BBVA Research

Colombia Economic Outlook

Taking the pulse of the economy: neither too fast, nor too slow

December 2024

Creating Opportunities

BBVA Research

Contents

01 A challenging global environment

02 Improving investment signals support economic recovery

03 The pace of economic recovery

04 Lower inflation and reducing interest rates

05 Widening external deficit and fiscal balance with challenges

06 Colombia requires greater domestic and external savings to finance its growth

07 Macroeconomic projections summary

BBVA Research

01

A challenging global environment.

Slowing growth and persistent core inflation

Main messages

Recent developments

Inflation has continued to decline, partly due to lower oil prices and oversupply in China. However, growth and core inflation remain resilient. This, along with expectations that Trump's policies could drive inflation and fiscal risks higher, has supported U.S. sovereign yields and strengthened the dollar.

Growth outlook

Assuming the new U.S. administration raises tariffs, primarily targeting China, growth is expected to slow from 2.7% in 2024 to 2.1% in 2025 in the U.S., and from 4.8% to 4.1% in China, where new stimulus measures will provide some relief. In the Eurozone, protectionism will contribute to keeping growth subdued, at around 0.8% in 2024 and 1.0% in 2025.

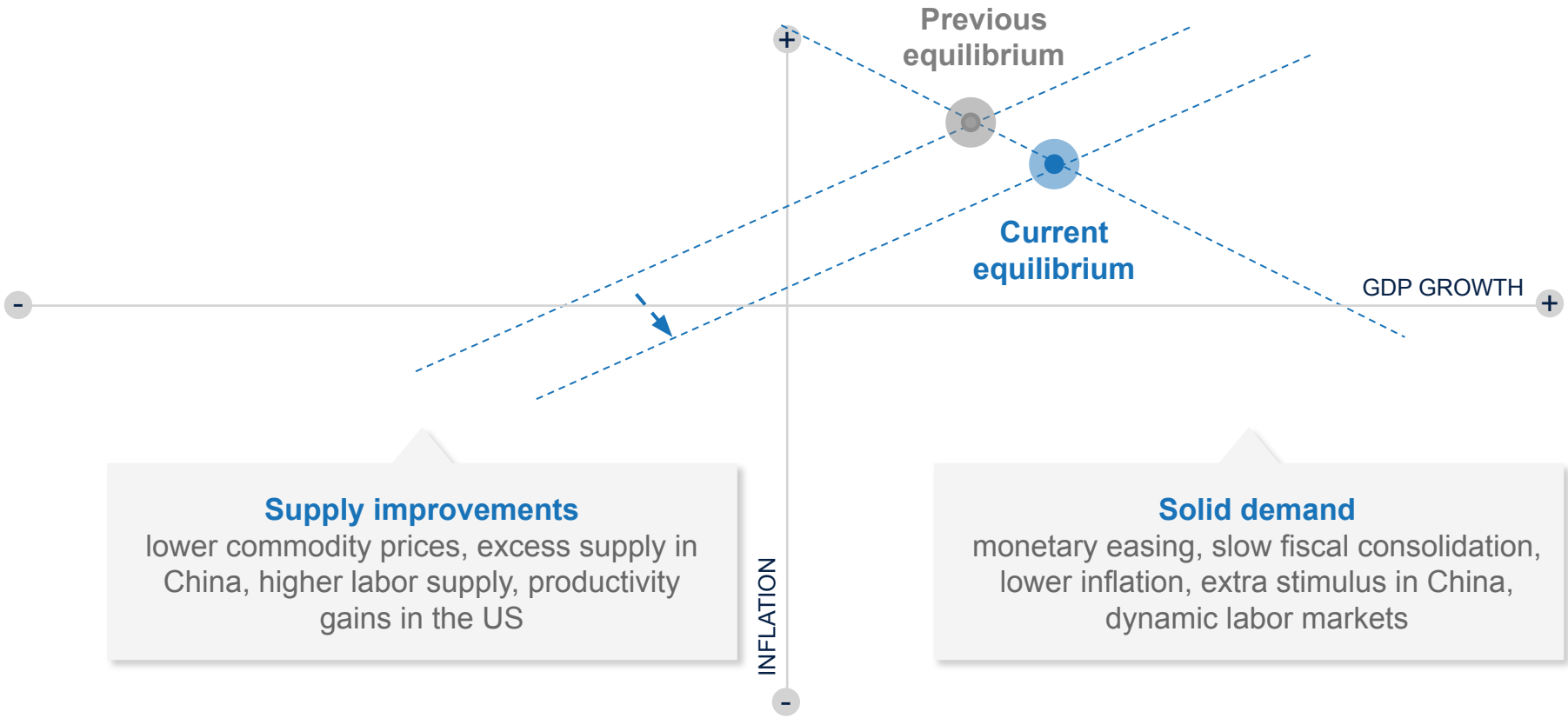
Inflation and rates outlook

Inflation is expected to rise in the U.S. but remain contained in the Eurozone and China due to weaker demand and lower oil prices. The U.S. will have less room for monetary easing, with interest rates projected to reach 4% in 2025 and 3% in 2026. In contrast, the Eurozone and China will have more room for rate cuts.

Risks

The risk balance has worsened. Uncertainty remains high, but the new Trump administration's trade and migration policies, combined with rising geopolitical tensions, could disrupt global supply. Expansionary fiscal policies may further amplify upward pressures on inflation and interest rates.

Recent supply improvements have allowed further declines in headline inflation and supported growth ahead of a new Trump government in the US



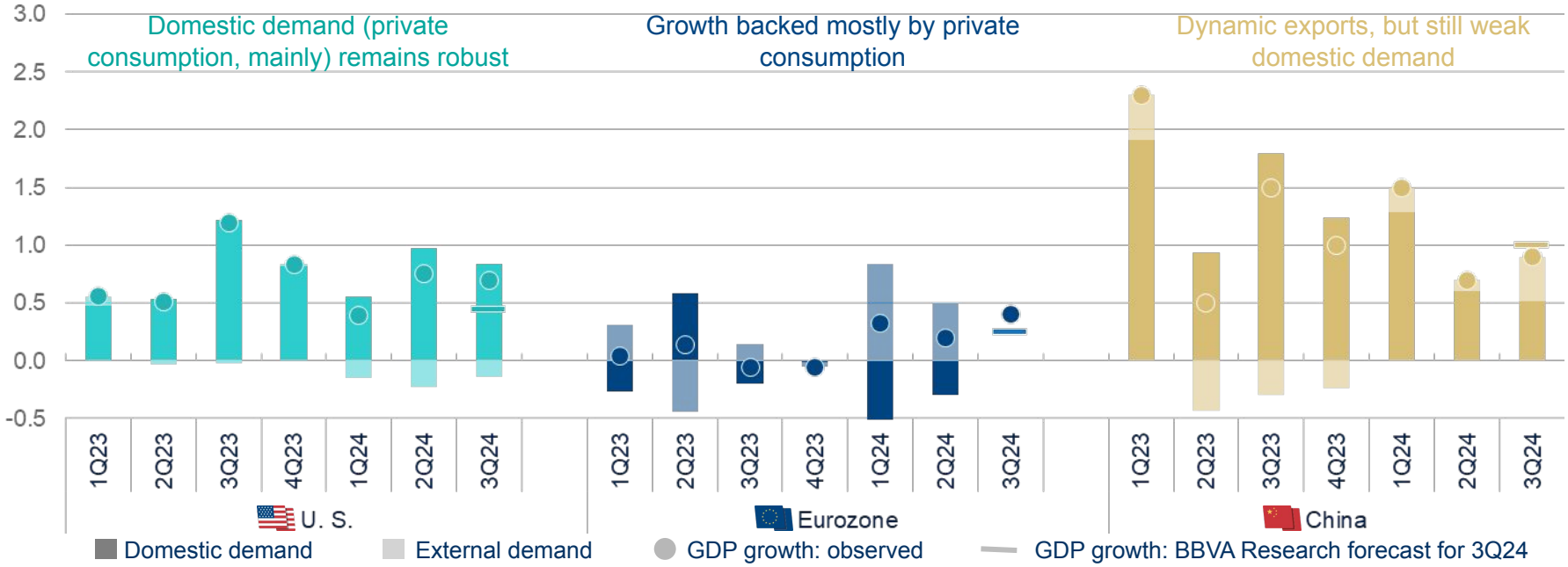
Supply improvements
lower commodity prices, excess supply in China, higher labor supply, productivity gains in the US

Solid demand
monetary easing, slow fiscal consolidation, lower inflation, extra stimulus in China, dynamic labor markets

Growth has surprised upwards in 3Q24, mainly in the US but also in the EZ; in China it has recovered somewhat amid increasing counter-cyclical policies

GDP: CONTRIBUTION OF DOMESTIC AND EXTERNAL DEMANDS TO GDP GROWTH

(GDP GROWTH: Q/Q%; CONTRIBUTIONS TO GDP GROWTH: PERCENTAGE POINTS)

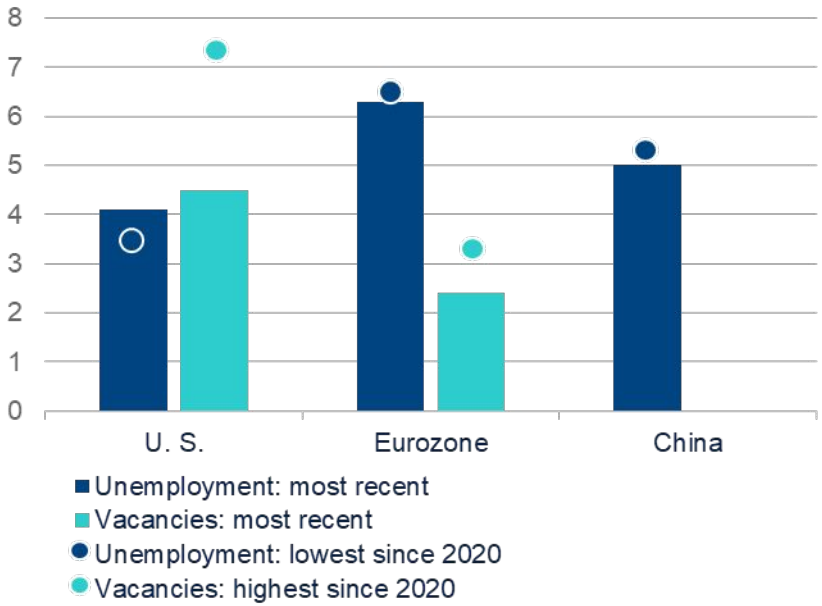


Source: BBVA Research based on data from Haver and China's NBS.

Labor markets remain robust, despite recent moderation; solid services continue to contrast with weak manufacturing (despite recent improvements)

UNEMPLOYMENT AND VACANCY RATES (*)

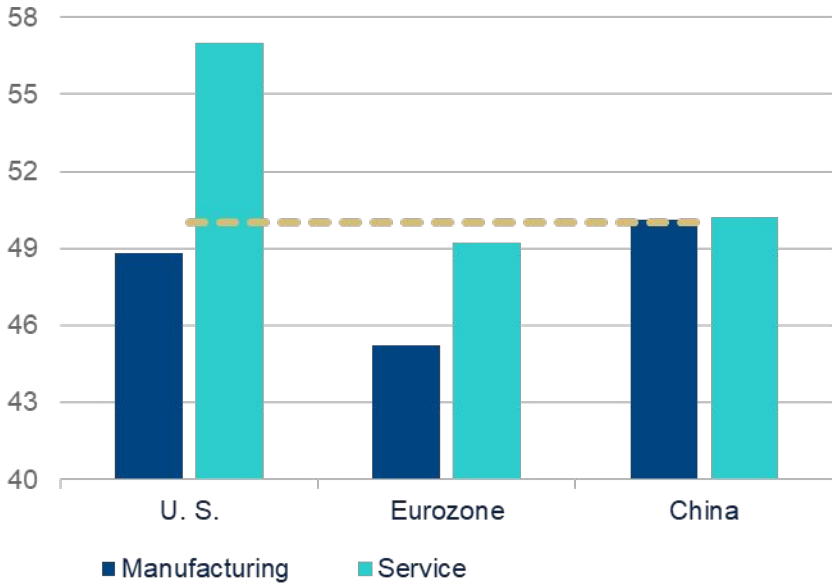
(%)



(*) Unemployment rate: unemployment as share of the labor force. Vacancy rate: job vacancies as share of the sum of total employment and job vacancies. Vacancies data not available for China.
Source: BBVA Research based on data from BLS , Eurostat and Haver.

PMI INDICATORS: MOST RECENT DATA (*)

(MORE THAN 50: EXPANSION; LESS THAN 50: CONTRACTION)

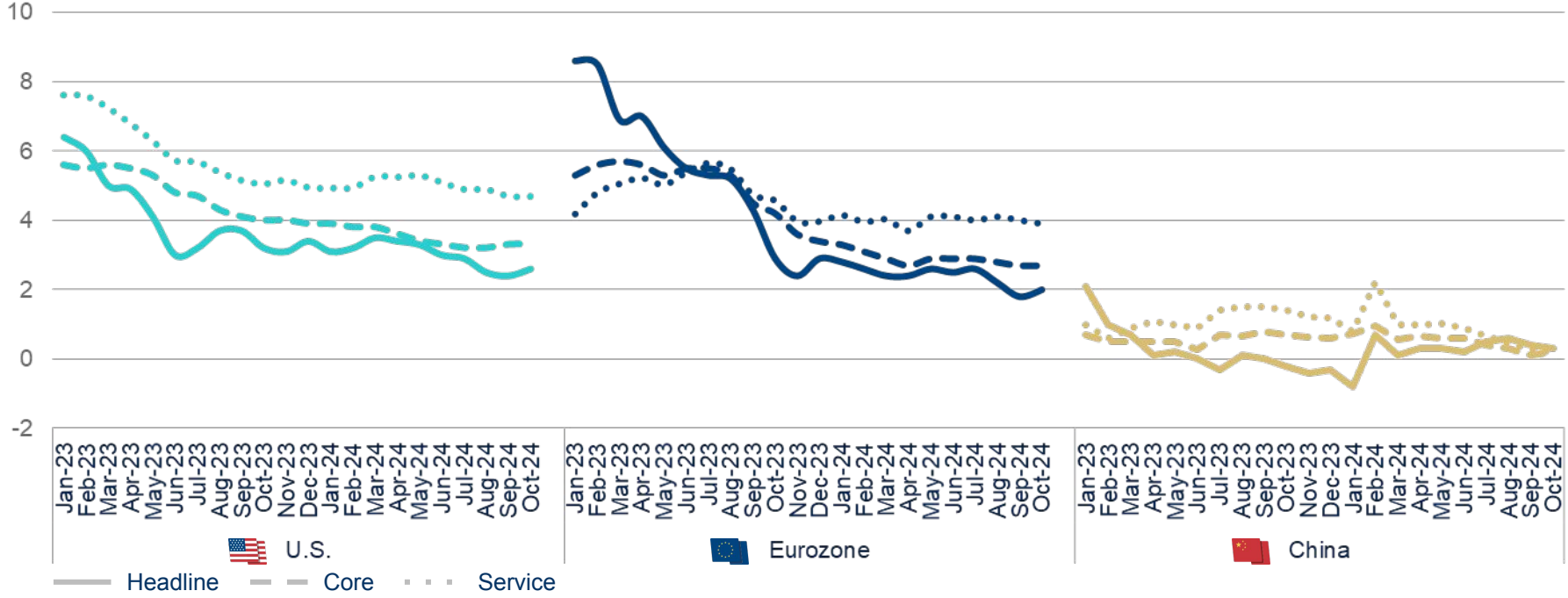


(*) November 2024.
Source: BBVA Research based on data from Haver.

Inflation continues to ease and is now close to the target, but service and core measures remain stickier, amid resilient demand and still pressured wages

CPI INFLATION: HEADLINE, CORE AND SERVICE

(Y/Y %)

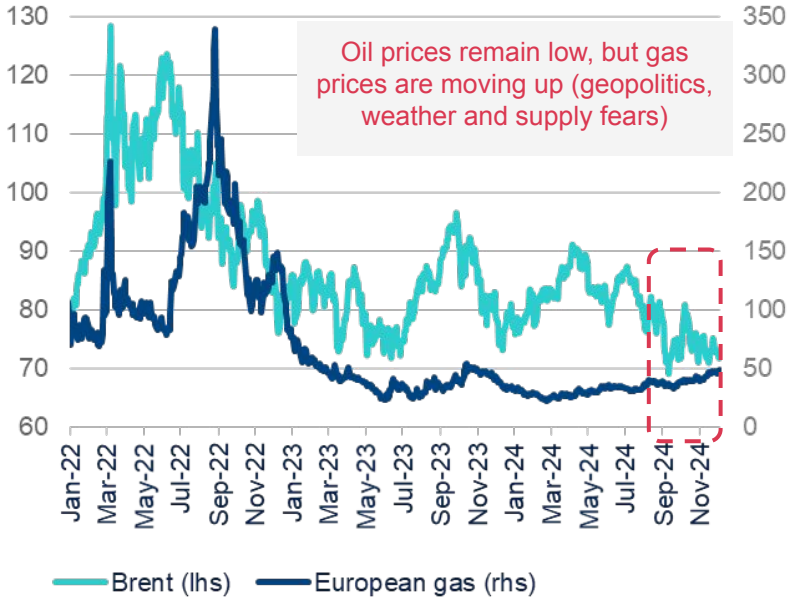


Source: BBVA Research based on data from Haver.

Low oil prices and abundant Chinese supply have helped to lower inflation and keep growth relatively robust

BRENT OIL AND GAS PRICES (*)

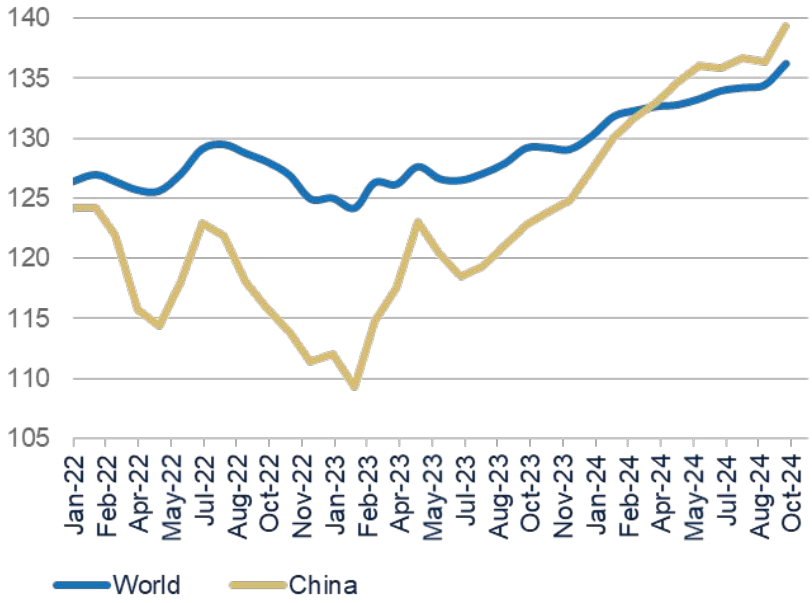
(OIL: USD PER BRENT BARREL; GAS: EURO /MWH)



(*) Last available data: December 3rd, 2024.
Source: BBVA Research based on data from Haver.

BBVA RESEARCH TRADE INDICATOR (*)

(INDEX: 2019 AVERAGE =100; IN REAL TERMS)

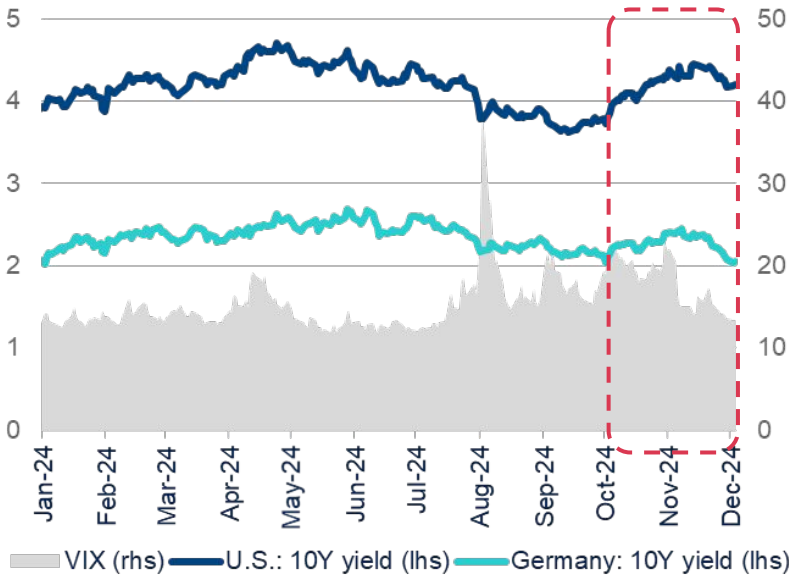


(*) The indicator is a three-month moving average of goods exports, from a sample of 25 countries (in the case of the World indicator). It is deflated using export price indexes.
Source: BBVA Research based on Haver data

US sovereign yields have increased, reflecting the view of larger fiscal risks and inflationary pressures under Trump, which has backed the US dollar

SOVEREIGN YIELDS AND VOLATILITY (VIX) (*)

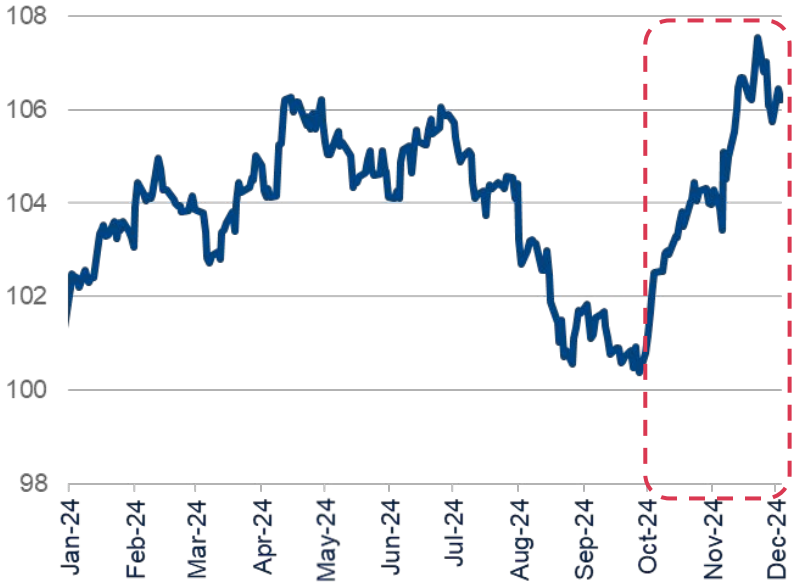
(%)



(*) Last available data: December 3rd, 2024.
Source: BBVA Research based on data from Haver.

US DOLLAR: DXY (*)

(INDEX)

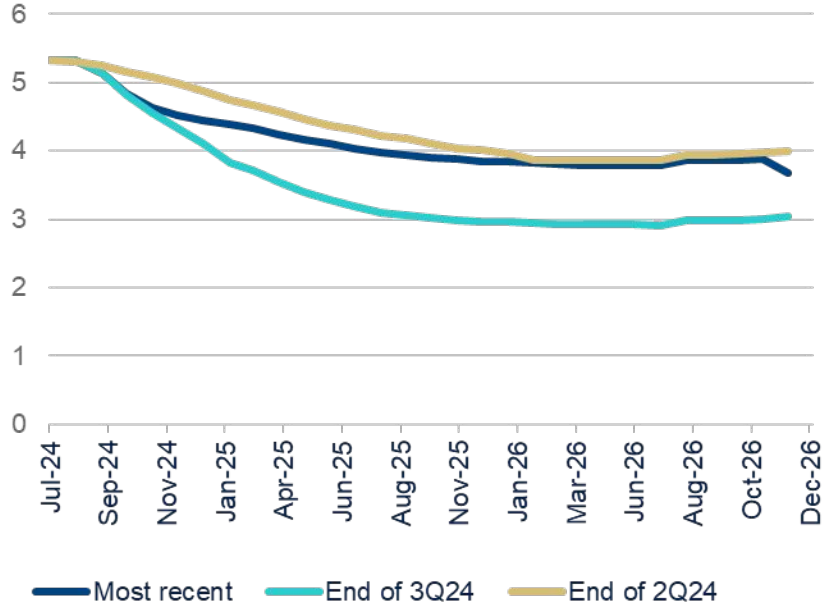


(*) A lower DXY index represents a weaker US dollar. December 3rd, 2024.
Source: BBVA Research based on data from Haver

Markets see less room for further monetary easing, and higher terminal rates, in the U.S. than in the Eurozone

US: IMPLICIT RATE IN FED FUND FUTURES (*)

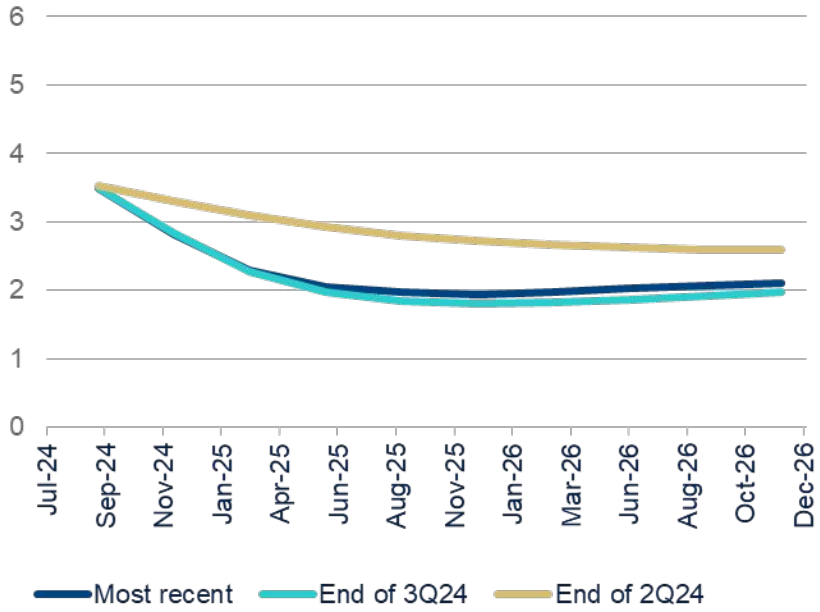
(%)



(*) Last available data: December 3rd, 2024.
Source: BBVA Research based on data from Haver.

EZ: IMPLICIT RATE IN 3-MONTH EURIBOR FUTURES (*)

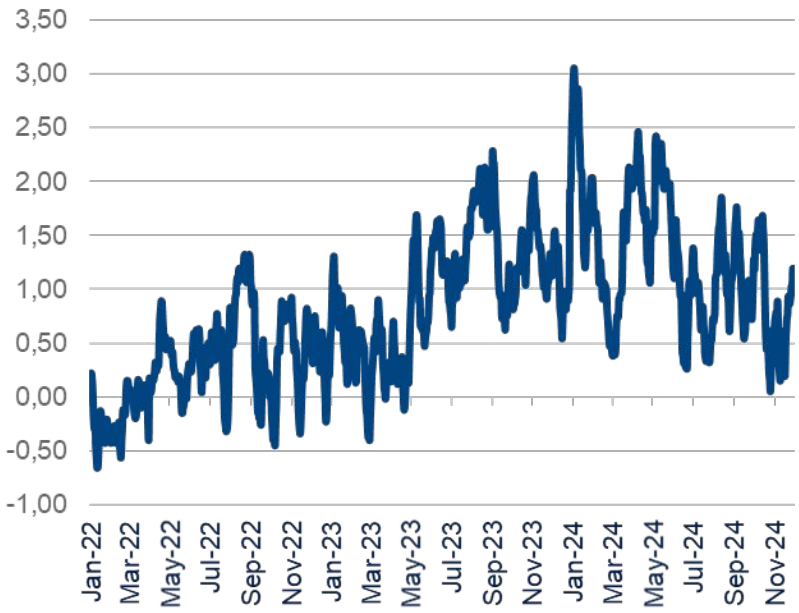
(%)



(*) Depo interest rates. Last available data:December 3rd, 2024.
Source: BBVA Research based on data from Haver.

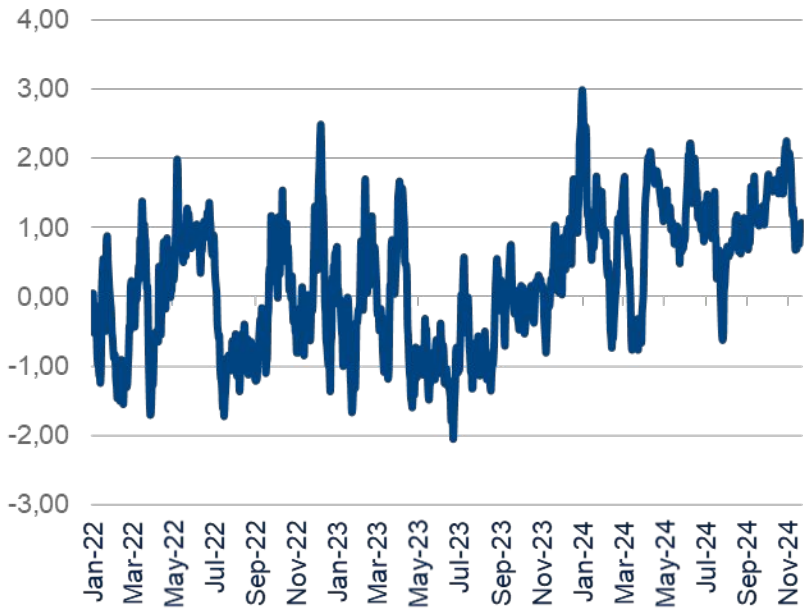
Conflicts in the Middle-East and in Ukraine continue to have a relatively limited impact on financial markets and macro data

BILATERAL TENSIONS INDEX: UKRAINE-RUSSIA (*)
(AVERAGE SINCE 2017 EQUALS TO 0; 28-DAY MOVING AVERAGE)



(*) Last available data: December 1st, 2024.
Source: BBVA Research Geopolitics Monitor.

BILATERAL TENSIONS INDEX: ISRAEL-IRAN
(AVERAGE SINCE 2017 EQUALS TO 0; 28-DAY MOVING AVERAGE)



(*) Last available data: December 1st, 2024.
Source: BBVA Research Geopolitics Monitor.

What to expect from a new Trump government in the US?

BBVA Research base scenario

Higher import tariffs:
60% US tariffs on China, 10% US tariffs on all other countries; retaliation by China (60% tariffs on targeted US goods), but not by others

Low taxes:
tax cuts remain in place (i.e the 2017 Tax Cut and Job Act is renewed).

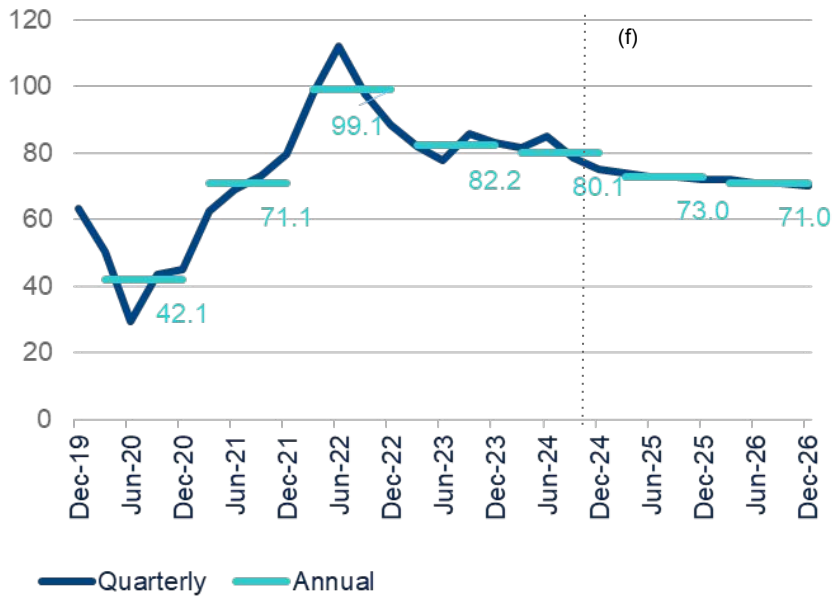
Uncertainty on various fronts:
extra shocks (on immigration, deregulation, pro-oil agenda, Fed's autonomy, foreign policy...) are possible, but are not assumed.

Overall impact will depend on cyclical position (better in the US) and margin for response (higher in China and in the US)

	US	CHINA	EUROZONE
GDP	Slightly lower	Slightly lower	Much lower (no recession)
INFLATION	Higher (one-off impact)	Much lower	Lower
RATES	Higher	Lower	Lower
CURRENCY	USD: stronger	RMB: weaker	EUR: weaker

Oil prices will retreat in the coming years: high supply and subdued demand are expected on the global scenario

BRENT OIL PRICES
(DOLLARS PER BARREL OF BRENT, AVERAGE OF THE PERIOD)



Source: BBVA Research, with data from Haver.

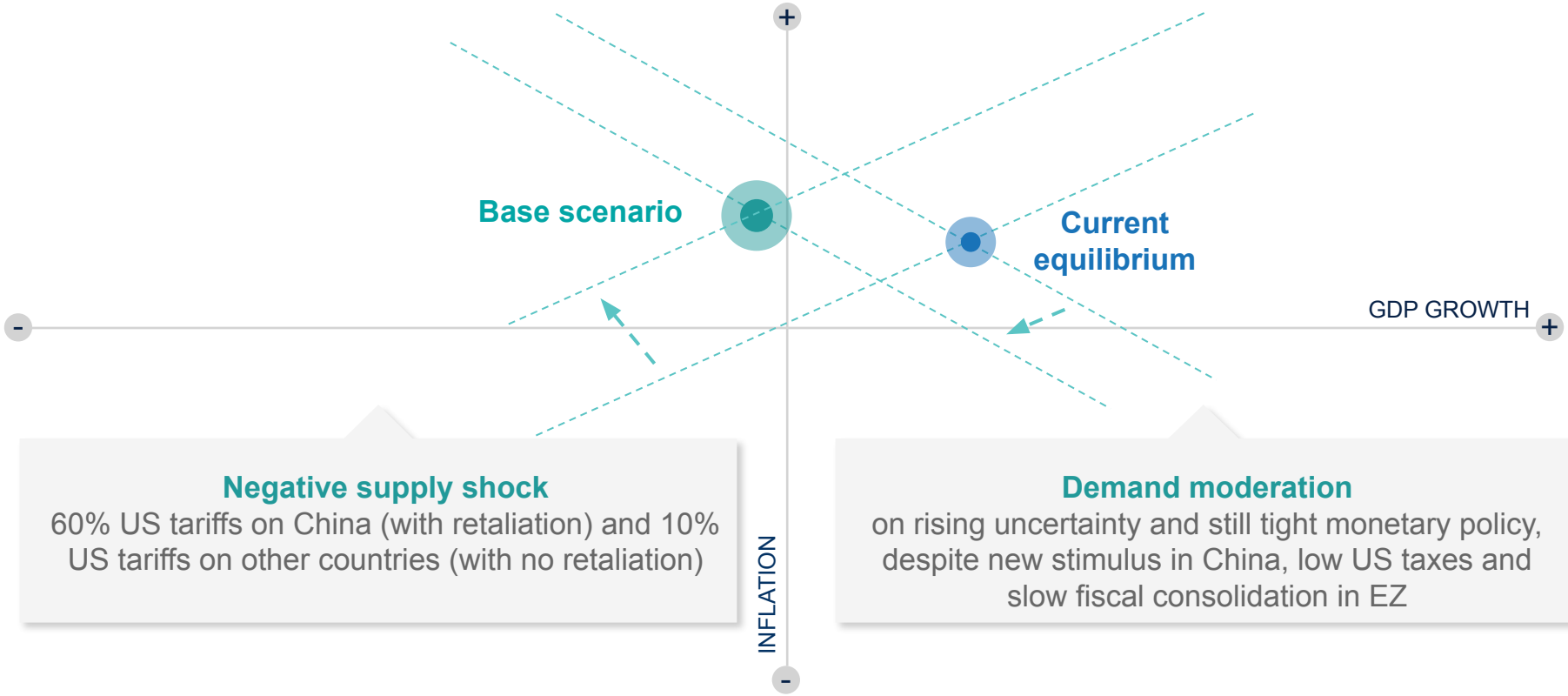
Increased supply (price reduction)

- OPEC+ production cuts to be phased out gradually
- Lower global pressure against Russian hydrocarbons
- Authorization to explore restricted areas in the United States with new Trump administration
- Increased production from non-OPEC+ countries

Lower supply (price increase)

- Threat of heavier U.S. restrictions and sanctions on Iran and Venezuela
- Lower prices could limit the profitability and supply of non-conventional products in the U.S.

Base scenario: protectionism will fuel uncertainty, pressure global growth downwards and inflation upwards, with important differences across countries



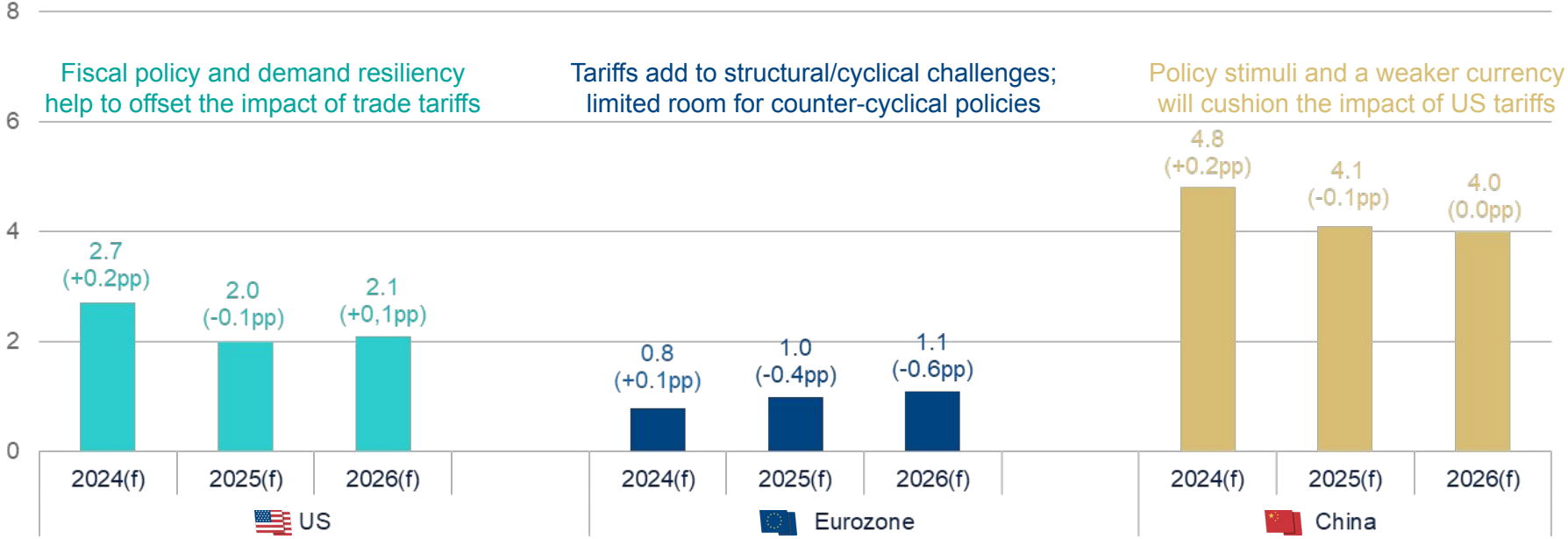
Negative supply shock
60% US tariffs on China (with retaliation) and 10% US tariffs on other countries (with no retaliation)

Demand moderation
on rising uncertainty and still tight monetary policy, despite new stimulus in China, low US taxes and slow fiscal consolidation in EZ

Slower growth ahead, despite both stronger GDP expansion in 2024 and likely measures to mitigate the impact of higher trade tariffs (mainly in China)

GDP GROWTH (*)

(%, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

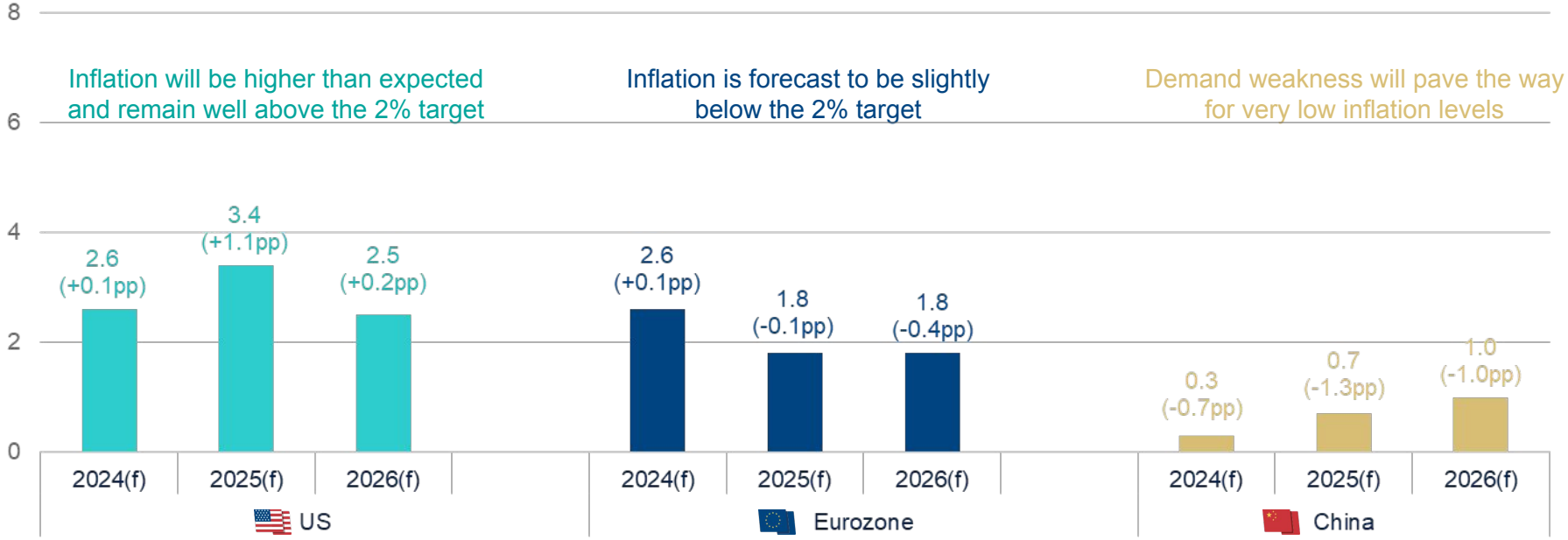


(*) Global GDP growth: 3.2% (+0.1pp) in 2024, 3.1% (-0.2pp) in 2025 and 3.3% (+0.1pp) in 2026.
(f): forecast.
Source: BBVA Research.

Trump policies will pressure inflation, mainly in the US; in other regions, it will likely ease due to weaker growth, lower oil prices and excess supply in China

HEADLINE CPI INFLATION

(Y/Y %, END OF PERIOD, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

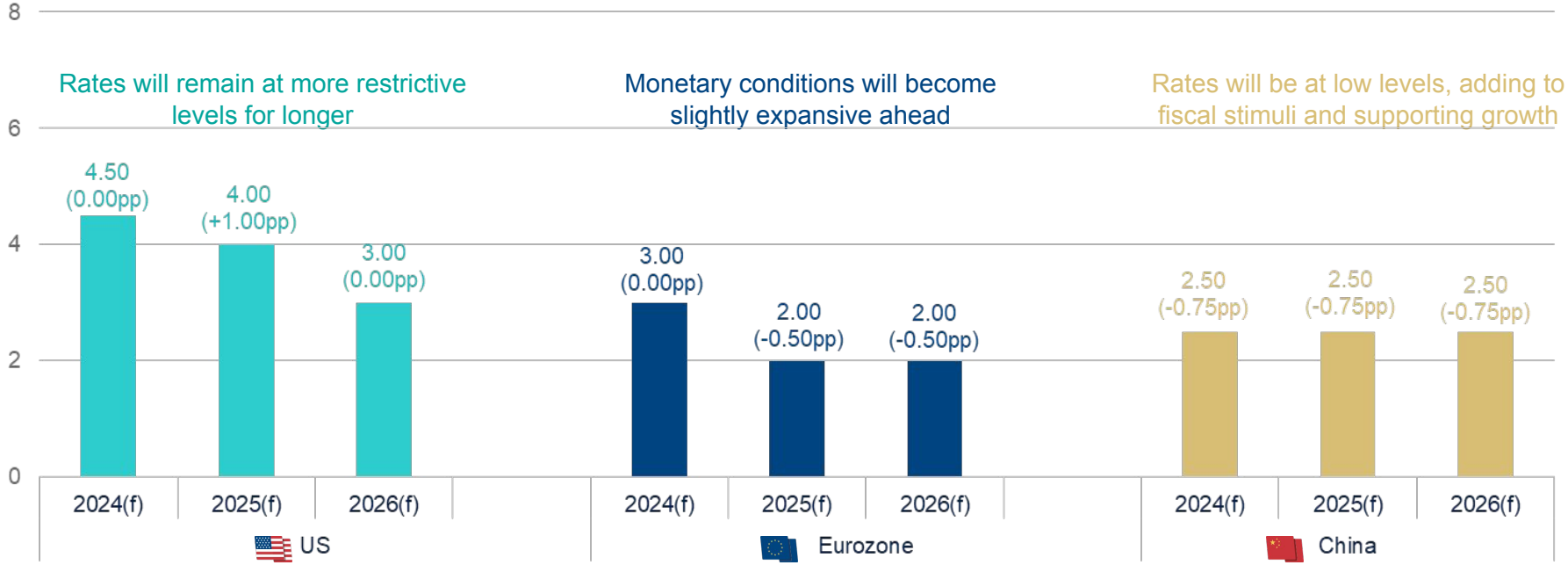


(f): forecast.
Source: BBVA Research.

The Fed will have less room to ease monetary conditions, while more rate cuts than previously forecast are likely in the EZ and in China

POLICY INTEREST RATES (*)

(%, END OF PERIOD, CHANGE WITH RESPECT TO PREVIOUS FORECAST IN PARENTHESES)

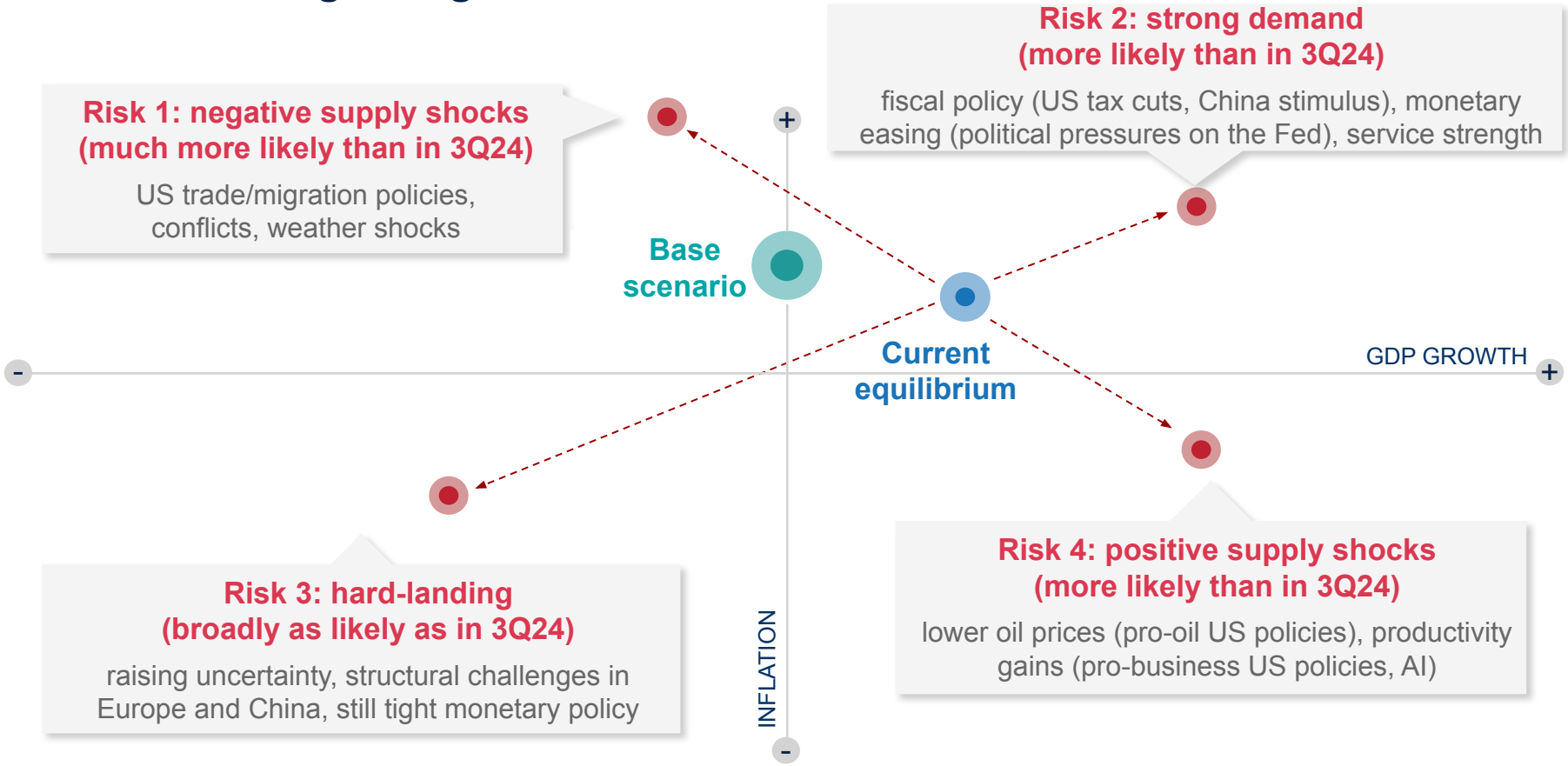


(f): forecast.

(*) In the case of the Eurozone, interest rates of the deposit facility.

Source: BBVA Research.

Risks: policies by the new US administration, and geopolitical events, may lead to more negative global macro scenarios



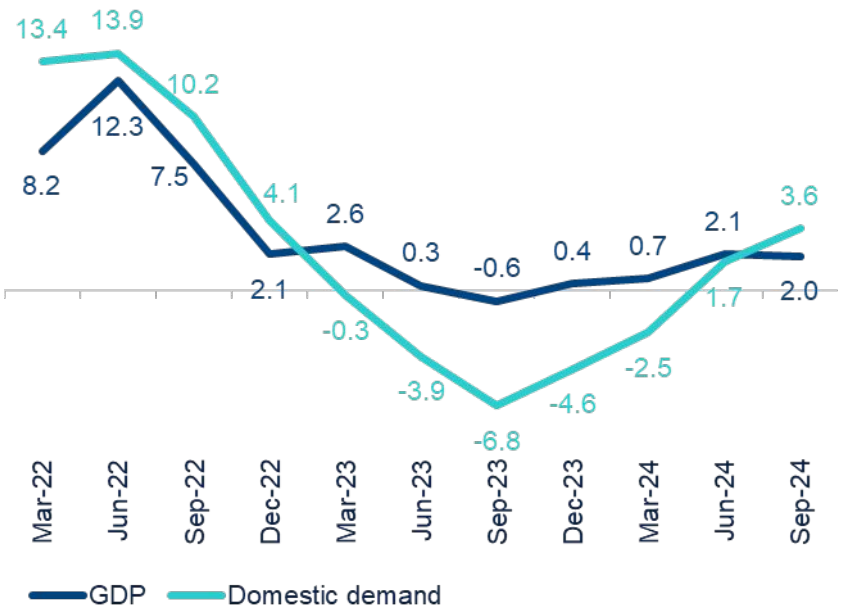
BBVA Research

02

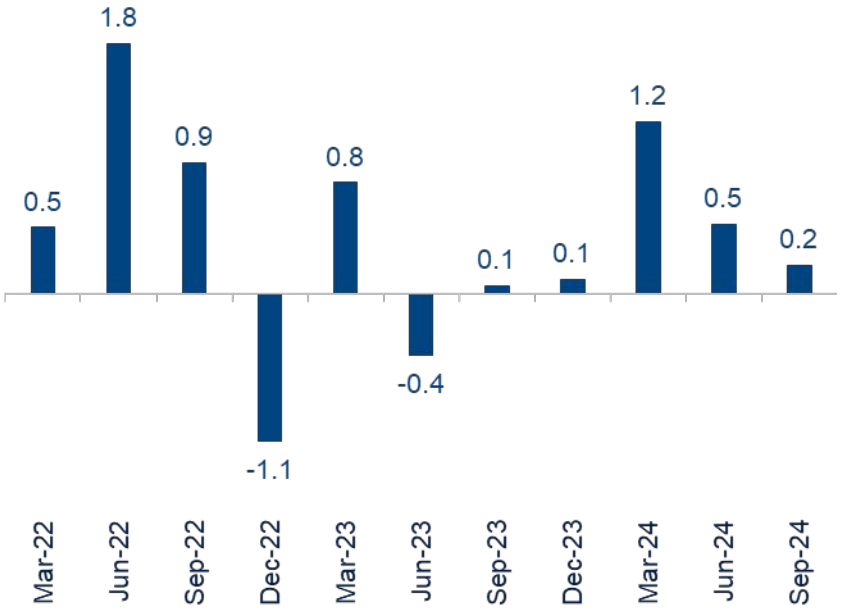
Signs of an upturn in investment support the economic recovery

While recent growth continues to be supported by the domestic demand, it has shown limited expansion at the margin

GDP AND DOMESTIC DEMAND
(REAL ANNUAL GROWTH, %)



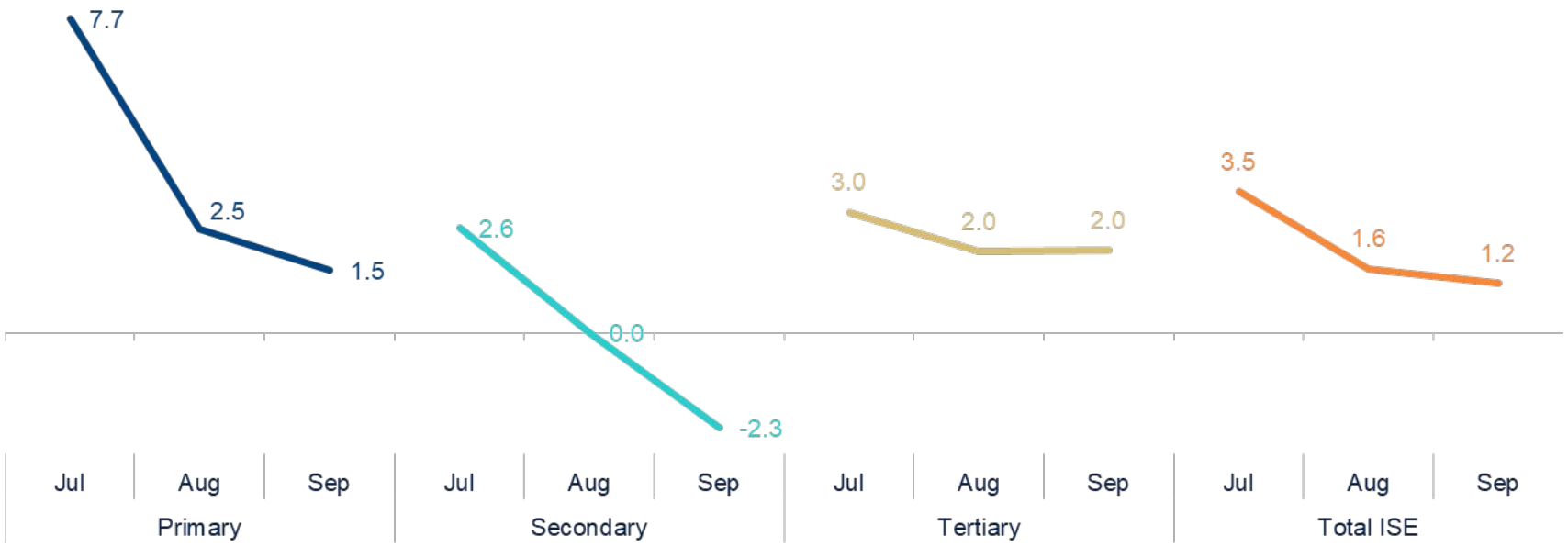
GDP
(REAL Q/Q CHANGE, %)



Source: BBVA Research, based on DANE data.

ISE variation was falling over the third quarter. The primary and secondary sectors(**) were the main drivers of this slowdown

ISE: BY SECTORAL GROUPS IN 3Q24
(REAL ANNUAL CHANGE, %)

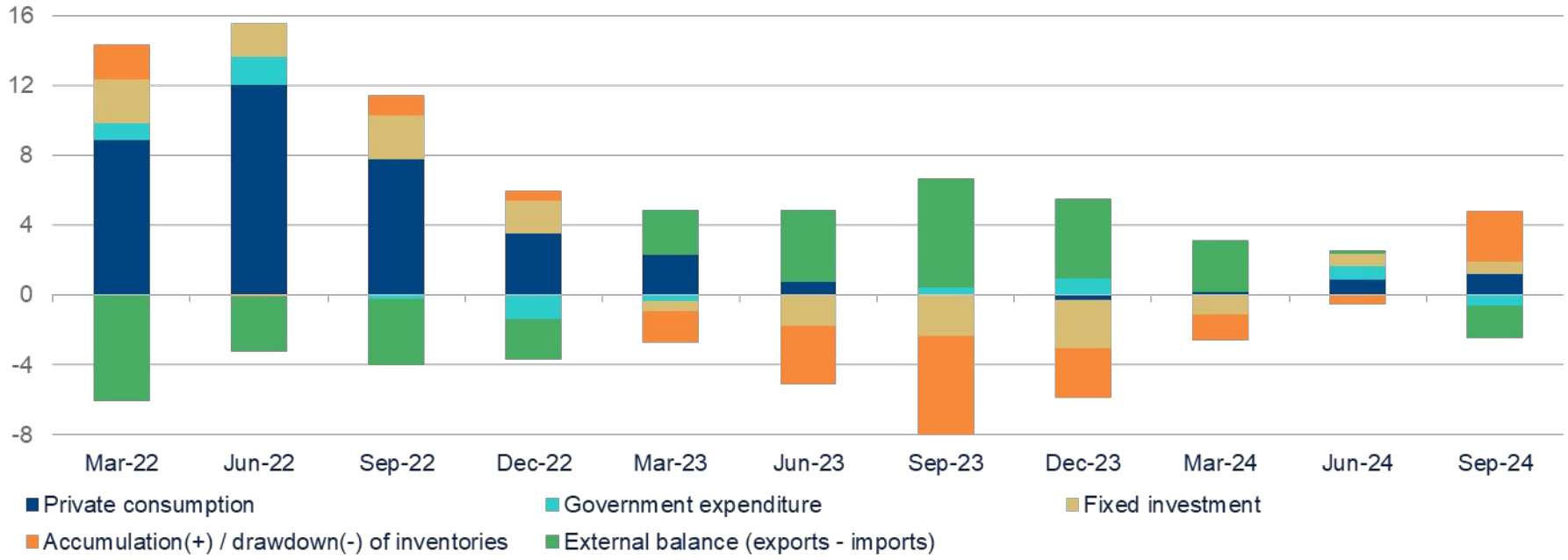


(*): ISE corresponds to the monthly activity indicator produced by DANE
(**): Primary: Agriculture and mines. Secondary: Manufacturing and construction. Tertiary: Other sectors.
Source: BBVA Research, based on DANE data.

Improved domestic demand boosted imports (which reduce GDP) and the economy began to rebuild inventories amid a more favorable outlook

GDP: CONTRIBUTIONS OF THE COMPONENTS OF DEMAND

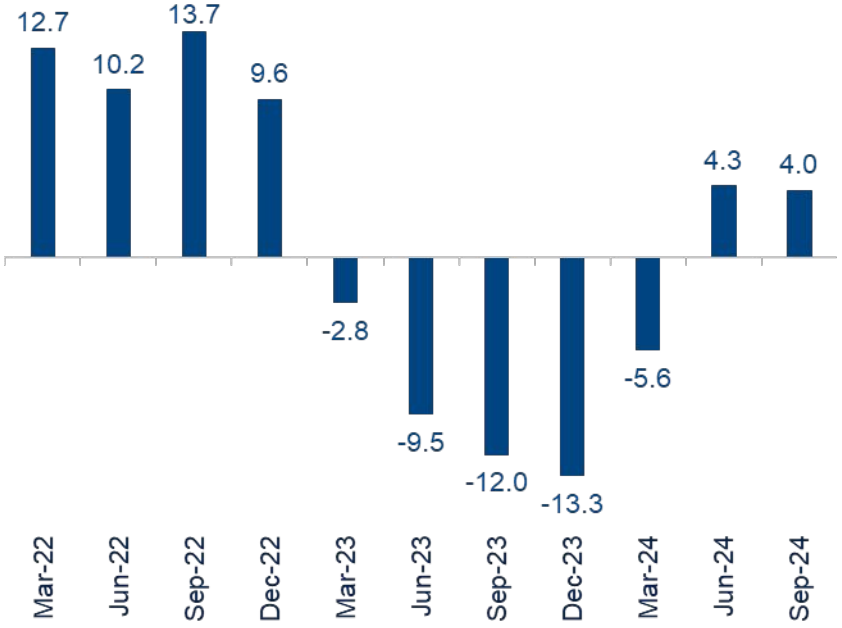
(CONTRIBUTION TO THE REAL ANNUAL CHANGE, %)



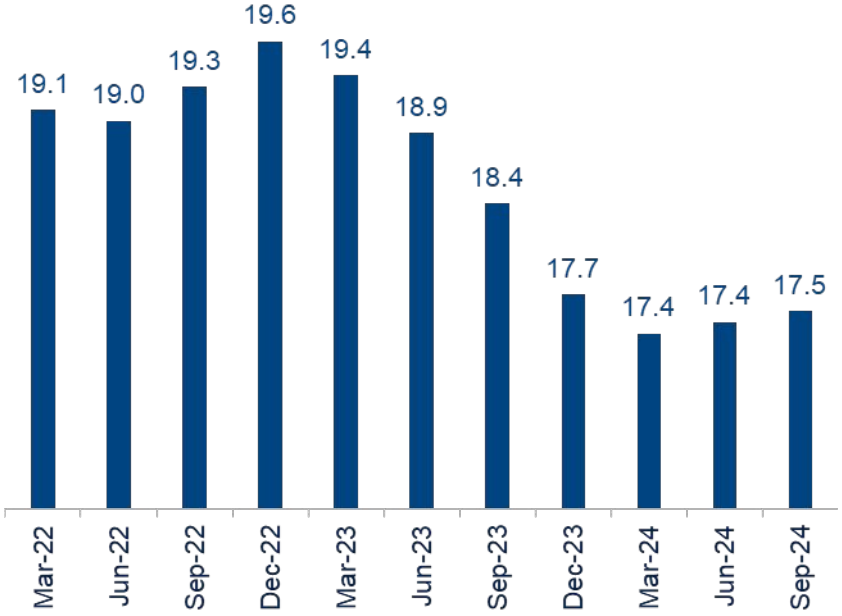
Source: BBVA Research based on DANE data.

Investment recovery has begun to gain momentum following earlier signs of improvement, although it remains at low levels

FIXED INVESTMENT
(REAL ANNUAL CHANGE, %)



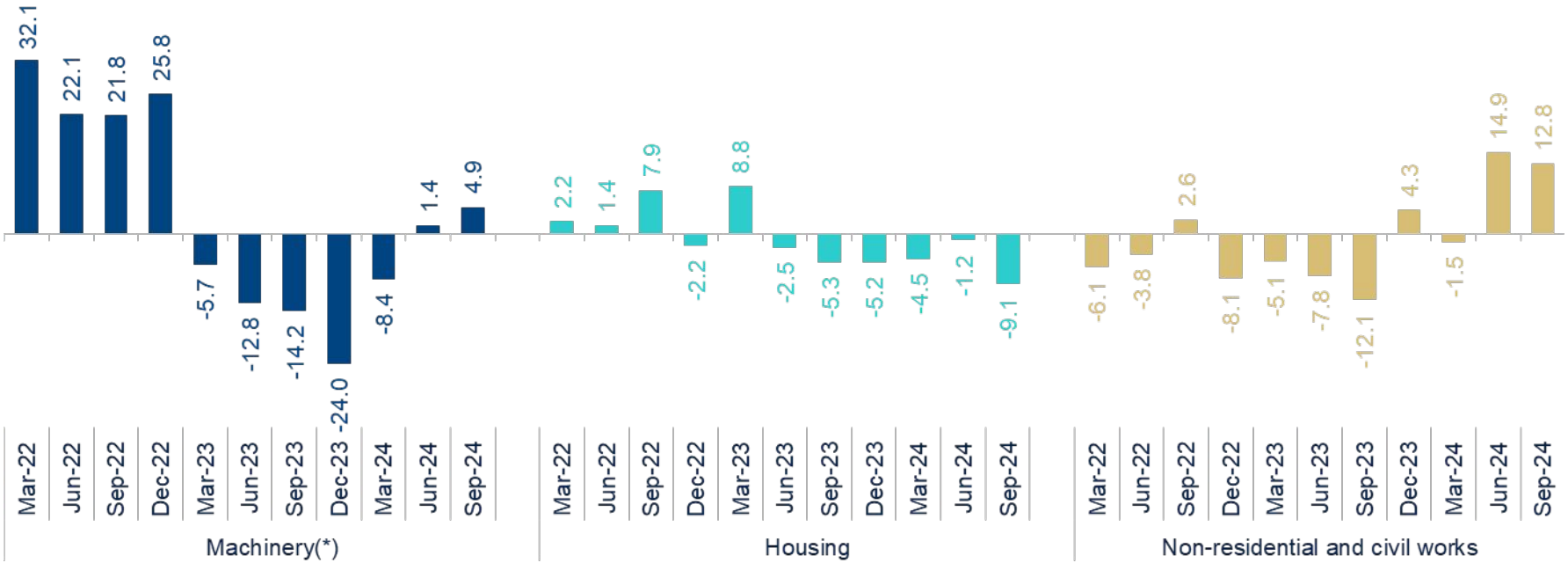
FIXED INVESTMENT
(% OF GDP, 4-QUARTER MOVING AVERAGE)



Source: BBVA Research based on DANE data.

# Not all components of investment contributed equally. Non-residential and machinery drove the results, while residential continues to lag behind

FIXED INVESTMENT: COMPONENTS
(REAL ANNUAL CHANGE, %)



(*): Machinery includes machinery and equipment, biological resources and intellectual property.
Source: BBVA Research based on DANE data.

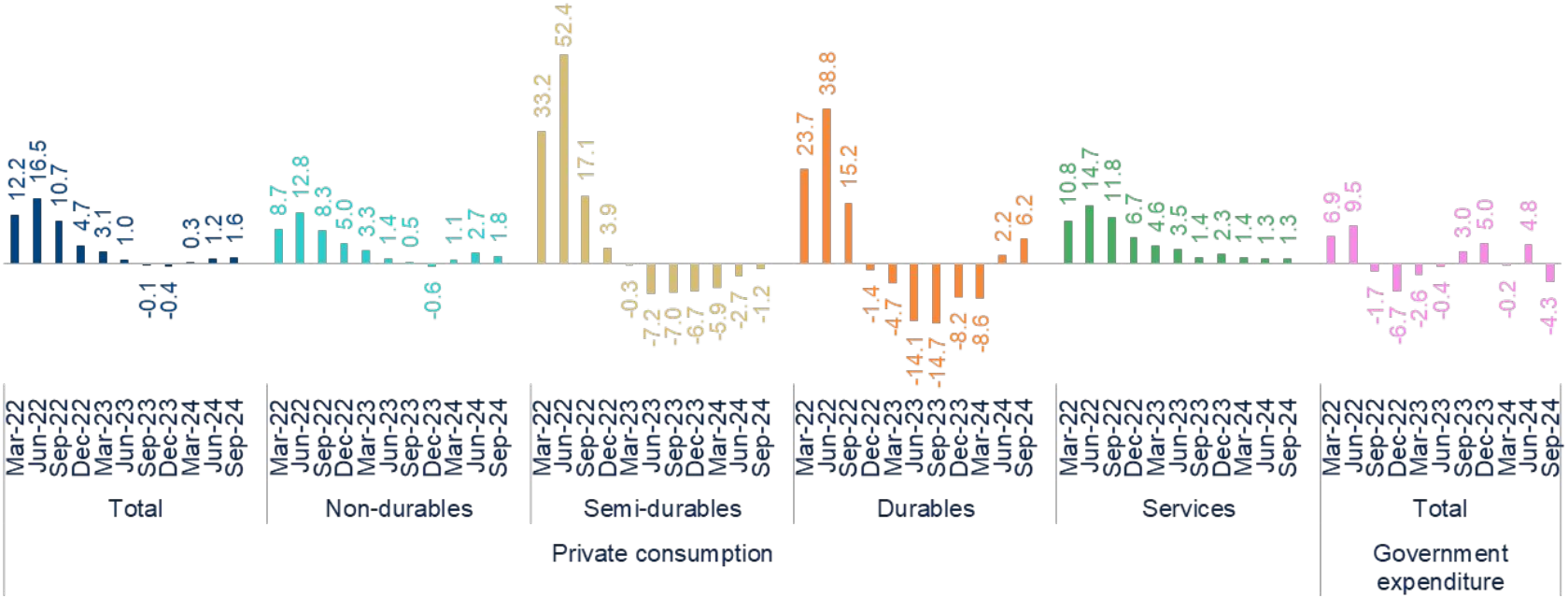
The positive contribution of the housing sector will take time to crystallize, as there are signs of a weak performance of in process constructions

BUILDING WORK: NON RESIDENTIAL AND HOUSING
(ANNUAL CHANGE IN SQUARE METERS, %)

Source: BBVA Research based on DANE data.

Limited private and negative public consumption performance, contributed less to the ongoing recovery. Durable goods show an improvement

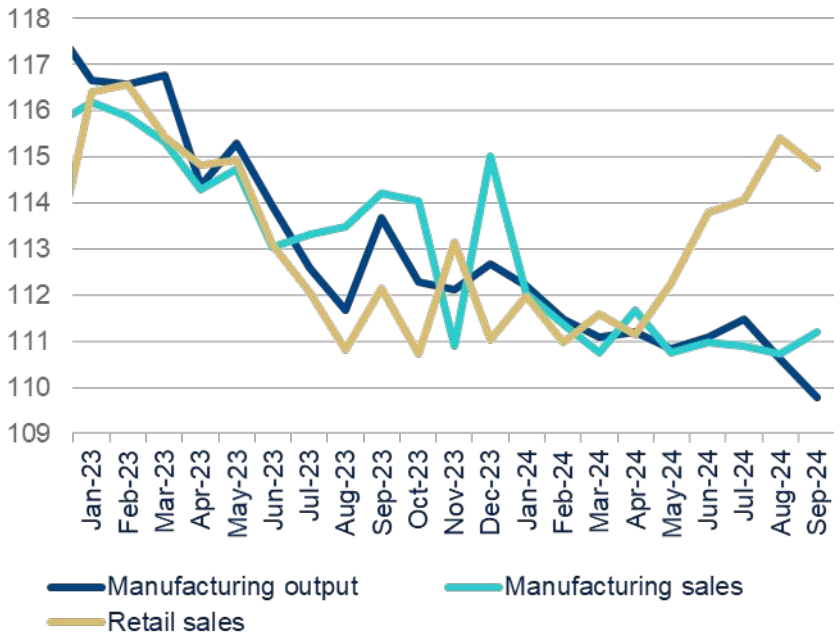
FINAL CONSUMPTION
(REAL ANNUAL CHANGE, %)



Source: BBVA Research based on DANE data.

The recovery in goods consumption is supporting a rebound in retail sales and the drawdown of manufacturing inventories

REAL PRODUCTION AND SALES
(INDEX, 2019 = 100)



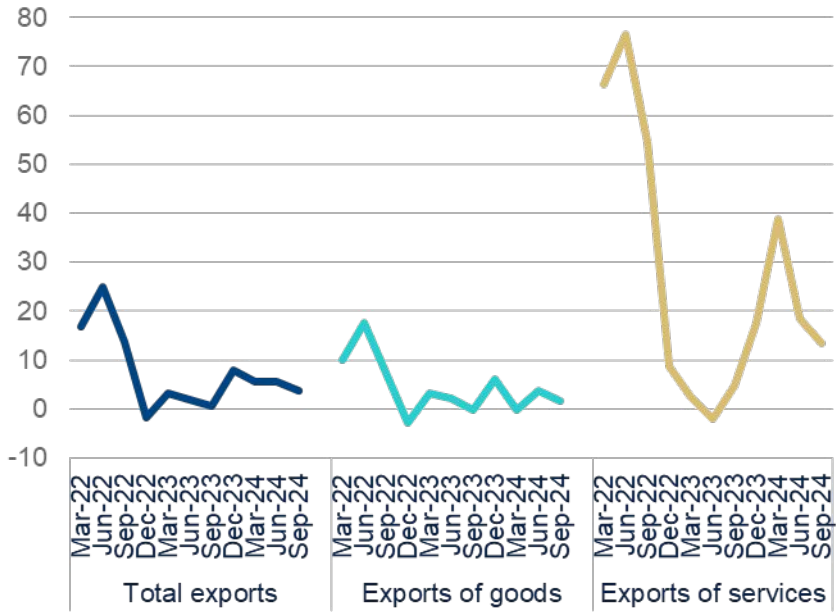
Source: BBVA Research, with data from DANE and Fedesarrollo.

Indicators on industry:

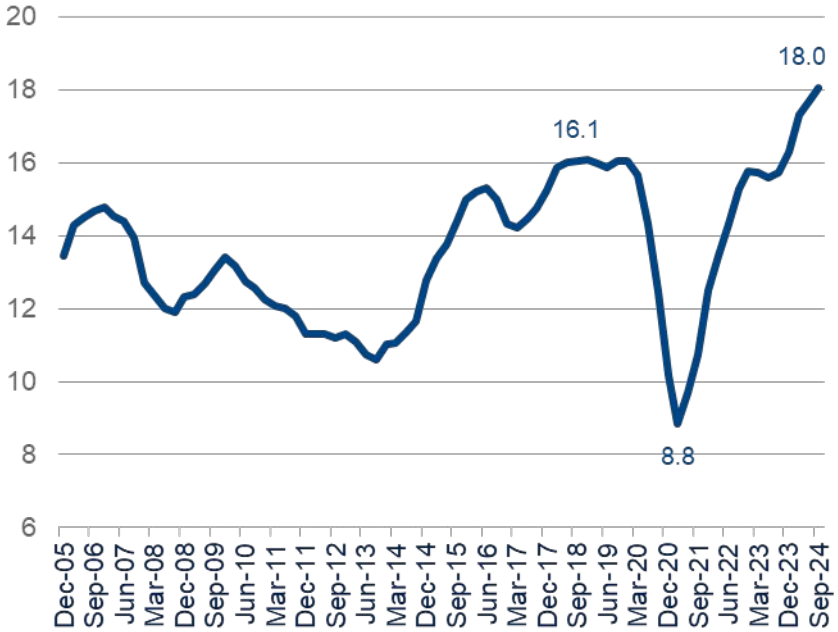
- **Industrial inventories. Manufacturing sales have stabilized** since mid-year, driven by stronger private consumption of goods and retail sales. Production, however, has recently declined, leading to **inventory drawdowns**. In addition, **business confidence surveys show that firms assess their inventories as neutral**, a level below both the historical average (since 1980) and the more recent 10-year trend.
- **Industrial orders. Orders have been growing for four consecutive months** (July to October) and are now above both the historical average and the 10-year trend.

Services exports are still the main driver of foreign trade, having reached a new all-time high

EXPORTS: COMPONENTS
(REAL ANNUAL CHANGE, %)



EXPORTS OF SERVICES
(% OF TOTAL EXPORTS, ANNUAL AVERAGE)

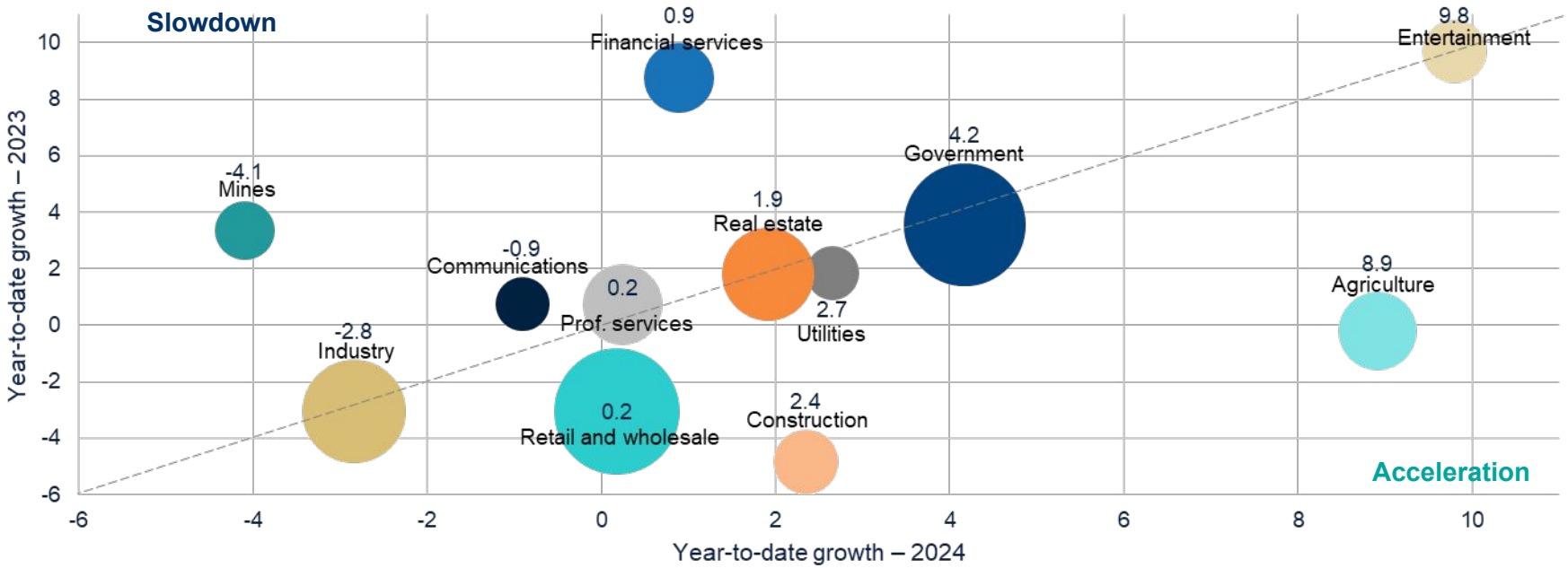


Source: BBVA Research, based on DANE data.

By sector, services and agriculture lead 2024 activity, while construction showed signs of recovery and industry stabilizes

GDP BY SUPPLY(*)

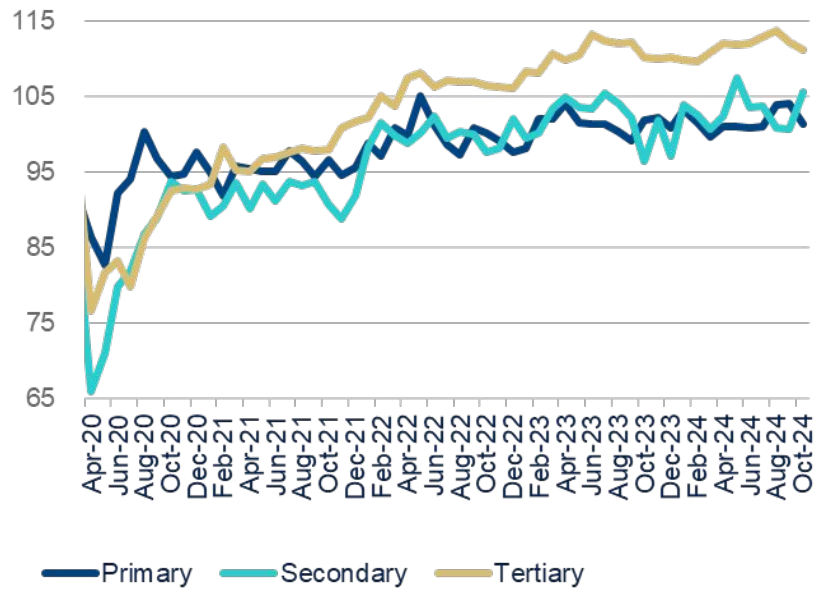
(YEAR-TO-DATE GROWTH THROUGH THE THIRD QUARTER OF 2023 AND 2024, %)



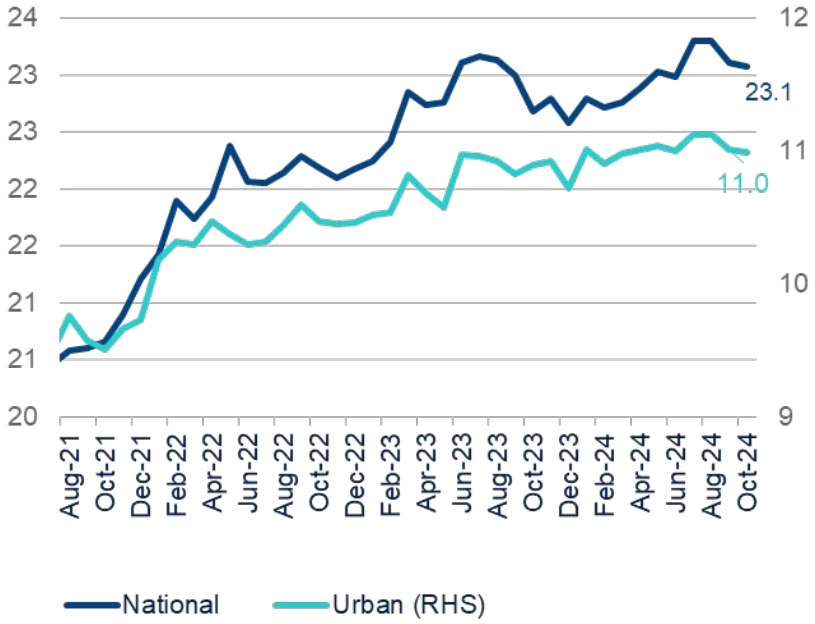
(*): The number visible in the diagram shows the growth of each sector in the year through September 2024.
Source: BBVA Research, based on DANE data.

Services continue to be the main employment generators, although their level of employment has recently declined

SECTORAL EMPLOYMENT
(INDEX FEB-20=100, MONTHLY SERIES, SEAS. ADJUSTED)



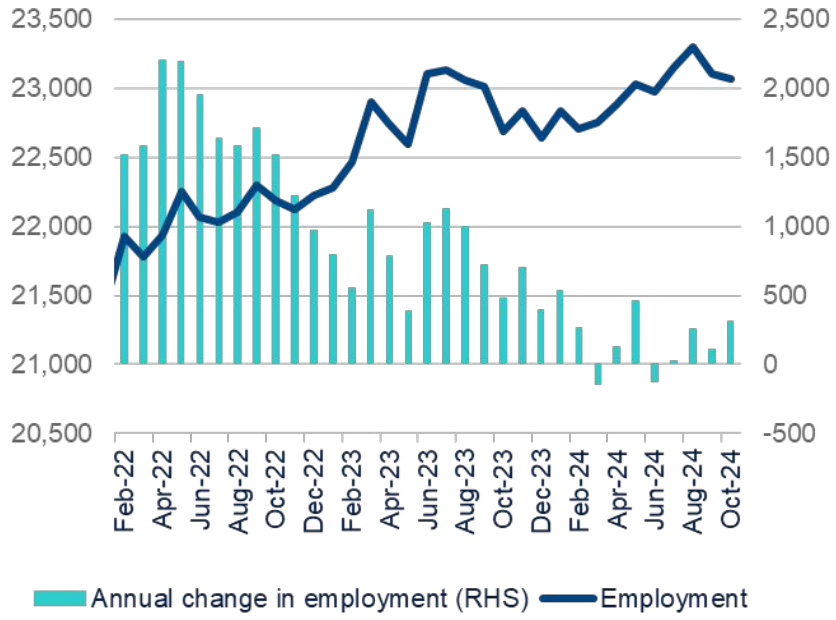
EMPLOYMENT
(SEASONALLY ADJUSTED SERIES, MILLIONS OF PEOPLE)



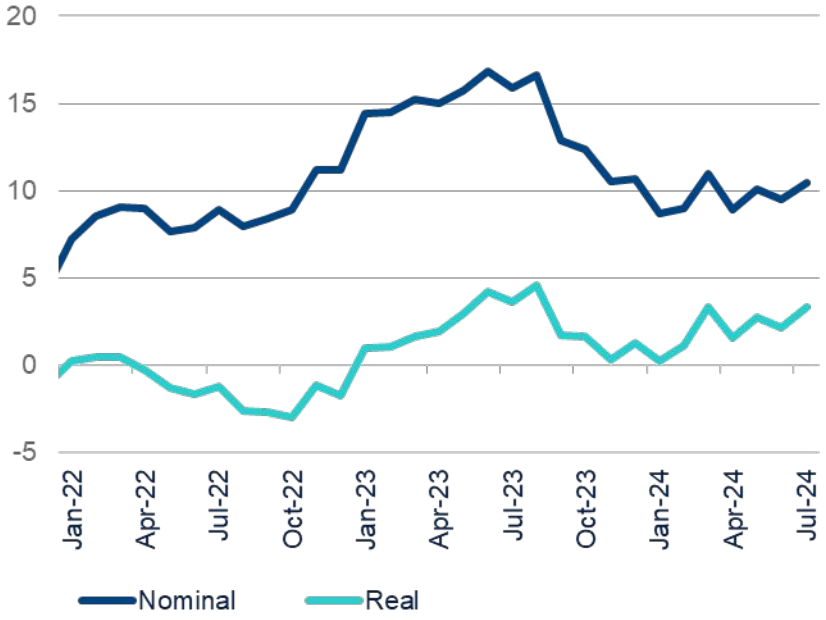
Source: BBVA Research, based on DANE data.

The increase in employment has been modest in 2024. Wages continue to increase at a good rate

TOTAL EMPLOYED AND JOB CREATION
(THOUSANDS OF PEOPLE)



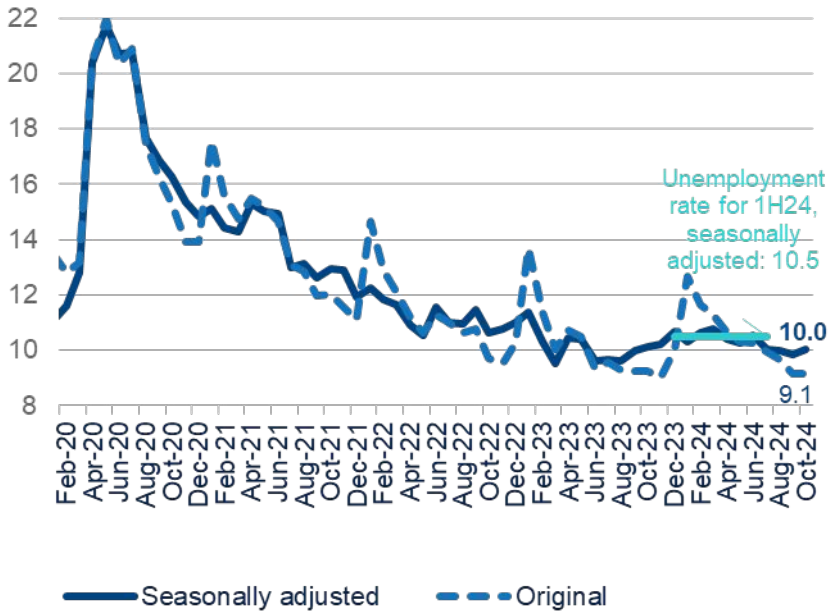
REAL AND NOMINAL WAGES OF FORMAL EMPLOYEES (ANNUAL CHANGE, %)



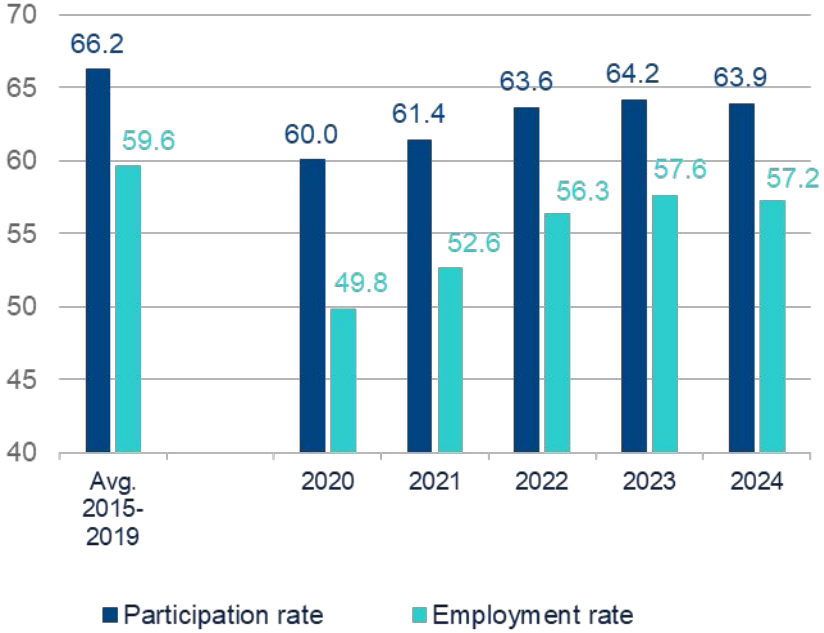
Source: BBVA Research, based on DANE data.

The unemployment rate remains resilient, although this is largely due to a lower labor force participation

UNEMPLOYMENT RATE
(% OF ECONOMIC ACTIVE POPULATION -EAP-)*



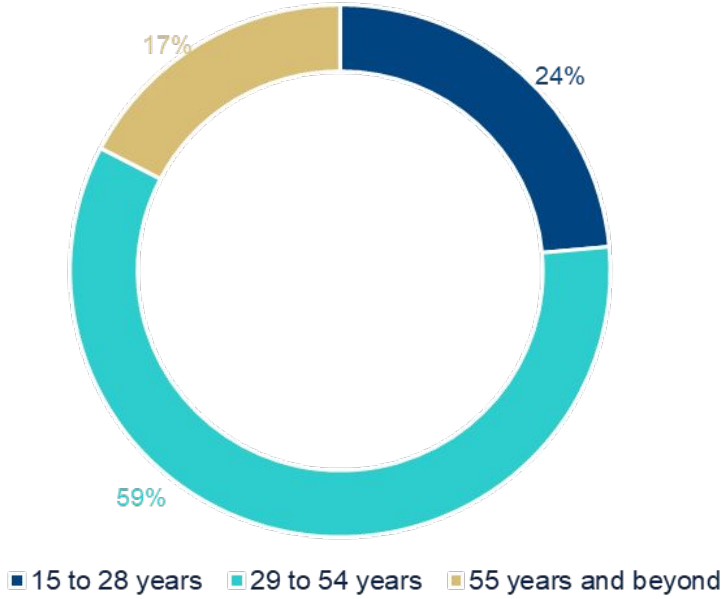
PARTICIPATION AND EMPLOYMENT RATES
(% OF EAP AND POPULATION IN WORKING AGE -PWA-)*



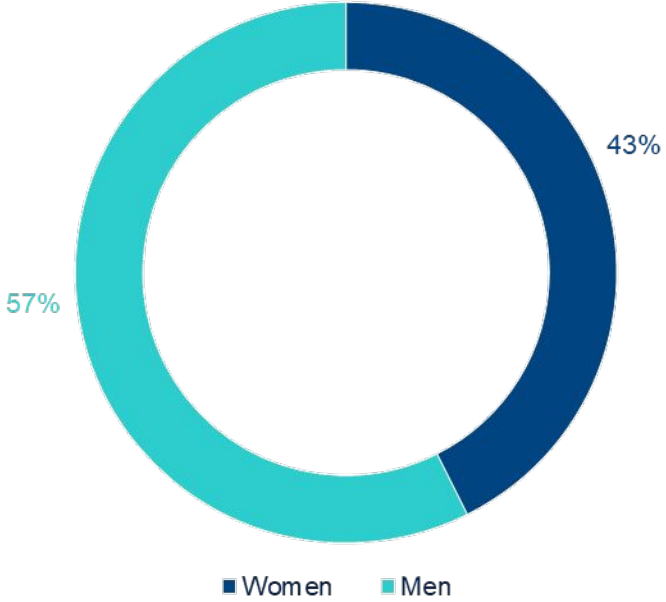
(*): Year to date as of October of each year. Average of each year accumulated to October
Source: BBVA Research, based on DANE data.

In the country's total labor force, young people account for 24% and women 43% of the total

WORKFORCE IN 2024 BY AGE
(% OF WORKFORCE)(*)



WORKFORCE BY GENDER
(% OF WORKFORCE)(**)

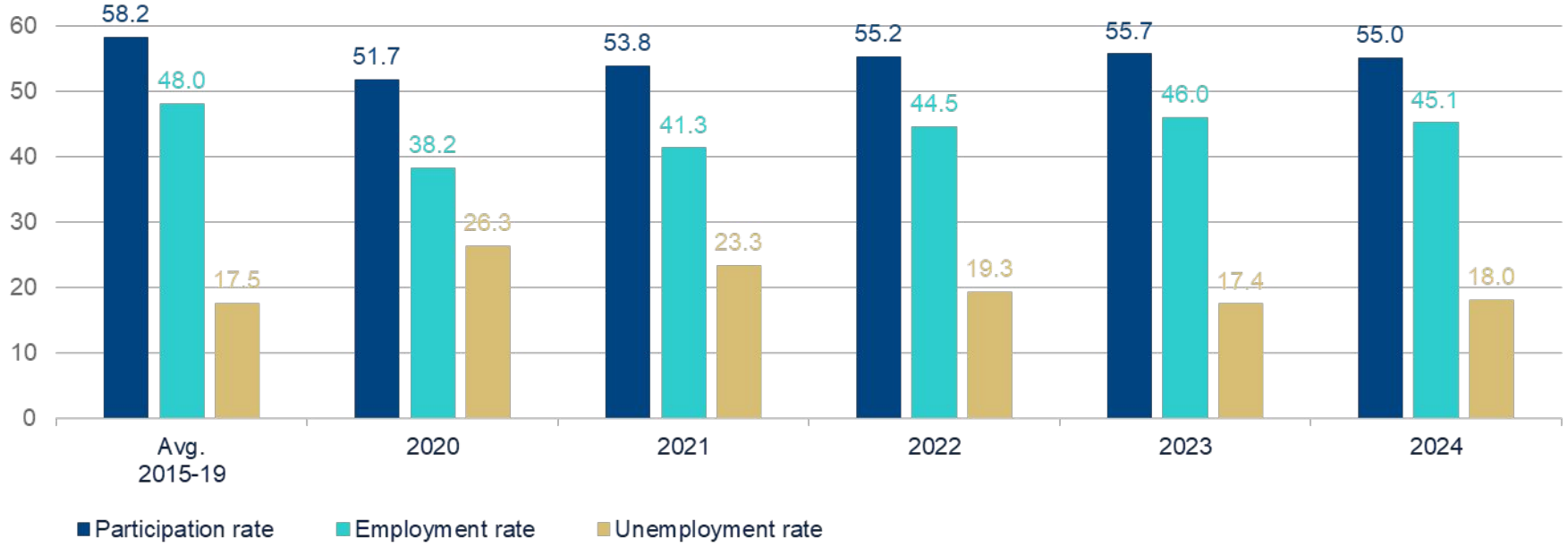


(*): In September, (**): Year to date through September of each year.
Source: BBVA Research, based on DANE data.

Part of the lower labor participation stems from the subdued state of youth employment, which will lead to gaps in experience and quality in the future

PARTICIPATION, EMPLOYMENT AND UNEMPLOYMENT RATES AMONG 15-28 YEAR OLDS

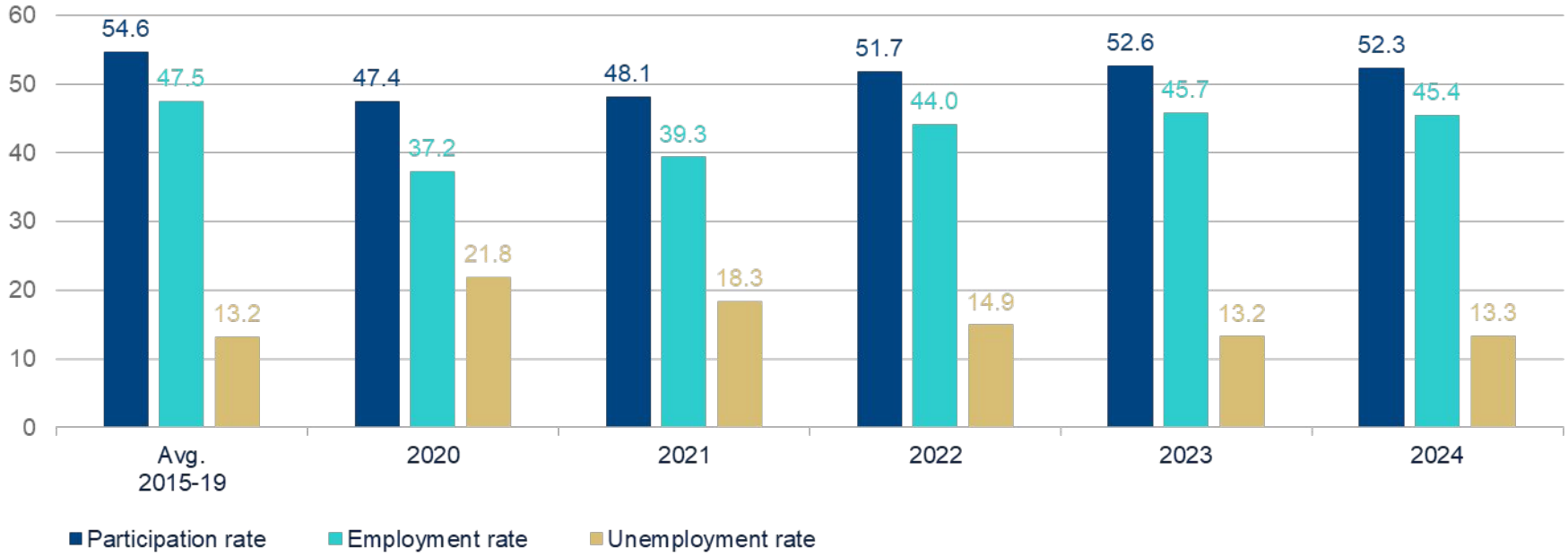
(% OF PWA AND EAP)(*)



(*): Year to date as of September of each year. Year-to-date average as of September of each year.
Source: BBVA Research, based on DANE data.

Women's participation, which was already low, has declined further when compared with the years prior to the pandemic

PARTICIPATION, EMPLOYMENT AND UNEMPLOYMENT RATES AMONG WOMEN
(% OF PWA AND EAP)(*)



(*): Year to date as of September of each year. Year-to-date average as of September of each year.
Source: BBVA Research, based on DANE data.

BBVA Research

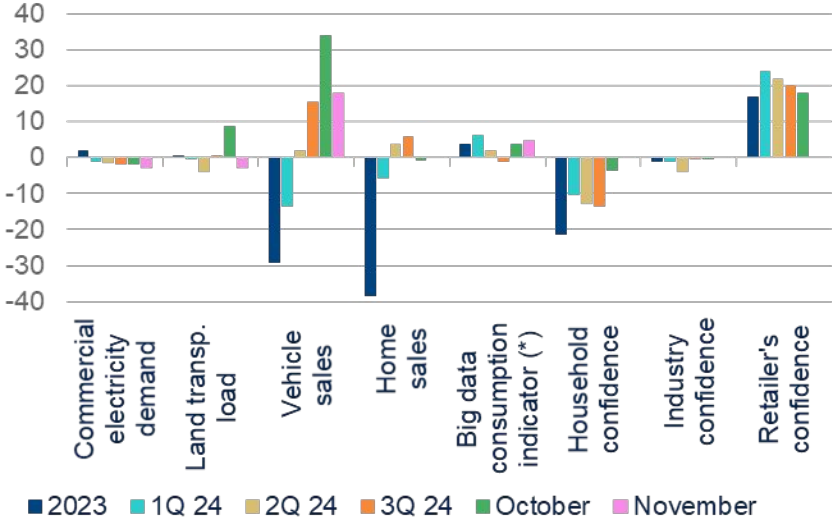
03

Pace of economic recovery:

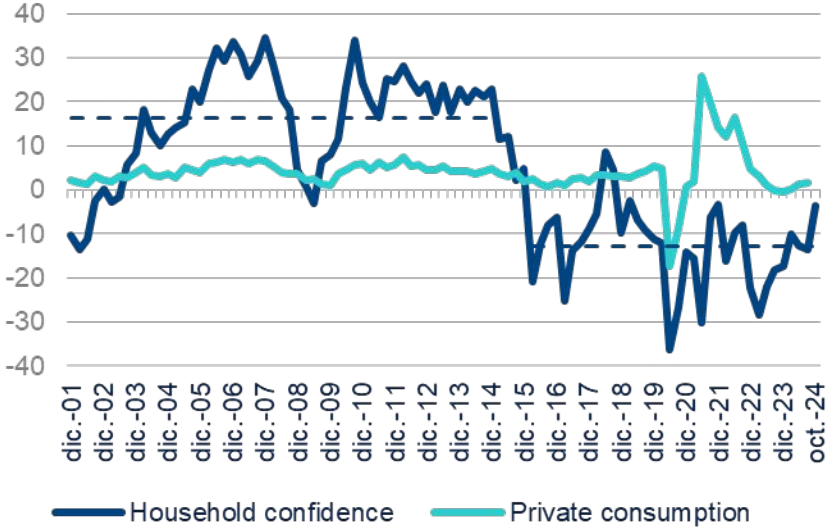
supported by consumption, boosted by investment

Economic indicators present mixed signals regarding the recovery across various sectors

LEADING INDICATORS
(ANNUAL CHANGE AND BALANCE OF ANSWERS, %)



HOUSEHOLD CONFIDENCE AND CONSUMPTION
(BALANCE OF ANSWERS AND REAL ANNUAL CHANGE, %)

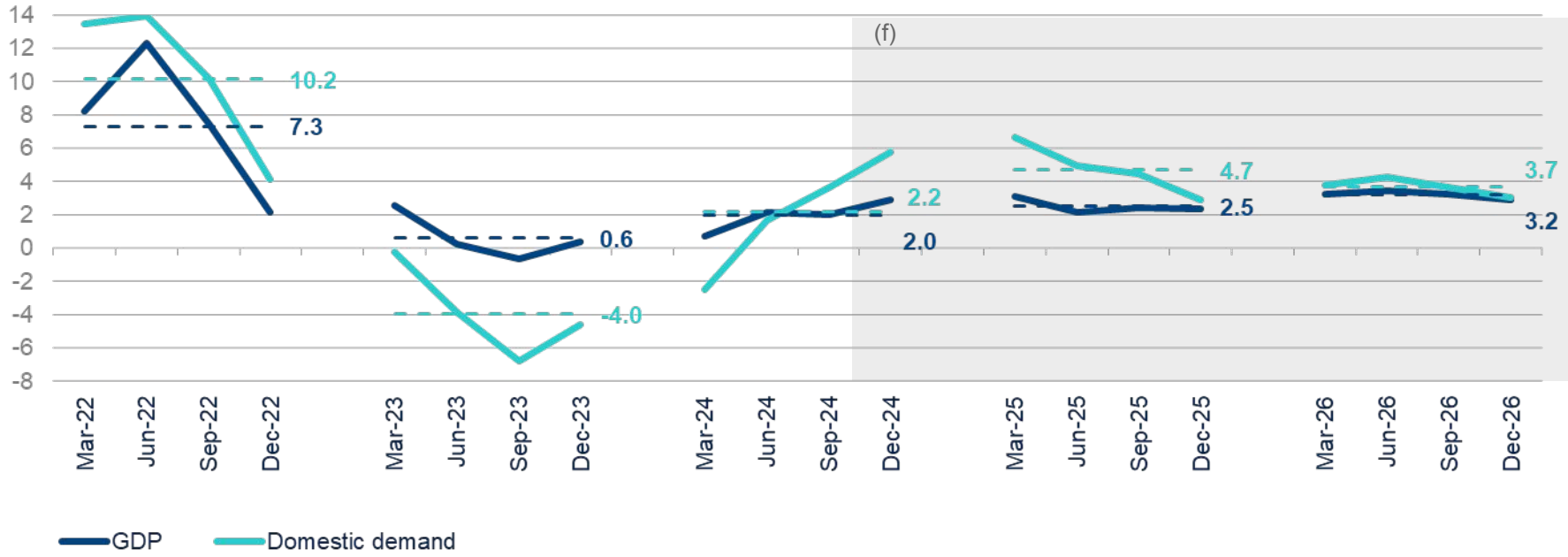


(*): Refers to the BBVA Research Big Data Consumption Index
Source: BBVA Research, with data from XM, Min. of Transport, Fenalco, Camacol, BBVA Transactions and Fedesarrollo.

Household confidence is improving

GDP growth will gradually improve

GDP AND DOMESTIC DEMAND
(REAL ANNUAL CHANGE, %)

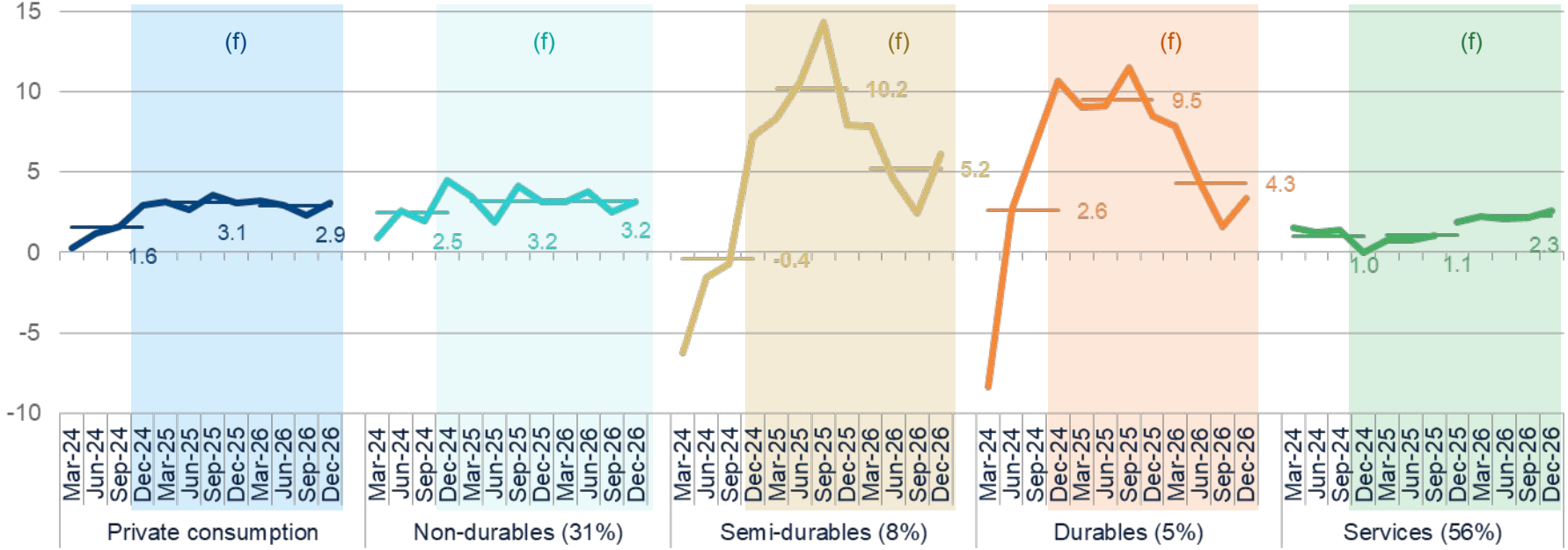


(f): BBVA Research forecasts.
Source: BBVA Research, based on DANE data.

Private consumption will continue to grow, driven by semi-durable and durable goods. Services will slow before picking up again in 2026

PRIVATE CONSUMPTION: COMPONENTS

(REAL ANNUAL CHANGE, %, IN PARENTHESES: PARTICIPATION IN PRIVATE CONSUMPTION)

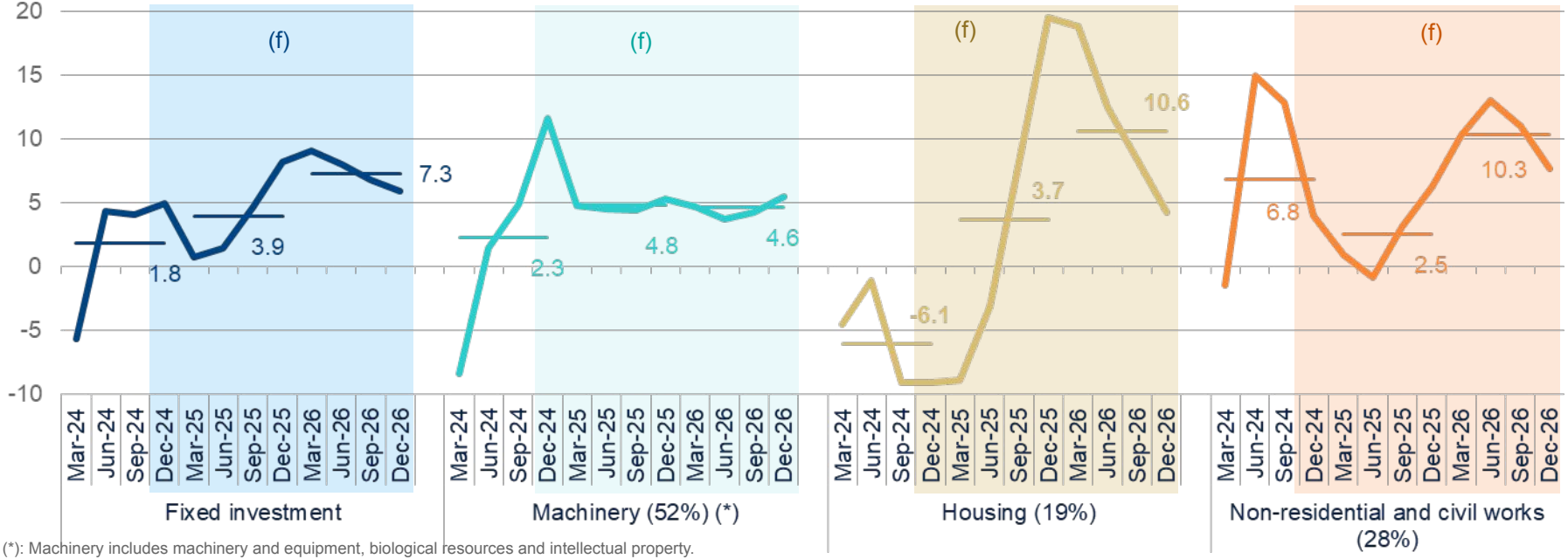


(f): BBVA Research forecasts.
Source: BBVA Research, based on DANE data.

Investment will be led by civil works and machinery; non-residential building (which will decline in the short run) and housing will pick up in mid-2025

FIXED INVESTMENT: COMPONENTS

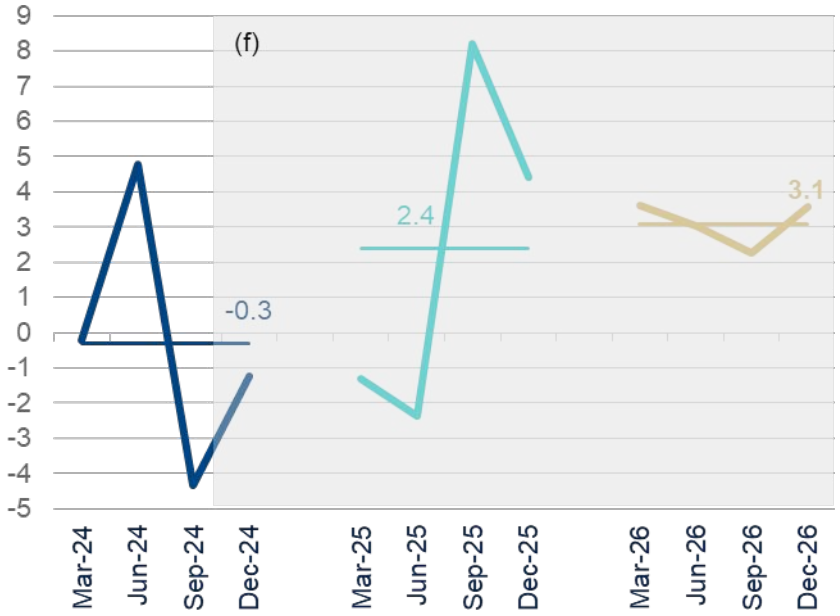
(REAL ANNUAL CHANGE, %, IN PARENTHESES: PARTICIPATION IN FIXED INVESTMENT)



(*): Machinery includes machinery and equipment, biological resources and intellectual property.
(f): BBVA Research forecasts.
Source: BBVA Research, based on DANE data.

The GDP in 2025 and 2026 will be shaped by three key factors: public consumption, inventory levels, and exports to the United States

GOVERNMENT EXPENDITURE
(REAL ANNUAL CHANGE, %)



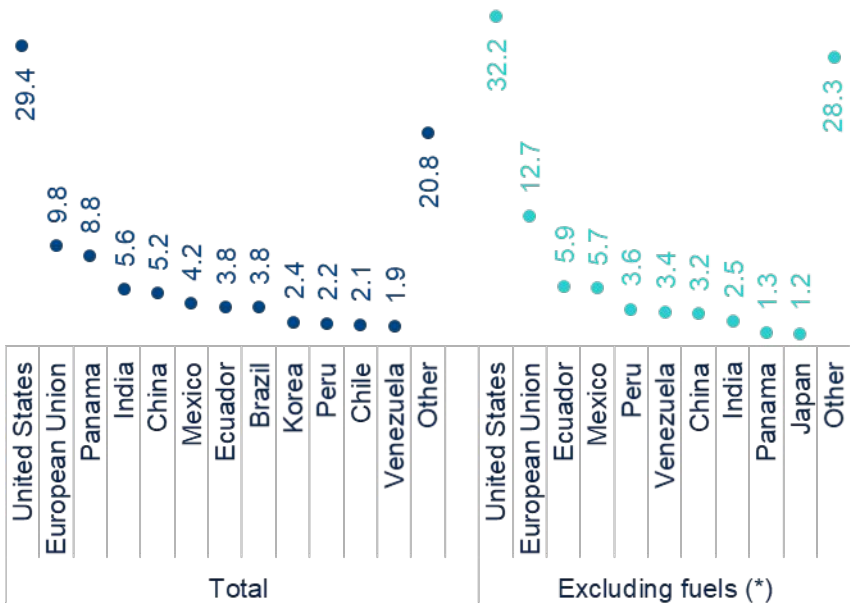
(f): BBVA Research forecasts.
Source: BBVA Research, based on DANE data.

Sources of uncertainty:

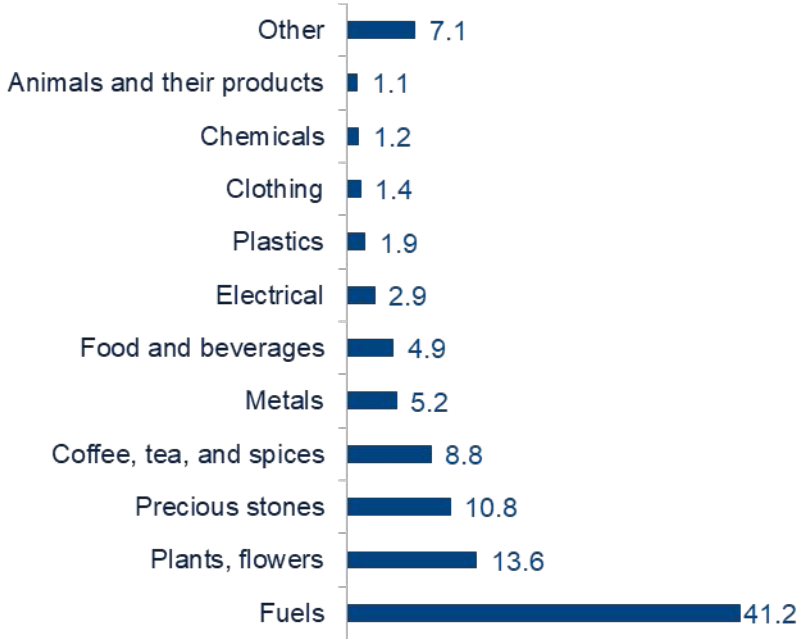
- **Public consumption.** Neutral to GDP growth in 2025 and 2026, as both will grow at a similar pace. The execution of public spending (national and regional) will determine its final impact on GDP.
- **Inventory accumulation.** The pace and start of the expansionary cycle in buildings will define inventory performance.
- **Exports to the United States.** Magnitude and impact of tariffs on non-fuel exports.

The United States accounts for roughly 30% of Colombia's exports, of which 60% are non-oil and non-coal products

EXPORTS BY DESTINATION: TOTAL AND EXCLUDING FUELS (% OF TOTAL EXPORTS, 2024(**))



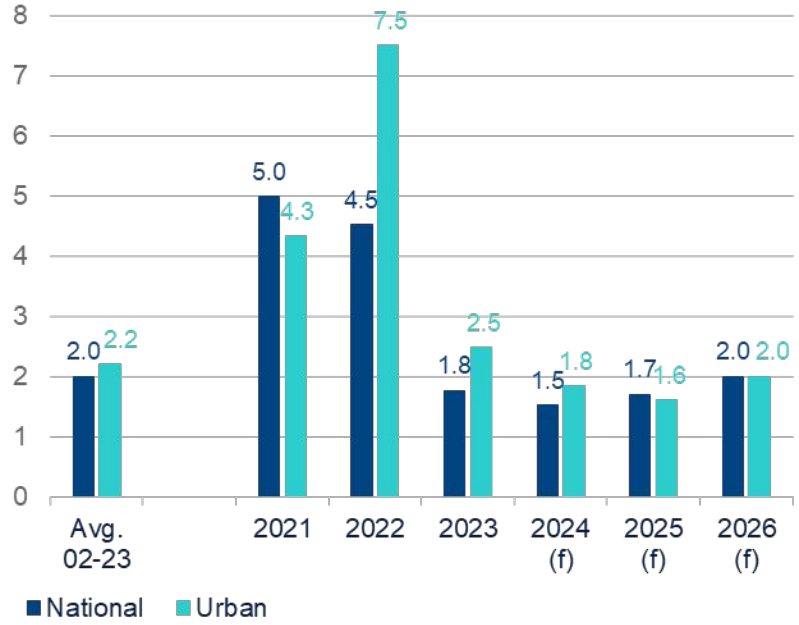
EXPORTS TO THE U.S.: BY PRODUCT (% OF TOTAL EXPORTS TO THE U.S., 2024(**))



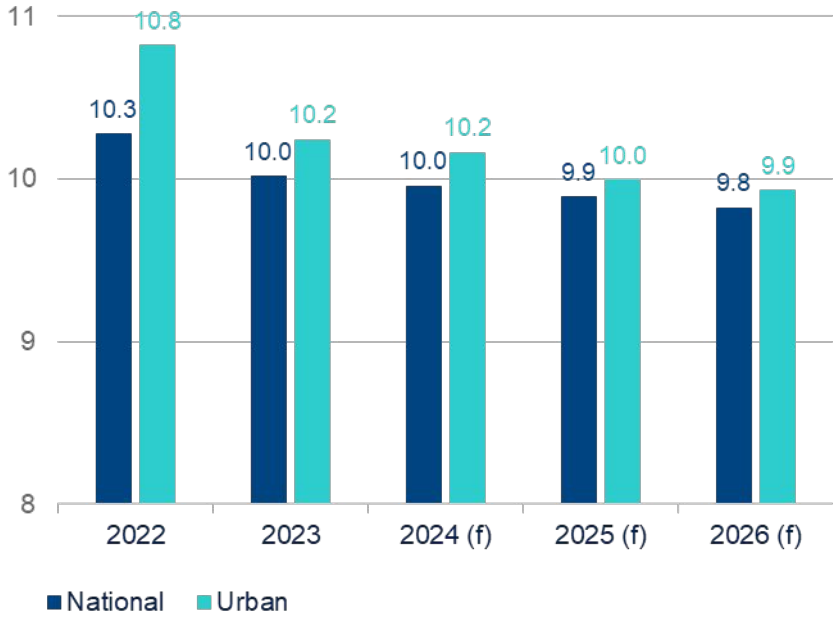
(*): Fuels: Oil and coal. (**): Year-to-date as of September.
Source: BBVA Research with data from DANE

Employment will grow, albeit gradually, driven by productive sectors (manufacturing and construction) and by services in 2026

ANNUAL JOB CREATION
(ANNUAL CHANGE, %, END OF PERIOD)



NATIONAL AND URBAN UNEMPLOYMENT RATE
(% OF EAP, END OF PERIOD)



(f): BBVA Research forecasts.
Source: BBVA Research, based on DANE data.

BBVA Research

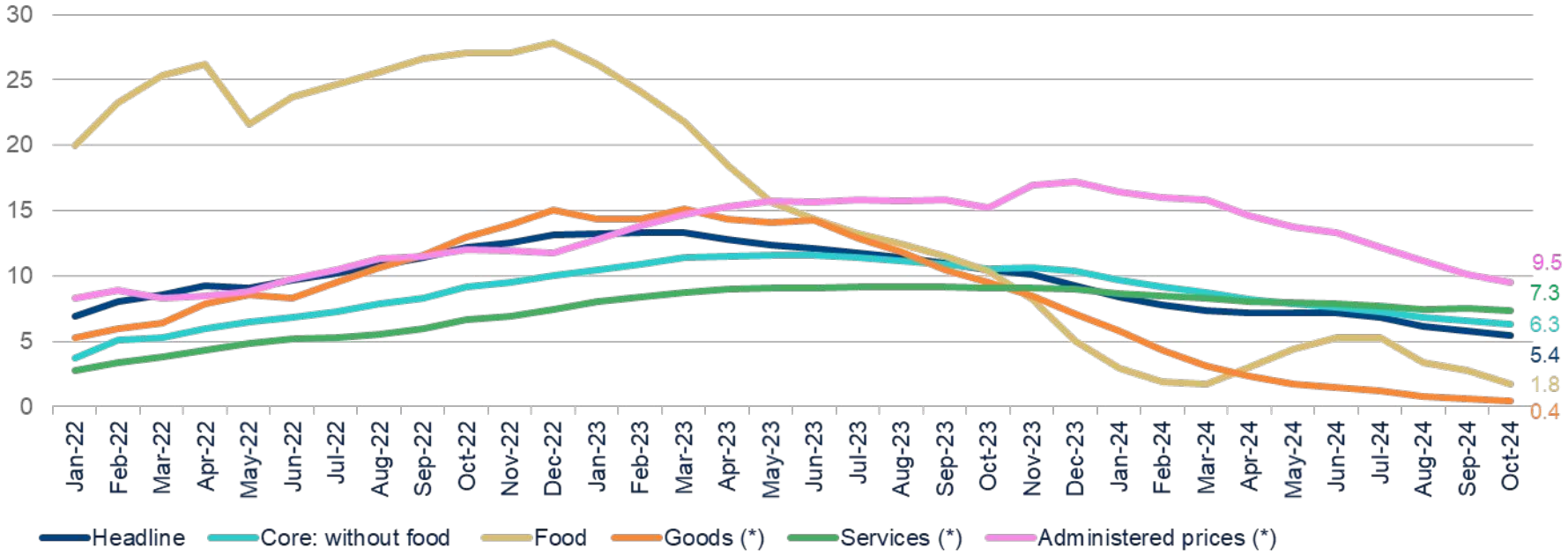
04

Lower inflation and interest rates:

a relief for the economy

Inflation has retreated this year, mainly due to less pressure from non-food goods, with services being the most sticky basket

HEADLINE INFLATION AND MAIN BASKETS
(ANNUAL CHANGE, %)

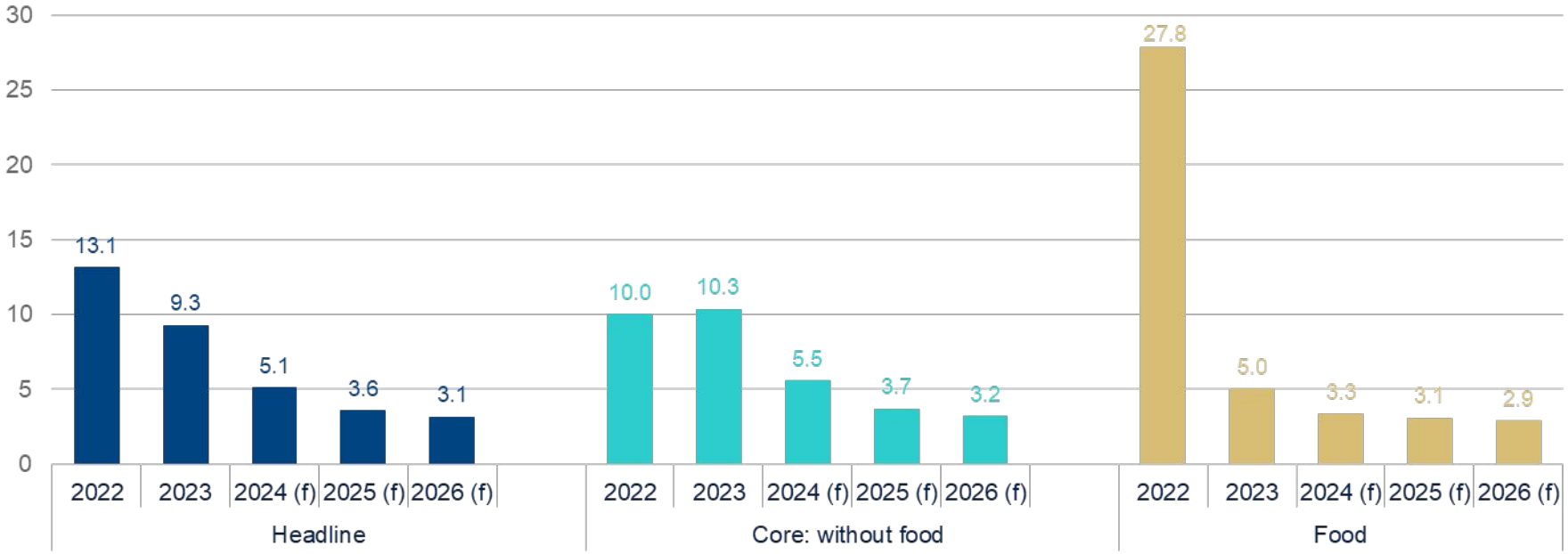


(*): The baskets of goods, services, and administered prices items do not include food
Source: BBVA Research, based on DANE data.

Inflation will continue to retreat and should be very close to Banrep's target by the end of 2026

INFLATION: HEADLINE, WITHOUT FOOD AND FOOD

(ANNUAL CHANGE FOR END OF PERIOD, %)



(f): BBVA Research forecasts.
Source: BBVA Research, based on DANE data.

The forecast includes factors that will influence inflation in 2025 and 2026. However, uncertainties persist, contingent upon the scenario

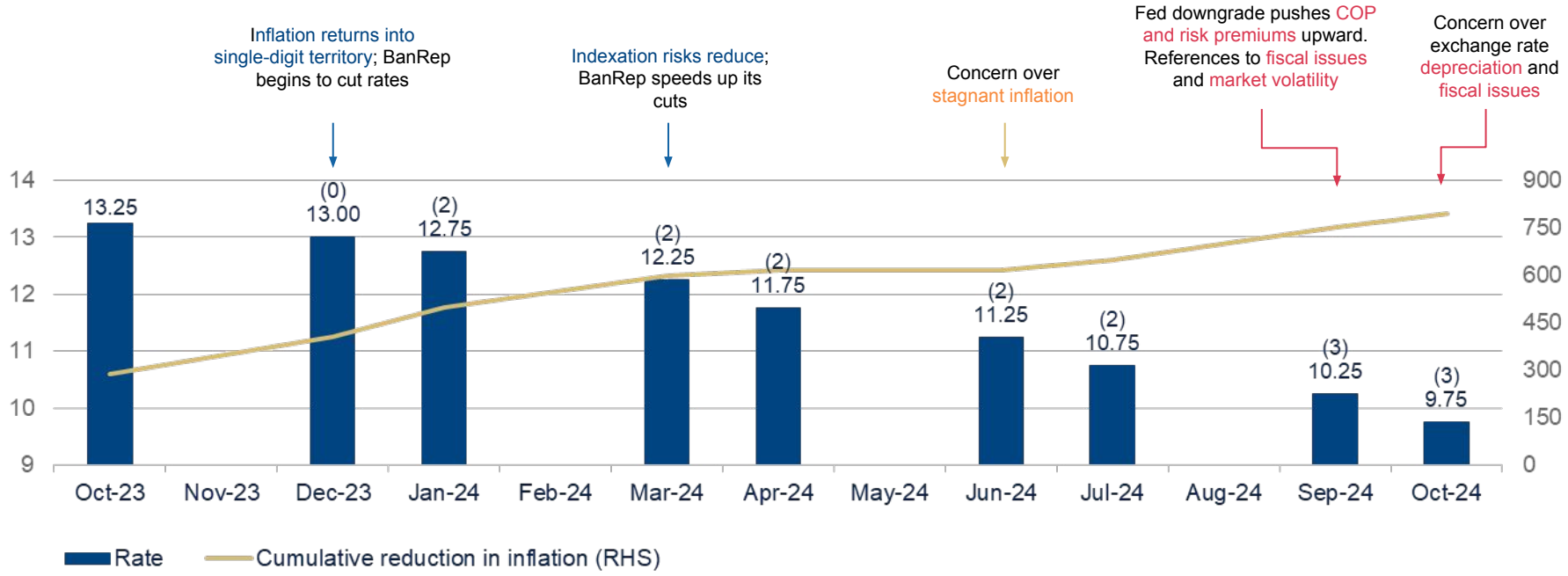
	FACTORS INCLUDED IN 2025 AND 2026	UNCERTAINTIES
Goods	▪ Higher demand and base effects. ▪ Moderate devaluation and pass-through in 2025, with appreciation expected in 2026.	▪ Higher than expected devaluation or pass-through. ▪ Lower import prices from China. ▪ Robust recovery in demand. ▪ Prolonged logistical challenges on roadways.
Services	▪ Indexation in goods and services. ▪ Slower growth in services during 2025 and acceleration in 2026. ▪ Persistence in rents inflation in 2025 with slight easing in 2026.	▪ Greater persistence in service inflation, especially in rents, due to a slower recovery in housing supply. ▪ Robust recovery in demand. ▪ Higher-than-expected minimum wage increase.
Administered prices	▪ Higher electricity and gas prices. ▪ Further increases in the price of diesel over the next year.	▪ Sharp increase in electricity and gas prices.

Source: BBVA Research

Banco de la República's decisions have been cautious and will remain so due to the expected economic conditions moving forward

POLICY RATE, BOARD'S POSITION AND KEY DECISION-MAKING FACTORS

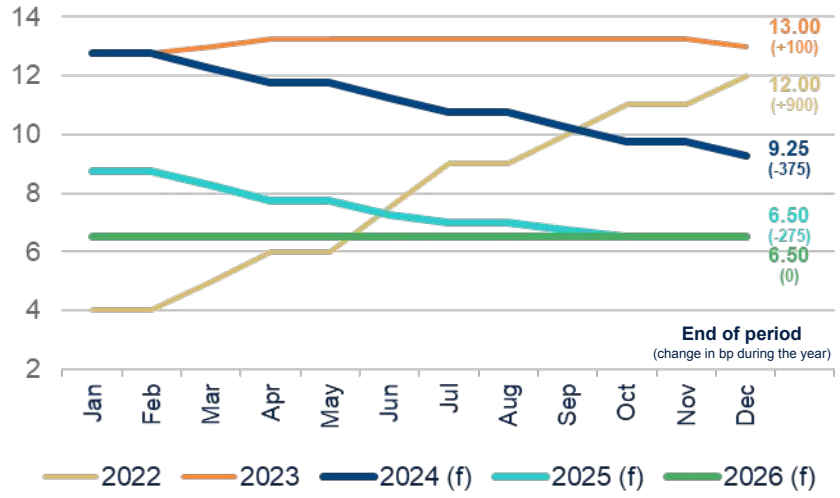
(% FOR INTEREST RATES AND BASIS POINTS FOR CHANGE IN INFLATION)



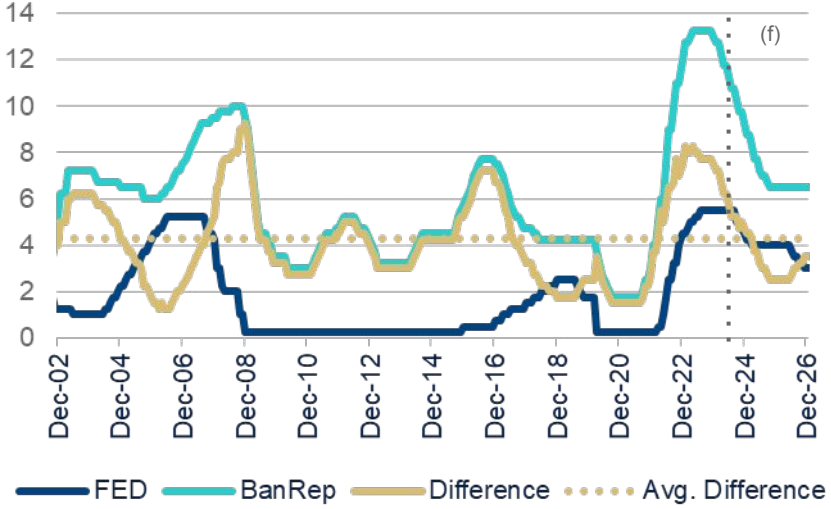
Note: A value in parentheses shows the number of members of the Board of BanRep who voted in favor of a higher cut than the one ultimately agreed upon
Source: BBVA Research, based on BanRep and DANE data.

Banco de la República will lower its interest rate to 6.50% in 2025, a level it will maintain for sometime

MONETARY POLICY RATE
(ANNUAL EFFECTIVE, %)



NOMINAL MONETARY POLICY RATE: UNITED STATES AND COLOMBIA (%, AVERAGE FROM 2002 TO 2019)



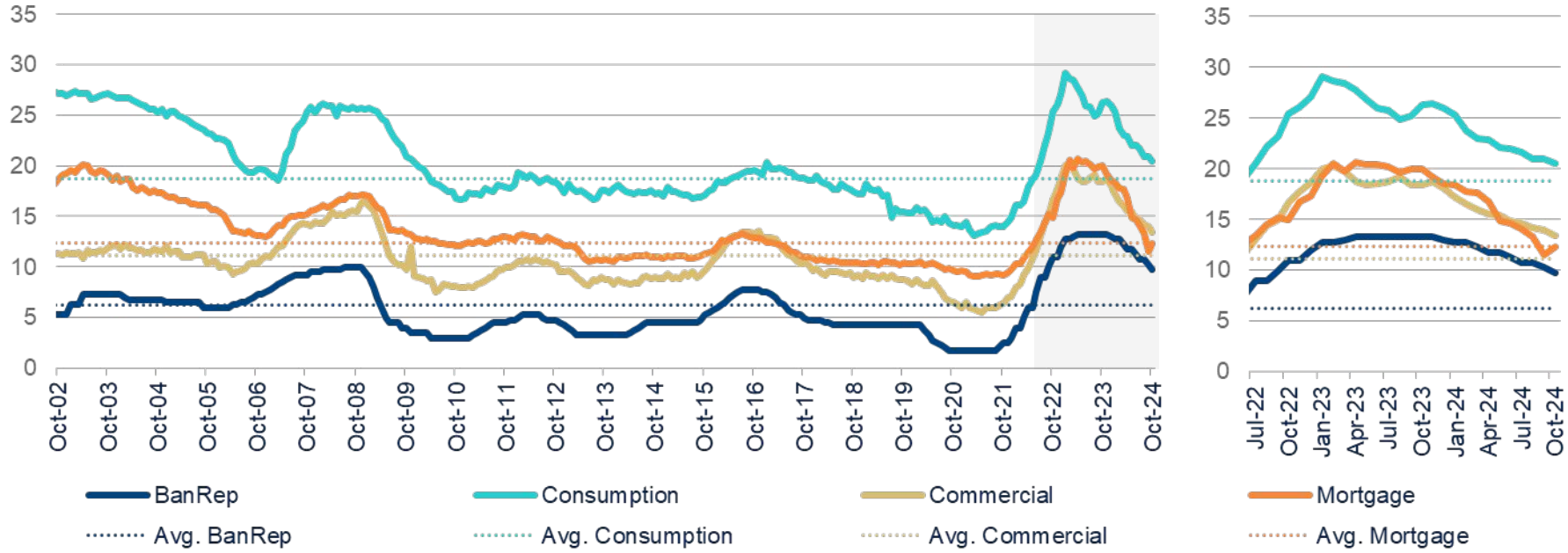
(f): BBVA Research forecasts; change in the year shown in parentheses.
Source: BBVA Research, with data from FED, BanRep and DANE.

The rate differential with the Fed is expected to remain below its average over the next couple of years, which will curb nominal rate cuts to avoid a larger than estimated exchange rate depreciation.

There has been a significant decline in market interest rates, especially in the mortgage market

MONETARY POLICY INTEREST RATE AND MARKET RATES

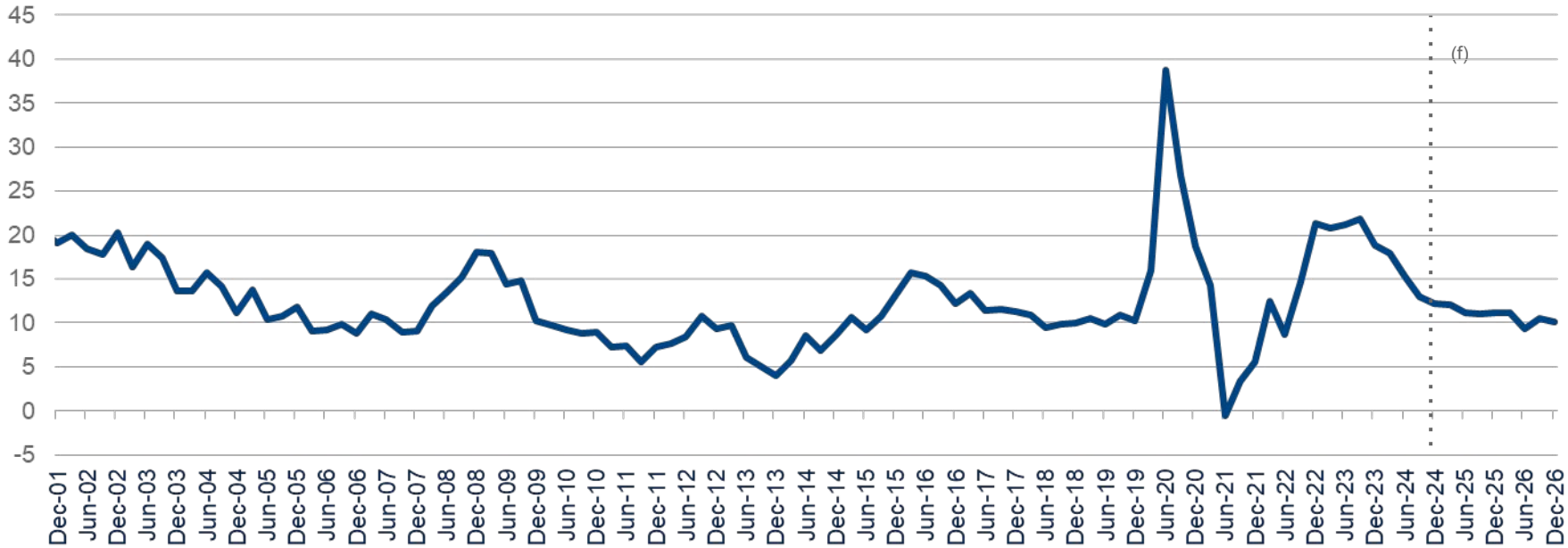
(%, THE AVERAGE RELATES TO THE LAST DECADE, ZOOM OF THE LAST TWO YEARS)



Source: BBVA Research, with data from Superfinanciera

Lower inflation, along with lower unemployment and higher economic growth, should improve the economy's balance in 2025 and 2026

ECONOMIC SUFFERING INDEX(*)
(INDEX)



(f): BBVA Research forecasts and DANE data. (*): The index is the inflation rate plus the national unemployment rate, less economic growth. The Economic Suffering Index was devised by american economist Arthur Okun in the 1970s. Later, economist Robert Barro put forward a modification to the original Economic Suffering Index by incorporating economic growth.
Source: BBVA Research, based on DANE data.

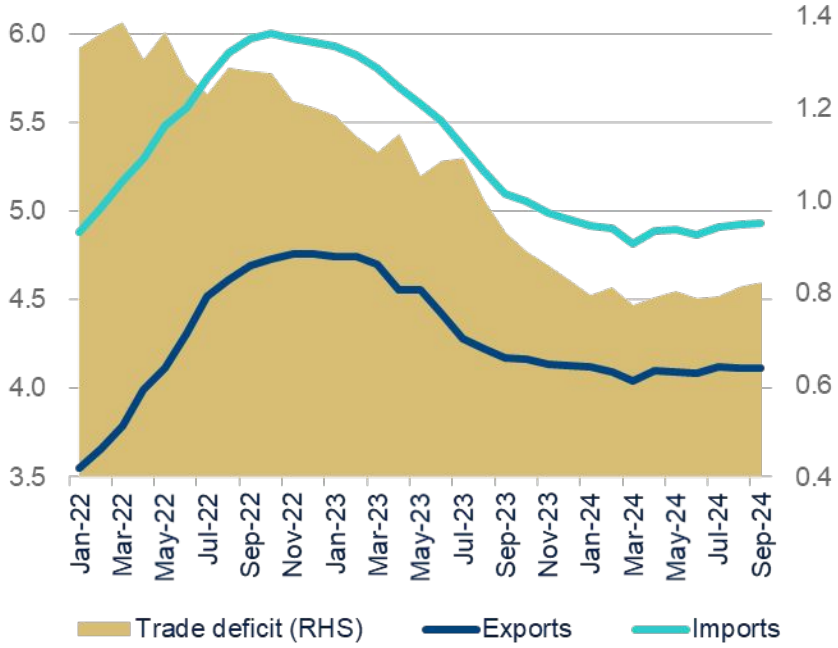
BBVA Research

05

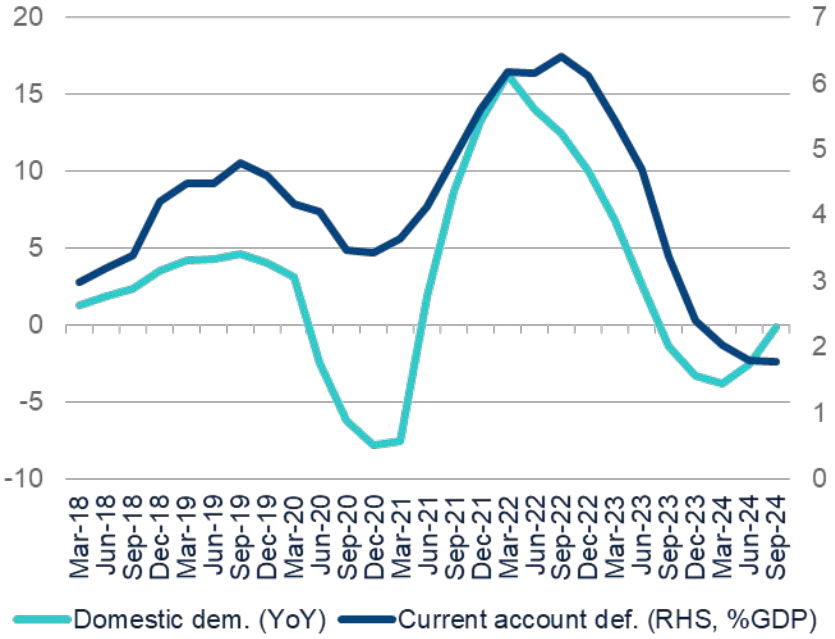
Widening external deficit and fiscal balance with challenges

Imports are starting to exert upward pressure on the trade deficit, following an improvement in domestic demand

TRADE BALANCE (BILLIONS OF DOLLARS, 12 MONTH MOVING AVG OF MONTHLY VALUES)



CURRENT ACCOUNT AND DOMESTIC DEMAND
(% OF GDP AND ANNUAL CHANGE IN %, ANNUAL AVERAGE)

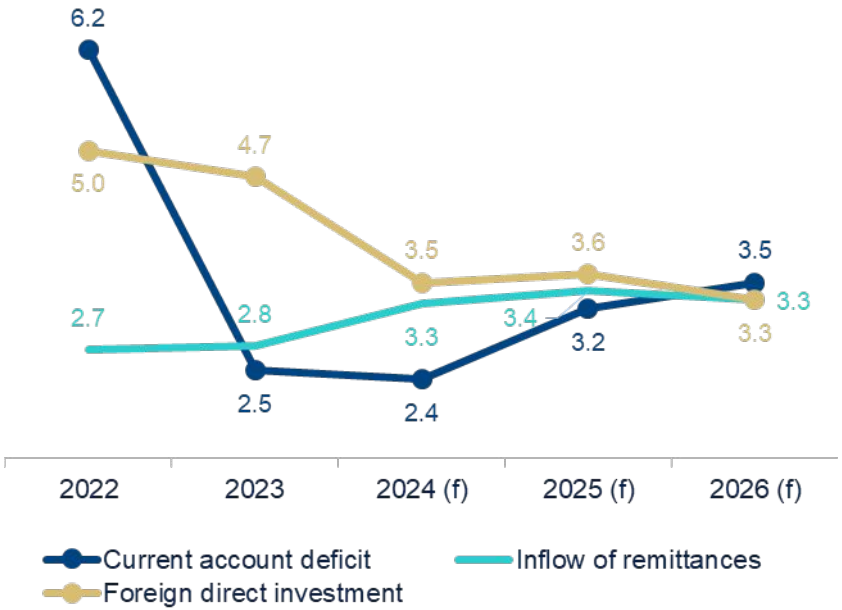


Source: BBVA Research, with Banco de la República and DANE data.

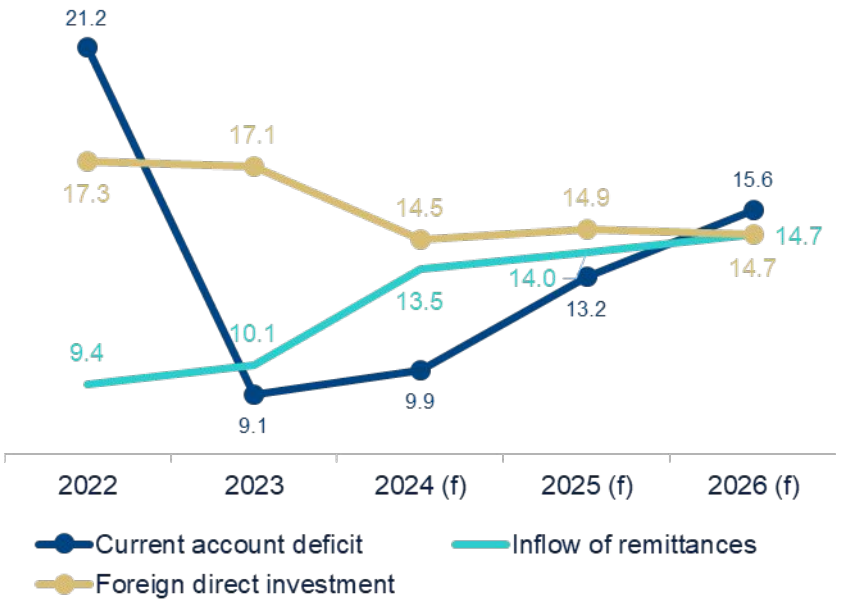
A steady widen of the external deficit is expected, while earnings remittances will likely increase. It will be largely financed by FDI

CURRENT ACCOUNT DEFICIT AND FOREIGN DIRECT INVESTMENT

(% OF GDP)



(BILLION DOLLARS)

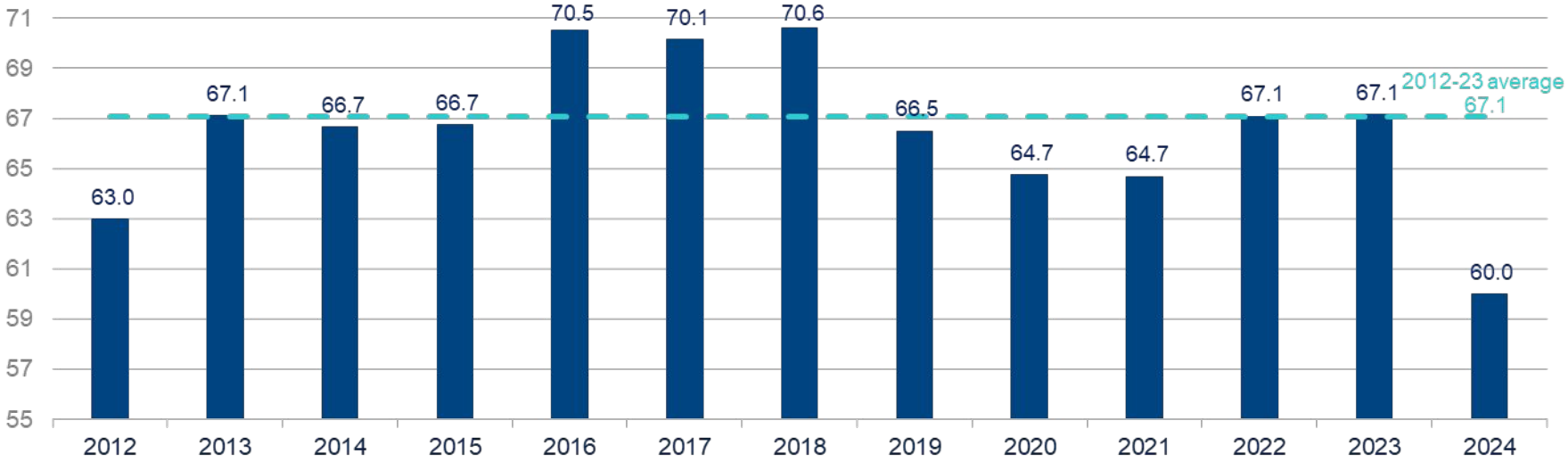


(f): BBVA Research forecasts.
Source: BBVA Research, with data from DANE and *Banco de la República*.

The government has made efforts to curb spending amid lower-than-expected revenues

BUDGET EXECUTION WITHOUT DEBT

(% OF ANNUAL BUDGET THROUGH OCTOBER OF EACH YEAR)(*)

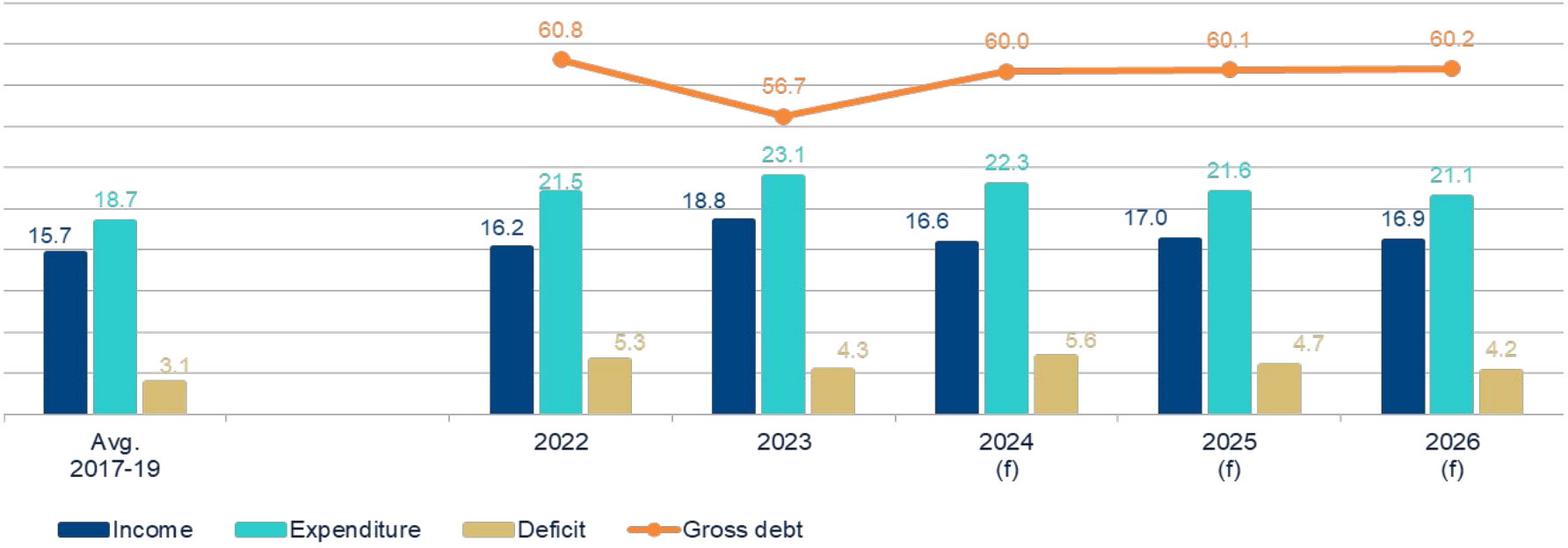


(*): Budgetary obligations of the National Government.
Source: BBVA Research, based on data from Min. of Finance in a report on the execution of the General Budget of the Nation.

Due to the inflexible nature of government operating spending, spending cuts typically occur through investment

Government expenditure will remain high throughout 2024-2026, despite falling short of the 2023 figure

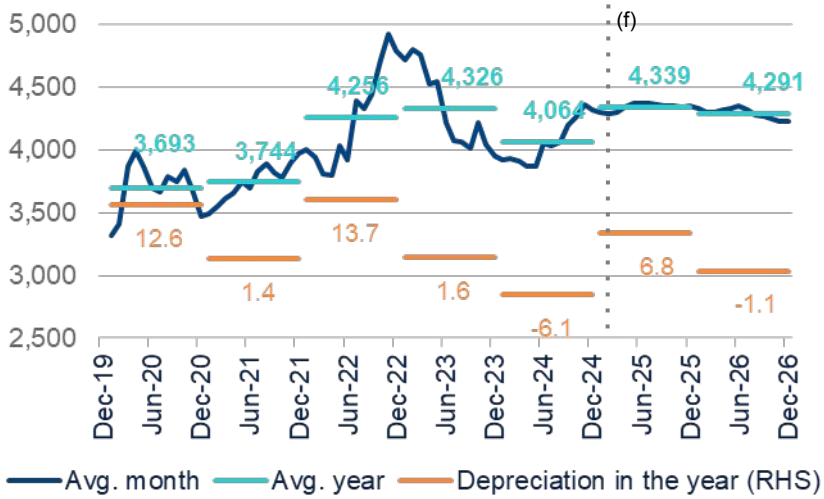
REVENUE, EXPENDITURE, DEFICIT AND DEBT OF THE NATIONAL CENTRAL GOVERNMENT
(% OF GDP)



(f): BBVA Research forecasts. For 2025, the scenario includes the non approval of the financial law, lower anti-evasion revenues than those of the budget presented by the government and lower tax collection due to the lower base in 2024.
Source: BBVA Research, with data from the Ministry of Finance in the General Budget of the Nation and the Medium-Term Fiscal Framework.

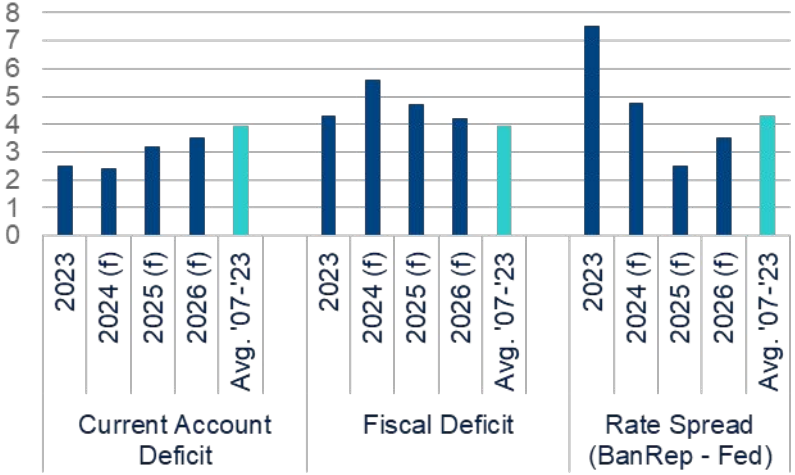
Following the recent depreciation, mainly due to external factors, the Colombian peso will remain weak in the next years

COLOMBIAN PESO EXCHANGE RATE
(PESOS PER DOLLAR, ANNUAL AVERAGE DEPRECIATION, %)



(f): BBVA Research forecasts.
Source: BBVA Research, based on FED, BanRep and Min. of Finance data.

FACTORS STEERING THE COURSE OF THE EXCHANGE RATE (% OF GDP AND RATE DIFFERENTIAL, %)



A larger current account deficit, together with a more challenging fiscal environment, will keep pressure on the exchange rate, which will be joined in the short run by a narrowing of the rate differential with the Fed.

BBVA Research

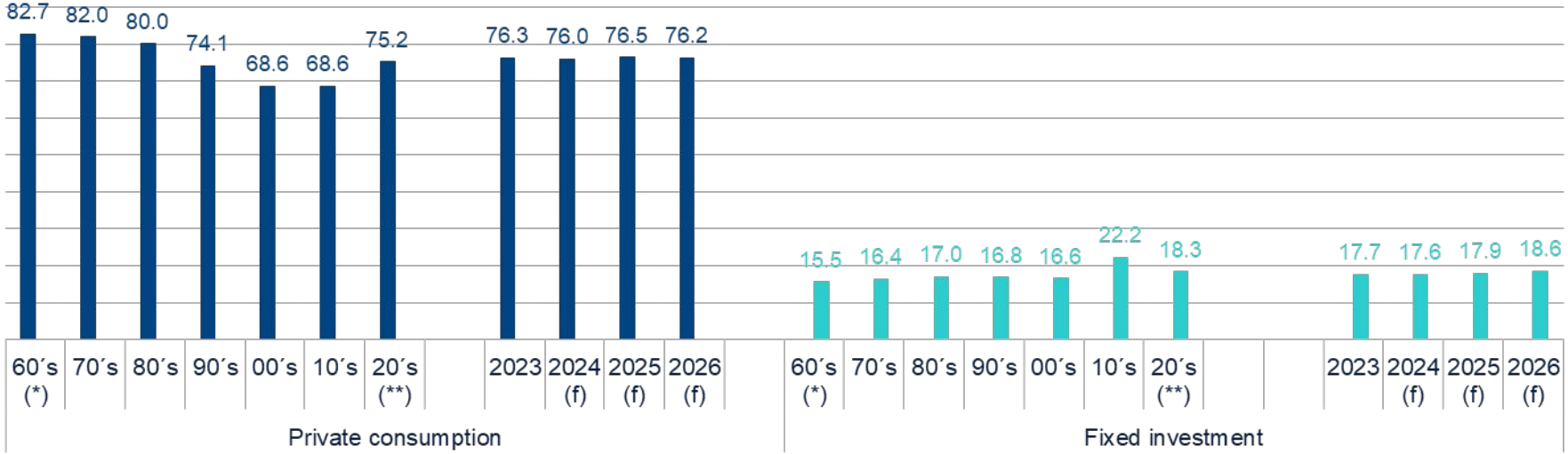
06

Colombia needs more domestic and foreign savings to finance its growth

Investment will outpace GDP from 2025 onward, something it has not done since 2022. As a result, the investment rate will improve, but still remain low

INVESTMENT RATE AND PRIVATE CONSUMPTION

(% OF GDP, %)

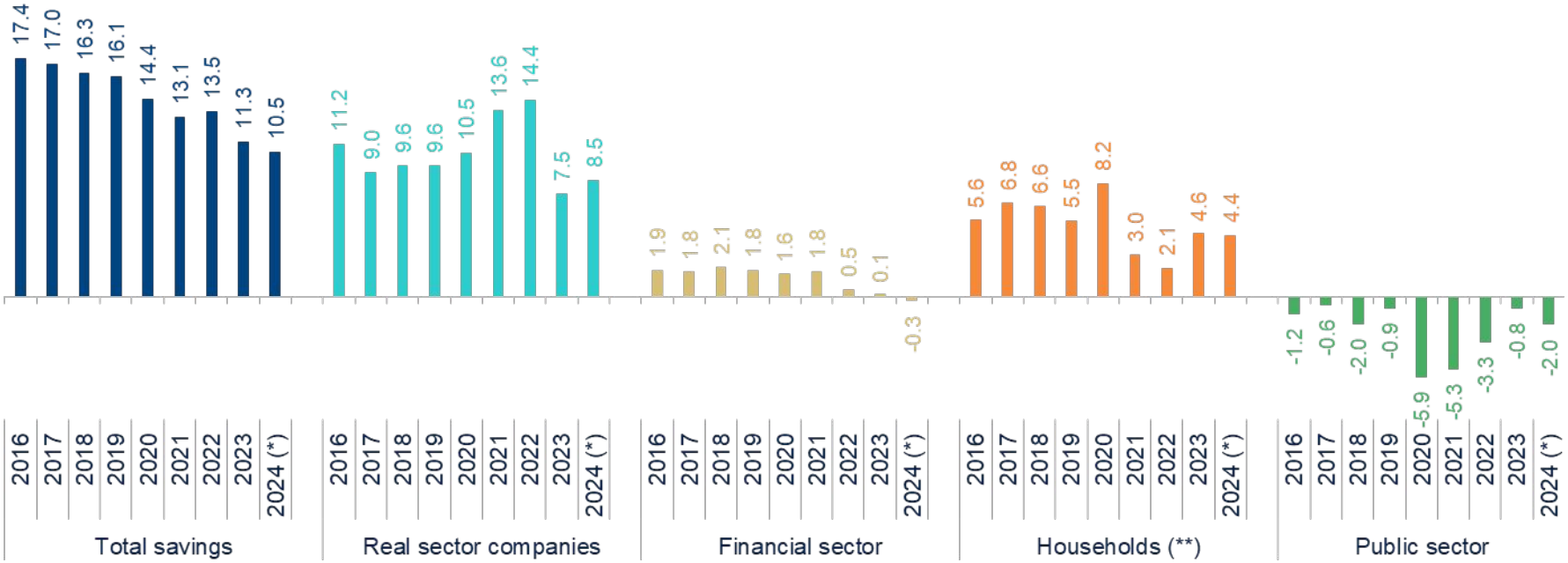


(*): Data for the period 1965-1969. (**): Data for the period 2020-2026. (f): BBVA Research forecasts.
Source: BBVA Research, with data from DANE.

Meanwhile, household consumption will stabilize as a proportion of GDP. However, compared with the historical averages, growth will find more support from private consumption than in the past.

The low capacity of companies and households to save and public dissaving have pushed down gross domestic savings and limited investment

GROSS DOMESTIC SAVINGS
(% OF GDP)

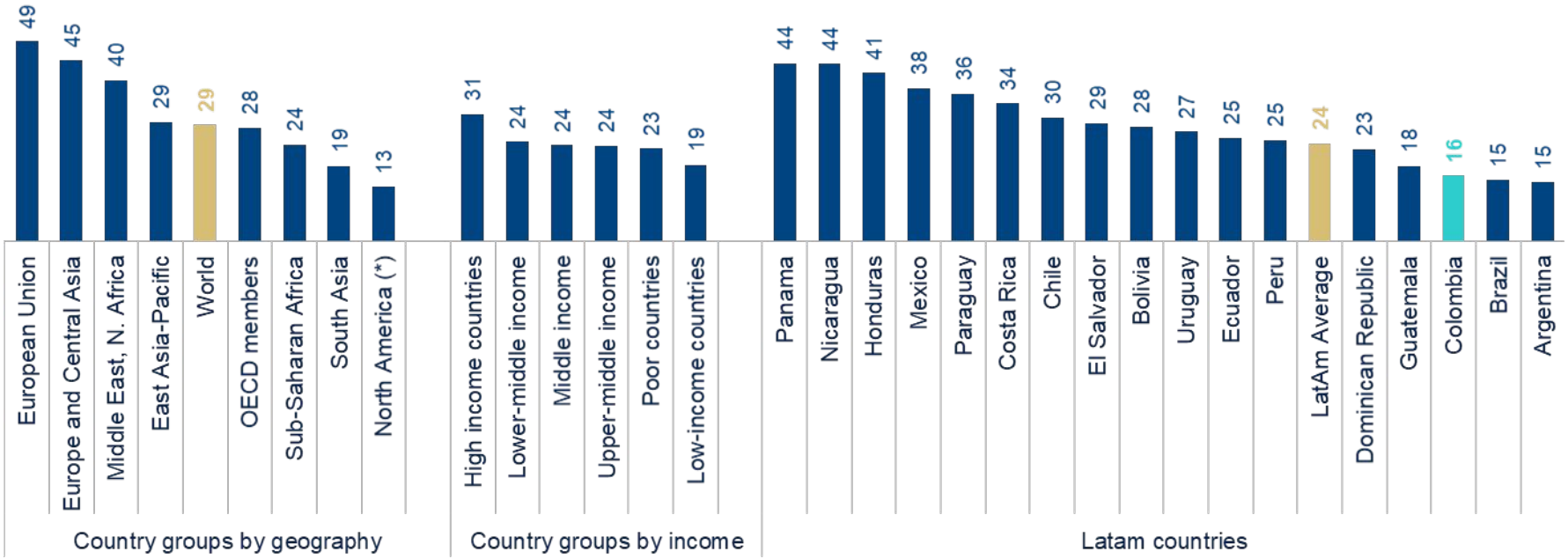


(*): Data as of June. (**): Also includes non-profit institutions serving households.
Source: BBVA Research with data from DANE.

External savings, which can be supported by opening up trade, are also lagging a long way behind, not only with respect to advanced countries

EXPORTS OF GOODS AND SERVICES: BY COUNTRY GROUPS

(% OF GDP, 10-YEAR AVERAGE: 2014 TO 2023)

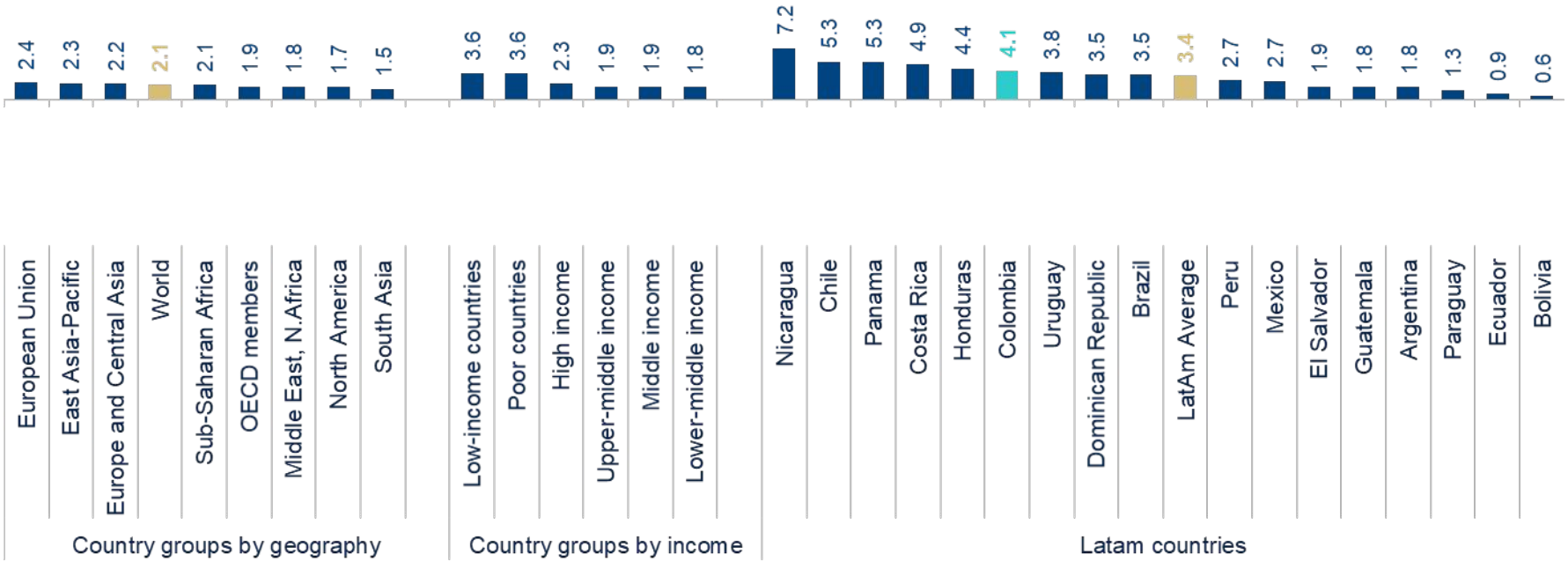


(*): Average from 2014 to 2022, as 2023 data is not available.
Source: BBVA Research with data from the World Bank.

On the other hand, FDI flows seem to support national investment and should therefore be strengthened and nurtured through new strategic projects

NET INFLOWS OF FOREIGN DIRECT INVESTMENT: BY COUNTRY GROUPS

(% OF GDP, 10-YEAR AVERAGE: 2014 TO 2023)



Source: BBVA Research with data from the World Bank.

BBVA Research

07

Macroeconomic projections summary

Key macroeconomic indicators

	2021	2022	2023	2024 (f)	2025 (f)	2026 (f)
GDP (% YoY)	10.8	7.3	0.6	2.0	2.5	3.2
Private consumption (% YoY)	14.7	10.7	0.8	1.6	3.1	2.9
Public consumption (% YoY)	9.8	0.8	1.6	-0.3	2.4	3.1
Fixed investment (% YoY)	16.7	11.5	-9.5	1.8	3.9	7.3
Inflation (% YoY, EOP)	5.6	13.1	9.3	5.1	3.6	3.1
Inflation (% YoY, average)	3.5	10.2	11.7	6.6	3.9	3.3
Exchange rate (EOP)	3,968	4,788	3,954	4,320	4,345	4,230
Devaluation (%, eop)	14.4	20.7	-17.4	9.3	0.6	-2.6
Exchange rate (average)	3,744	4,256	4,326	4,064	4,339	4,291
Devaluation (%, average)	1.4	13.7	1.6	-6.1	6.8	-1.1
Banco de la República rate (%, EOP)	3.00	12.00	13.00	9.25	6.50	6.50
Current account (% GDP)	-5.7	-6.2	-2.7	-2.9	-3.5	-3.8
Urban unemployment rate (% EOP)	11.4	10.8	10.2	10.2	10.0	9.9

(f): BBVA Research forecasts.
Source: BBVA Research, with data from DANE and Banco de la República.

Key macroeconomic indicators

	GDP (% YoY)	Inflation (% YoY, EOP)	Exchange rate (vs. USD, EOP)	Banco de la República rate (%, EOP)
Q1 23	2.6	13.3	4,627	13.00
Q2 23	0.3	12.1	4,191	13.25
Q3 23	-0.6	11.0	4,054	13.25
Q4 23	0.4	93	3,822	13.00
Q1 24	0.7	7.4	3,842	12.25
Q2 24	2.1	7.2	4,148	11.25
Q3 24	2.0	5.8	4,164	10.25
Q4 24	2.9	5.1	4,320	9.25
Q1 25	3.1	4.1	4,300	8.25
Q2 25	2.1	3.8	4,370	7.25
Q3 25	2.4	3.6	4,350	6.75
Q4 25	2.3	3.6	4,345	6.50
Q1 26	3.3	3.5	4,300	6.50
Q2 26	3.4	3.3	4,350	6.50
Q3 26	3.2	3.3	4,265	6.50
Q4 26	2.9	3.1	4,230	6.50

Source: BBVA Research, based on data from DANE and Banco de la República.

Disclaimer

This document, prepared by the BBVA Research Department, is informative in nature and contains data, opinions or estimates as at the date of its publication. These arise from the department's own research or are based on sources believed to be reliable and have not been independently verified by BBVA. BBVA therefore offers no express or implicit guarantee regarding its accuracy, completeness or correctness.

Any estimates contained in this document have been made in accordance with generally accepted methods and are to be taken as such, i.e. as forecasts or projections. Past trends for economic variables, whether positive or negative, are no guarantee of future trends.

This document and its contents are subject to change without prior notice, depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating this content or for giving notice of such changes.

BBVA accepts no liability for any direct or indirect loss that may result from the use of this document or its contents.

Neither this document nor its contents constitute an offer, invitation or request to acquire, disinvest or obtain any interest in assets or financial instruments, nor can they form the basis for any kind of contract, undertaking or decision.

The content of this communication or message does not constitute a professional recommendation to make investments under the terms of Article 2.40.1.1.2 of Decree 2555 of 2010 or the regulations that modify, replace or supplement it.

With particular regard to investment in financial assets that could be related to the economic variables referred to in this document, readers should note that under no circumstances should investment decisions be made based on the contents of this document; and that any persons or entities who may potentially offer them investment products are legally obliged to provide all the information they need to make such decisions.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA on its website www.bbvaresearch.com.

This report has been produced by:

Chief Economist.
Juana Téllez
juana.tellez@bbva.com

Mauricio Hernández
mauricio.hernandez@bbva.com

María Claudia Llanes
maria.llanes@bbva.com

Laura Katherine Peña
laurakatherine.pena@bbva.com

Alejandro Reyes
alejandro.reyes.gonzalez@bbva.com

Daniel Alejandro Guerrero
danielalejandro.guerrero@bbva.com
Estudiante en práctica

BBVA Research

Colombia Economic Outlook

Taking the pulse of the economy: neither too fast, nor too slow

December 2024

Creating Opportunities