

# Financial Opinion Survey

September 2018

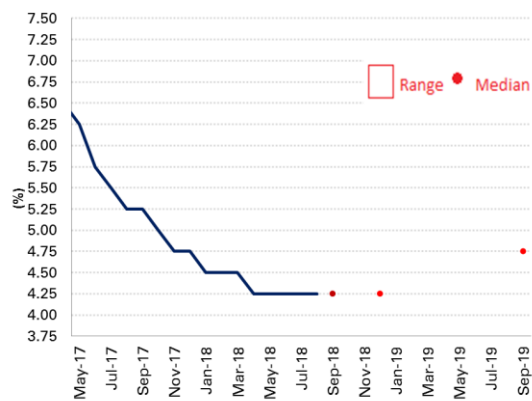
Bulletin No.161

## CENTRAL BANK POLICY RATE

At its meeting in August, the Central Bank Board of Directors did not decide on changes to the policy rate. This month **the Central Bank is expected to decide on the policy interest rate and 100% of the analysts expect the Board to keep it at 4.25%.**

On the other hand, in terms of the policy rate for the end of the year, **95.2% of the analysts consider it will remain unchanged at 4.25%, while 4.7% of them foresee an increase of 25 bps.** (Graph 1).

**Graph 1. Central Bank Policy Interest Rate**

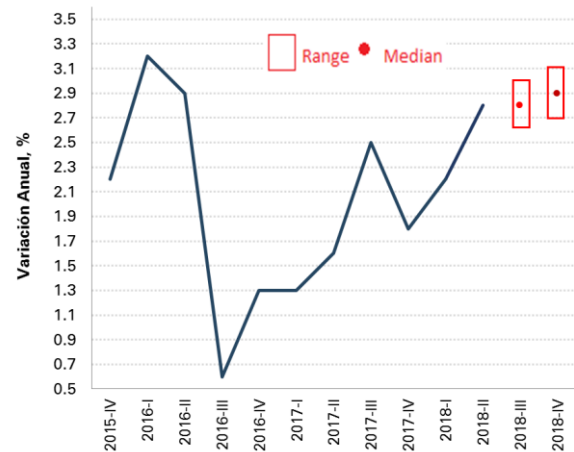


Source: Financial Opinion Survey, Fedesarrollo

## ECONOMIC GROWTH

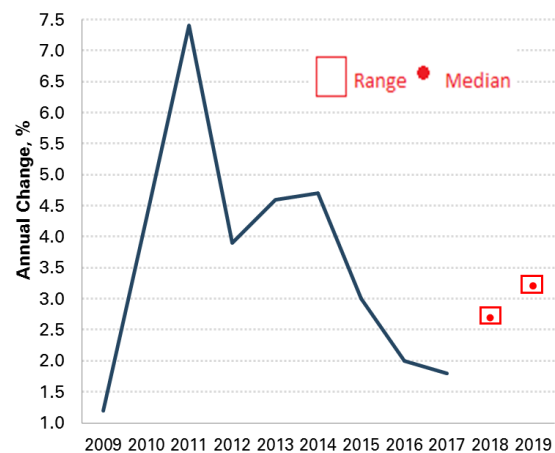
In September, analysts **revised their growth forecast for the third quarter up to 2.8%, and for the fourth quarter they expect growth to be 2.9%** (Graph 2). However, they maintained their estimate of annual GDP growth for 2018 at 2.7% and for 2019 at 3.2% (Graph 3).

**Graph 2. Quarterly GDP growth**  
(Var. Annual)



Source: Financial Opinion Survey, Fedesarrollo

**Graph 3. Annual GDP growth**  
(Var. Annual)



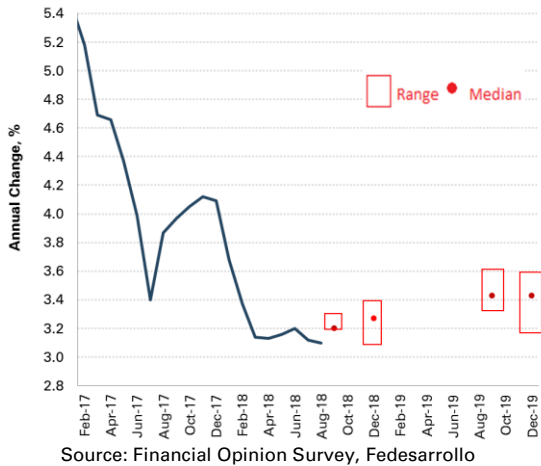
Source: Financial Opinion Survey, Fedesarrollo

## INFLATION

In line with the forecast in the last FOS, in August, annual inflation fell to 3.10%.

In this month survey, analysts expect inflation for September to increase and reach 3.20%. Inflation expectations for the end of the year increased slightly from 3.25% to 3.27%, with a range between 3.15% and 3.35% (Graph 4).

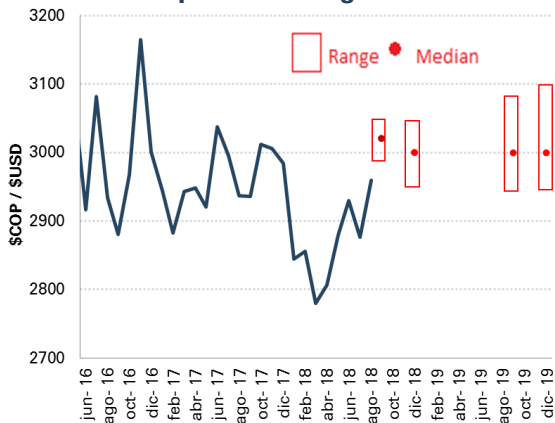
Graph 4. Inflation



EXCHANGE RATE

The exchange rate closed in August at \$ 3,027 with a monthly depreciation of 5.3%. On September 12<sup>th</sup>, the exchange rate reached a maximum value of \$ 3,087 pesos per dollar. **For the end of September, analysts expect the exchange rate to be between \$ 3,000 and \$ 3,050, with \$ 3,020 as the median response.** For the next three months analyst expect an exchange rate between \$ 2,953 and \$ 3,050 with \$ 3,000 as median answer (Graph 5).

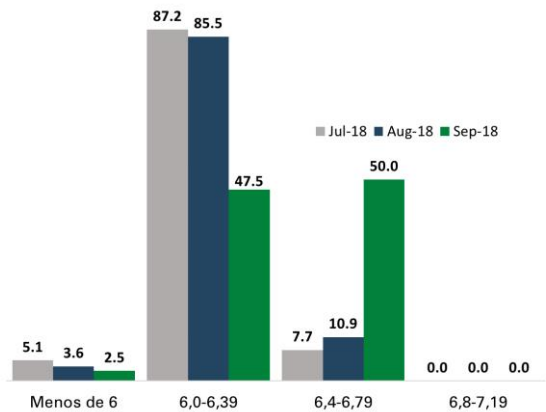
Graph 5. Exchange Rate



TES 2024 RATE

Recently there has been an increase in the trading rate of the TES 2024. In this context, compared to the results of August, the proportion of analysts expecting a rate above 6.0% in the next three months increased from 96.4% to 97.5%. Particularly, the proportion of analysts considering a rate between 6.4% and 6.8% increases from 10.9% to 50.0% (Graph 6).

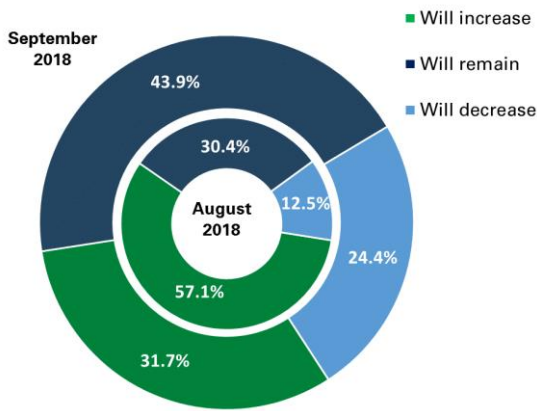
Graph 6. Expectation of TES 2024 performance rate for the next 3 months. (% of answers)



DEBT SPREAD – EMBI+ COLOMBIA

Debt spread, measured through the EMBI+ Colombia index, is defined as the difference between the yield of Colombian securities issued abroad and the yield of American treasury securities. Debt spread decreased from 184 bps in mid-August to 173 bps at the close of September 19<sup>th</sup>. **This month, 43.4% of analysts believe it will remain at this level, while 31.7% believe it will increase and 24.4% expect a reduction (Graph 7).**

**Graph 7. Expectation on 3-month debt spread**  
(% of answers)

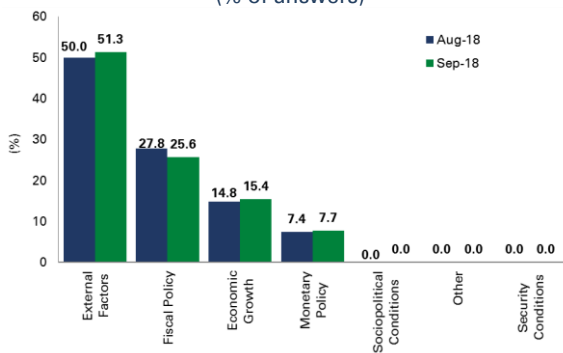


Source: Financial Opinion Survey, Fedesarrollo

**FACTORS AFFECTING INVESTMENT**

The proportion of analysts considering external factors as the most important aspect when investing increased from 50.0% in August to 51.3% in September. Meanwhile, fiscal policy remains in second place with 25.6% (Graph 8).

**Graph 8. Most relevant factors to invest**  
(% of answers)



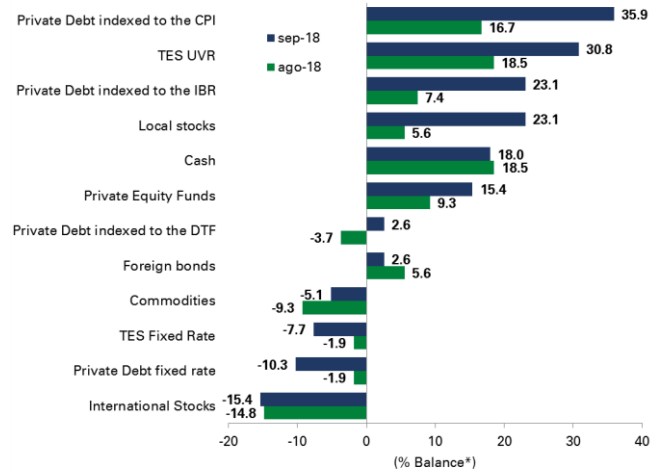
Source: Financial Opinion Survey, Fedesarrollo

**INVESTMENT PREFERENCE**

Compared to last month, portfolio managers increased their preferences for private debt indexed to CPI, to IBR and DTF, also for TES UVR, local shares and private equity funds. In contrast, there was a deterioration in preferences for international stocks, private

fixed-rate debt and fixed-rate TES, which continue to be the least preferred (Graph 9).

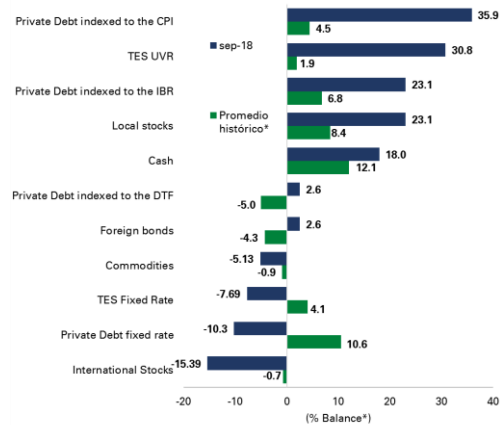
**Graph 9. Projection of Positions in the Next 3 Months for Different Assets**



\*Balance: % of respondents who will increase their position minus % of respondents that will decrease their position  
Source: Financial Opinion Survey, Fedesarrollo

Compared to the historical average of the survey, there is a greater preference for private debt indexed to the CPI, TES UVR, and private debt indexed to the IBR. On the other hand, international shares and private fixed-rate debt are the less preferred (Graph 10).

**Graph 10. Projection of Positions in the Next 3 Months for Different Assets vs Historical Average**



\* The historical average refers to the average of the response balances from June 2014 to date.  
Source: Financial Opinion Survey, Fedesarrollo

## COLCAP

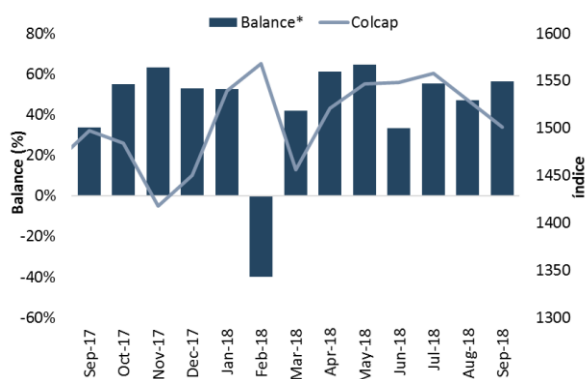
The COLCAP reflects the price changes of the most liquid shares of the Colombian Stock Exchange. **In September 76.9% of analysts expect a valuation of the index in the next three months** (Table 1). This proportion decreased by 9.9 pps compared to last month's results. On the other hand, the proportion of analysts who expect the stock index to depreciate in the next three months increased from 13.2% to 20.5%.

**Table 1. Expectations about the COLCAP Index Price at 3 months\***  
(% of answers)

Index COLCAP Price Level	August 2018	September 2018
Will increase 10% or more	0.0%	7.7%
Will increase between 5% and 9,99%	13.2%	30.8%
Will increase between 0,01% and 4,99%	73.6%	38.5%
Will remain	0.0%	2.6%
Will decrease between 0,01% and 4,99%	11.3%	20.5%
Will decrease between 5% and 9,99%	1.9%	0.0%
Will decrease between 10% or more	0.0%	0.0%

Source: Financial Opinion Survey, Fedesarrollo

**Graph 11. Balance on the Price of the COLCAP Index 3 months\***  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo

\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

## MOST ATTRACTIVE COLCAP'S STOCKS

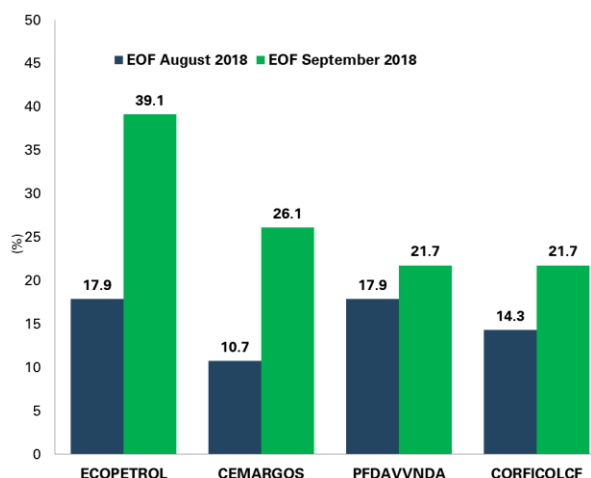
The FOS consults the analysts about the three COLCAP shares they consider the most attractive. This month, Ecopetrol was ranked first with a preference expressed by 39.1% of those who invest in shares. It was followed by

Cementos Argos, Preferencial Davivienda and Corficolombiana (Graph 12).

In the last month there was an increase in the appetite of the respondents for shares of the oil sector and the construction sector. On the contrary, there was a reduction in preference for shares of financial sector, consumer group and Holdings (Graph 13)

**Graph 12. More attractive COLCAP Stocks for investors**

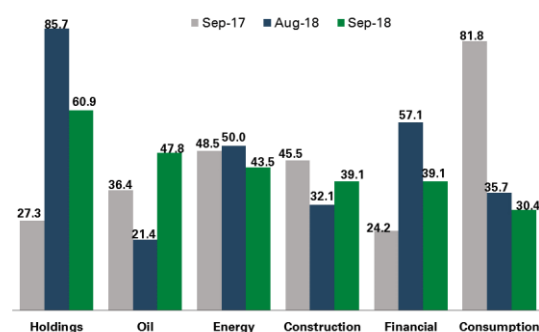
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo.

**Graph 13. More attractive COLCAP sectors for investors**

(% of the respondents who consider the stock as one of the three more attractive)

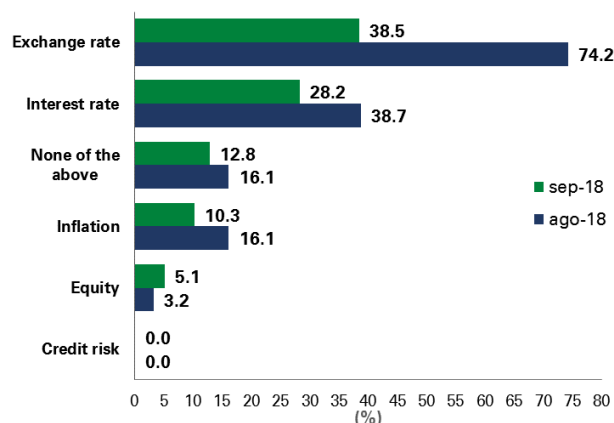


Source: Financial Opinion Survey, Fedesarrollo.

## RISK COVERAGE

The FOS asks portfolio managers about the types of risk they plan to hedge against in the next three months. In September 38.5% of respondents said they were planning to hedge against foreign exchange risk in the short term, a reduction of 35.7 pps compared to last month. On the other hand, the percentage of managers expected to hedge against the interest rate risk placed second, with a decrease of 10.5 pps compared to the previous month (Graph 14).

Graph 14. Coverage of the Different Types of Risk for the Next 3 Months  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo


Table 2. Summary of Macroeconomic Expectations\*

Variable	Observed	Expectation			
		August	September (2018)	Dec-18	September(2019)
Inflation (% annual)	3.10	3.20	3.27	3.43	3.43
Exchange rate	Close August	End of the month (Septemb	Dec-18	September(2019)	Dec-19
	\$ 2,876	\$ 3,020	\$ 3,000	\$ 3,000	\$ 3,000
Interest rate (%)	August	End of the month (Septemb	Dec-18	September(2019)	
	4.25	4.25	4.25	4.75	
Growth (%)	2Q- 2018	3Q-2018	4Q- 2018	Year 2018	Year 2019
	2.8	2.8	2.9	2.7	3.2

\*Expectation corresponding to the median.

Source: Financial Opinion Survey Fedesarrollo-BVC

Published September 24, de 2018  
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