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

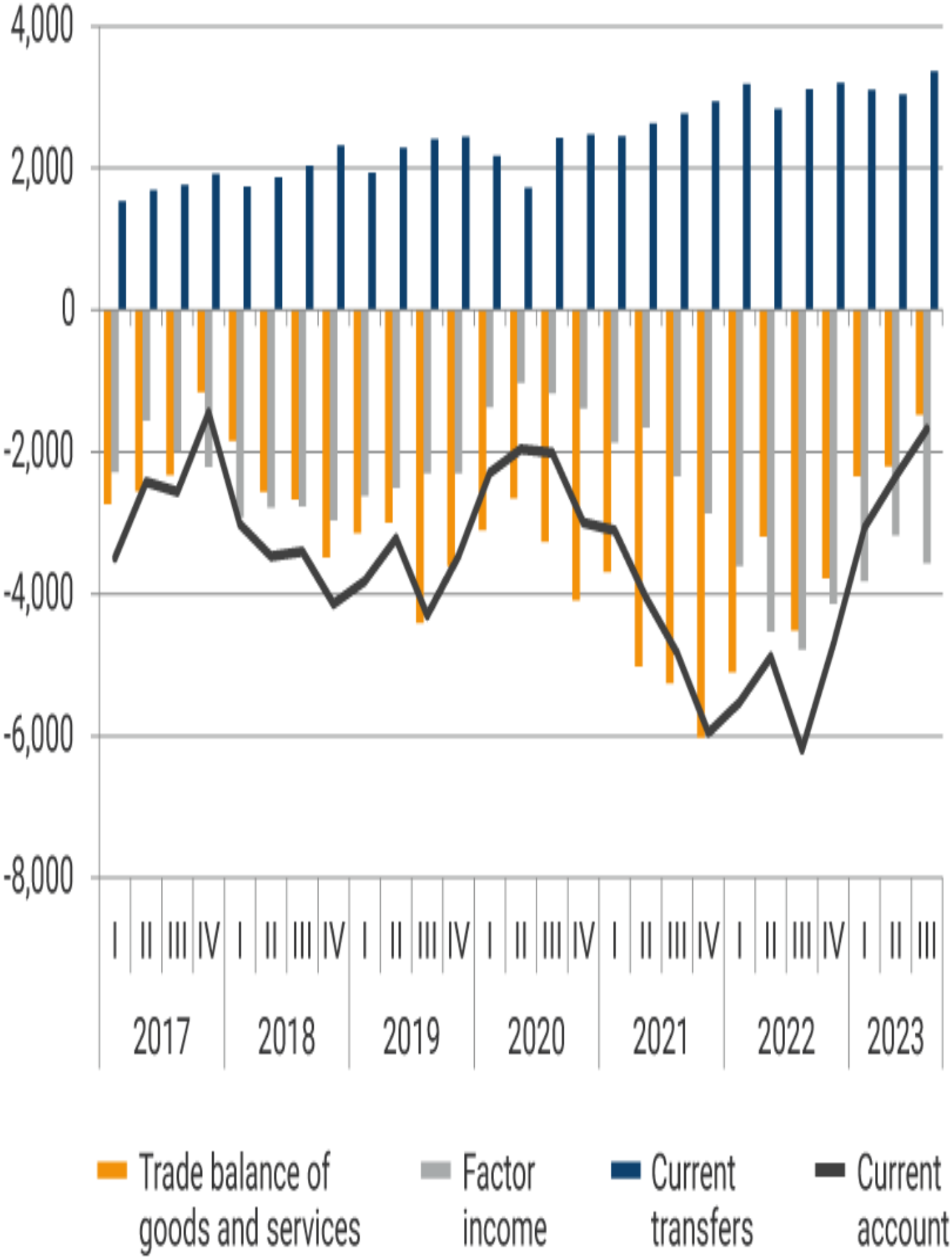
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The quarterly report on the performance of Colombia's Balance of Payments and International Investment Position describes the main results for the country’s current and financial accounts, and the evolution of the items included in them.

 See the Report (only in Spanish)

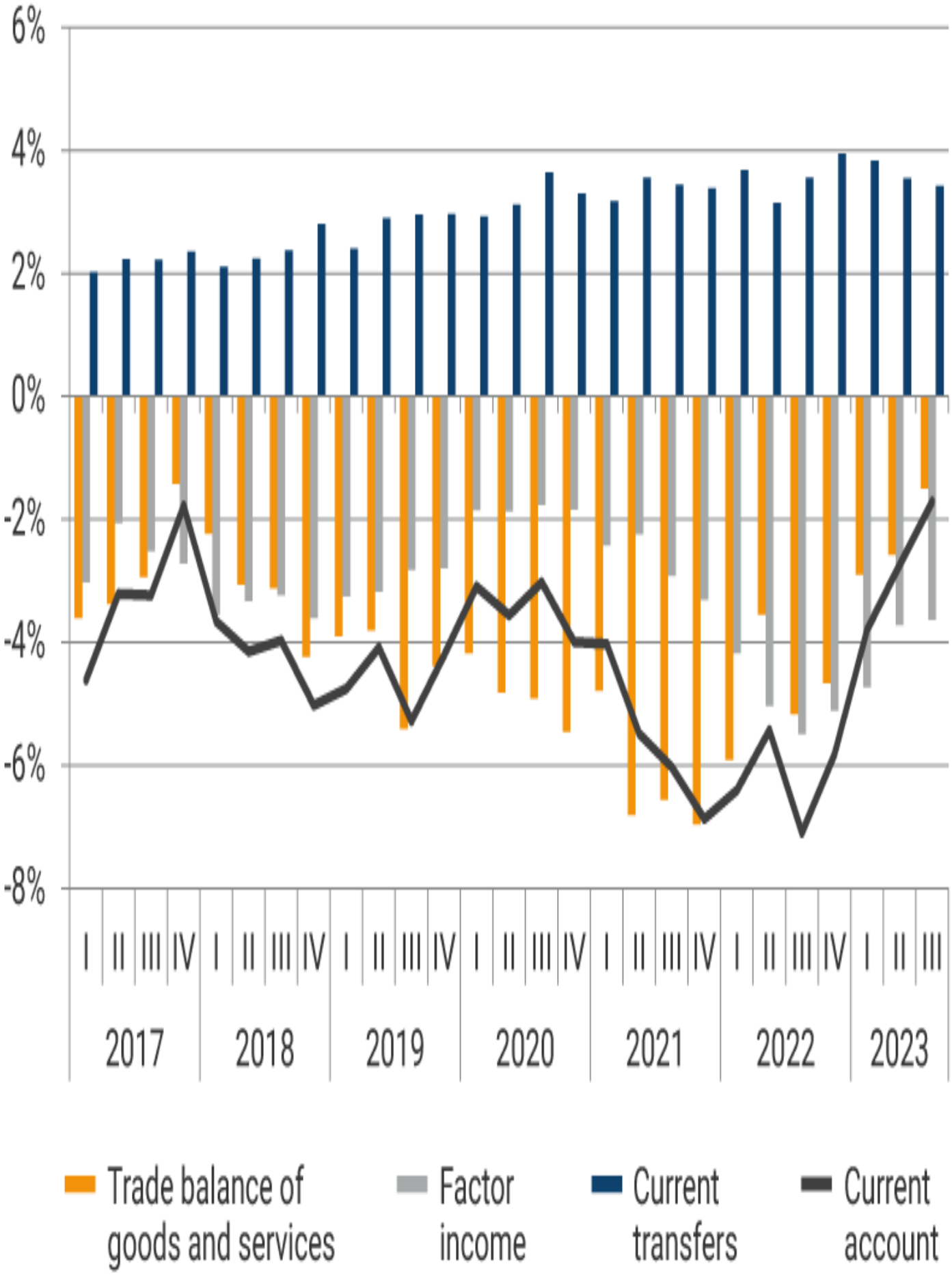
Publication Date: Tuesday, 3 of June 2025 1. Overall Results of the Balance of Payments
During the third quarter of 2023, the current account of the country’s Balance of Payments registered a USD 1,680 million (m) deficit, equivalent to 1.7% of quarterly GDP. In turn, the financial account, including the change in reserve assets (USD 457 m), recorded net capital inflows of USD 1,387 m (1.4% of quarterly GDP). Errors and omissions were estimated at USD 293 m.
By components, the deficit in the current account (USD 1,680 m) in the third quarter of 2023 is due to net primary income outflows of USD 3,567 m and deficit balances in foreign trade of goods of USD 1,297 m and in services trade of USD 174 m. These results were partially offset by net income from current transfers (USD 3,358 m) (Graph 1).

Graph 1. Components of Colombia’s Balance of Payments Current Account

Figures in millions of dollars


4,000
2,000
0
-2,000
-4,000
-6,000
-8,000
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 III
2017
2018
2019
2020
2021
2022
2023
Trade balance of goods and services
Factor income
Current transfers
Current account

Figures as a percentage of GDP

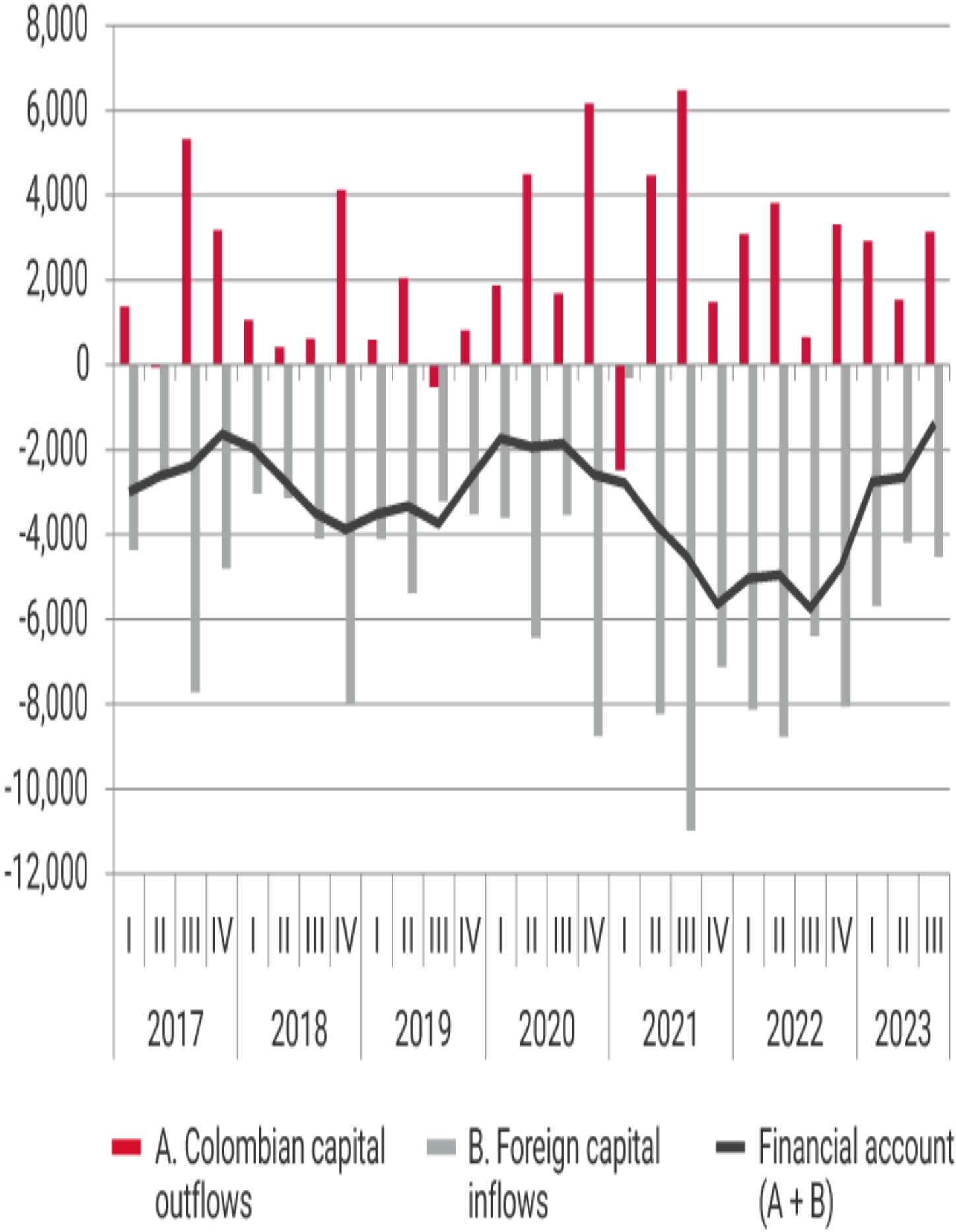

6%
4%
2%
0%
-2%
-4%
-6%
-8%
I II III IV I II III IV I II III IV I II III IV I II III IV I II III IV I II III IV I II III
2017
2018
2019
2020
2021
2022
2023
Trade balance of goods and services
Factor income
Current transfers
Current account

Source: *Banco de la República*

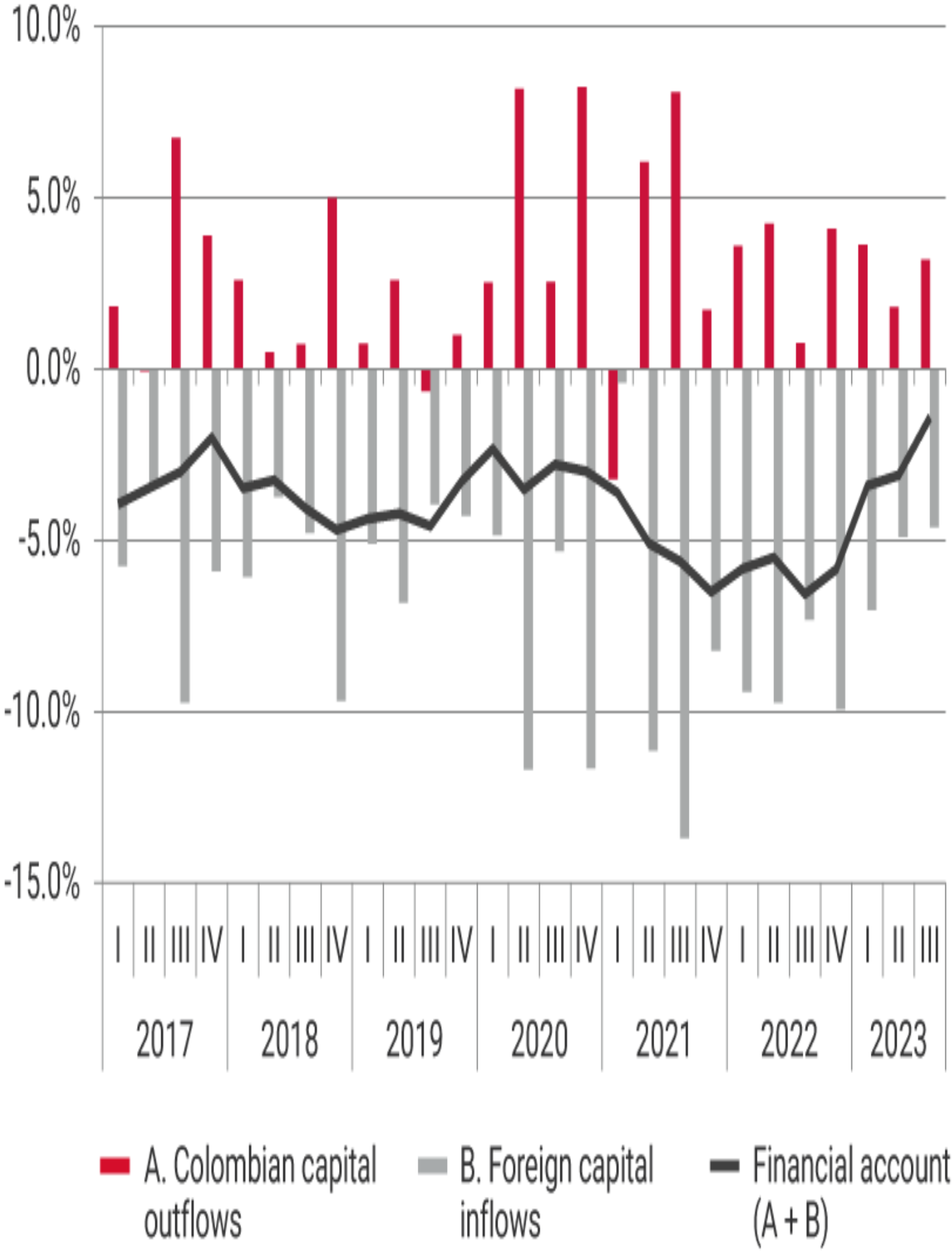
En la cuenta financiera para el tercer trimestre de 2023, se estiman entradas netas de capital por USD 1.387 m que corresponden a ingreIn the financial account for the third quarter of 2023, net capital inflows are estimated at USD 1,387 m, corresponding to foreign capital inflows (USD 4,524 m), Colombian capital outflows (USD 3,369 m), payments from non-residents to residents for gains in financial derivatives transactions (USD 690 m), and the increase in foreign reserves due to Balance of Payments' transactions (USD 457 m) (Graph 2).

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

Figures in millions of dollars

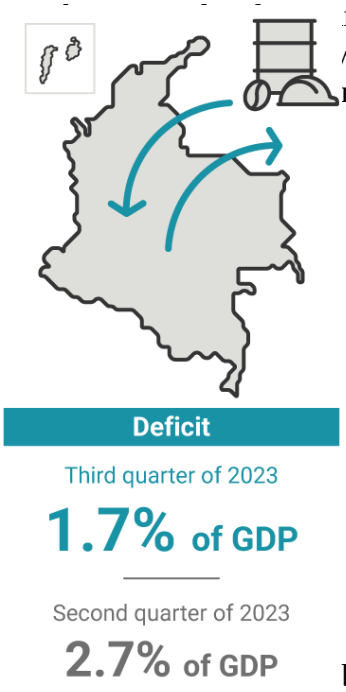

8,000
6,000
4,000
2,000
0
-2,000
-4,000
-6,000
-8,000
-10,000
-12,000
I II III IV I II III IV I II III IV I II III IV I II III IV I II III IV I II III IV I II III
2017
2018
2019
2020
2021
2022
2023
A. Colombian capital outflows
B. Foreign capital inflows
Financial account (A + B)

Figures as a percentage of GDP


10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
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 III
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 third quarter of 2023 (USD 1,680 m, 1.7% of GDP), compared to the immediately preceding quarter, decreased by USD 665 m, mainly due to a lower deficit in the balance of trade in goods and services and higher net revenues from current transfers, partially offset by higher net outflows from primary income (Graph 1).

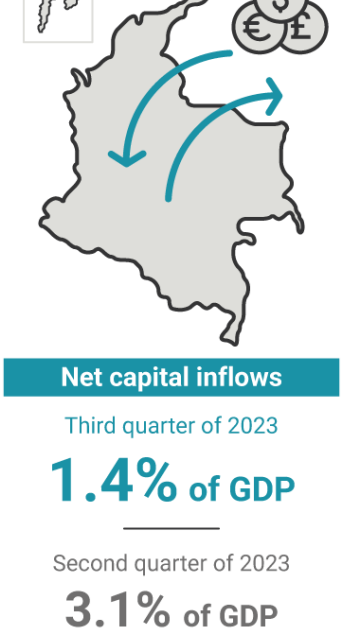


ry-September 2023, the current deficit (USD 7,092 m, 2.7% of GDP), compared to the ver by USD 9,521 m, a behavior that is mainly explained by the reduction of the rade in goods and services, and lower net outflows from primary income.

b) Financial account

Net capital inflows of USD 1,387 m (1.4% of GDP) recorded in the financial account during the third quarter of 2023 showed a reduction of USD 1,268 m compared to the immediately preceding quarter. This result is explained by lower capital inflows linked to direct investments, higher liquidations of external portfolio investments, and greater constitution of assets abroad, which were offset by higher external debt.

So far in 2023 to September, compared to the same period in 2022, the financial account (USD 6,800 m, 2.6% of GDP) presented lower net inflows of USD 8,925 m, a dynamic that is mainly explained by lower external financing for loans and debt securities and largest outflows to build assets for other investments abroad, which is partially offset by lower capital outflows to constitute Colombian direct investment abroad.

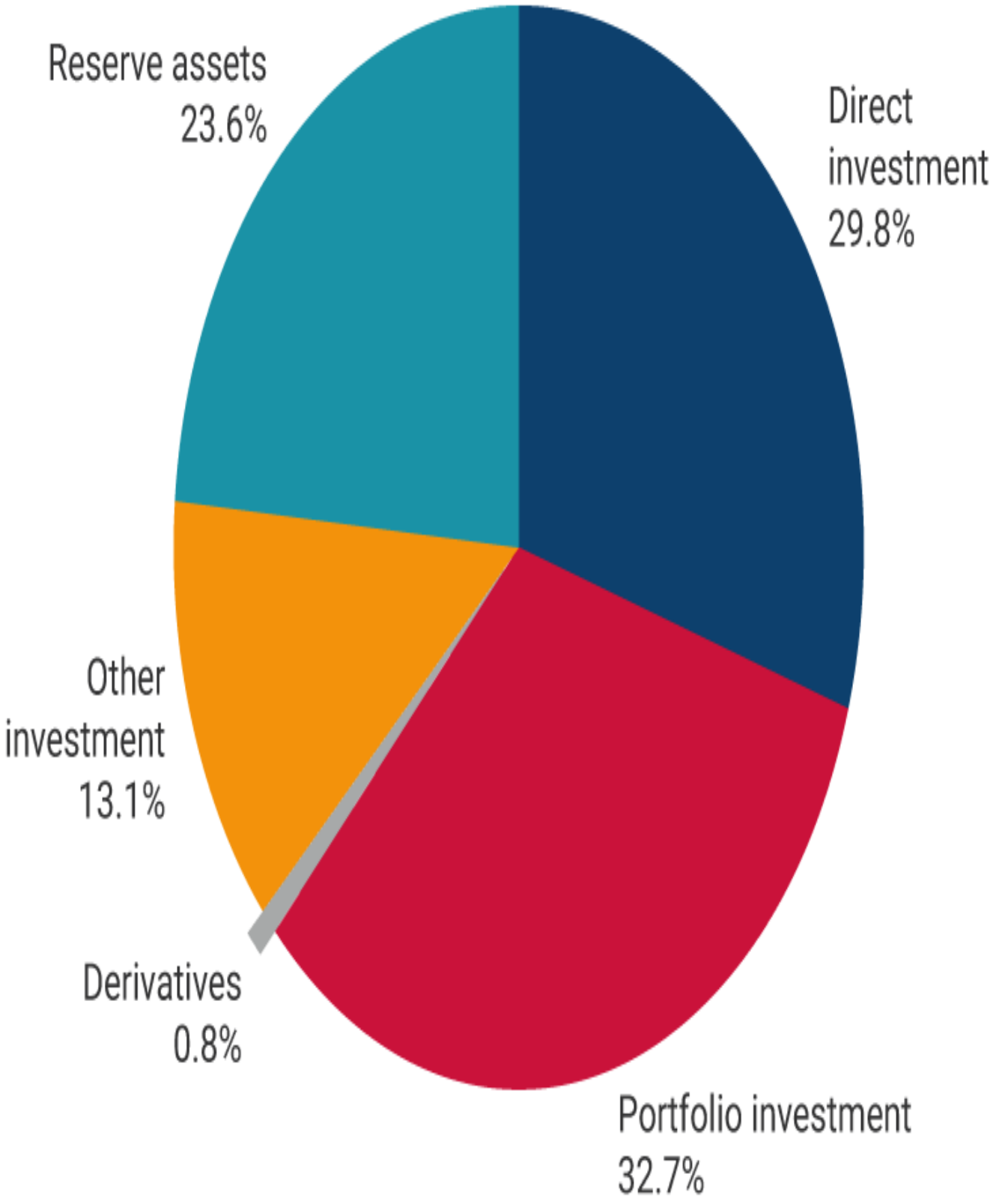


3. International Investment Position (IIP)

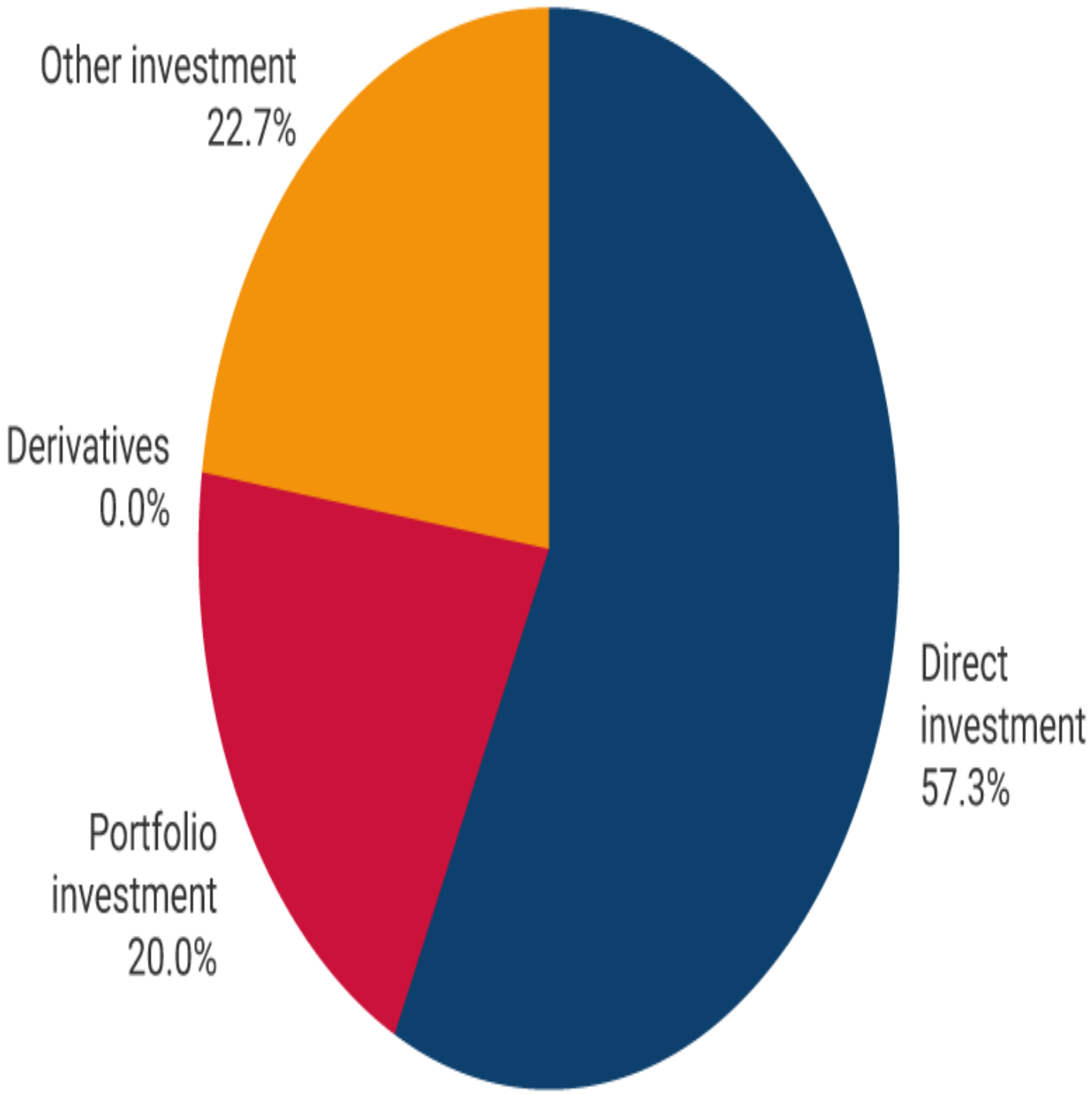
At the end of September 2023, Colombia recorded a negative net international investment position of USD 189,282 m (54.8% of annual GDP), resulting from assets of USD 243,772 m (70.6% of annual GDP) and liabilities of USD 433,053 m (125.3% of annual GDP). Of the total balance of assets, 32.7% corresponds to portfolio investment, 29.8% to Colombian direct investment abroad, 23.6% to reserve assets, and the remaining 13.9% to other assets, which include loans, other foreign credits, deposits abroad, and financial derivatives. Liabilities are broken down into 57.3% for foreign direct investment, 22.7% for other liabilities (where external loans stand out), and the remaining 20.0% for portfolio investments.

Graph 3. International Investment Position as of September 2023 (USD 189,282 m, 55% of GDP 1)

Assets
USD 243,772 m


Reserve assets
23.6%
Direct
investment
29.8%
Other
investment
13.1%
Derivatives
0.8%
Portfolio investment
32.7%

Liabilities
USD 433,053 m


Other investment
22.7%
Derivatives
0.0%
Portfolio
investment
20.0%
Direct
investment
57.3%

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

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