Eswatini Inflation Forecasts 2026 - 2028

Updated March 2026

Forecasts notes

The Bank's short-term inflation forecasts have been revised down due to the approval of a lesser electricity tarriff than proposed but remain elevated due to the shock in the price of crude oil following the outbreak of US-Israel and Iran war at the end of February 2026.

The international crude oil price increased excessively from an average of US$65 per barrel to breach US$100 per barrel. The Rand broke its strengthening trend which begun in April 2025, strengthening from 19 Rands per US dollar to below 16 Rands per US dollar following the imposition of a barrage of tarrifs globally by the US, before easing to above 16 Rands per US dollar on the outbreak of the war.

Core inflation (CPI excluding volatile items such as food, auto-fuel, and energy) has continued to move in tandem with movements in headline inflation. The outcome for the month of January 2026 came out at 2.32 percent, marginally lower than the bank's forecast of 2.44 per cent at the time of the previous meeting. In the short term, food inflation is anticipated to stabilize with upside risks coming from weakening Lilangeni against the US Dollar. Services inflation is also anticipated to have upward pressure sourcing mainly from the transport line with fuel prices expected to adjust upwards following positive shocks to global oil prices. Consequently, the lower outturn for January 2026 means that the first quarter of 2026 is revised down to 2.53 per cent from 2.63 per cent while the second quarter is revised up to 2.99 percent from 2.54 per cent, as the effects of the US-Iran war filter through the global economy.

Despite the upwards pressures the Eswatini Energy Regulatory Authority (ESERA) revised down the intially propsed electricity tarrif increase of 20.67 percent to 13.61 percent. As a result the inflation forecasts despite the huge increases in oil prices have been revised down to 2.11 percent for the first quarter of 2026 (from 2.83 percent), the second quarter of 2026 was revised down to 3.08 percent (from 3.80 percent) and the third quarter revised down to 3.95 percent (from 4.61 percent) and the fourth quarter down to 4.17 percent (from 4.66 percent) , with an upwards trajectory.

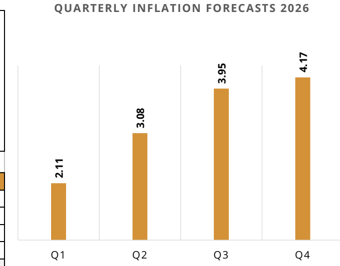
2026 HEADLINE/CORE INFLATION FORECASTS (% y/y)

2026 INFLATION FORECASTS (% y/y)		
Date	Jan-26	Mar-26
Quarter 1 Average	2.83	2.11
Quarter 2 Average	3.80	3.08
Quarter 3 Average	4.61	3.95
Quarter 4 Average	4.66	4.17
Annual Average	3.97	3.33

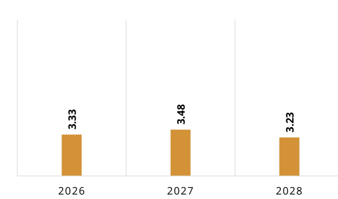
2027 INFLATION FORECASTS (% y/y)			Core Inflation Forecast
Date	Jan-26	Mar-26	Mar-26
Quarter 1 Average	4.44	4.39	2.53
Quarter 2 Average	3.89	3.44	2.99
Quarter 3 Average	3.66	3.03	3.46
Quarter 4 Average	3.74	3.07	3.43
Annual Average	3.93	3.48	3.10

SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)		
Date	Jan-26	Mar-26
2026	3.97	3.33
2027	3.93	3.48
2028	3.40	3.23

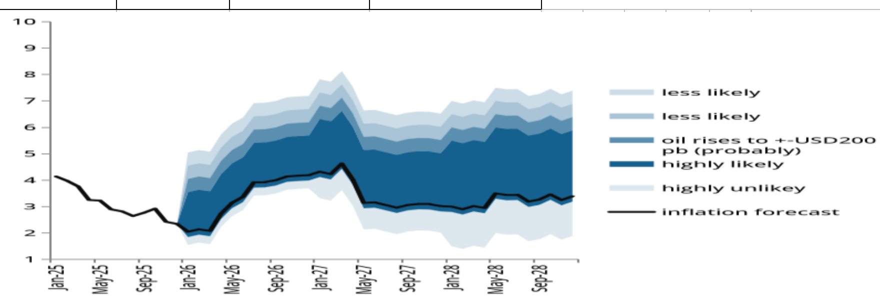
QUARTERLY INFLATION FORECASTS 2026



ANNUAL INFLATION FORECASTS



Over the medium term, oil prices are expected to remain elevated, in anticipation of a protracted US-Israel Iran war till 2027 along with a weak rand, following downwards revision in inflation forecast due to lower than proposed electricity tarrifs for 2026 and the outer years further implementing lower tarrifs. The inflation forecast fanchart reflects upwards pressures with most forecast outcomes expected to fall well above the baseline forecasts due to oil prices upwards volatility. As a result, the forecast for 2027 is revised down from 3.93 per cent to 3.48 percent, while 2028 is revised down to 3.23 from 3.40 per cent.



***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.*