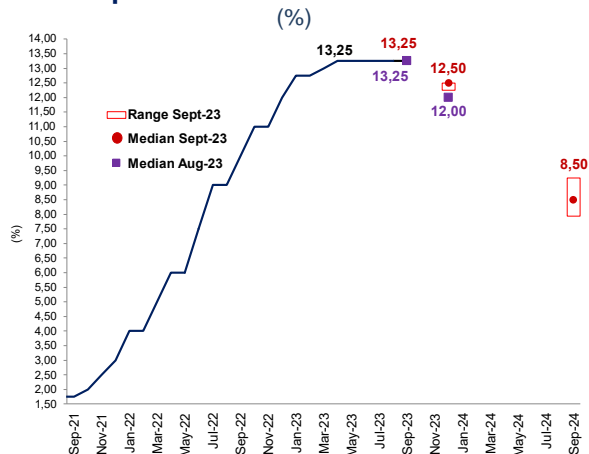


CENTRAL BANK POLICY RATE

In August 2023, the Board of Directors of Banco de la República (Colombia's Central Bank) did not decide on its intervention rate. The next meeting in which a monetary policy decision will be made will be on September 29, 2023.

For the months of September and December, analysts expect the intervention rate to be 13.25% and 12.50%, respectively. They also anticipate that the intervention rate will be at 8.50% in September 2024 (Graph 1).

Graph 1. Central Bank interest rate (%)



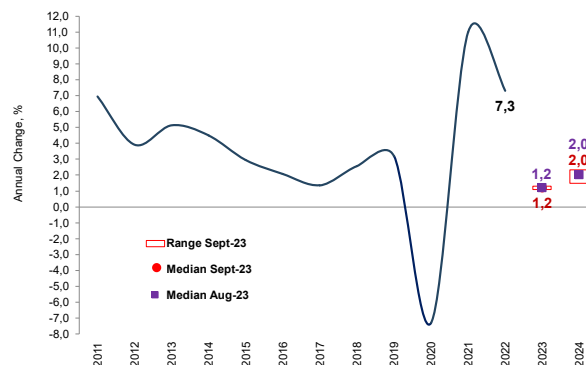
Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

In September, the growth forecast for 2023 was in a range between 1.1% and 1.3%, with 1.2% as the median response (same data as in the August 2023 edition) (Graph 2). The median for 2024 was 2.0%, ranging between 1.5% and 2.3%.

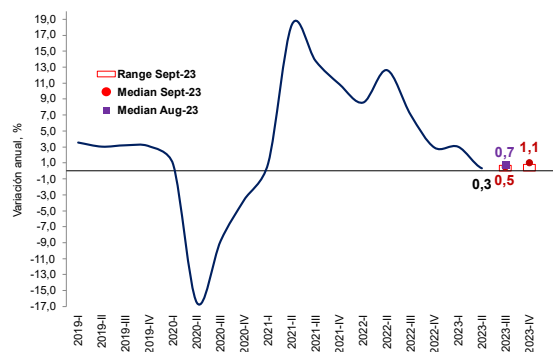
Expectations for third quarter 2023 growth ranged between 0.2% and 0.9%, with 0.5% as the median response (0.7% in the August issue). The growth forecast for the fourth quarter of 2023 stood at 1.1% (Graph 3).

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



Source: Financial Opinion Survey, Fedesarrollo - bvc

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



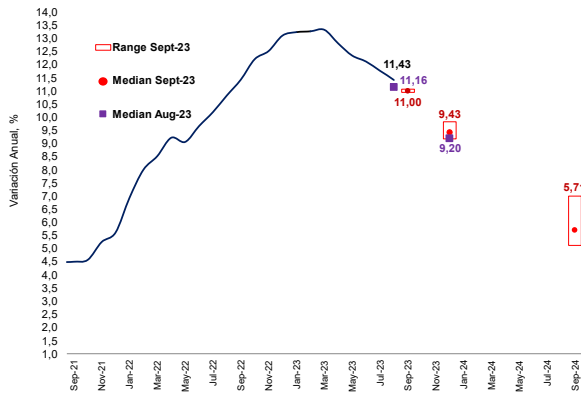
Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

In August, annual inflation stood at 11.43%, higher than analysts' forecast (11.16%). In September, analysts believe that inflation will be 11.0% (in a range between 10.96% and 11.08%) (Graph 4).

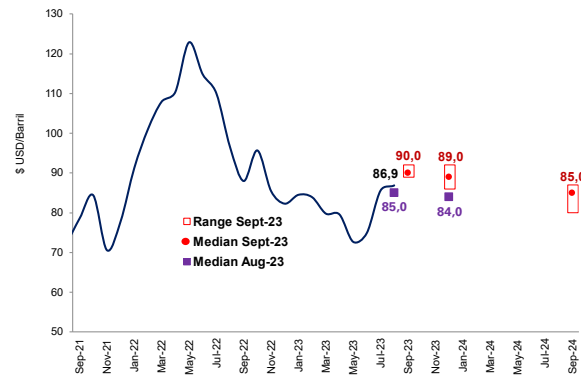
Analysts expect year-end inflation to close at 9.43% (in a range between 9.19% and 9.84%), evidencing an increase compared to the previous edition (9.20%), so inflation expectations remain outside the target range of the Central Bank (2-4%).

Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Brent's price - end of period

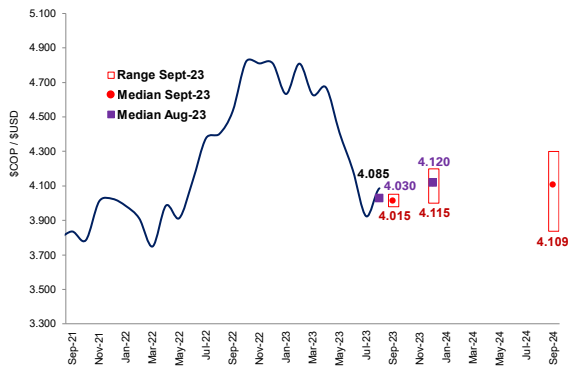


Source: Financial Opinion Survey, Fedesarrollo – bvc

EXCHANGE RATE

In August, the exchange rate closed at \$4.085, with a monthly depreciation of 4.1%, reaching its maximum value for the month on August 17 (\$4.130) and its minimum value on August 1 (\$3.898). In September, analysts consider that the exchange rate will be in a range between \$3,980 and \$4,053, with \$4,015 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4.115, which shows a decrease compared to the previous month's forecast (\$4.120).

Graph 5. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – bvc

OIL

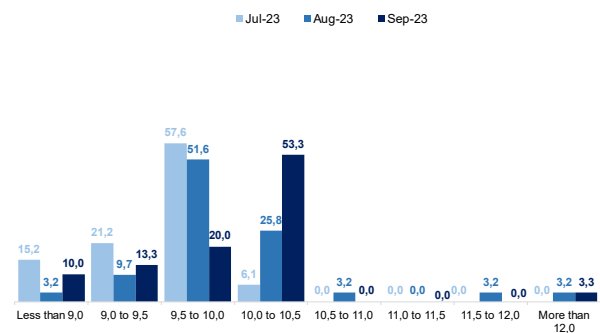
In August, Brent oil closed at \$86.9 dollars, showing a monthly increase of 1.5% and higher by 1.9 dollars compared to analysts' expectations (\$85.0). In September, analysts consider that oil prices will be in a range between \$89.0 and \$92.0, with \$90.0 as the median response (Graph 6). By the end of 2023, they expect a price of \$89.0.

TES 2028 and 2032 RATE

In this edition, 10.0% of analysts consider that the TES rate maturing in 2028 will be less than 9.0% in three months, 13.3% between 9.0%-9.5%, 20.0% expect it to be between 9.5%-10.0%, 53.3% expect it to be between 10.0%-10.5% and 3.3% project it to be more than 10.0% (Graph 7).

For TES maturing in 2032, 6.7% of analysts project their yield to be between 9.0%-9.5%, 20.0% consider it to be between 9.5%-10.0%, 36.7% project it to be between 10.0%-10.5%, 26.7% forecast it to be between 10.5%-11.0% and 10.0% place it at over 11.0% (Graph 8).

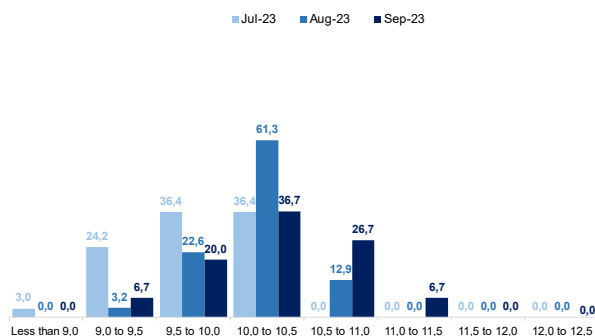
Graph 7. Expectation of TES 2028 performance rate within 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

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 of TES 2032 performance rate within 3 months
(% of answers)

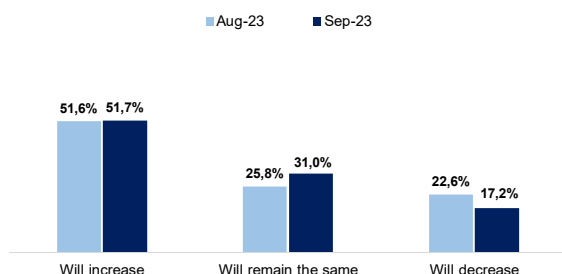


Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia) closed August 2023 at 321 bps. **In September, 51.7% of analysts** (0.1 pps higher than the previous month) **expect the spread to increase in the next 3 months, while 31.0%** (5.2 pps higher than the previous month) **expect it to decrease. The remaining 17.2% of respondents expect the spread to remain the same** (5.3 pps less than the previous month) (Graph 9).

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



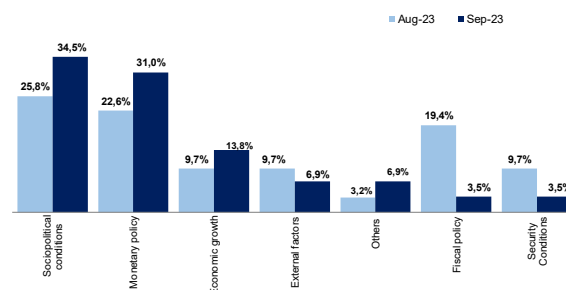
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition of the survey, socio-political conditions were shown as the most relevant aspect when it comes to investing, being chosen by 34.5% of analysts (vs. 25.8% the previous month). Monetary policy ranked second with 31.0% of participation (vs. 22.6% the previous month). This was followed, in order, by economic growth and external factors, with 13.8% and 6.9% of the share, respectively (vs. 9.7% both the previous month). Other factors increased their importance, from 3.2% to 6.9%. Fiscal policy

and security conditions decreased their share from 19.4% and 9.7% to 3.5% both (Graph 10).

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

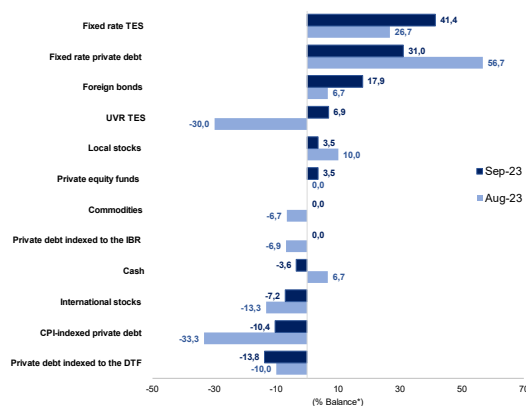


Source: Financial Opinion Survey, Fedesarrollo – bvc

INVESTMENT PREFERENCES

Compared to August 2023, **portfolio managers increased their preferences for private debt indexed to the CPI and IBR, international stocks, commodities, private equity funds, foreign bonds and UVR and fixed rate bonds.** On the contrary, there was a decrease in preferences for private debt indexed to the DTF and fixed rate, cash and local equities (Graph 11).

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

MSCI COLCAP

The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In September, 74.1% of analysts** (vs. 65.5% in August) **expect the index to appreciate in three months** (Table 1), while the remaining

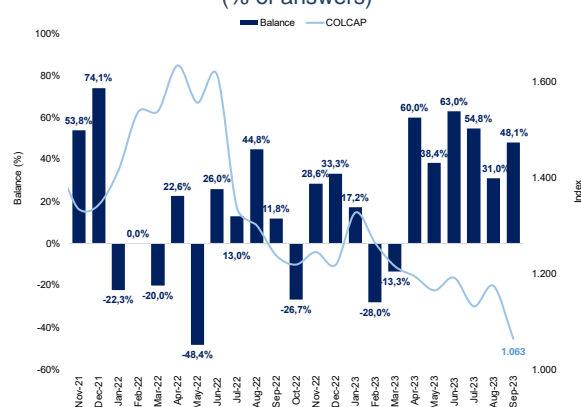
25.9% expect the stock index to depreciate (vs. 34.5% in August).

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

Index COLCAP Price Level	August 2023	September 2023
Will increase 10% or more	13,8%	25,9%
Will increase between 5% and 9,99%	6,9%	18,5%
Will increase between 0,01% and 4,99%	44,8%	29,6%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	27,6%	18,5%
Will decrease between 5% and 9,99%	3,4%	7,4%
Will decrease between 10% or more	3,4%	0,0%

Source: Financial Opinion Survey, Fedesarrollo – bvc

Graph 12. Balance on the price of the MSCI COLCAP index 3 months* (% of answers)



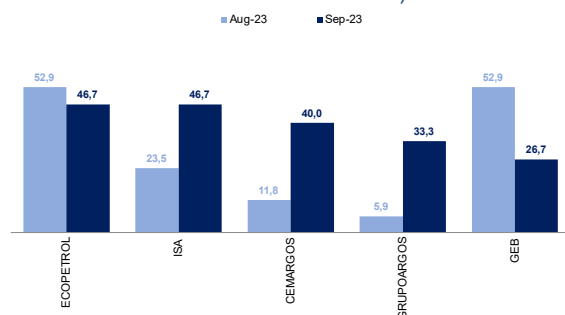
Source: Financial Opinion Survey, Fedesarrollo – bvc

* 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 asks analysts about the three stocks they consider most attractive within the MSCI COLCAP index. In September, the common shares of Ecopetrol and ISA ranked first, being selected by 46.7% of analysts. They were followed by the common stock of Cementos Argos (40.0%) and the common stock of Grupo Argos (33.3%) (Graph 13).

Graph 13. More attractive MSCI COLCAP stocks for investors (% of the respondents who consider the stock as one of the three more attractive)

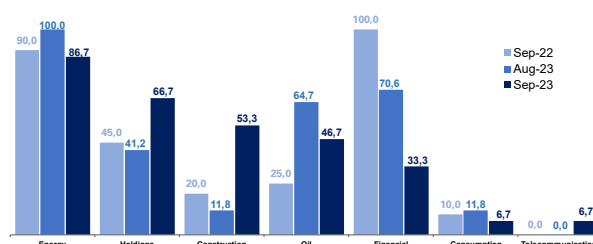


Source: Financial Opinion Survey, Fedesarrollo – bvc

A greater appetite for shares in the construction, telecommunications and holdings sectors was observed compared to August (Graph 14).

Graph 14. Most attractive MSCI COLCAP sectors for investors

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

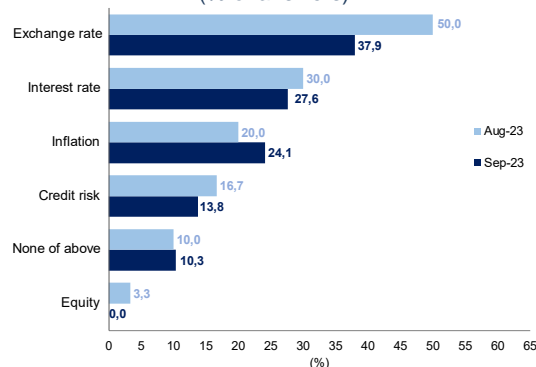


Source: Financial Opinion Survey, Fedesarrollo – bvc

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 September, 37.9% of respondents (50.0% in August) stated that they are planning to hedge against the exchange rate in the short term (Graph 15). In second place, the percentage of managers expecting to hedge against the interest rate was 27.6% while against inflation risk it stood at 24.1% (30.0% and 20.0% in August, respectively).

Graph 15. 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)	
		Aug23	Aug-23	Sep-23
Inflation (Annual variation, %)	End of month	11,43	11,16	11,00
	End of year 2023		9,20	9,43
Exchange rate (\$)	End of month	4.085	4.030	4.015
	End of year 2023		4.120	4.115
Monetary policy interest rate (%)	End of month	13,25	13,25	13,25
	End of year 2023		12,00	12,50
Oil (Brent, \$USD/Barrel)	End of month	86,9	85,0	90,0
	End of year 2023		84,0	89,0
Growth (%)*	IIQ-2023		0,7	0,5
	IIIQ-2023			1,1
	2023		1,2	1,2

Source: Financial Opinion Survey – bvc
*Original series

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