

## Latam Daily: Colombia April Activity Boosted by Base Effects, Resilient to Lockdowns

- Colombia: April boost in economic activity owing to base effects but resilient to lockdowns; still slightly below (0.4%) pre-pandemic levels

### COLOMBIA: APRIL BOOST IN ECONOMIC ACTIVITY OWING TO BASE EFFECTS BUT RESILIENT TO LOCKDOWNS; STILL SLIGHTLY BELOW (0.4%) PRE-PANDEMIC LEVELS

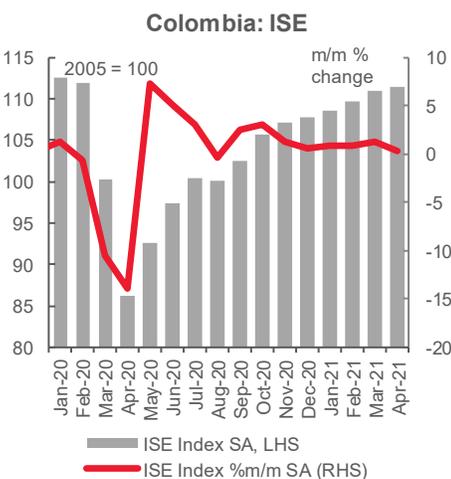
On Friday, June 18, Colombia's Statistical Agency (DANE) released [April's Economic Activity Indicator](#) (i.e., ISE, the main GDP proxy). On a seasonally adjusted basis, April's economic activity expanded by 0.3% m/m (chart 1), despite new health restrictions imposed to contain the third wave of COVID-19. Compared with the same month in 2020, April's activity expanded by 28.7% y/y, given the very low base in April 2020 (the weakest month since the pandemic began). April's result landed above our expectations (+25.1% y/y) but below market consensus (+30% y/y according to Bloomberg). Commerce, hotels, and transport were the hardest-hit sectors in April as they were impacted by lockdowns. Construction, meanwhile, led a strong rebound, boosting the secondary sector. YTD economic activity grew by 6.9%.

April's economic activity stayed slightly below (0.4%) pre-pandemic levels (compared to Feb-2020), its best monthly performance yet since the pandemic began. We affirm our annual GDP growth expectation of 6.0% y/y for 2021.

In April, economic activity was resilient despite the re-imposition of mobility restrictions in Colombia's main cities. Some activities (led by a strong performance in construction) continued to improve, while contact-intensive services posted a relatively mild contraction (chart 2):

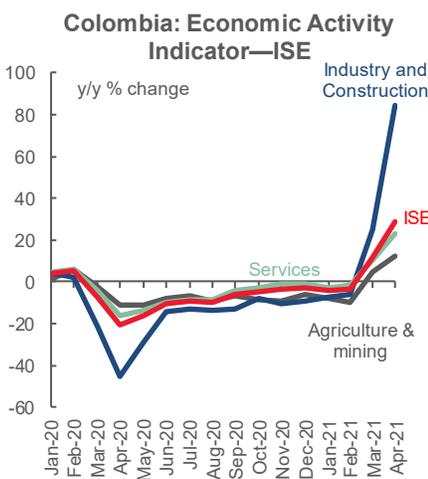
- Primary activities** (13% of the economy) grew by 12% y/y but fell a modest -0.1% m/m sa in April. The annual increase was driven mainly by agriculture, while mining production (especially coal and oil production), remained weak.

Chart 1



Sources: Scotiabank Economics, DANE.

Chart 2



Sources: Scotiabank Economics, DANE.

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- **Secondary sectors** (19% of the economy) were up by 84.4% y/y, expanding by a strong 6.3% m/m sa, led mainly by a rebound in construction activities, which a year ago had been nearly entirely stopped. Manufacturing, on the other hand, contracted by 1% m/m sa, according to a release earlier in the week.
- **Services-related activities** (68% of the economy) were up by 22.9% y/y but contracted by 1.4% m/m. This result is a positive surprise given that activities such as commerce, hotels, and restaurants were more heavily impacted by lockdowns (-16.5% m/m sa), but balanced by activities such as public administration, education, health, leisure and other services (rebounded by 9.5% m/m sa), which posted their best monthly performance since the pandemic began.

**Overall, April's economic activity surprised us to the upside as certain activities offset the negative impacts of renewed lockdowns on some services-related sectors.** Economic activity in April 2021 was the best since the pandemic began, at just 0.4% below pre-pandemic levels. For May, we expect a significant negative impact due to the nationwide strike; however, the full opening underway since June would lead to a stronger rebound.

—Sergio Olarte & Jackeline Piraján

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