

## Colombia | Inflation recedes slightly in April on lower utilities rates

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April inflation stood at 0.50% MoM, lower than market expectations (BBVAe: 0.59%, Bloomberg: 0.65%). Thus, CPI rose 7.9% in the 12 months through April, down from 8.0% the previous month. The drop in electricity rates (-5.6% Mom) and gas tariffs (-2.6% MoM) largely explain the inflation decline in annual terms. Despite the negative surprise of April, the results were in the direction we expected. We anticipated that food would continue pushing up inflation at the same time that tradable inflation would have a deceleration with the strengthening of the peso, with positive impacts on utility tariffs. Looking forward, we expect inflation to rise modestly on food prices and base effects during 2T16 and to slow later during 2H16 as the food supply increases, leaving headline inflation at 6.2% by year-end.