



What Will the Colombian Central Bank Do After a Better Inflation Print?

Posted On November 11, 2023 By : Rupert Stebbings

The October inflation figures from the National Administrative Department of Statistics (DANE) came in at 0.25% (month-over-month) and 10.48% (year-over-year) — and they were better than expected.

The main driver was housing, which rose 0.35% and contributed close to half of the monthly increase. The reading for food (+0.20%) was around half the number expected while transport fell 0.02%.

There is only one question now – will Banco de la República upgrade its November meeting to a “decision” meeting in order to cut rates from 13.25% and start the easing cycle to send a valuable message to the markets — and allow the real sector a little breathing room. History tells us the committee won’t do that. Far too much like hard work. But President Gustavo Petro, the Finance Ministry, ANDI, and Asobancaria are just some of those demanding such a move.

Photo: Banco de la República, the central bank of Colombia, in Bogotá. (Photo credit: Camilo Sanchez)

One complicating issue may be fuel prices. As noted, transport CPI dropped ever so slightly (0.02%) in October — but that’s because there was no mandated gasoline price increase. The government has since raised that price by 4.5% for November, and this will impact inflation. Perhaps it is the excuse the Central Bank needs to do nothing?

Fuel prices, according to a Xau Energy report, are already above the international average, as oil prices have eased and the Colombian peso has approached 4,000 to the US dollar. The government has promised two more price increases, and perhaps they will press ahead regardless, as come 2024, it will give them more wiggle room with the transport companies as the battle is joined over diesel prices (which represent 80%+ of the fuel subsidy deficit).

Meanwhile, with El Niño now having arrived, we are seeing a couple of related headlines.

Firstly, the Supreme Court has knocked back Petro’s rational plan to add 1,000 pesos (~\$0.25 USD) to the monthly energy bill of the richest 18% of Colombians (who represent the three highest economic classes) and redirect those funds to support the people of the country’s poorest region, La Guajira, during the drought. If El Niño lasts until June, that policy would have cost my household \$2 USD.

A poor decision from the court.

Secondly, Celsia Energía reported its third quarter results, and while read as neutral by both Davivienda Corredores and [Capital Inteligente Bancolombia](#), it was noted that margins were starting to be impacted by El Niño and the increased need to use thermal, as opposed to hydro, power.

More generally, results season is in full swing, with Bancolombia and [Ecopetrol](#) each reporting their Q3 numbers. Bancolombia reported neutral numbers, as the loan portfolio both contracted and decreased in quality, while [Ecopetrol](#) — despite impressive production numbers — saw a year-over-year decrease in margins and profits due

SEARCH >>

WATCH THIS! >>



WATCH THIS! >>



LISTEN TO OUR PODCAST >>

Silly (Election) Season is back!

00:00 21:12

14 episodes 5 hours, 39 minutes

- Silly (Election) Season is back!
- President's son arrested! Does ...

SUBSCRIBE FREE >>

Email Address*

Company/Organization*

Country*

First Name*

to the double-trouble of lower Brent oil prices and a stronger peso.

The Peso itself bounced around during the week on external factors, such as US data and Brent prices, but closed yesterday in better shape at 4,019 to the US dollar.

Finally, in news that will surprise no one who has ever paid a peso of tax in Colombia: The country officially has the worst ranked tax regime of any nation within the Organisation for Economic Co-operation and Development (OECD). It is complicated, about twice the length of the bible, and worst of all is full of loopholes — which means tens of thousands of the rich, if not more, pay only a pittance of what they should.

Never miss Rupert's latest commentary
Follow him now on LinkedIn to see [What Jumps Out](#)

DON'T MISS OUT: The only English-language Colombia news that's strictly business, markets, & investment!

Join global executives & investors by subscribing to our FREE weekly updates

Email Address

Subscribe now [click here]

I agree to have my personal information transferred to MailChimp ([more information](#)) **DISCLAIMER:** Protección de Datos Personales Artículo 15 de la Constitución Política de Colombia, ley 1581 de 2012 y decreto 1377 de 2013.

We will never spam you or share your email address ¡Nunca Jamás!

Facebook Comments

0 comments

Sort by **Oldest**

 Add a comment...

Facebook Comments Plugin



About the Author

Prior to becoming the BVC's (Colombia's stock exchange) International Account Manager, London native Rupert Stebbings spent 13 years opening the Colombian equity market to foreigners. All this after a spell "stateside" in NYC. Rupert's opinions are his own and not necessarily those of Finance Colombia or the BVC.



« *Previous Story*
[What Jumps Out: Colombia Gets Back to Business After Regional and Local Elections](#)

Related Posts



Frontera Energy and GCX Energy Report New Discovery at Offshore Guyana Well



Nequi Signs Partnership with TerraPay to Facilitate Remittances



What Jumps Out: Colombia Gets Back to Business After Regional and Local Elections

Leave a Reply

Empty text input field for a reply.

Title/Position*

Empty text input field for Title/Position.

Last Name*

Empty text input field for Last Name.

Website

Empty text input field for Website.

don't forget to include "http://"

State/Dept/Province*

Empty text input field for State/Dept/Province.

* = required field

Your Background / Function

- Corporate / Business
- Government
- NGO / ONG / Nonprofit
- Individual Investor
- Academic
- Investment Professional (Broker, Analyst, Fund Manager)
- Traveler / Interested Individual
- Journalist

Preferred Format

HTML

Text

Subscribe

[unsubscribe from list](#)

CATEGORIES >>

Select Category

ENHANCED BY Google



BILINGUAL & REMOTE JOBS >>

- > Driver - Bensenville, IL, USA
- > Director of Collections - Washington, DC, USA
- > High-rise Valet Attendant FT/PT - Houston, TX, USA
- > Pharmacy clerk - Fargo, ND, USA
- > Retail Sales Associate - Suwanee, GA, USA
- > Pharmacy Technician/Biller - West Bend, WI, USA
- > CNA increased weekend pay - Vestavia Hills, AL, USA
- > CDL-A Regional Bleach Tanker Truck Driver - Mobile, AL, USA
- > Med Surg RN - Registered Nurse - Providence, RI, USA
- > Occupational Therapist - FT - Childress, TX, USA

Name * Email * Website

Save my name, email, and website in this browser for the next time I comment.

Post Comment

SUBSCRIBE FREE

Email Address*

Company/Organization*

Country*

First Name*

Title/Position*

Last Name*

Website

don't forget to include "http://"

State/Dept/Province*

* = required field

Your Background / Function

- Corporate / Business
- Government
- NGO / ONG / Nonprofit
- Individual Investor
- Academic
- Investment Professional (Broker, Analyst, Fund Manager)
- Traveler / Interested Individual
- Journalist

CONTACT US (CLICK THE IMAGE):



ENHANCED BY Google  

 WhatsApp us