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## DAVIVIENDA COLOMBIA MANUFACTURING PMI™

### Manufacturing industry sees faster growth but mounting price pressures

#### KEY FINDINGS

Output rises at quicker pace in April...

...amid strong upturn in new orders

Faster increases in input costs and output charges

Data were collected 11-21 April 2022

April data signalled resurgent growth in the Colombian manufacturing industry, with both production and new business increasing at faster rates. These developments contributed to the strongest upturn in jobs for eight months and a quicker rise in input buying. Meanwhile, rates of input cost and output charge inflation picked up to five- and three-month highs respectively, and were among the strongest on record.

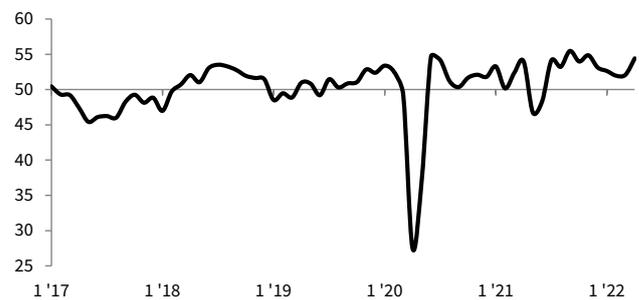
Rising from 52.1 in March to 54.4 in April, the seasonally adjusted Davivienda Colombia Manufacturing PMI™ signalled the strongest improvement in the health of the sector since last November. The headline figure was mainly boosted by faster increases in new orders, output and employment.

Manufacturing production rose for the tenth consecutive month in April, with the rate of expansion quickening to the strongest since last September. Where growth was reported, survey participants commented on ongoing increases in sales, stock replenishment efforts, the arrival of previously-purchased inputs, new product launches and robust underlying demand.

Goods producers registered the joint-fastest increase in new work intakes in over seven years during April. The upturn was attributed to the approval of pending quotations, strengthening demand conditions and stockpiling efforts among clients.

Firms were able to secure new work despite increasing their charges again at the start of the second quarter. The rate of

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



Source: Davivienda, S&P Global.

selling price inflation was sharp and one of the highest seen since data collection started in April 2011.

Soaring input prices was the key factor leading businesses to hike their fees. Several panellists indicated that supply-chain disruptions, raw material scarcity and the Russia-Ukraine war led to acute cost pressures. The overall rate of inflation was sharp, the fastest since last November and one of the highest in the survey history.

Input delivery times were also impacted by bottlenecks at global logistics firms and raw material shortages. That said, supplier performance worsened to the least extent in over a year.

Attempts to mitigate against supplier delays, alongside robust demand conditions, resulted in a further increase in input purchasing among goods producers. The pace of growth was marked and the quickest since January.

Spending decisions were also favourable regarding employment, with more jobs created in April. The rate of expansion was solid and hit an eight-month high.

Despite ongoing job creation, manufacturers indicated that outstanding business continued to pile up. The latest rise in backlogs was marked and the third-fastest on record.

Inventory trends were mixed in April, with a stabilisation of input stocks comparing with a further decline in holdings of finished goods. The latter was associated with strong sales growth and the dispatch of products to clients.

## COMMENT

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

*"Production and price signals from the PMI suggest that interest rates in Colombia should continue to rise in the coming months. On the one hand, the manufacturing industry registered a significant boost in its growth rate last April due, according to the panellists surveyed, to the strength of demand. On the other hand, output prices rose at one of the highest rates in the history of this indicator, reflecting the effect of Russia's invasion of Ukraine on commodity prices. Both effects should lead to higher rate increases, although taking into account the nature of the observed supply shock, these increases should probably be less intense. Our central bank faces an increasingly challenging task of determining the appropriate pace of monetary tightening."*

## 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 11-21 April 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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