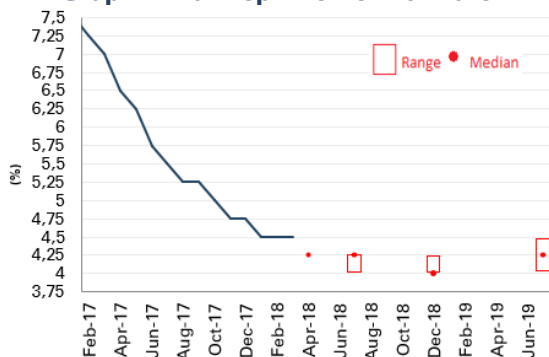


CENTRAL BANK POLICY RATE

As anticipated by April survey, the Central Bank's Board of Directors reduced the intervention rate by 25 bps during its last meeting. **In May 93.8% of the analysts considers that at its next meeting, the Central Bank will maintain its intervention rate unchanged at 4.25%.** This high percentage is owed to the fact that the Central Bank is not scheduled to decide on the intervention rate. However, 6.3% of respondents expect a reduction of 25 bps.

In terms of the intervention rate in 3 months, **66,7% of the analysts considers it will remain at 4.25%, while the remaining 33.3% expects it to decrease between 25 and 50 bps.** By the end of 2018, analysts expect the rate to be at 4.25%, with a range between 4.00% and 4.25% (Graph 1).

Graph 1. BanRep Intervention rate



Source: Financial Opinion Survey, Fedesarrollo

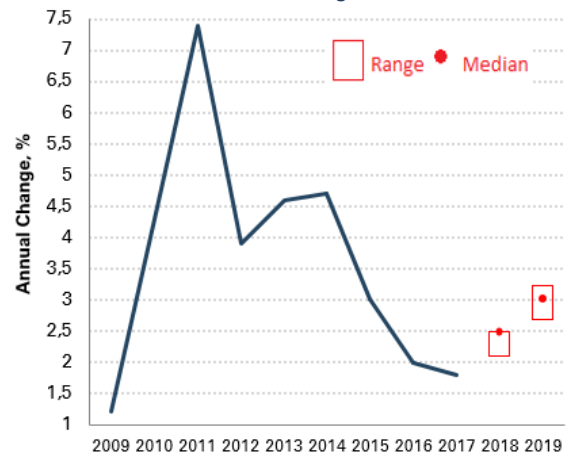
ECONOMIC GROWTH

In line with the analysts forecast of the FOS, the annual growth of the GDP in the first quarter of 2018 was 2.2%, according to the figures published by DANE.

In May, **respondents revised their growth forecast for the second quarter from 2.3% to 2.4%.** (Graph 2).

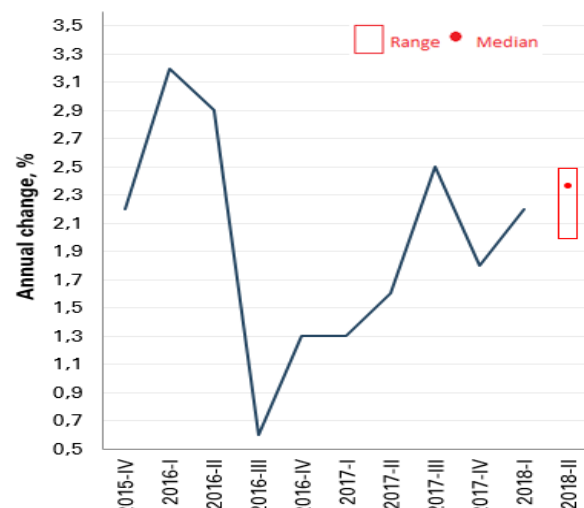
Analysts maintained their GDP growth forecast for 2018 at 2.5% and estimate a growth of 3.0% for 2019 (Graph 3).

Graph 2. Quarterly GDP growth
(Annual Change)



Source: Financial Opinion Survey, Fedesarrollo

Graph 3. Annual GDP growth



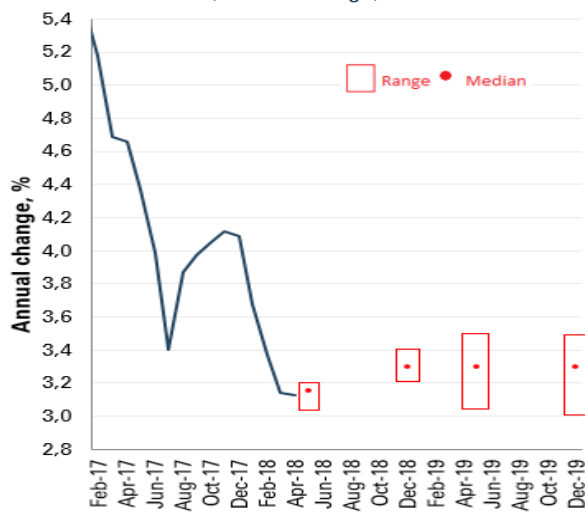
Source: Financial Opinion Survey, Fedesarrollo

INFLATION

In April, annual inflation showed a slight reduction and reached 3.13%, 13 bps above the forecast of the previous FOS.

This month, analysts believe that inflation will have a slight increase and will reach 3.15%. Expectations on inflation for the end of year were adjusted upwards, from 3.23% in April to 3.30% this month, ranging between 3.20% and 3.40% (Graph 4).

Graph 4. Inflation
(Annual Change)

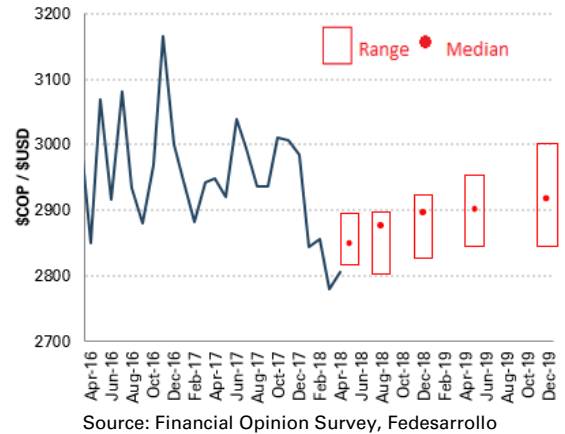


EXCHANGE RATE

The exchange rate USD/COP closed in April at \$2,806, a monthly depreciation of 0.9%. Until mid-May the exchange rate fluctuated between \$ 2,810 and \$ 2,890. **Results of the survey show expectations for the exchange rate value between \$ 2.830 and \$ 2.900 for this month, with \$ 2.850 as a median response (Graph 5). Exchange rate projections for the next three months range between \$ 2.800- \$ 2.900 with \$ 2.875 as a medium response.**

By the end of 2018, 50% of the analysts around the median believe that the dollar will be between \$2,830 and \$2,920, with \$2,895 as the median response.

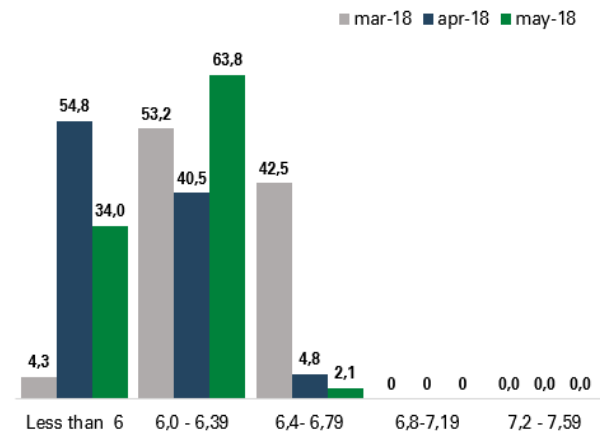
Graph 5. Exchange rate at the end of the month



TES 2024 RATE

During the last month there has been a reduction of TES 2024 value, with an increase in the trading rate from 5.85% in mid-April to 6.08% by the end of May 16th. In this context, **relative to April, there was an increase from 45.3% to 65.9% in the share of analysts expecting a rate above 6.0% for the next three months (Graph 6).**

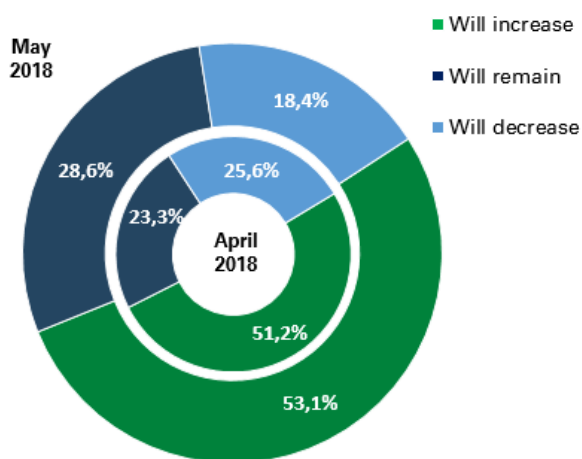
Graph 6. Expectation of TES 2024 performance rate for the next 3 months.
(% of answers)



DEBT SPREAD – EMBI+ COLOMBIA

Debt spread, measured through the EMBI+ Colombia, is defined as the difference between the yield of Colombian securities issued abroad and the yield of U.S treasury securities. Debt spread of increased from 176 bps in mid-April to 179 bps by the end of May 16th. **This month, 53.1% of respondents expect the spread to increase over the next three months.** This result is higher than the one from April's survey (Graph 7).

Graph 7. Expectation on the 3-months debt spread
(% of answers)

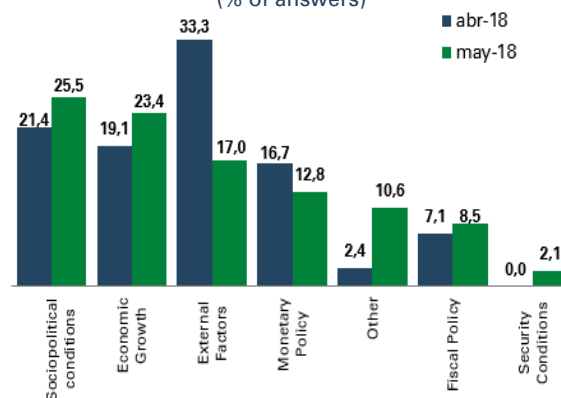


Source: Financial Opinion Survey, Fedesarrollo

FACTORS AFFECTING INVESTMENT

The proportion of analysts who consider socio-political conditions as the most relevant factor to invest increased from 21.4% to 25.5%. On the other hand, economic growth gained relevance and reached second place with an increase of 4.3 pps compared to the results of the previous month. On the contrary, external factors lost relevance (Graph 8).

Graph 8. Most relevant factors to invest
(% of answers)

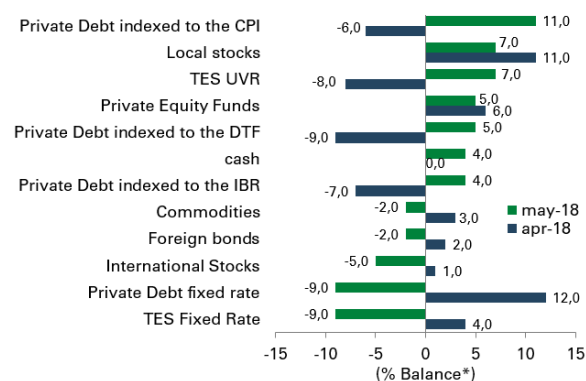


Source: Financial Opinion Survey, Fedesarrollo

INVESTMENT PREFERENCE

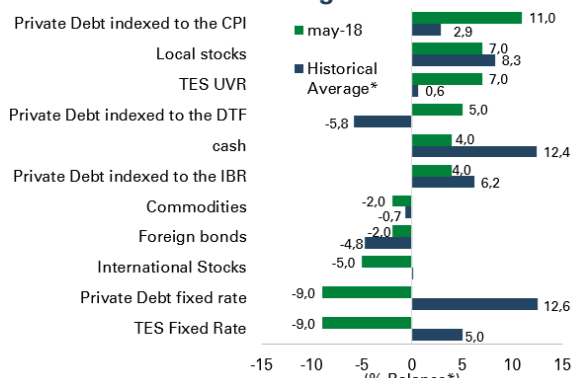
Relative to past month, in May portfolio managers increased their preferences for private debt index to the CPI, private debt index to the DTF, and for TES UVR (Graph 9). In contrast, preference for private debt fixed rate, TES fixed rate and international stocks decreased. The same preference dynamics are observed front the results of the historical average. (Graph 10).

Graph 9. 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

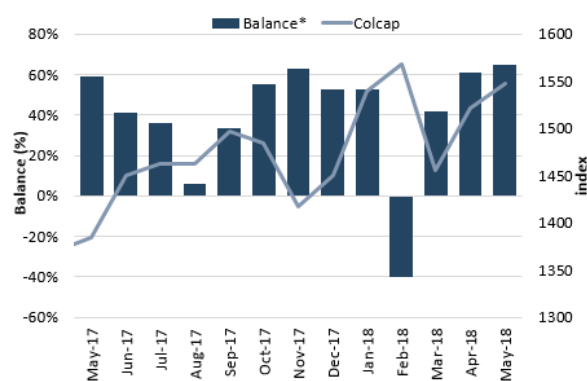
Graph 10. Projection of Positions in the Next 3 Months for Different Assets vs Historical Average



* The historical average refers to the average of the response balances from June 2014 to date.

Source: Financial Opinion Survey, Fedesarrollo

Graph 11. Balance on the Price of the COLCAP Index 3 months* (% of answers)



Source: Financial Opinion Survey, Fedesarrollo

* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

COLCAP

The COLCAP reflects the price changes of the most liquid shares of the Colombian Stock Exchange. In May **82.2% of analysts expects a valuation of the index in the next three months** (Table 1). This proportion increased 1.7 pps compared to the results of last month. On the other hand, the proportion of analysts expecting the index to devalue in the next three months decreases to 17.7%.

Table 1. Expectations about the COLCAP Index Price at 3 months* (% of answers)

Index COLCAP Price level	April 2018	May 2018
Will increase 10% or more	7,3%	0,0%
Will increase between 5% and 9,99%	36,6%	17,8%
Will increase between 0,01% and 4,99%	36,6%	64,4%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	19,5%	13,3%
Will decrease between 5% and 9,99%	0,0%	4,4%
Will decrease between 10% or more	0,0%	0,0%

Source: Financial Opinion Survey, Fedesarrollo

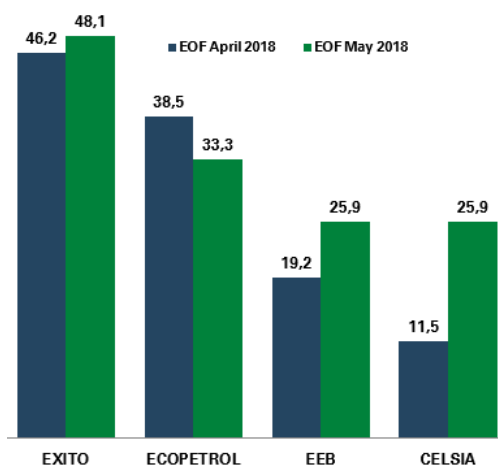
MOST ATTRACTIVE COLCAP'S STOCKS

The FOS consults analysts about the three stocks within COLCAP index that they consider most attractive. This month, **shares of Grupo Exito ranked first**, with preference expressed by 48.1% of those who invest in shares. **It was followed by the actions of Ecopetrol, Empresa de Energía de Bogotá (EEB) and Celsia** (Graph 12).

In the last month there was a greater appetite of the respondents for shares from the energy sectors. On the contrary, there is evidence of a reduction in preference for shares from the oil, holdings and financial sectors (Graph 13)

Graph 12. More attractive COLCAP Stocks for investors

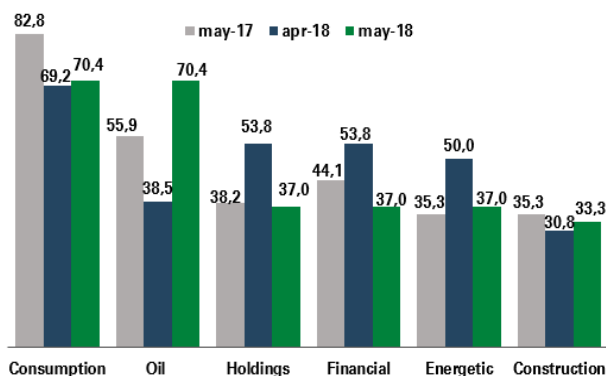
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey

Graph 13. More attractive COLCAP sectors for investors

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



Source: Financial Opinion Survey, Fedesarrollo.

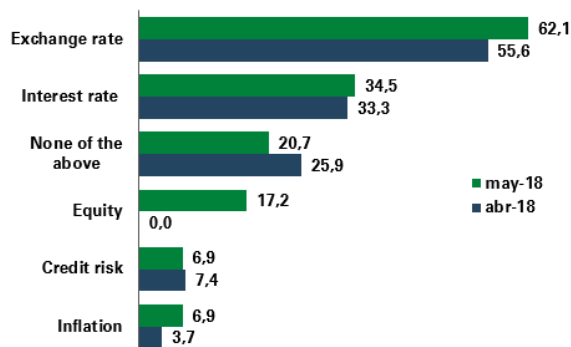
RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to establish coverage in the next three months. In May **62.1% of respondents said they are planning**

on hedging against foreign exchange risk in the short term, which represents an increase of **6.5 pps** compared to last month. The percentage of managers expected to hedge against the interest rate risk was in second place, with an increase of 1.2 pps compared to the previous month. (Graph 14).

Graph 14. Coverage of the Different Types of Risk for the Next 3 Months

(% of answers)



Source: Financial Opinion Survey, Fedesarrollo

Table 2. Summary of Macroeconomic Expectations*

Variable	Observed	Expectation			
	April	May (2018)	Dec-18	May (2019)	Dec-19
Inflation (% annual)	3.13	3.15	3.30	3.30	3.30
Exchange rate	Close April	End of the month (April)	Dec-18	May (2019)	Dec-19
	\$ 2,806	\$ 2,850	\$ 2,895	\$ 2,900	\$ 2,915
Interest Rate (%)	April	End of the month (April)	Dec-18	May (2019)	
	4.25	4.25	4.25	4.38	
Growth (%)	Close 2017	1 Quarter 2018	2 Quarter 2018	Year 2018	Year 2019
	1.8	2.2	2.4	2.5	3.0

*Expectation corresponding to the median.

Source: Financial Opinion Survey Fedesarrollo-BVC



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