

Economics Colombia

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Colombia BoP Q2-2026: Current account deficit widens as temporary factors boost demand and imports

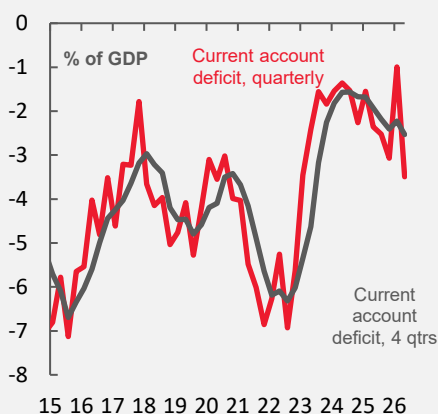
On Tuesday, September 1st, the central bank (BanRep) released the Q2-2026 Balance of Payments. The current account deficit stood at USD 4.70 bn, equivalent to 3.5% of GDP (chart 1), increasing by USD 3.42 bn (+2.5 pts of GDP) versus 2026-I. **This shows a rebound from the 1% of 2026-I, the lowest since 2005, when commodity prices were in a strong increasing trend.** The widening of the current account deficit was mainly driven by the increase in the goods trade deficit and the sign reversal in the services trade balance, which is now again negative. The higher trade deficit and income account outflows were also accompanied by a stagnation in transfers, with remittances growing at 1,4% y/y, significantly below the 13,5% pace of a year ago. **In the first half of the year, the current account deficit reached USD 5.98 bn (2.3% of GDP), up USD 1.85 bn (0.3% of GDP) versus a year ago.**

On the financing side, the net capital and financial account reached net inflows of USD 3.72 bn (2.76% of GDP). FDI net inflows decreased by USD 372 m q/q to USD 3.19 bn, due to an increase of USD 598 m in Colombian foreign investment and partially offset by an increase of USD 226 m in FDI inflows. In contrast, portfolio investment reached a record-breaking positive balance of USD 6.65 bn, registering outflows of USD 7.35 bn, likely reflecting the unwinding of the TRS structure the previous government had created as part of the public debt management strategy in 2025.

The balance of payments results reflects strong domestic demand and a surge in imports, supported by the appreciation of the exchange rate, which strengthened by 14% y/y during the quarter. The currency's performance was driven by increased investor confidence following the results of the presidential elections.

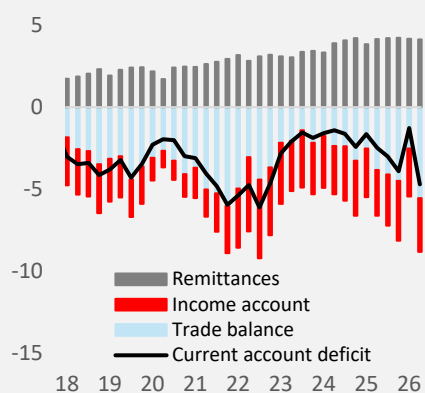
The current account deficit widened faster than expected. While part of this reflects temporary factors, stronger domestic demand could push the deficit above current projections. Second quarter growth of 3.5% was driven by World Cup related spending, the presidential election cycle, and strong vehicle sales, factors that may fade in the second half of the year. A stronger exchange rate also supported import growth. Looking ahead, the key question is whether the new administration can preserve the post-election boost to confidence and investment, while higher fiscal deficits are expected to increase government financing needs in 2026 and 2027. In DAVIbank economics, we forecast an exchange rate of COP 3,290 per dollar at year end and maintain our current account deficit projections of 2.3% of GDP for 2026 and 2.7% for 2027, with risks skewed to the upside.

Chart 1. Current Account Deficit



Sources: DAVIbank Economics, BanRep.

Chart 2. Current Account by Component (US\$bn).



Sources: DAVIbank Economics, BanRep.

On the monetary policy front, the widening trade deficit might be a point of concern for Banrep, as it signals excess demand and shows the real effects of the strong exchange rate. However, taking in to account that the majority of the board adopted a wait and see approach to see how previous tightening impacts the economy, for now, BoP results are consistent with our view that the monetary policy rate, currently at 12%, will remain high over an extended period.

Further details on the Balance of Payments numbers:

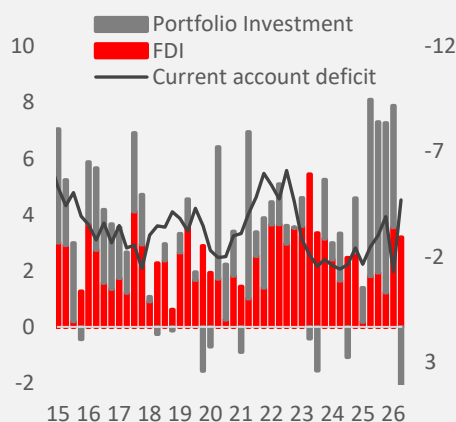
Current account:

- **Trade balance of goods:** In the first half of 2026, goods exports increased by 13.6% y/y to USD 28.34 bn (Chart 2), supported mainly by higher gold exports (+ USD 1.86 bn) driven by a 56.7% rise in its prices and a 25.7% y/y increase in export volumes. Exports of oil and manufactured goods, especially food, also expanded.

Imports of goods totaled USD 36.16 bn, (+14.2% y/y). As in previous periods, the increase in imports came mainly from purchases of consumer goods (+30.0% y/y; +USD 2.36 bn), while imports of investment goods for industry expanded more moderately (+6.6% y/y; +USD 1.07 bn).

- **Services trade balance:** In the first half of 2026, the services balance registered a deficit of USD 258 million. Exports rose 9.2% y/y, while imports were up by 16.2% y/y. Exports remain concentrated in traditional services (63% of total, USD 6.50 bn), followed by modern services (32%, USD 3.31 bn). The main driver behind the growth of services imports was the demand of financial services and insurance.
- **Income account:** In the first half of 2026, income account deficit was USD 6.22 bn, widening by USD 452 million versus a year ago. The higher outflows versus a year ago were mainly due to higher net outflows from portfolio and FDI profits in Colombia, partially compensated by a reduction of interest payments and by an increase in the estimated profits of Colombian firms with direct investment abroad. The higher FDI profits were concentrated in the oil, manufacturing, utilities and commerce sectors, while profits in mining, financial services and transport sectors contracted.
- **Transfers:** In the first half of 2026, transfers continued to help lower the current account deficit, with net inflows reaching USD 8.31 bn (3.9% y/y). Remittances amounted to USD 6.68 bn, rising 4.2% y/y and amounting to 2.5% of GDP and 12.6% of current inflows in the BoP. The United States and Spain remain the main sources of remittances to Colombia (around two-thirds of the total), and according to

Chart 3. BoP Financial Account Inflows (US\$bn).



Sources: DAVIbank Economics, BanRep.

the central bank, the increase reflects both the growing Colombian migrant population and job creation in host countries.

Financial account

- **In the first half of 2026, the financial account recorded net inflows of USD 4.27 bn (1.6% of GDP; see Chart 3).**
- **Foreign Direct Investment (FDI):** FDI gross inflows stood at USD 8.14 bn (3.1% of GDP), increasing 31.1% y/y. The main recipient sectors were financial services (29%), oil and mining (20%), and manufacturing (18%). Total inflows were distributed between USD 3.96 bn corresponding to capital investments, USD 2.44 bn came from reinvested earnings and USD 1.74 from higher intercompany debt. In the first half of the year, **FDI inflows financed twice the current account deficit**. However, this ratio fell sharply from 3.1x in the first quarter to 0.9x in the second quarter, indicating a deterioration in the quality of external deficit financing.
- **Portfolio investments:** During the semester, net portfolio outflows totaled USD 3.03 billion (1.2% of GDP), largely reflecting USD 5.84 billion in long term public debt amortizations related to the unwinding of the nation's TRS structure in May. This effect was partially offset by net purchases of USD 2.81 billion by non residents. **Monthly foreign exchange balance data suggest that the outflows were concentrated in April and May**, while June recorded renewed portfolio inflows as investor sentiment improved following the presidential election.

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr	2027 pr
National Accounts									
Real GDP growth (yearly %)	3.2	-7.2	11.1	7.6	0.9	1.5	2.6	2.5	2.3
Domestic demand (y/y. %)	4.0	-7.5	13.8	10.5	-2.3	1.6	3.9	3.9	2.8
Consumption (y/y. %)	4.3	-4.3	14.1	9.5	0.7	1.4	4.4	4.1	2.3
Private (y/y. %)	4.0	-5.0	15.3	11.1	0.6	1.6	3.5	3.2	2.5
Government (y/y. %)	5.5	-0.9	10.3	2.2	1.1	0.0	8.3	9.5	1.4
Gross capital formation (y/y. %)	3.2	-7.2	11.1	7.6	0.9	1.5	2.6	3.2	5.9
Exports (y/y. %)	3.3	-22.3	15.7	13.6	3.1	0.3	1.8	0.1	1.7
Imports (y/y. %)	7.7	-19.8	28.5	25.0	-9.8	1.3	8.8	3.0	3.7
Laboral Market									
Unemployment (%. Average)	10.9	16.7	13.8	11.2	10.2	10.2	8.9	9	9.4
Balance of Payments									
Trade Balance (USD\$. B)	-14.15	-13.10	-20.00	-16.10	-7.81	-9.77	-14.89	-16.61	-19.91
Exports (USD\$. B)	51.3	38.2	50.9	73.5	68.7	69.1	71.5	79.22	82.1
Imports (USD\$. B)	65.5	51.3	70.9	89.6	76.5	78.9	86.3	97.05	103.10
Current account (USD\$ Balance. B)	-14.81	-9.27	-17.95	-20.88	-8.32	-7.10	-11.02	-13.4	-16.18
Current account (% of GDP)	-4.6	-3.4	-5.6	-6.0	-2.3	-1.7	-2.4	-2.3	2.7
Prices. Rates & Exchange Rates									
CPI (y/y. %. End of period)	3.80	1.61	5.62	13.12	9.28	5.20	5.10	6.89	4.94
CPI (y/y. %. Average)	3.52	2.53	3.49	10.15	11.77	6.63	5.14	6.05	5.31
CPI without food (y/y. %. End of period)	3.45	1.03	3.44	9.99	10.33	5.60	5.11	6.21	4.43
COP (\$. End of period)	3297	3422	4077	4850	3902	4405	3780	3290	3610
COP (\$. Average)	3281	3694	3766	4254	4322	4153	4052	3434	3516
BanRep's rate (%. End of period)	4.25	1.75	3.00	12	13.0	9.50	9.25	12	10.50
Tax Codes*									
Net Debt of CNG (% of GDP)	48.4	60.7	60.1	57.6	53.4	59.3	58.5	59.7	66.2
Primary Balance of CNG (% of GDP)	0.4	-5.0	-3.6	-1.0	-0.3	-2.4	-3.5	-3.3	-4.5
Deficit of CNG (% of GDP)	-2.5	-7.8	-7.1	-5.3	-4.3	-6.8	-6.4	-7.2	-9.4

*Source: 2027 National Budget.

Source: DAVIbank Economics Colombia.

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