Report on the Evolution of the Balance of Payments and International Investment Position - Fourth 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 account and financial account, and the evolution of the items that comprise them.

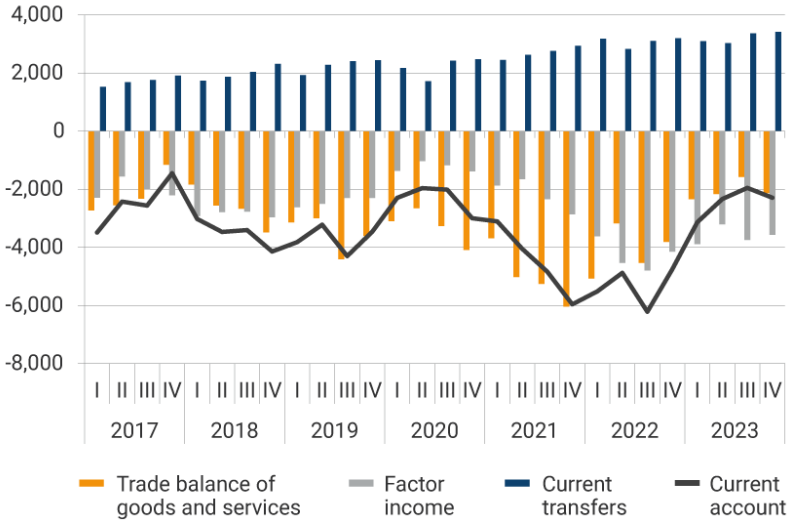
See the report here (only in Spanish)

Publication Date: Friday, 1 of March 2024 1. Overall results of the balance of payments
During the third quarter of 2023, the current account of Colombia's balance of payments registered a USD 2,293 million (m) deficit, equivalent to 2.3% of quarterly GDP. In turn, the financial account, including the change in reserve assets (USD 496 m), recorded net capital inflows of USD 1,621 m (1.6% of quarterly GDP). Errors and omissions were estimated at USD 672 m.

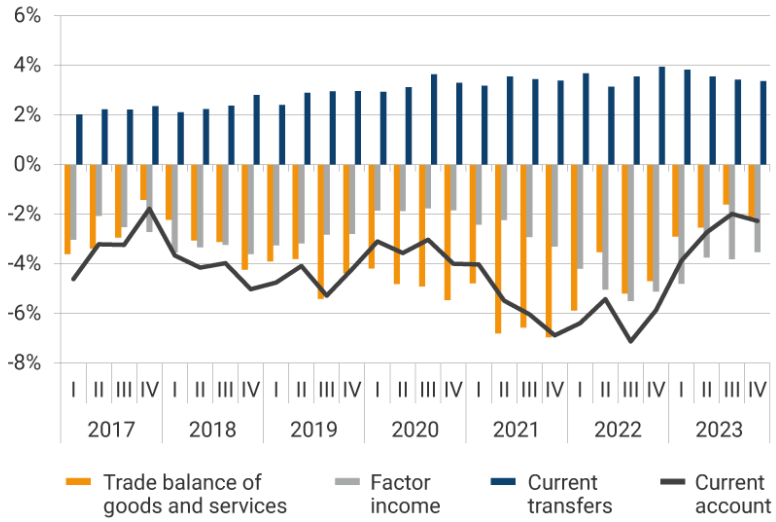
By components, the USD 2,293 m deficit in the current account in the fourth quarter of 2023 was caused by: net factor income outflows of USD 3,568 m and by deficit balances in the foreign trade of goods (USD 1,869 m) and in the services trade (USD 267 m). These results were partially offset by net income from current transfers for USD 3,411 m (Graph 1).

Graph 1. Components of the current account of Colombia's balance of payments

Figures in millions of dollars



Figures as a percentage of GDP

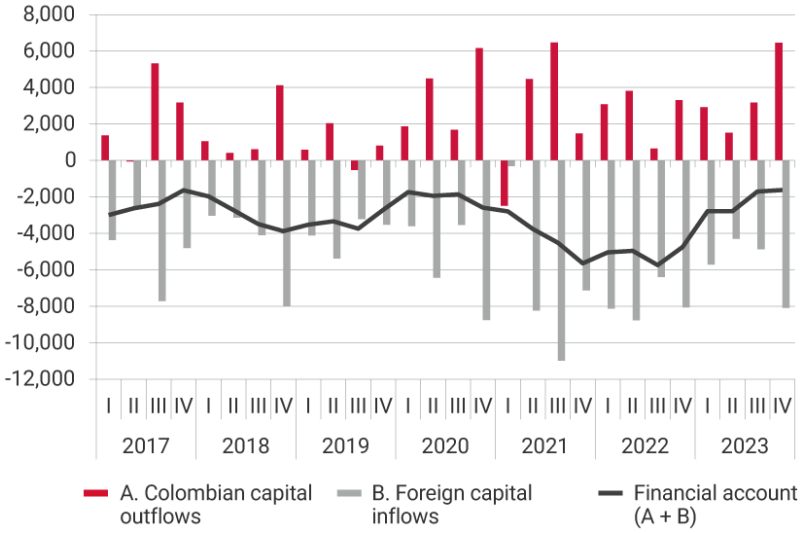


Source: *Banco de la República* (the Central Bank of Colombia)

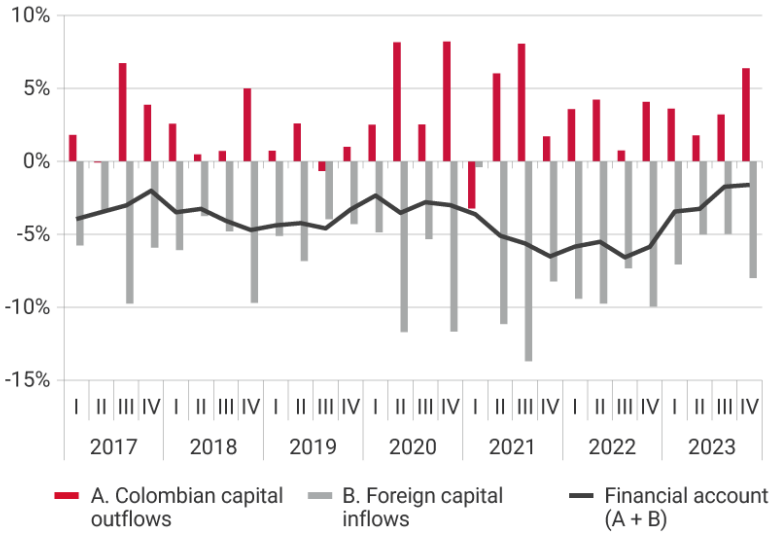
In the financial account for the fourth quarter of 2023, net capital inflows are estimated at USD 1,621 m, corresponding to foreign capital inflows (USD 8,081 m), Colombian capital outflows (USD 6,843 m), payments from non-residents to residents for gains in financial derivatives transactions (USD 879 m), and the increase in foreign reserves due to balance of payments transactions (USD 496 m) (Graph 2).

Graph 2. Components of the financial account of Colombia's balance of payments

Figures in millions of dollars



Figures as a percentage of GDP



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 checking account. For example, if the checking account is in deficit, the financial account is also negative, indicating that the economy is resorting to external financing and/or liquidating its external assets to finance its excess current spending.
Source: *Banco de la República* (the Central Bank of Colombia)

2. Quarterly and annual evolution of the current account and the financial account of Colombia's balance of payments

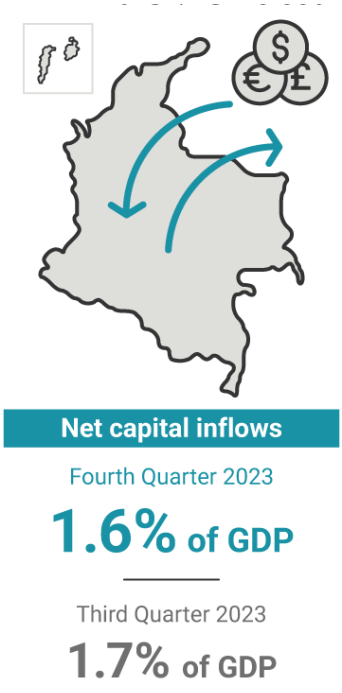
The estimated current deficit for the fourth quarter of 2023 (USD 2,293 m, 2.3% of GDP) increased by USD 340 m compared to the immediately preceding quarter, mainly due to the higher deficit in the trade balance of goods and services, partially offset by lower net factor income outflows and higher net income from current transfers (Graph 1).



it (USD 9,715 million, 2.7% of GDP) is lower by USD 11,652 m compared to 2022. y explained by the reduction of the deficit balance of foreign trade in goods and or income outflows.

b) Financial account

Net capital inflows of USD 1,621 m (1.6% of GDP) recorded in the financial account during the fourth quarter of 2023 showed a reduction of USD 78 m compared to the immediately preceding quarter. This result is explained by higher deposits and portfolio investments abroad, which were partially offset by higher external financing through debt securities.



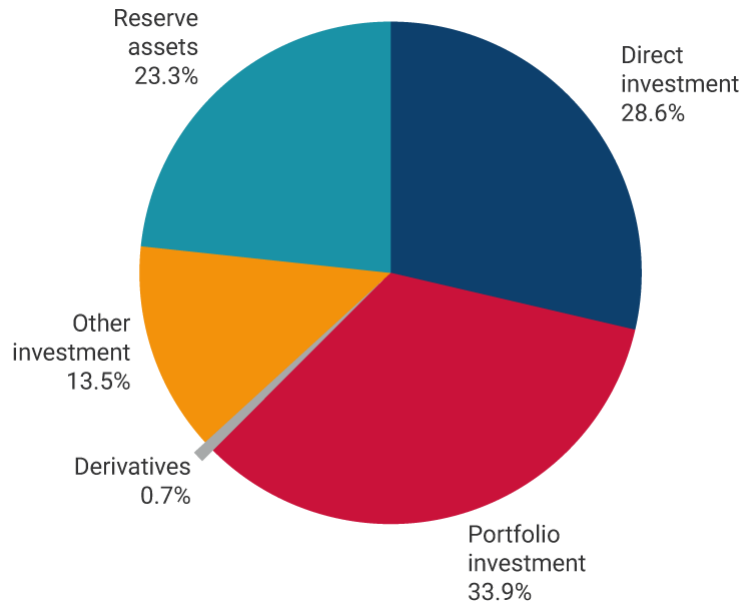
n, 2.4% of GDP), vis-a-vis 2022, the financial account exhibited lower net inflows of plained by lower external financing through loans and debt securities and higher ts for other investments abroad.

3. International Investment Position (IIP)

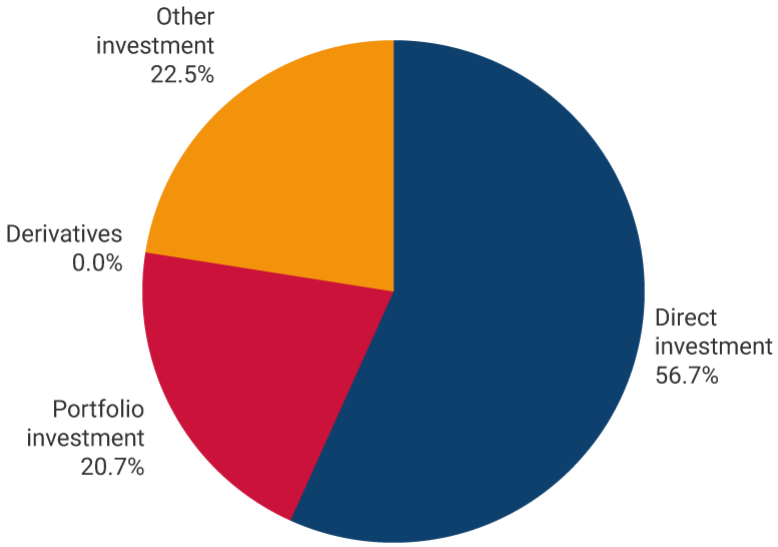
At the end of December 2023, Colombia recorded a negative net international investment position of USD 192,316 m (52.6% of annual GDP), resulting from assets of USD 255,909 m (69.9% of annual GDP) and liabilities of USD 448,225 m (122.5% of annual GDP). Of the total balance of assets, 33.9% corresponds to portfolio investment, 29.6% to Colombia's overseas direct investment, 23.3% to reserve assets, and the remaining 13.5% to other assets, which include loans, other foreign credits, deposits abroad, and financial derivatives. Liabilities are divided into 56.7% for foreign direct investment, 22.5% for other liabilities (where external loans stand out), and the remaining 20.7% for portfolio investments.

Graph 3. International investment position as of December 2023 (USD 192,316 m, 52.6% of GDP1 1)

Assets
USD 255,909 m



Liabilities
USD 448,225 million



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

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