

# Financial Opinion Survey

December 2019

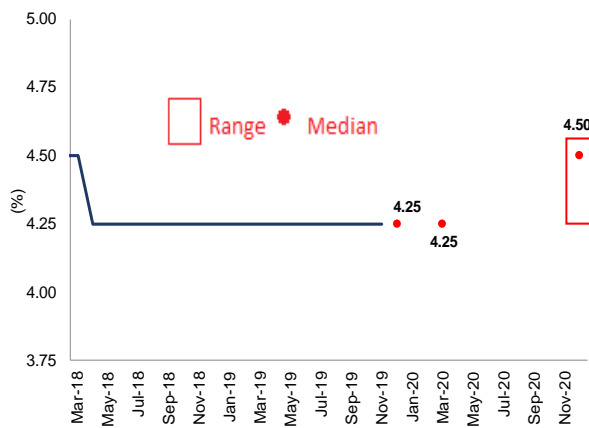
Bulletin No.176

## CENTRAL BANK POLICY RATE

In October, the Board of Directors of the Central Bank decided to keep its monetary policy interest rate unchanged at 4.25%.

**By the end of the year, 98.9% of the analysts foresee the interest rate to remain unchanged (97.5% in previous FOS), while the remaining 1.1% expect a 25-bps increase (2.5% in previous FOS).**

Graph 1. Central Bank interest rate

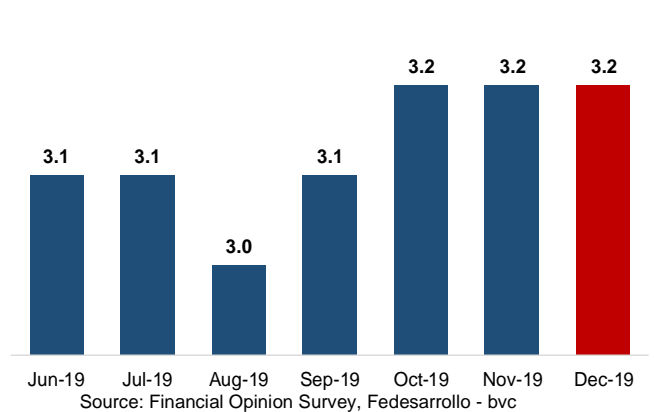


Source: Financial Opinion Survey, Fedesarrollo - bvc

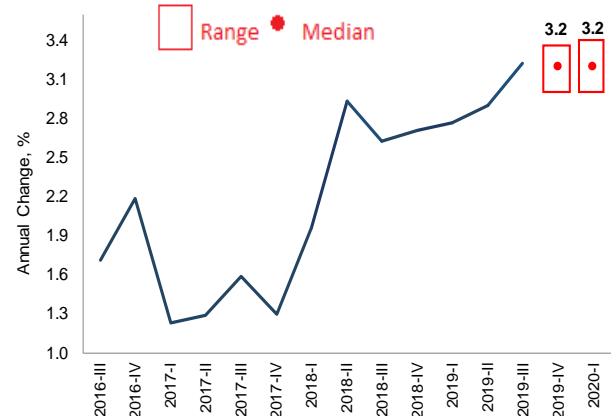
## ECONOMIC GROWTH

In December, analysts maintained their economic growth forecast for 2019 at 3.2% (Graph 2), and at 3.3% for 2020. Expectations about fourth quarter of 2019 growth decreased related to previous edition, from 3.3% to 3.2% (Graph 3). Conversely, expectations about first quarter of 2020 growth reached 3.2%

Graph 2. 2019 GDP annual growth forecast (Annual Change, %)



Graph 3. GDP growth forecast – fourth quarter of 2019 and first quarter of 2020 (Annual Change)

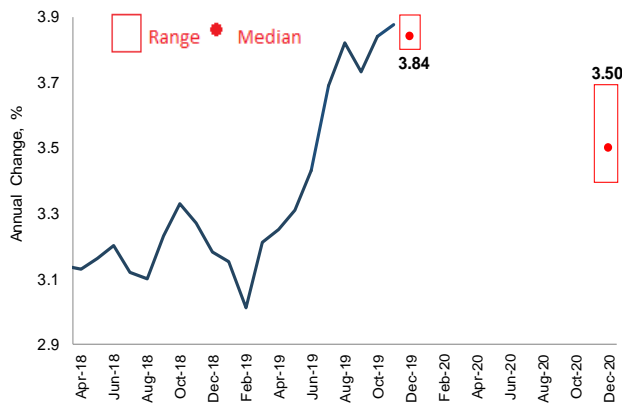


Source: Financial Opinion Survey, Fedesarrollo - bvc

## INFLATION

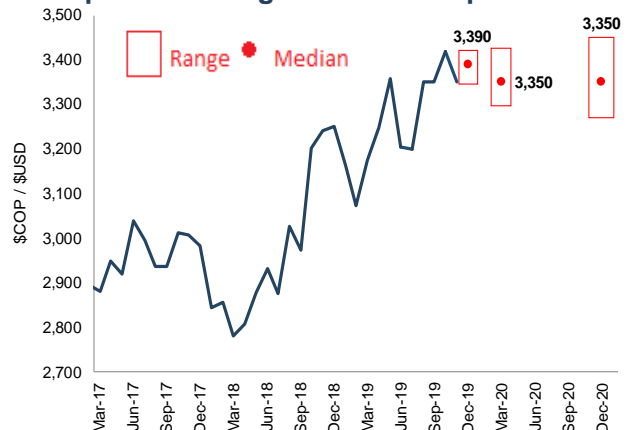
In November, annual inflation reached 3.84%, lower than the analysts' forecast in the previous edition (3.88%). In December, analysts believe that inflation will remain at 3.84% (Graph 4). This inflation expectations for the end of 2019 mean 4-bps decrease related to November results (3.88% in previous FOS) (Graph 5).

Graph 4. Inflation forecast



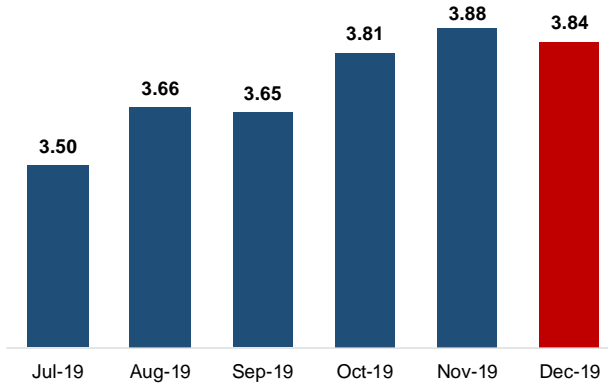
Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Exchange rate - end of period



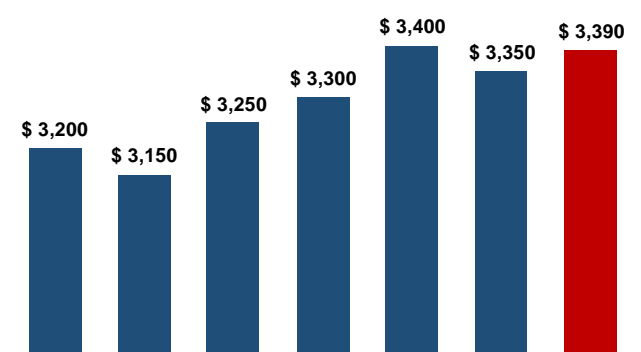
Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 5. Inflation forecast - end of 2019



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 7. Exchange rate forecast - end of period 2019



Source: Financial Opinion Survey, Fedesarrollo - bvc

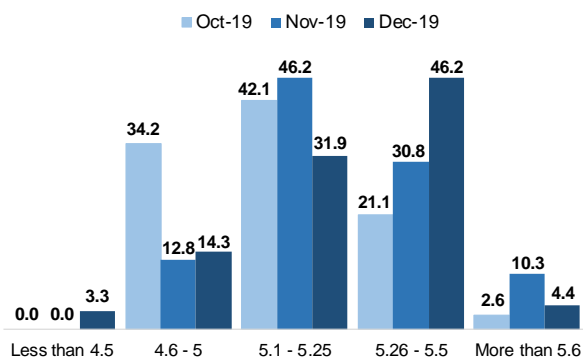
## EXCHANGE RATE

In November, the exchange rate closed at \$ 3,502.92, with a monthly depreciation of 3.33%. On November 29<sup>th</sup>, it reached a maximum value of \$ 3,502.92 pesos per dollar and on November 06<sup>th</sup> it reached a minimum value of \$3,318.47 pesos per dollar. **Exchange rate forecast for next three months ranges between \$3,300 and \$3,470, with \$3,350 as median response (Graph 6). Exchange rate forecast for the end of 2019 increased compared to past month result, with \$ 3,390 as the median response (\$3,350 in previous FOS), ranging between \$3,350 and \$3,420 (Graph 7).**

## TES 2024 RATE

During November, TES 2024 rate presented an upward trend, especially since November 22<sup>th</sup>, reaching trading volumes of 6,75 trillion pesos, which entails a reduction of 2.1 trillion pesos related to past month. In this edition, the percentage of analysts who consider the rate will be under 4.5% during the next three months was 3.3%, between 4.6% and 5% was 14.3%; 31.9% expect it to range between 5.1% and 5.25%; the 46.2% believe it will be between 5.26% and 5.5%; while 4.4% of analysts expect a higher rate than 5.6% (Graph 8).

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



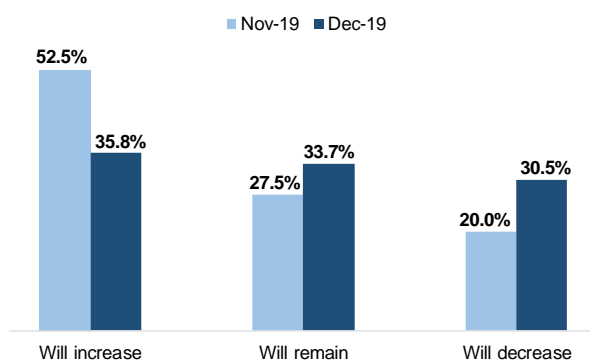
Source: Financial Opinion Survey, Fedesarrollo - bvc

## 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. Debt spread closed at 188-bps in November. **In December 35.8% of analysts (52.5% in November) expect the spread to increase in the next three months, while 30.5% (20.0% in November) expect it to decrease. The remaining 33.7% of the respondents expect for the spread to remain equal (27.5% in November).** (Graph 9).

**Graph 9. Expectation 3-months debt spread**

(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

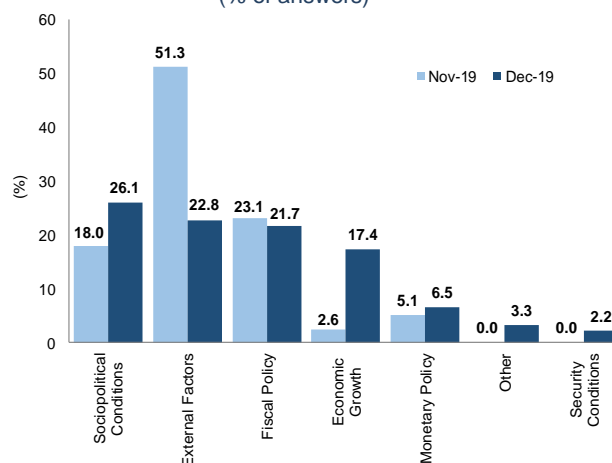
## INVESTMENT DETERMINANTS

In this edition of the survey, **sociopolitical conditions were chosen this month as the most important aspect for investing decisions and the proportion of analysts considering it was 26.1% (18.0% in previous month).** External factors and fiscal policy

placed second and third, respectively. The external factors reached 22.8% of participation (*51.3% in previous month*), losing the first-place ranking occupied during seven consecutive months; while fiscal factor reached 21.7% of participation (*23.1% in previous month*). On the other hand, economic growth rose from fifth to fourth place, with 17.5% of participation (*2.6% in previous month*). Monetary policy placed fifth with 6.5% of participation (*5.1% in previous month*), meanwhile other factors reached 3.3% of participation (*0.0% in previous month*) and security conditions reached 2.2% (*0.0% in previous month*) (Graph 10).

**Graph 10. Most relevant factors for investment decisions**

(% of answers)



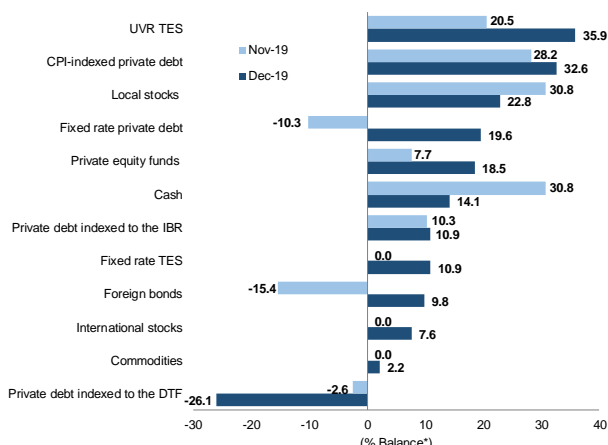
Source: Financial Opinion Survey, Fedesarrollo - bvc

## INVESTMENT PREFERENCE

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

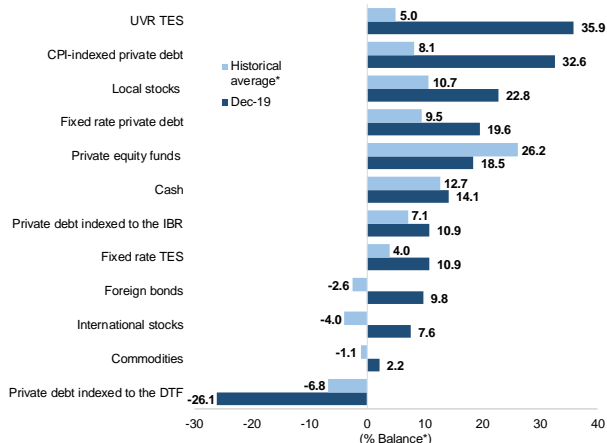
Compared to the survey's historical average, there is a greater preference for UVR TES, CPI-indexed private debt, foreign bonds, local stocks, international stocks, fixed rate private debt, fixed rate TES, private debt indexed to the IBR, commodities and cash (Graph 12).

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 - bvc

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 - bvc

## COLCAP

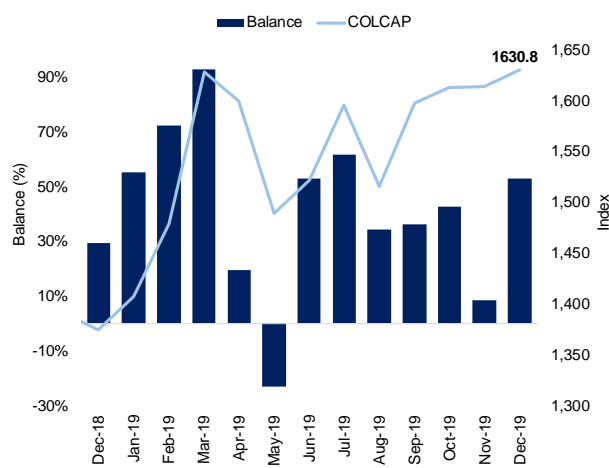
The COLCAP index reflects price changes on the most liquid shares of Colombian Stock Exchange. In December 74.7% of analysts (52.8% in November) expect an appreciation of the index during the next three months (Table 1). On the other hand, the percentage of analysts expecting the stock index to devalue during the next three months is 21.8% (44.4% in November). Finally, the remaining 3.4% expect the index will remain unaltered (2.8% in previous FOS).

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

Index COLCAP Price Level	November 2019	December 2019
Will increase 10% or more	0.0%	1.1%
Will increase between 5% and 9,99%	2.8%	17.2%
Will increase between 0,01% and 4,99%	50.0%	56.3%
Will remain	2.8%	3.4%
Will decrease between 0,01% and 4,99%	41.7%	21.8%
Will decrease between 5% and 9,99%	2.8%	0.0%
Will decrease between 10% or more	0.0%	0.0%

Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 13. 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

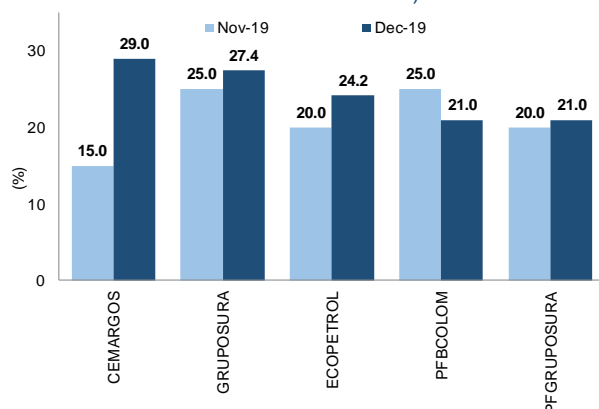
## MOST ATTRACTIVE COLCAP SHARES

The FOS asked to the analysts for the most attractive shares compounding the COLCAP index. In December, **Cementos Argos common stock** was ranked in the first place with the 29% of participation. It was followed by **Grupo Sura common stock**, **Ecopetrol common stock**, **Bancolombia preferred stock** and **Grupo Sura preferred stock**. (Graph 14).

Compared to November, there is a greater appetite among respondents for shares of energy, consumption, holding and construction sectors. On the contrary, shares in oil and financial sectors are less preferred (Graph 15).

### Graph 14. More attractive COLCAP stocks for investors

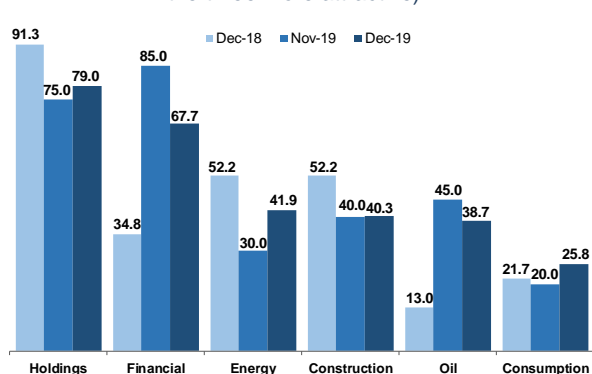
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo - bvc

### Graph 15. More attractive COLCAP sectors for investors

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

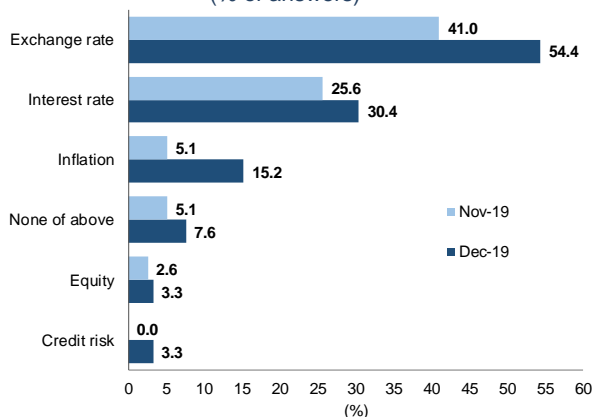


Source: Financial Opinion Survey, Fedesarrollo - bvc

### 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 December 54.4% of respondents (41.0% in November) were planning to hedge against foreign exchange risk in the short term.** On the other hand, the percentage of administrators who expect to hedge against interest rate placed second with 30.4% (25.6% in November) (Graph 16).

### Graph 16. Coverage of the different types of risk for the next 3 months



Source: Financial Opinion Survey, Fedesarrollo - bvc

### Table 2. Summary of Macroeconomic Expectations

Variable	Expectations (Median of answers)			
	Observed	Nov-19	Dec-19	Feb-20
Inflation (Annual variation, %)	3.84	3.84		
Exchange rate	\$ 3,503	\$ 3,390		\$ 3,350
Interest rate (%)	4.25	4.25		4.25
		3Q-2019	4Q-2019	Year 2019
Growth (%)	3.28	3.20		3.20

Source: Financial Opinion Survey -bvc

Beginning with this edition, the number of respondents was expanded (90-120 entities)  
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**Contact us if you wish to access historical  
results and other survey questions**

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