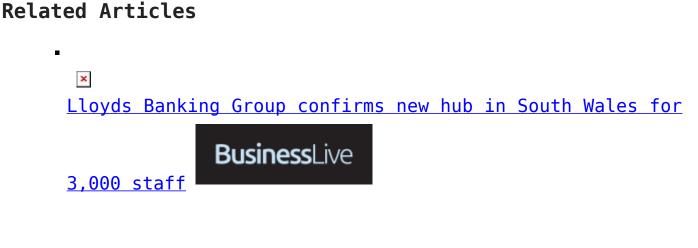
Business confidence in Wales falls faster than for UK as a whole

Business confidence in Wales declined this month at a faster rate than the UK as a whole, shows research from Lloyds Commercial Banking.

Its latest business barometer reveals that while Welsh companies reported higher confidence in their own business prospects month-on-month – up three points at 37% – their optimism in the economy fell 15 points to 15%.

Taken together this gave a headline confidence reading of 26% (compared to 32% in November). UK business confidence fell two points in December to a positive net balance 39%, although remaining above the long-term average of 29%. Anything below zero denotes a negative position.

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Lloyds' data also shows a net balance of 32% of businesses in Wales expect to increase staff levels over the next year, up 11 points on last month.

Looking ahead to the next six months, they identified their top target areas for growth as investing in their team, for example through training (37%), entering new markets (32%) and evolving their offering, through launching new products or services (31%).

London was the most confident UK nation or region in November (53%) for a second month in a row, followed by the north west of England (50%).

Although confidence fell in the service sector UK-wide, this was partly offset by rises in manufacturing and retail, with these sectors swapping places in December.

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Services fell from 46% to 35% in December – a fall of 11 points. In contrast, manufacturing and retail increased 10 points to 42% and 43% respectively, thereby taking manufacturing and retail above services for the first time in 4 months. Trading prospects for retail rose for the first time in three months, while construction confidence was steady at 41%, equalling last month's result.

Sam Noble, director for Wales at Lloyds said: "While confidence has fallen this month, firms are still setting out clear plans for growth, and with more planning to hire – a move that would have benefits for businesses' local communities and the Welsh economy, as well as the companies themselves. "With the new year around the corner, we will continue to be by the side of Welsh businesses as they make the most of the new opportunities that 2025 will bring."

On the UK position Hann-Ju Ho, senior economist, Lloyds Commercial Banking, said: "In the last few months overall confidence has fallen incrementally, and in December the trend continued as it fell by two points to 39%. While there hasn't been any significant one-month change, confidence has gradually drifted from the summer's highs.

"The key difference in this month's results is that the fall in confidence is driven by firms' own trading prospects which have proven to be resilient over the last quarter. There was, however, more positivity regarding the wider economy and, going into 2025, this offers some hope if companies continue to feel confident about the economy.

"Elsewhere, although confidence fell in the services sector, this was partly offset by improvements in manufacturing and retail — which could be a significant for this time of year."