



### 2019 INFLATION FORECASTS (% y/y)

DATE	Sep 2019 (Prev.Forecast)	November 2019
<b>Quarter 1 Average</b>	5.13 (Actual)	5.13 (Actual)
<b>Quarter 2 Average</b>	1.69 (Actual)	1.69 (Actual)
<b>Quarter 3 Average</b>	1.96	1.86 (Actual)
<b>Quarter 4 Average</b>	2.04	1.99
<b>Annual Average</b>	2.71	2.67

### 2020 INFLATION FORECASTS (% y/y)

DATE	Sep 2019 (Prev.Forecast)	November 2019
<b>Quarter 1 Average</b>	2.24	3.36
<b>Quarter 2 Average</b>	5.08	5.02
<b>Quarter 3 Average</b>	5.15	4.94
<b>Quarter 4 Average</b>	4.80	4.87
<b>Annual Average</b>	4.32	4.58

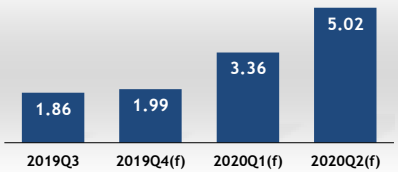
### MEDIUM TERM INFLATION FORECASTS (% y/y)

DATE	Sep 2019 (Prev.Forecast)	November 2019
<b>2019</b>	2.71	2.67
<b>2020</b>	4.32	4.58
<b>2021</b>	5.29	5.18

#### Forecasts notes

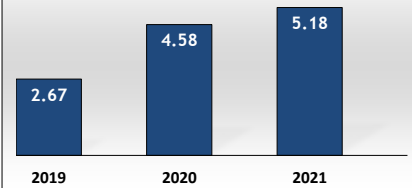
The country's inflation remains generally low, recording rates below 2 per cent since the second quarter of 2019. With the turn out of the inflation rate for October 2019 (1.6%), the forecast for the last quarter of 2019 is 1.99 per cent, reviewed downward from the 2.04 per cent (September 2019). The increases in administered prices in November 2019 (fuel levy of 85 cents per litre and bread prices) exerted pressure on inflation, leading to an upturn in the trend of overall inflation noted in the final months of 2019. However, the magnitude in outturn of the forecast has been counteracted by an expectation of lower Brent prices and an appreciation in the domestic currency. The country's overall inflation forecast for 2019 has been marginally revised downwards to average 2.67 per cent, from 2.71 per cent (September 2019). The proposed hike in public transport fares and utility tariffs in the first half of 2020 are expected to alter the inflation trajectory. The forecast for first quarter of 2020 has been reviewed upwards from 2.24 per cent (September 2019) to 3.36 per cent and peak to 5.02 per cent in the second quarter of 2020. In the short to medium term, inflation will average 4.58 per cent in 2020, from 4.32 per cent forecasted previously and 2021 from 5.29 per cent to 5.18 per cent.

#### Quarterly Inflation Forecasts



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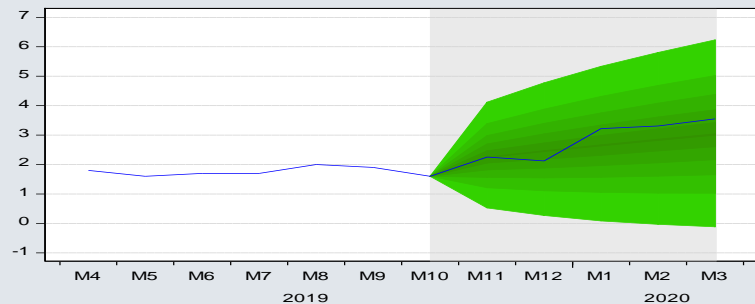
#### Annual Inflation Forecasts 2019-2021



#### FAN CHART FOR 2019/20 INFLATION PROJECTIONS

The near and medium term trajectory remain subject to increases in administered prices. Further decrease in Brent oil prices and a strengthening in the Rand against major currencies, pose as downside risk to the outlook.

Even though inflation is forecasted to be contained in 2019, the fan chart points to an upward bias of inflation in the earlier months of 2020.



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.