

Contributors

Juan Manuel Herrera
Senior Economist/Strategist
Scotiabank GBM
+44.207.826.5654
juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Sergio Olarte, Head Economist, Colombia
+57.601.745.6300 Ext. 9166 (Colombia)
sergio.olarte@scotiabankcolpatria.com

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

Jackeline Piraján, Senior Economist
+57.601.745.6300 Ext. 9400 (Colombia)
jackeline.pirajan@scotiabankcolpatria.com

Latam Daily: BanRep Survey Recap, Steady Forecasts

- **Colombia: BanRep Survey: stable inflation expectations, GDP growth forecasts revised lower, and analysts maintain 50bps rate cut view for April**

COLOMBIA: BANREP SURVEY: STABLE INFLATION EXPECTATIONS, GDP GROWTH FORECASTS REVISED LOWER, AND ANALYSTS MAINTAIN 50BPS RATE CUT VIEW FOR APRIL

The Central Bank (BanRep) released April's economist's expectation survey. Inflation expectations were stable this time; for Dec-2024 and Dec-2025, expectations are at 5.62% and 3.90%, respectively. The inflation expectation for the 2-year horizon (April 2026) increased only by 3bps to 3.61%. In the short-term, the inflation expectation for April is at 0.57% m/m, which could take the annual inflation to 7.14% from the current 7.36%. Scotiabank Colpatria's projection is 0.59% m/m, and 7.16% y/y. During March, the main contributor to inflation is expected to be the lodging and utilities group, which is similar to previous months. On the other side, tradable goods are expected to continue showing a disinflationary mood. Regarding food prices, we expect moderate positive monthly inflation. However, the annual inflation is expected to rebound as the statistical base of April 2023 was negative.

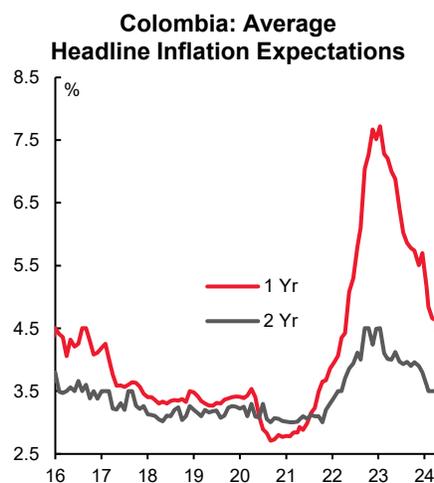
For the monetary policy rate, market consensus projects a 50bps cut at the April 30th meeting, which is the same expectation that Scotiabank Colpatria has. For the year-end, economist consensus and Scotiabank Colpatria expectations are at 8.25%, while the potential terminal rate could be reached by the end of 2025 at 5.50%, according to the survey.

In a fortnight, BanRep will decide on the monetary policy rate. Despite the weak economic performance and the disinflationary process, we don't expect the central bank to accelerate the easing cycle. Recent minutes, among other public speeches, have pointed out that the board prefers to maintain a cautious approach, especially in the context of volatile international markets and domestic risks in terms of the fiscal policy and the political side in general. Having said that, in recent days at Scotiabank Colpatria, we revised the expected path for the monetary policy rate to the upside, and now our expectation is aligned with market consensus (chart 1).

Key points from the survey:

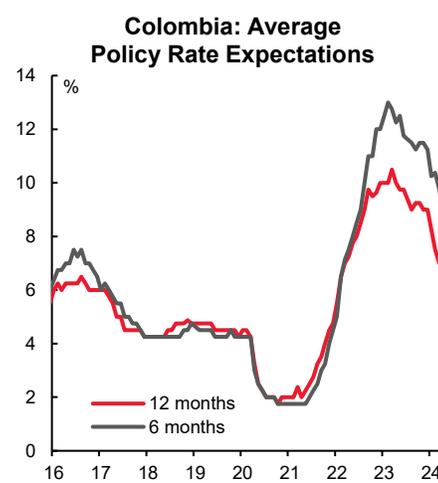
- **Short-term inflation expectation.** For April, the consensus is 0.57% m/m, which implies an annual inflation rate of 7.14% y/y (down from 7.36% in March). The maximum expectation is 0.71%, and the minimum is 0.39%. Scotiabank Economics

Chart 1



Sources: Scotiabank Economics, BanRep.

Chart 2



Sources: Scotiabank Economics, BanRep.

forecast is 0.59% m/m and 7.16% y/y. In April, the progress of annual inflation towards lower levels will be moderate; food inflation will stop to moderate as significant high statistical base effects vanish. Lodging and utilities will continue to pressure up monthly inflation, while it is worth noting that the effect of the recent gasoline prices increase of 31 pesos is not included in the projection as it took place before the survey. However, we estimate a mild impact of 1bps in the inflation.

- Medium-term remained broadly stable.** Inflation expectations for December 2024 increased by 3bps to 5.62% y/y (table 1). However, the headline inflation expectations for the one-year horizon were 4.67% y/y (-3bps). In comparison, the two-year outlook increased by 3bps to 3.61% y/y. In the case of Scotiabank, we revised our forecast for Dec-2024 from 5.57% to 5.64%.
- Policy rate.** The median expectation points to a 50bps rate cut at April's and June's meeting, while in the rest of the meetings during 2024, expectations point to 75bps rate cuts in each one (July, September, October, and December). With previous expectations, economists' consensus points to an 8.25% level for Dec-2024 and 5.50% for Dec-2025. Scotiabank Colpatria's projection is the same (chart 2).
- FX.** The projections for the USDCOP exchange rate for the end of 2024 averaged 3999 pesos (9 pesos below previous survey). For December 2025, respondents, on average, expect the peso to settle at USDCOP 4020 pesos (previous 3985 pesos).

	Average	Change vs previous survey, bps
Apr-2024, m/m % change	0.57	...
Dec-2024, y/y % change	5.62	3
1Y ahead, y/y % change	4.67	-3
Dec-2025, y/y % change	3.90	0
2Y ahead, y/y % change	3.61	3

Sources: Scotiabank Economics, BanRep.

—Sergio Olarte & Jackeline Piraján

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.