CBE
CENTRAL BANK OF ESWATINI
UMNTSHOLI WEMASWATI

Bek'e-Langa
Re-imagining Central Bank for a sustainable future

Recent Economic Developments

April/May 2026

HIGHLIGHTS ON SELECTED ECONOMIC DEVELOPMENTS	INDICATOR	CHANGE
Economic activity, as measured by the Quarterly Gross Domestic Product (QGDP), grew by 5.7 per cent year-on-year (seasonally adjusted) in the fourth quarter of 2025, slightly lower than the revised 5.9 per cent recorded in the previous quarter.	Growth(%y/y)	5.7 (2025, Q4) ▲
Following a sustained five consecutive months of moderation in consumer prices, headline inflation rebounded to 2.0 per cent in April 2026, from 1.6 per cent in March 2026.	Inflation Rate (% y/y)	2.0 (April) ▲
The discount and prime lending rates were maintained at 6.75 and 10.25 per cent, respectively, in May 2026.	Discount rate (%)	6.75 —
	Prime lending rate (%)	10.75 —
During the month of May 2026, the Rand/Lilangeni exchange rate appreciated against major trading currencies.	Exchange rate (US$)	16.50 (May) ▼
Credit extended to the private sector amounted to E23.3 billion at the end of April 2026, reflecting growth of 0.7 per cent month-on-month and 9.5 per cent year-on-year.	Private Sector Credit (% m/m)	0.7 (Apr) ▲
Broad money supply (M2) amounted to E26.7 billion in April 2026, reflecting a contraction of 3.8 per cent month-on-month but an increase of 12.8 per cent year-on-year.	Broad Money (M2) (% m/m)	3.8 (Apr) ▼
Provisional data indicates that the country's gross official reserves declined by 13.7 per cent month-on-month and 6.6 per cent year-on-year to close at E8.8 billion at the end of May 2026.	Reserves (months of import cover)	2.0 (May) ▼
Preliminary figures as at the end of May 2026 indicate that total public debt stood at E41.2 billion, equivalent to 39.5 per cent of GDP.	Total Public Debt (% of GDP)	39.5 (May) ▲
Eswatini recorded a positive trade surplus of E78.4 million in May 2026, falling significantly in comparison to the trade surplus of E793.8 million recorded in April 2026.	Trade Balance (% of GDP)	0.1 (May) ▼

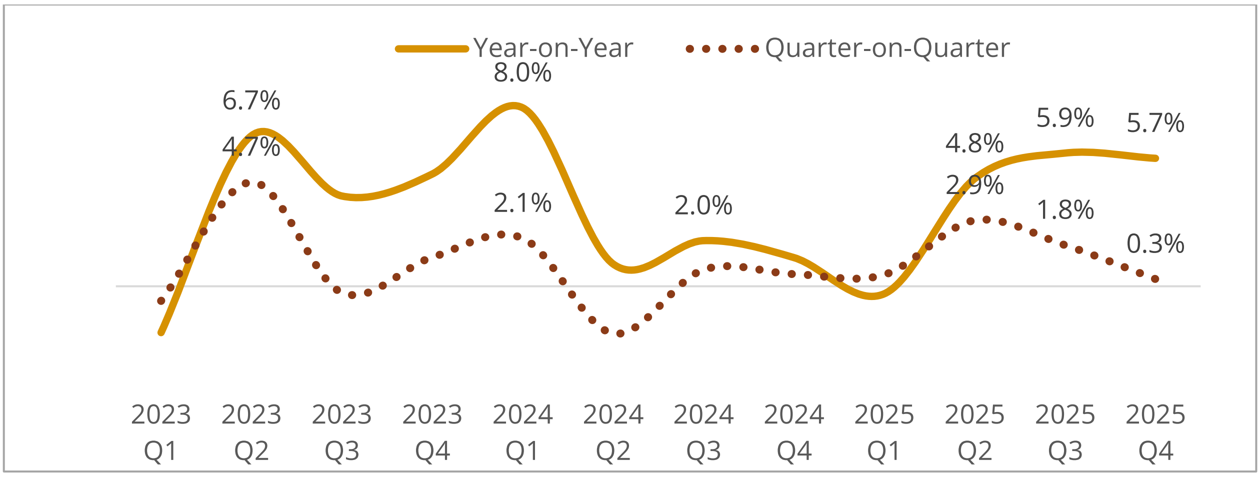
NB: The table shows the most recent available data.

1 GDP DEVELOPMENTS

Economic activity, as measured by the Quarterly Gross Domestic Product (QGDP), grew by 5.7 per cent year-on-year (seasonally adjusted) in the fourth quarter of 2025, slightly lower than the revised 5.9 per cent recorded in the previous quarter. The moderation in growth largely reflected weaker performance in the primary and secondary sectors, while the tertiary sector remained resilient on a year-on-year comparison.

On a quarter-on-quarter basis, economic activity expanded at a slower rate of 0.3 per cent (seasonally adjusted) in the fourth quarter of 2025, compared to a revised growth of 1.8 per cent in the third quarter of 2025.

Figure 1: Eswatini Quarterly GDP Trends (Seasonally Adjusted); 2023Q1 to 2025Q4



Source: Central Statistical Office (CSO)

Following a strong rebound in the third quarter of 2025, the primary sector slowed markedly from 13.7 per cent year-on-year growth to 2.6 per cent in the fourth quarter of 2025. The 'mining & quarrying' subsector moderated to 6.0 per cent in the fourth quarter of 2025, a sharp deceleration from 62.5 per cent in the previous quarter, largely reflecting high base effects. Coal production fell by 1.4 per cent during the quarter under review, while quarried stone production grew significantly by 78.4 per cent year-on-year, in line with a pick-up in construction activity. The 'agriculture & forestry' subsector also slowed, growing by 1.8 per cent compared to 4.4 per cent growth in the third quarter, mainly due to weaker performance in the 'growing of crops' and 'forestry & logging' subsectors.

The secondary sector, accounting for approximately 35.6 per cent of total industry output, contracted by 0.5 per cent in the fourth quarter of 2025, following strong growth of 10.3 per cent in the previous quarter. This decline was largely driven by weaker performance in the 'manufacturing', 'electricity supply' and 'water & sewerage' subsectors. Manufacturing activity contracted marginally by 0.3 per cent, down from growth of 10.5 per cent in the third quarter. The decline was attributed to reduced output in food processing (particularly sugar), 'chemical & chemical products', and 'textiles & wearing apparel', reflecting softer external demand for these export-oriented products. However, positive performance was observed in subsectors such as the 'manufacture of wood & wood products', 'manufacture of paper products', 'food processing excluding sugar' and 'manufacturing of non-metal mineral products', mainly cement, which benefitted from strong construction activity.

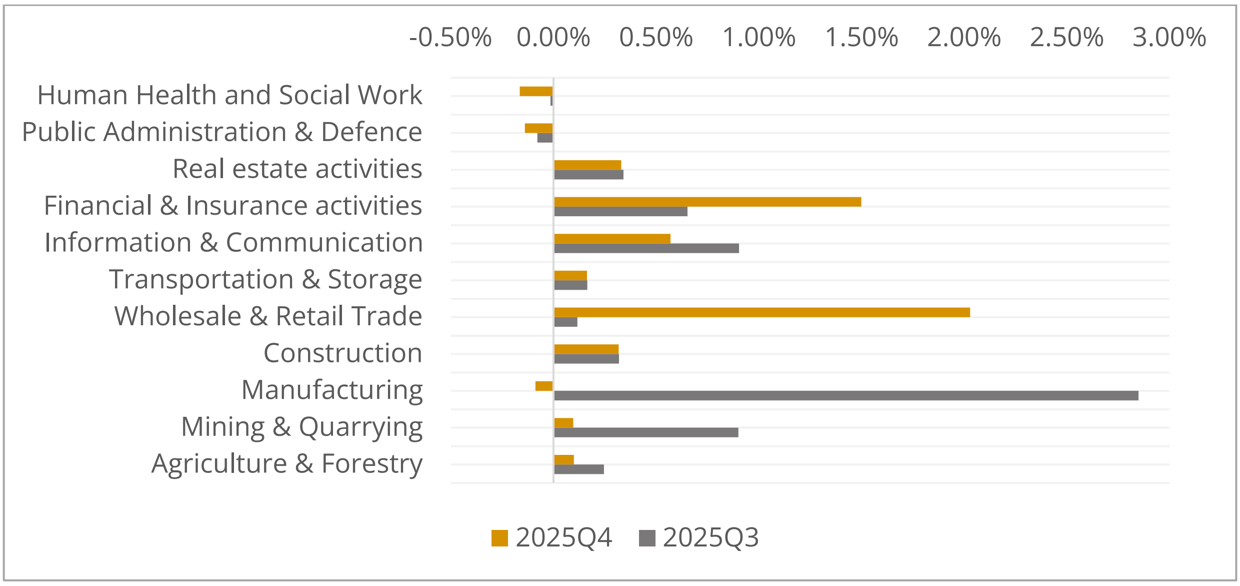
The 'electricity supply' subsector contracted by 4.2 per cent, compared to growth of 5.6 per cent in the previous quarter, partly due to a slight decrease in complementary electricity generated by the sugar industry. Similarly, the 'water supply' subsector contracted by 3.5 per cent following growth of 13.2 per cent in the third quarter.

In contrast, the construction subsector remained resilient, growing by 11.8 per cent during the quarter under review, up from 9.6 per cent in the previous quarter. This sustained growth continued to be supported by the implementation of major public infrastructure projects, alongside ongoing private sector developments. The subsector has remained a key driver of economic growth since the first quarter of 2025, with notable positive spillover effects to other sectors.

The tertiary sector, accounting for the largest share of total industry output at 56.3 per cent, was the main driver of overall economic growth, increasing by 9.9 per cent in the fourth quarter of 2025, compared to 4.5 per cent in the previous quarter. Growth was supported by the 'wholesale & retail', 'financial & insurance services' and 'information, communication & technology' subsectors. The 'wholesale & retail' subsector recorded a strong rebound, growing by 15.5 per cent, up from 0.9 per cent growth in the previous quarter, and contributing 2.0 per cent to overall GDP growth. The 'financial & insurance services' subsector also posted robust growth of 26.5 per cent, compared to 9.9 per cent in the third quarter. The growth was driven by strong performance in the 'insurance and pension funding activities', which accelerated from 41.7 per cent to 98.2 per cent, as well as growth in auxiliary financial services, which increased from 14.2 per cent to 28.3 per cent, between the two quarters on a year-on-year basis. The ICT subsector continued to grow at a solid pace of 16.8 per cent, although this was slower than the 28.2 per cent recorded in the previous quarter, indicating sustained but moderating investment in the digital space. Additional contributions to growth were recorded in 'transport & storage' and 'real estate' activities.

However, within the tertiary sector, some subsectors recorded negative performance, including 'public administration', 'professional, scientific & technical activities' and 'tourism related activities'.

Figure 2: Production Sectors Growth Rates 2024 Q3 versus 2024Q4



Source: Central Statistical Office (CSO)

2 INFLATION DEVELOPMENTS

Following a sustained five consecutive months of moderation in consumer prices, headline inflation rebounded to 2.0 per cent in April 2026, from 1.6 per cent in March 2026. The increase was mainly driven by higher price indices for 'housing & utilities', 'transport' and 'restaurants & hotels'.

The index for 'housing & utilities', which carries an approximate weight of 27.7 per cent in the consumer basket, increased from 3.9 per cent March 2026 to 4.6 per cent in April 2026. This was largely attributed to the Eswatini Energy Regulatory Authority (ESERA)'s approval of an average electricity tariff increase of 11.74 per cent for the 2026/27 financial year, effective 1 April 2026. The approved tariff was notably higher than the 8.0 per cent increase implemented during the corresponding period in the previous year, thereby contributing to the observed rise in the index. Additional pressure emanated from prices for 'liquid fuels', which accelerated sharply by 23.3 per cent in April 2026, from a deflation of 5.5 per cent in the previous month, reflecting spillover effects from the ongoing geopolitical tensions in the Middle East that disrupted global oil supply logistics. Consequently, international oil prices increased significantly, averaging US$104 per barrel in March 2026 compared to US$69 per barrel in the previous month, alongside prolonged delivery lead times for imported fuel products. As a result, domestic transport prices rose by 2.2 percentage points to 1.6 per cent in April 2026, driven mainly by a E2.90 per litre increase in unleaded petrol prices, while diesel and illuminating paraffin prices rose by E5.35 and E5.30 per litre, respectively, effective 2 April 2026. Notably, the impact of the Middle East conflict on consumers was partly cushioned by a E332 million intervention from the Strategic Oil Reserve Fund, with the associated cost shared between both domestic oil companies and Government.

Further increases were observed in the index for 'restaurants & hotels', which rose from 1.9 per cent in March 2026 to 3.2 per cent in April 2026, largely due to higher accommodation service prices on a year-on-year comparison.

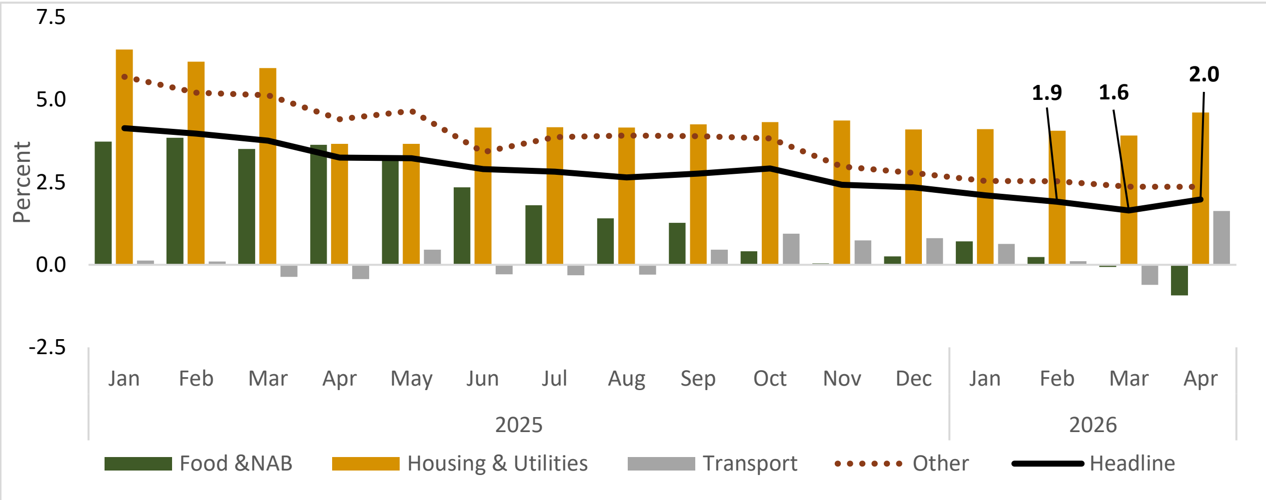
In contrast, slower rates of growth were observed in the price indices for 'food & non-alcoholic beverages & tobacco', 'household furniture & maintenance' and 'clothing & footwear'. Food inflation remained subdued, deepening to a deflation of 0.9 per cent in April 2026 from a deflation of 0.1 per cent in the previous month. This reflected lower prices for 'other cereals, flour & other products', 'cheese', 'oils & fats', 'fruit' and 'sugar, jam, marmalades & honey'. Additional downside pressures emanated from the 'household furniture & maintenance' and 'clothing & footwear' indices, which fell by 0.5 and 0.3 percentage points, respectively, during the review period.

On a month-on-month basis, consumer price inflation rose by 1.2 per cent in April 2026, up from -0.1 per cent in the preceding month. Contributing to this growth were the price indices for 'housing & utilities', 'transport' and 'restaurants & hotels', which grew by 3.9, 2.6 and 1.7 percentage points, respectively, between March and April 2026. The increases were partially offset by subdued food prices and slower price increases in 'household furniture & maintenance'.

Core inflation (which is CPI excluding volatile items such as food, auto-fuel, and energy), grew by a slower 1.6 per cent in April 2026 from 2.3 per cent recorded in each of the previous three months. Demand-side pressures remained relatively subdued, as services inflation fell by 0.9 percentage points to 1.1 per cent. However, supply-side inflation pressures strengthened, with goods inflation rising from 1.4 per cent to 2.6 per cent, driven by higher prices for non-durable goods.

On a month-on-month basis, core inflation increased slightly by 0.1 per cent during the month under review, following zero-growth recorded in February and March 2026.

Figure 3: Inflation Trends and components Jan 2025 to Apr 2026

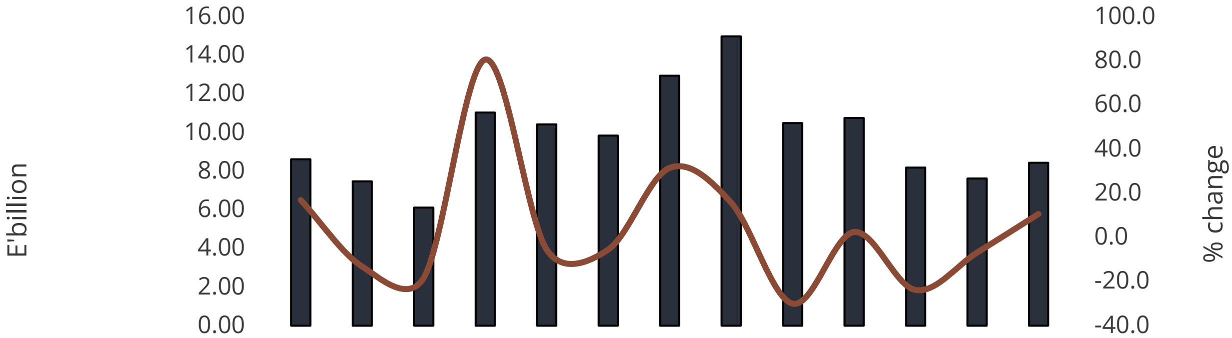


Source: Central Statistical Office (CSO)

3 MONEY SUPPLY AND BANKING DEVELOPMENTS

The country's net foreign assets (NFAs) stood at E8.4 billion at the end of April 2026, reflecting an increase of 10.6 per cent month-on-month but fell by 2.1 per cent year-on-year. The month-on-month growth was driven by increases in both components of NFAs. Notably, NFA of the banking industry increased by 33.3 per cent month-on-month but declined by 8.5 per cent year-on-year to E1.1 billion, as investment within the Common Monetary Area expanded while liabilities to non-residents declined. Similarly, NFAs of the official sector grew by 7.8 per cent month-on-month but fell by 1.0 per cent year-on-year to E7.3 billion in April 2026, supported by the quarterly inflow of Southern African Customs Union (SACU) receipts. When valued in special drawing rights (SDR), the net foreign assets amounted to SDR367.0 million, reflecting an improvement of 11.0 per cent month-on-month and 7.6 per cent year-on-year.

Figure 4: Net Foreign Assets Monthly Changes; April 2025 to April 2026

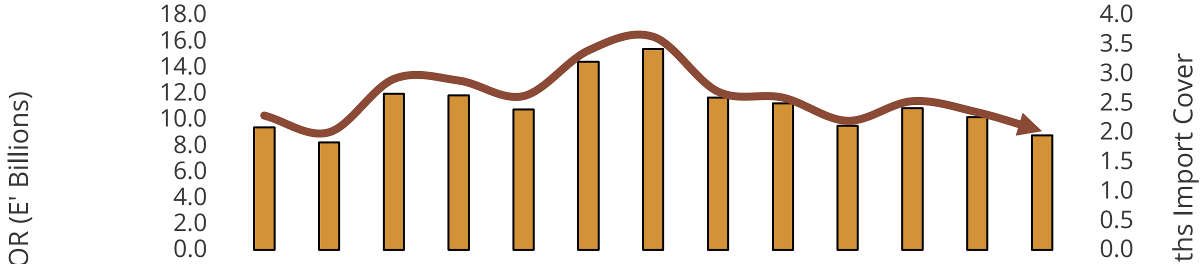


	Apr-25	May -25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
NFA (E'billion))	8.62	7.48	6.11	11.03	10.43	9.85	12.95	14.99	10.49	10.8	8.2	7.6	8.4
NFA (% change)	16.9	-13.2	-18.3	80.6	-5.5	-5.5	31.5	15.8	-30.0	2.4	-23.8	-6.9	10.6

Source: Central Bank of Eswatini & Other Depository Corporations.

Provisional[1] data indicates that the country's gross official reserves declined by 13.7 per cent month-on-month and 6.6 per cent year-on-year to close at E8.8 billion at the end of May 2026. The month-on-month reduction was mainly driven by net Rand outflows arising from trades with local banks and the settlement of fiscal obligations during the review month. Consequently, the reserves were enough to cover 2.0 months of imports, down from 2.3 months recorded in April 2026.

Figure 5: Gross Official Reserves and Import Cover; May 2025 to May 2026



	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
GOR	9.4	8.2	11.9	11.8	10.8	14.4	15.4	11.7	11.2	9.5	10.9	10.2	8.8
Import Cover	2.3	2.0	2.9	2.9	2.6	3.4	3.6	2.7	2.6	2.2	2.5	2.3	2.0

Source: Central Bank of Eswatini.

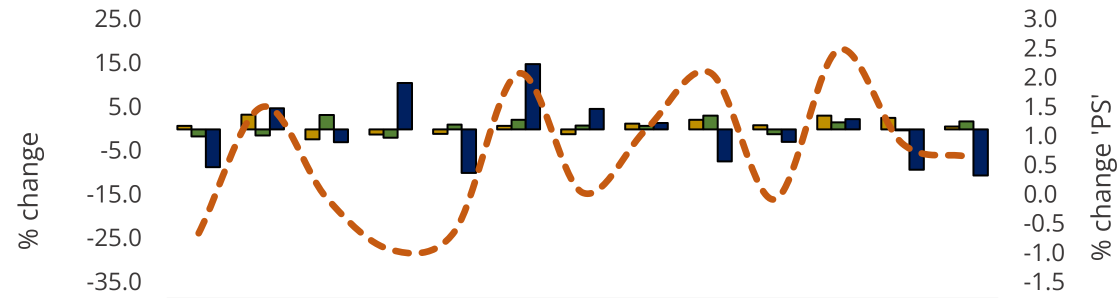
Credit extended to the private sector amounted to E23.3 billion at the end of April 2026, reflecting growth of 0.7 per cent month-on-month and 9.5 per cent year-on-year. This development was due to higher credit uptake by the household & non-profit institutions serving

[1] Provisional reserves pending the official closure of CBE accounts.

households (NPISH), as well as the business sector. However, credit to the other sectors of the economy declined during the review month.

Credit extended to the households & NPISH sector rose by 1.7 per cent month-on-month and 10.8 per cent year-on-year to reach E9.6 billion in April 2026. The month-on-month increase was driven by other personal (unsecured) loans and housing loans, which rose by 2.5 per cent to E3.9 billion and 2.0 per cent to E4.3 billion, respectively. In contrast, motor vehicle loans declined by 1.1 per cent to E1.4 billion over the same period.

Figure 6: Private Sector Credit Monthly Changes; April 2025 to April 2026



	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
BCr	0.8	3.4	-2.2	-1.2	-1.0	0.9	-1.1	1.4	2.2	1.0	3.1	2.6	0.7
HH	-1.6	-1.4	3.3	-1.9	1.1	2.2	0.9	0.8	3.2	-1.1	1.7	-0.2	1.8
Other	-8.6	4.9	-2.9	10.6	-9.9	14.9	4.7	1.4	-7.3	-2.8	2.4	-9.2	-10.5
Total PS	-0.7	1.5	0.0	-0.9	-0.6	2.1	0.0	1.1	2.1	-0.1	2.5	0.9	0.7

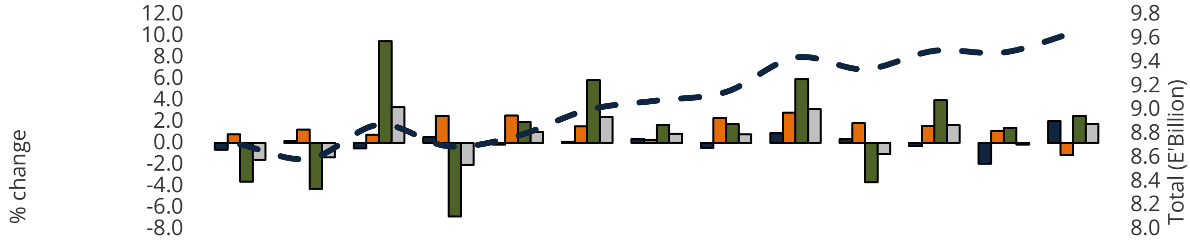
(BCr: Business Credit; HH: Household Credit; PS: Private Sector Credit)

Source: Central Bank of Eswatini & Other Depository Corporations.

Credit to the business sector increased by 0.7 per cent month-on-month and 10.0 per cent year-on-year to close at E12.8 billion at the end of April 2026. The month-on-month increase was broadly distributed across most industries, except for the distribution & tourism sector, as well as the construction industry, both of which recorded declines during the review period. Growth in credit to businesses was observed among both the small & medium enterprises (SMEs) and large enterprises. Credit extended to SMEs grew by 2.0 per cent month-on-month and 17.8 per cent year-on-year to E4.4 billion, accounting for 34.1 per cent of total credit to businesses. Meanwhile, credit to large enterprises, which accounted for 65.9 per cent of total credit to businesses, grew marginally by 0.1 per cent to E8.4 billion in April 2026.

Credit to other sectors of the domestic economy, in contrast, declined by 10.5 per cent month-on-month and 7.1 per cent year-on-year to settle at E905.1 million in April 2026. The decline was mainly attributable to reduced lending to other financial corporations, which fell by 20.5 per cent to E422.0 million during the review month. Partially offsetting the month-on-month decline were increases in credit extended to local government and public enterprises, by 2.4 per cent to E83.3 million and 0.3 per cent to E399.8 million, respectively.

Figure 7: Household Credit Monthly Changes; April 2025 to April 2026



	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Housing	-0.6	0.2	-0.5	0.5	-0.2	0.1	0.4	-0.4	0.9	0.3	-0.3	-1.9	2.0
Motor Vehicles	0.8	1.3	0.8	2.5	2.6	1.5	0.3	2.3	2.8	1.8	1.6	1.1	-1.1
Other (Unsecured)	-3.6	-4.3	9.5	-6.9	2.0	5.9	1.7	1.7	5.9	-3.7	4.0	1.4	2.5
Total	-1.6	-1.4	3.3	-2.0	1.0	2.5	0.9	0.8	3.2	-1.1	1.7	-0.1	1.7
Total (E'Billion)	8.7	8.6	8.9	8.7	8.8	9.0	9.1	9.1	9.4	9.3	9.5	9.5	9.6

Source: Central Bank of Eswatini & Other Depository Institutions.

Government's financial position with the banking sector improved during the review month, as net claims on Government fell by 46.8 per cent month-on-month and 10.3 per cent year-on-year to E1.0 billion at the end of April 2026. This improvement was driven by a 16.1 per cent decline to E7.4 billion, following the repayment of the Central Bank advance. At the same time, Government deposits contracted by 7.5 per cent to E6.4 billion, reflecting the settlement of fiscal obligations during the period under review.

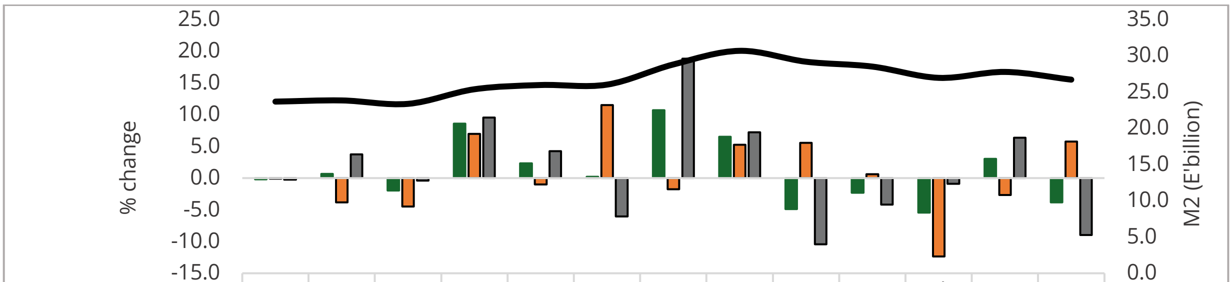
Non-performing loans (NPLs) amounted to E1.4 billion in April 2026, reflecting a month-on-month decline of 1.7 per cent but a year-on-year increase of 7.3 per cent. The month-on-month decrease was solely driven by improved loan repayments by the business sector. As a result, the NPL ratio decreased by 0.2 percentage points on both month-on-month and year-on-year basis to settle at 7.0 per cent in April 2026.

Broad money supply (M2) amounted to E26.7 billion in April 2026, reflecting a contraction of 3.8 per cent month-on-month but an increase of 12.8 per cent year-on-year. The month-on-month decline in M2 was driven by a reduction in quasi money supply.

Quasi money supply declined by 9.0 per cent from the previous month but remained 16.4 per cent higher than the corresponding period in the previous year, amounting to E16.5 billion. The month-on-month contraction was attributable to time deposits, which fell by 10.4 per cent to E14.2 billion. In contrast, savings deposits rose by 1.5 per cent to E2.3 billion during the review period.

Meanwhile, narrow money supply (M1) grew by 5.8 per cent month-on-month and 7.5 per cent year-on-year to E10.2 billion in April 2026. Growth was recorded across both components of M1, with transferable (demand) deposits increasing by 6.2 per cent to E9.3 billion, while Emalangeni in circulation grew by 1.6 per cent to E929.8 million during the review month.

Figure 8: Money Supply Monthly Changes; April 2025 to April 2026



	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
M2	-0.2	0.7	-2.0	8.6	2.3	0.2	10.7	6.5	-4.9	-2.3	-5.4	3.0	-3.8
M1	-0.1	-3.9	-4.5	7.0	-1.0	11.5	-1.7	5.2	5.5	0.6	-12.3	-2.7	5.8
Quasi	-0.3	3.7	-0.4	9.6	4.3	-6.1	18.9	7.2	-10.4	-4.2	-0.9	6.4	-9.0
M2 (E'billion)	23.7	23.8	23.4	25.4	26.0	26.0	28.8	30.7	29.2	28.5	27.0	27.8	26.7

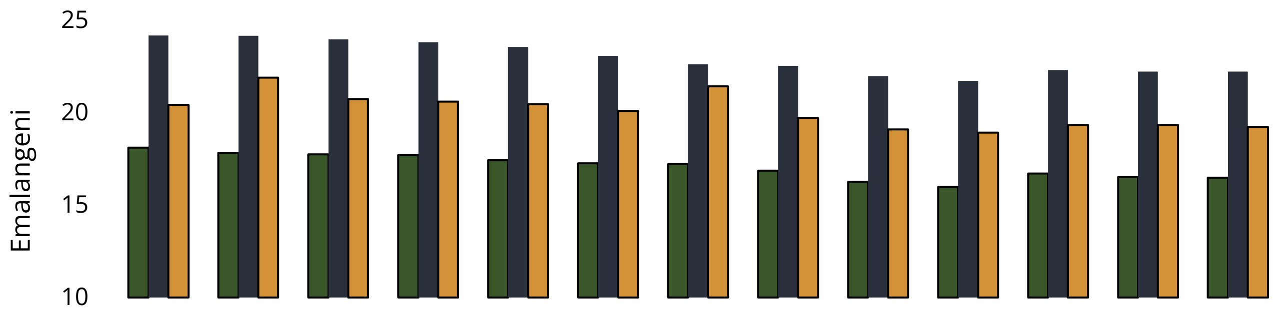
Source: Central Bank of Eswatini & Other Depository Institutions.

During the month of May 2026, the Rand/Lilangeni exchange rate appreciated against US Dollar, the Pound Sterling and the Euro. Compared to the US Dollar, the domestic currency appreciated from an average of E16.54 in April 2026 to close the month under review averaging E16.50 per US Dollar. Favourable prices for key precious metals, particularly gold and PGMs (Platinum Group Metals), provided sustained support for the Rand. However, global risk perceptions remain fragile as the Strait of Hormuz remains closed, worsening global supply side pressures.

On the domestic front, the ratings agency Moody revised South Africa's outlook to positive for the first time since 2007 while the Ba2 (high yielding bonds compared to investment-grade security) rating was maintained. The ratings agency cited stronger fiscal performance and continued reform progress, while expressing confidence that broader macroeconomic stability could be maintained despite external risks. The Rand also benefited from a favorable interest rate differential, as South African Reserve Bank hiked rates in contrast to flat US monetary policy. The combination of fiscal stability, reform progress and central bank credibility helped create a degree of confidence that South Africa was moving in the right direction. In a month dominated by external risks, that confidence provided important support for the Rand.

During the review period, the Rand/Lilangeni appreciated by 0.01 per cent and 0.50 per cent against the Pound sterling and the Euro, respectively, to average E22.24 against the Pound and E19.25 against the Euro. By the end of May 2026, the Rand/Lilangeni was trading at E16.22 per US Dollar, E21.80 per Pound Sterling, and E18.89 per Euro.

Figure 9: Average Exchange Rates; May 2025 to May 2026



	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
USD	18.11	17.84	17.75	17.73	17.45	17.28	17.23	16.87	16.28	16.00	16.72	16.54	16.50
GBP	24.20	24.18	23.99	23.83	23.57	23.08	22.63	22.55	22.00	21.74	22.33	22.25	22.24
Euro	20.44	21.91	20.75	20.61	20.47	20.12	21.44	19.74	19.10	18.93	19.35	19.35	19.25

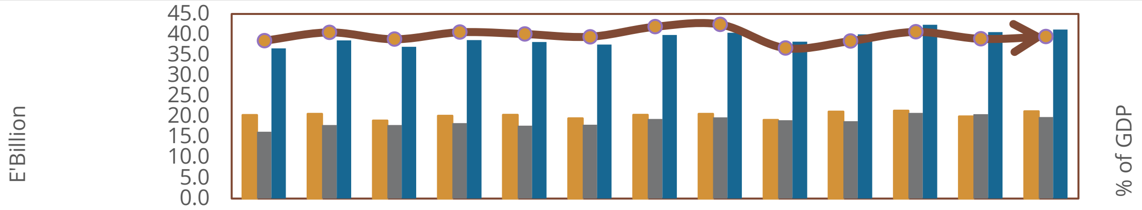
Source: Central Bank of Eswatini.

4 TOTAL PUBLIC DEBT

Preliminary figures as at the end of May 2026 indicate that total public debt stood at E41.2 billion, equivalent to 39.5 per cent of GDP. This represents a month-on-month increase of 1.5 per cent from the E40.6 billion recorded at the end of April 2026. The increase was mainly attributable to the increase in domestic debt, which outweighed the decline in external debt during the review period.

During May 2026, external debt fell by 3.3 per cent, from E20.6 billion in April to E19.9 billion, equivalent to approximately 19.1 per cent of GDP. The decline was mainly driven by debt repayments made during the month, coupled with a slight appreciation of the Lilangeni against major foreign currencies in which the debt denominated, particularly the US Dollar.

Figure 10: Total Public Debt; May 2025 to May 2026

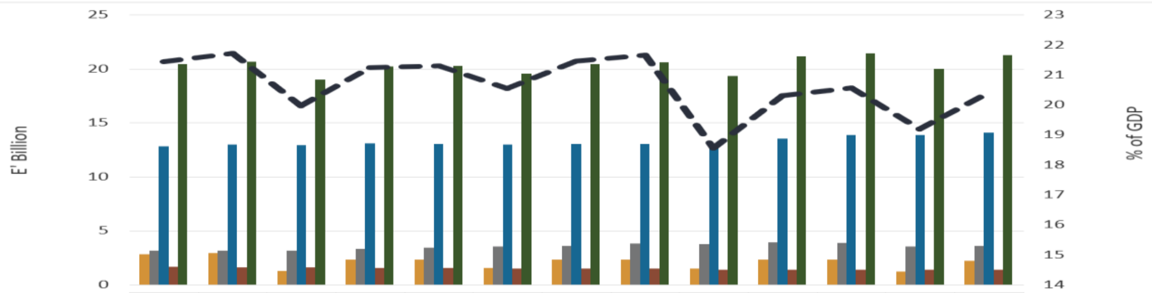


	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Domestic	20.4	20.6	19.0	20.2	20.4	19.6	20.4	20.6	19.2	21.2	21.4	20.0	21.3
External	16.3	17.9	18.0	18.4	17.8	18.0	19.4	19.8	19.1	18.8	20.9	20.6	19.9
Total Stock	36.6	38.6	37.0	38.6	38.2	37.6	39.9	40.4	38.2	40.0	42.3	40.6	41.2
% of GDP (RHS)	38.5	40.5	38.8	40.5	40.1	39.4	41.9	42.4	36.7	38.4	40.6	38.9	39.5

Source: Central Bank of Eswatini & Ministry of Finance.

Outstanding domestic debt stood at E21.3 billion at the end of May 2026, equivalent to 20.4 per cent of GDP. This represents an increase of 6.4 per cent from E20.0 billion recorded in April 2026. The growth in domestic debt was driven by increases across all the debt instruments, except for domestic loans, which registered a decline during the review period.

Figure 11: Outstanding Domestic Debt; April 2025 to April 2026



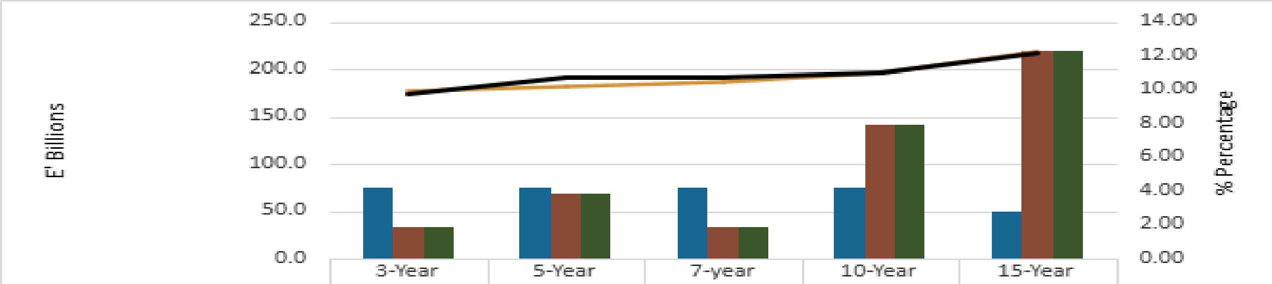
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
CBE Advance	2.8	2.9	1.3	2.3	2.3	1.5	2.3	2.3	1.5	2.3	2.3	1.2	2.2
T-Bills	3.2	3.2	3.2	3.3	3.4	3.5	3.6	3.8	3.8	3.9	3.9	3.5	3.6
Bonds	12.8	13.0	12.9	13.1	13.0	13.0	13.0	13.0	12.7	13.5	13.9	13.9	14.1
Loans	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Total	20.4	20.7	19.0	20.2	20.3	19.6	20.4	20.6	19.3	21.2	21.4	20.0	21.3
% of GDP (rhs)	21.4	21.7	20.0	21.2	21.3	20.5	21.5	21.7	18.6	20.3	20.6	19.2	20.4

Source: Central Bank of Eswatini.

During May 2026, the Central Bank conducted a government bond auction on behalf of the Government. A total of E350 million was offered across five tenors: 3-year, 5-year, 7-year, 10-year, and for the first time, a 15-year bond. Overall, bids amounting to E495.2 million were received and fully allotted, resulting in a bid-to-cover ratio of 141.2 per cent.

The 3-year and 7-year bonds recorded the lowest bid-to-cover and allotment ratios at approximately 44.5 per cent, indicating relatively weak investor demand. In contrast, the 15-year bond attracted strong investor interest, registering the highest bid-to-cover ratio of 437.3 per cent. A summary of the auction results is presented in the graph below:

Figure 12: Bond Auction Summary



	3-Year	5-Year	7-year	10-Year	15-Year
Offered	75.0	75.0	75.0	75.0	50.0
Received	33.4	68.8	33.1	141.3	218.7
Allotted	33.4	68.8	33.1	141.3	218.7
Coupon Rate (RHS)	10.00	10.25	10.50	11.00	12.25
Wtd Avg Yield (RHS)	9.80	10.74	10.75	11.04	12.20

Source: Central Bank of Eswatini.

Non-bank financial institutions (NBFIs) continued to hold a significant share of long-term securities, while commercial banks maintained their holdings of short-term securities, reflecting the investment preferences within their respective portfolios.

Table 1: Domestic Debt Instruments Outstanding by Holder on 31 May 2026

Holder	Treasury Bills	Government Bonds	CBE Advance	Total	Share of Holdings (%)
CBE	4.66	603.1	2,193.38	2,801.16	14.1
Commercial banks	1,462.4	3,905.1		5,367.5	27.0
NBFIs	1,789.3	7,358.4		9,147.7	46.0
Foreign Institutions	-	356.3		356.3	1.8
Other	361.8	1,856.9		2,218.7	11.2
TOTALS	**3,618.2**	**14,079.8**	**2,193.4**	19,891.4	**100**

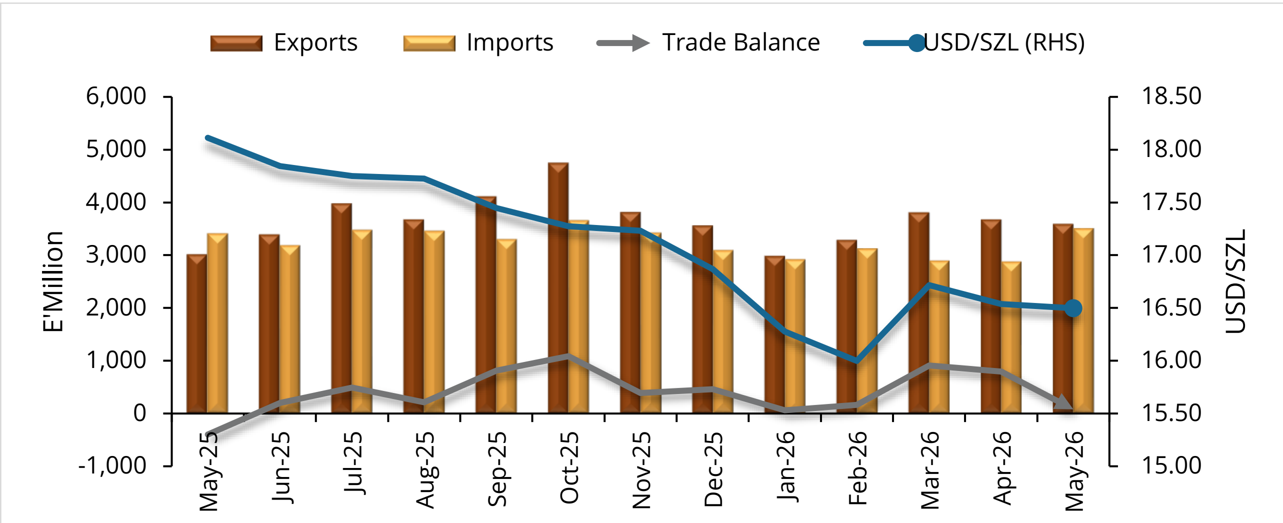
Source: Central Bank of Eswatini.

5 THE EXTERNAL SECTOR

Eswatini recorded a positive trade surplus of E78.4 million in May 2026, falling significantly in comparison to the trade surplus of E793.8 million recorded in April 2026. The narrower surplus was mainly attributable to higher import growth against falling exports in the month. Exports declined by 2.3 per cent month-on-month to E3.6 billion, as sugar exports were lower in the month under review. On a year-on-year basis, exports increased by 19.2 per cent reflective of nominal growth in the value of soft drink concentrates and textile exports in the month. Imports totalled E3.5 billion in the review month, growing by a significant 21.9 per cent month-on-month, influenced by a rise in food and textile imports. Year-on-year, imports increased by 3.0 per cent compared to the same period last year. Seasonally adjusted estimates indicate that exports amounted to E4.0 billion and imports to E3.5 billion in May 2026, resulting in a seasonally adjusted trade surplus of E547.2 million.

The January to May 2026 cumulative trade surplus amounted to E2.0 billion, a surge of 33.1 per cent from a E1.5 billion surplus reported in the same period of 2025. Year-to-date exports amounted to E17.3 billion, 2.9 per cent higher than the prior year, while imports amounted to E15.3 billion, marking a marginal 0.1 per cent annual decrease.

Figure 13: Merchandise Trade; May 2025 to May 2026



Source: Central Bank of Eswatini.

The direction of trade analysis indicates that South Africa continued to be Eswatini's leading trading partner in May 2026, accounting for 72.0 per cent of exports and 70.8 per cent of imports. Other significant export markets were Mozambique, Nigeria, Kenya, Tanzania, and Zimbabwe accounting for 15.9 per cent of total exports. Collectively, China, the United States, India, Ireland, and Germany accounted for 16.9 per cent of total imports for the month.

Additionally, Eswatini's trade continues to be strongly anchored within regional trade blocs, particularly within SADC and COMESA. In May 2026, SADC trade (excluding South Africa) resulted in exports amounting to E567.6 million (15.8 per cent of total exports) against E65.2 million (1.9 per cent of total imports), yielding a trade surplus of E502.4 million. COMESA trade showed a similar pattern, totalling E380.7 million in exports (10.6 per cent share of total exports) and E38.9 million in imports (1.1 per cent of total imports), resulting in a surplus of E341.8 million. SACU trade (excluding South Africa) contributed modestly with exports amounting to E91.7 million (2.6 per cent of exports) and imports totalling E11.0 million (0.3 per cent of imports) leading to a trade surplus of E80.7 million. Conversely, trade with the EU recorded a deficit of E169.0 million, as imports (E220.6 million) with a 6.3 per cent share exceeded exports (51.5 million) with a portion of 1.4 per cent. Overall, these patterns underscore Eswatini's strong export orientation towards regional African markets, while imports remain relatively diversified and skewed towards extra-regional partners.

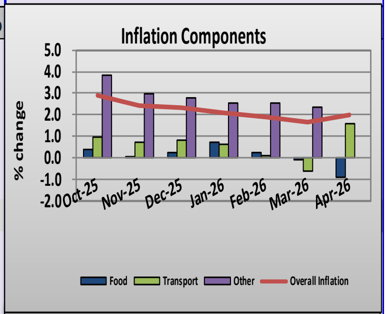
In May 2026, soft drink concentrates exports amounted to E1.4 billion, increasing by 4.9 per cent month on month and significantly by 21.7 per cent year on year. Exports of sugar and sugar products totalled E688.9 million, a sizable decrease of 39.6 per cent in comparison to April 2026, on account of base effects caused by higher exports in April as the EU consignment was exported. Year-on-year, these exports were lower by 7.6 per cent, due to demand subsiding from the South African market. Exports of textile and textile apparel grew to E409.4 million, rising by a 32.3 per cent from the preceding month, supported by increased volumes of cotton, special woven, knitted or crocheted, and laminated textile fabrics. These exports grew by 59.1 per cent year on year. Exports of wood and wood articles amounted to E262.6 million, increasing by 16.0 per cent month on month, and remaining flat compared to May 2025.

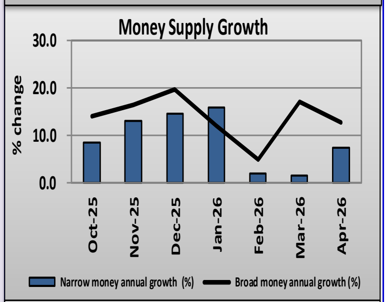
Energy products imports (i.e., fuel and electricity) were valued at E763.4 million in May 2026, increasing by 2.6 per cent month on month. On a year-on-year basis, imports increased by a notable 37.5 per cent driven by the elevated fuel prices. Imports of machinery and electrical equipment totalled E313.5 million, reflecting a 13.5 per cent month-on-month growth, and an 11.1 per cent decrease compared to May of the previous year. Food imports increased by a marked 37.9 per cent month on month to total E356.5 million. This was influenced by higher imports across most food categories, save for fruit and vegetable imports. However, these imports fell by 11.7 per cent year on year, as imports of live animals, live trees, and edible fruits and nuts reduced. Imports of textile and textile apparel rose by 20.2 per cent on a month-on-month basis amounting to E263.0 million in May 2026, steered by higher imports of cotton, man-made filaments, and knitted or crocheted fabrics. On a year-on-year basis, textile imports surged by 11.6 per cent, driven by higher purchases of man-made filaments and staple fibres together with knitted or crocheted fabrics relative to the same period last year. Vehicle imports amounted to E191.6 million in the month, up marginally by 1.8 per cent month on month and down by 4.3 per cent year on year.

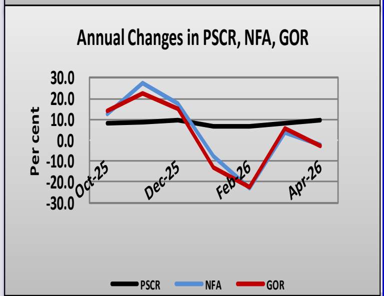
Economic Policy, Research and Statistics Department

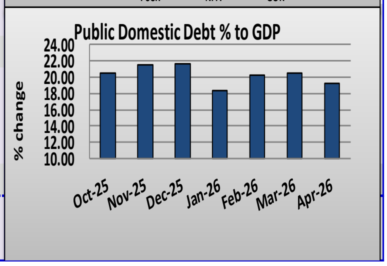
Kingdom of Eswatini Economic Indicators at a glance

Sectors	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Overall Inflation	2.9	2.4	2.3	2.1	1.9	1.6	2.0
Food	0.4	0.0	0.3	0.7	0.2	-0.1	-0.9
Transport	0.9	0.7	0.8	0.6	0.1	-0.6	1.6
Other	3.8	3.0	2.8	2.5	2.5	2.4	0.0
Money and banking							
Narrow money annual growth (%)	8.4	13.1	14.4	15.9	1.9	1.5	7.5
Broad money annual growth (%)	13.9	16.3	19.6	12.0	4.9	17.1	12.8
Domestic credit (net) - E' Million	23,024.9	22,390.4	24,710.9	23,352.2	24,998.1	25,064.8	24,322.5
Government	1,322.7	442.3	2,303.1	960.8	2,049.4	1,913.6	10,180.5
Private sector	21,702.2	21,948.1	22,407.8	22,391.4	22,948.7	23,151.2	23,304.4
Private sector credit annual growth (%)	8.2	8.5	9.8	6.7	6.7	8.1	9.5
Interest rates (% p.a)							
Prime lending	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Discount rate	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Deposit rate - 31 days	2.3	2.3	2.3	2.3	2.3	2.3	2.3
- 12 months	5.0	5.0	5.0	5.0	5.0	5.0	5.0
- T. bill rate	8.3	8.2	8.1	8.1	8.0	7.9	7.9
Ratios							
Liquidity ratio (required = 20 %)	42.3	42.3	40.9	37.6	34.5	38.4	34.5
Loans/deposits ratio	70.9	67.6	72.4	73.5	78.9	77.9	81.4
Net foreign assets (E'million)	12,950.2	14,991.9	10,494.4	10,750.9	8,190.5	7,625.5	8,435.8
Annual % change in NFA	12.7	27.2	17.4	-7.5	-22.9	3.5	-2.1
Gross official foreign reserves E'Millions	14,414.7	15,475.6	11,672.1	11,232.7	9,518.6	9,648.3	10,165.0
Annual % change in GOR	14.2	22.4	15.3	-12.9	-22.7	5.5	-2.7
In months of import cover	3.3	3.6	2.7	2.6	2.2	2.2	2.3
Exchange Rates							
US$	17.28	17.23	16.87	16.28	16.00	16.72	16.54
EURO	20.12	21.44	19.74	19.10	18.93	19.35	19.35
GBP	23.08	22.63	22.55	22.00	21.74	22.33	22.25
Public Finance							
Total public domestic debt [E' million]	19,554.50	20,435.77	20,629.19	19,169.00	21,173.58	21,435.60	19,995.40
As a % of GDP	20.54	21.46	21.67	18.39	20.31	20.56	19.18









NB: For consistency, the table shows data up to the end of May 2026.