

THE ECONOMY

The Global Economy in 2017

Broadest expansion since 2010

The global economy ended 2017 on a solid note at the back of the broadest synchronised global growth upsurge since 2010, supported by a combination of loose monetary conditions, solid labour markets, healthy global trade and higher commodity prices. Growth picked up across most advanced economies, notably in the United States, Euro Area and Japan. The United Kingdom economy, however, faced a slowdown because of Brexit uncertainty. Among emerging market and developing economies, 2017 saw strong growth in emerging Asia and Europe and a modest upswing in commodity-exporting economies after three years of weak performance. China continued to grow strongly, while Brazil and Russia emerged out of recession. India's economy, however, moderated overall, despite picking up in the second half of the year.

The equity market had a stellar year in 2017, with several key equity indices registering double-digit returns as corporate earnings and global economic data continued to improve. Expectations for rising global interest rates were also supportive for financial stocks. Commodity markets continued to recover; commitment by OPEC and non-OPEC countries to cut production maintained, coupled with healthy demand led to a surge in oil prices. Meanwhile, persistent geopolitical tensions contributed to the rally in gold price.

In general, households benefitted from improved labour markets globally and low inflationary pressures, especially in advanced economies. In addition, loose financial conditions propped up business and investment activities. Stronger-than-expected growth in China translated into higher global demand, which reverberated positively through emerging market economies.

2.3%

of growth in advanced economies in 2017, compared to 1.7% in 2016.



The ASEAN-5 economy grew 5.3% y-o-y in 2017 compared to 4.9% y-o-y in 2016. Mainly driven by robust external demand, solid labour markets, and accommodative monetary policies

Source: International Monetary Fund (IMF),
World Economic Outlook April 2018

The Brunei Economy in 2017

Economy bounced back after four years of recession



Oil & gas sector grew by

1.2%

Brunei Darussalam's economy maintained an upward trend during most of the year, reaching 5.2% year-on-year (y-o-y) growth in real GDP in the last quarter of 2017, ultimately lifting overall growth from -2.5% in 2016 to 1.3% in 2017.

In the Oil and Gas sector, growth was driven mainly by the manufacture of Liquefied Natural Gas (LNG) and methanol, which grew by 9.7% in 2017.



Non-oil & gas sector grew by

1.5%

In the Non-Oil and Gas sector, growth was fastest in Water Transport activities (13.4%) due to higher activity of tankers transporting LNG. This was followed by growth in Construction (9.3%) sector, mainly linked to the construction of Temburong bridge and private sector investments such as Hengyi's Petrochemical Plant at Pulau Muara Besar; amongst many other initiatives. An indicative effect of such activities was the surge in imports in 2017 by 65.7% of which 34.1% comprised of Machinery and Transport Equipment.

Inflation picked up slightly



Inflation in 2017 was

-0.2%

Inflation showed a slight improvement but remained on a deflationary trend at -0.2% in 2017 from -0.7% in 2016. Based on the Consumer Price Index for 2017, the indices with the largest price gains were those of Transport (0.9%), Education (0.4%), and Food and Non-Alcoholic Beverages (0.3%). However, they were offset by larger declines in the indices for Clothing and Footwear (-2.5%), Furnishings, Household Equipment and Routine Household Maintenance (-1.7%), and Miscellaneous Goods and Services (-0.6%).

Source: Department of Economic Planning and Development