Report on the Evolution of the Balance of Payments and International Investment Position - Second Quarter 2023

Download (only in Spanish) Balance of payments statistics (only in Spanish) AUTHORS AND/OR EDITORS Office for Monetary Policy and Economic Information Technical and Economic Information Department The quarterly report on the performance of Colombia's Balance of Payments and International Investment Position describes the main results for the country's current and financial accounts and the evolution of the items included in them.

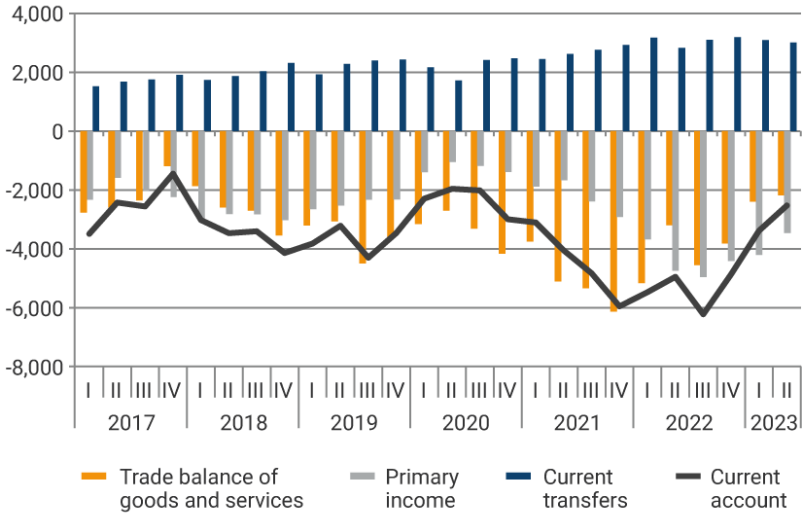
See the report (only in Spanish)

Publication Date: Tuesday, 12 of September 2023 1. Overall results of the Balance of Payments
During the second quarter of 2023, the current account of the country's Balance of Payments registered a USD 2,524 million deficit, equivalent to 3.0% of quarterly gross domestic product (GDP). The financial account, including the change in reserve assets (USD 365 m), recorded net inflows of USD 2,846 million (3.3% of quarterly GDP). Errors and omissions were estimated at USD -322 million.

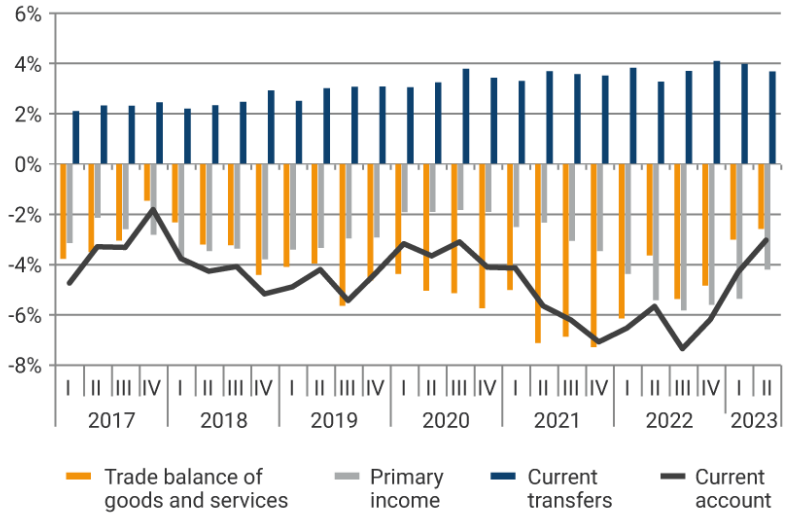
By components, the deficit in the current account (USD 2,524 million) in the second quarter of 2023 was caused by net primary income outflows of USD 3,402 million, deficit balances in foreign trade of goods of USD 1,713 million, and deficit balances in services trade of USD 428 million. These results were partially offset by net income from secondary income (USD 3,018 million) (Graph 1).

Graph 1. Components of Colombia's Balance of Payments current account

Figures in millions of dollars



Figures as a percentage of GDP

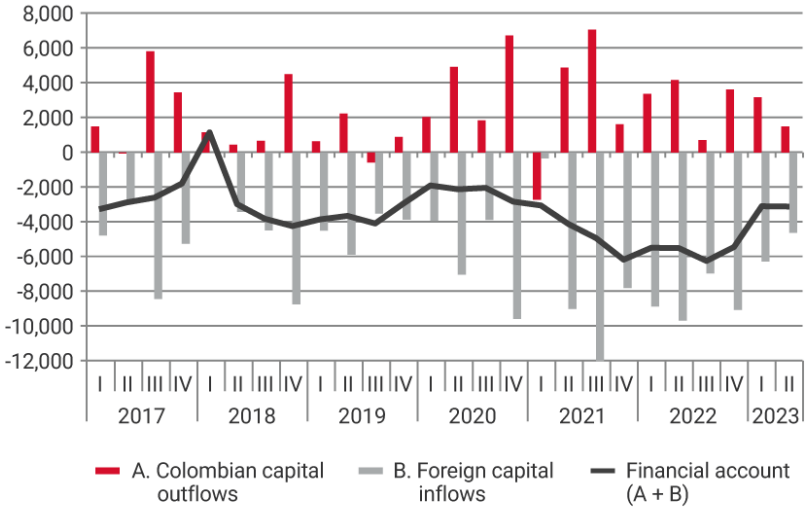


Source: *Banco de la República* (the Central Bank of Colombia).

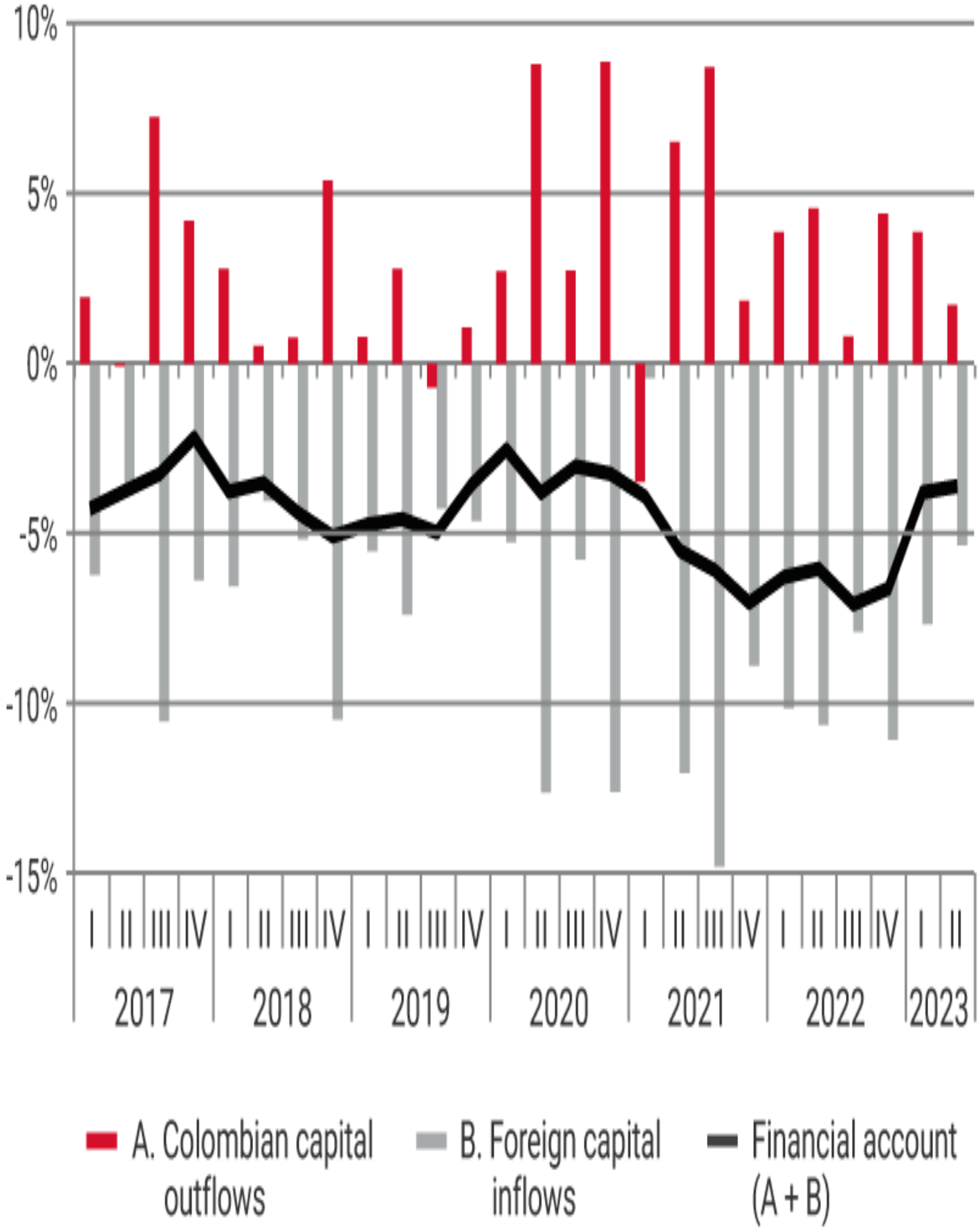
In the financial account for the second quarter of 2023, net capital inflows are estimated at USD 2,846 million, corresponding to foreign capital inflows (USD 4,219 million), Colombian capital outflows (USD 1,764 million), payments from non-residents to residents for gains in financial derivatives transactions (USD 756 million), and the increase in foreign reserves due to Balance of Payments' transactions (USD 365 million) (Graph 2).

Graph 2. Components of Colombia's Balance of Payments financial account

Figures in millions of dollars



Figures as a percentage of GDP


10%
5%
0%
-5%
-10%
-15%
I II III IV I II III IV I II III IV I II III IV I II III IV I II III IV I II III IV I II
2017
2018
2019
2020
2021
2022
2023
A. Colombian capital outflows
B. Foreign capital inflows
Financial account (A + B)

Note: According to the Sixth Edition of the International Monetary Fund's Balance of Payments Manual, the financial account is presented with the same sign as the current account. For example, if the current account is in deficit, the financial account is negative, indicating that the economy is resorting to external financing and/or liquidating its external assets to finance its excess current expenditure.
Source: *Banco de la República*

2. Quarterly and annual evolution of the current and financial accounts of Colombia's Balance of Paymentsa) Current account
The estimated current deficit for the second quarter of 2023 (USD 2,524 million, 3.0% of GDP), compared to the immediately preceding quarter, decreased by USD 861 million, mainly due to the reduction in net primary income outflows and the lower deficit in the trade balance of goods and services (Graph 1).

For the accumulated period of January-June 2023, the current deficit (US$6,112 million, 3.7% of GDP), od of 2022, is lower by USD 1,950 million, a behavior that is mainly explained by the ance of foreign trade in goods and services, partially offset by the increase in net

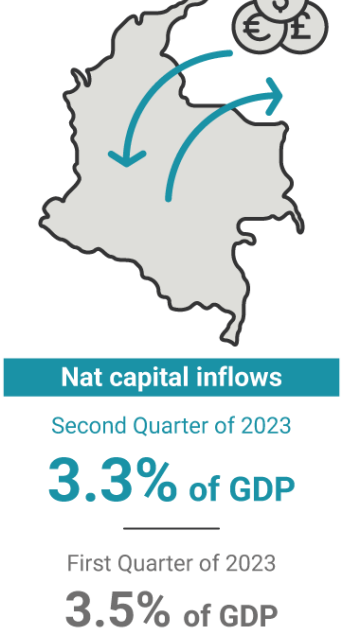


b) Financial account

Net capital inflows of USD 2,846 million (3.3% of GDP) recorded in the financial account during the second quarter of 2023 registered a similar level compared to the immediately preceding quarter. This result is explained by higher capital inflows linked to direct investments, which were offset by lower external debt.

During the first half of 2023, compared to the same period in 2022, the financial account (USD 5,677 million, 3.4% of GDP) showed lower net inflows of USD 4,365 million, a dynamic that is mainly explained by the lower external financing of loans and debt securities, which is partially offset by lower capital outflows to constitute Colombia’s direct investment abroad.

Net inflows in the first quarter of 2023 represented 3.5% of GDP. In the previous quarter, it was 6.3%.

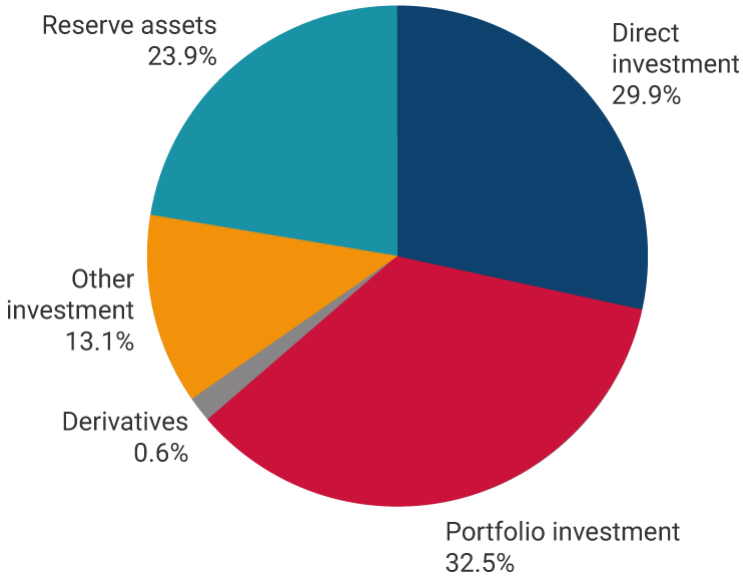


3. International Investment Position (IIP)

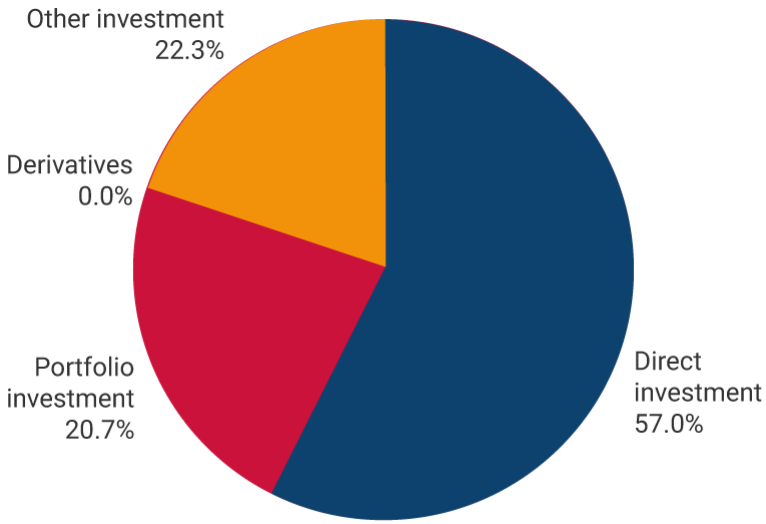
At the end of June 2023, Colombia recorded a negative net International Investment Position of USD 187,271 million (56.0% of annual GDP), resulting from assets of USD 241,882 million (72.3% of annual GDP) and liabilities of USD 429,153 million (128.4% of annual GDP). Of the total balance of assets, 32.5% corresponds to portfolio investment, 29.9% to Colombia's direct investment abroad, 23.9% to reserve assets, and the remaining 13.8% to other assets, which include loans, other external credits, offshore deposits, and financial derivatives. Liabilities are broken down into 57.0% for foreign direct investment, 22.3% for other liabilities (where external loans stand out), and the remaining 20.7% for portfolio investments.

Graph 3. International Investment Position as of June 2023 (USD 180,616 million, 53% of GDP 1)

Assets
USD 241.882 m



Liabilities
USD 429.153 m



1 The GDP data in US dollars corresponds to the sum of the last four quarters.

Fuente: https://www.banrep.gov.co/en/publications-research/report-balance-payments/second-quarter-2023