

Latam Daily: Colombia June Imports Continue Rebound With Strong Raw Materials Imports

- Colombia: June's imports grew by 69.8% y/y boosted by higher raw materials imports and high prices; current account deficit to widen

COLOMBIA: JUNE'S IMPORTS GREW BY 69.8% Y/Y BOOSTED BY HIGHER RAW MATERIALS IMPORTS AND HIGH PRICES; CURRENT ACCOUNT DEFICIT TO WIDEN

[June's imports data](#), released by DANE on Friday, August 13, came in at USD 4.92 bn (CIF terms), expanding 69.8% y/y (chart 1), again benefitting from the low base in June 2020 and high international prices—similarly to the [previous month](#). By value, June imports remained among their highest levels since the pandemic began.

Manufacturing imports grew by 66.6% y/y and accounted for the strongest positive contribution to annual imports growth, while agriculture-related imports increased by 45.7% y/y and mining-related imports grew by 267.2% y/y. As a result, the monthly trade deficit widened to USD 1.56 bn (FOB), and now is now 2.6 times the deficit of June-2020 (chart 2). Imports are rebounding stronger than exports due to economic recovery and higher international prices. Colombia's YTD trade deficit stood at USD 6.95 bn for January–June.

From the perspective of imports by use, the three major segments showed positive signals compared with June 2020 (chart 3).

- Consumption-goods imports** increased by +32.2% y/y and stood at USD 1.02 bn, owing mainly to higher durable-goods imports (+126.29% y/y), especially in vehicles with an expansion of 235.0% and jewelry (+95.9% y/y); meanwhile, non-durable goods imports fell by 3.1% y/y, mainly clothing (-68.5% y/y). Consumption-related imports are now closer to pre-pandemic monthly averages (2019: USD 1.05 bn and 2020 YTD: USD 953 mn).
- Raw-materials imports** grew by 107.2% y/y, due to larger purchases of foreign goods for the industrial sector (104.8% y/y). Raw materials imports in dollar terms are close to their historical high (chart 4), and it would reflect the effect of higher prices as well as the ongoing economic recovery.
- Capital-goods imports** were up by 15.6% y/y (USD 1.34 bn), as investment-related imports in the industry (5.7% y/y) and transport equipment purchases (+134.6% y/y) rebounded strongly. That said, capital-goods imports are closer to the pre-pandemic averages (2019: USD 1.37 bn and YTD-2020: USD 998 mn). This strong rebound let us to anticipate better FDI in coming months that would help finance the higher current account deficit.

Overall, June's imports remained strong. However, they show mixed effects: firstly, they evidence the economic recovery through the rebound of capital goods purchases and durable goods for household consumption. On the other hand, higher international prices also led to sudden recent spikes. As a result, we expect further deterioration in Colombia's external balance over the coming months. We continue to forecast a current account deficit of -4.0% of GDP in 2021 or even higher.

—Sergio Olarte & Jackeline Piraján

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Chart 1

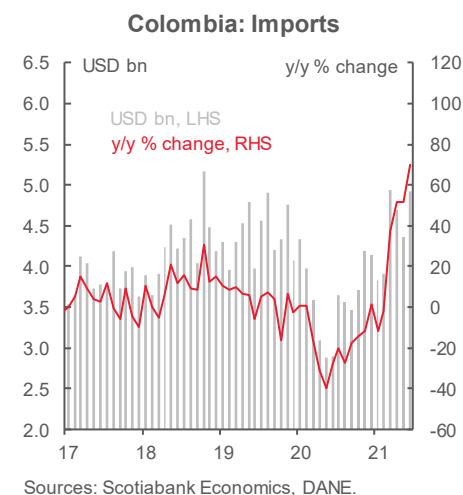
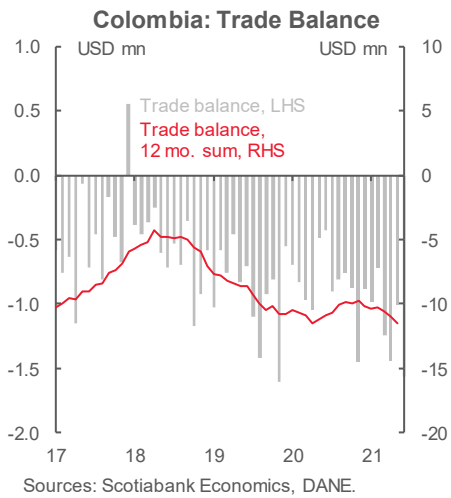
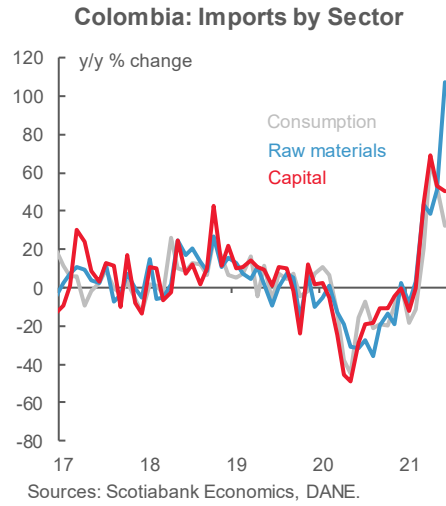
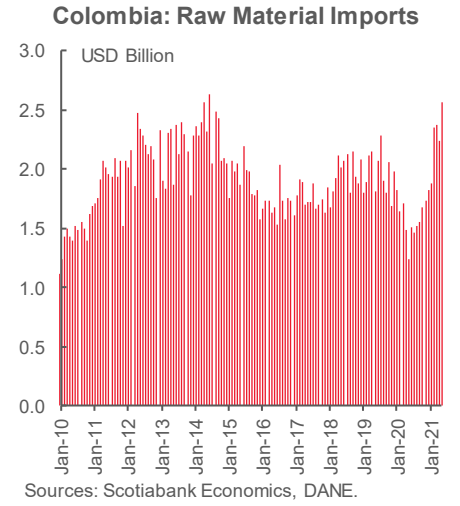


Chart 2

Chart 3

Chart 4


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