

Financial Opinion Survey

March 2023

Bulletin No.215

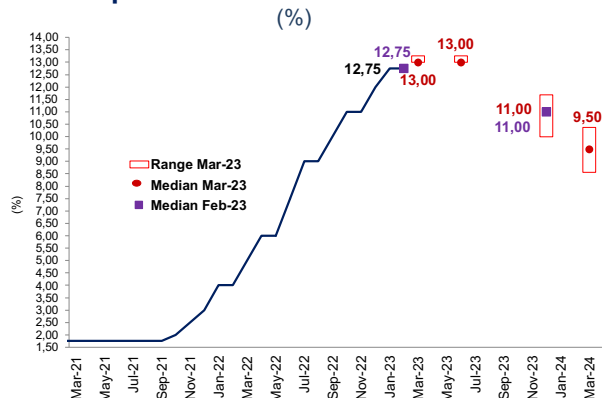


CENTRAL BANK POLICY RATE

In February 2023, the Board of Directors of Banco de la Republica did not decide on the intervention rate. The next meeting in which a monetary policy decision will be made will take place on March 31, 2023.

For the month of March, analysts expect the intervention rate to reach 13.00%. In turn, they expect the rate to remain at 13.00% for June of the same year. Finally, they anticipate a reduction throughout 2023, to 11.0% in December 2023 and 9.50% in March 2024 (Graph 1).

Graph 1. Central Bank interest rate



Source: Financial Opinion Survey, Fedesarrollo - BVC

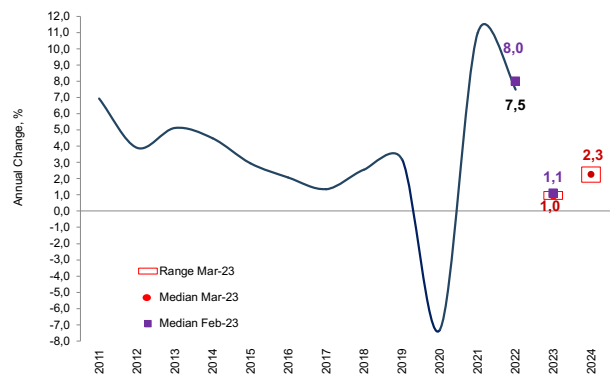
ECONOMIC GROWTH

In March, the growth forecast for 2023 was in a range between 0.7% and 1.2%, with 1.0% as the median response (1.1% in the February 2023 edition) (Graph 2). The median forecast for 2024 was 2.3%, ranging between 1.8% and 2.7%.

Expectations for growth in the first quarter of 2023 ranged between 1.3% and 2.3% with 2.0% as the median response (2.2% in the February issue). On the other hand, the growth forecast for the second quarter of 2023 was at 1.0% (Graph 3).

Graph 2. GDP annual growth forecast-2023 and 2024

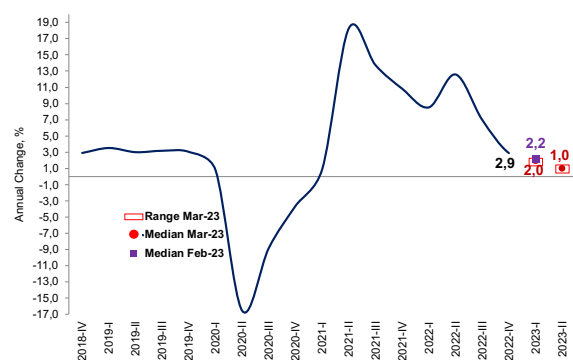
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 3. GDP growth forecast – first and second quarter 2023

(Annual Change, %)

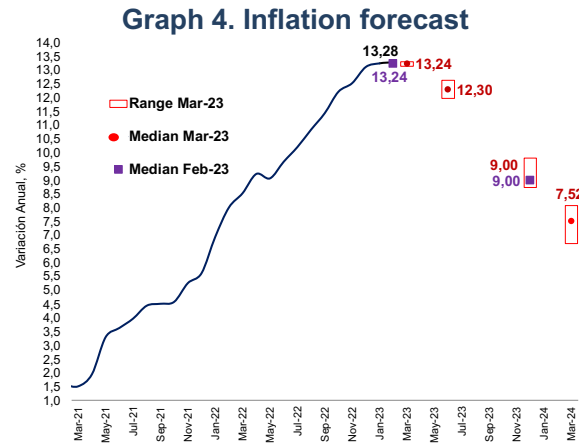


Source: Financial Opinion Survey, Fedesarrollo - BVC

INFLATION

In February, annual inflation stood at 13.28%, slightly higher than analysts' forecast in February (13.24%). In March, analysts believe that inflation will stand at 13.24% (in a range between 13.16% and 13.32%) (Graph 4).

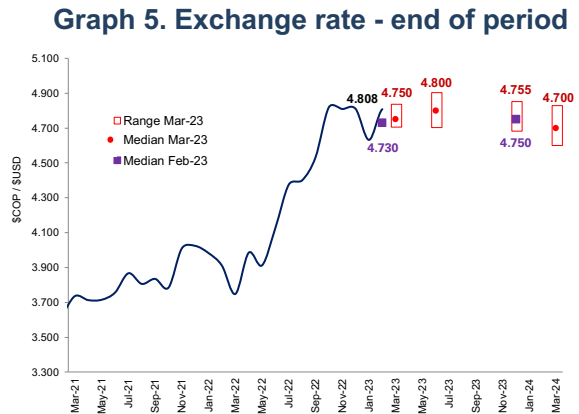
For this edition, analysts expect year-end inflation to close at 9.00% (in a range between 8.74% and 9.81%), showing stability compared to the previous edition, so that inflation expectations remain outside the target range of Banco de la República (2.0% - 4.0%).



Source: Financial Opinion Survey, Fedesarrollo - BVC

EXCHANGE RATE

In February, the exchange rate closed at \$4808.14 with a monthly depreciation of 3.8%, reaching its maximum value for the month on February 17 (\$4,966.33) and its minimum value on February 3 (\$4,584.44). In March, analysts consider that the exchange rate will be in a range between \$4,706 and \$4,838, with \$4,750 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4,755, which shows an increase compared to the previous month's forecast.



Source: Financial Opinion Survey, Fedesarrollo - BVC

TES 2028 and 2032 RATE

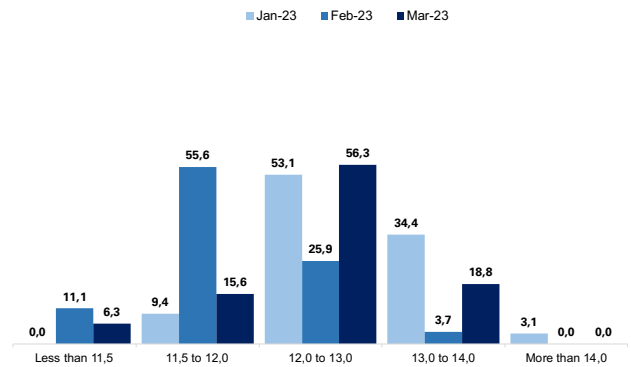
In this edition, 3.1% of analysts consider that the TES rate maturing in 2028 will be between 10.5%-11.0% in three months, 6.3% expect it to be between 11.0%-11.5%, 15.6% project it to be between 11.5%-12.0%, 56.3% between 12.0%-13.0% and 18.8% expect it to be between 13.0%-14.0% (Graph 6).

For TES maturing in 2032, 6.3% of analysts expect it to be between 11.0%-11.5%, 15.6% project it to be between 11.5%-12.0%, 12.5%

¹ The debt spread (EMBIG Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities.

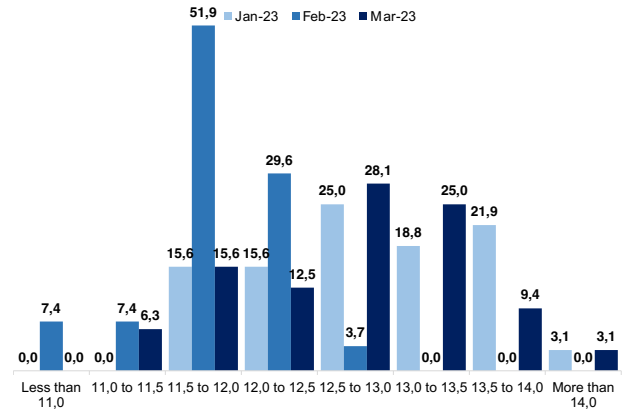
consider it to be between 12.0%-12.5%, 28.1% project it to be between 12.5%-13.0%, 25.0% between 13.0% and 13.5%, 9.4% in a range between 13.5% and 14.0%, and finally 3.1% expect it to be higher than 14.0% (Graph 7).

Graph 6. Expectation of TES 2028 performance rate within 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 7. Expectation of TES 2032 performance rate within 3 months (% of answers)

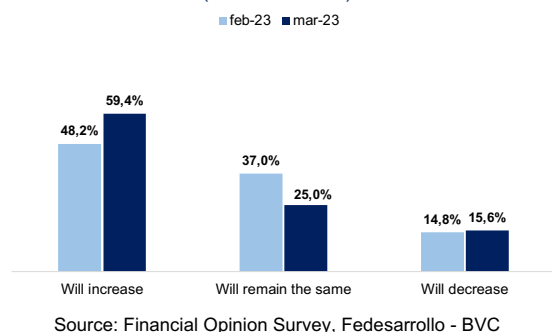


Source: Financial Opinion Survey, Fedesarrollo - BVC

DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia) closed February 2023 at 393 bps. In March, 59.4% of analysts (11.2 pps more than the previous month) expect the spread to increase in the next 3 months, while 15.6% (0.8 pps more than the previous month) expect it to decrease. The remaining 25.0% of respondents expect the spread to remain the same (12.0 pps less than the previous month) (Chart 8).

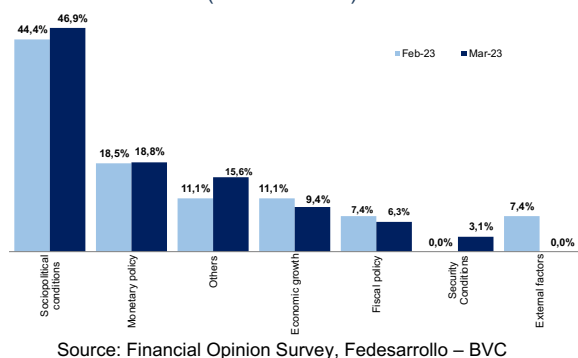
Graph 8. Expectation 3-months debt spread
(% of answers)



INVESTMENT DETERMINANTS

In this edition of the survey, socio-political conditions were shown as the most relevant aspect at the time of investing, being chosen by 46.9% of analysts (vs. 44.4% the previous month). Monetary policy came in second place with 18.8% of participation (vs. 18.5% the previous month). This was followed by other factors and economic growth with 15.6% and 9.4% of the share, respectively (vs. 11.1% the previous month). On the other hand, fiscal policy decreased its importance from 7.4% to 6.3%, security conditions increased from 0.0% to 3.1% and external factors decreased from 7.4% to 0.0% (Chart 9).

Graph 9. Most relevant factors for investment decisions
(% of answers)

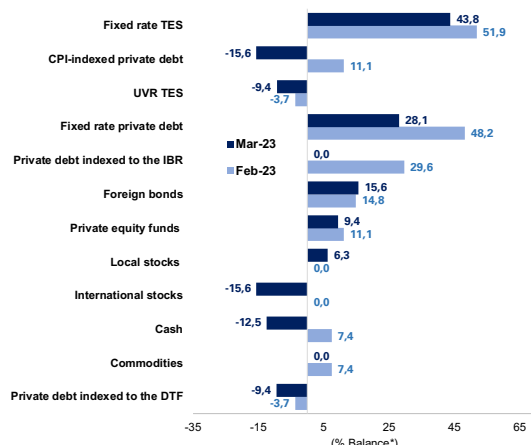


INVESTMENT PREFERENCES

Compared to February 2023, portfolio managers increased their preferences for local stocks and foreign bonds. In contrast, there was a decrease in preferences for private debt indexed to the CPI, IBR and DTF, commodities, cash, international stocks,

private equity funds, fixed rate private debt and TES in UVR and fixed rate (Figure 10).

Graph 10. Projection of positions in the next 3 months for different assets



MSCI COLCAP

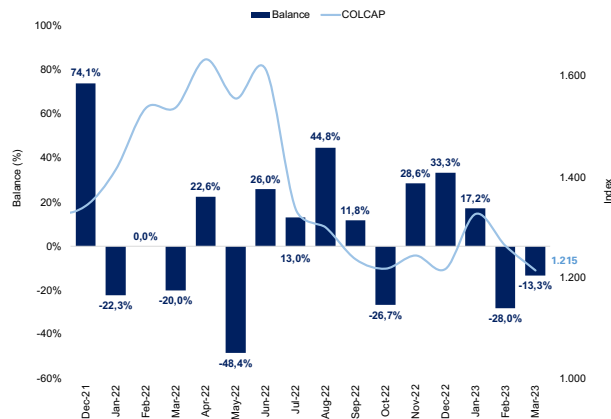
The MSCI COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. In March, 43.3% of analysts (vs. 36.0% in February) expect the index to appreciate in three months (Table 1), while the remaining 56.7% expect the stock index to depreciate (vs. 64.0% in February edition).

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

Index COLCAP Price Level	February 2023	March 2023
Will increase 10% or more	4,0%	0,0%
Will increase between 5% and 9,99%	4,0%	13,3%
Will increase between 0,01% and 4,99%	28,0%	30,0%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	32,0%	46,7%
Will decrease between 5% and 9,99%	24,0%	6,7%
Will decrease between 10% or more	8,0%	3,3%

Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 11. Balance on the price of the MSCI COLCAP index 3 months*
(% of answers)

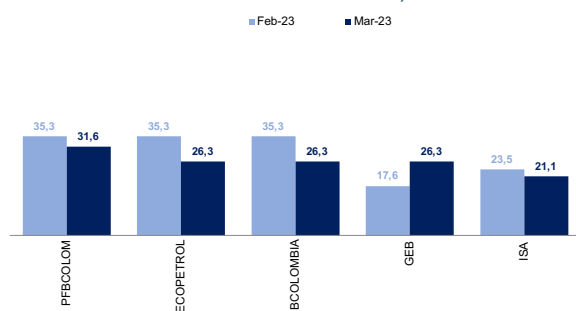


Source: Financial Opinion Survey, Fedesarrollo – BVC
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the EOF was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks that they consider most attractive within the MSCI COLCAP index. In March, Bancolombia's preferred stock occupied first place in the ranking, being selected by 31.6% of analysts. It was followed by Ecopetrol shares, Bancolombia common shares and GEB shares (26.3%) (Graph 12).

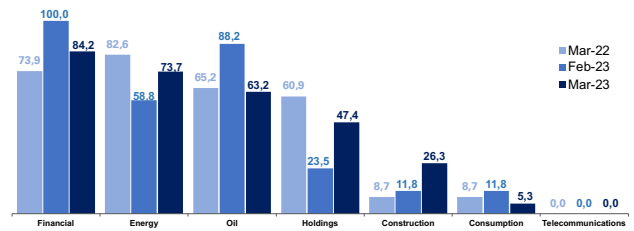
Graph 12. More attractive MSCI COLCAP stocks for investors
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo – BVC

Compared to the previous month, respondents' appetite for shares in the energy, holdings and construction sectors increased (Graph 13).

Graph 13. Most attractive MSCI COLCAP sectors for investors
(% of the respondents who consider the stock as one of the three most attractive)

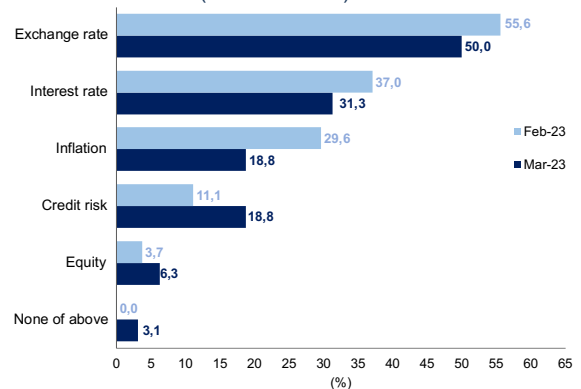


Source: Financial Opinion Survey, Fedesarrollo – BVC

RISK COVERAGE

The EOF asks portfolio managers about the types of risk for which they plan to hedge in the next three months. In March, 50.0% of respondents (55.6% in February) stated that they are planning to hedge against the exchange rate in the short term (Graph 14). In second place, the percentage of managers expecting to hedge against the interest rate was 31.3% while against inflation was 18.8% (37.0% and 29.6% in February, respectively).

Graph 14. 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	Temporality	Observed	Forecast (Median of answers)	
		Feb-23	Feb-23	Mar-23
Inflation (Annual variation, %)	End of month	13,28	13,24	13,24
	End of year 2023		9,0	9,0
Exchange rate (\$)	End of month	4808	4730	4750
	End of year 2023		4750	4755
Monetary policy interest rate (%)	End of month	12,75	12,75	13,00
	End of year 2023		11,00	11,00
Growth (%)*	IVQ-2022	2,90	4,0	
	IQ-2023		2,2	2,0
	2022	7,50	8,0	
	2023		1,1	1,0

Source: Financial Opinion Survey – BVC
*Original series

Published March 21, 2023
Comments to Daniel García: dgarcia@fedesarrollo.org.co



FEDESARROLLO
Centro de Investigación Económica y Social

Contact us if you wish to access historical results and other survey questions

+601 3259777 ext. 340
comercial@fedesarrollo.org.co