

# Financial Opinion Survey

December 2023

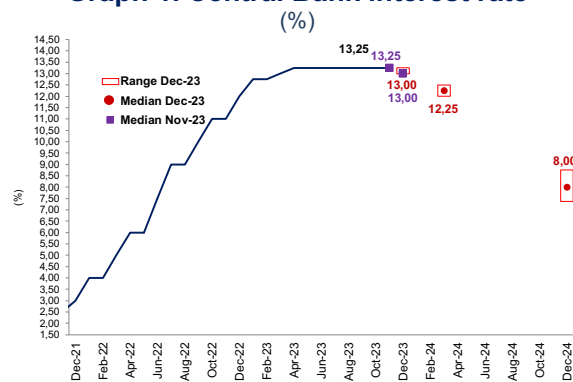
Bulletin No. 224

## CENTRAL BANK POLICY RATE

In October 2023, the Board of Directors of Banco de la República (Colombia's Central Bank) decided to leave the monetary policy rate unchanged at 13.25%. The last monetary policy decision of the year will be made today.

For the months of December and March, analysts expect the intervention rate to be 13.00% and 12.25%, 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

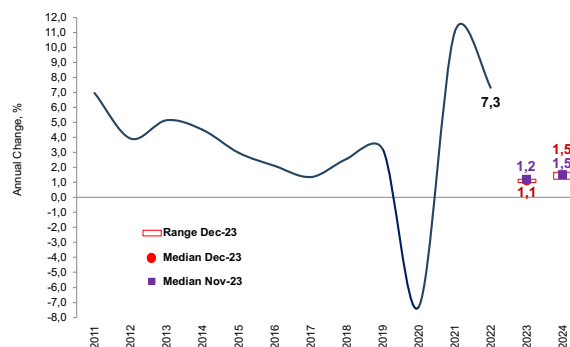
## ECONOMIC GROWTH

In December, the growth forecast for 2023 was in a range between 1.0% and 1.2%, with 1.1% as the median response (vs. 1.2% in the November 2023 edition) (Graph 2). The median for 2024 came in at 1.5% (same as in the November issue), ranging between 1.2% and 1.7%.

Expectations for fourth quarter 2023 growth ranged between 0.5% and 1.5%, with 1.0% as the median response. The growth forecast for the first quarter of 2024 was 0.4% (Graph 3).

Graph 2. GDP annual growth forecast-2023 and 2024

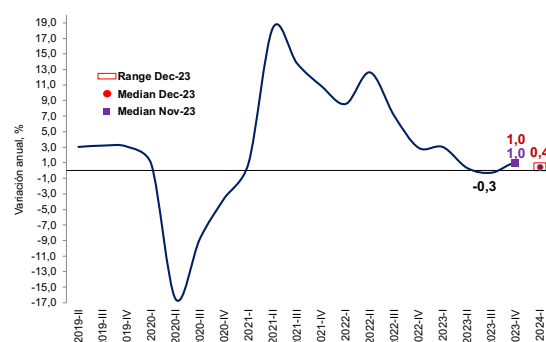
(Annual Change, %)



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

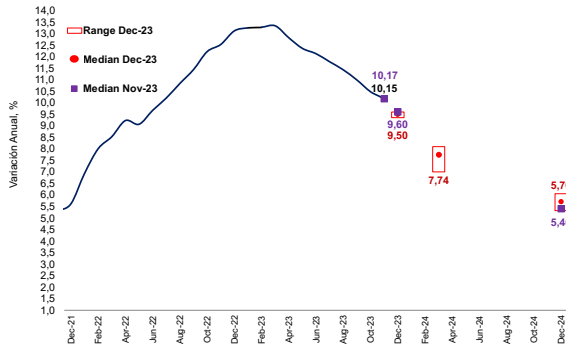
## INFLATION

In November, annual inflation stood at 10.15%, lower than analysts' forecast (10.17%). In December, analysts believe that inflation will be 9.50% (in a range between 9.35% and 9.60%) (Graph 4).

Analysts expect inflation to close at 5.70% in December 2024 (in a range between 5.32% and 6.05%; vs. 5.40% in the previous measurement), so inflation expectations remain outside the Banco de la República target range (2-4%).

Graph 4. Inflation forecast

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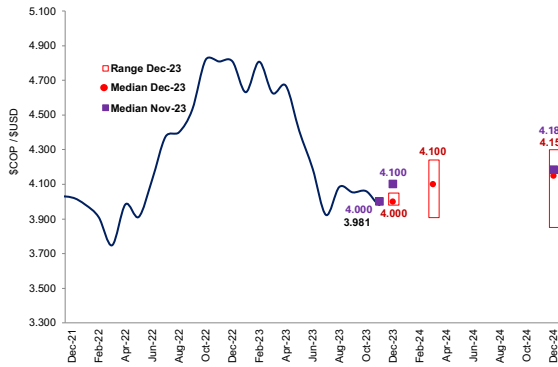


Source: Financial Opinion Survey, Fedesarrollo - bvc

## EXCHANGE RATE

In November, the exchange rate closed at \$3.981, with a monthly appreciation of 2.0%, reaching its maximum value for the month on November 2 (\$4.117) and its minimum value on November 29 (\$3.957). In December, analysts consider that the exchange rate will be in a range between \$3,980 and \$4,050, with \$4,000 as the median response (Graph 5). By the end of 2024, they expect a rate of \$4,150, which is a decrease compared to the previous month's forecast (\$4,183).

Graph 5. Exchange rate - end of period

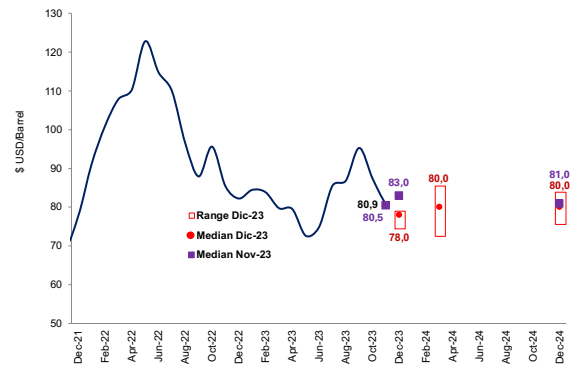


Source: Financial Opinion Survey, Fedesarrollo - bvc

## OIL

In November, Brent benchmark oil closed at \$80.9 dollars, showing a monthly decrease of 7.5% and 0.4 dollars higher than analysts' expectations (\$80.5). In December, analysts consider that oil prices will be in a range between \$74.4 and \$79.0, with \$78.0 as the median response (Graph 6). By the end of 2024, they expect a price of \$80.0.

Graph 6. Brent's price - end of period



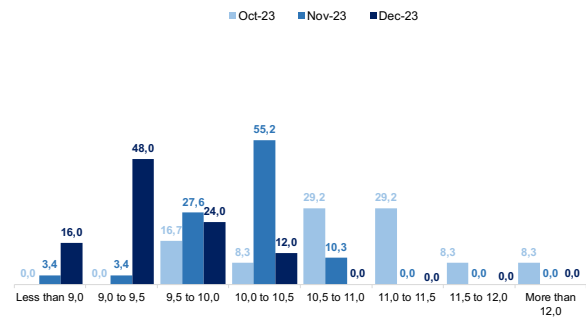
Source: Financial Opinion Survey, Fedesarrollo - bvc

## TES 2028 and 2032 RATE

In this edition, 16.0% of analysts believe that the TES rate maturing in 2028 will be less than 9.0% in three months, 48.0% expect it to be between 9.0%-9.5%, 24.0% expect it to be between 9.5%-10.0% and 12.0% expect it to be between 10.0%-10.5% (Graph 7).

For TES maturing in 2032, 4.0% of analysts expect their yield to be less than 9.0%, 12.0% of analysts expect it to be between 9.0%-9.5%, 36.0% expect it to be between 9.5%-10.0%, 40.0% expect it to be between 10.0%-10.5% and 8.0% expect it to be between 10.5%-11.0% (Graph 8).

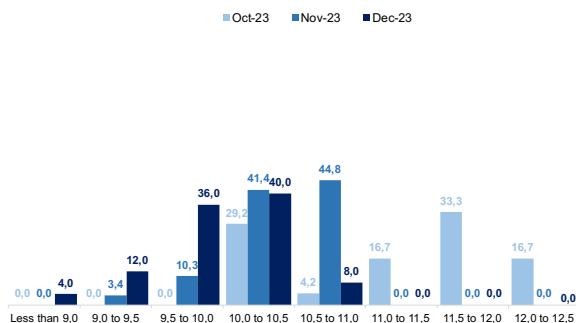
Graph 7. Expectation of TES 2028 performance rate within 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

<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.

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

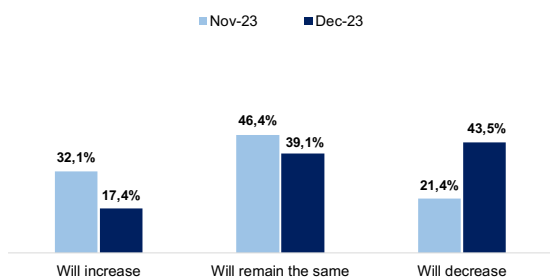


Source: Financial Opinion Survey, Fedesarrollo - bvc

## DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia) closed November 2023 at 304 bps. In December, **17.4% of analysts** (14.8 pps less than the previous month) **expect the spread to increase in the next 3 months, while 43.5% (22.1 pps more than the previous month) expect it to decrease. The remaining 39.1% of respondents expect the spread to remain the same** (7.3 pps less than the previous month) (Graph 9).

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

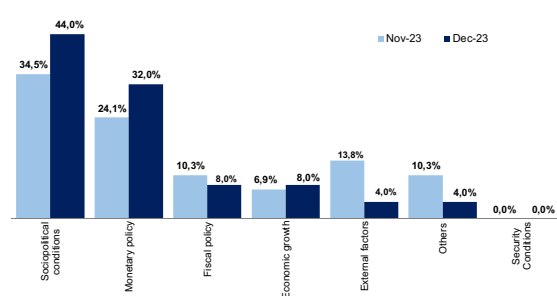


Source: Financial Opinion Survey, Fedesarrollo - bvc

## INVESTMENT 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 44.0% of analysts** (vs. 34.5% the previous month). Monetary policy ranked second with 32.0% of participation (vs. 24.1% the previous month). This was followed, in order, by fiscal policy and economic growth, both with 8.0% of the share (vs. 10.3% and 6.9% the previous month, respectively). On the other hand, external and other factors decreased in importance. Security conditions continued at 0.0% (Graph 10).

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

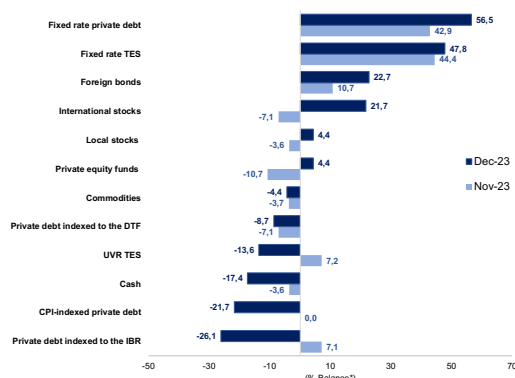


Source: Financial Opinion Survey, Fedesarrollo – bvc

## INVESTMENT PREFERENCES

Compared to November 2023, **portfolio managers increased their preferences for private equity funds, local and international stocks, foreign bonds, fixed rate TES and fixed rate private debt.** On the contrary, there was a decrease in preferences for private debt indexed to IBR, DTF and CPI, cash, TES in UVR 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

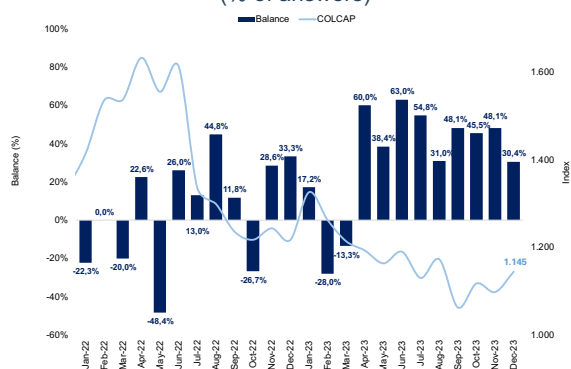
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). In December, **65.2% of analysts** (vs. 74.1% in November) **expect the index to appreciate in three months** (Table 1), while the remaining **34.8% expect the stock index to depreciate** (vs. 25.9% in November).

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

Index COLCAP Price Level	November 2023	December 2023
Will increase 10% or more	18,5%	21,7%
Will increase between 5% and 9,99%	7,4%	13,0%
Will increase between 0,01% and 4,99%	48,1%	30,4%
Will remain the same	0,0%	0,0%
Will decrease between 0,01% and 4,99%	22,2%	34,8%
Will decrease between 5% and 9,99%	3,7%	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

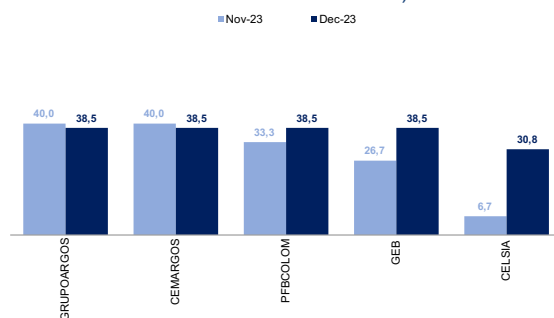
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

## MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In December, the common shares of Grupo Argos, Cementos Argos and Grupo Energía Bogotá, as well as the preferred share of Bancolombia obtained first place, being selected by 38.5% of analysts** (Graph 13). They were followed by Celsia's common stock, which was selected by 30.8% of analysts.

**Graph 13. More attractive MSCI COLCAP stocks for investors**

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

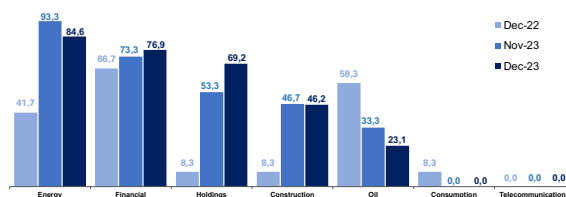


Source: Financial Opinion Survey, Fedesarrollo – bvc

There was a greater appetite for shares in the financial and holding companies sectors (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)

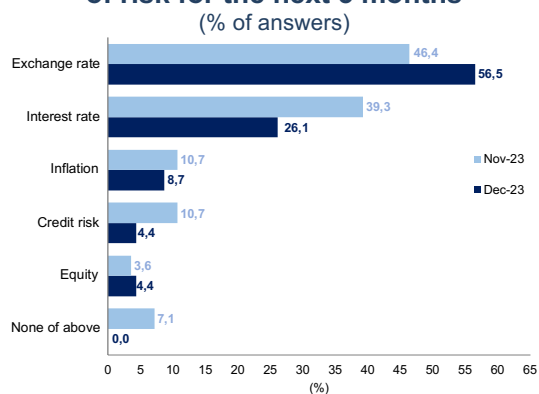


Source: Financial Opinion Survey, Fedesarrollo – bvc

## 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 December, 56.5% of respondents** (46.4% in November) **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 26.1% while against inflation risk was 8.7%** (39.3% and 10.7% in November, respectively).

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



**Table 2. Summary of the Macroeconomic Expectations**

Variable	Temporality	Observed	Forecast (Median of answers)	
		Nov-23	Nov-23	Dec-23
Inflation (Annual variation, %)	End of month	10,15	10,17	9,50
	End of year 2023		9,60	
	End of year 2024		5,40	5,70
Exchange rate (\$)	End of month	3.981	4.000	4.000
	End of year 2023		4.100	
Monetary policy interest rate (%)	End of month	13,25	13,25	13,00
	End of year 2023		13,00	
Oil (Brent, \$USD/Barrel)	End of month	80,9	80,5	78,0
	End of year 2023		83,0	
Growth (%)*	IVQ-2023		1,0	1,0
	IQ-2024			0,4
	2023		1,2	1,1
	2024		1,5	1,5

Source: Financial Opinion Survey – bvc  
\*Original series

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Comments to Daniel García: [dgarcia@fedesarrollo.org.co](mailto:dgarcia@fedesarrollo.org.co)



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

+601 3259777 ext. 340  
[comercial@fedesarrollo.org.co](mailto:comercial@fedesarrollo.org.co)