

Economics Colombia

June 26, 2026

Research Team Colombia

Jackeline Piraján

Head of Research

jackeline.pirajan@davibank.com

Daniel García

Senior Economist

daniel.castro@davibank.com

Paula Andrea Patiño

Intern

paula.patino@davibank.com

Colombia Monetary Policy Preview: BanRep back to the macro debate after elections.

On Tuesday, June 30, the central bank will hold its monetary policy meeting to set the interest rate. It has been a *sui generis* year for the central bank, which started 2026 delivering very hawkish hikes of 100 bps in the January and March meetings, only to decide afterward, by unanimous vote, on a sudden pause in April, explicitly stepping aside from electoral noise. Fortunately, the institutional uncertainties that surrounded April's meeting are no longer present: first, the Council of State issued a provisional injunction stating that BanRep can meet without the presence of the finance minister; secondly, we have moved past the presidential elections, allowing for a renewed focus on the macroeconomic outlook.

Economists' consensus expects a new rate hike of 50 bps, according to BanRep's survey—an expectation also reflected in the IBR market. In both cases, the peak of the tightening cycle is expected to occur after the June meeting; economists anticipate a peak at 12.25%, while markets expect 12.75% (revised down post-elections). **DAVIbank is out of consensus, as we expect rate stability in response to recent moderate macro surprises and tailwinds reflected in lower risk premia for Colombia.** However, in our view, extending April's pause would also represent a period to “wait and see” for new signals regarding potential risks stemming from policy perspectives under the incoming government. We believe the June meeting will also be important in assessing whether the communication suggests we are approaching the peak of the tightening cycle, something that could undoubtedly serve as a meaningful signal for markets.

Key points to consider ahead of June's meeting:

- **Economic activity continues to expand, but showing mixed signals.** Activity data for March (+3.9% YoY) and April (+3.3% y/y) showed a significant rebound compared to the first two months of the year, which grew on average below 1.5% y/y. Growth dynamics remain uneven: household consumption is still resilient, particularly reflected in services, though with more moderate momentum. Meanwhile, the public sector has gained strong relevance, driven by activity linked to election-related spending. At DAVIbank, we project economic growth of 2.4% for 2026; however, medium-term recovery momentum will depend on a rebalancing between a potential smaller public sector footprint and a rebound in private investment.

- **Mixed growth signals are accompanied by the lowest current account deficit since 2005.** This reflects the positive impact of higher commodity prices on exports, as well as some moderation in import momentum associated with investment. For now, the external deficit suggests a moderate degree of vulnerability to external shocks. **In addition, the exchange rate does not appear to be a source of inflationary pressure in the short or even medium term.**
- **Inflation has come in below expectations, with a mild easing in expectations.** Headline inflation stands at 5.84%, while core measures remain elevated at 5.80% (excluding food) and 6.06% (excluding food and regulated items), continuing to reflect pressures from labor costs. The inflation peak is still expected for December 2026 at around 6.5%, according to the BanRep's survey. One-year ahead expectations remain at around 5.5%, and two-year expectations at 4.8%. In the case of market metrics, BEI has ease since April on average by half percentage point. **BanRep faces uncertainty regarding the convergence of inflation to target; as in the past year, a key inflection point will be the minimum wage decision, which will shape the pace of disinflation in 2027.** It is worth noting that since April's pause, the contractionary stance of the monetary policy rate (which we estimate at ~5.2% in real terms) has not declined, which could also reduce the pressure to continue tightening.
- **Risk premia have narrowed following the elections.** The decline in 5-year CDS (down from 215 pre-elections to 149 currently) and sovereign bond yields (five year reference down from 14.5% to 12.3%) since the first round of presidential elections appears to reflect a vote of confidence from markets in the change of administration. These dynamics are key to easing pressure on the neutral real interest rate and, consequently, reducing the need for an immediate increase in the restrictiveness of monetary policy.
- **On the fiscal front, the 2026 Medium-Term Fiscal Framework reveals underestimation of expenditure growth.** As a result, the fiscal deficit is likely to exceed the official projection of 5.3% of GDP; estimates from CARF suggest it could reach 7.4% of GDP. Fiscal pressures have undoubtedly been part of the central bank's risk assessment; however, given the proximity of the government transition, BanRep may maintain a cautious stance and reserve policy actions until there is greater clarity on future fiscal policy direction.

Macroeconomic forecast DAVIbank Economics Colombia

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr
National Accounts								
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
Laboral Market								
Unemployment (%. Average)	10,9	16,7	13,8	11,2	10,2	10,2	8,9	
Balance of Payments								
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	
Prices. Rates & Exchange Rates								
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
Tax Codes*								
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.

Disclaimer

- This document has been prepared by Banco DAVIbank S.A., a banking institution, for distribution among its clients and those of its subsidiaries in Colombia: Fiduciaria and Brokerage Firm, entities subject to inspection, surveillance, and control by the Financial Superintendence of Colombia.
- This document is for informational purposes only. It should not be interpreted as professional advice or as a research report for making investment decisions, in accordance with the provisions of Articles 2.40.1.1.2 and 2.40.1.1.3 of Decree 2555 of 2010 and its complementary regulations.
- The information contained is provided for informational purposes only and does not constitute personalized investment advice, nor an invitation, offer, solicitation, suggestion, or obligation on the part of Banco DAVIbank S.A. or its subsidiaries in Colombia, their managers, representatives, associates, directors, partners, employees, advisors, or contractors. Accordingly, the information in this document is published for general use and does not take into account specific investment objectives, financial situations, or the needs of any particular investor. The use of the information provided is the sole responsibility of the recipient. The reader should understand that the purpose of this document is not to predict the future or guarantee a financial result, nor to ensure the fulfillment of the scenarios presented. This document does not predict future outcomes or guarantee financial results; all scenarios are strictly referential.
- Interested parties should seek authorized professional advice regarding the suitability of making investment decisions and should understand that statements regarding future outlooks may not materialize.
- The opinions contained in this document have been compiled or obtained from public sources considered reliable, but no express or implied warranty is made regarding their accuracy or completeness.
- Neither Banco DAVIbank S.A., nor its subsidiaries accept any responsibility for any direct, indirect, or consequential loss arising from any use of the information contained in this document.
- The information in this document is based on certain assumptions and analyses of the information available at the time it was prepared, which may or may not be correct. Therefore, there is no certainty that the projections contained in this document will be met; thus, nothing in this document is or should be considered a promise or guarantee regarding the future performance of such projections.
- The opinions, estimates, and projections contained in this document are subject to change without prior notice.
- This document does not constitute, nor should it be understood as: (i) an offer to sell or an invitation to buy securities; (ii) a proposal to carry out commercial transactions; (iii) personalized investment advice.