# Business Expectations Survey (BES) February 2025[1]

## General Business Conditions February 2025

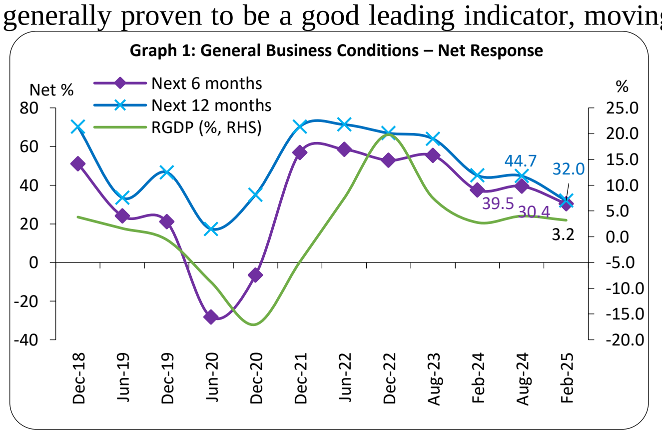
*Sentiments for the overall outlook for business conditions remain generally optimistic across all sectors in the next 6 to 12 months, although most survey respondents expect conditions to remain the same in the short term and improve in the medium term.*

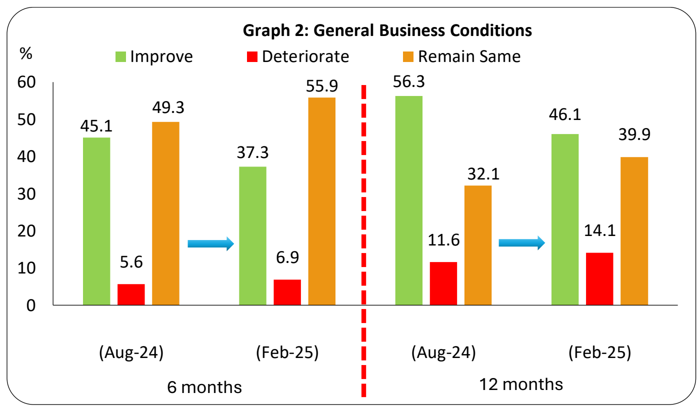
In the short term, a net[2] 30.4 percent of survey respondents anticipate a positive business outlook, although lower than the previous survey's 39.5 percent (Graph 1) outcome.

Business confidence persisted in the medium term, with a net response rate of 32.0 percent, compared to a net 44.7 percent response rate in the August 2024 survey.

To note, historical survey respondent outcomes have generally proven to be a good leading indicator, moving in line with Fiji's overall real GDP (Graph 1) which for 2025 is forecast at 3.2 percent growth.

Furthermore, Graph 2 highlights that more survey respondents now expect business conditions to "remain the same" with a pick-up in those expecting some "deterioration" in business conditions in the next 6-12 months.




*Sources: RBF BES Feb-25 & Aug-24; FBOS and Macroeconomic Committee RGDP projections*

## Sentiments by Sector

*The upbeat sentiments in most sectors, particularly the mining & quarrying; education; real estate; and tourism sectors (Graph 3) are in line with the positive turnaround noted in monitored economic indicators.*

Following the last survey, overall notable improvements in sentiments were noted for the medium term, particularly in the mining & quarrying; education; real estate; and tourism sectors. The enhanced sentiments by the mining & quarrying sector are partly attributed to new investment forecasted by a major mine, for the next 6-12 months.

Furthermore, the positive outlook for the education sector is evident in intentions expressed by tertiary institutions of onboarding more academia for service improvement, coupled by effective marketing which is expected to boost student enrolment. Positive sentiments in the real estate sector are in line with an upcoming million-dollar data centre project in the communication sector, among other tourism and real estate projects.

On the other hand, there was a significant downturn in expectations by the business services, water supply, sewerage, waste management; construction; and

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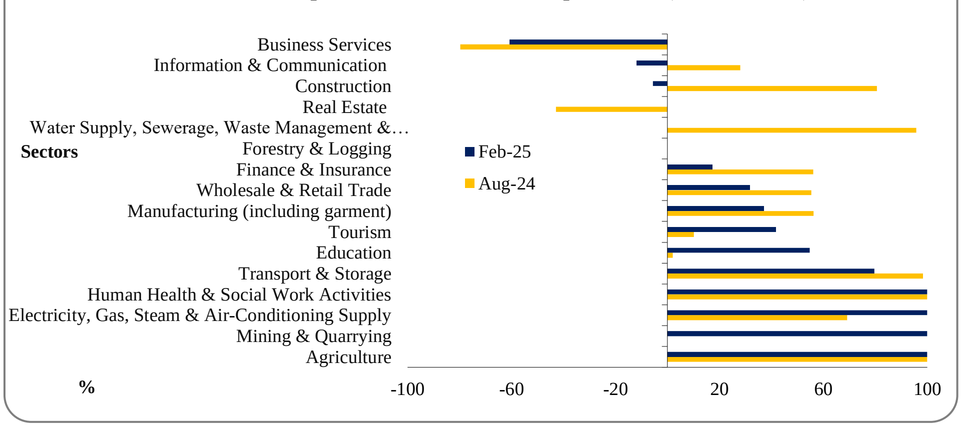
[1] This Report uses February 2025 or Feb-25 (August 2024 or Aug-24) interchangeably which mean the same.

[2] Net is the respondents' weighted percent indicating an improvement minus the respondents' weighted percent reporting a deterioration.

information & communication sectors. As alluded by the water supply, sewerage, waste management sector, operational costs keep increasing however water tariffs remain the same, compounded by the cost of fuel and chemicals. This aligns with industry feedback of lower output projections in the sector due to infrastructure issues. Similarly, a construction contractor highlighted that there were less developments and low investor confidence. In addition, from the information and communication sector's point of view, a contributing factor to the low sentiments is major competitors entering the market. However, a turnaround is expected as domestic economic conditions improve as well as labour shortage issues are being gradually addressed.

The diverse sentiments and measured responses (improvement as well as no change) by the various sectors over the next 12 months mirrored the moderate economic conditions in 2025, amidst the current geopolitical tensions and tariff hike which may disrupt global supply and have an impact on our domestic economy. Nevertheless, firms continue to be optimistic partly due to generally positive sectoral outcomes, supported by consumption and a gradual pickup in investment.

**Graph 3: Sectoral Business Expectations (medium term)**




*Sources: RBF BES Aug-24and Feb-25*

## Sentiments on Investment Outlook

*Intentions by surveyed businesses to invest in land & buildings were subdued for both the short and long term, similar to the previous survey, underpinned by the water supply, sewerage, waste management; electricity; human health; real estate; business services; information & communication; and transport & storage sectors On the other hand, plans to invest in plant & machinery remain positive in the short and medium term.*

### Investment in Land & Buildings

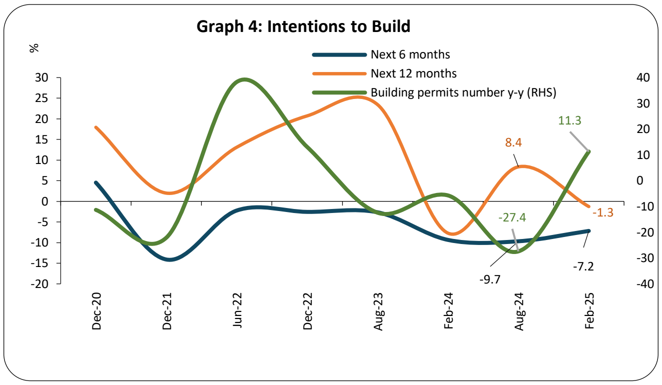
In the short term, overall businesses' expectations to invest in land & buildings were on net negative (-7.2%), but an improvement from the previous survey's net -9.7 percent (Graph 4). Improvement in sentiments was noted by businesses in most sectors.

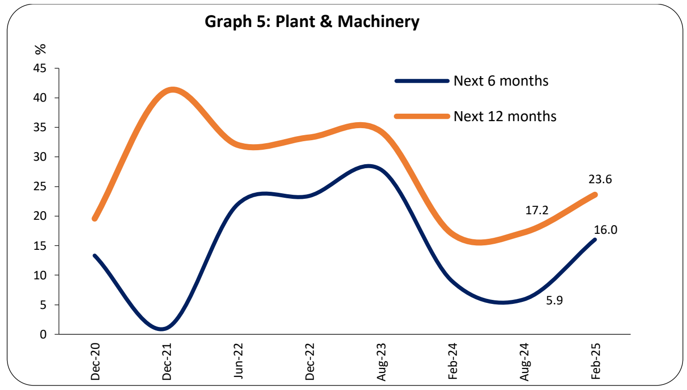
However, for the medium term, business sentiments for investment in land & buildings entered negative territory (net -1.3%) from a net positive 8.4 percent in the previous survey. Lower sentiments were noted in the electricity, gas, steam & air-conditioning supply; water supply; the human health & social work activities; real estate and business services sectors. The mining & quarrying; and finance & insurance sectors had upgraded their sentiments, while the forestry & logging; and agriculture had maintained their optimism since the last survey.

### Investment in Plant & Machinery

Respondents anticipate a notable rise in investment plans for plant and machinery in the near term, with a net response of 16.0 percent (Feb-25 survey), from 5.9 percent in the previous survey. In the medium term, respondents expect an increase in investment in plant & machinery (23.6%), up from 17.2 percent in the Aug-24 survey.

Positive sentiment spans sectors like agriculture, mining, health, construction, and transport, driven by technological advancement, fund reprioritisation, business expansion, and diversification. While most firms plan to invest, actual appetite will hinge on cost conditions, labour availability, and sustained economic growth.




*Sources: RBF BES Feb-25 and Aug-24*

## Sentiments on Production Outlook & Sales Prospects

*The Feb-25 survey highlights a general improvement in production across all sectors in the short and medium term, driven by an expected increase in demand.*

### Production

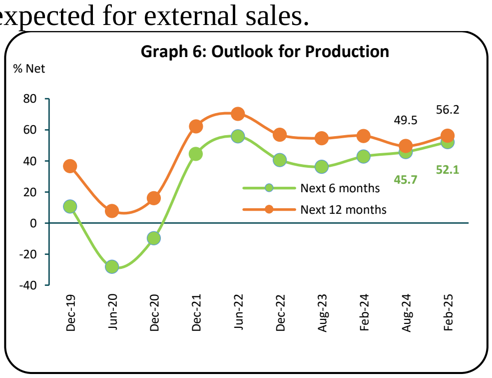
In the short term, a net 52.1 percent of respondents anticipate increased output, driven by all sectors especially agriculture, mining & quarrying, electricity, gas, steam & air-conditioning supply, human health & social work activities, water supply, sewerage, waste management & remediation activities, and construction sectors. This is a rise from the previous survey which reported a net 45.7 percent expecting production to improve. A net 56.2 percent of respondents expect an increase in production, also across all sectors in the medium term, slightly higher than the previous survey's expectation of 49.5 percent (Graph 6).

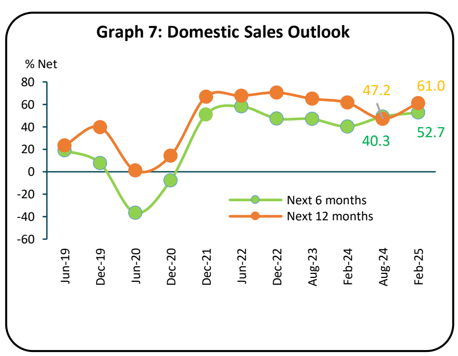
### Sales Prospects

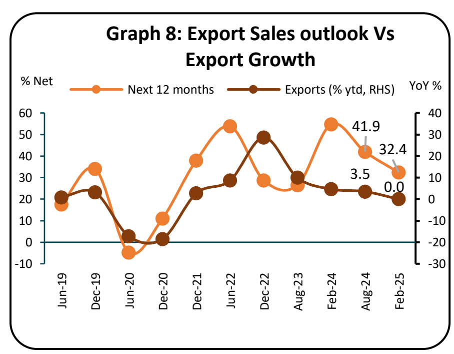
Sales prospects remain positive in the short to medium term, with sentiments picking up gradually, especially for domestic sales. Meanwhile, a gradual slowdown is expected for external sales.

*Domestic Sales:* In the short term, a net 52.7 percent of businesses expect domestic sales to grow, up from 49.0 percent in the August survey, with most sectors optimistic except education. In the medium term, a net 61.0 percent of respondents foresee sales growth, up from 47.2 percent (Aug-24), driven by rising demand and prices. The education sector remains cautious due to strong market competition.

*Export Sales:* In the short term, a net 27.7 percent (from 40.0% in Aug-24) of respondents expect a continued uptick in export sales. On the other hand, in the medium term, a net 32.4 percent of respondents anticipate an increase in export sales, lower than the net 41.9 percent previously reported (Graph 8). This lower outlook over the medium term is broadly by the wholesale & retail trade (net -18.0%); manufacturing (net -17.7%); and business services (net -14.3%) sectors.



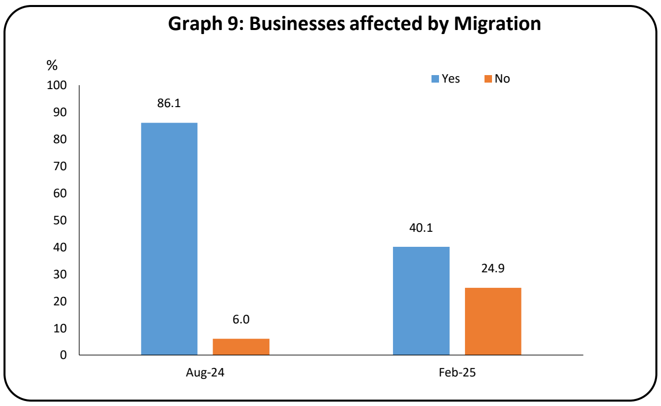




*Sources: RBF BES Feb-25 and Aug-24*

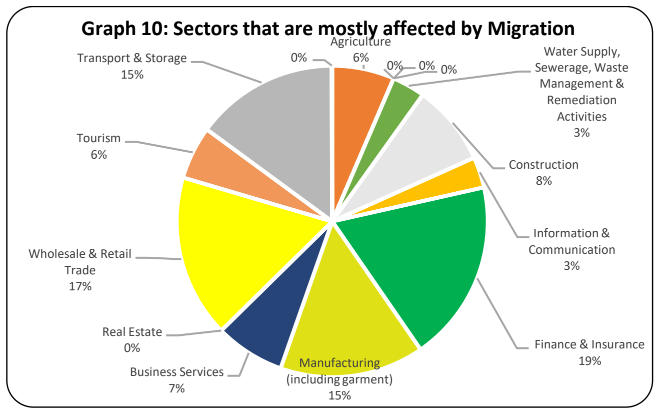
## Labour Mobility

*Less businesses are being affected by offshore labour movement (40.1%), compared to the previous survey (86.1%) (Graph 9).*

In this round of survey, slightly more than half of respondents (58.4%) stated that labour issues had improved. Businesses being affected by migration was 40.1 percent, a fall when compared to the previous Survey (86.1%). The reduction in foreign labour importation coincided with the change in labour policies in Australia and New Zealand, which had set conditions and policies regarding studies abroad and migration. On outward labour migration, nearly all of the sectors (Graph 10) were impacted, with most labour lost being categorised as semi-skilled (43.1%) and high-skilled (42.5%) compared to low-skilled (14.0%) workers (Graphs 11). Sectors mostly affected were the finance & insurance; wholesale & retail trade; manufacturing; transport & storage; and construction sectors. In terms of the duration of work experience lost, a predominant portion of respondents noted staff loss of those having experiences within the 5 to 10-year range (44.1%) and those between 3 to 5-year range (33.4%), compared to those with less than 3-year range (28.7%), and over 10-year range at 17.3 percent (Graphs 12).




*Sources: RBF BES Feb-25 & Aug24*

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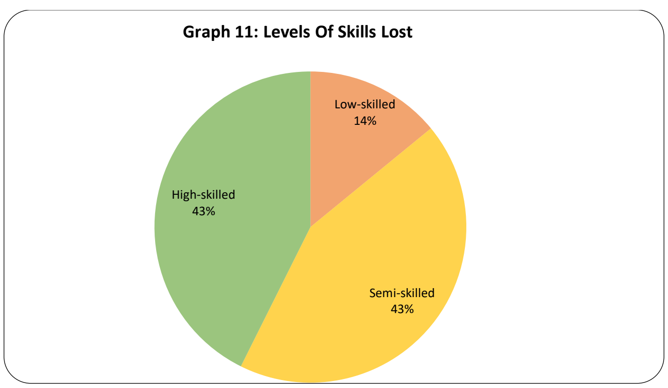
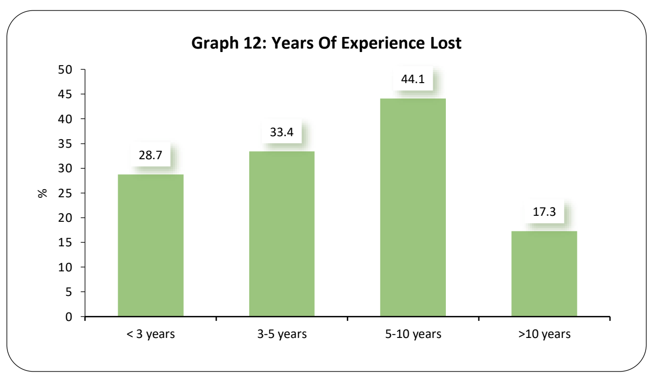



*Source: RBF BES Feb-25*

## Medium Term Employment Outlook

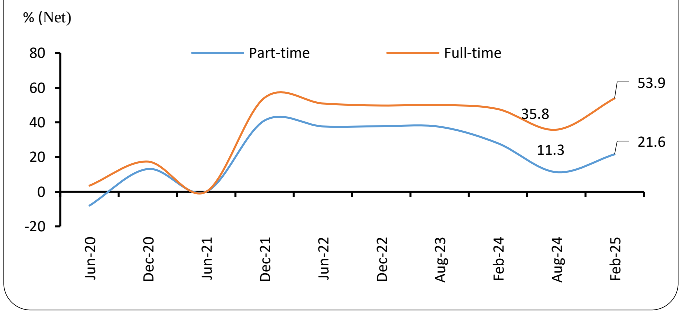
*Firms' plans to increase their workforce both in part-time and full-time capacities have improved in the medium term when compared to the previous survey.*

In the medium term, a net 21.6 percent of companies expect to hire part-time workers, higher than the net 11.3 percent recorded in the Aug-24 survey (Graph 13). The intention to hire part-time workers is primarily observed in all sectors except for the human health & social work activities, transport & shortage and education sectors. The uptick in hiring part-time workers is partly attributed to the expansion of operations in major companies of the transport & storage sector, as well as performance in the tourism sector.

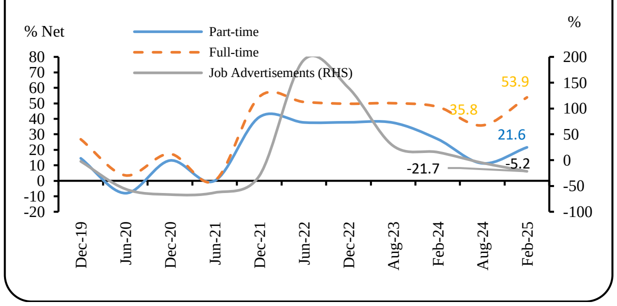
For medium-term full-time employment, a net 53.9 percent of businesses express confidence in hiring full-time workers, higher than the net 35.8 percent reported in the Aug-24 survey (Graph 14). Notably, agriculture;

human health; forestry & logging, education, water supply, and construction sectors expressed intentions to hire full-time workers.

**Graph 13: Employment Outlook (medium term)**




**Graph 14: Medium Term Outlook Vs Job Advertisements**



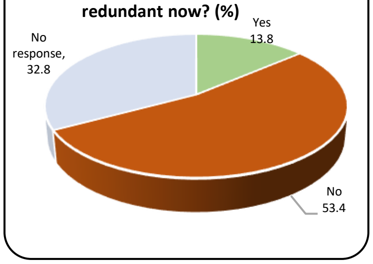

*Sources: RBF BES Feb-25 and Aug-24*

Furthermore, some jobs are being made redundant (13.8%), more felt in the real estate, education, and information & communication sectors.

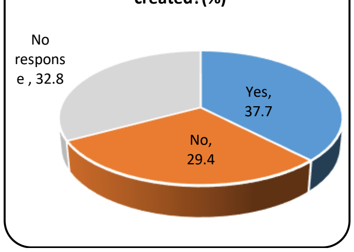
In addition, new jobs (37.7%) were created, particularly in the construction sector, which had lost most of its skilled workers abroad, resulting in the hiring of workers from Bangladesh and Philippines.[3]

Labour conditions improved for 58.4 percent of businesses, and although 57.1 percent continued raising wages to retain staff, this was lower than the 77.7 percent in the previous survey, reflecting a slowdown in labour emigration (Graph 15-18).

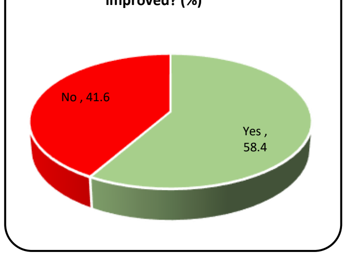
**Graph 15: Are some jobs redundant now? (%)**



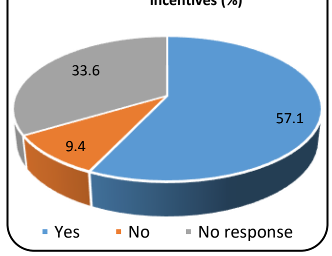

**Graph 16: Are new jobs being created?(%)**




**Graph 17: Have labour issues improved? (%)**




**Graph 18: Raised wages as incentives (%)**

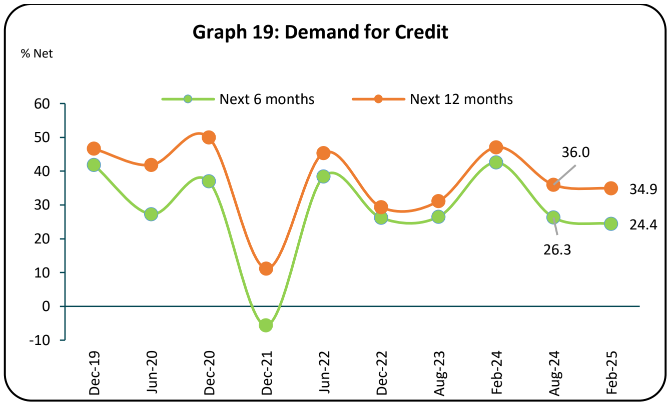


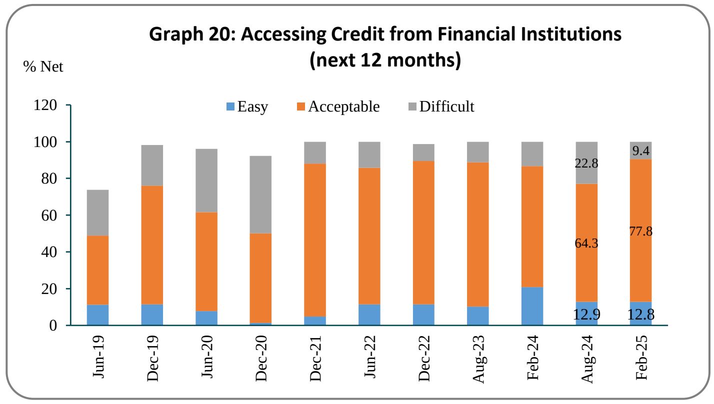

*Source: RBF BES Feb-25*

## Sentiments on Demand and Access to Credit

Credit demand remained steady at 34.9 percent (Graph 19), with 77.8 percent of respondents finding access "acceptable," up from 64.3 percent in the Aug-24 survey. Fewer respondents found it "difficult" to access credit (9.4%) compared to 22.8 percent previously (Graph 20), indicating improved lending services. Most expect commercial bank lending rates to stay the same in the short term (59.8%) and rise gradually in the medium term (45.3%). These views reflect diverse firm needs and risks, supported by stable RBF policy rates and a favourable credit environment.

[3] 32.8% of firms didn't respond to the question.



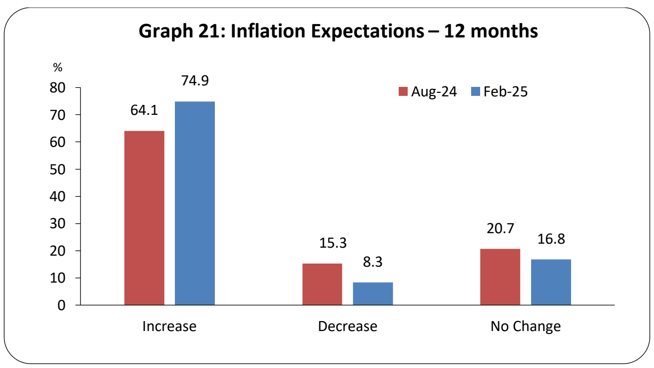

*Sources: RBF BES Feb-25 and Aug-24*

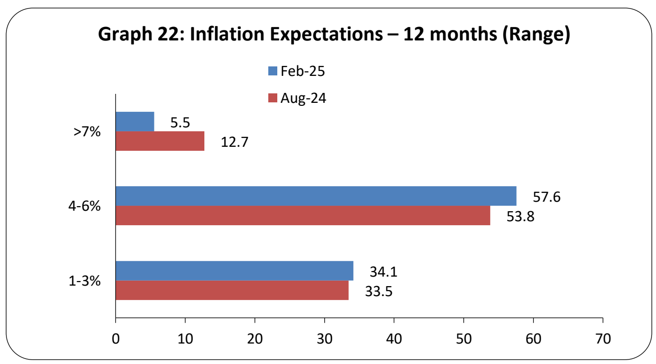
## Medium Term Inflation Outlook

*Majority of respondents expect annual inflation to remain in the 4.0-6.0 percent range, similar to the August 2024 survey.*

In the short term, 52.6 percent of respondents expect inflation between the 4.0–6.0 percent range, down from 61.6 percent in the previous survey, while 43.1 percent anticipate 1.0–3.0 percent and 4.3 percent respondents expect inflation to exceed 7.0 percent. For the medium term, 57.6 percent foresee inflation in the 4.0–6.0 percent range, (slightly higher than the previous survey 53.8%), 34.1 percent expect 1.0–3.0 percent range, and 5.5 percent anticipate above 7.0 percent. These expectations reflect 2025's domestic and global economic conditions (Graph 21-22).

While firms expect medium-term inflation to remain elevated, RBF projects year-end inflation at 2.0 percent, driven by rising operational costs and market uncertainty. Key cost pressures include wages, raw materials, and freight.




*Sources: RBF BES Feb-25 and Aug-24*

## Business Constraints

*Most impediments were recurring, with movements in ranking for certain constraints, notably the labour shortage which was initially (Aug-24 survey) ranked at first spot and then moved to 6th in ranking (Feb-25 survey).*

In the latest survey round (Graph 23), firms reported an easing in labour shortages, with the issue dropping from the top challenge to sixth place. This improvement is attributed to:

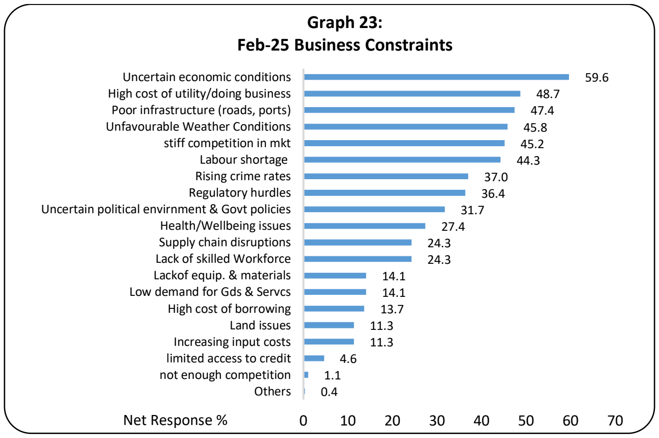
- Stricter migration and student visa policies in Australia and New Zealand, which reduced Fijian emigration.
- Increased employee retention efforts, reflected in a 14.8 percent rise in Pay As You Earn (PAYE) tax collections, suggesting higher disposable incomes.

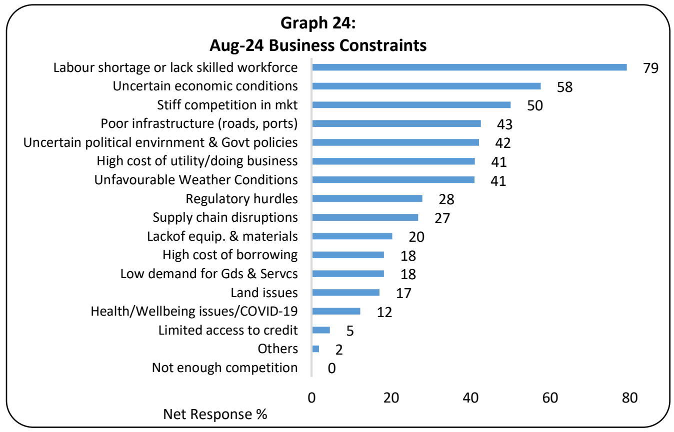
However, ‘uncertain economic conditions’ has emerged as the most pressing constraint, previously ranked second. This shift is driven by global instability, including tariff increases and geopolitical tensions.

A new concern is the rise in crime rates, which entered the top 10 challenges since the August 2024 survey (Graph 24).

Additionally, firms identified the following key industry trends shaping operations:

- Changing consumer behaviour
- Accelerated digital transformation
- Evolving regulatory landscape




*Sources: RBF BES Feb-25 and Aug-24*

## Summary

**Business Outlook and Investment Sentiment**

The outlook for business conditions over the next 6–12 months remains optimistic across most sectors, with expectations for improvement in the medium term. However, firms in the business services and information & communication sectors remain cautious. Overall sentiment has remained steady since the last survey, reflecting subdued economic conditions in 2025.

**Investment activity** shows mixed trends:

- Land & buildings: Short-term plans remain stagnant, while medium-term expectations have improved.
- Plant & machinery: Investment intentions are positive in both short and medium terms, driven by technological upgrades, fund reprioritisation, and business expansion.

**Production and sales**:

- Firms anticipate business expansion and broader export reach.
- While many expect no change in conditions (43.3% short term, 33.2% medium term), domestic sales prospects are strong, and export sales are expected to grow in the short term, with moderate medium-term expectations due to global uncertainties.

**Labour market**:

- Labour mobility challenges have eased, especially in construction, with fewer resignations and reduced reliance on foreign workers.
- Demand for part-time and full-time workers has increased despite economic headwinds.

**Credit and inflation**:

- Credit demand remains steady and generally accessible, indicating improved lending services.
- Inflation expectations remain elevated (4.0–6.0%) in both short and medium terms, exceeding RBF’s forecast due to economic uncertainty and rising costs.

**Key constraints**:

- Uncertain economic conditions
- High utility and business costs
- Poor infrastructure
- Unfavourable weather
- Market competition

**Industry trends**:

- Shifting consumer behaviour
- Digital transformation
- Regulatory changes

## ABOUT THE SURVEY

The BES, conducted twice a year, gauges overall business sentiment and projections for future economic activity. The survey offers valuable insights into sector-specific dynamics, challenges, and opportunities, providing a comprehensive overview of Fiji's economic landscape.

It analyses key factors like business conditions, investment plans, the job market, inflation, and lending/interest rates. The resulting BES Report enhances macroeconomic forecasting, informs the RBF's economic assessment, and aids policy decisions. The survey combines sentiments on key indicators for short-term (next 6 months) and medium-term (next 12 months) business expectations.

**Sample Composition & Response Rate**

In the February 2025 survey, around 300 businesses in different sectors/industries of the economy were invited to participate, with a weighted response rate of 69.8 percent, slightly higher than the 66.0 percent recorded in the August 2024 survey.

**Methodology of the Survey**

According to the revised method, companies are weighted based on their employment numbers. Individual company weights are then adjusted with the 2014 GDP base weights. The individual weights of the companies are calculated by dividing the number of workers employed in a firm by the total number of employees in that particular sector.

The results of the survey are presented both in narrative and graphical form. The data for the graphs are calculated by subtracting the percentage of the respondents expecting a decrease from the percentage expecting an increase. The net balance reflects the general direction of change. That is, if the number of the respondents expecting an increase exceeds those anticipating a decrease, then the net balance (a positive number), which reflects the general direction of change, implies an improvement in outlook for that particular macroeconomic variable.

Some graphs have also captured sentiments by percentage of firms expecting increase and decrease to provide possible justification for the movements in the net balance.d