



PRESS RELEASE

BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR AUGUST 2023

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for August 2023. The index is based on surveys conducted on over 500 micro, small, medium, and large businesses from eleven 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, the BSI serves as a leading macroeconomic indicator with its forward-looking element in the country.

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 nine sub-indices within the BSI. The main headline index, which is the **Current Business Conditions sub-index**, was 50.6 in August 2023, similar to what was reported in the previous month. This indicated that businesses continued to be optimistic about business conditions and were confident in carrying out their activities in the current economic environment. In general, survey results showed that businesses expected improvements in market conditions as well as higher demand for goods and services. Others also reported positive expectations as they commenced work on new projects. For the coming month, the index for one month (1M) ahead stood at 50.1, indicating optimism towards business conditions in September 2023. Some reasons that contributed to the optimism include expectations of stronger demand for goods and services within the country after the end of school holidays, as well as expectations of new project awards for some companies.
5. The **Investment sub-index** was 50.1 for the current month, 50.1 for one month (1M) ahead, and 50.5 for three months (3M) ahead. This indicates that, in general, businesses are expected to slightly increase their investment expenditure in August 2023 and in the next few months. Many businesses are expecting to increase investments in line with business expansion plans, which include expanding and refurbishing facilities; and purchasing new equipment, machinery, and company vehicles. Other businesses are also planning to increase their inventories, improve IT systems, as well as purchase more project-related materials and equipment.

6. The **Employment sub-index** was 50.2 for the current month and 50.3 for 1M ahead. Continuing the trend from previous months, businesses generally expected to increase their employee headcount, including the hiring of i-Ready apprentices and part-timers in August and September 2023. For many businesses, this is in line with new projects and expansion efforts. However, a number of businesses shared their challenges of finding suitable workers and high turnover of local employees.
7. The **Costs sub-index** was 50.6 for the current month and 50.3 for 1M ahead. Companies generally expected the costs of running their businesses to be higher in August and September 2023. This was mainly linked to the businesses' expectations that the continued increase in business activities and projects would generally lead to higher operational costs. Businesses, in general, also expected to incur higher salary costs as a result of previous hiring efforts, where some businesses have shared that employer contributions to the newly implemented National Retirement Scheme (SPK) have also contributed to the increase in costs of running their businesses.¹ Some companies expected costs will increase with the phased roll-out of minimum wage.²

BSI August 2023	
Current Business Conditions	50.6
1M Ahead Business Conditions	50.1
Current Investment	50.1
1M Ahead Investment	50.1
3M Ahead Investment	50.5
Current Employment	50.2
1M Ahead Employment	50.3
Current Costs	50.6
1M Ahead Costs	50.3

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

8. In terms of **economic sectors**, five out of eleven sectors reported expectations of more optimistic business conditions in August 2023. The Oil and Gas Related sector showed the highest optimism of all sectors at 50.8. In general, businesses in this sector shared expectations of continuous improvements in market conditions resulting in better profit margins, as well as continued recovery in production capacity after maintenance. The Construction sector also reported optimism for August 2023 with the commencement of new projects, whereas Finance and Insurance; Real Estate and Ownership of Dwellings; and Other Private Services sectors expected higher demand for their goods and services. On the contrary, survey results showed three sectors expected worsening conditions in August 2023 compared to the previous month. The Health and Education; and Transportation and Communications sectors reported pessimism with expectations of generally lower sales and demand for services compared to July 2023. Businesses in the Manufacturing sector also reported an expected decline in business performance for August compared to the previous month, when there were many events and activities held. The other three sectors reported similar business conditions to July 2023.

¹ The implementation of the National Retirement Scheme (SPK), which replaces the Tabung Amanah Pekerja (TAP) and Supplementary Contributory Pension (SCP) schemes, was announced by His Majesty the Sultan and Yang Di-Pertuan in a *titah* in conjunction with his 77th birthday on 15 July 2023.

² Source: <https://www.mpec.gov.bn/Pages/EmploymentPolicy.aspx?Page=EmploymentMinimumWageOrder#>

Current Business Conditions August 2023 by Sector	
Oil and Gas Related	50.8
Finance & Insurance	50.4
Construction	50.3
Other Private Services	50.1
Real Estate & Ownership of Dwellings	50.1
Agriculture, Forestry, Fisheries & Livestock	50.0
Hotels & Restaurants	50.0
Wholesale & Retail Trade	50.0
Health & Education	49.9
Manufacturing	49.9
Transport & Communication	49.4

9. In terms of the index by **business size**, micro-, medium- and large-sized companies reported expectations of better business conditions in August 2023 compared to the previous month. Generally, these businesses expected an increase in business activities due to new projects and higher demand for their products and services. Meanwhile, small businesses reported similar business conditions in August 2023 to the previous month.

Current Business Conditions August 2023 by Size	
Micro	50.2
Small	50.0
Medium	50.1
Large	50.1

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 the BSI, members of the public can refer to the technical notes on the methodology and statistics on the BDCB website at www.bdc.gov.bn and follow updates on the BSI through future press releases and BDCB's Instagram account @centralbank.brunei.

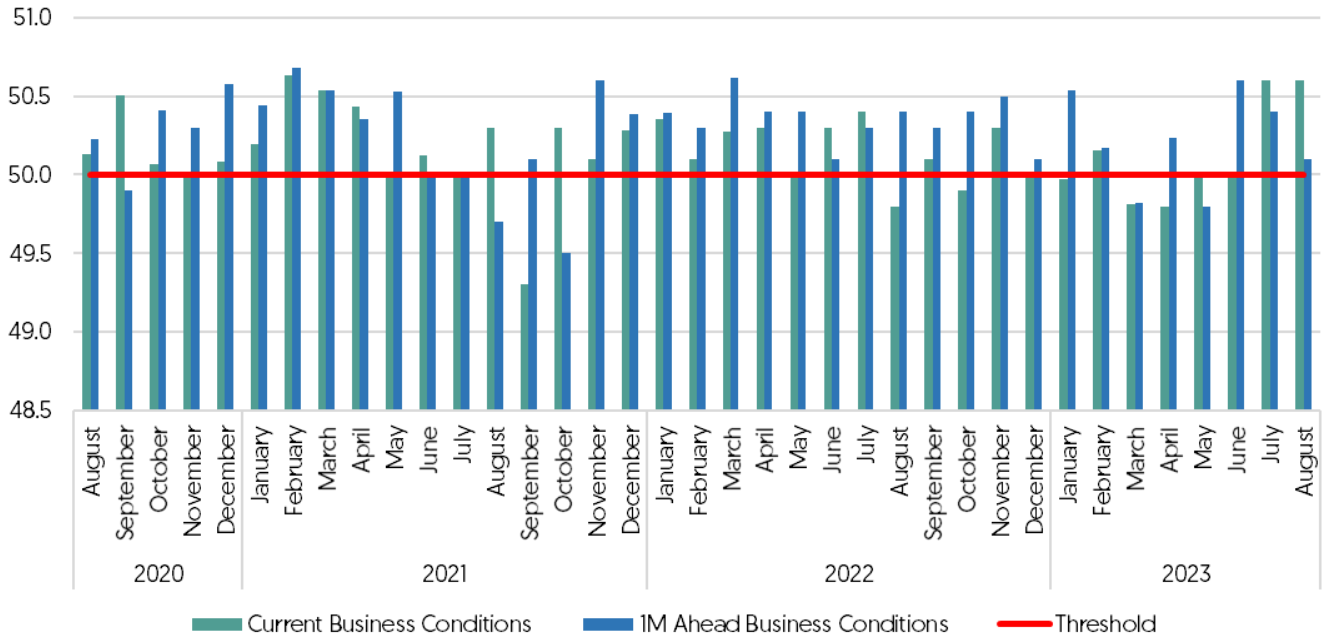
Brunei Darussalam Central Bank

Date: 16 Rabiulawal 1445H / 2 October 2023M

Ref: BDCB/COMMS/3

ANNEX 1

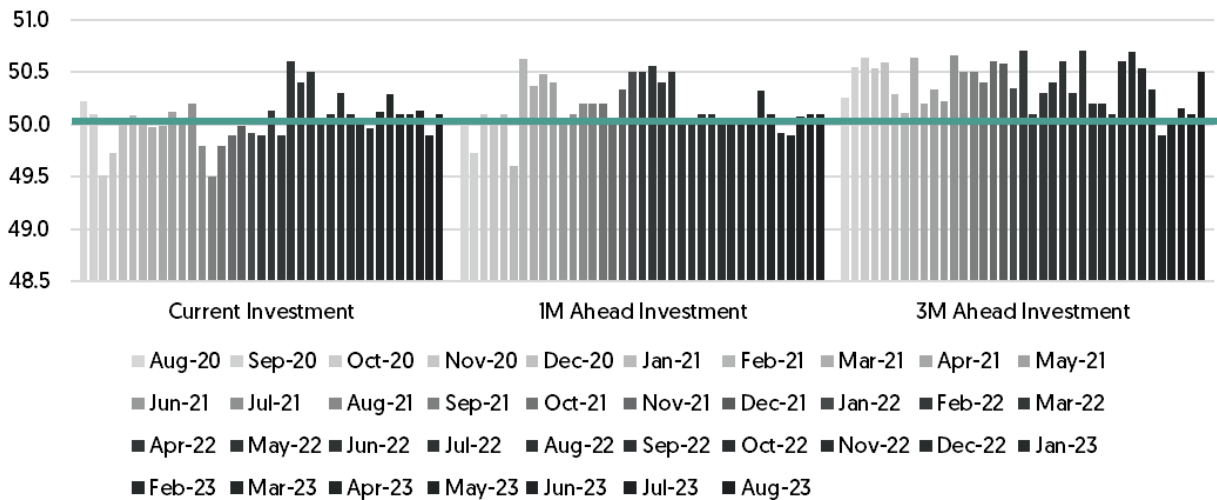
Business Conditions



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 similar/no change compared to the previous month, while below 50 indicates contraction / less optimism compared to the previous month.

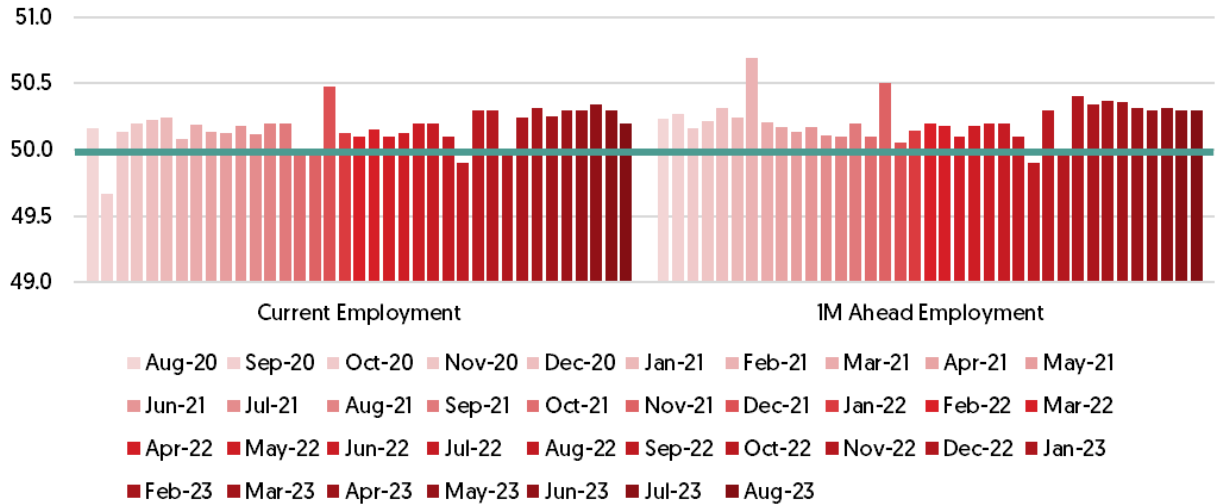
Investments



Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month, while for 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 similar/no change compared to the previous month, while below 50 indicates reduced investment compared to the previous month.

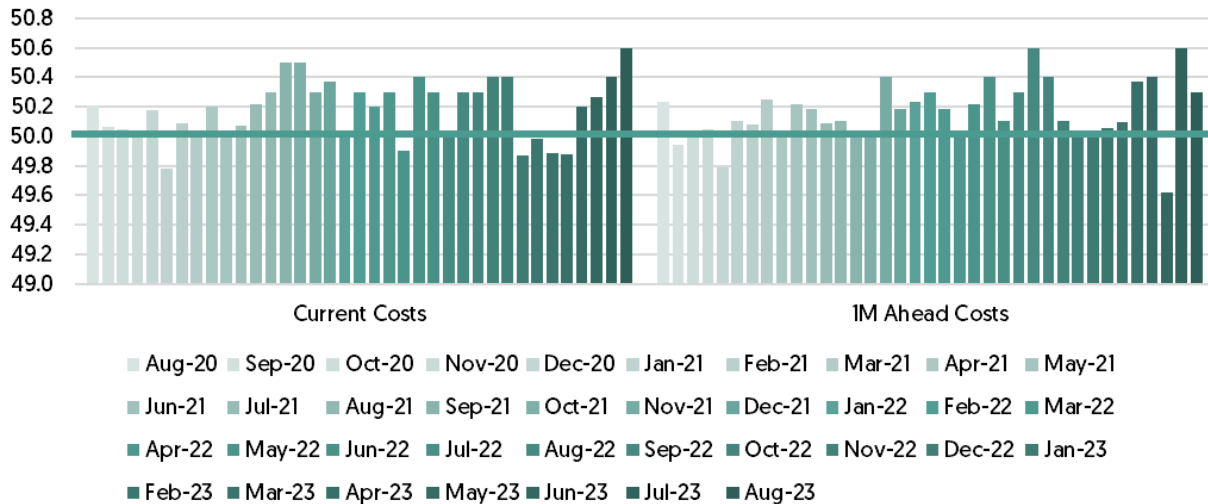
Employment



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 similar/no change compared to the previous month, while below 50 indicates a reduction in employee headcount compared to the previous month.

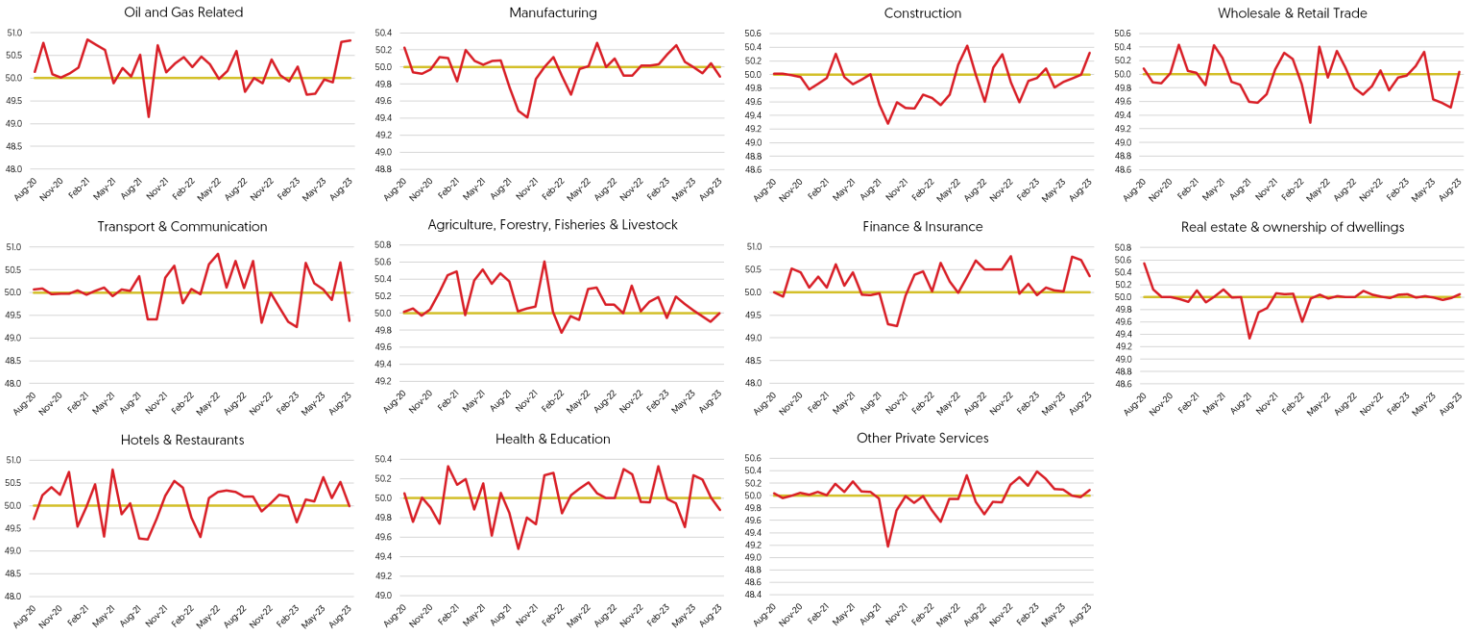
Costs



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

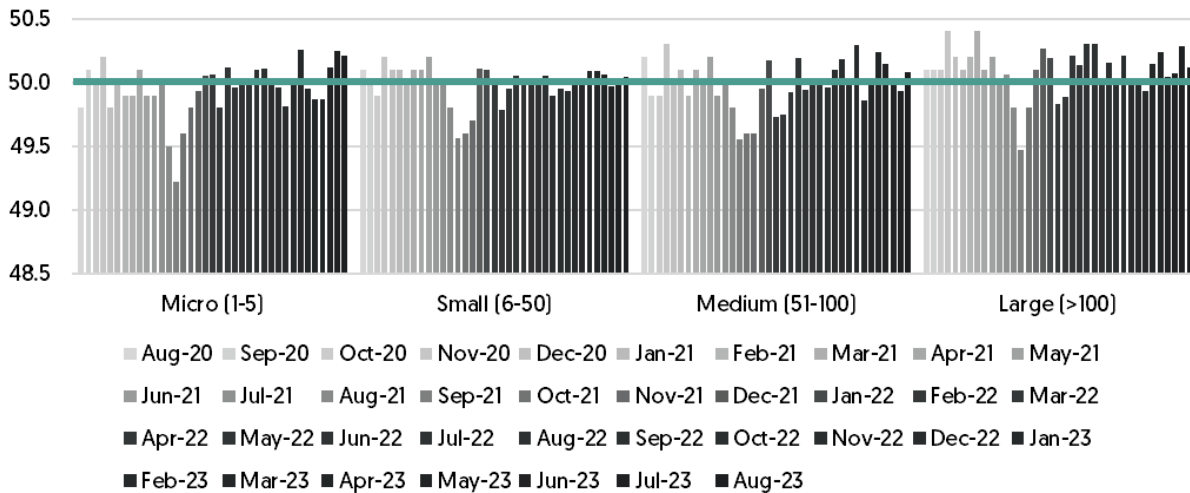
For Costs sub-index, above 50 indicates an increase in costs, and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to the previous month.

Sectoral BSI – August 2020 to August 2023



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