



## PRESS RELEASE

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

---

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of January 2023. The index is based on surveys conducted on almost 600 micro, small, medium and large businesses from 11 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 50.0 in January 2023, same as December 2022. This indicates that, in general, private sector businesses expected similar business conditions in January 2023 compared to the previous month. One common reason cited was that January 2023 would be a quieter and shorter working month with several public holidays. While some businesses reported that events such as the Royal Wedding, Chinese New Year and the 26<sup>th</sup> Consumer Fair would contribute to higher demand for their products and services, others felt that the level of consumer spending would not be as high in the month of January 2023 after the December holidays. Looking ahead, businesses were generally more optimistic about their performance in February 2023 compared to January 2023 as indicated by the index for one month (1M) ahead, which stood at 50.5. This optimism was mainly driven by expectations of higher production due to higher demand; more incoming projects; commencement of new projects; as well as upcoming events such as the 39<sup>th</sup> National Day.
5. The **Investment sub-index** was 50.0 for the current month, 50.0 for one month (1M) ahead, and 50.7 for three months (3M) ahead. This indicates that, in general, businesses expected to maintain their investment expenditures in January and February 2023 and will only increase investments in the next three months. The main factors shared for the increased investment are for the purchase of machinery and equipment for new projects; replacing or fixing old equipment; expansion and renovations of

offices and factories; and increasing inventory in preparation for the Hari Raya Aidilfitri 1444H celebrations, during which more sales were expected.

6. The **Employment sub-index** was 50.2 for the current month, and 50.3 for 1M ahead. This indicates that businesses generally expected to increase their hiring in January 2023 and in the following month. Businesses stated that the plan to increase their employee headcount is in line with expectations that business conditions will pick up in the next month.
7. The **Costs sub-index** was 49.9 for the current month, and 50.0 for 1M ahead. This indicates that companies generally expected the costs of running their businesses to be lower in January 2023 compared to December 2022. Among the reasons reported include reduced activities and costs of raw materials during the month, as well as lower salary costs compared to the previous month. Businesses also expected costs for the month of February 2023 to be similar to January 2023.

<b>BSI January 2023</b>	
<b>Current Business Conditions</b>	<b>50.0</b>
1M Ahead Business Conditions	50.5
Current Investment	50.0
1M Ahead Investment	50.0
3M Ahead Investment	50.7
Current Employment	50.2
1M Ahead Employment	50.3
Current Costs	49.9
1M Ahead Costs	50.0

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

8. In terms of **economic sectors**, five out of eleven sectors recorded optimism in January 2023. The sector showing the biggest increase in sentiment was the Health and Education sector, mainly due to the start of the new school year. The Hotels and Restaurants sector and the Agriculture, Forestry, Fisheries and Livestock sector also reported optimism in January 2023, with expectations of increased activities related to the Chinese New Year celebrations and other festive events. Optimism was also reported by the Finance and Insurance sector and Other Private Services sector with increased activities and some companies securing more contracts and projects at the start of the year. Meanwhile, three out of eleven sectors indicated pessimism in January 2023 compared to the previous month, with the Oil and Gas Related and Construction sectors citing fewer projects at the start of the year, while others were experiencing project delays due to bad weather conditions. Similarly, the Transport and Communication sector reported pessimism in January 2023 following the peak travel period experienced in December 2022. Meanwhile, other sectors reported similar business conditions in January 2023 compared to last month.

Current Business Conditions January 2023 by Sector	
Health & Education	50.3
Hotels & Restaurants	50.2
Agriculture, Forestry, Fisheries & Livestock	50.2
Finance & Insurance	50.2
Other Private Services	50.2
Manufacturing	50.0
Real Estate & Ownership of Dwellings	50.0
Wholesale & Retail Trade	50.0
Oil and Gas Related	49.9
Construction	49.9
Transport & Communication	49.4

9. In terms of the index by **business size**, medium-sized businesses reported better business conditions in January 2023 compared to December 2022 as residents returned from their year-end travels to resume domestic spending. Meanwhile, micro, small and large companies reported similar business conditions in January 2023 compared to the previous month.

Current Business Conditions January 2023 by Size	
Micro	50.0
Small	50.0
Medium	50.3
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](http://www.bdcg.gov.bn) and follow updates on the BSI through future press releases and BDCB's Instagram account @centralbank.brunei.

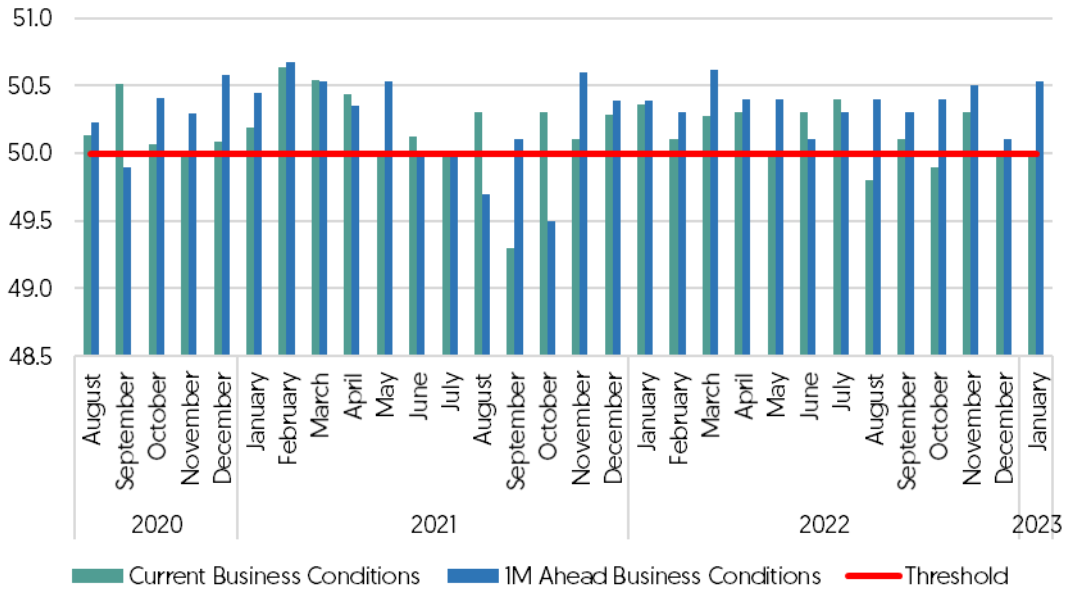
**Brunei Darussalam Central Bank**

Date: 1 Sya'ban 1444H / 22 February 2023M

Ref: BDCB/COMMS/3

ANNEX 1

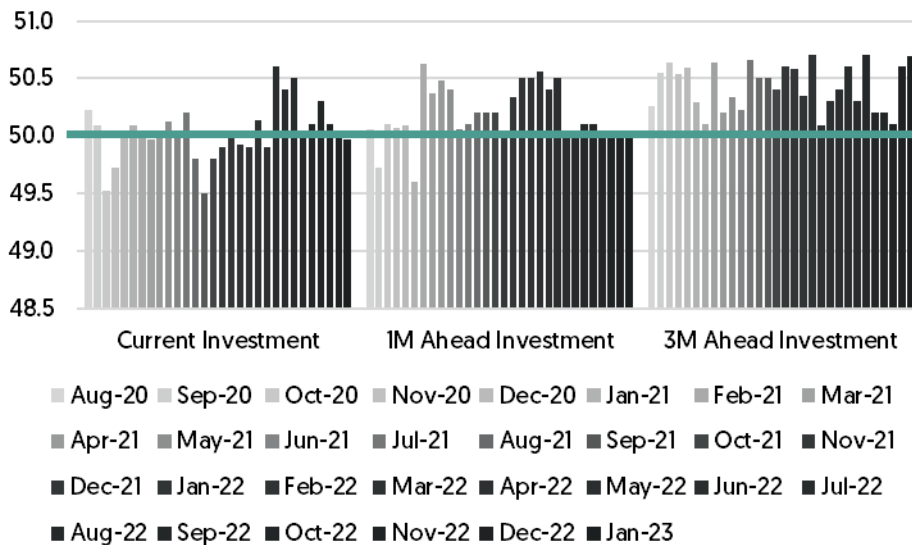
Business Conditions



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

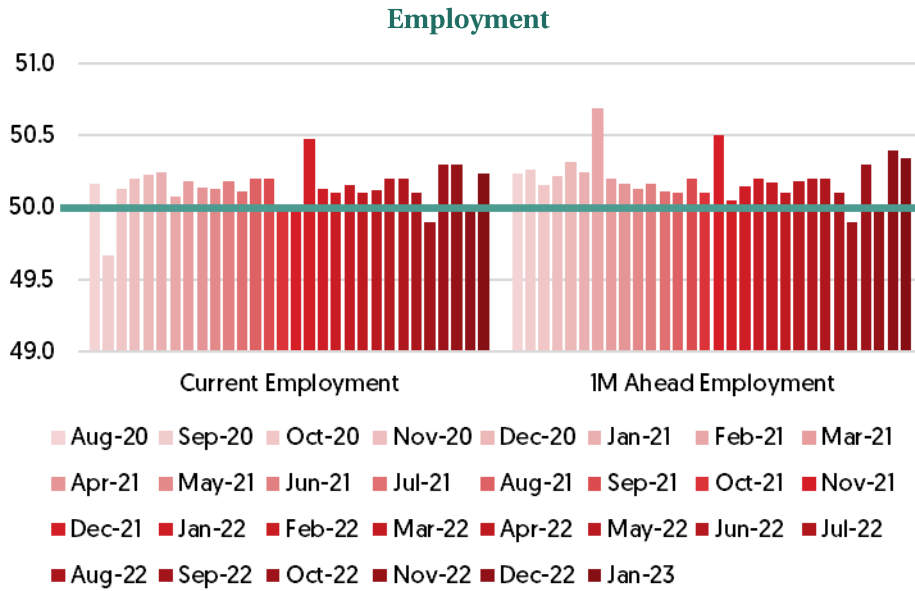
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Investments



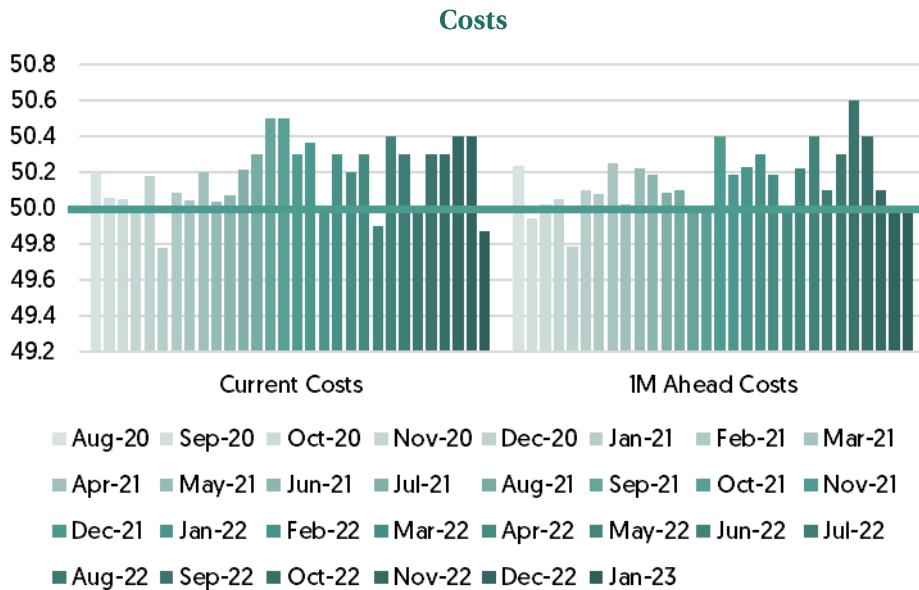
**Note:** For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

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.

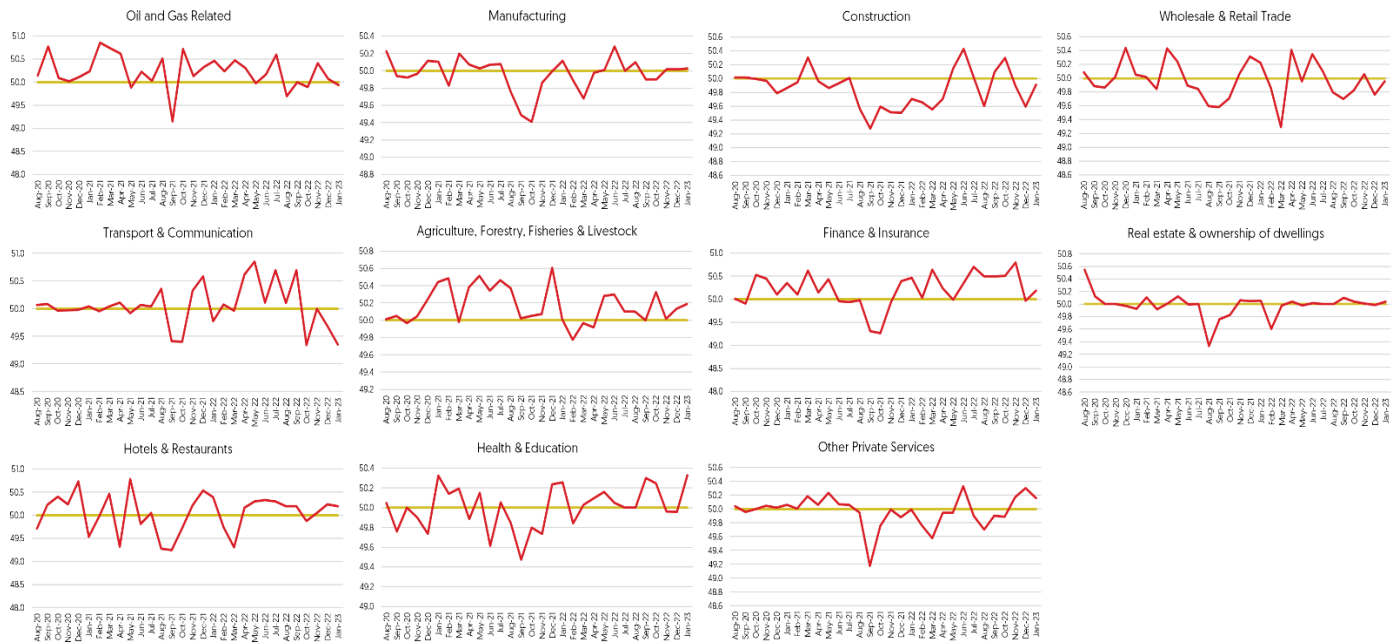
For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.



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

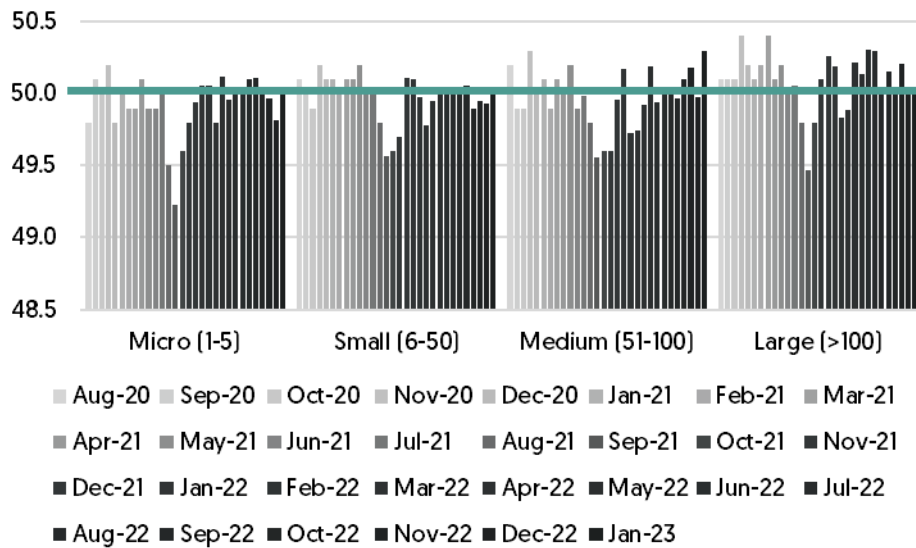
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

### Sectoral BSI – August 2020 to January 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.*