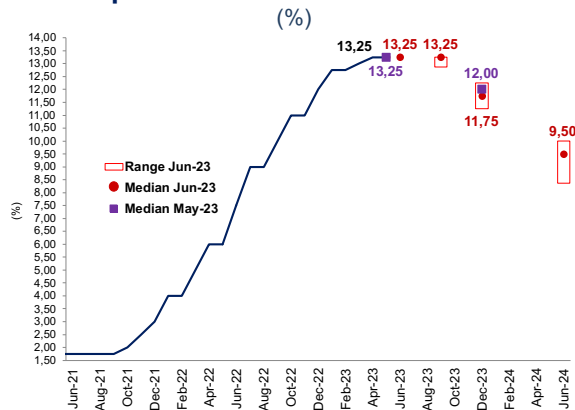


CENTRAL BANK POLICY RATE

In May 2023, the Board of Directors of Banco de la República (Colombia's Central Bank) did not decide on the intervention rate. The next meeting in which a monetary policy decision will be made will take place on June 30, 2023.

For the months of June and September, analysts expect the intervention rate to remain at 13.25%. They also anticipate a reduction throughout 2023, to 11.75% in December 2023 and 9.50% in June 2024 (Graph 1).

Graph 1. Central Bank interest rate



Source: Financial Opinion Survey, Fedesarrollo - bvc

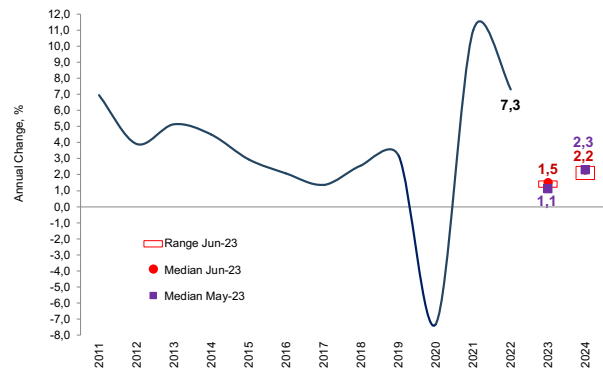
ECONOMIC GROWTH

In June, the growth forecast for 2023 was in a range between 1.2% and 1.6%, with 1.5% as the median response (0.4 percentage points (pps) higher than in the May 2023 edition) (Graph 2). The median forecast for 2024 was 2.2%, ranging between 1.7% and 2.5%.

Growth expectations for the second quarter of 2023 were in a range between 1.0% and 1.9%, with 1.4% as the median response (1.0% in the May issue). On the other hand, the growth forecast for the third quarter of 2023 stood at 1.0% (Graph 3).

Graph 2. GDP annual growth forecast-2023 and 2024

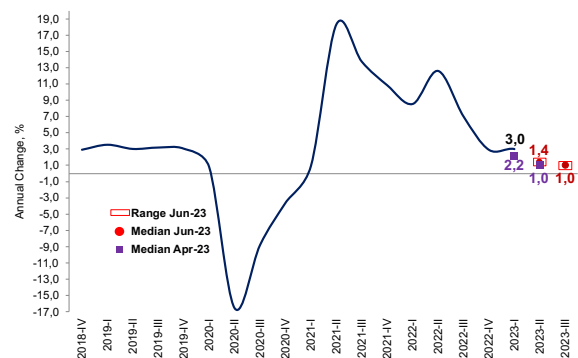
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - bvc

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

(Annual Change, %)



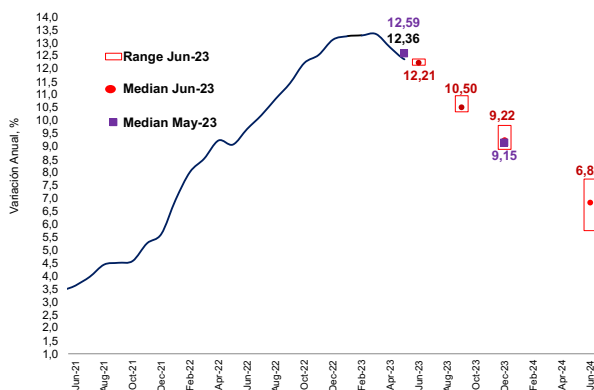
Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

In May, annual inflation stood at 12.36%, lower than analysts' forecast (12.59%). In June, analysts expect inflation to stand at 12.21% (in a range between 12.13% and 12.38%) (Graph 4).

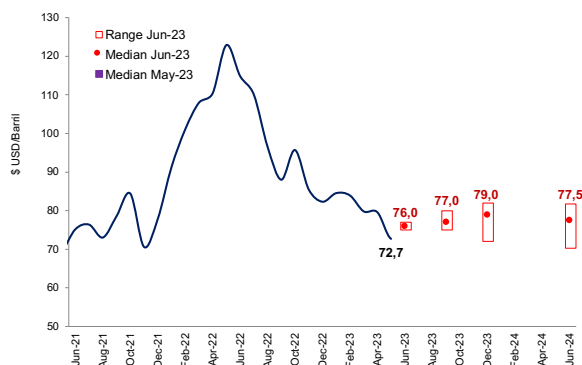
For this edition, analysts expect year-end inflation to close at 9.22% (in a range between 9.00% and 9.85%), showing a slight increase compared to the previous edition (9.15%), so inflation expectations remain outside the target range of Banco de la República (2.0% - 4.0%).

Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Brent's price - end of period

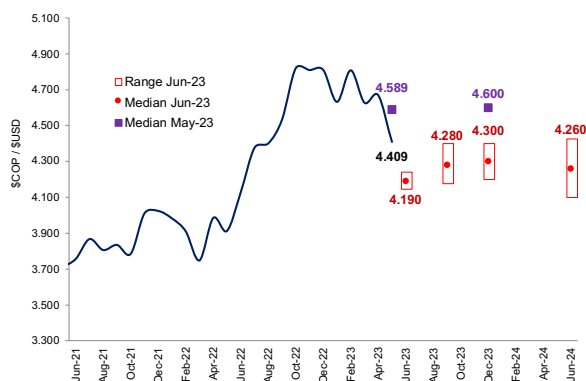


Source: Financial Opinion Survey, Fedesarrollo – bvc

EXCHANGE RATE

In May, the exchange rate closed at \$4.409 with a monthly appreciation of 5.6%, reaching its maximum value for the month on May 3 (\$4.713) and its minimum value on May 31 (\$4.408). In June, analysts consider that the exchange rate will be in a range between \$4,145 and \$4,241, with \$4,190 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4,300, which shows a decrease compared to the previous month's forecast (\$4,600).

Graph 5. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – bvc

OIL

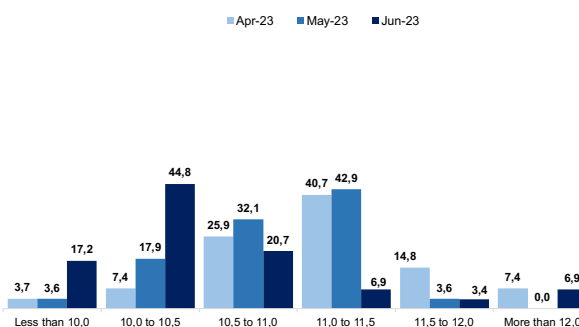
In May, Brent benchmark oil closed at \$72.7 dollars with a monthly decrease of 8.6%. In June, analysts consider that the Brent benchmark oil price will be in a range between \$75 and \$77, with \$76 as the median response (Graph 6). By the end of 2023, they expect a price of \$79.

TES 2028 and 2032 RATE

In this edition, 17.2% of analysts consider that the TES rate maturing in 2028 will be less than 10.0% in three months, 44.8% between 10.0%-10.5%, 20.7% expect it to be between 10.5%-11.0%, 6.9% project it to be between 11.0%-11.5%, 3.4% expect it to be between 11.5%-12.0% and 6.9% project it to be more than 12.0% (Graph 7).

For TES maturing in 2032, 79.3% of analysts expect it to be less than 11.0%, 17.2% expect it to be between 11.0%-11.5% and 3.4% believe it will be between 11.5%-12.0% (Graph 8).

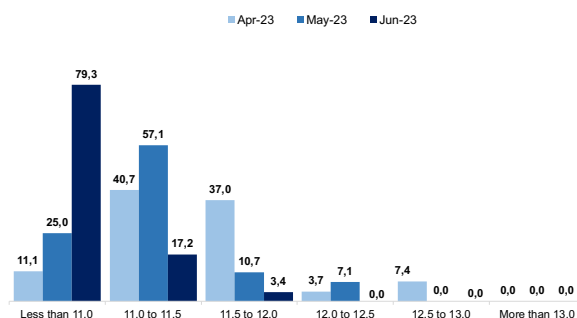
Graph 7. Expectation of TES 2028 performance rate within 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

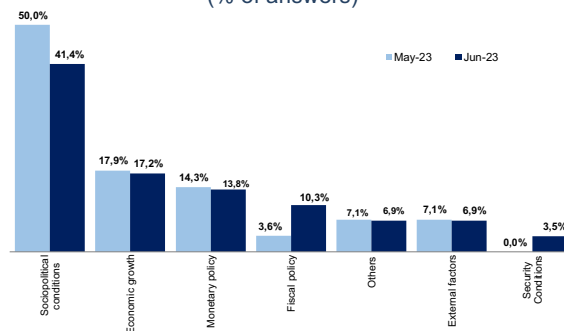
¹ The debt spread (EMBIG Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities.

Graph 8. Expectation of TES 2032 performance rate within 3 months
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 10. Most relevant factors for investment decisions
(% of answers)

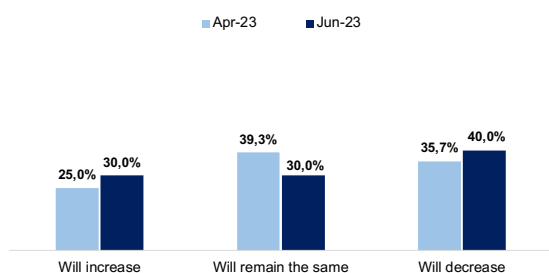


Source: Financial Opinion Survey, Fedesarrollo – bvc

DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia), closed in May 2023 at 364 bps. **In June, 30.0% of analysts** (5.0 pps less than the previous month) **expect the spread to increase in the next 3 months, while 40.0%** (4.3 pps more than the previous month) **expect it to decrease. The remaining 30.0% of respondents expect the spread to remain the same** (9.3 pps less than the previous month) (Graph 9).

Graph 9. Expectation 3-months debt spread
(% of answers)

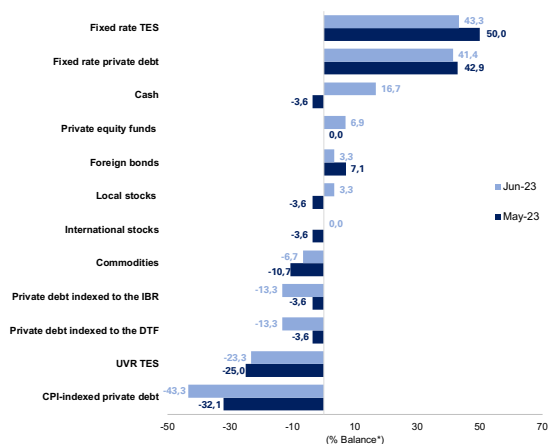


Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT PREFERENCES

Compared to May 2023, **portfolio managers increased their preferences for private debt indexed to the DTF and fixed rate, international stocks, private equity funds and cash.** In contrast, there was a decrease in preferences for private debt indexed to the CPI and IBR, TES in UVR and fixed rate, commodities, local stocks and foreign bonds (Graph 11).

Graph 11. 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

INVESTMENT DETERMINANTS

In this edition of the survey, socio-political conditions were shown as the most relevant aspect when it comes to investing, being chosen by 41.4% of analysts (vs. 50.0% the previous month). Economic growth ranked second with 17.2% of participation (vs. 17.9% the previous month). This was followed, in order, by monetary policy and fiscal policy, with 13.8% and 10.3% of the share, respectively (vs. 14.3% and 3.6% the previous month). On the other hand, other factors and external factors decreased their importance, from 7.1.2% to 6.9%; finally, security conditions increased to 3.5% (Graph 10).

MSCI COLCAP

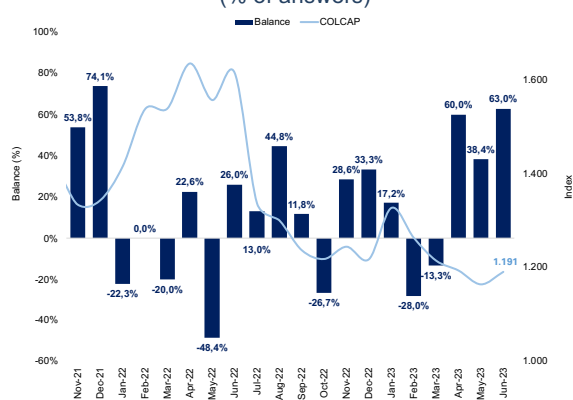
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In June, 81.5% of analysts** (vs. 69.2% in May) **expect an appreciation of the index within three months** (Table 1), **while the remaining 18.5% expect the stock index to devalue** (vs. 30.8% in May).

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

Index COLCAP Price Level	May 2023	June 2023
Will increase 10% or more	11,5%	11,1%
Will increase between 5% and 9,99%	23,1%	11,1%
Will increase between 0,01% and 4,99%	34,6%	59,3%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	26,9%	18,5%
Will decrease between 5% and 9,99%	0,0%	0,0%
Will decrease between 10% or more	3,8%	0,0%

Source: Financial Opinion Survey, Fedesarrollo – bvc

Graph 12. Balance on the price of the MSCI COLCAP index 3 months*
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

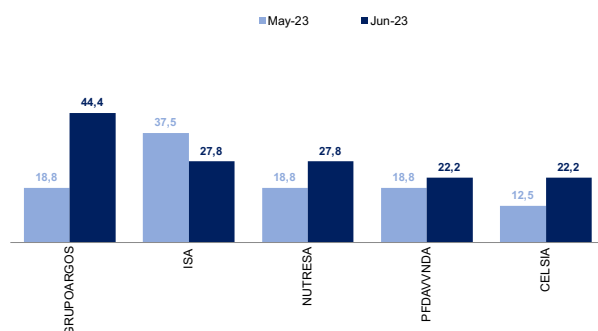
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In June, the common stock of Grupo Argos ranked first, being selected by 44.4% of analysts. It is followed by the common stock of ISA and Nutresa (27.8%), the preferred stock of Davivienda (22.2%) and the common stock of Celsia, chosen by 22.2% of those surveyed (Graph 13).**

Graph 13. More attractive MSCI COLCAP stocks for investors

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

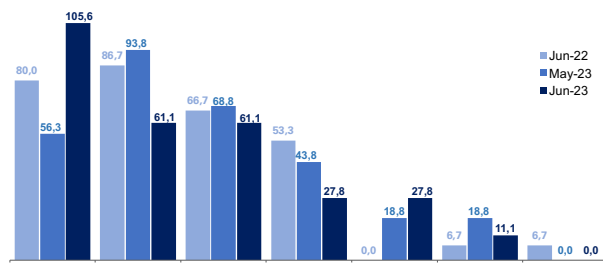


Source: Financial Opinion Survey, Fedesarrollo – bvc

Compared to the previous month, respondents' appetite for stocks in the **holdings and consumer sectors** increased (Graph 14).

Graph 14. Most attractive MSCI COLCAP sectors for investors

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

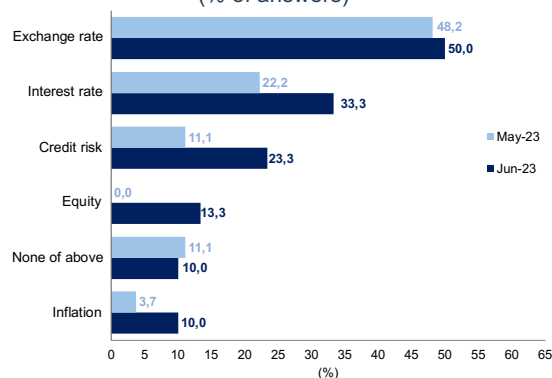


Source: Financial Opinion Survey, Fedesarrollo – bvc

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 June, 50.0% of respondents (48.2% in May) stated that they are planning to hedge against the exchange rate in the short term (Graph 15). In second place, the percentage of managers who expect to hedge against interest rate was 33.3% while against credit risk was 23.3% (22.2% and 11.1% in May, respectively).**

Graph 15. 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)	
		May-23	May-23	Jun-23
Inflation (Annual variation, %)	End of month	12,36	12,59	12,21
	End of year 2023		9,15	9,22
Exchange rate (\$)	End of month	4.409	4.589	4.190
	End of year 2023		4.600	4.300
Monetary policy interest rate (%)	End of month	13,25	13,25	13,25
	End of year 2023		12,00	11,75
Oil (Brent, \$USD/Barrel)	End of month	72,6		76
	End of year 2023			79
Growth (%)*	IIQ-2023		1,0	1,4
	IIIQ-2023			1,0
	2023		1,1	1,5

Source: Financial Opinion Survey – bvc
*Original series

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

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