The Kingdom of Swaziland

Major Highlights

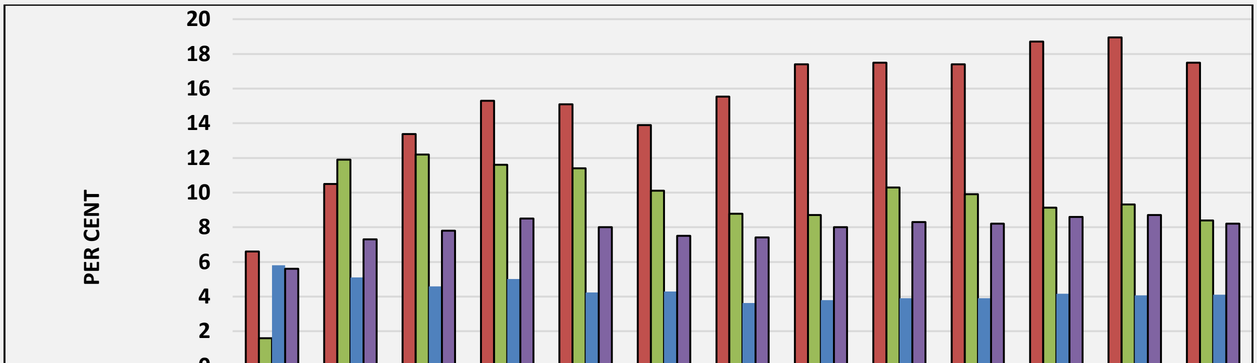
❖ *The country's annual consumer inflation slightly moderated to 8.2 per cent in January 2017 from 8.7 per cent recorded in December 2016.*	Inflation rate (% y/y)	8.2 (Jan) ↓ 2016 Annual Av: 7.8%
❖ *Discount and prime lending rates increased by 0.25 per cent to 7.25 and 10.75 per cent respectively in January 2017.*	Prime Lending (%)	10.75
	Discount rate (%)	7.25
❖ *During the month of January 2017, the external value of the Lilangeni strengthened against major currencies.*	Exchange rate (US$)	13.57 (Dec) ↓
❖ *Credit to the Private Sector amounted to E14.2 billion at the end of December 2016, higher than the E13.2 billion recorded at the end of November 2016.*	Private Sector Credit (% y/y)	8.4 (Dec) ↑
❖ *Broad Money Supply (M2) expanded by 4.2 per cent (m/m) at the end of December 2016 to settle at E16.7 billion.*	Broad Money (M2) (% y/y)	26.4 (Dec) ↑
❖ *Gross Official Reserves stood at E8.2 billion at the end of January 2017, 6.5 per cent higher than the 7.7 billion recorded in December 2016.*	Reserves (months of import cover)	3.8 (Jan) ↑
❖ *At the end of January 2017, preliminary debt figures indicate that total public debt stood at E10.36 billion, higher than the E10.1 billion recorded in December 2016.*	Total Public Debt (% to GDP)	18.9 (Jan) ↑
❖ *In the third quarter of 2016, Swaziland's current account registered a surplus of E320.0 million, a significant increase from a revised E126.2 million reported in the second quarter.*	Current Account Balance (% of GDP)	0.6 (Sep) ↑

NB: The table shows the most recent available data.

1 Inflation developments

The country's annual consumer inflation slightly moderated to 8.2 per cent in January 2017 from 8.7 per cent recorded in December 2016. Deflationary pressures emanated from the price indices for 'food and non-alcoholic beverages', 'transport' and 'housing and utilities'. Food inflation which had remained on the upward trajectory as the effects of the drought manifested since July 2016, slightly decelerated to 17.5 per cent in January 2017 from 19.0 per cent in December 2016. Contributing to this decline were observed slower increases in the prices for bread, cereals, meat, fish and oils as the effects of the drought were slightly moderated. The price index for 'transport' also slowed to 8.4 per cent in January 2017 from 9.3 per cent in the previous month, owing to slower growth rates in the prices for road and air transport services. Additional pressures were observed in the 'housing and utilities' index which declined to 3.4 per cent in January 2017 from 3.6 per cent in December 2016. The above decreases were slightly counteracted by increasing rates of growth in the price indices for 'furniture and household equipment' and 'clothing and footware' which grew by 0.9 and 0.7 percentage points, respectively.

Figure 1: Inflation Trends; January 2016 to January 2017



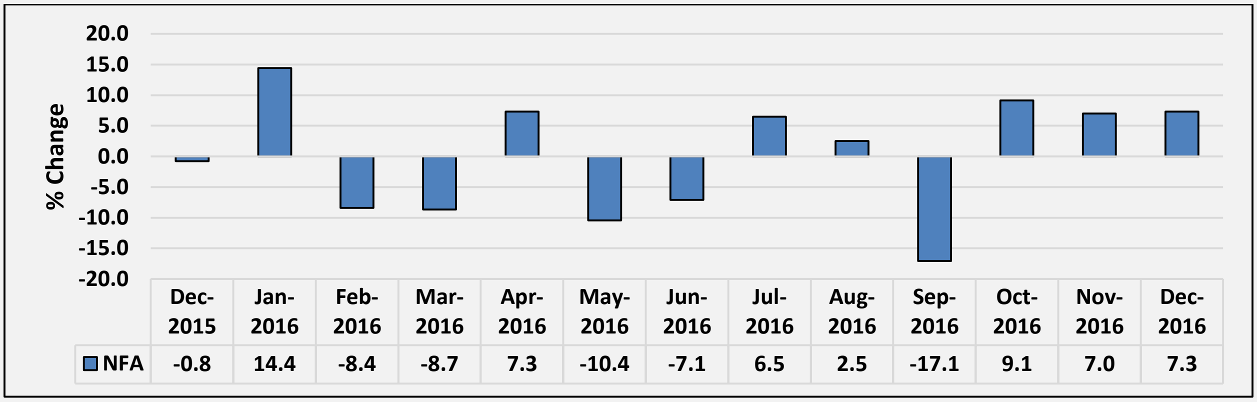
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Food	6.6	10.5	13.4	15.3	15.1	13.9	15.5	17.4	17.5	17.4	18.7	19.0	17.5
Transport	1.6	11.9	12.2	11.6	11.4	10.1	8.8	8.7	10.3	9.9	9.1	9.3	8.4
Other	5.8	5.1	4.6	5.0	4.2	4.3	3.6	3.8	3.9	3.9	4.2	4.1	4.1
Overall Inflation	5.6	7.3	7.8	8.5	8.0	7.5	7.4	8.0	8.3	8.2	8.6	8.7	8.2

Source: Central Statistical Office

On month-on-month rates, inflation increased at a slower rate of 0.1 per cent in January 2017 compared to 0.3 per cent in December 2016. This decline was mainly driven by a slower increase in the price index for 'food and non-alcoholic beverages'. Core inflation (which is defined as inflation excluding food, non-alcoholic beverages, auto-fuel and energy) was unchanged at 4.8 per cent in December 2016, the same rate as in the previous month. On a month-on-month rates, core inflation recorded zero-growth in December 2016.

2 Money Supply and Banking

Figure 2: Net Foreign Assets Monthly Changes: December 2015 to December 2016

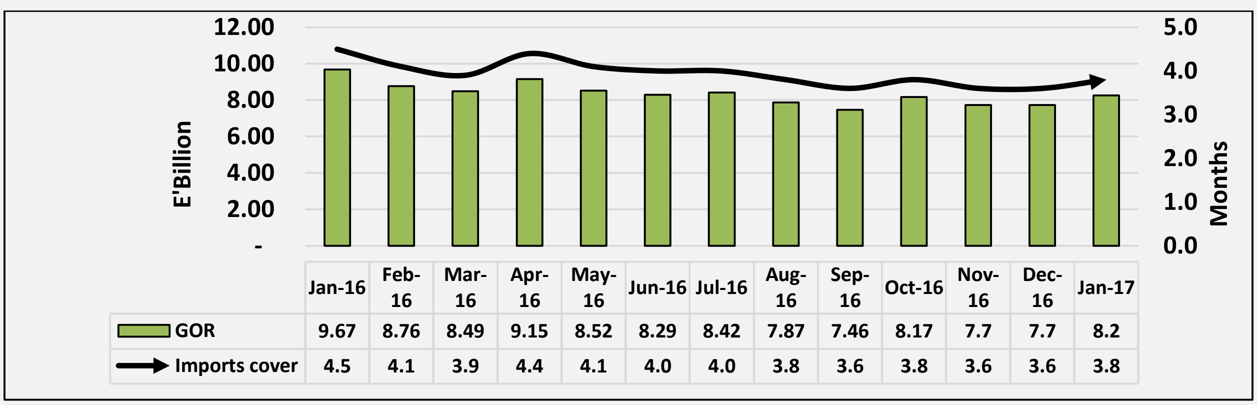


	Dec-2015	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016
NFA	-0.8	14.4	-8.4	-8.7	7.3	-10.4	-7.1	6.5	2.5	-17.1	9.1	7.0	7.3

Source: Central Bank of Swaziland

Net Foreign Assets amounted to E8.8 billion at the end of December 2016, 7 per cent higher than recorded at the end of November 2016 but 3.1 per cent lower when compared with December 2015. Both net official assets and net foreign holdings of other depository corporations drove the month-on-month increment in net foreign assets. Net foreign holdings of other depository corporations increased by 19.1 per cent month-on-month to E2.4 billion. The growth in net foreign holdings of other depository corporations was boosted by growth in their deposits held outside the country. Net official assets rose by 3.1 per cent over the review month to close at E6.4 billion. When valued in Special Drawing Rights (SDR), net foreign assets amounted to SDR478.3 million, 9.9 per cent and 13.2 per cent higher than recorded at the end of November 2016 and December 2016, respectively.

Figure 3: Gross Official Reserves and Import Cover: January 2016 to January 2017.

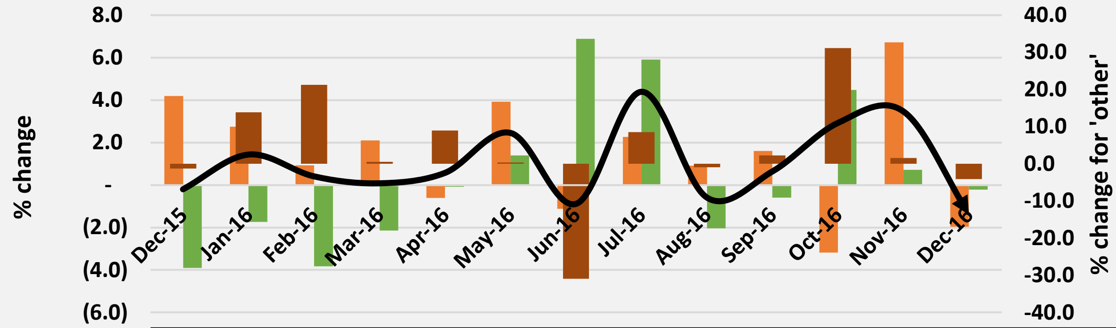


	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
GOR	9.67	8.76	8.49	9.15	8.52	8.29	8.42	7.87	7.46	8.17	7.7	7.7	8.2
Imports cover	4.5	4.1	3.9	4.4	4.1	4.0	4.0	3.8	3.6	3.8	3.6	3.6	3.8

Source: Central Bank of Swaziland

Gross Official Reserves amounted to E8.2 billion at the end of January 2017, higher than the E7.7 billion recorded at the end of December 2016. The reserves were boosted by the inflow of revenue from the Southern African Customs Union (SACU) at the beginning of January 2017. The reserves were enough to cover an estimated 3.8 months of imports of goods and services at the end of January 2017. At this level, the import cover was higher than the cover of 3.7 months recorded at the end of December 2016 but lower than the 4.5 months recorded at the end of January 2016. When valued in SDR, gross official reserves closed at SDR451.2 million, higher than the SDR418.3 million recorded at the end of December 2016.

Figure 4: Private Sector Credit Monthly Changes; December 2015 to December 2016.



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
HH credit	4.2	2.7	0.9	2.1	-0.6	3.9	-1.1	2.3	0.9	1.6	-3.2	6.7	-2.0
Business credit	-3.9	-1.7	-3.8	-2.1	-0.1	1.4	6.9	5.9	-2.0	-0.6	4.5	0.7	-0.2
Other	-1.3	13.8	21.2	0.5	8.9	0.3	-30.9	8.5	-0.9	2.2	31.1	1.5	-4.1
PSCR	-0.2	1.4	0.4	0.1	0.6	2.5	-0.9	4.4	-0.6	0.6	2.9	3.5	-1.4

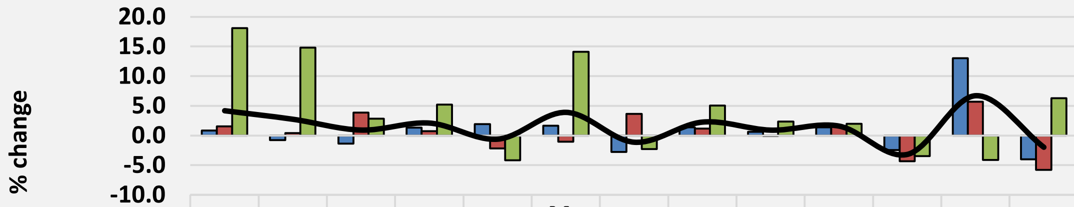
Source: Central Bank of Swaziland 2016

Credit Extended to the Private Sector contracted by 1.4 per cent in December 2016, but reflected growth of 14.2 per cent when compared with December 2015. The month-on-month contraction in credit to the private sector was driven by a decline in credit to other sectors, households and businesses.

Credit Extended to Businesses was 0.2 per cent lower at the end of December 2016 than recorded at the end of November 2016. The fall in credit to businesses was propelled by a decline in credit to the distribution and tourism (-16.6 per cent), mining and quarrying (-12.7 per cent) and construction (-5.3 per cent) sectors. Credit extended to other business sectors however depicted an improvement over the review month. Credit to the manufacturing sector reflected robust growth of 29.2 per cent while the real estate and the transport and communications sectors improved by 11.5 per cent and 3.9 per cent, respectively on a month-on-month comparison.

Credit Extended to Households & Non Profit Making Serving Households (NPISH) fell by 2 per cent over the review month to close at E5.9 billion. The slowdown in credit to households and NPISH was on account of housing and motor vehicle finance. Motor vehicle finance shrank by 5.8 per cent while household mortgage finance fell by 4 per cent month-on-month. Other (unsecured) loans on the other hand increased to E1.5 billion at the end of December 2016 from E1.4 billion recorded at the end of November 2016.

Figure 5: Household Credit Monthly Changes: December 2015 to December 2016



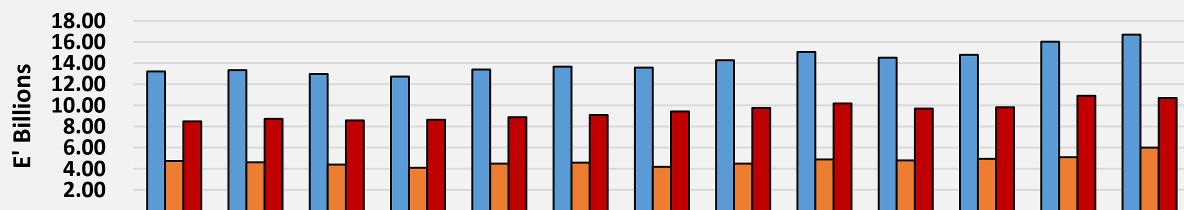
	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Housing	0.8	-0.8	-1.3	1.3	1.9	1.7	-2.8	1.4	0.6	1.4	-2.4	13.0	-4.0
Motor Vehicles	1.5	0.4	3.9	0.7	-2.2	-1.0	3.7	1.2	0.0	1.6	-4.3	5.7	-5.8
Other	18.1	14.8	2.9	5.2	-4.2	14.1	-2.3	5.1	2.4	2.0	-3.5	-4.1	6.3

Source: Central Bank of Swaziland

Credit Extended to 'Other' sectors closed at E1.2 billion at the end of December 2016, from E1.3 billion recorded at the end of November 2016. The fall in credit to other sectors was underpinned by a contraction in credit extended to all its sub-sectors. Credit to public non-financial corporations fell by 10.3 per cent while credit extended to local government and other financial corporations fell by 3.7 per cent and 2.1 per cent, respectively. When compared over the year, credit extended to other sectors went up by 83.8 per cent.

Net Government Balances amounted to E833.7 million at the end of December 2016 from E913.8 million at the end of November 2016. The banking sector's claims on government rose by 2.4 per cent to settle at E3.3 billion. The growth in claims on government was largely due to an improvement in the banking sector's investments in government securities in the review month. Government deposits with the banking sector amounted to E4.2 billion at the end of December 2016, 0.05 per cent lower than recorded at the end of November 2016. When compared over the year, net government balances fell by 69.5 per cent.

Figure 6: Money Supply Monthly Changes; December 2015 to December 2016



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
M2	13.22	13.34	12.98	12.74	13.40	13.66	13.59	14.26	15.07	14.51	14.79	16.03	16.71
M1	4.74	4.62	4.41	4.09	4.51	4.58	4.18	4.49	4.88	4.80	4.96	5.11	6.01
Quasi	8.47	8.72	8.57	8.65	8.90	9.08	9.41	9.78	10.19	9.71	9.83	10.92	10.69

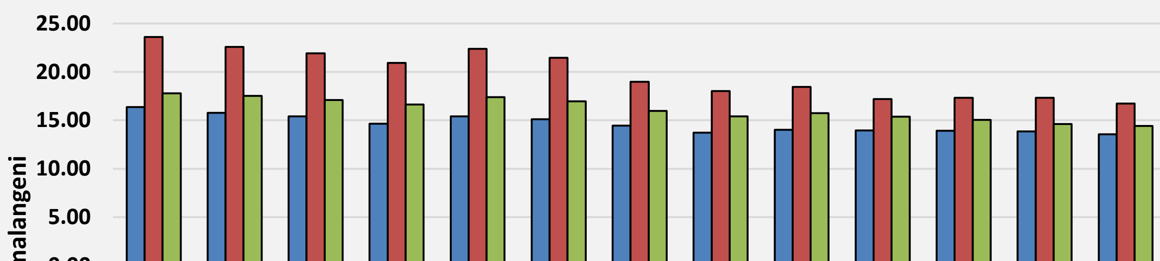
Source: Central Bank of Swaziland

Broad Money Supply (M2) settled at E16.7 billion at the end of December 2016. At this level, M2 was 4.2 per cent higher than recorded at the end of November 2016 and 26.4 per cent higher than observed at the end of December 2015. The rise in M2 was driven by growth in narrow money supply (M1). Quasi money supply on the other hand recorded a decline in the review month.

M1 grew by 17.7 per cent over the month ended December 2016. The rise in M1 was driven by growth in transferable deposits which increased by 21.7 per cent over the month. The growth in transferable deposits was mainly observed in transferable deposits of other non-financial corporations which improved by 33.2 per cent month-on-month. Transferable deposits of other sectors and households on the other hand fell by 31.5 per cent and 16 per cent, respectively. Currency outside depository corporations fell by 8.6 per cent over the month to close at E609.1 million.

Quasi Money Supply contracted by 2.1 per cent month-on-month to E10.7 billion. The decline in quasi money supply was on account of time deposits which fell by 2.7 per cent to E8.9 billion. The contraction in time deposits was predominantly observed in time deposits of other non-financial corporations (-11.4 per cent) and households (-4.2 per cent). Time deposits of other sectors on the other hand increased by 29.9 per cent. Savings deposits increased by 0.9 per cent over the review month to E1.8 billion. The growth in savings deposits was largely observed in other sectors (52.3 per cent) and households (0.9 per cent). Savings deposits of other non-financial corporations on the other hand fell by 2.7 per cent in the review month.

Figure 7: Average Exchange Rates; January 2016 to January 2017



	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016	Jan-2017
Dollar	16.38	15.78	15.41	14.66	15.40	15.11	14.44	13.74	14.03	13.95	13.93	13.85	13.57
Pound	23.61	22.59	21.92	20.94	22.36	21.46	18.99	18.01	18.46	17.21	17.31	17.32	16.73
Euro	17.80	17.52	17.11	16.63	17.39	16.97	15.98	15.40	15.74	15.38	15.06	14.62	14.42

Source: Central Bank of Swaziland

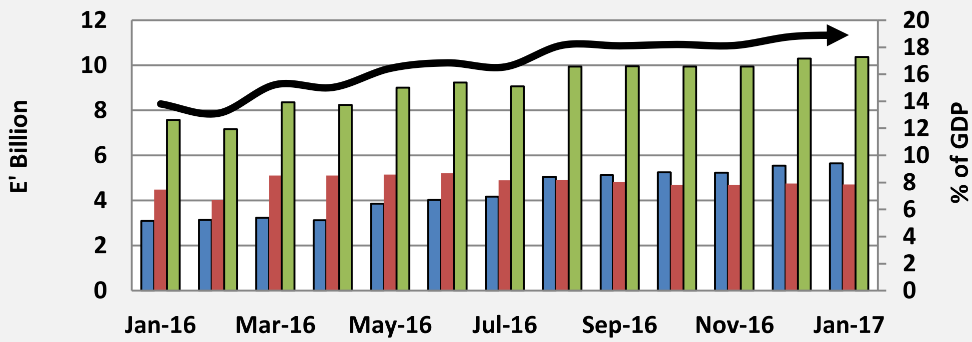
The external value of the Lilangeni strengthened against major currencies during the month of January 2017. The domestic unit strengthened by 2.02 per cent to average E13.57 against the US Dollar and by 1.62 per cent to average E16.73 to the Pound Sterling and by 1.92 per cent to average 14.42 to the Euro. The Lilangeni was firmer against the US Dollar in Janaury, in part due to the policy uncertainty in the US and UK, and the modest increase in commodity prices which boosted South Africa's export earnings. The local unit ended the period under review at E13.57 to the US Dollar, E16.87 to the Pound Sterling and E14.43 to the Euro.

3 Public Debt

As at the end of January 2017, preliminary debt figures indicate that total public debt stock stood at E10.36 billion, representing 18.9 per cent of GDP. This reflects a marginal increase of 0.6 per cent from the previous month. The increase was on account of a surge in domestic debt which was offset by a decline in external debt.

External debt as at the end of January 2017 stood at E4.71 billion, an equivalent of 8.6 per cent of GDP. This indicates a 1.1 per cent decline from the previous month. The decline was mainly attributable to the appreciation of the Lilangeni (SZL) against the USD and other major currencies in which the country's external liabilities are denominated.

Figure 8: Total Public Debt: January 2016 to January 2017

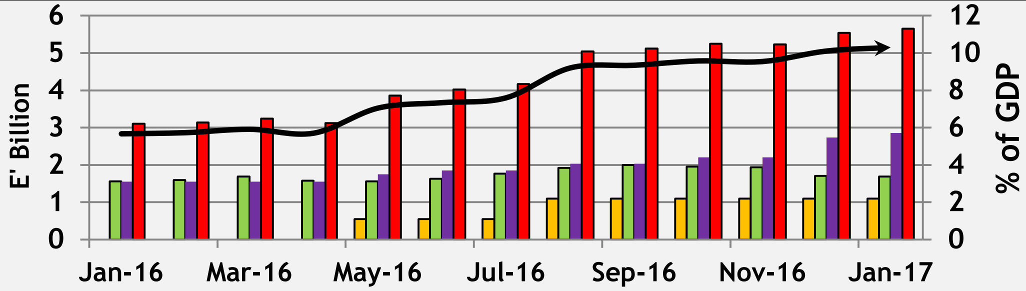


	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
Domestic	3.10	3.14	3.24	3.13	3.86	4.02	4.17	5.05	5.12	5.25	5.23	5.54	5.65
External	4.48	4.02	5.11	5.11	5.15	5.21	4.90	4.90	4.83	4.69	4.70	4.76	4.71
Total Public Debt	7.58	7.16	8.35	8.24	9.01	9.23	9.07	9.95	9.95	9.94	9.94	10.30	10.36
Total Public Debt (% of GDP)	13.8	13.1	15.2	15.0	16.4	16.8	16.5	18.1	18.1	18.2	18.1	18.8	18.9

Source: Ministry of Finance and Central Bank of Swaziland

Domestic debt stood at E5.65 billion as at end of January 2017, an equivalent of 10.3 per cent of GDP. This represents a 2 per cent increase from December 2016 and is mainly attributed to the issuance of domestic instruments to finance government's budgetary obligations. Of the outstanding public domestic debt, E1.10 billion accounts CBS Advance to Government, treasury bills stood at E1.69 billion and the remaining E2.86 billion accounts for Government Bonds.

Figure 9: Public Domestic Debt; January 2016 to January 2017



	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
CBS Advance	0.00	0.00	0.00	0.00	0.55	0.55	0.55	1.10	1.10	1.10	1.10	1.10	1.10
T-Bills	1.56	1.59	1.69	1.57	1.56	1.62	1.77	1.92	2.00	1.95	1.93	1.70	1.69
Bonds	1.55	1.55	1.55	1.55	1.75	1.85	1.85	2.03	2.03	2.20	2.20	2.74	2.86
Total Domestic Debt	3.11	3.14	3.24	3.13	3.86	4.02	4.17	5.05	5.12	5.25	5.23	5.54	5.65
As % of GDP	5.67	5.73	5.91	5.70	7.05	7.34	7.60	9.20	9.35	9.58	9.55	10.11	10.30

Source: Ministry of Finance and Central Bank of Swaziland

While commercial banks continued to dominate participation in Government securities on the shorter end of the yield curve, non-bank financial institutions dominate on the longer term securities.

Table 1: Government Securities Outstanding By Holder as At 31st January 2017 (E' Million)

Holder	Treasury Bills	Government Bonds	Total	Share of Holdings (%)
CBS	2.580	0.750	3.330	0.07
Commercial banks	1,302.488	856.828	2,159.316	47.46
NBFIs	301.902	1,922.604	2,224.506	48.89
Other	84.050	78.725	162.775	3.58
Total	**1,691.020**	**2,858.907**	**4,549.927**	**100**

Source: Ministry of Finance and Central Bank of Swaziland

The Bank, on behalf of the Ministry of Finance will auction a 5-year bond on 23 February 2017; being the last auction for the 2016/17 fiscal year. The amount on offer will be E150 million. The bond will pay a fixed coupon of 10.50 per cent payable semi-annually until it matures on 28 February 2022. The issuer reserves the right to re-open the Bond and issue further securities having the same terms. In the event of oversubscription of the auction, the issuer reserves the right to allocate an additional amount of 50 per cent of the amount on offer being E75.0 million for this particular issuance.

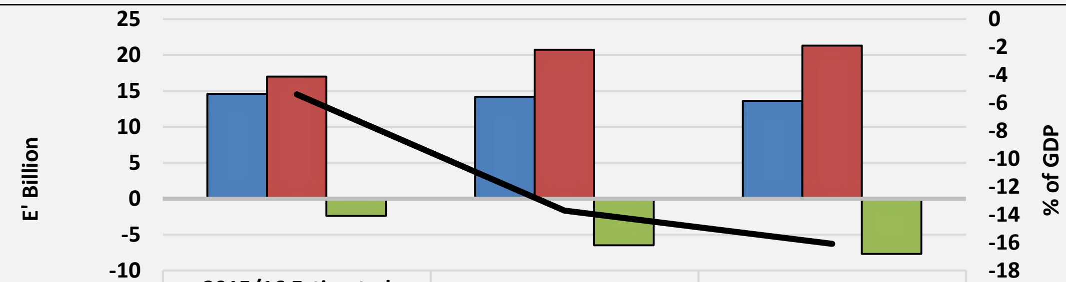
As at end of December 2016, the Government fiscal position shows a decline in estimated revenues and grants from the original budget of E14.2 billion to an estimated outturn of E13.6 billion in the fiscal year 2016/17. This is a decrease of about E600 million equalling 4.2 per cent of total revenues. According to the

Mid-Term Budget Review, domestic revenue collection has remained within target (i.e. VAT, PAYE), but there are some revenue items that have underperformed as at end of December 2016, covering three quarters of the financial year (2016/17), especially corporate tax.

Expenditure on the other hand is projected to increase from E20.7 billion to E21.3 billion. This denotes an increase of approximately E600 million. That equals an increase of about 3 per cent of total expenditure. The increase in expenditure has been driven by mainly the implementation of the civil service salary review in July 2016.

The increase in expenditure has resulted in the deficit widening from E6.5 billion (13.7 per cent of GDP) to E7.7 billion in nominal terms. The revised deficit translates into 16.1 per cent of GDP as per the Mid-Year Budget Review presented by the Minister of Finance on 09 November 2016. Financing the deficit remains a big challenge due to government cashflow constraints.

Figure 10: Government Fiscal Position as at 31 December 2016



	2015/16 Estimated Outturn	2016/17 Original Budget	2016/17 Revised Budget
Total Revenue & Grants	14.6	14.2	13.6
Total Expenditure	17	20.7	21.3
Budget Deficit	-2.4	-6.5	-7.7
% of GDP	-5.4	-13.7	-16.1

Source: Ministry of Finance

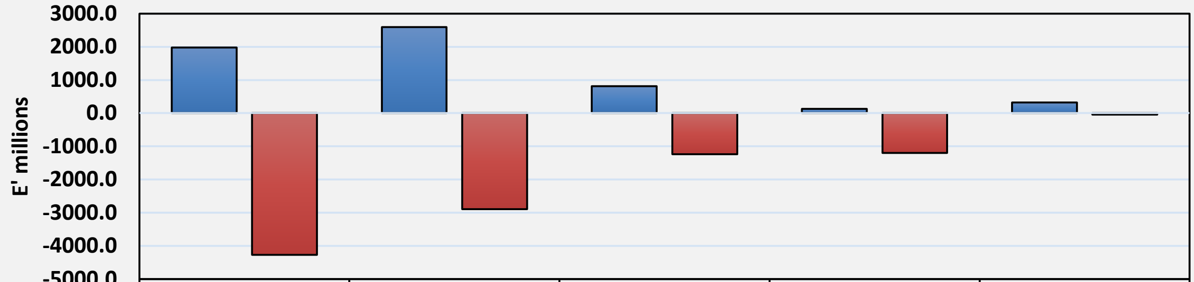
4 The External Sector

Preliminary data for the quarter ending September 2016 indicate that Swaziland's overall balance of payments recorded its second consecutive deficit in 2016, posting a substantial net outflow of E642.1 million from the E188.6 million deficit in June 2016. As a share of GDP, the deficit was equivalent to 1.2 per cent up from 0.3 per cent reported previously. Major factors underpinning the overall deficit were the persistant net outlows in the services account and the income account as well as a net outflow recorded in the financial account.

Preliminary data show that the current account during the quarter ending September 2016 registered a surplus of E320.0 million from a revised E126.2 million surplus in the second quarter. This surplus accounts for 0.6

per cent of GDP from 0.2 per cent in the second quarter. The increase in the surplus was buoyed by a notable turnaround in the direction of the trade balance to a surplus on the back of better export performance having recorded a deficit in the previous quarter.

Figure 11: Current and Financial Accounts Quarterly Changes: September 2015 to September 2016



	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
Current	1973.0	2589.8	811.2	126.2	320.0
Financial	-4270.0	-2899.0	-1236.0	-1201.0	-48.9

Source: Central Bank of Swaziland and Swaziland Revenue Authority

The country's trade account switched to a surplus of E600.1 million in the third quarter after reporting a negative trade balance of E342.8 million in the second quarter. Mainly driving this result were merchandise exports which soared by a significant 25 per cent to E6.2 billion in the review period, a complete turnaround from the 10 per cent decline in export proceeds recorded in the second quarter. South Africa is traditionally Swaziland's destination for exports. During the third quarter, 64.1 per cent of total receipts were received from South Africa, a meagre drop from the 66.3 per cent reported previously. The figures suggest that exports have benefitted from the weaker lilangeni when compared with other major world currencies.

Export receipts from miscellaneous edibles grew by a considerable 15.7 per cent quarter-on-quarter to E2.8 billion in quarter three following a 11.3 per cent drop in the second quarter. On a year-on-year basis, receipts from miscellaneous edibles grew albeit at a slower pace of 3.6 per cent compared to the 5.5 per cent increase in the previous quarter. The robust growth in exports is also reflected in the 51.3 per cent quarter-on-quarter upsurge in sugar and sugar confectionery export receipts to E1.5 billion in the third quarter. For the sugar industry, the third quarter marks the end of their contractual agreements with their customers and thus most of their obligations were fulfilled during this period. Income from textiles shows a notable 28.8 per cent quarterly rise to E765.7 million during the review period coming from a 6.9 per cent increase in the second quarter. A major portion of the increase is reflected in a 27.3 per cent hike in receipts from the South African market which now absorbs close to 100 per cent of the textile exports from Swaziland.

Total merchandise imports totalled E5.6 billion in the third quarter, a 5.5 per cent quarter-on-quarter growth from the previous quarter. These were mainly driven by purchases of fuel and vehicles other than railway or tramway rolling stock, and parts and accessories thereof which collectively make up 20.2 per cent of total imports. The third quarter increase is, however, relatively less noteworthy when compared with the 16 per cent hike in the second quarter. On an annual basis, imports rose 21.1 per cent from a slightly wider 25.3 per cent increase in the second quarter.

The services account recorded a deficit of E970.9 million in the third quarter, up from E443.3 million in the second quarter. This deficit was 1.3 per cent lower when compared to the same period of the previous year. The widening quarter-on-quarter deficit was a result of an increase in services outflows of E1.7 billion against services inflows of E774.8 million in the quarter. Transportation services posted a net outflow of E3.8 million, a turnaround from the net inflow of E16.5 million recorded in the second quarter. Transportation services inflows amounted to E202.1 million, 5.0 per cent higher than the previous quarter, with outflows rising by 17.1 per cent quarter-on-quarter to E205.9 million. Travel related services data recorded a net outflow of E107.5 million in the review quarter, versus outflows amounting to E185.8 million. Services outflows grew by E711.9 million in the third quarter, a turnaround from the downward trend observed in the first two quarters of 2016. Notably, management and technical services outflows also contributed to the deficit in this account.

The income account posted a deficit of E762.7 million in the third quarter, a deterioration compared to the E621.9 million deficit in the previous quarter. Income inflows grew in the quarter ending September 2016, however hardly enough to dampen the size of the deficit. These inflows amounted to E1.8 billion, with main contributors being investment income specifically reimbursement of office float, these being funds sent back to direct investment enterprises for operations. Other contributors to the income inflows include compensation of employees and other investment interest receipts of E47.8 million and E326.9 million, respectively. Income outflows expanded to E2.6 billion in the third quarter, from E1.7 billion in the second quarter. The increase in income outflows was a result of dividends and distributed branch profits which registered E2.3 billion. These are funds remitted to non-residents in the period resulting in the deterioration of the deficit observed in this account.

The current transfers account recorded a net inflow of E1.5 billion in the third quarter, 5.2 per cent lower than the preceding quarter and 30.4 per cent lower than the same period last year. Current transfers inflows recorded a meagre 0.2 per cent quarter-on-quarter rise in the quarter to E1.9 billion, owing to the unchanged SACU inflow for the 2016/17 fiscal year. Current transfers outflows increased in the review quarter to E468.2 million, a 22.0 per cent quarterly growth from the preceding period, effectively reducing the size of the incessant surplus recorded in this account.

During this quarter, the financial account net outflow improved markedly relative to the previous quarter easing to E48.9 million from a net outflow of E1.201 billion posted in June. The reduced net outflow in this account was influenced by a turnaround in the balance recorded in direct investment, coupled with a subdued deficit in the 'other investment' account.

Foreign direct investment posted a net inflow amounting to E212.7 million in the quarter ending September 2016 compared to a net outflow of E336.4 million in the second quarter. Reinvested earnings recorded a net inflow of E171.1 million in the review quarter, a turnaround from the net outflow of E370.0 million in the preceding period. Other capital between related resident and non-resident companies edged up to a net inflow of E57.0 million from a net inflow of E30.1 million in the previous quarter.

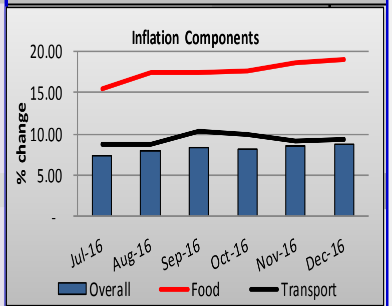
The net inflow in the portfolio investment account was muted in the third quarter of 2016, decreasing to E187.4 million from a net inflow of E412.3 million in the preceding quarter. This was attributed to movements recorded in the assets component of this account, mainly underpinned by the net inflows posted in debt securities assets. Government foreign liabilities, which include public and publicly guaranteed debt, registered a net outflow of E40.5 million, reflecting higher repayments compared to drawdowns during the quarter. Repayments amounted to E53.6 million against disbursements of E13.1 million.

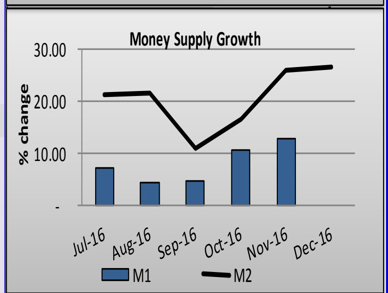
CENTRAL BANK OF SWAZILAND

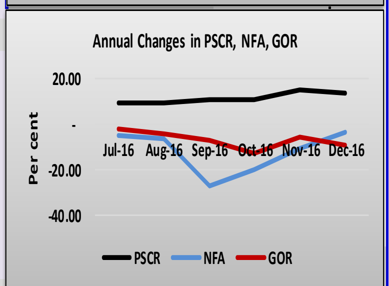
Economic Policy, Research and Statistics Division

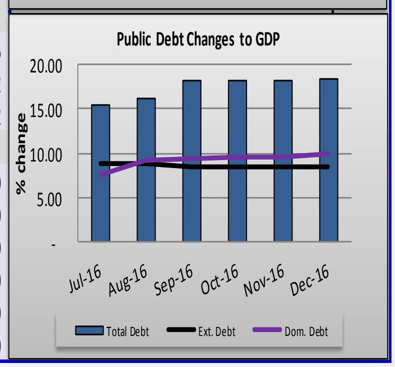
Swaziland Economic Indicators at a glance

Sectors	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Overall Inflation	7.40	8.00	8.30	8.20	8.60	8.70
Food	15.50	17.40	17.50	17.60	18.70	19.00
Transport	8.80	8.70	10.30	9.90	9.10	9.30
Other	3.60	3.80	3.90	3.90	4.16	4.10
Money and banking						
Narrowmoney annual growth (%)	7.10	4.30	4.60	10.50	12.69	26.80
Broad money annual growth (%)	21.30	21.40	10.90	16.40	26.00	26.40
Domestic credit (net) - E' Million	10 300.22	11 098.94	11 962.81	11 185.05	12 307.65	12 203.66
Government	-2 110.40	-1 238.30	-453.80	-1 594.42	-913.82	-833.65
Private sector	12 410.62	12 337.24	12 416.61	12 779.47	13 221.47	130 373.09
Private sector credit annual growth (%)	9.40	9.40	10.90	11.20	15.54	14.15
Interest rates (% p.a)						
Prime lending	10.50	10.50	10.50	10.50	10.50	10.50
Discount rate	7.00	7.00	7.00	7.00	7.00	7.00
Deposit rate - 31 days	3.45	3.45	3.45	3.45	3.45	3.45
- 12 months	4.89	4.89	4.89	4.89	4.89	4.89
- T. bill rate	7.19	7.22	7.35	7.65	7.88	7.95
Ratios						
Liquidity ratio (required = 20 %)	25.80	27.00	29.00	28.40	25.70	28.70
Loans/deposits ratio	85.30	79.90	84.00	83.90	79.80	75.10
Net foreign assets (E'million)	8 290.74	8 499.55	7 049.17	7 691.77	8 254.73	8 831.27
Annual % change in NFA	-5.00	-6.20	-26.80	-19.40	-10.11	-3.10
Gross official foreign reserves E'Millions	8 416.75	7 870.96	7 455.24	8 165.60	7 721.49	7 723.04
Annual % change in GOR	-1.60	-4.00	-7.00	-12.80	-5.44	-9.00
In months of import cover	4.00	3.80	3.60	3.70	3.70	3.60
Exchange Rates						
US$	14.44	13.74	14.03	13.95	13.93	13.85
EURO	15.98	15.40	15.74	17.21	17.31	17.32
GBP	18.99	18.01	18.46	15.38	15.06	14.62
Public Finance						
Total public external debt [E' million]	4 898.70	4 898.10	4 700.00	4 700.00	4 700.00	4 650.00
As a % of GDP	8.90	8.90	8.50	8.50	8.50	8.50
Total public domestic debt [E' million]	3 615.90	3 945.20	5 300.00	5 300.00	5 230.00	5 450.00
As a % of GDP	7.60	9.20	9.35	9.60	9.60	9.90
Total public debt [E' million]	8 514.60	8 843.30	9 960.00	9 960.00	9 890.00	10 100.00
As a % of GDP	15.50	16.10	18.10	18.10	18.10	18.40









NB: The table shows data up to the end of December 2016 for consistency.