

## Economics Colombia

June 19, 2026

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## Colombia: Economic activity maintains strong momentum on public administration and commerce growth.

**On Wednesday, June 18, DANE released the Economic Activity Indicator (ISE) for April.** The indicator posted a 3.34% y/y increase in its original series, consolidating the recovery trajectory initiated in March (3.94%, revised) (Chart 1). In seasonally adjusted terms, economic activity expanded by 0.34% m/m and 3.33% y/y. On a year-to-date basis, activity grew 2.46% through January–April, a notable improvement from the 1.86% pace recorded over the same period in 2025.

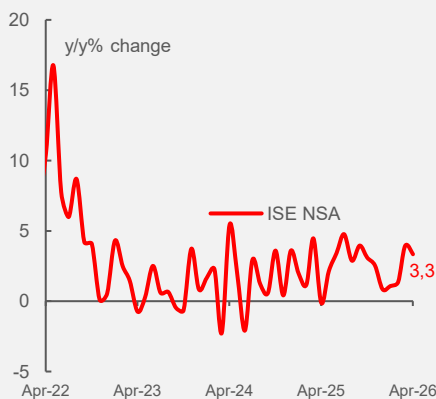
**April is the second consecutive month in which economic activity printed expansions above the 3% threshold, a dynamic not observed on a sustained basis since mid-2025.** The composition of growth shows a favorable consolidation: tertiary activities continue to lead with a 4.58% y/y expansion, secondary activities returned to positive territory (1.83% y/y) after several months of contraction, and the primary sector remains the main drag on the headline indicator.

**The print confirms that domestic demand remains strong, consistent with the majority view of the central bank board that household consumption and public spending are fueling economic growth.** That said, recent activity data support further tightening of the monetary policy rate. However, it will be important to see how economic policy evolves under the new government, as fiscal austerity and changes in investment dynamics pose mixed risks for GDP growth in the coming years. **For now, at DAVIbank we project the monetary policy rate to peak at 12%, reflecting a prudent monetary policy stance.**

### Key highlights:

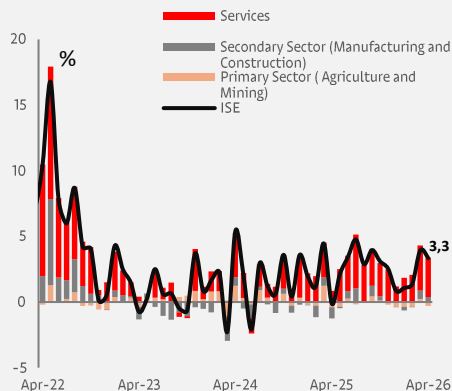
- **Primary activities (agricultural and mining): contracted 2.35% y/y in the original series, subtracting 0.31 percentage points (pp.) from headline ISE growth.** On a seasonally adjusted basis, the sector posted a 2.23% y/y decline and a 1.99% m/m contraction relative to March. The agricultural component remains the main drag, with declines in flowers, plantains, and bananas, affected by lower exportable volumes, as well as coffee. Livestock and poultry activities posted positive prints, with pork and poultry production standing out. Mining and quarrying contributed positively to the primary subsector, largely on the back of statistical low base effect. In the case of oil, production is still contracting in the YTD by 1,4% y/y.

Chart 1: Economic Activity Indicator - ISE



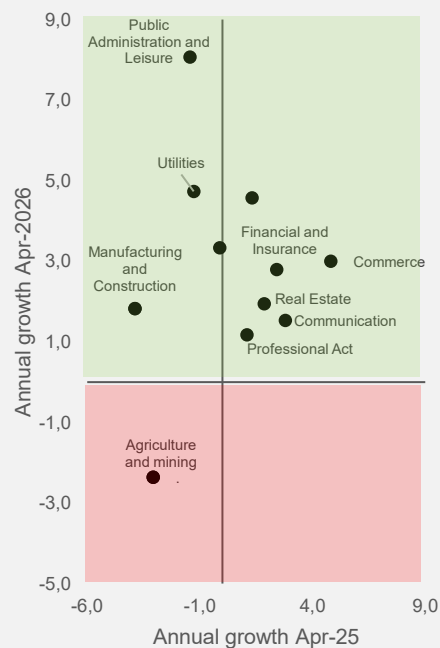
Sources: DANE, DAVIbank Economics.

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



Sources: DANE, DAVIbank Economics.

**Chart 3:** Economic Activity Indicator by Sector (%)



Sources : DANE, DAVIbank Economics.

- Secondary activities (manufacturing and construction): expanded 1.83% y/y in the original series, contributing 0.22 pp to the ISE. The result consolidates the incipient recovery of the sector following a 2025 marked by persistent contractions.** On a seasonally adjusted basis, the sector advanced 0.32% y/y but retreated 1.74% m/m from March (99.12). Manufacturing was supported by petroleum refining and sugar production (benefitting from favorable weather conditions for the harvest) and by liquor output, driven by demand linked to the electoral cycle and the World Cup. These tailwinds were partially offset by lower production of knitted apparel, cotton yarns, paper and baby diapers. In construction, the buildings subsegment maintained a negative annual print.
- Tertiary activities (services): expanded 4.58% 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).** At the subsector level, public administration, defense, education, health, and arts & leisure led with an exceptional 8.07% y/y gain, contributing 2.16 pp. The print reflects both transitory and structural drivers: public sector bonuses and allowances, expanded military service bonuses, election-related activity, higher demand for specialized medical services, and notable dynamism in cultural activities, festivals, concerts, and games of chance. In contrast, market education printed negatively, weighed by technical and technological higher education and by basic education (preschool and primary).
- Commerce, transport, and accommodation expanded by 3.0% y/y (+0.61 pp), driven by stronger retail and wholesale sales** linked to technology goods and agricultural-related inputs, as well as solid land transport performance; however, air transport and intermunicipal passenger services contracted, while accommodation and food services declined amid weaker demand and adverse weather conditions. Meanwhile, **electricity and gas grew by 4.74% y/y (+0.22 pp)**, supported by thermal generation as a precaution against El Niño and a low statistical base; **real estate activities increased by 1.95% (+0.16 pp)**, underpinned by rental dynamics, and financial services rose by 2.80% (+0.16 pp), reflecting higher fee income and stronger system activity.

**Separately, this release incorporated minor revisions to prior figures:** January was revised from 1.04% to 1.08% y/y, February from 1.35% to 1.36% y/y, and March was marginally trimmed from 3.98% to 3.94% y/y. Taken together, the revisions reinforce the picture of a

gradual acceleration in economic activity over the first four months of the year.

## Macroeconomic forecast DAVIbank Economics Colombia

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr
<b>National Accounts</b>								
Real GDP growth (yearly %)	3,2	-7,2	11,1	7,6	0,9	1,5	2,6	2,4
Domestic demand (y/y. %)	4,0	-7,5	13,8	10,5	-2,3	1,6	3,9	2,9
Consumption (y/y. %)	4,3	-4,3	14,1	9,5	0,7	1,4	4,2	3,4
Private (y/y. %)	4,0	-5,0	15,3	11,1	0,6	1,6	3,4	3,5
Government (y/y. %)	5,5	-0,9	10,3	2,2	1,1	0,0	7,4	3,6
Gross capital formation (y/y. %)	2,5	-21,1	13,4	16,6	-16,3	3,4	7,8	0,3
Exports (y/y. %)	3,3	-22,3	15,7	13,6	3,1	0,3	0,6	1,9
Imports (y/y. %)	7,7	-19,8	28,5	25,0	-9,8	1,3	8,8	3,0
<b>Laboral Market</b>								
Unemployment (%. Average)	10,9	16,7	13,8	11,2	10,2	10,2	8,9	
<b>Balance of Payments</b>								
Trade Balance (USD\$. B)	-14,1	-13,1	-20,0	-16,6	-8,2	-9,77	-14,87	-19,27
Exports (USD\$. B)	51,3	38,2	50,9	73,1	67,8	68,87	71,08	73,16
Imports (USD\$. B)	65,5	51,3	70,9	89,6	76,0	78,63	85,95	92,44
Current account (USD\$ Balance. B)	-15	-9	-18	-21,3	-9,7	-7,412	-10,88	-10,88
Current account (% of GDP)	-4,6	-3,4	-5,6	-6,2	-2,7	-1,8	-2,4	-2,4
Exchange terms (y/y. %)	4,04	-12,62	20,74	5,94	-8,22	8,56	1,46	
<b>Prices. Rates &amp; Exchange Rates</b>								
CPI (y/y. %. End period)	3,80	1,61	5,62	13,12	9,28	5,20	5,10	6,60
CPI (y/y. %. Average)	3,52	2,53	3,49	10,15	11,77	6,63	5,14	5,93
CPI without food (y/y. %. End period)	3,45	1,03	3,44	9,99	10,33	5,60	5,11	6,35
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
<b>Tax Codes*</b>								
Net Debt of CNG (% of GDP)	48,4	60,7	60,1	57,6	53,4	59,3	58,5	58,5
Primary Balance of CNG (% del PIB)	0,4	-5,0	-3,6	-1,0	-0,3	-2,4	-3,5	-2,1
Deficit of CNG (% of GDP)	-2,5	-7,8	-7,1	-5,3	-4,3	-6,8	-6,4	-5,1

\*Source: Financing Plan 2026.

Source: DAVIbank Economics Colombia.

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