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Latam Daily: BanRep Survey, Colombia Retail Sales & Manufacturing; Modest Growth in Peru

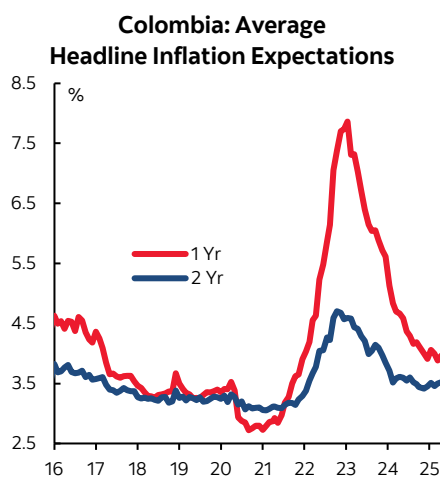
- **Colombia: BanRep Survey**—Inflation expectations increased slightly, and economists expect a rate cut in April; February's retail sales increased while manufacturing was affected by calendar effects
- **Peru: Lower GDP growth in February** reflects special events, not a change in trend

COLOMBIA: BANREP SURVEY—INFLATION EXPECTATIONS INCREASED SLIGHTLY, AND ECONOMISTS EXPECT A RATE CUT IN APRIL

The Central Bank (BanRep) released its survey of economists' expectations for April late on Monday. Inflation expectations increased modestly after the downside surprise on March's inflation reading. For Dec-2025, headline inflation expectation increased 5 bps to 4.59%, between a one- and two-year window; it is expected to fluctuate in the upper side of BanRep's target range (defined between 2% and 4%). Previous results are lower compared with the path expected by Scotiabank Colpatria as we estimate year-end inflation at 4.96% and inflation achieving the target range again in the last quarter of 2026, closing at 3.90% vs. consensus expectation of 3.73%. In the short term, the inflation expectation for April is 0.47%, which takes headline annual inflation to 4.97%. Scotiabank Colpatria's projection is 0.50% m/m and 5.0% y/y. April's result will allow inflation to resume a downtrend in the forthcoming months. However, we expect to see a new interruption in this dynamic during the second half of the year as a result of a low statistical base.

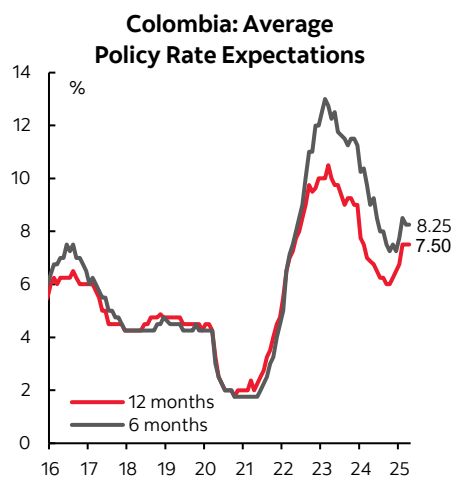
Regarding monetary policy, analysts expect a 25bps cut at the April 30th meeting. In its last monetary policy decision, the BanRep board of directors decided to keep the rate stable at 9.50%, maintaining a cautious approach as the spike in inflation was a concern. They also highlighted the uncertainty of the international scenario and its effects on key variables, such as the exchange rate, all in a context of uncertainty around domestic public finances. Ahead of April's meeting BanRep has a positive piece of news with the reduction in inflation and relative stability on inflation expectation; as a headwind, we see the FX depreciation triggered by the international turmoil. However, we see that in the case of Colombia, the impact could be limited, and in that regard, the monetary policy could have a space to provide some impulse in cutting the interest rate. For Dec-2025, inflation expectations are at 8%, and for Dec-2026, it is at 6.75%. Scotiabank Colpatria has the same expectation.

Chart 1



Sources: Scotiabank Economics, BanRep.

Chart 2



Sources: Scotiabank Economics, BanRep.

Regarding the exchange rate, the consensus revised its outlook to the upside in 2025, however expect a reverse in 2026. For

December 2025, analysts estimate an exchange rate of 4,302 pesos, above previous estimate of 4,267.35 pesos. For 2026, the expectation was revised to the downside to 4,176 pesos versus the previous forecast of 4,202.76 pesos. Scotiabank Colpatría's projection for 2025 is 4,367 pesos, and for 2026, 4,364 pesos.

Key points from the survey

- **Short-term inflation expectations.** For April, the consensus is 0.47% m/m, implying annual inflation of 4.97% y/y, lower than the current 5.09%. The maximum expectation is 0.59% and the minimum is 0.29%, showing a moderate dispersion. Scotiabank Colpatría Economics' projection is 0.50% m/m and 5.0% y/y. Core inflation, excluding food, projected by analysts is 0.40% m/m and 5.12% y/y.
- **Medium-term inflation expectations.** Inflation expectations for December 2025 rose 5 basis points to 4.59% (table 1). The expectation for a 1-year horizon increased by 7 bp to 3.96%, and expectations for 2 years increased by 2 bp to 3.52% (chart 1). Scotiabank Colpatría expectations are above market consensus, however our skew is mainly explained by strong indexation effects of the minimum salary reflected on services prices, especially housing-related expenses. On the other side, our forecast does not include a significant impact from the FX depreciation as historically, this effect has been mild and, at this time, is not coinciding with an extra episode that could magnify its effect.
- **Monetary policy rate.** The median of expectations is for a 25 basis point cut at the April 30th meeting, which would leave a rate of 9.25%. For 2025, the rate is estimated to fall to 8%, which is assuming a continue path of cuts of 25 bps each meeting (chart 2).
- **FX.** Projections for the US dollar exchange rate for the end of 2025 averaged 4,302 pesos (35 pesos less than the previous survey). By December 2026, respondents, on average, expect a rate change of 4,176 pesos.

—Jackeline Piraján

FEBRUARY'S RETAIL SALES INCREASED WHILE MANUFACTURING WAS AFFECTED BY CALENDAR EFFECTS

On Tuesday, April 15th, the National Institute of Statistics (DANE) published the manufacturing production and retail sales data for February 2025. Manufacturing production decreased -1.2% y/y, below market expectation of +1.7% y/y, and, retail sales increased 7.5% y/y, in line with markets' expectation. February's result is partially due to a calendar effect, as 2024 was a leap year with an additional working day; therefore, the seasonally adjusted data showed a 1.4% y/y expansion in manufacturing production. The recovery in retail sales due to the surge of the demand for durable and semi-durable goods could announce the beginning of a new cycle. However, it is important to monitor how the demand continues recovering and the negative effects due to the FX depreciation which could have some impact on imported prices, at the same time when some services prices are showing sticky high inflation.

Manufacturing output fell by 1.2% y/y explained by calendar effects (chart 3 and chart 4). February results showed a negative performance in the manufacturing sector compared to the previous year (-2.2% y/y). However, the seasonally adjusted data showed a +1.4% y/y expansion, which suggest that the contraction in the original data is due to the additional working day last year; however, we saw a 0.3% m/m contraction. In this context, oil and fuel industry, beverage, mineral and pharmaceutical products, explained the negative performance. On the other hand, chemicals, transport equipment and coffee offset the decline during this period.

Retail sales continued their positive trend for the ninth consecutive month, showing a significant

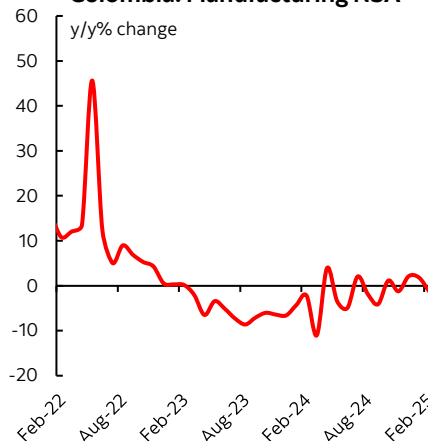
Table 1: Colombia—Headline Inflation Expectations

	Average	Change vs previous survey, bps
Apr-2025, m/m % change	0.47	...
Dec-2025, y/y % change	4.59	5
1Y ahead, y/y % change	3.96	7
Dec-2026, y/y % change	3.73	4
2Y ahead, y/y % change	3.52	2

Sources: Scotiabank Economics, BanRep.

Chart 3

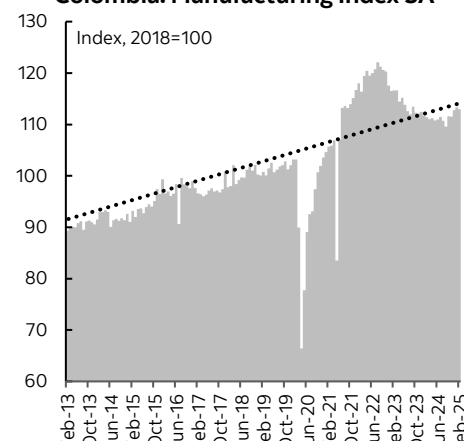
Colombia: Manufacturing NSA



Sources: Scotiabank Economics, DANE.

Chart 4

Colombia: Manufacturing Index SA



Sources: Scotiabank Economics, DANE.

expansion (chart 5). In February, retail sales increased by 7.5% y/y, explained by strong telecommunications equipment sales, vehicle sales, and durable goods such as furniture, which together explained 77% of total growth. It is important to highlight the increase in the textile sector since January after almost two years of contraction, but this could be explained by a base effect due to the 12.1% y/y drop in February 2024. The positive performance in retail sales could be attributed to the price stability of tradable goods for many months and the impact of the FX performance, which showed an appreciation of 6.0% until February. In contrast, fuel, alcoholic and non-alcoholic beverages were the sectors which registered a drop in the period.

In monthly seasonal adjustment terms, retail sales in February (excluding other vehicles) increased by 0.9% m/m. This result offers further signs of the start of a new cycle (chart 6) in which commerce is expected to drive economic growth in 2025.

On Monday, April 21st, the general picture of economic activity in February 2025 will be released with the publication of the Economic Activity Index. However, it will be relevant to monitor whether the sectors that had a positive dynamic during the first half of 2024 would lose traction due to transitory effects in agriculture and public administration restricted by a tight fiscal position. All in all, despite the economic performance at the beginning of 2025 being a reason for the central bank to maintain caution, there are economic fundamentals that increase the probability of a return to the easing cycle. At Scotiabank Colpatría, the expectation is that the central bank will cut the interest rate to 9.25% during the monetary meeting on April 30th.

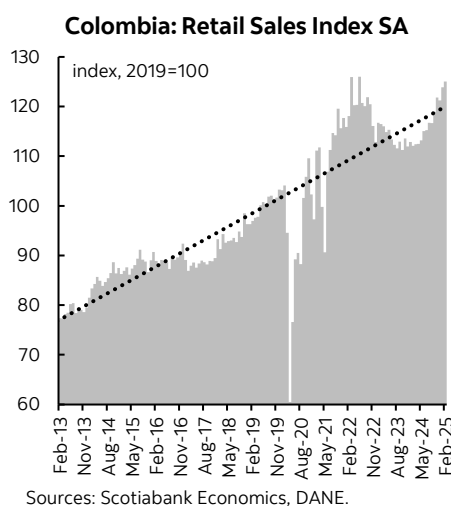
Key Highlights:

- Manufacturing production decrease 1.2% y/y. 17 of the 39 activities showed annual contraction.** On the negative side, oil and fuel industry (-13.3 y/y), the beverage industry (-6.0% y/y), mineral (-7.0% y/y), the pharmaceutical industry (-7.0% y/y), and paper and cardboard production (-7.5% y/y) were the main sectors driving the negative outcome for the month, collectively contributing -2.7 p.p. On the positive side, the chemical industry (+11.5% y/y), transport equipment (+30.8% y/y), and coffee (+62.9% y/y) contributed +0.8 p.p. to the result.
- Retail sales grew 7.5% y/y. 16 of the 19 activities registered positive variations.** Telecommunication equipment sales (+45.1% y/y), vehicle sales (+20.6% for household vehicles and +19.2% for other vehicles), and durable goods such as furniture (+18.4% y/y) were the ones that contributed the most to retail sales growth. Something to highlight is the increase in textile sector sales since January (+4.4% y/y) after almost two years of contraction. Meanwhile, on the negative side, fuel (-3.1% y/y) and alcoholic and non-alcoholic beverages (-5.8% y/y and -3.0% y/y) offset the result.
- From March 2024 to February 2025, retail sales expanded by +3.9% y/y where the sales of textile products experienced the greatest deterioration with a drop of 8.5%,** while the sales of telecommunications equipment, the ones that have had the best contribution to the result with an expansion of +24.7%. **Furthermore, the industry output dropped -1.5% y/y** explained by the pharmaceutical industry (-8.8% y/y), minerals industry (-7.7% y/y), and oil and fuel production (-5.0% y/y). In contrast, transport equipment (+28.4%) and the cleaning industry (+3.7% y/y) maintain a positive contribution in the indicator.

Chart 5



Chart 6



—Jackeline Piraján & Valentina Guio

PERU: LOWER GDP GROWTH IN FEBRUARY REFLECTS SPECIAL EVENTS, NOT A CHANGE IN TREND

Peru GDP rose a modest 2.7%, YoY, in February, which compares unfavourably with the 4.2% average growth of the previous four months (chart 7). Moreover, MoM growth in February was -0.1%. It would be grossly premature to be worried, however, as low growth in February largely reflected the fact that February last year was a leap year, so, in comparison, there was one less day in 2025. This was enough to take growth off trend.

What slower growth in February decidedly did not reflect was an impact stemming from global trade and tariff concerns. The impact of recent US tariff policy is not likely to be felt for, perhaps, a couple of quarters yet.

April 16, 2025

Construction and agriculture growth figures were two significant positives in February sector data (table 2). Construction GDP rose a robust 5.9%, YoY. This was a sector that had lagged the economy throughout 2024, and it is encouraging that it is now leading with conviction. Construction was even up 1.6% in MoM terms, even though February is such a short month compared to January. Much of construction growth was due to public investment, certainly, but there are increasing signs that the private sector is also starting to contribute.

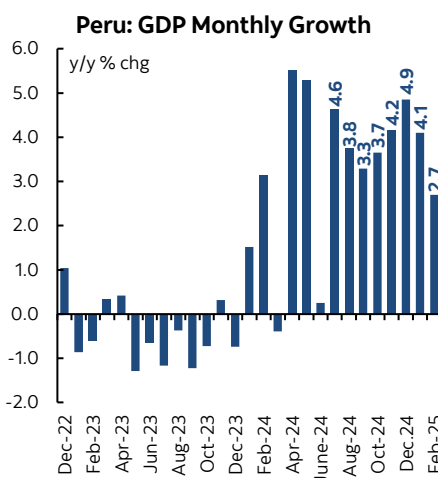
Agriculture GDP rose 5.5%, YoY. In part, the weather has been fine. But, more significantly, it's the export of agroindustrial goods that is leading growth. Peru's agroindustrial sector exports heavily to the US, and February's figure is pre-tariffs. We await with trepidation to see if agroindustry continues to outperform once tariffs are triggered in April.

Sectors that showed negative growth, mining, industrial manufacturing and electricity, were also the most vulnerable to less working days. We note, however, that industrial manufacturing has been weakish for a couple of months now, so we'll need to monitor the sector to see if this reflects a temporary post-Christmas seasonal phenomenon, or if there is more to it.

Looking forward, GDP growth in March is likely to surpass 4.0% handily, although this too will reflect a calendar issue, due to the switch of Easter vacations from March in 2024 to April in 2025. Leading indicators for March are coming in much more strongly than was the case for February (table 3). March is also still too soon to feel the impact of the worldwide tariff wars. Moreover, GDP growth continues to find support in the unexpectedly strong performance of global copper and gold prices. The longer high metal prices persist, the longer Peru's healthy growth trend will be able to continue.

—Guillermo Arbe

Chart 7



Sources: Scotiabank Economics, INEI.

Table 2: Peru—February GDP Growth (%)

	Feb y/y	Feb m/m
GDP	2.7	-0.1
Agriculture & Livestock	4.4	-2.0
Agriculture	5.5	na
Fishing	24.6	-5.3
Mining and Oil & Gas	-1.4	1.3
Mining	-1.2	na
Oil & Gas	-2.2	na
Industrial Manufacturing	-1.8	na
Electricity and water	-1.6	1.7
Construction	5.9	1.6
Commerce	3.1	0.6
Transportation	5.7	0.8
Hotels & Restaurants	0.6	-2.0
Telecom	-0.4	0.7
Financial Services	0.4	-0.7
Business Services	3.8	0.5
Government Services	4.4	na
Other services	3.8	na

Sources: Scotiabank Economics, INEI.

Table 3: Peru—Economic Indicators 2025

Leading Indicators	Jan 2025 y/y% Change	Feb 2025 y/y% Change	Mar 2025 y/y% Change
Public Investment	45%	17%	
Mutual Funds AUM	44%	40%	
Motorcycle Sales	40%	6%	27%
Imports	25%	10%	15%
Heavy Vehicle Sales	27%	0%	44%
Automobile Sales	18%	-1.1%	28%
Sales Tax Revenue	12%	14%	7%
Income Tax Revenue	11%	-4.2%	26%
Total Deposits	9%	10%	
Excise Tax Revenue	7%	15%	9%
Personal Loans	1.0%	1.4%	
Total Loans	0.3%	1.5%	
Business Loans	-0.2%	1.6%	
Cement Sales	-2.4%	4.6%	
Electricity Demand	1.5%	-1.3%	4.8%

Sources: Scotiabank Economics, SBS, BCRP, SMV, Imarpe, Sunat, Asocem, COES.

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