



بروني دارالسلام سنترال بڠا
BRUNEI DARUSSALAM CENTRAL BANK

PRESS RELEASE

BRUNEI DARUSSALAM CENTRAL BANK BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR MARCH 2022

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of March 2022. The index is based on surveys conducted on more than 500 micro, small, medium and large-sized businesses from the eleven economic sectors in Brunei Darussalam, across all four districts.
2. The monthly index is designed to measure the level of business confidence/sentiment in the country and cover various aspects including current and future business conditions; current and future investments; current and future employment of workers; as well as current and future 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. 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 50.3 in March 2022. This was the sixth expansion since October 2021, slightly higher than the 50.1 recorded in February 2022. A number of factors cited by businesses include increasing oil price, more business activities, higher demand from government and the public, as well as more projects compared to the month before. However, quite a number of businesses also observed worse or similar conditions than February 2022 from the impact of the highly transmissible Omicron variant that had reduced the number of customers frequenting the stores and also the reduction in manpower with employees undergoing quarantine order either from tested positive for COVID-19 or identified as close contacts. The index for the one month [1M] ahead Business Conditions was recorded at 50.6 which reflected that despite challenging conditions, businesses were hopeful with expectation of increase in sales and activities with the upcoming Hari Raya Aidilfitri and that the daily COVID-19 cases seemed to have peaked in early March and had started to decline.



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5. The **Investment sub-index** was 50.1 for the current month, 50.6 for one month ahead and 50.1 for three months (3M) ahead. This indicates that in general businesses have increased investment activities and inventory in March 2022. Some have plans to increase investment expenditures in April 2022 such as improvement of office infrastructure and business premises, and purchases of equipment, company vehicles and raw materials.
6. The **Employment sub-index** was 50.2 for the current month and 50.2 for the month ahead, indicating that most businesses were hiring more employees in March 2022 and will continue to hire in the next month. Overall, businesses still faced an overall shortage of workers as they were unable to replace the foreign workers whose permits expired and have to return to their home countries. Businesses also faced difficulties to secure local workers to fill the gap and some resorted to hire part timers. Despite this, businesses hope for an improvement in the procurement of labour procedures and welcome any efforts to resolve the persistent manpower challenges.
7. The **Costs sub-index** was 50.2 for the current month and 50.2 for the month ahead, indicating that businesses continued to face increased costs of running their businesses in March 2022 and April 2022. Businesses expressed concerns regarding the rising costs over the months which in turn had lowered their profits. In general, businesses cited increases in the prices of ingredients such as meat and raw materials such as fertilisers and oil, plus higher freight and shipping costs. Higher operational costs are also caused by additional employee-related expenses such as paying overtime to existing employees to cover manpower shortages, the purchase of Antigen Rapid Test kits, sanitisers and face masks.

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

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



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8. In terms of economic sectors, there was a slight improvement from February 2022 with five out of eleven sectors recorded pessimism with indices below the threshold of 50; with largest contractions in two sectors: Wholesale & Retail Trade and Hotels & Restaurants. The reasons cited for the lower performances observed by the businesses include lower sales compared to previous month and manpower shortages due to COVID-19 cases amongst employees. Two sectors namely Oil & Gas Related and Finance & Insurance indicated optimism in March 2022. Other sectors reported similar current business conditions in March 2022 compared to February 2022.

Current Business Conditions March 2022 by Sector	
Oil & Gas Related	50.5
Manufacturing	49.7
Construction	49.6
Wholesale & Retail Trade	49.3
Transport & Communication	50.0
Agriculture, Forestry, Fisheries & Livestock	50.0
Finance & Insurance	50.6
Real Estate & Ownership of Dwellings	50.0
Hotels & Restaurants	49.3
Health & Education	50.0
Other Private Services	49.6

9. In terms of the index by business size, businesses of all sizes have generally reported contraction with medium-sized businesses shown to have hit the hardest by the third wave of COVID-19 which began in February 2022. The latest wave has caused a widespread workplace disruption among micro, small, medium and large enterprises in terms of staff shortages and temporary closures.

Current Business Conditions March 2022 by Size	
Micro	49.8
Small	49.8
Medium	49.7
Large	49.9



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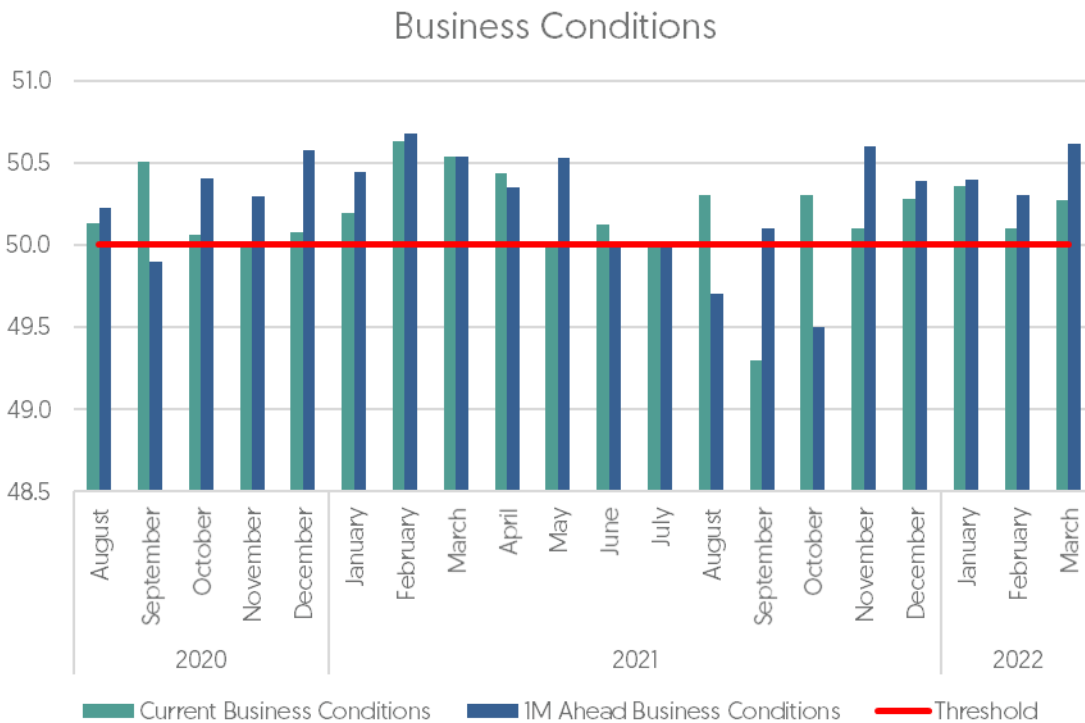
10. The time-series charts for the BSI and its sub-indices since August 2020 can be found in ANNEX 1. For more information on BSI, members of the public may refer to the technical notes on the methodology and statistics in BDCB website at <https://www.bdcg.gov.bn> and may follow updates on the BSI through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

Brunei Darussalam Central Bank

Date: 10 Ramadhan 1443H / 12 April 2022M

Reference: BDCB/ECO/17/2

ANNEX 1



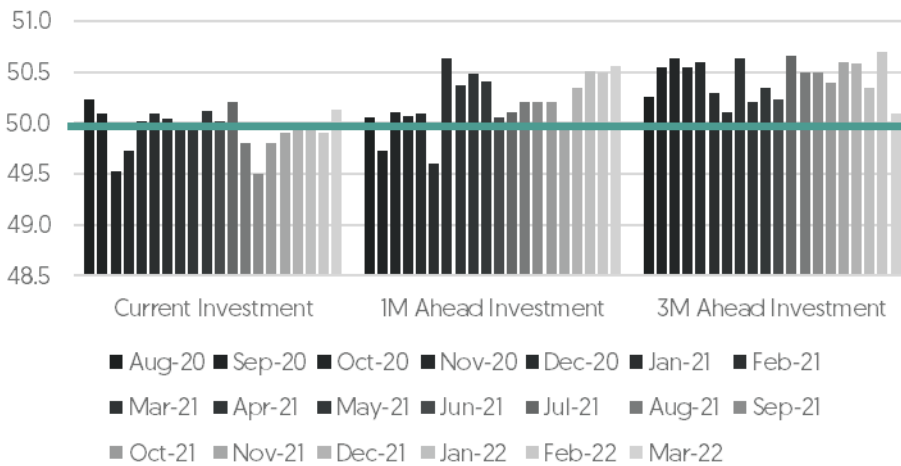
Note: For 1M Ahead Business Conditions, the result compares expected business conditions in the month ahead compared to the current month.



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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.

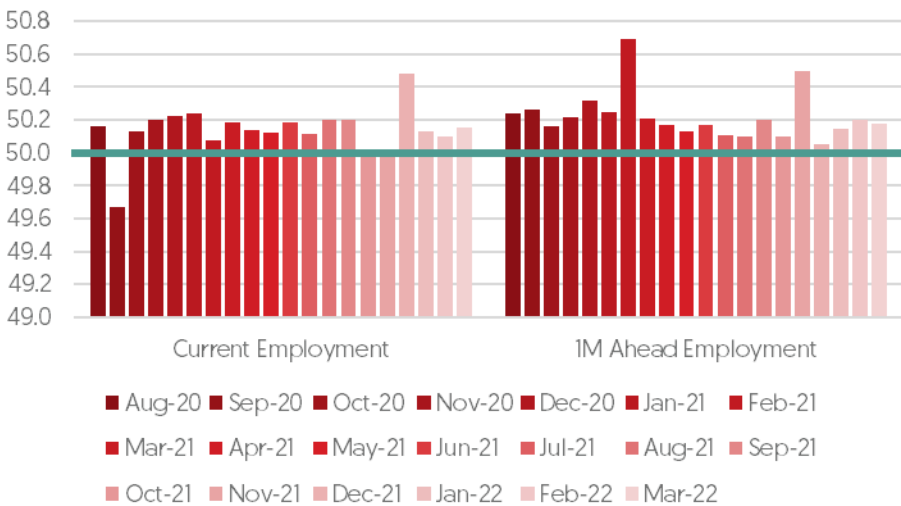
Investments



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

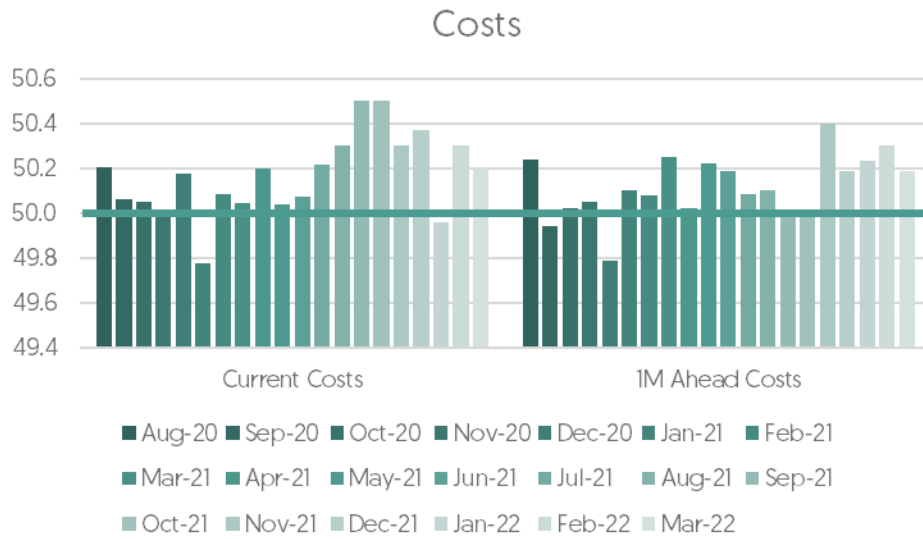




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Note: For 1M Ahead Employment, the result compares expected employment in the next month compared to the current month.

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.



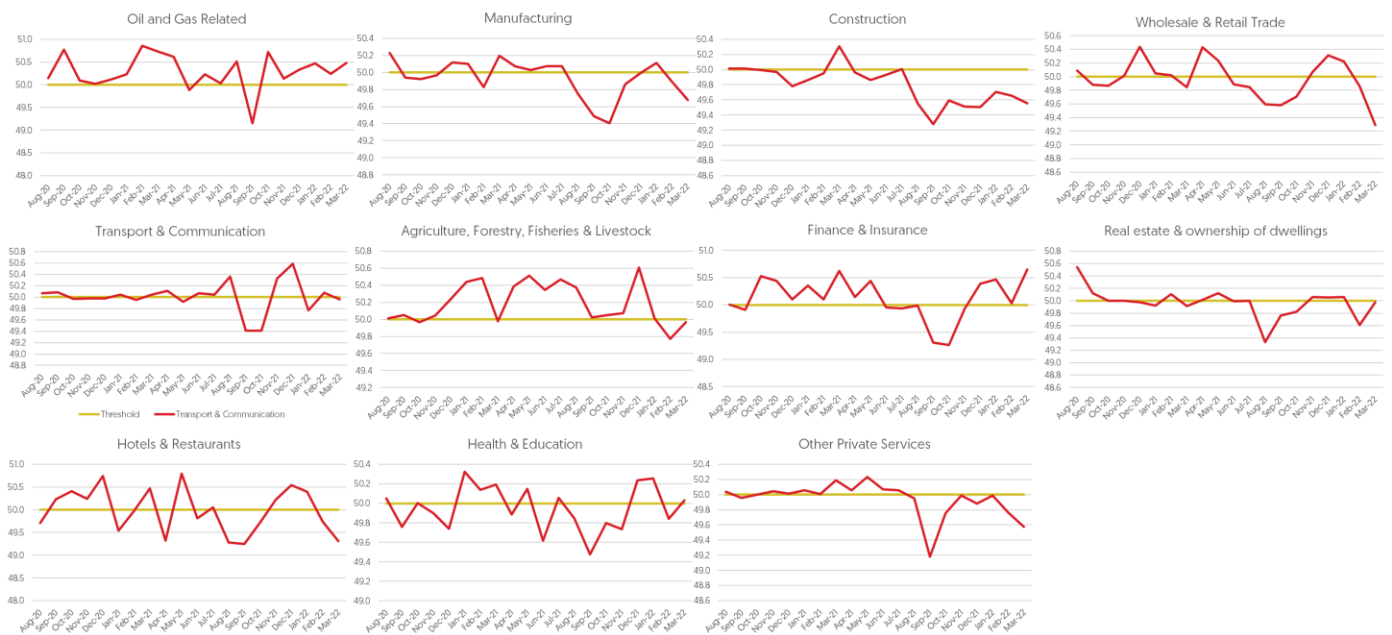
Note: For 1M Ahead Costs, the result compares expected costs in the next month compared to the current month.

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.



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Sectoral BSI – August 2020 to March 2022

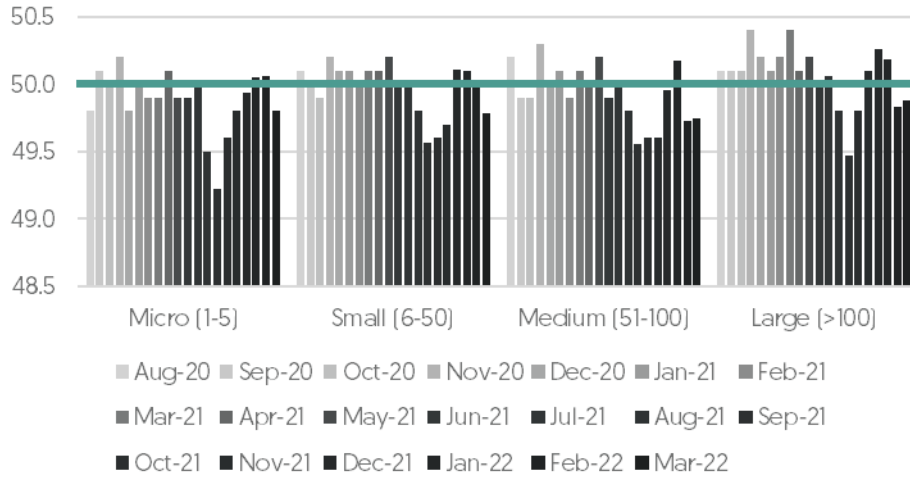


Note: An index above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.



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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.