

The background of the slide is a close-up, high-resolution image of the Colombian flag. The flag's three horizontal stripes—yellow at the top, blue in the middle, and red at the bottom—are shown with realistic fabric texture and folds, giving it a sense of movement. The colors are vibrant and saturated.

RADVA

# **MICROECONOMIC OUTLOOK COLOMBIA**

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**IQ 2024**

# ÍNDICE

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**IVQ 2023**

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4. GASTO DE LOS HOGARES EN BEBIDAS NO ALCOHOLICAS
5. GASTO DE LOS HOGARES EN RESTAURANTES
6. CONCLUSIONES

### Federal Reserve keeps monetary policy tightening

In the first quarter, the Federal Reserve kept the interest rate range stable between 5.25% and 5.50%, its highest level since 2001. Inflation has stagnated at around 3%, as it closed March 2024 at 3.5% with a slight upward trend and was above the stipulated target range (2%); despite this, the labor market remains strong. The interest rate is expected to stand at 4.6% by the end of 2024.

### Trump wins Republican Party nomination

The former President of the United States, Donald Trump, secured his position as Republican candidate for the November presidential elections by obtaining the necessary delegates (1,228) after his victory in the primaries of Washington, Mississippi and Georgia. The formalization of his nomination will take place during the Republican National Convention between July 15 and 18.

### Nayib Bukele's victory, extends his mandate until 2029

Nayib Bukele won reelection in El Salvador's presidential elections. Even though the constitution prohibits immediate reelection and stipulates that there cannot be two consecutive terms, to be reelected, he took a six-month leave of absence, becoming the first Salvadoran president to be reelected in almost 100 years.

### Conflict and tension in the Red Sea increases freight rates

Attacks on commercial ships by the Houthis, Yemen's insurgent group, led to a 64% reduction in ship traffic through the Suez Canal via the Red Sea in the first two weeks of January compared to the same period last year, with ships taking alternate routes. "The WCI freight index has risen by 150% between December 14 and January 18, which means it increased five times more than the cost overruns that shipping lines are facing, which represent 21%."

### Vladimir Putin Re-elected in Russia

According to data from the Central Electoral Commission, Vladimir Putin obtained more than 87% of the votes, with an ample majority of the ballots counted. These results consolidate the position of the Russian president, who is preparing to start a new six-year term until 2030. In addition, the recent reform of the rules limiting his tenure in office allows him to opt for reelection until 2036.

### Ecuador: between violence and international political polarization

Ecuador began 2024 with an internal armed conflict that provided waves of violence and with it, security measures such as a state of exception that allows military forces to patrol prisons and violent areas. This has led to the proposal of a referendum in April where security and economic issues will be addressed. However, President Daniel Novoa is facing tensions with Latin American governments that may lead to a break in political and commercial relations.

## Increase in public transportation fares

During the first months of the year (January-February), the different cities and regions of the country increased urban and inter-municipal public transportation fares, in line with increases in the costs assumed by the system for the maintenance and provision of these services. Among the cities that had an increase in January were Medellín, Manizales, Bucaramanga and Neiva, while in February fares were increased in Bogotá, Cali and Barranquilla.

## Banco de la República lowered the interest rate

The Board of Directors of Banco de la República lowered interest rates. The first reduction was in January, of 25 basis points, leaving the rate at 12.75%. Meanwhile, in March it decided to cut interest rates by 50 basis points to 12.25%, achieving a reference rate at the December 2022 level.

## Gasoline price increases

The government applied the last increase to the price of gasoline by 600 COP/gallon, to end the subsidy in January, which closed the gap between the local price and the international price. In February it increased twice, after the Gas and Energy Regulation Commission announced an adjustment for the international reference price.

## Increase in healthy tax rates

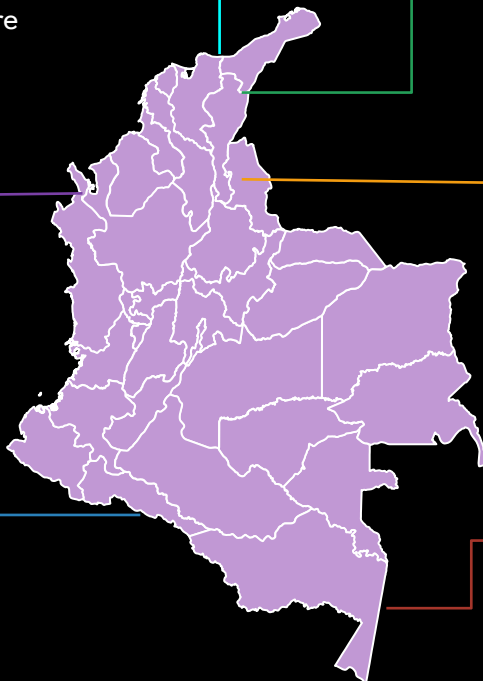
According to the tax reform, the tax on ultra-processed foods was increased by 15% as of January 2024. This measure has generated greater inflationary pressure on some products during the first months of the year.

## Celebrations, Carnival and Festivities

During the first three months of the year, different regions of the country enjoyed activities and festive dates that not only moved entertainment and gastronomy, but were also focal points for tourism, job creation and growth for different economic sectors. Among them were: Carnaval de Negros y Blancos in Pasto, Carnaval de Barranquilla, Festival Estéreo Picnic in Bogotá, Afterlife in Medellín, Carnaval de Fuego in Tumaco, Easter Week, Valentine's Day, among others.

## Drought, fires and high temperatures

President Petro declared a public calamity in order to address the emergencies caused by high temperatures and lack of rainfall due to the El Niño phenomenon. This after fires were recorded in the eastern hills, which devastated much of the forest area and the ecosystem of this area of the capital. A situation like the one registered in other departments such as Magdalena and La Guajira in the north of the country, as well as in urban areas of Bucaramanga and other areas of the country.





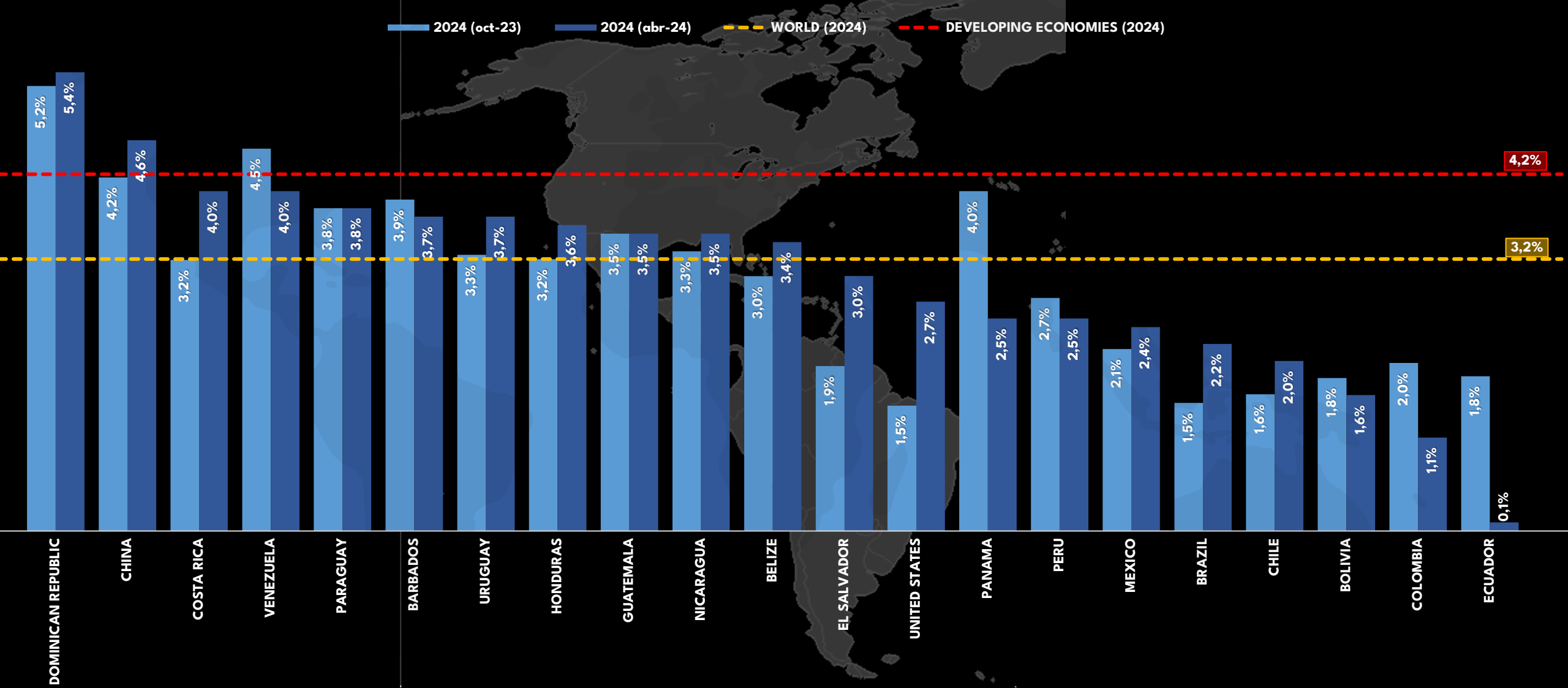
# CONTEXTO MACROECONÓMICO

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**IQ 2024**

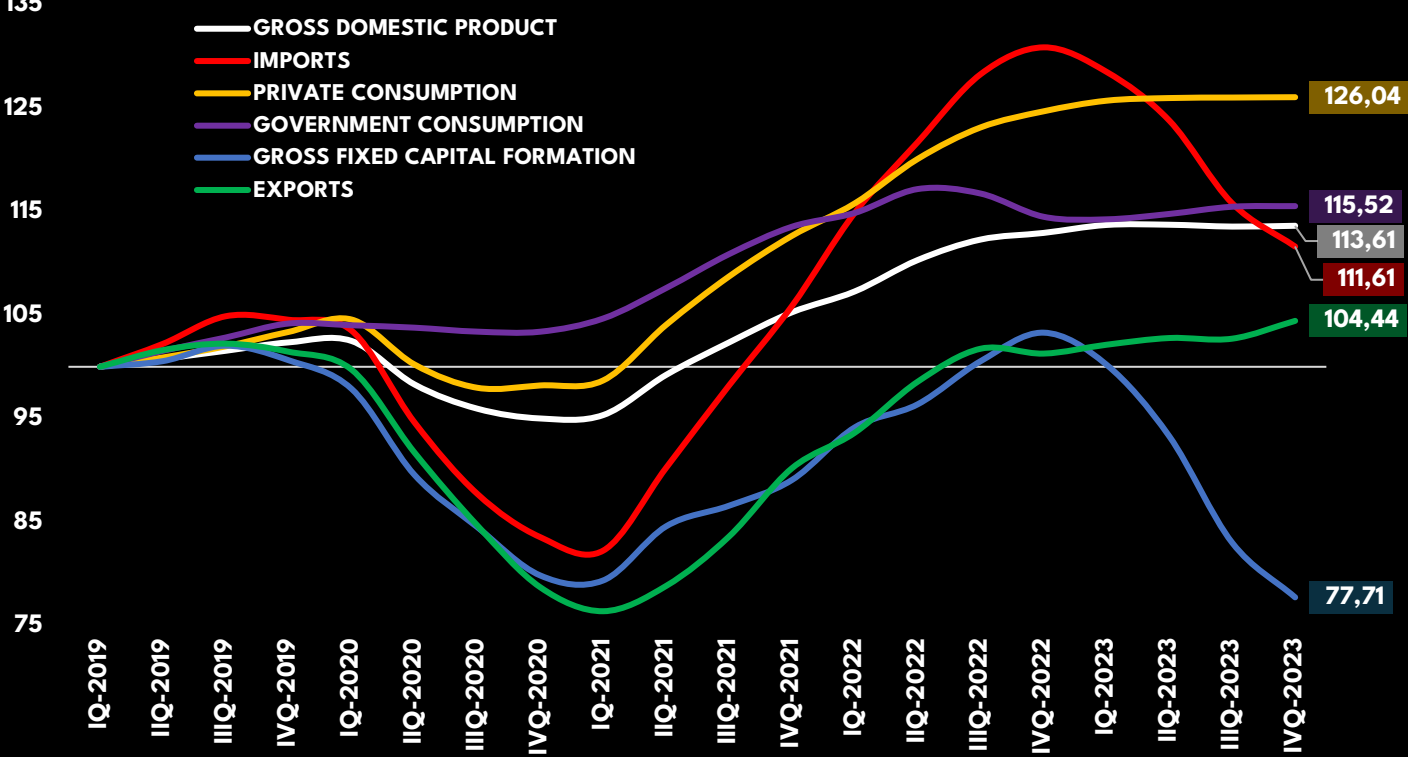
# GLOBAL SLOWDOWN: CONTRASTS IN LATIN AMERICA AND THE CARIBBEAN

GROWTH PROJECTIONS FOR LATIN AMERICA - INTERNATIONAL MONETARY FUND

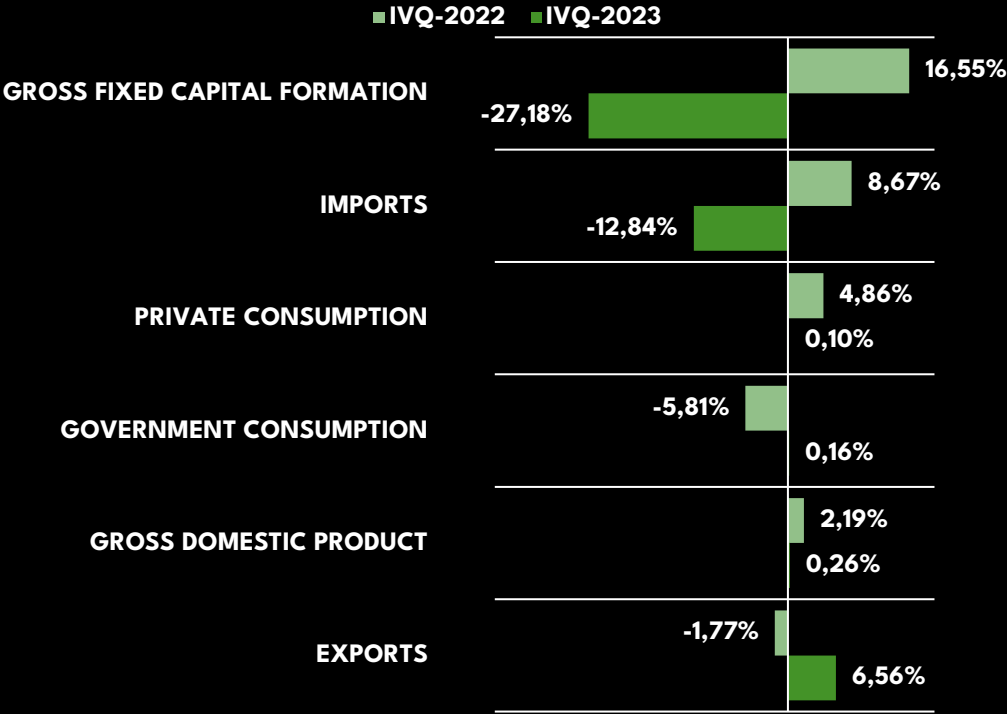


# CONTINUED STAGNATION OF THE ECONOMY: INVESTMENT IS THE HARDEST HIT

GDP INDEX BY DEMAND COMPONENTS ACCUMULATED 4 QUARTERS  
(IQ-2019 = 100)



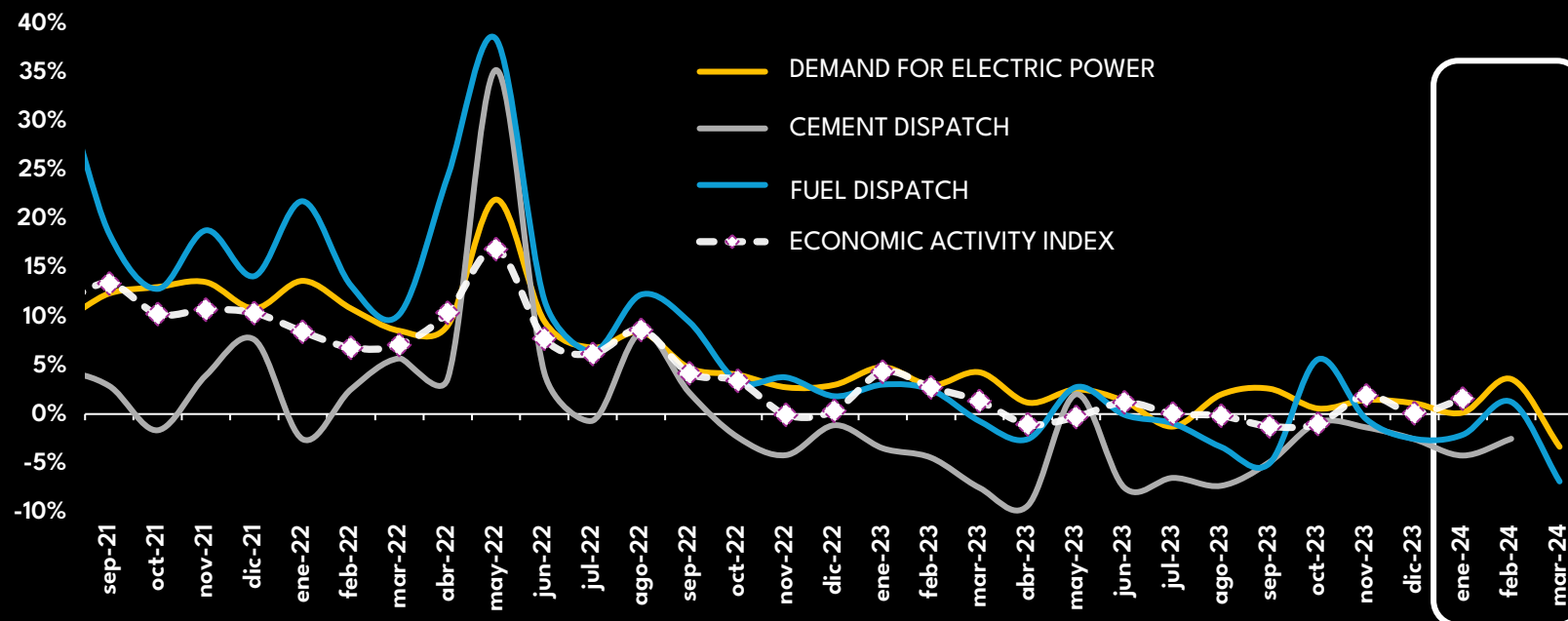
SOURCE OF YEAR-ON-YEAR GROWTH BY DEMAND COMPONENT



- For 2024, the economy is expected to start going through a slow recovery dynamic, amidst still high interest rates during a good part of the year, a slow inflation deceleration dynamic and a hit investment.
- Household spending will continue to be an important growth engine for the economy in 2024, in this sense, the expectation of the expansion and amount of government transfer programs may have a positive impact on the development of sectors such as trade during this year.
- Another important factor to take into consideration is related to the good dynamics of household savings during last year, considering the good dynamics of products such as CDTs, which could have an important impact on purchase decisions, especially in durable goods.

# ECONOMIC ACTIVITY WITH A LOW PULSE AND NO SIGNS OF IMMEDIATE RECOVERY

ANNUAL DYNAMICS OF INDICATORS ASSOCIATED WITH ECONOMIC DYNAMICS



Activity in January 2024 showed a low pulse with a growth of 1.6%, although data for the first quarter is lacking, there are some indicators that can serve to measure to some degree the pulse of economic activity:

- The demand for commercial electric energy and the dispatch of fuel to wholesalers can give an idea of how industry, commerce and services behaved. For the month of March these had a drop that may imply a stagnant productive apparatus.
- Cement dispatches from production companies to the market showed a slight recovery for February but continue to be in negative territory. In addition, a low budget execution at the beginning of the year may play against the construction sector and other activities that revolve around it in the following months.

Finally, although a positive performance can be expected for February, for the first quarter economic activity may not have a favorable performance as in the previous year.

## DEMAND FOR ELECTRIC POWER



**-3,35% vs  
March 2023**  
**0,0% for the  
year to date**

## CEMENT DISPATCH



**-2,50% vs  
February 2023**  
**-3,31% for the  
year to date**

## FUEL DISPATCH

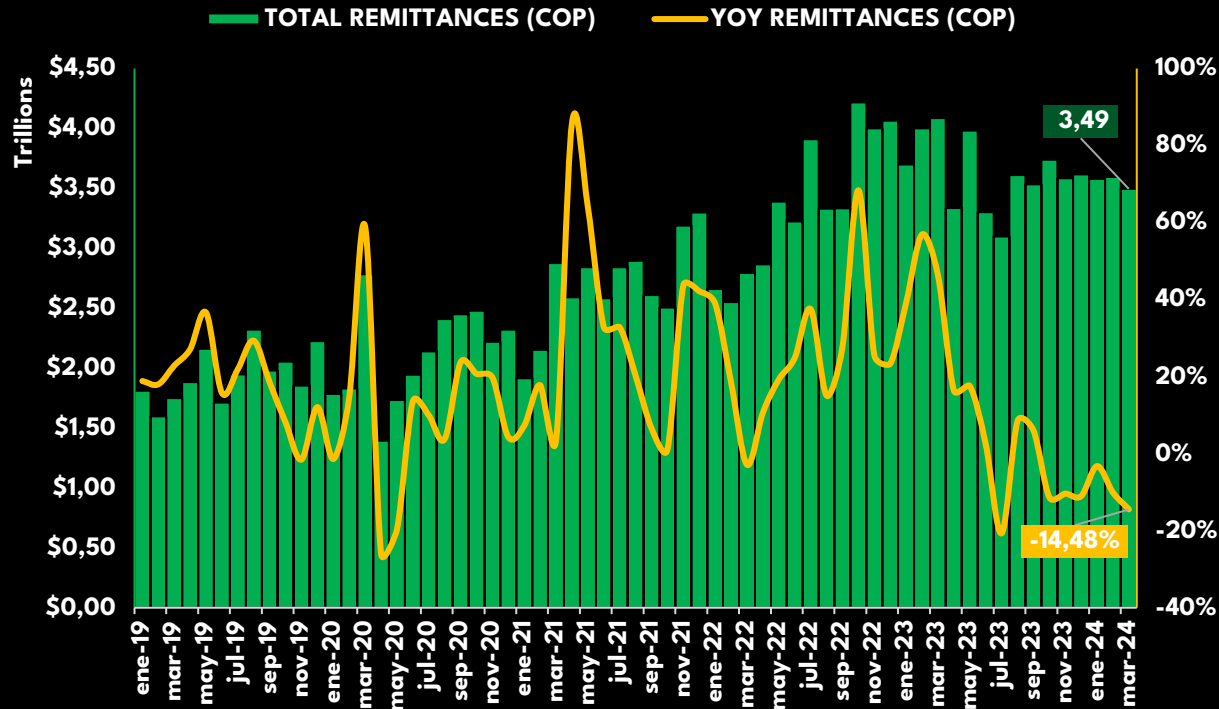


**-6,88% vs  
March 2023**  
**-2,69% for the  
year to date**

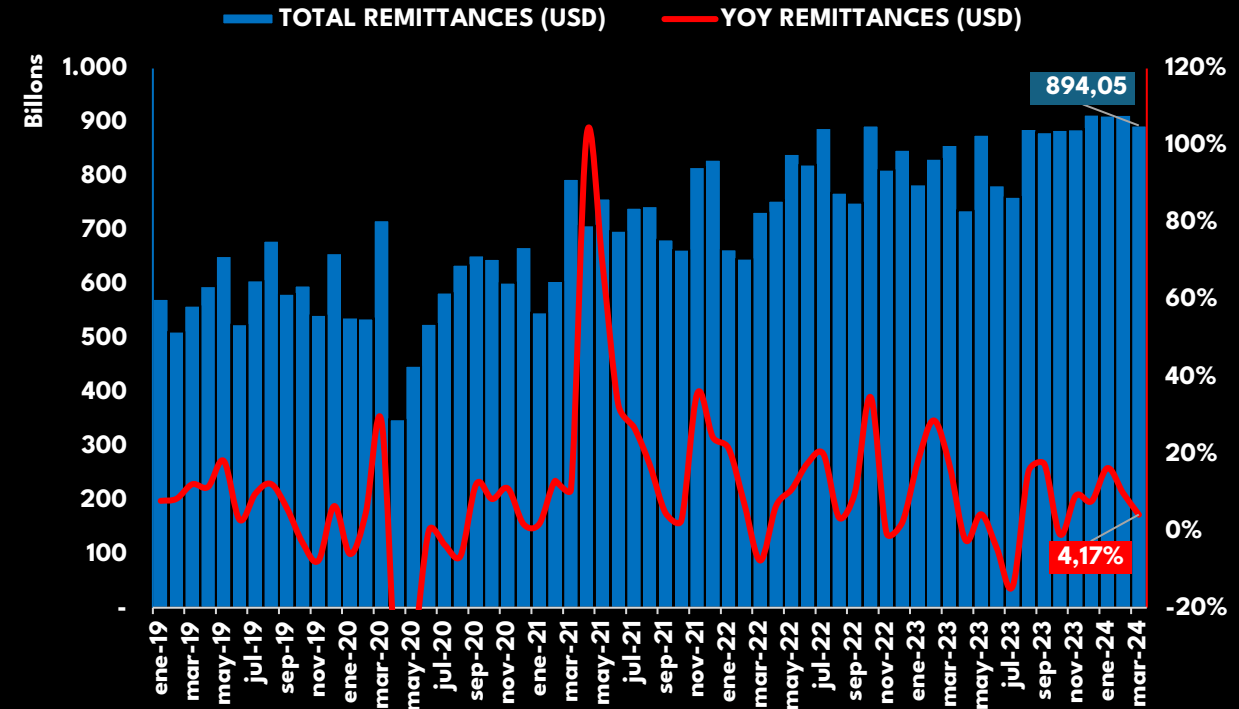


# THE REVALUATION OF THE PESO AFFECTED THE INCOME OF REMITTANCE-RECEIVING HOUSEHOLDS IN THE COUNTRY

REMITTANCES (COP) AND YEAR-ON-YEAR DYNAMICS

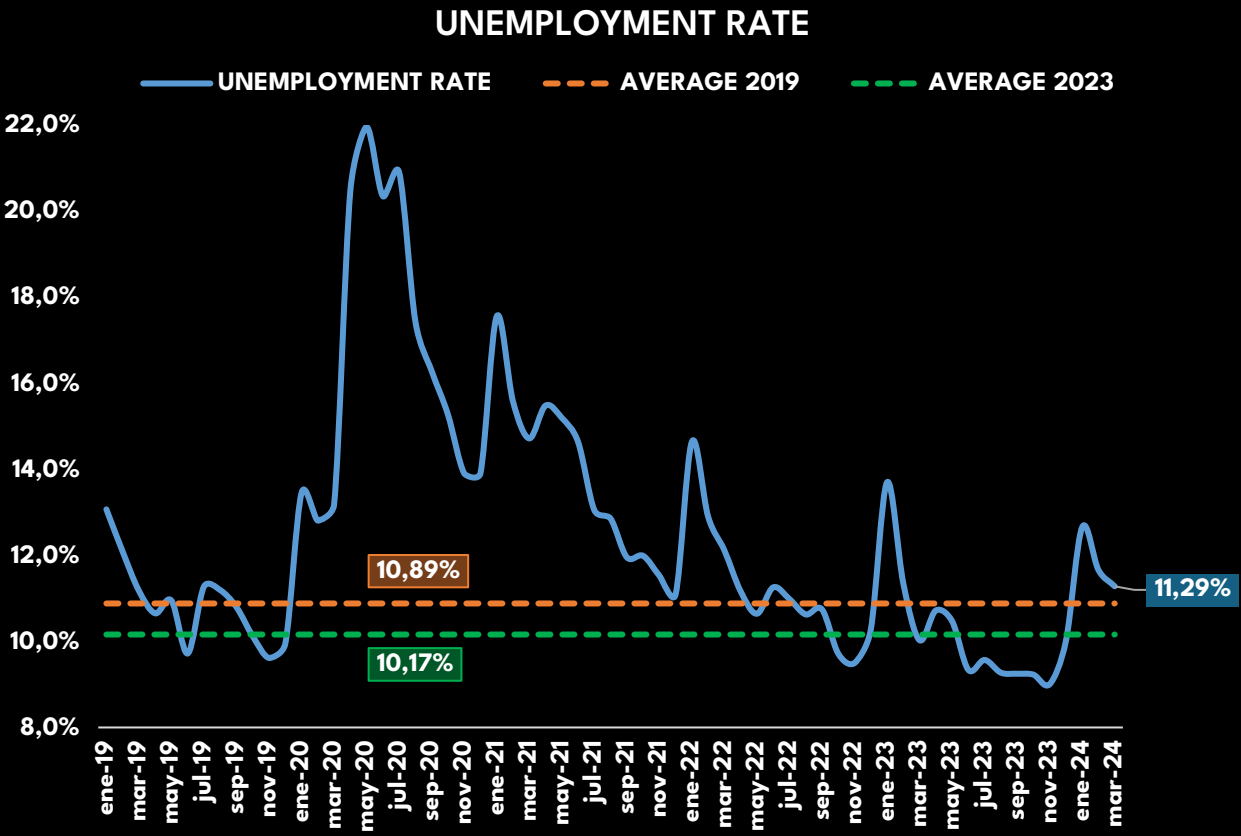
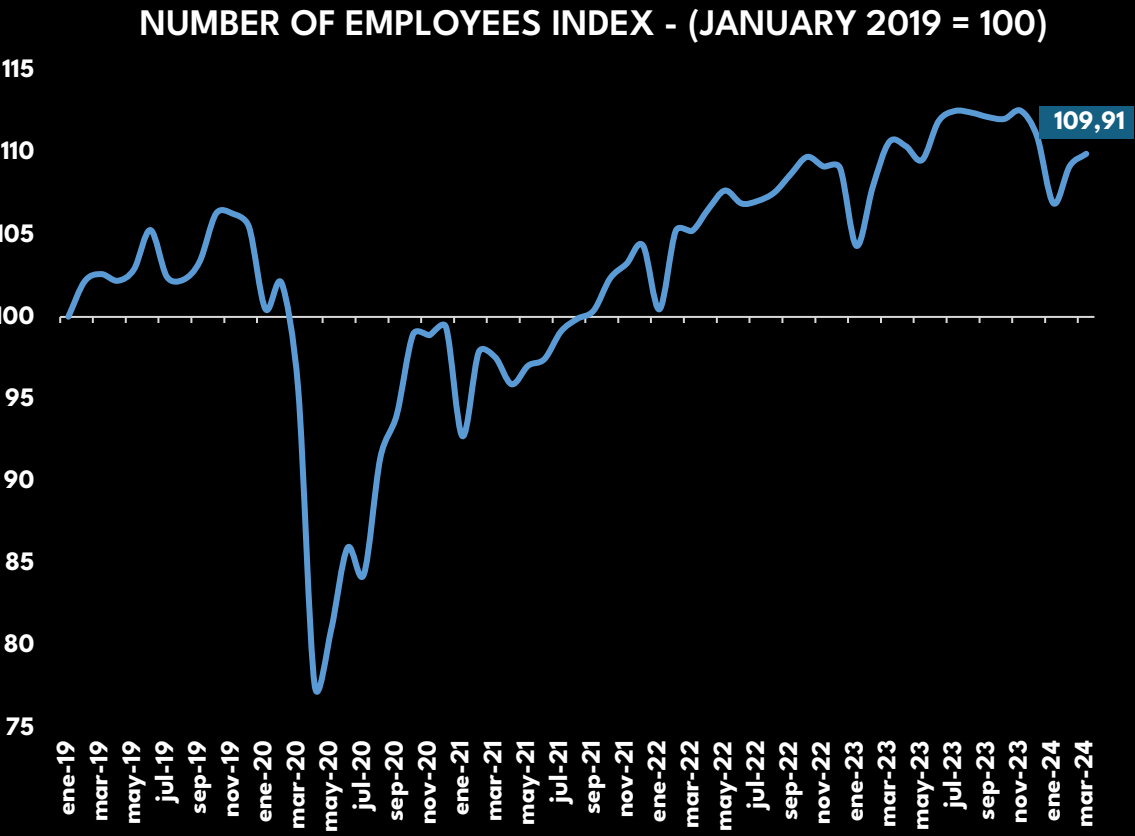


REMITTANCES (USD) AND YEAR-ON-YEAR DYNAMICS



- Compared to the previous year, the Colombian peso has shown a significant revaluation, going from 4,600 pesos per dollar to 3,700. This is a movement that contrasts with other currencies in the region, such as the Chilean and Brazilian currencies.
- Among the causes observed in 2024 is a decrease in the perceived risk of the reforms promoted by the current government due to the counterweights that have emerged in the country's institutions.
- This has had a negative effect on the income of households receiving remittances by obtaining fewer pesos for each dollar received; having a greater impact in the southern region where informality is higher and, therefore, there could be a greater dependence on remittances and with it a possible deterioration in spending.

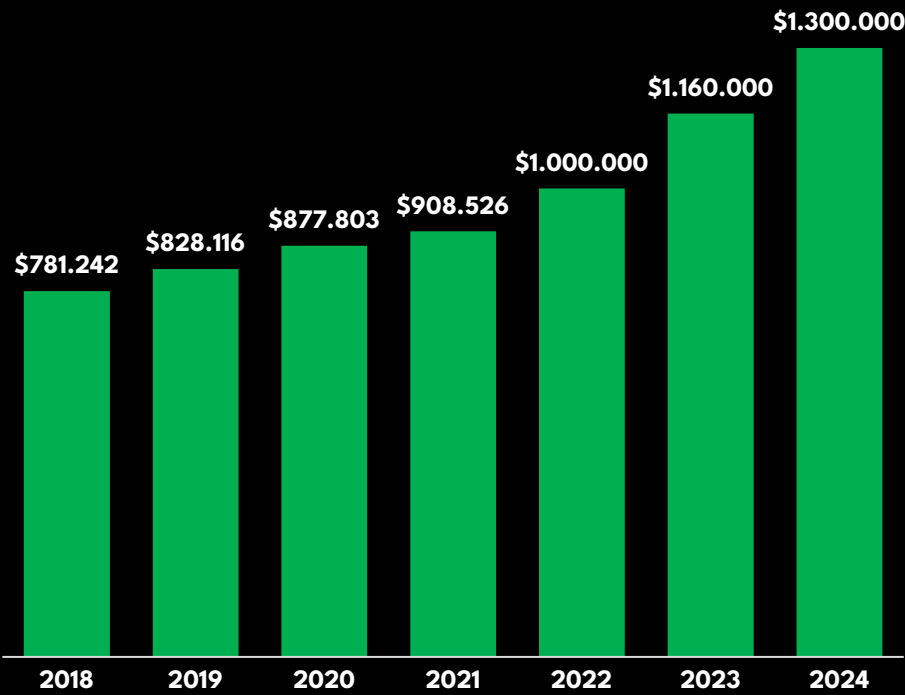
# THE LABOR MARKET CONTINUED TO SHOW SIGNS OF DETERIORATION



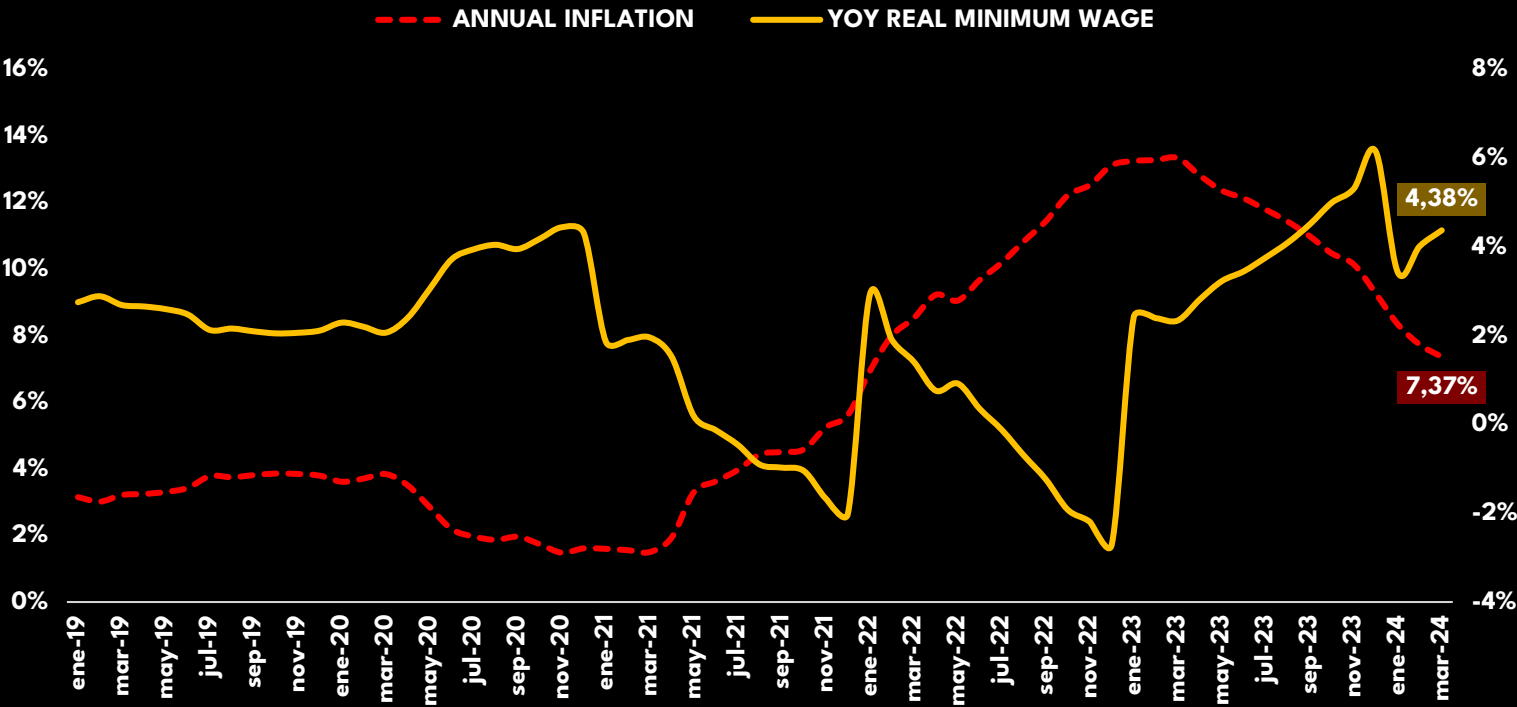
- The labor market is feeling the effects of low economic activity more acutely and it does not appear that it will return to a favorable course until the economy takes off.
- The unemployment rate shows that the labor market has experienced a marked and sustained deterioration since December 2023 breaking with the strength it had been showing in 2022 and part of 2023. In the first months of 2024, it continues to rise and already exceeds 2019 levels. It is possible that in the coming months new job creation will continue to slow. The hardest hit sectors have been Trade and Construction, with the largest job losses.

# LOWER INFLATION BOOSTS WAGE PURCHASING POWER GROWTH

MINIMUM WAGE (COP)



ANNUAL VARIATION REAL MINIMUM WAGE VS GDP

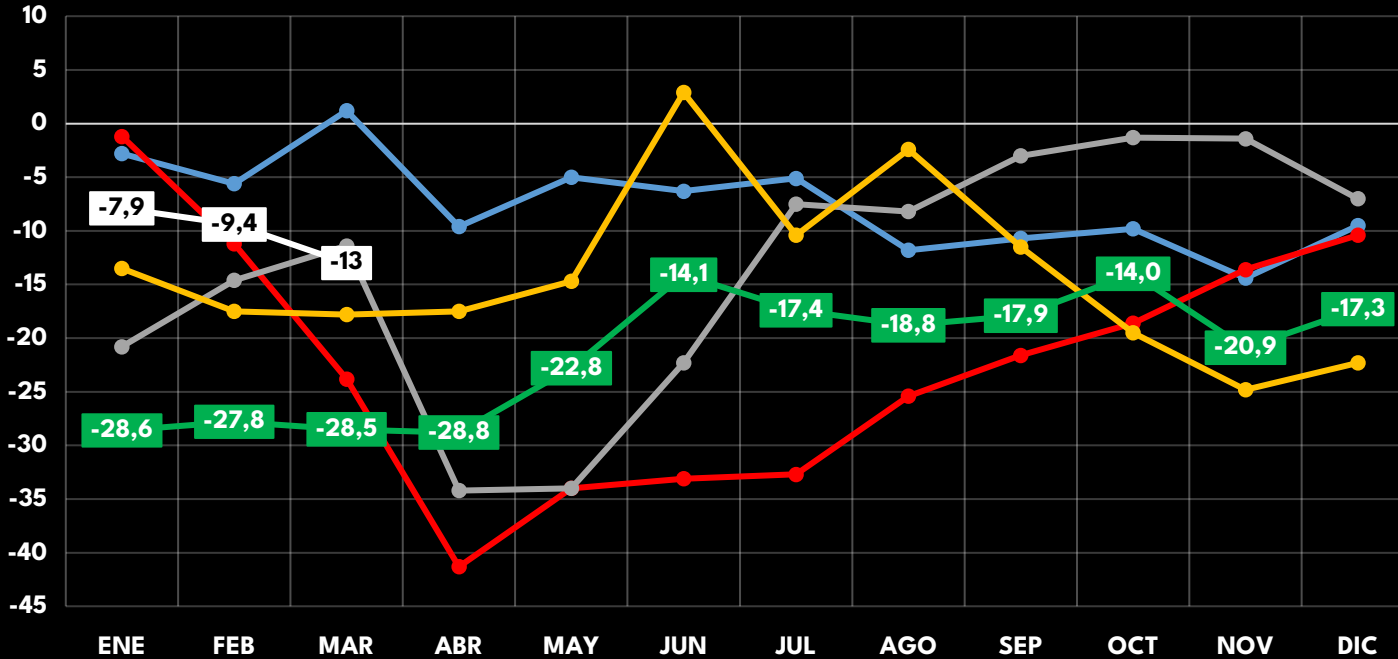


- The significant increase in the minimum wage for 2024 has allowed an improvement in the purchasing power of households, however, depending on the evolution of the price level in the different cities, these have a different impact.
- Cities such as Medellin and Barranquilla present significant challenges in terms of the cost of living, which is reflected in the fact that for this month these are the cities that have seen the most limited purchasing power of a minimum wage.
- On the other hand, households in the cities of Cali and Bogota show a significant improvement in the purchasing power of the real monthly minimum wage compared to what was seen in 2023, which could favor to some extent the willingness to buy of households in these cities.

# PROGRESSIVE EROSION OF CONSUMER CONFIDENCE DESPITE AN ENCOURAGING FIGURE AT THE BEGINNING OF THE YEAR

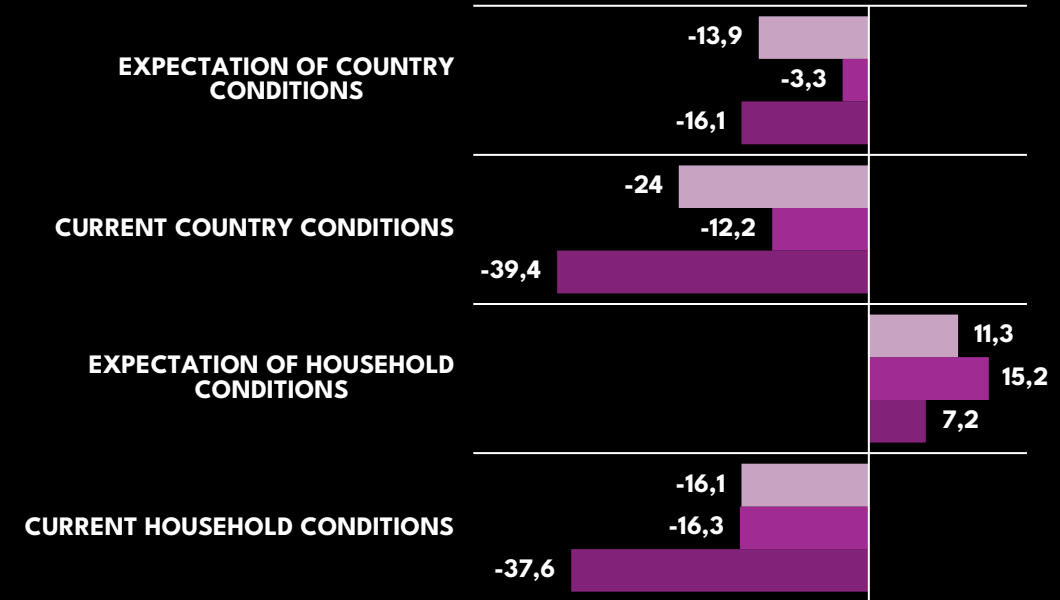
## ANNUAL COMPARISON OF CONSUMER CONFIDENCE

— 2019 — 2020 — 2021 — 2022 — 2023 — 2024



## EVOLUTION OF CONSUMER CONFIDENCE BY COMPONENT

■ mar-24 ■ feb-24 ■ mar-24



- For March 2024, Fedesarrollo's consumer confidence completed 20 months in negative territory. In this specific month, the indicator decreased 3.6 percentage points compared to the previous month, when it stood at -9.4. This decrease responds to lower expectations regarding the future of the country's economy, while the current conditions of households do not seem to have a pessimistic sentiment.
- These results reflect the persistence of uncertainty among households, which could be related to the news about the low economic growth prospects for this year, as well as to the situation of the health sector in the country. This and other factors could be limiting households' willingness to spend.
- Cali stood out among the main cities by maintaining a continuous improvement in confidence, linked to factors such as the change of government, a better perception of security and a lower increase in the price level.

# IN SUMMARY

## WHAT HAPPENED IN IQ 2024?



- ✓ Slow economic recovery.
- ✓ Household spending slows but will remain an important driver.
- ✓ Labor market and rising unemployment rate.
- ✓ Consumer confidence and factors influencing it.

- The economy for 2024 is expected to recover slowly, with interest rates still high and inflation gradually decelerating, affecting investment.
- Household spending will continue to be an important driver of economic growth, especially with the expansion of government transfer programs, benefiting the commerce sector.
- Household savings, especially in products such as CDTs, could influence purchasing decisions, especially in durable goods.
- Economic activity in January 2024 had a low growth of 1.6%, and some indicators suggest stagnation in key sectors such as industry and construction.
- The revaluation of the Colombian peso against the dollar contrasts with other regional currencies, negatively affecting households receiving remittances.
- The labor market is experiencing a marked deterioration, with the unemployment rate rising and sectors such as commerce and construction being the hardest hit.
- Despite the increase in the minimum wage, the impact on purchasing power varies by city, with cities such as Medellín and Barranquilla facing greater challenges.
- Consumer confidence remains in negative territory, reflecting the persistence of uncertainty among households, although Cali stands out for a continued improvement in confidence due to several positive factors.

**0.26%**  
IVQ 2023

### GDP

VS 2.19%  
IVQ 2022



**10.29%**  
MAR 2024

### UNEMPLOYMENT RATE

VS 10.17%  
MAR 2024



**12%**  
2024

### MINIMUM WAGE

VS 16%  
2023



**-13.0**  
MAR 2024

### CONSUMER CONFIDENCE

VS -28.5  
MAR 2024





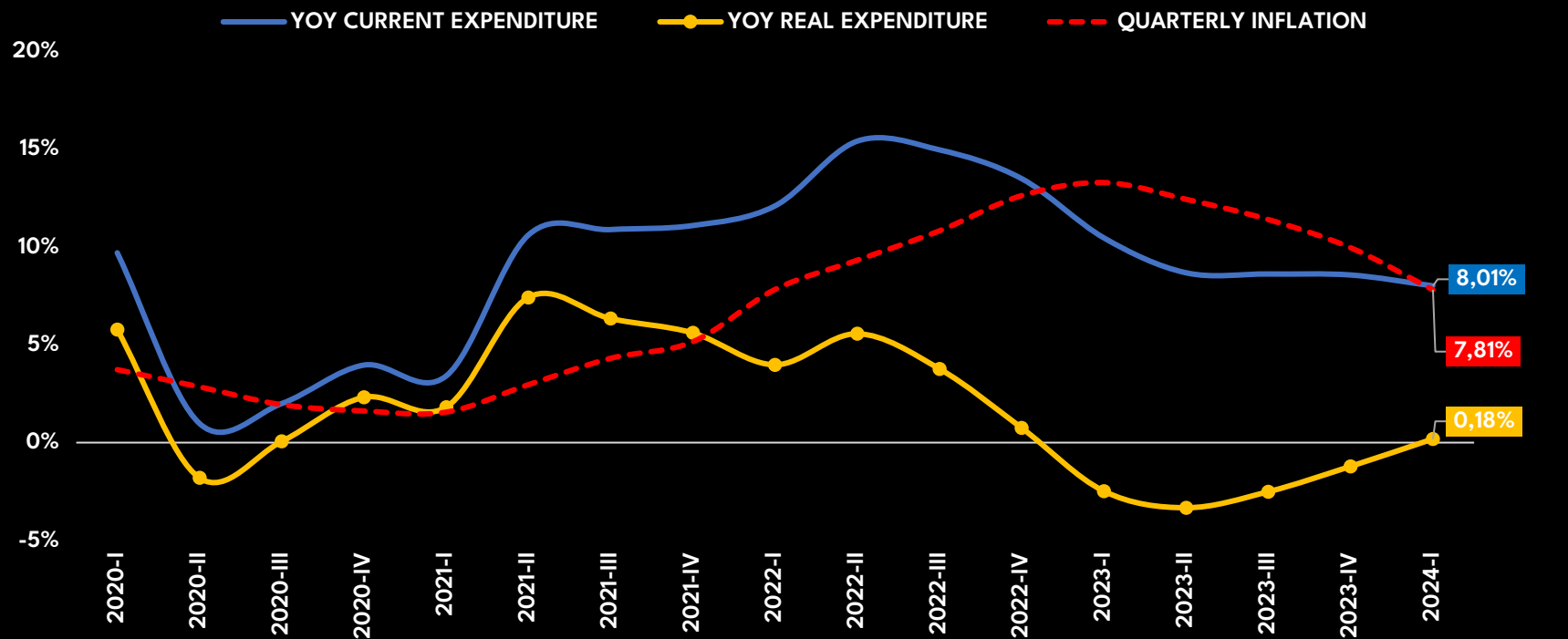
# HOUSEHOLD SPEND

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**IQ 2024**



## QUARTERLY HOUSEHOLD EXPENDITURE IN COLOMBIA DYNAMICS



### UPWARD FACTORS:

- ▲ Spending related to the beginning of the year holiday season, school season, Easter week and celebrations such as Valentine's Day and Women's Day.
- ▲ Consumer confidence at a better level than in the first quarter of 2023.
- ▲ Increase in the minimum wage, which boosted real household income. Acceleration of interest rate cuts by the Central Bank.
- ▲ Appreciation of the peso, which implies lower prices in imported products.

### DOWNWARD FACTORS:

- ▼ Increase in public transportation fares in several cities in the country and indexed prices of goods and services.
- ▼ Strong incentive to save due to high interest rates.
- ▼ Possible weak economic activity in the first quarter, which acted as a brake on employment generation and with it, household income.
- ▼ Impacts of the El Niño phenomenon on food and services prices.
- ▼ Payment of direct taxes such as property taxes and the impact of indirect taxes such as ultra-processed products.

HOUSEHOLD SPEND IN THE  
FOURTH QUARTER WAS

**261.10\$**

THOUSAND BILLION PESOS

WITH A CURRENT ANNUAL  
GROWTH RATE OF

**8.01%**

AN ANNUAL INFLATION OF

**7.81%**

AND AN ANNUAL GROWTH IN  
REAL EXPENDITURE OF

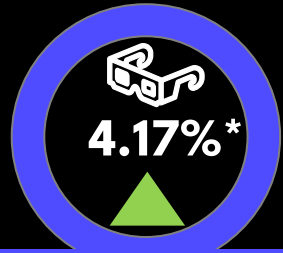
**0.18%**

SOURCE: Gastometría Marzo-2024, RADDAR.

# DYNAMICS OF CONSUMPTION BASKETS IQ 2024

\* Annual change in real expenditure  
\*\* Annual quarterly inflation

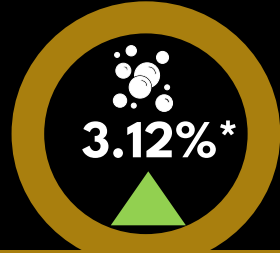
Monetary unit: Colombian pesos



RECREATION AND CULTURE

8.80 Billones de pesos

7.57%\*\*



VARIOUS GOOD AND SERVICES

19.15 Billones de pesos

10.85%\*\*



CLOOTHING AND FOOTWEAR

5.74 Billones de pesos

5.54%\*\*



COMMUNICATIONS

2.78 Billones de pesos

0.30%\*\*



EDUCATION

10.67 Billones de pesos

11.40%\*\*



ALCOHOLIC BEVERAGES AND TOBACCO

9.79 Billones de pesos

12.67%\*\*



RESTAURANTS AND HOTELS

19.54 Billones de pesos

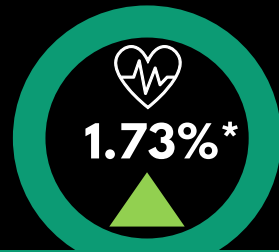
14.10%\*\*



HOUSING

46.80 Billones de pesos

8.59%\*\*



HEALTH

3,44 Billones de pesos

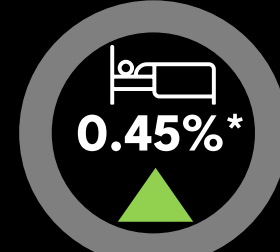
9.86%\*\*



FOOD AND NONALCOHOLIC BEVERAGES

80.49 Billones de pesos

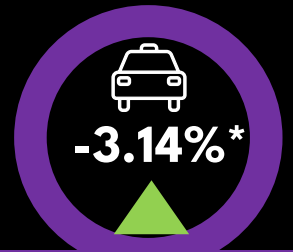
7.83%\*\*



FURNITURE AND HOUSEHOLD GOODS

8.84 Billones de pesos

9.78%\*\*

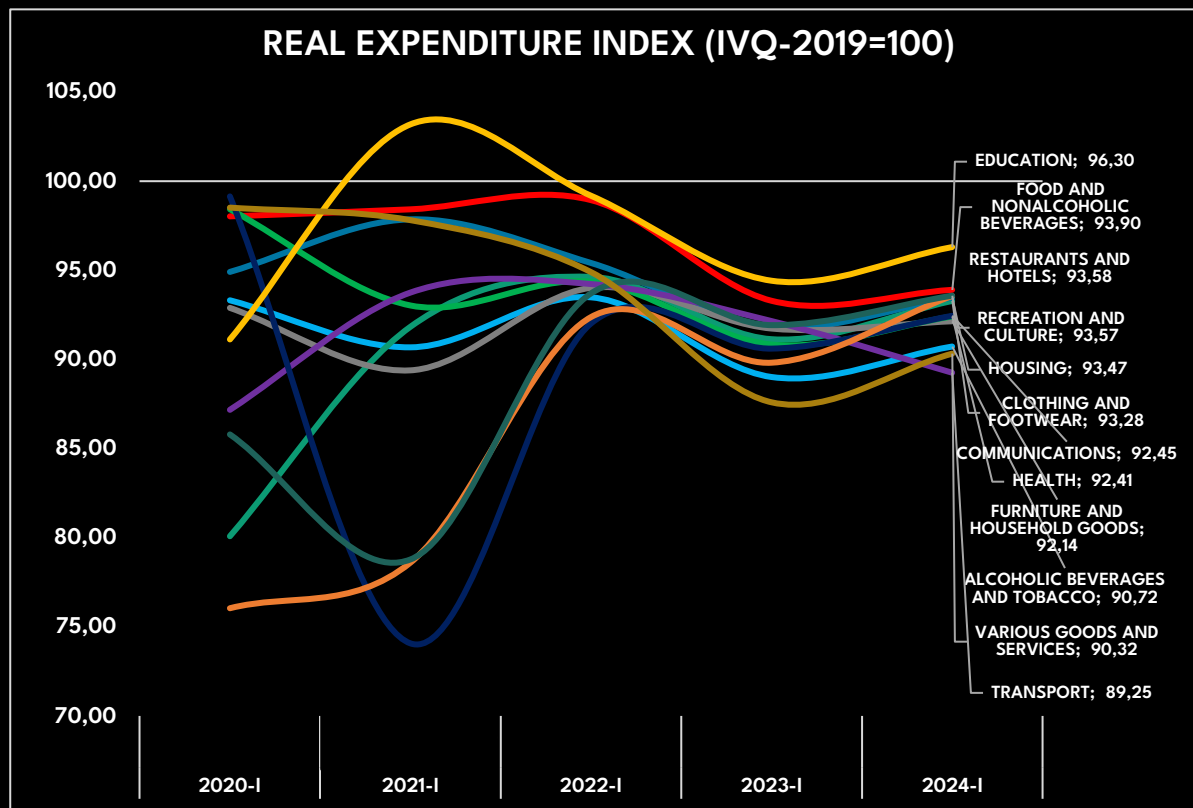
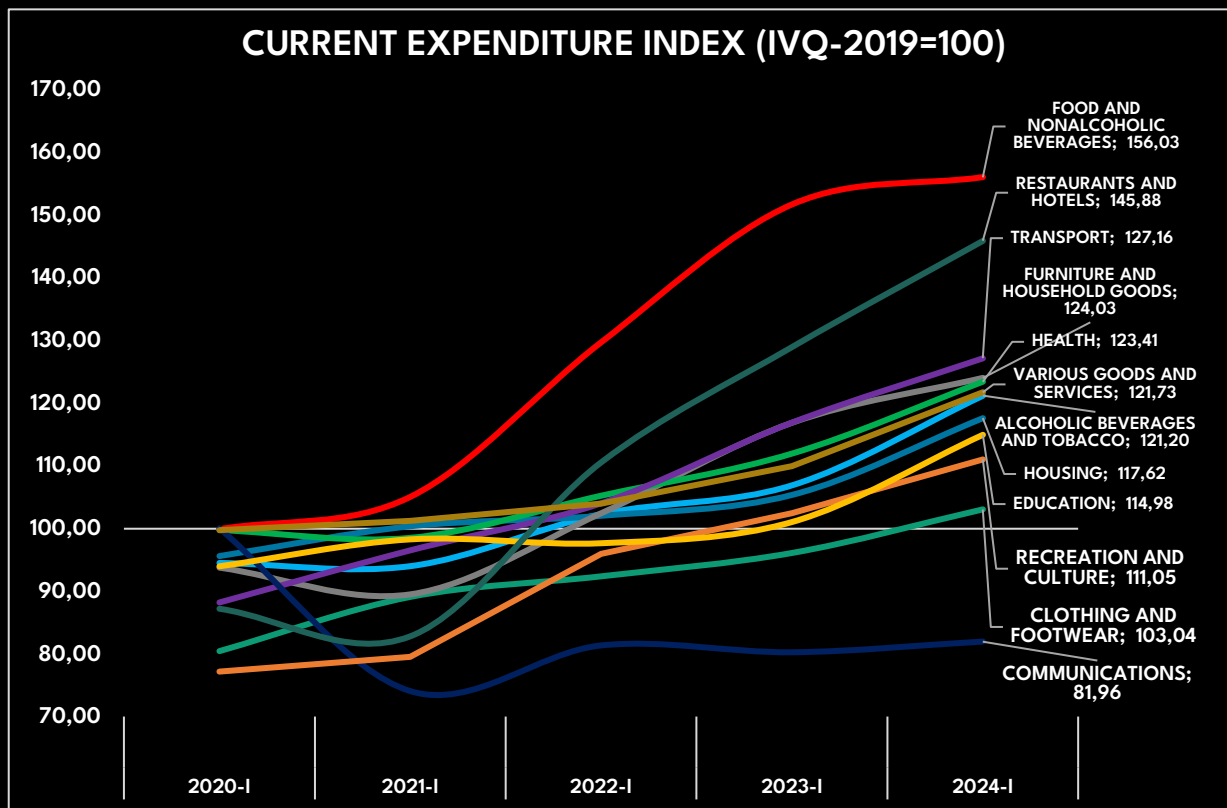


TRANSPORT

37.95 Billones de pesos

16.40%\*\*

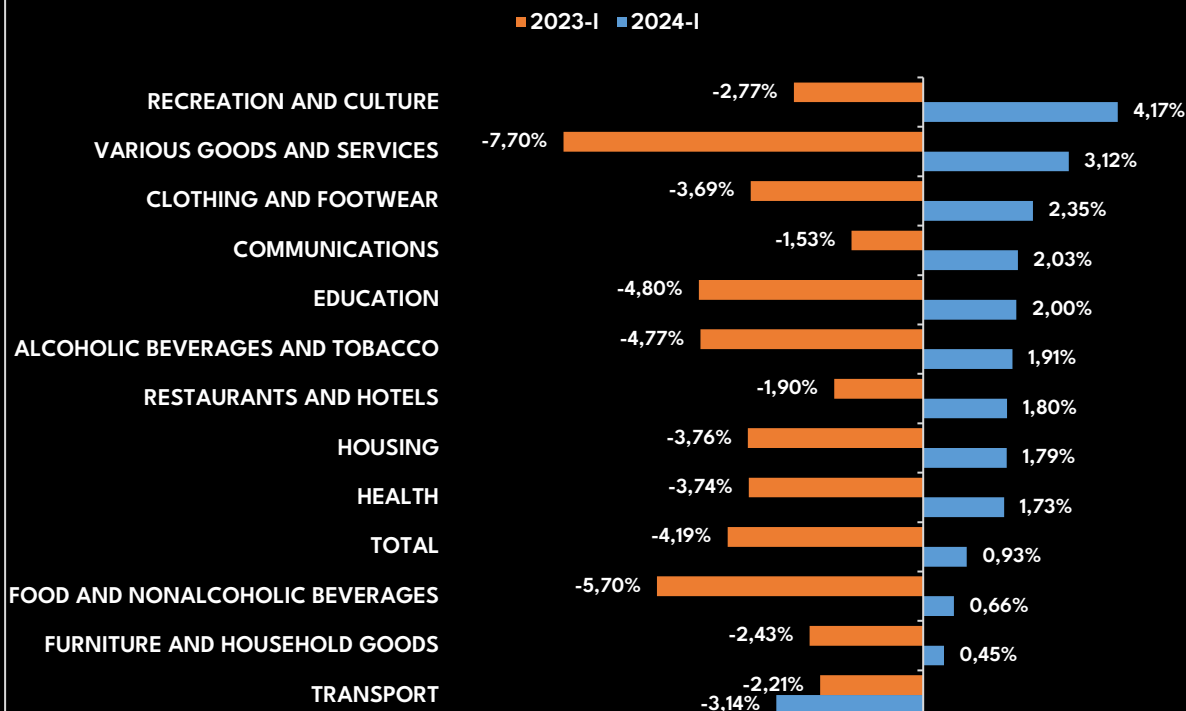
# DYNAMICS OF HOUSEHOLD SPENDING IN 2024



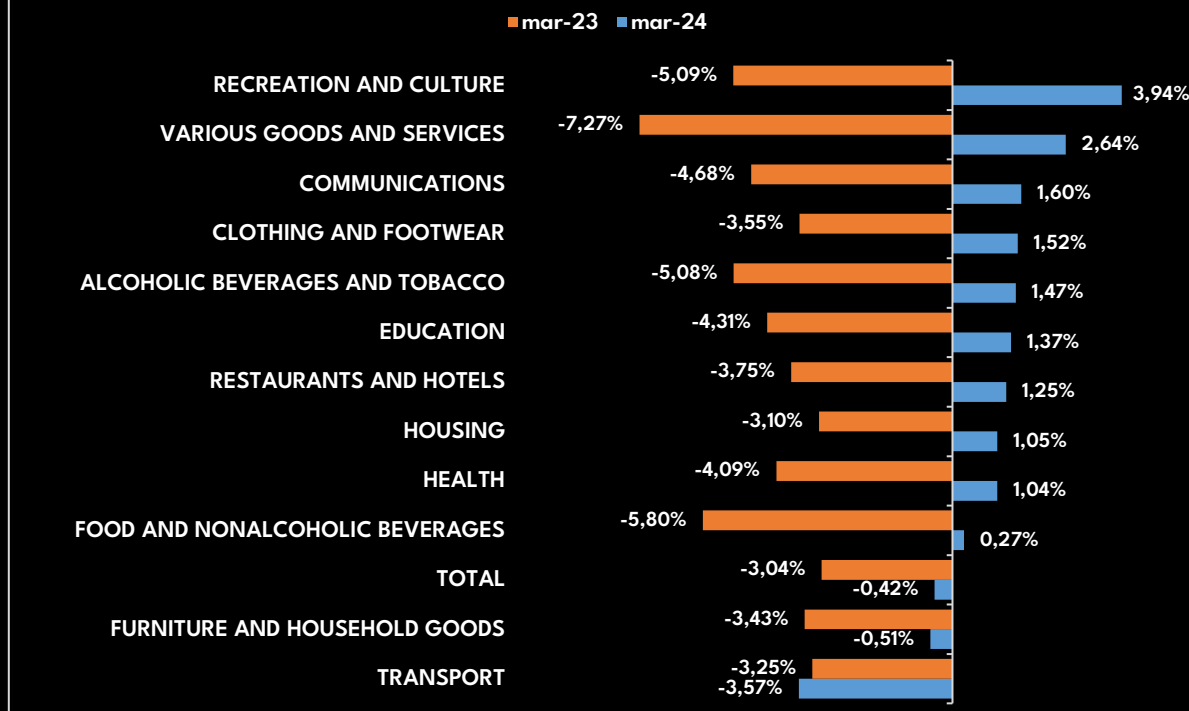
- In terms of money, there is a growth trend in all baskets except for communications. The increase in food slows down after the basket prices exert less pressure on household spending. In contrast, the transportation basket requires households to spend considerably more money on transportation, which is related to the increase in public transportation prices and more expensive gasoline compared to the previous year.
- On the other hand, in real terms, despite a change in trend, all baskets show a lower level of spending than that observed in 2019 where transportation is the hardest hit. The basket that shows the strongest rebound is recreation and culture which is related to the vacations at the beginning of the year and the celebration of special days such as Women's Day and Easter.

# GROWTH IN 8 OF THE 9 CONSUMER BASKETS

## YEAR-ON-YEAR REAL EXPENDITURE



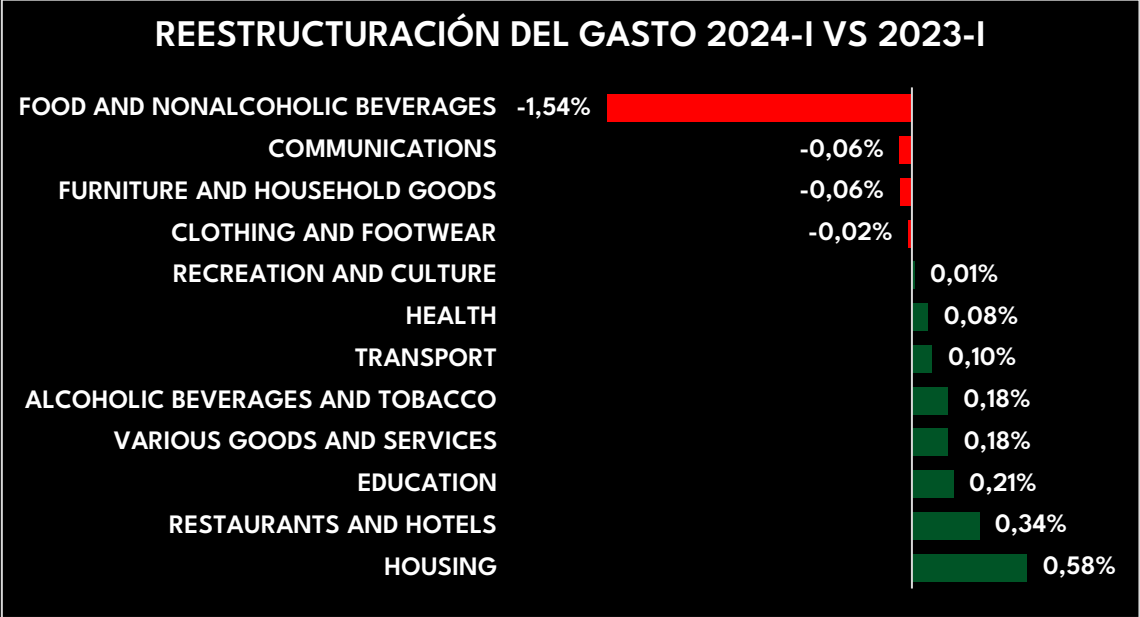
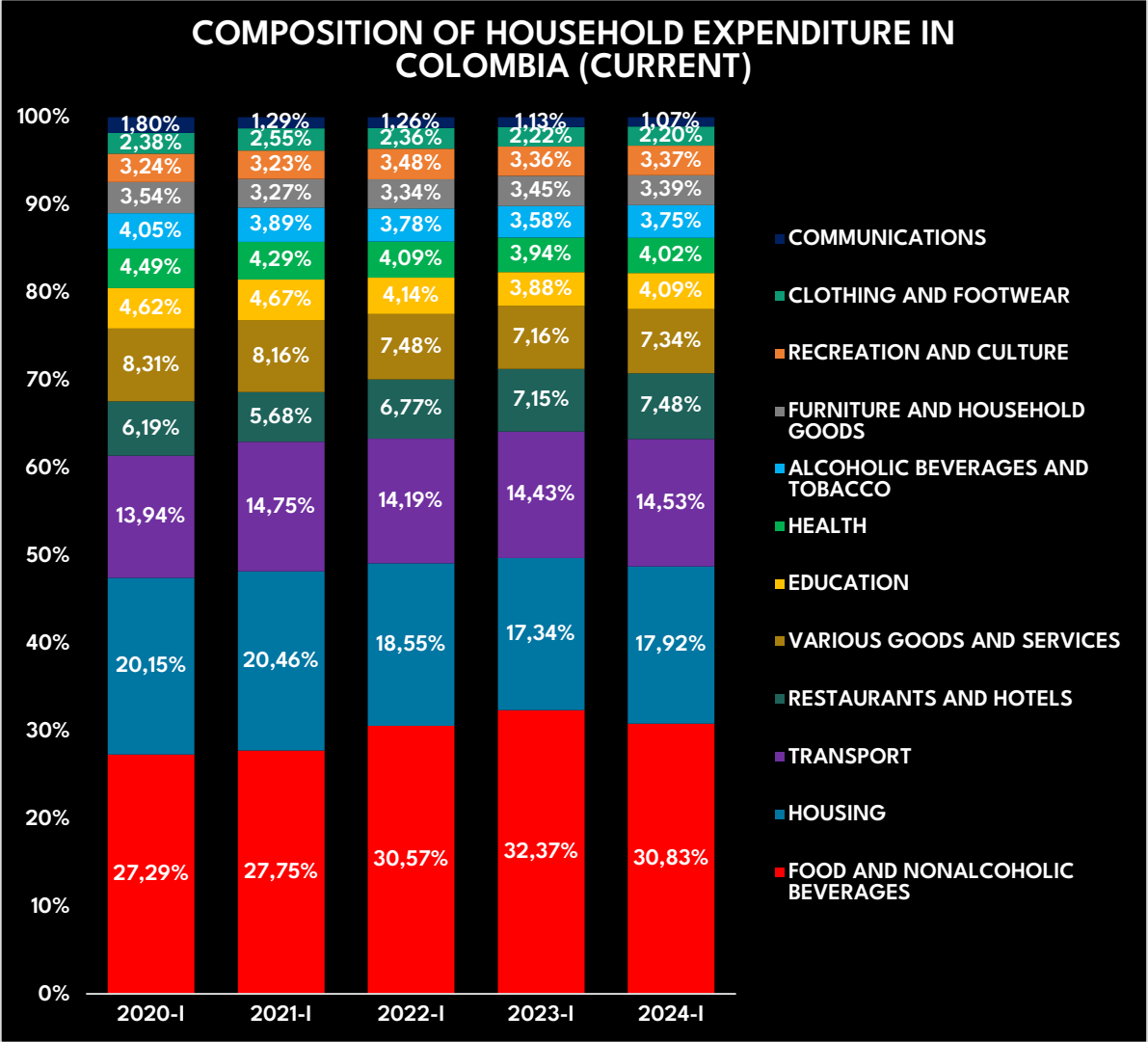
## MONTH-ON-MONTH REAL EXPENDITURE



- After the first 3 months of the year, unit spending recovered in 8 out of 9 baskets. Improved economic sentiment coupled with a slowdown in inflation has allowed households to purchase a greater number of units compared to the same period in 2023.
- On the other hand, increases in public transportation and fuel prices, and a lower use of credit for vehicle purchases, have adjusted spending in the transportation basket downward for the first quarter of the year. In contrast, baskets such as electronics and fashion benefited from favorable market conditions such as the revaluation of the peso, promotions and inventory liquidation. In addition, there was a boost in baskets such as entertainment, meals outside the home and wellness, which is leveraged by a consumer more willing to seek value in these products and services. Finally, the housing and education baskets take relevance in the pocket of households for the first months of the year due to the adjustment of rental fees and the payment of tuition for the beginning of school days.

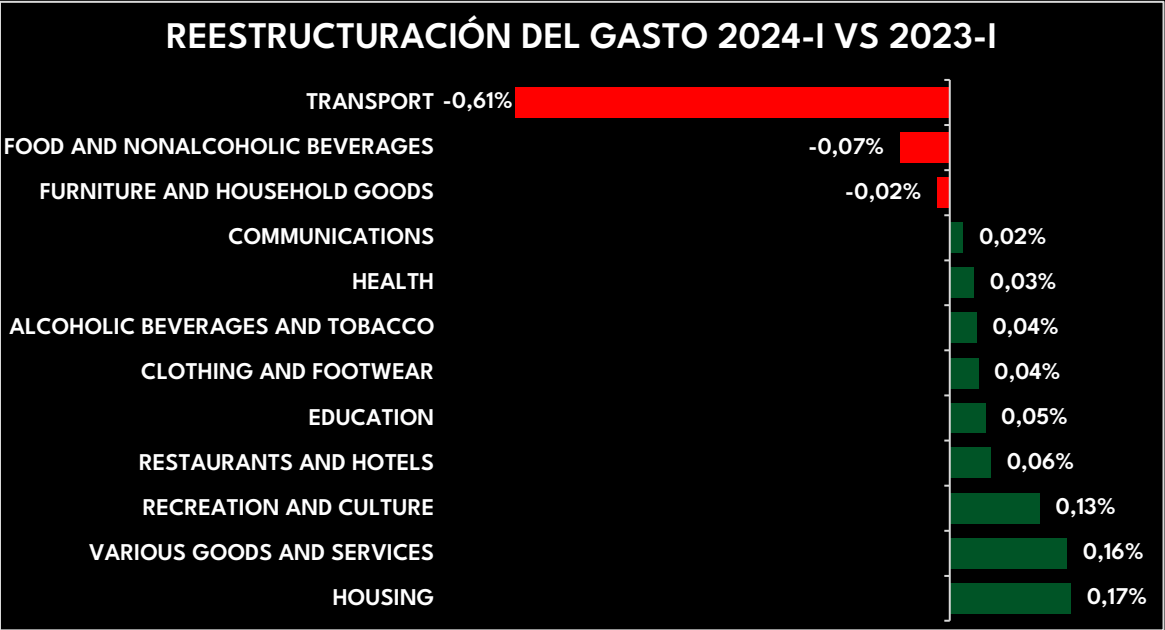
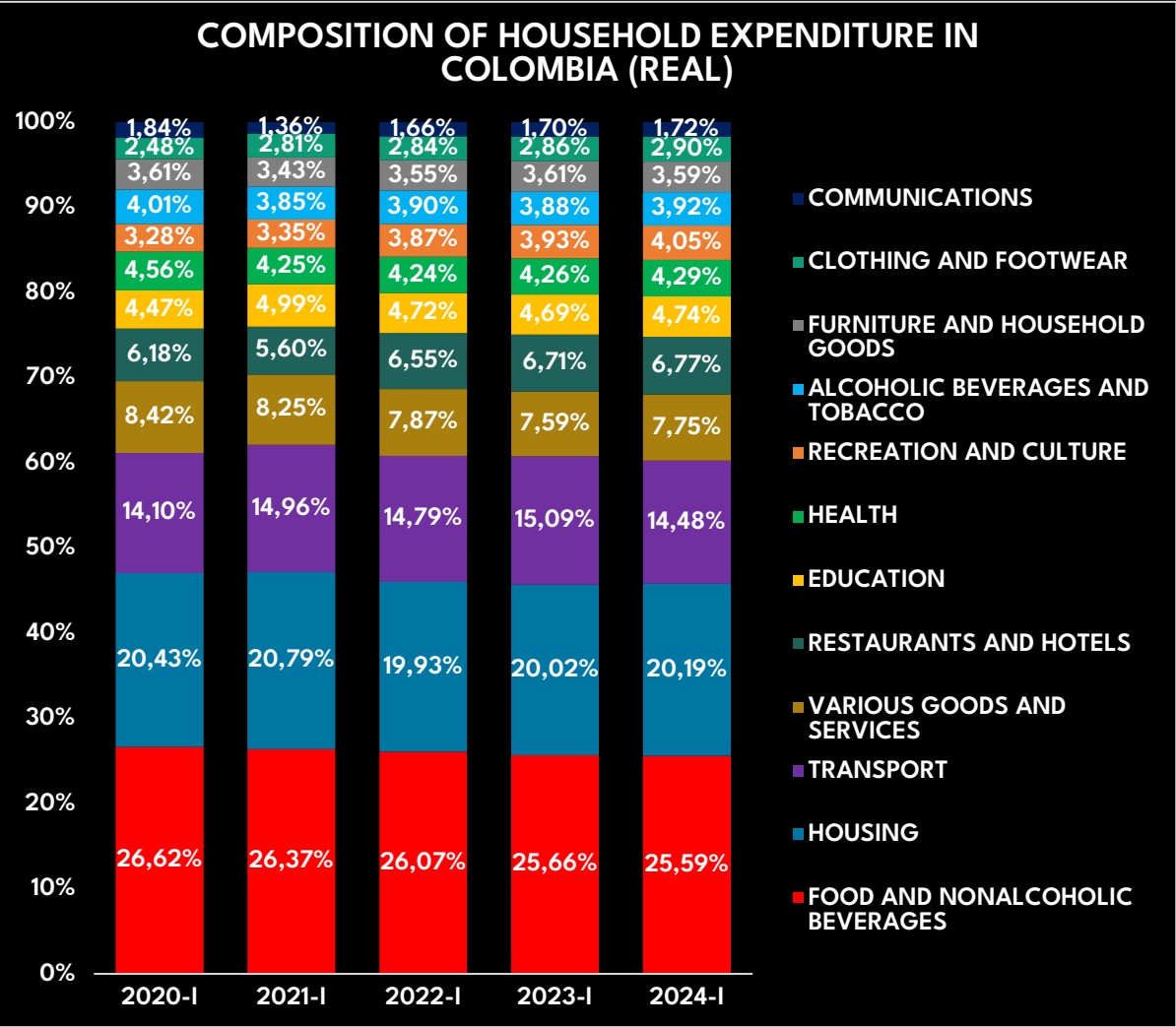


# BALANCING ACT: THE DYNAMIC SHIFTS IN HOUSEHOLD BUDGETS FOR 2024



- Households' pockets are adjusted in favor of important services for households in the first months of the year, such as education, transportation, health and housing. This is related to an adjustment of the prices of these baskets indexed to the inflation of the year 2023, where the pressure of the increase in public transportation, rents and school and university tuition stands out. These price increases of indexed services force households to allocate a larger portion of their budget.
- On the other hand, the decrease in food prices has allowed households to adjust their food budget downward. Additionally, the revaluation of the peso against the dollar has reduced the prices of durable and semi-durable goods such as clothing, furniture and technology, which adjusts their budgets downward.

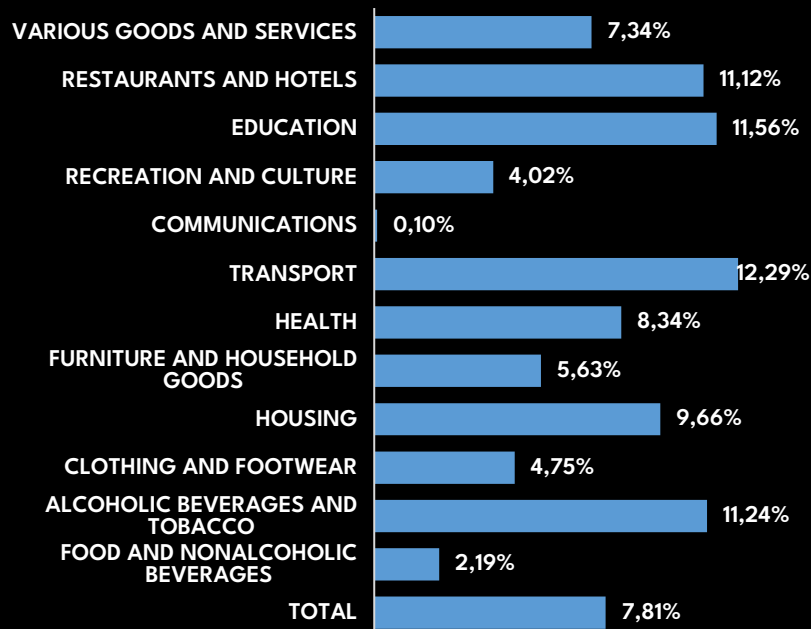
# TRANSPORTATION IS THE MAIN SACRIFICE



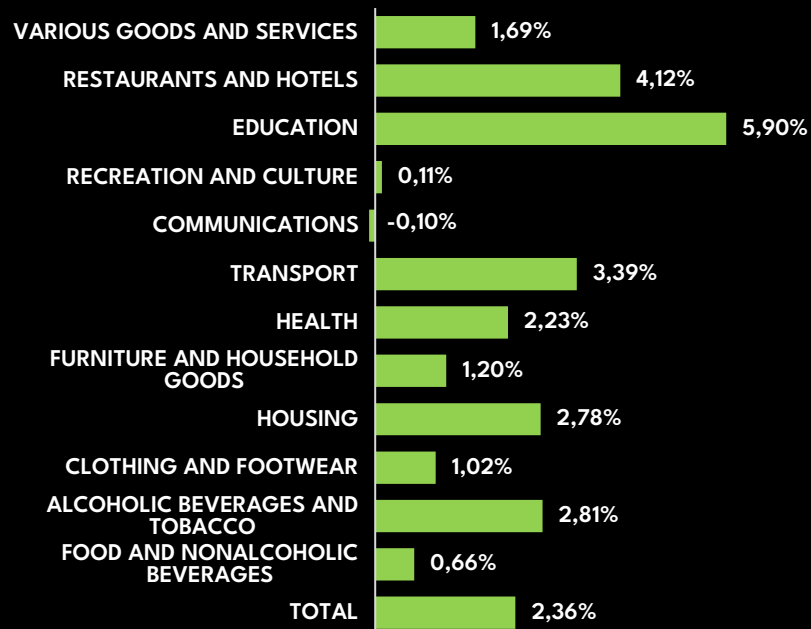
- In contrast, in terms of units, households are considerably decreasing the units in the transportation basket. This is due to a decrease in vehicle purchases and gasoline consumption.
- In addition, there is an increase in the weight of the pocket in units for the restaurant and hotel baskets, which have high inflation, but maintain an important increase in units despite this. This is related to a consumer that increasingly gives more importance to restaurants in their purchasing habits.

# INFLATION DYNAMICS

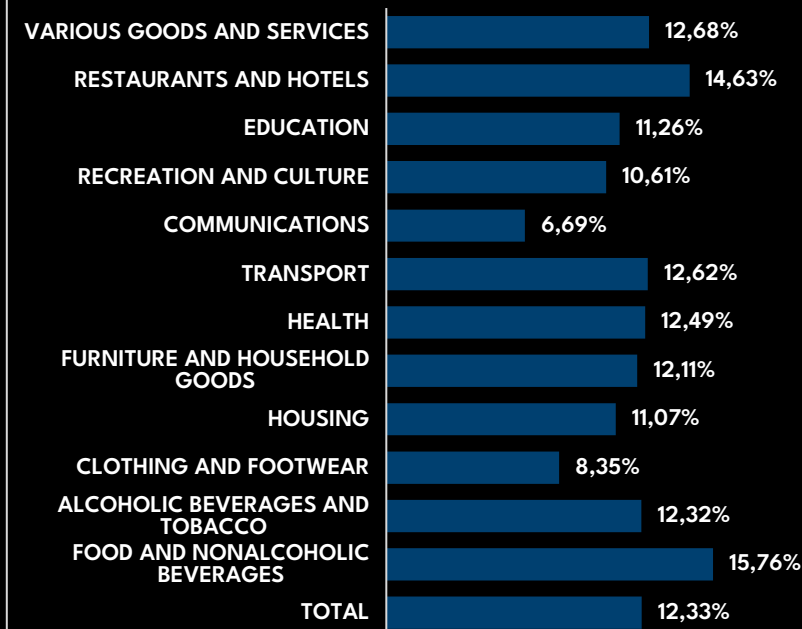
## YOY IQ-2024 INFLATION



## QOQ IQ-2024 INFLATION



## AVERAGE YOY INFLATION (IIIQ 2015- 2024 EXCLUDING 2020)



- During the first quarter of the year, the Transportation, Restaurants and Education baskets generated the greatest pressures on household budgets due to price increases. As for transportation, it is expected that in the coming months there will be a downward adjustment as the effects of the price increases in fuel and public transportation dissipate. The same is expected for the education basket, which presents increases due to the adjustment of tuition, pensions and school supplies, which has a greater impact in the first months of the year. Restaurants are expected to persist with high inflation, which is supported by higher production costs and less flexibility for price decreases, which could continue to put pressure on spending in this basket. In addition, the housing basket is expected to generate pressures on households' pockets due to increases in water and electricity rates because of the effects of the drought that generates shortages in these essential inputs.
- On the other hand, the food basket, which generated great pressures on household spending due to inflation rates that exceeded 20% a year ago, showed inflation rates close to zero, supported by lower prices in fresh foods such as tubers and vegetables, while processed foods such as cereals, meat derivatives, milk and milk derivatives, and some groceries still show high price increases. This basket could see new price increases in the coming months due to the negative effects of the El Niño phenomenon on harvests.





RADVR

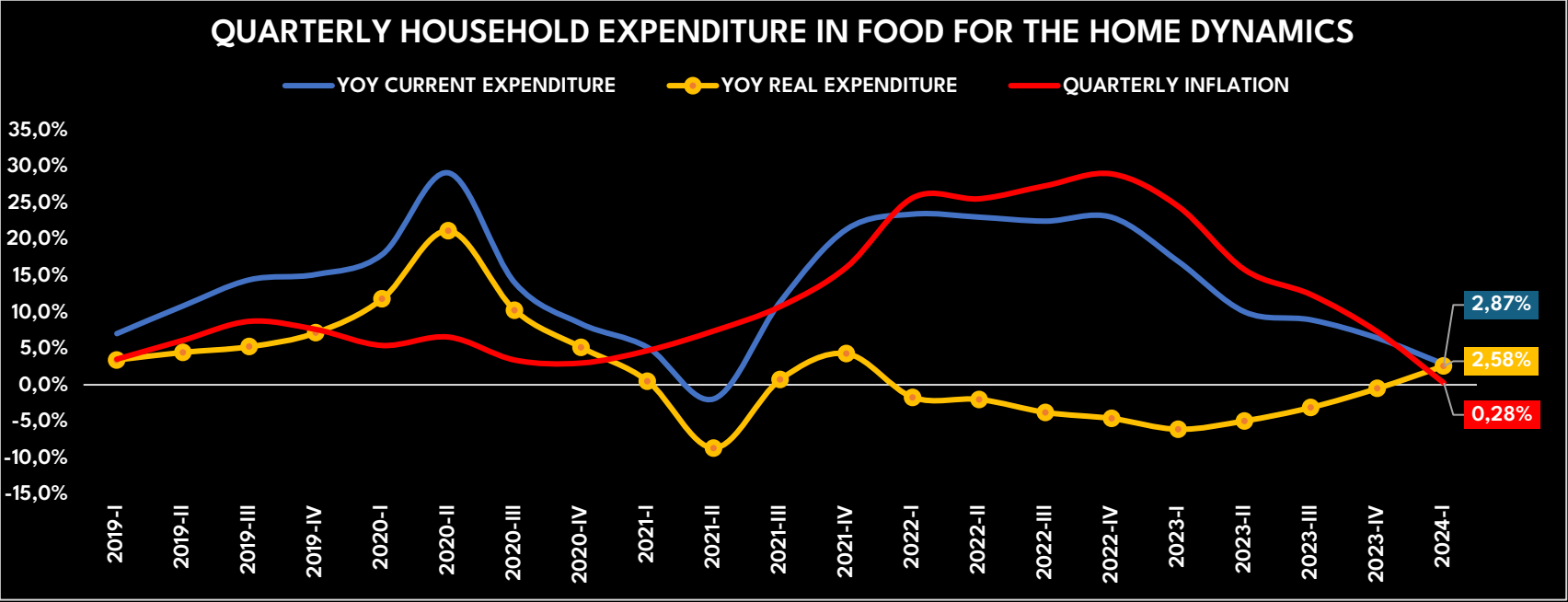
# HOUSEHOLD SPEND FOOD

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**IQ 2024**



# AFTER 8 CONSECUTIVE QUARTERS OF CONTRACTION, REAL EXPENDITURE RETURNED TO POSITIVE CHANGES



- Annual household food inflation fell for two consecutive months (February-March), in March the fall was 0.03%, which although it is not a figure that represents a great magnitude, it shows in some way the dynamics that the basket is going through.
- On the one hand, it is evident how food prices have been gradually adjusting, partly due to the normalization of world prices of raw materials; likewise, this deceleration in production costs has been benefited by the constant dynamics of appreciation of the national currency.
- However, negative effects of the El Niño phenomenon are already beginning to be seen in all stages of food production.

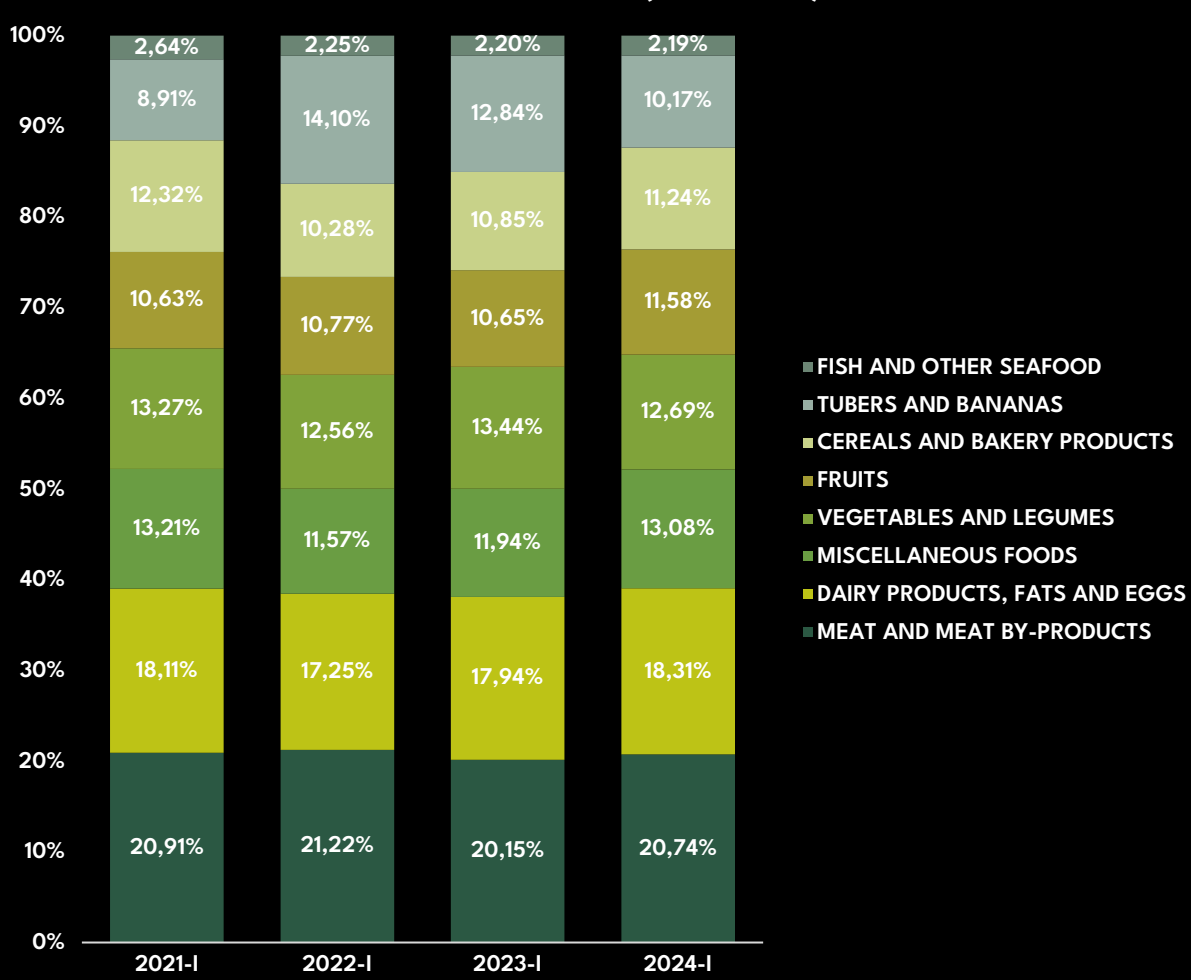
MARKET SIZE      YEAR-ON-YEAR REAL EXPENDITURE      QUARTERLY INFLATION      POCKETSHARE

IQ 2024	80.49 billion pesos	2.58%	0.28%	30.83%
IQ 2023	78.24 billion pesos	-6.11%	24.51%	32.37%

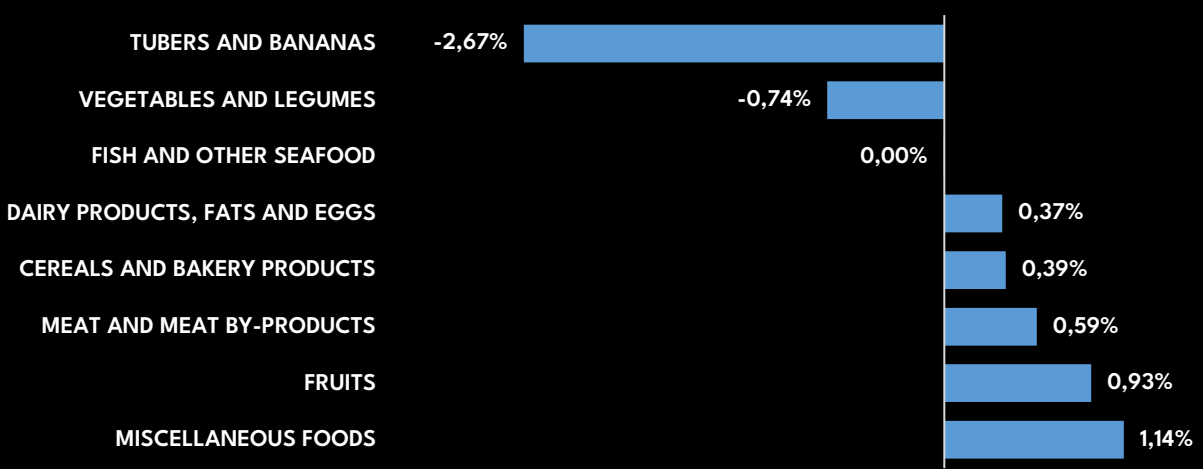


# PRICES GENERATE ADJUSTMENTS IN HOUSEHOLD FOOD BUDGETS

COMPOSITION OF HOUSEHOLD EXPENDITURE IN FOOD FOR THE HOME (CURRENT)

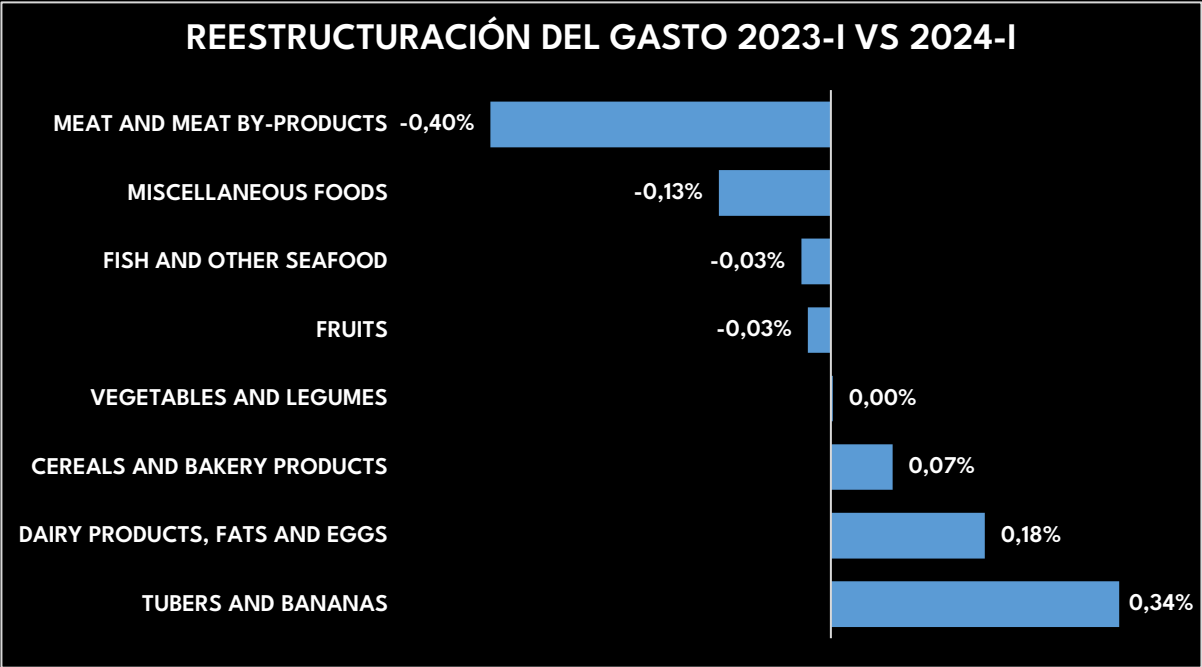
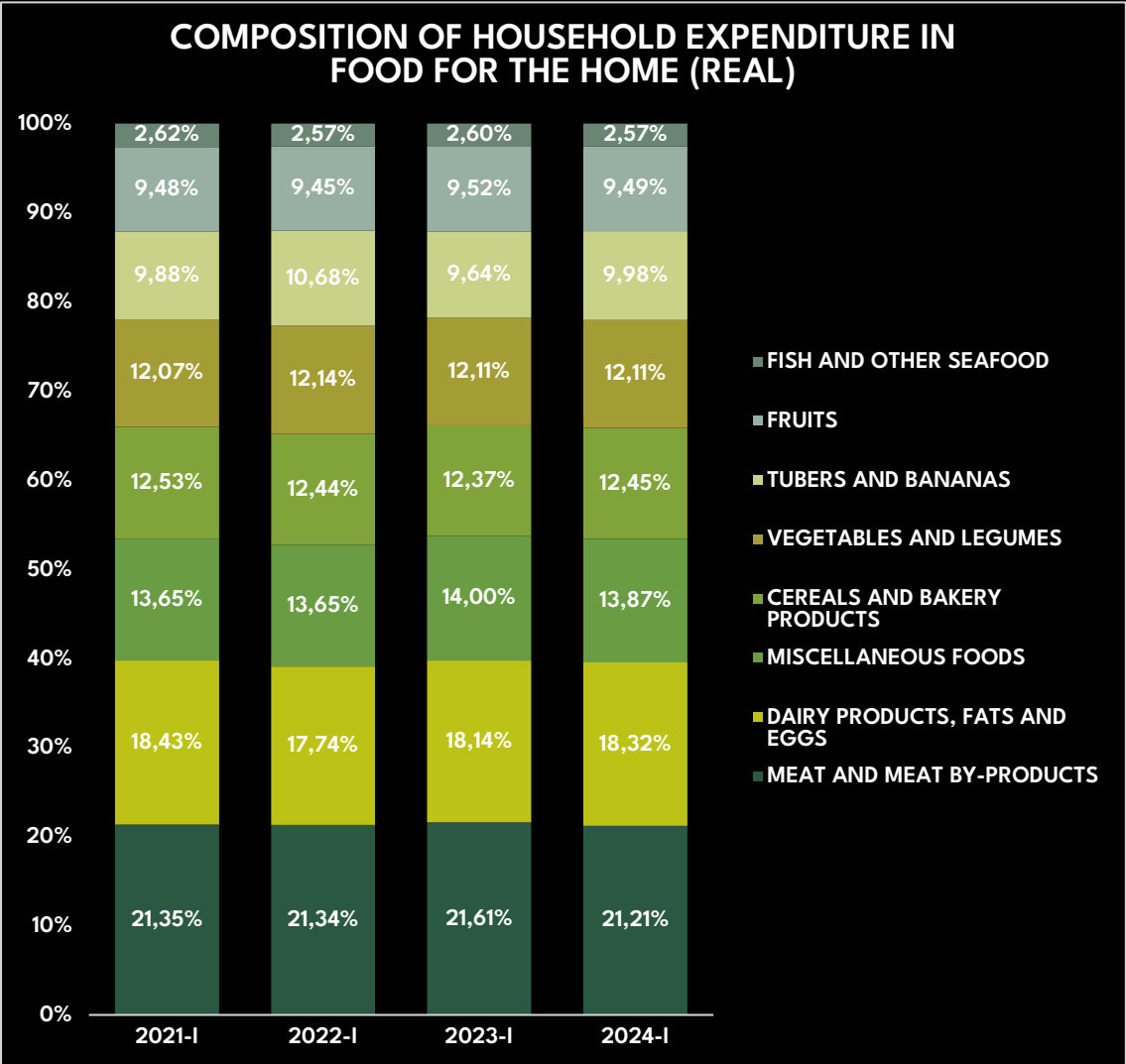


REESTRUCTURACIÓN DEL GASTO 2023-I VS 2024-I



- During IQ 2024, the meat and meat products category had a share of 20.74% within household cash expenditure, thus maintaining the highest share with respect to the rest of the categories in the basket. When compared to the same month of last year, this category gained participation, which could be related to the persistent increase in its prices.
- The miscellaneous foods show the greatest increase in weight within the household food expenditure budget, due to the price increases that these products have suffered, mainly because of healthy taxes. On the other hand, the sharpest drop in household budgets was shown by tubers and bananas, which is related to the sharp decrease in prices of this category.

# CHANGES WITHIN THE FOOD BASKET PURCHASED BY HOUSEHOLDS



- Categories such as cereals, dairy products, fats and eggs stand out with increases in both real and money terms. This could indicate that households are integrating these products more frequently into their eating habits.
- Additionally, meat and meat products, while not having the highest price increases, have been the most sacrificed category in household budgets. This may be related to a shift in protein in people's diets amidst an environment where household budgets are tight.

# EXPENDITURE GROWTH IN FOOD CATEGORIES

CATEGORY	ANNUAL CHANGE CURRENT EXPENDITURE		INFLATION		ANNUAL CHANGE REAL EXPENDITURE	
CEREALS AND BAKERY PRODUCTS		6,56%		1,11%		3,40%
TUBERS AND BANANAS		-18,52%		-20,77%		6,41%
VEGETABLES AND LEGUMES		-2,82%		1,16%		2,82%
FRUITS		11,87%		1,62%		2,51%
MEAT AND MEAT BY-PRODUCTS		5,87%		4,67%		0,90%
FISH AND OTHER SEAFOOD		2,71%		-3,08%		1,43%
DAIRY PRODUCTS, FATS AND EGGS		4,98%		3,74%		3,83%
MISCELLANEOUS FOODS		12,70%		12,71%		1,84%

- Households responded well to the drop in food prices, which, while still reporting a high level of prices in the market, households have been able to get used to them and are encouraged to increase their spending in units due to an improvement in purchasing power.
- During IQ 2024, the Tubers and Bananas category reported the highest growth in real spending, while having the largest drop in inflation (-20.77%). This strong deceleration has occurred in response to a base effect adjustment process, after the strong growth reported during 2023.
- The most pronounced increases in inflation were recorded in the categories with products within the list of ultra-processed products subject to health tax. The list includes products such as meat derivatives, chocolate, flours, pasta, confectionery, jams, prepared sauces, ice cream and condiments.
- Thus, meat and miscellaneous foods showed the highest price increases and the lowest spending increases in real terms.

A close-up, high-angle shot of a bar scene. In the foreground, a clear glass is being filled with a golden-brown liquid, likely beer or whiskey, over several ice cubes. The liquid is captured mid-pour, creating a dynamic splash. In the background, a red cup filled with a pinkish-red beverage and ice is visible, slightly out of focus. The lighting is warm and focused on the glass being filled, creating a sense of depth and texture.

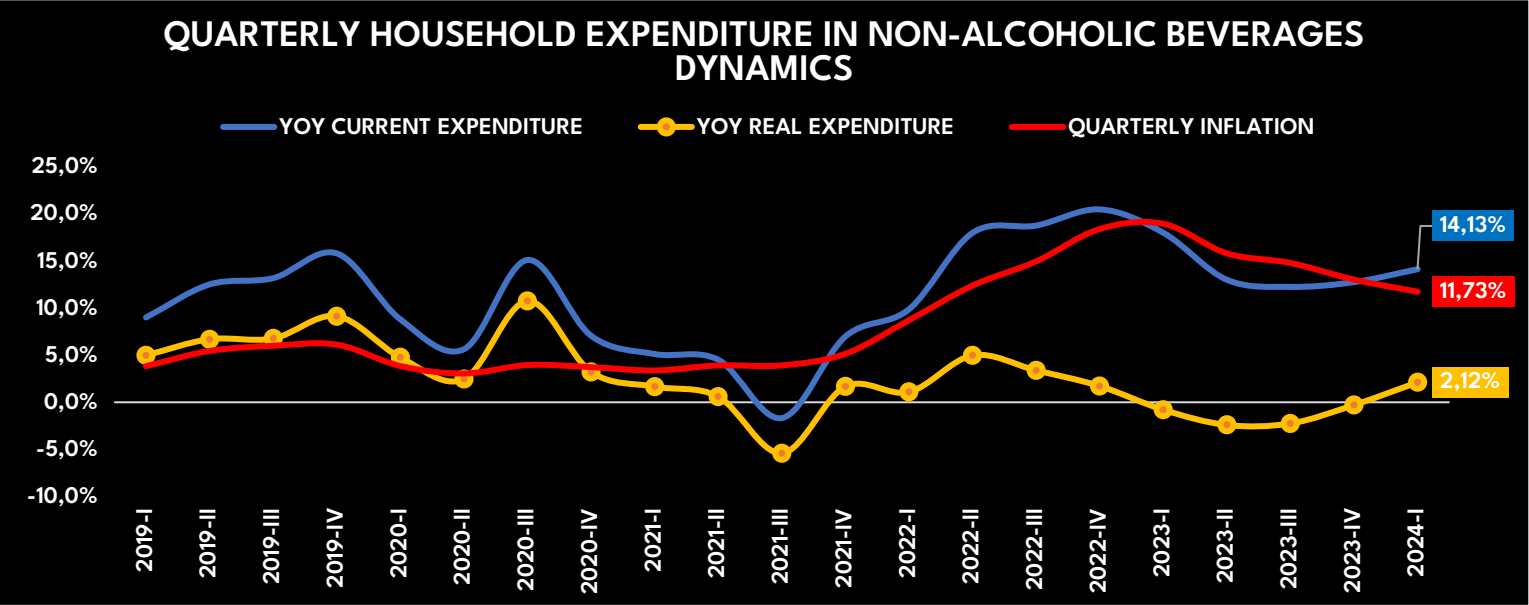
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# HOUSEHOLD SPEND BEVERAGES

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**IQ 2024**

# BEVERAGE SPENDING REBOUNDS AFTER A YEAR OF CONTRACTION



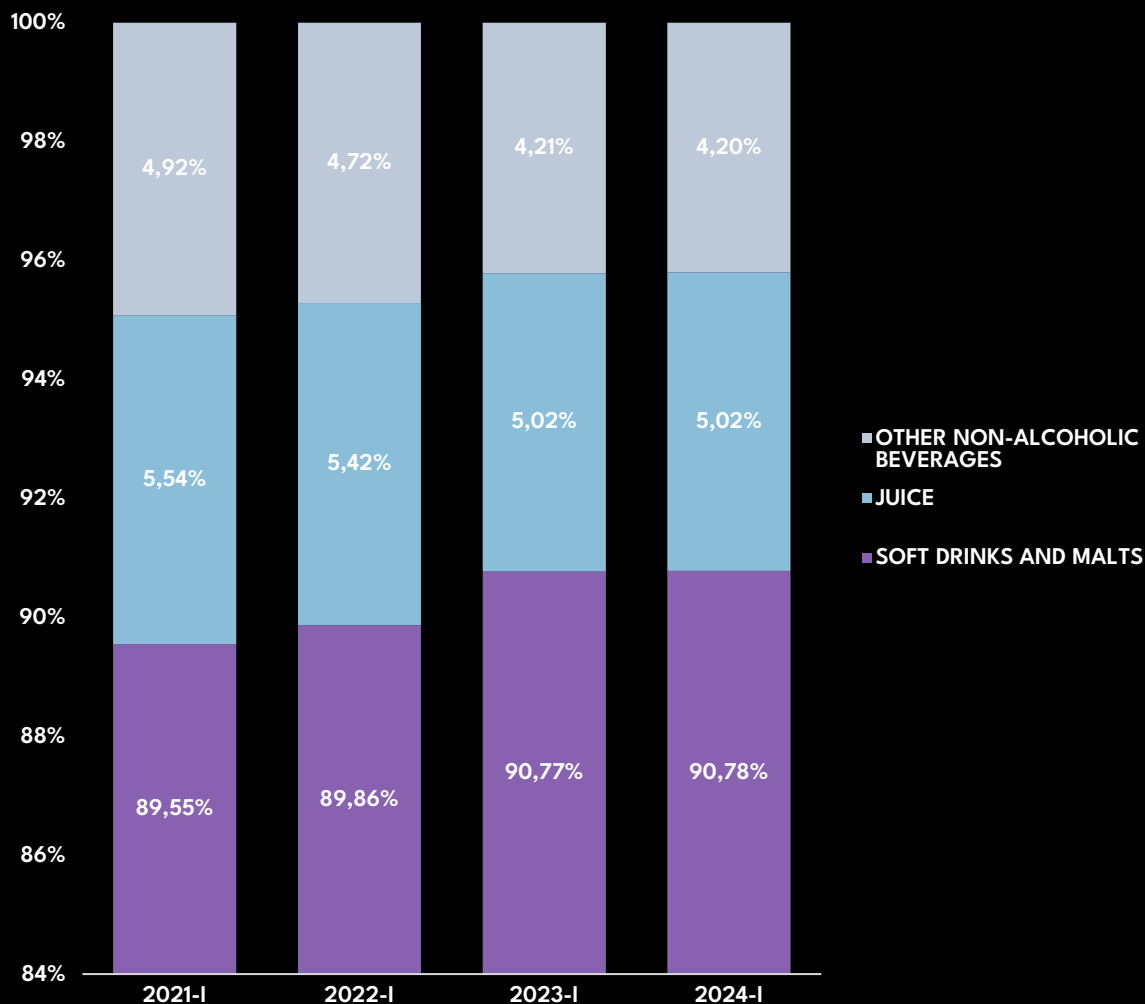
- After four quarters of contraction in real non-alcoholic beverage spending, the basket returns to positive changes for the first quarter of 2024.
- This growth is related to a decline in inflation, which has been slow to decline, and the rebound in the growth of household cash spending on the beverage basket.
- The latter can be evidenced by the increase in the weight of the basket within total spending, from weighing 3.8% in 2023 to weighing 4% in the first quarter of 2024.

	MARKET SIZE	YEAR-ON-YEAR REAL EXPENDITURE	QUARTERLY INFLATION	POCKETSHARE
IQ 2024	3.53 billion pesos	2.12%	11.73%	4.06%
IQ 2023	3.09 billion pesos	-0.79%	18.93%	3.85%

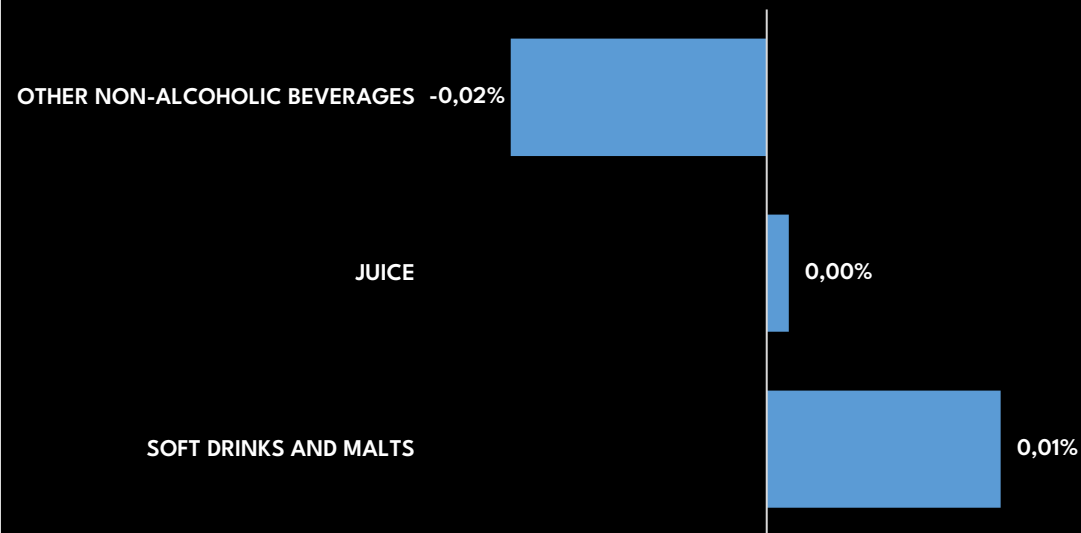


# CARBONATED BEVERAGES STRENGTHEN WITHIN THE BASKET

COMPOSITION OF HOUSEHOLD EXPENDITURE IN NON ALCOHOLIC BEVERAGES (CURRENT)



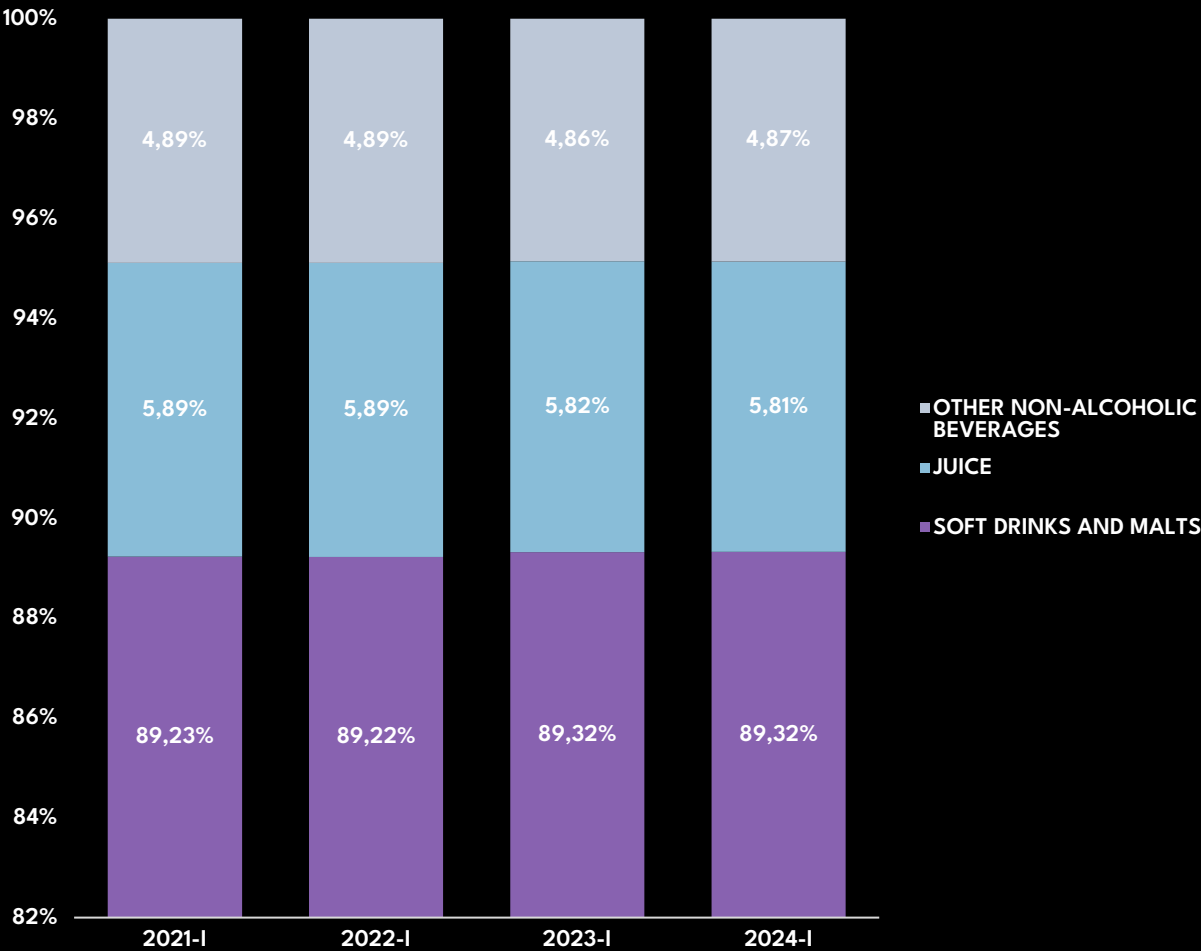
REESTRUCTURACIÓN DEL GASTO 2023-I VS 2024-I



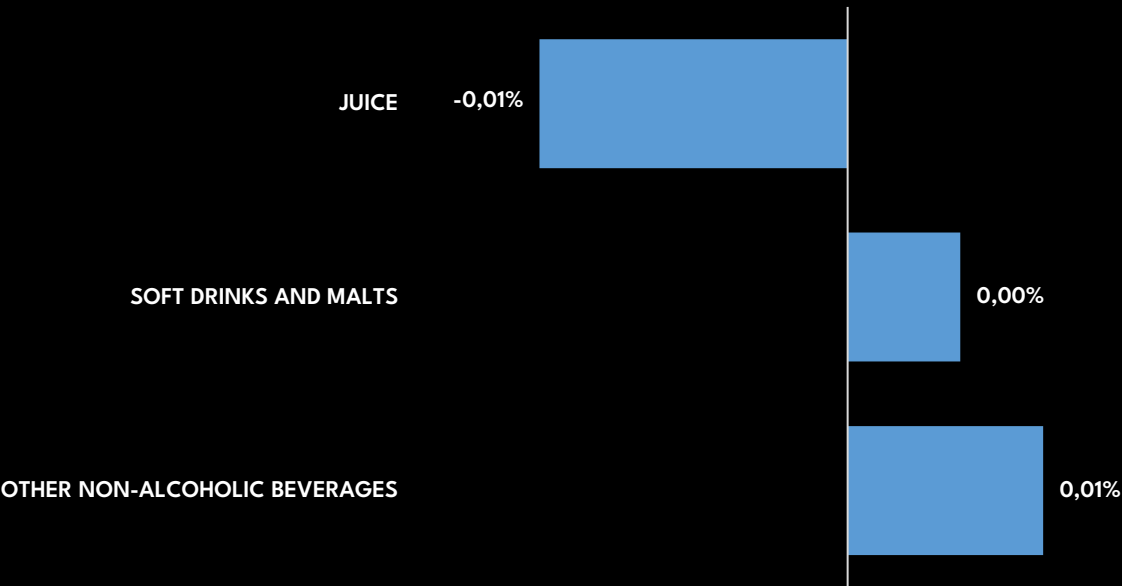
- Within the household beverage budget, carbonated soft drinks show the largest increase in weight. This is related to a consumer interested in maintaining their spending on these beverages in an environment of price increases for these beverages due to health taxes.
- In contrast, a continuous decrease in the weight of the other non-alcoholic beverages category is observed, which may be related to a lower importance of these products amid inflationary pressures on the basket that force households to prioritize.

# SOFT DRINK RESILIENCE VS. JUICE DOWNTURN AMIDST HOUSEHOLD SPENDING SHIFTS

COMPOSITION OF HOUSEHOLD EXPENDITURE IN NON ALCOHOLIC BEVERAGES (REAL)



REESTRUCTURACIÓN DEL GASTO 2023-I VS 2024-I



- In contrast to the distribution in terms of money, the distribution in terms of units shows an increase in the other beverages category. This could indicate that even though they have a lower importance in the households' pockets, households are increasing the quantities of these products sufficiently to gain participation in their beverage purchasing habits.
- Additionally, the soft drinks category also shows a positive weight adjustment within the basket, indicating that this category maintains its importance despite price increases.

# BEVERAGE SPENDING REMAINS RESILIENT ACROSS ALL CATEGORIES

CATEGORY	ANNUAL CHANGE CURRENT EXPENDITURE	INFLATION	ANNUAL CHANGE REAL EXPENDITURE
JUICE	14,16%	12,64%	1,85%
SOFT DRINKS AND MALTS	14,14%	13,68%	2,09%
OTHER NON-ALCOHOLIC BEVERAGES	13,71%	18,67%	2,25%

- Inflation in all categories of the basket remains above the country's total inflation and well above food inflation. This is because the decline in food inflation has been slower compared to other baskets. The slow decline in beverages is due to factors such as the advent of healthy taxes on sugar-sweetened beverages, pricing strategies within the industry, upward price adjustments under the expectation of further cost increases in the future.
- Despite these price increases, households show resilience in beverage consumption with cash spending increases exceeding 10%, indicating that consumers are looking to maintain rather than sacrifice consumption of these products.

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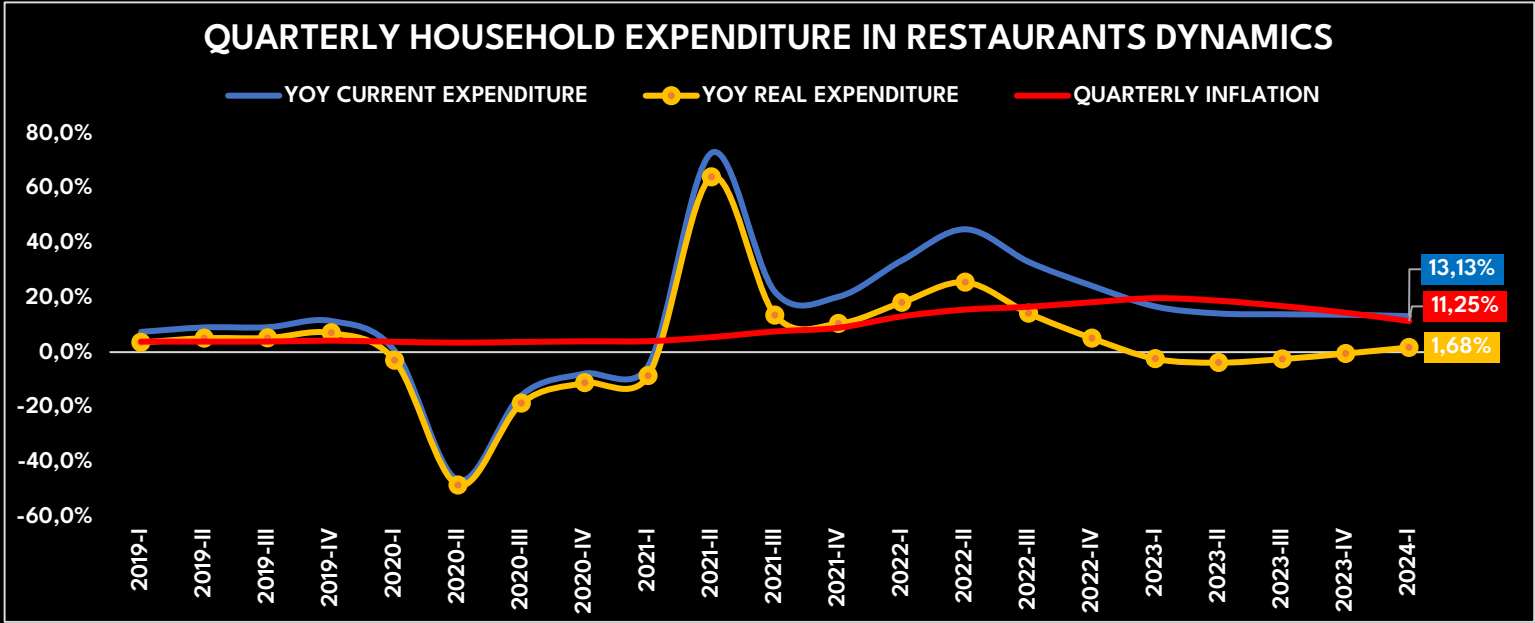
# HOUSEHOLD SPEND RESTAURANTS

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**IQ 2024**



# RESTAURANT SPENDING RETURNS TO GROWTH AFTER FOUR QUARTERS OF DECLINE

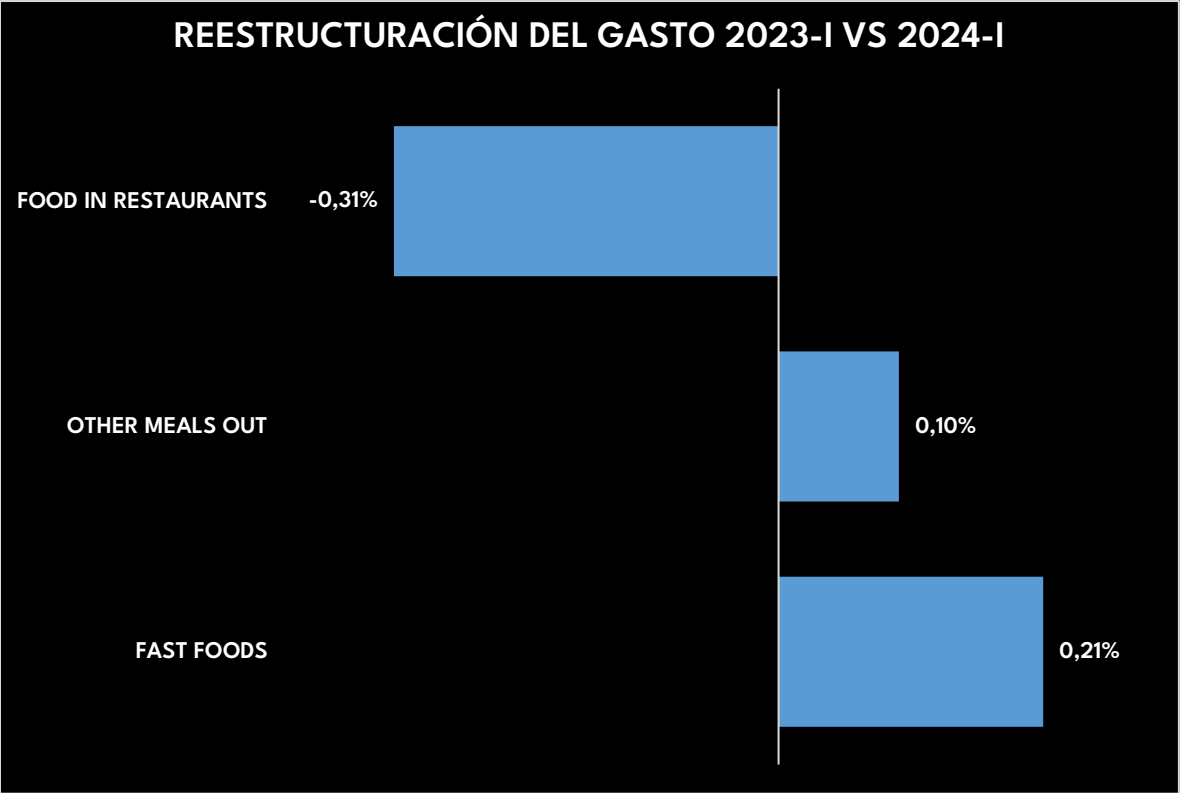
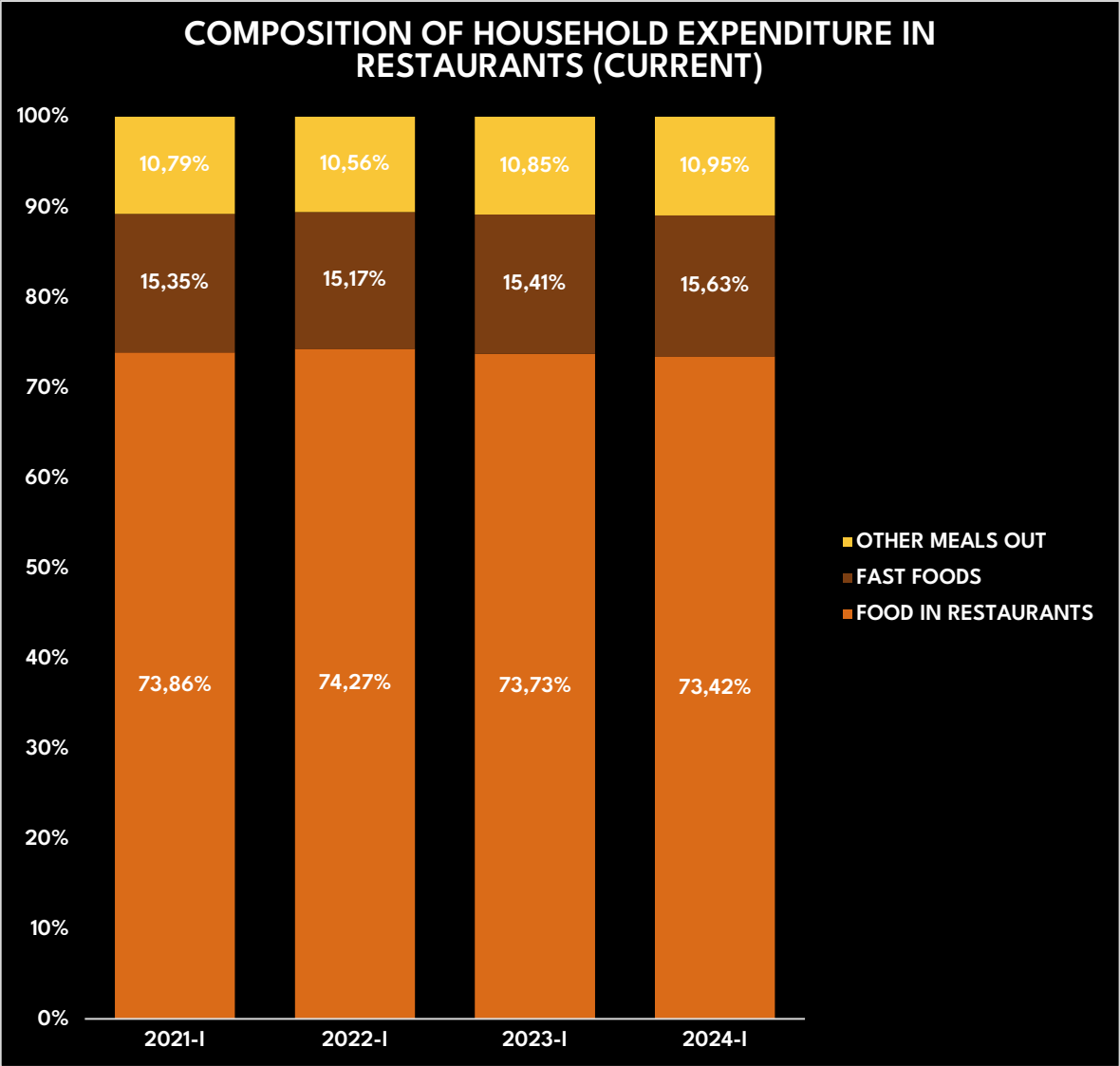


- 2024 started with a positive dynamic, after consecutive declines in 2023, even though prices continued to increase.
- This dynamic may have been driven by the increase in the minimum wage at the beginning of the year, which allowed households to continue to spend more money to purchase more products that cost more compared to last year. This was evidenced by a continued increase in the share of meals away from home in households' pockets, the highest in recent years.
- In addition, eating out continued to be important for households, especially as an accompaniment to events during the first quarter of the year, such as academic vacations, Holy Week, carnivals and fairs in different cities, among others.

	MARKET SIZE	YEAR-ON-YEAR REAL EXPENDITURE	QUARTERLY INFLATION	POCKETSHARE
IQ 2024	19.5 billion pesos	1.68%	11.25%	7.48%
IQ 2023	17.2 billion pesos	-2,50%	19.65%	7.15%



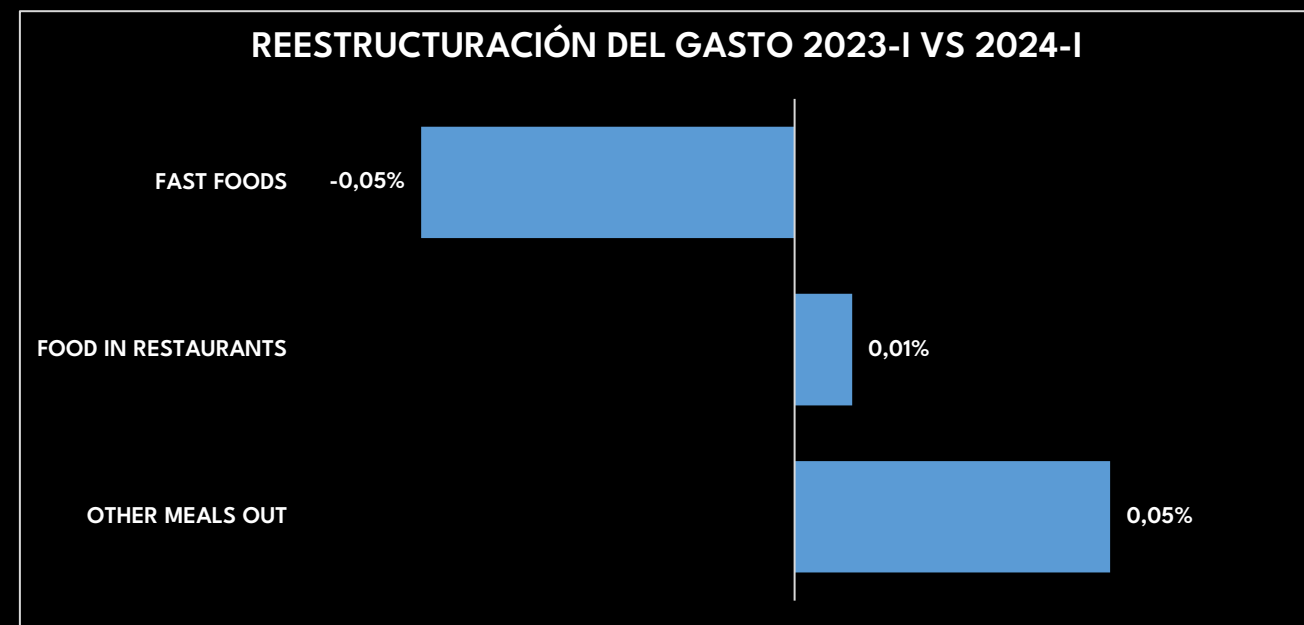
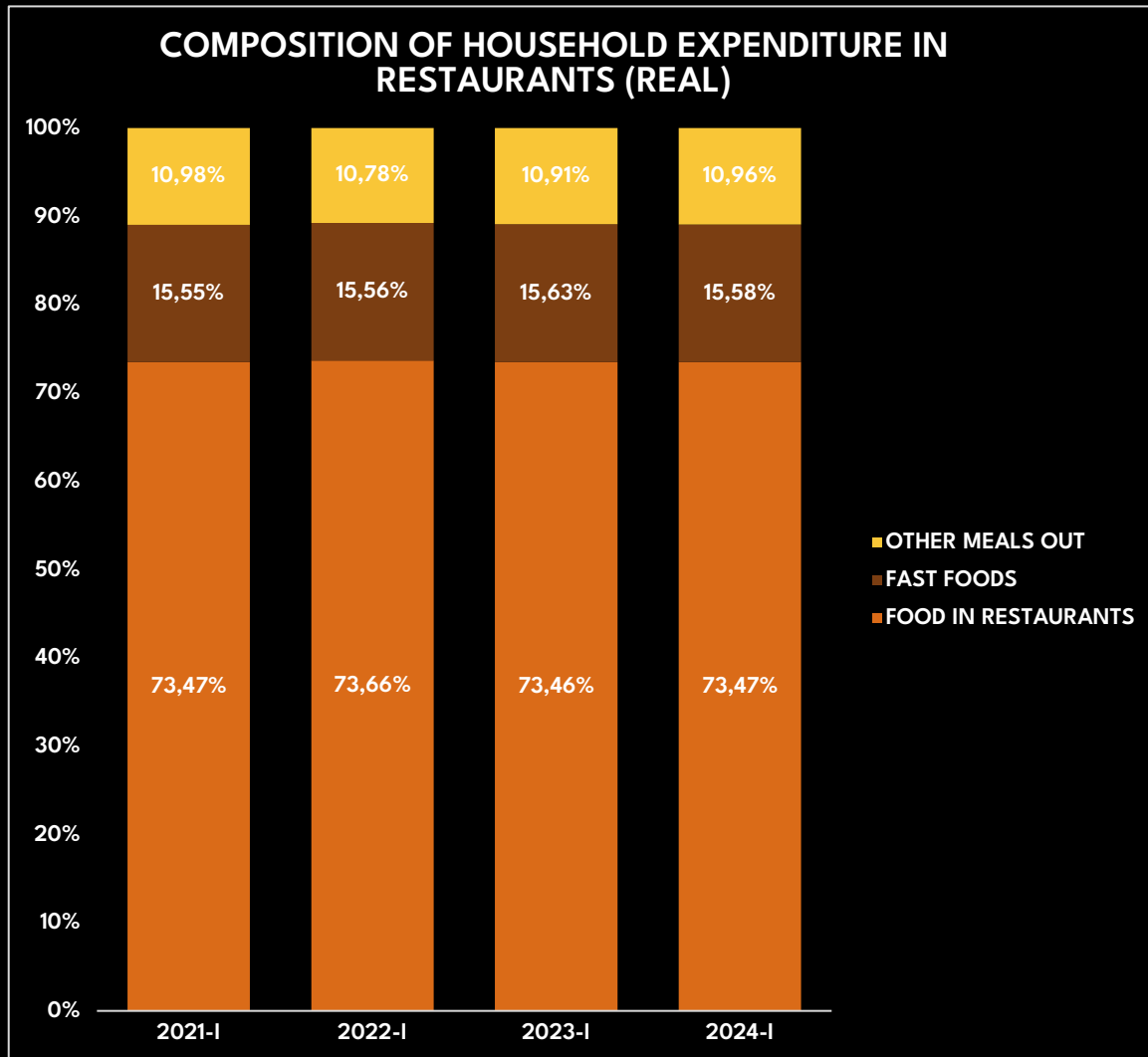
# HIGH PRICE INCREASES IN FAST-FOODS GENERATE PRESSURE



- In terms of money, the weight of fast food shows the highest increase in the households' pockets. This is related to the still high price increase in this category, which forces households to increase the budget allocated to this basket. This price increase is related to the arrival of new taxes on ultra-processed foods that increased restaurant costs.
- In contrast, restaurant meals are losing weight, as they are demanding less pressure on the pocket with lower price increases.



# COFFEE SHOP SPENDING COULD BE BOOSTING RESTAURANT SPENDING



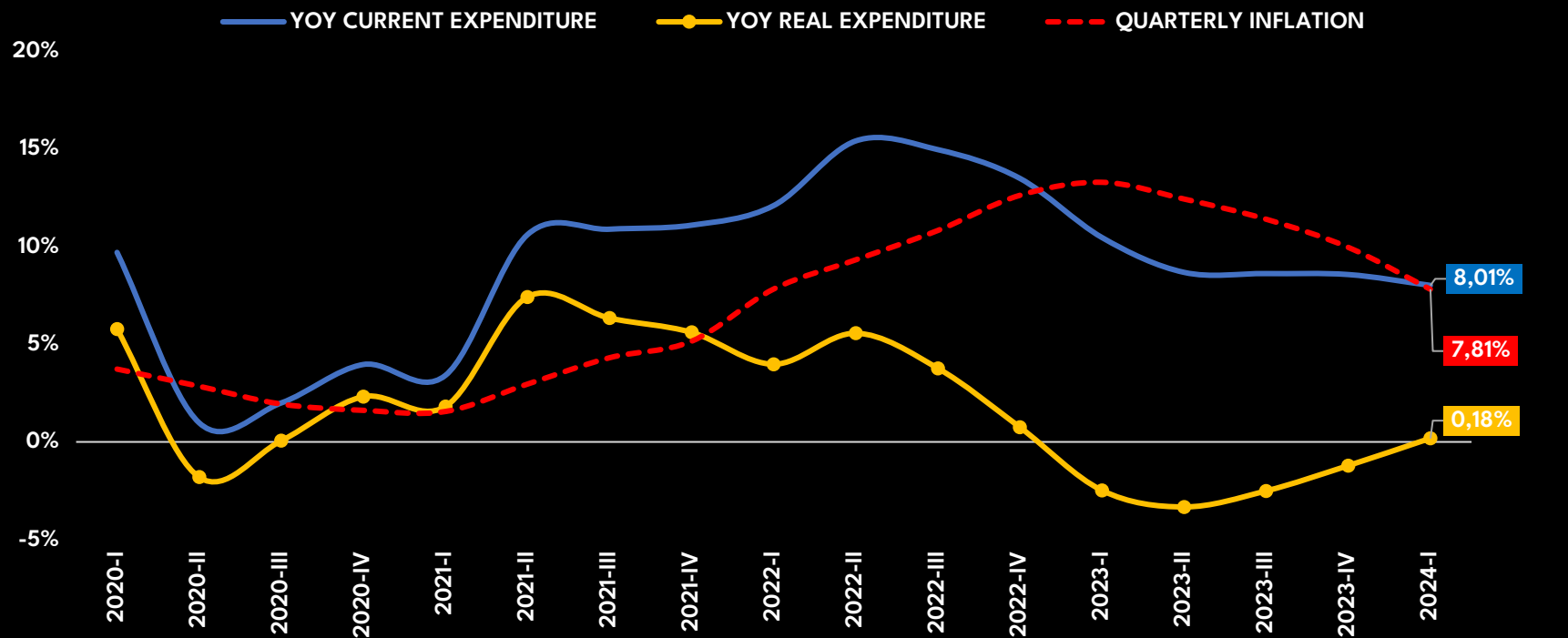
- In terms of units, households increase the weight of other meals outside the home such as coffee shop expenses. This is related to a lower price increase in this category and a greater search for options to maintain food consumption outside the home.
- In contrast, even though households spent more money on fast food, in terms of units, households increasingly have a lower weight of these products. This would indicate that households are trying to allocate more of their spending to fast food, but the units they purchase are not growing at the same rate.

# SPENDING GROWTH IN RESTAURANT CATEGORIES

CATEGORY	ANNUAL CHANGE CURRENT EXPENDITURE	INFLATION	ANNUAL CHANGE REAL EXPENDITURE
FOOD IN RESTAURANTS	12,65%	10,11%	1,79%
FAST FOODS	14,70%	15,91%	1,43%
OTHER MEALS OUT	14,15%	13,30%	2,20%

- Compared to 2023, Other meals out had the highest real spending growth, despite maintaining strong price increases.
- Fast food, especially hamburger, experienced the highest annual price increase, probably due to the impact of Ultra processed taxes affecting prices of main inputs such as sausage and bread.
- In addition, the return to Home Foods and Lunch could be evidence of a new change in consumer habits after having privileged the taste with fast foods that implied lower cash outlays and less time in their preparation and consumption.

## QUARTERLY HOUSEHOLD EXPENDITURE IN COLOMBIA DYNAMICS



### UPWARD FACTORS:

- ▲ Spending related to the beginning of the year holiday season, school season, Easter week and celebrations such as Valentine's Day and Women's Day.
- ▲ Consumer confidence at a better level than in the first quarter of 2023.
- ▲ Increase in the minimum wage, which boosted real household income. Acceleration of interest rate cuts by the Central Bank.
- ▲ Appreciation of the peso, which implies lower prices in imported products.

### DOWNWARD FACTORS:

- ▼ Increase in public transportation fares in several cities in the country and indexed prices of goods and services.
- ▼ Strong incentive to save due to high interest rates.
- ▼ Possible weak economic activity in the first quarter, which acted as a brake on employment generation and with it, household income.
- ▼ Impacts of the El Niño phenomenon on food and services prices.
- ▼ Payment of direct taxes such as property taxes and the impact of indirect taxes such as ultra-processed products.

HOUSEHOLD SPEND IN THE  
FOURTH QUARTER WAS

**261.10\$**

THOUSAND BILLION PESOS

WITH A CURRENT ANNUAL  
GROWTH RATE OF

**8.01%**

AN ANNUAL INFLATION OF

**7.81%**

AND AN ANNUAL GROWTH IN  
REAL EXPENDITURE OF

**0.18%**

SOURCE: Gastometría Marzo-2024, RADDAR.

# IN SUMMARY

## WHAT HAPPENED AT IQ 2024?



- ✓ Current and real spending
- ✓ Factors that affect spending positively and negatively
- ✓ Inflation
- ✓ Baskets that benefit and are affected in the environment

- Spending increased due to the holiday and school seasons, while consumer confidence improved compared to the first quarter of 2023, driven by an increase in the minimum wage and accelerated interest rate cuts by the Central Bank, along with the appreciation of the peso, resulting in lower prices on imported products.
- The country experienced a rise in public transportation fares and indexed prices, while high interest rates incentivized saving; weak economic activity in the first quarter hindered employment and household income, compounded by El Niño's effects on food and service prices, alongside the impact of both direct and indirect taxes.
- After a slow start, unit spending across various baskets rebounded in the first quarter of the year, driven by improved economic sentiment, while transportation expenses declined due to rising fuel costs and reduced credit use for vehicle purchases. Additionally, sectors like electronics and fashion saw growth, supported by market conditions such as currency revaluation and promotional activities, while entertainment, dining out, and wellness experienced increased consumer interest. Moreover, housing and education expenses gained significance due to adjustments in rental fees and school tuition payments.

**8.01%**  
IQ 2024

### Current spend

VS 10.4%  
IQ 2023

**0.18%**  
IQ 2024

### Real spend

VS -2.4%  
IQ 2023

**7.81%**  
IQ 2024

### Inflation

VS 13.2%  
IQ 2023

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# THANKS



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