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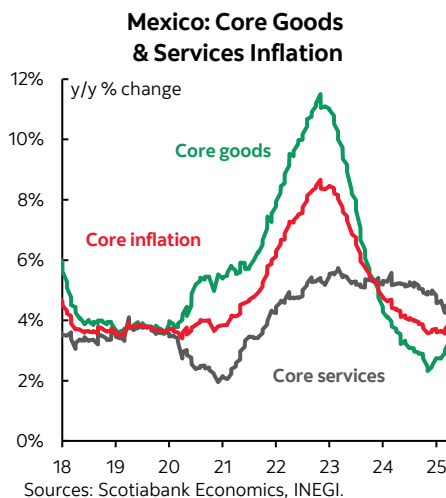
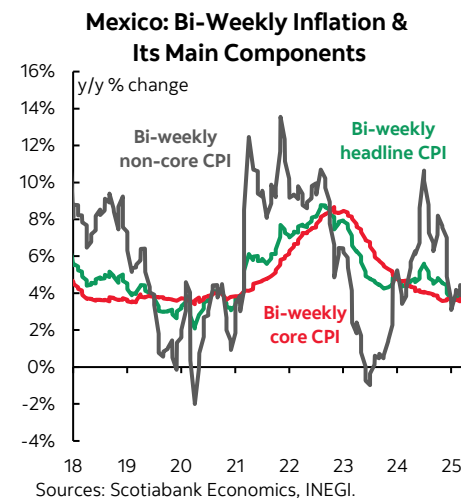
Latam Daily: Mexico Inflation Beats; Colombia Imports Maintain Positive Trend

- **Mexico:** Inflation in the first half of April accelerated more than expected, driven by pressures in goods and services
- **Colombia:** Imports grew by double digits in February, reflecting part of the economic recovery

MEXICO: INFLATION IN THE FIRST HALF OF APRIL ACCELERATED MORE THAN EXPECTED, DRIVEN BY PRESSURES IN GOODS AND SERVICES

Inflation in the first half of April rose more than expected, reaching 3.96% y/y from 3.93% (vs. 3.86% consensus from Citi Survey). Core inflation increased to 3.90% from 3.72% (vs. 3.79% consensus). Within this, goods rose to 3.28% (3.04% previously), while services at 4.60% (4.45% previously) (chart 1). Non-core inflation stood at 3.95% (4.44% previously), with agricultural products at 4.41% (5.53% previously), and energy and government tariffs at 3.09%. In bi-weekly comparison headline inflation rose to 0.12% (0.21% previously, 0.03% consensus from Citi Survey), core inflation increased by 0.34% (0.18% previously, 0.23% consensus), and non-core inflation fell by -0.59% (0.34% previously) (chart 2). Looking ahead, inflationary risks remain tilted to the upside, highlighting the potential impact of tariff measures between Mexico and the U.S., as well as possible price pass-through due to further depreciation. Additionally, there could be a significant rebound in the non-core component due to climatic events in the coming months.

Despite the increase in inflation, Banxico is expected to cut the interest rate by 50 basis points, bringing it down to 8.50% at the May meeting. This decision is based on projections of slower economic growth, with surveys indicating a possible convergence towards zero growth or even a recession.

Chart 1

Chart 2


—Rodolfo Mitchell, Brian Pérez & Miguel Saldaña

COLOMBIA: IMPORTS GREW BY DOUBLE DIGITS IN FEBRUARY, REFLECTING PART OF THE ECONOMIC RECOVERY

On Wednesday, April 23rd, DANE published import data for February 2025. Imports reached US\$5.32 billion CIF (chart 3). Imports increased 10.5% compared to the same month in 2024, maintaining the positive trend for eight consecutive months. In February, the three major groups of imported products had a positive balance. The fuel imports

April 24, 2025

increased 51.7% y/y being the group that contributed the most with 4.8 percentage points. The manufactured imports increased 5.6% and contributed 4.2 p.p, while the agricultural imports increased 9.9% and contributed 1.5 p.p.

The positive trend in imports is aligned with the performance of economic activity. Trade has shown signs of recovery and was even the second-largest contributor to economic growth in February. Retail sales in February grew by 7.5% y/y, contrasting with the positive trend in consumer goods imports, which increased by 8.7% y/y in February, with positive figures in food, textiles, and vehicles. Imports in the manufacturing sector demonstrate the gradual recovery of activity, especially due to the positive trend in raw material imports for the food, agricultural, mining, and chemical and pharmaceutical industries. However, imports of capital goods are registering more moderate growth, with industrial machinery imports even declining (-10.3% y/y), which may be because investment remains lagging. For its part, the construction sector showed a weak balance according to economic activity data, due to a slower pace of building construction, which can be contrasted with the -7.2% y/y drop in construction materials imports.

Regarding fuel imports, the growth in imports of petroleum and petroleum products stands out, representing 9.6% of total imports, reaching US\$510 million (+67.9% y/y), being the largest contributor to the growth in fuel imports.

The trade balance stood at US\$1.24 billion, widening the deficit by 62.8% compared to February 2024 (US\$762.1 million) (chart 4). In February, exports increased at a much slower pace than imports (+0.8% m/m), mainly due to a -22.7% decrease in oil exports and/or less favourable sales prices. The Colombian peso would have no room for appreciation from a real economic perspective if imports maintain their positive trend and exports remain impacted by international prices, as the deficit would continue to widen. Scotiabank Colpatría estimates that the exchange rate will remain between 4,300 and 4,350 pesos.

Key highlights of February:

- **Consumer imports maintained positive dynamic.** In February, consumer imports grew 8.7% y/y, contributing 2.2 percentage points to total import growth. Imports of non-durable goods grew 3.5% y/y, driven by imports of food, beverages, and textiles. Imports of durable consumer goods increased 15.8% y/y, reflecting a 26.7% y/y increase in vehicle imports.
- **Imports of raw materials grew 19.4% y/y.** Imports of intermediate goods and raw materials increased across all three subcomponents. Fuel imports grew 58.7% y/y, primarily due to increased oil imports. Imports of materials for the agricultural sector increased 18% y/y. Imports of raw materials for industry grew 11.1% y/y, with food and pharmaceutical products being the most notable.
- **Imports of capital goods fell by -3.1% y/y.** On the positive side, imports of capital goods for agriculture increased 105% y/y, while those in the industrial sector grew by a slight 0.8% y/y. On the negative side, imports of construction materials and transportation equipment decreased by -7.2% and -17.4%, respectively.

—Daniela Silva

Chart 3

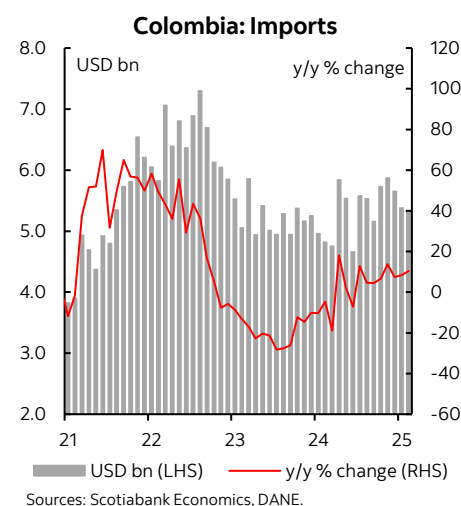


Chart 4

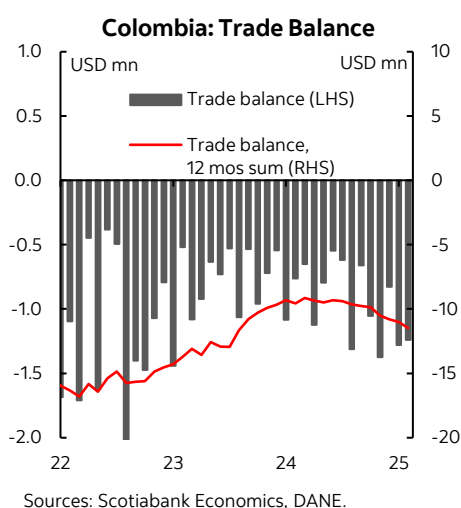
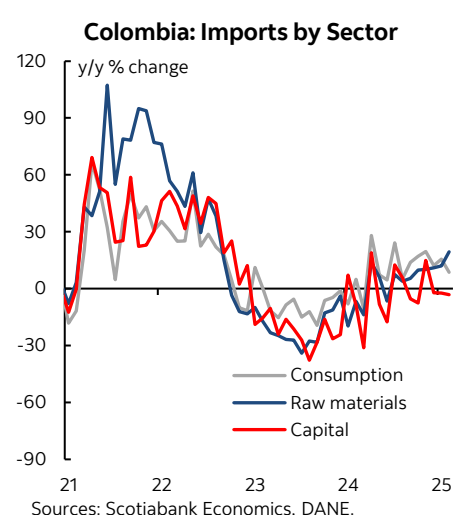


Chart 5



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