



PRESS RELEASE

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

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of February 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 50.2 in February 2023, compared to 50.0 in January 2023. This indicates that, in general, private sector businesses expected to experience better business conditions in February 2023 compared to January 2023. Despite February being a shorter month, businesses remained optimistic due to expectations that there would be improved production and also increased activities with the commencement of new projects as well as expectations that ongoing sales promotions can spur demand for their goods and services. Looking ahead, the index for one month (1M) ahead stood at 50.2, which indicated that businesses continued to be optimistic for the near future. Main reasons cited that contributed to the optimism were the continued activities from projects, and expected increasing demand in preparation for Ramadhan and Hari Raya Aidilfitri.
5. The **Investment sub-index** was 50.1 for the current month, 50.3 for one month (1M) ahead and 50.5 for three months (3M) ahead. This indicates that, in general, businesses expected to raise their investment expenditures in February 2023 and are expecting to continue increasing their level of investments over the next few months. Businesses expected to firm up investment expenditure for the purchase of machinery, equipment and materials for upcoming projects, office renovations and expansions of the business, upgrading systems to improve productivity and efficiency, as well as increasing inventory for the upcoming Hari Raya Aidilfitri celebration.

6. The **Employment sub-index** was 50.3 for the current month, and 50.4 for 1M ahead. This indicates that businesses generally expected to increase their hiring in February 2023 and in the following month. While many businesses stated that the plan to increase employee headcount is for the purposes of new and ongoing projects, other businesses also mentioned that there was a need to hire more employees in order to keep up with expected increase in demand.
7. The **Costs sub-index** was 50.0 for the current month, and 50.1 for 1M ahead. Companies generally expected the costs of running their businesses in February 2023 to be similar to that of January 2023. Businesses also expected costs for the month of March 2023 to be higher than February 2023. In general, businesses' expectation that costs will increase in the near future is contributed by rising costs of materials and higher spending for salary payments as well as marketing and promotional activities.

BSI February 2023	
Current Business Conditions	50.2
1M Ahead Business Conditions	50.2
Current Investment	50.1
1M Ahead Investment	50.3
3M Ahead Investment	50.5
Current Employment	50.3
1M Ahead Employment	50.4
Current Costs	50.0
1M Ahead Costs	50.1

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

8. In terms of **economic sectors**, three out of eleven sectors recorded optimism in February 2023, which are the Other Private Services sector, contributed by increased number of projects and promotional activities this month, as well as the Oil and Gas Related and the Manufacturing sectors, where production and sales activities were also expected to pick up. On the other hand, five out of the eleven sectors indicated pessimistic business conditions. In addition to February being a shorter month, the Israk Mikraj and 39th National Day public holidays also contributed to fewer sales in the month of February 2023 compared to January 2023. This pessimism was echoed by the Agriculture, Forestry, Fisheries and Livestock; Finance and Insurance; Construction and the Transport and Communication sectors. Additionally, the Hotels and Restaurants sector expected lower occupancy rates for the month of February 2023. Meanwhile, other sectors reported similar business conditions in February 2023 compared to January 2023.

Current Business Conditions February 2023 by Sector	
Other Private Services	50.4
Oil and Gas Related	50.3
Manufacturing	50.2
Wholesale & Retail Trade	50.0
Real Estate & Ownership of Dwellings	50.0
Health & Education	50.0
Construction	49.9

Agriculture, Forestry, Fisheries & Livestock	49.9
Finance & Insurance	49.9
Hotels & Restaurants	49.6
Transport & Communication	49.2

9. In terms of the index by **business size**, micro-sized businesses reported better business conditions in February 2023 compared to January 2023. Meanwhile, small companies reported similar business conditions in February 2023; and medium and large companies had a pessimistic outlook on business conditions compared to the previous month.

Current Business Conditions February 2023 by Size	
Micro	50.3
Small	50.0
Medium	49.9
Large	49.9

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.

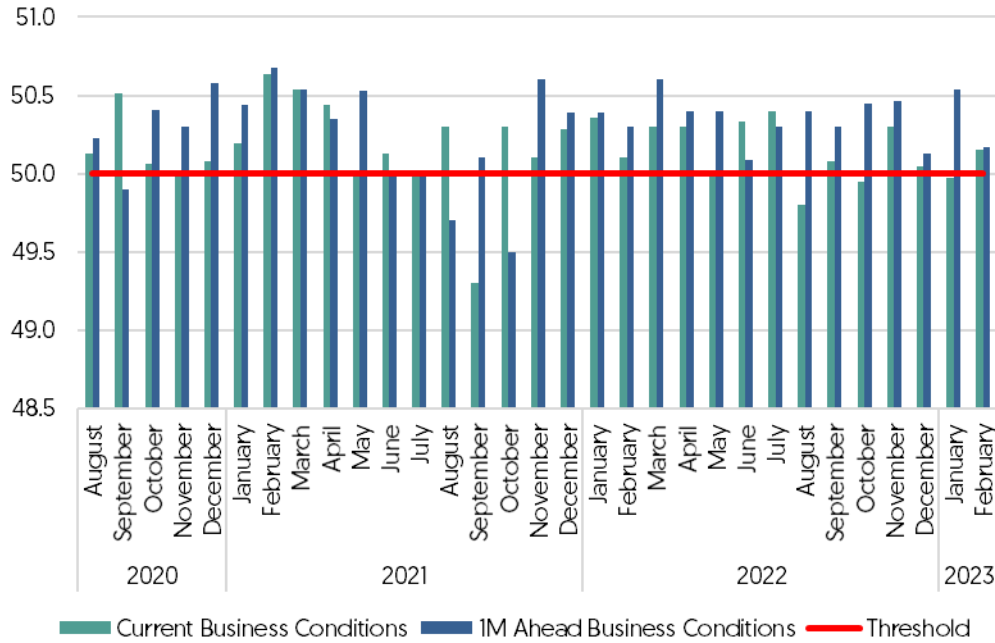
Brunei Darussalam Central Bank

Date: 27 Sya'ban 1444H / 20 March 2023M

Ref: BDCB/COMMS/3

ANNEX 1

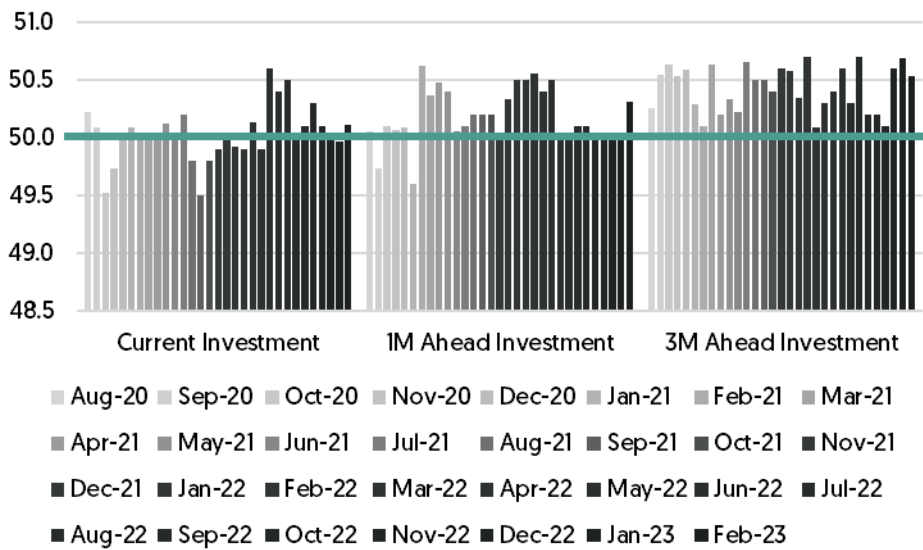
Business Conditions



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

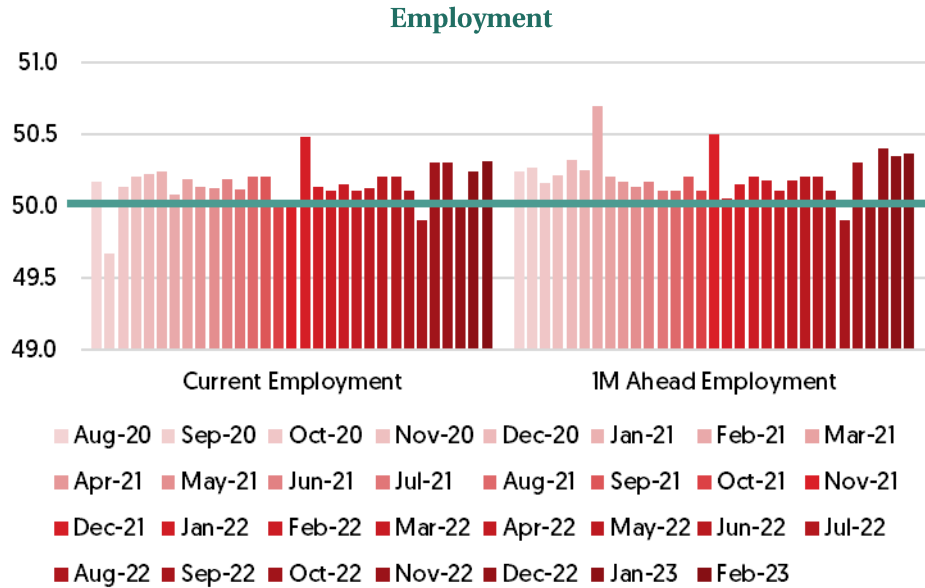
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Investments



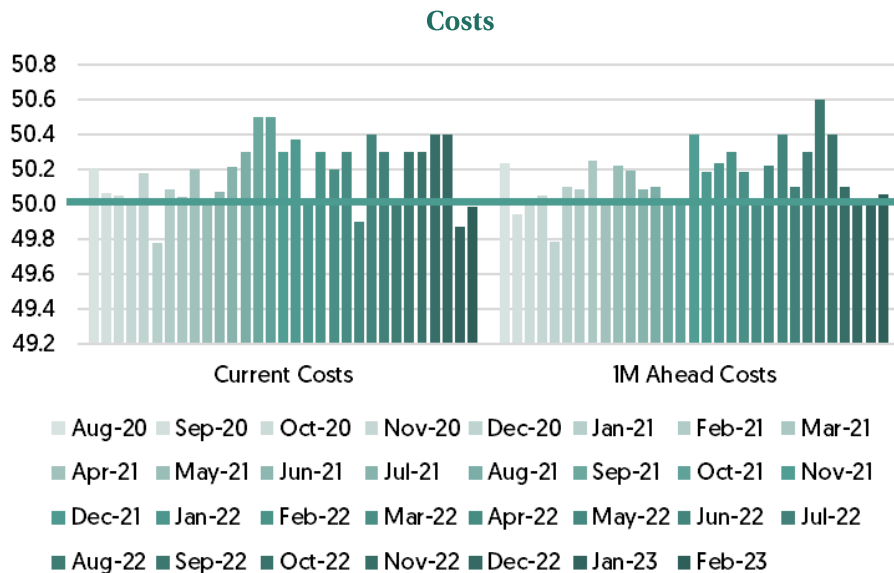
Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

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.

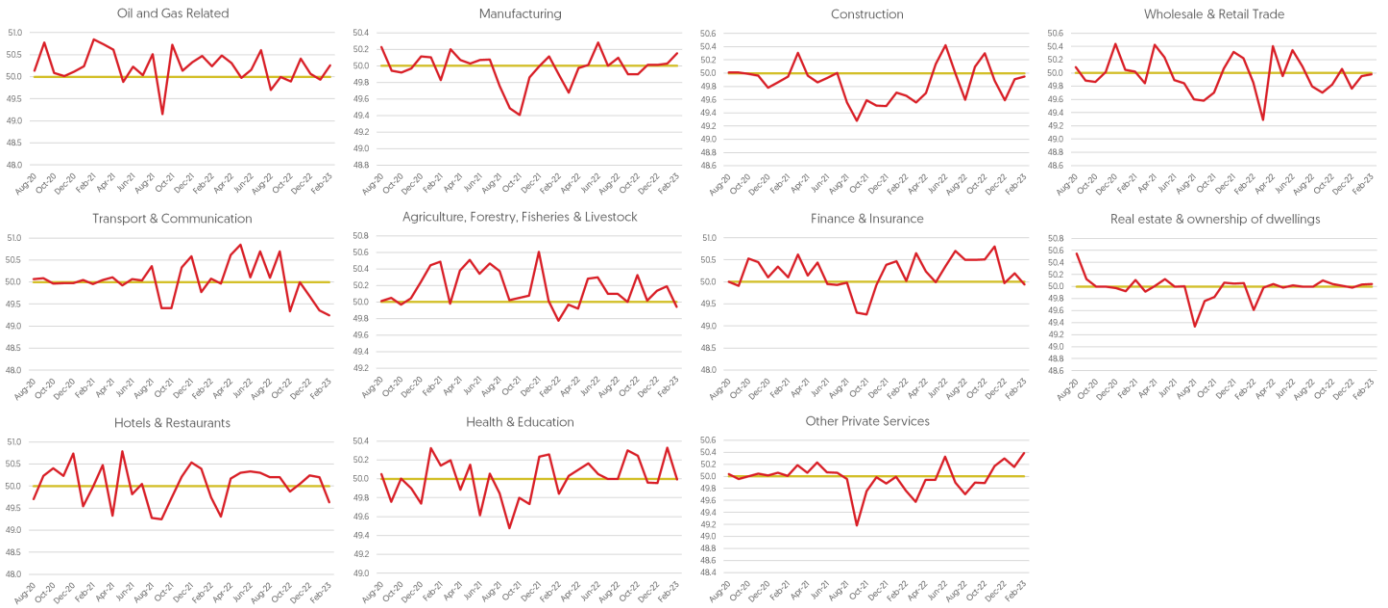
For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.



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

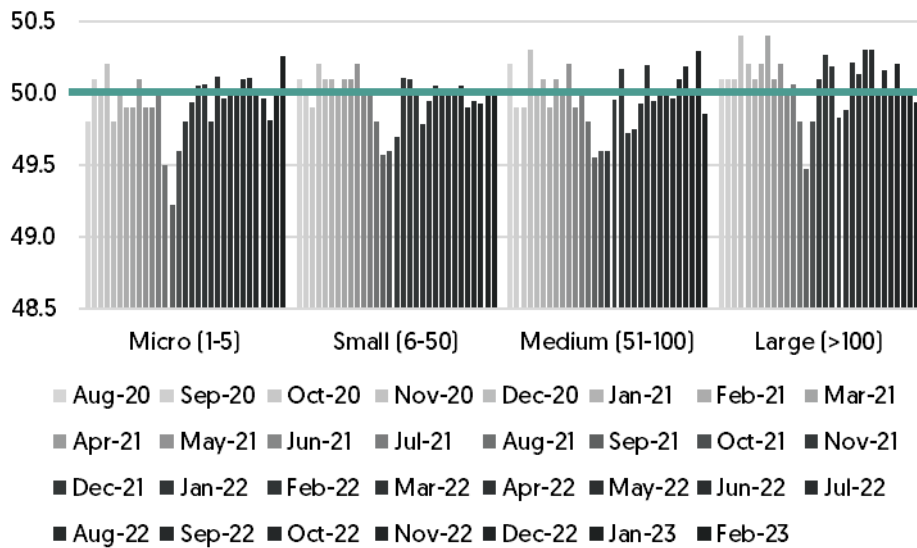
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

Sectoral BSI – August 2020 to February 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.*