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Latam Daily: Colombia Economists Survey Sees 25bps BanRep Hike

- **Colombia: Citi survey—Consensus points to 25bps hike by BanRep and inflation stabilizing in February**

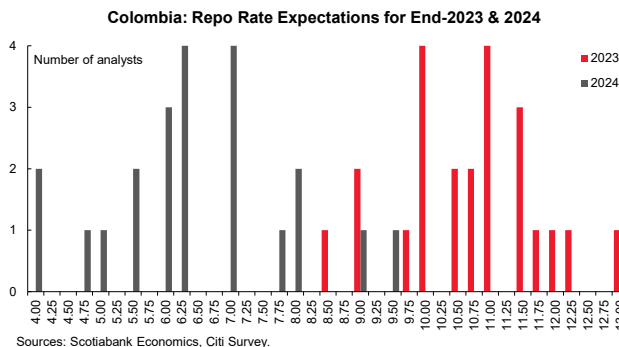
COLOMBIA: CITI SURVEY—CONSENSUS POINTS TO 25BPS HIKE BY BANREP AND INFLATION STABILIZING IN FEBRUARY

The results of Citi’s economists survey for February, which BanRep uses as one of its measures of inflation expectations, monetary policy rate, GDP and COP forecasts, were published on Tuesday.

Highlights:

- Economic growth is estimated at 1.05% in 2023, 0.15ppts below the previous survey (1.20%) and likely reflecting the downside surprise in GDP data for 2022, which showed that the economic deceleration was greater than expected. For 2024, growth is expected at 2.46%, down from 2.55% in the January survey.
- Inflation expectations remained broadly stable. February’s monthly inflation rate is expected to be 1.67% m/m and 13.27% y/y, on average, which points to broad stability vs the pace recorded in January (13.25%). The economists’ consensus expects inflation to close 2023 at 8.84%, slightly above the 8.78% seen in last month’s poll. For end-2024, expectations are at 4.83%—above the central bank’s target range defined between 2% and 4%.
- Scotiabank Economics’ projection sits above consensus, at 1.78% m/m and 13.41% y/y. In February, the main driver for inflation will be education fees as schools and universities usually incorporate the bulk of annual tuition increases—which in turn also reflect indexation effects. Food prices, restaurants, and gasoline prices are also expected to contribute to inflation to the upside.
- For the March monetary policy meeting, 14 of 23 analysts surveyed expect a move of 25bps to 13.00%, 5 see a 50bps increase to 13.25%, while 3 anticipate a 75bps hike and only one analyst is calling for policy stability at 12.75%. Medium-term expectations show high dispersion. For December 2023, forecasts range between 8.5% and 13.00%, with the median at 10.75%. Estimates go from 4.00% to 9.50% and a 6.25% median for BanRep’s policy rate by end-2024 (chart 1).

Chart 1



- Our official call is a 25bps increase in March to 13.00%. Although the board may remain data dependent, we expect this hike to be the last in the cycle.
- According to the survey, USDCOP is forecast at 4,746 pesos at end-2023, and at 4,669 at end-2024.

—Sergio Olarte, María (Tatiana) Mejía & Jackeline Piraján

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