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International

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- Colombia's credit rating outlook was cut to negative by S&P due to deterioration in the country's growth prospect amid tumbling oil prices.
- Colombia's growth prospects and external position have deteriorated, with a current account deficit (CAD) of over 6% of GDP and a sharp rise in external debt as a share of exports.
- The foreign currency rating was affirmed at BBB, two levels above junk. Colombia has had an investment-grade rating from S&P since March 2011.
- Real GDP growth to ease to 2.6% in 2016, pick up to 3.3% in 2017.
- S&P has lowered its global oil price assumptions, forecasting the West Texas Intermediate (WTI) to average USD40/barrel in 2016, USD45 in 2017 and USD50 in 2018.
- The negative outlook reflects a greater than one-in-three likelihood of a downgrade if Colombia's fiscal and external positions deteriorate further.

Columbia Historical Credit Ratings

| Rating | Effective |
|--------|-----------|
| BBB    | 4/24/2013 |
| BBB-   | 3/16/2011 |
| BB+    | 3/5/2007  |
| BB     | 5/24/2000 |
| BB+    | 9/21/1999 |
| BBB-   | 6/21/1993 |

### Columbian Economic Indicators

| Indicator                          | Q1 15 |       | Q2 15 |       |       | Q3 15 |       |       | Q4 15 |       |      | Q1 16 |      |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|------|
|                                    | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec  | Jan   | Feb  |
| National Accounts                  |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Real GDP (yoy %)                   | --    | 2.8   | --    | --    | 3     | --    | --    | 3.2   | --    | --    |      | --    | --   |
| Real GDP (sa, qoq %)               | --    | 0.9   | --    | --    | 0.5   | --    | --    | 1.2   | --    | --    |      | --    | --   |
| Economic Activity Indicator (yoy%) |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Consumer Prices                    |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Consumer Price Index (yoy %)       | 4.4   | 4.6   | 4.6   | 4.4   | 4.4   | 4.5   | 4.7   | 5.3   | 5.9   | 6.4   | 6.8  | 7.5   |      |
| Producer Prices                    |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Producer Price Index (yoy %)       | 5     | 5.1   | 4.3   | 3.7   | 5     | 6.4   | 8     | 8.7   | 8.2   | 8.9   | 9.6  | 10    |      |
| Labor Market                       |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Urban Unemployment Rate (%)        | 10    | 10.1  | 10.5  | 9.6   | 9.7   | 9     | 9.9   | 9.7   | 8.8   | 8.1   | 9.8  |       |      |
| National Unemployment Rate (%)     | 9.9   | 8.9   | 9.5   | 8.9   | 8.2   | 8.8   | 9.1   | 9     | 8.2   | 7.3   | 8.6  |       |      |
| Under-E mployment Rate (%)         | 27.5  | 28.7  | 28.8  | 27.2  | 28.2  | 29.8  | 28.9  | 27.9  | 28.2  | 29.5  | 29.2 |       |      |
| Economic Activity                  |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Industrial Production (yoy %)      |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Retail Sector                      |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Retail Sales (yoy %)               | 4.1   | 3.4   | -1.1  | 2.9   | 5.7   | 4.7   | 5.5   | 2.8   | 0.2   | -0.3  |      |       |      |
| External Sector                    |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Current Account (% of GDP)         | --    | -5.9  | --    | --    | -6.3  | --    | --    | -7    | --    | --    |      | --    | --   |
| Government Sector                  |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Financial Balance (% of GDP)       | --    | -3    | --    | --    | -2.5  | --    | --    | -2.8  | --    | --    |      | --    | --   |
| Monetary Sector                    |       |       |       |       |       |       |       |       |       |       |      |       |      |
| Currency Reserves (USD bn)         | 46.1  | 46    | 46.3  | 46.1  | 46.1  | 46.2  | 46.1  | 46.1  | 46.2  | 46.1  | 46.1 |       |      |
| Financial Sector                   |       |       |       |       |       |       |       |       |       |       |      |       |      |
| 10-Year Govt Bond Yield (%)        | 6.53  | 6.99  | 6.73  | 6.89  | 7.22  | 7.13  | 8.15  | 8.47  | 8.02  | 8.47  | 8.66 | 8.98  | 9.22 |
| Equity Market (IGBC Index)         | 10458 | 9999  | 10691 | 10205 | 10298 | 10046 | 9662  | 9283  | 9154  | 8405  | 8547 | 8596  | 8812 |
| COP/USD Exchange Rate              | 2500  | 2600  | 2382  | 2531  | 2605  | 2880  | 3065  | 3090  | 2894  | 3145  | 3174 | 3282  | 3383 |
| Colombia Real Effective Exchange   | 84.17 | 80.36 | 82.87 | 84.01 | 80.08 | 75.3  | 69.21 | 68.93 | 71.95 | 71.51 |      |       |      |

Source: Bloomberg

### Columbian International Bonds

| Name                                   | Coupon | Maturity  | Ask Yield to Maturity | Maturity Type | Currency | Bloomberg Composite Rating | Ask Price | Bid Yield to Maturity |
|--|--------|-----------|-----------------------|---------------|----------|----------------------------|-----------|-----------------------|
| Colombia Government International Bond | 4.5    | 1/28/2026 | 5.3716666             | CALLABLE      | USD      | BBB                        | 93.35     | 5.3716666             |
| Colombia Government International Bond | 4.375  | 7/12/2021 | 4.4267614             | AT MATURITY   | USD      | BBB                        | 99.75     | 4.5854041             |
| Colombia Government International Bond | 4      | 2/26/2024 | 5.017296              | CALLABLE      | USD      | BBB                        | 93.35     | 5.017296              |
| Colombian TES                          | 10     | 7/24/2024 | 8.935034945           | AT MATURITY   | COP      | BBB                        | 106.022   | 9.005030488           |
| Colombia Government International Bond | 5      | 6/15/2045 | 6.4819571             | CALLABLE      | USD      | BBB                        | 80.65     | 6.4819571             |

Source: Bloomberg



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