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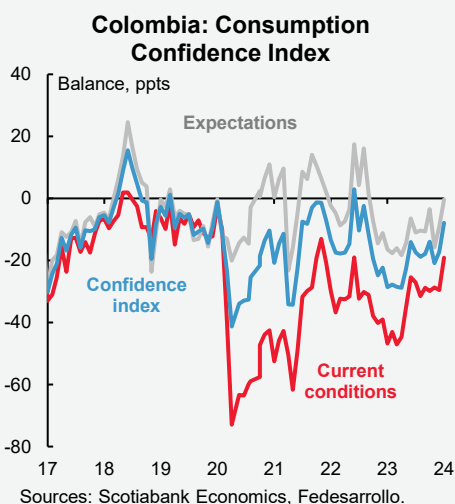
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Chart 1



Latam Daily: Colombian Consumer Confidence and Mexican Industrial Production Recap

- **Colombia: Consumer confidence improved, reaching its highest balance since August 2022**
- **Mexico: Industrial production stagnated in December due to falls in manufacturing and a slower pace of construction**

COLOMBIA: CONSUMER CONFIDENCE IMPROVED, REACHING ITS HIGHEST BALANCE SINCE AUGUST 2022

The Consumer Confidence Index (CCI) stood at -7.9% in January 2024, increasing by 9.4 percentage points versus December's record (-17.3%) and reaching the highest level since mid-2022. The increase in the CCI is explained by an increase in its two components. The economic conditions index increased by 10.5 percentage points, while the expectations index increased by 8.7 percentage points (chart 1).

The year starts with a much better consumer confidence, mainly explained by a more favourable perception of the current economic conditions. Compared to December, the economic conditions indicator (ECI) stood at -19.1%, up from -29.6% in December, which incorporates an increase of 11.8 percentage points in the willingness to buy durable goods. This may be associated with the increase in household purchasing power, since in January, the 12% increase in the minimum wage and inflation that decreased to 8.35% YoY, contributed to a better disposable income, added to the beginning of the easing cycle by BanRep, which generates the expectation of lower credit costs (chart 2).

Consumer expectations also showed a better balance. In January, the Consumer Expectations Index (CEI) came in -0.4%, the best reading since September 2022 when the indicator registered a balance of +1.6%. Consumers also seem to support the idea that in 2024 and 2025, the economic conditions of their households and the country, in general, will be much better. It is expected that economic activity will begin a recovery cycle, although 2023 had a sharp drop in labour-intensive sectors such as construction and manufacturing. Greater execution by the government could see a benefit for these sectors, such as the reactivation of some housing subsidies by the government that contribute to a better dynamism of the sector, even the evaluation of better conditions for home purchases are reflected in the willingness to buy housing by households that increased by 7.6 percentage points to -40.2%.

Looking at the January details:

- The Economic Conditions index stood at -19.15, advancing 10.1 p.p. from the previous month. Consumers' perception of current economic conditions improved by 9.2 p.p. to -12.7%. Similarly, the willingness to buy durable goods, vehicles, and housing showed an increase compared to December, of 11.8 p.p., 5.1 p.p., and 7.6 p.p., respectively, which is associated with a decrease in the prices of some appliances, automobiles, and motorcycles, as well as falling interest rates and reactivation in housing programs.
- The expectations index came in at -0.4%, up 8.7 p.p. from December. Expectations about the economic situation in a 12-month horizon showed an improvement of 14.2 p.p., maintaining the trend of improvement for 3 consecutive months, likewise, the expectation of better conditions for their households stood at 19.9% from 15.8% in the previous month. Additionally, the perception of the country's economy improved by 7.8 p.p., with a balance of -7.2%.

February 13, 2024

- Three out of the five cities analyzed showed an increase in the consumer confidence indicator. Compared to December, the city of Bogota had an increase of 18.1 p.p., standing at 0.3% in January, being the only city to have a positive balance. Bucaramanga and Cali had an increase of 3.6 p.p. and 1.0 p.p., respectively. Meanwhile, Barranquilla and Medellin registered negative variations of -0.9 p.p and -7.0 p.p, respectively.
- By socioeconomic level, consumer confidence increased at all income levels. The high-income level registered an increase of 10.2 p.p., followed by the middle-income level with an increase of 10 p.p., while the low-income level had an increase of 8.3 p.p. The socioeconomic level with the best confidence balance is the middle-income level with -6.1%, while the high-income level presented the worst balance with -33.7%.

—Sergio Olarte & Daniela Silva

MEXICO: INDUSTRIAL PRODUCTION STAGNATED IN DECEMBER DUE TO FALLS IN MANUFACTURING AND A SLOWER PACE OF CONSTRUCTION

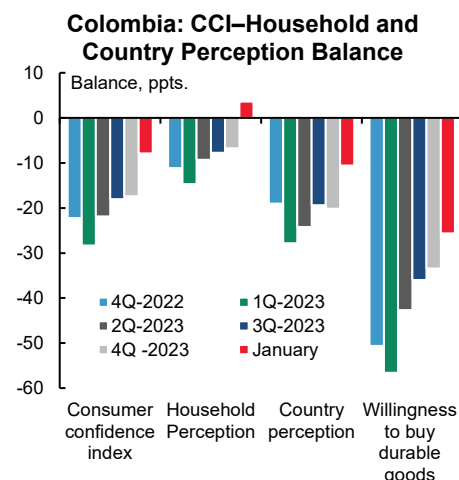
In December, industrial production remained unchanged (0.0% y/y from 2.9% previously), as construction decelerated to 14.8% (18.5% previously), utilities to 2.2% (5.5% previously), while manufacturing and mining fell -4.0% (-0.2% previously) and -1.2% (-2.4% previously), respectively. In the monthly comparison, the index fell -0.7% m/m from -1.0% previously, with seasonally adjusted monthly data. Construction fell -0.6%, manufacturing -1.2%, while utilities decreased -1.3%, and mining rose 1.4%. In 2023, the industrial activity index increased 3.5%.

Despite the significant slowdown in construction, this subcomponent increased 15.6% during 2023, owing to the strength of civil engineering works with a cumulative annual growth of 78.7%. Yet, we expect construction to present a modest growth during 2024, as public infrastructure projects come to an end.

Manufacturing presented a much smaller increase than construction, barely 0.9% annually, with significant falls in different components, highlighting textiles (-9.4%), beverages and tobacco (-3.8%), wood (-11.0%), among others, the exception to this is transport equipment, which grew, except for the automotive industry, which in the automobile and truck manufacturing component registered a cumulative increase of 11.3%. In the future, we believe that manufacturing will maintain a slow pace, affected by restrictive policy rates, and an expected slowdown in the US economy.

—Brian Pérez & Miguel Saldaña

Chart 2



Sources: Scotiabank Economics, Fedesarrollo.

Chart 3

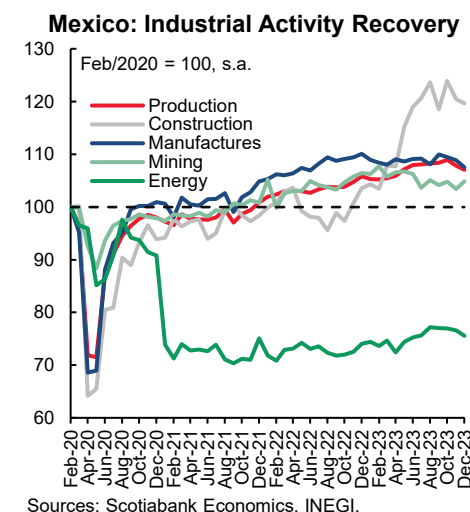
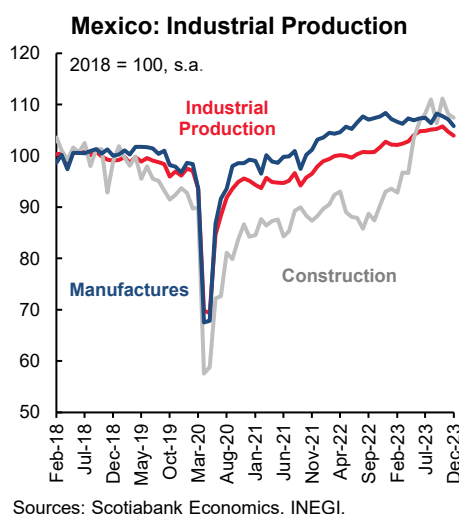


Chart 4



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