

Latam Daily: Colombia April Activity Boosted by Base Effects, Resilient to Lockdowns

- Colombia: April boost in economic activity owing to base effects but resilient to lockdowns; still slightly below (0.4%) pre-pandemic levels

COLOMBIA: APRIL BOOST IN ECONOMIC ACTIVITY OWING TO BASE EFFECTS BUT RESILIENT TO LOCKDOWNS; STILL SLIGHTLY BELOW (0.4%) PRE-PANDEMIC LEVELS

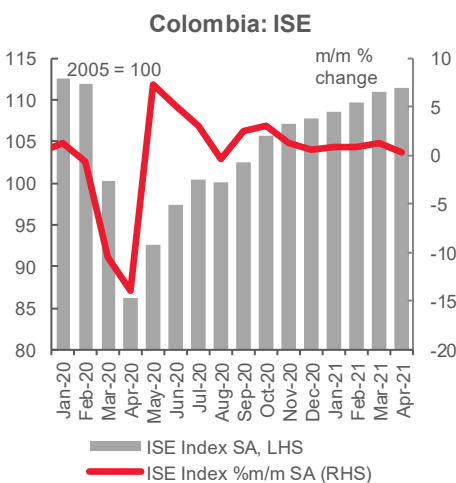
On Friday, June 18, Colombia's Statistical Agency (DANE) released [April's Economic Activity Indicator](#) (i.e., ISE, the main GDP proxy). On a seasonally adjusted basis, April's economic activity expanded by 0.3% m/m (chart 1), despite new health restrictions imposed to contain the third wave of COVID-19. Compared with the same month in 2020, April's activity expanded by 28.7% y/y, given the very low base in April 2020 (the weakest month since the pandemic began). April's result landed above our expectations (+25.1% y/y) but below market consensus (+30% y/y according to Bloomberg). Commerce, hotels, and transport were the hardest-hit sectors in April as they were impacted by lockdowns. Construction, meanwhile, led a strong rebound, boosting the secondary sector. YTD economic activity grew by 6.9%.

April's economic activity stayed slightly below (0.4%) pre-pandemic levels (compared to Feb-2020), its best monthly performance yet since the pandemic began. We affirm our annual GDP growth expectation of 6.0% y/y for 2021.

In April, economic activity was resilient despite the re-imposition of mobility restrictions in Colombia's main cities. Some activities (led by a strong performance in construction) continued to improve, while contact-intensive services posted a relatively mild contraction (chart 2):

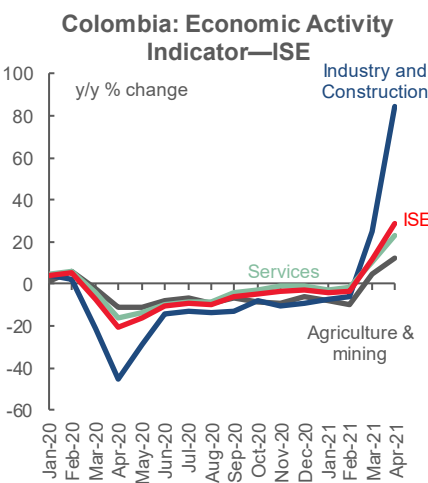
- Primary activities** (13% of the economy) grew by 12% y/y but fell a modest -0.1% m/m sa in April. The annual increase was driven mainly by agriculture, while mining production (especially coal and oil production), remained weak.

Chart 1



Sources: Scotiabank Economics, DANE.

Chart 2



Sources: Scotiabank Economics, DANE.

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- **Secondary sectors** (19% of the economy) were up by 84.4% y/y, expanding by a strong 6.3% m/m sa, led mainly by a rebound in construction activities, which a year ago had been nearly entirely stopped. Manufacturing, on the other hand, contracted by 1% m/m sa, according to a release earlier in the week.
- **Services-related activities** (68% of the economy) were up by 22.9% y/y but contracted by 1.4% m/m. This result is a positive surprise given that activities such as commerce, hotels, and restaurants were more heavily impacted by lockdowns (-16.5% m/m sa), but balanced by activities such as public administration, education, health, leisure and other services (rebounded by 9.5% m/m sa), which posted their best monthly performance since the pandemic began.

Overall, April's economic activity surprised us to the upside as certain activities offset the negative impacts of renewed lockdowns on some services-related sectors. Economic activity in April 2021 was the best since the pandemic began, at just 0.4% below pre-pandemic levels. For May, we expect a significant negative impact due to the nationwide strike; however, the full opening underway since June would lead to a stronger rebound.

—Sergio Olarte & Jackeline Piraján

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