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**EXECUTIVE SUMMARY**

In Q2 2008, the Oil & Gas Sector continued to contribute significantly towards Total Government Revenue. The Government fiscal surplus recorded an increase of 32.6 percent q-o-q to B\$ 1,569.6 million. Total Government Revenue amounted to B\$ 2,779.1 million, a decrease of 13.2 percent q-o-q. Subsequently Total Government Expenditure also decreased by 40.1 percent q-o-q to B\$ 1,209.6 million. However on a y-o-y basis, it has increased by 2.7 percent.

In its continuous endeavor towards developing its domestic capital market, the Government of His Majesty the Sultan dan Yang Di-Pertuan of Brunei Darussalam in Q2 2008 issued its 13<sup>th</sup> and 14<sup>th</sup> tranche of Government Short Term Sukuk Al-Ijarah on the 5<sup>th</sup> and 19<sup>th</sup> June 2008 with an amount of B\$ 40 million and B\$ 28 million respectively. The total sum of Sukuk Al-Ijarah issued since the maiden offering in April 2006 amounted to B\$ 1.118 billion.

On the Monetary front, the Brunei Dollar appreciated against most of the major global currencies. However it has depreciated against the US Dollar, the Japanese Yen as well as other regional currencies. Currency in circulation (M0) increased marginally by 0.3 percent q-o-q to B\$ 802.6 million. The External assets of B\$ 796 million provided 99.2 percent coverage to the currency in circulation which is higher than the statutory requirement of 70 percent. At the same time, Liquid Assets coverage of 46.5 percent was also well above the statutory requirement of 30 percent. The 3-month, 6-month and 12-month Fixed Deposit Rates stood at 0.9 percent, 1.01 percent and 1.32 percent respectively.

In the Banking Sector, Total Banking Assets increased marginally by 3.2 percent q-o-q from B\$ 16.1 billion to B\$ 16.6 billion. Total Deposits have also increased by 2.3 percent q-o-q to B\$ 13.2 billion. In terms of asset quality, Total NPLs of the banking industry stood at B\$ 617.2 million which is an increase of 4.8 percent q-o-q. The Insurance Industry's Assets recorded an increase of 6.2 percent q-o-q to B\$ 1,049.2 million contributed mainly by the growth of Non-Life Assets by 7.5 percent q-o-q. Gross Premiums continued to grow by 13.2 percent q-o-q and 36.1 percent y-o-y to B\$ 53.3 million. Gross Claims increased by 3.6 percent q-o-q to B\$ 18.7 million. On the Money Remittance sector, Total Money Remitted abroad increased by 6.2 percent q-o-q and 41.2 percent y-o-y to B\$ 124.4 million.

## GLOBAL ECONOMIC REVIEW

In Q2 08, global growth continued its downtrend as economies across regions are showing slower growth to no growth from the previous quarter. Global headline inflation remains a worry as it reaches levels not seen in decades. Global oil prices ended the quarter at a new high of USD140 per barrel.

The US economy grew slower than initially expected at 2.8 percent in Q208 due to cutbacks in consumer spending and slower investment spending. Headline inflation stood at 3.9 percent while core process remained steady at 0.1 percent in May and 2.3 percent y-o-y. In order to stimulate the economy, the Federal Open Market Committee (FOCM) cut rates by 25 basic points in April to 2.0 percent and kept rates unchanged for the rest of the quarter.

The Eurozone economy stagnated in Q2 08 at -0.2 percent q-o-q due to a decline in consumer spending and business investment. Headline inflation has fallen beyond the European Central Bank's target at 3.3 percent in April while core inflation also crept up during the quarter. The Central Bank, therefore, kept interest rates unchanged at 4.0 percent to control inflation despite slower growth.

The United Kingdom economy encountered zero growth in Q2 08 as the global financial crisis restrained investment, construction and industrial production. Headline inflation jumped by 7.5 percent y-o-y, the highest since 1986 due in part to higher steel scrap prices, tobacco, alcohol and food prices. While being focused on inflation, the Bank of England kept rates unchanged for the rest of Q2 08 after cutting rates in April bringing it to 5.0 percent as fears of recession in the UK economy starts to mount.

Growth in China moderated further to 10.1 percent y-o-y as a result of slower growth in net exports. Domestic demand remains strong as reflected by retail sales which rose 20.6 percent y-o-y. Inflationary pressures remain on the upside as consumer price inflation remains elevated at 8.5 percent y-o-y and producer prices rose 8.1 percent y-o-y in April.

The ASEAN-4 regions painted a less rosy consumption picture in Q2 08. Philippines and Indonesia displayed resilience as growth rise 2 percent y-o-y in Philippines and 6.4 percent y-o-y in Indonesia. Strong capex and high commodity prices helped to buoy rural incomes which supported household spending over the quarter. Growth however slowed in both Malaysia and Thailand to 6.3 percent y-o-y and 5.3 percent y-o-y respectively, dragged down by private consumption and investment, though a positive contribution from net exports offered support. While Bank Negara Malaysia kept its policy stance on hold, Bank of Thailand and Bank Indonesia hike interest rates by 25 basic points each, in light of strong inflationary pressures. Governments have also resorted to expansionary fiscal policies to encourage spending.

The Newly Industrialized Economies (NIEs) namely Hong Kong, Korea, Singapore and Taiwan saw moderation in growth. The softness in Q2 08 stemmed from a marked slowdown in private consumption and investment spending. A weaker stock market, coupled with high inflation and a less favourable external backdrop impacted greatly on consumer confidence. The deteriorating outlook in global demand meant that exports proved less upbeat over the quarter. Inflation has continued to gain momentum on higher food and energy prices and a weakening currency in the case of the Korean Won. Singapore's CPI reached a record high of 7.5 percent y-o-y. The Singapore government has announced more measures to help citizens cope with the rapid increase in cost of living such as cash payments and utility rebates.

	2007			2008	
	Q2	Q3	Q4	Q1	Q2
United States	4.8	4.8	-0.2	0.9	2.8
Euro	0.5	0.6	0.4	0.7	-0.2
United Kingdom	0.8	0.7	0.5	0.3	0.0
Japan	-0.3	0.2	0.6	0.7	-0.7

Sources: Bureau of Economic Analysis; Eurostat; National Statistics UK; Cabinet Office, Japan

The Japanese economy contracted by 0.7 percent in Q2 08 due to fallbacks in business spending. Consumption appears to have held up but was merely boosted by high prices of food and gasoline. Inflation continued to rise in Japan, rising at the fastest pace in a decade in May with core prices up 1.5 percent y-o-y. With the Bank of Japan more concerned on growth rather than on inflation, they kept rates unchanged at 0.5 percent.

## FISCAL SECTOR DEVELOPMENTS

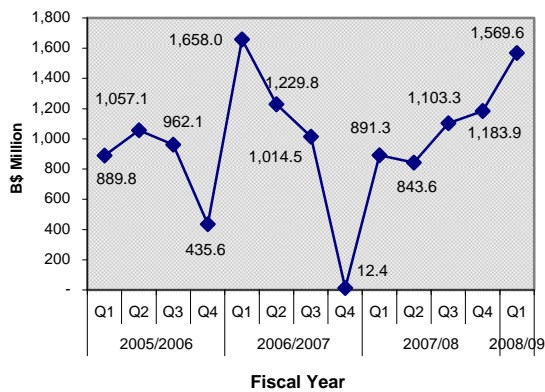
### OVERVIEW

- Fiscal surplus was recorded at B\$1,569.6 million.
- Total Government Revenue decreased to B\$2,779.2 million.
- Total Government Expenditure decreased to B\$1,209.6 million.
- Total Government Revenue decreased by 13.2 percent q-o-q.
- Total Government Expenditure decreased by 40.1 percent q-o-q.

### FISCAL POSITION

Fiscal surplus increased by 32.6 percent q-o-q from B\$ 1,183.9 million to B\$ 1,569.6 million due to a higher rate of decrease in Government Spending compare to Government Revenue.

Figure 2.1: Surplus/Deficit Balances



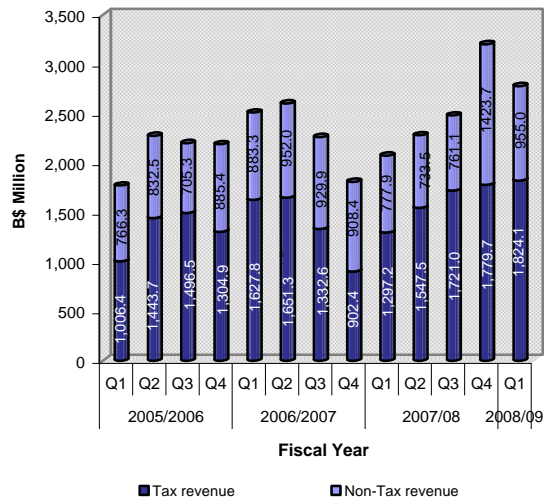
Source: Treasury Department, Ministry of Finance

### GOVERNMENT REVENUE

In Q1FY 08/09, Total Government Revenue decreased by 13.2 percent q-o-q to B\$2,779.2 million. Tax revenue increased by 2.5 percent to B\$ 1,824.1 million, whereas, Non-Tax revenue<sup>1</sup> decreased significantly by 32.9 percent q-o-q to B\$ 955.0. This can be indicated by Figure 2.2.

<sup>1</sup> Non-tax revenue consists mainly of property income, administrative fees and charges on sales of goods and fines.

Figure 2.2: Tax Revenue & Non-Tax Revenue, Q1 FY05/06 – Q3 FY07/08

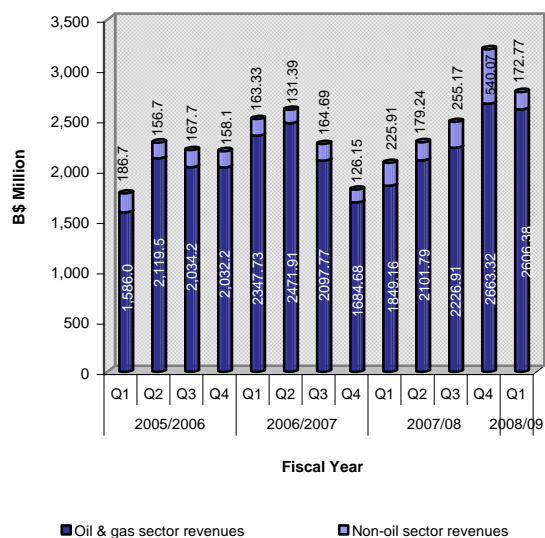


Source: Treasury Department, Ministry of Finance

The Oil & Gas Sector accounted for 93.8 percent of Total Revenue (see Fig 2.3). Tax revenue and Non-Tax revenue collections from the Oil & Gas Sector declined by 0.6 percent q-o-q and 5.0 percent q-o-q to B\$1,728.9 million and B\$877.5 million respectively.

Meanwhile, Non-Oil Sector revenue which contributed 6.2 percent of the Total Revenue, amounted to B\$172.8 million. Tax revenue from the Non-Oil Sector has increased significantly by 135.3 percent q-o-q to B\$95.3 million while Non-Tax revenue declined by 84.5 percent q-o-q to B\$77.5 million.

Figure 2.3: Oil Sector Revenue & Non-oil Revenue, Q1 FY05/06 – Q3 FY07/08



Source: Treasury Department, Ministry of Finance

Table 2.1 : Budgeted & Actual Revenue Comparison			
	Budgeted Revenue (B\$ million)	Actual Revenue (B\$ million)	Proportion of Revenue Collected (%)
	Q1 08/09		
Total Revenue	1,400.4	2,779.2	198.5
Tax Revenue	818.5	1,824.1	222.8
Non-Tax Revenue	581.9	955.0	164.1
	Budgeted Revenue (FY 08/09)	Actual Revenue (Q1 08/09)	Proportion of Revenue Collected (%)
	Q1 08/09		
Total Revenue	5,601.5	2,779.2	49.6
Tax Revenue	3,274.1	1,824.1	55.7
Non-Tax Revenue	2,327.4	955.0	41.0

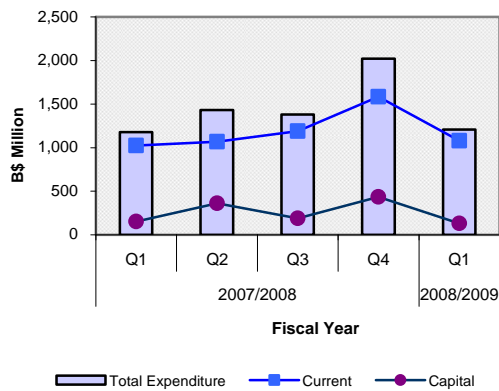
Source: Expenditure Division; and Treasury Department, Ministry of Finance

From Table 2.1, Total Revenue collected for Q1 FY08/09 amounted to B\$2,779.2 million.

### GOVERNMENT EXPENDITURE

Total Government Expenditure decreased by 40.1 percent q-o-q to B\$1,209.6 million mainly attributed to a slower rate of Government Spending. However, on an annual basis, Total Government Expenditure had increased by 2.7 percent due to the increase of Current Expenditure sub-component, Charged Expenditure, by 27.0 percent y-o-y to B\$ 385.0 million.

Figure 2.4: Government Expenditure, Q1 FY07/08 – Q1 FY08/09



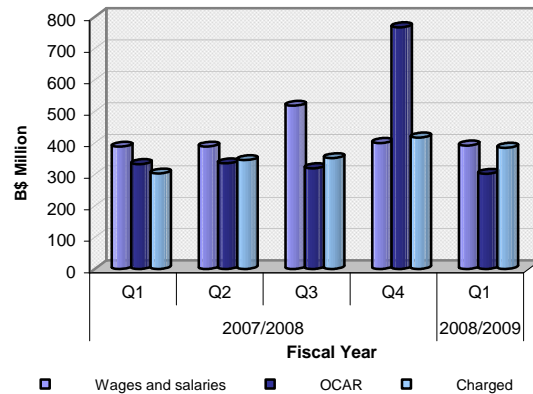
Source: Treasury Department, Ministry of Finance

### Current Expenditure

Current Expenditure registered a decrease of 31.9 percent q-o-q to B\$ 1,078.8 million. Wages and Salaries which accounted for 36.3 percent of Total Current Expenditure decreased by 2.0 percent q-o-q to

B\$ 391.96 million. Other Charges Annually Recurrent (OCAR) representing 28.0 percent of Current Expenditure declined by 60.7 percent q-o-q to B\$ 301.9 million. However, on a y-o-y basis, spending of OCAR has declined by 9.3 percent. Charged has decreased by 7.7 percent q-o-q to B\$ 384.9 million, while on a y-o-y basis it has increased by 27.0 percent.

Figure 2.5: Actual Current Expenditure (Wages & Salaries, OCAR & Charged) Q1 FY07/08 – Q1 FY08/09



Source: Treasury Department, Ministry of Finance

Table 2.2: Budgeted & Actual Current Expenditure Comparison			
	Budgeted Current Exp	Actual Current Exp	Proportion of Budget Utilised (%)
	Q1 FY 08/09		
Current Expenditure	976.7	1,078.8	110.5
Wages & Salaries	442.7	391.9	88.5
OCAR	366.7	301.9	82.3
Charged	167.3	384.95	230.1

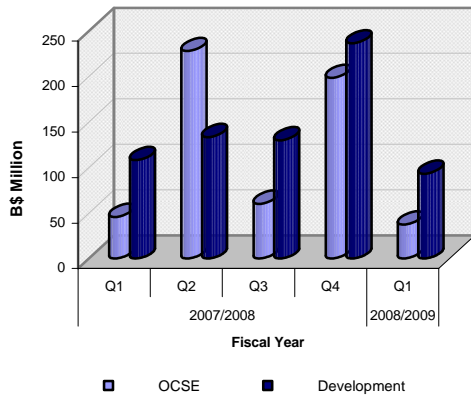
Source: Expenditure Division; and Treasury Department, Ministry of Finance

An amount of B\$ 5,455 million was allocated for the fiscal year 08/09 at which approximately 22.2 percent has been spent.

### Capital Expenditure

Capital Expenditure decreased significantly by 70.0 percent q-o-q to B\$130.75 million from B\$ 435.2 million due to the significant decrease in spending in Other Charges Special Expenditure (OCSE) by 81.2 percent q-o-q and Development Expenditure by 60.6 percent q-o-q.

**Figure 2.6: Actual Capital Expenditure (OCSE & Development) Q1 FY07/08 – Q1 FY08/09**



Source: Treasury Department, Ministry of Finance

**Table 2.3: Budgeted & Actual Capital Expenditure Comparison**

	Budgeted Capital Exp	Actual Capital Exp	Proportion of Budget Utilised (%)
	Q1 FY 08/09		
Capital Expenditure	387.0	130.8	33.8
Development	124.5	37.4	30.1
OCSE	262.5	93.3	35.6

Source: Expenditure Division; and Treasury Department, Ministry of Finance

Overall, approximately 8.4 percent of the budgeted capital expenditure of B\$1,548.2 million for FY 08/09 had been utilised.

## MONETARY & FINANCIAL SECTOR DEVELOPMENTS

### OVERVIEW

- Total issuance of Sukuk Al-Ijarah was B\$1.118 billion
- All monetary aggregates except for M1 increased.
- Money, M1 declined by 5.1 percent.
- Quasi Money, M2 grew by 10.2 percent.
- Broad Money, M2 increased by 4.2 percent.
- Total Banking Assets increased by 3.2 percent.
- Total Deposit increased by 0.64 percent.
- Average NPL ratio is 9.40.

### MONETARY DEVELOPMENTS

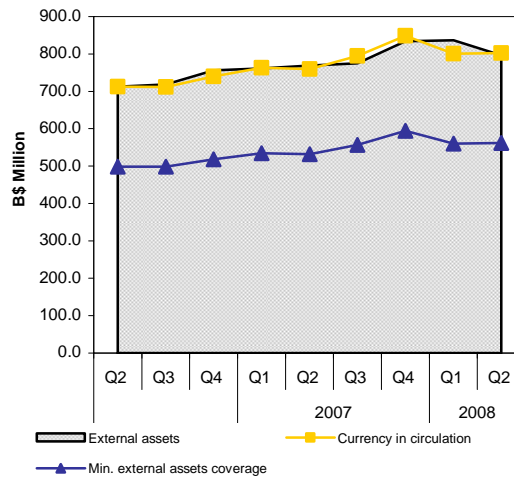
In Q2 08, two Government Short Term Sukuk Al-Ijarah of maturity of 91 days were issued on 5<sup>th</sup> and 19<sup>th</sup> June 2008. The 13<sup>th</sup> issuance carried an amount of B\$40 million at rental yield of 0.925 percent p.a., while the 14<sup>th</sup> was issued for B\$28 million with rental yield of 0.88 percent p.a. The total amount of Sukuk Al-Ijarah issued since the maiden offering in April 2006 up to Q2 08 was B\$1.118 billion.

The Brunei Dollar appreciated against major global currencies and Asian Currencies with the exception of the Australian Dollar.

	Q2 2007 End Of Period	Q1 2008 End Of Period	Q2 2008 End Of Period
<b>B\$ to 1 unit of Foreign Currency</b>			
US Dollar	1.5326	1.3799	1.3616
Pound Sterling	3.0684	2.7529	2.7142
Euro	2.0595	2.1807	2.1493
Australian Dollar	1.2998	1.2658	1.3101
<b>B\$ to 100 unit of Foreign Currency</b>			
Hong Kong Dollar	19.61	17.73	17.45
Indonesian Rupiah	0.016938	0.014970	0.014761
Japanese Yen	1.2421	1.3814	1.2819
Philippine Peso	3.3137	3.3079	3.0329
Thai Baht	4.4378	4.3758	4.0614

Source: The Brunei Association of Banks

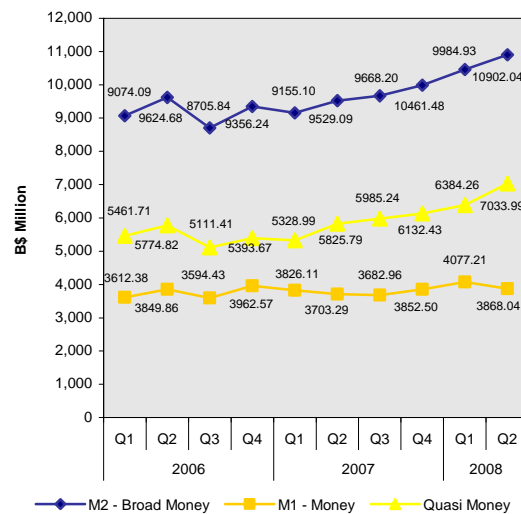
Figure 3.1: Currency in circulation (M0) and External Assets Back-up



Source: Brunei Currency and Monetary Board, Ministry of Finance

Currency in circulation (M0)<sup>2</sup> increased marginally by 0.3 percent q-o-q to B\$802.6 million. The External assets of B\$796 million provided 99.2 percent coverage to the currency in circulation. This coverage was higher than the statutory requirement of 70 percent. At the same time, Liquid Assets coverage was also well above the statutory requirement of 30 percent at 46.5 percent.

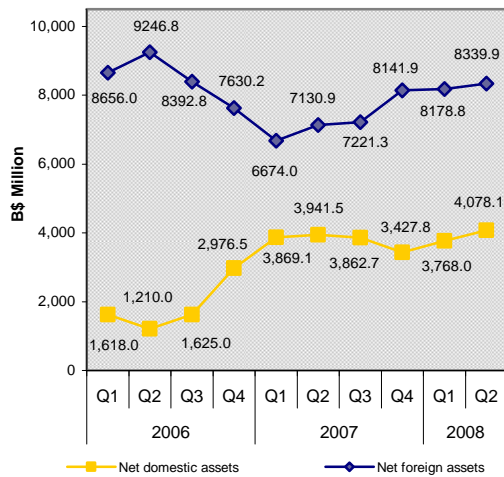
Figure 3.2: Monetary Aggregates



Source: Brunei Currency and Monetary Board & Financial Institutions Division, Ministry of Finance

<sup>2</sup> M0 = Currency in circulation outside BCMB

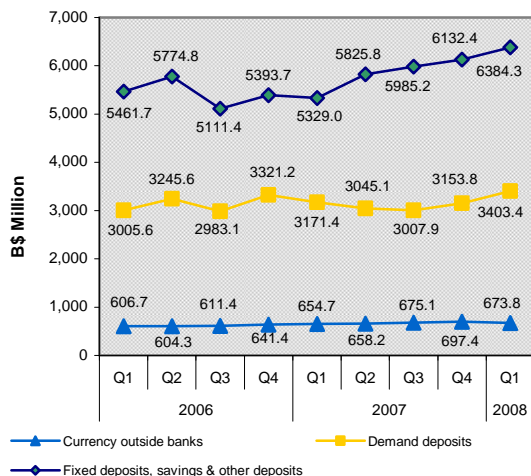
**Figure 3.3: Net Foreign Assets and Domestic Claims**



Source: Financial Institutions Division & Brunei Currency and Monetary Board, Ministry of Finance

Net foreign assets<sup>3</sup> recorded a modest increase of 1.9 percent q-o-q. Domestic claims<sup>4</sup> remained to be on the upside with an increase of 8.2 percent q-o-q. The gain was mainly attributed to the decrease in government deposits by 7.4 percent q-o-q.

**Figure 3.4: Components of Money and Quasi Money**



Source: Financial Institutions Division & Brunei Currency and Monetary Board, Ministry of Finance

In Q2 08 all monetary aggregates increased with the exception of Money (M1)<sup>5</sup>. Broad money grew at 4.2 percent y-o-y to B\$10,902 million. Even though the increased in Currency in Circulation (M0) was minimal at 0.3 percent q-o-q, Quasi money grew significantly by 10.2 percent q-o-q. M1 contraction of 5.1 percent q-o-q was the result of the declined in demand deposits by

<sup>3</sup> Net foreign assets = BCMB net claims on nonresidents + Commercial banks net claims on nonresidents  
<sup>4</sup> Domestic claims = Net claims on Government + Claims on Public Nonfinancial Corporations + Claims on Private Sector  
<sup>5</sup> M1 = Currency outside banks + demand deposits

6.4 percent q-o-q despite the growth in Currency Outside Banks by 1.4 percent q-o-q.

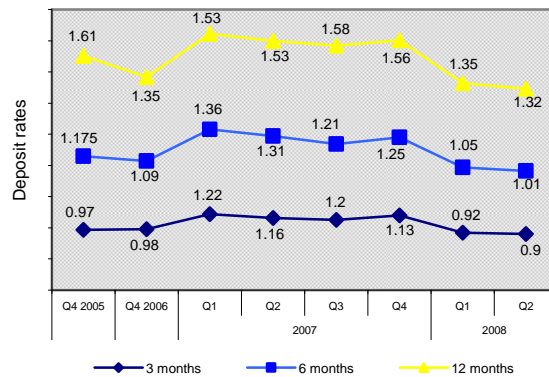
**INTEREST RATES**

In Q2 08, the 3-month, 6-month and 12-month Fixed Deposit rate stood at 0.90 percent, 1.01 percent and 1.32 percent respectively.

**Table 3.2 : Brunei Fixed-Deposit Rates**

Months	Q2 2007	Q1 2008	Q2 2008
3	1.16	0.92	0.90
6	1.31	1.05	1.01
12	1.53	1.35	1.32

**Figure 3.5 : Brunei Fixed-Deposit Rates Trend**



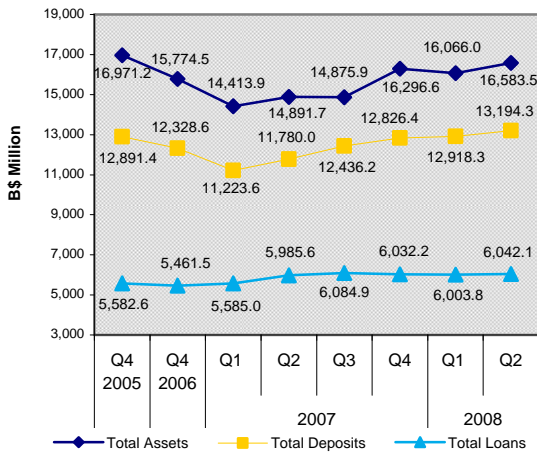
Source: Financial Institutions Division, Ministry of Finance

**BANKING SYSTEM<sup>6</sup>**

In Q2 08, Total Banking Assets increased by 3.2 percent q-o-q from B\$ 16.1 billion to B\$ 16.6 billion. Total Assets held by local banks recorded an increase of 20.8 percent q-o-q while foreign banks recorded negative growth of 11.4 percent q-o-q. Total Deposits of the banking industry increased by 2.3 percent q-o-q. Loans-to-deposit ratio stood at 45.8 percent q-o-q. This reflects the high liquidity levels in the banking system primarily with the foreign banks which accounted for 64.4 percent of total liquid assets and 67.2 percent of total offshore deposits in the banking industry. The domestic banks on the other hand had a higher loan to deposit ratio at 61.1 percent of total deposits allocated to credit.

<sup>6</sup> In previous issues of the Fiscal and Monetary Review, the banking system comprised wholly of banks operating in Brunei Darussalam. However, due to the increasingly significant banking activities of the trust fund, Tabung Amanah Islam Brunei (TAIB), the definition of the banking system has been amended to include the banks and trust fund.

**Figure 3.6: Total Assets, Total Deposits and Total Loans**



Source: Financial Institutions Division, Ministry of Finance

**DIRECTION OF LENDING**

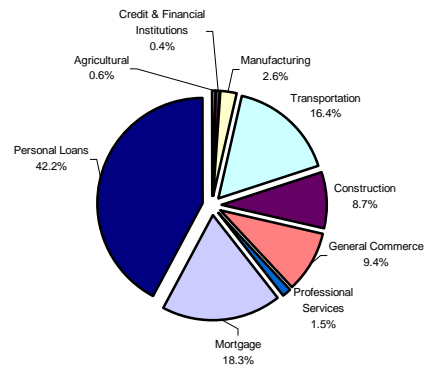
Personal loans continued to constitute a large portion of financing extended by bank which accounted for 42.2 percent of the Total Loans Portfolio. Following the Ministry of Finance loan-capping ratio directive in May 2005, personal loans have decreased by 1.3 percent q-o-q and 9.5 percent y-o-y.

DIRECTION OF LENDING	Q2 2007	Q1 2008	Q2 2008	Y-o-y	Q-o-Q
	(in B\$ millions)			(in percent)	
Agricultural	30.9	34.5	35.2	13.9	2.0
Credit & Financial Institutions	37.3	22.8	24.3	-34.9	6.6
Manufacturing	185.1	177.7	159.5	-13.8	-10.2
Transportation	870.9	970.0	991.9	13.9	2.3
Construction	521.4	506.2	522.7	0.2	3.3
General Commerce	533.3	548.7	567.0	6.3	3.3
Professional Services	74.5	80.1	87.8	17.9	9.6
Mortgage	915.4	1,080.5	1,105.0	20.7	2.3
Personal	2,816.8	2,583.2	2,548.6	-9.5	-1.3
<b>Total Loans</b>	<b>5,985.6</b>	<b>6,003.7</b>	<b>6,042.0</b>	<b>0.9</b>	<b>0.6</b>

Source: Financial Institutions Division, Ministry of Finance

**Figure 3.7: Direction of Lending in percent**

**Direction of Lending as at Q2 2008**



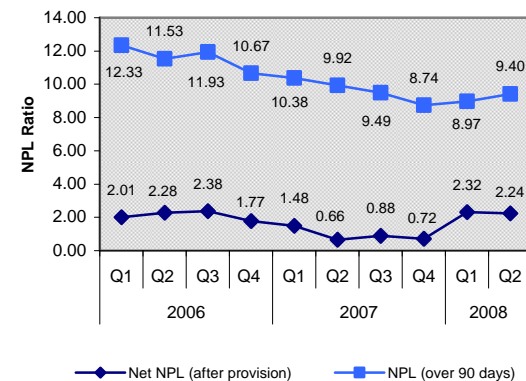
Source: Financial Institutions Division, Ministry of Finance

Mortgage lending for housing continued to be the second largest sector financed at 18.3 percent followed by the Transportation sector at 16.4 percent. On a q-o-q basis, lending to Professional Services has the highest increase by 9.6 percent from B\$ 1,105.0 million to B\$ 1,080.5 million. Lending to Manufacturing sector recorded the sharpest decrease of 10.2 percent from B\$177.7 million to B\$159.5 million.

**NON-PERFORMING LOANS**

In terms of asset quality, Total NPLs of the banking industry stood at B\$ 617.2 million which is an increase of 4.8 percent q-o-q. Sectoral distribution of NPLs showed personal loans consistently having the highest rate of default. In Q2 2008, the NPL ratio increased to 9.40.

**Figure 3.8: NPL percentage**

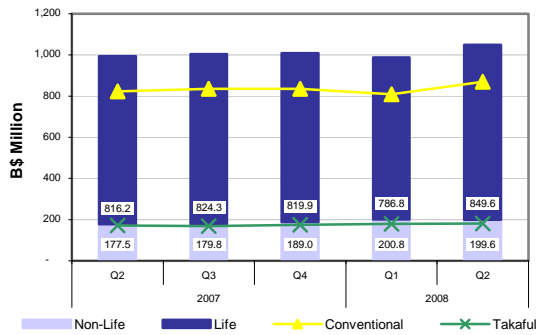


Source: Financial Institutions Division, Ministry of Finance

**INSURANCE INDUSTRY**

Insurance Assets grew by 6.2 percent q-o-q to B\$1,049.2 million spurred on by increases in non-life assets and life assets by 7.5 percent q-o-q and 0.7 q-o-q percent respectively. Life Insurance continued to hold 80.9 percent of Total Assets.

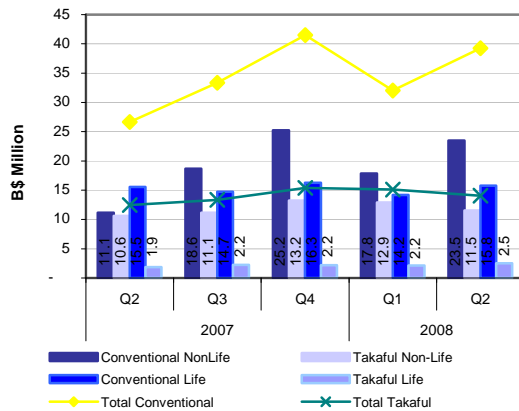
**Figure 3.9: Total Assets, Q2 2007 – Q2 2008**



Source: Financial Institutions Division, Ministry of Finance

Overall Industry Gross Premiums continued to grow by 13.2 percent q-o-q from B\$ 47.1 million to B\$ 53.3 million. On a y-o-y basis, Premium growth was recorded at 36.1 percent.

**Figure 3.10: Gross Premiums, Q2 2007 – Q2 2008**

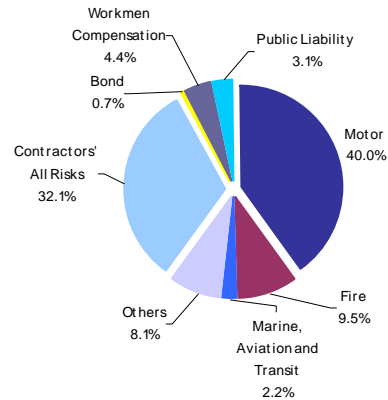


Source: Financial Institutions Division, Ministry of Finance

In life business, Gross Premiums rose by 11.9 percent q-o-q from B\$16.4 million to B\$18.3 million. Both conventional life insurers and Takaful operators saw an increase in life premiums. Nonetheless conventional life insurers continued to maintain 86.1 percent of market share.

In Non-Life Business, Gross Premiums grew by 14.0 percent q-o-q from B\$30.8 million to B\$35.0 million. This was attributable to the exceptionally high gross premiums written by conventional life insurers specifically in Contractors' All Risks during the quarter. Meanwhile, Takaful operators saw a decline of all Non-Life Business lines amounting to 10.7 percent q-o-q.

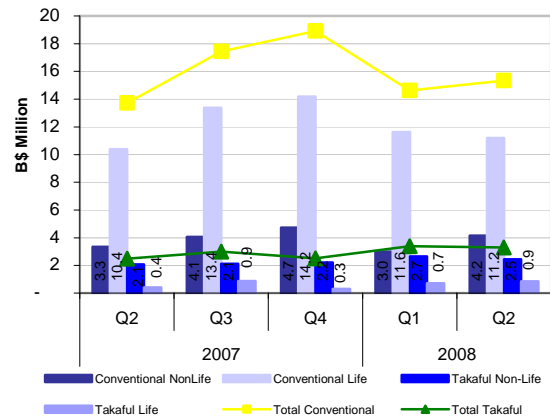
**Figure 3.11: Non-Life Gross Premiums Percentage, Q2 2008**



Source: Financial Institutions Division, Ministry of Finance

Overall Industry Gross Claims increased by 3.6 percent q-o-q from B\$18.0 million to B\$18.7 million. However, on a y-o-y comparison, gross claims rose by 15.0 percent.

**Figure 3.12: Gross Claims, Q2 2007 – Q2 2008**

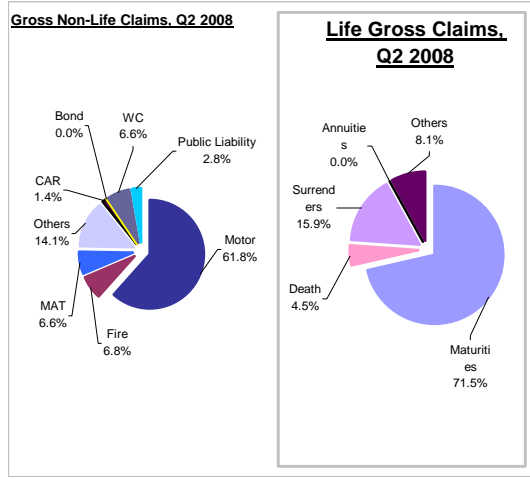


Source: Financial Institutions Division, Ministry of Finance

In Life Business, Gross Claims decreased for two consecutive quarters by a further 2.5 percent q-o-q to B\$ 12.0 million. All forms of benefits increased slightly with the exception of death benefits which decreased by 50.7 percent. Maturities remained the highest form of benefits at 71.5 percent followed by surrenders at 15.9 percent.

In Non-Life Business, Claims recorded an increase of 16.8 percent q-o-q from B\$ 5.7 million to B\$ 6.6 million. All lines of business recorded a marked increase in Gross Claims except for fire, workmen compensation and public liability. Motor claims continued to be the main form of compensation at 61.8 percent relative to the proportion of gross motor premiums written.

Figure 3.13: Gross Claims Percentage, Q2 2008



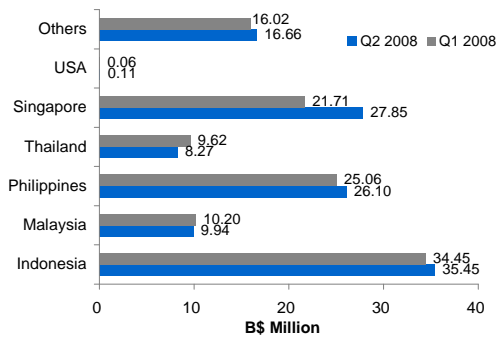
Source: Financial Institutions Division, Ministry of Finance

**MONEY REMITTANCE**

An outflow of B\$124.4 million was recorded through the formal remittance channels during Q2 08. This reflected a 41.2 percent y-o-y and 6.2 percent q-o-q increase. Similarly to the previous quarter, the majority of the remittances made abroad were to Indonesia which amounted to B\$ 35.5 million, representing an increase of 2.9 percent q-o-q.

Remittances made to the United States of America increased by 79.8 percent q-o-q from B\$0.06 million to B\$0.1 million, followed by remittances made to Singapore at an increase of 28.3 percent q-o-q. Other major remittance destinations also experienced an uptrend with increases ranging from 2.9 percent to 4.2 percent. Remittance to except for those made to Malaysia and Thailand decreased by 2.6 percent q-o-q and 14.0 percent q-o-q respectively.

Figure 3.14: Total Money Remitted



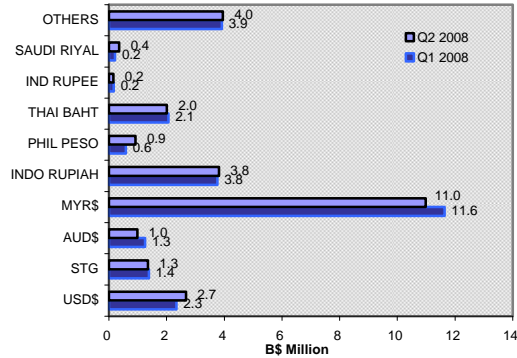
MONEY REMITTED	Q2 2007	Q1 2008	Q2 2008
Total (in B\$m)	88.1	117.1	124.4
% Change	41.2%(y-o-y)	-	6.2%(q-o-q)

Source: Financial Institutions Division, Ministry of Finance

**FOREIGN CURRENCY EXCHANGE**

The total amount of foreign currency purchased in Q2 08 amounted to B\$ 27.21 million which is a decrease of 0.4 percent q-o-q resulting from the significant decline in the amount of Australian Dollar and Malaysian Ringgit purchased. The purchasing of the Saudi Riyal increased by 69.0 percent q-o-q, Philippine Peso increased by 58.0 percent and the US Dollar increased by 14.0 percent.

Figure 3.15: Buying of Foreign Currencies

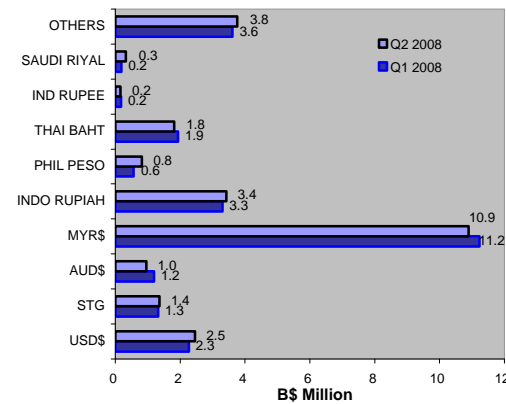


BUYING	Q2 2007	Q1 2008	Q2 2008
Total (in B\$m)	25.2	27.33	27.21
% Change	8.0%(y-o-y)	-	-0.4%(q-o-q)

Source: Financial Institutions Division, Ministry of Finance

The amount of foreign currencies sold during Q208 amounted to B\$ 26.0 million which was an increase of 0.8 percent q-o-q and 9.24 percent y-o-y.

Figure 3.16: Selling of Foreign Currencies



SELLING	Q2 2007	Q1 2008	Q2 2008
Total (in B\$m)	23.8	25.8	26.0
% Change	9.24%(y-o-y)	-	0.8%(q-o-q)

Source: Financial Institutions Division, Ministry of Finance

TABLE A : Brunei Darussalam - FISCAL INDICATORS (Fiscal Position)									
	2006/07				2007/08				2008/09
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(B\$ million)									
<b>Total Revenue</b>	<b>2,511.1</b>	<b>2,603.3</b>	<b>2,262.5</b>	<b>1,810.8</b>	<b>2,075.1</b>	<b>2,281.0</b>	<b>2,482.1</b>	<b>3,203.4</b>	<b>2,779.2</b>
<b>Tax Revenue</b>	1,627.8	1,651.3	1,332.6	902.4	1,297.1	1,547.5	1,721.0	1,779.7	1,824.1
<b>Oil &amp; Gas sector</b>	1,553.8	1,608.3	1,270.2	868.0	1,165.1	1,446.0	1,678.8	1,739.2	1,728.9
<b>Non-oil sector</b>	74.1	43.1	62.4	34.4	132.0	101.6	42.3	40.5	95.3
<b>Non-tax revenue</b>	883.3	952.00	929.9	908.41	777.9	733.5	761.1	1,423.7	955.0
<b>Oil &amp; Gas sector</b>	793.9	863.6	827.6	816.66	684.1	655.8	548.2	924.1	877.5
<b>Non-oil sector</b>	89.3	88.3	102.3	91.75	93.8	77.7	212.9	499.6	77.5
<b>Total Expenditure</b>	<b>853.1</b>	<b>1,373.5</b>	<b>1,247.9</b>	<b>1,798.5</b>	<b>1,183.8</b>	<b>1,437.5</b>	<b>1,378.8</b>	<b>2,019.5</b>	<b>1,209.6</b>
<b>Current Expenditure</b>	714.2	1,138.7	977.4	1,185.7	1,029.8	1,075.8	1,187.6	1,584.3	1,078.8
<b>Wages and salaries</b>	345.2	387.9	418.7	466.5	388.1	384.4	510.7	399.9	392.0
<b>OCAR</b>	278.6	179.3	221.4	411.3	332.8	349.1	326.6	767.3	301.9
<b>Charged</b>	90.4	571.5	337.3	307.9	308.9	342.3	350.3	417.1	385.0
<b>Capital Expenditure</b>	138.9	234.9	270.6	612.8	154.0	361.6	191.2	435.2	130.8
<b>OCSE</b>	62.9	86.0	76.3	363.0	45.7	228.0	61.3	198.6	37.4
<b>Development</b>	75.9	148.9	194.3	249.8	108.2	133.7	130.0	236.6	93.3
<b>Investments in Public Enterprises</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Surplus or deficit (-), excl. transfer</b>	<b>1,658.0</b>	<b>1,229.8</b>	<b>1,014.5</b>	<b>12.4</b>	<b>891.3</b>	<b>843.6</b>	<b>1,103.3</b>	<b>1,183.9</b>	<b>1,569.6</b>
<b>Memorandum items</b>									
<b>Oil &amp; gas sector revenues</b>	2,347.7	2,471.9	2,097.8	1,684.7	1,849.2	2,101.8	2,226.9	2,663.3	2,606.4
<b>Non-oil sector revenues</b>	163.3	131.4	164.7	126.2	225.9	179.2	255.2	540.1	172.8
<b>Oil &amp; gas sector (in % of total revenues)</b>	93.5	95.0	92.7	93.0	89.1	92.1	89.7	83.1	93.8
<b>Non-oil sector revenues (in % of total revenues)</b>	6.5	5.1	7.3	7.0	10.9	7.9	10.3	16.9	6.2

Source: Expenditure Division; Treasury Department, Ministry of Finance

<b>Table B: Central Bank Survey</b>			
<i>Millions of Brunei Dollars</i>	<b>Apr-08</b>	<b>May-08</b>	<b>Jun-08</b>
Net Foreign Assets	944.150	945.118	945.477
Claim On Nonresidents	978.425	979.332	979.692
Liabilities To Nonresidents	-34.275	-34.215	-34.215
Claim On Other Depository Corporations	769.547	767.075	767.387
Net Claim On Central Government	-306.849	-306.849	-306.849
Claims On Central Government	0.650	0.650	0.650
Liabilities To Central Government	-307.499	-307.499	-307.499
Claims On Other Sectors	0.000	0.000	0.000
Claims On Other Financial Corporation	0.000	0.000	0.000
Claims On State and Local Government	0.000	0.000	0.000
Claims On Public Nonfinancial Corporations	0.000	0.000	0.000
Claims On Private Sector	0.000	0.000	0.000
Monetary Base	1,402.913	1,400.572	1,400.572
Currency In Circulation	796.235	802.640	802.640
Liabilities To Other Depository Corporations	606.679	597.932	597.932
Liabilities To Other Sectors	0.000	0.000	0.000
Other Liabilities To Other Depository Corporations	0.000	0.000	0.000
Deposit and Securities Other Than Shares Excluded From Monetary Base	0.000	0.000	0.000
Deposits Included In Broad Money	0.000	0.000	0.000
Securities Other Than Shares Included In Broad	0.000	0.000	0.000
Deposits Excluded From Broad Money	0.000	0.000	0.000
Securities Other Than Shares Excluded From Broad Money	0.000	0.000	0.000
Loans	0.000	0.000	0.000
Financial Derivatives	0.000	0.000	0.000
Shares and Other Equity	97.217	97.762	98.121
Other Items (Net)	-93.282	-92.990	-92.678

Source: Brunei Currency and Monetary Board, Ministry of Finance

<b>Table C: Depository Corporations</b>			
<i>Millions of Brunei Dollars</i>	<b>Apr-08</b>	<b>May-08</b>	<b>Jun-08</b>
Net Foreign Assets	7,913.218	6,706.768	8,339.908
Claims On Nonresidents	8,251.829	7,083.182	8,779.707
Liabilities To Nonresidents	-338.610	-376.413	-439.799
Domestic Claims	4,550.391	5,587.075	4,078.144
Net Claims On Central Government	-2,492.339	-1,547.546	-3,030.192
Claims On Central Government	65.333	65.401	133.372
Liabilities To Central Government	-2,557.672	-1,612.947	-3,163.564
Claims On Other Sectors	7,042.730	7,134.621	7,108.336
Claims On Other Financial Corporations	0.000	0.000	0.000
Claims On State and Local Government	0.000	0.000	0.000
Claims On Public Nonfinancial Corporations	107.542	108.673	105.416
Claims On Private Sector	6,935.188	7,025.948	7,002.920
Broad Money Liabilities	10,964.412	10,754.093	10,902.036
Currency Outside Depository Corporations	658.728	676.130	682.931
Transferable Deposits	3,246.702	3,150.630	3,185.112
Other Deposits	7,058.402	6,926.446	7,033.279
Securities Other Than Shares	0.579	0.887	0.714
Deposits Excluded From Broad Money	0.000	0.000	0.000
Securities Other Than Shares Excluded From Broad Money	0.000	0.000	0.000
Loans	0.000	0.000	0.000
Financial Derivatives	0.000	0.000	0.000
Insurance Technical Reserves	0.000	0.000	0.000
Shares and Other Equity	1,757.031	1,777.663	1,764.821
Other Items (Net)	-257.834	-237.912	-248.805

Source: Brunei Currency and Monetary Board, Ministry of Finance

<b>Table D: Monetary Aggregates and Broad Money Components</b>			
<i>Millions of Brunei Dollars</i>	<b>Apr-08</b>	<b>May-08</b>	<b>Jun-08</b>
M0	796.235	802.640	802.640
Money	3,905.430	3,826.760	3,868.043
Quasi Money	7,058.981	6,927.333	7,033.993
Broad Money	10,964.412	10,754.093	10,902.036
<b>Broad Money Components</b>			
Currency outside banks	658.7	676.1	682.9
Demand deposits	3,246.7	3,150.6	3,185.1
Money	3,905.4	3,826.8	3,868.0
Fixed deposits, savings & other deposits	7,058.981	6,927.333	7,033.993

Source: Brunei Currency and Monetary Board, Ministry of Finance