



## PRESS RELEASE

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

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1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for December 2023. The index is based on surveys conducted on around 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 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 50.0 in December 2023, indicating similar expectations as November 2023 – although sentiments were somewhat mixed across sectors. Many businesses shared concerns about slower business activities with more consumers travelling abroad and many employees taking leave during the holiday period. Some businesses remained hopeful for better conditions, with the year-end Salebration promotions, including back-to-school sales. The index for one month (1M) ahead stood at 50.5, indicating that businesses generally expected better conditions in January 2024 than in December 2023. While most of the optimism was attributed to an anticipated yearly trend of increased business activities, other factors such as the resumption of domestic spending, the start of the school term and upcoming festivities such as the Royal Wedding and Chinese New Year were expected to further boost business performance in January 2024. There were also some businesses that shared expectations of new projects and the opening of new outlets.
5. The Investment sub-index was 50.1 for the current month, 50.0 for one month (1M) ahead, and 50.1 for three months (3M) ahead. This indicates that, in general, businesses are expected to slightly increase their investment expenditures in December 2023 and maintain this level of investment in January 2024. These expenditures will encompass office and store renovations, and the procurement of materials, equipment and machinery related to upcoming projects. Looking ahead, businesses are expected to

increase their investment expenditures, which include expanding their business premises and stocking up their inventories in preparation for the fasting month and Hari Raya Aidilfitri festivities.

6. The Employment sub-index was 50.4 for the current month, and 50.6 for 1M ahead. In general, businesses planned to increase their employee headcount for December 2023 and January 2024, with many businesses continuing to hire additional workers in preparation for upcoming events and new projects/contracts, as well as to replace those who had resigned.
7. The Costs sub-index was 49.7 for the current month and 50.1 for 1M ahead. Although businesses, in general, expected the costs of running their businesses to increase in December 2023, the Oil and Gas Related sector drove the overall Costs sub-index lower due to cheaper raw materials. For the month ahead, companies are expected to face slightly higher operating costs. This is due to factors including repair and maintenance works, purchase of raw materials, marketing and event-related expenses. Some businesses also shared expectations of increased overall labour costs from new recruitments, yearly increments for some employees, and bonus payouts.

BSI December 2023	
Current Business Conditions	50.0
1M Ahead Business Conditions	50.5
Current Investment	50.1
1M Ahead Investment	50.0
3M Ahead Investment	50.1
Current Employment	50.4
1M Ahead Employment	50.6
Current Costs	49.7
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 their business conditions in December 2023. The Transport and Communication sector recorded the highest optimism with an index of 50.8, attributed to higher demand for their products and services due to seasonal trends and peak travel season. Similarly, the Hotels and Restaurants sector expressed their optimism for better performance from staycations during the school holiday and the rental of function halls for year-end events. The Finance and Insurance sector also felt optimistic with expectations of increased business activities towards the year-end. On the other hand, five sectors showed pessimism for December 2023. Both the Health and Education sector and the Construction sector expected a contraction, with the lowest index of 49.6 due to reduced demand for services and a lack of projects. The Real Estate and Ownership of Dwellings sector expected slower business conditions compared to the previous month due to some tenants terminating their lease. The Agriculture, Forestry, Fisheries and Livestock sector cited several reasons for their pessimism, including weaker consumer demand as consumers travel abroad and worsening weather conditions resulting in lower production. The Wholesale and Retail Trade sector; the Oil and Gas Related sector; and the Manufacturing sector reported similar business conditions to November 2023.

Current Business Conditions December 2023 by Sector	
Transport & Communication	50.8
Hotels & Restaurants	50.4
Finance & Insurance	50.3
Manufacturing	50.0
Oil & Gas Related	50.0
Wholesale & Retail Trade	50.0
Agriculture, Forestry, Fisheries & Livestock	49.9
Real Estate & Ownership of Dwellings	49.9
Other Private Services	49.8
Construction	49.6
Health & Education	49.6

9. In terms of the index by business size, only large-sized companies reported expectations of slightly better business conditions in December 2023 compared to the previous month. This is due to seasonal factors, higher demand for services for certain sectors, and year-end promotions, including back-to-school sales. On the other hand, micro-, small-, and medium-sized businesses generally reported pessimism with expectations of slower business conditions due to lower domestic sales during the peak travel season.

Current Business Conditions December 2023 by Size	
Micro	49.8
Small	49.8
Medium	49.8
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](http://www.bdcg.gov.bn) and follow updates on the BSI through future press releases and BDCB's Instagram account @centralbank.brunei.

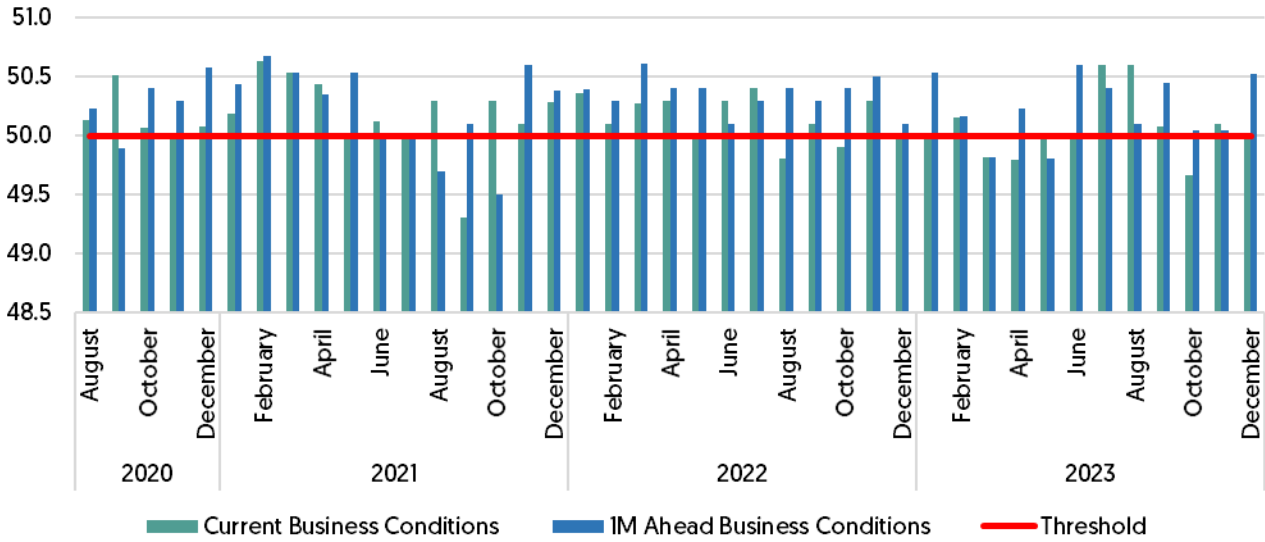
Brunei Darussalam Central Bank

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ANNEX 1

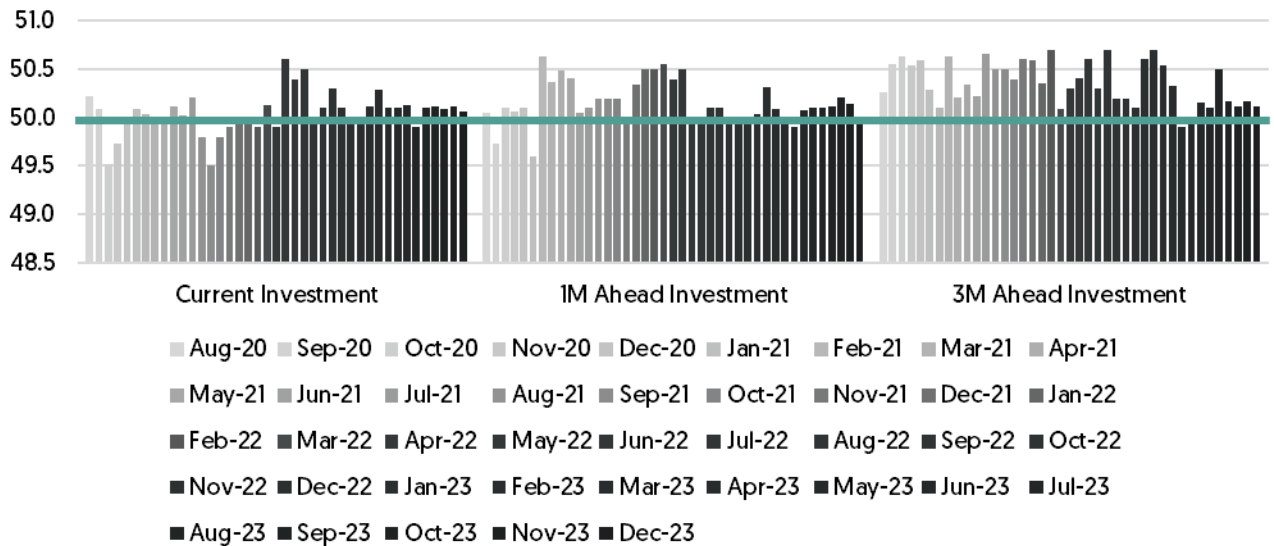
Business Conditions



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.

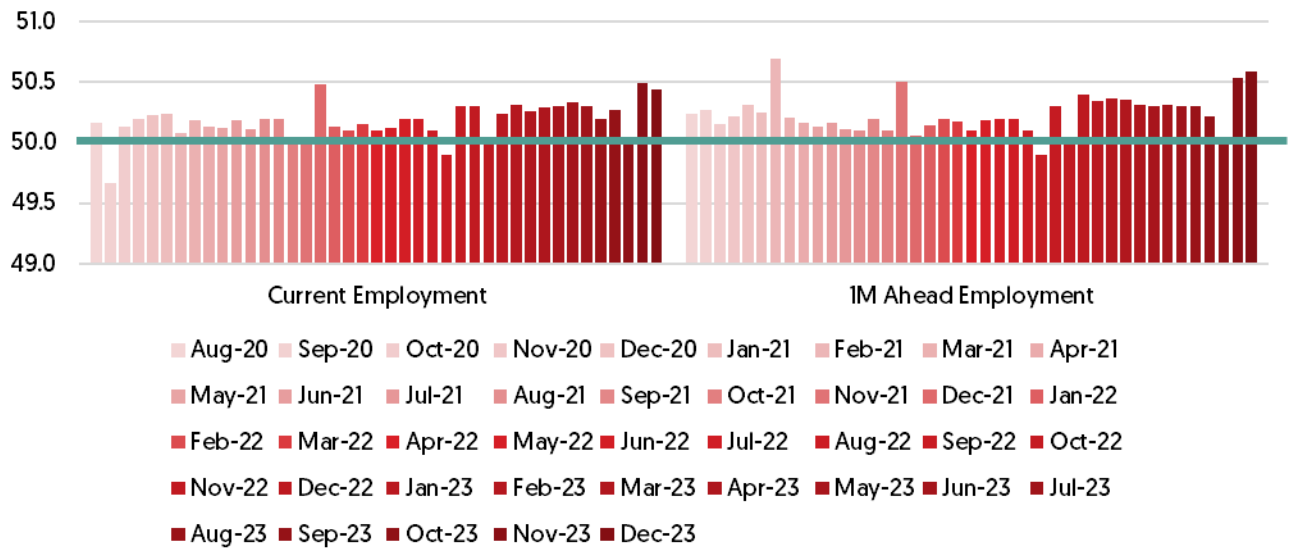
Investments



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.

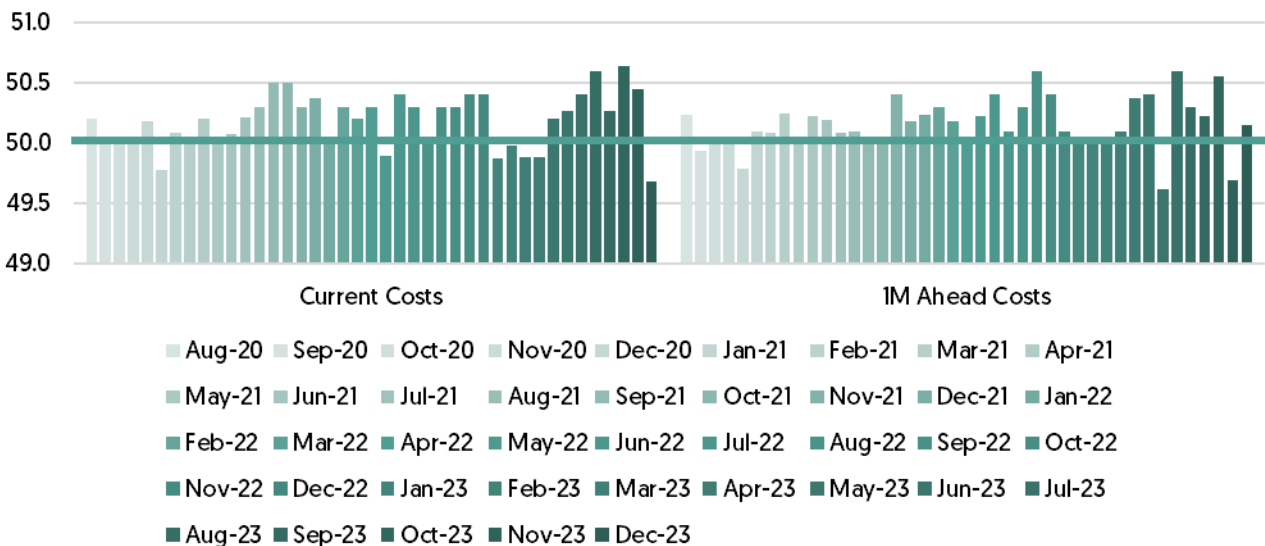
## Employment



*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.*

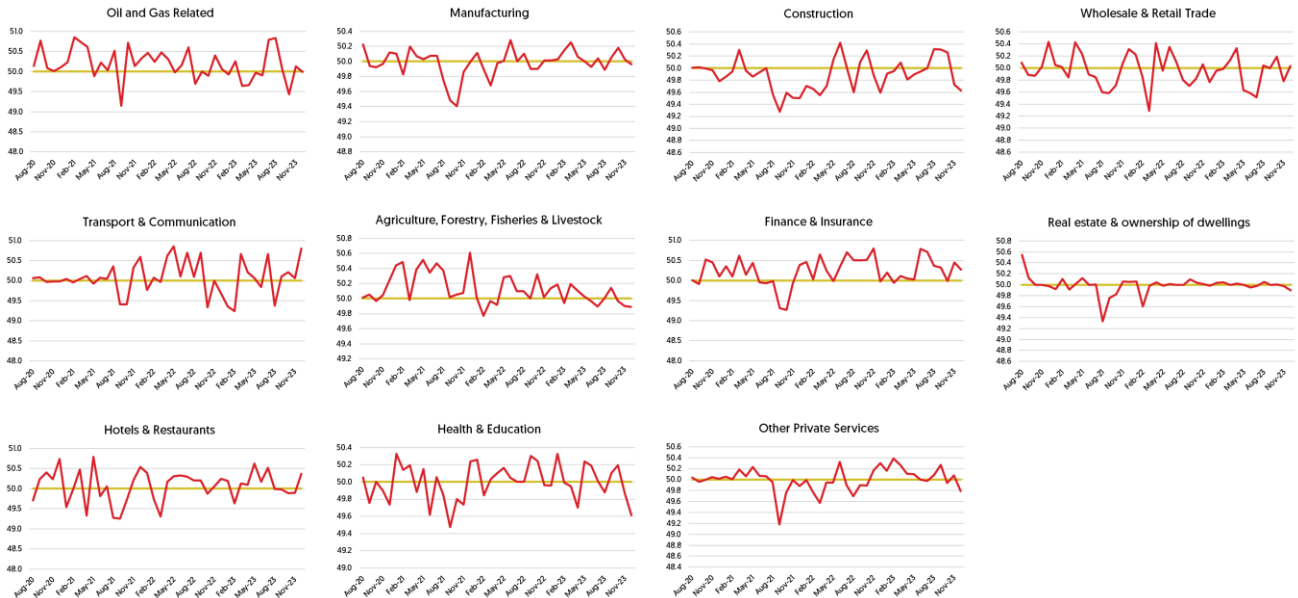
## Costs



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

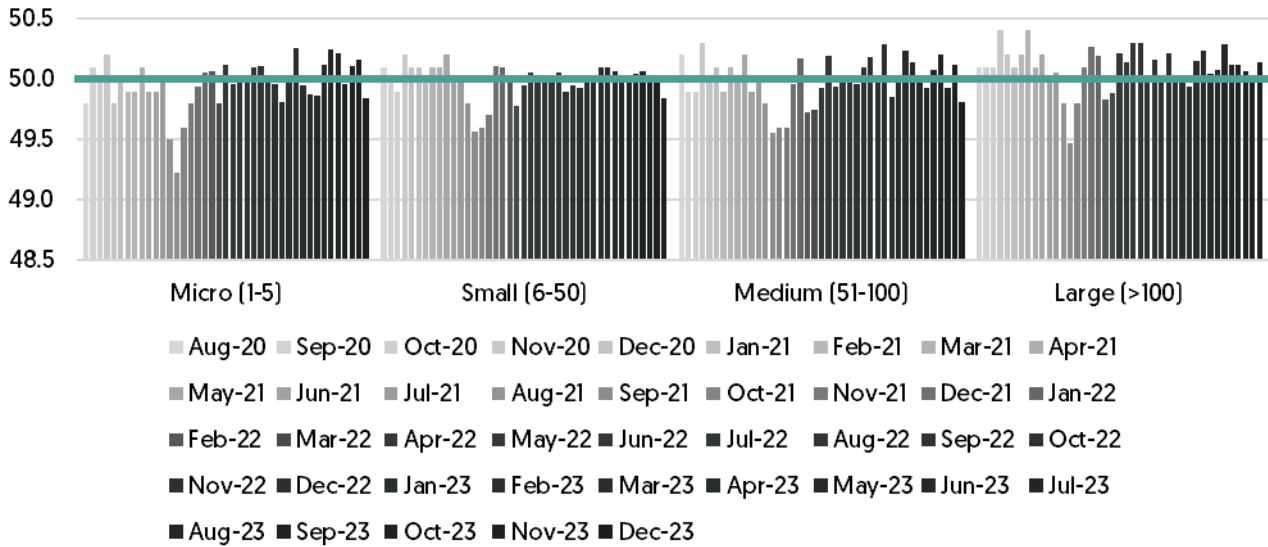
*For Costs sub-index, above 50 indicates an increase in costs, and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to the previous month.*

## Sectoral BSI – August 2020 to December 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.*