Monetary Policy Statement

27 March 2026

Interest Rate

6.75%

The Central Bank of Eswatini (CBE) maintained the interest rate at **6.75 per cent.**

What does this mean?

Banks are expected to maintain the prime lending rate on loans extended to individuals and businesses at **10.25 per cent** until the next monetary policy meeting.

Inflation

1.9%

Headline inflation decreased to **1.9 per cent** in February 2026 from **2.1 per cent** in January 2026.

What to expect?

The CBE expects the cost of goods and services to increase moderately in 2026. The Bank reduced its inflation forecast for 2026 to **3.33 per cent** (from 3.97 per cent forecasted in January 2026.

Economic Activity

Aggregate economic activity as measured by real Gross Domestic Product (GDP) accelerated by **5.8 per cent** year-on-year (seasonally adjusted) in the third quarter of 2025, relative to the revised **4.3 per cent** growth observed in the previous quarter.

On 26 March 2026, the Central Bank of Eswatini (Bank), together with the Monetary Policy Consultative Committee (MPCC) held a meeting to consider the appropriate monetary policy stance. Taking into consideration relevant global, regional, and domestic economic factors; as well as the price and financial stability mandate, the Bank decided to keep the discount rate unchanged at 6.75 per cent.

On the global front, economic growth remains subdued amid heightened uncertainty, with advanced economies (AEs) showing slower momentum. On a year-on-year basis, growth moderated in the fourth quarter of 2025, easing to 2.0 per cent from 2.3 per cent in the previous quarter in the United States. In the Euro Area, growth slowed to 1.2 per cent from 1.4 per cent, while in the UK it declined to 1.0 per cent from 1.2 per cent in the same period. Inflation has broadly moderated but remains above target in some economies, with US and UK inflation steady at 2.4 per cent and 3 per cent in February 2026, respectively. Major central banks have kept policy rates unchanged, in part, reflecting caution over potential inflationary pressures due to elevated global uncertainties.

On the regional front, the South African economy expanded by 0.8 per cent year-on -year in the fourth quarter of 2025 following a 2.1 per cent growth in quarter three. South Africa's inflation decreased to 3.0 per cent in February 2026 from 3.5 per cent in January 2026, matching the SARB's new target level. At its March 2026 meeting, the SARB revised up its inflation forecasts to 3.7 per cent (from 3.3 per cent forecasted in January) for 2026 and further kept the repo rate steady at 6.75 per cent.

Domestically, on a quarterly basis, Eswatini's real Gross Domestic Product (GDP) accelerated by 5.8 per cent year-on-year (seasonally adjusted), in the third quarter of 2025, relative to the revised 4.3 per cent growth observed in the previous quarter. Growth was broad based across all the three sectors of the economy, anchored by a robust recovery in the primary sector, as well as the sustained momentum in the secondary and tertiary sectors.

Eswatini's headline consumer inflation eased to 1.9 per cent in February 2026 from 2.1 per cent in January 2026, mainly driven by supply-side factors. The Bank has revised downward its short to medium-term inflation forecasts. Inflation is now projected at 3.33 per cent (from 3.97 per cent forecasted in January) in 2026, and 3.48 per cent (from 3.93 per cent) in 2027. The downward revisions primarily reflect the approval of a lower electricity tariff than previously assumed. Despite the improved outlook, risks to inflation remain tilted to the upside, largely due to heightened geopolitical tensions that could disrupt global supply chains and exert renewed pressure on prices of imports. Under these circumstances, a cautious approach towards policy decisions remains critical.

Credit extended to the private sector amounted to E22.1 billion at the end of January 2026, depicting a month-on-month decline of 1.4 per cent. The monthly decline was broad based across most sectors of the economy. On a year-on-year basis, private sector credit extension recorded a relatively healthy 5.3 per cent growth rate. The quality of banks' loan books strengthened in the review month, with non-performing loans (NPLs) recording a decline of 11.6 per cent from the previous month and 18.0 per cent compared to the previous year, amounting to E1.2 billion in January 2026. The NPL ratio also improved, dropping by 0.7 percentage points month-on-month and by 1.8 percentage points year-on-year, reaching 6.0 per cent.

As of 20th March 2026, gross official reserves stood at E11.2 billion equivalent to an import cover of 2.6 months. Preliminary figures indicate that total public debt stood at E38.8 billion in February 2026, equivalent to 40.4 per cent of GDP. This represents an increase of 1.9 per cent from the E38.1 billion recorded in January 2026.

The Bank will continue to monitor international, regional and domestic developments that influence the movements of inflation and will act cautiously and appropriately in line with its mission to foster price and financial stability that is conducive to the economic development in Eswatini.

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GOVERNOR