



## Eswatini Inflation Forecasts 2023 - 2025

Updated May 2023

### Forecasts notes

The Bank has marginally revised up its short-term forecasts while the medium-term remains relatively unchanged. Upward pressures to inflation proved more persistent in the quarter ended March 2023 as inflation outturn was slightly higher at 5.51 per cent than what was forecasted in March. The higher than forecasted domestic inflation outturn for the first quarter coupled with elevated global Brent prices in the forecast period presents an expectation of higher inflationary pressures than previously forecasted. As a result, the inflation forecasts for the second, third and fourth quarter have been revised upwards.

In the period, South African inflation is forecasted to trend upwards partially due to rising food inflation. The elevated food prices in South Africa, as loadshedding intensifies and impacting on the cost of doing business, imply higher direct effect on domestic food inflation hence the overall domestic inflation. Domestically, administered prices of utilities are still expected to exert upward pressure on domestic inflation and the effect mostly pronounced in the second quarter. Although surrounded by high uncertainty, the Rand exchange rate on the other hand is expected to slightly improve thus exerting slight downward pressure on domestic inflation. The second quarter of 2023 is revised up to 5.90 per cent (from 5.67 per cent). The third quarter of 2023 is also revised up to 5.65 per cent (from 5.47 per cent). Consequently, the annual average inflation forecast for 2023 is slightly revised upwards to 5.71 per cent (from 5.56 per cent).

The inflation rate for 2024 is slightly revised higher but relatively unchanged from the previous forecasts. The slight increase in the forecasts generally align with elevated global oil prices (although revised downwards) that are expected to moderate towards the year 2025. The Rand is expected to remain weaker and pose upward inflationary pressure on inflation, although a slight improvement in the exchange rate is expected later in the period. With inflationary pressures expected to subside in 2025, the inflation forecast for 2025 is thus slightly revised downwards. Therefore, inflation for 2024 is forecasted at 5.31 per cent (from 5.29 per cent) while for 2025 is revised down to 5.13 per cent (from 5.14 per cent).

### 2023 INFLATION FORECASTS (% y/y)

Date	March	May
Quarter 1 Average	5.48	5.54
Quarter 2 Average	5.67	5.90
Quarter 3 Average	5.47	5.65
Quarter 4 Average	5.61	5.76
Annual Average	5.56	5.71

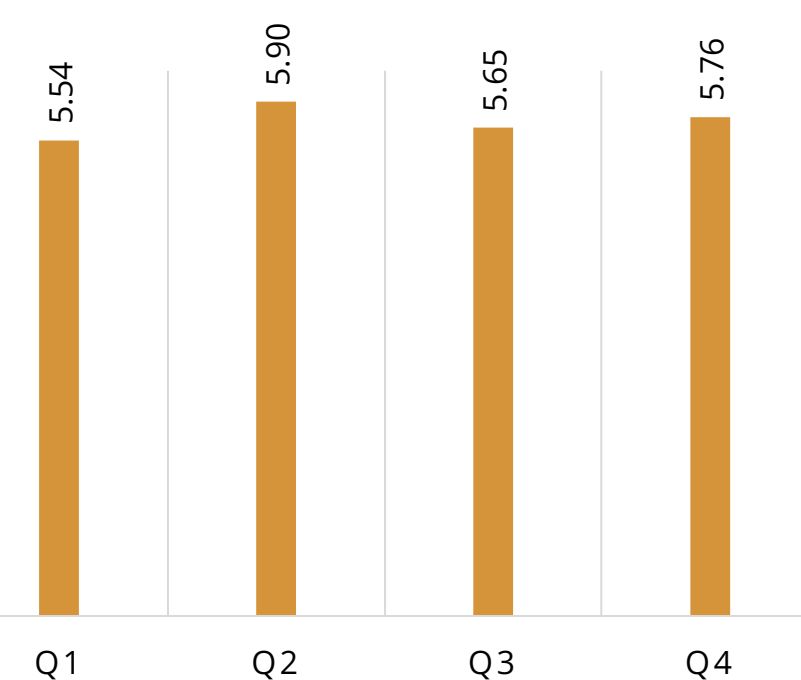
### 2024 INFLATION FORECASTS (% y/y)

Date	March	May
Quarter 1 Average	5.28	5.44
Quarter 2 Average	5.51	5.47
Quarter 3 Average	5.10	5.05
Quarter 4 Average	5.28	5.26
Annual Average	5.29	5.31

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

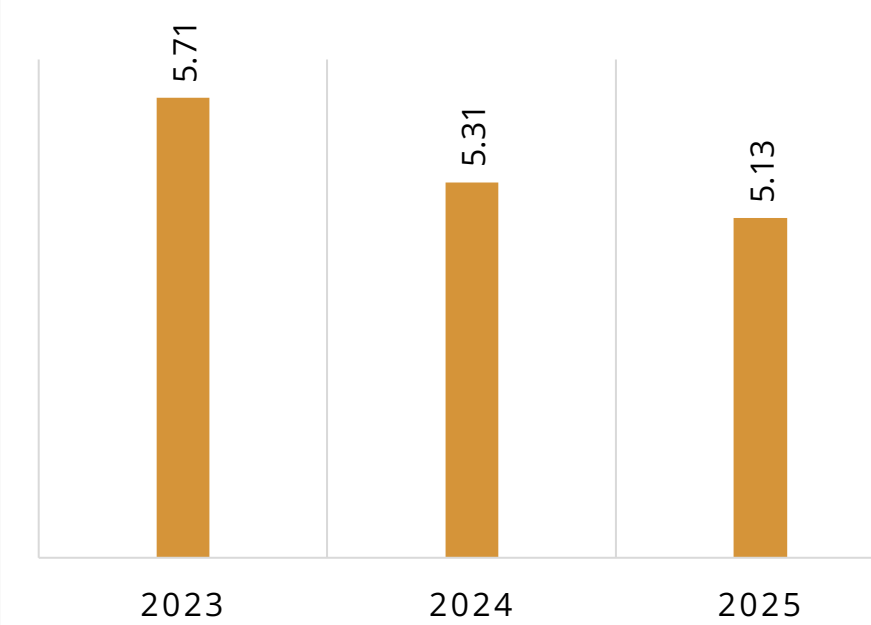
Date	March	May
2023	5.56	5.71
2024	5.29	5.31
2025	5.14	5.13

### QUARTERLY INFLATION FORECASTS 2023

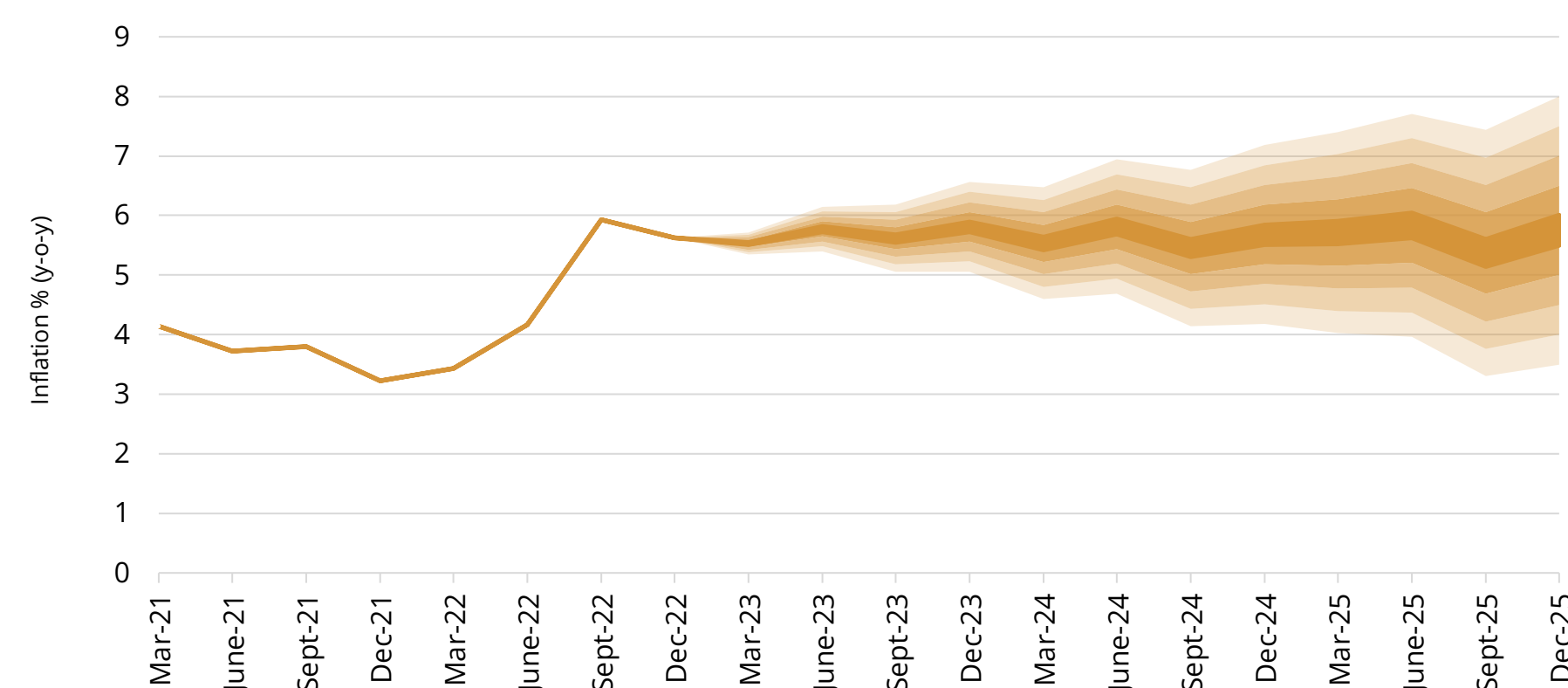


Note: (a)- Actual rate

### ANNUAL INFLATION FORECASTS



### FAN CHART FOR THE INFLATION PROJECTIONS



**Note:** 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.