

Colombia | Slowdown of the Colombian economy remains very gradual

Mauricio Hernández

In the first quarter of 2016, Colombian GDP grew 2.5% YoY. The economy decelerated with respect to the growth observed at the end of 2015 (3.3% YoY in 4Q15) and the previous year (3.1% YoY). However, the slowdown in activity has been very gradual, with a change in the growth composition. In fact, the leading sectors moved from services, which slowed markedly since 2015, to manufacturing and medium-price housing construction. In particular, industry, although still not showing sharp gains in exports, is successfully replacing some niche markets that were previously provided by external products in a genuine process of import substitution.

As the year unfolds, we expect a further slowdown in the commercial and mining sectors: the former by the lower growth in retail sales and the latter by the lower production of oil and coal. Also, we anticipate a manufacturing consolidation (with and without Cartagena Refinery) and a good dynamism in construction due to the moment of medium-price housing and the start of 4G infrastructure program in the second half of this year.