

# Financial Opinion Survey

August 2021

Bulletin No.196

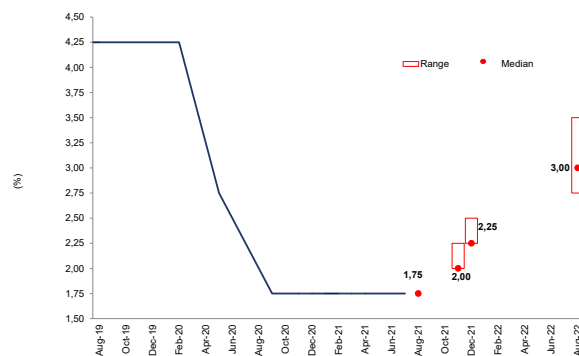
## CENTRAL BANK POLICY RATE

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

By August, 90% of the analysts expects the interest rate to remain unchanged at 1.75%. Meanwhile 10% expects it to reach 2.0%

By the end of 2021, 5.0% of the analysts foresee an unchanged interest rate (1.75%), 15% expects an increase of 25-bps, 37.5% expects an increase to reach a 2.25% interest rate, the 40% an increase to 2.5% and 2.5% of the analysts expects it to reach 2.75% to the end of the year (Graph 1).

Graph 1. Central Bank interest rate



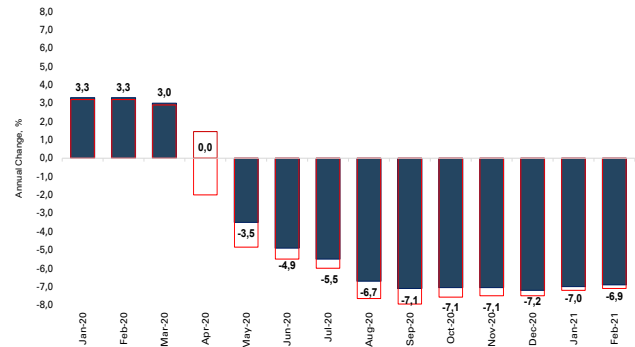
Source: Financial Opinion Survey, Fedesarrollo - BVC

## ECONOMIC GROWTH

In August, the economic growth forecast for 2021 ranges between 6.28% and 7.70%, with 7.20% as median response (6.4% in the previous FOS) (Graph 2). The economic growth forecast for 2022 was at 3.80%, ranging between 3.45% and 4.50%.

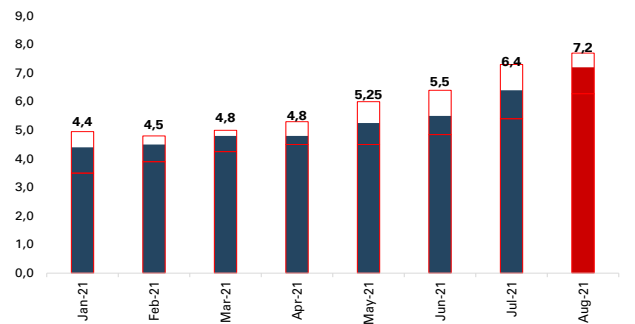
Expectations about the second quarter were in a median of 17.05% (12.50% in the previous edition), ranging between 12.60% and 17.60%. Expectations regarding the third quarter growth reached 7.0%, ranging between 6.0% and 9.15% (Graph 3).

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



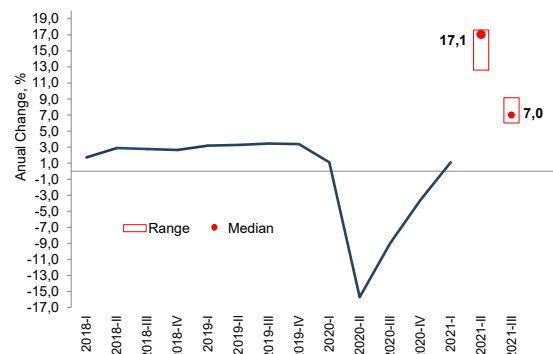
Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 3. 2021 GDP annual growth forecast (Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 4. GDP growth forecast – second and third quarter 2021 (Annual Change)

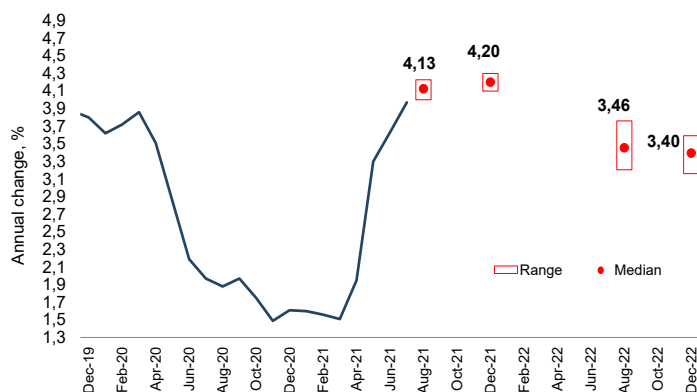


Source: Financial Opinion Survey, Fedesarrollo - BVC

## INFLATION

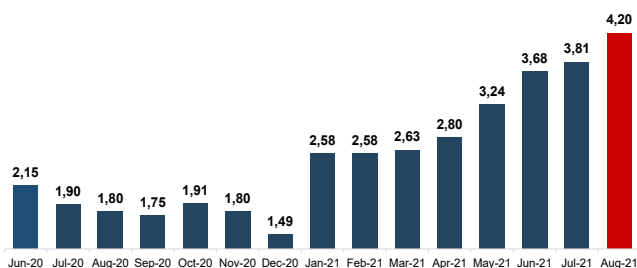
In July, the annual inflation reached 3.97%, higher than the analysts forecast in the previous edition (3.70%). In August, the analysts believe that inflation will reach 4.13% (Graph 4). Inflation expectations for the end of 2021 were in 4.20% (Graph 5).

Graph 5. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 6. Inflation forecast - End 2021



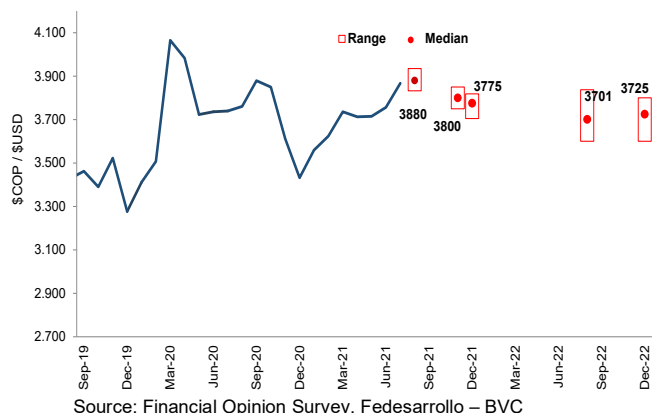
Source: Financial Opinion Survey, Fedesarrollo - BVC

## EXCHANGE RATE

In July, the exchange rate closed at \$3,867.88, with a monthly depreciation of 2.96%. On July 28 it reached a maximum value of \$3,918.49 pesos per dollar and on July 1 it reached a minimum value of \$3,748.50 pesos per dollar. The exchange rate forecast by the end of the month ranges between \$3,833 and \$3,935, with \$3,880 as median response. (Graph 6). The exchange rate forecast for the end of 2021 was 3,775, ranging between \$3,705 and \$3,819 (Graph 7). Finally, the exchange rate forecast for next three

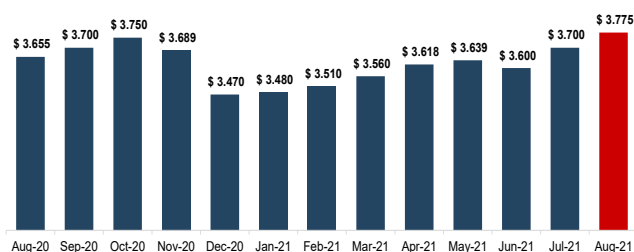
months ranges between \$3,750 and \$3,850, with \$3,800 as median response.

Graph 7. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 8. Exchange rate forecast  
End of 2021



Source: Financial Opinion Survey, Fedesarrollo - BVC

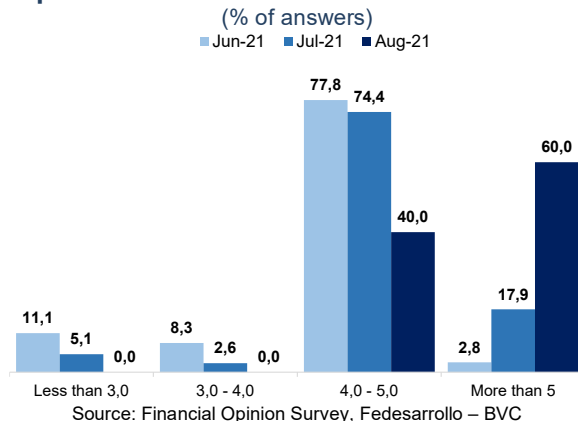
## TES 2024 and 2028 RATE

In July, the traded volume of the Colombian treasury bonds reached COP 30.4 billion, which entails a decrease of 19.8% compared to the last month and of 9.6% related to July 2020.

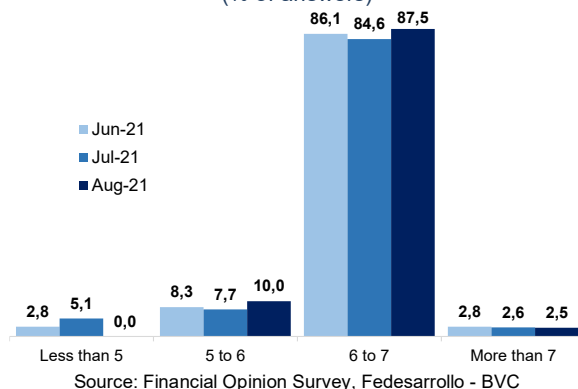
In this edition, the percentage of analysts who considers that the interest rate on the treasury bonds maturing in 2024 will be between 4.0% and 5.0% during the next three months is 40%; meanwhile 60% expects a rate over 5% (Graph 8).

Regarding TES maturing in 2028, the 10% expects a rate between 5.0% and 6.0% during the next three months. Most of them, the 87.5% of analysts, expects the rate to be located between 6.0% and 7.0%. Finally, 2.5% of the analysts considers it to be higher than 7% (Graph 9).

**Graph 9. Expectation of TES 2024 performance rate for the next 3 months**  
(% of answers)



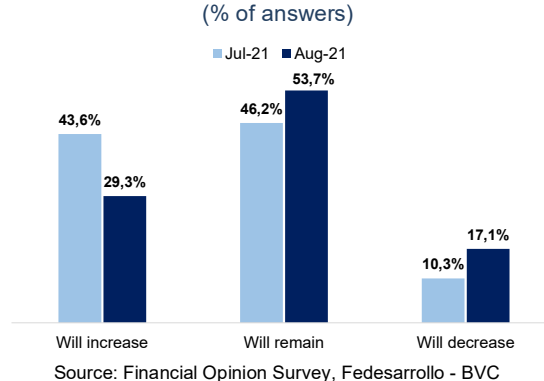
**Graph 10. Expectation of TES 2028 performance rate for the next 3 months**  
(% of answers)



## 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 280-bps in July. **In August, 29.27% of the analysts (14.3-bps less than the previous FOS) expects the spread to increase in the next three months, while 17.07% (6.8-bps more than previous FOS) expects it to decrease. The remaining 53.66% of the respondents expects for the spread to remain equal (7.5-bps more than the previous FOS) (Graph 10).**

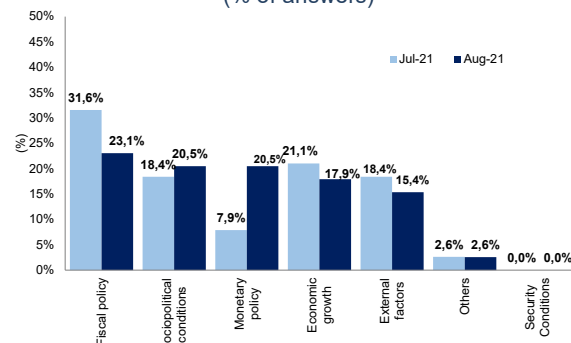
**Graph 11. Expectation 3-months debt spread**  
(% of answers)



## INVESTMENT DETERMINANTS

In this edition, the fiscal policy ranks as the most important aspect considered for investing decisions, reaching 23.08% (31.6% in the previous month). Sociopolitical conditions and monetary policy placed second and third place, respectively, with 20.51% each of them (18.4% and 7.9% in the previous month). Economic growth was placed at fourth place, with 17.95% (21.1% in the previous month). External factors reached 15.38% and other factors 2.56%, while security conditions were no relevant for the investors (Graph 11).

**Graph 12. Most relevant factors for investment decisions**  
(% of answers)



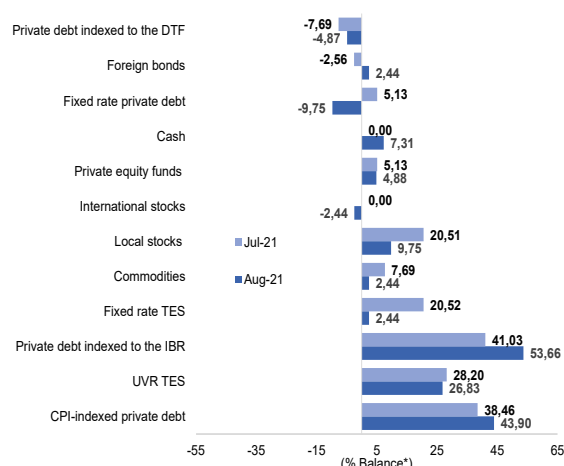
## INVESTMENT PREFERENCES

Compared to July, portfolio managers increased their preferences for private debt

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

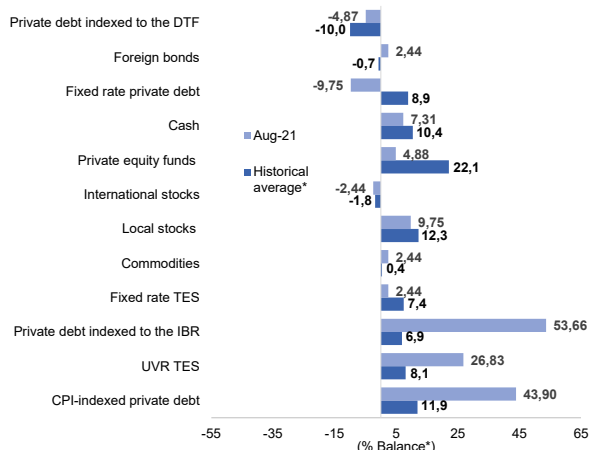
Compared to the survey's historical average, there is a greater preference for CPI-indexed private debt, UVR TES, private debt indexed to the IBR, commodities, foreign bonds and private debt indexed to the DTF (Graph 13).

**Graph 13. 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 14. 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**

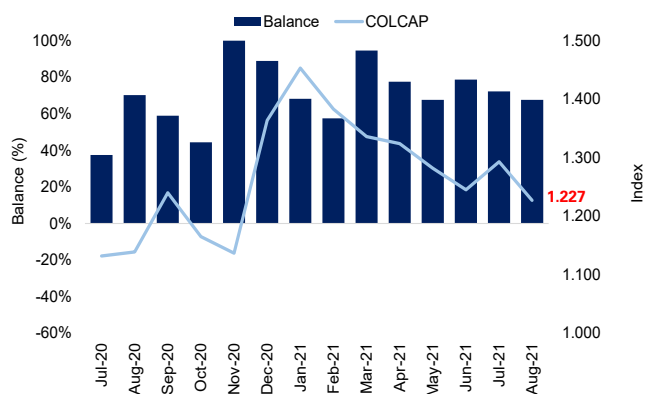
The COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. **In August, the 83.8% of the analysts (86.1% in July) expect a valuation of the index during the next three months** (Table 1), while 16.2% of the analysts expects the index to devalue and 0.0% of them expects it to remain the same (13.9% and 0% respectively in the previous FOS).

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

Index COLCAP Price Level	July 2021	August 2021
Will increase 10% or more	0,0%	56,8%
Will increase between 5% and 9,99%	22,2%	8,1%
Will increase between 0,01% and 4,99%	63,9%	18,9%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	13,9%	16,2%
Will decrease between 5% and 9,99%	0,0%	0,0%
Will decrease between 10% or more	0,0%	0,0%

Source: Financial Opinion Survey, Fedesarrollo – BVC

**Graph 15. 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

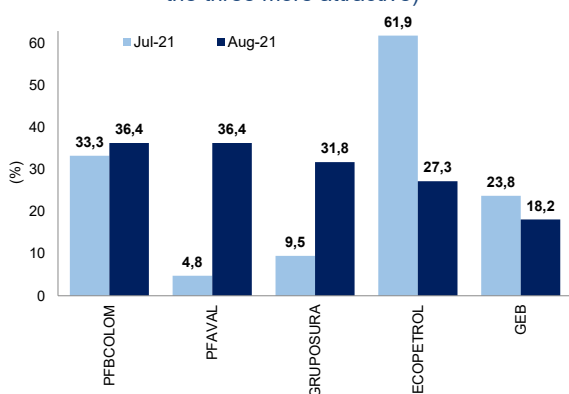
**MOST ATTRACTIVE COLCAP SHARES**

The FOS inquires the analysts for the most attractive stocks compounding the COLCAP index. **In August, the preferential stock of Grupo Bancolombia was ranked in the first place with 36.4%.** It was followed by the preferential stock of Grupo Aval, the common

stock of Grupo Sura, the common stock of Ecopetrol and the stock of Grupo de Energía de Bogotá (Graph 15).

### Graph 16. More attractive COLCAP stocks for investors

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

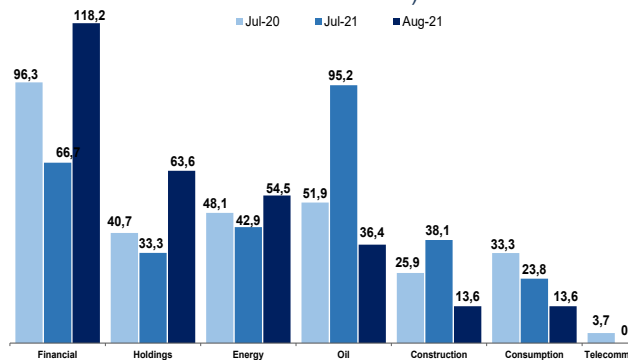


Source: Financial Opinion Survey, Fedesarrollo – BVC

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

### Graph 17. Most attractive COLCAP sectors for investors

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



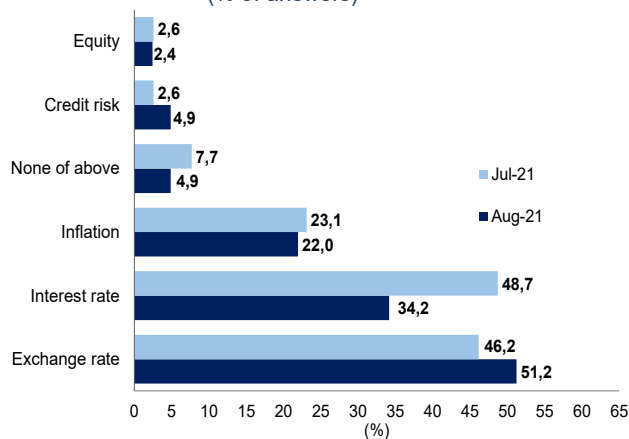
Source: Financial Opinion Survey, Fedesarrollo - BVC

### 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 August, 51.2% of the respondents (46.2% in July) were planning to hedge against the foreign exchange risk in the short term.** The percentage of managers who expect to hedge against the interest rate is 34.2% (48.7% in July).

### Graph 18. 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)		
	July-21	August-21	Nov-21	Dec-21
Inflation (Annual variation, %)	3.97	4.13		4.20
Exchange rate	\$ 3,867.88	\$ 3,880	\$ 3,800	\$ 3,775
Monetary policy interest rate (%)	1.75	1.75	2.0	2.25
	IIQ-2021	IIQ-2021	Year 2021	Year 2022
Growth (%)	17.6	17.05	7.20	3.80

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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