



PRESS RELEASE

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

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of May 2023. The index is based on surveys conducted on around 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 May 2023, compared to 49.8 in April 2023. While opinions from various sectors regarding business performance during the month of May were varied, the general sentiment was somewhat similar to that of April. Many businesses expected to see business activities picking up with the resumption of normal working hours in May 2023. Such optimism was also supported by ongoing projects and expectations of higher demand for the businesses' goods and services, particularly in the Hotels and Restaurants sector. However, this optimism was offset by a number of private companies that expected the slower and quieter business conditions that typically follow the post-Hari Raya Aidilfitri period. Looking ahead, the index for one month (1M) ahead stood at 49.8, indicating businesses generally expected less favourable conditions in June 2023 compared to May 2023. This expectation generally comes on the back of seasonal effects where business activities and demand tend to slow down after the Hari Raya Aidilfitri festivities.
5. The **Investment sub-index** was 50.1 for the current month, 49.9 for one month (1M) ahead and 50.0 for three months (3M) ahead. This indicates that, in general, businesses expected to raise their investment expenditure in May 2023. There are several factors that attributed to expectations of increased investment, such as stocking up on inventory; purchasing new machinery, equipment and company vehicles; renovation and expansion; and the opening of new branches. Looking ahead, businesses

generally expected to slow down their spending as most major investments were already made earlier in the year.

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 in May and June 2023. Many businesses expressed the ongoing challenges of securing foreign workers due to delays in the recruitment processes and the high cost of hiring, and also challenges domestically in finding individuals with the right skillsets. Another common challenge cited by the businesses is the high turnover rate of local employees. In order to overcome the manpower shortage, some businesses have hired part-timers and collaborated with local colleges and universities to provide interns and attachment students in the near to medium term.
7. The **Costs sub-index** was 50.2 for the current month, and 50.4 for 1M ahead. Companies generally expected the costs of running their businesses in May and June 2023 to be higher than previous months. With the resumption of normal working hours, businesses' operating costs are expected to increase, although some businesses have stated that utility and maintenance costs have been higher in general. In addition, businesses expected increases in costs of imported goods and shipping, higher salary expenses from increased employment; as well as expenses incurred due to the expected pick-up in business activities and production for several sectors.

BSI May 2023	
Current Business Conditions	50.0
1M Ahead Business Conditions	49.8
Current Investment	50.1
1M Ahead Investment	49.9
3M Ahead Investment	50.0
Current Employment	50.2
1M Ahead Employment	50.3
Current Costs	50.2
1M Ahead Costs	50.4

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

8. In terms of **economic sectors**, four out of eleven sectors recorded better business conditions in May 2023. The Hotels and Restaurants sector showed the highest optimism at 50.6 revealing better conditions with businesses operating normally after the fasting month. The index for the Health and Education sector stood at 50.2 in May 2023, indicating that businesses in this sector generally expected better conditions, contributed by additional workforce and a return to normal working hours. Other sectors that indicated optimistic business conditions in May 2023 were the Transport and Communication sector; and Other Private Services sector. Businesses in these sectors generally expected that more projects, more customers and higher consumption of their products and services in May 2023 would contribute to better performance. On the contrary, two out of eleven sectors reported pessimistic business conditions, namely the Construction sector and the Wholesale and Retail Trade sector. The Construction sector's contraction was attributed to the lack of new projects during the Hari Raya season. The Wholesale and Retail Trade sector expected a declining trend in sales as customers had already spent in advance for the Hari Raya Aidilfitri celebrations in the previous month. Meanwhile, the Oil and Gas

Related sector; the Manufacturing sector; the Finance and Insurance sector; the Agriculture, Forestry, Fisheries and Livestock sector; and the Real Estate and Ownership of Dwellings sector reported similar business conditions to April 2023.

Current Business Conditions May 2023 by Sector	
Hotels & Restaurants	50.6
Health & Education	50.2
Transport & Communication	50.1
Other Private Services	50.1
Oil & Gas Related	50.0
Manufacturing	50.0
Agriculture, Forestry, Fisheries & Livestock	50.0
Finance & Insurance	50.0
Real estate & ownership of dwellings	50.0
Construction	49.9
Wholesale & Retail Trade	49.6

9. In terms of the index by **business size**, small- and medium-sized businesses reported expectations of better business conditions in May 2023 compared to April 2023 as these businesses foresaw an increase in sales during the festive season. On the other hand, micro-sized businesses' conditions are expected to weaken slightly due to several issues such as licensing and labour issues. Meanwhile, large-sized businesses expected similar business conditions to April 2023.

Current Business Conditions May 2023 by Size	
Micro	49.9
Small	50.1
Medium	50.1
Large	50.0

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.

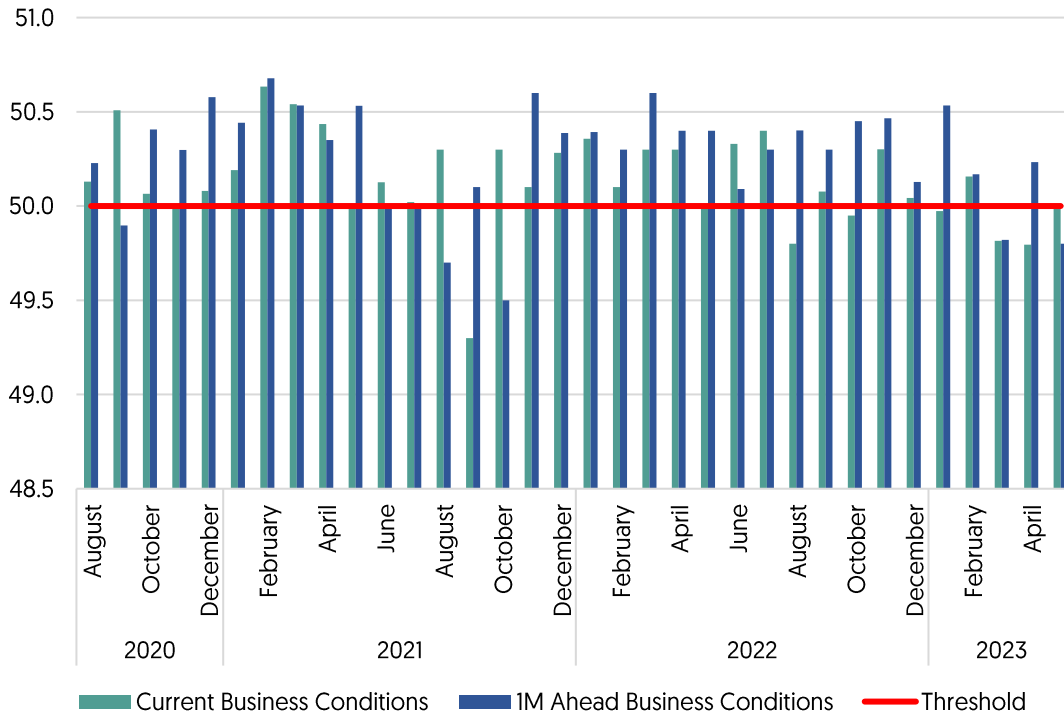
Brunei Darussalam Central Bank

Date: 9 Zulhijjah 1444H / 28 June 2023M

Ref: BDCB/COMMS/3

ANNEX 1

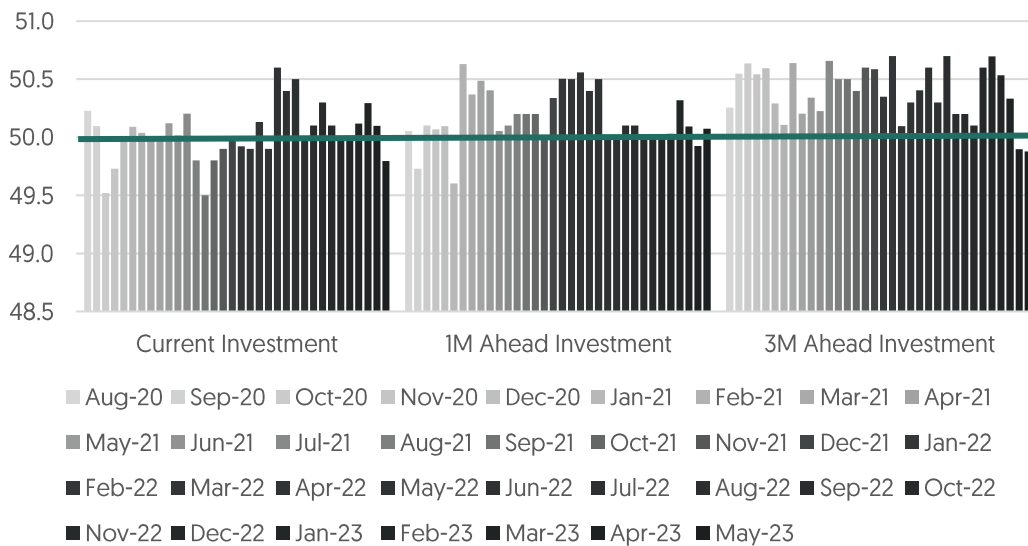
Business Conditions



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

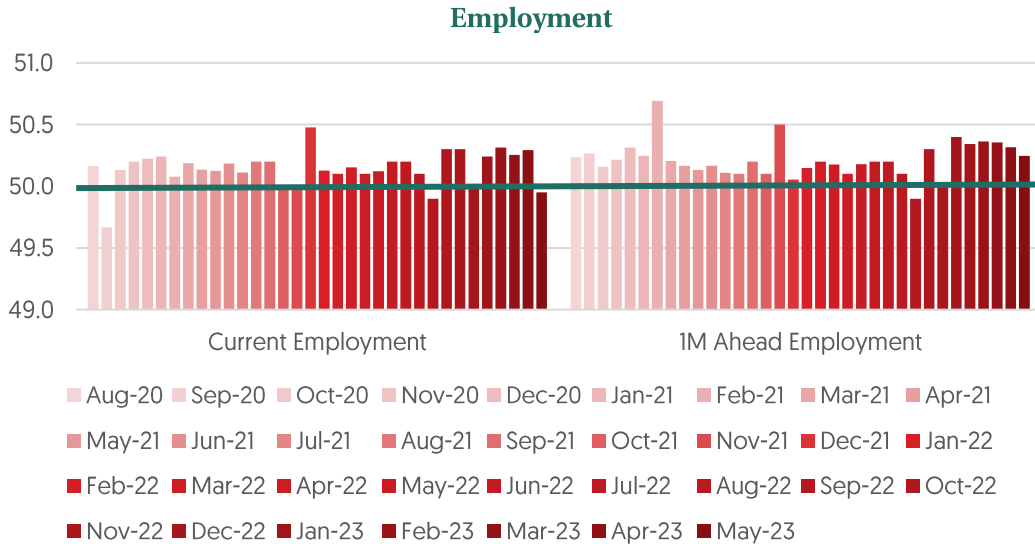
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Investments



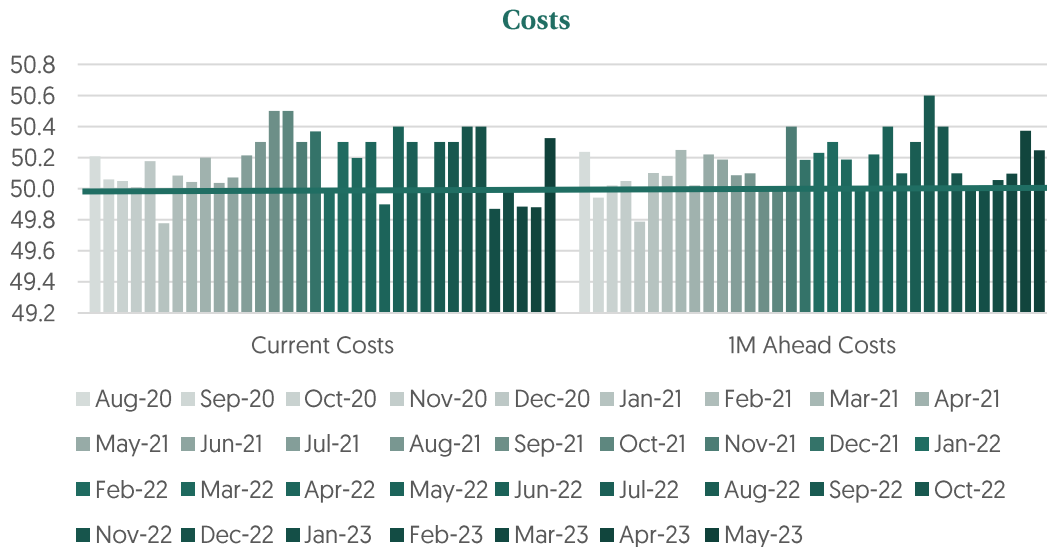
Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

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.

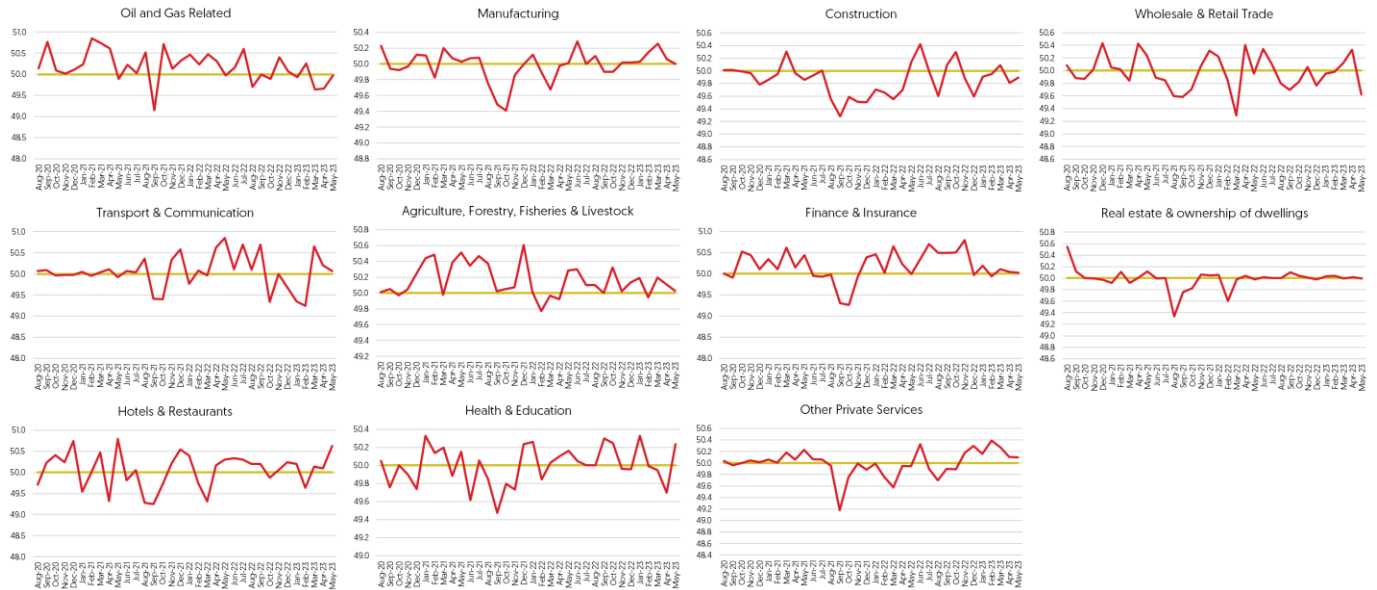
For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.



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

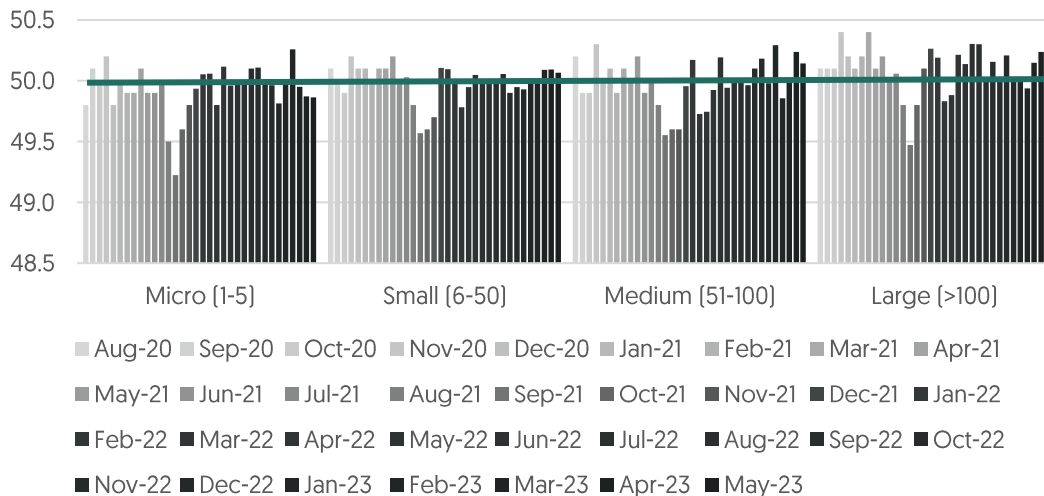
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

Sectoral BSI – August 2020 to May 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.