



## PRESS RELEASE

### BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR DECEMBER 2022

---

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of December 2022. The index is based on surveys conducted on more than 600 micro-, small-, medium- and large-sized 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, 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 December 2022 compared to 50.3 in November 2022. In general, private sector businesses experienced similar business conditions in December compared to the previous month. A number of businesses expected better performance with higher demand for their products and services; new projects; coupled with the holiday and festive season; and end of year sale promotions. While December is typically the month when many employees receive their annual salary bonuses, some companies projected dampening of domestic demand and sales with expectations of many residents traveling abroad. Looking ahead, businesses were generally slightly optimistic about their performance in January 2023 compared to December 2022 as indicated by the index for one month (1M) ahead, which stood at 50.1. This was driven by expectations of more projects and events in the new year including the upcoming Chinese New Year, and lessened overseas travel with the start of the school term.
5. The **Investment sub-index** was 50.0 for the current month, 50.0 for one month (1M) ahead and 50.6 for three months (3M) ahead. This indicates that, in general, businesses expected to maintain their investment expenditures and only increase it in the next three months. Businesses planned to invest in various aspects from farm infrastructure; purchase of materials for new projects, new company vehicles,

machinery, office equipment and systems as part of digitalisation effort; office renovations; opening of new branches; and stocking up on inventory for the upcoming festive season.

6. The **Employment sub-index** was 50.0 for the current month, and 50.4 for 1M ahead. This indicates that in December 2022, most businesses generally expected to maintain their number of workers as per previous month. However, businesses stated plans of hiring more the following month to replace those who have left, as well as to expand their workforce, in line with expansion plans and increased number of projects.
7. The **Costs sub-index** was 50.3 for the current month, and 50.0 for 1M ahead. This indicates that companies generally expected the costs of running their businesses to increase in December 2022. Several factors were cited, such as higher project costs; shipping costs; increased expenditure on repairs and maintenance; salary expenses including staff bonuses; increased marketing activities; and the increased airfares for outgoing foreign employees. Businesses also expected costs for the month of January 2023 to be similar to December 2022.

BSI December 2022	
Current Business Conditions	50.0
1M Ahead Business Conditions	50.1
Current Investment	50.0
1M Ahead Investment	50.0
3M Ahead Investment	50.6
Current Employment	50.0
1M Ahead Employment	50.4
Current Costs	50.3
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 December 2022. Three sectors showing the biggest increase in sentiment are impacted by the holiday season. These are the Transport & Communication sector which were optimistic as December is the peak period where residents travel abroad during the school holidays; Other Private Services sector with higher demand for their services; and Hotels and Restaurants sector due to the increase in events/functions and occupancy rates in hotels. Two other sectors which showed slight optimism are the Agriculture, Forestry, Fisheries and Livestock sector, and Oil and Gas Related sectors. Both sectors recorded an increase in their performance with higher production levels. On the other hand, two sectors indicated pessimism in December 2022, where the Construction sector reported fewer projects towards the year end, and Wholesale and Retail Trade sector was not experiencing a boost in domestic spending. Meanwhile, several other sectors reported similar business conditions in December 2022 compared to November 2022.

Current Business Conditions December 2022 by Sector	
Transport & Communication	50.4
Other Private Services	50.3
Hotels & Restaurants	50.2

Agriculture, Forestry, Fisheries & Livestock	50.1
Oil and Gas Related	50.1
Manufacturing	50.0
Real Estate & Ownership of Dwellings	50.0
Finance & Insurance	50.0
Health & Education	50.0
Wholesale & Retail Trade	49.8
Construction	49.6

9. In terms of the index by **business size**, micro- and small-sized businesses reported pessimism due to an expectation of a quieter month with fewer projects and more people travelling out of the country. Meanwhile, medium- and large-sized companies reported similar business conditions in December 2022 compared to the previous month.

Current Business Conditions December 2022 by Size	
Micro	49.8
Small	49.9
Medium	50.0
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.

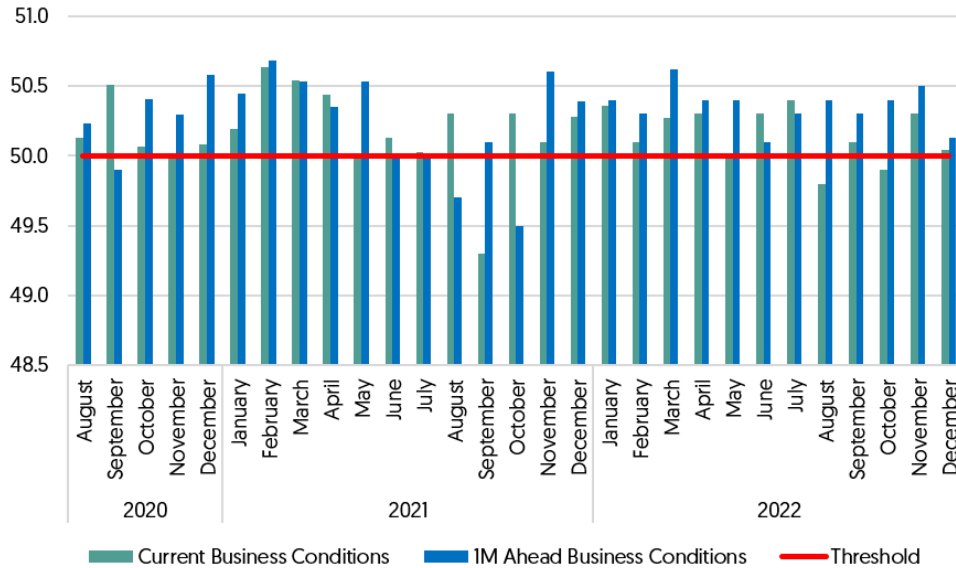
**Brunei Darussalam Central Bank**

Date: 3 Rejab 1444H / 25 January 2023M

Ref: BDCB/COMMS/3

ANNEX 1

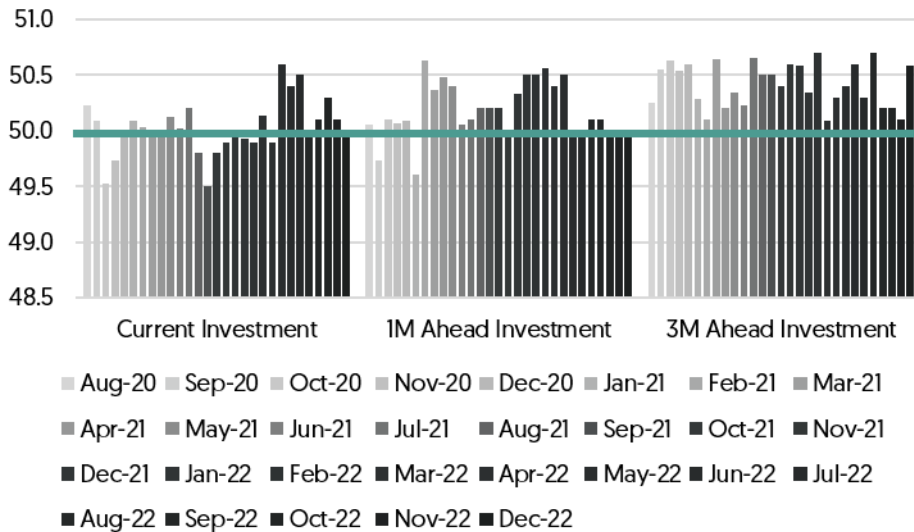
Business Conditions



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

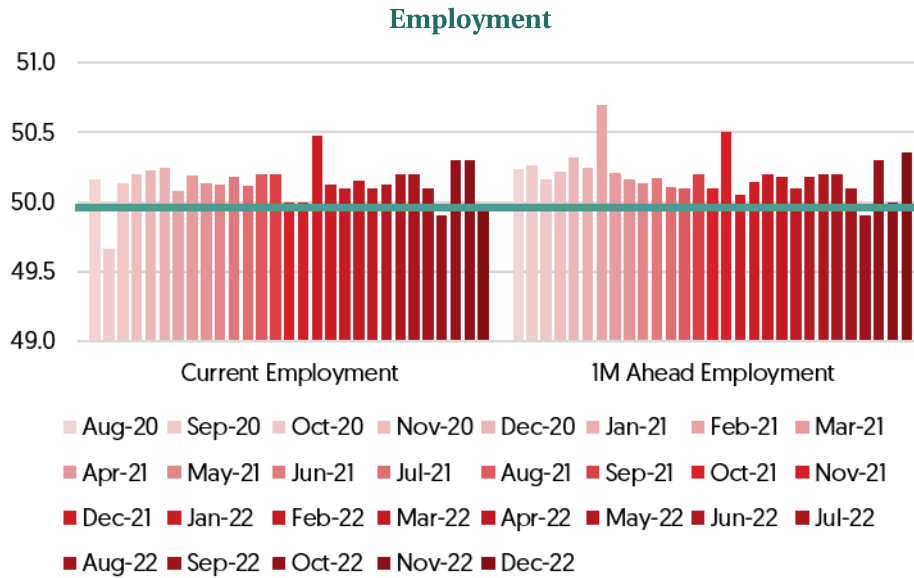
For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

Investments



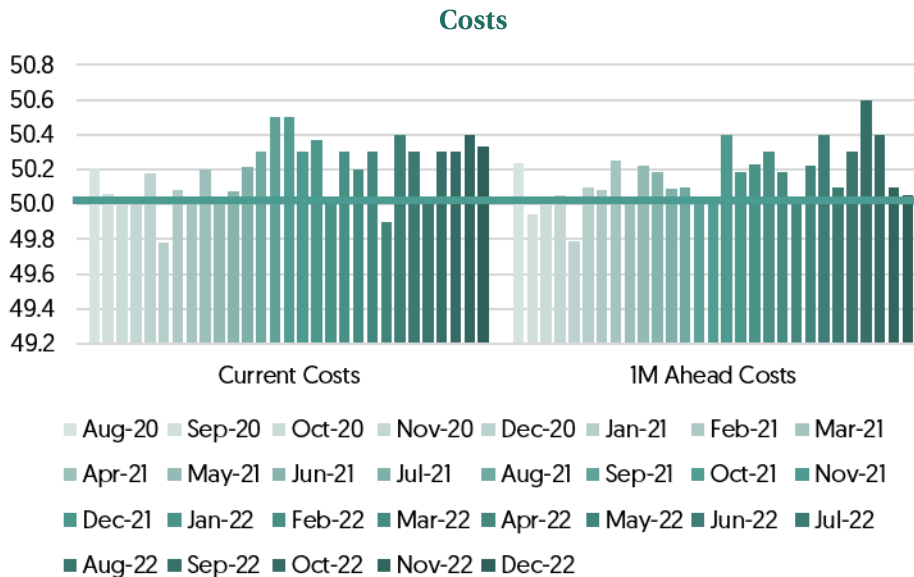
**Note:** For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

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.

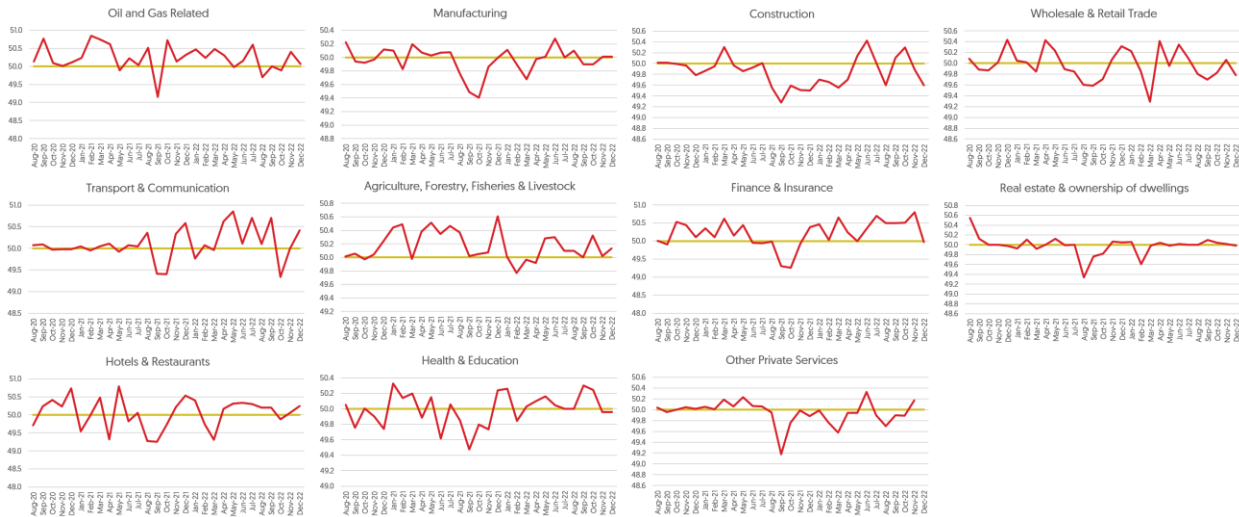
For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates similar/no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.



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

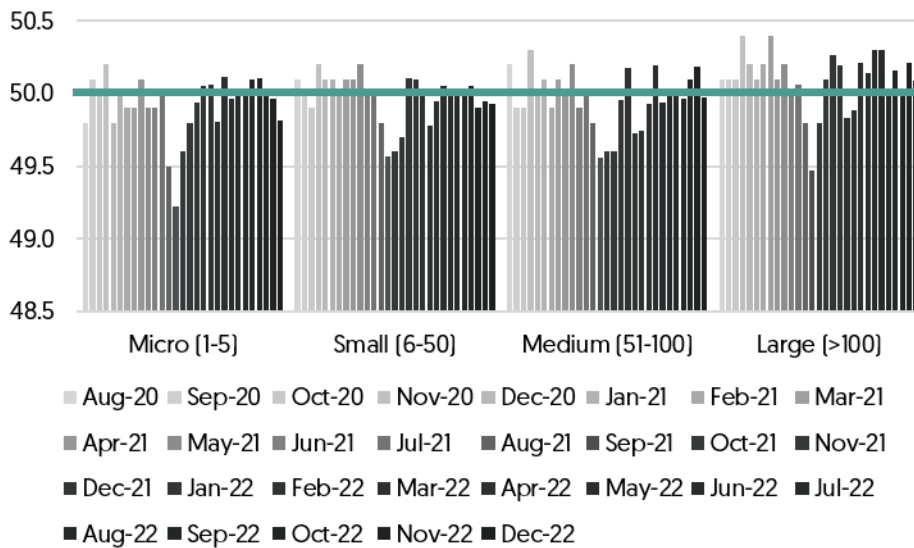
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

### Sectoral BSI – August 2020 to December 2022



**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.