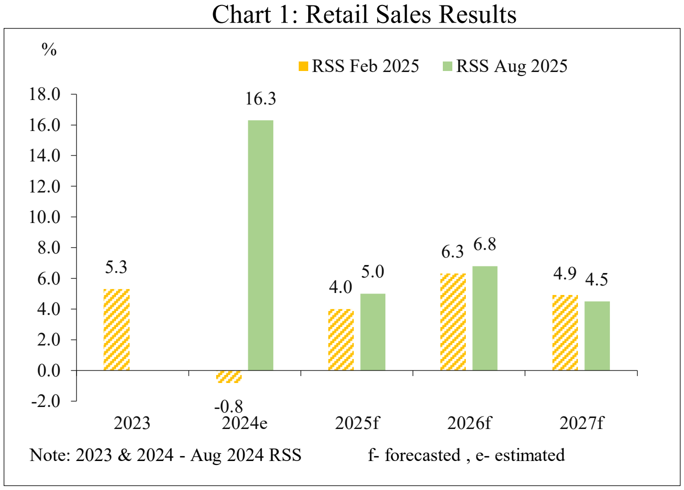
Reserve Bank of Fiji Bi-Annual Retail Sales Survey August 2025

1.0 Introduction

Retail sales provide a timely indicator of consumer demand for finished goods (including both durable and non-durable commodities). The Reserve Bank of Fiji (RBF) conducts a combined Retail Sales Survey (RSS) and Business Expectations Survey (BES) survey bi-annually (February & August) to capture current and future expectations for annual sales values (not volume) by retail sub-sectors. This report summarises results from the RSS conducted in August 2025.

2.0 Survey Outcomes

Chart 1: Retail Sales Results

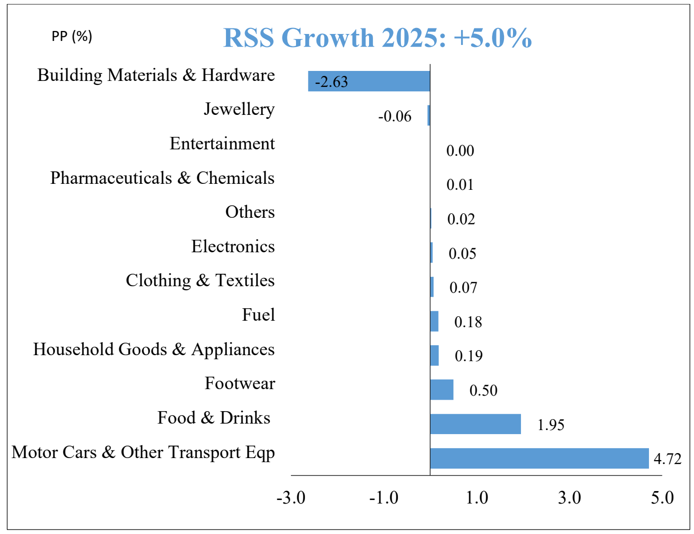


Sources: RBF RSS August 2025 & February 2025

a) Retail Sales in 2025

Retail sales growth for 2025 is now anticipated at 5.0 percent, higher from the 4.0 percent in the February 2025 survey (Chart 1), with broad-based contributions from most retail sales sectors (Chart 2), particularly the motor cars & other transport equipment (+4.72 percentage points (pp));[1] food & drinks (+1.95pp); footwear and others (+0.50pp); household goods & appliances (+0.19pp); fuel (+0.18pp) and clothing & textiles (+0.07pp) sectors. These gains are partially offset by lower sales estimates in the building materials & hardware (-2.63pp) and jewellery (-0.06pp) categories.

Chart 2: Contribution to Retail Sales Growth 2025



Source: RBF RSS August 2025

Retail sentiments and outlook are also impacted by factors such as inflation, the pace of economic expansion, labour market conditions, borrowing costs, and taxation policies,[2] all of which influence consumers' purchasing power and spending levels. Price pressures stabilised in August 2025, with headline inflation falling to -3.5 percent (from -0.3% in February 2025),[3] mostly reflecting the VAT reduction and the bus fare subsidy introduced on 1 August. Although labour market tightness has eased, continued outward migration of workers weigh on retail sales volume. These pressures, however, may be offset by higher wages and salaries, remittances and government spending.

The higher retail sales projection (5.0%) aligns with Fiji's GDP growth outlook for 2025, which is anticipated to be marginally higher at 3.4 percent (revised upwards from 3.2% forecast earlier).[4] Economic growth remains services-led, supported by the industrial and primary sectors, while rising demand, remittances and higher wages & salaries in the sectors such as public administration,[5] wholesale & retail and finance & insurance is expected to stimulate consumer spending. The RSS results are also in line with the BES, which suggest improved general business conditions and investment intentions in the medium term.

[1] Higher vehicle sales have also lifted expectations for GDP in the wholesale & retail trade sector.

[2] The recent reduction in Value Added Tax (VAT) and the lower-than-expected imposition of the 15.0 percent tariff (instead of the 32.0 percent by the United States (US)).

[3] Based on Consumer Price Index (CPI) 2019 rebase released by the Fiji Bureau of Statistics in September 2025. Under the 2014 base, the inflation rate was recorded at -2.1 percent in August.

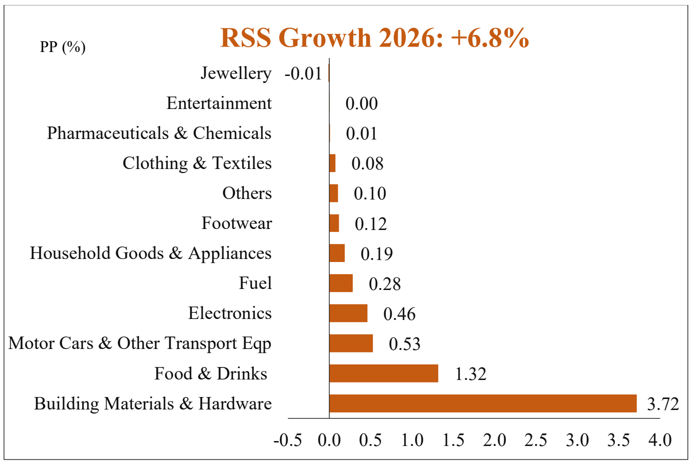
[4] November 2025 Macroeconomic Committee forecast figures.

[5] Due to salary increment announced in the 2025-2026 National Budget for civil servants.

b) Retail Sales in 2026

Retail sales are expected to grow by 6.8 percent in 2026, up from 6.3 percent in the previous survey. By sector, the building material & hardware (+3.72pp); food & drinks (+1.32pp); motor car and other transport (+0.53pp); electronics (+0.46pp); fuel (+0.28pp); and household goods & appliances (+0.19pp) categories mostly underpinned the projected sales increase in 2026 (Chart 3). The improved outlook is supported by expected growth in tourism, remittances, wages and government spending.

Chart 3: Contribution to Retail Sales Growth 2026

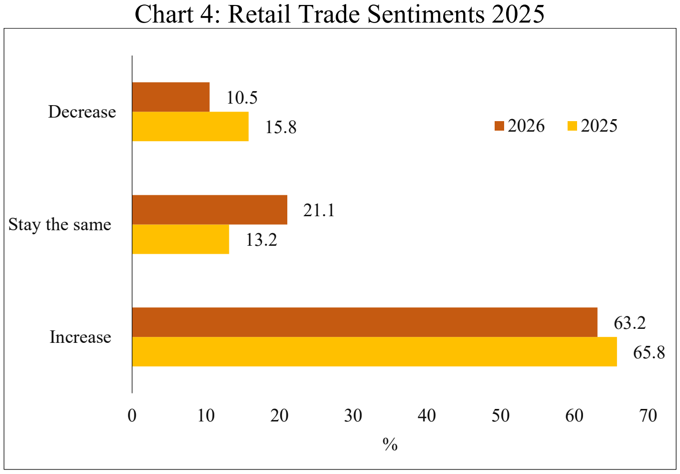


Source: RBF RSS August 2025

3.0 General Sentiments for Retail Trade

Most respondents (65.8%; 63.2%) expect retail sales to "increase" in 2025 and 2026 respectively, though expectations for 2026 are slightly lower (Chart 4).

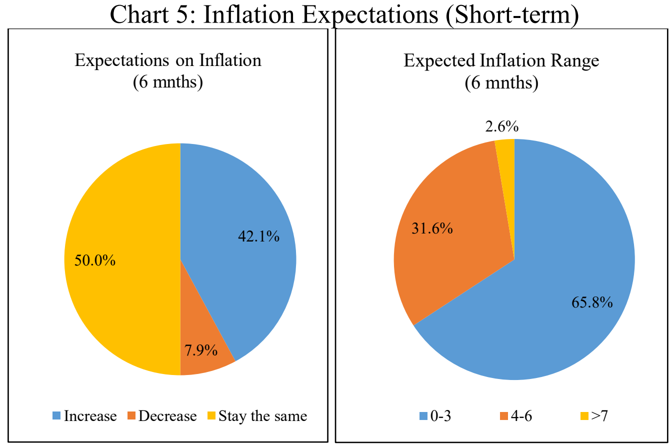
Chart 4: Retail Trade Sentiments 2025



Source: RBF RSS August 2025

In terms of the inflation outlook, majority of retailers (50.0%), across all categories, predict a stable inflationary environment in the short term, with inflationary pressures projected to "remain the same". Additionally, 65.8 percent of retailers anticipate inflation to range between 0.0 - 3.0 percent in the short term (Chart 5). Sentiments have changed from the previously expected range of 4.0-6.0 percent in the February 2025 survey, with lower inflation expectations now driven by anticipated price declines resulting from VAT reductions and the bus-fare subsidy.

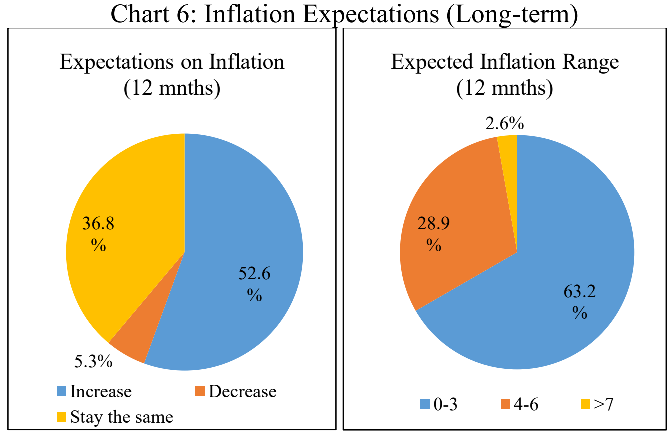
Chart 5: Inflation Expectations (Short-term)



Source: RBF RSS August 2025

In the medium term (Chart 6), 52.6 percent of retailers expect inflation to increase, although sentiments are subdued from the last round of survey (82.4%). A majority (63.2%) expect inflation to remain within the 0.0 - 3.0 percent range,[6] with fewer (28.9%) expecting it to rise into 4.0-6.0 percent range, suggesting that businesses are revising their inflation expectations in line with the prevailing low-inflation environment.

Chart 6: Inflation Expectations (Long-term)



Source: RBF RSS August 2025

Inflation expectations for the next 12 months that were in the 0.0 - 3.0 percent range, were driven by all categories

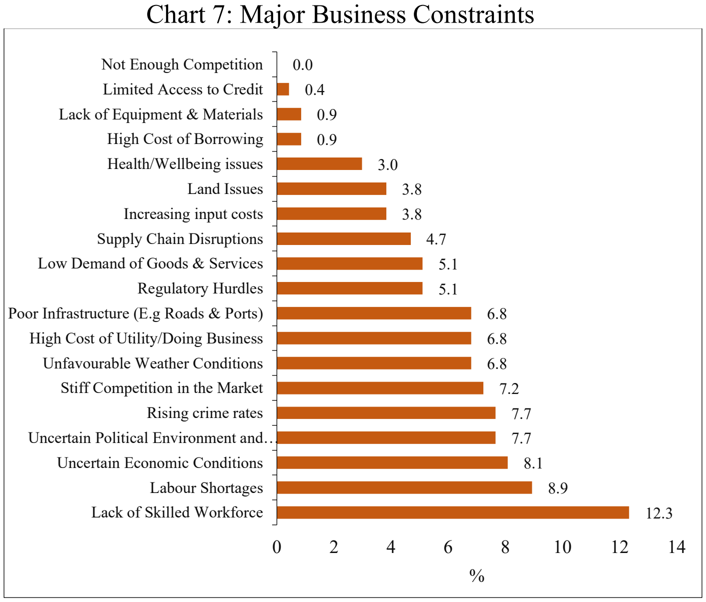
[6] Compared to the February 2025 survey as majority (52.9%) expected inflation to range in the 4.0-6.0% range, while only 44.1 percent expected it to be in the lower range of 0.0-3.0%.

mainly the entertainment, motor cars and other transport equipment, building materials & hardware sectors, others, footwear and household goods & appliances.

4.0 Major Constraints hindering Retailers

Respondents remain generally optimistic but face operational challenges (Chart 7). The most frequently cited constraints are a lack of skilled workforce (similar to last round), labour shortages, followed by uncertainty around economic and political conditions ~~&~~ as well as government policies, rising crime, and strong market competition.

Chart 7: Major Business Constraints



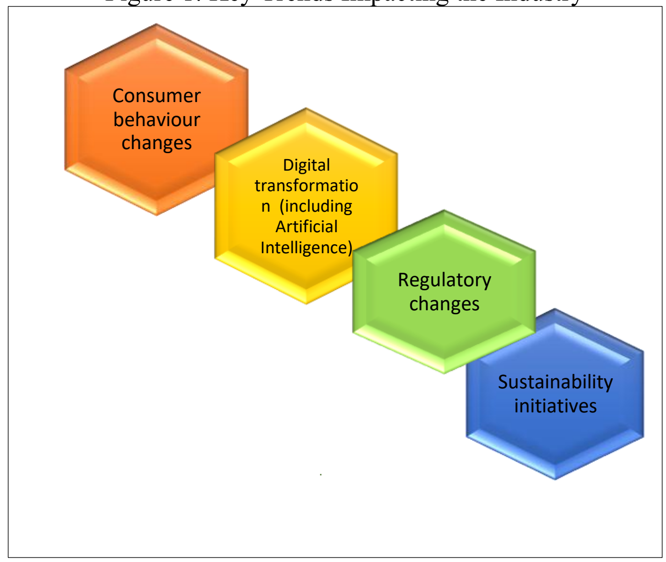
Source: RBF RSS August 2025

Majority of respondents (86.8%) have indicated that labour issues (e.g, loss of labour due to migration) have not improved since the February 2025 survey and they still anticipate losing more workers (57.9%) due to migration abroad in the next 12 months. To retain staff, 89.2 percent (compared to 91.2% in the last survey) of the retailers had raised wages or offered incentives to their employees.

5.0 Key Trends Impacting the Industry

Firms highlighted key trends impacting their industry (Figure 1). The most popular trends were consumer behaviour changes (78.9%) similar to results noted from ~~last rounds survey~~the last survey. Surprisingly, digital transformation (including artificial intelligence) topped at second place (44.7%),[7] followed by regulatory changes (31.6%) and sustainability initiatives (21.1%) impacting the retailing sector.

Figure 1: Key Trends Impacting the Industry



Source: RBF RSS August 2025

Moreover, businesses were requested to outline their top strategic priorities impacting their business growth in the medium term (Chart 8). The survey revealed most retailers prioritised revenue growth (81.6%), cost management/reduction and operational efficiency (78.9%), followed by market expansion (65.8%) and risk management (34.2%) which may likely boost business growth.

Chart 8: Top Strategic Priorities for next 12 months

Source: RBF RSS August 2025

6.0 Summary

Retailers' sentiments have improved since the February 2025 survey, with expected sales growth for 2025 rising from 4.0 percent to 5.0 percent. The estimated growth for

[7] Digital transformation, including artificial intelligence, has risen from third place in the February 2025 survey, highlighting its growing influence on the retail sector.

2025 aligns with the GDP outlook for the year and reflects increased consumption spending, investment activity supported by higher incomes and remittances, services-driven demand, and higher government expenditure. Additionally, most retailers expect the inflation rate to increase but remain between the 0.0 - 3.0 percent range in the medium term. Confidence extends into 2026, with retail sales growth of 6.8 percent anticipated.

Addressing major obstacles faced by retailers such as lack of skilled workforce, labour shortages, uncertain economic conditions, uncertain political environment & government policies, rising crime rates and stiff competition in the market, will likely boost retailers' optimism. Surveyed businesses perceive consumer behaviour changes and digital transformation (including artificial intelligence) as key trends impacting their industry and indicated that growing revenue and managing/reducing cost and operational efficiency, and expanding the market, as their top strategic priorities in the medium term.

7.0 Response Rate

A total of 38 companies responded, yielding a weighted average response rate of 77.4 percent compared to 60.6 percent achieved in the February 2025 survey.