



Agence de la
**Nouvelle-
Calédonie**

ECONOMIC SITUATION

Economic trends

New Caledonia continues to face a severely deteriorated economic situation

In the second quarter of 2025, New Caledonia continues to face a severely deteriorated economic climate, marked by the consequences of the May 2024 riots and the crisis in the nickel sector. After hitting a historic low in the second quarter of 2024 in the wake of the riots, the ICA continues its recovery to reach 88.2 in the second quarter of 2025 (+5.4 points). However, the ICA remains well below the levels observed between 2021 and 2023.

The recovery in the business climate indicator (ICA) continues in an economic environment that remains severely depressed

The repercussions of the May 2024 riots are still evident and continue to affect a large part of New Caledonia's economy. While some indicators are improving (mining, metallurgical production, etc.), others remain persistently weak and reflect a lack of prospects: business failures are on the rise, household consumption is falling and many sectors are in difficulty.

Beyond the heavy human and material toll of the riots, the destruction has led to a substantial increase in unemployment, at a time when the financial situation of local public institutions was already critical. The territory remains heavily dependent on aid from the French government.

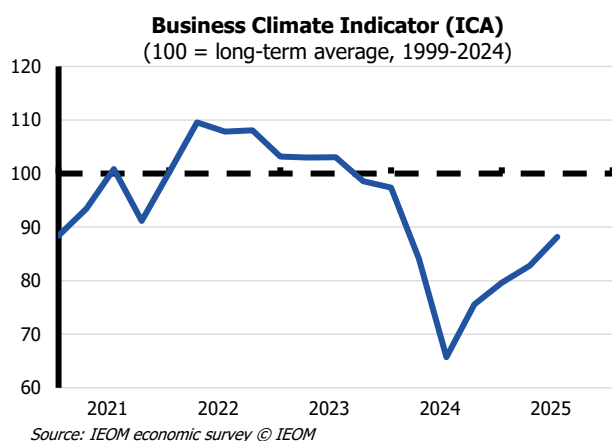
In this context, the recovery in the ICA cannot be interpreted as a sign of economic recovery, but rather as a stabilisation of the economy at a particularly low level.

This quarter's economic survey was conducted between the end of June and the end of July, at the time of the signing of the Bougival draft agreement and before the announcement of the withdrawal of one of the signatory political parties. This environment, which brought hope for the institutional future of the territory, probably contributed to the recovery of the ICA over the period.

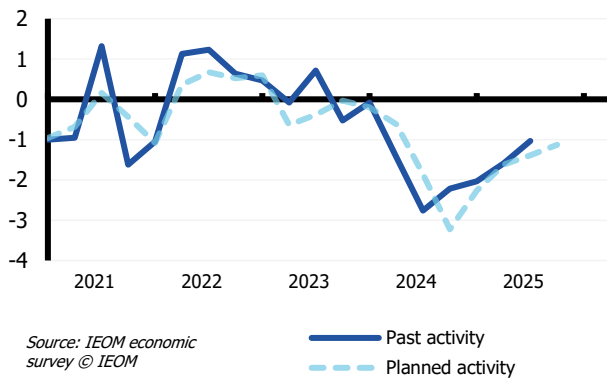
Business outlook remains uncertain

The balance of opinion of business leaders relating to past and expected activity remains firmly in negative territory. Despite a tentative recovery in activity observed in some companies, the outlook remains bleak.

In the second quarter, the balance of opinion on past activity continued to improve (+0.6 points compared with the previous quarter), but remained at a low level (-1.0). In terms of expectations, the balance of opinion on expected activity also improved slightly (+0.3 points), while remaining firmly in negative territory (-1.1). These indicators reflect the pessimism of the professionals who were surveyed.



Balance of opinion regarding activity

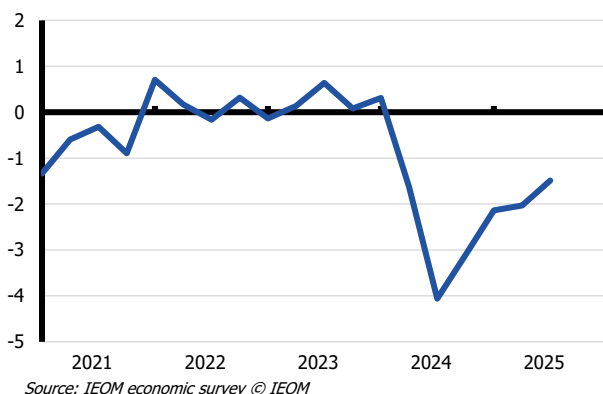


Over a 12-month horizon, 36% of the companies that were surveyed fear a business failure, which is more than in the previous quarter (32%). This level remains well above the average usually observed in this survey (18% for the whole of 2023).

Deteriorating investment prospects

The balance of opinion on business investment remains at a particularly low level (-1.5) despite a slight increase in the second quarter (+0.5 points). This reflects a lasting lack of prospects among business leaders and their reluctance to invest in an uncertain climate.

Balance of opinion regarding investment



In the second quarter of 2025, total lending to businesses (excluding overdrafts, gross figures) increased both on a quarterly basis (+32.5%) and year-on-year (+12.2%). These increases should be interpreted in the context of a "base effect". Credit production for this quarter remains close to the historic lows recorded following the riots, far from the levels observed between 2014 and 2023. Cash loans rose sharply over the quarter (+57.5%), reflecting persistent pressure on companies' cash flow levels.

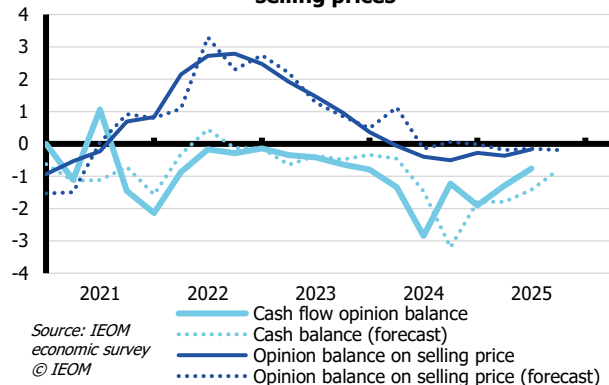
Persistent pressures on companies' cash flow levels

The cash flow situation of businesses remains poor, with no prospect of significant improvement. The balance of opinion on past cash flow improved slightly (+0.5 points), but remains clearly negative at -0.8. The balance of opinion on expected cash flow also improved (+0.6 points), while remaining well below its long-term average (-0.8).

Smaller increase in the consumer price index

After a first quarter marked by a moderate rise in prices (+0.5% between December and March), the increase continued in the second quarter of 2025 (+0.4%), but at a slightly slower pace.

Balance of opinion regarding cash flow and selling prices

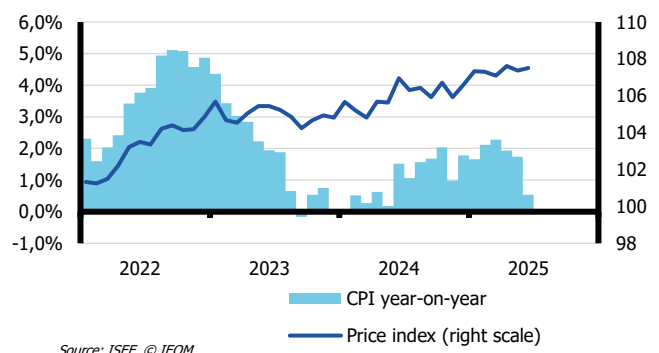


In detail, during the second quarter food prices rose by +0.7%, manufactured goods by +0.5% and services by +0.9%. Conversely, energy prices fell significantly (-2.4%). Over a rolling 12-month period, prices for manufactured goods and energy fell sharply (-4.9% and -1.4% respectively). On the other hand, food and services prices rose over 12 months (by +2.4% and +2.5% respectively).

On a rolling 12-month basis, the consumer price index rose by 0.5% at the end of June.

Balances of opinion regarding prices are stagnant and close to their long-term average, illustrating expectations of price stability.

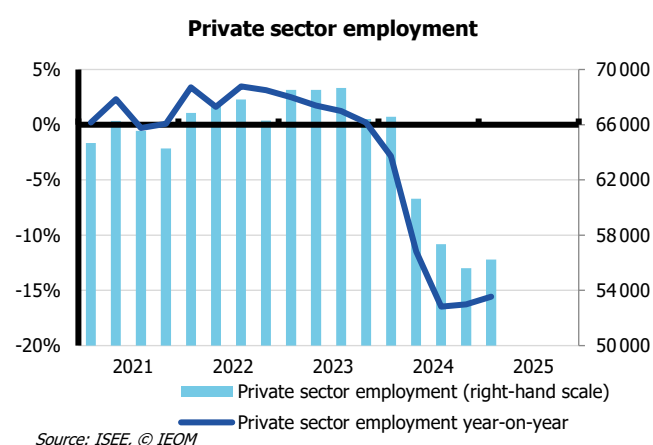
Consumer Price Index



Employment indicators looking very bleak

Private sector employment is experiencing a sharp decline. The latest data published by the ISEE indicate that between the first quarter of 2024 and the first quarter of 2025, more than 10,000 jobs were lost (out of a total of 66,581 private sector jobs in the first quarter of 2024), representing a 15.6% decline in one year.

In June 2025, 3,459 people (ISEE) were still receiving full unemployment benefits (compared to 3,821 in June 2024). Added to this figure are 568 beneficiaries of unemployment benefits under the specific schemes linked to the 2024 riots, and 308 employees still on partial unemployment. These levels remain significantly higher than those observed before the riots. The total unemployment benefit scheme introduced after the riots, for a maximum period of nine months, is now coming to an end for some beneficiaries. At the same time, the partial unemployment scheme, also introduced in response to the consequences of the riots, ended on 30 June 2025.



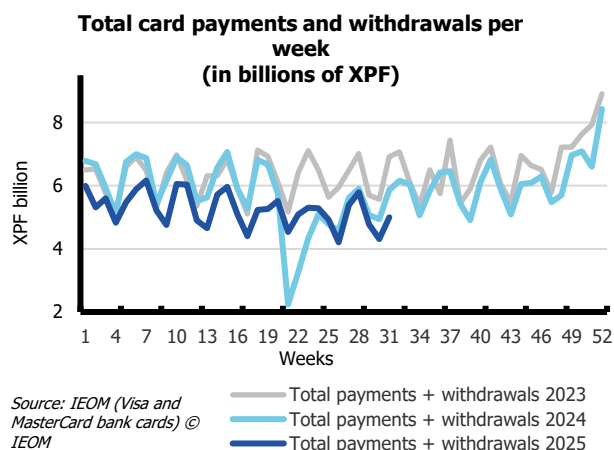
After an increase in the first quarter, the balance of opinion on staffing levels in the second quarter continued to improve (+0.9 points). The balance concerning anticipated staffing levels also continued to increase, but at a more moderate pace (+0.2 points), while remaining firmly in negative territory (-1.6).

Household consumption continues to decline

Household consumption continues to decline. Between January and July 2025, cumulative bank card payments and withdrawals were 8.2% lower than in the same period in 2024.

After a sharp decline in the previous quarter, the volume of personal loans and other consumer credit products rose in the second quarter (+10.3%).

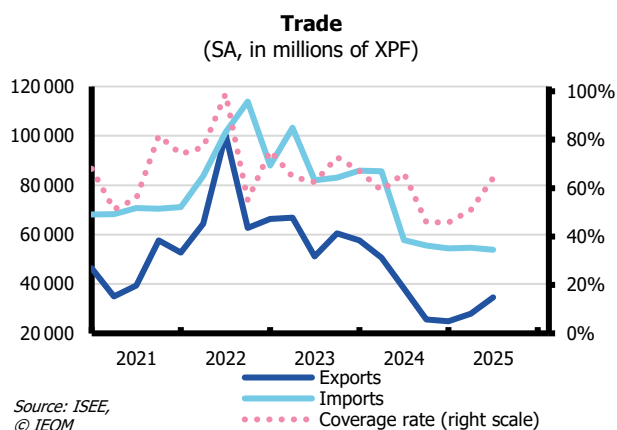
The number of new passenger vehicle registrations declined in the second quarter (-18.8%, seasonally adjusted or "SA") and remained well below its level in the second quarter of 2024 (-21.3%, SA). The used car market also declined in the second quarter (-5.2%).



Household vulnerability indicators deteriorated further. The number of incidents reported to the FICP ("Fichier des Incidents de remboursement des Crédits aux Particuliers" – a database of repayment incidents on consumer loans) increased by 5.5% in the second quarter of 2025 (+34.4% over 12 months). At the same time, the number of cases of over-indebtedness filed with the IEOM continued to grow, reaching 72 cases (+22.0% over the quarter and +260.0% on a rolling 12-months basis).

The trade balance remains deteriorated.

The coverage rate improved in the second quarter of 2025. The value of exports represented 64.2% of imports (SA), up 13 points from the previous quarter, but down from the second quarter of 2024 (66.2%).



In the second quarter, exports rose by +23.9% (SA). However, on a rolling 12-months basis, they fell by -9.5% (SA), against the backdrop of an unprecedented crisis in New Caledonia's nickel sector.

After a slight increase in the previous quarter, imports stagnated in the second quarter of 2025 (-1.5%, SA). On a rolling 12-months basis, they fell by -6.7% (SA).

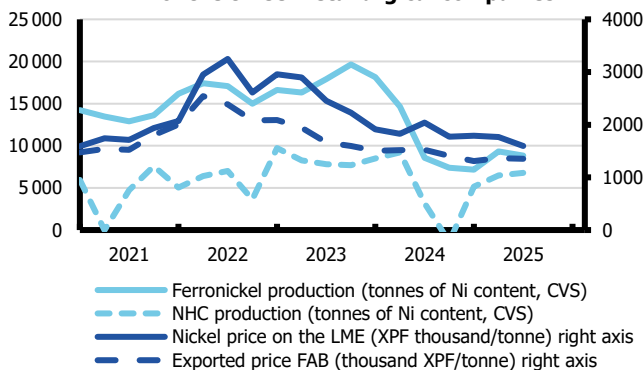
Severe deterioration in sectoral situations

Nickel production is slightly lower amid continuing uncertainty about the sector's future

The price of nickel fell for the fourth consecutive quarter (-2.5%). Nickel stocks listed on the LME continued to increase (+7.0% over the quarter), illustrating the persistent imbalance between supply and demand on a global scale.

In the second quarter of 2025, mining output declined (-7.1% over three months, SA). Year-on-year, the sharp increase (+70.3%, SA) is explained by the blockage of the main mining sites following the riots in the second quarter of 2024 (base effect). Over the quarter, total metallurgical production also declined very slightly (-1.2%, SA), driven by the decline in ferronickel production (-5.3%, SA). NHC production, on the other hand, recorded a modest quarterly increase (+4.8%, SA). On a rolling 12-month basis, metallurgical production rose sharply (+33.4%, SA), driven by NHC (+114.8%), as the Prony plant halted production following the riots. Over the past 12 months, the increase in ferronickel production was much more modest (+3.3%), as the SLN maintained production as much as possible to preserve its production facilities during the riots.

Price variation and metallurgical production of the three metallurgical companies



Source: ISEE, DIMENC, LME, © IEOM

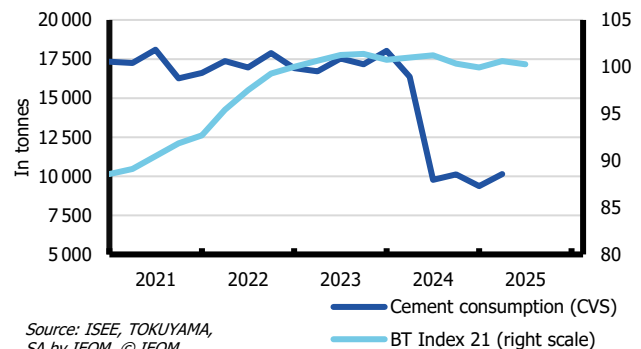
The construction sector is still at a standstill.

Cement sales are stagnating at exceptionally low levels. Despite an increase (+8.2%) in the first quarter of 2025 (latest data available), these levels are lower than those prevailing in the second quarter of 2024 (-38.1% on a rolling 12-month basis, seasonally adjusted). The price of construction materials stabilised in the second quarter of 2025 (-0.3% for the BT 21 index).

The balance of opinion on past activity improved slightly in the second quarter of 2025 (+0.5 points) but remained in negative territory (-0.5). The balance of opinion on future activity also improved (+0.3 points), although professionals in the sector remain pessimistic (negative balance of -0.5). The balance of opinion on projected staffing levels declined slightly and remained at a low level (-0.4 points). The balance of opinion on investment forecasts, which was at a historic low in the fourth quarter

of 2024, improved modestly (+0.5 points) but remained at a very low level (-1.4).

Trends in cement sales and the BT index



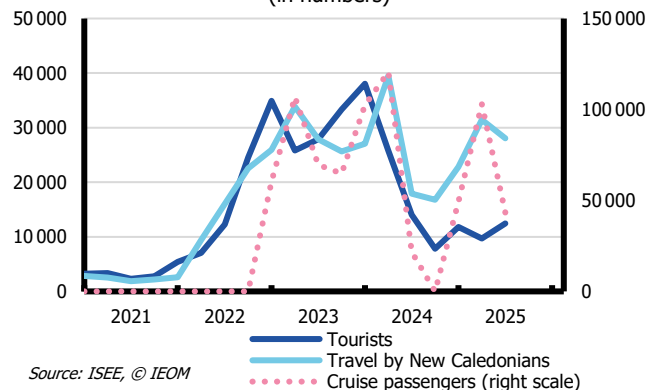
Source: ISEE, TOKUYAMA, SA by IEOM, © IEOM

New Caledonians are travelling again, but tourists are not returning

The recovery in international tourism is proving difficult. After a strong return of cruise passengers in the first quarter of 2025, only 43,315 cruise passengers were counted in the second quarter (compared with 102,972 in the previous quarter, down 57.9%, raw data).

The number of tourists arriving in the country by air remains particularly low (12,462 for the quarter), even though it is up on the previous quarter (+28.9%, raw data). The number of tourists staying in the country remains 11.1% lower than in the second quarter of 2024.

Tourists (in numbers)



Source: ISEE, © IEOM

The number of passengers carried on domestic routes continued to decline over the quarter (-12.9%, SA), against a backdrop of ongoing security concerns and recurring technical difficulties affecting the domestic airline's fleet.

The balance of opinion among tourism business leaders on their past and projected cash flow levels remains firmly in negative territory, reflecting the difficulties faced by tourism operators.

Indicators for the livestock, shrimp and tuna sectors show contrasting trends

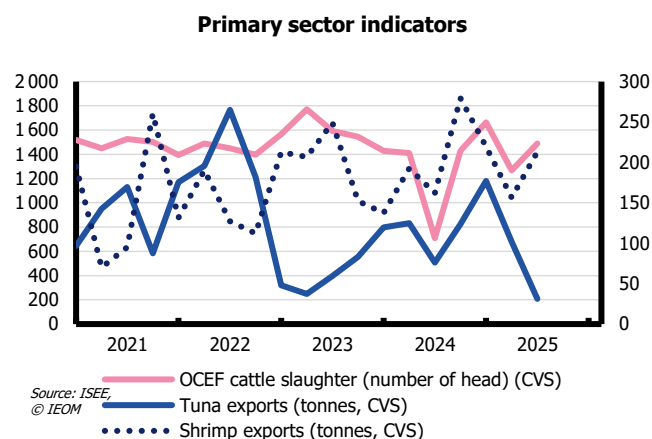
Professionals in the primary sector are pessimistic. In the second quarter of 2025, the sentiment of business leaders in the primary sector regarding their past activity deteriorated (-0.1 points to -0.9), while the outlook for activity declined further (-0.3 points to -1.4).

Indicators for the livestock sector are mixed this quarter: a 17.4% increase in cattle slaughter but a 2.9% decrease in pig slaughter (seasonally adjusted data).

Shrimp exports rose significantly over three months (+36.3%, SA) and year-on-year (+31.6%, SA). However, tuna exports fell in the second quarter of 2025 (-69.4%, SA) and over the year (-59.0%, SA).

Input costs fell slightly in the fourth quarter of 2024 (latest data available): the IPAMPA (monthly index of purchase prices for agricultural inputs) fell by 0.6% over three

months. Over the past 12 months, the index also trended downwards (-1.8%).



A resilient economy despite ongoing uncertainty

The IMF maintains its expectations of a decline in global inflation for 2025 and 2026. These expectations stand at 4.2% in 2025, 0.1 percentage points below the estimates released in April, and then at 3.6% in 2026, a stable figure. However, this apparent stability masks contrasting situations; the United States could experience higher inflation following the introduction of new tariffs.

The IMF has revised its growth forecasts for the United States upwards. GDP is expected to grow by 1.9% in 2025 and 2.0% in 2026 in the United States, compared with estimates of 1.8% and 1.7% in April 2025. This renewed optimism stems from the establishment of new customs duties at lower than anticipated levels and an easing of financing conditions in the United States.

The IMF has also revised its growth forecasts for the eurozone upwards for 2025. These now stand at 1.0%, compared with 0.8% in the projections released in April 2025. The projections for 2026 are stable at 1.2%. This reassessment is driven by the strong performance of the Irish economy, which is however not representative of the zone as a whole, and by higher spending expectations in the defence sector.

In France, the second quarter of 2025 is marked by a slight acceleration in GDP growth to 0.3%, compared with 0.1% in the first quarter, according to INSEE estimates. This acceleration is due in particular to a slight rebound in household consumption. After standing at -0.3% in the first quarter, it returned to positive territory and stood at +0.1%. The Banque de France has slightly revised its growth forecasts downwards to +0.6% for the 2025 financial year, followed by an acceleration in 2026 to +1.0%.

In Japan, strong private investment is offsetting weak exports and household consumption. The IMF has therefore revised its growth forecasts for the Japanese economy slightly upwards for 2025, to 0.7%, compared with 0.6% in April. However, these projections remain below the forecasts announced in January 2025, at 1.1%.

The IMF has revised its growth forecasts for emerging countries upwards. Thanks to stronger-than-expected activity and the reduction in customs duties implemented by the United States, China's growth forecast for 2025 has been revised upwards to 4.8%, compared with 4.0% in April 2025. India has also seen its growth forecast for 2025 revised upwards to 6.4%, compared with 6.2% in April. The IMF has maintained its growth forecasts for the economies of sub-Saharan Africa, the Middle East and Central Asia in 2025, while those for emerging European countries have been revised downwards.

Sources: IMF, INSEE, Banque de France

Contrasting trends in Asia-Pacific

In Australia, growth slowed to +0.2% in Q1 2025, after +0.6% in the previous quarter, held back by a decline in public investment (-2.0% after +0.8%). Household consumption grew modestly (+0.4% after +0.7%). Foreign trade contributed negatively to growth, with exports falling more sharply than imports. Inflation slowed to +2.1% in Q2 2025, its lowest level since 2021 (core inflation fell to +2.7%). The RBA lowered its key interest rate to 3.6% in August 2025, its lowest level since 2023. The unemployment rate fell slightly to 4.2% in July 2025, after 4.3% in June (the highest level since November 2021).

New Zealand recorded growth of 0.8% in Q1 2025 (after +0.5% in the previous quarter), driven by the rebound in manufacturing (+2.4%) and construction. Year-on-year, GDP fell by 0.7%. Unemployment rose slightly to 5.2%. Inflation stood at 2.7% in Q2 2025 (after +2.5%), in line with the RBNZ's target of between 1% and 3%. The RBNZ lowered its key interest rate to 3.0% in August, its lowest level since 2022.

In Indonesia, growth rebounded strongly in Q2 2025 (+4.0% after -1.0%), driven by private consumption, public spending and the recovery in foreign trade. Inflation rose to 2.4% in July 2025, driven by food prices. Nevertheless, the central bank lowered its key interest rate to 5.0% in August in order to support economic activity. Unemployment fell to 4.8% in Q1 2025.

In Fiji, growth is expected to reach 3.2% in 2025, supported by the services sector. Tourist arrivals and gold production declined in Q1 2025 (by -5.3% and -11.8% respectively), while timber production has risen sharply (+192.6%). Annual inflation stood at -0.4% in July 2025. Unemployment stabilised at 4.3%, as at the end of 2024, thanks to an increase in recruitment. The RBF maintained its key interest rate at 0.25% in a context of price stability.

Sources: Stats NZ, Australian Bureau of Statistics, Statistics Indonesia, Reserve Bank of Fiji, New Zealand Parliament, Asian Development Bank