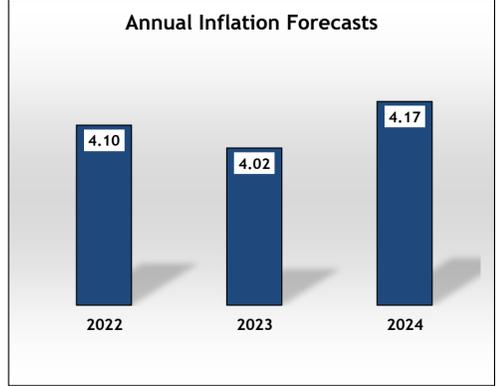
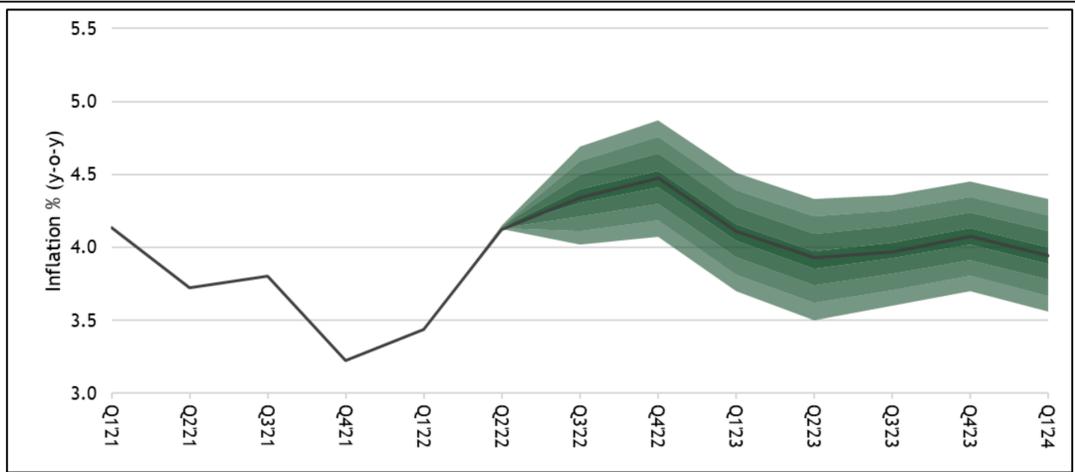




		2022 INFLATION FORECASTS (% y/y)			
		DATE	March	May	
Forecasts notes Inflation forecasts have remained on an upward trend for the short-to-medium term but growing at a slow pace compared to the forecasts of March 2022. The slow pace growth in inflation in the short-term is in line with the lower than expected inflation outturn for the month of March 2022. Upward pressures on inflation are generally expected from domestic and global economic developments. These upward pressures are mainly driven by the expected increases in Brent Crude Oil prices which lead to increases in domestic fuel prices. While, these developments have also seen higher fuel price adjustments in SA, the reduction in the fuel levy in SA is expected to cushion domestic inflation against high imported inflation. Downward pressures to inflation are also expected to emanate from the appreciation of the Rand/ Lilangeni exchange rate. As previously expected, increases in domestic administered prices such as utility tariffs and public transport fares are expected to exert inflationary pressure in the second quarter of 2022. As a result, the annual average inflation forecast for 2022 came slightly down to 4.10 per cent from 4.20 per cent forecasted in March 2022. The second quarter of 2022 is revised to 4.13 per cent (from 4.28 per cent), the third quarter of 2022 is forecasted at 4.35 per cent (from 4.47 per cent) and the fourth quarter of 2022 is projected at 4.48 per cent (from 4.54 per cent).			2023 INFLATION FORECASTS (% y/y)		
			DATE	March	May
			Quarter 1 Average	4.13	4.11
			Quarter 2 Average	3.95	3.93
			Quarter 3 Average	3.89	3.97
			Quarter 4 Average	4.10	4.08
			Annual Average	4.05	4.02
			SHORT-MEDIUM TERM INFLATION FORECASTS (% y/y)		
			DATE	March	May
			2022	4.20	4.10
			2023	4.05	4.02
			2024	4.20	4.17



FAN CHART FOR THE INFLATION PROJECTIONS



In the medium term, 2023 and 2024 are forecasted to be marginally lower than previously expected. In this period, the Rand is expected to remain weaker, exerting upward pressure on inflation. Increases in domestic administered prices pose as an upside risk. However, Brent oil prices are expected to stabilise and increase at a slower pace, somewhat cushioning against the inflationary pressures. Therefore, inflation for 2023 is forecasted at 4.02 per cent (from 4.05 per cent) and 2024 forecasted at 4.17 per cent (4.20 per cent).

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.