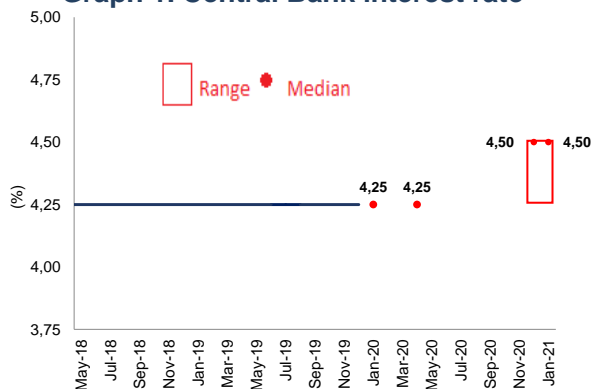


## CENTRAL BANK POLICY RATE

In December, 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 month, 98.5% of the analysts foresee the interest rate to remain unchanged, while the remaining 1.5% expect a 25-bps increase. By the end of the year, 37,3% of the analysts expect the interest rate to remain unchanged, 43,3% an increase of 25-bps, 10,4% expect it to increase 50-bps, 7,5% expect a decrease of 25-bps and the remaining 1,5% expect a decrease of 50 bps (Graph 1).

Graph 1. Central Bank interest rate

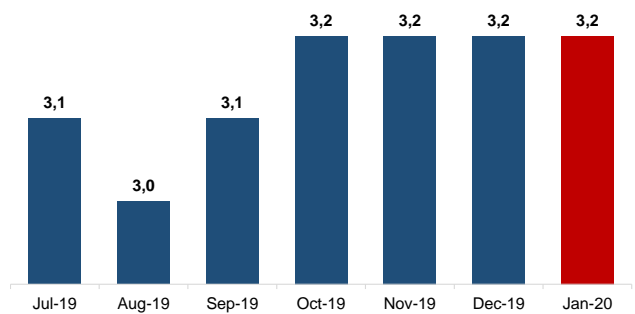


Source: Financial Opinion Survey, Fedesarrollo - bvc

## ECONOMIC GROWTH

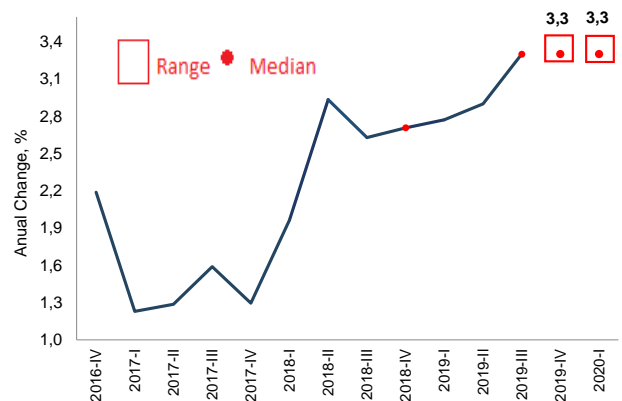
In January, analysts maintained their economic growth forecast for 2019 at 3.2% (Graph 2), and at 3.3% for 2020. Expectations about fourth quarter of 2019 growth increased related to previous edition, from 3.2% to 3.3% (Graph 3). Conversely, expectations about first quarter of 2020 growth reached 3.3%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

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



Source: Financial Opinion Survey, Fedesarrollo - bvc

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

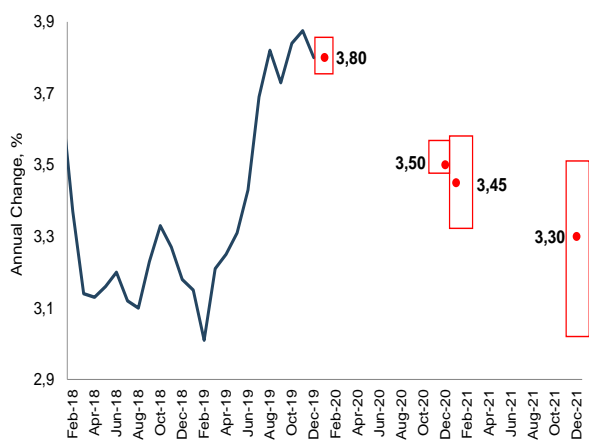


Source: Financial Opinion Survey, Fedesarrollo - bvc

## INFLATION

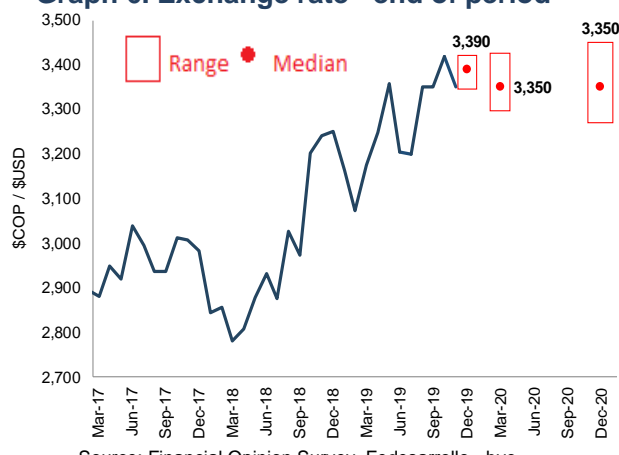
In December, annual inflation reached 3.80%, lower than the analysts' forecast in the previous edition (3.84%). In January, analysts believe that inflation will remain at 3.80% (Graph 4). Inflation expectations for the end of 2020 will remain to 3,5 (Graph 5).

Graph 4. Inflation forecast



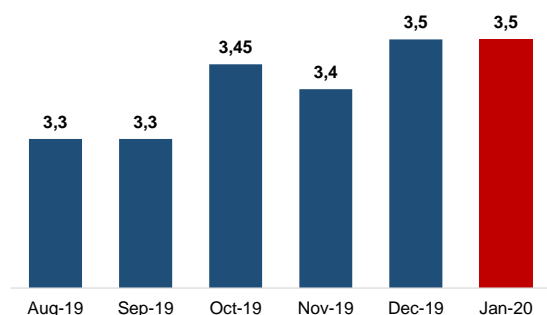
Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Exchange rate - end of period



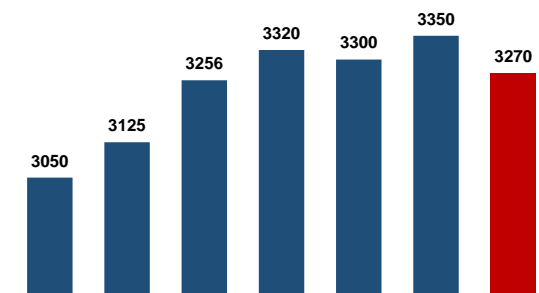
Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 5. Inflation forecast - end of 2020



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 7. Exchange rate forecast - end of period 2020



Source: Financial Opinion Survey, Fedesarrollo - bvc

## EXCHANGE RATE

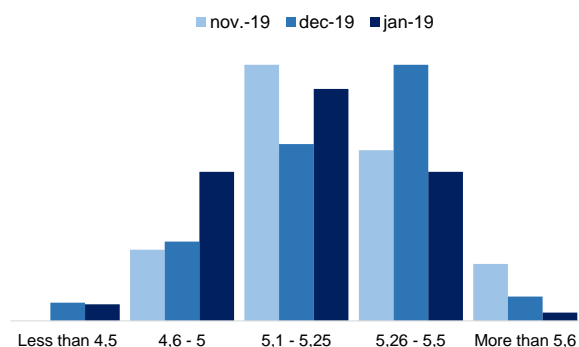
In December, the exchange rate closed at \$3.277,14, with a monthly depreciation of 6,96%. On December 02<sup>nd</sup>, it reached a maximum value of \$ 3,522.48 pesos per dollar and on December 31<sup>st</sup> it reached a minimum value of \$3.277.14 pesos per dollar. **Exchange rate forecast for next three months ranges between \$3,200 and \$3,320, with \$3,280 as median response (Graph 6).** **Exchange rate forecast for the end of 2020 decreased compared to past month result, with \$ 3,270 as the median response (\$3,350 in previous FOS), ranging between \$3.200 and \$3.340 (Graph 7).**

## TES 2024 RATE

During December, the lowest TES negotiation amount of the year was recorded. The volume negotiated decreased to COP 24.6 trillion, which entails a reduction of 27.3% compared to November and 29% compared to the same month of the previous year.

In this edition, the percentage of analysts who consider the rate will be under 4,05% during the next three months was 3,0%, between 4.6% and 5% was 26,9%; 41,8% expect it to range between 5.1% and 5.25%; the 26,9% believe it will be between 5.26% and 5.5%; while 1,5% 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)

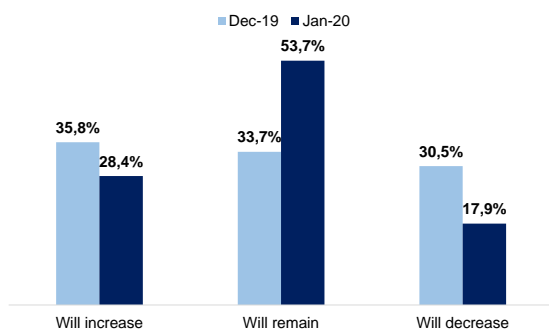


Source: Financial Opinion Survey, Fedesarrollo - bvc

### 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 161-bps in December. **In January 28,4% of analysts (7,4 pps less than the previous FOS) expect the spread to increase in the next three months, while 17,9% (12,6 pps less than previous FOS) expect it to decrease. The remaining 53,7% of the respondents expect for the spread to remain equal.** (Graph 9).

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



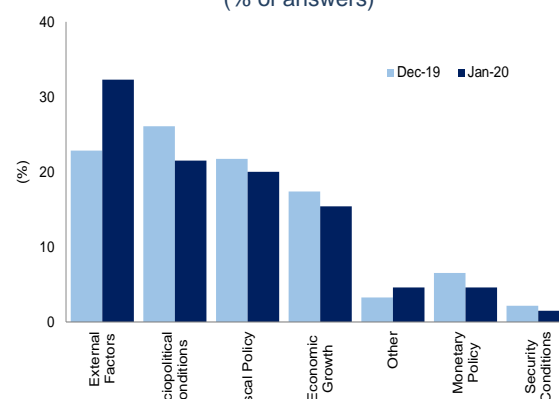
Source: Financial Opinion Survey, Fedesarrollo - bvc

### INVESTMENT DETERMINANTS

In this edition of the survey, **External factors return ranking this month as the most important aspect for investing decisions and the proportion of analysts considering it raised to 32,3% (22,8% in previous month).** Sociopolitical conditions and fiscal policy placed second and third,

respectively. The sociopolitical conditions reached 21,5% of participation (26,1% in previous month), while fiscal factor reached 20,0% of participation (21,7% in previous month). In the other hand, economic growth placed fourth place, with 15,4% of participation (17,4% in previous month). Monetary policy placed fifth with 4,6% of participation (6,5% in previous month), meanwhile other factors reached 4,6% of participation (3,3% in previous month) and security conditions reached 1,5% (2,2% in previous month) (Graph 10).

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



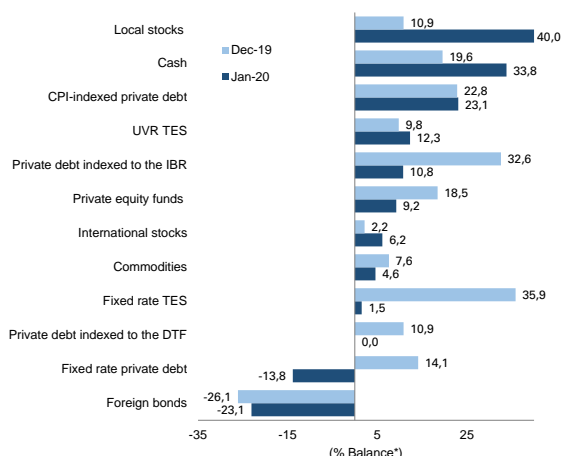
Source: Financial Opinion Survey, Fedesarrollo - bvc

### INVESTMENT PREFERENCE

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

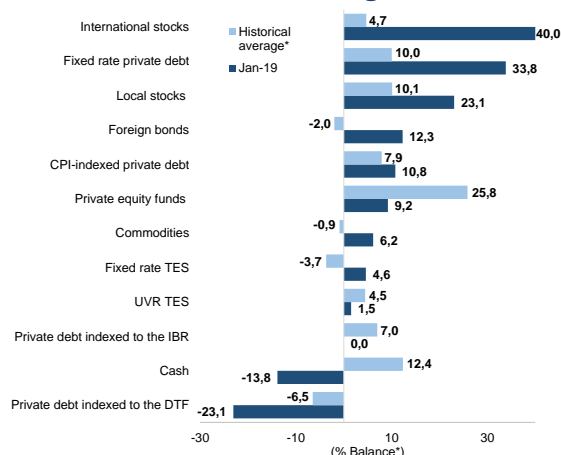
Compared to the survey's historical average, there is a greater preference for fixed rate TES, fixed rate private debt, local stocks, foreign bonds, CPI-indexed private debt, commodities and international stocks (Graph 12).

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

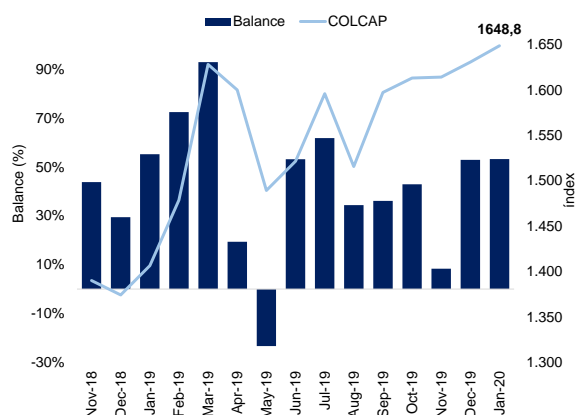
The COLCAP index reflects price changes on the most liquid shares of Colombian Stock Exchange. In January 75,8% of analysts (74,7% in December) expect an appreciation of the index during the next three months (Table 1). On the other hand, the percentage of analysts expecting the stock index to devalue during the next three months is 22,6% (21,8% in December). Finally, the remaining 1,6% expect the index will remain unaltered (3,4% in previous FOS).

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

Index COLCAP Price Level	December 2019	January 2020
Will increase 10% or more	1,1%	1,6%
Will increase between 5% and 9,99%	17,2%	4,8%
Will increase between 0,01% and 4,99%	56,3%	69,4%
Will remain	3,4%	1,6%
Will decrease between 0,01% and 4,99%	21,8%	21,0%
Will decrease between 5% and 9,99%	0,0%	1,6%
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

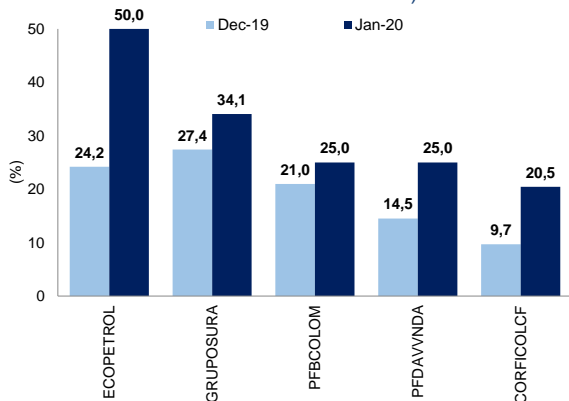
## MOST ATTRACTIVE COLCAP SHARES

The FOS asked to the analysts for the most attractive shares compounding the COLCAP index. In January, **Ecopetrol common stock** was ranked in the first place with the 50% of participation. It was followed by **Grupo Sura common stock**, **Bancolombia preferred stock**, **Davivienda preferred stock** and **Corficolombiana common stock**. (Graph 14).

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

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

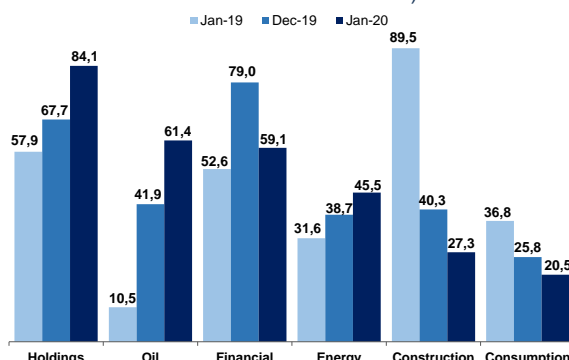
(% of the respondents who consider the stock as one of the three more attractive)



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)

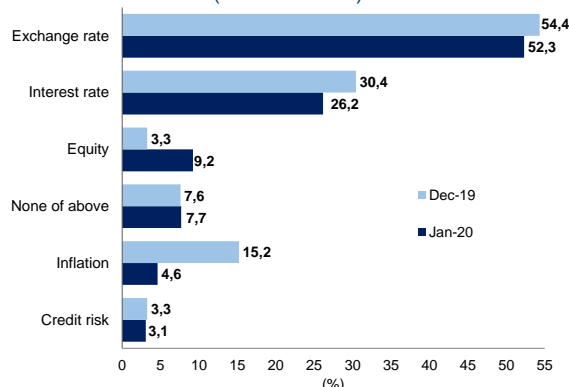


Source: Financial Opinion Survey, Fedesarrollo - bvc

**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 January 52,4% of respondents (54,4% in December) 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 26,2% (30,4% in December) (Graph 16).

**Graph 16. Coverage of the different types of risk for the next 3 months**  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

**Table 2. Summary of Macroeconomic Expectations**

Variable	Observed	Expectations (Median of answers)	
	Dec-19	Jan-19	Apr-20
Inflation (Annual variation, %)	3,80	3,80	
Exchange rate	\$ 3.277	\$ 3.260	\$ 3.280
Interest rate (%)	4,25	4,25	4,25
	4Q-2019	1Q-2020	Year 2019
Growth (%)	3,28	3,30	3,20

Source: Financial Opinion Survey -bvc

Beginning with this edition, the number of respondents was expanded (90-120 entities)  
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