

Financial Opinion Survey

February 2021

Bulletin No.190

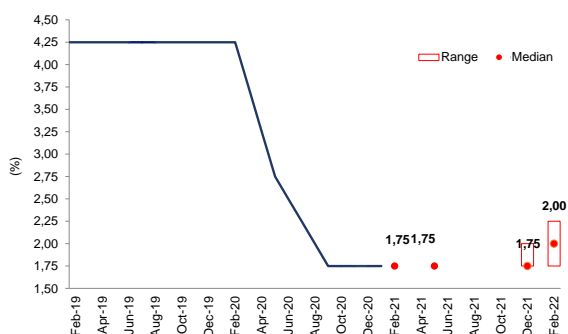
CENTRAL BANK POLICY RATE

In January, the Board of Directors of the Central Bank decided to maintain its monetary policy in 1.75%.

By the first month of the year, 100% of the analysts expect the interest rate to remain unchanged at 1.75%.

By the end of 2021, 66% of the analysts foresee an unchanged interest rate (1.75%), 6.4% expect a reduction of 25-bps. Meanwhile, 19,1% expects an increase of 25-bps, 2,1% foresee a rate under 1%, 2,1% expects an increase to reach a 2,25% interest rate and the remaining 4.3% expects it to reach 2,5% to the end of the year (Graph 1).

Graph 1. Central Bank interest rate



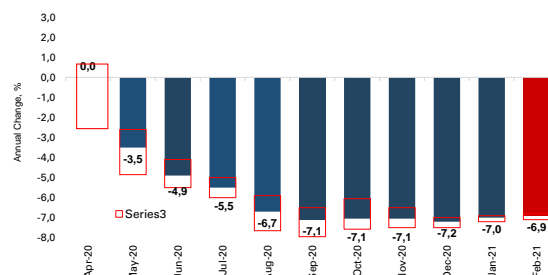
Source: Financial Opinion Survey, Fedesarrollo - BVC

ECONOMIC GROWTH

In February, the economic growth forecast for 2020 ranges between -7,1% and -6,8%, with -6,9% as median response (-7% in the previous FOS) (Graph 2). The economic growth forecast for 2021 was at 4.5%, ranging between 3.9% and 4.8%.

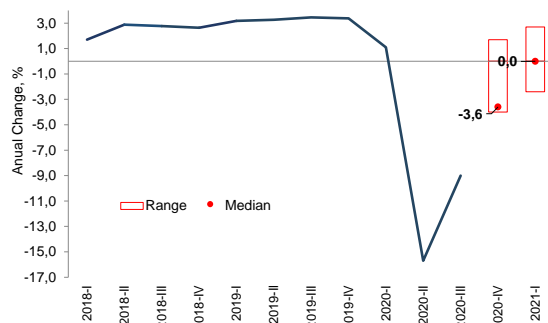
Expectations about the fourth quarter were in a median of -3,6%, ranging between -4% and 1,7%, (-4,25% in the previous FOS). Expectations regarding the first quarter growth reached 0%, ranging between -2,4% and 2,7% (-2% in the previous FOS) (Graph 3).

Graph 2. 2020 GDP annual growth forecast (Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 3. GDP growth forecast – fourth quarter 2020 and first quarter 2021 (Annual Change)

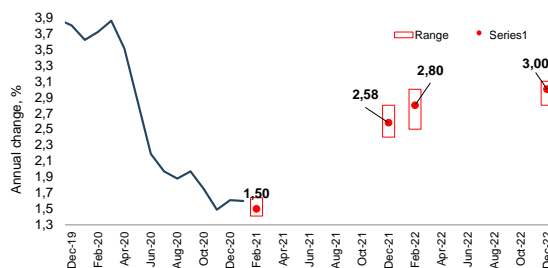


Source: Financial Opinion Survey, Fedesarrollo - BVC

INFLATION

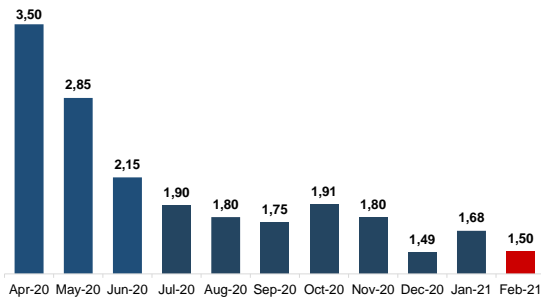
In January, the annual inflation reached 1.6%, lower than the analysts forecast in the previous edition (1.68%). In February, the analysts believe that inflation will be located in 1.5% (Graph 4). Inflation expectations for the end of 2021 were in 2,58% (Graph 5).

Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 5. Inflation forecast – February 2021

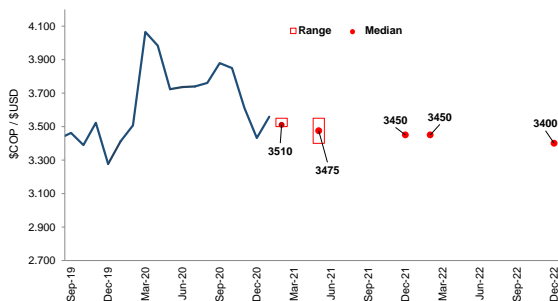


Source: Financial Opinion Survey, Fedesarrollo - BVC

EXCHANGE RATE

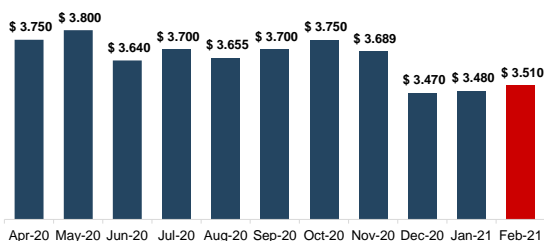
In January, the exchange rate closed at \$3,559.46, with a monthly appreciation of 3.69%. On January 28, it reached a maximum value of \$3,635 pesos per dollar and on January 5 it reached a minimum value of \$3,420.78 pesos per dollar. **The exchange rate forecast by the end of the month ranges between \$3,450 and \$3,550, with \$3,510 as median response.** (Graph 6). **The exchange rate forecast for the end of 2021 was 3,450, ranging between \$3,400 and \$3,530 (Graph 7). Finally, the exchange rate forecast for next three months ranges between \$3,400 and \$3,550, with \$3,475 as median response.**

Graph 6. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 7. Exchange rate forecast february 2021



Source: Financial Opinion Survey, Fedesarrollo - BVC

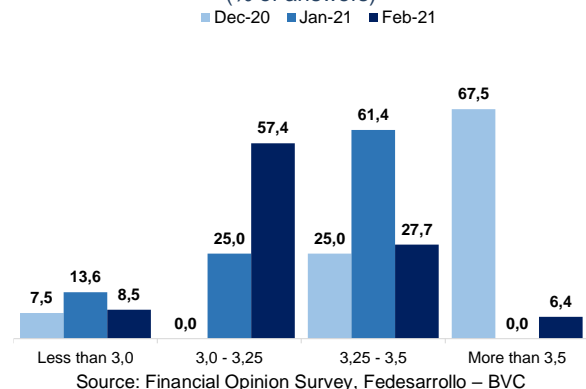
TES 2024 and 2028 RATE

In January, the traded volume of the Colombian treasury bonds reached COP 47.4 billion, which entails an increase of 183% compared to the last month and a decrease of 8.84% related to February 2020.

In this edition, the percentage of analysts who considers that **the interest rate on the treasury bonds maturing in 2024 will be under 3.0% during the next three months is 8,5%, and between 3.0% and 3.25% is 57.4%.** The percentage of analysts who expects that **the rate will be between 3.25% and 3.5% during the next three months is 27.7%; meanwhile the remaining 6.4% expects a rate over 3.5% (Graph 8).**

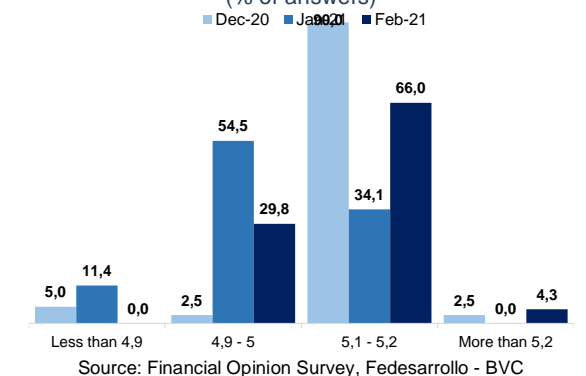
Regarding TES maturing in 2028, none of the analysts considers that **the rate will be under 4.5% during the next three months, meanwhile 29.8% considers it will be between 4.5% and 4.8%.** The percentage of analysts who expect that **the rate will be between 4.8% and 5.2% during the next three months was 66%.** Finally, the 4,3% expects a rate higher than 5.2% (Graph 9).

Graph 8. Expectation of TES 2024 performance rate for the next 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 9. Expectation of TES 2028 performance rate for the next 3 months (% of answers)

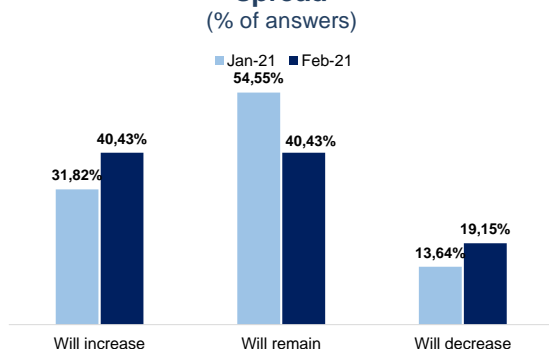


Source: Financial Opinion Survey, Fedesarrollo - BVC

DEBT SPREAD – EMBI + COLOMBIA

The debt spread (EMBI + Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities. The debt spread closed at 223-bps in January. In February 40,43% of analysts (8.6-bps more than the previous FOS) expects the spread to increase in the next three months, while 19.15% (5.5-bps more than previous FOS) expects it to decrease. The remaining 40,43% of the respondents expects for the spread to remain equal (14.1-bps less than previous FOS) (Graph 10).

Graph 10. Expectation 3-months debt spread

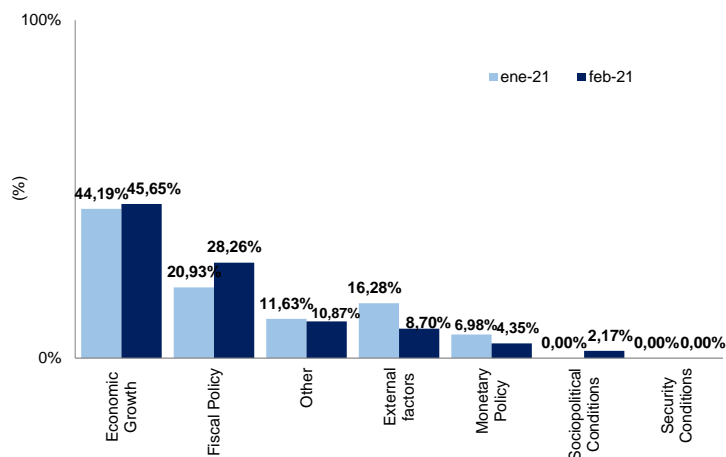


Source: Financial Opinion Survey, Fedesarrollo - BVC

INVESTMENT DETERMINANTS

In this edition, the economic growth continues ranking as the most important aspect considered for investing decisions, reaching 45.65% (44.2% in the previous month). Fiscal policy and External factors placed second and third place, respectively. Concerns accounting for fiscal policy reached 28.26% (20.9% in the previous month), while external factors reached 10.87% (11.6% in the previous month). Other factors was placed at fourth place, with 8.7% (16.3% in the previous month). In that category Covid vaccines were the mostly related topic. Monetary policy, sociopolitical conditions and security conditions were the least in the investment determinants with 4.35%, 2.17% and 0.0% respectively (Graph 11).

Graph 11. Most relevant factors for investment decisions
(% of answers)



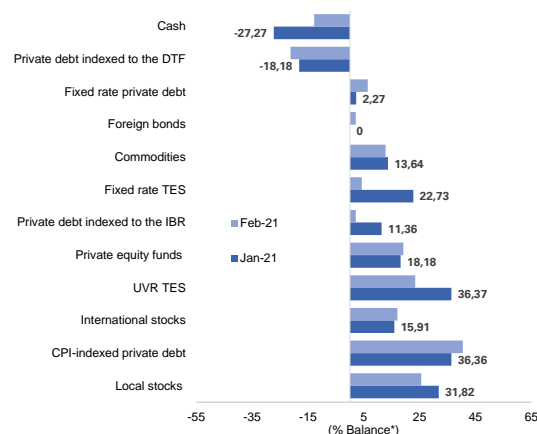
Source: Financial Opinion Survey, Fedesarrollo - BVC

INVESTMENT PREFERENCES

Compared to January, portfolio managers increased their preferences for private debt indexed to the CPI, foreign stock, private equity funds, international bonds, fixed rate private debt and cash. In contrast, there is evidence of a deterioration in preferences for local stock, UVR TES, IBR and DTF-indexed private debt, fixed rate TES and commodities. (Graph 12).

Compared to the survey's historical average, there is a greater preference for local stock, CPI-indexed private debt, international stock, commodities and foreign bonds. (Graph 13).

Graph 12. 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

Graph 13. Projection of positions in the next 3 months for different assets vs historical average

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

Source: Financial Opinion Survey, Fedesarrollo - BVC

COLCAP

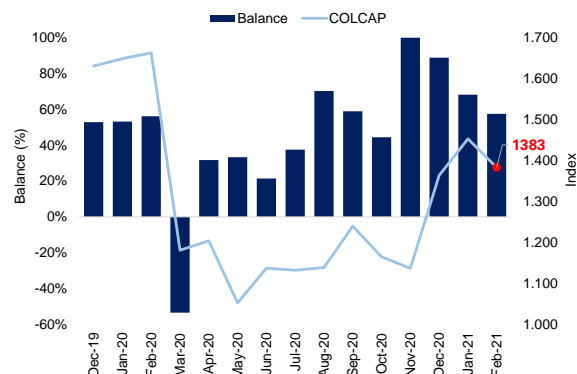
The COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. **In February, the 76.6% of the analysts (84.1% in January) expect a valuation of the index during the next three months (Table 1).** While 19.1% of the analysts expects the index to devalue and 4,3% to remain the same (15.9 and 0.0% in the previous FOS).

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

Index COLCAP Price Level	January 2021	February 2021
Will increase 10% or more	9,1%	8,5%
Will increase between 5% and 9,99%	11,4%	10,6%
Will increase between 0,01% and 4,99%	63,6%	57,4%
Will remain	0,0%	4,3%
Will decrease between 0,01% and 4,99%	4,5%	10,6%
Will decrease between 5% and 9,99%	2,3%	2,1%
Will decrease between 10% or more	9,1%	6,4%

Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 14. Balance on the price of the COLCAP index 3 months*
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - BVC

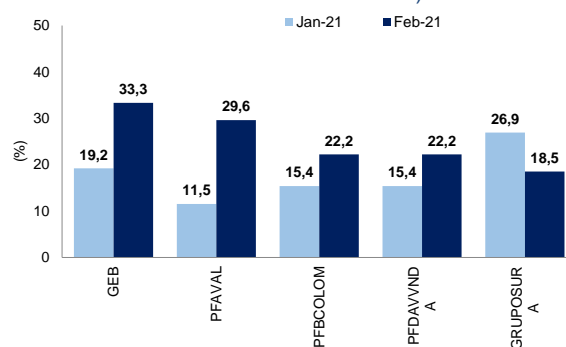
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the COLCAP index. In February, **the Grupo de Energía de Bogotá stock was ranked in the first place with 33.3%**. It was followed by the preference stock of **Grupo Aval Acciones y Valores**, the preference stock of **Bancolombia** and **Davivienda**, and finally the **Grupo Sura common stock** (Graph 15).

Graph 15. More attractive COLCAP stocks for investors

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

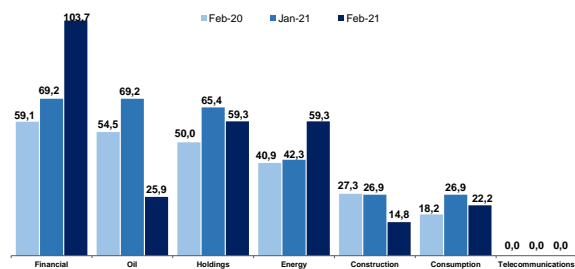


Source: Financial Opinion Survey, Fedesarrollo - BVC

Compared to the last month, there is greater appetite among respondents for shares of the financial and energy sectors (Graph 16).

Graph 16. Most attractive COLCAP sectors for investors

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

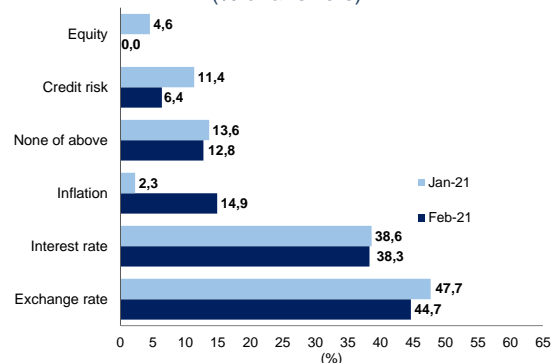


Source: Financial Opinion Survey, Fedesarrollo - BVC

RISK COVERAGE

The FOS inquires portfolio managers about the types of risk for which they plan to hedge against, in the next three months. **In February, 44.7% of the respondents (47.7% in January) were planning to hedge against foreign exchange risk in the short term.** The percentage of managers who expect to hedge against interest rate are 38.3% (38.6% in January).

Graph 17. 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	Observed	Forecasts (Median of answers)		
	Jan-21	feb-21	may-21	dec-21
Inflation (Annual variation, %)	1.6	1.5		2.58
Exchange rate	\$ 3,559.46	\$ 3,510	\$ 3,475	\$ 3,450
Monetary policy interest rate (%)	1.75	1.75	1,75	1,75
	4Q-2020	4Q-2020	Year 2020	Year 2021
Growth (%)	-3.6	-3.6	-6.9	4.5

Source: Financial Opinion Survey - BVC

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