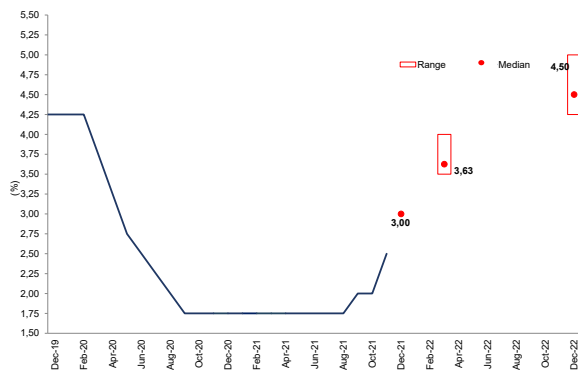


### CENTRAL BANK POLICY RATE

In November, the Board of Directors of the Central Bank did not take monetary policy decision, thus, the interest rate remains in 2.5%. The next decision will take place on December 17.

By December, 86.7% of the analysts expects the interest rate to increase up to 3.0%, meanwhile the 6.7% expects an unchanged rate at 2.5%. The 3.3% foresee a 2.75% rate and the remaining 3.3% expects that it will reach 3.25% (Graph 1).

**Graph 1. Central Bank interest rate**



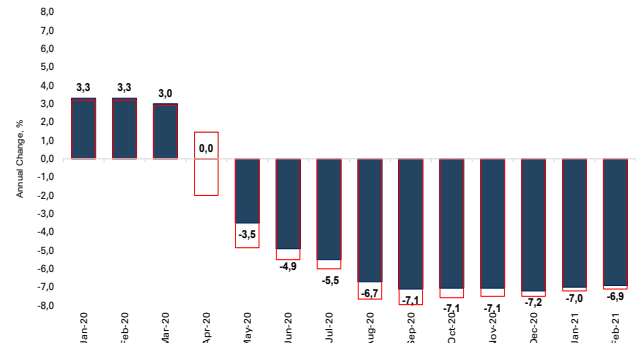
Source: Financial Opinion Survey, Fedesarrollo - BVC

### ECONOMIC GROWTH

In December, the economic growth forecast for 2021 ranges between 9.43% and 10.0%, with 9.55% as median response (9.0% in the previous FOS) (Graph 3). The economic growth forecast for 2022 was at 4.0%, ranging between 4.0% and 4.50%.

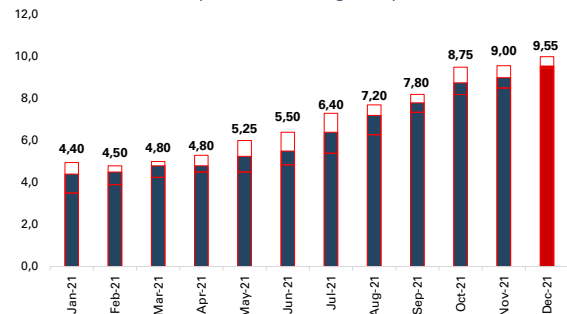
Expectations about the fourth quarter were in a median of 8.0% (7.50% in the previous edition), ranging between 7.15% and 9.63%. Expectations regarding the first quarter of 2022 growth reached 4.36%, ranging between 3.0% and 5.40% (Graph 4).

**Graph 2. 2020 GDP annual growth forecast**  
(Annual Change, %)



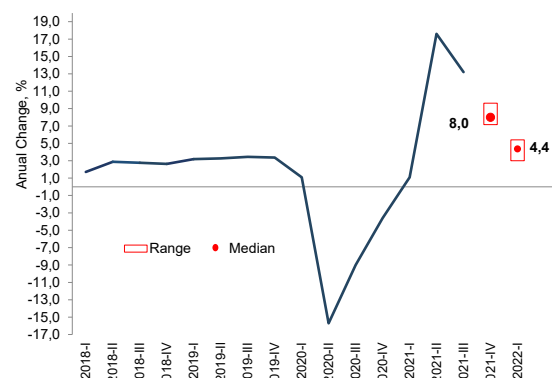
Source: Financial Opinion Survey, Fedesarrollo - BVC

**Graph 3. 2021 GDP annual growth forecast**  
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

**Graph 4. GDP growth forecast – fourth quarter 2021 and first quarter 2022**  
(Annual Change)

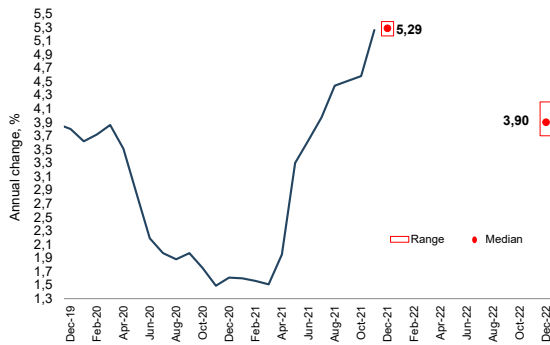


Source: Financial Opinion Survey, Fedesarrollo - BVC

## INFLATION

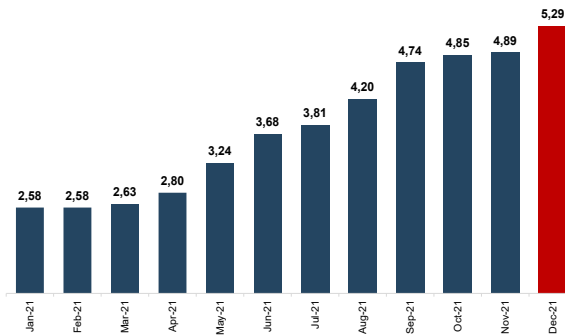
In November, the annual inflation reached 5.26%, higher than the analysts forecast in the previous edition (4.83%). **In December, the analysts believe that inflation will reach 5.29%** (Graph 5). It is highlighted that the current expectations are above the target range (2.0% to 4.0%) of the Central Bank (Graph 6).

Graph 5. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 6. Inflation forecast - End 2021

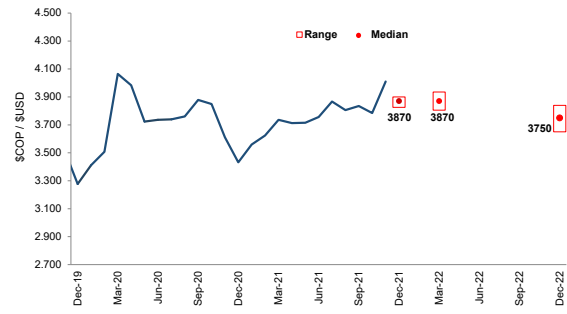


Source: Financial Opinion Survey, Fedesarrollo - BVC

## EXCHANGE RATE

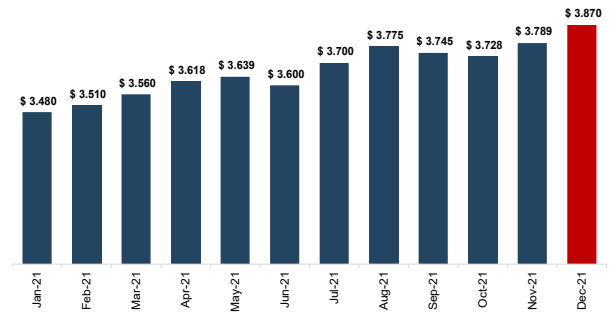
In November, the exchange rate closed at \$4,010.98, with a monthly depreciation of 6.0%. On November 30 it reached a maximum value of \$4,010.98 pesos per dollar and on November 3 it reached a minimum value of \$3,778.69 pesos per dollar. **The exchange rate forecast by the end of the month ranges between \$3,825 and \$3,900, with \$3,870 as median response** (Graph 7). Thus, it is expected that the exchange rate will close the year below the \$ 4,000 pesos (Graph 8).

Graph 7. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 8. Exchange rate forecast  
End of 2021



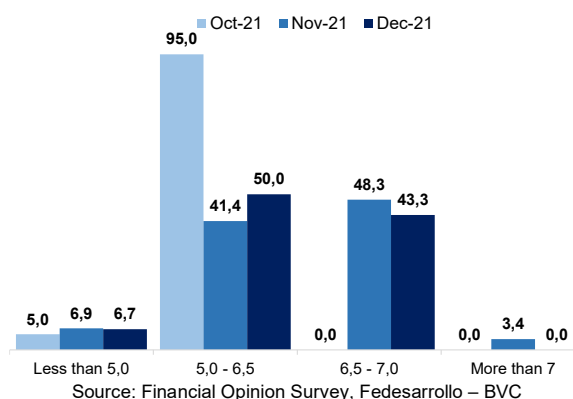
Source: Financial Opinion Survey, Fedesarrollo - BVC

## TES 2024 and 2028 RATE

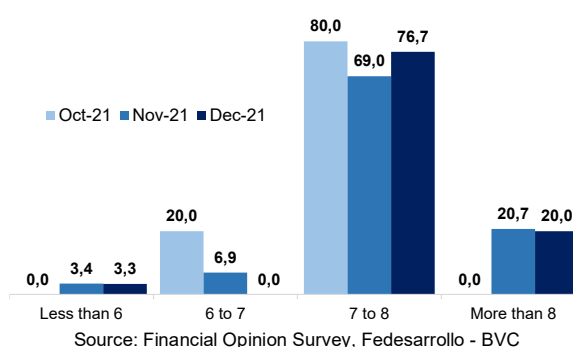
In this edition, the percentage of analysts who considers that **the interest rate on the treasury bonds maturing in 2024 will be between 5.0% and 6.5%** during the next three months; **the 43.3% expects that it will be between 6.5% and 7.0%**; meanwhile the remaining 6.7% foresee a rate below 5.0% (Graph 9).

Regarding TES maturing in 2028, **the 76.7% of the analysts expects a rate between 7.0% and 8.0%**; meanwhile the 20.0% foresee a rate higher than 8.0% during the next three months. **The remaining 3.3% expects a rate below 6.0%** (Graph 10).

**Graph 9. Expectation of TES 2024 performance rate for the next 3 months**  
(% of answers)



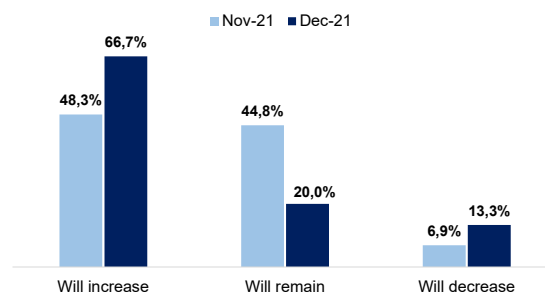
**Graph 10. Expectation of TES 2028 performance rate for the next 3 months**  
(% of answers)



## 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 359-bps in November. **In December, 66.67% of the analysts (18.4-bps more than the previous FOS) expects the spread to increase in the next three months, while 13.33% (6.4-bps more than previous FOS) expects it to decrease. The remaining 20.0% of the respondents expects for the spread to remain equal (24.8-bps less than the previous FOS) (Graph 11).**

**Graph 11. Expectation 3-months debt spread**  
(% of answers)

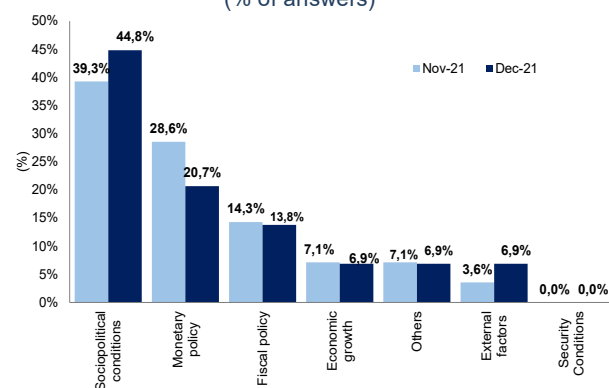


Source: Financial Opinion Survey, Fedesarrollo - BVC

## INVESTMENT DETERMINANTS

In this edition, the sociopolitical conditions ranks as the most important aspect considered for investing decisions, reaching **44.83%** (39.3% in the previous month). Monetary policy and fiscal policy placed second and third place, respectively, with 20.69% and 13.79% (28.6% and 14.3% in the previous month). Economic growth was placed at fourth place, with 6.90% (7.1% in the previous month). Other factors reached 6.90%, same value as external factors, while security conditions were no relevant for any of the investors (Graph 12).

**Graph 12. Most relevant factors for investment decisions**  
(% of answers)



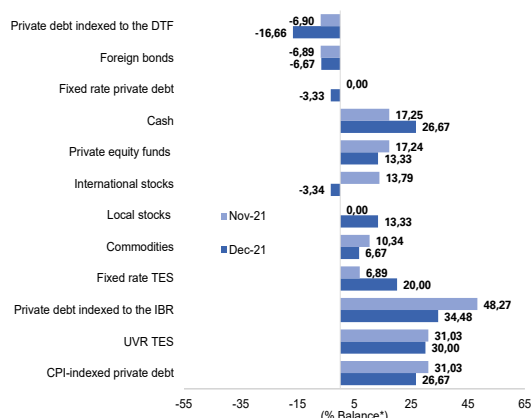
Source: Financial Opinion Survey, Fedesarrollo – BVC

## INVESTMENT PREFERENCES

Compared to November, **portfolio managers increased their preferences for fixed rate TES, local stocks, cash, and foreign bonds.** In contrast, there is evidence of a deterioration in preferences for CPI-indexed private debt, UVR TES, IBR-indexed private debt, commodities, international stocks, private equity funds, fixed rate private debt and DTF-indexed private debt (Graph 13).

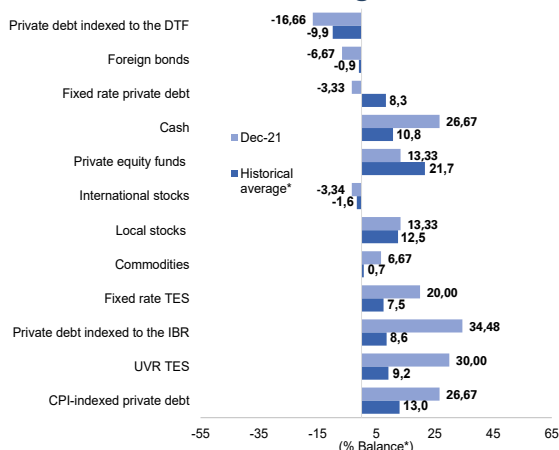
Compared to the survey's historical average, there is a greater preference for CPI-indexed private debt, UVR TES, IBR-indexed private debt, fixed rate TES, commodities, local stocks, and cash (Graph 14).

**Graph 13. 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 14. 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

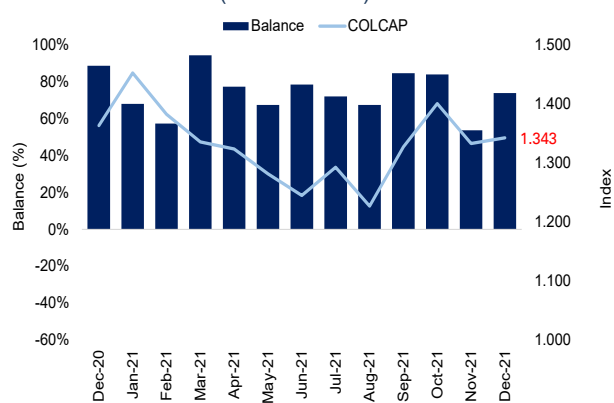
The MSCI COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. **In December, the 85.2% of the analysts (76.9% in November) expects a valuation of the index during the next three months (Table 1), while 11.1% of the analysts expects the index to devalue and 3.7% of them expects it to remain the same (23.1% and 0% respectively in the previous FOS).**

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

Index COLCAP Price Level	November 2021	December 2021
Will increase 10% or more	3,8%	29,6%
Will increase between 5% and 9,99%	7,7%	11,1%
Will increase between 0,01% and 4,99%	65,4%	44,4%
Will remain	0,0%	3,7%
Will decrease between 0,01% and 4,99%	19,2%	7,4%
Will decrease between 5% and 9,99%	3,8%	3,7%
Will decrease between 10% or more	0,0%	0,0%

Source: Financial Opinion Survey, Fedesarrollo – BVC

**Graph 15. Balance on the price of the COLCAP index 3 months\***  
(% of answers)



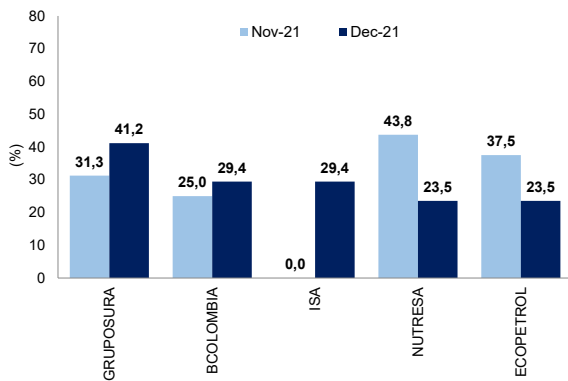
Source: Financial Opinion Survey, Fedesarrollo – BVC  
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

### MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the COLCAP index. In December, the ordinary stock of Grupo Sura was ranked in the first place with 41.2%. It was followed by the stock of Bancolombia, the ordinary stock of ISA, the ordinary stock of Nutresa and the ordinary stock of of Ecopetrol (Graph 16).

**Graph 16. More attractive COLCAP stocks for investors**

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

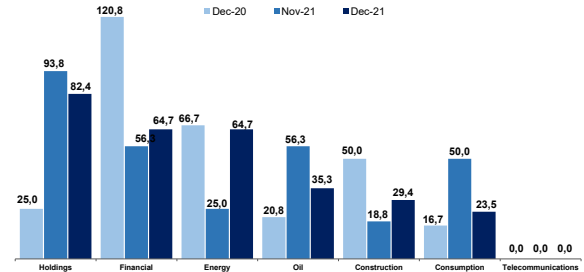


Source: Financial Opinion Survey, Fedesarrollo – BVC

Compared to the last month, there is greater appetite among respondents mainly for shares of the financial, energy and construction sector (Graph 17).

**Graph 17. Most attractive COLCAP sectors for investors**

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



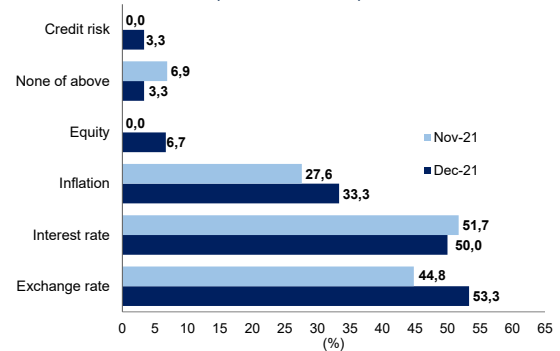
Source: Financial Opinion Survey, Fedesarrollo - BVC

### 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 December, 53.3% of the respondents (44.8% in November) 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 50.0% (51.7% in November).

**Graph 18. Coverage of the different types of risk for the next 3 months**

(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - B

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

Variable	Observed	Forecasts (Median of answers)	
	Nov-21	Dec-21	Dec-22
Inflation (Annual variation, %)	5,26	5,29	3,90
Exchange rate	\$4.010,98	\$ 3.870	\$ 3.750
Monetary policy interest rate (%)	2.5	3.0	4.5
	IIIQ-2021	IVQ-2021	2021
Growth (%)	13.2	8.0	9.55

Source: Financial Opinion Survey - BVC

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