



PRESS RELEASE

BRUNEI DARUSSALAM CENTRAL BANK INAUGURAL BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR NOVEMBER 2021

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's inaugural Business Sentiment Index (BSI) for the month of November 2021. The index is based on surveys conducted on selected micro to large businesses, from all economic sectors in the country. The BSI surveys commenced in August 2020 whereby selected businesses have been participating on a monthly basis.
2. The monthly index is designed to measure the level of business confidence/sentiment in the country. It serves to assess the current business climate of the private sector as a whole as well as within those sectors. As such, the index can be a leading macroeconomic indicator of economic growth with a forward-looking element. The BSI is compiled through surveys which include general questions regarding current and future business conditions, investments, employment of workers, as well as costs of running the businesses. More than 600 businesses were selected to represent the eleven (11) sectors in Brunei Darussalam's economy.

The BSI and sub-indices can be interpreted as below:

BSI value	Interpretation
Above 50	Expansion/Optimism compared to the previous month
50	No change compared to the previous month
Below 50	Contraction/Less optimism compared to the previous month

3. Within the BSI, there are nine (9) sub-indices. The **Current Business Conditions sub-index**, which is the main headline index for the BSI, was 50.1 in November 2021. This was the second expansion after the BSI recorded a contraction in September 2021. Nonetheless, the expansion was not broad-based and pessimism surrounding the second outbreak of COVID-19 in the country remains. Since the second outbreak in early August 2021, businesses have faced multiple challenges and disruptions to operations including employees undergoing quarantine orders, lack of new projects, need to minimise going out to sites and meeting new clients hence slowing down progress, shortening operations and working hours and general restrictions which have hampered business conditions. Looking ahead, businesses were more optimistic as the index for the 1M Ahead Business Conditions was recorded at 50.6. This expectation was more broad-based across the different sectors as there are hopes for increased business activity after the announcement of the Transition Phase in November 2021.
4. The **Investment sub-index** was 49.9 for the current month, 50.0 for the month ahead and 50.6 for the next three months, indicating businesses generally invested less in November compared to October 2021. On the other hand, they are not expecting much change to their investment expenditures in December 2021 but anticipate to ramp up investments in the three months ahead. Businesses cited they are holding off on their planned investments due to slower business activity experienced since the second outbreak of COVID-19 in the country and have remained cautious since then.

5. The **Employment sub-index** was 50.0 for the current month and 50.5 for the month ahead, indicating that businesses were generally not hiring in November 2021 but plan to continue hiring new staff in December 2021. Businesses cited high turnover rate in the private sector and have started to hire more locals due to difficulty in hiring foreign workers given border restrictions and COVID-19 outbreak outside the country. Most businesses are generally hiring to replace foreign workers who have ended their employment contracts and returned to their home countries. However, businesses also cited high turnover rate among local employees being one of the challenges faced.

6. The **Costs sub-index** was 50.3 for the current month and 50.4 for the month ahead, indicating that businesses felt the costs of running their businesses in November 2021 were higher compared to October 2021 and expect costs to continue to increase in December 2021. During the second outbreak of COVID-19 and before going into the Transition Phase in November, the rise in costs faced by businesses was also linked to purchases of Personal Protection Equipment (PPE) as well as masks, sanitisers, antigen rapid test kits and for restaurants, more takeaway containers due to dining-in restrictions which has resulted in increased demand for takeaways. Additionally, businesses have been facing rising shipping costs since the start of the global COVID-19 pandemic in 2020.

BSI November 2021	
Current Business Conditions	50.1
1M Ahead Business Conditions	50.6
Current Investment	49.9
1M Ahead Investment	50.0
3M Ahead Investment	50.6
Current Employment	50.0
1M Ahead Employment	50.5
Current Costs	50.3
1M Ahead Costs	50.4

Note: 1M- one month, 3M -three months

7. **In terms of economic sectors**, some optimism was recorded in about half of the economic sectors in November 2021. Nevertheless, pessimism was still being reported in the Manufacturing, Construction, Finance & Insurance and Health & Education sectors. Overall, this is an improvement compared to their performances in previous months. In October, only the Oil & Gas Related and Agriculture, Forestry, Fisheries & Livestock sectors reported some optimism. Meanwhile, ten (10) sectors reported generally worsening conditions in September 2021 aside from the Agriculture, Forestry, Fisheries & Livestock sector. The general pessimism can be attributed to gloomy prospects amid the second wave of COVID-19 outbreak in the country. Furthermore, the Transition Phase only started on 19 November 2021 - after the survey period which runs during the first two weeks of every month.

Current Business Conditions November 2021 by sector	
Oil & Gas Related	50.1
Manufacturing	49.9
Construction	49.5
Wholesale & Retail Trade	50.1
Transport & Communication	50.3
Agriculture, Forestry, Fisheries & Livestock	50.1

Finance & Insurance	49.9
Real Estate & Ownership of Dwellings	50.1
Hotels & Restaurants	50.2
Health & Education	49.7
Other Private Services	50.0

8. **In terms of the index by business size**, owners of micro, small and medium sized business (MSME) viewed that their business conditions have continued to worsen in November 2021 since the start of the second outbreak of COVID-19 in August, which has disrupted their operations. Common challenges faced by MSMEs include difficulty in hiring foreign workers due to border restrictions as part of COVID-19 mitigation measures and unpredictable weather. After contracting for three consecutive months in August, September and October, large-sized businesses reported optimism in November 2021.

Current Business Conditions November 2021 by size	
Micro	49.8
Small	49.7
Medium	49.6
Large	50.1

9. For more information on BSI, members of the public may refer to the technical notes on the methodology and statistics, including the time-series charts for the BSI and its sub-indices since August 2020, from the BDCB website. Updates on the BSI will also be available on BDCB's Instagram account @centralbank.brunei.

Note:

The time-series charts for the BSI and its sub-indices since August 2020 can be found in ANNEX 1, below.

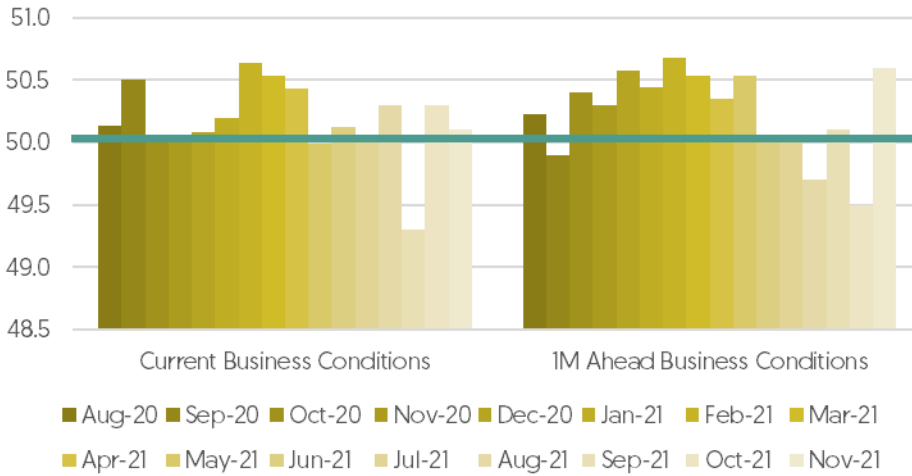
Brunei Darussalam Central Bank

Ref: BDCB/COMMS/3

Date: 28 Rabiulawal 1443H/3 December 2021M

ANNEX 1

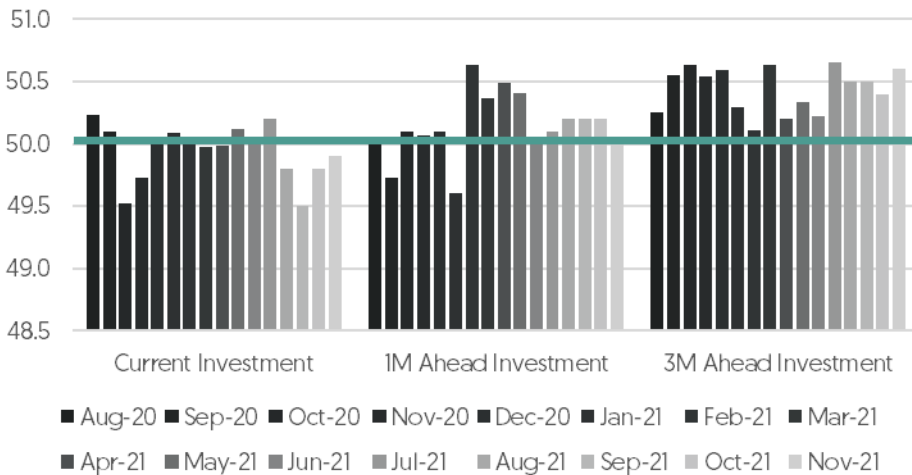
Business conditions



Note: For 1M Ahead Business Conditions, the result compares expected business conditions in the month ahead compared to the current month.

For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

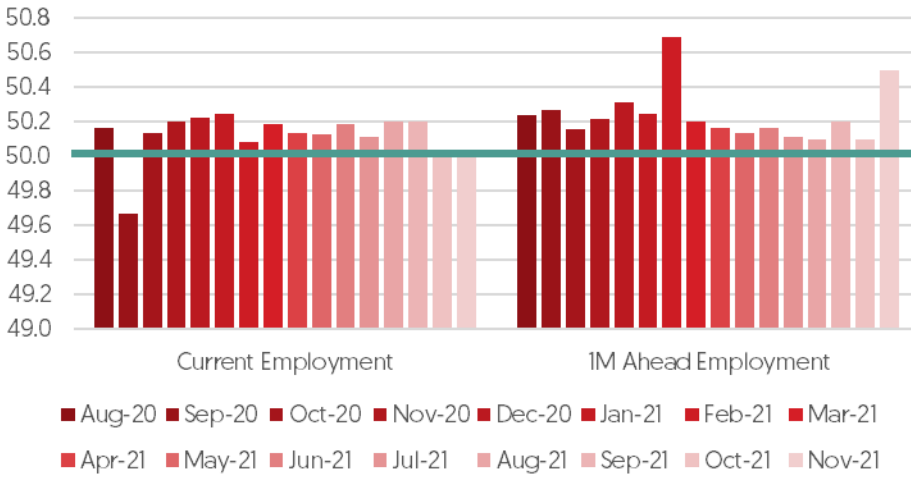
Investments



Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

For Investments sub-index, above 50 indicates expansion / optimism compared to the previous month. 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

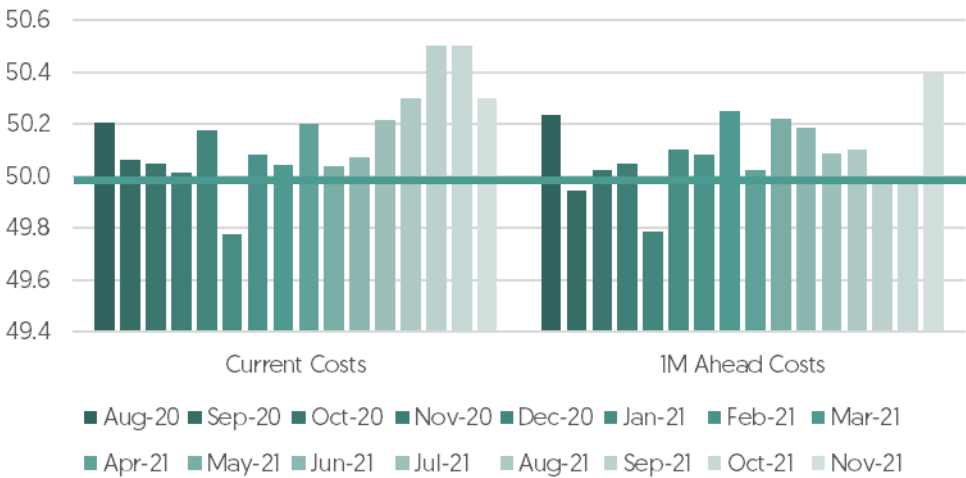
Employment



Note: For 1M Ahead Employment, the result compares expected employment in the next month compared to the current month.

For Employment sub-index, above 50 indicates expansion / optimism compared to the previous month. 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

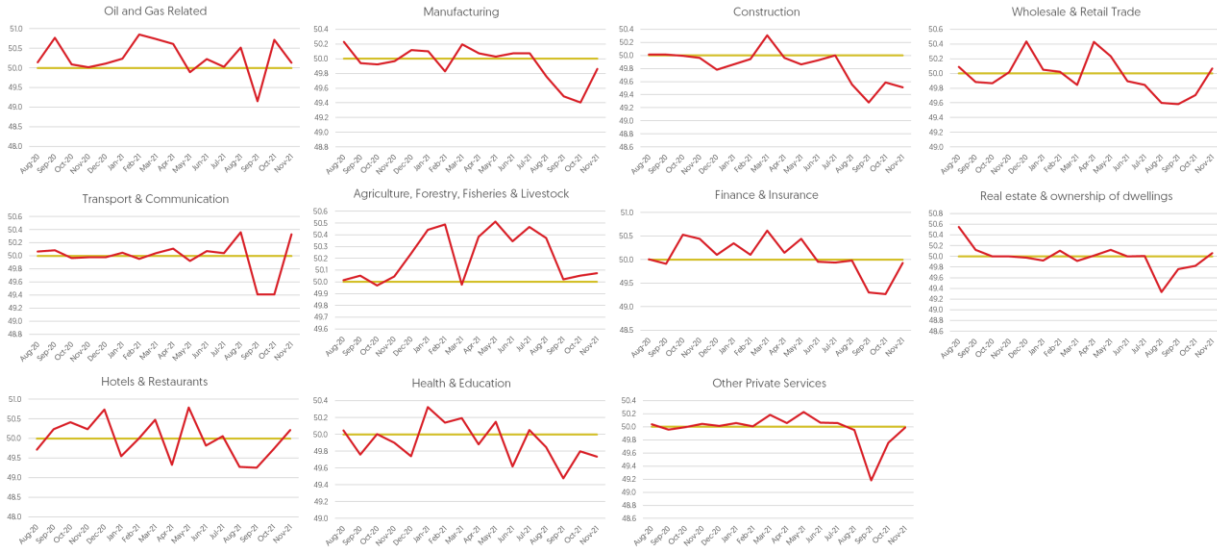
Costs



Note: For 1M Ahead Costs, the result compares expected costs in the next month compared to the current month.

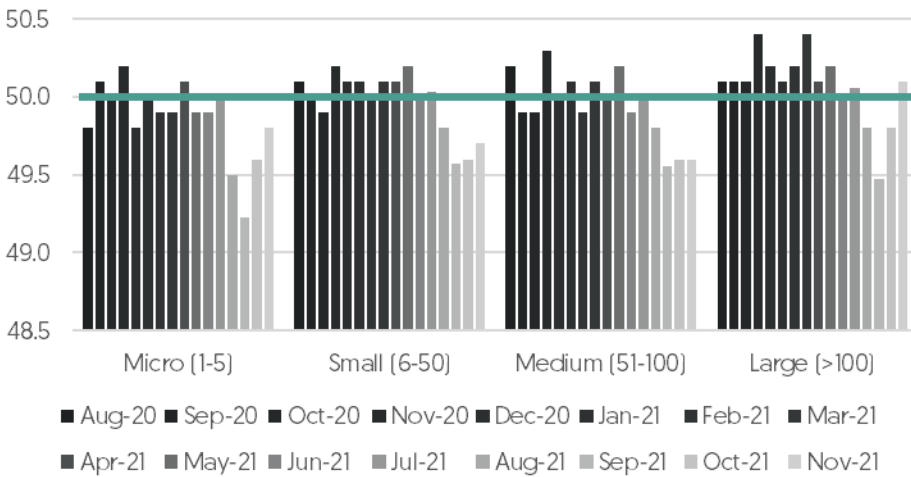
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index of 50 indicates costs were more or less the same compared to previous month.

Sectoral BSI – August 2020 to November 2021



Note: An index above 50 indicates expansion / optimism compared to the previous month. 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Sentiment by business size



Note: An index above 50 indicates expansion / optimism compared to the previous month. 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.