Regional Economic Bulletin: Southwest, First Quarter of 2026

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The southwest region recorded annual growth in the first quarter of 2026. Higher consumer confidence and dynamic credit conditions boosted domestic trade, which in turn supported an improvement in manufacturing. In the agricultural and livestock sector, the harvest of some crops declined due to heavy rainfall and high input costs, while pork production increased in response to stronger demand. Exports grew, driven by higher external coffee sales, while imports rose due to the entry of durable consumer goods and capital goods. In contrast, building construction activity continued to decline, affected by weak performance in residential construction. Inflation accelerated due to pressures on food prices, and employment increased alongside higher informality.

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Retail sales increased, driven by improved economic expectations and households' favorable perception of the economic situation. These results were associated with higher incomes and lower unemployment, which boosted imports of durable consumer goods. Higher debt levels also boosted trade activity, despite a broad-based increase in lending rates.



Manufacturing in the southwest region improved, supported by stronger domestic and external demand. In Valle del Cauca, growth was driven by higher production of food and beverages, as well as chemicals and pharmaceuticals. In Cauca, improvement was driven by transport equipment manufacturing and paper production.



Agricultural and livestock production grew at a slower pace. Pig farming led to overall performance due to higher domestic consumption, supported by lower prices relative to other protein sources. Agricultural activity slowed due to heavy rainfall and high input costs, which reduced the supply of perishable goods and put upward

pressure on prices.



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