



## PRESS RELEASE

### BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR JULY 2022

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1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of July 2022. The index is based on surveys conducted on more than 500 micro, small, medium and large-sized businesses from 11 economic sectors across all districts in Brunei Darussalam.
2. The monthly index is designed to measure the level of business confidence/sentiment in the country covering various aspects including current and future business conditions; investments; employment of workers; as well as costs of running the businesses. Therefore, BSI serves as a leading macroeconomic indicator with its forward-looking element.
3. The BSI and sub-indices can be interpreted as below:

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

4. There are 9 sub-indices within the BSI. The **Current Business Conditions sub-index**, which is the main headline index for the BSI, was 50.4 in July 2022. This indicates that businesses were generally optimistic on expectations of an increase in business activities and sales in July 2022. Several sectors expected to benefit from the demand from Hajj season and Hari Raya Aidiladha, and events and festivities associated with His Majesty The Sultan and Yang Di-Pertuan of Brunei Darussalam's 76<sup>th</sup> birthday celebration. In addition, the Oil and Gas Related sector expected to benefit from higher oil prices and an increase in production volumes. Some businesses, on the other hand, foresaw a slowdown of their business activities due to the resurgence of COVID-19 cases, less consumer spending, and several public holidays during the month.
5. As for August 2022, businesses were generally optimistic as indicated by the index for one month (1M) ahead, which stood at 50.3. This was driven by expectations of an increase in sales and more projects, as well as general improvement in business activities with more foreign workers and shipments of inventories coming in. With the re-opening of land borders commencing on 1 August 2022, some businesses shared concerns that it may reduce sales as more people would travel out while some expressed that it may benefit them instead, with the revival of demand for goods and services from foreign customers.

6. The **Investment sub-index** was 50.5 for the current month, 50.0 for one month (1M) ahead, and 50.3 for three months (3M) ahead. This indicates that, in general, businesses expected to increase their investment expenditures in July 2022 with the purchase of new equipment and machinery; expansion of premises; and stocking up of inventory. While the level of investment expenditure is likely to remain the same in August 2022, businesses expected it to pick up again three months from now.
7. The **Employment sub-index** was 50.2 for the current month, and 50.2 for 1M ahead whereby businesses generally expected to hire more employees in July 2022 in anticipation of increased projects and business activities, as well as to replace workers who have left their companies. Businesses also expected to continue hiring workers in August 2022 to address the ongoing issue of manpower shortage that has been driven in part by delays in recruiting foreign workers and also challenges in hiring local employees.
8. The **Costs sub-index** was 50.3 for the current month and 50.1 for 1M ahead, indicating an expected rise in the costs of running businesses in July and the following month. Amongst the reasons reported include higher costs of raw materials; increase in logistics and transportation costs; more expenditure required on maintenance, training, overtime pay, payroll for new hires; and flight tickets for outgoing foreign employees.

BSI July 2022	
Current Business Conditions	50.4
1M Ahead Business Conditions	50.3
Current Investment	50.5
1M Ahead Investment	50.0
3M Ahead Investment	50.3
Current Employment	50.2
1M Ahead Employment	50.2
Current Costs	50.3
1M Ahead Costs	50.1

**Note:** 1M – one month, 3M – three months

9. In terms of **economic sectors**, 6 out of 11 sectors recorded optimism in July 2022. Transport and Communications, and Finance and Insurance sectors showed the largest increases in sentiment, as better performance is expected with further relaxation measures. The Oil and Gas Related sector was also expecting an improvement in its performance and profit levels, supported by higher production and high oil prices. On the other hand, the Other Private Services sector showed pessimism in July 2022 as lower productivity is expected due to shortage of workers. Meanwhile, the Manufacturing, Construction, Real Estate and Ownership of Dwellings, and Health and Education sectors reported similar sentiments regarding their business conditions in July 2022 compared to June 2022.

Current Business Conditions July 2022 by Sector	
Finance & Insurance	50.7
Transport & Communication	50.7
Oil & Gas Related	50.6
Hotels & Restaurants	50.3
Agriculture, Forestry, Fisheries & Livestock	50.1
Wholesale & Retail Trade	50.1

Construction	50.0
Health & Education	50.0
Manufacturing	50.0
Real Estate & Ownership of Dwellings	50.0
Other Private Services	49.9

10. In terms of the index by **business size**, only large-sized businesses reported optimism in July 2022 on expectations of increased sales and profits due to more production and business activities in general. Meanwhile, micro, small and medium-sized businesses expected similar business conditions to the previous month.

Current Business Conditions July 2022 by Size	
Micro	50.0
Small	50.0
Medium	50.0
Large	50.3

11. The time-series charts for the BSI and its sub-indices since August 2020 can be found in **ANNEX 1**. For more information on BSI, members of the public can refer to the technical notes on the methodology and statistics in BDCB website at [www.bdcg.gov.bn](http://www.bdcg.gov.bn) and follow updates on the BSI through future press releases and BDCB's Instagram account @centralbank.brunei.

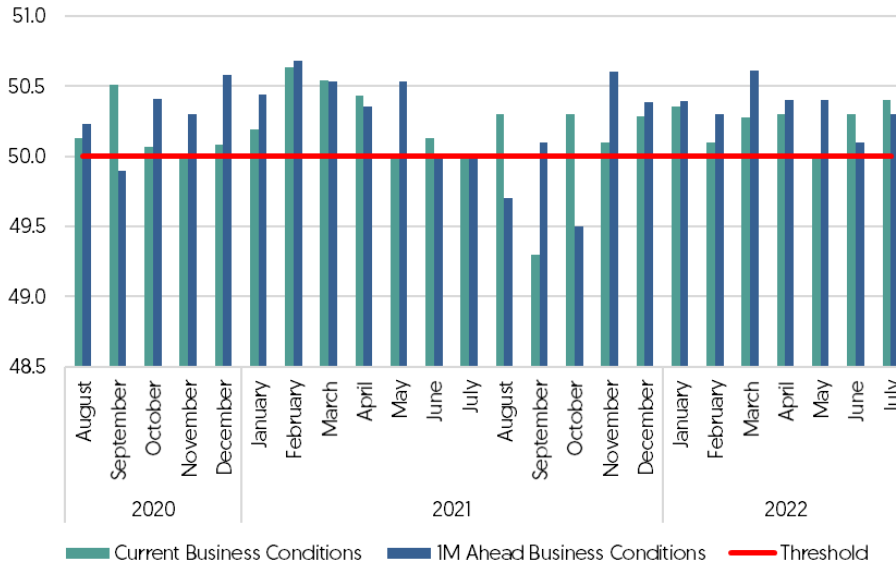
**Brunei Darussalam Central Bank**

Date: 26 Muharram 1444H / 24 August 2022M

Ref: BDCB/COMMS/3

ANNEX 1

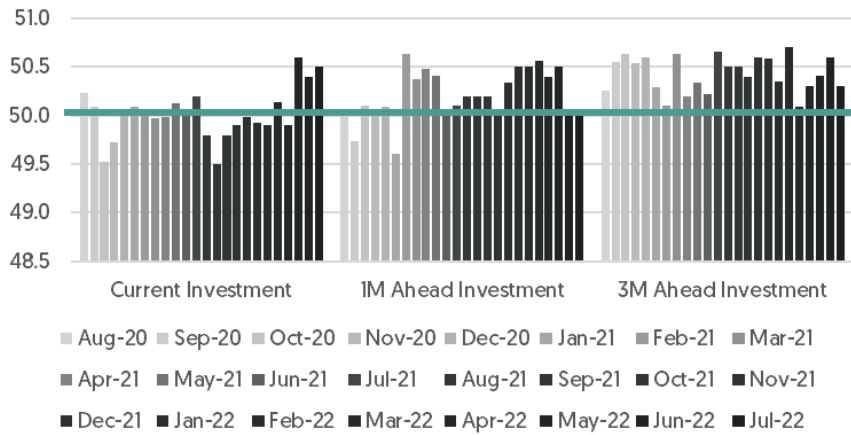
Business Conditions



**Note:** For 1MAhead 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. Index at 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

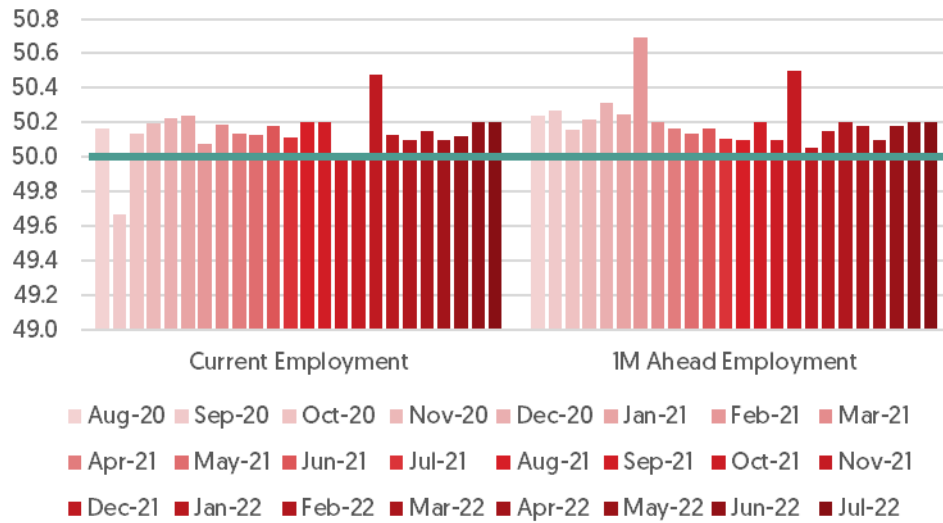
Investments



**Note:** For 1MAhead 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 increased investment compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates reduced investment compared to the previous month.

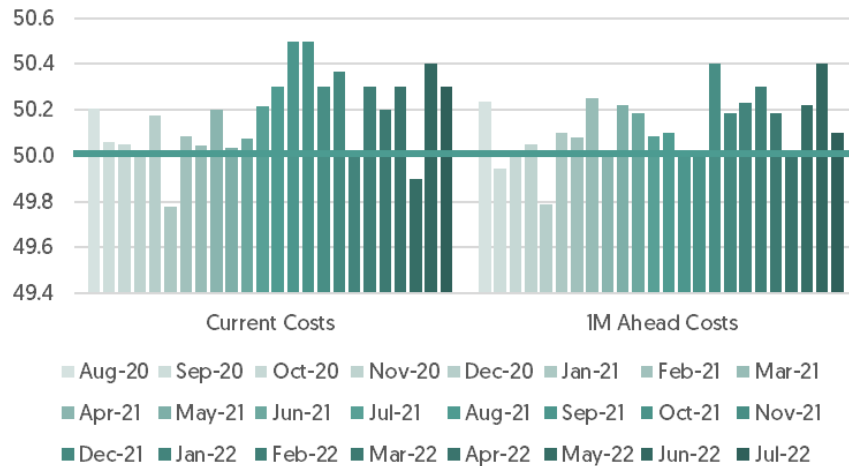
## Employment



**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 more new hires compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.

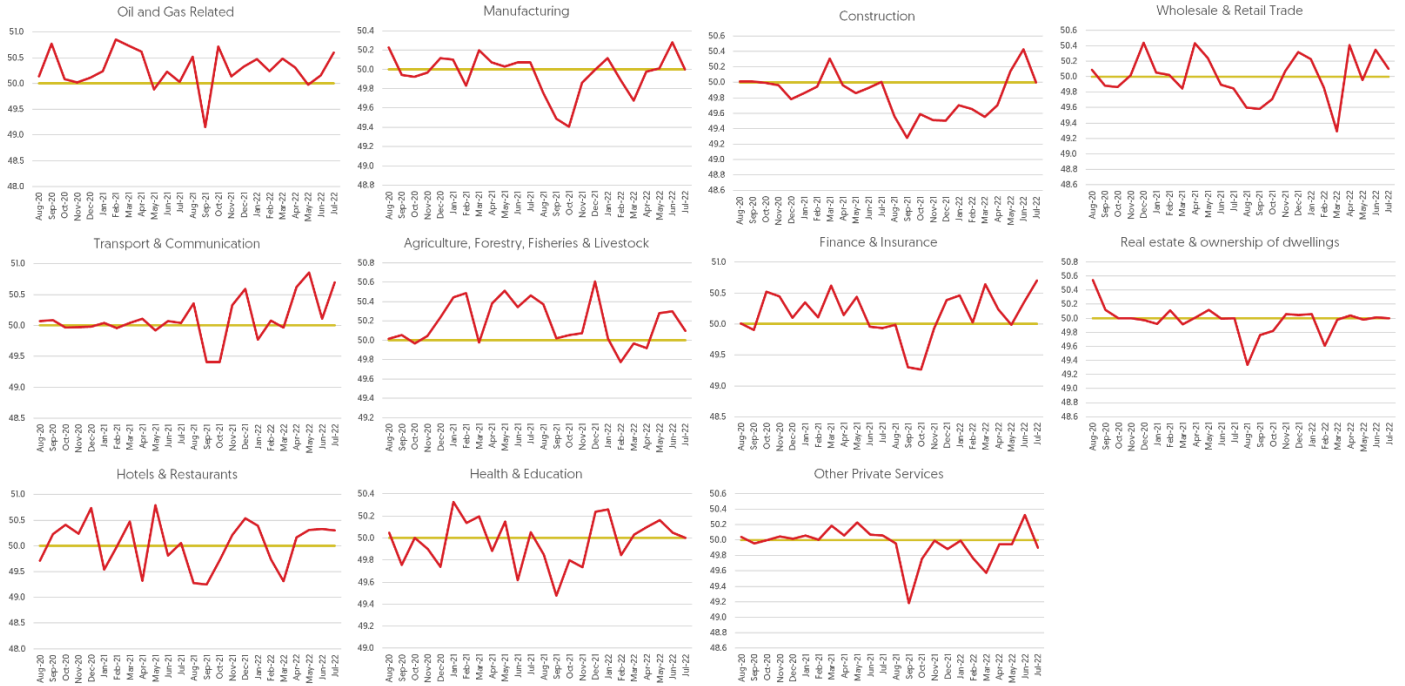
## Costs



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

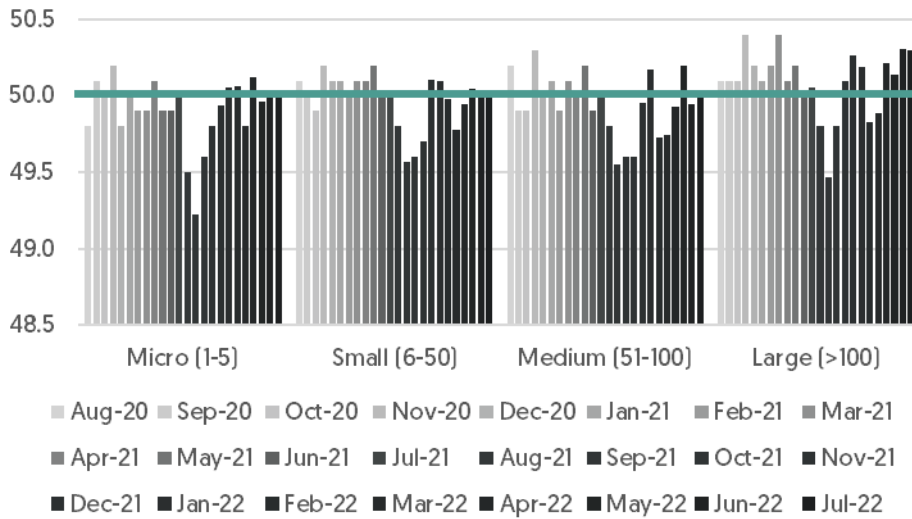
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

## Sectoral BSI – August 2020 to July 2022



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