Eswatini Inflation Forecasts 2025 - 2027

Updated November 2025

Forecasts notes

The Bank's short-term inflation forecasts have been revised slightly downwards, consistent with the continued moderation in the assumptions underlying the forecasts, particularly food inflation, stable oil prices and a relatively strong exchange rate. The revision also reflects the lower-than-anticipated inflation outturn of 2.74 per cent (2.85 per cent forecasted during the September meeting) for the third quarter which has shifted the inflation trajectory over the near term.

From an external perspective, 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$70-mark, supporting a stable domestic inflation outlook. The Rand has also remained resilient against the US Dollar, largely driven by a generally weaker US Dollar, improved domestic fundamentals, firm commodity prices, and favorable investor sentiments towards the South African economy. As a result, the Rand is expected to remain on a stronger footing, particularly as the US FED considers loosening its monetary policy stance further, which could benefit the Rand and exert additional downward pressure on domestic inflation.

While the South African headline inflation has been slightly revised upwards, it is expected that its impact will be much felt in the first quarter of 2026. As a result, the inflation forecast for the fourth quarter has been revised down to 2.98 per cent (from 3.04 per cent). Consequently, the annual inflation forecast for 2025 has been marginally revised down to 3.20 per cent, compared with the September 2025 forecast of 3.24 per cent.

Core inflation (CPI excluding volatile items such as food, auto-fuel, and energy) has continued to generally keep in step with headline inflation. The outcome for the third quarter of 2025 came out consistent with the Bank's forecast of 3.3 per cent at the time of the previous meeting. In the short term, moderation in food inflation is anticipated to be offset by a rebound in services inflation (recreation & culture, education and accommodation service). Consequently, the fourth quarter of 2025 is revised up to 3.18 per cent from 3.03 per cent. From an annual perspective, core inflation is marginally revised up to 3.48 per cent from 3.45 per cent reported at the time of the previous meeting.

Over the medium term, oil prices are projected 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 muted impact on domestic headline inflation, particularly the transport and food components. However, the recent government-implemented wage increase, together with higher bread prices and lingering base effects, is projected to exert upward pressure on domestic inflation. The resulting liquidity injection, particularly from the wage adjustment, is expected to stimulate aggregate demand. As a result, the forecast for 2026 is revised up to 3.97 per cent (from 3.78 per cent), while the forecast for 2027 is revised up to 3.84 per cent (from 3.71 per cent).

2025 HEADLINE/CORE INFLATION FORECASTS (% y/y)

Date	Sep-25		Nov-25	
	Headline inflation	Core inflation	**Headline inflation**	Core inflation
Quarter 1 Average	3.94	4.03	3.94	4.03
Quarter 2 Average	3.13	3.42	3.13	3.44
Quarter 3 Average	2.85	3.31	2.74	3.29
Quarter 4 Average	3.04	3.03	2.98	3.18
Annual Average	3.24	3.45	3.20	3.48

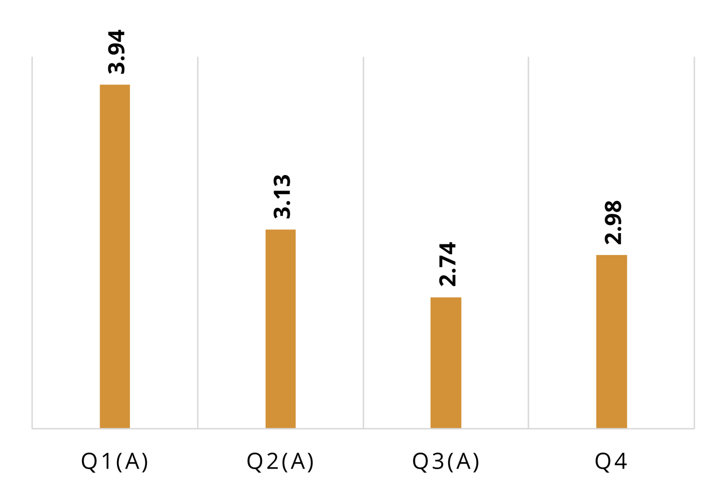
2026 INFLATION FORECASTS (% y/y)

Date	Sep-25	Nov-25
Quarter 1 Average	3.02	3.19
Quarter 2 Average	3.66	3.90
Quarter 3 Average	4.37	4.58
Quarter 4 Average	4.06	4.21
Annual Average	3.78	3.97

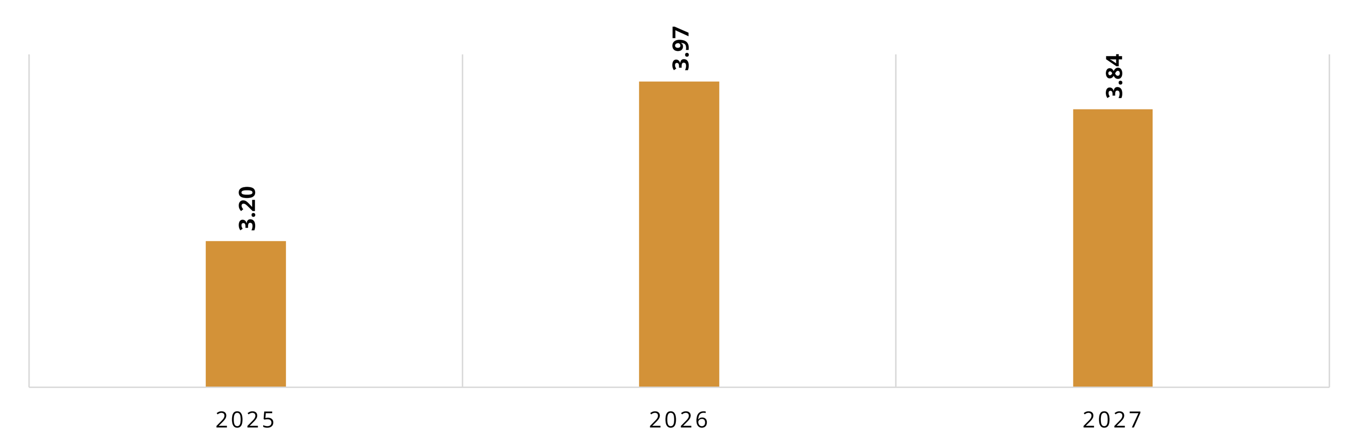
SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)

Date	Sep-25	Nov-25
2025	3.24	3.20
2026	3.78	3.97
2027	3.71	3.84

QUARTERLY INFLATION FORECASTS 2025



ANNUAL INFLATION FORECASTS



FAN CHART FOR THE INFLATION PROJECTIONS