

Monthly Statistical Release

JUNE/JULY 2021



www.centralbank.org.sz



**CENTRAL BANK
OF ESWATINI**

Umntsholi Wemaswati



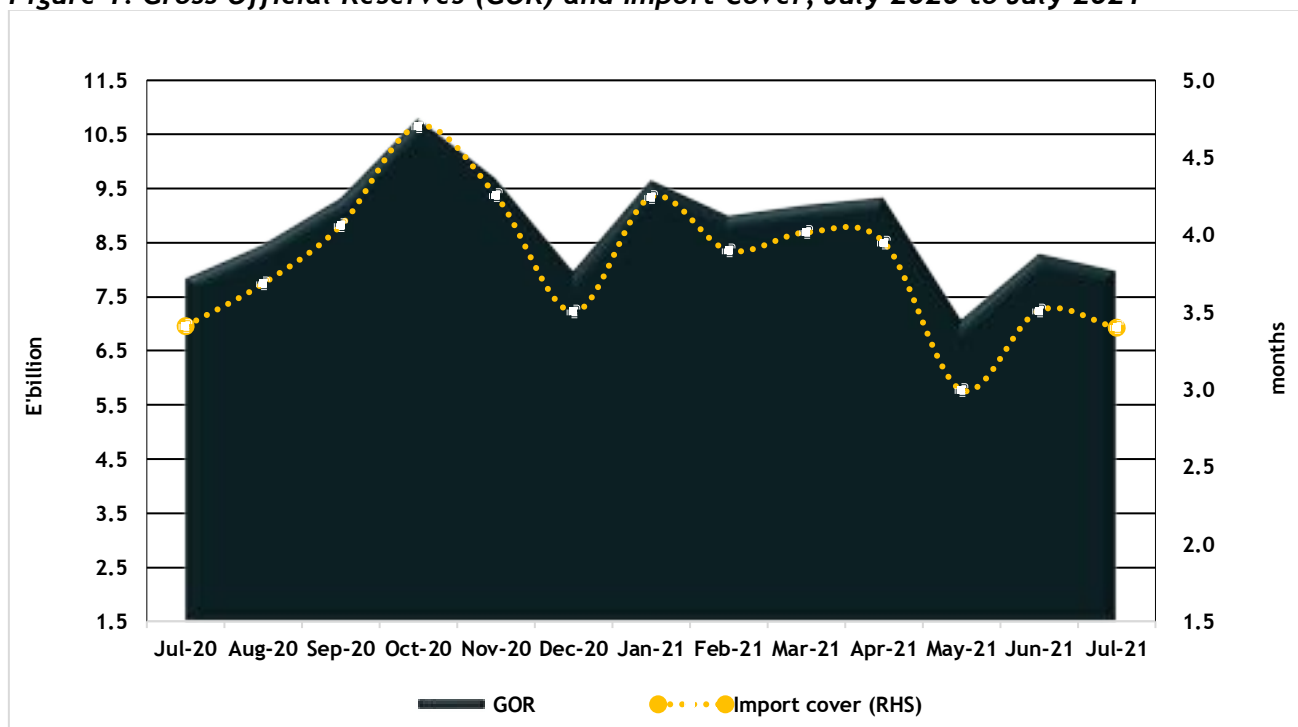
HIGHLIGHTS ON MAJOR MONETARY AGGREGATES	MONTH-ON-MONTH % CHANGE	ANNUAL % CHANGE
Gross official reserves stood at E8.0 billion at the end of July 2021, depicting a decline of 3.9 per cent from June 2021 and growth of 1.9 per cent over the year.	3.9 ▼	1.9 ▲
Credit extended to the private sector increased by 1.4 per cent month-on-month and 10.1 per cent year-on-year to reach E15.9 billion in June 2021.	1.4 ▲	10.1 ▲
Broad money supply (M2) grew by 7.8 per cent month-on-month and 19.9 per cent year-on-year to reach E21.9 billion in June 2021.	7.8 ▲	19.9 ▲
Domestic liquid assets amounted to E8.5 billion in June 2021, increasing by 22.1 per cent month-on-month and 31.0 per cent year-on-year.	22.1 ▲	31.0 ▲
	PERCENT	
Discount rate: the discount rate was at 3.75 per cent in July 2021.		3.75
Prime lending rate: the prime lending rate was at 7.25 per cent in July 2021.		7.25
<p><i>The content of this publication is intended for general information sharing purposes only and is not intended to serve as financial or other advice. While every precaution is taken to ensure the accuracy of this information the Central Bank of Eswatini shall not be liable to any person for inaccurate information or opinions contained in this publication. For more information on this publication, contact the Research Department at Tel (+268) 2408-2243.</i></p>		



Gross official reserves amounted to E8.0 billion at the end of July 2021, representing a contraction of 3.9 per cent from June 2021 and growth of 1.9 per cent over the year. The decline in reserves was mainly on account of government external payments as well as foreign currency trades between the Central Bank and commercial banks over the month under review. Consequently, the reserves represented an import cover of 3.4 months, lower than the 3.5 months recorded in June 2021.

Valued in special drawing rights (SDR), the reserves contracted by 6.2 per cent month-on-month and grew by 17.4 per cent year-on-year to settle at SDR382.4 million at the end of July 2021.

Figure 1: Gross Official Reserves (GOR) and Import Cover; July 2020 to July 2021



Source: Central Bank of Eswatini

Credit extended to the private sector amounted to E15.9 billion at the end of June 2021, rising by 1.4 per cent month-on-month and 10.1 per cent year-on-year. The month-on-month increase in credit to the private sector was registered in businesses and households & non-profit institutions serving households (NPISH). This was on the back of a fall in credit to other sectors of the domestic economy.

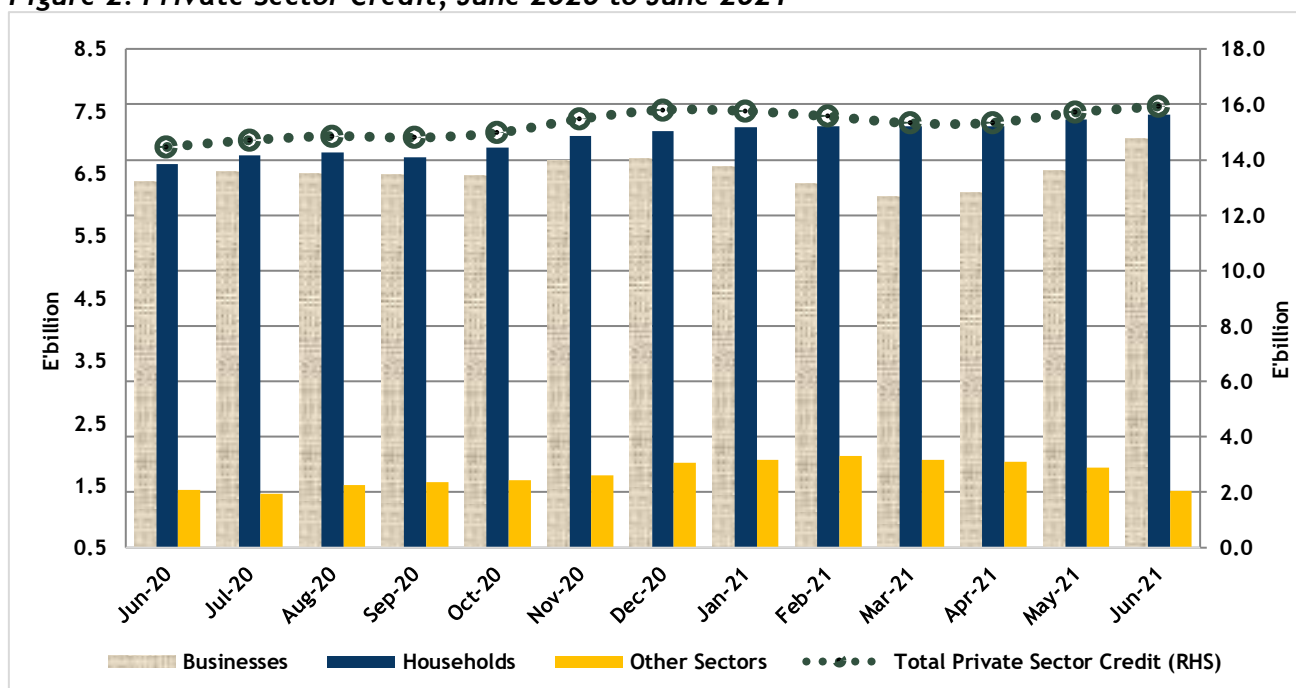
Credit extended to businesses rose by 7.9 per cent month-on-month and 10.8 per cent year-on-year to settle at E7.1 billion at the end of June 2021, on account of growth across all credit categories. In particular, strong growth was observed in mining & quarrying



(mainly gold and other minerals), distribution & tourism (mainly wholesale and retail trade) as well as agriculture & forestry (mainly citrus, sugarcane and forestry).

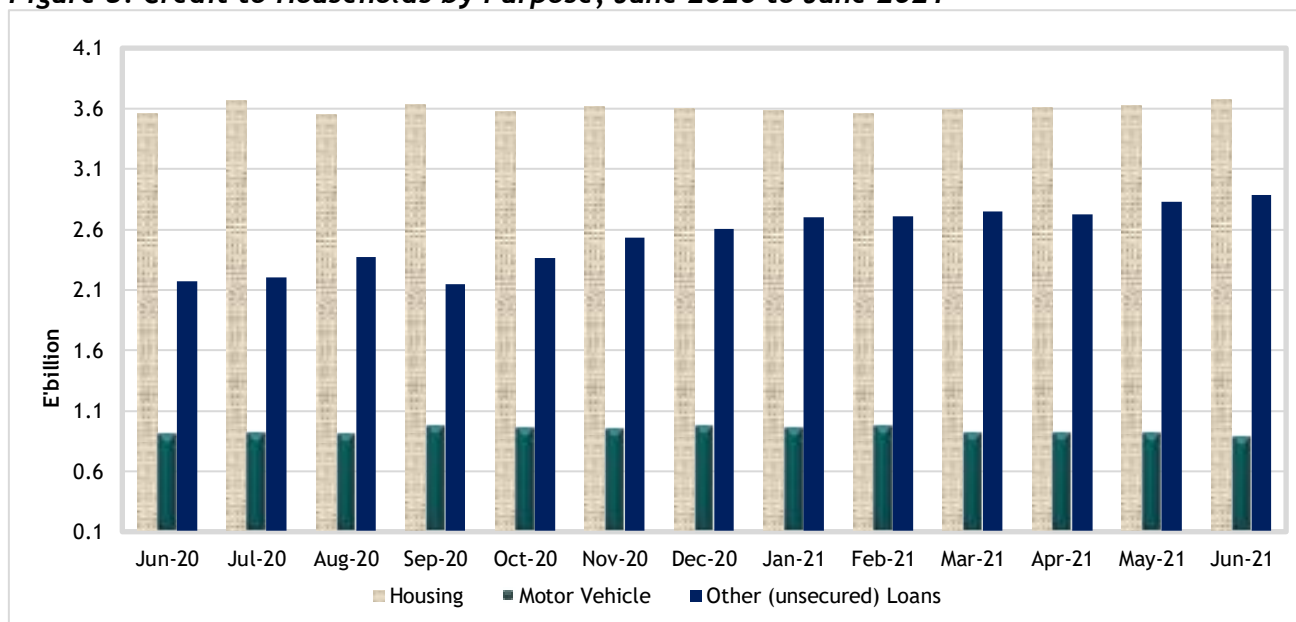
Credit to other sectors recorded a decline of 21.1 per cent from May 2021 and 1.5 per cent over the year to settle at E1.4 billion at the end of June 2021. This was underpinned by credit to other financial corporations which declined by 29.5 per cent over the month under review to settle at E918.1 million. Partially offsetting the reduction, was credit to local government and parastatals, which improved by 4.0 per cent to E43.3 million and 1.3 per cent to E449.3 million, respectively.

Figure 2: Private Sector Credit; June 2020 to June 2021



Source: Central Bank of Eswatini & Other Depository Corporations

Credit extended to households & NPISH closed the month under review at E7.5 billion, depicting an improvement of 1.1 per cent from May 2021 and 12.0 per cent over the year. The month-on-month growth was supported by other (unsecured) loans and housing finance whilst motor vehicle finance declined. Other (unsecured) loans grew by 2.0 per cent month-on-month to E2.9 billion and housing finance by a lower margin of 1.4 per cent month-on-month to E3.7 billion at the end of June 2021. Motor vehicle finance on the contrary, reflected a contraction of 3.1 per cent to settle at E892.5 million over the month under review.

Figure 3: Credit to Households by Purpose; June 2020 to June 2021

Source: Central Bank of Eswatini & Other Depository Corporations

Net claims on government with the banking sector depicted an increase of 60.4 per cent compared to the previous month as the government increased borrowing from the banking sector over the month under review. Notably, claims on government rose by 7.2 per cent month-on-month while government deposits declined by 0.1 per cent at the end of June 2021.

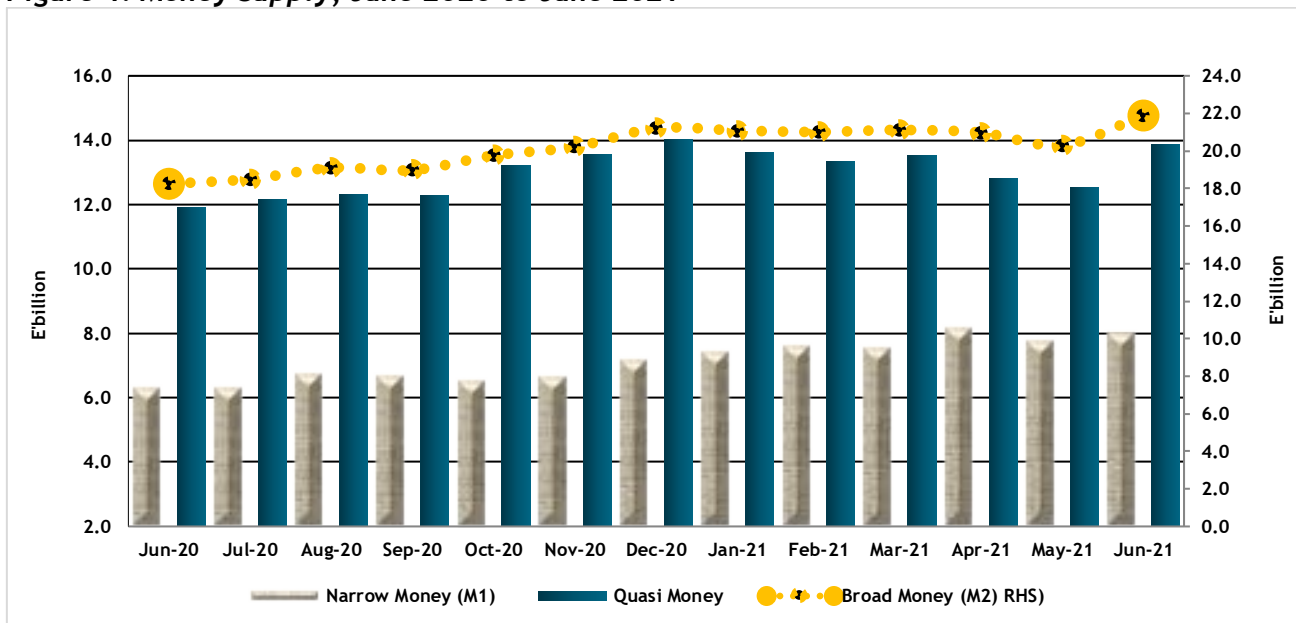
Broad money supply (M2) grew over the period under review, notwithstanding the challenging economic conditions faced by both households and businesses. M2 grew by 7.8 per cent from May 2021 and 19.9 per cent over the year to reach E21.9 billion at the end of June 2021. Growth was attributed to both components; quasi money and narrow money supply (M1).

Quasi money supply reached E13.9 billion at the end of June 2021, higher by 10.7 per cent month-on-month and 16.4 per cent year-on-year, on account of time deposits. Time deposits grew by 13.0 per cent over the review month to settle at E12.0 billion at the end of June 2021. In contrast, savings deposits declined by 1.8 per cent month-on-month to settle at E1.9 billion at the end of the review month.

Narrow money supply (M1) amounted to E8.0 billion at the end of June 2021, higher by 3.1 per cent from May 2021 and 26.6 per cent over the year, driven by both components; Emalangeni outside depository corporations and transferable (demand) deposits. As a result, Emalangeni outside depository corporations grew by 5.0 per cent month-on-month

to E829.1 million whilst transferable deposits rose by a lower margin of 2.9 per cent to close the month under review at E7.2 billion.

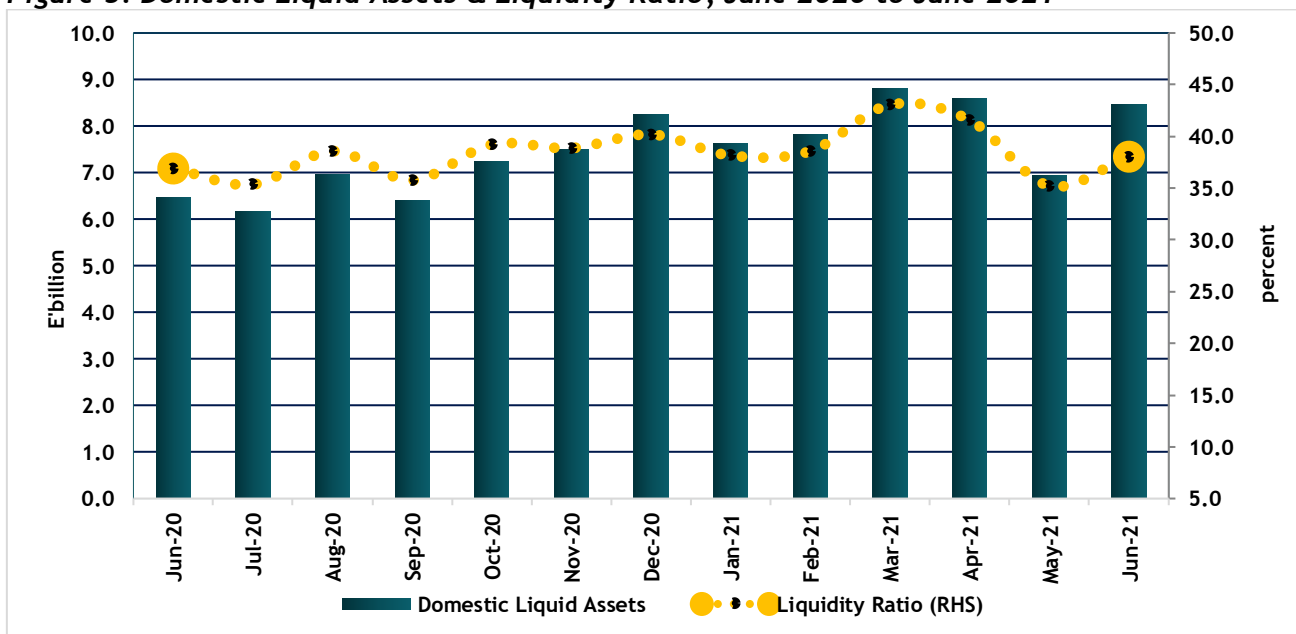
Figure 4: Money Supply; June 2020 to June 2021



Source: Central Bank of Eswatini & Other Depository Corporations

The overall liquidity position of the banking sector amounted to E8.5 billion at the end of June 2021, higher by 22.1 per cent from the previous month and 31.0 per cent over the year. Growth was driven by an increase in the banks’ balances with the Central Bank as well as investments in Central Bank bills over the month under review. Consequently, the banks’ liquidity ratio increased to 38.0 per cent at the end of June 2021 from 35.2 per cent recorded in May 2021.

Figure 5: Domestic Liquid Assets & Liquidity Ratio; June 2020 to June 2021



Source: Central Bank of Eswatini & Other Depository Corporations



RELEASE OF MONEY AND BANKING STATISTICS

ITEM	Jun-21 Amount (E'000)	May-21 Amount (E'000)	Jun-20 Amount (E'000)
CENTRAL BANK OF ESWATINI			
Claims on Non-residents	9,772,456	8,512,659	8,686,226
Claims on Domestic Economy	2,934,637	2,415,775 *	3,036,155 *
Government	2,901,474	2,382,366	3,005,525
Other Depository Corporations	2,082	2,512	2,082
Other Resident Sectors	31,081	30,898	28,547
Other Assets	634,771	671,117	529,317
Total Assets/Liabilities	13,341,863 *	11,599,552 *	12,251,698
OTHER DEPOSITORY CORPORATIONS			
Cash and Deposits with CBE	4,174,956	2,698,856	3,378,755
Net Balances with Banks Outside Eswatini	3,005,007	2,397,085	1,215,300
Loans and advances	15,120,113	14,546,654	13,620,044
Government Securities	4,594,657	4,608,051	3,356,144
Treasury Bills	2,563,068	2,578,344	2,425,326
Government Bonds	2,031,589	2,029,707	930,818
Other	-	-	-
Total Deposits	23,906,250	21,865,186	19,178,077 *
Transferable/Demand	8,161,381	7,422,581	6,080,758
Savings	1,919,237	1,971,763	2,065,198
Time	13,825,632	12,470,842	11,032,120
Capital and Reserves	4,352,954	4,405,047	4,214,737
Total Assets/Liabilities	31,047,906	28,355,549	25,823,291
Total Liquid Assets (Banks only)	8,470,582	6,935,942	6,467,705
Required Liquidity (Banks only)	4,415,469	3,899,853	3,467,080
Surplus/ Deficiency (-) (Banks only)	4,055,114 *	3,036,090 *	3,000,625
RATIOS (%)			
Actual Liquidity to Domestic Liabilities (Banks Only)	38.0	35.2	36.9
Loans and Advances to Deposits	63.2	66.5	71.0

DEPOSITORY CORPORATIONS SURVEY					
	<i>Jun-21</i>	<i>May-21</i>	<i>Jun-20</i>		
Net Foreign Assets (E)	10,537,845	8,887,870	8,325,877		
Net Official Assets	6,959,450	5,758,313	5,688,546		
Foreign Assets - Central Bank of Eswatini	9,798,699	8,538,902	8,712,469		
Foreign Liabilities - Central Bank of Eswatini	2,839,249	2,780,589	3,023,923		
Net Other Depository Corporations Foreign holdings (ODC)	3,578,395	3,129,558 *	2,637,331		
Foreign Assets - ODC	4,072,491	3,483,073	2,849,042		
Foreign Liabilities - ODC	494,096	353,516	211,711		
Net Foreign Assets (SDR)	517,408	447,948	348,855		
Net Domestic Claims	17,292,010	16,560,740 *	16,332,258		
Net Claims on Government	1,366,696	851,999	1,871,672 *		
Claims on Central Government	7,544,275	7,034,391	6,381,122		
Government Deposits	6,177,579	6,182,392	4,509,449		
Claims on other sectors	15,925,314 *	15,708,742	14,460,586		
Other nonfinancial corporations (Industry)	7,063,743	6,549,002	6,377,846		
Other resident sectors (Households & NPISH)	7,450,826	7,371,934	6,650,785		
Other sectors	1,410,746	1,787,806	1,431,955		
Broad Money Supply (M2)	21,886,608	20,304,681 *	18,250,939 *		
Narrow Money Supply (M1)	8,030,831	7,789,069 *	6,345,062 *		
Currency outside depository corporations (E)	829,075	789,468	810,248		
Transferable (demand) deposits	7,201,756	6,999,602	5,534,813		
Quasi Money	13,855,777	12,515,611	11,905,878 *		
Savings Deposits	1,880,111	1,913,742	2,021,913		
Time Deposits	11,975,666	10,601,869	9,883,964		
Shares and Other Equity	6,442,926	6,223,852	6,719,663		
Central Bank Of Eswatini	1,422,504	1,150,367	1,935,693		
Other Depository Corporations	5,020,423	5,073,485	4,783,970		
Other Items (net)	-499,680	-1,079,922	-312,467		
GROSS OFFICIAL RESERVES	<i>Jul-21</i>	<i>Jun-21</i>	<i>May-21</i>	<i>Jun-20</i>	<i>Jul-20</i>
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
	<i>(E'000)</i>	<i>(E'000)</i>	<i>(E'000)</i>	<i>(E'000)</i>	<i>(E'000)</i>
Total Official (Gross) - Emalangeni E	7,975,173	8,300,781	7,085,315	6,830,071	7,828,245
Special Drawing Rights (SDR)	382,409	407,568	357,099	286,181	325,654
Central Bank	7,975,173	8,300,781	7,085,315	6,830,071	7,828,245
Government	26,243	26,243	26,243	26,243	26,243
Import Cover (reserves to months of estimated imports)	3.4	3.5	3.0	2.9	3.4
Net Bank Holdings		3,578,395	3,129,558	2,637,331	2,697,056

NOTES:

- 1.Data supplied in this Monthly Release represent an abstract of those provided regularly in the Central Bank's Quarterly Review.
- 2.This Release is issued every month.
- 3.All figures shown are subject to revision.
- 4.For definitions of concepts used reference should be made to the relevant notes in the Central Bank's Quarterly Review.
- 5.Import cover figures are subject to revision as import figures used have a 3 month lag.
- 6.* Owing to the rounding of figures , the sum of separate items will sometimes differ in the final digit from the total shown.

