Eswatini Inflation Forecasts 2026 - 2028

Updated Jan 2026

Forecasts notes

The Bank's short-term inflation forecasts remain unchanged from the previous meeting, in line with the sustained moderation in the assumptions underlying the forecasts, particularly food inflation and core inflation. The revision further reflects the lower-than-anticipated inflation outturn for the last quarter of 2025, which shifts the inflation trajectory over the near term.

Externally, global oil prices have remained subdued, in line with increased output from OPEC. In the near term, oil prices are expected to remain broadly stable below the US$65-mark, supporting a stable domestic inflation outlook. The Rand has also sustained its gains against the US Dollar, largely driven by a generally weaker US Dollar and improved domestic fundamentals. Consequently, the Rand is anticipated to remain on a stronger footing, on the back of robust investor optimism about South Africa's policy framework, where monetary strategy, fiscal clarity, and inflation management are showing signs of alignment.

Core inflation (CPI excluding volatile items such as food, auto-fuel, and energy) has continued to move steadily with movements in headline inflation. The outcome for the month of November 2025 came at 2.95 percent, marginally lower than the bank's forecast of 3.01 per cent at the time of the previous meeting. In the short term, food inflation is anticipated to continue failing and its impact on the overall will be regulated by stable services. As a result, the core inflation forecast for the first quarter of 2026 is revised down to 2.63 percent (from 2.82 per cent).

Despite the indifferent outlook, upside risks still obtain mainly coming from supply side pressures ranging from the impact of foot and mouth disease (FMD) outbreak on beef supply, anticipated upward adjusted in utility tariffs and transport prices, particularly from the second quarter of 2026. Consequently, the inflation forecasts for the first and second quarters of 2026 are revised down to 2.83 percent (from 3.19 per cent) and 3.80 per cent (from 3.90 per cent), respectively. Meanwhile the third and fourth quarters are revised up to 4.61 per cent (from 4.58 per cent) and 4.66 per cent (from 4.21 per cent, respectively. The annual average inflation forecast for 2026 therefore remains unchanged at 3.97 per cent.

2026 HEADLINE/CORE INFLATION FORECASTS (% y/y)

Date	Nov-25	Jan-26	
	Headline inflation	Headline inflation	Core inflation
Quarter 1 Average	3.19	2.83	2.63
Quarter 2 Average	3.90	3.80	2.65
Quarter 3 Average	4.58	4.61	2.96
Quarter 4 Average	4.21	4.66	2.92
Annual Average	3.97	3.97	2.79

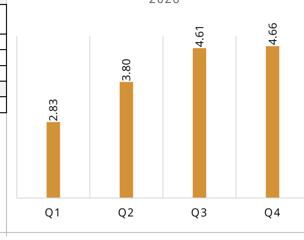
2027 INFLATION FORECASTS (% y/y)

Date	Nov-25	Jan-26
Quarter 1 Average	3.82	4.44
Quarter 2 Average	4.02	3.89
Quarter 3 Average	3.75	3.66
Quarter 4 Average	3.76	3.74
Annual Average	3.84	3.93

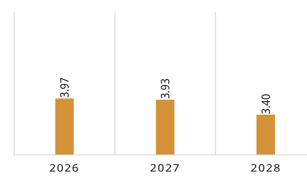
SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)

Date	Nov-25	Jan-26
2026	3.97	3.97
2027	3.84	3.93
2028		3.40

QUARTERLY INFLATION FORECASTS 2026

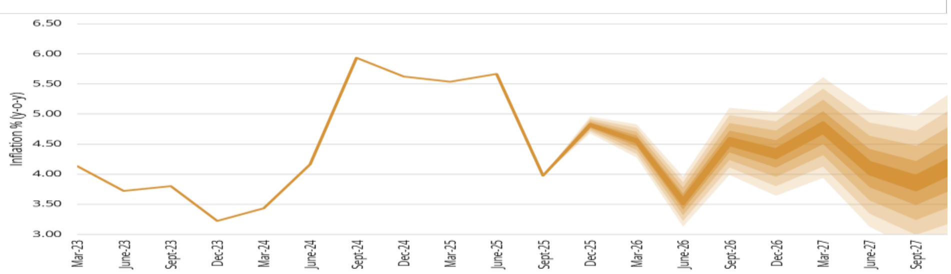


ANNUAL INFLATION FORECASTS



Over the medium term, oil prices are expected to remain broadly stable, supported by efforts to withdraw excess supply from the global market. From the Bank's assessment, the stability of oil prices is expected to have a softening impact on domestic headline inflation. The Rand on the other hand is expected to slightly depreciate in 2027 on the back of anticipated improvement in investor sentiments on US policy positions. As a result, the forecast for 2027 is revised up to 3.93 per cent (from 3.84 per cent), while 2028 is forecasted at 3.40 per cent.

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 an y quiries please contact the Research Department at 2408 2244/2415.