

# Financial Opinion Survey

July 2022

Bulletin No.207

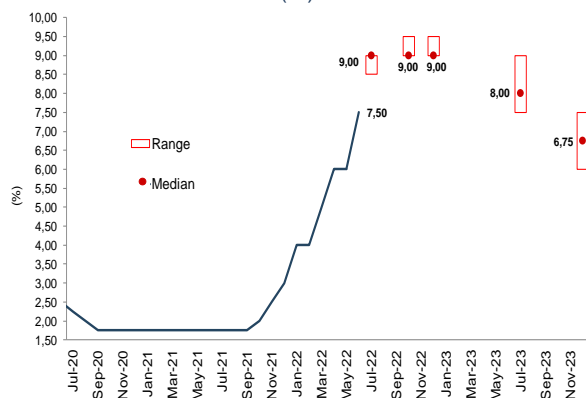


## CENTRAL BANK POLICY RATE

In June, the Board of Directors of the Central Bank increased the intervention rate by 150 bps to 7.5%. The next meeting of the Board of Directors, in which a monetary policy decision will be announced, will take place on July 29.

By July 2022, analysts expect the intervention rate to increase to 9,0% by the end of the month. For October and December 2022, they expect the rate to remain at 9,0%. On the other hand, they foresee a reduction throughout 2023, to 8,0% in July and 6,75% in December (Graph 1).

Graph 1. Central Bank interest rate (%)



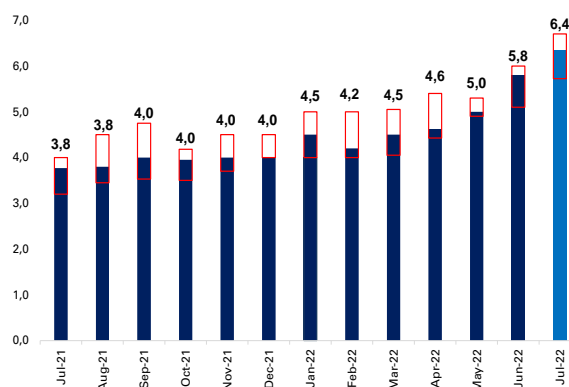
Source: Financial Opinion Survey, Fedesarrollo - BVC

## ECONOMIC GROWTH

In July, the economic growth forecast for 2022 ranges between 5,7% and 6,7%, with 6,4% as median response (5,8% in the previous FOS) (Graph 2). The economic growth forecast for 2023 was at 3,2%, ranging between 2,2% and 4,0%.

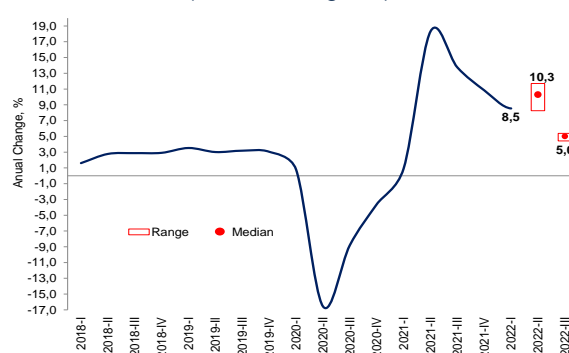
Expectations for second quarter 2022 growth ranged between 8,3% and 11,7% with 10,3% as the median response (9,0% in the previous FOS) (Graph 3). Expectations regarding the third quarter of 2022 growth reached 5,0%, ranging between 4,4% and 5,4%.

Graph 2. GDP annual growth forecast-2022 (Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 3. GDP growth forecast – second and third quarter 2022 (Annual Change, %)



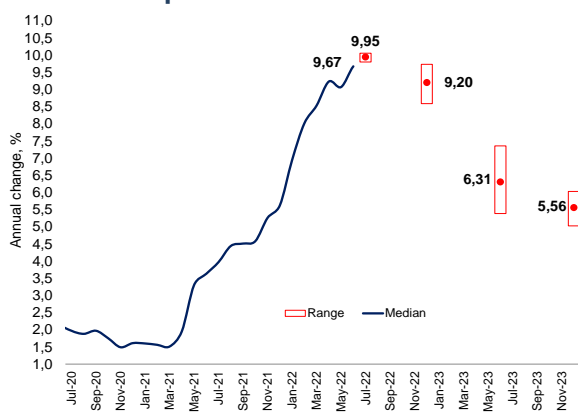
Source: Financial Opinion Survey, Fedesarrollo - BVC

## INFLATION

In June, the annual inflation reached 9,67%, slightly above the analysts forecast in the previous edition (9,56%). In July, the analysts expect inflation to reach 9,95% (Graph 4), which means that inflation expectations remain above the target range (2,0% to 4,0%) of the Central Bank.

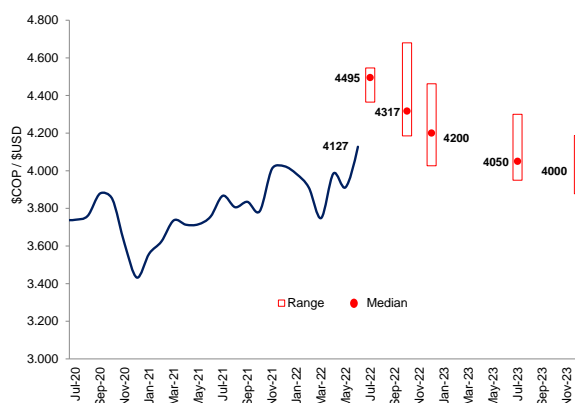
On the other hand, the experts foresee that the inflation at the end of 2022 will reach the value of 9,20%. This means that the prediction made at this edition is higher than the one made on the previous month (8,49%) (Graph 4).

Graph 4. Inflation forecast



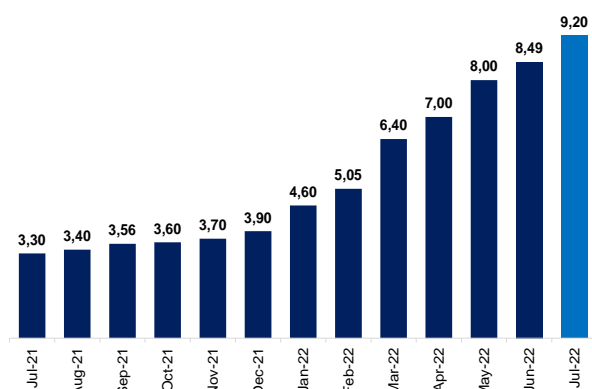
Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 6. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 5. Inflation forecast - End 2022



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 7. Exchange rate forecast  
End of 2022



Source: Financial Opinion Survey, Fedesarrollo - BVC

## EXCHANGE RATE

In June, the exchange rate closed at \$ 4.127,47 with a monthly depreciation of 5,50%. On June 29 it reached a maximum value of \$ 4.129,87 pesos per dollar and on June 6 it reached a minimum value of \$3.771,63 pesos per dollar. **The exchange rate forecast by the end of the month ranges between \$4.365 and \$4.546, with \$4.495 as median response (Graph 6).**

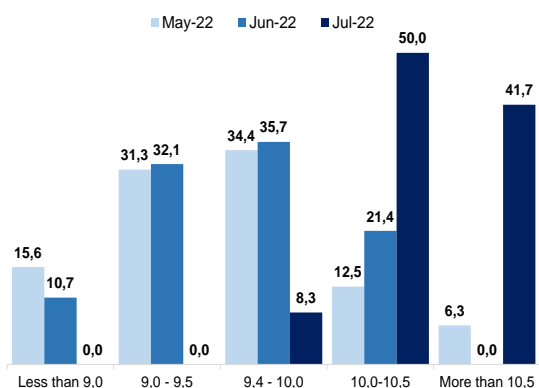
On the other hand, **experts forecast that the exchange rate will close at \$4.200 at the end of 2022. This means that the prediction made at this edition is higher than the one made on the previous month (\$3.820) (Graph 7).**

## 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 10,0%-10,5% are 50,0%. On the other hand, 41,7% estimate that it will be above 10,5%, while the remaining 8,3% place it between 9,5%-10,0%** (Graph 8). This shows an increase in the predictions made by the experts compared to the previous editions.

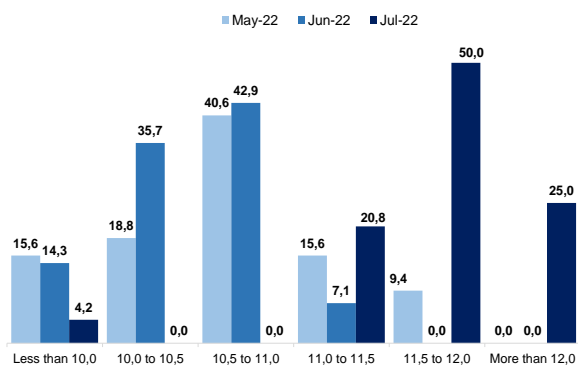
Regarding TES maturing in 2028, **50,0% of the analysts expects a rate between 11,5%-12,0% for the next 3 months. On the other hand, 25,0% and 20,8% expects it to be above 12,0% and between 11,0%-11,5%, respectively** (Graph 9). This shows an increase in expectations with respect to the previous editions.

**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)

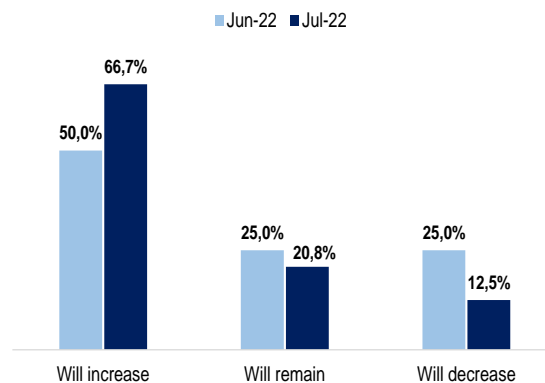


Source: Financial Opinion Survey, Fedesarrollo - BVC

## 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 436-bps in June. **In July, 66,7% of the analysts** (16,7-pps more than the previous FOS) **expects the spread to increase in the next three months, while 12,5% (12,5-pps less than previous FOS) expects it to decrease. The remaining 20,8% of the respondents expects for the spread to remain equal** (4,2-pps less than the previous FOS) (Graph 10).

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

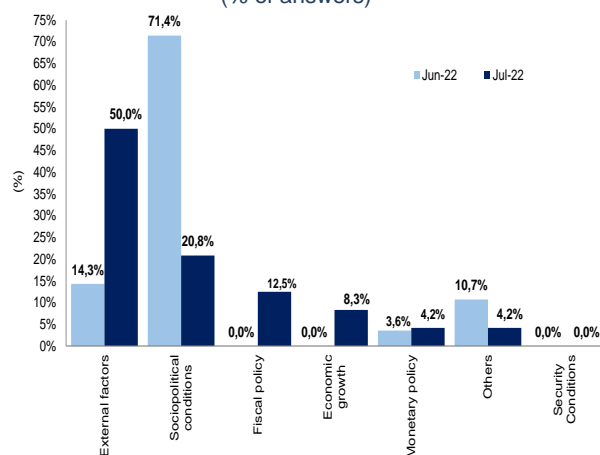


Source: Financial Opinion Survey, Fedesarrollo - BVC

## INVESTMENT DETERMINANTS

**In this edition, the external factors rank as the most important aspect considered for investing decisions, reaching 50,0% of participation** (14,3 in the previous month). The sociopolitical factors placed second, with 20,8% (71,4% in the previous month). This was followed by fiscal policy with 12,5% (0,0% in the previous month), and economic growth with 8,3% (0,0% in the previous month). Monetary policy (3,6% last month) and other factors (10,7% last month) were each considered by 4,2% of analysts as a relevant factors to investing. Finally, security conditions are not relevant reasons for analysts (Graph 11).

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



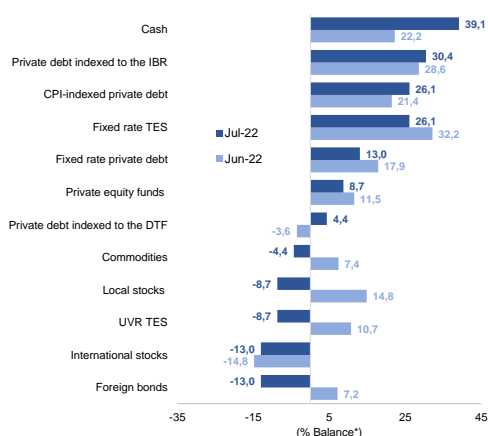
Source: Financial Opinion Survey, Fedesarrollo – BVC

## INVESTMENT PREFERENCES

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

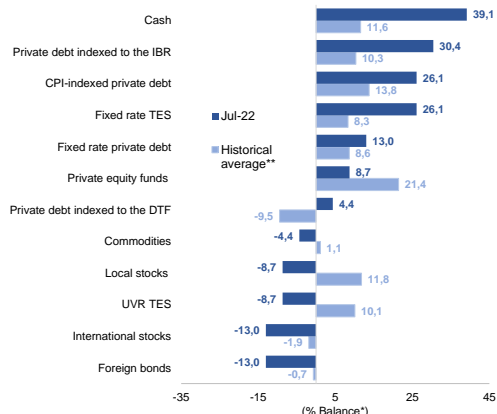
Compared to the survey's historical average, there is a greater preference for cash, private debt indexed to the IBR, CPI-indexed private debt, fixed rate TES, fixed rate private debt and private debt indexed to the DTF (Graph 13).

**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**



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

\*\*The historical average refers to the average of the response balances from June 2014 to date.

Source: Financial Opinion Survey, Fedesarrollo – BVC

## MSCI COLCAP

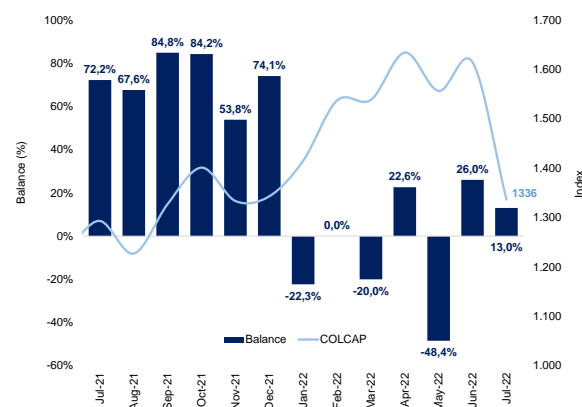
The MSCI COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. In July, the 56,5% of the analysts (63,0% in June) expects a valuation of the index during the next three months (Table 1), while the remaining 43,5% of the analysts expects the index to devalue (37,0% in the previous FOS).

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

Index COLCAP Price Level	June 2022	July 2022
Will increase 10% or more	0,0%	4,3%
Will increase between 5% and 9,99%	29,6%	17,4%
Will increase between 0,01% and 4,99%	33,3%	34,8%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	22,2%	17,4%
Will decrease between 5% and 9,99%	3,7%	13,0%
Will decrease between 10% or more	11,1%	13,0%

Source: Financial Opinion Survey, Fedesarrollo – BVC

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



Source: Financial Opinion Survey, Fedesarrollo – BVC

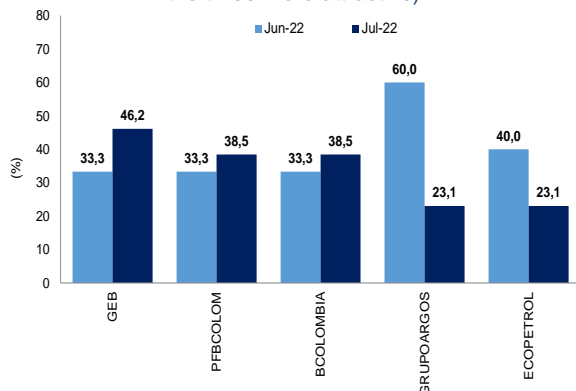
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the EOF was enabled.

## MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the MSCI COLCAP index. In July, the stock of Grupo Energía Bogotá (GEB) was ranked in the first place with 46,2%. It was followed by Bancolombia's preferential stock, Bancolombia's stock, Grupo Argos's stock and Ecopetrol's stock (Graph 15).

### Graph 15. More attractive MSCI COLCAP stocks for investors

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

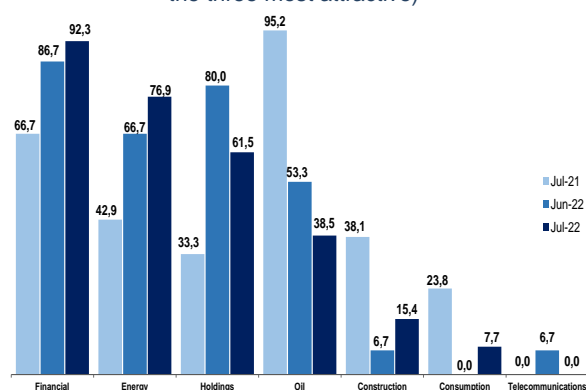


Source: Financial Opinion Survey, Fedesarrollo – BVC

Compared to the last month, there is greater appetite among respondents for shares of financial, energy, construction, and consumption sectors (Graph 16).

### Graph 16. Most attractive MSCI COLCAP sectors for investors

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



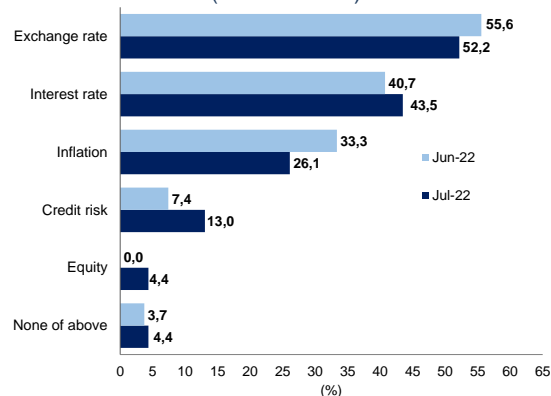
Source: Financial Opinion Survey, Fedesarrollo – BVC

## 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 July, 52,2% of the respondents (55,6% in June) were planning to hedge against the exchange rate in the short term (Graph 17). The percentage of managers who expect to hedge against the interest rate is 43,5% (40,7% in June).**

### 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)		
	Jun-22	Jul-22	Oct-22	Dec-22
Inflation (Annual variation, %)	9,67	9,95		9,20
Exchange rate	\$ 4.127,47	\$ 4.495	\$ 4.317	\$ 4.200
Monetary policy interest rate (%)	7,5	9,0	9,0	9,0
	IQ-2022	IIQ-2022	IIIQ-2022	2022
Growth (%) *	8,5	10,3	5,0	6,4

Source: Financial Opinion Survey – BVC  
\* Original series

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