



## PRESS RELEASE

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

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1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of June 2022. The index is based on surveys conducted on more than 500 micro, small, medium and large-sized businesses from 11 economic sectors in Brunei Darussalam, across all districts.
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 50.3 in June 2022. This indicates that overall expectations regarding business conditions were optimistic, mostly driven by companies in the Oil and Gas Related sector that foresee better performance amid high global oil prices. Across other sectors, business conditions were expected to improve during the month with increased production, sales, projects and business activities in general. Some businesses observed a slight slowdown compared to the previous month. Looking ahead, most businesses continue to be optimistic as indicated by the index for one month (1M) ahead, which stood at 50.1. This is in anticipation of upcoming festivities and events in July 2022 which is expected to bring in more sales and business activities.
5. The **Investment sub-index** was 50.4 for the current month, 50.0 for one month (1M) ahead and 50.6 for three months (3M) ahead. This indicates that, in general, businesses expected to increase their investment expenditures in June 2022, in line with expectations of more business activities and new projects during the month. Businesses have indicated plans to purchase raw materials, company vehicles and equipment as well as to increase inventory. Although businesses have signalled that the level of investment expenditure is likely to remain the same in July, subsequent months may see it picking up again with plans to increase production, purchase equipment and machinery, renovate existing premises and open new branches.

6. The **Employment sub-index** was 50.2 for the current month and 50.2 for 1M ahead, indicating that businesses generally expected to hire more employees in June and July 2022 in anticipation of increased activities and also to replace local workers who have resigned and foreign workers who have finished their contracts. Companies expressed the ongoing challenges of securing more foreign workers due to delays in the recruitment processes, the high cost of hiring, and difficulty in finding individuals domestically with the right skillsets. A number of businesses have hired more part-timers to meet the labour shortages.
7. The **Costs sub-index** was 50.4 for the current month and 50.3 for 1M ahead. Companies generally expected to face high costs of running their businesses in June and July 2022 compared to May 2022. Businesses have attributed the high overall cost of doing business due to more expensive raw materials; increased logistics and transportation costs; high levels of operating expenses; additional salary for new hires; and additional purchases of flight tickets for outgoing foreign employees.

BSI June 2022	
Current Business Conditions	50.3
1M Ahead Business Conditions	50.1
Current Investment	50.4
1M Ahead Investment	50.0
3M Ahead Investment	50.6
Current Employment	50.2
1M Ahead Employment	50.2
Current Costs	50.4
1M Ahead Costs	50.3

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

8. In terms of **economic sectors**, 8 out of 11 sectors recorded optimism in June 2022. The Transport and Communications sector continued to show the largest increase in sentiment, driven by expectations of increased air travel with the easing of border restrictions. The Oil and Gas Related sector expected an improvement in revenue with high oil prices. Better performance was expected in both the Health and Education sector and Other Private Services sector supported by the relaxation of restrictions, as well as more projects, events and activities during the month. On the other hand, Wholesale and Retail Trade showed pessimism in June 2022 due to expectations of a seasonal slowdown following the long festive period in May this year. Meanwhile, the Agriculture, Forestry, Fisheries and Livestock sector and Real Estate and Ownership of Dwellings sector reported similar sentiments regarding their business conditions in June 2022 compared to May 2022.

Current Business Conditions June 2022 by Sector	
Oil & Gas Related	50.4
Manufacturing	50.1
Construction	50.2
Wholesale & Retail Trade	49.8
Transport & Communication	50.8
Agriculture, Forestry, Fisheries & Livestock	50.0
Finance & Insurance	50.1
Real Estate & Ownership of Dwellings	50.0

Hotels & Restaurants	50.1
Health & Education	50.4
Other Private Services	50.3

9. In terms of the index by **business size**, only large-sized businesses reported optimism in June 2022 on expectations of increased sales and profits due to more production and events in general. Medium-sized businesses, on the other hand, were slightly pessimistic due to fewer projects coupled with slower demand compared to previous month. They also commented on the expectations of rising operating costs that will erode their profit margins. Meanwhile, micro and small-sized businesses expected similar business conditions to last month.

Current Business Conditions June 2022 by Size	
Micro	50.0
Small	50.0
Medium	49.9
Large	50.3

10. 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.

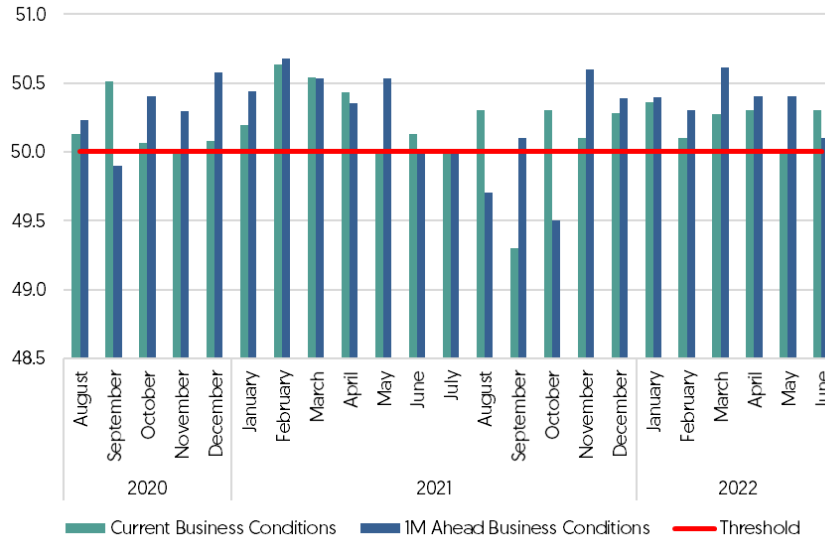
**Brunei Darussalam Central Bank**

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ANNEX 1

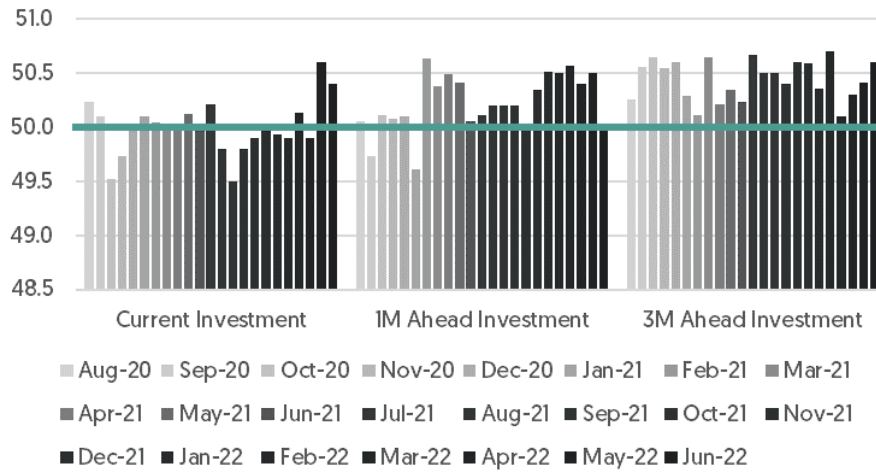
Business Conditions



**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. Index at 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

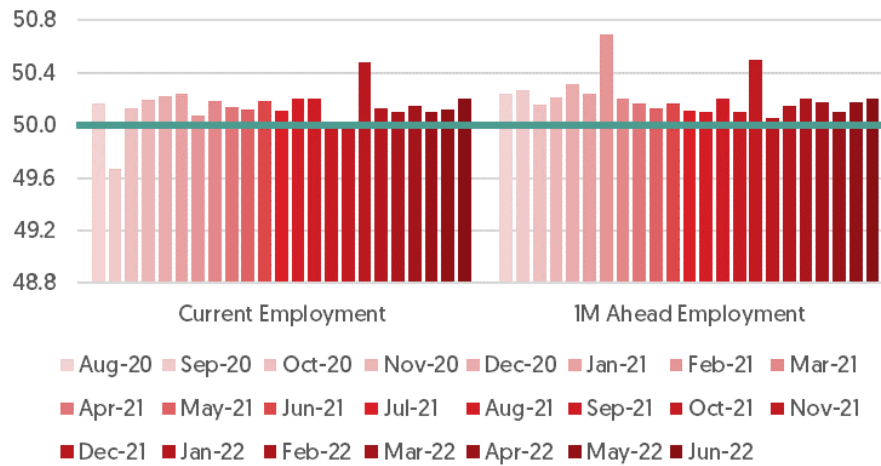
Investments



**Note:** For 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 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.

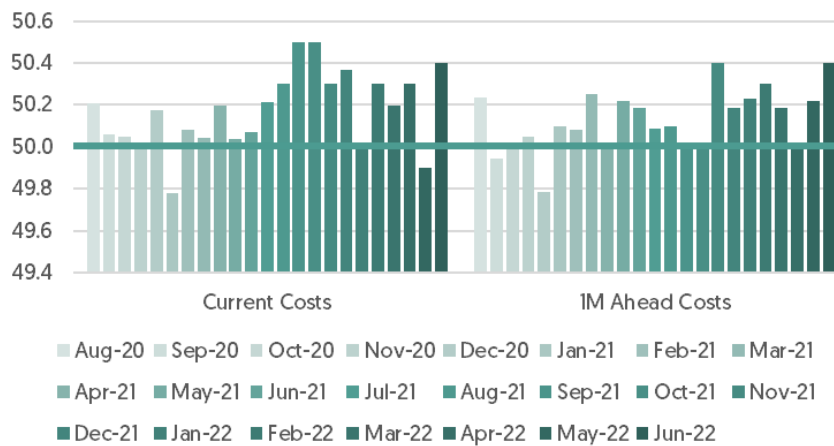
## Employment



**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.

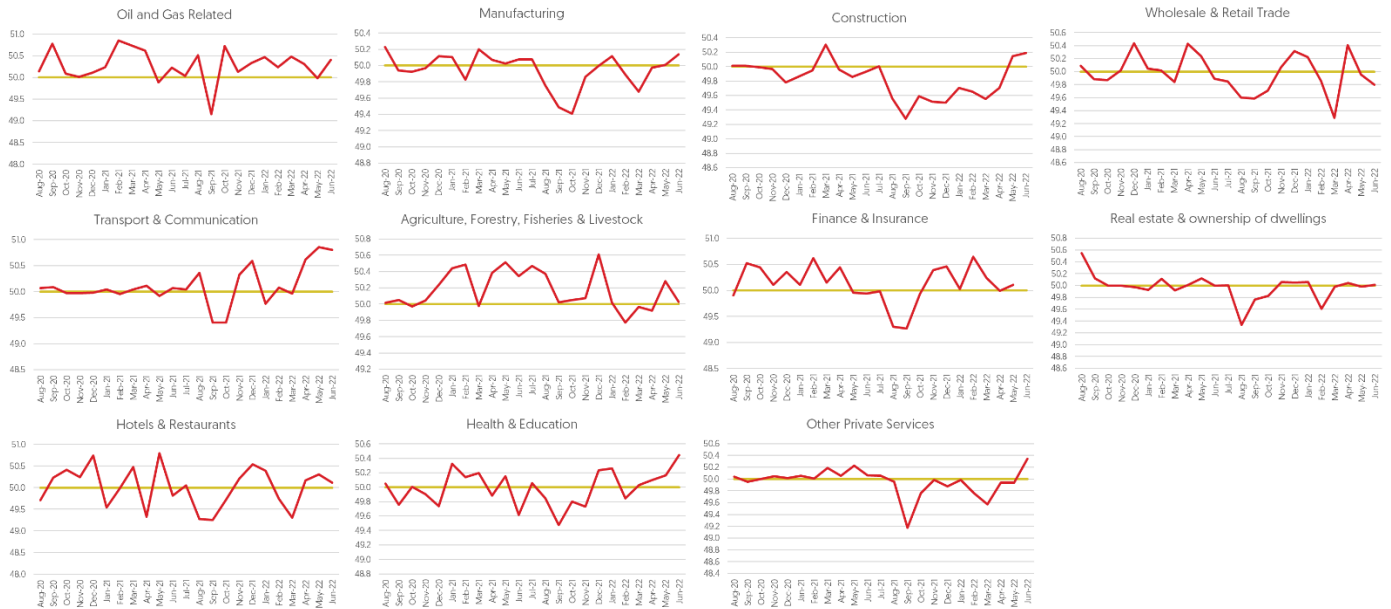
## Costs



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

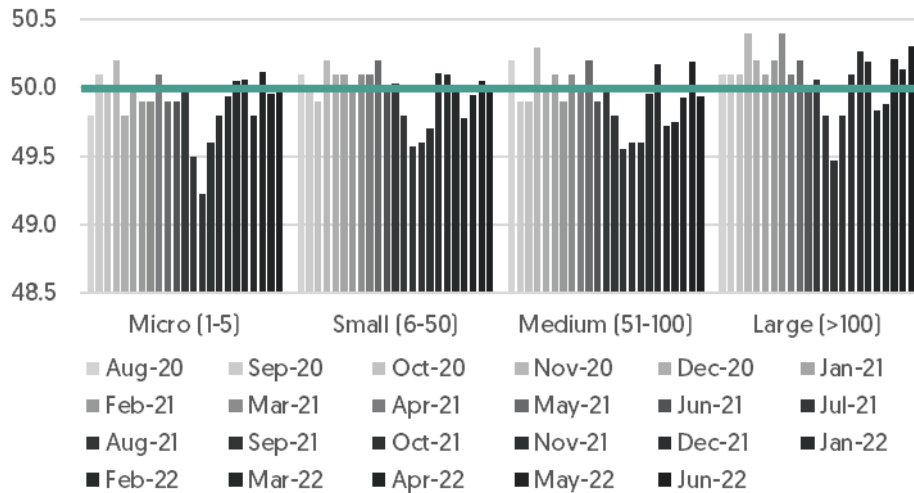
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

## Sectoral BSI – August 2020 to June 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.