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Latam Daily: Colombia Consumer Confidence Deteriorates Slightly in February

COLOMBIA: CONSUMER CONFIDENCE DETERIORATES SLIGHTLY IN FEBRUARY

The Consumer Confidence Index (CCI) stood at 9.4% in February 2024, down 1.5 percentage points from January (-7.9%). Still, it ranks as the second-best balance since August 2022 (-2.4%).

Consumers' perception of current economic conditions declined in February, showing a reversal compared to January's balance. The Economic Conditions Index stood at -23.4%, which corresponds to a drop of 4.3 p.p. compared to the previous month, mostly explained by a lower willingness to buy durable goods. At the same time, the Consumer Expectations Index showed an improvement from -0.4% in January to -0.1% in February, explained by a better perception of the country's future economic conditions.

Consumers keep a favourable expectation about the country's economic future, which we think is associated with inflation that continues on a downward path, and an expectation that the easing cycle by BanRep will continue in its next meetings. However, consumers' perception of their current economic conditions compared to a year ago showed a deterioration of 3.6 p.p., which may reflect still tight financial conditions, as the interest rate continues to be contractionary, influencing both the perception and the lower willingness to buy durable goods.

Consumer confidence is not expected to show an abrupt change, nor return to previously high levels, as economic conditions suggest that the rate-cutting cycle will continue in the short term, easing the burden on households, coupled with a political risk that seems to have faded.

Looking at the February details:

- **The Economic Conditions Index deteriorated in February.** The indicator stands at -23.4% which corresponds to a decrease of 4.3 p.p. Consumers reduced their willingness to buy durable goods by 4.9 p.p. to -30.5%, but better than that observed a year ago (-53.9%). The willingness to buy vehicles and housing decreased by 3.3 p.p. and 1.9 p.p., respectively, while the willingness to buy furniture and household appliances decreased by 4.9 p.p. to -30.5% but remains below that observed one year ago (-53.9%).
- **The Expectations Index stood at -0.1%, reaching the highest level since September 2022.** Expectations for household economic conditions in a 12-month horizon fell by

Chart 1

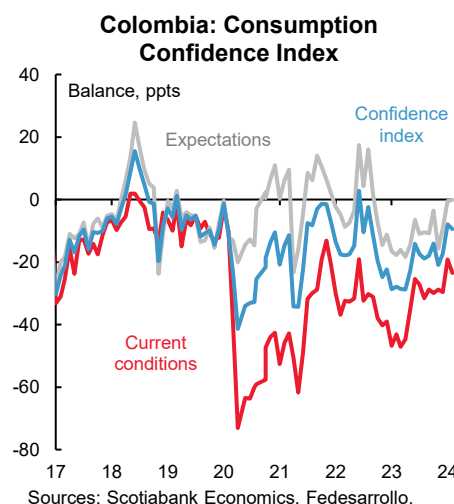
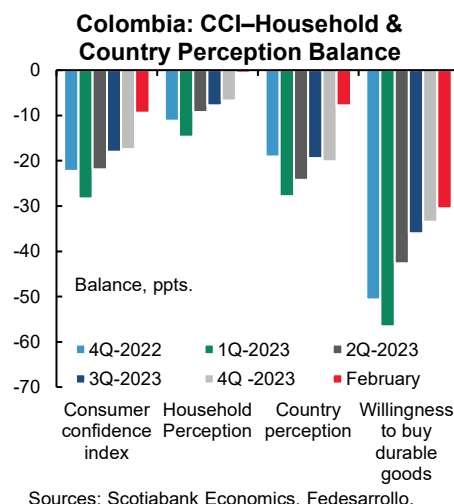


Chart 2



March 12, 2024

4.7 p.p. to 15.2%, returning to a balance like December's figure. On the other hand, expectations about the country's economic conditions improved by 3.9 p.p. to 3.3%, the lowest level in 16 months.

- **Three of the five cities analyzed showed an improvement in confidence.** Compared to January's balance, the city of Medellin presented an increase of 16.8 p.p., being the city with the highest increase, but maintaining the worst balance (-22.5%). Barranquilla presented an increase of 4.0 p.p. to -1.3%, while the city of Bogota presented a fall of 8.4 p.p., with a balance of -8.1%.
- **Confidence declined at all socioeconomic levels.** In February, a decrease of 8.8 p.p., 1.5 p.p., and 1.1 p.p. was registered in the high, medium, and low socioeconomic levels, respectively, compared to the previous month. The high-income level continues to present the lowest confidence with a balance of -42.5%, followed by the low-income segment (-8.1%).

—Sergio Olarte & Daniela Silva

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