

South West business confidence lowest in UK, survey finds

Business confidence in the South West is the lowest of any region or nation in the UK, a new survey has revealed.

The latest Business Barometer from Lloyds Bank Commercial Banking shows confidence among firms in the region fell three points during July to 11%.

It marks the second consecutive month that the South West has registered the lowest measure on the survey.

Companies in the region reported lower confidence in their own business prospects month-on-month, down four points at 23%. When taken alongside their optimism in the economy, down one point to -1%, this gives a headline confidence reading of 11%.

Amanda Dorel, regional director for the South West at Lloyds Bank Commercial Banking, said: "The variety of economic challenges South West firms are currently facing is unlikely to ease in the immediate future.

"However, our tourism and hospitality sectors in particular will be hoping for prosperous weeks ahead as the summer holidays bring significantly increased footfall to the region's sun-drenched hotspots."

Despite the drop in confidence, South West businesses reported plans to target new growth opportunities in the next six months, including evolving their offering (34%), investing in their teams (31%) and diversifying into new markets (25%).

Ms Dorel said: "As businesses in all industries battle with the impact of inflation, it's more important than ever to maintain effective working capital management to best equip

themselves for what lies ahead so they can make the most of any opportunities for growth.”

However a net balance of 8% expect to reduce staff levels over the next year, down 13 points on last month.

The Business Barometer, which questions 1,200 businesses monthly, provides early signals about UK economic trends both regionally and nationwide.

Overall UK business confidence dropped three points during July to 25%. Firms’ outlook on their future trading prospects was up, three points to 37%, but their optimism in the wider economy dropped nine points to 12%. The net balance of businesses planning to create new jobs also decreased, seven points to 21%.

Every UK region and nation reported a positive confidence reading in July, with four out of 11 recording a higher reading than last month. The East of England (up 15 points to 46%), West Midlands (up eight points to 38%) and Wales (up seven points to 30%) saw the biggest increases month-on-month, with the East of England now the most optimistic region overall.

From a sector perspective the biggest decline in confidence during July came in manufacturing, dropping 12 points to 20%. Surveyed firms cited moderating trading prospects and a notable drop in economic optimism, but also issues with inflation and supply bottlenecks.

There were also small falls in confidence for construction retail and services firms.

Hann-Ju Ho, senior economist for Lloyds Bank Commercial Banking, added: “Business confidence declined this month, suggesting that economic headwinds are becoming more forceful. Despite this, firms’ assessment of their own trading prospects showed some resilience in the face of a challenging

environment.”

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