Table 1
MAJOR ECONOMIC INDICATORS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
REAL SECTOR #									
Nominal GDP E' Million/1	15,636.43	16,433.04	19,962.02	21,515.29	24,946.98	26,647.00	28,491.30	30,314.75	32,406.47
Real GDP (factor cost) - E' Million/1	11,460.06	11,742.35	12,130.22	12,555.23	12,853.28	13,013.91	13,256.77	13,347.90	13,376.17
Real growth rate/1	2.91	2.46	3.30	3.50	2.37	1.25	1.87	0.69	0.21
GDP/Capita/1	14,154.33	14,589.64	17,418.10	21,091.35	24,179.36	25,671.11	26,992.99	28,389.91	29,996.63
Agric./GDP (%) - factor cost/1	9.09	9.35	8.83	8.76	8.55	8.37	8.48	9.14	9.01
Manuf./GDP (%) - factor cost/1	31.09	30.61	30.08	29.82	29.60	28.32	26.90	26.82	26.95
Govt./GDP (%) - factor cost/1	14.09	13.16	13.47	13.59	13.52	14.15	14.62	14.62	14.62
Population ('000)/1	1,104.70	1,126.40	1,146.10	1,020.10	1,031.75	1,043.51	1055.51	1,067.77	1,080.34
Average inflation	3.40	4.80	5.30	8.20	12.60	7.50	4.50	6.10	8.95
BALANCE OF PAYMENTS[2] - E' Million									
Merchandise exports	11,667.40	10,407.30	11,260.20	12,292.60	12,958.50	14,066.90	13,217.40	13,837.90	15,813.40
Merchandise imports	(11,080.00)	(12,049.00)	(12,967.00)	(12,997.70)	(13,040.00)	(15,094.40)	(14,314.60)	(14,157.10)	(15,174.20)
Trade balance	587.40	(1,641.70)	(1,706.80)	(705.10)	(81.50)	(1,027.50)	(1,097.20)	(319.20)	639.20
Net services	(826.70)	(765.00)	(610.00)	(1,870.70)	(3,705.90)	(3,411.10)	(3,161.90)	(4,344.10)	(5,087.20)
Net income	16.80	1,133.80	94.70	289.70	(43.40)	(640.20)	(1,655.70)	(1,856.50)	(2,473.50)
Net transfers	683.40	619.80	890.20	1,289.60	1,964.30	1,601.20	2,968.20	3,845.40	8,005.70
Current account	460.90	(653.10)	(1,331.90)	(996.50)	(1,866.50)	(3,477.60)	(2,946.60)	(2,674.50)	1,084.10
Direct investment (net)	458.80	(151.50)	823.70	101.00	939.10	497.30	986.20	742.20	789.10
Portfolio investment (net)	(7.50)	28.50	(26.90)	36.60	(261.50)	222.10	455.40	(753.30)	(107.80)
Other investment (net)	(1,775.90)	1,054.00	952.90	3,004.70	3,024.40	1,579.10	(656.50)	846.50	(1,345.10)
Overall balance	201.60	1,279.50	702.10	2,413.70	1,151.80	7.80	(1,688.80)	(690.00)	1,303.30
Exchange rate* (E/US Dollar)	6.45	6.37	6.77	7.05	8.26	8.44	7.33	7.26	8.24
MONEY AND BANKING									
Narrow money growth (%)	3.10	19.30	5.80	22.80	18.30	18.50	8.30	13.30	19.30
Broad money growth (%)	9.60	9.90	9.70	21.50	15.40	26.80	7.00	3.00	10.00
Domestic credit (net) - E' Million	2,652.50	3,342.80	2,664.60	1,387.40	653.70	2,525.40	4,859.80	7,658.88	6,470.29
Government	(854.60)	(791.40)	(1,677.40)	(3,884.40)	(5,094.20)	(3,084.30)	(2,031.20)	(618.89)	(1,589.80)
Private sector	3,507.10	4,134.20	4,342.00	5,271.70	5,747.90	6,509.80	6,891.02	8,277.77	8,060.09
Interest rates (% p.a)									
Prime lending	11.00	10.50	12.50	14.50	14.50	10.00	9.00	9.00	8.50
Discount rate	7.50	7.00	9.00	11.00	11.00	6.50	5.50	5.50	5.00
Deposit rate - 31 days	3.85	3.41	5.41	7.30	7.30	3.71	2.43	2.43	1.81
- 12 months	4.05	3.46	8.51	10.00	9.81	4.02	3.18	3.18	2.97
- T. bill rate	7.61	6.88	8.49	9.96	10.95	6.98	5.72	6.79	6.52
Ratios									
Liquidity ratio (required = 13 %)	16.90	15.40	17.70	17.80	17.40	18.30	22.60	25.90	26.20
Loans/deposits ratio	94.90	109.10	103.70	100.90	90.40	80.90	76.20	95.90	85.60
Net foreign assets (E)	2,021.30	1,893.80	3,294.70	5,757.14	8,156.10	7,762.80	5,629.89	4,102.96	6,317.16
Gross official foreign reserves (end of period)	1,540.80	1,538.20	2,604.60	5,165.50	7,064.70	6,479.37	4,496.60	4,179.40	5,579.67
In months of imports of goods and services	1.40	1.30	2.10	3.70	4.60	4.10	2.80	2.30	2.90
PUBLIC FINANCE [E' Million]									
Total revenue and grants	4,842.30	5,499.07	8,020.45	8,085.52	9,409.87	9,642.04	6,830.63	7,479.46	11,913.59
Total expenditure and net lending	(5,557.40)	(5,828.95)	(6,062.71)	(7,472.61)	(9,780.35)	(10,935.36)	(10,338.30)	(9,132.33)	(11,836.29)
Overall surplus/deficit	(715.10)	(329.88)	1,957.74	612.91	(370.48)	(1,293.32)	(3,507.67)	(1,652.88)	77.30
As a % of GDP	(4.5)	(1.8)	10.1	3.7	(1.5)	(7.1)	(9.5)	(5.4)	0.2
External financing (net)	220.99	211.51	140.17	413.05	(154.14)	(58.17)	(118.76)	(135.94)	(147.02)
Domestic financing (net)	495.05	118.37	(2,097.91)	(1,025.97)	524.50	1,351.48	3,626.43	1,788.82	69.72
Total public external debt [E' Million]	2,732.84	2,749.53	2,620.51	2,952.57	3,743.24	2,972.75	2,542.66	2,772.87	2,715.21
As a % of GDP	17.48	14.35	13.13	13.72	15.00	11.16	8.92	9.15	8.38
As a % of exports of goods and services	20.58	19.32	19.88	21.10	25.27	18.86	16.84	17.75	17.38
Debt service (E' Million)	264.21	237.77	286.92	286.63	398.59	462.48	358.17	388.06	359.857
As a % of GDP	1.69	1.45	1.44	1.33	1.60	1.74	1.26	1.28	1.11
As a % of exports of goods and services	1.99	1.95	2.18	2.05	2.69	2.93	2.37	2.48	1.89

Source: Central Bank of Swaziland
Note: N/A = Not Available
*Exchange rate quoted at average period as at December 2012
/1 Revised
GDP numbers for 2011 and 2012 are based on CBS/MEPD official estimates and projections
2 Balance Of Payments data as at September 2012
**Total externaldebt stock excludes private sector debt from 2010

1. OVERVIEW OF GLOBAL ECONOMIC DEVELOPMENTS

Global growth continues to go through a soft patch. The IMF revised downwards its global economic growth forecast to 3.1 percent in 2013 from 3.3 percent projected in April, the fifth straight reduction. The anticipated slower global economic growth will be driven to a large extent by appreciably weaker domestic demand and slower growth in several key emerging market economies, as well as a more protracted recession in the Euro area. Downside risks to global growth prospects still dominate; while old risks remain, new risks have emerged, including the possibility of a longer growth slowdown in emerging market economies, especially given the expected lower potential growth, slowing credit, and possibly tighter financial conditions if the anticipated unwinding of monetary policy stimulus in the United States leads to sustained capital flow reversals.

2. INTERNATIONAL ECONOMIC DEVELOPMENTS

In the United States, recent data points toward some signs of economic recovery with the second quarter 2013 GDP recording 2.5 percent compared to a revised 1.1 percent in the first quarter. The GDP growth was mainly driven by house hold expenditure and a rise in government spending. The benchmark interest rate has been maintained at its historical low level of 0.25 percent.

US annual consumer inflation rate rose to 1.8 percent in June from 1.4 percent in May, coming from a lesser 1.1 percent increase the previous month. The US unemployment rate fell to 7.6 percent in May from 7.7 percent the previous month, its lowest level since December 2008.

In the Euro-zone, Output rose by 0.3 percent in second quarter 2013, from a contraction of 0.3 percent in the first. The ECB still estimates full year growth for the block to decline by 0.6 percent. Latest available data continues to suggest that the worst of the downturn in Europe may be over with a nascent recovery likely by the end of the year.

The European Central Bank's (ECB) monetary policy was again left unchanged in with interest rates maintained at their historical low of 0.5 percent at the end of the review period. The ECB President, Mr. Mario Draghi in his latest monthly press conference mentioned that the Euro-area export growth should benefit from a gradual recovery in global demand later this year, and promised to keep monetary policy accommodative as long as needed. Any hint of recovery in Europe will be welcomed by the ECB, which is under pressure to take firm action to help bring a quicker end to a year-and-a half-long recession.

Euro zone CPI registered 1.6 percent year on year in June from 1.4 percent in May with fuel prices remaining the primary driver of inflation. Core inflation remained benign at 1.2 percent in June.

In the United Kingdom, News have been more positive, with the economy avoiding falling back into recession. Latest statistics reveal that recovery in the U.K. economy is gathering momentum as rapidly rising house prices encourage consumers to forget austerity and spend rather than save. Gross domestic product grew by 0.6 percent in the second quarter, double the rate of expansion (0.3 percent) seen in the first quarter of 2013. The dominant services sector got a boost from rising consumer confidence, but manufacturing and construction also contributed to faster growth.

The consumer price index (CPI) came in at 2.9 percent in June compared to 2.7 percent in May. Fuel prices continued to contribute to the headline number, while lower food costs presented a buffer. Producer inflation rose to 1.2 percent year-on-year in May from 0.9 percent in April despite producer prices remaining unchanged on a monthly basis.

The Bank of England (BoE) minutes from the July policy meeting revealed quantitative easing has been held steady at £375 billion as the UK recovery becomes more firmly established, with no alterations in the historically low benchmark interest rates.

UK unemployment rate remained steady at 7.8 percent in May with the improvement in UK economic activity insufficient to boost unemployment.

In the second quarter of 2013 Japanese GDP growth came in at 2.6 percent quarter-on-quarter annualized, below the 3.8 percent recorded the previous quarter . In **Japan**, the IMF WEO indicates that growth will average 2 percent in 2013, moderating to about 1¼ percent in 2014. The stronger forecast for 2013 reflects the effects of recent accommodative policies on confidence and private demand, while the somewhat softer forecast for 2014 reflects the weaker global environment. After many years of deflation, and little or no growth, the new government has announced a new policy, based on aggressive quantitative easing, a positive inflation target, fiscal stimulus, and structural reforms. The Bank of Japan (BoJ) currently targets an annual pace of 60 – 70 trillion yen increase in the monetary base, which is likely to maintain the yen weak over the medium term.

The country's producer price index (PPI) rose marginally to 101.6 in June from 101.5 in May. Japan's core consumer price index rose by 0.2 percent year-on-year in June from 0.1 percent in May. The reasons for the rise were higher electricity and gas charges and higher non-perishable foods prices.

The BOJ left unchanged its ultra-loose monetary policy aimed at increasing inflation by 2 percent in the next two years, while it raised its assessment of the economy for the fifth consecutive month.

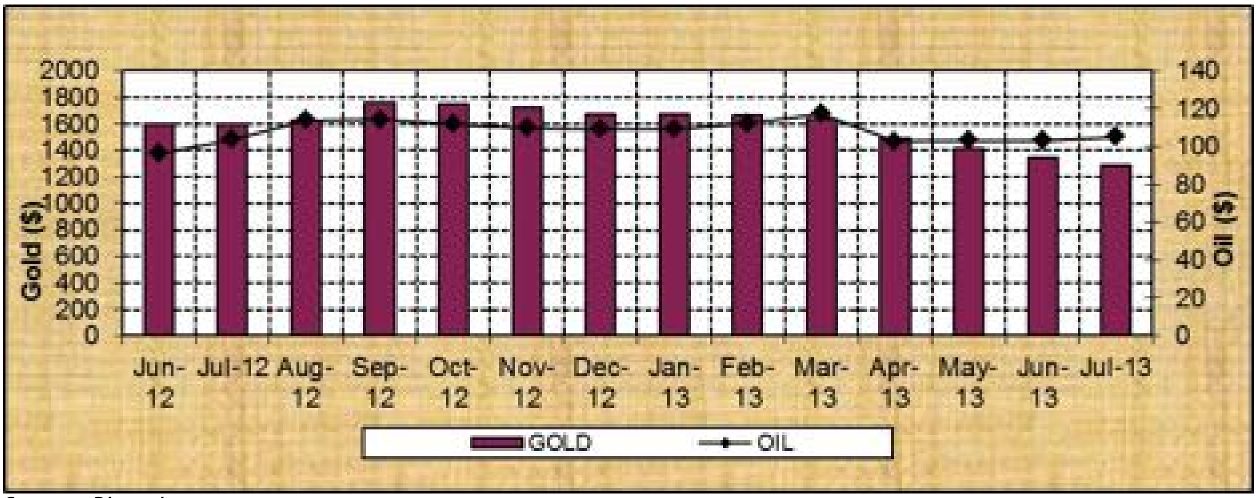
In China real GDP growth slowed to 7.5% year on year in second quarter 2013 from 7.7% in the first quarter and 7.9.% in fourth quarter 2012. Activity indicators demonstrate the pace of economic growth is weakening. **China,** slowing growth will limit overall world growth and continue to adversely impact commodity demand and prices.

China's consumer inflation rate declined to 2.1 percent year-on-year in May after rising to 2.4 percent in April, slowed by slumping vegetable prices. On a monthly basis, the CPI edged down 0.6 percent in May compared to a rise of 0.2 percent in April.

The People's Bank of China (PBoC) has somewhat succeeded in calming markets following the credit crisis emanating from the country's shadow banking system. The PBoC recently offered liquidity to cash strapped institutions, emphasizing that it will not allow any bank failures.
Commodity prices fell by 2.7 percent in April—down sharply for a second straight month—on global macroeconomic concerns and rising supply prospects in most sectors. The price of crude oil (Indexmundial average) dropped to less than \$103/barrel during the review period, down from \$113.02/barrel during the first quarter of 2013.

Following 18 months of relative stability, the World Bank metal price index declined 23 percent in the past six months with precious metal prices plunging sharply in the review period. According to the commodity index mundial, gold prices declined from \$1657.23 in the first quarter of 2013 to \$1415.08 in the quarter under review.

Figure 1 – Gold and Oil Prices (US Dollars)



Source: Bloomberg

3. ECONOMIC DEVELOPMENTS IN SOUTH AFRICA

Recent economic data releases suggest that economic growth remained relatively modest in the review quarter further decelerating from the 2.1 percent recorded in the last quarter of 2012 to a further disappointing 0.9 percent quarter-on-quarter rise in first quarter of 2013. The Kagiso purchasing managers' index (PMI) increased to 52.6 in July from 51.6 in June, after coming in low at 50.4 in May. Manufacturing production growth slowed to 2.2 percent year-on-year in May from 7.1 percent in April. Growth in vehicle sales revealed a slowdown, declining to 3.30 percent in June from a high of 7.40 percent in May, indicative of subdued consumer spending. Retail sales rose 6.2 percent year-on-year in May, after the revised 2.0 percent increase in April.

Total mining output was down by 0.7 percent year-on-year in May after rising by a revised 0.7 percent (from a previously reported -0.4 percent) in April. The trade deficit narrowed to R 7.7 billion in June of 2013 from R 11.03 billion in May, due to lower imports of mineral products. Exports increased by 3.4 percent on month-on-month comparison as a weaker rand boosted exporters' global price competitiveness, while imports fell by 2.0 percent.

The rand has been hurt by periodic capital outflows on account of both domestic and global factors, effectively putting upward pressure on inflation.

However, the annual consumer inflation surprised declined in June coming in 5.5 percent from 5.6 percent year-on-year in May after 3 consecutive months at 5.9 percent. The downside surprise stemmed from very subdued food prices and lower transport costs (drop in fuel prices). Annual headline producer inflation accelerated to 5.9 percent in June from 4.9 percent in May after rising to 5.4 percent in April. The main contributor of the annual figure was the 'food products, beverages and tobacco products' category, which added 2.1 percentage points. On a monthly basis producer inflation was up by 0.8 percent.

The South African Reserve Bank's Monetary Policy Committee (MPC) left the repo rate unchanged at 5.0 percent during the period under review. Governor, Gill Marcus highlighted concerns about the widening output gap against the backdrop of a worsening inflation environment. The Reserve Bank's short term inflation projections have deteriorated since the last MPC meeting, mainly due to the rand's weakness and higher than expected fuel prices.

4. DOMESTIC ECONOMIC DEVELOPMENTS

4.1 GENERAL OVERVIEW

4.1.1 Headline Inflation

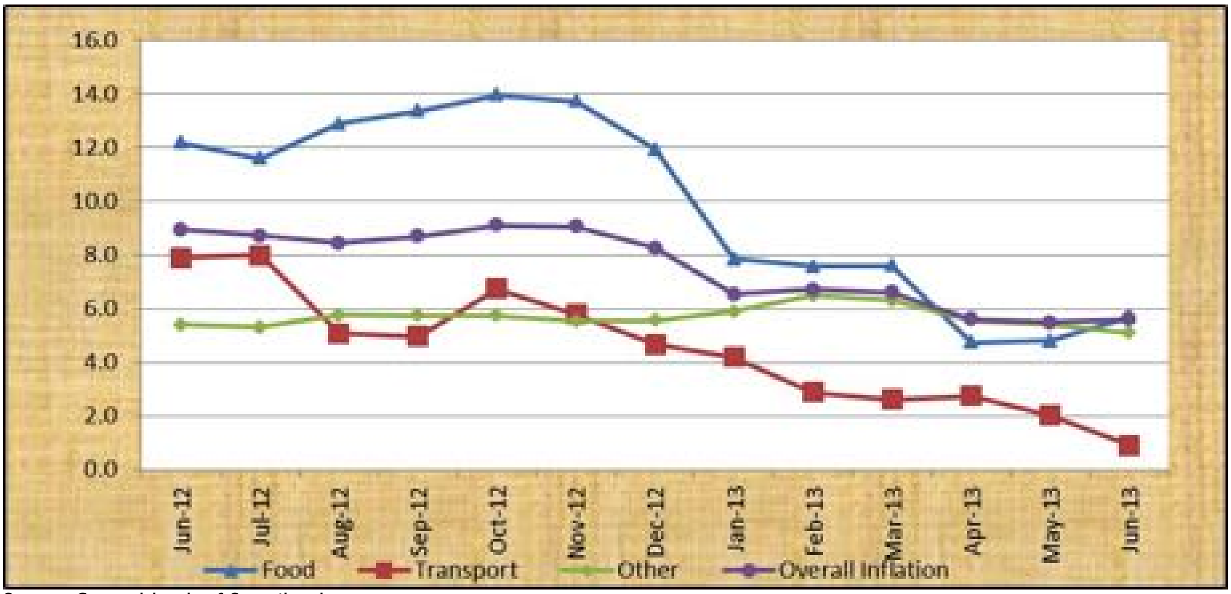
Consumer inflation slowed further in the second quarter of 2013, mainly tracking high base effects from the previous year's increases which coincided with the introduction of VAT at the beginning of the second quarter of 2012. Headline inflation decreased by a percentage point to 5.6 percent in the second quarter of 2013 from 6.6 percent recorded the previous quarter. Notable slowdowns were observed in the price indices for 'food and non-alcoholic beverages' and 'transport'.

Food inflation slowed down to 5.1 percent in the quarter ending June 2013 from 7.7 percent recorded the previous quarter. The slowdown in food inflation mainly benefited from slower increases in the prices of rice, meat and sugar products. The price index for transport grew by 1.9 percent in the second quarter of 2013 compared to 3.2 percent in the first quarter. The slower increase was mainly influenced by the zero adjustment in the administered fuel prices in the quarter under review despite risks emanating from relatively high international oil prices and a sharp depreciation in the Rand/Lilangeni exchange rate against major trading currencies. Fuel prices averaged 1125 cents per litre in the second quarter of 2013, maintaining the same level reached the previous quarter. Further decreases were noted in the growth rates for the price indices of 'housing and utilities' and 'furnishing and household equipment'.

Minimal upward pressures on inflation were noted in the price indices for 'recreation and culture' and 'clothing and footwear'. The index for 'recreation and culture' rose from 6.6 percent in the first quarter to 7.8 percent in the quarter under review. Meanwhile the index for 'clothing and footwear' rose by 0.3 percentage points to 2.9 percent.

The medium term inflation outlook is mixed. On the one hand, high base effects from previous year are expected to continue exerting downward pressure on the overall inflation outcomes throughout 2013. On the other hand, though international food and oil prices have stabilized amid at relatively high levels, the Rand/Lilangeni exchange rate depreciated by 7.7 percent between the first and the second quarter of 2013 posing inflationary pressures on imported inflation. Exchange rate movements are expected to have a lagged effect on inflation outcomes in the medium term.

Figure 2: Inflation Components



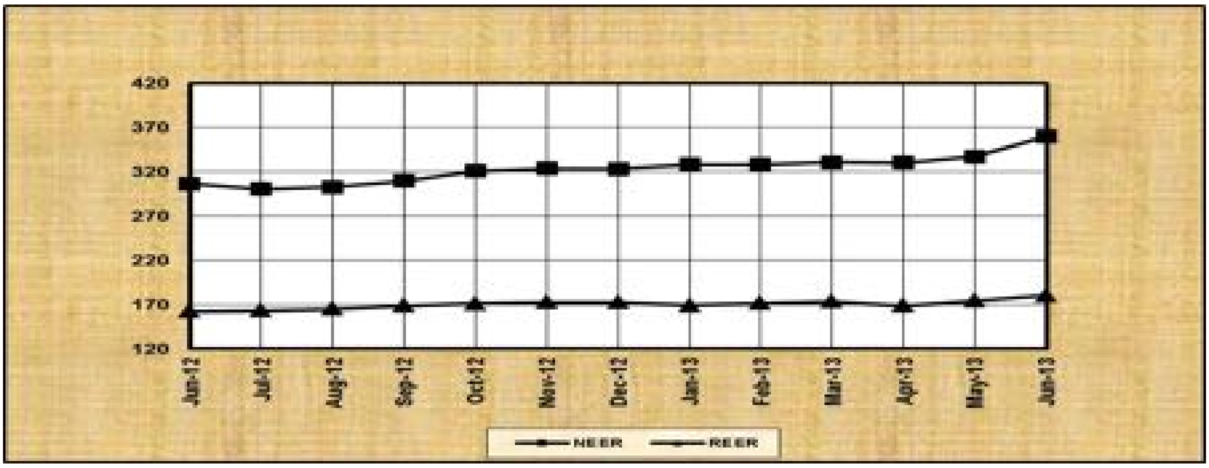
Source:Central bank of Swaziland

4.1.2 Exchange Rate / Real Effective Exchange Rate

During the second quarter of 2013, the external value of the Lilangeni/Rand continued to weaken against the US dollar. The domestic unit averaged E9.51 against the US dollar in the second quarter of 2013 falling from an average of E8.95 recorded the previous quarter. The local unit weakened on renewed industrial tension in the mining industry in South Africa. Investors reacted by hammering the currency - seen as a gauge of international appetite for South African assets - on concerns that labour unrest in the mining industry will hobble growth. The local unit ended the period under review at E9.94 to the US dollar, E15.17 to the Pound Sterling and E12.98 to the Euro.

Expressed against a basket of trading partners' currencies, the value of the domestic currency as measured by the Nominal Effective Exchange Rate (NEER), continued to depreciate deeper in the period under review, by 2.96 percent. The inflation adjusted effective exchange rate value of the currency as measured by the Real Effective Exchange Rate (REER) also sustained its depreciation in the period under review, as it worsened by 1.38 percent. The currency's depreciation in REER terms was accounted for by a generally weak local unit outweighing the effects of a slowing down inflation ratio with trading partners.

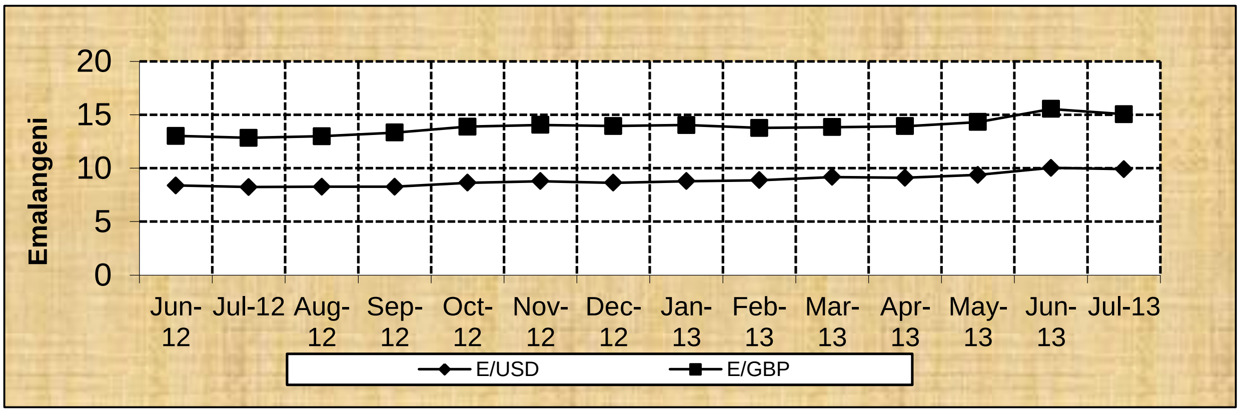
Figure 3: Monthly Lilangeni's NEER/REER INDICES (2012/2013) 1995 = 100



Source: Central Bank of Swaziland

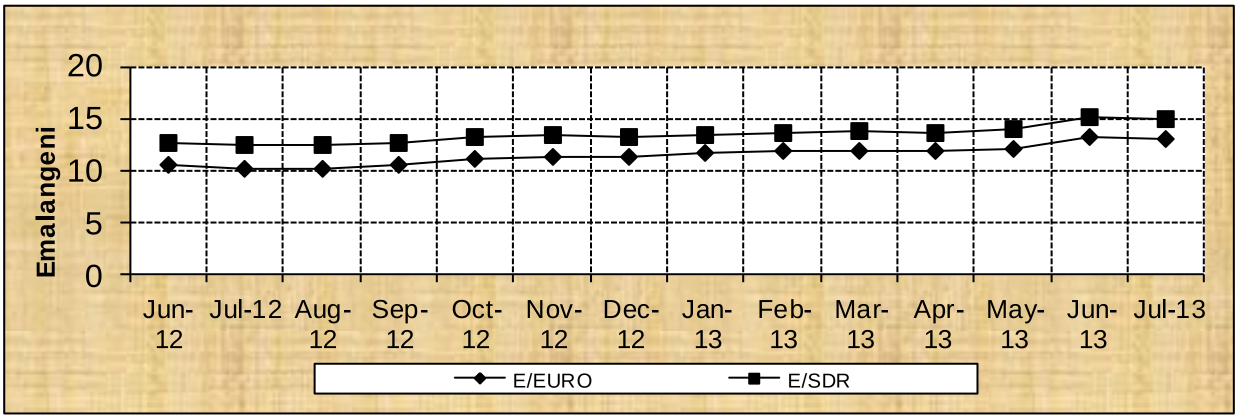
The depreciation in the REER augurs well for the competitiveness of domestic exports, in particular those destined for markets outside the Common Monetary Area (CMA). If the depreciation continues to be sustained in the short to medium term, the domestic economy stands to benefit through improved external demand for domestic goods and services, subject to their own price elasticities, given that the economy depends heavily on exports for growth, though imports could be more expensive.

Figure 4 – Cross Atlantic Currency Rates



Source: Central Bank of Swaziland

Figure 5 - Basket Currency Rates



Source: Central Bank of Swaziland

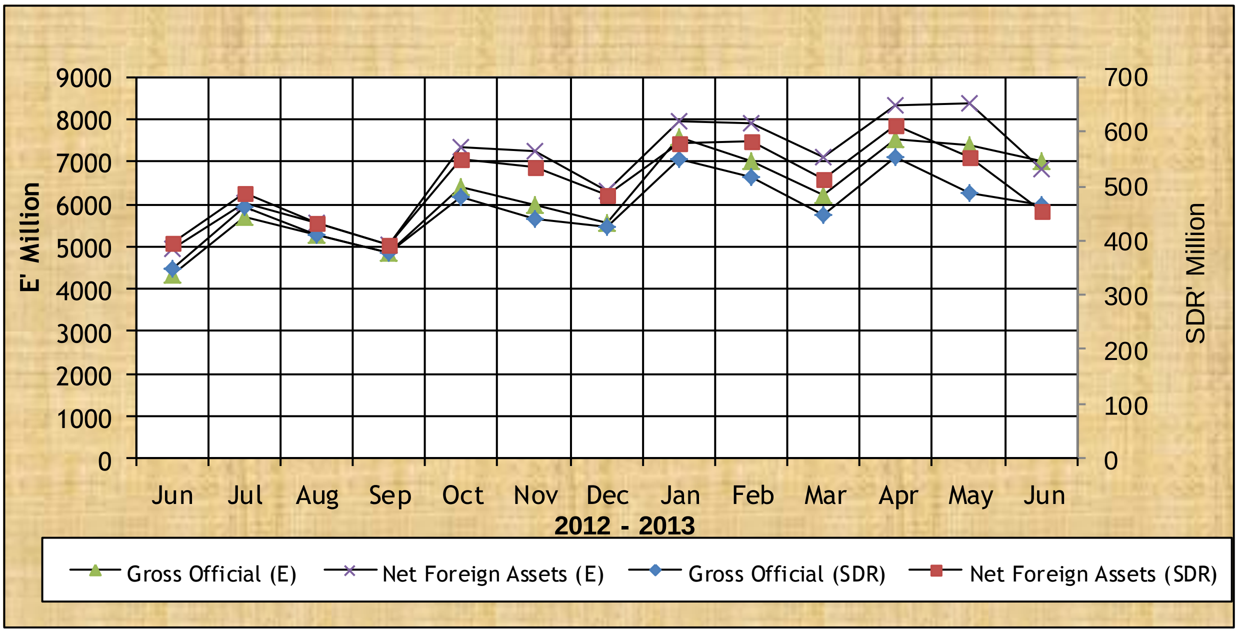
4.2 MONETARY SECTOR

4.2.1 Net Foreign Assets

The country's net foreign assets amounted to E6, 844.6 million at the end of the second quarter of 2013. At this level, net foreign assets recorded a quarterly decline of 3.9 percent compared to the 11.3 percent rise recorded the previous quarter. The contraction in net foreign assets was mainly on account of a 68.3 percent decline in net foreign holdings of other depository corporations. Net official assets reflected an increase of 14.6 percent reaching E6, 341.9 million, propelled by the notable improvement in quarterly Southern African Customs Union (SACU) revenue receipts since April 2013, coupled with revaluation gains emanating from the depreciation of the rand/lilangeni exchange rate over the review period. Compared over a year, net foreign assets reflected an increase of 69.1 percent.

Valued in Special Drawing Rights (SDRs), total net foreign assets fell by 11.5 percent over the quarter closing at SDR455.3 million due to the weakening of the Lilangeni/Rand exchange rate over the quarter. Compared on a year-on-year basis, the SDR value of the net foreign assets rose by 15 percent.

FIGURE 6: EXTERNAL RESERVES



Source: Central Bank of Swaziland and Other Depository Corporations

4.2.2 Domestic Claims (Net)

Net domestic credit recorded a 2.9 percent increase over the three months to June 2013 reaching E6, 432.3 million. The rise stemmed mainly from an increase in claims on other sectors (private sector) combined with a decline in government net balances with depository corporations. At E8, 544 million, claims on other sectors' growth picked up from 1.1 percent recorded the previous quarter to 4.9 percent.

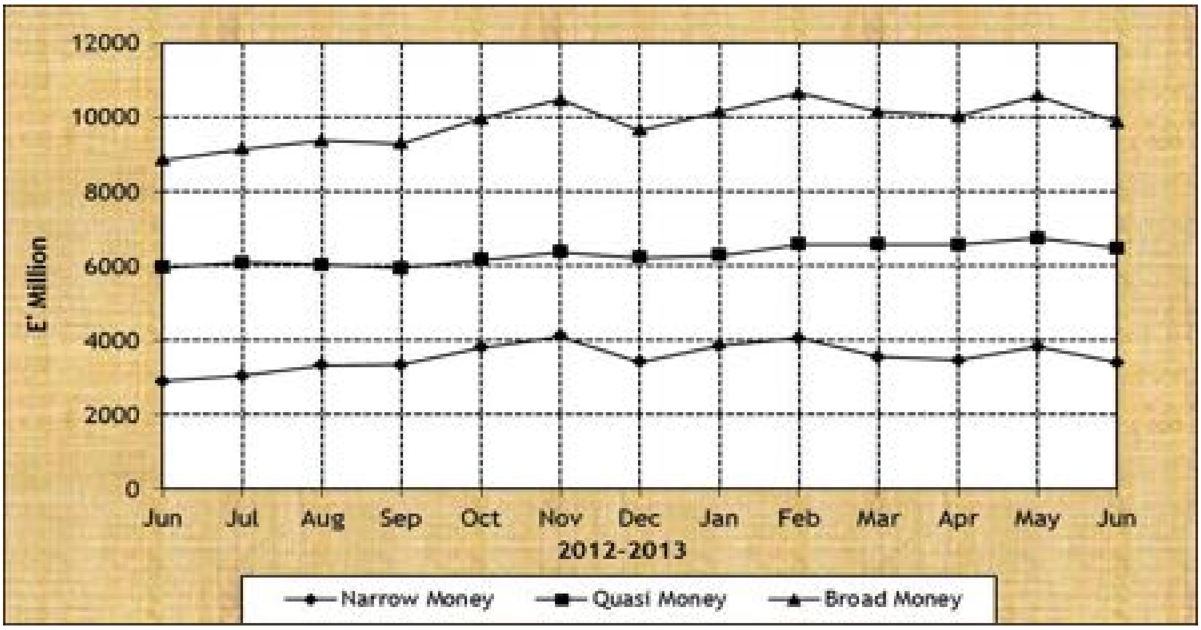
The increase emanated from an expansion in claims on both other resident sectors (households and non-profit institutes serving households) and other non-financial corporations (industry). Claims on other resident sectors recorded a 6.7 percent increase over the quarter. Claims on other non-financial corporations rose by 5.7 percent over the quarter ended June 2013. The credit was mostly absorbed by the manufacturing sector and to a lesser extent the construction sector. Net claims on central government on the other hand grew by 11.3 percent to E2, 111.8 million. Compared over the year, growth in credit extended to the private sector was at 9.6 percent while government net balances grew by a marked 134.5 percent.

4.2.3 Money Supply (M_2)

Broad money supply (M2) receded by 2.6 percent over the three months under review to close at E9, 880.1 million compared to a modest 5.1 percent growth registered the previous quarter. Narrow money supply (M1) fell by 4.4 percent reaching E3, 403.5 million as transferable deposits fell by 6.7 percent. Emalangeni outside depository corporations however rose by 12 percent. Quasi money supply contracted by 1.7 percent to E6, 476.7 million due to a 3.7 percent decline in time deposits whilst savings deposits rose by 6.1 percent. Compared annually, M2 accelerated at 11.5 percent while M1 increased by 17.5 percent.

Total depository corporations deposits reflected a 3.8 percent decrease over the quarter under review reaching E9, 408.6 million. Classified by ownership, all sectors declined notably except the household sector whose deposits rose by 8.8 percent.

FIGURE 7: MONEY SUPPLY

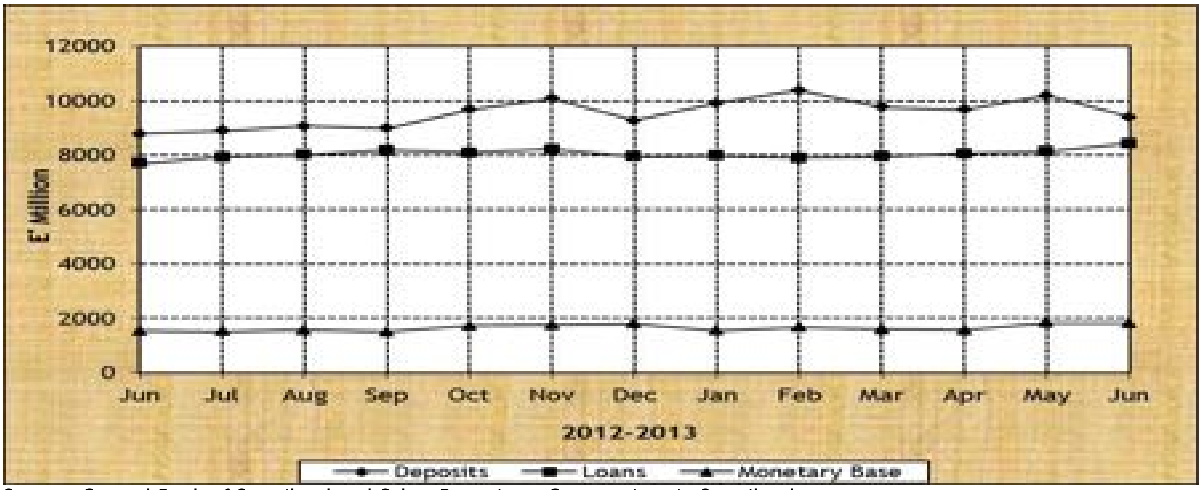


Source: Central Bank of Swaziland and Other Depository Corporations

4.2.4 Domestic Liquid Assets

Banks' liquid assets recorded a quarterly increase of 11.1 percent reaching E2, 627.3 million. The expansion in liquid assets was mainly reflected in banks' deposits at the Central Bank. Consequently, the liquidity ratio rose by 4.7 percentage points over the quarter to reach 32.7 percent. At this level, the liquidity ratio was well above the statutory requirement of 20 percent.

FIGURE 8: LOANS/DEPOSITS

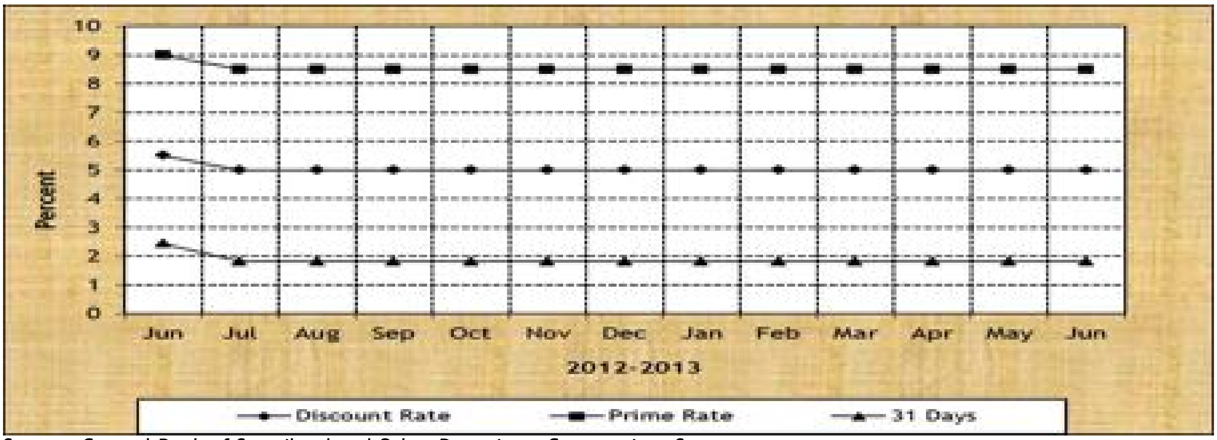


Source: Central Bank of Swaziland and Other Depository Corporations in Swaziland

4.2.5 Interest Rates

The structure of interest rates remained unaltered in the second quarter of 2013, with subdued threats to the inflation outlook stimulating economic activity. The discount rate was therefore maintained at 5 percent. Commercial banks kept their prime lending rates constant at 8.5 percent.

FIGURE 9: INTEREST RATES



Source: Central Bank of Swaziland and Other Depository Corporations Survey

TABLE 2: SWAZILAND COMPARATIVE INTEREST RATES, COMPARISONS AS AT 28th JUNE 2013.

	NEDBANK	STANDARD BANK	FNB	SWAZI BANK	BLDG. SOCIETY	
Effective Date: RETAIL	27.07.2012	25.07.2012	24.07.2012	26.07.2012	27.07.2012	
Call*	2.00	0.10 - 2.50	1.50	2.25 - 2.50	Special. savings	0.75
31 days*	1.00	2.00	0.95-2.00	2.25	Gold a/c	0.3 - 2.70
88 days*	2.25	2.10	0.95-3.20	2.50	Subs shares	0.5 - 2.00
6 months*	2.70	2.25	3.00	2.75	6 months	2.5
12 months*	3.55	2.30	3.00	3.00	12 months	3.00
Savings	(See table 2 below)					
Effective Date:					27.07.2012	
Prime Lending	8.50	8.50	8.50	8.50	Residential: 7.5 Commercial : 9.25	

Source: Other Depository Corporations in Swaziland
***Higher rates may be quoted on application for large amounts and subject to negotiation with individual customers.**

Source: Central Bank of Swaziland and Other Depository Corporations

TABLE 3: SAVINGS DEPOSIT RATES FOR BANKS

	RANGE	RATE (%)		RANGE	RATE (%)
Standard:	E 100 - E 999	0.00 - 0.10	**Nedbank :**	E 500 -19,999	0.10
	E 1,000 - E 4,999	0.00 - 0.15		E 20,000 -49,000	0.20
	E 5,000 - E 9,999	0.00 - 0.20		E 50,000 -99,000	0.30
	E 10,000 - E 99,999	0.00 - 0.35		E 100,000 & Above	0.40
	E 100,000 -E 149,999	0.20 - 1.00			
	E 150,000 - E 249,999	0.30 - 1.00	**S.D.S.B :**	E101 - E1000	0.00
	E 250,000 & Above	0.50 - 2.50		E1,001 - E10,000	0.00
				E10,001 - E50,000	0.50
				E50,001 & Above	0.50
FNBANK :	E 500 - E 999	0.10	**Building Society:**	Ordinary Savings	0.75
	E 1,000 - E 4,999	0.10			
	E 5,000 - E 14,999	0.10			
	E15,000 - E19,999	0.10			
	E20,000 - E24,999	0.10			
	E25,000 - E49,999	0.10			
	E50,000 - E74,999	0.20			
	E75,000 - E99,999	0.20			
	E100,000 - E149.,999	0.20			
	E150,000 - E249,999	0.20			
	E250,000 & Above	0.20			

Source: Other Depository Corporations in Swaziland

Source: Central Bank of Swaziland and Other Depository Corporations
*Higher rates may be quoted on application for large amounts and subject to negotiation with individual banks

4.2 MONEY AND CAPITAL MARKETS

4.3.1 Swaziland Government Treasury Bills

Treasury Bills issued and outstanding increased from E1.6 billion at the end of March 2013 to settle at E1.7 billion at the end of June 2013. Participation continued to be dominated by the Local Commercial banks. There seemed to be an increased participation in financial institutions other than the commercial banks.

We note that our market players, the local commercial banks, are steadily increasing their participation in the longer term discount papers, the 273 day T-Bill paper and the 364 day, and the increase could be due to the fact that they speculate interest rate cuts by the MPCC towards the end of the 2013.

Table 4: Holdings of Swaziland Government Bills (E'Million)

Swaziland Government Treasury Bills	Dec' 12	Mar' 13	Jun' 13
Total	1,101.25	1,572.27	1,696.67
of which: Local Commercial Banks	880.57	1 358.55	1,372.78
Foreign Banks	0	0	0
Other Financial Institutions	178.4	141.79	276.8
Central Bank of Swaziland(OMO)	0.72	0.8	0.93
Other	41.56	46.12	46.16
Average Discount (%)	6.52	7.03	6.41
Average Yield (%)	7.36	7.34	6.76
% of Total Government Domestic Debt	52.31	63.25	65.01

Source: central Bank of Swaziland

4.3.2 GOVERNMENT BONDS

The value of government bonds listed on the SSX remains unchanged at E913.57 million from previous quarter.

Table 5: Government Bonds Listed on the SSX

Bond	Coupon	Final Red. Date	Nominal Value (E)
SG008	8.00%	30/08/2013	250,000,000
SG009	7.00%	30/11/2015	219,384,000
SG011	8.25%	31/01/2018	146,330,000
SG012	8.25%	31/03/2015	169,000,000
SG013	8.00%	20/06/2016	78,855,000
SG014	8.50%	25/11/2014	50,000,000
TOTAL			**913,569,000**

Source: Central Bank of Swaziland

Table 6: Holdings of Swaziland Government Bonds (E'Million)

	Dec' 12	Mar' 13	Jun' 13
Total	913.59	913.59	913.59
Banks	323.08	303.08	303.08
Other Financial Institutions	499.04	519.04	519.04
Other	91.7	91.7	91.7
(%) Of Total Government Domestic Debt	47.69	34.99	34.99

Source: Central Bank of Swaziland

NB: For details of a breakdown of issues outstanding, maturity structure and interest rates see table 4.1

4.4 PUBLIC EXTERNAL DEBT

4.4.1 Debt Stock

Preliminary figures for the quarter ending June 2013 indicate that public sector external liabilities increased in Emalangeni terms. The increase was mainly due to the depreciation of the local currency against the US Dollar and other major currencies in which most of the country's liabilities are denominated.

At the end of June 2013, total public external debt stock (which includes public and publicly guaranteed debt) stood at E3.09 billion, denoting an increase of 8.8 percent from the E2.84 billion recorded in March 2013. The external debt for central government, which constitutes the largest share of the total loan portfolio, increased to E2.93 billion at the end of June 2013 from E2.71 billion in March 2013.

4.4.2 Disbursements

Total public external debt disbursements for the quarter ending June 2013 amounted to E119.03 million. The disbursements were made from the following institutions:

- BADEA for Mbadlane Sikhuphe Road;
- IBRD for Health, HIV/AIDS and TB Project, Local Government Project and Lower Usuthu Smallholder Irrigation Project;
- Export-Import Bank of India for financing the development and mechanization of Agriculture; and
- ICDF for Fincorp SME-Relending Project.

4.4.3 Debt Service

Total public debt service for the quarter ending June 2013 amounted to E74.72 million from E108.33 million recorded in March 2013. The debt service comprised principal repayments amounting to E31.50 million whilst E43.22 million was directed to interest payments.

Based on critical ratios established by the Brettonwoods Institutions, the International Monetary Fund and the World Bank for Low Income Countries; Swaziland's debt ratios have been comparatively low compared to other African countries. The table below summarises the country's debt position for the period ending June 2013:

TABLE 7: Standard Critical Value of Debt Ratios: June, 2013

Ratio	Critical Ratio (%)	Swaziland's Ratio (%)
Public External Debt Stock to exports of goods & services	100-200	17.7
Public External Debt Stock to GDP	30-50	8.8
Public Domestic Debt Stock to GDP	20-25	7.4
Public External Debt Service to exports of goods & services	15-25	1.5

Source: The World Bank, World Debt Tables: 1989-91 & Central Bank of Swaziland

4.4.4 New Loans/Loan Maturity

There were no new loans contracted or maturing during the quarter under review.

4.5 BALANCE OF PAYMENTS

4.5.1 Overview

Swaziland's Balance of Payments posted yet another overall surplus in the quarter ending March 2013. The overall Balance of Payments surplus narrowed to E457.9 million in the review quarter against E710.1 million the previous quarter. Despite the narrowing in the overall surplus during the review quarter, the surplus is a significant improvement compared to an overall deficit of E300.9 million recorded in the same quarter in 2012. Underlying the overall surplus in the quarter under review is a recurring surplus in the trade account as well as net inflows recorded in current transfers.

4.5.2 Current Account

The country's current account posted another surplus in the first quarter of 2013. The current account surplus widened to E384.9 million from E280.7 million the previous quarter. The improvement in the current account surplus is mainly explained by surpluses in the trade account and current transfers combined with a significant reduction in the income account deficit.

4.5.3 Trade Account

The trade account posted another surplus in the first quarter of 2013, however narrowing to E291.6 million from E435.6 million in the last quarter of 2012. The first quarter of the year saw a decline in activity in the trade account compared to the previous quarter with exports falling by a significant 24 percent to E3, 598.9 million. Imports also posted a significant quarterly decline during the first quarter of 2013.

Unfavourable global demand and depressed commodity prices have had a negative effect on export performance with the manufacturing sector showing signs of a slowdown. Further contributing to the quarter-on-quarter decline in trade data was the generally low activity in merchandise trade during the first quarter of each year. Exports, however, grew 5.4 percent year-on-year in the first quarter of 2013 while imports grew by 10.5 percent confirming the generally low economic activity in the first quarter of each year. Exports of miscellaneous edibles registered a 25.4 percent drop from a revised E2, 626.6 million to E1, 958.8 million in the first quarter of 2013. This reduction is attributable to seasonal demand which was low during the quarter. Most exporters in this item reduced production in response to lower demand in export markets. Despite the decrease in export earnings, miscellaneous edibles remained the highest export revenue earner for the country during the quarter.

Sugar and sugar confectionary export revenue fell to E787.6 million, a 49.1 percent reduction from the revised E1, 547.6 million in the previous quarter. World market sugar prices collapsed during the review period, resulting in most SACU countries importing sugar outside the local market. During the review quarter sugar production in the EU is normally at its highest level leading to low demand for local sugar and a subsequent fall in earnings in the sector.

The textiles and textile products posted a 23.3 percent quarterly decline from E439.4 million in the last quarter of 2012. The USA AGOA agreement which benefits local textile exports destine for the US market has not yielded the much needed results of late due to a decline in orders as competition from Asian companies increased as well as lower demand for textiles due to economic conditions in the USA. Also contributing to the fall in textiles is the SACU customs duty which attracts 22 percent for imported fabric coupled with the discontinuation of the DCC certificate which allowed offset at the time of sale.

The mining sector posted positive growth in first quarter 2013. Mining exports rose 19.5 percent quarter-on-quarter to E242.4 million from a 48 percent quarter-on-quarter decline in 2012 quarter four. This positive development is attributable to the global price of iron ore almost doubling due to low production levels in Brazil and Australia as a result of cyclones that hit the countries during the period under review. These countries are the major suppliers of iron ore with Brazil producing about 7 million tonnes per week. The mining sector remains narrow, comprising raw iron ore and coal.

Imports were reported at E3, 304.8 million from E4, 319.3 million in final quarter of 2012. Imports of electricity rose to E108 million in the first quarter of 2013, a 13 percent increase from the previous quarter. The increase is explained by high demand levels for electricity during the period by most industrial users coming from a low import season when most sectors take a break before the period ends.

4.5.4 Services Account

The services account posted yet another deficit in the first quarter of 2013. The first quarter deficit was however lower, at E1, 275.0 million compared to E1, 340.9 million the previous quarter. There was a significant increase of 56 percent in inflows whilst outflows only showed a more modest increase of 8.6 percent when compared to the fourth quarter of 2012.

Services inflows rose from E375.1 million to E588.6 million in the first quarter of 2013, largely contributing to the improved deficit in this account. Underlying these improved inflows were earnings from transportation services; this item recorded a 79.8 percent increased to stand at E80.2 million from a much lower E44.6 million recorded in the previous quarter. Outflows increased by E147.6 million to E1, 863.6 million in the first quarter and continued to outweigh the services account, despite the significantly increased inflows. Travel services recorded a net outflow of E113.6 million from E69.4 million a 63.6 percent increase. Travel services inflows fell from E96.6 million in the last quarter of 2012 to E28.2 million in the review quarter, whilst outflows recorded a mild decline from E166.1 million I n fourth quarter 2012 to E141.8 million in the first quarter of 2013.

Other business services outflows, mainly consisting of legal, accounting management and consulting services, remained the prime contributors to total services outflows during the review quarter, with a quarter-on-quarter rise of 9.5 percent to stand at E1, 685.2 million. Other services inflows increased by 53.8 percent rising to E508.4 million in the review quarter.

4.5.5 Income Account

There was a significant improvement in the deficit of the income account from E1, 077.4 million in the last quarter of 2012 to E624.6 million in the quarter under analysis. This was purely from reduced outflows which fell by 28 percent from E1, 490.1 million in the last quarter of 2012 to E1, 061.7 million in the first of 2013.

During the review quarter dividends paid were much lower when compared to the previous quarter, explaining the drastic fall in income outflows. Compensation of employees inflows rose to E63.4 million, whereas, outflows were lower at E13.7 million in the review quarter. Net investment income fell from E1, 125.1 million recorded in the fourth quarter of 2012 to E674 million in the first quarter of 2013, mainly due to the lower dividend payments made in this quarter. Outflows of interest paid on public and publicly guaranteed debt stood at E35.1 million in the review quarter reflecting no change from the previous quarter. Inflows related to interest earned on portfolio investments, mainly comprising pension and other retirements funds invested with non-residents, posted a 14.9 percent quarterly decline to E27.5 million in the first quarter of 2013.

4.5.6 Current Transfers

The current transfers account recorded a surplus of E1, 992.9 million in the first quarter of 2013, 11 percent lower than the surplus recorded in the previous quarter of E2, 263.4 million. Inflows decreased by 4.9 percent to E2, 364.9 million whilst outflows increased by 82.9 percent to E372.0 million, further reducing the surplus. Southern African Customs Union (SACU) revenue receipts are the main component in the current transfers account and are responsible for the reoccurring surplus.

Other contributors to current transfers net inflows are intergovernmental transfers, workers remittances, gifts and other transfers.

4.5.7 Financial Account

During the quarter ending March 2013 the financial account recorded a net outflow of E575.9 million following another deficit of E264.3 million recorded in the quarter ended December 2012. A year-on-year comparison indicates a deterioration in the financial account from a surplus of E486.9 million recorded the same period in the preceding year. The worsening financial account position was due to the subdued inflows in FDI and the persistent net outflows in the other investment account.

Foreign direct investment into Swaziland recorded a lower net inflow of E215.3 million in the quarter ending March 2013 compared to a net inflow of E593.9 million in the last quarter of 2012. The contraction in net inflows was explained by a fall in FDI liabilities from E617.0 million in December 2012 to E169.9 million recorded in the review period. FDI assets abroad fell by E45.4 million against an increase of E23.1 million the preceding quarter. Long-term capital assets fell by E47.1 million in March 2013 following an increase of E23.1 million the previous quarter. On the liabilities side, reinvested earnings, though restrained, rose by E186.3 million in the review period from an increase of E256.3 million in December 2012. Despite a persistent deficit noted in the income account as companies continue to remit most of their profits to their parent companies abroad, the surge in reinvested earnings, though sluggish, reflects that most foreign owned enterprises are still willing to plough back their profits into the domestic economy. Other capital liabilities, which comprise long-term and short-term capital among enterprises with FDI relationship, plummeted by E16.4 million in the review quarter, a turnaround from the increase of E360.7 million realized the previous quarter. This position is mainly explained by the volatility of transactions associated with short-term financing among foreign direct investment enterprises, fellow enterprises and foreign direct investors.

Portfolio investments, which comprise equity and debt securities, posted a net inflow of E56.2 million in the quarter under review from a paltry inflow of E2.3 million netted in the previous quarter. This was on account of a reduction in debt securities assets that are held by resident enterprises abroad. There is lack of activity in the liabilities side of the portfolio investment due to the absence of new companies with portfolio shares as well as the absence of a sound financial market in the country that would allow non-residents to invest locally.

The deficit in the other investment category of the financial account persisted in the period ending March 2013, displaying a net outflow of E847.4 million from a net outflow of E860.5 million in the previous quarter. This position was predominantly due to an increase of E42.3 million in investment assets and a E805.1 million drop in liabilities in the review period.

Assets held abroad by the banking sector continued to increase in the review period, displaying a net outflow of E672.7 million from an outflow of E667.3 million in December 2012. This was, however, countered by net inflows in assets of other sectors, which dropped by E630.5 million. Investment liabilities with non-residents posted an outflow of E805.1 in March 2013 million, reflecting a fall in assets of non-residents held locally. Contributing to this position was a drop in liabilities of banks with non-residents. These contrasted with E290.5 million during the quarter ending March 2013, against an increase of E118.0 million in the last quarter of 2012.

Government continued to service its external obligations with drawdowns on public and publicly guaranteed debt amounting to E47.4 million during the first quarter of 2013 significantly higher than the E4.8 million recorded in the previous quarter. Repayments on public and public and publicly guaranteed debt increased to E197.2 million in the quarter ending March 2013 from E72.9 million the previous quarter. As a result, a net outflow of E149.8 million was recorded in public and publicly guaranteed debt during the quarter ending March 2013.

5. STATEMENTS OF THE MONETARY POLICY COMMITTEE

5.1 Press Statement of Monetary Policy Consultative Committee (MPCC) – 24 May 2013

The Central Bank of Swaziland (Bank) in consultation with the Monetary Policy Consultative Committee (MPCC) held a meeting on 24th May 2013 to formulate its monetary policy stance.

Growth in the global economy has remained subdued in the first quarter of 2013 as unfavourable conditions in the Eurozone continued unabated hence affecting economic activity and sentiment in the rest of the world. Consequently, the IMF in its latest World Economic Outlook revised downwards its global growth forecasts for both 2013 and 2014. In response to the weaker-than-expected economic activity coupled with a decline in inflation, the European Central Bank in its 2 May 2013 meeting reduced the benchmark rate to boost economic growth.

In the region, South Africa's economic growth rate has not gained any significant momentum in the first quarter of 2013. The lacklustre economic growth is partially due to subdued performance in the mining and manufacturing sector which together accounted for around 21.7 percent. Mining output contracted at a seasonal adjusted rate of 3.5 percent in March 2013 after posting a strong performance in January and February 2013. Furthermore, annual growth in manufacturing output indicated to have declined by a seasonally adjusted 2.2 percent in March, after falling by 2.8 percent in February 2013. Consumer inflation was at 5.9 percent in April, unchanged from March 2013. Despite maintaining the same level of inflation from the previous two months food inflation coupled with deteriorating exchange rate remains a threat to inflation. Annual producer inflation rose to 5.7 percent in March from 5.4 percent in February, driven by higher commodity prices.

Swaziland's growth performance remained unchanged at 0.2 percent in 2012. Growth in economic activity is expected to improve slightly in 2013 but there are mixed signs about the recovery as some economic fundamentals do not point to sustained growth, particularly the sluggish global economic growth outlook and internal developments. The country's fiscal crisis, which had relentlessly affected the tertiary sector, has been partially resolved as shown in the positive growth in 2012; both the primary and secondary sectors recorded lacklustre performance. Worth noting is that, growth in the primary sector was significantly affected by declining maize, citrus and livestock production whilst the mining sub-sector maintained a positive momentum in the first quarter of 2013. Coal production was 93,057 metric tonnes in the first quarter of 2013, which is more than double the output recorded the previous quarter. Furthermore production of unprocessed iron ore grew by 44.8 percent in the first quarter of 2013. Quarried stone production depicted a significant 20.3 percent decline in the first quarter of 2013, recording

60,267 cubic metres down from 75,631 cubic metres observed the previous quarter. The decline reflects slower construction activity in the first quarter of 2013.

Swaziland's annual headline inflation declined to 6.6 percent in March 2013 lower than the 6.7 percent recorded the previous month. Throughout the first quarter of 2013, the high base effects of 2012 coupled with slower increases in selected components of the CPI have resulted in significantly lower inflation outcomes compared to the same period the previous year. In March 2013, inflation benefitted from slower increases in the price indices for 'housing and utilities' and 'transport'. The price index for 'housing and utilities' which carries a relatively higher weight (of 29 percent) under the new weights introduced in January 2013, increased by a slower rate of 5.7 percent in March compared to 5.9 percent the previous month. Transport inflation continued to depict a downward trend (purely due to base effects) decreasing from 2.9 percent in February to 2.6 percent in March 2013. Recent data indicates that inflation slowed further in April to 5.6 percent mainly driven by slower increases in prices of food and non-alcoholic beverages, alcoholic beverages and tobacco, and housing and utilities.

Prospects for inflation indicate that inflationary pressures are likely to emanate from persistently high food and oil prices, a relatively weaker exchange rate which exerts an upward pressure on the Swaziland inflation outlook. Going forward, upward pressure on food inflation is expected to come from the recent surge in international prices of maize, meat, wheat prices. Global oil prices have remained high in the past two months driven by geopolitical tensions in the Gulf. The effect of crude oil prices have been reinforced by the relatively weaker Rand/Lilangeni exchange rate which continues to be under pressure mainly influenced by the on-going labour unrest in the SA mining sector. The recent approved 9.3 percent tariff hike for the Swaziland Electricity Company (effective June 2013) by the Swaziland Energy Regulatory Authority is likely to exacerbate pressure on local consumer inflation. Further pressure to domestic inflation may emanate from the looming hike in meat prices to be influenced by a similar increase in the prices of animal feed. On the other hand the recent SA cut (May 2013) of petrol price though not yet emulated in Swaziland, pending an executive decision, will lower the imported inflationary pressures from SA.

Annual growth in credit extended to the private sector contracted by 1.1 percent in March 2013 compared to an annual growth of 1.1 percent recorded in January 2013. The subdued credit levels were mainly a result of reduced demand emanating from low economic activity. Accordingly, credit to businesses was relatively low increasing by 3.3 percent in March 2013 but depicted an improvement from the 4.5 percent fall recorded in January. An analysis of household credit showed an annual increase of 2.3 percent, lower than the 4 percent rise recorded in January 2013. Year–on-year credit extended for the purchase of motor vehicles however recorded a contraction of 7 percent over the year from an annual decline of 8.1 percent in January 2013. The not so impressive growth in credit extended to the business sector remains a major concern as this sector has been the main driver of economic growth. The contraction of credit growth to the private sector despite efforts by the Bank to make credit more accessible to this sector through maintenance of an accommodative monetary policy stance is an indication of a break down in the monetary policy transmission mechanism.

As at 17 May 2013, the country's gross official reserves stood at E7, 441.7 million, receding by 0.7 per cent from the previous week. The decrease in reserves was on account of payments of governments' external obligations. At this level, the reserves represented an estimated import cover of goods and services of 3.9 months. Despite the decline, reserves were above the internationally acceptable threshold of 3 months import cover.

Taking into consideration both the international, regional and domestic economic conditions, the Bank in consultation with the MPCC decided to maintain the discount rate unchanged at 5.0 percent. Although a cut in interest would have been ideal judging from the persistent decline in domestic inflation which is currently below the SA inflation rate, the decision to maintain interest rate unchanged has been influenced largely by the eminent upside risks to inflation, as outlined under inflation outlook above, whilst also taking cognisance that the current level of the interest rate is considerably low enough to attract investment for economic growth. However, due to the lack of financial intermediation it is very unfortunate that such low level of interest rates does not seem to have stimulated the expected drive to economic growth. It is on this premise that the MPCC viewed with concern the declining trend in credit to the private sector and encouraged the commercial banks to assist the Bank to realize its goal of promoting economic growth by extending the needed credit to the private sector, particularly for investment purposes. The Bank will remain vigilant to the eminent inflationary pressures likely to emanate from domestic and international developments, and will not hesitate to take the necessary action at its disposal to ensure price stability.

6. NEWS AND NOTES

ATTENDANCE AT CONFERENCES, SEMINARS, MEETINGS, WORKSHOPS AND COURSES.

Smart Partnership Dialogue for Central Bank Governors

The Governor, Mr. M. G. Dlamini attended the Smart Partnership Dialogue for Central Bank Governors in London at the CPTM Smart Partners' Hub from the 13th to 14th April 2013. The theme of the dialogue was "Developing Adaptive Flexible Strategies for Small Economies through Smart Partnership".

This dialogue which was attended by Central Bank Governors or their representatives focused on the development of adaptive flexible strategies for small economies, as part of the CPTM Smart Partners' Financial Inclusion Initiative.

Another aspect of the dialogue was to discuss Leveraging Technology for Socio-Economic Transformation as a contribution towards the forthcoming Global 2013 Smart Partnership Dialogue Summit, which was held in Dar es Salaam, Tanzania in June 2013.

Central Bank of Swaziland Governor's Annual Monetary Policy Statement Presentation

On the 4th April 2013, the Governor delivered his Annual Monetary Policy Statement to stakeholders at a meeting held at the Happy Valley Resort and Casino, Ezulwini. The theme of this year's Policy Statement was "Supporting Sustainable Economic Growth in Swaziland".

Chief Executives in the business community, senior officials in the public and private sector, managers and senior economists from the Central Bank's Economic Policy Research and Statistics Department attended the presentation.

IMF/World Bank Spring Meetings

From the 17th to 22nd April 2013, Economic Policy Research and Statistics (EPRS) General Manager, Dr. B. T. Mamba accompanied the Governor to attend the 2013 IMF/World Bank Spring Meetings held in Washington DC. The Swaziland Delegation was led by the Minister for Finance, Honourable Majozi V. Sithole, Governor on the IMF side, accompanied by the Minister for Economic Planning and Development, Honourable Prince Hlangusemphi Dlamini, who is the Governor on the World Bank side, and the governor of the Central Bank who is an alternate Governor of the IMF side. The delegation also comprise the country's Ambassador to the USA, HE Rev A Ntshangase and his staff, at the Swaziland Embassy in Washington DC, the Budget Director in the Ministry of Finance, Mr. Bheki Bhembe, Principal Planning Officer in the Ministry of Economic Planning and Development, Mr. H.M. Magagula. The Acting Assistant Governor, Mr. B.M Vilakati also attended some of the meetings falling around the Spring Meetings as well.

The Swaziland Delegation to the Spring Meetings also attended several other bilateral side-meetings that were held back-to-back with the Spring Meeting with both the IMF and World Bank including a number of seminars and workshop as well. The Minister of Finance and the Governor also participated on a day-long seminar on Middle Income Countries where they were discussants.

The meetings attended by the delegation included, among others, the following;

- Meetings with both Executive Directors representing Swaziland in the IMF and World Bank Executive Boards.
- Meeting with the World Bank Vice President and Head of the IMF Africa Division, other IMF Senior Management and the IMF Mission Team responsible for Swaziland.
- The IMF Money and Capital Markets' Division and also attended a Roundtable on the Future of Financial Regulation.
- Attended another Roundtable Discussion on Fiscal Policy.
- Attended the formal IMF/World Bank Annual Meeting.
- Attended meetings on Constituency Matters.

The Central Bank Governors of the Common Monetary Area (CMA) Meeting

The Governor accompanied by the EPRS General Manager together Mr. V. V. Mabilisa, Senior Economist from the EPRS Department, International Relations Unit attended the above captioned meeting held at the Reserve Bank of South Africa, Pretoria, South Africa on the 25th April 2013.

The meeting was attended by all the CMA Governors accompanied by their officials, who on the 23rd April 2013 had attended their meeting for Officials, which was chaired by Mr. Mshiyeni Belle, the Head of the CCBG Secretariat. Also in attendance in both meetings were officials from the SARB who led various projects to give updates and background. The Governor of the Central Bank of Swaziland led the Bank's participation in these meetings.

The meeting reviewed CMA projects, receive updates on recent economic developments of all the CMA countries, and to look at any other pertinent issues of common intersts affecting the CMA Central Banks.

The Committee of Central Bank Governors (CCBG) in SADC Meeting

The CCBG Meeting was held at the South African Reserve Bank Conference Room on the 26th April 2013. It was preceded by the Committee of Central Bank Officials (CCBO)Meeting. The CCBO Meeting was officially opened by Dr. Ahmad Jameel Khadaroo, Second Deputy Governor of the Bank of Mauritius who welcomed the delegates and wished for successful discussions on the business of the CCBG over the two days.

The meetings were attended by representatives from fourteen Central Banks, of which ten Central Banks were represented by their Governors while the rest were represented by their Deputy Governors.

The Central Bank of Swaziland Governor led the Bank's participation in these meetings and was accompanied by the EPRS General Manager and Mr. V. Mabilisa.

Meeting of the Committee of Ministers Responsible for Finance and Investment

The Minister of Finance, Hon Majozi Sithole led a Swazi Delegation to attend the Meeting of Ministers Responsible for Finance and Investment held in Maputo, Mozambique. The meeting was chaired by the Hon. Manuel Chang, Minister of Finance for Mozambique. All the SADC members were represented with the exception of Madagascar, currently suspended from SADC activities.

Discussed were based on the modalities of the SADC Regional Development Fund, and the report of the Committee of the Central Bank Governors, including activities of the CCBG's substructures. Also discussed were the inter-cluster issues on sustainable financing for health and AIDS programes, and the Ministers endorsed the decision of the Ministers of Health to convene an Inter-Ministerial Conference on the issue in November 2013. Progress on the implementation of the Protocol on Finance and Investment (FIP) also formed an integral part of the meeting.

Accompanying the Minister in this meeting were officials from the Ministry of Finance, the Ministry of Economic Planning and Development, Swaziland Investment Promotion Authority as well as the Central Bank of Swaziland. Mr. V.

Mabilisa, represented the Central Bank in the meeting as well as in relevant officials meetings.

Southern African Development Community (SADC) Macroeconomic Convergence PEER Review Panel Meeting

The Minister for Finance, Hon. Majozi Sithole and the Governor attended the second meeting of the Macroeconomic Convergence Peer Review Panel in Maputo, Mozambique on 18th May 2013. The Deputy Executive Secretary – Regional Integration welcomed the SADC Ministers of Finance and Central Bank Governors. The panel was co-chaired by the Hon. Manuel Chang, Minister of Finance for Mozambique and the Governor of the South African Reserve Bank (SARB), Ms. Gill Marcus

The panel reviewed and approved the framework for the SADC Macroeconomic Convergence surveillance and also agreed to revise the inflation target to a range that would be informed by further research. In addition, the panel considered and adopted guidelines for conducting country assessments and preparation of national convergence programes to assist member states in the preparation of the necessary documents for the Peer Review Process (PRP). Collaboration with the IMF and the African Development Bank was also endorsed as a way of carrying out an effective PRP.

The Minister and the Governor were accompanied by officials from the Ministry of Finance , the Ministry of Economic Planning and Development, Swaziland Investment promotion Authority as well as the Central Bank in these meetings as well. Mr. V. Mabilisa, Senior Economist represented the Central Bank in the Officials Meeting as well as accompanied the Governor in the Peer Review Panel meeting

Bank for International Settlements (BIS) Roundtable Meeting of Governors from Africa

From the 11th to 12th May 2013, the Governor attended the BIS Roundtable Meeting of Governors from Africa held in Basel, Switzerland. The overall theme of this meeting was “The role of Central Banks in Macroeconomic and Financial Stability”. Invited to the meeting were twenty five Governors from central banks in Africa including regional central banks. Also invited to this meeting were several Governors from regions outside of Africa.

Bank for International Settlements (BIS) 83rd Annual General Meeting

The BIS 83rd Annual General Meeting was held in Basle, Switzerland from the 22nd to 23rd June 2013. This big event was not only attended by the Governors of the BIS Central Banks, but also by a number of Central Banks as well as other distinguished guests. The Theme during this year’s BIS General Meeting was “Making the most of borrowed time: repair and reform the only way to growth”. The Central Bank of Swaziland was represented by the Governor.

Roundtable for African Governors

From the 24th to 26th June 2013, African Central Bank Governors and senior staff met in Oxford, London to discuss common challenges. This was the 6th such gathering, co-hosted by the Centre for Study of African Economies, the African Development Bank and JP Morgan. They were joined by senior staff from the African Development Bank, the International Monetary Fund (IMF), the Bank for International Settlements and JP Morgan; academic staff from Oxford and San Diego; and a strong set of invited speakers.

The Central Bank of Swaziland was represented by the Governor.

Global 2013 International Smart Partnership Dialogue

After the BIS Meetings the Governor accompanied by the Executive Assistant to the Governors, Mr. P.N. Ndzinisa attended the Global International Smart Partnership Dialogue which took place from the 28th June to 1st July, 2013 in Dar es Salaam, Tanzania. Officiating in the Global 2013 International Smart Partnership Dialogue was His Excellency Jakaya Mrisho Kikwete, President of the United Republic of Tanzania.

The President in his opening remarks, introduced the theme of the dialogue, which was "Leveraging Technology for Africa's Socio-Economic Transformation". He mentioned that the theme was chosen simply because technology is quickly becoming a prerequisite for development. He said that it is also a prerequisite for survival in the current socio economic environment in the global arena, as in the present globalization era, one cannot shy away from technology and Africa needs it.

The Meetings of the Southern African Customs Union (SACU) Commission

These were the fourth quarterly meetings of SACU in the financial year 2012/13 and also the first on a calendar year basis for 2013. These meetings followed the Meeting of the Finance and Audit Committee, which was held on the 7th April 2013. The Commission Meetings took place on the next two days and the report was adopted on the 9th April 2013. The 29th Council Meeting was held on the 10th April 2013. On the 11th April 2013 reserved for the arrival and briefing of Heads of States Governments as the 4th Summit would be held on the 12th April 2013.

Attending the meetings were representatives from all SACU Member States. Dr. T. Nyamadzabo, the Secretary for Economic and Financial Policy in the Ministry of Finance and Development Planning, Botswana chaired the commission. The Finance and Audit Committee Meeting was chaired by Ms. P. Tsolo from the Ministry of Finance in Lesotho.

The Swaziland delegation was led by Ms. Khabonina Mabuza, Principal Secretary in the Ministry of Finance, and the Central Bank of Swaziland was represented by Mr. V. V. Mabilisa and Mr. B. P. Dlamini, Senior Economist and Economist respectively, both from EPRS Department.

Dialogue on Gender Finance, "Making Finance Work for Africa"

On the 25th April 2013, the Deputy Governor, Mrs. S.G. Mdluli attended a Dialogue on Gender Finance,"Making Finance Work for Africa". This meeting was hosted by the South African Reserve Bank on the recently released Policy Brief by Making Finance Work for Africa, New Faces New Voices. The Deutsche Gesselschaft für

Internationale Zusammenarbeit (GIZ) on behalf of the German Ministry for Economic and Development (BMZ) and the East African Community (EAC) on "Advancing African Women's Financial Inclusion." The presence of regulators and policy-makers highlight the importance of this issue in the SADC region.

Annual Meetings of the Boards of Governors of the African Development Bank and the African Development Fund

The Deputy Governor, Mrs. S.G. Mdluli attended the above captioned Meetings held from 27th to 31st May 2013 in Marrekech, Morocco. Attending these meetings were Governors of Central Banks or Deputy Governors, Ministers of Finance, Senior Economists, Directors of media houses and the following issues were noted among others;

- During the meeting it was noted that Visa requirements in Africa hamper trade and job creation, hence a high-level panel – organized jointly by the World Economic Forum and the African Development Bank – discussed the benefits of relaxing visa restrictions throughout Africa.
- How Should African Cities Look in the Future?

How to tackle the rapid urbanization of African cities was the main question discussed at the seminar titled "Africa's Cities and Sustainability". Held during the African Development Bank Annual Meetings in Marrakech, Morocco on May 28th 2013, the workshop brought together figures from Washington, DC to Nairobi,Kenya. While the participants took part in a heated debate, which covered the different ways to urbanize an African city, all agreed that the process required planning and financing to ensure its smooth development.

- Enforcing Reform is Key for Economic Growth

Making Africa a better place to do business was at the centre of discussion during a workshop titled "Improving Africa's Investment Climate" at the Annual Meetings held in Marrakech on May 29th May 2013. Broken down into two session, distinguished panelists, including Benjamin Mkapa, Former President of the United

Republic of Tanzania, exchanged on how Africa can learn from its successes and mistakes.

Junior Achievers Swaziland Breakfast Meeting

Mr. J. C. Dlamini , EPRS-BOP & International Economics Unit Manager attended the Junior Achievers Swaziland Breakfast Meeting, which is supported by the Commonwealth Secretariat and UNISWA is the main partner. The meeting was held at the Royal Swazi Sun, Ezulwini on the 26th April 2013.

The meeting was hosted by Junior Achievers, which is a national programme to develop entrepreneurial skill on the youth in Swaziland. The objective is to develop entrepreneurial skills on the part of children from primary school up to tertiary education level. The main target of the programme is to ensure that youth is not trained to look for jobs but to employ themselves once they have gone through education.

2013 Association of African Central Bank (AACB) Continental Seminar

The Manager BOP & International Economics Unit together with Mr. A. D. Dlamini, Senior Economist, Public Finance Unit, both from the EPRS Department attended the **2013** AACB Continental Seminar, which was hosted by the Central Bank of Lesotho in Maseru, Lesotho from the 6th to 8th May 2013. The theme of the seminar was “The Role of the Central Banks in Promoting Sustainable Economic Growth in Africa”. In accordance with Article 3 of the AACB’s statutes, the main objective of the seminar was to promote the exchange of ideas and experiences on monetary, banking and financial matters and cooperation in Africa.

In attendance was a total of one hundred and twenty-six participants were drawn from AACB member central banks and twenty eight regional and international institutions.

The Joint Bilateral Commission for cooperation (JBCC) Meeting: Swaziland and Mozambique

On the 30th April 2013, Mr. V V. Mabilisa from the EPRS International Relations Unit attended a stakeholders meeting in preparation for the meeting of the JBCC between Swaziland and Mozambique held in Maputo, Mozambique.

The meeting, which was attended by government departments, parastatals and private sector representatives, was chaired by Mr. Melusi Masuku, Under-Secretary in the Ministry of Foreign Affairs and International Cooperation. Discussions and proceedings were based on the three clusters;

- Cluster 1: Foreign Affairs, Defence and Security, Migration, Private, public Administration, Trade and Custom.
- Cluster 2: Culture Arts, Youth and Sports, Health, Education and Training, Women and Social Welfare.
- Cluster 3: Investment, Finance & Banking, Entrepreneur cooperation, Transport, Communications, Natural Resources, Agriculture, Tourism and Energy.

The Meetings of the SACU Legal and Finance Experts, SACU Legal and Customs Experts and Ad Hoc Technical Committee on the Review of the Revenue Sharing Arrangement

The SACU Legal and Finance Experts and the SACU Legal and Customs Experts met on the 5th June 2013 in Johannesburg, South Africa to consider the draft Annex on the Management of the Common Revenue Pool and the revision of the definition of Customs and Excise Duties respectively. The third meeting of the Ad Hoc Technical Committee on the Review of the Revenue Sharing Arrangement followed on the 6th & 7th June 2013. The objective of the meeting was to assess revised Member States' proposals against the approved principles and advise the Task Team on the Review of the Revenue Sharing Arrangement accordingly.

All Member States were represented and in attendance in these meetings. The Swaziland delegation was led by Mrs. Dumsile Magagula, Director of Fiscal and Monetary Affairs from the Ministry of Finance. Also in attendance were officials from Swaziland Revenue Authority, Ministry of Economic Planning and Development, Ministry of Commerce, Industry and Trade, and the Central Bank of Swaziland being represented by Mr. B. P. Dlamini and Mr. S. V. Skhosana both from the EPRS Department.

The Meetings of 33rd Southern African Customs Union (SACU) Commission

The 33rd SACU Commission Meeting followed the meeting of the Finance and Audit Committee, Task Team on the Revenue Sharing Arrangement and Senior Finance Official which took place from the 24th to 25th June 2013 at the Safari Hotel, Windhoek, Namibia. The Commission meetings took place on the next two days and the report was adopted on the 27th June 2013. On the 20th June the 30th SACU Council Meeting was held at the same venue and it was preceded by the arrival and briefings of Honorable Ministers on the 27th June 2013.

All SACU Member States were represented during these meetings. The Swazi delegation was led by Ms. Khabonina Mabuza, Principal Secretary in the Ministry of Finance, and it comprised of officials from Ministry of Commerce, Industry and Trade, Ministry of Finance, Public Works and Transport, Agriculture and the Central Bank of Swaziland, which was represented by Mr. B. P. Dlamini together with Mr. S. V. Skhosana from the EPRS Department.

Common Monetary Area (CMA) Exchange Control Quarterly Meeting

The Central Bank of Swaziland hosted the CMA Exchange Quarterly Meeting during the quarter under review. The meeting was held at the CBS Board Room on the 31st May 2013. All CMA Member States were represented in this meeting. Deliberations were centered on matters of mutual interests in the area.

First National Bank (FNB) New Branch Launch.

On the 18th June 2013 the First National Bank launched a new branch at the new Corporate Place in Mbabane. Officially opening the new branch was the bank’s newly appointed Managing Director, Mr. Steven Bogatsu who said the new look and feel of the branch also included divisions such as WesBank and Corporate Banking, thereby providing financial solutions under one roof.

During this launch the Governor was invited as one of the guest speakers. In his remarks the Governor urged banks to intensify their lending in order to make a meaningful contribution to the country's economic development and also to promote the financial inclusion agenda. He also stressed the importance of lending to Small and Medium Enterprises (SME), which are critical to the sustenance of economic development.

CMA Commission Meeting

On the 28th June 2013, Mr. S. V. Skosana together with Mr. B. P. Dlamini attended the CMA Commission Meeting, which was held at the Safari Hotel, Windhoek, Namibia. This was a brief meeting that was not initially planned, hence the representation of CMA Governors by the Governor of the Bank of Namibia, Mr. Ipumbu Wendelinus Shiimi.

All CMA Member States were represented in this meeting, with the Governor of the Bank of Namibia representing the CMA Governors. The meeting was officially opened by the Governor of the Bank of Namibia.

Visits to the Bank

During the quarter under review, students from UNISWA, and the following schools visited the Bank on an educational tour; Mbalenhle, Mhlatane, St Michael's and Christ the King High Schools. While at the Bank the students had an opportunity of being lectured by the Bank staff on the Role and Functions of the Central Bank of Swaziland.

Training: Workshops & Courses

Mr. S. N. Dlamini attended the Distance Learning Course On Financial Programming and Policies held at the Joint Viena Institute in Austria from 21st January to 15th March 2013.

Mr. W. Nxumalo, Economist-Real Sector Unit, EPRS Department attended an Advanced Macroeconomic Analysis and Management Course held at Hotel Novetel Umubano, Kigali, Rwanda from the 13th to 24th May 2013.

Ms. N. Simelane, Assistant Economist in the EPRS Department attended a Regional Workshop on PCMS Maintenance and Development, which was organized and sponsored by MEFMI for Private Capital Monitoring System Development and Maintenance held at Victoria Falls, Zimbabwe from the 29th April to 3rd May 2013.
The EPRS General Manager attended an Executive Development Management Program at the Stellenbosch University, Cape Town from the 12th to 24th May 2013.

Mr. L. Sacolo, IT Senior Administrator from ICT department and Mr. Armstrong Dlamini, Senior Economist from EPRS Department attended a Joint MEFMI/COMSEC Regional Workshop on Horizon: Formulating and Implementing Strategy held at Palace Hotel in Arusha, Tanzania from the 3rd to 12th June 2013.

Mr. J.C. Dlamini, BOP Mananger in EPRS Department attended a BPM Training, which was sponsored by Macroeconomic and Financial Management in conjunction with IMF held from the 17th to 28th June 2013 in Maseru, Lesotho.

In its quest for excellency ,the Central Bank of Swaziland is currently engaged on training programs for Senior Management which commenced during the quarter under review. These programs are conducted by the University of Stellenbosch using various facilitators for different modules held at Happy Valley, Ezulwini where General Managers are attending an Executive Development Program, while Managers are attending a Management Development program.