Natixis Colombia Outlook

Natixis · Benito BERBER · 2026-08-28 · English original

Natixis Colombia Outlook August 2026 Benito BERBER Benito.berber@natixis.com

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Colombia: 2026 Outlook 3 The earthquake: nationwide impact, severe damage, and a costly rebuild ahead. • Quake : Mw 7.4 – 7.5 struck Chocó (epicenter near San José del Palmar) on Aug 10, 2026 — the strongest earthquake felt across the country in years, felt in all 32 departments and in Ecuador, Venezuela, and Panama. • Toll : At least 331 dead, 4,600+ injured, 240 missing. • Geography : 472 municipalities across 15 departments affected — roughly a third of Colombian territory. Worst-hit: Cali, Pereira, Quibdó, Manizales, Armenia, Buenaventura. • Structural damage : ~178,555 homes damaged, 31,540 destroyed, 603 buildings collapsed; hospitals, schools, an airport (Pereira), roads, bridges and aqueducts hit. • Reconstruction cost : Government's initial figure was 30 trillion pesos (~$9.6bn or 1.9% of GDP), later revised by the national planning department (DNP) to up to 40 trillion pesos (~$12.9bn or 2.5% of GDP) with a 5 – 6 year rebuild horizon. Independent estimates diverge widely, from Oxford Economics' $990m – $1.98bn to USGS's near-$40bn.

Colombia: 2026 Outlook 4 The fiscal deficit will widen due to reconstruction efforts. • The government sent to Congress its proposal for a revised 2026 budget and, importantly, for the 2027 budget. We still lack a lot of information and, therefore, please treat this as preliminary. • The revised fiscal deficit for 2026 is 7.2% of GDP. This is more than what Petro had planned, at just north of 5%, but less than what Finance Minister Gomez had initially indicated, at 7.8%. It includes government spending cuts of about 1.3% of GDP (COP 21.9tn). For 2027, the fiscal deficit target is 9.4% of GDP. It is difficult to make a comparison because the earthquake changed everything. The government will not increase taxes. The fiscal effort, which is huge, will come entirely from spending cuts. This is good news. However, the path to a lower fiscal deficit will not start in 2027, which makes sense given that the bulk of the reconstruction effort will likely hit the fiscal accounts that year. That said, we also think the reconstruction effort will affect the budget in 2028, but we do not yet have enough information on that. • So, is this positive or negative? We would say net-net positive because the government is making a huge effort on spending cuts. However, the fiscal deficits for both 2026 and 2027 are really large, and debt-to- GDP will probably increase, mainly in 2027, from around 61% of GDP now. The economy will probably grow strongly in 2027 and 2028 due to the reconstruction effort. This is key because it implies that the composition of growth will shift from government spending to investment.

Colombia: Monitor 5 Latest figures point to slowing consumption and growth but improving inflation prints. Units Mar-26 Apr-26 May-26 Jun-26 Jul-26 Economic activity index 3m% chg- ann 8.3% 8.5% 11.1% 2.2% - Retail sales 3m% chg- ann 24.7% 41.5% 19.8% 10.8% - Terms of trade SA, 2000=100 137 132 138 127 121 Unemployment rate SA, EOP 8.3 8.3 8.3 8.3 - Employed people 3m change, SA, Thousand 128 201 265 215 - Wage bill YoY% 9.8% 10.4% 10.9% 9.7% - YoY%, NSA 5.6% 5.7% 5.8% 6.1% 6.0% 3m% chg- ann 12.8% 11.1% 8.4% 6.8% 4.2% YoY%, NSA 5.9% 5.9% 6.1% 6.3% 6.3% 3m% chg- ann 13.4% 11.3% 8.4% 6.0% 4.1% CPI services 3m% chg- ann 13.4% 11.0% 8.9% 6.4% 4.7% 12m inflation expectations 3m% chg- ann 5.8 5.7 5.7 5.6 5.5 Current business situation 50+ = growth 41.6 39.8 32.3 41.0 - Expected state of economy next semester 50+ = growth 32.1 30.7 33.2

46.9 - CPI headline CPI core

Colombia: Growth 6 The economy will probably grow strongly in 2027 and 2028 due to the reconstruction effort. This is key because it implies that the composition of growth will shift from government spending to investment. Growth forecast YoY % 2027 XX% 2026 2025 Source: DANE, Haver, Natixis 2.8 2.9 2.6 -6% -4% -2% 0% 2% 4% 6% 8% 10% 12% Dec-24 Mar-25 Jun-25 Sep-25 Dec-25 Mar-26 Jun-26 Colombia: Economic activity volume index 3m% chg ann. %, SA 2010-2019 average

Colombia: Growth 7 Domestic demand is proven resilient despite high uncertainties. Source: Haver, Natixis -8 -6 -4 -2 0 2 4 6 8 Mar-23 Jun-23 Sep-23 Dec-23 Mar-24 Jun-24 Sep-24 Dec-24 Mar-25 Jun-25 Sep-25 Dec-25 Mar-26 Jun-26 Colombia: Contributions to real GDP growth YoY%, pp Private Consumption Government Consumption Gross Fixed Capital Formation Exports Imports Residual inc. change in inventories Real GDP

2.0 2.2 2.4 2.6 2.8 3.0 3.2 Feb-25 May-25 Aug-25 Nov-25 Feb-26 May-26 Aug-26 Colombia: Growth expectations YoY%, SA 2026 2027 Colombia: Growth expectations 8 Growth expectations for 2026 decreased in the margin. We suspect that median economist expectations will be revised higher as they incorporate the impact of the reconstruction. Source: Bloomberg, Natixis 2.5 2.4 0.0 0.5 1.0 1.5 2.0 2.5 3.0 2026 2027 Latest GDP Growth expectations YoY, %

Colombia: Demand 9 Domestic demand and investment rebounded in 2026. Source: DANE, Haver, Natixis Source: DANE, Haver, Natixis -30% -20% -10% 0% 10% 20% 30% Jun-23 Dec-23 Jun-24 Dec-24 Jun-25 Dec-25 Jun-26 Colombia: GFCF QoQ%, SAAR GFCF 2010-2019 average -8% -6% -4% -2% 0% 2% 4% 6% 8% 10% Jun-23 Dec-23 Jun-24 Dec-24 Jun-25 Dec-25 Jun-26 Colombia: Total domestic demand QoQ%, SAAR Domestic demand 2010-2019 average

Colombia: Demand 10 Consumer spending declined following the Iran war, while wage bill growth remained resilient but slowed. Source: DANE, Haver, Natixis Source: Haver, Natixis Wage bill is computed as the YoY% in the ratio of the total employed persons/ real salary per capita in retail trade (index) 0% 2% 4% 6% 8% 10% Apr-24 Oct-24 Apr-25 Oct-25 Apr-26 Colombia: Wage bill YoY%, SA Wage bill 2011-2019 average -15% -10% -5% 0% 5% 10% 15% 20% 25% 30% 35% 40% 45% Sep-24 Dec-24 Mar-25 Jun-25 Sep-25 Dec-25 Mar-26 Jun-26 Colombia: consumption - Real retail trade 3m%change- ann, SA Retail sales 2010-2019 average

Colombia: Labor 11 In March, unemployment reached its lowest in two decades, driven by a decline in labor force participation. Source: DANE, Haver, Natixis Source: Haver, Natixis 8.0 8.5 9.0 9.5 10.0 10.5 11.0 Jun-24 Oct-24 Feb-25 Jun-25 Oct-25 Feb-26 Jun-26 Colombia: Unemployment rate EOP, SA, % unemployment rate 2010-2019 average -200 -100 0 100 200 300 400 500 Jun-24 Dec-24 Jun-25 Dec-25 Jun-26 Colombia: Employed 3m change, EOP, SA, Thous

Colombia: Inflation 12 Largely driven by the 23% increase in the minimum wage and the conflict in Iran, we currently forecast inflation at 6.6% in 2026, above the target range. Going forward, El Niño could push inflation higher in late 2026 and H1 2027 through higher electricity and food prices. Inflation forecast YoY % 2027 XX% 2026 2025 Source: Haver, Natixis 0 2 4 6 8 10 12 14 16 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: CPI YoY%, NSA target band IPCA YoY 6.6 5.1 5.1

Colombia: Inflation 13 Inflation expectations have fallen but remain above target. Source: DANE, Haver, Natixis 3% 4% 5% 6% 7% 8% 9% 10% Jun-24 Dec-24 Jun-25 Dec-25 Jun-26 Colombia: Inflation YoY%, NSA headline headline - 2010-2019 average core core - 2010-2019 average services services - 2010-2019 average 2.5 3.0 3.5 4.0 4.5 5.0 5.5 6.0 6.5 Jun-23 Dec-23 Jun-24 Dec-24 Jun-25 Dec-25

Jun-26 Colombia: Inflation expectations vs target YoY%, NSA in 11m in 23m target

Colombia: Exchange rate 14 Exchange rates forecast EOP, vs USD 2027 XX% 2026 2025 Fair Value Source: BANREP, Haver, Bloomberg, Natixis COP appreciated while the 3m volatility declined. 0 1,000 2,000 3,000 4,000 5,000 6,000 0 5 10 15 20 25 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: exchange rate and 3m volatility 3m implied volatility - LHS exchange rate vs USD, EOP, RHS Fair Value Deviation BEER PPP BEER PPP 3750.36 3834.30 10% 12% 3150 3800 3818

Aug-26 Sep-26 Oct-26 Nov-26 Dec-26 Jan-27 Feb-27 Mar-27 Apr-27 May-27 Jun-27 Jul-27 Aug-27 Sep-27 Natixis forecast 12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00 11.75 11.50 11.50 11.25 Market pricing Colombia: Monetary Policy 15 We are now leaning toward 12.00% as the terminal rate, in part due to the strong COP appreciation in both nominal and REER terms. Also, the monetary policy stance is already restrictive. Policy rate forecast EOP, % 2027 XX% 2026 2025 Source: Haver, Natixis Source: BANREP, Haver, Natixis 0 2 4 6 8 10 12 14 17 18 19 20 21 22 23 24 25 26 Colombia: Policy rate path EOP, % 10.75 9.25 12.00

Colombia: Monetary Policy 16 Source: Bloomberg, Natixis -2 0 2 4 6 8 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: Real Interest Ex-Ante vs. Neutral Range % Neutral range Real Interest Ex-Ante

Colombia: Trade 17 Trade balance has been negative since 2013 and imports are rising faster than exports. Terms of trade has also declined recently. Source: DANE, BANREP, Haver, Natixis Source: DANE, Haver, Natixis 70 80 90 100 110 120 130 -30% -20% -10% 0% 10% 20% 30% Colombia: Terms of trade YoY% and 2019=100, SA Terms of trade, YoY% - LHS 2011-2019 average Terms of trade, 2019=100 2010-2019 average -30,000 -15,000 0 15,000 30,000 45,000 60,000 75,000 90,000 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: Trade in goods 12mm total, $ Mil., SA exports imports trade balance

Colombia: Current Account 18 In a context of growing domestic demand, the current account deficit has widened, driven mainly by a larger goods trade deficit, as was the case in the past. Current Account forecast %GDP 2027 XX% 2026 2025 Source: BANREP, Haver, Natixis -25,000 -20,000 -15,000 -10,000 -5,000 0 5,000 10,000 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 Colombia: Current Account Mil. US$ Goods Services Income Current Account Balance -2.4 -2.6 -2.6

Colombia: External position 19 Source: BANREP, Haver, Natixis Source: BANREP, Haver, Natixis check 6,000 8,000 10,000 12,000 14,000 16,000 18,000 20 21 22 23 24 25 26 Colombia: Foreign Direct Investment 4Q- moving total, Mil. USD FDI 2010-2019 average 4,000 6,000 8,000 10,000 12,000 14,000 20 21 22 23 24 25 26 Colombia: Remittances 12m- moving total, SA, Mil. US$ workers remittances 2010-2019 average

Colombia: Fiscal Balance 20 The fiscal deficit will widen due to reconstruction efforts. However, it is important to emphasize the government's effort to cut spending by about 1.3% of GDP, which is equivalent to past fiscal reforms. Fiscal balance forecast %GDP 2027 XX% 2026 2025 Source: DANE, Haver, Natixis -7.2 -9.4 -12 -10 -8 -6 -4 -2 0 2 4 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: Budget balance %GDP -6.3

Colombia: International Assets 21 Source: BANREP, Haver, Natixis Source: BANREP, Haver, Natixis 0 10,000 20,000 30,000 40,000 50,000 60,000 70,000 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: Gross foreign reserves EOP, SA, Mil. US$ 20 30 40 50 60 70 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 Colombia: Gross public debt %GDP, SA

Colombia: Bond yield 22 Colombia issued $5bn in January, with bid-to-cover of 4.6. Source: Bloomberg, Natixis Source: Bloomberg, Natixis 0 2 4 6 8 10 12 14 16 0 2 4 6 8 10 12 14 16 23 24 25 26 Colombia: 10y bond (COP), and 10y UST % and bp spread 10y bond Colombia - COP 10y UST 0 1 2 3 4 5 6 7 8 9 10 0 1 2 3 4 5 6 7 8 9 10 23 24 25 26 Colombia: 10y bond (UST) and 10y UST % and bp spread 10y bond Colombia- USD 10y UST

Colombia: Bonds and Equities flow 23 While they rebounded after their Iran war ceasefire negotiations began, flows of bonds and equities have recently decreased, particularly with equity flows experiencing a sharp fall. Colombia : ETF Monthly Fund Flows - Fixed Income Mil. $US Source: Natixis, Bloomberg Colombia : ETF Monthly Fund Flows - Equities Mil. $US -60 -40 -20 0 20 40 60 80 100 Aug-23 Feb-24 Aug-24 Feb-25 Aug-25 Feb-26 Aug-26 -25 -20 -15 -10 -5 0 5 10 May-25 Aug-25 Nov-25 Feb-26 May-26 Aug-26

Colombia: FX Outlook 24 We expect the COP to remain strong for the rest of the year due to high carry and a weak dollar. However, we expect it to gradually depreciate as the central bank and the government buy dollars. Source: Natixis, Bloomberg 0 5 10 15 20 25 2500 3000 3500 4000 4500 5000 5500 Mar-22 Nov-22 Jul-23 Mar-24 Nov-24 Jul-25 Mar-26 Nov-26 Jul-27 COP Exchange Rate Outlook with 3m Implied Volatility COP/USD CLP 200-day MA 3m Implied Volatility (RHS)

Colombia: Macro Forecasts 25 GDP growth CPI Fiscal balance Current account Policy Rate Exchange Rate Exchange Rate YoY% YoY% % of GDP % of GDP EOP, % AOP, vs USD EOP, vs USD 2024 1.6 5.2 -5.9 -2.9 9.50 4114 4406 2025 2.6 5.1 -6.3 -2.6 9.25 4051 3818 2026 2.8 6.6 -7.2 -2.4 12.00 3383 3150 2027 2.9 5.1 -9.4 -2.6 10.75 3538 3800 Source: Natixis, Haver Colombia: Macro Forecasts

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