

## Latam Daily: Colombia April Imports Continue Rebound; Preview Investment Recovery

- Colombia: April's imports grew by 51.7% y/y; raw material imports are close to historical high; monthly trade deficit widens

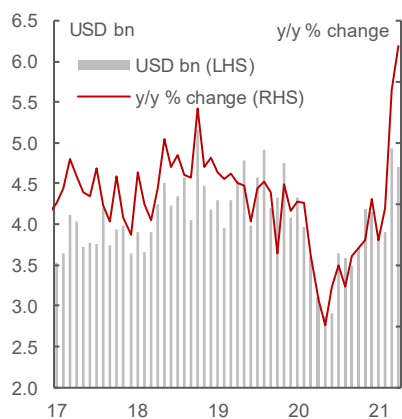
### COLOMBIA: APRIL'S IMPORTS GREW BY 51.7% Y/Y; RAW MATERIAL IMPORTS CLOSE TO HISTORICAL HIGH; MONTHLY TRADE DEFICIT WIDENS

April's imports data, released by DANE on Tuesday, June 22, came in at USD 4.7 bn CIF, an expansion of 51.7% y/y. Imports continued posting the best levels since the pandemic began (chart 1). Manufacturing imports grew by 64.2% y/y and accounted for the strongest positive contribution to annual imports growth, while mining-related imports grew by 23.6% y/y and agriculture-related imports increased by 3.7% y/y. The monthly trade deficit widened by 41.8% y/y to USD 1.49 bn FOB on the back of better imports, pointing that economic recovery is underway (chart 2). Colombia's YTD trade deficit stood at USD 4.44 bn for January–April.

From the perspective of imports by use, the three major segments showed positive signals compared with a year ago (chart 3).

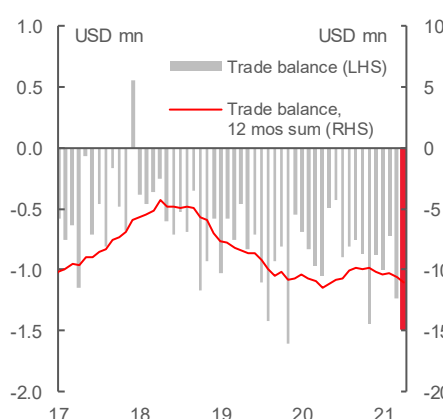
- Consumption-goods imports** increased by +66.6% y/y, owing mainly to better durable-goods imports (185% y/y), especially in vehicles with an expansion rate above 500%; meanwhile, non-durable goods imports grew by 25% y/y, mainly on higher pharma products (+23.1% y/y) and clothing imports (+195.0% y/y). Despite the recent result, consumption-related imports remained below pre-pandemic monthly averages (2020: USD 1.05 bn versus 2021-YTD: USD 995 mn);
- Raw-materials imports** grew by 38.4% y/y, principally due to larger purchases of foreign goods for the construction (45.9% y/y) and agriculture (23.0% y/y) sectors. It is worth noting that raw materials imports are close to their historical high and are comparable to 2014 levels; and,

Chart 1

**Colombia: Imports**


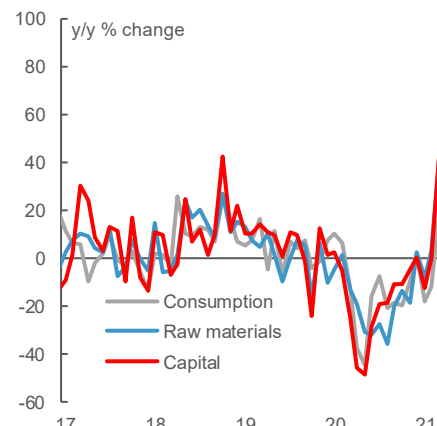
Sources: Scotiabank Economics, DANE.

Chart 2

**Colombia: Trade Balance**


Sources: Scotiabank Economics, DANE.

Chart 3

**Colombia: Imports by Sector**


Sources: Scotiabank Economics, DANE.

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- **Capital-goods imports** were up by 69.2% y/y, as investment-related imports in the industry (66.4% y/y) and transport equipment purchases (82.9% y/y) strongly rebounded. This puts capital-goods imports closer to pre-pandemic averages (2020: USD 1.37 bn versus 2021-YTD: USD 1.27 bn).

**April's imports remained at a remarkable level, mainly on the back of capital-goods imports and raw-material imports, showing a significant recovery in investment activities in the construction, agricultural and industrial sectors.**

Consumption-related imports, however, still have room to improve. For 2021, we expect gaps in consumption to keep closing; and, while investment in May will likely post a slowdown due to the blockades, H2-2021 would contribute to wider trade deficits. As Colombia's economic recovery consolidates, we expect a slight deterioration in the country's external balance. We continue to project a current account deficit of -4.0% of GDP in 2021, or potentially higher.

—Sergio Olarte & Jackeline Piraján

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