

# ECONOMIC INDICATORS

Fourth quarter of 1998



*Banco de la República*  
*Colombia*

**FRONT PAGE**  
**LEOPOLDO RICHTER**

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92 x 62 cm.

1959

BANCO DE LA REPÚBLICA COLLECTION

## Review of the Economy on the fourth quarter of 1998

The Colombian economy registered a substantial slowdown during 1998, growing at an annual rate of 0.6%. This situation was reflected in the increasing level of unemployment, which reached 15.6% in december, over three percentage points higher than in December of 1997. The representative market exchange rate ended the year at \$1,542.11, leading to an annualized devaluation rate of 18.9%. The current account deficit reached 6.6% of GDP, with net international reserves falling to US\$1.452 billion. Consumer prices in 1998 grew at an annual rate of 16.7%, lower than the 17.7% rate registered in 1997. Additionally, the Producer Price Index grew in 1998 at an annual rate of 13.5%.

### REVIEW OF THE ECONOMY

YEARS	GROWTH			UNEMPLOYMENT RATE (%)	CURRENT ACCOUNT (% of GDP)	INTERNATIONAL RESERVES (Months of Imports of Goods and Services)
	GDP (%)	CPI (%)	PPI (%)			
1990	4,3	32,4	29,9	10,6	1,3	5,9
1991	2,0	26,8	23,1	9,4	5,5	8,9
1992	4,0	25,1	17,8	9,8	1,8	8,8
1993	5,4	22,6	13,2	7,8	-4,0	6,9
1994	5,8	22,6	20,7	8,0	-5,1 *pr	7,0 *pr
1995	5,8	19,5	15,4	9,5	-5,7 *pr	6,3 *pr
1996	2,1 pr	21,6	14,5	11,3	-5,5 *pr	7,2 *pr
1997	2,8 p	17,7	17,5	12,0	-6,2 *pr	6,5 *pr
1998	0,6 p	16,7	13,5	15,6 p	-6,6 *pr	6,0 *pr

p : Provisional.  
pr: Preliminary.

\* Since 1994, the statistics correspond to the new Balance of Payment measure, according with the Balance of Payment Methodology of the International Monetary Fund Balance of Payment Manual 5th Edition.

Source : National Administrative Department of Statistics(NADS) and National Planning Department (NPD).

## Gross domestic product growth

According to provisional estimates by the National Administrative Department of Statistics (DANE), the Colombian economy grew by 0.6% in 1998. This rate is similar than that registered in 1982 (0.9%). Sectors that in 1998 contributed to the economic decrease were: construction (-14.4%), the financial sector (-11.5%) and the manufacturing without coffee threshing (-0.5%). The communication sector reduced its growth rate from 18.1% in 1997 to 8.8% in 1998. On the other hand, the only sector that registered an important growth rate was the mining sector (10.0%). Likewise, during 1998, the value added of the agriculture, fishery, forestry and hunting sector increased by 0.8%, an improvement over 0.1% growth rate observed in 1997. Comparing with the behavior of 1997, in 1998, almost all sectors registered lower growth rates.

### REAL GDP GROWTH BY SECTOR %

SECTOR	1990	1991	1992	1993	1994	1995	1996pr	1997p	1998p
<b>Agriculture and cattle, fishery, forestry and hunting</b>	<b>7.46</b>	<b>2.85</b>	<b>0.75</b>	<b>0.67</b>	<b>(0.28)</b>	<b>2.56</b>	<b>0.87</b>	<b>(0.10)</b>	<b>0.83</b>
a. Roasted non-decaffeinated coffee 1/	24.72	3.45	9.96	(16.10)	(11.64)	1.09	(6.35)	(3.25)	12.48
b. Agriculture and Cattle without coffee	3.28	2.54	(2.10)	6.59	2.92	3.19	2.94	0.24	(0.63)
c.. Fishery, forestry and hunting	3.85	5.50	1.30	(2.41)	(3.05)	(4.49)	(10.10)	2.81	(4.39)
<b>Mining and quarry exploitation</b>	<b>5.92</b>	<b>(0.64)</b>	<b>(3.88)</b>	<b>(1.66)</b>	<b>1.62</b>	<b>21.68</b>	<b>7.69</b>	<b>2.78</b>	<b>10.01</b>
<b>Electricity, gas and water</b>	<b>3.77</b>	<b>3.06</b>	<b>(5.80)</b>	<b>14.03</b>	<b>6.16</b>	<b>5.08</b>	<b>2.84</b>	<b>4.43</b>	<b>1.22</b>
<b>Manufacturing 2/</b>	<b>1.95</b>	<b>2.06</b>	<b>1.90</b>	<b>4.78</b>	<b>3.20</b>	<b>3.81</b>	<b>(3.84)</b>	<b>2.52</b>	<b>(0.49)</b>
Construction	<b>(13.07)</b>	<b>0.25</b>	<b>7.26</b>	<b>18.20</b>	<b>19.23</b>	<b>4.21</b>	<b>(0.48)</b>	<b>(3.08)</b>	<b>(14.37)</b>
<b>Trade, repairs, restaurants and hotels</b>	<b>2.82</b>	<b>0.43</b>	<b>2.55</b>	<b>9.14</b>	<b>6.08</b>	<b>8.23</b>	<b>(0.33)</b>	<b>3.96</b>	<b>0.89</b>
<b>Transport, storage and communication</b>	<b>3.74</b>	<b>3.44</b>	<b>5.33</b>	<b>4.35</b>	<b>5.80</b>	<b>4.74</b>	<b>4.51</b>	<b>5.59</b>	<b>3.73</b>
a. Transport	1.74	2.42	5.78	4.45	5.54	3.53	3.60	0.94	1.46
b. Mail Services and telecommunications	11.99	7.25	3.72	3.96	6.78	9.13	7.65	18.14	8.76
<b>Financial, insurance, real state and service institutions</b>	<b>6.20</b>	<b>4.94</b>	<b>3.54</b>	<b>5.29</b>	<b>13.02</b>	<b>8.32</b>	<b>4.73</b>	<b>2.48</b>	<b>(2.64)</b>

a. Finance and services 3/	9.29	6.18	4.07	6.38	18.77	13.01	5.75	1.78	(11.51)
b. Housing	2.90	3.53	2.92	4.00	6.10	2.00	3.20	2.73	2.66
<b>Social services, commons and personals 4/</b>	<b>2.75</b>	<b>1.03</b>	<b>8.51</b>	<b>1.05</b>	<b>3.81</b>	<b>6.86</b>	<b>9.44</b>	<b>4.02</b>	<b>0.98</b>
a. Domestic	2.00	2.00	2.00	2.40	2.39	2.40	1.80	(1.76)	(1.74)
b. Public administration services (Government)	2.85	(0.32)	12.52	0.20	2.74	7.67	10.90	4.56	0.88
<b>Minus: Imputedo banking services</b>	<b>(3.36)</b>	<b>9.30</b>	<b>(3.61)</b>	<b>13.80</b>	<b>16.20</b>	<b>20.06</b>	<b>9.20</b>	<b>2.85</b>	<b>(14.13)</b>
<b>Value added subtotal</b>	<b>4.13</b>	<b>2.10</b>	<b>3.10</b>	<b>3.75</b>	<b>4.71</b>	<b>5.52</b>	<b>2.00</b>	<b>2.58</b>	<b>0.71</b>
<b>Plus taxes except IVA</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>1.53</b>	<b>(0.29)</b>
<b>Minus : Subventions</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>12.05</b>	<b>6.89</b>
<b>Plus non deducible IVA</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>5.60</b>	<b>(0.62)</b>
<b>Plus: Duties and taxes on imports</b>	<b>9.76</b>	<b>(1.35)</b>	<b>36.68</b>	<b>48.19</b>	<b>25.99</b>	<b>10.64</b>	<b>2.80</b>	<b>11.61</b>	<b>0.54</b>
<b>GROSS DOMESTIC PRODUCT</b>	<b>4.28</b>	<b>2.00</b>	<b>4.05</b>	<b>5.39</b>	<b>5.81</b>	<b>5.83</b>	<b>2.05</b>	<b>2.76</b>	<b>0.60</b>

n.a.: Not available.

pr: Preliminary.

p : Provisional.

1/ Include parchment coffee and coffee thrashing.

2/ Without coffee thrashing.

3/ Until 1996, included services, non financial and non real state institutions.

4/ Include learning , social and health services.

**Source:** National Administrative Department of Statistics(NADS).

## Balance of payments

In 1998, the Colombian balance of payments registered a deficit of US\$5.9 billion (6.6% of GDP) in the current account, which was financed by US\$4.1 billion (5.2% of GDP) in net capital inflows and by US\$1.5 billion in international reserves. The largest items in the capital account are long-term flows, especially public sector external credit and foreign direct investment flows which together amounted to US\$4.7 billion. On the other hand, the short term financial movements registered a net inflow of US\$146 million. At the end of 1998, net international reserves stood at US\$8.7 billion with a desaccumulation of US\$1.5 billion.

### BALANCE OF PAYMENTS 1/ (US\$ millions)

	1994 pr	1995 pr	1996 pr	1997 pr	1998 pr
<b>I. CURRENT ACCOUNT</b>	<b>-3.594,0</b>	<b>-4.623,0</b>	<b>-4.758,0</b>	<b>-5.892,0</b>	<b>-5.869,0</b>
Trade balance	-2.238,0	-2.639,0	-2.143,0	-2.714,0	-2.636,0
Services	-985,0	-1.126,0	-1.132,0	-1.447,0	-1.346,0
Net income receipts	-1.460,0	-1.616,0	-2.103,0	-2.371,0	-2.364,0
Current transfers	1.090,0	758,0	618,0	640,0	477,0
<b>II. CAPITAL AND FINANCIAL ACCOUNT</b>	<b>3.420,0</b>	<b>4.684,0</b>	<b>6.715,0</b>	<b>6.699,0</b>	<b>4.670,0</b>
Long-term financial flows	3.347,0	2.775,0	7.185,0	8.439,0	4.524,0
Net direct investment	1.296,0	712,0	2.795,0	4.892,0	2.454,0
External debt 2/	2.051,0	2.063,0	4.390,0	3.571,0	2.085,0
Other long-term movements	0,0	0,0	0,0	-23,0	-15,0
Short-term financial flows	72,8	1.909,0	-470,1	-1.740,1	-145,5
Portfolio investment	-902,2	559,2	-293,7	-445,9	535,9
Other short-term movements 3/	975,0	1.349,6	-176,4	-1.294,1	-390,4
<b>III. OTHERS</b>	<b>373,0</b>	<b>-65,0</b>	<b>-230,0</b>	<b>-599,0</b>	<b>-255,0</b>
<b>IV. CHANGE IN NET INTERNATIONAL RESERVES</b>	<b>194,0</b>	<b>1,0</b>	<b>1.722,0</b>	<b>211,0</b>	<b>-1.452,0</b>
<b>V. CURRENT ACCOUNT / GDP (%)</b>	<b>-5,12</b>	<b>-5,74</b>	<b>-5,51</b>	<b>-6,19</b>	<b>-6,56</b>

pr: Preliminary.

1/ The statistics correspond to the new Balance of Payment measure, according with the Balance of Payment Methodology of the International Monetary Fund Balance of Payment Manual 5th Edition.

2/ Includes loans, commercial credit and financial lease and bonus.

3/ Includes loans and commercial credit.

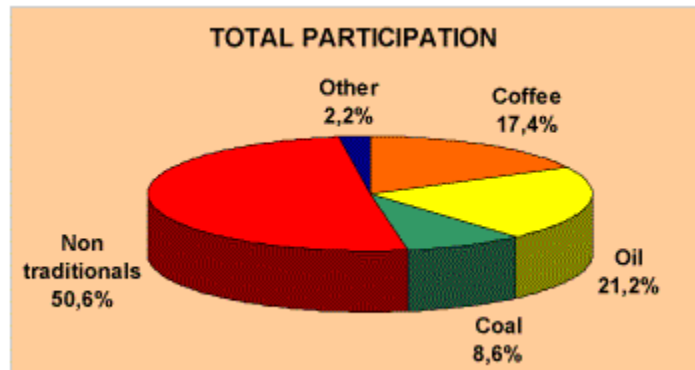
Source: Banco de la República - Economic Studies Department.

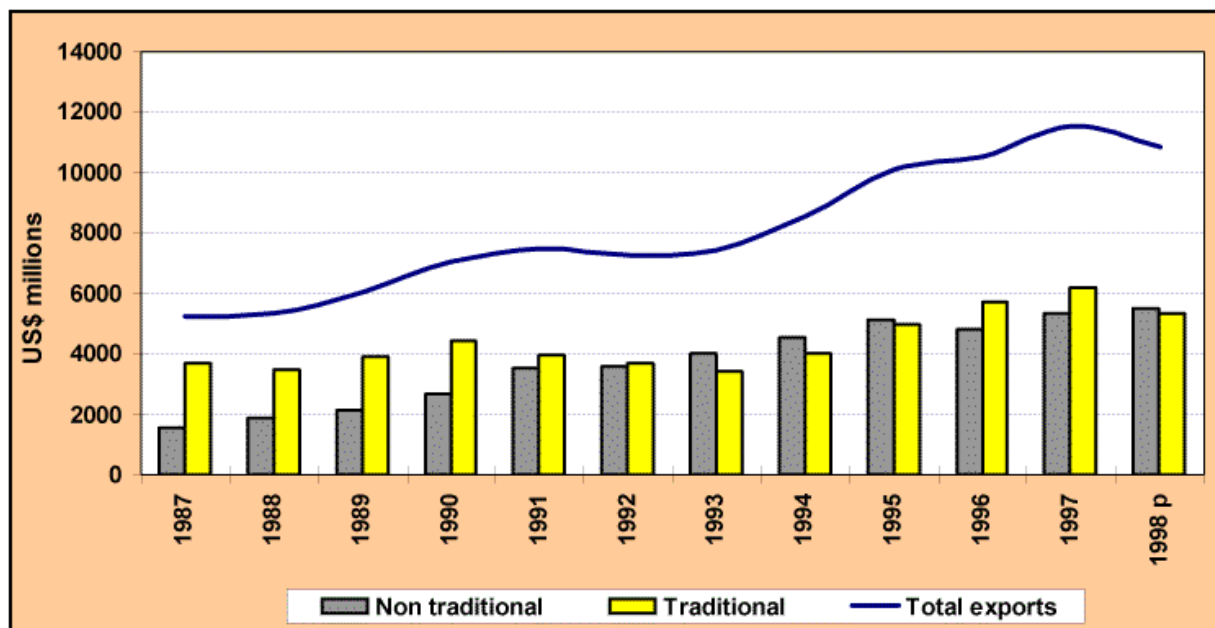
## Foreign trade - Exports

During 1998, Colombian exports reached US\$10.9 billion, 5.9% less than that in 1997, as a consequence of the decrease in the sales of traditional exports (by 13.5%, US\$834 million), which was not compensated by the growth in exports of non-traditional products (2.9%, US\$156 million). The largest reductions were registered in the external sales of oil (US\$409 million), coffee (US\$368 million), gold (US\$62 million) and emeralds (US\$58 million), as a result of low international prices and despite larger export volumes. On the other hand, non-traditional exports increased by 2.9%, rising from US\$5.3 billion in 1997 to US\$5.5 billion in 1998. This dynamism is explained by an increase in the external sales of industrial goods, particularly food, beverages and tobacco, machinery and equipment, and chemicals. The United States was the main destination for Colombian exports, purchasing 38.0% of the total, followed by the European Union with 21.4% and the Andean Group with 19.8%. For 1999, exports are expected to grow by 6.6%.

### EXPORTS

EXPORTS	1998 %
U.S.A.	38,0
ANDEAN GROUP	21,4
EUROPEAN UNION	19,8
JAPAN	2,5
REST	18,3





US\$ Millions FOB

YEAR	Total exports	Variation %	Non traditional exports	Variation %	Traditional exports	Variation %
1987	5.254,4	-1,45	1.556,3	14,22	3.698,1	-6,83
1988	5.342,7	1,68	1.855,9	19,25	3.486,8	-5,71
1989	6.031,8	12,90	2.144,8	15,57	3.887,0	11,48
1990	7.079,4	17,37	2.663,7	24,19	4.415,7	13,60
1991	7.507,4	6,05	3.541,1	32,94	3.966,3	-10,18
1992	7.263,2	-3,25	3.564,7	0,67	3.698,5	-6,75
1993	7.428,5	2,28	3.984,3	11,77	3.444,2	-6,88
1994	8.546,0	15,04	4.539,0	13,92	4.007,0	16,34
1995	10.095,0	18,13	5.129,0	13,00	4.966,0	23,93
1996	10.524,0	4,25	4.831,0	-5,81	5.693,0	14,64
1997	11.529,0	7,20	5.333,0	6,90	6.196,0	7,40
1998 p	10.851,0	-5,88	5.489,0	2,93	5.362,0	-13,46

p: Provisional.

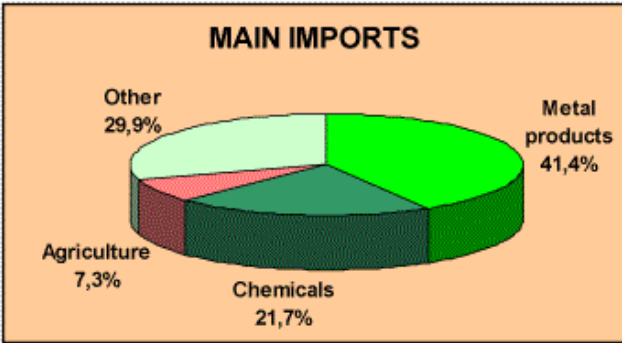
Source: National Administrative Department of Statistics(NADS).

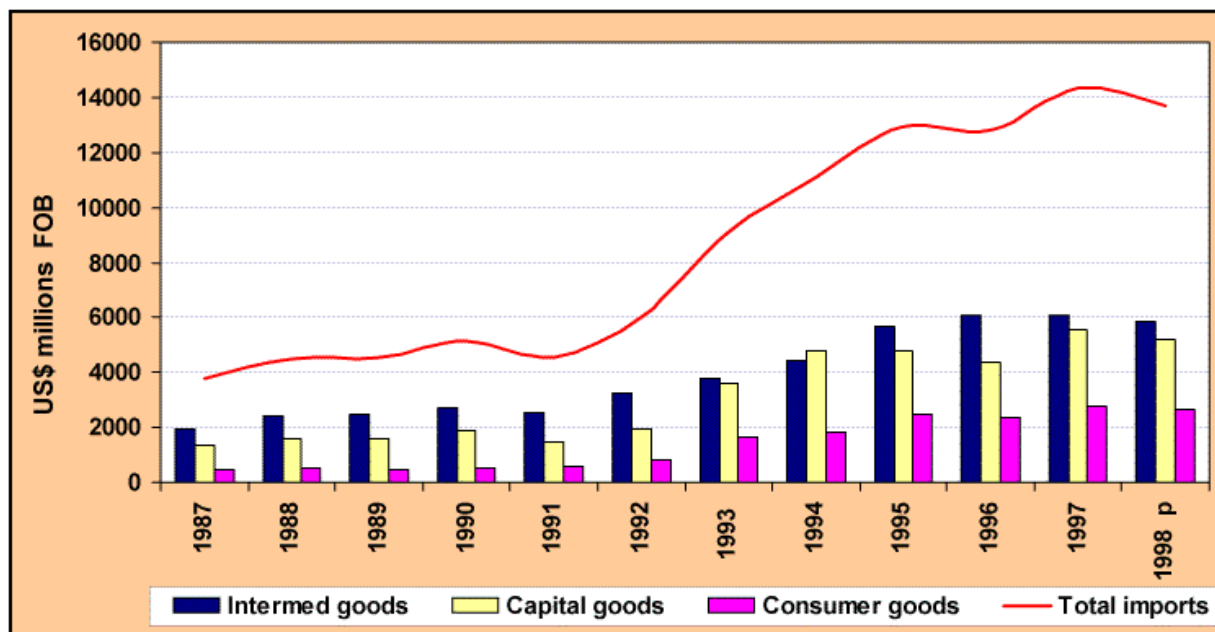
# Foreign trade - Imports

During 1998, Colombian FOB imports reached US\$13.7 billion, a decrease of 4.5% (US\$647 million) from the previous year. The reduction in external purchases, was generalized, with the largest reductions among capital goods imports (US\$302 million, 5.5%), and raw material and intermediate goods, which together decreased by US\$232 million (3.8%). Consumer goods imports also decreased (4.1%) from US\$2.8 billion in 1997 to US\$2.7 billion in 1998. The largest decreases were in the purchases of transport equipment, raw material for the industrial sector and fuel. By area of origin, imports were led by the United States (38.8% of the total value), followed by the European Union (17.9%) and the Andean Group (13%). It is expected that the value of imports will decrease by 6.4% in 1999.

## IMPORTS

IMPORTS	1998 %
U.S.A.	38,8
ANDEAN GROUP	17,9
EUROPEAN UNION	13,0
JAPAN	4,9
REST	25,4





US\$ Millions FOB

YEARS	Total imports	Variation %	Intermed. goods	Variation %	Consumer goods	Variation %	Capital goods	Variation %
1987	3.793,5	11,28	1.924,6	7,88	488,2	28,47	1.380,7	10,90
1988	4.515,3	19,03	2.413,2	25,39	514,8	5,45	1.587,3	14,96
1989	4.557,8	0,94	2.492,4	3,28	470,4	-8,62	1.595,0	0,49
1990	5.107,9	12,07	2.706,7	8,60	520,0	10,54	1.881,2	17,94
1991	4.548,0	-10,96	2.522,3	-6,81	570,4	9,69	1.455,3	-22,64
1992	6.029,1	32,57	3.258,9	29,20	825,3	44,69	1.944,9	33,64
1993	9.085,7	50,70	3.797,1	16,51	1.665,7	101,83	3.622,9	86,28
1994	11.072,0	21,86	4.456,0	17,35	1.818,0	9,14	4.798,0	32,44
1995	12.922,5	16,71	5.670,0	27,24	2.485,5	36,72	4.767,0	-0,65
1996	12.784,0	-1,07	6.057,0	6,83	2.381,0	-4,20	4.346,0	-8,83
1997	14.371,0	12,41	6.086,0	0,48	2.763,0	16,04	5.522,0	27,06
1998 p	13.724,0	-4,50	5.854,0	-3,81	2.650,0	-4,09	5.220,0	-5,47

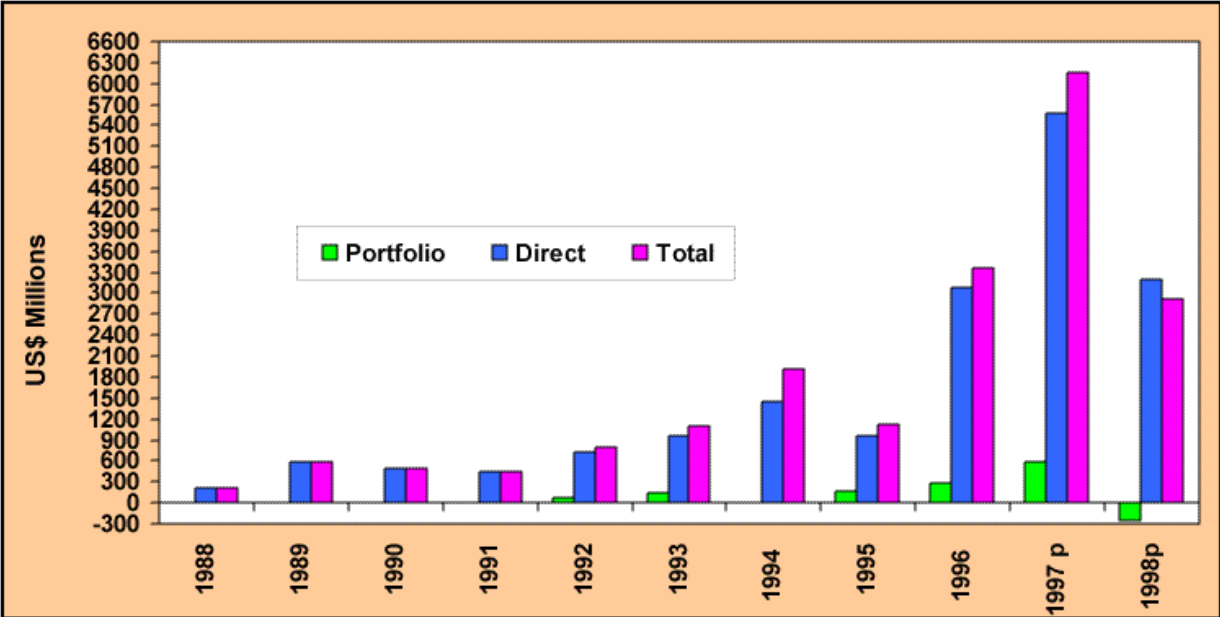
p: Provisional.

Source: National Administrative Department of Statistics(NADS) and National Customs and Taxes Authority. (NCTA).

# Foreign investment

During 1998, foreign investment flows to Colombia reached US\$2.9 billion, US\$3.2 billion lower than in 1997. This reduction is associated with the lower capital flows directed to the electrical sector (US\$2.1 billion), to the financial system (US\$551 million) and to the oil sector (US\$304 million). The reduction in foreign investment directed at the electrical sector is explained by the intense privatization activity of 1997, which accounted US\$2.3 billion, while in 1998, the contributions of this sector to foreign investment fell by US\$512 million. The largest direct investments were channeled to the electrical and gas sector, to the manufacturing sector and to the financial sector. On the other hand, portfolio investment fell from US\$593 million in 1997 to US\$-265 million in 1998. For 1999, it is expected that foreign investment will amount US\$3.5 billion.

FOREIGN INVESTMENT



Foreign Investment 1/ US\$ millions

<b>FOREIGN INVESTMENT</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>
<b>Total</b>	<b>202,8</b>	<b>576,2</b>	<b>500,5</b>	<b>456,9</b>	<b>794,7</b>	<b>1.104,7</b>
Direct	202,8	576,2	500,5	456,9	728,7	959,7
Oil	165,6	359,5	269,6	264,1	439,6	557,3
Other sectors	37,2	216,7	230,9	192,8	289,1	402,4
Portfolio	-	-	-	-	66,0	145,0
<b>FOREIGN INVESTMENT</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997 p</b>	<b>1998 p</b>	
<b>Total</b>	<b>1.922,0</b>	<b>1.124,7</b>	<b>3.365,0</b>	<b>6.166,8</b>	<b>2.927,4</b>	
Direct	1.444,0	960,0	3.072,8	5.574,3	3.192,4	
Oil	133,0	143,0	771,5	366,8	62,8	
Other sectors	1311,0	817,0	2.301,3	5.207,5	3.129,6	
Portfolio	478,0	164,7	292,2	592,5	-265,0	

p: Provisional.

1/ Since 1994, the statistics correspond to the new Balance of Payment measure, according with the Balance of Payment Methodology of the International Monetary Fund Balance of Payment Manual 5th Edition.

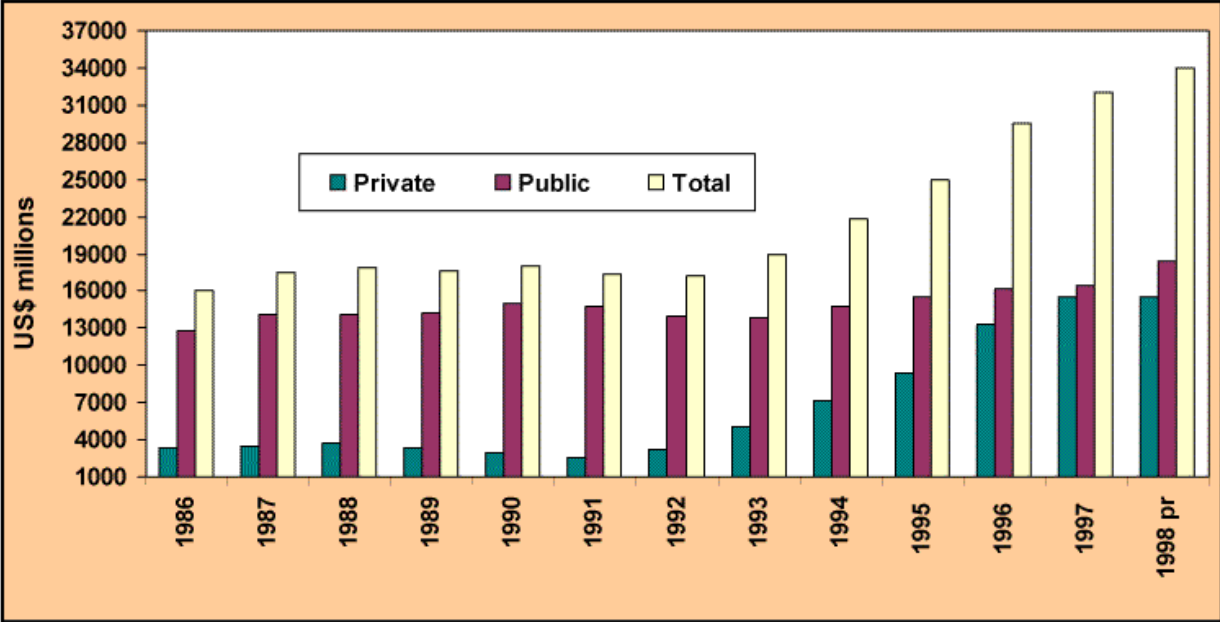
Source: Banco de la República - International Exchange and Economic Studies Department.

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# Outstanding foreign debt

During 1997, Colombian foreign indebtedness grew by 6.0%, from US\$32.0 billion in 1997 to US\$33.9 billion in 1998, of which 54.1% (US\$18.4 billion) correspond to the public sector and 45.9% (US\$15.6 billion) to the private sector. 95.2% of outstanding public sector is long-term debt, and 4.7% short-term. For the private sector, 76.8% of its debt is long-term, while 23.2% is short-term. During 1998, the Colombian economy received US\$1.9 billion of net revenues as a result of disbursements of US\$5.8 billion, and the amortization of US\$3.8 billion.

## OUTSTANDING FOREIGN DEBT



External debt 1/ US\$ millions

<b>YEAR</b>	<b>TOTAL</b>	<b>% GDP</b>	<b>PUBLIC</b>	<b>% GDP</b>	<b>PRIVATE</b>	<b>% GDP</b>
<b>1986</b>	16.100	46,1	12.782	36,6	3.318	9,5
<b>1987</b>	17.512	48,1	14.068	38,7	3.444	9,5
<b>1988</b>	17.935	45,7	14.134	36,0	3.801	9,7
<b>1989</b>	17.587	44,5	14.275	36,1	3.312	8,4
<b>1990</b>	17.993	44,7	14.966	37,2	3.027	7,5
<b>1991</b>	17.335	40,8	14.803	34,8	2.532	6,0
<b>1992</b>	17.277	35,1	14.021	28,5	3.256	6,6
<b>1993</b>	18.942	33,9	13.886	24,9	5.056	9,1
<b>1994</b>	21.840	31,1	14.718	21,0	7.122	10,2
<b>1995</b>	24.912	30,9	15.540	19,3	9.372	11,6
<b>1996</b>	29.512	34,2	16.250	18,8	13.262	15,4
<b>1997</b>	32.014	33,6	16.423	17,2	15.591	16,3
<b>1998 pr</b>	33.942	38,1	18.359	20,6	15.583	17,5

**pr:** Preliminary.

**1/** Since 1994, the statistics correspond to the new Balance of Payment measure, according with the Balance of Payment Methodology of the International Monetary Fund Balance of Payment Manual 5th Edition.

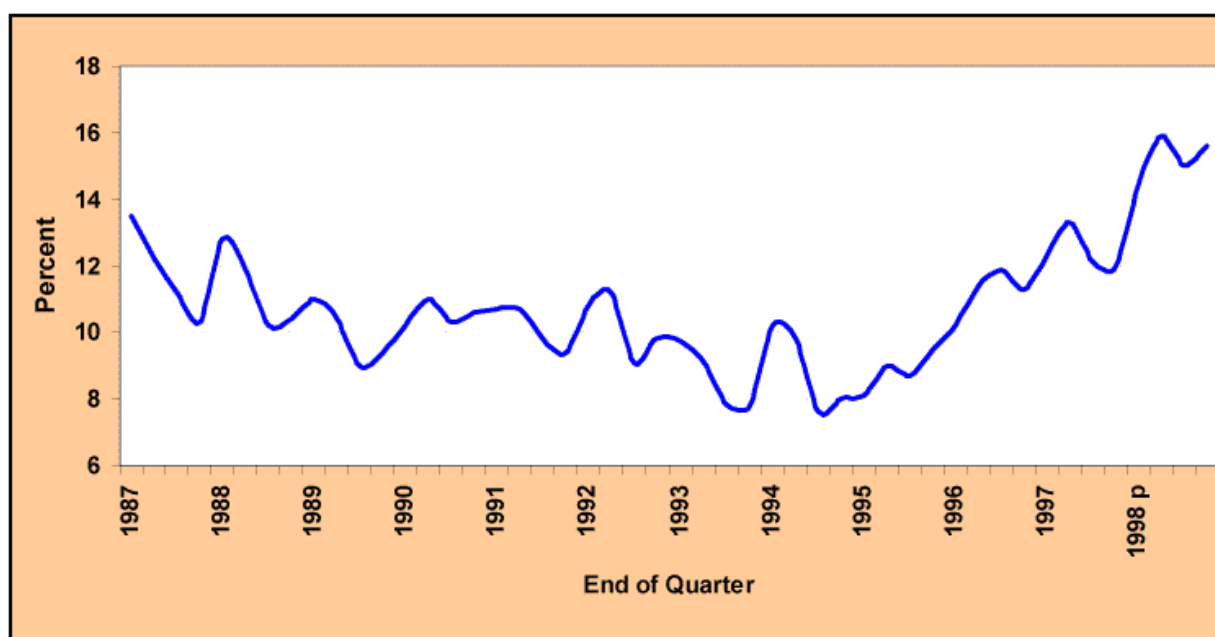
**Source:** Banco de la República - Economic Studies and International Exchange Department.

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## Unemployment rate

According to the National Household Survey of the National Administrative Department of Statistics (DANE), the unemployment rate for the largest metropolitan areas continued its growth trend initiated in 1994. In December 1998 the unemployment rate was 15.6%, three percentage points (284,300 workers) higher than the rate registered in December of 1997 (12.0%). The metropolitan areas which registered the highest unemployment rates were Cali (19.6%), and Pereira (18.9%). The lowest rates were displayed by Barranquilla (10.4%), and Montería (13.9%). The total participation rate for the seven major metropolitan areas increased from 60.9% in September 1998, to 62.7% in December 1998. The occupation rate was 52.9% in December 1998 and 54.1% in the same month of 1997.

**UNEMPLOYMENT**  
**Seven Cities and its Metropolitan Areas**



**UNEMPLOYMENT RATE %**

END OF QUARTER	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998p
1	13,5	12,8	11,0	10,1	10,7	10,8	9,7	10,2	8,1	10,2	12,3	14,4
2	12,2	11,9	10,3	10,9	10,7	11,2	9,1	9,8	9,0	11,4	13,3	15,9
3	11,2	10,2	9,0	10,2	9,8	9,1	7,8	7,6	8,7	11,9	12,1	15,0
4	10,2	10,4	9,4	10,6	9,4	9,8	7,8	8,0	9,5	11,3	12,0	15,6

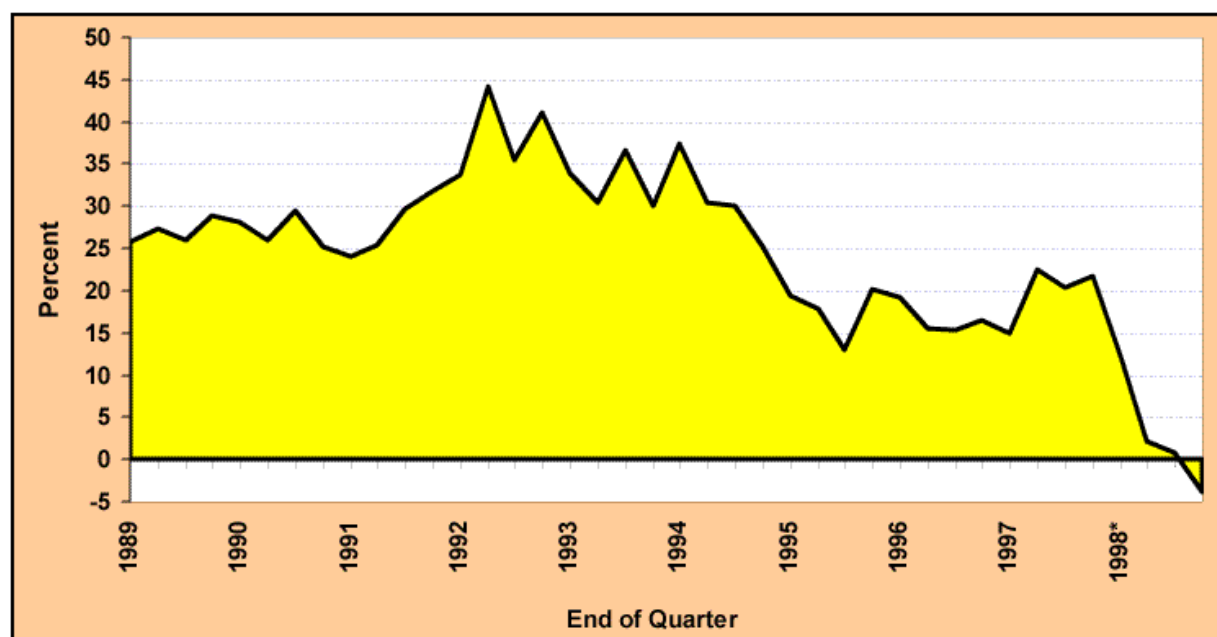
p: Provisional.

Source: National Administrative Department of statistics (NADS).

## Money growth

At the end of 1998, the money supply registered a annual decrease of -3.9%. This behavior is explained by the -13.5% official and private current account fall. This current account trend was partially offset by the behavior of cash holdings, which grew by 12.2%.

**MONEY GROWTH (M1)**  
Annual Variation



**MONEY GROWTH**  
(Annual Variation %)

END OF QUARTER	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998pr
1	25,8	28,1	24,1	33,7	34,0	37,4	19,4	19,3	14,9	12,2
2	27,3	26,0	25,5	44,1	30,4	30,4	17,9	15,6	22,5	2,2
3	26,0	29,4	29,7	35,5	36,6	30,0	13,1	15,3	20,4	0,9
4	28,9	25,2	31,7	41,0	30,0	25,3	20,2	16,5	21,7	-3,9

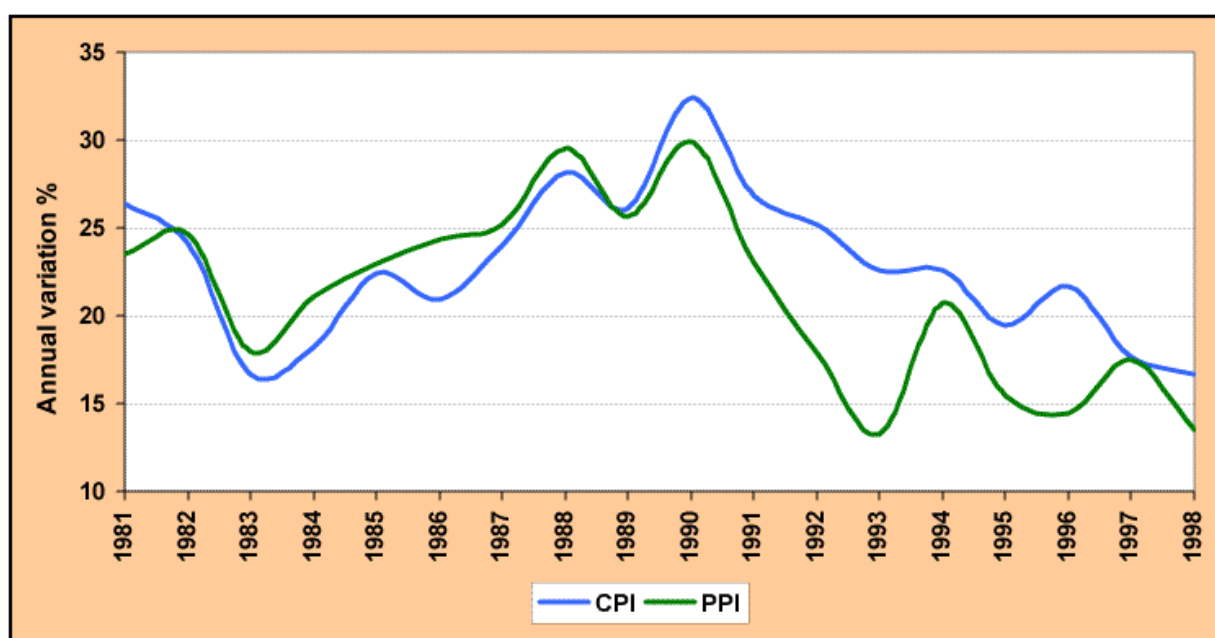
pr: Preliminary.

Source: Banco de la República - Economic studies.

## Consumer and producer price indices

In 1998, the annual variation of the Consumer Price Index (CPI) was 16.7%, 1 percentage point lower than in 1997. The decline in inflation is explained by the generalized decrease in goods and services prices. On the other hand, the annual variation of the Producer Price Index (PPI) stood at 13.5%, 4 percentage points lower than in 1997. Prices of industrial goods showed the highest growth rate (15.5%), followed by agricultural (10.0%) and mining goods (-8.2%).

**CONSUMER AND PRODUCER PRICES INDEX %**



**PRICE INCREASES**  
Annual variation %

END OF PERIOD	CPI	PPI	END OF PERIOD	CPI	PPI
1981	26,35	23,53	1990	32,37	29,90
1982	24,03	24,59	1991	26,82	23,10
1983	16,64	17,96	1992	25,14	17,84
1984	18,28	21,19	1993	22,61	13,20
1985	22,45	22,98	1994	22,59	20,73
1986	20,95	24,38	1995	19,46	15,43
1987	24,02	25,17	1996	21,63	14,46

<b>1988</b>	28,12	29,52	<b>1997</b>	17,68	17,49
<b>1989</b>	26,12	25,62	<b>1998</b>	16,70	13,50

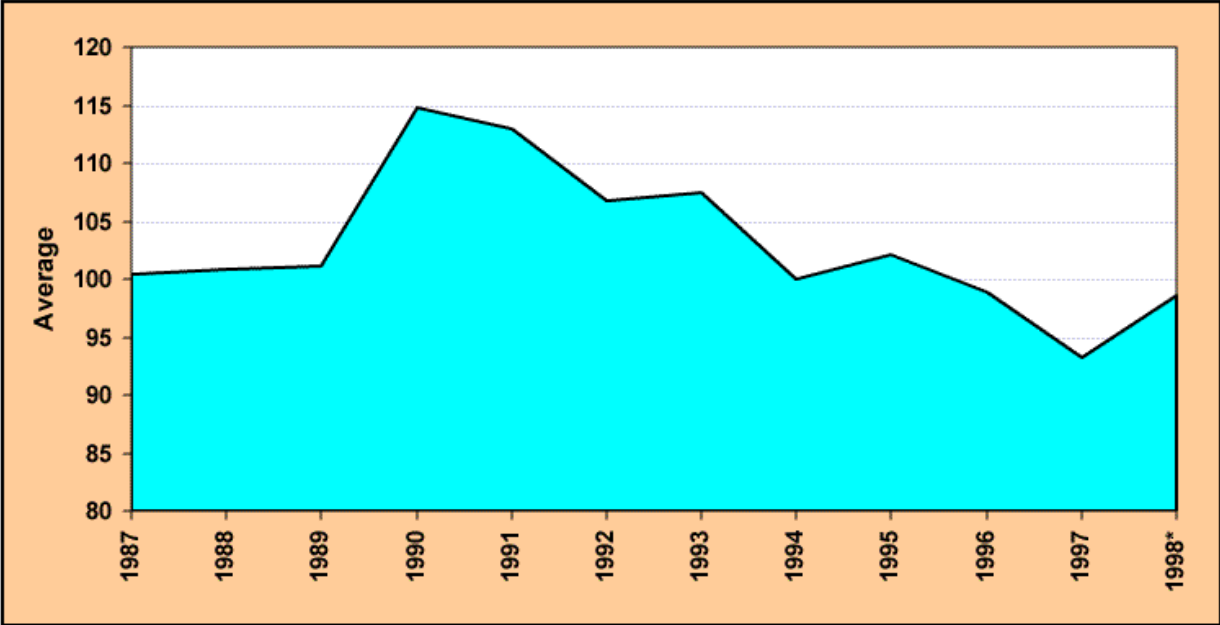
**Source :** CPI National Administrative Department of Statistics (NADS).  
PPI Banco de la República - Economic Studies.

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# Exchange rate

In 1998, the Market Exchange Rate stood at Col \$1,542.11 per US dollar. This represents an annual devaluation of 19.21%. This annual increase in the price of the dollar is 9.5 percentage points lower than that observed in 1997. The Real Exchange Rate Index reached 104.8, indicating a real depreciation of 5.1%. The real devaluation recorded in 1998 is primarily explained by domestic factors, since the average devaluation was 18.9% while the rise in producer prices was 13.5%.

REAL EXCHANGE RATE INDEX



**REAL EXCHANGE RATE INDEX**  
**No Traditional Trade**  
**Goemetrical Average 1994 = 100**

PERIOD	AVERAGE	PERIOD	AVERAGE
<b>1987</b>	100,42	<b>1993</b>	107,46
<b>1988</b>	100,85	<b>1994</b>	100,00
<b>1989</b>	101,12	<b>1995</b>	102,08
<b>1990</b>	114,76	<b>1996</b>	98,90
<b>1991</b>	113,00	<b>1997</b>	93,31
<b>1992</b>	106,74	<b>1998</b>	98,90

**NOMINAL**  
**EXCHANGE RATE DEVALUATION %**

END OF PERIOD	ANNUAL VARIATION	END OF PERIOD	ANNUAL VARIATION
<b>1987</b>	20,41	<b>1993</b>	8,99
<b>1988</b>	27,36	<b>1994</b>	3,35
<b>1989</b>	29,20	<b>1995</b>	18,81
<b>1990</b>	31,07	<b>1996</b>	1,79
<b>1991</b>	12,29	<b>1997</b>	28,67
<b>1992</b>	15,56	<b>1998</b>	19,21

Source: Banco de la República - Economic Studies.

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## Public sector

During 1998, the non-financial public sector deficit was Col \$4.841 billion, amounting to 3.75% of GDP. This figure does not include Col \$752 billion in privatization revenues from the sale of concerns in the Electrical Sector. The National Government displayed the largest fiscal imbalance (5,38% of GDP), which increased the deficit presented during 1997. The Social Security Fund continued yielding a large surplus (1.66% of GDP). The financial results of The National Coffee Fund and Ecopetrol were affected by the fall in the international prices of oil and coffee.

### NON FINANCIAL PUBLIC SECTOR REVENUES, EXPENDITURES AND DEFICIT

Billion of pesos

ENTITIES	1997				1998			
	REVENUES 1/	EXPENDITURES 2/	DEFICIT(-) SURPLUS(+)	DEFICIT(-) SURPLUS(+) (% OF GDP)	REVENUES 1/	EXPENDITURES 2/	DEFICIT(-) SURPLUS(+)	DEFICIT(-) SURPLUS(+) (% OF GDP)
Electric sector	4.541,0	4.798,0	(257,0)	(0,24)	4.091,0	4.864,0	(773,0)	(0,60)
Ecopetrol	4.979,0	5.287,0	(308,0)	(0,28)	5.231,5	5.102,0	129,5	0,10
Carbocol	351,0	287,0	64,0	0,06	447,0	330,0	117,0	0,09
Telecom	1.311,0	1.102,0	209,0	0,19	1.403,0	1.197,0	206,0	0,16
Medellín Metro	85,0	107,0	(22,0)	(0,02)	102,0	25,0	77,0	0,06
Other entities	4.372,0	4.183,0	189,0	0,17	4.455,0	4.198,0	257,0	0,20
Social security	8.789,0	7.296,0	1.493,0	1,37	11.270,0	9.128,0	2.142,0	1,66
Local and regional entities	13.631,0	14.668,0	(1.037,0)	(0,95)	16.673,0	16.761,0	(88,0)	(0,07)
National Coffee Fund	1.259,0	1.078,0	181,0	0,17	1.508,0	1.476,0	32,0	0,02
National Government	15.283,0	19.787,0	(4.504,0)	(4,14)	16.880,0	23.821,0	6.941,0	(5,38)

1/ Do not include privatization revenues. For 1997 and 1998 the privatization total is \$3,966 and \$752 billion of pesos respectively.

2/ Includes net loans.

Source: Council for Fiscal Policy - CFP and National Planning Department - NPD.