



PRESS RELEASE

BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR MAY 2024

1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for May 2024. The index is based on surveys conducted on more than 500 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 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, **Current Business Conditions sub-index**, was 49.9 in May 2024. With the same value reported in April 2024, this indicates that private sector businesses generally expected business conditions to worsen further in May 2024. Survey results showed mixed sentiments across different sectors. Some sectors were pessimistic, expecting lower sales as consumers might reduce spending after significant spending during the previous festive season. However, two sectors were optimistic, expecting improved business performance due to May 2024 being a relatively longer working month compared to April 2024. The index for one month (1M) ahead was 50.2, indicating that businesses were optimistic that activities would pick up in June 2024 with the expectation of new projects and increased demand for goods and services for the Hari Raya Aidiladha celebrations.
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 expected to slightly increase their level of investments in May 2024 and continue to do so over the next few months. For May 2024, businesses planned to invest in several areas, including purchasing new vehicles, equipment, and machinery to scale up production and prepare for upcoming projects. They also anticipated to expand business premises, open new branches and facilities, and replenish stock and inventories as they expected an increase in activities during mid-year sales and the upcoming Consumer Fair in June 2024.

Additionally, businesses expected to increase employee-related investments in the next few months, such as building staff quarters and purchasing equipment for employees.

6. The **Employment sub-index** was 50.2 for both the current month and 1M ahead. Continuing the trend from previous months, businesses expressed the need to hire more employees to meet their operational needs. Some businesses continued to express challenges such as the high turnover rate of local employees, delays in the process of hiring foreign expertise, and lack of clarity in certain processes and procedures set by relevant agencies. These challenges contributed to additional costs and the inability to increase production and meet project needs. Some businesses also shared that hiring students as interns or part-time workers had been helpful during busy periods. However, businesses expressed concerns that this would only be a short-term solution as students would have to return to their institutions during the study term.

7. The **Costs sub-index** was 50.2 for the current month and 49.9 for 1M ahead. In general, businesses expected the costs of running their businesses to be higher in May 2024 compared to April 2024. Survey results showed that some businesses expected to spend more on materials, maintenance and repairs, salaries, and overtime payments to workers. Other expenses cited included annual subscription fees and moving costs to locations with lower rental rates. As for the month ahead, businesses expected operating costs to be lower compared to May 2024 due to a few factors, including heavy investments already incurred in the previous month.

BSI May 2024	
Current Business Conditions	49.9
1M Ahead Business Conditions	50.2
Current Investment	50.1
1M Ahead Investment	50.2
3M Ahead Investment	50.1
Current Employment	50.2
1M Ahead Employment	50.2
Current Costs	50.2
1M Ahead Costs	49.9

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

8. In terms of **economic sectors**, two out of 11 sectors expected optimistic business conditions in May 2024. The Health & Education sector reported the highest optimism with an index of 50.5 as companies expected business conditions to pick up in May 2024 with fewer public holidays and longer operating hours compared to April 2024. The Other Private Services sector shared their slight optimism for similar reasons, as well as new recruits and projects to improve productivity and business performance in May 2024. On the other hand, four sectors showed pessimism for May 2024. Businesses in the Real Estate & Ownership of Dwellings sector, Wholesale & Retail Trade sector, and Transport & Communications sector generally expected business conditions to slow down following the end of the festive season. The Oil & Gas sector shared lower business performance due to scheduled maintenance activities and expected lower profit margins. Meanwhile, the Manufacturing, Construction, Agriculture, Forestry, Fisheries & Livestock, Finance & Insurance, and Hotels & Restaurants sectors expected similar business conditions to that of April 2024. The sentiments were somewhat mixed for the Construction sector, with some

businesses engaged with ongoing projects or are expecting new projects, while others shared concerns about the lack of projects and are affected by delayed payments.

Current Business Conditions May 2024 by Sector	
Health & Education	50.5
Other Private Services	50.1
Agriculture, Forestry, Fisheries & Livestock	50.0
Construction	50.0
Finance & Insurance	50.0
Hotels & Restaurants	50.0
Manufacturing	50.0
Real Estate & Ownership of Dwellings	49.9
Oil and Gas Related	49.8
Wholesale & Retail Trade	49.7
Transport & Communication	49.4

9. In terms of **business size**, small businesses generally expressed optimistic sentiments in May 2024 compared to April 2024, mainly due to expectations of higher sales and increased demand for their goods and services. On the contrary, large-sized businesses generally expected conditions to slow down after the end of the festive season. Meanwhile, micro- and medium-sized businesses expected similar business conditions in May 2024 compared to the previous month.

Current Business Conditions May 2024 by Size	
Micro	50.0
Small	50.2
Medium	50.0
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.

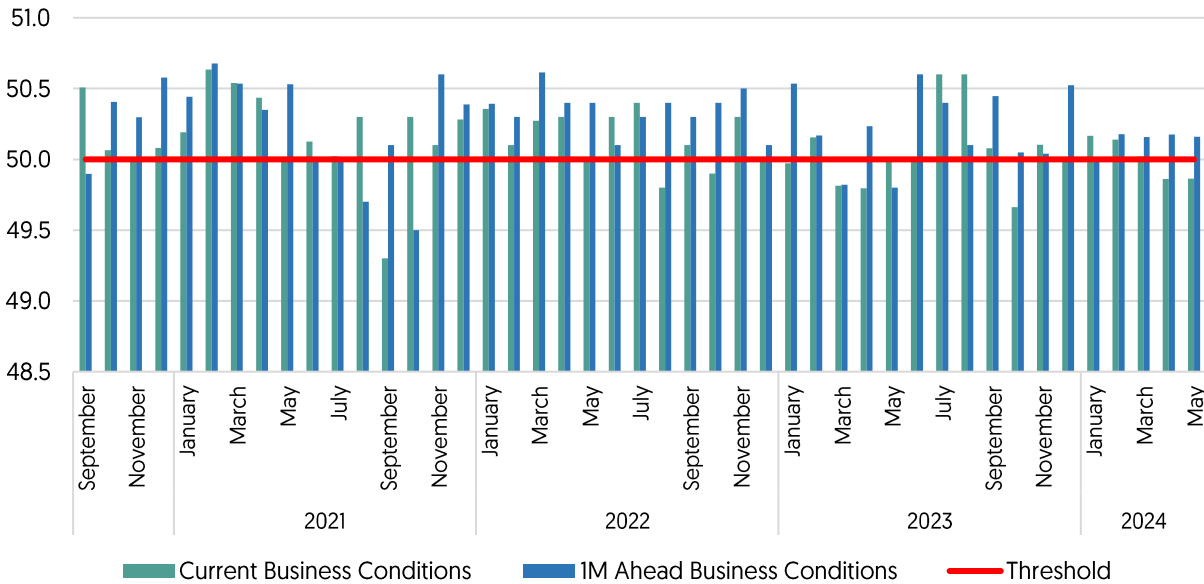
Brunei Darussalam Central Bank

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ANNEX 1

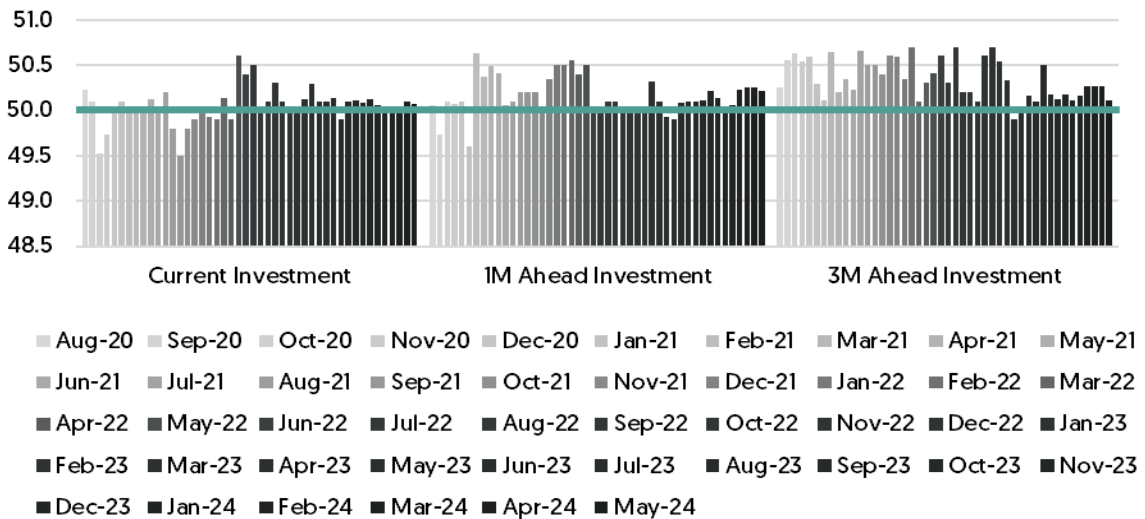
Business Conditions



Note: For 1MAhead 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 1MAhead 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.

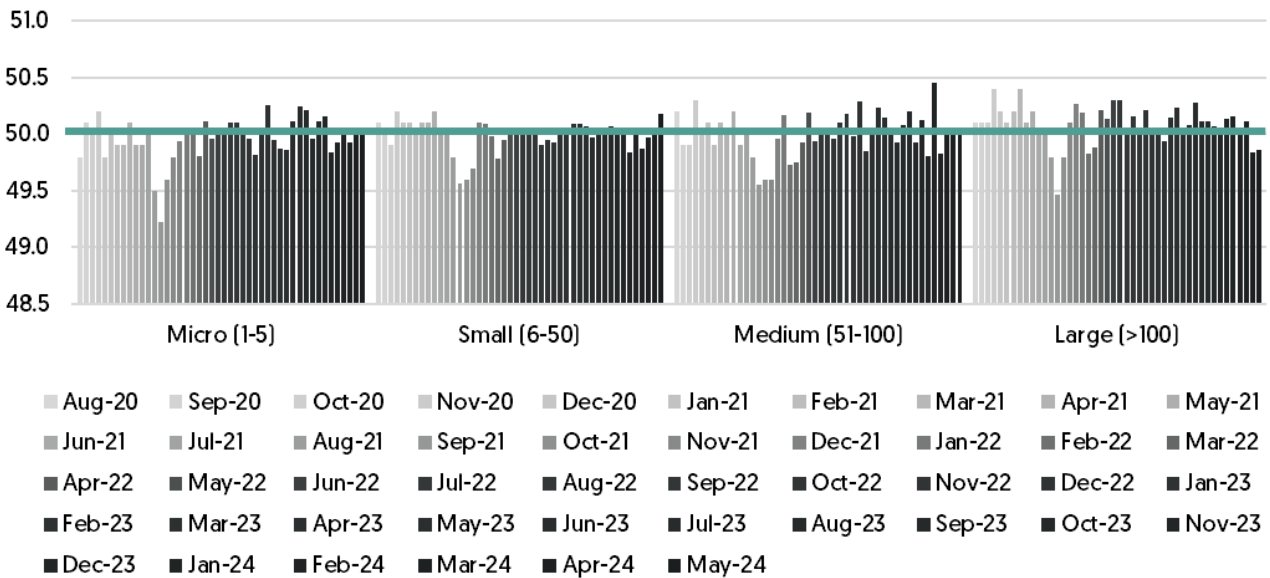
For Costs sub-index, above 50 indicates an increase in costs, and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to the previous month.

Sectoral BSI – August 2020 to May 2024



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.