



PRESS RELEASE

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

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of June 2023. The index is based on surveys conducted on more than 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.

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 50.0 in June 2023, indicating similar expectations to those as of May 2023 where opinions were somewhat mixed across sectors. Survey results show that some of the reasons for the optimism of businesses were the expectations of better performance with new projects and more sales with sufficient inventory and promotion of new products and services. On the other hand, some businesses expressed pessimism with lower sales in the post-festive period and they also observed cross-border consumer spending which affected the businesses domestically. Looking ahead, the index for one month (1M) ahead stood at 50.6, indicating businesses generally expected better conditions in July 2023 compared to June 2023. Most of the optimism were attributed to expectations of higher sales and more activities due to His Majesty's Birthday in July where there will be more festivities and promotions during that whole month. There are also expected new projects, opening of new outlets and expansion of customer base.
5. The **Investment sub-index** was 50.1 for the current month, 50.1 for one month (1M) ahead and 50.2 for three months (3M) ahead. This indicates that, in general, businesses expected to raise their investment expenditure in June 2023 and the next few months after. There are several factors that attributed to the plans to increase investment such as expectations of undergoing renovation of facilities and expansion

of their businesses, purchasing of new equipment and machineries, IT systems upgrade and investment on human resource training.

6. The **Employment sub-index** was 50.3 for the current month, and 50.3 for 1M ahead. Continuing the trend from previous months, businesses generally expected to increase their employee headcount in June and July 2023 due to their expansion efforts. Some companies expressed on-going hiring challenges of both local and foreign employees.
7. The **Costs sub-index** was 50.3 for the current month, and 49.6 for 1M ahead. Companies generally expected the costs of running their businesses in June 2023 to be higher than previous month due to several reasons including increased recruitment costs and also raw material costs besides carrying out maintenance work. Some businesses also expected higher business costs in June 2023 with the revision of customs import and excise duties on plastic products effective from 17 May 2023. For the month of July 2023, a handful of large companies expected lower operating and maintenance as well as raw material costs, which contributed to the overall lower costs sub-index for the month ahead.

BSI June 2023	
Current Business Conditions	50.0
1M Ahead Business Conditions	50.6
Current Investment	50.1
1M Ahead Investment	50.1
3M Ahead Investment	50.2
Current Employment	50.3
1M Ahead Employment	50.3
Current Costs	50.3
1M Ahead Costs	49.6

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

8. In terms of **economic sectors**, only three out of eleven sectors recorded better business conditions in June 2023. The Finance and Insurance sector showed the highest optimism at 50.8 revealing better conditions with more loans extended and sales of insurance products. The index for the Health and Education sector was 50.2, due to provision of new services. The Hotels and Restaurants Sector also stood at 50.2, indicating that businesses in these sectors generally expected higher business activities due to organised events in June 2023. On the contrary, four sectors reported slightly pessimistic business conditions, namely the Construction sector; the Manufacturing sector; the Oil and Gas Sector; the Transport and Communication sector. Meanwhile, the Wholesale and Retail Trade sector is the most affected with index of 49.6 due to reduced consumer spending domestically. The Other Private Services sector; the Agriculture, Forestry, Fisheries and Livestock sector; and the Real Estate and Ownership of Dwellings sector reported similar business conditions to the previous month.

Current Business Conditions June 2023 by Sector	
Finance & Insurance	50.8
Health & Education	50.2
Hotels & Restaurants	50.2
Other Private Services	50.0
Agriculture, Forestry, Fisheries & Livestock	50.0
Real estate & ownership of dwellings	50.0
Construction	49.9
Manufacturing	49.9
Oil and Gas Related	49.9
Transport & Communication	49.8
Wholesale & Retail Trade	49.6

9. In terms of the index by **business size**, micro- and large-sized businesses reported expectations of better business conditions in June 2023 compared to May 2023. Generally, these businesses expected an uptake in business activity due to more projects and higher demand for their products and services. Meanwhile, small and medium-sized businesses expected similar business conditions to May 2023 for June 2023.

Current Business Conditions June 2023 by Size	
Micro	50.1
Small	50.0
Medium	50.0
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.bdcg.gov.bn and follow updates on the BSI through future press releases and BDCB's Instagram account @centralbank.brunei.

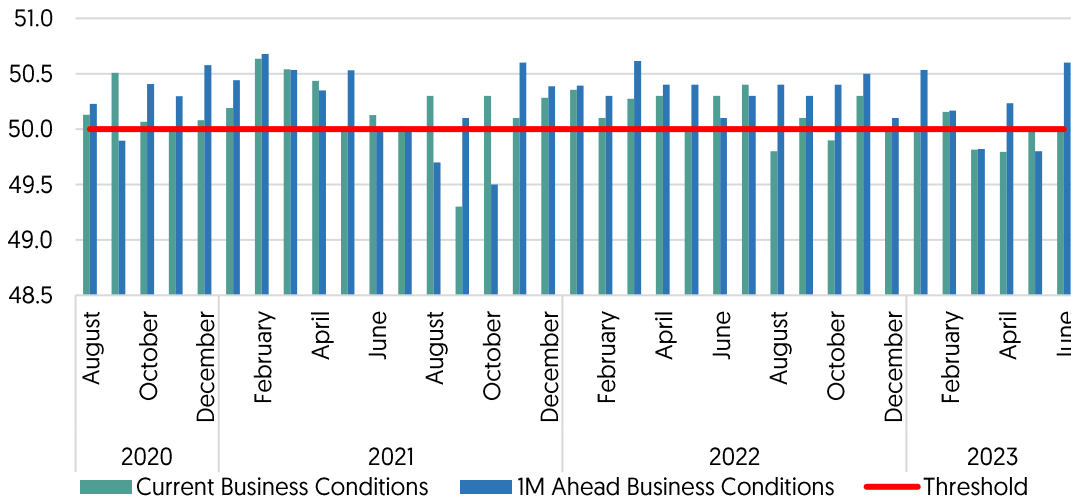
Brunei Darussalam Central Bank

Date: 15 Muharram 1445H / 2 August 2023M

Ref: BDCB/COMMS/3

ANNEX 1

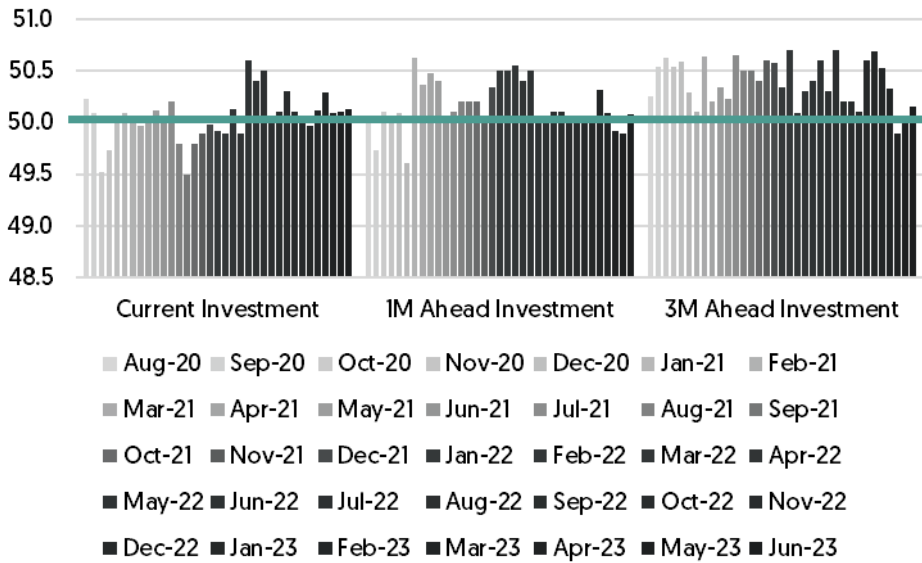
Business Conditions



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

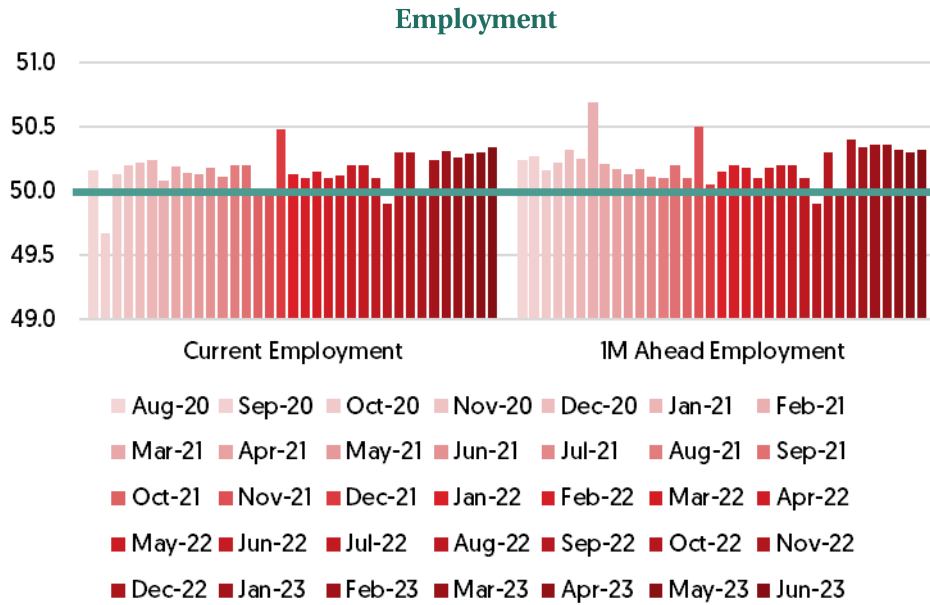
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Investments



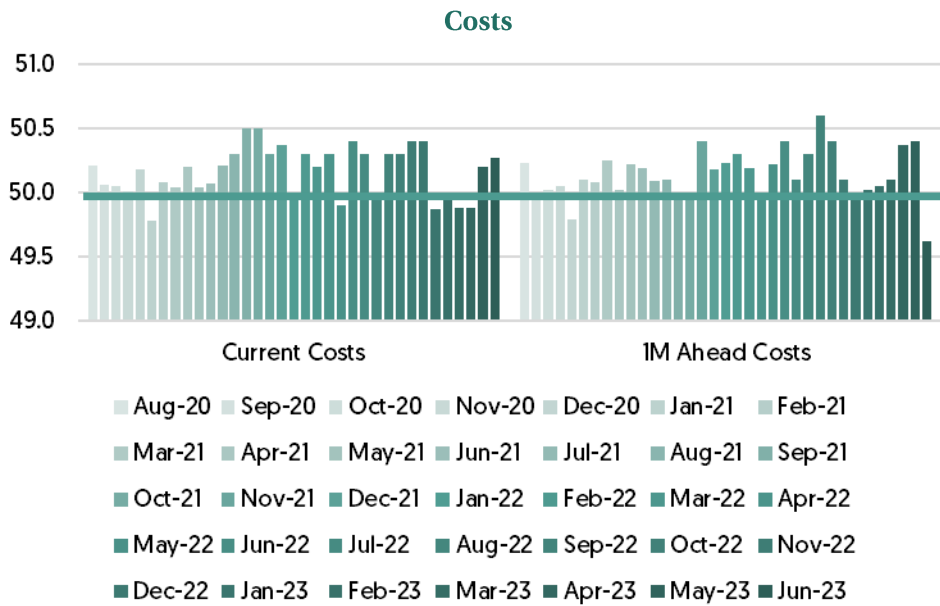
Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

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.



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

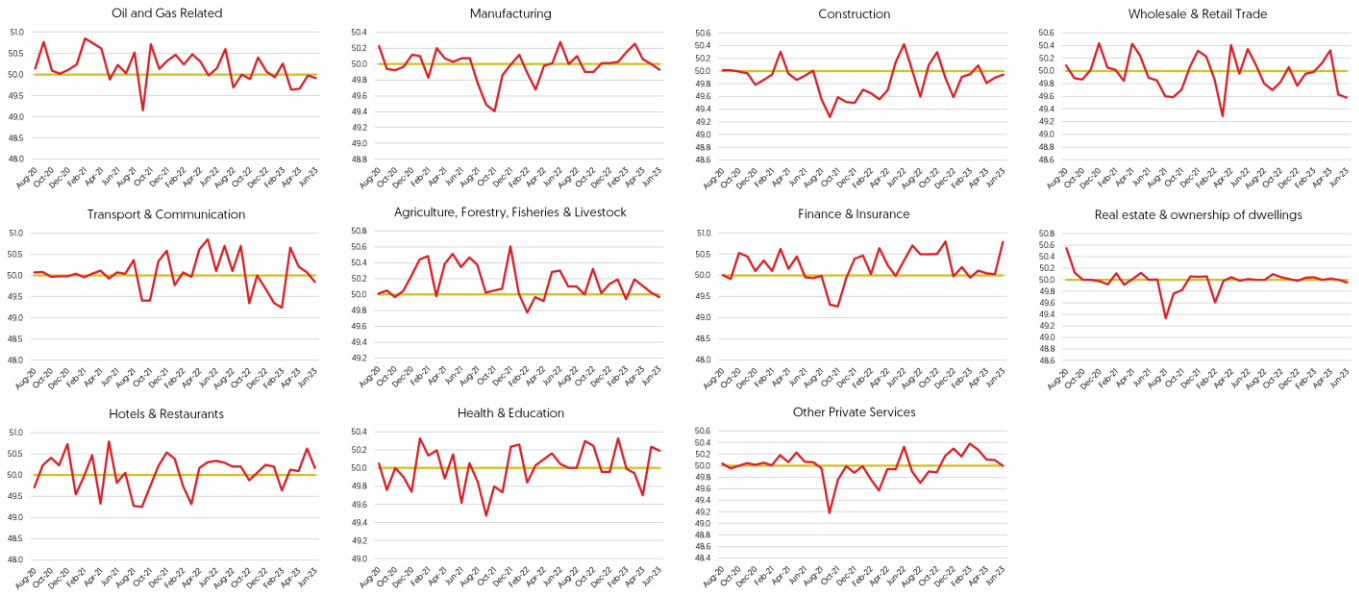
For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.



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

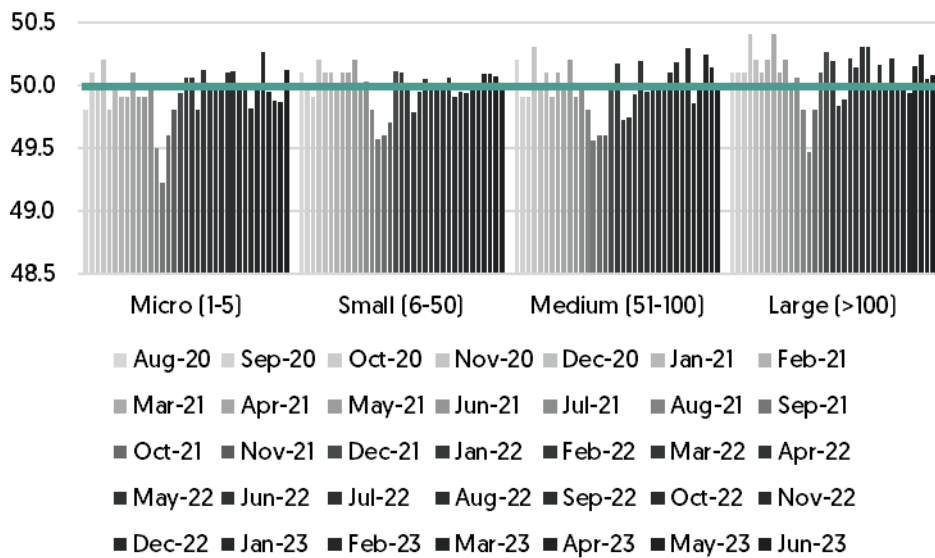
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

Sectoral BSI – August 2020 to June 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.