

MAJOR HIGHLIGHTS

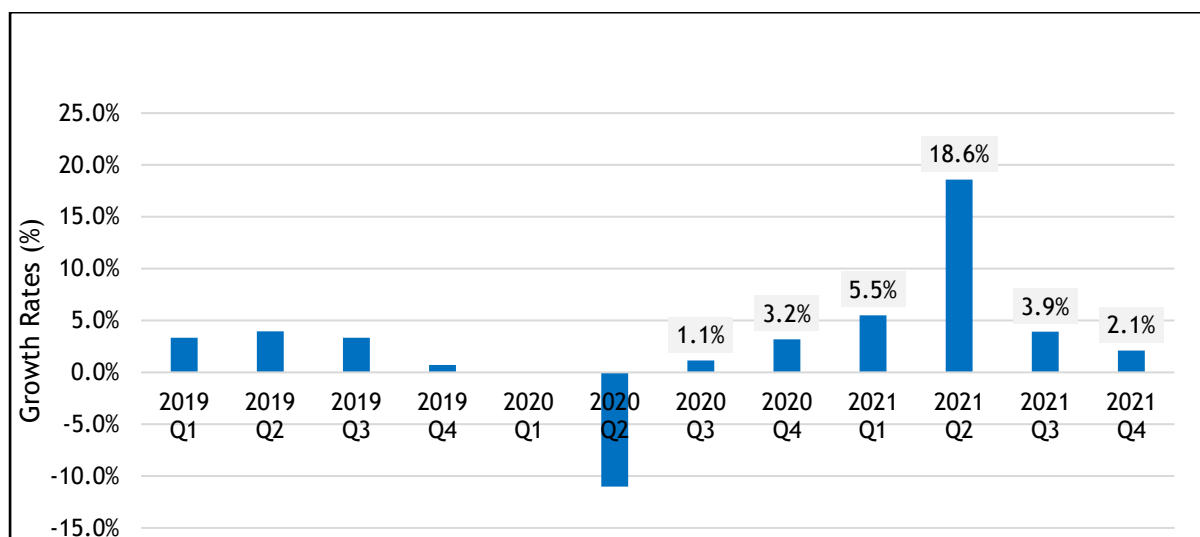
<ul style="list-style-type: none"> Economic activity as measured by the Gross Domestic Product (GDP) is estimated to have increased by a slower 2.1 per cent on a year-on-year basis (seasonally adjusted) in the fourth quarter of 2021. 	Quarterly GDP (% y/y)	2.1 (Dec) ▾
<ul style="list-style-type: none"> The country's annual consumer inflation eased to 3.3 per cent in February 2022 compared to 3.6 per cent in January 2022. 	Inflation rate (% y/y)	3.3 (Jan) ▾
<ul style="list-style-type: none"> Discount and prime lending rates remained unchanged in March 2022. 	Prime Lending (%)	7.50 –
	Discount rate (%)	4.00 –
<ul style="list-style-type: none"> In the month of March 2022, the Lilangeni/Rand exchange rate strengthened against the major trading currencies. 	Exchange rate (US\$)	14.99 (Mar) ▲
<ul style="list-style-type: none"> Credit extended to the private sector improved by 0.5 per cent relative to January 2022 to reach E15.8 billion at the end of February 2022. 	Private Sector Credit (% m/m)	0.5 (Feb) ▲
<ul style="list-style-type: none"> Broad money supply (M2) amounted to E20.8 billion at the end of February 2022, representing growth of 5.2 per cent month-on-month and a decline of 1.2 per cent over the year. 	Broad Money (M2) (% m/m)	5.2 (Feb) ▲
<ul style="list-style-type: none"> Gross official reserves (a preliminary estimate) stood at E6.6 billion at the end of March 2022, lower by 29.8 per cent when compared to February 2022. 	Reserves (months of import cover)	2.5 (Mar) ▾
<ul style="list-style-type: none"> Preliminary figures for the end of March 2022 indicate that total public debt is estimated at E28.0 billion, an equivalent of 35.8 per cent of GDP and slightly lower than 35.9 per cent of GDP recorded in the previous month. 	Total Public Debt (% of GDP)	35.8 (Mar) ▾
<ul style="list-style-type: none"> In the month of March 2022, Eswatini recorded a deficit trade balance of E317.7 million, from a surplus of E32.4 million in the preceding month. 	Trade Balance (% of GDP)	-0.41 (Mar) ▾

NB: The table shows the most recent available data.

1 QUARTERLY GDP DEVELOPMENTS

Economic activity as measured by the Gross Domestic Product (GDP) is estimated to have increased by a slower 2.1 per cent, on a year-on-year and seasonally adjusted basis, in the fourth quarter of 2021 from a revised growth of 3.9 per cent in the third quarter of 2021. The slowdown in economic activity was largely attributed to poor performance in the tertiary sector and moderate increases in the primary and secondary sectors. On a quarter-on-quarter basis, GDP declined by 0.3 per cent (seasonally adjusted) in the fourth quarter of 2021 from a revised growth of 0.1 per cent in the previous quarter.

Figure 1: Quarterly GDP Seasonally Adjusted, Year-on-Year Growth Rates; 2019Q1 to 2021Q4



Source: Central Statistics Office (CSO)

The primary sector grew by 4.2 per cent year-on-year in the fourth quarter of 2021, from a revised growth of 12.3 per cent in the third quarter of 2021. Subsectors that depicted resilient growth in the quarter under review, amid at a slower pace than the previous quarter, were ‘animal production’ and ‘forestry activities’. The ‘animal production’ subsector recorded a 9.6 per cent growth in the fourth quarter of 2021 compared to 21.3 per cent in the previous quarter, mainly benefitting from a 13.2 per cent increase in pig slaughters during the last quarter of 2021. The ‘forestry’ subsector on the other hand grew by 32.1 per cent in the quarter under review, mainly driven by continuous improvement in external demand for forestry products as COVID-19-induced lockdown restrictions were ceased by most countries. On the contrary, there was negative

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performance in 'crop production' and 'mining & quarrying' due to a fall in sugarcane and coal production, respectively, in the period under review.

The secondary sector also continued to record positive performance, increasing by 5.1 per cent on a year-on-year basis in the quarter under review, compared to 6.3 per cent in the in the previous quarter. The growth largely benefitted from increased economic activity in the 'manufacturing' and 'water supply' subsectors. The rebound in external demand (from a low base in the previous year) supported strong growth in the export-oriented manufacturing sector. Evidently, the manufacturing subsector grew by 6.5 per cent (year-on-year basis) in the fourth quarter of 2021, from 6.4 per cent in the third quarter of the same year. Sub-sectors that drove industry growth included 'manufacture of beverages', 'manufacture of textiles' and 'manufacture of food products excluding sugar'. Positive performance was also observed in the 'water collection & treatment' subsector whose output rose by 9.2 per cent on a year-on-year basis in the quarter under review, compared to 5.8 per cent in the previous quarter. The observed increase in water sales during the quarter under review was a result of good rains which ensured good dam levels and consistent supply of water, coupled with an acceleration in economic activity in domestic industries.

Subsectors that recorded poor performance within the secondary sector included 'sugar processing', 'electricity supply' and 'construction'. Sugar manufacturing declined by more than 30 per cent on a year-on-year basis largely due to a prolonged strike in some parts of the sugar belt in the period under review. Electricity supply and construction decreased by 35.5 and 2.5 per cent, respectively, on a year-on-year comparison in the quarter under review.

Output for the tertiary sector contracted by 1.6 per cent in the fourth quarter of 2021, from a marginal growth of 0.5 per cent in the previous quarter. Subsectors that contributed negatively to the services sector included 'wholesale & retail trade', 'public administration' and 'professional, scientific & technical activities'. Disruptions from social unrests and weak real disposable incomes in the aftermath of COVID-19 continued to weigh negatively on 'wholesale & retail trade', which declined by 6.4 per cent in the quarter under review, following a contraction of 3.9 per cent in the previous quarter. The output of general government services receded by 1.8 per cent year-on-year due to a reduction in central government payroll numbers, which is attributable to a higher natural attrition rate in personnel against a slower replacement rate. However, positive performance was noted in 'financial services except insurance' and 'tourism related activities', where the latter depicted a rebound from a low base of the previous year

due to COVID-19 induced travel restrictions. Further growth in the tourism sector was limited by the advent of Omicron variant that led to the red-listing of countries in the Southern region.

2 PRICE DEVELOPMENTS

Following two months of gradual increases, the annual consumer inflation eased to 3.3 per cent in February 2022 from 3.6 per cent in January 2022. The moderation was driven by slower increases in the price indices for ‘transport’, ‘clothing & footwear’, ‘food & non-alcoholic beverages’ and ‘alcoholic beverages & tobacco’. Transport prices continue to remain volatile on the back of developments in oil supply and demand factors in international markets. During the period under review, transport inflation declined by 0.9 of a percentage point to record 4.9 per cent, mainly driven by a slowdown in the prices for ‘fuels & lubricants for personal transport equipment’. The index for ‘clothing & footwear’ grew by a slower 4.6 per cent in February 2022 compared to 6.5 per cent in the previous month, owing to decreases in the prices for ‘garments, shoes & other wear’. Deflationary pressures were also observed in the price index for ‘food & non-alcoholic beverages’, which decreased to 3.4 per cent in February 2022 from 3.7 per cent in January 2022. The decline resulted from decreases in the prices for meat, fruit, fish and seafood. Furthermore, the index for ‘alcoholic beverages & tobacco’ also fell by 0.9 of a percentage point to record 3.6 per cent, between the two months under review.

On the contrary, an observed increase in the price index for ‘household furniture & maintenance’ somewhat counteracted the above decreases. The price index for ‘household furniture & maintenance’ grew from 1.1 per cent in January 2022 to 4.0 per cent in February 2022, benefitting from increases in the prices for ‘furniture & furnishings’ and ‘household appliances’.

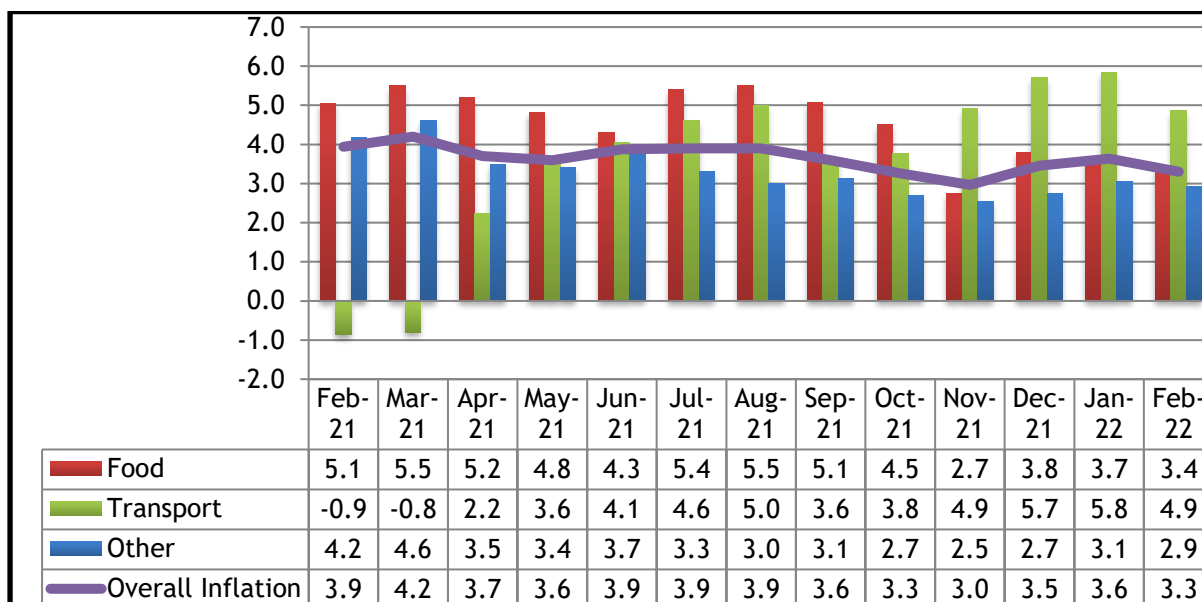
On a month-on-month basis, consumer prices declined to 0.1 per cent in February 2022 compared to 0.4 per cent in the previous month. Slower increases were noted in the price indices for ‘food and non-alcoholic beverages’, ‘alcoholic beverages and tobacco’ and ‘miscellaneous goods and services’, which decreased from 0.9, 2.0 and 1.7 per cent to -0.1, -0.9 and -0.5 per cent, respectively, during the period under review. These decreases were partially offset by an increase in the price index for ‘household furniture and maintenance’ that grew by 3.0 percentage points to 3.2 per cent in February 2022.

Core inflation, which is CPI excluding volatile items such as food, auto-fuel and energy, declined to 1.7 per cent in February 2022 from 1.8 per cent in the previous month. The CPI for goods decreased from 6.1 per cent to 5.6 per cent, owing to decreases in the prices for

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non-durable and semi-durable goods. Similarly, the CPI for services fell from 0.2 per cent to 0.1 per cent in the same period. On a month-on-month basis, core inflation grew by 0.1 per cent in February 2022.

Figure 2: Inflation Trends: February 2021 to February 2022

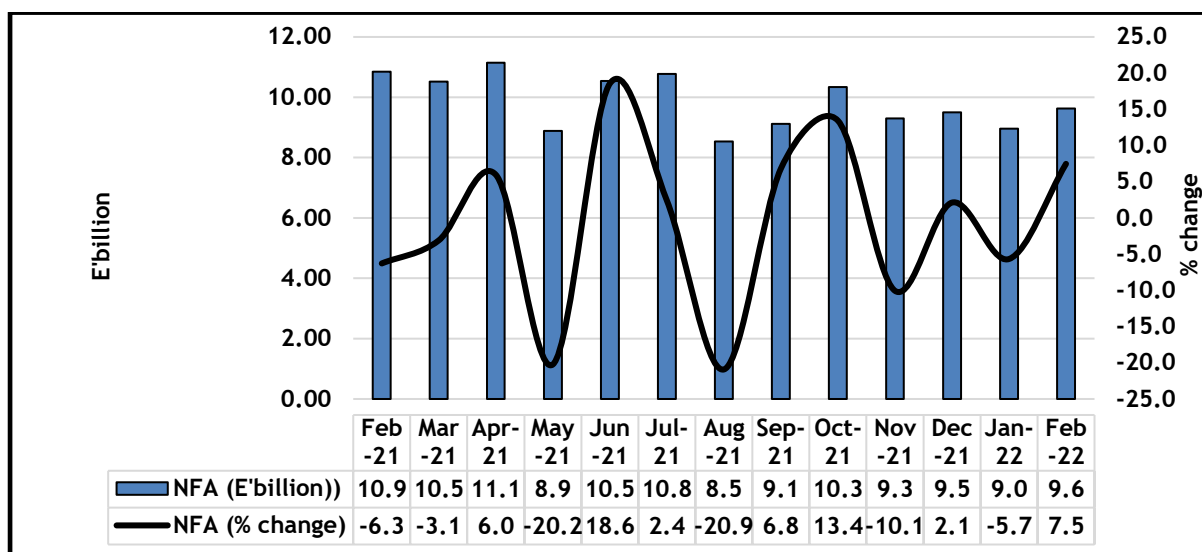


Source: Central Statistical Office and Central Bank of Eswatini

3 MONEY SUPPLY AND BANKING DEVELOPMENTS

The country's net foreign assets stood at E9.6 billion at the end of February 2022, representing an increase of 7.5 per cent month-on-month and a decline of 11.2 per cent year-on-year. The month-on-month growth was registered in both net foreign holdings of the official sector and other depository corporations. Net foreign official holdings grew by 8.3 per cent month-on-month and fell by 7.7 per cent year-on-year to settle at E7.1 billion at the end of February 2022. The month-on-month improvement was mainly on account of net inflows of foreign exchange from commercial banks over the month under review. Net foreign holdings of other depository corporations rose by 5.3 per cent from January 2022, however, over the year fell by 20.0 per cent to reach E2.5 billion at the end of February 2022. The month-on-month expansion was mainly attributed to other depository corporations' investments abroad. Valued in special drawing rights (SDRs), net foreign assets grew by 9.3 per cent month-on-month but decreased by 9.3 per cent over the year to settle at SDR454.5 million at the end of February 2022.

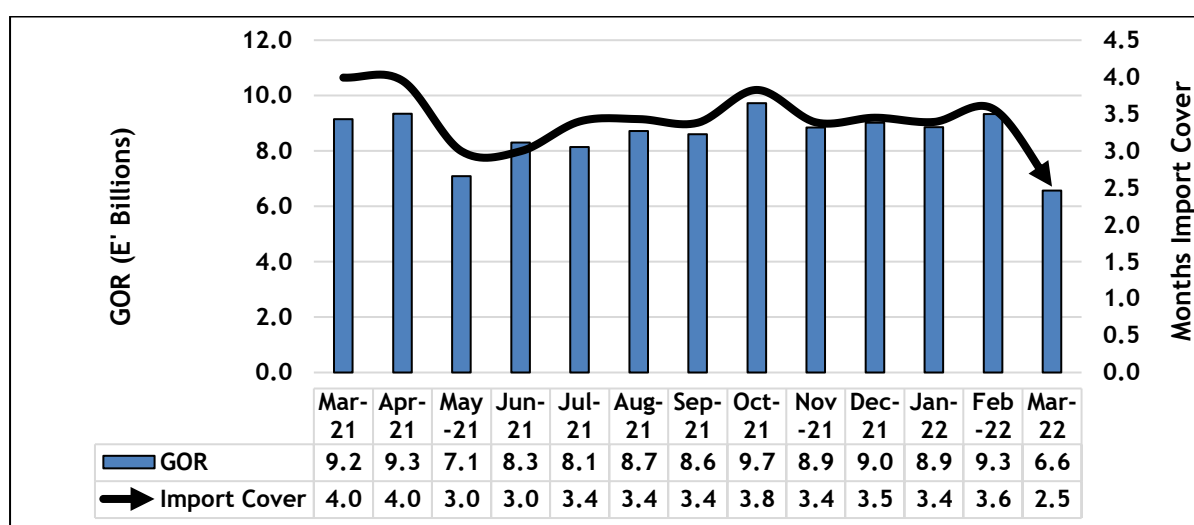
Figure 3: Net Foreign Assets Monthly Changes: February 2021 to February 2022



Source: Other Depository Corporations and Central Bank of Eswatini

Gross official reserves (a preliminary estimate) stood at E6.6 billion at the end of March 2022, lower by 29.8 per cent when compared to February 2022 and 28.5 per cent year-on-year. At this level, the reserves were estimated to cover 2.5 months of imports of goods and services. The fall in reserves was mainly due to an outflow of Rands from trades with local commercial banks coupled with revaluation losses from the appreciation of the Lilangeni/Rand against major trading currencies over the review month. Valued in special drawing rights (SDRs), the reserves stood at SDR325.5 million, reflecting a month-on-month reduction of 26.4 per cent and 26.0 per cent year-on-year.

Figure 4: Gross Official Reserves and Import Cover: March 2021 to March 2022



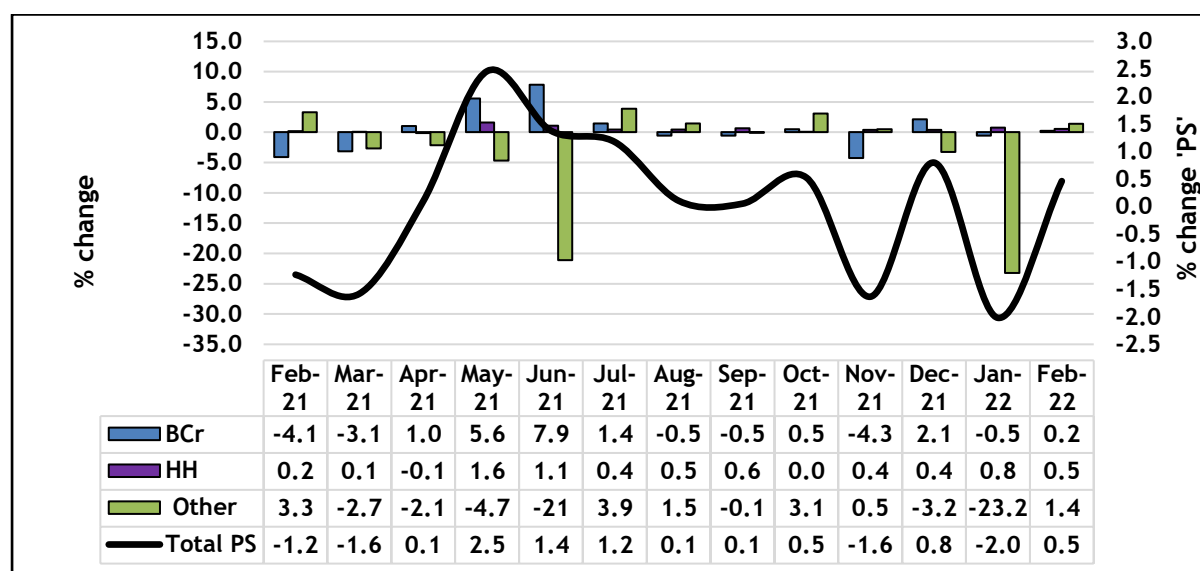
Source: Central Bank of Eswatini

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Credit extended to the private sector improved by 0.5 per cent relative to January 2022 and 1.7 per cent year-on-year to reach E15.8 billion at the end of February 2022. Growth was observed in all components of private sector credit, which are credit to other sectors of the domestic economy, households & non-profit Institutions serving households (NPISH) as well as credit to businesses. Credit extended to other sectors increased by 1.4 per cent month-on-month, however, fell by 41.1 per cent over the year to settle at E1.2 billion at the end of February 2022. The increase in credit to other sectors was observed in credit to other financial corporations and public nonfinancial corporations, which both grew by 1.5 per cent from January 2022. Credit to local government however, receded by 1.3 per cent at the end of February 2022.

Credit extended to households & NPISH grew by 0.5 per cent from January 2022 and 6.5 per cent over the year to reach E7.7 billion at the end of February 2022. Growth was driven by other personal (unsecured) loans and motor vehicle loans which outweighed a fall in housing loans. As a result, other personal (unsecured) loans and motor vehicle finance reflected a month-on-month growth of 7.3 per cent and 1.1 per cent, respectively. Housing loans on the other hand, declined by 4.9 per cent month-on-month.

Figure 5: Private Sector Credit Monthly Changes: February 2021 to February 2022



Source: Central Bank of Eswatini

(BCr: Business Credit HH: Household Credit PS: Private Sector Credit)

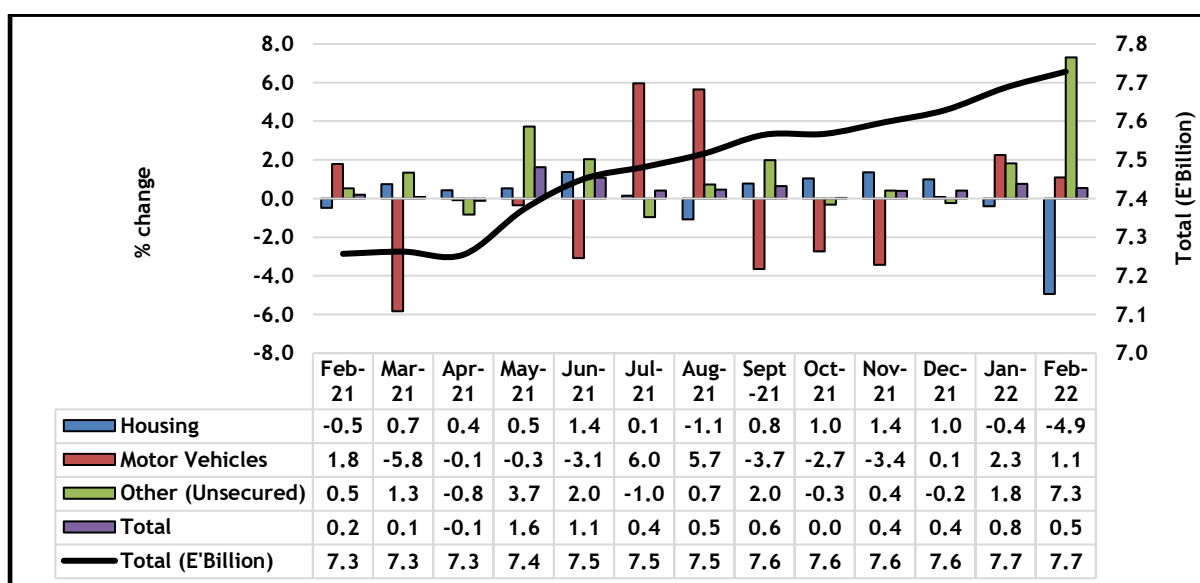
Credit extended to businesses stood at E6.9 billion at the end of February 2022, reflecting an increase of 0.2 per cent month-on-month and 9.6 per cent over the year. The month-on-month improvement was recorded in credit to these subsectors; real estate

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(2.6 per cent), community, social & personal services (1.5 per cent), manufacturing (0.8 per cent) and distribution & tourism (0.8 per cent). A decline was however, observed in these subsectors; agriculture & forestry (-7.7 per cent), mining & quarrying (-1.1 per cent), construction (-0.6 per cent) as well as transport & communication (-0.3 per cent).

Net claims on government with the banking sector increased from E1.5 billion in January 2022 to E2.5 billion at the end of February 2022. Notably, claims on government grew by 6.8 per cent month-on-month to E7.4 billion, due to an advance from the Central Bank. On the other hand, government deposits fell by 9.4 per cent over the review month to close at E5.0 billion at the end of February 2022.

Figure 6: Household Credit Monthly Changes: February 2021 to February 2022



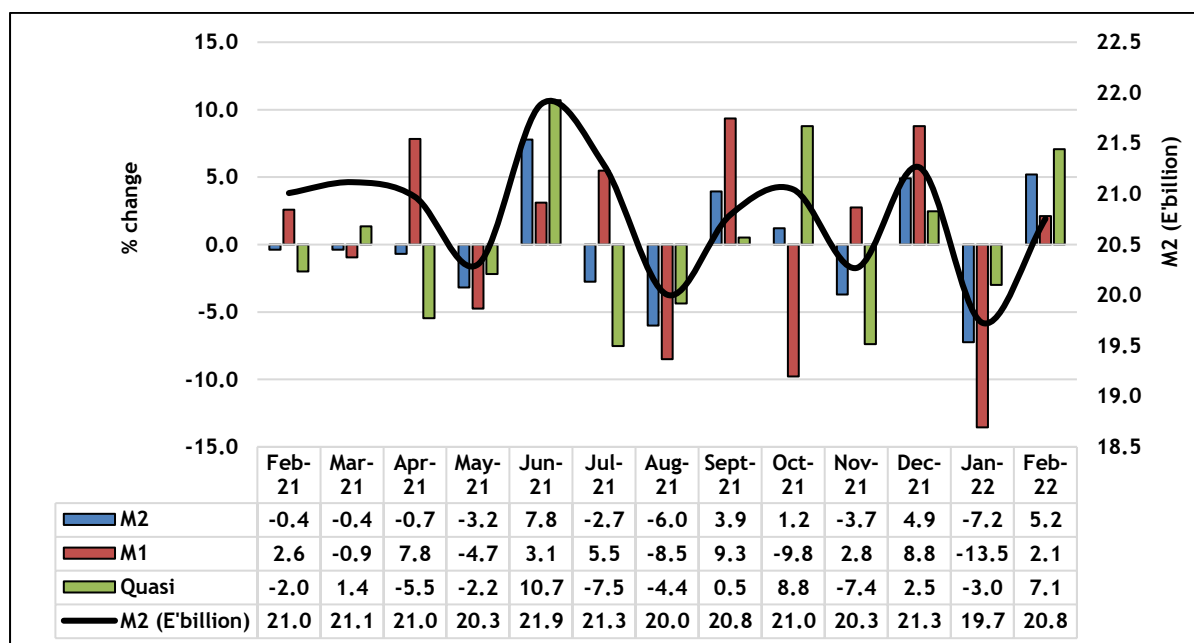
Source: Central Bank of Eswatini and Other Depository Institutions

Broad money supply (M2) amounted to E20.8 billion at the end of February 2022, representing growth of 5.2 per cent month-on-month and a decline of 1.2 per cent over the year. The month-on-month expansion was supported by both quasi money supply and narrow money supply (M1). Quasi money supply grew by 7.1 per cent month-on-month and contracted by 1.1 per cent to close at E13.2 billion at the end of February 2022. The month-on-month improvement was observed in both time and savings deposits. Consequently, time and savings deposits rose by 8.1 per cent to E11.3 billion and 1.1 per cent to E1.9 billion, respectively. Narrow money supply (M1) amounted to E7.5 billion at the end of February 2022, reflecting a month-on-month growth of 2.1 per cent, however, fell by 1.4 per cent year-on-year. The month-on-month expansion in M1 was driven by both components, Emalangi outside depository corporations and transferable (demand) deposits.

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Emalangenzi outside depository corporations accelerated by 4.6 per cent from January 2022 to reach E791.1 million. Transferable deposits rose by 1.8 per cent month-on-month to reach E6.8 billion at the end of February 2022.

Figure 7: Money Supply Monthly Changes: February 2021 to February 2022



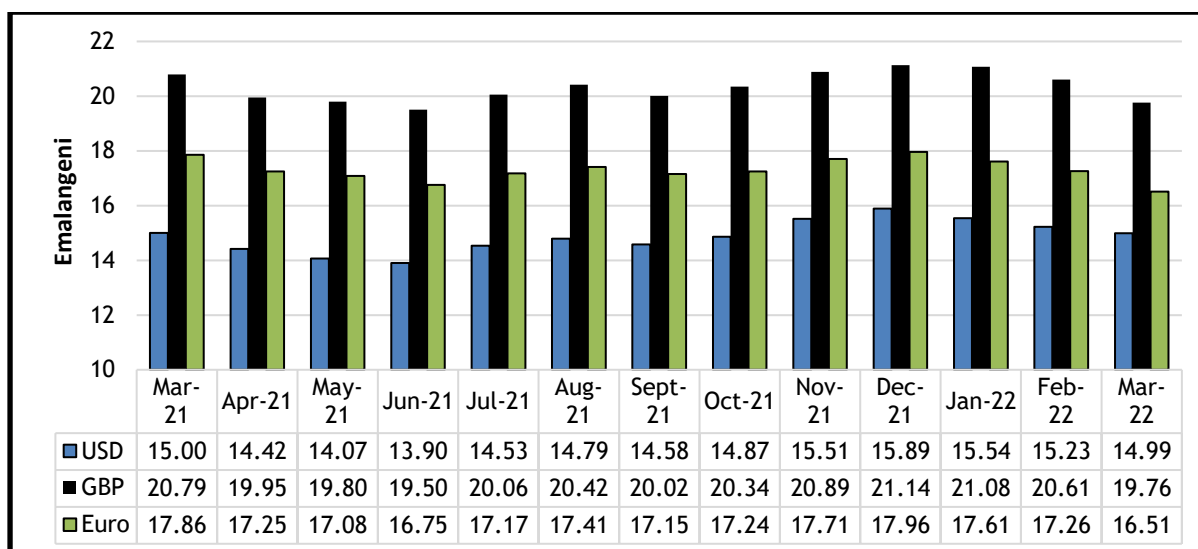
Source: Other Depository Institutions and Central Bank of Eswatini

During the month of March 2022, the Rand/Lilangeni was stronger and appreciated against major currencies. The Rand/Lilangeni proved buoyant and traded marginally below E15.00 on average against the US Dollar. The local currency appreciated generally against major currencies. Trading on average E14.99 against the US Dollar, E19.76 against the Pound Sterling and at E16.51 against the Euro. The Rand found support in the monetary policy decision by the SA Reserve Bank that saw the repo rate rising to 4.25 per cent with an indication of possible further hikes in the next MPC meetings. This stance increased returns on South African assets despite the more hawkish outlook by the US Federal Reserve Bank. The Rand also built strength further on the country's trade developments as gold and other metal prices soared in response to global fears of supply pressure linked to the metal export sanctions on Russia.

The Rand/Lilangeni ended March 2022 significantly stronger than in February 2022. At the end of the month, the Rand/Lilangeni traded at E14.48 to the US Dollar, at E19.02 to the Pound Sterling and at E16.18 to the Euro. The outlook of the Rand hence, that of the Lilangeni, leans more on South Africa's monetary policy prospects and global supply chain

pressures linked to COVID-19 resurgence and the Russia-Ukraine war that may trigger higher import price and worsen the fragile global risk appetite.

Figure 8: Average Exchange Rates: March 2021 to March 2022

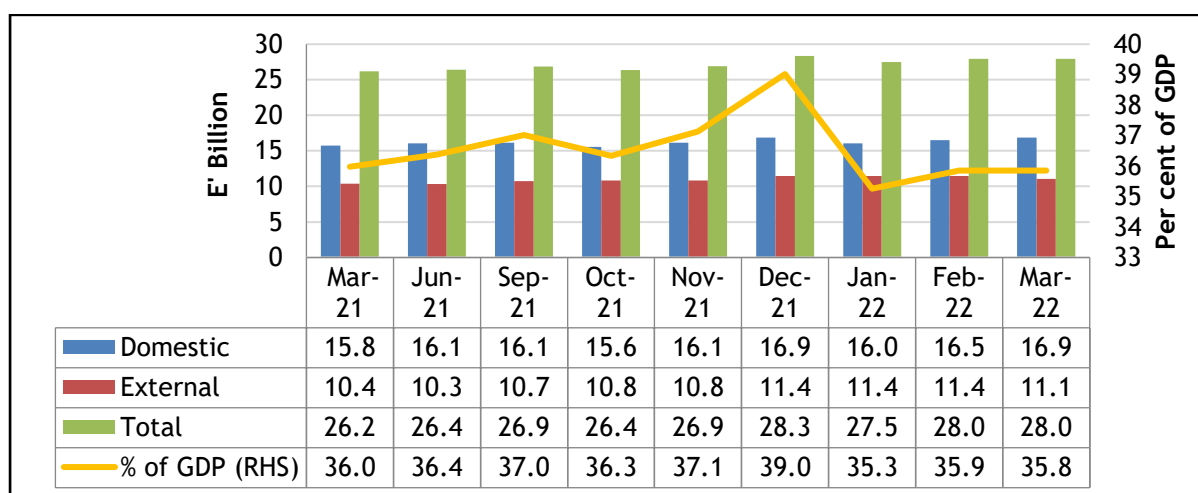


Source: Central Bank of Eswatini

4 TOTAL PUBLIC DEBT

Preliminary figures for the end of March 2022 indicate that total public debt is estimated at E28.0 billion, an equivalent of 35.8 per cent of GDP. This shows that total debt remained fairly constant over the past month.

Figure 9: Total Public Debt: March 2021 to March 2022



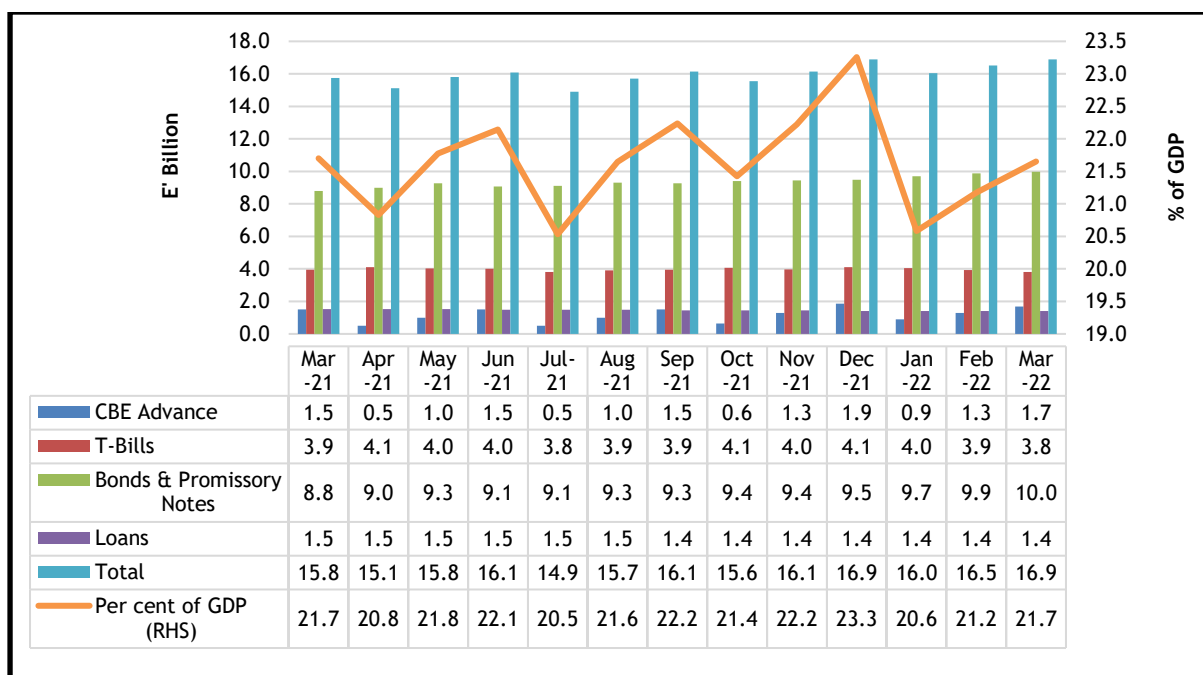
Source: Ministry of Finance & Central Bank of Eswatini

Preliminary figures show that external public debt stood at E11.1 billion translating to an equivalent of 14.2 per cent of GDP. This shows that external debt fell by 2.6 per cent over the past month due to a slight recovery of the Lilangeni against major foreign currencies in which the country's liabilities are denominated. Outstanding public domestic debt stood at

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E16.9 billion, an equivalent to 21.7 per cent of GDP as at the end March 2022. This depicts an increase of 2.4 per cent when compared to E16.5 billion recorded in the previous month. The increase is as a result of an additional E400 million advance extended to government as well as E120 million issued in Suppliers' bonds.

Figure 10: Outstanding Domestic Debt: March 2021 to March 2022



Source: Ministry of Finance & Central Bank of Eswatini

During the month of March 2022 government accessed an additional E400 million from the Advance facility bringing the total outstanding advance to E1.7 billion.

Table 1: Domestic Debt Instruments Outstanding by Holder as at 31 March 2022 (E' Million)

Holder	Treasury Bills	Government Bonds	Promissory Notes	CBE Advance	Total	Share of Holdings (%)
CBE	3.2	1,293.9		1,689.0	2,986.1	19.3
Commercial banks	2,378.7	1,936.9			4,315.6	27.9
NBFIs	1,276.3	5,649.1			6,925.4	44.8
Other	128.6	1,012.3	77.0		1,217.8	7.9
	3,786.7	9,892.2	77.0	1,689.0	15,444.9	100

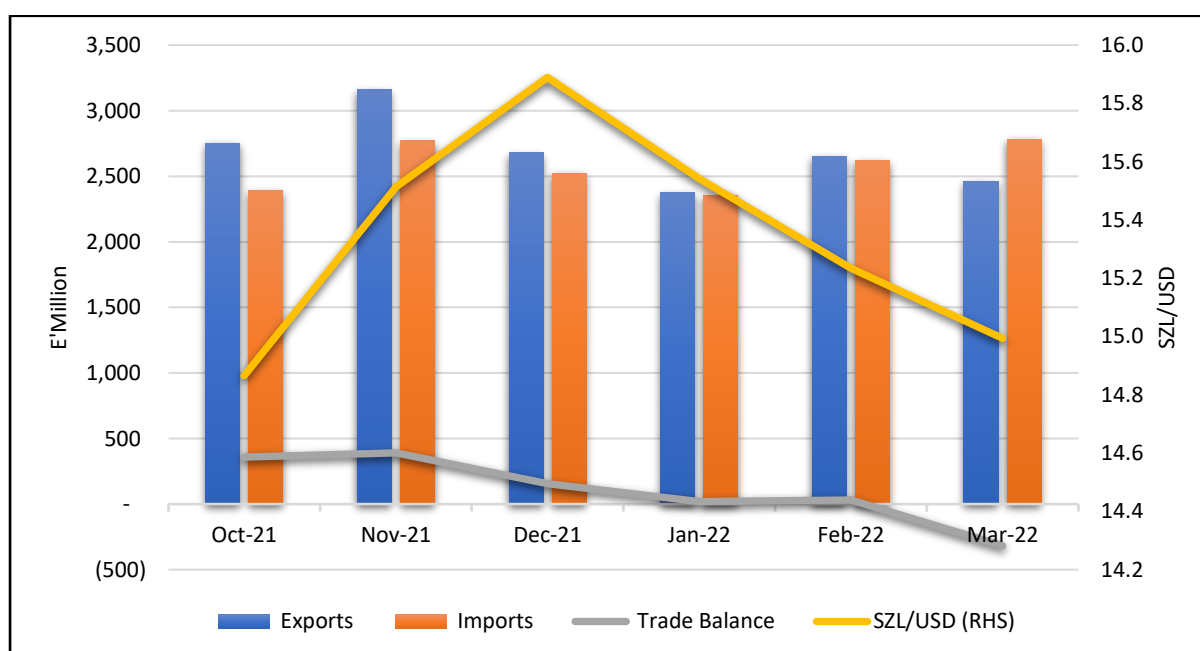
Source: Ministry of Finance & Central Bank of Eswatini

While commercial banks continued to dominate participation in Government securities on the shorter end of the yield curve, non-bank financial institutions dominate on the longer-term securities.

5 THE EXTERNAL SECTOR

In the month of March 2022, Eswatini recorded a deficit trade balance of E317.7 million, from a surplus of E32.4 million in the preceding month. The country recorded exports of E2.464 billion in March, lower by 7.2 per cent month-on-month and by 8.1 per cent year-on-year. Imports for the month amounted to E2.781 billion, higher by 6.1 per cent month-on-month and higher by 18.5 per cent year-on-year. Merchandise trade, with our major trading partner South Africa, remained within usual margins month-on-month, with sales destined to the market at 71.7 per cent and imports originating from the market accounting for 76.2 per cent of total imports.

Figure 11: Merchandise Trade; October 2021 - March 2022



Source: Central Bank of Eswatini

In the month, exports of 'soft drink concentrates' accounted for 45.0 per cent of total exports. 'Soft drink concentrates' exports amounted to E1.108 billion, 2.9 per cent higher month-on-month, and 6.5 per cent lower year-on-year. Export receipts from 'sugar and sugar products' fell by 33.8 per cent in March 2022, and by 32.6 per cent year-on-year to total E429.6 million. Exports of 'textile and textile apparel' valued at E283.8 million in March 2022, grew by 10.8 per cent month-on-month and fell by 13.3 per cent year-on-year. 'Wood and wood articles' exports amounted to E204.2 million in the month under review

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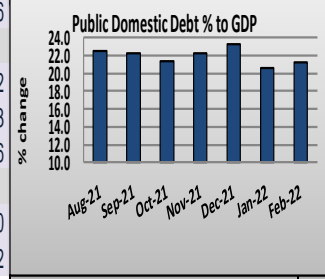
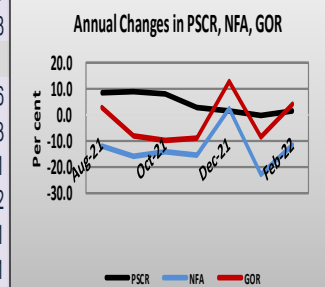
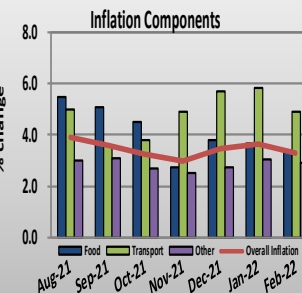
which, was 16.9 per cent higher when compared to February 2022 and rising 12.8 per cent when compared to March 2021.

Imports of 'energy products' grew markedly by 24.4 per cent month-on-month, and by a notable 66.5 per cent year-on-year, amounting to E453.7 million in March 2022. 'Machinery and electrical equipment' imports grew significantly in March 2022, up by 15.8 per cent compared to the previous month and up by 13.7 per cent when compared to the same period last year. Import invoices from 'animal and vegetable products' totaled E273.1 million in the month, 33.0 per cent higher month-on-month, and 3.9 per cent lower year-on-year. 'Textile and textile apparel' imports were E268.9 million in the month, down by 2.4 per cent when compared to the preceding month and up by 19.2 per cent year-on-year. Imports of 'vehicles' amounted to E173.3 million in the review month, an increase of 32.8 per cent month-on-month and that of 19.3 per cent year-on-year.



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Economic Policy, Research and Statistics Department							
Kingdom of Eswatini Economic Indicators at a glance							
Sectors	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
Overall Inflation	3.9	3.6	3.3	3.0	3.5	3.6	3.3
Food	5.5	5.1	4.5	2.7	3.8	3.7	3.4
Transport	5.0	3.6	3.8	4.9	5.7	5.8	4.9
Other	3.0	3.1	2.7	2.5	2.7	3.1	2.9
Money and banking							
Narrow money annual growth (%)	14.5	26.6	16.8	17.8	18.9	-1.0	-1.4
Broad money annual growth (%)	4.7	9.5	6.5	0.3	0.3	-6.5	-1.2
Domestic credit (net) - E' Million	17,082.9	17,925.9	17,339.0	17,825.7	18,538.3	17,246.5	18,306.0
Government	953.6	1,788.0	1,116.1	1,868.3	2,453.4	1,486.4	2,472.9
Private sector	16,129.3	16,137.9	16,222.9	15,957.4	16,084.9	15,760.1	15,833.1
Private sector credit annual growth (%)	8.6	9.1	8.4	3.1	1.8	0.0	1.7
Interest rates (% p.a)							
Prime lending	7.25	7.25	7.25	7.25	7.25	7.50	7.50
Discount rate	3.75	3.75	3.75	3.75	3.75	4.00	4.00
Deposit rate - 31 days	1.26	1.26	1.26	1.26	1.26	1.43	1.43
- 12 months	2.13	2.13	2.13	2.13	2.13	2.49	2.49
- T. bill rate	5.03	5.01	5.29	5.19	5.22	5.56	5.68
Ratios							
Liquidity ratio (required = 20 %)	37.8	38.9	39.5	37.9	40.1	40.3	41.6
Loans/deposits ratio	69.8	67.3	67.0	67.9	65.7	70.4	68.3
Net foreign assets (E'million)	8,533.7	9,115.7	10,341.1	9,301.5	9,499.1	8,960.6	9,630.1
Annual % change in NFA	-11.9	-15.9	-14.1	-15.2	2.4	-22.6	-11.2
Gross official foreign reserves E'Millions	8,724.9	8,599.2	9,729.2	8,850.1	9,015.2	8,864.3	9,372.1
Annual % change in GOR	3.1	-7.8	-9.9	-8.7	13.0	-8.3	4.1
In months of import cover	3.4	3.4	3.8	3.4	3.5	3.4	3.6
Exchange Rates							
US\$	14.8	14.6	14.9	15.5	15.9	15.5	15.2
EURO	17.4	17.2	17.2	17.7	18.0	17.6	17.3
GBP	20.4	20.0	20.3	20.9	21.1	21.1	20.6
Public Finance							
Total public domestic debt [E' million]	15,714.4	16,143.5	15,553.3	16,134.9	16,884.6	16,047.2	16,510.0
As a % of GDP	22.5	22.2	21.4	22.2	23.3	20.6	21.2



NB: For consistency, the table shows data up to the end of February 2022.