

# Financial Opinion Survey

April 2023

Bulletin No.216

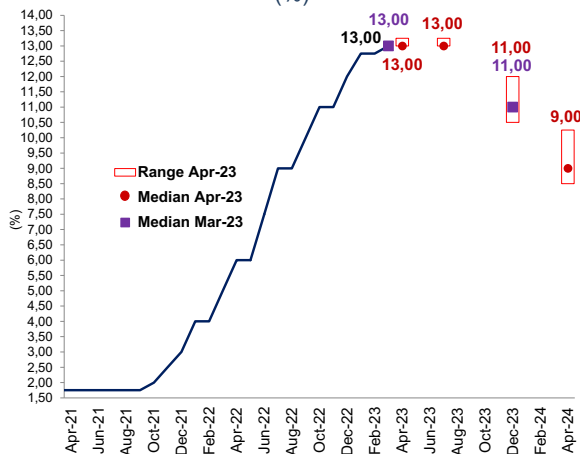


## CENTRAL BANK POLICY RATE

In March 2023, the Board of Directors of Banco de la Republica (Colombia's central bank) increased the intervention rate by 25 basis points, placing it at 13.00%. The next meeting at which a monetary policy decision will be made will take place on April 28, 2023.

For the month of April, analysts expect the intervention rate to remain at 13.00%. They also expect the rate to remain at 13.00% for July of the same year. Finally, they anticipate a reduction throughout 2023, to 11.00% in December 2023 and 9.00% in April 2024 (Graph 1).

Graph 1. Central Bank interest rate (%)



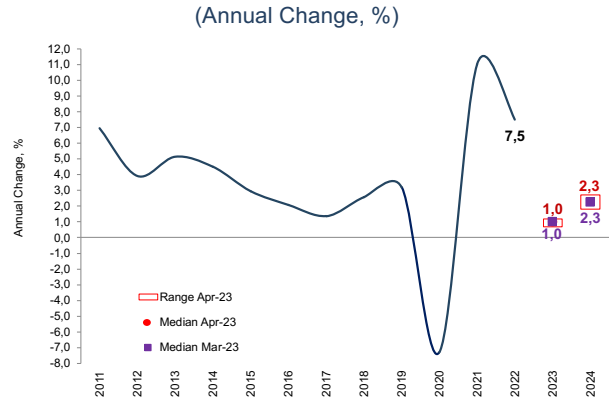
Source: Financial Opinion Survey, Fedesarrollo - BVC

## ECONOMIC GROWTH

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

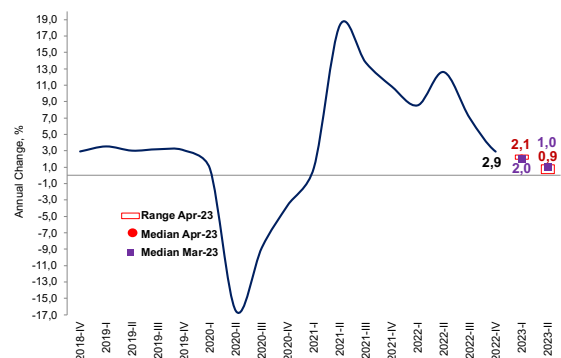
Expectations for first quarter 2023 growth were in a range between 2.0% and 2.5% with 2.1% as the median response (2.0% in the March issue). On the other hand, the growth forecast for the second quarter of 2023 was at 0.9% (Graph 3).

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

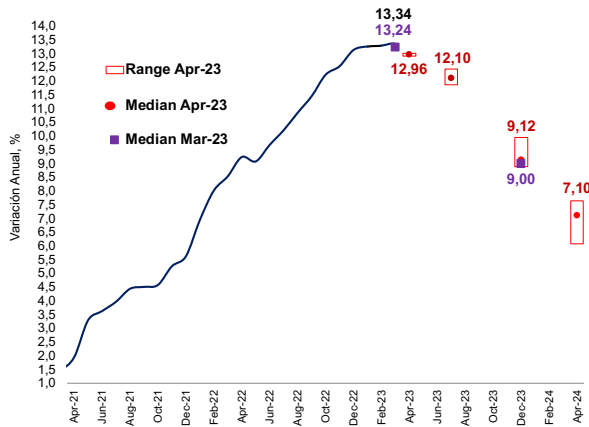
## INFLATION

In March, annual inflation stood at 13.34%, slightly higher than analysts' forecast in March (13.24%). In April, analysts believe that inflation will stand at 12.96% (in a range between 12.90% and 13.00%) (Graph 4).

For this edition, analysts foresee that at the end of the year inflation will close at 9.12% (in a range between 8.89% and 9.94%), showing an increase compared to the previous edition (9.00%), so that inflation expectations remain outside the target range of Banco de la Republica (2.0% - 4.0%).

Graph 4. Inflation forecast

## Financial Opinion Survey April 2023

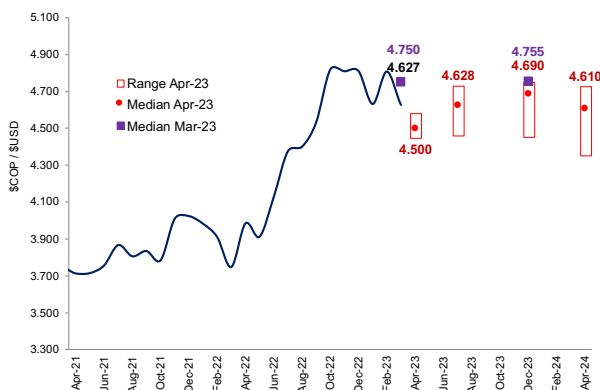


Source: Financial Opinion Survey, Fedesarrollo - BVC

## EXCHANGE RATE

In March the exchange rate closed at \$4,627.27 with a monthly appreciation of 3.8%, reaching its maximum value for the month on March 17 (\$4,866.50) and its minimum value on March 31 (\$4,627.27). In April, analysts consider that the exchange rate will be in a range between \$4,445 and \$4,580, with \$4,500 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4,690, which shows a decrease compared to the previous month's forecast.

Graph 5. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo - BVC

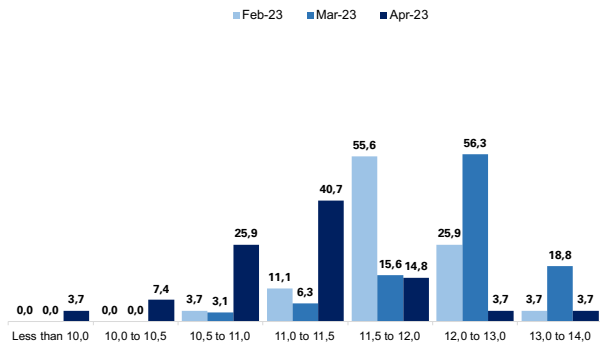
## TES 2028 and 2032 RATE

In this edition, 3.7% of analysts consider that the rate of TES maturing in 2028 will be less than 10.0% in three months, 7.4% place it between 10.0%-10.5%, 25.9% expect it to be between 10.5%-11.0%, 40.7% project it to be between 11.0%-11.5%, 14.8% between 11.5%-12.0% and 7.4% place it at more than 12.0% (Graph 6).

For TES maturing in 2032, 11.1% of analysts expect it to be less than 11.0%, 40.7%

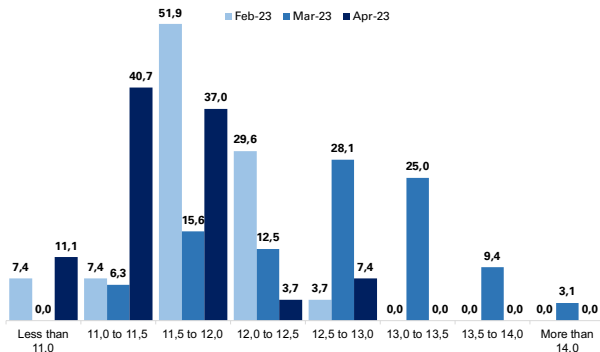
project it to be between 11.0%-11.5%, 37.0% consider it to be between 11.5%-12.0%, 3.7% project it to be between 12.0%-12.5%, and finally 7.4% expect it to be between 12.5%-13.0% (Graph 7).

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)



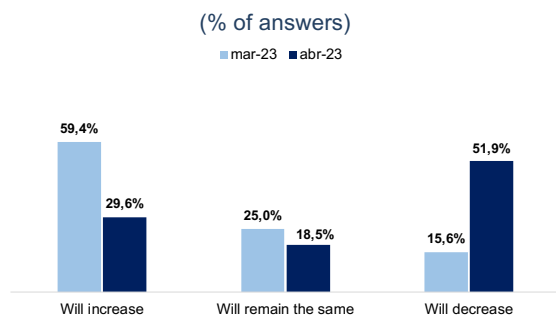
Source: Financial Opinion Survey, Fedesarrollo - BVC

## DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia) closed March 2023 at 382 bps. In April, 29.6% of analysts (29.8 pps less than the previous month) expect the spread to increase in the next 3 months, while 51.9% (36.2 pps more than the previous month) expect it to decrease. The remaining 18.5% of respondents expect the spread to remain the same (6.5 pps less than the previous month) (Graph 8).

Graph 8. Expectation 3-months debt spread

<sup>1</sup> 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.

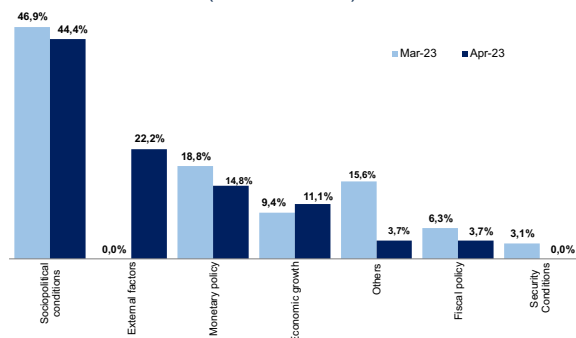


Source: Financial Opinion Survey, Fedesarrollo - BVC

## 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 **44.4%** of analysts (vs. 46.9% the previous month). External factors were in second place with 22.2% of participation (vs. 0.0% the previous month). This was followed by monetary policy and economic growth with 14.8% and 11.1% of the share, respectively (vs. 18.8% and 9.4% the previous month). On the other hand, fiscal policy decreased its importance from 6.3% to 3.7%, security conditions decreased from 3.1% to 0.0% and other factors were at 3.7% (Graph 9).

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

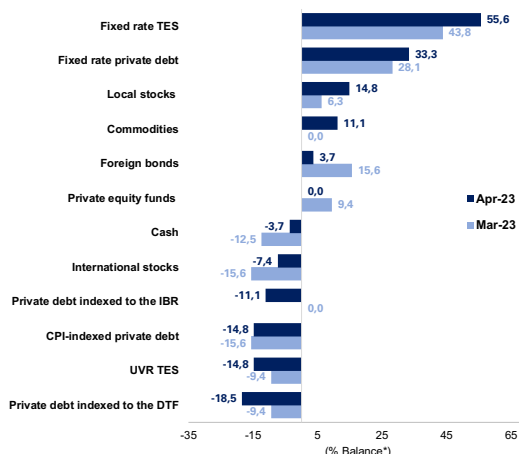


Source: Financial Opinion Survey, Fedesarrollo – BVC

## INVESTMENT PREFERENCES

Compared to March 2023, **portfolio managers increased their preferences for commodities, cash, international and local equities, fixed and CPI-indexed private debt and fixed-rate TES**. In contrast, there was a decrease in preferences for private debt indexed to the DTF and IBR, private equity funds, foreign bonds and TES in UVR (Graph 10).

Graph 10. 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

## MSCI COLCAP

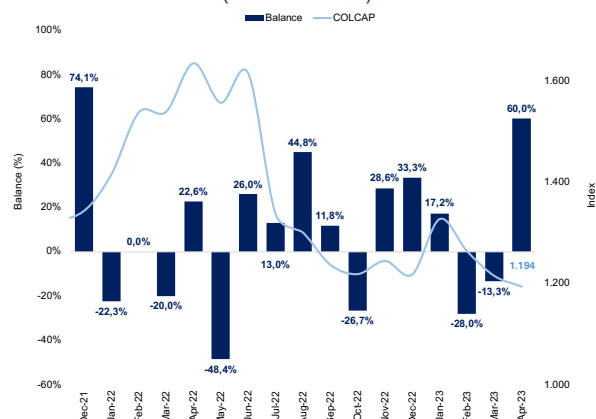
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange. **In April, 80.0% of analysts** (vs. 43.3% in March) **expect an appreciation of the index within three months** (Table 1), **while the remaining 20.0% expect the stock index to depreciate** (vs. 56.7% in March).

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

Index COLCAP Price Level	March 2023	April 2023
Will increase 10% or more	0,0%	24,0%
Will increase between 5% and 9,99%	13,3%	20,0%
Will increase between 0,01% and 4,99%	30,0%	36,0%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	46,7%	20,0%
Will decrease between 5% and 9,99%	6,7%	0,0%
Will decrease between 10% or more	3,3%	0,0%

Source: Financial Opinion Survey, Fedesarrollo – BVC

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

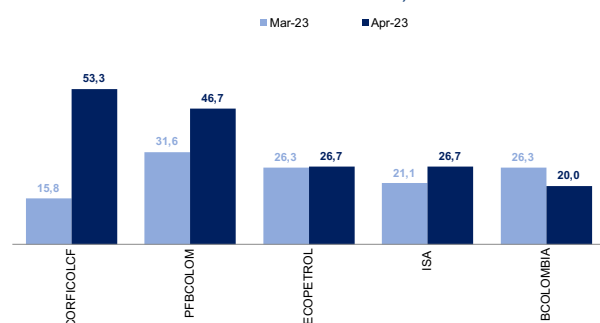


Source: Financial Opinion Survey, Fedesarrollo – BVC  
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the EOF was enabled.

### MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks that they consider most attractive within the MSCI COLCAP index. In April, **Corficolombiana's stock ranked first in the ranking, being selected by 53.3% of analysts. It was followed by Bancolombia's preferred stock (46.7%), Ecopetrol's common stock and ISA's common stock, both with 26.7% and Bancolombia's common stock, chosen by 20.0% of those surveyed (Graph 12).**

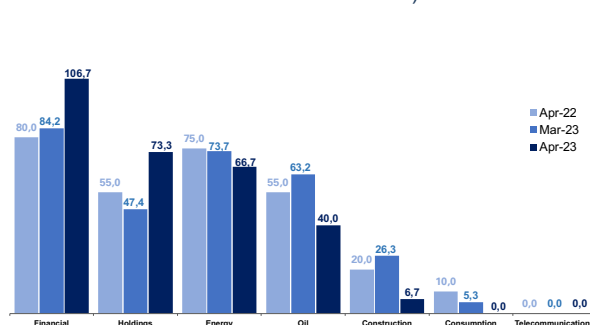
**Graph 12. More attractive MSCI COLCAP stocks for investors**  
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo – BVC

Compared to the previous month, respondents' appetite for **financial sector stocks and holdings** 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)

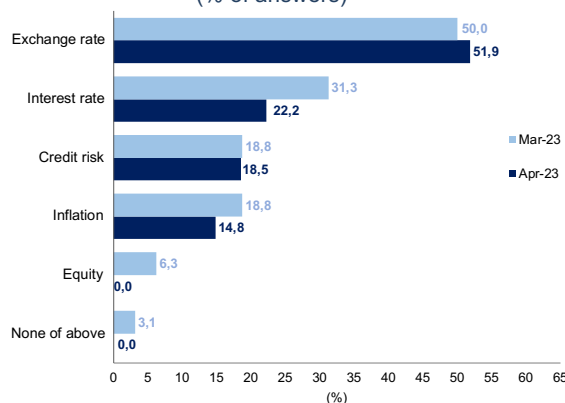


Source: Financial Opinion Survey, Fedesarrollo – BVC

### RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to establish a hedge in the next three months. **In April, 51.9% of respondents (50.0% in March) claim to be planning to hedge against the exchange rate in the short term (Graph 14). In second place, the percentage of managers expecting to hedge against interest rate was 22.2% while against credit risk was 18.5% (31.3% and 18.8% in March, 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)	
		Mar-23	Mar-23	Apr-23
Inflation (Annual variation, %)	End of month	13,34	13,24	12,96
	End of year 2023		9,0	9,12
Exchange rate (\$)	End of month	4.627	4.750	4.500
	End of year 2023		4.755	4.690
Monetary policy interest rate (%)	End of month	13,00	13,00	13,00
	End of year 2023		11,00	11,00
Growth (%)*	IQ-2023		2,0	2,1
	2023		1,0	1,0

Source: Financial Opinion Survey – BVC  
\*Original series

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