



Bank of Albania  
Monetary Policy Department



European Commission\*

# BUSINESS AND CONSUMER CONFIDENCE SURVEY

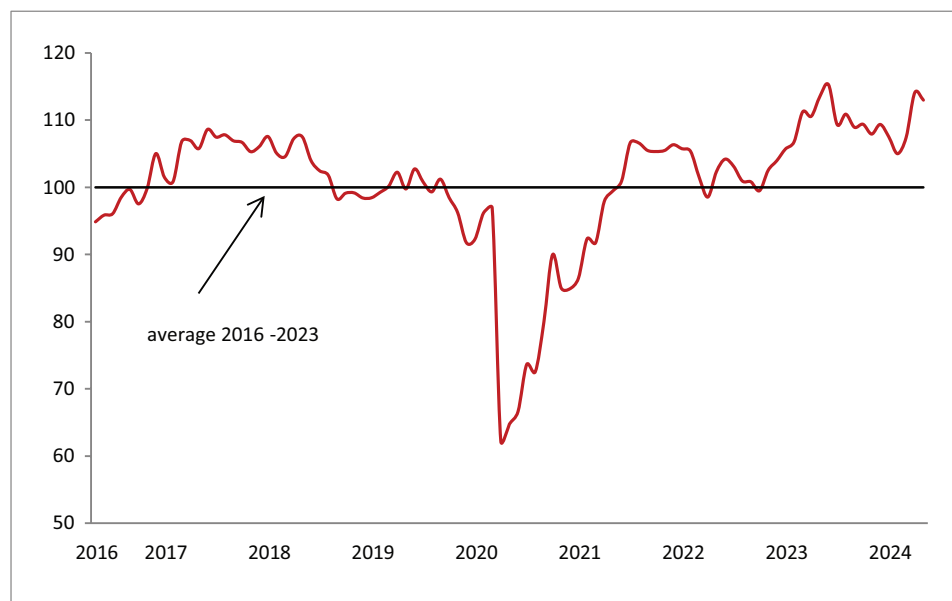
3 JUNE 2024

*\* Confidence surveys are co-funded by the European Union and Bank of Albania. In May 2016, they moved under the Harmonised EC Programme of Business and Consumer Confidence Survey.*

## BUSINESS AND CONSUMER CONFIDENCE SURVEY

In May 2024, the **Economic Sentiment Indicator (ESI)** declined slightly by 1.1 points, after improving in the two previous months. Despite the fall, the current level settles close to the historical maximum and around 13 points above the long-term average (Chart 1). The drop in the aggregated indicator was due to the lower confidence across the sectors of *industry, construction and consumers*. On the other hand, confidence in the sectors of *services and trade* increased (Chart 2).

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

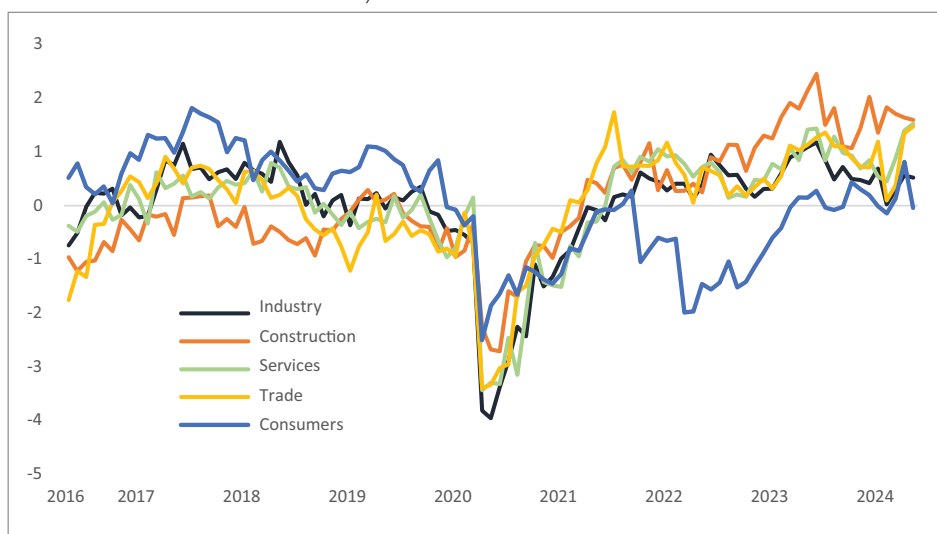


Source: Business and Consumer Confidence Survey, Bank of Albania.

**Industry Confidence Indicator (ICI)** declined slightly by 0.6 percentage points in May 2024, reversing the upward trend of the last two months. The current level of ICI settles 6.4 percentage points above the historical average (Chart 2). The ICI dropped mainly as a result of *lower assessments on the current industrial production*. Businesses' assessments on *the balance of order books* recorded, overall, a slight decrease. On the other hand, businesses operating in industry sector, increased their expectations on *industrial production* for the future. Expectations on *selling prices* in the future inched down compared to the previous month (Table 2 - Industry).

**Building Confidence Indicator (BCI)** continued trending downward slightly for the third month in a row. However its level stands 20 points above the historical average and close to its historical minimum (Chart 2). BCI declined by 0.6 points in May mainly as appraisals on the *current construction business* descended. On the other hand, assessments on *current order books* edged up. Expectations on *prices* in construction rose slightly in May 2024 (Table 2 - Construction).

Chart 2 Confidence indicators by sector\*



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

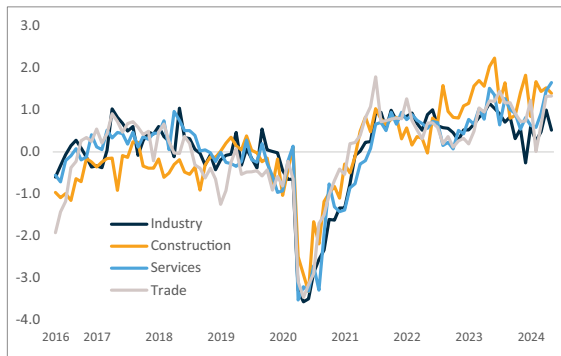
Note: \*The chart shows standardised series, to correct the changes in averages and in standard deviations of the respective confidence indicators.

**Service Confidence Indicator (SCI)** rose for the third consecutive month, climbing by 2.1 percentage points in May 2024. The current level of SCI stands 24 percentage points above the historical average (Chart 2). SCI increased as a result of the more optimistic assessments of businesses on the *current performance of their business* and the *current level of the demand*. Also, expectations of services-related businesses on the *demand* and the level of *employment* in the future edged up in May. Businesses operating in service sector have revised down the performance of *prices* in the future (Table 2 - Services).

**Trade Confidence Indicator (TCI)** rose by 1.3 percentage points in May, following the upward trend since March 2024. The current level of TCI settles around 14 percentage points above the historical average (Chart 2). The more optimistic expectations of businesses on *employment* in the future drove to the monthly increase of TCI. Assessments on the *current performance* of the businesses stayed virtually unchanged from the previous month. Businesses operating in trade sector expect their future *prices* increasing in the coming months (Table 2 - Trade).

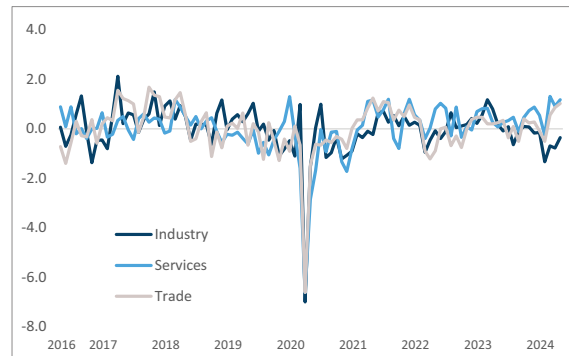
**Consumer Confidence Indicator (CCI)** dropped by 4.9 percentage points in May, by reversing the upward trend of the two previous months. CCI stands very close to the historical average level in May (Chart 2). Consumers' views on their *financial situation*, the *general economic situation* in Albania and on *major purchases* were weaker. Consumers' expectations on *unemployment* in the future increased in May (Table 2 - Consumers).

Chart 3 Business situation by sector over the past three months



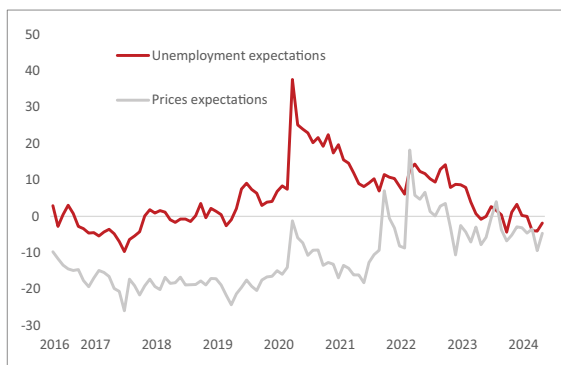
Source: Bank of Albania

Chart 4 Business expectations over the next three months



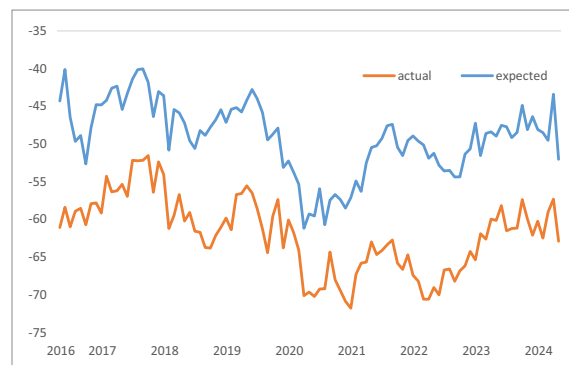
Source: Bank of Albania

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.	January	February	March	April	May	Conjectural**	Structural***
Industry	-60.9	-9.5	5.8	-0.7	-9.3	-5.9	-2.3	-2.9	↓	+
Construction	-58.4	-21.8	9.0	-4.6	1.6	0.0	-0.9	-1.5	↓	++
Services	-45.3	9.7	35.2	18.0	16.6	23.6	31.8	33.9	↑	++
Trade	-32.6	0.2	17.0	11.7	1.0	3.7	13.1	14.4	↑	++
Consumer	-40.4	-26.6	-16.3	-26.7	-27.4	-25.9	-22.0	-26.9	↓	=

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				
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May
<b>INDUSTRY</b>									
Production over the past three months (question 1, ICI component)	21.8	13.1	16.9	3.3	17.8	12.2	15.8	24.6	16.5
Order books (question 2, ICI component)	-9.8	-10.4	-8.8	-3.3	-8.3	-9.2	-11.9	-6.8	-8.7
Export order books (question 3, ICI component)	-13.0	-12.5	-18.7	-12.8	-11.8	-31.0	-21.6	-24.7	-16.7
Stock of finished product (question 4)	2.4	-3.5	-3.6	-2.1	-2.9	-6.6	-3.9	-0.6	-0.2
Production, expectations (question 5)	29.7	31.5	31.3	29.1	29.3	18.6	24.4	23.6	27.4
Selling prices, expectation (question 6)	-10.4	10.8	22.8	21.1	14.0	10.3	10.2	9.9	4.9
Employment, expectation (question 7)	9.8	10.4	8.5	8.4	8.8	2.8	1.9	9.5	5.0
<b>CONSTRUCTION</b>									
Construction activity over the past three months (question 1, BCI component)	8.2	9.2	17.7	24.2	8.9	21.8	18.1	19.5	17.5
Order books (question 3, BCI component)	-24.3	-26.0	-24.8	-16.0	-18.1	-18.7	-18.1	-21.4	-20.5
Employment, expectation (question 4)	5.6	11.3	13.0	17.5	11.9	27.0	16.3	16.2	11.9
Prices, expectation (question 5)	20.2	7.7	15.1	19.2	14.7	17.2	12.8	14.0	15.3
<b>SERVICES</b>									
Business situation over the past three months (question 1, SCl component)	25.8	24.3	18.3	22.7	19.8	19.0	24.4	32.9	36.0
Demand over the past three months (question 2, SCl component)	24.5	24.5	22.7	23.2	16.3	14.2	22.9	30.8	31.8
Demand, expectation (question 3)	25.6	30.8	33.3	34.6	31.6	24.2	38.5	34.9	37.3
Employment over the past three months (question 4)	6.3	4.7	8.0	8.2	3.0	4.1	10.7	5.4	9.4
Employment, expectation (question 5)	10.1	12.6	11.0	13.1	8.4	11.9	13.7	15.4	11.1
Prices, expectation (question 6)	14.2	13.1	17.2	19.5	15.1	10.5	4.9	8.4	5.3
<b>TRADE</b>									
Business situation over the past three months (question 1, TCl component)	18.7	14.4	11.3	11.5	19.6	-0.6	9.8	21.3	21.4
Inventories situation (question 2)	1.0	2.3	3.5	3.7	10.8	6.7	4.7	6.1	4.3
Future orders, expectation (question 3)	23.6	29.2	21.0	22.8	15.8	16.4	27.5	27.0	31.0
Business performance, expectation (question 4)	17.8	27.5	25.7	26.1	22.2	17.8	29.1	32.4	34.1
Employment, expectation (question 5, TCl component)	2.7	2.9	2.9	2.5	3.7	2.6	-2.3	4.9	7.5
Prices, expectation (question 6)	14.3	8.7	9.2	14.2	3.5	4.3	0.1	-0.5	1.5
<b>CONSUMER</b>									
Current financial situation (question 1)	-13.3	-11.4	-10.9	-9.9	-11.1	-13.7	-9.7	-4.6	-7.4
Financial situation, expectation (question 2, CCl component)	1.9	4.3	4.4	3.8	1.8	1.2	2.0	7.7	4.5
Current economic situation (question 3)	-21.7	-19.7	-19.0	-19.0	-18.8	-17.9	-16.7	-10.3	-11.8
Economic situation, expectation (question 4, CCl component)	0.7	1.3	4.0	2.6	-0.2	0.0	2.9	5.0	3.0
Current prices (question 5)	46.3	45.4	46.7	44.6	47.1	42.5	41.5	29.9	33.6
Prices, expectation (question 6)	-3.7	-6.7	-5.1	-2.8	-3.1	-4.6	-3.5	-9.4	-4.6
Unemployment, expectation (question 7)	0.5	-4.3	1.2	3.3	0.3	0.0	-3.9	-4.0	-1.8
Current major purchases (question 8, CCl component)	-61.2	-57.4	-59.9	-62.1	-60.2	-62.5	-59.0	-57.3	-62.9
Major purchases, expectations (question 9, CCl component)	-48.4	-44.8	-48.1	-46.4	-48.1	-48.5	-49.5	-43.4	-52.0
Current savings (question 10)	-45.0	-44.1	-45.1	-42.2	-42.1	-45.2	-43.2	-40.9	-45.4
Savings, expectation (question 11)	-43.2	-41.6	-42.2	-41.9	-41.0	-41.0	-39.7	-37.2	-40.3
Situation of income and expenses (question 12)	-0.3	3.5	2.3	3.1	3.9	2.3	4.5	6.2	3.0

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.