

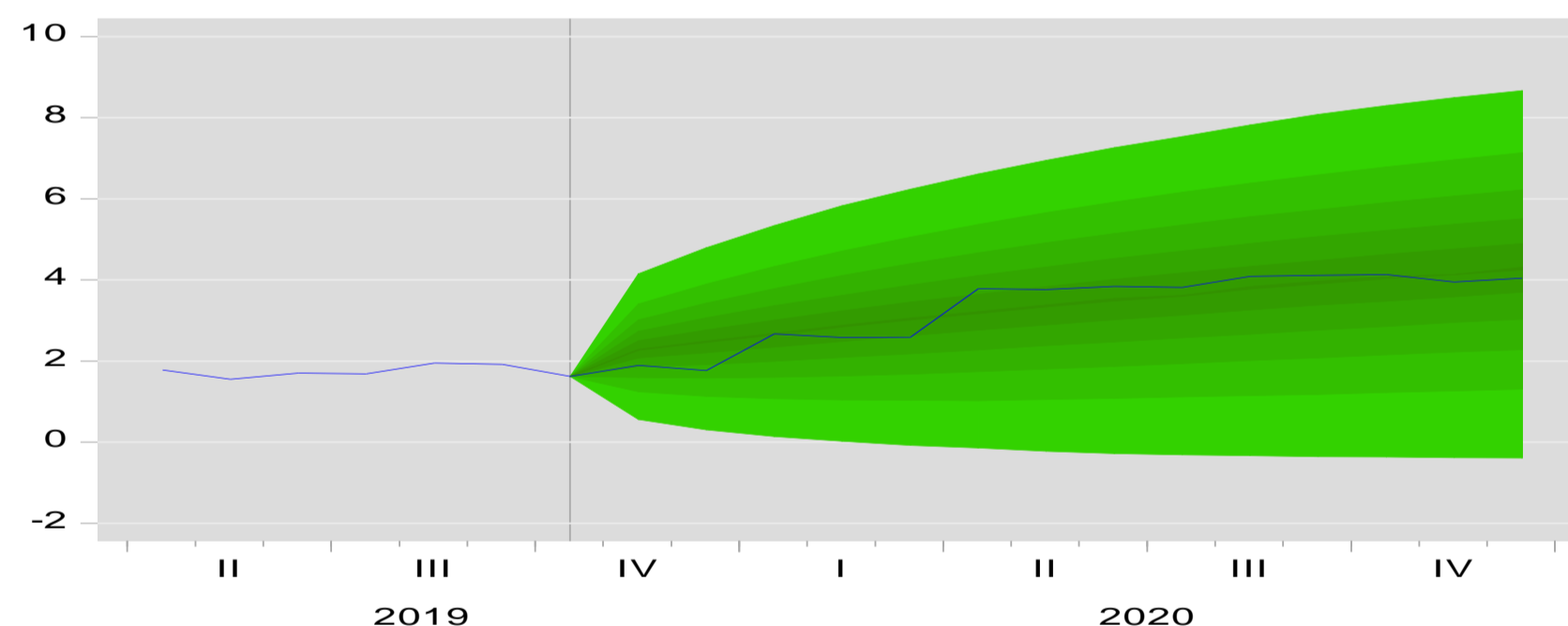


		2020 INFLATION FORECASTS (% y/y)				
		DATE	January 2020	March 2020		
Forecasts notes Eswatini's inflation forecasts in the medium term have been revised downwards due to lower than anticipated inflationary pressure from administered prices. The first quarter of 2020 began with a slow acceleration of inflation in the months of January and February 2020, raising the expected outturn for the first quarter of the year. Exerting further downward pressure on inflation is the expected decline in oil prices which transmits to Eswatini's inflation mainly via South Africa, as the oil price war escalates. The forecasts also take into account the lower than anticipated approved electricity tariff for the year and an ultimate expected increase in the tariff for water. Housing rental prices are also expected to pick up but at lower rate than the previous years following the lower increase in house rentals. As a result, the annual forecast for 2020 has been revised to 3.20 per cent, down from the 3.46 forecasted in January 2020. The first quarter of 2020 is forecast at 2.78 per cent (from 2.28 per cent), at 3.45 per cent in the second quarter (from 3.57 per cent) before settling at 3.41 per cent in the third quarter of the year. In the short to medium term, the forecasts show that inflation will average 4.04 per cent in 2021, slightly down from 4.12 per cent forecasted previously and 2022 forecast is from 3.89 per cent estimated in January 2020 to 3.66 per cent.	2020 INFLATION FORECASTS (% y/y)					
	Quarter 1 Average		2.28	2.78	2020 Quarterly Inflation Forecasts 	
	Quarter 2 Average		3.57	3.45		
	Quarter 3 Average		3.99	3.41		
	Quarter 4 Average		3.99	3.14		
	Annual Average		3.46	3.20		
			2021 INFLATION FORECASTS (% y/y)		Annual Inflation Forecasts 2020-2022 	
			DATE	January 2020		March 2020
	Quarter 1 Average		3.59	3.30		
	Quarter 2 Average		4.29	4.11		
Quarter 3 Average		4.34	4.40			
Quarter 4 Average		4.27	4.35			
Annual Average		4.12	4.04			
		MEDIUM TERM INFLATION FORECASTS (% y/y)				
		DATE	January 2020	March 2020		
2020		3.46	3.20			
2021		4.12	4.04			
2022		3.89	3.66			

FAN CHART FOR 2020 INFLATION PROJECTIONS

The medium term trajectory remain subject to a change in administered prices. Furthermore, increases in the Brent oil prices and a weakening in the Rand against major currencies (driven by weak fundamentals in South Africa and the effects of the coronavirus COVID-19), pose as upside risk to the outlook

Though inflation has been revised downwards for 2020, the fan chart points to an upward bias towards the beginning of the second quarter of the year.



Note that the Central Bank of Eswatini will not be held liable for any eventualities resulting from the use of this information. For any queries please contact the Research Department at 2408 2244/2415.