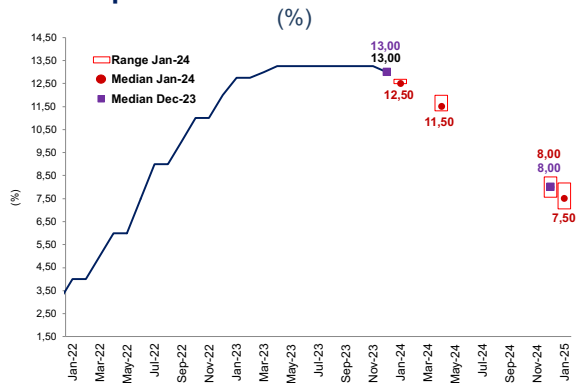


CENTRAL BANK POLICY RATE

In December 2023, the Board of Directors of Banco de la República (Colombia's Central Bank) decided to decrease the intervention rate by 25 basis points, placing it at 13.00%. The next meeting at which a decision on the interest rate will be held on January 31, 2024.

For the months of January and April, analysts expect the intervention rate to be 12.50% and 11.50%, respectively. They also anticipate that the intervention rate will be at 8.00% in December 2024 (Graph 1).

Graph 1. Central Bank interest rate



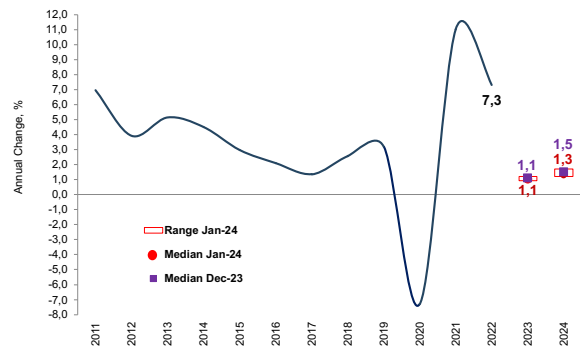
Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

In January, the growth forecast for 2023 was in a range between 0.9% and 1.2%, with 1.1% as the median response (same data as in the December 2023 edition) (Graph 2). The median for 2024 was 1.3% (vs. 1.5% in the December issue), ranging between 1.2% and 1.7%.

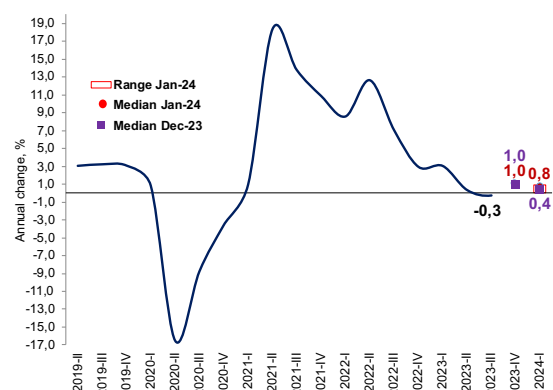
Expectations for the fourth quarter 2023 growth ranged between 0.4% and 1.3%, with 1.0% as the median response. The growth forecast for the first quarter of 2024 was 0.8% (Graph 3).

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



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 3. GDP growth forecast - fourth quarter 2023 and first quarter 2024 (Annual Change, %)



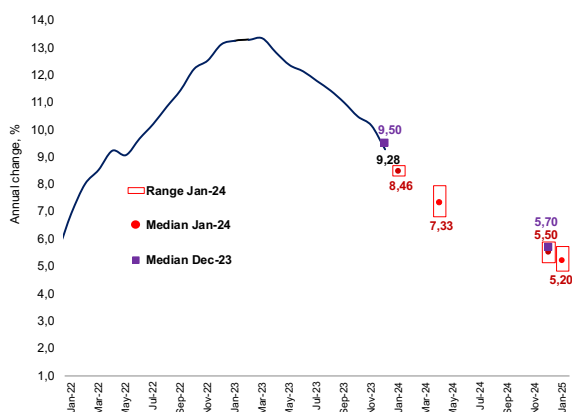
Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

In December, annual inflation stood at 9.28%, lower than the analysts' forecast (9.50%). In January, analysts expect inflation to stand at 8.46%, in a range between 8.29% and 8.67% (Graph 4).

Analysts expect inflation to close at 5.50% in December 2024, in a range between 5.13% and 5.89% (vs. 5.70% in the previous measurement), so expectations remain outside the target range of Banco de la República (2-4%).

Graph 4. Inflation forecast

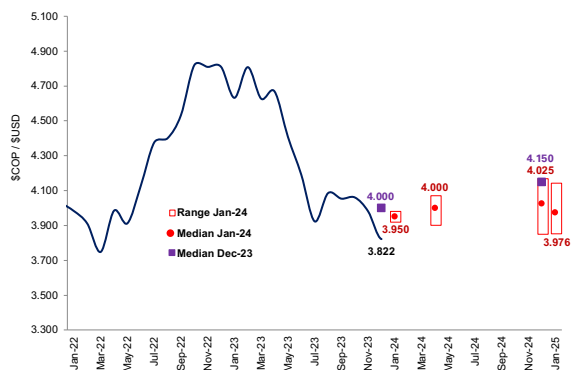


Source: Financial Opinion Survey, Fedesarrollo - bvc

EXCHANGE RATE

In December, the exchange rate closed at \$3.822, with a monthly appreciation of 4.0%, reaching its maximum value for the month on December 1st (\$4.045) and its minimum value on December 29th (\$3.822). In January, analysts consider that the exchange rate will be in a range between \$3.919 and \$3.980, with \$3.950 as the median response (Graph 5). By the end of 2024, they expect a rate of \$4.025, which shows a decrease compared to the previous month's forecast (\$4.150).

Graph 5. Exchange rate - end of period

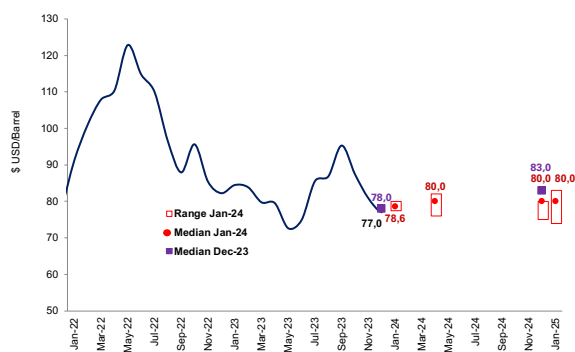


Source: Financial Opinion Survey, Fedesarrollo – bvc

OIL

In December, Brent oil prices closed at \$77.0 dollars, showing a monthly decrease of 4.7% and \$1.0 dollar lower than analysts' expectations (\$78.0). In January, analysts consider that oil prices will be in a range between \$77.5 and \$80.0, with \$78.6 as the median response (Graph 6). By the end of 2024, they expect a price of \$80.0.

Graph 6. Brent oil prices - End of period



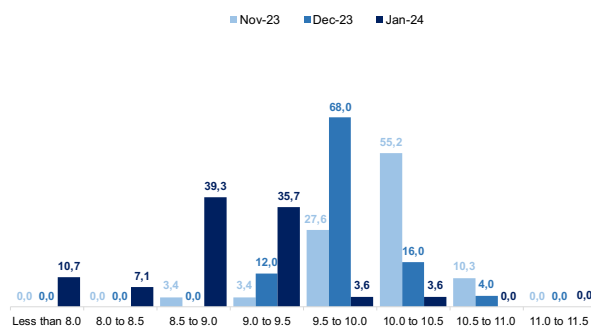
Source: Financial Opinion Survey, Fedesarrollo – bvc

TES 2028 and 2032 RATE

In this edition, 10.7% of analysts consider that the TES rate maturing in 2028 will be less than 8.0% in three months, 7.1% expect it to be between 8.0%-8.5%, 39.3% expect it to be between 8.5%-9.0%, 35.7% expect it to be between 9.0%-9.5% and 7.2% expect it to be over 9.5% (Graph 7).

For TES maturing in 2032, 25.0% of analysts project their yield to be less than 9.0%, 39.3% of analysts project it to be between 9.0%-9.5%, 25.0% project it to be between 9.5%-10.0%, 7.1% estimate it to be between 10.0%-10.5% and 3.6% consider it to be more than 10.5% (Graph 8).

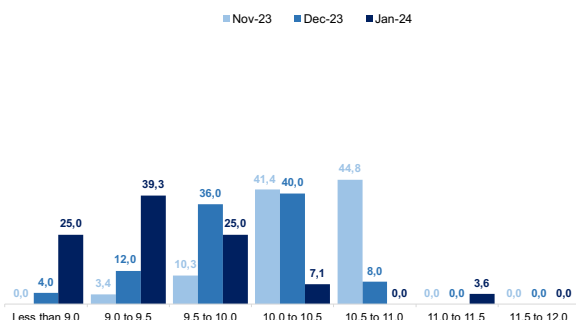
Graph 7. Expectation of TES 2028 performance rate within 3 months (% of answers)



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)

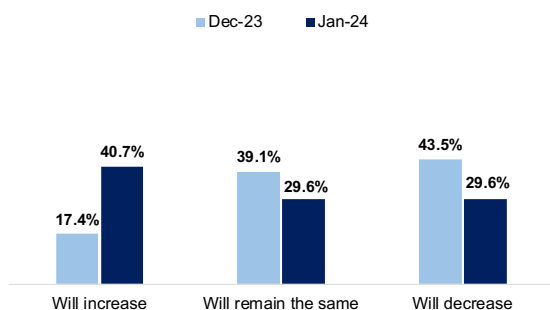


Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – COLOMBIA EMBIG

The debt spread (EMBIG Colombia)¹ closed December 2023 at 272 bps. **In January, 40.7% of analysts** (23.3 pps higher than the previous month) **expect the spread to increase in the next 3 months**, while **29.6%** (9.5 pps lower than the previous month) **expect it to decrease**. The remaining **29.6%** of respondents expect the spread to remain the same (13.9 pps less than the previous month) (Graph 9).

Graph 9. 3-month debt spread expectation
(% of answers)



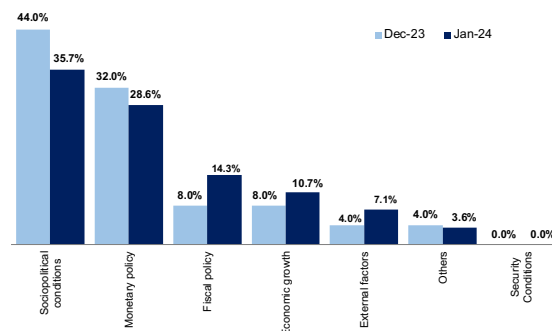
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition, **socio-political conditions were shown as the most relevant aspect when it comes to investing, being chosen by 35.7% of analysts** (vs. 44.0% the previous month). Monetary policy ranked second with 28.6% of participation (vs. 32.0% the previous month). This was followed, in order, by fiscal policy and economic growth, with 14.3% and 10.7% of the share, respectively (vs. 8.0% for both the previous month). Both external and

other factors went from 4.0% last month to 7.1% and 3.6%, respectively. Security conditions remained at 0.0% (Graph 10).

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

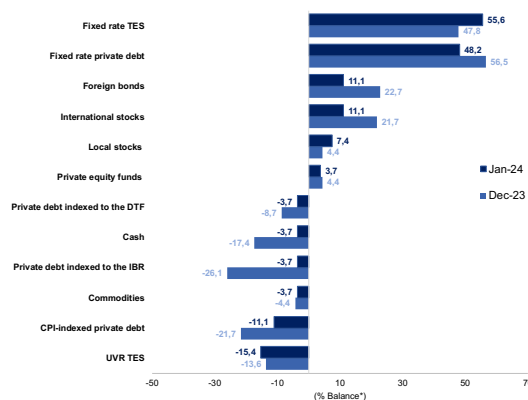


Source: Financial Opinion Survey, Fedesarrollo – bvc

INVESTMENT PREFERENCES

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

¹ The debt spread (EMBIG Colombia) is defined as the difference between the yield on Colombian securities issued abroad and the yield on U.S. treasury securities.

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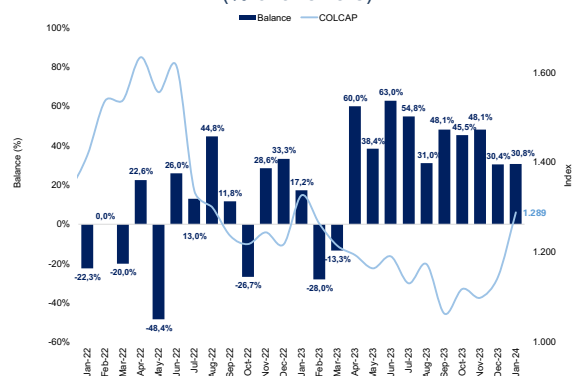
Colombian Stock Exchange (bvc). **In January, 65.4% of analysts** (vs. 65.2% in December) **expect the index to appreciate in three months** (Table 1), **while the remaining 34.6% expect the stock index to devalue** (vs. 34.8% in December).

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

Index COLCAP Price Level	December 2023	January 2024
Will increase 10% or more	21.7%	7.7%
Will increase between 5% and 9.99%	13.0%	7.7%
Will increase between 0.01% and 4.99%	30.4%	50.0%
Will remain the same	0.0%	0.0%
Will decrease between 0.01% and 4.99%	34.8%	34.6%
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 12. Balance on the price of the MSCI COLCAP index 3 months*
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

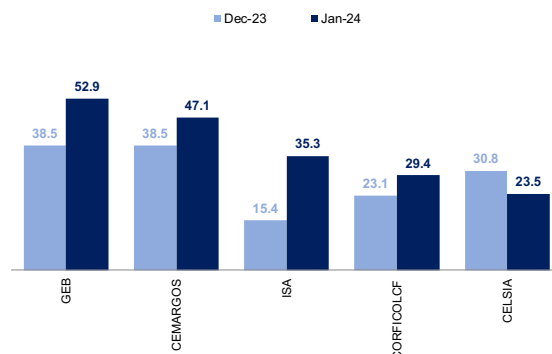
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In January, the common stock of Grupo Energía Bogotá ranked first, being selected by 52.9% of analysts** (Graph 13). It was followed by the common shares of Cementos Argos, ISA and Corficolombiana, selected by 47.1%, 35.3% and 29.4% of analysts, respectively.

Graph 13. Most attractive MSCI COLCAP stocks for investors

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

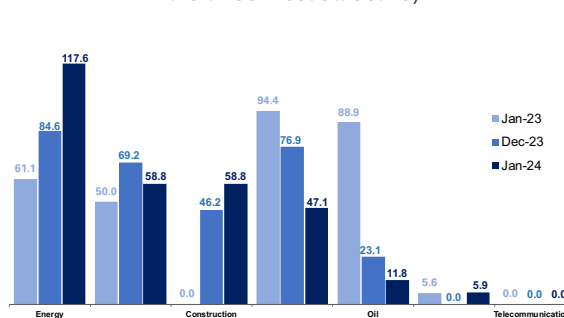


Source: Financial Opinion Survey, Fedesarrollo – bvc

This month showed a greater appetite for **energy, construction and consumer sector stocks** compared to the previous month (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)

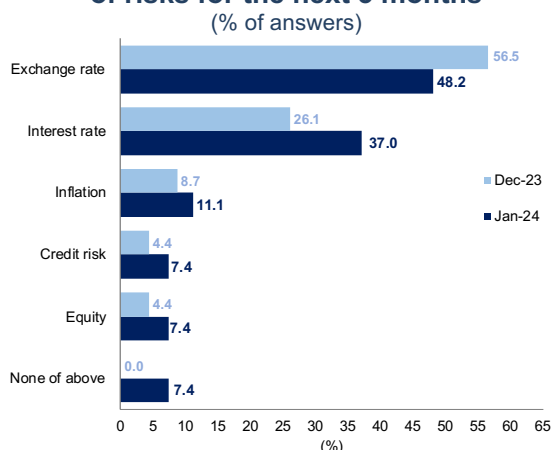


Source: Financial Opinion Survey, Fedesarrollo – bvc

RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to hedge against in the next three months. **In January, 48.2% of respondents** (56.5% in December) **stated that they are planning to hedge against the exchange rate in the short term** (Graph 15). **In the second place, the percentage of managers expecting to hedge against the interest rate was 37.0% while against inflation risk it stood at 11.1%** (26.1% and 8.7% in December, respectively).

Graph 15. Coverage of the different types of risks for the next 3 months



Source: Financial Opinion Survey, Fedesarrollo – bvc

Table 2. Summary of macroeconomic expectations

Variable	Temporality	Observed	Forecast (Median of answers)	
		Dec-23	Dec-23	Jan-24
Inflation (Annual variation, %)	End of month	9.28	9.5	8.46
	End of year 2024		5.7	5.5
Exchange rate (\$)	End of month	3.822	4.000	3.950
	End of year 2024		4.150	4.025
Monetary policy interest rate (%)	End of month	13.0	13.00	12.50
	End of year 2024		8.00	8.00
Oil (Brent, \$USD/Barrel)	End of month	77.04	78.0	78.6
	End of year 2024		83.0	80.0
Growth (%)*	IVQ-2023		1.0	1.0
	IQ-2024		0.4	0.8
	2023		1.1	1.1
	2024		1.5	1.3

Source: Financial Opinion Survey – bvc
*Original series

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