



Bank of Albania  
Monetary Policy Department



European Commission\*

# BUSINESS AND CONSUMER CONFIDENCE SURVEY

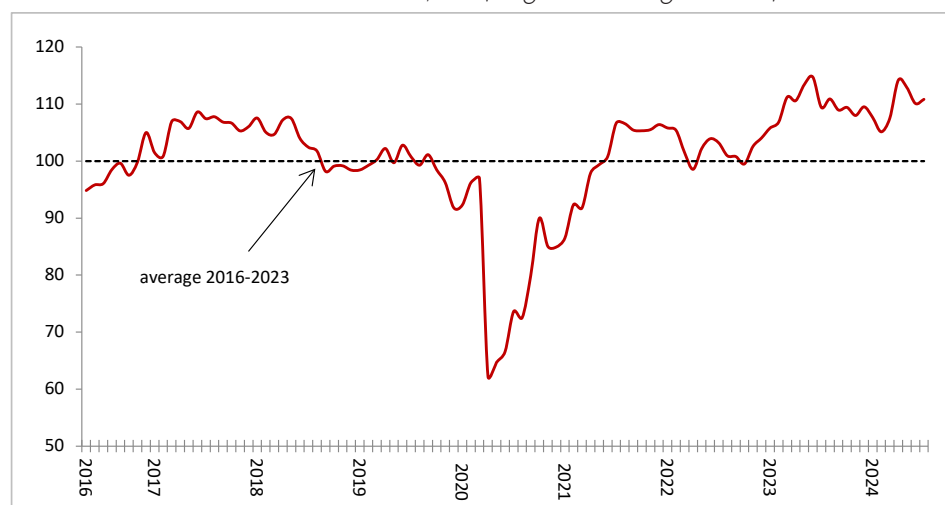
1 AUGUST 2024

*\* Confidence surveys are co-funded by the European Union and Bank of Albania. From May 2016, they are organized under the Joint Harmonised European Union Programme of BCS.*

## BUSINESS AND CONSUMER CONFIDENCE SURVEY

In July 2024, the **Economic Sentiment Indicator (ESI)** was slightly up by 0.7 points, in July 2022. The current level of ESI stands around 11 points above the historical average. (Chart 1). The ESI improved in July mainly on the back of the upward confidence in the sectors of construction and services. Also, the increased confidence in industry and consumer confidence provided its impact in this regard, though at a lesser extent. On the other side, confidence in trade provided a negative contribution (Chart 2).

Chart 1 Economic Sentiment Indicator, ESI (long-term average = 100)

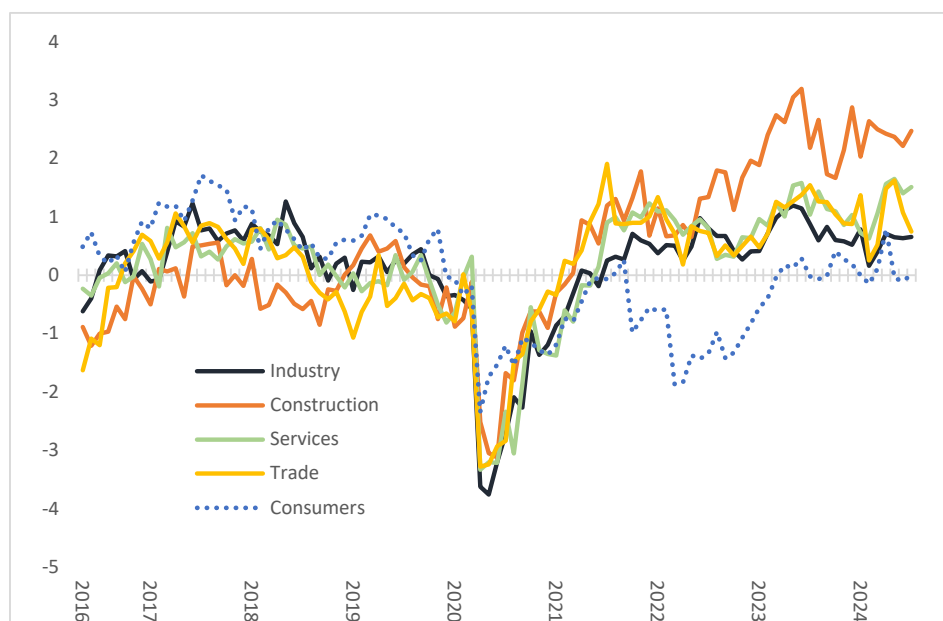


Source: Business and Consumer Confidence Survey, Bank of Albania.

**Industry Confidence Indicator (ICI)** rose slightly by 0.3 percentage points in July, standing around 7 percentage points above the historical average (Chart 2). The more optimistic appraisals of businesses on current industrial production and on the level of new order books mainly drove to the ICI increase. In addition, businesses operating in industry sector appeared optimistic on the increase of industrial production for the future. The increase in expectations on selling prices in the future were lower compared to the previous month (Table 2 - Industry).

**Construction Confidence Indicator (BCI)** was up by 2.7 percentage points in July 2024. The current level of BCI stands 21 points above the historical average (Chart 2). The lift in the BCI in July 2024 was affected by both the higher assessments of businesses on their current business and the level of new order books. Businesses operating in construction have increased expectations for selling prices in the future.

Chart 2 Confidence indicators by sector\*



Source: Business and Consumer Confidence Survey, Bank of Albania.

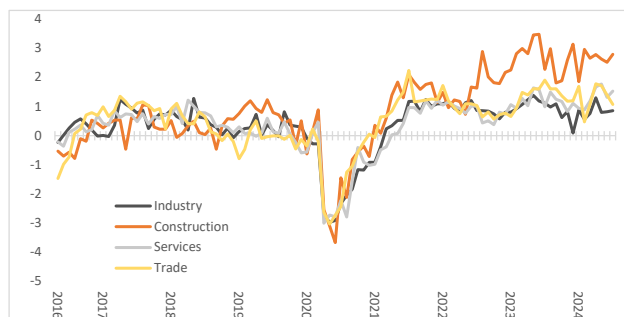
Note: \*The chart shows standardised series, to correct the changes in averages and in standard deviations of the respective confidence indicators.

**Services Confidence Indicator (SCI)** increased by 1.7 percentage points in July. The current level of SCI stands around 20 percentage points above the historical average (Chart 2). The SCI went up as assessments of businesses operating in this sector on their current business performance appeared more optimistic. Appraisals on the current level of the demand remained virtually unchanged from the previous month. Expectations on the demand in the future increased in July. Services-related businesses have revised down the performance of prices in the future (Table 2 - Services).

**Trade Confidence Indicator (TCI)** dipped by 3.1 percentage points in July, resulting from, the less optimistic appraisals on the current business performance. The current level of TCI stands around 5 percentage points above the historical average (Chart 2). Businesses operating in trade sector have assessed expectations on future prices edging up in July 2024 (Table 2 - Trade).

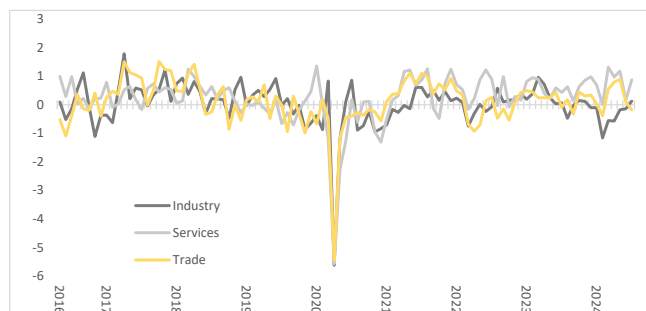
**Consumer Confidence Indicator (CCI)** rose by 0.5 percentage points in July 2024, by reversing the downward trend of the two previous months. CCI continues to stand close to the historical average level in July as well (Chart 2). The constituent components of TCI provided contributions in opposite signs. Hence, current views and expectations on making major purchases went up in July. On the other hand, In July 2024, expectations on general economic situation resulted less optimistic. Consumer expectations on unemployment in the future registered a slight decline (Table 2 - Consumers).

Chart 3 Business situation by sector over the past three months



Source: Bank of Albania.

Chart 4 Business expectations over the next three months



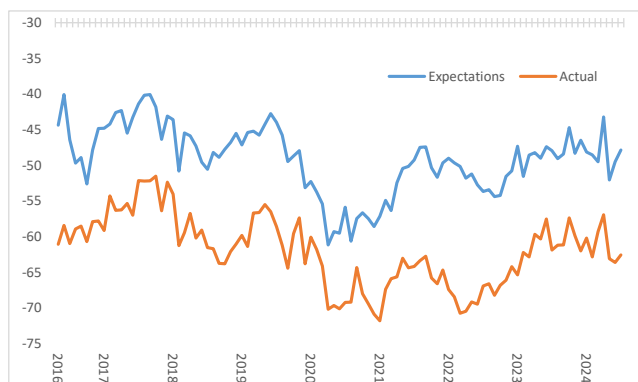
Source: Bank of Albania.

Chart 5 Expectations for unemployment and prices over the next 12 months, in balance



Source: Bank of Albania.

Chart 6 Major purchases of consumers, in balance



Source: Bank of Albania.

Table 1 Confidence indicators by sector\*

	Values			2024					Current situation	
	min.	ave.	max.	March	April	May	June	July	Conjectural**	Structural***
Industry	-60.9	-9.2	5.7	-5.7	-1.6	-2.4	-2.7	-2.4	↑	+
Construction	-58.6	-21.0	7.6	0.3	-0.4	-1.0	-2.6	0.0	↑	++
Services	-45.8	10.6	33.1	23.8	31.8	33.1	29.3	30.9	↑	+
Trade	-33.1	0.6	17.1	3.7	13.0	14.3	9.0	5.9	↓	+
Consumer	-40.8	-26.6	-16.3	-26.0	-21.8	-27.0	-27.2	-26.6	↑	=

Source: Business and Consumer Confidence Survey, Bank of Albania.

\*) Indicators are calculated from seasonally adjusted balance. The minimum, average and maximum balances are calculated starting from May 2016.

\*\*) Situation compared to the previous month.

\*\*\*) The situation for each indicator is considered as highly satisfactory (+ +) when the index is more than 1 standard deviation higher than the average; satisfactory (+) when the index is less than 1 standard deviation higher than the average; unsatisfactory (-) when the index is less than 1 standard deviation lower than the average; and highly unsatisfactory (-) when the index is more than 1 standard deviation lower than the average.

Table 2 Main balances of the sectors of the economy (in percentage points)\*

	2023		2024						
	November	December	January	February	March	April	May	June	July
<b>INDUSTRY</b>									
Production over the past three months (question 1, ICI component)	17.2	3.6	18.1	12.3	15.8	25.8	16.6	16.9	17.6
Order books (question 2, ICI component)	-8.7	-3.2	-8.2	-9.0	-11.7	-6.7	-8.2	-9.3	-7.2
Export order books (question 3, ICI component)	-18.6	-12.8	-11.8	-30.0	-21.3	-24.0	-15.6	-15.6	-17.4
Stock of finished product (question 4)	-3.6	-2.1	-2.9	-6.5	-3.9	-0.4	0.4	4.0	6.1
Production, expectations (question 5)	31.5	29.0	29.0	17.3	24.0	23.9	28.2	28.6	31.5
Selling prices, expectation (question 6)	22.8	21.5	14.0	10.3	10.2	10.2	5.4	7.5	8.5
Employment, expectation (question 7)	8.5	8.4	8.7	2.6	1.6	10.0	4.9	0.5	6.9
<b>Construction</b>									
Construction activity over the past three months (question 1, BCI component)	17.7	24.2	9.0	22.1	18.5	20.0	18.1	16.8	20.1
Order books (question 3, BCI component)	-24.5	-15.7	-18.1	-18.5	-17.8	-20.8	-20.1	-22.1	-20.0
Employment, expectation (question 4)	13.0	17.6	11.8	27.0	16.3	16.3	12.1	13.7	16.4
Prices, expectation (question 5)	15.3	19.4	15.0	17.5	13.0	14.2	15.5	10.8	16.2
<b>SERVICES</b>									
Business situation over the past three months (question 1, SCl component)	18.5	23.2	20.3	19.4	24.5	32.7	34.4	26.7	30.4
Demand over the past three months (question 2, SCl component)	22.9	23.6	16.7	14.5	23.1	30.9	31.9	31.8	31.4
Demand, expectation (question 3)	33.4	34.6	31.6	24.6	38.1	34.5	36.7	26.2	33.5
Employment over the past three months (question 4)	8.2	8.7	3.3	4.4	11.1	6.0	10.4	13.9	16.3
Employment, expectation (question 5)	11.0	13.1	8.4	11.9	13.7	15.5	11.2	12.2	11.4
Prices, expectation (question 6)	16.9	19.2	14.7	10.2	4.9	8.7	6.1	8.5	3.3
<b>TRADE</b>									
Business situation over the past three months (question 1, TCl component)	11.5	11.8	20.1	-0.3	9.8	21.6	20.5	15.1	9.7
Inventories situation (question 2)	3.4	3.7	10.9	6.7	4.8	6.2	4.3	5.6	7.0
Future orders, expectation (question 3)	20.9	22.9	15.9	16.4	27.3	25.7	30.0	24.5	23.2
Business performance, expectation (question 4)	25.8	26.3	22.3	17.1	28.8	32.0	33.2	23.1	19.6
Employment, expectation (question 5, TCl component)	2.9	2.5	3.7	2.5	-2.4	4.5	8.1	3.0	2.1
Prices, expectation (question 6)	9.3	14.6	3.7	4.2	-0.1	0.0	2.6	6.9	5.5
<b>CONSUMER</b>									
Current financial situation (question 1)	0.9	3.7	-0.1	-0.4	-3.9	-3.8	-1.2	1.6	0.3
Financial situation, expectation (question 2, CCl component)	-59.9	-62.0	-60.2	-62.8	-59.3	-56.9	-63.1	-63.6	-62.5
Current economic situation (question 3)	-48.3	-46.5	-48.1	-48.5	-49.5	-43.2	-52.0	-49.5	-47.8
Economic situation, expectation (question 4, CCl component)	-45.3	-42.3	-42.3	-45.4	-43.4	-40.5	-45.6	-45.8	-44.2
Current prices (question 5)	-42.2	-41.9	-41.0	-41.0	-39.7	-37.1	-40.2	-38.4	-38.4
Prices, expectation (question 6)	2.2	3.1	3.8	2.2	4.4	6.6	2.8	3.0	2.3
Unemployment, expectation (question 7)	0.9	3.7	-0.1	-0.4	-3.9	-3.8	-1.2	1.6	0.3
Current major purchases (question 8, CCl component)	-59.9	-62.0	-60.2	-62.8	-59.3	-56.9	-63.1	-63.6	-62.5
Major purchases, expectations (question 9, CCl component)	-48.3	-46.5	-48.1	-48.5	-49.5	-43.2	-52.0	-49.5	-47.8
Current savings (question 10)	-45.3	-42.3	-42.3	-45.4	-43.4	-40.5	-45.6	-45.8	-44.2
Savings, expectation (question 11)	-42.2	-41.9	-41.0	-41.0	-39.7	-37.1	-40.2	-38.4	-38.4
Situation of income and expenses (question 12)	2.2	3.1	3.8	2.2	4.4	6.6	2.8	3.0	2.3

Source: Business and Consumer Confidence Survey, Bank of Albania.

# ANNEX

## METHODOLOGICAL NOTES

**Balance** is the most frequently used indicator in aggregating the qualitative data from surveys. It is calculated as the difference between the percentages of positive and negative answers. The balance is expressed in percentage point from surveys.

**Confidence Index (CI)** is constructed for each sector and is calculated as the simple average of seasonally –adjusted balances of indicators that have the highest correlation with the reference series (the series of real data of the economy).

**Economic Sentiment Indicator (ESI)** is constructed based on the same balances use for constructing CIs for each sector (industry, construction, services, trade and consumers), aiming to capture the domestic economic activity. Before aggregating the ESI, these balances are standardized and weighted.