



Forecasts notes

Inflation forecasts have been slightly revised downwards for the short-to-medium term. The downward short-term revision is in line with the lower than expected inflation outturn for the month of March 2022. While the forecasts for the year have been revised downward, inflation is still expected to pick up due to inflationary pressures that still persist. These pressures generally emanate from domestic and global economic developments. Brent Crude Oil prices are expected to surge higher than previously observed leading to increase in domestic fuel prices. While, these developments have also seen higher fuel price adjustments in SA, the reduction in the fuel levy is expected to cushion against high imported inflation.

As previously expected, increases in domestic administered prices such as utility tariffs and public transport fares are expected to exert inflationary pressure in the second quarter of 2022. Although the Rand is expected to appreciate in the short-term and pose as a downside pressure to domestic inflation, the forecasts remain outweighed by the upside risks. As result, the annual average inflation forecast for 2022 is slightly revised down to 4.10 per cent from 4.20 per cent forecasted in March 2022. The second quarter of 2022 is revised down to 4.13 per cent (from 4.28 per cent), the third quarter of 2022 is down to 4.35 per cent (from 4.47 per cent) and the fourth quarter of 2022 is down to 4.48 per cent (from 4.54 per cent).

In the medium term, 2023 and 2024 are forecasted to be marginally lower than previously expected. In this period, the Rand is expected to remain weaker, exerting upward pressure on inflation. Increases in domestic administered prices pose as an upside risk. However, Brent oil prices are expected to stabilise and increase at a slower pace, somewhat cushioning against the inflationary pressures. Therefore, inflation for 2023 is forecasted at 4.02 per cent (from 4.05 per cent) and 2024 forecasted at 4.17 per cent (4.20 per cent).

2022 INFLATION FORECASTS (% y/y)

DATE	March	May
Quarter 1 Average	3.50	3.44
Quarter 2 Average	4.28	4.13
Quarter 3 Average	4.47	4.35
Quarter 4 Average	4.54	4.48
Annual Average	4.20	4.10

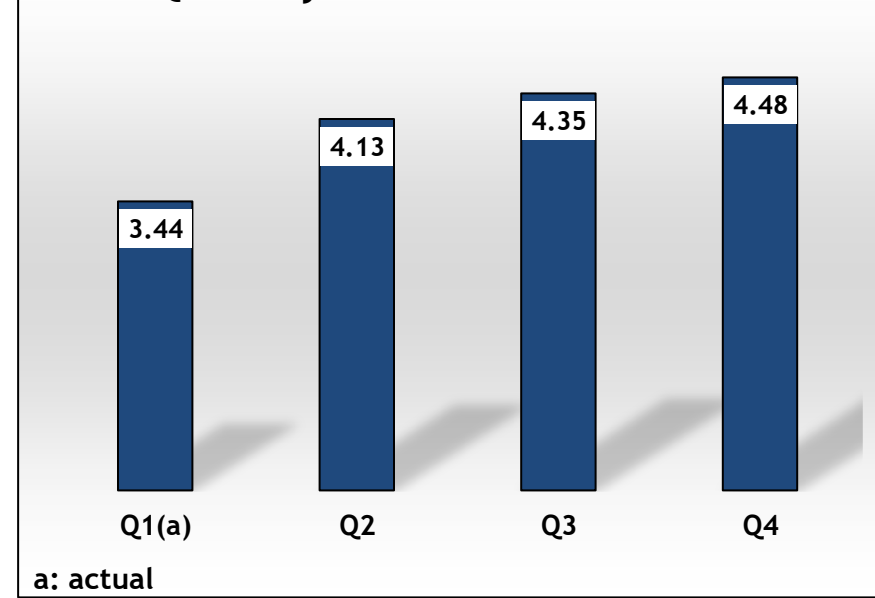
2023 INFLATION FORECASTS (% y/y)

DATE	March	May
Quarter 1 Average	4.13	4.11
Quarter 2 Average	3.95	3.93
Quarter 3 Average	3.89	3.97
Quarter 4 Average	4.10	4.08
Annual Average	4.05	4.02

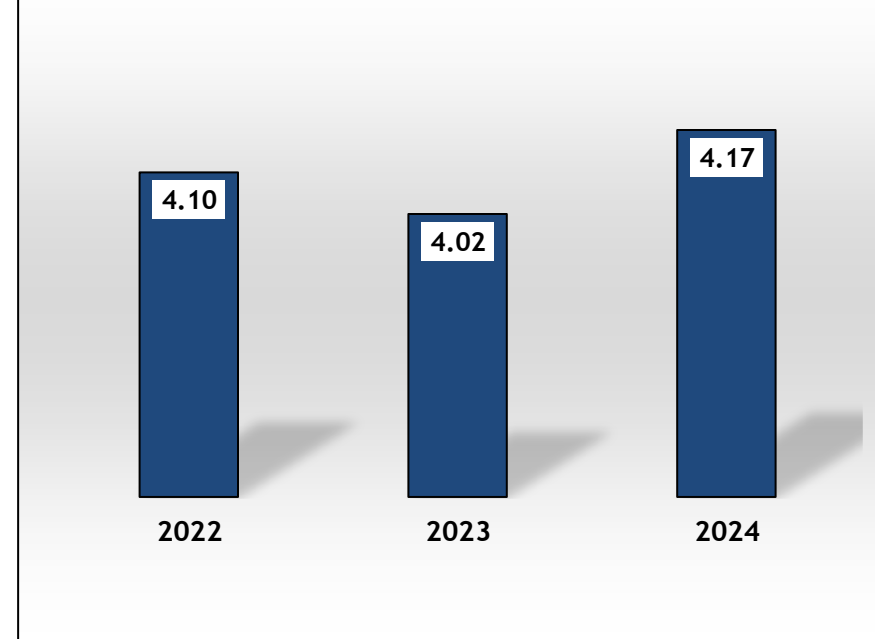
SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)

DATE	March	May
2022	4.20	4.10
2023	4.05	4.02
2024	4.20	4.17

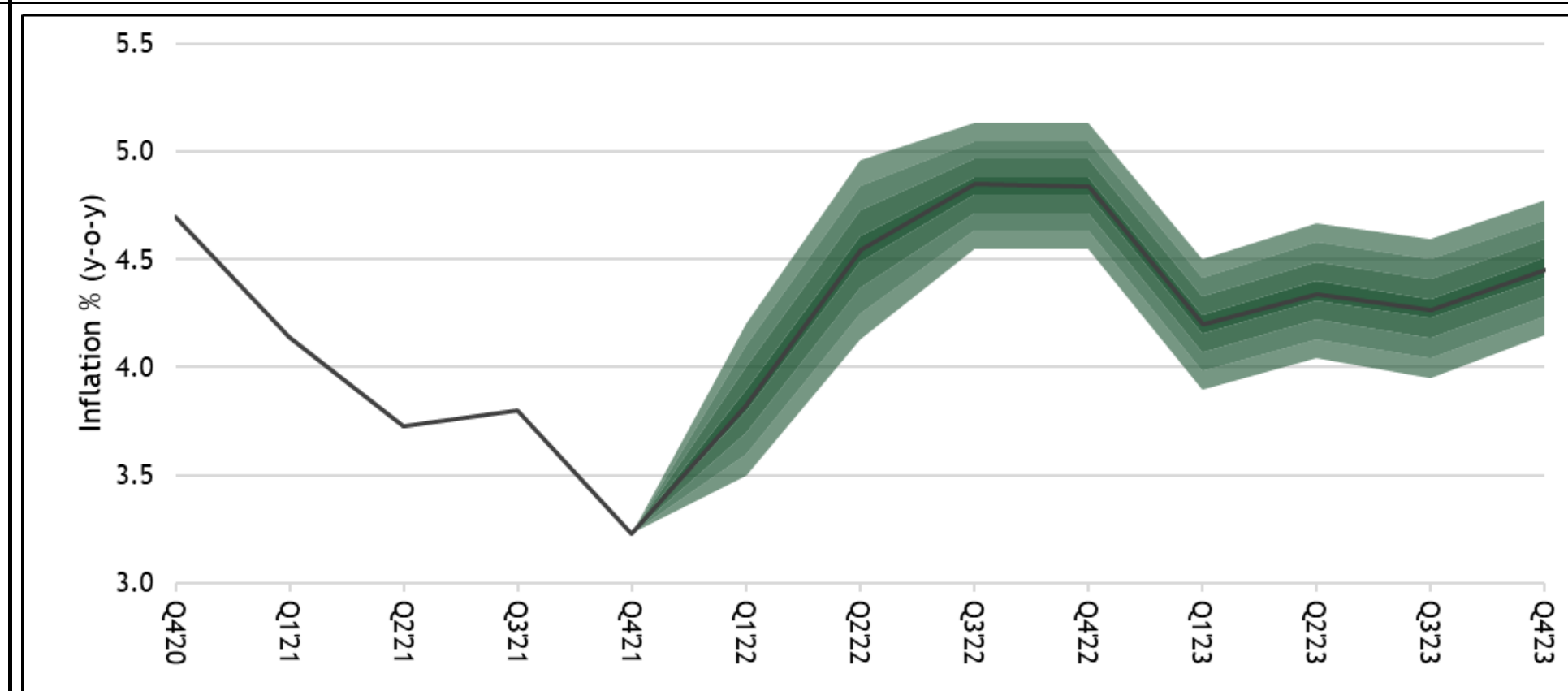
Quarterly Inflation Forecasts 2022



Annual Inflation Forecasts



FAN CHART FOR THE INFLATION PROJECTIONS



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