

North East firms more optimistic about their own fortunes, despite waning confidence in the economy

The new year has brought an uptick in confidence among the North East's business leaders, new research suggests.

Overall business confidence in the region rose nine points, month-on-month, in January, according to the latest Business Barometer from Lloyds Bank. Firms in the region reported higher confidence in their own business prospects, up 21 points at 68% – the strongest of any UK nation or region – but their confidence in the wider economy was down three points to 22%.

Regional businesses highlighted growth activities such as investing in workforce (48%), “evolving their offering,” for example by introducing new products or services (42%) and breaking into new markets (33%).

Firms were questioned before this month's centrepiece [speech](#) from the Chancellor about kickstarting growth in the economy, which has drawn praise from key business groups such as the CBI and FSB. The North East readings came in contrast to overall UK business confidence which fell two points during the month to 37%. Nationally, firms' optimism in their own trading prospects increased four points to 51% but confidence in the economy fell seven points to 24%.

Manufacturers, construction firms and retailers all saw falling sentiment levels. Confidence among manufacturers was down four points to 38%, while construction saw a five-point fall to 36% and retailers reported a three-point fall to 40%. Meanwhile overall confidence in the services sector increased

three points to 38%, factoring in falls in hospitality but stability in business services and health-related services.

Martyn Kendrick, regional director for the North East at Lloyds, said: "After a dip in confidence in December, the new year has brought with it new beginnings and a more positive outlook among the region's businesses. It's particularly encouraging to see North East firms leading the country when it comes to confidence in their trading prospects.

"This is testament to the ambition and resilience of our business local community. We're proud to stand alongside them, and ready to support their plans as they navigate an exciting year ahead."

Hann-Ju Ho, senior economist, Lloyds Commercial Banking, said: "Changes in confidence can sometimes be sudden and sharp, but what we have seen recently has been a more gradual and measured decrease over time. The figures for trading prospects show promise with businesses signalling more resilience and assurance in their ability to weather perceived economic headwinds. The regional picture is similarly a cause for optimism, with seven regions reporting higher confidence, meaning it is the first time since July there has been more confidence rises than falls regionally.

"Elsewhere, the results for hiring prospects are in line with other trends from this month's survey – dipping slightly by one point to 32%. Price expectations have fallen too, for the third month out of four."

The Business Barometer survey questioned 1,200 companies, including 79 firms in the North East, between early to mid-January.