

# Business confidence in Scotland fell in October, study finds

Business confidence in [Scotland](#) fell 10 points to 5% during October as companies faced “ongoing economic challenges”, according to new research.


The latest Business Barometer from Bank of Scotland Commercial Banking found that business confidence in the manufacturing sector fell for the fifth month in a row, to 13%, the lowest confidence level since February 2021.

[Confidence](#) in the retail sector declined by six percentage points to 9%, while in the services sector it fell to 16%, both the lowest levels since early last year.

However, the construction sector saw a 10 percentage point rise to 20%, although this level still remains weaker than in the first half of the year.

Christmas can be a frenetic and expensive time for businesses and their customers, so firms need to have a plan in place to manage this

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Scottish businesses identified their top target areas for growth in the next six months as evolving their offering (33%), investing in their teams (29%) and entering new markets (27%).

Chris Lawrie, area director for Scotland at Bank of Scotland, said: "Ongoing economic challenges, not least the cost of doing business, is hitting firms and we're seeing this reflected in a less optimistic outlook.

"As we approach the busiest trading period of the year for many, businesses across the country need to prioritise maintaining a steady cashflow to remain resilient and be well-equipped for any opportunities to grow.

"After all, Christmas can be a frenetic and expensive time for businesses and their customers, so firms need to have a plan in place to manage this, as well as having some money aside to cover unexpected costs.

"We'll remain by the side of Scottish businesses to help them continue to navigate the challenging market conditions and push for growth."

The survey was conducted with 1,200 companies – including 100 businesses in Scotland – between October 3 and 17.

Overall UK business confidence fell one point during October to 15%.

Paul Gordon, managing director for [SME](#) and Mid Corporates at [Lloyds Bank](#) Commercial Banking, said: "As we head into the winter months and price pressures continue, energy price increases will start to bite and we are seeing continued pressure on pay expectations.

"[Businesses](#) need to keep a watchful eye on costs to ensure

they are in the best possible position to face any future headwinds.

“For businesses that may be struggling, we encourage them to reach out to their networks for support.

“At Lloyds Bank we remain by the side of businesses to help navigate these challenging times.”