



Gross Domestic Product

Second Quarter 2018

Department of Statistics
Department of Economic Planning and Development
Ministry of Finance and Economy
BRUNEI DARUSSALAM

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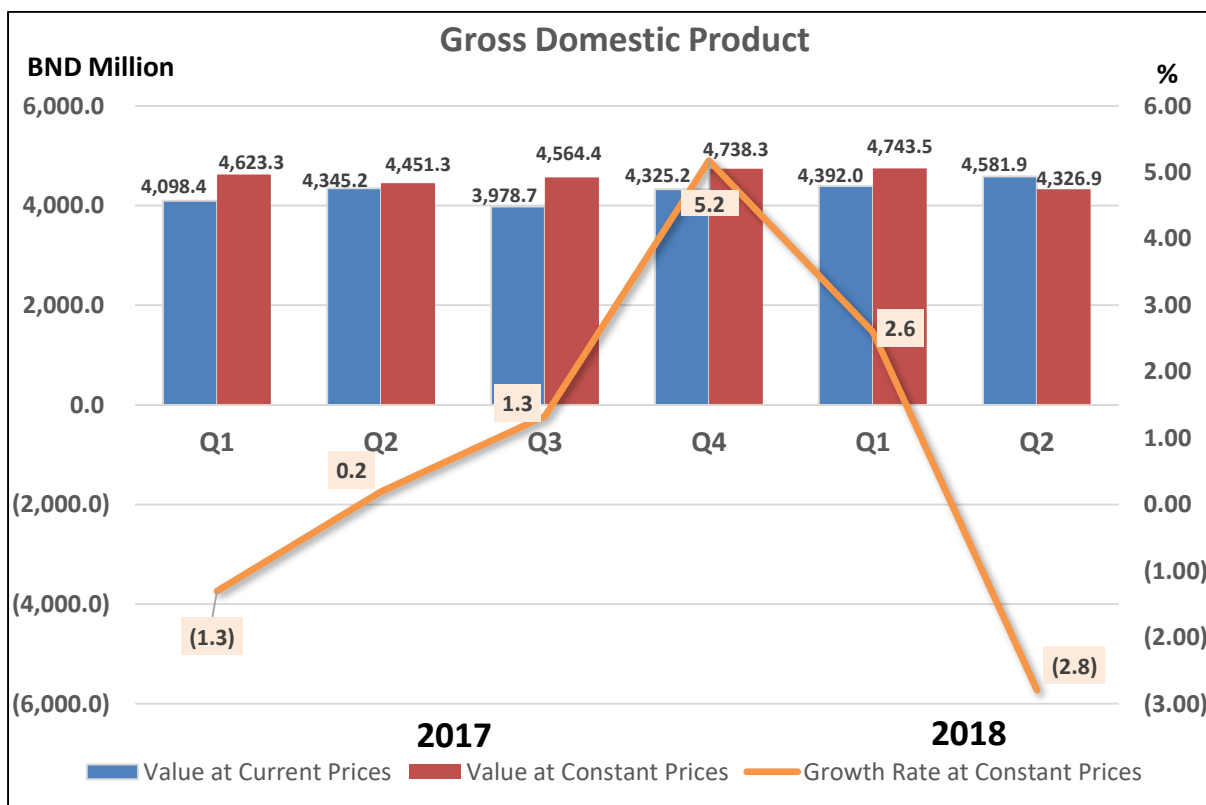
In the second quarter of 2018 (Q2 2018), Brunei Darussalam’s Gross Domestic Product (GDP) posted a negative growth of 2.8 per cent year-on-year at constant prices (Table 1 and Chart 1).

GDP at current prices was estimated at BND 4.6 billion in Q2 2018, compared to BND 4.4 billion in Q1 2018.

Table 1: GDP at Current and Constant Prices, 2017 – 2018

	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Value (BND million)						
Current Price	4,098.4	4,345.2	3,978.7	4,325.2	4,392.0	4,581.9
Constant Price	4,623.3	4,451.3	4,564.4	4,738.3	4,743.5	4,326.9
Year-on-Year Growth Rate (%)						
Constant Prices	(1.3)	0.2	1.3	5.2	2.6	(2.8)

Chart 1: GDP Values and Growth Rate at Current Prices and Constant Prices, 2017 – 2018



GDP by Production

A. Oil & Gas and Non-Oil & Gas Sector

In Q2 2018, the Oil & Gas sector declined by 2.6 per cent at constant prices year-on-year. The decline was mainly associated with the decrease of the Manufacture of liquefied natural gas and methanol by 3.5 per cent and Oil and gas mining by 2.3 per cent.

Production of Crude oil has shown a decreased to 97.6 thousand barrel per day in Q2 2018 from 106.4 thousand barrel per day in Q2 2017. LNG production volume also contracted from 965.2 thousand Million British Thermal Unit per day (MMBtu/d) in Q2 2017 to 880.7 thousand MMBtu/d in Q2 2018.

At current prices, the GVA of this sector has posted an increased in both quarterly and yearly. The sector was estimated at BND 2,819.4 million in Q2 2018 compared to BND 2,619.1 million in Q1 2018 and BND 2,484.6 million in Q2 2017.

This sector's contribution to the total Gross Value Added (GVA) was about 60.7 per cent in Q2 2018. The average Oil price in Q2 2018 has expanded by 49.6 per cent from USD 51.0 per barrel (USD/barrel) in Q2 2017 to USD 76.4 per barrel in Q2 2018; whereas Liquefied Natural Gas (LNG) price has also expanded by 13.0 per cent from USD 8.6 per Million British Thermal Unit (USD/MMBtu) in Q2 2017 to USD 9.7 per MMBtu in Q2 2018.

Table 2: GVA by Oil & Gas Sector and Non-Oil & Gas Sector at Current and Constant Prices

Sector	Q2 2017	Q1 2018	Q2 2018
Value at Current Prices (BND Million)			
Oil & Gas	2,484.6	2,619.1	2,819.4
Non-Oil & Gas	1,931.2	1,867.4	1,826.4
Total GVA	4,415.8	4,486.6	4,645.8
Contribution at Current Prices (%)			
Oil & Gas	56.3	58.4	60.7
Non-Oil & Gas	43.7	41.6	39.3
Total	100.0	100.0	100.0
Value at Constant Prices (BND Million)			
Oil & Gas	2,587.9	2,876.3	2,519.9
Non-Oil & Gas	1,947.5	1,956.8	1,888.7
Total GVA	4,535.4	4,833.1	4,408.6
Year-on-year Growth Rate at Constant Prices (%)			
Oil & Gas	-0.1	4.4	-2.6
Non-Oil & Gas	0.5	0.0	-3.0
Total	0.2	2.6	-2.8

The Non-Oil & Gas sector declined by 3.0 per cent in Q2 2018 after a slight increase of 0.0 per cent in Q1 2018.

The decrease was contributed by the negative growth of Finance 37.0 per cent, the production of vegetables, fruits & other agriculture 16.8 per cent, Fishery 11.8 per cent, Hotels 9.9 per cent, Other transport services 8.4 per cent, Manufacture of food and beverage products 5.3 per cent, Other manufacturing 5.0 per cent, Forestry 4.8 per cent, Manufacture of wearing apparels & textiles 4.1 per cent and Other private services 0.3 per cent.

At current prices, this sector was estimated at BND 1,826.4 million compared to BND 1,867.4 million in Q1 2018. This sector contributed 39.3 per cent to the total GVA.

B. Kind of Economic Activities

The Agriculture, Forestry & Fishery sector

In Q2 2018, this sector has declined by 5.7 per cent due to the declined in the production of Vegetables, fruits and other agriculture by 16.8 per cent, Fishery by 11.8 per cent and Forestry by 4.8 per cent. Meanwhile, the production of Livestock and poultry has recorded an increase of 3.6 per cent. At current prices, the Agriculture, Forestry & Fishery sector was valued at BND 46.4 million in Q2 2018, accounting for about 1.0 per cent to the total GVA (Appendix 1 & 2).

The Industrial Sector

The Industrial sector decreased by 2.0 per cent after an increase of 5.0 per cent in Q1 2018. This was mainly attributed by the decreased of Manufacture of food and beverage products by 5.3 per cent, followed by Other manufacturing by 5.0 per cent, Manufacture of wearing apparel & textiles 4.1 per cent, Manufacture of liquefied natural gas and methanol 3.5 per cent and Oil and Gas mining 2.3 per cent. On the contrary, Electricity and water and Construction posted an increase of 16.0 per cent and 6.5 per cent respectively. At current prices, this sector was valued at BND 3,035.4 million accounting for 65.3 per cent of the total GVA.

The Services Sector

Services sector has contracted in this quarter by 4.0 per cent. Despite the increase in majority of the industry in this sector, the contraction recorded in Finance by 37.0 per cent, Other transport services 8.4 per cent, Hotels 9.9 per cent and Other private services by 0.3 per cent has resulted to the overall decrease in this sector. At current prices, services sector was valued at BND 1,564.1 million and contributed 33.7 per cent to the total GVA in Q2 2018.

GDP by Expenditure

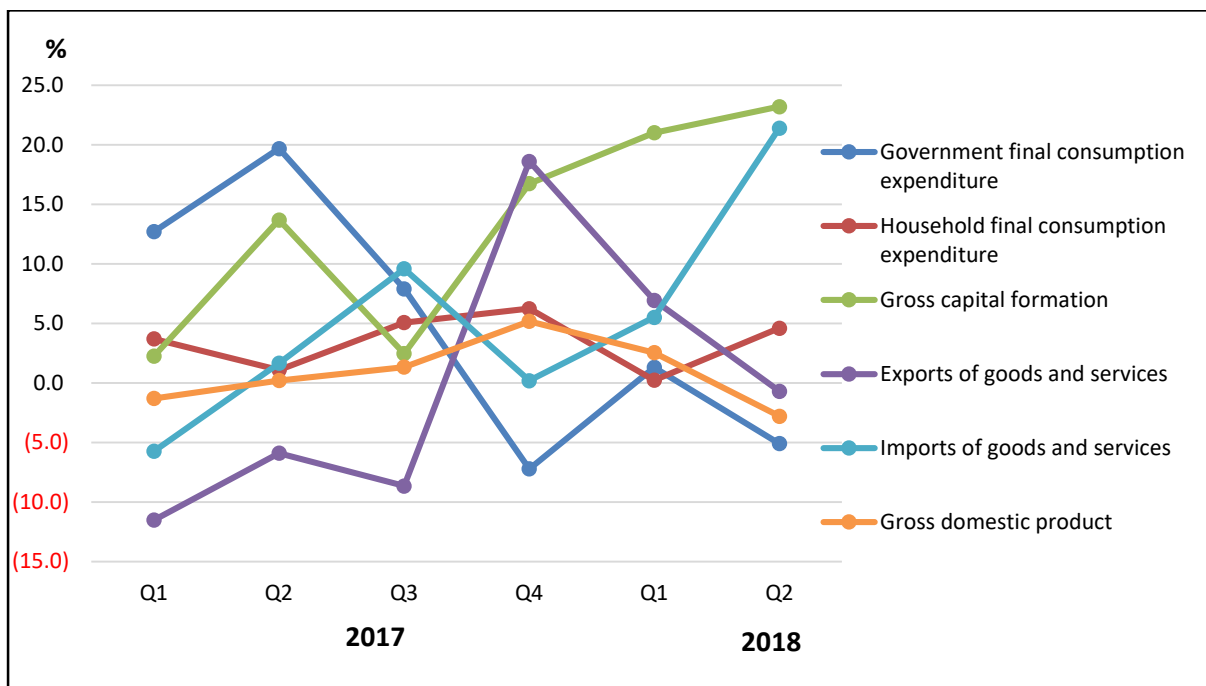
The Government Final Consumption Expenditure (GFCE) posted a decreased of 5.1 per cent at constant prices after an increase of 1.3 per cent in Q1 2018. The value of GFCE at current prices was BND 979.6 million in this quarter compared to BND 1,211.3 million in Q1 2018. GFCE contributed 21.4 per cent to the total GDP (Appendix 3 & 4).

Household Final Consumption Expenditure (HFCE) has continue to increase by 4.6 per cent after an increase of 0.2 per cent in Q1 2018 at constant price. With a total value of BND 811.8 million at current prices, HFCE contributed 17.7 per cent to the total GDP.

Gross Capital Formation (GCF) posted a positive growth of 23.2 per cent at constant price in Q2 2018 after an increase of 21.0 per cent in Q1 2018. The expansion in Q2 2018 was due to the increase of Private Gross Fixed Capital Formation (GFCF) by 32.8 per cent. At current prices, GCF was estimated at BND 1,775.3 million, contributing 38.7 per cent to the total GDP.

Exports of goods and services has recorded a decreased of 0.7 per cent due to the decrease to both Exports of goods by 0.5 per cent and Exports of services by 3.3 per cent. On the contrary, Imports has posted an increase of 21.4 per cent due to the expansions of Imports of goods by 30.8 per cent.

Chart 2: GDP Growth Rate by Expenditure, 2017 – 2018



Notes:

- 1) The new GDP series with 2010 as the base year has been released to replace the 2000-based series.
- 2) The quarterly GDP is compiled by both the production and expenditure approaches at current (nominal) and constant (real) prices.
- 3) Under the production approach, GDP is the sum of the value-added of the various industries in the economy plus taxes on products minus subsidies on products. Gross Value Added (GVA) is calculated for every economic activity and then summed up to obtain the total GVA at basic prices for the whole economy. GVA cannot be measured at purchasers' prices, as GVA is from the producers' perspective. At the same time, GDP cannot be measured at basic prices, it is always at purchasers' prices, as GDP is an expenditure concept and expenditures are incurred only at purchasers' or market prices. In order to bring the GVA to GDP, the relevant taxes and subsidies need to be included on the total GVA.

$$\text{GDP} = \sum \text{GVA at basic prices} + \text{Taxes on Production} - \text{Subsidies on Products}$$

- 4) GDP by expenditure is the sum of household final consumption expenditure (HFCE), government final consumption expenditure (GFCE), capital formation or investment (I) and exports (X) less imports (M) of goods and services.

$$\text{GDP} = \text{HFCE} + \text{GFCE} + \text{I} + \text{X} - \text{M}$$

- 5) A statistical discrepancy (SD) is added to the GDP by expenditure to record the difference between the GDP values obtained from the production and expenditure approaches, since GDP from production approach is treated as the firmer estimate of GDP.
- 6) The quarterly GDP series is not seasonally-adjusted and all growth rates are computed on a year-on-year basis, i.e. the current quarter compared to the same quarter in the previous year.