

Economics Colombia

September 18, 2026

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Colombia: Economic activity decelerates more than expected as transitory impulses start to fade.

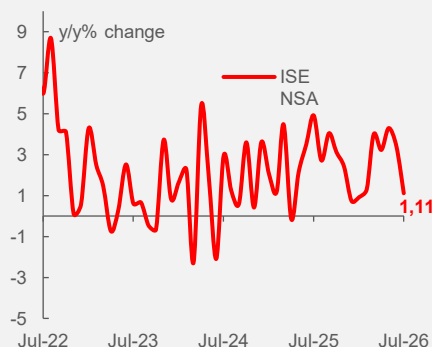
On Friday, September 18th, DANE released the Economic Activity Indicator (ISE) for July. The indicator posted a 1.11% y/y increase in its original series, decelerating from the high growth observed in 2Q-2026 (Chart 1). In seasonally adjusted terms, economic activity expanded by 0.97% m/m and 1.08% y/y. On a year-to-date basis, activity grew 2.62% through January–July, stable relative to the 2.60% pace recorded over the same period in 2025.

This result points to a moderation in economic activity, with annual growth slowing from 3.4% in June 2026 and 4.9% in July 2025, marking a weaker-than-expected performance for the Colombian economy. Colombia has moved beyond a period of exceptionally strong growth supported by the World Cup, elections, and unusually high public spending, making some deceleration foreseeable. However, the downside surprise was more pronounced than anticipated and appears to have been driven mainly by a **sharp contraction in the primary sector (-3.7% y/y)**, likely reflecting weakness in agriculture amid challenging weather conditions this year. **The secondary sector also contracted (-2.3% y/y)**, partly as a result of fewer business days in 2026 relative to 2025, while **services growth (+2.6% y/y) eased broadly in line with expectations**. Overall, the data remains consistent with our view that BanRep will keep interest rates unchanged at 12% at its next monetary policy meeting.

Key highlights:

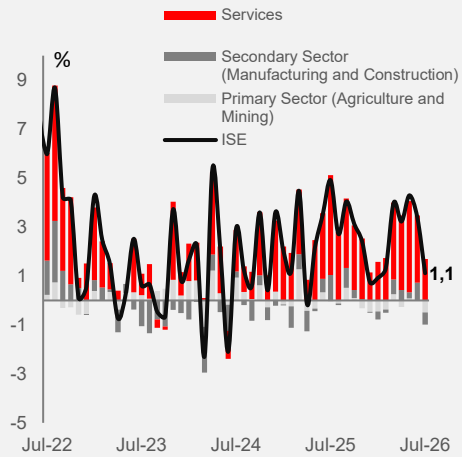
- **Primary activities (agricultural and mining): contracted by 3.72% y/y in the original series, subtracting 0.51 percentage points (pp.) from headline ISE growth.** On a seasonally adjusted basis, the sector posted a 3.69% y/y decline and a 0.50% m/m contraction relative to June.
- **Secondary activities (manufacturing and construction): contracted by 2.29% y/y in the original series, contributing a negative 0.28 pp to the ISE.** On a seasonally adjusted basis, the sector contracted by 2.29% y/y and retreated 0.07% m/m from June.
- **Tertiary activities (services): expanded 2.59% y/y in the original series, consolidating their role as the primary engine of growth and the largest contributor to the headline reading (Chart 2).** On a seasonally adjusted basis, the sector grew by 2.48% y/y and 0.22% m/m relative to June. At the subsector level, public administration, defense, education,

Chart 1: Economic Activity Indicator - ISE



Sources: DANE, DAVIbank Economics.

Chart 2: Economic Activity Indicator
(Contribution by sector ppts).

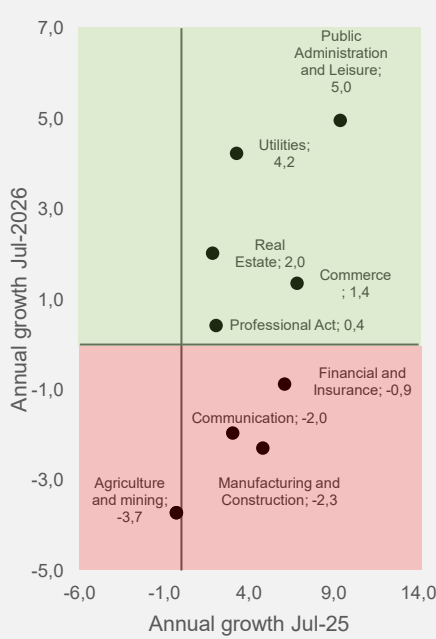


Sources: DANE, DAVIbank Economics.

health, and arts & leisure led with a 4.96% y/y gain, contributing 1.36 pp to the aggregate result. The print reflects the gradual fade of transitory drivers like public sector payrolls growth, election-related activity, and notable dynamism in cultural activities due to the 2026 World Cup.

This release incorporated minor revisions to prior figures, especially in 2Q-2026: April's annual growth was revised from 3.17% to 3.23% y/y, May's from 4.24% to 4.29% y/y, and June's from 3.51% to 3.41% y/y.

Chart 3: Economic Activity Indicator by
Sector (%)



Sources : DANE, DAVIbank Economics.

Macroeconomic forecast DAVIbank Economics Colombia

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	6.94	5.06
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	3422	3397
BanRep's rate (%. End of period)	4.25	1.75	3.00	12	13.0	9.50	9.25	12	11
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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