RESERVE BANK OF FIJI

BUSINESS EXPECTATIONS SURVEY (BES)

FEBRUARY 2026

Dashboard – At A Glance Indicators

WEIGHTED RESPONSE RATE **58.7%** (176 responses)

BUSINESS CONFIDENCE WEAKENED SIGNIFICANTLY

Businesses expect slower growth, weaker demand, softer investment and hiring plans, and higher inflation **in the medium term (next 12 months)** amid global and domestic uncertainties.

GENERAL BUSINESS CONDITIONS	-28.9%	↓ 71.6 pts	WEAKER
PRODUCTION OUTLOOK	5.8%	↓ 44.3 pts	MODERATING
DOMESTIC SALES OUTLOOK	4.0%	↓ 53.1 pts	SOFTER DEMAND
EXPORT SALES OUTLOOK	-7.4%	↓ 54.2 pts	WEAKENING
INVESTMENT IN PLANT & MACHINERY	11.5%	↓ 23.5 pts	SOFTER
INVESTMENT IN LAND & BUILDINGS	12.4%	↓ 9.2 pts	WEAKER
FULL-TIME EMPLOYMENT	15.7%	↓ 17.6 pts	MODERATING
PART-TIME EMPLOYMENT	-3.8%	↓ 17.1 pts	WEAKENING
DEMAND FOR CREDIT	34.1%	↔ 3.8 pts	POSITIVE
INFLATION EXPECTATIONS	89.1%	↑ 24.1 pts	STRONG INCREASE
BUSINESSES EXPECTING HIGHER WAGES	81.3%	↔ 0.0 pts	ELEVATED

BUSINESS ACTIVITY OUTLOOK (Net Balance %)

Indicator	Aug-25	Feb-26	Change
Business Conditions	42.7	-28.9	↓
Production Outlook	50.1	5.8	↓
Domestic Sales Outlook	57.1	4.0	↓
Export Sales Outlook	46.8	-7.4	↓

Businesses expect slower growth and weaker demand conditions in the next 12 months.

INVESTMENT INTENTIONS (Net Balance %)

	Aug-25	Feb-26
Investment in Plant & Machinery	35.0%	11.5%
Investment in Land & Buildings	21.6%	12.4%

Investment plans remain positive but have moderated significantly since August 2025.

LABOUR MARKET OUTLOOK (Net Balance %)

Full-time Employment	15.7%
Part-time Employment	-3.8%
Businesses Expecting Higher Wages	81.3%

Hiring intentions have moderated, but wage pressures remain elevated.

CREDIT DEMAND & INFLATION EXPECTATIONS

Demand for Credit (Net Balance %)

34.1%

BROADLY STABLE

Credit demand remains positive.

Inflation Expectations (% of firms expecting inflation to increase)

89.1%

STRONG INCREASE

Inflation concerns increased noticeably.

TOP BUSINESS RISKS / CONSTRAINTS (Rank)

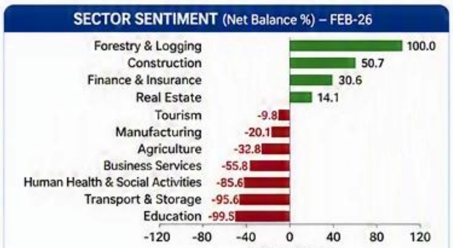
1. Uncertain economic conditions
2. Uncertain political environment and Government policies
3. Supply chain disruptions
4. Lack of skilled workforce
5. Increasing input costs

BIGGEST MOVERS SINCE AUG-25

Moved Up
- ↑ Supply chain disruptions (13th → 3rd)
- ↑ Increasing input costs (10th → 5th)
- ↑ Political uncertainty (2nd → 2nd)

Moved Down
- ↓ Labour shortages (1st → 4th)
- ↓ Demand concerns (4th → 6th)

SECTOR SENTIMENT (Net Balance %) – FEB-26



OVERALL OUTLOOK SUMMARY

Area	Signal	Assessment
Growth Outlook	↓	Slowing
Demand Outlook	↓	Weakening
Investment Outlook	–	Moderating
Employment Outlook	–	Positive but softer
Inflation Outlook	↑	Rising
Credit Outlook	+	Stable / Positive

OVERALL ASSESSMENT

The February 2026 BES points to a broad-based weakening in business confidence, softer demand and investment intentions, moderating hiring plans, and rising inflation expectations in the **medium term (next 12 months)** amid global and domestic uncertainties.

Note: Net balance (%) = % expecting increase/improvement – % expecting decrease/deterioration.

Source: Reserve Bank of Fiji – Business Expectations Survey (February 2026)

● Positive ● Neutral / Moderate ● Negative

Executive Summary

Key Messages

- Business confidence deteriorated sharply in February 2026, with the 12-month net business sentiment falling to -28.9 percent, down from 42.7 percent in August 2025, reflecting the weakest outlook since the post-pandemic recovery period.
- More than half of businesses (50.1%) expect business conditions to worsen over the next 12 months, while only 21.3 percent expect improvement.
- The weaker outlook is linked to global uncertainty, Middle East geopolitical tensions, higher fuel prices, supply chain disruptions, and Fiji's lower projected GDP growth of 1.5 percent for 2026.

Business Conditions and Sector Outlook

- Most firms view current conditions as neutral (65.0%), although perceptions have weakened since the previous survey.
- Negative sentiment was strongest in *Education, Transport & Storage, Human Health, Business Services, Agriculture, and Manufacturing* sectors.
- More positive outlooks were reported by *Forestry & Logging, Construction, Real Estate, and Finance & Insurance*, supported by investment activity, major projects, and foreign worker recruitment.

Investment Activity

- Short-term investment intentions for plant & machinery turned negative (-5.6%) from 25.0 percent in August 2025. Medium-term intentions remained positive but weakened to 11.5 percent.
- Expectations for land & building investment also softened, with short-term sentiment declining to -5.9 percent and medium-term sentiment easing to 12.4 percent.
- Declining construction indicators and weaker confidence suggest slower capital spending ahead.

Production and Sales Outlook

- Medium-term production expectations fell sharply to 5.8 percent from 50.1 percent previously.
- Export sales expectations declined from 46.8 percent to -7.4 percent, largely due to higher freight and shipping costs.
- Domestic sales expectations also weakened significantly from 57.1 percent to 4.0 percent.

Labour Market Developments

- Labour mobility remains a challenge, with losses concentrated among semi-skilled (34.0%) and high-skilled (29.8%) workers.
- Most departing workers had 5–10 years' experience, indicating continued loss of mid-career talent.
- Hiring intentions moderated, with part-time employment expectations turning negative (-3.8%) and full-time hiring sentiment dropping to 15.7 percent from 33.3 percent.
- Businesses continue to focus on staff training, upskilling, and wage increases to retain employees.

Credit and Inflation Expectations

- Demand for credit remained positive (34.1%), though most firms expect borrowing levels to remain unchanged.
- Businesses generally view access to finance as acceptable (66.7%), with commercial banks remaining the main funding source.
- Inflation expectations rose sharply, with 89.1 percent expecting higher inflation over the next year, mainly due to rising fuel, freight, utility, and raw material costs.

Main Business Risks and Priorities

- Top constraints identified were: Uncertain economic conditions; Uncertain political environment and government policies; Supply chain disruptions; Lack of skilled labour; and Rising input costs
- Key industry trends include changing consumer behaviour (71.3%), digital transformation/AI (57.4%), and regulatory changes (49.9%).
- Businesses' main priorities are revenue growth (78.7%), cost reduction and operational efficiency (73.4%), and risk management (62.9%).

General Business Conditions

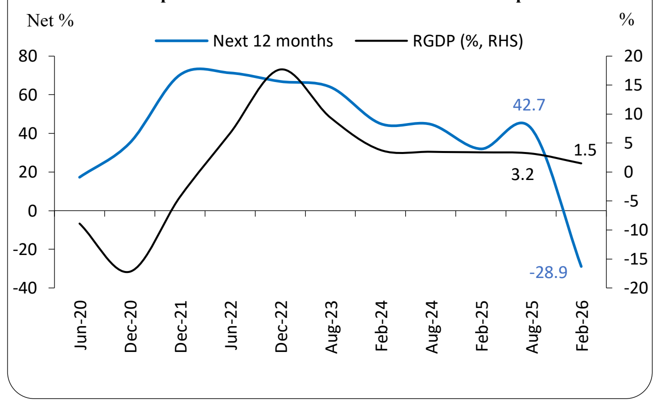
The February 2026[1] BES points to a marked weakening in business confidence, softer investment and hiring plans, lower production and sales expectations, and rising inflation concerns. Businesses remain cautious amid economic uncertainty, geopolitical tensions, fuel-related disruptions, and election-year risks.

Business confidence weakened significantly in the February 2026 survey, with firms expecting business conditions to deteriorate over the next 6 to 12 months. Long-term sentiment declined sharply to a net[2] balance of -28.9 percent, compared with 42.7 percent in the August 2025 survey. This represents the largest decline in business confidence since the post-pandemic recovery period, reflecting a significant increase in the proportion of businesses expecting conditions to worsen (50.1%), while 28.6 percent anticipated no change in business conditions (Graph 1).

In addition, the majority of businesses viewed the current business environment as neutral (65.0%), consistent with findings from the previous survey (53.2%). Perceptions of the business climate have weakened compared with the August 2025 survey. In particular, unfavourable conditions (19.8%) emerged as the second most common response, replacing favourable conditions. This shift is broadly consistent with expectations of softer economic growth, reflected in the downward revision of Fiji's real GDP growth forecast for 2026 to 1.5 percent from 3.0 percent.[3]

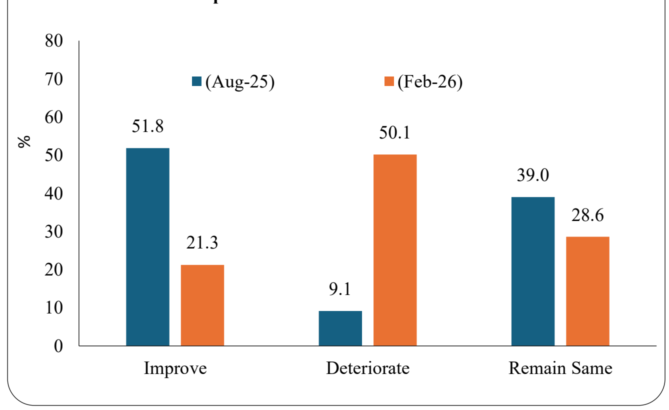
Notably, expectations of a 'deterioration' intensified (from 9.1% in the previous survey to 50.1%) (Graph 2), diverting from the 'improvement' category which has now dropped (from 51.8% to 21.3%), signalling a cautious outlook in the longer-term, largely attributed to ongoing geopolitical tensions in the Middle East and elevated oil prices.

Graph 1: General Business Conditions – Net Response



Sources: RBF BES Feb-26; FBOS and MC projections

Graph 2: General Business Conditions



Sources: RBF BES Feb-26 and Aug-25

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.

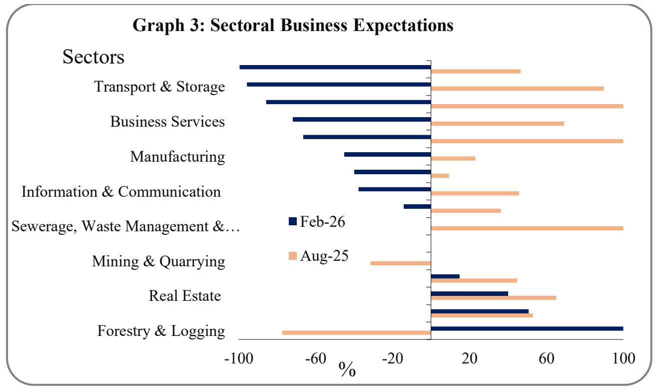
[1] This Report uses February 2026 or Feb-26 interchangeably which mean the same.
[2] Net is the respondents' weighted percent indicating an improvement minus the respondents' weighted percent reporting a deterioration.
[3] 1.5% as per the June 2026 Macroeconomic Committee's forecasts, from 3.0% forecast in November 2025.

Sentiments by Sector

In the medium term, nearly all the sectors expressed subdued sentiments in the macroeconomic outlook (Graph 3), particularly among firms in the *Education, Transport & storage, Human health & social activities, Business services, Agriculture, and Manufacturing* sectors. Respondents from the *Education* sector are increasingly concerned about the impending fuel crisis, which could adversely affect operations at a time when financial resources are already constrained due to the reprioritisation of funding. Similarly, the *Transport & storage* sector has identified rising fuel costs as a key challenge to business conditions, alongside uncertainties associated with the election year. The *Human health & social work activities* sector has also expressed caution regarding the potential impact of higher fuel prices and fuel supply disruptions. Likewise, the *Business services* sector is concerned about the indirect effects of the fuel crisis, particularly its potential to dampen investor confidence.

On the other hand, optimistic sentiments from businesses in the *Forestry & logging, Construction, Real Estate and Finance & insurance* sectors were generally due to recruitment of foreign workers, ongoing investment activity and substantial projects in the pipeline, especially in the *Construction* sector.

Businesses generally expect general economic conditions to weaken, primarily reflecting ongoing global uncertainty and rising fuel and food costs



Sources: RBF BES Feb-26 and Aug-25

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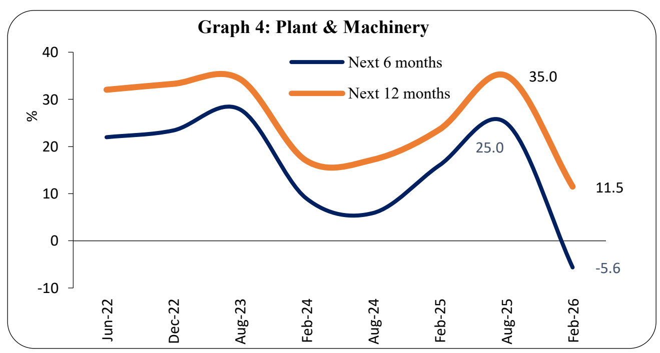
Investment in Plant & Machinery

Respondents' perceptions on investments for plant and machinery (Graph 4), has considerably fallen to a net response of -5.6 percent in the short term, from 25.0 percent in the previous round (Aug-25 survey). In the medium term, investment intentions were positive at net 11.5 percent, although sentiments had softened from the August-2025 survey (35.0%).

Reduced intentions to invest in plant & machinery was noted across most sectors particularly for *Electricity, Human health, Finance & insurance, and Information & communication,* in both the short and medium terms. These results are broadly consistent with trends in imports of machinery and transport equipment, which recorded an annual growth of 11.3 percent in February 2026, albeit lower than the 12.7 percent growth recorded in August 2025.



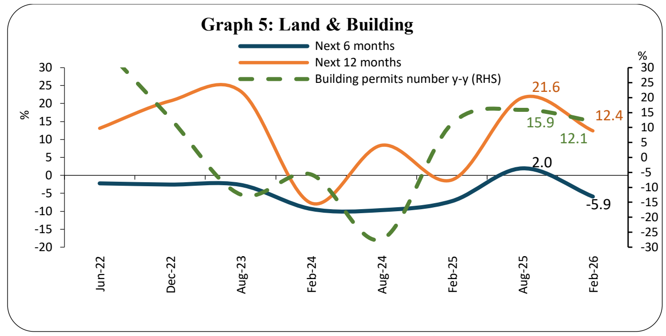
Sources: RBF BES Feb-26 and Aug-25

Sample Composition & Response Rate:

In the February 2026 survey, around 300 businesses in different sectors/industries of the economy were invited to participate, with a weighted response rate of 58.7 percent, lower than the 64.5 percent recorded in the August 2025 survey. The decline in participation may be attributed to the fuel crisis, which affected many firms and necessitated extensive meetings, consultations, and adjustments to business operations. Going forward, the list of participating companies and their respective survey weights may need to be reviewed to improve response rates and ensure more representative survey outcomes.

Investment in Land & buildings

In the short term, overall businesses' expectations to invest in ***land & buildings*** fell (-5.9%), a contrast to the optimism in the previous survey (2.0%). For the medium term, business sentiments continued to hold up although weakening from the previous survey (12.4% from 21.6% in Aug-25) (Graph 5). The drag on investment plan in land & buildings was largely underpinned by the *Electricity, Waste management, Business services, and Human health* sectors. This is also in tandem with the number of building permits, a key leading indicator for construction activity, which has trended downwards from 15.9 percent in Aug-25 to 12.1 percent in February 2026.

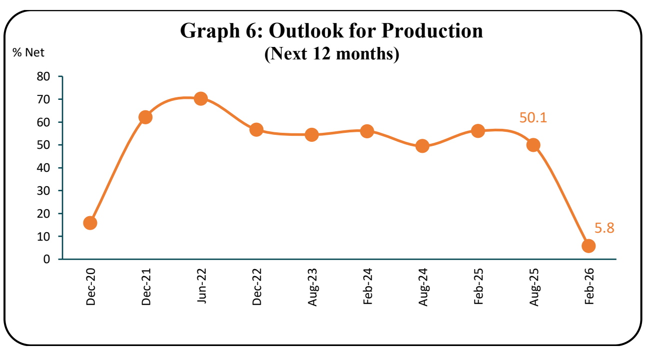


Graph 5: Land & Building

Sources: RBF BES Feb-26 and Aug-25

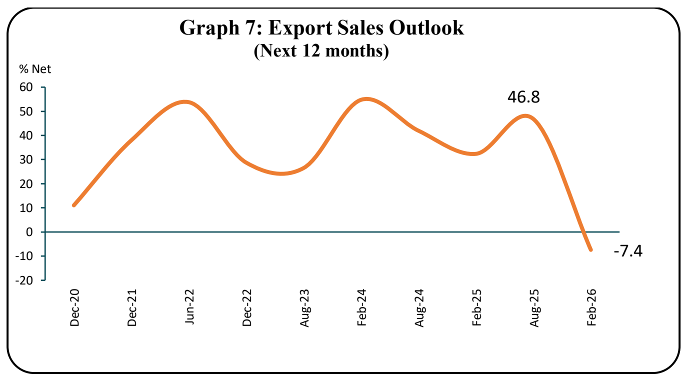
Sentiments on Production Outlook & Sales Prospects

According to the February 2026 BES, the medium-term ***outlook for production*** had significantly moderated (5.8%) compared to the previous survey (50.1%). Majority of the sectors had downgraded their views in the current survey, particularly the *Agriculture, Transport & storage, Manufacturing, and Human Health* sectors. Favourable views by the *Forestry & logging, Mining & quarrying, and Information & communication* sectors, could not offset the overall lower outcome. Some companies attributed the low business operations stance to war-related disruption in supply chain, and cost pressures, as well as low demand (Graph 6).

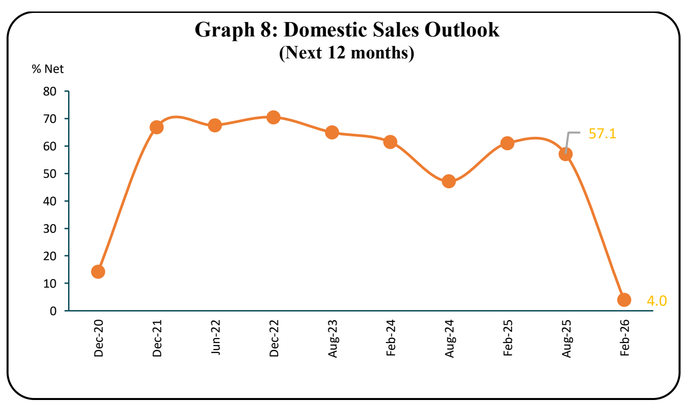


Graph 6: Outlook for Production
(Next 12 months)

The ***outlook on export sales*** plummeted in the current survey (from 46.8% to -7.4%), as more businesses expect a reduction in export sales (Graph 7) in the next 12 months. The lower export sales outlook was generally led by the *Agriculture, and Manufacturing* sectors, with most firms citing increases in shipping/freight costs. On a similar trend, ***expectations for domestic sales*** softened (4.0%) compared to the previous survey (57.1%), partly owing to the anticipated fall in production, and cautious operations ahead of national elections (Graph 8).



Graph 7: Export Sales Outlook
(Next 12 months)



Graph 8: Domestic Sales Outlook
(Next 12 months)

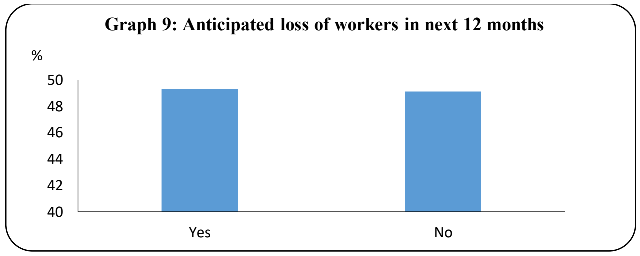
Sources: RBF BES Feb-26 and Aug-25

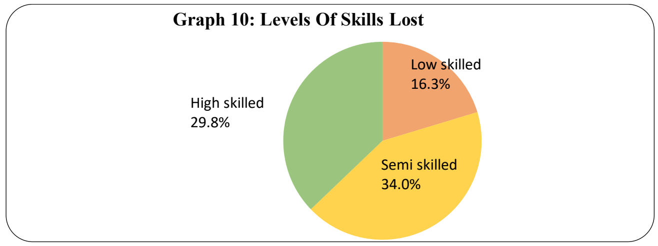
Labour Issues

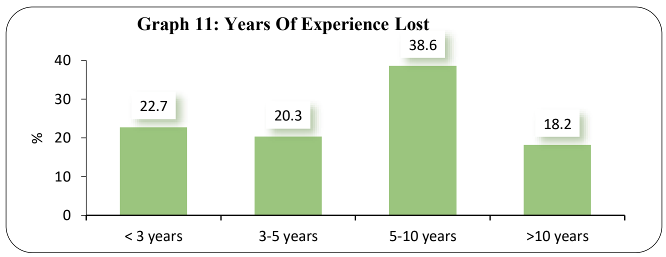
Survey results suggest that labour mobility has moderated as a business concern since the August survey, with respondents' views now more evenly balanced (Graph 9). For those that do emigrate, labour losses were more pronounced among semi-skilled workers (34.0%), followed by the high-skilled (29.8%) and low skilled (16.3%) categories (Graph 10).

In terms of years of work experience lost due to employee departures, the largest share of exiting workers had between 5 and 10 years of experience. This was followed by employees with less than three years of experience. Workers with 3-5 years of experience accounted for the third-largest share of departures at 20.3 percent (Graph 11). This pattern continues to reflect a substantial loss of mid-career capability across several key industries. Furthermore, on similar findings, the NSGA[4] Survey highlights widening shortages across 95 critical occupations, including chefs, IT technicians, accountants, electricians, and machine operators.

When asked how upskilling/reskilling has been done to protect business continuity and production, the dominant finding is that training (internal, external, and on-the-job) overwhelmingly accounts for the majority of responses, followed by continuous learning/upskilling, with relatively few firms referring to incentives, succession planning, education support, and technology adoption (refer Table).







Sources: RBF BES Feb-26 and Aug-25

Rank	Category	Examples from Responses
1	Training & Development (Internal, External, On-the-Job)	In-house training, external training, workshops, seminars, refresher training, training calendars, professional development
2	Continuous Learning / Upskilling & Reskilling	Continuous training, learning & development programs, reskilling initiatives, digital learning, capacity building
3	Cross-Training / Multi-Skilling / Job Rotation	Cross-training staff, job rotation, multitasking, multi-skilling, employees trained in multiple roles
4	Staff Incentives & Rewards	Incentives, bonuses, productivity awards, employee recognition, benefits, breakfast, medical insurance
5	Formal Education Support	University studies, fee waivers, study assistance, graduate programs, qualifications upgrading

Medium-Term Employment Outlook

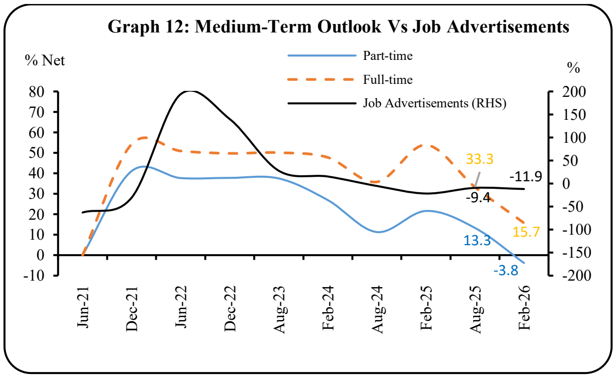
In the medium term, firms' intentions to hire part-time workers turned negative, with the net response declining to -3.8 percent from 13.3 percent in the Aug-25 survey (Graph 12). The deterioration in hiring intentions was most pronounced in the *Education, Transport & Storage, Manufacturing, and Information & Communication sectors*, where businesses indicated a reduced preference for part-time employment compared with the previous survey. Respondents attributed the weaker demand for part-time workers primarily to cost-containment measures and slower business activity.

For medium-term full-time employment, a net 15.7 percent of businesses express confidence in hiring full-time workers, moderating from the net 33.3 percent reported in the Aug-25 survey. It was mostly the *Forestry & logging, Mining & quarrying, Construction, and Information & communication* sectors that expressed

[4] National Skills Gap Assessment.

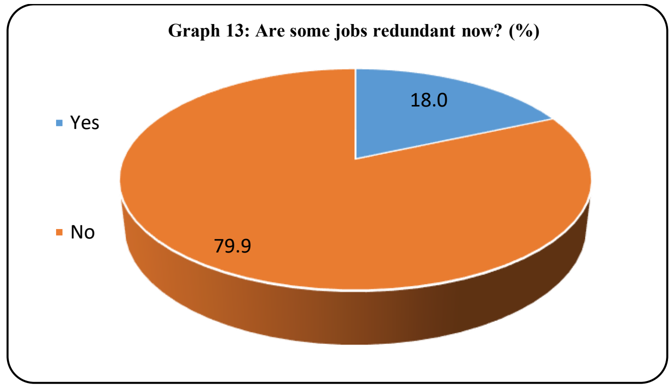
intentions to hire full-time workers, while the *Education, Agriculture, and Business services* sectors that were hesitant.

Expectations are broadly aligned with movements in the RBF Job Advertisements Survey, which declined by 11.9 percent over the year to February 2026.

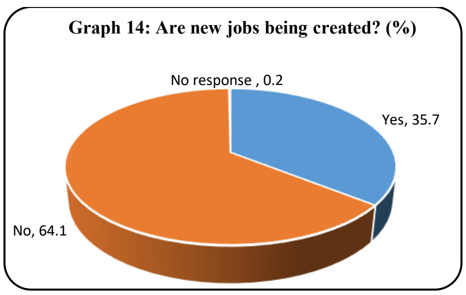


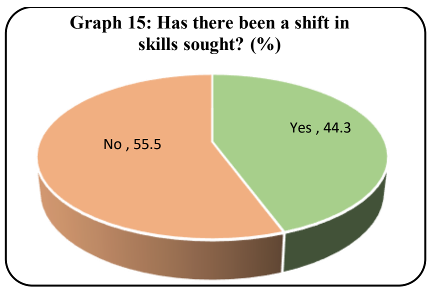
Sources: RBF BES Feb-26 and Aug-25

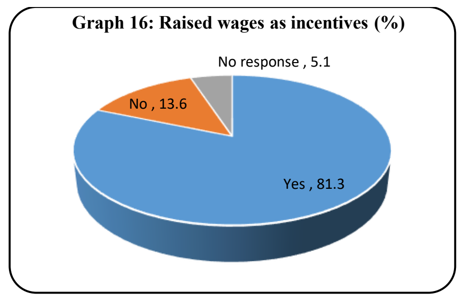
Most respondents (79.9%) do not consider redundancy as a threat, similar to the previous survey. In addition, most firms (64.1%) no longer anticipate the creation of new jobs, particularly in the *Electricity, Waste management, business services, Human health, and Construction* sectors. Likewise, most firms (55.5%) are not seeking new skills. Nonetheless, a majority of companies (81.3%) consider raising wages as an incentive to retain workers (Graph 13-16).



Source: RBF BES Feb-26







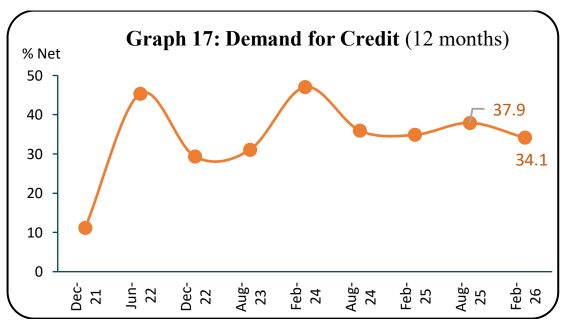
Source: RBF BES Feb-26

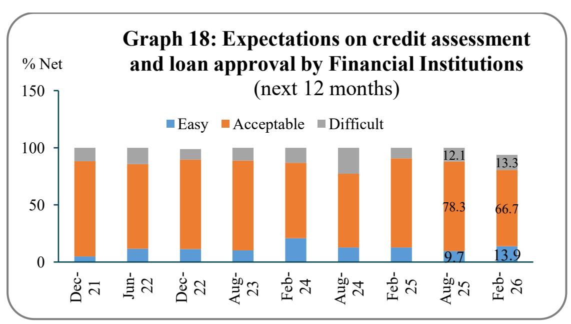
Sentiments on Demand and Access to Credit

Demand for credit (34.1%) for the next 12 months remained positive in the February 2026 survey, relative to the last survey (37.9%).

However, expectations for borrowing are more inclined to remain the same (56.9%), implying the generally cautious stance by firms (Graph 17).

In this round of survey, firms were asked about expectations on credit assessment and loan approval by financial institutions. Most businesses find it 'acceptable' (66.7%), while 13.9 percent find it 'easy' (Graph 18). As usual, most businesses (38.7%) borrow from commercial banks.

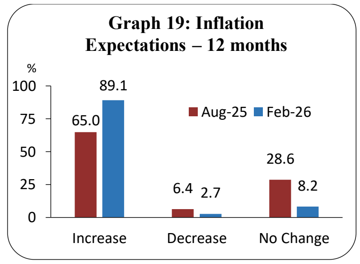


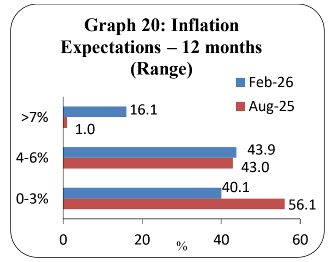


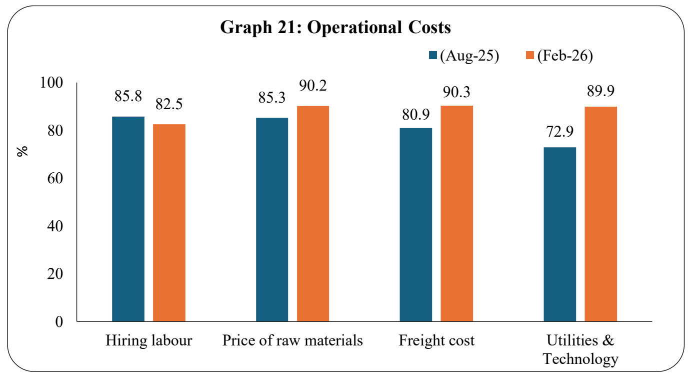
Medium-Term Inflation Outlook

Inflation expectations for the next 12 months remain elevated, with 89.1 percent respondents expecting inflation to increase, compared to the 65.0 percent in the last survey (Graph 19). The bulk of respondents now expect inflation to be higher, ranging within the 4.0-6.0 percent range for inflation in the next 12 months (43.9%) compared to the last survey which had assessed inflation to be in the 0.0-3.0 percent range (Graph 20). The upward movement in expectations is attributed to increased fuel prices and transportation costs.

Most businesses anticipate an increase in operational costs during the coming year, although there has been a shift in components that concern businesses the most. Hiring labour which used to be the costliest operation is now the lowest in ranking at net 82.5 percent (Graph 21). In its place is freight cost at net 90.3 percent. Firms also foresee increases in prices of raw materials (net 90.2%), and utilities & technology (net 89.9%). These cost and operational pressures continue to weigh on business activity and remain key concerns for the year ahead. In tandem, headline inflation is expected to exceed 6.0 percent by year-end, driven by continued imported inflationary pressures and rising utility costs.





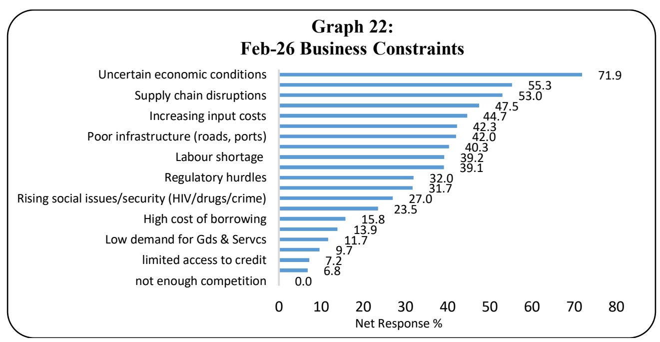


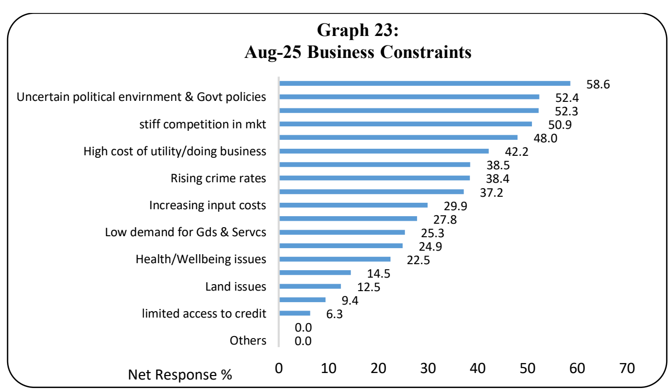
Sources: RBF BES Feb-26 and Aug-25

Business Constraints

In the February 2026 survey, respondents identified several major business risks. Firms were mostly constrained by uncertain economic conditions, uncertain political environment and Government policies, supply chain disruptions, lack of skilled workforce and increasing input costs (Graph 22). Notably, supply chain disruptions which was previously ranked at 13 has moved to the third spot in the current survey, alluding to the Middle East conflict and fuel crisis. In addition, firms feel more strongly about 'increasing input costs' which is now ranked as 5th highest limitation (from 10th in the previous survey) (Graph 23). As expected, the political situation is now viewed as a major concern, in line with the upcoming National elections. The survey suggests that businesses are facing a combination of workforce and cost-related pressures, reinforced by economic uncertainty, which is likely encouraging firms to focus on training, reskilling, retention incentives, multi-skilling, and succession planning.

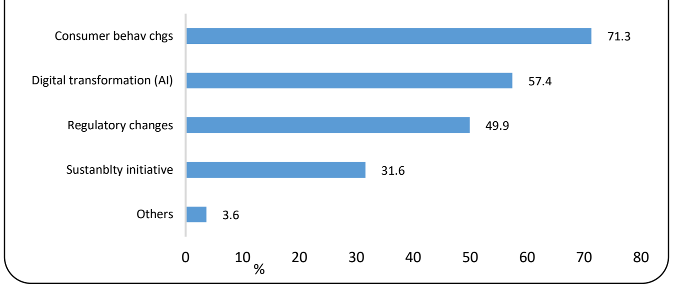
Furthermore, majority of the businesses identified changes in consumer behaviour (71.3%) as the key trend impacting their industry (Graph 24). Other trends impacting businesses are digital transformation (AI) (57.4%) and regulatory changes (49.9%), while their top priorities in the next 6-12 months were revenue growth (78.7%) and cost management/reduction and operational efficiency (73.4%) (Graph 25).





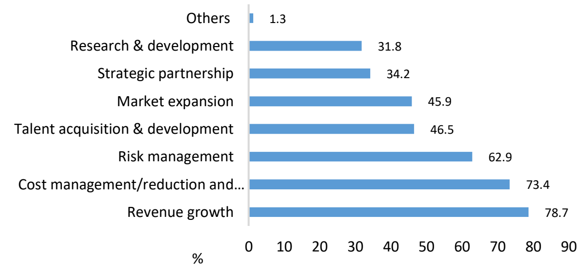
Sources: RBF BES Feb-26 and Aug-25

Graph 24: Key Trends Impacting the Industry



Source: RBF BES Feb-26

Graph 25: Top Priorities



Source: RBF BES Feb-26

Prepared by: Joanne Sakaraia
Checked by: Disusu Delana
Approved by: Aartika Devi

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 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.