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Latam Daily: Colombia BanRep Survey Recap

- Colombia: BanRep survey—2026 inflation likely to exceed target range as interest rate projected to end next year at 8.25%

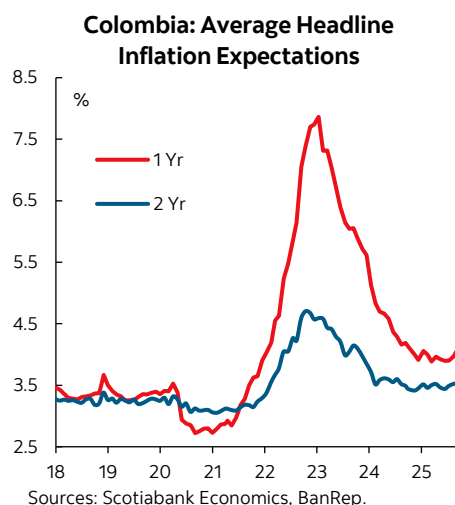
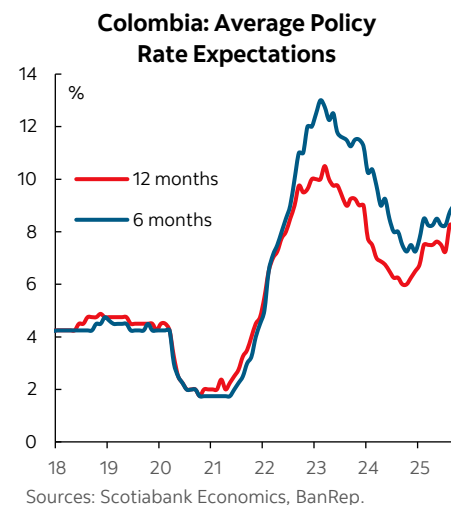
The central bank (BanRep) published its October survey of economists' expectations late on Thursday, October 16th. Inflation expectations rose substantially following the upside surprise one month ago. Expectations for December 2025 inflation stand at 5.21%, while projections for December 2026 are now above the ceiling of the central bank's target range (defined between 2% and 4%). Both represent significant shifts compared to previous surveys and likely reflect that a scenario involving a substantial increase in the minimum wage is becoming the base case.

Scotiabank Colpatria's expected inflation path for 2025 is skewed to the upside compared to the economist consensus. We project year-end inflation at 5.31%, while for December 2026, our forecast is 4.34%. This projection assumes a minimum wage increase of approximately 11%, with indexation similar to what was observed in 2025. In our forecast, disinflation is expected to come mainly from non-core components, but we are also relying on contained inflation in goods, given that we do not expect significant shocks on the FX front. Regarding services inflation, we anticipate relative stability around ~5.4%, reflecting the impact of minimum wage indexation.

On monetary policy, the analyst consensus points to a resumption of the easing cycle by April 2026, with rates closing the year between 8.5% and 8.25%. According to September's minutes, the majority of BanRep's board sees further reasons for rate stability, as inflation expectations are rising in a context of strong domestic demand, the possibility of an excessive wage increase, and fiscal challenges. In upcoming meetings, we expect rate stability to continue, with a divided vote. For now, we do not expect the central bank to shift toward rate hikes; instead, we anticipate a wait-and-see approach to assess how inflation evolves following the minimum wage increase expected to be announced in December.

Looking ahead to the medium-term path, economist consensus anticipates a resumption of the easing cycle in April 2026, while Scotiabank Colpatria expects this to occur in July 2026. Risks remain tilted toward a longer period of rate stability (chart 1).

The exchange rate expectations continued to decline. For December 2025, analysts estimate an exchange rate of 3,990 pesos—66 pesos lower than in the previous survey.

Chart 1

Chart 2


For 2026, the forecast is 4,044 pesos, 17 pesos below the prior projection. Scotiabank Colpatría’s fundamental value for the exchange rate is around 4,150 pesos; however, we expect the USDCOP to remain below this level, supported by expectations of further foreign currency debt issuances.

- Short-term inflation expectations.** For October, the consensus estimate is 0.14% m/m, implying annual inflation of ~5.45% y/y, the highest since September 2024. The higher expectation is 0.34% and the lowest is 0.01%. Scotiabank Colpatría Economics’ projection is 0.21% m/m and 5.54% y/y. Core inflation, excluding food, projected by analysts is 0.23% m/m, and 5.17% y/y.
- Medium-term inflation expectations.** Inflation expectations for December 2025 increased 19 bps to 5.21% (table 1). Expectations for a 1-year horizon slightly increased 19 bps to 4.27%, and expectations for a 2-year horizon increased 15 bps to 3.69%. Scotiabank Colpatría’s expectations are above the market consensus.
- Monetary policy rate.** The median expectation is for stability in the October’s meeting at 9.25%. Cuts are expected to be resumed in April-2026 (chart 2).

Table 1: Colombia - Headline Inflation Expectations (% Change)		
	Average	Change vs Prev. Survey (bps)
Sept-2025, m/m	0.14	...
Dec-2025, y/y	5.21	18.82
1Y Ahead, y/y	4.27	18.63
Dec-2026, y/y	4.23	23.20
2Y Ahead, y/y	3.69	14.95
Sources: Scotiabank Economics, BanRep.		

—Jackeline Piraján & Valentina Guio

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