RESERVE BANK OF FIJI
BI-ANNUAL RETAIL SALES SURVEY
FEBRUARY 2026

SURVEY SUMMARY

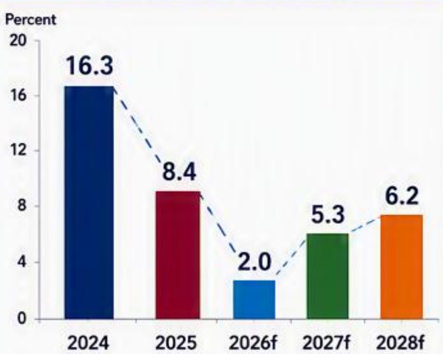
- Retail sales growth for 2025 revised up to 8.4% (from 5.0%).
- Retail sales growth for 2025 revised down to 2.0% (from 6.8%).
- Recovery expected in 2027 with growth of 5.3%.
- Consumers are increasingly prioritising essential goods over discretionary spending.
- Economic uncertainty, labour shortages and rising operating costs remain key risks.
- Medium-term outlook remains positive, supported by tourism, remittances, wage growth and government spending.

AT A GLANCE

2025 GROWTH	2026 FORECAST	2027 FORECAST	CONSUMER SPENDING	KEY RISKS
8.4% Revised up from 5.0%	**2.0%** Down from 6.8%	**5.3%** Recovery supported by easing inflation	More selective and focused on essentials	Economic uncertainty, labour shortages and high operating costs

Medium-term outlook remains positive, supported by tourism, remittances, wage growth and government spending.

RETAIL SALES TREND (%)



Retail sales growth slows to 2.0% in 2026, before recovering to 5.3% in 2027 and 6.2% in 2028.

While nominal retail sales are expected to increase, inflation is likely to constrain real gains in household spending.

Sources: RBF RSS August 2025 & February 2026

2026 GROWTH DRIVERS

	Contribution (pp)
Food & Drinks	+1.53pp
Building Materials & Hardware	+1.19pp
Motor Cars & Other Transport Equip.	+0.42pp
Household Goods & Appliances	+0.42pp
Clothing & Textiles	+0.14pp
Fuel	+0.13pp

MAIN DRAG ON GROWTH

Electronics

-1.84pp

Shifted from +0.46pp in Aug 2025 to become the largest negative contributor to growth in 2026.

BUSINESS SENTIMENT

- Customer base continues to expand, supporting positive growth.
- Households are prioritising essential purchases amid elevated living costs.
- Hiring intentions moderated compared with previous surveys.
- Consumption is supported by wage growth, remittances and government spending.

MAJOR BUSINESS CONSTRAINTS

Constraint	%
High operating costs	80%
High import / freight costs	60%
Low consumer demand	45%
Access to finance	25%
Labour shortages	20%
Other	5%

% of respondents citing as a major constraint

KEY INDUSTRY TRENDS

- Shift towards necessity-driven spending
- Digitalisation and e-commerce growth
- Greater cost management and efficiency focus
- Sustainability and green practices gaining traction

OUTLOOK FOR 2027 AND BEYOND

- Retail sales growth is projected to recover to 5.3% in 2027 on the back of easing inflation and improved confidence.
- Recovery is expected to be broad-based, led by food & drinks, with support from building materials, household goods and motor vehicles.
- Remittance inflows, tourism and government spending will continue to support household spending.

2027 growth of 5.3% is partly driven by favourable base effects following the downward revision to 2026 retail sales.

KEY TAKEAWAY

Retail sales growth slows to 2.0% in 2026 amid inflation pressures, elevated costs and softer confidence, but is set to recover to 5.3% in 2027 as inflation eases and household purchasing power improves. Spending is becoming more selective, with a focus on essential goods.

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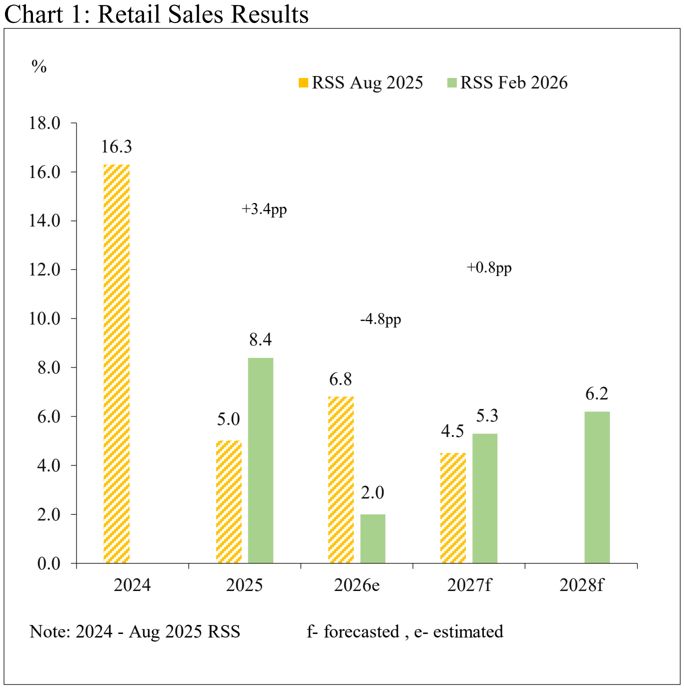
1.0 Introduction

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) on a biannual basis (February and August) to assess current business conditions, sales performance, and future expectations across retail sub-sectors. This report summarises the results of the RSS conducted in February 2026. To capture the potential impacts of the unexpected fuel crisis[1] on business conditions and sentiment, the survey response period was extended until the end of May 2026. The findings provide insights into recent sales performance, business challenges, emerging industry trends, investment intentions, and the outlook for the retail sector over the medium term.

2.0 Survey Outcomes

Chart 1: Retail Sales Results



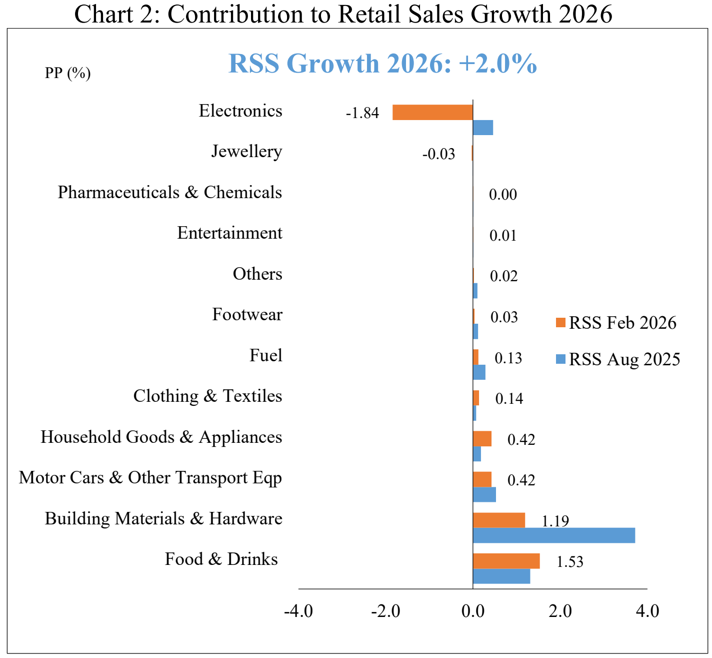
Sources: RBF RSS August 2025 & February 2026

a) Retail Sales in 2026

Retail sales growth is expected to slow markedly to 2.0 percent in 2026, compared with 6.8 percent projected in the August 2025 survey (Chart 1). The weaker retail outlook is broadly consistent with the softer domestic growth outlook[2], as rising costs, weaker confidence, and heightened economic uncertainty weigh on household spending decisions. While sales are still expected to increase in nominal terms, growth is likely to remain subdued, with inflation constraining real gains in consumer spending as rising prices erode household purchasing power and dampen underlying demand.

Activity remains supported by essential sectors, particularly food and drinks (1.53pp) and building materials & hardware (1.19pp), with smaller contributions from motor cars & other transport equipment (0.42pp)[3], household goods & appliances (0.42pp), clothing and textiles (0.14pp), and fuel (0.13pp). However, this is offset by a pronounced decline in non-essential spending, most notably in electronics,[4] which has shifted from a positive contribution (0.46pp) to a contraction (-1.84pp), becoming the main drag on growth.

Chart 2: Contribution to Retail Sales Growth 2026



Source: RBF RSS February 2026

[1] Beginning on 28 February 2026, conflict involving Iran and the United States disrupted global oil markets and raised concerns about oil supply through the Strait of Hormuz. Fuel prices increased significantly, resulting in higher transportation and operating costs for businesses and affecting business confidence during the survey period.

[2] The weaker retail outlook is consistent with the May 2026 Macroeconomic Committee projections, which revised Fiji's 2026 growth forecast down to 1.5 percent from 3.0 percent amid softer tourism growth and weaker private demand.

[3] The outlook for vehicle-related sales for 2026-2027 remains subject to some downside risk following the 2026–27 Budget announcement to increase import excise duties on new and used vehicles, which may dampen demand and affect sales volumes in this category.

[4] Lower retail sales of electronic items are attributed to rising fuel and shipping costs that have increased import and retail prices, broader economic pressures affecting consumer spending, and the timing of business expansion plans, despite growth in customer numbers and liquidity in the market.

Other sectors have also been revised down, including building materials & hardware (3.72pp to 1.19pp)[5], motor cars & other transport equipment (0.53pp to 0.42pp), and fuel (0.28pp to 0.13pp), indicating softer demand conditions (Chart 2). This trend suggests a shift towards necessity-driven spending as households prioritise essential purchases amid elevated living costs. While recent RBF data indicate that consumption lending remains robust, the composition of spending appears to be changing, with households becoming more selective and allocating a greater share of expenditure towards essential goods rather than higher-value discretionary items.

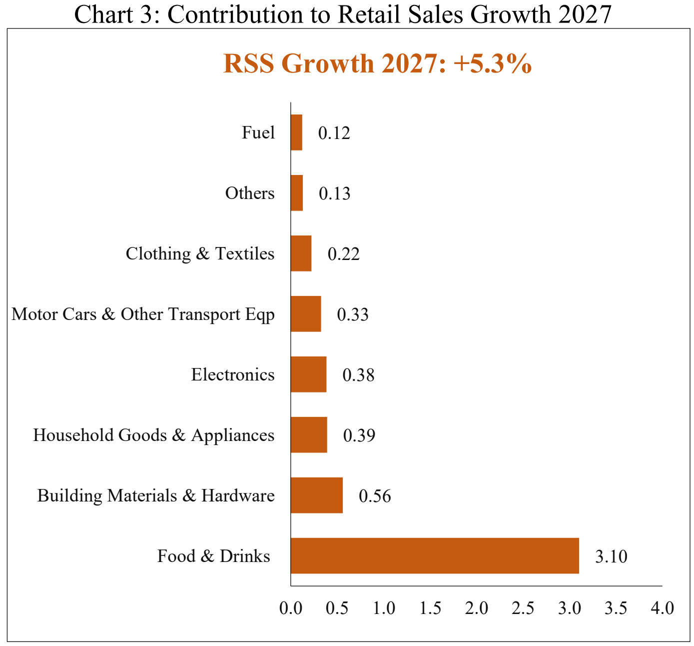
Retail sentiments and outlook continue to be influenced by inflation, the pace of economic activity, labour market conditions, borrowing costs, and fiscal policy settings, all of which shape consumers' purchasing power and spending behaviour. Higher fuel and utility costs, alongside emerging inflationary pressures, are beginning to constrain disposable incomes and shift spending patterns towards essential goods, contributing to softer retail activity in 2026. While labour market conditions remain tight, hiring intentions have moderated compared with previous surveys, broader economic conditions and cost pressures continue to influence business operations and hiring decisions. Nevertheless, consumption is expected to remain supported by underlying factors such as wage and salary growth, remittance inflows, and ongoing government spending, although overall spending momentum is likely to remain more subdued in the near term.

The more moderate retail sales projection reflects the evolving growth outlook for Fiji, with overall economic activity expected to slow amid heightened global uncertainty and rising cost pressures. According to the Macroeconomic Committee, the GDP growth for 2025 is estimated to have been around 3.0 percent, the outlook for 2026 has been revised down, significantly to 1.5 percent from 3.0 percent envisaged earlier. Economic activity nonetheless remains services-led, supported by contributions from the industrial and primary sectors. However, elevated inflation, higher fuel and food costs, and more cautious household spending are expected to weigh on consumer demand. Despite these challenges, acceleration in remittance inflows and continued employment and wage growth in key sectors are expected to provide some support to household spending.

b) Retail Sales in 2027

Retail sales growth is projected to recover to 5.3 percent in 2027, up from 4.5 percent in the Aug-25 survey, signalling a more positive medium-term outlook. However, much of this increase reflects a favourable base effect following the significant downward revision to 2026 retail sales, which added around 4.7 percentage points to the 2027 growth rate. The recovery is expected to be broad-based, led by food and drinks (+3.2pp), with continued support from building materials (+0.5pp), household goods (+0.4pp), and motor vehicles (+0.3pp). Compared with the previous survey, contributions have improved across several categories, particularly food and drinks (1.0pp to 1.58pp), alongside smaller gains in household goods (0.30pp to 0.43pp) and clothing and textiles (0.20pp to 0.30pp), while discretionary sectors such as jewellery and entertainment have also recorded modest increases (Chart 3). As inflationary pressures ease and household purchasing power improves, spending is expected to gradually broaden beyond essential items, although underlying retail demand is expected to remain subdued, with much of the projected growth in 2027 reflecting base effects rather than stronger consumer spending. Nevertheless, continued growth in tourism activity, remittance inflows, and public investment is expected to support consumer confidence and underpin a gradual recovery in discretionary spending.

Chart 3: Contribution to Retail Sales Growth 2027



Source: RBF RSS February 2026

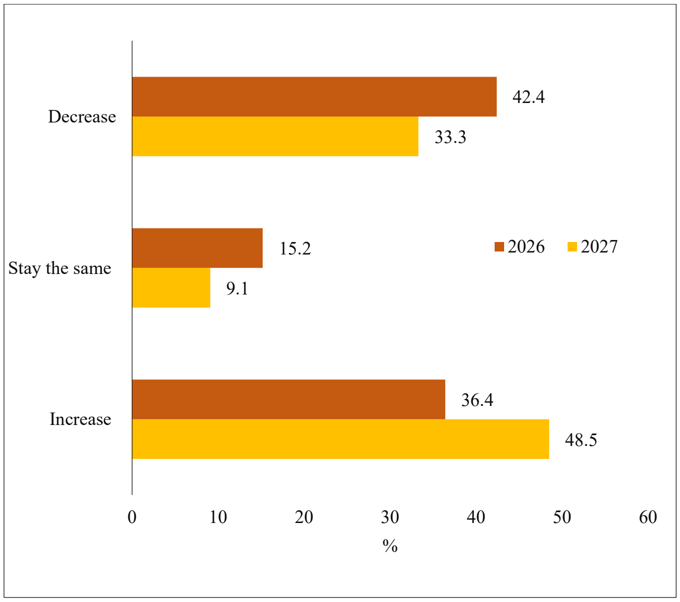
3.0 General Sentiments for Retail Trade

Most respondents (36.2%; 48.5%) expect retail sales to "increase" in 2026 and 2027, respectively (Chart 4). Meanwhile, the share of respondents anticipating a "decrease" is projected to fall from 42.4 percent in 2026 to 33.3 percent in 2027, while those expecting sales to

[5] Despite the sizeable downward revision, this category remains the second-largest positive contributor to retail sales growth in 2026.

"stay the same" also decline from 15.2 percent to 9.1 percent over the same period. On balance, retail confidence remains slightly pessimistic in 2026, with the net balance of expectations (increase less decrease) at -6.2 percentage points, reflecting cautious sentiment and moderating demand conditions. However, confidence is expected to turn positive in 2027, as the proportion of businesses expecting sales to increase exceeds those anticipating a decline, indicating improved expectations for retail sector activity.

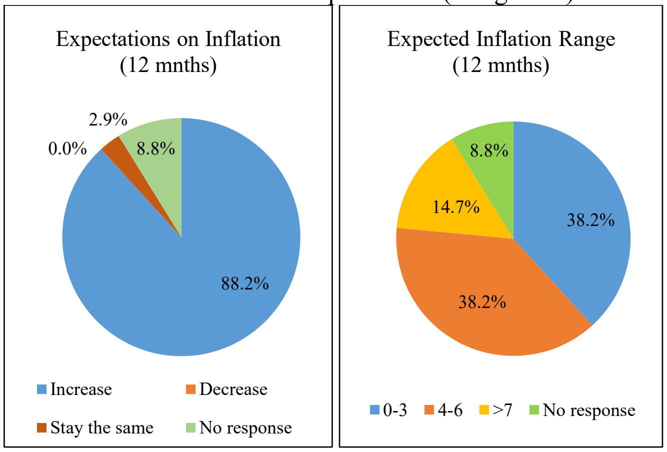
Chart 4: Retail Trade Sentiments 2026 and 2027



Source: RBF RSS February 2026

In the medium term (Chart 5), 88.2 percent expect inflation to increase, 2.9 percent expect it to remain unchanged, while 8.8 percent did not respond to this question in the survey. Expectations on the likely range of inflation over the next 12 months show that most retailers are evenly split, with 38.2 percent expecting inflation to remain within the 0.0–3.0 percent range and another 38.2 percent anticipating it to fall within the 4.0–6.0 percent range. A smaller proportion (14.7%) expects inflation to rise above 7.0 percent. The survey indicates that most retailers continue to expect prices to rise, with expectations largely concentrated in the 0-6 percent range. While inflation expectations remain elevated, the concentration of responses within this range suggests that businesses generally expect inflationary pressures arising from higher fuel, freight, food, and utility costs to remain relatively contained rather than accelerate sharply.

Chart 5: Inflation Expectations (Long-term)



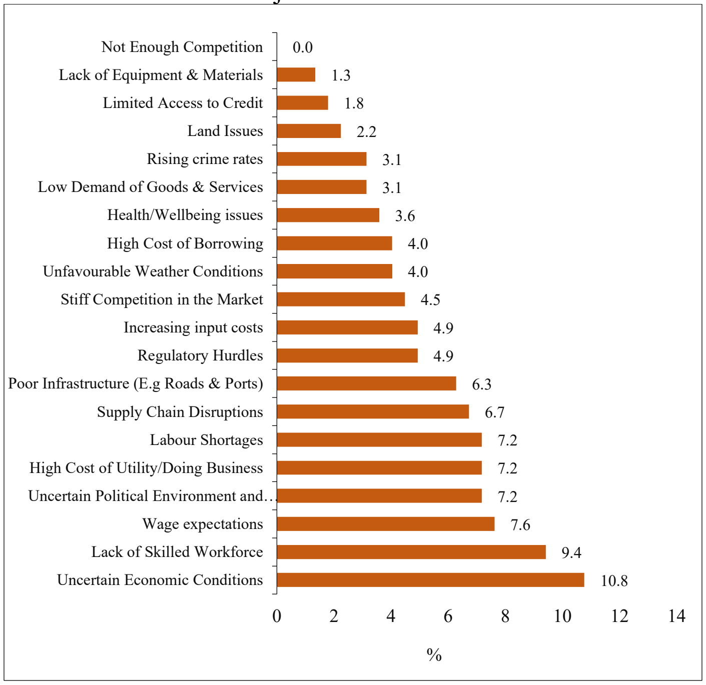
Source: RBF RSS February 2026

Inflation expectations for the next 12 months that were in the 0.0–6.0 percent range were driven by all categories, mainly the building & hardware, pharmacy, clothing & textiles, entertainment, and motor cars & other transport equipment and electronics sectors.

4.0 Major Constraints hindering Retailers

Respondents remained generally optimistic but continued to face several business challenges (Chart 6). Economic uncertainty emerged as the primary constraint, followed by workforce-related issues, including skills and labour shortages and higher wage expectations. Other notable concerns included political and environmental uncertainty, rising business and utility costs, supply chain disruptions, and infrastructure constraints. Notably, there has been a shift in the relative importance of business constraints compared to the previous survey. Labour-related issues, which were previously identified as the most significant challenge, have been overtaken by economic uncertainty, suggesting that businesses are increasingly concerned about the broader economic environment, cost pressures, and the outlook for consumer demand. Nevertheless, workforce and economic challenges remain the most significant impediments to business operations.

Chart 6: Major Business Constraints



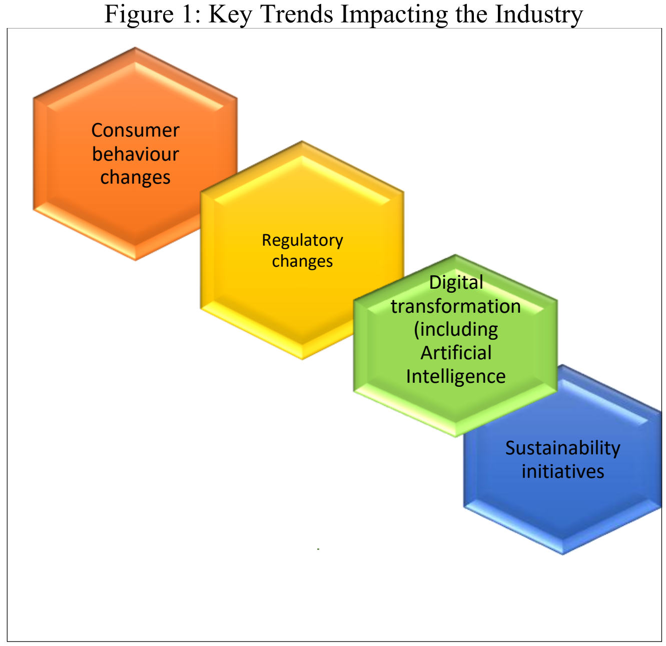
Source: RBF RSS February 2026

Labour migration continues to pose a significant challenge for retailers, particularly through the loss of semi-skilled (43.9 percent) and highly skilled workers (31.7 percent) across professional, managerial, technical, and trade occupations. Nearly two-thirds of respondents (63.6 percent) expect further employee departures to overseas markets over the next 6–12 months, with most affected workers having either less than three years or between five and ten years of experience. To mitigate these shortages, 76.5 percent of retailers have increased wages or introduced retention incentives. Additionally, 44.1 percent currently employ foreign workers to fill labour gaps, while 67.6 percent view foreign employees as more productive and would be willing to hire more if opportunities permitted. These findings highlight the persistent structural labour constraints facing the retail sector, with businesses increasingly relying on wage adjustments, retention strategies, and foreign labour sources to maintain operations and support growth. These results suggest that labour market constraints remain structural rather than cyclical and are likely to continue placing upward pressure on wages and operating costs. This may also constrain business expansion and productivity improvements across some retail segments.

5.0 Key Trends Impacting the Industry

Firms identified several key trends shaping the retail industry (Figure 1). Changes in consumer behaviour remained the most frequently cited trend, consistent with findings from the previous survey. Regulatory changes ranked second[6], underscoring their increasing significance to the sector, while digital transformation, including the adoption of artificial intelligence, and sustainability initiatives were also identified as important drivers of industry change. The rising prominence of regulatory developments suggests that businesses are placing greater emphasis on compliance obligations, governance requirements, and adapting to an evolving regulatory environment. This reflects a growing recognition of the need to strengthen operational resilience and align business practices with changing regulatory expectations.

Figure 1: Key Trends Impacting the Industry

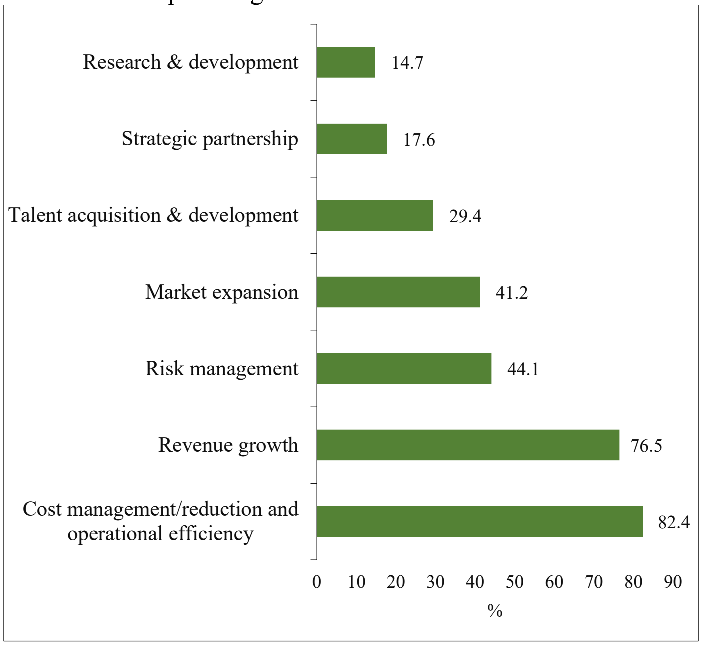


Source: RBF RSS February 2026

Moreover, businesses were asked to identify their key strategic priorities for supporting medium-term growth (Chart 7). Cost management and reduction, along with operational efficiency, emerged as the leading priority, overtaking revenue growth, which was the top priority in the previous survey. Risk management also gained prominence, surpassing market expansion to become the third most-cited priority. Meanwhile, talent acquisition and development, strategic partnerships, and research and development were also identified as areas of focus, although by a smaller share of respondents. These results suggest that retailers are placing greater emphasis on improving operational efficiency and managing risks, while maintaining a focus on growth and business sustainability.

[6] Regulatory changes became a more prominent concern for retailers in the February 2026 survey, rising to the second-ranked trend from third place in the August 2025 survey. In contrast, digital transformation, including artificial intelligence, declined slightly in importance, moving from second to third place.

Chart 7: Top Strategic Priorities for the next 12 months



Source: RBF RSS February 2026

6.0 Recent Developments and Outlook

While the survey was completed before the release of the FY2026–27 National Budget, the measures announced may support retail activity going forward. Cost-of-living assistance, selected duty reductions, fuel concessions, lower employer FNPF contributions, and continued infrastructure spending could help support household spending and business activity. However, the overall impact will depend on how these measures balance against rising costs, inflationary pressures, and slower economic growth.

The upcoming national election may also affect retail sentiment. Election-related spending and improved confidence could support retail activity, while uncertainty about future policies may cause some households and businesses to delay major purchases. As a result, demand for essential goods is likely to remain resilient, while discretionary spending may be more affected by changes in confidence and expectations.

7.0 Summary

Compared with the August 2025 survey, retailers reported a stronger outcome for 2025, with expected sales growth revised up from 5.0 percent to 8.4 percent. However, the outlook for 2026 has weakened considerably, with growth expectations revised down from 6.8 percent to 2.0 percent, broadly in line with the softer GDP growth outlook for the year. The slowdown reflects weaker consumer demand, rising cost pressures, and more cautious household spending, with consumers increasingly prioritising essential goods over discretionary purchases. While retail sales are expected to continue increasing in nominal terms, higher inflation is likely to constrain growth in real consumer spending and dampen underlying demand.

Despite the weaker short-term outlook, retailers remain optimistic about the medium term, with sales growth in 2027 expected to improve to 5.3 percent, up from 4.5 percent in the previous survey. However, part of this projected improvement reflects favourable base effects arising from the significant downward revision to 2026 sales growth, rather than a substantial strengthening in underlying consumer demand. The recovery is expected to be supported by tourism, remittance inflows, income growth, and government spending. While not captured in the survey responses, the recently announced FY2026–27 National Budget may provide additional support to retail activity through cost-of-living measures, selected duty reductions on major food items, fuel concessions, and continued infrastructure investment. Furthermore, the upcoming national election may influence consumer and business confidence, although the overall effect on retail spending is likely to be mixed.

Businesses continue to face challenges from economic uncertainty, labour shortages, skills gaps, and rising operating costs. At the same time, consumer behaviour remains the key trend shaping the sector, while regulatory changes, digital transformation, and sustainability are becoming increasingly important. Retailers are responding by focusing on cost management, operational efficiency, risk management, and workforce retention.

Overall, survey results point to a shift towards more necessity-driven spending in 2026, reflecting weaker discretionary demand amid higher costs and uncertainty. While medium-term expectations remain positive, supported by tourism, remittances, public investment and supportive fiscal measures, labour shortages, elevated operating costs and economic uncertainty continue to pose risks to retail sector performance.

8.0 Response Rate

A total of 38 companies responded, yielding a weighted average response rate of 77.9 percent compared to 77.4 percent achieved in the August 2025 survey.

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