

Economics Colombia

December 18, 2025

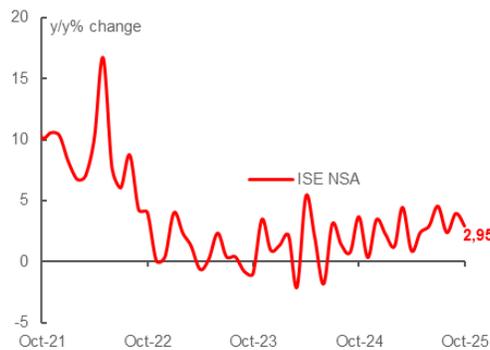
Colombia: Economic Activity Matches Market Forecasts in October.

On Thursday, December 18, DANE released the Economic Activity Indicator (ISE) for October. The indicator showed a year-over-year (y/y) increase of 2.95% (Chart 1), slightly above Bloomberg's survey (2.9% y/y). Eight out of the nine sectors included in the index posted positive annual variations. Seasonally adjusted figures reflected a 2.83% y/y expansion in economic activity. On a monthly basis, activity rose by 0.21% m/m (seasonally adjusted).

The services sector drove nearly all the positive performance, contributing 2.7 percentage points (pps) to overall economic growth. Public administration and leisure expanded by 6.8% y/y, adding 1.7 pps. This was followed by commerce, transportation, and housing, which grew 3.6% y/y and contributed 0.7 pps, although showing a slowdown compared to September. Similarly, primary and secondary activities posted positive results. Agriculture and mining grew 0.3% y/y (0.05 pps), mainly supported by advances in agricultural activities, partially offset by declines in coal and oil production within the mining industry. Manufacturing and construction expanded 0.8% y/y, contributing 0.1 pps to the total result. In contrast, the only sector with negative performance was communications, which fell 0.8% y/y, subtracting -0.02 pps from overall growth.

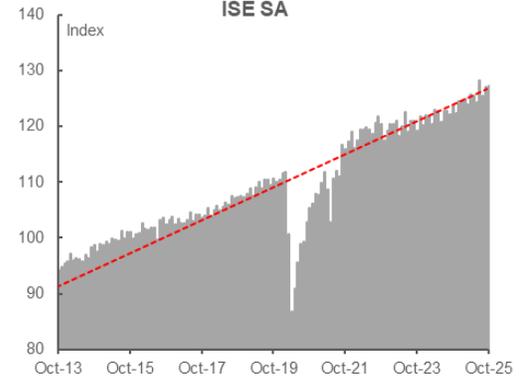
Year-to-date, the Colombian economy has grown by 2.8%, in line with our recently revised full-year projection. Structural trends continue to indicate that private consumption is the main driver of economic activity. This momentum is supported by historically high remittance inflows (+11% YTD through October) and a favorable FX performance. Although sectors linked to investment posted positive figures, their recovery remains weak, which has weighed on Colombia's long-term growth prospects. Regarding monetary policy, we maintain our expectation that the central bank will keep the interest rate unchanged at 9.25% at least through the last quarter of 2026.

Chart 1: Economic Activity Indicator - ISE



Sources: DAVIbank Economics, DANE.

Chart 2: Economic Activity Indicator ISE SA



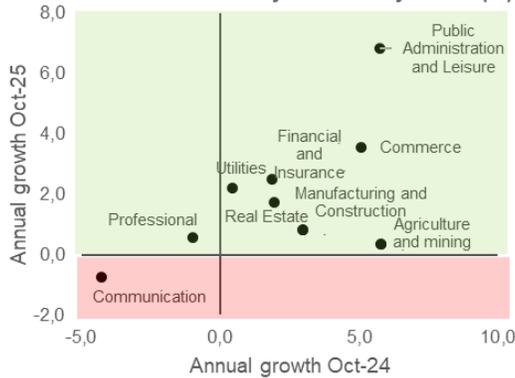
Sources: DAVIbank Economics, DANE.

Key Highlights:

- The primary sector showed a slight recovery in October, with agricultural and mining activities growing 0.3% y/y and contributing 0.05 pps to overall economic performance.** This improvement was mainly driven by agriculture, which maintained a positive trend: exports surged 16% y/y, while the supply of agricultural products increased 6.5% y/y and 5.6% m/m in October. In contrast, the mining sector posted weak results due to a decline in coal production, and a 3.7% y/y drop in oil output, according to ANH data. These factors resulted in a 15.7% y/y decrease in mining exports during the month.
- Secondary activities grew 0.8% y/y, contributing 0.1 pps to overall economic growth.** Manufacturing output rose 1.9% y/y in October, below Bloomberg's survey expectation of 2.7% y/y. Within manufacturing, the strongest contributions came from the oil industry (+7.9% y/y), mineral products (+8.7% y/y), apparel (+11.2% y/y), and transport equipment (+23.1% y/y). Conversely, the iron and steel industry (-14.7% y/y), milling products (-11.3% y/y), and sugar and panela production (-10.9% y/y) were the main sectors offsetting the overall boost. The construction sector showed mixed dynamics during the period. Civil works contributed positively to overall performance, while home sales rose 9.4% y/y in October. In contrast, the construction of both residential and non-residential buildings experienced a decline.
- The services sector continued to expand, with six categories posting positive annual variations.** Public administration—which includes education and health services—and leisure (+6.8% y/y, +1.7 pps contribution) were supported by public sector payments and major cultural events such as concerts and online sports betting. Commerce and related services—including

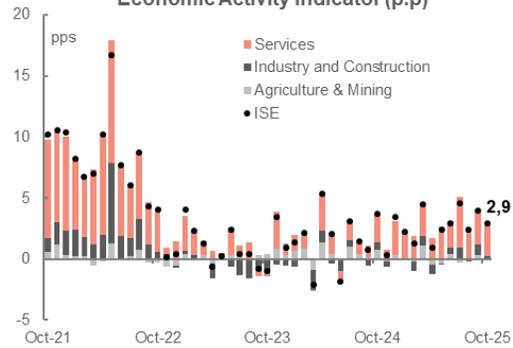
transportation and housing—followed, increasing 3.6% y/y and contributed with 0.7 pps, with retail sales rising 10% y/y in October. Other contributors included real estate (+1.7% y/y, +0.1 pps), financial and insurance activities (+2.5% y/y, +0.1 pps), utilities (+2.2% y/y, +0.1 pps), supported by the recovery of water reserves that boosted hydroelectric generation, and professional activities (+0.6% y/y, +0.04 pps). In contrast, communication services declined 0.8% y/y, subtracting 0.02 pps, mainly due to fewer communication contracts across various sectors.

Chart 3: Economic Activity Indicator by Sector (%)



Sources: DAVIbank Economics, DANE.

Chart 4: Contribution by sector to Economic Activity Indicator (p.p)



Sources: DAVIbank Economics, DANE.

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