



Bank of Albania
Monetary Policy Department



European Commission*

BUSINESS AND CONSUMER CONFIDENCE SURVEY

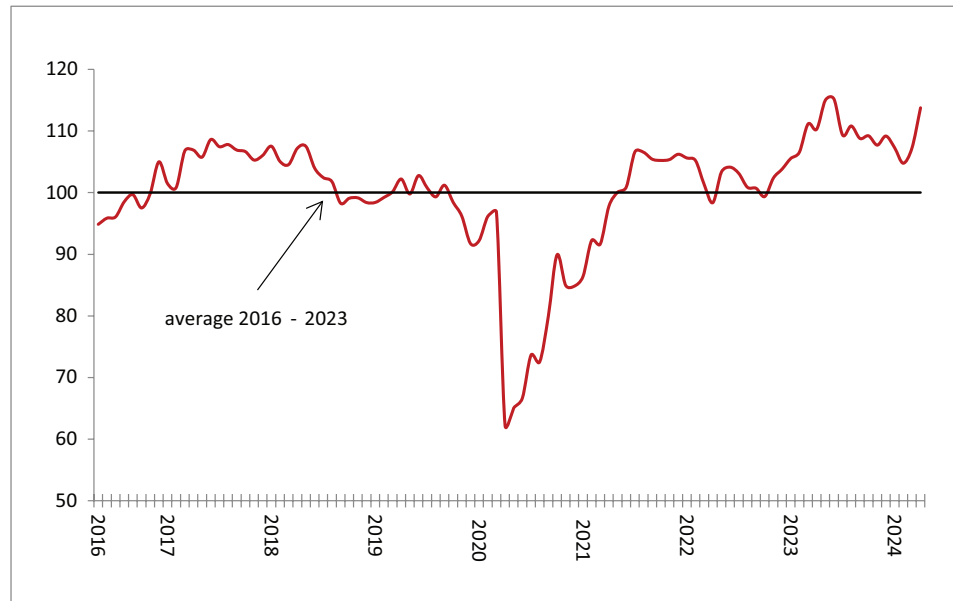
2 MAY 2024

** 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 April 2024, the **Economic Sentiment Indicator (ESI)** recorded 113.8, up by 6.6 points, compared to March 2024. The ESI value continued to pick up, standing 13.8 points above the long-term average (Chart 1). The uptick in the ESI was driven by the increased confidence in the sectors of *industry*, *services*, *trade* as well as in consumer confidence, while *confidence in construction* was slightly down.

Chart 1 Economic Sentiment Indicator (ESI)

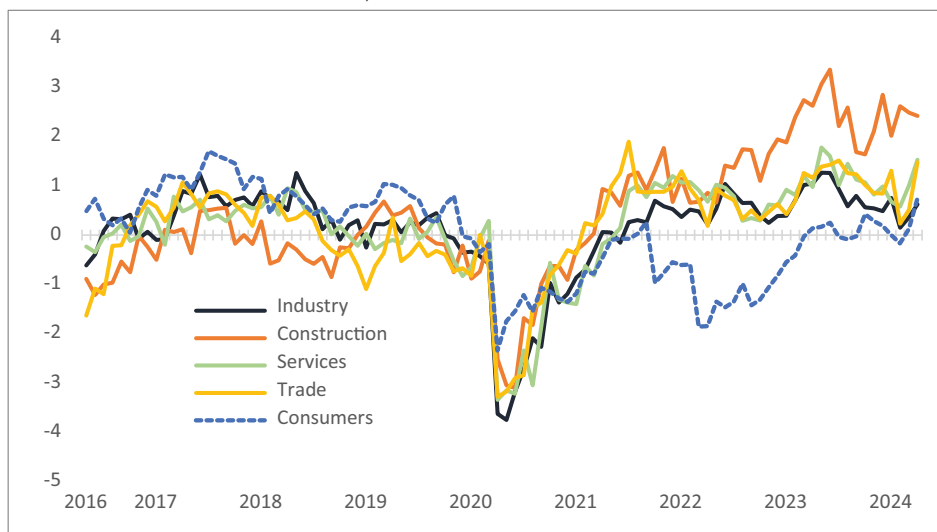


Source: Business and Consumer Confidence Survey, Bank of Albania.

Industry Confidence Indicator (ICI) rose by 3.5 percentage points in April, driven by the more positive evaluation on *current production* and *order books*. The current level of ICI stands 7 percentage points above the historical average (Chart 2). Businesses operating in this sector have increased expectations on *employment* in the future. Their expectations on selling prices in the future have remained unchanged (Table 2 - Industry).

Construction Confidence Indicator (BCI) fell slightly by 0.7 percentage point in April, for the second month running. However, the BCI stands around 22 percentage points above the long-term average (Chart 2). The lower assessments of businesses operating in this sector on their *current order books* mainly drove to this fall. On the other hand, expectations on *employment* and *prices* in the future are edging up (Table 2 - Construction).

Chart 2 Confidence indicators by sector*



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

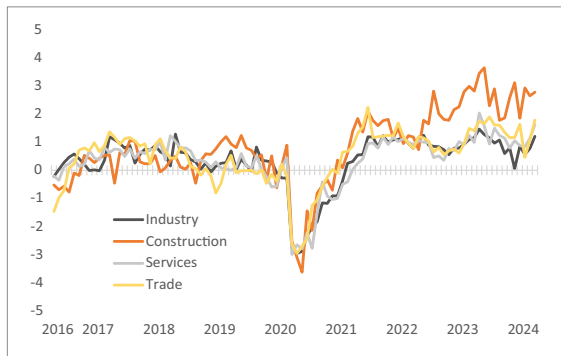
Note: *The chart shows standardised series, to correct the changes in averages and in standard deviations of the respective confidence indicators.

Services Confidence Indicator (SCI) increased considerably by 8.2 percentage points in April 2024. The current level of SCI stands close to the highest historical values, around 22 percentage points above its long-term average (Chart 2). Both components of SCI - *current performance of business* and the *level of demand* – picked up. Also, businesses operating in services sector have increased expectations on *employment* and *prices for the future* (Table 2 - Services).

Trade Confidence Indicator (TCI) recorded the highest increase across all indicators in April 2024, by around 9.3 percentage points. The optimistic assessments on the *current performance of business* drove to this sharp rise. Expectations on *employment* were also up in April, though to a lesser extent compared with the first component. The current level of TCI stands around 13 percentage points above the historical average (Chart 2). Also, businesses operating in this sector have increased their expectations on *business performance in the future*, while lowering their expectations on future prices (Table 2 - Trade).

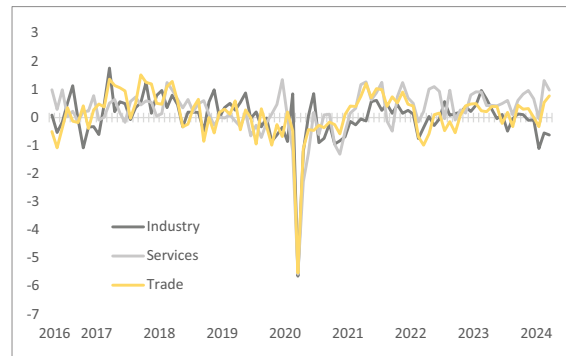
Consumer Confidence Index (CCI) rose by 3.8 percentage points, reinforcing the upward trend started last month. Its current level has exceeded the historical average by 4.6 percentage points. The CCI improved in April 2024 thanks to all its components, respectively: improved expectations on *the overall economic situation*, *the financial situation*, as well as an on *major purchases* (both current and for the future) (Table 2 - Consumers), (Chart 6). Expectations on the overall future *prices and employment* have been revised downwards (Chart 5).

Chart 3 Business situation by sector over the past three months



Source: Bank of Albania

Chart 4 Business expectations over the next three months



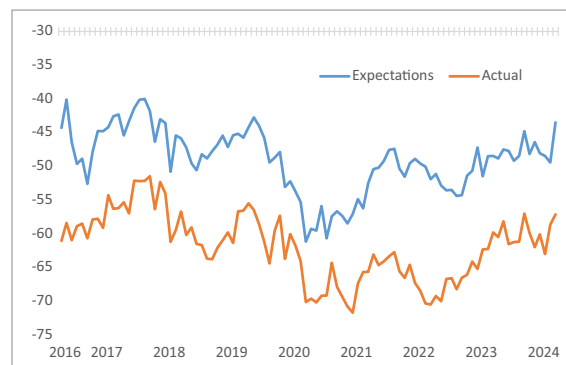
Source: Bank of Albania

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 | | | 2023 | | 2024 | | | | Current situation | |
|--------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|---------------|
| | min. | ave. | max. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | Conjectural** | Structural*** |
| Industry | -60.9 | -9.4 | 5.8 | -3.8 | -4.5 | -1.0 | -9.0 | -6.2 | -2.7 | ↑ | + |
| Construction | -58.3 | -21.6 | 9.3 | -3.7 | 4.0 | -4.7 | 1.6 | 0.2 | -0.5 | ↓ | ++ |
| Services | -45.8 | 9.9 | 35.2 | 20.1 | 22.6 | 17.7 | 16.2 | 23.0 | 31.2 | ↑ | ++ |
| Trade | -33.0 | 0.3 | 17.0 | 6.9 | 6.8 | 11.3 | 0.9 | 3.6 | 12.9 | ↑ | ++ |
| Consumer | -40.8 | -26.6 | -16.3 | -24.9 | -25.5 | -26.6 | -27.6 | -25.9 | -22.0 | ↑ | + |

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 | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | March | April |
| INDUSTRY | | | | | | | | | |
| Production over the past three months (question 1, ICI component) | 19.6 | 21.7 | 12.8 | 16.6 | 3.0 | 17.6 | 12.2 | 16.1 | 24.1 |
| Order books (question 2, ICI component) | -13.3 | -10.0 | -10.5 | -8.9 | -3.5 | -8.4 | -9.3 | -11.9 | -6.7 |
| Export order books (question 3, ICI component) | -16.1 | -13.1 | -12.8 | -19.0 | -13.2 | -12.2 | -29.9 | -22.9 | -25.4 |
| Stock of finished product (question 4) | 3.8 | 2.4 | -3.6 | -3.7 | -2.2 | -2.9 | -6.5 | -4.1 | -0.8 |
| Production, expectations (question 5) | 24.8 | 29.7 | 31.5 | 31.3 | 29.1 | 29.2 | 17.9 | 24.1 | 23.3 |
| Selling prices, expectation (question 6) | 9.6 | 17.4 | 12.1 | 21.2 | 20.7 | 14.9 | 10.6 | 10.4 | 10.2 |
| Employment, expectation (question 7) | 11.0 | 9.7 | 10.3 | 8.3 | 8.3 | 9.1 | 2.7 | 2.0 | 8.9 |
| CONSTRUCTION | | | | | | | | | |
| Construction activity over the past three months (question 1, BCI component) | 21.3 | 8.1 | 9.0 | 17.5 | 24.0 | 8.9 | 21.8 | 18.3 | 19.9 |
| Order books (question 3, BCI component) | -18.7 | -24.4 | -26.4 | -25.0 | -16.0 | -18.3 | -18.7 | -17.9 | -20.8 |
| Employment, expectation (question 4) | 12.6 | 5.6 | 11.4 | 13.1 | 17.5 | 11.9 | 26.8 | 16.7 | 16.8 |
| Prices, expectation (question 5) | 16.9 | 20.3 | 7.8 | 15.3 | 19.3 | 14.8 | 17.3 | 12.8 | 13.7 |
| SERVICES | | | | | | | | | |
| Business situation over the past three months (question 1, SCI component) | 29.7 | 25.4 | 23.7 | 17.7 | 22.2 | 19.2 | 18.4 | 23.6 | 31.8 |
| Demand over the past three months (question 2, SCI component) | 30.1 | 24.4 | 24.3 | 22.5 | 23.1 | 16.2 | 14.0 | 22.5 | 30.6 |
| Demand, expectation (question 3) | 30.8 | 25.5 | 30.8 | 33.2 | 34.4 | 31.4 | 24.1 | 38.1 | 34.6 |
| Employment over the past three months (question 4) | 11.3 | 6.2 | 4.6 | 7.9 | 8.0 | 2.9 | 3.9 | 10.6 | 5.1 |
| Employment, expectation (question 5) | 11.0 | 10.0 | 12.6 | 10.9 | 13.1 | 8.4 | 12.0 | 13.9 | 15.6 |
| Prices, expectation (question 6) | 18.3 | 14.1 | 13.2 | 17.2 | 19.4 | 15.1 | 10.5 | 4.5 | 8.7 |
| TRADE | | | | | | | | | |
| Business situation over the past three months (question 1, TCI component) | 18.6 | 18.6 | 14.2 | 10.9 | 11.1 | 19.0 | -0.7 | 9.7 | 21.5 |
| Inventories situation (question 2) | 4.3 | 0.9 | 2.3 | 3.4 | 3.7 | 10.8 | 6.8 | 4.9 | 6.4 |
| Future orders, expectation (question 3) | 22.3 | 23.7 | 29.3 | 21.2 | 23.1 | 16.0 | 16.4 | 27.2 | 25.2 |
| Business performance, expectation (question 4) | 24.3 | 17.9 | 27.5 | 25.7 | 26.0 | 22.0 | 17.8 | 28.7 | 31.7 |
| Employment, expectation (question 5, TCI component) | 3.0 | 2.7 | 2.8 | 2.9 | 2.5 | 3.7 | 2.5 | -2.4 | 4.4 |
| Prices, expectation (question 6) | 7.3 | 14.1 | 8.8 | 9.3 | 14.1 | 3.5 | 4.2 | -0.1 | -1.0 |
| CONSUMER | | | | | | | | | |
| Current financial situation (question 1) | -14.4 | -13.3 | -11.4 | -10.9 | -9.9 | -11.1 | -13.7 | -9.9 | -4.7 |
| Financial situation, expectation (question 2, CCI component) | 0.7 | 2.0 | 4.3 | 4.5 | 3.8 | 1.8 | 1.0 | 1.7 | 7.5 |
| Current economic situation (question 3) | -23.3 | -21.6 | -19.7 | -19.0 | -18.9 | -18.8 | -18.0 | -17.0 | -10.3 |
| Economic situation, expectation (question 4, CCI component) | 1.1 | 0.7 | 1.3 | 4.0 | 2.6 | -0.2 | 0.0 | 2.8 | 5.0 |
| Current prices (question 5) | 51.4 | 46.3 | 45.3 | 46.6 | 44.5 | 47.1 | 42.7 | 41.9 | 30.5 |
| Prices, expectation (question 6) | 4.1 | -3.7 | -6.8 | -5.1 | -2.9 | -3.1 | -4.6 | -3.5 | -9.5 |
| Unemployment, expectation (question 7) | 1.7 | 0.5 | -4.3 | 1.2 | 3.4 | 0.3 | 0.0 | -3.9 | -4.2 |
| Current major purchases (question 8, CCI component) | -61.2 | -61.2 | -57.0 | -59.9 | -62.0 | -60.1 | -63.0 | -58.7 | -57.2 |
| Major purchases, expectations (question 9, CCI component) | -49.2 | -48.5 | -44.8 | -48.2 | -46.4 | -48.1 | -48.5 | -49.4 | -43.5 |
| Current savings (question 10) | -44.0 | -45.1 | -44.2 | -45.3 | -42.3 | -42.3 | -44.7 | -43.0 | -40.9 |
| Savings, expectation (question 11) | -42.8 | -43.2 | -41.6 | -42.3 | -41.9 | -41.0 | -40.9 | -39.6 | -37.1 |
| Situation of income and expenses (question 12) | -0.5 | -0.3 | 3.7 | 2.2 | 3.1 | 3.9 | 2.3 | 4.7 | 6.2 |

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

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.