Ministry of Economic Planning and Development

Macroeconomic Analysis and Research Division

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2018 Q3 Highlights

International

- Global growth projected to be stagnant at 3.7 percent for the two (2) consecutive years of 2018 and 2019.
- Slow growth in emerging markets overshadows the acceleration of growth in advanced economies. Trade tensions continue to escalate.
- United States economy expected to grow by 2.9 percent in the short-run, while the UKs economic growth is expected to decelerate to 1.4 percent.
- The South African economy experienced a technical recession.

Domestic

- Inflationary pressures remain subdued as headline inflation rate at 5.0 percent, while the Central Bank of Eswatini maintained the discount rate at 6.75 percent.
- Lilangeni weakens compared to the three major currencies, as the reserves remain within the bare minimum of 3 months of import cover.
- Imports increase as exports decline, resulting in a third consecutive trade deficit in the year.
- Fiscal challenges continue to grow, with lower than forecasted revenue collections, lower budget execution, and budget cuts on locally funded capital expenditure.

Box 1: Eswatini's Economy forecasted to contract by 0.4 percent in 2018.

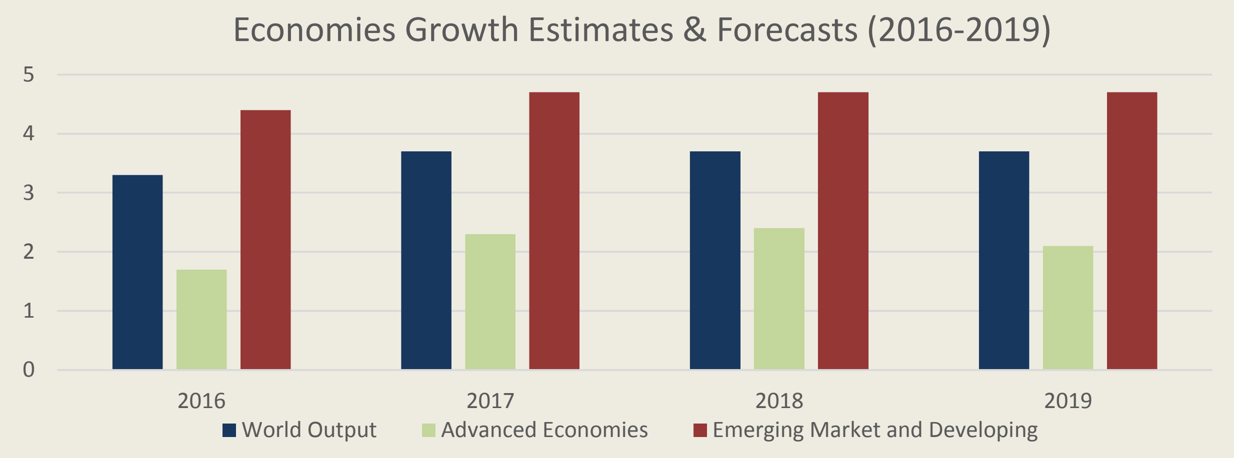
Box 2: Preliminary findings from company survey report 2018

Box 3: Potential Impacts of Brexit on Eswatini

1. International Developments

1.1 Global Growth Performance

The global economy has been expanding steadily since mid-2016 with global GDP growth estimated at 3.7 percent in 2017, according to the October 2018 World Economic Outlook (WEO). Global growth is projected to be constant at 3.7 percent in 2018 and 2019, a downward revision from April 2018 figures due to emerging markets growth contraction outweighing the accelerating growth in advanced economies and increased risks to global growth emanating from heightened trade tensions. Business and financial market sentiment, financial market volatility, investment decisions and global trade flows could, as a result, be negatively affected. Economic expansion is becoming much more varied across countries and may have peaked in some of the major economies, particularly across Eswatini's major trading partners.



Source: WEO, October 2018

In advanced economies, economic activity lost some momentum in the first half of 2018 after peaking in the second half of 2017. The United States' (US) strong economic performance is expected to peak at 2.9 percent in the short-run as a result of fiscal stimulus policies leading to increased consumption expenditure. This is likely to increase the demand of Eswatini's exports, given the country's recent reinstatement into the AGOA agreement. However, growth in the US is expected to drop to 1.8 percent in the medium-term as the stimulus begins to unwind and trade measures such as more import tariffs begin to be implemented. Furthermore, inflationary pressures on the US economy could also further dampen growth.

In the Eurozone, growth outcomes and inflation objectives fell short of projections and are expected to be even slower due to low productivity growth and demographic shifts. The United Kingdom's (UK) growth is expected to decelerate to 1.4 percent in 2018 due to the impact of the proposed Brexit which will continue to negatively affect growth in the medium term once effected. Brexit could pose both a positive and negative risk for Eswatini as a trade agreement between the SADC region and the UK is currently being revised.

Emerging markets' growth decelerated further in June 2018 with growth in China expected to moderate in the short-run and decelerate over the medium-term as the economy continues to reform the financial sector and environmental policies. Growth in India is expected to accelerate in the medium-term after having moved past the transitory period of formerly implemented financial and fiscal reforms.

Sub Saharan Africa's GDP expanded by 2.8 percent year-on-year in the second quarter with uneven dynamics across economies. The performance of major economies, such as Nigeria and South Africa has been uneven providing a negative risk to Eswatini as they are key export locations.

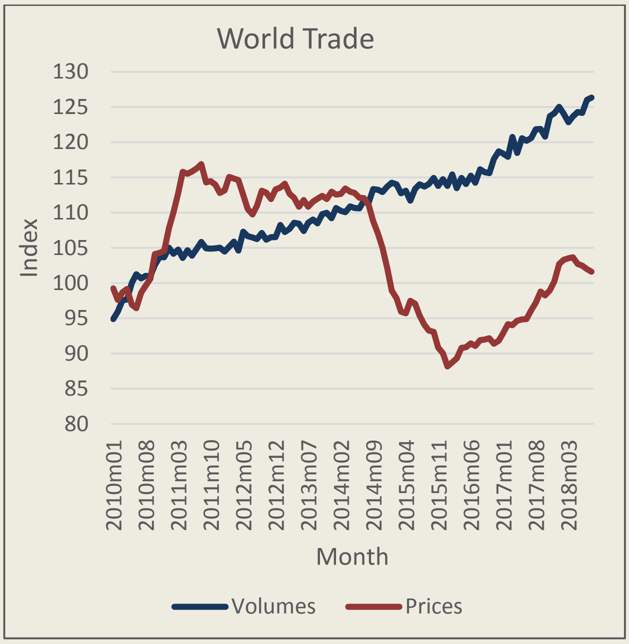
Global Economies	Estimate (%)		Projections (%)	
	2016	2017	2018	2019
World Output	**3.3**	**3.7**	**3.7**	**3.7**
Advanced Economies	1.7	2.3	2.4	2.1
United States	1.6	2.2	2.9	2.5
Euro Area	1.9	2.4	2.0	1.9
United Kingdom	1.8	1.7	1.4	1.5
Emerging Market and Developing	4.4	4.7	4.7	4.7
China	6.7	6.9	6.6	6.1
India	7.1	6.7	7.3	7.4
Brazil	-3.5	1.0	1.4	2.4
Mexico	2.9	2.0	2.2	2.5
Nigeria	-1.6	0.8	1.9	2.3
South Africa	0.6	1.3	0.8	1.4

Source: WEO, October 2018

The South African (SA) economy is currently facing a technical recession with real GDP having contracted by 2.2 and 0.7 percent in Q1 and Q2 respectively. The recession is largely due to a contraction in the transport, trade and agricultural (drought) sectors. Since SA is Eswatini's major trading partner, this could lead to a decline in demand for the country's exports. In contrast, mining production recovered following two consecutive quarters of contraction leading to improvement in Eswatini's forestry and textile exports to SA.

1.2 World Trade

Growth in world trade and industrial production declined with some high-frequency indicators having moderated. This will likely lead to a decline in demand for Eswatini exports as well as potential decrease in SACU trade and thus a decline in receipts allocated to the country. The fall in commodity prices will likely cause lower returns for the country's exports such as coal.



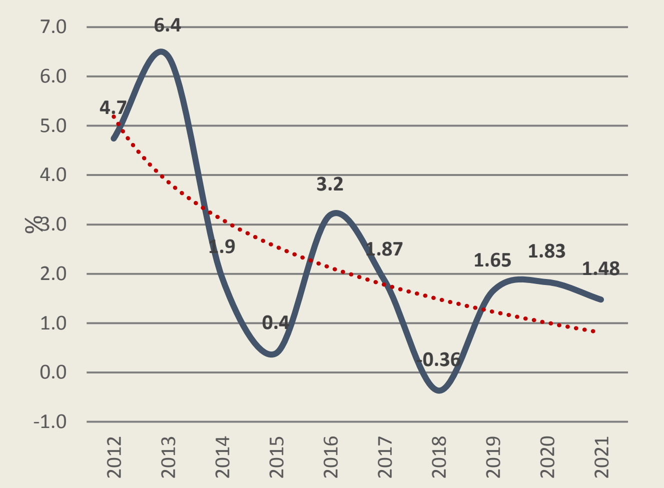
Source: CPB World Trade Monitor

“ESWATINI’S ECONOMY FORECASTED TO CONTRACT BY 0.4 PERCENT IN 2018”

Box 1: Real GDP Growth & outlook

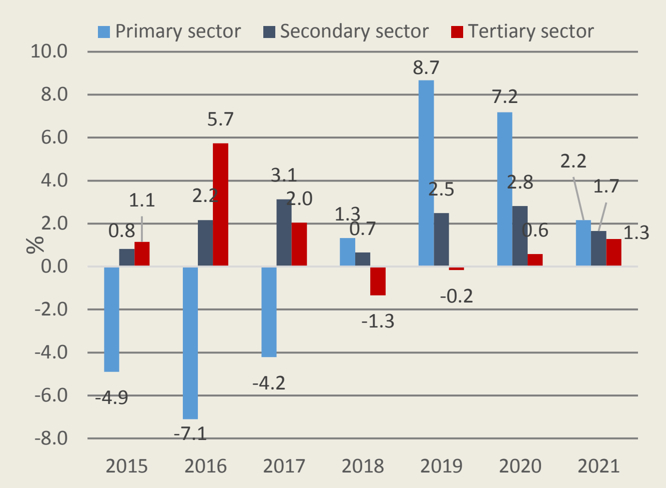
Domestic economic growth is forecasted to contract by 0.4 percent in 2018, despite the recovery in agriculture production in the primary sector due to favorable weather conditions. This contraction is mainly attributed to the negative impact of government’s fiscal challenges on the tertiary sector. These forecasts are a downward revision from the 1.3 percent growth announced in the March 2018 budget speech. A further key driver for the revision downward is emanating from the effects of weak external demand and particularly the slowdown of the SA economy on domestic manufacturing output.

REAL GDP GROWTH



Source: Central Statistics Office (2012-2017) & Macro-Forecasting Team (2018-2021)

REAL GDP GROWTH BY SECTOR



Source: Central Statistics Office (2015-2017) & Macro-Forecasting Team (2018-2021)

The food and beverages processing and the textile industries are expected to be negatively affected by the weakened external demand. Current construction activity by the private and public sector is anticipated to be the main driver of growth in the secondary sector, stimulated primarily by private projects & externally funded projects that are mostly unaffected by budget cuts. The expected net effect on the secondary sector will be a slowdown in growth to 0.7 percent from 3.1 percent recorded in 2017. Wholesale & retail and tourism activity in the tertiary sector, on the other hand, is expected to be adversely affected by government arrears, budget cuts on goods and services and other public expenditure control measures. The tertiary sector overall is expected to decline by 1.3 percent in 2018.

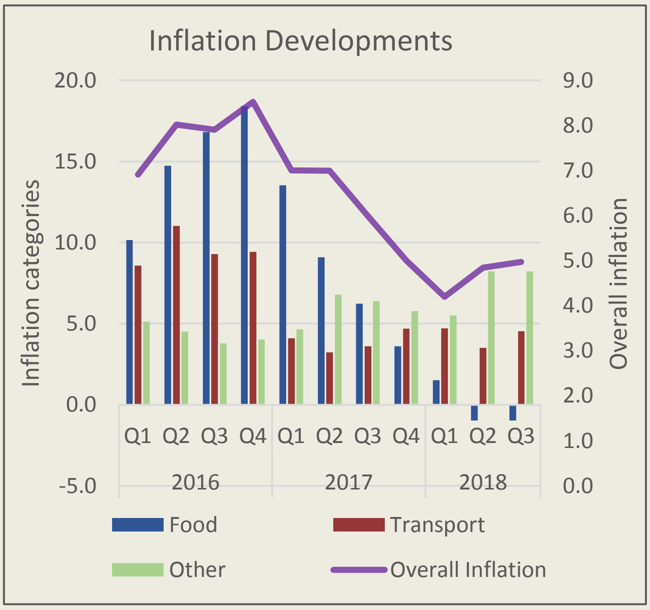
Growth Outlook: The short to medium-term growth prospects for the period 2019-2021 remain subdued, with an average growth of 1.65 percent compared to an earlier projection of 2.4 percent on average. Government fiscal challenges are expected to continue to weigh down on wholesale and retail activity and public sector performance. Large businesses with payments outstanding will likely scale down business with government.. Expansion plans in the agriculture sector and new international markets for exports are the only positive prospects for growth in the primary and secondary sectors, although potential harsh weather conditions are a negative risk to these forecasts.

Note: *Provisional GDP estimates are published by the CSO in September. Thereafter, the Macro-forecasting team comprising of MEPD Macroeconomic Analysis and Research Unit and the Central Bank’s Real Sector unit produce the forecast for the mid-term in October. This forecast is updated in January.*

2. Domestic Developments

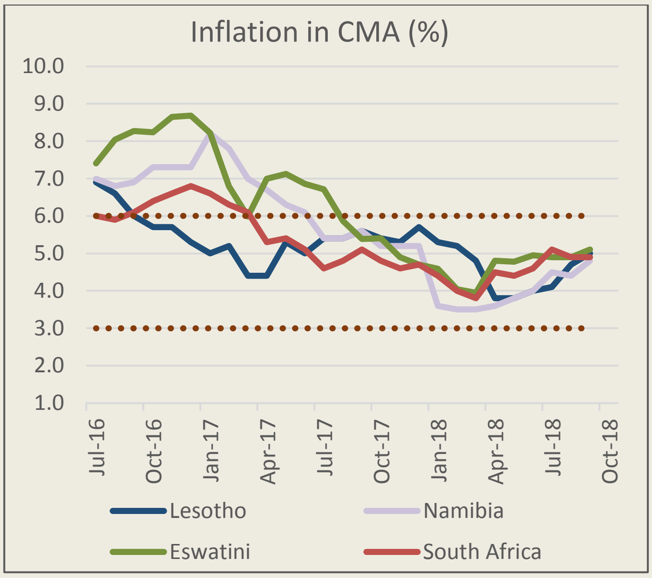
2.1 Prices

The overall inflation rate in Eswatini averaged 5.0 percent in 2018 Q3. This shows a deceleration compared to the same period in 2017 Q3, where growth was at 6.0 percent. Inflation has subsided relatively over the last few quarters, falling well within the 3 to 6 percent target band of the Common Monetary Area (CMA) countries. The stable inflation is largely driven by the moderation of food inflation, which has fallen below zero percent. Transport inflation has remained moderate over the period, averaging 4.5 percent, however indicating a 26 percent acceleration compared to the same period in 2017 Q3. This moderate increase in transport inflation was largely attributed to rising oil prices globally as the price of an oil barrel increased by 20 percent during the quarter under review. On the other hand, other inflation categories grew modestly, mainly driven by utilities inflation which spiked in the previous quarter.



Source: CBS-CSO

Inflation trends within the CMA countries moved in a similar path, with all the four countries falling with the targeted threshold, mirroring the corresponding period in 2017 Q3. However, this inflation trend portrays a deceleration of inflationary pressures in Eswatini, Lesotho and Namibia, whereas inflation has remained relatively constant in the Republic of South Africa compared to the same period in 2017 Q3.



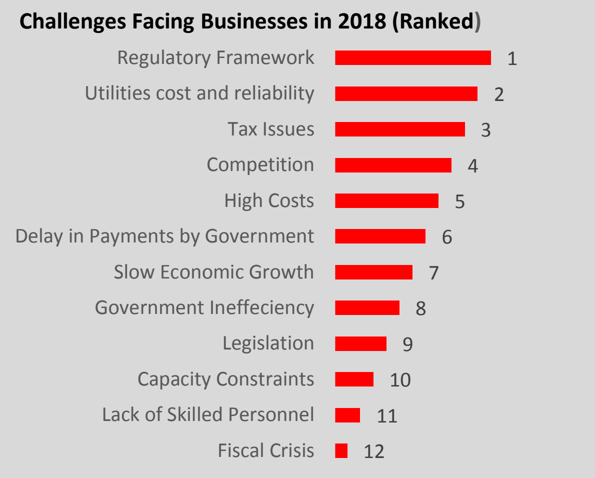
Source: National Statistics Offices of Member States

2.2 Interest Rates

The Central Bank of Eswatini maintained the local repo-rate unchanged at 6.75 percent in 2018 Q3. The South African repo-rate was also unchanged at 6.5 percent, sustaining a 25 basis point interest rate spread between Eswatini and SA. Nonetheless, the upside risk to the local repo-rate are the increasing tension over international trade and protectionist policies by the two largest economies in the world, the anticipated upward trajectory of the global inflationary pressure due to increasing oil prices, exchange rate pressures, and the South African economy plunging into a technical recession in the second quarter. Consistent, with the local repo-rate and the SA repo-rate, the local prime rate was also maintained at 10.25 percent, similar to the 2018 Q2 figures.

Box 2: PRELIMINARY FINDINGS FROM COMPANY SURVEY REPORT 2018

The Company Survey is carried out annually between January and May by a Survey Team that comprises the Ministry of Economic Planning & Development (MEPD) and the Central Bank of Eswatini's (CBE). The primary purpose of the survey is to collect data on performance/production, employment and investment for an aggregated picture of the macro-economy in the previous. A total of 115 companies from all the sectors of the economy were surveyed during the 2018 Company survey.



Source: company survey 2018

Challenges: The 2018 survey results reveal that business entities in Eswatini face numerous challenges that have a negative effect on the performance and profitability of companies. A majority of these constraints have not changed significantly compared to those reported in 2017. Regulatory issues were the biggest concern highlighted by organizations, with most of them showing discontent on the adverse effects of regulation on their business operations. These were followed by concerns on utility costs and reliability as they were flagged as the second major challenge for businesses during the review period. Issues on taxation remain pronounced, ranked third under overall challenges, however, not as persistent compared to 2017. The country's economic land scape is changing, with new entrants coming into the market with different challenges. The market size is small and not as vibrant, raising concerns either through competition or unfair competition affecting different sectors.

Opportunities: Companies identified prospects for growth and profitability from new markets domestically and internationally. Additionally, Specific private and public sector investments and ongoing reforms in legislation, are anticipated to unlock opportunities for companies to expand their operations and also diversify their product offering. Innovation and technology enabled by most recent reforms in ICT legislation were identified as an opportunities to improve efficiency in operations and service delivery to customers and also enhance competitiveness for private sector as a whole.

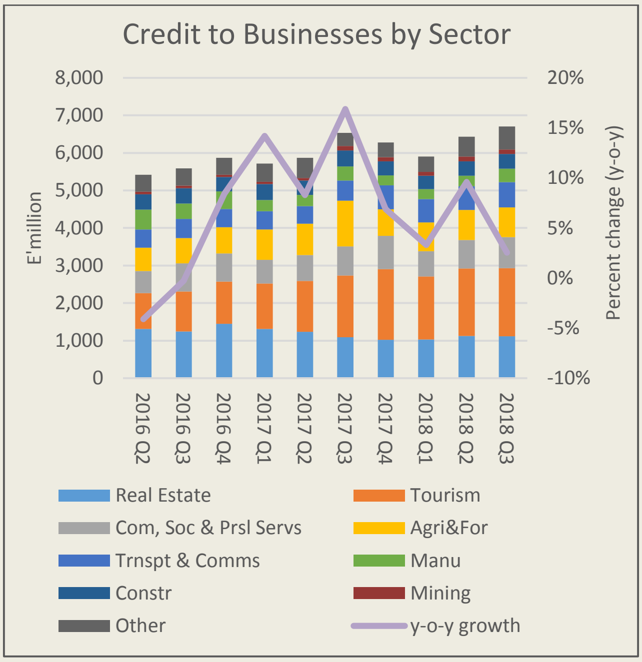
Investment: The total actual investment in 2017 based on surveyed companies amounted to E2.631 billion. These Investments were mainly directed to the construction of buildings, plant and machinery, land expansions for irrigation and technical capacity. Major investment plans for the period 2018 are mainly expansions in infrastructure, buildings and plant and machinery.

Labour Developments: There were mixed developments with regards to employment. Though some sectors employed more staff others retrenched. Out of the 46 companies that reported on salary adjustments in 2017, the average adjustment was 5.7 percent which was below the average inflation of 6.2 in 2017.

2.3 Lending

Total credit extension to household and business was reported to be E12.4 billion in 2018 Q3. This was a marginal reduction of 2.2 percent compared to the same period in 2017 Q3. This reduction was mainly attributed to a marginal growth of 2.5 percent in business credit extension and a 7.5 percent deceleration in household credit extension. Business credit extension was recorded at E6.7 billion, whereas household credit extension was reported at E5.7 billion. The decline in credit extension to households was mainly driven by a decline in unsecured personal loans.

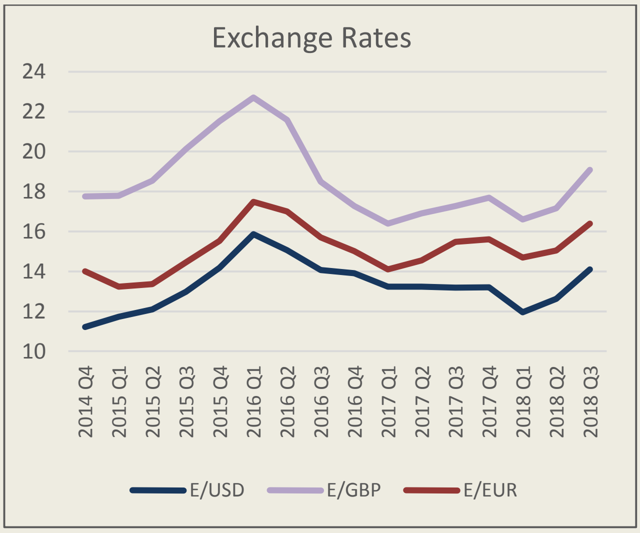
On the other hand, credit extension to businesses was mainly driven by a modest growth in distribution & tourism credit extension, transport & communication, among other sectors. Whereas, when using a year-on-year comparison, there was a deceleration in credit extension to agricultural & forestry, manufacturing and construction.



Source: CBS

2.4 Exchange Rates

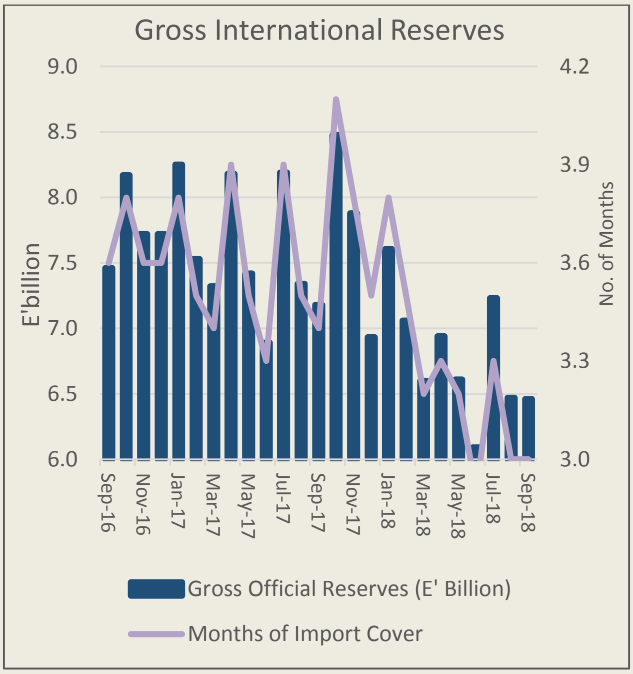
When compared against the three (3) major currencies namely the Euro (EUR), the British Pound (GBP) and the US Dollar (USD) on a year on year basis, the Lilangeni (E), which is pegged to the Rand (R), weakened in 2018 Q3. The feeble performance of the Lilangeni is heavily tied to developments in the South Africa economic and political arena, including uncertainty over the land policy, the motion on land expropriation without compensation and anticipation around the economic stimulus package proposed. When using year on year comparison against the US Dollar, the Lilangeni depreciated by 6.9 percent, averaging 14.09 in 2018 Q3. This was also the case when comparing the Lilangeni against the British pound and the Euro. Compared against the pound, the Lilangeni depreciated by 10.5 percent to average 19.09, while the Lilangeni depreciated against the Euro by 5.8 percent, averaging 16.40 in the third quarter.



Source: CBS

2.5 Reserves

The gross official reserves were reported to be at E6.5 billion at the end of 2018 Q3, this was sufficient enough to meet the bare minimum requirement of three (3) months import cover benchmarked by international standards for gross official reserves. Gross official reserves lower than three (3) months imports of goods and services place the peg with the SA rand at risk, while making the economy more vulnerable to shocks due to lack of savings of foreign currency. Further, of concern is the rapid drawdown in reserves in recent months. This portrays the countries inability to save due to increasing cash flow challenges faced by the government.



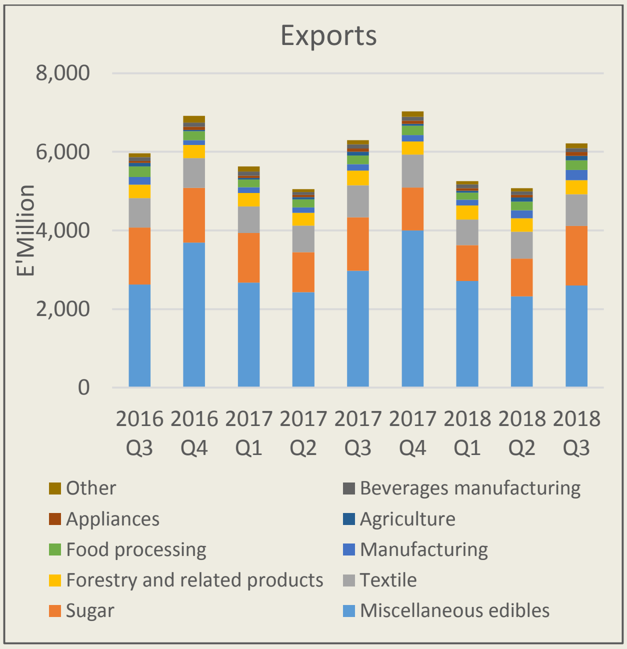
Source: CBS

3. External Trade

3.1 Exports

Total exports declined by 1.3 percent in 2018 Q3, compared to 2017 Q3, falling to E6,214 Million in nominal terms. This is the third consecutive quarter in which exports have declined in real terms. This is primarily driven by a contraction of the South African economy. Exports to the SACU region fell by 6.1 percent as a result, which greatly impacts overall exports as the region, as SACU exports accounts for an average of 70 percent of Eswatini's total exports. Miscellaneous edibles were the most affected category of exports, falling by 12.7 percent. Nevertheless, the demand for forestry, mining, textile and beverages exports to the region all also fell substantially. The benefits of the readmission into the AGOA agreement with the US have not yet kicked in to balance out the decline in textile exports to South Africa. Manufacturing products to the SACU region were the only exports to increase, but this was driven by an increase in re-exports, rather than exports of products produced within Eswatini.

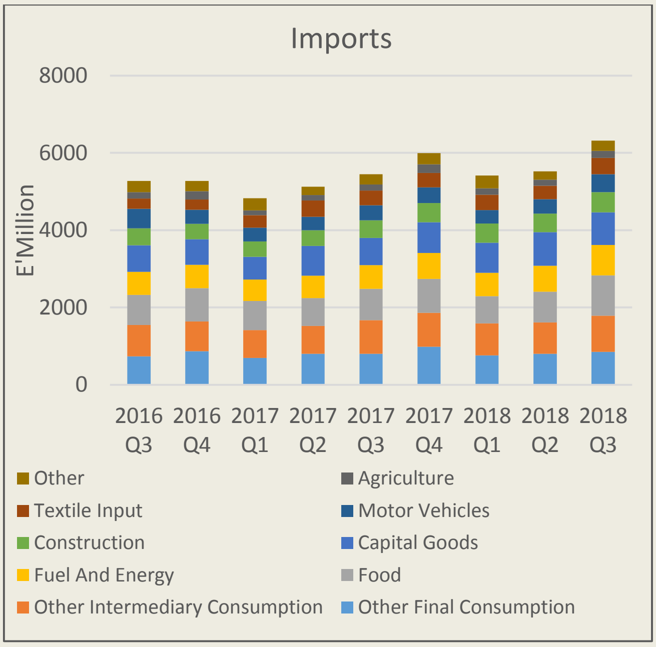
The full decline in exports have been mitigated by a reversal in the negative developments that were impacting sugar exports. The European Union's (EU) sugar industry suffered in the quarter under review as a result of weak global sugar prices and poor weather conditions. This provided a window for Eswatini's sugar industry to increase exports to the EU, which has had a stock of sugarcane built up as a result of the negative global developments experienced early in the year. The SADC Economic Partnership Agreement (EPA) with the EU also affords Eswatini an edge in exporting sugarcane to the EU as it completely removes customs duties. This development has resulted in an increase in sugar exports by 12 percent in 2018 Q3 compared to 2017 Q3. The continued recovery from the drought has also supported agriculture and food processing exports, which saw a 24 percent and an 8 percent increase respectively on the corresponding quarter last year.



Source: SRA

3.2 Imports

Total nominal imports were recorded at E6,319 Million in 2018 Q3. This was a substantial 16.1 percent increase when compared to 2017 Q3. A number of drivers contributed to this import growth and, notably, there was no category of imports that declined in the quarter. Food imports were the single largest contributor to the increase as they rose by 29.1 percent. This category of imports is increasingly been sourced from Asia and India in particular. As a result of this and an increase in other imports from the Asian region, the region has quickly become one of Eswatini's most important source of imports. Close to 20 percent of total imports in 2018 Q3 were sourced from the Asian region, compared to just 11 percent in the previous year. Fuel and energy imports were the next largest contributor, growing by 28.4 percent in nominal terms. Nevertheless, much of this increase can be attributed to rising global prices.



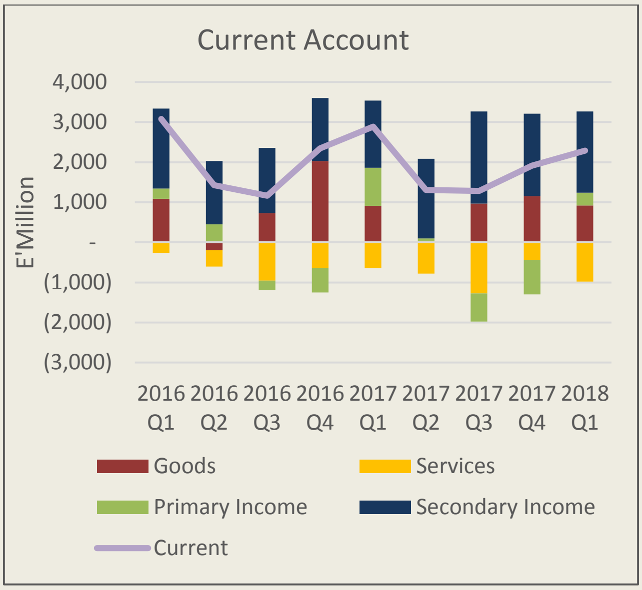
Source: SRA

There is an indication from the import data that, despite the decline in exports and current economic contraction, companies are still investing. In particular, capital goods imports have increased by 23.3 percent in 2018 Q3 compared to 2017 Q3. Furthermore, intermediate goods imports have increased, with textile inputs in particular increasing by 10.8 percent, suggesting that textile companies are planning for expansions. Other intermediate consumption imports have also increased by 7.2 percent. While Eswatini sources most capital goods and intermediate consumption goods imports from the SACU region, increasing textile input imports from Asia are another example of our expanding trade ties with the region. Finally, the continuing construction of some major projects (e.g. ICC & FISH, etc.), as well as the furnishing of several completed projects (e.g Fincorp, etc.) has resulted in an increase in construction imports and durable goods, such as furniture.

3.3 Trade balance and current account

The merchandise trade balance has been in a consistent deficit for the last three (3) consecutive quarters, an event that hasn't occurred since 2013 according to SRA data. This has largely been driven by a contraction in export growth, while imports are still rapidly growing. The decline in local exports was driven by the contraction of the SA economy reducing demand for Eswatini products. This development is a concern because the export sector is very important to the Eswatini economy, particularly given that the majority of the country's manufacturing products are exported overseas. Furthermore, a persistent deficit will place added pressure on gross official reserves in order to source foreign currencies to purchase imports.

According to CBE data, services exports have generally been lower than services imports. This is likely driven by skills shortages in many industries (e.g. health, construction, ICT, etc.) that requires the country to bring in foreign technicians and specialists. Nevertheless, SACU receipts coming in under the secondary income category have prevented the current account overall from being in deficit. On the financial account side, net inflows of foreign direct investment have continued to decline, with a net outflow occurring 2018 Q1.



Source: CBE

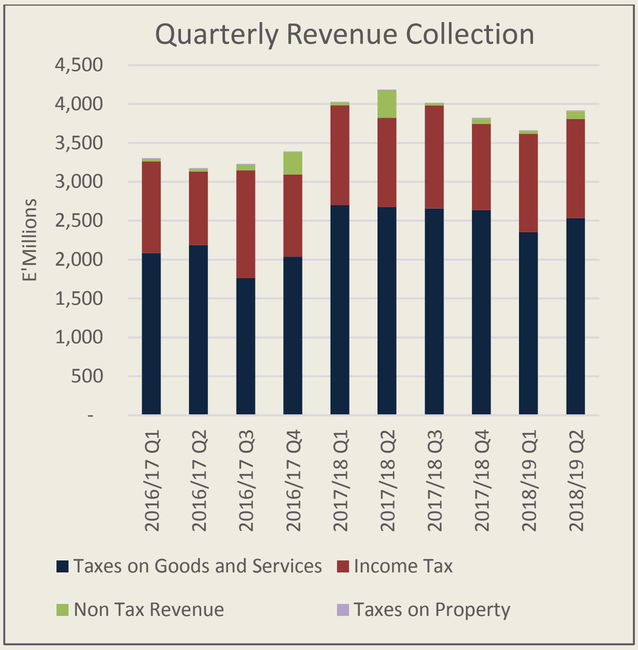
4. Fiscal Developments

4.1 Government Revenue

Total revenue in the FY 2018/19 is forecast to be marginally higher at E16, 240 million compared to E16, 135 million collected in the FY 2017/19. This is despite lower SACU receipt forecasts of E5, 844 million compared to E7, 109 million actually received in FY 2017/18. The higher total revenue forecasts were based on anticipated changes in policy and tax administration that would increase income tax revenue from E5, 382 million in the review period compared to E4, 661 million actually collected in FY 2017/18.

VAT revenue collections were projected to increase modestly by 14 percent to E2, 937 million from E2, 530 million collected in 2017/18, driven by the increase in the VAT rate by 1 percentage point to 15 percent.

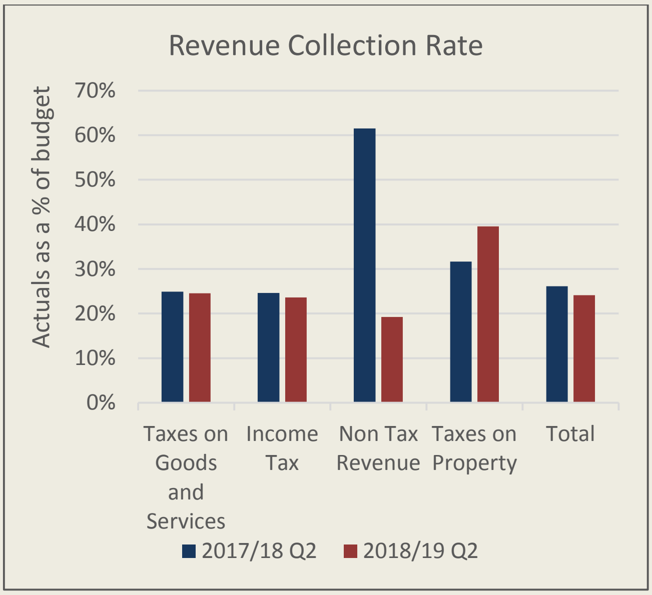
In FY 2018/19 Q2 total government revenue collections amounted to E3,919 million compared to E4,213 million in 2017/18 Q2. This 7 percent decline in revenue collected is mainly attributed to lower taxes on goods and services, namely, SACU receipts received in the period in line with lower annual shares declared for the period. Compared to the same period in 2017/18 SACU receipts in 2018/19 Q2 amounted to E1,461 million, which is a 17.8 percent decline compared to the E1,777 million collected in 2017/18 Q2.



Source: Ministry of Finance (MOF)

Non-tax revenue collections were also lower at E96 million, down from E350 million, a massive decline of 72.8 percent on a year on year basis. This decline was mainly attributed to administrative constraints in remitting property income to government in the period under review. As a result property income collected fell by 78.9 percent in the period amounting to E64.97 million from E308.00 million collected in 2017/18 Q2.

The revenue collection rate, defined as the revenue collected as percentage of total annual revenue budget estimate, in 2018/19 Q2 stood at 24 percent compared to 26 percent in 2017/18 Q2. This shows a 200 basis point marginal decline, which is mainly attributed to administrative challenges leading to a drop in collection rate in non-tax revenue to 19 percent in 2018/19 Q2 from 61 percent in 2017/18 Q2.



Source: MOF

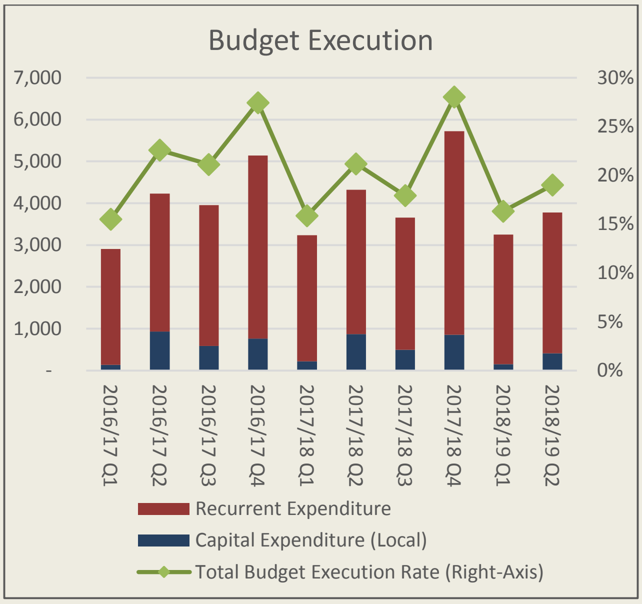
4.2 Government Budget Execution

In light of the deteriorating fiscal position, coupled with declining revenue expectations, the 2018/19 total fiscal budget was revised downward from the initial E20, 448 million announced in the budget speech in March to E19, 881 million. This downward revision was mainly accounted for by a budget cut amounting to E567 million in the Capital Budget for government funded projects.

In terms of budget execution, the rate was at 19 percent for 2018/19 Q2, compared to the 21 percent execution rate achieved in the same period of the previous fiscal year.

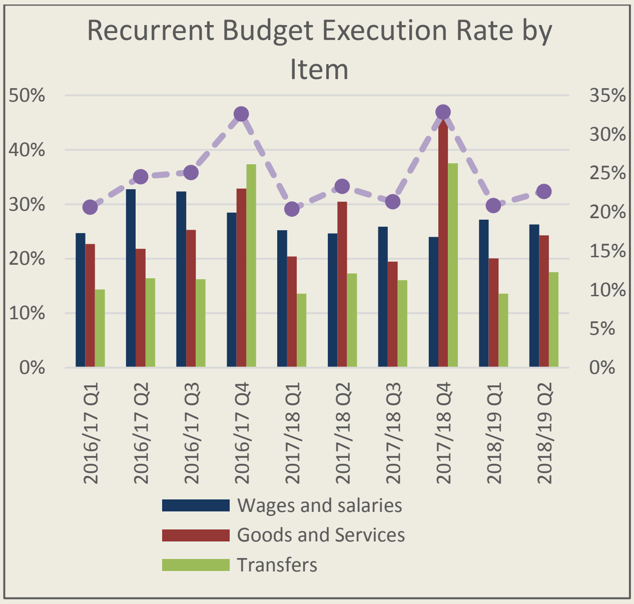
The revised capital budget (local funds only) in 2018/19 is at E1, 477 million from the initial budget of E2, 044 million. The budget execution rate was 28 percent in 2018/19 Q2 compared to 30 percent achieved in 2017/18 Q2. This was mainly attributed to both cash flow challenges and administrative constraints in the period that caused delays in processing payments.

The execution rate on recurrent expenditure in 2018/19 Q2 remained constant at 23 percent compared to the same period in 2017/18. The total budget execution rate on a cumulative basis at the end of 2018/19 Q2 was 36 percent, compared to 37 percent in 2017/18 Q2.



Source: MOF (BEAD)

Goods and services expenditure in 2018/19 Q2 amounted to E613 million, which is a 29.9 percent decline compared to the E874 million in the same period in 2017/18 Q2. Furthermore, budget execution was 6 percent lower at 24 percent in comparison to the 30 percent execution rate in 2017/18 Q2. This decline is mainly explained by expenditure cuts on goods and services due to current cash flow challenges.



Source: MOF

Box 3: THE POTENTIAL IMPACT OF BREXIT ON ESWATINI

The term “Brexit” is a combination of the words “Britain” and “exit” and refers to the United Kingdom’s impending departure from the European Union (EU) in March 2019.It was triggered by a referendum in July 2016, which was followed by the activation of article 50 of the Lisbon treaty in 2017, thus allowing two years for the terms of the split to be finalized. Of the approved terms is the transition period, which will start immediately after Brexit in March 2019 and end in December 2021.This period is aimed at giving the people and businesses in both Britain and the EU time to prepare for the UK’s complete departure from the bloc.

The United Kingdom is an important trading partner for Africa. In 2015, her market absorbed 4.3 percent of Africa’s total exports and accounted for 12.4 percent of African exports to the European Union[1]. Currently, Eswatini, like most SADC countries, accesses the British market through the Economic Partnership Agreements (EPA), which also gives duty and quota free access to the EU. These agreements then enable Eswatini to export primarily sugar and processed food, and in turn, import capital goods such machinery and other final consumption goods. The trade value that Eswatini has with the UK through these partnership agreements was E200 million in 2017. Therefore, because of Brexit, trade with the UK could be disrupted thus decreasing potential economic growth for the country. It could also indirectly impact Eswatini’s economy through the effects it would have on South Africa’s trade with the UK. South Africa is the largest trading partner with the UK in terms of both imports and exports (such as machinery, equipment and valuable minerals) and these could be reduced post-Brexit. Further, SACU revenues could be diminished, particularly because South Africa is the largest contributor to the SACU revenue pool.

Nevertheless, despite the concerns that Brexit could impact trade with the UK, the current comments and discussions look positive. The UK recently signed a new trade agreement with the SACU member states, as well as Mozambique. This agreement replicates the EU-SADC EPAs to ensure that trade with the UK is not affected after Brexit. It is worth an additional £4bn and is to be followed by a matching investment to the private sector. Moreover, depending on the trade negotiations between the EU and the UK, the UK may want to increase trade with Africa to diversify and expand their trade partners.

Exchange rates have also been impacted by Brexit, with the pound devaluing by 20 percent compared to the Rand. This has both a positive and a negative impact on Eswatini. On the one hand, our exports become comparatively more expensive for consumers in the UK. On the other hand, we will now be able to source imports from the UK for comparatively cheaper prices than before.

[1]United Nations Economic Commission for Africa_UK-Africa Trade Post-Brexit: Lessons from the Economic Partnership Agreements.

Annex 1 – Key Economic Indicators

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real Sector										
Population	1,031,747	1,043,509	1,055,506	1,067,773	1,080,337	1,093,158	1,106,189	1,119,375	1,132,657	-
GDP at Market Prices (E' Million)	27,213	30,339	32,497	35,002	39,604	44,034	47,505	51,294	54,730	58,782*
GDP per Capita	26,376	29,074	30,788	32,780	36,659	40,282	42,945	45,824	48,321	-
GDP Growth Rate (%)	0.8	1.6	3.8	2.2	4.3	6.4	1.9	0.4	1.4	1.9*
Share of Agriculture & Forestry to GDP (%)	10.0	9.3	10.2	9.7	10.4	10.3	9.5	9.6	9.5	8.9*
Share of Manufacturing to GDP (%)	34.6	34.8	32.5	31.7	31.4	29.8	30.8	31.8	31.4	30.4*
Share of Tertiary Sector to GDP (%)	48.5	48.6	49.6	50.2	47.7	49.0	49.8	49.7	51.0	52.9*
Unemployment Rate (%)	-	-	28.5	-	-	28.1	-	-	-	-
Human Development Index (HDI)	0.518	-	0.526	0.534	0.539	0.541	0.541	0.541	-	-
Proportion of Population Below Poverty Line (%)	-	63	-	-	-	-	-	-	-	-
Monetary Sector										
Inflation Rate (%)	12.7	7.4	4.5	6.1	8.9	5.6	5.7	5.0	7.8	6.2
Consumer Price Index (Dec-12=100)	75.1	80.7	84.3	89.5	97.5	103.0	108.8	114.2	123.2	130.8
Discount Rate (%)	11.00	6.50	5.50	5.50	5.00	5.00	5.25	5.75	7.0	7.25
Prime Lending Rate (%)	14.50	10.00	9.00	9.00	8.50	8.50	8.75	9.25	10.50	10.75
Average Exchange Rate (E/US Dollar)	8.26	8.44	7.33	7.26	8.24	9.65	10.85	12.75	14.72	13.33
Average Exchange Rate (E/Pound Sterling)	15.14	13.12	11.32	11.63	13.01	15.11	17.85	19.49	20.02	17.04
External Sector										
Merchandise Exports (E' Million)	11,170	13,269	14,378	16,820	14,274	18,292	22,676	22,175	23,062	24,006
Merchandise Imports (E' Million)	10,942	12,127	14,821	19,563	15,524	18,390	19,980	18,864	19,084	21,374
Merchandise Trade Balance (E' Million)	228	1,142	(443)	(2,743)	(1,249)	(98)	2,696	3,311	3,977	2,632
Gross Official Reserves (E' Million)	7,065	6,479	4,497	4,231	5,638	7,979	7,916	8,485	7,720	6,933
Gross Official Reserves (Months of Import Cover)	4.6	4.1	2.8	2.3	2.9	3.9	3.6	4.0	3.6	3.3
Fiscal Sector+										
Total Revenue and Grants (E' Million)	9,611	9,253	6,985	7,489	12,178	12,910	14,744	14,586	13,882	-
Total Expenditure (E' Million)	9,242	10,153	9,988	8,854	10,778	12,582	15,304	16,999	19,917	-
Fiscal Surplus/Deficit (E' Million)	369	(900)	(3,003)	(1,365)	1,390	328	(560)	(2,413)	(6,035)	-
Fiscal Surplus/Deficit as % of GDP	1.4	(3.0)	(9.2)	(3.9)	(3.5)	0.7	1.2	4.6	11.3	-
Total External Debt (E' Million)	3,605	2,812	2,553	2,559	2,843	3,333	3,366	3,891	5,219	-
Total External Debt as % of GDP	13.2	9.3	7.9	7.3	7.2	7.5	6.9	7.4	9.7	-

Note: Data according to CSO report from October 2017. * - estimate. + - data in fiscal year (April 01-March 31) e.g. data under 2007 shows data for FY 2007

GDP Growth by economic activity at constant 2011 prices (E'million)	Provisional CSO Estimates (2012 - 2017)						Macro-Forecasting Team (CBE-MEPD) Projections (2018 - 2021)			
Description	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Agriculture and forestry	12.8	5.7	-7.5	3.5	-7.3	-4.4	1.8	8.5	7.2	2.2
Mining and quarrying	643.8	24.1	-49.3	-86.3	10.5	7.3	-23.6	21.5	7.1	2.7
Primary sector	**27.73**	**8.24**	**-14.09**	**-4.90**	**-7.10**	**-4.21**	**1.33**	**8.67**	**7.18**	**2.17**
Manufacturing	1.8	3.1	4.3	1.5	1.1	5.4	-0.3	2.3	3.5	2.4
Electricity, gas, steam and air conditioning supply	-12.2	20.0	3.0	-33.9	-31.8	-41.7	16.6	11.6	31.7	10.5
Water supply; sewerage, waste management and remediation activities	6.2	-2.1	-4.0	-12.8	1.5	-0.8	2.9	2.3	2.3	2.3
Construction	-0.6	1.5	-0.1	9.1	20.4	-9.9	8.3	3.7	-6.1	-6.9
Secondary sector	**1.20**	**3.29**	**3.77**	**0.83**	**2.17**	**3.13**	**0.66**	**2.49**	**2.81**	**1.66**
Wholesale and retail trade; repair of motor vehicles and motorcycles	1.7	10.1	5.5	-5.2	4.1	-3.4	-6.9	-2.4	-3.8	-1.6
Transportation and storage	-1.1	11.8	6.6	-3.8	1.3	3.9	-0.1	-3.6	0.9	1.0
Accommodation and food service activities	3.9	-0.5	3.9	0.7	13.6	5.0	-6.9	-0.8	0.2	1.3
Information and communication	11.8	6.1	16.1	1.2	7.1	4.6	2.1	1.4	2.0	2.8
Financial and insurance activities	3.8	15.2	1.2	2.2	0.4	8.0	1.0	1.9	3.5	4.3
Real estate activities	1.8	3.1	2.4	1.6	1.6	1.0	1.0	-1.3	2.1	2.1
Professional, administrative and support services	10.8	11.5	12.0	16.5	-11.5	8.0	0.6	3.4	3.4	1.6
Public administration and defense; compulsory social security	-6.7	13.7	4.7	5.1	20.1	0.7	0.0	0.0	1.0	2.0
Education	0.0	1.6	1.8	2.7	-0.6	3.7	0.9	0.9	1.5	1.3
Human health and social work activities	8.6	3.5	2.1	4.4	59.2	9.7	0.7	1.0	1.4	1.4
Arts, entertainment and recreation	-4.3	-4.5	12.3	5.7	-4.6	-5.0	2.0	2.0	0.5	0.5
Other service activities	0.4	2.1	8.7	-0.1	5.4	-4.2	1.2	1.1	1.1	1.1
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	1.6	1.6	1.6	1.6	1.6	1.6	1.2	1.1	1.1	1.1
Tertiary sector	**1.74**	**8.53**	**5.16**	**1.15**	**5.74**	**2.05**	**-1.34**	**-0.17**	**0.59**	**1.28**
Unspecified (FISIM)	-0.6	4.7	4.7	4.3	3.6	4.1	7.8	-4.2	0.5	2.4
Total: All industries	**4.28**	**6.60**	**2.16**	**0.32**	**3.12**	**1.83**	**-0.50**	**1.68**	**2.06**	**1.50**
Taxes on products	14.1	3.2	-2.5	1.8	4.6	2.8	2.3	1.0	-2.3	1.2
GDP at Constant 2011 Prices	**4.74**	**6.42**	**1.93**	**0.39**	**3.20**	**1.87**	**-0.36**	**1.65**	**1.83**	**1.48**

Sources

Population: CSO, Population Projections

GDP at Market Prices: CSO, SNA

GDP per Capita: CSO, SNA

GDP Growth Rate: CSO, SNA

Agriculture Sector's Contribution to GDP: CSO, SNA

Manufacturing Sector's Contribution to GDP: CSO, SNA

Public (Govt) Sector's Contribution to GDP: CSO, SNA

Unemployment Rate: CSO, Labour Force Survey

HDI: UNDP

Proportion of Population Below Poverty Line (%): WFP, UNDP

Inflation Rate: Central Statistical Office: CSO

CPI: CSO

Discount Rate: CBS, BOP Section

Prime Lending Rate: CBS, BOP Section

Exchange Rate (E/US Dollar): CBS, BOP Section

Exchange Rate (E/Pound Sterling): CBS, BOP Section

Total FDI Inflows: CBS, BOP Section

Merchandise Exports and Imports: SRA

Trade Balance: Net Exports and Imports: CBS, BOP Section

Gross Official Reserves: CBS, BOP Section

Gross Official Reserves (Months of Import Cover): CBS, BOP Section

Total Revenue and Grants: MoF, MTFF as of November 2016

Total Expenditure and Net Lending: MoF, MTFF as of November 2016

Fiscal Surplus/Deficit: MoF, MTFF as of November 2016

Fiscal Surplus/Deficit as % of GDP: MoF, MTFF as of November 2016

Total External Debt: CBS

Total External Debt as % of GDP: CBS

List of Acronyms

AGOA	African Growth and Opportunity Act
CBS	Central Bank of Swaziland
CMA	Common Monetary Area
CSO	Central Statistics Office
FY	Fiscal Year
IMF	International Monetary Fund
MEPD	Ministry of Economic Planning & Development
SACU	Southern Africa Customs Union
SRA	Swaziland Revenue Authority
SSA	Sub-Saharan Africa
US	United States of America
UK	United Kingdom
WEO	World Economic Outlook