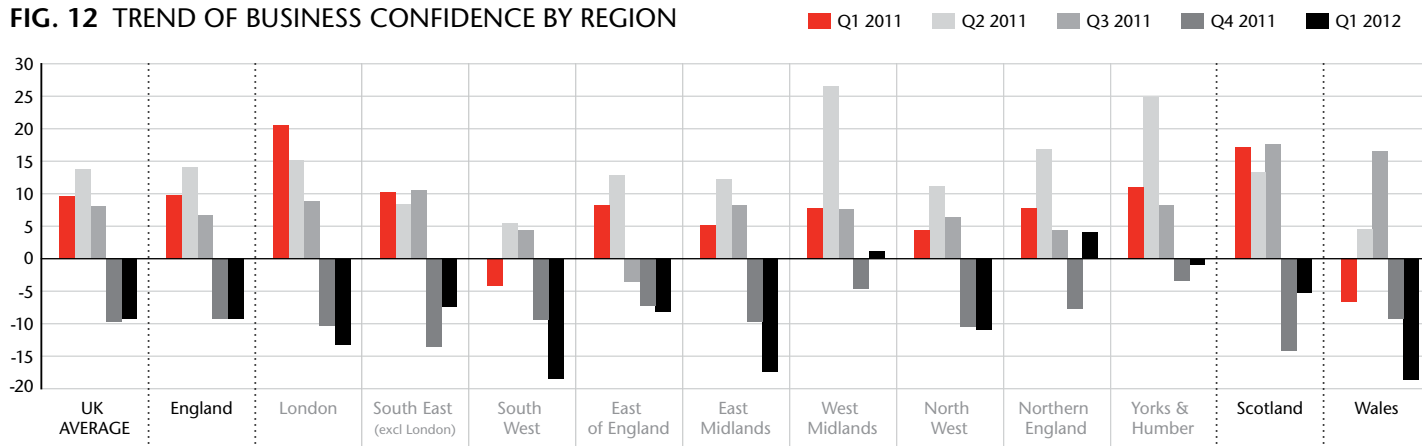


# TRENDS IN BUSINESS CONFIDENCE REGION

FIG. 12 TREND OF BUSINESS CONFIDENCE BY REGION



Across the UK, confidence remains in negative territory in all but two regions.

Businesses in London, the UK's largest economy, remain pessimistic following a sharp decline in confidence last quarter, while the South West and Wales saw their Confidence Index drop below the -18 mark, their lowest since Q2 2009.

## CONFIDENCE REMAINS LOW ACROSS THE REGIONS

Over the last year there has been a declining trend in the Confidence Index for all regions, and this quarter it remains negative in all regions except Northern England and the West Midlands. The sharpest year-on-year decline has been in London, where the Confidence Index is 33.8 points down. The capital has been particularly hit by turmoil in the financial sector as the eurozone debt crisis continued.

The outlook in Scotland has also deteriorated notably over the last year. Scottish firms were more optimistic

than the UK generally throughout the recession and recovery, but their Confidence Index remains in negative territory in Q1 2012. This coincides with a significant worsening in the Scottish labour market through the second half of 2011, with unemployment reaching 8.7% over the three months to November, up from a low of 7.7% earlier in the year.

The Confidence Index in Wales fell to -18.6 in Q1 2012, the lowest across the UK. Wales is expected to be hard hit by public sector cuts.

CONFIDENCE NEGATIVE IN ALL BUT ONE REGION • PARTICULARLY STEEP DECLINES IN WALES AND SOUTH WEST