

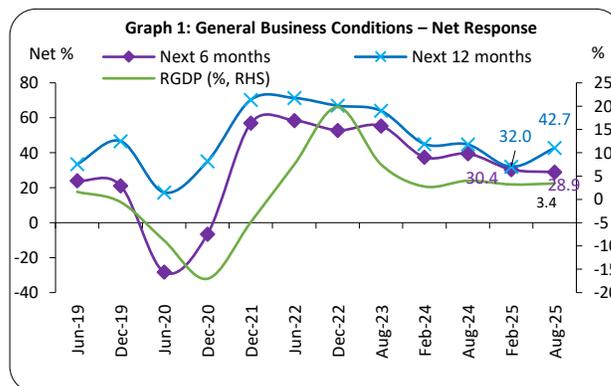


Reserve Bank of Fiji Bi-Annual Business Expectations Survey August 2025

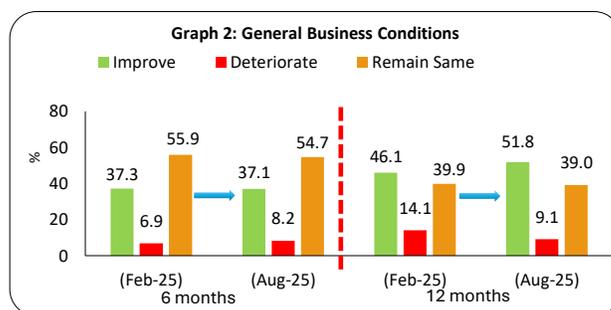
General Business Conditions August 2025

Business sentiments in the short term softened slightly, easing from a net 30.4 percent in the February 2025 survey to 28.9 percent in the August 2025 survey (Graph 1). In contrast, medium term confidence strengthened, rising to a net rate of 42.7 percent from 32.0 percent in the previous survey. This divergence between the short and medium term outlooks suggests that while businesses anticipate near-term challenges, they remain optimistic about recovery prospects over the medium term. These outcomes continue to track with Fiji’s real GDP growth trajectory, which for 2025 was revised upward from 3.2 percent to 3.4 percent.

Furthermore, more respondents had expected a deterioration in the short-term period, increasing from 6.9 percent in the February survey, to 8.2 percent in the current survey. In the long term, expectations of a ‘deterioration’ eased (from 14.1% to 9.1%) (Graph 2). The shift is reflected in the improvement category (46.1% to 51.8%), signalling firmer confidence in the longer-term economic outlook.



Sources: RBF BES Aig-25; FBOS and MC projections



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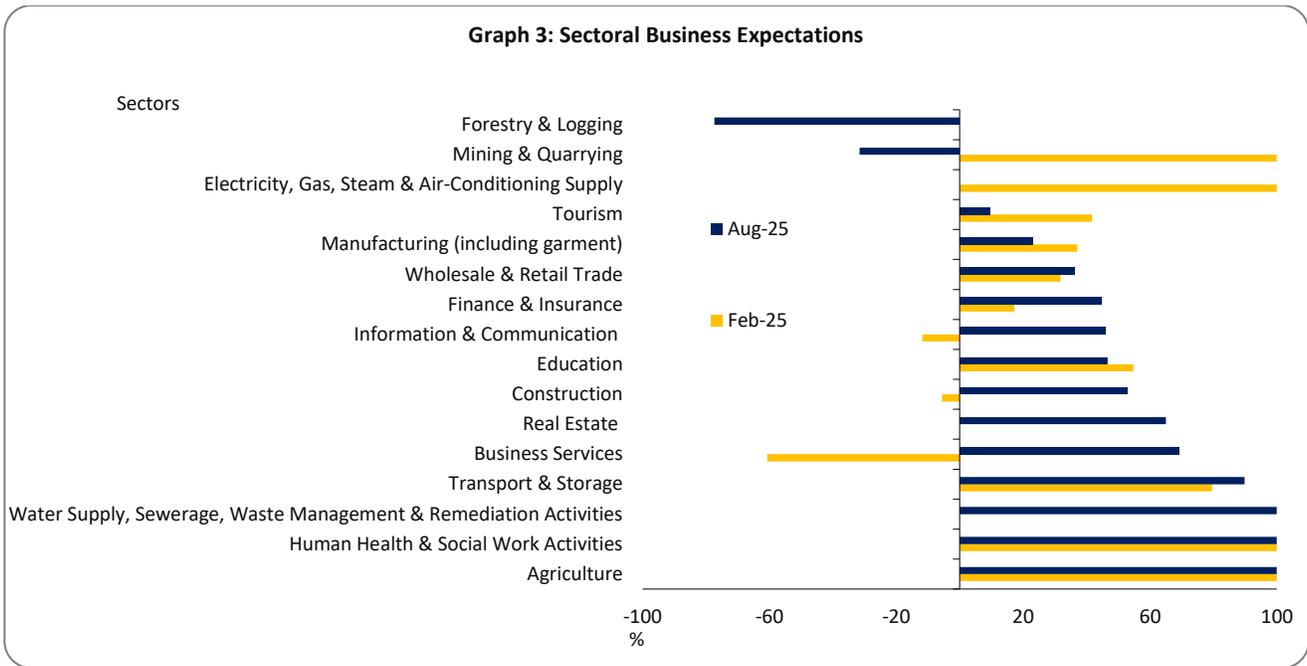
Sentiments by Sector

Nearly all the sectors (except *Forestry & logging and Mining & quarrying*) expressed optimism on the macroeconomic outlook in the medium term (Graph 3). The strongest sentiments were recorded in the *Agriculture, Human health & social work activities, Water supply, sewerage, Transport & storage, Business services, and Real estate sectors*. Positive sentiments were underpinned by factors such as facility expansion for agricultural exports, extending operating hours and upskilling at medical clinics, infrastructure upgrades for water supply, and increase of accounting/outsourcing jobs.

In contrast, less favourable sentiment from businesses in the *Forestry & logging* sector was primarily due to the weather and high cost of operation. The *Mining & quarrying* sector also showed weaker sentiment, with firms reporting challenges in securing cross-agency approvals on complex operational matters.

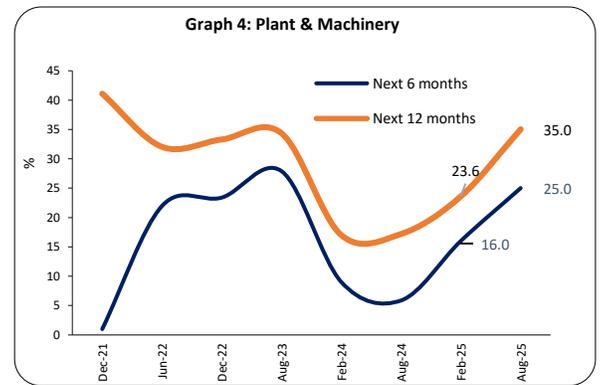
Overall, the varied but mostly positive responses, ranging from improvement to stability, point to the moderate economic environment in 2025, shaped by persistent geopolitical and trade tensions that could disrupt global supply chains and affect the domestic economy. Despite these challenges, businesses remain optimistic, driven by generally favourable sectoral performance, sustained consumer demand, and recovery in investment.

¹ This Report uses August 2025 or Aug-25 interchangeably which mean the same.



Investment in Plant & Machinery

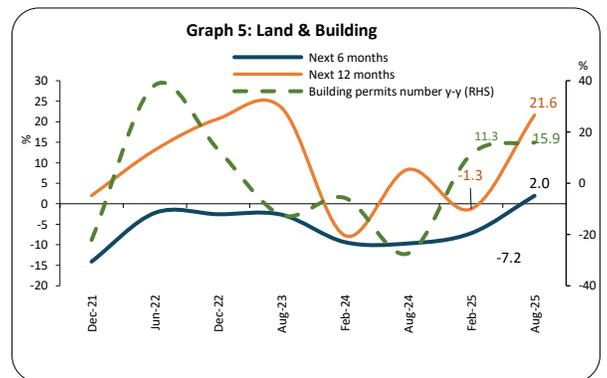
Respondents continue to anticipate an increase in investment plans for plant and machinery in the near term, with a net response of 25.0 percent (Aug-25 survey), from 16.0 percent in the previous survey (Graph 4). In the medium term, investment intentions strengthened further, with respondents expecting an increase in investment in plant & machinery (35.0%), up from 23.6 percent in the Feb-25 survey.



Increased intentions to invest in plant & machinery was noted across all sectors except for *Electricity, Human health, Finance & insurance, and Information & communication*. These trends align with the annual increase in imports of machinery & transport equipment in 2025 (13.7%).

Investment in Land & buildings

In the short term, overall businesses' expectations to invest in *land & buildings* rose (2.0%), a contrast to the pessimism in the previous survey (-7.2%). For the medium term, business sentiments improved (21.6%), emerging from the negative territory (-1.3%) in the previous survey (Graph 5). The higher investment plan in land & buildings was underpinned by the *Agriculture, Forestry & logging, Water supply, Education, Finance & insurance, and Transport & storage* sectors. This is also in tandem with the number of building permits, a key leading indicator for construction activity, which has trended upwards (10.4%) in September 2025.

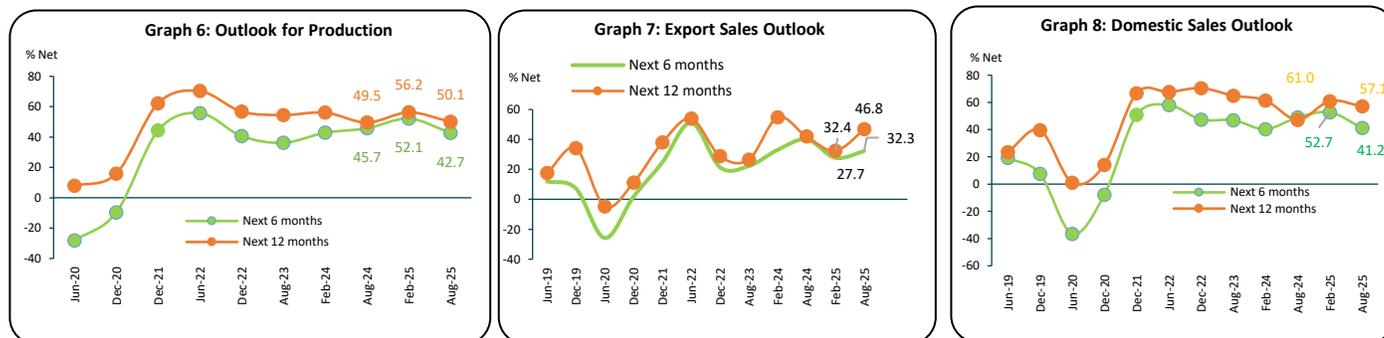


Sentiments on Production Outlook & Sales Prospects

According to the August 2025 BES, the *outlook for production* remained strong (42.7% and 50.1%) for the next 6 to 12 months compared to the previous survey (52.1% and 56.2%). The outlook although steady, had fallen (both in the short

and long term) compared to the previous survey (Graph 6). Nearly all sectors were optimistic in the current survey (except *Forestry & logging* in the 12 months). However, sentiment had dropped (in 6 months & 12 months) particularly for the *Water supply, Mining & quarrying, Manufacturing, and Tourism* sectors, when compared with the February survey.² Some companies attributed the cautious business operations stance to the upcoming national elections.

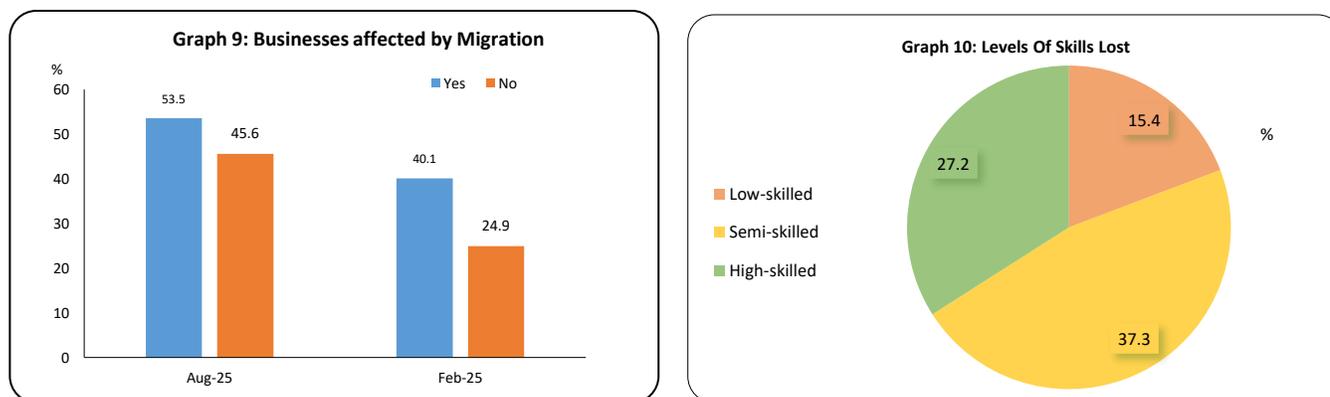
The **outlook on export sales** strengthened in the current survey (from 32.4% to 46.8%), as more businesses expect an increase in export sales (Graph 7) in the next 12 months. Likewise, short term optimism also improved compared to the last survey (from 27.7% to 32.3%), consistent with the positive momentum in Fiji’s merchandise exports (0.5%) annually cumulative to November. The higher export sales outlook was generally led by the *Mining & quarry, Manufacturing, Information & communication, and Transport & storage* sectors. However, **expectations for domestic sales** were softer (41.2% and 57.1%) in the next 6 to 12 months compared to the previous survey, partly owing to the subdued production, and a more cautious operating environment ahead of national elections (Graph 8).



Sources: RBF BES Aug-25 and Feb-25

Labour Mobility

Since the February survey, more businesses (67.4%) indicated that labour challenges such as loss of skilled labour have not improved. A larger share of businesses is still being affected by outward migration (53.5%), compared to the February survey (40.1%) (Graph 9). Contrary to the reduced concern on migration in the last survey, businesses now observe a significant demographic shift, driven by strong outward migration and a growing reliance on foreign labour. Some firms noted anecdotal reports of individuals using student visa pathways as a means of emigrating, to circumvent restrictive entry rules.³ On outward labour migration, most labour lost occurred among semi-skilled workers (37.3%), followed by the high-skilled (27.2%) and low skilled (15.4%) categories (Graph 10).

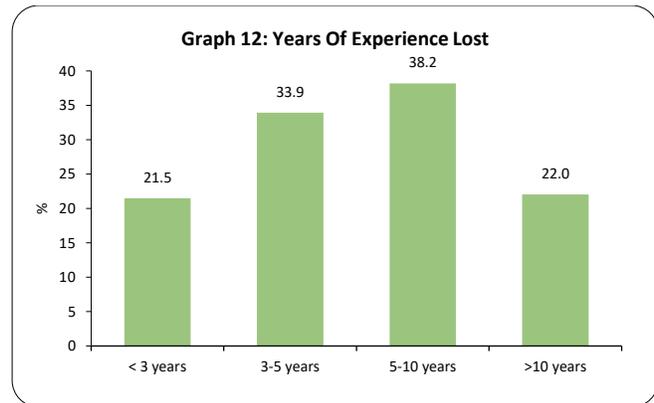
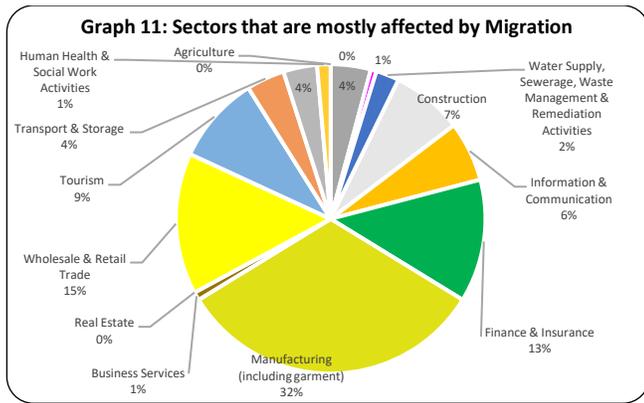


Sources: RBF BES Aug-25 and Feb-25

The sectors most affected were the *Manufacturing, Wholesale & retail trade, Finance & insurance, and Tourism* sectors (Graph 11). In terms of years of work experience lost, the largest proportion of departing workers had 5 to 10 years of experience, followed by those with 3 to 5 years of experience (Graph 12). Workers with less than 3 years (21.5%) and more than 10 years (22.0%) made up smaller shares of the total (Graph 12). This pattern reflects a substantial loss of mid-career capability across several key industries.

² Sectors not anticipating any production in both the short and long term are the electricity, water supply, and education, while the forestry sector is pessimistic about production in the long term.

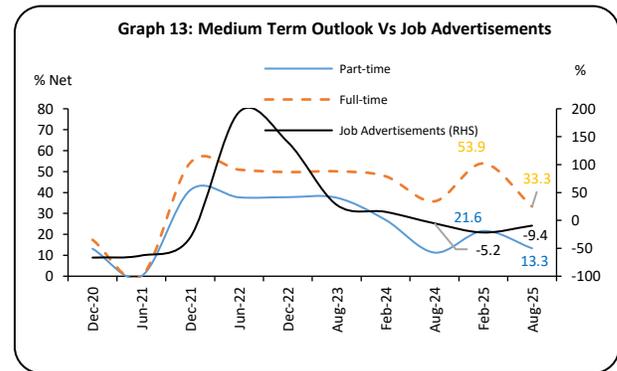
³ Fiji Times news article - <https://www.fijitimes.com.fj/surge-in-migration-labour-mobility-programs-attracting-fijian-workers/>



Sources: RBF BES Aug-25 and Feb-25

Medium Term Employment Outlook

In the medium term, a net 13.3 percent of companies expect to hire part-time workers, which is lower than the Feb-25 survey (21.6%) (Graph 13). While there remains a general tendency to hire part-time workers across most sectors (except for the *Human health, Information & communication, Manufacturing, and Education* sectors), intentions were weaker than in the previous round. The downturn in hiring part-time workers may be partially attributed to the (*Human health*) firm’s plan to transition workers to full-time status.

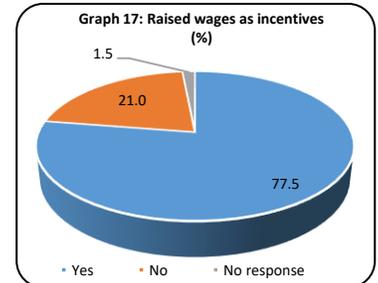
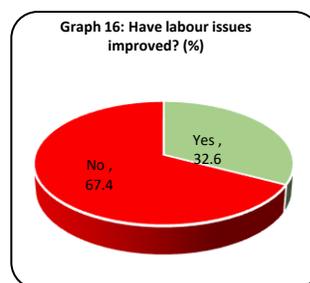
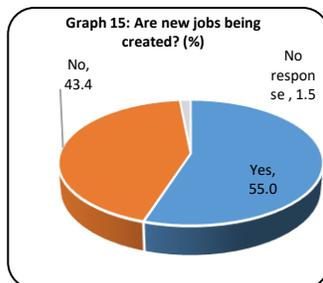
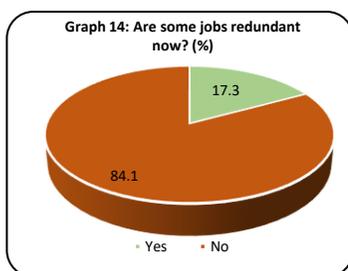


Sources: RBF BES Aug-25 and Feb-25

For medium-term full-time employment, a net 33.3 percent of businesses express confidence in hiring full-time workers, lower than the net 53.9 percent reported in the Feb-25 survey. It was mostly the *Water supply, Real estate, Human health, and Mining & quarrying* sectors that expressed intentions to hire full-time workers.

Expectations are broadly aligned with movements in the RBF Job Advertisements Survey, which declined by 9.4 percent over the year to August 2025.

Redundancy may not be a concern now amongst firms, as less jobs are expected to become redundant (17.3%) in contrast to the previous survey. Nevertheless, firms continue to anticipate the creation of new jobs (55.0%), particularly in the *Water supply, Human health, Education, Real estate, and Mining & quarrying* sectors. Labour conditions,⁴ however, is expected to be muted (32.6%) in comparison to the previous survey.⁵ As expected, a majority of companies (77.5%) continue to consider raising wages as an incentive to retain workers (Graph 14-17).



Sources: RBF BES Aug-25 and Feb-25

Sentiments on Demand and Access to Credit

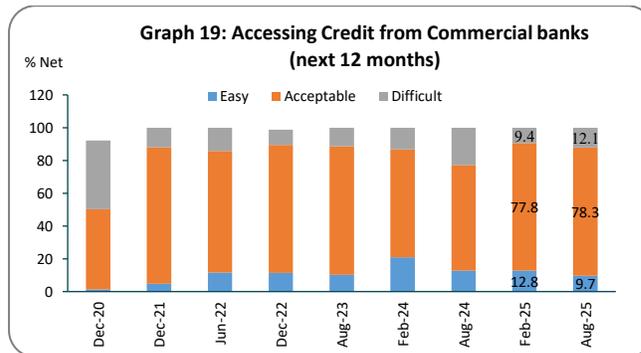
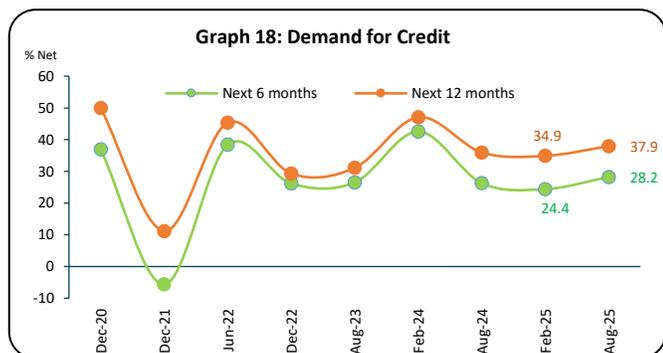
Demand for credit (28.2% and 37.9%) for the next 6 to 12 months strengthened in the August 2025 survey when compared to the last survey (24.4% and 34.9%). Most businesses still find accessing credit from commercial banks as ‘acceptable’

⁴ Referring to loss of skilled workers due to migration.

⁵ In the Feb-2025 Survey, 58.4 percent of respondents had attested that labour issues had improved.

in the short (83.2%) and medium term (78.3%) (Graph 18 & 19). Businesses' expectations regarding credit assessment and provision by credit institutions for the next 12 months also remained favourable, with 71.9 percent of firms rating conditions as acceptable.

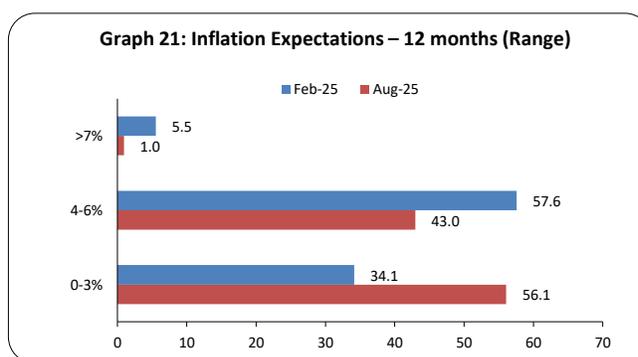
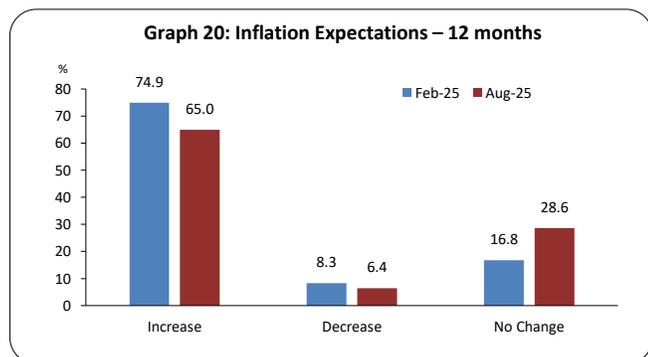
Most businesses expect commercial bank lending rates to remain the same (65.1%) in the next 6 months, similarly for the next 12 months, which also expect rates to remain the same (56.2%). Sectors indicating no change in lending conditions across both the short and medium term include *Agriculture, Forestry & logging, Electricity, Water supply, Real estate, Education, and Business services* sectors. The Information & communication sector reported no change only for the short term only (Graph 19).



Sources: RBF BES Aug-25 and Feb-25

Medium Term Inflation Outlook

Inflation expectations for the next 12 months remain elevated (net 65.0%), although, more firms had perceived inflation to increase in the last survey (net 74.9%) (Graph 20). The bulk of respondents now expect inflation to fall within the 0.0-3.0 percent range for inflation in the next 12 months (56.1%) relative to the last survey which had assessed inflation to be in the 4.0-6.0 percent range (Graph 21). The downward shift in expectations is attributed to expected price declines from the VAT reductions on applicable items in the CPI⁶ basket, coupled with the bus-fare subsidy in the latest national budget.



Sources: RBF BES Aug-25 and Feb-25

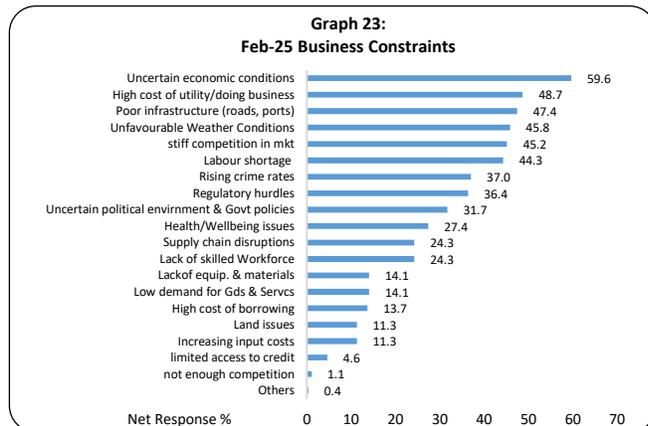
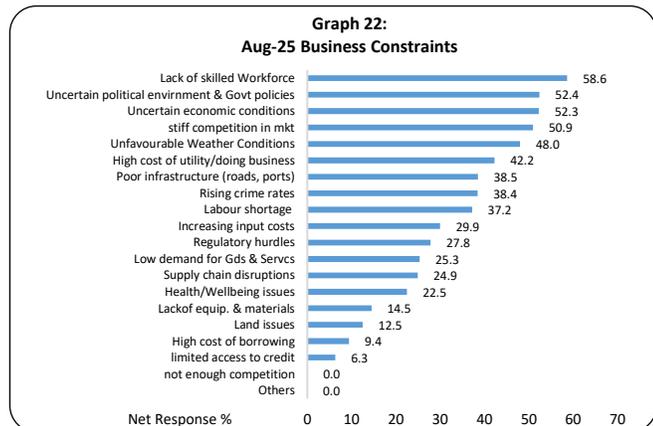
A vast majority of businesses expect higher operational cost in the year ahead. Firms foresee increases in the cost of hiring labour (85.8%), prices of raw materials (85.3%), freight costs (net 80.9%), and utilities & technology (net 72.9%). These upward pressures remain key concerns affecting business operations over the next 12 months.

Business Constraints

In the August 2025 survey, respondents identified several major business risks. These included a lack of skilled workforce, uncertain political environment and government policies, uncertain economic conditions, and stiff market competition (Graph 22). This represents a notable shift from the February 2025 survey, where businesses were least concerned about a shortage of skilled workforce, ranking at number 12 (Graph 23). Similarly, the political situation was

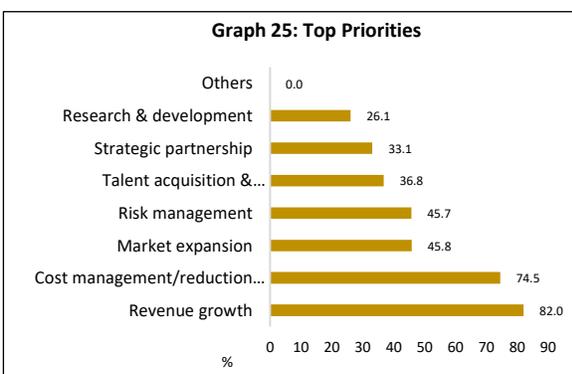
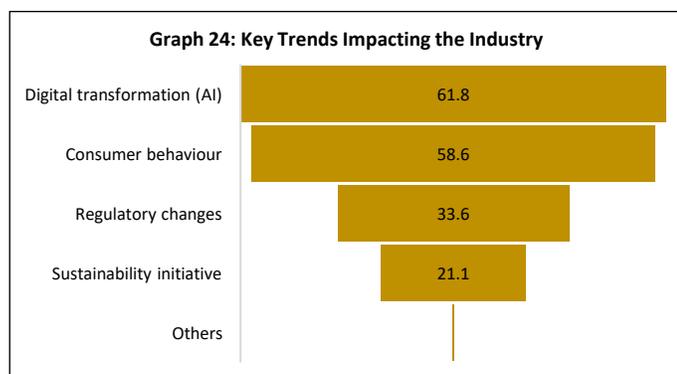
⁶ Consumer Price Index.

not viewed as a major concern earlier in 2025. Labour migration continues to affect local businesses and firms highlighted that persistent skill losses have prompted a ‘wait & see’ approach ahead of the National Elections, contributing to the shift in rankings between the two survey rounds.



Sources: RBF BES Aug-25 and Feb-25

Additionally, majority of the businesses identified digital transformation (AI) (61.8%) and changes in consumer behaviour (58.6%) as key trends impacting their industry (Graph 24), while their top priorities in the next 6-12 months were revenue growth (82.0%) and cost management/reduction and operational efficiency (74.5%) (Graph 25).



Sources: RBF BES Aug-25 and Feb-25

Summary

Business outlook and investment sentiment

Business sentiment softened slightly in the short term, easing from a net 30.4 percent in February 2025 to 28.9 percent in August 2025, as more firms anticipated near-term deterioration. Medium-term confidence strengthened, rising to a net 42.7 percent from 32.0 percent previously, reflecting firmer optimism over the next 6-12 months. These shifts are consistent with Fiji’s broader economic outlook, including the upward revision of Fiji’s 2025 RGDP growth forecast from 3.2 percent to 3.4 percent.

Investment activity

- Near-term investment intentions strengthened, with net plans to increase plant & machinery investment

rising to 25.0 percent (Aug-25), up from 16.0 percent in the previous survey.

- Medium-term investment expectations also improved to 35.0 percent, compared with 23.6 percent in the February 2025 survey.
- These investment trends align with the 15.9 percent increase in building permits during the survey period, a leading indicator of construction activity.

Production and sales

- Production outlook remains strong, with net expectations at 42.7 percent (6 months) and 50.1 percent (12 months).
- Most sectors remain optimistic, except Forestry & logging for the 12-month horizon.

- Some businesses cited the upcoming national elections as a key factor behind more cautious production plans.
- Export sales outlook strengthened, aligning with the 3.5 percent annual rise in merchandise exports (cumulative to August).
- Expectations for domestic sales softened to 41.2 percent (6 months) and 57.1 percent (12 months), partly reflecting subdued production linked to election-related caution.

Labour market

- A growing 67.4 percent of businesses report that labour challenges, particularly the loss of skilled workers, have not improved since the February survey.
- The impact of migration has intensified, affecting 53.5 percent of businesses, up from 40.1 percent, pointing to a sharp demographic shift and increased dependence on foreign labour.
- Outward labour migration is most pronounced among semi-skilled workers (37.3%), followed by high-skilled (27.2%) and low-skilled (15.4%) categories.
- The most affected sectors include Manufacturing, Wholesale & retail, Finance & insurance, and Tourism.
- The majority of workers lost had 5-10 years of experience, followed by those with 3-5 years, indicating a significant loss of mid-career expertise.

ABOUT THE SURVEY

The BES, conducted twice a year (February and August), 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 August 2025 survey, around 300 businesses in different sectors/industries of the economy were invited to participate, with a weighted response rate of 64.5 percent, lower than the 69.8 percent recorded in the February 2025 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 2019 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

Credit and inflation

- Business demand for credit strengthened to 28.2 percent (6 months) and 37.9 percent (12 months), up from 24.4 percent and 34.9 percent, previously.
- Access to bank credit remains largely acceptable, both in the short term (83.2%) and medium term (78.3%).
- Inflation expectations remain elevated (net 65.0%) for the next 12 months, however, lower than that recorded in the last survey (net 74.9%).

Key constraints

- Businesses identified the lack of skilled labour, uncertain political environment, uncertain economic conditions, and strong competition as their top risks.
- Concerns about skilled workforce shortages rose sharply, moving from 12th place in the February survey to a top-ranked risk.
- Political uncertainty also became a more prominent concern, relative to previous surveys.
- Ongoing labour migration pressures continue to impact business operations.
- The shift in rankings reflects a growing “wait-and-see” approach among firms ahead of the National Elections.

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.