



# THIRD (3<sup>rd</sup>) QUARTER REVIEW JULY - SEPTEMBER 2020

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## LISTED EQUITY COMPANIES

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The Eswatini Stock Exchange aims to enable companies to list and investors to trade in securities. Our vision is striving to be the most functional Stock Exchange in Africa. To achieve our vision, we seek to adhere to our core values: Passion, respect, integrity discipline and execution.

There are currently 8 listed companies on the ESE Main Board namely:

COMPANY	SECTOR	MARKET CAP %	MARKET CAP (E)
Nedbank	Banking	7,64%	298 770 363
Royal Swazi Sugar (RSSC)	Sugar & Ethanol Production	37,47%	1 464 467 104
Swd Empowerment (SEL)	Holding Company	16,57%	647 500 000
Swaprop	Real Estate	4,70%	183 743 335
Swazispa Holdings	Hospitality	1,07%	41 966 964
Greystone Partners	Private Equity	10,89%	425 509 383
SBC Limited	Holding Company	19,26%	752 622 000
Inala Capital	Emerging Markets	2,39%	93 592 200
		100,00%	3 908 171 349

There was no new listing in the period under review, the ESE will continue to engage stakeholders in a bid to get more listings (both domestic and foreign).

**TABLE 1: LISTED EQUITY COMPANIES**

	Jun 2020	Jul 2020	Aug 2020	Sep 2020
Total companies listed	8	8	8	8
New entrants/listings	0	0	0	0
Domestic Companies	8	8	8	8
Foreign Companies	0	0	0	0

Source: ESE Trading Statistics, 2020

## MARKET CAPITALISATION

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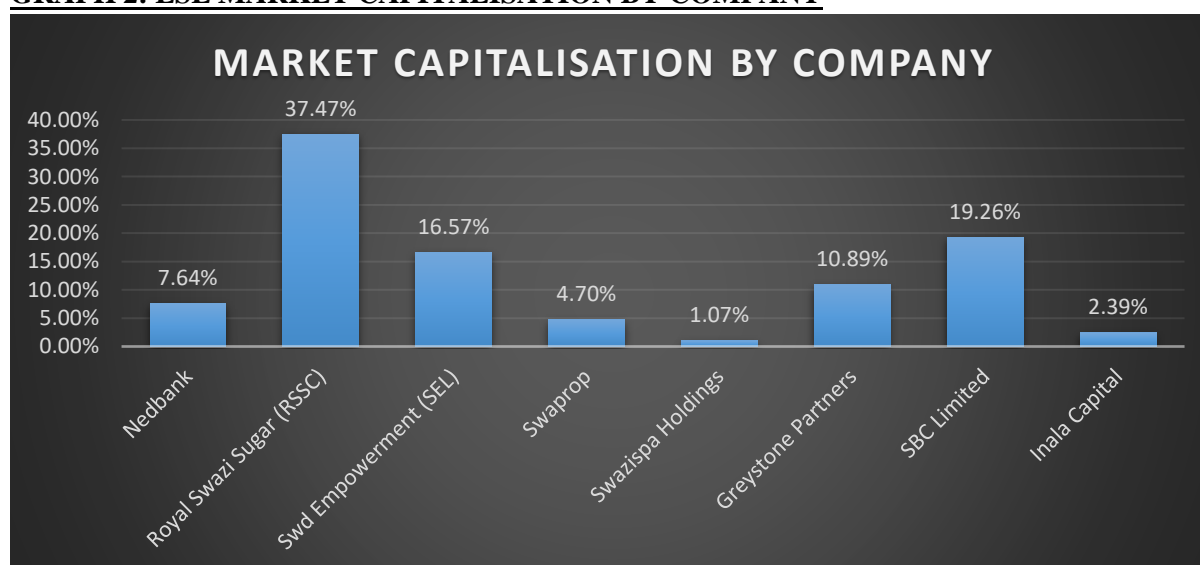
ESE Market Capitalisation ended the 3<sup>rd</sup> Quarter with a value of E3.91 billion, reflecting an increase of 3.17% from the previous quarter's close of E3.79 billion. The increase in the market capitalisation was due to share price increases from Royal Eswatini Sugar Corporation, Inala Capital, and the slight share price increase in Nedbank during the quarter. Year-on-year, the Market Capitalisation realised a 3.21% gain from E3.79 billion in the 3<sup>rd</sup> Quarter of 2019 to E3.91 billion at the end of the 3<sup>rd</sup> Quarter in 2020.

**GRAPH 1: ESE MARKET CAPITALISATION 2019 vs 2020**



Source: ESE Trading Statistics 2020

**GRAPH 2: ESE MARKET CAPITALISATION BY COMPANY**

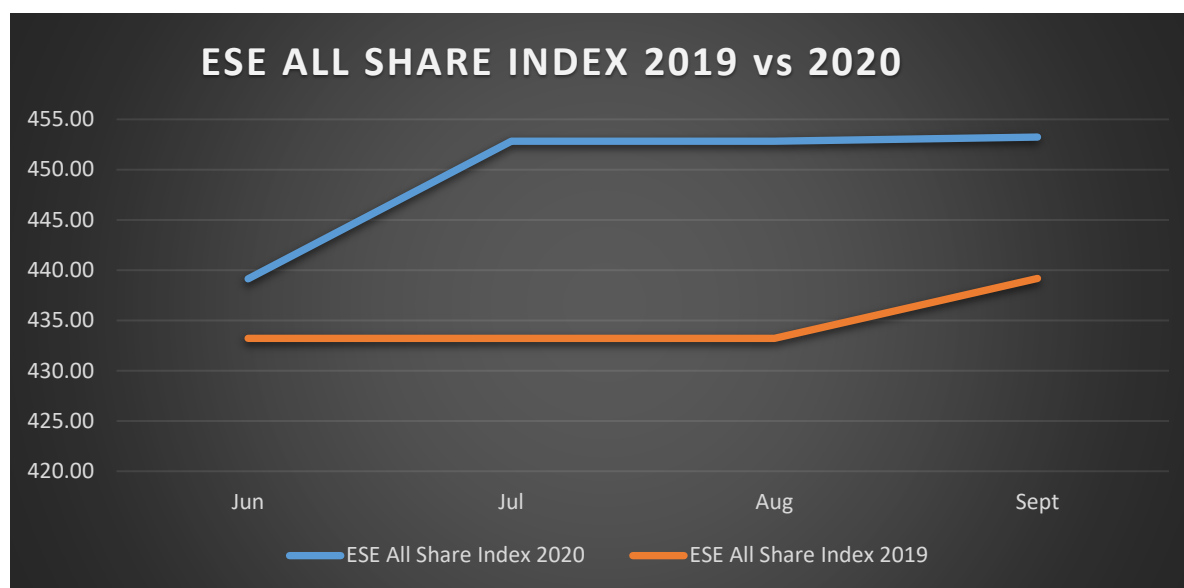


Source: ESE Trading Statistics 2020

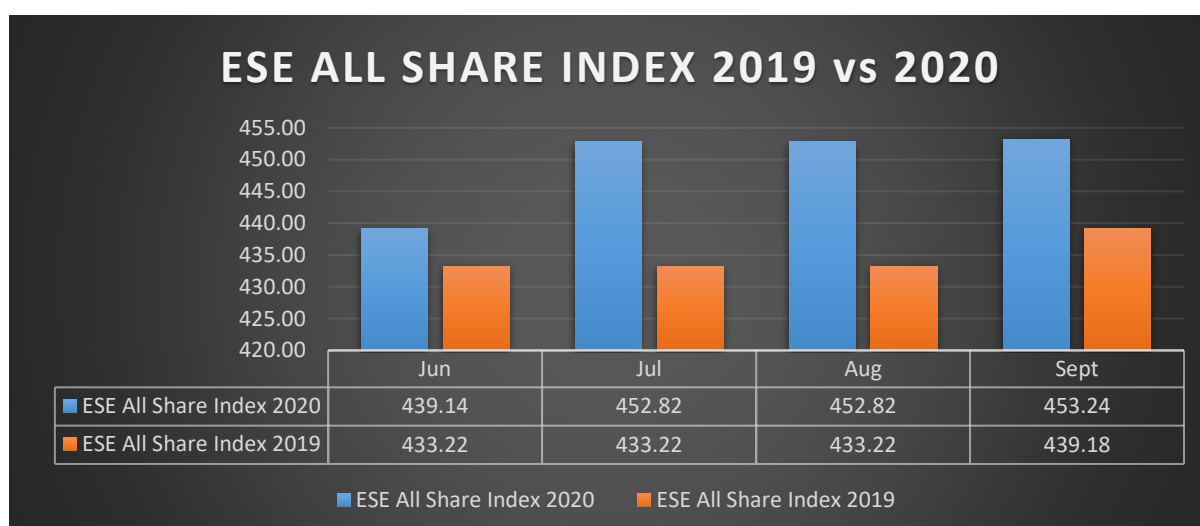
### **ESE ALL SHARE INDEX TREND**

The ESE All Share Index increased to 453.24, representing a 3.21% increase from the previous quarter's close of 439.14. Trading during the 3<sup>rd</sup> Quarter increased as evidenced by the share price in Nedbank, Inala Capital, Greystone and SBC Limited. Year-on-year, the All share index increased from 439.18 to 453.24 reflecting a 3.20% increase.

**GRAPH 3: ESE ALL SHARE INDEX TREND 2019 vs 2020**



**GRAPH 4: ESE ALL SHARE INDEX 2019 vs 2020**



Source: ESE Trading Statistics 2020

### **CAPITAL GAINS COMPARISON ON EQUITY PRICES**

Below are the listed companies and their respective share prices (cents per share), compared on an end of quarter basis:

**TABLE 3: SHARE PRICE QUARTER COMPARISON AS AT 30 SEPTEMBER 2020**

COMPANY	01 July 2020	30 Sep 2020	GAIN	MARKET CAP (E)
Nedbank	1240	1250	0,81%	298 770 363
Royal Swazi Sugar (RSSC)	1400	1520	8,57%	1 464 467 104
Swd Empowerment (SEL)	3500	3500	0,00%	647 500 000
Swaprop	790	790	0,00%	183 743 335

<b>Swaziswa Holdings</b>	<b>600</b>	<b>600</b>	<b>0,00%</b>	<b>41 966 964</b>
<b>Greystone Partners</b>	<b>300</b>	<b>300</b>	<b>0,00%</b>	<b>425 509 383</b>
<b>SBC Limited</b>	<b>780</b>	<b>780</b>	<b>0,00%</b>	<b>752 622 000</b>
<b>Inala Capital</b>	<b>125</b>	<b>130</b>	<b>4,00%</b>	<b>93 592 200</b>
				<b>3 908 171 349</b>

Source: ESE Trading Statistics, 2020

**TABLE 2: QUARTERLY PERFORMANCE**

<b>EQUITIES</b>	<b>RULING PRICE JUN '20</b>	<b>RULING PRICE SEP '20</b>	<b>CAPITAL GAINS YIELD</b>	<b>MKT CAP JUN '20</b>	<b>MKT CAP JUN '20</b>	<b>MKT CAP SEP '20</b>	<b>MKT CAP % SEP '20</b>
<b>Nedbank</b>	<b>1240</b>	<b>1250</b>	<b>0,81%</b>	<b>296 380 200</b>	<b>7,83%</b>	<b>298 770 363</b>	<b>7,64%</b>
<b>Royal Swazi Sugar (RSSC)</b>	<b>1400</b>	<b>1520</b>	<b>8,57%</b>	<b>1 348 851 280</b>	<b>35,62%</b>	<b>1 464 467 104</b>	<b>37,47%</b>
<b>Swd Empowerment (SEL)</b>	<b>3500</b>	<b>3500</b>	<b>0,00%</b>	<b>647 500 000</b>	<b>17,10%</b>	<b>647 500 000</b>	<b>16,57%</b>
<b>Swaprop</b>	<b>790</b>	<b>790</b>	<b>0,00%</b>	<b>183 743 335</b>	<b>4,85%</b>	<b>183 743 335</b>	<b>4,70%</b>
<b>Swaziswa Holdings</b>	<b>600</b>	<b>600</b>	<b>0,00%</b>	<b>41 966 964</b>	<b>1,11%</b>	<b>41 966 964</b>	<b>1,07%</b>
<b>Greystone Partners</b>	<b>300</b>	<b>300</b>	<b>0,00%</b>	<b>425 509 383</b>	<b>11,24%</b>	<b>425 509 383</b>	<b>10,89%</b>
<b>SBC Limited</b>	<b>780</b>	<b>780</b>	<b>0,00%</b>	<b>752 622 000</b>	<b>19,88%</b>	<b>752 622 000</b>	<b>19,26%</b>
<b>Inala Capital</b>	<b>125</b>	<b>130</b>	<b>4,00%</b>	<b>89 992 500</b>	<b>2,38%</b>	<b>93 592 200</b>	<b>2,39%</b>
				<b>3 786 565 662</b>	<b>100,00%</b>	<b>3 908 171 349</b>	<b>100,00%</b>

Source: ESE Trading Statistics, 2020

## **EQUITY TURNOVER**

A total turnover of E 16,212,013.50 was recorded from a sale of 5,090,963 shares over a total of nineteen (19) trades concluded over the 3<sup>rd</sup> Quarter of 2020. In comparison to the 3<sup>rd</sup> Quarter of 2019, turnover increased exponentially, from E 143,302.50 to E 16,212,013.50 in the 3<sup>rd</sup> Quarter 2020. The 3<sup>rd</sup> Quarter turnover of E 16,212,013.50 showed a 67% decrease from the 2<sup>nd</sup> Quarter's turnover of E 48,433,809.30. Trades conducted in the 3<sup>rd</sup> Quarter were as follows

**TABLE 4: VALUE TRADED SUMMARY 3<sup>rd</sup> QUARTER 2020**

<b>COMPANY</b>	<b>NUMBER OF SHARES</b>	<b>SHARE PRICE (CPS)</b>	<b>TRADE VALUE (SZL)</b>	<b>DATE</b>
Greystone Partners	1600	300	4 800,00	01/07/2020
Nedbank Eswatini Limited	2089	1250	26 112,50	01/07/2020
Inala Capital Limited	1500	125	1 875,00	07/07/2020
SEL	5100	3500	178 500,00	10/07/2020
SBC Limited	2000	780	15 600,00	14/07/2020
Royal Eswatini Sugar Corp	1000	1520	15 200,00	15/07/2020
SEL	1000	3500	35 000,00	21/07/2020
Royal Eswatini Sugar Corp	200	1520	3 040,00	21/07/2020

Nedbank Eswatini Limited	8104	1250	101 300,00	21/07/2020
Nedbank Eswatini Limited	1000	1250	12 500,00	23/07/2020
SBC Limited	4000	780	31 200,00	04/08/2020
SEL	5000	3500	175 000,00	06/08/2020
Greystone Partners	5000000	300	15 000 000,00	11/08/2020
SBC Limited	2000	780	15 600,00	02/09/2020
SBC Limited	20196	780	157 528,80	09/09/2020
SEL	10000	3500	350 000,00	09/09/2020
Inala Capital Limited	14800	130	19 240,00	10/09/2020
Greystone Partners	4000	300	12 000,00	11/09/2020
SBC Limited	7374	780	57 517,20	23/09/2020
	<b>5 090 963</b>		<b>16 212 013,50</b>	

Source: ESE Trading Statistics, 2020

## CORPORATE BONDS

The 3<sup>rd</sup> Quarter of 2020 realised 3 new note issuances (SML713, SML805 and SML806) worth E 15 million, E 7.097 million and 17.85 million, respectively. On the other hand, 4 bonds that matured during the quarter (FIN205, SML408, SML504 and SML505 worth E 6.34 million, E 10 million, E 10 million and E 26 million, respectively. This saw the cumulative corporate bonds outstanding as of September 30, 2020 decrease to SZL1.24 billion, from the previous quarter's outstanding amount of SZL1.25 billion. This marked a 0.8% decrease in total corporate bonds outstanding. Year-on-year, total corporate bonds outstanding decreased by 3.66%.

## NEW CORPORATE BOND ISSUANCES

**TABLE 5: NEW CORPORATE BONDS**

NAME	ISIN CODE	COUPON	MATURITY DATE	NOMINAL VALUE SZL
Select Limited SML713	SZD000552505	11,50	06-07-2023	7 097 037,92
Select Limited SML805	SZD000552497	12,00	04-07-2023	15 000 000,00
Select Limited SML806	SZD000552513	11,50	28-07-2023	17 848 322,82
				<b>39 945 360,74</b>

Source: ESE Trading Statistics, 2020

## MATURED/REDEEMED CORPORATE BONDS

There were four (4) bonds that matured in 3<sup>rd</sup> Quarter. Please see below table.

**TABLE 6: MATURED/REDEEMED CORPORATE BONDS**

NAME	ISIN CODE	COUPON	MATURITY DATE	NOMINAL VALUE SZL
FINCORP FIN205	SZD000552091	11,85	06-07-2020	6 338 938,32
Select Limited SML408	SZD000551886	13,33	04-07-2020	10 000 000,00

Select Limited SML504	SZD000551894	13,25	04-07-2020	10 000 000,00
Select Limited SML505	SZD000551919	13,50	28-07-2020	26 000 000,00
				<b>52 338 938,32</b>

Source: ESE Trading Statistics, 2020

The Table below shows the listed bonds as of September 30, 2020. (See Corporate Events below for new corporate bond issuances in the period under review).

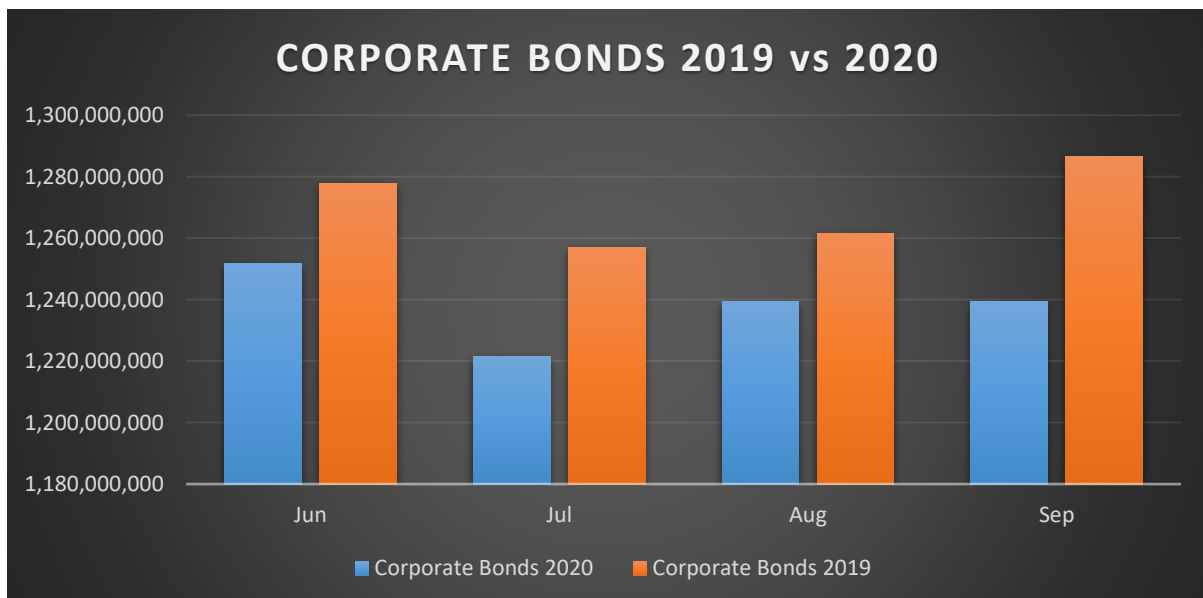
**TABLE 5: CORPORATE BONDS AS OF 30 SEPTEMBER 2020**

NAME	ISIN CODE	COUPON	MATURITY DATE	NOMINAL VALUE SZL
Select Limited SML501	SZD000551804	12,50	2022-02-24	8 859 200,00
Select Limited SML506	SZD000551952	13,50	2020-10-28	17 000 000,00
Select Limited SML507	SZD000551994	13,50	2020-11-17	2 000 000,00
Select Limited SML508	SZD000552158	12,00	2021-08-06	1 130 000,00
Select Limited SML600	SZD000551960	13,50	2020-10-28	9 000 000,00
Select Limited SML601	SZD000551978	13,50	2020-11-17	9 000 000,00
Select Limited SML603	SZD000552018	13,00	2020-12-20	20 100 000,00
Select Limited SML604	SZD000552026	13,00	2020-12-20	10 000 000,00
Select Limited SML605	SZD000552042	13,25	2021-04-10	21 920 000,00
Select Limited SML607	SZD000552075	12,50	2021-06-06	5 000 000,00
Select Limited SML609	SZD000552109	13,75	2023-08-03	30 000 000,00
Select Limited SML610	SZD000552117	13,50	2023-08-06	17 540 627,04
Select Limited SML611	SZD000552125	13,00	2023-10-30	31 500 050,00
Select Limited SML612	SZD000552133	12,00	2020-12-13	48 257 103,29
Select Limited SML613	SZD000552141	Floating	2022-04-08	30 000 000,00
Select Limited SML614	SZD000552158	12,25	2021-06-29	6 735 000,00
Select Limited SML700	SZD000552224	Floating	2021-02-19	42 809 000,00
Select Limited SML702	SZD000552240	12,00	2022-05-06	59 840 000,00
Select Limited SML703	SZD000552273	12,30	2022-05-08	9 000 000,00
Select Limited SML704	SZD000552281	12,50	2022-07-19	12 630 000,00
Select Limited SML705	SZD000552299	11,50	2021-07-29	7 004 216,71
Select Limited SML706	SZD000552307	Floating	2022-08-30	15 000 000,00
Select Limited SML707	SZD000552315	12,25	2022-09-06	9 790 000,00
Select Limited SML708	SZD000552323	13,50	2022-10-28	22 673 200,00
Select Limited SML709	SZD000552331	13,25	2020-11-10	30 000 000,00
Select Limited SML710	SZD000552349	12,50	2024-11-19	50 000 000,00
Select Limited SML711	SZD000552356	0,00	2021-11-28	78 500 000,00
Select Limited SML712	SZD000552489	11,00	2021-06-30	51 200 000,00
Select Limited SML713	SZD000552505	11,50	2023-07-06	7 097 037,92
Select Limited SML800	SZD000552406	12,25	2023-01-11	50 000 000,00
Select Limited SML801	SZD000552414	12,25	2021-03-27	50 000 000,00
Select Limited SML802	SZD000552422	11,00	2023-04-16	20 000 000,00
Select Limited SML803	SZD000552448	11,00	2023-04-16	30 000 000,00
Select Limited SML804	SZD000552455	10,75	2022-05-04	30 221 111,00
Select Limited SML805	SZD000552497	12,00	2023-07-04	15 000 000,00
Select Limited SML806	SZD000552513	11,50	2023-07-28	17 848 322,82

FINCORP FIN202	SZD000552034	14,00	2023-03-30	48 000 000,00
FINCORP FIN204	SZD000552083	12,50	2021-06-06	5 000 000,00
FINCORP FIN207	SZD000552182	12,00	2021-10-17	6 000 000,00
FINCORP FIN208	SZD000552190	12,00	2021-11-08	9 000 000,00
FINCORP FIN209	SZD000552208	12,00	2021-11-23	11 001 972,00
FINCORP FIN210	SZD000552216	Floating	2024-01-16	30 000 000,00
FINCORP FIN211	SZD000552265	12,00	2022-05-04	47 600 000,00
FINCORP FIN300	SZD000552372	12,25	2023-01-29	5 119 375,00
FINCORP FIN301	SZD000552380	12,25	2021-02-10	70 200 000,00
FINCORP FIN302	SZD000552398	12,50	2022-10-10	20 584 658,00
FINCORP FIN303	SZD000552430	10,00	2021-04-07	20 000 000,00
FINCORP FIN304	SZD000552463	10,75	2022-05-04	30 221 111,00
FINCORP FIN305	SZD000552471	11,00	2021-06-30	60 000 000,00
				<b>1 239 381 984,78</b>

Source: ESE Trading Statistics, 2020

### **GRAPH 5: CORPORATE BONDS 3<sup>rd</sup> QUARTER 2020**



Source: ESE Trading Statistics, 2020

### **GOVERNMENT DEBT**

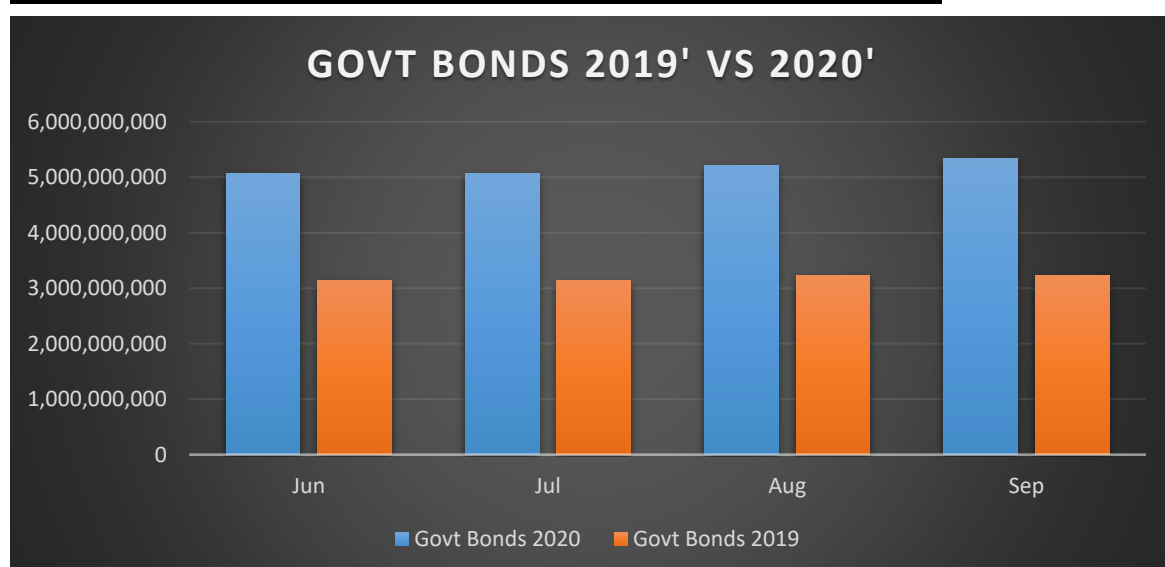
During the period under review, Government through the Central Bank of Eswatini (CBE) maintained 26 bonds with different maturities, ranging from 3, 5, 7, 8, 9, and 10 years. Total outstanding bonds increased from E 5.07 in the 2<sup>nd</sup> Quarter to E 5.33 billion as of September 30, 2020. The increase in value of bonds trading was due to eight (8) reopenings during the period under review. Year-on-year, total government bonds outstanding increased by 65%. The total bonds reopening as of September 30, 2020 were as outlined below: -



**TABLE 6: GOVERNMENT BONDS REOPENINGS AS OF 30 SEPTEMBER 2020**

NAME	ISIN CODE	COUPON	REOPEN DATE	NOMINAL VALUE SZL
Swaziland Government SG035	SZG000441371	10,25	31-07-2020	28 200 000,00
Swaziland Government SG035	SZG000441371	10,25	31-08-2020	10 000 000,00
Swaziland Government SG040	SZG000441439	9,40	31-07-2020	23 409 000,00
Swaziland Government SG040	SZG000441439	9,40	31-08-2020	22 049 000,00
Swaziland Government SG041	SZG000441447	9,85	31-07-2020	58 660 000,00
Swaziland Government SG041	SZG000441447	9,85	31-08-2020	60 000 000,00
Swaziland Government SG047	SZG000441520	10,50	31-07-2020	28 430 000,00
Swaziland Government SG047	SZG000441520	10,50	31-08-2020	28 189 000,00
				<b>258 937 000,00</b>

Source: ESE Trading Statistics 2020

**GRAPH 6: GOVERNMENT BONDS AS OF 30 SEPTEMBER 2020**

Source: ESE Trading Statistics 2020

**TABLE 7: ESWATINI GOVERNMENT BONDS AS OF SEPTEMBER 30, 2020**

NAME	ISIN CODE	COUPON	MATURITY DATE	NOMINAL VALUE SZL
Swaziland Government SG017	SZG000441157	8,50	2020-10-31	100 000 000,00
REOPENING1 SG017			2020-10-31	100 000 000,00
REOPENING2 SG017			2020-10-31	51 100 000,00
Swaziland Government SG018	SZG000441165	9,25	2024-01-31	100 000 000,00
REOPENING 1 SG018			2024-01-31	100 000 000,00
REOPENING 2 SG018			2024-01-31	23 440 000,00
REOPENING 3 SG018			2024-01-31	300 000 000,00
Swaziland Government SG022	SZG000441207	Floating	2022-09-25	96 035 000,00
Swaziland Government SG023	SZG000441215	8,75	2020-11-30	250 000 100,00
REOPENING 1 SG023			2020-11-30	76 390 000,00
Swaziland Government SG025	SZG000441231	10,00	2021-06-20	178 050 000,00

	REOPENING 1 SG025			2021-06-20	169 240 000,00
Swaziland Government	SG026	SZG000441249	Floating	2023-08-31	178 650 000,00
Swaziland Government	SG027	SZG000441256	10,75	2026-10-31	171 650 000,00
	REOPENING 1 SG027			2026-10-31	100 500 000,00
	REOPENING 2 SG027			2026-10-31	592 548 000,00
Swaziland Government	SG029	SZG000441272	10,50	2022-02-28	129 260 000,00
	REOPENING 1 SG029			2022-02-28	0,00
Swaziland Government	SG030	SZG000441280	10,25	2024-06-30	134 495 000,00
Swaziland Government	SG031	SZG000441322	10,00	2025-01-31	150 000 000,00
	REOPENING 1SG031			2025-01-31	400 000 000,00
Swaziland Government	SG033	SZG000441355	9,25	2023-06-29	95 150 000,00
	REOPENING 1SG033			2023-06-29	60 000 000,00
	REOPENING 2SG033			2023-06-29	43 100 000,00
	REOPENING 3SG033			2023-06-29	0,00
Swaziland Government	SG034	SZG000441363	9,75	2025-06-29	18 000 000,00
	REOPENING 1 SG034			2025-06-29	50 000 000,00
	REOPENING 2 SG034			2025-06-29	53 000 000,00
	REOPENING 3 SG034			2025-06-29	0,00
Swaziland Government	SG035	SZG000441371	10,25	2028-06-29	16 690 000,00
	REOPENING 1 SG035			2028-06-29	50 070 000,00
	REOPENING 2 SG035			2028-06-29	39 410 000,00
	REOPENING 3 SG035			2028-06-29	7 190 000,00
	REOPENING 4 SG035			2028-06-29	28 200 000,00
	REOPENING 5 SG035			2028-06-29	10 000 000,00
Swaziland Government	SG036	SZG000441389	9,00	2021-08-31	45 000 000,00
	REOPENING 1 SG036			2021-08-31	0,00
Swaziland Government	SG039	SZG000441421	9,10	2022-01-31	2 230 000,00
	REOPENING1 SG039			2022-01-31	10 000 000,00
	REOPENING2 SG039			2022-01-31	45 000 000,00
	REOPENING3 SG039			2022-01-31	6 170 000,00
Swaziland Government	SG040	SZG000441439	9,40	2024-01-31	3 010 000,00
	REOPENING1 SG040			2024-01-31	30 000 000,00
	REOPENING2 SG040			2024-01-31	51 150 000,00
	REOPENING3 SG040			2024-01-31	60 000 000,00
	REOPENING4 SG040			2024-01-31	0,00
	REOPENING5 SG040			2024-01-31	23 409 000,00
	REOPENING6 SG040			2024-01-31	22 049 000,00
Swaziland Government	SG041	SZG000441447	9,85	2026/01/31	3 000 000,00
	REOPENING1 SG041			2026/01/31	25 000 000,00
	REOPENING2 SG041			2026-01-31	41 000 000,00
	REOPENING3 SG041			2026-01-31	34 000 000,00
	REOPENING4 SG041			2026-01-31	0,00
	REOPENING5 SG041			2026-01-31	5 090 000,00
	REOPENING6 SG041			2026-01-31	58 660 000,00
	REOPENING7 SG041			2026-01-31	60 000 000,00
Swaziland Government	SG042	SZG000441454	10,25	2029-01-31	10 900 000,00

REOPENING1 SG042			47149		45 500 000,00
REOPENING2 SG042				2029-01-31	38 627 000,00
REOPENING3 SG042				2029-01-31	34 090 000,00
REOPENING4 SG042				2029-01-31	12 130 000,00
Swaziland Government SG047	SZG000441520	10,50		2030-05-29	12 180 000,00
REOPENING1 SG047				2030-05-29	28 430 000,00
REOPENING2 SG047				2030-05-29	28 189 000,00
Swaziland Government SGIFB001	SZG000441298	9,75		2022-07-31	42 320 000,00
Swaziland Government SGIFB002	SZG000441306	10,00		2025-10-31	222 020 000,00
Swaziland Government SGIFB003	SZG000441314	10,25		2026-12-29	54 402 000,00
Swaziland Government SGIFB004	SZG000441348	Floating		2028-03-29	130 400 000,00
Swaziland Government SGIFB005	SZG000441355	9,75		2026-05-31	111 820 000,00
Swaziland Government SGIFB006	SZG000441397	9,50		2024-09-28	40 000 000,00
Swaziland Government SGIFB007	SZG000441496	7,75		2026-07-31	24 220 000,00
SGIFB007 REOPENING 1				2026-07-31	100 000 000,00
					<b>5 332 164 100,00</b>

Source: ESE Trading Statistics, 2020

## MATURED/REDEEMED GOVERNMENT BONDS

There was no government bond that matured during the quarter under review.

## NEW GOVERNMENT BOND ISSUANCES

There was no new government bond that commenced trading during the quarter under review.

## ESE MEMBERS

In the period under review ESE had the following Members:

### Stockbroking Firms

Swaziland Stockbrokers Limited

African Alliance Eswatini Securities Limited

### Exempt Dealers

Nedbank Swaziland

Swaziland Development and Savings Bank

First National Bank Swaziland

Standard Bank Swaziland

### Debt Sponsors

Central Bank of Eswatini

## **TABLE 9: ESE MEMBERS**

	Jul 2020	Aug 2020	Sep 2020
<b>No. of Stockbroking Firms</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>No. of Exempt Dealers</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>No. of Debt Sponsors</b>	<b>1</b>	<b>1</b>	<b>1</b>

*Source: ESE Trading Statistics, 2020*

## **CORPORATE EVENTS ON THE ESE**

1. Corporate bond SML713 worth SZL 7.10 million, SML805 worth SZL 15 million and SML806 worth SZL 17.85 million commenced trading on the ESE in July 2020.
2. Corporate Bonds FIN205 worth SZL 6.34 million, SML408 worth SZL 10 million, SML504 worth SZL 10 million and SML505 worth SZL 26 million matured during the month of July 2020.
3. Government Bond SG035 re-opened twice with a nominal value of SZL 28.20 million and SZL 10 million during the 3<sup>rd</sup> Quarter 2020.
4. Government Bond SG040 re-opened twice with a nominal value of SZL 23.41 million and SZL 22.05 million during the 3<sup>rd</sup> Quarter 2020.
5. Government Bond SG041 re-opened twice with a nominal value of SZL 58.66 million and SZL 60 million during the 3<sup>rd</sup> Quarter 2020.
6. Government Bond SG047 re-opened twice with a nominal value of SZL 28.43 million and SZL 28.19 million during the 3<sup>rd</sup> Quarter 2020.
7. There were no government bonds that matured during the period under review.

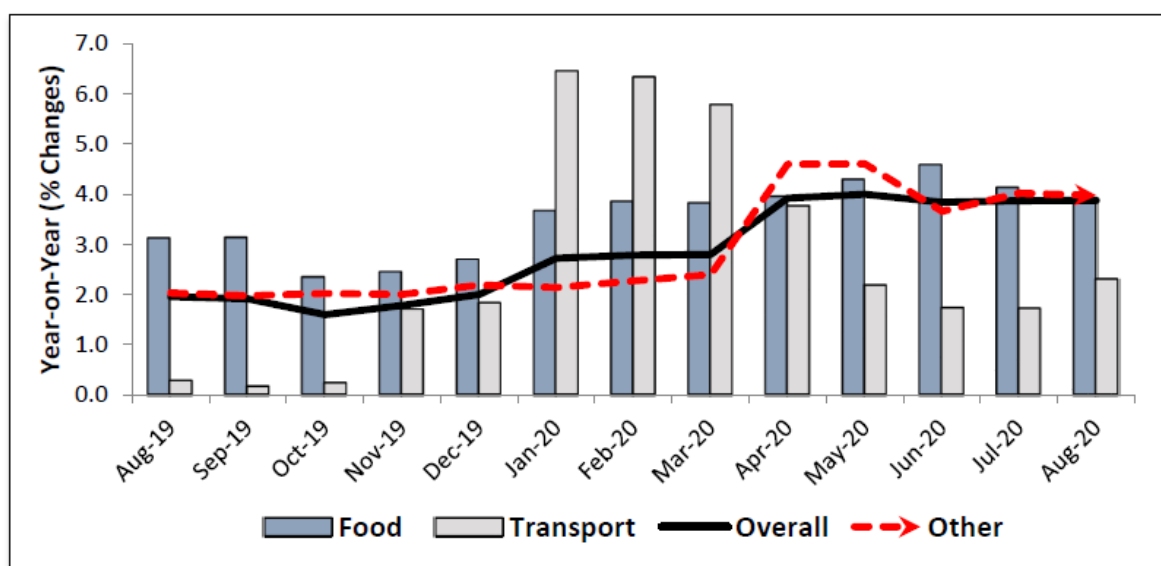
## **ECONOMIC BRIEF**

### **INFLATION**

The country's annual consumer inflation remained unchanged at 3.9 per cent in August 2020 same as in July 2020. Food inflation declined to 3.8 per cent in August 2020 from 4.1 per cent in the previous month. The deceleration in food inflation mainly emanated from decreases in the prices for 'bread and cereals', 'meat' and 'fish and seafood' products. Additional deflationary pressures came from the 'education' index, which decreased to 6.8 per cent in August 2020 from 9.6 per cent in July 2020. This was mainly driven by a significant drop in the prices for 'tertiary education' to record zero growth in August 2020 compared to 18.1 per cent in the previous month.

The above decreases were offset by increasing rates of growth in the price indices for ‘transport’, ‘clothing and footwear’ and ‘household furniture and maintenance’. Transport inflation rose to 2.3 per cent in August from 1.7 per cent in the previous month, owing to an increase in the prices for the ‘purchase of motor vehicles’, which is associated with supply chain disruptions arising from COVID-19. In the same line, the price indices for ‘clothing and footwear’ and ‘household furniture and maintenance’ grew by 1.0 and 0.5 of a percentage point, between the two months under review.

**Figure 2: Inflation Trends: August 2019 to August 2020**



Source: Central Statistical Office and Central Bank of Eswatini

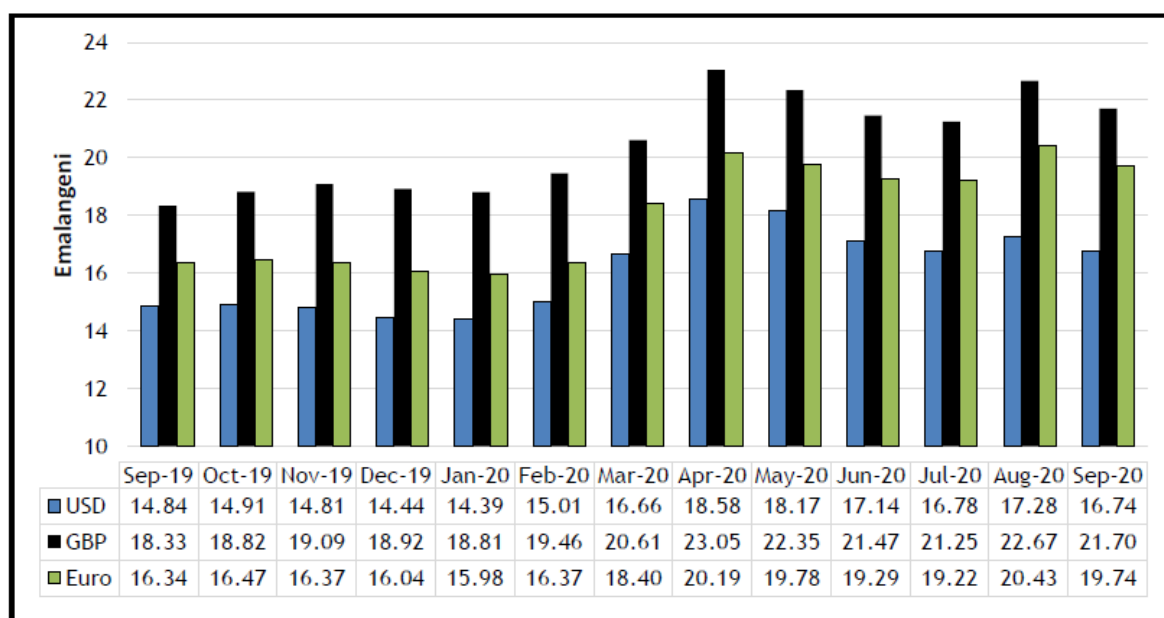
On month-on-month rates, inflation increased to 0.3 per cent in August 2020 up from 0.1 percent the previous month. Increases were noted in the price indices for ‘clothing and footwear’ and ‘transport’, which grew by 3.7 and 0.6 percentage points between the two months under review. On the contrary, the ‘housing and utilities’ index declined to 0.1 per cent in August 2020 from 0.7 per cent in July 2020, while the index for ‘food and non-alcoholic beverages’ slowed to record a 0.1 per cent deflation from zero growth in the previous month.

Core inflation, which is measured as the CPI excluding food and non-alcoholic beverages, auto-fuel and energy slightly fell to 4.3 per cent in August 2020 from 4.4 per cent in July 2020. On month-on-month rates, core inflation grew modestly by 0.5 per cent in August 2020 compared to 0.2 per cent recorded in the previous month.

## EXCHANGE RATES

During the month of September 2020, the Lilangeni/Rand exchange rate strengthened against major currencies. Compared to the previous month, the domestic unit appreciated by 3.1 per cent to reach an average of E16.74 to the US Dollar. This was largely supported by the continuous weakening of the US Dollar as President Donald Trump announced stimulus package. The stimulus package forestalls capital inflows into emerging markets in search of higher yields, and the generally low commodity prices quoted in US dollars weighed down on the US dollar. Further reinforcing the weakening of the US dollar was improved economic data from China, which muted risk-sentiments towards emerging markets. Moreover, in the region South Africa's move to further ease the coronavirus lockdown restrictions to level 1 in tandem with the global economies' sentiments, boosted the performance of the Rand along with the Lilangeni. Furthermore, in the region, the South African Reserve Bank's (SARB's) decision to keep rates unchanged in September 2020, halting the easing cycle provided a further boost to the domestic unit. Against the Pound Sterling, the local unit appreciated by 4.3 per cent to average E21.70 and by 3.4 per cent against the Euro to average E19.74 in September 2020.

**Figure 8: Average Exchange Rates: September 2019 to September 2020.**



Source: Central Bank of Eswatini

Despite the significant appreciation in the month, there were bouts of volatility to the downside leading to a short-lived depreciation of the domestic unit. These emanated from the poor economic data in South Africa (high unemployment and low GDP growth). As a result,

the local unit ended the period at E16.97 to the US Dollar, at E19.92 to the Euro and at E21.80 to the Pound Sterling.

## **OTHER ACTIVITIES**

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The period under review found the Exchange under lockdown following the Covid-19 pandemic and the Regulator's subsequent decision on 26 March 2020 for staff to work from home. Notwithstanding, staff remained earnestly engaged in facilitating trades and effecting other work and finding programmes to improve and develop the Exchange.

**===== END OF REPORT =====**