



Forecasts notes

The country's overall inflation is on an upward trend with persistent peaks initially recorded in the third quarter of 2022. Short-to-medium term risks to the inflation outlook continue to be on the upside and have since intensified, although with high uncertainty. The unprecedented supply bottle necks for oil and food inputs emanating from the ongoing Ukraine-Russia war have strongly amplified the uncertainty surrounding the inflation outlook. However, non-fundamental pressures led to a slower inflation outturn, as a result, in October 2022 the inflation rate reached 5.5 per cent, slightly lower than the Bank's forecast of 5.9 per cent. The Bank has therefore kept its short-term inflation forecast practically unchanged and the medium-term revised upwards. The country's inflation is expected to remain elevated due to: the potential increase in international commodity prices including South Africa's inflation which persistently transmits to domestic inflation through imported finished goods and services. The recent and expected increase in South Africa's fuel prices coupled with the weakening Rand outlook are expected to exert further upward pressure on overall domestic inflation.

While adjustment on domestic administered prices are likely to emanate from an increase in domestic fuel prices as global Brent crude oil prices increase, the lower inflation outturn produced a lower inflation outlook trend. Thus, the annual average inflation forecast for 2022 is almost unchanged at 4.80 per cent, from 4.79 per cent forecasted in September 2022, while the fourth quarter of 2022 is revised down to 5.7 per

In the medium term, inflation for 2023 and 2024 are higher than the previous forecasts. This upward revision also aligns with more pronounced second-round effects which will, in turn, generate persistent inflationary pressures. In this forecast period, the Rand is expected to remain weaker, exerting upward pressure on inflation. Increases in domestic administered prices are expected to continue as an upside risk. Although the forecasts for 2024 is revised upward, it is still lower than the forecast rate for 2023. This is partly due to expected Brent oil prices being lower for 2024 than 2023. Overall Brent crude oil prices though, are expected to remain elevated. Therefore, inflation for 2023 is forecasted at 5.5 per cent (from 5.3 per cent) and 2024 at 5.0 per cent (from 4.8 per cent).

2022 INFLATION FORECASTS (% y/y)

DATE	September	November
Quarter 1 Average	3.44	3.44
Quarter 2 Average	4.17	4.17
Quarter 3 Average	5.67	5.93
Quarter 4 Average	5.86	5.68
Annual Average	4.79	4.80

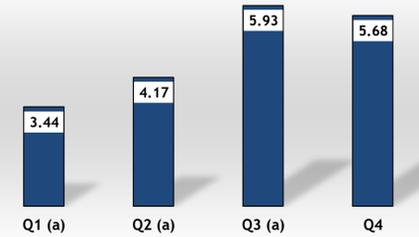
2023 INFLATION FORECASTS (% y/y)

DATE	September	November
Quarter 1 Average	5.73	5.73
Quarter 2 Average	5.55	5.76
Quarter 3 Average	5.00	5.32
Quarter 4 Average	4.89	5.29
Annual Average	5.29	5.52

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

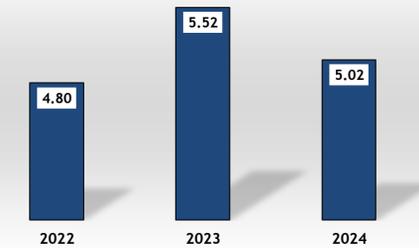
Date	September	November
2022	4.79	4.80
2023	5.29	5.52
2024	4.76	5.02

Quarterly Inflation Forecasts 2022

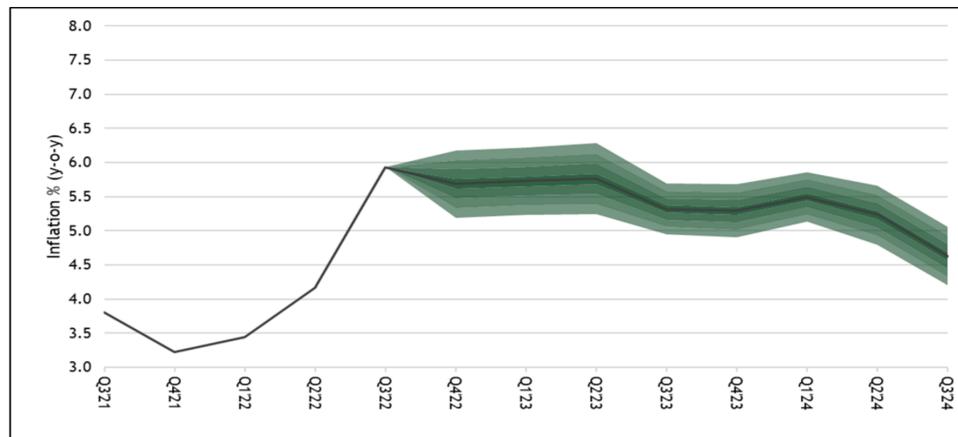


Note: (a)- Actual rate

Annual Inflation Forecasts



FAN CHART FOR THE INFLATION PROJECTIONS



Note that 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.