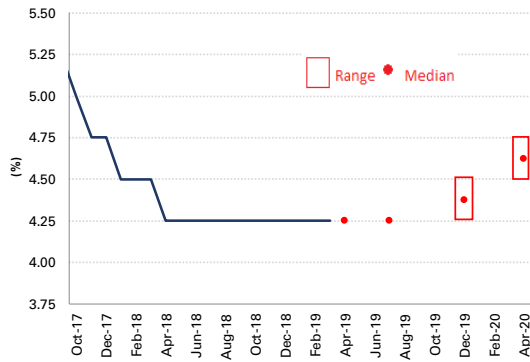


CENTRAL BANK POLICY RATE

In March, Colombia's Central Bank kept its policy interest rate unchanged at 4.25%, as expected by the 100% of the analysts surveyed. This month the Board did not decide on the policy rate.

By the end of the year, **47.4% of the analysts expect the interest rate to remain unchanged (24.2% in previous FOS), 39.5% an increase of 25-bps (27.3% in previous FOS), 10.5% expect it to increase 50-bps (42,4% in previous FOS) and 2.6% expect a decrease of 25-bps (Graph 1).**

Graph 1. Central Bank Intervention Rate

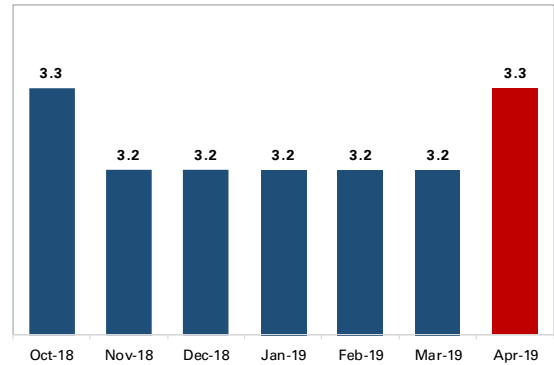


Source: Financial Opinion Survey, Fedesarrollo

ECONOMIC GROWTH

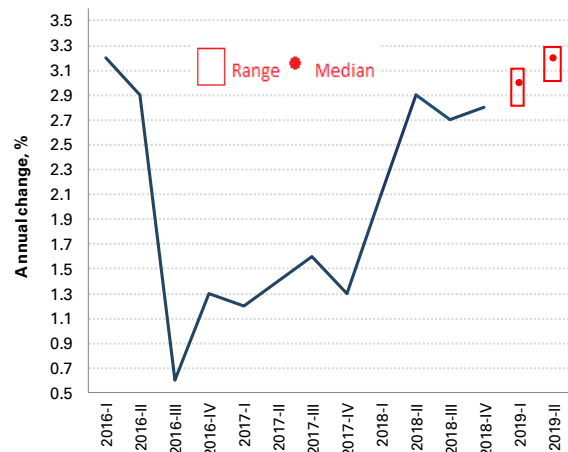
In April, the analysts increased their forecast for 2019 to 3.3% and believe that growth for 2020 will be 3.5% (Graph 2). The economic growth forecast for the first and second quarter kept unchanged at 3.0% and 3.2% respectively (Graph 3).

Graph 2. GDP Growth Forecast for 2019
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo

Graph 3. GDP Growth Forecast for first and second quarter of 2019
(Annual Change)

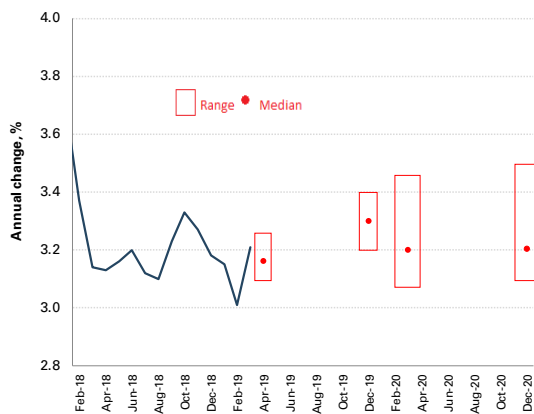


Source: Financial Opinion Survey, Fedesarrollo

INFLATION

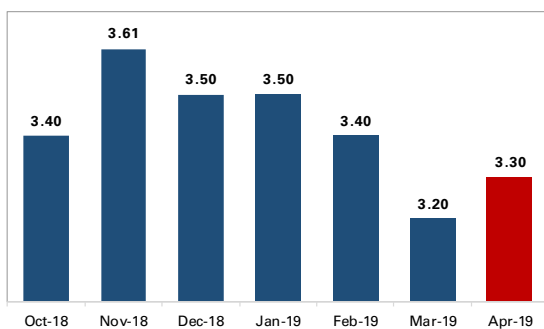
In March, annual inflation reached 3.21%, above the forecast of the previous survey (3.10%). **In April, analysts believe that inflation will decrease to 3.16% (Graph 4).** Inflation expectations for the end of 2019 rose from 3.20% in the previous FOS to 3.30% (Graph 5).

Graph 4. Inflation Forecast



Source: Financial Opinion Survey, Fedesarrollo

Graph 5. Inflation Forecast. End of 2019

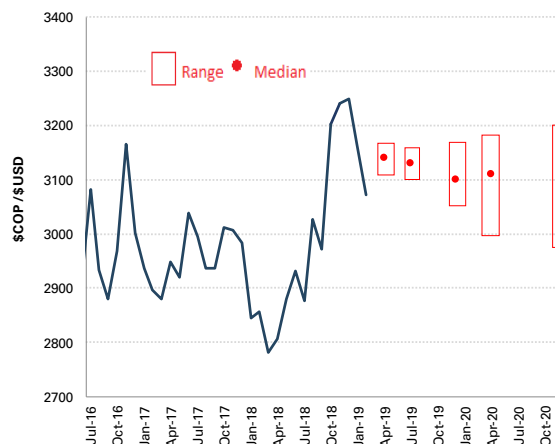


Source: Financial Opinion Survey, Fedesarrollo

EXCHANGE RATE

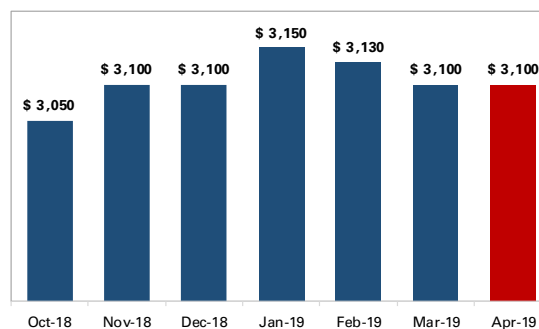
The exchange rate closed in March at \$ 3,175, which represents a monthly depreciation of 3.3%. It reached a maximum value of \$ 3,191 pesos per dollar on March 29th. **By the end of April, analysts expect the exchange rate to be between \$ 3,110 and \$ 3,160, with \$ 3,140 as the median response. Exchange rate forecast for the next three months was between \$ 3,100 and \$ 3,155, with \$ 3,130 as the median response (Graph 6). By the end of 2019, the median forecast flattened at \$ 3,100 (Graph 7).**

Graph 6. Exchange Rate



Source: Financial Opinion Survey, Fedesarrollo

Graph 7. Exchange Rate Forecast, End of Period 2019

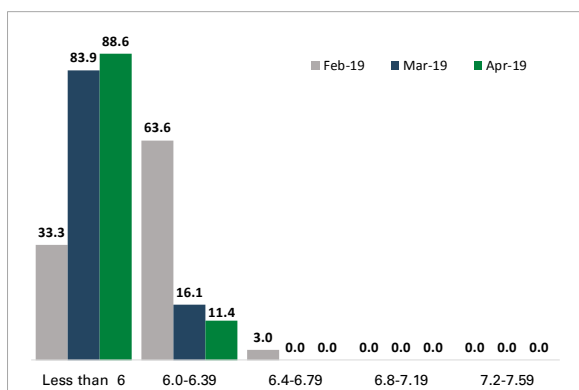


Source: Financial Opinion Survey, Fedesarrollo

TES 2024 RATE

During April, TES 2024 trading rate had a mixed trend. In this edition, **the percent of analysts expecting TES 2024 rate to be below 6% in the next three months rose from 83.9% to 88.6%, while the percent of analyst expecting it between 6.0% and 6.39% decreased 4.7 pps, from 16.1% to 11.4% (Graph 8).**

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

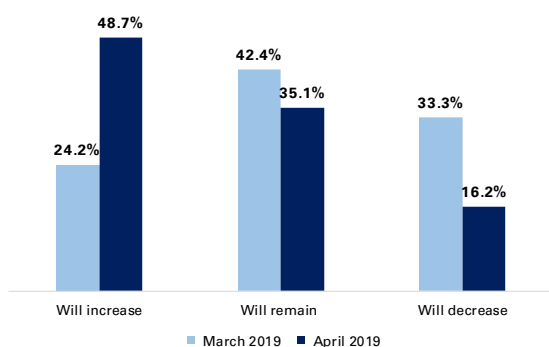


Source: Financial Opinion Survey, Fedesarrollo

DEBT SPREAD – EMBI+ COLOMBIA

Debt spread (EMBI + Colombia), defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities, closed in March at 186-bps. **In April 48,7% of analysts (24,4 pps less than previous month), expect an increase in the spread in the next three months, while 16,2% (17,1 pps more than previous month) expect it to decrease. The remaining 35.1% of respondents believe the spread will remain the same (Graph 9).**

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

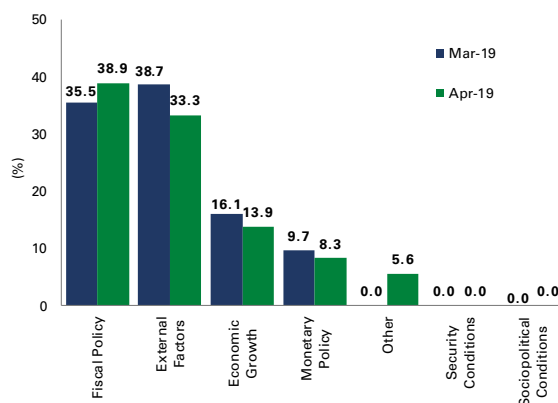


Source: Financial Opinion Survey, Fedesarrollo

FACTORS AFFECTING INVESTMENT

The share of analysts considering fiscal policy as the most important aspect for investing increased from 35.5% in March to 38.9% this month. External factors placed second (33.3%) with a reduction of 5.4 pps compared to the previous month (Graph 10).

Graph 10. Most relevant factors to invest
(% of answers)



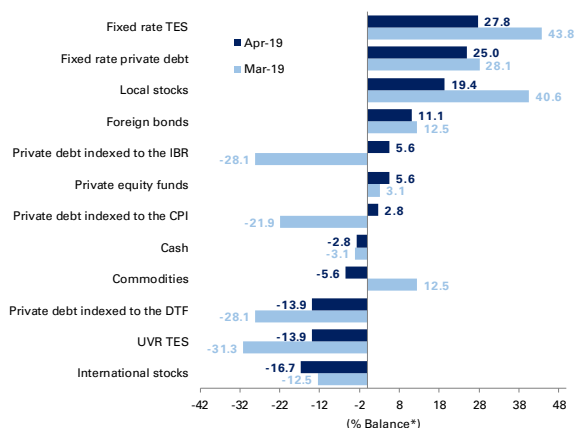
Source: Financial Opinion Survey, Fedesarrollo

INVESTMENT PREFERENCE

Relative to March, portfolio managers increased their preferences for private debt indexed to IBR, CPI and DTF, UVR TES, private equity funds and cash. In contrast, there is evidence of a deterioration in preferences for local shares, commodities, fixed rate TES, foreign shares, fixed rate private debt and foreign bonds (Graph 11).

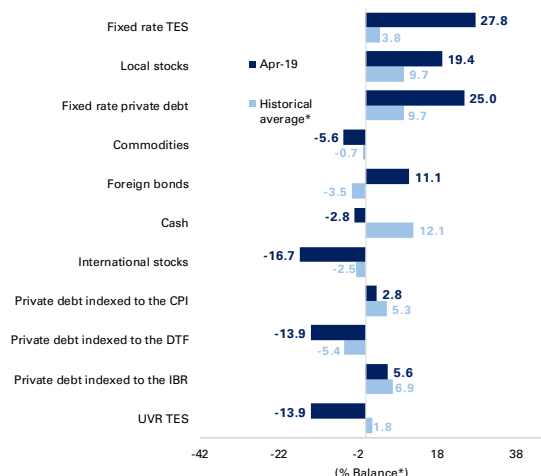
Compared to the survey's historical average, there is a greater preference for fixed rate TES, local shares, fixed debt private debt, commodities and foreign bonds. (Graph 12).

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

Graph 12. 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

COLCAP

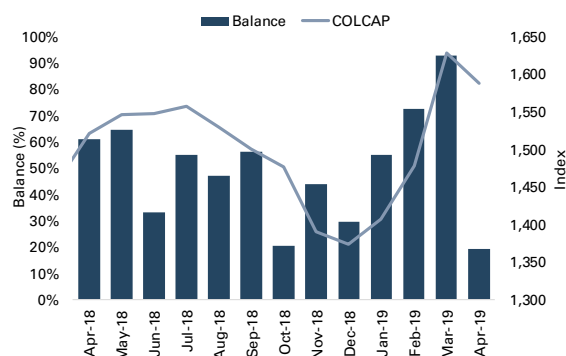
COLCAP reflects price changes in most liquid shares of Colombian Stock Exchange. **In April 58.1% of analysts expect a valuation of the index in the next three months (38.3 pps less than previous month)** (Table 1). On the other hand, the percentage of analysts expecting the stock index to depreciate in the next three months increased from 3.6% to 38.7%.

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

Index COLCAP Price Level	March 2019	April 2019
Will increase 10% or more	7,1%	3,2%
Will increase between 5% and 9,99%	57,1%	3,2%
Will increase between 0,01% and 4,99%	32,1%	51,6%
Will remain	0,0%	3,2%
Will decrease between 0,01% and 4,99%	3,6%	29,0%
Will decrease between 5% and 9,99%	0,0%	9,7%
Will decrease between 10% or more	0,0%	0,0%

Source: Financial Opinion Survey, Fedesarrollo

Graph 13. 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

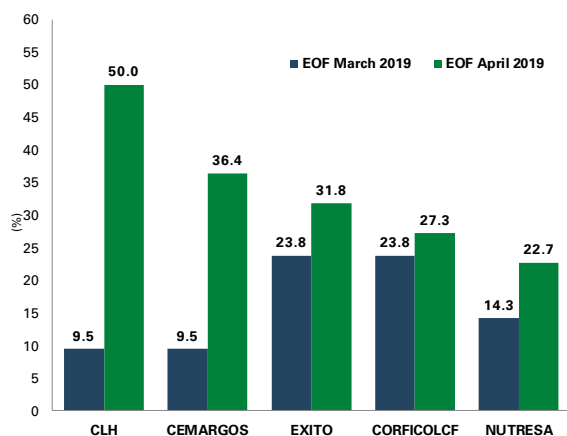
MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three shares they consider the most attractive within those that make up the COLCAP index. This month, **Cemex stock was ranked first**, with a preference expressed by 50.0% of those who invest in shares. It was followed by **Cemargos, Éxito, Corficolombiana and Nutresa** (Graph 14).

Relative to March, there is a greater appetite among respondents for shares of construction and consumption. On the contrary, shares in holdings and the energy sector are less preferred (Graph 15).

Graph 14. More attractive COLCAP Stocks for investors

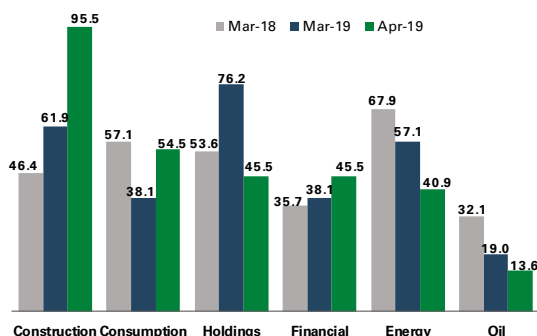
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo.

Graph 15. More attractive COLCAP sectors for investors

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



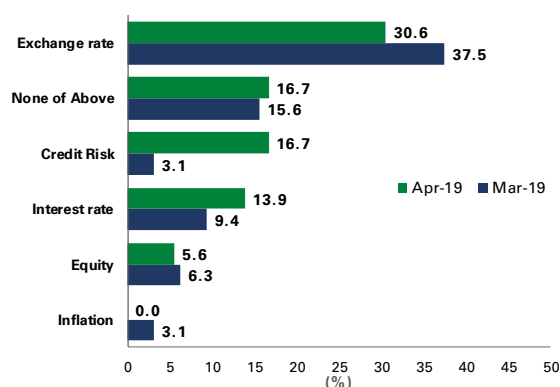
Source: Financial Opinion Survey, Fedesarrollo.

RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to hedge against in the next three months. In April **30.6% of respondents said they were planning to hedge against foreign exchange risk in the short term, which represents a decrease of 6.9 pps compared to last month.** On the other hand, the percentage of administrators who expect to hedge against any type of risk in the survey and who were planning to hedge against credit risk placed second, with an increase of 1 pps and 13.5 pps compared to March. (Graph 16).

Graph 16. 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	Expectations (Median of the answers)		
	March	Apr-19	Jul-19	Dec-19
Inflation (Annual variation, %)	3.21	3.16		3.30
Exchange rate	\$ 3,175	\$ 3,140	\$ 3,130	\$ 3,100
Interest rate (%)	4.25	4.25	4.38	4.63
	2018	1Q-2019	2Q-2019	Year 2019
Growth (%)	2.7	3.00	3.20	3.30

Source: Financial Opinion Survey -BVC

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