# Scottish business confidence falls sharply in November



Business confidence in Scotland has experienced a notable decline, falling 13 points in November to stand at 31%, according to the latest Business Barometer from the Bank of Scotland. This report highlights a worrying trend as companies in Scotland expressed lower confidence in their current business prospects, dropping two points to 43%.

When combined with a significant decrease in optimism regarding the broader economy, which fell by 25 points to 18%, these figures culminate in a headline confidence reading of 31%, a decrease from October’s 44%. The Business Barometer conducts monthly surveys of around 1,200 businesses and serves as an early indicator of economic trends both regionally and across the UK.

Martyn Kendrick, director of Bank of Scotland Commercial Banking, stated, “While business confidence has fallen this month, Scottish firms are identifying fresh avenues for growth – whether that’s by investing in new technology, or developing new skills.” Kendrick reassured that the bank remains committed to supporting businesses in making necessary investments to capitalise on seasonal demand and establish a solid foundation for future growth.

Looking towards the next six months, Scottish companies have pinpointed their primary focus areas for growth. A significant majority (57%) have indicated intentions to invest in their teams, particularly through training initiatives. Other targeted areas include evolving their product offerings with new products or services (41%) and implementing new technology, including artificial intelligence (AI) and automation (28%).

On a national scale, overall UK business confidence saw a slight downturn in November, dropping three points to 41%, yet it remains above the long-term average of 29%. Confidence in trading prospects improved, with a net balance rising by two points to 55%. However, the outlook for the national economy saw a notable decline, falling nine points to 26%.

Among various UK regions, London reported the highest level of confidence at 57%, followed by the West Midlands at 51%. Hann-Ju Ho, a senior economist at Lloyds Commercial Banking, remarked, “In November, the overall confidence metric fell by three points for the third month running. This is the lowest level since June, but still above the survey’s long-term average, which is ultimately positive from a longer-term perspective.”

Despite these fluctuations in confidence, the survey has identified a positive sentiment among firms regarding their ability to navigate challenges. Hiring intentions, although exhibiting a slight moderation, have not decreased significantly, which reflects resilience in the business community.

Sector-specific insights from the report show incremental improvements within certain industries. The manufacturing sector reported its first rise in trading prospects in four months, with a net balance climbing by three points to 49%. Additionally, companies in construction and services indicated stronger business growth outlooks, with net balances rising to 56% (up six points) and 61% (up four points), respectively. Conversely, retail firms indicated a downturn in trading prospects for the second consecutive month, with their net balance decreasing by six points to 45%.

Paul Kempster, managing director for relationship management at Lloyds Banking & Commercial, commented, “It’s clear that businesses are feeling confident in themselves, evidenced by their buoyant trading prospects, which is great news for the UK.” He recognised the positive shifts in manufacturing, construction, and services as vital for fostering economic growth and highlighted the ongoing support available to businesses throughout the UK as they navigate the evolving landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

* <https://www.edinburghchamber.co.uk/scottish-business-confidence-takes-a-downturn/> - Corroborates the decline in Scottish business confidence and the specific percentages related to business prospects and economic optimism.
* <https://www.edinburghchamber.co.uk/scottish-business-confidence-takes-a-downturn/> - Supports the information on the Business Barometer's methodology and its role in indicating economic trends.
* <https://www.edinburghchamber.co.uk/scottish-business-confidence-takes-a-downturn/> - Quotes Martyn Kendrick on Scottish firms identifying avenues for growth, such as investing in new technology and developing new skills.
* <https://www.edinburghchamber.co.uk/scottish-business-confidence-takes-a-downturn/> - Details the primary focus areas for growth among Scottish companies, including investing in teams and implementing new technology.
* <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/business-confidence-rows-back-from-summer-highs-but-trading-prospects-increase.html> - Reports on the overall UK business confidence and its slight downturn in November, along with the long-term average comparison.
* <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/business-confidence-rows-back-from-summer-highs-but-trading-prospects-increase.html> - Provides insights into regional confidence levels, highlighting London and the West Midlands as the most confident regions.
* <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/business-confidence-rows-back-from-summer-highs-but-trading-prospects-increase.html> - Quotes Hann-Ju Ho on the overall confidence metric and its long-term perspective.
* <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/business-confidence-rows-back-from-summer-highs-but-trading-prospects-increase.html> - Discusses hiring intentions and the resilience in the business community despite fluctuations in confidence.
* <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/business-confidence-rows-back-from-summer-highs-but-trading-prospects-increase.html> - Details sector-specific insights, including improvements in manufacturing, construction, and services, and a downturn in retail.
* <https://www.lloydsbankinggroup.com/media/press-releases/2024/lloyds-bank-2024/business-confidence-rows-back-from-summer-highs-but-trading-prospects-increase.html> - Quotes Paul Kempster on businesses' confidence in themselves and the positive shifts in various sectors.
* <https://www.digit.fyi/scottish-business-confidence-falls-but-growth-ambitions-remain/> - Please view link - unable to able to access data