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BRUNEI DARUSSALAM CENTRAL BANK

PRESS RELEASE

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

1. Brunei Darussalam Central Bank [BDCB] today published Brunei Darussalam's Business Sentiment Index [BSI] for the month of December 2021 based on the surveys conducted on selected businesses of various sizes ranging from micro to large, from all economic sectors in Brunei Darussalam in all four [4] districts.

2. The monthly index is designed to measure the level of business confidence/sentiment in the country and cover various aspects of the businesses where the general questions cover 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. 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	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 December 2021. Alhamdulillah, this was the third expansion after the BSI recorded a contraction in September 2021 and this expansion was observed across different sectors compared to the previous month. The second COVID-19 outbreak in early August 2021 has caused a lot of disruptions and brought various challenges and uncertainties to businesses. With the commencement of the Transition Phase since 19 November 2021 and the relaxation of certain measures where some businesses were allowed to resume operations, more optimistic views were recorded moving forward with the index for the one month [1M] Ahead Business Conditions at 50.4.

5. The Investment sub-index was 50.0 for the current month compared to 49.9 in November 2021, 50.3 for the month ahead and 50.6 for the next three [3] months, indicating that businesses generally invested more in December 2021 compared to November 2021. On the other hand, they are also expecting growth in investment expenditures in January 2022 and the three [3]



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BRUNEI DARUSSALAM CENTRAL BANK

months ahead. Businesses cited they are expanding investments in hopes that the Endemic Phase will spur growth in projects and business activities.

6. The Employment sub-index was 50.5 for the current month and 50.1 for the month ahead, indicating that businesses were hiring more employees in December 2021 and plan to continue to hire in January 2022. Businesses cited high turnover rate in the private sector has increased the need to hire new staff, especially part-timers to support the increase in business activities in December 2021. Similar to November 2021, businesses also highlighted the challenges in hiring foreign workers as they chose to return for good upon expiry of their contracts, while some businesses also highlighted the difficulty in hiring and retaining local workers to meet the labour shortage.
7. The Costs sub-index was 50.4 for the current month and 50.2 for the month ahead, indicating that businesses felt the increasing costs of running their businesses in December 2021 compared to November 2021 and expect operating costs to continue to increase in January 2022. Broadly speaking, the reasons for the expected increase in business operating costs include the hiring of more workers in the coming months, paying year-end staff bonuses, purchasing end-of-contract flight tickets for foreign employees, higher raw materials prices and shipping costs.

BSI December 2021	
Current Business Conditions	50.3
1M Ahead Business Conditions	50.4
Current Investment	50.0
1M Ahead Investment	50.3
3M Ahead Investment	50.6
Current Employment	50.5
1M Ahead Employment	50.1
Current Costs	50.4
1M Ahead Costs	50.2

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

8. In terms of economic sectors, compared to the previous month, some optimism was recorded in seven (7) out of eleven (11) sectors in December 2021 led by Transport & Communication, Agriculture, Forestry, Fisheries & Livestock, Hotels & Restaurants, Finance & Insurance, and Health & Education sectors. Amongst reasons cited include increasing demand, higher



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BRUNEI DARUSSALAM CENTRAL BANK

vaccination rate within the population and expectation of more activities in the early Endemic Phase including dine-in. Slight pessimism was reported in the Other Private Services sector as businesses slowed down towards the year end while the Construction sector remained pessimistic with no new projects. The Real Estate & Ownership of Dwellings sector reported similar sentiment to November 2021 as they were still exposed to lingering uncertainties due to the pandemic. Nevertheless, December 2021 registered an overall improvement compared to the previous month where four (4) sectors reported contraction or pessimism.

Current Business Conditions December 2021 by sector	
Oil & Gas Related	50.3
Manufacturing	50.0
Construction	49.5
Wholesale & Retail Trade	50.3
Transport & Communication	50.6
Agriculture, Forestry, Fisheries & Livestock	50.6
Finance & Insurance	50.4
Real Estate & Ownership of Dwellings	50.0
Hotels & Restaurants	50.5
Health & Education	50.2
Other Private Services	49.9

9. In terms of the index by business size, while micro businesses remained downbeat, owners of small and large-sized businesses viewed that their business conditions improved in December 2021 as the recent COVID-19 de-escalation plan has contributed to some growth with new projects and sales after contracting for several consecutive months previously. Medium-sized businesses reported similar business conditions to the previous month.

Current Business Conditions December 2021 by size	
Micro	49.9
Small	50.1
Medium	50.0
Large	50.3



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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, which can be obtained from the BDCB website at <https://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

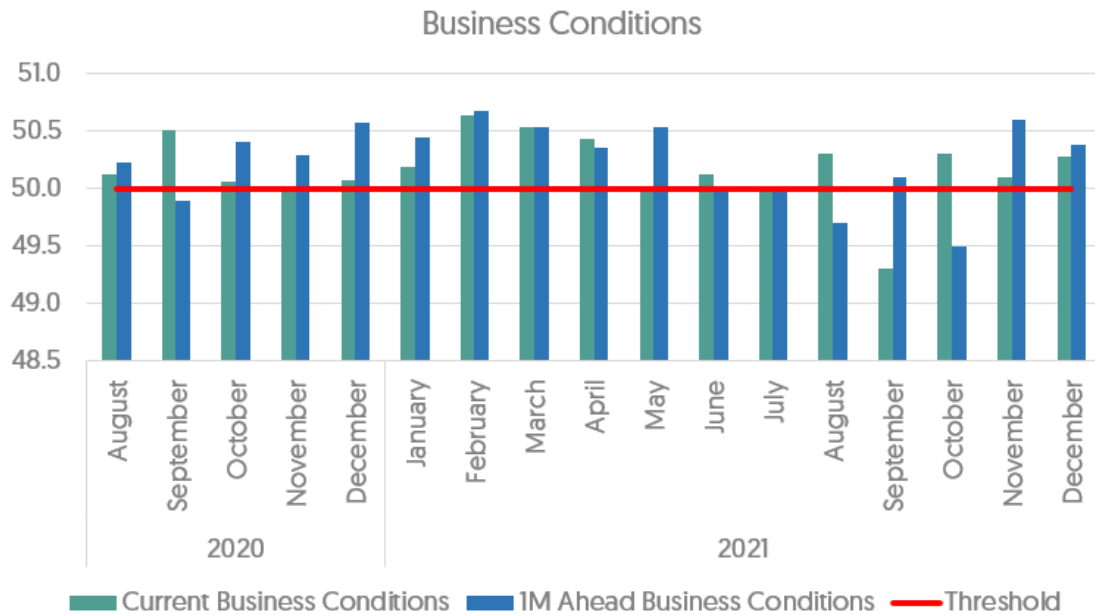
Date: 7 Jamadilakhir 1443H / 10 January 2022M

Reference: BDCB/COMMS/03



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ANNEX 1



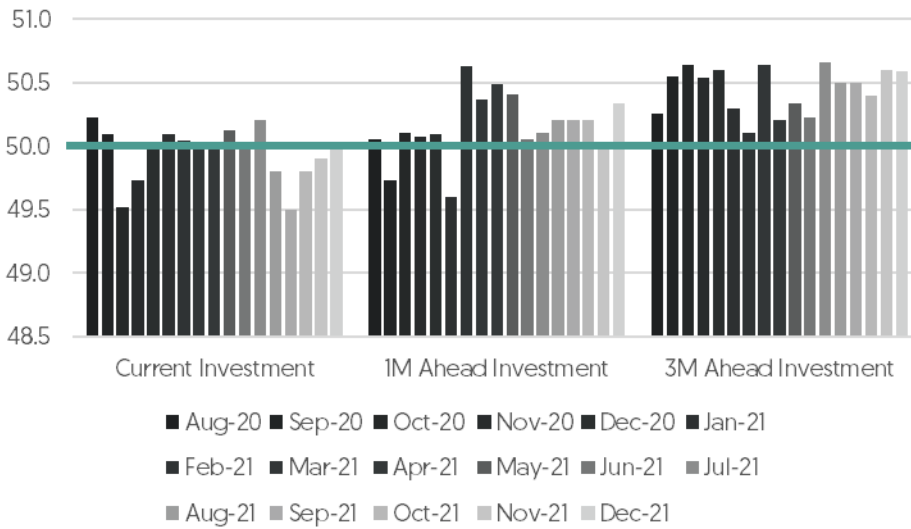
Note: For 1M Ahead Business Conditions, the result compares expected business conditions in the month ahead compared to the current month.

For the 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.



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Investments



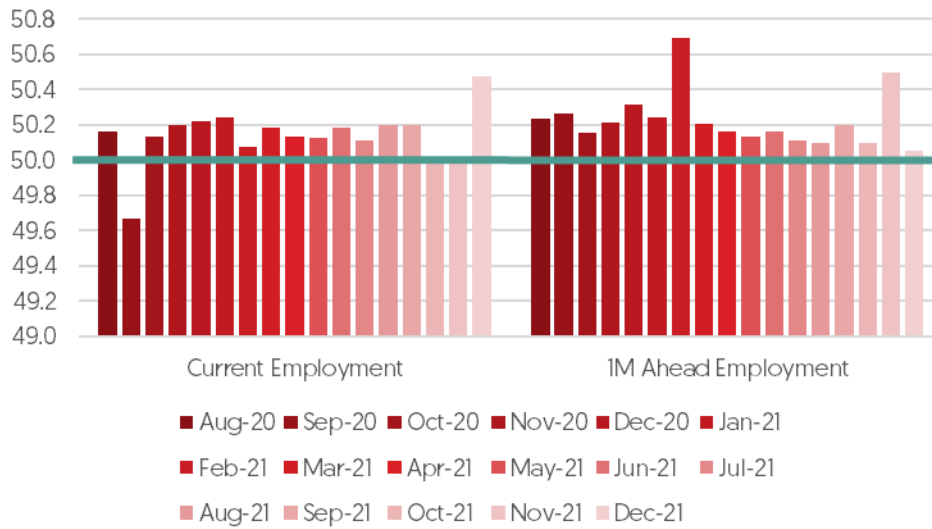
Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

For the 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.



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Employment



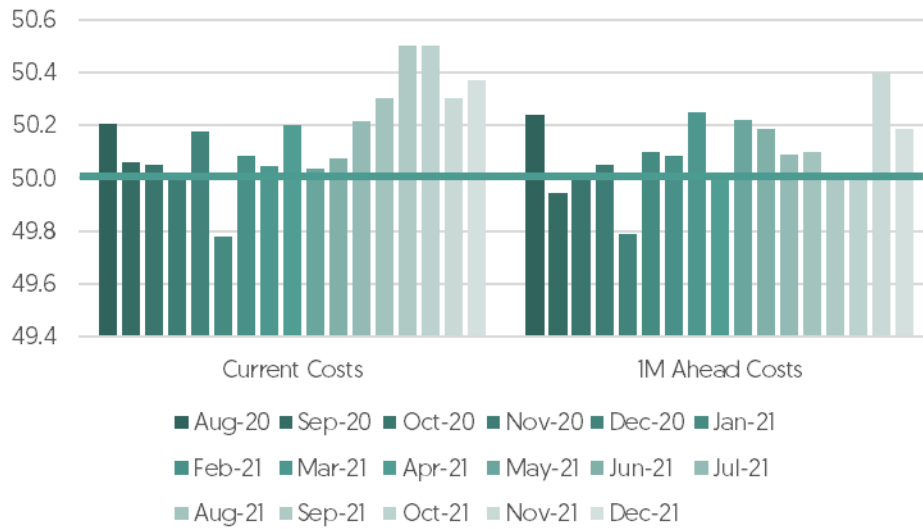
Note: For 1M Ahead Employment, the result compares expected employment in the next month compared to the current month.

For the 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.



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Costs



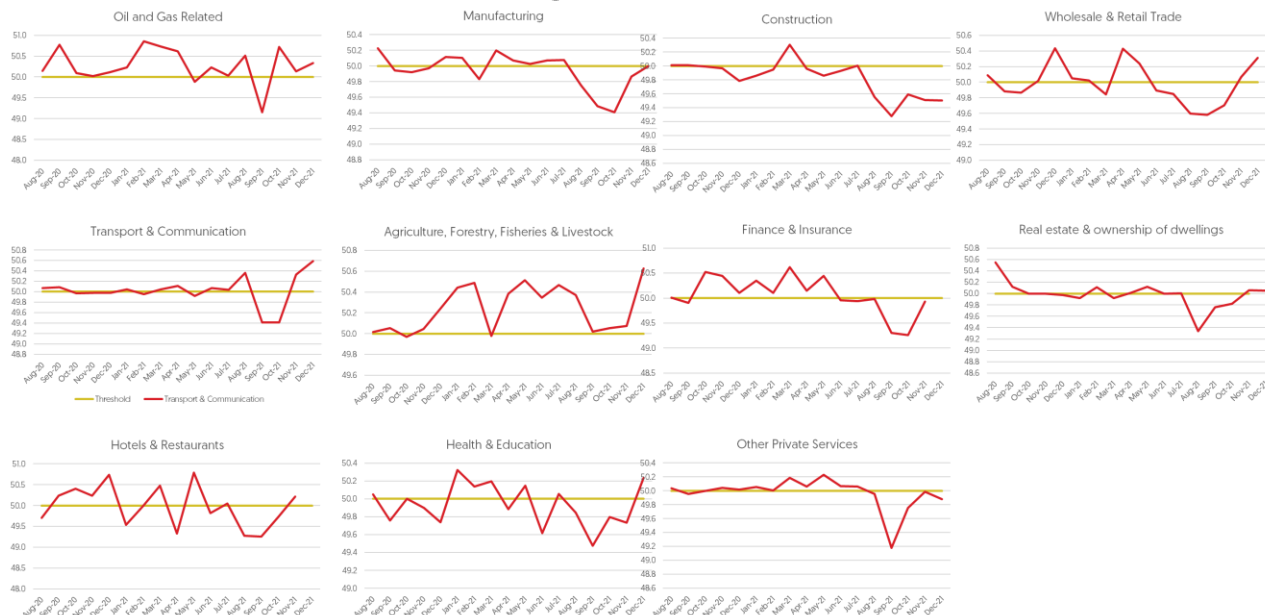
Note: For 1M Ahead Costs, the result compares expected costs in the next month compared to the current month.

For the 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 the previous month.



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Sectoral BSI – August 2020 to December 2021

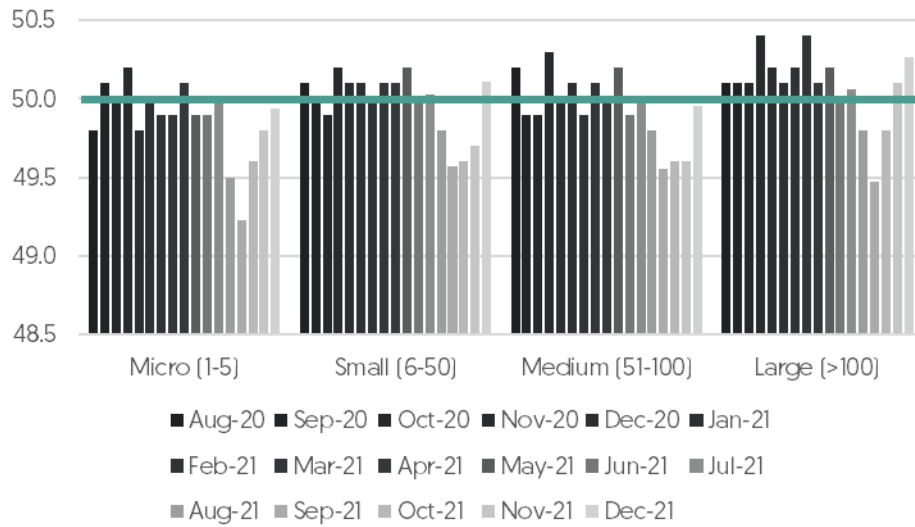


Note: An index above 50 indicates expansion / optimism compared to the previous month. 50 indicates no change compared to the previous month, while below 50 indicates contraction / less optimism compared to the previous month.



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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.