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Macroeconomic Analysis and Research Division
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2014 Q3 Highlights

International

- The Global economy is projected to grow by 3.3 percent and 3.9 percent in 2014 and 2015 respectively (see section 1).
- The Euro Area realized an annualized growth of 0.2 percent in Q3 2014; this is a slight decline from the 0.7 percent annualized growth realised in Q3 2013(see section 1.1).
- Compared to the previous quarter, the UK economy grew by 0.7 percent; whereas compared to the same period last year, it grew by 3.0 percent. (see section 1.2).
- The US economy added 248 000 thousand jobs in September 2014, while unemployment fell from 6.1 percent in August to 5.9 percent in September. (see section 1.3).
- RSA grew at an annualized growth of 1.4 percent in Q3 2014. (see section 1.4).
- World trade activity recorded an increase of 2.0 percent for the third quarter of 2014, mostly driven by emerging economies. (see section 1.5)

Domestic

- Swaziland recorded the highest inflation rate at the end of Q3 2014 at 6.2 percent. (see section 2.1).
- The discount rate was maintained at 5.25 percent by the CBS and MPCC on 19th September 2014. (see section 2.2).
- In Q3 2014, credit extended to firms increased by 8 percent while credit extended to households dropped by 15.6 percent compared to last quarter (see section 2.3).
- The Lilangeni depreciated further against all major currencies except the Euro, raising inflationary concerns (see section 2.4).
- Total value of exported goods in Q3 2014 remained roughly constant compared to the previous year, whereas imports increased by 12 percent (see section 2.5 and 2.6).
- There was a drop of 8 percent in company taxes in Q3 2014 compared to the previous year, contrasting with a 53 percent increase in VAT over the same period. (see section 2.7).
- Overall debt stock increased by 1 percent, and Debt-to-GDP ratio remained around 17 percent (see section 2.8).

1. International Developments

The global growth forecast as highlighted by the October 2014 World Economic Outlook (WEO) has undergone a slight downward adjustment from the previous WEO published in April 2014. October 2014 projections for global growth rates have fallen to 3.3 percent and 3.8 percent for 2014 and 2015 respectively from previously recorded figures of 3.4 percent and 4.0 percent in April 2014. Downward revisions are largely due to weaker-than-expected global activity in the first half of 2014.

Table 1 -Global Annual Growth Forecasts

	Jul 2014		Oct 2014	
	2014	2015	2014	2015
World	3.4	4.0	3.3	3.8
Advanced	1.8	2.4	1.8	2.3
E & D	4.6	5.2	4.4	5.0

Source: IMF WEO October 2014

Despite the drop in growth forecasts for 2014 and 2015, the IMF remains optimistic that global recovery continues. However, the IMF cautions against potential medium-long term risks including possible stagnation and low potential growth in advanced as well as emerging markets without the necessary support from monetary and fiscal policy adjustments as well as if there is lack of implementation of adequate growth stimulating macroeconomic policies across the various countries and regions.

Table 2-Advanced Economies Annual Growth Forecasts

	Jul 2014		Oct 2014	
	2014	2015	2014	2015
US	1.7	3.0	2.2	3.1
Euro	1.1	1.5	0.8	1.3
UK	3.2	2.7	3.2	2.7
Japan	1.6	1.1	0.9	0.8

Source: IMF WEO October 2014

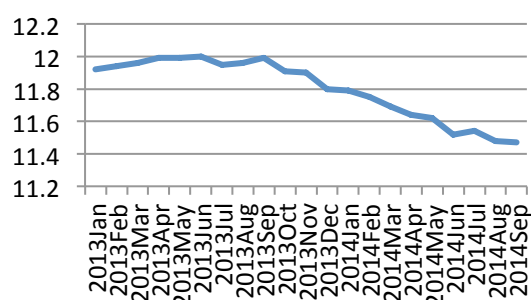
In the face of dwindling global economic growth, the United States (U.S.) economy remains resilient. The U.S. economy grew at a much faster pace than anticipated in the third quarter leading to upward revisions in the annual growth forecasts in the October 2014 WEO of 2.2 percent and 3.1 percent in 2014 and 2015, respectively from previously recorded figures of 1.7 percent and 3.0 percent in the previous quarter.

The weaker than expected growth continued across the Euro zone during Q3 2014. The Euro Area is projected to grow by 0.8 percent in 2014, a 0.4 percentage point decline from the forecast released in the April 2014 WEO. Similarly, Japan's annual growth is forecast to decline from a previously recorded figure of 1.4 percent to 0.9 percent in 2014.

1.2 Euro Area

Taking into account the slow growth in the Euro zone area that continued into the third quarter of 2014, GDP is projected to increase slightly by 0.2 percent in the third and fourth quarters, and further expand by 0.3 percent in Q1 2015. The subdued recovery is expected to be mainly driven by a gradual improvement in domestic demand conditions alongside a decline in unemployment rates.

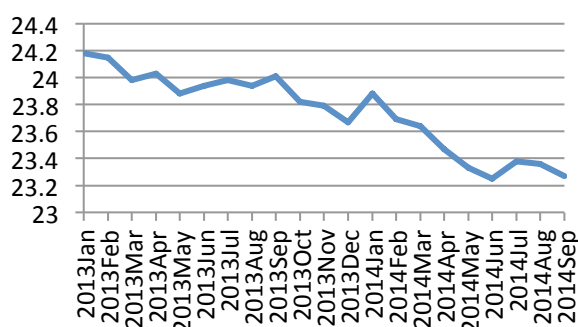
Figure 2- Euro Area total unemployment rate



Source: ECB

In line with the slight increase in economic activity observed in the third quarter, total unemployment in the Eurozone fell by 0.1 percentage point, recording a figure of 11.5 percent in Q3, compared to 11.6 percent in Q2 2014. Youth (15-24) unemployment remains a major concern in many developed countries. The Euro Area recorded a slight quarter on quarter increase from 23.25 percent in Q2 to 23.27 percent in Q3. This is after recording substantially high figures of 23.38 and 23.36 percent in July and August 2014, respectively. The volatile youth employment rates during the beginning of the third quarter are synonymous with the sluggish growth reported for the Euro Area.

Figure 3 – Euro Area youth unemployment rate

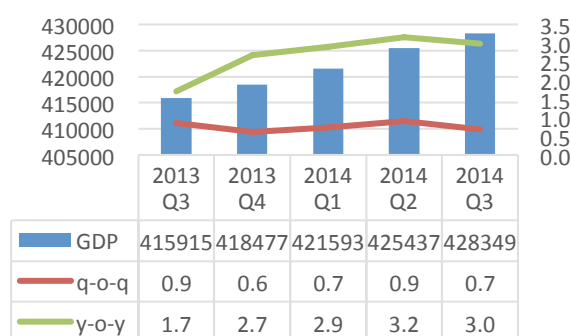


Source: ECB

1.3 UK Data

The United Kingdom (UK) economy expanded by 0.7 percent in the third quarter, slowing from a 0.9 percent expansion in the second quarter. The economy, however recorded a 3 percent growth from the same period last year. The drop in economic activity is reflective of the low global growth environment and lower overall domestic demand; growth rates are expected to remain relatively low in the fourth quarter as well as into the first quarter of 2015.

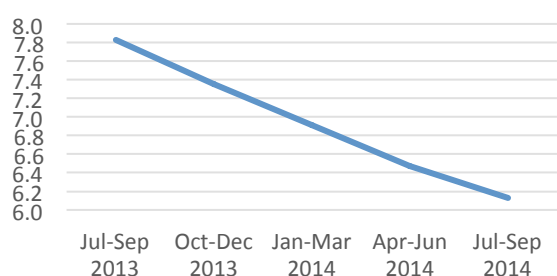
Figure 4- UK GDP at constant prices (GBP billions)



Source: ONS

The UK labor market continued to strengthen in Q3 2014 with total employment rising by 112 000 and total unemployment falling by 115 000. Employment is expected to continue to rise over the next few years although upward pressure on unemployment has also been anticipated, thus limiting the size of future net declines.

Figure 5- UK total unemployment rate

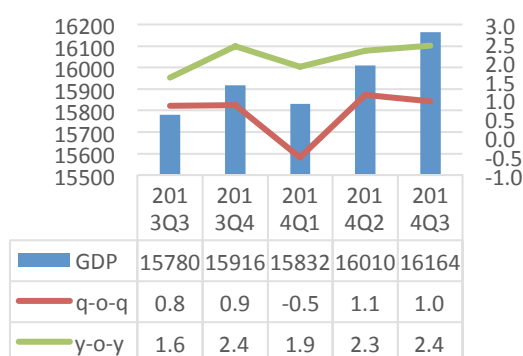


Source:ONS

1.4 United States

The U.S. economy expanded by 1.0 percent in the third quarter of 2014 while realizing an annualized growth rate of 2.4 percent. The economy continues to recover from the contraction experienced in the first quarter of 2014, which was led by the negative contribution from private inventory investment as well as declining exports.

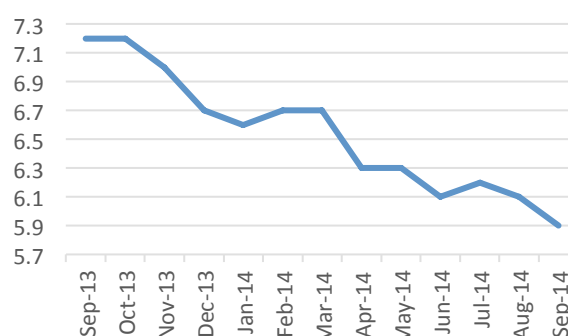
Figure 6 - US quarterly GDP and growth rates



Source: FRED

An optimistic development is the decline in total unemployment which fell from 6.1 percent in August to 5.9 percent in September. This is attributed to the positive growth performance of the economy during the quarter under review.

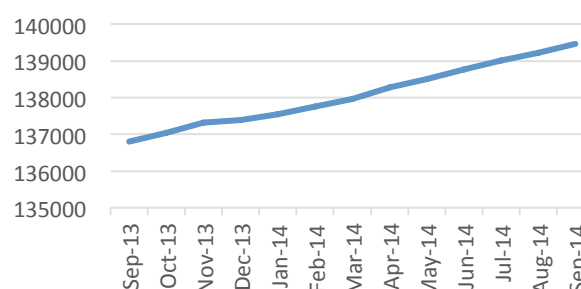
Figure 7 - US unemployment rate



Source: FRED

Correspondingly, there was an increase in Non-farm payroll employment of 248,000 in September and overall employment growth averaged a robust 224,000 per month in the third quarter.

Figure 8 - US Total Non-Farm Employment (thousands)



Source: FRED

1.5 SSA & RSA Developments

The Sub-Saharan Africa (SSA) growth forecast for 2014 has been revised downwards by 0.3 percentage points to 5.1 percent in October 2014. However, the earlier forecasted growth rates for 2015 remain unchanged at 5.8 percent. This is slightly below the forecasted figures during the same period over the previous year. The strong growth reported in the SSA region is mainly due to improved fixed

investment, reasonably favorable commodity prices, and relatively prudent macroeconomic policy.

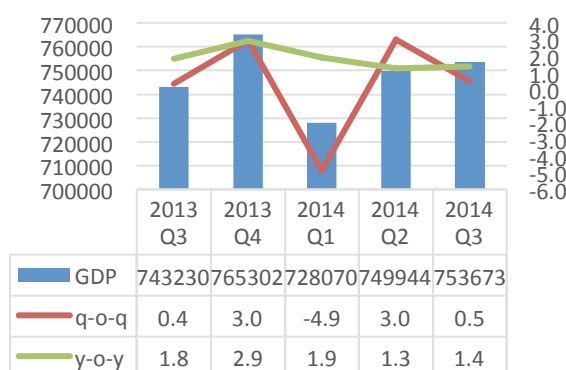
Table 3 - SSA Annual Growth Forecasts

	Jul 2014		Oct 2014	
	2014	2015	2014	2015
SSA	5.4	5.8	5.1	5.8
RSA	1.7	2.7	1.4	2.3

Source: IMF WEO October 2014

During the third quarter of 2014, the South African (RSA) economy experienced modest quarter on quarter growth levels, expanding at a meager 0.5 percent. However, year on year GDP increased from 1.3 percent in Q2 to 1.4 percent in Q3. This slight improvement in economic activity was largely driven by business services and retail trade.

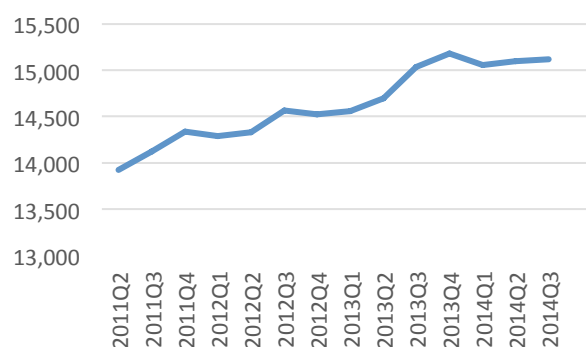
Figure 9 - RSA GDP at constant prices (ZAR billions)



Source: StatsSA

The positive developments in the South African economic activity were also reflected in the labour market. Employment increased by 22 000 between Q2 and Q3 with a total employment level of 15.177 million. The official unemployment rate has dropped from 25.5 percent in Q2 to 25.4 percent in Q3.

Figure 10 - RSA Employment, 15-64 (Thousands)

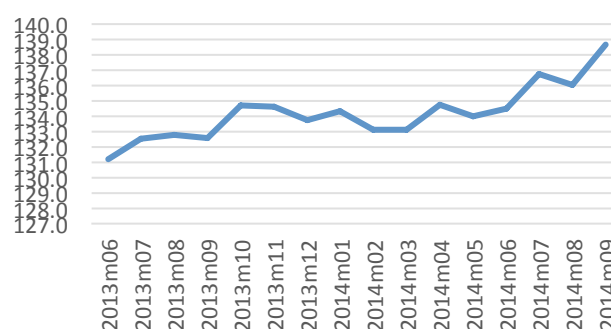


Source: StatsSA

1.6 World Trade

The volume of world trade continued to increase considerably after suffering a slight decline of 0.5 percent in August 2014. World trade experienced a 2.0 percent increase in the third quarter; this is a considerable improvement from the 0.7 percent increase recorded in the previous quarter.

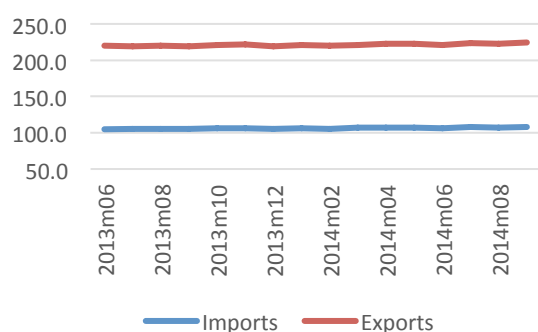
Figure 11 - Monthly World Trade Index (2005=100)



Source: World Trade Monitor

Advanced economies reported low levels of growth from trade in the quarter under review. At the end of September, imports in advanced economies stood at 126.0 on the world trade index while exports were reported at 133.4

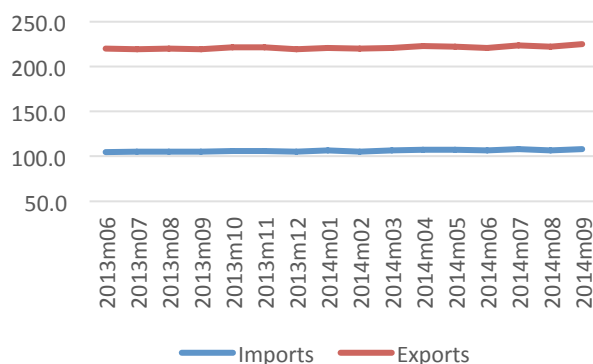
Figure 12- Advanced Economies Indices (2005=100)



Source: World Trade Monitor

Following the slowdown in global economic activity and the weakening of commodity prices, emerging economies experienced sluggish growth in both imports and exports during Q3.

Figure 13 - Emerging Economies Indices (2005=100)



Source: World Trade Monitor

2. Domestic Developments

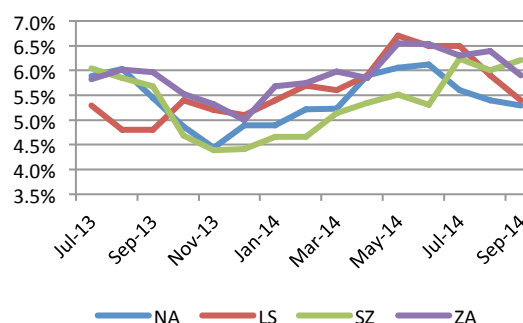
2.1 Prices

During the third quarter of 2014 domestic inflation averaged at 6.2 percent, a significant rise of 0.9 percentage points from the previous quarter. The major contributor to rising inflation was the increased cost of food and

transport experienced by Swaziland during the period under review following the overall weakening of the Lilangeni against major currencies during 2014.

Swaziland has experienced the highest growth acceleration in inflation rates over the period under review, while the other CMA countries have each experienced a slight decrease in the monthly inflation rates compared to the previous quarter. Swaziland recorded the highest inflation rate at the end of Q3 2014 at 6.2 percent, followed by South Africa at 5.9 percent, Lesotho at 5.4 percent and then Namibia at 5.3 percent. Thus with the exception of Swaziland, all CMA countries are within the 3-6 percent target.

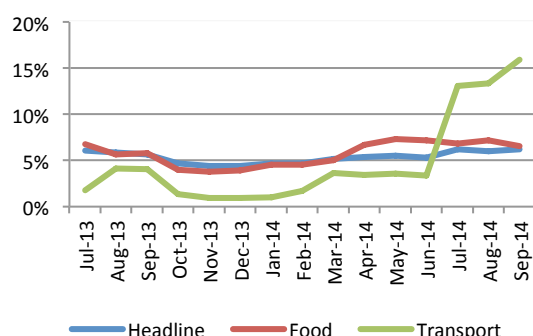
Figure 14 - CMA monthly inflation rates (headline)



Source: CSO, StatsSA, NSA, SACU

Transport prices experienced a considerable spike during the period under review with inflation on transport significantly increasing from 3 percent at the end of Q2 2014 to a 16 percent at the end of Q3 2014. Food prices remained rather stable maintaining a constant inflation rate of 7 percent from the end of Q2 2014 to the end of Q3 2014.

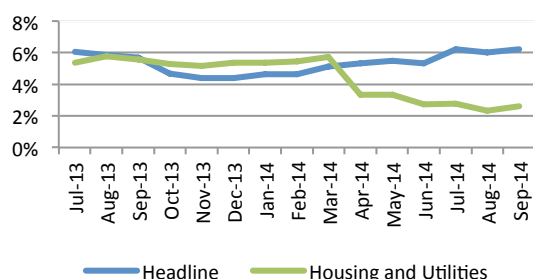
Figure 15 - SD monthly inflation rates (Food & Transport)



Source: CSO

Monthly inflation rates on housing and utilities remained stable at 3 percent from the end of Q2 2014 to Q3 2014.

Figure 16 – SD monthly inflation rates (Utilities)



Source: CSO

2.2 Interest Rates

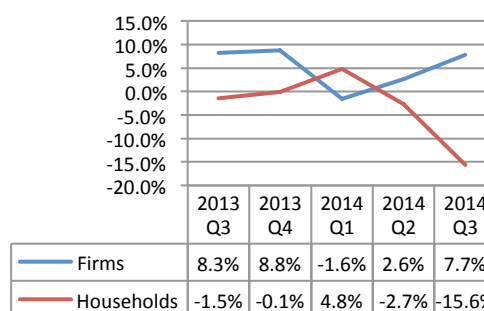
The Central Bank of Swaziland on 19th September 2014 in consultation with the MPCC, taking into consideration international, regional and domestic economic conditions, the bank decided to maintain the discount rate at 5.25 percent. This decision was mainly supported by a decline in domestic inflation in August and a positive growth in credit extension to the private sector. Swaziland’s membership to the CMA and the need to keep interest rates in the region similar to avoid Capital flows made it necessary to keep interest rates unchanged. However the bank remains concerned about the inflationary pressures likely to arise from electricity hike and water tariffs and weak exchange rate as

observed in the upward trend in headline inflation (see figure:16).

2.3 Lending

Credit extended to firms increased by 8 percent whilst lending to households decreased by 15.6 percent during the period of Q3 2014.

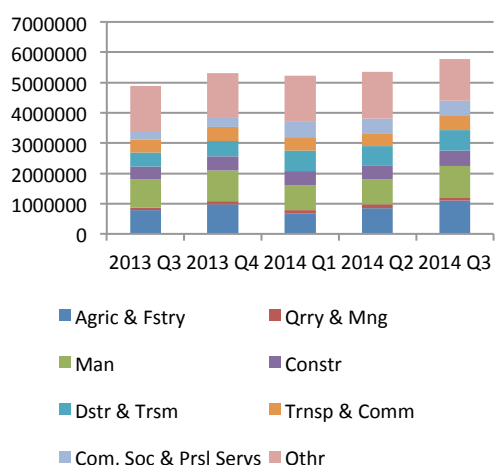
Figure 1–Lending to Firms and Households (q-o-q)



Source: CBS Mar. 2014 Quarterly Review, Table S 3.7

By the end of Q3 2014 lending to Agriculture and Forestry grew the most by 31.5 percent quarter on quarter, followed by Manufacturing and Transport & Communication which grew by 24.3 and 14.1 percent respectively. On the decline, were Other Sectors, Mining & Quarrying and Community, Social & Personal Services which fell by 11.2, 11.3 and 1.4 percent respectively.

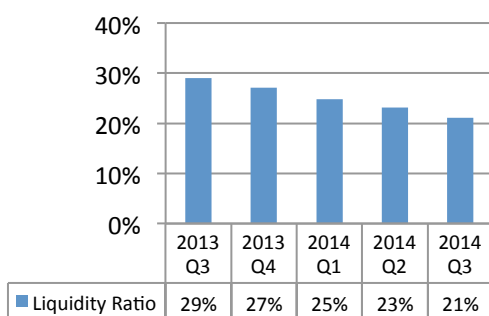
Figure 2 – Share of total lending to firms at Q1 2014



Source: CBS Mar. 2014 Quarterly Review, Table S 3.8

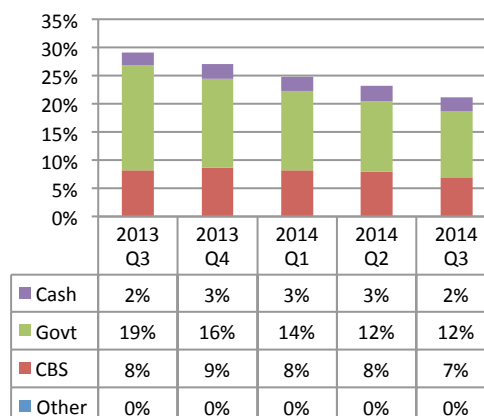
The liquidity of banks continued to fall in Q3 2014 and settled at 21 percent of covered liabilities, reaching very close to the liquidity requirements of 20 percent. Most of the decline can be attributed to a fall in Treasury Bills holdings, which fell by 37.5 percent year on year.

Figure 3 - Liquidity Ratio



Source: CBS Mar. 2014 Quarterly Review, Table S 3.3

Figure 4 - Liquidity to Required Liquidity Ratio by type

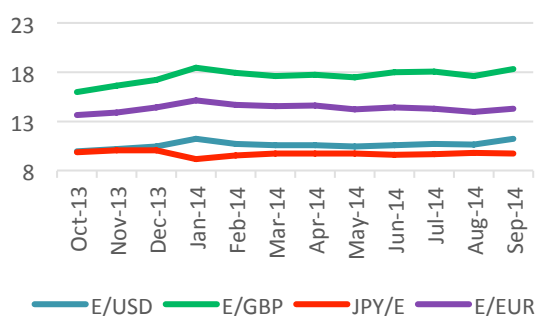


Source: CBS Mar. 2014 Quarterly Review, Table S 3.3

2.4 Exchange Rates

Over the past year the Rand/Lilangeni experienced some volatility against selected leading currencies. The Rand/Lilangeni has reported an overall weaker performance compared to the same period last year, depreciating considerably against the U.S. dollar, the Great Britain Pound, the Japanese Yen as well as the Euro.

Figure 21 - Selected daily exchange rates



Source: SARB

During the quarter under review, the Rand depreciated by 2 percent on average against the U.S. dollar and the Great Britain Pound, and appreciated by 0.4 percent and 1 percent

against the Japanese Yen and the Euro, respectively.

The prolonged depreciation of the Rand against the major currencies continues to benefit the export oriented manufactured commodities in the domestic economy. However on the downside, production costs as well as inflationary pressures are increasing as most production inputs and many consumer goods are imported from abroad.

Table4- Selected Quarterly Exchange Rates (AP)

	ZAR/USD	ZAR/GBP	JPY/E	ZAR/EUR
2013Q4	10.16	16.45	9.88	13.83
Change	2%	6%	-0.3%	5%
2014Q1	10.87	17.99	9.46	14.89
Change	7%	9%	-4%	8%
2014Q2	10.54	17.69	9.69	14.46
Change	-3%	-2%	2%	-3%
2014Q3	10.77	17.98	9.66	14.28
Change	2%	2%	-0.4%	-1%

Source: SARB

In addition, the end of period exchange rate saw the Rand depreciate against the US dollar at 6 percent, while depreciating against both the Great Britain Pound and the Japanese Yen by 1 percent, this marked a further deterioration from the previous quarter. On the upside, the Rand appreciated by 1 percent at the end of period against the Euro.

Table 5 - Selected Quarterly Exchange Rates (EP)

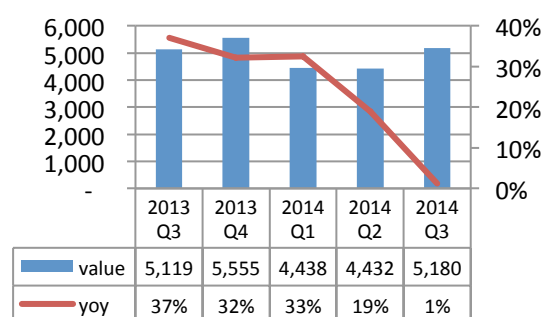
	ZAR/USD	ZAR/GBP	JPY/E	ZAR/EUR
2013Q4	10.46	17.25	10.03	14.43
Change	3%	5%	4%	5%
2014Q1	10.59	17.61	9.72	14.56
Change	1%	2%	-3%	1%
2014Q2	10.59	18.02	9.58	14.44
Change	0%	2%	-1%	-1%
2014Q3	11.25	18.27	9.71	14.27
Change	6%	1%	1%	-1%

Source: SARB

2.5 Exports¹

Total value of exported goods increased by only 1 percent in Q3 2014, which is a significant decline from the 37 percent recorded in Q3 2013. The accelerated downward trend in the growth rate begins at 33 percent which was recorded at the end of Q1 2014.

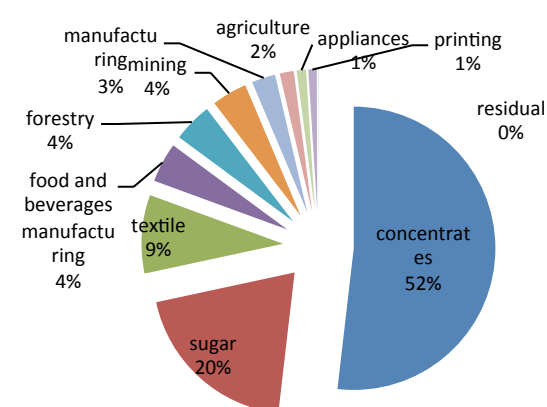
Figure 22 –Exports at current prices (E millions)



Source: SRA

Concentrates remain Swaziland’s largest export commodity with a total share of exports of 52 percent, followed by sugar at 20 percent. Textile, mining and forestry also account for a significant share of exports, 9, 4 and 4 percent respectively.

Figure 23 - Share of total exports by sector Q2 2014 YTD

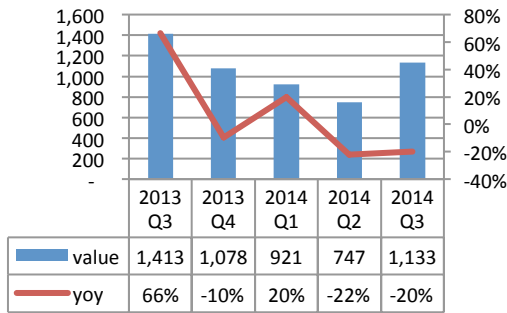


Source: SRA

2.5.1 Sugar²

In Q3 2014, Sugar exports dropped 20 percent compared to Q3 2013 settling at E 1, 133 million and subsequently dropping 1 percent in shares of total exports.

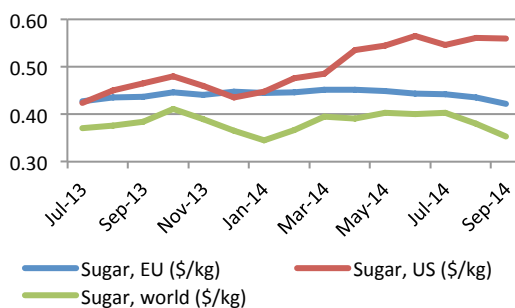
24 - Sugar exports at current prices (E millions)



Source: SRA

The price of sugar in the EU and in the World remained relatively stable during the reviewed period, though a downward trend is observed. On the other hand, US sugar prices showed a marked increase of 16 percent between the end of Q1 and Q2 2014. The price of sugar at the end of Q3 2014 was USD 0.42/kg, USD 0.56/kg and USD 0.35/kg in the EU, the US and the World respectively.

Figure 26 - Sugar prices in nominal \$US

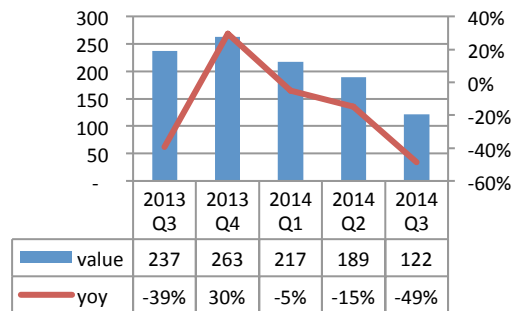


Source: World Bank "pink sheet"

2.5.2 Mining³

Iron ore mining, which commenced in 2012, accounts for a significant share of the mining industry.

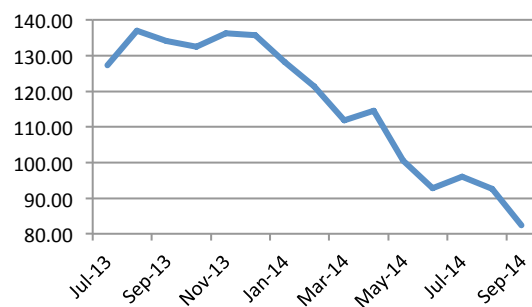
Figure 26 - Mining exports at current prices (E millions)



Source: SRA

The value of total mining exports decreased by 49 percent year on year in Q3 2014, following an annualised decline of 15 percent in the previous quarter. This is attributed to the downward trend in global iron ore prices during the period under review, which was subsequently followed by the indefinite cessation of iron ore mining production in Q3 2014.

Figure 27 - Iron Ore Prices in nominal USD/dmtu

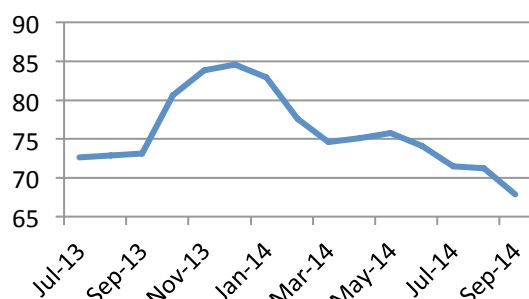


Source: World Bank "pink sheet"

The price of coal followed a downward trend during the period under review, closing USD 6.23 lower than the previous quarter at USD

67.86/Mt, after having declined from a peak of USD 85/Mt in December 2013.

Figure 28- Coal, South Africa Prices in nominal USD/Mt

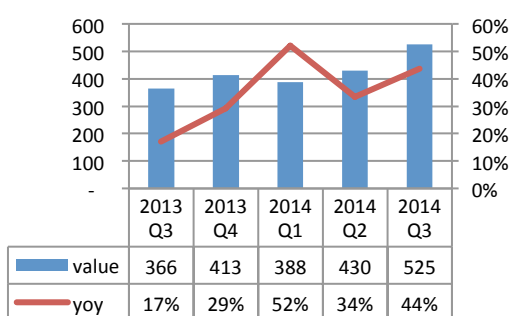


Source: World Bank "pink sheet"

2.5.3 Textiles⁴

Textile exports continued to increase in Q3 2014, with year on year growth at 44 percent. The annualised growth rate between Q2 and Q3 2014 increased by 10 percent. The imminent risk of the loss of AGOA and closure of some textile firms has not had a significant impact on textile exports in Q3 2014 as firms continue production and exports to clear outstanding orders in the US market. Textile exports are not expected to decrease significantly as most textile exports are destined for the South African market.

Figure 29 - Textile exports at current prices (E millions)

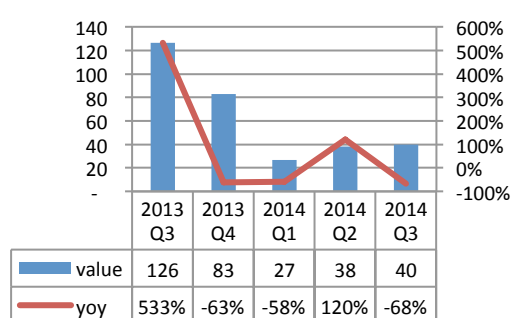


Source: SRA

2.5.4 Printing⁵

Printing exports have displayed signs of volatility. In Q3 2014, printing exports annualised growth rate declined by 68 percent. There were however signs of recovery in Q1 2014, with growth at 120 percent year on year after periods of under performance between Q4 2013 and Q1 2014.

Figure 30 – Printing exports at current prices (E millions)

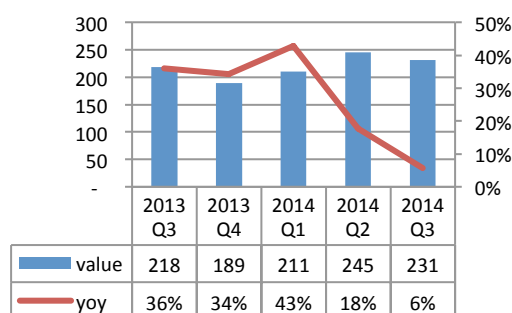


Source: SRA

2.5.5 Forestry⁶

The value of forestry exports rose by 6 percent year on year in Q3 2014 reaching E231 million, far below the 36 percent annual growth in Q3 2013. The annualised growth rate showed signs of deceleration, even though quarterly growth was positive.

Figure 31 – Forestry exports at current prices (E millions)

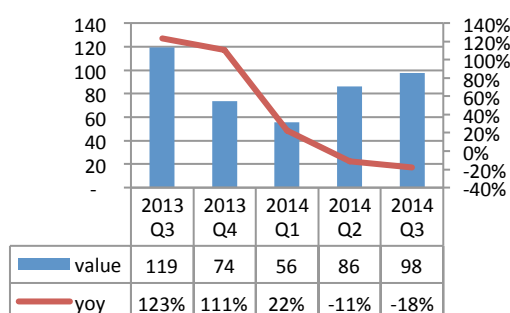


Source: SRA

2.5.6 Agriculture⁷

The value of agriculture products exported in Q3 2014 declined 18 percent compared to Q3 2013, reaching E 98 million.

Figure 32 - Agriculture exports in current prices(E millions)

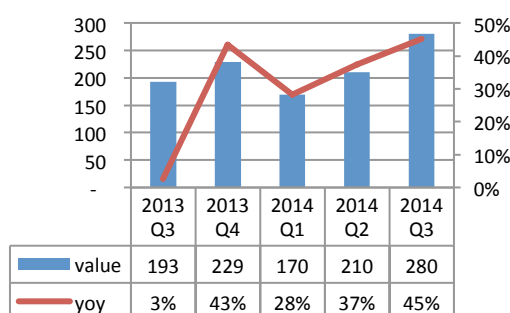


Source: SRA

2.5.7 Food and Beverage⁸

Exports of food and beverages manufacturing excluding concentrates reached E 280 million rising 45 percent compared to Q3 2013.

Figure 33 - Beverage exports at current prices (E millions)

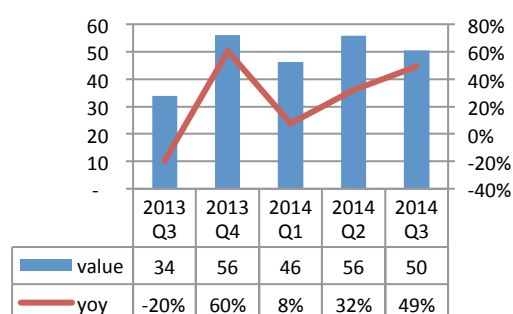


Source: SRA

2.5.8 Appliances⁹

Annualised growth in the value of exports of appliances increased by 49 percent in the period under review, following an increase of 37 percent in the previous quarter.

Figure 34 – Exports of appliances at current prices (E millions)

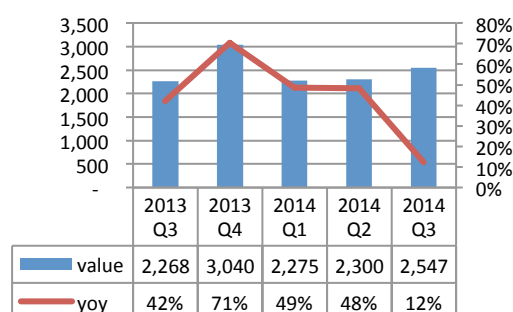


Source: SRA

2.5.9 Concentrates¹⁰

Concentrates exports in Q3 2014 grew 12 percent year on year reaching E 2,540 million. Concentrates represent about half of the value of total exports, and its growth rate contributed 6.2 percentage points towards the growth rate of total exports.

Figure 35 - Concentrates exports at current prices (E millions)



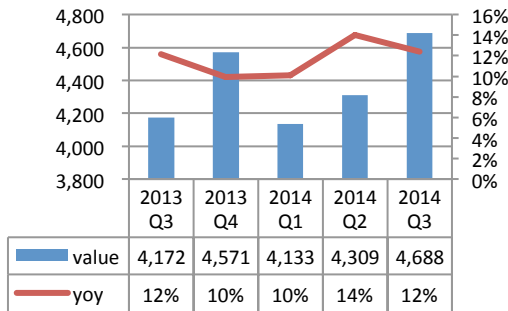
Source: SRA

2.6 Imports¹¹

Imports are an important indicator of private consumption in a small open economy like Swaziland where consumer spending is primarily on the imports of final goods. In addition, imports are an important indicator of capital investment and of economic activity and in the domestic economy, many of the imports

consist of capital goods and industrial inputs. Moreover, imports are much more diversified compared to exports.

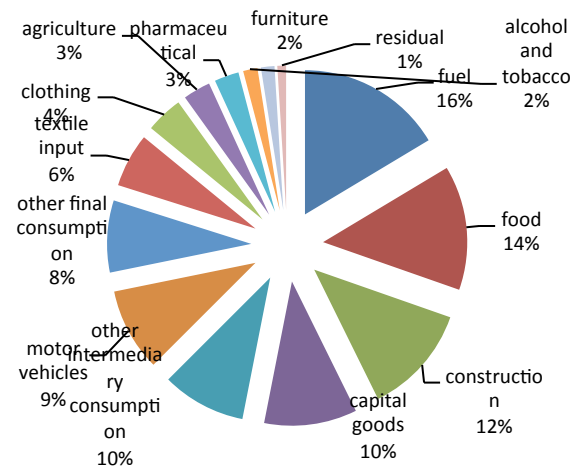
Figure 36 – Total imports at current prices (E millions)



Source: SRA

Following the global economic slowdown experienced during the first half of 2014 and the weaker performance of the Lilangeni against other leading currencies, the annualised growth of imported goods in Swaziland experienced a slight decline during the third quarter of 2014. The value of imports increased from E4,309 million in Q2 2014 compared to E4,688 million in Q3 2014.

Figure 37 - Share of total imports Q2 2014 YTD



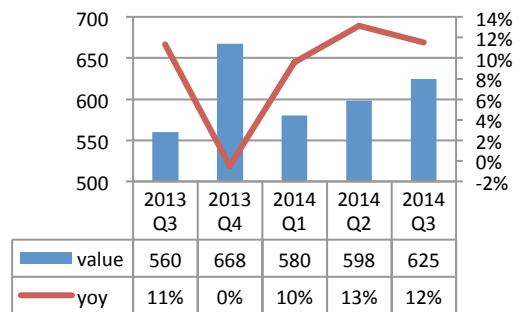
Source: SRA

Countries like Swaziland often need to import goods that are either not readily available domestically or are available at cheaper prices outside the country. Fuel imports comprise the largest share of total imports to Swaziland at 16 percent while food and construction inputs follow at 14 percent and 12 percent, respectively.

2.6.1 Food Imports¹²

The value of food imports entering into the country increased by 12 percent during the period under review compared to the same period last year, this is a slight drop from the previous quarter where the value of food imports increased by 13 percent.

Figure 38 - Food imports at current prices (E millions)

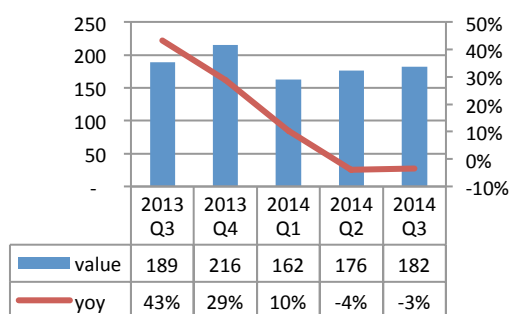


Source: SRA

2.6.2 Clothing¹³

The annualised growth rate of clothing imports into the country has been steadily decreasing over time. Clothing imports decreased at an annualised rate of 3 percent during the quarter under review, this marks the second consecutive year-on-year decrease in clothing imports following the drop of 4 percent in the previous quarter.

Figure 39–Clothing imports at current prices (E millions)

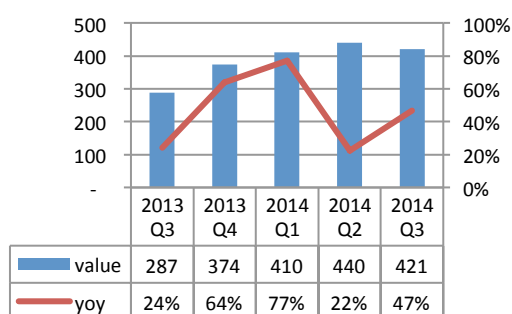


Source: SRA

2.6.3 Motor Vehicle¹⁴

The value of motor vehicles coming into the country increased in the quarter under review compared to the same period last year, this is an improvement from the steep reduction recorded in the previous quarter. Motor vehicle imports increased at an annualised growth rate of 47 percent during the third quarter.

Figure 40–Motor vehicles imports at current prices (E millions)



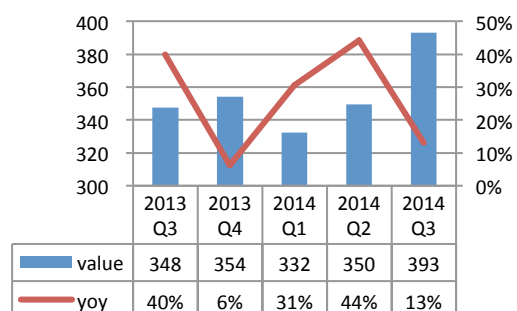
Source: SRA

2.6.4 Other Final Consumption

Other final consumption imports includes a range of consumer goods from toiletry to printed materials, games, musical instruments, etc. The import of such products increased by an annualized rate of 13 percent in the quarter

under review, reaching E 393 million. This reflects a significant drop from the previous quarter which saw other final consumption imports increase at an annualised rate of 44 percent.

Figure 41–Other final consumption imports at current prices (E millions)

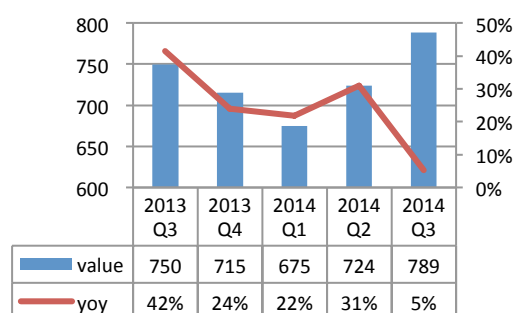


Source: SRA

2.6.5 Fuel Imports¹⁵

Fuel imports constitute the largest share of total imports into the country. Interestingly, the annualised rate of fuel imports experienced a drop during the quarter under review, growing only by 5 percent compared to 31 percent in the previous quarter. The value of fuel imports during Q3 reached E785 million.

Figure 42 - Imports of fuel at current prices (E millions)

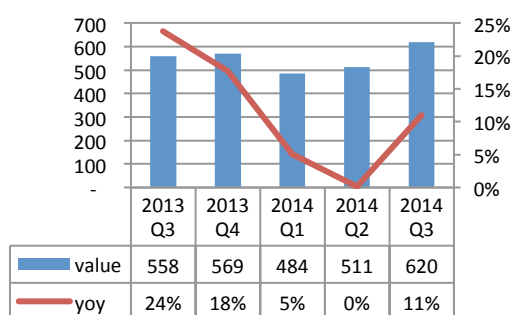


Source: SRA

2.6.6 Construction Imports¹⁶

The economy of Swaziland has seen an increase in both public and private construction projects scheduled for the medium term. This is reflected by the increase in the annualised rate of imports of construction material of 11 percent. This increase follows a period of no growth in the previous quarter which was preceded by a consistent drop in the annualised growth from Q3 2013 all the way to Q1 2014. The value for construction imports for the period under review reached E 620 million.

Figure 43 - Imports of construction material at current prices (E millions)

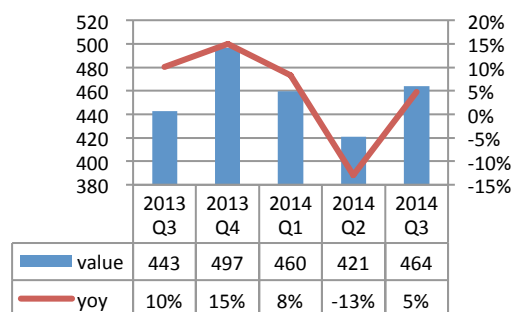


Source: SRA

2.6.7 Capital Goods imports¹⁷

The acquisition of capital goods is directly linked to domestic investment in an economy and is therefore a critical component in determining the overall economic activity and value adding abilities of the economy in question. The annualised rate of capital goods imports has experienced an increase of 5 percent during the quarter under review, improving from a 13 percent reduction in the previous quarter. The value of capital goods imports reached E 464 million during Q3 2014.

Figure 44—Capital goods imports at current prices (E millions)

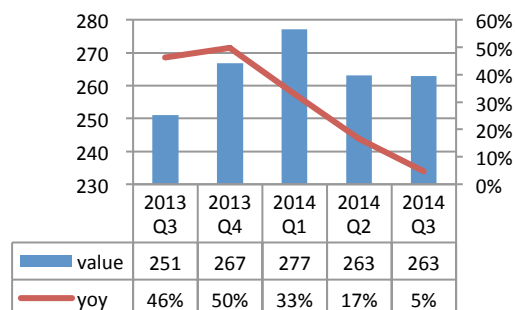


Source: SRA

2.6.8 Industrial Goods imports

The annualised growth rate of imports of textile inputs has experienced its third consecutive fall since Q1 2014, growing at 5 percent during the quarter under review. The value of textile imports remained constant from Q2 2014 at E 263 million.

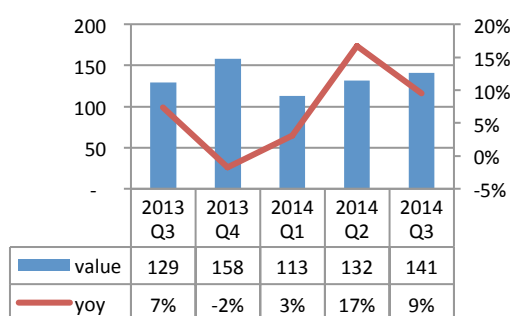
Figure 45 - Textile imports¹⁸ at current prices (E millions)



Source: SRA

The import of agriculture inputs which include fertilisers and livestock experienced a decrease in the annualised growth rate, growing at 9% during the quarter under review. However the value of agriculture imports increased from E 132 million in Q2 2014 to 141 million in Q3 2104.

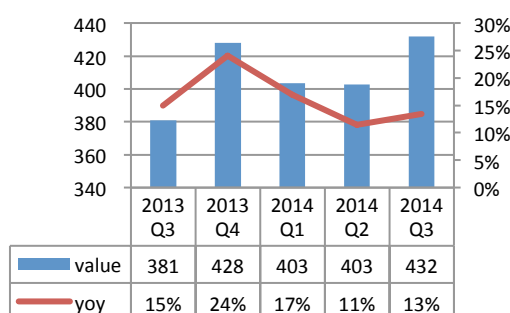
Figure 46 – Agriculture imports¹⁹ at current prices (E millions)



Source: SRA

Other intermediate consumption includes a range of industrial inputs. It recorded an annual growth of 13 percent in the quarter under review, reaching E 432 million.

Figure 47–Other intermediate consumption imports²⁰ at current prices (E millions)



Source: SRA

2.7 Domestic Tax Revenue

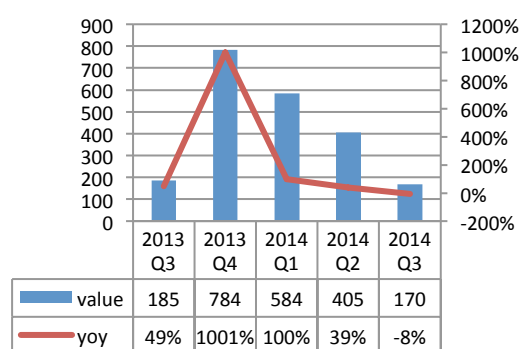
The Government revenue base comprises, amongst others, company taxes, payroll taxes (PAYE source deductions), VAT, fuel tax and SACU receipts. In Q3 2014 the revenue collected under company taxes, payroll taxes and VAT amounted to over E 1.3 billion, 25 percent higher than the amount collected during the same quarter the previous year. Over the 2013/14 fiscal year company taxes, payroll taxes and VAT were budgeted to account for

about 35 percent of total revenue and grants and 76 percent of total domestic collected revenue and grants.

2.7.1 Company Taxes

Company taxes decreased by 8 percent in the quarter under review compared to the previous quarter after an impressive performance in successive quarters which were led by improvements in revenue collection. As the new revenue collection system matures and companies face a sluggish economic environment, a decline in collection is expected.

Figure 48– Company Taxes at current prices (E millions)

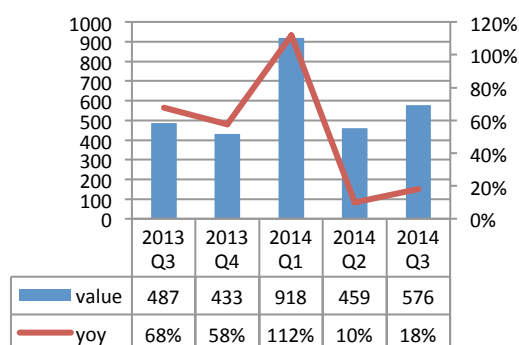


Source: SRA

2.7.2 Payroll Taxes

The value of payroll taxes collected in Q3 2014 stood at E 576 million, which represents an annualized growth of 18 percent. This is also an improvement compared to the previous quarter both in terms of the amount collected and the annualized growth rate.

Figure 49 – Payroll Taxes at current prices (E millions)

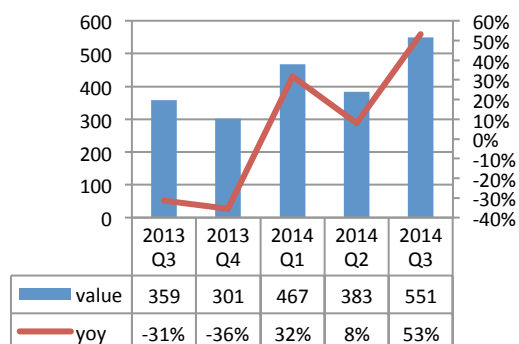


Source: SRA

2.7.3 VAT

In Q3 2014, VAT collections increased substantially by 43.9 percent compared to the previous quarter reaching E 551 million. The contrast in performance relative to the performance of company taxes, suggests that economic activity might be picking up. Alternatively, improved collection rates might still be driving the increase in VAT.

Figure 50 – VAT receipts at current prices (E millions)



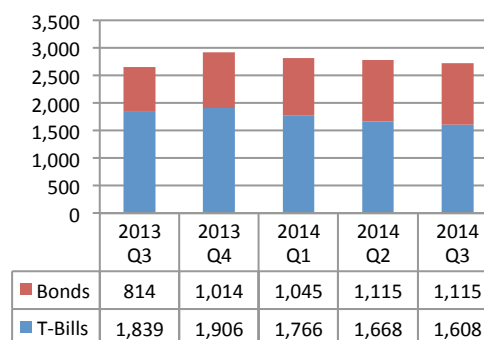
Source: SRA

2.8 Government Financing

Long-term domestic bonds remained unchanged compared to the previous quarter. Meanwhile the value of outstanding treasury bills decreased in the period under review by

3.6 percent. As a result of that, overall domestic debt decreased by 1 percent.

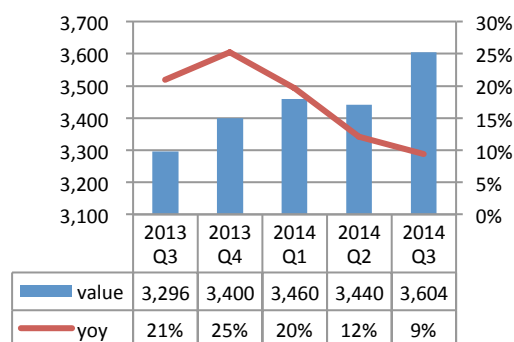
Figure 51- Domestic debt at current prices (E millions)



Source: CBS, Dec. 2013, Table S 5.3

On the other hand total external debt kept on increasing albeit at decreasing rates reaching E 3.6 billion by the end of the quarter. Total external debt grew by 9 percent year on year between Q3 2013 and Q3 2014.

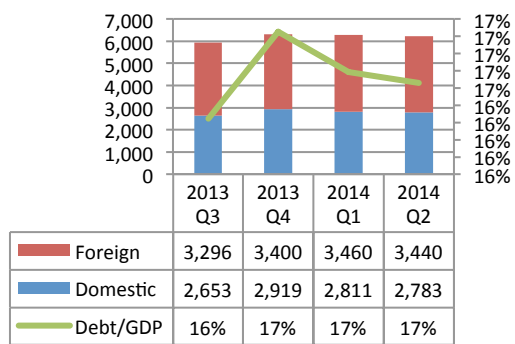
Figure 52 - Foreign Debt at current prices (E millions)



Source: CBS Dec. 2013 Quarterly Review, Table S7.5.1

As a result of the decline in domestic debt and an increase in foreign debt, total debt decreased by 1 percent between Q1 and Q3 2014. Given such a small change, debt-to-GDP remained stable at around 17 percent.

Figure 53 - Total debt at current prices (E Millions)



Source: CBS

List of Acronyms

Sources:

AGOA	African Growth and Opportunity Act
BoB	Bank of Botswana
BoN	Bank of Namibia
CBS	Central Bank of Swaziland
CSO	Central Statistics Office (SD)
FRED	Federal Reserve Economic Data
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
LBS	Lesotho Bureau of Statistics
LFS	Labour Force Survey
MEPD	Ministry of Economic Planning & Development
ONS	Office of National Statistics
SARB	South Africa Reserve Bank
SIPA	Swaziland Investment Promotion Authority
StatsSA	Statistics South Africa
WEO	World Economic Outlook

Other:

BS	Botswana
CMA	Common Monetary Area
E & D	Emerging & Developing Economies
FD	Foreign Debt
Kg	Kilogram
LS	Lesotho
Mt	Metric Ton
NB	Namibia
QAG	Quarterly Annualized Growth
QAI	Quarterly Annualized Inflation
RSA	Republic of South Africa
SACU	Southern Africa Customs Union
SSA	Sub-Saharan Africa
SD	Swaziland
TB	Treasury Bill

¹Export figures may not reconcile fully with other data sources particularly the *Balance of Payments* due to ongoing reconciliation and revision at SRA and due to adjustments for under coverage at the CBS particularly in relation to exports of sugar and concentrates. Work is ongoing to ensure that these differences are reconcilable in future periods ongoing reconciliation and revision at SRA and due to adjustments for under coverage at the CBS particularly in relation to exports of sugar and concentrates. Work is ongoing to ensure that these differences are reconcilable in future periods.

²Sugar exports correspond to ASYCUDA Chapter 17

³Mining export figures correspond to chapter 25, 26 (for iron ore) and chapter 27 (for coal) of ASYCUDA

⁴Textile export figures for the United States do not currently reconcile with trade data provided by the US Department of commerce under the AGOA agreement. Future issues will attempt to explain the reason for the differences in the figures. Textile exports correspond to ASYCUDA Chapter 57 to 65

⁵Printing corresponds to ASYCUDA chapter 49.

⁶Forestry exports correspond to ASYCUDA chapters 44 to 48.

⁷Agriculture exports correspond to ASYCUDA chapters 1 to 15.

⁸Food and beverages manufacturing correspond to ASYCUDA chapters 16 and 18 to 22.

⁹*Appliances* refer to large domestic appliances and correspond to chapter 84 of ASYCUDA. In the case of Swaziland exports this category refers to refrigerators.

¹⁰Concentrates exports correspond to chapters 28, 29, 33 and 38 of ASYCUDA

¹¹Import figures may not reconcile fully with other data sources particularly the *Balance of Payments* due to ongoing reconciliation and revision at SRA and due to adjustments for under coverage at the CBS particularly in

relation to exports of sugar and concentrates. Work is ongoing to ensure that these differences are reconcilable in future periods ongoing reconciliation and revision at SRA and due to adjustments for under coverage at the CBS particularly in relation to exports of sugar and concentrates. Work is ongoing to ensure that these differences are reconcilable in future periods.

¹² Food imports correspond to ASYCUDA chapters 2 to 21.

¹³ Clothing imports corresponds to ASYCUDA chapters 42, 43 and 61 to 65.

¹⁴ Motor vehicle imports correspond to ASYCUDA chapter 87.

¹⁵ Fuel imports correspond to ASYCUDA chapter 27.

¹⁶ Construction imports correspond to ASYCUDA chapters 25, 39, 40, 68, 69, 72 to 76, 79 to 81 and 86.

¹⁷ Capital goods imports correspond to ASYCUDA chapters 82, 84, 85, 88 and 89.

¹⁸ Textile imports correspond to ASYCUDA chapters 50 to 60.

¹⁹ Agriculture imports correspond to ASYCUDA chapters 1, 6, 12, 23 and 31

²⁰ Other intermediary imports correspond to ASYCUDA chapter 13, 14, 26, 28, 29, 32, 35, 36, 38, 41, 44, 45, 47, 48, 70 and 83.