



PRESS RELEASE

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

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of March 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.

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 March 2023 compared to 50.2 in February 2023. This indicated that, in general, private sector businesses expected to experience worse business conditions in March 2023 compared to February 2023. Some reasons that have been cited for their pessimistic outlook were expectations of reduced business activities due to shorter Ramadhan working hours and slowing market conditions, which was expected to have an adverse impact on production and sales. Looking ahead, the index for one month (1M) ahead stood at 49.8, which indicated that businesses continued to be pessimistic for the near future. While many companies expected sales and promotions for the Ramadhan and Hari Raya Aidilfitri festivities to provide a boost in the demand for their products and services, other businesses cited that the shorter working hours during the month of Ramadhan, the school holidays and Hari Raya public holidays in April could dampen business activities.
5. The **Investment sub-index** was 50.3 for the current month, 50.1 for one month (1M) ahead and 50.3 for three months (3M) ahead. This indicates that, in general, businesses expected to raise their investment expenditures in March 2023 and are expecting to continue doing so over the next few months. Businesses expected to increase investment expenditure in a number of areas, including stocking up on inventory for the upcoming Hari Raya Aidilfitri celebration; purchasing new equipment and materials as well as repairing and replacing older equipment and machinery; increasing investments into new and

existing employees, such as providing professional training and renovating staff housing; as well as upgrading office spaces and systems.

6. The **Employment sub-index** was 50.3 for the current month, and 50.4 for 1M ahead. This indicated that businesses generally expected to increase their hiring in March 2023 and in the following month. One reason that businesses cited regarding their plans to increase employee headcount is to ensure there are enough workers for their new and ongoing projects. On the other hand, a few businesses have been experiencing staff shortages because of the resignation of some employees. Because of this, these businesses expected that their hiring efforts will continue for a longer period until they are able to fill the vacancies.
7. The **Costs sub-index** was 49.9 for the current month, and 50.1 for 1M ahead. Companies generally expected the costs of running their businesses in March 2023 to be lower than in February 2023. Businesses also expected costs for the month of April 2023 to be higher than March 2023. In general, businesses' expectation that costs will be higher in the near future is contributed by increasing costs of materials and shipping, as well as the expectation that increased hiring in the future will lead to higher spending on salary payments.

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

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

8. In terms of **economic sectors**, eight out of eleven sectors recorded better business conditions in March 2023. The Transport and Communication sector showed the highest optimism at 50.7 due to expectations that the upcoming school holiday will increase demand for air travel. The Manufacturing sector, Other Private Services sector as well as the Agriculture, Forestry, Fisheries and Livestock sector expected better business conditions in March 2023 compared to February 2023 as they expected orders and sales to pick up due to increased business activities. The Construction sector also showed optimism as new projects have been awarded to some companies, while the Finance and Insurance sector expected automobile purchases and vehicle insurance spending to increase. The other sectors that recorded optimism were the Wholesale and Retail Trade sector and the Hotels and Restaurants, where promotional activities in conjunction with the upcoming Hari Raya Aidilfitri celebration are expected to boost activities. On the other hand, two out of eleven sectors indicated pessimistic business conditions. The Oil and Gas Related sector reported pessimistic business conditions as scheduled maintenance and poorer market conditions are expected to affect production and revenue. The other sector that indicated slight pessimism was the Health and Education sector. Meanwhile, the Real Estate & Ownership of Dwellings sector reported similar business conditions to the previous month.

Current Business Conditions March 2023 by Sector	
Transport & Communication	50.7
Manufacturing	50.3
Other Private Services	50.3
Agriculture, Forestry, Fisheries & Livestock	50.2
Construction	50.1
Wholesale & Retail Trade	50.1
Finance & Insurance	50.1
Hotels & Restaurants	50.1
Real Estate & Ownership of Dwellings	50.0
Health & Education	49.9
Oil and Gas Related	49.6

9. In terms of the index by **business size**, small- and large-sized businesses reported better business conditions in March 2023 compared to February 2023. Many businesses have cited that, compared to February which was a shorter month, they expected to see a pickup in activity in March 2023, with more business activities and increased revenues. On the other hand, micro- and medium-sized businesses reported similar business conditions to February 2023.

Current Business Conditions March 2023 by Size	
Micro	50.0
Small	50.1
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: 27 Ramadhan 1444H / 18 April 2023M

Ref: BDCB/COMMS/3

ANNEX 1

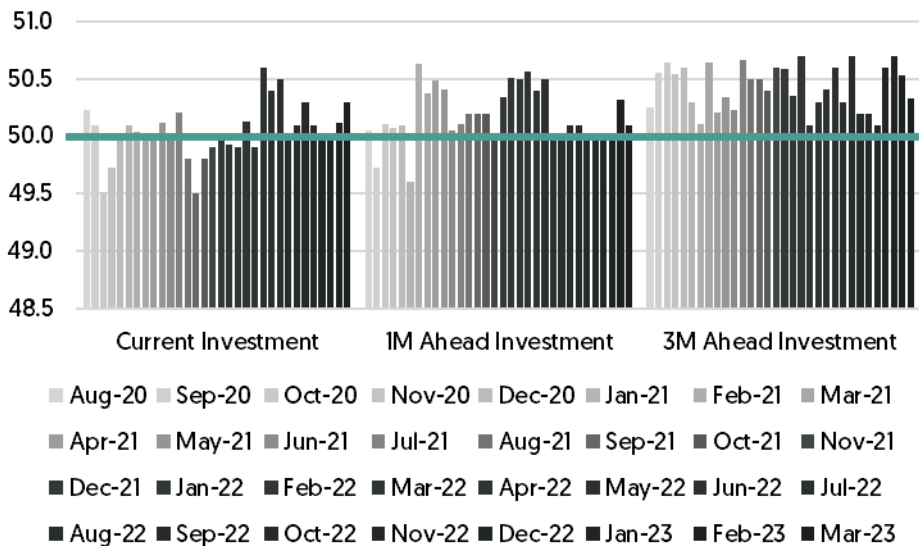
Business Conditions



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

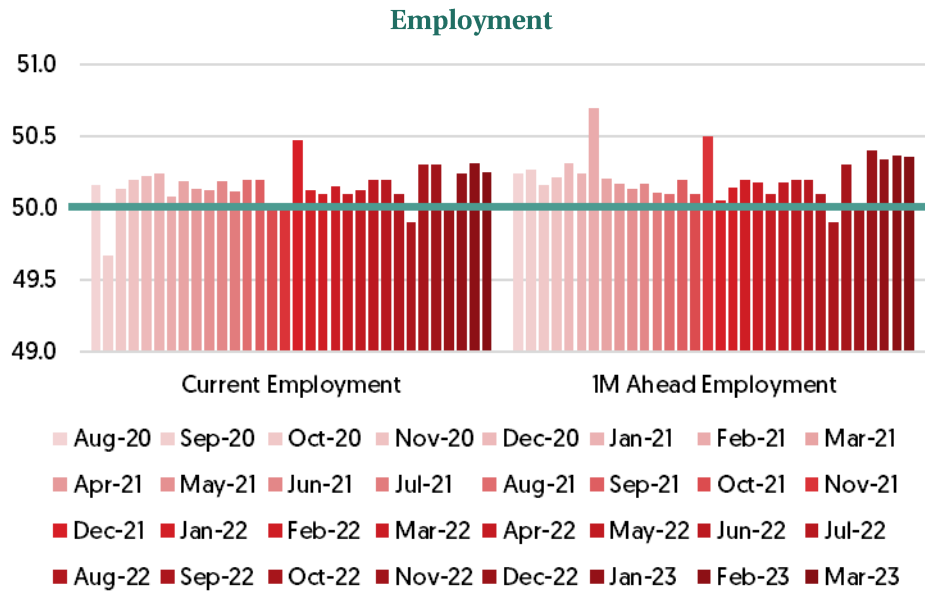
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Investments



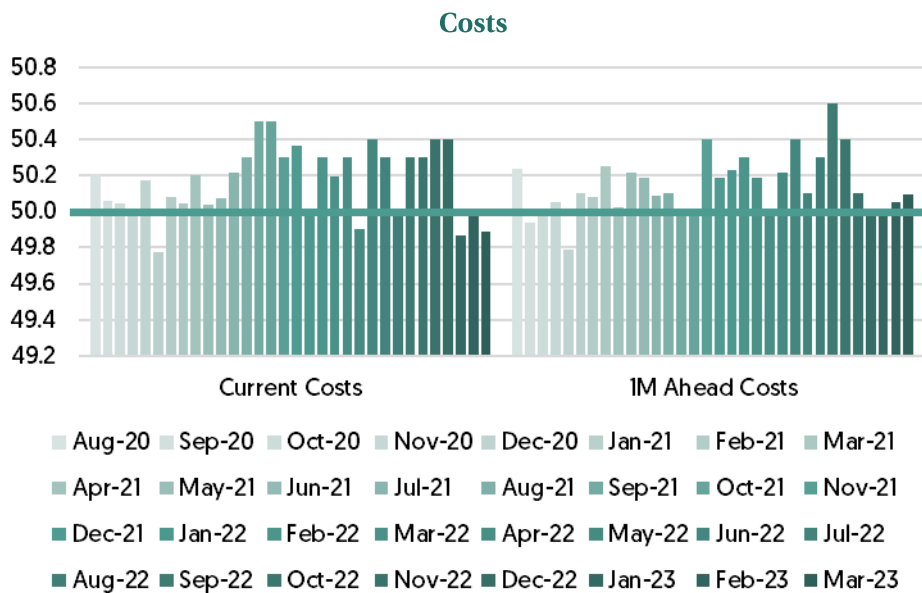
Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

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.

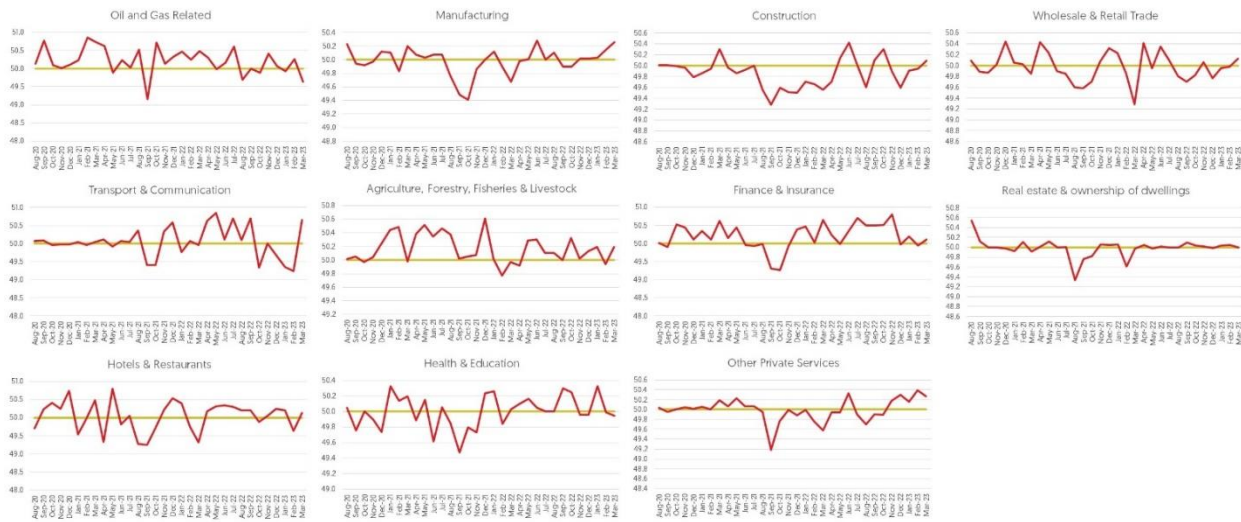
For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.



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

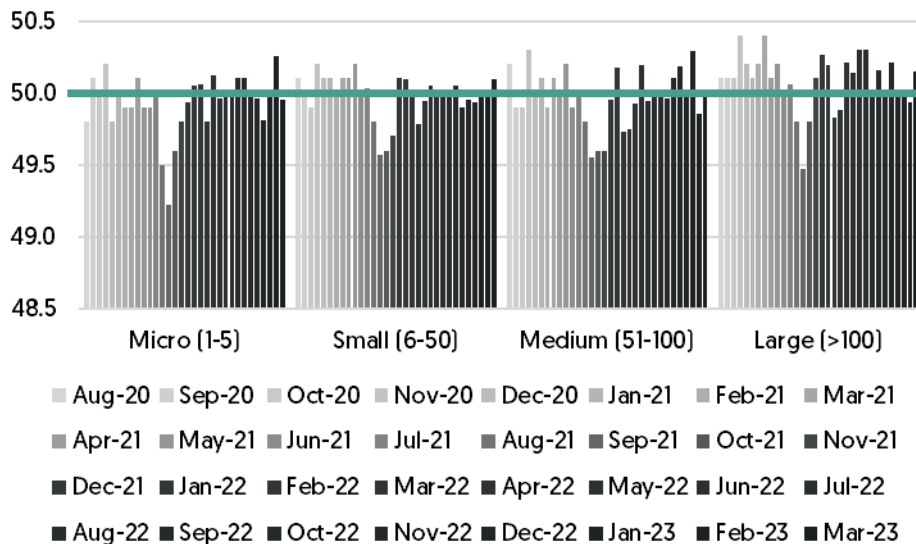
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

Sectoral BSI – August 2020 to March 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.