

Economics Colombia

January 20, 2026

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Chart 1. Average Headline Inflation Expectations.



Sources: DAVIbank, BanRep.

Table 1. Average Headline Inflation Expectations.

	Average	Change vs previous survey, bps
Ene-2026, m/m % change	1,18	...
Dec-2026, y/y % change	6,19	165
1Y ahead, y/y % change	5,94	140
Dec-2027, y/y % change	4,71	85
2Y ahead, y/y % change	4,60	74

Sources: DAVIbank, BanRep.

Colombia: Inflation expectations jump in BanRep Survey; analysts see a 50-bps rate hike in January

The Central Bank (BanRep) published its January survey of economists' expectations late on Monday, January 19. **Inflation expectations increased significantly compared to the December survey.** The new estimates reflect the expected impact of the minimum wage increase on prices. Expectations for **December 2026 stand at 6.19%, rising by 165 bps versus the previous survey**, while expectations for December 2027 stand at 4.71% y/y (+85 bps versus the previous survey). **On average, this shows there is no confidence that the central bank can achieve its target range defined between 2% and 4%.**

As the minimum wage shock has no precedent, expectations show substantial dispersion in both the short and medium term, suggesting a context of high uncertainty. Even so, the expected reaction from the central bank points to a rate hike, starting in January with a +50 bps increase and closing the year with a median estimate of 11.13%. By December 2027, rates are expected to return to 9.50%. It is worth noting that in the previous meeting, a couple of board members suggested the need to raise rates. **In our view, hiking rates will become the majority decision in January; however, as suggested by the survey, the start of the hiking cycle will be slower than the adjustment priced into the IBR market (a 75 bps hike).**

At DAVIbank, we project inflation closing 2026 at 6.34%, in a scenario in which we expect labor costs to pass through to CPI at a moderate rate, within a context of moderate inflation and regulated prices. We project the central bank will hike by 50 bps per meeting until delivering a final 25 bps increase in September, reaching a terminal rate of 12%. **Both our inflation expectations and our terminal rate projection are above consensus.** We highlight that the coming months will be key to fully assessing the impact of the minimum wage shock—signals that could be affected by government decisions, such as the recent willingness to reduce gasoline prices on the grounds that the FEPC (fuel price stabilization fund) deficit has been closed.

Key details from the survey

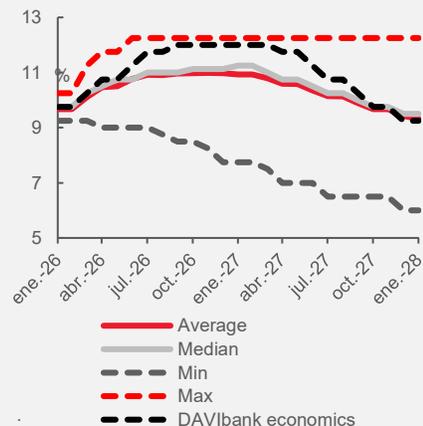
- **Short-term inflation expectations.** For January, the consensus estimate is **1.18% m/m (Table 1)**, implying annual inflation of **~5.34% y/y**, up from the previous register of 5.10%. The highest estimate is **1.60%**, and the lowest is **0.44%**. DAVIbank projects **1.24% m/m and 5.42% y/y**. Core inflation (excluding food) is projected at **1.18% m/m and 6.47% y/y**; our forecast is **1.35% m/m and 5.71% y/y**.
- **Medium-term inflation expectations.** Expectations for December 2026 jumped by 165 bps to 6.19%. One year horizon expectations increased 140 bps to 5.94%, and two year horizon expectations rose 74 bps to 4.60%. DAVIbank's forecast is above consensus: we project December 2026 inflation at 6.34% y/y, while in 2027 we see the

CHART 2: Average Policy Rate Expectations



Sources: DAVIbank Economics, BanRep.

CHART 3: Expected Monetary Policy Path



Sources: BanRep Survey, DAVIbank Economics

possibility of getting closer to the upper end of the target range if we are able to avoid shocks in volatile components such as food and regulated prices

- Monetary policy rate.** Economists' consensus points to a new hiking cycle starting in January with a +50 bps move to 9.75%, which is the same expectation held by DAVIbank. The 12-month rate expectation stands at 11.13% (chart 2). However, there are differences regarding the peak of the cycle: the most hawkish expectation projects a peak of 12.25% in June 2026, while the consensus median expects the peak in January 2027 at 11.25% (chart 3).

At DAVIbank, we project consecutive 50 bps hikes through July and a final 25 bps increase in September, reaching 12%. This path is consistent with a contractionary stance reflected in a 6.6% real rate (average of ex-ante and ex-post measures) by the end of 2026, higher than the current estimated real rate of 4%.

- FX projections:** For December 2026, analysts estimate COP 3,819 per USD (previous survey COP 3,953 pesos); while for Dec-2027 is at 3,874 pesos. In DAVIbank our year-end projections are COP 3,918 for 2026 and COP 4,006 for 2027.

Macroeconomic forecast DAVIbank Economics Colombia

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr
National Accounts								
Real GDP growth (yearly %)	3,2	-7,2	10,8	7,3	0,7	1,6	2,8	2,9
Domestic demand (y/y. %)	4,0	-7,5	13,4	10,3	-2,5	2,0	4,3	3,3
Consumption (y/y. %)	4,3	-4,2	13,8	9,0	0,6	1,4	4,1	3,8
Private (y/y. %)	4,1	-5,0	14,7	10,8	0,4	1,6	3,6	3,9
Government (y/y. %)	5,3	-0,8	9,8	1,0	1,6	0,7	6,5	3,6
Gross capital formation (y/y. %)	3,0	-20,7	11,6	16,0	-16,0	5,2	5,0	0,8
Exports (y/y. %)	3,1	-22,5	14,6	12,5	3,1	2,5	1,2	1,5
Imports (y/y. %)	7,3	-20,1	26,7	24,0	-9,9	4,4	8,9	3,1
Laboral Market								
Unemployment (%. Average)	10,9	16,7	13,8	11,2	10,2	10,2	9,2	9,8
Balance of Payments								
Trade Balance (USD\$. B)	-14,1	-13,1	-20,0	-16,6	-8,2	-9,77	-12,91	-14,10
Exports (USD\$. B)	51,3	38,2	50,9	73,1	67,8	68,87	69,6	72,6
Imports (USD\$. B)	65,5	51,3	70,9	89,6	76,0	78,63	82,54	86,6
Current account (USD\$ Balance. B)	-15	-9	-18	-21,3	-9,7	-7,412	-10,05	-11,29
Current account (% of GDP)	-4,6	-3,4	-5,6	-6,2	-2,7	-1,8	-2,4	-2,5
Exchange terms (y/y. %)	4,04	-12,62	20,74	5,94	-18,0	-0,7	-1,0	
Prices. Rates & Exchange Rates								
CPI (y/y. %. End period)	3,80	1,61	5,62	13,12	9,28	5,20	5,10	6,34
CPI (y/y. %. Average)	3,52	2,53	3,49	10,15	11,77	6,63	5,14	5,79
CPI without food (y/y. %. End period)	3,45	1,03	3,44	9,99	10,33	5,60	5,11	7,06
COP (\$. End period)	3297	3422	4077	4850	3902	4405	3780	3918
COP (\$. Average)	3281	3694	3766	4254	4322	4153	4050	3924
BanRep's rate (%. End period)	4,25	1,75	3,00	12	13,0	9,50	9,25	12,00
Tax Codes*								
Net Debt of CNG (% of GDP)	48,4	60,7	60,1	57,6	53,4	59,3	61,3	63,0
Primary Balance of CNG (% del PIB)	0,4	-5,0	-3,6	-1,0	-0,3	-2,4	-2,4	-1,4
Deficit of CNG (% of GDP)	-2,5	-7,8	-7,1	-5,3	-4,3	-6,8	-7,1	-6,2

*Source: MTFF 2025.

Source: DAVIbank Economics Colombia.

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