

BUSINESS CONFIDENCE SURGES TO SEVENTEEN-MONTH HIGH

Lloyds Bank's Business Barometer for April 2017 shows:

- Overall UK business confidence increased by 12 points to a seventeen-month high of 47%, well above 32% average
- Confidence in business prospects rose by 11 points to 60%, the highest level since September 2014
- The net balance for economic optimism increased by 14 points to 34%
- Despite this, firms' intentions to hire fell by 5 points to 37%

Chart 1: Economic policy uncertainty has fallen to the lowest level since early 2016

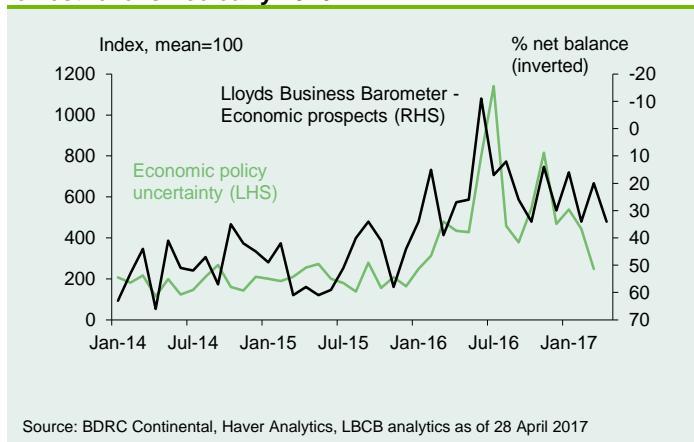


Chart 2: Business confidence has rebounded since last summer



UK business confidence increased by 12 points to 47% in April, a seventeen-month high and well above the long-term average of 32%, according to the latest Business Barometer from Lloyds Bank Commercial Banking.

The net balance of firms indicating an improvement in their own business prospects for the coming year increased for a third consecutive month to 60%, up eleven points from March and at the highest level since September 2014. Nearly two-thirds (61%) of firms anticipate stronger prospects, up by 9 points from last month, while only 1% anticipate a decrease in activity, down by 2 points from March.

The net balance of firms indicating greater economic optimism increased significantly by 14 points to 34%. This may have been partly driven by a fall in economic policy uncertainty, including greater clarity on the timing of negotiations following the triggering of Article 50. Overall, 51% of companies were more optimistic about the economy up by 3 points from last month, while 17% were less optimistic, down by 11 points from March.

Sentiment is highest in the industrial sector this month at 56%, up by 28 points from March. It has also increased in both the consumer services (up by 18 points to 51%) and business and other services sector (up by 1 point to 40%).

The net balance of firms expecting to increase staffing levels over the coming year edged down by 5 points to 37% but still remains firmly in positive territory. The share of firms expecting to increase their headcount decreased by 5 points from March to 39%, while 2% expect to reduce staffing levels, unchanged from last month.

In terms of average domestic prices charged, the net balance of firms reporting an increase rose 14 points to 23%.

Hann-Ju Ho, senior economist for Lloyds Bank Commercial Banking, commented:

“Our latest survey shows that overall business confidence rose sharply in April, consistent with a general improvement in domestic and global economic momentum. It signals robust economic activity at the start of Q2.”

The survey was conducted before the announcement of an early UK general election.

ENDS

Notes to Editors:

Business Barometer measure of overall business confidence refers to an average of the net balances of firms reporting stronger/better/a rise in economic optimism and their own business prospects.

- The overall “balance” of opinion weighs up the percentage of firms that are positive in outlook against those that are negative. Responses are 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 300 companies with turnover above £1 million between 3rd and 13th April 2017 from all sectors and regions of Great Britain.

