



Eswatini Inflation Forecasts 2023 - 2025

Forecasts notes

The Bank has revised its short-term forecasts slightly upwards while the medium-term is revised downwards. Downward pressures to inflation proved more persistent in February 2023 as inflation outturn came slightly lower than projected. The lower than forecasted domestic inflation outturn for February coupled with the expected lower Brent price presents a lower average inflation forecast for the first quarter of 2023. Hence, inflation forecast for the first quarter is revised down, while the second quarter is unchanged as inflation risks remain elevated, mainly due to positive changes in administered prices, especially utilities.

While South African inflation is generally presenting a downward trend, food inflation is expected to remain elevated exerting upward pressure on domestic inflation via food prices. Increases in global oil prices are expected to decelerate, but the expected weaker exchange rate will somewhat put fuel prices under pressure. As a result, the annual average inflation forecast for 2023 is slightly revised upwards to 5.56 per cent (from 5.54 per cent). The first quarter of 2023 is revised down to 5.48 per cent (from 5.63 per cent). Meanwhile the second quarter of 2023 is unchanged at 5.67 per cent.

The inflation rate for 2024 is slightly revised upwards from the previous forecast. This aligns with the strong base effects, global oil prices that are expected to moderate during the year. The Rand is expected to depreciate and pose upward inflationary pressure on inflation. With inflationary pressures expected to subside in 2025, the inflation forecast for 2025 is thus revised downwards. Upward adjustments in domestic administered prices are expected to continue as an upside risk. Therefore, inflation for 2024 is forecasted at 5.29 per cent from 5.23 per cent while 2025 is revised down to 5.14 per cent (from 5.47 per cent).

2023 INFLATION FORECASTS (% y/y)

Date	January	March
Quarter 1 Average	5.63	5.48
Quarter 2 Average	5.67	5.67
Quarter 3 Average	5.40	5.47
Quarter 4 Average	5.45	5.61
Annual Average	5.54	5.56

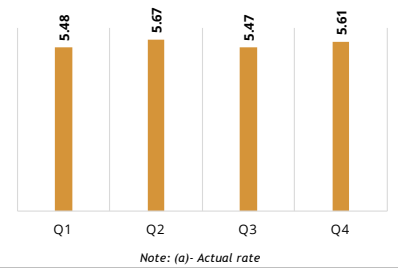
2024 INFLATION FORECASTS (% y/y)

Date	January	March
Quarter 1 Average	5.09	5.28
Quarter 2 Average	5.40	5.51
Quarter 3 Average	5.06	5.10
Quarter 4 Average	5.36	5.28
Annual Average	5.23	5.29

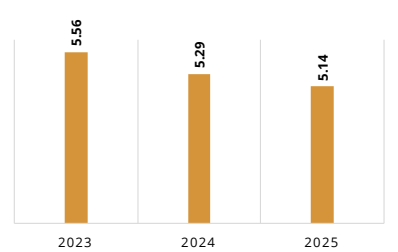
SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)

Date	January	March
2023	5.54	5.56
2024	5.23	5.29
2025	5.47	5.14

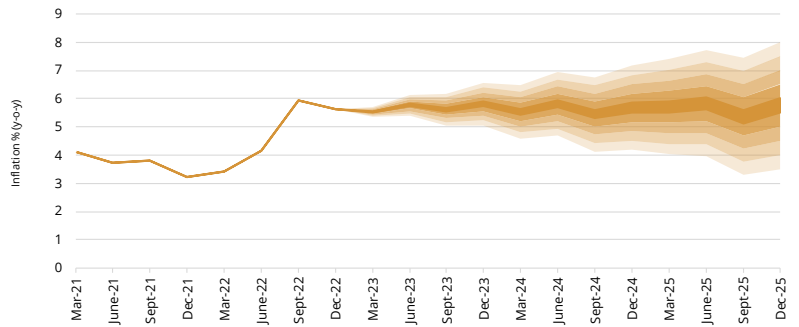
QUARTERLY INFLATION FORECASTS 2023



ANNUAL INFLATION FORECASTS



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 any queries please contact the Research Department at 2408 2244/2415.