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Latam Daily: Colombia Imports Rebound on Durable Goods Demand

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- **Colombia: July imports rebound year-on-year due to a recovery in durable goods demand**

On Thursday, September 19th, DANE published import data for July 2024. Imports reached USD 5.58 billion CIF, one of the highest levels over the last year (chart 1). Compared to July 2023, imports grew 12.9% YoY, reflecting the second largest month-on-month expansion of the year by increasing 19.8% m/m. In annual terms, the growth is mainly explained by the 18% increase in imports of manufactured goods, which represented 78.9% of the total.

Imports in July reflected a better demand for durable goods. The economic activity figures for June and July showed that the demand for durable goods, especially household appliances, sound equipment, and televisions, grew due to sporting events and other festivities, which is resulted in a 41.4% y/y growth in the importing of durable consumer goods. However, there was also growth in the importing of capital goods and raw materials. It is worth saying that during 2023, imports of durable goods decreased significantly as some businesses preferred to reduce their inventories; that said, the behaviour of 2024 could reflect some signals of back-to-normal behaviour in which stores are starting to refresh their disposable merchandise.

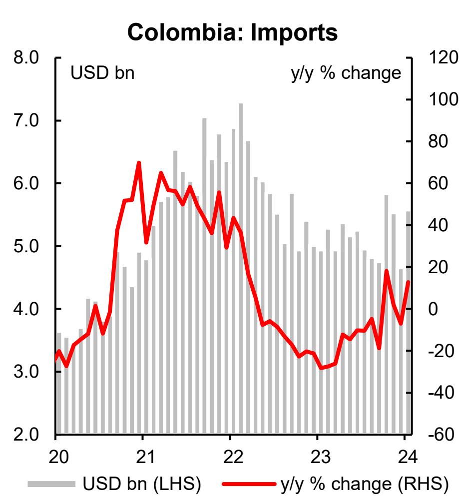
The growth in imports of construction materials and raw materials for the industry is noteworthy, which encourages us to think that a recovery may be taking place in the secondary sector, which has been one of the hardest hit by the contractionary monetary policy. However, it is too early to anticipate that these sectors will have sustained growth for the rest of the year, although it is true that lower rates will contribute to the dynamics of the sector.

The trade balance stood at USD 617,9 million (chart 2), widening the deficit compared to July 2023 (USD 527,7 million). Exports have maintained a good dynamic, especially due to agricultural products; however, lower oil exports could have played against it, preventing the deficit from being closed due to higher imports. Compared to June, the deficit widened by 13.3%.

Highlights:

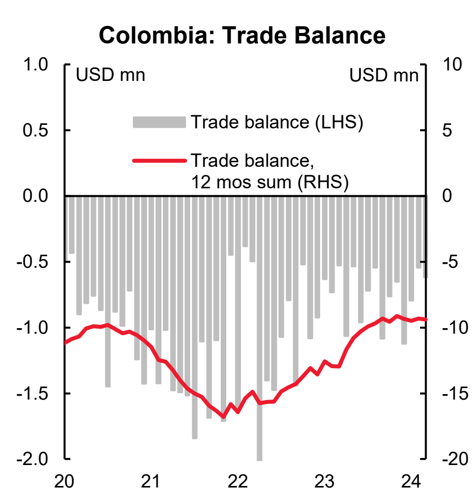
- **Imports of consumer goods grew the most with 24.1% YoY.** The non-durable goods imports grew by 11.9%, showing positive variations in food, pharmaceutical products, and clothing, while drinks contracted -44.5%. On the other hand, importing of

Chart 1



Sources: Scotiabank Economics, DANE.

Chart 2



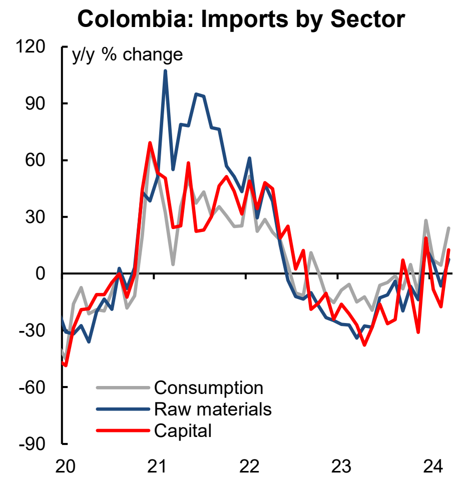
Sources: Scotiabank Economics, DANE.

durable goods increased by 41.4% y/y associated with a better performance of sales of household appliances, sound equipment, and vehicles in that period, also taking advantage of an exchange rate that was below COP 4000, to recompose inventories.

- **Imports of intermediate goods and raw materials reached USD 2.4 billion, increasing 7.44% compared to July 2023.** Imports of raw materials for agriculture were the ones that grew the most (+23.2% y/y), which is associated with better harvests during this period. Raw materials for industry grew 7.4% y/y, where higher imports of non-food agricultural products and chemical products stand out. Likewise, raw material imports for the fuel sector grew 1.1% y/y.
- **Capital goods imports grew 12.6% showing improvement in industry and construction.** Imports of construction materials grew by 11.5%, which may be an indication that construction projects will advance in the second half of the year. However, the figures show that civil works are showing recovery, while housing construction remains stagnant. Imports of capital goods for the industry grew by 39.7%, the largest expansion in three years, and showed an increase in industrial machinery (+68.2% y/y), which may indicate the start of new investments (chart 3).

—Jackeline Piraján & Daniela Silva

Chart 3



Sources: Scotiabank Economics, DANE.