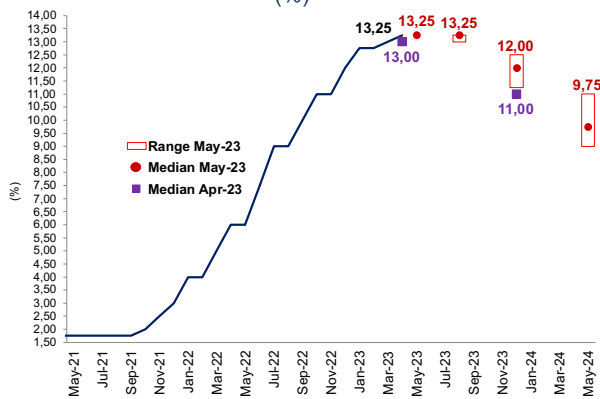


CENTRAL BANK POLICY RATE

In April 2023, the Board of Directors of Banco de la República (Colombia’s Central Bank) increased the intervention rate by 25 basis points, bringing it to 13.25%. The next meeting at which a monetary policy decision will be made will take place on June 30, 2023.

For the month of May, analysts expect the intervention rate to remain at 13.25%. They also expect the rate to remain at 13.25% for August of the same year. Finally, they anticipate a reduction throughout 2023, to 12.00% in December 2023 and 9.75% in May 2024 (Graph 1).

Graph 1. Central Bank interest rate (%)



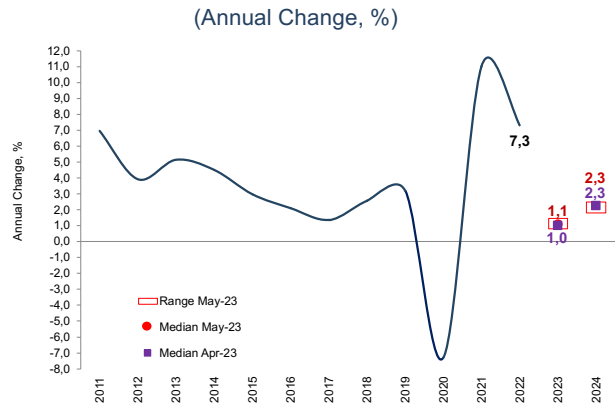
Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

In May, the growth forecast for 2023 was in a range between 0.8% and 1.5%, with 1.1% as the median response (0.1 percentage points (pps) higher than in the April 2023 edition) (Graph 2). The median forecast for 2024 was 2.3%, ranging between 1.8% and 2.5%.

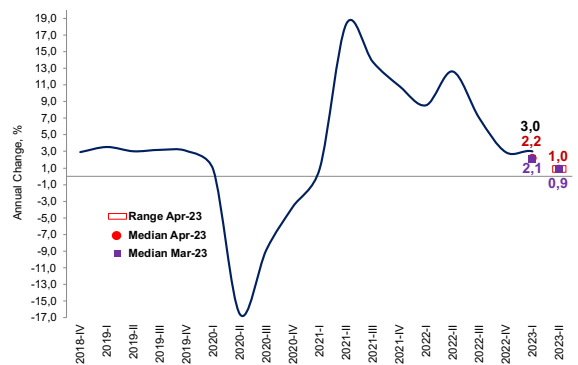
Expectations for growth in the first quarter of 2023 were in a range between 2.0% and 2.5%, with 2.2% as the median response (2.0% in the April issue). This corresponds to a difference of 0.8 pps with respect to the observed figure of 3.0%. On the other hand, the growth forecast for the second quarter of 2023 stood at 1.0% (Graph 3).

Graph 2. GDP annual growth forecast-2023 and 2024 (Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 3. GDP growth forecast – first and second quarter 2023 (Annual Change, %)



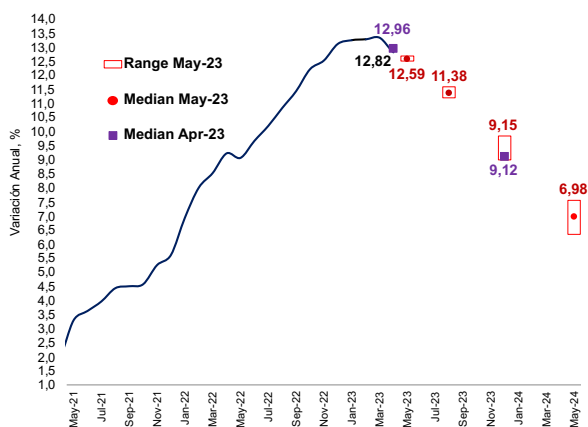
Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

In April, annual inflation stood at 12.82%, slightly lower than analysts' forecast in April (12.96%). In May, analysts believe that inflation will stand at 12.59% (in a range between 12.51% and 12.70%) (Graph 4).

For this edition, analysts expect year-end inflation to close at 9.15% (in a range between 9.00% and 9.85%), showing a slight increase compared to the previous edition (9.12%), so inflation expectations remain outside the target range of Banco de la República (2.0% - 4.0%).

Graph 4. Inflation forecast

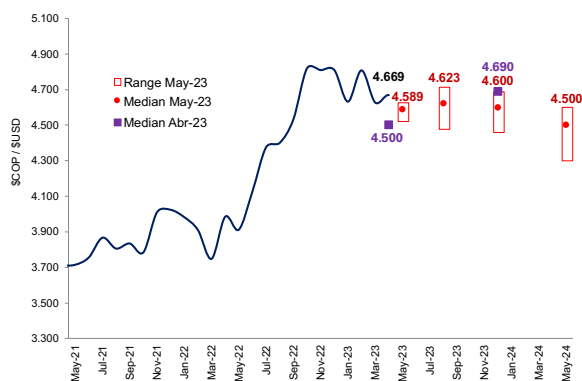


Source: Financial Opinion Survey, Fedesarrollo - bvc

EXCHANGE RATE

In April the exchange rate closed at \$4,669.00 with a monthly depreciation of 0.9%, reaching its maximum value for the month on April 30 (\$4,669.00) and its minimum value on April 14 (\$4,424.02). In May, analysts consider that the exchange rate will be in a range between \$4,521 and \$4,626, with \$4,589 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4,600, which shows a decrease compared to the previous month's forecast.

Graph 5. Exchange rate - end of period



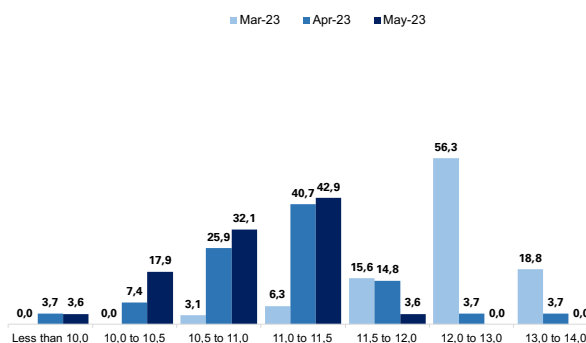
Source: Financial Opinion Survey, Fedesarrollo - bvc

TES 2028 and 2032 RATE

In this edition, 3.6% of analysts consider that the TES rate maturing in 2028 will be less than 10.0% in three months, 17.9% between 10.0%-10.5%, 32.1% expect it to be between 10.5%-11.0%, 42.9% project it to be between 11.0%-11.5% and 3.6% expect it to be between 11.5%-12.0% (Graph 6).

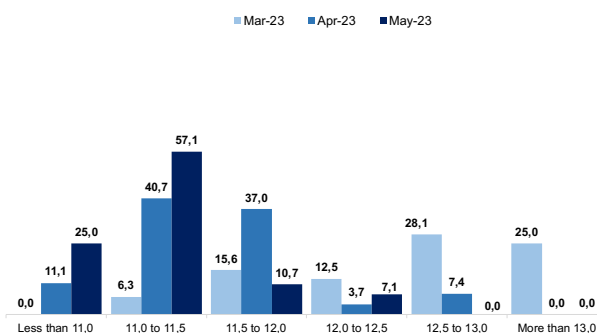
For TES maturing in 2032, 25.0% of analysts expect it to be less than 11.0%, 57.1% project it to be between 11.0%-11.5%, 10.7% consider it to be between 11.5%-12.0%, and finally 7.1% project it to be between 12.0%-12.5% (Graph 7).

Graph 6. Expectation of TES 2028 performance rate within 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 7. Expectation of TES 2032 performance rate within 3 months (% of answers)



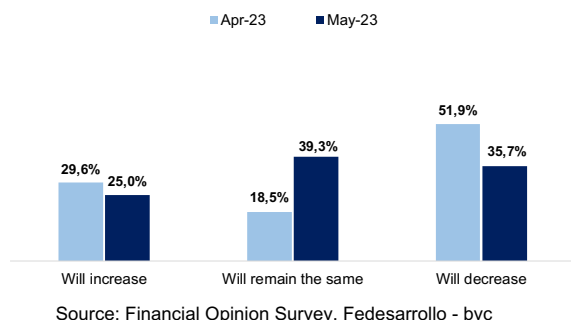
Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia), closed in April 2023 at 422 bps. In May, 25.0% of analysts (4.6 pps less than the previous month) expect the spread to increase in the next 3 months, while 35.7% (16.1 pps less than the previous month) expect it to decrease. The remaining 39.3% of respondents expect the spread to remain the same (20.8 pps more than the previous month) (Graph 8).

¹ The debt spread (EMBIG Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities.

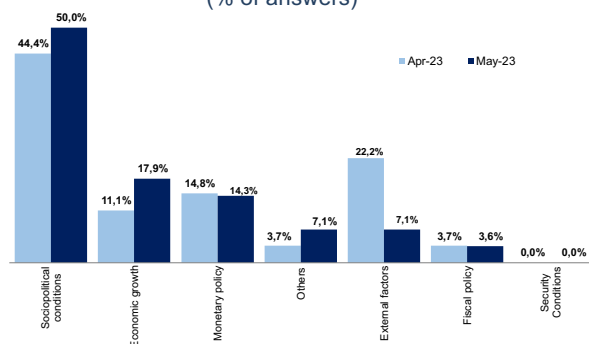
Graph 8. Expectation 3-months debt spread
(% of answers)



INVESTMENT DETERMINANTS

In this edition of the survey, **socio-political conditions** were shown as the most relevant aspect when it comes to investing, being chosen by **50.0%** of analysts (vs. 44.4% the previous month). Economic growth ranked second with 17.9% of participation (vs. 11.1% the previous month). This was followed, in order, by monetary policy and other factors with 14.3% and 7.1% of the share, respectively (vs. 14.8% and 3.7% the previous month). On the other hand, external factors decreased their importance from 22.2% to 7.1%, fiscal policy decreased from 3.7% to 3.6% and security conditions remained at 0.0% (Graph 9).

Graph 9. Most relevant factors for investment decisions
(% of answers)

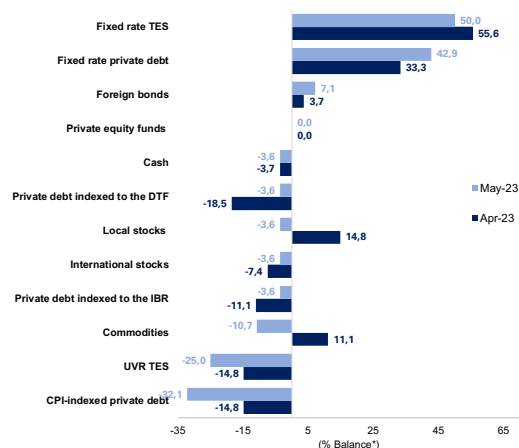


INVESTMENT PREFERENCES

Compared to April 2023, **portfolio managers increased their preferences for international stocks, cash, foreign bonds and private debt indexed to the DTF, IBR and fixed rate.** In contrast, there was a decrease in preferences for private debt indexed to the CPI, TES in UVR and fixed rate,

commodities and local equities. The preference for private equity funds remained unchanged, being chosen by 0.0% of respondents (Graph 10).

Graph 10. 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

MSCI COLCAP

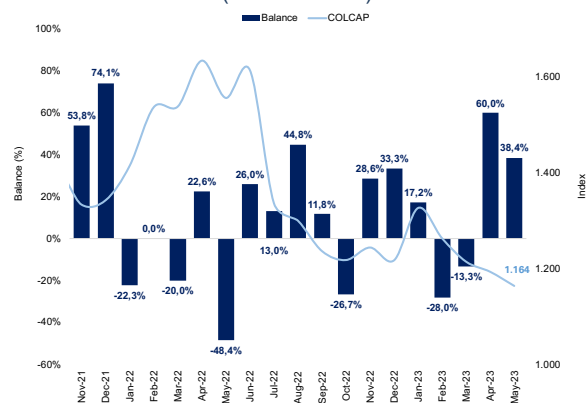
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In May, 69.2% of analysts** (vs. 80.0% in April) **expect the index to appreciate in three months** (Table 1), while the remaining **30.8% expect the stock index to depreciate** (vs. 20.0% in April).

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

Index COLCAP Price Level	April 2023	May 2023
Will increase 10% or more	24,0%	11,5%
Will increase between 5% and 9,99%	20,0%	23,1%
Will increase between 0,01% and 4,99%	36,0%	34,6%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	20,0%	26,9%
Will decrease between 5% and 9,99%	0,0%	0,0%
Will decrease between 10% or more	0,0%	3,8%

Source: Financial Opinion Survey, Fedesarrollo – bvc

Graph 11. Balance on the price of the MSCI COLCAP index 3 months*
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

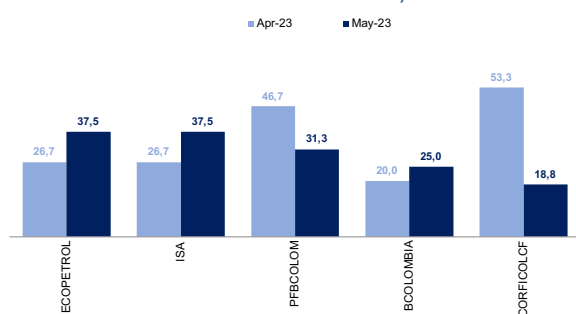
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In May, the common shares of Ecopetrol and ISA ranked first, being selected by 37.5% of analysts. These were followed by Bancolombia's preferred stock (31.3%), Bancolombia's common stock (25.0%) and Corficolombiana's common stock, chosen by 18.8% of those surveyed (Graph 12).**

Graph 12. More attractive MSCI COLCAP stocks for investors

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

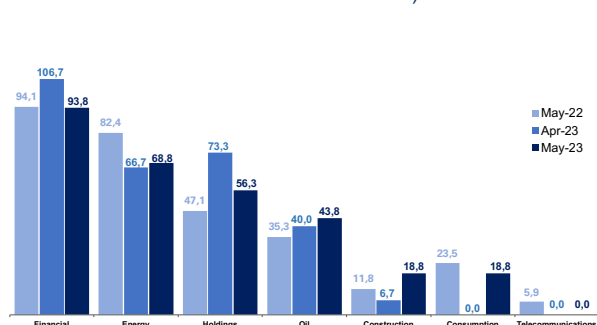


Source: Financial Opinion Survey, Fedesarrollo – bvc

Compared to the previous month, **respondents' appetite for stocks in the energy, oil, consumer, and construction sectors increased (Graph 13).**

Graph 13. Most attractive MSCI COLCAP sectors for investors

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

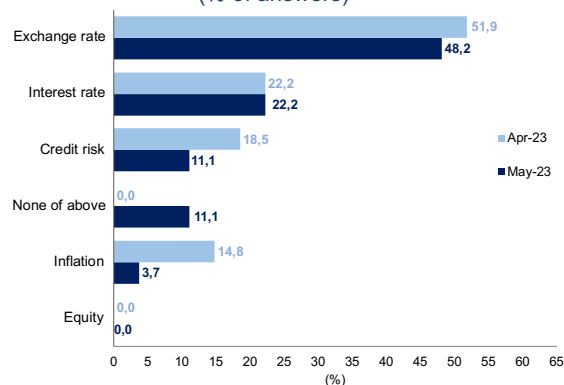


Source: Financial Opinion Survey, Fedesarrollo – bvc

RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to establish a hedge in the next three months. **In May, 48.2% of respondents (51.9% in April) stated that they are planning to hedge against the exchange rate in the short term (Graph 14). In second place, the percentage of managers expecting to hedge against interest rate was 22.2% while against credit risk was 11.1% (22.2% and 18.5% in April, respectively).**

Graph 14. 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	Temporality	Observed	Forecast (Median of answers)	
		Apr-23	Mar-23	Apr-23
Inflation (Annual variation, %)	End of month	12,82	12,96	12,59
	End of year 2023		9,12	9,15
Exchange rate (\$)	End of month	4.669	4.500	4.589
	End of year 2023		4.690	4.600
Monetary policy interest rate (%)	End of month	13,25	13,00	13,25
	End of year 2023		11,00	12,00
Growth (%)*	IQ-2023	3,0	2,1	2,2
	2023		1,0	1,1

Source: Financial Opinion Survey – bvc
*Original series

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