



Bank of Albania  
Monetary Policy Department



European Commission\*

# BUSINESS AND CONSUMER CONFIDENCE SURVEY

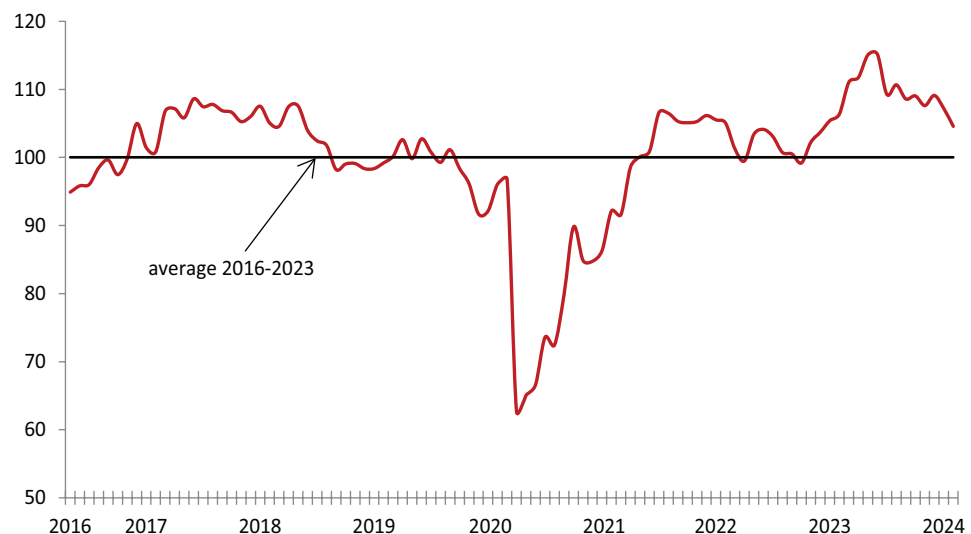
1 MARCH 2024

*\* 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 February 2024, the **Economic Sentiment Indicator (ESI)** recorded 104.6, down by 2.6 points compared to January. However, it stands 4.6 points above the historical average (Chart 1). The slowdown of the ESI was due to the fall in confidence among consumers, industry, services and trade sectors, while confidence increased in construction (Chart 2).

Chart 1 Economic Sentiment Indicator (ESI)

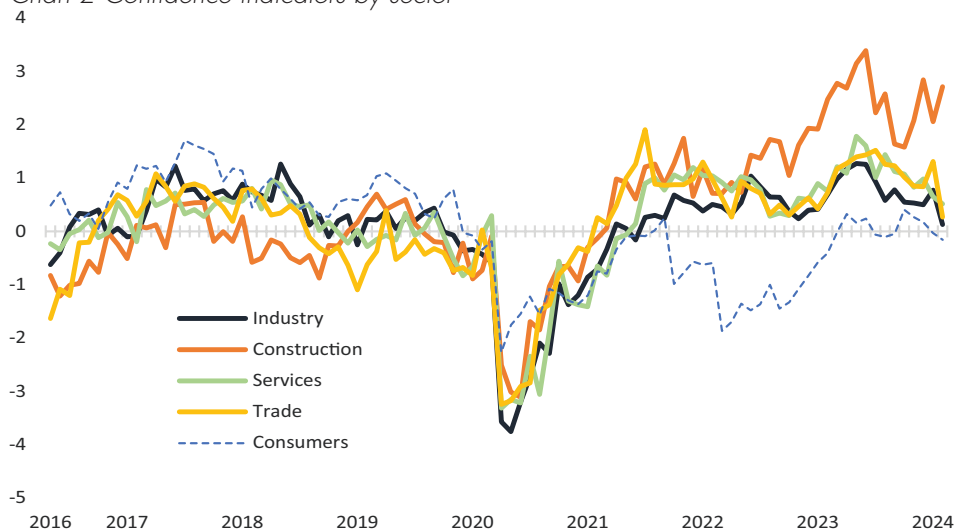


Source: Business and Consumer Confidence Survey, Bank of Albania.

**Industry Confidence Indicator (ICI)** declined by 8.6 percentage points in February 2024, due to less than optimistic assessments on current production and order books. The ICI level is almost the same as its historical average (Chart 2). Businesses operating in this sector have decreased their expectations on production, employment and prices in the future compared to the previous month (Table 2 - Industry Sector).

**Construction Confidence Indicator (BCI)** picked up by 6.8 percentage points in February. This indicator stands around 25 percentage points above the historical average (Chart 2). This increase was driven mainly by an improvement in the assessments of current construction business. In parallel, expectations on employment and prices for the future are edging up (Table 2 - Construction).

Chart 2 Confidence indicators by sector\*



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

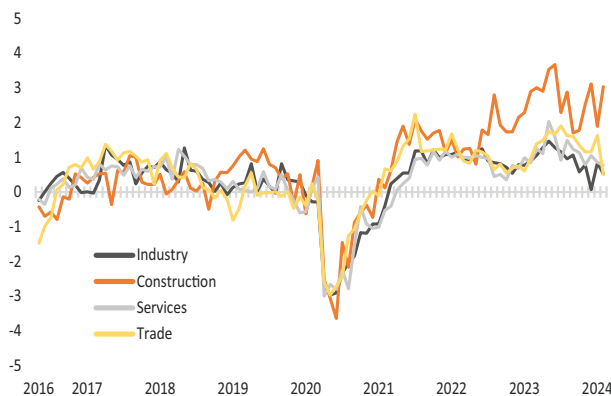
Note: \*The chart shows standardised series, to correct the changes in averages and in standard deviations of the respective confidence indicators.

**Services Confidence Indicator (SCI)** fell by 2.2 percentage points. However, the SCI stands around 6 percentage points above the long-term average (Chart 2). Both components of the indicator: the current performance of their business and the level of demand, registered a decline. Businesses' expectations on prices in the future are also on the decline (Table 2 - Services).

**Trade Confidence Indicator (TCI)** contracted by around 10 percentage points in February, driven mainly by pessimistic assessments on current business performance and employment expectations. Businesses operating in this sector expect a decrease in both order books and business performance in the near future. The current level of TCI stands close to the historical average (Chart 2). Expectations for selling prices in the future were revised upwards (Table 2 - Trade).

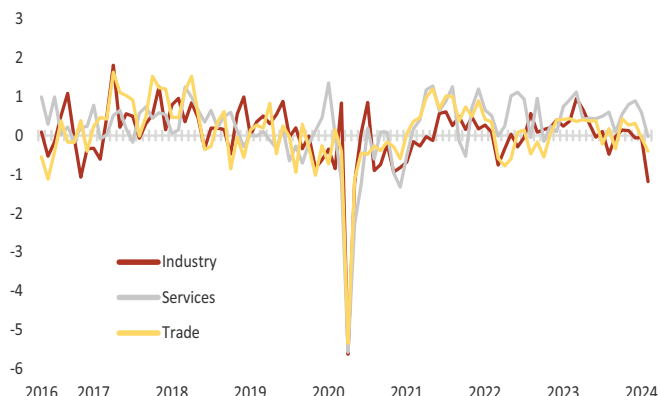
**Consumer Confidence Indicator (CCI)** continued to fall for the fourth month in a row, down by 0.8 percentage point in February 2024. However, the current level of the indicator remains close to the historical average (Chart 2). This month, the fall in CCI was driven by less than optimistic expectations about the financial situation and major purchases in the future (Chart 6). Expectations on the overall future prices and employment have been revised downwards (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 months



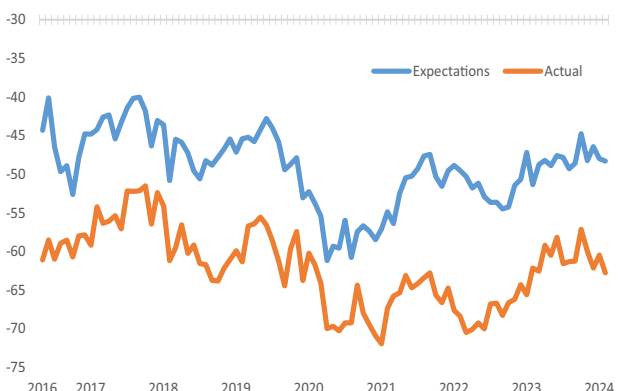
Source: Bank of Albania.

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			2023						2024		Current situation	
	min.	ave.	max.	Sept	Oct	Nov	Dec	Jan	Feb	Conjectural**	Structural***		
Industry	-60.9	-9.6	5.8	-0.7	-3.8	-4.0	-4.5	-0.8	-9.3	↓	=		
Construction	-58.3	-22.1	9.4	-8.8	-9.4	-4.2	3.7	-4.4	2.4	↑	++		
Services	-45.3	9.6	35.2	24.8	24.0	20.1	22.6	17.3	15.1	↓	+		
Trade	-32.6	0.2	17.0	10.5	8.4	6.9	6.8	11.3	1.2	↓	+		
Consumer	-40.4	-26.6	-16.3	-26.9	-24.2	-25.0	-25.6	-26.8	-27.6	↓	-		

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	
	June	July	August	Sept.	October	November	Dec.	January	February
INDUSTRY									
Production over the past three months (question 1, ICI component)	25.3	23.0	19.5	21.4	12.5	16.3	3.1	17.3	11.6
Order books (question 2, ICI component)	-4.9	-9.4	-13.5	-10.4	-11.0	-9.2	-3.6	-8.4	-9.0
Export order books (question 3, ICI component)	-3.6	-9.8	-16.1	-13.2	-13.0	-19.0	-12.8	-11.2	-30.6
Stock of finished product (question 4)	0.8	-0.1	3.8	2.4	-3.6	-3.0	-2.2	-3.7	-6.7
Production, expectations (question 5)	29.7	31.3	24.8	29.8	31.7	31.6	29.4	29.6	17.1
Selling prices, expectation (question 6)	18.2	17.0	9.5	16.9	12.1	20.9	20.6	15.1	11.2
Employment, expectation (question 7)	12.4	8.0	10.9	9.6	10.2	8.3	8.3	8.9	2.8
CONSTRUCTION									
Construction activity over the past three months (question 1, BCI component)	30.4	14.1	21.0	7.1	8.0	16.8	23.8	9.3	22.9
Order books (question 3, BCI component)	-11.5	-19.5	-19.0	-24.7	-26.8	-25.3	-16.3	-18.1	-18.1
Employment, expectation (question 4)	15.7	9.3	12.3	5.2	11.0	13.1	18.3	12.0	26.4
Prices, expectation (question 5)	26.3	26.5	17.0	20.3	7.8	15.2	19.4	15.1	18.1
SERVICES									
Business situation over the past three months (question 1, SCI component)	31.1	20.0	29.6	25.2	23.7	17.7	22.1	18.8	17.3
Demand over the past three months (question 2, SCI component)	33.6	25.9	30.0	24.3	24.3	22.6	23.1	15.8	12.9
Demand, expectation (question 3)	29.0	29.7	30.7	25.4	30.1	32.8	33.8	30.7	24.2
Employment over the past three months (question 4)	15.9	14.6	11.1	5.9	4.4	7.5	7.4	2.5	3.7
Employment, expectation (question 5)	12.9	11.4	10.9	9.8	12.5	10.8	12.9	8.1	11.6
Prices, expectation (question 6)	13.3	15.6	17.6	13.9	12.8	16.9	19.4	15.2	11.1
TRADE									
Business situation over the past three months (question 1, TCI component)	19.5	23.5	18.6	18.5	14.1	10.9	11.1	19.0	0.1
Inventories situation (question 2)	0.5	0.3	4.3	0.9	2.3	3.4	3.8	10.6	6.9
Future orders, expectation (question 3)	25.5	17.7	22.1	23.7	29.4	21.2	22.7	15.1	14.6
Business performance, expectation (question 4)	26.7	19.1	24.2	17.7	27.4	25.3	25.8	21.1	16.8
Employment, expectation (question 5, TCI component)	5.5	3.2	2.9	2.6	2.7	2.8	2.4	3.6	2.4
Prices, expectation (question 6)	13.6	18.2	7.4	14.1	8.9	9.4	14.0	3.9	4.7
CONSUMER									
Current financial situation (question 1)	-13.6	-15.7	-14.4	-13.3	-11.4	-11.0	-10.1	-11.2	-13.4
Financial situation, expectation (question 2, CCI component)	4.0	1.6	0.6	1.8	4.2	4.4	3.8	1.8	1.1
Current economic situation (question 3)	-22.6	-23.8	-23.4	-21.8	-19.8	-19.1	-19.0	-19.0	-18.4
Economic situation, expectation (question 4, CCI component)	0.9	-0.2	0.8	0.3	0.9	3.6	2.3	-0.6	-0.5
Current prices (question 5)	46.2	50.5	51.6	46.4	45.4	46.7	44.7	47.4	43.2
Prices, expectation (question 6)	-5.6	-0.3	4.1	-3.7	-6.8	-5.2	-2.9	-3.1	-4.3
Unemployment, expectation (question 7)	-0.1	2.6	1.5	0.2	-3.8	1.0	3.3	0.6	2.7
Current major purchases (question 8, CCI component)	-58.1	-61.6	-61.3	-61.2	-57.1	-59.9	-62.1	-60.5	-62.7
Major purchases, expectations (question 9, CCI component)	-47.6	-47.8	-49.3	-48.6	-44.7	-48.2	-46.4	-48.0	-48.3
Current savings (question 10)	-43.6	-45.4	-44.3	-45.1	-44.2	-45.3	-42.4	-42.3	-45.5
Savings, expectation (question 11)	-39.4	-42.5	-42.9	-43.3	-41.6	-42.2	-41.9	-41.0	-41.3
Situation of income and expenses (question 12)	2.7	0.2	-0.6	-0.4	3.5	2.1	3.0	3.8	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.

The **Confidence Indicator** (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.