



**El emprendimiento
es de todos**

Minhacienda

Colombia: Macroeconomic, Fiscal and Capital Markets Update

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Ministry of Finance

April 2021

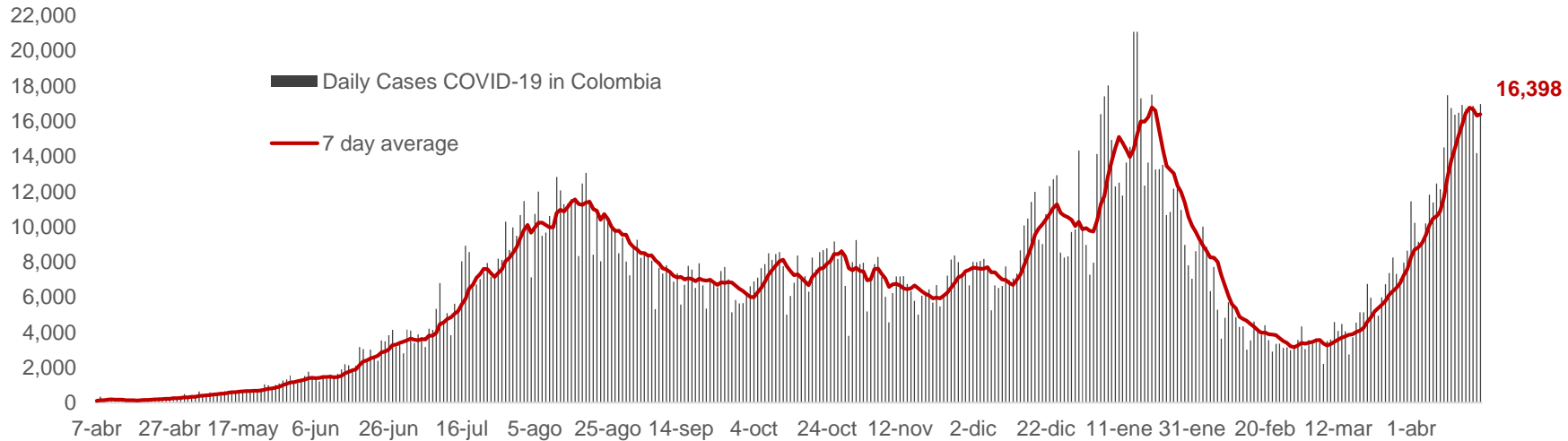


- 1. Evolution of the pandemic and vaccination**
2. Growth recovery and external accounts
3. Public finances and fiscal reform
4. Local and external markets developments

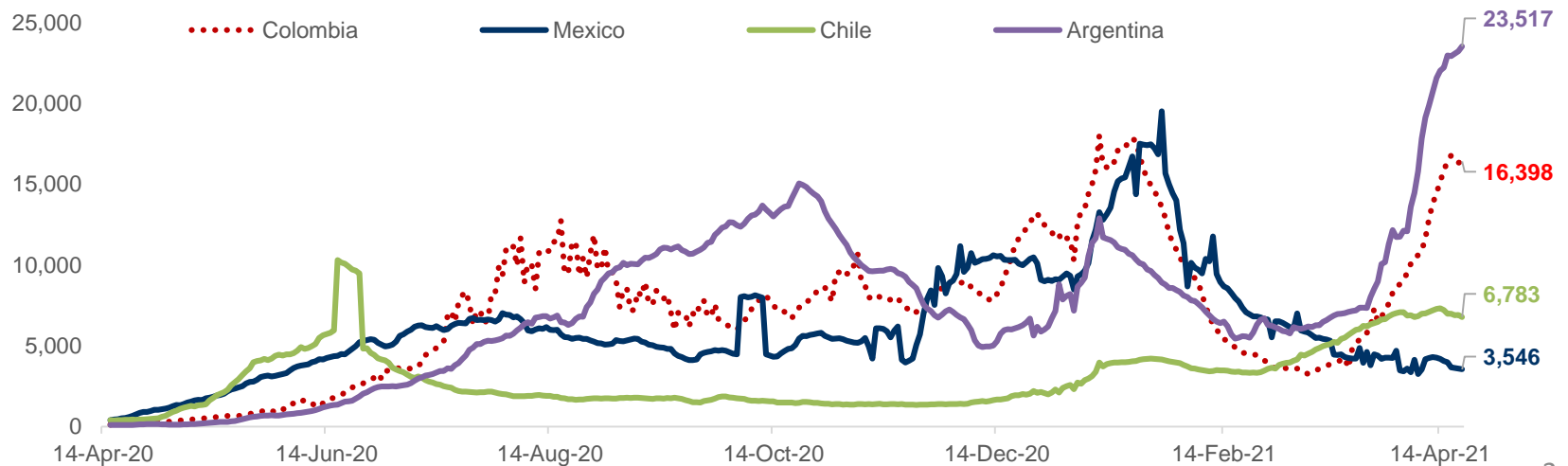


Evolution of COVID-19 cases

Daily Cases COVID-19 in Colombia



COVID-19 cases LatAm (7 day average)



Colombia has a diversified pool of vaccines and immunization plan is advancing

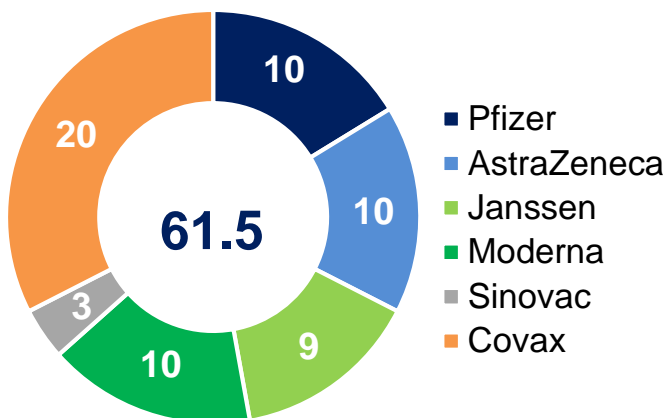


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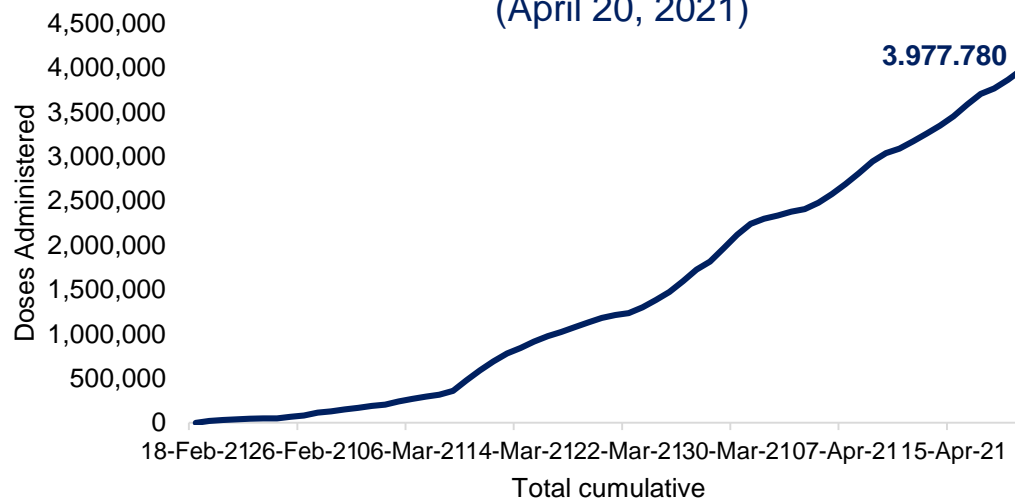
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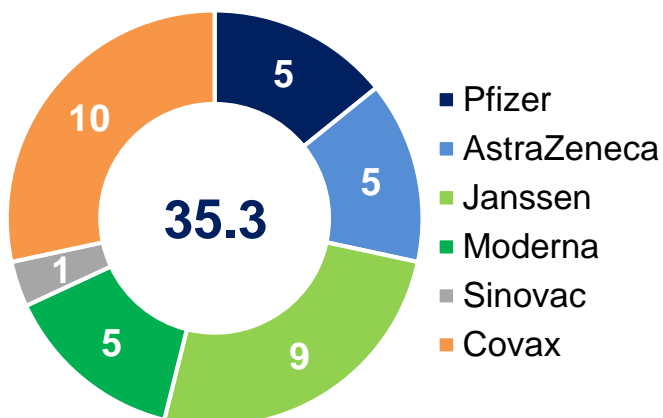
Purchased Doses by Provider (in million)



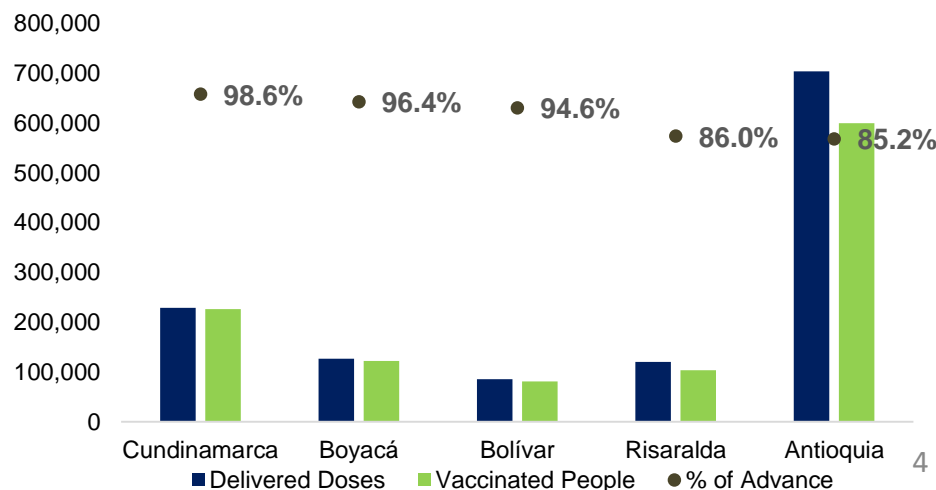
COVID-19 Vaccines rollout in Colombia (April 20, 2021)



Covered People by Provider (in million)



Doses and vaccination progress in one day (April 20, 2021)





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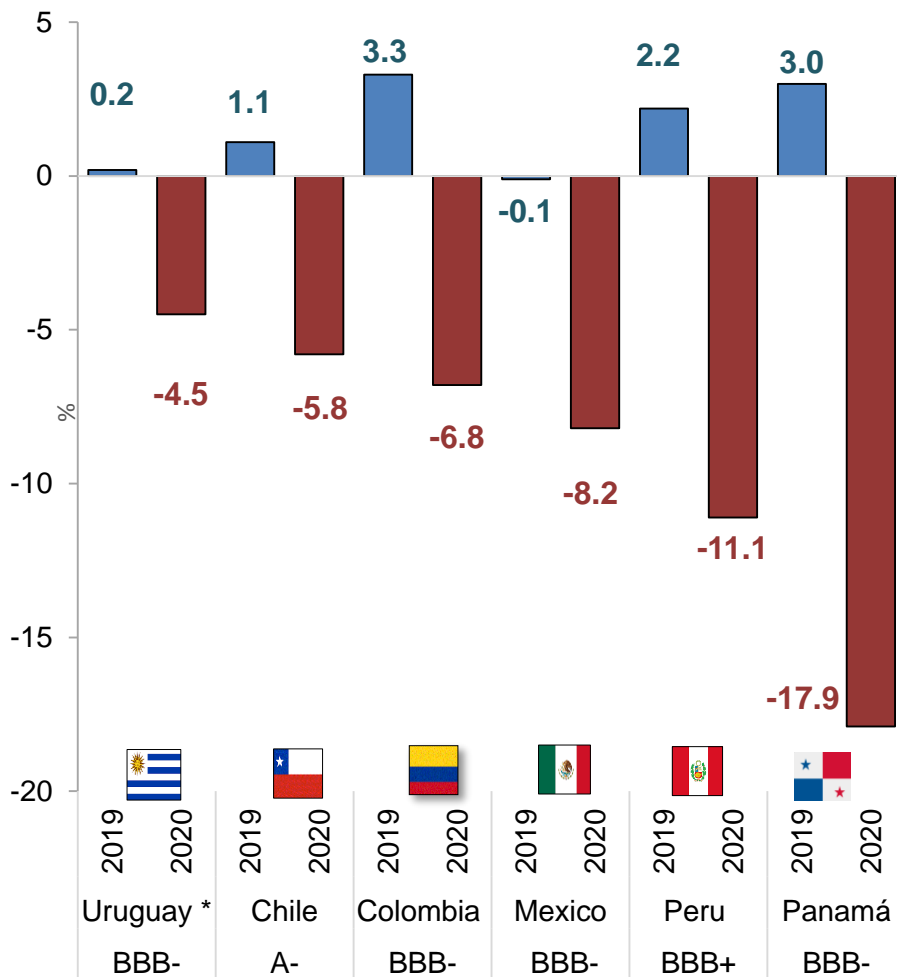


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Colombia is a resilient economy and a gradual recovery is underway

Growth compares favorable with Investment grades in the region



* Estimated as of April 2021
Source: Ministry of Finance.

Agriculture, Public Administration and Finance and Insurance leading the recovery

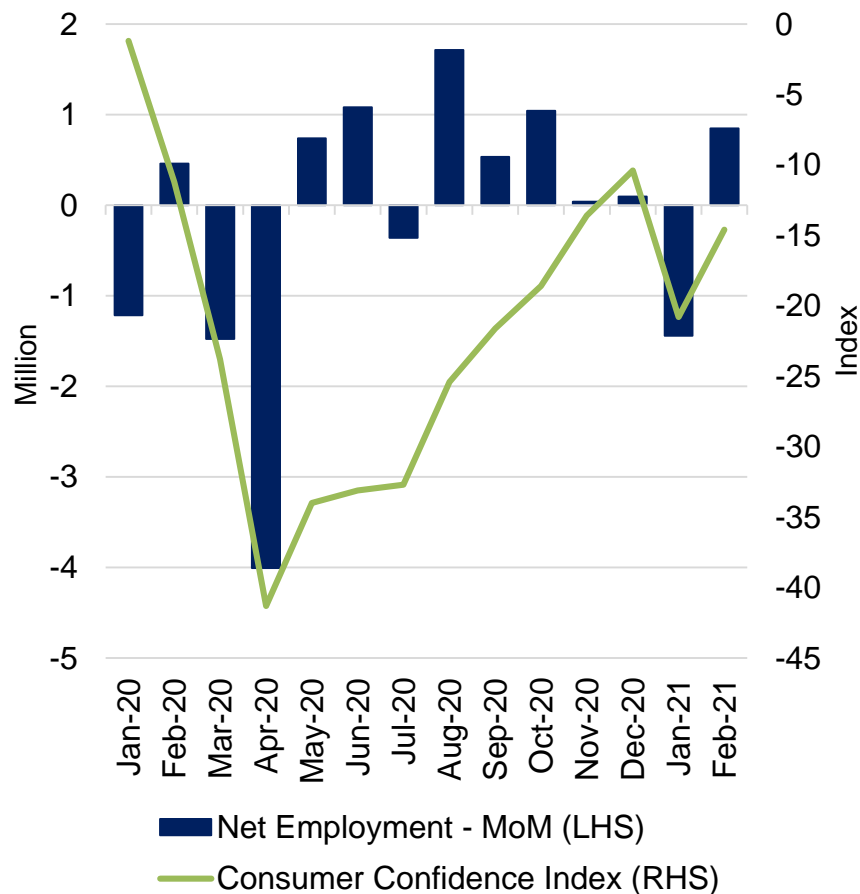
	Share 2020	2019	1Q20	2Q20	3Q20	4Q20	
GDP	100.00	3.3	0.7	-15.8	-8.5	-3.6	-45
Public administration	16.3%	5.1	2.2	-1.9	-0.2	3.3	-40
Retail & transportation	15.6%	3.7	1.3	-34.0	-21.2	-6.6	-35
Manufacturing	11.7%	1.2	-0.2	-23.9	-6.8	-0.2	-30
Real estate services	9.9%	3.3	2.4	1.7	1.8	1.8	-25
Taxes	9.3%	4.4	1.3	-15.0	-8.0	-3.0	-20
Professional & business services	7.1%	3.4	2.5	-10.5	-5.7	-2.5	-15
Agriculture	6.8%	2.3	6.4	-0.4	2.0	3.4	-10
Finance & insurance	5.2%	6.3	2.3	1.1	2.1	2.9	-5
Construction	5.0%	-1.9	-15.2	-40.5	-27.3	-27.7	0
Mining	4.5%	1.7	-3.0	-21.6	-18.7	-19.3	5
Utilities	3.2%	2.5	3.4	-8.4	-4.2	-0.9	10
Information & communications	2.9%	1.1	1.1	-5.6	-2.4	-3.9	15
Arts, entertainment & recreation	2.5%	13.0	5.0	-33.5	-11.3	-7.3	

Source: : DANE. Calculations Ministry of Finance.



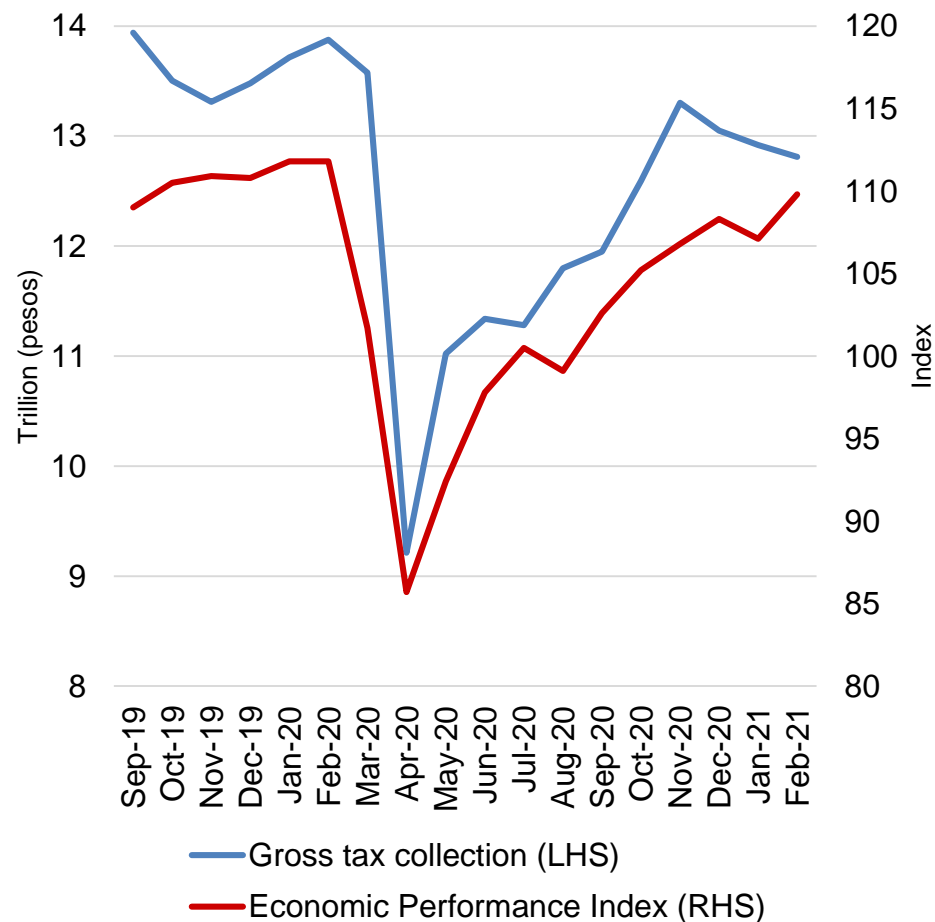
Leading indicators point to a “V-shaped” recovery

Labor market follows economic reopening (MoM vs Consumer Confidence Index)



Source: DANE, Fedesarrollo.

Taxes remain elastic to growth

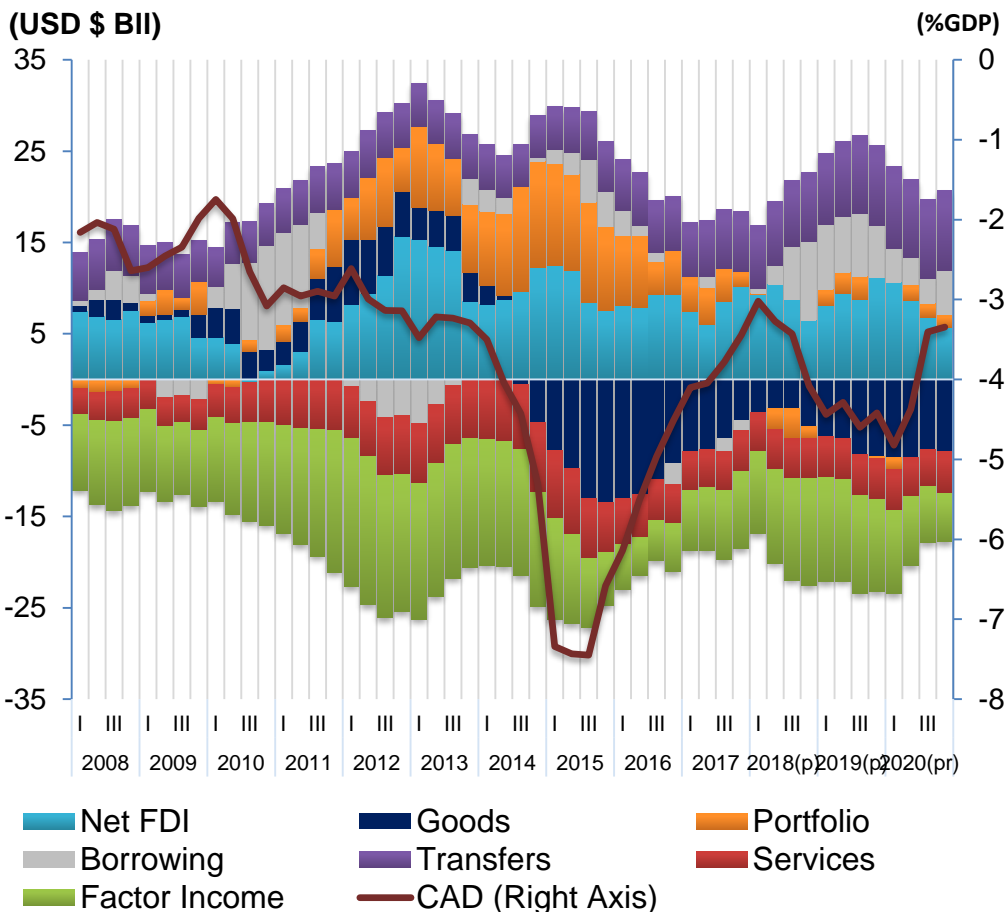


Source: DIAN, DANE.



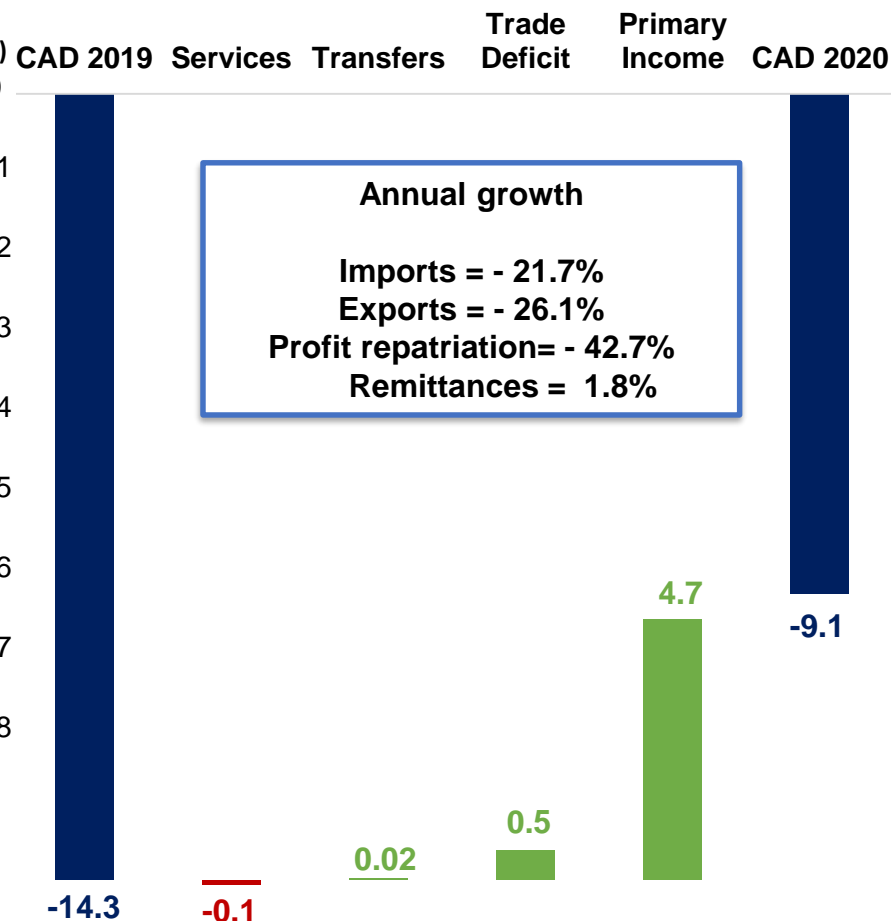
Orderly adjustment in the current account deficit

Investment and remittances covered most of the external deficit Current Account by source



Source: DANE, Central Bank.

Orderly adjustment in the current account deficit (USD Billion)



Source: Central Bank.

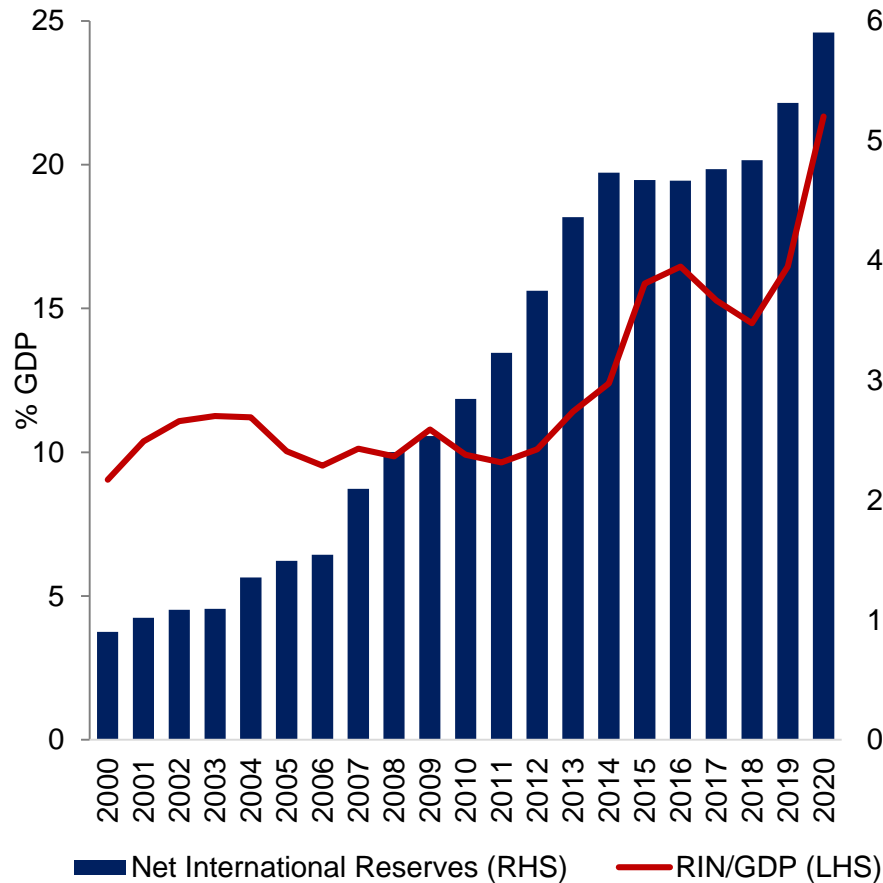
Colombia strengthened international reserves position despite external shocks



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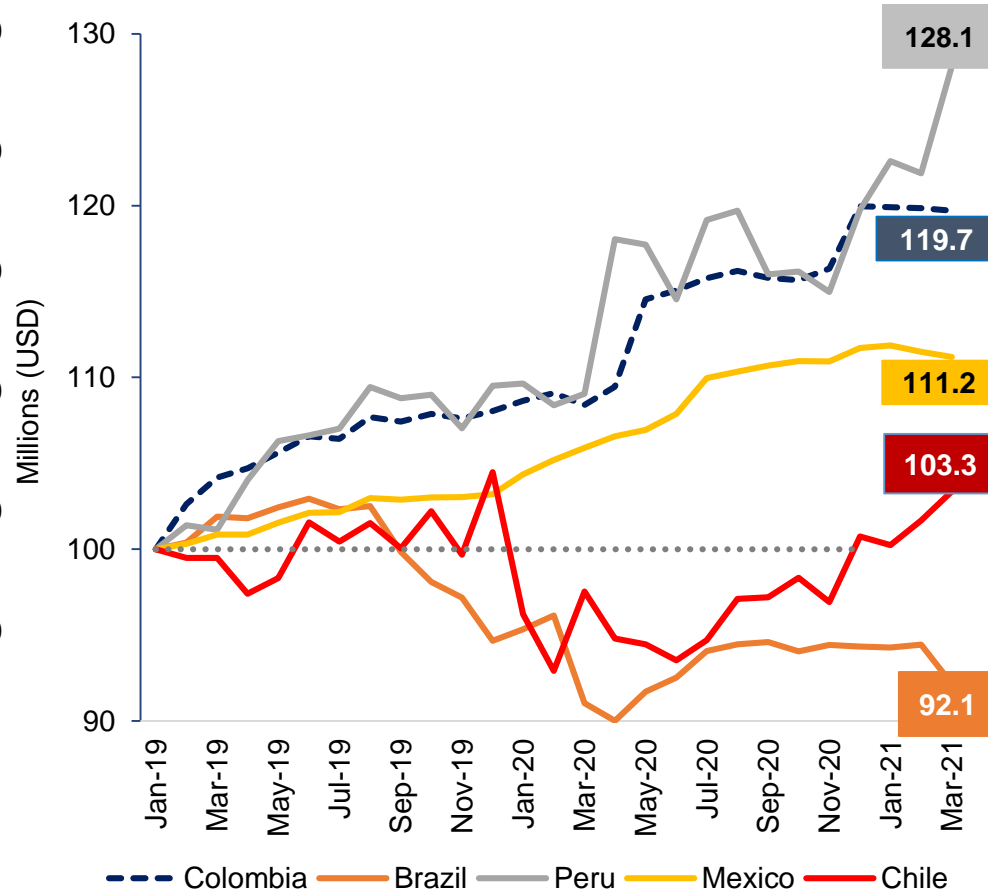
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Net International Reserves



Source: Central Bank.

Net International Reserves Base 100 = January 2019



Source: Central Banks.



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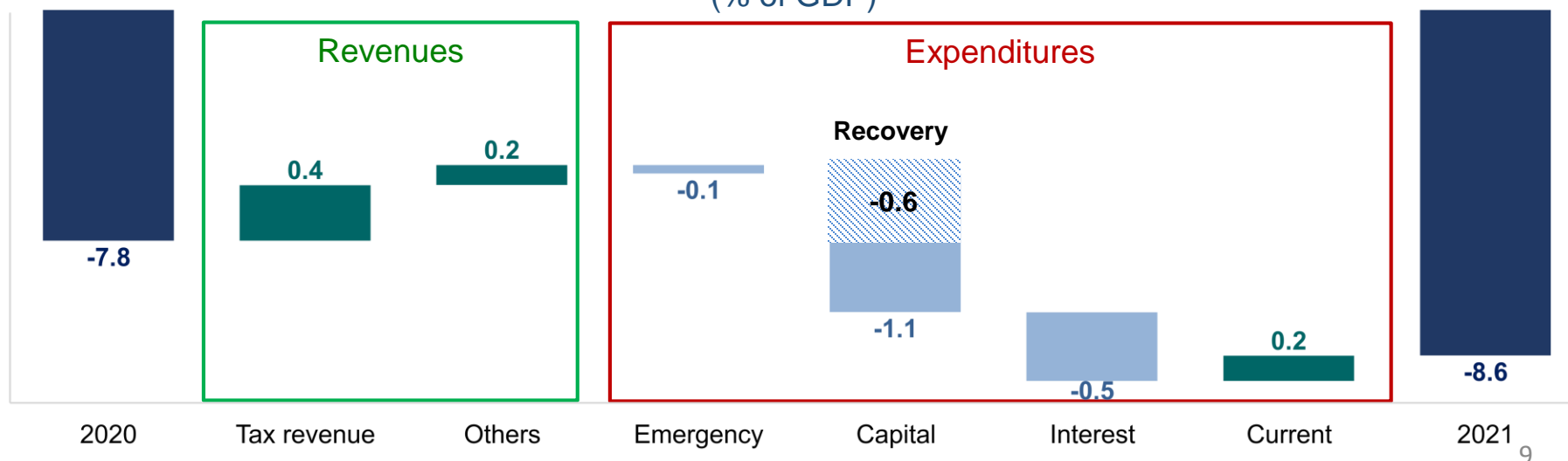


Fiscal deficit outperformed in 2020 (-1.1% of GDP) and was rolled over to 2021 (+1% of GDP)

Fiscal Balance 2019-2021 (%GDP)

CONCEPT	2019	2020	2021
Total Income	16,2	15,1	15,7
Taxes	14,0	13,0	13,5
Other	2,2	2,0	2,2
Total Expenditure	18,7	22,8	24,3
Interest	2,9	2,8	3,4
Current expenditure + Investment	15,7	20,0	21,0
current expenditure	14,0	16,3	16,1
Investment	1,7	2,0	3,1
Emergency	0,0	1,7	1,7
Primary Balance	0,4	-4,9	-5,3
Total Balance	-2,5	-7,8	-8,6

Contribution by component to the increase of the fiscal deficit in 2021 (% of GDP)



Financing Plan 2021



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SOURCES	US\$ Act	Act 132.082	GDP % 12,1%	USES	US\$ Act	Act 132.082	GDP % 12,1%
Disbursments		90.496	8,3%	Deficit		94.647	8,6%
External	(US\$ 10.110 mill)	35.164	3,2%	o/w:			
Internal		55.332	5,0%	Internal Interest		26.318	2,4%
o/w:				External Interest	(US\$ 2.775 mill.)	10.454	1,0%
Auctions and syndications		40.000	3,7%				
Green TES		2.000	0,2%	Amortizations		18.654	1,7%
				External	(US\$ 3.000 mill.)	10.397	
Other resources		8.925	0,8%	Internal		8.257	
				Contingent Liabilities (Rulings, Health, Others)		8.590	0,8%
Initial Availability		32.661	3,0%	Final Availability		10.191	0,9%

Projected figures in COP trillion.

Source: Ministry of Finance. As of March 5, 2021.



Sustainable Solidarity Bill

(Proyecto de Ley de Solidaridad Sostenible)

Summary: Main sources & uses of the reform

Average 2022 -2031

Sources	COP Trillion 2022	% GDP
Total	23.4	2.0
VAT	7.3	0.6
Personal Income Tax	17.0	1.4
Corporate Taxes	3.7	0.3
Transfers to subnational governments	-4.6	-0.4

Uses	COP Trillion 2022	% GDP
Total	23.4	2
Income to households in poverty and extreme poverty	4.6	0.4
Temporary subsidies to employment	0.8	0.1
VAT compensations	1.8	0.2
Reduce fiscal deficit	16.1	1.4

The bill also proposes changes to strengthen the fiscal rule:

General government approach

Excluding non-observable variables

Anchor and limit for public liabilities ex. pensions

Pillars to determine the path of structural net primary balance

Structural net primary fiscal balance targets for 2022-2024

Autonomous Committee of Fiscal Rule

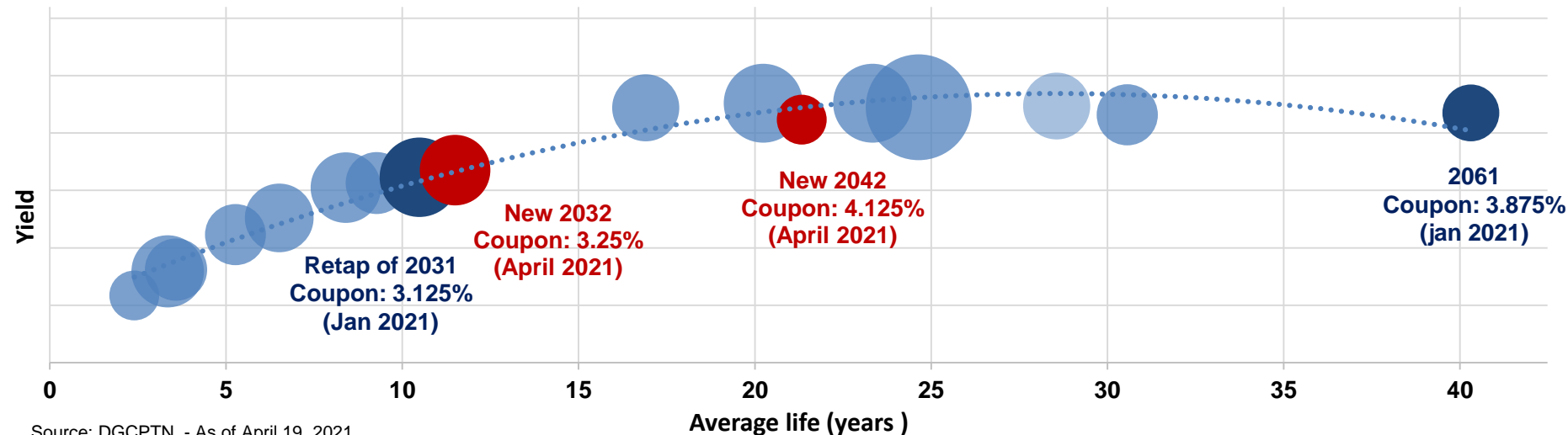


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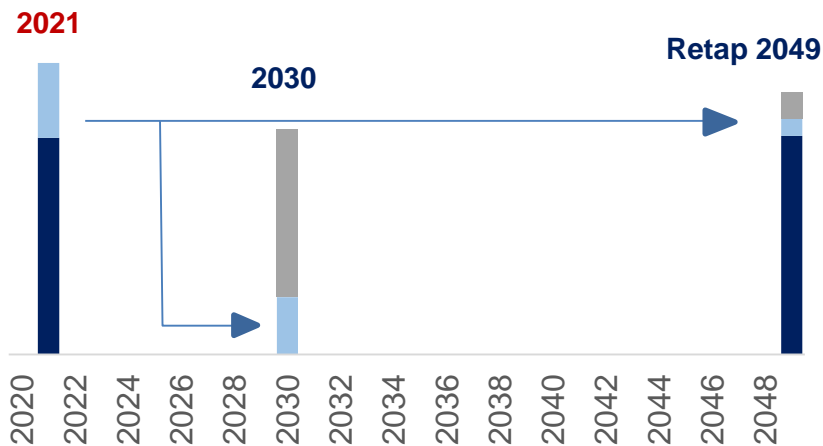
Colombia advanced its external funding and liability management in January and April

Colombia USD-Curve



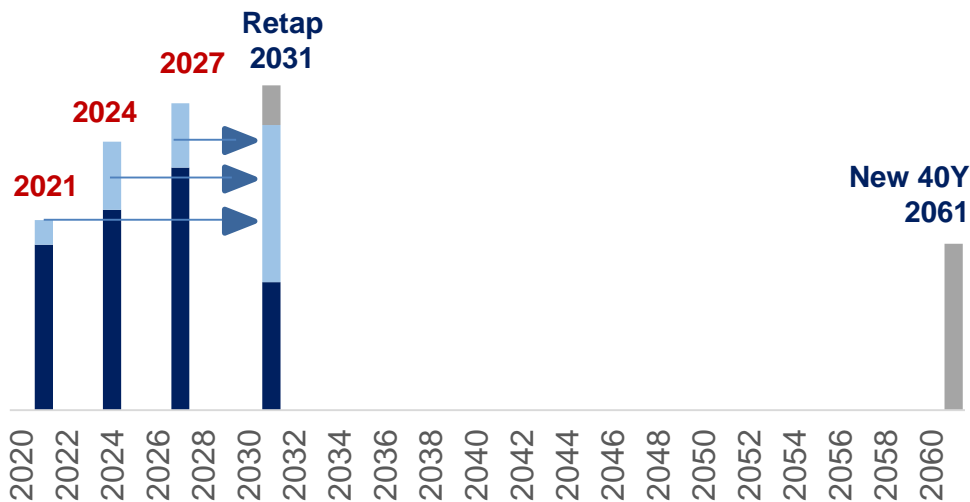
Debt management and financing - January 2020

■ Amount Outstanding ■ Liability management ■ Financing



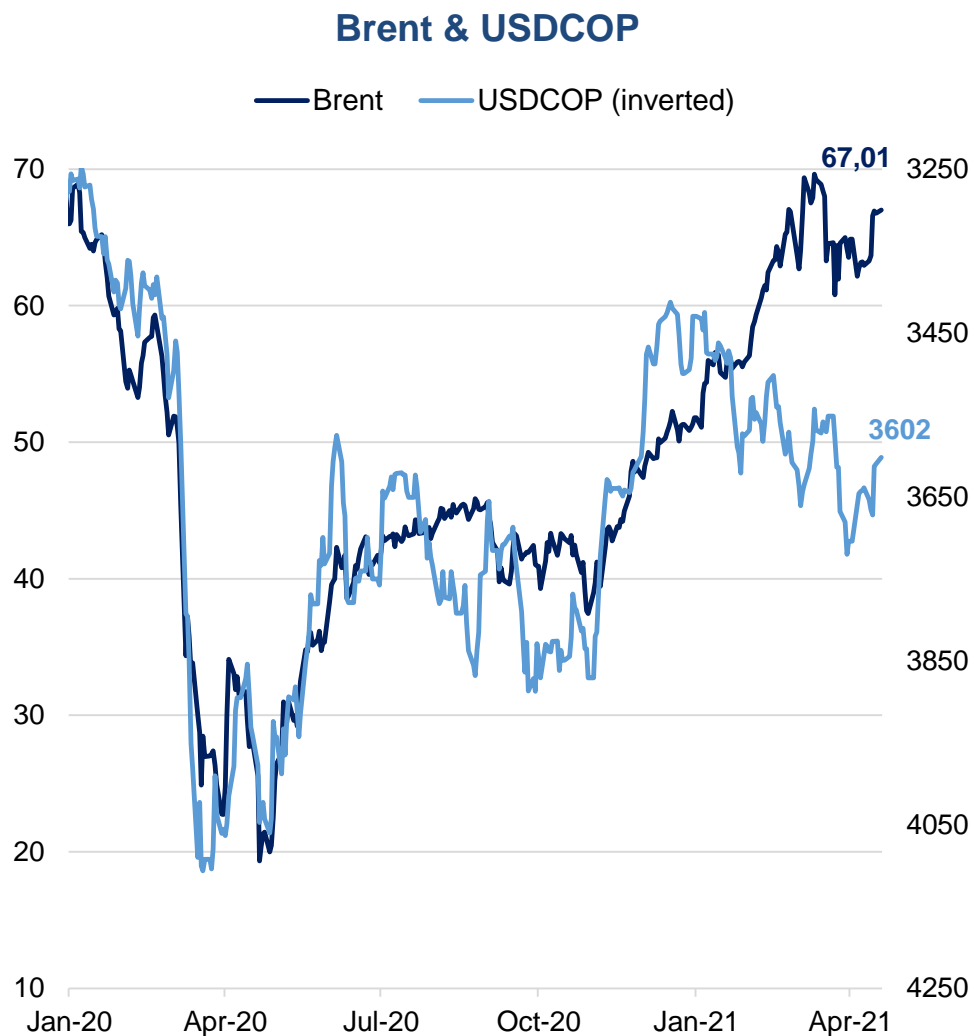
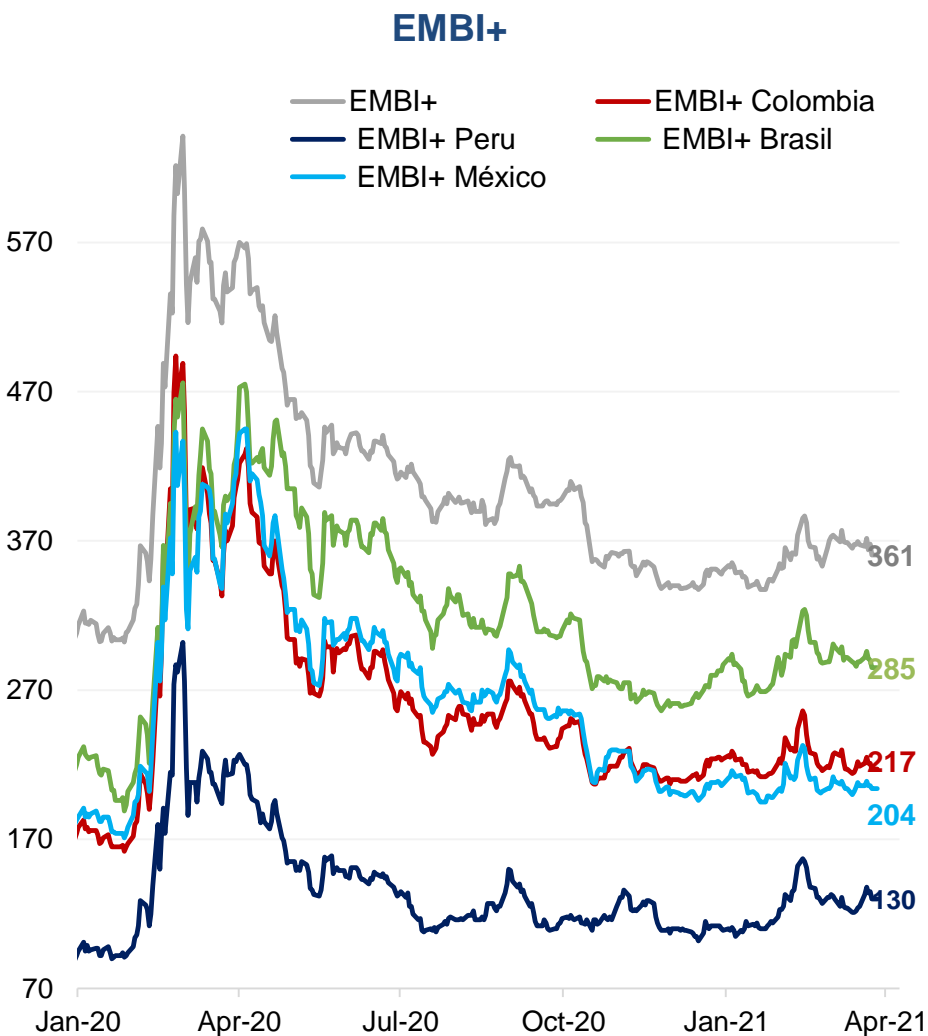
Debt management and financing - January 2021

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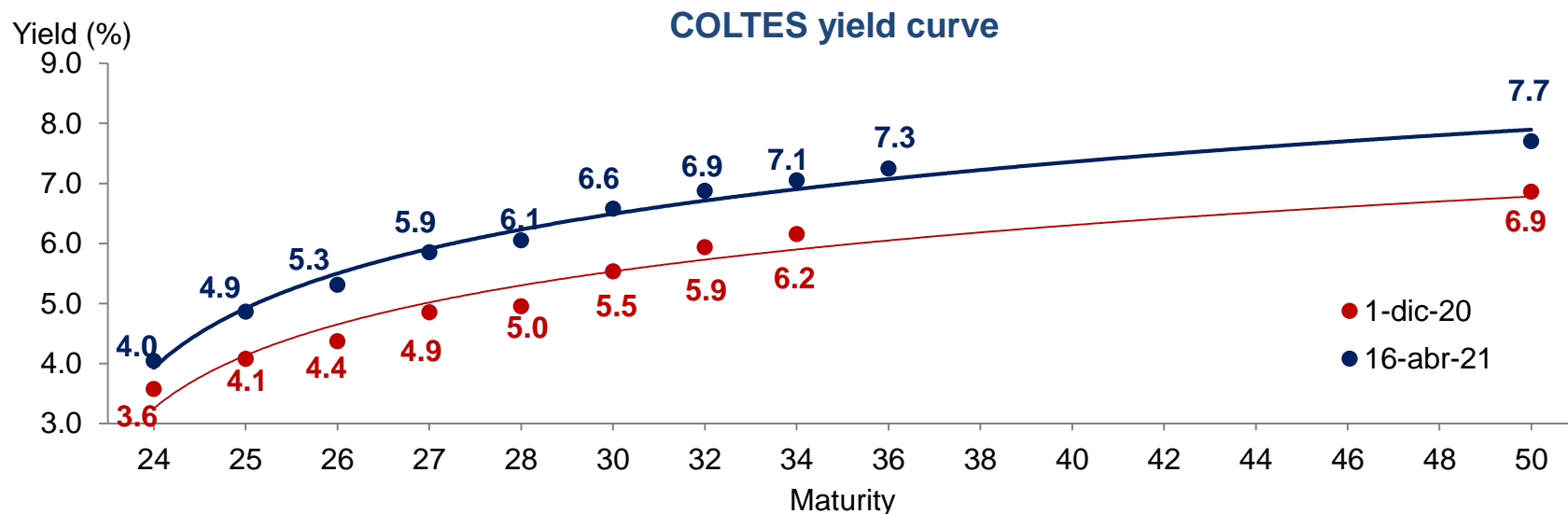
Emerging market risk premiums remain relatively stable while oil prices keep rising.



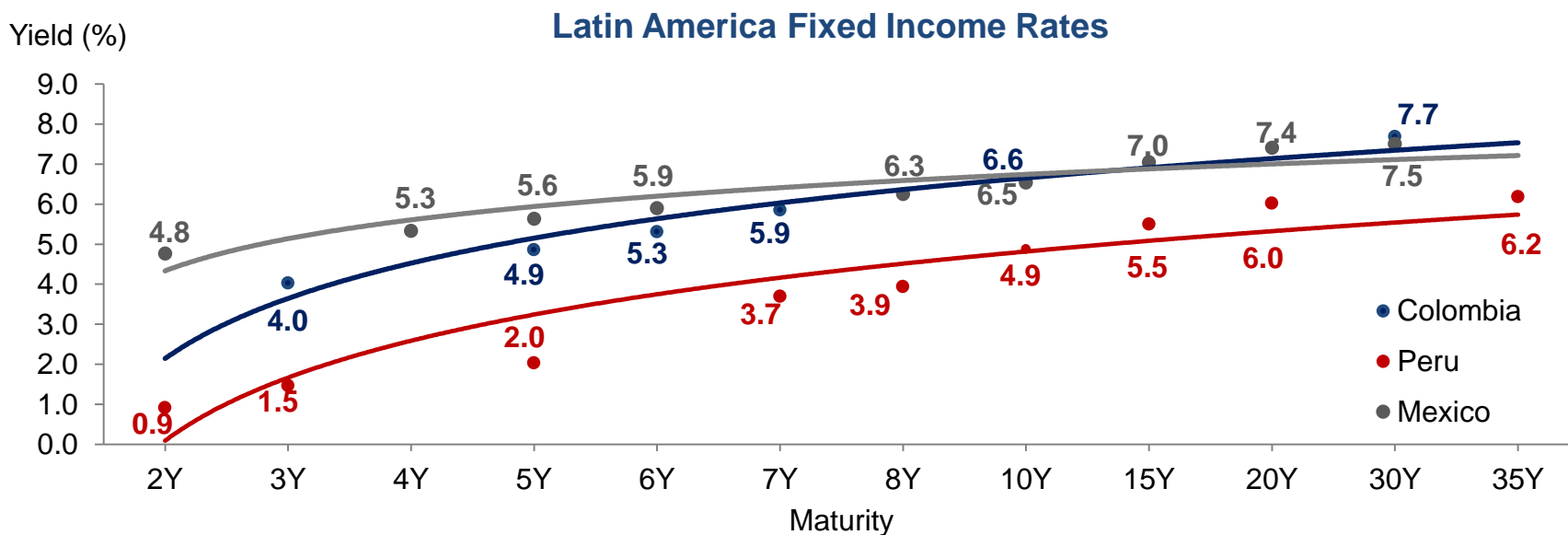
* USDCOP series is presented inverted.



COLTES rates perform in line with regional peers



Source: Bloomberg, as of 16th April, 2021

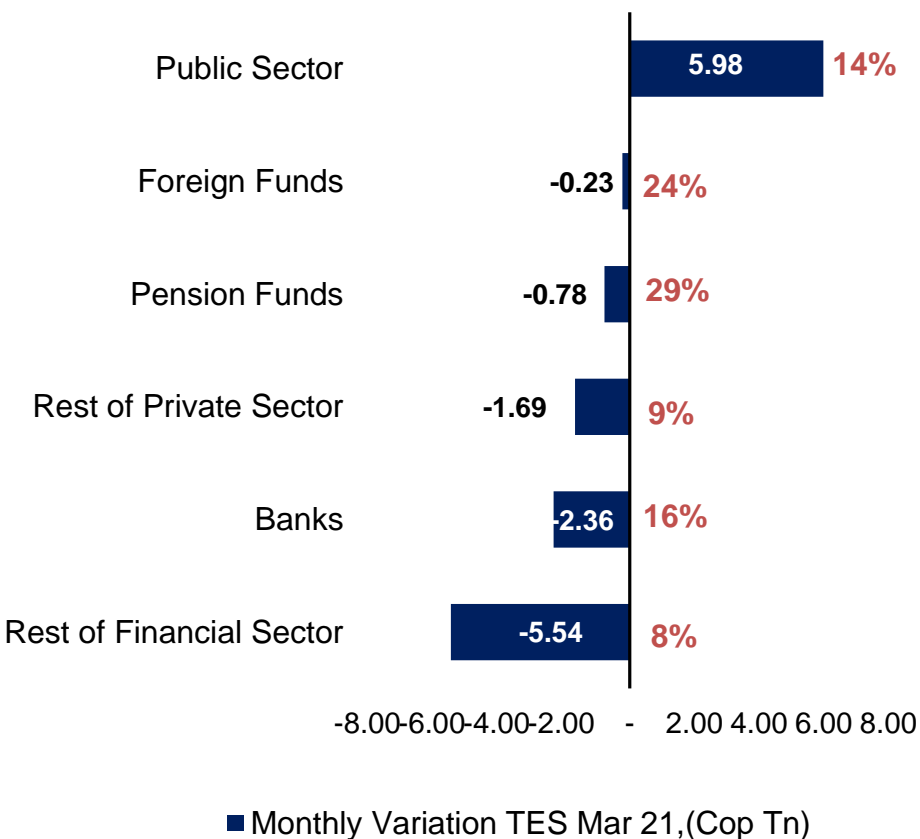


Source: Ministry of Finance as of 16th April, 2021.

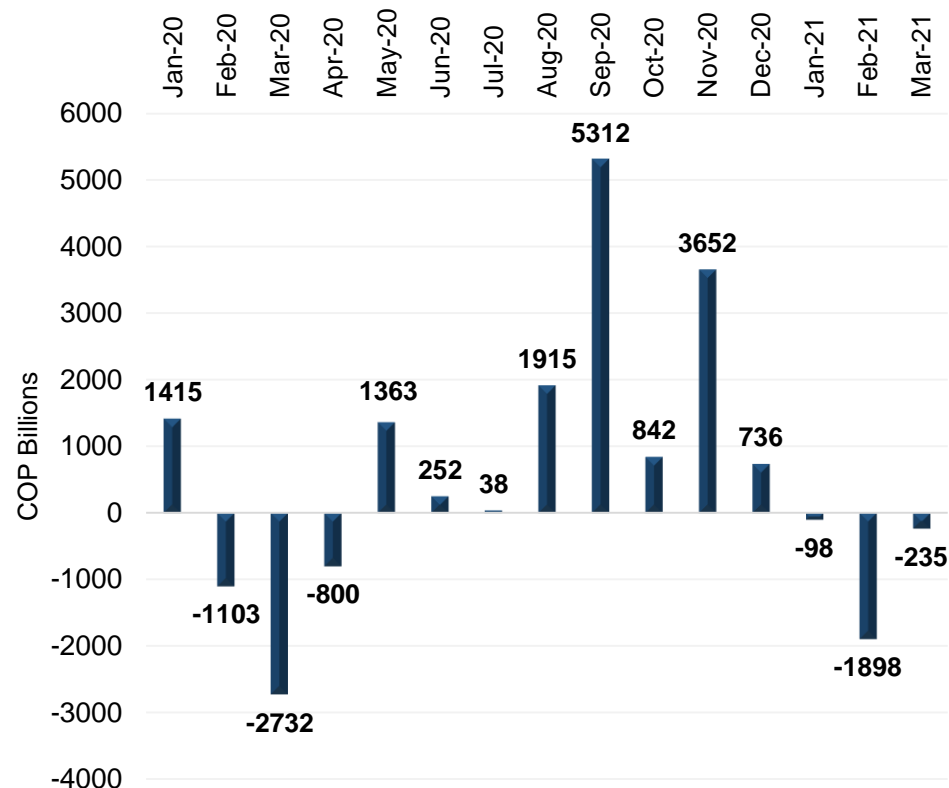


Diversified investor base supports stability of COLTES market

**Net changes in COLTES holdings
Feb-Mar 2021
(Cop Billion)**



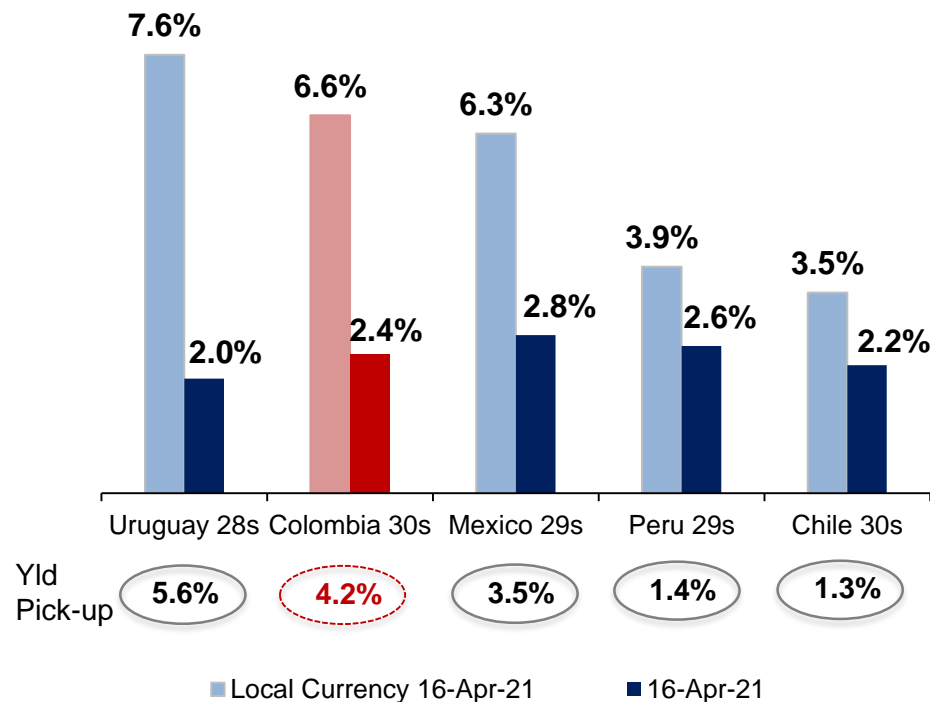
**Net Portfolio Flows from Foreigners into COLTES
(Cop Billion)**





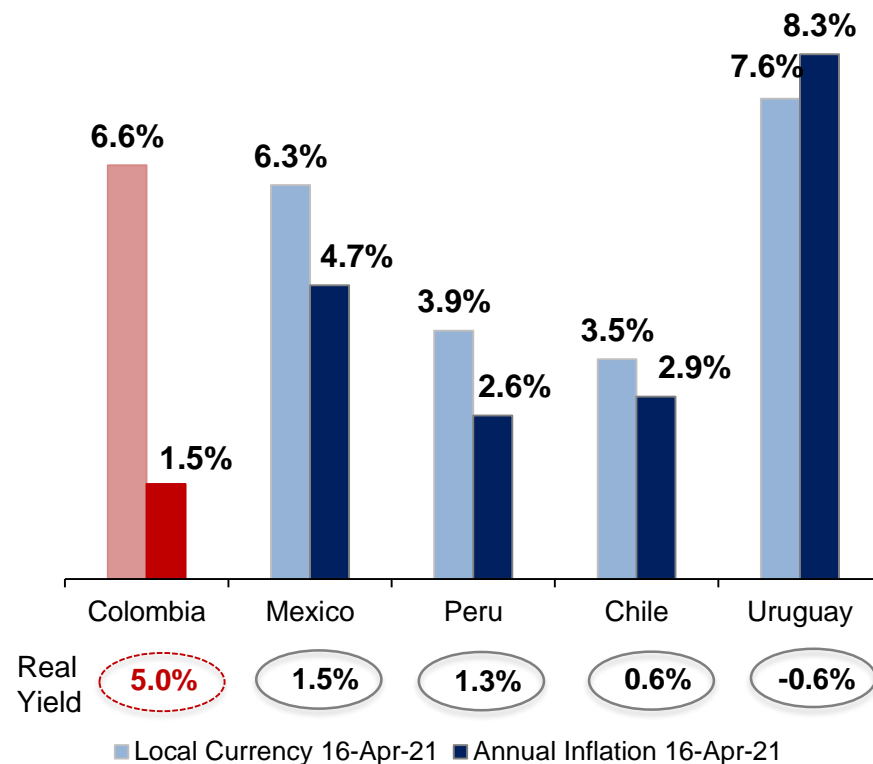
Local rates remain in positive territory

Local Currency 10Y vs. USD 10Y



Source: Bloomberg, as of 16th April 2021

Local Currency 10Y Yield vs. Inflation

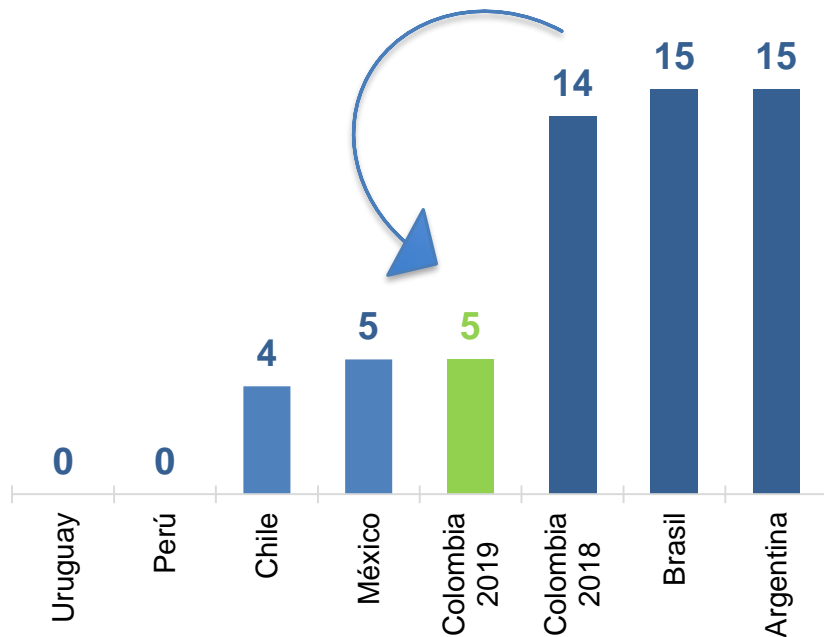


Source: Bloomberg, as of 16th April 2021



Withholding tax has been decreasing and performance of Colombian peso is in line with peers

Taxation to Foreign Public Investment (%)

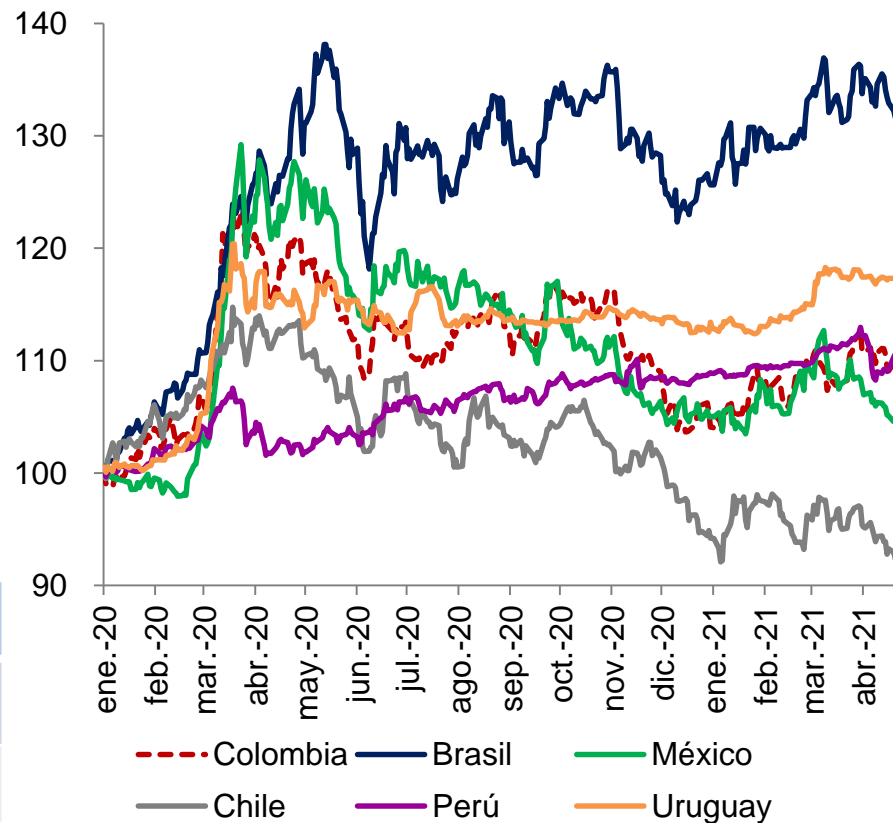


Fitch	BBB-	BBB+	A-	BBB-	BBB	BB-	CCC
S&P	BBB	BBB+	A	BBB	BBB-	BB-	CCC +
Moody's	Baa2	A3	A1	Baa1	Baa2	Ba2	Ca

Source: Bloomberg

COP performs in line with regional peers

Exchange rate depreciation (%)
Base 100 = Jan 1, 2020



Source: Bloomberg



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