

Macroeconomic Outlook Colombia July 2025

Assessing the structural trends and short-term noise

Research Team Colombia

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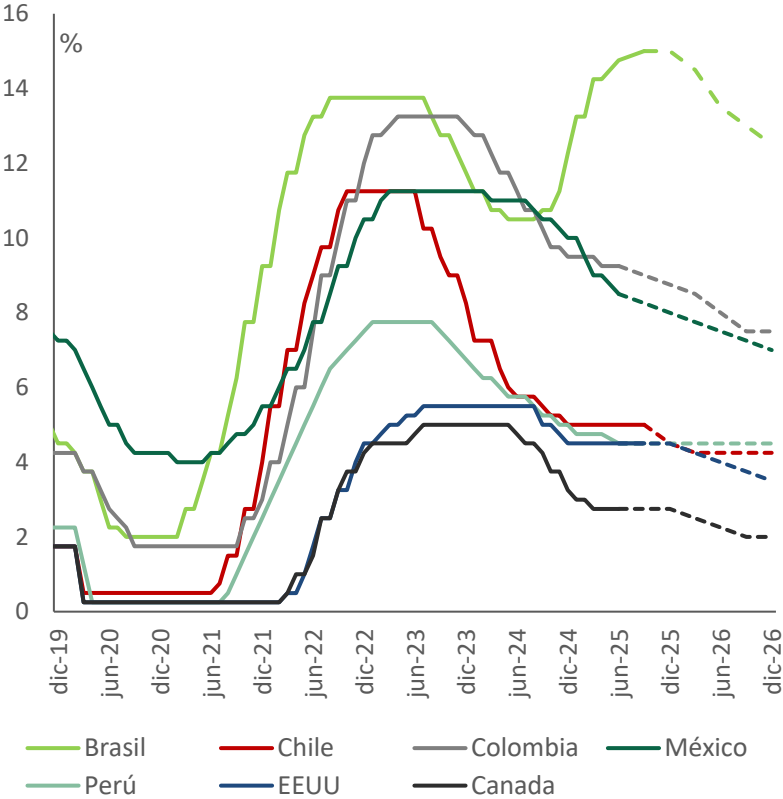
Political uncertainty continues to fuel fiscal pressures globally. The case for maintaining higher interest rates for longer is reinforced by signs of fiscal dominance and a very cautious approach to monetary policy.

Economic growth is showing signs of a more sustainable recovery, although **inflation still faces challenges in consolidating within the target range** (defined between 2% and 4%). **Banco de la República has emphasized the need to maintain a contractionary stance** for an extended period.

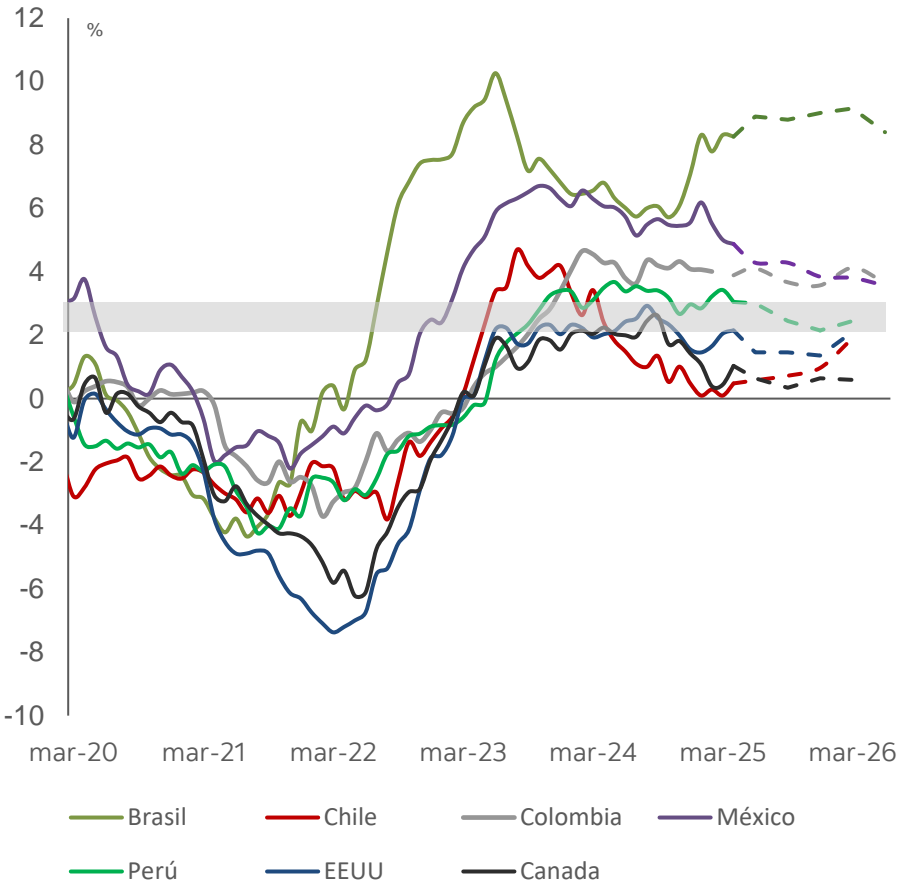
The government has delivered negative—though expected—fiscal news. As a result, the spotlight has shifted to its financing strategy, which is causing distortions in both the fixed income (FI) and foreign exchange (FX) markets. Ensuring fiscal sustainability should remain at the core of the policy agenda.

Latin American. Monetary Policy cycles now respond to different forces.

Interest Rate Expectations
Latin America

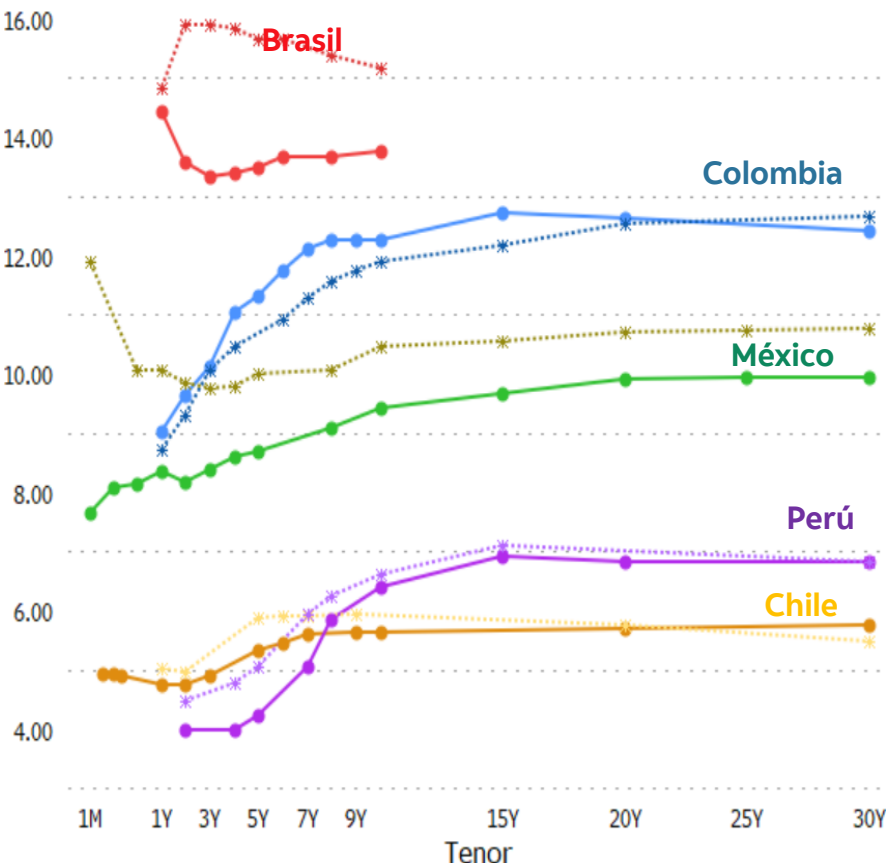


Real interest rates



Source: Scotiabank Colpatria Economics.

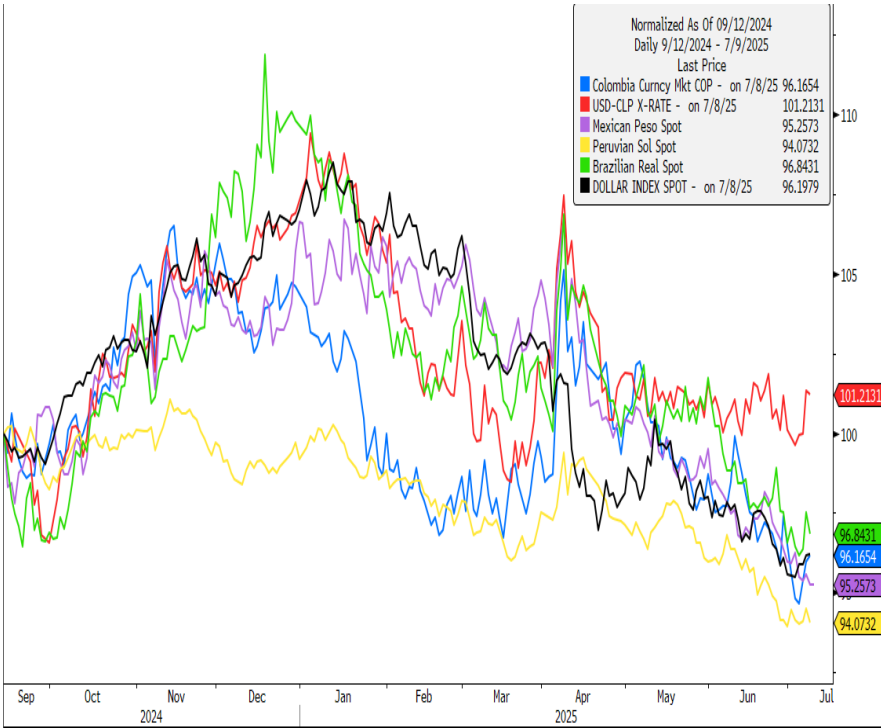
Yield curves local currency



Solid lines represent the most recent value on the curve.
The dotted line represents the level of the cut-off curve as of December 31, 2024

Fuente: Bloomberg.

Currencies
Base 100 = Fed meeting September 2024

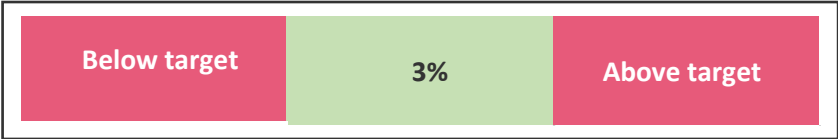
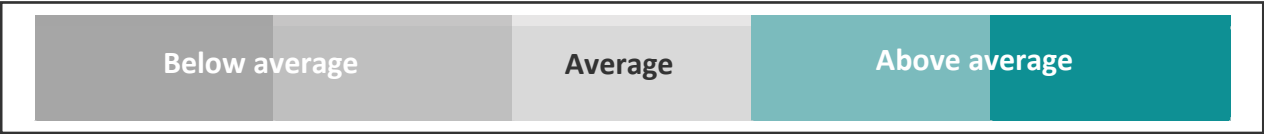


Colombia Heatmap: Growth and Inflation

	Dec-19	Apr-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Economic Activity	3.1	-20.3	-2.3	15.5	10.2	7.8	0.3	2.4	1.0	-2.0	-1.8	0.7	3.4	2.3	1.3	4.6	1.1		
ISE - Agriculture and mining (y/y %)	2.6	-11.2	-3.9	6.8	3.3	-0.3	-3.8	2.5	2.5	-6.3	-1.0	1.0	2.6	0.1	-1.1	9.2	-1.7		
ISE - Industry and Construction (y/y %)	2.3	-46.9	-10.0	13.0	9.9	10.2	-0.5	-2.9	-2.7	-7.9	-3.8	-2.7	-0.1	0.0	-3.6	3.7	-3.9		
ISE - Services (y/y %)	3.4	-15.5	-0.5	17.3	11.4	8.9	1.8	3.4	1.5	-0.1	-1.6	1.5	4.1	3.4	2.9	4.0	2.6		
Manufacturing (y/y %)	3.4	-35.8	1.3	20.8	13.4	12.4	0.6	-5.2	-6.6	-11.1	-5.0	-4.1	1.8	1.8	-1.3	4.9	-3.3		
Retail Sales (Ex-vehicles) (y/y %)	7.5	-32.8	-2.1	15.4	16.9	20.8	-0.8	-8.8	-3.2	-3.8	0.1	-0.9	6.1	8.1	5.1	10.0	8.2		
Retail Sales (Ex-vehicles and fuel) (y/y %)	8.7	-25.7	-2.9	12.5	18.4	21.7	-1.2	-11.0	-3.0	-2.7	1.0	1.2	7.4	10.7	7.8	11.7	11.9		
Loans (% of GDP)	44.0	45.5	49.0	47.0	45.0	44.1	42.7	41.6	41.0	40.7	40.3	39.5	38.8	39.0	39.3	38.6	38.7		
Loans growth (y/y %)	8.2	11.2	4.9	3.1	9.8	17.1	17.0	9.3	3.3	2.7	1.6	1.1	2.1	2.8	3.3	3.6	4.1	4.8	
Consumer credit growth (y/y %)	15.3	14.3	2.7	4.9	12.6	22.8	18.3	5.3	-2.4	-4.2	-4.7	-5.4	-3.8	-3.0	-2.2	-1.7	-1.0	0.2	
Unemployment rate S.A	11.0	25.4	16.9	14.6	12.5	11.1	11.3	8.8	10.6	10.5	10.1	9.7	9.3	9.1	9.0	9.0	8.8	9.0	
Urban unemployment rate S.A	11.1	21.8	15.1	13.0	12.3	11.0	11.0	9.7	10.5	10.7	10.6	9.8	9.5	9.4	9.3	9.0	8.8	9.0	
Informality rate				59.2	58.7	57.7	58.0	56.6	55.5	56.3	55.8	56.0	55.3	56.0	56.8	57.2	56.8		
Employed total S.A (Million)	21.4	16.8	19.8	20.5	21.4	22.1	22.1	23.2	22.6	22.7	22.9	23.1	23.5	23.7	23.7	23.8	23.6	23.6	
Employed urban S.A (Million)	10.2	7.9	9.3	9.5	10.2	10.3	10.4	11.0	10.7	11.0	11.0	11.0	11.1	11.2	11.3	11.3	11.2	11.3	
Headline inflation (y/y %)	3.8	3.5	1.6	3.6	5.6	9.7	13.1	12.1	9.3	7.4	7.2	5.8	5.2	5.2	5.3	5.1	5.2	5.1	4.8
Inflation Ex-food (y/y %)	3.5	2.7	1.0	2.7	3.4	6.8	10.0	11.6	10.3	8.8	7.6	6.6	5.6	5.4	5.4	5.2	5.3	5.1	4.9
Inflation Ex-food and Regulated (y/y %)	3.1	2.5	1.1	1.9	2.5	6.1	9.4	10.5	8.5	7.0	6.3	5.5	5.2	5.0	4.9	4.8	4.9	4.8	4.8
PPI inflation (y/y %)	6.1	-4.8	-0.9	18.2	26.5	31.6	21.8	-1.9	-5.8	-5.5	3.5	0.4	7.2	7.5	6.0	4.9	4.1	3.7	2.1

Source: Scotiabank Colpatría Economics, DANE, Superfinanciera.

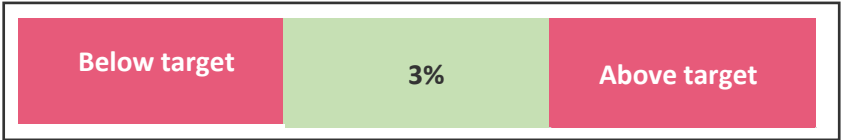
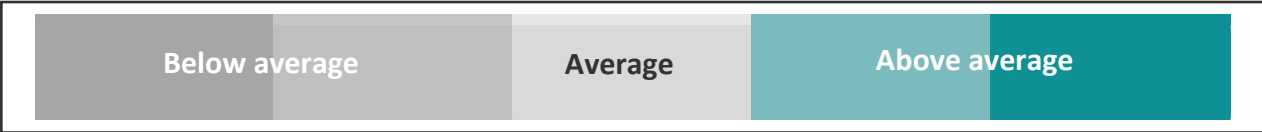
* **Series spliced from 2006



Colombia Heatmap: External Sector

	Dec-19	Apr-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Exports (% of GDP)	12.7	12.1	11.4	11.7	13.4	15.1	18.6	14.5	12.4	11.9	12.2	12.5	12.8	12.8	12.8	11.9	11.8	11.8
Imports (% of GDP)	16.1	15.9	15.5	17.0	19.8	21.4	25.3	19.2	15.7	14.9	15.3	15.8	16.5	16.6	16.7	15.6	15.6	
Trade Balance (USD bn, m.av. 12 months)	-10.8	-11.5	-10.1	-12.5	-15.3	-15.4	-14.5	-13.0	-9.8	-9.1	-9.3	-9.8	-10.8	-11.0	-11.5	-11.7	-11.9	
Trade Balance (% of GDP)	-3.5	-3.8	-3.7	-4.3	-4.9	-4.5	-4.8	-3.5	-2.4	-2.2	-2.3	-2.5	-2.8	-2.8	-3.0	-2.8	-2.8	
Imports Consumption (% total imports)	25.0	25.3	26.0	24.8	23.8	22.8	22.0	23.4	23.2	22.8	26.4	27.9	24.2	24.5	24.8	24.8	25.7	
Imports Raw Materials (% total imports)	47.1	47.6	46.9	48.7	53.4	55.3	53.8	48.2	48.6	49.6	48.4	45.6	50.2	48.4	51.1	49.8	48.7	
Imports Capital goods (% total imports)	32.8	32.1	32.6	32.5	30.6	30.8	31.9	28.4	28.2	27.5	25.2	26.5	25.7	27.1	24.2	25.4	25.6	
Traditional Exports (% total exports)	61.9	59.9	50.9	50.1	55.1	60.3	63.1	60.3	56.9	55.8	55.3	54.3	52.7	52.3	51.8	51.5	50.9	50.3
Non-traditional Exports (% total exports)	38.1	40.1	49.1	49.9	44.9	39.7	36.9	39.7	43.1	44.2	44.7	45.7	47.3	47.7	48.2	48.5	49.1	49.7
Oil exports (% total exports)	40.4	37.6	28.2	30.8	32.7	33.9	32.9	29.8	31.5	32.4	33.0	31.8	30.4	30.2	29.7	29.6	28.9	28.2
Remittances (12 months, USD bn)	7.1	7.0	6.9	7.9	8.6	8.9	9.4	9.8	10.1	10.3	10.8	11.4	11.8	11.9	12.1	12.3	12.4	
Remittances (% of GDP)	2.3	2.3	2.5	2.7	2.8	2.6	3.1	2.7	2.5	2.5	2.7	2.9	3.0	3.1	3.1	2.9	2.9	
International Reserves / Short term Debt	2.3	2.3	2.6	2.6	2.4	2.1	1.9	1.9	1.8	1.9	1.9	1.9	2.0	1.9	1.9	1.9	1.9	
Fiscal Income (% GDP)	16.2	16.3	15.3	15.1	16.1	16.6	16.2	17.7	18.7	19.4	17.9	16.9	16.5	16.5	16.5	16.1	16.2	
Fiscal Spending (% GDP)	18.7	19.3	23.1	22.7	23.1	22.6	21.5	21.4	22.9	23.7	24.6	23.7	23.2	23.9	24.1	23.9	23.7	
Interests payments (% GDP)	2.9	2.9	2.8	2.9	3.3	3.8	4.3	4.5	3.9	3.8	4.0	4.1	4.3	4.5	4.6	4.6	4.6	
Fiscal Balance (% GDP)	-2.5	-3.0	-7.8	-7.7	-7.0	-6.1	-5.3	-3.7	-4.2	-4.3	-6.7	-6.9	-6.7	-7.4	-7.6	-7.8	-7.5	
Domestic Financing (% of Fiscal Balance)	83.3	79.0	58.5	63.8	73.5	83.6	78.5	73.2	77.4	87.6	90.0	92.7	92.8	93.9	96.0	94.8	87.4	
External Financing (% of Fiscal Balance)	16.7	21.0	41.5	36.2	26.5	16.4	21.5	26.8	22.6	12.4	10.0	7.3	7.2	6.1	4.0	5.2	12.6	

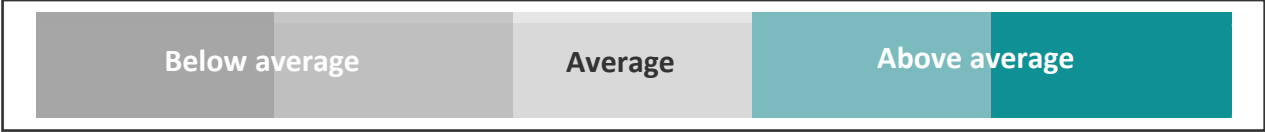
Source: Scotiabank Colpatría Economics, DANE, Superfinanciera, Banrep



Colombia Heatmap: Markets

	Dec-19	Apr-20	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Central bank rate (%)	4.25	3.25	1.75	1.75	3.00	7.50	12.00	13.25	13.00	12.25	11.25	10.25	9.50	9.50	9.50	9.50	9.25	9.25	9.25
COLTES 1Y zero coupon rate (%)	4.5	3.9	2.1	3.1	5.4	9.7	11.9	10.4	10.1	9.0	9.4	8.0	9.4	9.2	8.9	9.3	9.3	9.0	9.1
COLTES 5Y zero coupon rate (%)	5.6	5.8	4.3	6.2	7.7	11.2	12.8	10.0	9.6	9.6	10.2	9.4	11.1	10.6	10.7	11.5	11.3	11.4	11.9
COLTES 10Y zero coupon rate (%)	6.4	7.2	5.8	7.6	8.5	11.6	13.2	10.2	9.9	10.3	11.1	10.5	12.4	12.0	12.0	12.8	12.7	12.8	12.8
COLTES 1Y zero coupon rate (spread vs Banrep rate)	25.4	61.0	34.2	135.5	243.9	219.6	-10.0	-283	-294	-321	-190	-222	-11	-27	-58	-16	1	-23	-17
COLTES 5Y zero coupon rate (spread vs Banrep rate)	131.3	256.6	252.2	441.1	471.7	367.9	82.6	-329	-341	-262	-108	-81	159	109	123	198	207	219	262
COLTES 10Y zero coupon rate (spread vs Banrep rate)	217.1	395.3	401.1	583.4	546.1	410.6	122.5	-310	-306	-193	-13	20	293	253	248	327	348	359	359
USDCOP average	3383	3987	3469	3693	3968	3923	4788	4214	3954	3909	4055	4192	4386	4300	4132	4133	4274	4202	4116
USDCOP (eop, TRM)	3277	3983	3433	3757	3981	4127	4810	4191	3822	3842	4148	4164	4409	4170	4120	4193	4199	4149	4070
USDCOP (y/y %)	0.8	22.6	4.7	-0.1	16.0	9.9	20.8	1.5	-20.5	-17.0	-1.0	2.7	15.4	6.2	4.7	9.1	8.4	7.1	-1.9
Terms of Trade (y/y %)	4.0	-35.1	-12.6	20.1	20.7	22.4	5.9	-23.3	-18.0	-9.9	2.0	-1.5	4.4	6.0	4.8	1.9	0.7	0.7	

Source: Scotiabank Colpatría Economics, DANE, Superfinanciera, Banrep

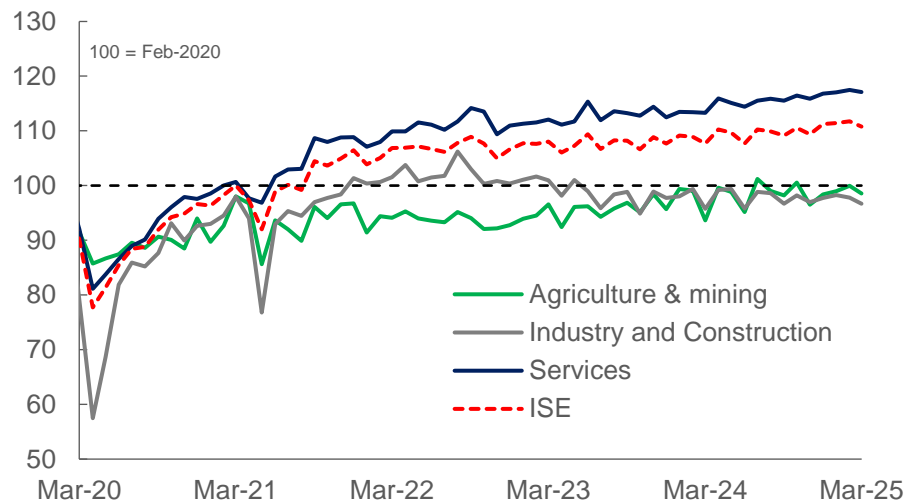


Economic activity

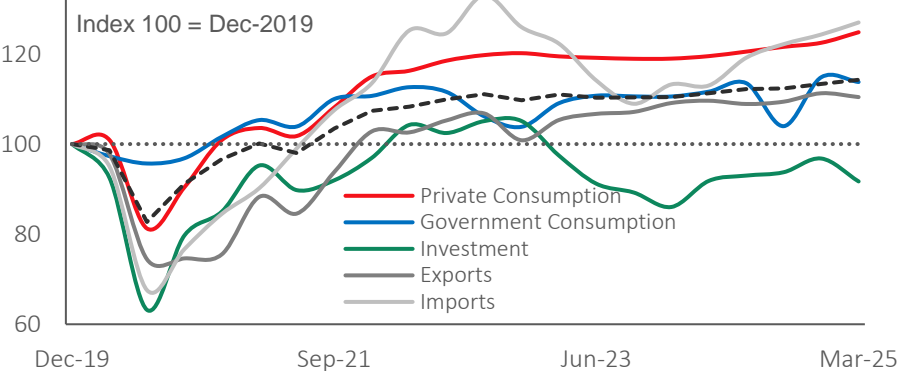
Economic activity is consolidating a more sustainable recovery cycle

GDP is expected to expand 2,6% in 2025. Domestic consumption is expanding at pre-pandemic speed with a moderate use of credit, while investments exhibits low dynamic but strong liquidity buffers.

Economic Activity Indicator - ISE, SA

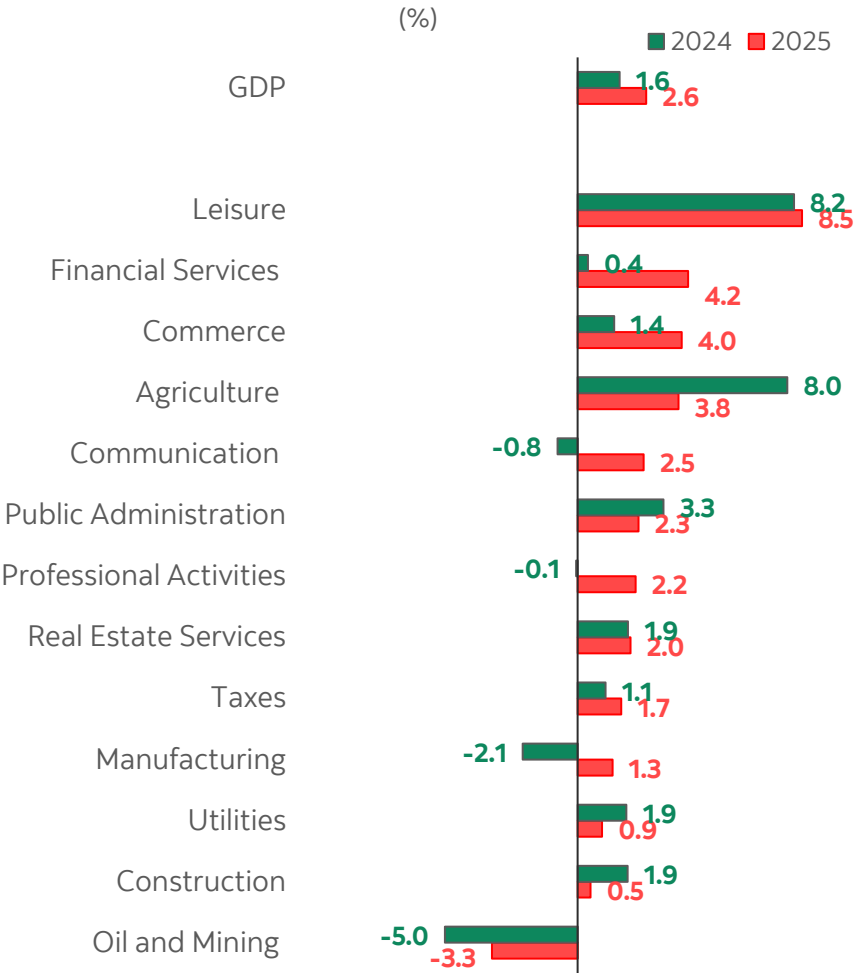


Evolution of the demand components of GDP pre-pandemic 100 = Q4 2019



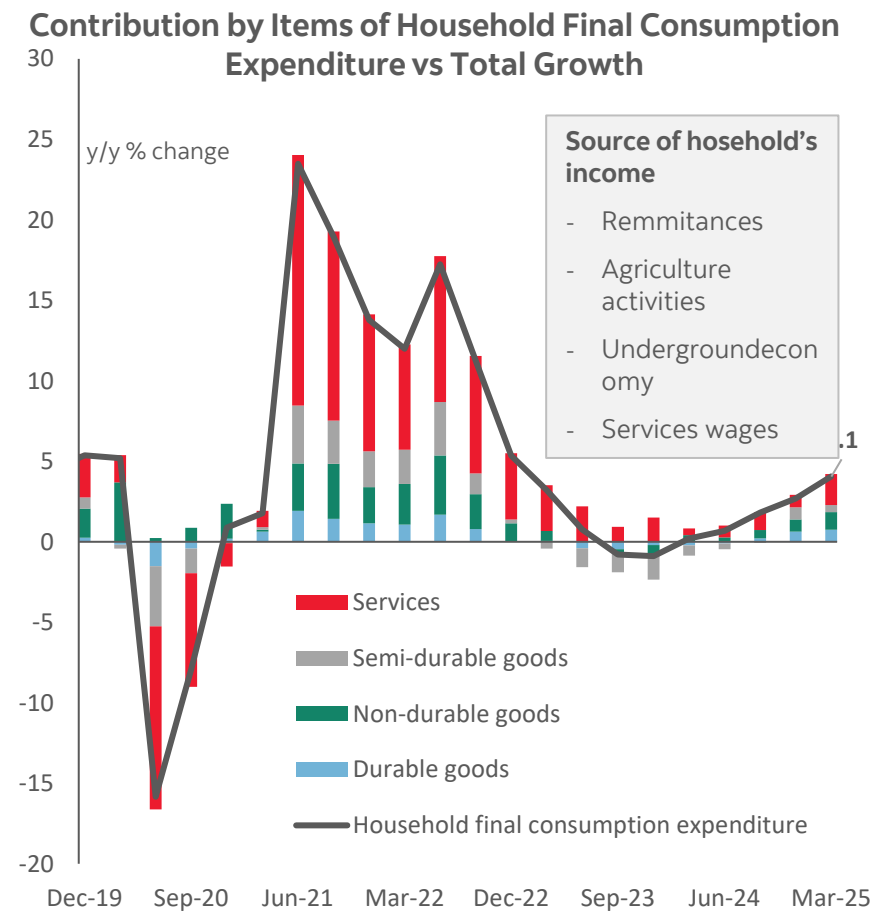
Sources: DANE, Scotiabank Economics.

GDP Projections by sector

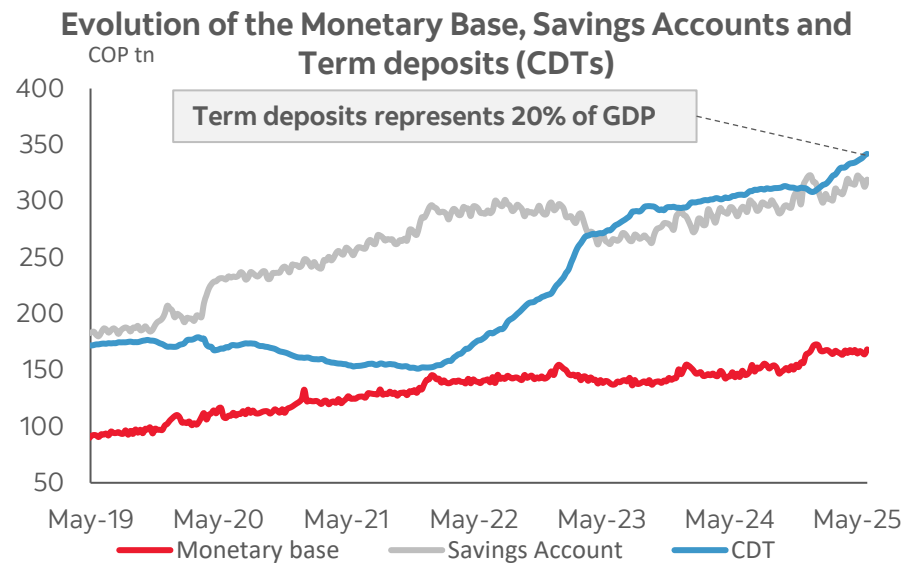
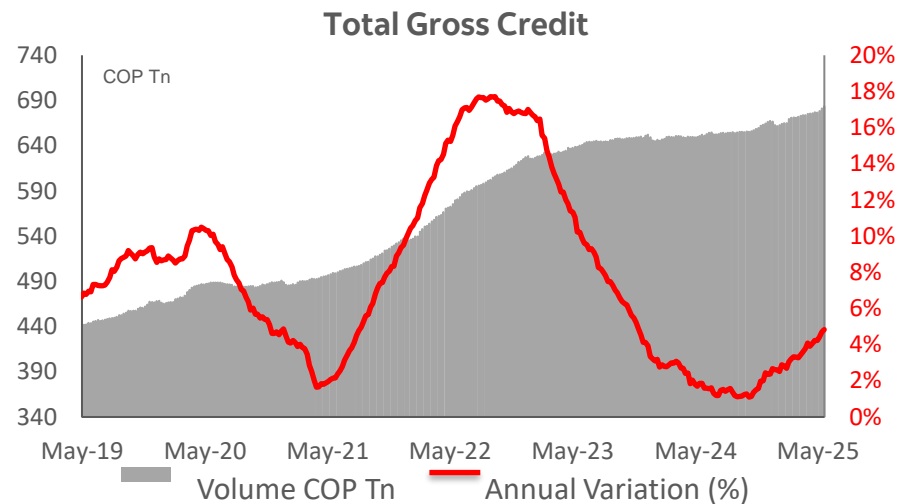


Consumption is recovering at a moderate pace

Household consumption is recovering with a less intensive use of credit. Services maintain a positive trend, and consumption of durable goods is picking up. Credit growth will continue recovering but growing below nominal GDP.

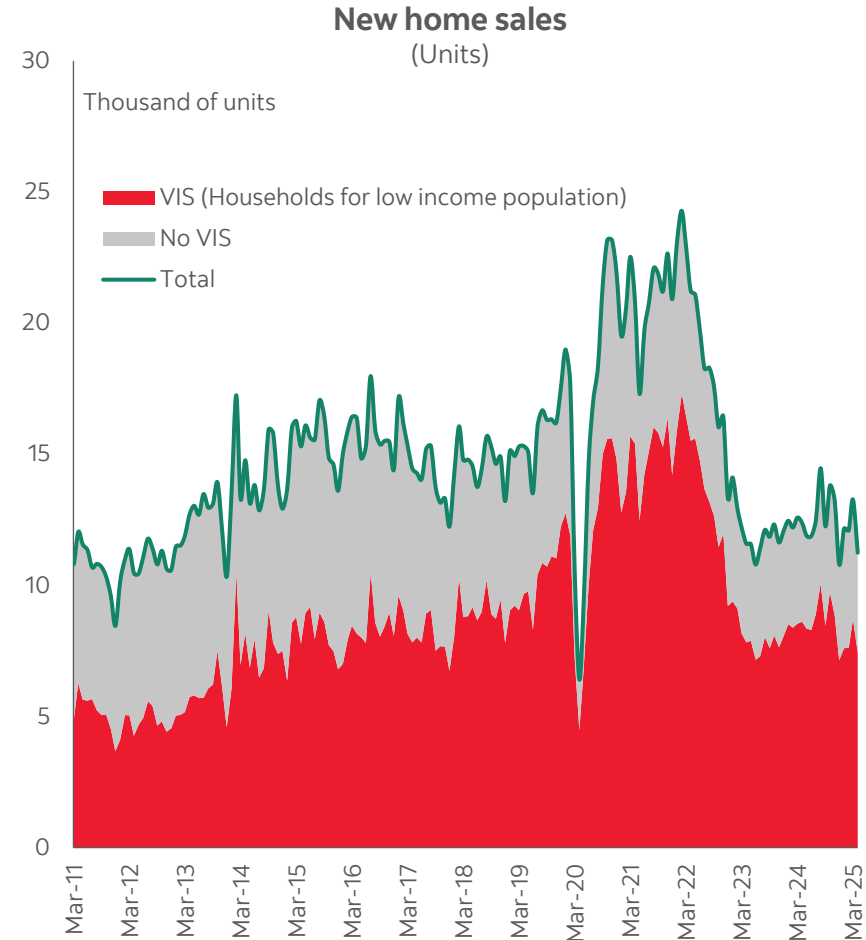
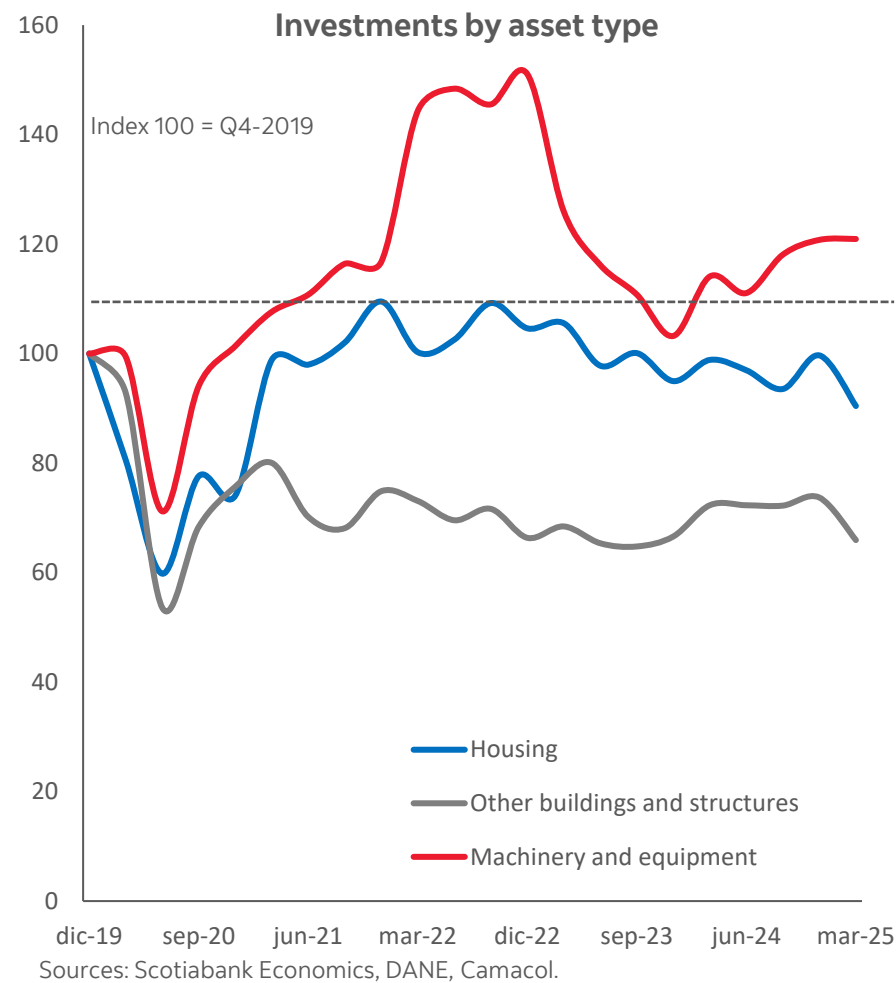


Sources: Scotiabank Economics, DANE, BanRep.



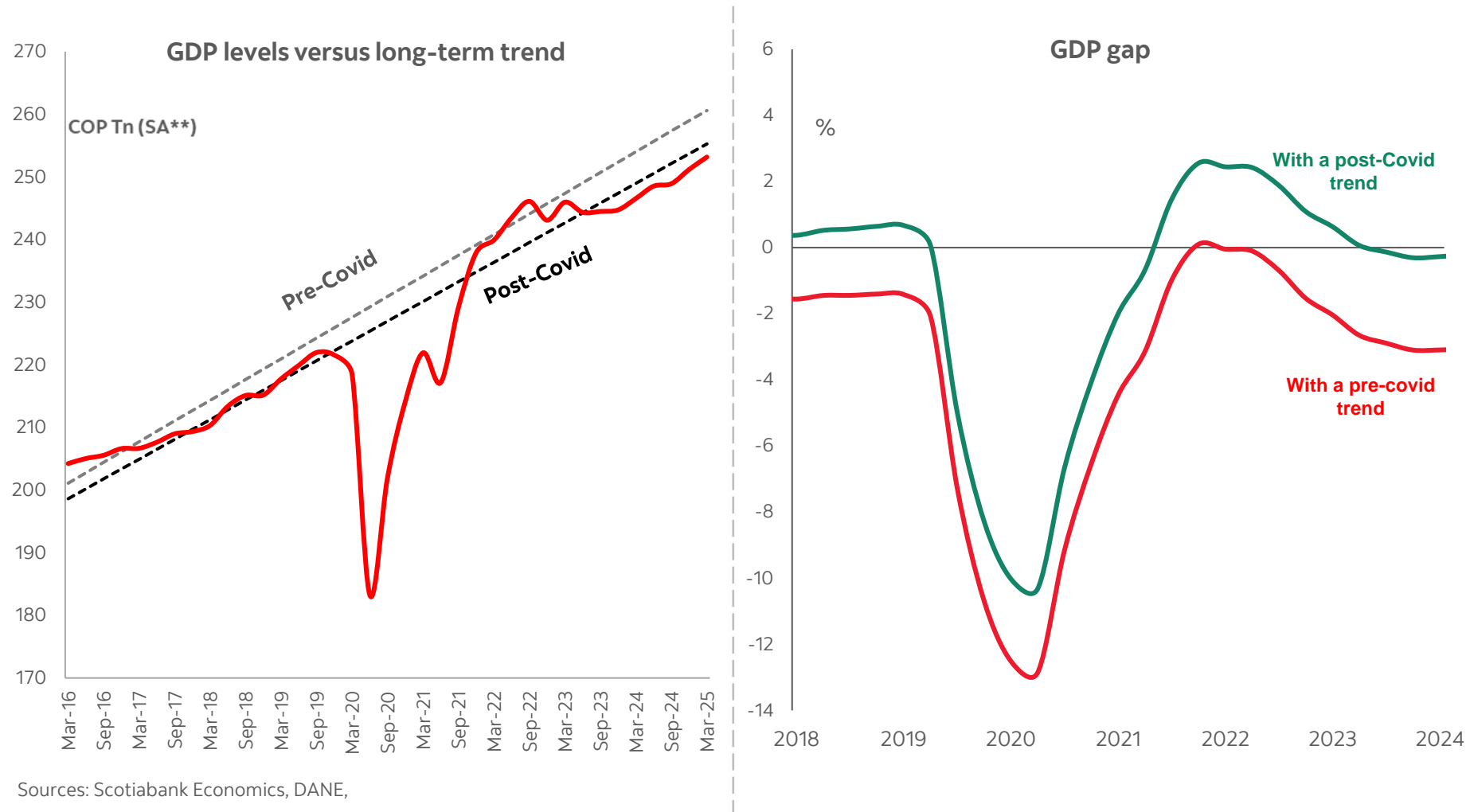
Investment could speed up under a new government mandate.

Construction-related investment has been weak. For now, the housing sector is rebounding due to the resumption of pending projects, while civil works concentrates on the main lack. The context of high interest rates and a challenging licensing process is reducing the appetite for new projects.



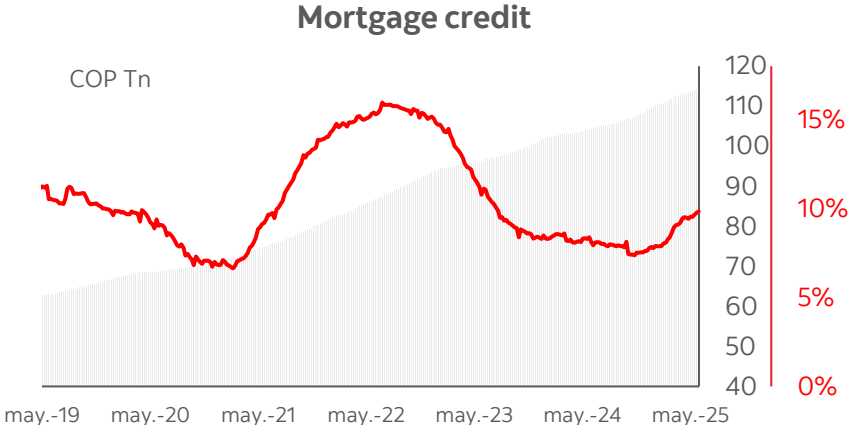
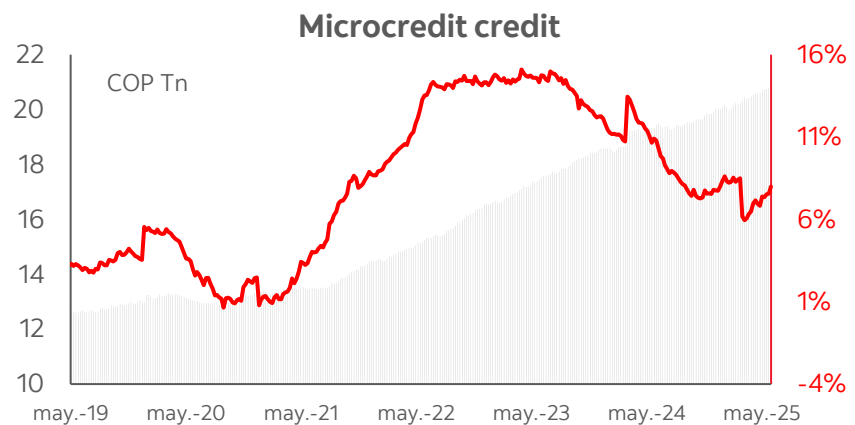
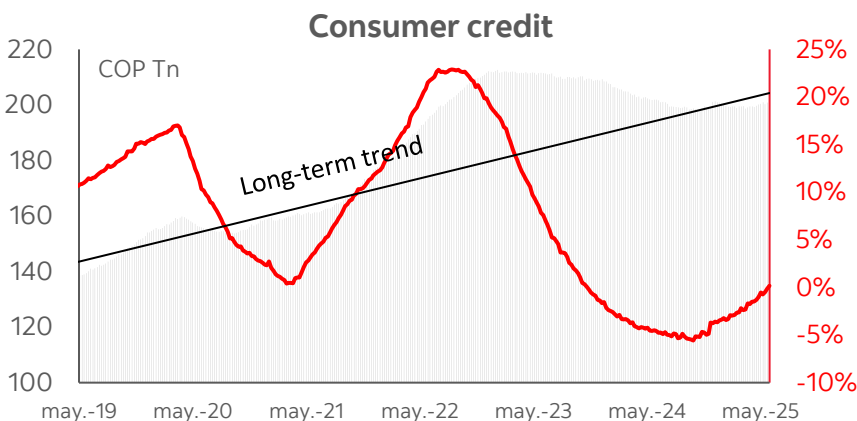
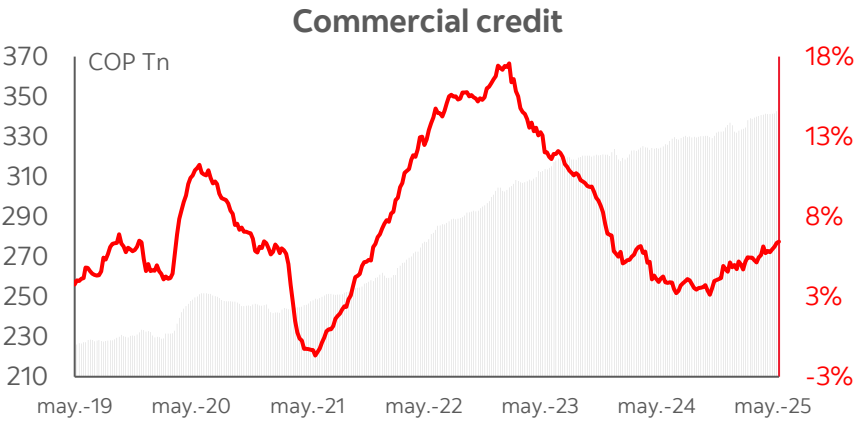
Output gap is still negative

In 2024, the economy is operating in a negative output gap that is expected to last at least another year. Economic growth in 2025 and 2026 could approach potential, but slowly.



The lack of credit activity explains the domestic liquidity for the government funding

Despite the economic activity is growing at a decent pace, credit remains weak. Local banks are skew to use their liquidity in purchases of public debt.



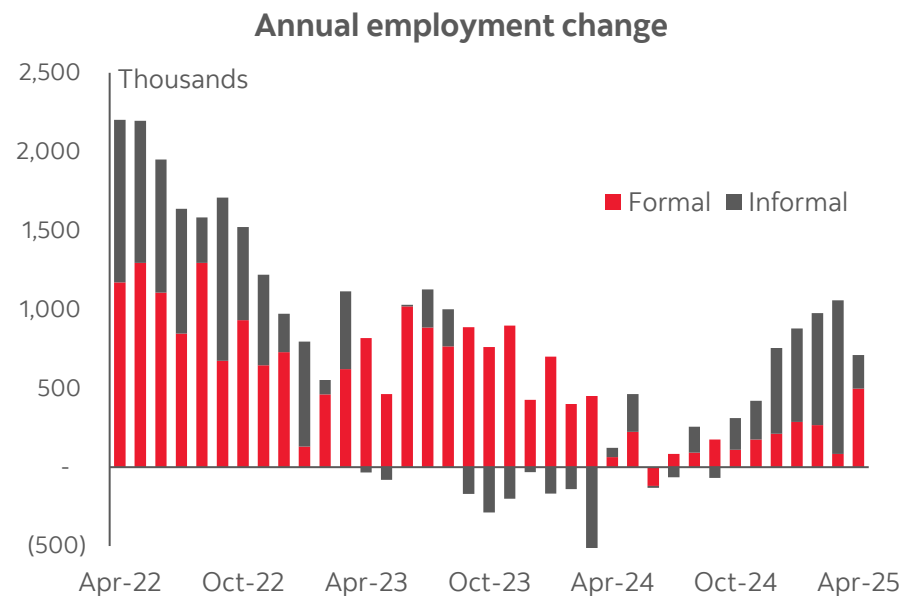
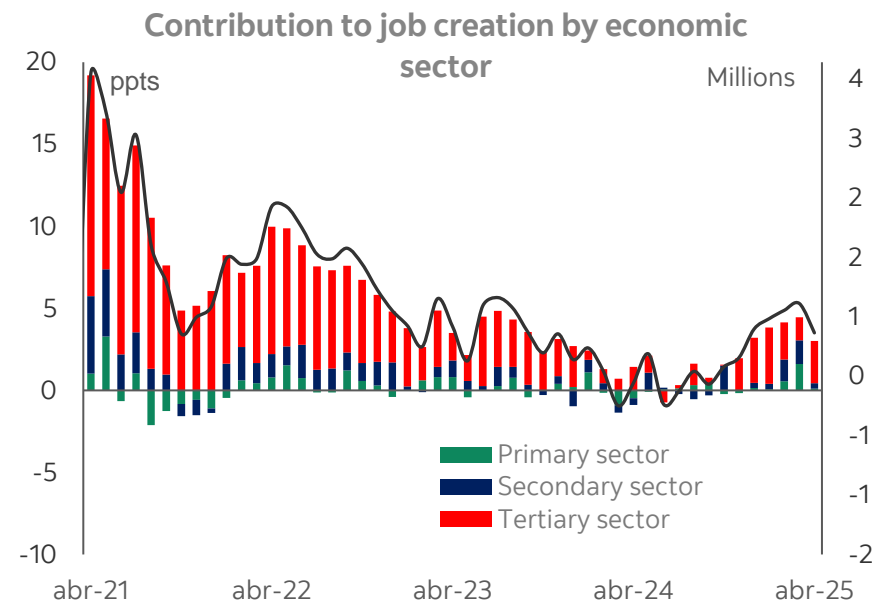
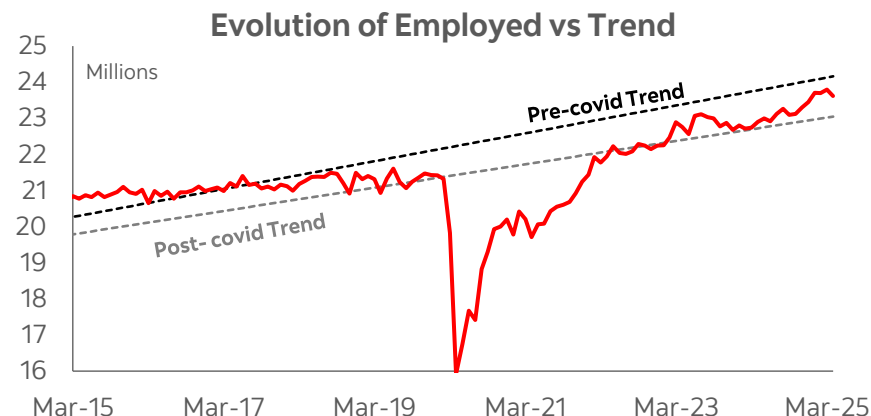
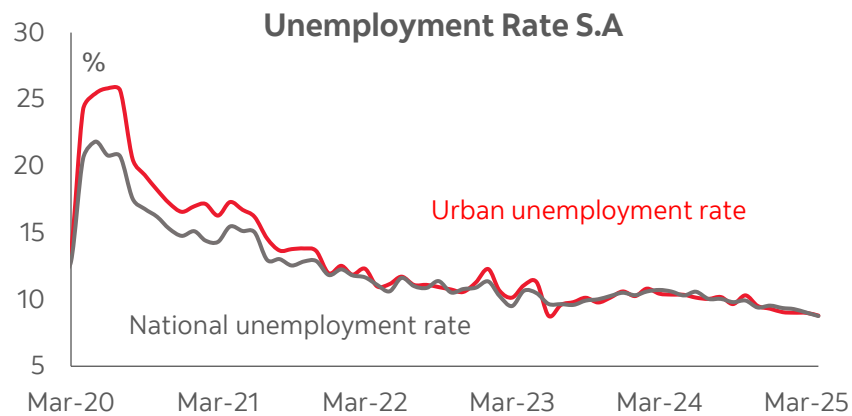
Sources: Banco de la República, Scotiabank Colpatría Economics.

■ Volume COP Tn — Annual change (%)

Labor market

Labor market remains resilient; however, the public sector strongly contributes to hiring dynamics.

Job creation approaches to the pre-pandemic trend, while participation rate is improving. A significant part of new job creation is formal, but significant explained by the public sector.



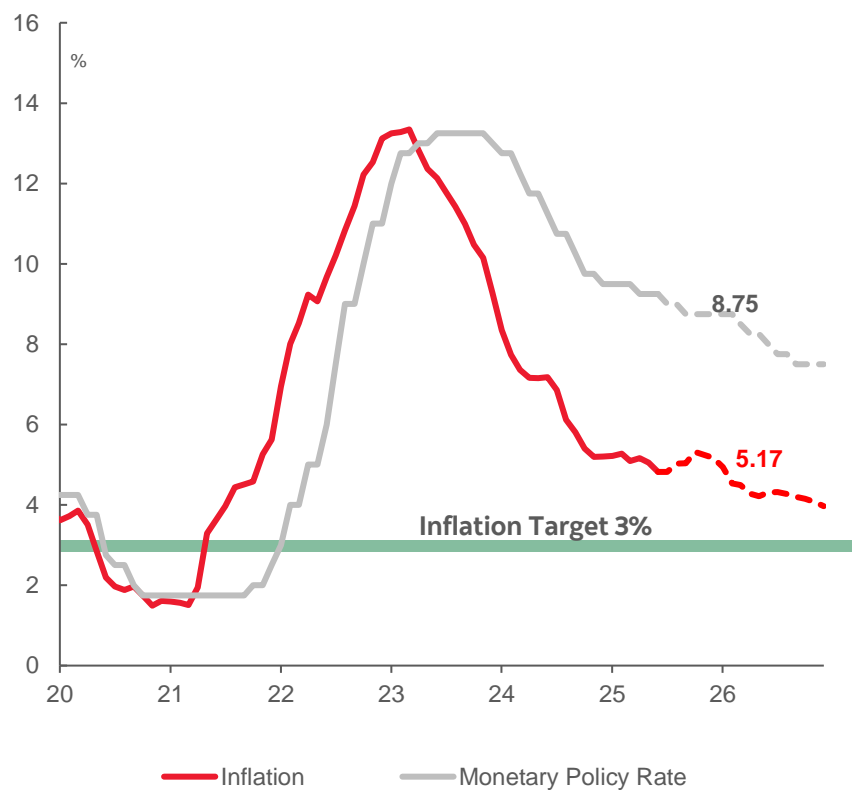
Source: DANE, Scotiabank Economics,

Inflation

Inflation is projected to remain above the upper limit of the target range for an extended period

Indexation effects triggered by the 9.5% increase in the minimum wage and normalization in regulated and food prices are delaying the convergence towards BanRep’s target of 3%. Minimum wage will be again a risk ahead of 2026.

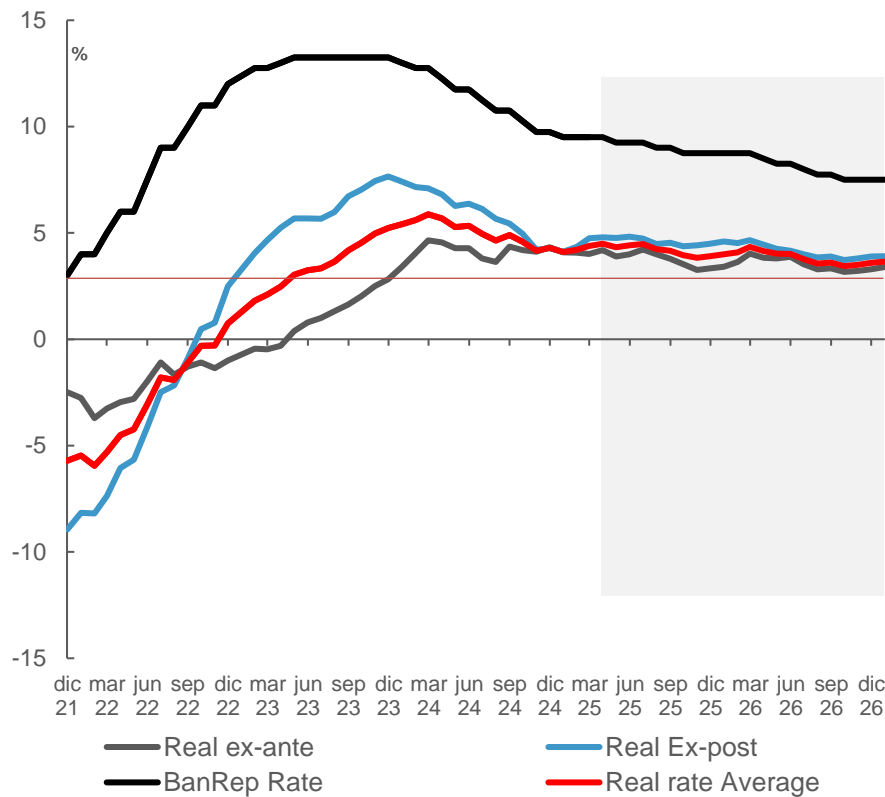
Inflation and Monetary Policy Expectations.



Source: DANE, BanRep, Scotiabank Economics,

Inflation expectations suggest a more cautious monetary policy.

Real monetary policy rate

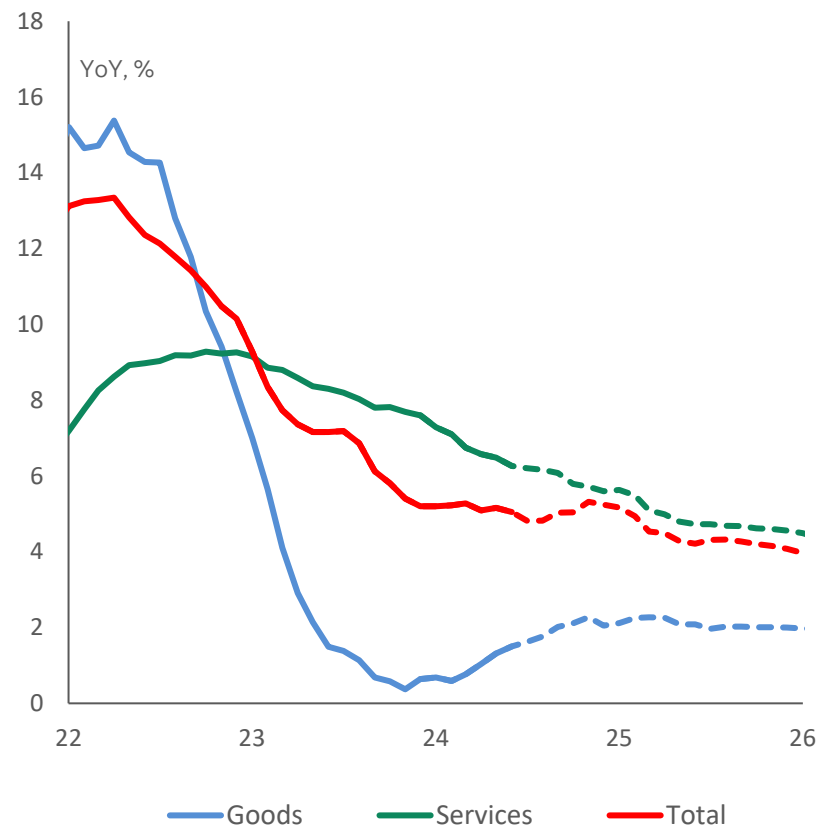


Source: Scotiabank Economics.

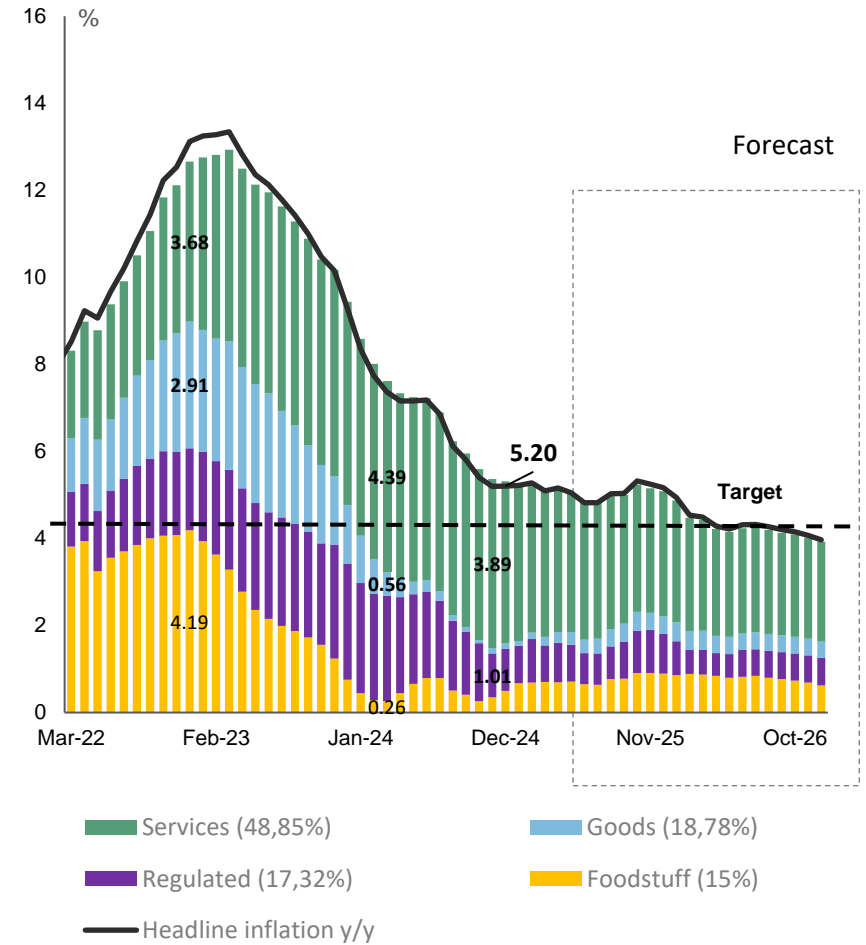
Services are the sticky part of the inflation.

Goods inflation no longer support the decline in overall inflation to the same extent. At the same time, high services inflation is expected to persist for much longer.

**Inflation of goods and services
(observed vs projections)**



**Evolution of inflation and projection
(Contribution by component type)**



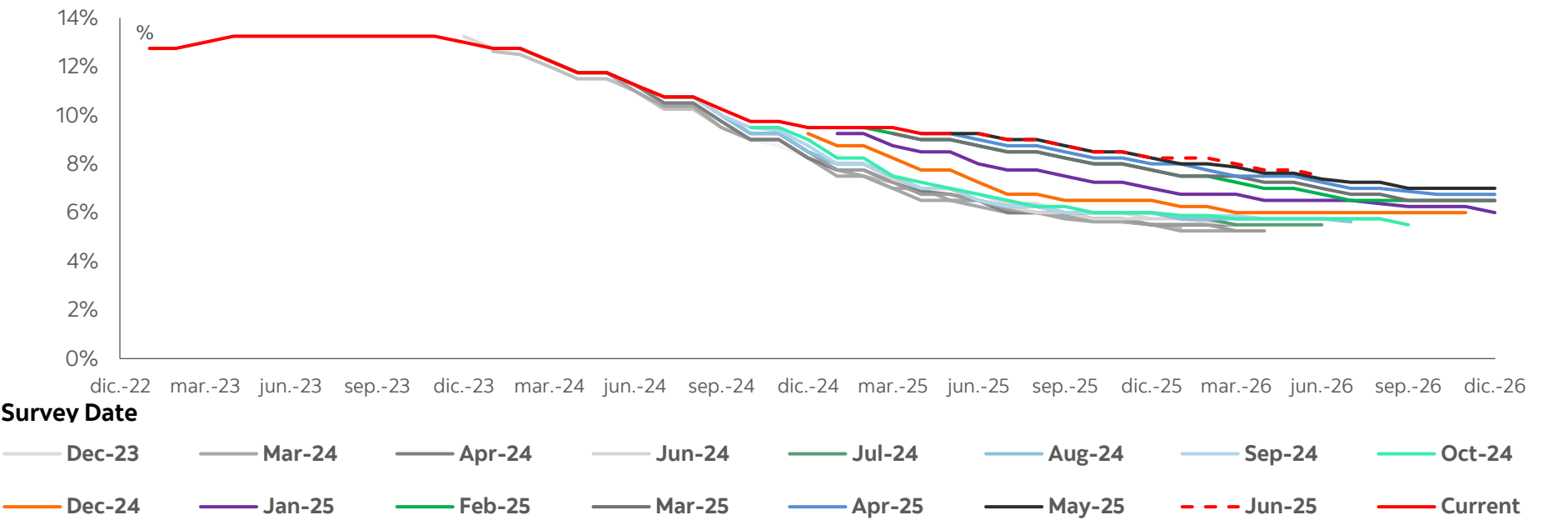
Source: DANE, Scotiabank Economics,

Monetary Policy – Interest Rates

The easing cycle has entered a pause, given inflationary risks in 2025, a noisy international outlook and fiscal problems at the local level.

Although the cycle of interest rate cuts has been slower than expected, the medium-term view remains one of lower rates.

Evolution of monetary policy rate expectations.
Banco de la República Surveys (Jan-2023 / Jun-2025)



BanRep's board composition



Joined the board in
Mauricio Villamizar
February 2021



Bibiana Taboada
February 2021



Olga Lucia Acosta
January 2023



Laura Moisa-Elicabide
February 2025



Cesar Giraldo-Giraldo
February 2025



Germán Avila
March 2025
Finance Minister



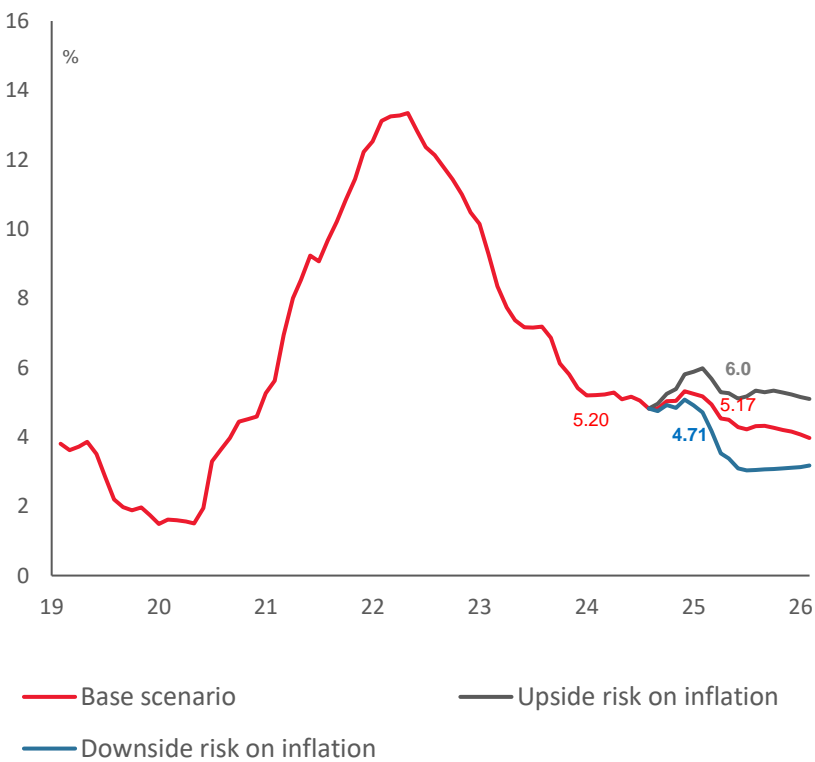
Leonardo Villar
November 2024
– Reelected

Fuentes: BanRep, Scotiabank Colombia, Ecomics.

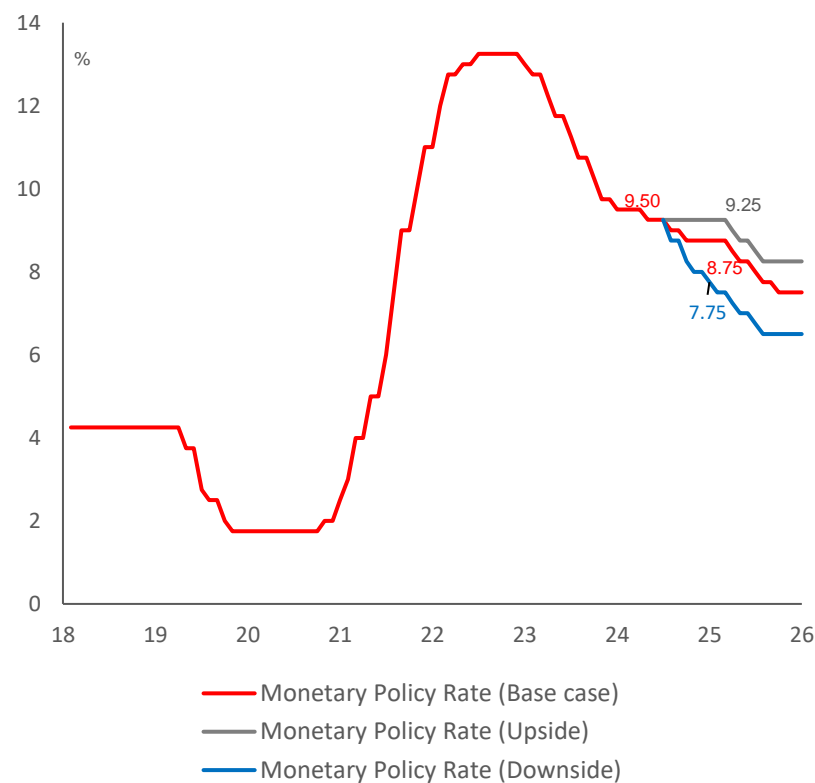
Monetary Policy

Interest rates would remain high for longer in response to inflation above the target.

Inflation Expectations



Expectations of the Policy Rate

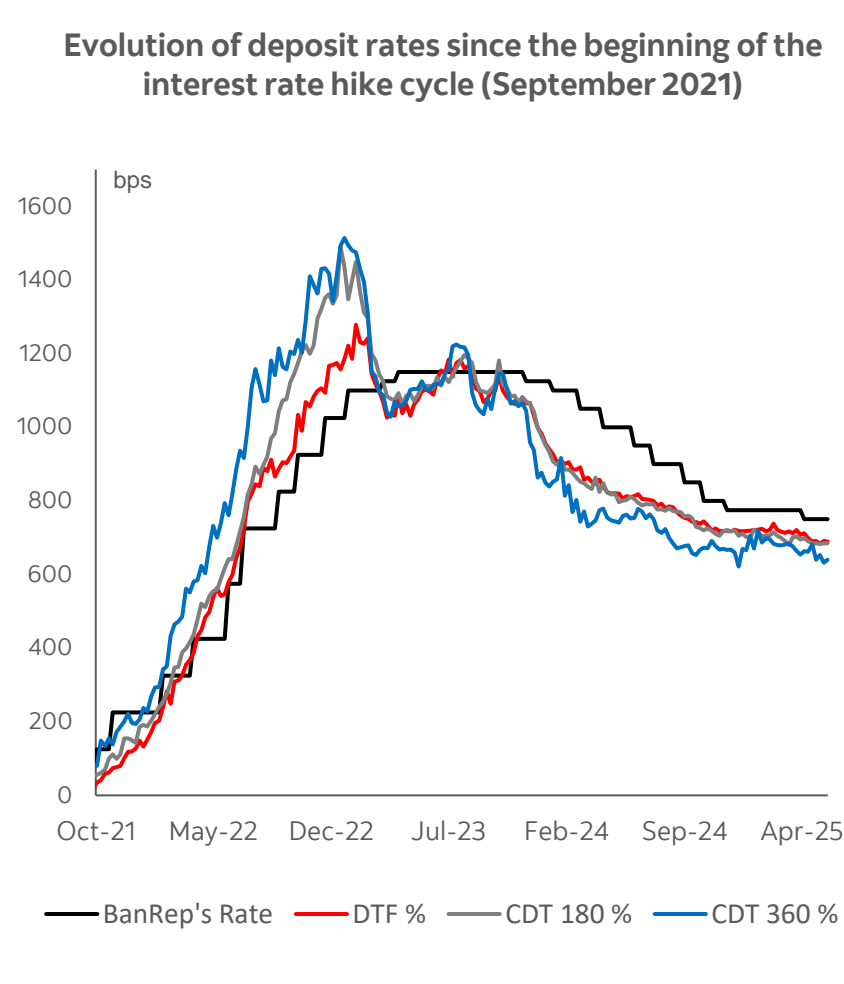
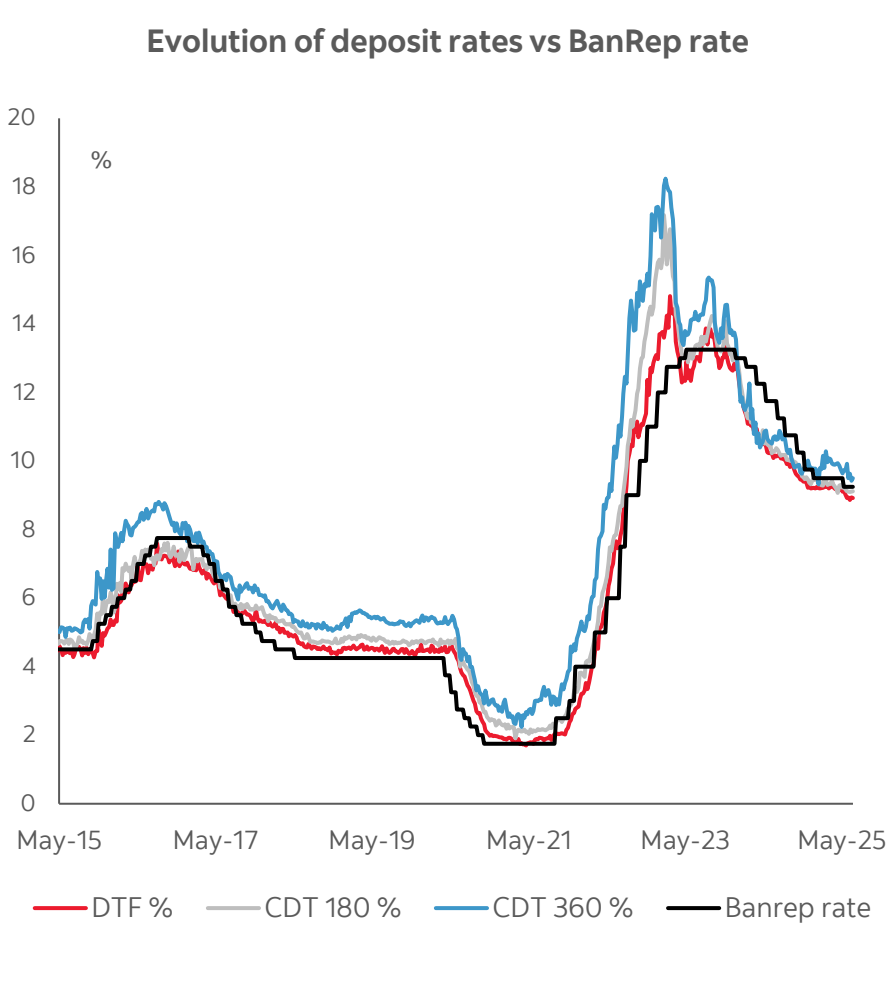


Interest Rates
Inflation

2025												2026											
Ene	Feb	Mar	Abr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dic	Ene	Feb	Mar	Abr	May	jun	Jul	Ago	Sep	Oct	Nov	dic
9,50	9,50	9,50	9,25	9,25	9,00	8,75	8,75	8,75	8,75	8,75	8,75	8,75	8,75	8,50	8,25	8,25	8,00	7,75	7,75	7,50	7,50	7,50	7,50
5.22	5.28	5.09	5.16	5.05	4.82	4.82	5.03	5.04	5.32	5.25	5.17	4.94	4.54	4.49	4.28	4.21	4.31	4.32	4.27	4.20	4.15	4.07	3.97

Liquidity and Deposit Rates

Deposit rates adjust below the repo rate as credit dynamic is still moderate.

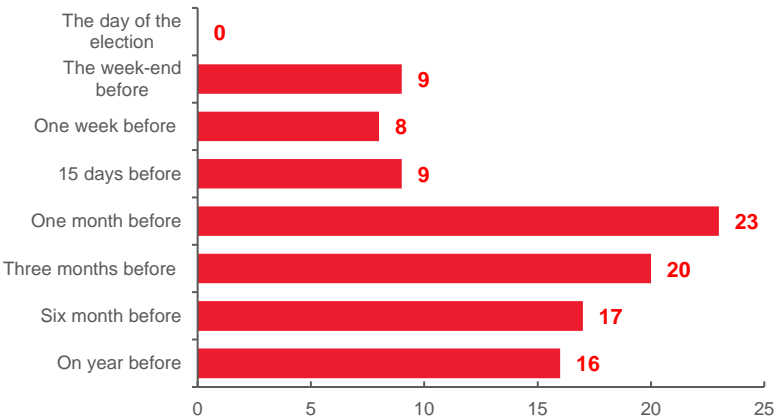


Sources: Banrep, Scotiabank Economics.

Government and Fiscal Policy

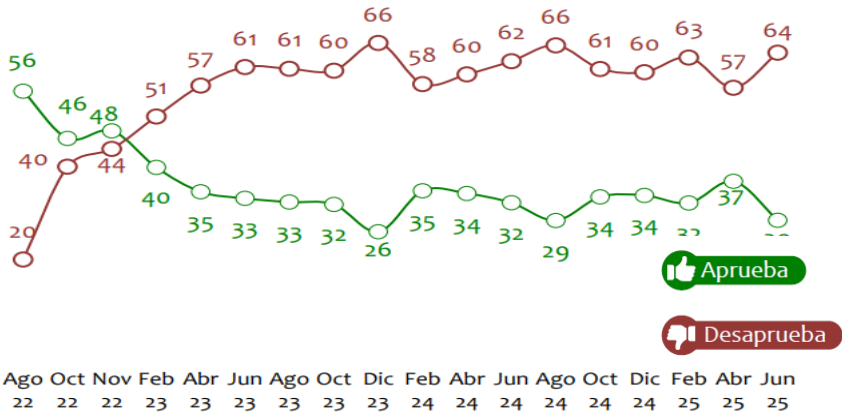
2026 Elections: One year before the election, the stage is open.

When do people decide their vote for the elections?
(% of people)



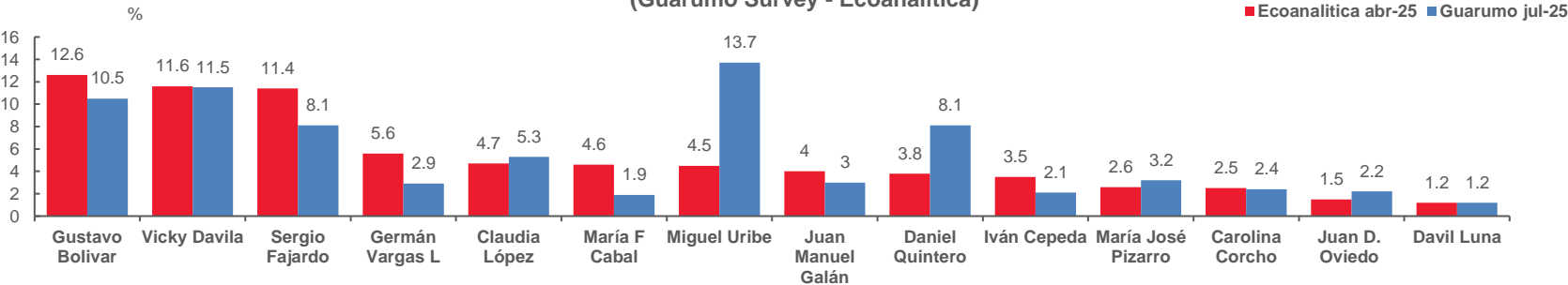
Source: Polimetrica – May 2025

Aproval rating Gustavo Petro



Source: Invamer– June 2025

Voting Intention
(Guarumo Survey - Ecoanalítica)



Source: Guarumo (July 2025) / Ecoanalítica (April 2025)

Moments	Last Quarter 2025	March 2026	May 2026
Key	Definition of opposition party candidates	8. Congressional Elections	31. First Round of Presidential

Busy agenda in the last legislative year of the government.

Political instability with the change of different ministers poses a greater challenge to the approval of key reforms of the current government, especially a potential fiscal reform.

Pension reform	Health reform	Labour reform
The Constitutional Court ordered the Lower House to go back in the debate of the Pension Reform in a legislature period of 30 days. Congress approved it again at the end of June	The health reform will have the third debate in the Congress. This is the <u>second time</u> that the bill has been discussed.	The government withdrew the popular consultation decree, while congress approved the Labor Reform.
The new scheme contemplates a pillar system.	The reform seeks to centralize resources.	It seeks to improve working conditions.
BanRep will be responsible of the Sovereign Pension Fund and there is a possibility that pension funds (AFP) will manage it.	The State would have greater responsibility in providing health services.	The project implies higher labour costs for companies and could increase informality/unemployment.

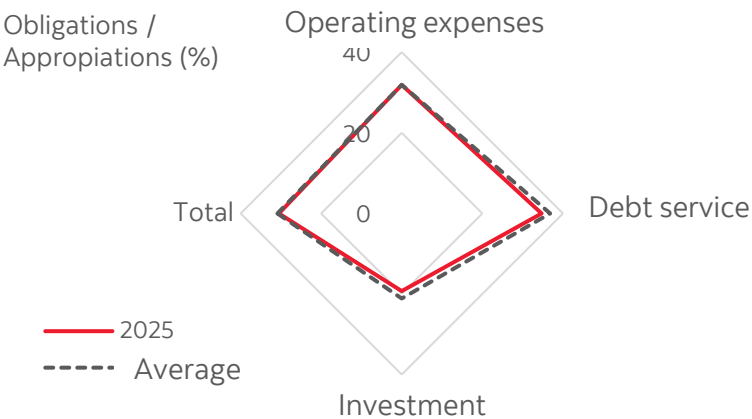
Suspended
Approved
In process

Fiscal Policy: The increased fiscal deficit would be reflected in greater financing needs and an increase in budget reserves.

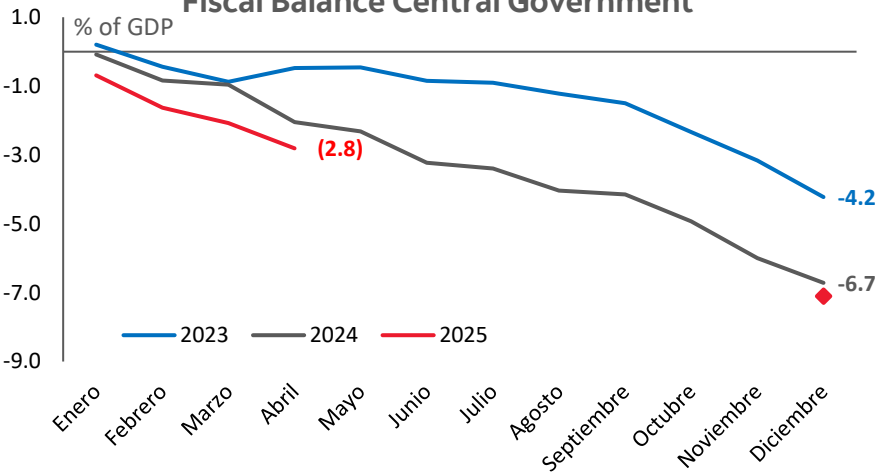
Budget execution as of May 2025 stood at 31% with investment showing the greatest lag.

YTD up to April, the primary deficit (excluding interest) stood at COP 21 tn (1.2% of GDP).

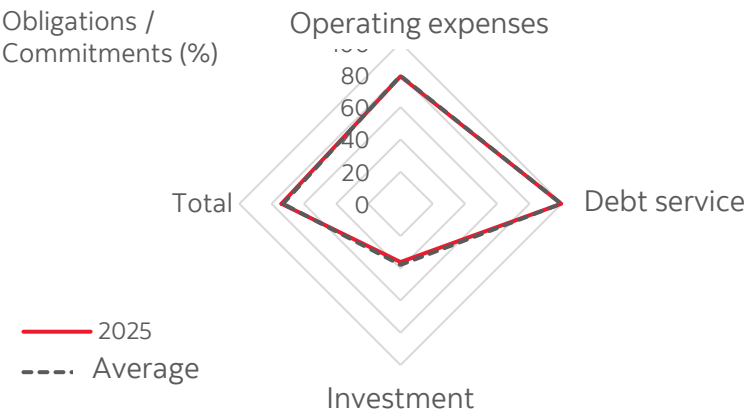
Budget execution as of May 2025



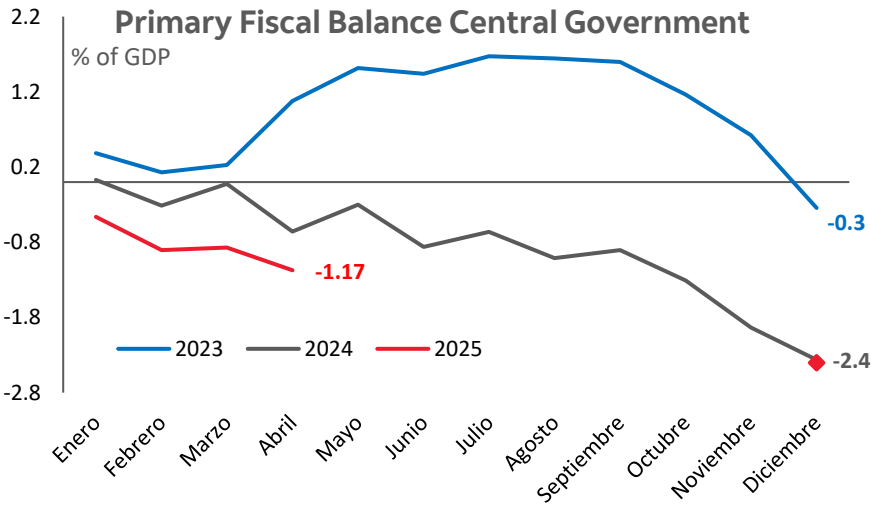
Fiscal Balance Central Government



Budget lag as of May 2025



Primary Fiscal Balance Central Government



*Average between 2019 and 2024, as of May.
Sources: MoF, Scotiabank Colpatría Economics

The activation of the escape clause is used in exceptional situations that put the country's macroeconomic stability at risk

Fiscal rule escape clause



It allows for a temporary deviation from meeting fiscal targets. Its activation is under the direction of CONFIS, following a non-binding opinion from CARF.



It is only activated in extraordinary situations and events

Parameters to define its activation

Decreto 1717 de 2021

Duration: No more than three (3) consecutive fiscal years

Maximum magnitude of deviation

Path back to meeting fiscal goals

Monitoring the situation that prompted the activation

2025 Medium-Term Fiscal Framework

CONFIS approved unanimously. CARF gave an unfavorable opinion.

The inflexibility of public spending would be an economic risk in the medium and long term

Parameters that define your activation as approved by CONFIS

2025 MTFF

Duration: 3 consecutive fiscal terms between 2025 and 2027

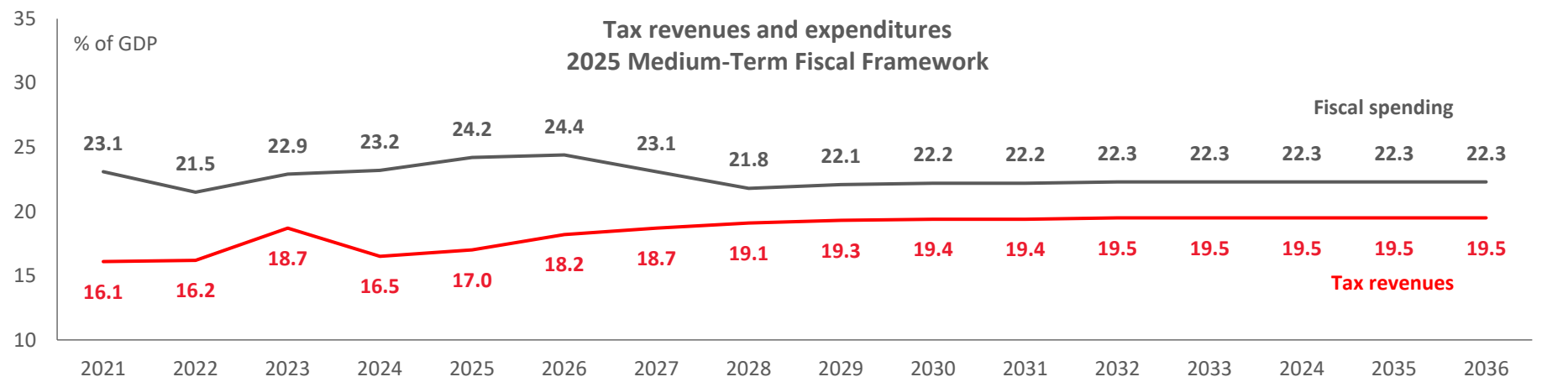
Maximum deviation magnitude approved by CONFIS: 2.1pps in 2025, 1.4pps in 2026 and 0.8pps in 2027

Return path between 2025 and 2027 that includes a "Fiscal Pact"

The Fiscal Compact is expected to reduce inflexible spending by 1.0% to 2.5% of GDP between 2027 and 2036

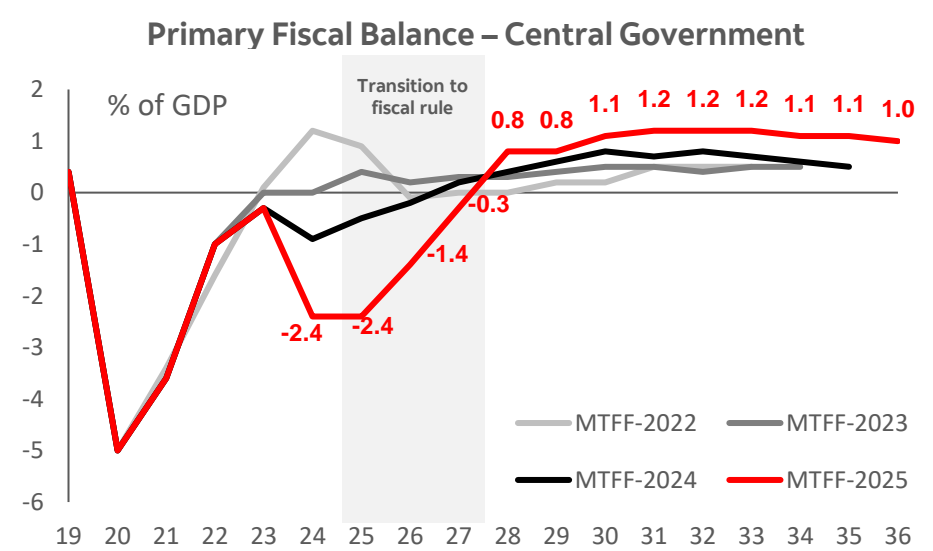
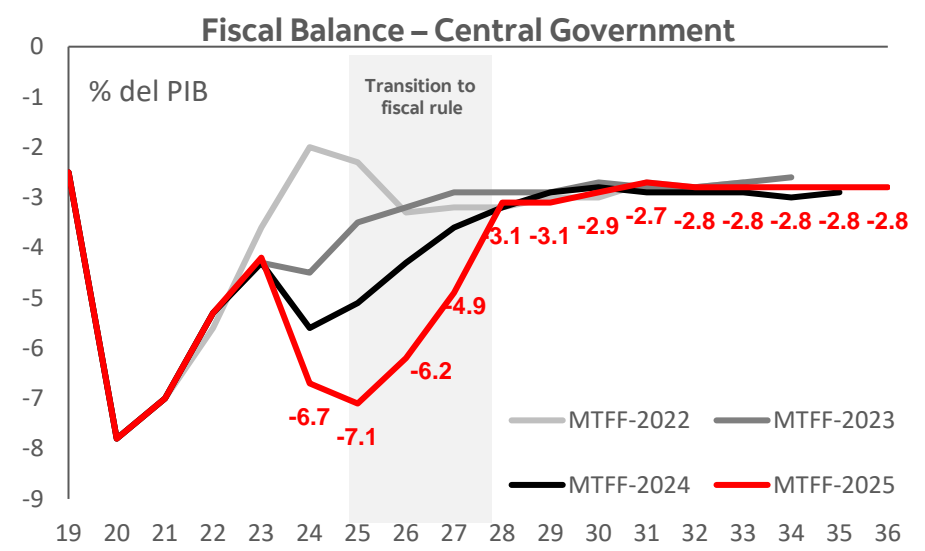
Sources: 2025 MTFF, Scotiabank Economics.

Fiscal Policy: The Government confirmed the suspension of the fiscal rule for three years along with the highest fiscal deficit in history after the pandemic



The proposed adjustment for the transition to the fiscal rule includes a reform of revenues through a tax reform for COP 19 tn, and reforms to inflexible expenditures.

The government hopes that, if the proposed objectives in income and expenditure are achieved, it would be possible to resume the fiscal rule mechanism from 2028 along with primary surpluses.

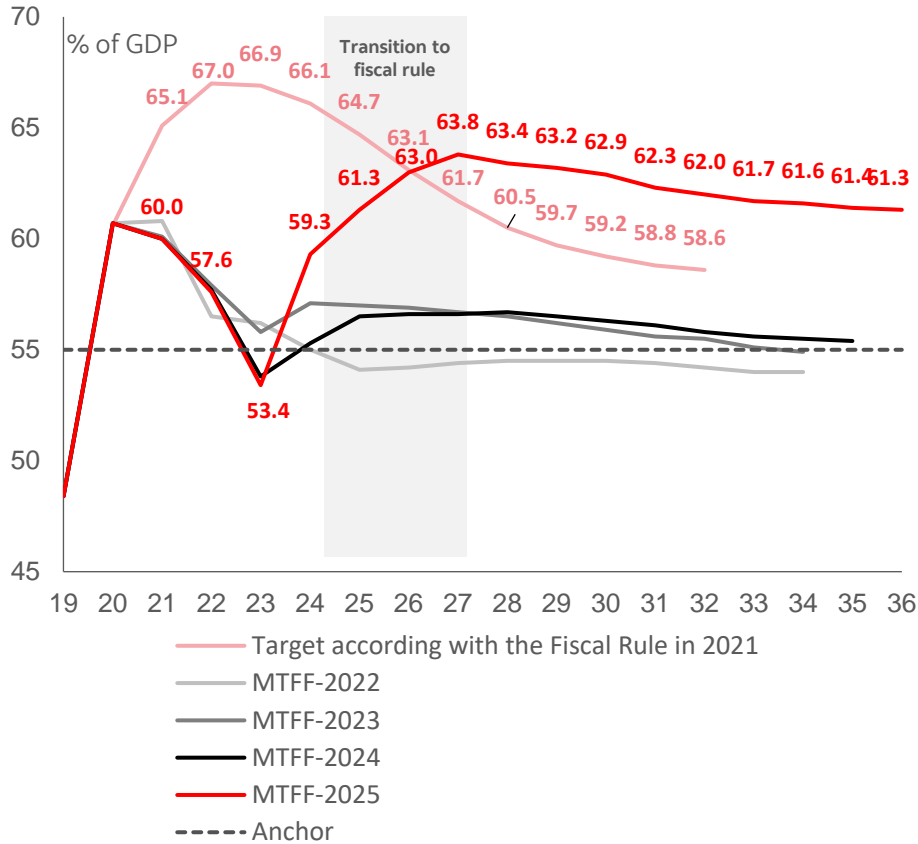


Sources: 2025 MTFF, Scotiabank Economics.

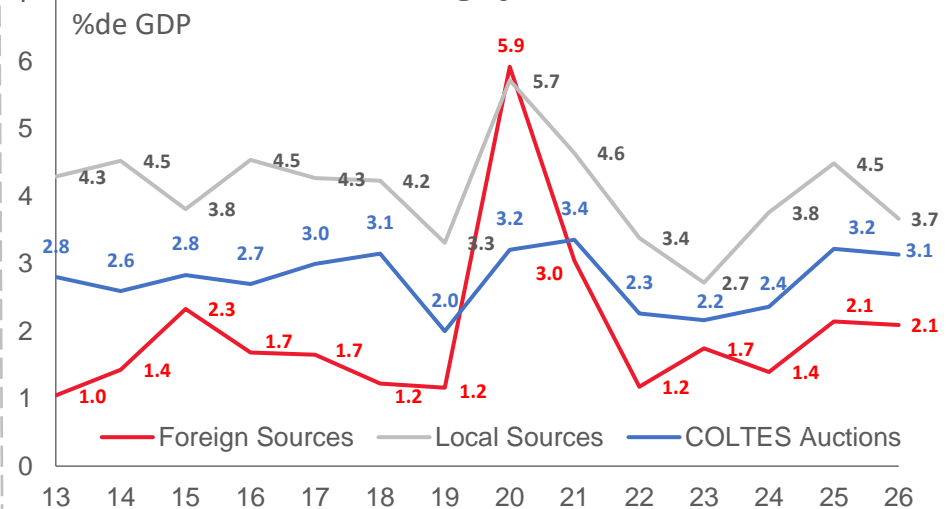
Fiscal policy: the sustainability of public finances depends on fiscal reform, not only on the revenue side but also on the expenditure side.

- The debt burden would increase significantly amid difficulties in speeding up tax collection in the short term.
- However, sources of funding as a percentage of GDP will remain within the tolerance range of the markets.
- After the 2025 MTFF release, risk rating agencies **downgrade** the credit rating of Colombia, however the impact has been moderate.

Central Government Net Debt



Financing by source



Agency Rating	Credit Risk	Perspective
FitchRatings	BB+	Negative
S&P Global	BB	Negative
MOODY's	Baa1	Estable

Sources: 2025 MTFF, Scotiabank Economics,

Uses and Sources Chart 2025 and 2026

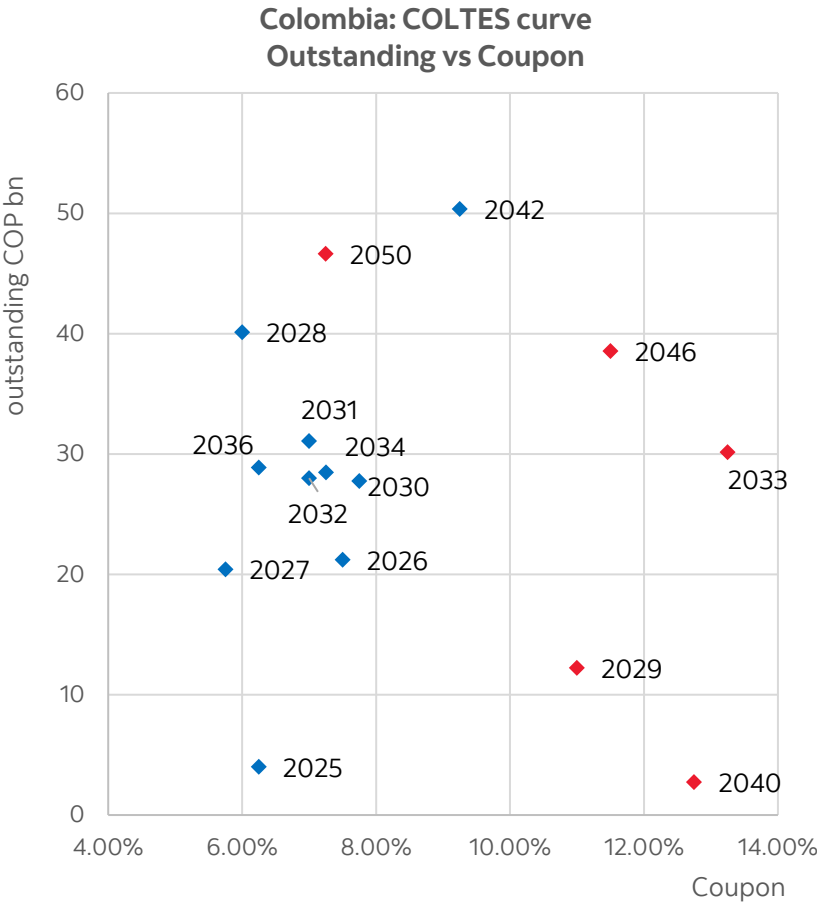
Uses and Sources 2025					
Sources (COP tn)	Financial Plan 2025 Projection (February)	MTFF- 2025 (Current Projections)	Uses (COP tn)	Financial Plan 2025 Projection (February)	MTFF- 2025 (Current Projections)
	137.3	193.9		137.3	193.9
Disbursements	104.7	119.4	Fiscal Deficit	90.8	129.6
Foreign Sources	(USD 8.1 bn)	35.9 (USD 9.0bn)	Local interests	65.1	66.0
Bonds	(USD 3.6 bn)	15.9 (USD 6.0 bn)	External interests	(USD 4.87 bn) 21.3	(USD 4.63 bn) 19,8
Multilaterals	(USD 4.5 bn)	19.9 (USD 2.0 bn)			
Commercials		(USD 1.0 bn) 4,2			
Local Sources	68.8	80.8	Amortizations	34.9	32.9
COLTES Auctions	45.0	58.0	External	(USD 4.75 bn) 20.7	(USD 4.84 bn) 20,5
Green bonds	1.5	1.5	Local	14.1	12.4
Public Entities	17.0	15.0			
Tender + ETF		1.0	Payment of obligations with debt service	1.0	1.2
Pensional bonds	3.90	3.91			
Payments with COLTES	1.4	1.4			
Treasury operations	-2.1	40.7	Payment of obligations with TES	1.4	1.4
Short-term bonds (TCO)	-0.7	16.1	ANI	0.5	0.5
Government Managed Funds	-9.4	4.6	FOMAG	0.9	0.9
Repo operations	8.0	20.0			
Accrual Adjustments	18.6	17.7	Final availability	9.2	28.8
Initial availability	16.1	16.1	COP	6.5	20.5
COP	3.6	3.6	Foreign currency	(USD 603 M) 2.6	(USD 1.95bn) 8.3
Foreign currency	(USD 2.8 bn) 12.4	(USD 2.8 bn) 12,4			

Uses and Sources 2026			
Sources (COP tn)	MTFF- 2025 (Current Projections)	Uses (COP tn)	MTFF- 2025 (Current Projections)
	171.5		171.5
Disbursements	110.4	Fiscal Deficit	119.6
Foreign Sources	(USD 9.1 bn)	Primary balance	28.0
Bonds	(USD 5 bn)	Local interests	67.8
Multilaterals	(USD 2.6bn)	External interests	USD 5.67 bn) 23.9
Commercials	(USD 1.5bn)	Other net uses in USD	(USD 378 m) 1.7
Local Sources	70.3	Amortizations	25.3
COLTES Auctions	60.0	External	(USD3.92 bn) 17.3
Green bonds	1.0	Local	8.0
Public Entities	4.5		
Pensional bonds	4.50	Payment of obligations with debt servi	1.5
Payments with COLTES	0.3	Overdue Cour rulings	1.5
Treasury operations	13.3	Payment of obligations with TES	0.3
Short-term bonds (TCO)	3.5	ANI	0.3
Government Managed Funds	4.8		
Repo operations	5.0		
Accrual Adjustments	19.0	Final availability	24.8
Initial availability	28.8	COP	20.2
COP	20.5	Foreign currency	(USD 1.05bn) 4.6
Foreign currency	(USD 1.95 bn) 8.3		

Sources: 2025 MTFF, Dirección de Crédito Público Colombia

On the Run: Coupon vs Duration

The difference of coupons implies some noise in the yield curve operation



Nota: In red On the Run

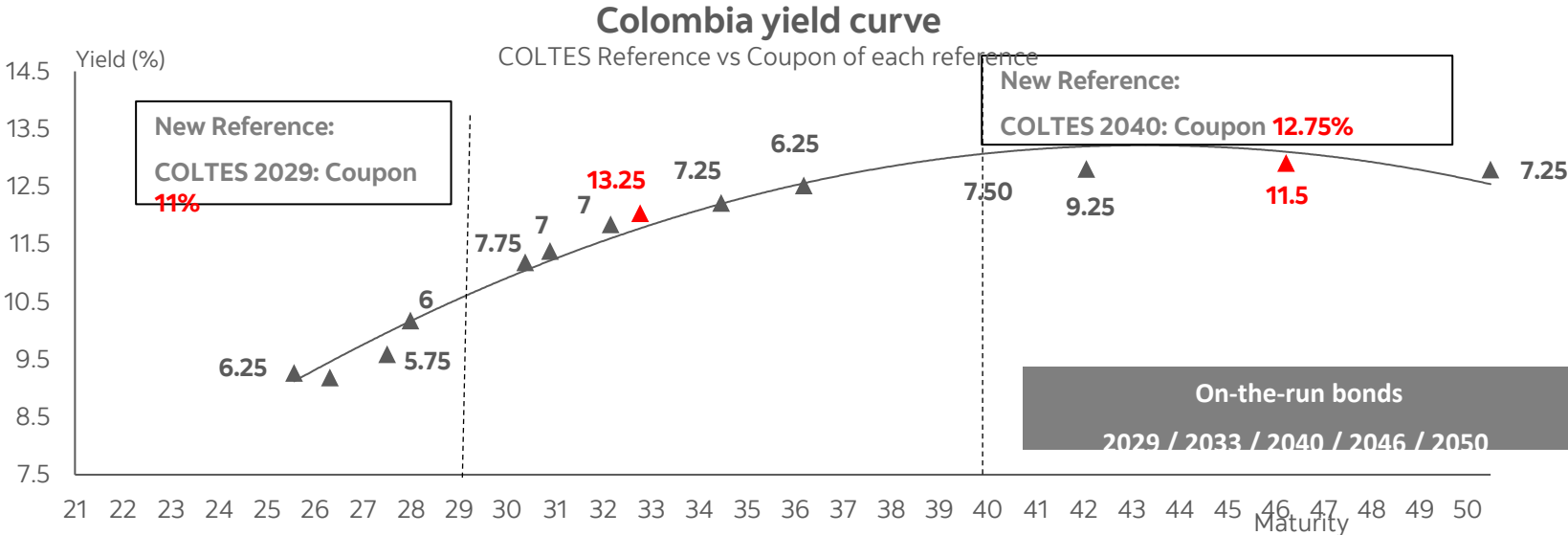
Characteristics of the COLTES curve and expectations according to macro model

COLTES reference	Coupon	Duration
26-Nov-2025	6,25%	0,41
26-Aug-2026	7,50%	1,09
3-Nov-2027	5,75%	2,18
28-Apr-2028	6,00%	2,65
22-Aug-2029	11,00%	3,25
18-Sep-2030	7,75%	4,15
26-Mar-2031	7,00%	4,72
30-Jun-2032	7,00%	5,57
9-Feb-2033	13,25%	5,07
18-Oct-2034	7,25%	6,24
9-Jul-2036	6,25%	6,89
28-Nov-2040	12,75%	6,96
28-May-2042	9,25%	8,07
25-Jul-2046	11,50%	7,38
26-Oct-2050	7,25%	8,51

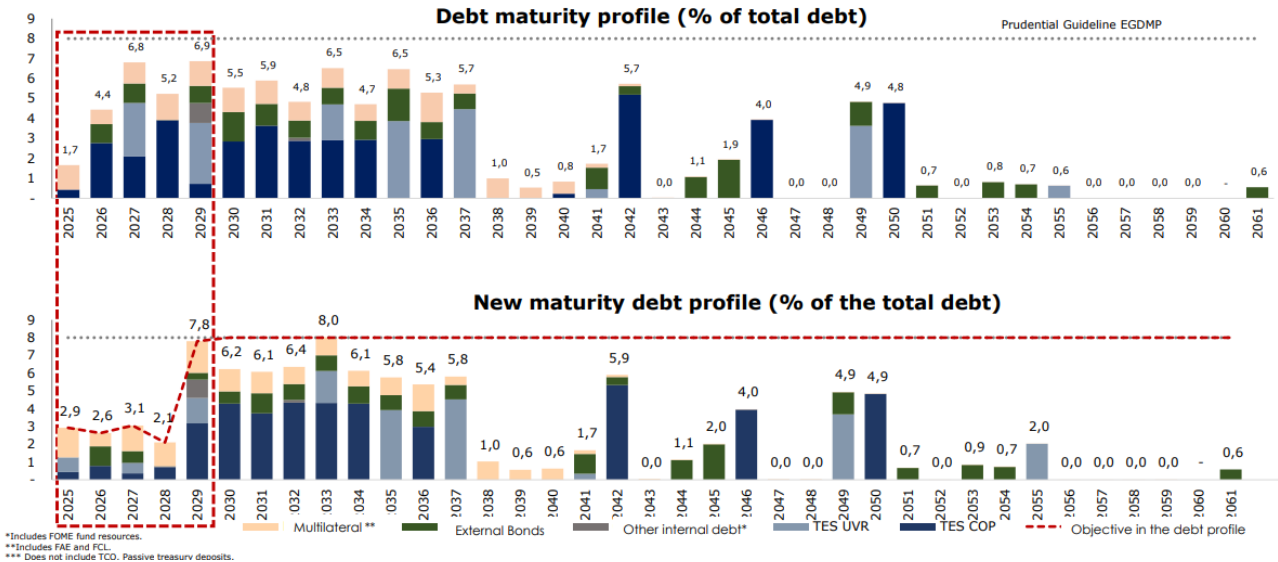
Source: Ministerio de Hacienda, Scotiabank Colpatría Economics.

The financing strategy assumes a high reinvestment risk

Auctions will overweigh the belly of the curve.



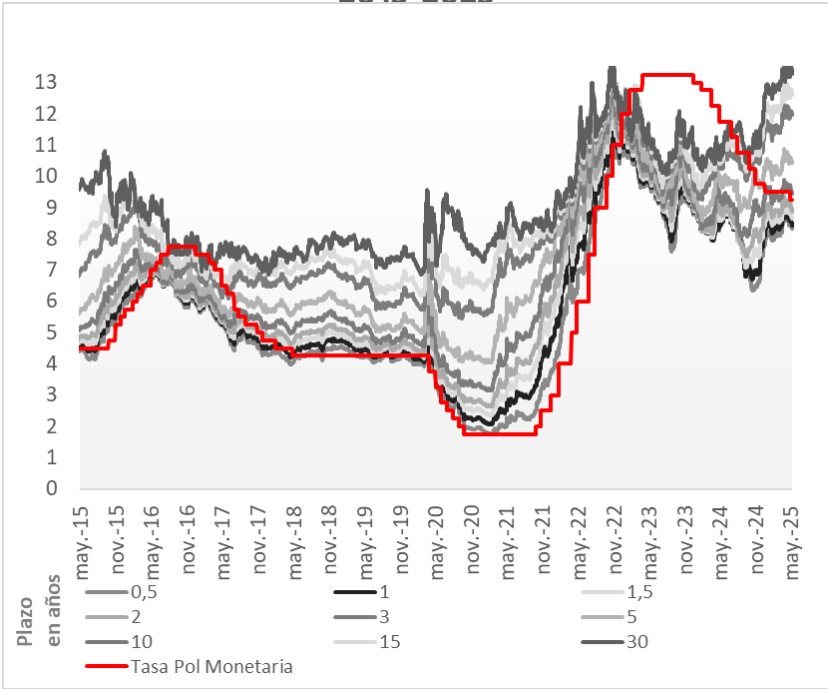
Comparison between expected current debt profile



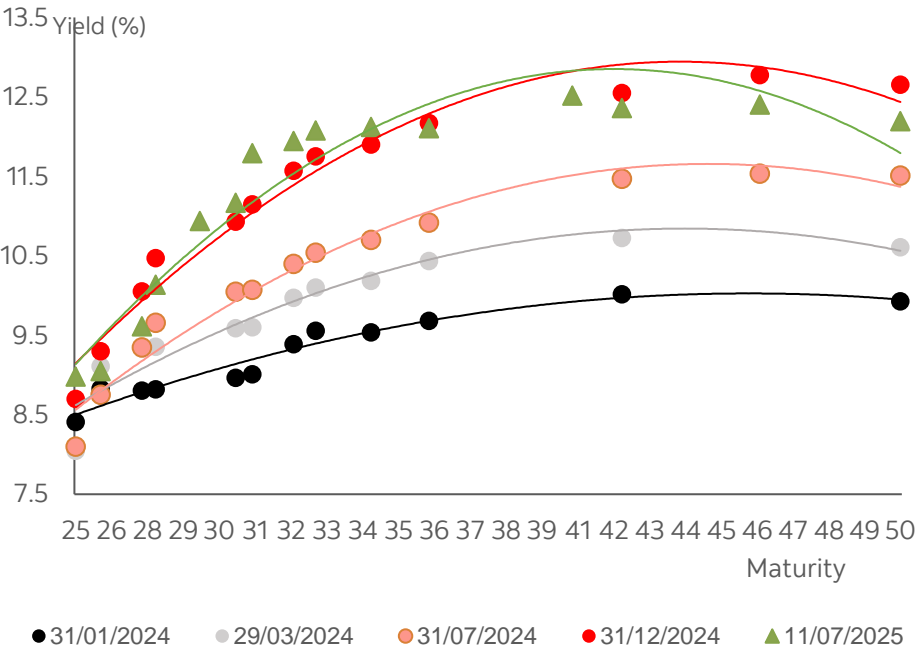
Source: Ministerio de Hacienda, Scotiabank Colpatría Economics.

Fixed income would reflect fiscal risks now with the noise of a different financing strategy

Colombia Evolution of the Zero Coupon Curve
2015-2025



COLTES curves during 2024 and 2025.



Net Change in COLTEs Holdings by Agent

Annual Net change in TES Holdings (main players, COP tn)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
Pension funds	2.3	4.8	6.5	4.9	10.7	17.3	7.7	6.4	3.3	33.8	41.3	14.3
Commercial banks	0.2	2.2	-0.7	7.1	4.8	0.9	7.1	5.7	4.0	-0.5	28.8	10.4
Offshore investors	18.5	6.9	21.0	10.2	9.6	-1.0	10.9	11.3	19.4	-10.4	-4.7	7.4
Ministry of Finance	1.7	4.2	-1.5	-3.7	12.6	-8.1	-3.9	1.2	-2.4	-0.5	-0.6	4.1
Banco de la Republica	0.0	0.0	8.4	2.2	-4.4	7.6	4.5	13.2	14.0	1.5	-14.7	0.2
Investment Funds	-0.1	0.3	-0.1	0.6	1.7	0.7	4.2	-3.3	-1.1	2.5	4.3	4.7
Insurance Companies	0.7	0.3	1.9	0.6	2.9	0.7	1.7	6.2	12.5	14.6	17.6	9.7

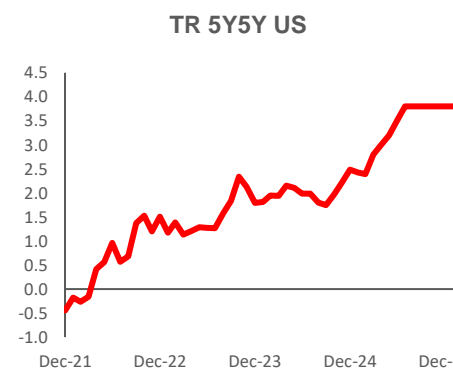
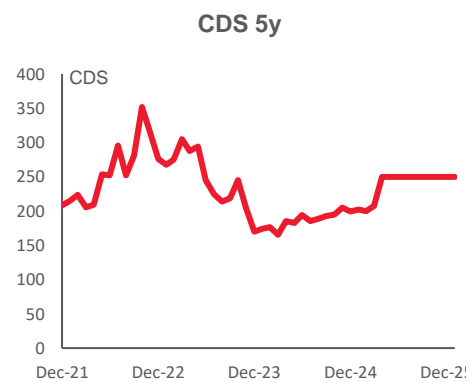
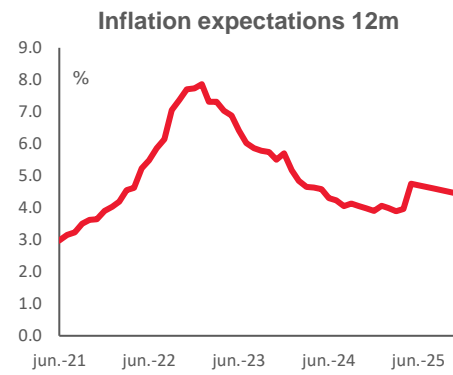
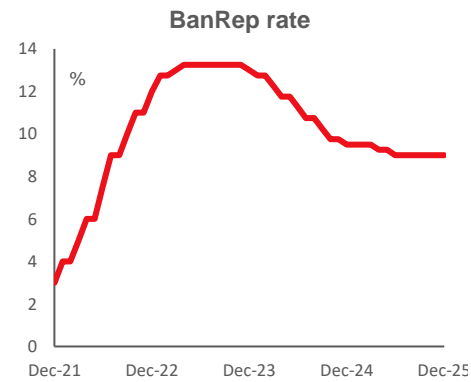
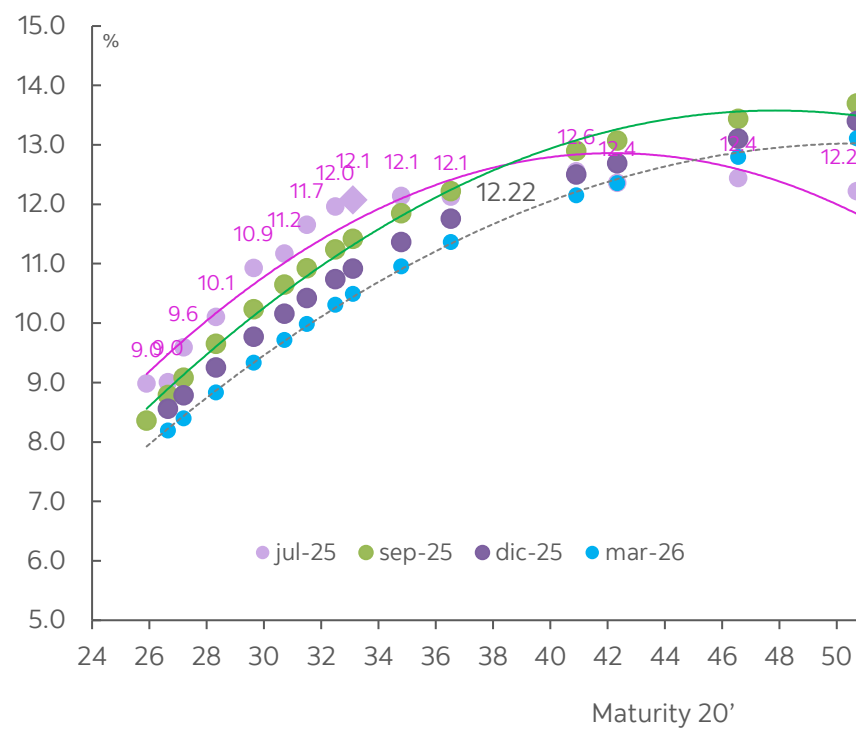
*YTD up to June 2025

Fuente: Precia Bloomberg, Min Hacienda, Scotiabank Economics

Fixed income perspectives – Fiscal situation suggest relative stability in the curve

As the central bank maintains a cautious approach the curve has limited room for huge appreciation. Meanwhile the financing strategy is promoting a different way to price in the fiscal risk as they overweight issuances in the belly of the curve

Comparison of expected curves under the macro scenario



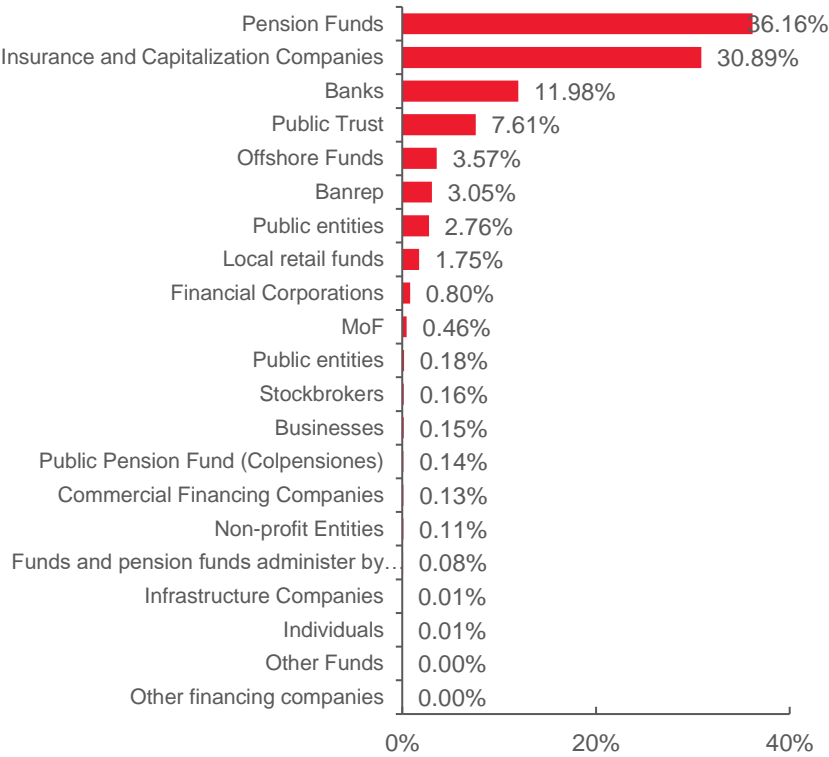
Source: Scotiabank Colpatría Economics.

BEI still deviated from the inflation target

BreakEven Inflation vs Monetary Policy Rate



COLTES UVR (linkers)
Holders
(% of total Outstanding)

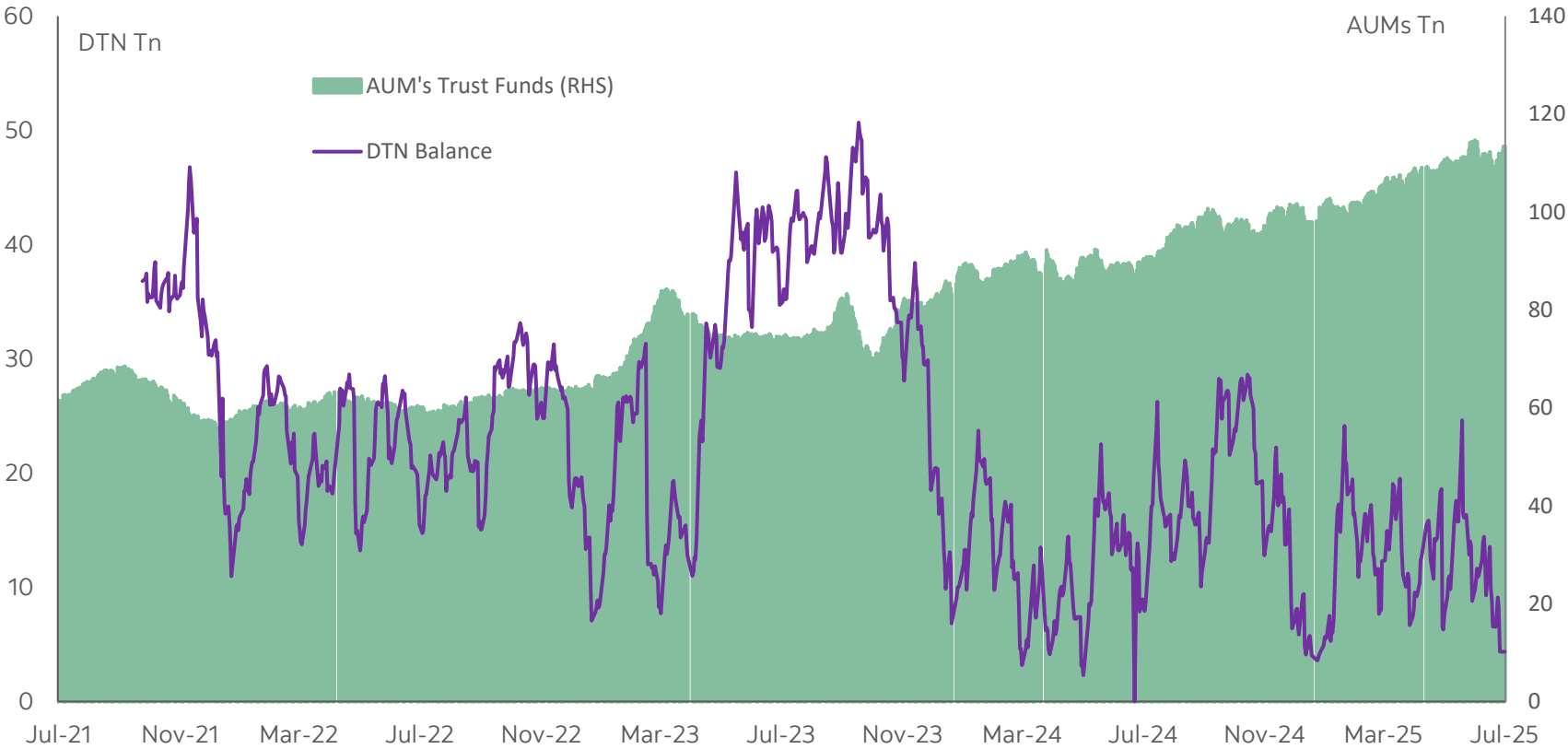


Source: Bloomberg, Ministerio de Hacienda, Scotiabank Colpatría Economics,

Liquidity buffers

DTN is expected to continue pointing low levels as the strategyc reserve of the finance ministry is a portfolio. Resources in Trust could provide liquidity in 2026.

DTN balance at BanRep vs AUM's Trust Funds



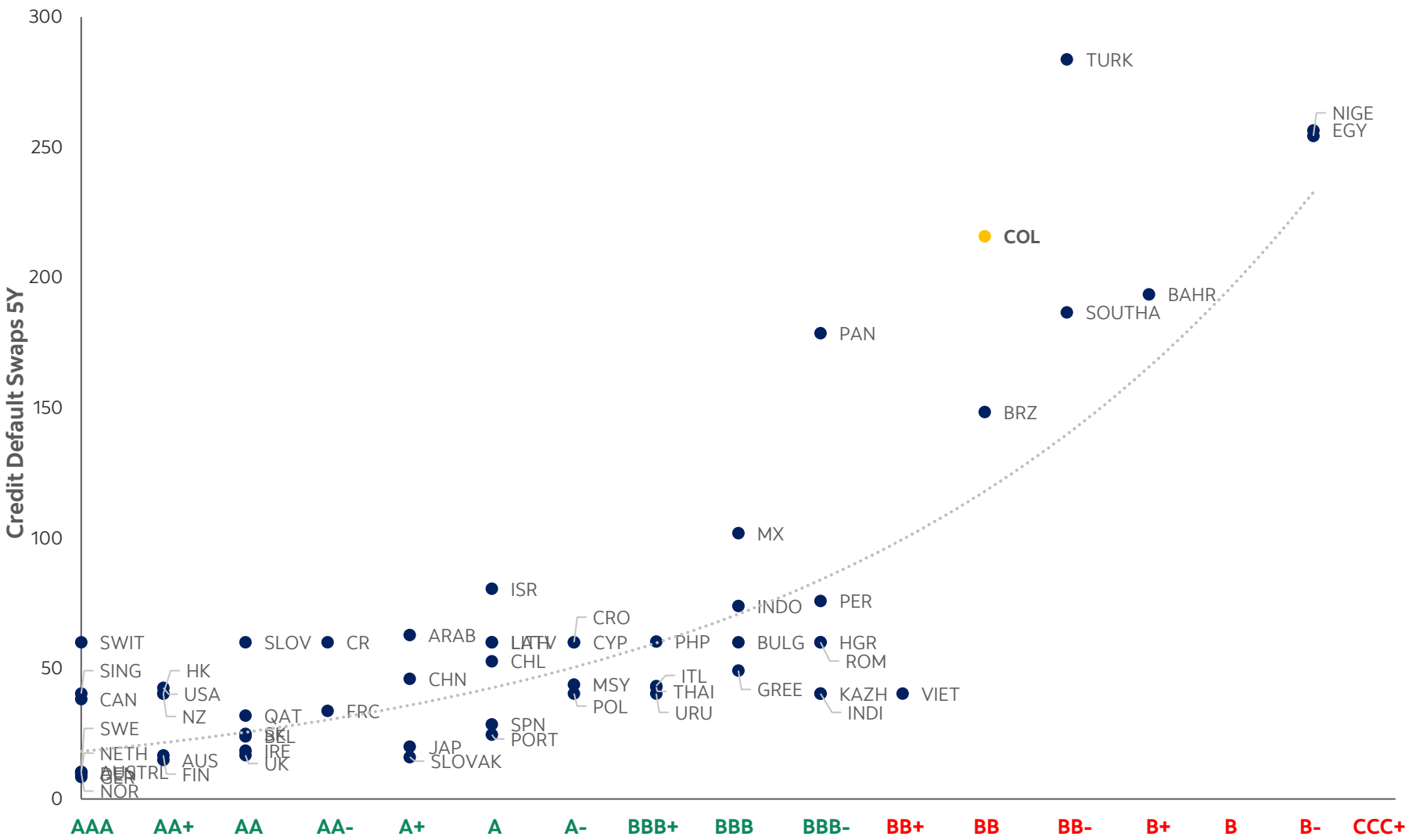
Sources: Banrep, Scotiabank Economics

COLTES holders Structure – YTD changes up to June 2025

Agent	COP tn			Percentage of outstanding			Change in holdings (tn)		
	PESOS	UVR	TOTAL	TOTAL	PESOS	UVR	PESOS	UVR	TOTAL
Pension Funds	129	73	202	31.3%	29.0%	36.2%	12.0	2.3	14.3
Offshore Funds	103	7	110	17.1%	23.3%	3.6%	6.8	0.6	7.4
Banks	79	24	103	16.0%	17.8%	12.0%	9.0	1.4	10.4
Insurance and Capitalization Companies	16	63	78	12.1%	3.5%	30.9%	5.4	1.2	6.6
Public Trust	35	15	51	7.9%	8.0%	7.6%	1.6	8.1	9.7
Banrep	26	6	32	5.0%	5.9%	3.1%	0.0	0.2	0.2
Public entities	19	6	25	3.8%	4.3%	2.8%	3.4	0.2	3.7
Local retail funds	13	4	16	2.5%	2.9%	1.8%	3.9	0.2	4.1
Financial Corporations	2	2	4	0.6%	0.5%	0.8%	4.0	0.7	4.7
MoF	2	1	3	0.5%	0.5%	0.5%	0.2	-0.2	0.0
Public Pension Fund (Colpensiones)	2	0	2	0.3%	0.4%	0.1%	-2.7	0.0	-2.7
Public entities	2	0	2	0.4%	0.5%	0.2%	-0.7	-1.0	-1.8
Businesses	2	0	2	0.3%	0.4%	0.2%	0.5	0.0	0.6
Infrastructure Companies	7	0	7	1.0%	1.5%	0.0%	0.4	0.0	0.4
Stockbrokers	1	0	1	0.2%	0.2%	0.2%	0.2	-0.1	0.1
Funds and pension funds administer by others tha	1	0	1	0.1%	0.2%	0.1%	0.0	0.2	0.2
Non-profit Entities	4	0	4	0.7%	0.9%	0.1%	0.1	0.1	0.2
Commercial Financing Companies	0	0	1	0.1%	0.1%	0.1%	0.1	0.0	0.1
Individuals	0	0	0	0.1%	0.1%	0.0%	5.5	0.0	5.5
Other Funds	0	0	0	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total	443	203	646						

Sources: Ministerio de Hacienda, Scotiabank Colpatria.

CDS 5y vs Credit Rating

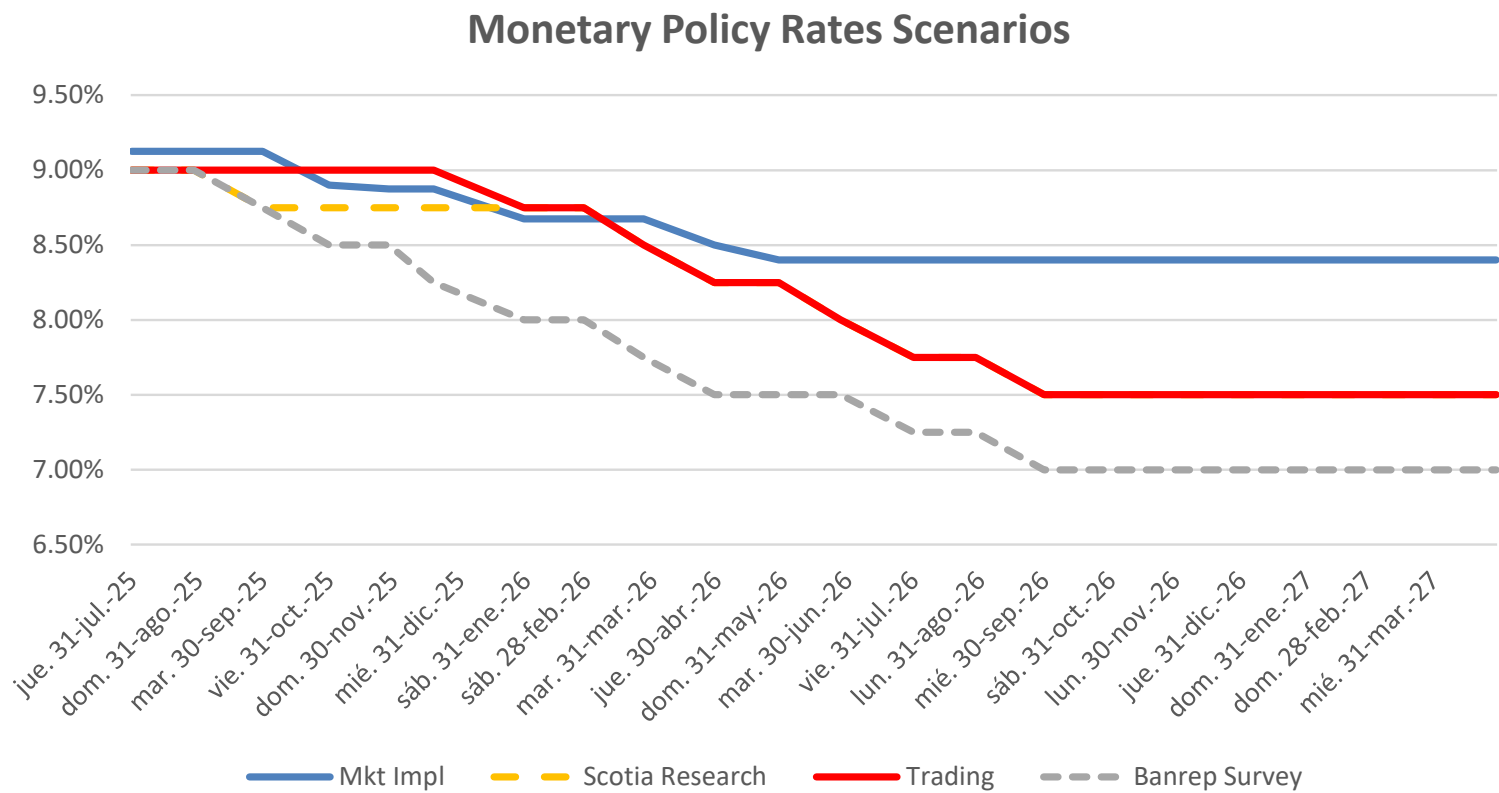


*Last update July 10 /2025.
Source: Bloomberg, Scotiabank Colpatría Economics

Rates and Fixed Income Markets

Markets: Monetary Policy Expectations

Amid heightened fiscal risks, IBR market has priced in a more cautious policy stance (terminal rate 7% vs 8,5%). Our suggestion is to receive 1y-2y area or in relative value receive 9m-18m



Sources: Scotiabank Trading.

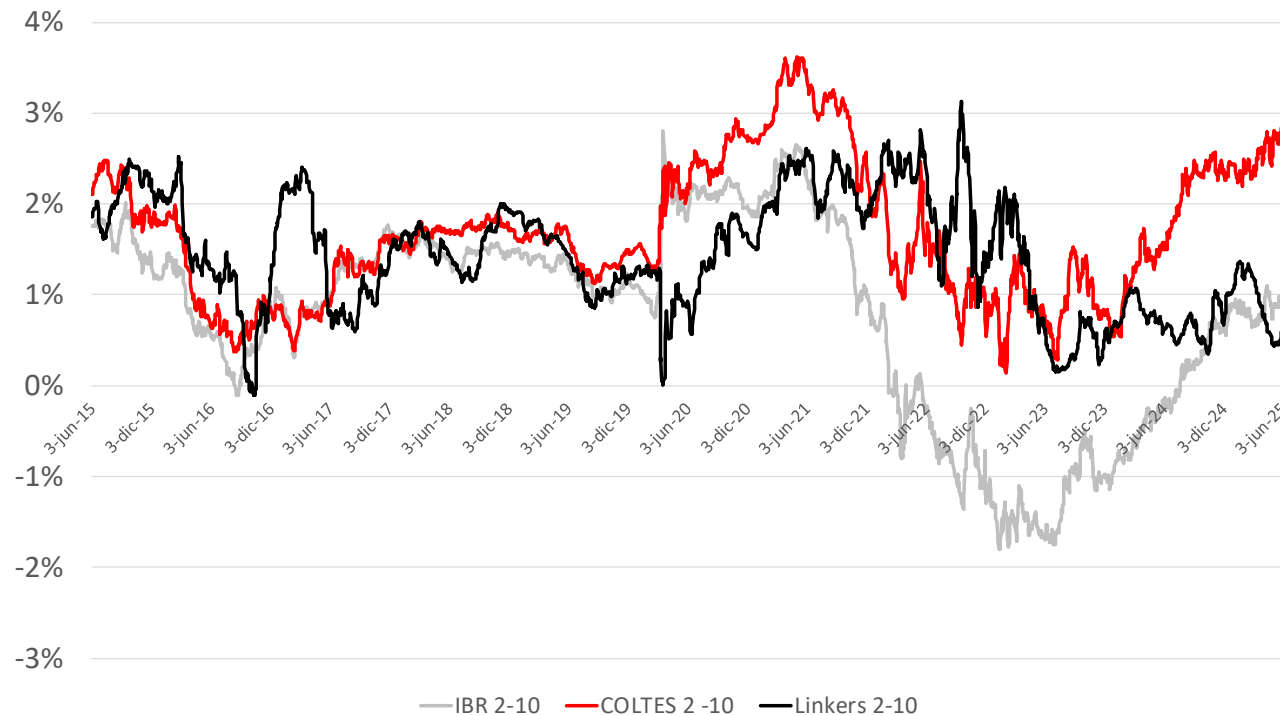


Markets: Colombia Curves Structure

The COLTES 2s10s slope remains near the upper bound of its historical range, reflecting persistent fiscal risk and the impact of recent debt swap operations. We maintain a preference for receiving positions in the belly and the long end of the curve, where valuations appear more attractive relative to fundamentals

	Min	Max	Average	Last
IBR	-180.50	280.00	98.88	93.75
Nominal	14.05	362.33	166.31	258.63
Linkers	-10.89	312.42	161.62	90.62

Colom Curves- 2y vs 10y

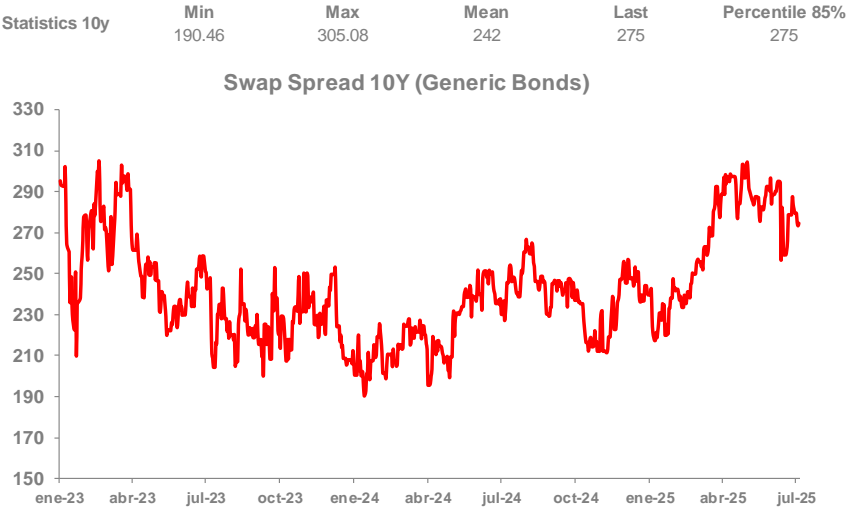
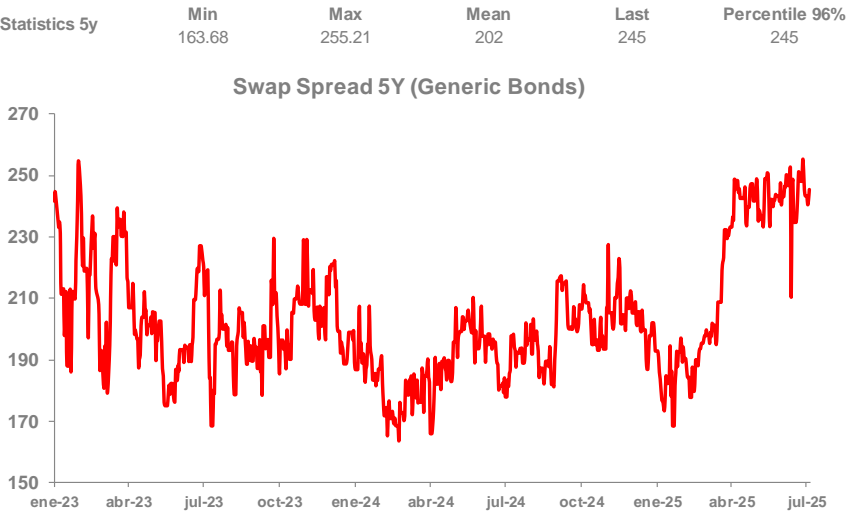


Sources: Scotiabank Trading.



Markets: Swap Spreads

Swap spreads remain elevated, underpinned by a higher sovereign risk premium. The 5-year point is particularly influenced by the issuance profile clustered around 2029, while the long end appears skewed toward a tighter spread dynamic



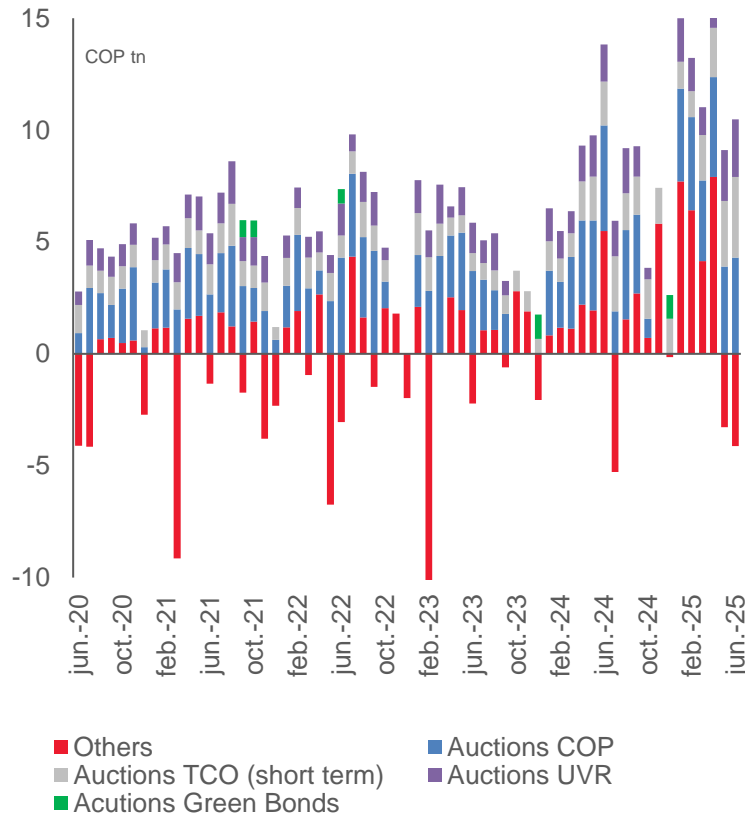
Sources: Scotiabank Trading.



The Government has met 45% of its annual COLTES issuance target.

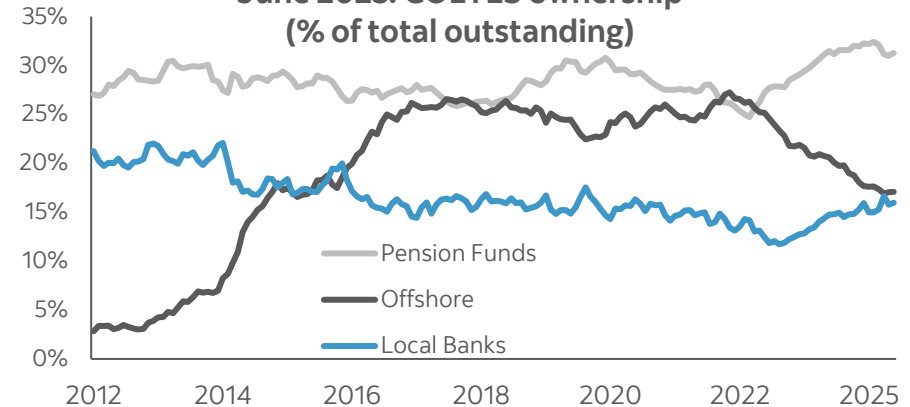
In the YTD up to May, total COLTES outstanding has risen by COP 44 tn. Total auctions were COP 25.8 tn which represents ~45% of total auctions announced in 2025 MTFF (COP 58 tn, and COP 1.5 tn of green bonds).

COLTES Outstanding

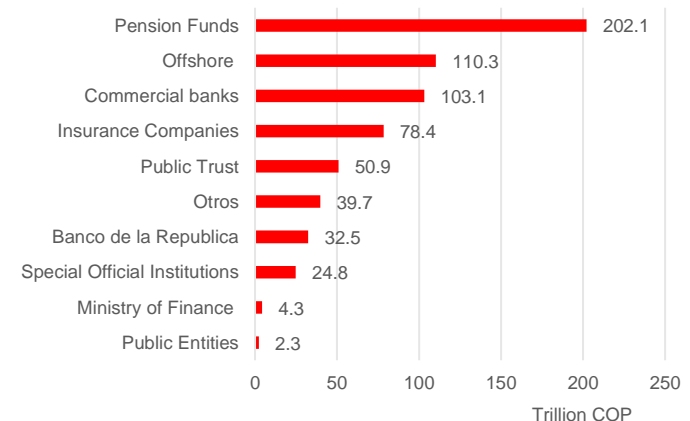


Fuente: Ministerio de Hacienda, Scotiabank Colpatría Economics.

**June 2025: COLTES ownership
(% of total outstanding)**



**Coltes Bond Holders
(June)**



Fuente: MoF, Scotiabank Economics.

**As of May 30 2025.

COLTES Holders

Despite the MinFin holders report showing a net increase in offshore investor holdings as of June, we estimate net outflows of COP 3,5tln during that month, concentrated in the final two trading sessions of the month. These flows appear to be linked to rating-related announcements, suggesting tactical repositioning by non-resident accounts.

27-jun

TICKER	SPOT			NDF			TOTAL		
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly
COLTES 10.6% - 07/24/2024	0	0	0	0	0	0	0	0	0
COLTES 6.25% - 11/26/2025	-3,447	-58,902	-174,341	0	0	40,000	-3,447	-58,902	-134,341
COLTES 7.5% - 08/26/2026	-147,987	-381,597	-1,233,626	0	-1,858,400	-1,077,800	-147,987	-2,239,997	-2,311,426
COLTES 5.75% - 11/03/2027	-116,375	-57,040	-2,231,158	0	299,400	1,995,000	-116,375	242,360	-236,158
COLTES 6% - 04/28/2028	-977,490	-863,420	-277,010	525,000	2,599,876	7,061,426	-452,490	1,736,456	6,784,416
COLTES 11% - 08/22/2029	7,252	1,488,777	3,939,946	10,000	1,388,312	3,325,434	17,252	2,877,089	7,265,380
COLTES 7.75% - 09/18/2030	-28,460	256,284	963,679	0	314,000	1,108,800	-28,460	570,284	2,072,479
COLTES 7% - 03/26/2031	-52,549	234,551	-482,150	161,000	656,600	2,455,700	108,451	891,151	1,973,551
COLTES 7% - 03/26/2031	-90,590	-107,788	2,314	0	0	0	-90,590	-107,788	2,314
COLTES 7% - 06/30/2032	-75,320	-264,821	-331,010	37,000	74,000	312,000	-38,320	-190,821	-19,010
COLTES 13.25% - 02/09/2033	-26,357	-550,218	-1,021,485	180,000	1,009,400	1,848,500	153,643	459,182	827,015
COLTES 7.25% - 10/18/2034	66,429	-955,983	-490,293	0	0	133,100	66,429	-955,983	-357,193
COLTES 6.25% - 07/09/2036	-269,015	-882,722	1,481,186	40,000	571,500	1,488,000	-229,015	-311,222	2,969,186
COLTES 12.75% - 11/28/2040	10,451	340,051	953,128	0	0	102,000	10,451	340,051	1,055,128
COLTES 9.25% - 05/28/2042	-133,570	-770,474	47,307	0	51,800	111,000	-133,570	-718,674	158,307
COLTES 11.50% - 07/25/2046	6,015	-377,867	1,735,603	12,000	-164,500	1,222,600	18,015	-542,367	2,958,203
COLTES 7.25% - 10/26/2050	-238,460	-633,209	1,478,827	0	119,100	-213,400	-238,460	-514,109	1,265,427
	-2,069,471	-3,584,379	4,360,919	965,000	5,061,088	19,912,360	-1,104,471	1,476,709	24,273,279
COLTES 3.5% - 05/07/2025	0	0	-1	0	0	25	0	0	24
COLTES 3.3% - 03/17/2027	0	-1	227	0	1,060	2,928	0	1,059	3,154
COLTES 2.25% - 04/18/2029	-20	-40	148	0	0	267	-20	-40	415
COLTES 3% - 03/25/2033	0	0	-311	0	0	73	0	0	-238
COLTES 4.75% - 04/04/2035	0	5	932	0	0	40	0	5	972
COLTES 3.75% - 02/25/2037	0	-6	196	0	0	167	0	-6	363
COLTES 5% 20/03/2041	2	305	444	0	0	35	2	305	479
COLTES 3.75% - 06/16/2049	0	0	45	0	0	-195	0	0	-150
COLTES 5.25% 19/05/2055	6	20	231	0	0	-73	6	20	158
	-13	283	1,909	0	1,060	3,267	-13	1,343	5,176

Sources: Scotiabank Trading.

Markets: Break Even Inflation (2y and 10Y)

Short-term breakevens have already converged into the Central Bank’s inflation target range, while long-end breakevens remain notably dislocated. However, this divergence appears to be driven less by inflation expectations and more by supply-side factors, particularly the scarcity of long-dated bond issuance

BEI 2Y	Min	Max	Avg	Last	Percentile 39%
	1.1%	9.353%	4.49%	3.57%	

BEI - Generic BondsStatistics



BEI 10Y	Min	Max	Avg	Last	Percentile 57%
	2.8%	7.885%	5.18%	5.56%	

BEI - Generic BondsStatistics



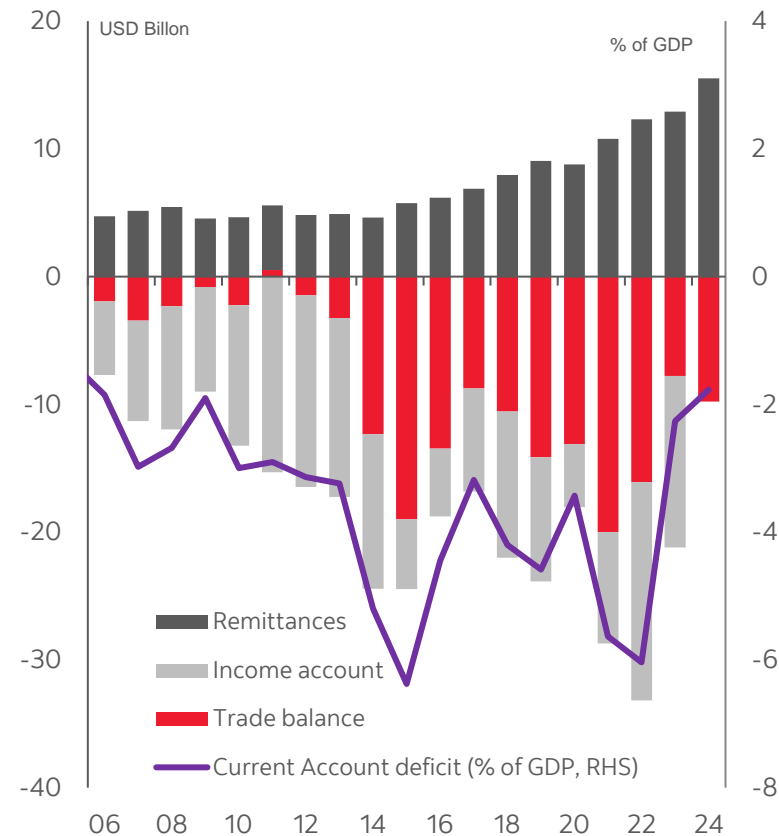
Sources: Scotiabank Trading.

Exchange Rate

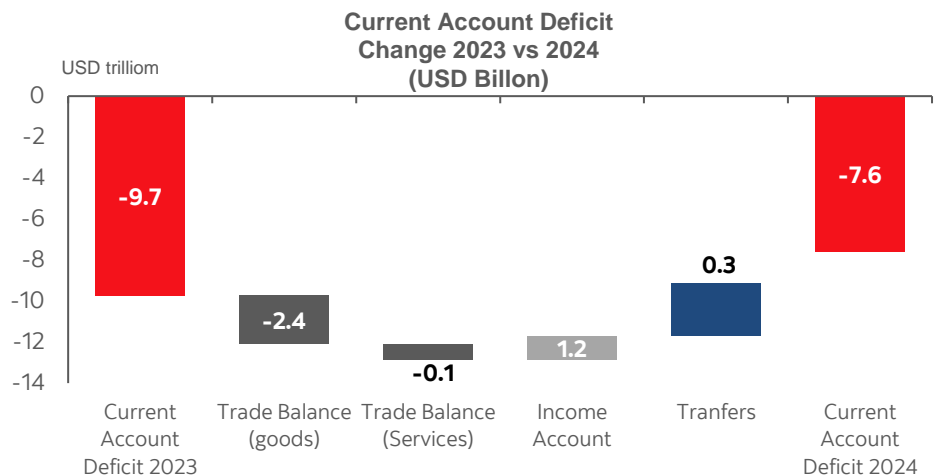
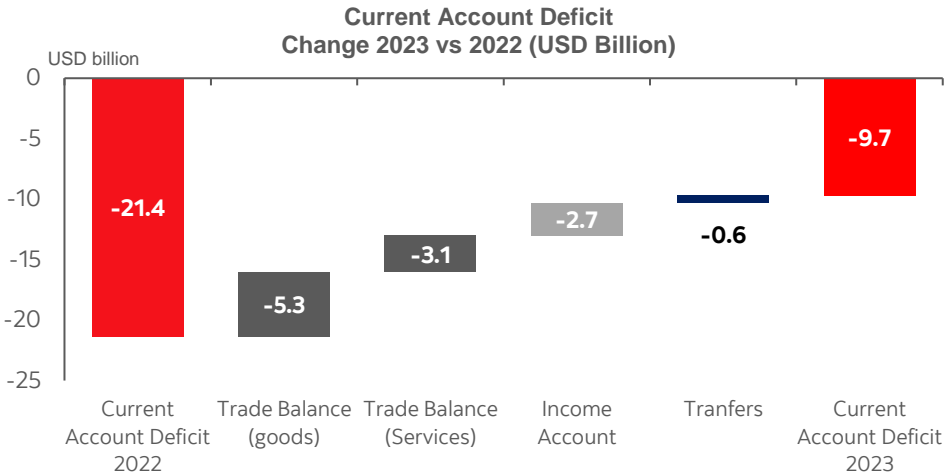
Balance of Payments: Current Account

The economic slowdown was reflected in the significant reduction of the current account deficit. Remittances are also contributing to a moderate deficit. In 2025 the challenge will come from lower commodity prices.

Current Account



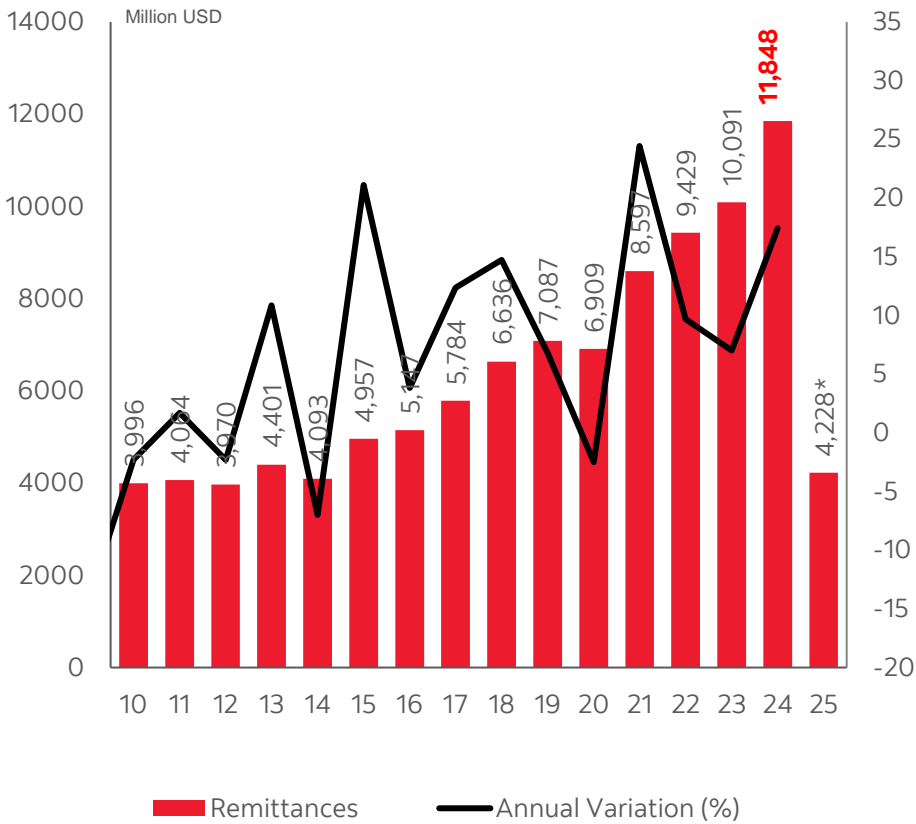
Sources: Scotiabank Colpatría Economics, BanRep.



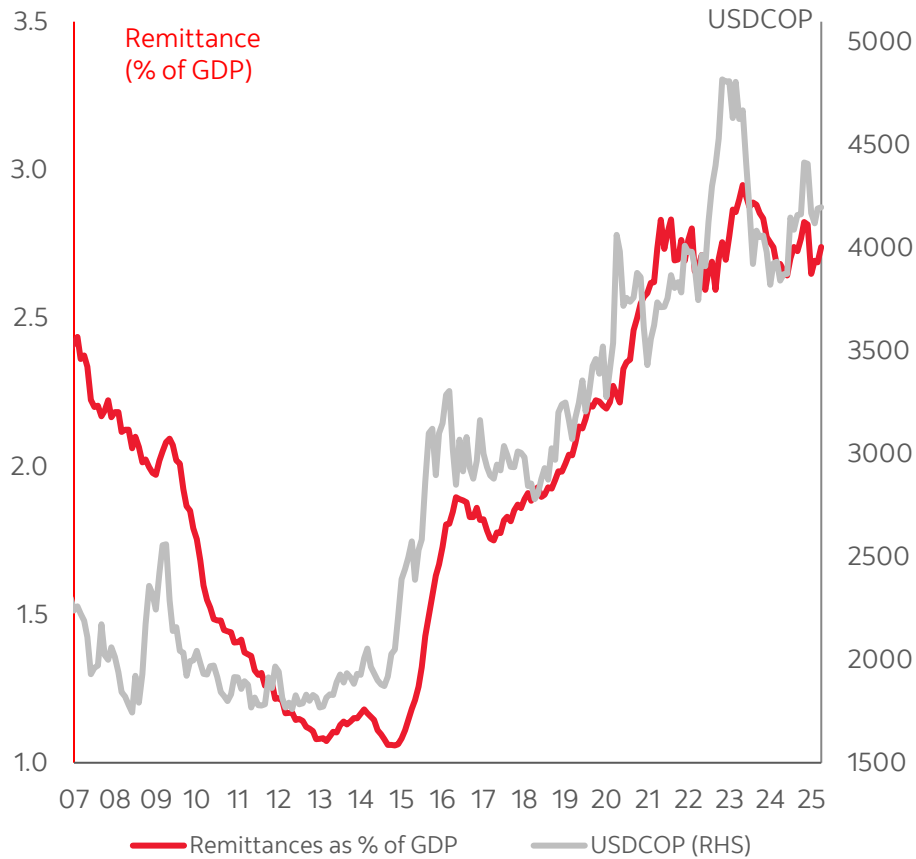
Remittances

The inflow of remittances remains at historically high levels, representing an important part of household income which could be related to the decrease in labor participation.

Remittances per Year



Remittances as % of GDP vs USDCOP

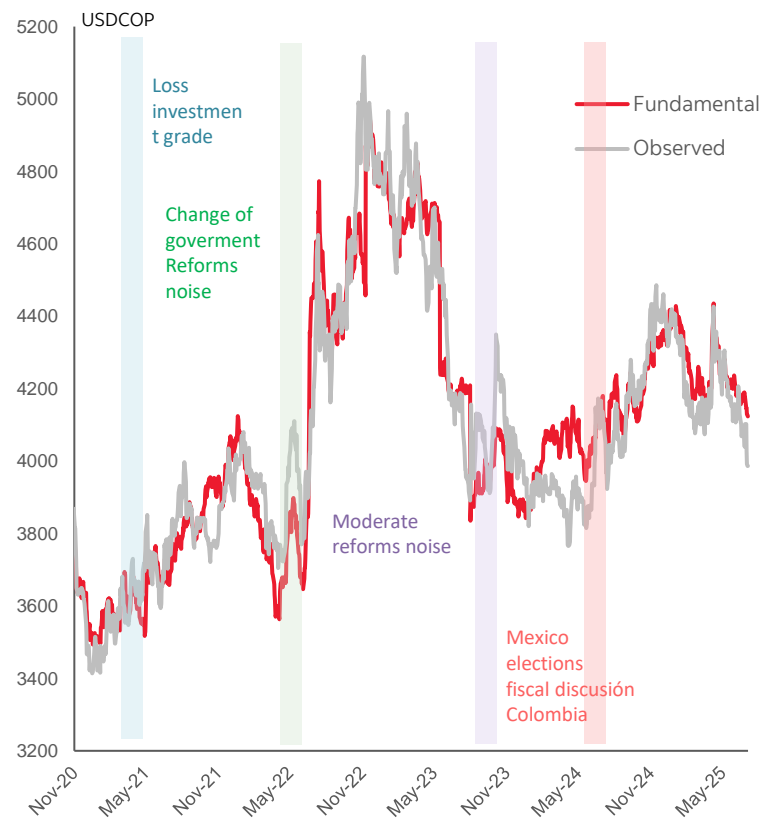


Sources: Banrep, Scotiabank Economics.

Exchange rate: fundamental anchor remains at 4,350 pesos.

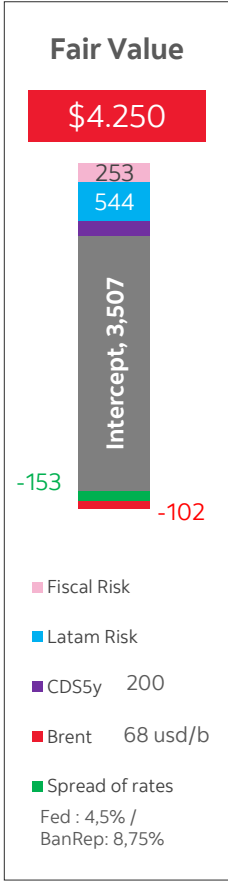
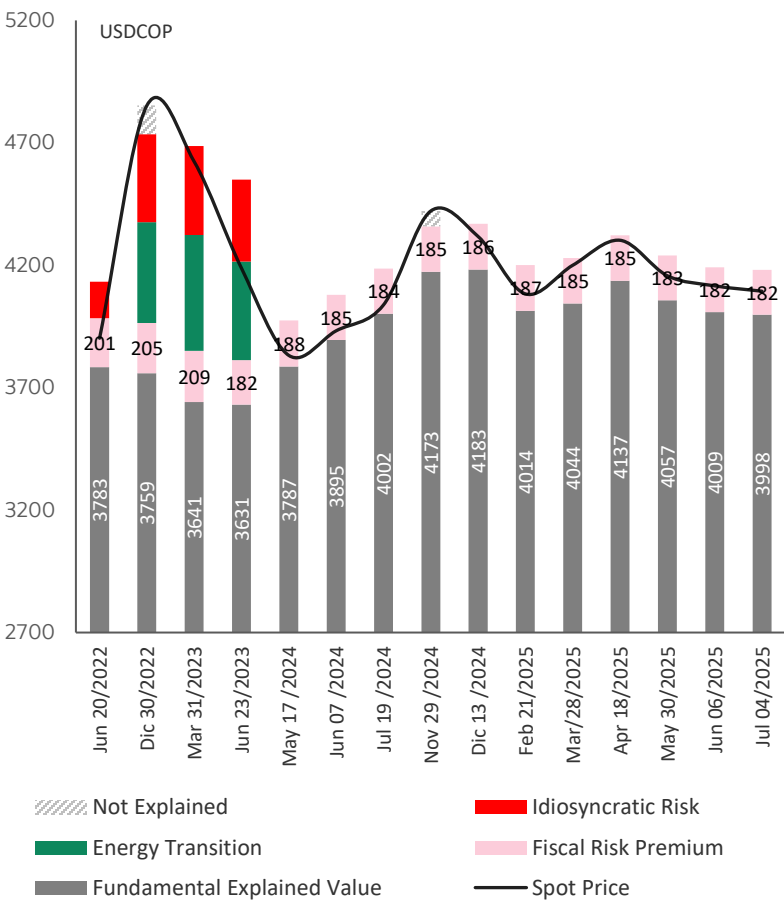
The exchange rate has responded to international volatility; however, a new balance is being created based on fundamentals. Our expectations: 2025: 4,367 pesos and closing of 2026: 4,364 pesos.

Theoretical USDCOP vs USDCOP evolution observed



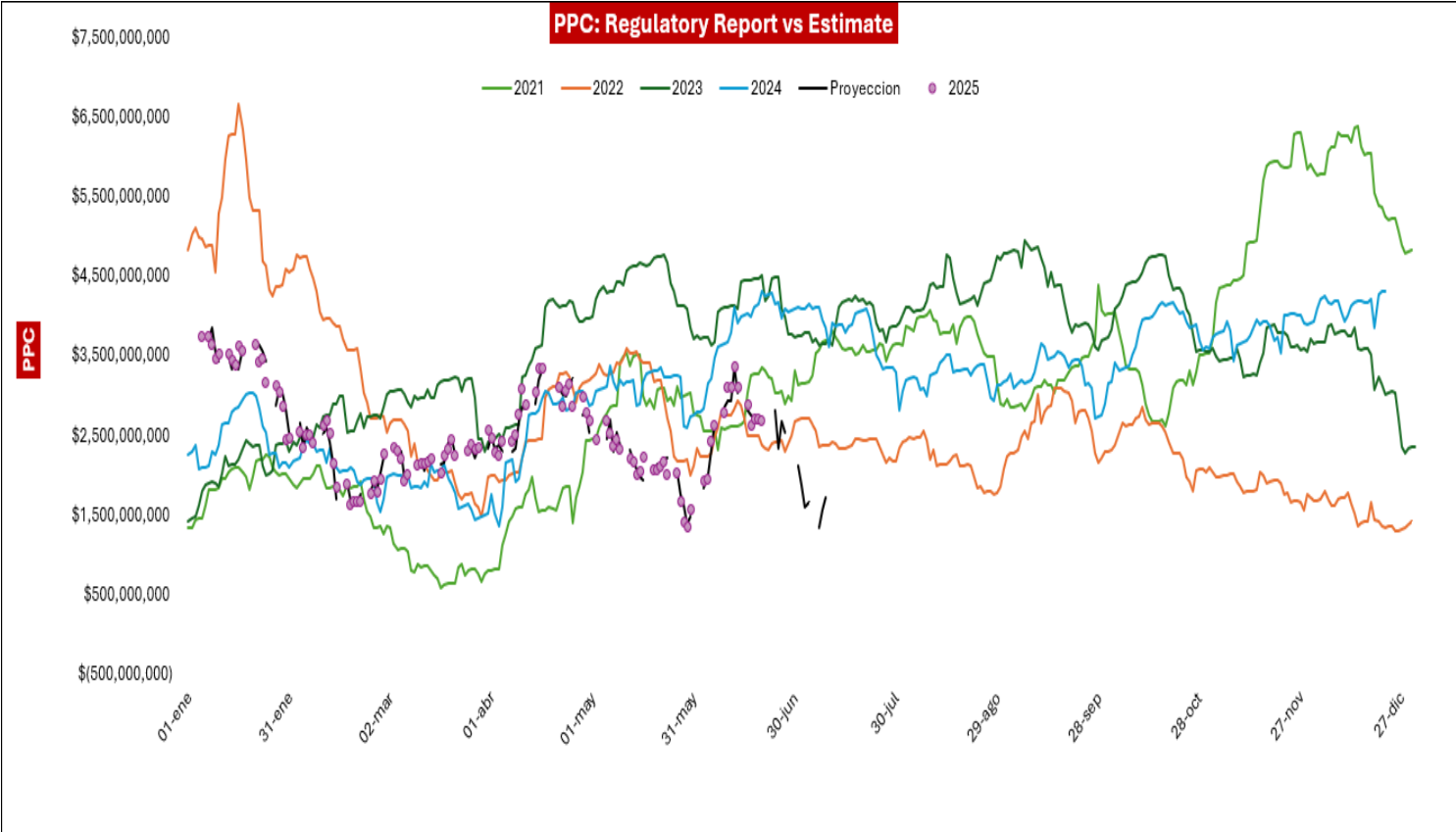
Fuente: Bloomberg, Scotiabank Economics,

Explanatory factors of the fundamental exchange rate model



Markets: Dealers Cash Position

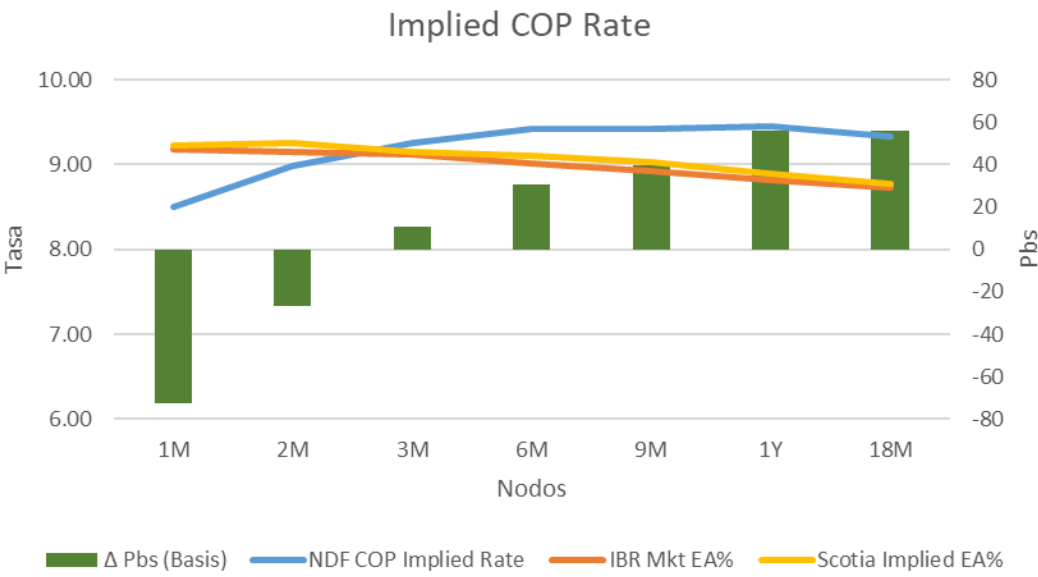
Cash positioning has exhibited heightened volatility over the past three months, breaking with its typical seasonal pattern. This shift coincides with the COP trading near the lower bound of its recent range and signs of sustained outflows from offshore institutional investors reducing exposure to local assets.



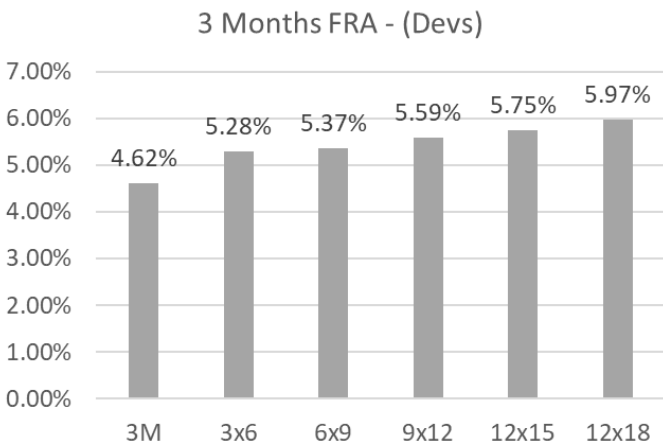
Sources: Scotiabank Trading.

Markets: Forward Curve

The forward curve has responded primarily to shifts in cash positioning, which remains the dominant driver. Structurally, we see relative value in tenors beyond 6 months versus IBR, with the positive basis still offering better implied COP rates. We favor a 2m–6m flattener, positioning for a compression in the short-end slope



Tenor	Path Scotia	IBR Mkt	IBR Mkt EA%	Scotia Implied EA%	NDF COP Implied Rate	Δ Pbs (Basis)
1M	8.658	8.690	9.18	9.14	8.51	-63
2M	8.624	8.693	9.14	9.07	8.98	-9
3M	8.634	8.695	9.11	9.05	9.26	21
6M	8.706	8.695	9.01	9.02	9.41	39
9M	8.718	8.695	8.92	8.94	9.42	48
1Y	8.648	8.698	8.82	8.77	9.45	68
18M	8.446	8.785	8.73	8.40	9.32	93



Macroeconomic forecast

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr
National Accounts								
Real GDP growth (yearly %)	3,2	-7,3	11,3	7,5	0,6	1,6	2,6	2,8
Domestic demand (y/y, %)	4,0	-7,5	13,9	10,4	-3,9	2,0	3,7	4,0
Consumption (y/y, %)	4,3	-4,2	14,0	9,4	1,0	1,4	2,2	3,9
Private (y/y, %)	4,0	-4,9	15,2	11,0	0,9	1,6	2,6	3,8
Government (y/y, %)	5,5	-0,8	10,0	2,0	0,3	-0,5	0,8	4,3
Gross capital formation (y/y, %)	2,4	-21,5	14,5	16,2	-26,3	5,2	11,3	4,6
Exports (y/y, %)	3,3	-22,5	17,0	13,4	3,4	2,5	1,0	1,1
Imports (y/y, %)	7,7	-19,6	28,5	24,8	-14,8	4,4	6,3	6,9
Laboral Market								
Unemployment (% Average)	10,9	16,7	13,8	11,2	10,2	10,2	9,7	10,2
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	5,17	3,97
CPI (y/y, %, Average)	3,52	2,53	3,49	10,15	11,77	6,63	5,10	4,31
CPI without food (y/y, %, End period)	3,45	1,03	3,44	9,99	10,33	5,60	5,99	3,92
COP (\$, End period)	3297	3422	4077	4850	3902	4405	4249	4200
COP (\$, Average)	3281	3694	3766	4254	4322	4153	4162	4188
BanRep's rate (% End period)	4,25	1,75	3,00	12	13,0	9,50	8,75	7,5
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: MFMP 2025

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