

Thursday 05<sup>th</sup> May 2016 – 2:00pm

International

Prepared by: Ravi Kurjah, Analyst II (Research and Analytics)

[ravi.kurjah@firstcitizenstt.com](mailto:ravi.kurjah@firstcitizenstt.com)

## **IMF Executive Board Concludes 2016 Article IV Consultation with Colombia**

- On April 29th, 2016 the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Colombia.
- According to IMF Colombia showed strong resilience to changing global conditions in 2015, despite facing a terms-of-trade shock larger than most of its peers.
- Colombia posted one of the highest growth rates in the region (3.1%) and achieved important social gains with improvements in poverty reduction, income inequality and financial inclusion.
- Growth was supported by a strong real private consumption but reduced by private investment slowing down.
- The decline in oil prices eroded exports and fiscal revenue, leading to a strong depreciation of the peso and fueled imported inflationary pressures.
- The large peso depreciation would boost non-traditional exports but they will also be constrained by the weak economic outlook in Colombia's neighbors.
- Growth is expected to slow to 2.5% in 2016, as private investment moderate.

- Growth will gradually approach its medium-term potential of about 4% supported by the 4G infrastructure agenda and some recovery in non-traditional exports and oil prices.
- The 4g programme includes 40 projects to build some 8,000km of road with total investment of USD25billion.
- Projects will be carried out under Public Private Partnership (PPP) approach and will furnish a road infrastructure more suitable to the economic development of the country.
- The current account deficit will gradually decline and approach its medium-term sustainable level through a combination of import compression and export expansion.
- The main near-term risks stem from Colombia’s still significant near-term external financing needs and potential capital inflow reversals resulting from volatile global financial conditions.

Name	Bid Price	Ask Price	Ask Yield to Maturity	Bid Yield to Maturity	Coupon	Maturity	Bloomberg Composite Rating	Outstanding Amount
Colombia Government International Bond	113	113.75	2.3653487	2.6186145	7.375	3/18/2019	BBB	200000000
Colombia Government International Bond	130.25	130.25	3.2096916	3.2096916	11.75	2/25/2020	BBB	796059000
Colombia Government International Bond	92.75	92.75	3.8386938	3.8386938	2.625	3/15/2023	BBB	1000000000
Colombia Government International Bond	125.75	125.75	4.2988633	4.2988633	8.125	5/21/2024	BBB	1000000000

Source: Bloomberg

<b>Colombia: Selected Economic Indicators</b>			
		Estimated	Projected
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>(Annual percentage changes, unless otherwise indicated)</b>			
Real GDP	4.4	3.1	2.5
Consumer price index (period average)	2.9	5	7.5
Consumer price index (end of period)	3.7	6.8	5.6
GDP deflator	2.1	2.6	3.9
Terms of trade (deterioration -)	-3.4	-16.9	-8.3
Real effective exchange rate (depreciation -)	-5.5	-24.1	
<b>(In percent of GDP, unless otherwise indicated)</b>			
Public finances			
Central government balance	-2.4	-3	-3.6
Combined public sector	-1.8	-2.8	-3.2
Public debt	44.2	50.6	49.9

Source: IMF



Follow us on Twitter [@FCISResearch](https://twitter.com/FCISResearch)

## **Disclaimers**

*All information contained in this article has been obtained from sources that First Citizens Investment Services believes to be accurate and reliable. All opinions and estimates constitute the Author's judgment as of the date of the article; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this article is given or made by First Citizens Investment Services in any form whatsoever. First Citizens Investment Services and/or its employees or directors may, where applicable, make markets and effect transactions, or have positions in securities or companies mentioned herein. Neither the information nor any opinion expressed shall be construed to be, or constitute an offer or a solicitation to buy or sell.*