KINGDOM OF ESWATINI

MINISTRY OF ECONOMIC PLANNING AND DEVELOPMENT

Quarterly Economic Bulletin: Developments from October to December

2025 Q4

INTRODUCTION

The Eswatini Economic E-Bulletin is a quarterly report that analyses recent developments in the Eswatini economy as well as key global and regional economic events.

The report includes sections on global and regional developments, particularly in the South African economy, the country's key trading partner. It also examines domestic economic factors, including GDP, inflation, credit extension, Gross Official Reserves, and government revenue & expenditure. Notably, the report highlights trends from October to December 2025, with GDP data reflecting a one-quarter lag from available sources

QUARTERLY ECONOMIC BULLETIN – 2025Q4

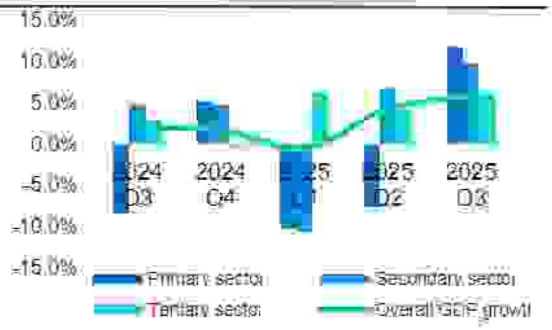
(OCTOBER-DECEMBER)

MINISTRY OF ECONOMIC PLANNING AND DEVELOPMENT

OVERVIEW OF ECONOMIC DEVELOPMENTS IN 2025Q4

1. The global economy is holding strong and adapting to new trade policies. Growth forecasts for 2026 were revised up by 0.2 percentage points to 3.3 percent, while growth is expected to slow slightly to 3.2 percent in 2027 (IMF-WEO, January 2026).

2. Real GDP grew by 5.8 % in 2025Q3 (Y-O-Y), seasonally adjusted



3. Inflation Driver(s): Inflationary pressures eased as headline inflation averaged 2.6% (2025Q4) vs. 2.7% (2025Q3).

Food and non-alcoholic beverages moderated by 1.3 percentage points.

4. Interest rates unchanged in 2025Q4.Discount and prime lending rates maintained at 6.75 percent and 10.25 percent respectively.

	2025Q3	2025Q4
Discount rate	6.75%	6.75%
Prime lending	10.25%	10.25%

5. Monetary policy supported private sector credit, which rose by 3.3% in 2025Q3 relative to 2025Q2

2025Q3	2025Q4
E21.693B	E22.408B

Credit growth observed in the following sectors

1. Transport & Communication
2. Other businesses

6. Trade developments: goods exports amounted to E12.619billion and imports at E11.161billion, indicating a positive trade balance of E1.458 in 2025Q4

7. Whilst the Lilangeni appreciated against major currencies

US$=E17.64 £ = E23.80 € = 20.61

1. International Developments

1.1. Global economic growth

The global economy has been adapting to a changing landscape as trade tensions ease. In the third quarter of 2025, global growth slowed to an annualized 2.4 percent due to declining German exports, a contraction in Japan, and slowing growth in China. This decline was countered by increased aerospace exports from France and strong growth in the US.

Future growth prospects have improved, with the IMF raising its 2026 growth forecast from 3.2 percent to 3.3 percent, despite challenges from shifting trade policies. Positive factors include substantial technology-related investments in North America and Asia, as well as fiscal and monetary support that could mitigate the impacts of trade policy. However, growth is expected to decelerate to 3.2 percent in 2027 as technology investments decline.

Advanced Economies

Growth in advanced economies is projected at 1.8 percent in 2026 and 1.7 percent in 2027. The US economy is expected to expand by 2.4 percent, supported by supportive fiscal policy and a lower policy rate, reflecting a 0.3 percentage-point upward revision from previous estimates.

Emerging Market and Developing Economies

Emerging Markets and Developing Economies (EMDE's) are projected to moderate from a growth of 4.2 percent in 2026 to 4.1 percent in 2027.Nonetheless, the 2026 projection reflects a 0.2 percentage point upward revision, partly reflecting the lower US effective tariff rates on Chinese goods due to the November 2025 truce. Hence, in China, growth was revised upwards to 4.5 percent in 2026, before slowing to 4.0 percent in 2027. This slowdown would be mainly attributable to structural headwinds such as the property market slump, that are expected to intensify during this period.

Sub-Saharan Africa

Sub-Saharan Africa is projected to grow by 4.6 percent in both 2026 and 2027, with slight upward revisions for Nigeria and South Africa. Nigeria's growth is expected to reach 4.4 percent in 2026 and 4.1 percent in 2027, benefiting from stimulus measures and macroeconomic reforms. South Africa's growth is forecast at 1.4 percent in 2026 and 1.5 percent in 2027, supported by improvements in addressing structural challenges in energy and logistics.

1.2. Global Commodity Prices

1.2.1 Global inflation

The global economy is showing cautious optimism as inflation pressures ease. According to the latest IMF projections (January 2026), global headline inflation for 2025 has been revised down to 4.1

percent, while the 2026 forecast is up to 3.8 percent. Inflation is expected to remain stable at 3.4 percent in 2027. Overall, inflation trends align with previous estimates, but the return to target levels is expected to be slower in the United States compared to other major economies.

Table 1: Global growth trends (percent)

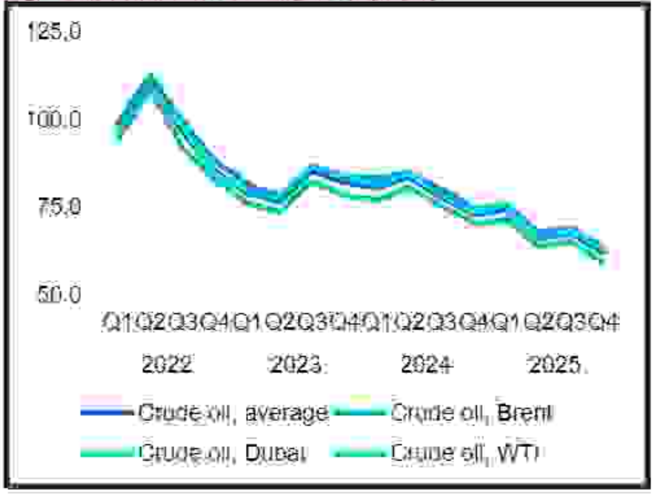
Countries	Est. 2024	Est. 2025	Proj. 2026	Proj. 2027
World Output	3.3	3.3	3.3	3.2
AE's	1.8	1.7	1.8	1.7
US	2.8	2.1	2.4	2.0
EU	0.9	1.4	1.3	1.4
UK	1.1	1.4	1.3	1.5
EMDE's	4.3	4.4	4.2	4.1
China	5.0	5.0	4.5	4.0
India	6.5	7.3	6.4	6.4
SSA	4.1	4.4	4.6	4.6
Nigeria	4.1	4.2	4.4	4.1
South Africa	0.5	1.3	1.4	1.5

Source: IMF WEO, April 202

1.2.2 Energy Developments

In the quarter under review, crude oil prices averaged US$62.09 per barrel, down from US$67.46 in the third quarter of 2025, marking an 8.0 percent decline. This drop was driven by increased production from OPEC+ and non-OPEC+ producers, as well as higher floating oil storage, coinciding with slowing demand. Despite geopolitical tensions, prices remained stable, supported by excess supply and inventory levels.

Figure 1: Global Crude oil prices ($/bbl)

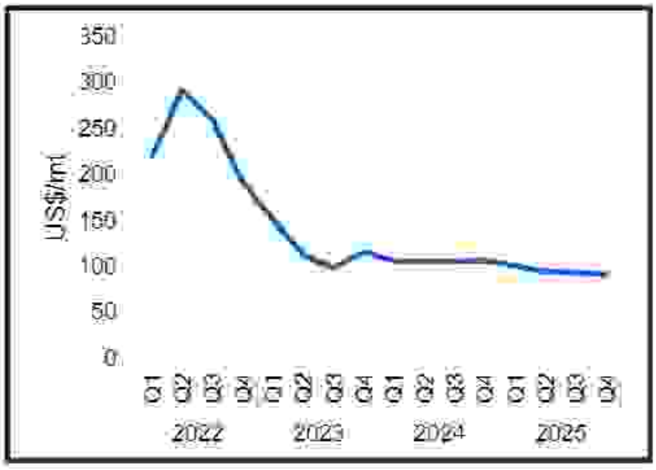


Source: World Bank pink sheets

Global Coal Prices

In the quarter under review, South African coal prices fell by 1.9 percent, from US$93.07 to US$91.34 per metric ton. Major Asian consumers, such as China and India, prioritized domestic supply and maintained inventories, weakening external demand. Logistical challenges and competition from lower-grade coal also affected the seaborne market.

Figure 2: Coal Prices



Source: World Bank Pink Sheets

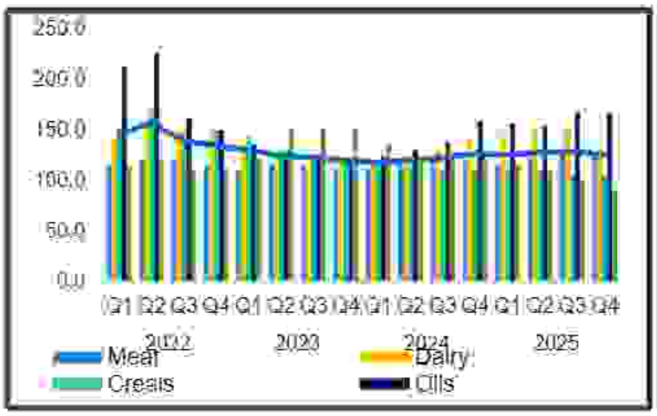
1.2.3 Global food prices

In the fourth quarter of 2025, the global food commodity markets saw a 3.2 percent decline in the FAO Food Price Index (FFPI), affecting all food categories. Sugar prices led the decline, falling 10.8 percent amid high crushing volumes in Brazil and strong production expectations from India and Thailand. Lower demand for biofuels also contributed to this decline.

Dairy prices decreased by 10.5 percent, driven by increased milk production and excess supply from the EU and New Zealand. Meat prices declined by 2.0 percent, largely due to ample poultry supply from Brazil, which regained market share after trade bans were lifted. Pig meat prices fell due to an abundant supply in the EU and weak demand from China, whereas bovine meat prices remained high due to strong global demand.

Vegetable oil prices declined by 0.9 percent across various types. Cereal prices declined modestly by 0.2 percent: wheat prices rose due to strong demand, but this was offset by falling rice prices.

Figure 2: Global Food Indices



Source: FAO Food Price Index

2. RSA Developments

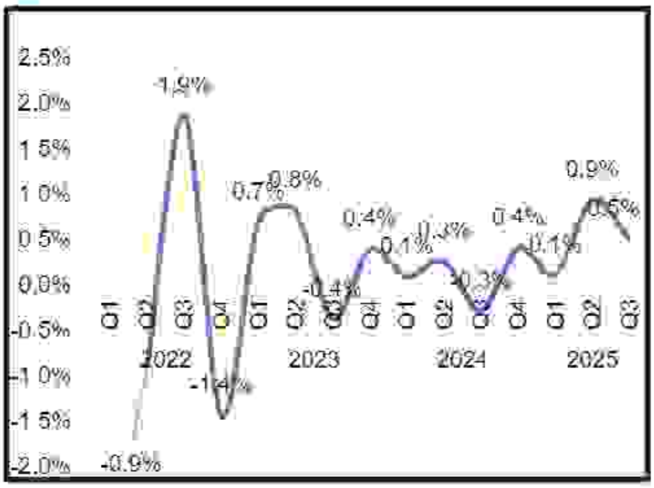
2.1. Real GDP Growth

In the third quarter of 2025, the South African economy contracted by 0.5 percent relative to the preceding quarter. This decline was primarily due to a slowdown in growth in sectors such as agriculture (1.1 percent), mining (2.3 percent), manufacturing (0.3 percent), and trade (1.0 percent).

The construction industry showed a slight recovery, rising by 0.1 percent following a prior decline, driven by non-residential building activity. Similarly, transport, storage, and communication grew by 0.5 percent, rebounding from a 0.8 percent decline, driven by enhanced air transport and communication services.

In contrast, the electricity and water sector declined by 2.5 percent due to reduced electricity production and consumption.

Figure 3: RSA QRGDP 2025 - (Q-O-Q change)



Source: Stats SA

3. Domestic Developments

3.1. *Eswatini Economic Activity*

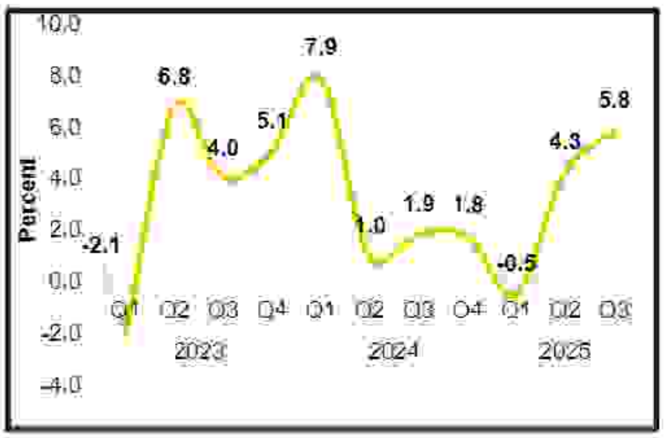
The domestic economy grew by 2.1 percent (seasonally adjusted) in the third quarter of 2025 compared to the previous quarter, and by 5.8 percent compared to the same period in 2024. All economic sectors showed positive performance.

The primary sector rebounded by 11.8 percent (y-o-y) in 2025Q3, following an 8.4 percent decline in the same period in 2024. This growth was primarily driven by the mining and quarrying subsector, which increased by 65.3 percent due to improved demand for coal, following the rebound of the South African ferrochrome industry. The forestry subsector also contributed with a 13.4 percent increase.

The secondary sector grew by 9.9 percent (y-o-y), driven by a 10.0 percent growth in manufacturing and 13.0 percent in construction. Manufacturing gains were seen in chemicals, grain mill products, and textiles, while ongoing public and private projects bolstered construction activity.

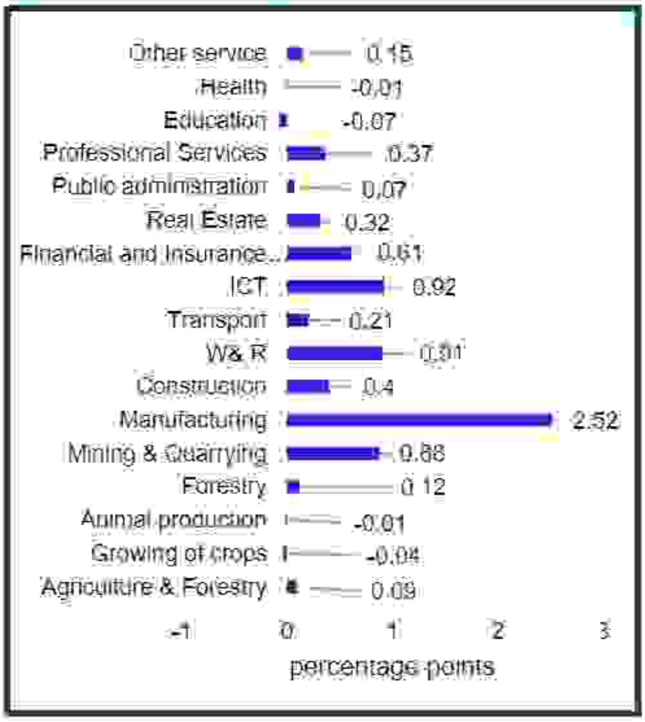
Finally, the tertiary sector recorded 6.2 percent growth (y-o-y), largely fuelled by a 30.6 percent increase in the Information and Communication Technology (ICT) subsector, along with positive contributions from wholesale and retail, financial services, professional services, and transport.

Figure 4: Quarterly RGDP growth trends (Y-o-Y)



Source: Central Statistical Office

Figure 5: Quarterly GDP growth drivers-2025Q3



Source: Central Statistical Office

3.2. Prices

3.2.1. Headline inflation

Prices increased at a slower rate in the fourth quarter of 2025, with headline inflation averaging 2.6 percent, down from 2.7 percent in the third quarter. This disinflation was mainly driven by a significant drop in food and non-alcoholic beverage inflation, which fell from 1.5 percent to 0.2 percent. Although bread prices rose in November, declines in other food items, such as cereals, poultry, and vegetables, offset the increase.

Conversely, housing and utilities inflation rose slightly from 4.2 percent to 4.3 percent, in line with a 0.1 percentage-point increase in rentals. Transport inflation also increased, from -0.1 percent to 0.8 percent, driven by higher costs for fuels, lubricants, and air transport services.

Figure 6: Inflation Drivers

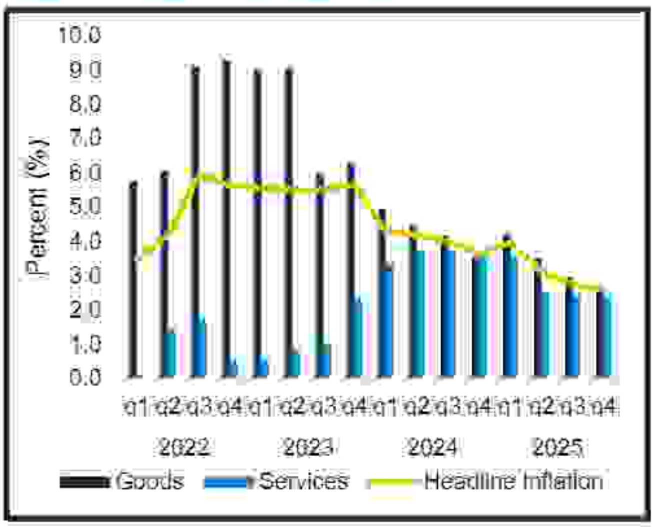
Source: Central Statistical Office

3.2.2 Inflation of goods and services

During the review period, inflation for goods and services decreased by 0.3 and 0.1 percentage points, respectively. This decline in goods inflation was due to lower rates for both durable and non-durable goods, whereas semi-durable goods experienced an increase.

In the fourth quarter of 2025, services inflation slowed by 0.1 percentage point, notably in accommodation services, which declined by 6.8 percentage points. However, administered prices rose by 1.6 percentage points to an average of 2.9 percent, largely due to higher bread prices in November 2025.

Figure 7: Inflation for goods and services



Source: Central Statistics Office

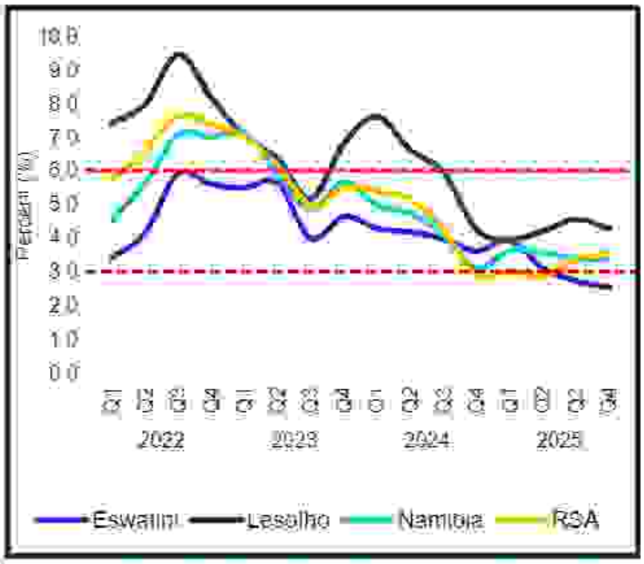
3.2.3 Price developments in the CMA

In the quarter under review, the Common Monetary Area (CMA) exhibited divergent inflation dynamics while remaining within the 3-6 percent target band. Eswatini and Lesotho saw average inflation rates decrease, with Lesotho's inflation moderating to 4.3 percent and Eswatini's to 2.6 percent, primarily due to lower food prices.

Conversely, South Africa's inflation rose from 3.4 percent in Q3 to 3.6 percent in Q4, driven by increases in housing, utilities, transport, and miscellaneous goods. Namibia's inflation remained unchanged at 3.4 percent.

Additionally, South Africa adjusted its inflation target to the lower bound of the 3-6 percent band, requiring all CMA countries to align their monetary policies accordingly.

Figure 8: CMA inflation trends



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

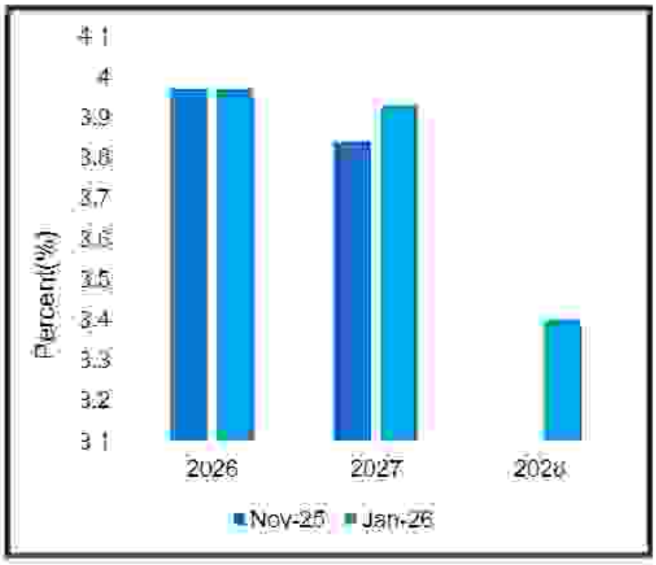
3.2.5. Inflation forecast

Inflation projections for January 2026 indicate that inflationary pressures will remain subdued in the short term, primarily due to moderating food prices, stable oil prices, and a strong exchange rate. Oil prices are expected to remain below US$65.00 per barrel amid an OPEC+ oil glut.

The exchange rate's strength is aided by easing U.S. monetary policy, which has boosted investor sentiment toward South Africa amid a weaker U.S. dollar. However, rising public-sector salaries may increase inflationary pressures in 2026, with headline inflation projected to average 2.8 percent in the first quarter and to reach 4.0 percent annually.

In the medium term (2027-2028), inflation is expected to rise, averaging 3.9 percent in 2027 and 3.4 percent in 2028, driven by increases in administered prices and public-sector salaries.

Figure 9: Inflation Forecasts – January 2026

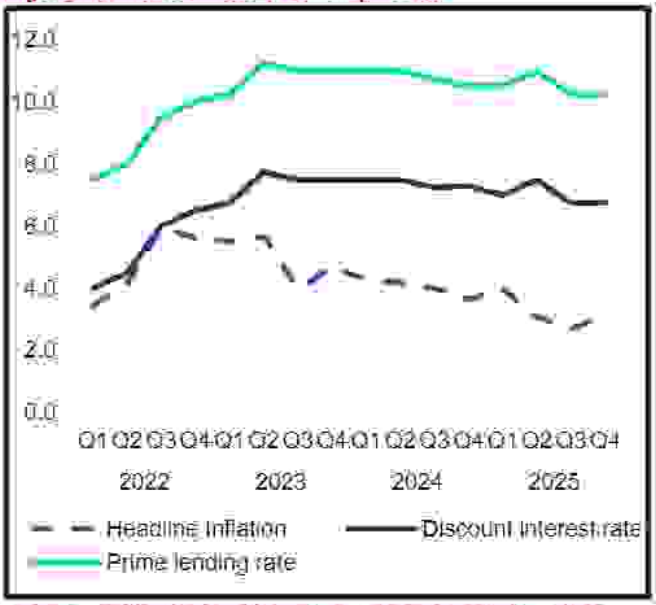


Source: Central Bank of Eswatini

3.3. Monetary Policy

In line with the moderated inflationary pressures in the review period, the monetary stance remained unchanged, with the discount rate maintained at 6.75 percent and the prime lending rate at 10.25 percent.

Figure 10: Interest Rates Developments

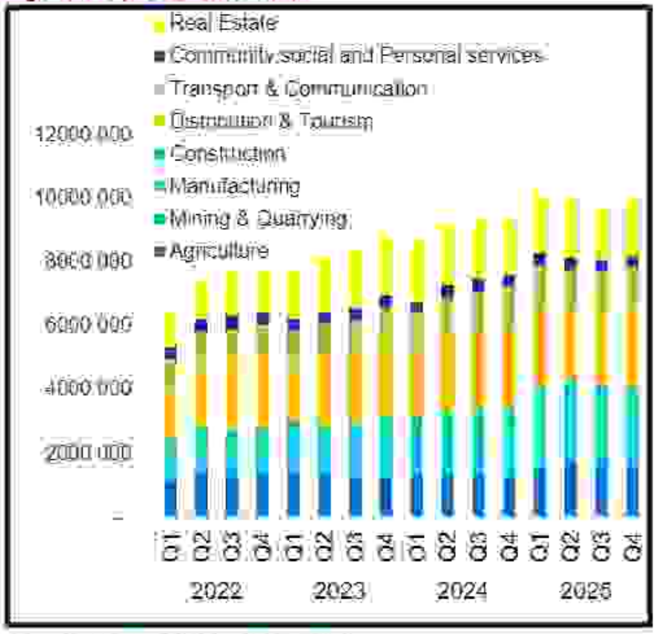


Source: Central Bank of Eswatini, Central Statistics Office

3.4 Total Credit Extension

Supported by a favourable monetary policy, private sector credit rose by 3.3 percent, from E21.693 billion in Q3 2025 to E22.408 billion in Q4 2025. This growth was mainly driven by a 4.9 percent increase in credit to households and a 2.5 percent increase in credit to businesses, while credit to other sectors declined by 1.5 percent.

Figure 11: Credit Extension

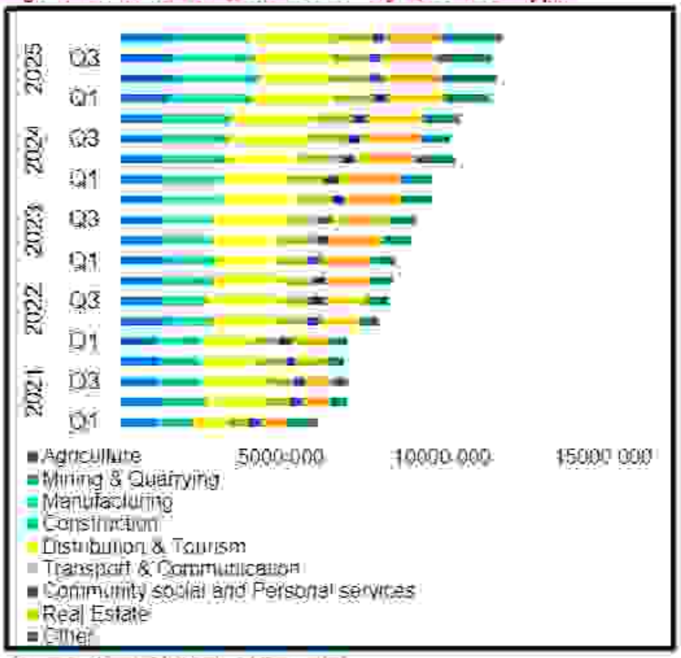


Source: Central Bank of Eswatini

3.4.1. Credit to businesses

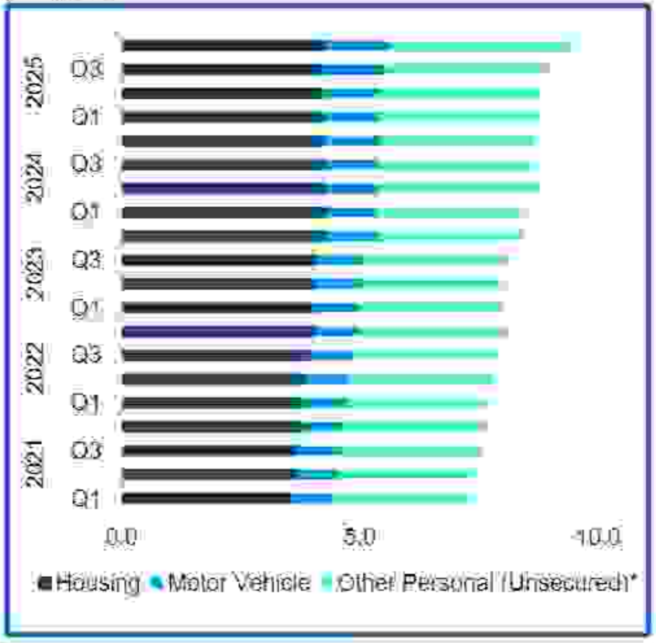
Total credit extended to businesses totalled E11.851 billion in Q4 2025, up 2.5 percent from E11.559 billion in Q3 2025. Significant lending growth was observed in 'transport and communication' (13.1 percent), 'other sectors' (8.5 percent), 'distribution and tourism' (5.6 percent), 'mining and quarrying' (2.2 percent), and 'real estate' (1.3 percent). However, declines occurred in 'construction' (-16.1 percent), 'community, social and personal services' (-6.7 percent), 'agriculture' (-2.2 percent), and 'manufacturing' (-0.8 percent).

Figure 12: Credit to Businesses - by Business Type



Source: Central Bank of Eswatini

Figure 13: Household Credit Extension by Purpose (E'Billion)



Source: Central Bank of Eswatini

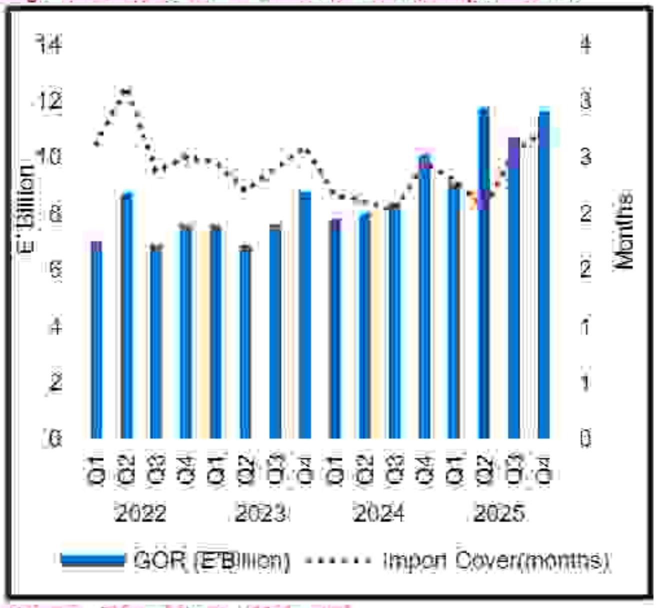
3.4.2. Household credit

In the quarter under review, credit extended to households reached E9.438 billion, a 4.9 percent increase from E8.874 billion in the previous quarter. This rise was noted across all subcategories, including 'other personal loans' (which increased by 9.6 percent), 'motor vehicle loans' (up by 5.5 percent), and 'housing loans' (which saw a modest increase of 0.9 percent).

3.5. Gross Official Reserves

In the fourth quarter of 2025, gross official reserves were reported at E11.672 billion, an 8.7 percent increase from the previous quarter. At this level, the reserves were sufficient to cover 2.8 months of imports, which is still below the internationally recommended threshold of 3 months. The rise in reserves was primarily attributable to the October 2025 quarterly SACU receipts inflow and to increased foreign-currency inflows from the Central Bank's transactions with local commercial banks.

Figure 14: Gross Official Reserves and Import Cover



Source: Central Bank of Eswatini

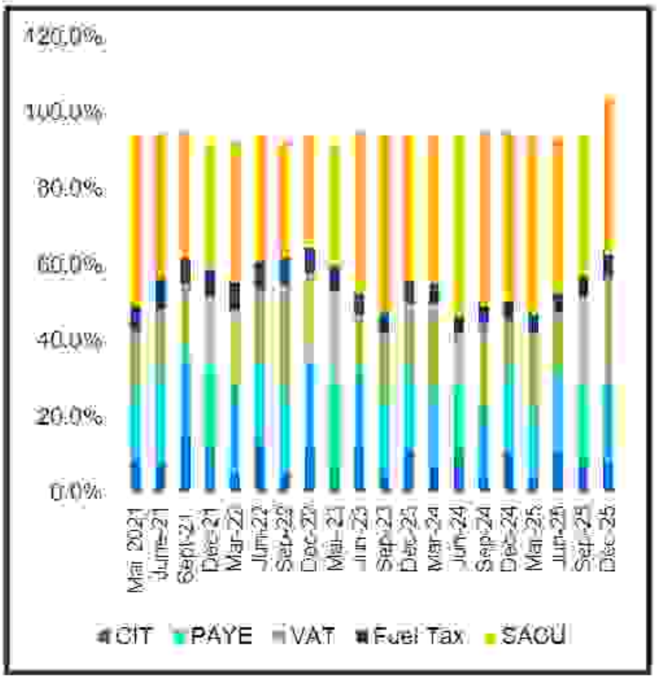
3.6. Fiscal Developments

3.6.1. Government Revenue

Year-to-date revenue collection for the third quarter of FY 2025/26 was estimated at 66.8 percent of the budgeted revenue, a decrease from 79.8 percent during the same period last year. Domestic revenue comprised 59.9 percent of the total revenue collected, while trade revenue accounted for 40.1 percent. Compared to the previous fiscal year, total revenue collected in FY 2025/26 Q3 showed an 8 percent decline. Key revenue sources that contributed to this decline included SACU receipts, which fell by 20 percent year-on-year, Value Added Tax, which decreased by 4 percent, and other taxes on goods and services, which dropped by 23 percent.

On a positive note, there was a strong performance in income taxes, with corporate tax increasing by 15 percent year-on-year and Pay-As-You-Earn rising by 2 percent. Additionally, non-tax revenue saw a significant increase of 22 percent year-on-year.

Figure 15: Major revenue Lines as % of total revenues

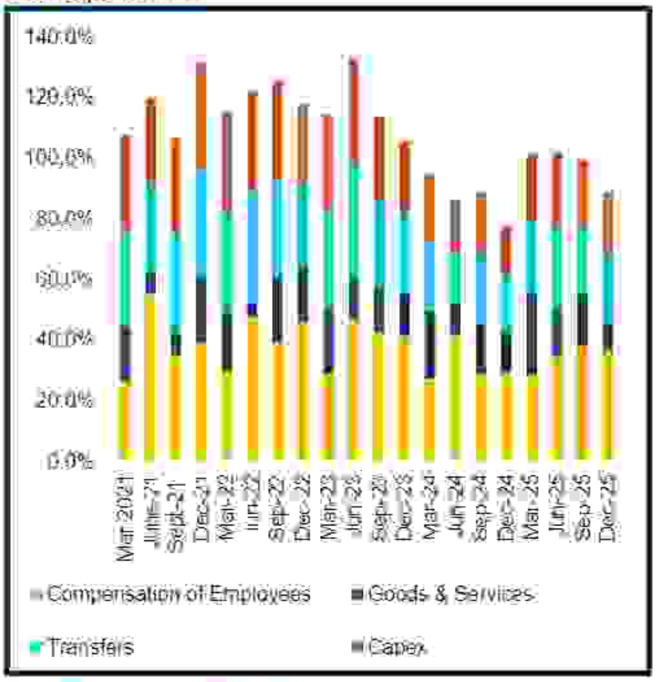


Source: Ministry of Finance

3.6.2. Government Expenditure

In the first three quarters of FY 2025/26, total government expenditure was 72.2 percent of the budget, a 9.9 percentage point decline from 82.1 percent in the same period last year. Notably, employee compensation increased from 89.9 percent of the budget in FY 2024/25 to 92.6 percent in FY 2025/26, partly reflecting the October 2025 salary adjustment for public-sector employees. Spending on goods and services, as well as transfers, increased during the review period, with the latter rising from 97.3 percent of the budget in FY 2024/25 to 103.4 percent in FY 2025/26, mainly due to increased internal transfers. However, capital expenditure execution moderated from 96.7 percent in FY 2024/25 to 61.8 percent in FY 2025/26.

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



Source: Ministry of Finance

3.7. External Developments

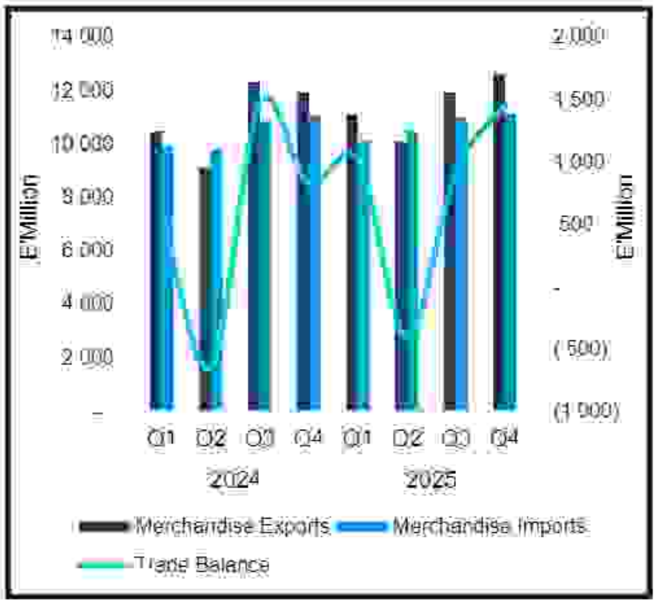
3.7.1. Merchandise Trade Developments

During the review period, merchandise exports and imports rebounded after a previous decline. Total exports reached E12.619 billion in the fourth quarter of 2025, up 5.8 percent. This growth was largely driven by 'miscellaneous edibles,' which increased by 13.3 percent and accounted for 41.9 percent of exports. Notably, 'sugar' increased by 17.6 percent, contributing 19.9 percent.

Imports totalled E11.161 billion, a 1.5 percent growth. Major imports included 'food' at 15.4 percent, which grew by 12.8 percent, and 'capital goods' at 12.3 percent, which increased by 14.5 percent. However, 'other intermediary consumption' and 'fuel and energy' declined by 12.0 percent and 5.1 percent, respectively.

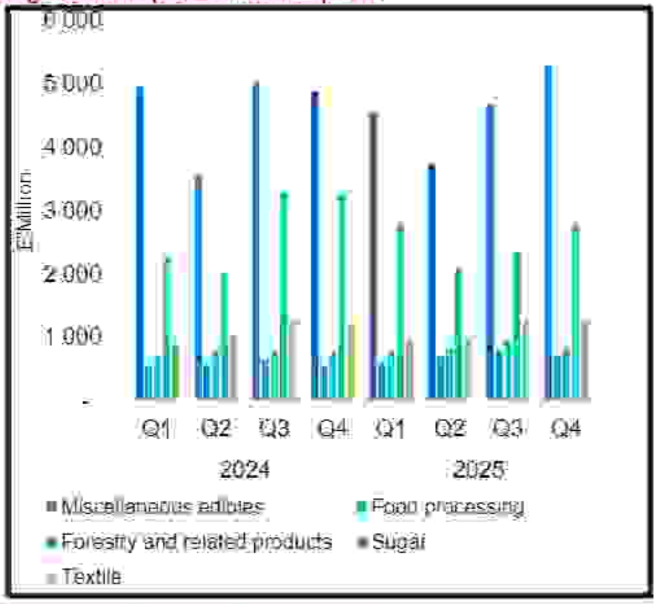
As exports outpaced imports, the trade balance showed a surplus of E1.458 billion, a 56.2 percent rise from the third quarter. The SACU region remained the primary trading partner, accounting for 70.0 percent of exports and 72.3 percent of imports, while Asia followed as the second-largest import source at 15.3 percent.

Figure 17: Overall Trade Developments



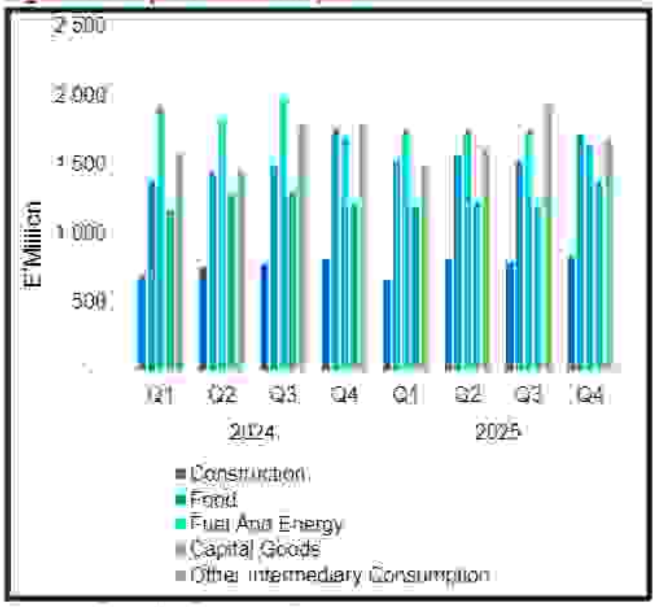
Source: Eswatini Revenue Service

Figure 18: Top 5 Eswatini Exports



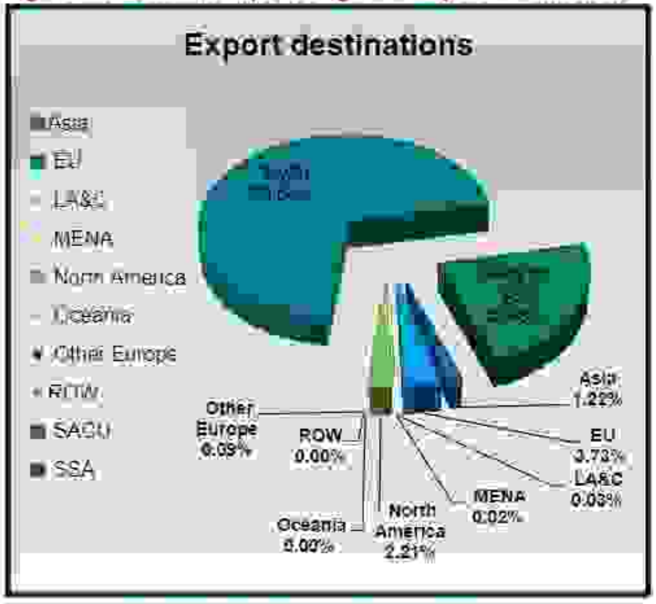
Source: Eswatini Revenue Service

Figure 19: Top 5 Eswatini Imports

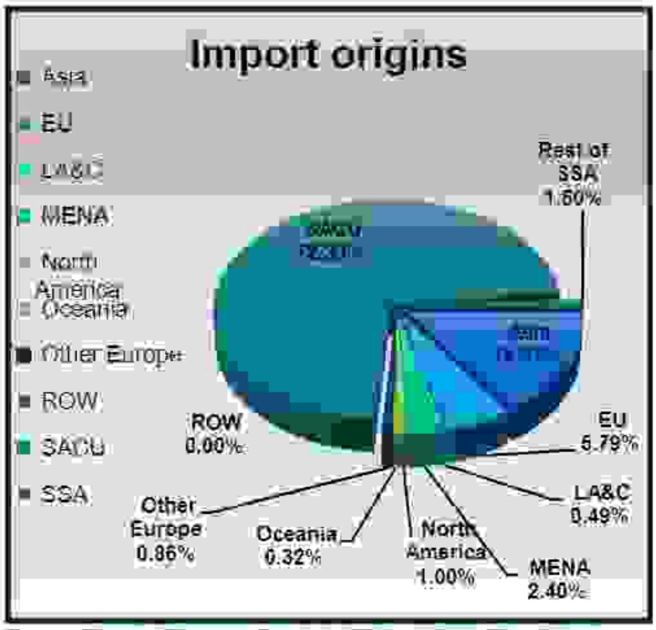


Source: Eswatini Revenue Services

Figure 20: Eswatini Import Origins & Export Destinations



Source: Eswatini Revenue Service MENA – Middle East & North Africa* Other Europe – countries not affiliated with the Euro Zone*

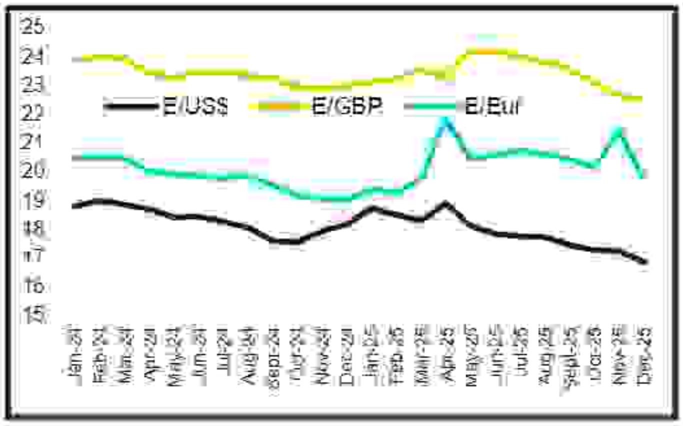


Source: Eswatini Revenue Service MENA – Middle East & North Africa* Other Europe – countries not affiliated with the Euro Zone*

3.7.2. Exchange Rate Developments

Currency movements in the fourth quarter of 2025 displayed a consistent trend, with the Rand—and consequently the Lilangeni—gaining ground against all three major currencies: the US Dollar, the British Pound, and the Euro. The Lilangeni traded at an average of E17.13 per US Dollar, a decrease from E17.64 in the third quarter of 2025. It averaged E22.75 against the Pound, down from E23.80 in the previous quarter, and E20.43 against the Euro, compared to E20.61 in 2025Q3. The appreciation of the Lilangeni can be attributed to a weakened U.S. economy, high precious metals prices, and an improving South African economy.

Figure 21: Exchange Rates Developments (SZL per unit currency)



Source: Central Bank of Eswatini

ANNEX 1. RELEASE CALENDAR

Economic Bulletin Release Calendar

Timelines	Schedule date
Q1	*2nd week of May*
Q2	*2nd week of August*
Q3	*2nd week of November*
Q4	*2nd week of February*

ANNEX 2. INDICATORS TABLE

MACRO-ECONOMIC INDICATOR	2018	2019	2020	2021	2022	2023	2024	2025
POPULATION	1,128,092	1,133,922	1,146,803	1,160,382	1,174,014	1,187,856	1,202,288	1,217,041
GDP AT MARKET PRICES (E' MILLION)*	61,768	66,403	67,623	70,039	76,827	81,966	86,968	90,215
GDP PER CAPITA (E')	55,162	58,580	58,951	60,359	65,139	69,011	72,999	98,216
GDP PER CAPITA (US $)	4,167	3,959	3,471	4,082	3,997	3,742	4,039	5,325
ANNUAL GDP GROWTH RATE (%)	2.4	2.7	1.6	8.4	-0.1	5.0	4.8	5.8
SHARE OF AGRICULTURE& FORESTRY TO GDP (%)	8.5	8.5	8.1	8.1	7.8	7.1	7.1	7.2
SHARE OF MANUFACTURING TO GDP (%)	28.6	28.8	24.3	27.3	29.1	29.3	29.1	30.2
SHARE OF TERTIARY SECTOR TO GDP (%)	45.9	46.3	49.2	53.3	50.8	51.9	51.4	52.0
UNEMPLOYMENT RATE (%)	-		-	33.3		35.4	-	
HUMAN DEVELOPMENT INDEX (HDI)	0.605	0.611	-	0.597				
PROPORTION OF POPULATION BELOW POVERTY LINE (%)	-		-	-		-	-	-
ANNUAL INFLATION RATE (%)	4.8	2.6	3.9	3.7	4.8	5.0	4.0	3.1
CPI (JUNE 2020 =100)	94.0	96.4	100.1	103.8	108.3	114.2	118.8	122.3
DISCOUNT RATE (%)	6.75	6.5	3.75	3.75	6.50	7.50	7.0	3.75
PRIME LENDING RATE (%)	10.25	10	7.25	7.25	10.5	11.0	10.5	10.25
AVERAGE EXCHANGE RATE (E/US DOLLAR)	13.24	14.48	16.46	14.78	16.37	18.44	18.31	17.88
AVERAGE EXCHANGE RATE (E/POUND STERLING)	17.64	18.48	21.00	20.33	20.18	22.95	23.39	23.48
MERCHANDISE EXPORTS (E' MILLION)	24,345	25,835	28,577	30,631	32,327	38,682	43,864	45,794
MERCHANDISE IMPORTS (E' MILLION)	23,988	23,425	25,939	30,422	33,420	37,708	41,703	42,784
MERCHANDISE TRADE BALANCE (E' MILLION)	367	2,451	2,638	209	1,096	974	2,161	3,010
GROSS OFFICIAL RESERVES (E' MILLION)	5,324	8,171	6,662	9,635	6,830	8,793	10,133	11,672
GROSS OFFICIAL RESERVES (MONTHS OF IMPORT COVER)	2.9	2.8	3.5	3.5	2.6	2.6	2.5	2.7
TOTAL REVENUE AND GRANTS (E' MILLION)	15,584	17,799	19,289	17,969	16,806	25,730	27,639	29,638
TOTAL EXPENDITURE (E' MILLION)	16,999	22,163	22,325	21,279	23,078	27,200	30,031	34,701
FISCAL SURPLUS/DEFICIT (E' MILLION)	(4,316)	(4,380)	(3,036)	(3,310)	(4,272)	(1,470)	(2,392)	(3,063)
FISCAL SURPLUS/DEFICIT AS % OF GDP	-6.9	-6.5	-4.4	-4.8	-6.3	-1.7	-2.8	-3.1
TOTAL DEBT (E' MILLION)	16,615	20,453	25,344	27,157	31,365	34,007	36,649	43,042
TOTAL DEBT AS % OF GDP	26.5	30.7	38.0	37.3	40.2	39.2	40.9	45.6

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