MINISTRY OF ECONOMIC PLANNING AND DEVELOPMENT

MACROECONOMIC ANALYSIS AND RESEARCH UNIT

Quarterly Economic Bulletin

2023 Q3

July – Sept

QUARTERLY ECONOMIC BULLETIN – 2023 QUARTER 3

Key highlights for 2023Q3

***Global GDP** continued to depict gradual recovery from the COVID-19 effects, however, with signs of disruption from the ongoing financial instability resulting in a projected **3.0% slowdown in economic growth in 2023**, compared to 3.5% in 2022.*

***RSA** sustained a broad-based positive performance in 2023Q3, growing by **0.6%**.*

*Eswatini **GDP** grew by **6.2% in 2023Q2**.*

What were the factors supporting growth?

Secondary sector grew by 8.3 percent.
Increased activity in most manufacturing industries.

Tertiary sector grew by 6.6 percent, due to:

Improved performance in wholesale and retail 12.2%

Increased activity, 22.0%, of ICT-related services.

Accommodation increased by 44.0% in the quarter.

Lower headline inflation averaging 4.0%.

What were the factors supporting growth?

'Food and non-alcoholic beverages' decline by 4.1 percentage points.

'Transport' declined by 3.3 percentage points at the back of lower fuel inflation, y-o-y.

'Housing and utilities' declined by 0.6 percentage point.

*The **Lilangeni depreciated over the US Dollar,** over the quarter.*

SZL/US$	SZL/GBP	SZL/Euro
-0.1%	**-1.1%**	**0.2%**

***Interest rates** decrease by 25-basis points.*

	2023Q2	2023Q3
Discount rate	7.75%	7.50%
Prime lending rate	11.25%	11.00%

***Total private sector credit** grew by 2.2% and 8.8%, q-o-q and y-o-y, respectively.*

2023Q2	2023Q3
E18.151 b	E18.553 b

2023Q3 Import origins

2023Q3 Export destinations

2023Q3 trade developments reflected a E1.020 billion trade balance.

Box Articles

1. *The potential economic effects of the ongoing Israel-Palestinian conflict to Eswatini.*
2. *Macroeconomic Analysis and Research Unit Changes in Release Calendar*

1. International Developments

1.1. Global economic growth

Global economy continued to depict gradual rebound, following the devastating challenges experienced in the last three years, with the latest being the tightening financial conditions in 2022 emanating from the global inflationary pressures. Despite the observed recovery, recent global economic projections indicate a slowdown in economic activity to 3.0 percent in 2023, from 3.5 percent in 2022, owing to lingering effects of the recent economic disruptions. On a q-o-q, the IMF WEO October 2023 Update reflects an unchanged position from the previous forecasts (July 2023 Update). Factors such as stifled demand, continued supply interruptions and commodity price hikes are expected to remain elevated in the short-term thereby slowing growth in most regions.

Growth is anticipated to moderate further, recording 2.9 percent, in 2024 reflecting a 1 percentage point downward revision compared to the July 2023 forecast. This will be attributable to lingering effects of the tight financial conditions, as well as the escalation of geopolitical tensions i.e., Russia-Ukraine, and Israel-Palestine conflicts.

Growth in advanced economies is predicted to moderately increase by 1.5 percent in 2023, compared to 2.6 percent in 2022, with the anticipated subdued economic activity in major economies in the region such as the US economy. The US economy is expected to continue to battle with effects of tightening monetary policy, as well as banking instability, which are expected to remain the main source of vulnerability for this economy. However, latest data for the US economy indicated a stronger-than-expected consumer demand in the first half of the year, which has necessitated an upward revision of 0.3 percentage point, to reach a forecasted growth of 2.1 percent in 2023. In 2024, the US economy is projected to increase by 1.5 percent.

On the other hand, the Eurozone stagnated in the first half of the year, as the bloc managed to dodge a technical recession, with real GDP growing by a marginal 0.1 percent, quarter-on-quarter (q-o-q), in the first and second quarters of 2023. A rebound in government expenditure and stronger growth in fixed investment kept the wheels turning for this economy, whilst household consumption held steady but still pointed to waning demand, amid still elevated inflation and high interest rates. As such, the Eurozone is expected to grow by 0.7 percent in 2023 and further increase by a slow growth of 1.2 percent in 2024.

In emerging markets and developing economies, growth is projected to decline marginally, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, with a downward revision of 0.1 percentage point for 2024 compared to the July 2023 WEO Update. China's economic rebound, following the full opening of the economy post COVID-19 aftermath, is expected to uplift growth in the emerging markets & developing economies. In the October 2023 update, the Chinese economy was revised downward by 0.2 percentage point. Growth in 2023 will increase to 5.0 percent. In 2024, following the latest revisions growth is now envisaged to reach 4.2 percent. The main driver linked to this downward revision was the experienced property market crisis coupled with the lower overall investment.

Growth in the Sub-Saharan Africa region is expected to average 3.3 percent in 2023 relative to 4.0 percent in 2022. The anticipated deceleration is as a result of an envisaged financial "squeeze" caused by sustained global inflation and stricter monetary policies, which have resulted in higher borrowing costs for most SSA countries and increased pressure on currency rates. Key economies such as RSA are expected to hold back growth in the region. The RSA economy is expected to register a sluggish growth as the economy continues to battle with structural challenges (i.e., intensified power outages, and rising debt levels) and is forecasted to grow by 0.9 percent in 2023, from 1.9 percent in 2022, and subsequently grow by 1.8 percent in 2024.

Table 1: World Economic Outlook – January 2023

	2022	2023f	2024f
World Output	**3.5**	**3.0**	**2.9**
Advanced Economies	**2.6**	**1.5**	**1.4**
United States	2.1	2.1	1.5
Euro Area	3.3	0.7	1.2
Germany	1.8	-0.5	0.9
Japan	1.0	2.0	1.0
UK	4.1	0.5	0.6
Emerging &Developing Economies	**4.1**	**4.0**	**4.0**
China	3.0	5.2	4.5
Sub-Saharan Africa	**3.9**	**3.6**	**4.2**
Nigeria	3.3	3.2	3.0
South Africa	2.0	0.1	1.8

Source: International Monetary Fund

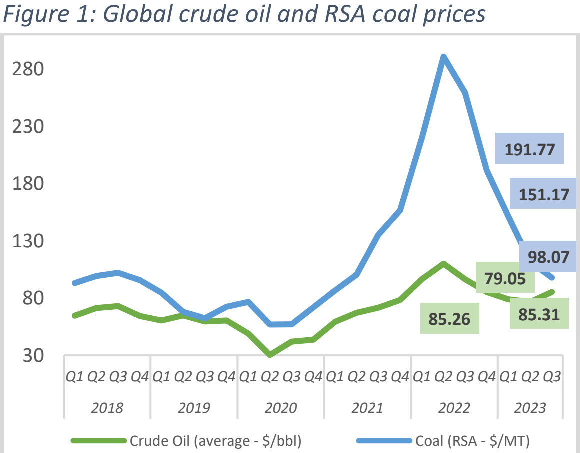
1.2. Global Commodity Prices

Global commodity prices reflected mixed performance in 2023Q3. In the review period, Brent-crude oil prices traded at US$98.07 per barrel, which was a 12.3 percent decline on a q-o-q basis, and a 62.2 percent decline over the year. Supply constraints continued to over-shadow global demand, as Russia and Saudi Arabia extended their production cuts until the end of 2023, removing an additional 1.3 million barrels per day from the global oil supply. Although Brent-crude oil prices increased in 2023Q3, prospects indicate that these prices will continue to decline in October 2023, falling further to US$89 a barrel, as the US-dollar strengthens on fears that US interest rates would remain high for an extended period coupled with an anticipated weakened global economic activity.

Most recently, the heightened political tensions in the Middle East, emanating from the raging Israel-Palestine conflict, have raised fears about a potential disruption on energy production in this region. Worth noting, the Middle East region accounts for approximately a third of the total global oil supply.

South African Coal prices increased in the period at the back of improving industry activity in some major coal mines. The Uitkomst Colliery, located in the north of Kwa-Zulu Natal, recorded high production output benefitting from the implementation of a turnaround plan in June 2023. However, the industry continued to battle with increased incidents of electricity blackouts in the period.

Figure 1: Global crude oil and RSA coal prices

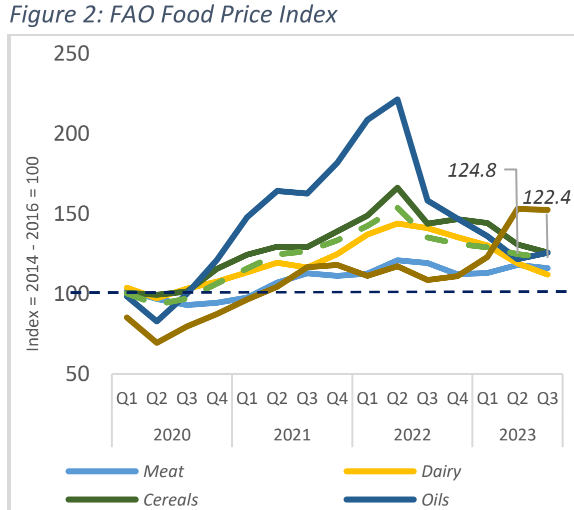


Source: World Bank Pink Sheets

The FAO Food Price Index (FFPI) averaged 122.4 points in 2023 Q3, indicating a 2.0 percent and a 9.4 percent decline, q-o-q and y-o-y, respectively. This was due to falling price indices of vegetable oils, dairy, and meat, which counteracted the increase in sugar and cereal price indices. Increased protectionism drove sugar prices up by a sharp 40.3 percent y-o-y, which is the highest growth in almost 13 years.

Globally, ample food supply, in line with higher food production, has kept agricultural prices low. However, the outlook is clouded by the threat of drier weather conditions amid the onset of the El Niño weather pattern observed in India and Thailand and expected to spread to other regions throughout the growing season. Dry conditions in India and Thailand are likely to hit sugarcane crops in 2023/24 season, but the upward pressure on prices was surpassed by expectations of increased harvest in Brazil following good rains.

Figure 2: FAO Food Price Index



Source: FAO Food Price Index

Box 1: The potential economic effects of the ongoing Israel-Palestinian conflict to Eswatini

In October 2023, the global economy witnessed yet another economies conflict, where in Israel and Palestine assumed the position of the next global geo-political tension after Russia-Ukraine. The Israel-Palestinian conflict, which began in 1948 when the state of Israel was established, is rooted in the dispute over land and the question of whether the state of Israel should exist. Amid these concerns a raging war between Israel and the neighbouring Arab countries erupted, resulting to Israel gaining control of sizeable land than originally allocated under the United Nations Partition Plan for Palestine. The war has been on and off for this region ever since and recently with direct attacks observed misplacing a number of the countries' citizens.

There have also been many attempts at peace binding between these two countries, including the Oslo Accords in the 1990s and the Camp David Summit in 2000. Several major events in recent years, include the second Intifada in the year 2000, which was a period of violence between Israel and Palestine. In 2005 Israel withdrew from the Gaza strip, but the situation in Gaza has remain unstable. However, in 2006, the militant group Hamas won the Palestinian elections and took control of Gaza, and more recently, in 2014 there was another military operation in Gaza, and tensions have remained high.

Israel and Palestine are in the Middle East Region, and responsible for about a third of global's oil production. Additionally, Palestine is the third largest producer of olives and olive oils, also the largest producer of fruits and vegetables and stone fruits which accounts for 30%, 20% and 10% of the total exports respectively. These are being exported to Israel, Jordan, and Saudi Arabia. Whilst Israel is the largest producer of cut diamonds leader globally, pharmaceuticals and High-Tech accounting for 50%, 10% and 8% of the total exports respectively. The ongoing tension will likely have ripple effects on oil production, which could drive increases in global oil prices and increasing the cost of producer and consumer goods around the world. Likelihood of oil shortages, as countries compete for a limited supply may result to prolonged trade and supply value chain disruptions which has still not fully recovered since trigged by the COVID-19 pandemic.

It is worth mentioning that the Eswatini economy possess weak direct trade links with these two countries. However, the country imports massively from other countries such as, the Republic of South Africa including food, fuel, and manufactured goods, who in turn imports these goods from the Middle East Region. The conflict has a potential of disrupting trade routes and make it harder and expensive for importers to trade goods. As a result, import prices could increase and be passed on to consumers. The conflict may potentially trigger hikes in basic commodity prices including fuel and food in Eswatini exerting upward pressure in inflation outlook and could raise interest rates leading to increasing cost of borrowing particularly for investment. On the other hand, Eswatini export products to Israel and Palestine which include sugar, fruits, vegetables, wood, minerals and paper products, these exports are important for the country's economy since the Middle East is a growing market for the country's goods and the country is well-positioned to take advantage of this growth. However, if the conflict continues there could be a risk of economic sanctions between the countries, and this could make it difficult for Eswatini to export goods to these countries.

According to this synopsis, there has not been any observed potential impact emanating from the ongoing conflict between Israel and Palestine. However, it is important to note that there are prospective risks as indicated above, which necessitate continued monitoring of developments.

End of Box 1

2.RSA Developments

2.1. GDP Growth

The South African economy sustained positive performance in the second quarter of 2023, increasing by 0.6 percent, q-o-q, and relative to 0.4 percent recorded in 2023Q1. This growth was broad-based as 6 sectors contributed to the positive performance in the period. The growth was as a result of the continued momentum from the 'manufacturing' sector, which grew by 2.2 percent, as well as the 'financial' and 'personal services' sectors, both growing by 0.7 percent in the period. Moreover, the 'agricultural and forestry' sector rebounded in the second quarter recording a growth of 4.3 percent. 'Manufacturing' sector benefitted from increased demand for steel products in the period, whilst the financial sector's growth was driven by financial intermediation, insurance, and real estate.

On the contrary, 'construction' activity and 'utilities' fell by 0.4 percent and 0.8 percent, respectively. The 'utilities' sub-sector continued to decline in the period on account of the ongoing load-shedding and falling electricity consumption. The construction industry declined owing to a slowdown in activity related to construction of residential and non-residential buildings.

Figure 3: RSA Quarterly GDP Growth

Source: Stats South Africa

3. Domestic Developments

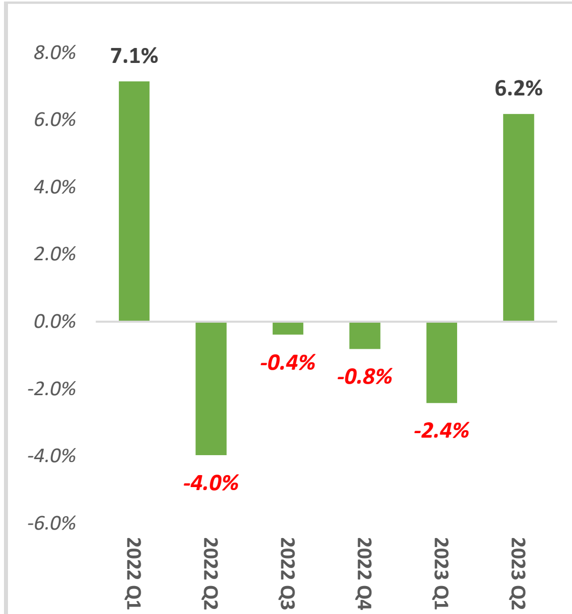
3.1. GDP Growth

The domestic economy reflected a recovery in 2023Q2, increasing by 6.2 percent, on a y-o-y basis, following a contraction of 2.4 percent in Q1. The rebounding economic activity was on account of lower base effects in Q1, particularly under manufacturing activity.

In 2023Q2, the secondary sector grew by 8.3 percent driven by increased activity in most manufacturing industries. Similarly, the tertiary sector grew by 6.6 percent on account of improving performance in the wholesale and retail (12.2%), ICT (22.0%) as well as the accommodation (44.0%) subsectors. On the contrary, 'financial and insurance' services declined by 23.5 percent due to high base effects realized in the previous year.

According to latest economic growth projections by the Eswatini Macro Forecasting Team (MFT), domestic economic activity is envisaged to rebound in the year 2023, increasing by 4.7 percent relative to a muted growth of 0.5 percent in 2022. Despite the contraction in economic growth in Q1, a strong recovery is still anticipated in most sectors, including manufacturing and services, in the second half of the year. Manufacturing activity is expected to sustain growth momentum in the next two quarters of the year (i.e., 2023Q3 & Q4). On the same wave, the tertiary sector is expected to grow, benefiting from spurred demand in the conducting of national events (i.e., elections).

Figure 4: Quarterly GDP Growth



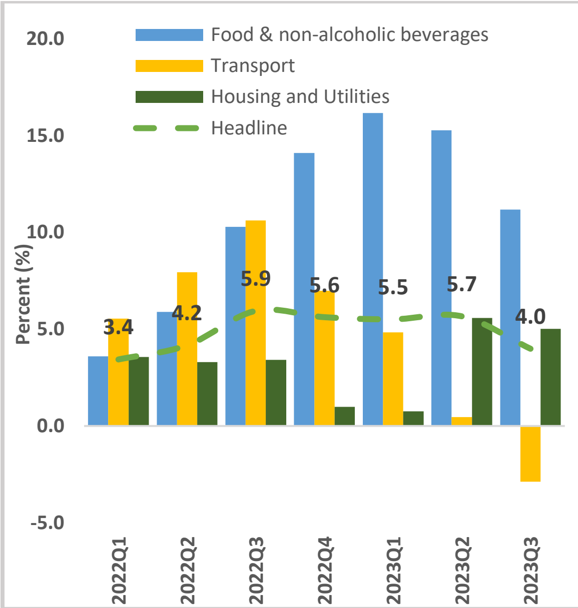
Source: CSO

3.2. Prices

3.2.1. Headline inflation

In the quarter under review, domestic inflationary pressures eased, with the headline inflation averaging 4.0 percent, reflecting a 1.7 percentage point decline relative to the preceding quarter. This was mainly on account of a fall in the prices of 'food & non-alcoholic beverages' and 'transport', which slowed by 4.1 and 3.3 percentage points, respectively.

Figure 5: Inflation Drivers



Source: Central Statistics Office

3.2.2. Inflation drivers' analysis

In the period, the inflation drivers were mainly food and transport prices. Declines in the prices of 'food & non-alcoholic beverages' were mainly observed on commodities such as the basic consumer goods (i.e., 'bread & cereals', 'meat', 'oils &fats'), as well as 'milk, cheese & eggs'. Similarly, transport prices decreased on account of a drop in the prices of motor vehicles and the 'operation of personal transport equipment', which fell by 4.0 and 8.8 percentage points in the review period, respectively.

3.2.3. Inflation for goods & services

In the period under review, prices for goods slowed by 3.1 percentage points owing to a fall in the prices of durable (e.g., motor cars, medical equipment), semi-durable and non-durable goods (e.g., food, household non-durable goods) which dropped by 1.5, 3.6, and 0.6 percentage points respectively. On the other hand, prices for services increased by 0.1 percentage points. This was due to a 9.8 percentage points increase in the 'miscellaneous goods and services category'.

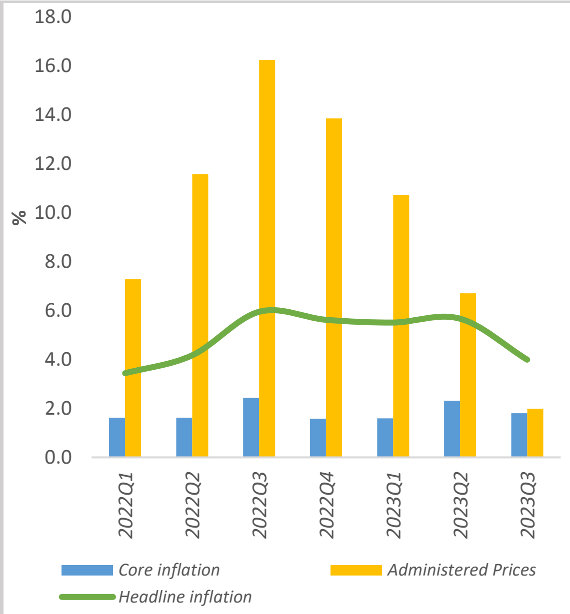
Figure 6: Inflation by Goods and Services

Source: Central Statistics Office

3.2.4. Core inflation & Administered prices

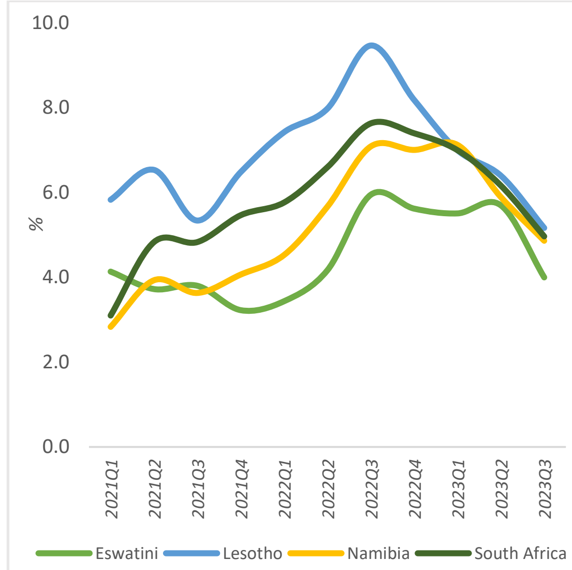
Core inflation, which is the rate of inflation that excludes prices of volatile goods (i.e., food and energy), moderated by 0.5 percentage points relative to the preceding quarter, and averaged 1.8 percent in the period.

Figure 7: Quarterly Analytical Inflation Analysis



Source: Central Statistics Office

Figure 8: Common Monetary Area Inflation Trends



Source: Central Statistics Office; Lesotho Central Bureau of Statistics; Namibia Statistics Agency; and Stats SA.

1.1.1. Price developments in the CMA

Inflationary pressures moderated among the Common Monetary Area (CMA) countries and headline inflation average was within the 3-6 percent target band for all member states. In the quarter under review, Lesotho had the highest inflation rate at 5.2 percent, followed by South Africa and Namibia at 5.0 and 4.9 percent, respectively. The common inflation driver, in the period, was the falling prices of 'food and non-alcoholic beverages' as well as 'transport', which was reflective of the moderated global food and crude oil prices, in the review period.

1.1.2. Inflation forecast

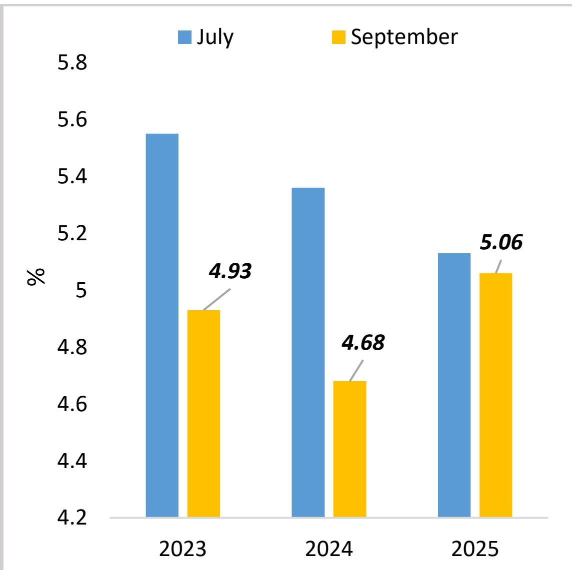
Domestic headline inflation is projected to average 4.93 percent in 2023 (CBE inflation forecast, September 2023). This reflects a 0.62 percentage point downward revision compared to earlier projections (July 2023).

The revision was brought about by slowing food inflation which necessitated the update in the September 2023 release. Despite the slowdown in food inflation, exchange rate pressures are anticipated to remain elevated in the period bringing about uncertainty in prices.

In the medium-term, inflationary pressures are expected to moderate to 4.68 percent (0.68 percentage point downward revision), and 5.06 percent (0.07 percentage point downward), in 2024 and 2025, respectively.

Risks to the inflation projections remain elevated, underpinned on persisting geopolitical tensions, high food inflation as well as oil market developments which will likely elevate inflationary pressures. Domestic prices, particularly administered prices (utilities), are likely to exert upward pressure to inflation.

Figure 9: Inflation Forecasts - July 2023 update



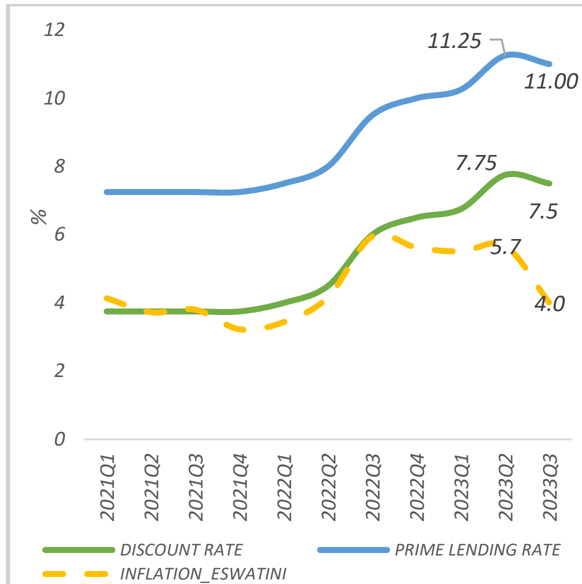
Source: Central Bank of Eswatini

1.1.3. Domestic Interest Rates

The Monetary Policy Consultative Committee (MPCC) kept the monetary policy stance unchanged in the period under review. The discount rate was kept at 7.50 percent, whilst the prime lending rate remained at 11.00 percent. The decision to maintain the monetary policy stance was driven primarily by price and financial stability developments in the domestic economy, as well as relevant global economic and regional conditions.

Interest rates in the short-to-medium-term are expected to remain volatile, emanating from risks of mounting inflationary pressures due to a number of factors such as the global geo-political tensions and escalating global commodity prices.

Figure 10: Interest Rates Developments



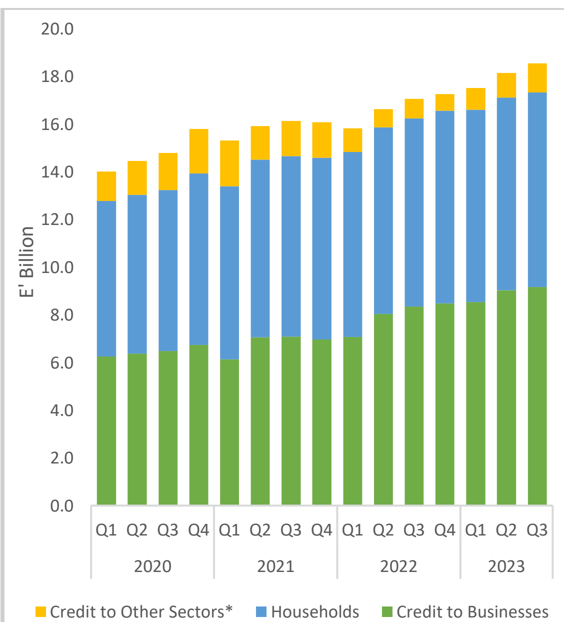
Source: Central Bank of Eswatini; Central Statistics Office

1.2. Total Private Sector Credit Extension

Total private sector credit grew by 2.2 percent, in the period, to record E18.553 billion, following the muted growth of 1.6 percent in the preceding quarter. The increase in private sector credit was attributable to a broad-based growth where credit to 'businesses' grew modestly by 1.3 percent, 'households' increased by 1.1 percent, and credit to 'other sectors' grew by 18.9 percent in the period. Growth in 2023Q3 could be linked to improving business confidence in the domestic economy, the awarding of the cost-of-living adjustment for civil servants' (allowing for more credit extension), as well as a gradual improvement in the policy environment.

Continued pressures on disposable incomes as well as the high indebtedness of consumers are expected to water down demand for credit in the short term. On the contrary, economic growth prospects, which are broadly positive for the short to medium term, are expected to drive private sector investment and hence increase private sector credit extension.

Figure 11: Private Sector Credit Extension

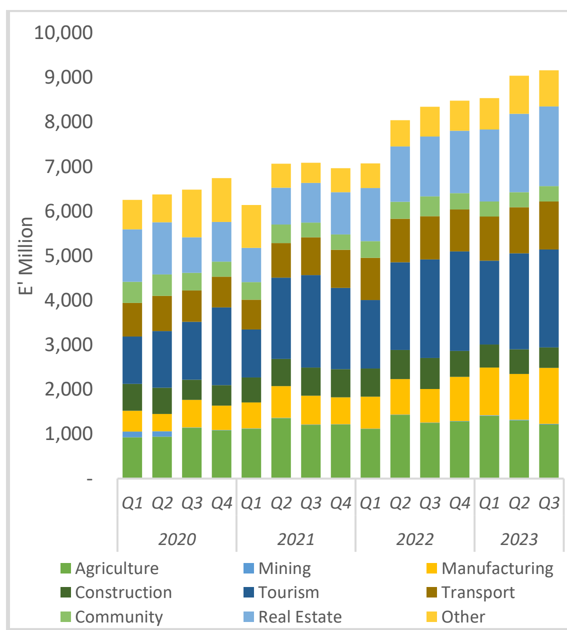


Source: Central Bank of Eswatini

1.3. Credit to businesses

Credit extended to 'businesses' grew by 1.3 percent, from E9.040 billion to a total of E9.161 billion in 2023Q3. The marginal increase was attributable to mixed performance in key industries. 'Manufacturing' (21.9 %), 'transport' (3.4 %), 'distribution and tourism' (2.1 %), 'real estate' (1.8 %), and 'community, personal and social services' (1.5 %) were some of the sectors that reported a positive growth in the period. Counteracting the growth were the negative performance observed in 'construction' (-15.6 %), 'agriculture' (-7.0 %), 'other' (-5.2 %), and 'mining' (-3.8 %) sectors. Credit to business benefited from the continued recovery of the economy from the recent shock supporting ongoing expansionary initiatives, while completion of major Government-linked projects necessitated the decline in credit extended to certain sectors. In the short-to-medium term, improving government fiscal position is expected to support the continued implementation of Government-linked projects, which will spur money demand in government dependent sectors.

Figure 12: Credit to Businesses - by Business Type

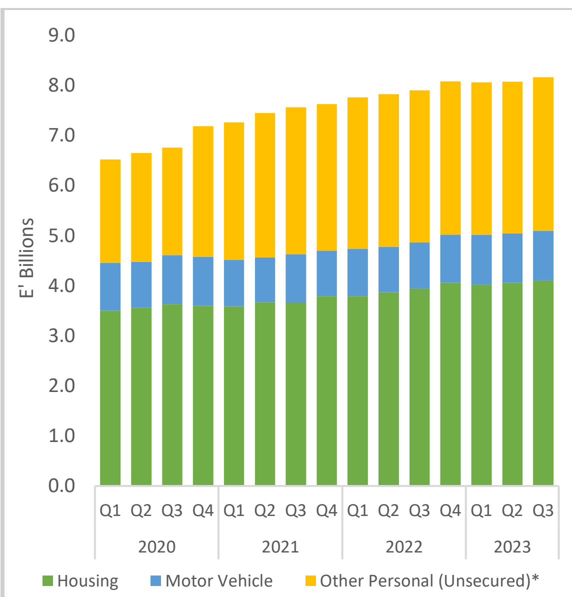


Source: Central Bank of Eswatini

1.4. Household credit

Credit extended to 'households' grew modestly by 1.1 percent, to amount E8.163 billion in 2023 Q3, following a contraction of 0.3 percent in the previous quarter. The growth was supported by increases in 'housing' (1.0 %), 'motor vehicle' (1.1 %), 'other personal (unsecured)' (1.1 %) finance in the period. The cost-of-living adjustment awarded by the Government in September 2023 is estimated to have yielded positive outturns in household credit in the quarter.

Figure 13: Household Credit Extension by Purpose

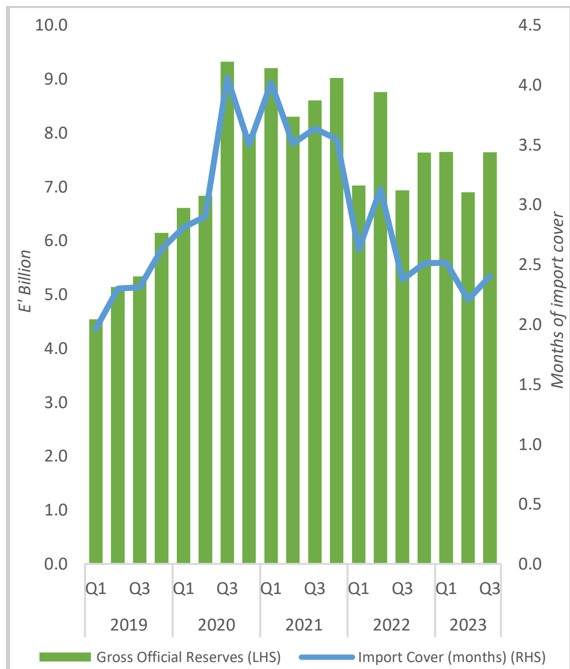


Source: Central Bank of Eswatini

1.5. Gross Official Reserves

The stock of gross official reserves (GOR) was recorded at E7.636 billion in 2023Q3, sufficient to cover 2.4 months of imports, compared to the E6.898 billion recorded in the previous quarter. GOR grew by 10.7 percent compared to a decline of 9.7 percent in the previous quarter. Over the quarter, reserves growth emanated from the quarterly SACU receipts received at the beginning of July 2023, as well as net Rand inflows from trades with domestic banks. Counteracting this growth were the sales of foreign currency from local banks coupled with Rand outflows.

Figure 14: Gross Official Reserves and Import Cover



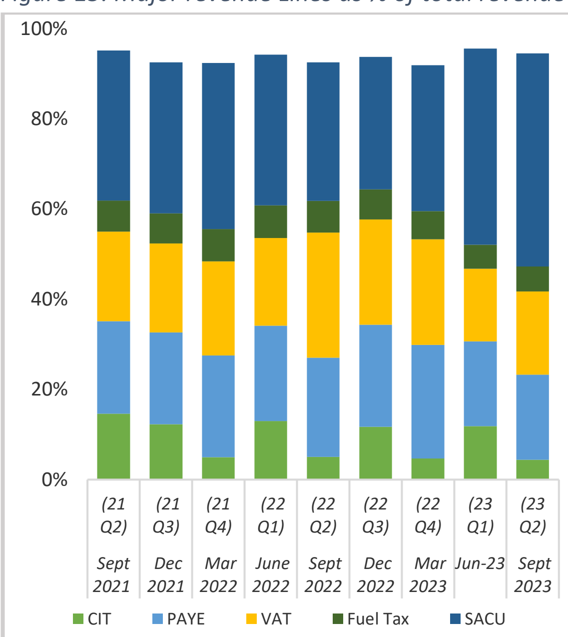
Source: Central Bank of Eswatini

1.6. Fiscal Developments

1.6.1. Government Revenue

Positive developments were observed in the different government revenue sources in 2023Q3. Income taxes increased by 15 percent, on a y-o-y basis, in line with growth in company (CIT) and individual (PIT) taxes. Similarly, Value Added Tax (VAT) grew by 16 percent reflecting improving economic activity in the period. Following an improved SACU allocation FY2023/24, quarterly disbursement reflected a 102 percent increase (y-o-y) in 2023Q3 compared to the same period in 2022.

Figure 15: Major revenue Lines as % of total revenue

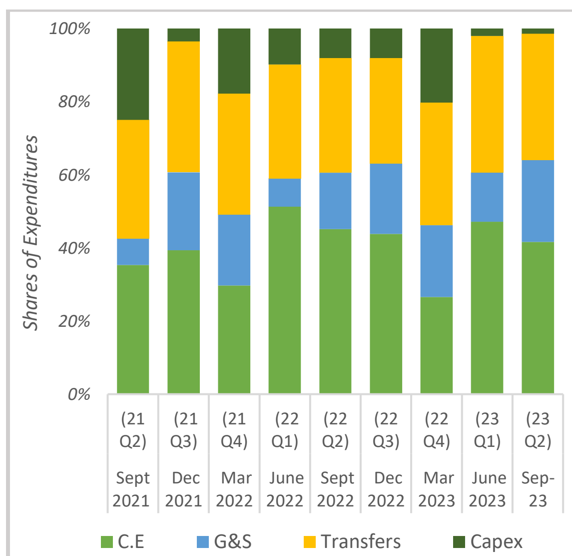


Source: Ministry of Finance

1.6.2. Government Expenditure

Total government expenditure increased by 10.6 percent, on a y-o-y basis, in the period ending September 2023. The increase reflected higher spending on goods and services (60%), transfers (21.9%) and compensation of employees (2%). Increase in "goods and services" were driven by national events (i.e., national elections), conducted in FY2023/24. The growth in "transfers" was driven by adjustments relating to budget shortfall. Increase in "compensation of employees" expenditure was driven by the awarding of civil servants' Cost-of-Living Adjustment (COLA of 4 percent) implemented in the quarter under review. Capital expenditure was recorded at 80 percent below the FY2022/23 expenditures, in 2023Q3 reflecting slower implementation in the period relative to the same period in the previous financial year.

Figure 16: Primary Expenditure Categories as a share of total expenditures



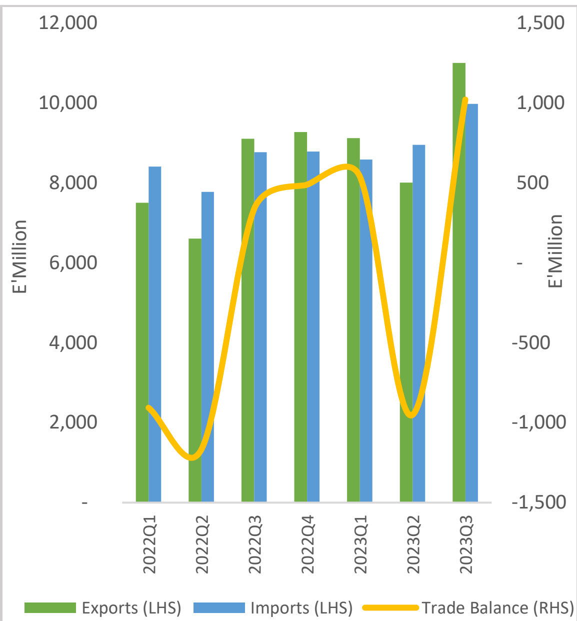
Source: Ministry of Finance

1.7. External Developments

1.7.1. Trade Developments

In 2023Q3, the merchandise trade balance reflected a surplus amounting to E1.020 billion following a deficit of E951.7 million, in the preceding quarter. Total merchandise exports were recorded at E10.992 billion (37.4%) compared to imports worth E9.972 billion.

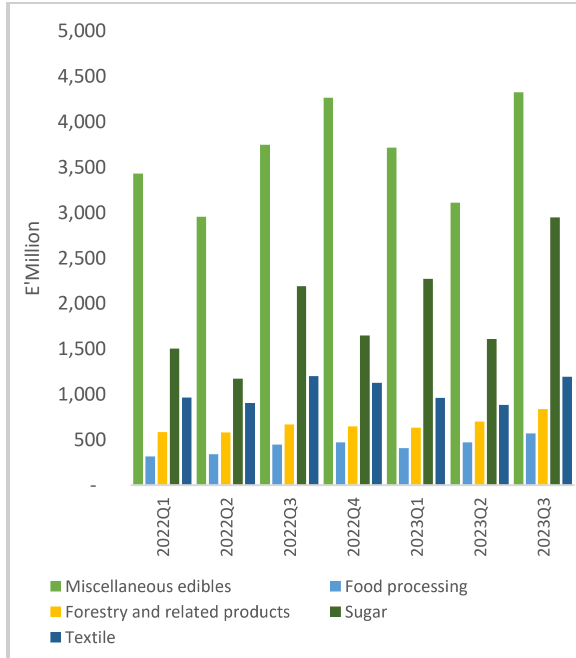
Figure 17: Overall Trade Developments



Source: Eswatini Revenue Service

Merchandise exports reflected growth in certain export products in the period. "Miscellaneous edibles" grew by 39.0 percent, sugar increased by 83 percent, textiles recorded 35 percent growth, forestry and related products rising by 19.3 percent, as well as food processing increasing by 21.2 percent. This reflected normal economic activity in the quarter under review. Similarly, on a y-on-y comparison, total merchandise exports grew by 20.8 percent.

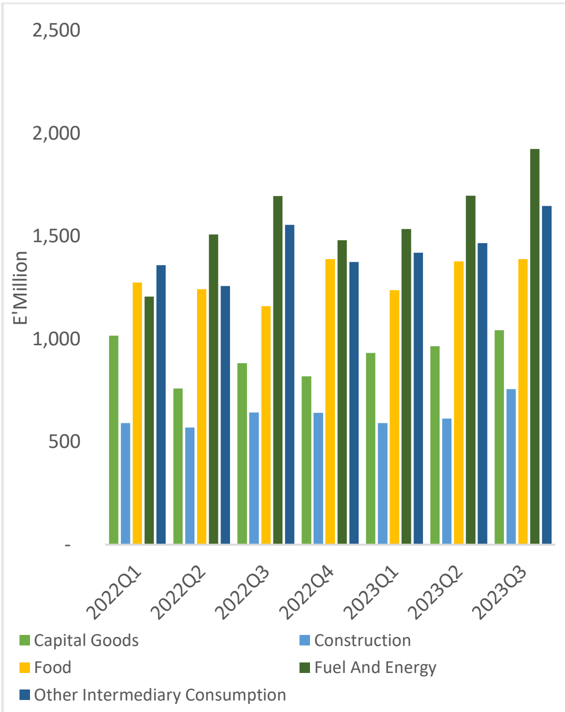
Figure 18: Top 5 Eswatini Exports



Source: Eswatini Revenue Service

On the other hand, total merchandise imports expanded by 11.4 percent in 2023 Q3 relative to 2023 Q2 owing to a rise in the imports of construction materials (23.5 percent), Fuel & Energy (13.4 percent),''Other intermediary consumption" goods (12.3 percent), capital goods (7.9 percent) and food (0.8 percent).

Figure 19: Top 5 Eswatini Imports



Source: Eswatini Revenue Service

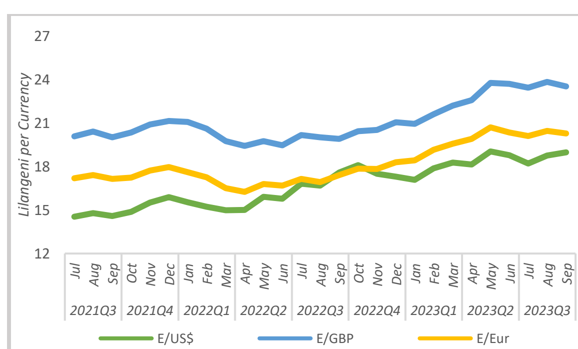
In terms of export destinations, the SACU market remained a major destination for the country's exports, as 65.6 percent of these were absorbed by the region. It was followed by the rest of Sub-Saharan Africa (SSA) excluding SACU, the European Union (EU) and North America, which accounted for 19.7 percent, 8.7 percent, and 4.6 percent, respectively. Similarly, on the imports side, the SACU region remained the country's major source of imports as 78.5 percent of these were sourced from the region. It was followed by the rest of Sub-Saharan Africa (SSA) excluding SACU, Asia and the European Union (EU), which accounted for 5.1 percent, 8.2 percent and 4.3 percent, respectively.

1.7.2. Exchange Rate Developments

In terms of exchange rates movements, there were insignificant changes observed in the three major currencies in the period under review. The Lilangeni traded at E18.64 against the US Dollar relative to E18.65 in the preceding quarter. Similarly, the local currency traded at E20.28 against the Euro compared to E20.32 in the previous quarter. When paired against the British Pound the Lilangeni averaged E23.60 compared to E23.34. These developments were mainly underpinned on the grounds of improved global investor sentiments on the US Federal Reserve as well as the South African Reserve Bank (SARB)'s decision to pause interest rate hikes in September 2023, which implied that inflation is likely to fall in 2024.

On an annual comparison, the Lilangeni depreciated when paired against all the major trading currencies, owing to the ongoing South African power crisis, which has worsened owing to increasing power outages in the period under review.

Figure 20: Exchange Rates Developments



Source: Central Bank of Eswatini

Box 2: Macroeconomic Analysis and Research Unit

Changes in Release Calendar

The Ministry of Economic Planning and Development's Macroeconomic Analysis and Research Unit has revised its quarterly Economic Bulletin (EB) release dates. Indicators' data is released from sources at different intervals ranging from weeks – quarter lags.

Due to this reason, quarterly GDP growth (both Eswatini and RSA) reporting will maintain a quarter lag i.e., economic bulletin 2022Q4 will analyze QGDP 2022Q3, while the rest of the document analyses developments within 2022Q4.

The release schedule, which will be added at the last page of every EB, will be as follows:

Revised Economic Bulletin Release Calendar

Timelines	Schedule date
Q1	*1st week May*
Q2	*1st week August*
Q3	*1st week November*
Q4	*1st week February*

End of Box 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023_YTD
REAL SECTOR									
POPULATION	1,119,375	1,132,657	1,093,238	1,120,092	1,133,522	1,146,903	1,160,362	1,174,014	1,187,956
GDP AT MARKET PRICES (E'MILLION)*	51,781	56,132	58,689	61,768	64,965	65,588	71,712	78,390	84,879
GDP PER CAPITA (E')	46,820	50,146	53,043	55,162	57,312	57,187	61,802	66,771	71,449
GDP PER CAPITA (US $)	4,315	3,417	4,002	4,167	3,959	3,471	4,180	4,078	3,917
GDP GROWTH RATE (%)	2.2	1.1	2.0	2.4	2.7	-1.6	10.7	0.5	4.7
SHARE OF AGRICULTURE& FORESTRY TO GDP (%)	9.4	9.0	8.4	8.5	8.5	8.1	8.1	8.6	8.2
SHARE OF MANUFACTURING TO GDP (%)	22.9	24.4	24.4	25.0	26.8	24.3	27.3	27.9	27.4
SHARE OF TERTIARY SECTOR TO GDP (%)	36.2	40.2	43.4	45.9	46.9	49.2	53.9	53.0	53.1
UNEMPLOYMENT RATE (%)	-	23	-	-	-	-	33.3	-	-
HUMAN DEVELOPMENT INDEX (HDI)	0.581	0.588	0.597	0.605	0.611	-	0.597	-	-
PROPORTION OF POPULATION BELOW POVERTY LINE (%)	-	58.9	-	-	-	-	-	-	-
MONETARY SECTOR									
INFLATION RATE (%)	5.0	7.8	6.2	4.8	2.6	3.9	3.7	4.8	5.1
CPI (DEC-12 =100)	78.3	84.4	89.6	94.0	96.4	100.1	103.9	108.9	114.3
DISCOUNT RATE (%)	5.75	7.0	7.25	6.75	6.5	3.75	3.75	6.50	7.5
PRIME LENDING RATE (%)	9.25	10.50	10.75	10.25	10	7.25	7.25	10.0	11.0
AVERAGE EXCHANGE RATE (E/US DOLLAR)	12.75	14.72	13.33	13.24	14.48	16.45	14.79	16.37	18.42
AVERAGE EXCHANGE RATE (E/POUND STERLING)	19.49	20.02	17.04	17.64	18.45	21.00	20.33	20.18	22.87
EXTERNAL SECTOR									
MERCHANDISE EXPORTS (E' MILLION)	22,175	23,062	24,006	24,345	28,856	28,577	30,531	32,327	28,106
MERCHANDISE IMPORTS (E' MILLION)	18,864	19,084	21,374	23,956	26,425	25,939	30,322	33,423	27,498
MERCHANDISE TRADE BALANCE (E' MILLION)	3,311	3,977	2,632	387	2,431	2,638	209	1,096	608
GROSS OFFICIAL RESERVES (E' MILLION)	8,485	7,720	6,933	6,321	6,171	8,002	9,015	7,630	7,636
GROSS OFFICIAL RESERVES (MONTHS OF IMPORT COVER)	4.0	3.6	3.3	2.9	2.6	3.5	3.5	2.6	2.4
FISCAL SECTOR* (FISCAL YEARS)									
TOTAL REVENUE AND GRANTS (E' MILLION)	14,595	14,334	16,785	15,684	17,893	19,289	17,986	18,773	24,640
TOTAL EXPENDITURE (E' MILLION)	17,749	19,189	20,343	19,997	22,148	22,319	21,279	22,655	26,439
FISCAL SURPLUS/DEFICIT (E' MILLION)	(3,154)	(4855)	(3,558)	(4,313)	(4,255)	(3,030)	(3,293)	(3,881)	(1,799)
FISCAL SURPLUS/DEFICIT AS % OF GDP	-5.9	-8.6	-6.0	-6.9	-6.5	-4.6	-4.6	-5.1	-2.2%
TOTAL DEBT (E' MILLION)	8,162	11,250	13,019	16,615	20, 453	25,944	27,157	32,738	34,150
TOTAL DEBT AS % OF GDP	15.4	19.8	21.9	26.5	31.4	39.0	37.9	43.4	41.9

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