Scotiabank

GLOBAL ECONOMICS

LATAM DAILY

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Latam Daily: Colombia's Imports Increase in August

- **Colombia: Imports grow in August, showing an encouraging outlook for domestic demand and the construction sector**

On Monday, October 21st, DANE published import data for August 2024. Imports reached USD 5.53 trillion CIF, a level slightly lower than July 2024 (-0.9% m/m) but registering a growth of 4.6% compared to the same month of the previous year, maintaining the positive trend for the second consecutive month (chart 1). Imports of manufactured goods contributed the most to the annual variation, followed by the import of fuels, while the import of agricultural products contracted.

The growth in imports of durable and non-durable goods could mean a moderate recovery in domestic demand. Imports of consumption-related goods completed five months in positive territory, with an increase of 5% y/y in August, which may be associated with a recovery of domestic demand, also reflected in the recent data on economic activity in which the commercial sector registered a growth of 3.2% y/y in August. However, it is too early to anticipate that domestic demand has entered a sustained recovery since some imported items that stand out are associated with non-durable goods, such as pharmaceutical products and food products, while the import of durable goods is growing but at a lower rate.

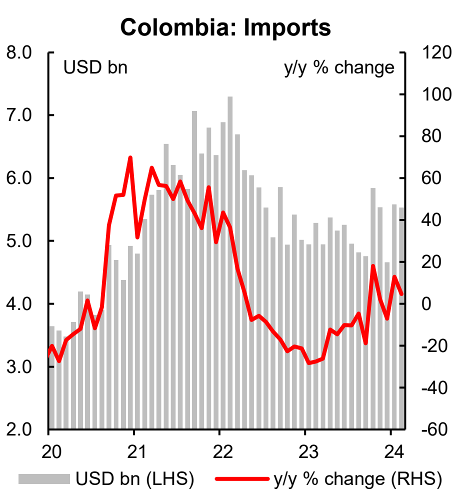
On the positive side, the growth of imports of construction materials (+42.2% y/y) and capital goods for industry (+7.0% y/y) is also noteworthy, which encourages us to think that the secondary sector could be showing better dynamism in the coming months. Fuel imports showed an 8% y/y growth, which we associate with the recent measures around the electricity supply and the use of thermoelectric plants, which run on gas.

The trade balance widened in August due to a contraction in exports. The trade balance stood at USD 1.31 billion (chart 2), widening the deficit compared to August 2023 (USD 1.06 billion). In August, exports fell, mainly due to lower oil prices, which explains part of the widening trade deficit, as imports maintained their positive dynamics.

Key Highlights:

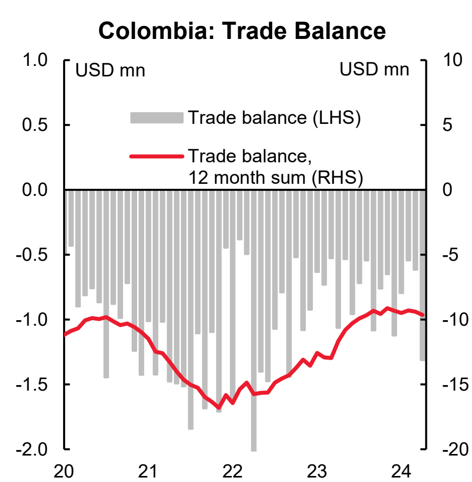
- **Consumer imports completed five months in positive territory by growing 5.04% in August.** Imports of non-durable consumer goods grew 5.6% y/y, contributing 8bps to the total variation in imports, while imports of durable consumer goods increased by 4.2% y/y, adding 4bps to the total, concentrated in pharmaceutical products, household appliances, and food. It is worth noting that the textile sector has not yet shown strong signs of recovery, with imports growing by a slight 0.8% y/y.

Chart 1



Sources: Scotiabank Economics, DANE.

Chart 2

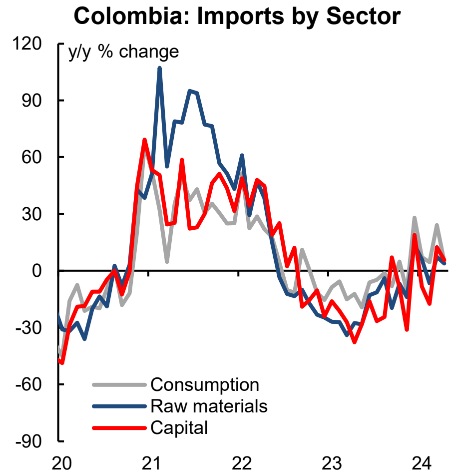


Sources: Scotiabank Economics, DANE.

- **Raw material imports show a mixed balance, growing by 3.83% y/y.** In August, imports of intermediate goods and raw materials were positive in fuels (+4.39% y/y) and the industrial sector (+6.41% y/y), however, the agricultural sector registered a fall of -15.13% y/y. The performance of raw material imports in the industrial sector is highlighted, which gives positive signals about some activities in the sector, especially in the agricultural and pharmaceutical products sectors.
- **The import of capital goods gives positive signals for the construction sector.** Imports of capital goods increased by 5.77% y/y, with the import of construction materials growing the most (+42.2% y/y), which may be associated with a better dynamic in the construction of civil works. On the other hand, the import of capital goods for industry increased by 7.0% y/y, while the import of capital goods for the agricultural sector contracted by 9.45% y/y (chart 3).

—Jackeline Piraján & Daniela Silva

Chart 3



Sources: Scotiabank Economics, DANE.