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# Latam Daily: Colombia November Economic Activity—GDP Proxy

- Colombia: Services-related sectors led economic growth in November

## COLOMBIA: SERVICES-RELATED SECTORS LED ECONOMIC GROWTH IN NOVEMBER

On Tuesday, January 18, Colombia's statistical agency (DANE) released the Economic Activity Indicator for November (ISE, the main proxy for GDP). Compared to the same month in 2021, activity in November expanded 9.6% y/y, above the market consensus of 8.6% y/y according to Bloomberg; and above the 9.3% year-on-year of the previous month. On a seasonally adjusted basis, Colombia's economic activity increased by 1.0% m/m (chart 1). It is worth noting that in November, government authorities allowed full capacity at massive events, boosting activity in services-related sectors therefore contributing approximately 80% to the overall expansion.

### Economic recovery looks different across the three main activity groups (charts 2 & 3).

A closer look is detailed below:

- Primary activities** (13% of the economy) grew 6.1% y/y with an expansion of 2.2% m/m seasonally adjusted in November. This means that the sector closed the month operating 6.7% below pre-pandemic levels (chart 2 again), agricultural activity is growing due to improved activity in the flowers sector, while the livestock-related sector appears to be slowing down. In the mining sector, coal and oil production remained below pre-pandemic levels.
- Secondary sectors** (19% of the economy) were up 7.7% y/y. However, it contracted 0.6% m/m. Manufacturing production remains strong in lines related to reopening and mobility. On the other side, construction activities remained weak due to the contraction of non-residential buildings and civil works. For now, the secondary sector operates 2.0% below pre-pandemic levels.
- Services-related activities** (68% of the economy) were up 10.5% y/y and increased by 1% m/m sa. The commerce, transport, and hotel sectors, accounted for ~65% of the overall economic growth. Services sectors are the most benefited by the reduction in mobility restrictions. That said, service-related activities are now operating above pre-pandemic levels by + 6.9%.

Chart 1

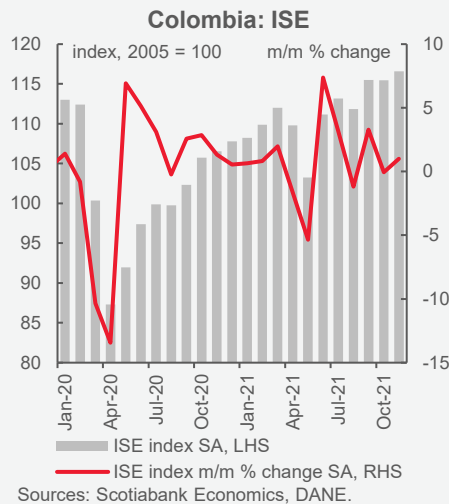


Chart 2

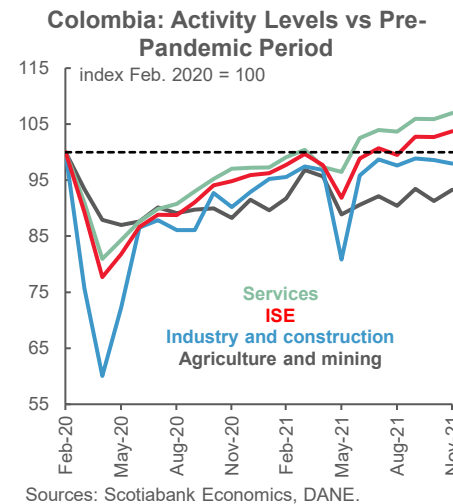
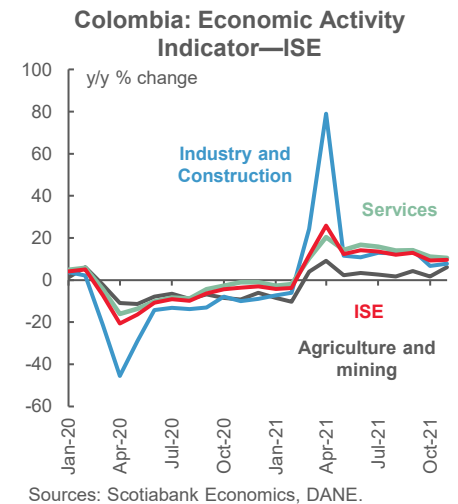


Chart 3



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January 19, 2022

**All in all today's results showed that Colombia's economic activity continued as capacity restrictions were lifted.** We estimate that, if similar activity levels are observed in December, GDP growth would reach 10% in 2021. Ahead of 2022, we expect a better performance in the construction sector, which would account for further gains for the overall economy. Recent results skew our current 9.6% GDP growth forecast to the upside, while for 2022, we expect a 4.5% expansion. That said, activity results support our expectation of a 75 bps hike in BanRep's meeting on January 28.

—Sergio Olate & Jackeline Piraján

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