

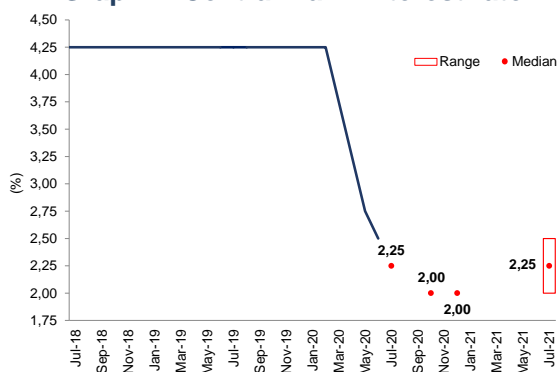
### CENTRAL BANK POLICY RATE

In June, the Board of Directors of the Central Bank decided to reduce its monetary policy interest rate by 25 basis points to 2.50%.

By the end of the month, 7.8% of the analysts foresee the interest rate to remain unchanged at 2.50%, 88.2% of the analysts expect a 25-bps decrease to 2.25% and the remaining 3.9% of the analysts expect a decrease of 50-bps to 2%.

By the end of the year, 72.5% of the analysts expect a reduction of 50-bps (2.0%), 11.8% expect a 75-bps decrease (1.75%) and 7.8% expect the interest rate to decrease 25-bps to 2.25%. A 100-bps decrease is expected by 5.9% of the analysts, meanwhile the remaining 2.0% foresee an unchanged interest rate (Graph 1).

**Graph 1. Central Bank interest rate**



Source: Financial Opinion Survey, Fedesarrollo - BVC

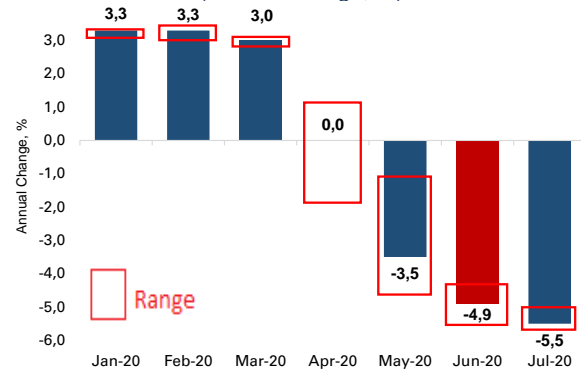
### ECONOMIC GROWTH

In July, the economic growth forecast for 2020 ranges between -5% and -6%, with -5.5% as median response (4.9% in the previous FOS) (Graph 2). The economic growth forecast for 2021 was at 3.5%, ranging between 3.0% and 4.0%.

Expectations about the second quarter continued decreasing related to the previous edition, the economic growth forecast for the second quarter ranged between -15.0% and -7.0%, with -10.0% as the median response (-8.0% in the previous FOS). Expectations regarding third quarter

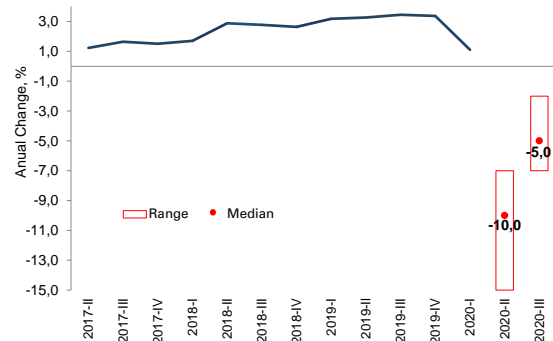
growth reached -5.0%, ranging between -2.0% and -7.0% (Graph 3).

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



Source: Financial Opinion Survey, Fedesarrollo - BVC

**Graph 3. GDP growth forecast – second and third quarter of 2020**  
(Annual Change)

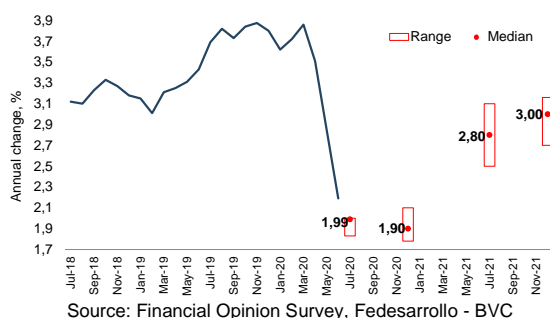


Source: Financial Opinion Survey, Fedesarrollo - BVC

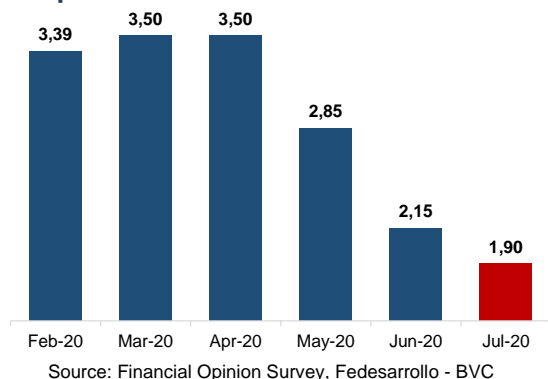
### INFLATION

In June, the annual inflation reached 2.19%, lower than the analysts forecast in the previous edition (2.50%). In July, the analysts believe that inflation will decrease to 1.99% (Graph 4). Inflation expectations for the end of 2020 decreased from 2.15% in the previous edition to 1.9% (Graph 5).

Graph 4. Inflation forecast



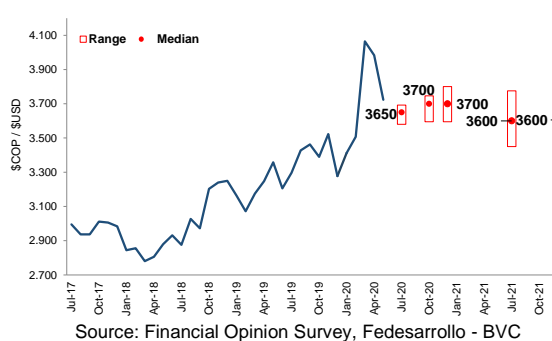
Graph 5. Inflation forecast - end of 2020



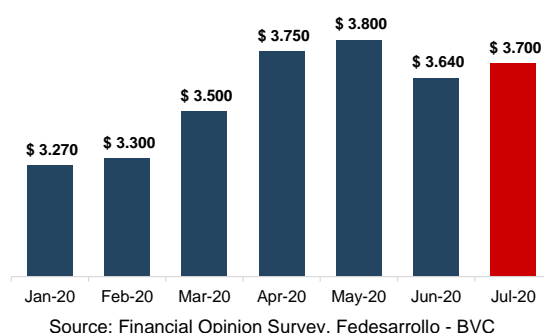
## EXCHANGE RATE

In June, the exchange rate closed at \$3,735.93, with a monthly appreciation of 1.15%. On June 19<sup>th</sup>, it reached a maximum value of \$3,760.22 pesos per dollar and on June 8<sup>th</sup> it reached a minimum value of \$3,565.06 pesos per dollar. **The exchange rate forecast by the end of the month ranges between \$3,580 and \$3,692, with \$3,650 as median response. The exchange rate forecast for next three months ranges between \$3,595 and \$3,746, and its median response corresponds to \$3,700 (Graph 6). Finally, the exchange rate forecast for the end of 2020 increased compared to the past month result, being \$ 3,700 the median response (\$3,640 in the previous FOS), and ranging between \$3,595 and \$3,800 (Graph 7).**

Graph 6. Exchange rate - end of period



Graph 7. Exchange rate forecast - end of period 2020



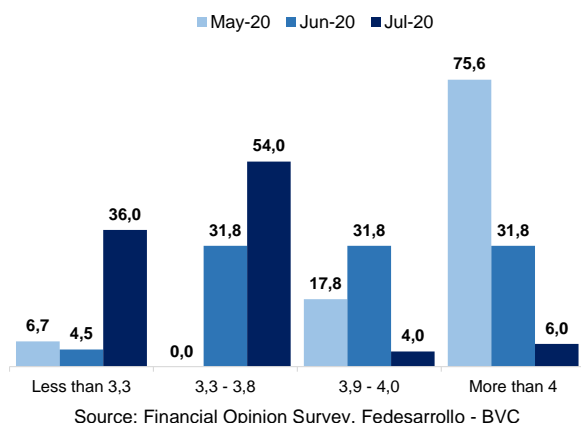
## TES 2024 and 2028 RATE

In June, the traded volume of the Colombian treasury bonds reached COP 23,6 trillion, which entails an increase of 2.16% compared to May and of 65.0% as compared to the same month in the previous year.

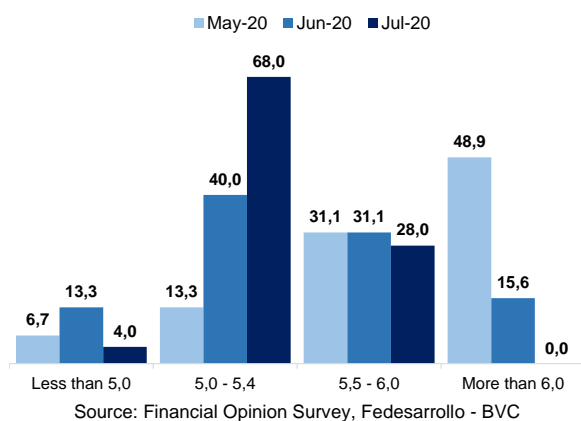
In this edition, the percentage of analysts who considers that **the interest rate on the treasury bonds maturing in 2024 will be under 3.3% during the next three months is 36.0%, and between 3.3% and 3.8% is 54.0%.** The percentage of analysts who expects that **the rate will be between 3.9% and 4.0% during the next three months is 4.0%; meanwhile 6.0% of the analysts expects a rate higher than 5.0% (Graph 8).**

Regarding TES maturing in 2028, the percentage of analysts who considers that **the rate will be under 5.0% during the next three months was 4.0%, and between 5.0% and 5.4% was 68.0%.** The percentage of analysts who expect that **the rate will be between 5.5% and 6.0% during the next three months was 28.0%. None of the analysts expects a rate higher than 6.0% (Graph 9).**

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



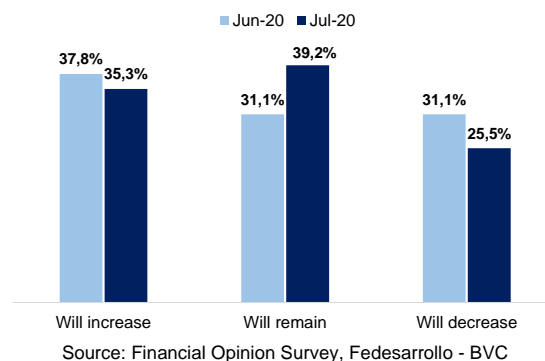
**Graph 9. Expectation of TES 2028 performance rate for the next 3 months**  
(% of answers)



## 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 298-bps in June. **In July 35.3% of analysts (2.5-bps less than the previous FOS) expects the spread to increase in the next three months, while 25.5% (5.6-bps less than previous FOS) expects it to decrease. The remaining 39.2% of the respondents expects for the spread to remain equal (8.1-bps more than previous FOS) (Graph 10).**

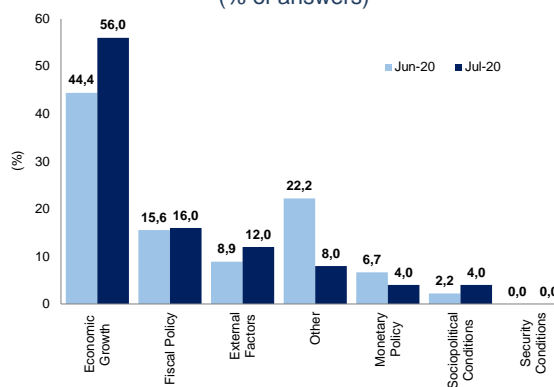
**Graph 10. Expectation 3-months debt spread**  
(% of answers)



## INVESTMENT DETERMINANTS

In this edition, the economic growth continues ranking as the most important aspect considered for investing decisions, reaching **56.0%** (44.4% in the previous month). Fiscal policy and external factors placed second and third place, respectively. Concerns accounting for fiscal policy reached 16.0% (15.6% in the previous month), while external factors, reached 12.0% (8.9% in the previous month). Other factors, mostly related to COVID-19, placed at fourth place with 8.0% (22.2% in the previous month). Monetary policy placed at fifth place, with 4.0% (6.7% in the previous month) and sociopolitical conditions reached 4.0% (2.2% in the previous month). Security conditions was the least in the investment determinants with 0.0% (Graph 11).

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

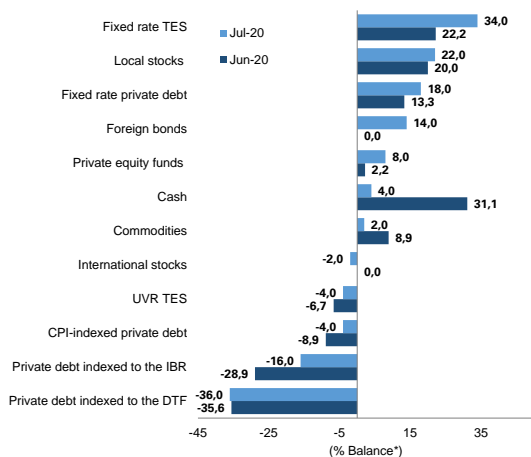


## INVESTMENT PREFERENCES

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

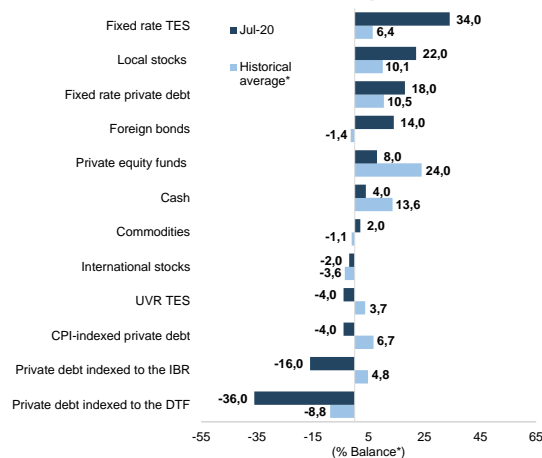
Compared to the survey's historical average, there is a greater preference for cash, fixed rate TES, local stocks, fixed rate private debt and foreign bonds (Graph 13).

**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**



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

Source: Financial Opinion Survey, Fedesarrollo - BVC

## COLCAP

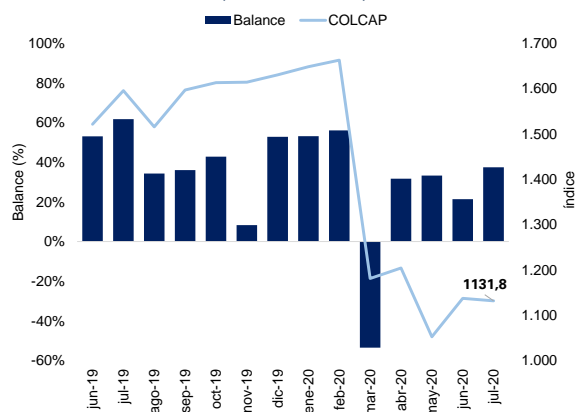
The COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. In July 68.8% of the analysts (59.5% in June) expects a valuation of the index during the next three months (Table 1). On the other hand, the percentage of analysts expecting the stock index to devaluate during the next three months is 31.3% (38.1% in the previous month). And none of the analysts expects the index to remain unaltered (2.4% in the previous FOS).

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

Index COLCAP Price Level	June 2020	July 2020
Will increase 10% or more	14,3%	22,9%
Will increase between 5% and 9,99%	33,3%	27,1%
Will increase between 0,01% and 4,99%	11,9%	18,8%
Will remain	2,4%	0,0%
Will decrease between 0,01% and 4,99%	16,7%	18,8%
Will decrease between 5% and 9,99%	19,0%	8,3%
Will decrease between 10% or more	2,4%	4,2%

Source: Financial Opinion Survey, Fedesarrollo - BVC

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



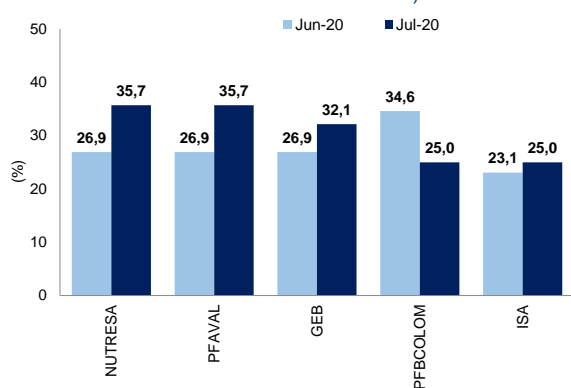
Source: Financial Opinion Survey, Fedesarrollo - BVC  
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

### MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the COLCAP index. In July, the **Nutresa common stock was ranked in the first place with 35.7%**. It was followed by the **Grupo Aval preferential stock, the Grupo Energía de Bogotá common stock, the Bancolombia's preferential stock and the ISA 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)



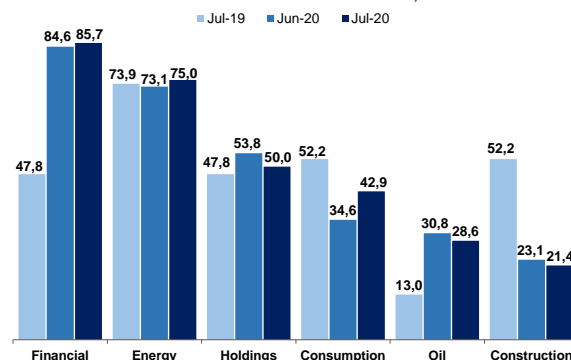
Source: Financial Opinion Survey, Fedesarrollo - BVC

Compared to June, there is greater appetite among respondents for shares of the financial,

energy and consumption sectors. On the contrary, shares in holdings, oil and construction are less preferred (Graph 16).

**Graph 16. Most attractive COLCAP sectors for investors**

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

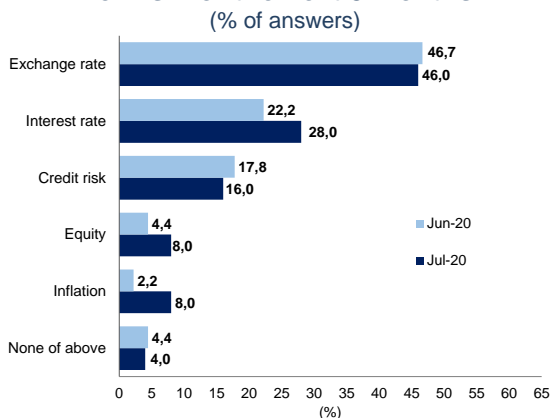


Source: Financial Opinion Survey, Fedesarrollo - BVC

### 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 July 46.0% of the respondents (46.7% in June) were planning to hedge against foreign exchange risk in the short term.** The percentage of managers who expect to hedge against interest rate are 28.0% (22.2% in June) and the percentage who foresee to hedge against credit risk corresponds to the 16.0% (17.8% in the previous month) (Graph 17).

**Graph 17. Coverage of the different types of risk for the next 3 months**



Source: Financial Opinion Survey, Fedesarrollo - BVC

**Table 2. Summary of the Macroeconomic Expectations**

Variable	Observed	Expectations (Median of answers)		
		June-20	Sep-20	Dec-20
Inflation (Annual variation, %)	2.19	1.99		3.00
Exchange rate	\$ 3,736	\$ 3,650	\$ 3,700	\$3,700
Monetary policy interest rate (%)	2.50	2.25	2.00	2.00
	1Q-2020	2Q-2020	3Q-2020	Year 2020
Growth (%)	1.1	-10.0	-5.0	-5.5

Source: Financial Opinion Survey -BVC

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**Contact us if you wish to access historical results and other survey questions**

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