Scotiabank.

GLOBAL ECONOMICS

LATAM DAILY

September 19, 2025

Contributors

Juan Manuel Herrera, Senior Economist
+52.55.2299.6675 (Mexico)
juanmanuel.herrera@scotiabank.com

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

Jackeline Piraján, Head Economist, Colombia
+57.601.745.6300 Ext. 9400 (Colombia)
jackeline.pirajan@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:

Valentina Guio, Senior Economist
+57.601.745.6300 Ext. 9166 (Colombia)
daniela.guio@scotiabankcolpatria.com

Latam Daily: Colombian Economic Activity Beats

- **Colombia: Economic activity exceeded expectations, driven by calendar effects and a rebound in services**

On Thursday, September 18th, DANE released the Economic Activity Indicator (ISE) for July. The indicator showed a year-over-year (y/y) increase of 4.3% (chart 1), surpassing Scotiabank's forecast of 3.5% y/y. Eight out of the nine sectors included in the index posted positive annual variations. Seasonally adjusted figures reflected a 4.2% y/y expansion in economic activity. On a monthly basis, activity rose by 2.9% m/m (seasonally adjusted), rebounding from the 1.0% m/m contraction observed in June (charts 2 and 3).

The recent improvement in economic activity was partially explained by seasonal effects and significant data revisions. Notably, July 2025 included two additional business days compared to July 2024, totaling 27 working days (including Saturdays)—an uncommon occurrence last seen in 2020. Additionally, seasonally adjusted data in several sectors reflected substantial revisions, with June 2025 showing the most pronounced correction relative to previously reported figures.

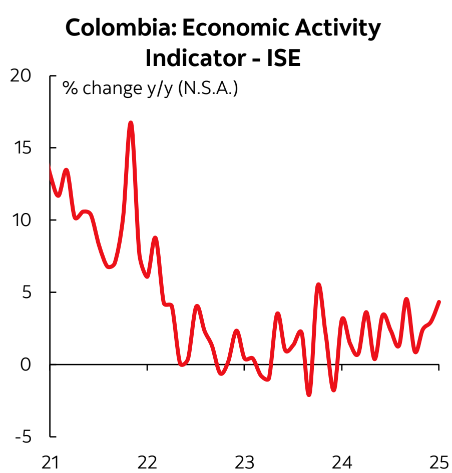
The services sector accounted for nearly the entire positive performance, contributing 4.0 percentage points (ppts) to overall economic growth. Public administration and leisure led the gains, growing by 7.0% y/y and contributing 1.8 ppts, supported by public sector payments. This was followed by commerce, transportation, and housing, which expanded by 6.7% y/y and contributed 1.4 ppts. Secondary activities—manufacturing and construction—grew by 4.3% y/y, adding 0.6 ppts to the overall result. In contrast, the primary sector, including agriculture and mining, contracted by 1.6% y/y (-0.2 ppts), mainly due to declines in coal and oil production within the mining industry.

Year-to-date, the Colombian economy has grown by 2.8%, slightly above our full-year projection of 2.6%. Despite the calendar effect observed in July, structural trends continue to indicate that domestic demand is driving the acceleration in economic activity—particularly through private consumption. This momentum is largely explained by historically high remittance inflows and favourable FX performance. Meanwhile, sectors closely linked to construction investment remain weak in their recovery. Regarding monetary policy, we maintain our expectation that the central bank will hold the benchmark interest rate at 9.25% at least through Q1-2026.

Highlights:

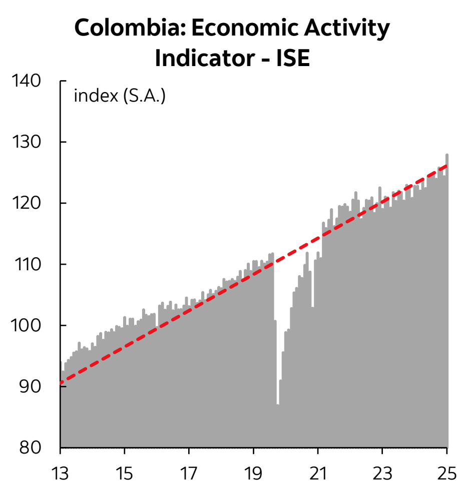
- **The primary sector showed a notable contraction in July, with both agricultural and mining activities declining by 1.6% y/y, contributing -0.2 percentage points**

Chart 1



Sources: Scotiabank Economics, DANE.

Chart 2



Sources: Scotiabank Economics, DANE.

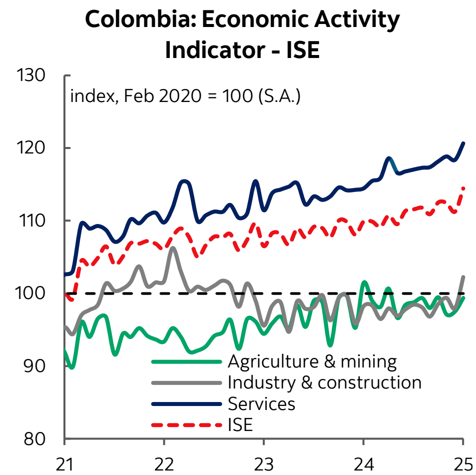
(ppts) to overall economic performance. The downturn was mainly driven by weak results in the mining sector, due to a decrease in coal production caused by operational blockages, and a drop in oil output. These factors were reflected in a sharp 28.1% y/y decline in mining exports. In contrast, agriculture showed mixed results: coffee exports surged by 70% y/y, and total agricultural exports grew by 1.3% y/y. On the domestic front, in July the supply of agricultural products increased by 8.3% y/y, continuing a positive trend amid favourable climate conditions.

- **Secondary activities grew by 4.3% y/y, contributing 0.6 percentage points (ppts) to overall economic growth, with both construction and manufacturing showing a positive trend.** The manufacturing output indicator for July rose by 5.8% y/y, exceeding market expectations of 3.1% y/y. Within manufacturing, the strongest contributions came from beverages (+5.2% y/y), apparel (+15.2% y/y), transport equipment (+49.7% y/y), and food. In contrast, the iron and steel industry (-13.1% y/y), chemical products (-6.5% y/y), cocoa production (-8.1% y/y), and the cardboard and paper industry (-1.4% y/y) were the main sectors offsetting the overall boost. On the construction side, civil works contributed positively to the sector's performance. Additionally, home sales increased by 10.6% y/y in July, while construction licenses registered a significant rise of 41.5% y/y.

- **The services sector continued to expand, with all seven service categories recording positive annual variations.** Public administration and leisure (+7.0% y/y, +1.8 ppts contribution), supported by public sector payments, were among the top contributors. Commerce and related services—including transportation and housing—also performed strongly, with retail sales in July rising by 17.9% y/y and the sector growing by 6.7% y/y (+1.4 ppts contribution). Financial and insurance activities (+6.6% y/y, +0.3 ppts) also contributed notably. Additionally, communication services (+4.0% y/y, +0.1 ppts), utilities (+3.9% y/y, +0.2 ppts), supported by the recovery in water reserves, professional activities (+1.9% y/y, +0.1 ppts), and real estate (+1.8% y/y, +0.1 ppts) maintained positive growth (chart 4).

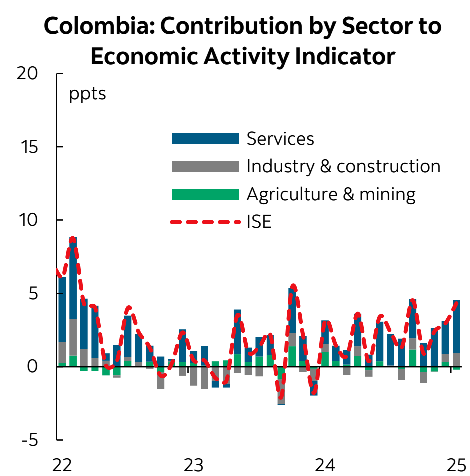
—Jackeline Piraján & Valentina Guio

Chart 3



Sources: Scotiabank Economics, DANE.

Chart 4



Sources: Scotiabank Economics, DANE.