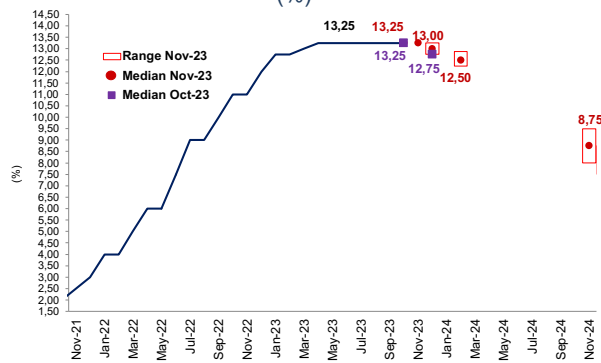


CENTRAL BANK POLICY RATE

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 next meeting at which a monetary policy decision will be made will be on December 19, 2023.

For the months of December and February, analysts expect the intervention rate to be 13.00% and 12.50%, respectively. They also anticipate that the intervention rate will be at 8.75% in November 2024 (Graph 1).

Graph 1. Central Bank interest rate
(%)



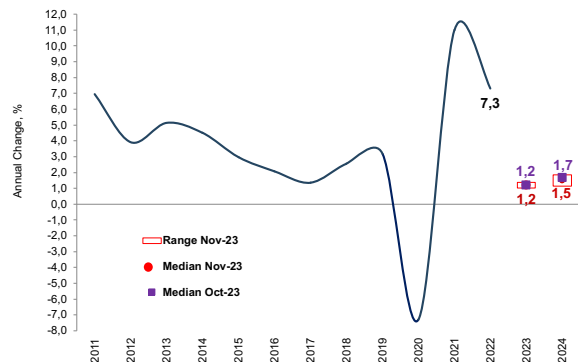
Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

In November, the growth forecast for 2023 was in a range between 1.0% and 1.4%, with 1.2% as the median response (same data as in the October 2023 edition) (Graph 2). The median for 2024 was 1.5% (compared to 1.7% in the October edition), ranging between 1.2% and 1.9%.

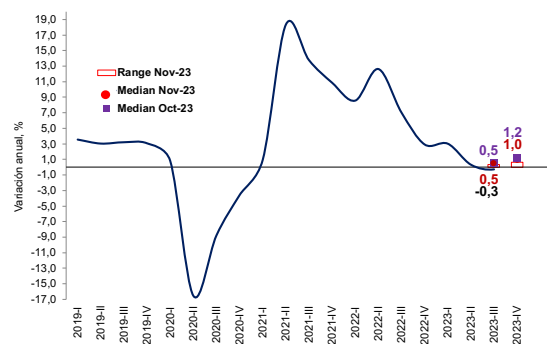
Expectations for third quarter 2023 growth were in a range between 0.3% and 0.7%, with 0.5% as the median response. This contrasts with the -0.3% figure published by DANE. The growth forecast for the fourth quarter of 2023 stood at 1.0% (Graph 3; vs. 1.2% in the October edition).

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, %)



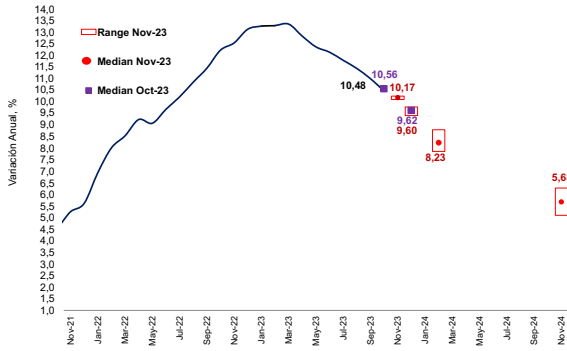
Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

In October, annual inflation stood at 10.48%, lower than analysts' forecast (10.56%). In November, analysts believe that inflation will stand at 10.17% (in a range between 10.10% and 10.25%) (Graph 4).

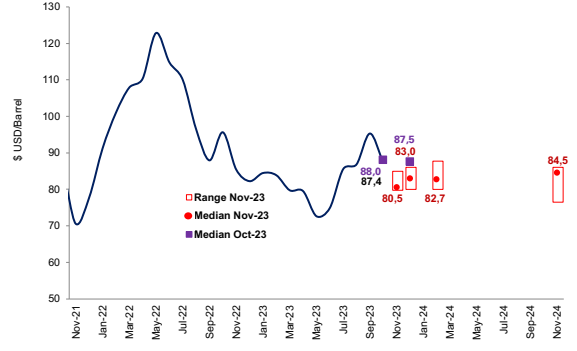
Analysts expect year-end inflation to close at 9.60% (in a range between 9.40% and 9.78%; vs. 9.62% in the previous measurement), so inflation expectations remain outside the Bank of the Republic's target range (2-4%).

Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Brent's price - end of period

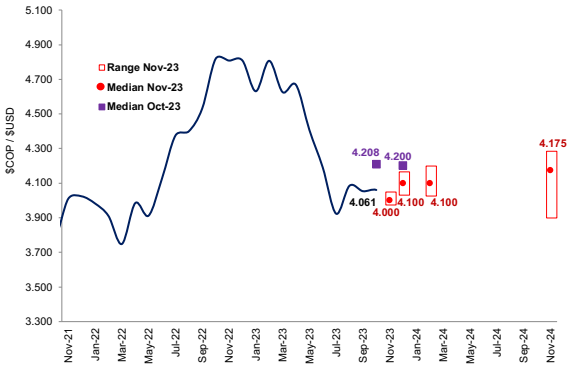


Source: Financial Opinion Survey, Fedesarrollo - bvc

EXCHANGE RATE

In October, the exchange rate closed at \$4.061, with a monthly depreciation of 0.2%, reaching its maximum value for the month on October 6 (\$4.387) and its minimum value on October 1 (\$4.054). **In November, analysts consider that the exchange rate will be in a range between \$3,974 and \$4,050, with \$4,000 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4,100, which shows a decrease compared to the previous month's forecast (\$4,200).**

Graph 5. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo - bvc

OIL

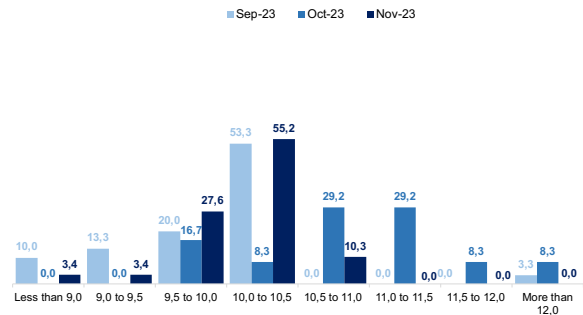
In October, Brent benchmark oil closed at \$87.4 dollars, showing a monthly decrease of 8.3% and 0.6 dollars lower than analysts' expectations (\$88.0). **In November, analysts consider that oil prices will be in a range between \$79.7 and \$85.0, with \$80.5 as the median response (Graph 6). By the end of 2023, they expect a price of \$83.0.**

TES 2028 and 2032 RATE

In this edition, **3.4%** of analysts consider that the TES rate maturing in 2028 will be less than 9.0% in three months, **3.4%** project it to be between 9.0%-9.5%, **27.6%** estimate it to be between 9.5%-10.0%, **55.2%** expect it to be between 10.0%-10.5% and **10.3%** estimate it to be between 10.5%-11.0% (Graph 7).

For TES maturing in 2032, **3.4%** of analysts project that their yield will be between 9.0%-9.5%, **10.3%** place it between 9.5%-10.0%, **41.4%** estimate it between 10.0%-10.5% and **44.8%** consider that it will be between 10.5%-11.0% (Graph 8).

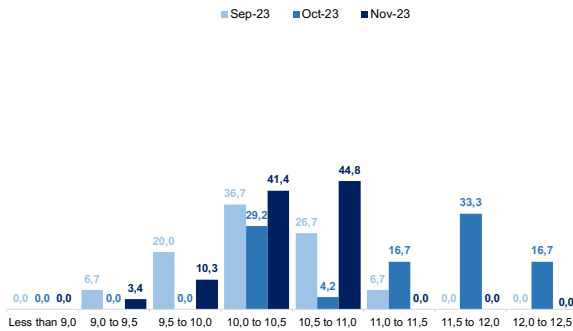
Graph 7. Expectation of TES 2028 performance rate within 3 months
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

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)

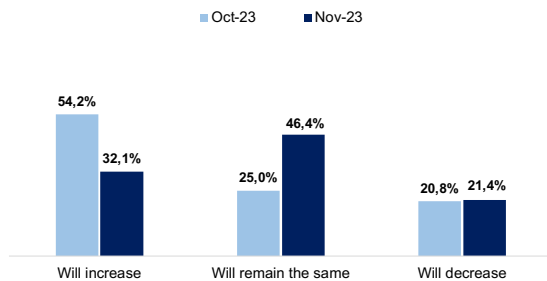


Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia) closed October 2023 at 323 bps. **In November, 32.1% of analysts** (22.0 pps less than the previous month) **expect the spread to increase in the next 3 months, while 21.4%** (0.6 pps more than the previous month) **expect it to decrease. The remaining 46.4% of respondents expect the spread to remain the same** (21.4 pps more than the previous month) (Graph 9).

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



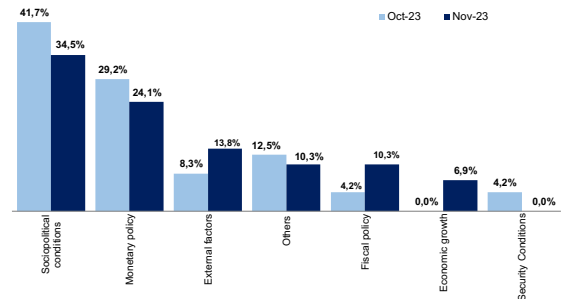
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition of the survey, socio-political conditions were shown as the most relevant aspect at the time of investing, being chosen by 34.5% of analysts (vs. 41.7% the previous month). Monetary policy ranked second with 24.1% of participation (vs. 29.2% the previous month). This was followed, in order, by external factors and other factors, with 13.8% and 10.3% of the share, respectively (vs. 8.3% and 12.5% the previous month). Fiscal policy and economic growth increased their importance to 10.3% and 6.9%, respectively. Security conditions decreased

their importance from 4.2% to 0.0% (Graph 10).

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

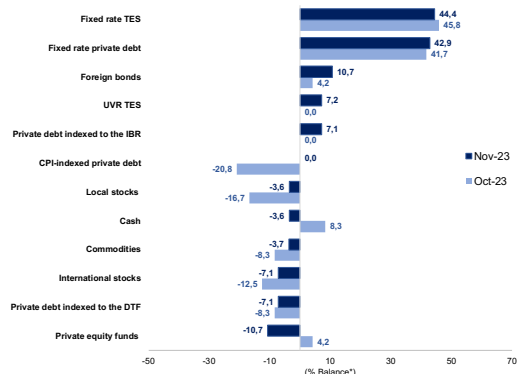


Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT PREFERENCES

Compared to October 2023, **portfolio managers increased their preferences for private debt indexed to the DTF, CPI, IBR and fixed rate, as well as international and local equities, commodities, TES in UVR and foreign bonds. On the contrary, there was a decrease in preferences for private equity funds, cash and fixed rate TES** (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 November, 74.1% of analysts** (vs. 72.7% in October) **expect the index to appreciate in three months** (Table 1), **while the remaining**

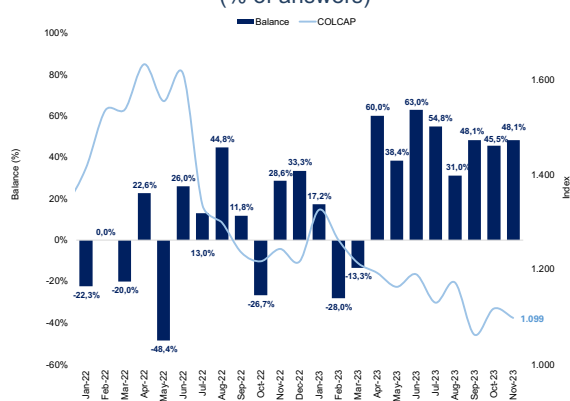
25.9% expect the stock index to depreciate (vs. 27.3% in October).

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

Index COLCAP Price Level	October 2023	November 2023
Will increase 10% or more	4,5%	18,5%
Will increase between 5% and 9,99%	36,4%	7,4%
Will increase between 0,01% and 4,99%	31,8%	48,1%
Will remain the same	0,0%	0,0%
Will decrease between 0,01% and 4,99%	22,7%	22,2%
Will decrease between 5% and 9,99%	4,5%	3,7%
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

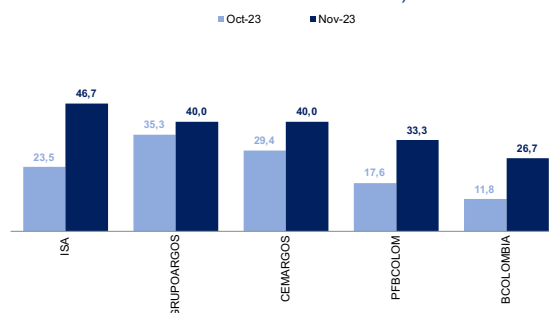
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In November, ISA's common stock ranked first, being selected by 46.7% of analysts. It is followed by the common shares of Grupo Argos and Cementos Argos (both with 40.0%) and the preferred share of Bancolombia (33.3%)** (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)

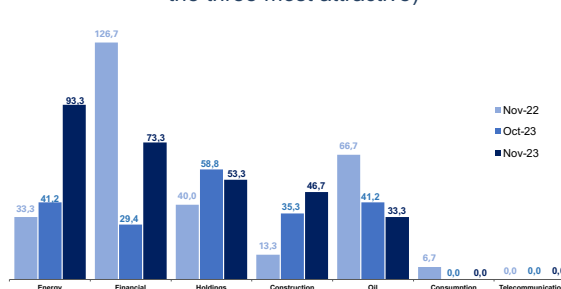


Source: Financial Opinion Survey, Fedesarrollo – bvc

There was a greater appetite for shares in the energy, financial and construction 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)

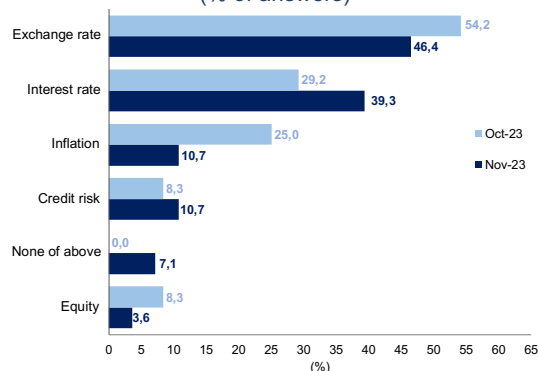


Source: Financial Opinion Survey, Fedesarrollo – bvc

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 November, 46.4% of respondents (54.2% in October) 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 39.3%, while against inflation risk it stood at 10.7% (29.2% and 25.0% in October, 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)	
		Oct-23	Oct-23	Nov-23
Inflation (Annual variation, %)	End of month	10,48	10,56	10,17
	End of year 2023		9,62	9,60
	End of year 2024		5,40	5,40
Exchange rate (\$)	End of month	4.061	4.208	4.000
	End of year 2023		4.200	4.100
Monetary policy interest rate (%)	End of month	13,25	13,25	13,25
	End of year 2023		12,75	13,00
Oil (Brent, \$USD/Barrel)	End of month	87,4	88,0	80,5
	End of year 2023		87,5	83,0
Growth (%)*	IIIQ-2023	-0,3	0,5	0,5
	IVQ-2023		1,2	1,0
	2023		1,2	1,2
	2024		1,7	1,5

Source: Financial Opinion Survey – bvc
*Original series

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