

Latam Economic Update

- Colombia: July imports rose 26% m/m from June, but were still off by -20.1% y/y

COLOMBIA: JULY IMPORTS ROSE 26% M/M FROM JUNE, BUT WERE STILL OFF BY -20.1% Y/Y

July's import data, released on Thursday, September 17, came in at USD 3.7 bn, representing a contraction of -20.1% y/y and an increase of 26% m/m from June (chart 1). Manufacturing-related imports fell by -17.3% y/y and accounted for most of the y/y decline. Year-to-date, imports were still down by -19.8% y/y. Overall, imports might have been down even more, but weaker capital goods imports were partially offset by stronger imports of non-durable goods.

From the perspective of imports by use, there were declines in all three major segments (chart 2). Capital imports declined -18.9% y/y due to contractions in transportation-related sub-sectors (-48.7% y/y) and construction (-47.3% y/y). Consumption-goods imports fell by -7.4% y/y, owing mainly to a significant decline in durable goods imports (-37.8% y/y), while non-durable goods imports rose by 17% y/y on significant increases in clothing purchases (220.9% y/y); this is a curious number since demand for clothing has been heavily impacted by the COVID-19 pandemic shock. Raw materials imports contracted by -27.4% y/y, mainly due to a drop in fuel oil imports (-65.7 % y/y) and imports for the industrial sector (-21.6% y/y).

The trade deficit came in at USD -901.6 mn in July (chart 3), down -18.3% y/y, which took the YTD deficit to USD -5.37 bn (-1.8% y/y). The YTD deficit showed just a moderate contraction from last year since imports were down by a smaller amount than in June. All of these factors should help maintain the current account deficit below -4% of GDP in 2020.

—Sergio Olarte & Jackeline Piraján

Chart 1

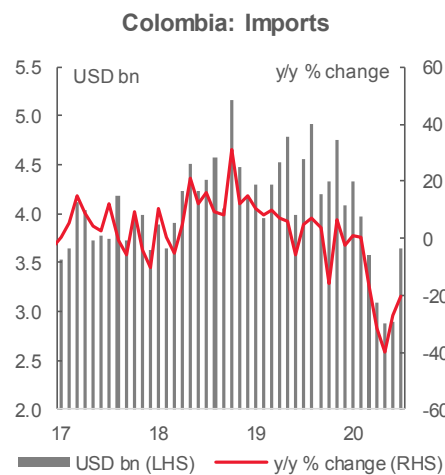


Chart 2

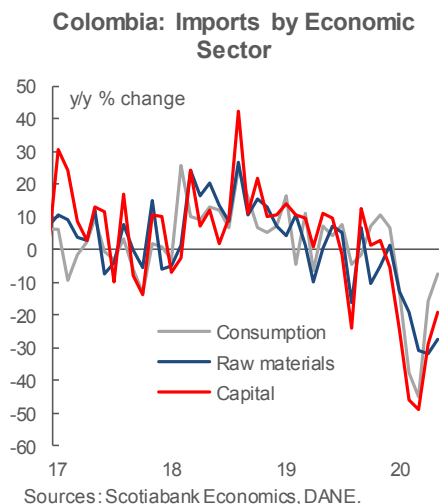
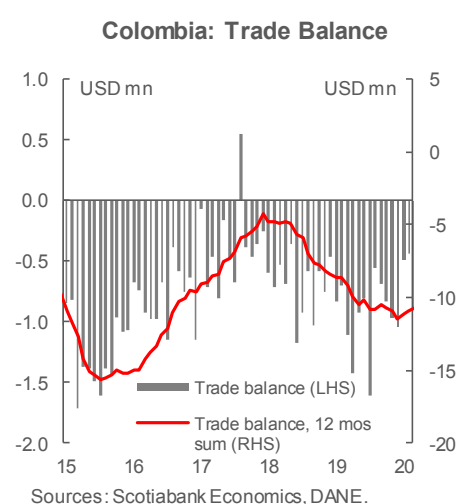


Chart 3



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