

December, 2013

El Crecimiento económico y la demanda de energía

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Some Macroeconomic Forecasts

	2007	2008	2009	2010	2011	2012	2013F	2014F	2015F
Summary Data									
Nominal GDP, USD bn	208	242	231	285	332	374	389	397	421
Nominal GDP, local currency bn	431	480	505	544	616	673	732	762	824
Economic Activity									
Real GDP, yoy avg	6.9	3.5	1.7	4.0	6.6	4.2	3.9	4.6	5.0
Real Investment Growth % yoy	12.8	9.0	-3.9	7.7	18.2	7.3	3.1	4.6	3.3
Real Consumption Growth % yoy	7.0	3.5	1.6	5.1	5.4	4.8	4.1	4.8	5.6
Prices, Money & Credit									
CPI, % yoy (Citi estimates)	5.7	7.7	2.0	3.2	3.7	2.4	2.0	2.8	3.5
CPI, % avg	5.5	7.0	4.2	2.3	3.4	3.2	2.0	2.4	3.3
Balance of Payments, USD bn									
Current account	-6.0	-6.7	-5.0	-8.8	-9.8	-12.2	-11.9	-12.8	-14.8
% of GDP	-2.9	-2.8	-2.1	-3.1	-3.0	-3.3	-3.1	-3.2	-3.5
Trade balance	-0.6	1.0	2.5	2.4	6.1	4.8	4.7	3.2	4.7
Exports	30.6	38.5	34.0	40.8	58.3	61.5	62.0	61.3	64.7
Imports	31.2	37.6	31.5	38.5	52.2	56.7	57.3	58.1	60.0
Public Finances, % of GDP									
Public Debt	32.9	34.0	36.7	37.3	34.9	32.1	31.0	30.3	28.4

Colombia



Source: Citi Research & Bloomberg

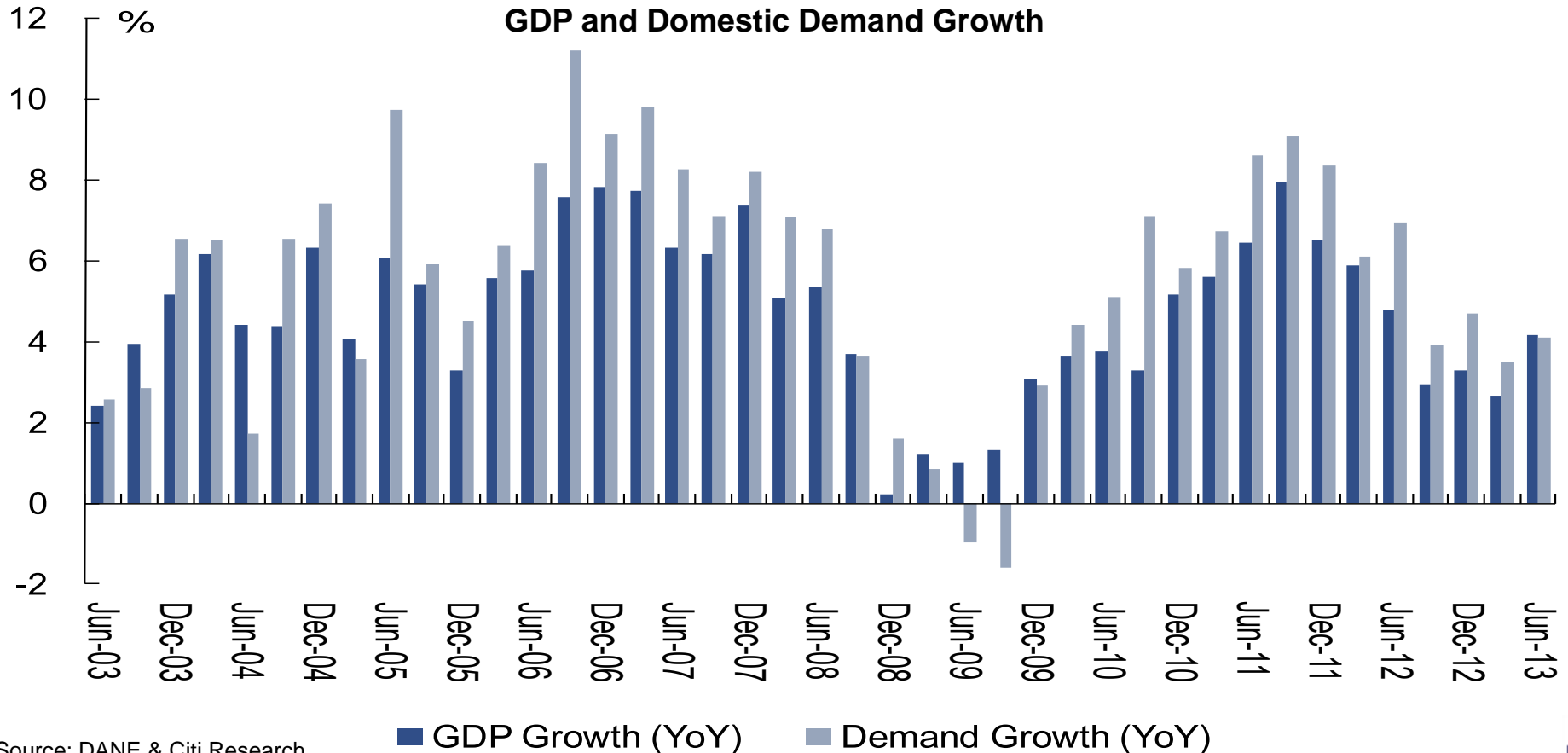
▪ Area:	1,141,748 sq km
▪ Population (2013E):	47.1MM
▪ Nominal GDP (2012):	US\$374.3Bn
▪ Nominal GDP (2013E):	US\$389.0Bn
▪ Nominal GDP (2014E):	US\$397.7Bn
▪ GDP per Capita (2012):	US\$8,048
▪ GDP per Capita (2013E):	US\$8,255
▪ GDP per Capita (2014E):	US\$8,357
▪ Real GDP Growth (2013E):	3.9%
▪ Real GDP Growth (2014E):	4.6%
▪ CPI (2013E):	2.0%
▪ CPI (2014E):	2.8%
▪ Exports FOB (2012):	\$61.5Bn
▪ Exports FOB (2013E):	\$62.0Bn
▪ Imports CIF (2012):	\$56.7Bn
▪ Imports CIF (2013E):	\$57.3Bn
▪ FDI (2012):	\$15.6Bn
▪ FDI (2013E):	\$16.0Bn
▪ Main Cities:	
▪ Bogotá(Capital)	7.8MM
▪ Medellín	3.4MM
▪ Cali	2.3MM

Economic Performance – GDP Growth

The National Statistics Department announced that **GDP grew at a yearly 4.2% rate in 2Q13**. The 2Q13 print stood above market expectations and our own forecast. The quarter over quarter seasonally adjusted growth increased 2.2%.

- On the supply side, the best performers for 2Q13's result were the agriculture sector with a 7.6% growth and the construction sector growing 6.4%. The worst performers were manufacturing (1.2%) and the transportation sector (2.8%).

- On the demand side, consumption (consumer and government) grew by a yearly 4.6%. Gross fixed capital formation increased 2.9% year over year. Finally, exports presented a 7.6% annual change while imports decreased 1.3%.



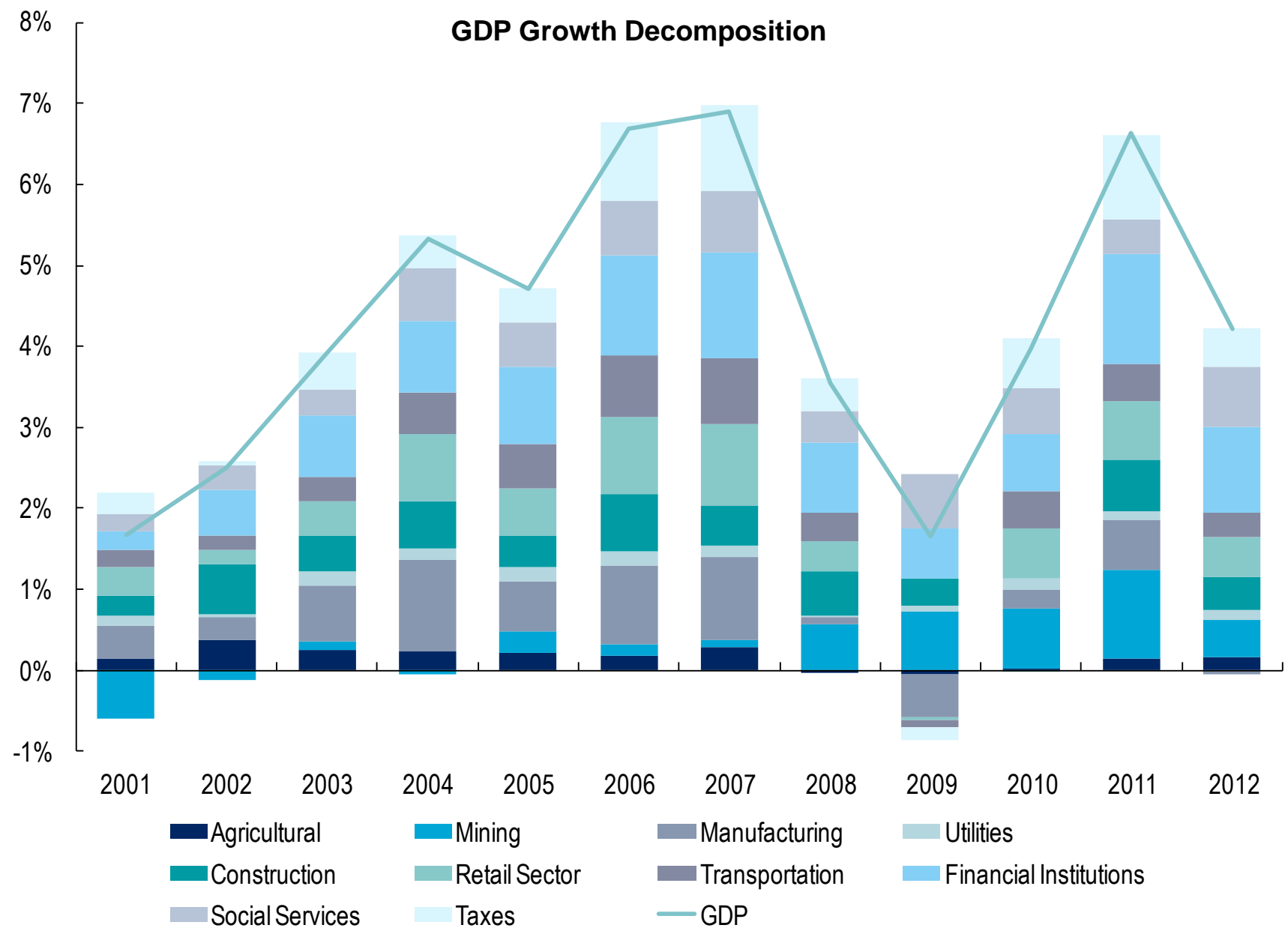
Economic Performance – GDP

Colombia: Our supply side GDP growth forecast

Sector	2011	2012	2013 (F)	2014 (F)
Agriculture	2.4%	2.6%	4.4%	2.6%
Mining	14.4%	6.0%	4.7%	5.0%
Manufacturing	5.0%	-0.5%	-0.8%	3.4%
Utilities	2.9%	3.5%	4.1%	4.1%
Construction	10.0%	6.3%	7.6%	8.5%
Retail, Restaurants and Hotels	6.0%	4.1%	4.7%	5.2%
Transportation	6.2%	4.1%	2.7%	4.9%
Financial and Real State Services	7.0%	5.4%	4.2%	5.3%
Social Service Activities	2.9%	4.9%	4.6%	4.3%
GDP	6.6%	4.2%	3.9%	4.6%

Source: Dane and Citi Research

Economic Performance – GDP Growth



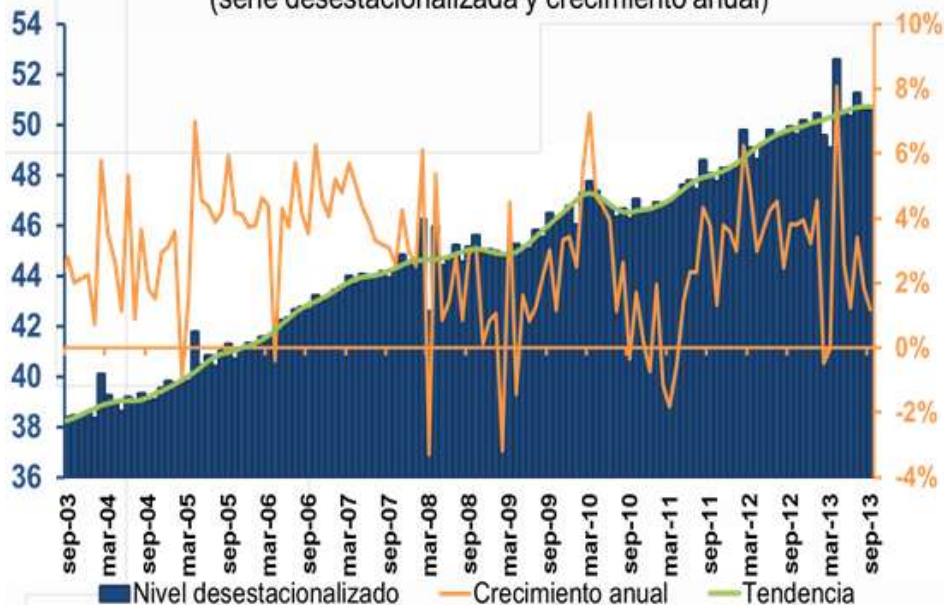
Sector Eléctrico en Colombia

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Demanda de Energía

Demanda de energía total*
(serie desestacionalizada y crecimiento anual)



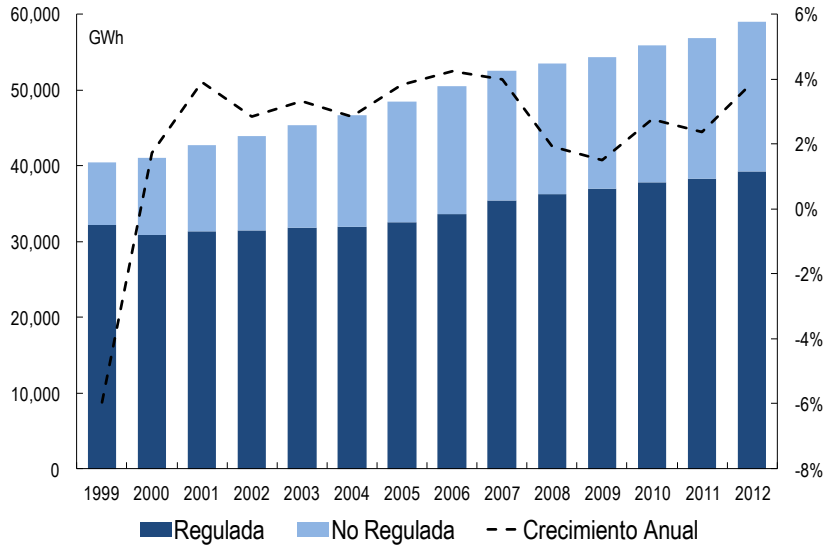
Demanda de energía no regulada industrial
(desestacionalizada, componente tendencial y crecimiento anual)



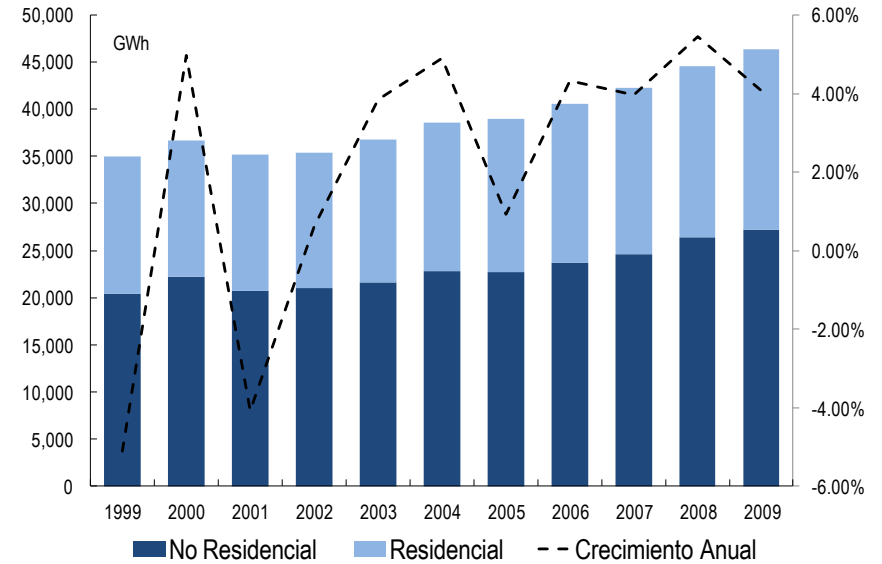
Source: XM

Evolución y Comportamiento de la Dda de Energía en Colombia

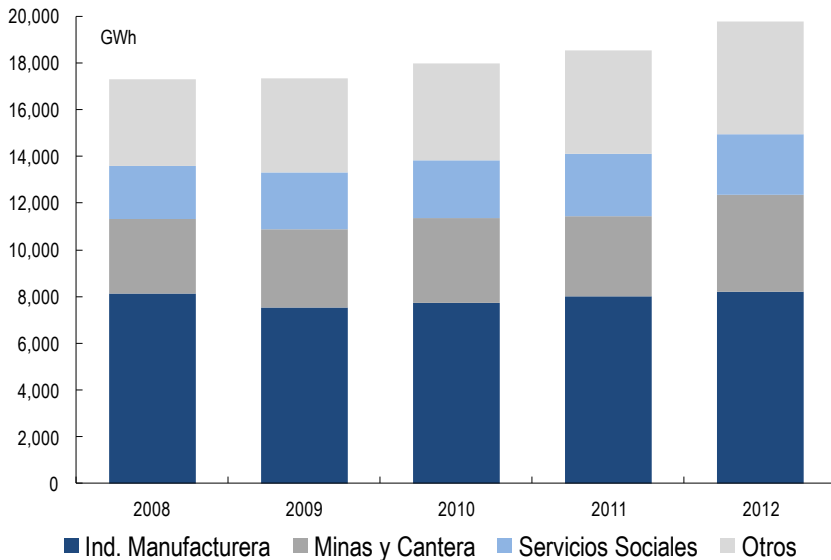
Evolución de la Demanda de Energía



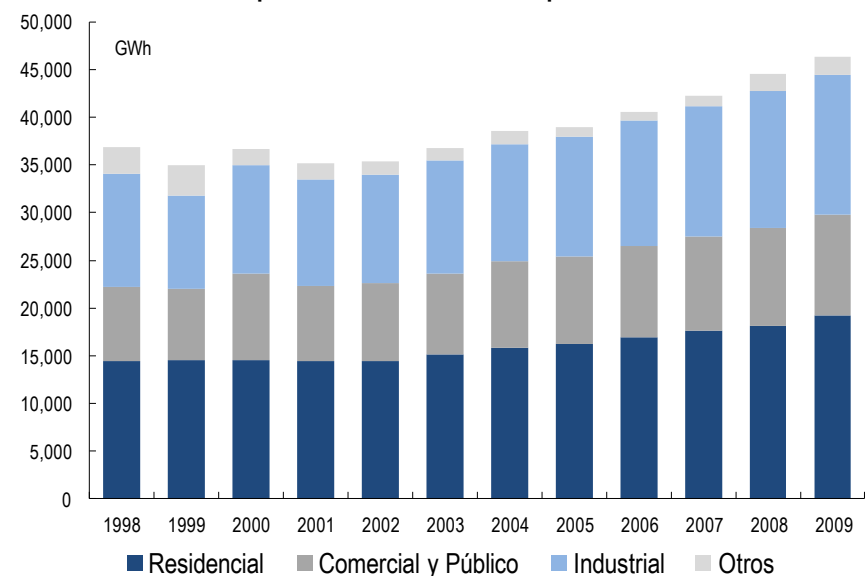
Evolución del Consumo de Energía Eléctrica



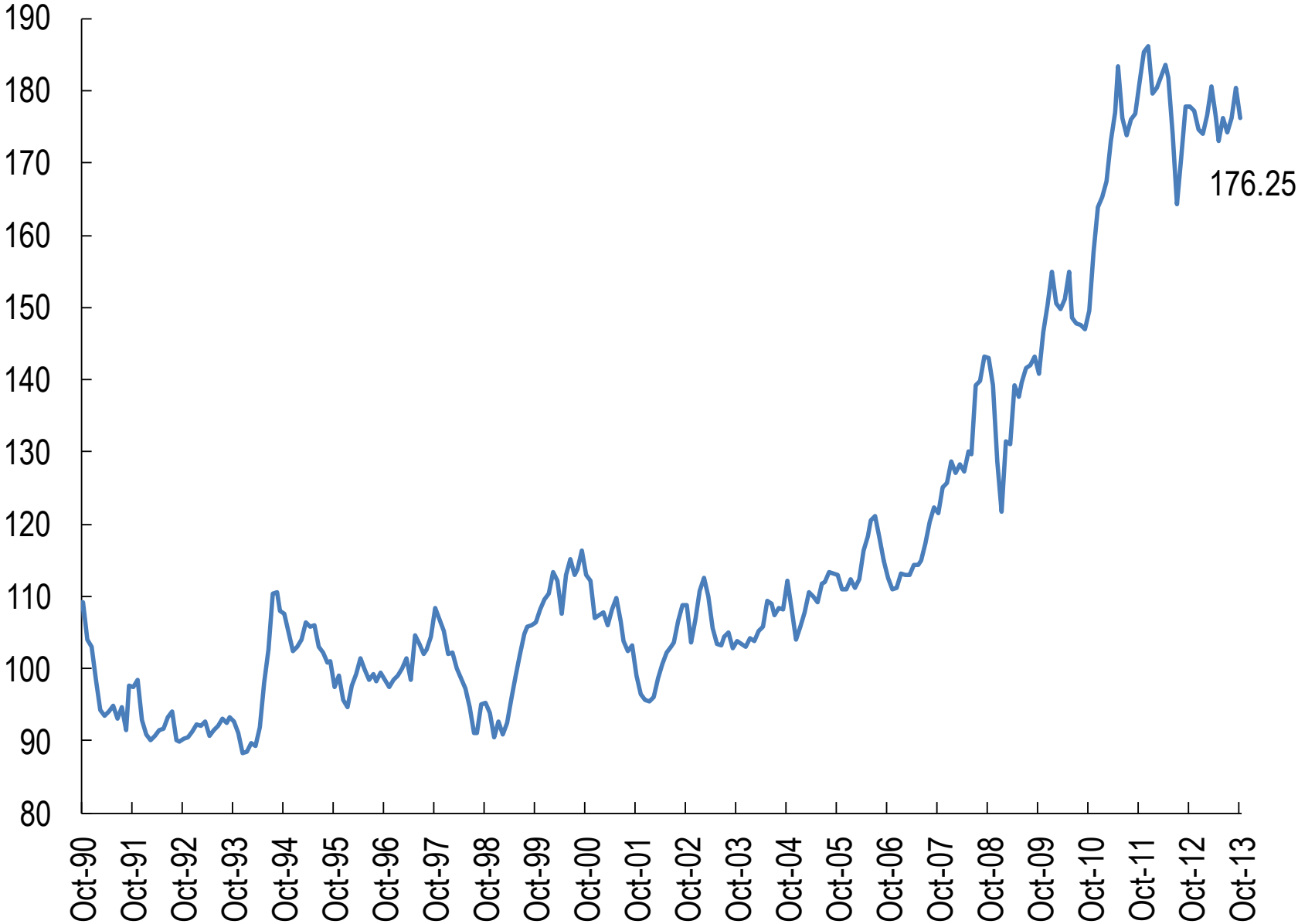
Comportamiento de la Demanda No Regulada



Comportamiento del Consumo por Sectores



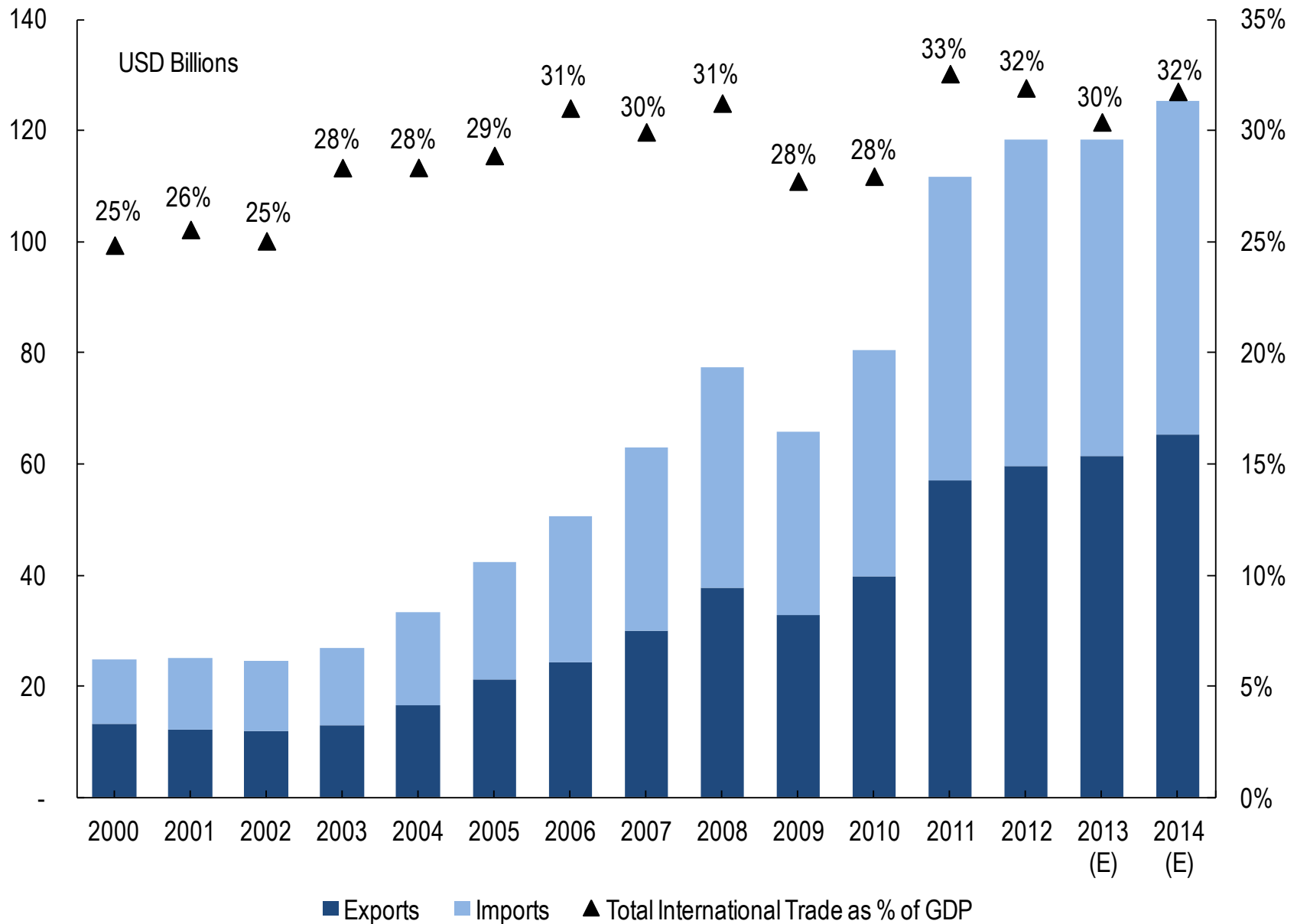
Terms of Trade



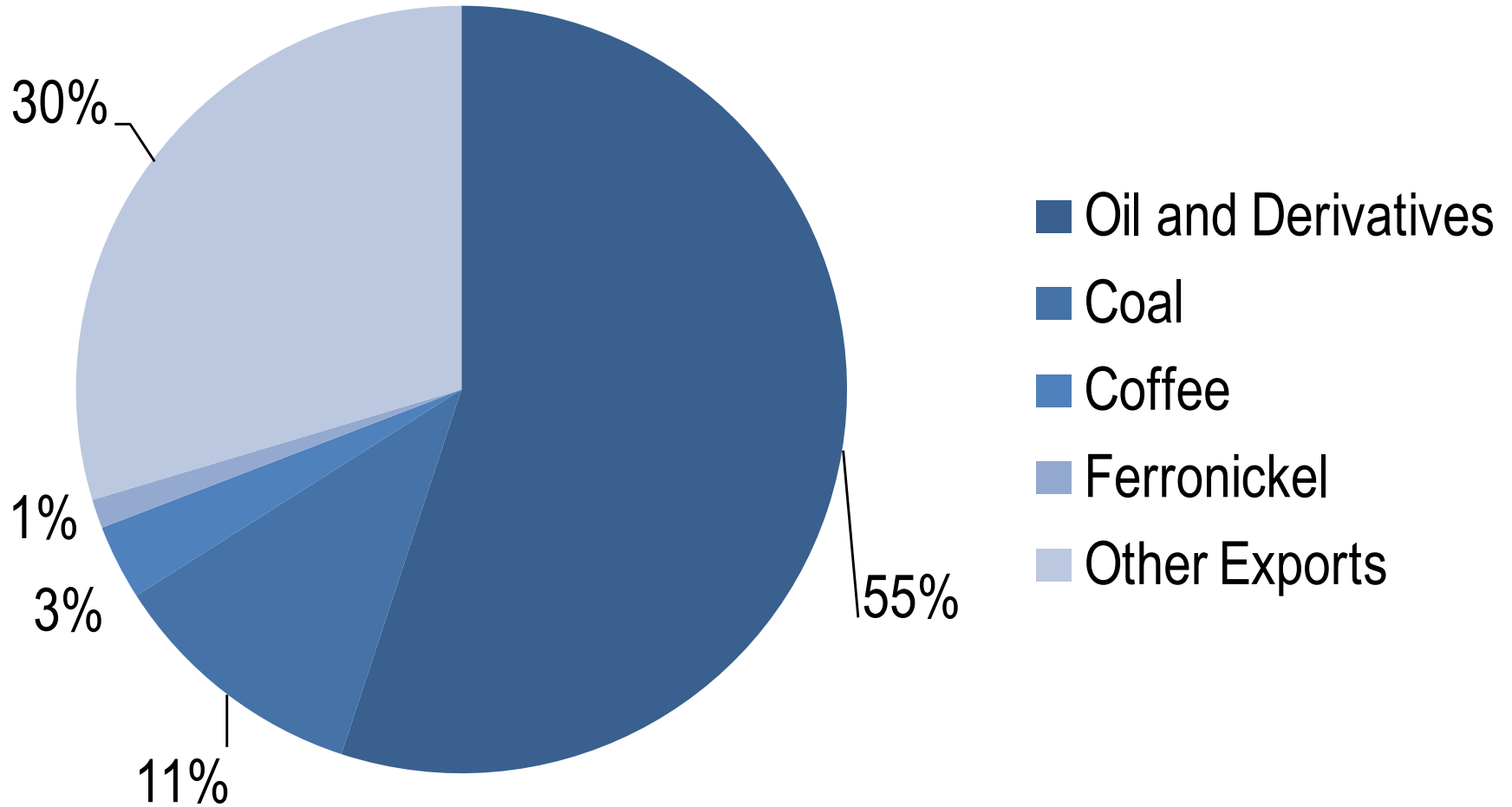
10 Source: Citi Research & Banrep



Colombia International Trade

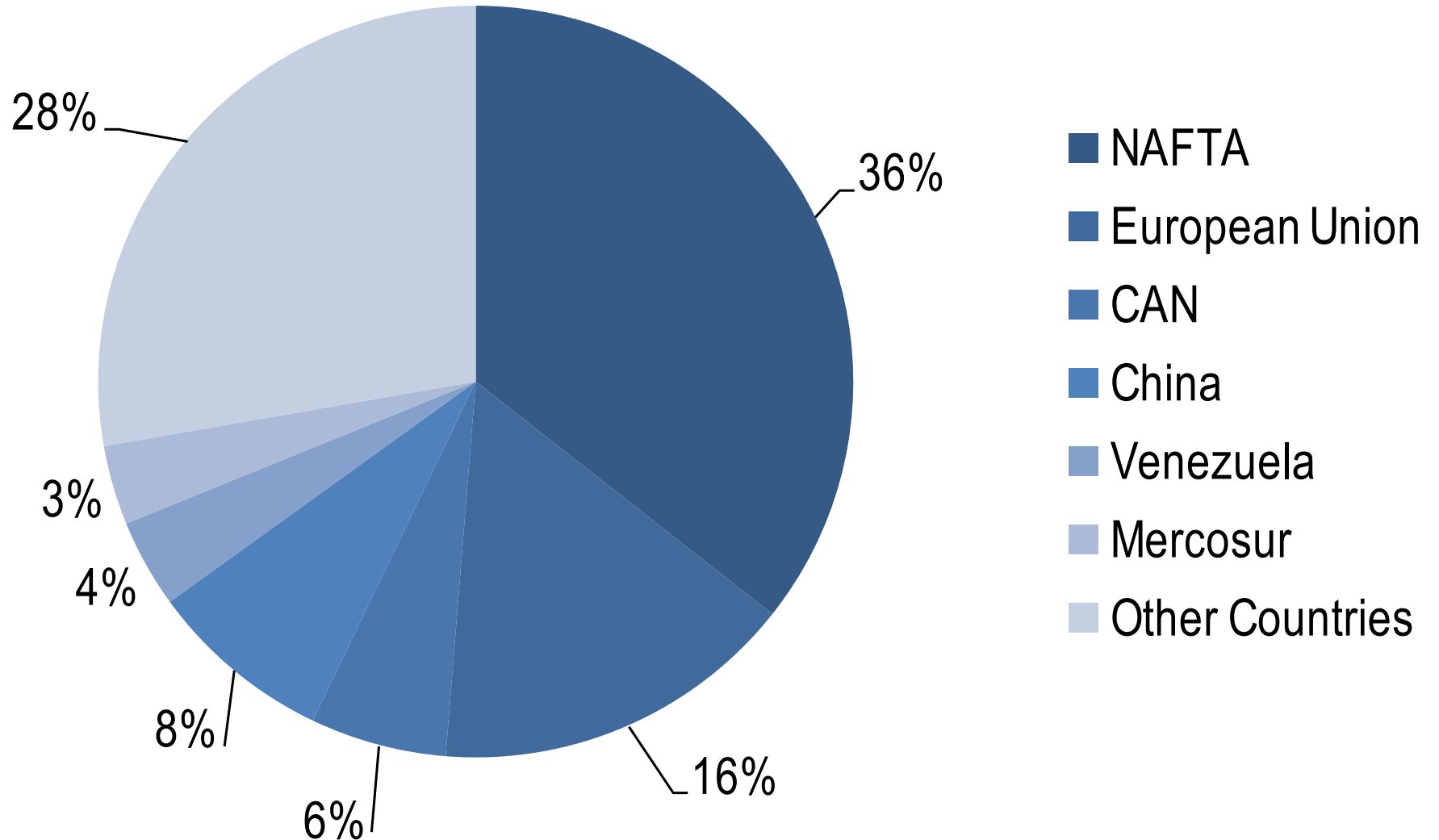


Breakdown of Colombian exports



Source: DANE & Citi Research

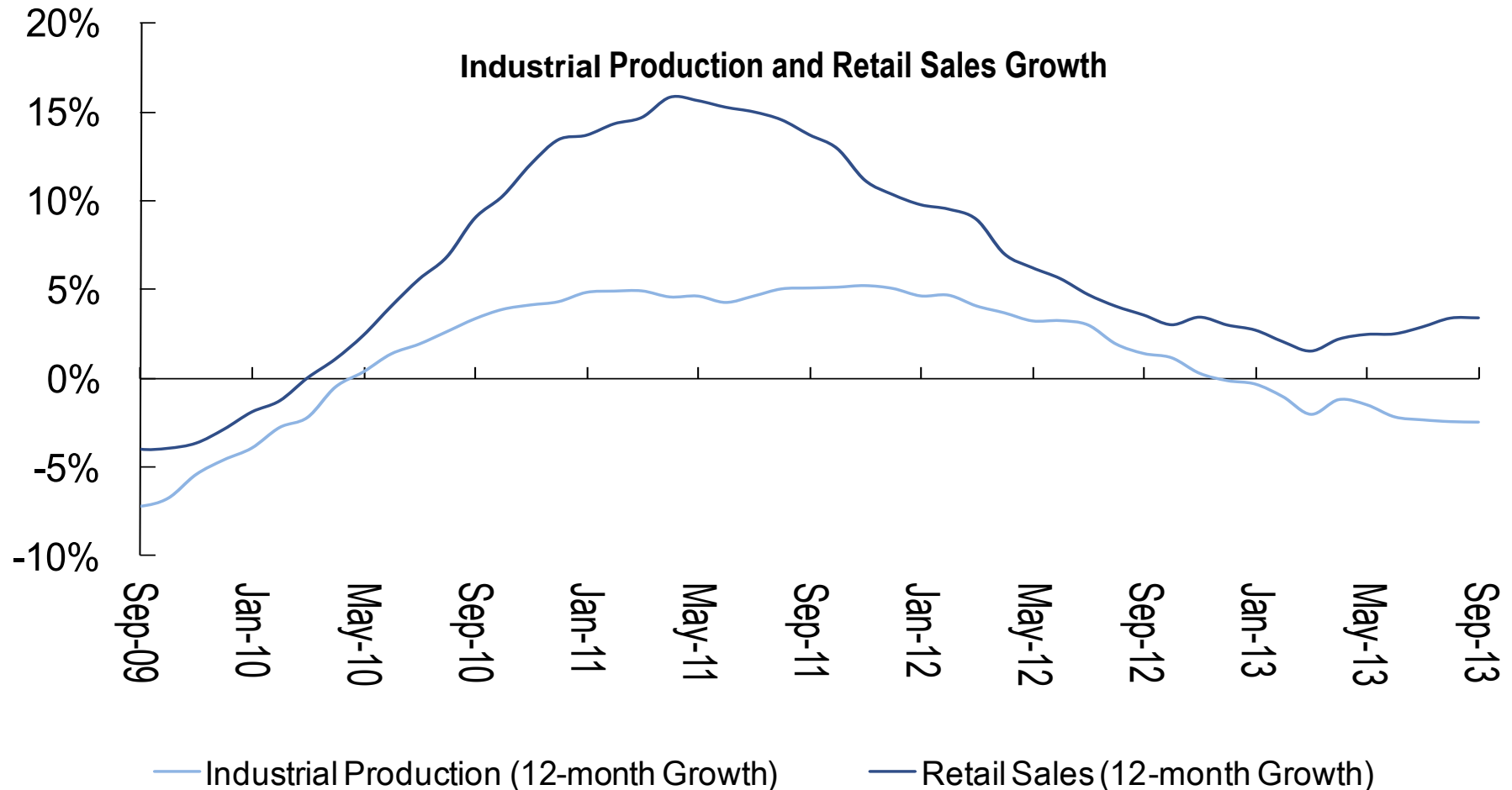
Colombian exports by region



Source: DANE & Citi Research

Industrial Production & Retail Sales

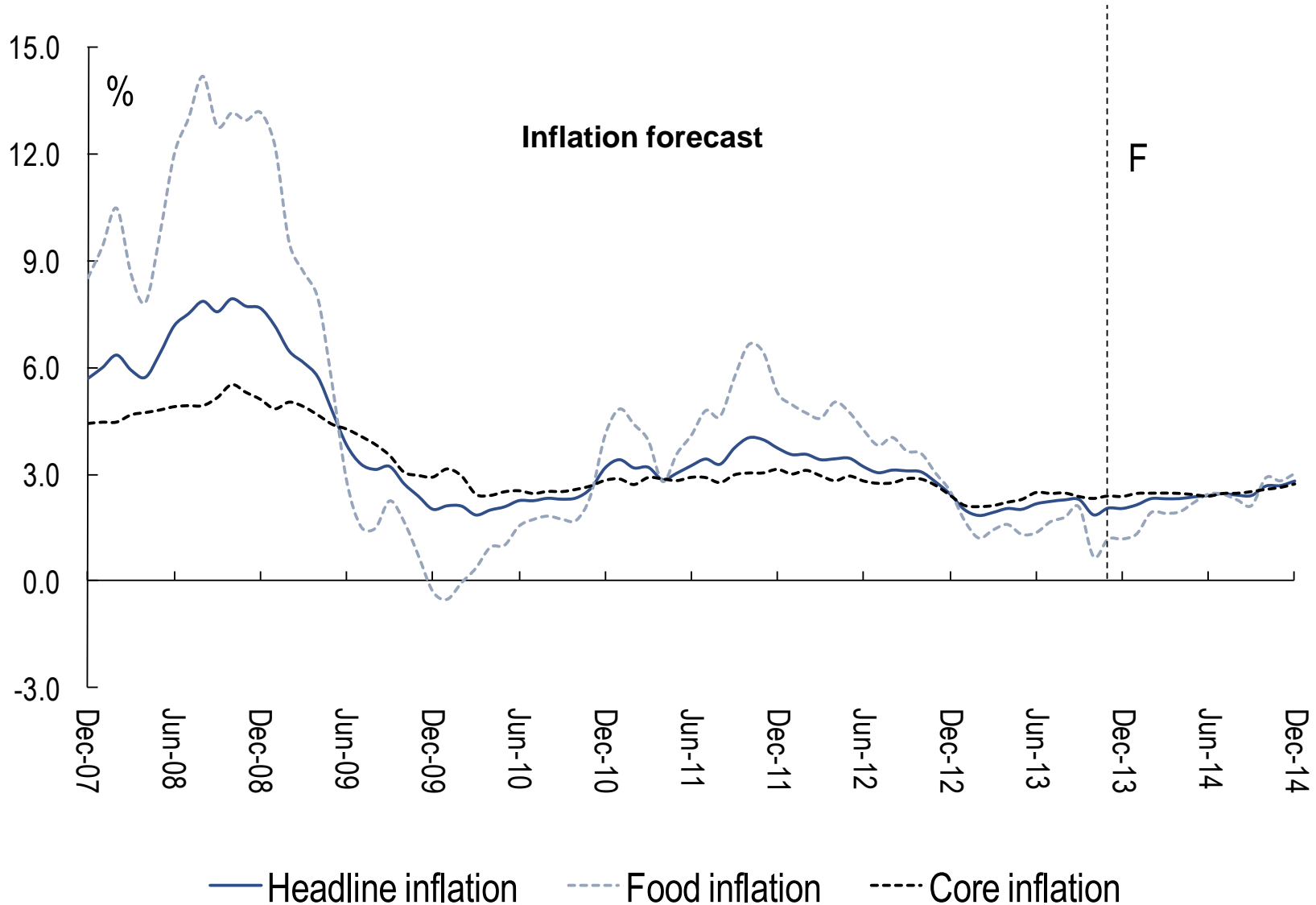
- **Industrial production (IP) fell 1.8% year over year in September:** 28 out of 48 sectors displayed a negative annual change. The vehicle industry was one of the main drivers of the result (-23.3% YoY).
- **Retail sales (RS) displayed a 2.3% increase in September.** Vehicles and motorcycles sales were one of the main drivers on the upside (11.2%).



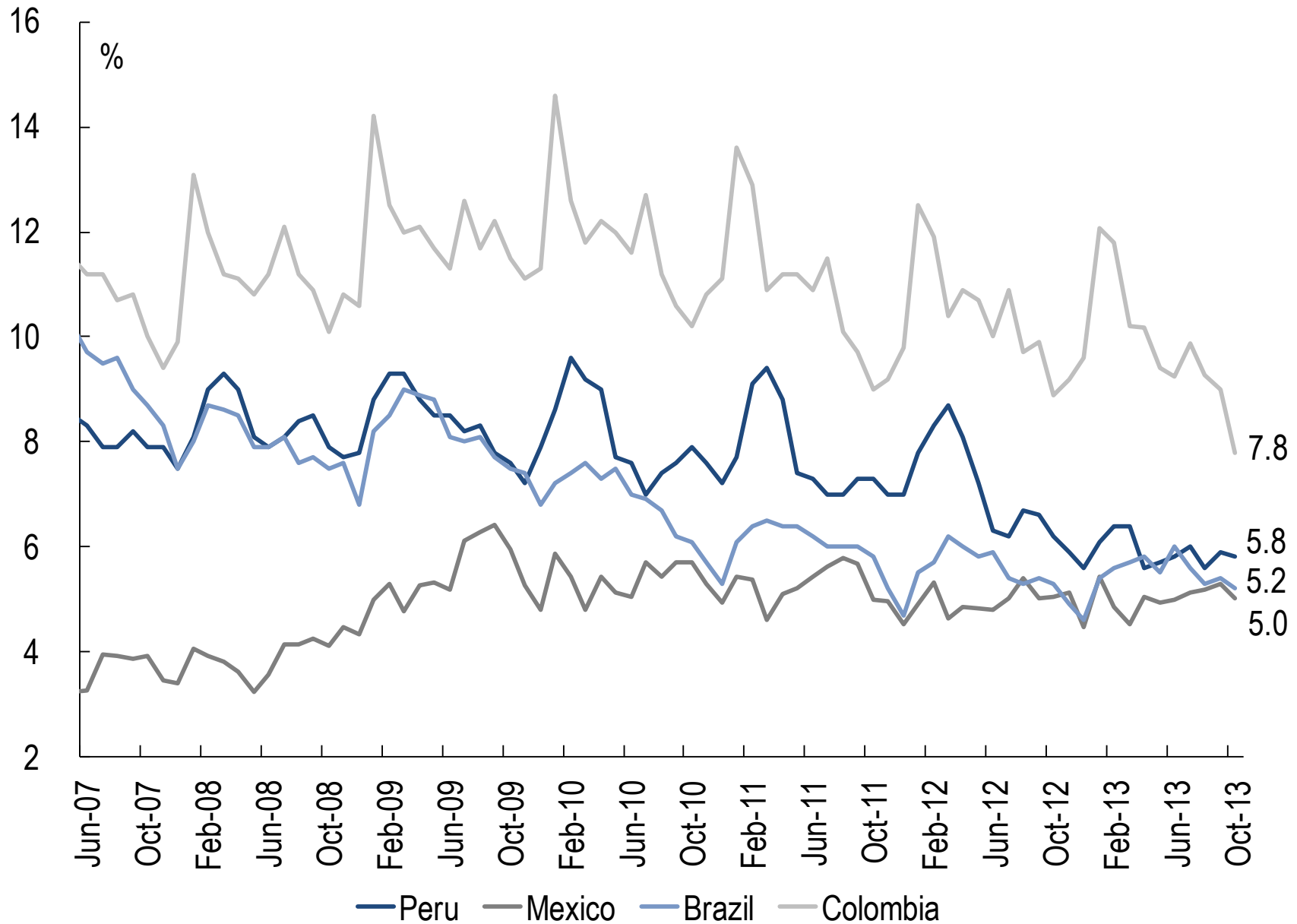
Source: DANE & Citi Research

Economic Performance – Inflation

- **Inflation stood at a monthly -0.26% in October**, a print below market consensus and our own in-house expectations, bringing the yearly figure to 1.84%. On a year-to-date basis inflation now stands at 1.89%.

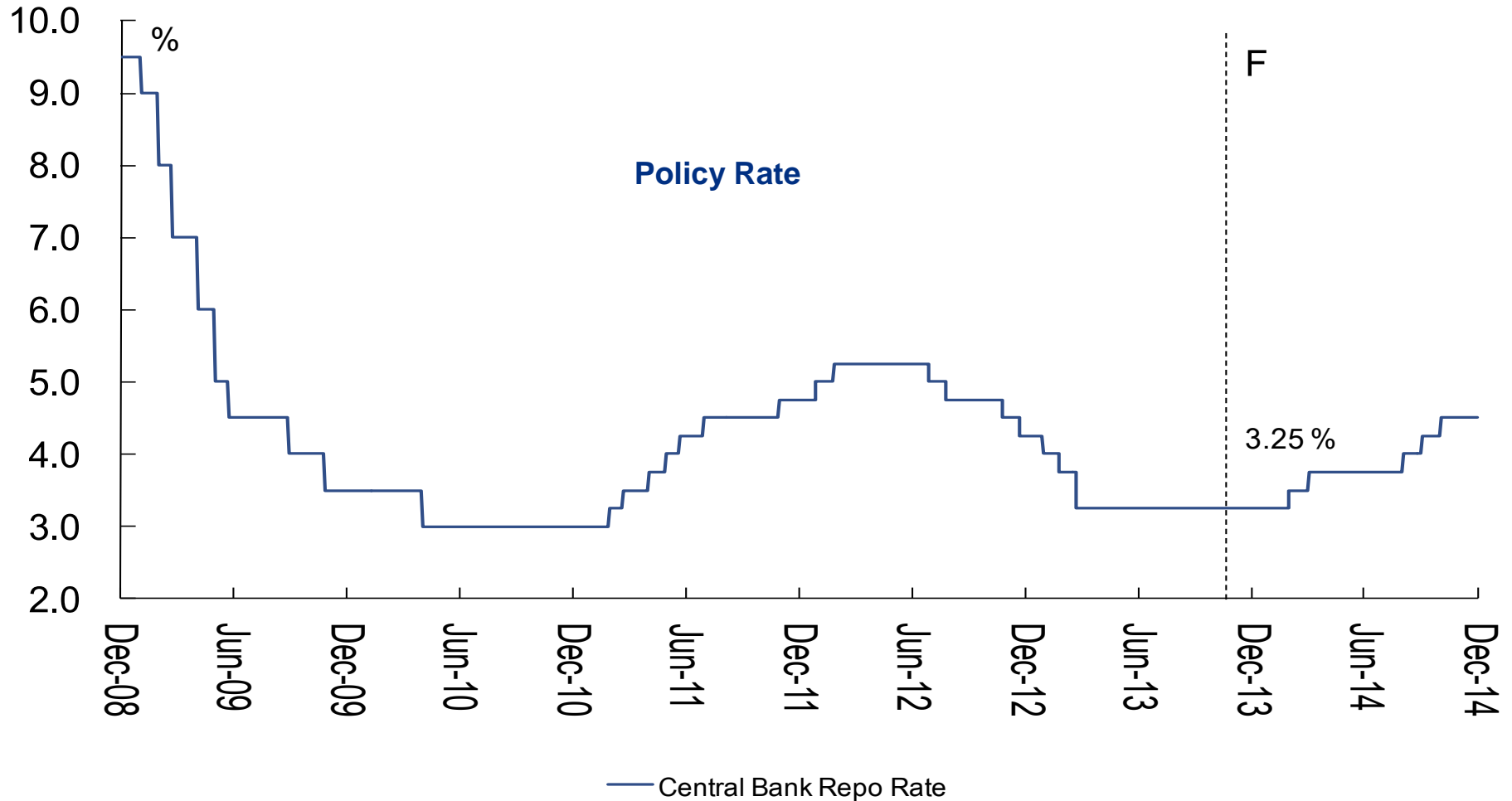


Latam Labor Market

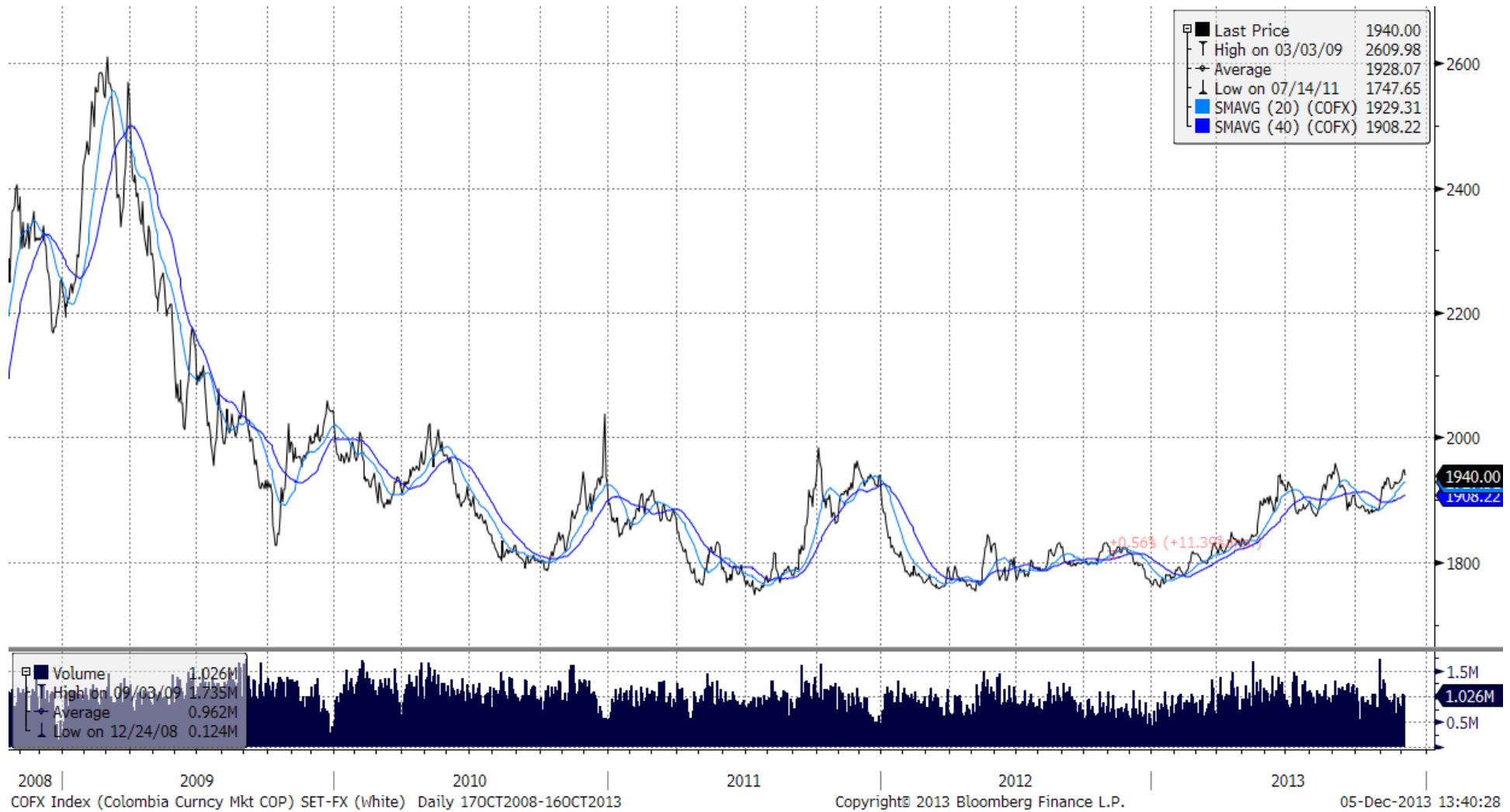


Monetary Policy

- In its November meeting, the CB's Board decided to keep the Repo rate at 3.25%. According to the CB's governor at the press conference, the decision was unanimous.**

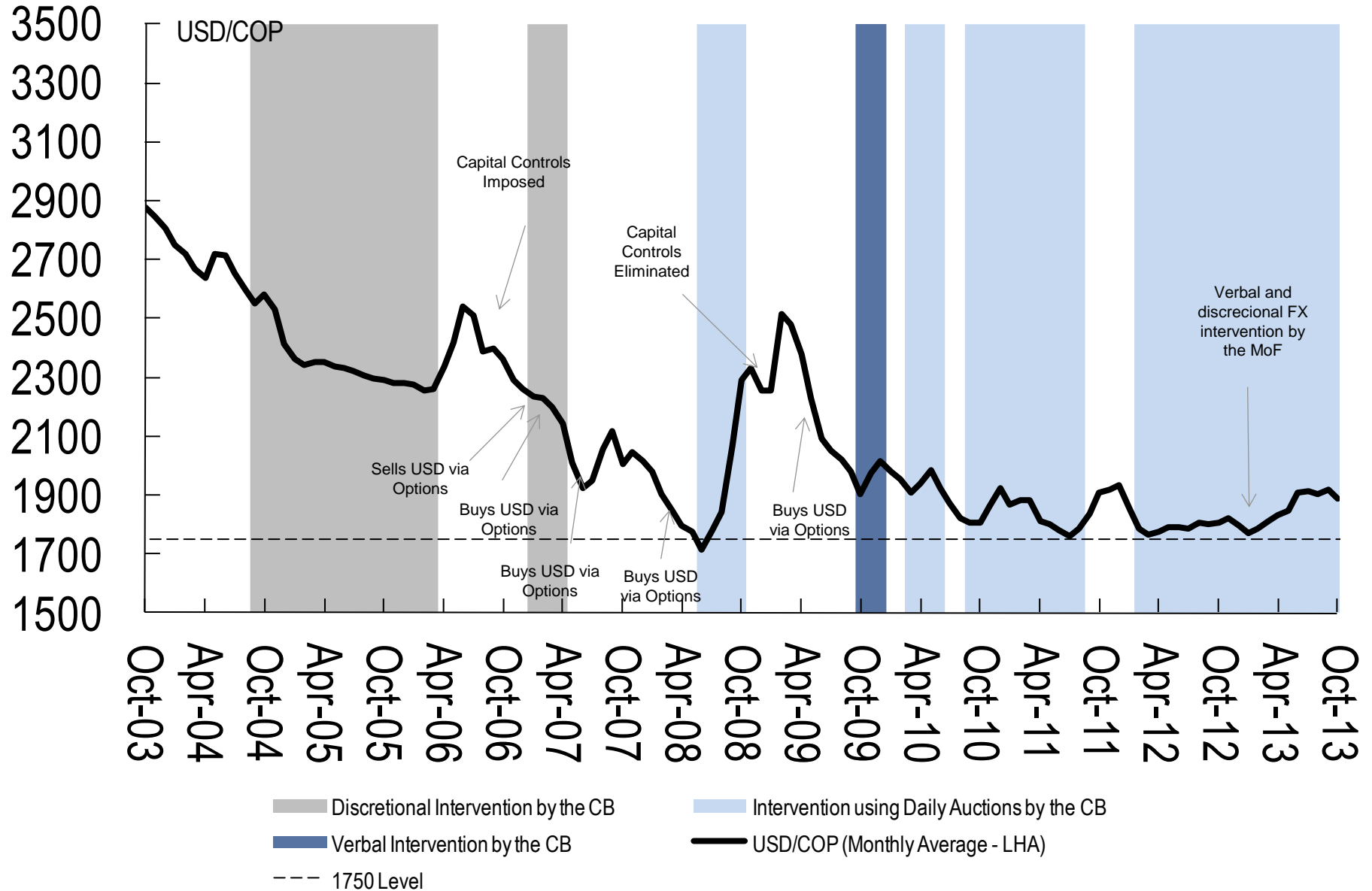


Source: Citi Research & Minister of Finance



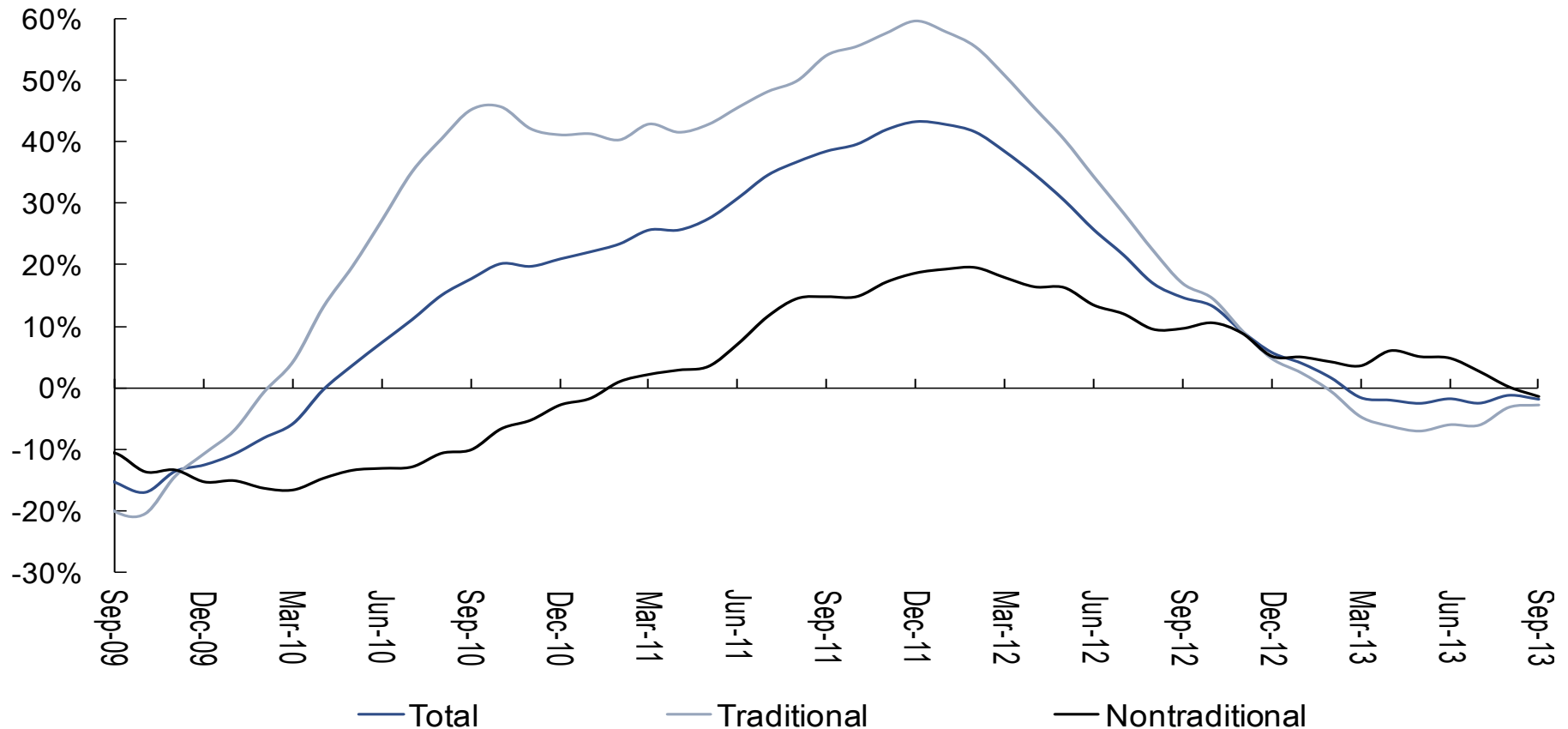
Source: Citi Research & Bloomberg

COP's Mysterious Ways



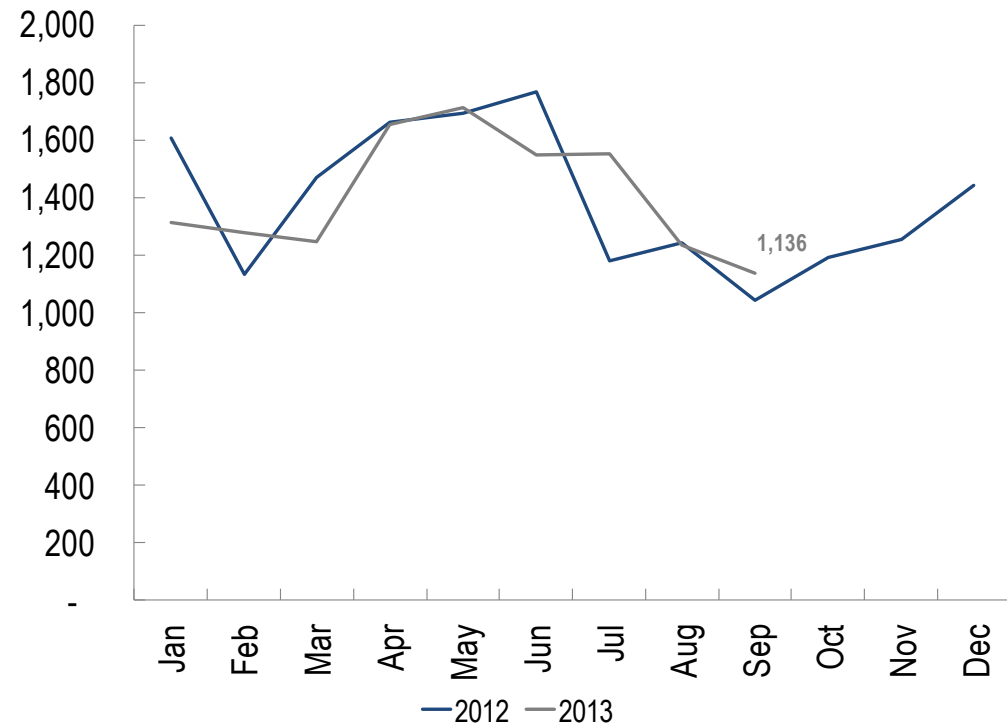
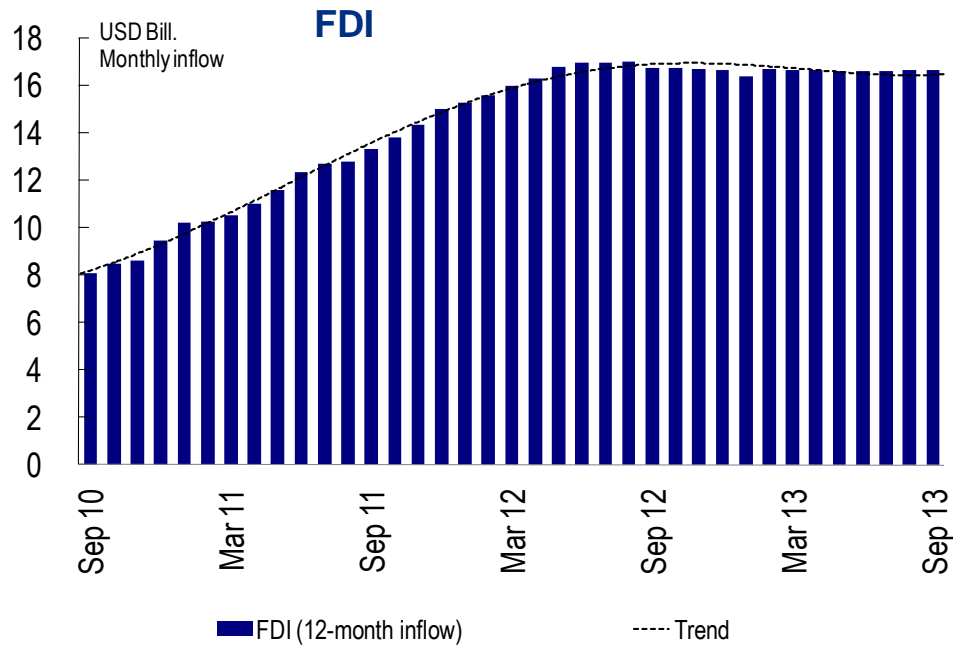
External Sector

- **Exports in September decreased 1.2% annually.** Non-monetary gold was the main driver for the exports' decreases.
- **Imports increased 10.0% year over year in September.** Fuel and Manufacturing external purchases were the main driver for the import's increase.



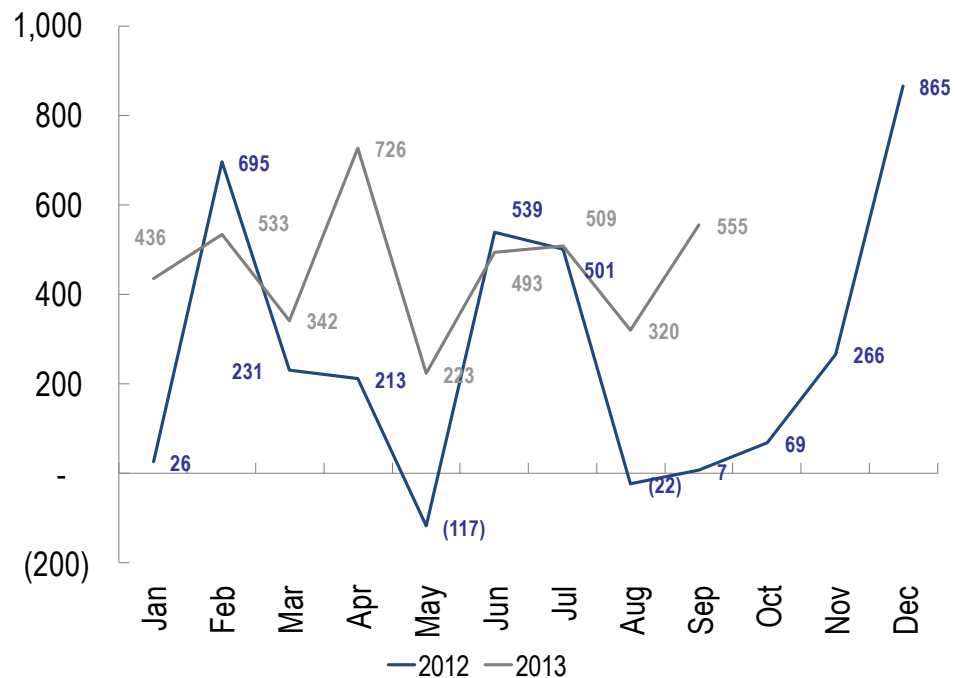
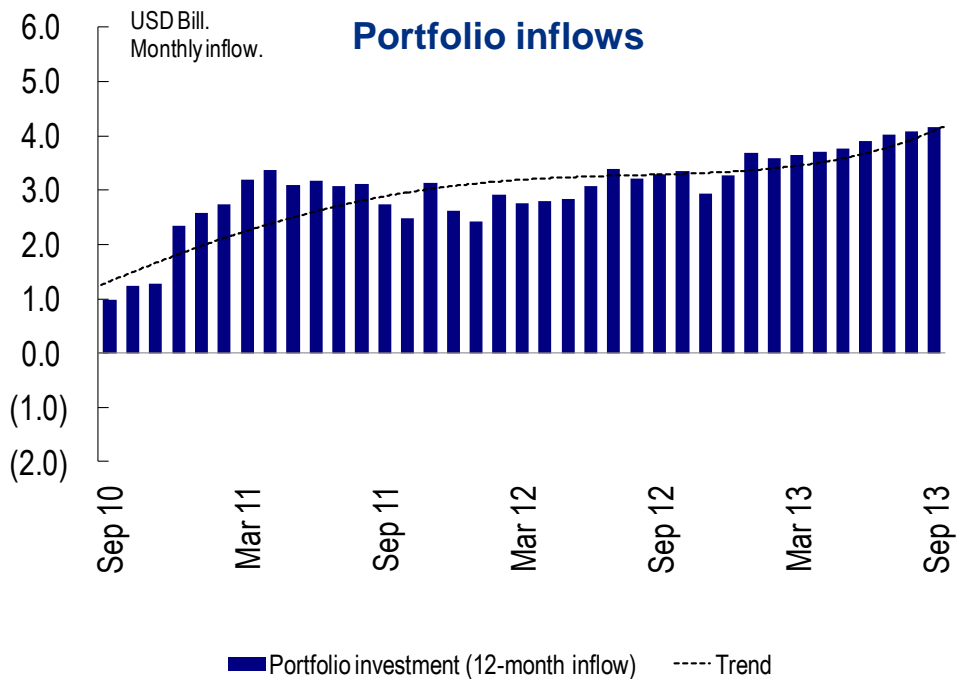
Source: DANE & Citi Research

COP's Mysterious Ways



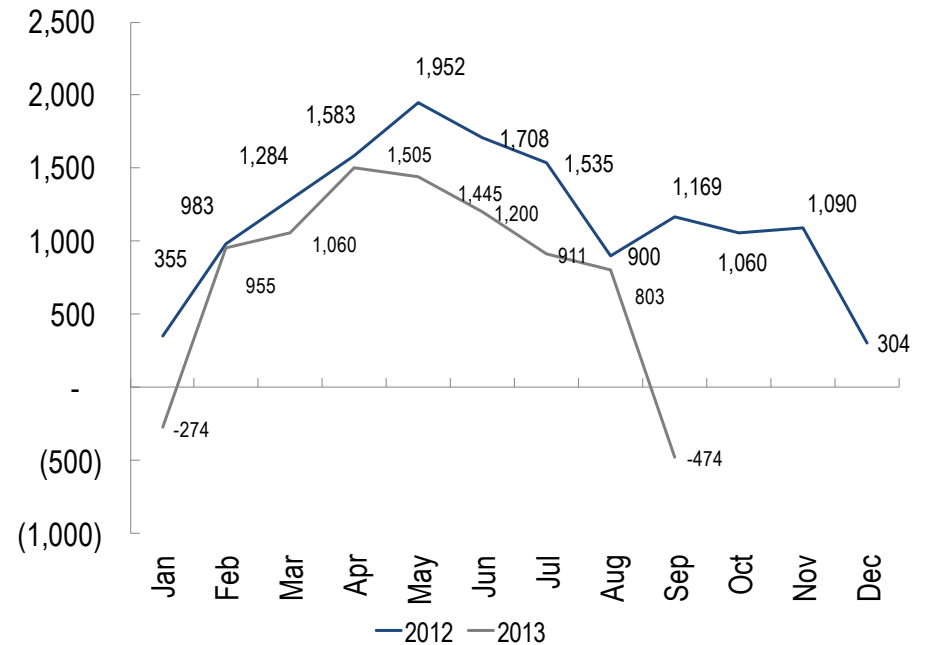
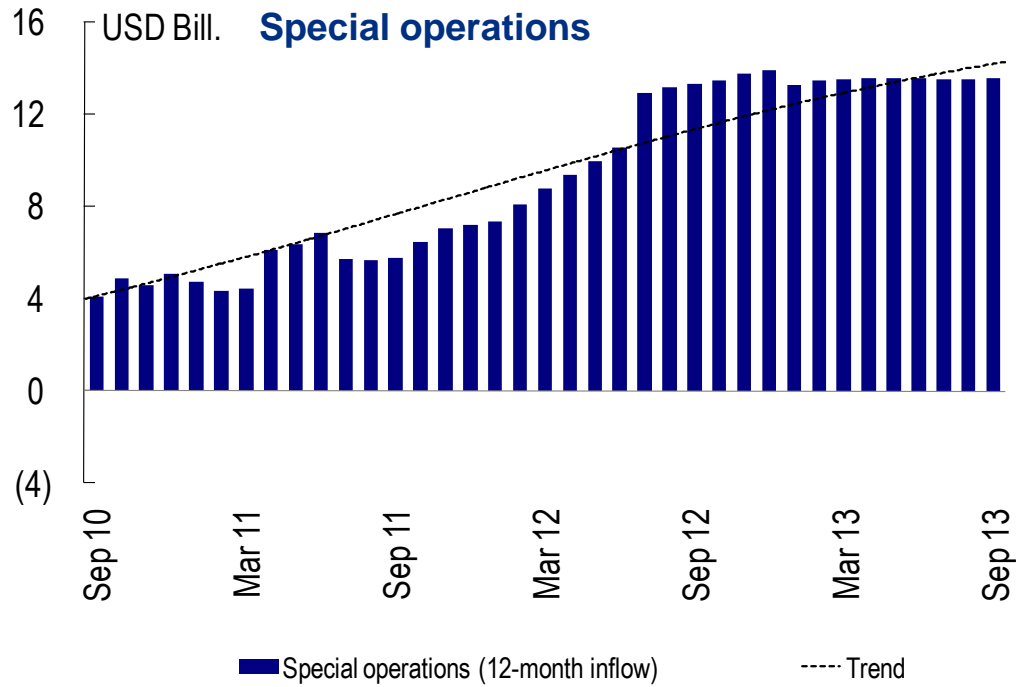
Source: Citi Research & Banrep

COP's Mysterious Ways



Source: Citi Research & Banrep

COP's Mysterious Ways



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Global Oil Industry Outlook

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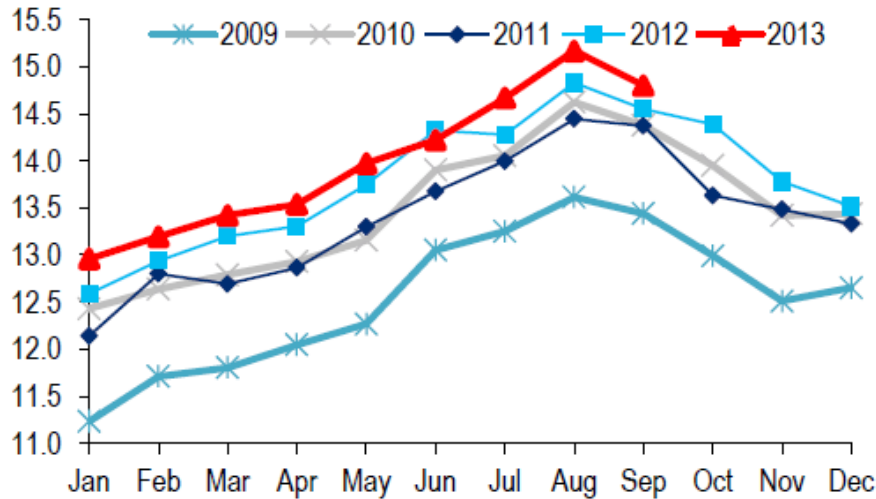
Citi Forecast - Commodities

		Point Prices													
		0-3M	6-12M		Q1 2014E	Q2 2014E	Q3 2014E	Q4 2014E	2012	2013E	2014E	2015E	2016E	2017E	2018E
Energy		5Y Cyclical													
NYMEX WTI	USD/bbl	97.0	92.5	81.0	97.0	89.0	97.0	88.0	94.1	98.9	92.8	86.3	83.0	78.0	80.0
ICE Brent	USD/bbl	100.0	97.5	85.0	100.0	95.0	100.0	95.0	111.7	108.2	97.5	92.5	90.0	85.0	85.0
Henry Hub Natural Gas	USD/MMBtu	3.70	3.80	N/A	3.70	3.60	3.70	3.90	2.75	3.70	3.70	4.50	4.90	4.90	5.50
Base Metals		LT Price													
LME Aluminum	USD/MT	1,730	1,900	2,200	1,780	1,820	1,850	1,880	2,049	1,885	1,835	1,950	2,000	2,100	2,200
LME Copper	USD/MT	6,700	6,400	6,200	6,800	6,700	6,600	6,500	7,945	7,335	6,650	6,825	7,500	7,800	8,000
LME Lead	USD/MT	2,250	2,300	2,200	2,250	2,000	2,150	2,300	2,072	2,165	2,175	2,255	2,350	2,400	2,360
LME Nickel	USD/MT	17,500	18,000	20,000	17,000	16,500	17,000	17,500	17,592	15,210	17,000	19,000	23,000	24,000	24,000
LME Tin	USD/MT	22,500	23,500	20,000	22,000	21,500	22,000	24,000	21,108	22,140	22,375	24,000	25,000	24,000	23,000
LME Zinc	USD/MT	1,800	1,950	2,100	1,840	1,850	1,850	1,900	1,963	1,930	1,860	2,050	2,250	2,300	2,320
Precious Metals		LT Price													
COMEX Gold	USD/T. oz	1,220	1,280	1,050	1,250	1,230	1,260	1,280	1,669	1,417	1,255	1,350	1,370	1,400	1,420
Silver	USD/T. oz	20.0	20.7	16.5	20.2	20.0	20.4	20.7	31.2	24.1	20.3	22.2	22.5	23.0	23.1
Platinum	USD/T. oz	1,500	1,525	1,531	1,500	1,475	1,500	1,525	1,552	1,515	1,500	1,625	1,700	1,750	1,825
Palladium	USD/T. oz	800	860	680	750	800	800	850	645	732	800	925	925	950	950
Bulk Commodities		5Y Cyclical													
Hard Coking Coal (benchmark Asia)	USD/MT	150	160	200	155	160	160	165	211	159	160	170	180	190	200
Thermal Coal Asia (NEWC)	USD/MT	85	80	105	82	77	75	80	94	82	79	85	85	90	100
Iron Ore Spot (TSI)	USD/MT	135	115	81	130	120	115	115	128	132	120	100	90	90	90
Agriculture															
CBOT Corn	USd/bu	420	390	N/A	440	450	430	380	695	595	425	470	515	N/A	N/A
CBOT Wheat	USd/bu	1,265	1,000	N/A	700	705	685	670	750	690	690	640	615	N/A	N/A
CBOT Soybeans	USd/bu	670	700	N/A	1,260	1,250	1,135	1,075	1,465	1,390	1,180	1,050	1,075	N/A	N/A
CBOT Rice	USD/cw t	15.5	15.3	N/A	15.4	15.3	15.4	15.0	14.9	15.5	15.3	14.2	N/A	N/A	N/A
NYB-ICE Cotton	USd/lb	79.0	77.8	N/A	79.0	78.0	80.5	75.0	80.0	84.0	78.0	75.0	N/A	N/A	N/A
Sugar#11	USd/lb	18.0	18.0	N/A	18.0	18.0	18.0	18.0	21.6	17.5	18.0	18.5	N/A	N/A	N/A
ICE Coffee	USd/lb	105	115	N/A	100	105	115	115	175	125	105	120	N/A	N/A	N/A
ICE Cocoa	USD/MT	2,600	2,700	N/A	2,550	2,550	2,700	2,600	2,348	2,400	2,600	2,600	N/A	N/A	N/A

Source: Citi Research

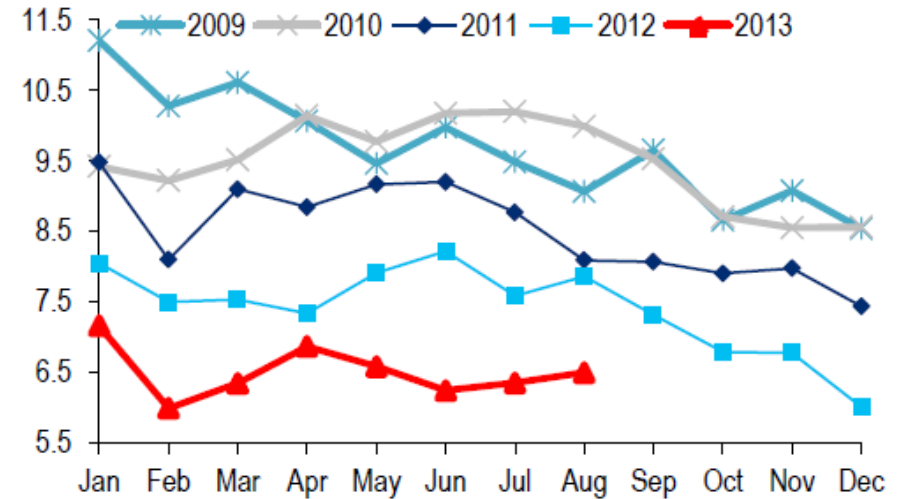
Oil Demand Outlook

Combined Middle Eastern and Latam Oil Demand (m b/d) (2009-2013)



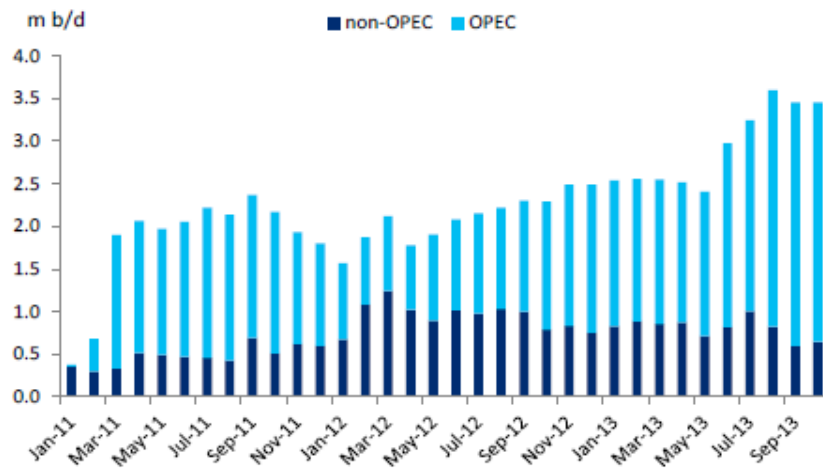
Source: EIG, Citi Research

US Net Oil Imports (m b/d) (2009-2013)



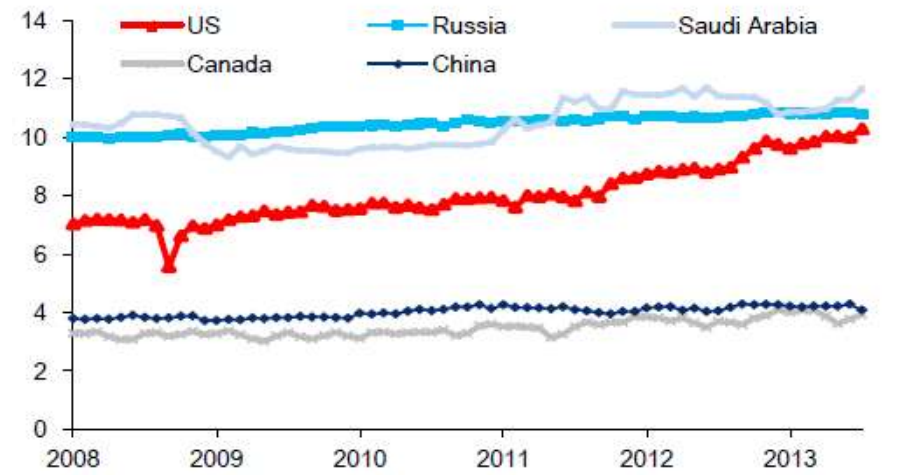
Source: EIA, Citi Research

Global OPEC and non-OPEC crude oil supply disruptions (Jan 2011-Oct 2013)



Source: EIA, Citi Research

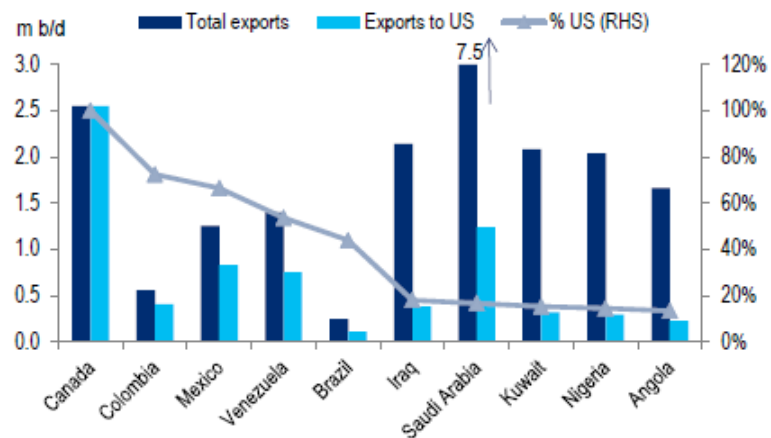
US Moving Towards Being the World's Biggest Oil Producer (Oil Production m b/d)



Source: IEA, Citi Research

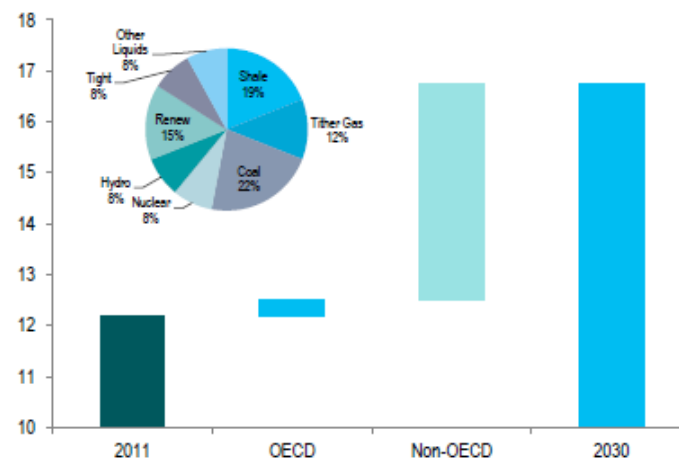
Colombian crude exports mostly go to the US...

US crude imports: top ten countries of origin, their total crude exports versus their crude exports to the US (January to August 2013*)



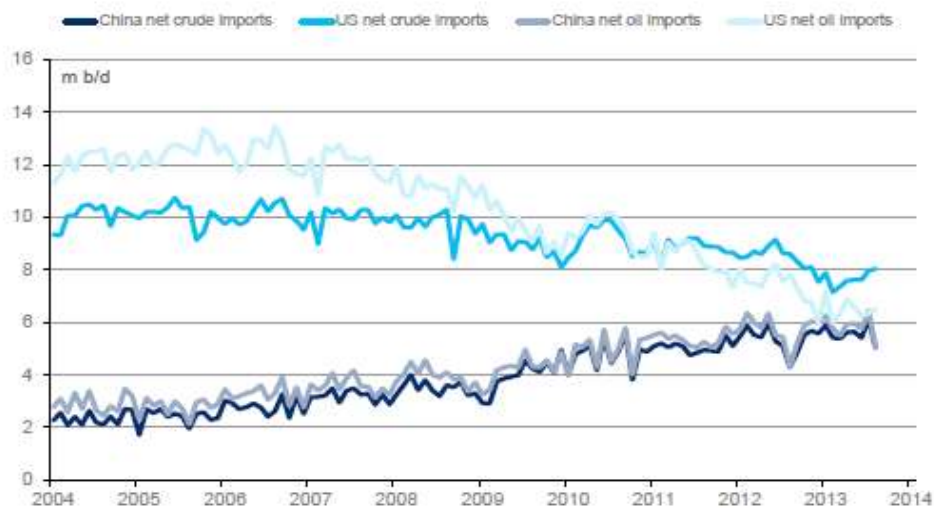
Source: EIA, JODI, Citi Research

Energy demand growth will be dominated by non-OECD countries, but the split of fuels/ technology will be relatively even split



Source: IEA, Citi Research

Chinese and US Net Oil Imports (m b/d) (2004-2013)



Source: Chinese Customs, EIA, Citi Research

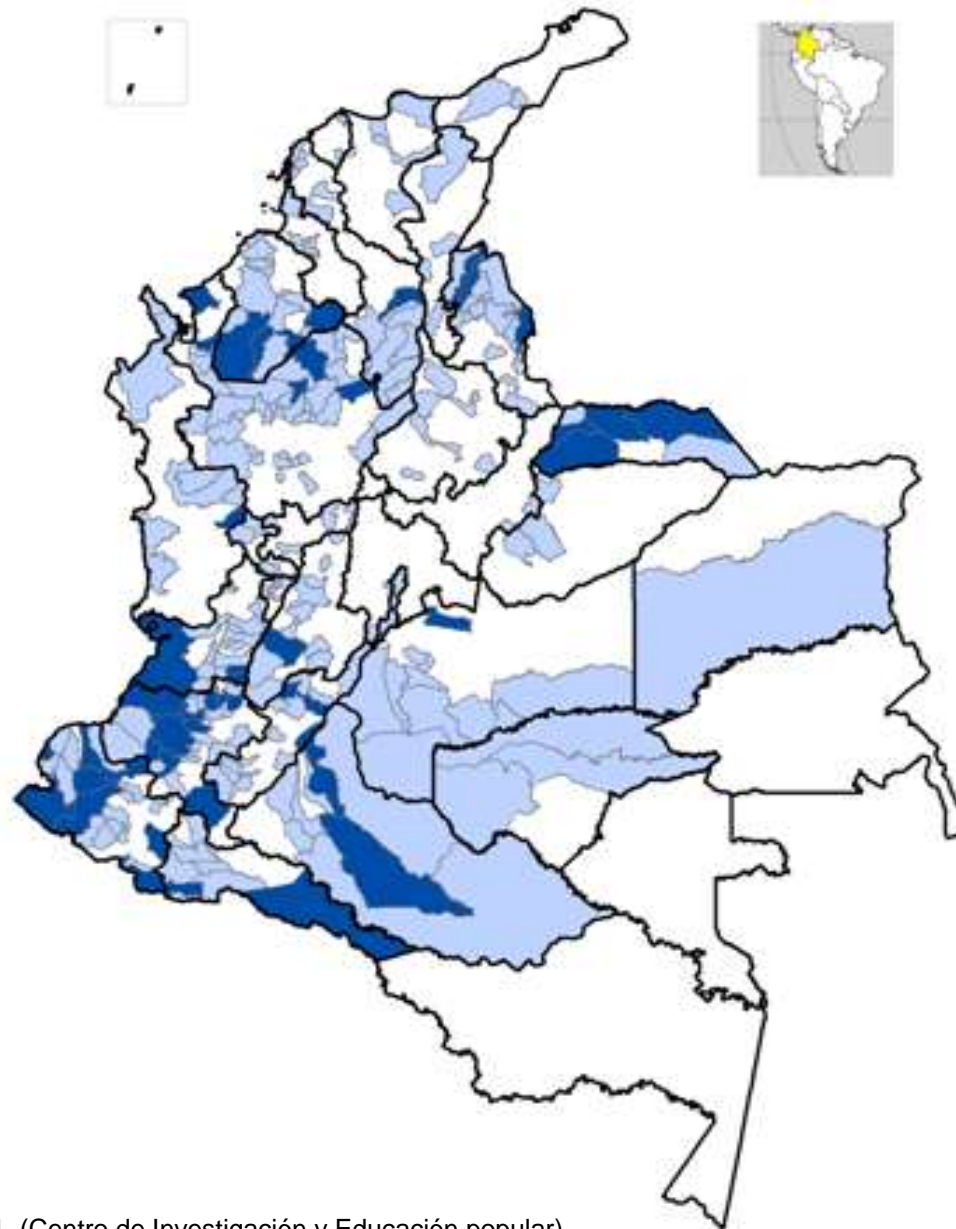
North American major oil pipelines, planned and proposed




Source: CAPP


Peace Process and Presidential Elections

Dynamics of the armed conflict



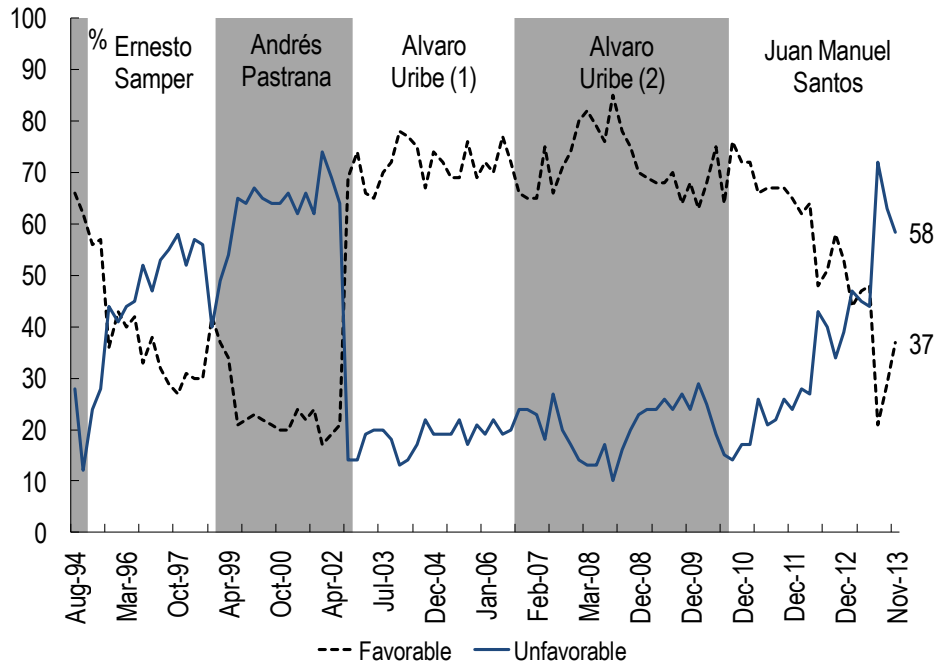
Conflict Level

 Municipalities where it has presented some violations of IHL fact, acts of war and political violence.

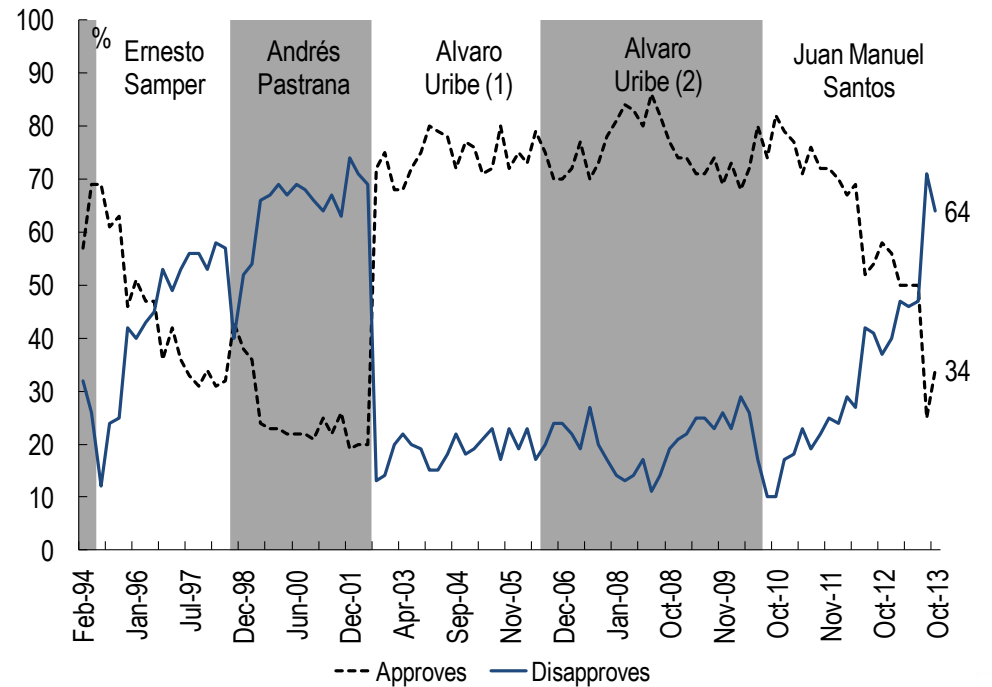
 High conflict municipalities which are presented in systematic violations of IHL facts, acts of war and political violence.

Survey Results

Colombian Presidents' popularity dynamics

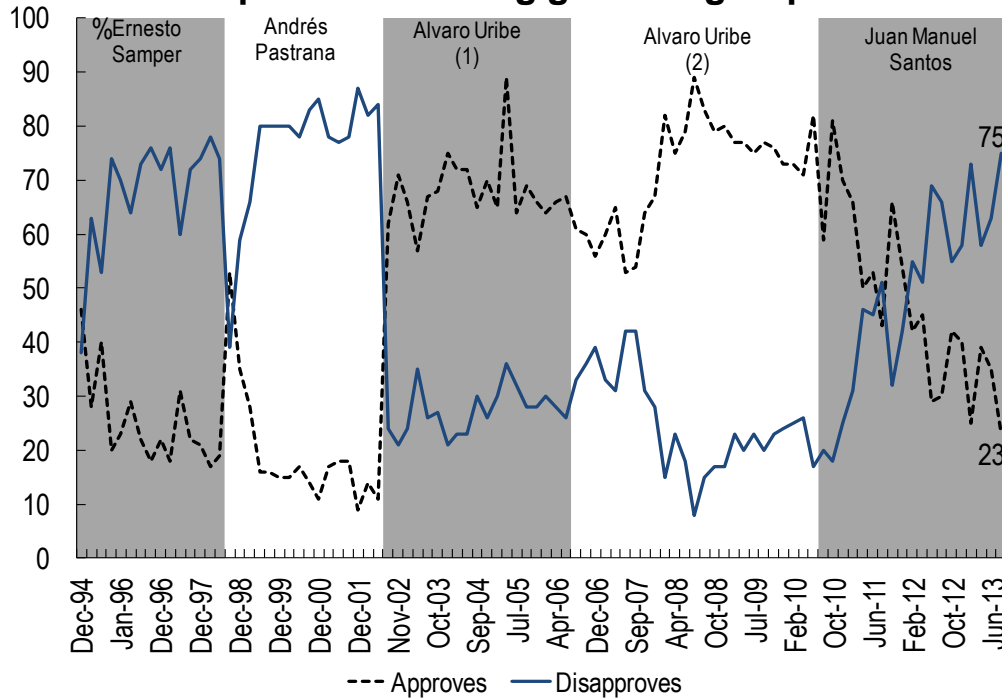


Approval of economic policy management

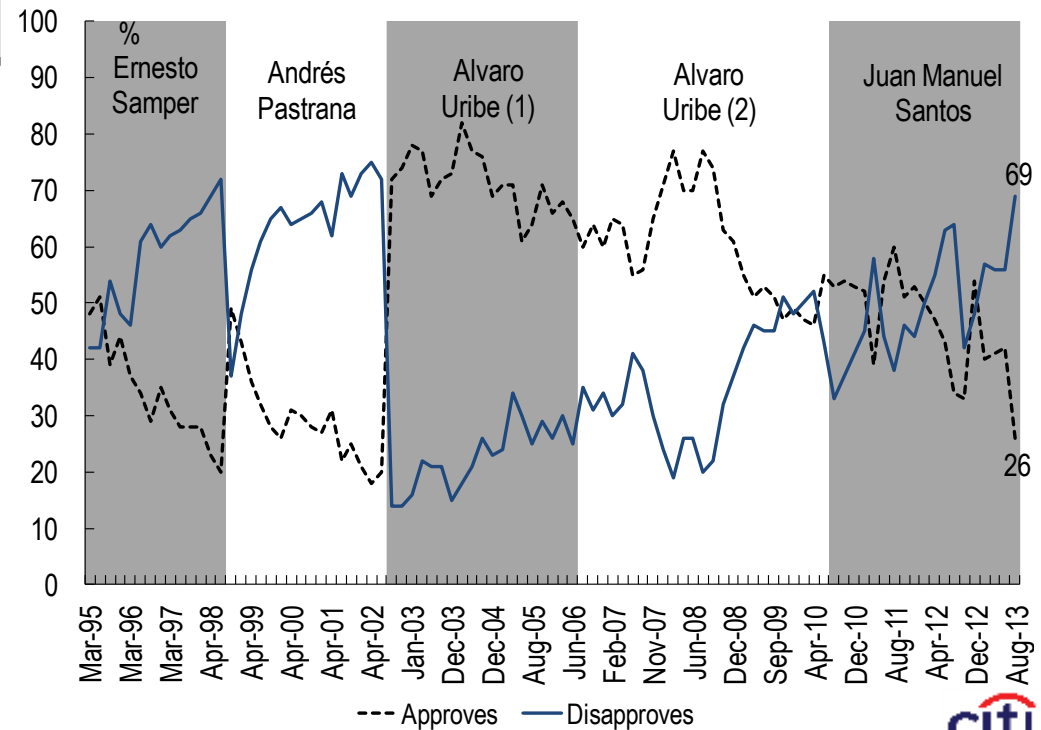


Survey Results

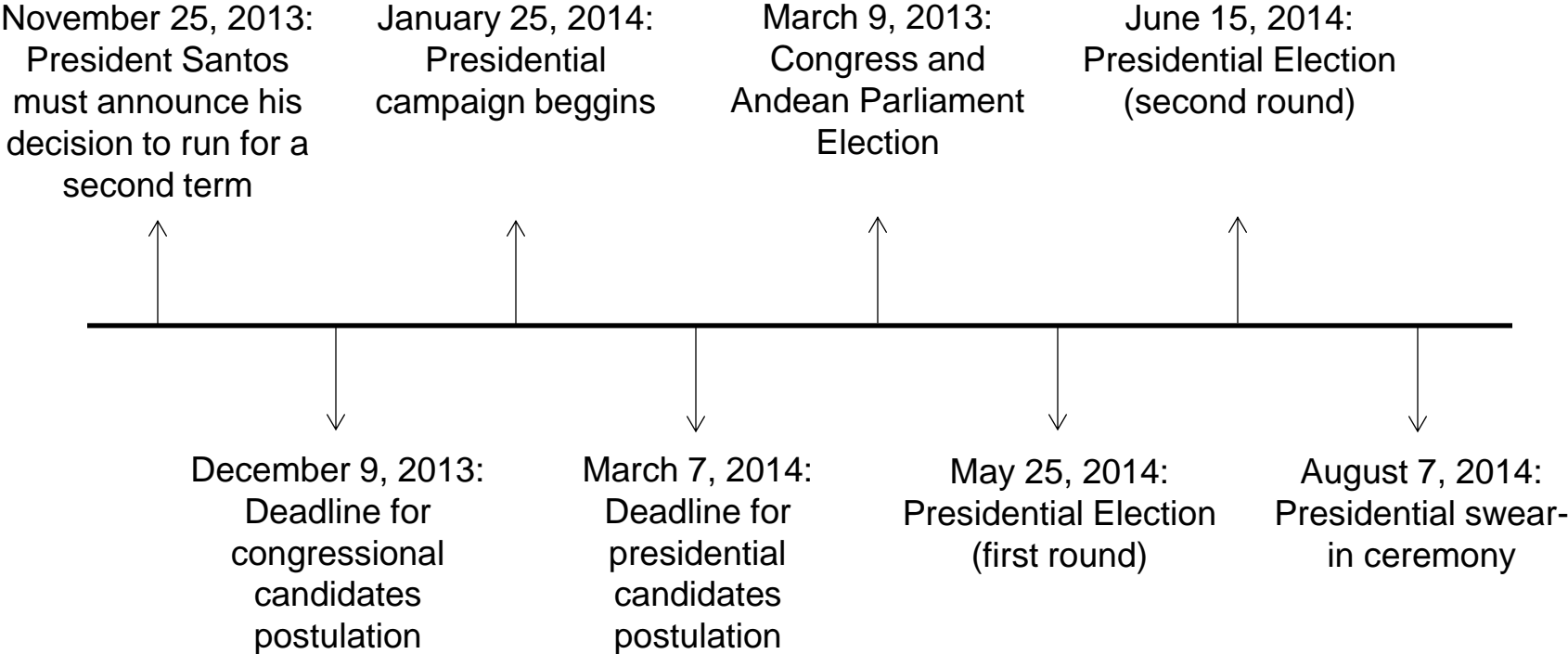
Perception in handling guerrilla groups



Perception on corruption-fighting

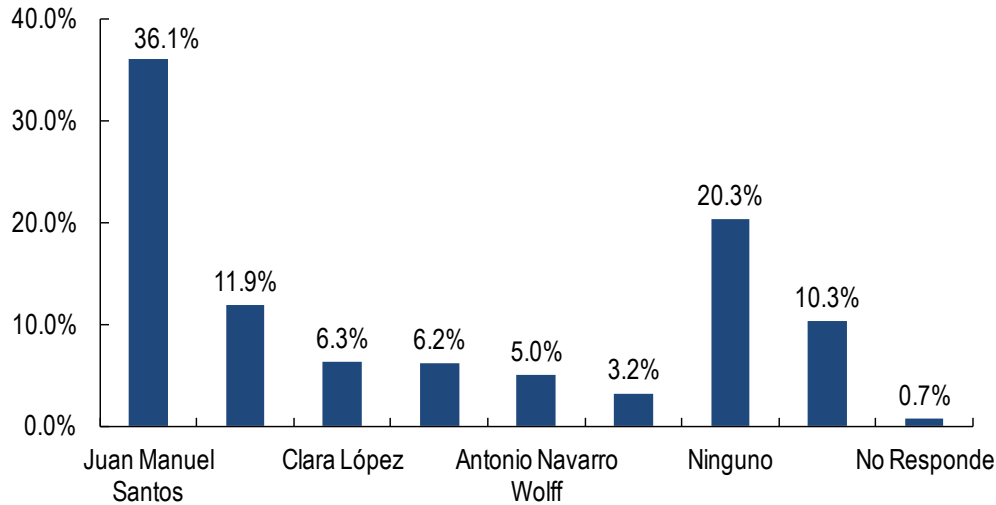


2014 Elections

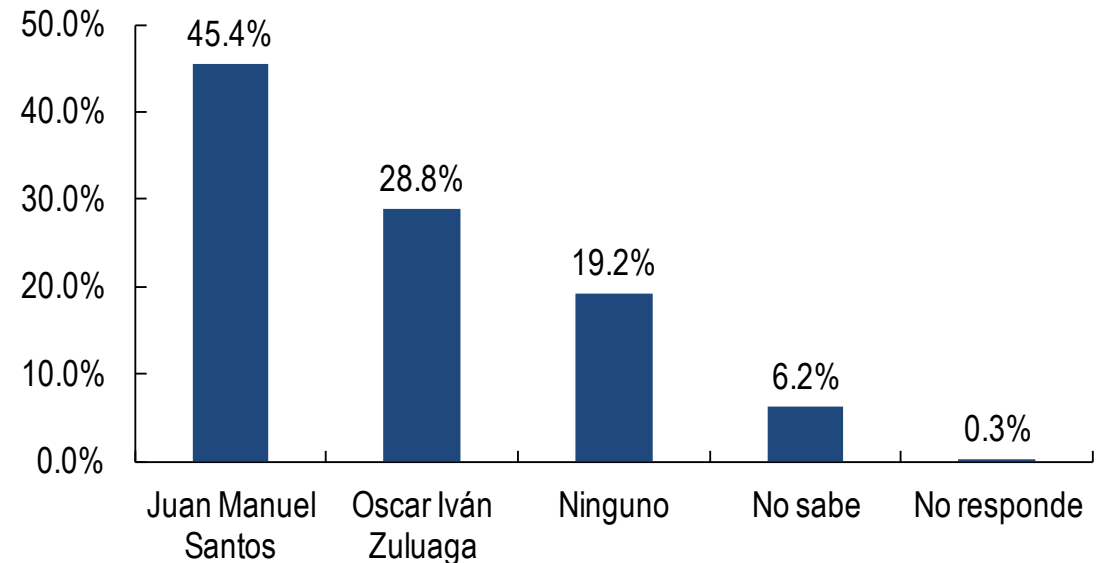


2014 Elections

¿Por quien votaria en las proximas elecciones presidenciales?

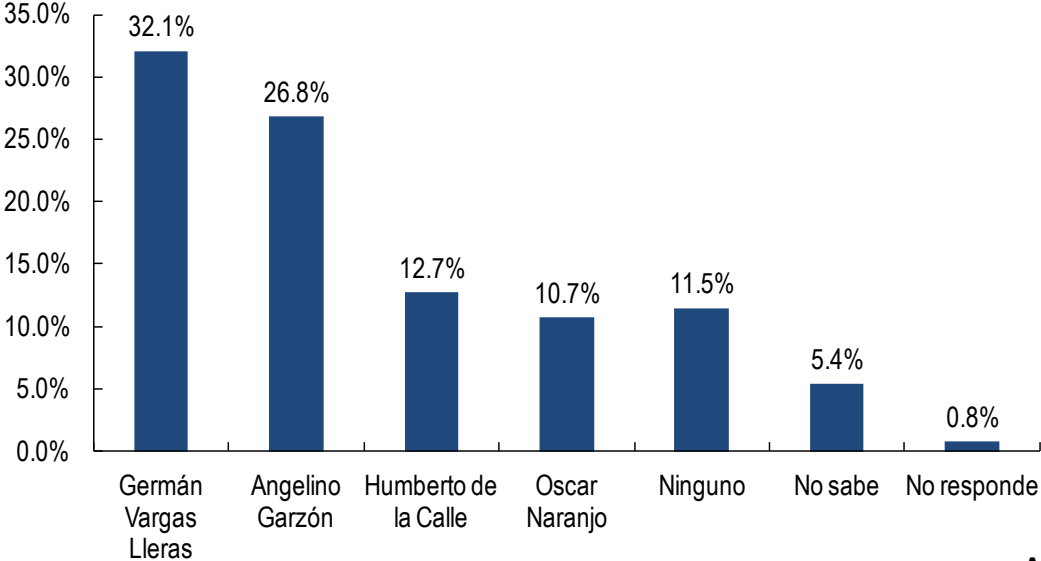


¿Por quien votaria en la segunda vuelta?

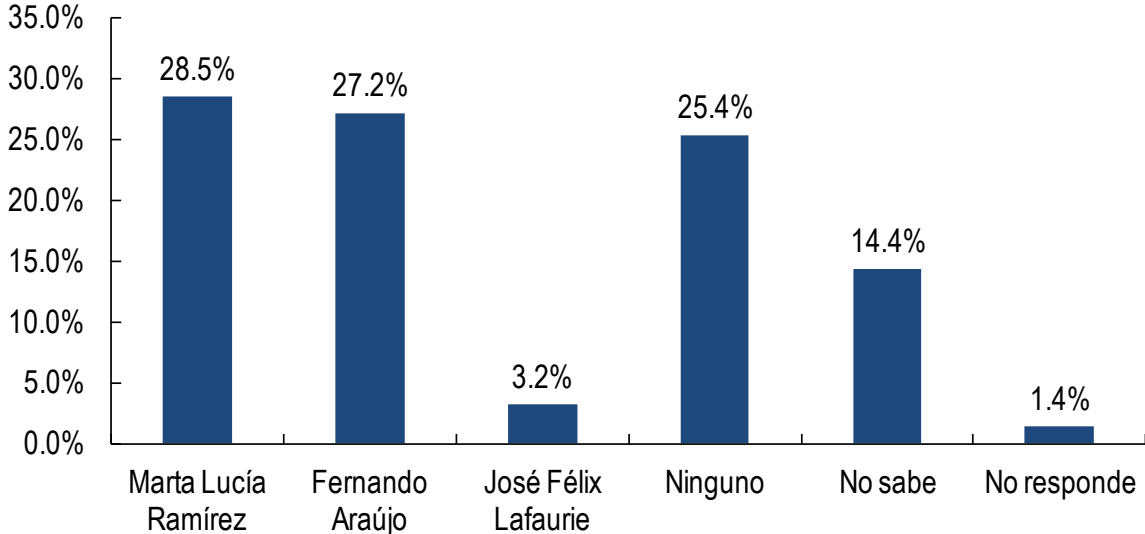


2014 Elections

¿A quien elegiria como Vicepresidente de Juan Manuel Santos?



¿A quien elegiria como Vicepresidente de Oscar Iván Zuluaga?



Presidential candidates



Juan Manuel Santos



Germán Vargas Lleras



Alvaro Uribe



Oscar Iván Zuluaga



Enrique Peñalosa



Antonio Navarro Wolf



Clara López Obregón

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