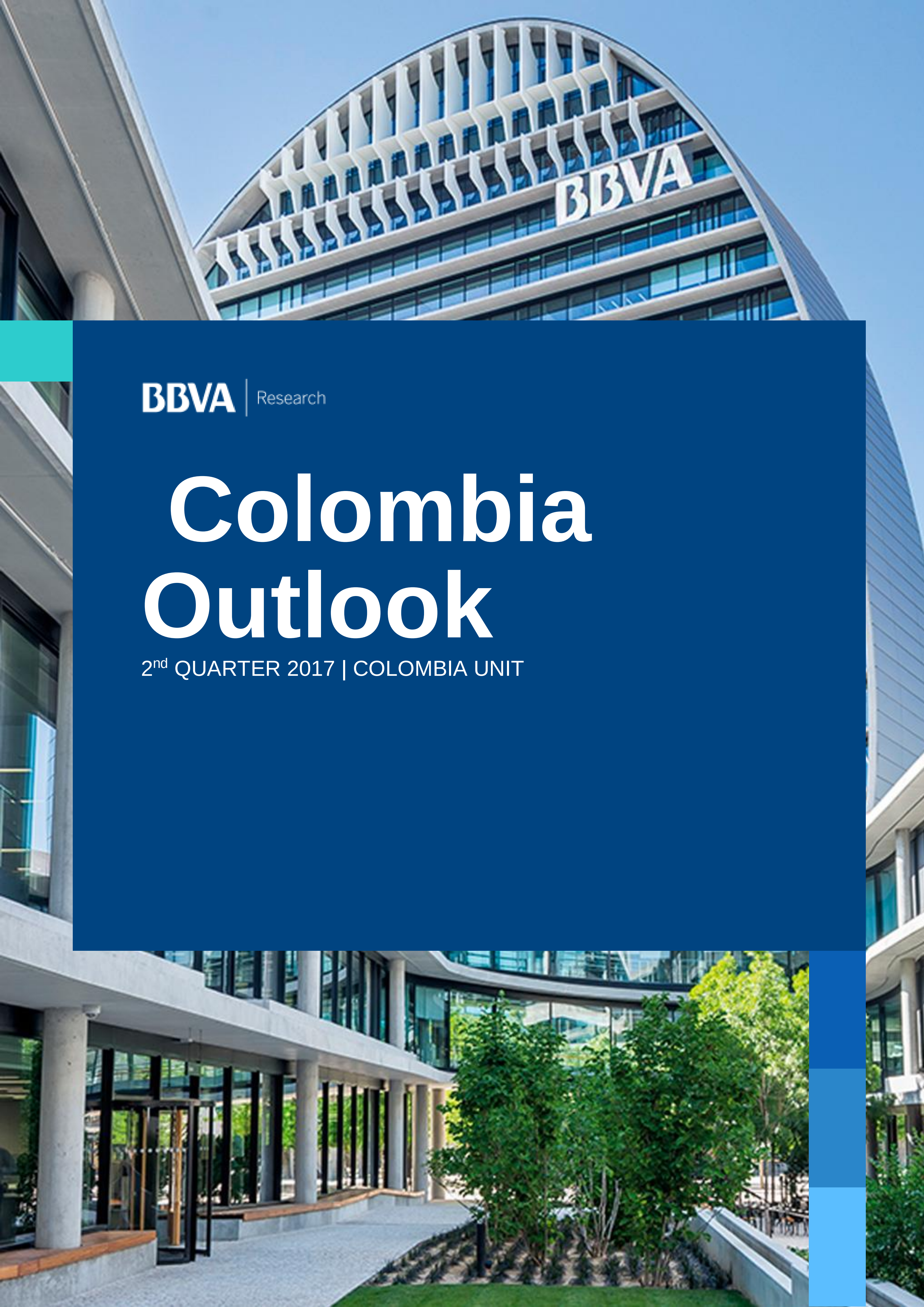



BBVA | Research

# Colombia Outlook

2nd QUARTER 2017 | COLOMBIA UNIT

# Índice



**Closing date: 17 April 2017**

# 1. Editorial

Perspectives for world growth have increased slightly in the last quarter for the Eurozone and especially for China. In the United States, we are keeping to our forecasts of 2.3% growth this year and 2.4% in 2018. As a result, we expect to see world growth of 3.3% in 2017 and 3.4% in 2018.

In Colombia, 2017 began slowly, with growth affected by the low level of consumer confidence and sluggish public and private investment. However, we expect both investment and consumer spending to pick up in the second half of the year. In particular, consumer spending will be boosted by lower interest rates, lower inflation and improved consumer confidence, meaning that the all-time lows recorded in the first months of the year will not be seen again. Private consumer spending will grow 2% in 2017 and 2.6% in 2018, at rates very similar to those we forecast for GDP growth.

Investment will continue to be the variable that sustains faster economic growth, moving forward. Growth will recover from -3.6% in 2016 to +2.4% in 2017 and +3.8% in 2018. Public investment will speed up with the implementation of a number of 4G infrastructure programmes. It will gradually increase as the projects come online and there is greater activity by regional governments in 2017 and 2018 compared to the levels recorded in 2016 – the first year of local government. Private investment will also accelerate, albeit at a slower rate than the public side. This will be due to the higher investment levels we expect to see in the agricultural, industrial and mining sectors, which will benefit from lower interest rates and the incentives introduced through tax reforms affecting the purchase of capital goods.

Annual consumer inflation will continue to fall to the forecast level of 4.1% at the close of 2017 and 3.4% at the close of 2018. Key to this process will be the drop in the annual variation in food prices over a large part of 2017 and the expected evolution of the dollar exchange rate. In particular, we expect to see the exchange rate remain relatively stable with an average appreciation of around 3% in 2017 and a devaluation of 1% in 2018, which will contribute to an ongoing moderation in consumer good price variations.

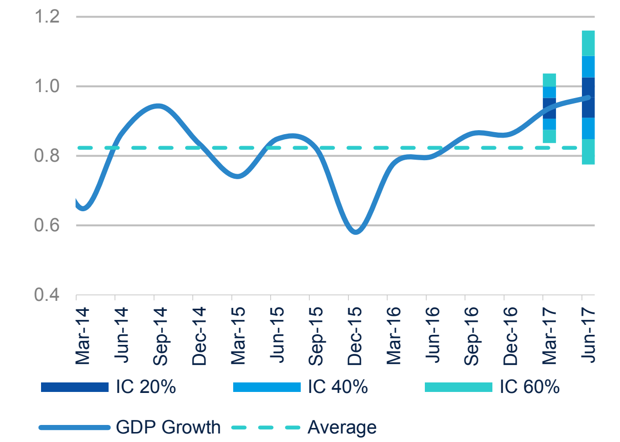
Banco de la República – the Colombian Central Bank – will continue to cut its monetary policy rate, taking it to 5.5% at the close of this year and 5% at the close of 2018. The weakness of the economy, growth at below potential level and the downward inflationary trend will open up space that ensures that monetary policy cuts will continue throughout this year. It should be noted that we expect to see gradual cuts to these rates as the Central Bank remains vigilant that inflation forecasts converge with the target figure of 3%, something which has not yet occurred.

The origins of the main risks facing the economy are of an idiosyncratic nature, related to the greater-than-expected delay in public and private investment decision making. These delays may in turn have an impact on the labour market and on private consumer spending, affecting not only short-term growth but also the potential growth of the in the medium term.

# 2. Global environment: global growth consolidates but there are still risks

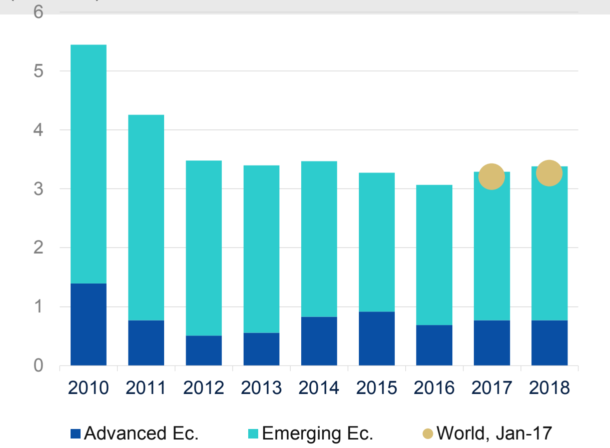
GDP growth continued to increase worldwide, to rates of around 1% per quarter, exceeding the 0.8% average since 2011 (Figure 2.1). This acceleration has been driven by a generalised improvement in confidence levels, coupled with advances inworld trade, stimulated above all by monetary and fiscal stimulus measures in China. The performance of developed countries continues to be especially strong, with the consolidation of recovery in the US and with Europe growing above its potential.

**Figure 2.1** Global GDP Growth. Forecasts based on BBVA-GAIN (%, QoQ)




Source: BBVA Research

**Figure 2.2** Global growth and contributions by region (%, YoY)




Source: BBVA Research

We have revised global growth upwards to 3.1% in 2016, 3.3% in 2017 and 3.4% in 2018.

Improved performance worldwide is accompanied by some clarification regarding the US economy, where expectations both of rapid recovery in inflation underpinned by fiscal boost and of a rapid drift towards protectionism have lessened, or at least been delayed. Nevertheless, the difficulty of carrying out a reform of the healthcare system also revealed problems in getting other measures approved, such as those associated with tax cuts or the infrastructure spending plan, effectively eliminating the probability of strong impetus in the short term.

As regards the financial markets, over the last few months they have remained calm, recording low volatility in spite of the high uncertainty. In this context, the central banks are making gradual progress in the process of normalising monetary policy. The US Federal Reserve, which is leading this process, is maintaining its message of gradual withdrawal, so we predict that there will be two further interest rate hikes this year and another two in 2018, up to 2%. At the same time, there are already plans to undertake the third phase of the exit strategy, in other words, the reduction of the balance sheet, something which probably will not happen until next year and will be put in place passively. The ECB also appears more optimistic about growth, but is not yet confident about inflation and is lagging behind the Federal Reserve's speed of withdrawal. Given this process of monetary policy normalisation, a rise in the cost of financing at the global level is to be expected.

Overall, our forecasts for growth in 2017-18 have been revised only marginally. We have raised them in view of the good start to the year in the case of the euro zone, and above all for China, where we expect growth of 6.3% and 5.8% in 2017 and 2018 respectively, about 0.5 pp more than three months ago. In the US, we continue to predict growth of 2.3% this year and 2.4% in 2018, supported by a boost in investment. As a result, expected worldwide growth is 3.3% for 2017 and 3.4% for 2018, which, in both cases, is one tenth of a percentage point higher than our previous forecasts.

The risks continue to be weighted to the downside. Apart from the lingering uncertainty about the measures that will eventually be approved in the USA, above all as regards trade, doubts are focused on the election results in France and Italy, due to the highly negative impact they could have on euro zone stability in the (unlikely) event of a victory for the fiercely anti-European parties. There is also the risk associated with the Chinese economy, where the recent strength of investment may slow the process of reducing imbalances. Other significant risk factors are the Brexit negotiations (which have not got off to a good start), the multiple geopolitical risks and the risks associated with the normalisation of monetary policy, especially in the US.

# 3. Growth in 2017 will be very similar to the previous year

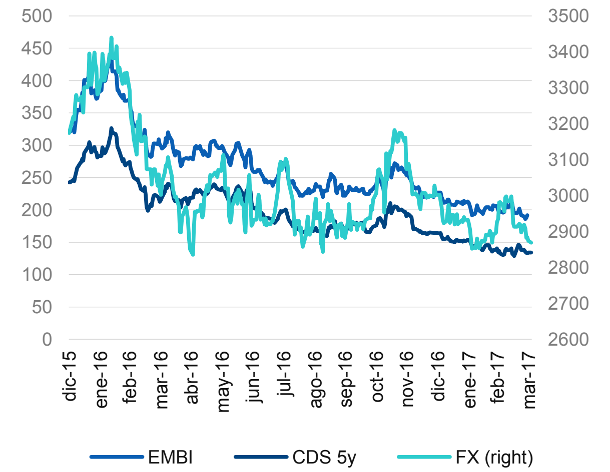
## Markets: dollar loses strength and oil remains above USD 50, amid volatility

Prices of raw materials relevant to the country remained at levels higher than average levels of 2016. In the case of Brent, the price per barrel was USD 54.7 in the first quarter, higher than the 2016 average of USD 43.6. For its part, the price per tonne of coal in this same period was USD 16 dollars above its average in 2016. This behaviour is explained by the fulfilment of the production cut agreements by OPEC members and the materialisation of a scenario of greater economic growth in China. However, this recovery in prices was not exempt from the high volatility in the international prices of these commodities. Inventories and crude oil production in the United States, the degree of compliance with OPEC agreements each month and the likelihood of their updating for the second half of the year (currently ending in June) have caused significant variability in oil prices. Also, monetary policy decisions in the United States and Europe, as well as the strength of the dollar at the beginning of the year and its subsequent devaluation, impacted on the price of oil and other assets.

Therefore, although the exchange rate is generally lower than last year's closing, it has also absorbed and replicated the volatilities of the monetary and commodity markets with impacts in the country. The appreciation of the currency compared to the close of the previous year is at 4.3%, while the average appreciation of the first 100 days of the year compared to the same days of the previous year is 9.7%. However, so far this year the difference between the maximum and minimum market exchange rate is at 152 pesos, a band equivalent to 5.3% of the current value of the rate, indicating a high volatility of the exchange rate.

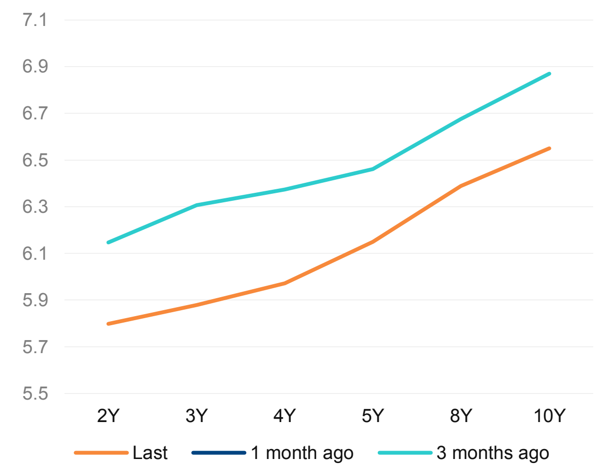
Another factor that has pressured the appreciation of the exchange rate is the inflow of foreign portfolios and FDI. This year, the inflow of portfolio capital and FDI to March stands at USD 3,456 million, an increase of 20% compared to the first quarter of 2016. These capital inflows were also correlated with a significant reduction in the economy's risk premiums, both when measured through the EMBI and with CDSs (Figure 3.1).

**Figure 3.1** Colombia EMBI, CDS and FX (basis points and COP/1USD)




Source: Boomberg and Banco de la República

**Gráfico 3.2** Colombia Government Yield Curve (%)




Source: Bloomberg. Last date: 6 of Octuber

As a consequence, the interest rate curve for public debt currently stands below its levels of three months ago. The decrease in inflation and the prospects of interest rate cuts by the Banco de la República have been contributing to this reduction. In addition, the ten-year yields at this time are xx percentage points above those observed in the United States, when three, six and twelve months ago, they were at 4.5, 5.3 and 6.4 percentage points above them (Figure 3.2).

## Investment will support growth

The GDP closing figures for 2016 anticipate a slow recovery in private investment and a timid, low-speed start of fourth-generation infrastructure works. The momentum we expected from the investment for growth in 2017 and 2018 growth, although maintained and continuing to be important as its growth will exceed that of total GDP, will be less intense and not as fast as we forecasted in our previous publication.

At the same time, households and companies began 2017 with low levels of confidence. Consumers' pessimism at the start of the year was at historic lows. Households probably associated the increase in VAT from 16% to 19% with strong increases in the prices of goods and decided to be very cautious when taking decisions. However, household expenditure, although somewhat weaker than expected, was not significantly worse than previously estimated in our economic forecasts, which had already factored in a slow start to private consumption, especially during the first half of the year. From the second half of the year onwards, private consumption will gradually accelerate as confidence builds and interest rates decline. In this context, private consumption will not be a boost to the economy in 2017 and 2018, and its growth will very closely follow that of total GDP, which will accelerate slightly between these two years.

Por otro lado, en la confianza de los industriales aún pesa negativamente la percepción de una baja demanda interna (a través de su valoración de los pedidos corrientes), pese a que manifiestan una reducción generalizada de sus niveles de existencias. De este modo, pese a que la inversión, pública y privada, seguirá siendo el principal motor de crecimiento en 2017, su mayor dinámica sólo logrará mantener tasas de crecimiento del PIB en niveles similares a la observada en 2016, compensando además la ligera desaceleración que esperamos en el consumo privado para este año. Así, nuestra estimación para el crecimiento del PIB este año es de una tasa de 2,1%. La inversión fija crecerá a un ritmo de 2,4% y el consumo privado lo hará a una tasa de 2,0%. La tasa de inversión de la economía colombiana dejará de caer y se ubicará en 27,3% del PIB en 2017 comparado con 27,2% en 2016. En este componente, la inversión en obras civiles tendrá la mayor expansión, creciendo un 2,7%. Estimamos que el aporte de la construcción de obras civiles al crecimiento del PIB de 2017 es de 0,2 pp, impulsado principalmente por la ejecución de las obras de cuarta generación de infraestructuras y el incremento en los proyectos financiados a través de las regalías mineras.

El consumo público, gracias a la reforma tributaria y al déficit fiscal de 3,6% del PIB (que el comité de la regla fiscal elevó desde 3,3% del PIB) mantendrá un crecimiento cercano al de la economía. Las exportaciones, por su parte, se apoyarán en el mayor precio de las materias primas, en la continuación de un precio elevado del tipo de cambio y en la recuperación económica de los principales socios comerciales del país (Estados Unidos y Europa) para tener desde el segundo semestre un repunte importante. En total, las exportaciones crecerán un 2,9% en 2017.

In 2018, total investment will continue to accelerate thanks to the improved performance of some economic sectors and the greater number of ongoing fourth generation projects. The investment will continue to increase its participation in the economy and will be located at 27.6% of GDP; the construction of civil works will contribute 0.5 pp to GDP growth, of which 0.3 points will be exclusively contributed by the works of the fourth generation of concessions, a contribution that is lower than we estimated in our previous scenario. In addition, exports and private consumption will also improve, due to higher external demand, lower inflation and lower interest rates. We therefore forecast that next year's growth will be 2.7%. Fixed investment will grow 3.8%, private consumption at a rate of 2.6% and exports will gain momentum to grow 4.6%.

Sectorally, the economy will grow in a more balanced fashion. Agriculture will be the leading sector in 2017, thanks to the greater agricultural supply that is expected for this year and which is sustained by better climatic conditions. It is followed by construction, which will benefit from the good housing dynamics of the middle class and the execution of 4G works and the greater contracting of regional and local governments.  The financial and business services sector will also perform well thanks to the higher growth we anticipate for the industrial sector (non-refining). The sectors with the lowest growth will be transport and telecommunications, as well as commerce, restaurants and hotels, both affected by the low growth that we expect in private consumption. By 2018, all sectors, except for mining, will have more growth than we expect in 2017, thanks to higher domestic demand (increases in consumption and investment) and higher growth of our trading partners.

**Table 3.1** Demand side GDP forecasts (%)

| | 2016 | 2017(f) | 2018(f) |
|---|---|---|---|
| GDP | 2.0 | 2.1 | 2.7 |
| Private Consumption | 2.1 | 2.0 | 2.6 |
| Public Consumption | 1.8 | 1.8 | 2.1 |
| Investment | -3.6 | 2.4 | 3.8 |
| Exports | -0.9 | 4.6 | 5.1 |
| Imports | -6.2 | -1.0 | 4.6 |

Source: DANE and BBVA Research

**Table 3.2** Supply side GDP forecasts (%)

| | 2016 | 2017(f) | 2018(f) |
|---|---|---|---|
| Agriculture | 0.5 | 3.5 | 2.7 |
| Construction | 4.1 | 3.4 | 4.4 |
| Financial and Corporate Services | 5.0 | 3.2 | 4.1 |
| Government and Social Services | 2.2 | 1.9 | 2.6 |
| Utilities | 0.1 | 1.7 | 2.6 |
| Industry | 3.0 | 1.6 | 2.3 |
| Oil and Mining | -6.5 | 1.6 | -2.2 |
| Retail, Restaurants and Hotel Industry | 1.8 | 1.5 | 3.2 |
| Transportation | -0.1 | 1.4 | 2.9 |

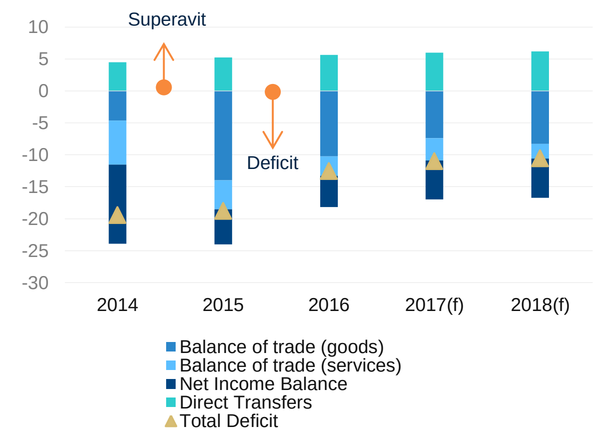
Source: DANE and BBVA Research

## The external deficit of the Colombian economy will continue to fall

The current account deficit for 2016 stood at 4.4% GDP, confirming the adjustment in the external deficit that the Colombian economy, in efforts to improve its health, has been making since last year. In both 2017 and 2018, this trend will continue. On the one hand, the trade balance deficit will reduce by almost three billion dollars from the level observed in 2016, as a result of a rebound in exports, equivalent to an adjustment of 0.8 percentage points of GDP (Figure 3.3). At the same time, remittances from Colombian workers will continue to increase due to the better economic and labour balance in the United States and Spain. However, the adjustment of the external deficit will be limited by the increase in the distribution of foreign dividends that will occur this year, and particularly in 2018, given the higher price of raw materials that drives the profits of foreign companies based in Colombia.

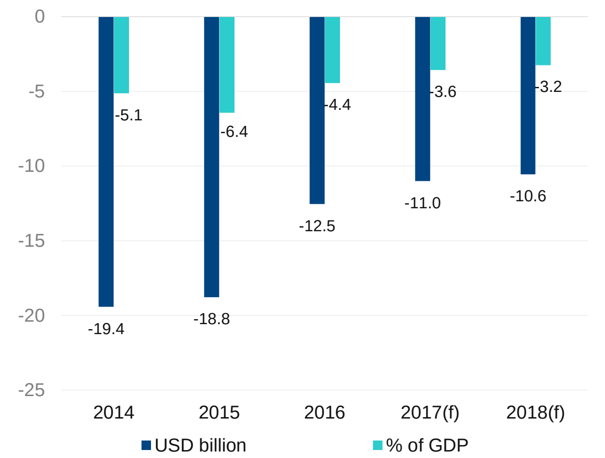
In total, the external deficit should close this year at 3.6% of GDP, while by 2018 it should be at 3.2% of GDP (Figure 2.2). In dollars, the deficit will be equivalent to 11 billion dollars in 2017 and 10.6 billion dollars in 2018. The financing of the deficit will be carried out through foreign direct investment for the most part, which will cover 88% of the imbalance of the average current account of the two years. The remaining financing will be made through portfolio investment, which registers significant inflows and through debt. Regarding this last item, the national government has already issued $2 billion in foreign markets and maintains a flexible credit line with the IMF for $ 5 billion. In total, international reserves are expected to grow marginally in 2017 and 2018, as financing will exceed the external needs set by the current account deficit.

**Figure 3.3** Current account components (USD billions)




Source: Banco de la República and BBVA Reserach

**Figure 3.4** Current account deficit (USD billios and % of GDP)




Source: Banco de la República and BBVA Reserach

## Greater slack in spending and investment in the central and territorial governments in 2017

The Colombian Central Government's fiscal balance in 2016 stood at -4% of GDP in accordance with an expenditure of 19% of GDP and an income of 15% of GDP. It is important to highlight the reduction of interest-free spending between 2015-2016, which was 0.6% and follows the downward trend initiated in 2014 and consolidates an adjustment of 0.9% to 2016.

We are of the view that by 2017, spending as a percentage of GDP will remain at levels similar to those observed in 2016 and revenues will be 15.3% of GDP. This level of income already includes the additional resources generated by the tax reform at the end of last year. It also includes additional income from capital resources of 0.3% of GDP that the Government reported in its latest figures and those that were not previously reported (including Ecopetrol dividends of 0.1% of GDP). One piece of news that has contributed to the greater slackening in fiscal accounts this year is the decision of the Advisory Committee on Fiscal Rules (ACFR). At its March meeting, it determined that the risks – in particular the high current account deficit, that a year ago led to the setting of a one-off target of Central Government fiscal deficit of 3.3% by 2017 have been significantly reduced. In the light of this, the ACFR considered that the maximum deficit allowed according to the calculations of the fiscal rule would be 3.6% of GDP by 2017.

By the same token, we consider that the fiscal deficit target set by the ACFR for 2018 will be revised, opening some space for the putting in place of the Central Government's spending path. We therefore believe that the 2018 deficit would be at 2.9% of GDP and not at the 2.7% of GDP initially demanded by the ACFR. Between 2017 and 2018 the deficit should fall by 0.7% of GDP. Given that incomes in 2018 will be similar in terms of GDP to those of 2017, spending should grow at a somewhat lower rate than GDP.

By 2017 the increase in royalties will be significant as it is the second year of local governments (mayors and governors) and therefore the levels of execution will be higher than those observed in 2016, their first year of government. For the two year 2017-2018 period, there are additional unexecuted resources totalling COP 4.4 billion which will be added to the available resources approved in the budget for this period.

Congress is also implementing a programme reforming the General System of Royalties, which would increase resources for investment projects by COP 18 billion (2% of 2017 GDP) for the next 20 years. In summary, 2017 is a year in which the Government's resources will be higher than we expected 3 months ago and in which the deficit space will also be greater. This allows government spending on investment and consumption to be maintained as a percentage of GDP at levels similar to those observed in 2016, which will help these items grow at rates similar to those of the entire economy. Likewise, the execution of regional and local governments is expected to increase, not only because of the political cycle, but also because of the availability of new resources from the balances not executed in the previous biennium and the reform of the General System of Royalties that we expect to see approved by Congress. The implementation of regional and local governments will provide support for the expansion of investment that we expect in the coming years.

## Inflation continues to decline while the weather and the exchange rate improve

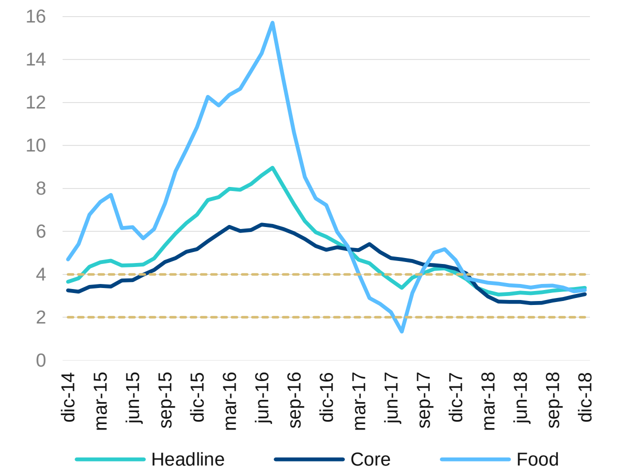
Inflation in the first months of the year continued to decline despite the VAT increase. As of March 2017, annual inflation stood at 4.69%, lower than 2016's closing rate of 5.75%. The slowdown in food inflation, thanks to better climatic conditions, has been key in this process (see Figure xx). The climate has also led to a reduction in electric energy tariffs, through increased production from water sources, from a growth rate of 6% per year in December to a rate of -0.1% in March, meaning that the inflation of the whole regulated group has also been corrected.

For the next few months we expect further corrections in food prices, whose inflation in annual terms should reach close to 1% in July this year. Tradable group inflation will continue the decline that was temporarily interrupted by the increase in VAT that impacted on the price of these products in January and February. The exchange rate will continue to help in this process, since the levels observed during the first quarter (COP 2,923), and what we forecast for the rest of the year are below the 2016 average (COP 3,054). In 2018, the exchange rate will be at levels very similar to those projected for this year, with the result that tradable inflation will continue to decline in the medium term.

The weakness of domestic demand will, in general, contribute to a slowdown in price rises. By 2017 we expect domestic demand to grow below GDP for the third consecutive year, helping the underlying component of inflation to continue to fall. Overall, we expect inflation to end this year at a rate close to 4.1%.

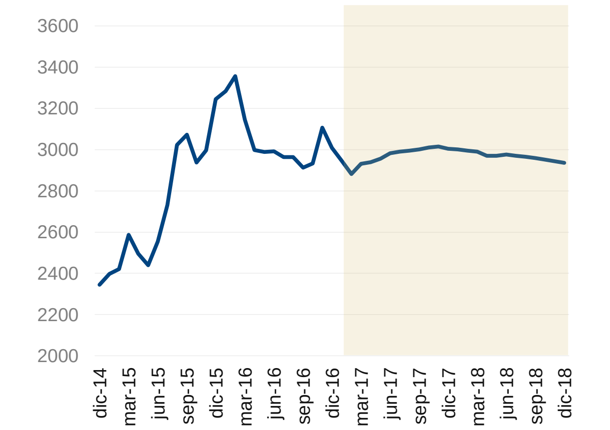
For 2018, we have adjusted our inflation forecast downward, from a rate of 3.6% to 3.4% by year end. Although upward pressure has been put on food inflation due to a possible El Niño phenomenon, the lower dynamics of domestic demand will allow core inflation to adjust downward more quickly than we had estimated, which will cause overall inflation to fall at a faster rate.

**Figure 3.5** Headline, core and food inflation (%,YOY)




Source: DANE and BBVA Research

**Figure 3.6** Exchange ate (COP/1USD)




Source: Banco de la Repúblcica and BBVA Research

## Weaker domestic demand and greater confidence over the decline in inflation make room for BanRep to further cut interest rates

Weak activity figures (consumption, investment, industrial production) at the beginning of 2017, together with the decline in inflation expectations revealed by the latest surveys have allowed BanRep to reduce its benchmark rate at the February and March meetings to 7%.

Although all board members agree on the need to reduce rates, there are still discrepancies over the pace it should take. The last meeting of the board clearly shows this division, with most of its members supporting a reduction of 25 bps, one member voting for a reduction of 50 bps and another voting for stability. There is still uncertainty among some board members about the speed of convergence of inflation, especially core inflation, towards the target and concerning the fact that inflation expectations, although they have fallen in the latest surveys, are located towards the upper ranges of the target. We expect that BanRep will continue to cut its rate in the coming months but now taking it up to 5.5%, instead of the 6% forecast in our previous scenario. The cut in growth we performed for 2017 and 2018 makes room for these additional reductions. In 2018, the central bank would make two additional cuts once it is certain that the inflation in its policy horizon is closer to the 3% target, which will, according to our calculations, occur in 2019.

## The main risk for the Colombian economy is the delay or non-execution of the major infrastructure programs

The main risk for the Colombian economy at this time is of idiosyncratic origin. It has to do with a longer than expected delay in the decisions and execution of investment, both public and private. There will be a lower positive impact on the GDP of 2017 and 2018 of infrastructure works, some of which are currently under construction and financial closure. Likewise, private investment will probably not recover this year and will have low growth in 2018, reducing the investment rate of the economy and its potential long-term output.

This scenario of lower growth, which leads GDP to expand at low yet still positive rates and could also mean lower household consumption due to the fall in domestic confidence and the deterioration of the labour market, is still unlikely. Some of the most likely delays in infrastructure works are also already included in our baseline scenario as explained above.

The other risks for the Colombian economy are mainly of external origin. Among the most important are the political risk in the United States, elections in Europe and the hard landing of the Chinese economy, with the subsequent negative effects on the price of raw materials. The likelihood of these episodes is still low, but their effects could be significant on the country's external trade..

BBVA | Research

# 4. Forecasts tables

**Table 4.1** Macroeconomic forecasts

| | 2013 | 2014 | 2015 | 2016 | 2017(f) | 2018(f) |
|---|---|---|---|---|---|---|
| **GDP (YoY, %)** | 4.9 | 4.4 | 3.1 | 2.0 | 2.1 | 2.7 |
| **Private consumption (YoY, %)** | 3.4 | 4.3 | 3.2 | 2.1 | 2.0 | 2.6 |
| **Public consumption (YoY, %)** | 9.2 | 4.7 | 4.0 | 1.8 | 1.8 | 2.1 |
| **Fixed investment (YoY, %)** | 6.8 | 9.8 | 1.8 | -3.6 | 2.4 | 3.8 |
| **Inflation (% YoY, eop)** | 1.9 | 3.7 | 6.8 | 5.7 | 4.1 | 3.4 |
| **Inflation (% YoY, average)** | 2.0 | 2.9 | 5.0 | 7.5 | 4.3 | 3.3 |
| **Exchange rate (eop)** | 1.927 | 2.392 | 3.149 | 3.001 | 3.015 | 2.958 |
| **Devaluation (%, eop)** | 9.0 | 24.1 | 31.6 | -4.7 | 0.1 | -1.4 |
| **Exchange rate (average)** | 1.869 | 2.001 | 2.742 | 3.054 | 2.972 | 2.994 |
| **Devaluation (%, average)** | 3.9 | 7.1 | 37.0 | 11.4 | -2.7 | 0.8 |
| **BanRep interest rate (%, eop)** | 3.25 | 4.50 | 5.75 | 5.75 | 5.50 | 5.00 |
| **Deposit interest rate (%, eop)** | 4.1 | 4.3 | 5.2 | 6.9 | 5.7 | 5.3 |
| **Fiscal Balance (% GDP)** | -2.3 | -2.4 | -3.0 | -4.0 | -3.6 | -2.9 |
| **Current Account Balance (% GDP)** | -3.2 | -5.2 | -6.5 | -4.4 | -3.6 | -3.2 |
| **Unemployment rate (%, eop)** | 9.7 | 9.3 | 9.8 | 9.8 | 10.5 | 10.8 |

Source: Banco de la República, DANE and BBVA Research

**Table 4.2** Macroeconomic forecasts

| | GDP (% YoY) | Inflation (% YOY) | Exchange rate (COP/1USD eop) | BanRep rate (% eop) |
|---|---|---|---|---|
| **T1 14** | 6.4 | 2.5 | 1.965 | 3.25 |
| **T2 14** | 4.0 | 2.8 | 1.881 | 4.00 |
| **T3 14** | 3.9 | 2.8 | 2.028 | 4.50 |
| **T4 14** | 3.3 | 3.7 | 2.392 | 4.50 |
| **T1 15** | 2.6 | 4.6 | 2.576 | 4.50 |
| **T2 15** | 3.0 | 4.4 | 2.585 | 4.50 |
| **T3 15** | 3.2 | 5.4 | 3.122 | 4.75 |
| **T4 15** | 3.4 | 6.8 | 3.149 | 5.75 |
| **T1 16** | 2.6 | 8.0 | 3.022 | 6.50 |
| **T2 16** | 2.4 | 8.6 | 2.916 | 7.50 |
| **T3 16** | 1.2 | 7.3 | 2.880 | 7.75 |
| **T4 16** | 1.6 | 5.7 | 3.001 | 7.50 |
| **T1 17** | 1.1 | 4.7 | 2.880 | 7.00 |
| **T2 17** | 1.6 | 3.7 | 2.967 | 6.25 |
| **T3 17** | 2.8 | 4.0 | 2.994 | 5.50 |
| **T4 17** | 3.0 | 4.1 | 3.015 | 5.50 |
| **T1 18** | 3.5 | 3.2 | 3.020 | 5.50 |
| **T2 18** | 3.1 | 3.1 | 2.998 | 5.00 |
| **T3 18** | 2.2 | 3.4 | 2.981 | 5.00 |
| **T4 18** | 1.8 | 3.4 | 2.958 | 5.00 |

Source: Banco de la República, DANE and BBVA Research

## AVISO LEGAL

BBVA | Research

## This report has been produced by the Colombia unit


### Chief Economist for Colombia
Juana Téllez
juana.tellez@bbva.com

Fabián García
fabianmauricio.garcia@bbva.com

Natalia Roa
angienatalia.roa@bbva.com
Estudiante en práctica profesional

Mauricio Hernández
mauricio.hernandez@bbva.com

María Llanes
maria.llanes@bbva.com

Alejandro Reyes
alejandro.reyes.gonzalez@bbva.com


## BBVA Research


### Chief Economist BBVA group
Jorge Sicilia Serrano

**Macroeconomic analysis**
Rafael Doménech
r.domenech@bbva.com

**Global Macroeconomic Scenarios**
Miguel Jiménez
mjimenezg@bbva.com

**Global Financial Markets**
Sonsoles Castillo
s.castillo@bbva.com

**Global Modelling & Long Term Analysis**
Julián Cubero
juan.cubero@bbva.com

**Innovation & Processes**
Oscar de las Peñas
oscar.delaspenas@bbva.com

**Financial Systems & Regulation**
Santiago Fernández de Lis
sfernandezdelis@bbva.com

**Countries Coordination**
Olga Cerqueira
olga.gouveia@bbva.com

**Digital Regulation**
Álvaro Martín
alvaro.martin@bbva.com

**Regulation**
María Abascal
maria.abascal@bbva.com

**Financial Systems**
Ana Rubio
arubiog@bbva.com

**Financial Inclusion**
David Tuesta
david.tuesta@bbva.com

**Spain & Portugal**
Miguel Cardoso
miguel.cardoso@bbva.com

**United States of America**
Nathaniel Karp
Nathaniel.Karp@bbva.com

**Mexico**
Carlos Serrano
carlos.serranoh@bbva.com

**Turkey, China & Geopolitics**
Álvaro Ortiz
alvaro.ortiz@bbva.com

**Turkey**
Álvaro Ortiz
alvaro.ortiz@bbva.com

**Asia**
Le Xia
le.xia@bbva.com

**South America**
Juan Manuel Ruiz
juan.ruiz@bbva.com

**Argentina**
Gloria Sorensen
gsorensen@bbva.com

**Chile**
Jorge Selaive
jselaive@bbva.com

**Colombia**
Juana Téllez
juana.tellez@bbva.com

**Peru**
Hugo Perea
hperea@bbva.com

**Venezuela**
Julio Pineda
juliocesar.pineda@bbva.com

BBVA Research Colombia Carrera 9 No 72-21 piso 10. Bogotá, (Colombia). Tel.: 3471600 ext 11448 - bbvaresearch@bbva.com
www.bbvaresearch.com