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## DAVIVIENDA COLOMBIA MANUFACTURING PMI™

### Output growth quickens amid stronger upturn in sales

#### KEY FINDINGS

Production and sales rise at faster, albeit modest, rates

Rate of backlog accumulation hits new record

Inflationary pressures recede, but remain elevated

Data were collected 11-23 March 2022

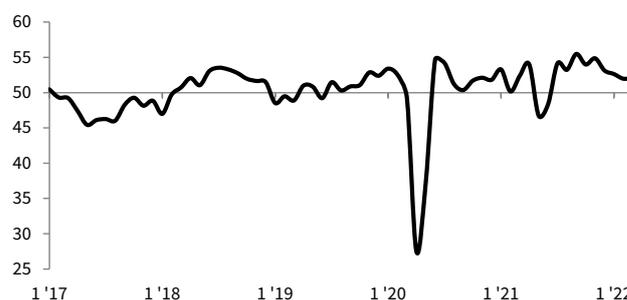
After losing growth momentum in each of the prior three months, the health of the Colombian manufacturing industry improved to a greater extent in March. Companies signalled quicker increases in production and sales, but nevertheless cited a numbers of factors that restricted the expansions. Among them were staff shortages, raw material scarcity and inflationary pressures. Difficulties sourcing inputs also led to a record upturn in outstanding business volumes. Input costs rose sharply again, with companies transferring part of this to consumers via hikes to output charges. Inflation rates remained above trend, despite easing to one-year lows.

The seasonally adjusted Davivienda Colombia Manufacturing PMI™ posted 52.1 in March, above the neutral 50.0 threshold for the ninth month running and indicating an overall improvement in operating conditions. Moreover, rising fractionally from 52.0 in February, the headline figure was consistent with a quicker rate of growth.

Output expanded at a stronger rate in March, the fastest in four months. Growth was linked to higher sales, strengthening demand conditions and improved client confidence. That said, some firms suggested that staff and input shortages as well as inflationary pressures curbed production at their plants.

Similarly, factory orders expanded at the quickest rate in the year-to-date, owing to new bid awards, new client wins, the lifting of COVID-19 restrictions and improved demand. Yet, several companies mentioned being unable to accept new work due to a lack of raw material availability.

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



Source: Davivienda, S&P Global.

Input shortages also caused a substantial increase in outstanding business volumes. In fact, the rate of backlog accumulation climbed to a new record.

Some firms sought to rebuild stocks by purchasing additional inputs, while others refrained from doing so due to soaring prices and difficulties sourcing key items. Overall, quantities of purchases rose but at the slowest pace in the current nine-month period of expansion. Concurrently, lead times on inputs lengthened further, albeit to the least extent since August.

Inflationary pressures showed signs of abating in March, with input costs and output charges increasing at the slowest rates in one year. That said, in both cases the respective indices were well above their long-run averages. According to survey members, purchasing prices rose due to US dollar strength, raw material scarcity, constrained freight availability and the Russia-Ukraine war.

Manufacturers utilised existing inventories to fulfil production requirements, resulting in a renewed decline in input stocks. The fall was the first since mid-2021, albeit only slight. Meanwhile, holdings of finished items decreased at a solid pace as firms attempted to deliver goods in a timely manner.

Employment rose in March, reflecting sustained increases in sales. The rate of job creation was moderate, but quickened from February. Finally, business optimism weakened due to election, inflation and supply-chain concerns.

## COMMENT

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

*"The PMI results for March represent an improvement compared to those observed in the first two months of the year. There was an acceleration in the growth of the three main components of the indicator: production, orders and employment. Despite this, the balance for the quarter shows a moderation in the operational conditions of the sector, which seems to have slowed compared to the growth observed in the last quarter of 2021.*

*"It is interesting to highlight the moderation in prices that was observed in March. We attribute this moderation to the appreciation of the peso in recent months. Let us remember that, initially as a result of the world economic recovery and later the conflict between Ukraine and Russia, the price of oil — our main export product — has been increasing and generating a decrease in the exchange rate. The persistence of this phenomena will depend on the extension of the conflict."*

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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 11-23 March 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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