



Bank of Albania  
Monetary Policy Department



European Commission\*

# BUSINESS AND CONSUMER CONFIDENCE SURVEY

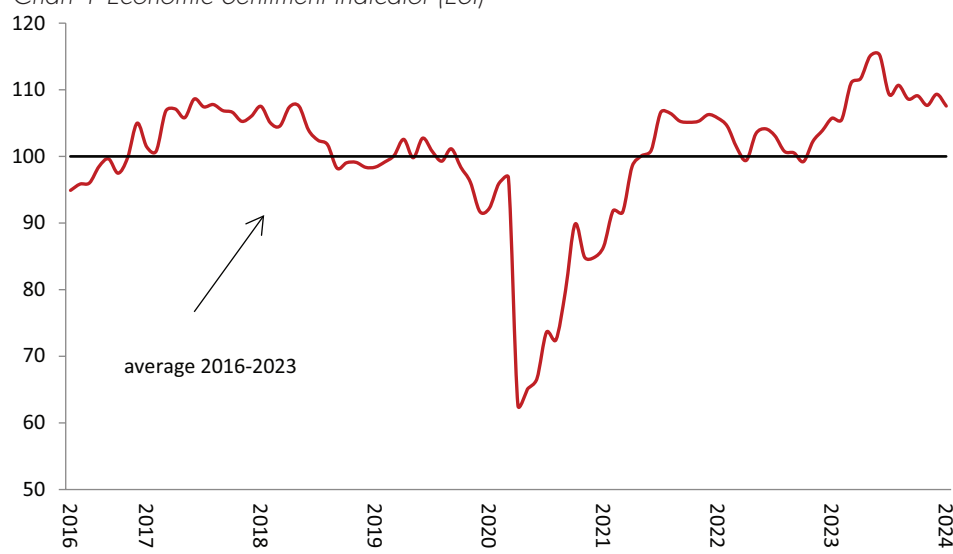
1 FEBRUARY 2024

*\* Confidence surveys are co-funded by the European Union and Bank of Albania. In May 2016, they moved under the European Commission Harmonised EC Programme. Since June 2021, the analysis and data from surveys is published on a monthly basis.*

## BUSINESS AND CONSUMER CONFIDENCE SURVEY

In January 2024, the **Economic Sentiment Indicator (ESI)** declined by 1.8 points. The current level of ESI stands 7.6 percentage points above the historical average (Chart 1). The drop in the ESI, in this month, was mainly driven by the decreased confidence in the sectors of construction and services. The fall in confidence among consumers affected this decline as well, though at a lower extent. On the other hand, confidence across the sectors of industry and trade provided a positive contribution in January 2024 (Chart 2).

Chart 1 Economic Sentiment Indicator (ESI)

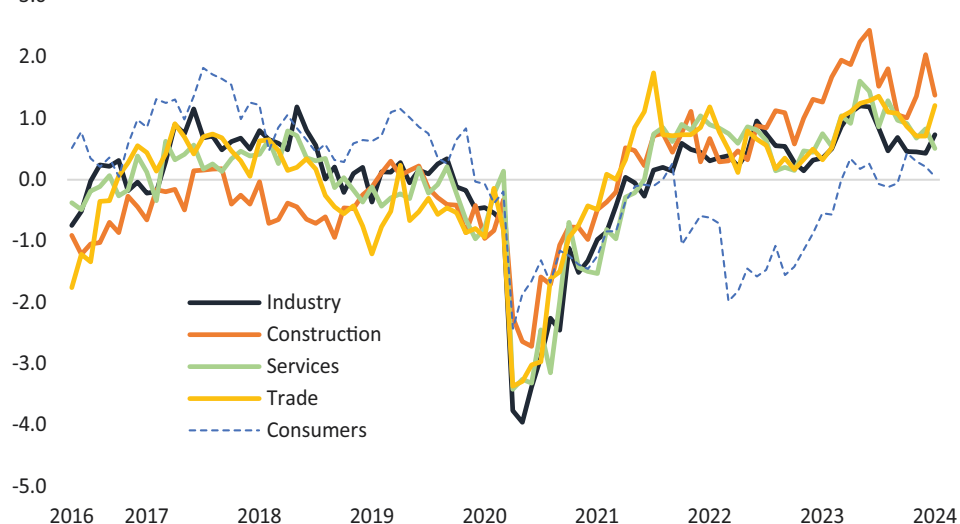


Source: Business and Consumer Confidence Survey, Bank of Albania.

**Industry Confidence Indicator (ICI)** picked up by 4 percentage points in January 2024. The current level of ICI stands 9 percentage points above the historical average (Chart 2). Businesses operating in industry reported more optimistic appraisals on order books from exports and on the situation of the current industrial production. Businesses' expectations on production and employment in the future have slightly edged up. Meanwhile, expectations on selling prices in the future have been declining in January (Table 2 - Industry).

**Construction Confidence Indicator (BCI)** dropped by 8.6 percentage points in January 2024. Nevertheless, the BCI continues to stand considerably above the historical average, by around 18 percentage points (Chart 2). The lower appraisals of businesses on their current construction activity mainly underpinned the fall of the BCI. Their assessment of order books were also e down, but at a lower extent. In addition, businesses operating in construction inched down their expectations on employment and selling prices in the future (Table 2 – Construction).

Chart 2 Confidence indicators by sector\*



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

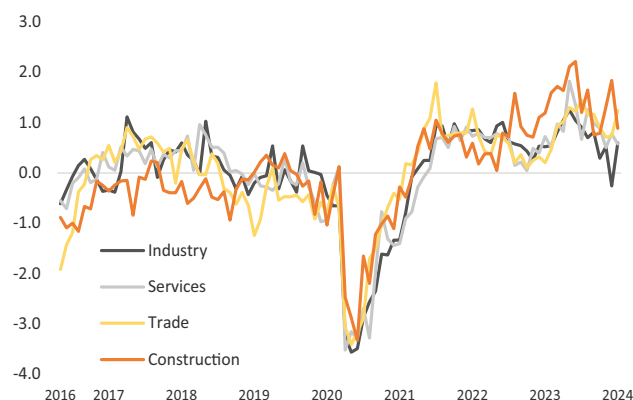
Note: \*The chart shows standardised series, to correct the changes in averages and in standard deviations of the respective confidence indicators.

**Services Confidence Indicator (SCI)** declined by 5.2 percentage points in January 2024. The current level of SCI stands 8.1 percentage points above the historical average (Chart 2). In terms of components, SCI dropped on the back of less optimistic assessments on the current performance of both their business and demand. In addition, expectations of services businesses for the demand, employment and selling prices in the future edged down in January (Table 2 - Services).

**Trade Confidence Indicator (TCI)** picked up by 4.9 percentage points in January 2024. The current level of TCI stands about 12 percentage points above the historical average (Chart 2). The more optimistic assessment of businesses operating in trade sector on the current performance of their business drove to the monthly increase of TCI. Also, businesses operating in trade sector have assessed slightly upward expectations on employment in the future. While, expectations for future prices were downwards (Table 2 – Trade).

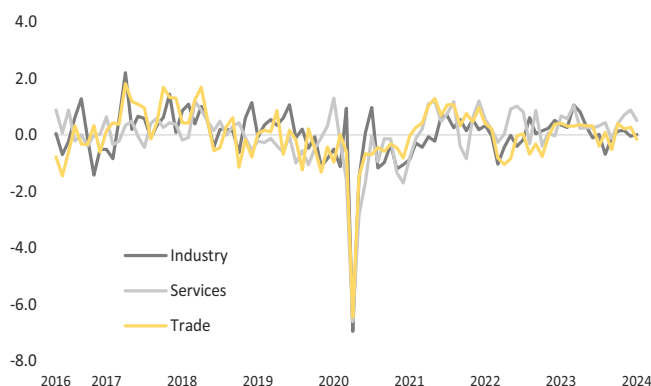
**Consumer Confidence Indicator (CCI)** was slightly down by 0.9 percentage point in January, declining close to the historical average (Chart 2). Consumers reported reduced assessments on their financial situation and the economic situation of the country in the future. On the other side, the appraisal of consumers for major purchases increased slightly in January (Table 2 - Consumer).

Chart 3 Business situation by sector over the past three months



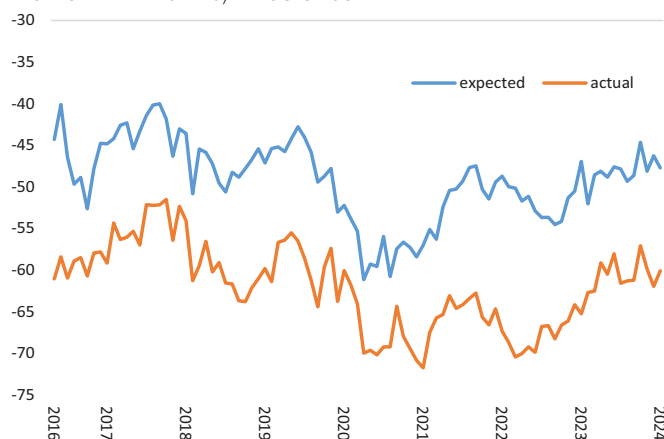
Source: Bank of Albania.

Chart 4 Business expectations over the next months



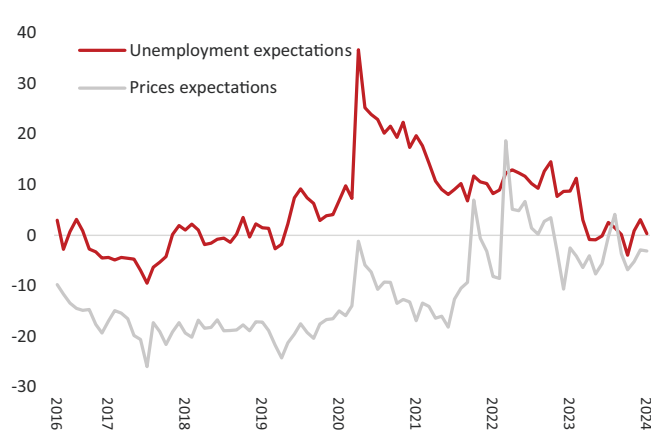
Source: Bank of Albania.

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.	September	October	November	December	January	Conjectural**	Structural***
Industry	-60.9	-9.7	5.9	-0.8	-3.8	-3.8	-4.1	-0.2	↑	+
Construction	-58.3	-22.5	9.4	-8.6	-9.3	-4.7	4.2	-4.4	↓	++
Services	-45.4	9.4	35.2	24.9	24.1	20.2	22.7	17.5	↓	+
Trade	-32.8	0	17	10.5	8.5	6.9	6.9	11.8	↑	+
Consumer	-40.4	-26.6	-16.3	-27.0	-24.2	-24.9	-25.4	-26.3	↓	=

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
	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	
<b>INDUSTRY</b>										
Production over the past three months (question 1, ICI component)	28.9	25.4	23.1	19.6	21.5	12.7	16.5	3.4	17.8	
Order books (question 2, ICI component)	-5.2	-4.6	-9.4	-13.6	-10.5	-11.0	-9.1	-3.3	-7.8	
Export order books (question 3, ICI component)	-6.1	-3.7	-10.0	-16.8	-13.3	-13.0	-18.9	-12.5	-10.6	
Stock of finished product (question 4)	-2.7	1.1	0.0	3.7	3.3	-3.2	-3.3	-2.0	-2.9	
Production, expectations (question 5)	33.4	29.7	30.8	24.5	29.7	31.9	32.0	30.2	30.8	
Selling prices, expectation (question 6)	18.6	17.8	16.3	8.9	-10.3	10.4	22.8	20.8	15.0	
Employment, expectation (question 7)	15.7	12.3	8.6	10.7	9.4	10.0	8.3	8.6	10.3	
<b>CONSTRUCTION</b>										
Construction activity over the past three months (question 1, BCI component)	28.7	30.3	14.4	21.3	7.4	7.9	16.1	24.4	9.5	
Order books (question 3, BCI component)	-14.8	-11.4	-19.5	-19.0	-24.7	-26.6	-25.4	-15.9	-18.3	
Employment, expectation (question 4)	13.6	15.8	9.4	12.6	5.4	11.1	12.8	16.0	12.0	
Prices, expectation (question 5)	19.7	26.2	26.3	16.8	20.2	7.8	15.1	19.3	14.9	
<b>SERVICES</b>										
Business situation over the past three months (question 1, SCl component)	38.8	31.2	20.3	29.9	25.5	23.8	17.8	22.2	18.9	
Demand over the past three months (question 2, SCl component)	31.6	33.7	26.1	30.1	24.4	24.4	22.7	23.3	16.2	
Demand, expectation (question 3)	29.1	28.9	29.6	30.7	25.5	30.3	33.1	34.7	31.3	
Employment over the past three months (question 4)	16.5	16.0	14.7	11.2	6.0	4.5	7.5	7.5	2.6	
Employment, expectation (question 5)	13.1	12.9	11.4	10.9	9.7	12.5	10.8	12.9	8.2	
Prices, expectation (question 6)	12.6	13.3	15.7	17.6	13.9	12.8	17.0	19.8	16.1	
<b>TRADE</b>										
Business situation over the past three months (question 1, TCI component)	20.9	19.5	23.3	18.6	18.6	14.2	11.1	11.4	19.8	
Inventories situation (question 2)	5.0	0.5	0.4	4.3	0.9	2.2	3.2	3.5	10.8	
Future orders, expectation (question 3)	23.1	25.4	17.4	21.8	23.4	29.2	21.2	22.9	15.6	
Business performance, expectation (question 4)	26.6	26.6	19.0	24.1	17.7	27.5	25.5	26.1	21.6	
Employment, expectation (question 5, TCI component)	3.4	5.5	3.1	2.9	2.5	2.7	2.8	2.5	3.7	
Prices, expectation (question 6)	23.1	13.3	18.4	8.6	13.9	8.9	9.6	13.4	4.4	
<b>CONSUMER</b>										
Current financial situation (question 1)	-13.8	-13.6	-15.7	-14.5	-13.4	-11.5	-11.0	-9.9	-11.0	
Financial situation, expectation (question 2, CCI component)	4.2	4.0	1.5	0.5	1.8	4.2	4.5	4.0	2.4	
Current economic situation (question 3)	-24.0	-22.3	-23.9	-23.4	-21.8	-19.8	-19.1	-19.0	-18.9	
Economic situation, expectation (question 4, CCI component)	2.6	1.0	-0.2	0.8	0.2	0.9	3.7	2.5	0.0	
Current prices (question 5)	44.0	46.4	50.8	51.8	46.7	45.6	46.8	44.8	47.5	
Prices, expectation (question 6)	-7.6	-5.6	-0.3	4.1	-3.7	-6.8	-5.2	-2.9	-3.1	
Unemployment, expectation (question 7)	-0.9	-0.1	2.6	1.5	0.2	-4.0	0.9	3.1	0.3	
Current major purchases (question 8, CCI component)	-60.5	-58.0	-61.6	-61.3	-61.2	-57.1	-59.9	-62.0	-60.1	
Major purchases, expectations (question 9, CCI component)	-48.8	-47.6	-47.8	-49.3	-48.6	-44.6	-48.1	-46.2	-47.7	
Current savings (question 10)	-42.9	-43.6	-45.4	-44.3	-45.2	-44.2	-45.2	-42.1	-41.7	
Savings, expectation (question 11)	-39.6	-39.4	-42.6	-42.9	-43.3	-41.5	-42.2	-41.8	-40.9	
Situation of income and expenses (question 12)	4.0	2.7	0.1	-0.7	-0.5	3.6	2.1	3.1	4.1	

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.

**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.