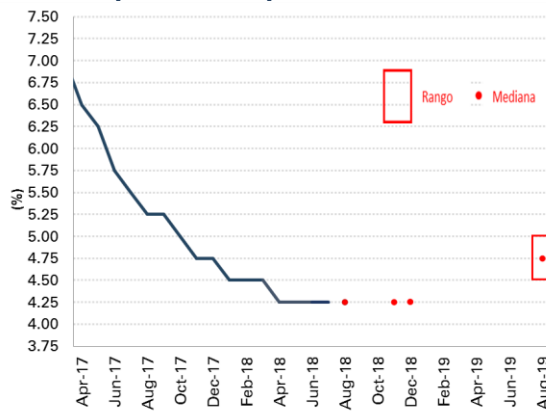


CENTRAL BANK POLICY RATE

As anticipated by the FOS of July, in its last meeting the Board of Directors of the Central Bank decided to keep its intervention rate at 4.25%. This month the Board of Directors of the Central Bank is not scheduled to decide on this regard.

In terms of the policy interest rate in 3 months, 94.6% of analysts considers it will remain at 4.25%, while the remaining 5.4% expects a reduction of 25 bps. By the end of 2018, the median of analysts expects the rate to remain at 4.25% (Graph 1).

Graph 1. BanRep Intervention rate



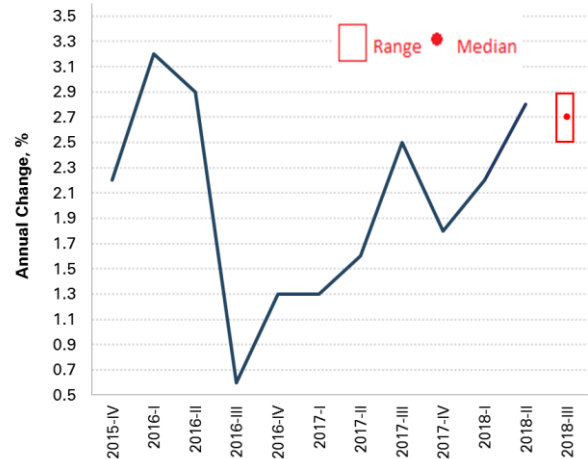
Source: Financial Opinion Survey, Fedesarrollo

ECONOMIC GROWTH

GDP growth in the second quarter was 2.8%, 0.3 pps higher than the forecast in the FOS of July. On the other hand, **analysts revised their GDP growth forecast for the third quarter up to 2.7** (Graph 2).

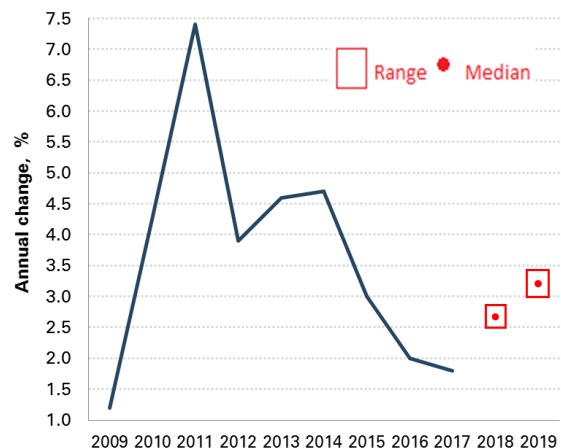
In this line, analysts increased their estimate of annual GDP growth for 2018 from 2.6% to 2.7% and increased their forecast for 2019, placing it at 3.2% (Graph 3).

Graph 2. Quarterly GDP growth
(Annual Change)



Source: Financial Opinion Survey, Fedesarrollo

Graph 3. Annual GDP growth



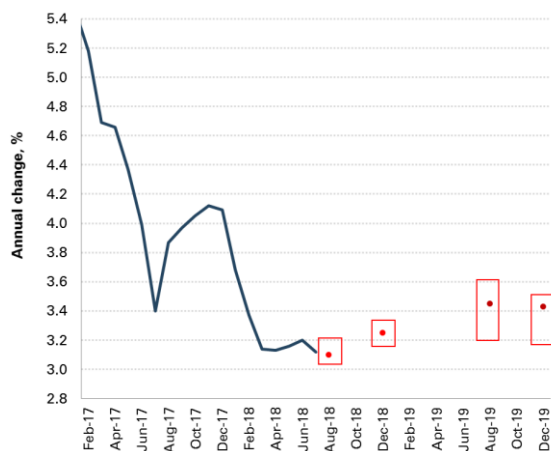
Source: Financial Opinion Survey, Fedesarrollo

INFLATION

In July, annual inflation decreased and registered 3.12%, contrary to expectations in the previous FOS.

In this measurement, analysts believe that inflation in August will continue to fall and will reach 3.10%. Inflation expectations for the end of the year were reduced from 3.37% to 3.25%, with a range between 3.19% and 3.30%. The median for 12-month inflation expectations was 3.45% (Graph 4).

Graph 4. Inflation
(Annual Change)



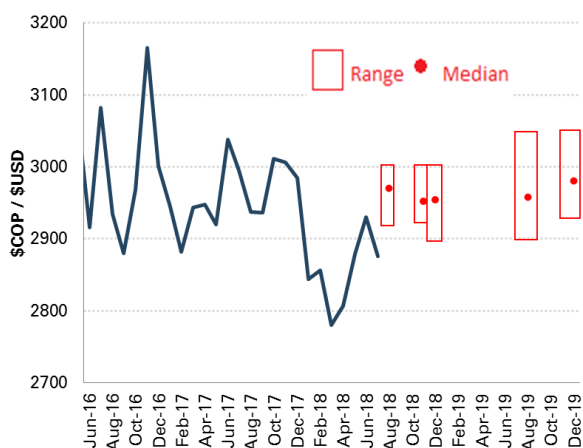
Source: Financial Opinion Survey, Fedesarrollo

EXCHANGE RATE

Exchange rate closed in July at \$2,876 with a monthly appreciation of 1.8%. Until mid-August, the exchange rate has depreciated, reaching a maximum value of \$3,046 pesos per dollar on August 16th. By the end of this month analysts expect the exchange rate to move between \$2,935 and \$3,000, with \$2,970 as the median. For the next 3 months, analysts expect an exchange rate between \$2,920 and \$3,000 with \$2,952 as the median (Graph 5).

By the end of 2018, analysts believe the dollar will be between \$2,900 and \$3,000, with \$2,954 as the median response.

Graph 5. Exchange rate at the end of the month

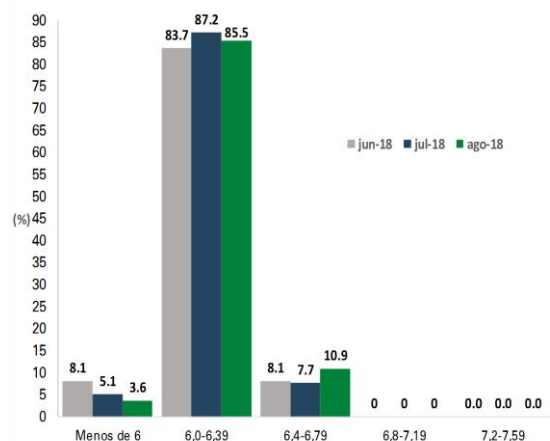


Source: Financial Opinion Survey, Fedesarrollo

TES 2024 RATE

During the last month there has been high volatility in the trading rate of TES 2024. In this context, compared to the results of July, the share of analysts expecting an interest rate above 6.0% in the next 3 months went from 94.9% to 96.4% (Graph 6).

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

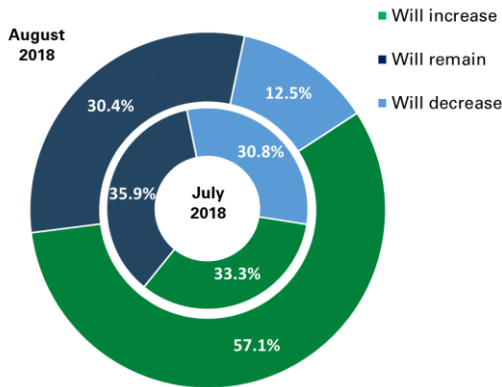


Source: Financial Opinion Survey, Fedesarrollo

DEBT SPREAD – EMBI+ COLOMBIA

Debt spread, measured through the EMBI + Colombia, is defined as the difference between the yield of Colombian securities issued abroad and the yield of American treasury securities. Debt spread increased from 179 bps in mid-July to 184 bps at the close of August 17th. This month most analysts (57.1%) believe that the spread will increase in the next 3 months, while 30.4% of respondents believe that it will remain the same, 12.5% expects a reduction. (Graph 7).

Graph 7. Expectation on the 3-months debt spread
(% of answers)

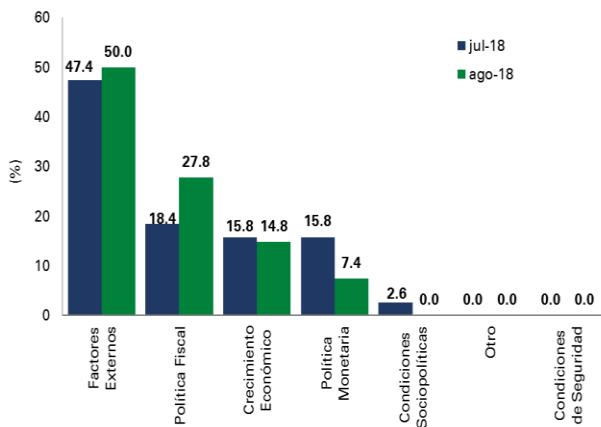


Source: Financial Opinion Survey, Fedesarrollo

FACTORS AFFECTING INVESTMENT

This month, the proportion of analysts that considers external factors as the most important consideration when investing increased from 47.4% in July to 50.0% in August. On the other hand, fiscal policy regained its relevance against last month, and ranks second with 27.4% (Graph 8).

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



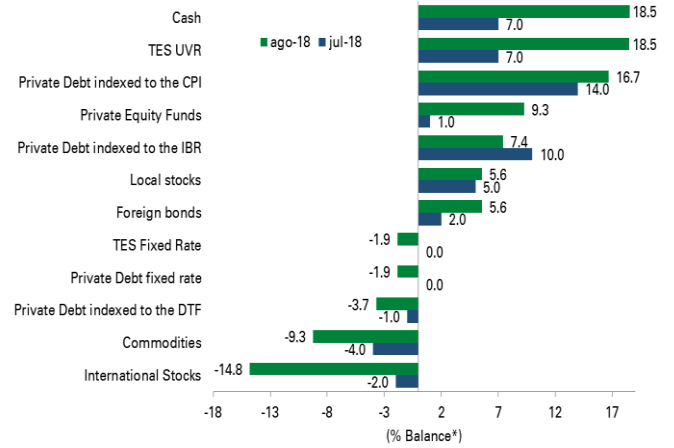
Source: Financial Opinion Survey, Fedesarrollo

INVESTMENT PREFERENCE

Relative to past month, in August portfolio managers increased their preferences for cash, TES UVR, private equity funds, private debt indexed to the CPI and foreign bonds. In contrast, there is evidence of a deterioration in preferences for international stocks and

commodities, which continue to be the least preferred positions (Graph 9).

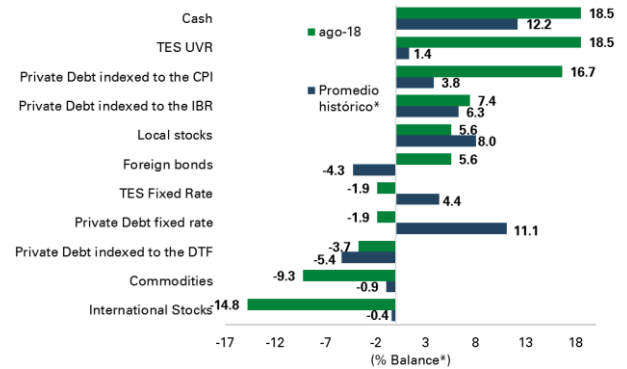
Graph 9. Projection of Positions in the Next 3 Months for Different Assets



*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 cash, TES UVR and for private debt indexed to the IBR, as well as a lower preference for international stocks and commodities (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

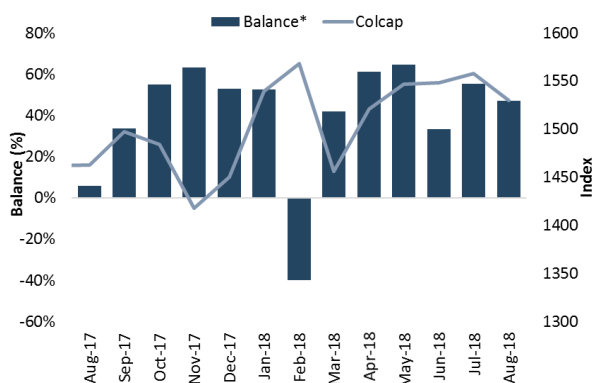
The COLCAP reflects the price changes of the most liquid shares of the Colombian Stock Exchange. This month, 86.8% of analysts expects a valuation of the index in the next three months (Table 1). This proportion increased by 10.5 pps compared to last month's results. On the other hand, the proportion of analysts expecting the stock index to depreciate in the next three months decreased from 21.0% to 13.2%.

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

Index COLCAP Price level	July 2018	August 2018
Will increase 10% or more	0.0%	0.0%
Will increase between 5% and 9,99%	10.5%	13.2%
Will increase between 0,01% and 4,99%	65.8%	73.6%
Will remain	2.6%	0.0%
Will decrease between 0,01% and 4,99%	18.4%	11.3%
Will decrease between 5% and 9,99%	2.6%	1.9%
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

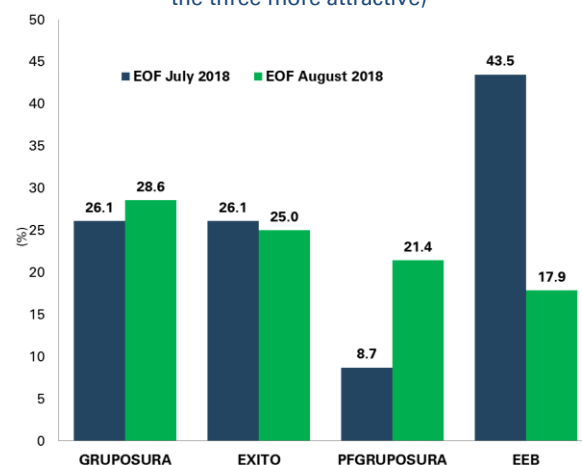
The FOS consults analysts about the three shares they consider most attractive within those that make up the COLCAP index. This time, share of Grupo Sura ranked first, with a preference expressed by 28.6% of those who

invest in shares. It was followed by the shares of Grupo Éxito, Preferential Grupo Sura and EEB (Graph 12).

In the last month there was a significant increase in the appetite of the respondents for shares of Holdings and the financial sector. On the contrary, there is evidence of a significant reduction in the preference for shares in the consumption and energy sector (Graph 13).

Graph 12. More attractive COLCAP Stocks for investors

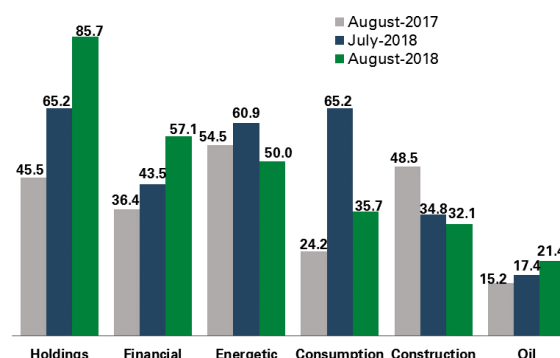
(% of the respondents who consider the stock as one of the three more attractive)



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)

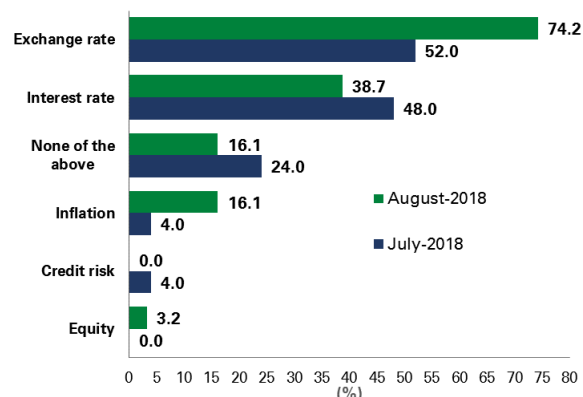


Source: Financial Opinion Survey, Fedesarrollo.

RISK COVERAGE

The FOS asks portfolio managers about the kind of risks they plan hedge against in the next three months. 74.2% of the respondents said they were planning a hedge against foreign exchange risk in the short term, which represents an increase of 22.2 pps compared to last month. On the other hand, the percentage of managers expected to hedge against the interest rate risk is in second place, with a decrease of 9.3 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			
	July	August (2018)	Dec-18	August (2019)	Dec-19
Inflation (%annual)	3,12	3,10	3,25	3,45	3,43
	Close July	End of the month (August)	Dec-18	August (2019)	Dec-19
Exchange rate	\$ 2.876	\$ 2.970	\$ 2.954	\$ 2.958	\$ 2.980
	July	End of the month (August)	Dec-18	August (2019)	
Interest rate (%)	4,25	4,25	4,25	4,75	
	2Q-2018		3Q-2018	Year 2018	Year 2019
Growth (%)	2,8		2,7	2,7	3,2

*Expectation corresponding to the median.

Source: Financial Opinion Survey Fedesarrollo-BVC

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