

Annual Economic Review Report 2025/26



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Governor and Chairman of the Board



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Dr. Loretta Mkhonta
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Mr. Sikhumbuzo Fakudze
Board Secretary

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Governor



Felicia Dlamini-Kunene
Deputy Governor



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Chief Operations Officer



Dr. Melvin Khomo
Director Research



Sikhumbuzo Dlamini
Director Financial Markets



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Head Information Technology



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& Innovation



Gcina Nxumalo
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& Development Finance



Brian Sihlongonyane
Deputy Head, Applications
& Data Analytics



Linda Sacolo
Deputy Head, IT Infrastructure
& Security



Nothando Nxumalo
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& Innovation



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Deputy Head,
Information Security

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ACRONYMS

AACB	-	Association of African Central Banks
AfCFTA	-	African Continental Free Trade Area
AU	-	African Union
AUC	-	African Union Commission
BCEAO	-	Banque Centrale des États de l'Afrique de l'Ouest
CABS	-	Community of African Supervisors
CBE	-	Central Bank of Eswatini
CMA	-	Common Monetary Area
COMESA	-	Common Market of Eastern and Southern Africa
COVID	-	Coronavirus Disease
CPI	-	Consumer Price Index
CSO	-	Central Statistical Office
EAC	-	East African Community
ECB	-	European Central Bank
EPA	-	Economic Partnership Agreement
EMDEs	-	Emerging Market and Developing Economies
EPA	-	Economic Partnership Agreement
EU	-	European Union
FTA	-	Free Trade Area
GDP	-	Gross Domestic Product
IIP	-	International Investment Position
IMF	-	International Monetary Fund
LUSIP	-	Lower Usuthu Smallholder Irrigation Project
M1	-	Narrow Money Supply
M2	-	Broad Money Supply
MPC	-	Monetary Policy Committee
NEER	-	Nominal Effective Exchange Rate
OPEC	-	Organization of the Petroleum Exporting Countries
REER	-	Real Effective Exchange Rate
SACU	-	Southern African Customs Union
SADC	-	Southern African Development Community
SARB	-	South African Reserve Bank
UK	-	United Kingdom
US	-	United States of America
WEO	-	World Economic Outlook

1. INTRODUCTION

The Annual Economic Review Report provides the broader global and domestic economic update. Its purpose is to provide the public and the economic community with a detailed account of Eswatini's economic performance during the 2025/26 financial year, covering the period from 1st April 2025 to 31st March 2026.

The Report is organised as follows: Section 1 provides the introduction, while Section 2 reviews developments in the global economy. Section 3 analyses economic developments in the Kingdom of Eswatini.

Sections 4 and 5 discuss developments in the external and financial sectors, respectively, while Section 6 concludes with developments in the fiscal sector.



2. INTERNATIONAL DEVELOPMENTS



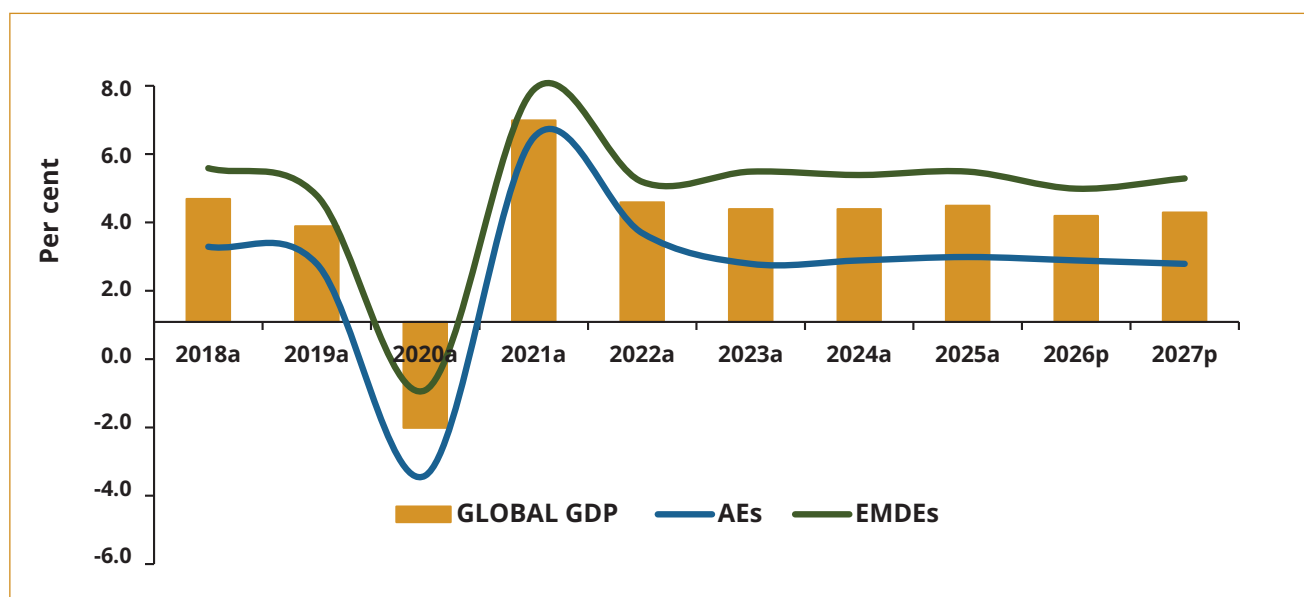
2.1 Global Economic Developments

2.1.1 Global GDP Growth

According to the IMF's World Economic Outlook (WEO) Update published in April 2026, the global economic growth forecast for 2026 was revised downwards to 3.1 per cent, representing a 0.2 percentage-point reduction from the January 2026 projections. Meanwhile, the IMF maintained the 2027 growth outlook at 3.2 per cent, reflecting the economic fallout associated with the ongoing Middle East conflict. Although the IMF's baseline

scenario assumes that the conflict remains contained, the Bretton Woods Institution cautioned that prolonged hostilities could further weaken global economy activity and destabilise global supply chains and financial markets. The IMF also noted that the energy supply shock arising from the Iran conflict is comparable in severity to the 1974 oil crisis, although the global economy is now considered more resilient.

Global GDP Growth Actuals & Forecasts: 2018 to 2027



Source: www.imf.org, April 2026

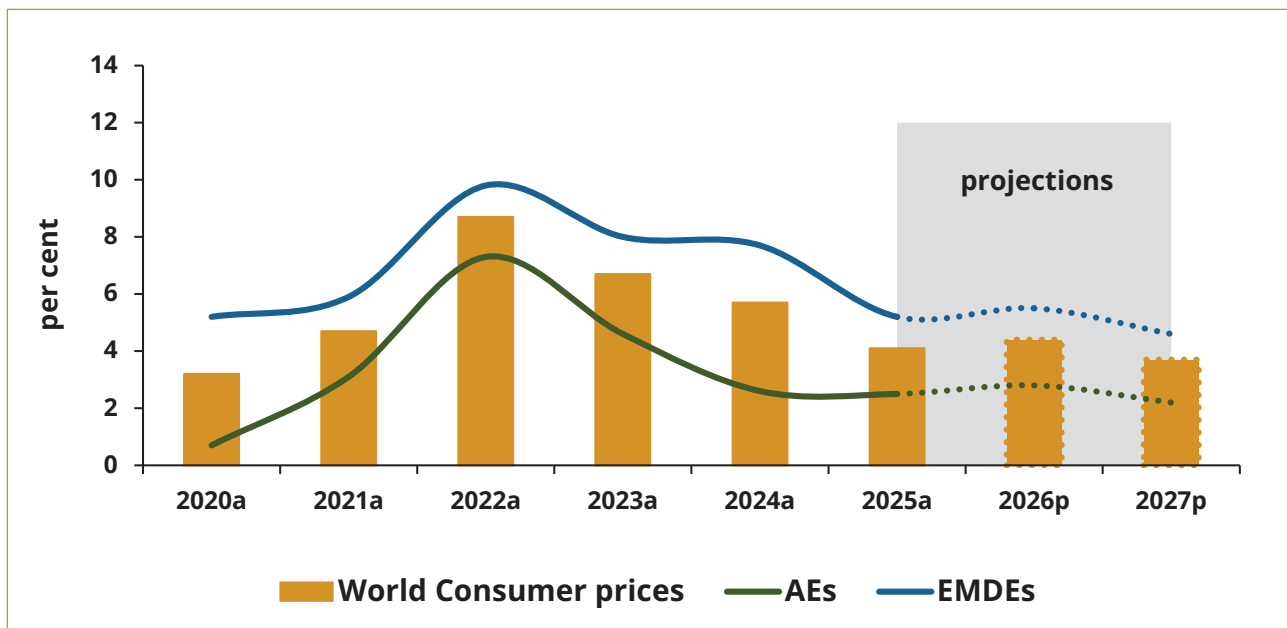
Advanced economies (AEs) recorded a growth rate of 1.9 per cent in 2025 and are projected to remain subdued, moderating to 1.8 per cent in 2026 and further to 1.7 per cent in 2027. Meanwhile, emerging market and developing economies (EMDEs) grew by 4.4 per cent in 2025 and are expected to slow to 3.9 per cent in 2026 before recovering to 4.2 per cent in 2027 (IMF World Economic Outlook Update, April 2026).

2.1.2 Global Inflation Outlook

Global inflation is estimated at 4.1 per cent in 2025 and is projected to increase slightly to 4.4 per cent in 2026. However, inflation is expected to resume its downward trajectory in 2027, moderating to 3.7 per cent. Inflation in advanced economies was estimated at 2.5 per cent in 2025 and is expected to rise to 2.8 per cent in 2026 before easing to 2.2 per cent in 2027. Meanwhile, inflation in emerging market and developing economies inflation was recorded at 5.2 per cent in 2025 and is projected to increase to 5.5 per cent in 2026 before moderating to 4.6 per cent in 2027.



Global Inflation; Actuals & Forecasts: 2020 to 2027



Source: www.imf.org, April 2026

Inflationary pressures remain concentrated among EMDEs, particularly commodity-importing economies with pre-existing vulnerabilities. Economies worldwide continue to face the direct impact of higher commodity prices, as well as indirect second-round effects stemming from elevated inflation expectations. These pressures are especially sensitive to rising energy and food prices, compounded by amplification effects associated with risk-off sentiment in global financial markets. Commodity-importing EMDEs are particularly vulnerable, as currency depreciations further intensify the impact of higher energy and food import costs (IMF World Economic Outlook Update, April 2026).

2.1.3 Global Risks to the Economic Outlook

The balance of risks to the GDP growth outlook remains firmly tilted to the downside. A prolonged conflict, deeper geopolitical fragmentation, weaker-than-expected AI-driven productivity gains, or renewed trade tensions could further dampen growth prospects and destabilize financial markets. These risks are compounded by elevated public debt levels and diminishing policy buffers, which increase vulnerabilities across economies. To mitigate these challenges, policymakers should promote economic adaptability, strengthen policy credibility, and reinforce international cooperation.

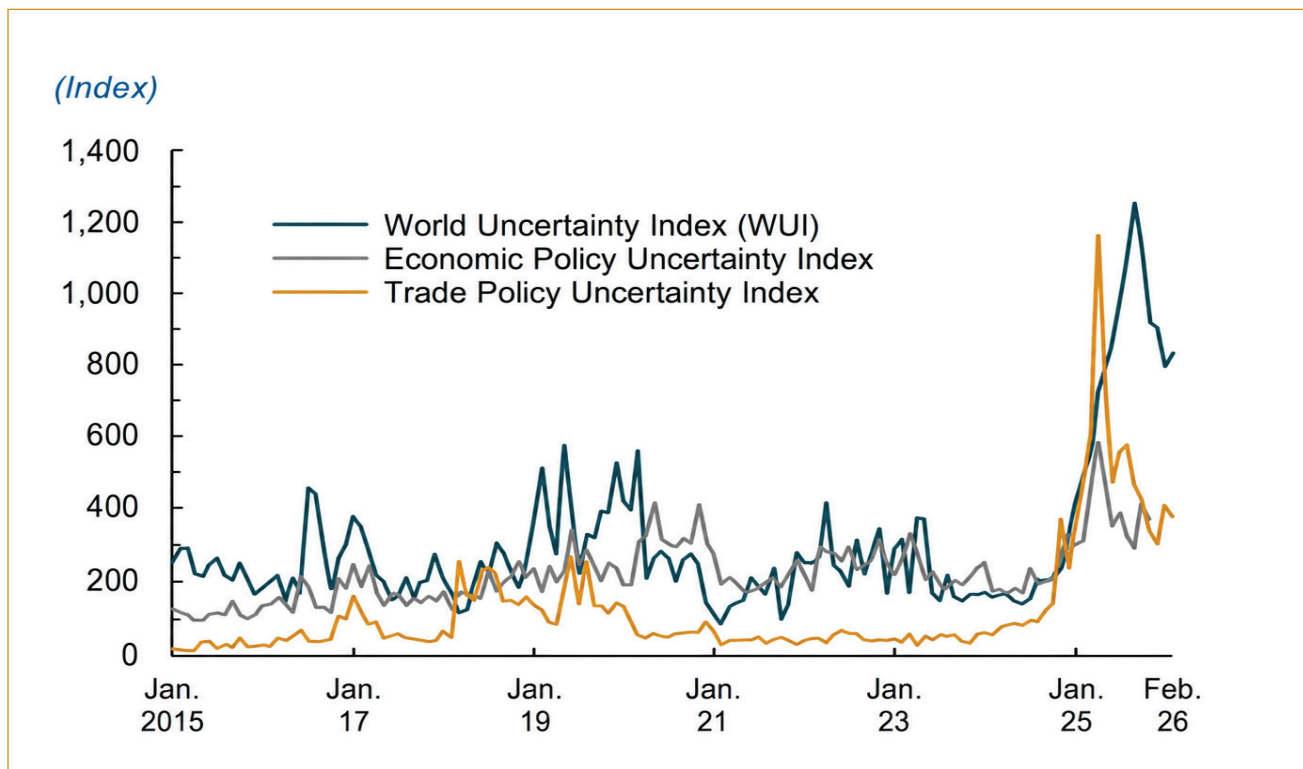
2.1.4 Suggested Policy Priorities

The IMF highlights that the path forward requires clarity and policy coordination. Policymakers should rebuild fiscal buffers while preserving financial and price stability amid ongoing shifts in the global economic landscape. In addition, efforts should focus on implementing structural reforms and reducing policy uncertainty. Current global challenges, together with the potential for transformative technological advances, may provide an opportunity to accelerate structural reform momentum. In this regard, reforms aimed at upskilling the labour force, reducing barriers to labour mobility, streamlining and rationalising business regulations are essential.

2.1.5 Global Uncertainty, Economic, and Trade Policy Uncertainty

Amid the economic developments discussed above, global uncertainty remains elevated. Although lower than the peaks recorded in 2025, global uncertainty continues to remain near historical highs, with several potential inflection points in the coming months capable of triggering renewed volatility. Foremost among these is the fluid situation in the Middle East, where the likelihood of outcomes ranging from a ceasefire to a significant escalation in hostilities continues to shift rapidly.

Global Uncertainty; January 2015 to February 2026



Sources: Ahir, Bloom, and Furceri 2022 (worlduncertaintyindex.com); Baker, Bloom, and Davis 2016 (policyuncertainty.com); and Caldara and others 2020 (matteoiacoviello.com/tpu.htm).

Note: The uncertainty measures are news- and media-outlets-based indices that quantify media attention to global news related to overall uncertainty (WUI), economic policy uncertainty, and trade policy uncertainty. WUI is divided by 100.

On the trade front, tariffs recently enacted by the USA administration still require congressional approval, while similar measures may alternatively be implemented under other legal authorities. In addition, the United States–Mexico–Canada Agreement (USMCA) is scheduled for a mandatory joint review around the same period that the extension deadline falls due in July 2026. Furthermore, many of the USA's agreements with other trading partners currently provide only temporary relief and are set to expire by the end of 2026 (IMF World Economic Outlook Update, April 2026).

Policies that encourage the diffusion and adoption of new technologies should complement traditional support for research and development, while competition and product market reforms can facilitate the reallocation of resources towards more productive firms. In instances where trade or technological shocks are highly concentrated, the IMF recommends targeted and time-bound adjustment assistance; including training programmes, relocation support, and wage insurance rather than prolonged protectionist measures.

2.1.6 Artificial Intelligence

Harnessing technological progress: According to the IMF, digitalization and AI have the potential to accelerate productivity growth and expand potential output. To fully realise these gains, complementary measures are required, including investments in skills, energy, and digital infrastructure, as well as the promotion of competitive markets, and robust frameworks for data governance and cybersecurity.



However, the IMF cautions that if expectations surrounding AI-driven profitability prove overly optimistic, investment in the technology sector could decline sharply, leaving equity markets, particularly technology-heavy sectors vulnerable to repricing. Such a market correction could weaken private consumption through wealth effects, with broader spillovers occurring through trade flows, capital reversals, and portfolio adjustments. Consequently, tighter global financial conditions could weigh on global economic activity, even though long-term productivity gains remain feasible.

2.2 Selected Advanced Economies

2.2.1 GDP Growth

United States (US): Real GDP grew by 2.1 per cent in 2025, slowing from the 2.8 per cent growth recorded in 2024. This marked the weakest annual growth performance since the 2.1 per cent contraction experienced during the COVID-19 pandemic in 2020. Despite resilient consumer spending and non-residential investment, net exports weighed negatively on growth. The rollout of US tariffs during the first half of 2025 prompted businesses and households to front-load purchases, temporarily pushing imports to elevated levels and widening the trade deficit. In addition, residential investment and federal government spending contracted amid the longest government shutdown on record (US Bureau of Economic Analysis, April 2026). Looking ahead, the IMF projects the US GDP growth rate at around 2.3 per cent in 2026, followed by a further moderation to 2.1 per cent in 2027 (IMF World Economic Outlook Update, 15 April 2026).

Eurozone: The economy grew by 1.4 per cent in 2025, up from 0.9 per cent in 2024 and slightly exceeding the European Commission's projection of 1.3 per cent. Economic activity was supported by resilient household consumption, underpinned by lower borrowing costs and easing inflation. In addition, a surge in exports to the United States driven by companies stockpiling ahead of anticipated tariff increases under the new US trade policy contributed positively to growth, alongside stronger-than-expected investment in equipment and intangible assets. Looking ahead, both the European Commission and the European Central Bank expect growth to moderate to 1.2 per cent in 2026 amid ongoing geopolitical tensions and trade policy uncertainty, before edging up to 1.4 per cent in 2027 (EUROSTAT, April 2026). Similarly, the IMF projects Eurozone growth at 1.1 per cent in 2026, followed by a modest increase to 1.2 per cent in 2027 (IMF World Economic Outlook Update, 15 April 2026).

United Kingdom (UK): The economy grew by 1.4 per cent in 2025, improving slightly from 1.1 per cent growth in 2024, with all major sectors contributing to the expansion. Nevertheless, growth remained subdued relative to historical standards. During 2025, the economy faced several significant challenges, including substantial tax increase, trade tensions linked to US trade policy, and a major cyberattack affecting the country's largest car manufacturer (UK Office for National Statistics, April 2026). The IMF projects UK GDP growth to remain subdued at 0.8 per cent in 2026 before increasing modestly to 1.3 per cent in 2027 (IMF World Economic Outlook Update, 15 April 2026).

Japan: Economic activity remained resilient, rebounding by 1.0 per cent in 2025 following muted growth of 0.1 per cent in 2024. Economic activity was weighed down by several headwinds, including natural disasters, yen depreciation, and heightened global trade uncertainty. As a result, private consumption weakened as wage growth failed to keep pace with inflation, business investment remained subdued amid tighter monetary policy conditions, and trade performance softened due to slower export growth and rising imports. Looking ahead, the IMF projects Japan's economy to grow by a modest 0.7 per cent in 2026 before slowing further to 0.6 per cent in 2027 (IMF World Economic Outlook Update, 15 April 2026).

2.2.2 Monetary Policy Stance in Selected Advanced Economies

Monetary policy divergence across major jurisdictions is expected to persist.

United States: The US Federal Reserve gradually reduced interest rates during 2025, lowering the federal funds rate from 4.5 per cent to a range of 3.50–3.75 per cent by year-end as part of a proactive policy adjustment amid a softening labour market. In March 2026, the US FED maintained rates at this level for a second consecutive meeting, while cautioning that persistent inflation, particularly from rising energy costs linked to the Middle East conflict could necessitate future rate hikes. Despite elevated inflation and employment risks, policymakers continued to signal the possibility of one rate cut in 2026 and another in 2027, although the timing remains uncertain (US Federal Reserve Bank, April 2026).

Eurozone: The European Central Bank (ECB) began reducing interest rates in June 2024, lowering the main refinancing rate to 2.15 per cent by June 2025 to support investment, ease debt burdens, and respond to weakening economic activity. The

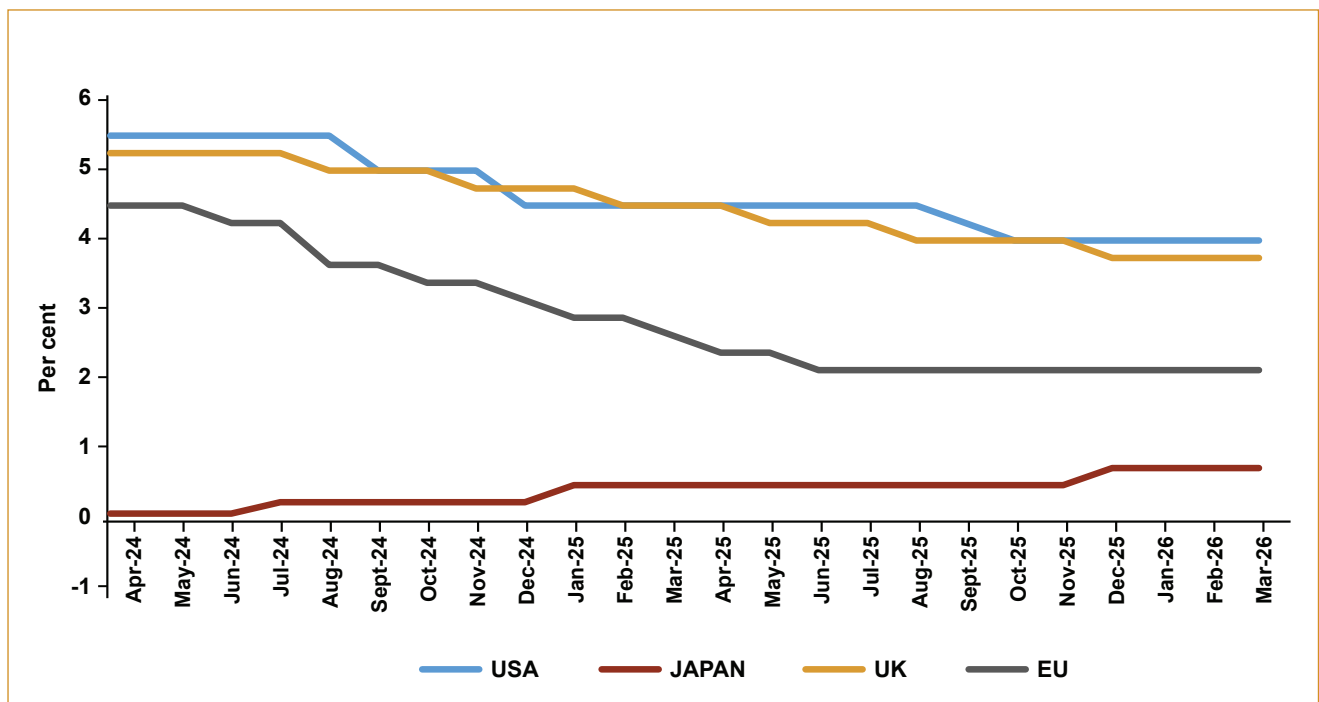
easing cycle occurred amid adverse demand shocks, heightened uncertainty following Russia's invasion of Ukraine, and rising energy prices exacerbated by escalating conflicts in the Middle East. At its March 2026 meeting, the ECB kept interest rates unchanged, maintaining the refinancing rate at 2.15 per cent, the deposit facility rate at 2.0 per cent, and the marginal lending rate at 2.4 per cent, while reaffirming its commitment to achieving medium-term inflation of 2 per cent. The ECB also revised its inflation forecasts upward, projecting headline inflation at 2.6 per cent in 2026, mainly due to higher energy prices linked to the Middle East conflict (European Central Bank, 09 April 2026).

United Kingdom: The Bank of England (BOE) began its monetary easing cycle in August 2024, with interest rates at 5.25 per cent, and gradually reduced the Bank Rate to 3.75 per cent by December 2025 through a series of rate cuts. At its March 2026 meeting, the BOE maintained the Bank Rate at 3.75 per cent as the ongoing conflict in the

Middle East continued to drive sharp increases in global energy and commodity prices. These developments have raised household fuel and utility costs, while also increasing operating expenses for businesses. Prior to this shock, domestic prices and wage growth had shown continued signs of disinflation. The BOE indicated that it remains closely focused on the risk of second-round effects on wages and inflation (Bank of England | Trading Economics, 9 April 2026).

Japan: The Bank of Japan (BOJ) gradually tightened monetary policy during 2025, raising the policy rate to 0.75 per cent by December 2025 to address inflationary pressures while supporting economic stability. At its March 2026 meeting, the BOJ kept rates unchanged at 0.75 per cent, noting moderate economic recovery but warning that escalating Middle East tensions could weigh on growth. The Bank also signalled the possibility of further policy adjustments should inflation and growth evolve as expected (Bank of Japan | Trading Economics, 09 April 2026).

Interest Rates in Advanced Economies; April 2024 to March 2026



Source: Bank of England, Bank of Japan, European Central Bank, US Federal Reserve, April 2026

2.2.3 Inflation Developments in Selected Advanced Economies

United States: In 2025, the annual inflation rate averaged 2.5 per cent, down from 2.9 per cent in 2024 but remaining above the US Federal Reserve's 2 per cent target due to persistent pressures from shelter, food, and tariffs. In early 2026, inflation rose to 3.3 per cent in March, driven mainly by higher energy prices linked to the Middle East

conflict, while shelter and food inflation showed mixed movements. Core inflation remained elevated, reflecting underlying price pressures, although the impact of tariffs has largely diminished. Looking ahead, the IMF projects inflation at 3.2 per cent in 2026 before easing to 2.1 per cent in 2027 (US Bureau of Labour Statistics | IMF World Economic Outlook Update, April 2026).

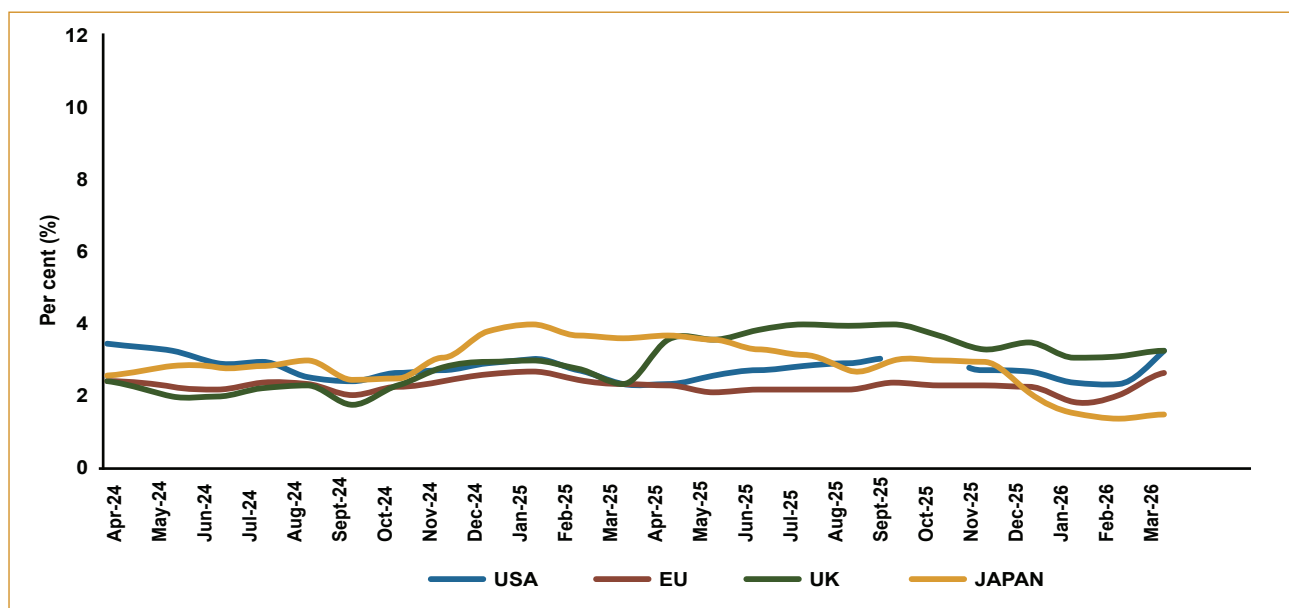
Eurozone: Consumer price inflation averaged 2.1 per cent in 2025, down from 2.4 per cent in 2024, as easing energy prices and slower services inflation helped moderate overall price pressures. However, inflation rose again to 2.5 per cent in March 2026 from 1.9 per cent in February, driven mainly by a sharp increase in energy costs linked to geopolitical tensions. This increase pushed inflation above the European Central Bank's 2.0 per cent target, even as most other components—services, non-energy industrial goods, and food-related prices—showed continued moderation (Eurostat | Trading Economics | IMF World Economic Outlook Update, 20 April 2026).

United Kingdom: Consumer prices averaged 3.4 per cent in 2025, up from 2.5 per cent in 2024, driven mainly by higher energy and food prices and peaking mid-year at 3.8 per cent. It remained elevated into late 2025 before rising further to 3.3 per cent in March 2026, mainly due to higher

transport, fuel, and housing-related costs linked to energy price pressures. The IMF expects inflation to average 3.2 per cent in 2026 before easing to 2.4 per cent in 2027 (IMF World Economic Outlook Update, 20 April 2026).

Japan: Consumer price inflation averaged 3.2 per cent in 2025, up from 2.7 per cent in 2024, remaining above the Bank of Japan's 2.0 per cent target due to higher food prices, energy volatility, and import-related pressures. Inflation eased to 2.1 per cent in December 2025 but rose slightly to 1.5 per cent in March 2026 from 1.3 per cent in February, driven mainly by higher transport costs linked to fuel price increases. Overall, inflationary pressures were mixed across sectors, with some moderation in food inflation. The IMF projects inflation to average 2.2 per cent in 2026 and 2.3 per cent in 2027 (| Statistics Japan | Statista.com | Trading Economics | IMF World Economic Outlook Update, 20 April 2026).

Annual Inflation Rate for Selected Advanced Economies; April 2024 to March 2026



Source: Office for National Statistics | US Bureau of Labour Statistics | Cabinet Office of Japan | Eurostat, April 2026

2.3 Selected Emerging Market and Developing Economies

2.3.1 GDP Growth and Inflation Developments in Selected EMDEs

Brazil: Real GDP grew by 2.3 per cent in 2025, slowing from 3.4 per cent in 2024, with mixed sectoral performance. Agriculture and extractive industries recorded strong growth, while manufacturing and utilities declined slightly. Services expanded moderately, supported by gains

in information and communication, and construction also grew modestly. The IMF projects growth to rise to 2.6 per cent in 2026 before easing to 1.9 per cent in 2027. Inflation averaged 5.02 per cent in 2025, up from 4.37 per cent in 2024, remaining above the central bank's target range due to higher food, transport, and services inflation. Inflation rose further to 4.14 per cent in March 2026, driven by increases in food and fuel prices linked to global supply chain disruptions. The IMF projects inflation to moderate to 4.0 per cent in 2026 before easing to 3.4 per cent in 2027 (Trading Economics | IMF World Economic Outlook Update, 17 April 2026).

Russia: The economy grew by 1.0 per cent in 2025, slowing significantly from 4.9 per cent in 2024 due to war-related spending pressures, sanctions, weaker trade, and tight monetary conditions. According to the IMF, growth is expected to remain subdued at 0.6 per cent in both 2026 and 2027. Inflation averaged 8.72 per cent in 2025, peaking above 10 per cent early in the year before easing by December. In March 2026, inflation remained elevated at 5.9 per cent, driven by services, food, and fuel costs. The IMF expects inflation to rise to 5.6 per cent in 2026 before declining to 4.3 per cent in 2027 (IMF World Economic Outlook Update | Trading Economics, 17 April 2026).

India: Economic activity grew strongly by 7.4 per cent in 2025/26, slightly below 7.6 per cent in 2024/25, supported by strong domestic demand and infrastructure spending. The IMF projects GDP growth to moderate to 6.5 per cent in both 2026 and 2027. Inflation averaged 4.6 per cent in 2025/26, easing from the previous year, though it fluctuated during the period and rose again in early 2026 due to higher food prices. The IMF expects inflation to increase to 4.7 per cent in 2026 before easing to 4.0 per cent in 2027 (IMF World Economic Outlook Update | Trading Economics, 17 April 2026).

China: The economy grew by 5.0 per cent in 2025, unchanged from the previous year, supported mainly by strong export performance as firms diversified markets to Europe and Latin America amid weak domestic demand and US tariff pressures. Goods trade expanded, with exports rising faster than imports, while sectoral growth was led by services, particularly information technology, software, leasing, and business services. The IMF projects growth to slow to 4.4 per cent in 2026 and further to 4.0 per cent in 2027. Consumer inflation remained very low in 2025, averaging 0.3 per cent and staying well below the 2 per cent target, with weak price pressures and frequent food deflation. Inflation briefly picked up in early 2026 due to seasonal factors but remained subdued overall. It eased to 1.0 per cent in March 2026 from 1.3 per cent in February 2026, driven mainly by softer food price increases. The IMF projects inflation to gradually rise to 1.2 per cent in 2026 and 1.5 per cent in 2027. (IMF World Economic Outlook Update | Trading Economics, 17 April 2026).

2.3.2 Monetary Policy Developments in Selected EMDEs

Brazil: Brazil tightened monetary policy in 2025, raising the policy rate to 15.0 per cent to curb inflation and maintained it at the same level through early 2026. In March 2026, the central bank slightly cut the rate to 14.75 per cent as tighter policy began to slow economic activity. The decision reflected both easing domestic conditions and rising external risks, while inflation remained above target despite some improvement (Central Bank of Brazil | Trading Economics, 20 April 2026).

Russia: The Central Bank of Russia cut its key interest rate three times in 2025, reflecting a gradual shift toward a more balanced economic growth trajectory despite persistent inflationary pressures. By December 2025, the key policy rate stood at 16 per cent. In March 2026, the Central Bank of Russia further reduced its key policy rate by 50 basis points to 15 per cent, marking a seventh consecutive cut. The Bank noted that underlying inflation indicators declined more than expected at the start of 2026, justifying the continued easing cycle (Trading Economics | Bank of Russia, April 2026).

India: The Reserve Bank of India reduced the cash reserve ratio (CRR) to 4.0 per cent of net demand and time liabilities (NDTL) to inject durable liquidity during the January to March 2025 period. The repo rate was reduced to 6.25 per cent in February 2025 and further cut to 6 per cent in April 2025. Subsequently, the repo rate was adjusted in May 2025, to 5.5 per cent and again in December 2025 to 5.25 per cent. The Reserve Bank of India then kept its key policy rate unchanged at 5.25 per cent for the three months to March 2026. The ongoing Iran–US conflict poses risks to India's GDP growth and adds to inflationary pressures (Reserve Bank of India | Trading Economics, 20 April 2026).

China: Between January and April 2025, China's one-year loan prime rate (LPR), a key benchmark for corporate loans and mortgage pricing, remained unchanged at 3.5 per cent. From May 2025 through April 2026, the People's Bank of China (PBoC) maintained its benchmark lending rates at record lows for an 11th consecutive month, in line with market expectations. During this period, the one-year LPR was held at 3.0 per cent, while the five-year LPR remained at 3.5 per cent.



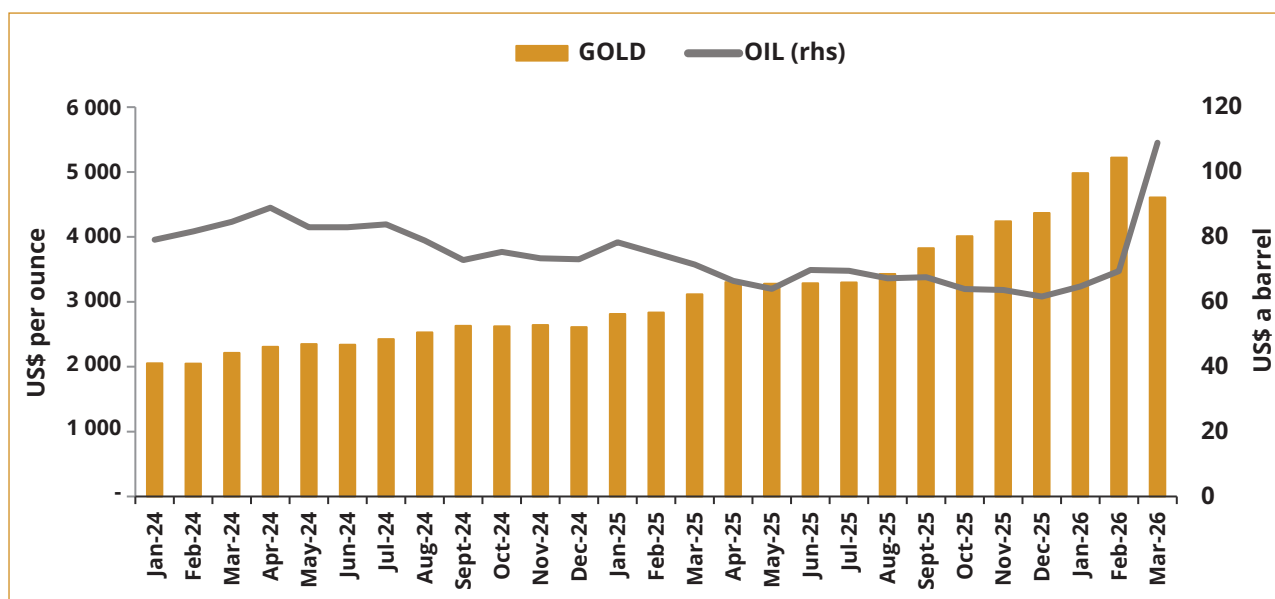
2.4 Commodity Markets

According to the Organisation of the Petroleum Exporting Countries' (OPEC's) April 2026 Monthly Oil Market Report, Brent crude oil prices averaged US\$68.22 per barrel in 2025, down by 14.6 per cent from 2024, mainly due to oversupply and uncertainty surrounding United States trade policy, which weakened market sentiment. However, oil prices rebounded sharply in early 2026, averaging US\$99.60 per barrel in March and US\$105.07 per barrel in April, driven by strong demand and supply disruptions linked to the Middle East conflict. In particular, the effective closure of the Strait of Hormuz, a key global oil transit route accounting

for about 20 per cent of global fuel supply, heightened concerns over energy security and contributed to elevated oil price volatility.

Meanwhile, gold prices recorded a historic rally between 2024 and 2025, with the average annual price rising to about US\$3,431 per ounce in 2025 from US\$2,397.08 in 2024. Prices surged by around 50 per cent during 2025, reaching record highs amid geopolitical instability, strong central bank purchases, and heightened safe-haven demand. Gold reached the US\$4,000 per ounce mark by October 2025, while fourth-quarter prices averaged a record US\$4,135 per ounce, peaking at a monthly average of US\$4,368 in December 2025.

Gold and Crude Brent Oil Prices; January 2024 to March 2026



Source: <https://www.gold.org/goldhub/data/gold-prices> | opec.org, April 2026

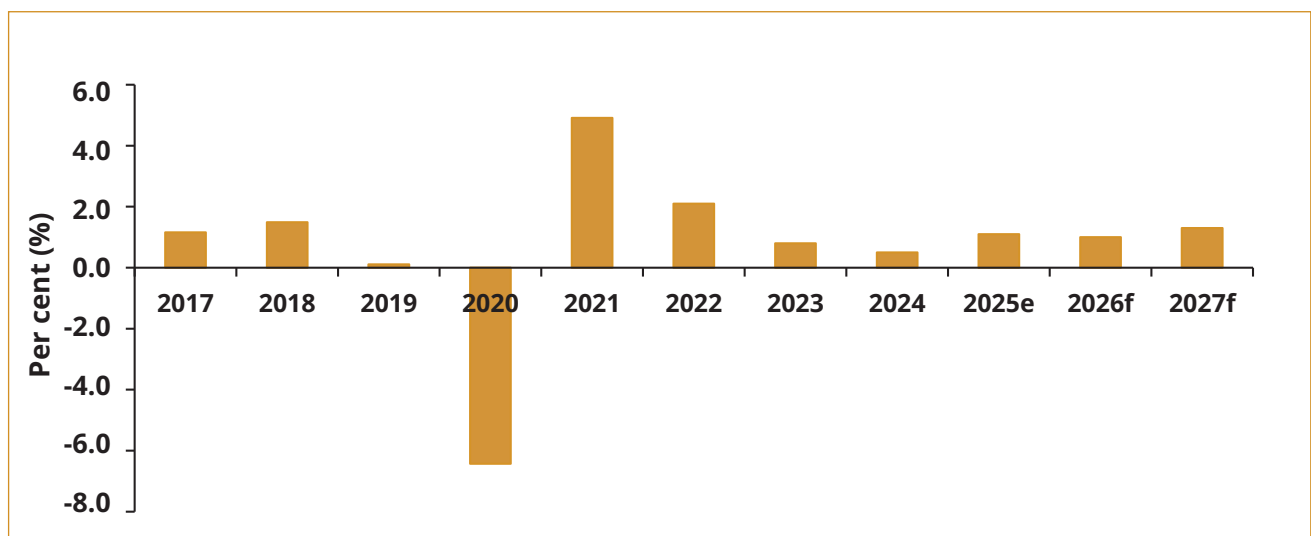
In 2026, gold prices continued to benefit from global uncertainty, reaching an all-time high of US\$5,222 per ounce in February 2026 before easing to an average of US\$4,608 per ounce in March. Despite the decline, gold remained supported by persistent geopolitical tensions, elevated central bank buying, and continued investor demand for safe-haven assets, with near-term prices expected to remain volatile amid ongoing global shocks (World Gold Council Report | MarketWatch | OPEC Annual Report | Monthly Oil Market Report, April 2026).

2.5 South African Economic Developments

2.5.1 Economic Growth

South Africa's economy grew by 1.1 per cent in 2025, marking the strongest expansion since 2022, following a downwardly revised growth rate of 0.5 per cent in 2024. Economic growth was primarily driven by the agriculture sector, which expanded by 17.4 per cent. Additional support came from the trade, catering, and accommodation sector, which grew by 2.3 per cent, while the finance and transport sectors recorded growth of 1.9 per cent and 0.8 per cent, respectively.

South Africa Yearly GDP Growth; 2017 to 2027



Source: STATS SA; projections by IMF/SARB, April 2026

According to the IMF, disruptions arising from the Middle East conflict are expected to slow South Africa's economic growth slightly to 1.0 per cent in 2026. Growth is projected to recover to 1.3 per cent in 2027, supported by a gradual resumption of private investment driven by ongoing structural reforms as the effects of the conflict begin to ease (Statistics South Africa | IMF World Economic Outlook Update, April 2026).

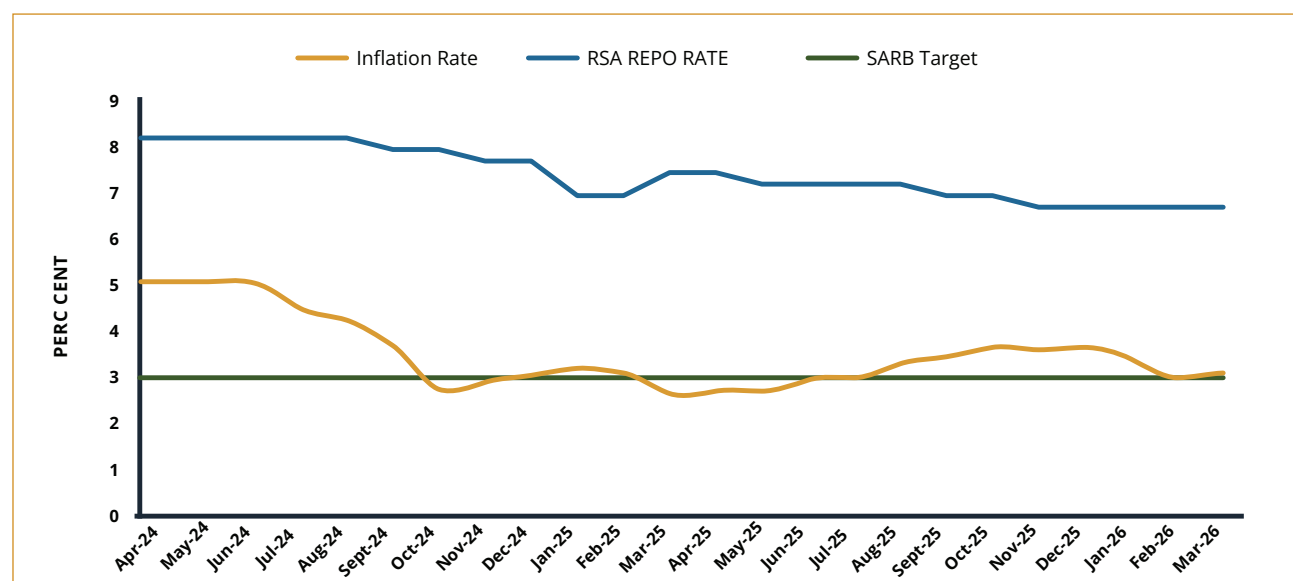
2.5.2 Monetary Policy

In 2025, the South African Reserve Bank (SARB) initially maintained the policy rate at 7.5 per cent in March, citing heightened global uncertainty, before reducing it by 50 basis points to 7.0 per cent in September 2025. In November 2025, the SARB implemented a further 25-basis-point cut, lowering the repo rate to 6.75 per cent. At the same time, the Bank introduced a new inflation target of 3.0 per cent within a narrower 2–4 per cent tolerance band, replacing the previous 3–6 per cent range, with the aim of anchoring inflation expectations, lowering borrowing costs, and supporting the economy.



By January 2026, the repo rate was maintained at 6.75 per cent as the economy recorded growth for four consecutive quarters and inflation continued to ease. On 26 March 2026, the SARB again kept the repo rate unchanged at 6.75 per cent, marking a second consecutive pause, while highlighting upside inflation risks stemming from the Middle East conflict, despite inflation aligning with the new 3.0 per cent target in February 2026 (SARB, April 2026).

South Africa Repo Rate and Inflation Rate Trends: April 2024 to March 2026



Source: South African Reserve Bank | Statistics SA, April 2026

Higher energy and fertilizer costs are expected to push inflation to around 4.0 per cent in Q2 2026 before easing toward 3.0 per cent by late 2027. Consequently, inflation forecasts were revised upward for 2026 and 2027, prompting the South African Reserve Bank to scale back expected rate cuts and signal that interest rates may remain higher for longer amid ongoing Middle East tensions (South African Reserve Bank, 10 April 2026).

2.5.3 South Africa Inflation Rate

South Africa's annual inflation averaged 3.2 per cent in 2025, down from 4.4 per cent in 2024. In November 2025, the government and the South African Reserve Bank introduced a new inflation target of 3.0 per cent with a ± 1.0 percentage point tolerance band, marking the first major revision to the inflation-targeting framework in 25 years (South African Reserve Bank Monetary Policy Statements, 2025).

Inflation edged up to 3.1 per cent in March 2026 from 3.0 per cent in February 2026, driven mainly by rising transport and housing cost. Despite transport prices remaining in deflation, the pace of decline slowed as fuel prices increased on higher global oil prices and a weaker rand. Housing and utilities inflation strengthened, driven by higher rental costs and elevated maintenance expenses. In contrast, food inflation continued to ease, supported by strong agricultural output and declining prices in several categories, despite high meat prices. Core inflation rose to 3.2 per cent, indicating growing underlying price pressures linked to higher transport costs and more

expensive imports (Statistics South Africa | Trading) 2.5.4 South Africa's Unemployment Rate According to Statistics South Africa, unemployment rose sharply in the first half of 2025 before improving in the second half. The unemployment rate increased to 32.9 per cent in the first quarter of 2025, with unemployed persons rising to 8.2 million. By the fourth quarter of 2025, the rate had eased to 31.4 per cent, the lowest since the third quarter of 2020 as the number of unemployed persons declined to 7.8 million and employment increased to 17.1 million.

In 2025, South Africa experienced significant job losses in the manufacturing and trade sectors, while construction and finance recorded some gains in the second half of the year. Persistently weak economic growth below 2.0 per cent has continued to constrain employment creation, reflecting deep structural labour market challenges. The IMF projects the unemployment rate to remain elevated at 32.5 per cent in 2026 before easing slightly to 32.4 per cent in 2027 (Statistics South Africa, April 2025 – April 2026).

2.6 Regional Developments

Overview

As a small open economy, Eswatini is a member of several multilateral and regional economic organisations aimed at promoting trade integration, reducing barriers to commerce, enhancing access to regional and global markets, and ultimately improving the welfare of its citizens. Below are highlights of recent developments within

some of these regional economic organisations.

2.6.1 African Continental Free Trade Area

Additional State Parties ratified the African Continental Free Trade Area (AfCFTA) Agreement during the review period. According to the AfCFTA Secretariat, as of January 2025, 48 out of the 54 signatory states had deposited their instruments of ratification with the African Union Commission

(AUC), raising the ratification rate to 89 per cent from 87 per cent recorded in fiscal year 2024/2025. Furthermore, tariff offers from 45 member states were adopted by the AfCFTA Council of Ministers. Progress was also recorded in negotiations on rules of origin, with agreement reached on 92.3 per cent of tariff lines. Outstanding negotiations remained in the textiles and apparel, as well as automotive sectors.

2.6.2 Common Monetary Area

During fiscal year 2025/26, the Common Monetary Area (CMA) Governors held their three scheduled meetings, focusing on recent economic developments, the application of artificial intelligence (AI) in central banking and AI implications to broader central banking, updates on the CMA Governors' strategy, smart regulation, and other shared priorities.

As part of operationalizing the revised Multilateral Monetary Agreement (MMA) signed in July 2021, efforts to convene the CMA Council meeting continued. Eswatini's two-year tenure as Council Chair and Secretariat concluded in June 2025, with responsibilities handed over to the Kingdom of Lesotho. While initial plans to hold the Council meeting alongside Southern African Customs Union (SACU) sessions were hindered, Lesotho successfully convened the meeting in October 2025 on the sidelines of the Annual IMF and World Bank Meetings in Washington.

The Council resolved that future CMA Council meetings will be held annually each October during the IMF and World Bank gatherings. At the October 2025 meeting, the Council adopted the CMA work programme and directed that it be updated to comprehensively reflect current developments. The Secretariat is advancing this work in preparation for the next Council meeting.

2.6.3 The Southern African Customs Union

During the period April 2025 to March 2026, the South African Customs Union continued to advance implementation of its strategic priorities, with a focus on strengthening institutional effectiveness, deepening regional integration, and enhancing trade facilitation mechanisms. Progress was recorded in the implementation of the SACU Strategic Plan, particularly in the areas of industrialization, investment, and export promotion. Member States developed specific work programmes for priority sectors such as textiles, beef, leather and essential oils, which lays the foundation for building robust regional value chains and promote industrialization.





Complementing this, work under the trade facilitation and logistics programme focused on improving the efficiency of cross-border trade systems and coordination among customs administrations. In the area of trade and customs cooperation, SACU continued to strengthen collaboration among member states through initiatives aimed at improving the consistency and reliability of intra-regional trade data. The ongoing work on trade data reconciliation reflects a sustained effort to enhance the quality of trade statistics and support evidence-based policymaking.

Financial governance and oversight remained a priority, with continued monitoring of the Secretariat's budget and overall financial management framework. This was supported by structured engagement among finance and audit structures, reinforcing accountability and risk management within the Union. Institutional reforms remained a central focus during the period, with SACU maintaining interim arrangements while advancing discussions on a reimagined SACU framework. These reforms aim to improve the effectiveness, responsiveness, and strategic alignment of SACU institutions in supporting regional integration objectives.

The Southern African Customs Union held its 79th Meeting of the SACU Commission on 24 April in Johannesburg South Africa. The meeting welcomed the newly appointed Executive Secretary, Mr. Dumisani Masilela. Highlighted in the meeting is that it marked a critical juncture in the SACU's strategic direction, as it took place following a Mid-Term Review Workshop of the SACU Strategic

Plan (2022 – 2027).

It has emerged that while SACU has made progress under the Strategic Plan (2022–2027), implementation has been uneven across the six pillars, with some areas showing significant advancement (notably trade facilitation), while others, particularly industrialization, lag behind. The Commission agreed to defer the development of a Resource Mobilisation Strategy, pending the outcome of the Re-imagined SACU Study. Regarding specific work on Industrialization – Pillar, progress has been in advancing the strategy by way of undertaking a situational analysis. Items that have been considered include Automotive value chains; Green Mineral Beneficiation; Agro-inputs and completion of the Export Potential Map. Notably, the Trade Facilitation Pillar remains the strongest performing area. It has specifically completed a baseline assessment of the SACU trading environment and established focused Technical Working Groups (TWGs). The most significant outcome of the 79th Commission Meeting was the formal endorsement of all recommendations from the Mid-Term Review Workshop that was held on 21-23 April 2026. Priority Actions Going Forward include finalising and implementing a recalibrated Strategic Plan; Establishing a robust Monitoring & Evaluation framework; Strengthening institutional and technical capacity; Enhance coordination among Member States and accelerating implementation of flagship initiatives. These adjustments are intended to support more effective implementation of programmes and improve oversight of regional initiatives.

2.6.4 The Southern African Development Community Free Trade Area

The Southern African Development Community (SADC) Free Trade Area (FTA) continued to record steady progress, with Member States reaffirming commitment to deepening regional integration and trade facilitation. Discussions during the period emphasised: Addressing non-tariff barriers, enhancing trade facilitation and customs cooperation, and promoting industrial development and value addition across the region. During the reporting period, the transition to digital customs made major strides, with seven member states, including Eswatini, Botswana, and Zimbabwe actively participating in data exchange or finalizing their electronic Certificate of Origin (e-CoO) modules to drastically reduce transit and clearance times.

Member States acknowledged progress in

implementing the SADC FTA, while also recognising the need to accelerate the execution of outstanding commitments.

In the financial sector, regional payment integration advanced further through:

- Expansion of the SADC-Real Time Gross Settlement (RTGS) system, and
- Increased adoption of the Transactions

Cleared on an Immediate Basis (TCIB) platform for low-value cross-border transactions, improving financial inclusion and reducing remittance costs. At the policy level, SADC continued aligning its macroeconomic convergence framework with continental initiatives under the African Monetary Cooperation Programme. The SADC integration agenda is also being pursued within the broader framework of Vision 2050, which prioritises industrialisation, infrastructure development, and inclusive growth.

2.6.5 COMESA-EAC-SADC Tripartite Free Trade Area

The Tripartite Free Trade Area (TFTA), which entered into force in July 2024, continued to consolidate momentum during the review period, representing a significant milestone in African regional integration.

The TFTA brings together 29 countries, creating an expanded market and enhancing prospects for trade and investment integration across eastern and southern Africa.

During 2025, COMESA held its 24th Summit of Heads of State and Government, with a focus on leveraging digitalisation to deepen regional value chains and promote sustainable growth.



Key developments included: continued expansion of intra-regional trade facilitation measures, promotion of digital trade platforms and data-driven policymaking, and strengthening of sectoral cooperation in energy, transport, and services. Engagement between the East African Community (EAC), Common Market for East and Southern Africa (COMESA) and SADC, were resuscitated. SACU and the EAC engaged mainly on tariff offer, which were not concluded during the reporting period.

In the payments space, the COMESA Clearing House advanced work on: The Regional Payment and Settlement System (REPSS), and the introduction of a Digital Retail Payment Platform (DRPP) to support real-time, low-cost cross-border transactions (comesach.org). These initiatives are expected to significantly enhance financial integration and reduce transaction costs within the region.



2.6.6 Association of African Central Banks

During the period March 2025 to April 2026 financial year, the Association of African Central Banks (AACB) continued implementing its work programme, focusing on advancing monetary cooperation and financial integration across Africa. At the AACB Bureau Meeting held in May 2025, members reviewed progress on implementing decisions of previous meetings, with implementation levels reaching approximately 85.7 per cent.

Key areas of progress included:

- Advancement of the African Monetary Cooperation Programme (AMCP),

- Development of regional roadmaps for monetary policy harmonisation, and
- Ongoing preparations toward the establishment of the African Monetary Institute (AMI).

AACB engagements also continued to emphasise: Enhancing payment systems interoperability, promoting financial inclusion, and strengthening the role of digital innovation in central banking. In addition, analytical work highlighted the continued low levels of intra-African trade, underscoring the importance of payment system integration and policy harmonisation in supporting continental trade objectives.

The Regional Payment and Settlement System (REPSS), and the introduction of a Digital Retail Payment Platform (DRPP) to support real-time, low-cost cross-border transactions (comesach.org).

3. DOMESTIC ECONOMY



3.1 Annual Real GDP Developments

Preliminary estimates of economic activity, as measured by Gross Domestic Product (GDP), indicate a marked improvement compared to the previous year. As of January 2026, the Macro-Forecasting Team estimated that real GDP expanded by 5.6 per cent in 2025, up from 3.0 per cent in 2024. This growth was largely supported by positive performance in the tertiary sector.

Primary Sector Developments

The primary sector is estimated to have grown by 2.8 per cent in 2025, down from 3.1 per cent in 2024. The slowdown was mainly driven by weaker performance in the 'mining and quarrying'

subsector. Challenges in South Africa's ferrochrome industry during the first half of 2025, which led to temporary shutdowns in some steel operations, negatively affected local anthracite coal production. Although conditions improved in the second half of the year following policy interventions in South Africa, particularly relating to electricity costs, this was not sufficient to fully offset earlier losses. As a result, coal production declined by 5.9 per cent to 463,095 metric tonnes in 2025. Partially offsetting this decline were gains in other minerals, including small-scale gold production, and quarried stone. Gold production increased by 42.2 per cent to 53 kilograms, while quarried stone output rose by 57.1 per cent to 293,868 cubic metres, supported by increased construction activity during the review period.

Mining and quarrying, production and sales revenue; 2022 to 2025

	2022	2023	2024	2025
Production				
Coal (Mt)	215,581	393,328	492,356	463,095
Quarried stone (M3)	184,226	160,117	187,154	293,868
Gold (kilograms)				52.31
Sales Value (E' Millions)				
Coal	506.0	707.1	151.9	671.6
Quarried stone	65.1	60.0	77.0	65.4
Gold			-	72.4
Total Sales	292.8	257.4	363.3	809.4

Sources: Mining Department

The 'animal production' subsector performed poorly due to an outbreak of foot-and-mouth disease, which caused supply disruptions, particularly in cattle, and led to a ban on beef exports to the European market from May 2025. In addition, the 'poultry' industry continued to face supply chain constraints due to the prevalence of Highly Pathogenic Avian Influenza (HPAI) in South Africa and Brazil, from which Eswatini sources day-old chicks and hatching eggs. On a positive note, 'pig slaughters' increased significantly by 20.6

per cent to 41,247 in 2025, partially offsetting the decline in beef production.

Modest growth was recorded in the 'crop production' and 'forestry and logging' subsectors. Despite erratic weather conditions, maize and sugarcane production rose by 3.6 per cent to 77,640 metric tonnes and 5,625,723 metric tonnes, respectively, in 2025. Cotton production also increased by 3.0 per cent to 619 metric tonnes over the same period.

Production volumes (Metric Tonnes (MT)) for selected crops; 2022 to 2025

Crop	2022	2023	2024	2025*
Maize	127,315	85,202	74,947	77,640
Cotton	917	506	601	619
Sugarcane	5,539,322	5,213,699	5,431,671	5,625,723

Source: Ministry of Agriculture, Eswatini Cotton Board and Eswatini Sugar Association *Preliminary

Secondary Sector Developments

The secondary sector is estimated to have grown by 4.4 per cent in 2025, slightly lower than the stronger growth of 6.6 per cent recorded in 2024. The slowdown was mainly driven by weaker momentum in the manufacturing sector, which expanded by 2.9 per cent in 2025 compared to 7.8 per cent in 2024.

Within manufacturing, the production of chemical products, which includes key export items such as 'concentrates and miscellaneous edibles' declined slightly by 0.4 per cent, following a robust increase of 9.9 per cent in the previous year. Similarly, the 'textiles and wearing apparel' subsector grew at a slower rate of 5.3 per cent compared to 8.4 per cent in 2024, reflecting softer external demand

amid uncertainties linked to direct and indirect effects of trade tariffs in key export markets. Sugar processing also moderated, growing by 3.3 per cent in 2025 compared to 5.2 per cent in 2024, in line with developments in sugarcane production and sucrose output at the agricultural level.

Subsectors that expanded at a faster pace in 2025 included 'food processing excluding sugar', 'manufacture of wood and paper products', 'manufacture of cement, glass and other non-metallic mineral products', 'manufacture of rubber and plastic products', and 'other manufacturing not elsewhere classified'. Within food processing, notable growth was recorded in grain milling, animal feed production, and dairy processing, supported by increased investment in these areas.

Annual growth rates in the Gross Value Added for the Manufacturing Sector: 2023 to 2025

Manufacturing Category	Weight	2023	2024	2025#
Food & beverages	21.3	2.8%	3.4%	6.8%
<i>f/w sugar processing</i>	11.0	-4.5%	5.2%	3.3%
Textile and wearing apparels	12.4	-11.7%	8.4%	5.3%
Wood & paper products	3.6	-11.5%	-1.0%	17.8%
Chemicals & chemical products	58.6	-1.6%	9.9%	-0.4%
Rubber & plastic products	0.7	13.7%	-2.6%	6.2%
Cement, glass and other non-metallic mineral products	0.7	-37.6%	0.8%	124.5%
Metallic products, machinery & equipment	1.1	7.3%	15.4%	4.3%
Other manufacturing	4.1	0.9%	4.0%	18.4%
Total Manufacturing	100	-2.0%	7.8%	2.9%

Source: Central Statistical Office, # Provisional estimates by Macro-Forecasting Team

In addition, strong performance was observed in manufacturing subsectors linked to construction, particularly cement production and metallic products, which recorded double-digit growth during the period. This expansion was partly driven by spillover effects from public sector investment, notably the construction of the Mpakeni Dam under the Mkhondvo–Ngwavuma Water Augmentation Project (MNWAP).

Electricity, gas, and air conditioning supply is estimated to have expanded at a double-digit rate, supported by an 18.6 per cent increase in local power generation in 2025. This enabled a reduction in electricity imports from 1,026.8 GWh in 2024 to 969.2 GWh in 2025. Despite higher production and a 4.6 per cent increase in the number of customers, electricity consumption

remained subdued at 0.2 per cent growth, reflecting weak activity in selected industrial subsectors, particularly mining and manufacturing. Sales to irrigation, industrial bulk, and commercial users declined by 0.1 per cent, while domestic electricity sales increased by 0.8 per cent over the period.

Similarly, ‘total treated water’ sales (sourced from the Eswatini Water Services Corporation, EWSC) declined by 10.7 per cent to 3.42 million kilolitres in 2025, from 3.84 million kilolitres in 2024. Water sales to ‘commercial customers’ fell by 16.6 per cent, while sales to ‘residential customers’ also decreased by 4.3 per cent. In contrast, the number of treated water connections increased by 2.0 per cent to 69,093 by the end of December 2025.

Electricity production and sales; 2022 to 2025

	2022	2023	2024	2025
Electricity Production (GWh)	419.23	395.31	346.90	411.33
Electricity Consumption (GWh)	1139.9	1148.7	1187.4	1190
<i>Of which irrigation, industrial bulk & other</i>	<i>693.9</i>	<i>702.1</i>	<i>739.3</i>	<i>738.8</i>
<i>Commercial sales</i>				
<i>Of Which Residential Sales (GWh)</i>	<i>445.9</i>	<i>446.6</i>	<i>447.8</i>	<i>451.2</i>
Electricity Imports (GWh)	882.83	935.13	1,026.82	969.20
Electricity Customers (units)	267,934	282,851	296,157	309,852

Source: Eswatini Electricity Company

Meanwhile, the construction subsector is estimated to have rebounded strongly in 2025, supported by the implementation of major public and private infrastructure projects.



Treated water consumption; 2022 to 2025

	2022	2023	2024	2025
Total Water sales (million Kl)	3.414	3.64	3.835	3.424
F/w Commercial sales (million Kl)	1.674	1.840	1.995	1.664
F/w Residential sales (million Kl)	1.740	1.800	1.840	1.760
Total Number of Water Connections (units)	62,968	63,371	67,732	69,093

Source: Eswatini Water Services Corporation

Tertiary Sector Developments

The tertiary sector is estimated to have grown by 7.6 per cent in 2025, rebounding strongly from 1.2 per cent in the previous year. Key subsectors driving this recovery included 'wholesale and retail trade', as well as 'financial and insurance services'. The 'wholesale and retail trade' subsector expanded by 9.7 per cent in 2025, following a contraction of 3.3 per cent in 2024, supported by improved domestic demand. This was partly driven by public sector salary adjustments and a low inflation environment, which contributed to real wage gains in the second half of 2025. Similarly, the 'financial services' subsector recovered from a decline of 3.2 per cent in 2024 to record strong growth of 11.8 per cent in 2025, largely reflecting robust performance in insurance and pension fund activities. Other subsectors that also recorded positive performance included 'information and communication technology', as well as 'professional and technical services'.

Developments in the 'tourism' sector were mixed. Total international arrivals continued to rise,

increasing by 7.0 per cent in 2025 to surpass 1.0 million visitors for the first time since the COVID-19 pandemic. The number of international tourists staying at least one night increased by 6.8 per cent to 192,019 in 2025. However, total bed-nights sold declined sharply by 12.6 per cent to 457,588, largely due to reduced activity in the non-governmental organisation (NGO) segment, which was negatively affected by cuts in United States aid.



Tourism Statistics; 2022 to 2025

Total number	2022	2023	2024	2025
International Arrivals	505,303	838,129	969,193	1,037,058
Domestic Tourists (units)	129,624	143,093	145,625	144,889
International Tourists	88,553	151,311	179,719	192,019
Bed-nights sold (unit)	322,909	471,382	523,378	457,588
Total (E' Million)	341.97	443.6	525.1	541.2

Source: Central Statistical Office and Eswatini Tourism Authority

3.2 GDP Growth Outlook

Domestic economic activity is projected to grow by 5.2 per cent in 2026 before moderating to an average of 3.8 per cent over the medium term (2027–2030). The strong growth expected in 2026 will be primarily driven by robust performance in the primary and secondary sectors, while growth in the tertiary sector is expected to moderate. Favourable weather conditions, alongside expanded cultivated land, are expected to support crop production. In addition, a gradual easing of constraints in the ferrochrome industry is anticipated to underpin a strong recovery in mining activity.

The secondary sector is expected to benefit from a resilient manufacturing base, particularly in sugar, textiles, chemical products, and cocoa, chocolate, and sugar confectionery manufacturing, all of which are largely export oriented. Furthermore, the construction sector is projected to expand significantly by 31.4 per cent in 2026, supported by accelerated implementation of large-scale public and private infrastructure projects, particularly in dam construction and major energy-related developments. The table below outlines selected mega projects and their anticipated implementation timelines.

Selected Private and Public Projects in the short-to-medium term

	Project Name	Project Value	Expected Implementation Period
Public	Construction of Mpakeni Dam	E2.7 billion	2024 - 2028
	Construction of MR 14 & MR21*	E2.6 billion	2025 - 2030
	Strategic Oil Reserve	E5.3 billion	2026 - 2029
Private	Solar Plant 75MW	E2.9 billion	2025 - 2028
	New Central Bank HQ	E2.9 billion	2025 - 2028
	Hydro - Lower Maguduza	E1.2 billion	2025 - 2027

Source: Macro Forecasting Team's Own Assumptions

Notes: * i.e., Siphofaneni - Nsoko & Maloma - Siphambanweni, both at 110 kilometres.

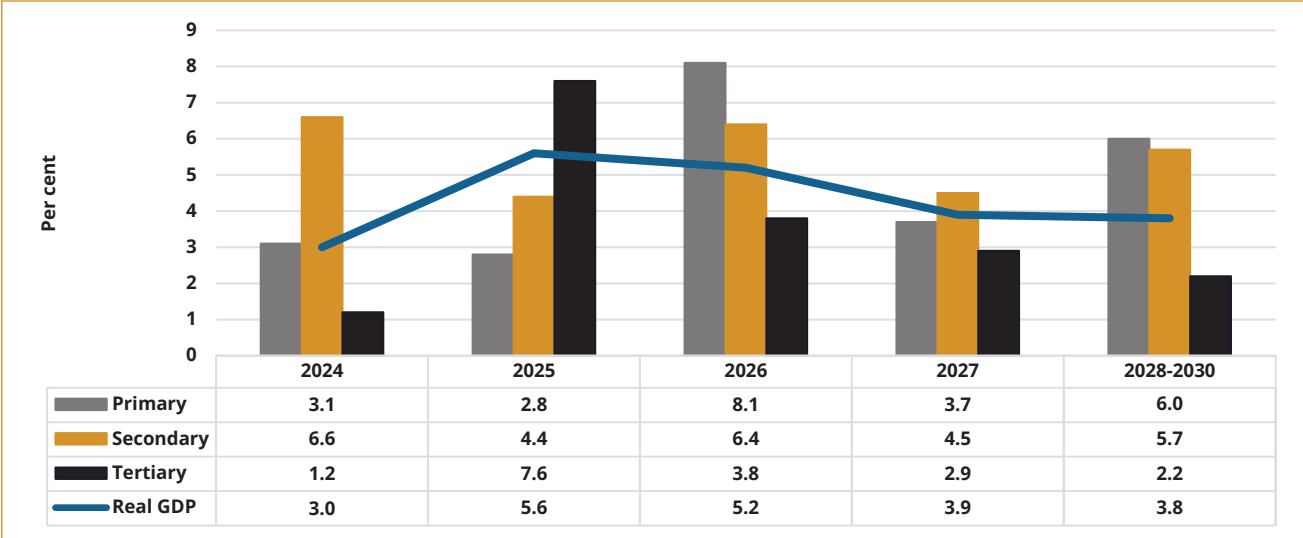
In the short to medium term, envisaged multi-billion construction projects are expected to remain key drivers of economic growth. These projects are likely to generate positive spillovers to supporting sectors such as 'transport', 'quarrying', 'manufacturing', 'wholesale and retail trade', and 'financial services', thereby contributing to broader economic activity. However, the continuation of both public and private sector projects—including energy, road infrastructure, and dam construction—will depend largely on the availability

of financing over the medium term.

In the outer years, the mining sector is expected to sustain strong growth, supported by increased coal production and ongoing exploration of additional mineral resources. The tourism industry is projected to recover to pre-COVID-19 levels and maintain a steady growth trajectory. Meanwhile, the textile industry is also expected to expand significantly, driven by increased production capacity and improved market access, although this outlook may be tempered by the re-emergence of trade barriers in key niche markets such as the United States.



Real GDP Growth 2024 to 2030



Source: Macro Forecasting Team, January 2026 Review

Downside risks remain elevated amid persistent global and domestic pressures. International trade uncertainty remains a key concern, with geopolitical tensions; particularly ongoing conflicts and rivalries continue dampening investor confidence and disrupting global supply chains.

Climate-related vulnerabilities further weaken the outlook. Erratic weather patterns, including episodes of excessive rainfall and drought, pose significant risks to agriculture and agro-processing activities. At the same time, the ongoing foot-and-mouth disease outbreak continues to

undermine livestock production and threatens access to export markets.

Domestic risks also remain pronounced. Fiscal pressures, coupled with challenges in mobilising project financing, could weigh on economic activity. In particular, volatility in Southern African Customs Union receipts and potential delays in securing external funding may constrain the implementation of capital projects, especially in the construction sector. Furthermore, inefficiencies in public sector project execution could further dampen growth prospects.

3.3 Price Developments

Inflationary pressures were contained in 2025 at global, regional, and domestic levels, although to varying degrees. This moderation was largely supported by a notable decline in international food and oil prices. According to the Food and Agriculture Organization (FAO) Food Price Index (FPI), global cereal prices continued their downward trend, falling by 4.9 per cent in 2025 following a sharper decline of 13.3 per cent in 2024. This decline was mainly driven by the removal of export restrictions on white rice in India, which increased global supply and reduced rice prices.



Similarly, favourable weather conditions in key producing countries such as India, Brazil, and Thailand resulted in a surplus in global sugar production. Combined with weaker demand for ethanol due to relatively low international oil prices in 2025, this led to a 17.0 per cent decline in global sugar prices, following a 13.3 per cent decrease in 2024. According to the Organization of the Petroleum Exporting Countries (OPEC), international Brent crude oil prices averaged US\$68.22 per barrel in 2025, reflecting a 14.6 per cent decline from 2024 levels.

At the regional level, imported inflation eased as South Africa's inflation slowed to 3.2 per cent in 2025 from 4.4 per cent in 2024. The Rand also appreciated by nearly 3.0 per cent over the review period, with stronger gains recorded in the second half of 2025. Regional food prices remained generally contained, particularly for cereals, although meat prices increased due to the outbreak of foot-and-mouth disease. In addition, maize prices on the South African Futures Exchange (SAFEX) declined in the second half of 2025, further supporting moderation in regional food inflation.

Producer Price Index (PPI)

Eswatini's headline producer price inflation for final manufactured goods declined to 3.0 per cent in 2025, compared to 12.9 per cent in the previous year. Three of the four broad categories under final manufacturing recorded slower growth during the period, namely 'manufacturing of food products and beverages', 'manufacture of textiles and clothing', and 'other manufacturing'.

Producer price inflation for 'food products and beverages' moderated significantly to 1.5 per cent in 2025 from 8.8 per cent in 2024, reflecting slower increases in producer prices for 'sugar and sugar-related products'. Prices in the 'textiles and clothing' and 'other manufacturing' categories also increased at a slower pace, rising by 4.5 per cent compared to 6.2 per cent and 18.3 per cent, respectively, in 2024.

In contrast, producer price inflation for 'manufactured wood products' increased to 3.7 per cent in 2025 from 0.8 per cent in 2024.

Producer Price Inflation; 2023 to 2025

	2023	2024	2025
PPI Categories	Average annual per cent (%) changes		
PPI final manufacturing	18.9	12.9	3.0
<i>Food products & beverages</i>	13.7	8.8	1.5
<i>Textile & clothing</i>	8.4	6.2	4.5
<i>Wood products & sawmilling</i>	11.3	0.8	3.7
<i>Other Manufacturing</i>	26.2	18.3	4.5
PPI mining & quarrying	66.2	-17.0	-20.6
PPI utilities	7.0	11.8	6.8
PPI agriculture & forestry	12.7	19.0	7.7

Source: Central Statistical Office

In other PPI categories, 'mining and quarrying' recorded a deflation of 20.6 per cent in 2025, following a contraction of 17.0 per cent in 2024, largely reflecting international commodity price trends for anthracite coal.

Producer price inflation for utilities also slowed to 6.8 per cent in 2025, down from 11.8 per cent in 2024, reflecting lower tariff increases for

'commercial and industrial' customers by the Eswatini Electricity Company (EEC), in line with approvals from the Eswatini Energy Regulatory Authority (ESERA).

Growth in the agriculture and forestry PPI category also moderated, slowing to 7.7 per cent in 2025 from 19.0 per cent in the previous year.

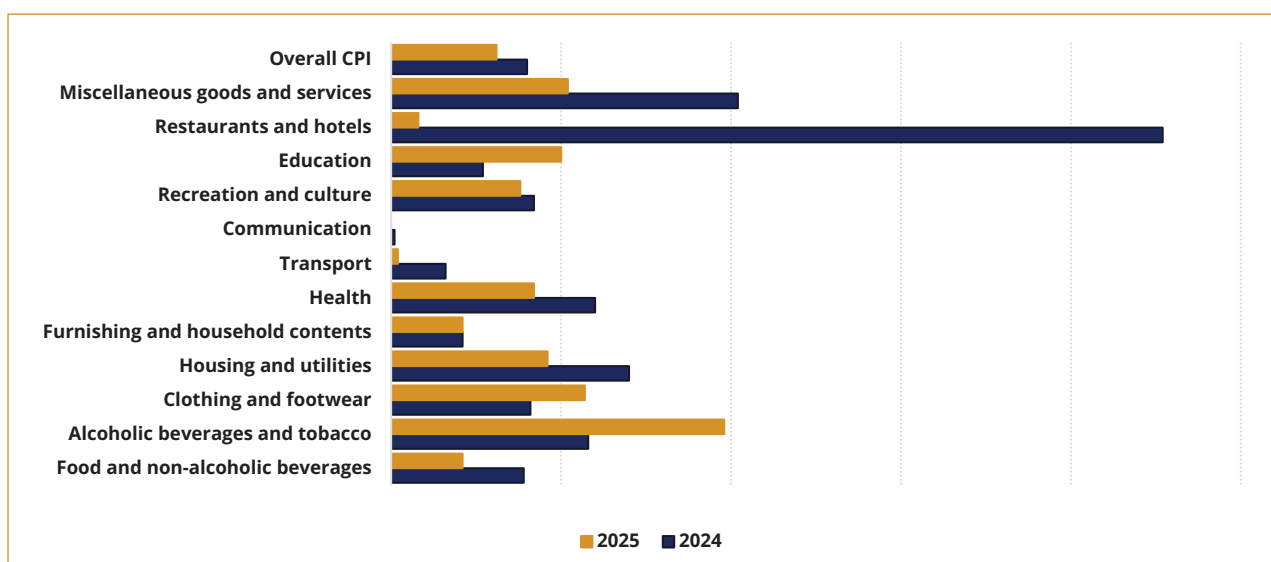
Consumer Price Index (CPI)

Headline consumer inflation averaged 3.1 per cent in 2025, down from 4.0 per cent in 2024. Price developments based on the Classification of Individual Consumption by Purpose (COICOP) show that annual average consumer price inflation decelerated in 7 of the 12 COICOP categories, accelerated in 3 categories, and remained unchanged in the remaining 2 categories. Among the categories with lower inflation, a significant moderation was recorded in the 'restaurants and hotels' index, which increased by only 0.8 per cent in 2025 compared to 22.7 per cent in the previous year. This sharp slowdown was largely attributed to base effects and weaker demand in 'accommodation services', following cuts

in United States aid that negatively affected NGO-related activities, including 'conferencing and hospitality services'.

The top three categories with the highest weight in the CPI basket—'housing and utilities', 'food and non-alcoholic beverages', and 'transport'—all recorded slower increases in the review period. The 'housing and utilities' index grew by 4.6 per cent in 2025, down from an average of 7.0 per cent in 2024. This slowdown was driven by more moderate increases in rental prices and a lower electricity tariff adjustment of 8.0 per cent in 2025/26, compared to approximately 11.0 per cent in the previous year.

CPI comparison; 2025 versus 2024



Source: Central Statistical Office

Food inflation declined further, averaging 2.1 per cent in 2025 compared to 3.9 per cent in 2024. This moderation was driven by lower prices for rice, vegetables, fish and seafood, and edible oils and fats, as well as slower increases in sugar and dairy product prices. In contrast, 'meat' prices, particularly beef as well as 'sugar confectionery products' recorded moderate increases.

Transport inflation also slowed significantly to 0.2 per cent in 2025 from 1.6 per cent in 2024, reflecting lower international oil prices and an appreciation of the domestic currency. Domestic fuel prices averaged E20.39 per litre in 2025, compared to E20.88 per litre in 2024. Transport inflation further benefited from slower increases in vehicle purchase prices.



However, inflationary pressures persisted in selected categories, including 'education', 'alcoholic beverages and tobacco', and 'clothing and footwear'. The 'education' index rose by 5.0 per cent in 2025, up from 2.7 per cent in 2024, driven by average fee increases of 9.6 per cent in pre-primary education and 6.0 per cent in secondary education. The 'alcoholic beverages and tobacco' index increased by 9.8 per cent in 2025 compared to 5.8 per cent in 2024, largely reflecting new levies introduced by the Ministry of Finance in September 2025. 'Clothing and footwear' prices also edged higher, averaging 5.7 per cent in 2025 compared to 4.1 per cent in 2024.

Overall, CPI for 'semi-durable goods' rose by 4.0 per cent in 2025, up from 3.6 per cent in 2024, while 'other goods' categories, including durables and non-durables, recorded lower increases during the period under review. Core inflation, measured as CPI excluding 'food, non-alcoholic beverages', 'auto fuel, and energy' moderated to 3.5 per cent in 2025 from 3.7 per cent in the previous year, indicating contained underlying inflationary pressures. Services inflation averaged 2.7 per cent in 2025, one percentage point lower than in the previous year, while CPI for durable goods softened to 1.2 per cent from 3.4 per cent over the same period.

Consumer Price Index for Goods and Services; 2023 to 2025

	<i>Weight</i>	2023	2024	2025
		Annual average percentage change (%)		
CPI Overall	100.00	5.0	4.0	3.1
<i>CPI excluding FNAB, auto-fuel and energy</i>	70.22	2.2	3.7	3.5
CPI Goods	56.07	7.6	4.2	3.3
<i>Non-durables</i>	41.60	9.2	4.6	3.4
<i>Semi-durable</i>	6.99	4.9	3.6	4.0
<i>Durable</i>	7.48	1.2	3.4	1.2
CPI Services	43.93	1.2	3.7	2.7

Source: Central Statistical Office

Inflationary pressures have remained contained in the opening months of 2026, with headline inflation averaging 1.9 per cent in the first three months of the year. Food and transport inflation averaged 0.3 per cent and 0.0 per cent, respectively, over the same period.

However, emerging risks are expected to exert upward pressure on inflation in the months ahead. Geopolitical tensions have pushed international oil prices above the US\$100 per barrel mark in March 2026, while an average electricity tariff increase of 11.74 per cent approved by the Eswatini Energy Regulatory Authority (ESERA) is also likely to

contribute to rising inflationary pressures going forward.

Following a reduction of 70 cents per litre in February 2026 across all three domestic fuel categories, subsequent increases in international oil prices led to cumulative price hikes of E5.82 per litre for petrol, E11.75 per litre for diesel, and E12.08 per litre for paraffin between April and May 2026. These increases are expected to place upward pressure on overall consumer prices and may also trigger secondary effects in other categories, particularly public transport fares.

Geopolitical tensions have pushed international oil prices above the US\$100 per barrel mark in March 2026

3.4 Inflation Outlook

The Bank's short-term inflation forecasts have been revised upward despite the moderation in food inflation, reflecting emerging inflationary pressures largely driven by geopolitical tensions in the Middle East involving the United States, Israel, and Iran, which have contributed to a sharp increase in global oil prices. The expected uptick is mainly attributable to upward pressure from the non-food components of the consumption basket, particularly fuel prices and utility tariffs. The ongoing geopolitical tensions, especially the conflict between the United States and Iran, have intensified upside risks to the inflation outlook through disruptions in global oil supply.

Exchange rate developments also present a key upside risk. Although the Rand/Lilangeni exchange rate appreciated marginally in April following news of a ceasefire between the United States and Iran, it is expected to remain under pressure as the situation remains unresolved. This could amplify imported inflationary pressures, particularly given Eswatini's heavy reliance on imports from South Africa, especially fuel.

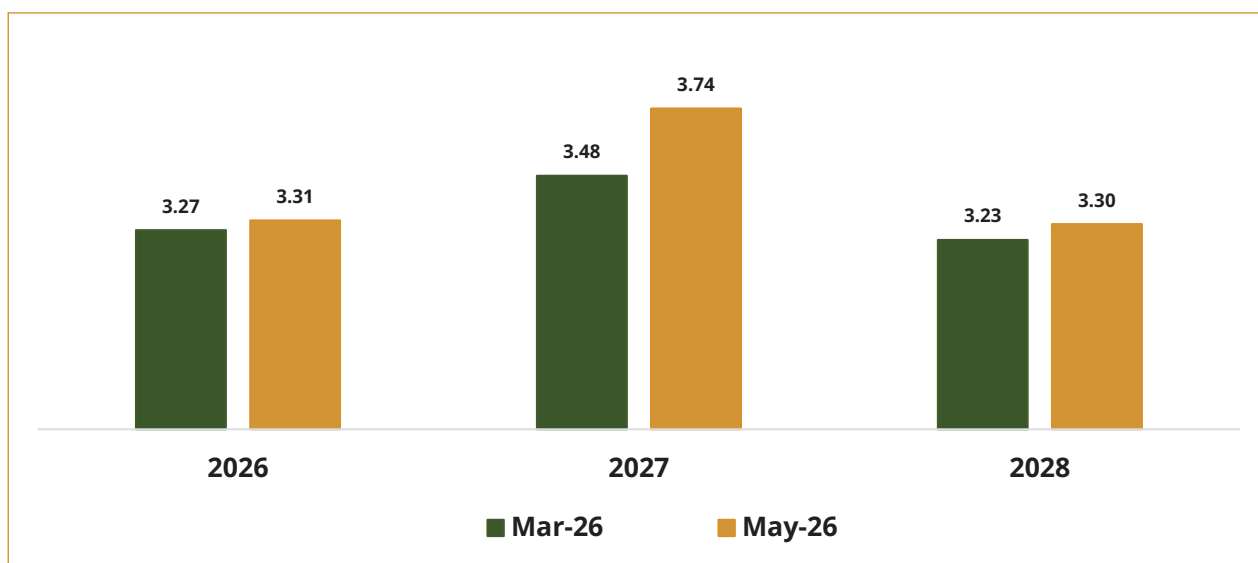
Developments in core inflation indicate that it stabilised at an average of 2.31 per cent during the first quarter of 2026, slightly below the Bank's forecast of 2.53 per cent at the previous meeting. In the short term, food inflation is expected to remain stable, although upside risks persist due to volatility in the exchange rate against the US dollar. Services inflation is expected to exert upward

pressure, mainly driven by transport costs following fuel price increases in April and May 2026, which prompted applications for higher public transport fares. Despite these pressures in transport, the stability of food prices supports a relatively contained short-term outlook, given their large weight in the CPI basket. Core inflation is projected to average 1.79 per cent in the second quarter before rising to 2.12 per cent in the fourth quarter of 2026.

The Bank's inflation forecasts for 2026 have hence been revised slightly upward. Consequently, the annual average inflation forecast for 2026 has been revised marginally upward to 3.31 per cent from 3.27 per cent.

Over the medium term, oil prices are expected to remain elevated amid expectations of a prolonged conflict in the Middle East, compounded by a weaker outlook for the Rand/Lilangeni exchange rate. These developments are likely to sustain upward pressure on imported inflation and fuel-related costs. In addition, potential increases in administered prices, particularly electricity tariffs and fuel prices, continue to pose upside risks to the inflation outlook. In this regard, the inflation forecast for 2027 has been revised upward to 3.74 per cent from 3.48 per cent, while the 2028 forecast has also been revised upward to 3.30 per cent from 3.23 per cent, reflecting persistent medium-term inflationary pressures despite expectations of gradual moderation over the forecast horizon.

Annual Inflation Forecasts: 2026 to 2028



Source: Central Bank of Eswatini

4. BALANCE OF PAYMENTS



Annual Summary of Balance of Payments (E' Million) 2021 to 2025

Description	2021	2022	2023	2024	2025
Current account	1,882.3	-2,112.5	1,863.3	1,853.4	2,466.4
Goods	1,890.8	1,119.7	3,058.9	4,639.1	4,892.9
Exports f.o.b.	30,513.8	33,298.5	37,452.3	42,508.2	44,199.8
Imports f.o.b.	28,622.9	32,178.8	34,393.4	37,869.0	39,307.0
Services	-2,444.3	-4,138.4	-6,512.7	-5,593.9	-7,188.6
Exports	1,070.1	1,060.0	2,699.0	4,274.1	5,578.5
Imports	3,514.4	5,198.4	9,211.7	9,868.1	12,767.1
Primary Income	-5,359.3	-6,164.8	-5,678.9	-11,267.3	-7,423.5
Credit	1,649.6	2,114.4	2,364.2	2,624.5	2,650.2
Debit	7,008.9	8,279.2	8,043.1	13,891.8	10,073.7
Secondary Income	7,795.0	7,071.0	10,996.0	14,075.6	12,185.7
Credit	8,688.9	8,194.5	12,543.9	15,687.1	14,467.3
Debit	893.9	1,123.5	1,547.9	1,611.5	2,281.6
Financial Account	2,469.6	-2,242.6	1,936.7	1,829.7	2,529.0
Direct investment	-845.3	-522.5	-926.9	-1,336.2	-907.8
Assets (Abroad)	891.3	-284.5	-385.4	1,118.5	-95.3
Liabilities (In Eswatini)	1,736.7	238.1	541.5	2,454.7	812.5
Portfolio investment	5,784.5	-368.5	2,804.0	1,669.7	7,057.2
Assets	5,784.5	-368.5	2,804.0	2,043.8	6,954.8
Liabilities				374.1	-102.4
Financial derivatives	14.5	2.4	65.9	88.8	13.9
Other investment	-2,704.3	-383.9	-621.5	367.9	-6,549.7
Assets	689.6	4,055.5	-188.1	2,281.0	-1,354.9
Liabilities	3,393.9	4,439.4	433.4	1,913.2	5,194.8
Reserve assets	220.2	-970.1	615.2	1,039.6	2,915.4
Monetary gold					152.5
Special drawing rights	1,514.3	-2,303.5	-167.1	62.2	-329.3
Reserve position in the IMF					
Currency and deposits	-10.2	763.5	740.6	497.6	2,138.6
Net Errors and Omissions	609.2	-74.3	75.9	-0.2	25.9

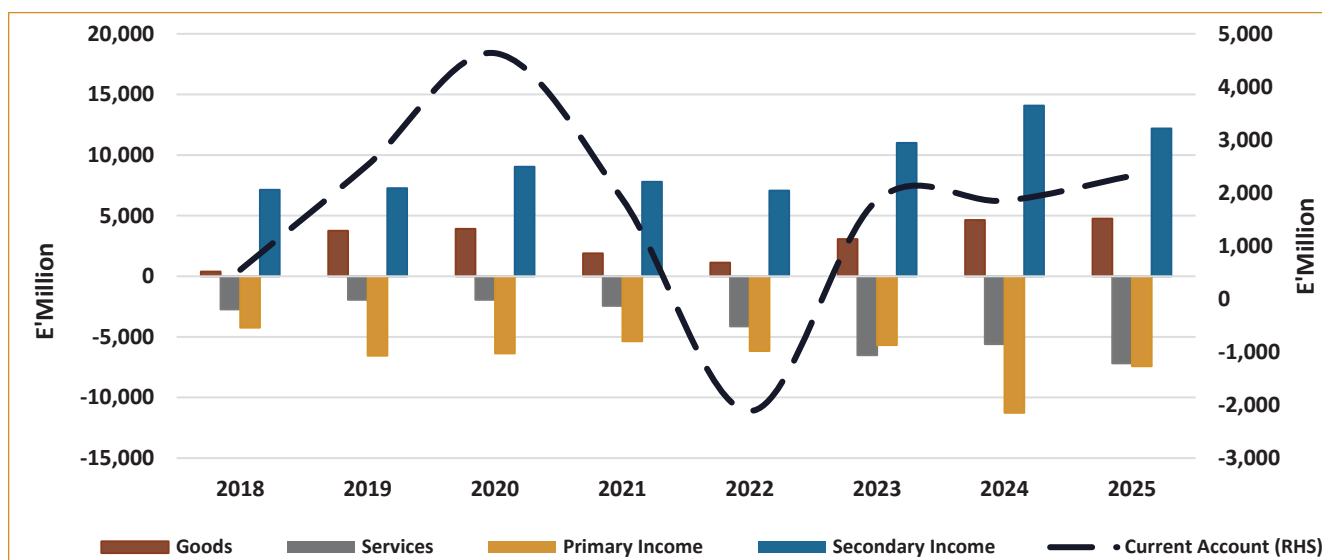
Source: Central Bank of Eswatini

4.1 Current Account

Preliminary data indicate that the current account recorded a larger surplus in 2025, amounting to E2.5 billion, up from a revised surplus of E1.85 billion in 2024 and E1.86 billion in 2023. The improvement in the current account balance was

mainly supported by a sustained positive goods trade balance, alongside continued strong secondary income inflows, despite a wider deficit in the services account. As a share of GDP, the current account surplus increased marginally to 2.4 per cent in 2025 from 2.1 per cent in 2024.

Current Account Components; 2018 to 2025



Source: Central Bank of Eswatini

4.2 Trade Account

In 2025, Eswatini recorded a trade surplus of E4.9 billion, up from a surplus of E4.6 billion in 2024. Total exports grew by 4.0 per cent year-on-year to E44.2 billion, while imports increased by 4.2 per cent to E39.3 billion. South Africa remained Eswatini's main trading partner, accounted for 68.8 per cent of total exports in 2025 and 70.8 per cent of total imports in 2025.

The performance of key export commodities was mixed during the year. Soft drink concentrates remained the country's leading export, generating E18.6 billion in receipts, although this reflected a marginal decline of 0.8 per cent compared to 2024 due to lower demand in key export markets. Similarly, export earnings from 'sugar and sugar products' fell by 7.0 per cent year-on-year to E10.0 billion, mainly reflecting lower global sugar prices and the depreciation of the US dollar against major currencies, despite continued preferential access to the European market. Exports of 'textiles and textile apparel' also declined slightly by 1.5 per cent in 2025. In contrast, receipts from exports of 'wood and wood articles' increased by 12.3 per cent year-on-year to E3.0 billion, supported by favourable international prices.

Imports of 'energy products', mainly fuel and electricity, declined slightly by 2.3 per cent year-on-year to approximately E6.9 billion in 2025, largely reflecting lower import volumes. In contrast, 'vehicle imports' increased by 9.5 per cent year-on-year to E2.4 billion, supported by higher import volumes. Imports of 'machinery and electrical equipment' also rose marginally by 1.9 per cent to E4.1 billion in 2025. Additionally, imports of 'animal and vegetable products' increased by 8.0 per cent year-on-year to E4.1 billion, mainly driven by higher imports of 'oil seeds and dairy products'.

4.3 Service Account

As a net importer of services, Eswatini recorded a significantly wider services account deficit of E7.2 billion in 2025, representing an increase of 28.5 per cent compared to the previous year. The widening deficit was mainly driven by services outflows growing at a faster pace than inflows. Total services outflows rose to E12.7 billion in 2025 from E9.8 billion in 2024. Meanwhile, services inflows increased markedly by 30.5 per cent to E5.6 billion, up from E4.3 billion in 2024, largely supported by higher earnings from transportation and other business services.

Transportation services recorded a larger surplus of E333.6 million in 2025, compared to E213.1 million in the previous year. Transportation services outflows increased by 66.4 per cent to E1.8 billion, mainly reflecting higher freight service costs amounting to E1.1 billion, alongside other transport services of E516.3

million. At the same time, transportation services inflows surged by 64.8 per cent to E2.1 billion, driven by higher receipts from freight services amounting to E1.3 billion and other transport services totalling E688.0 million.



The travel services balance recorded an improved deficit of E301.0 million in 2025, compared to a deficit of E311.4 million in 2024. Travel-related inflows rose sharply by 153.1 per cent to E913.4 million, supported by higher business and personal travel expenditures. However, travel-related outflows also increased significantly by 80.8 per cent year-on-year to E1.2 billion, reflecting increased spending on both business and personal travel abroad.

Furthermore, outflows related to charges for intellectual property rights increased substantially by 43.4 per cent to E1.3 billion, while telecommunication services outflows rose by 41.6 per cent year-on-year to E1.6 billion. Outflows for other business, technical, and professional services also increased by 7.4 per cent to E5.0 billion in 2025. In contrast, inflows from these services declined by 15.3 per cent to E1.8 billion during the same period.

4.4 Primary Income Account

In 2025, the primary income account recorded a narrower deficit of E7.4 billion, compared to a deficit of E11.3 billion in the previous year. The improvement was largely driven by a notable decline in 'investment income' outflows, mainly reflecting lower-dividend payments to non-resident investors. Total outflows declined by 27.5 per cent to E10.1 billion in 2025, while inflows increased marginally by 1.0 per cent to E2.7 billion.

The 'compensation of employees' component recorded a surplus of E115.7 million in 2025, although this represented a 32.4 per cent decline compared to 2024. Outflows decreased slightly

from E346.0 million in 2024 to E338.7 million in 2025, while inflows increased by 27.4 per cent to E223.0 million.

The 'investment income account registered a narrower deficit of E7.3 billion in 2025, reflecting a 33.8 per cent improvement from the previous year. Investment income outflows declined by 29.6 per cent to E9.3 billion, with dividend payments to non-resident shareholders remaining the largest component at E7.6 billion. Meanwhile, investment income inflows fell by 7.9 per cent to E1.9 billion during the year.

The 'other primary income' sub-account also recorded an improved deficit of E200.9 million in 2025, compared to a deficit of E361.3 million in 2024. This improvement was mainly supported by a significant increase in inflows, which doubled to E369.2 million, largely driven by taxes on products and production. At the same time, outflows increased moderately to E570.1 million from E531.8 million in the previous year.

4.5 Secondary Income Account

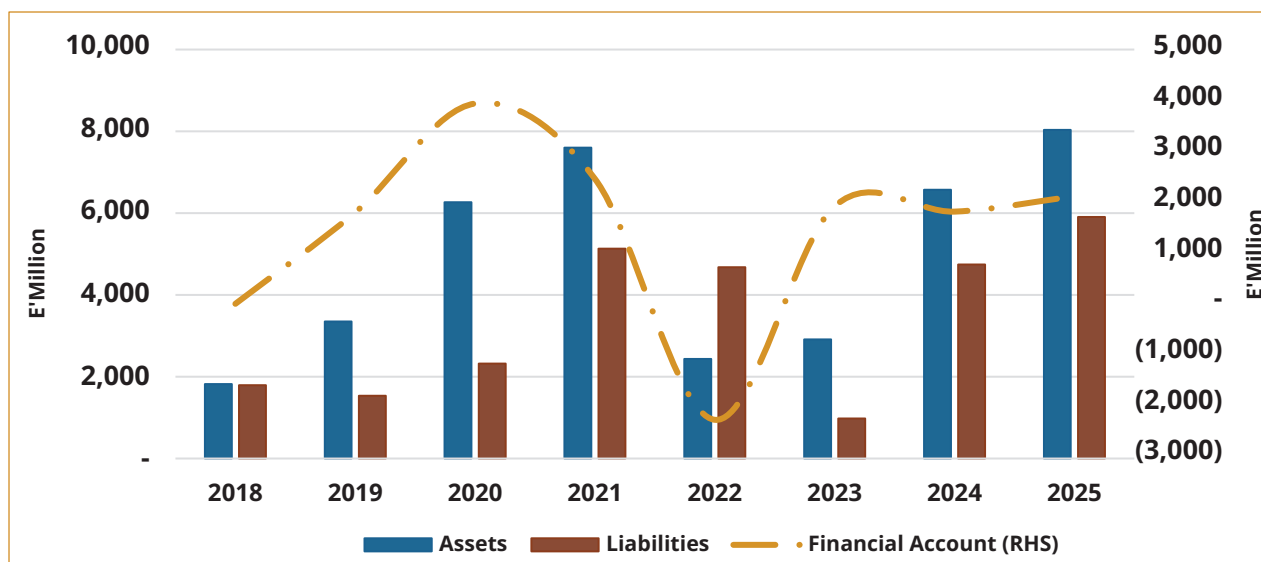
The 'secondary income' account recorded a surplus of E12.2 billion in 2025, representing a decline of 13.4 per cent compared to 2024. Total inflows amounted to E14.5 billion during the year, largely reflecting lower SACU receipts, which declined from E13.1 billion in the 2024/25 fiscal year to E10.4 billion in the 2025/26 fiscal year. Meanwhile, outflows under the secondary income account increased significantly by 41.6 per cent to E2.3 billion in 2025. These outflows were mainly driven by other current transfers, particularly social contributions and benefits.

4.6 Financial Account

Preliminary data indicate that the financial account recorded a higher net outflow of E2.1 billion in 2025, compared to net outflows of E1.8 billion in 2024 and E1.9 billion in 2023. The larger net outflow in 2025 mainly reflected a substantial

increase in the net acquisition of foreign financial assets, particularly under portfolio investment and reserve assets, which more than offset higher net inflows recorded in other investment liabilities.

Financial Account Assets and Liabilities; 2018 to 2025



Source: Central Bank of Eswatini

The 'foreign direct investment' (FDI) account continued to record net inflows in 2025, albeit at a slower pace. Net inflows amounted to E907.8 million, compared to E1.3 billion in 2024 and E926.9 million in 2023. The moderation in inflows was mainly driven by a sharp slowdown in the incurrence of FDI liabilities. On the asset side, direct investment abroad recorded a net outflow of E95.3 million in 2025, following a net inflow of E1.1 billion in 2024. This largely reflected developments in debt instruments between fellow enterprises, indicating reduced outward intercompany lending relative to the previous year.

FDI liabilities (inward investment) registered a net inflow of E812.5 million in 2025, down from E2.5 billion in 2024. The inflows were mainly supported by equity and investment fund shares, including reinvested earnings, which increased to E543.9 million. Debt instrument liabilities also contributed positively, rising by E268.7 million, although this was significantly lower than the increase recorded in 2024. Overall, inward FDI continued to support external financing conditions despite the slower pace of inflows.

The 'portfolio investment' account recorded a substantially larger net outflow of E7.1 billion in 2025, compared to E1.7 billion in 2024. This development was driven largely by a sharp increase

in the net acquisition of foreign portfolio assets. Portfolio assets acquired abroad surged to E6.9 billion in 2025 from E2.04 billion in 2024, reflecting increased outward investment in equity and investment fund shares, mainly by non-bank financial institutions. Holdings of foreign debt securities also increased during the year, further contributing to the net outflow. On the liabilities side, the portfolio investment account recorded a net outflow of E102.4 million in 2025, compared to a net inflow of E374.1 million in 2024. The outflow mainly reflected reduced foreign holdings of domestic government debt securities, suggesting lower non-resident appetite for local fixed-income instruments during the review period.

The 'other investment' account recorded a markedly higher net inflow of E6.8 billion in 2025, compared to net inflows of E368.0 million in 2024 and E621.5 million in 2023. The strong inflow was primarily driven by a substantial increase in foreign loan liabilities. Net incurrence of other investment liabilities rose sharply to E5.2 billion in 2025, mainly due to loan disbursements to the general government, which increased by E4.4 billion. These inflows largely reflected increased drawdowns on foreign loans directed toward government-led projects, particularly financing related to the construction of the Strategic Oil Reserve facility.

Additional loan inflows were also recorded in other sectors, including non-financial corporations. On the asset side, residents recorded a net reduction in other investment assets of E1.6 billion, mainly reflecting drawdowns of currency and deposit holdings abroad, as well as lower acquisition of trade credit assets. These developments further reinforced the net inflow position of the other investment account.

4.7 Reserve Assets

Foreign reserve assets recorded a sizeable

accumulation in 2025, increasing by E2.8 billion, compared to an increase of E1.04 billion in 2024. The build-up in reserves was mainly driven by higher placements in currency and deposits, which rose by E2.1 billion, as well as increased holdings of foreign debt securities, which expanded by E953.6 million.

The accumulation of reserve assets contributed to the overall net outflow in the financial account, while strengthening the country's external position and reserve buffers.

4.8 International Investment Position

Abridged International Investment Position (IIP) Statement (E' Million); 2022 to 2025

Description	2022	2023	2024	2025
Net IIP	15,382.7	18,298.7	20,678.1	25,870.6
<i>Total Assets</i>	<i>54,514.9</i>	<i>61,102.3</i>	<i>67,937.2</i>	<i>76,206.8</i>
<i>Total Liabilities</i>	<i>39,132.2</i>	<i>42,803.6</i>	<i>47,259.1</i>	<i>50,336.2</i>
Direct investment	-13,759.5	-13,627.5	-15,097.1	-15,557.7
<i>Assets (Abroad)</i>	<i>2,770.0</i>	<i>2,869.7</i>	<i>4,091.5</i>	<i>3,964.2</i>
<i>Liabilities (In Eswatini)</i>	<i>16,529.5</i>	<i>16,497.2</i>	<i>19,188.7</i>	<i>19,521.9</i>
Portfolio investment	22,127.3	27,439.7	29,344.9	36,402.3
<i>Assets</i>	<i>22,132.3</i>	<i>27,448.8</i>	<i>29,728.9</i>	<i>36,683.7</i>
<i>Liabilities</i>	<i>4.9</i>	<i>9.0</i>	<i>384.1</i>	<i>281.4</i>
Other investment	-864.3	-4,419.3	-3,219.0	-7,293.8
<i>Assets</i>	<i>21,733.4</i>	<i>21,878.1</i>	<i>24,467.4</i>	<i>23,239.1</i>
<i>Liabilities</i>	<i>22,597.7</i>	<i>26,297.4</i>	<i>27,686.3</i>	<i>30,532.9</i>
Reserve assets	7,879.2	8,905.7	9,649.4	12,319.8

Source: Central Bank of Eswatini

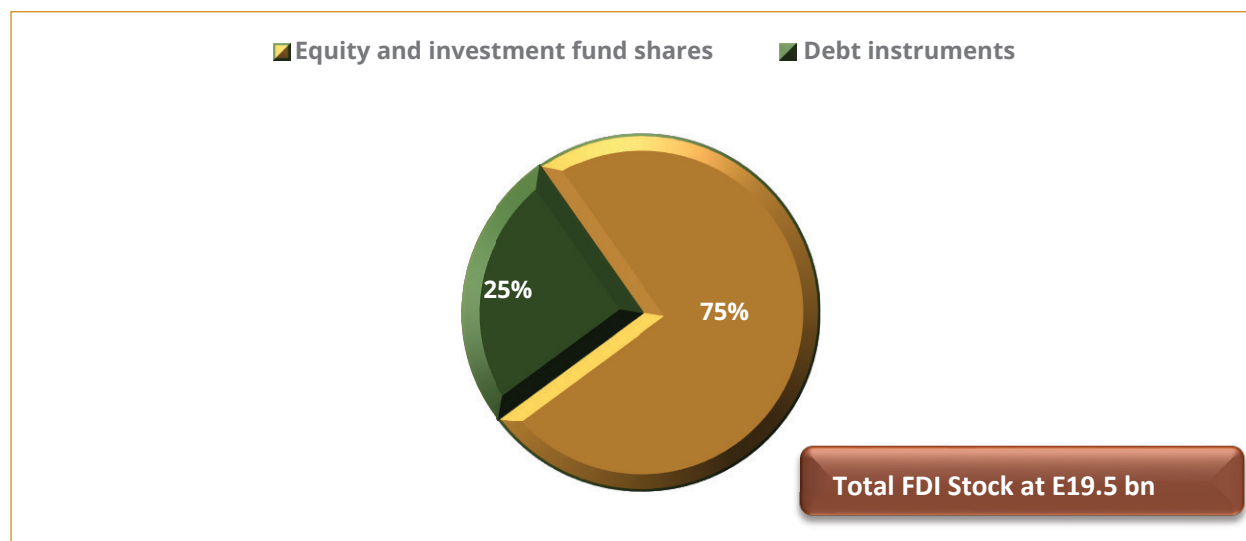
Eswatini's international investment position (IIP) continued to reflect a positive net external asset position. The net IIP increased to E25.9 billion in 2025, from E20.7 billion in 2024 and E18.3 billion in 2023. The stock of external financial assets rose by 12.2 per cent year-on-year to E67.9 billion in 2025, while the stock of external financial liabilities increased at a slower pace of 6.5 per cent to E50.3 billion.

'Foreign direct investment' assets stood at E4.0 billion in 2025, reflecting a decline of 3.1 per cent year-on-year. In contrast, portfolio investment assets grew significantly by 23.4 per cent, as pension funds and asset managers continued to seek higher returns through foreign investments. Portfolio assets amounted to E36.7 billion, accounting for 48.0 per cent of total external assets.

'Other investment' assets declined by 5.0 per cent year-on-year to E23.2 billion, representing 35.7 per cent of total assets. The decline was mainly driven by a reduction in trade credits and advances, which fell to E1.2 billion in 2025 from E1.8 billion in 2024. The largest component within 'other investment' assets remained currency and deposits, although these also declined by 3.0 per cent year-on-year to E22.0 billion.

'Reserve' assets increased by 27.7 per cent year-on-year to E12.3 billion, accounting for 16.2 per cent of total external assets. Of this total, currency and deposits amounted to E4.8 billion, foreign securities stood at E7.1 billion, while monetary gold was valued at E179.9 million at the end of 2025.

Stock of Foreign Direct Investment Inflows into Eswatini; 2025



Source: Central Bank of Eswatini

The stock of financial liabilities in Eswatini continued to be largely driven by foreign direct investment and 'other investment' liabilities. Foreign direct investment liabilities amounted to E19.5 billion in 2025, reflecting a slower year-on-year increase of 1.7 per cent. These liabilities were mainly dominated by 'equity and investment fund' shares, supported by reinvested earnings.

Portfolio investment liabilities, largely comprising bonds held by non-residents, declined significantly by 26.7 per cent to E281.4 million. Meanwhile, 'other investment' liabilities increased by 10.3 per cent year-on-year to E30.5 billion. The increase was primarily driven by the loans sub-category, particularly public sector loan disbursements directed toward the financing of major infrastructure projects.

4.9 Exchange Rate Developments

In the year ended December 2025, the Rand, and by extension the Lilangeni, appreciated against the US Dollar but depreciated against both the Euro and the Pound Sterling. Compared to its average level in 2024, the Lilangeni appreciated by 2.4 per

cent against the US Dollar to average E17.89 in 2025. Although the domestic currency recorded mixed performance, particularly during the first four months of the year, it strengthened overall by 3.4 per cent against the US Dollar during the review period.

The appreciation of the Rand against the US Dollar was largely driven by developments in the United States that weakened demand for the Greenback. In particular, uncertainty surrounding US policy rates amid the trade policies pursued by President Trump, elevated precious metal prices, a widening US fiscal deficit, and concerns regarding the independence of the Federal Reserve led global investors to shift away from the US Dollar towards other major currencies and assets.

In South Africa, the continued relative stability within the Government of National Unity (GNU), together with news that power utility company Eskom had returned to profitability for the first time in eight years, boosted market confidence and supported the Rand. In addition, strong global gold prices during the third quarter of 2025 further reinforced the Rand's appreciation against major currencies.

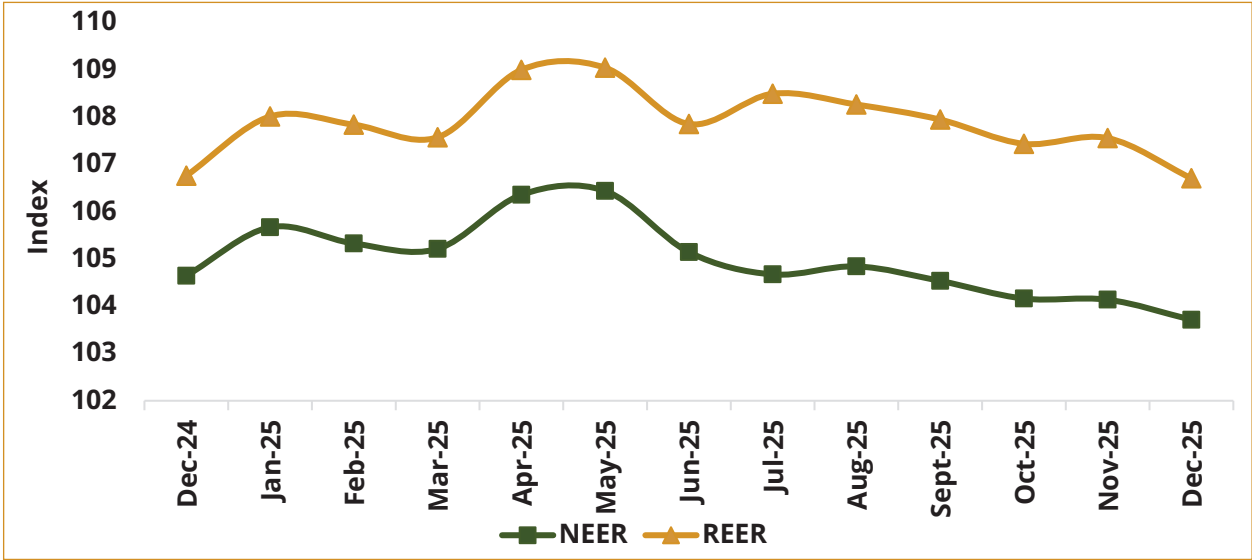
Despite these gains, several downside risks remained evident. This included uncertainty surrounding the delayed national budget and disagreements within the GNU over the proposed Value Added Tax (VAT) increase in South Africa. By the end of December 2025, the domestic currency closed at E16.64 against the US Dollar, E22.36 against the Pound Sterling, and E19.50 against the Euro.

During the first quarter of 2026, the Rand/Lilangeni averaged E16.33 against the US Dollar, representing a quarter-on-quarter appreciation of 4.6 per cent compared to E17.12 in the fourth quarter of 2025. The strengthening of the currency was supported by South Africa’s National Treasury budget, which reaffirmed commitment to a primary surplus and a narrowing fiscal deficit path over the medium term. Externally, favourable terms of trade, particularly higher gold prices amid safe-haven demand, also supported the Rand by strengthening South Africa’s external position.

However, despite the overall positive quarterly performance, the Rand weakened somewhat against the US Dollar in the final month of the quarter. The Rand/Lilangeni closed the first quarter of 2026 at E17.12 against the US Dollar, E22.61 against the Pound Sterling, and E19.40 against the Euro.

Looking ahead, the Rand/Lilangeni exchange rate is expected to remain sensitive to both global and South African economic developments. Following the appreciation recorded in the first quarter of 2026, the currency is expected to trade within a relatively defined range as investors remain cautious amid continued uncertainty surrounding the ceasefire agreement and persistent geopolitical tensions. South African assets rallied following the ceasefire announcement, with the Rand appreciating by nearly 3.0 per cent immediately thereafter. Nevertheless, the exchange rate outlook is expected to remain volatile over the short to medium term.

Monthly Lilangeni’s NEER/REER Indices; December 2024 to December 2025



Source: Central Bank of Eswatini



Compared against a basket of trading partners' currencies, the value of the domestic currency, as measured by the Nominal Effective Exchange Rate (NEER), appreciated marginally by an average of 0.1 per cent in 2025, following a stronger appreciation of 3.5 per cent in the year ended December 2024. In contrast, the inflation-adjusted value of the currency, as measured by the Real Effective Exchange Rate (REER), depreciated slightly during the review period. The REER weakened by an average of 0.3 per cent in 2025, following an appreciation of 2.9 per cent in 2024. The depreciation in REER terms suggests that domestic inflation remained lower relative to inflation rates in some of Eswatini's trading partner countries.

The depreciation of the Lilangeni in REER terms improved the competitiveness of Eswatini's exports by making goods destined for markets outside the CMA relatively cheaper compared to those of trading partners.

Sectors likely to benefit from the improved competitiveness include manufacturing, forestry, and tourism. However, the depreciation also exerted pressure on the country's external position by increasing the cost of servicing foreign debt and raising the domestic currency cost of imported raw materials.

Despite these developments, the Central Bank maintains the view that the parity arrangement with the South African Rand continues to be beneficial to the Kingdom of Eswatini. Under this framework, the country continues to derive important benefits, particularly in terms of price stability and financial sector stability. The Bank therefore reiterates its commitment to preserving the gains associated with membership in the CMA. In this regard, maintaining strong coordination between fiscal and monetary policy remains essential to safeguarding macroeconomic stability and supporting sustainable economic growth.



5. MONETARY DEVELOPMENTS



5.1 Monetary Policy and Interest Rates Development

The accommodative monetary policy stance adopted by the Central Bank since July 2023 continued during the 2025/26 financial year, as interest rates adjusted downward in 2025, albeit modestly. In May 2025, the Central Bank reduced the policy (discount) rate by 25 basis points to 6.75 per cent, the lowest level since April 2023. The rate cut was aimed at supporting domestic lending and stimulating economic activity, while balancing the need to preserve financial stability and maintain the peg to the South African Rand.

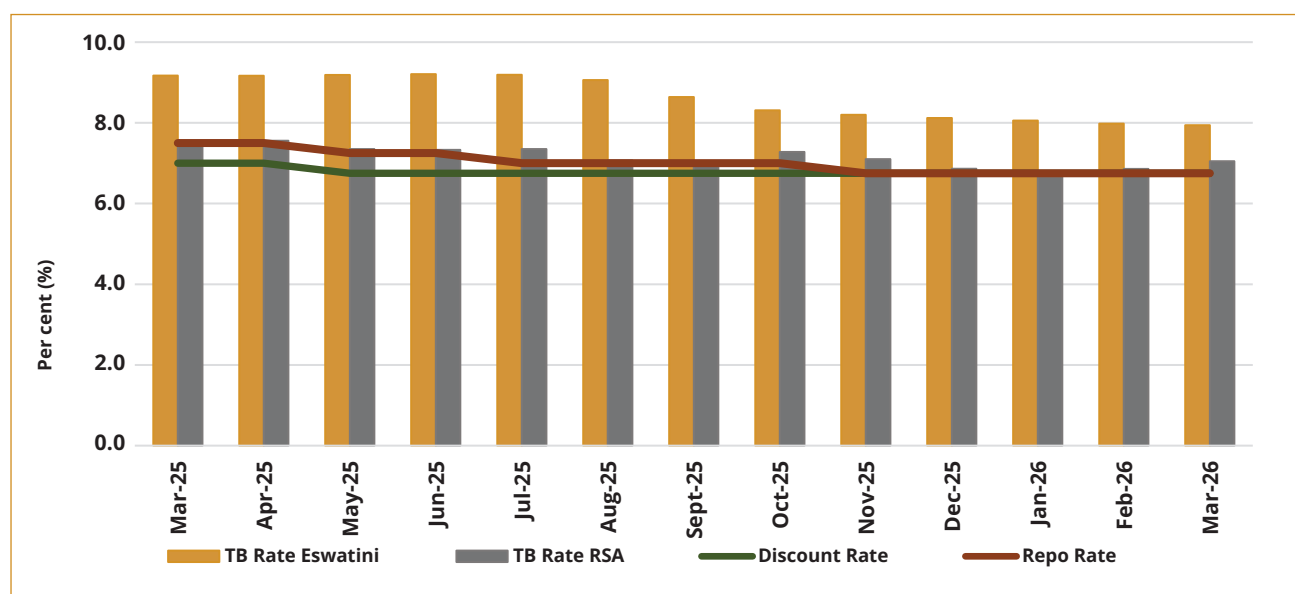
The policy decision was supported by favourable inflation outcomes and well-anchored inflation expectations over the short to medium term. Headline inflation eased from 3.3 per cent in April 2025 to 1.6 per cent in March 2026, the lowest level since November 2019. Similarly, inflation expectations were revised downward throughout the financial year, reflecting the low inflation environment and the appreciation of the exchange rate during much of 2025. Against this backdrop, the Central Bank maintained the discount rate at

6.75 per cent through to the last Monetary Policy Consultative Committee (MPCC) meeting in March 2026.

Following the reduction in the discount rate in May 2025, commercial banks lowered the prime lending rate by a corresponding 25 basis points to 10.25 per cent and maintained it at that level through March 2026.

During the review period, the interest rate differential between the domestic policy rate (discount rate) and the South African policy rate (repo rate) was gradually eliminated, as authorities used the prevailing interest rate cycle to align rates to the anchor currency and demonstrate commitment to the currency peg. The differential, which stood at 50 basis points in April 2025, was reduced by 25 basis points in July 2025 and by a further 25 basis points in November 2025, resulting in convergence between the repo rate and the discount rate. The Central Bank also continued to utilise the bank call rate as an important policy instrument to manage liquidity conditions and limit capital outflows to South Africa.

Policy Rates' Comparison; March 2025 to March 2026



Source: Central Bank of Eswatini

In line with the accommodative monetary policy stance, market interest rates continued to adjust downward during 2025/26. The average 31-day deposit rate declined by 22 basis points to 2.31 per cent, while the average 12-month deposit rate fell by 9 basis points to 5.03 per cent. The average savings rate upper bound also declined by 25 basis

points to 6.28 per cent. Despite these reductions, domestic market rates remained less competitive relative to South African rates, which averaged 6.48 per cent for the 31-day tenor and 7.50 per cent for the 12-month tenor.

With the continued easing of interest rates, yields on government securities also recorded a notable decline in 2025/26. The average treasury bill rate fell by 123 basis points, from 9.17 per cent to 7.94 per cent, although a modest uptick was observed in the first three months of the financial year. The domestic average treasury bill rate remained more competitive than its South African counterpart, which declined from 7.56 per cent to 7.05 per cent. However, the spread between domestic and South African treasury bill rates narrowed from 167 basis points in April 2025 to 78 basis points in March 2026.

5.2 Statutory Reserve and Liquidity Requirements

In its monetary policy toolkit for 2025/26, the Central Bank did not adjust the statutory liquidity and reserve assets requirements to influence domestic economic conditions. The statutory liquidity requirement was maintained at 22.0 per cent of domestic liabilities for commercial banks and 20.5 per cent for the Eswatini Development and Savings Bank, while the statutory reserve assets requirement remained unchanged at 6.0 per cent.

The banking industry maintained a strong liquidity position throughout the 2025/26 financial year. Domestic liquid assets increased significantly by 41.8 per cent, rising from E7.4 billion in March 2025 to E10.5 billion in March 2026. This growth was mainly driven by higher holdings at the Central Bank and increased demand for government securities. As a result, the liquidity ratio rose from 33.0 per cent to 38.4 per cent over the period, remaining well above the statutory benchmark and indicating the sector's continued capacity to meet short-term obligations while holding excess liquidity.

Commercial banks' reserve asset holdings remained stable and within regulatory requirements throughout the year. Reserve assets increased by 7.5 per cent from E1.5 billion to E1.6 billion between March 2025 and March 2026. However, excess reserve holdings declined from E153.8 million to E58.7 million over the same period. The reserve assets ratio decreased from 6.7 per cent to 6.3 per cent, reflecting a relatively faster increase of 13.9 per cent in domestic liabilities. Despite this decline, the ratio remained above the 6.0 per cent statutory minimum throughout the financial year, fluctuating between 6.3 per cent and 6.6 per cent.

Banks' Liquidity Position: 2023/24 to 2025/26

Item	Amount at End-March 2026 (E'000)	Annual Changes (%)		
		2025/26	2024/25	2023/24
Domestic Liquidity	10,546,763	41.8	9.7	(1.8)
Reserve Assets	1,648,189	7.5	17.1	6.2
Ratio (%)	End-March 2026	End-March 2025	End-March 2024	End-March 2023
Liquidity to Domestic Liabilities	38.4	33.0	33.4	36.0
Reserve Assets to Domestic Liabilities	6.3	6.7	6.4	6.4
Loans to Deposits	77.9	85.4	85.4	80.9

Source: Central Bank of Eswatini

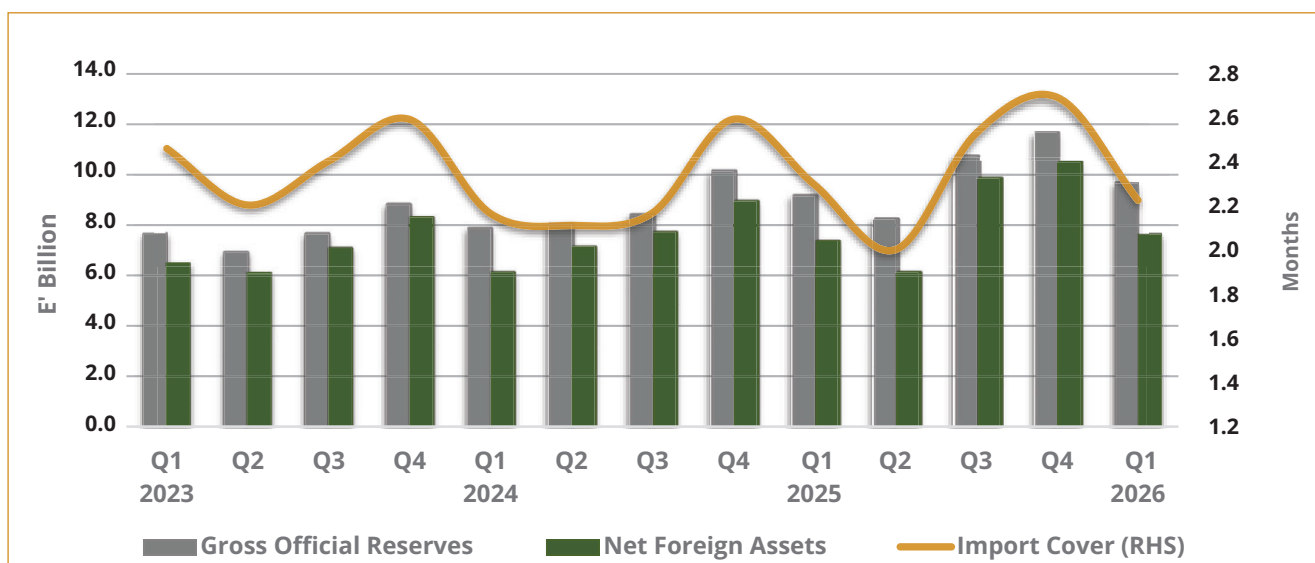
5.3 Depository Corporation Survey

5.3.1 Net Foreign Assets and Gross Official Reserves

Net foreign assets expanded by 3.5 per cent to E7.6 billion at the end of March 2026, driven by an increase in the net foreign assets of the official sector, while those of the banking sector declined. Net foreign assets of the official sector rose by 10.8 per cent to E6.8 billion, largely supported by inflows

of government external project funding. In contrast, net foreign assets of the banking sector fell sharply by 32.0 per cent to E849.9 million, as foreign liabilities increased by 15.9 per cent while foreign assets rose by a modest 2.0 per cent. Gross official reserves increased by 5.5 per cent, rising from E9.1 billion in March 2025 to E9.6 billion at the end of March 2026, in line with the expansion in official sector net foreign assets. Despite this increase, reserve coverage declined slightly to 2.2 months from 2.3 months in March 2025, reflecting higher import levels.

Net Foreign Assets and Gross Official Reserves; Q1-2023 to Q1-2026



Source: Central Bank of Eswatini

5.3.2 Net Domestic Claims

Over the year under review, net domestic claims increased by 5.3 per cent to E25.1 billion in March 2026, driven by an expansion in credit to the private sector, while the net government position with the banking sector declined.

The government position with the banking sector strengthened over the 2025/26 financial year. Net claims on government decreased by 15.9 per cent to E1.9 billion in March 2026, from E2.3 billion in March 2025, reflecting a decline in claims on government alongside a slight increase in

government deposits. Net claims against government fell by 3.8 per cent to E8.8 billion, largely due to a 31.6 per cent reduction in advances from the Central Bank. Government deposits, in contrast, increased marginally by 0.2 per cent to E6.9 billion over the review period.

Annual growth in credit to the private sector moderated from 10.8 per cent in March 2025 to 8.1 per cent at the end of March 2026, supported by the prevailing low-interest rate environment. The increase was driven by higher credit to businesses and households, while credit to other (unclassified) sectors of the economy declined.

Net claims on government decreased by 15.9 per cent to E1.9 billion in March 2026, from E2.3 billion in March 2025, reflecting a decline in claims on government alongside a slight increase in government deposits.

Total Claims on Other Sectors (Private Sector) by Category of Borrower; 2023/24 to 2025/26

Sector	Outstanding at End-March 2026 (E'000)	Annual Changes (%)		
		2025/26	2024/25	2023/24
Total	23,151,222	8.1	10.8	10.3
Other Non-Financial Corporations (Businesses)	12,667,674	10.1	18.3	13.8
Other Resident Sectors (Households & NPISH)	9,472,379	7.1	3.8	5.7
Other Sectors	1,011,169	(5.2)	(1.3)	17.2
<i>Other Financial Corporations</i>	531,063	3.0	(8.1)	(0.6)
<i>Public Enterprises</i>	81,318	11.7	(4.5)	13.9
<i>Local Government</i>	398,788	(16.6)	7.9	52.6

Source: Central Bank of Eswatini

Credit to the business sector increased by 10.1 per cent to E12.7 billion in March 2026, albeit at a slower pace than the 18.3 per cent growth recorded in the previous year. The expansion was mainly driven by higher credit uptake in the manufacturing (25.0 per cent), mining & quarrying (16.1 per cent), agriculture & forestry (11.8 per

cent), and transport & communication (3.8 per cent) sectors. However, the overall increase was partly offset by reduced lending to the community, social & personal services (-16.4 per cent), distribution & tourism (-5.0 per cent), real estate (-0.9 per cent), and construction (-0.4 per cent) sectors



Business Loans and Advances by Type of Industry; 2023/24 to 2025/26

Sector	Outstanding at End-March 2026 (E'000)	Annual Changes (%)		
		2025/26	2024/25	2023/24
Total	12,667,674	10.1	18.3	13.8
Agriculture & Forestry	1,694,578	11.8	16.0	(7.1)
Mining & Quarrying	16,774	16.1	22.0	(18.1)
Manufacturing	2,563,791	25.0	49.9	27.8
Construction	547,222	(0.4)	5.6	0.2
Distribution & Tourism	2,379,762	(5.0)	26.9	5.3
Transport & Communication	1,309,775	3.8	4.0	21.5
Community, Social & Personal Services	337,893	(16.4)	11.5	7.4
Real Estate	1,788,797	(0.9)	(6.7)	20.2
Other	2,029,083	45.5	35.8	44.8

Source: Central Bank of Eswatini

Credit to households showed signs of recovery, with growth increasing to 7.1 per cent in March 2026 from 3.8 per cent in March 2025. The expansion was mainly driven by growth in motor vehicle loans and other personal (unsecured) loans, while housing loans declined during the review period. Motor vehicle loans increased by 21.1 per cent to E1.5 billion, while other personal loans rose by 12.9 per cent to E3.8 billion. In contrast, housing loans contracted by 1.5 per cent to E4.2 billion.

Credit to other sectors of the economy remained subdued, declining by a further 5.2 per cent to E1.0 billion in March 2026, following a 1.3 per cent decrease in March 2025. The decline was mainly attributable to a 16.6 per cent reduction in credit to parastatals, which fell to E0.4 billion. However, credit to local government and other financial corporations increased by 11.7 per cent to E0.1 billion and 3.0 per cent to E0.5 billion, respectively.

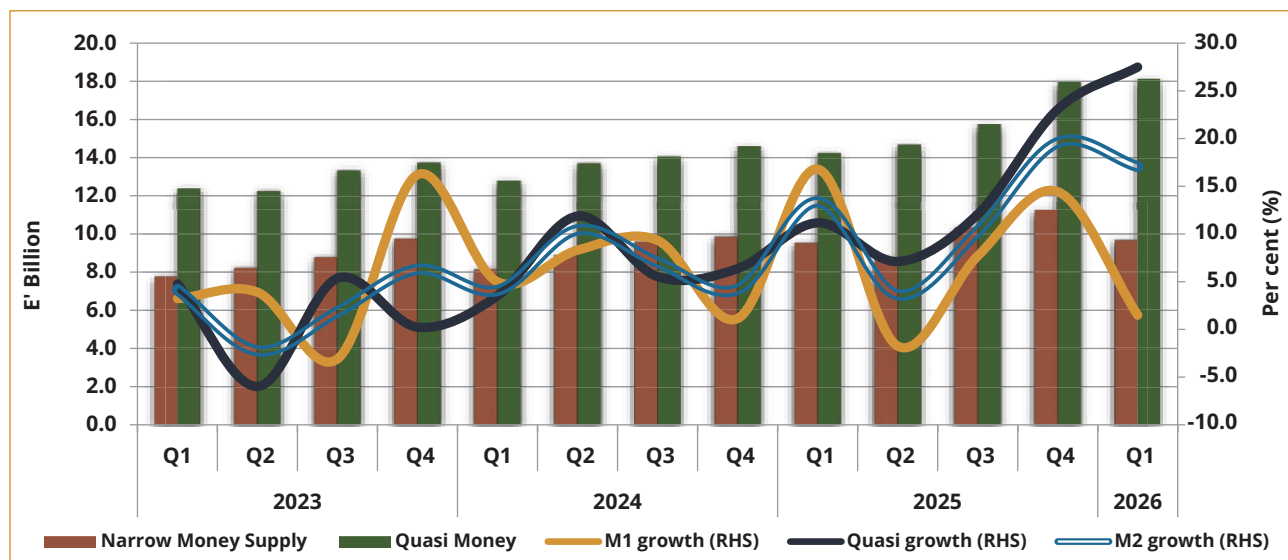


5.3.3 Money Supply

Growth in money supply accelerated in 2025/26, supported by increases in net foreign assets and private sector credit extension. Broad money supply (M2) rose by 17.1 per cent to E27.8 billion in March 2026, up from E23.7 billion in the previous year. The growth reflected increases in both quasi money and narrow money supply. Quasi money

expanded significantly by 27.5 per cent to E18.1 billion, driven mainly by a 29.5 per cent rise in time deposits and a 14.6 per cent increase in savings deposits. Meanwhile, narrow money supply (M1) grew modestly by 1.5 per cent to E9.7 billion, supported by a 9.3 per cent increase in currency outside the banking sector and a 0.7 per cent rise in transferable (demand)

Money Supply trends 2023 Q1 to 2026Q1



Source: Central Bank of Eswatini

Total deposits held by the banking industry continued to expand, rising by 19.0 per cent to E29.4 billion in March 2026, following growth of 11.5 per cent recorded in the previous year. The increase in deposits was broad-based across all major deposit holders. Government deposits recorded the strongest growth, increasing by 37.5

per cent to E2.5 billion. This was followed by deposits from the business sector, which grew by 21.8 per cent, household deposits, which increased by 13.9 per cent, and deposits from other sectors, comprising local government, public enterprises, and private financial corporations which rose by 10.7 per cent.

Ownership of Deposits with Other Depository Corporations in Eswatini; 2024/25 to 2025/26

Sector	Outstanding at End-March 2026 (E'000)	Distribution (%)	Annual Changes (%)	
			2025/26	2024/25
Total	29,402,374	100	19.0	11.5
Other Non-Financial Corporations (Businesses)	14,364,726	48.9	21.8	24.3
Other Resident Sectors (Households & NPISH)	8,855,862	30.1	13.9	1.2
Local Govt., Public Enterprises & Private Financial Corps.	3,685,484	12.5	10.7	9.7
Central Government	2,496,303	8.5	37.5	(7.5)

Source: Central Bank of Eswatini

6. PUBLIC FINANCE

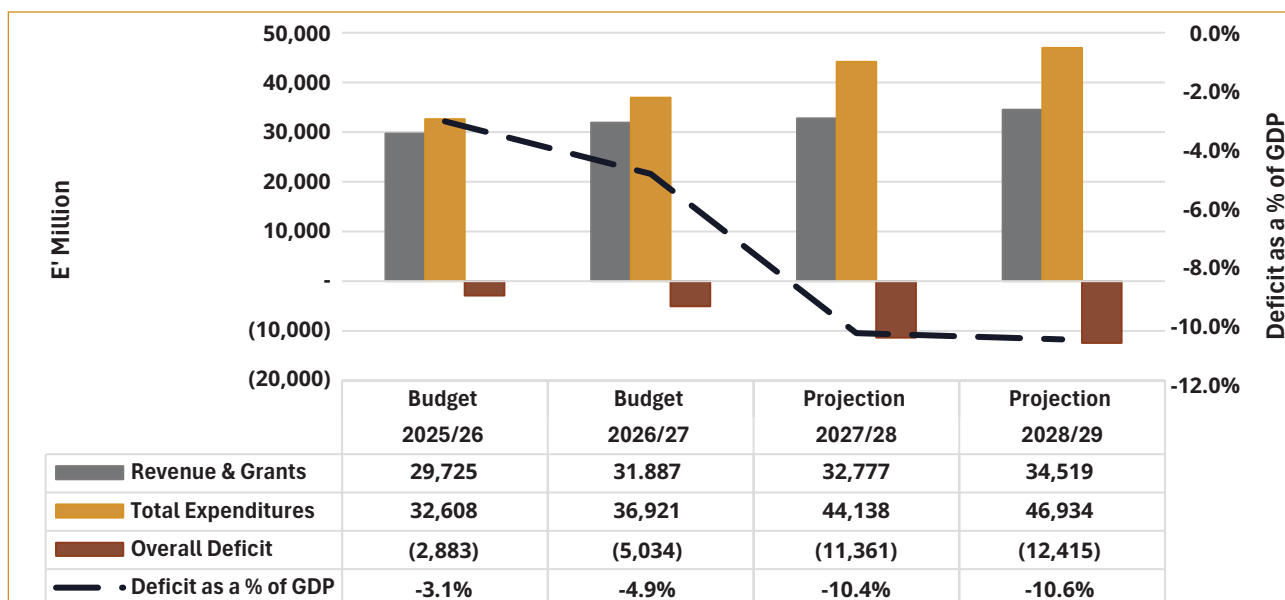


6.1 Budget Review

The 2026/27 Budget, tabled by the Minister for Finance under the theme “Agape Love – Love in Action for Economic Transformation”, projects a wider deficit of E5.0 billion (4.9 per cent of GDP), compared to the E2.9 billion (3.1 per cent of GDP) deficit budgeted for the 2025/26 fiscal year. The

increase in the deficit is largely driven by rising expenditure pressures, particularly the civil servants’ salary review, higher debt service obligations, and the accelerated rollout of the capital expenditure programme. However, the projected deficit of 4.9 per cent of GDP in 2026/27 is expected to narrow from the preliminary outturn deficit of 6.4 per cent of GDP recorded in 2025/26.

Comparative Budget Summary; 2025/26 to 2028/29



Ministry of Finance (MTFF February 2026)

Revenue

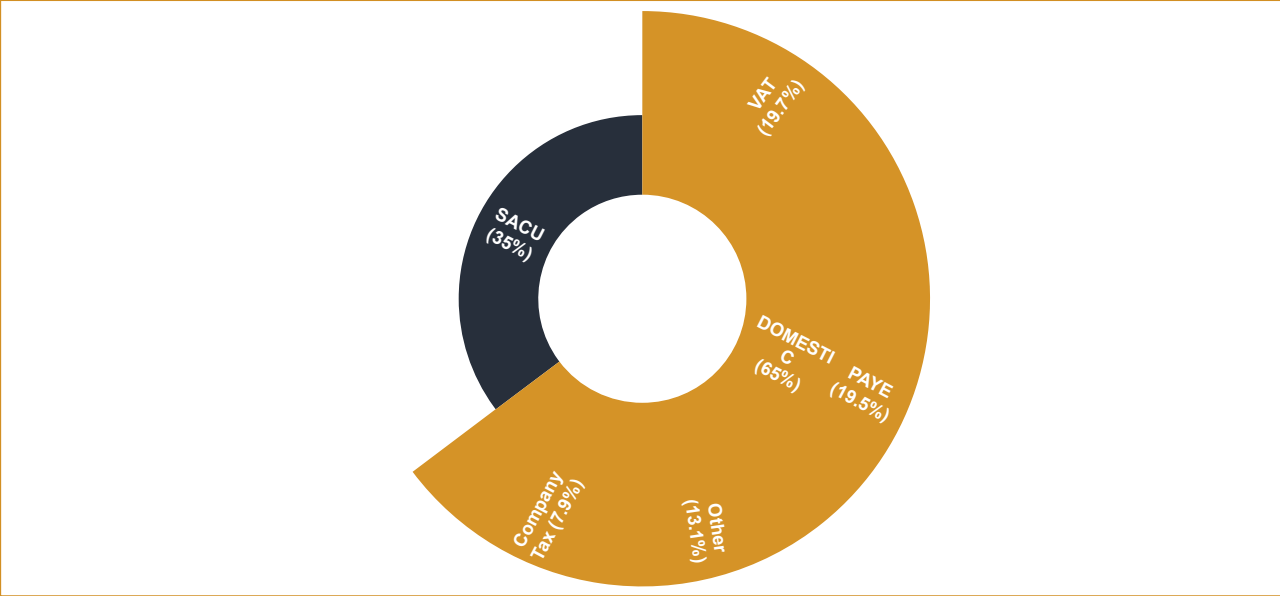
Government revenue and grants for the 2026/27 fiscal year are budgeted at E31.9 billion, representing a 7.3 per cent increase from the E29.725 billion budgeted in 2025/26. The improvement in revenue mobilisation is expected to be driven by both SACU receipts and domestic revenue sources. SACU receipts are projected to rebound by 12.9 per cent, following a sharp contraction of 20.4 per cent in 2025/26. This recovery is also expected to enable an injection of E343 million into the Revenue Stabilisation Fund to rebuild buffers against future SACU volatility.

Similarly, domestic revenue is projected to increase by 13.9 per cent to E19.0 billion, supported by broad-based growth across tax categories. Corporate income tax (CIT) and pay-as-you-earn (PAYE) collections are expected to grow by 5.9 per cent and 11.7 per cent, respectively, in line with

projected economic activity. CIT is expected to benefit from improved business performance, while PAYE will be supported by the civil servants’ salary adjustments implemented during the period.

Taxes on goods and services are also projected to rise by 17.8 per cent, driven mainly by improvements in value-added tax (VAT) and excise duties. VAT collections are expected to increase by 24.8 per cent, supported by enhanced tax administration efficiency and stronger economic activity. Excise duties, particularly sin taxes on alcohol and tobacco, are projected to grow by 45.6 per cent, reflecting recent tax adjustments, including a 3.0 per cent increase in the levy on imported alcohol (raising it to 10%) introduced in mid-2025/26. In contrast, fuel levy collections are expected to decline marginally by 0.3 per cent in 2026/27, reflecting global supply disruptions that are likely to constrain fuel volumes.

Revenue Breakdown 2026/27



Ministry of Finance (MTFF February 2026)

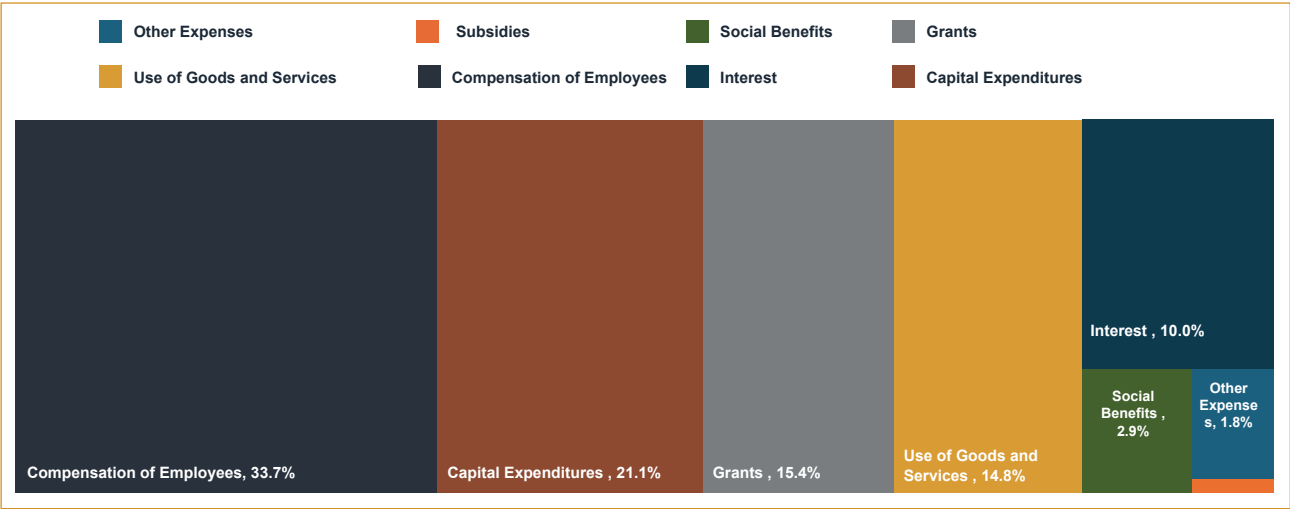
Expenditure

Total expenditure for the 2026/27 fiscal year is budgeted at E36.9 billion, representing an overall increase of 13.2 per cent from the E33.6 billion budgeted in 2025/26. This growth is broad-based, driven by a 14.7 per cent increase in recurrent expenditure and an 8.0 per cent rise in capital expenditure. The increase in recurrent expenditure is expected to be driven by both discretionary and non-discretionary spending. Notably, discretionary items such as goods and services and transfers are projected to rise, reflecting continued pressure on service delivery. In addition, non-discretionary expenditures, including the public wage bill and interest payments, are also on an upward trajectory, largely due to the implementation of the

remaining 50 per cent of the civil servants’ salary review and rising debt servicing costs.

The increase in capital expenditure will be driven by major ongoing projects, including Phase 1 of the Mkhondvo-Ngwavuma Water Augmentation Programme (MNWAP), particularly the Mpakeni Dam construction, the five-star hotel development, the Strategic Oil Reserve project, and road infrastructure improvements, among others. New projects budgeted for 2026/27 include the MR14 (Siphofaneni–Sithobela–Maloma–Nsoko) and MR21 (Maloma–Sigwe–Siphambanweni) roads, the Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) programme, and institutional housing developments.

Expenditure Decomposition 2026/27



Ministry of Finance (MTFF February 2026)

6.2 Financing

The 2026/27 budget was tabled as a fully financed budget, with the funding sources identified to cover the E5.0 billion deficits through a combination of domestic and external sources. On the domestic front, the government will continue with its bond issuance programme, including the reintroduction of the infrastructure bond programme. On the external front, financing will be sourced through a mix of external project loans, budget support, and potential issuance in the Johannesburg Stock Exchange listed bond programme.

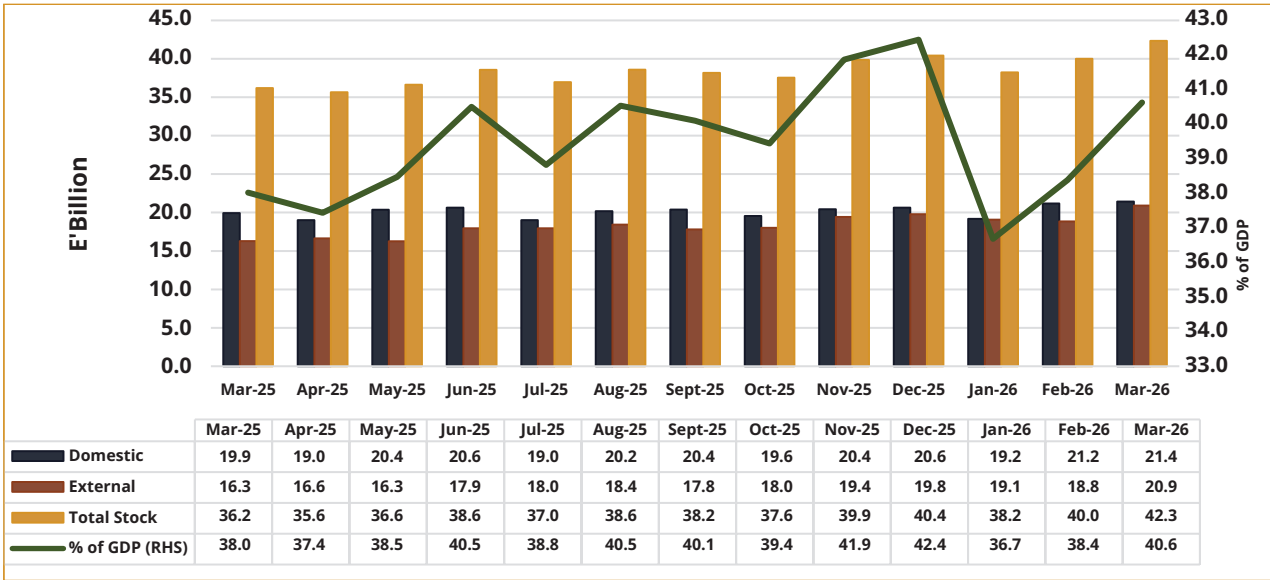
6.3 Total Public Debt

Total public debt stood at E42.3 billion, equivalent

to 40.6 per cent of GDP, at the end of March 2026. This represents a 17.0 per cent increase from the E36.2 billion (38.0 per cent of GDP) recorded in March 2025. The increase was driven by both domestic and external debt, which rose by 7.6 per cent and 28.4 per cent, respectively.

The rise in domestic debt was mainly due to the continued issuance of domestic debt instruments, including Treasury Bills, plain vanilla bonds, infrastructure bonds, and Central Bank advances. Meanwhile, the increase in external debt was attributed to disbursements on new and ongoing project loans, the JSE bond programme, and budget support loans.

Total Public Debt Breakdown March 2025 to March 2026



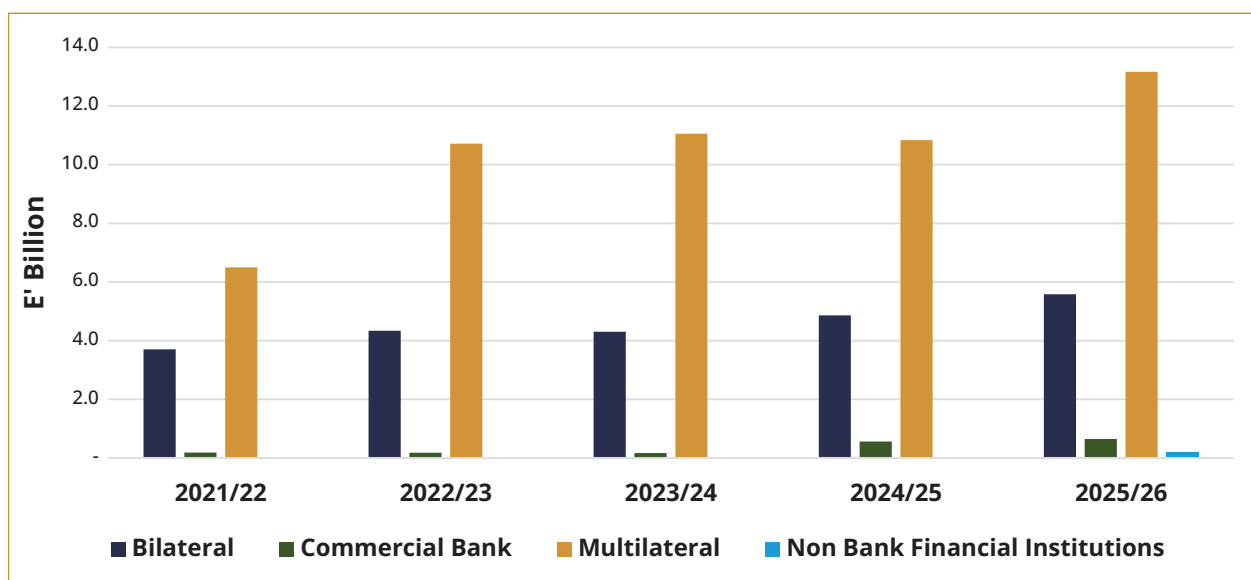
Source: Central Bank of Eswatini & Ministry of Finance



Decomposition of Public Debt

6.3.1 External debt

External Debt by Creditor Category; 2021/22 to 2025/26



Source: Central Bank of Eswatini

As of March 2026, external public debt stood at E20.9 billion, equivalent to 20.1 per cent of GDP, representing a substantial increase of 28.4 per cent relative to March 2025. The increase was primarily driven by sustained drawdowns on both ongoing and new project loans, the JSE bond programme, as well as budget support loans. However, this growth was partly moderated by favourable exchange rate movements, as the domestic currency appreciated during the period, easing the burden of external debt servicing.

The government has tapped the South African market two times following the listing of the R4 billion programme on the Johannesburg Stock Exchange. Following the first issuance that raised a total of R400 million in the 2024/25 financial year, a further E786 billion was raised in the 2025/26 financial year for a period of five years making the total amount raised to be E1.186 billion. Preparations are ongoing for further issuances. Subsequent to the second JSE issuance, the Bank won the award for Local Currency Bond Deal of the Year from the Global Banking and Merits: Africa Awards 2026, adding to the High Yield Debt instrument awarded in 2025 for the inaugural JSE

issuance. Preparations are now on going towards the third issuance.

Multilateral loans remained the dominant component of the external debt portfolio, accounting for 67.3 per cent of total external debt, a slight increase from 66.6 per cent in the previous year. In contrast, the shares of bilateral and commercial bank loans declined to 28.5 per cent and 3.3 per cent, respectively. Non-bank financial institutions accounted for 1.0 per cent of total external debt during the review period.

6.3.2 Domestic Debt

Eswatini's public domestic debt is comprised of Treasury Bills, Central Bank Advances, Supplier Bonds, Plain Vanilla Bonds, Infrastructure Bonds, and loans sourced from local entities. Of these, short-term debt instruments (Treasury Bills and Central Bank Advances) account for 29 per cent of Government's domestic debt, while the remaining 71 per cent is held in long-term debt instruments. A detailed analysis of domestic debt is provided in the next section.

Domestic Debt Portfolio; March 2025 to March 2026

	Outstanding				Net Financing	
	Mar-25		Mar-26			
Type of Debt	E Million	% of Total	E Million	% of Total	E Million	% of Total
Treasury Bonds	12,005	60%	13,710	64%	1,705	125%
Treasury Bills	3,303	20%	3,881	18%	578	42%
CBE Advance	2,973	11%	2,323	11%	-650	-48%
Domestic Loans	1,641	10%	1,370	6%	-271	-20%
Total Domestic Debt	19,923	100%	21,285	100%	1,362	100%
Percentage of GDP	20.86%		20.42%			

Source: Central Bank of Eswatini and Ministry of Finance

Eswatini Government's total outstanding domestic debt portfolio stood at E21.285 billion at the end of March 2026, representing a 7.0 per cent increase from E19.923 billion in March 2025. Outstanding Treasury bonds rose by 14.0 per cent from E12.005 billion in the previous year to E13.710 billion during the period under review. Similarly, Treasury Bills increased by 18.0 per cent, from E3.303 billion in

2024/25 to E3.881 billion in 2025/26. In contrast, the Central Bank of Eswatini (CBE) advance outstanding balance declined by 21.9 per cent year-on-year, from E2.973 billion to E2.323 billion. Domestic loans also fell by 17.0 per cent, from E1.641 billion in March 2025 to E1.370 billion at the end of the review period.

Holders of Government Domestic Debt (E' Million)

2024/25						
Holder	Treasury Bills	Treasury Bonds	Domestic Loans	CBE Advance	Total	Share of Holdings (%)
CBE	4	597	-	2,973	3,575	18
Commercial Banks	1,625	3,006	-	-	4,631	23
NBFIs	1,474	7,500	-	-	8,975	45
Other	200	644	1,641	-	2,485	12
Foreign Institutions	-	257	-	-	257	1
Total	3,303	12,005	1,641	2,973	19,923	100

Source: Central Bank of Eswatini

2025/26						
Holder	Treasury Bills	Treasury Bonds	Domestic Loans	CBE Advance	Total	Share of Holdings (%)
CBE	9	600	-	2,323	2,932	14
Commercial Banks	1,739	3,535	-	-	5,274	25
NBFIs	1,874	7,774	-	-	9,648	45
Other	259	1,349	1,370	-	2,978	14
Foreign Institutions	-	452	-	-	452	2
Total	3,881	13,710	1,370	2,323	21,285	100

Source: Central Bank of Eswatini

The Central Bank's holdings declined by 18 per cent, from E3.575 billion in 2024/25 to E2.932 billion in 2025/26, mainly driven by a reduction in the outstanding advance. In contrast, commercial banks increased their holdings by 14 per cent, from E4.631 billion to E5.274 billion over the same period, largely due to higher Treasury bond holdings.

Similarly, non-bank financial institutions (NBFIs) recorded a 7 per cent increase in holdings, rising from E8.975 billion to E9.648 billion, reflecting improved participation in Treasury bills. Other

participants' holdings also increased by 20 per cent, from E2.485 billion to E2.978 billion, driven by stronger uptake of Treasury bonds. Foreign institutions' holdings rose significantly by 76 per cent, from E257 million to E452 million, with their exposure limited exclusively to Treasury bonds. In terms of composition of outstanding domestic debt, NBFIs remain the largest holders at 45.0 per cent, followed by commercial banks at 25.0 per cent. The Central Bank accounts for 14.0 per cent, other participants 12.0 per cent, and foreign institutions 2.0 per cent.

Treasury Bills Portfolio (E' Million); March 2025 to March 2026

	Outstanding			Outstanding		
Tenor	Mar-25	Issuance	Maturities	Net Issue	Mar-26	YOY
91 Days	304	874	977	- 103	201	-34%
182 Days	288	846	723	123	411	43%
273 Days	1,390	1,754	1,693	61	1,452	4%
364 Days	1,321	1,818	1,321	497	1,818	38%
Total	3,303	5,292	4,714	578	3,881	

Source: Central Bank of Eswatini

The outstanding amount for Treasury Bills increased by 17 per cent, rising from E3.303 billion in 2024/25 to E3.881 billion in 2025/26. Only the 91-day paper contributed negatively to the overall balance, declining by E103 million. The 364-day

paper recorded the largest positive contribution, increasing by E497 million, while the 182-day and 273-day papers recorded net issuances of E123 million and E61 million, respectively.

Treasury Bills Auction Performances; 2025/26

Tenor	E' Million			Percent (%)	
	Amount Offered	Bids Received	Bids Allotted	BTCR	AR (Allotment Ratio)
91 Days	840	1,091	874	130	104
182 Days	1,120	1,209	846	108	76
273 Days	1,480	2,363	1,754	160	119
364 Days	1,280	2,546	1,818	199	142
	4,720	7,209	5,292	153	112

Source: Central Bank of Eswatini

Treasury Bills auction performance improved during the period under review compared to the previous period. The average subscription rate increased by 45 percentage points, rising from 108 per cent in 2024/25 to 153 per cent in the period under review. Over the same period, the average allotment rate increased by 13 percentage points, from 99 per cent to 112 per cent.

per cent and an allotment rate of 142 per cent. The 182-day paper was the least demanded, with a subscription rate of 108 per cent and an allotment rate of 76 per cent. The 91-day paper recorded a subscription rate of 130 per cent and an allotment rate of 104 per cent, while the 273-day paper registered a subscription rate of 160 per cent and an allotment rate of 119 per cent.

The 364-day paper remained the best-performing instrument, recording a subscription rate of 199

Treasury Bills Yields; March 2025 to March 2026

Date	91-Days	182-Days	273-Days	364-Days
31-Mar-25	9.153%	9.681%	10.255%	10.391%
31-Mar-26	8.418%	8.867%	9.335%	9.406%
Change (Basis Points)	-74	-81	-92	-98

Source: Central Bank of Eswatini

Treasury Bill average yields declined significantly across all tenors during the period under review, in line with the easing interest rate environment. The 364-day paper recorded the largest decline, falling by 98 basis points from an average of 10.391 per cent in 2024/25 to 9.406 per cent in 2025/26. It was followed by the 273-day paper, whose average yield decreased by 92 basis points from 10.255 per cent to 9.335 per cent.

The 182-day paper recorded a decline of 81 basis points, with its average yield falling from 9.681 per cent to 8.867 per cent. The 91-day paper declined by 74 basis points, from an average of 9.153 per cent to 8.418 per cent. Government short-term securities remained competitive against regional benchmarks, with all tenors trading above comparable instruments in neighbouring countries, especially South Africa.

6.3.2.1 Treasury Bonds Performance

Treasury Bonds Performance; 2024/25 to 2025/26

	2024/25	Gross Issuance	Maturities	Net Issuance	2025/26
Plain Vanilla	8,943	5,749	3,201	2,548	11,492
Suppliers Bond	2,420	-	1,020	- 1,020	1,400
Infrastructure Bond	643	398	222	176	819
Total	12,005	6,147	4,442	1,705	13,709

Source: Central Bank of Eswatini

Treasury bonds outstanding increased by 14 per cent, rising from E12.005 billion at the end of March 2025 to E13.709 billion in March 2026. Following a five-year hiatus, the Infrastructure Bond Programme was reintroduced in the 2025/26 financial year and raised a total of E398 million out of the E400 million offered, reflecting strong investor confidence in these issuances. Maturities under this programme amounted to E222 million, resulting in a net issuance of E176 million. The Suppliers Bond Programme remains indefinitely suspended and recorded maturities of E1.02 billion during the period under review, some of which were rolled over under the Plain Vanilla Bond Programme. The bulk of issuances were conducted through the Plain Vanilla Bond Programme, which recorded total issuances of E5.749 billion against maturities of E3.201 billion, resulting in a net issuance of E2.548 billion.

6.3.2.2 Medium-to-Long Term Auction Performance for Financial Year 2025/26

Public Auction Performance-Government Bonds
During the 2025/26 financial year, the Bank

conducted public auctions under the Plain Vanilla Bond and Infrastructure Bond Programmes listed on the Eswatini Stock Exchange. A total of E1.40 billion was offered to the market, comprising E1.0 billion in Plain Vanilla Bonds and E400 million in Infrastructure Bonds.

Strong investor appetite for medium- to long-term Government securities was observed, as reflected in an improvement in the bid-to-cover ratio by 60 percentage points, from an average of 150 per cent in the previous period to 210 per cent in 2025/26. The average allotment rate, however, marginally declined by one percentage point, from 135 per cent to 134 per cent over the same period. A total of E1.877 billion was raised from the E1.400 billion offered. During the 2025/26 financial year, the Bank maintained its strategy of issuing four benchmark bonds at each auction, which were subsequently reopened throughout the year, with the final issuance in March 2026 introducing a new series. The issuance tenors remained at 3-, 5-, 7-, and 10-year maturities. The two Infrastructure Bond issuances were for 7- and 8-year tenors.

Public Issuance Calendar Results for 2025/26 Fiscal Year

Fixed Coupon Bonds-Plain Vanilla & Infrastructure Bonds						
Bond Code	Issue Date	Coupon Rate (%)	Issuance Amount (E' Million)	Weighted Average Yield (%)	Bid to Cover Ratio	Term to Maturity
SGIFB008	May-25	11.50%	197.80	11.99%	0.99	7
SG118	Jun-25	10.50%	28.00	10.50%	0.76	3
SG119	Jun-25	11.00%	20.47	11.00%	0.61	5
SG120	Jun-25	11.50%	100.79	11.82%	2.02	7

Bond Code	Issue Date	Coupon Rate (%)	Issuance Amount (E' Million)	Weighted Average Yield (%)	Bid to Cover Ratio	Term to Maturity
SG121	Jun-25	12.00%	147.43	12.30%	2.95	10
SG118 REOPENING 1	Aug-25	10.50%	13.58	10.50%	0.27	3
SG119 REOPENING 1	Aug-25	11.00%	65.56	11.02%	1.41	5
SG120 REOPENING 1	Aug-25	11.50%	63.20	11.62%	2.76	7
SG121 REOPENING 1	Aug-25	12.00%	96.85	12.30%	2.30	10
SGIFB009	Oct-25	11.25%	200.27	11.42%	1.38	8
SG118 REOPENING 2	Nov-25	10.50%	308.23	10.10%	7.06	3
SG119 REOPENING 2	Nov-25	11.00%	4.76	10.34%	1.20	5
SG120 REOPENING 2	Nov-25	11.50%	1.22	10.67%	2.02	7
SG121 REOPENING 2	Nov-25	12.00%	5.33	11.35%	1.77	10
SG118 REOPENING 3	Feb-26	10.50%	72.69	10.00%	2.77	3
SG119 REOPENING 3	Feb-26	11.00%	100.00	10.26%	3.44	5
SG120 REOPENING3	Feb-26	11.50%	44.73	10.14%	3.79	7
SG121 REOPENING3	Feb-26	12.00%	23.24	10.60%	3.50	10
SZG119 REOPENING 4	Feb-26	11.00%	50.00	10.26%	1.00	5
SG118 REOPENING 4	Feb-26	10.50%	50.00	10.00%	1.00	3
SG144	Mar-26	10.00%	82.50	9.93%	1.65	3
SG145	Mar-26	10.25%	66.64	10.18%	2.59	5
SG146	Mar-26	10.50%	53.50	10.33%	1.59	7
SG147	Mar-26	11.00%	80.64	10.73%	1.61	10
Total			1,877.41			

Source: Central Bank of Eswatini

Private Placements-Government Bonds

A total of E4.270 billion was raised through private placements under the Plain Vanilla Programme in the 2025/26 financial year. This mainly reflected the

rollover of matured private placements and Suppliers Bonds (which remain indefinitely suspended).

Treasury Bonds Maturity Profile (E' Million); 2026/27 to 2035/36

Period	Infrastructure Bonds	Plain Vannilla Total	Suppliers Bond Total	Grand Total	%
2026/27	290	3,821	534	4,645	34%
2027/28	130	1,409	126	1,665	12%
2028/29	-	1,719	276	1,995	15%
2029/30	-	681	216	897	7%
2030/31	-	1,164	95	1,259	9%
2031/32	-	879	-	879	6%
2032/33	198	480	25	703	5%
2033/34	200	413	128	741	5%
2034/35	-	473	-	473	3%
2035/36	-	453	-	453	3%
Grand Total	819	11,491	1,400	13,710	100%

Source: Central Bank of Eswatini

Maturity Structure

The bulk of maturities is concentrated in the short term, accounting for 61.0 per cent of the overall maturity profile, which amounts to a total of E8.306 billion. This reflects issuances of short-term private placements used to ease Government's financing pressures.

The 2026/27 financial year accounts for 34 per cent of total maturities, the largest share among the remaining periods, followed by 2028/29 with 15 per cent and 2027/28 with 12 per cent. The remaining maturities are relatively evenly distributed across the outer years, averaging about 6 per cent each.

Other Government Debt Categories

Central Bank Advance to Government

The outstanding balance on the CBE Advance to Government decreased by 22 per cent, from

E2.973 billion in 2024/25 to E2.323 billion in the period under review. The decline was primarily driven by repayments of the additional advances by Government.

During the period under review, Government accessed the advance facility in different tranches, with the E1.4 billion tranche being the most prominent. This facility was typically issued and repaid within a three-month cycle, largely aligned to SACU receipt inflows, and this process was repeated throughout the financial year. The remaining tranches consisted of securitized advances that matured in 2024/25 and were subsequently accessed through the standard six-month advance facility.

Domestic Loans

Loans from domestic entities declined by 17 per cent, falling from an outstanding amount of E1.641 billion in 2024/25 to E1.370 billion in the period under review.

Government Bonds Issuance Plan for 2026/27
Following Government's indication of a budget deficit of E5.02 billion in the 2026/27 financial year, part of which is expected to be financed through domestic borrowing, the Bank prepared a bond issuance calendar for the 2026/27 financial year, which was subsequently approved by the Minister for Finance. The objective of the calendar is to provide clear and timely information to market participants on the timing of Government securities issuance, enabling better planning and participation.

The calendar indicates that Government intends to raise E1.1 billion under the Plain Vanilla Bond

Programme and E400 million under the Infrastructure Bond Programme, totalling E1.5 billion. The 2026/27 financial year introduces a new 15-year benchmark bond, aimed at lengthening the maturity profile of domestic debt and providing long-term investment opportunities for pension funds and insurance companies. As such, five benchmark bonds will be offered with maturities of 3, 5, 7, 10, and 15 years under the Plain Vanilla Bond Programme, with the same series expected to be reopened throughout the financial year. Under the Infrastructure Bond Programme, tenors to be issued will be 8 and 9 years.

Over the 2026/27 fiscal year, the Eswatini Government Bond Issuance Programme will be implemented in line with the Issuance Calendar below. Details of each bond will be provided as and when the instruments are issued, through their respective pricing supplements.



Government Bond Issuance Plan for 2026/27

Over the financial year (2026/27), the Eswatini Government bond issuance program is planned in line with the issuance calendar below. The details of each bond will be advised as and when the bonds are issued in their respective pricing supplements.

Quarter	Month	Issue Type	Amount(E)	Coupon Payment	Maturity
	Apr-26				
		SG144-Reopening	50,000,000.00	Mar/Sep	31-Mar-2029
		SG145-Reopening	50,000,000.00	Mar/Sep	31-Mar-2031
Q1	May-26	SG146-Reopening	50,000,000.00	Mar/Sep	31-Mar-2033
		SG147-Reopening	50,000,000.00	Mar/Sep	31-Mar-2036
		SG150-IPO	20,000,000.00	May/Nov	31-May-2041
	Jun-26				
Total Q1			220,000,000.00		
	Jul-26	SGIFB010	200,000,000.00	Jul/Jan	31-Jul-34
	Aug-26				
		SG144-Reopening	50,000,000.00	Mar/Sep	31-Mar-2029
Q2		SG145-Reopening	50,000,000.00	Mar/Sep	31-Mar-2031
	Sep-26	SG146-Reopening	50,000,000.00	Mar/Sep	31-Mar-2033
		SG147-Reopening	50,000,000.00	Mar/Sep	31-Mar-2036
		SG150-Reopening	20,000,000.00	May/Nov	31-May-2041
Total Q2			420,000,000.00		
		SG144-Reopening	50,000,000.00	Mar/Sep	31-Mar-2029
		SG145-Reopening	50,000,000.00	Mar/Sep	31-Mar-2031
	Oct-26	SG146-Reopening	50,000,000.00	Mar/Sep	31-Mar-2033
Q3		SG147-Reopening	50,000,000.00	Mar/Sep	31-Mar-2036
		SG150-Reopening	20,000,000.00	May/Nov	31-May-2041
	Nov-26				
	Dec-26	SGIFB011	200,000,000.00	Jul/Jan	31-Jul-34
Total Q3			420,000,000.00		
		SG144-Reopening	50,000,000.00	Mar/Sep	31-Mar-2029
		SG145-Reopening	50,000,000.00	Mar/Sep	31-Mar-2031
	Jan-27	SG146-Reopening	50,000,000.00	Mar/Sep	31-Mar-2033
		SG147-Reopening	50,000,000.00	Mar/Sep	31-Mar-2036
		SG150-Reopening	20,000,000.00	May/Nov	31-May-2041
Q4	Feb-27				
		IPO	50,000,000.00	Mar/Sep	31-Mar-2030
		IPO	50,000,000.00	Mar/Sep	31-Mar-2032
	Mar-27	IPO	50,000,000.00	Mar/Sep	31-Mar-2034
		IPO	50,000,000.00	Mar/Sep	31-Mar-2037
		SG150-Reopening	20,000,000.00	May/Nov	31-May-2041
Total Q4			440,000,000.00		

TOTAL	2026/27	1 500 000 000,00
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The calendar is indicative and the Eswatini Government reserves the right to amend any details for any reason.

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