDS FROM TWO-YEAR LOW

Lloyds Bank's Business Barometer for March 2016 shows:

- UK business confidence has rebounded to 43% from last month's two-year low
- The net balance of firms indicating an improvement in economic prospects reached a three-month high of nearly 40%
- Almost 40% of companies expect to increase their staff levels in the coming year

UK business confidence levels increased by 15 points to 43% in the past month according to the latest Business Barometer from Lloyds Bank Commercial Banking.

The net balance of firms reporting an improvement in economic prospects increased by 24 points from February, resulting in a three-month high of nearly 40%. Companies reporting an improvement in trading prospects also increased to over 45%.

A strong rise in confidence was reported in both the consumer services and business & other services sectors. However a reversal of recent trends in the industrial sector saw confidence in this area fall by 13 points.

Firms all across all the regions reported sizable increases in business sentiment for the month with the Midlands showing the largest improvement of 25 points to 36%, followed by the North (15 points to 50%) and the South (10 points to 43%). In all cases, these gains pushed their net balances to well above their respective historical averages.

Hann-Ju Ho, senior economist for Lloyds Bank Commercial Banking, commented: "As concerns about economic risks declined this month we saw business confidence return to levels seen at the turn of the year. Encouragingly, our results for the quarter suggest that the UK economy may have expanded by 0.4-0.5% since the start of 2016, similar to the average pace of growth in the second half of last year".

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 BDRG Continental.
- This survey was conducted with around 300 companies with turnover above £1 million between 7 and 21 March 2016 from all sectors and regions of Great Britain.

Barometer Statistics

TABLE 1: Overall business confidence

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
MAR-16	51	41	8	43	+15
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

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

	OPTIMISTIC	SAME	PESSIMISTIC	NET BALANCE (%)	MONTHLY CHANGE
MAR-16	51	37	12	39	+24
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

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

	HIGHER	SAME	LOWER	NET BALANCE (%)	MONTHLY CHANGE
MAR-16	51	44	5	46	+5
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

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

	INCREASE	SAME	DECREASE	NET BALANCE (%)	MONTHLY CHANGE
MAR-16	38	58	4	34	+22
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	+28

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