

Financial Opinion Survey

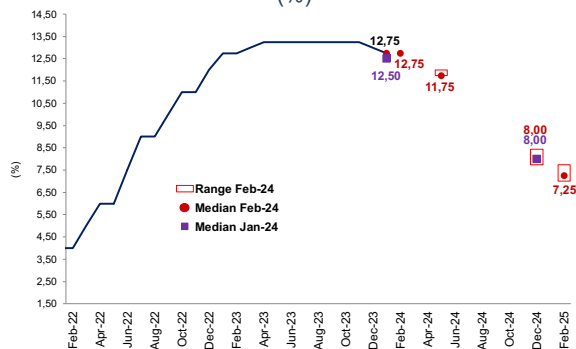
February 2024
Bulletin No. 226

CENTRAL BANK POLICY RATE

In January 2024, the Board of Directors of Banco de la República (Colombia's Central Bank) decided to lower the intervention rate by 25 basis points, placing it at 12.75%. The next meeting at which a decision on the interest rate will be made will be on March 22, 2024.

In the months of February and May, analysts expect the intervention rate to be 12.75% and 11.75%, respectively. They also anticipate that the intervention rate will be at 8.00% in December 2024 (Graph 1).

Graph 1. Central Bank interest rate (%)



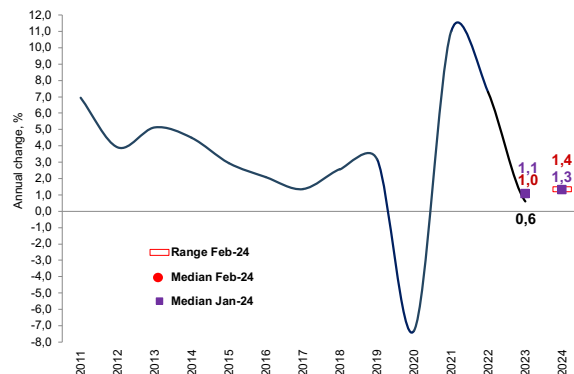
Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

In February, the growth forecast for 2023 was in a range between 0.9% and 1.2%, with 1.0% as the median response (vs. 1.1% in the January edition) (Graph 2). This contrasts with the 0.6% figure revealed by DANE. The median for 2024 was 1.4% (vs. 1.3% in the January edition), placing it in a range between 1.2% and 1.5%.

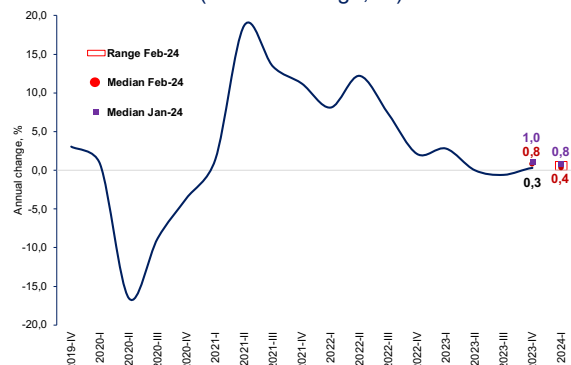
Expectations for the fourth quarter 2023 growth were in a range between 0.5% and 1.3%, with 0.8% as the median response (versus 1% in January). This figure contrasts with the observed 0.3% published by DANE. The growth forecast for the first quarter of 2024 was 0.4% (versus 0.8% in January) (Graph 3).

Graph 2. GDP annual growth forecast - 2023 and 2024 (Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 3. GDP growth forecast - fourth quarter 2023 and first quarter 2024 (Annual Change, %)



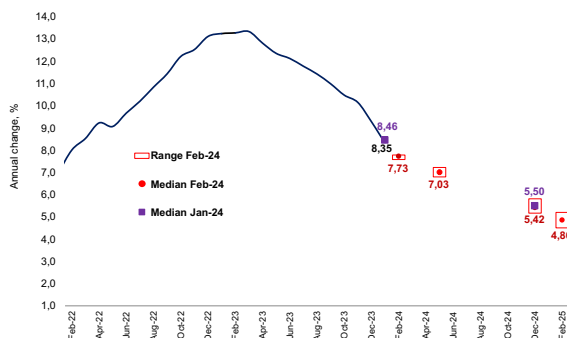
Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

In January, annual inflation stood at 8.35%, lower than analysts' forecast (8.46%). In February, analysts expect inflation to be 7.73%, in a range between 7.58% and 7.79% (Graph 4).

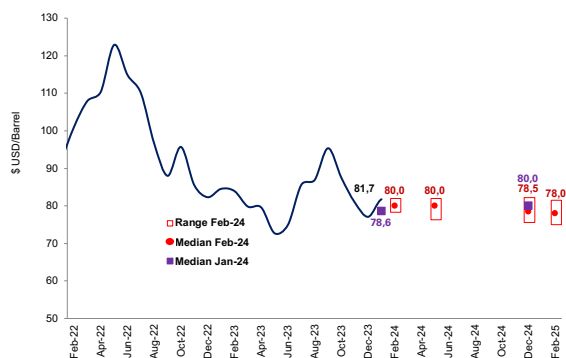
Analysts expect inflation to close at 5.42% in December 2024, in a range between 5.17% and 5.81% (vs. 5.50% in the previous measurement), so expectations remain outside the target range of Banco de la República (2-4%).

Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Brent oil prices - End of period

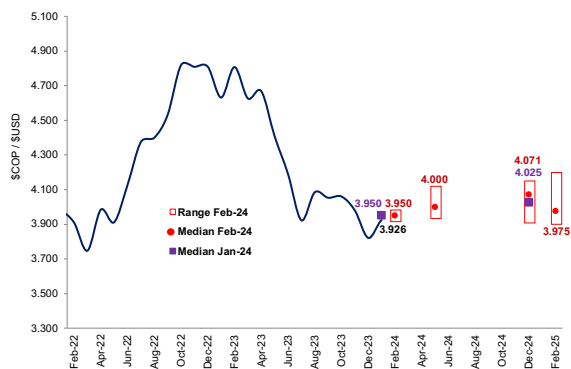


Source: Financial Opinion Survey, Fedesarrollo – bvc

EXCHANGE RATE

In January, the exchange rate closed at \$3.926, with a monthly depreciation of 2.7%, reaching its maximum value for the month on January 18th (\$3.969) and its minimum value on January 1st (\$3.822). In February, analysts consider that the exchange rate will be in a range between \$3.916 and \$3.982, with \$3.950 as the median response (Graph 5). By the end of 2024, they expect a rate of \$4.071, which is an increase compared to the previous month's forecast (\$4.025).

Graph 5. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – bvc

OIL

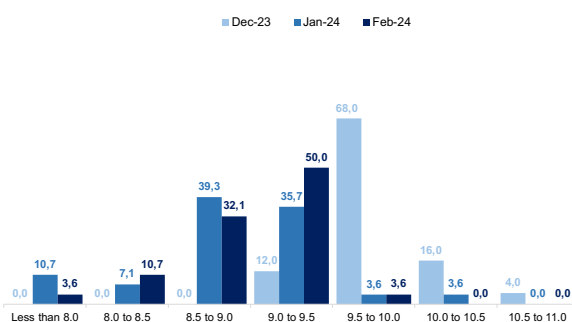
In January, Brent oil prices closed at \$81.7 dollars, showing a monthly increase of 6.1% and \$3.0 dollars higher than analysts' expectations (\$78.6). In February, analysts consider that oil prices will be in a range between \$78.3 and \$82.0, with \$80,0 as the median response (Graph 6). By the end of 2024, they expect a price of \$78.5 (versus \$80 in January).

TES 2028 and 2032 RATE

In this edition, 3.6% of analysts believe that the TES rate maturing in 2028 will be less than 8.0% in three months, 10.7% expect it to be between 8.0%-8.5%, 32.1% expect it to be between 8.5%-9.0%, 50.0% expect it to be between 9.0%-9.5% and 3.6% expect it to be over 9.5% (Graph 7).

For TES maturing in 2032, 10.7% of analysts project their yield to be less than 9.0%, 39.3% of analysts project it to be between 9.0%-9.5%, 46.4% project it to be between 9.5%-10.0% and 3.6% estimate it to be between 10.0%-10.5% (Graph 8).

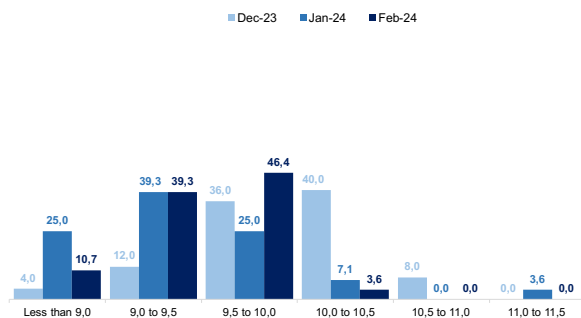
Graph 7. Expectation of TES 2028 performance rate within 3 months (% of answers)



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)

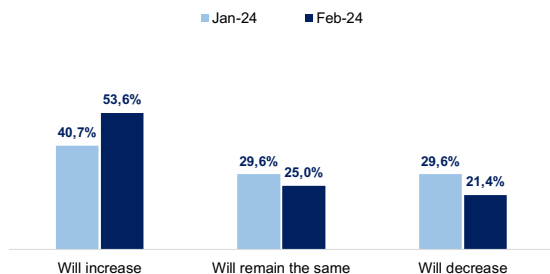


Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – COLOMBIA EMBIG

The debt spread (EMBIG Colombia)¹ closed in January at 310 bps. **In February, 53.6% of analysts** (12.9 pps more than the previous month) **expect the spread to increase in the next 3 months, while 21.4%** (8.2 pps less than the previous month) **expect it to decrease. The remaining 25.0% of respondents expect the spread to remain the same** (4.6 pps less than the previous month) (Graph 9).

Graph 9. 3-month debt spread expectation
(% of answers)



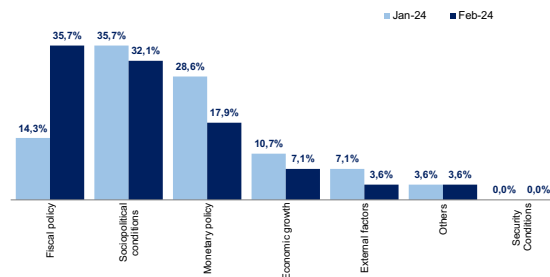
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition, fiscal policy was the most relevant aspect when it comes to investing, being chosen by 35.7% of analysts (vs. 14.3% the previous month). Socio-political conditions ranked second with 32.1% of participation (vs. 35.7% the previous month). This was followed, in order, by monetary policy and economic growth, with 17.9% and 7.1% of the share, respectively (vs. 28.6% and 10.7% the previous month, respectively). Both external and other factors were selected by

3.6% of respondents. Security conditions continued at 0.0% (Graph 10).

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

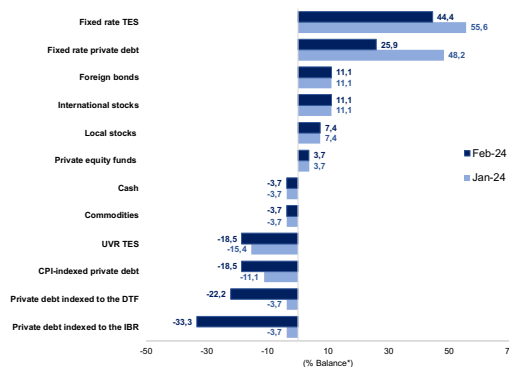


Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT PREFERENCES

Compared to January, **portfolio managers did not increase their preferences for any asset**. On the contrary, there was a decrease or stability in preferences for fixed rate and UVR TES, private debt indexed to the CPI, DTF, IBR and fixed rate, foreign bonds, international and local stocks, private equity funds, cash, and commodities (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

MSCI COLCAP

The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In February, 53.9% of analysts** (vs. 65.4% in January) **expect the index to appreciate in three months** (Table 1), while the remaining

¹ The debt spread (EMBIG Colombia) is defined as the difference between the yield on Colombian securities issued abroad and the yield on U.S. treasury securities.

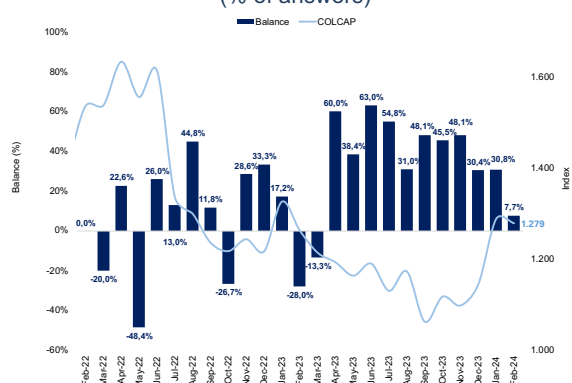
46.1% expect the stock index to devalue (vs. 34.6% in January).

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

Index COLCAP Price Level	January 2024	February 2024
Will increase 10% or more	21.7%	7.7%
Will increase between 5% and 9.99%	13.0%	7.7%
Will increase between 0.01% and 4.99%	30.4%	50.0%
Will remain the same	0.0%	0.0%
Will decrease between 0.01% and 4.99%	34.8%	34.6%
Will decrease between 5% and 9.99%	0.0%	0.0%
Will decrease between 10% or more	0.0%	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

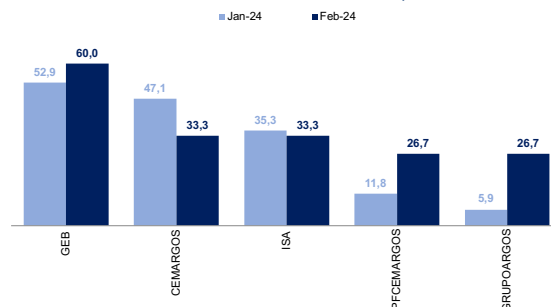
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In February, the common stock of Grupo Energía Bogotá ranked first, being selected by 60.0% of analysts** (Graph 13). It is followed by the common shares of Cementos Argos and ISA, as well as the preferred share of Cementos Argos, being selected by 33.3% (first two) and 26.7% of analysts, respectively.

Graph 13. Most attractive MSCI COLCAP stocks for investors

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

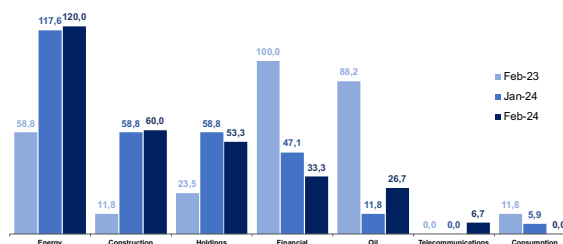


Source: Financial Opinion Survey, Fedesarrollo – bvc

This month there was a greater appetite for shares in the **energy, construction, oil and telecommunications sectors** compared to the previous month (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)

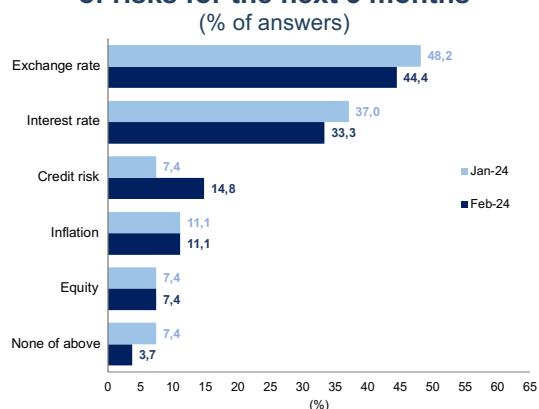


Source: Financial Opinion Survey, Fedesarrollo – bvc

RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to hedge against in the next three months. **In February, 44.4% of respondents (48.2% in January) stated that they are planning to hedge against the exchange rate in the short term** (Graph 15). **In second place, the percentage of managers expecting to hedge against the interest rate was 33.3% while against credit risk it stood at 14.8% (37.0% and 7.4% in January, respectively).**

Graph 15. Coverage of the different types of risks for the next 3 months



Source: Financial Opinion Survey, Fedesarrollo – bvc

Table 2. Summary of macroeconomic expectations

Variable	Temporality	Observed	Forecast (Median of answers)	
		Jan-23	Jan-23	Feb-24
Inflation (Annual variation, %)	End of month	8,35	8,46	7,73
	End of year 2024		5,50	5,42
Exchange rate (\$)	End of month	3.926	3.950	3.950
	End of year 2024		4.025	4.071
Monetary policy interest rate (%)	End of month	12,75	12,50	12,75
	End of year 2024		8,00	8,00
Oil (Brent, \$USD/Barrel)	End of month	81,7	78,6	80,0
	End of year 2024		80,0	78,5
Growth (%)*	IVQ-2023	0,3	1,0	0,8
	IQ-2024		0,8	0,4
	2023	0,6	1,1	1,0
	2024		1,3	1,4

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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