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South West Business Confidence Declines in July

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South West, United Kingdom, 4 August 2025
Business confidence in the South West declined in July, despite firms continuing to prioritise expansion and investment, according to the latest figures from Lloyds Bank's Business Barometer.

Confidence among firms in the region fell by eight points to 44%, with a more significant 16-point drop in sentiment regarding their trading outlook, now at 47%. The data points to a softening in optimism but a continued focus on practical growth strategies.

In terms of priorities over the coming six months, 44% of businesses in the South West said they plan to invest in their workforce. Meanwhile, 35% reported plans to roll out new products or services, and 34% are aiming to break into new markets. This reflects an ongoing push by many companies to adapt and grow, despite mixed trading conditions.

Amanda Dorel, regional director for the South West at Lloyds Bank, said:

“Despite a dip in confidence this month, it’s encouraging to see that regional businesses remain focused on growth, investing in measures that will help both build resilience and unlock new opportunities.”

Nationally, UK-wide business confidence increased by one point in July to 52%, the highest figure recorded since 2015 and the third consecutive monthly rise.

Wales remained the most optimistic region at 76%, followed by the North East at 73%. The services sector, in particular, saw confidence rise by 11 points to 61%, helping to offset declines in other industries.

Retail confidence dropped by eight points, manufacturing by four, and construction by six. These declines highlight continued pressures in sectors still contending with cost increases and unpredictable market conditions.

Hann-Ju Ho, senior economist at Lloyds Commercial Banking, stated:

“This continued upward trend reflects a growing sense of cautious optimism across the UK economy, underpinned by both improved trading prospects and broader economic sentiment.

Despite ongoing cost pressures, firms are positioning for growth, particularly in services where hiring and investment plans are accelerating.”

The data from July suggests a mixed but resilient picture. Although the South West saw a fall in confidence, many firms across the region are pushing ahead with plans to expand, develop their offerings, and support their teams, a practical approach to growth amid uncertainty.