



PRESS RELEASE

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

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for October 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 in the country.
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 main headline index, which is the **Current Business Conditions sub-index**, was 49.7 in October 2023. This indicates that, in general, businesses in the private sector expected worsening business conditions compared to the previous month. Survey results showed that, while many companies reported similar business conditions to the previous month, the overall contraction was driven mainly by the Oil and Gas companies experiencing weaker market conditions, lower crude oil prices, and reduced operations in October 2023. Other companies attributed a general reduction in business activities, resulting in lower sales. For November 2023, the index for one month (1M) ahead stood at 50.0, indicating an expectation of a similar level of business activities as October 2023.
5. The **Investment sub-index** was 50.1 for the current month, 50.2 for one month (1M) ahead, and 50.1 for three months (3M) ahead. This indicates that, in general, businesses are expected to increase their investment expenditures in October 2023 and the next few months. These investment expenditures include renovations, purchase of new equipment and machinery, as well as project-related materials. Several businesses highlighted the need to stock up inventories in preparation for future projects and upcoming festivities. Others also planned on expanding their offices and business operations in the near term by renovating or opening new outlets.

6. The **Employment sub-index** was 50.0 for the current month and 1M ahead. In general, businesses plan to maintain their labour headcount for October and November 2023, as many companies are still seeking to hire suitable employees to replace those who have resigned.

7. The **Costs sub-index** was 50.6 for the current month and 1M ahead. Companies generally expected the costs of running their businesses to be higher in October and November 2023 due to an anticipated increase in staff-related expenses, including new hires, overtime pay and salary increases. In general, companies continue to face higher operating costs due to several factors such as rising material prices and other items, purchase of raw materials as well as maintenance and repair works.

BSI October 2023	
Current Business Conditions	49.7
1M Ahead Business Conditions	50.0
Current Investment	50.1
1M Ahead Investment	50.2
3M Ahead Investment	50.1
Current Employment	50.0
1M Ahead Employment	50.0
Current Costs	50.6
1M Ahead Costs	50.6

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

8. In terms of **economic sectors**, five out of eleven sectors recorded optimism in their business conditions in October 2023. The Construction sector emerged as the top sector with an index of 50.3 due to more activities and projects. The Transport and Communication sector attributed better performance expectations to new projects, an increase in customers and the addition of new air flights. The Health and Education sector expected better conditions with the new school term and reduced costs. The Wholesale and Retail Trade sector expected an increase in sales, while the Manufacturing sector anticipated more projects that would contribute to their increase in performance. On the other hand, companies in the Oil and Gas sector reported pessimistic sentiment due to weaker market conditions, lower crude oil prices, and reduced operations. Other Private Services, and Hotels and Restaurant sectors also recorded pessimism due to expiring contracts and expectations of fewer activities. Meanwhile, Real Estate and Ownership of Dwellings, Finance and Insurance, and Agriculture, Forestry, Fisheries and Livestock sectors reported similar business conditions to September 2023.

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

9. In terms of the index by **business size**, micro and large-sized companies reported expectations of better business conditions in October 2023 compared to the previous month. Generally, these businesses felt positive regarding their performance with expectations of more activities and increased customers from higher demand for goods and services. Medium-sized companies indicated slight pessimism with expectations of lower domestic spending due to people travelling overseas. Meanwhile, small-sized businesses reported similar business conditions in October 2023 to the previous month.

Current Business Conditions October 2023 by Size	
Micro	50.1
Small	50.0
Medium	49.9
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.

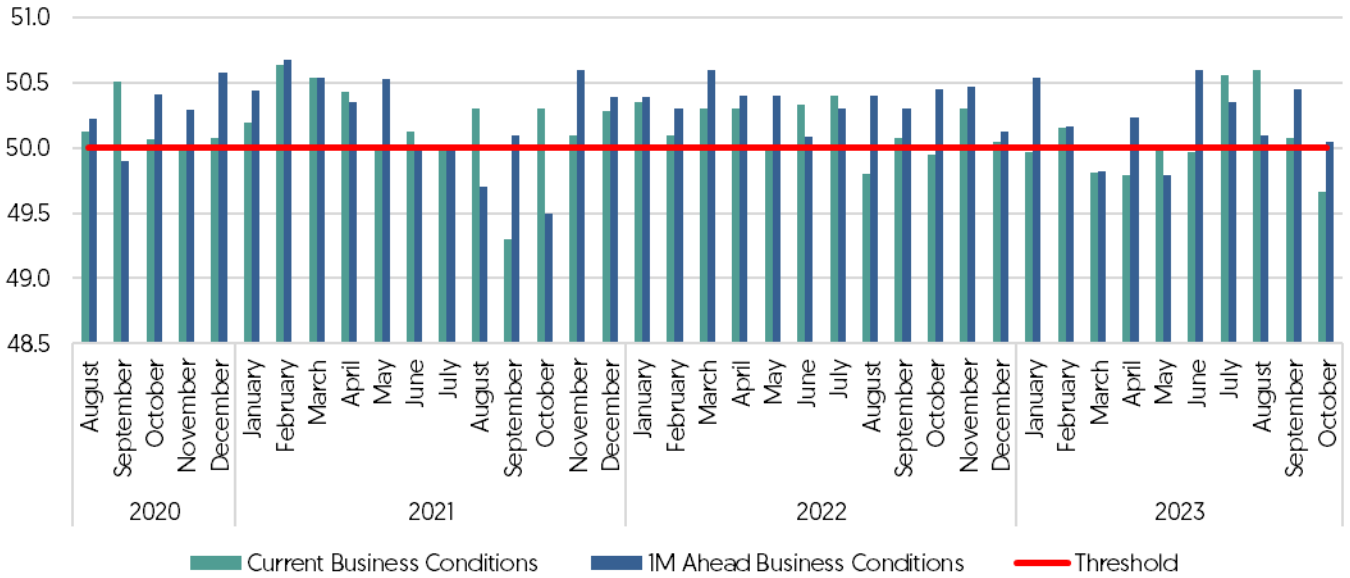
Brunei Darussalam Central Bank

Date: 29 Jamadilawal 1445H / 13 December 2023M

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ANNEX 1

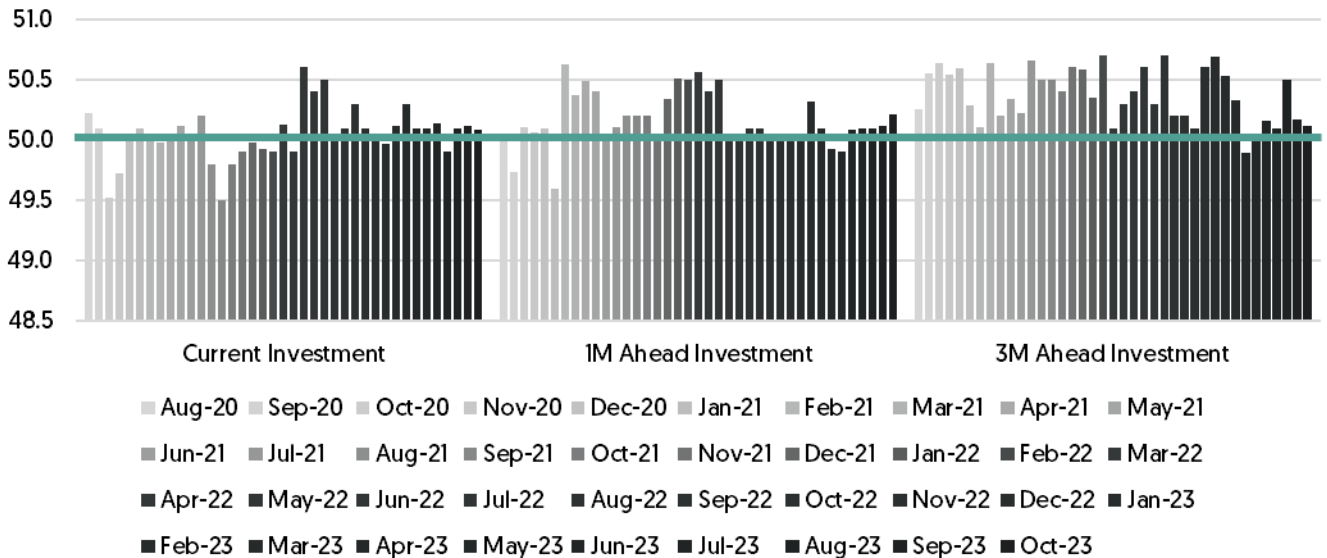
Business Conditions



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.

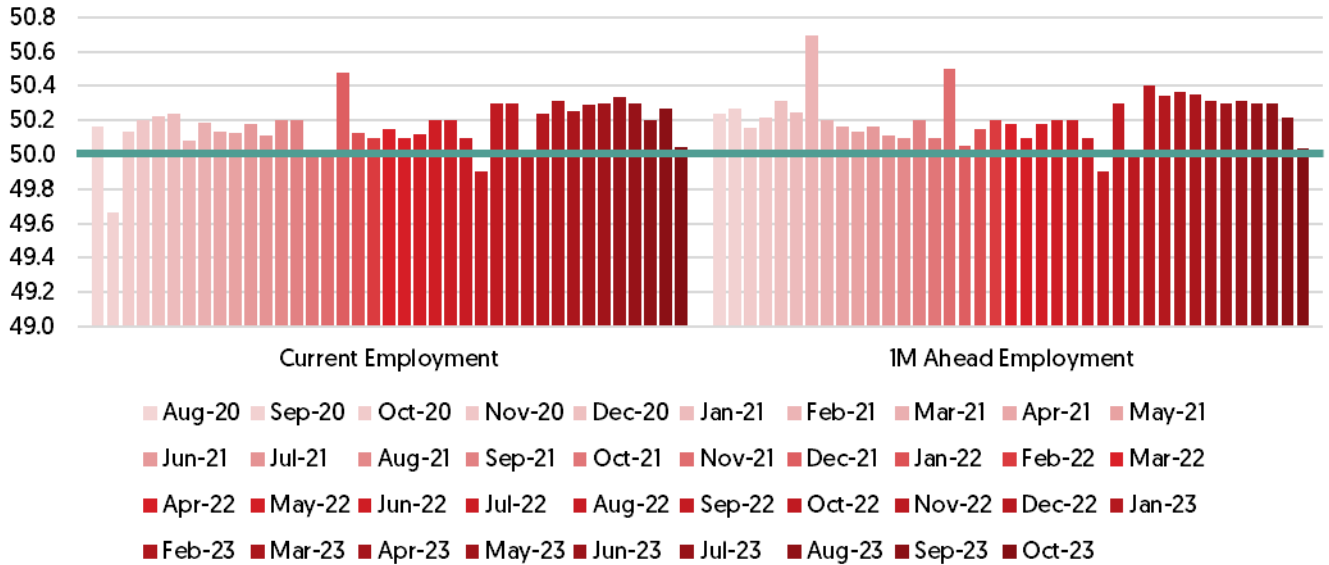
Investments



Note: For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month, while for 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.

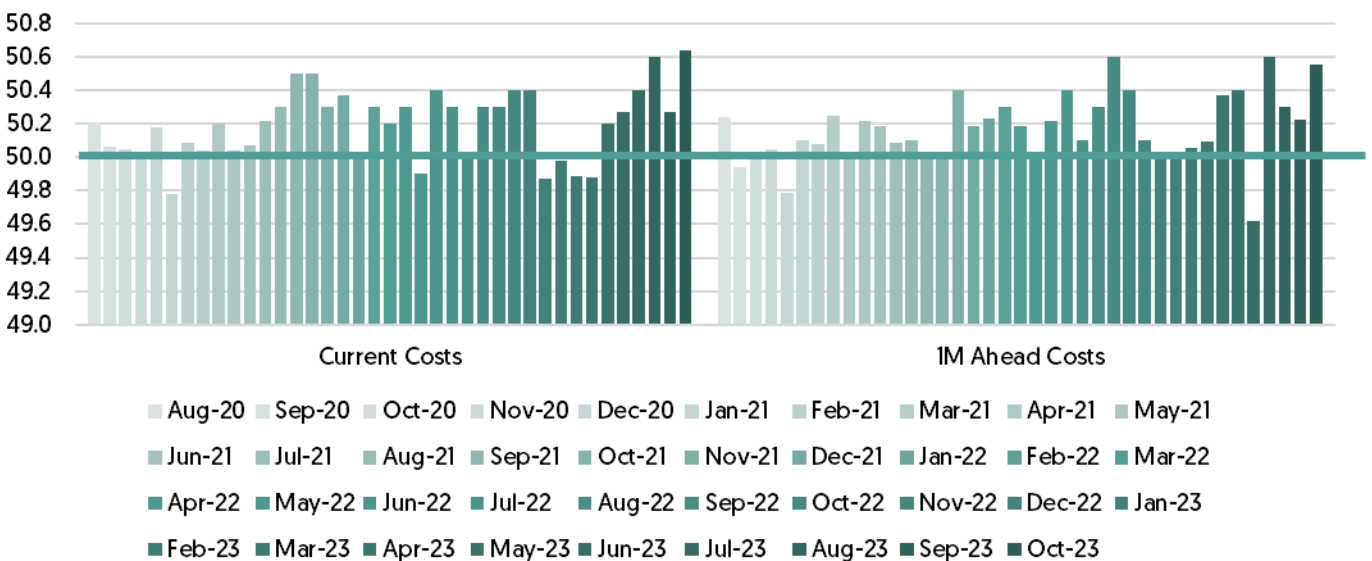
Employment



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 a reduction in employee headcount compared to the previous month.

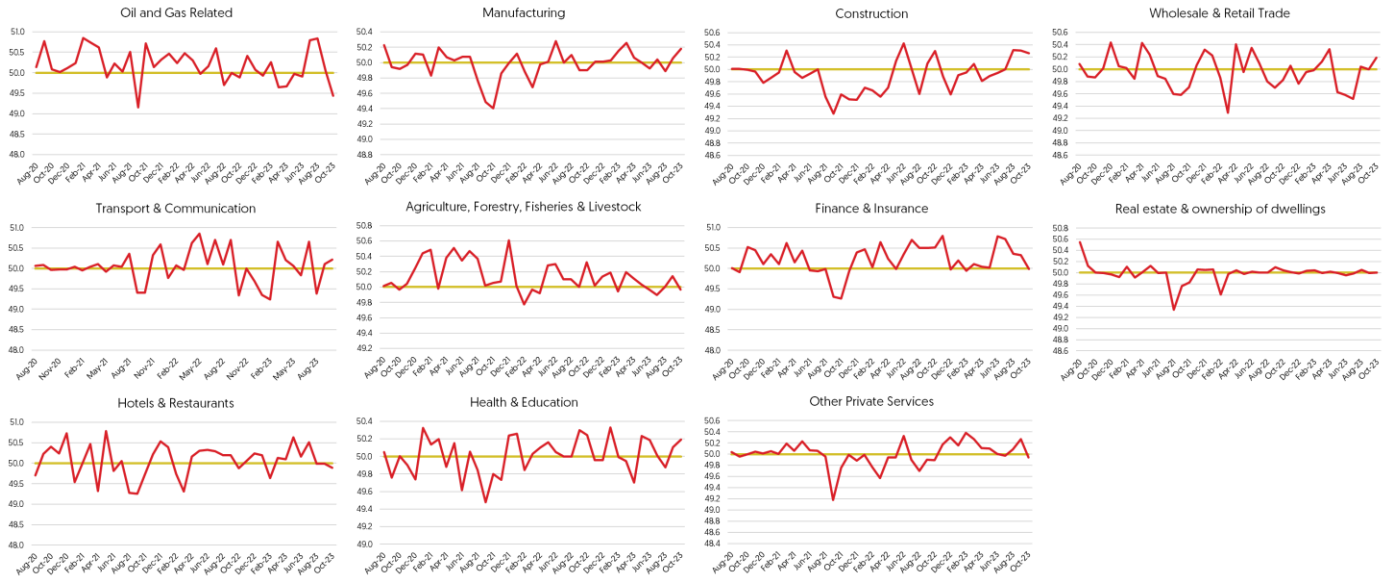
Costs



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

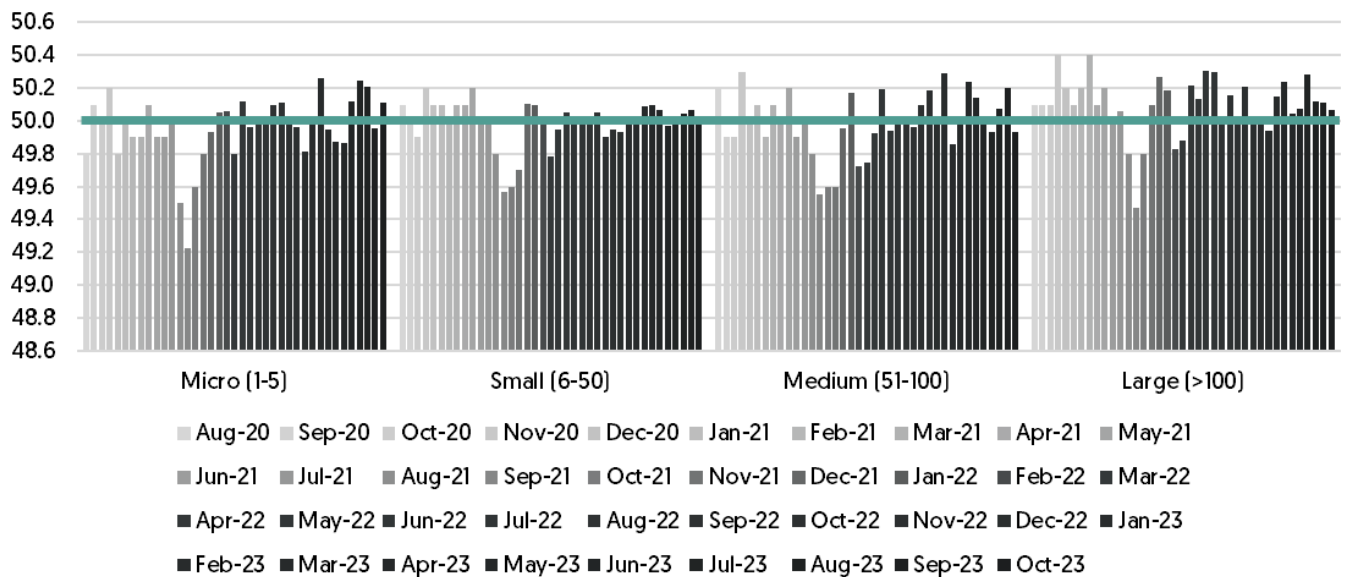
For Costs sub-index, above 50 indicates an increase in costs, and conversely, for below 50. Index at 50 indicates costs were more or less the same in the current month compared to the previous month.

Sectoral BSI – August 2020 to October 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.