



2022 INFLATION FORECASTS (% y/y)			
DATE	November	January	
Quarter 1 Average	3.76	3.60	
Quarter 2 Average	4.29	4.02	
Quarter 3 Average	3.75	4.26	
Quarter 4 Average	3.32	4.25	
Annual Average	3.78	4.03	
2023 INFLATION FORECASTS (% y/y)			
DATE	November	January	
Quarter 1 Average	3.38	3.61	
Quarter 2 Average	4.25	3.92	
Quarter 3 Average	4.18	3.89	
Quarter 4 Average	3.66	4.08	
Annual Average	3.87	3.88	
SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)			
DATE	November	January	
2022	3.78	4.03	<p style="text-align: center;">FAN CHART FOR THE INFLATION PROJECTIONS</p>
2023	3.87	3.88	
2024		4.20	

Forecasts notes

Inflation forecasts have been revised upwards for the short and medium term. The overall pick up in 2022 aligns with the higher outturn of inflation in the last month of 2021 and the upside pressures on overall inflation. These inflationary pressures emanate from expected higher SA prices and higher Brent oil prices, though expected to increase at a slower rate. Consequently, imported inflation in the form of finished goods is expected to exert some upward movement in domestic prices.

Increases in domestic administered prices such as utility tariffs, are expected in the second quarter of 2022 exerting inflationary pressures. Although the slight improvement in the Rand pose as a downward pressure to domestic inflation it is not enough to alter the outlook. As a result, the annual average inflation forecast for 2022 is revised up to 4.03 per cent from 3.78 per cent forecasted in November 2021. The upward revision is largely on account of the third and fourth quarter which have been revised up to 4.26 per cent (from 3.75 per cent) and 4.25 per cent (from 3.32 per cent), respectively. Meanwhile, inflation rate for the first quarter of 2022 is revised down to 3.60 per cent (from 3.76 per cent), the second quarter of 2022 is down to 4.02 per cent (from 4.29 per cent).

In the medium term, overall inflation is forecasted to be higher than previously anticipated. A slightly stronger Rand in the medium term is expected, exerting downward pressure on the domestic inflation. However, expected increases in domestic administered prices as well as elevated Brent oil prices pose as significant upside risk. Therefore, inflation for 2023 and 2024 are forecasted at 3.88 per cent (from 3.87 per cent) and 4.20 per cent respectively.

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.