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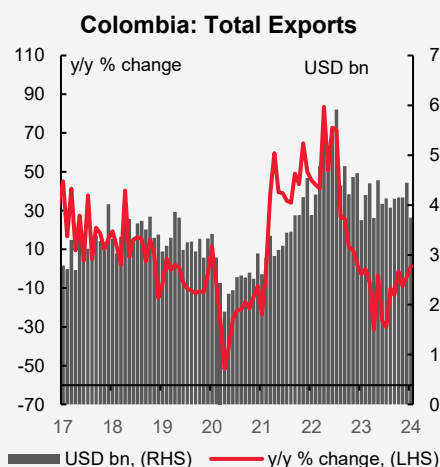
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Chart 1



Sources: Scotiabank Economics, DANE.

Latam Daily: Colombia Exports, Mexico Investment and Consumption Recap

- **Colombia: 2024 began with strong exports, after a negative 2023 performance**
- **Mexico: Investment and consumption slowed in December, as expected**

COLOMBIA: 2024 BEGAN WITH STRONG EXPORTS, AFTER A NEGATIVE 2023 PERFORMANCE

The National Statistics Institute (DANE) published export data on Monday, March 4th. Monthly exports in January 2023 amounted to USD 3.75 billion FOB, with a growth of 1.3% y/y (chart 1) compared to January 2023. This result, along with the one recorded in 2022, marks the highest level of exports in January since 2014. In terms of volume, January 2024 also saw an expansion of 15.7% y/y to 8.4 million tons, compared to 7.3 million tons in the same month of 2023.

This result was due to an expansion of 9.1% y/y in the exports of agricultural products, food, and beverages (USD 803.3 million FOB), compared to January 2023 and a contribution of 1.8 p.p. to the total variation. This behaviour was mainly explained by the increase in exports of bananas and plantains (369.1% y/y) and fresh or dried fruits (54.9% y/y), which together contributed 13.0 p.p. to the group's variation. In second place were the exports of the manufactures group, which amounted to USD 722.0 million FOB, showing an annual growth of 4.4% y/y in January and contributing 0.8 p.p. to the total variation. This behaviour is mainly explained by the increase in external sales of machinery and transport equipment (87.1% y/y) and chemical and allied products (8.7% y/y), which together contributed 13.6 p.p. to the variation of the grouping. The "other sectors" group expanded by 5% y/y in January 2023, mainly explained by the increase in exports of non-monetary gold, which contributed 5.1 p.p. to the group's variation.

On the other hand, exports of fuels and extractive industries fell by 3.0% y/y in January, with a value of USD 1.96 billion FOB and a contribution of -1.6 p.p. to the total variation. This decline was mainly due to the fall in exports of coal, coke, and briquettes (-28.9% y/y), which negatively contributed -13 p.p. to the group's variation.

In terms of participation, in January 2023, the reference month, exports of fuels and products of the extractive industries participated with 52.3% of the total FOB value of exports; likewise, agriculture, food, and beverages with 21.4%, manufacturing with 19.3% and other sectors with 7.0%.

Despite the improvement in global financial conditions, exports are expected to suffer in 2024 due to the fall in international prices of basic commodities such as coal, oil, and coffee. Imports will continue to decline, albeit at a slower pace, as demand for imported intermediate goods to replenish inventories picks up slightly in a context of moderate economic growth and falling international commodity prices. However, the increase in the current account deficit will be limited by the continued dynamism of tourism exports, the normalization of freight rates, the decline in profits of some foreign direct investment companies, and the high level of workers' remittances.

Highlights:

- Traditional exports (related to coffee, oil, and mining) declined in value but recovered in volume. In January, traditional exports amounted to USD 2.09 billion FOB, a decline of -8.1% y/y, in contrast to the 7.58 million tons exported, whose growth was 12.6% y/y.
- Among the components of traditional exports, oil and its derivatives increased by 15.6% y/y in January (USD 1.19 billion FOB). In contrast, coal exports fell 28.9% y/y in

March 5, 2024

January (USD 646.98 million), followed by coffee exports, which fell 8.1% y/y (USD 221.79 million).

- In terms of volume, external sales of oil and its derivatives increased by 13.7% y/y in January (2.59 million tons). As for coal exports, they recorded an expansion of 12.3% y/y in January (4.93 million tons), while coffee exports abroad were up 7% y/y in January (~49 thousand tons).
- Non-traditional exports reached USD 1.65 billion in January 2023, recording a growth of 16.4% y/y (chart 2) compared to January 2023. In addition, in terms of volume, non-traditional exports reached 849,217 metric tons (+53.3% y/y vs. January 2023).

—Sergio Olarte & Santiago Moreno

MEXICO: INVESTMENT AND CONSUMPTION SLOWED IN DECEMBER, AS EXPECTED

In December, gross fixed investment decelerated on an annual basis, from 19.2% to 13.4% y/y (chart 3). Machinery and equipment moderated to 5.0%; in particular, the domestic subcomponent slowed (0.0%) from 16.1%, and the imported subcomponent rose 8.9% from 18.6%. Construction rose 21.8% from 20.7%, led by the non-residential component, which stood at 40.4% YoY (41.0% previously) while residential construction declined to -0.4%. In the seasonally adjusted monthly comparison, GFI showed no advance (0.0%) after a -1.3% m/m drop, machinery and equipment fell -0.7%, and construction rebounded 1.0% from -2.8% previously. In the annual cumulative numbers, investment summed an increase of 19.7% thanks to a rebound in construction of 20.8%, and an increase in machinery and equipment of 18.5%.

Also in December, private consumption moderated in real annual terms, from 5.6% to 4.4% y/y (chart 4). The strongest pace continued in imported goods, rising 28.1%, while domestic goods moderated further to 0.3%. Services increased 1.6% (1.3% previously). In its seasonally adjusted monthly comparison, private consumption moderated from 0.7% to 0.2% m/m, owing to a higher pace in services (0.6%), followed by domestic goods (0.3%), offsetting a drop in imported goods of -0.9%. On a cumulative annual basis, the index rose 4.4%, with services increasing 3.3%, imported goods 20.4% and domestic goods just 0.3%.

As previously shown in the 2024 Q4 GDP figures, consumption and investment had a more moderate pace at the end of the year. Nevertheless, in all of 2023 both had quite a positive advance. The significant rebound in investment (19.7%) was led by the rebound in non-residential construction, benefited by flagship public sector projects, and possibly related to positive expectations around nearshoring. Machinery and equipment, especially major, also played an important role in the 2023 rebound, possibly obeying a renewal of equipment after a period of stagnation in new equipment investment. On the consumption side, consumption also showed above-average strength in 2023, favoured by the strength of the labour market and historical levels of remittances, with strong dynamism in the consumption of imported goods and services. For 2024, we believe that both consumption and investment will remain strong in the first half of the year.

—Miguel Saldaña

Chart 2

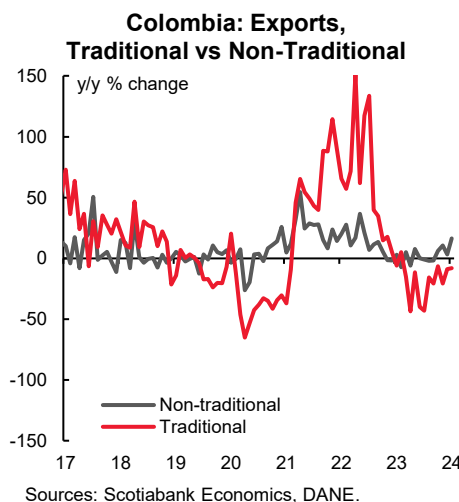


Chart 3

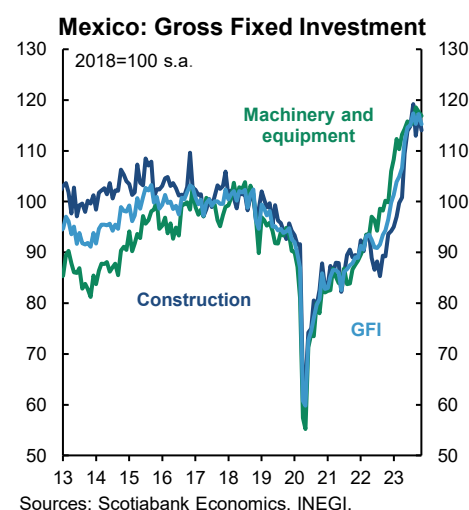
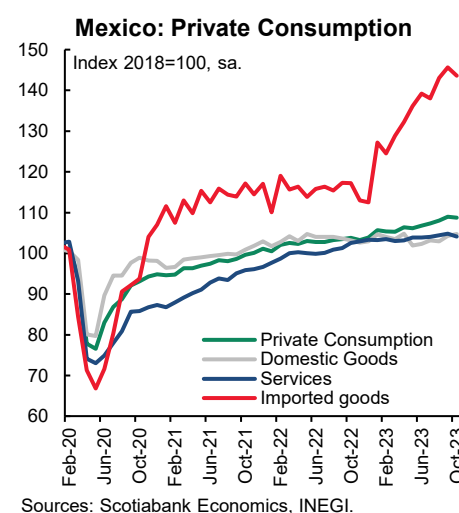


Chart 4



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