



## PRESS RELEASE

### BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR APRIL 2023

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1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of April 2023. The index is based on surveys conducted on almost 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 **Current Business Conditions sub-index**, which is the main headline index for the BSI, was 49.8 in April 2023, similar to March 2023. This indicated that, in general, private sector businesses expected to continue experiencing poorer business conditions in April 2023 as they did in the previous month. Many businesses cited that the main contributor for their pessimistic outlook was the expectation that demand for their goods and services would dampen as more people would be travelling abroad during the long school holidays in April. Some businesses mentioned that there would be fewer activities during the month of Ramadhan and the shorter working hours would also have a negative impact on their business performance. Looking ahead, the index for one month (1M) ahead stood at 50.2, compared to 49.8 in the previous month. This indicated that businesses were optimistic that conditions would pick up in May 2023, as they expect that business activities will recover as normal working hours resume; as well as the expectation that spending would remain strong throughout 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 49.9 for three months (3M) ahead. This indicates that, in general, businesses expected to raise their investment expenditure in April 2023. There are several areas that businesses intend to invest in – such as purchasing new materials and stocking up on inventory to cater for the expected increase in demand for the Hari Raya Aidilfitri celebrations; purchasing of new machinery, equipment and company vehicles; upgrading

of office systems; renovating and expanding their businesses; and the opening of new branches. Looking ahead, businesses generally expected to reduce their investments in the next few months since large purchases have already been made in the first quarter of the year and would need to assess their needs in the months ahead.

6. The **Employment sub-index** was 50.3 for the current month, and 50.3 for 1M ahead. This indicated that businesses generally expected to increase their hiring in April 2023 and in the following month. Many businesses have indicated that the hiring of employees is in line with their business expansion plans, while others cited the need to replace employees who have left and to ensure they can maintain enough workers to complete ongoing projects. Some business representatives also shared their experience and challenges faced in recruiting new employees such as the lengthy process of hiring foreign workers and the risk of local workers abruptly leaving the businesses after a significant amount of resources have been invested in their training and development. On a more positive note, a few businesses were expecting to temporarily hire interns and attachment students from local colleges and universities.
7. The **Costs sub-index** was 49.9 for the current month, and 50.4 for 1M ahead. Companies generally expected the costs of running their businesses in April 2023 to be lower than in March 2023 due to the shorter working month and slower business activities. Businesses also expected costs for the month of May 2023 to be higher than that of April 2023 with the resumption of normal operating hours; higher salary expenses from increased employment; as well as expenses incurred due to expected pick-up in business activities and production.

<b>BSI April 2023</b>	
<b>Current Business Conditions</b>	<b>49.8</b>
1M Ahead Business Conditions	50.2
Current Investment	50.1
1M Ahead Investment	49.9
3M Ahead Investment	49.9
Current Employment	50.3
1M Ahead Employment	50.3
Current Costs	49.9
1M Ahead Costs	50.4

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

8. In terms of **economic sectors**, six out of eleven sectors recorded better business conditions in April 2023. The Wholesale and Retail sector showed the highest optimism at 50.3 due to expectations that consumers will increase their demand for goods and services in preparation for the Hari Raya Aidilfitri celebrations. Many businesses within this sector had increased their promotional activities in the last few months, which is expected to prop up their sales for April 2023. The index for the Transport and Communication sector stood at 50.2 in April 2023, indicating that businesses in this sector generally expected better conditions, contributed by ongoing projects and promotional campaigns to boost sales. Other sectors that indicated optimistic business conditions in April 2023 were the Agriculture, Forestry, Fisheries and Livestock sector; Hotels and Restaurants sector; Manufacturing sector; and Other Private Services sector. Businesses in these sectors generally expected that higher demand will improve their business performances. On the other hand, three out of eleven sectors reported pessimistic

business conditions. The Oil and Gas Related sector continued to report pessimistic business conditions from last month as scheduled maintenance and poorer market conditions are expected to affect production and revenue. The other sectors that indicated pessimism in April 2023 were the Construction sector, and the Health and Education sector. As the Construction sector is very labour-intensive, there were fewer activities during the fasting month, while the Health and Education sector was also negatively impacted by the shorter Ramadhan working hours. Meanwhile, the Finance and Insurance sector; and the Real Estate and Ownership of Dwellings sector reported similar business conditions to the previous month.

Current Business Conditions April 2023 by Sector	
Wholesale & Retail Trade	50.3
Transport & Communication	50.2
Agriculture, Forestry, Fisheries & Livestock	50.1
Hotels & Restaurants	50.1
Manufacturing	50.1
Other Private Services	50.1
Finance & Insurance	50.0
Real Estate & Ownership of Dwellings	50.0
Construction	49.8
Health & Education	49.7
Oil and Gas Related	49.7

9. In terms of the index by **business size**, small- and medium-sized businesses reported better business conditions in April 2023 compared to March 2023. Businesses expected to see an increase in demand for goods and services as consumers prepare for the Hari Raya Aidilfitri celebrations. On the other hand, micro-sized businesses were less optimistic as they expected that the shorter operational hours during the Ramadhan month and residents travelling abroad during the school holidays would have an adverse impact on their business activities. Meanwhile, large-sized businesses reported similar business conditions to March 2023.

Current Business Conditions April 2023 by Size	
Micro	49.9
Small	50.1
Medium	50.2
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.bdc.gov.bn](http://www.bdc.gov.bn) and follow updates on the BSI through future press releases and BDCB's Instagram account @centralbank.brunei.

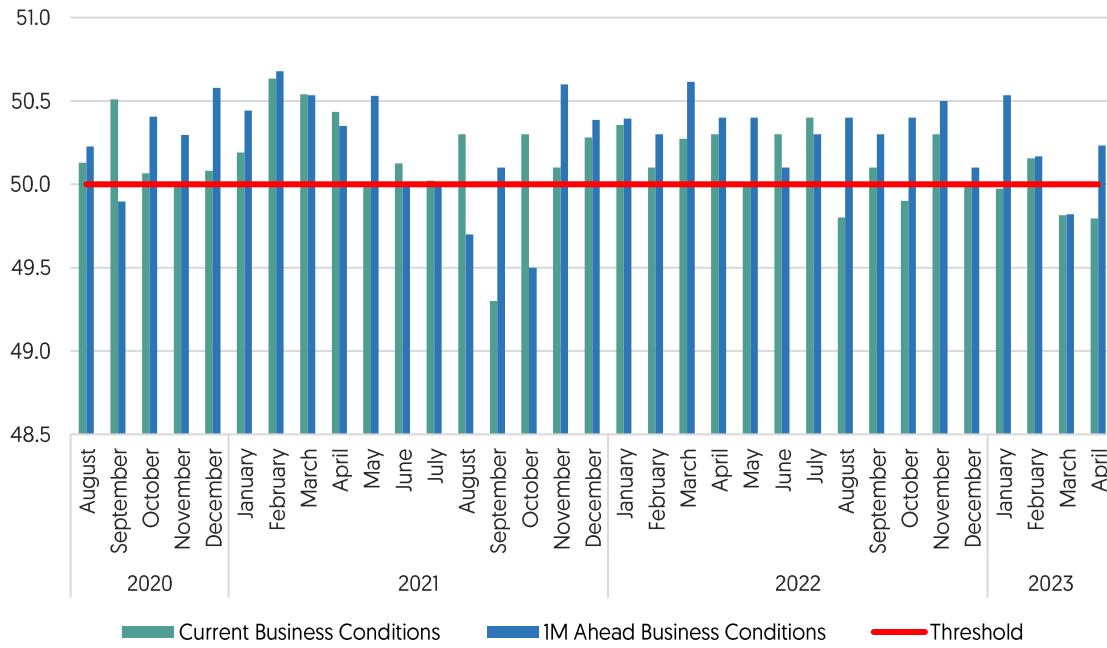
**Brunei Darussalam Central Bank**

Date: 10 Zulkaedah 1444H / 30 May 2023M

Ref: BDCB/COMMS/3

**ANNEX 1**

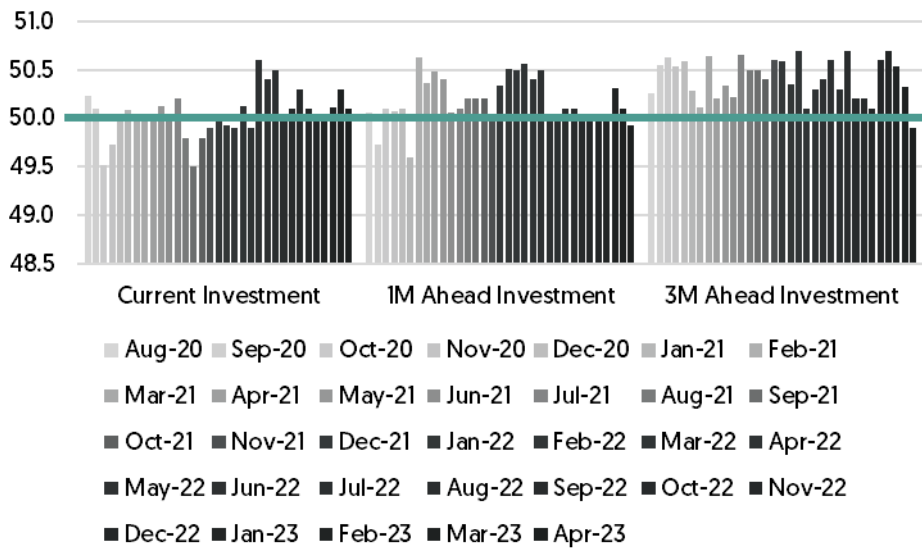
**Business Conditions**



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

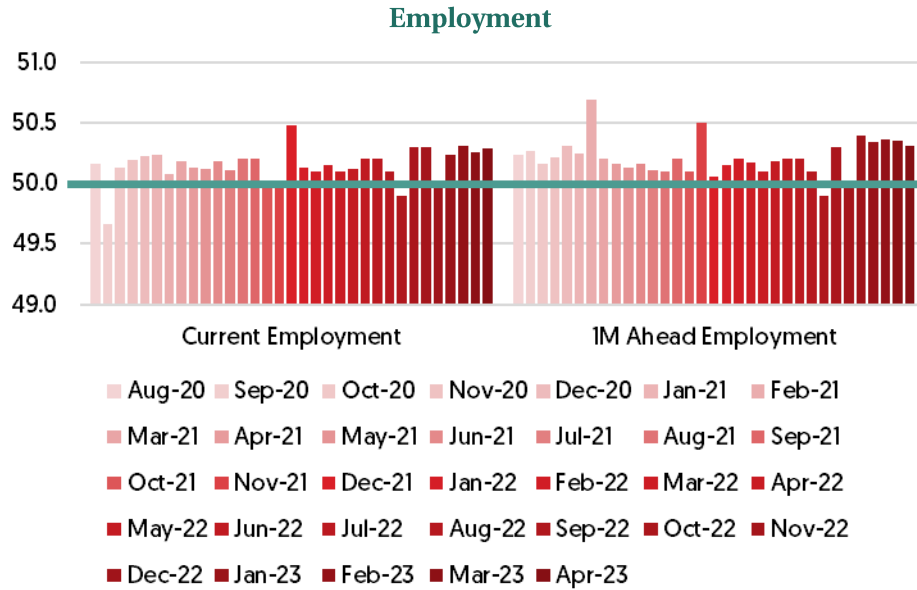
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

**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.

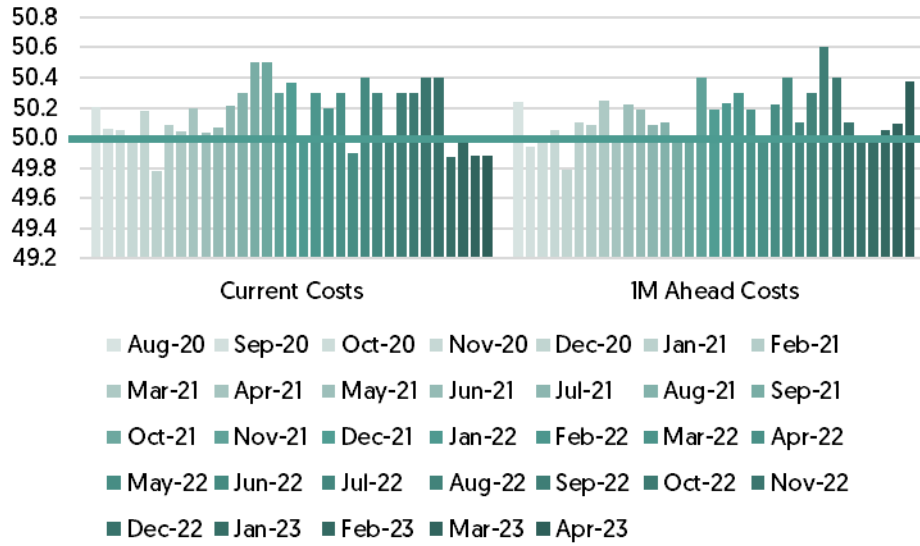
For Investments sub-index, above 50 indicates increased investment compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduced investment compared to the previous month.



**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.

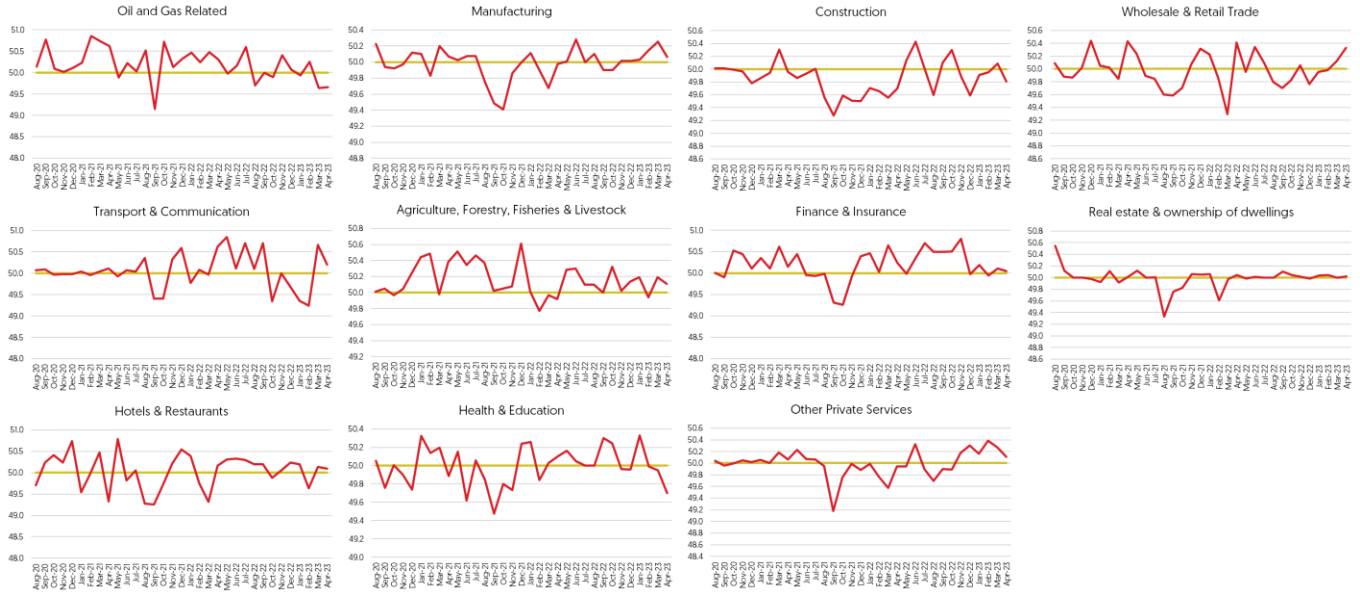
## Costs



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

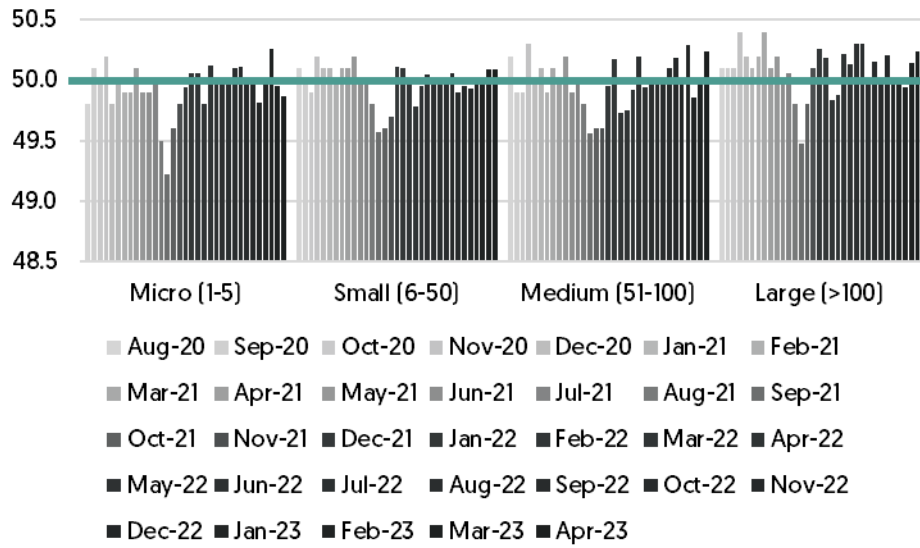
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

## Sectoral BSI – August 2020 to April 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.