Monetary Policy Statement

24 July 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

2.6%

Headline inflation eased to **2.6 per cent** in June 2026 from **2.7 per cent** in May 2026.

What to expect?

The CBE expects the cost of goods and services to increase moderately in 2026. The Bank revised down its inflation forecast for 2026 to **3.0 per cent** from 3.31 per cent forecasted in May 2026.

Economic Activity

On a quarterly basis, Eswatini's real GDP grew by **6.1 per cent** in the first quarter of 2026, year-on-year on a seasonally adjusted basis, up from a revised growth rate of **5.8 per cent** recorded in the fourth quarter of 2025.

On 24 July 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, the IMF's July 2026 update revised global growth for 2026 slightly downward to 3.0 per cent from 3.1 per cent and raised the 2027 forecast to 3.4 per cent from 3.2 per cent. Global inflation forecasts were revised upward to 4.7 per cent (from 4.4 per cent) for 2026 and 3.9 per cent (from 3.7 per cent) for 2027, reflecting elevated risks. Monetary policy remains mixed, with the U.S. Federal Reserve and Bank of England holding rates steady, while the European Central Bank and Bank of Japan increased their policy rates.

On the regional front, the South African real Gross Domestic Product (GDP) expanded by 0.5 per cent, quarter-on-quarter, in the first quarter of 2026 following a 0.4 per cent growth in the previous quarter. South Africa's inflation increased to 5.0 per cent in June 2026 from 4.5 per cent in May 2026, largely driven by the sharp increase in transportation costs, reflecting the surge in fuel prices amid elevated global energy prices. The SARB revised down its inflation forecast to 4.0 per cent (from 4.4 per cent) for 2026 while the forecast for 2027 was marginally revised up to 3.8 per cent (from 3.7 per cent). The SARB maintained the repo rate at 7.0 per cent at its last meeting.

Domestically, on a quarterly basis, Eswatini's real GDP grew by 6.1 per cent in the first quarter of 2026, year-on-year on a seasonally adjusted basis, up from a revised growth rate of 5.8 per cent in the fourth quarter of 2025. The stronger growth momentum was supported by a rebound in the secondary sector. The primary and the tertiary sectors also recorded positive performance during the review period, although developments within these sectors were mixed. On a quarter-on-quarter basis, economic activity grew by 1.1 per cent (seasonally adjusted) in the first quarter of 2026 following a flat growth in the previous quarter.

Headline consumer inflation decelerated to 2.6 per cent in June 2026, from 2.7 per cent in May 2026. The Bank revised down its short-term (2026) inflation outlook to 3.0 per cent (from 3.31 per cent forecasted in May 2026) due to the continued moderation in food inflation and the moderation in oil prices. The medium-term forecasts were revised up to 4.35 per cent (from 3.74 per cent) for 2027 and 3.55 per cent (from 3.30 per cent) for 2028. Risks to the inflation outlook remain elevated mainly due to challenges in the oil market.

Credit extended to the private sector amounted to E23.9 billion at the end of May 2026, reflecting month-on-month growth of 2.5 per cent and up 10.6 per cent year-on-year. Credit extended to the households & Non Profit Institutions Serving Households sector rose by 1.9 per cent to E9.8 billion in May 2026 and credit extended to the business sector increased by 3.2 per cent to E13.2 billion in May 2026. Credit extended to other sectors of the domestic economy decreased by 0.2 per cent month-on-month to close at E903.2 million. The quality of banks' loan books mildly deteriorated in the review month, with non-performing loans (NPLs) increasing by 1.4 per cent month-on-month and 7.1 per cent year-on-year to E1.4 billion in May 2026. Despite the rise in the value of NPLs, the NPL ratio decreased marginally by 0.1 percentage point month-on-month and 0.3 percentage points year-on-year to 6.9 per cent. This suggests that the growth in the total loans continued to outpace the increase in non-performing loans.

As of 17 July 2026, the reserves stood at E11.8 billion, equivalent to 2.6 months of import cover. Preliminary figures indicate that total public debt stood at E42.1 billion, equivalent to 40.4 per cent of GDP, at the end of June 2026. This represented a month-on-month increase of 2.2 per cent from the E41.2 billion recorded at the end of May 2026.

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

Dr. Phil Mnisi
GOVERNOR