Monetary Policy and Growth: Colombia

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Topics

- Inflation
- GDP Growth
- Interest Rates and Credit
- Conclusions
Inflation & targets: 1991-2017

Source: DANE. Banco de la República.

Inflation & expectations: 2003-2017

Source: DANE. Banco de la República.
Core Inflation (y/y %)

Source: DANE. Banco de la República.

Inflation Forecasts

2017

EOF: 4.5% 4.4% 4.3% 4.2%
Citibank: 4.5% 4.4% 4.3% 4.2%
BR: 4.5% 4.4% 4.3% 4.2%
Focus Economics: 4.5% 4.4% 4.3% 4.2%

2018

EOF: 3.7% 3.6% 3.5% 3.4%
Citibank: 3.7% 3.6% 3.5% 3.4%
BR: 3.7% 3.6% 3.5% 3.4%
Focus Economics: 3.7% 3.6% 3.5% 3.4%
Inflation Expectations
(Forward Breakeven Inflation –FBEI-) (%)

Source: MEC & SEN, Banco de la República

Headline Inflation, BR

Source: Banco de la República
CPI Inflation and Expectations (%)

- **Brazil**: 6.3% (December 2016), 4.1% (Forecast Dic-17), 4.3% (Forecast Dic-18)
- **Colombia**: 5.7% (December 2016), 4.3% (Forecast Dic-17), 3.4% (Forecast Dic-18)
- **Mexico**: 5.5% (December 2016), 3.4% (Forecast Dic-17), 3.8% (Forecast Dic-18)
- **Peru**: 3.2% (December 2016), 2.9% (Forecast Dic-17), 2.6% (Forecast Dic-18)
- **Chile**: 2.7% (December 2016), 3.0% (Forecast Dic-17), 3.0% (Forecast Dic-18)

**Source**: LatinFocus Consensus Forecast – May, 2017

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**Inflation**

- **Inflation**
- **Shocks to inflation**
**Food Inflation**

(y/y %)

Source: DANE, Banco de la República.

**Nominal Exchange Rate**

(COP / USD dollar)

Source: Banco de la República.
Nominal Exchange Rate
(Sepember 2010 Index = 100)

Source: Bloomberg

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GDP Growth Forecast – Central Bank
(Fan chart)

Source: Banco de la República

Colombia: 2017 GDP Growth Forecast

% 0.7 1.2 1.7 2.2 2.7 3.2 3.7

Econanálisis Polanomics
BMI Research Credit Suisse
Federagro EuroMonitor Int.
Bank of Capital
PSD
Barclays Capital
Frontier Strategy Group
Confecolombiana
Oxford Economics
Kiel Institute
ULTRAfinanz
Santander
EUI
Banca Bradesco
ANIF
Banco de Bogotá
UBS
BBVA Research
Société Générale
Credico Capital
Standard Chartered
Deutsche Bank
Capital Economics
Bancomería
JPMorgan
Banco Davivienda
Positiva Compañía de Seguros
Nomura
Itaú BBA
CorpBanca Económico
Citigroup Global Mkt
BTG Pactual

GDP Forecasts

Source: Latin American Consensus Forecast, May 2017

Unemployment Rate
(Seasonal adjustment quarterly average rolling)

Source: GEIH - DANE
GDP Growth

• Colombia
• Shocks to GDP growth

Terms of Trade

(Index 2012 = 100)

Brazil  Colombia  Chile  Mexico  Peru

(Fuente: Datastream)
Commodities Prices
(Nov 2010=100)

Source: Bloomberg

GDP Growth Colombia’s Trade Partners

Source: Banco de la República
Five-year Credit Default Swaps (CDS)

Source: Bloomberg

Current Account Deficit (% GDP)

For Colombia, the information corresponds to forecasts by the technical staff of Banco de la República.
Source: Datastream, IMF and Banco de la República
Foreign Investment Inflows to Colombia (USD millions)

Source: Banco de la República

Offshore holdings of local currency public debt (TES)

Source: Banco de la República
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Policy Rate (%)

Source: Banco de la República.
Policy Rates (%)

Source: Central Banks, Banco de la República.

Inflation and GDP gaps

Source: Central Banks, Banco de la República.
Credit growth (%)

Source: Superintendencia Financiera de Colombia. Banco de la República

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