

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@scotiabankcolpatia.com

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

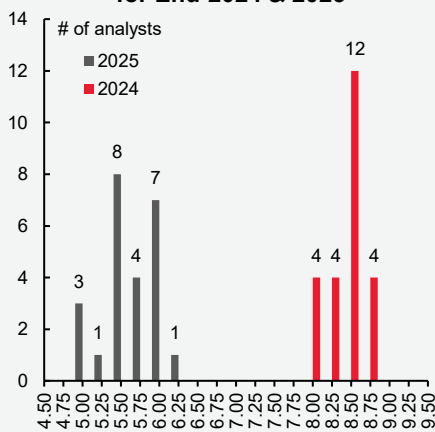
Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

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

Chart 1

Colombia: Repo Rate Expectations for End-2024 & 2025



Sources: Scotiabank Economics, Citi Survey.

Latam Daily: Colombia Economists Survey Recap

- Colombia: May Citi Survey—GDP forecasts improved, inflation expectations rose, and consensus maintains expectation of 50bps cut in June**

The results to the May edition of the Citi economists survey were released on Wednesday, May 29th. BanRep uses this survey as one of its indicators for inflation expectations, the monetary policy rate, GDP, and COP.

Key points included:

- Economic growth forecast improved after Q1-2024 GDP results.** For 2024, GDP growth is expected at 1.34%, while for 2025, it is at 2.55%, 11bps and 2bps above the previous survey, respectively. For 2026, the expectation is at 2.98% (+9bps). Despite the slight improvement, Colombia is still expected to grow well below potential in the forthcoming couple of years.
- Inflation expectations increased moderately.** Inflation for the end of 2024 is expected at 5.62%, 8bps higher than in the previous survey, while for 2025, the expectation increased by 3bps to 3.77%. The stability on inflation expectations were expected as April's results were aligned with consensus. For May, the survey points to a 0.43% m/m inflation; at Scotiabank Colpatia, the expectation is 0.54% m/m, the highest of the survey as we are incorporating a higher indexation effect in rent fees. Having said that, economist consensus points to a reduction in the annual headline inflation from 7.16% to 7.15%, while in the case of Scotiabank Colpatia expectations, it represents an increase to 7.28%. Statistical base effects are now playing against the disinflationary process but we expect this headwind only in May and June.
- Monetary policy.** Consensus points to a 50bps rate cut in June to 11.25%. Two out of the twenty-four respondents expect a 75bps cut. BanRep is expected to maintain its cautious approach as recent economic indicators have been better than expected, and inflation is slowing down at a moderate pace. The terminal rate is the point under debate. For December 2024, the expectation is at 8.50% (+25bps vs. the previous survey) within a range between 8.0%–8.75%, while for December 2025, it is at 5.63% with a range between 5.0% and 6.25%. At Scotiabank Colpatia, we expect the monetary policy rate to close at 8.25% in December 2024 and 5.50% in December 2025.
- Finally, economist consensus expects the **exchange rate** to average 4,025, below the previous survey level of 4,003 pesos, while for 2025, it is expected to be 4,053 pesos. Scotiabank Economics' projections show an exchange rate of 4,116 pesos in December 2024 and 4,150 pesos in 2025.

—Sergio Olarte & Jackeline Piraján

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