



Gross Domestic Product

Third Quarter 2018

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

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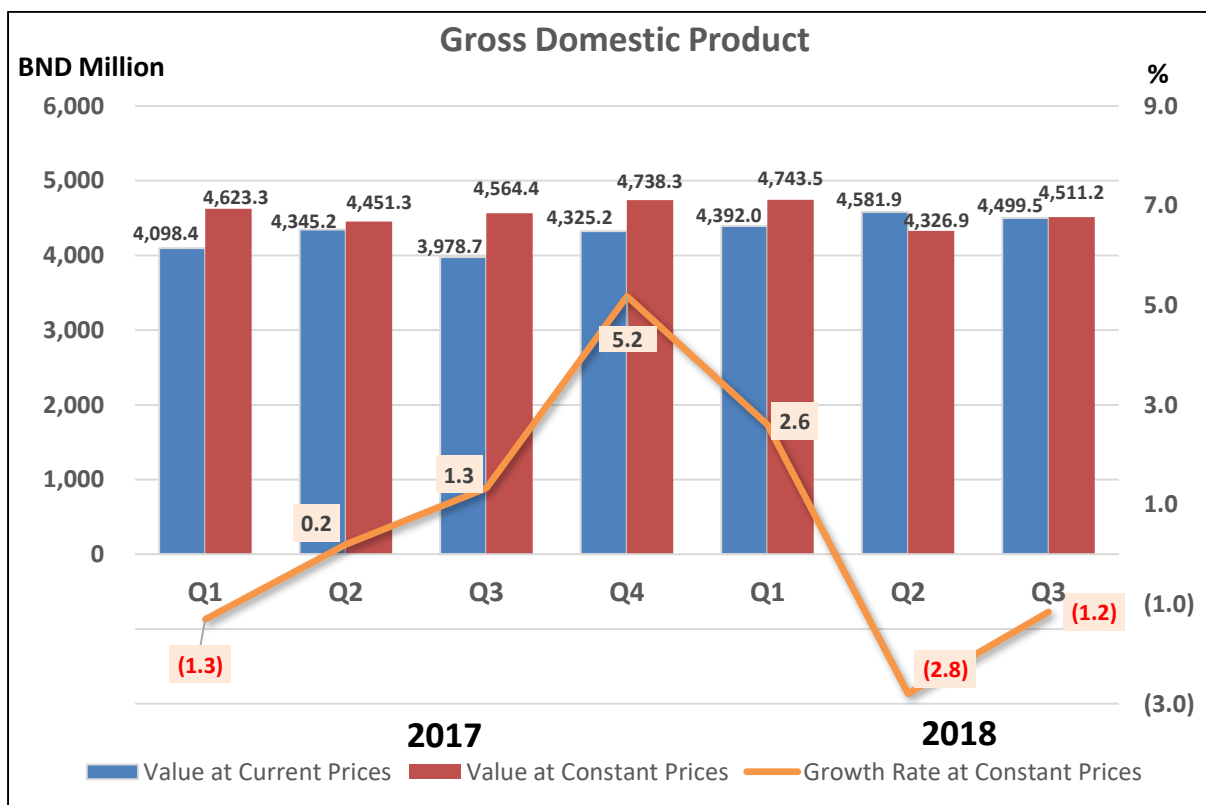
In the third quarter of 2018 (Q3 2018), Brunei Darussalam’s Gross Domestic Product (GDP) posted a negative growth of 1.2 per cent year-on-year at constant prices (Table 1 and Chart 1).

GDP at current prices was estimated at BND 4.5 billion in Q3 2018, compared to BND 4.6 billion in Q2 2018.

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

	2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Value (BND million)							
Current Price	4,098.4	4,345.2	3,978.7	4,325.2	4,392.0	4,581.9	4,499.5
Constant Price	4,623.3	4,451.3	4,564.4	4,738.3	4,743.5	4,326.9	4,511.2
Year-on-Year Growth Rate (%)							
Constant Prices	(1.3)	0.2	1.3	5.2	2.6	(2.8)	(1.2)

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 Q3 2018, the Oil & Gas sector declined by 2.4 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 7.4 per cent and Oil and gas mining by 0.7 per cent.

Production of Natural gas has declined to 31.4 million cubic metre per day in Q3 2018 from 34.0 million cubic metre per day in Q3 2017. LNG production volume also contracted from 949.3 thousand Million British Thermal Unit per day (MMBtu/d) in Q3 2017 to 861.3 thousand MMBtu/d in Q3 2018. Meanwhile, crude oil production has increased from 103.2 thousand barrel per day in Q3 2017 to 105.4 thousand barrel per day in Q3 2018.

At current prices, the GVA of this sector posted an increase and was estimated at BND 2,617.8 million in Q3 2018 compared to BND 2,110.2 million in Q3 2017.

This sector's contribution to the total Gross Value Added (GVA) was about 57.3 per cent in Q3 2018. The average Oil price in Q3 2018 has expanded by 46.6 per cent from USD 52.7 per barrel (USD/barrel) in Q3 2017 to USD 77.3 per barrel in Q2 2018; whereas Liquefied Natural Gas (LNG) price has also expanded by 39.7 per cent from USD 7.7 per Million British Thermal Unit (USD/MMBtu) in Q3 2017 to USD 10.7 per MMBtu in Q3 2018.

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

Sector	Q3 2017	Q2 2018	Q3 2018
Value at Current Prices (BND Million)			
Oil & Gas	2,110.2	2,819.4	2,617.8
Non-Oil & Gas	1,931.0	1,826.4	1,952.0
Total GVA	4,041.3	4,645.8	4,569.7
Contribution at Current Prices (%)			
Oil & Gas	52.2	60.7	57.3
Non-Oil & Gas	47.8	39.3	42.7
Total	100.0	100.0	100.0
Value at Constant Prices (BND Million)			
Oil & Gas	2,656.2	2,519.9	2,593.0
Non-Oil & Gas	1,994.7	1,888.7	2,003.4
Total GVA	4,650.9	4,408.6	4,596.4
Year-on-year Growth Rate at Constant Prices (%)			
Oil & Gas	0.1	(2.6)	(2.4)
Non-Oil & Gas	3.0	(3.0)	0.5
Total	1.3	(2.8)	(1.2)

The Non-Oil & Gas sector increased by 0.5 per cent in Q3 2018 after a decrease of 2.6 per cent in Q2 2018.

The increase was due to by the positive growths in the production of Forestry 10.7 by per cent, Livestock and poultry 7.6 per cent, Other manufacturing 7.4 per cent, Electricity and water 6.4 per cent and Government Services 4.2 per cent.

At current prices, this sector was estimated at BND 1,952.0 million compared to BND 1,826.4 million in Q2 2018. This sector contributed 42.7 per cent to the total GVA.

B. Kind of Economic Activities

The Agriculture, Forestry & Fishery sector

In Q3 2018, this sector has decreased by 1.2 per cent due to the decline in the production of Vegetables, fruits & other agriculture by 9.8 per cent and Fishery by 1.8 per cent. Meanwhile, the production of Forestry has recorded an increase of 10.7 per cent and Livestock and poultry by 0.5 per cent. At current prices, the Agriculture, Forestry & Fishery sector was valued at BND 47.0 million in Q3 2018, accounting for about 1.0 per cent to the total GVA (Appendix 1 & 2).

The Industrial Sector

The Industrial sector decreased by 2.2 per cent after a decline of 2.0 per cent in Q2 2018. This was mainly attributed to the decreased of Manufacture of liquefied natural gas and methanol by 7.4 per cent, Manufacture of food and beverage products by 6.3 per cent, followed by Construction 2.5 per cent, Manufacture of wearing apparel & textiles 1.9 per cent, and Oil and gas mining 0.7 per cent. On the contrary, Other manufacturing and Electricity and water posted an increase of 7.4 per cent and 6.4 per cent respectively. At current prices, this sector was valued at BND 2,860.1 million accounting for 62.6 per cent of the total GVA.

The Services Sector

Services sector has expanded in this quarter by 0.5 per cent. The positive growths recorded in Public administration by 4.2 per cent, Hotels 2.9 per cent, Business services 2.4 per cent, Real estate & ownership of dwellings 2.4 per cent, Health 2.3 per cent, Domestic services 2.0 per cent, Education 1.9 per cent, Restaurants 1.6 per cent, Air transport 1.3 per cent, and Other transport services 1.0 per cent, have resulted to the overall increase in this sector. At current prices, services sector was valued at BND 1,662.7 million and contributed 36.4 per cent to the total GVA in Q3 2018.

GDP by Expenditure

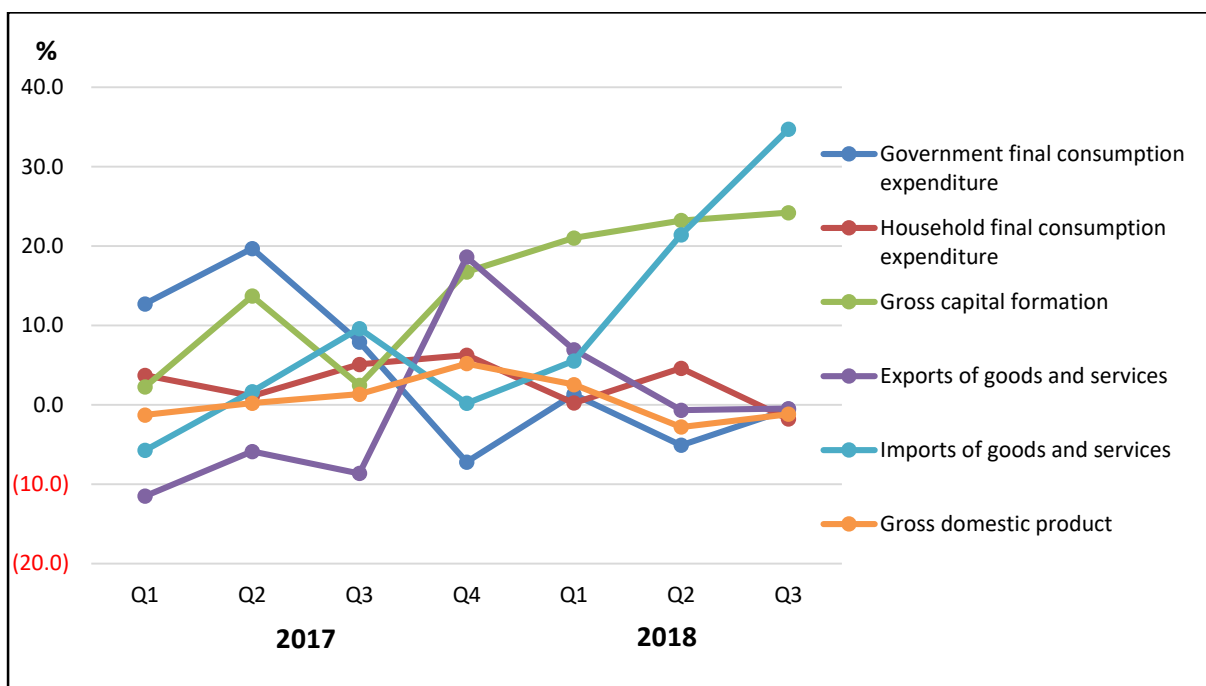
The Government Final Consumption Expenditure (GFCE) posted a decrease of 0.6 per cent at constant prices after a decline of 5.1 per cent in Q2 2018. The value of GFCE at current prices was BND 1,016.0 million in this quarter compared to BND 979.6 million in Q2 2018. GFCE contributed 22.6 per cent to the total GDP (Appendix 3 & 4).

Household Final Consumption Expenditure (HFCE) has declined by 1.8 per cent after an increase of 4.8 per cent in Q2 2018 at constant price. With a total value of BND 909.5 million at current prices, HFCE contributed 20.2 per cent to the total GDP.

Gross Capital Formation (GCF) posted a positive growth of 24.2 per cent at constant price in Q3 2018 after an increase of 23.2 per cent in Q2 2018. The expansion in Q3 2018 was due to the increase of Private Gross Fixed Capital Formation (GFCF) by 33.1 per cent. At current prices, GCF was estimated at BND 2,474.4 million, contributing 55.0 per cent to the total GDP.

Exports of goods and services has recorded a decrease of 0.5 per cent due to the decreases in both Exports of goods by 0.1 per cent and Exports of services by 4.7 per cent. On the other hand, Imports has posted an increase of 34.7 per cent due to the expansions of Imports of goods and services by 29.4 per cent and 49.8 per cent respectively.

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.