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## DAVIVIENDA COLOMBIA MANUFACTURING PMI™

### Substantial pick-up in sales growth underpins record job creation

#### KEY FINDINGS

Faster increases in factory orders and production

Unprecedented expansions in employment and input stocks

Inflation rates recede in June

Data were collected 13-22 June 2022

June data highlighted the second-strongest improvement in the health of the Colombian manufacturing sector since data first became available in April 2011. The sharpest rise in new business inflows in close to seven-and-a-half years generated positive spillover-effects for key macroeconomic measures. Production expanded at the quickest pace since the start of 2016, input buying growth climbed to a near survey peak — which supported a record accumulation in input stocks — and there was an unprecedented upturn in employment. The uptick in growth coincided with cooling inflationary pressures.

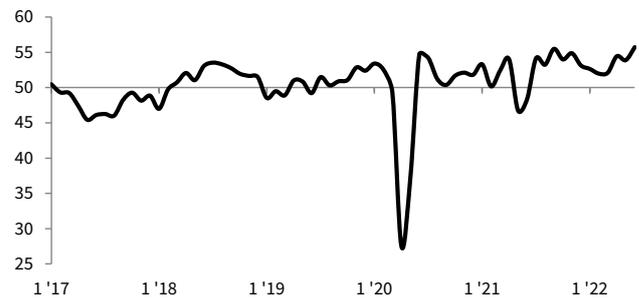
Up from 53.9 in May to 55.7 in June, the seasonally adjusted Davivienda Colombia Manufacturing PMI™ highlighted the second-strongest improvement in business conditions since the survey started in April 2011. The upward movement in the headline figure came from four of its five sub-components, the exception being suppliers' delivery times which is inverted in the calculation.

Colombian goods producers signalled the fastest expansion in new work intakes since January 2015, with the upturn attributed to new client wins, strengthening demand conditions, product diversification and promotional activities.

Buoyed by robust increases in sales, manufacturers scaled up production volumes midway through 2022. Output rose at a sharp rate that was the quickest since the start of 2016.

To accommodate for rising sales, and deliver goods to clients in a timely manner, Colombian manufacturers

Colombia Manufacturing PMI  
sa, >50 = improvement since previous month



Source: Davivienda, S&P Global.

continued with their capacity expansion efforts. Jobs were created at an unprecedented pace in June.

Firms also loosened the purse strings when it came to input buying, owing to greater production requirements and attempts to prevent stockouts. Quantities of purchases increased for the twelfth month in a row and at the second-strongest rate on record.

Trends for stocks were similar in direction, but differed in magnitude. Holdings of finished goods rose only slightly, albeit following reductions for six straight months. By contrast, the rate of accumulation in pre-production inventories climbed to a survey peak.

Although supply-chain issues remained evident, the incidence of delays moderated in June. Average lead times on inputs lengthened to the least extent in 16 months.

As for prices, rates of inflation for both input costs and output charges eased to 15-month lows. Nevertheless, the respective indices remained well above their long-run averages. Anecdotal evidence linked higher purchasing prices to the war in Ukraine, lockdowns in China, delays at ports, global shortages of inputs and US dollar strength.

Business confidence strengthened to a ten-month high in June as companies hoped that the end of the presidential election would somewhat curb uncertainty and speculation. Greater quotations, investments and planned product launches also boosted optimism towards output.

## COMMENT

Commenting on the Colombia Manufacturing PMI survey data, Andrés Langebaek Rueda, Chief Economist Bolivar Group at Davivienda, said:

*"The 12% growth of economic activity in April added to the behaviour of consumer confidence in May and the results of the demand component of the PMI for June - which grew at its highest rate since January 2015 - suggesting that contrary to what we observed six months ago, domestic demand is accelerating its growth rate. Let us remember that domestic demand has performed well as a result of, among other things, greater public spending and in particular the transfers that the national government continue to make to families that were affected by the Covid-19 emergency.*

*"In these conditions, accelerating the growth of the interest rate - by going from 100 to 150 basis points - becomes of vital importance to avoid an inflationary overflow."*

## CONTACT

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### Methodology

The Davivienda Colombia Manufacturing PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 350 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Data were collected 13-22 June 2022.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.  
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