



**CENTRAL BANK OF SWAZILAND**



**Research Department - Modeling Section**  
**Swaziland Inflation Forecasts 2017 - 2019 "we project the future"**

**Updated January 2017**

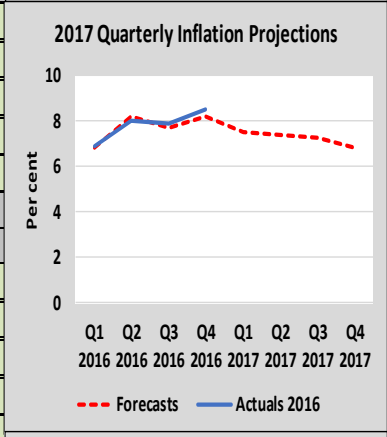
2017 CPI (% y/y)			
DATE	Forecasts - 2016	Actuals - 2016	

**Forecasts notes**

As per the January 2017 projections, the consumer price inflation is projected to average 7.36 per cent in 2017 lower than the 7.8 per cent 2016 average. Quarterly averages for 2017 are 7.54 per cent, 7.46 per cent and 7.41 per cent for quarter 1, 2 and 3, respectively while quarter four is projected at 7.04 per cent. Inflation in 2017 is expected to decelerate mainly due the high base effects of 2016 and the good rains since the drought effects are expected to dissipate in 2017. However, the curtailing of oil production by OPEC and non-OPEC oil producing countries creates uncertainty in oil prices. Upside risks to inflation include an increase in administered prices like fuel, bread, electricity and water which may negate the inflation deceleration as these prices are likely to increase.

<b>Quarter 1 Average</b>	<b>6.85</b>	<b>6.90</b>
<b>Quarter 2 Average</b>	<b>8.18</b>	<b>8.00</b>
<b>Quarter 3 Average</b>	<b>7.70</b>	<b>7.90</b>
<b>Quarter 4 Average</b>	<b>8.20</b>	<b>8.50</b>
<b>Annual Average</b>	<b>7.73</b>	<b>7.83</b>

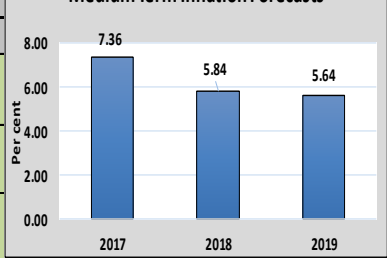
**Graphs**



The outlook for Lilangeni remains uncertain following international developments like the new administration in the US which is likely to change trade policies and Brexit as well as political developments in South Africa. Should these risks do not materialize, the Lilangeni is expected to remain on a strengthening trajectory and thus contributing to the deceleration in inflation outlook in the medium term.

2017 CPI (% y/y)		
DATE	Forecasts - 2017	Actuals - 2017
<b>Quarter 1 Average</b>	<b>7.54</b>	
<b>Quarter 2 Average</b>	<b>7.46</b>	
<b>Quarter 3 Average</b>	<b>7.41</b>	
<b>Quarter 4 Average</b>	<b>7.04</b>	
<b>Annual Average</b>	<b>7.36</b>	

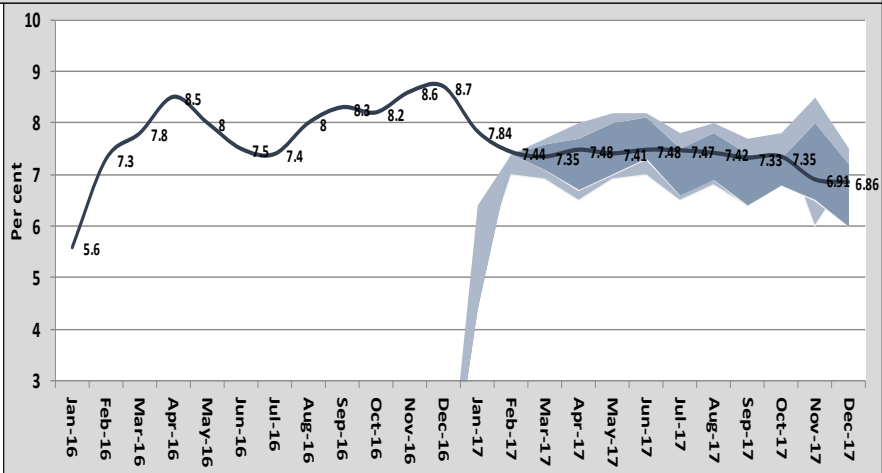
**Medium Term Inflation Forecasts**



MEDIUM TERM CPI PROJECTIONS (% y/y)		
<b>2017</b>	<b>7.36</b>	
<b>2018</b>	<b>5.84</b>	
<b>2019</b>	<b>5.64</b>	

**FAN CHART FOR 2017 INFLATION PROJECTIONS**

Even though slightly, the fan chart is showing inflation biased downwards with more dark area leaning downwards. The darkest area is where the inflation is most likely to fall, which is the area of the projections.



*Note that the Central Bank of Swaziland will not be liable for any eventualities resulting from the use of this information. For any queries please call the Research Department of the Central Bank of Swaziland at +268 2408 2244 / 2408 2415.*