

# Financial Opinion Survey

May 2021

Bulletin No.193



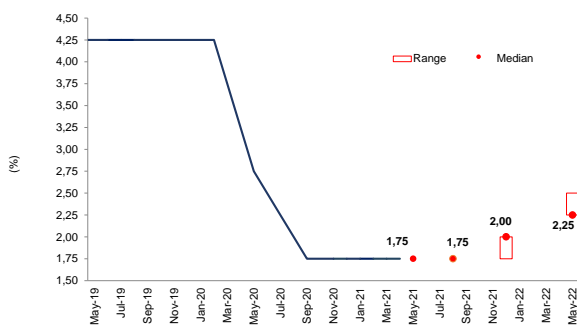
## CENTRAL BANK POLICY RATE

In April, the Board of Directors of the Central Bank decided to maintain its monetary policy in 1.75%.

By May, 100% of the analysts expect the interest rate to remain unchanged at 1.75%.

By the end of 2021, 39,0% of the analysts foresee an unchanged interest rate (1.75%), 2.4% expect a reduction of 25-bps. Meanwhile, 46,3% expects an increase of 25-bps, 9,8% expects an increase to reach a 2,25% interest rate and the remaining 2,4% expects it to reach 2,5% to the end of the year (Graph 1).

Graph 1. Central Bank interest rate



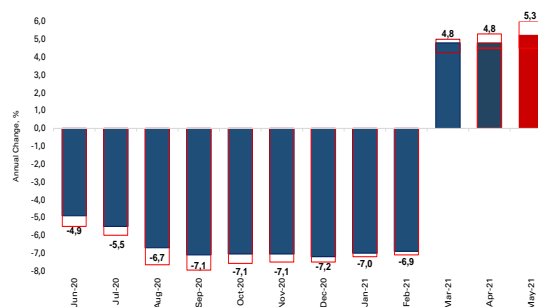
Source: Financial Opinion Survey, Fedesarrollo - BVC

## ECONOMIC GROWTH

In May, the economic growth forecast for 2021 ranges between 4.5% and 6.0%, with 5,3% as median response (4.8% in the previous FOS) (Graph 2). The economic growth forecast for 2022 was at 3.7%, ranging between 3.5% and 4,0%.

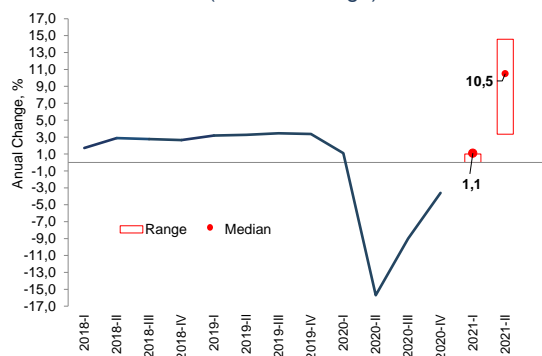
Expectations about the first quarter were in a median of 1.1%, ranging between 1,0% and 1,1%. The growth registered for this quarter was 1,1%. Expectations regarding the second quarter growth reached 10.50%, ranging between -3.35% and 14.58% (Graph 3).

Graph 2. 2021 GDP annual growth forecast (Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 3. GDP growth forecast – first and second quarter 2021 (Annual Change)

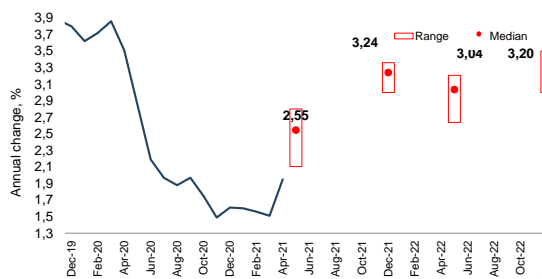


Source: Financial Opinion Survey, Fedesarrollo - BVC

## INFLATION

In April, the annual inflation reached 1.95%, higher than the analysts forecast in the previous edition (1.70%). In May, the analysts believe that inflation will reach 2,55% (Graph 4). Inflation expectations for the end of 2021 were in 3,24% (Graph 5).

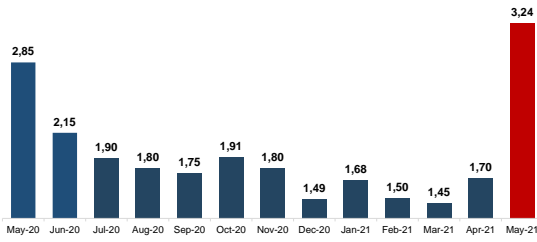
Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 5. Inflation forecast – May 2021

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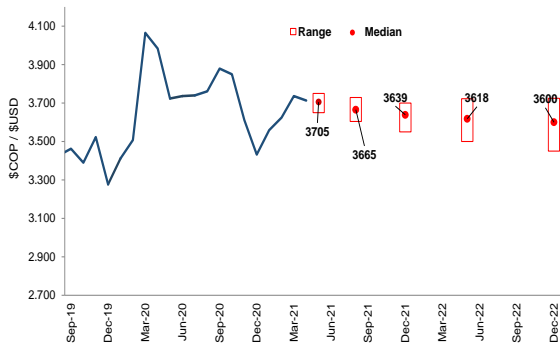


Source: Financial Opinion Survey, Fedesarrollo - BVC

**EXCHANGE RATE**

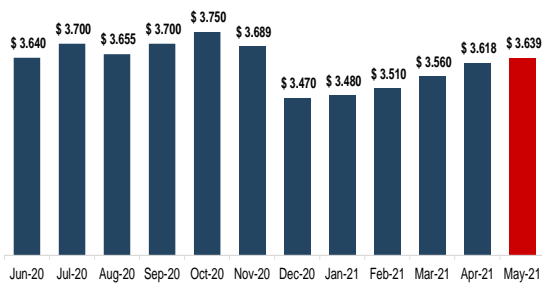
In April, the exchange rate closed at \$3,712.89, with a monthly appreciation of 0.61%. On April 28, it reached a maximum value of \$3,717.46 pesos per dollar and on April 19 it reached a minimum value of \$3,595.57 pesos per dollar. **The exchange rate forecast by the end of the month ranges between \$3,650 and \$3,750, with \$3,705 as median response.** (Graph 6). **The exchange rate forecast for the end of 2021 was 3,639, ranging between \$3,550 and \$3,700** (Graph 7). Finally, **the exchange rate forecast for next three months ranges between \$3,604 and \$3,729, with \$3,665 as median response.**

**Graph 6. Exchange rate - end of period**



Source: Financial Opinion Survey, Fedesarrollo – BVC

**Graph 7. Exchange rate forecast May 2021**



Source: Financial Opinion Survey, Fedesarrollo - BVC

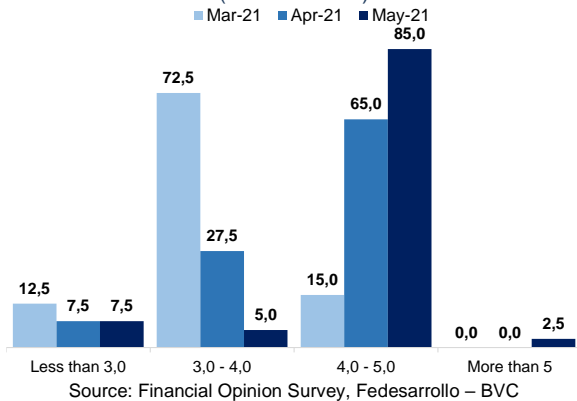
**TES 2024 and 2028 RATE**

In April, the traded volume of the Colombian treasury bonds reached COP 35.5 billion, which entails an increase of 36,1% compared to the last month and an increase of 128,9% related to April 2020.

In this edition, the percentage of analysts who considers that **the interest rate on the treasury bonds maturing in 2024 will be under 3.0% during the next three months is 7.5%, meanwhile 5.0% expects it to be between 3.0% and 4.0%.** The percentage of analysts who expects that **the rate will be between 4.0% and 5.0% during the next three months is 85%; 2,5% expects a rate over 5% (Graph 8).**

Regarding TES maturing in 2028, **the 2,4% expects a rate lower than 5.0% during the next three months. The 9,8% of the analysts considers that the rate will be between 5.0% and 6.0%.** Thus, most of them, the 85,4% of analysts, expects the rate to be located **between 6.0% and 7.0%, finally, 2,4% of the analysts considers it to be higher than 7% (Graph 9).**

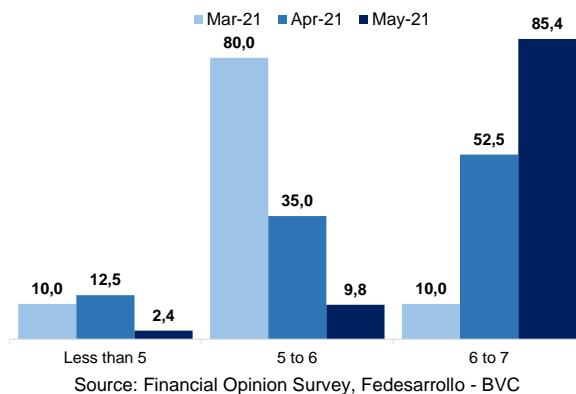
**Graph 8. Expectation of TES 2024 performance rate for the next 3 months**  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – BVC

**Graph 9. Expectation of TES 2028 performance rate for the next 3 months**  
(% of answers)

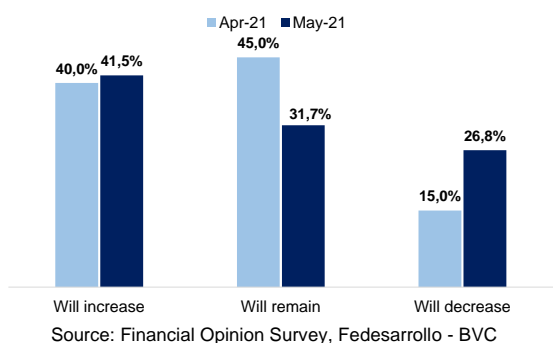
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### DEBT SPREAD – EMBI + COLOMBIA

The debt spread (EMBI + Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities. The debt spread closed at 234-bps in April. **In May 41.4% of the analysts (1.5-bps more than the previous FOS) expects the spread to increase in the next three months, while 26.8% (11.8-bps more than previous FOS) expects it to decrease. The remaining 31.7% of the respondents expects for the spread to remain equal (13.3-bps less than previous FOS) (Graph 10).**

**Graph 10. Expectation 3-months debt spread**  
(% of answers)

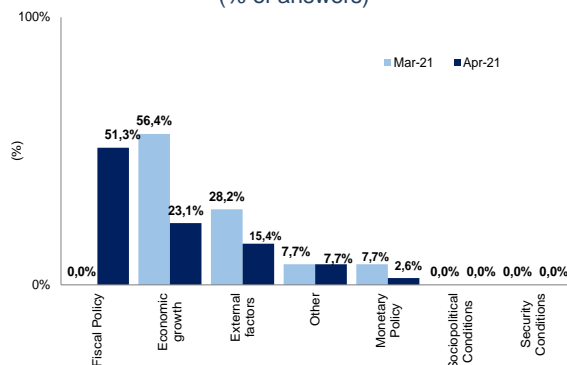


### INVESTMENT DETERMINANTS

**In this edition, the sociopolitical conditions rank as the most important aspect considered for investing decisions, reaching 51.28% (0.0% in the previous month).** Fiscal policy and economic growth placed second and third place, respectively. Concerns accounting for fiscal policy reached 23.08% (56.4% in the previous month), while economic growth reached 15.38% (28.2% in the previous month). External factors placed at fourth place, with 7.69% (7.7% in the previous

month). Other factors reached 2.56%, while monetary policy and security conditions were no relevant for the investors, with 0% each of them (Graph 11).

**Graph 11. Most relevant factors for investment decisions**  
(% of answers)



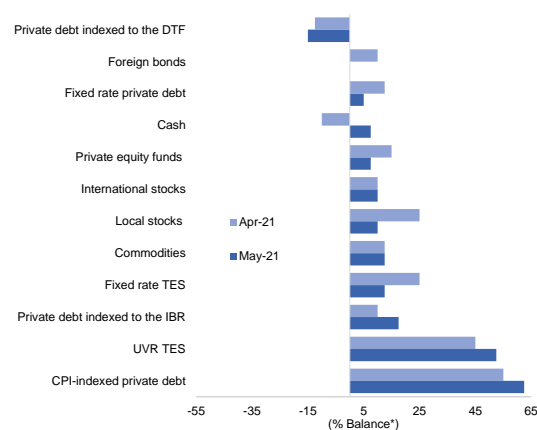
Source: Financial Opinion Survey, Fedesarrollo - BVC

### INVESTMENT PREFERENCES

Compared to April, **portfolio managers increased their preferences for cash, CPI-indexed private debt, UVR TES and private debt indexed to IBR.** In contrast, there is evidence of a deterioration in preferences for local stocks, fixed rate TES, foreign bonds, private equity funds, fixed rate private debt and private debt indexed to DTF (Graph 12).

Compared to the survey's historical average, there is a greater preference for CPI-indexed private debt, UVR TES, commodities, international stocks, private debt indexed to IBR, fixed rate TES and foreign bonds (Graph 13).

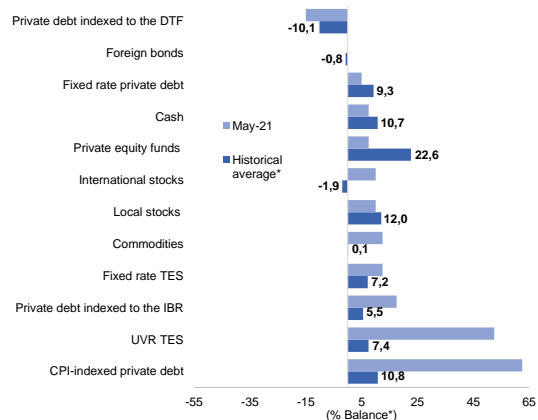
**Graph 12. Projection of positions in the next 3 months for different assets**



\*Balance: % of respondents who will increase their position minus % of respondents that will decrease their position

Source: Financial Opinion Survey, Fedesarrollo - BVC

**Graph 13. 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 - BVC

## COLCAP

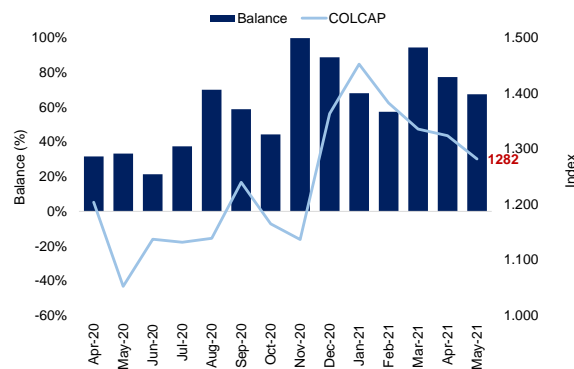
The COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. In May, the 81.1% of the analysts (85.0% in April) expect a valuation of the index during the next three months (Table 1). While 13.5% of the analysts expects the index to devalue and 5.4% of them expects it to remain the same (7.5% in both cases in the previous FOS).

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

Index COLCAP Price Level	April 2021	May 2021
Will increase 10% or more	7,5%	5,4%
Will increase between 5% and 9,99%	25,0%	40,5%
Will increase between 0,01% and 4,99%	52,5%	35,1%
Will remain	7,5%	5,4%
Will decrease between 0,01% and 4,99%	7,5%	10,8%
Will decrease between 5% and 9,99%	0,0%	2,7%
Will decrease between 10% or more	0,0%	0,0%

Source: Financial Opinion Survey, Fedesarrollo - BVC

**Graph 14. Balance on the price of the COLCAP index 3 months\***  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - BVC

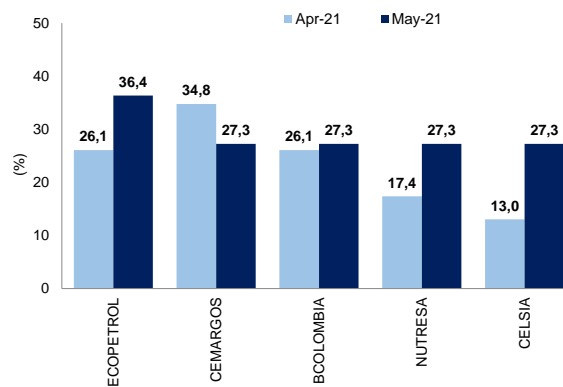
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

## MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the COLCAP index. In May, the ordinary stock of Ecopetrol was ranked in the first place with 36.4%. It was followed by the common stocks of Cementos Argos, Bancolombia, Grupo Nutresa S.A. and CELSIA (Graph 15).

**Graph 15. More attractive COLCAP stocks for investors**

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



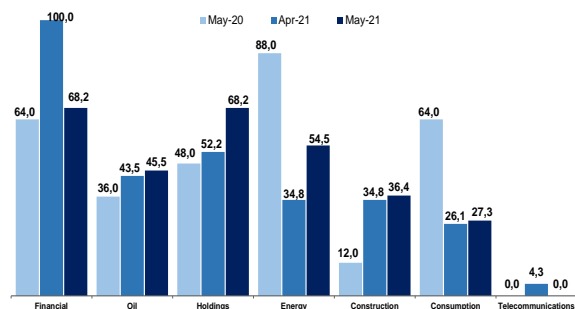
Source: Financial Opinion Survey, Fedesarrollo - BVC

Compared to the last month, there is greater appetite among respondents mainly for shares of the energy sector and holdings (Graph 16).

**Graph 16. Most attractive COLCAP sectors for investors**

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

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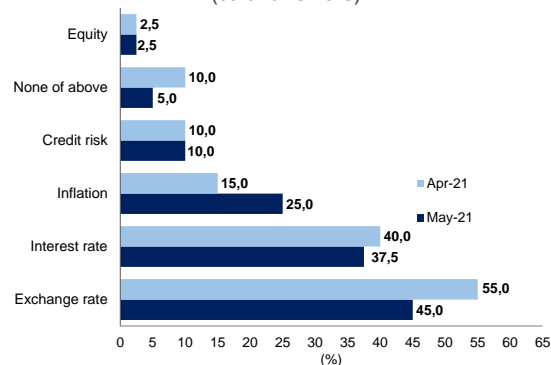


Source: Financial Opinion Survey, Fedesarrollo - BVC

### RISK COVERAGE

The FOS inquires portfolio managers about the types of risk for which they plan to hedge against, in the next three months. **In May, 45% of the respondents (55.0% in April) were planning to hedge against the foreign exchange risk in the short term.** The percentage of managers who expect to hedge against the interest rate is 37.5% (40.0% in April).

**Graph 17. Coverage of the different types of risk for the next 3 months**  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - BVC

**Table 2. Summary of the Macroeconomic Expectations**

Variable	Observed	Forecasts (Median of answers)		
	Apr-21	May-21	Aug-21	Dec-21
Inflation (Annual variation, %)	1.95	2.55		3.24
Exchange rate	\$ 3,713.89	\$ 3.705	\$ 3.665	\$ 3.639
Monetary policy interest rate (%)	1.75	1.75	1.75	2.00
	1Q-2021	IIQ-2021	Year 2021	Year 2022
Growth (%)	1,1	10.5	5.25	3.70

Source: Financial Opinion Survey - BVC

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