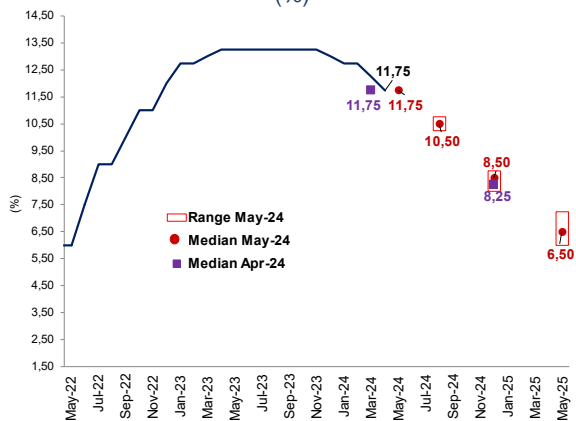


## CENTRAL BANK POLICY RATE

In April 2024, the Board of Directors of Banco de la República (Colombia's Central Bank) decided to lower the intervention rate by 50 basis points, placing it at 11.75%. The next meeting at which a decision on the interest rate will be made will be on June 28th, 2024.

In August, analysts expect the intervention rate to be at 10.50%. They also anticipate that the intervention rate will be at 8.50% in December 2024, up from the 8.25% expected in April (Graph 1).

**Graph 1. Central Bank interest rate (%)**



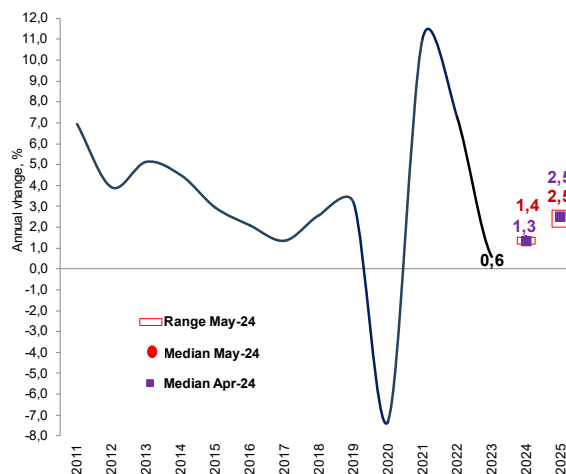
Source: Financial Opinion Survey, Fedesarrollo - bvc

## ECONOMIC GROWTH

In May, the growth forecast for 2024 was in a range between 1.2% and 1.5%, with 1.4% as the median response (an increase from the 1.3% in April) (Graph 2). The median for 2025 was 2.5%, placing it in a range between 2.0% and 2.8%.

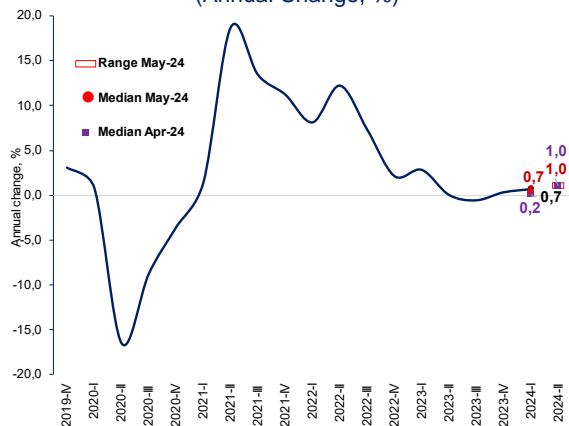
Expectations for the first quarter of 2024 growth were in a range between 0.2% and 1.1%, with 0.7% as the median response (versus 0.2% in April). This expectation perfectly aligns with DANE's official growth rate of 0.7% for the first quarter of 2024. The growth forecast for the second quarter 2024 was 1.0% (Graph 3).

**Graph 2. GDP annual growth forecast - 2024 and 2025 (Annual Change, %)**



Source: Financial Opinion Survey, Fedesarrollo - bvc

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



Source: Financial Opinion Survey, Fedesarrollo - bvc

## INFLATION

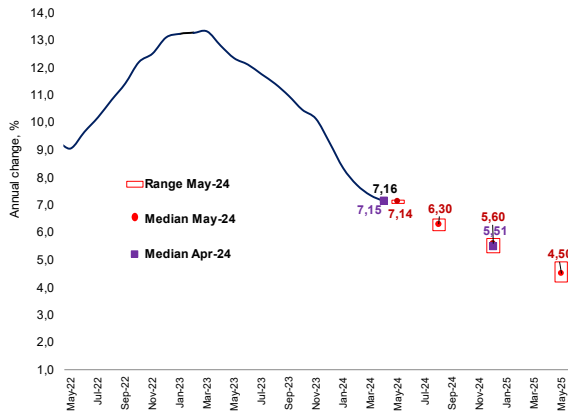
In April, annual inflation stood at 7.16%, the same than the analysts' forecast (7.15%). In May, analysts expect inflation to be 7.14%, in a range between 7.05% and 7.18% (Graph 4).

Analysts expect inflation to close at 5.60% in December 2024, in a range between 5.26% and 5.78% (an increase from the 5.51% in April), so expectations remain outside the target range of Banco de la República (2-4%).

## Financial Opinion Survey May 2024

12-month expectations (as of May 2025) are at 4.50%.

**Graph 4. Inflation forecast**

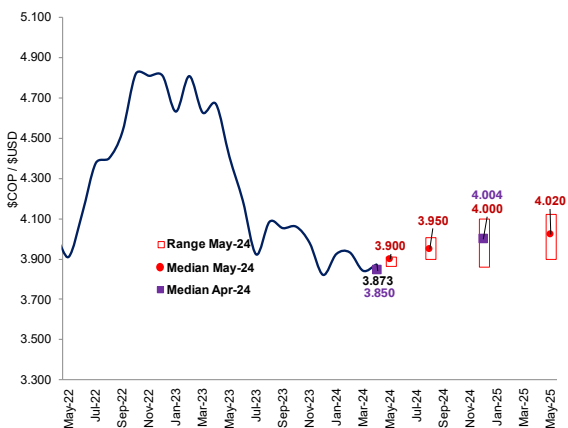


Source: Financial Opinion Survey, Fedesarrollo - bvc

## EXCHANGE RATE

In April, the exchange rate closed at \$3,873, with a monthly appreciation of 0.8%, reaching its maximum value for the month on April 26th (\$3,964) and its minimum value on April 10th (\$3,763). Thus, the observed value was \$23 higher than expected in the April survey (\$3,850). In May, analysts consider that the exchange rate will be in a range between \$3,863 and \$3,910, with \$3,900 as the median response (Graph 5). By the end of 2024, they expect a rate of \$4,000, which is a slight decrease compared to the previous month's forecast (\$4,004).

**Graph 5. Exchange rate - end of period**



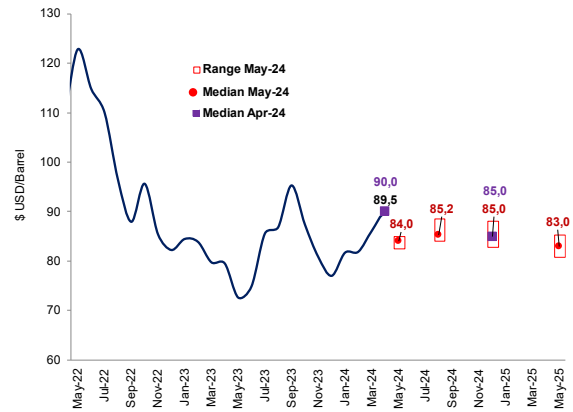
Source: Financial Opinion Survey, Fedesarrollo - bvc

## OIL

In April, Brent oil prices closed at \$89.5 dollars, showing a monthly increase of 4.0% and \$0.5 dollars higher than analysts' expectations (\$89). In May, analysts consider that oil

prices will be in a range between \$82.4 and \$85.0, with \$84.0 as the median response (Graph 6). By the end of 2024, they expect a price of \$85.0 (same as the April edition).

**Graph 6. Brent oil prices - End of period**



Source: Financial Opinion Survey, Fedesarrollo - bvc

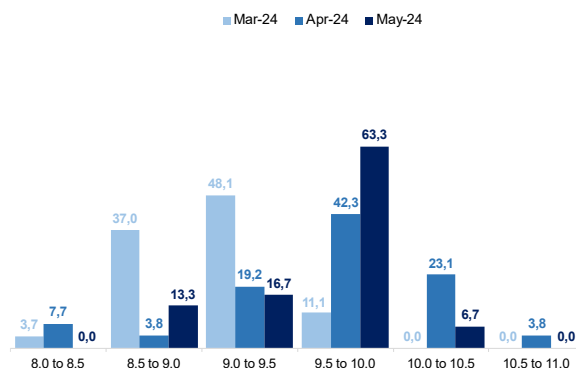
## TES 2028 and 2032 RATE

In this edition, 13.3% of analysts believe that the TES rate maturing in 2028 will be between 8.5%-9.0% in three months; 16.7% expect it to be between 9.0%-9.5%; 63.3% expect it to be between 9.5%-10.0% and 6.7% expect it to be between 10.0%-10.5%. (Graph 7).

For TES maturing in 2032, 6.7% of analysts project its yield to be less than 9.0%; 13.3% of analysts project it to be between 9.0%-9.5%; 6.7% project it to be between 9.5%-10.0%; 66.6% project it to be between 10.0%-10.5% and 6.7% project it to be between 10.5% and 11%. (Graph 8).

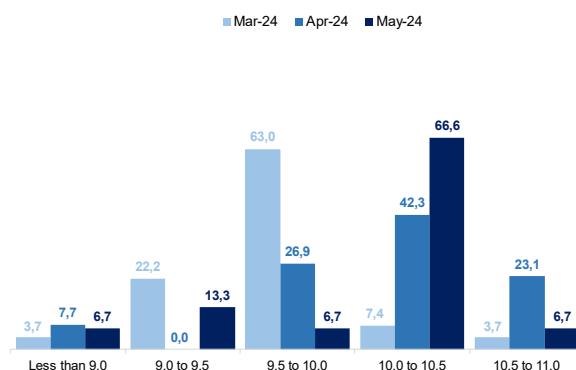
<sup>1</sup> The debt spread (EMBIG Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities.

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



Source: Financial Opinion Survey, Fedesarrollo – bvc

**Graph 8. Expectation of TES 2032 performance rate within 3 months**  
(% of answers)

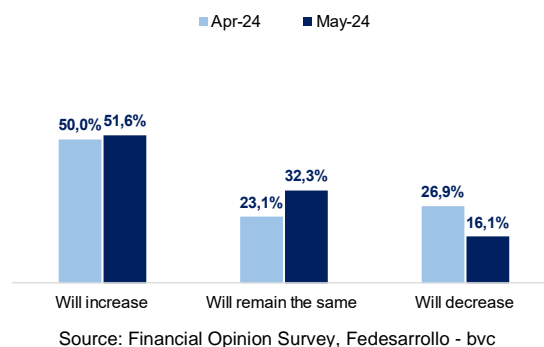


Source: Financial Opinion Survey, Fedesarrollo - bvc

## DEBT SPREAD – COLOMBIA EMBIG

The debt spread (EMBIG Colombia)<sup>1</sup> closed in April at 303 basis points. **In May, 51.6% of analysts** (1.6 percentage points less than the previous month) **expect the spread to increase in the next 3 months, while 16.1%** (10.8 percentage points more than the previous month) **expect it to decrease. The remaining 32.3% of respondents expect the spread to remain the same** (9.2 percentage points more than the previous month) (Graph 9).

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

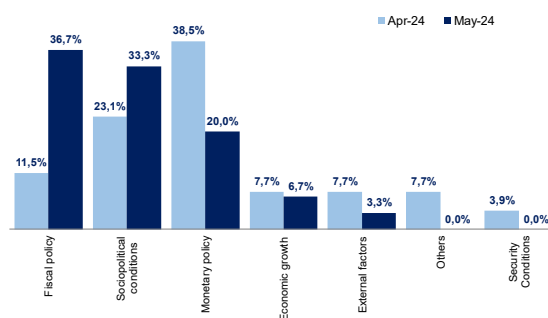


Source: Financial Opinion Survey, Fedesarrollo - bvc

## INVESTMENT DETERMINANTS

In this edition, fiscal policy was shown as the most relevant aspect when it comes to investing, being chosen by 36.7% of analysts (vs. 11.5% the previous month). Socio-political conditions came in second place with 33.3% of participation (vs. 23.1% the previous month). Monetary policy, economic growth, external factors, and other factors followed, in order, with 20%, 6.7%, 3.3% and 0% of the share, respectively (vs. 38.5% and 7.7% all the others in the previous month, respectively). Security conditions came in at 0% (Graph 10).

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



Source: Financial Opinion Survey, Fedesarrollo – bvc

## INVESTMENT PREFERENCES

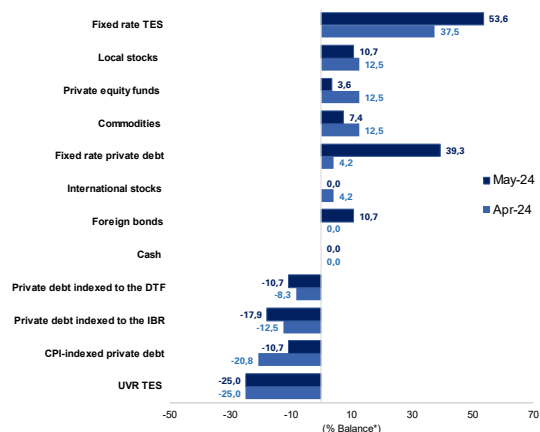
Compared to April, portfolio managers increased their preferences for CPI indexed and fixed-rate private debt, foreign bonds, and fixed-rate TES. On the other hand, there was a decrease in preferences for IBR-indexed

<sup>1</sup> 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.

## Financial Opinion Survey May 2024

and DTF-indexed private debt, local and international stocks, commodities, and private equity funds. (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

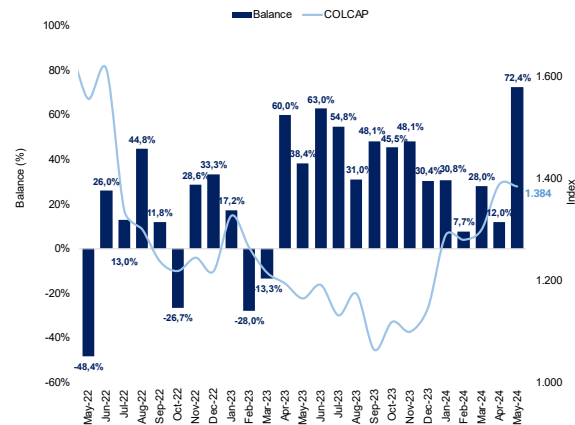
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In May, 86.2% of analysts (vs. 56.0% in April) expect the index to appreciate in three months (Table 1), while the remaining 13.8% expect the stock index to devalue (vs. 44.0% in April).**

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

Index COLCAP Price Level	April 2024	May 2024
Will increase 10% or more	0,0%	3,4%
Will increase between 5% and 9.99%	4,0%	6,9%
Will increase between 0.01% and 4.99%	60,0%	75,9%
Will remain the same	0,0%	0,0%
Will decrease between 0.01% and 4.99%	28,0%	10,3%
Will decrease between 5% and 9.99%	8,0%	3,4%
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)



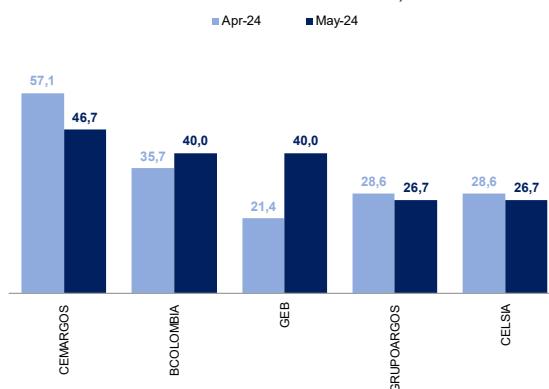
Source: Financial Opinion Survey, Fedesarrollo – bvc  
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

## MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In May, the common stock of Cementos Argos ranked first, being selected by 46.7% of analysts (Graph 13).** It was followed by the common shares of Bancolombia, Energy Group of Bogotá (GEB), Grupo Argos and Celsia, being selected by 40% and 26.7% (last two) of analysts, respectively.

**Graph 13. Most attractive MSCI COLCAP stocks for investors**

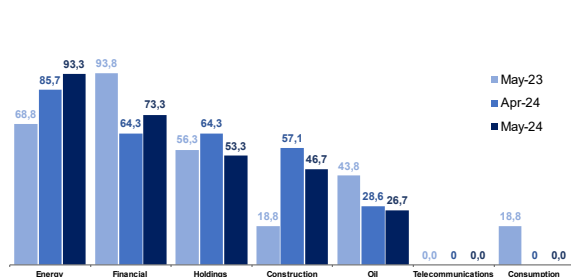
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo – bvc

This month there was a greater appetite for shares in the **energy and financial sectors** compared to the previous month, and a lesser appetite for shares in the oil, construction, and holdings sectors (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)



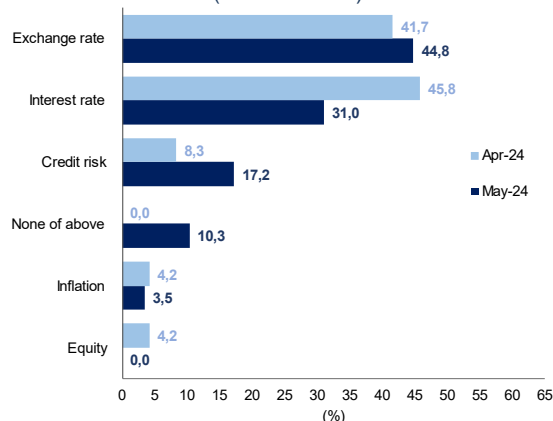
Source: Financial Opinion Survey, Fedesarrollo – bvc

## 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 May, 44.8% of respondents** (41.7% in April) **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 31.0%** while against credit

risk it stood at 17.2% (45.8% and 8.3% in April, respectively).

**Graph 15. Coverage of the different types of risks for the next 3 months**  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

**Table 2. Summary of macroeconomic expectations**

Variable	Temporality	Observed	Forecast (Median of answers)	
		Mar-24	Mar-24	Apr-24
Inflation (Annual variation, %)	End of month	7.16	7.15	7.14
	End of year 2024		5.51	5.60
Exchange rate (\$)	End of month	3,873	3,850	3,900
	End of year 2024		4,004	4,000
Monetary policy interest rate (%)	End of month	11.75	11.75	11.75
	End of year 2024		8.25	8.50
Oil (Brent, \$USD/Barrel)	End of month	89.5	90.0	84.0
	End of year 2024		85.0	85.0
Growth (%)*	IT-2024	0.7	0.2	0.7
	IIT-2024		1.0	1.0
	2024		1.3	1.4
	2025		2.5	2.5

Source: Financial Opinion Survey – bvc

\*Original series.

Published May 20th, 2024  
Comments to José Julián Parra: [jparra@fedesarrollo.org.co](mailto:jparra@fedesarrollo.org.co)