

Colombia | Inflation accelerates in May in line with the expectations

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The consumer price index rose 0.51% MoM in May (8.2% YoY, the highest rate in 15 years), in line with market expectations (BBVAe: 0.50%, Bloomberg: 0.46%). However, food inflation (0.46%) was below our forecast (0.70%) and was offset by the surprise brought about by the rise in electricity tariffs. This suggests that the pressures of El Niño on food inflation are running out. We believe that inflation is already close to its maximum and in the coming months, in addition to the correction in food prices, we will see a slowdown in the inflation of regulated and tradable components. This, in conjunction with a base effect (2H15 witnessed an acceleration of inflation from 4.4% in June to 6.8% in December), will help inflation decline in the second half of the year.